

Press Release

VIS Assigns Initial Broker Management Rating to KTrade Securities Limited

Karachi, July 16, 2021: VIS Credit Rating Company Ltd. (VIS) has assigned initial Broker Management Rating of 'BMR2' to KTrade Securities Limited (formerly known as Khadim Ali Shah Bukhari Securities (Private) Limited). Outlook on the assigned rating is 'Stable':

The rating signifies sound HR & IT infrastructure; internal and external controls; risk management and client relationship while financial management and regulatory supervision are adequate.

KTrade Securities Limited has recently converted from a private limited to unlisted public limited company. Assigned rating takes into account sound internal and external control framework with proper policy and procedures in place for protecting customer confidentiality and avoiding conflict of interest; however, external control framework may be further strengthened by appointing auditors from SBP's approved 'A' category list of auditors. Rating also factors in client servicing procedures including mobile trading application, online customer reports and trade execution alerts together with client centric communications. Trade procedures are periodically reviewed. Overall, compliance and risk management framework remains sound. HR & IT Infrastructure is compatible with the size of the operations of the company however business continuity platform may be further strengthened.

Regulatory framework and supervision is adequate and depicts room for improvement. Limited board size and lack of independent representation is a constraint on rating. Assessment of financial profile indicates improvement in topline during FY20 on the back of increased brokerage commission; however, revenues emanating from other sources remain small. Operational efficiency levels of the company are low and while improving in FY20 they remain a constraint on ratings. Liquidity profile and capital structure of the company remains adequate. Going forward, augmenting the revenue base with diversified streams of revenue together with sustaining core profitability need to be considered.

For further information on this rating announcement, please contact Ms. Sara Ahmed (Ext: 207) or the undersigned (Ext: 101) at (021) 35311861-66 or email at info@vis.com.pk


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

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