

ADAM SECURITIES LIMITED

Analysts:

Shaheryar Khan Mangan
(shaheryar@vis.com.pk)

Zunain Arif
(zunain.arif@vis.com.pk)

RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A	A1	A-	A2
RATING OUTLOOK/ WATCH	Stable		Positive	
RATING ACTION	Upgrade		Reaffirmed	
RATING DATE	March 04, 2026		February 21, 2025	

Shareholding (5% or More)

Ms. Iqra Noman - 50.0%
Mr. Noman - 48.9%

Other Information

Incorporated in 2001
Public Unlisted Company
Chief Executive Officer: Mr Muhammad Aftab Haji Ghani
External Auditor: M/S Baker Tilly Mehmood Idrees Qamar,
Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology - Broker Entity Rating:
<https://docs.vis.com.pk/Methodologies-2025/BrokerEntityRating.pdf>

Rating Scale

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

Rating Rationale

Ratings upgrade accounts for the Company's improved capital structure, supported by a sizeable equity base coupled with a low leveraged balance sheet. The Company's equity has strengthened on the back of higher profitability, primarily driven by revenue from ready future trading, followed by higher brokerage income in line with higher activity at the PSX. Ratings also incorporate the Company's low market risk, as reflected by its sizeable exposures to ready future transactions and investments in fixed income funds. Additionally, the sound liquidity profile of the Company also supports the ratings.

Nevertheless, the business risk of the Company remains high, given its presence in the brokerage industry, which is characterized by inherent volatility, intense competition, amid strong regulatory oversight. Going forward, the Company's ability to sustain profitability, management of market risk, liquidity and capitalization profile, will remain important rating considerations.

Company Profile

Adam Securities Limited ('ASL' or 'the Company') is a public unlisted company, incorporated in June 2001. ASL is a TREC holder of Pakistan Stock Exchange. Adam Securities Limited (ASL) is engaged in provision of equity brokerage services mainly to domestic retail and institutional clients. Shareholding of the Company is primarily vested within the Adam family. The Company operates through its head office in Karachi and serves as the Authorized Participant and Market Maker for UBL, Meezan, Mahana Islamic Index and JS Momentum Factor Exchange Traded Funds (ETFs) and Cash Settled Future Contracts.

In terms of the volumetric turnover, ASL accounts for sizeable market share of around 11.1% of the KSE-all share index.

Management and Governance

Shareholders/Owners/Sponsors

The Company's shareholding is concentrated, with approximately 50% held by Ms. Iqra Noman and 49% held by Mr. Noman Abdul Majeed. Mr. Noman serves as a Director and Head of the Securities Brokerage Division of the Company, with over 14 years of experience in the stock market, international markets, and commodities trading. He also has experience in the media industry and is the sponsor of Venus HD TV channel. Mr. Noman holds a graduate degree from the University of Karachi.

Mr. Mohammad Aftab Haji Ghani is the Company's Chief Executive Officer and Executive Director since 2021. Mr. Aftab is a post graduate in Islamic Banking and Finance from University of Karachi and has an experience of above 28 years in the banking sector. Previously, he has served as Manager Islamic Window and AVP in United Bank Limited for nearly 10 years.

Corporate Governance

The governance framework of the Company is considered sound. The Board currently comprises of five directors, including two independent directors. In addition, the Board has established three board committees namely Audit and Risk Management Committee, Human Resource and Remuneration Committee, and Investment Committee, which strengthen and support the overall governance structure.

Management, Internal controls & IT

The Company has implemented an ERP platform acquired from VisionMax (Pvt.) Limited for its back-office operations. This system automates key functions, including client interfacing, accounting, settlements, and ledger management. For online trading platforms, the Company utilizes Vtrade software from VisionMax (Pvt.) Limited, along with KITS web-based platform provided by Pakistan Stock Exchange (PSX).

The company has established Contingency, including offsite backups maintained under its own control. It also maintains Know Your Customer (KYC), Customer Due Diligence (CDD), and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) policies and procedures in accordance with guidelines issued by the Securities and Exchange Commission of Pakistan, all of which have been fully implemented.

Business Risk

INDUSTRY

The performance of the brokerage sector remains closely linked to the macroeconomic indicators of the country. The sector is inherently volatile and is characterized by high business risk due to its cyclical nature, fragmented structure, intense competition, and strong regulatory oversight.

During FY25, the KSE-100 Index recorded a return of ~60%, marking the second consecutive year of strong double-digit growth (FY24: ~89%) and reaching 125,627 points. Pakistan consequently ranked among the better-performing equity markets globally during the period. Market performance was supported by a gradual economic recovery, easing monetary conditions, and relative stability in the exchange.

In addition, the staff-level agreement with the International Monetary Fund on the first review of the 37-month Extended Fund Facility (EFF), along with approval of a new 28-month Resilience and Sustainability Facility (RSF), contributed to improved investor confidence. Improvements in key economic indicators, including private sector credit growth, auto financing, petroleum sales, power generation, exports, and remittance inflows, also supported market activity.

The positive trend continued into 1HFY26, with the KSE-100 Index closing calendar year 2025 at 174,054 points, representing an increase of ~39% over the FY25 close. Market performance during the period remained underpinned by supportive monetary conditions, relative exchange rate stability, and continued progress under Pakistan's IMF program, which helped sustain investor participation. Furthermore, the continuation of improving trends in key macroeconomic indicators, particularly private sector credit expansion, auto financing, and remittance inflows, remained supportive of market participation. In addition, enhanced diplomatic and strategic engagement, reflected in increased regional

cooperation and international interactions, contributed positively to overall market sentiment. Looking ahead, while downside risks, including potential exchange-rate pressures and political uncertainty, remain present, the improving macroeconomic outlook and strengthening external position are expected to provide continued support to equity market activity over near to medium term.

The IPO market in Pakistan showed notable activity in FY25, raising PKR 4.4bn across four offerings on the Main and GEM Boards, albeit lower than FY24, which recorded over PKR 6.0b raised across six listings in both boards. Main Board IPOs in FY25 came from sectors such as Pharmaceuticals, Technology and Communications, and Food and Personal Care, with BF Biosciences Ltd. raising PKR 1.93bn, Zarea Ltd. raising PKR 1.03bn, and Barkat Frisian Agro Ltd., raising PKR 1.23bn. GEM Board listings included The Pakistan Credit Rating Agency Ltd. (PKR 112mn) and Burj Clean Energy Modaraba (PKR 100mn). In addition, right share issues in 2025 raised PKR 7.7bn, showing continued activity in capital markets. Going forward, given the Improved liquidity and macroeconomic condition, IPO activity is expected to remain strong in FY26, with more than 10 offerings expected across sectors.

PROFITABILITY

During FY25, the Company's total revenue amounted to PKR 627.3m, reflecting a growth of ~116% over the preceding year (FY24: PKR 290.1m). Core revenue streams, comprising brokerage commission, capital gains on sale of securities, income from T-Bills and mutual funds, and dividend income, collectively amounted to PKR 587.6m, representing ~94% of total revenue. Within core revenue, capital gains constituted the largest component, accounting for ~54% of the core revenue, supported by the Company's active participation in the ready future business. During FY25, capital gains increased to PKR 318.5m (FY24: PKR 134.6m). Brokerage commission represented ~26% of core revenue and increased by ~85% to PKR 155.5m (FY24: PKR 83.9m), in line with the overall positive trend in the industry. Income from T-Bills and mutual funds accounted for ~19% of core revenue, recorded at PKR 109.0m (FY24: PKR 102m).

The positive revenue trend persisted into 1HFY26, with total revenue recorded at PKR 346.9m. The Company's reported cost-to-income ratio is considered elevated at 99.2% in 1HFY26 (FY25: 64.6%; FY24: 77.6%). However, after incorporating capital gains, the adjusted cost-to-income ratio improved to 44.8% in 1HFY26 (FY25: 31.5%; FY24: 47.7%), reflecting higher gains on investments recorded during the period. Supported by these gains, the Company's profit after tax (PAT) amounted to PKR 418.4m in FY25 and PKR 185.0m in 1HFY26. Going forward, maintenance of the revenue and profitability profile, along with further diversification of revenue streams, will remain important considerations for the assigned ratings.

Financial Risk

CAPITAL STRUCTURE

The Company's equity base has grown sizeable amount of PKR 1.92b as at Dec 31, '25 (Jun 30, '25: Rs 1.7b, Jun 30, '24: Rs 1.31b) in line with higher profitability, strengthening the Company's capital structure. Additionally, the capitalization profile of the Company is supported by a low-leveraged balance sheet, with gearing and leverage ratios standing at 0.21x and 0.37x as at Dec 31, '25 (Jun 30, '25: 0.34x and 0.62x, Jun 30, '24: 0.06x and 0.26x). Going Forward, the Company's ability to maintain its capitalization profile will be important from the ratings perspective.

CREDIT RISK

The Company's trade receivables amounted to PKR 126.0m as at Dec 30, '25 (Jun 30, '25: PKR 70.9m, Jun 30, '24: PKR 21.9m), all of which were due from clients and are considered good. Aging of the Company indicates a manageable profile. Furthermore, the trade debts are largely secured by underlying securities mitigating the credit risk. However, securities underlying receivables remain exposed to market risk, as declines in the value of pledged securities may result in shortfalls upon enforcement.

MARKET RISK

As at Dec 31, '25, the Company's investments in equity securities amounted to PKR 1,405.3m (Jun 30, '25: PKR 1,553.2m; Jun 30, '24: PKR 526.5m). These investments primarily comprise ready future transactions, which reduces exposure to market risk. In addition, the Company maintained investments in mutual funds amounting to PKR 159.6m as at Dec 31, '25 (Jun 30, '25: PKR 312.7m; Jun 30, '24: PKR 279.3m). Given that these funds are primarily fixed income in nature, exposure to market risk remains low. Investments in margin financing were reported at PKR 88.4m as at Dec 31, '25 (Jun 30, '25: PKR 44.0m; Jun 30, '24: PKR 8.0m), representing approximately ~5% of the Company's equity, indicating limited exposure.

LIQUIDITY RISK

The Company's liquid asset, comprising NCCPL deposits, Cash & Bank balance and short term investments, amounted to PKR 2,092.54m as at Dec 31, '25 (Jun 30, '25: PKR 2,683.6m, Jun 30, '24: PKR 1,562.7m). The Company's liquidity profile remained strong, with liquid assets

coverage against total liabilities standing at 2.98x as at Dec 31, '25 (Jun 30, '25: 2.49x, Jun 30, '24: 4.64x). Going forward, maintenance of the liquidity profile will remain important for the ratings.

FINANCIAL SUMMARY (Rs. in millions)

Appendix I

BALANCE SHEET	FY22A	FY23A	FY24A	FY25A	HFY26M
Trade Debts	8.3	4.2	21.9	70.9	126.0
Long Term Investments	11.8	0.0	0.0	0.0	0.0
Short term Investments	1514.1	1149.5	1324.6	1909.9	1749.5
Cash and Bank balances	250.1	17.4	170.3	169.3	177.5
Total Assets	1886.9	1261.4	1658.8	2818.3	2628.2
Trade and Other Payables	57.3	18.1	211.0	273.9	176.5
Short Term Loans	778.3	11.5	78.0	593.8	399.0
Paid Up Capital	265.0	1000.0	1000.0	1000.0	1000.0
Net Worth (excluding revaluation surplus)	1032.5	1204.1	1318.8	1737.5	1922.4
INCOME STATEMENT	FY22A	FY23A	FY24A	FY25A	HFY26M
Total Revenue	259.2	281.6	290.1	627.3	346.9
Brokerage Income	59.7	38.2	83.9	155.5	124.2
Commodity Income	0.0	0.0	0.0	0.0	0.0
Advisory and consultancy fee	0.7	2.5	0.9	0.5	0.5
Dividend Income	3.9	1.4	1.5	4.6	0.6
Administrative Expenses	146.5	113.2	166.2	196.4	154.5
Finance Costs	18.3	10.5	29.4	33.1	22.6
Profit Before Tax	115.0	177.4	116.5	426.2	187.5
Profit After Tax	108.2	171.6	114.3	418.4	185.0
RATIO ANALYSIS	FY22A	FY23A	FY24A	FY25A	HFY26M
Liquid Assets to Total Liabilities	208.9%	2197.8%	464.0%	249.0%	297.7%
Liquid Assets to Total Assets	94.1%	93.7%	94.2%	95.2%	79.6%
Leverage	0.82	0.04	0.26	0.62	0.37
Gearing	0.75	0.01	0.06	0.34	0.21
Current Ratio (x)	2.16	22.42	4.78	2.57	3.66
Efficiency (%)	113.6%	61.6%	77.6%	64.6%	99.2%
ROAA (%)	6.8%	10.9%	7.8%	18.7%	13.6%
ROAE (%)	11.2%	15.3%	9.1%	27.4%	20.2%

A - Actual Accounts

M - Management Accounts

*Annualized

REGULATORY DISCLOSURES Appendix II

Name of Rated Entity	Adam Securities Limited				
Sector	Brokerage				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	03/04/2026	A	A1	Stable	Upgrade
	02/21/2025	A-	A2	Positive	Reaffirmed
	12/28/2023	A-	A2	Positive	Reaffirmed
	09/30/2022	A-	A2	Stable	Reaffirmed
	09/21/2021	A-	A2	Stable	Reaffirmed
	09/17/2020	A-	A2	Stable	Upgrade
	02/18/2020	BBB+	A2	Stable	Upgrade
	07/26/2019	BBB	A3	Stable	Upgrade
	03/30/2018	BBB-	A3	Stable	Upgrade
	10/31/2017	BB+	A3	Stable	Upgrade
	04/03/2017	BB	A3	Stable	Reaffirmed
12/30/2015	BB	A3	Stable	Initial	
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
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Due Diligence Meetings Conducted	Name		Designation	Date	
	Mr. Mr. Mohammad Aftab Haji Ghani		Chief Executive Officer	February 04, 2026	
	Mr. Muhammad Rizwan Haroon		Chief Financial Officer & Company Secretary		