

## BROKER FIDUCIARY RATING REPORT

## Standard Capital Securities (Private) Limited

**REPORT DATE:**

July 02, 2025

**RATING ANALYST:**

Shaheryar Khan Mangan

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## RATING DETAILS

Broker Fiduciary Rating

**BFR3***Good Fiduciary Rating*

Rating Rationale

The rating signifies sound client management services, while internal controls and risk management, ownership and governance and business and financial sustainability are considered adequate.

Rating Date

July 02, 2025

## COMPANY INFORMATION

Incorporated in 2001

**External auditors:** M/s Kreston Hyder Bhimji & Co.  
Chartered Accountants

Private Limited Company

**Chairman of the Board:** Mr. Naushad Chamdia**Key Shareholders (with stake 5% or more):****Chief Executive Officer:** Mr. Naushad Chamdia*Mr. Naushad Chamdia ~49%**Ms. Feroza Haroon ~14%**Ms. Shazia Mustafa ~12%**Mr. Navid Chamdia ~12%**Mr. Haroon Chamdia ~12%*

## APPLICABLE METHODOLOGY

**Applicable Rating Criteria: Broker Fiduciary Ratings**<https://docs.vis.com.pk/Methodologies%202024/Broker-Fiduciary-Rating.pdf>

## APPLICABLE METHODOLOGY

**VIS Issue/Issuer Rating Scale:**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

**Standard Capital Securities (Private) Limited**

CORPORATE PROFILE	OVERALL GRADING
<p>Standard Capital Securities (Private) Limited was incorporated in 1998, providing full scale equity brokerage services to institutional as well as individual clients. Shareholding of the Company is vested with members of the Chamdia family including the Chief Executive Mr. Naushad Chamdia. The Company has three offices in Karachi and one in Sialkot. SCS provides both online and assisted trading services to its clients.</p>	
<p>SCSPL is a private limited company holding Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX), and is registered with SECP to provide Trading &amp; Self-Clearing Services. External auditors of the Company are Kreston Hyder Bhimji &amp; Co Chartered Accountants. External auditors belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).</p>	

Business and Financial Sustainability Indicators			
	1HFY25*	FY24	FY23
Size of Net Worth (Rs. In Million)	883	568	336
Gearing Ratio (x) (Total interest-bearing debt/ Total Equity)	0.17x	0.22x	0.16x
Leverage Ratio (x) (Total liabilities/ Total equity)	2.25x	2.34x	0.91x
Liquid Assets /Total Liabilities (x)	1.29	1.25	1.49x
Short term Investments/ Total Equity (%)	147%	166%	52%

\* Management Accounts

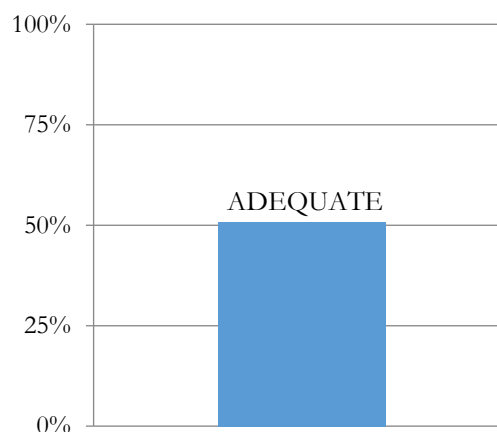
## Standard Capital Securities Private Limited

## Rating Indicators

## Ownership &amp; Governance

- The Company's board of directors comprises three members, with no independent representation. Additionally, the Company has three board committees, namely audit, HR, and risk management committee, with repetition of members observed across these committees.
- Enhancement in the governance framework may be achieved by increasing the board size, together with the inclusion of independent and certified directors. The same may also enable avoiding repetition of members across the board committees.

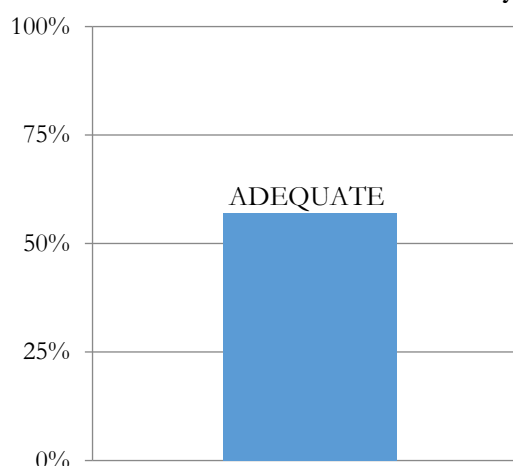
## Ownership &amp; Governance



## Business &amp; Financial Sustainability

- Following reporting a negative bottom line in FY23, the Company's profitability profile rebounded strongly in FY24 and IHFY25, driven by higher capital gains as well as an increase in brokerage revenue amid favorable market conditions.
- The Company's cost to income ratio has further improved to ~34% in 1HFY25 (FY24: ~49%, FY23: ~52%).
- Liquidity profile of the Company remains sound, with liquid assets coverage against its total liabilities standing at 1.29x as at Dec'24 (Jun'24: 1.25x, Jun'23: 1.49x)
- Market risk of the Company remains elevated given its active engagement in proprietary trading.
- The Company's equity base has increased significantly in line with the profitability, reaching PKR 883m as at Dec'24 (Jun'24: PKR 568m, Jun'23: PKR 336m), while gearing and leverage indicator stood at 0.17x and 2.25x (Jun'24: 0.22x and 2.34x, Jun'23: 0.16x and 0.91x) respectively.
- Going forward, continued enhancement in profitability and revenue, along with improvement in market risk and leverage indicator as well as maintenance of operational efficiency, liquidity profile and gearing will be important for the rating.

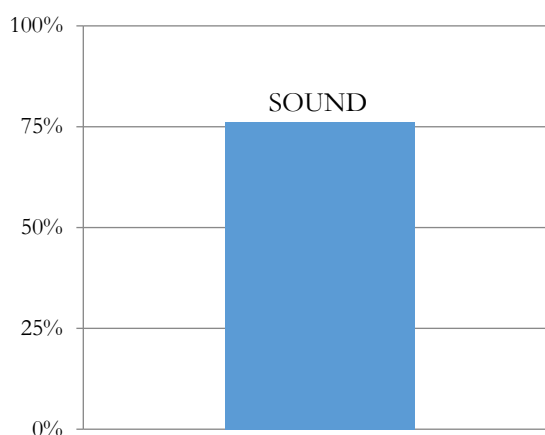
## Business &amp; Financial Sustainability



### Management & Client Services

- Overall, management and client services are considered sound, with research reports available on the Company's website. The Company also conducts workshops and provides educational resources to equip clients with investment knowledge and support informed decision-making. Multiple channels, including mobile and web-based trading platforms, have been employed to ensure smooth trade transactions. Additionally, providing prompt trade alerts to clients further strengthens the Company's client servicing function.
- While contingency measures are in place, maintaining offsite backups at a third-party warehouse may further enhance the Company's contingency framework.

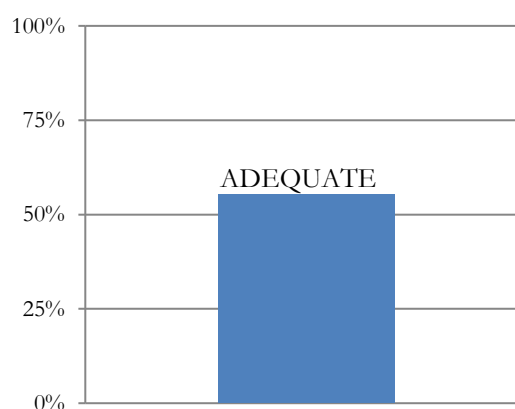
### Management & Client Services



### Internal Controls & Regulatory Compliance

- On March 27, 2025, the Company was penalized by PSX for executing blank sale transactions in the ready market, in violation of applicable PSX regulations. Going forward, instituting adequate controls to prevent such transactions, and ensuring ongoing regulatory compliance will be important from a ratings perspective.
- A joint inspection conducted by the inspection team identified certain non-compliances pertaining to the National Clearing Company of Pakistan Limited (NCCPL) and the Central Depository Company (CDC) regulations, some of which have been partially rectified
- Going forward, ensuring full compliance with all applicable regulatory requirements will remain important from a ratings perspective.

### Internal Controls & Regulatory Compliance



## Standard Capital Securities Private Limited

## REGULATORY DISCLOSURES

## Appendix I

<b>Name of Rated Entity</b>	Standard Capital Securities (Private) Limited			
<b>Sector</b>	Brokerage			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Broker Fiduciary Rating (BFR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: BFR</b>			
	02/07/2025	BFR3	Stable	Reaffirmed
	22/05/2024	BFR3	Stable	Reaffirmed
	29/9/2022	BFR3	Stable	Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
<b>Probability of Default</b>	N/A			
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