

Press Release

VIS Reaffirms Broker Fiduciary Rating of DJM Securities Limited

Karachi, January 27, 2023: VIS Credit Rating Company Ltd. (VIS) has reaffirmed Broker Fiduciary Rating of DJM Securities Limited (DJMSL) at 'BFR3'. Rating of BFR3 denotes good fiduciary standards. Outlook on the assigned rating is 'Stable'. Previous rating action was announced on September 24, 2021.

The rating signifies sound business and financial sustainability. Ownership and governance, management and client services and internal controls and regulatory compliance are considered adequate.


Assigned rating takes into account DJMSL's adequate ownership and governance framework. Changes in the Board composition including increasing the board size and inclusion of independent and certified directors may facilitate improvement in governance structure. Increasing disclosure levels may lead to further strengthening of the same.

Rating also factors in adequate client management services. Augmentation in client facilitation tools and disclosure levels may be considered for enhancing customer experience. Increasing geographical footprint may also lead to increasing client base. Company has a well-defined organizational structure with fully integrated system and business continuity framework in place. However, increasing the scope of business continuity framework may contribute positively. In addition, Risk management framework and compliance offers room for improvement. Having an independent risk management function and enhancing the scope of trade review procedures may be considered.

Company's financial profile in FY22 depicts decline in brokerage revenues in line with the slowdown in market activity coupled with realized and unrealized losses on sale of investment, consequently leading to a sizeable loss. Market risk exposure, however, improved on account of reduction in proprietary book exposure. Consequently, gearing and leverage indicators improved with reduction in loans. Liquidity profile remains strong. DJMSL has acquired PMEX and Consultant to the issue license. The same is expected to contribute towards revenue diversification and increase in market share. Going forward, improvement in profitability metrics and maintenance of capitalization profile will remain important for rating.

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.

For further information on this rating announcement, please contact Mr. Shaheryar Khan (Ext: 209) or the undersigned (Ext: 207) at (021) 35311861-66 or email at info@vis.com.pk.


Sara Ahmed
Director

Applicable Rating Criteria: Broker Fiduciary Ratings 2021:

<https://docs.vis.com.pk/docs/BrokerFiduciary012021.pdf>

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