



The Pakistan Credit Rating Agency Limited

Rating Report

AHM Securities (Pvt.) Limited | BFR

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Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
13-Jun-2025	BFR 3	Stable	Maintain	-
14-Jun-2024	BFR 3	Stable	Maintain	-
14-Jun-2023	BFR 3	Stable	Maintain	-
14-Jun-2022	BFR 3	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	The rating incorporates the long-standing experience of the primary sponsor Mr. Adam Haji Muhammad who owns the majority shareholding of ~99.6%.
Governance	The governance framework is anchored in a family-led board structure; however, the absence of independent oversight and committee leadership suggests room for enhanced governance framework.
Management and Client Services	AHM operates with a compact yet experienced management team, while modest digital access channels support client servicing; the addition of a dedicated research function could further elevate service quality.
Internal Controls and Regulatory Compliance	AHM's control environment is proportionate to its operational scale; however, a clearer demarcation between compliance and secretarial functions may strengthen overall governance.
Business Sustainability	AHM's performance trajectory has improved on the back of favorable market dynamics, with stable profitability, supported by equity momentum and ancillary gains; however, revenue concentration and cyclical exposure underscore the need for broader diversification and strategic agility.
Financial Sustainability	AHM's financial footing reflects measured resilience, anchored by prudent credit practices, moderate yet discretion-led market exposure, a balanced but tight liquidity position, and an improved capital base.

Key Rating Drivers

AHM Securities (Pvt.) Limited ("AHM" or "the Company") operates with a concentrated business model, anchored in equity brokerage. Amid a recovering macroeconomic backdrop, the equity markets have regained momentum. These supportive macro factors have catalyzed a resurgence in investor participation, with the KSE-100 Index scaling unprecedented highs since, and sustaining elevated levels through 9MFY25. AHM capitalized on this trend, generating realized/unrealized gains of ~PKR 30mln on its proprietary book, alongside improved brokerage commission, both contributing to stable bottom-line performance. On the balance sheet front, capitalization has strengthened materially through internal accruals, with the equity base expanding to ~PKR 229mln and LCB reaching ~PKR 103mln by 9MFY25. Nonetheless, the business model continues to rely heavily on sponsor-driven governance, and income diversification remains limited, with equity brokerage as the principal revenue stream. Going forward, institutionalization of governance frameworks, formalization of proprietary risk oversight, and greater operational depth remain critical to sustain the rating.

Disclosure

Name of Rated Entity	AHM Securities (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)
Rating Analysts	Usama Ali usama.ali@pacra.com +92-42-35869504

Profile

Background Established in 2005, AHM Securities (Pvt.) Limited (“AHM” or the “Company”) has been operating in Pakistan’s financial services industry for over 15 years. The Company holds a Trading Right Entitlement Certificate (TREC) from the Pakistan Stock Exchange (PSX), enabling it to carry out brokerage and trading activities as a licensed market participant.

Operations The Company operates through a centralized dealing desk, supported by a small but experienced team of traders and sales personnel. AHM’s operational scale remains modest, with limited geographic outreach; however, its focused business model enables lean cost structures and direct client servicing. The Company utilizes the PSX’s trading platform and maintains back-office infrastructure to support trade settlement, compliance, and customer account management.

Ownership

Ownership Structure HM Securities (Pvt.) Limited is a closely held private company with a concentrated family ownership structure. Approximately 99.6% of the Company’s shareholding is held by Mr. Adam Haji Muhammad, who also serves as the Chairman of the Board. The remaining shares are split between Mr. Anis Haji Muhammad and Mr. Feroz Haji Muhammad.

Stability The Company benefits from a stable and concentrated family ownership, which provides continuity in vision and leadership. Potential successors have been identified within the family, indicating foresight in leadership planning. Nonetheless, the absence of a formally documented succession plan may limit clarity in future transitions. The introduction of such a framework is encouraged to institutionalize leadership continuity and support long-term organizational resilience.

Business Acumen The Chairman, Mr. Adam Haji Muhammad, brings over 25 years of extensive experience in Pakistan’s capital markets. His long-standing presence as a stockbroker reflects deep-rooted industry knowledge and a seasoned understanding of market dynamics. This experience serves as a key strength in navigating the evolving brokerage landscape.

Financial Strength Mr. Adam Haji Muhammad possesses considerable net worth, which underpins the Company’s financial foundation. As operations scale, there remains a willingness and capacity to inject additional capital, if required. This provides a degree of financial flexibility and support for future business expansion.

Governance

Board Structure The Board of Directors consists of three members, all of whom belong to the shareholder family. While this composition ensures alignment of interests and streamlined decision-making, the inclusion of independent or non-executive directors is encouraged over time to further enhance objectivity, governance oversight, and strategic diversity.

Members’ Profile The board of directors is chaired by Mr. Adam Haji Mohammad, the primary sponsor. He possesses the necessary skills and experience required for capital markets and is the primary source of board-level expertise.

Board Effectiveness The establishment of the Audit and Risk Management Committees reflects the Company’s commitment to structured oversight. Introducing independent representation on the Board may augment governance depth and bring enhanced diversity of perspective to strategic deliberations.

Financial The Company’s external audit is conducted by UHY Hassan Naeem & Co., a reputable audit firm classified in the ‘A’ category on the State Bank of Pakistan’s panel of auditors.

Management And Client Services

Organizational Structure The Company operates with a lean yet functionally adequate organizational structure. It is supported by a seasoned management team, complemented by a healthy mix of professionals from the broader financial sector. Functional responsibilities are distributed across key domains including Operations, Finance, Internal Audit & Compliance, and Equity Trading. While the current setup allows for operational clarity and efficiency, continued development of institutional processes will support scalability as the business evolves.

Management Team The senior management team is comprised of individuals with sound educational backgrounds and relevant industry exposure. Mr. Hammad Tahir, the Chief Executive Officer, holds a Master's degree in Business Administration and Economics and has been associated with the Company since its inception, lending both continuity and institutional memory. He is supported by Mr. Nauman Yousaf (Chief Financial Officer), Mr. Muhammad Faraz (Finance Manager), and Mr. Javaid Akhtar. Together, the team brings a blend of financial acumen and operational oversight, contributing to the Company's day-to-day management and strategic direction.

Client Servicing The Company offers a functional range of account opening methods, aimed at ensuring accessibility. Clients can place and monitor transactions through select platforms, including a mobile application. While the current setup serves foundational requirements, broadening the scope of service delivery, particularly through digital enhancements, could strengthen client engagement over time.

Complaint Management The Company has an adequate complaint management framework in place, offering clients multiple touchpoints, including email, SMS, and direct phone calls, to raise concerns. A dedicated contact number and complaint-specific email are shared with clients to lodge the complaints.

Extent Of Automation / Integration AHM employs a technology-enabled trading platform that allows clients to execute trades and monitor portfolios remotely with relative ease. Real-time market quotes and portfolio updates are accessible, supporting basic operational efficiency. While the infrastructure covers fundamental needs, deeper system integration and automation across broader back-office functions could elevate the overall client experience and internal efficiencies.

Continuity Of Operations AHM has outlined a disaster recovery plan to support business continuity in the event of operational disruptions. Additionally, an off-site data backup facility is maintained. Continued periodic testing and refinement of these protocols would further reinforce the Company's preparedness and operational resilience.

Internal Controls And Regulatory Compliance

Risk Management Framework The Company's risk management framework is anchored in the functioning of its Risk Management Committee. The committee is responsible for overseeing and evaluating the Company's exposure to various risks. Its mandate includes reviewing risk identification and measurement processes, assessing mitigation strategies, and ensuring effective reporting and monitoring mechanisms are in place. The continued strengthening of this function in light of evolving market complexities would be prudent.

Regulatory Compliance Compliance responsibilities are overseen by Mr. Mahmood Hameed Moten, who concurrently serves as the Company Secretary. The dual responsibility reflects his trusted standing within the organization. Nonetheless, the segregation of compliance from other corporate functions is a governance practice increasingly adopted across the industry.

Business Sustainability

Operating Environment Pakistan's brokerage landscape is regaining its pulse. After a muted FY22–FY23, choked by high interest rates and waning risk appetite, FY24 marked a turning point. The KSE-100 roared past historic highs in 2H FY24, as monetary easing rekindled investor interest. 9MFY25 sustained the tempo, and the recently unveiled FY26 Budget has added fresh tailwinds. With no new taxes on capital gains, and a tilt away from fixed income via revised tax treatments, equities may enjoy renewed favor. The index's post-budget surge past 124K underscores this optimism. That said, while the monetary cycle hints at easing, market continuity hinges on macro and political steadiness, a dynamic watchpoint as FY25 winds down.

Performance AHM has demonstrated a notable recovery in profitability over the past two years, supported by improved market sentiment. The brokerage business continues to form the backbone of revenue generation, with a visible increase in both activity and client engagement during the ongoing fiscal year. Ancillary income sources have gained some ground, though fee-based earnings remain the primary contributor. The earnings trajectory, while positive, remains sensitive to market cycles given the Company's concentrated revenue mix, therefore, greater income diversity and sustained efficiency gains could help strengthen resilience across varying market conditions.

Strategy Management has expressed intent to diversify the client mix by strengthening relationships with institutional clients, while simultaneously enhancing retail participation through digital touchpoints. There appears to be a conscious effort to keep operations lean, relying on stable volumes rather than aggressively expanding cost centers.

Financial Sustainability

Credit Risk The Company has instituted well-defined KYC and CDD protocols, forming a robust first line of defence against credit-related exposures. The CDD process is comprehensive and duly documented, particularly at the account opening stage, where client profiling and risk categorization are performed with reasonable diligence.

Market Risk As of 9MFY25, AHM's proprietary book stands at ~PKR 69.5mln. While the exposure remains moderate, trading decisions are discretion-based, led by the sponsors. A formal prop-trading framework, defining risk parameters and oversight protocol, will help further strengthen governance and better align exposure with market conditions.

Liquidity Risk As per the unaudited accounts for 9MFY25, AHM reported current assets and current liabilities at ~PKR 616.76mln, indicating a matched position. While this suggests a balanced liquidity profile, the absence of a tangible surplus limits the Company's buffer against short-term shocks. Strengthening liquidity coverage could support operational agility, particularly under stressed market conditions.

Capitalization AHM maintains an adequate capitalization position, supported by a visible improvement in its equity and regulatory buffers. As of 9MFY25, the Company's equity base stood at ~PKR 229.41mln, up from ~PKR 155mln at FY24-end, marking a noteworthy progression. The Liquid Capital Balance (LCB) also improved to ~PKR 103.25mln, offering a comfortable cushion over the minimum regulatory threshold.



THE PAKISTAN CREDIT RATING AGENCY

AHM Securities (Pvt.) Limited
PRIVATE LIMITED
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

Mar-25
FY25
9M
ManagementDec-24
FY25
6M
ManagementJun-24
FY24
12M
AuditedDec-23
FY24
6M
ManagementJun-23
FY23
12M
Audited

BALANCE SHEET

1 FINANCES	-	-	-	-	-
2 INVESTMENTS	261.94	254.33	201.69	151.61	122.52
3 OTHER EARNING ASSETS	-	-	-	-	-
4 NON-EARNING ASSETS	354.82	363.36	220.22	212.42	98.39
5 NON-PERFORMING FINANCES-net	-	-	-	-	-
TOTAL ASSETS	616.76	617.69	421.91	364.03	220.91
6 FUNDING	151.05	117.96	101.84	83.32	44.78
7 OTHER LIABILITIES (NON-INTEREST BEARING)	236.29	275.27	164.83	137.95	57.75
TOTAL LIABILITIES	387.34	393.23	266.68	221.26	102.53
TOTAL EQUITY	229.41	224.46	128.85	133.06	123.45

INCOME STATEMENT
INCOME

1 FEE BASED INCOME	37.03	23.20	29.22	49.75	45.44
2 OPERATING EXPENSES	(44.08)	(27.80)	(53.10)	(22.57)	(41.61)
3 NON-FEE BASED INCOME	54.14	39.42	49.98	-	-
TOTAL OPERATING INCOME (LOSS)	47.08	34.81	26.10	27.18	3.83
4 FINANCIAL CHARGES	(8.78)	(5.21)	(18.47)	(5.93)	(6.77)
PRE-TAX PROFIT	38.31	29.61	29.32	21.24	(2.93)
5 TAXES	(11.11)	(3.13)	(2.94)	(1.49)	(1.48)
PROFIT AFTER TAX	27.20	26.48	26.38	19.75	(4.42)

RATIOS
BUSINESS SUSTAINABILITY

1 PRE-TAX MARGIN	1.03	1.28	1.05	1.76	(0.13)
2 EBITDA MARGIN	1.27	1.50	1.80	2.25	0.17
3 EBIT RETURN ON ASSETS	0.10	0.14	0.15	0.17	0.01

FINANCIAL SUSTAINABILITY

1 TOTAL INVESTMENTS / EQUITY	0.97	0.92	1.39	1.14	0.89
2 LIQUID CAPITAL BALANCE (LCB) / EQUITY	0.45	N/A	N/A	N/A	0.35
3 (CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	0.36	0.34	0.43	0.24	0.50
4 TOTAL DEBT / TOTAL ASSETS	0.24	0.19	0.24	0.23	0.20

Broker Fiduciary Rating Scale & Definitions

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

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

Outlook (Stable, Positive, Negative, Developing) 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'.	Rating Watch 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.	Suspension 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.	Withdrawn 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.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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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

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- (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)

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- (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)

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- (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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