



The Pakistan Credit Rating Agency Limited

## Rating Report

### Aba Ali Habib Securities (Pvt.) Limited | BFR

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#### Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
12-Mar-2026	BFR 2	Stable	Maintain	-
14-Mar-2025	BFR 2	Stable	Maintain	-
15-Mar-2024	BFR 2	Stable	Initial	-

### Rating Rationale

Factor	Comment
<b>Ownership</b>	Aba Ali Habib Securities (Pvt.) Limited ("AAH" or the "Company") is a family concentrated brokerage house, with ~99.9% ownership held by Mr. Aba Ali Habib, who brings over 41 years of capital market experience.
<b>Governance</b>	The Company upholds a well-established governance framework with a six-member board comprising three executive and three non-executive directors, including the CEO and one independent director, with female representation ensuring board diversity.
<b>Management and Client Services</b>	AAH operates with a streamlined structure covering Research, Internal Audit, Compliance, and Risk Management, supported by an experienced management team. Client services include online trading via KITS-PSX and JTT Terminal, with a mobile application planned to enhance accessibility.
<b>Internal Controls and Regulatory Compliance</b>	The Company has established an effective control environment, supported by outsourced Internal Audit services and the active oversight of the Audit and Risk Management Committee. A dedicated Compliance Department is also in place, responsible for effective compliance monitoring and reporting.
<b>Business Sustainability</b>	AAH topline remains concentrated in equity brokerage, with diversification through MFS and MTS. In 1HFY26, operating revenue stood at ~PKR 118mln (SPLY: ~PKR 159mln), including brokerage income of ~PKR 67mln (SPLY: ~PKR 59mln), while profit after tax was ~PKR 321mln (SPLY: ~PKR 359mln).
<b>Financial Sustainability</b>	AAH maintains an equity based capital structure, with no reliance on external debt. As of 1HFY26, equity increased to ~PKR 1,639mln (SPLY: ~PKR 1,318mln), reflecting improved capitalization, with a Liquid Capital Balance of ~PKR 850mln.

### Key Rating Drivers

Fiduciary practices across client servicing, compliance, and core risk oversight remain integral to the control architecture, with incremental enhancements expected to further strengthen the overall governance and risk management environment. Going forward, deepening management capacity, refining internal control mechanisms, incrementally strengthening client protection, improving grievances mechanisms and conflict management frameworks will remain important for sustaining and improving the fiduciary profile.

#### Disclosure

<b>Name of Rated Entity</b>	Aba Ali Habib Securities (Pvt.) Limited   BFR
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	Broker Fiduciary Rating (BFR)
<b>Applicable Criteria</b>	Methodology   Rating Modifiers(Apr-25),Assessment Framework   Broker Fiduciary Rating(Jan-26)
<b>Related Research</b>	Sector Study   Brokerage Firms(Feb-26)
<b>Rating Analysts</b>	Usama Ali   usama.ali@pacra.com   +92-42-35869504

## Profile

**Background** Aba Ali Habib Securities (Pvt.) Limited ("AAH" or "The Company") is a TREC holder of Pakistan Stock Exchange and a Member of Pakistan Mercantile Exchange Limited. The Company has been operating since 1970 and was incorporated under the "Companies Ordinance 1984" in 1996 as a Private Limited Company. The Company is registered with the Securities & Exchange Commission of Pakistan (SECP) under Securities Brokers (Licensing and Operations) Regulations 2016.

**Operations** The Company's service offering includes equity brokerage, commodity brokerage and research. The clientele of the Company is segmented into three categories: i) HNWI's ii) Institutions/Corporates, and iii) Retail iv)RDA.

## Ownership

**Ownership Structure** The Company is primarily owned by a single family. The majority shares are owned by Mr. Aba Ali Habib who owns ~99.98% of the ownership.

**Stability** The sponsors have sizeable net worth and may provide support to the business in the times of need. Formulation of a well defined succession plan at the shareholder level is encouraged for business sustainability.

**Business Acumen** The primary sponsor Mr. Aba Ali Habib has been associated with the capital markets for over forty years, and has diversified experience in the field of equity brokerage.

**Financial Strength** The sponsors have a sizeable net worth and provide support to the Company in the times of need.

## Governance

**Board Structure** AAH's board consists of six directors, including the CEO, **Mr. Zahid Ali Habib**. Of these, three are nonexecutive directors, one of whom is an independent director.

**Members' Profile** The Board is led by Founder and Non-Executive Director **Mr. Aba Ali Habib**, who provides strategic oversight, along with **Ms. Ayesha Abid**, also a Non-Executive Director, contributing to governance and HR oversight. The Executive Directors, including **Mr. Abid Ali Habib** and **Mr. Muhammad Zahid Ali**, bring strong experience in investment advisory, product development, and trading strategy, while **Mr. Aayman Zahid** adds expertise in audit, finance, and strategy. **Mr. Muhammad Hanif**, as a Non-Executive Director, strengthens the Board with his financial, tax, and corporate advisory background. Board members actively participate in key committees including Investment, Risk, Audit, and HR, ensuring effective governance and oversight across core operational areas.

**Board Effectiveness** The Board of Aba Ali Habib Securities (Private) Limited has constituted key committees at the Board level, including the **Audit Committee**, **Investment Committee**, **HR Committee**, and **Risk Management Committee**. These committees facilitate focused oversight over financial reporting, internal controls, investment decisions, human resource matters, and risk governance, thereby strengthening the overall effectiveness of the Board and supporting structured decision-making processes.

**Financial** AAH has appointed M/S Naveed Zafar Ashfaq Jaffery & Company as the external auditors who are placed in the 'A' category by the SBP. The auditors have expressed an unqualified opinion on the Company's financial statements for the year ended Jun'25. AAH has also outsourced its internal audit department to Afras & Co.

## Management And Client Services

**Organizational Structure** AAH has developed an adequate organizational structure and operates through eight departments namely i) Operations ii) Finance iii) Compliance iv) Sales v) Proprietary Trading vi) IT vii) Research and, viii) Human Resource. All of the departmental heads directly report to the CEO. However, the Internal Audit which is outsourced, directly reporting to the Board Audit Committee.

**Management Team** The senior management team of Aba Ali Habib Securities (Private) Limited comprises qualified professionals with diversified expertise across sales, finance, audit, research, HR, operations, IT, and client servicing. Institutional Sales is led by **Mr. Zaheer Ahmed Channa**, while Retail Sales is headed by **Mr. Salman Naqvi**. The finance function is managed by **Mr. Muhammad Hasnain**, CFO (CA – Finalist), and supported by **Mr. Muhammad Faizan Raza** (ACCA – Finalist), Manager Accounts. Internal audit oversight is handled by **Mr. Shafqat Ali** (ICMA). The research function is led by **Ms. Shumaila Badar** (CFA), and HR is supervised by **Mr. Shoaib Waqas** (M.Com). Client servicing is supported by **Mr. Sagar Ashir**, while operations are overseen by **Mr. Rafiq Munshi**. The IT function is managed by **Mr. Shahzaib**. Overall, the management team reflects adequate functional expertise and organizational depth to support the Company's operational and strategic objectives.

**Client Servicing** Aba Ali Habib Securities (Private) Limited provides clients with multiple digital trading channels, including KITS – PSX App, P-Trade, and JTT Terminal, enabling efficient trade execution and portfolio monitoring. The Company is also developing its own mobile application to enhance client accessibility. A dedicated research function supports institutional and high-net-worth clients, strengthening overall service quality and market outreach.

**Complaint Management** AAH has provided an electronic form on the face of its website to lodge online complaints and complaints can be made via e-mail and calls. The customer service department is responsible for the complaint management system.

**Extent Of Automation / Integration** AAH's front-end is provided by 'Catalyst,' while the back-end is supported by 'Microlinks.' The seamless integration between the two ensures smooth daily operations. The Company have digital system for payments (IBFT, RTGS), documentation, reporting lines, work management, and the dissemination of client information or inquiries.

**Continuity Of Operations** AAH has established a recovery plan for all essential infrastructures elements, systems, networks and key business activities. The Company has a separate back-up server located at the PSX building in Karachi, and data is backed up on a daily basis.

## Internal Controls And Regulatory Compliance

**Risk Management Framework** The risk management framework revolves around the risk management committee headed by the Chairman Mr. Abid Ali Habib. To ensure operational efficiency and appraisal of internal controls, the Company has outsourced the internal audit department, which implements and monitor the policies and procedures of the Company. Formation of an independent risk management department would be a positive factor.

**Regulatory Compliance** Compliance department ensures regular monitoring of controls and systems, which ensures all functions are in-line with the applicable policies and procedures.

## Business Sustainability

**Operating Environment** In the first half of FY26, the Pakistan brokerage industry continued to benefit from strong equity market performance, with the KSE-100 Index up more than 50% year-on-year and trading activity staying elevated amid improving valuations and broad participation. The market's forward P/E multiple rose from low single-digit levels toward mid-single digits, reflecting better earnings prospects and continued investor interest in equities relative to fixed income. Domestic investor participation increased, and despite mixed foreign flows, the overall capital market remained attractive to both retail and institutional investors. While higher trading volumes supported brokerage commission income, intense competition among brokers and rising operational costs continued to exert pressure on margins. The favorable macroeconomic backdrop, including lower interest rates and better liquidity conditions, helped sustain market activity, but the industry remained sensitive to external economic developments and single-event risks.

**Performance** During 1HFY26 (period ended Dec'25), Aba Ali Habib Securities (Private) Limited reported operating revenue of ~PKR 117.9mln (SPLY: ~PKR 158.9mln). The Company earned commission income of ~PKR 67.1mln, while profit on MFS/MTS amounted to ~PKR 40.0mln and dividend income contributed ~PKR 10.9mln. Profitability remained strong, supported primarily by capital gains of ~PKR 54.3mln on sale of equity securities and a significant gain of ~PKR 249.9mln on re-measurement of investments at FVTPL. Consequently, the Company reported a net profit of ~PKR 321.0mln during 1HFY26 (SPLY: ~PKR 358.9mln). Although overall profit slightly declined on a year-on-year basis, earnings remain substantially supported by unrealized gains on the proprietary investment portfolio.

**Strategy** As part of its long-term strategy, AAH has established a new branch in Lahore, which has been operational for over six months, aimed at expanding its retail clientele.

## Financial Sustainability

**Credit Risk** AAH has formulated KYC/CDD policies to assess the clients creditworthiness. Client risk profile with respect to the financial position is also maintained. Credit is allowed up to 35% on margin in cash or cash equivalent. Risk control parameters are inbuilt in the system preventing the clients from taking further positions.

**Market Risk** AAH continues to actively manage a sizeable proprietary investment portfolio, reflected in short-term investments of ~PKR 1,315mln as of Dec'25 (Jun'25: ~PKR 1,008mln). The Company's profitability remains materially exposed to market movements, as evidenced by the substantial re-measurement gain recorded during the period. Management mitigates market risk through strategic allocation between equity and fixed income instruments, guided by prevailing market outlook and risk appetite.

**Liquidity Risk** As of Dec'25, the Company reported current assets of ~PKR 2,363mln against current liabilities of ~PKR 761mln, indicating a strong liquidity position with comfortable coverage of short-term obligations. Cash and bank balances stood at ~PKR 182mln. The Company also maintains short-term borrowing lines with various banks to meet margin and working capital requirements, providing additional liquidity support if needed.

**Capitalization** The Company maintains a low-leverage capital structure. Equity strengthened to ~PKR 1,639mln as of Dec'25 (Jun'25: ~PKR 1,318mln), driven by retained profitability during the period. While short-term borrowings (~PKR 229mln) are utilized primarily to meet trading and exposure-related requirements, overall gearing remains moderate relative to the equity base, supporting financial stability and risk absorption capacity.

THE PAKISTAN CREDIT RATING AGENCY

Aba Ali Habib Securities (Pvt.) Limited  
PRIVATE LIMITED  
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

Dec-25 FY26 6M Management	Jun-25 FY25 12M Audited	Jun-24 FY24 12M Audited	Jun-23 FY23 12M Audited
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**BALANCE SHEET**

1 FINANCES	492.23	370.56	678.52	70.20
2 INVESTMENTS	1,323.82	1,016.58	905.98	868.10
3 OTHER EARNING ASSETS	-	-	-	0.29
4 NON-EARNING ASSETS	584.18	472.36	327.77	334.02
5 NON-PERFORMING FINANCES-net	-	-	-	-
<b>TOTAL ASSETS</b>	<b>2,400.23</b>	<b>1,859.50</b>	<b>1,912.27</b>	<b>1,272.61</b>
6 FUNDING	496.55	278.48	506.80	134.94
7 OTHER LIABILITIES (NON-INTEREST BEARING)	264.36	262.66	129.88	63.68
<b>TOTAL LIABILITIES</b>	<b>760.91</b>	<b>541.13</b>	<b>636.68</b>	<b>198.63</b>
<b>TOTAL EQUITY</b>	<b>1,639.32</b>	<b>1,318.37</b>	<b>1,275.59</b>	<b>1,073.98</b>

**INCOME STATEMENT**

**INCOME**

1 FEE BASED INCOME	67.05	117.61	90.16	94.92
2 OPERATING EXPENSES	(92.66)	(220.14)	(91.19)	(64.11)
3 NON-FEE BASED INCOME	357.47	163.82	247.76	95.36
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>331.86</b>	<b>61.30</b>	<b>246.74</b>	<b>126.18</b>
4 FINANCIAL CHARGES	(10.91)	(18.19)	(26.12)	(18.64)
<b>PRE-TAX PROFIT</b>	<b>320.95</b>	<b>43.21</b>	<b>224.85</b>	<b>109.27</b>
5 TAXES	-	(0.43)	(2.35)	(3.37)
<b>PROFIT AFTER TAX</b>	<b>320.95</b>	<b>42.78</b>	<b>222.51</b>	<b>105.90</b>

**RATIOS**

**BUSINESS SUSTAINABILITY**

1 PRE-TAX MARGIN	4.79	0.37	2.49	1.15
2 EBITDA MARGIN	4.95	0.52	2.78	1.35
3 EBIT RETURN ON ASSETS	0.25	0.03	0.16	0.11

**FINANCIAL SUSTAINABILITY**

1 TOTAL INVESTMENTS / EQUITY	0.81	0.77	0.71	0.81
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	0.52	0.62	0.68	0.60
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.62	0.60	0.47	0.71
4 TOTAL DEBT / TOTAL ASSETS	0.21	0.15	0.27	0.10

## Broker Fiduciary Rating Scale & Definitions

An independent opinion on a broker's quality of management and client services, and the sustainability of operations

Scale	Definition
BFR 1	<b>Very Strong.</b> Very Strong quality of management and client services, and a very high likelihood of sustaining operations.
BFR 2++ BFR 2+ BFR 2	<b>Strong.</b> Strong quality of management and client service, and a high likelihood of sustaining operations
BFR 3++ BFR 3+ BFR 3	<b>Good.</b> Good quality of management and client service, and average likelihood of sustaining operations.
BFR 4++ BFR 4+ BFR 4	<b>Adequate.</b> Adequate quality of management and client service, and average likelihood of sustaining operations.
BFR 5	<b>Weak.</b> Weak quality of management and client service, and a weak likelihood of sustaining operations.

## Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)	Rating Watch	Suspension	Withdrawn	Harmonization
<p>Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.</p>	<p>Alerts to the possibility of a rating change subsequent to, or in anticipation of, some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within the foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany the rating outlook of the respective opinion.</p>	<p>It is not possible to update an opinion due to a lack of requisite information. Opinion should be resumed in the foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p>A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults, or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.</p>	<p>A change in rating due to a revision in the applicable methodology or underlying scale.</p>

**Surveillance.** Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

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### **Rating Team Statements**

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

### **2) Conflict of Interest**

i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)

ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)

iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

### **Restrictions**

(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)

(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)

(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

### **Conduct of Business**

(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)

(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).

(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)

(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)

(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)

(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

### **Independence & Conflict of interest**

(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity

(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)

(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)

(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)

(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)

(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

### **Monitoring and review**

(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)

(19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)

(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)

(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

### **Probability of Default**

(22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

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