

BROKER MANAGEMENT RATING REPORT

DJM Securities Limited

REPORT DATE:

August 15, 2025

RATING ANALYSTS:

Shaheryar Khan Mangan

shaheryar@vis.com.pk**APPLICABLE METHODOLOGY:**

Broker Management Ratings:

<https://docs.vis.com.pk/Methodologies%202024/Broker-Management.pdf>

VIS Rating Scale

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

Rating Category	Latest Rating
Broker Management Rating	BMR3+
Rating Rationale	The rating signifies sound external controls. Regulatory framework, internal controls, client relationship, HR, compliance and financial management are considered adequate.
Rating Date	August 15, 2025

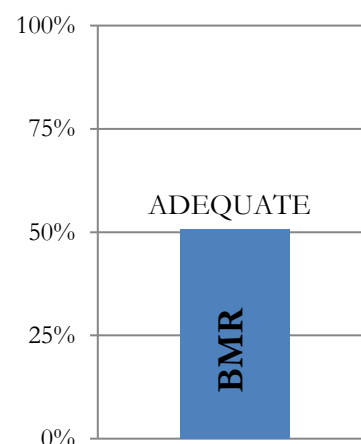
COMPANY INFORMATION

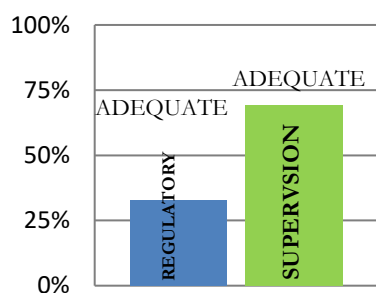
Incorporated in 2002	External auditors: BDO Ebrahim and Co. Chartered Accountants
Public Unlisted Company	CEO/Board Chairman: Mr. Abdul Samad Dawood
Key Shareholders (with stake 5% or more):	
Mr. Muhammad Yaqoob ~ 31.52%	
Mrs. Sumya Abdul Qadir ~ 21.60%	
Miss. Mariam Dawood ~ 21.60%	
Mr. Abdul Samad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

Corporate Profile

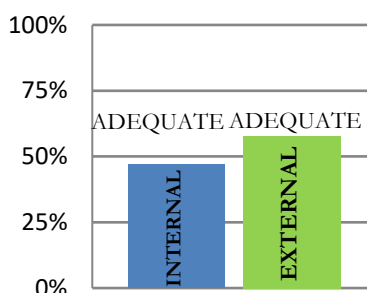
DJM Securities Limited is a public unlisted company incorporated in 2002, providing equity brokerage services to institutional as well as individual clients, in both local and international equity and future markets. Major shareholding of the company is vested with four individuals including the CEO.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

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).

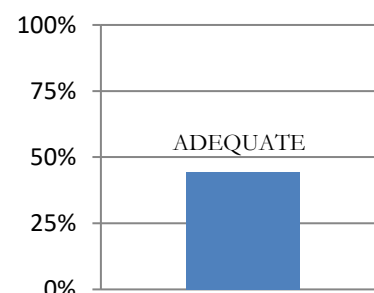


Rating Factors Scores
Regulatory Requirements & Supervision


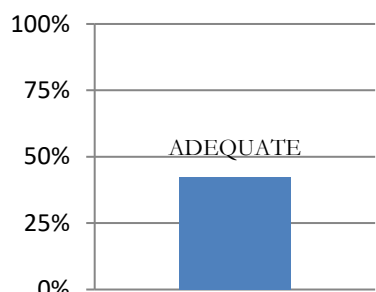
- The Company's governance framework remains constrained due to the limited size of the board, comprising only three members with no independent representation. The absence of functioning board committees further restricts the effectiveness of the governance structure.
- Expanding the board size with inclusion of certified and independent directors, along with formation of board committees headed by independent directors may strengthen the Company's governance profile.

Internal & External Control Framework


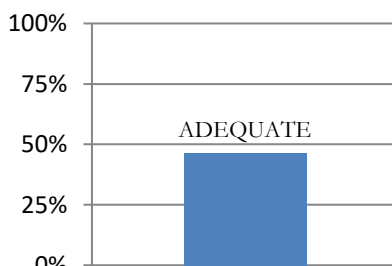
- Internal control policies of the Company are in place. However, enhancements in the scope of these policies may further improve the internal control framework. Additionally, having an independent internal audit function may further strengthen the Company's internal control framework.
- Inclusion of 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 external control framework.

Client Relationship & Fairplay


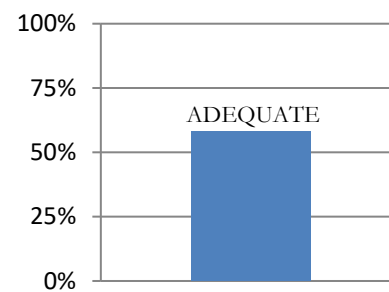
- Making research reports and commission rates available on the website may further enhance the Company's client service features.
- Additionally, undertaking invitations and advertisements may facilitate Customer reach.
- Documentation of customer order recording and execution and confirmation alerts thereof may be strengthened to ensure compliance with the applicable laws.

HR & Infrastructure


- 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.

Compliance & Risk Management


- Enhancements in compliance & risk management may be achieved through constituting an independent 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.

Financial Management


- 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.

REGULATORY DISCLOSURES			Appendix I	
Name of Rated Entity	DJM Securities Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Management Rating (BMR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BMR			
	15/08/2025	BMR3+	Stable	Reaffirmed
	29/05/2024	BMR3+	Stable	Reaffirmed
	27/01/2023	BMR3+	Stable	Reaffirmed
	24/ 09/ 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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