

BROKER FIDUCIARY RATING REPORT**FDM Capital Securities (Private) Limited****REPORT DATE:**

April 15, 2025

RATING ANALYST:

Shaheryar Khan Mangan

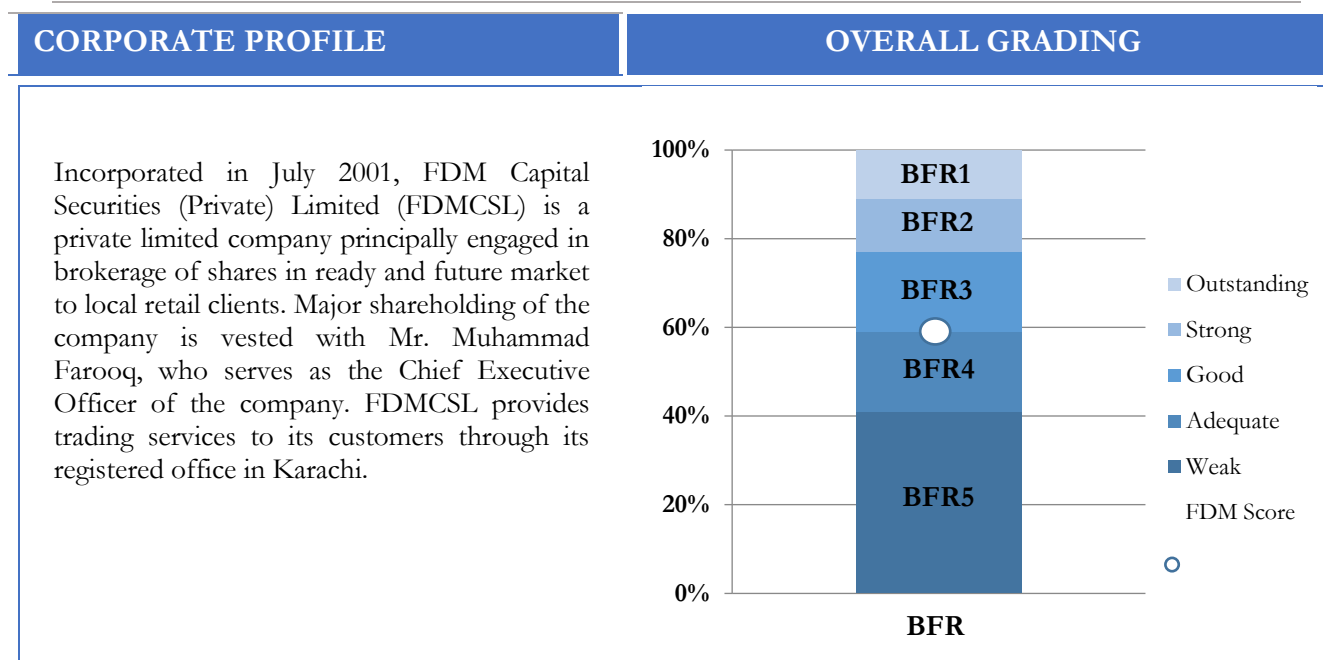
shaheryar@vis.com.pk**RATING DETAILS****Broker Fiduciary Rating****BFR3***Good Fiduciary Rating***Rating Rationale**

The rating signifies adequate governance, business and financial sustainability, client services and sound control and regulatory compliance.

Rating Date

April 15, 2025

COMPANY INFORMATION**Incorporated in 2001****External auditors:** M/s Rahman Sarfaraz Rahim Iqbal Rafiq – Chartered Accountants**Private Limited Company****Chairman/ CEO:** Mr. Muhammad Farooq**Key Shareholders (with stake 5% or more):***Mr. Muhammad Farooq 93.5%~**Mr. Muhammad Munir 6.5%~***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>

FDM Capital Securities Private Limited


FDMCSPL holds Trading Rights Entitlement Certificate (TREC) for Trading & Self Clearing Services granted by Pakistan Stock Exchange Limited (PSX). The Company has also acquired a membership of the Pakistan Mercantile Exchange Limited & Commodities Exchange (PMEX.) External auditors of the Company are M/s Rahman 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).

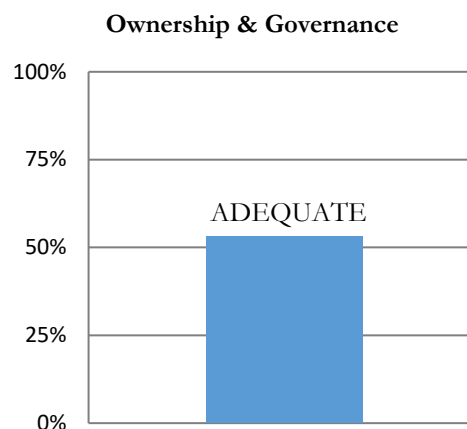
Business and Financial Sustainability Indicators			
	1HFY25*	FY24	FY23
Net Worth (Rs. in Millions)	522	380	264
Gearing Ratio (x)	0.00	0.00	0.01
Leverage Ratio (x)	1.08	0.68	0.46
Liquid Assets /Total Liabilities (x)	1.78	2.13	2.34
Short term Investments/ Equity (%)	51%	58%	48%

*Unaudited Accounts

Rating Indicators

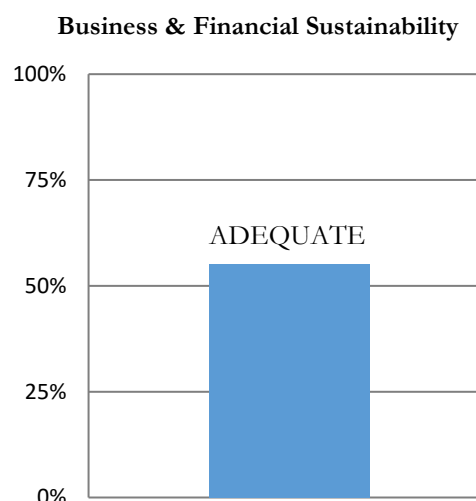
Ownership & Governance

- The Company's board of directors consists of three members, with no independent representation. Additionally, the Company has two board committees, Audit and Human Resource, both with the same composition.
- Expanding the board size, along with adding independent and certified directors, may enhance the Company's governance framework. Similarly, this would facilitate the establishment of additional board committees with a more diversified composition.
- Disclosure levels of the Company is considered sound.



Business & Financial Stability

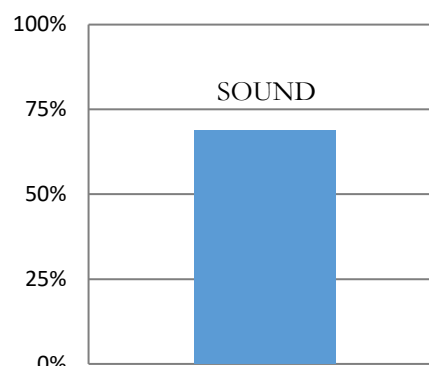
- After consecutive losses in FY22 and FY23, the Company's negative bottom line reversed sharply in FY24. The turnaround momentum continued in 1HFY25. This recovery was driven by higher brokerage revenues amid a surge in market activity, along with higher unrealized gains.
- Consequently, the Company's operational efficiency recorded a notable improvement, with cost-to-income ratio coming down to 58.5% in 1HFY25 (FY24: 85.1%, FY23: 150.0%).
- Market risk is assessed as moderate, as short-term investments in relation to equity are reported at 51.5% as at Dec'24 (Jun'24: 57.7%, Jun'23: 47.7%).
- Liquidity profile of the Company is considered sound, with liquid assets covering 1.78x of the total liabilities as at Dec'24 (Jun'24: 2.13x, Jun'23: 2.34x).
- With an increase in the Company's profitability, the equity base of the Company recorded growth. Capitalization profile of the Company is supported by debt free balance sheet with leverage indicator standing at 1.08x as at Dec'24 (Jun'24: 0.68x, Jun'23: 0.46x).
- Going forward, enhancing, and diversifying revenue base, along with improvement in market risk as well as maintenance of operational efficiency, liquidity profile and capitalization indicators will remain important for the assigned rating.



Management & Client Services

- The Company employs various channels, including mobile and web-based trading platforms, to facilitate client transactions. Additionally, the Company provides research reports to its clients to support them in devising investment strategies.
- However, user friendly investor grievance procedures with greater visibility on the website may improve customer relationship.
- Additionally, undertaking more marketing efforts and advertisements may facilitate Customer reach.
- Contingency measures of the Company are in place. However, these may be further strengthened by outsourcing offsite backups to a third-party warehouse and increasing the frequency of disaster recovery exercises.

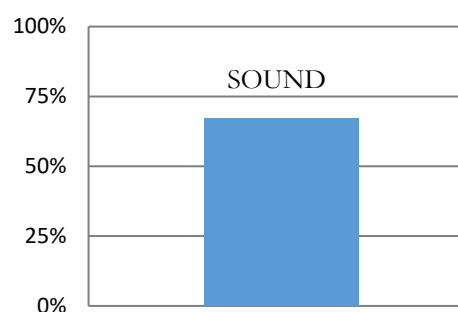
Management & Client Services



Internal Controls & Regulatory Compliance

- Internal controls of the Company are considered sound, with internal policies in place. However, enhancement in the scope of these policies coupled with formulating a separate conflict of interest policy may further enhance the internal control and regulatory compliance frameworks.
- Establishing a separate risk management function could further enhance the control environment.

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.

FDM Capital Securities Private Limited

REGULATORY DISCLOSURES			Appendix I	
Name of Rated Entity	FDM Capital Securities (Private) 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			
	4/15/2025	BFR3	Stable	Reaffirmed
	15/03/2024	BFR3	Stable	Reaffirmed
	3/01/2023	BFR3	Stable	Reaffirmed
	31/08/2022	BFR3	Stable	Reaffirmed
	5/08/2021	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	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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