

## BROKER MANAGEMENT RATING REPORT

### AKIK Capital (Private) Limited

**REPORT DATE:**

December 19, 2024

**RATING ANALYSTS:**

Shaheryar Khan Mangan

[shaheryar@vis.com.pk](mailto:shaheryar@vis.com.pk)

Rating Category	Latest Rating
Broker Management Rating	<b>BMR3</b>
Rating Rationale	The rating signifies adequate regulatory requirement, along with supervision, internal controls, client relationship, HR and infrastructure. Financial Management and Compliance & Risk Management are also considered adequate while external control framework is strong.
Rating Date	December 19, 2024

#### COMPANY INFORMATION

Incorporated in 2020

**External auditors:** M/s. Kreston Hyder Bhimji & Co  
Chartered Accountants

Private Limited Company

**CEO/Chairman of the Board:** Mr. Muhammad Qasim  
Lakhani**Key Shareholders (with stake 5% or more):***Muhammad Qasim Lakhani ~ 99.99%*

#### APPLICABLE METHODOLOGY

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

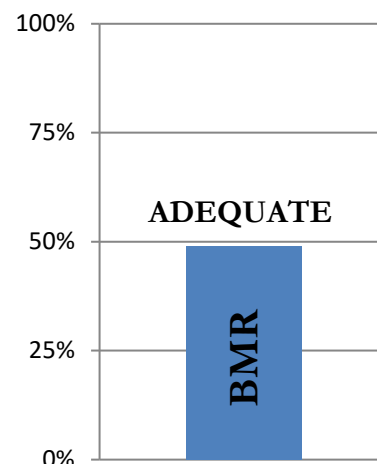
#### APPLICABLE RATING SCALE(S)

**VIS Issue/Issuer Rating Scale:**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

## Corporate Profile

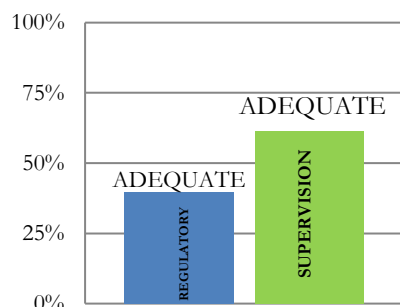
Incorporated in April 2020, AKIK Capital is a private limited company principally engaged in the brokerage of shares. The Company caters mainly to domestic institutional and retail clients. At present, AKIK operates through its head office based in Karachi, where it provides both assisted and online trading services.

The Company holds Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX), and is registered with SECP to provide Trading & Self Clearing Services. External auditors of the company are Kreston Hyder Bhimji & Co Chartered Accountants. External auditors belong to category ‘A’ on the approved list of auditors published by the State Bank of Pakistan (SBP).



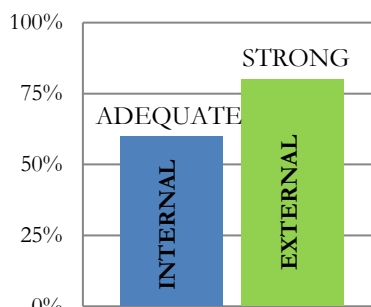
## Rating Factors Scores

### Regulatory Requirements & Supervision Framework



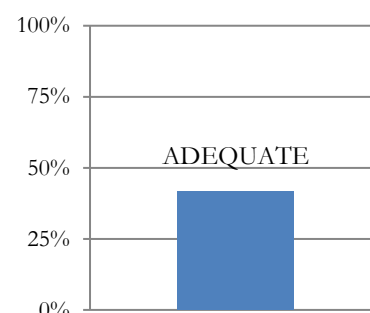
- The governance framework is constrained by a small board size, with only two members. Increasing the board size, coupled with the addition of independent directors and certified members, may strengthen the overall governance framework.
- The Company has a single board committee, the audit committee. Hence, increasing the board size may enable formation of additional board committees.
- Similarly, the Company may consider acquiring additional licenses for improving its revenue mix.

### Internal & External Control Framework

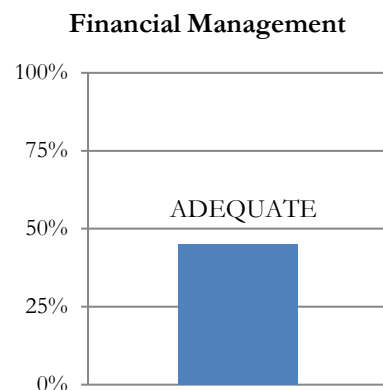
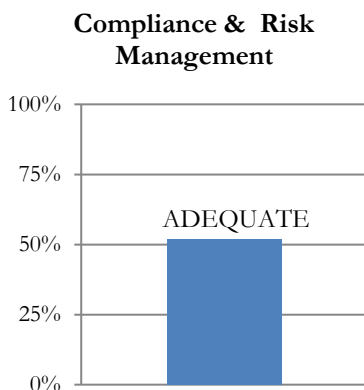
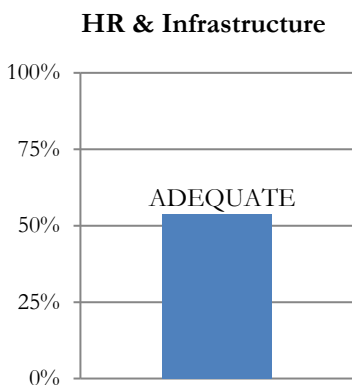


- Internal control framework remains adequate; with internal policies and measures in place.
- Enhancement in the scope of internal policies as well as dissemination of conflict-of-interest policy to all stakeholders may be considered for further strengthening the internal controls.
- The inclusion of CEO’s statement on fraudulent transaction and statement of compliance with code have boded well for the external control framework of the Company.

### Client Relationship & Fairplay



- The Company has made provisions of various channels in order to facilitate clients in executing their online transactions, including a mobile app and web-based trading platforms. However, expanding business development initiatives may be considered to enhance customer base. However, availability of online customer reports may improve the Company’s client services.
- Similarly, enhancing trade procedures through sending prompt trade alerts to clients may also be considered. Availability of full scope online trading platform, trade execution alerts and customer complaint tracking system through SMS may be considered.
- In addition, expanding business development initiatives may be considered to enhance customer base.



- The organizational structure of the Company is considered adequate, given the size of its operations
- The Company has contingency measures in place. However, the same may be further enhanced by increasing the frequency of disaster recovery exercises.
- The Company has a credit risk policy, providing support to its risk management practices. However, addition of an independent risk management function may provide further enhancement in this area.
- Overall, compliance and risk management framework is considered adequate.
- During FY24, the Company's earning profile experienced a rebound, driven by an increase in brokerage revenue supported by higher market activity during the period.
- Consequently, the Company's operational efficiency witnessed improvement.
- Liquidity profile of the Company remains sound, with liquid assets providing a coverage of 2.20x against its total liabilities as at Jun'24.
- Market risk remains higher, given proprietary investments comprising 71.9% of the equity as at Jun'24.
- Capitalization profile is supported by no debt on its books. Leverage ratio of the Company stands at 0.52x as at Jun'24 (Jun'23: 0.26x, Jun'22: 0.44x). Equity base of the Company is small.
- Going forward, augmenting, and diversifying the revenue base along with improving operational efficiency ratio as well as better management of market risk will remain important for the rating.

REGULATORY DISCLOSURES		Appendix I		
<b>Name of Rated Entity</b>	AKIK Capital (Private) Limited			
<b>Sector</b>	Brokerage			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Broker Management Rating (BMR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b><u>RATING TYPE: BMR</u></b>			
	19/12/2024	BMR3	Stable	Reaffirmed
	28/11/2023	BMR3	Stable	Reaffirmed
	11/11/2022	BMR3	Stable	Reaffirmed
29/ 09/ 2021	BMR3	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>	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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