

## RATING REPORT

### Arif Habib Limited

**REPORT DATE:**

November 05, 2024

**RATING ANALYSTS:**

Shaheryar Khan Mangan

[shaheryar@vis.com.pk](mailto:shaheryar@vis.com.pk)

Salman Saba

[salman.saba@vis.com.pk](mailto:salman.saba@vis.com.pk)

#### RATING DETAILS

Rating Category	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
Entity	AA-	A1	AA-	A1
Rating Outlook/Rating Watch	Rating Watch - Developing		Stable	
Rating Date	November 5 <sup>th</sup> , 2024		October 9 <sup>th</sup> , 2023	
Rating Action	Maintained		Reaffirmed	

#### COMPANY INFORMATION

Incorporated in 2004

**External auditors:** Rehman Sarfaraz Rahim Iqbal Rafiq,  
Chartered Accountants

Listed Public Limited Company

**Chairman of the Board:** Mr. Zafar Alam

**Key Shareholders (with stake 5% or more):**
**Chief Executive Officer:** Mr. Muhammad Shahid Ali Habib

Arif Habib Corporation Limited – 69.44%

General Public (Local &amp; Foreign) – 25%

#### APPLICABLE METHODOLOGY (IES)

**VIS Entity Rating Criteria Methodology – Securities Firms Ratings**
<https://docs.vis.com.pk/docs/SecuritiesFirm202007.pdf>

#### APPLICABLE RATING SCALE(S)

**VIS Issue/Issuer Rating Scale:**
<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

## Arif Habib Limited

OVERVIEW OF  
THE INSTITUTION

## RATING RATIONALE

Arif Habib Limited (AHL) was incorporated in 2004 as a public joint stock company under the Companies Ordinance, 1984. AHL is registered with Securities & Exchange Commission of Pakistan (SECP) and holds Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange (PSX) Limited.

**Profile of Chairman**

Mr. Zafar Alam is a Non-Executive Director & Master's degree holder in Nuclear Physics and has over 33 years' experience in investment banking encompassing Origination, Trading, Sales and Asset Management in various financial centers around the globe. Mr. Zafar has a diverse experience across geographies and various aspects of finance, having worked in London, Singapore, Hong Kong and Dubai in Equities, Fixed Income and Asset Management.

**Profile of CEO**

Mr. Shahid Ali Habib carries a proven track record of establishing successful business organizations and turning around ventures into vibrant units. He has over 21 years of experience in the fields of Securities Brokerage, Banking, Asset Management, Corporate Finance and Investment Banking. He has served in leading positions at top local at international institutions.

**Company Profile:**

Established in 2004, Arif Habib Limited ('AHL' or 'the Company') is a prominent brokerage and financial services company. The company is engaged in provision of equity and money market brokerage, interbank foreign exchange and corporate advisory services. AHL's operations run through its head office in Karachi along with 6 branches, one each in Lahore, Islamabad, Rahim Yar Khan, Faisalabad, Multan and Peshawar. Going forward, the management envisages of opening sales centers in interior Sindh, Punjab, and KPK along with industrial areas in Punjab to increase retail penetration in these untapped regions.

**Rationale for revision in the rating outlook**

The placement of the ratings under 'Rating Watch – Developing' is on account of the High Court of Sindh's approval of the demerger of certain non-core businesses, including related assets, liabilities, and obligations, from the Company, and the merger of the same with Arif Habib Corporation Limited. However, the effective date has not been decided. VIS will review the ratings upon receiving Company's financial statements following the effective date.

**Arif Habib Limited**

<b>FINANCIAL SUMMARY (amounts in PKR millions)</b>			<b>Appendix I</b>	
<b><u>BALANCE SHEET</u></b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>9MFY24</b>
Trade Debts	240	166	260	382
Long Term Investments + Investment Property	2,105	1,738	1,574	2,393
Short term Investments	2,747	5,273	2,850	2,198
Cash and Bank balances	2,674	1,068	987	5,119
Total Assets	8,472	8,986	7,785	11,786
Trade and Other Payables	1,790	1,120	996	5,624
Long Term Loans	30	20	3	80
Short Term Loans - Secured	1,369	2,432	1,618	-
Total Debt	1,400	2,452	1,621	80
Paid Up Capital	594	653	653	653
Net Worth (excluding revaluation surplus)	4,952	5,186	4,986	5,999
<b><u>INCOME STATEMENT</u></b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>9MFY24</b>
Total Revenue	3,078	1,670	1,503	1,825
Brokerage Income	706	517	471	569
Advisory and consultancy fee	672	408	343	121
Dividend Income	114	142	341	191
Operating & Administrative Expenses	(638)	(578)	(605)	(565)
Finance Costs	(132)	(197)	(638)	(251)
Profit Before Tax	2,393	970	352	1,245
Profit After Tax	2,084	827	185	1,176
<b><u>RATIO ANALYSIS</u></b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>9MFY24</b>
Liquid Assets to Total Liabilities	157.4%	167.8%	137.9%	126.8%
Liquid Assets to Total Assets	64.6%	70.7%	49.5%	62.2%
Leverage	0.70	0.73	0.56	0.96
Gearing	0.28	0.47	0.33	0.01
Current Ratio (x)	1.80	1.90	2.07	1.56
Efficiency (%)	40.1%	47.8%	37.9%	49.4%
ROAA (%) *	27.2%	9.5%	2.2%	16.0%
ROAE (%) *	41.1%	16.8%	3.4%	26.1%

*\*Annualized*

**Arif Habib Limited**

REGULATORY DISCLOSURES					Appendix II
<b>Name of Rated Entity</b>	Arif Habib Limited				
<b>Sector</b>	Brokerage				
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	Entity Rating				
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Short Term</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b><u>RATING TYPE: ENTITY</u></b>				
	5-Nov-24	AA-	A1	Rating Watch – Developing	Maintained
	9-Oct-23	AA-	A1	Stable	Reaffirmed
	09-Mar-22	AA-	A1	Stable	Reaffirmed
	26-Jul-21	AA-	A1	Stable	Reaffirmed
	13-Apr-20	AA-	A1	Stable	Reaffirmed
	17-Jan-19	AA-	A1	Stable	Reaffirmed
	24-Nov-17	AA-	A1	Stable	Reaffirmed
	29-Nov-16	AA-	A1	Stable	Reaffirmed
24-Jun-15	AA-	A1	Stable	Initial	
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	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.				
<b>Probability of Default</b>	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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<b>Due Diligence Meetings Conducted</b>	<b>Name</b>	<b>Designation</b>	<b>Date</b>		
	N/A				