



The Pakistan Credit Rating Agency Limited

Rating Report

Abbasi and Company (Pvt.) Limited   BFR	Report Contents			
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Rating History				
Dissemination Date	Rating	Outlook	Action	Rating Watch
21-Jun-2025	BFR 2	Stable	Maintain	-
21-Jun-2024	BFR 2	Stable	Maintain	-
23-Jun-2023	BFR 2	Stable	Maintain	-
24-Jun-2022	BFR 2	Stable	Maintain	-
25-Jun-2021	BFR 2	Stable	Initial	-

Rating Rationale	Factor	Comment
	Ownership	ACPL maintains strong family stewardship, with 90.85% ownership concentrated among the Abbasi family - led by Mr. Syed Muhammad Ismail Abbasi (52.59% controlling stake), Syed M. Umar Abbasi (25.31%), Ms. Yasmeen Ismail (12.90%), and Syed Awais Ali Abbasi (0.05%).
	Governance	ACPL's board currently consists of three directors, all affiliated with the sponsoring family. To enhance governance rigor and aligns with best practices, the appointment of independent director is recommended. This initiative aligns with the Company's plan to strengthen its governance framework.
	Management and Client Services	The Company operates with a well-defined organizational structure and an experienced management team. Client services meet expectations, supported by research reports. In line with its focus on continuous improvement, the Company has introduced an upgraded website and mobile app, 'Trade In,' to further enhance client engagement.
	Internal Controls and Regulatory Compliance	The internal control framework is strengthened through an outsourced internal audit function. Separate risk and compliance departments are also present to ensure effective risk management and adherence to regulatory compliances.
	Business Sustainability	ACPL's 9MFY25 revenue rose 42% YoY to PKR 71M (9MFY24: PKR 50M), driven by brokerage operations. Despite a 20% increase in admin expenses (PKR 79M), leading to operating losses, net profit improved to PKR 9M (vs. PKR 0.4M), likely due to better non-core performance or cost controls.
Financial Sustainability		The Company has a zero-leveraged capital structure. Proprietary trading exposes ACPL to market risk; however, the prop-book is effectively managed through an investment policy. ACPL's equity stood at ~PKR 351mln at end-Mar'25.

ACPL's revenue growth was driven by its brokerage operations across key financial platforms, including the Pakistan Stock Exchange, Pakistan Mercantile Exchange, and the MTS platform. Despite higher administrative expenses leading to an operating loss, the Company managed to significantly improve its profitability compared to the previous year. This positive turnover highlights ACPL's to enhance non-operating income or implement effective cost controls in other areas of its business, demonstrating resilience and strategic financial management. Going forward the enhancement in ACPL's credit profile will be contingent upon: strengthening the governance framework, diversifying the business portfolio, and the successful launch of Separate Managed Accounts (SMAs).

Key Rating Drivers	Disclosure	
	Name of Rated Entity	Abbasi and Company (Pvt.) Limited   BFR
	Type of Relationship	Solicited
	Purpose of the Rating	Broker Fiduciary Rating (BFR)
	Applicable Criteria	Assessment Framework   Broker Fiduciary Rating(Jan-25)
	Related Research	Sector Study   Brokerage Firms(Feb-25)
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## Profile

**Background** Abbasi and Company (Pvt.) Limited, “ACPL or The Company” was incorporated in 1999 as a private limited company. ACPL is a TREC certificate holder of the Pakistan Stock Exchange and a Member of Pakistan Mercantile Exchange Limited. ACPL is also registered as a research entity.

**Operations** The Company mainly provides the services of equity and commodity brokerage and research to highnetworth clientele.

## Ownership

**Ownership Structure** ACPL is primarily owned by individuals and it is not part of any foreign or local group. The majority of shares are owned by Mr. Syed Muhammad Ismail Abbasi who owns 69.7% of the ownership. The second highest ownership belongs to Ms. Yasmeen Ismail who owns 12.9% of the total shares.

**Stability** The Company's sponsors have a long-standing reput e in the market while their sizeable net worth is a positive factor for the ratings.

**Business Acumen** The CEO, Mr. Syed Muhammad Ismail Abbasi possesses diversified experience in capital markets. He is serving on the Board of Directors of ACPL as a Chief Executive since its incorporation. He is also serving as chairperson of the Board. He holds a Master's Degree with distinction in Commerce from The University of Punjab and with over 35 years of experience in Pakistan's financial markets.

**Financial Strength** The sponsors have sizeable net worth and may inject capital in the Company with increasing quantum of operations. This also shows the sponsors commitment in case of a financial need arises.

## Governance

**Board Structure** ACPL has appointed three directors on board according all of whom are executive. The presence of Independent and Non-Executive directors would be an encouraging factor.

**Members' Profile** The board possesses the necessary skills and experience required for capital markets. The board members, on average, possess more than ~20 years of experience in the field of finance and capital markets.

**Board Effectiveness** To ensure an effective control environment and compliance with reporting standards, the Company has constituted an Audit Committee, HR Committee and Executive Risk Management Committee. The Audit Committee conducts meetings at minimum of once every quarter and the internal auditor reports are presented along with the findings.

**Financial** The external auditors of the Company are M/s Parker Randall – A.J.S and Company Chartered Accountants which are classified under the ‘B’ category of the State Bank of Pakistan panel of Auditors.

## Management And Client Services

**Organizational Structure** The Company has well developed organizational structure. The Company operates through ten departments namely i) Operations ii) Equity iii) Transaction iv) Accounts & Finance v) Research vi) IT vii) Business Support and Service viii) Human Resource ix) Compliance and x) Business Development. All of the departmental heads directly report to the CEO. However, Head of Internal Audit reports to the Board Audit Committee.

**Management Team** The management of ACPL is well qualified and experienced to manage the Company's operations efficiently. The CFO Mr. Qamar Tariq is an IFMP member and a Certified Anti Money Laundering Professional. He is overseeing financial operations for more than 10 years.

**Client Servicing** The Company has provided its customers with various channels, including a mobile app and online trading platform to facilitate them for execution and monitoring of their transactions. Furthermore, to further facilitate the customers a dedicated research department, trading facility, and a separate customer service department is also present.

**Complaint Management** A complaint box has been placed in the office premise while complaints can also reach the Company through call, email, website and by post. A designated officer has been assigned the responsibility of handling and rectification of complains.

**Extent Of Automation / Integration** Two database platforms are installed with full integration between back and front office. The system incorporates primary and secondary level protection. ACPL is in usual practice of daily and weekly backups.

**Continuity Of Operations** ACPL has established a recovery plan for all essential infrastructure elements, systems, networks, and key business activities. The Company has assessed the possibility of potential disaster or emergency and has defined a range of parameters to cater these risks.

## Internal Controls And Regulatory Compliance

**Risk Management Framework** ACPL has placed a separate resource specifically for risk management. Moreover, to ensure independent insight an independent Internal Auditor has been made part of the Risk Management Committee, thereby removing any conflict of interest and ensuring independence.

**Regulatory Compliance** Compliance Department ensures regular monitoring of controls and systems, which ensures all functions are in-line with the applicable policies and procedures. Research analyst policy has also been formulated.

## Business Sustainability

**Operating Environment** Low market P/E multiples, declining interest rates, and improving macro-economic indicators renewed investor confidence during FY24, resulting in high volumes for the brokerage industry. The trend has continued in FY25, with significant rate cuts providing the impetus to investors to shift their investments from fixed income to the equity market. The market P/E ratio is still considered low with ample room to improve, indicating that the brokerage industry shall continue to enjoy high volumes during FY25.

**Performance** The Company achieved strong revenue growth of 58% year-over-year, reaching approximately PKR 52 million in 1H FY25 (compared to PKR 33 million in the same period last year). This performance was primarily driven by higher brokerage income from Pakistan Stock Exchange (PSX) operations, reflecting improved market activity and execution. The Company's current liabilities increased by 42% to PKR 256 million as of December 2024 (up from PKR 180 million previously), primarily due to higher trade payables. This reflects increased business activity and corresponding vendor obligations during the period.

**Strategy** The Company mainly provides the services of equity brokerage while also strengthening its presence in the commodity brokerage segment. The management is further considering to enhance its outreach in the retail segment for which it has recently revamped its mobile trading app with a user-friendly interface. ACPL also has a long-term plan to initiate a corporate finance and investment advisory department.

## Financial Sustainability

**Credit Risk** Company has also put in place different risk mitigation measures to determine the scope of the identification and verification requirements and ongoing monitoring based on the risks posed by particular customers by setting transaction limits for higher-risk Customers.

**Market Risk** ACPL has maintained a proprietary portfolio but the quantum of short-term investment is minimal; ~0.2% of the equity at end-Dec'24. The Company has formalized a proprietary trading policy whereby limits have been defined to mitigate the risks, the compliance department will monitor the limits consistently and any breaches will be reported to the senior management

**Liquidity Risk** As of December 31, 2024, the Company reported current assets of PKR 392 million, with current liabilities of PKR 256 million, with current liabilities of PKR 256 million, maintaining a healthy current ratio of 1.53:1.

**Capitalization** The Company's equity stood at ~PKR 356mln at end Dec'24 as compared to 347mln at end Jun'24. The equity has increased by ~2.6% which could be attributable to the increase in retained earnings during the period.

**THE PAKISTAN CREDIT RATING AGENCY**

Abbasi and Co. (Pvt.) Limited

PRIVATE LIMITED

FINANCIAL SUMMARY

FS PRINT MODE

DISABLED

Mar-25	Jun-24	Jun-23	Jun-22
FY25	FY24	FY23	FY22
9M	12M	12M	12M
Management	Audited	Audited	Audited

BALANCE SHEET				
1	FINANCES	-	24.44	-
2	INVESTMENTS	78.19	39.58	49.43
3	OTHER EARNING ASSETS	19.75	-	9.26
4	NON-EARNING ASSETS	602.98	463.12	387.92
5	NON-PERFORMING FINANCES-net	-	-	-
	TOTAL ASSETS	700.92	527.15	446.61
6	FUNDING	-	-	-
7	OTHER LIABILITIES (NON-INTEREST BEARING)	350.11	179.77	90.35
	TOTAL LIABILITIES	350.11	179.77	90.35
	TOTAL EQUITY	350.81	347.37	356.27
				408.04
INCOME STATEMENT				
INCOME				
1	FEE BASED INCOME	71.37	72.50	34.35
2	OPERATING EXPENSES	(78.53)	(98.55)	(119.47)
3	NON-FEE BASED INCOME	3.42	4.41	4.20
	TOTAL OPERATING INCOME (LOSS)	(3.74)	(21.64)	(80.92)
4	FINANCIAL CHARGES	(0.59)	-	(0.06)
	PRE-TAX PROFIT	10.11	(3.37)	(80.98)
5	TAXES	(1.46)	(1.02)	(0.71)
	PROFIT AFTER TAX	8.65	(4.38)	(81.69)
RATIOS				
BUSINESS SUSTAINABILITY				
1	PRE-TAX MARGIN	0.14	(0.05)	(2.36)
2	EBITDA MARGIN	0.15	(0.05)	(2.36)
3	EBIT RETURN ON ASSETS	0.02	(0.01)	(0.33)
FINANCIAL SUSTAINABILITY				
1	TOTAL INVESTMENTS / EQUITY	0.22	0.11	0.14
2	LIQUID CAPITAL BALANCE (LCB) / EQUITY	0.26	0.26	0.19
3	(CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.14	0.13	0.12
4	TOTAL DEBT / TOTAL ASSETS	-	-	-

### 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>
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**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.

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(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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