

BROKER FIDUCIARY RATING REPORT

Alpha Capital (Pvt) Limited

REPORT DATE:

March 11, 2025

RATING ANALYSTS:

Shaheryar Khan Mangan

shaheryar@vis.com.pk

RATING DETAILS

Broker Fiduciary Rating	BFR3
Rating Rationale	The rating signifies sound ownership & governance, sound management & client services. Whereas, business & financial stability, internal control & regulatory compliance is considered adequate.
Rating Date	March 11, 2025

COMPANY INFORMATION

Incorporated on 1994	External auditors: M/s. Crowe Hussain Chaudhury & Co. Chartered Accountants
Private Limited Company	CEO/Chairman of the Board: Mr. Azfer Naseem, CFA
Key Shareholders (with stake 5% or more):	
<i>Akseer Research (Private) Limited ~ 44.02%</i>	
<i>Sheikh Naseem Ahmed ~ 22.50%</i>	
<i>Mubammad Iqbal Adhi ~ 13.00%</i>	
<i>Azfer Naseem, CFA ~ 12.98%</i>	
<i>Mohsin Adhi ~ 7.50%</i>	

APPLICABLE METHODOLOGY

Applicable Rating Criteria: Broker Fiduciary Ratings:

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

APPLICABLE RATING SCALE(S)

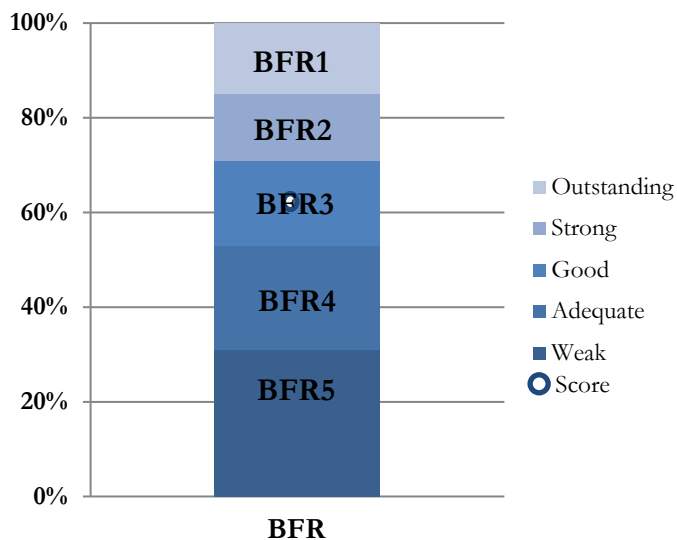
VIS Issue/Issuer Rating Scale:

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

Alpha Capital (Private) Limited

CORPORATE PROFILE **OVERALL GRADING**

Incorporated in November 1994, Alpha Capital is a private limited company principally engaged in the brokerage of shares, commodities, money market instruments and consultancy. The company is a corporate member of the Pakistan Stock Exchange (PSX) Limited and Pakistan Mercantile Exchange Limited (PMEX). Catering to retail and institutional clients, the company provides online and assisted trading services from its registered offices in Karachi.



The company holds Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX) to provide Trading & Self Clearing Services. External auditors of the company are Crowe Hussain Chaudhury & Co. Chartered Accountants. External auditors belong to category ‘A’ on the approved list of auditors published by the State Bank of Pakistan (SBP).

Business and Financial Sustainability Indicators

	6MFY25*	FY24	FY23
Total Equity (Rs. In Millions)	125.6	95.7	95.9
Gearing x (total interest-bearing debt/ total equity)	0.00x	0.00x	0.00x
Leverage x (total liabilities/ total equity)	1.96x	1.93x	0.79x
Liquid Assets/ Total Liabilities (x)	0.91	1.19x	1.43x
Short term Investments/ Total Equity (%)	0%	0%	13%

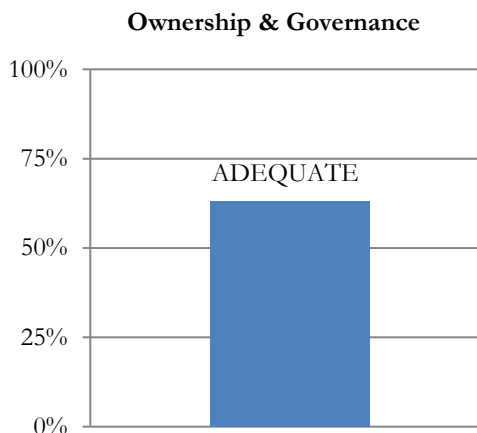
**Unaudited Accounts*

Alpha Capital (Pvt) Limited

Rating Indicators

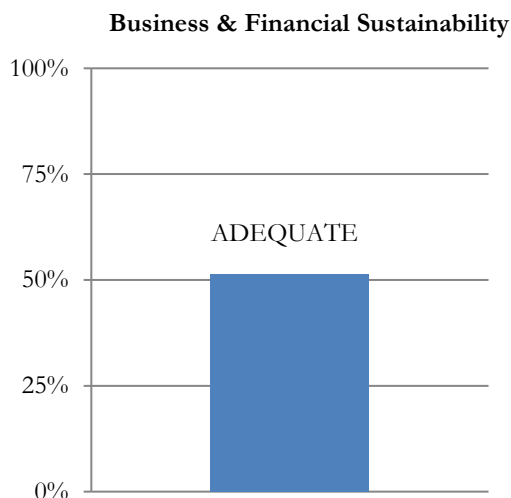
Ownership & Governance

- ACL is a private limited company, with majority shareholding vested with Akseer Research (Private) Limited. The board of directors consists of 5 directors, with one independent representation
- Board committees of the Company comprises audit, HR & Compensation, and Corporate Responsibility & Compliance Committee. However, repetition of members is observed across these committees.
- The inclusion of independent and certified directors, along with eliminating member repetition across board committees, may further enhance the ownership and governance framework of the Company.
- The Company's disclosure levels may be further strengthened by including CEO Statement in the annual report.



Business & Financial Sustainability

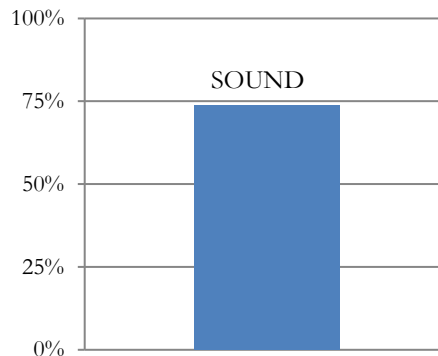
- During FY24, The Company's brokerage revenue has rebounded strongly from FY23 levels, driven by improved economic indicators. This positive momentum continued into 6MFY25.
- Consequently, the operational efficiency of the Company improved, which reached a manageable level of 46.6% in 6MFY25 (FY24: 81.4%, FY23: 118.9%).
- Liquidity profile of the Company is considered adequate, with liquid assets providing a coverage of 0.91x against its total liabilities as at Dec'24 (Jun'24: 1.19x, Jun'23: 1.43x).
- The Company has no proprietary investments on its books, thereby eliminating market risk.
- While the equity base is small and the leverage ratio stood at 1.96x as of Dec'24 (Jun'24: 1.93x, Jun'23: 0.79x), the absence of debt on the Company's books provides support to its capitalization profile.
- Going forward, revenue augmentation, continued enhancement in profitability, and improvement in liquidity and leverage indicator will remain important for the rating.



Management & Client Services

- Management and client service procedures are considered sound.
- Investor grievance procedures maybe further enhanced for greater visibility on the website.
- Contingency measures of the Company may be further strengthened through enhancing the frequency of the disaster recovery exercise and maintaining backups at a third-party warehouse.
- Furthermore, the channels of invitations and advertisements have so far not been utilized by the company.

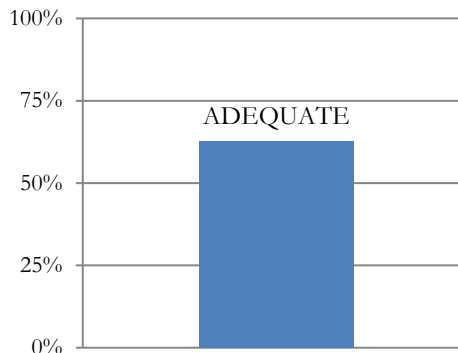
Management & Client Services



Internal Controls & Regulatory Compliance

- Internal control and regulatory compliance framework are considered adequate. Enhancing the scope of internal policies, including Employees trading policy and conflict of interest policy, may be considered for improving the Company’s internal control framework.
- Increasing frequency for reviewing order recording system and documenting internal control review procedures may be considered to further strengthen internal control framework.

Internal Controls & Regulatory Compliance



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.

Alpha Capital (Pvt) Limited

REGULATORY DISCLOSURES		Appendix I		
Name of Rated Entity	Alpha Capital (Pvt) Limited			
Sector	Brokerage			
Type of Relationship	Solicited			
Purpose of Rating	Broker Fiduciary Rating (BFR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: BFR			
	11-Mar-25	BFR3	Stable	Reaffirmed
	01-Dec-23	BFR3	Stable	Initial
Instrument Structure	N/A			
Statement by the Rating Team	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.			
Probability of Default	N/A			
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