

BROKER MANAGEMENT RATING REPORT

FDM Capital Securities (Private) Limited

REPORT DATE:

March 19, 2026

RATING ANALYSTS:

Shaheryar Khan Mangan

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Rating Category	Latest Rating
Broker Management Rating	BMR3++
Rating Rationale	The rating signifies sound external control and client relationship. Compliance and risk management, regulatory requirements, internal controls, financial management, HR and infrastructure are considered adequate.
Rating Date	March 19, 2026

COMPANY INFORMATION

Incorporated in 2001	External auditors: Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
Private Limited Company	CEO/Board Chairman: Mr. Muhammad Farooq
Key Shareholders (with stake 5% or more):	
<i>Mr. Muhammad Farooq ~ 93.52%</i>	
<i>Mr. Muhammad Munir ~ 6.48%</i>	

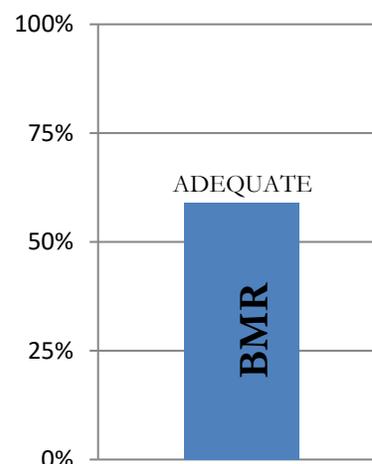
APPLICABLE METHODOLOGY & RATING SCALES

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

Corporate Profile

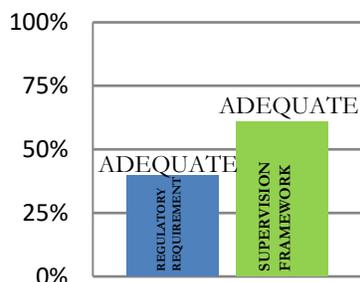
FDM Capital Securities (Pvt.) Limited ('FDMCSL' or 'the Company'), incorporated in July 2001, is a private limited company, and is principally engaged in brokerage of shares in ready and future market to local retail clients. Major shareholding of the Company is vested with Mr. Muhammad Farooq, who serves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

FDMCSL is a private limited company holding 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 M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants. External auditors are placed in category 'A' of the approved list of auditors published by the State Bank of Pakistan (SBP).



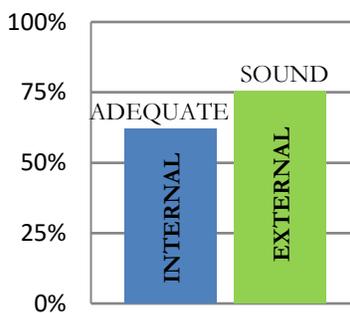
Rating Factors Scores

Regulatory Requirement & Supervision Framework



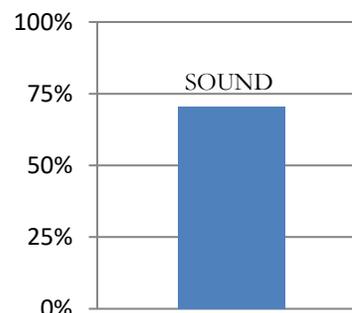
- The Company's governance framework remains constrained by the small board size, comprising three members with no independent representation. The limited board composition also restricts oversight, with two board committees comprising same members.
- Increasing the size of the Board, along with the 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.

Internal & External Control Framework



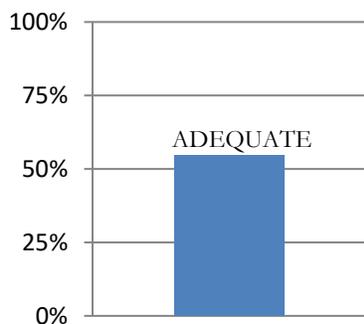
- Internal policies of the Company are in place. However, enhancement in the scope of these policies coupled with formulating a separate conflict of interest policy may further enhance the internal control framework of the Company.
- External control framework of the Company is supported by sound disclosure levels of the Company.

Client Relationship & Fairplay



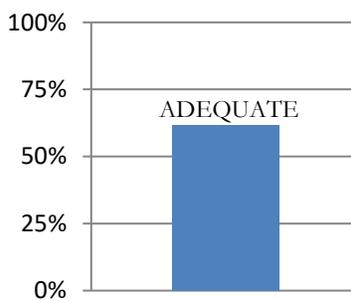
- The Company utilizes mobile and web-based trading platforms to facilitate client transactions. While the Company provides research material to its clients, making the same available on its website may further enhance client services.
- Investor grievance procedures with greater visibility on the website may improve customer engagement.
- Furthermore, The Company may also consider undertaking advertising and promotional activities to strengthen its market presence.

HR & Infrastructure



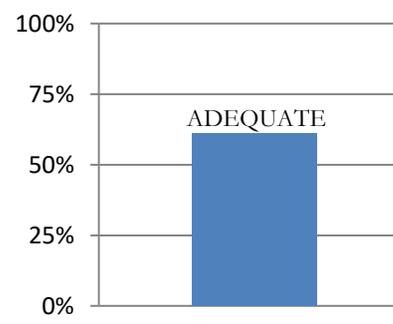
- The Company's HR and infrastructure may be strengthened by establishing a fully integrated ERP platform.
- Contingency measures of the Company are in place. However, outsourcing offsite backups to a third-party warehouse and increasing the frequency of disaster recovery exercises may further strengthen these measures.

Compliance & Risk Management



- 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.

Financial Management



- 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.

REGULATORY DISCLOSURES		Appendix I		
Name of Rated Entity	FDM Capital Securities (Pvt.) Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Management Rating (BMR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	19/03/2026	BMR3++	Stable	Reaffirmed
	15/04/2025	BMR3++	Stable	Reaffirmed
	15/03/2024	BMR3++	Stable	Reaffirmed
	03/01/2023	BMR3++	Stable	Reaffirmed
	29/ 11/ 2021	BMR3++	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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