



DAWOOD EQUITIES LIMITED

TREC HOLDER PAKISTAN STOCK EXCHANGE LIMITED - TREC NO. 058
MEMBER OF PAKISTAN MERCANTILE EXCHANGE - PMEX CODE 195

Date: September 24, 2021

The Deputy General Manager
Companies Affairs Department
Pakistan Stock Exchange Ltd.
Stock Exchange Building
Stock Exchange Road
Karachi- 74000

SUBJECT: DISCLOSURE OF MATERIEL INFORMATION — ASSIGNING OF CREDIT RATING

Dear Sir,

In accordance with Section 96 and 131 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, M/s. Dawood Equities Limited ("Company") would like to convey that M/s. The Pakistan Credit Rating Agency Limited ("PACRA") has in its recent credit rating report, assign the Company's Credit Rating (A-) for Long Term and (A2) for Short Term basis.



PACRA's press release in relation to assigning of Company's Credit Rating is attached with this disclosure.

Disclosure form in term of Section 96 and 131 of the Securities Act, 2015 is attached for information.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,

For Dawood Equities Limited



Salman Yaqoob
Chief Financial Officer
& Company Secretary

CC: The Director/ Head of Department
Surveillance, Supervision and Enforcement Department
Securities & Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Islamabad-44000, Pakistan

Head Office:
17th Floor, Saima Trade Towers-A,
I.I. Chundrigar Road, Karachi.
Tel: (92-21) 32271881-83 Fax: (92-21) 32275086

Stock Exchange Branch:
Room # 409, 410, New Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (92-21) 32418873-74

Hyderabad Office:
Shop # 7, Mezzanine Floor Autobhan Tower,
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SCHEDULE DISCLOSURE FORM

Date: September 24, 2021

Name of Company : Dawood Equities Limited
Registered Office : 17th Floor Saima Trade Tower – A I.I Chundrigar Road Karachi
Date of Report : September 24, 2021
Contact Information : Chief Financial Officer & Company Secretary
Telephone No. : 021-32275200
Email Address : salman@dawoodequities.com

Disclosure of inside information by listed company in terms of Section 96 and 131 of the Securities Act, 2015.

M/s. Dawood Equities Limited ("**Company**") would like to convey that M/s. The Pakistan Credit Rating Agency limited ("PACRA") has in its recent credit rating report assigned the Company's Credit Rating (A-) for Long Term and (A2) for Short Term basis.

PACRA's press release in relation to upgradation of Company's Credit Rating is attached with this disclosure.

For Dawood Equities Limited

Salman Yaqoob
Chief Financial Officer
& Company Secretary



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Date

24-Sep-21

Analyst

Madiha Sohail
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+92-42-35869504
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Applicable Criteria

- Methodology | Broker Entity Rating | Jun-21
- Criteria | Correlation Between Long-term & Short-term Rating Scales | Jun-21
- Criteria | Rating Modifiers | Jun-21

Related Research

- Sector Study | Brokerage & Securities | Jan-21

Disclaimer

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PACRA Assigns Initial Entity Ratings to Dawood Equities Limited

Rating Type	Entity
	Current (24-Sep-21)
Action	Initial
Long Term	A-
Short Term	A2
Outlook	Stable
Rating Watch	-

The ratings assigned to Dawood Equities Limited ("DEL" or "the Company") draw comfort from improved financial performance, revamped business strategy, improved cost control measures and enhanced customer base. The assigned rating also incorporates the Company's high exposure to market risk due to the proprietary book, augmented by well-established policies to mitigate conflict of interest. Revenue base of the Company largely comprises earnings from equity brokerage through mix of investors along with support from capital gains on investments. Over the past few years, the Company has posted a steady growth in revenue leading to reduction in accumulated losses however, given the lack of diversity in operations profitability is likely to remain volatile. Going forward, the Company is planning to diversify its revenue stream through underwriting and advisory services. Zero leveraged capital structure and strong liquidity buffers continue to provide support to overall financial risk profile. During 9MFY21, the brokerage commission witnessed an increase of ~2.4x resulting in profit after tax of ~PKR 42mln (9MFY20: ~PKR 9.2mln). While the equity of the Company stood at PKR 276mln at end Mar'21. This is supplemented by pledge of sponsor's shares, with latest market value of above PKR 150mln, in favor of DEL. Based on these securities, in addition to the securities available on balance sheet, a credit line of PKR 150mln is exclusively available to the Company. The assigned rating is also supported by experienced management team. The Company has a lean organization structure with most of the heads reporting to CEO. Sound risk assessment and dedicated personnel for compliance function provides further support to the ratings. The internal audit function of the Company is in house and reports independently to the audit committee. The Company has accustomed IT infrastructure in place. The ratings would remain dependent on the Company's ability to sustain stable equity, improved profitability and stable market share. Furthermore retention of key personnel, strong Board framework, insightful monitoring of market risk, liquidity management, upholding strong internal controls would remain imperative.

About the Entity

Dawood Equities Limited, was incorporated under the Companies Act 2017, on May 3, 2006 as public limited company. The Company obtained listing on Pakistan stock Exchange in 2008. Mr. Ayaz Dawood owns 19% stakes in the Company followed by Bank of Khyber (15%) and Mr. Asim Abdul Ghani (10%). While 55% pertains to free float shares. The Company's service offering includes Economic and Investment Research, Equity Brokerage, and Corporate Finance & Financial Advisory service. The Company's equity brokerage mainly comprises of services including dealing in securities on Ready and Future counters and MTS & MFS. The Company operates through three branch offices, located in Karachi and Hyderabad, reporting to the Head Office in Karachi. Mr. Aziz Habib is the CEO of the Company having diverse experience brokerage business. The Company's Board of Directors (BoD) comprises seven members, which include one independent director, five non-executive directors and one executive director including a female director in conformity with the Code of Corporate Governance (CCG).

The primary function of PACRA is to evaluate the capacity and willingness of an entity to honor its obligations. Our ratings reflect an independent, professional and impartial assessment of the risks associated with a particular instrument or an entity. PACRA's comprehensive offerings include instrument and entity credit ratings, insurer financial strength ratings, fund ratings, asset manager ratings and real estate gradings. PACRA opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.