

## MRA SECURITIES LIMITED

### Analysts:

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### 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	April 29, 2026		May 02, 2025	

### Shareholding (5% or More)

Muhammad Farhan - 36.2%
Muhammad Junaid Rafiq - 11.8%
Ahmed - 16.6 %
Mumtaz Rafiq - 11.0 %
Hina Farhan - 17.0%
Haji Muhammad - 7.5%

### Other Information

Incorporated in 2000
Unlisted Public limited Company
Chairman of the Board: Mr. Muhammad Shoaib
Chief Executive Officer: Mr. Mirza Muhammad Baig
External Auditor: Rahman Sarfaraz Rahim Iqbal Rafiq 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/docs/VISRatingScales.pdf>

### Rating Rationale

The assigned ratings of MRA Securities Limited ('MRA' or 'the Company') takes into account the strong presence in the stock market, being recognized among the top brokerage houses on the Pakistan Stock Exchange (PSX), in terms of volumes and value traded. Assigned ratings also incorporate the Company's financial profile, with the revenue base expanding, led by brokerage income, in line with the overall positive industry trend. The Company's operational efficiency improved notably in 1HFY26, which contributed to higher profitability during the period. Liquidity profile is assessed as weak, while market risk is considered low. Capitalization profile of the Company is considered adequate.

The business risk of the Company remains high, given its presence in the brokerage industry, which is characterized by inherent volatility, intense competition, and strong regulatory oversight. With the escalation of the external geopolitical risk and the economic aftermath of the same, the business risk has further elevated. Going forward, diversification and sustenance of revenue, along with managing market risk, as well as improvement of liquidity and capitalization metrics, will remain important rating considerations.

## Company Profile

MRA Securities Limited ('MRA' or 'the Company'), incorporated in 2000, is an Unlisted Public Limited Company with a decade long experience in providing equity brokerage services to domestic retail clients, high-net-worth individuals, and institutional clients. Headquartered in Karachi, the brokerage house operates eight other branches within the city. The majority shareholding in MRA is vested with the Rafiq family. The Company is registered with Securities & Exchange Commission of Pakistan (SECP) and holds Trading Rights Entitlement Certificate (TREC) for Trading and Self Clearing (TSC) granted by Pakistan Stock Exchange Limited (PSX). External auditors of the company are from Category 'A' of State Bank of Pakistan's list of auditors.

## Management and Governance

### Shareholders/Owners/Sponsors

Major shareholding of the Company is vested in Mr. Muhammad Farhan, who holds ~36% ownership and also serves as an Executive Director of the Company. Mr. Muhammad Farhan has been associated with the brokerage industry for over two decades. He served as the Managing Director of MRA Securities Limited from 2001 to 2018, during which he was involved in overseeing trading operations and client relationships across retail and institutional segments. Mr. Farhan has experience in proprietary equity trading, retail client risk management, and portfolio management for high-net-worth clients. He holds a Bachelor's degree in Commerce from the University of Karachi and continues to provide strategic oversight to the Company. Mr. Mirza Mohammad Baig, who is the Chief Executive Officer (CEO) of the Company, is a Graduate in Commerce and has vast experience in banking and Trusteeship of Mutual Funds. He joined as a member of core team of MRA Securities (Pvt.) limited in 2007. He has played an instrumental role in operation and Marketing for Custodian and Trustee business.

### Corporate Governance

The Company's governance framework comprises a four-member board of directors, with two independent and two executive directors. In addition, the Company has three committees, namely audit, risk management and investment committees. However, repetition of members is noted across these committees, with key directors serving on multiple committees. Expanding the board size may contribute to further enhance the Company's governance framework.

### Management, Internal controls & IT

The Company has implemented an ERP platform acquired from VisionMax (Pvt.) Limited, which serves as a back-office automation system covering client interfacing, accounts, settlements, and ledger management. For online trading, the Company utilizes VTrade software from VisionMax (Pvt.) Limited, along with the KITS web-based platform provided by Pakistan Stock Exchange (PSX). In addition, the Company has developed an in-house online trading platform, MRA D-Trade, which incorporates analytical tools.

Contingency and disaster recovery mechanisms are in place, with critical systems and data backed up and maintained under the Company's control. Furthermore, the Company maintains Know Your Customer (KYC), Customer Due Diligence (CDD), and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) policies and procedures in line with Securities and Exchange Commission of Pakistan (SECP) guidelines.

## 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 cyclicity, 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 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 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 Balochistan 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. Going forward, 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 IPO market in Pakistan showed notable activity in FY25, raising PKR 4.4bn across four offerings on the Main and GEM Boards, albeit lower than FY24, which recorded over PKR 6.0b raised across six listings in both boards. Main Board IPOs in FY25 emanated from sectors such as Pharmaceuticals, Technology and Communications, and Food and Personal Care, with BF Biosciences Ltd. raising PKR 1.93bn, Zarea Ltd. raising PKR 1.03bn, and Barkat Frisian Agro Ltd. raising PKR 1.23bn. GEM Board listings included The Pakistan Credit Rating Agency Ltd. (PKR 112mn) and Burj Clean Energy Modaraba (PKR 100mn). In addition, right share issues in 2025 raised PKR 7.7bn, showing continued activity in capital markets. Going forward, given ample liquidity, IPO activity is expected to remain sound in FY26, with more than 10 offerings expected across sectors.

## PROFITABILITY

The Company's revenue base continued to expand, with total revenue reported at PKR 2,300.1m in FY25 (FY24: PKR 1,629.3m). The revenue mix remains dominated by brokerage income, which accounted for ~84% of total revenue that increased by ~58% to PKR 1,943m (FY24: PKR 1,231.7m), in line with the bullish performance of the equity market. Brokerage income is primarily derived from retail clients, which reduces the Company's business risk. Additionally, client concentration risk is assessed as low, with the top ten clients accounting for ~6% of brokerage revenue. The remaining revenue is generated from realized and unrealized gains, dividend income, and other sources. During 1HFY26, the Company's revenue was reported at PKR 1,125.1m, led by brokerage income. Going forward, the management plans to expand its geographical footprint by establishing additional branches in major urban centres beyond Karachi. The Company has already opened a branch in Lahore and intends to further expand its presence in Lahore and Islamabad.

While the Company's cost-to-income ratio increased marginally to 74.6% in FY25 (FY24: 73.4%), it improved notably to 46.8% in 1HFY26, thereby contributing to higher operating profitability, which has translated into profit after tax (PAT) of PKR 379.6m in 1HFY26 (FY25: PKR 447.3m, FY24: PKR 378.5m). Going forward, diversification of the revenue streams, particularly through advisory and consultancy, along with sustaining revenue growth as well as maintaining profitability profile will remain an important consideration from a ratings perspective.

## Financial Risk

### CAPITAL STRUCTURE

The Company's equity base continues to be supported by profitability, with the net worth reaching PKR 2,856.1m as at Dec 31, '25 (Jun 30, '25: PKR 2,320.9m, Jun 30, '24: PKR 1,871.5m). The capitalization profile of the Company reflects reliance on short-term borrowings to primarily fund margin financing operations, with a gearing ratio of 0.74x as at Dec 31, '25 (Jun 30, '25: 0.89x, Jun 30, '24: 0.80x). On the other hand, leverage ratio stood at 1.59x as at Dec 31, '25 (Jun 30, '25: 1.61x, Jun 30, '24: 1.29x), indicating higher reliance on payables to finance the asset base. Going forward, improvement in the capitalization profile of the Company will remain important for the ratings.

### CREDIT RISK

The Company's credit risk profile primarily emanates from its trade debts and receivables against margin financing, which stood at PKR 3,269.0m and PKR 1,880.2m as at Dec 31, '25 (Jun 30, '25: PKR 2,749.3m and PKR 1,363.3m, Jun 30, '24: PKR 1,283.9m and PKR 995.7m) respectively. To manage credit risk, the Company has established risk management policies and guidelines, under which clients are assigned trading limits based on their net worth, and margins are obtained and maintained accordingly. The management continuously monitors credit exposures towards clients and makes provisions against balances considered doubtful of recovery. The Company also maintains collateral,

which further mitigates credit risk. Nevertheless, trade debts and receivables from margin financing remain exposed to market price movements, as decline in the value of pledged securities may affect the adequacy of collateral coverage.

## MARKET RISK

The Company's short-term investments amounted to PKR 898.6m as at Dec 31, '25 (Jun 30, '25: PKR 713.2m; Jun 30, '24: PKR 1,105.1m). These investments accounted for approximately 31% of equity (Jun 30, '25: ~31%; Jun 30, '24: ~59%), indicating moderate exposure to market risk. Going forward, effective management of the proprietary investment portfolio will remain important from ratings perspective.

## LIQUIDITY RISK

As at Dec 31, '25, the Company's liquid assets, comprising short-term investments, exposure deposits, and cash balances, amounted to PKR 3,017.5m (Jun 30, '25: PKR 2,046.3m, Jun 30, '24: PKR 1,786.4m), covering 0.52x of total liabilities (Jun 30, '25: 0.49x, Jun 30, '24: 0.74x), indicating limited liquidity profile.

Financial Summary (Rs. In Millions)					Appendix I
<b>BALANCE SHEET</b>	<b>FY22A</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>1HFY26M</b>
Trade Debts	809.0	1,189.0	1,283.9	2,749.3	3,269.0
Long Term Investments	0.0	0.0	6.1	0.0	0.0
Short term Investments	988.3	510.4	1,105.1	713.2	898.6
Cash and Bank balances	38.1	33.7	223.2	49.3	505.4
<b>Total Assets</b>	<b>3,096.3</b>	<b>2,346.6</b>	<b>4,294.6</b>	<b>6,456.9</b>	<b>8,631.7</b>
Trade and Other Payables	366.0	232.6	784.3	1,440.5	2,191.3
Short term borrowings	919.19	406.79	1,345.80	2,103.05	2,473.12
Paid Up Capital	750.0	1,275.0	1,275.0	1,275.0	1,275.0
<b>Net Worth (excluding revaluation surplus)</b>	<b>1,497.56</b>	<b>1,418.49</b>	<b>1,871.55</b>	<b>2,320.91</b>	<b>2,856.14</b>
<b>INCOME STATEMENT</b>	<b>FY22A</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>1HFY26M</b>
Total Revenue	481.3	529.5	1,629.3	2,300.1	1,125.1
Brokerage Income	767.2	549.5	1,231.7	1,943.0	974.1
Dividend Income	22.7	14.0	23.3	10.4	0.0
Administrative Expenses	746.3	523.7	981.2	1,416.2	450.8
Finance Costs	85.2	143.0	197.6	207.9	126.1
Profit Before Tax	(351.0)	(141.1)	434.8	546.8	535.2
Profit After Tax	(371.1)	(152.7)	378.5	447.3	379.6
<b>RATIO ANALYSIS</b>	<b>FY22A</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>1HFY26M</b>
Liquid Assets to Total Liabilities (%)	78.8%	67.8%	73.7%	49.5%	52.2%
Liquid Assets to Total Assets (%)	40.7%	26.8%	41.6%	31.7%	35.0%
Leverage (x)	0.91	0.63	1.29	1.61	1.59
Gearing (x)	0.52	0.40	0.80	0.89	0.74
Current Ratio (x)	1.88	3.09	1.90	1.63	1.53
Efficiency (%)	89.3%	87.0%	73.4%	74.6%	46.8%
ROAA* (%)	(9.6%)	(5.6%)	11.4%	17.9%	11.8%
ROAE* (%)	(22.1%)	(10.5%)	23.0%	42.7%	32.7%

A - Actual Accounts

M - Management

\*Annualized

## REGULATORY DISCLOSURES Appendix II

<b>Name of Rated Entity</b>	MRA Securities Limited				
<b>Sector</b>	Brokerage				
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	Entity Ratings				
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Short Term</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: ENTITY</b>				
	29-04-2026	A-	A2	Stable	Reaffirmed
	02-05-2025	A-	A2	Stable	Reaffirmed
	24-01-2024	A-	A2	Stable	Reaffirmed
	11-11-2022	A-	A2	Stable	Reaffirmed
	18-10-2021	A-	A2	Stable	Reaffirmed
	21-12-2020	A-	A2	Stable	Reaffirmed
	03-01-2020	A-	A2	Stable	Initial
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	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.				
<b>Probability of Default</b>	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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<b>Due Diligence Meetings Conducted</b>	<b>Name</b>		<b>Designation</b>		<b>Date</b>
	Mr. Zubair		Compliance Officer		March 31, 2026
	Mr. Muhammad Farhan		Director		
	Mr. Muhammad Arif Farooq		Executive Director		