

Press Release

VIS Maintains Broker Management Rating of Mohammad Munir Muhammad Ahmed Khanani Securities Limited

Karachi, April 29, 2025: VIS Credit Rating Company Ltd. (VIS) has maintained the Broker Management Rating of Mohammad Munir Muhammad Ahmed Khanani Securities Limited (MMMAKSL) at 'BMR2'. Outlook on the assigned rating has been changed to 'Negative' from 'Stable'. The previous rating action was announced on January 16, 2024.

The assigned rating captures 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.

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. The Company holds 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).

Revision in the rating outlook reflects weaknesses in the Company's internal controls and compliance framework, as evidenced by the penalty imposed by PSX for operating unregistered branches. Strengthening internal control systems and ensuring regulatory compliance will be important for the rating, going forward. Rating also incorporates the Company's governance framework, with a board comprising five members, including two independent directors, and four board committees. External Control Framework of the Company is considered sound. The Company's client services are supported by the provision of various channels, including online and mobile trading applications, along with prompt trade alerts to facilitate clients. However, Investor grievance procedures may be more pronounced on the Company's website for better client facilitation. Contingency measures are in place, with disaster recovery exercises conducted frequently and offsite backups maintained at third party warehouse.

Assessment of the financial profile reflects a notable surge in the Company's profitability, driven by a significant increase in operating revenue alongside higher realized gains. Consequently, the Company's operational efficiency depicted improvement. Market risk of the Company is considered elevated. Liquidity profile of the Company is considered adequate. Capitalization profile of the Company is supported by a sizeable equity base, with manageable gearing and leverage ratios. Going forward, sustainability of the earning profile along with improvement in market risk, liquidity profile as well as gearing and leverage ratio will be important for the rating.

For further information on this rating announcement, please contact at (021) 35311861-66 or email at info@vis.com.pk

Applicable Rating Criteria: Broker Management Ratings:

<https://docs.vis.com.pk/Methodologies%202024/Broker-Management.pdf>

VIS Rating Scale

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