

MULTILINE SECURITIES LIMITED

Analysts:

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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	February 16, 2026		January 28, 2025	

Shareholding (5% or More)

Mr. Muhammad Hanif Moosa Dharwarwala - 99.96%

Other Information

Incorporated in 2001

Public Unlisted Company

Chairman of the Board: Mr. Haji Masood Parekh

Chief Executive Officer: Mr. Muhammad Hanif Moosa Dharwarwala

External Auditor: M/s 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 rating re-affirmation reflects maintenance of the credit and liquidity profile of the company whereby core revenues continue to grow at a steady pace under a well-defined strategy. Brokerage revenue posed strong growth in FY25 in line with the company's strategy, though overall profitability fell with lower income from the proprietary investment portfolio and higher human resource cost to support the expanding operations of the company. Capitalization profile of the Company continues to draw support from low leveraged balance sheet coupled with a sizeable equity base.

The business risk of the Company remains high, given its presence in the brokerage industry, which is characterized by inherent volatility, intense competition, and strong regulatory oversight. The company's strategy to balance it on the back of strong capitalization and sound liquidity profile remains key considerations for the ratings.

Company Profile

Multiline Securities Limited ('MSL' or 'the Company') is engaged in provision of equity brokerage services to domestic retail, high net worth individuals (HNWI) and institutional clients for over two decades. MSL is a family-owned company which operates through its head office and a branch based in Karachi.

Management and Governance

Shareholders/Owners/Sponsors

Major shareholding of the Company is vested with Mr. Muhammad Hanif Moosa Dharawarwala (~100%), who serves as the Chief Executive Officer of the company. Mr. Muhammad Hanif is in the brokerage business since 1995 and is well known in the business community. Mr. Muhammad Hanif is also director of Korangi Roller Flour Mills (Pvt) Ltd, Karachi Grains (Pvt) Ltd & Universal Terminal (Pvt) Ltd, and executes his responsibilities in respect of operations of the companies' strategies of expansion growth and budgetary measure. Mr. Muhammad Hanif has also vast experience in Pakistan's money market and real estate market.

Corporate Governance

The Company's governance framework comprises a four-member board of directors and two board committees, namely audit and risk management. However, repetition of members is noted across these committees. Expanding the board size through the inclusion of certified and independent directors may contribute to further enhancement in the Company's governance framework.

Management, Internal controls & IT

The Company has an ERP platform acquired from VisionMax (Pvt.) Limited, which serves as a back-office automation system covering client interfacing, accounts, settlements, and ledgers. In addition, the Company has also acquired the online trading platform from VisionMax (Pvt.) Limited. Contingency and disaster recovery mechanisms are also in place, with critical systems and data backed up and stored securely at an offsite location. Furthermore, the Company maintains Know Your Customer (KYC), Customer Due Diligence (CDD), and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) policies and procedures in line with Securities and Exchange Commission of Pakistan (SECP) guidelines.

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 cyclical nature, 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.

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 positive trend continued into 1HFY26, with the KSE-100 Index closing calendar year 2025 at 174,054 points, representing an increase of ~39% over the FY25 close. 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. Looking ahead, while downside risks, including potential exchange-rate pressures and political uncertainty, remain present, the improving macroeconomic outlook and strengthening external position are expected to provide continued support to equity market activity over near to medium term.

The IPO market in Pakistan showed notable activity in FY25, raising PKR 4.4bn across four offerings on the Main and GEM Boards, albeit lower than FY24, which recorded over PKR 6.0bn raised across six listings in both boards. Main Board IPOs in FY25 came from sectors such as Pharmaceuticals, Technology and Communications, and Food and Personal Care, with BF Biosciences Ltd. raising PKR 1.93bn, Zarea Ltd.

raising PKR 1.03bn, and Barkat Frisian Agro Ltd., raising PKR 1.23bn. GEM Board listings included The Pakistan Credit Rating Agency Ltd. (PKR 112mn) and Burj Clean Energy Modaraba (PKR 100mn). In addition, right share issues in 2025 raised PKR 7.7bn, showing continued activity in capital markets. Going forward, given the Improved liquidity and macroeconomic condition, IPO activity is expected to remain strong in FY26, with more than 10 offerings expected across sectors.

PROFITABILITY

Total revenues amounted to PKR 528.7m in FY25, reflecting a modest growth of approximately 5% over the previous year revenue of PKR 505.5m. The Company's core revenue base comprises brokerage commission and dividend income, while non-core income includes realised and unrealised gains on investments. During FY25, commission revenue increased significantly by ~60% to PKR 283.6m (FY24: PKR 177.4m), primarily driven by positive momentum in the stock market while dividend income amounted to PKR 27.5m. In contrast, investment income declined, with gains on investments reducing to PKR 217.6m (FY24: PKR 295.3m), with a capital loss of PKR 16.0m reported during the year.

Within the brokerage segment, the retail client base contributed approximately 86% of brokerage revenue, while the remaining portion was derived from corporate clients. The broad retail client base reduces reliance on a limited number of clients, although sensitivity to overall market conditions remains. On the other hand, non-core investment gains contributed approximately 43% of the Company's total revenue during FY25.

The positive trajectory in the brokerage income has persisted in 1HFY26, in line with market activity, with commission recorded at PKR 180.4m. The company has been able to maintain its market share around 2%. To support market presence, the Company has undertaken additional hiring across institutional and retail desks to broaden outreach across the client base and has established an additional office for these hires. In addition, the Company also plans to enhance presence through social media platforms.

Despite the increase in recurring revenue, the Company's cost-to-income ratio remains elevated, recorded at 93.7% in HFY26 (FY25: 91.3%; FY24: 94.6%), which continues to constrain operating profitability. Major increase in cost primarily stemmed from higher salaries, commissions, and bonuses, following the hiring of additional traders during the period, along with associated performance-based compensation. On the other hand, unrealized and realized gains provided support to the Company's bottom line, with profit after tax recorded at PKR 268.7 million in FY25 and PKR 88.1 million in HFY26. Going forward, the ability to maintain profitability while broadening the revenue base will remain an important consideration from a ratings perspective.

Financial Risk

CAPITAL STRUCTURE

The Company's equity base continues to be supported by sustained profitability, with the net worth reaching PKR 1,308.5m as at Dec 31, '25 (Jun 30, '25: PKR 1,220.5m, Jun 30, '24: PKR 951.8m). The Capitalization profile of the Company draws further support from its low-leveraged balance sheet, with a minimal quantum of short term borrowing translating into a gearing of 0.004x as at Dec 31, '25 (Jun 30, '25: Nil, Jun 30, '25: Nil), and leverage ratio of 0.42x as at Dec 31, '25 (Jun 30, '25: 0.39x, Jun 30, '24: 0.29x), albeit an increase in the same has been noted.

CREDIT RISK

The Company's credit risk profile primarily emanates from trade debts and receivables against margin financing, which stood at PKR 438.5m and PKR 239.7m as at Dec 30, '25 (Jun 30, '25: 358.2m and PKR 125.6m, Jun 30, '24: PKR 108.5m and PKR 103.6m) respectively. However, these balances are largely secured through the underlying securities mitigating the credit risk, albeit the market risk which may materialize in the scenario of enforcement. In order to manage exposure to credit risk, the Company has risk management policies and guidelines in place whereby clients are provided trading limit according to their net worth and proper margins are collected and maintained from clients. The management continuously monitors the credit exposures towards clients and makes provision against those balances considered doubtful of recovery. The aging profile is considered satisfactory.

MARKET RISK

The Company's short-term investments amounted to PKR 881.3 million as at Dec 31, '25 (Jun 30, '25: PKR 588.6 million; Jun 30, '24: PKR 503.0 million). These investments accounted for approximately 67% of equity (Jun 30, '25: ~48%; Jun 30, '24: ~53%), indicating a moderately higher exposure to market risk. Short-term investments comprise listed equity securities, with notable exposure in oil & gas, fertilizer, banking, and holdings in Pakistan Stock Exchange. Given the nature of these investments, they provide some degree of liquidity support, subject to prevailing market conditions. Going forward, effective management of the proprietary investment portfolio will remain important from a risk perspective.

LIQUIDITY RISK

As at Dec'31, '25, the Company's liquid assets, comprising short term investments and cash balances, amounted to PKR 1,073.5m (Jun 30, '25: PKR 876.1m, Jun 30, '24: PKR 862.6m), covering 1.93x of total liabilities (Jun 30, '25: 1.85x, Jun 30, '24: 3.16x), Reflecting a sound liquidity position.

FINANCIAL SUMMARY (PKR in millions)					Appendix I
BALANCE SHEET					
Property, Plant & Equipment	FY22A	FY23A	FY24A	FY25A	HFY26M
Trade Debts	51.0	32.3	24.6	43.9	52.4
Receivables against MF	30.5	54.8	108.5	358.2	438.5
ST Investments	92.2	53.3	103.6	125.6	239.7
LT Investments	318.5	354.6	503.4	588.6	881.3
Cash and Bank balances	0.0	0.0	0.0	0.0	0.0
Total Assets	154.8	179.0	359.3	287.5	192.2
Trade and Other Payables	740.4	739.4	1,224.8	1,694.8	2,089.7
Short Term Borrowings	145.0	122.8	271.6	472.2	307.7
Total Liabilities	0.00	0.00	0.00	0.00	5.72
Paid up Capital	145.0	123.8	273.0	474.2	554.9
Retained Earnings	100.0	100.0	100.0	100.0	100.0
Unrealized gain on revaluation of available for sale investments	495.5	515.6	851.8	1,120.5	1,208.5
Total Equity (Exc. Revaluation Gain)	0.0	0.0	0.0	0.0	226.2
	595.5	615.6	951.8	1,220.5	1,308.5
INCOME STATEMENT					
Recurring Revenue	FY22A	FY23A	FY24A	FY25A	HFY26M
Brokerage Income	111.0	93.9	210.2	311.1	180.4
Dividend income	87.3	64.3	177.4	283.6	N/A
IPO Commission	23.3	29.7	32.8	27.5	N/A
Recurring Expenses	0.5	0.0	0.0	0.0	N/A
Capital (loss)/ gain on investments	-109.8	-98.0	-198.9	-284.0	-169.1
Unrealized (loss)/ gain on investments	12.1	-7.5	23.0	-16.0	39.4
Finance Cost	-86.6	14.0	272.3	233.6	0.0
Profit/(Loss) Before Tax	-0.3	-0.9	-2.5	-1.5	-0.5
Profit/(Loss) After Tax	-69.7	25.5	348.5	280.8	88.1
	-74.3	20.2	336.2	268.7	88.1
RATIO ANALYSIS					
Liquid Assets to Total Liabilities (%)	FY22A	FY23A	FY24A	FY25A	HFY26M
Liquid Assets to Total Assets (%)	326.5%	431.0%	316.0%	184.7%	193.4%
Current Ratio (x)	63.9%	72.2%	70.4%	51.7%	51.4%
Leverage (x)	4.62	5.65	4.37	3.44	3.66
Gearing (x)	0.24	0.20	0.29	0.39	0.42
Efficiency (%)	0.00	0.00	0.00	0.00	0.00
ROAA (%) *	98.9%	104.3%	94.6%	91.3%	93.7%
ROAE (%) *	-9.3%	2.7%	34.2%	18.4%	9.3%
	-11.7%	3.3%	42.9%	24.7%	12.8%

A - Actual Accounts

M - Management Accounts

*Annualized

REGULATORY DISCLOSURES Appendix II

Name of Rated Entity	Multiline Securities Limited				
Sector	Brokerage				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	16-Feb-26	A-	A2	Stable	Reaffirmed
	28-Jan-25	A-	A2	Stable	Reaffirmed
	06-Nov-23	A-	A2	Stable	Reaffirmed
	14-Apr-22	A-	A2	Stable	Reaffirmed
	15-Feb-21	A-	A2	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.				
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Due Diligence Meetings Conducted	Name		Designation		Date
	Mr. Rahib Madraswala		CFO		January 22, 2026
	Mr. Shahid		Finance Manager		