

## BROKER FIDUCIARY RATING REPORT

### Rafi Securities (Pvt) Limited

**REPORT DATE:**

June 02, 2025

**RATING ANALYSTS:**

Shaheryar Khan Mangan

[shaheryar@vis.com.pk](mailto:shaheryar@vis.com.pk)**RATING DETAILS****Broker Fiduciary Rating****BFR3****Rating Rationale**

The rating signifies adequate business & financial sustainability, ownership & governance, management & client services, and internal controls & regulatory framework

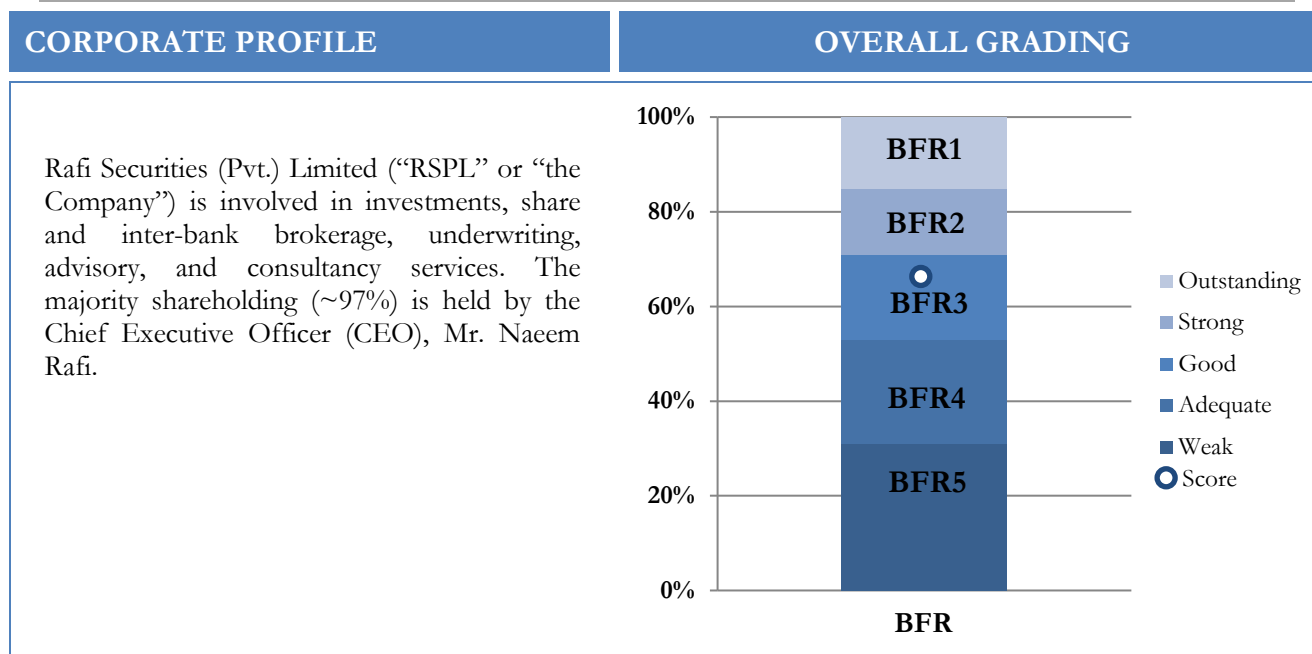
**Rating Date**

June 02, 2025

**COMPANY INFORMATION****Incorporated in 2001****External auditors:** Nasir Javaid Maqsood Imran  
Chartered Accountants**Private Limited Company****Chief Executive Officer:** Mr. Naeem Rafi**Key Shareholders (with stake 5% or more):**

Mr. Naeem Rafi ~ 97%

**APPLICABLE METHODOLOGY****Applicable Rating Criteria:** Broker Fiduciary Ratings<https://docs.vis.com.pk/Methodologies%202024/Broker-Fiduciary-Rating.pdf>**APPLICABLE RATING SCALE(S)****VIS Issue/Issuer Rating Scale:**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

**Rafi Securities (Pvt) Limited**


RSPL is registered with Securities & Exchange Commission of Pakistan and holds Trading Rights Entitlement Certificate (TREC) issued by Pakistan Stock Exchange Limited (PSX) for Trading and Self-Clearing Services. External auditors of the company are Nasir Javaid Maqsood Imran Chartered Accountants. Auditors are rated ‘B’ on the approved list of auditors published by the State Bank of Pakistan (SBP).

**Business and Financial Sustainability Indicators**

	1H FY25*	FY24	FY23
Size of Net Worth (Rs. In Millions)	393	248	170
Gearing x (total interest-bearing debt/ total equity)	0.36	0.40	0.96x
Leverage x (total liabilities/ total equity)	0.68x	0.56x	1.10x
Liquid Assets/ Total Liabilities (x)	1.71x	1.72x	0.94x
Short term Investments/ Total Equity (%)	77%	83%	94%

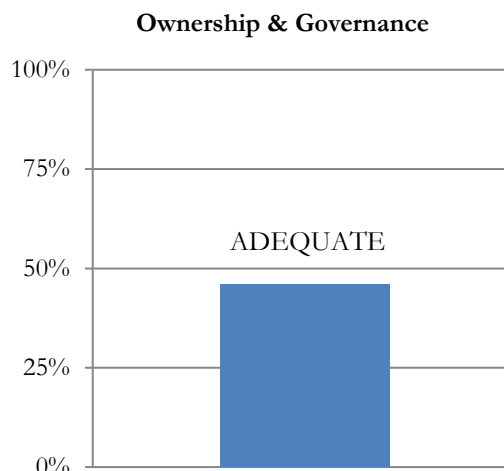
*\*Unaudited Accounts*

## Rafi Securities (Pvt) Securities Limited

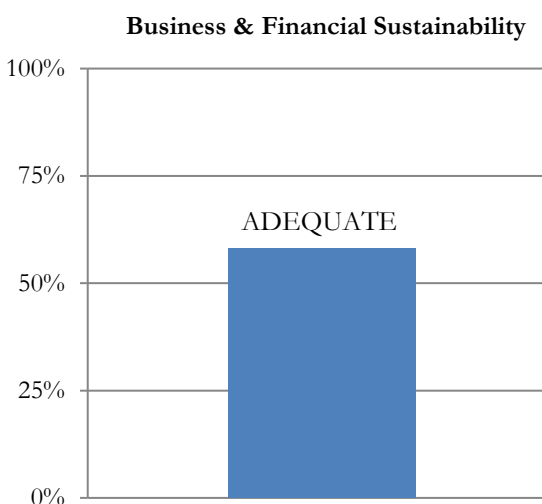
## Rating Indicators

**Ownership & Governance**

- The Company's board size poses a constraint on its governance framework, with only three members and no independent representation.
- The Company has only one board committee, namely the audit committee.
- Improvement in the governance framework can be achieved through expanding the board sized through inclusion of independent and certified directors. These measures will also facilitate in establishing more board committees.
- Auditors are rated 'B' on the approved list of auditors published by the State Bank of Pakistan (SBP). Appointment of A rated auditors may bode well for the Company's ownership and governance function.

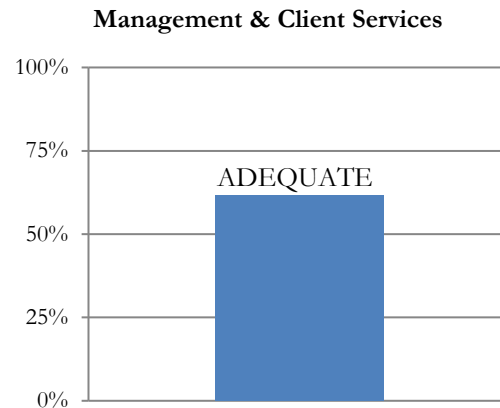
**Business & Financial Sustainability**

- During FY24, the Company's earning profile demonstrated strong growth, backed by increase in brokerage commission, in line with the overall positive industry trend, with the same continuing in 6MFY25 as well. Higher revenues coupled with capital gains contributed to the Company's profitability.
- Consequently, the Company's operational efficiency depicted improvement, with cost-to-income-ratio moving downwards to ~55% in 1H FY25 (FY24: ~65%, FY23: ~77%).
- Short term investments relative to equity stood at ~77% as at Dec'24 (Jun'24: 83%, Jun'23: ~94%), indicating a higher market risk.
- Liquidity profile of the Company is considered sound, in view of the liquid assets coverage of 1.71x against its total liabilities as at Dec'24 (Jun'24: 1.72x, Jun'23: 0.94x).
- Capitalization indicators of the Company are considered adequate, with gearing and leverage ratio standing at 0.36x and 0.68x as at Dec'24 (Jun'24: 0.40x and 0.56x, Jun'23: 0.96x and 1.10x) respectively.
- Going forward, enhancement and diversification of revenue stream, along with managing market risk, as well as maintenance of capitalization indicators, liquidity profile and operational efficiency will be important for the rating.



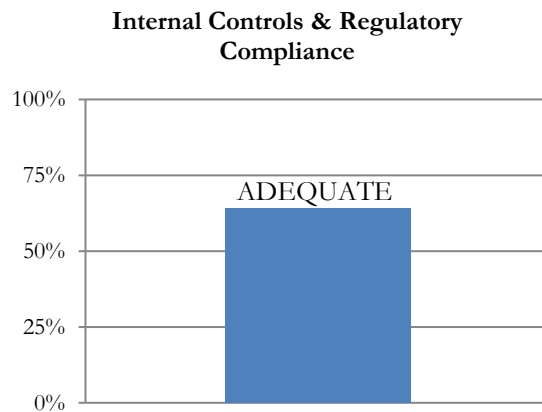
### Management & Client Services

- The Company offers multiple mediums for account opening. Similarly, various facilitating tools, including online and mobile trading platforms, are employed in order to facilitate client transactions. However, investor grievance procedures may be more pronounced on the Company's website for better client facilitation.
- Contingency measures of the Company are in place. However, maintaining offsite backups at third party warehouse along with frequent disaster recovery exercises may further strengthen these measures.



### Internal Controls & Regulatory Compliance

- Internal policies of the Company are in place. However, broadening the scope of these control policies, may further enhance the internal control framework of the Company.
- Developing documented policies for trade review procedures concerning non-compliant and suspicious transactions may further enhance the Company's control framework.
- Conducting periodic reviews of the order recording system may also contribute to strengthening the internal control framework.



### **Broker Fiduciary Rating Explained**

*In Securities Broker Fiduciary Rating (SBF), the strength of fiduciary role of the securities brokers is captured through the relative financial strength of the securities broker firm and its sponsors along with depth of internal control and governance framework, which are key rating ingredients. Responsiveness of the risk and internal control structure, quality of HR and soundness of the business infrastructure determine the strength of management and level of service quality of a stock broker. VIS Credit Rating Co. Ltd. (VIS) has developed a rating system that evaluates brokerage firms on the basis of such practices and the systems instituted to safeguard investor interests are at the forefront.*

**Rafi Securities (Pvt) Limited**

REGULATORY DISCLOSURES				Appendix I
<b>Name of Rated Entity</b>	Rafi Securities (Pvt) Limited			
<b>Sector</b>	Brokerage			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Broker Fiduciary Rating (BFR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	RATING TYPE: BFR			
	02-Jun-25	BFR3	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>	N/A			
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