

## BROKER FIDUCIARY RATING REPORT

### SOS Capital Limited

**REPORT DATE:**

June 4, 2024

**RATING ANALYSTS:**

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#### RATING DETAILS

<b>Broker Fiduciary Rating</b>	<b>BFR3 (plim)</b> <i>Good Fiduciary Standards</i>
<b>Rating Rationale</b>	The rating signifies sound ownership and governance as well as adequate internal controls and regulatory compliance, management and client services and business and financial sustainability.
<b>Rating Date</b>	June 4, 2024

#### COMPANY INFORMATION

<b>Incorporated in April 2024</b>	<b>External auditors:</b> M/s. Reanda Haroon Zakaria & Company Chartered Accountants
<b>Public Unlisted Company</b>	<b>CEO/Chairman of the Board:</b> Mr. Kanwar Muhammad Tariq
<b>Key Shareholders (with stake 5% or more):</b>	
<i>Mr. Kanwar Muhammad Tariq ~51%</i>	
<i>Mrs. Asghari Begum ~25%</i>	
<i>Ms. Najma Parveen ~23.6%</i>	

#### APPLICABLE METHODOLOGY

**Applicable Rating Criteria: Broker Fiduciary Ratings**

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

#### APPLICABLE RATING SCALE(S)

**VIS Issue/Issuer Rating Scale:**

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

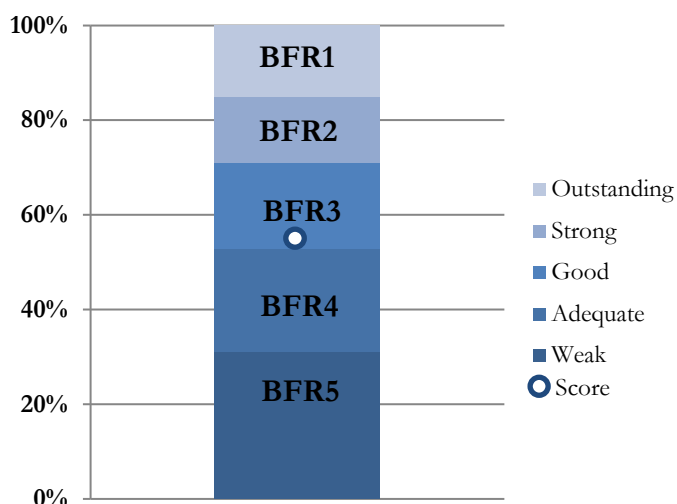
**SOS Capital Limited**

**CORPORATE PROFILE**

Incorporated on April 17, 2024, under the Companies Act 2017, SOS Capital Limited is part of the SOS Group in Pakistan. SOS Group primarily focuses on the security and guarding industry, however, over time it has expanded its investments into sectors such as the equity market, education, hospitality, import/export of goods and commodities, information technology, and energy. SOS Capital's immediate goal is to establish an equity brokerage business that complies with all regulatory requirements. For the same the Company is in the application phase of seeking a Trading & Self Clearing license from the regulator.

Assigned BFR rating is preliminary and issued with a 'plim' qualifier. Preliminary ratings may be assigned to entities that are being formed or that are in the process of being independently established when, in VIS opinion, documentation is close to final. Assignment of final rating is dependent upon grant of desired license by SECP with the same conditions as applicable to other players and assessment of progress achieved on the business plan provided.

**OVERALL GRADING**



**Business and Financial Sustainability Indicators**

	Projected FY25*
Size of Net Worth (Rs. In Millions)	97.5
Gearing x (Total Borrowing/ Total equity)	0.00x
Leverage x (Total liabilities/ Total equity)	0.11x
Liquid Assets/ Total Liabilities (x)	1.26x
Short term Investments/ Total Equity (%)	-

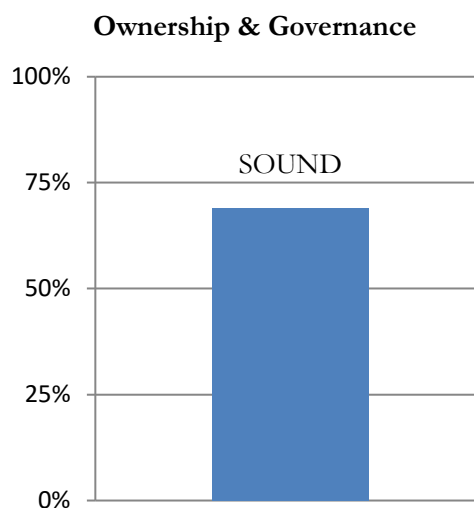
\*Projected as of June 30, 2025

**SOS Capital Limited**

**Rating Indicators**

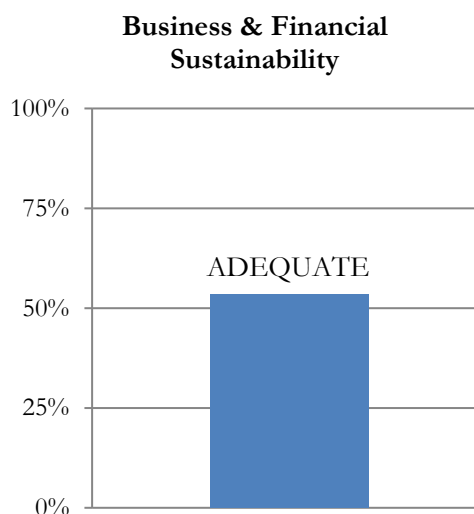
**Ownership & Governance**

- The Company is owned by Mr. Kanwar Muhammad Tariq and family. Mr. Kanwar leads the SOS Capital Pakistan group, which encompasses various businesses including energy, petroleum, hospitality, with their flagship business of security guard services. SOS Pakistan Pvt. Ltd. offers comprehensive security services, including customized solutions and advanced security practices.
- The Board is comprised of four director comprising of the sponsoring family and one independent director. In addition, three Board level committees have been established, namely Audit, Risk and Human Resource. Conducting Board and Committee Meetings in line with best practices will remain important.
- Enhancing the representation of independent, certified and qualified directors may be considered to strengthen the governance framework and facilitate composition of committees.
- Reanda Haroon Zakaria & Company has been appointed as their auditors. They belong to A category of SBP auditors list. Disclosure in financial statements in line with best practices is to be maintained.



**Business & Financial Sustainability**

- Amidst a competitive environment in the brokerage industry and high business risk profile achievement of projected profitability plans will remain important for the ratings. The Company projects a strong revenue growth for the first year of operations ending June 2025, primarily from brokerage operations. The Company also plans to participate in margin financing business while as a long term strategy aspire to engage in Corporate Finance & Advisory, Money Market and Commodities.
- Maintaining cost to income ratio in line with peers will be important.



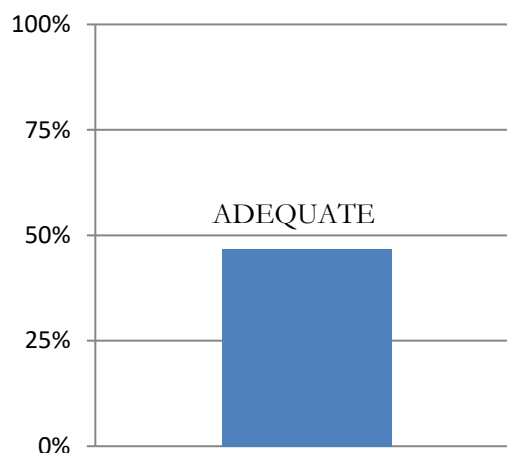
- Augmenting revenues for diversity may be considered.
- With a low equity base, maintenance of low capitalization metrics will remain a key factor.
- Ensuring adequate liquidity and limiting market risk exposure in line with the projections will remain a key rating sensitivity.

**Management & Client Services**

The assigned rating remain underpinned on the Company establishing and providing the same:

- Establishing a web- based platform facilitating client experience with adequate disclosures of policies and procedures.
- Establishment of client communication channels in line with best practices
- Development of a comprehensive Risk Disclosure document to be signed by all clients
- Undertaking research reports for facilitation of clients.
- Finalization of a business continuity plan and testing of the same.
- Maintaining IT systems with adequate backup arrangements

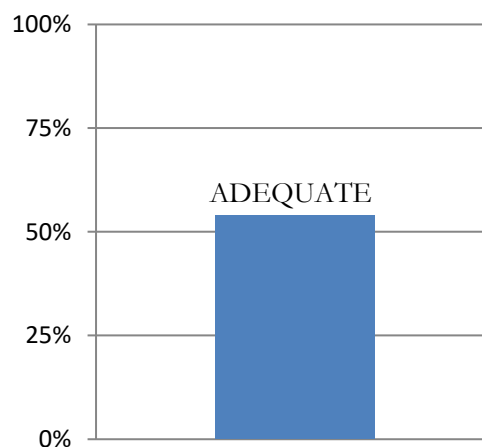
**Management & Client Services**



**Internal Controls & Regulatory Compliance**

- While charters and terms of reference for internal policies has been drafted, developing a comprehensive policy subsequently will remain an important rating driver.
- Ensuring scope of Employee Trading policy, Conflict of Interest policy and Confidentiality policy is in line with best practices.
- Segregating internal audit and compliance functions and establishment of a risk management function will remain important for internal control framework.
- Documenting a comprehensive risk management policy as per management's plan is also an important factor.
- Establishing timelines for review of policies may be considered.

**Internal Controls & Regulatory Compliance**



**SOS Capital Limited**

***Broker Fiduciary Rating Explained***

*In Securities Broker Fiduciary Rating (SBF), the strength of fiduciary role of the securities brokers is captured through the relative financial strength of the securities broker firm and its sponsors along with depth of internal control and governance framework, which are key rating ingredients. Responsiveness of the risk and internal control structure, quality of HR and soundness of the business infrastructure determine the strength of management and level of service quality of a stock broker. VIS Credit Rating Co. Ltd. (VIS) has developed a rating system that evaluates brokerage firms on the basis of such practices and the systems instituted to safeguard investor interests are at the forefront*

REGULATORY DISCLOSURES		Appendix I		
<b>Name of Rated Entity</b>	SOS Capital 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>			
	6/4/2024	BFR3 (plim)	Stable	Preliminary
<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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