VIS
Credit Rating Company Limited

ALIF FINANCE (PRIVATE) LIMITED

ANALYST:
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RATING DETAILS		
RATINGS CATEGORY	**INITIAL RATING**	
	LONG-TERM	**SHORT-TERM**
ENTITY	BBB+	A2
RATING OUTLOOK	Stable	
RATING ACTION	Initial	
RATING DATE	September 10, 2026	

SHAREHOLDING 5% OR MORE	OTHER INFORMATION
Alif Capital Holdings – 99.99%	**Incorporated in** 2025
	Private Limited Company
	External Auditor: JASB & Associates Chartered Accountants (2025) Riaz Ahmed Saqib Gohar & Co. Chartered Accountants (2026 & onwards)
	CEO: Mahmood Shamsher Ali

APPLICABLE RATING CRITERIA

VIS Entity Rating Criteria Methodology – Non-Banking Finance Company (NBFC)
https://docs.vis.com.pk/Methodologies-2025/NBFC-Nov-2025.pdf

APPLICABLE RATING SCALE

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

RATING RATIONALE

Alif Finance (Private) Limited ('Alif' or the 'Company') is positioned as a technology-driven, Shariah-compliant financing platform, with a primary focus on consumer financing, Buy Now Pay Later (BNPL) solutions and SME financing. Its digital business model enables customers to purchase products from participating merchants and repay the financed amount through agreed instalments. By leveraging digital onboarding and merchant partnerships, the Company aims to streamline the financing process, minimize reliance on physical infrastructure and expand access to formal financing. Given its recent entry into the Pakistani market, Alif remains in the early stages of building its operating franchise and financial track record. Consequently, the evolution of its credit profile largely depends on its ability to scale the financing portfolio while maintaining prudent underwriting standards, sound asset quality and adequate capitalization. The Company draws support from its sponsor, ACHL, whose established operations and experience in digital lending, consumer finance, payments and fintech infrastructure across regional markets provide a supportive platform for the development of Alif's local franchise. The Group's experience is expected to facilitate the Company's technology deployment, product development and scaling of operations in Pakistan. However, the ratings remain constrained by the Company's limited operating history and developing earnings profile. As the business expands, the ability to develop diversified and stable funding sources, maintain adequate liquidity buffers and effectively manage credit, concentration, and technology-related risks will remain important rating considerations. The Company's ability to demonstrate sustained portfolio growth while maintaining asset quality and profitability will remain key.

COMPANY PROFILE

Alif Finance (Private) Limited ('Alif' or the 'Company') is a recently established non-banking finance company (NBFC) operating in Pakistan. The Company is a subsidiary of Alif Capital Holdings, a regional financial services group with operations in Tajikistan and Uzbekistan through Alif Bank and Alif Tech. Alif was granted an Investment Finance Services license by the Securities and Exchange Commission of Pakistan (SECP) in July 2025, enabling it to undertake financing activities under the applicable NBFC regulatory framework.

The Company is positioned as a technology-driven, Shariah-compliant financing platform, with a business model focused primarily on consumer financing, Buy Now Pay Later (BNPL) solutions and a future in SME financing. Through its digital platform, Alif enables customers to purchase products from participating merchants and repay the financed amount through flexible instalments. The Company's platform currently offers Shariah-compliant financing plans, including instalment-based financing for consumer purchases. The Company partners with merchants and brands to facilitate purchases, while customers repay the financed amount over an agreed period. The digital model is intended to simplify the financing process, reduce reliance on physical branches and broaden access to formal financing.

In addition to consumer financing, SME financing represents a key area of the Company's planned business strategy. The Company intends to leverage the technology and financial services capabilities of its parent group to expand access to financing for underserved segments of the market. The broader group has experience in digital financial services and technology-enabled lending in Central Asian markets, which provides Alif with access to an established technology and business-model platform. The Company's business model is supported by its digital-first operating structure, with customer acquisition, product discovery and financing processes primarily facilitated through its digital platform. This approach provides scalability but also places significant reliance on the effectiveness of credit underwriting, data analytics, technology infrastructure, cybersecurity and collection mechanisms.

The Company’s issued share capital comprises 10,000,000 ordinary shares, of which 9,999,800 shares (99.998%) are held by Alif Capital Holdings Limited, United Kingdom, 190 shares (0.0019%) are held by Mr. Mahmood Shamsher Ali, and 10 shares (0.0001%) are held by Ms. Faeyza Khan Faheem.

SPONSOR PROFILE

Alif Capital Holdings Limited (ACHL) is a UK-registered holding company that acts as the primary holding entity for the entire Alif group of companies. The Company strategically invests in financial institutions and fintech ventures across emerging markets, including Tajikistan and Uzbekistan. ACHL provides sustainable financial solutions while maintaining transparency and strict Shariah compliance. The Company has six (6) shareholders with shareholding higher than 5%, with Khofiz Shahidi having the highest shareholding at 28.87%.

The Board of Directors has seven (7) members including three co-founders, and 4 shareholders. The profile of the Directors is given below;

Director Name	Profile
Khofiz Shakhidi	Chairman of Alif Bank Supervisory Board. 24 years of banking experience, formerly at Generali, BSI, and Credit Agricole Indosuez (UK). BSc University of Essex
Rajabbek Sulaymonbekov	Over 20 years in the financial services industry. Deputy Chairman at Oriyonbonk and CEO of Oriyon-Leasing. MSc of the Faculty of International Economic Relations of Khujand State University
Abdullo Kurbanov	16 years in banking, finance, and startups, co- founder of somon.tj, formerly at UBS Investment Bank and Oliver Wyman (UK) MSc London School of Economics
Firdavs Mirzoev	11 years in banking, finance, and startups. 16 years in law, founding partner of NMLaw, Honorary Legal Adviser to the British Ambassador to Tajikistan. LLM Saint Louis University
Zuhursho Rahamatulloev	14 years in banking, finance, and entrepreneurship. Currently Co-founder and Director at Alif Capital Holdings Limited. Formerly at BDO, MA, University of Warwick
Nasim Allibhai	Over 50 years in entrepreneurship. Participates in charitable organizations in Tajikistan and is involved in real estate purchases. Bachelor of Science in Counseling, Thames University

Firdavs Shakhidi	16 years in banking. Co-founder of investment management business and the Peshraft fund in Tajikistan. MSc in Investment Management from CASS Business School

The Group's first market was Tajikistan where they offer full banking services, along with consumer finance products. The business maintains a dominant market position, holding approximately 83% share of the retail POS acquiring market, over 50% share of the e-commerce payments market, more than 50% share of the mobile payments market, and accounting for 53% of Visa payment volumes in the country. In Uzbekistan, the Company offers BNPL and other consumer financing products and has established a strong presence in the digital payments ecosystem. The platform ranks among the top five non-banking mobile payment applications, commands a 27% share of the retail POS acquiring market, and is among the top three players by e-commerce transaction volumes.

Collectively the Group employees more than 1500 employees, has significantly transformed the fintech space of its first two markets, and in March'26 surpassed USD 1bn in monthly digital transactions, representing a 30x growth over the past 4 years.

MANAGEMENT & GOVERNANCE

Alif has a functionally structured governance framework, with overall oversight vested in the Board of Directors and executive responsibility with the Chief Executive Officer (CEO). The Board comprises three members, including Mahmood Shamsher Ali, Faeyza Khan and Malik Mirza, bringing complementary expertise in fintech, business strategy, compliance, finance, audit and corporate governance. Malik Mirza, a Fellow Chartered Accountant and ACCA member, provides particular strength in financial oversight and governance, while Faeyza Khan contributes experience in strategy, compliance and organizational development.

Mahmood Shamsher Ali, CEO of Alif Finance (Pvt) Ltd, brings over 20 years of consulting experience across retail banking, customer experience and broader banking functions. He holds an EMBA from LUMS and has been associated with Alif for nearly five years, during which he has helped navigate the regulatory requirements and financing requirements for the set up of the NBFC. His experience in banking and customer-centric financial services is relevant to the Company's digital consumer-financing strategy.

The management team combines fintech, credit risk, collections and financial management expertise. Yousaf Jamshed brings over 20 years of experience in fintech, product development, consumer lending, credit scoring and risk-engine development, while Abdurahmon Abdurashidov contributes extensive experience in fintech, payments and product management within the Alif Group. Jamshed Yaqoob, Head of Collections and Risk, has over 30 years of experience in credit risk, NPL management and collections across banks, microfinance institutions and fintechs, providing significant expertise relevant to managing the Company's consumer-finance portfolio. Saad Kamal Shamsi, CFO, is an FCCA-qualified professional with an MBA and over 20 years of experience in financial governance, capital raising, treasury and liquidity management.

Overall, management depth is considered adequate, with a strong combination of financial, fintech and credit-risk expertise relevant to the Company's business model. The presence of experienced professionals in collections, risk management and financial management is viewed positively given the inherent credit and liquidity risks associated with BNPL financing. Going forward, filling of vacancies in internal audit will remain important particularly as the Company scales its operations.

BUSINESS RISK

INDUSTRY

Buy Now, Pay Later (BNPL) is an emerging segment of Pakistan's digital consumer-finance industry, enabling customers to purchase goods and services immediately and repay through installments. The sector primarily serves underbanked and thin-file consumers with limited access to conventional consumer finance. The market remains at an early stage, comprising specialized fintechs, licensed NBFCs, bank-fintech partnerships and digital financial institutions. Applications span consumer durables, electronics, smartphones, household goods and e-commerce.

Growth prospects are supported by Pakistan's large and young population, underbanked segment, rising smartphone penetration, digital-payment adoption and increasing demand for installment-based purchases. During FY25, retail payments increased 38% YoY to 9.1 billion transactions, with digital channels accounting for over 88% of transaction volume. Expansion of Raast, digital wallets, QR payments and e-commerce is further strengthening the ecosystem and creating opportunities for digitally originated lending. The reduction in the policy rate from 22% to 11.5% during FY25 also improved the funding environment for digital lenders.

Despite these opportunities, the sector faces structural challenges, including weak purchasing power, limited formal credit histories, underwriting and collection risks, customer acquisition costs, funding constraints and cybersecurity risks. The grey economy remains significant, while banks continue to prioritize sovereign and corporate lending, leaving a substantial credit gap for fintechs to address. SECP has progressively strengthened the regulatory framework for digital lending, with greater emphasis on responsible lending, customer disclosures, data protection and consumer protection.

The market remains fragmented, with players including QistBazaar, Alif Shop, and BaadMay, alongside bank-led installment solutions. Competition is expected to intensify as banks increasingly partner with fintechs or develop their own digital lending platforms. Key competitive advantages include funding access, underwriting capabilities, merchant networks, customer acquisition, collections and technology. As the market matures, sustainable growth is expected to depend increasingly on portfolio quality, diversified funding, merchant relationships and operating efficiency rather than customer acquisition alone.

Overall, BNPL has favorable long-term growth prospects due to digitalization, e-commerce and financial-inclusion opportunities; however, the industry carries a high overall risk profile. Credit, funding, liquidity, profitability, technology and regulatory risks remain significant. Individual players' sustainability will therefore depend on prudent underwriting, effective collections, diversified funding, adequate capitalization and achieving scale without compromising portfolio quality and the ability to incorporate technology and AI into its core work functions.

OPERATING MODEL

The Company employs an asset-light operational framework oriented towards consumer finance and Buy Now, Pay Later (BNPL) facilities, leveraging existing merchant infrastructures as its primary sales and distribution network. Operations are bifurcated into two principal segments: Smartphone Financing and Fashion & Lifestyle (F&L).

Smartphone Financing (commenced in September 2025) is facilitated through offline retail partnerships, encompassing national manufacturers, large distributors, and wholesalers. Origination is executed via the Company's proprietary application or assisted by in-store personnel. Transactions are structured utilizing back-to-back Musawamah contracts involving the retail partner and the end-consumer. Alif acquires the devices, installs proprietary tracking and remote-locking software to mitigate delinquency risk, and subsequently retails them at a 15-40% markup. Repayment terms entail between a 20-50% down payment followed by three, six or nine equal monthly installments.

The F&L segment (commenced in December 2025) operates via checkout integrations at both online and brick-and-mortar retail outlets. J. currently serves as the anchor merchant, complemented by Urbansole, Kayseria & Cross Stitch, along with many smaller merchants. Management anticipates onboarding additional brands to diversify the merchant base and dilute concentration risk. These transactions are structured as agency contracts wherein Alif earns a merchant discount (typically 10%), while the consumer is extended a Qard-e-Hasna facility requiring a 33% down payment and two subsequent installments.

UNDERWRITING & CREDIT PORTFOLIO

The Company's underwriting framework is centered on a proprietary, machine learning-based credit scoring model designed to estimate the probability of default at the individual borrower level. The model evaluates approximately 150 data parameters, combining information obtained from national and public databases through CNIC verification with qualitative and behavioral information collected through the Company's mobile application. The approach is intended to strengthen borrower selection and enable risk-based underwriting across the portfolio.

As of June 30, 2026, the gross outstanding financing portfolio stood at PKR 490.2 million, with a pronounced concentration in Smartphone Financing. The segment accounted for PKR 472.5 million, or 96.4% of the portfolio, while F&L financing represented the remaining PKR 17.7 million, or 3.6%. Geographically, the portfolio is similarly concentrated, with Islamabad/Rawalpindi accounting for 58.5% of total exposure, followed by Lahore at 30.9% and Karachi at 7.5%; the residual exposure is spread across Tier-II cities. Such concentration remains a key portfolio risk, as credit performance is therefore relatively sensitive to borrower and economic conditions in a limited number of markets.

REVENUE & PROFIT

The Company's topline is driven by mark-up income generated from Smartphone Financing and merchant discount commissions derived from the F&L segment. For FY26, total revenue was reported at PKR 63.9m, comprising PKR 53.9m in mark-up income and PKR 10.0m in commission income. Net Income is reported at PKR 30.8m, after adjusting from Expected Credit Losses (ECL) under IFRS 9. Profitability remained constrained by high operational overheads typical of an early-stage growth phase, with sales and technology costs reported at PKR 49.9m. Administrative expenses totaled PKR 53.8m, with payroll representing the most significant component. Resultantly, the Company reported a net loss of PKR 68.8m for the year.

Profitability is expected to remain subdued through FY27 as the Company continues to absorb the costs associated with scaling its financing portfolio. However, profitability only clocks in once a notable uptick in portfolio size > PKR 5-6b from PKR 460 million as of June 2026, supported by planned equity injection of USD 15 million in FY27 and planned borrowing. Accordingly, bottom-line profitability is expected to emerge with the company achieving break-even for July 2026 and subsequent profitability in August 2026 as the portfolio scales, supported by greater revenue generation and operating leverage.

FINANCIAL RISK

CAPITAL STRUCTURE

As of June 30, 2026, the capitalization profile is entirely equity funded. The equity base comprised PKR 100.0m in paid-up capital and PKR 696.3m in share deposit money. Net of accumulated losses, total equity closed the period at PKR 727.5m. The liability base is limited to current liabilities totaling PKR 157.0m, primarily representing deferred income (PKR 125.9m).

Going forward, the Company's capital structure is projected to incorporate a mix of equity and borrowings, in line with the planned expansion of its financing portfolio. The equity base is expected to be strengthened through a planned USD 15 million equity injection by the sponsors in FY27, alongside internal capital generation. Based on current projections, borrowings are expected to increase progressively to support portfolio growth, with leverage projected to peak at around 1.8x in the short term. Company's ability to sustain leverage within reasonable thresholds through timely equity support and internally generated capital will remain a key rating consideration.

LIQUIDITY

The Company's liquidity profile is currently underpinned by its largely equity-funded capital structure and limited financial obligations. However, liquidity requirements are expected to increase significantly in line with the planned expansion of the BNPL portfolio. As leverage increases, maintaining adequate liquidity buffers and appropriate matching between receivable collections and funding maturities will become increasingly important. The Company's liquidity profile will therefore remain dependent on portfolio turnover, collection efficiency and timely availability of committed funding. Diversification of funding sources, and avoidance of excessive reliance on short-term or concentrated borrowings will be important to preserve liquidity headroom as the portfolio scales. Overall, liquidity is expected to remain manageable, supported by sponsor commitment, the planned equity injection and the relatively short tenor of the underlying BNPL receivables.

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Alif Finance Private Limited
Sector	Non-Banking Finance Company
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings
Rating History	see table below
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.
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Due Diligence Meetings Conducted	see table below

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
10-09-2026	BBB+	A2	Stable	Initial

Due Diligence Meetings Conducted

Name	Designation	Date
Mr. Mehmood Shamsher	CEO	23 July 2026
Mr. Saad Shamsi	CFO	