

Press Release

VIS Reaffirms Broker Management Rating of Darson Securities Limited


Karachi, April 13, 2022: VIS Credit Rating Company Ltd. (VIS) has reaffirmed Broker Management Rating of 'BMR2' assigned to Darson Securities Limited (DSL). Outlook on the assigned rating is 'Stable'. The previous rating action was announced on December 29, 2020.

The rating signifies strong external control framework, sound internal controls, HR & IT infrastructure and compliance & risk management while regulatory requirement and supervisory framework is adequate.

Assigned rating takes into account company's sound internal control policies along with strong external control framework, which may be further enhanced through enhancement in disclosure levels and scope of internal policies. The Company also has sound relationships with clientele with provision of prompt trading alerts, mobile application and availability of market research resources. Overall, compliance and risk management of the Company remains sound. The ratings also incorporate improvement in the company's governance framework on account of recent constitution of audit, risk and HR committees along with increase in board size through inclusion of an independent member. Inclusion of certificated directors on the board may also be considered, going forward.

Assessment of financial profile of the company reflects improvement in profitability on account of increase in brokerage commission largely driven by higher market activity. Lower revenues were reported in the first half of FY22 as market volumes remained subdued. Capitalization and liquidity indicators of the Company remain adequate. Net Capital Balance has declined over time. Cost to income ratio of the Company improved in FY21, albeit remaining on the higher side. Going forward, enhancement and diversification in revenue streams together with increase in market share, improvement in operational efficiency and maintenance of capitalization indicators will remain important.

For further information on this rating announcement, please contact Ms. Sara Ahmed (Ext: 207) at 021-35311861-70 or email at info@vis.com.pk



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Applicable Rating Criteria: Broker Management Ratings 2020

<https://docs.vis.com.pk/docs/BMR202007.pdf>

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