

Press Release

VIS Reaffirms Broker Management Rating to DJM Securities Limited

Karachi, January 27, 2023: VIS Credit Rating Company Ltd. has reaffirmed Broker Management Rating of DJM Securities Limited (DJMSL) at 'BMR3+'. Outlook on the assigned rating is 'Stable'. Previous rating action was announced on September 24, 2021

The rating denotes sound external control and business and financial sustainability while ownership and governance, client services, internal controls and regulatory compliance are considered adequate.

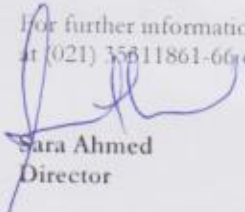
Assigned rating takes note of the Company's adequate governance framework. The same may be enhanced through increasing the board size and inclusion of independent representation. This may also facilitate formation of board level committees which may enhance governance framework. While external control framework remains sound, internal control framework may be improved through broadening of the scope of policies.

Rating incorporate 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 internal audit offers room for improvement. Having an independent risk management function and enhancing the scope of trade review procedures may be considered.

Profitability of the Company deteriorated significantly in FY22 on the back of loss on investment portfolio as well as reduction in commission income. Liquidity profile remains strong while capitalization indicators witnessed significant improvement in FY22. 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, an increase in core income, while curtailing administrative expenses for maintaining operational efficiency along with maintaining low leverage and gearing indicators 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. External auditors of the Company have been recently changed to BDO Ebrahim & Co, which belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).

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 Management Ratings 2020

<https://s3-us-west-2.amazonaws.com/backupsq/vis/docs/BMR202007.pdf>

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