

BROKER FIDUCIARY RATING REPORT

AKD Securities Limited

REPORT DATE:

July 29, 2025

RATING ANALYSTS:

Shaheryar Khan Mangan

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RATING DETAILS

Broker Fiduciary Rating**BFR2++***Strong Fiduciary Standards***Rating Rationale**

The rating signifies strong regulatory compliance, client ownership and governance, management and client services and business and financial sustainability while internal controls are sound.

Rating Date

July 29, 2025

COMPANY INFORMATION

Incorporated in 2007**External auditors:** RSM Avais Hyder Liaquat Nauman
Chartered Accountants**Public Limited Company-Listed****Chief Executive Officer:** Mr. Muhammad Farid Alam**Key Shareholders (with stake 5% or more):****Chairperson of the Board:** Ms. Hina Dhedhi Junaid*AKD Group Holdings (Pvt.) Limited ~ 95.87%*

APPLICABLE METHODOLOGY

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

AKD Securities Limited

CORPORATE PROFILE	OVERALL GRADING
<p>Listed on the Stock Exchange, AKD Securities Limited (formerly BIPL Securities Limited) is licensed to operate as securities broker, consultant to the issue, and underwriter from the Securities Exchange Commission of Pakistan and holds a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the Company are brokerage of shares and/or commodities/ money market / forex trading, financial research, book building, underwriting, investments in securities/commodities, corporate advisory and consultancy services.</p>	<p>The chart displays the overall grading scale for AKD Securities Limited. The scale ranges from 0% to 100% in 20% increments. The segments are color-coded: BFR1 (lightest blue, Outstanding), BFR2 (medium blue, Strong), BFR3 (darker blue, Good), BFR4 (dark blue, Adequate), and BFR5 (darkest blue, Weak). A score of 80% is indicated by a circle on the BFR2 segment.</p>

AKDSL is registered with Securities & Exchange Commission of Pakistan (SECP) and holds a Trading and Self-Clearing (TSC) license and Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX). Moreover, the company also holds underwriting and corporate advisory licenses. External auditors of the company are RSM Avas Hyder Liaquat Nauman Chartered Accountants. External auditors are from Category 'A' of State Bank of Pakistan's list of auditors.

Business & Financial Sustainability Indicators			
	9MFY25*	FY24	FY23
Adjusted Size of Net Worth (Rs. In Millions)	8,449	6,250	5,016
Adjusted Gearing x (Total interest-bearing debt/ Total Equity)	0.07x	0.08x	0.14x
Adjusted Leverage x (Total liabilities/ Total equity)	1.02x	0.77x	0.55x
Liquid Assets/ Total Liabilities (x)	1.45x	1.42x	1.53x
Short term Investments/ Total Adjusted Equity (%)	58%	35%	46%

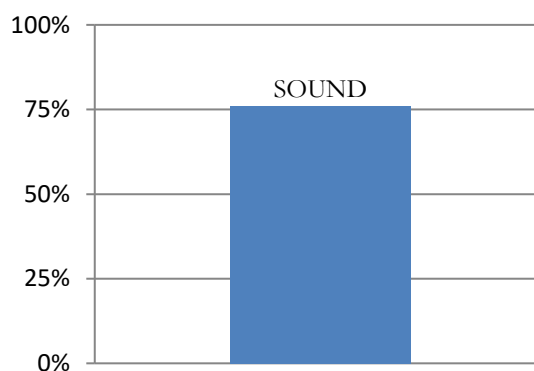
**Unaudited Accounts*

AKD Securities Limited

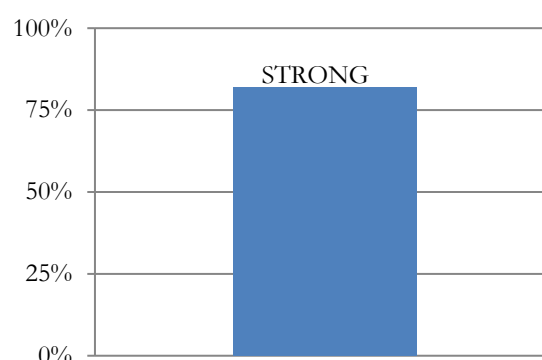
Rating Indicators

Ownership & Governance

- The Company's board size commensurate with its size, with board of directors comprising seven members, with two independent and three women representations.
- Functioning of Board committees namely Audit, Investment and HR, with two of these committees headed by an independent director, provide support to the Company's governance structure.

Ownership & Governance**Business & Financial Sustainability**

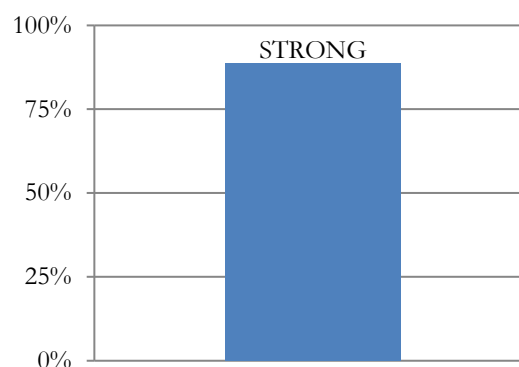
- The Company's operating revenue increased during FY24 and 9MFY25, primarily driven by surge in brokerage revenue, in line with higher industry volumes, with brokerage revenue dominating the revenue mix followed by income from advisory and consultancy. the Company reported profit after tax of PKR 1,259m and PKR 2,777m in FY24 and MFY25, with profitability in 9MFY25 largely supported by unrealized gains.
- Consequently, the Company's operational efficiency depicted notable improvement, with cost-to-income ratio declining to ~36% in 9MFY25(FY24: ~39%, FY23: ~73%).
- Market risk is considered at moderate level, with short-term investments to equity standing at ~58% as at Mar'25 (Jun'24: ~35%, Jun'23: ~46%).
- Liquidity profile of the Company is assessed as adequate.
- Capitalization profile of the Company is supported by its low debt profile, while leverage indicator stands at 1.02x as at Mar'25 (Jun'24: 0.77x, Jun'23: 1.53x).
- Going forward, maintenance of the Company's revenue growth, operational efficiency, liquidity, and capitalization profile will be important for the rating.

Business & Financial Sustainability

Management & Client Services

- Customer order recording and documenting systems may be further strengthened.
- Nevertheless, the Company's client services procedures remain strong, supported by provision of multiple channels, ensuring seamless trade transactions, along with availability of research material for facilitating clients in effective decision making of their investments.
- The Company has its geographical presence in major cities, boding well for the Company's client services function.
- While contingency measures are in place, maintaining off-site data back-ups with third party may further strengthen the same.

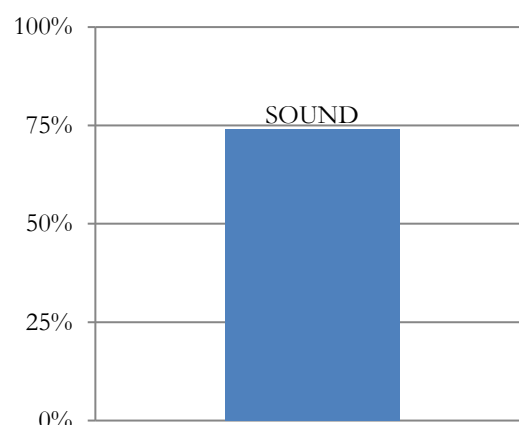
Management & Client Services



Internal Controls & Regulatory Compliance

- Internal controls and regulatory compliance are considered sound, supported by documented policies and procedures. However, further strengthening may be achieved by enhancing their scope and ensuring wider dissemination of these policies to all relevant stakeholders.
- Non-compliances highlighted by the Joint Inspection Team (JIT), along with the penalty imposed by PSX, have been noted. Going forward, ensuring compliance with all applicable regulations will remain important from a ratings perspective.

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.

AKD Securities Limited

REGULATORY DISCLOSURES				Appendix I
Name of Rated Entity	AKD Securities Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Fiduciary Rating (BFR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BFR			
	07/29/2025	BFR2++	Stable	Reaffirmed
	05/15/2024	BFR2++	Stable	Reaffirmed
	02/09/2023	BFR2++	Stable	Upgrade
	08/03/2022	BFR3++	Rating Watch Developing	Update
	04/08/2022	BFR3++	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	N/A			
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