

PAKISTAN CURRENCY EXCHANGE COMPANY (PVT) LIMITED

Analyst:

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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 22, 2026		November 28, 2024	

Shareholding (10% or More)

Mr. Imran Ali Bostan - 53.89%
Mr. Irfan Ali Bostan - 33.78%
Mr. Zeeshan Ali - 10.67%

Other Information

Incorporated in 2003
Private Limited Company
Chairperson: Mr. Muhammad Bostan
Chief Executive: Mr. Khizer Hayat Khan
External Auditor: Baker Tilly Mehmood Idrees Qamar Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
Currency Exchange Companies Ratings Methodology:
<https://docs.vis.com.pk/docs/ExchangeCompanyRatingMethodologyV2-2025.pdf>

Rating Scale

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

Rating Rationale

The assigned rating reflects PCEC's established market position in Pakistan's currency exchange sector, supported by an extensive branch network, diversified service offerings, and strong sponsor backing from the Bostan family. The Company benefits from experienced management and deep industry knowledge, which has enabled it to maintain a notable market presence and adapt to evolving regulatory and operational dynamics.

The business risk profile remains moderate to high, given exposure to regulatory changes, increasing compliance requirements, and intensifying competition from banks and fintechs. While transaction volumes have grown significantly, particularly in bulk and export-related FX dealings, the shift away from cash-based transactions and evolving customer preferences continues to impact revenue mix and margins. The financial risk profile is characterized by strong topline growth but limited earnings conversion, weak coverage metrics, and reliance on external funding, however, liquidity is supported by a cash-heavy balance sheet, providing a degree of financial flexibility.

Company Profile

Pakistan Currency Exchange Company (Private) Limited ('PCEC' or 'the Company') was incorporated in Pakistan as a private limited company under the Companies Act, 2017. The Company is principally engaged in the business of foreign currency exchange, including buying and selling of foreign currencies, inward home remittances, and related financial services, under a license issued by the State Bank of Pakistan (SBP). The Company operates through an established branch network across major cities in Pakistan, catering to both retail and corporate customers. The registered office of the Company is located in Karachi. The Company has 158 branches spread across the country.

During the year, the Company acquired assets valued at PKR 800m of Muhammadi Exchange Company (a related party) after obtaining regulatory approvals from the SBP.

Sponsor Profile

Pakistan Currency Exchange Company (Private) Limited (PCEC) is a family-owned entity, with majority ownership held by Mr. Imran Ali Bostan (53.89%), while the remaining shareholding is distributed among Mr. Irfan Ali Bostan (33.78%), Mr. Zeeshan Ali (10.67%), Mr. Malik Tahir Abbas (1.11%), and Mr. Khizar Hayat Khan (0.56%).

Management and Governance

The Company is led by Mr. Khizar Hayat Khan (Chief Executive Officer), while overall strategic oversight is provided by Mr. Muhammad Bostan (Chairman), a prominent figure in Pakistan's currency exchange sector with extensive industry experience. The finance function is headed by Mr. Farooq Bhatti (Chief Financial Officer). The Company's governance structure indicates a notable degree of reliance on its leadership, with strategic direction closely aligned with the vision and influence of Malik Bostan. His long-standing presence and industry recognition provide strong market insight and stakeholder connectivity, which supports business continuity and regulatory engagement. Management benefits from extensive experience in the exchange company domain, with a track record spanning multiple economic cycles. This lends stability to operations and decision-making, particularly in navigating currency volatility and regulatory changes. Overall, governance is experience driven but centralized.

Auditor

The Company has changed the year end from June to Dec. The financial statement or Dec 31, 2025 are audited by M/s Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, a QCR-rated firm and included in the SBP Panel of Auditors (Category A). The auditors have issued an unqualified opinion on the financial statements for the year ended December 31, 2025. Comparative figures presented for CY24 reflect unaudited figures for this period.

Business Risk

INDUSTRY

The business risk profile of Pakistan's currency exchange sector remains moderate to high, driven by regulatory intensity, market volatility, and evolving competitive dynamics. SBP has increasingly emphasized documentation, transparency, and digitalization, allowing exchange companies to integrate with Raast for direct remittance payouts into bank accounts and mobile wallets, thereby reducing reliance on cash-based transactions. Concurrently, regulatory focus has shifted toward tightening controls on cash foreign exchange (FX) dealings and strengthening Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) compliance, resulting in higher compliance costs and increased operational oversight requirements.

The sector continues to benefit from strong home remittance inflows, which support transaction volumes and liquidity; however, increasing competition from banks and fintechs in remittance and FX services is exerting pressure on margins and market share. The exchange rate remains market-determined exposing operators to currency volatility and inventory management risks, particularly in the context of open FX positions. While a stable monetary stance and improving FX reserves provide some macroeconomic support, earnings sustainability remains sensitive to regulatory changes, spread compression, and shifts toward digital channels.

OPERATIONAL UPDATE

The Pakistan Currency Exchange Company demonstrated strong operational growth over Jul'24-Jun'25, processing 1,816 compared to 1,322 a year earlier. Annual volumes increased significantly from USD 362.8mn in FY24 to USD 688.7mn in FY25, supported by higher transaction counts and improved ticket sizes. Quarterly and monthly trends show a consistent upward trajectory, with peak activity in Apr-Jun 2025. Overall, the Company's performance reflects improving scale and operational efficiency, though the evolving regulatory environment and increasing competition from formal banking channels remain key considerations.

The Company also enhanced its IT infrastructure in line with SBP requirements and evolving industry developments. PCEC became a member of Pakistan Remittance Initiative (PRI) to facilitate formal remittance inflows through multiple money transfer operators. Additionally, the Company has introduced QR code-based solutions at multiple counters and is gradually transitioning towards more real-time, documented, and cash-lite transactions in alignment with SBP's digital agenda. Overall, the Company maintained its position with ~25% market share in both inward remittances and currency exchange segments, supported by its extensive branch network.

Going forward, the Company is planning to expand its outreach through the introduction of a sub-agent model, recently permitted by the State Bank of Pakistan (SBP). Under this arrangement, third-party agents will operate using the Company's platform and software on a revenue-sharing basis, enabling cost-efficient expansion. This model is expected to enhance geographic coverage and transaction volumes, with potential expansion to 500 locations.

PROFITABILITY

The Company's profitability profile reflected a notable turnaround in CY25 following a loss-making position in CY24. Net sales increased significantly to PKR 2.76bn, on account of volumes. Operating profitability improved materially, with operating margins rising to ~23% (CY24: 9%), supported by better scale and cost absorption. This was further supported by finance costs, which declined on a year-on-year basis, enabling the Company to post a modest net profit of PKR 35.6m compared to a net loss of PKR 310.2m in CY24.

Financial Risk

CAPITAL STRUCTURE

During the year, the Company acquired assets of Muhammadi Exchange Company (a related party), adding assets, valued at PKR 800 m, partly in the shape of property and equipment, security deposits, SBP reserves, and partly in bank balances (PKR 256m). The transaction was settled through the issuance of 8 million ordinary shares (PKR 100 each) to the sellers, as a result, Company's paid-up capital increased to PKR 1,800m, boosting overall equity to PKR 2,186m (CY24: PKR 1,362m). Consequently, gearing and leverage reduced to 1.53x (CY24: 2.47x) and 4.78x (CY24: 7.67x) respectively. Nevertheless, leverage remains elevated on account of higher payables.

DEBT COVERAGE & LIQUIDITY

PCEC's coverage indicators improved during CY25, as reflected in the debt service coverage ratio (DSCR) increasing to 1.45x (CY24: 0.96x). The improvement was primarily attributable to higher funds from operations (FFO) of PKR 180mn coupled with some easing in finance costs. Overall, coverage levels reflect improved internal cash flow generation in relation to debt servicing requirements, though they remain moderate.

PCEC's liquidity profile remained adequate in CY25A, with a current ratio of 1.16x. The Company maintained a sizable cash balance of PKR 6.74bn, which provided a degree of financial flexibility, although was accompanied by sustained reliance on short-term borrowings and elevated operational payables, reflecting evolving working capital pressures. A notable increase in advances to related parties/sponsors also constrains liquidity and steamlining of the same will remain important for ratings.

REGULATORY DISCLOSURES Appendix II

Name of Rated Entity	Pakistan Currency Exchange Company (Private) Limited				
Sector	Currency Exchange Company				
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				
	04/22/2026	A-	A2	Stable	Reaffirmed
	11/28/2024	A-	A2	Stable	Reaffirmed
	11/20/2023	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. Muhammad Bostan		Chairman		23rd February 2026
	Mr. Farooq Bhatti		Chief Financial Officer (CFO)		