

BROKER MANAGEMENT RATING REPORT

Mohammad Munir Muhammad Ahmed Khanani Securities Limited

REPORT DATE:

April 29, 2025

RATING ANALYST:Shaheryar Khan Mangan
shaheryar@vis.com.pk

Rating Category	Latest Rating
Broker Management Rating	BMR2
Rating Rationale	The assigned rating signifies strong compliance and risk management framework. Regulatory requirements, internal & external controls, client relationship and HR & infrastructure are sound while financial management and supervision framework is considered adequate.
Rating Date	April 29, 2025

COMPANY INFORMATION

Incorporated on March 2006	External auditors: Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants
Public Unlisted Company	Chief Executive Officer: Mr. Muhammad Munir
Key Shareholders (with stake 5% or more):	
Muhammad Munir~99.9%	

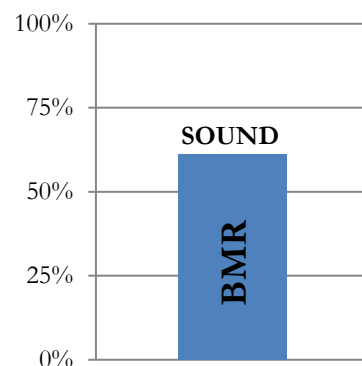
APPLICABLE METHODOLOGY & RATING SCALES

Applicable Rating Criteria: Broker Management Ratings
<https://docs.vis.com.pk/Methodologies%202024/Broker-Management.pdf>
VIS Issue/Issuer Rating Scale:
<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Corporate Profile

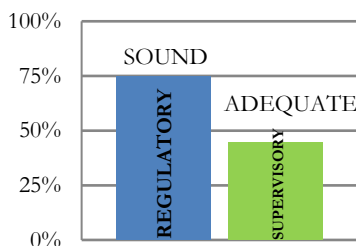
Mohammad Munir Muhammad Ahmed Khanani Securities Limited is a public unlisted company, providing equity and commodity brokerage services and research to institutional as well as retail clients. Major shareholding of the company is vested with Mr. Muhammad Munir Khanani, who serves as the Chief Executive Officer (CEO) of the company. The company provides both online and assisted trading services to its clients, and has offices in Karachi, Lahore, Hyderabad and Islamabad.

Mohammad Munir Muhammad Ahmed Khanani Securities Limited is a public unlisted company holding Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX), registered with SECP to provide Trading & Self Clearing Services. External auditors of the company are Rehman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants. External auditors belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).



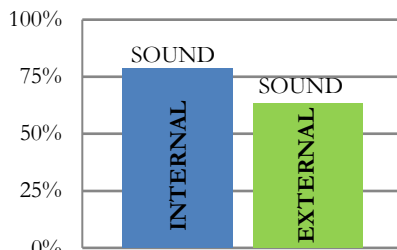
Rating Factors Scores

Regulatory Requirements & Supervision



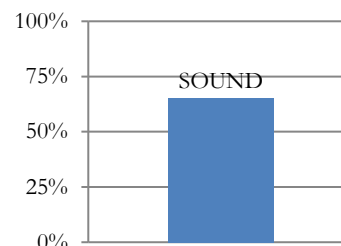
- The Company’s board of directors consists of 5 members including two independent directors, and oversees four board committees namely Audit, HR, Nomination and Risk Management Committee.
- Expanding the board size, with inclusion of more independent and certified directors, may further enhance the governance framework of the Company.

Internal & External Control Framework



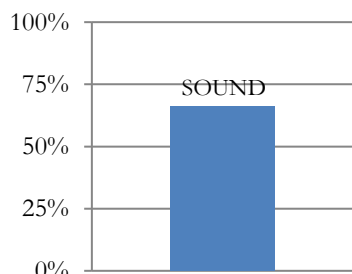
- Internal policies of the Company are in place. However, enhancement in the scope of policies, including formulating a comprehensive conflict of interest policy, may be considered for further improvement in the internal control framework
- External Control framework of the Company is considered sound.

Client Relationship & Fairplay



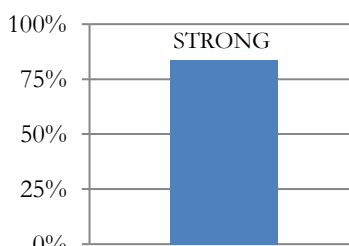
- Client relationships and fair play are considered sound, supported by various channels, including online and mobile trading applications, to facilitate clients, along with prompt trade alerts.
- Investor grievance procedures may be more pronounced on the Company’s website for better client facilitation.

HR & Infrastructure



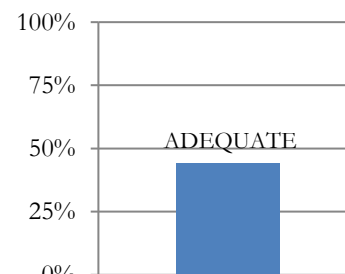
- The Company's HR and infrastructure are considered sound, with an organizational structure that aligns with the scale of its operations.
- The contingency measures of the Company are in place, with disaster recovery exercises conducted frequently and offsite backups maintained at a third-party warehouse.

Compliance & Risk Management



- The Company has a strong Compliance and Risk Management framework. However, establishing an independent risk management function may further strengthen its effectiveness.
- The Company has independent internal audit and compliance department, boding well for the Company’s risk management and compliance framework.
- On August 06, 2024, the Company was penalized PKR 250,000 due to individuals operating as authorized dealers at unregistered branch offices.

Financial Management



- During FY24, the Company's profitability witnessed a sizeable surge, driven by an increase in the Company’s operating revenue alongside higher realized gains. This positive momentum continued in 6MFY25.
- Resultantly, the operational efficiency of the Company improved, with cost-to-income ratio declining to 20.8% in 6FY25 (FY24: 24.0%, FY23: 88.3%).
- Market risk is considered elevated while. Liquidity profile is considered adequate.
- Capitalization indicators are considered manageable, with gearing and leverage ratios at 0.84x (Jun’24: 0.92x, Jun’23: 0.25x) and 1.73x (Jun’24: 1.61x, Jun’23: 0.56x) as at Dec’24 respectively.
- Going forward, sustainability of earning profile along with improvement in market risk, liquidity profile as well as gearing and leverage ratio will be important for the rating.

REGULATORY DISCLOSURES		Appendix I		
Name of Rated Entity	Mohammad Munir Muhammad Ahmed Khanani Securities Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Management Rating (BMR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BMR			
	04/29/2025	BMR2	Negative	Maintained
	01/16/2024	BMR2	Stable	Reaffirmed
	08/17/2022	BMR2	Stable	Reaffirmed
	07/04/2021	BMR2	Stable	Reaffirmed
	13/03/2020	BMR2	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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