



## The Pakistan Credit Rating Agency Limited

### Rating Report

#### A.U.A Securities (Pvt.) Limited - BFR

##### Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

##### Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
31-Dec-2025	BFR 4	Stable	Initial	-

#### Rating Rationale

Factor	Comment
<b>Ownership</b>	A.U.A Securities Private Limited ("A.U.A" or the "Company") has closely held ownership, with four individuals, Mr. Umair, Mr. Abbas, Ms. Shireen, and Ms. Zarmina, each holding 20%. The main sponsor, Mr. Arif, holds approximately 18%, while the remaining stake is held by the CEO. This represents a newly established venture with this ownership in place.
<b>Governance</b>	The governance of the Company resides with the shareholders, which ultimately means there is no distinction between ownership and BoD. The board comprises four executive directors, providing direct sponsor oversight during the start up phase. The inclusion of independent representation would support improved oversight and governance depth.
<b>Management and Client Services</b>	The management team below the executive directors is yet to be completed, although the organogram is in place. The respective HODs are intended to be hired along the line.
<b>Internal Controls and Regulatory Compliance</b>	A.U.A intends to operate within an internal control framework aligned with SECP regulations, the PSX Rule Book, and AML/CFT requirements. Compliance and risk management functions are in the process of being established. The website and the IT framework will also be developed, with the overall control environment expected to evolve as operations commence.
<b>Business Sustainability</b>	The Company is in the start up phase. For FY26, brokerage commission income of PKR 25.0 million and profitability of PKR 13.6 million are projected, subject to management assumptions, market conditions, and execution risk.
<b>Financial Sustainability</b>	The Company has a limited equity base, especially when development related expenditures are accounted for. As of Oct 25, the Company equity stood at PKR 77 million. The Company financial profile is supported by sponsor commitments, including a letter of comfort.

#### Key Rating Drivers

The assigned BFR reflects the sponsors commitment to establish a brokerage business in compliance with regulatory requirements. The rating incorporates planned arrangements for governance, client asset protection, and risk management. The assessment remains prospective and is contingent upon timely execution and the effective implementation of stated frameworks once operations commence.

##### Disclosure

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

## Profile

**Background** A.U.A Securities (Pvt.) Limited (“A.U.A” or “the Company”) was incorporated on August 28, 2025, under the Companies Act, 2017, as a private limited company by shares. The registered office is located at Office No. 603, 6th Floor, Progressive Center, PECHS Block 6, Shahrah-e-Faisal, Karachi East, Sindh. The Company is currently in the process of obtaining a Trading Right Entitlement Certificate (TREC) from Pakistan Stock Exchange Limited, after which it intends to commence operations.

**Operations** A.U.A Securities (Pvt.) Limited is a proposed capital markets intermediary that intends to operate as a licensed securities broker at the Pakistan Stock Exchange, offering equity trading services to retail and institutional clients. The Company plans to pursue technology-led growth through digital trading platforms, with a focus on improving accessibility and operational efficiency. As operations have yet to commence, execution and implementation remain key considerations.

## Ownership

**Ownership Structure** The shareholding of A.U.A Securities (Pvt.) Limited is distributed among its founding shareholders. Four individuals, Muhammad Umair, Abbas, Shireen, and Zarmina, each hold 20% of the issued share capital. Muhammad Arif holds an 18.7% stake, while the remaining 3.3% is owned by Abid. This ownership structure reflects a closely held profile with participation from multiple shareholders, providing initial financial backing and strategic alignment.

**Stability** The Company benefits from a stable ownership framework, with key sponsors collectively retaining majority control. The concentrated shareholding structure underscores strong sponsor commitment and alignment with the Company’s strategic objectives.

**Business Acumen** The principal sponsors bring direct entrepreneurial experience and an adequate understanding of the brokerage industry, evidenced by their active role in setting up the Company’s operations. Their engagement reflects a clear commitment to establishing a brokerage platform aligned with industry practices, while the long-term sustainability of the business will depend on complementing sponsor oversight with professional management and effective institutional controls.

**Financial Strength** The Company’s financial profile is underpinned by the sponsors’ demonstrated willingness to provide support during the establishment phase. Formal written undertakings have been provided to extend financial assistance, including equity injections as required, ensuring that the Company can meet operational and regulatory requirements while scaling its brokerage operations.

## Governance

**Board Structure** The Board of Directors currently comprises four executive directors, namely Mr. Noman, Mr. Muhammad Arif, Mr. Abbas, and Mr. Muhammad Umair. The current structure ensures direct sponsor oversight and close involvement in management decisions. However, governance depth remains limited due to the absence of independent directors and gender diversity. The inclusion of independent representation would enhance oversight quality and alignment with evolving regulatory and governance expectations.

**Members’ Profile** The Board collectively brings experience across trading, settlement operations, and financial management. Mr. Abbas and Mr. Umair possess approximately a decade of front-end trading experience, while Mr. Arif contributes post-trade and settlement expertise. Mr. Noman Yousuf, an M.Com and FCMA, brings over 15 years of senior financial management experience across Pakistan and the UAE.

**Board Effectiveness** The Company is in the process of establishing multiple internal committees covering risk management, information technology, human resources, audit, and business management. These committees are intended to support management oversight and internal coordination. While the committee framework is in place, its effectiveness will depend on clearly defined mandates, independence of review, and consistent documentation of deliberations.

**Financial** An undertaking has been received confirming that UHY Hassan Naeem & Co. will serve as the Company’s external auditors. This appointment is expected to uphold the integrity of financial reporting and enhance transparency once operations commence.

## Management And Client Services

**Organizational Structure** The Company plans to establish an organizational structure comprising core functions, including Operations, Compliance, Research, IT and Technology, and Sales and Marketing. These functions are expected to report to the Chief Executive Officer, enabling centralized oversight and efficient decision-making during the initial phase of operations. While the proposed structure appears suitable at inception, increased functional segregation and role specialization will likely be required as business volumes expand.

**Management Team** The proposed senior management team is expected to comprise five members, including the Chief Executive Officer, Mr. Abid. Management collectively brings adequate professional qualifications and relevant experience within the capital markets. While this experience provides a reasonable foundation for establishing operations, the management team's effectiveness remains untested in a live brokerage environment, given the Company's pre-operational status.

**Client Servicing** The Company intends to offer client onboarding through a combination of digital platforms and physical branch facilities. Client servicing arrangements are planned to support customers during account opening and trading activities. The adequacy and responsiveness of client servicing will become clearer once operations commence and client volumes begin to build.

**Complaint Management** A formal complaint management framework is under development and is expected to be overseen by the customer service function. The proposed framework is designed to allow clients to register complaints through multiple channels, including electronic and physical means. Effective implementation and timely resolution will be important for safeguarding client interests and supporting fiduciary confidence.

**Extent Of Automation / Integration** The Company plans to deploy an integrated front-end and back-office IT system to support trading, settlement, compliance monitoring, and regulatory reporting. Primary and secondary security controls are also planned to mitigate operational and cyber risks. The reliability of automation and system integration will remain a key area for assessment once the IT infrastructure becomes operational.

**Continuity Of Operations** A disaster recovery and business continuity framework has been approved by the Board and outlines procedures to ensure operational continuity in the event of disruptions. The effectiveness of this framework will depend on timely implementation, staff familiarity, and periodic testing once operations commence.

## Internal Controls And Regulatory Compliance

**Risk Management Framework** Risk management oversight is planned to be exercised through the Compliance Department, covering trading, settlement, and platform-related risks. While a dedicated board-level risk committee is not yet operational, risk oversight is intended to be embedded within management processes. As business activities expand, the establishment of more independent and formalized risk governance structures will become increasingly important.

**Regulatory Compliance** The Compliance Department is expected to be responsible for ensuring adherence to applicable regulatory requirements, internal policies, and operational procedures. Ongoing monitoring mechanisms are planned to identify control gaps and regulatory issues. The effectiveness of compliance oversight will be evaluated once the Company transitions into active operations.

## Business Sustainability

**Operating Environment** The brokerage industry experienced improved equity market activity during FY25, supported by higher index levels and increased trading volumes amid improving macroeconomic conditions. Despite this, the sector remains highly competitive and exposed to market volatility. Early FY26 conditions remained supportive, though sensitivity to macroeconomic and external developments persists. The operating environment remains inherently cyclical.

**Performance** For the projected period, the Company expects to generate operating revenue of PKR 25.0 million, with additional income of PKR 7.5 million. Operating and administrative expenses are projected at PKR 13.2 million, resulting in an estimated net profit after tax of PKR 13.6 million. While the projections indicate potential profitability, actual performance will be contingent on successful execution, market conditions, and the pace of client acquisition.

**Strategy** The Company's strategy is expected to rely significantly on the sponsor's prior brokerage experience and established market relationships to facilitate initial client acquisition. Revenue generation during the early phase is anticipated to be primarily driven by high net worth individual (HNWI) clients, with retail client onboarding contributing gradually over time. While this approach may support early revenue traction, it also implies a degree of client concentration and reliance on sponsor-driven relationships. Onboarding of corporate and institutional clients is expected to be gradual, as such clients typically require an operating track record, demonstrated execution capability, and established internal controls before engagement. Consequently, diversification of the client base is likely to remain limited in the near term. The successful execution of the strategy will depend on the sponsor's ability to convert relationships into sustainable business volumes, while simultaneously building systems, controls, and credibility to support broader client onboarding.

## Financial Sustainability

**Credit Risk** Credit risk is expected to primarily arise from trade receivables and advances once brokerage operations commence. At this stage, the Company has not yet finalized detailed client exposure limits, margining policies, or formal credit risk thresholds. Risk mitigation is expected to evolve through the gradual development of internal policies and system-based controls, in line with regulatory requirements. Until such frameworks are fully established and tested, credit risk management remains an area of execution risk and will be assessed as operations stabilize.

**Market Risk** Market risk is expected to arise primarily from the Company's planned proprietary trading activities, with intended exposure of up to 32% of capital. At this stage, a formal proprietary trading policy, including defined risk limits, stop-loss mechanisms, and escalation procedures, has not yet been finalized. Consequently, exposure to equity price movements and market volatility may be elevated during the initial phase of operations. The Company's ability to manage market risk will depend on the timely development and implementation of a comprehensive proprietary trading framework and effective oversight once trading activity commences.

**Liquidity Risk** Projected total assets for FY26 stand at PKR 93.67 million, with current assets expected to comprise approximately 85% of total assets. The planned asset mix reflects an adequate liquidity position, supported by cash balances, short-term investments, and realizable receivables. Liquidity adequacy will remain dependent on disciplined cash management during the start-up phase.

**Capitalization** As of Oct'25, the Company's equity stood at PKR 77 million. Given the pre-operational status, this level of capitalization is expected to provide basic support for initial setup costs and regulatory requirements. Additional capital support may be required as operations scale and business volumes increase.

**THE PAKISTAN CREDIT RATING AGENCY**

**A.U.A Securities (Pvt.) Limited**

**PRIVATE LIMITED**

**FINANCIAL SUMMARY**

Jun-30 FY30 12M Projected	Jun-29 FY29 12M Projected	Jun-28 FY28 12M Projected	Jun-27 FY27 12M Projected	Jun-26 FY26 12M Projected
------------------------------------	------------------------------------	------------------------------------	------------------------------------	------------------------------------

BALANCE SHEET	
1	FINANCES
2	INVESTMENTS
3	OTHER EARNING ASSETS
4	NON-EARNING ASSETS
5	NON-PERFORMING FINANCES-net
	<b>TOTAL ASSETS</b>
6	FUNDING
7	OTHER LIABILITIES (NON-INTEREST BEARING)
	<b>TOTAL LIABILITIES</b>
	<b>TOTAL EQUITY</b>

-	-	-	-	-
75.00	70.00	65.00	50.00	25.00
-	-	-	-	-
58.30	55.64	50.38	54.10	68.67
-	-	-	-	-
<b>133.30</b>	<b>125.64</b>	<b>115.38</b>	<b>104.10</b>	<b>93.67</b>
-	-	-	-	-
7.50	7.00	6.00	5.50	5.00
<b>7.50</b>	<b>7.00</b>	<b>6.00</b>	<b>5.50</b>	<b>5.00</b>
<b>125.80</b>	<b>118.64</b>	<b>109.38</b>	<b>98.60</b>	<b>88.67</b>

INCOME STATEMENT	
INCOME	
1	FEE BASED INCOME
2	OPERATING EXPENSES
3	NON-FEE BASED INCOME
	<b>TOTAL OPERATING INCOME (LOSS)</b>
4	FINANCIAL CHARGES
	<b>PRE-TAX PROFIT</b>
5	TAXES
	<b>PROFIT AFTER TAX</b>

47.44	37.95	31.63	27.50	25.00
(35.07)	(27.80)	(21.52)	(16.85)	(13.25)
-	-	-	-	-
<b>12.37</b>	<b>10.15</b>	<b>10.11</b>	<b>10.65</b>	<b>11.75</b>
-	-	-	-	-
<b>31.21</b>	<b>23.61</b>	<b>20.46</b>	<b>19.28</b>	<b>19.25</b>
(9.05)	(6.85)	(5.93)	(5.59)	(5.58)
<b>22.16</b>	<b>16.76</b>	<b>14.53</b>	<b>13.69</b>	<b>13.67</b>

RATIOS	
BUSINESS SUSTAINABILITY	
1	PRE-TAX MARGIN
2	EBITDA MARGIN
3	EBIT RETURN ON ASSETS

66%	62%	65%	70%	77%
66%	62%	65%	70%	77%
24%	20%	19%	19%	21%

FINANCIAL SUSTAINABILITY	
1	TOTAL INVESTMENTS / EQUITY
2	LIQUID CAPITAL BALANCE (LCB) / EQUITY
3	(CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS
4	TOTAL DEBT / TOTAL ASSETS

60%	59%	59%	51%	28%
100%	100%	100%	100%	100%
58%	59%	58%	55%	53%
0%	0%	0%	0%	0%

### Broker Fiduciary Rating Scale & Definitions

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

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

<p><b>Outlook (Stable, Positive, Negative, Developing)</b></p> <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><b>Rating Watch</b> 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 foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.</p>	<p><b>Suspension</b> It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p><b>Withdrawn</b> A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the rating remains suspended for six months, or/and d) PACRA finds it impractical to surveil the opinion due to lack of requisite information.</p>	<p><b>Harmonization</b> A change in rating due to revision in 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.

**Disclaimer:** PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of PACRA documents may be used, with due care and in the right context, with credit to PACRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell.

### **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)

### **Proprietary Information**

(23) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA’s prior written consent