

## BROKER FIDUCIARY RATING REPORT

### Mohammad Munir Muhammad Ahmed Khanani Securities Limited

**REPORT DATE:**

July 1, 2025

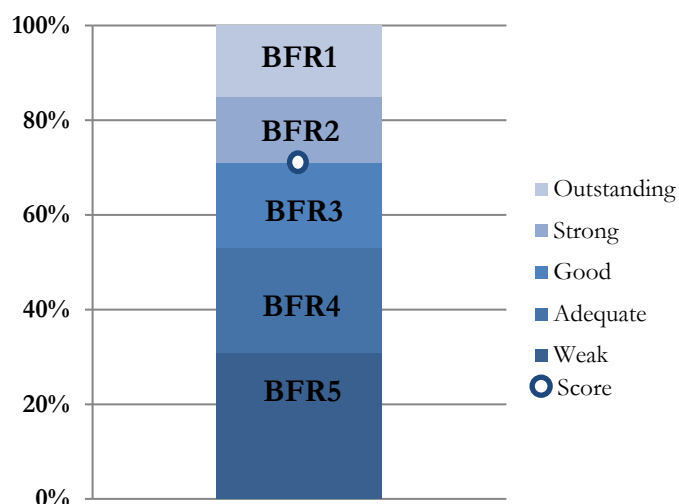
**RATING ANALYSTS:**Shaheryar Khan Mangan  
[shaheryar@vis.com.pk](mailto:shaheryar@vis.com.pk)**RATING DETAILS****Broker Fiduciary Rating****BFR2***Strong Fiduciary Standards***Rating Rationale**

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

**Rating Date***July 1, 2025***COMPANY INFORMATION****Incorporated in March 2006****External auditors:** Rehman Sarfaraz Rahim Iqbal  
Rafiq Chartered Accountants**Unlisted Public Limited Company****Chief Executive Officer/ Chairman of the Board:**  
Mr. Muhammad Munir Khanani**Key Shareholders (with stake 5% or more):***Mr. Muhammad Munir Khanani ~ 99.99%***APPLICABLE METHODOLOGY****Applicable Rating Criteria: Broker Fiduciary Ratings:**<https://docs.vis.com.pk/Methodologies%202024/Broker-Fiduciary-Rating.pdf>**APPLICABLE RATING SCALE(S)****VIS Issue/Issuer Rating Scale:**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

**Mohammad Munir Muhammad Ahmed Khanani Securities Limited**
**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 have branches in Karachi, Lahore, Islamabad, Sahiwal, Peshawar, Manshera, Swat, and Rawalpindi.

**OVERALL GRADING**


The Company holds a 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).

**Business and Financial Sustainability Indicators**

	1HFY25*	FY24	FY23
<b>Total Revenue (Rs. In Millions)</b>	649	751	223
<b>Size of Net Worth (Rs. In Millions)</b>	5,105	3,178	2,344
<b>Gearing x (Total interest-bearing debt/ Total equity)</b>	0.84	0.92	0.25x
<b>Leverage x (Total liabilities/ Total equity)</b>	1.73	1.61	0.56x
<b>Liquid Assets/ Total Liabilities (x)</b>	0.91	1.04	1.35x
<b>Short-term Investments/ Total Equity (%)</b>	109%	112%	38%

*\*Management Accounts*

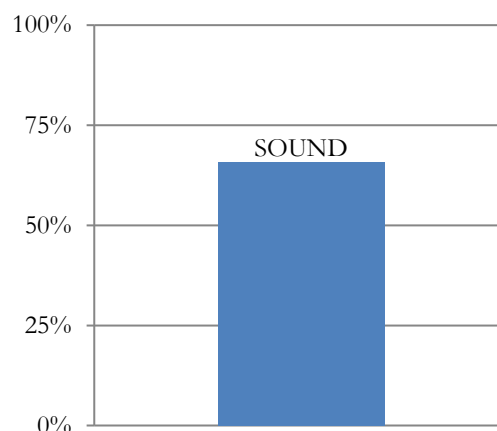
## Mohammad Munir Muhammad Ahmed Khanani Securities Limited

### Rating Indicators

#### Ownership & Governance

- 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.

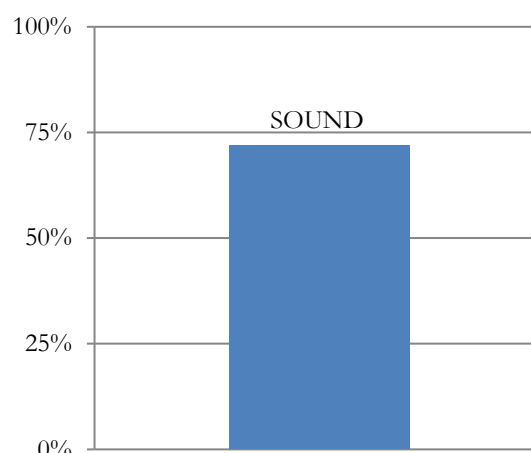
#### Ownership & Governance



#### Business & Financial Sustainability

- 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 1HFY25.
- Resultantly, the operational efficiency of the Company improved, with cost-to-income ratio declining to 20.8% in 1HFY25 (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.

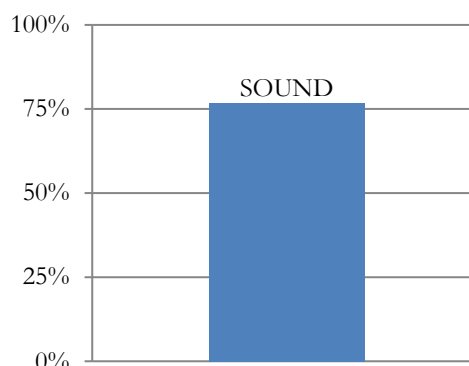
#### Business & Financial Sustainability



### Management & Client Services

- 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.

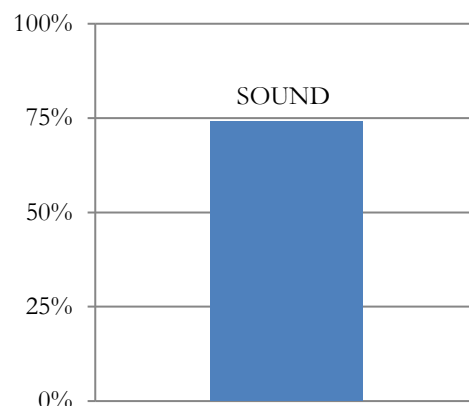
### Management & Client Services



### Internal Controls & Regulatory Compliance

- 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.
- Additionally, establishing an independent risk management function may further strengthen its effectiveness.
- On August 06, 2024, the Company was penalized PKR 750,000 due to individuals operating as authorized dealers at unregistered branch offices. Operating. The penalty was subsequently reduced to PKR 250,000 following an appeal filed against the order.

### Internal Controls & Regulatory Compliance



### **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.*

**Mohammad Munir Muhammad Ahmed Khanani Securities Limited**

REGULATORY DISCLOSURES				Appendix I
<b>Name of Rated Entity</b>	Mohammad Munir Muhammad Ahmed Khanani Securities Limited			
<b>Sector</b>	Brokerage			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Broker Fiduciary Rating (BFR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	RATING TYPE: BFR			
	01/07/2025	BFR2	Stable	Reaffirmed
	16/05/2024	BFR2	Stable	Reaffirmed
	15/11/2022	BFR2	Stable	Reaffirmed
	19/11/2021	BFR2	Stable	Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
<b>Probability of Default</b>	N/A			
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