

BROKER FIDUCIARY RATING REPORT

MRA Securities Limited

REPORT DATE:

July 23, 2025

RATING ANALYSTS:

Shaheryar Khan Mangan

shaheryar@vis.com.pk

RATING DETAILS

Broker Fiduciary Rating**BFR3++***Good Fiduciary Standards***Rating Rationale**

The rating signifies adequate governance, sound financial sustainability, client services and sound internal controls.

Rating Action

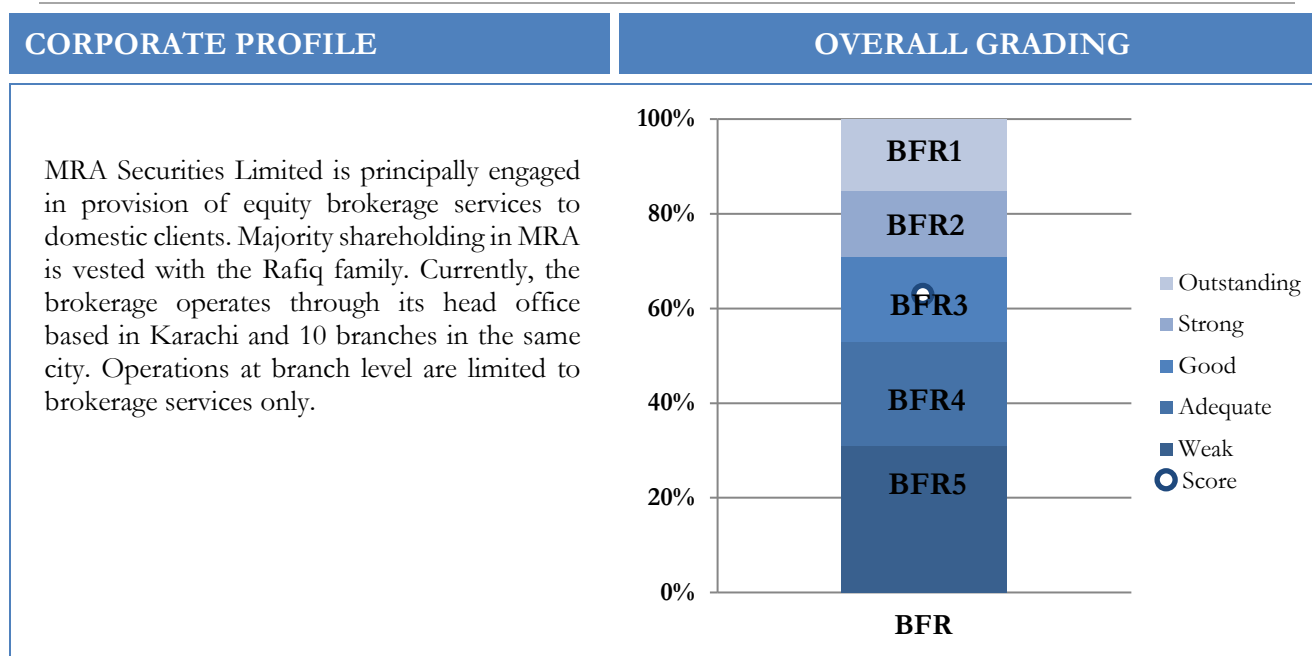
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COMPANY INFORMATION

Incorporated in 2001**External auditors:** M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants**Public Unlisted Company****Chairman of the Board:** Muhammad Farhan**Key Shareholders (with stake 5% or more):****Chief Executive Officer:** Mirza Muhammad Baig*Rafiq Family 93%~**Haji Muhammad 7%~*

APPLICABLE METHODOLOGY

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

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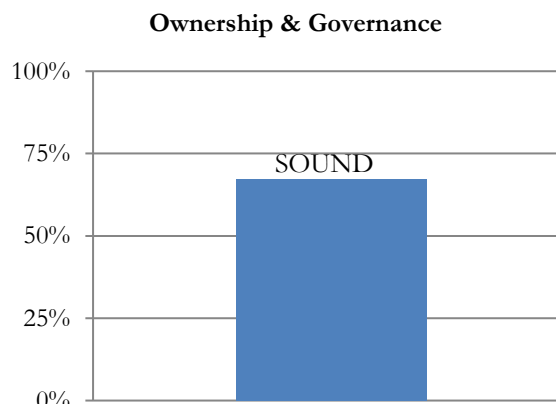
The Company holds a Trading and Self Clearing (TSC) entitlement certificate issued by the Pakistan Stock Exchange Limited. External auditors of the company are Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants as their external auditors who belong to category 'A' on State Bank of Pakistan's (SBP) approved list.

Business and Financial Sustainability Indicators			
	HFY25*	FY24	FY23
Size of Net Worth (Rs. In Millions)	2,178	1,872	1,419
Gearing x (total interest-bearing debt/ total equity)	0.84x	0.80x	0.45x
Leverage x (total liabilities/ total equity)	1.86x	1.19x	0.63x
Liquid Assets/ Total Liabilities (x)	0.55x	0.73x	0.68x
Short term Investments/ Total Equity (%)	19%	59%	36%

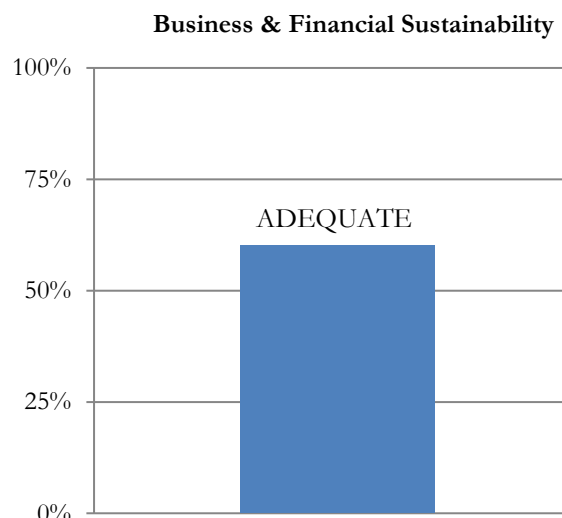
**Unaudited Accounts*

MRA Securities Limited
Rating Indicators
Ownership & Governance

- The Company's ownership and governance framework is constrained by its board size, which is represented by three members, with two independent representatives.
- The Company has four board committees, Audit, Risk Management, Investment, and HR committee, with each chaired by an independent director. However, repetition of members is observed across these committees.
- Increasing the board size may further improve the Company's governance framework. This may also enable reducing repetition across board committees.


Business & Financial Sustainability

- In FY24 and 1HFY25, on the back of a bullish equity market, the Company's revenue base rebounded, reaching PKR 1,526m and 1,174m respectively (FY23: PKR 549.5m). As a result, the Company posted a profit after tax of PKR 379m and 306m respectively (FY23: (153m)).
- Resultantly, operational efficiency of the Company improved, with cost-to-income ratio declining to ~65% in HFY25 (FY24: ~73%, FY23: ~87%).
- As at Dec'24, liquid assets of the Company, comprising cash balances, short term investments, and exposure deposits, stood at PKR 2,431m (Jun'24: PKR 1,786m, Jun'23: PKR 629m), providing coverage of 0.55x against total liabilities (Jun'24: 0.74x, Jun'23: 0.68x).
- Investments in quoted equity securities accounted for ~19% of the Company's equity base as at Dec'24 (June '24: ~59%, June '23: 36%), indicating a reduced exposure to market risk.
- Capitalization indicators of the Company have weakened, with gearing and leverage ratios standing at 0.84x and 2.01x as at Dec'24 (Jun'24: 0.80 and 1.29x, Jun'23: 0.45x and 0.65x)
- Going forward, continued enhancement in profitability and revenue base, along with improvement in gearing and leverage indicators as well as liquidity profile will be important for the rating.



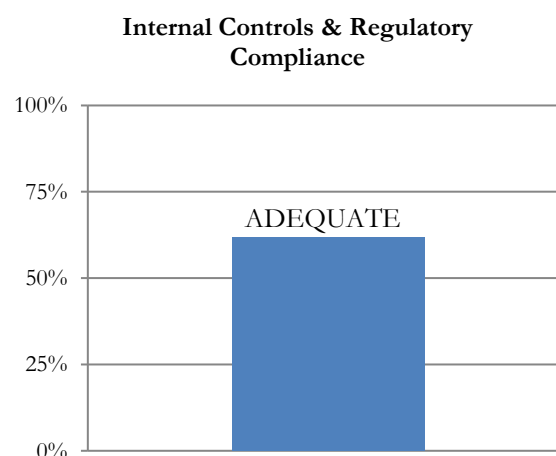
Management & Client Services

- Management and client service procedures are considered sound, with multiple trading channels in place, ensuring smooth transactions.
- The Company may consider bifurcating the trade commission structure between retail and institutional. Similarly, the Company may consider undertaking business development avenues, such as advertisements and undertaking, for customer reach.
- During the inspection conducted by the Joint Inspection Team (JIT) in FY24, non-compliance with CDC regulations regarding the establishment and maintenance of Sub-Accounts was identified. While the Company submitted a response, most observations remained unresolved, with instructions issued to rectify the issues within 30 business days.



Internal Controls & Regulatory Compliance

- Internal policies of the Company are in place. However, expanding the scope of these policies may further improve the internal control framework.
- The regulators, including CDC, SECP, and NCCPL, have noted instances of non-compliance by the Company, some of which remain unresolved. Timely resolution of these matters will be important for the assigned rating.
- On December 26, 2024, the Company was fined by PSX for executing blank sale transactions in the ready market, as well as for executing such transactions outside the designated Special Sale Order window in the futures market, in violation of applicable PSX regulations. The Company has been advised to enhance due diligence, strengthen internal controls, and educate both customers and relevant staff on the regulations governing blank sale transactions.



Broker Fiduciary Rating Explained

In Securities Broker Fiduciary Rating (SBF), the strength of fiduciary role of the securities brokers is captured through the relative financial strength of the securities broker firm and its sponsors along with depth of internal control and governance framework, which are key rating ingredients. Responsiveness of the risk and internal control structure, quality of HR and soundness of the business infrastructure determine the strength of management and level of service quality of a stock broker. VIS Credit Rating Co. Ltd. (VIS) has developed a rating system that evaluates brokerage firms on the basis of such practices and the systems instituted to safeguard investor interests are at the forefront.

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REGULATORY DISCLOSURES			Appendix II	
Name of Rated Entity	MRA Securities Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Fiduciary Rating (BFR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BFR			
	23/07/2025	BFR3++	Negative	Maintained
	13/05/2024	BFR3++	Stable	Upgrade
	14/11/2022	BFR3+	Negative	Maintained
	18/10/2021	BFR3+	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	N/A			
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