

BROKER MANAGEMENT RATING REPORT

Mohammad Munir Muhammad Ahmed Khanani Securities Limited

REPORT DATE:

7 April, 2021

RATING ANALYSTS:

Muhammad Tabish

muhammad.tabish@vis.com.pk

Batool Zaidi

batool.zaidi@vis.com.pk

Rating Category	Latest Rating
Broker Management Rating	BMR2
Rating Rationale	The rating signifies strong risk management, sound internal & external control environment along with HR & IT services. Regulatory compliance levels, client relationship and financial management are considered adequate.
Rating Date	7 April, 2021

APPLICABLE METHDOLOGY:

Broker Management Ratings 2020 <https://s3-us-west-2.amazonaws.com/backupsqvis/docs/BMR202007.pdf>

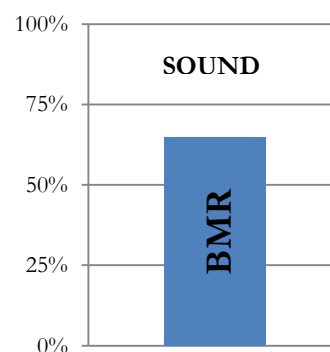
COMPANY INFORMATION

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%	

Corporate Profile

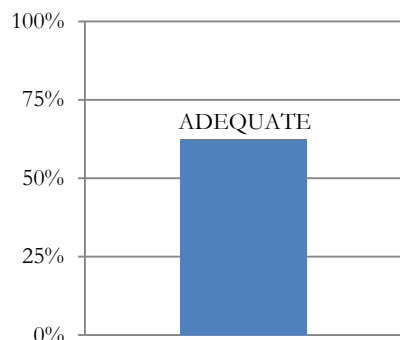
Mohammad Munir Muhammad Ahmed Khanani Securities Limited (MAK) has been operating in a broking business for more than a decade. The company was incorporated in 2006 under the Companies Ordinance 1984 as a Private Limited Company. Subsequently, the legal status of the company was changed to Public Limited Company. MAK caters primarily to equity broking services to both retail and intuitional clients. Registered office of the company is located at Stock Exchange Building, PSX.

The company is registered with Securities & Exchange Commission of Pakistan and holds Trading Rights Entitlement Certificate (TREC) issued by Pakistan Stock Exchange Limited (PSX). Mr. Muhammad Munir (CEO) is the sole proprietor of the company.



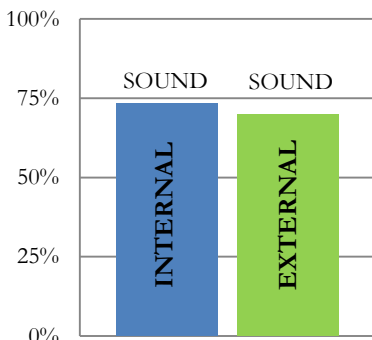
Rating Factors Scores

Regulatory Requirements & Supervision



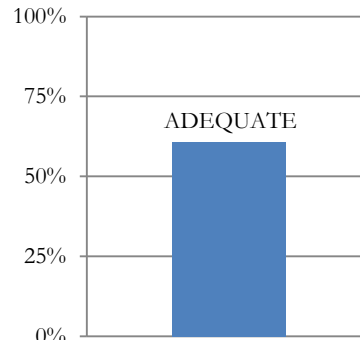
- Board size depicts sound governance levels; however formation of risk management committee would strengthen overall regulatory framework.
- Acquisition of underwriting license has been noted.

Internal & External Control Framework



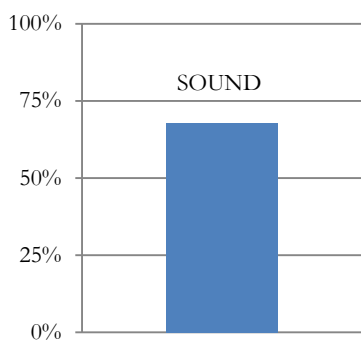
- Employee trading policy may prescribe minimum holding period of securities.
- Disclosure levels may be enhanced by including director’s report and statement of compliance with code in the company’s annual financial statements.

Client Relationship & Fairplay



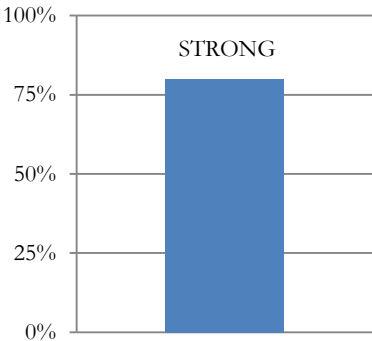
- Frequency of periodic reporting to the customer may be increased.

HR & Infrastructure



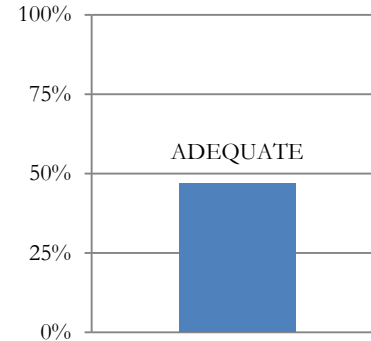
- HR infrastructure and IT policies are considered sound.
- Fully integrated ERP platform present.

Compliance & Risk Management



- Internal audit and compliance department are separate.
- Frequency of reviewing suspicious trades is considered sound.

Financial Management



- Efficiency ratio has witnessed an increase on a timeline basis; recurring expenses are reported to be 85% of total recurring revenue during FY20.
- Owing to the general recovery in trading volumes, profitability profile has witnessed an improvement, sustainability of the same shall be observed overtime.

MANAGEMENT QUALITY SCALE & DEFINITIONS

Appendix I

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: BROKER MANAGEMENT RATING

BMR1A

Excellent regulatory compliance, control environment, and financial management; governance and risk management frameworks are extremely effective; HR, IT, and customer services are strongly proactive.

BMR1++, BMR1+, BMR1

Strong regulatory compliance, control environment, and financial management; governance and risk management frameworks are highly effective; HR, IT, and customer services are highly proactive.

BMR2++, BMR2+, BMR2

Sound regulatory compliance, control environment, and financial management; governance and risk management frameworks are effective; HR, IT, and customer services are proactive.

BMR3++, BMR3+, BMR3

Adequate regulatory compliance, control environment, and financial management; governance and risk management frameworks are satisfactory; HR, IT, and customer services are adequate.

BMR4++, BMR4+, BMR4

Inadequate regulatory compliance, control environment, and financial management; governance and risk management frameworks need improvements; HR, IT, and customer services are insufficient.

BMR5

Weak regulatory compliance and business practices

Rating Outlooks:

The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details. www.vis.com.pk/images/criteria_outlook.pdf

REGULATORY DISCLOSURES		Appendix II		
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			
	7/4/2021	BMR2	Stable	Reaffirmed
	13/3/2020	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.			
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. VIS is not an NRSRO and its ratings are not NRSRO credit ratings. Copyright 2021 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			