

## DIGITAL CUSTODIAN COMPANY LIMITED

### Analysts:

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### RATING DETAILS

RATINGS CATEGORY	Initial Rating	
	Long-term	Short-term
ENTITY	A	A1
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	June 03, 2026	

### Shareholding (5% or More)

LSE Capital Limited – 42.5%

LSE Financial Services Limited – 36.0%

LSE Venture Limited – 10.0%

### Other Information

Incorporated in 1992

Public Limited Company (Unlisted)

Chief Executive: Mr. Naeem-ur-Rahman

External Auditor: Kreston Hyder Bhimji & Co. Chartered Accountants

### Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings  
<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

### Rating Scale

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

### Rating Rationale

The rating reflects the evolving business profile of Digital Custodian Company Limited ('DCCL' or the 'Company') as a specialized financial infrastructure and fiduciary services provider operating across custody, trustee, registrar, and digital asset management solutions. The Company benefits from a diversified regulatory framework supported by multiple licenses from the Securities and Exchange Commission of Pakistan (SECP). The rating incorporates the strength and financial flexibility of the sponsoring LSE Group companies. The assigned rating further draws comfort from DCCL's technology-focused operating model. The Company has developed several proprietary digital platforms supporting registrar services, custody operations, asset digitization, and financial transaction management, which provide avenues for business expansion and operational efficiency. Core income generation remains primarily supported by trusteeship services, while ongoing expansion into technology and SaaS-based offerings is expected to support revenue diversification over time. Profitability indicators remain moderate due to continued investments in technology infrastructure and digital platform development, which have constrained operating margins, and are expected to improve as business scales up.

The Company maintains a low leveraged capital structure supported entirely through equity financing, which provides financial flexibility. Liquidity indicators are considered adequate, with manageable counterparty risk and support from group companies underpinning the overall funding profile. Going forward, sustained growth in core profitability, expansion in scale of operations, and strengthening of the equity base will remain important rating sensitivities.

## Company Profile

Digital Custodian Company Limited ('DCCL' or the 'Company') was incorporated on February 12, 1992 under the repealed Companies Ordinance, 1984 as a private limited company. The Company converted its status from Private Limited Company to Unlisted Public Limited Company on June 19, 2009. Until 2020, the Company existed as the wholly owned entity of MCB Bank. In 2020-21, the Company was acquired by the new sponsors led by ISE REIT Management Company Limited. Subsequently, through a series of capital reorganization, the Company's majority shareholding has been concentrated in the three companies of LSE Enterprises, created out of the former Lahore Stock Exchange (LSE).

The principal objectives of the Company are to act as Trustee of investment trust schemes, voluntary pension schemes, and real estate investment trust schemes, to provide custodian services and to act as transfer agent/share registrar of securities of listed and unlisted companies and mutual fund etc.

DCCL has multiple regulatory licenses from the Securities and Exchange Commission of Pakistan (SECP) including Trustee license for open - end and Closed end schemes, Debt Security Trustee, Share Registrar and Balloter License. Plus an Authorized Intermediary Services provider. Additionally, the State Bank of Pakistan (SBP) has granted approval for RTGS Membership as a Direct Participant.

## Sponsor Profile

The sponsors primarily comprise the LSE Group Companies, collectively operating under the umbrella of "LSE Enterprises." These entities emerged following the demerger and strategic repositioning of the successor company of the former Lahore Stock Exchange. Under the revised group structure, LSE Capital Limited (LSECL) functions as the parent company overseeing the operations of Digital Custodian Company Limited (DCCL), LSE Ventures Limited (LSEVL), and LSE Financial Services Limited (LSEFSL). LSECL, LSEVL, and LSEFSL are publicly listed entities on the Pakistan Stock Exchange (PSX).

LSECL (42.5% shareholding) is licensed as a Consultant to the Issue, providing IPO advisory and corporate finance services, with particular expertise in mergers & acquisitions, transaction structuring, and corporate restructuring solutions. The company focuses on delivering innovative financing structures, efficient transaction execution, and timely mandate closures. As of March 2026, LSECL reported a total asset base of approximately PKR 4.0 billion and equity of PKR 3.4 billion.

LSEFSL (36% shareholding) operates as a Non-Banking Finance Company (NBFC) engaged in margin financing and investments in various financial instruments. The company holds an Investment Finance Services license and primarily focuses on capital market-related financing activities. As of March 2026, LSEFSL reported total assets of PKR 314 million and equity of PKR 239 million.

LSEVL (10% shareholding) is a licensed Corporate Restructuring Company (CRC) that has strategically transitioned from a venture capital focus toward distressed asset management and turnaround services. The company specializes in the acquisition and resolution of non-performing loans from financial institutions, offering debt restructuring, operational reorganization, and rehabilitation solutions aimed at restoring long-term viability and profitability of distressed businesses. As of March 2026, LSEVL maintained a total asset base of PKR 4.7 billion and equity of PKR 4.0 billion.

LSE sponsors through Mt. Aftab Ahmad also holds 5.7% along with another 5.75% shareholding held by Zahid Latif Khan securities Limited 5.75%, a brokerage house.

## Management and Governance

The Board comprises seven members, including the Chairperson and the Chief Executive Officer (CEO). Its composition includes two Independent Directors and three Non-Executive Directors. Female representation on the Board is maintained through the Chairperson and one Non-Executive Director. Overall, the Board consists of experienced and professionally qualified individuals with diversified expertise across relevant business and financial domains. The Board structure is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, issued by the Securities and Exchange Commission of Pakistan.

Name of Director	Designation
Ms. Shahbano Hameed	Chairperson / Independent Director
Mr. Naeem Ur Rehman	Chief Executive Officer

Ms. Aasiya Riaz	Non-Executive Director
Mr. Ahmad Ali Quddusi	
Mr. Muhammad Usman	
Mr. Muhammad Faisal Janjua	Independent Director
Mr. Rana Naveed Ahmed	

Shahbano Hameed (Chairperson) is an experienced banking and fintech professional with over sixteen years of expertise in sales, business development, financial inclusion, and digital products. She has held leadership roles across prominent financial institutions and fintech ventures, most recently serving as CEO and Co-Founder of Prosper Technologies, where she secured a USD 1 million pre-seed funding round and led investor and stakeholder engagement. Previously, she headed Sales and Business Development at Telenor Bank, managing multi-functional growth initiatives and large teams, while earlier positions at Askari Bank, Barclays Bank, and Allied Bank strengthened her experience in corporate banking and investment strategy. A CFA Level 3 candidate, she holds an M.Sc. in Financial Management and Control from Birmingham, UK, and a BBA (Honours) in Finance from NUST, complemented by executive leadership training from London Business School and Oslo.

Naeem-ur-Rahman (Chief Executive Officer) is a seasoned financial services and operations professional with nearly two decades of experience in asset management, operations, product development, and business leadership. Before being promoted he served as Chief Business Officer at DCCL, where he has also held the role of Deputy Head of Operations & Product Development, contributing to strategic growth and operational excellence. Prior to this, he spent over eleven years at MCB Financial Services Limited as Deputy Head of Operations (AVP). Earlier in his career, he worked with Reliance Investments, Philips Electrical Industries of Pakistan, and Clariant Pakistan, gaining broad exposure to finance, procurement, audit, and operational processes. He holds an MBA in Finance from Bahria University.

### MANAGEMENT:

Mr. Naeem-ur-Rahman (CEO), reports directly to the Board and also serves as the Chief Business Officer and Head of Marketing. Key operational departments under the CEO include Trustee and Operations, headed by Mr. Faisal Amin; Share Registry, headed by Mr. Muhammad Suleiman; Compliance, managed by Mr. Dabeer Khan; and Information Technology, headed by Mr. Siddique-ur-Rahman Khurram. Separately, the Group CFO oversees the finance and human resource functions, including Mr. Rashid Matin Khan (CFO), the Finance Manager & Admin, Senior Officer, Senior HR Officer, and general support staff. The Company has a total workforce of 50 employees, reflecting a streamlined organizational structure.

### Auditor:

Kreston Hyder Bhimji & Co. Chartered Accountants, categorized as 'Category A' on the State Bank of Pakistan's Panel of Auditors and holding a satisfactory QCR rating from the Institute of Chartered Accountants of Pakistan (ICAP), has issued an unqualified audit opinion on the Company's financial position as of June 2025.

## Business Risk

### INDUSTRY

The custodian and trustee services industry in Pakistan is a key component of the country's capital market infrastructure, providing safekeeping, settlement, and fiduciary oversight of financial assets. The industry primarily serves mutual funds, pension funds, REITs, sukuk and other debt instruments, as well as institutional investors, and operates under the regulatory supervision of the Securities and Exchange Commission of Pakistan (SECP). Custodian services in Pakistan are closely linked with the country's centralized securities infrastructure led by Central Depository Company of Pakistan Limited (CDC), which acts as the sole securities depository in Pakistan under the Central Depositories Act, 1997.

Trustee services play an important fiduciary role, particularly in the debt and collective investment scheme markets. Trustees act on behalf of investors to safeguard their interests, ensure compliance with offering documents and regulatory requirements, oversee security creation in debt transactions, and monitor fund managers or issuers. These services are essential for sukuk issuances, term finance certificates (TFCs), mutual funds, pension schemes, and REIT structures. Overall, the industry in Pakistan remains relatively concentrated, with a small number of licensed custodians and trustees operating in the market, alongside CDC-linked infrastructure. However, the sector is gradually evolving with the emergence of specialized and digital custody and trustee service providers, reflecting broader digitization trends in capital markets.

The industry is supported by structural growth drivers such as the expansion of mutual funds and pension assets, increasing activity in Islamic finance and sukuk markets, rising institutional participation in capital markets, and regulatory emphasis on transparency and investor protection. At the same time, it faces challenges including limited market depth, concentration of investor base, operational and cybersecurity risks, and the ongoing need for technological modernization and stronger governance frameworks.

## OPERATIONAL PROFILE:

DCCL is a technology-enabled financial infrastructure provider offering custody, trustee, fund administration, registry, and digitization services across multiple asset classes. The company operates as a regulated intermediary that ensures safekeeping of assets, transaction integrity, investor protection, and compliance management for institutional, corporate, and retail participants in capital markets and real asset ecosystems. At its core, DCCL functions as a trustee and custodian for specialized investment structures, including mutual funds, REITs, pension schemes, voluntary pension systems, debt securities, and special purpose acquisition companies. In this capacity, it is responsible for safeguarding underlying assets, monitoring compliance with constitutive documents and regulations, facilitating settlements, and ensuring transparent reporting to investors and regulators. The Company also extends custodial services to discretionary investment portfolios, occupational savings schemes (pensions, provident and gratuity funds), private equity and venture capital funds, and specially managed accounts.

DCCL further operates a Corporate Ownership Registrar platform that provides share registration services for listed and unlisted companies. This includes maintaining shareholder registers, enabling digital dividend distribution, facilitating e-voting and virtual general meetings, and administering employee stock option schemes (ESOS) and retirement-linked ownership structures. This vertical positions DCC as a critical infrastructure provider for corporate governance digitization and shareholder management. In addition, the Company offers a range of escrow and transaction security services, including independent escrow arrangements, fractionalized or tokenized asset custody, stock pledging and blocking mechanisms, and source code escrow for technology and intellectual property transactions. These services are designed to reduce counterparty risk and enhance transaction assurance across capital market, fintech, and digital asset ecosystems. DCC also provides specialized solutions for real estate ecosystem participants, including digitized property title registries.

Segment	Companies	Securities	Investors
Mutual Funds- Trustee	9	33	35K
	AMCs	Funds	Unitholders
Special accounts-Custodian	6	25	25
	AMCs	SMA's	Investors
Private Equity-Trustee	4	5	35
	PE Firms	Funds	Unitholders
REIT Schemes-Trustee	8	16	3K
	RMCs	Schemes	Investors
Escrow-Trustee & Custodian	5	26	27
	Entities	Instruments	Parties
Registrar-Corporate Share registrar	33	33	47K
	Companies	Securities	Shareholders
E-Voting	39	N/A	N/A

## IT INFRASTRUCTURE / CERTIFICATIONS:

DCCL offers a comprehensive suite of technology-driven services focused on asset digitization, registry management, and integrated financial platforms. The Company's solutions are primarily developed in-house supported by dedicated backup and recovery mechanisms. Its portfolio includes specialized platforms such as the One-App investor portfolio tool, d-shares Registry for digitized share lifecycle management, LANDPRISE for real estate title and lease management, Smart Stocks for equity registry services, and the Multi-Assets Custodian System (MACS). The Company's service offerings further extend to marketplace platforms facilitating asset fractionalization, e-IPOs, and collateral management, all integrated with digital payment gateways and payment systems, including RTGS and Raast. In addition, DCCL provides flexible deployment, rights-of-use rental arrangements, and SaaS-based subscription services, alongside specialized modules for fund management, asset models comprising outright sales collateralization, and automated employee stock option plans (DESOP).

The Company has obtained internationally recognized certifications, including ISO 27001 for Information Security Management, ISO 9001 for Quality Management, and ISO 22301 for Business Continuity Management. Furthermore, the valuation of the MACS Core Platform has been completed by KPMG, while intellectual property rights have been secured through copyrights registered with the Intellectual Property Organization (IPO) of Pakistan. On the cybersecurity front, penetration testing has been conducted by Risk Associates, and Vulnerability Assessment and Penetration Testing (VAPT) has been completed and verified by ITButler e-Services. In addition, third-party functionality and

penetration testing of the MACS platform is currently being undertaken by A. F. Ferguson & Co., while accreditation for cryptographic services from the Electronic Certification Accreditation Council (ECAC) is also in process.

#### PROFITABILITY:

The Company's operating income has demonstrated steady growth over the years, primarily driven by the trusteeship segment, which contributes nearly 80% of total revenues, with growth underpinned by the sustained expansion of the mutual fund industry over time. Income from share registrar and debt securities trustee services has also shown gradual improvement, albeit remaining modest in overall contribution.

Despite the topline growth, profitability indicators have remained constrained as operating expenses increased at a faster pace than revenues. This was largely attributable to continued investments in the Company's digital infrastructure and technology platforms aimed at strengthening long-term operational capabilities and enhancing service delivery. While these investments are expected to improve scalability and operational efficiencies over time, the associated benefits and economies of scale are yet to fully materialize. Consequently, margins have remained volatile, limiting the Company's core profitability profile. In FY24, profitability was supported by one-off other income arising from the sale of Modaraba certificates, which boosted net profit to PKR 75 million, however, excluding the impact of this non-recurring gain, the Company's profitability remained relatively moderate.

## Financial Risk

### CAPITAL STRUCTURE

The Company's capitalization profile reflects a fully equity-funded balance sheet, with no reliance on external borrowings. Capital has strengthened over time, supported by the conversion of related-party loans—originally obtained for asset acquisitions—into equity during FY23, alongside incremental internal capital generation through retained profitability. Consequently, the equity base increased to PKR 606 million by end FY25. However, subsequent to the first half of FY26, equity declined to PKR 427 million following the adjustment and set-off of outstanding balances against investments in associated entities, with the residual impact absorbed directly through a reduction in equity. As scale builds up, further strengthening of equity will remain important for ratings.

### DEBT COVERAGE & LIQUIDITY

The Company's liquidity profile is considered adequate. Counterparty credit risk remains contained, with receivables largely reflecting delayed recoveries rather than any material impairment concerns. Around 40% of receivables are aged above 180 days; however, such delays reflect industry-wide payment practices in a relatively small operating market. The current ratio remains at an adequate level, primarily supported by the buildup of payables against related parties, which reduces immediate liquidity pressure. Overall liquidity comfort is underpinned on group companies support, in addition to the overall funding and cash flow position.

<b>Financial Summary</b>				<b>Appendix I</b>
<b>Balance Sheet (PKR Millions)</b>	<b>Jun'23</b>	<b>Jun'24</b>	<b>Jun'25</b>	<b>Dec'25</b>
Property, plant and equipment	21.7	11.1	16.5	16.7
Intangible Assets	362.0	376.6	388.2	388.2
Long-term Deposit	2.2	2.2	0.2	0.2
Investment in Associate	85.3	216.7	226.7	-
Deferred Tax	-	-	-	-
Trade Debt	16.5	13.0	18.5	23.9
Investment	0.2	0.3	2.7	0.3
Other Current Asset	72.7	9.5	14.7	19.9
Cash & Bank Balances	2.1	1.3	3.3	0.6
<b>Total Asset</b>	<b>562.7</b>	<b>630.6</b>	<b>670.8</b>	<b>449.9</b>
Lease and Deferred Tax Liabilities	15.7	15.9	16.0	11.8
Liability against intangible assets	-	-	-	-
Accrued and other liabilities	24.4	14.6	48.0	10.8
<b>Total Liabilities</b>	<b>40.1</b>	<b>30.5</b>	<b>64.0</b>	<b>22.6</b>
Paid-Up Capital	522.7	522.7	522.7	400.0
Share Premium	-	-	-	-
Capital Reserve	-	6.0	8.7	0.0
Revenue Reserves	(0.1)	71.5	75.4	27.2
<b>Total Equity</b>	<b>522.5</b>	<b>600.1</b>	<b>606.8</b>	<b>427.2</b>
<b>Income Statement (PKR Millions)</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>1HFY26</b>
Operating Income	98.1	119.7	127.2	63.2
Operating Profit	9.3	21.1	10.0	12.6
Profit Before Tax	17.3	98.1	20.8	13.9
Profit After Tax	5.4	75.9	3.8	1.2
<b>Ratio Analysis</b>	<b>Jun'23</b>	<b>Jun'24</b>	<b>Jun'25</b>	<b>Dec'25</b>
Operating Margin (%)	9.5%	17.6%	7.9%	19.9%
Net Margin (%)	5.5%	63.4%	3.0%	1.9%
Funds from Operation (FFO) (PKR Millions)	(3.8)	18.7	1.3	0.7
FFO to Total Debt* (%)	NA	NA	NA	NA
FFO to Long Term Debt* (%)	NA	NA	NA	NA
Gearing (x)	NA	NA	NA	NA
Leverage (x)	0.08	0.05	0.11	0.05
Debt Servicing Coverage Ratio* (x)	NA	NA	NA	NA
Current Ratio (x)	3.2	1.3	0.8	4.1
(Stock in trade + trade debts) / STD (x)	NA	NA	NA	NA
Return on Average Assets* (%)	1.0%	12.7%	0.6%	0.4%
Return on Average Equity* (%)	1.6%	13.5%	0.6%	0.5%
Cash Conversion Cycle (days)	NA	NA	NA	NA
*Annualized, if required				

## REGULATORY DISCLOSURES Appendix II

<b>Name of Rated Entity</b>	Digital Custodian Company Limited				
<b>Sector</b>	NBFC				
<b>Type of Relationship</b>	Solicited				
<b>Purpose of Rating</b>	Entity Ratings				
<b>Rating History</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Short Term</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: ENTITY</b>				
	June 03, 2026	A	A1	Stable	Initial
<b>Instrument Structure</b>	N/A				
<b>Statement by the Rating Team</b>	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.				
<b>Probability of Default</b>	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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<b>Due Diligence Meetings Conducted</b>	<b>Name</b>	<b>Designation</b>			<b>Date</b>
	Mr. Naeem-ur-Rahman	Chief Executive Officer			May 07, 2026
	Mr. Rashid Matin Khan	Chief Financial Officer (CFO)			
	Mr. Dabeer Khan	Manager Compliance			