

BROKER FIDUCIARY RATING REPORT

FDM Capital Securities (Private) Limited

REPORT DATE:

March 26, 2026

RATING ANALYST:

Shaheryar Khan Mangan

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RATING DETAILS	
Broker Fiduciary Rating	BFR3 <i>Good Fiduciary Rating</i>
Rating Rationale	The rating signifies adequate governance, business and financial sustainability, Internal control and regulatory compliance, and management and client services
Rating Date	March 26, 2026

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):	
<i>Mr. Muhammad Farooq ~93.5%</i>	
<i>Mr. Muhammad Munir ~6.5%</i>	

APPLICABLE METHODOLOGY

Applicable Rating Criteria: Broker Fiduciary Ratings:

<https://docs.vis.com.pk/Methodologies-2025/BrokerFiduciaryRating-Nov25.pdf>

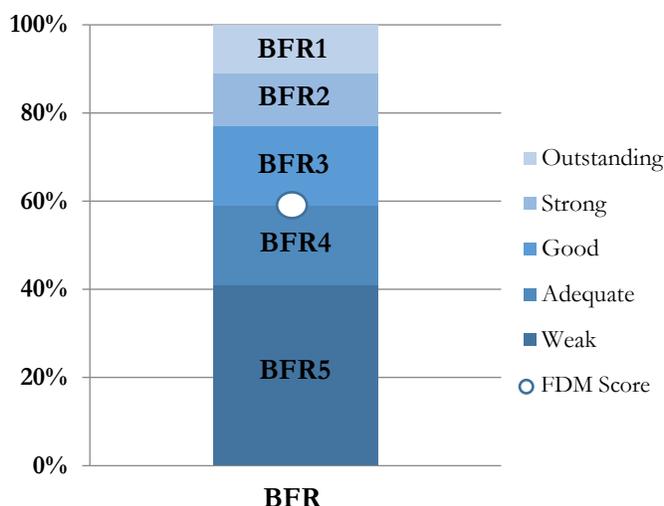
APPLICABLE RATING SCALE(S)

VIS Issue/Issuer Rating Scale:

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

FDM Capital Securities Private Limited
CORPORATE PROFILE

Incorporated in July 2001, FDM Capital Securities (Private) Limited ('FDMCSL' or 'the Company') is principally engaged in brokerage of shares in ready and future market to local retail clients. Major shareholding of the company is vested with Mr. Muhammad Farooq, who serves as the Chief Executive Officer of the company. FDMCSL provides trading services to its customers through its registered office in Karachi.

OVERALL GRADING


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

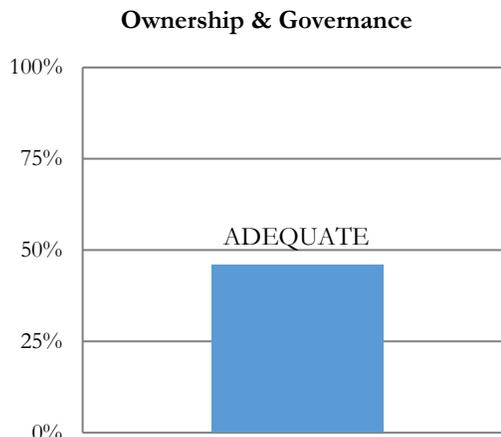
	1HFY26*	FY25	FY24
Net Worth (Rs. in Millions)	705.9	538.1	379.8
Gearing Ratio (x)	0.00x	0.00x	0.00x
Leverage Ratio (x)	0.54x	0.68x	0.68x
Liquid Assets /Total Liabilities (x)	2.29x	1.96x	2.13x
Short term Investments/ Equity (%)	79.8%	66.8%	57.7%

*Unaudited Accounts

Rating Indicators

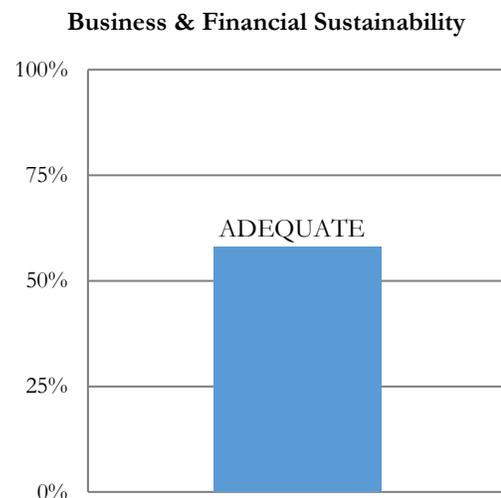
Ownership & Governance

- The Company’s governance framework remains constrained by the small board size, comprising three members with no independent representation. The limited board composition also restricts oversight, with two board committees comprising same members.
- Increasing the size of the Board, along with the induction of independent and certified directors, may strengthen the Company’s governance framework. This would also facilitate improved oversight through the formation of additional board committees with diversified composition.
- The Company’s level of disclosure is considered sound.



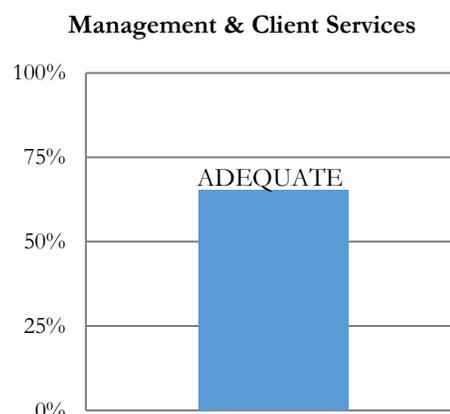
Business & Financial Sustainability

- During FY25 and 1HFY26, the Company has continued to showcase strong profitability, buoyed by higher brokerage revenues, in line with positive industry trend, followed by unrealized and realized gains.
- The Company’s operational efficiency improved in 1HFY26, with cost-to-income ratio decreasing to 66.3% in 1HFY26 (FY25: 85.4%, FY24: 85.4%).
- Market risk is assessed as high, with short-term investments in relation to equity reported at 79.8% in as at Dec’25 (Jun’25: 66.8% Jun’24: 57.7%)
- Liquidity profile of the Company is considered sound, with liquid assets covering 2.29x of total liabilities as at Dec’25 (Jun’25: 1.96x, Jun’24: 2.13x)
- In line with higher profitability, the Company’s equity base strengthened over the period. Additionally, the capitalization profile remains supported by its low-leveraged balance sheet, with no debt on its books.
- Going forward, enhancing, and diversifying revenue base, along with improvement in market risk and operational efficiency, as well as maintenance of liquidity profile and capitalization indicators will remain important for the assigned rating.



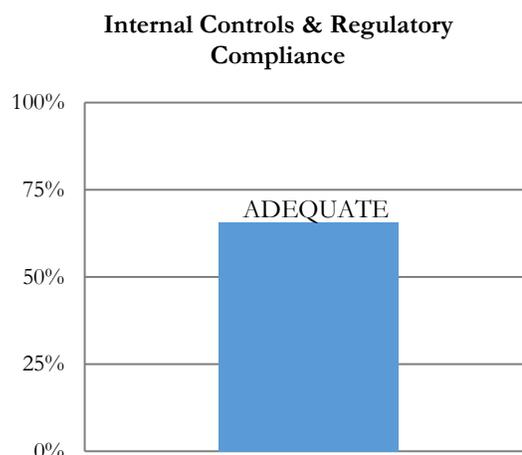
Management & Client Services

- The Company utilizes mobile and web-based trading platforms to facilitate client transactions. While the Company provides research material to its clients, making the same available on its website may further enhance client services.
- Investor grievance procedures with greater visibility on the website may improve customer engagement.
- Establishing a fully integrated ERP platform may further strengthen the management and client services of the Company.
- Furthermore, The Company may also consider undertaking advertising and promotional activities to strengthen its market presence.
- Contingency measures of the Company are in place. However, outsourcing offsite backups to a third-party warehouse and increasing the frequency of disaster recovery exercises may further strengthen these measures.



Internal Controls & Regulatory Compliance

- Internal policies of the Company are 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 framework of the Company.
- Joint inspection of the Company, conducted by the joint inspection team comprising representatives from PSX, CDC, and NCCPL, has highlighted several non-compliances.
- Additionally, penalty imposed by PSX has been also noted. Going forward, ensuring compliance with all applicable regulations will be important from the rating’s perspective.



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			
	26/03/2026	BFR3	Stable	Reaffirmed
	15/04/2025	BFR3	Stable	Reaffirmed
	15/03/2024	BFR3	Stable	Reaffirmed
	03/01/2023	BFR3	Stable	Reaffirmed
	31/08/2022	BFR3	Stable	Reaffirmed
	05/08/2021	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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