

INTEGRATED EQUITIES 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		Initial	
RATING DATE	September 17, 2025		August 21, 2024	

Shareholding (5% or More)

Other Information

Mr. Sardar Ali Wattoo~93%	Incorporated in 2008
Ms. Sadia Ali~7%	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-2025/BrokerEntityRating.pdf>

Rating Scale

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

Rating Rationale

Assigned ratings of Integrated Equities Limited ('IEL' or 'the Company') reflects the financial profile, with revenue and profitability exhibiting an upward trend over time, with augmentation in both brokerage and advisory income. Operational efficiency has demonstrated improvement. Liquidity profile of the Company is considered sound. Market risk of the Company is minimal, given limited proprietary investments. While the Company's equity base is small relative to its peers, consistent profitability coupled with low debt profile provides support to its capitalization profile. Nevertheless, the business risk remains high as the Company operates in the highly volatile and competitive brokerage industry.

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 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 a registered Research Entity with Securities & Exchange Commission of Pakistan (SECP).

Management and Governance

Shareholders/Owners/Sponsors

Major shareholding of the Company (93%) 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 of project developments, 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 is represented by five members, inclusive of one independent and two female members. Additionally, the Company has two board-level committees, Audit and Compliance & Risk Management, both comprising the same members and headed by an independent director. The Company also has an advisory board comprising three members.

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 its online trading platform, branded as "IEL Trade." 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 FY24, PSX achieved the highest equity market performance globally, with the KSE-100 Index soaring to 78,444.96, a significant increase from 41,452.69 in FY23. The index recorded an annual return of 89% in PKR terms and 94% in USD terms. The surge was driven by improved economic indicators such as increased exports and remittances, a notable decline in inflation, decrease in base interest rates and favorable financial developments, including the successful completion of the IMF Stand-by Agreement.

The positive momentum extended into FY25, with the KSE-100 delivering a strong return of ~60%, reaching a high of 125,627, globally positioning Pakistan amongst one of the best performing stock markets. This growth was underpinned by sustained economic recovery, monetary easing, and a stable currency. The Staff level agreement on the first review for the 37-month Extended Fund Facility as well as a new 28-month arrangement under the resilience and sustainability facility (RSF) has further enhanced investor confidence, while improvements in private sector credit, auto financing, petroleum sales, power generation, exports, and remittances further contributed to market activity. Looking ahead, while the potential risks, including any potential devaluation of the PKR and political uncertainty, could pose challenges, improving macroeconomic indicators along with declining external financing needs are likely to sustain market performance.

Financial Risk

CAPITAL STRUCTURE

The Company's equity base has witnessed a sizeable increase in FY24 and FY25, supported by strong profitability reported during the period. As at Jun'25, the equity base, excluding revaluation surplus, stood at PKR 482.3m (Jun'24: PKR 307.3m, Jun'23: PKR 202.8m). Additionally, the Company's capitalization profile draws further support from its low-leveraged balance sheet and a small debt profile, consisting of a sponsor loan of just PKR 6.2m. As at Jun'25, gearing and leverage ratios were reported at 0.01x and 0.58x (Jun'24: 0.02x and 0.53x, Jun'23: 0.03x and 0.67x). Going forward, the Company plans to continue with its conservative approach towards capital structure.

PROFITABILITY:

Following subdued performance in FY23, the Company's operating revenue rebounded in FY24, rising to PKR 90.4m (FY23: PKR 62.4m). Growth was largely driven by higher brokerage income, which increased to PKR 49.5m (FY23: PKR 20.5m), in line with the overall positive industry trend. Conversely, income from advisory and consultancy remained largely stable at PKR 37.7m (FY23: PKR 38.1m). The positive momentum persisted in FY25, with brokerage income surging to PKR 176.9m on the back of heightened market activity, while advisory and consultancy income also registered notable growth to PKR 80.0m.

The Company's revenue profile remains reasonably diversified, with the advisory and consultancy segment contributing ~47% to operating revenue on a three-year average (FY22–FY24). However, its share dropped to ~31% in FY25, as the proportion of brokerage income increased to ~69% during the year.

With an overall increase in revenue, the Company's operational efficiency improved, with cost-to-income ratio declining to ~57% in FY25 (FY24: ~72%, FY23: ~81%). The Company reported significantly higher profitability in both FY24 and FY25. Profitability in FY24 was largely supported by unrealized gains on investment property, while in FY25 it benefited from both higher revenues and continued gains on investment property.

Going forward, the Company intends to diversify its income streams through investments in subsidiaries and associates; however, the contribution to profitability will remain contingent on returns and dividend flows from these entities. Sustaining revenue growth and profitability, alongside maintaining cost efficiency, will remain important from a ratings perspective.

CREDIT RISK

As at Jun'25, the Company's trade debts stood at PKR 22.7m (Jun'24: PKR 9.2m). The Company follows a conservative strategy, with a very limited credit limits 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, upfront margin deposits prior to order execution for all retail clientele, and maintenance of collaterals against all receivables.

MARKET RISK

The Company is engaged in limited proprietary operations, thereby carrying minimal market risk. Short-term investments stood at PKR 32.4m as at Jun'25 (Jun'24: PKR 6.0m; Jun'23: PKR 11.4m), representing ~7% of the Company's equity base. In addition, the Company's long-term investments primarily comprise strategic holdings in associated concerns.

LIQUIDITY RISK

Liquid assets of the Company, which comprises cash balances, short term investments, and exposure deposits, amounted to PKR 375.2m as at Jun'25 (Jun'24: PKR 182.0m, Jun'23: PKR 140.8m), providing a coverage of 1.35x against its total liabilities as at Jun'25 (Jun'24: 1.11x, Jun'23: 1.03x).

Financial Summary				Appendix I
Balance Sheet (PKR Millions)	FY22A	FY23A	FY24A	FY25M
Trade Debts	14.5	32.0	9.2	22.7
Intangible Asset	2.5	2.5	2.5	2.5
Deposits and Prepayments	28.5	17.5	59.6	111.1
Long Term Investments in PSX Shares	69.2	51.1	43.9	7.3
Proprietary Book	8.3	11.4	6.0	32.4
Cash and Bank balances	66.0	128.3	134.0	245.2
Taxation (refundable)	0.0	0.0	0.0	0.0
Total Assets	273.1	339.7	493.5	801.5
Trade and Other Payables	70.7	129.5	157.0	256.6
Long Term Loans (including lease liability)	6.2	6.2	6.2	6.2
Short Term Loans – secured	0.0	0.0	0.0	0.0
Total Liabilities	79.1	136.9	164.0	278.0
Paid up Capital	130.0	130.0	130.0	130.0
Net Worth	194.0	202.8	307.3	482.3
Income Statement (PKR Millions)	FY22A	FY23A	FY24A	FY25M
Operating Revenue	74.6	62.4	90.4	256.9
Administrative & Operating Expenses	55.4	54.2	88.0	173.7
Finance Cost	1.6	2.9	2.5	2.1
Profit/(Loss) Before Tax	40.3	12.7	123.2	226.3
Profit After Tax	35.9	8.9	117.5	196.1
Ratio Analysis	FY22A	FY23A	FY24A	FY25M
Liquid Assets to Total Liabilities (%)	120.1%	102.9%	111.0%	135.0%
Liquid Assets to Total Assets (%)	34.8%	41.5%	36.9%	46.8%
Current Ratio (x)	1.61	1.45	1.32	1.56
Leverage (x)	0.41	0.67	0.53	0.58
Gearing (x)	0.03	0.03	0.02	0.01
Efficiency (%)	71.4%	80.7%	71.8%	57.5%
Prop book to Equity (%)	4.3%	5.6%	2.0%	6.7%
ROAA (%)	11.2%	2.9%	28.2%	30.3%
ROAE (%)	19.0%	4.5%	46.1%	49.7%

A-Actual Accounts

M-Management 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				
	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.				
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Due Diligence Meetings Conducted		Name	Designation	Date	
		Mr. Sardar Ali Wattoo	Chief Executive Officer	August 25, 2025	
		Mr. Iqbal Hussain	Chief Compliance Officer		