

INTEGRATED EQUITIES LIMITED

Analysts:

Zunain Arif
(zunain.arif@vis.com.pk)

RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A-	A2	A-	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	October 06, 2026		September 17, 2025	

Shareholding (5% or More)

Mr. Sardar Ali Wattoo- 95.2%*(13.5% shares are held in trust by Mr Sardar Ali under a gift and trust agreement dated 29th June 2026)

Ms. Sadia Ali- 4.75%

Other Information

Incorporated in 2008

Public Limited Company-Unlisted

Chief Executive Officer: Mr. Sardar Ali Wattoo

External Auditor: BDO Ebrahim Co. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Broker Entity Rating:

<https://docs.vis.com.pk/Methodologies-2026/BrokerEntityRating-2026.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

The ratings assigned to Integrated Equities Limited ('IEL' or 'the Company') reflect its improving financial risk profile, supported by stronger earnings, enhanced liquidity and a conservative, debt-free capital structure. Operating revenue increased through higher advisory and consultancy income from corporate finance transactions, alongside growth in equity brokerage income. This supported improved operational efficiency and profitability, although earnings also benefited from unrealized gains on proprietary investments.

Capitalization strengthened through retained earnings and a rights issue, while liquidity coverage improved. However, increased proprietary equity investments have heightened sensitivity to market fluctuations, making prudent management of investment exposure important. Credit risk remains moderated by conservative credit policies, upfront margin requirements and ongoing monitoring of receivables. The planned launch of 'Tezi' and branch expansion may support business growth, while the proposed IPO is expected to further strengthen capitalization.

The ratings also incorporate the inherently high business risk of the brokerage industry, given its cyclical nature, intense competition and strong regulatory oversight. Geopolitical uncertainty, particularly developments in the Middle East and their implications for the domestic economy and investor sentiment, continues to pose risks to market activity.

Sustained operating earnings, adequate liquidity, conservative capitalization and prudent management of market risk will remain key rating considerations.

conflict in middle east and the economic aftermath of the same, the business risk has further elevated.

Company Profile

IEL was incorporated in 2008 under the Companies Ordinance 1984 as a private limited company which was later converted to an unlisted public limited company in 2016. IEL offers equity brokerage, research, investment banking and project advisory services. IEL is affiliated with the Aequitas Group which came into existence with the acquisition of Pakistan Credit Rating Agency Limited (PACRA) in 2003. The Aequitas group also includes other associated companies, such as Tasdeeq, Pakistan's first licensed credit bureau; Media Monitors Pakistan, which specializes in ad tracking, content monitoring, and media archiving; and Gulab.pk, an online nursery offering plants, fruit trees, climbers, organic fertilizers, and seeds.

IEL is a licensed Consultant to the Issue, Underwriter, Securities Advisor and Futures Advisor and also has a license for Authorized Intermediary, in addition to being a registered Research Entity with Securities & Exchange Commission of Pakistan (SECP).

Management and Governance

Shareholders/Owners/Sponsors

Major shareholding of the Company (95.2%) is vested with Mr. Sardar Ali Wattoo who serves in the capacity of Chief Executive Officer (CEO) and is also the co-founder of the Company. Mr. Sardar has over 3 decades of experience in project development, financial and business management. He has held various titles such as COO at JS Private Equity, head of corporate finance at CF Crosby, and group director finance at First Capital.

Corporate Governance

The Company's board of directors comprises seven members, inclusive of two independent, three executive and two non-executive directors. Additionally, the Company has three board-level committees, Audit, Compliance & Risk Management and HR and Remuneration Committee. All the committees are chaired by independent directors.

Management, Internal controls & IT

The Company has recently implemented an ERP platform in its back-office operations, acquired from Softech Systems (Pvt.) Limited, aimed at streamlining processes. It is currently developing a digital investing app branded as "Tezi." Additionally, the Company plans to integrate AI-enabled research within its online services. Contingency and disaster recovery mechanisms are in place, including secure offsite data backups maintained under the Company's own control as well as outsourced to third party warehouse. The Company has Know-Your-Customer (KYC), Customer Due Diligence (CDD), and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) policies and procedures in place, aligned with Securities and Exchange Commission of Pakistan (SECP) guidelines, and these have been duly implemented.

Business Risk

INDUSTRY

The performance of the brokerage sector remains closely linked to the macroeconomic indicators of the country. The sector is inherently volatile and is characterized by high business risk due to its cyclical nature, fragmented structure, intense competition, and strong regulatory oversight.

During FY25, the KSE-100 Index recorded a return of ~60%, marking the second consecutive year of strong double-digit growth (FY24: ~89%) and reaching 125,627 points. Pakistan consequently ranked among the better-performing equity markets globally during the period. Market performance was supported by a gradual economic recovery, easing monetary conditions, and relative stability in the exchange rate. In addition, the staff-level agreement with the International Monetary Fund on the first review of the 37-month Extended Fund Facility (EFF), along with approval of a new 28-month Resilience and Sustainability Facility (RSF), contributed to improved investor confidence. Improvements in key economic indicators, including private sector credit growth, auto financing, petroleum sales, power generation, exports, and remittance inflows, also supported market activity. The trend of broadening of the investor base continued during FY25, with the number of Unique Identification Numbers (UINs) increasing to 392,775 from 329,292, primarily driven by increased participation from younger investors, reflecting greater awareness of capital market opportunities, and wider adoption of digital investment platforms.

The equity market of Pakistan continued to benefit from the positive market momentum during the first six months of FY26, with the KSE-100 Index closing calendar year 2025 at 174,054 points, representing an increase of ~39% over the FY25 close. The benchmark had initially touched 179,034 points in early January 2026; however, the rally strengthened further and the latest peak close was 189,166.18 points (rounded: 189,167), which was achieved in late January 2026. Market performance during the period remained underpinned by supportive monetary conditions, relative exchange rate stability, and continued progress under Pakistan's IMF program, which helped sustain investor participation. Furthermore, the continuation of improving trends in key macroeconomic indicators, particularly private sector credit expansion, auto financing, and remittance inflows, remained supportive of market participation. In addition, enhanced diplomatic and strategic engagement, reflected in increased regional cooperation and international interactions, contributed positively to overall market sentiment.

Subsequent to its peak in January, the index fell sharply in March, through recovering through the middle of the year. The downturn could be attributed mainly to weakening macroeconomic and geopolitical environment, including the upholding of the super tax by the Federal Constitutional Court, heightened security concerns in Baluchistan and KPK, and the escalation of tensions between Pakistan and Afghanistan, thereby dampening investor sentiments. Additionally, heightened global geopolitical tensions, particularly the escalation of the United States-Israel conflict with Iran and its spillover into the broader Middle East, further exacerbated the decline in the equity market, resulting in a sharp correction and broad-based selling pressure across regional markets, including Pakistan. Furthermore, disruptions in global oil supply chains and the resultant increase in international oil prices have weighed on the country's macroeconomic outlook. During this period, the Pakistan Stock Exchange (PSX) transitioned to a T+1 settlement cycle, aimed at improving efficiency and timeliness of trade settlements. Nevertheless, the KSE-100 index managed to deliver a return of ~44% during FY26, increasing to 180,302 points, reflecting continued double-digit growth in the equity market. Despite heightened market volatility during FY26, investor participation continued to grow at an unprecedented pace. As at June 16, 2026, the investor base had expanded to nearly 563,000 UINs, representing an increase of approximately 170,000 investors over FY25.

Going forward, while the equity market is expected to remain volatile due to its susceptibility to geopolitical developments in the Middle East and its impact on macroeconomic indicators particularly inflation and interest rates, the continued broadening of the investor base, supported by increasing financial literacy, digital accessibility, and greater retail participation, is expected to provide structural support to market activity over the medium term.

The IPO market in Pakistan exhibited strong momentum during FY26, with 11 companies raising an aggregate of PKR 18.4bn through Main Board listings. This exceeded capital raised in both FY25 and FY24, when PKR 4.4bn and PKR 6.0bn were raised through four and six listings, respectively, reflecting improved investor confidence and favorable market conditions. The FY26 listings spanned a diverse range of sectors, including tyre manufacturing, petroleum, REITs, insurance, logistics, technology and communications, and food and personal care. Going forward, supported by improving market liquidity and sustained investor interest, the IPO market is expected to maintain its positive momentum.

Financial Risk

CAPITAL STRUCTURE

IEL has a conservative capital structure, with no debt currently on books. By June'26, the Company's Equity base (excluding revaluation surplus) increased to Rs 753.24m (FY25: Rs 481.51m) due to improved profitability and the issuance of right shares. During FY26, the Company increased its issued and paid up share capital through the issuance of 71.250 million ordinary shares with a face value of Rs. 1 per share. Furthermore, the Company's equity base is expected to strengthen further as it plans to proceed with an Initial Public Offering (IPO) and is expected to raise proceeds of around Rs 352.2m at the floor price and Rs 528.8m at the cap price. During FY26, IEL repaid a director's loan of Rs 6.2m; there is currently no debt on the company's books. Leverage has also declined to 0.48x (June'25: 0.63x) due to higher equity base. Going forward, maintenance of a conservative capitalization profile will remain important from a ratings perspective.

PROFITABILITY

During FY26, the Company's operating revenue increased significantly by ~75% to Rs. 402.24m (FY25: Rs. 230.07m). This was primarily driven by a substantial ~140% growth in advisory and consultancy fees to Rs. 234.68m (FY25: Rs. 97.65m), supported by active engagement in several corporate finance transactions. Brokerage income also increased by ~29.5% to Rs. 222.75m (FY25: Rs. 172.04m), in line with the positive momentum witnessed at the PSX.

The Company's equity brokerage client base primarily comprises domestic residents, which account for almost 80% of the total client base and contributed over 70% of equity brokerage volumes in the ready market during FY26.

During FY26, the Company's operational efficiency improved, with the Cost-to-Income ratio declining to 56% (FY25: 70%), reflecting the substantial growth in operating revenue. Profit after tax increased by ~32% to Rs. 248.44m (FY25: Rs. 188.67m), supported by higher operating revenue and unrealized gains on the re-measurement of short-term investments, with an active proprietary investment strategy being pursued by the company.

Going forward, the Company plans to launch a new digital investing app, "Tezi," with a target to expand retail client base and drive revenue growth. Furthermore, the Company also plans on establishing new branches to expand the client base. Sustaining revenue growth and profitability will remain important from a ratings perspective.

CREDIT RISK

As of June'26, the Company's trade debts stood at Rs 20.48m (June'25: Rs 22.74m). The Company follows a conservative strategy, with limited credit limits assigned to corporate clients only. The presence of IDS clients also provides comfort to the Company's credit risk profile. Credit risk is managed through continuous monitoring of receivables and upfront margin deposits prior to order execution for all retail clientele.

MARKET RISK

By June'26, the Company's short-term investments increased significantly to Rs 288.55m (June'25: Rs 32.37m), reflecting the Company's active engagement in proprietary investments, which are primarily equities. Short-term investments as a proportion of the Equity base increased to 38.3% (June'25: 6.7%). While higher on a timeline basis, the associated market risk remains manageable in the absence of any debt on books.

Of the total portfolio, Rs. 0.74m is strategic including a 74% ownership stake in its subsidiary, Gulab Online (Private) Limited, which operates in the agriculture sector as an online nursery offering plants, fertilizers, and seeds

LIQUIDITY RISK

The Company's liquid assets, comprising cash balances, short-term investments, and exposure deposits with NCCPL, increased to Rs 683.48m as of June'26 (June'25: Rs 375.38m), driven by higher revenues and rights issue. Consequently, liquid assets provided 1.87x coverage against

total liabilities (June'25: 1.24x). The Company's current ratio also improved to 2.04x as of June'26 (June'25: 1.40x), supported by higher short-term investments.

Financial Summary			Appendix I		
Balance Sheet (PKR Millions)	FY22A	FY23A	FY24A	FY25A	FY26A
Trade Debts	14.5	32	9.2	22.7	20.5
Intangible Asset	2.5	2.5	2.5	2.5	2.5
Deposits and Prepayments	28.5	17.5	59.6	114.6	185.4
Long Term Investments	69.2	51.1	43.9	6.3	0.7
Proprietary Book	8.3	11.4	6	32.4	288.6
Cash and Bank balances	66	128.3	134	245.3	240.8
Taxation (refundable)	0	0	0	0.0	0.0
Total Assets	273.1	339.7	493.5	828.1	1162.7
Trade and Other Payables	70.7	129.5	157	290.7	328.7
Long Term Loans (including lease liability)	6.2	6.2	6.2	6.2	0.0
Short Term Loans – secured	0	0	0	0.0	0.0
Total Liabilities	79.1	136.9	164	303.0	364.8
Paid up Capital	130	130	130	130.0	201.3
Net Worth	194	202.8	307.3	481.5	753.2
Income Statement (PKR Millions)	FY22A	FY23A	FY24A	FY25A	FY26A
Operating Revenue	74.6	62.4	90.4	230.1	402.2
Administrative & Operating Expenses	55.4	54.2	88	168.6	234.8
Finance Cost	1.6	2.9	2.5	2.0	1.9
Profit/(Loss) Before Tax	40.3	12.7	123.2	215.4	320.8
Profit After Tax	35.9	8.9	117.5	188.7	248.4
Ratio Analysis	FY22A	FY23A	FY24A	FY25A	FY26A
Liquid Assets to Total Liabilities (%)	120.10%	102.90%	111.00%	123.9%	187.4%
Liquid Assets to Total Assets (%)	34.80%	41.50%	36.90%	45.3%	58.8%
Current Ratio (x)	1.61	1.45	1.32	1.40	2.04
Leverage (x)	0.41	0.67	0.53	0.63	0.48
Gearing (x)	0.03	0.03	0.02	0.01	0.00
Efficiency (%)	71.40%	80.70%	71.80%	70.1%	56.1%
Prop book to Equity (%)	4.30%	5.60%	2.00%	6.7%	38.3%
ROAA (%)	11.20%	2.90%	28.20%	28.6%	25.0%
ROAE (%)	19.00%	4.50%	46.10%	47.8%	40.2%

A-Audited Accounts

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	Integrated Equities Limited				
Sector	Brokerage				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	10/06/2026	A-	A2	Stable	Reaffirmed
	09/17/2025	A-	A2	Stable	Reaffirmed
	08/21/2024	A-	A2	Stable	Initial
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS’ ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meetings Conducted		Name	Designation	Date	
		Mr. Iqbal Hussain	Chief Compliance Officer	September 14, 2026	
		Mr. Waleed Zafar	Financial Analyst		