VIS
Credit Rating Company Limited

RATING REPORT

MUHAMMAD MUNIR MUHAMMAD AHMED KHANANI SECURITIES LIMITED

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RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A-	A2	A-	A2
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	August 04, 2026		July 23, 2025	

Shareholding (5% or More)	Other Information
Mr. Muhammad Munir Khanani – 99.99%	Incorporated in 2006
	Public Unlisted Company
	Chief Executive: Mr. Muhammad Munir Khanani
	External Auditor: Rahman Sarfaraz Rahim Iqbal Rafiq 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

The assigned ratings reflect the established market position of Muhammad Munir Muhammad Ahmed Khanani Securities Limited ("MMMAKSL" or "the Company") in the brokerage segment, with the company ranking second and fourth in terms of volume and value respectively according to the PSX. The ratings also draw support from the Company's extensive nationwide footprint, supported by a strong branch network and a sizable client base of more than 50,000.

The assigned rating also reflects the Company's financial profile, with strong profitability driven by growth in brokerage revenue, in tandem with strong activity in the equity market amid improved macroeconomic conditions. Profitability was further supported by capital gains in FY25, while the Company remained profitable despite recording a capital loss during 9MFY26. Operational efficiency is considered sound. The liquidity profile is assessed as adequate, while the Company remains exposed to elevated market risk. The capitalization profile is also assessed as adequate. Going forward, diversification of the earnings profile, along with improvement in market risk, liquidity, and capitalization indicators, will remain important for the assigned rating.

Company Profile

Mohammad Munir Mohammad Ahmed Khanani Securities Limited ('MMMAKSL' or 'the Company') is a public unlisted company incorporated under the repealed Companies Ordinance, 1984 (now, Companies Act, 2017). The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited. The registered office of the Company is located at the Pakistan Stock Exchange Building in Karachi. The principal activity of the Company is to carry on the business of stock brokerage, underwriting and investment etc. The company provides both online and assisted trading services to its clients, and has 32 branches across Karachi, Lahore, Islamabad, Sahiwal, Peshawar, Mansehra, Swat, and Rawalpindi.

Management and Governance

Shareholders/Owners/Sponsors

Major shareholding (~99.9%) of the Company is vested with Mr. Muhammad Munir Khanani, who serves as the Chief Executive Officer (CEO) of the company. Mr. Mohammad Munir Khanani is a seasoned professional with vast experience in the brokerage industry. He has served the Pakistan Stock Exchange on various positions for several years; these positions include Director of Pakistan Stock Exchange, Chairman of Arbitration Committee of the PSX, and Committee member of Margin Financing Product. Currently he is serving as the Vice President of the Stock Brokers Association.

Corporate Governance

The Company's board of directors comprises five 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.

Management, Internal Controls & IT

The Company utilizes Seam, an ERP platform acquired from Microlink, for its back-office operations. The platform covers key modules, including accounting, clearing, regulatory compliance, and human resource management, while also providing analytical insights into business operations. For online trading, the Company utilizes Trade Link, also acquired from Microlink, which facilitates online trade execution for its clients. The Company maintains policies, procedures, and controls for Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT). Contingency measures of the Company are also in place to support operational continuity.

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 cyclicality, 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 rate. 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 trend of broadening of the investor base continued during FY25, with the number of Unique Identification Numbers (UINs) increasing to 392,775 from 329,292, primarily driven by increased participation from younger investors, reflecting improving financial inclusion, greater awareness of capital market opportunities, and wider adoption of digital investment platforms.

The equity market of Pakistan continued to benefit from the positive market momentum during the first six months of FY26, with the KSE100 Index closing calendar year 2025 at 174,054 points, representing an increase of ~39% over the FY25 close. The benchmark had initially touched 179,034 points in early January 2026; however, the rally strengthened further and the latest peak close was 189,166.18 points (rounded: 189,167), which was achieved in late January 2026. 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.

Subsequent to December 2025, the KSE-100 index reached its peak in late January 2026. However, the equity market subsequently witnessed a downturn mainly due to weakening macroeconomic and geopolitical environment, including the upholding of the super tax by the Federal Constitutional Court, heightened security concerns in Baluchistan and KPK, and the escalation of tensions between Pakistan and Afghanistan, thereby dampening investor sentiments. Additionally, heightened global geopolitical tensions, particularly the escalation of the United States–Israel conflict with Iran and its spillover into the broader Middle East, further exacerbated the decline in the equity market, resulting in a sharp correction and broad-based selling pressure across regional markets, including Pakistan. Furthermore, disruptions in global oil supply chains and the resultant increase in international oil prices have weighed on the country's macroeconomic outlook. During this period, the Pakistan Stock Exchange (PSX) transitioned to a T+1 settlement cycle, aimed at improving efficiency and timeliness of trade settlements. Nevertheless, the KSE-100 index managed to deliver a return of ~44%, increasing to 180,302 points in FY26, reflecting continued double-digit growth in the equity market. Despite heightened market volatility during FY26, investor participation continued to grow at an unprecedented pace. As at June 16, 2026, the investor base had expanded to nearly 563,000 UINs, representing an increase of approximately 170,000 investors over FY25.

Going forward, while the equity market is expected to remain volatile due to its susceptibility to geopolitical developments in the Middle East and its impact on macroeconomic indicators particularly inflation and interest rates, the continued broadening of the investor base, supported by increasing financial literacy, digital accessibility, and greater retail participation, is expected to provide structural support to market activity over the medium term.

The IPO market in Pakistan exhibited strong momentum during FY26, with 11 companies raising an aggregate of PKR 18.4bn through Main Board listings. This exceeded the capital raised in both FY25 and FY24, when PKR 4.4bn and PKR 6.0bn were raised through four and six listings, respectively, reflecting improved investor confidence and favorable market conditions. The FY26 listings spanned a diverse range of sectors, including tyre manufacturing, petroleum, REITs, insurance, logistics, technology and communications, and food and personal care. Going forward, supported by improving market liquidity and sustained investor interest, the IPO market is expected to maintain its positive momentum.

PROFITABILITY

During FY25, the Company reported operating revenue of PKR 1,441m, reflecting a substantial growth of ~92% over the preceding year. The increase was primarily driven by a ~150% surge in brokerage income to PKR 741m (FY24: PKR 297m), supported by strong activity in the equity market. Brokerage income accounted for approximately 51% of the Company's operating revenue. Dividend income also increased significantly to PKR 303m (FY24: PKR 103m), contributing around 21% to total operating revenue. Meanwhile, income from margin financing grew by ~5% and represented approximately 24% of the revenue mix. The remaining operating revenue was generated through margin trading system (MTS) income and markup on cash margins, both of which continued to contribute a relatively small share of operating revenue. In addition, the Company realized capital gains of PKR 1,405.2m during FY25, further strengthening its overall earnings profile. During 9MFY26, operating revenue reached PKR 1,536m, reflecting continued growth in the brokerage business. However, the Company recorded a capital loss of PKR 1,469m.

During FY25 and 9MFY26, the Company's client base expanded significantly, with more than 19,000 new accounts opened during the period. Going forward, the Company intends to further expand its branch network to strengthen its geographical presence and broaden its client base. The Company also continues to facilitate clients through its online trading platform, supporting ease of access and trade execution. However, the recent conflict in the Middle East has heightened market volatility, which may adversely impact brokerage activity and, consequently, revenue generation. Developments on this front will continue to be closely monitored by VIS.

The Company's strong revenue generation, coupled with its relatively lean operating cost structure, continued to support profitability. Accordingly, the cost-to-income ratio remained at optimum levels, improving to 19.8% in 9MFY26 (FY25: 22.6%; FY24: 22.5%). This, together with realized capital gains, has supported the bottom line, resulting in a profit after tax (PAT) of PKR 2,334m (FY24: PKR 1,035m). Subsequently, despite incurring a capital loss during 9MFY26, the Company reported a sizeable profit after tax of PKR 1,830m, supported by the continued strength of its brokerage operations. Going forward, sustained revenue generation and maintenance of the Company's profitability profile will remain important for the assigned ratings.

Financial Risk

CAPITAL STRUCTURE

The Company's equity base has continued to expand in line with its profitability, increasing to PKR 6,947m as at Mar'26 (Jun'25: PKR 5,117m; Jun'24: PKR 3,178m). Consequently, gearing and leverage indicators improved, declining to 1.41x and 0.64x, respectively, as at Mar'26 (Jun'25: 2.09x and 1.04x; Jun'24: 1.61x and 0.92x). When adjusted for customer balances, the leverage ratio stood at 0.77x as at Mar'26 (Jun'25: 1.29x; Jun'24: 1.05x). The Company's debt profile primarily comprises short-term running finance facilities obtained from banks, supplemented by a relatively small portion of borrowings from directors, utilized to support its margin financing business and working capital requirements.

CREDIT RISK

The Company's credit risk profile primarily emanates from its trade debts and receivables against margin financing, which stood at PKR 730m and PKR 4,822m as at Mar'26 (Jun'25: 456m and PKR 4,321m Jun'24: PKR 508m and PKR 2,126m) respectively, with margin financing receivables representing ~69% of the equity, indicating higher exposure to credit risk. To manage and mitigate credit risk, the Company has established risk management policies and guidelines, under which clients are assigned trading limits based on their net worth, and margins are obtained and maintained accordingly. The Company also maintains collaterals in the form of equity securities. However, these underlying securities remain exposed to market risk, as decline in the value may result in collateral shortfalls upon materialization.

MARKET RISK

The Company's short-term investment portfolio, comprising entirely equity securities, stood at PKR 5,930m as at Mar'26 (Jun'25: PKR 5,485m; Jun'24: PKR 3,550m), representing approximately 85% of the Company's equity base (Jun'25: ~107%; Jun'24: ~112%). This continues to indicate a relatively high exposure to market risk, although the exposure has moderated compared to previous periods. The Company maintains a diversified proprietary investment portfolio, with investment decisions subject to Board approval. *As per management, the Company is not involved in active trading of its investment portfolio; rather, investments are held over a relatively longer horizon and are actively monitored, with positions realized when favorable opportunities for capital gains arise*. Investment decisions are influenced by prevailing market conditions and the valuations and fundamentals of listed companies. Going forward, effective management of the proprietary investment portfolio will remain important for the assigned ratings.

LIQUIDITY RISK

As at Mar'26, the Company's liquid assets, comprising short-term investments, and cash balances, amounted to PKR 10,424m (Jun'25: PKR 9,587m, Jun'24: PKR 5,343.1m), with liquid assets covering 1.06x of total liabilities as at Mar'26 (Jun'25: 0.90x; Jun'24: 1.04x), However, excluding the short-term investments pledged with financial institutions, liquid assets stands at PKR5,032.0m as at Mar'26 (Jun'25: PKR 4,433m, Jun'24: PKR 2,197m), covering 0.51x of total liabilities (Jun'25: 0.42x, Jun'24: 0.43x), indicating an adequate liquidity profile.

Financial Summary — Appendix I

Balance Sheet (PKR Millions)	FY22A	FY23A	FY24A	FY25A	9MFY26M
Trade Debts	2,046.2	1,570.2	2,633.9	4,776.7	5,551.4
Short Term Investments	1,156.9	900.7	3,550.0	5,485.2	5,930.0
Cash & Bank Balances	902.8	872.6	1,793.1	4,101.6	4,493.8
Total Assets	4,392.3	3,660.2	8,304.5	15,802.6	16,763.5
Long Term Loans (Including Current Portion)	-	-	-	-	-
Short Term Loans - Secured	1,198.8	587.4	2,924.5	4,809.3	3,897.6
Trade Payables	975.4	714.5	2,168.0	5,243.2	5,267.0
Total Liabilities	2,185.2	1,315.8	5,126.3	10,686.1	9,816.7
Paid Up Capital	395.1	395.1	395.1	395.1	395.1
Equity (Excluding Revaluation Surplus)	2,207.0	2,344.4	3,178.2	5,116.6	6,946.8

Income Statement (PKR Millions)	FY22A	FY23A	FY24A	FY25A	9MFY26M
Commission, Dividend & Other Income	342.4	223.2	750.7	1,440.7	1,536.8
Capital (Loss)/ Gain on Investments	-148.7	-145.8	452.5	1,405.3	3,195.2
Total Revenue	193.7	77.4	1,203.2	2,846.0	4,732.1
Administrative Expenses	-142.9	-197.0	-178.0	-330.4	-308.2
Other Income/(Expenses) – net	26.6	24.9	85.8	84.1	19.9
(Diminution)/Appreciation in Short Term Investments	-710.7	281.3	175.4	450.1	-1,468.7
Financial Charges	-100.5	-54.6	-138.8	-122.1	-140.2
Profit Before Tax	-733.9	131.9	1,147.5	2,927.7	2,834.8
Profit After Tax	-735.0	139.5	1,035.3	2,333.5	1,830.2

Ratio Analysis	FY22A	FY23A	FY24A	FY25A	9MFY26M
Liquid Assets to Total Liabilities (%)	94.3%	134.8%	104.2%	89.7%	106.2%
Liquid Assets to Total Assets (%)	46.90%	48.45%	64.34%	60.67%	62.18%
Leverage (x)	0.99	0.56	1.61	2.09	1.41
Current Ratio (x)	1.93	2.63	1.58	1.48	1.66
Gearing (x)	0.54	0.25	0.92	1.04	0.64
Efficiency (%)	39.61%	79.42%	22.48%	22.63%	19.80%
ROAA (%)*	-13.04%	3.46%	17.31%	19.36%	14.95%
ROAE (%)*	-28.55%	6.13%	37.49%	56.27%	40.36%

*Annualized, if required
A - Actual Accounts
M – Management Accounts

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Mohammad Munir Mohammad Ahmed Khanani Securities Limited
Sector	Brokerage
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	see table below
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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Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
04-Aug-26	A-	A2	Stable	Reaffirmed
23-July-25	A-	A2	Stable	Reaffirmed
28-Mar-24	A-	A2	Stable	Reaffirmed
07-Nov-22	A-	A2	Stable	Reaffirmed
17-Aug-21	A-	A2	Stable	Reaffirmed
07-May-20	A-	A2	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Abdul Hadi Khanani	Head of Operations	July 29, 2026