BROKER FIDUCIARY RATING REPORT

DJM Securities Limited

REPORT DATE:

August 15, 2025

RATING ANALYSTS:
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RATING DETAILS	
Broker Fiduciary Rating	**BFR3** *Good Fiduciary Standards*
Rating Rationale	The rating signifies adequate business and financial sustainability, Ownership and governance, client services, internal controls and compliance are adequate.
Rating Date	August 15, 2025

COMPANY INFORMATION	
Incorporated in 2002	**External auditors:** BDO Ebrahim and Co. Chartered Accountants
Public Unlisted Company	**CEO/Board Chairman:** Mr. Abdul Samad Dawood
Key Shareholders (with stake 5% or more):	
Mr. Muhammad Yaqoob ~ 31.52%	
Mrs. Sumya Abdul Qadir ~ 21.60%	
Miss. Mariam Dawood ~21.60%	
Mr. Abdul Samad Dawoood ~ 21.92%	

APPLICABLE METHODOLOGY

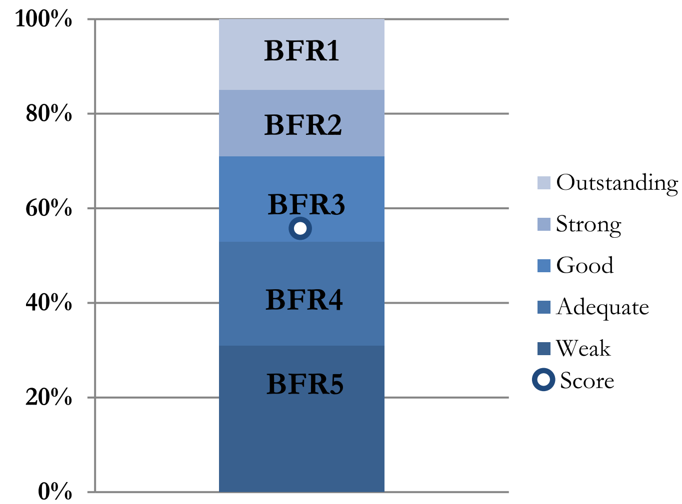
Applicable Rating Criteria: Broker Fiduciary Ratings:
https://docs.vis.com.pk/Methodologies%202024/Broker-Fiduciary-Rating.pdf
VIS Rating Scale
https://docs.vis.com.pk/docs/VISRatingScales.pdf

DJM Securities Limited

CORPORATE PROFILE

DJM Securities Limited ('DJMSL' or 'the Company') is a public unlisted company incorporated in 2002, providing equity brokerage services to institutional as well as individual clients, in both local and international equity and future markets. Major shareholding of the Company is vested with four individuals including the CEO. The company operates from Karachi and provides both online and assisted trading services to its clients.

OVERALL GRADING



DJMSL is a public unlisted 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 BDO Ebrahim and Co. Chartered Accountants and they belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).

Business and Financial Sustainability Indicators

	HFY25*	FY24	FY23
Size of Net Worth (Rs. In Millions)	3,227.4m	1,669.5m	760.1m
Gearing x (total interest-bearing debt/ total equity)	0.33x	0.09x	1.58x
Leverage x (total liabilities/ total equity)	0.38x	0.21x	1.72x
Liquid Assets/ Total Liabilities (x)	3.45x	5.45x	1.41x
Short term Investments/ Total Equity (%)	128%	107%	238%

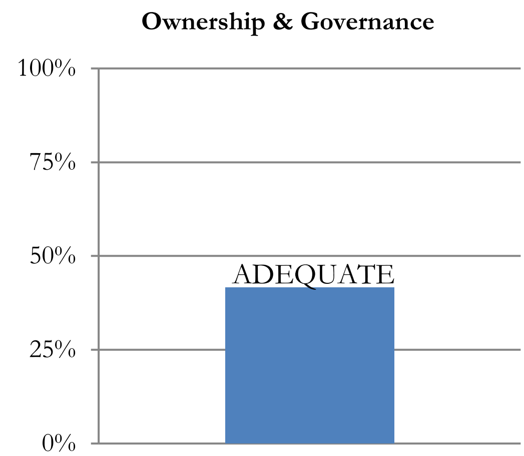
**Unaudited accounts*

DJM Securities Limited

Rating Indicators

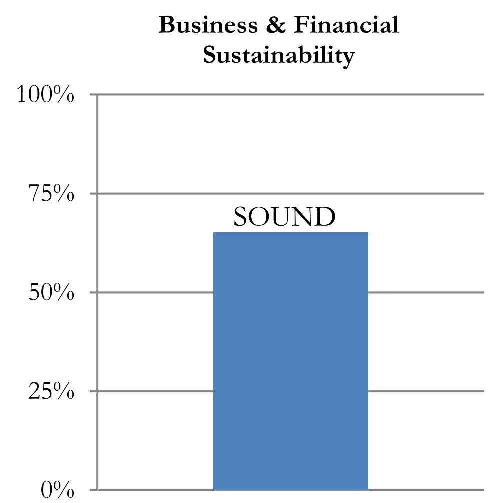
Ownership & Governance

- The Company's governance framework remains constrained due to the limited size of the board, comprising only three members with no independent representation. The absence of functioning board committees further restricts the effectiveness of the governance structure.
- Expanding the board size with inclusion of certified and independent directors, along with formation of board committees headed by independent directors may strengthen the Company's governance profile.
- Inclusion of the Director's Report, CEO's Statement, and Statement of Compliance with the Code in the financial statements, along with uploading the same on the Company's website, may further enhance disclosure levels.



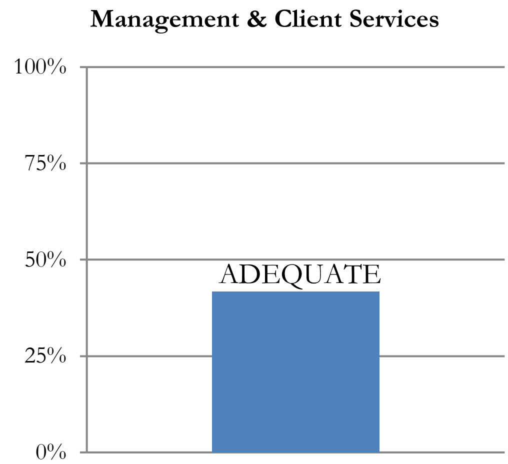
Business & Financial Sustainability

- During FY24 and HFY25, the Company reported staggering profitability, driven by higher unrealized gains, followed by realized capital gains, with small contribution from brokerage income, its core business.
- While the cost-to-income ratio of the Company improved to ~54% in FY24 (FY23: ~77%), it increased to ~74% in HFY25.
- Market risk of the Company is elevated, with short term investments relative to equity at ~128% as at Dec'24 (Jun'24: ~107%, Jun'23: ~238%).
- Liquidity profile of the Company is assessed as sound.
- The Company's equity base has strengthened in line with higher profitability, standing at PKR 3,227m as at Dec'24 (Jun'24: PKR 1,669m, Jun'23: PKR 760m. As a result, the Company's gearing and leverage ratio has improved to 0.33x and 0.38x (Jun'24: 0.09x and 0.21x, Jun'23: 1.58x and 1.72x) from Jun'23 levels, albeit a slight increase noted from Jun'24.
- Going forward, enhancing revenue base and diversifying revenue streams, along with improving operational efficiency, as well as managing market risk and maintaining liquidity and capitalization profile will be important for the rating.



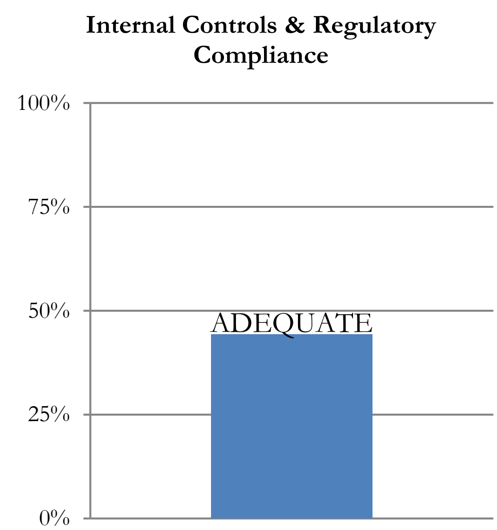
Management & Client Services

- Documentation of customer order recording and execution and confirmation alerts thereof may be strengthened to ensure compliance with the applicable laws.
- Similarly, information technology systems may be enhanced to ensure the confidentiality, integrity, security, and availability of information, in line with the minimum standards prescribed by PSX.
- Additionally, undertaking invitations and advertisements may facilitate Customer reach.
- Making research reports and commission rates available on the website may further enhance the Company's client service features.



Internal Controls & Regulatory Compliance

- Enhancements in internal controls of the Company may be achieved through constituting an independent internal audit and risk management department.
- Joint inspection of the Company, conducted by the joint inspection team comprising representatives from PSX, CDC, and NCCPL, has highlighted several non-compliances. 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.

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REGULATORY DISCLOSURES	Appendix I
Name of Rated Entity	DJM Securities Limited
Sector	Brokerage
Type of Relationship	Solicited
Purpose of Rating	Broker Fiduciary Rating (BFR)
Rating History	see table below
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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Rating History

Rating Date	Rating	Rating Outlook	Rating Action
RATING TYPE: BFR			
15/08/2025	**BFR3**	**Stable**	Reaffirmed
29/05/2024	BFR3	Stable	Reaffirmed
27/01/2023	BFR3	Stable	Reaffirmed
24/09/2021	BFR3	Stable	Initial