VIS
Credit Rating Company Limited

AKD SECURITIES 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	AA	A1	AA-	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Upgrade		Reaffirmed	
RATING DATE	September 03, 2026		July 29, 2025	

Shareholding (5% or More)	Other Information
AKD Group Holdings (Pvt.) Limited~96%	Incorporated in 2000
	Public Limited Company-Listed
	Chief Executive: Mr. Muhammad Farid Alam
	External Auditor: RSM Avais Hyder Liaquat Nauman Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Broker Entity Rating:
https://docs.vis.com.pk/Methodologies-2025/BrokerEntityRating.pdf

Rating Scale

https://docs.vis.com.pk/do cs/VISRatingScales.pdf

Rating Rationale

The assigned ratings of AKDSL reflect its established franchise within Pakistan's capital markets, diversified business profile, strong capitalization, and significantly improved financial performance. The ratings also draw comfort from the Company's strong ownership profile, experienced management team, and established risk management and internal control framework. AKDSL maintains a strong and well-established market position, supported by its recognized brand, extensive client base and presence across various segments of the capital markets. The Company's diversified business profile provides greater resilience across market cycles. Continued enhancement of digital trading capabilities and value-added services further supports client retention and franchise development.

The Company has also demonstrated a material improvement in financial performance, reflecting stronger earnings generation and enhanced operating performance. The improved profitability, coupled with the strengthening of the equity base, provides greater financial flexibility and cushion against market volatility. Low financial leverage also further supports the ratings. Going forward, ratings will remain sensitive to Company's ability to sustain its improved profitability, preserve its strong capitalization and liquidity profile, maintain prudent leverage and effectively manage the market, credit and operational risks inherent in its business model.

Company Profile

AKD Securities Limited ('AKDSL' or 'the Company') was incorporated in Pakistan in 2000 and commenced its operations in 2003. In June 2022, under a scheme of arrangement approved by the high court of Sindh, effective July 01, 2022, the entire undertaking of AKDSL was merged with and into BIPL Securities Limited, and the entire business of the Company including its property, assets, liabilities, and rights and obligations vested into the Company. The name then changed to AKD Securities Limited on July 22, 2022. The shares of the company are listed on the Pakistan Stock Exchange Limited (PSX). The Company is licensed to operate as securities broker, consultant to the issue, and underwriter from the Securities Exchange Commission of Pakistan (SECP) and holds a Trading Right Entitlement Certificate (TREC) of PSX and Membership card of Pakistan Mercantile Exchange Limited (PMEX). The principal activities of the company are brokerage of shares and/or commodities/money market/ forex trading, financial research, book building, underwriting, investments in securities/commodities, corporate advisory and consultancy services. The Company's operations are conducted through its corporate office in Karachi and a network of 14 branches located across Karachi, Gujranwala, Multan, Lahore, Sialkot, Islamabad, Abbottabad, Faisalabad, Rahim Yar Khan, and Peshawar.

Management and Governance

Shareholders/Owners/Sponsors

The Company is a subsidiary of AKD Group Holdings (Pvt.) Limited (the Parent), which holds 95.87% of its shares and serves as the flagship entity of the Group. The Parent Company maintains a diversified presence across several key sectors of Pakistan's economy, including brokerage, investment banking, venture capital, private equity, telecommunications, real estate development, oil and gas exploration, and asset management. The substantial shareholding and backing of AkDHL provides a high level of strategic direction and financial stability to the Company.

Corporate Governance

The Company's governance framework commensurate with its legal status, with board of directors comprising seven members, with two independent and three women representations. Functioning of Board committees namely Audit, Investment and HR, with two of these committees headed by an independent director, provide support to the Company's governance framework.

Management, Internal controls & IT

The Company utilizes Seam, an ERP platform acquired from Microlink, for its back-office operations. The platform covers key modules, including accounting, clearing, regulatory compliance, and human resource management, while also providing analytical insights into business operations. For online trading, the Company has acquired the platform from Catalyst, which facilitates online trade execution for its clients. Contingency and disaster recovery mechanisms are in place, including secure offsite data backups maintained under the Company's direct control. 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 cyclicality, 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 improving financial inclusion, 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 KSE100 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 December 2025, the KSE-100 index reached its peak in late January 2026. However, the equity market subsequently witnessed a downturn mainly due 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%, 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 the 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.

PROFITABILITY

The Company's total revenue continued to exhibit strong growth during FY25, increasing to PKR 5,451.9m from PKR 2,632.4m in FY24. The improvement was primarily driven by brokerage income, which rose sharply to PKR 2,208.8m (FY24: PKR 1,311.5m), reflecting robust trading activity in the equity market amid favorable market conditions and improved investor confidence. Brokerage income remained the largest contributor to the revenue mix, accounting for approximately 41% of total revenue. The Company also recorded sizeable unrealized gains of PKR 1,946.2m (FY24: unrealized loss of PKR 21.6m), along with realized capital gains of PKR 548.6m, which provided significant support to the overall revenue profile. In addition, income from bank deposits and dividends remained notable, amounting to PKR 596.0m and PKR 217.4m, respectively (FY24: PKR 374.3m and PKR 288.9m), although dividend income witnessed a decline as also the financial advisory fee declined to PKR 34.3m (FY24: PKR 110.5m).

The positive revenue momentum continued during 9MFY26, with brokerage income increasing to PKR 4,811.7m. Brokerage income and unrealized capital gains remained the major contributors to the Company's revenue base, while realized capital gains and income from bank deposits also provided meaningful support. The Company's client base continued to expand, with the Company ranking among the leading brokerage houses in terms of new client's addition during the period. Going forward, the Company intends to further expand its client base and continue enhancing its digital infrastructure to improve accessibility and facilitate seamless trading for clients.

The expansion in revenue, coupled with continued cost discipline, supported the Company's operating profitability. Accordingly, the cost-to-income ratio improved to ~36% in 9MFY26 (FY25: ~39%; FY24: ~39%). Consequently, profit after tax increased to PKR 3,156.3m in FY25 (FY24: PKR 1,259.1m). Profitability remained robust during 9MFY26, with profit after tax amounting to PKR 2,814.5m. Going forward, sustaining the Company's revenue generation capacity and profitability profile will remain important for the assigned ratings.

Financial Risk

CAPITAL STRUCTURE

The Company's capital structure continues to draw support from minimal debt levels and a sizeable equity base driven by sustained profitability, which, after excluding fair value reserve, has expanded to PKR 13,799m as at Mar'26 (Jun'25: PKR 11,542m, Jun'24: 8,990m). The Company's debt primarily comprises short term borrowings to bridge finance. On the other hand, leverage ratio is recorded at 0.63x as at Mar'26 (Jun'25: 0.70, Jun'24: 0.53x), standing at comfortable levels. Going forward, maintenance of capitalization profile of the Company will remain important for the ratings.

CREDIT RISK

The Company's trade debts amounted to PKR 1,326.7m as at Mar'26 (Jun'25: PKR 470.8m, Jun'24: PKR 223.1m), recording a significant increase of ~182% during 9MFY26. To manage this risk, the Company actively monitors its credit exposures and has implemented various measures to mitigate counterparty risk, including limiting transactions with select counterparties, conducting ongoing credit assessments, and securing collateral where applicable. However, securities underlying receivables remain exposed to market risk, as declines in the value of pledged securities may result in shortfalls upon enforcement.

MARKET RISK

The Company's long-term investment portfolio comprises an investment in a REIT amounting to PKR 343.9m as at Mar'26 (Jun'25: PKR 343.0m; Jun'24: PKR 343.0m), along with an investment in a Sukuk instrument valued at PKR 310.0m as at Mar'26 (Jun'25: nil; Jun'24: nil). In addition, the Company holds an investment in Al Jomaih Power Limited, which stood at PKR 259.6m as at Mar'26 (Jun'25: PKR 624.3m; Jun'24: PKR 612.3m).

The Company also maintain proprietary investment portfolio reported at PKR 7,537.7m as at Mar'26 (Jun'25: PKR5,432.0m, Jun'24: PKR 2,191.5m). These investments represent ~55% of the equity (Jun'25: ~47%, Jun'24: ~24%), indicating moderate exposure to market risk. The Company investment policy is guided by the prevailing market conditions. Going forward, managing exposure to market risk will remain important for the ratings.

LIQUIDITY RISK

The Company's liquid assets, comprising short-term investments, cash balances and NCCPL deposits, stood at PKR 14,571.5m as at Mar'26 (Jun'25: PKR 12,311.5m; Jun'24: PKR 6,829.6m). Consequently, liquid asset coverage against total liabilities was recorded at 1.67x as at Mar'26 (Jun'25: 1.53x; Jun'24: 1.42x), indicating a sound liquidity profile.

Financial Summary — Appendix I

Balance Sheet (PKR Millions)	FY22A	FY23A	FY24A	FY25A	9MFY26M
PPE & Lease Assets	327.7	1,829.7	1,657.8	1,517.0	1,565.9
Intangible Assets	3,155.2	3,153.2	3,155.1	3,153.2	3,153.6
Trade Debts	327.1	230.2	223.1	470.8	1,326.7
Long Term Investments	201.9	641.1	632.9	1,012.1	960.6
Short Term Investments	3,533.9	2,318.9	2,191.5	5,432.0	7,537.7
Cash and Bank balances	1,140.4	876.8	803.1	1,567.4	3,021.6
Other Assets	2,477.0	1,885.0	5,548.1	6,892.2	5,067.4
Total Assets	11,163.2	10,934.8	14,211.7	20,044.8	22,633.5
Trade & Other Payables	2,633.7	2,048.7	4,189.7	6,937.7	7,776.1
LT Borrowings (Including Fin. Lease)	203.0	543.3	35.5	26.9	73.7
Short-term running finance	865.0	150.0	500.0	446.0	170.6
Other Liabilities	154.5	38.6	81.2	640.2	723.9
Total Liabilities	3,856.1	2,780.7	4,806.4	8,050.8	8,744.3
Paid-up Capital	1,000.0	5,578.3	5,578.3	5,578.3	5,578.3
Adjusted Equity	7,323.5	7,730.3	8,989.7	11,542.1	13,798.8

Income Statement (PKR Millions)	FY22A	FY23A	FY24A	FY25A	9MFY26M
Total Revenue	1,075.5	1,500.8	2,632.4	5,451.9	4,811.7
Administrative Expenses	999.0	902.8	927.1	1,275.9	1,025.3
Finance Costs	105.2	-116.7	-146.2	-88.3	-32.6
Profit Before Tax	-81.8	359.6	1,665.5	4,136.3	3,763.6
Profit After Tax	-323.6	407.2	1,259.1	3,156.3	2,814.5

Ratio Analysis	FY22A	FY23A	FY24A	FY25A	9MFY26M
Liquid Assets to Total Liabilities (%)	156.0%	152.8%	142.1%	152.9%	166.6%
Liquid Assets to Total Assets (%)	53.9%	38.9%	48.1%	61.4%	64.4%
Debt Leverage (x)	0.53	0.36	0.53	0.70	0.63
Gearing (x)	0.15	0.09	0.06	0.04	0.02
Efficiency (%)	46.8%	69.7%	39.2%	39.3%	36.0%
ROAA (%)*	-4.7%	3.7%	10.0%	24.5%	17.5%
ROAE (%)*	-8.0%	5.4%	15.1%	40.9%	29.5%

**Annualized, if required*

A - Actual Accounts

M - Management Accounts

REGULATORY DISCLOSURES — Appendix II

Name of Rated Entity	AKD Securities 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				
09/3/2026	AA	A1	Stable	Upgrade
07/29/2025	AA-	A1	Stable	Reaffirmed
06/21/2024	AA-	A1	Stable	Reaffirmed
12/07/2022	AA-	A1	Stable	Upgrade
11/22/2021	A+	A1	Rating Watch - Positive	Maintained
11/30/2020	A+	A1	Stable	Upgrade
09/27/2019	A	A2	Stable	Reaffirmed
01/19/2018	A	A2	Stable	Reaffirmed
08/02/2016	A	A2	Stable	Downgrade
01/06/2015	A+	A2	Rating Watch - Negative	Maintained
10/09/2015	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
Zafar Ahmed Khan	CFO	July 30, 2026
Muhammad Noman	Head of Internal Audit	