The Pakistan Credit Rating Agency Limited

Rating Report

Arif Latif Securities (Pvt.) Limited - BFR

Report Contents

Rating History				
Dissemination Date	Rating	Outlook	Action	Rating Watch
10-Jul-2026	BFR 3	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	Arif Latif Securities (Pvt.) Ltd ("ALS" or "The Company") is owned by Mr. Atif Arif (50%) and Mr. Adeel Arif (50%), sons of the late founding sponsor Mr. Arif Latif, reflecting a closely held and family controlled ownership structure.
Governance	The Board comprises two members, all Company sponsors, with an Audit Committee in place. As ALS serves only its closely associated network, this sponsor only structure is considered adequate and commensurate with its operations.
Management and Client Services	ALS is led by experienced management with sound market knowledge. Client servicing is confined to their network only, reflecting its self-serving model rather than public retail brokerage.
Internal Controls and Regulatory Compilance	ALS adheres to baseline SECP requirements, with KYC and AML/CFT protocols operationally in place. Their practice based internal control framework, including CEO directed oversight in place of an independent internal audit function, is considered appropriate for its current business model.
Business Sustainability	ALS maintains a modest market presence, reporting brokerage income of PKR 2.2mln in 1HFY26 (SPLY: PKR 2.3mln) alongside profit after tax of PKR 15mln. Proprietary investments stood 19% of equity.
Financial Sustainability	ALS maintains an equity based capital structure with no reliance on external debt. As of 1HFY26, equity stood at PKR 149.9mln (SPLY: PKR 133.6mln), reflecting growth of 12.1% YoY. Liquid Capital Balance stood at PKR 104.8mln, representing ~70% equity.

Key Rating Drivers

The assigned rating reflects ALS focused and delimited brokerage business model, under which the Company primarily facilitates the investment activities of their closely associated network through a licensed brokerage platform. This owner centric structure materially delimits fiduciary element associated with public assets at large and supports a relatively contained operational risk profile. The rating remains anchored in the continuity of this business model and the Company's conservative operating strategy. Going forward, preserving the existing client profile, maintaining governance and internal controls, and ensuring ongoing regulatory compliance will remain critical. Any expansion in the business model, leveraged products, or diversified activities may warrant a reassessment of the assigned rating.

Disclosure	
Name of Rated Entity	Arif Latif Securities (Pvt.) Limited - BFR
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Assessment Framework | Broker Fiduciary Rating(Jan-26)
Related Research	Sector Study | Brokerage Firms(Feb-26)
Rating Analysts	Usama Ali | usama.ali@pacra.com | +92-42-35869504

Profile

Background Arif Latif Securities (Private) Limited ("ALS" or "the Company") was incorporated on January 28, 2010 under the Companies Act, 2017, bearing incorporation number 0071461. The Company holds a Trading Rights Entitlement Certificate (TREC No. 232) issued by the Pakistan Stock Exchange (PSX), enabling it to operate as a licensed brokerage and self-clearing member. Its registered office is located at 4th Floor, Room No. 414-415, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. The Company has maintained continuous operations since incorporation.

Operations ALS operates as a self-serving brokerage, a licensed platform through which the owners manage their own capital and that of a closely associated network. Consistent with this model, the client base is confined to 29 active accounts, all Lahore-based and drawn from individuals personally known to the directors and senior management, reflecting a deliberate strategy of non-expansion beyond the owner-centric network rather than the pursuit of a public-at-large retail franchise. The Company's product suite comprises equity trading, direct investment in listed equities, and investment in Pakistan Market Treasury Bills (T-Bills), all directed by the principals in line with their own investment objectives. Operations are managed through a single office in Lahore, supported by a team of five employees, a scale considered proportionate to the Company's confined, relationship-based client franchise.

Ownership

Ownership Structure The Company is owned by Mr. Atif Arif (50%) and Mr. Adeel Arif (50%), both sons of the late Mr. Arif Latif, the Company's founding sponsor. Following the transfer of ownership, all shareholders remain family members, reflecting a closely held and family-controlled ownership structure.

Stability ALS benefits from a family-owned structure with sustained sponsor commitment since inception. All of them are actively involved in the day-to-day operations of the Company, ensuring continuity of strategic direction and a stable governance environment. Succession arrangements have been informally agreed upon, with Mr. Adeel Arif designated to assume leadership responsibilities as required, given his long-standing association with capital markets.

Business Acumen The late Mr. Arif Latif, the Company's founding sponsor, brought over 50 years of experience in the iron and steel industry, complemented by established expertise in equity, commodity, and property investment, laying the foundation for ALS's investment philosophy. Mr. Adeel Arif has been engaged in equity and commodity trading and client portfolio management, while Mr. Atif Arif has similarly contributed to market research and portfolio management. The collective experience carried forward by the sponsor family continues to provide a sound foundation for managing the Company's owner-directed operations.

Financial Strength The Company operates on a self-sustaining basis with no reliance on external borrowings. The equity base has demonstrated consistent growth, rising to PKR 149.9 million as at 1HFY26 (SPLY: PKR 133.6 million), reflecting retained earnings and sound financial management.

Governance

Board Structure The Board of ALS comprises two members: Mr. Atif Arif (CEO & Chairman) and Mr. Adeel Arif,. All board members are sponsors of the Company, a structure directly aligned with the self-serving nature of the business. As management has confirmed its intent to hold the Company at its current scale and operating model, this sponsor-only composition is considered fit for purpose and is not expected to change.

Members' Profile Mr. Arif Latif (late) held an MPA and BSc from the University of the Punjab and brings over five decades of experience in industry and capital markets, with established proficiency in equity, commodity, and property investment. Mr. Adeel Arif holds an MSc in Economics and has been engaged in equity and commodity trading at the Company since June 2005, actively managing client portfolios and contributing to financial oversight in a CFO capacity. Mr. Atif Arif holds an MBA and has been similarly engaged since June 2000, contributing to market research and portfolio management functions.

Board Effectiveness The Board draws on the collective experience of its sponsor members to guide the Company's strategic direction. An Audit Committee is in place, chaired by Mr. Adeel Arif, providing oversight of financial and compliance matters. Given the closely held, owner-directed nature of operations and management's stated commitment to the current model, existing oversight arrangements are considered proportionate to the Company's risk profile.

Financial The Company's external audit is conducted by M/s Ilyas Saeed & Co., Chartered Accountants, holding an 'A' category on the State Bank of Pakistan's (SBP) panel of approved auditors. Engagement of a Category-A audit firm reflects a positive standard of financial reporting credibility.

Management And Client Services

Organizational Structure The organizational structure of ALS is lean and centralized, with all departmental functions, including trading, compliance, accounts, IT, and support, reporting directly to the CEO. This structure is functionally well-suited to a self-serving brokerage model of the Company's current scale, enabling streamlined decision-making and efficient coordination. Operational continuity is supported by the active involvement of the sponsors across key business functions.

Management Team The management team is long-tenured and experienced. The Compliance Officer, Mr. Rana Muhammad Hammad Khan (MBA Finance), has been associated with the Company since December 1993. Other team members are degree holders with over ten years of experience each, covering trading, accounts, IT, and support functions. The team's collective tenure and operational familiarity provide a stable foundation for day-to-day business management.

Client Servicing Client servicing is conducted through direct personal engagement with a relationship-based client base of 29 active accounts, all Lahore-based and drawn from the principals' own network, in line with the Company's self-serving operating model. Account opening and order placement are facilitated through physical and telephonic channels. The Company maintains a sound website,. Given the self-serving nature of the client base, expansion of digital servicing channels or broadening of clientele is not a stated business priority; any such expansion would represent a departure from the current model

Complaint Management Basic complaint management procedures are in place, allowing clients to register concerns via call and email. Given the owner-centric client base, the volume of formal complaints remains minimal and existing arrangements are considered adequate for the Company's operating model.

Extent Of Automation / Integration The Company operates PSX-integrated KATS systems for order management and settlement, supported by real-time MIS report generation. A Board-approved IT and Security Policy is in place. Existing systems are considered adequate for the current company needs.

Continuity Of Operations A Board-approved Disaster Recovery Plan (DRP) and Business Continuity Policy (BCP) are in place, supported by daily data backups, providing operational resilience commensurate with the Company's current scale.

Internal Controls And Regulatory Compliance

Risk Management Framework The Company's compliance function manages day-to-day regulatory adherence and operational monitoring. KYC and AML/CFT protocols are operationally implemented in line with SECP requirements. Risk management practices are practice-based, with investment decisions and operational oversight managed directly by the CEO and directors, consistent with the Company's owner-directed model. This practice-based framework is considered proportionate to the Company's risk profile.

Regulatory Compliance The Company demonstrates satisfactory adherence to regulatory requirements. There are no pending SECP or PSX observations against KYC/CDD protocols, no ongoing litigation, and CDC audit report observations are fewer than five. The Company has formally documented and Board-approved policies covering AML/CFT, KYC, IT and security, and business continuity, consistent with its current scale of operations.

Business Sustainability

Operating Environment Pakistan's equity market delivered an exceptional performance in CY25, with the benchmark KSE-100 Index closing at 174,054 points as at December 31, 2025, posting a return of approximately 52% in PKR terms, the third consecutive year of strong double-digit gains. Market capitalization rose 39% to PKR 19.7 trillion, while average daily traded volumes surged to 1,206 million shares during July-March FY26 versus 834 million shares in FY25. A 50bps policy rate cut by the SBP in December 2025 further accelerated capital rotation from fixed income into equities. For ALS, given its self-serving model, this environment primarily supports the returns generated on the principals' own proprietary and investment book rather than third-party commission-driven turnover.

Performance During 1HFY26, the Company reported equity brokerage income of PKR 2.2 million (SPLY: PKR 2.3 million). Other income streams performed well, with bank profit rising to PKR 10 million (SPLY: PKR 8 million) and gains on investments increasing to PKR 6 million (SPLY: PKR 4.5 million), partially offsetting lower dividend income of PKR 1.5 million (SPLY: PKR 1.7 million). Administrative expenses stood at PKR 5.3 million (SPLY: PKR 4.8 million). Profit after tax (PAT) for the period stood at PKR 15 million, with the Company's proprietary investment and T-Bill portfolio, rather than brokerage commissions, continuing to anchor overall profitability.

Strategy The Company's strategy is one of deliberate non-expansion: sustaining its existing owner-centric, relationship-based client portfolio, prudently managing its proprietary investment and T-Bill book, and maintaining profitability through a combination of investment returns and limited brokerage income. ALS operates as a conservative, owner-managed boutique broker functioning primarily as a self-serving investment vehicle for its principals, with onboarding intentionally restricted to preserve this model. Management has confirmed that it intends to hold the Company at its current scale and operating model going forward, with no expansion of the client base, product suite, or footprint planned. Given this sustained commitment, existing capabilities, technology, governance, and controls are considered adequate and are not expected to require material change.

Financial Sustainability	**Credit Risk** In addition to Know Your Customer (KYC) procedures, the Company has implemented Customer Due Diligence (CDD) processes governed by Board-approved policies to assess client creditworthiness during account opening and risk assessment phases. Given that the client base is largely composed of the principals and their closely associated network, the funds under management are effectively the principals' own, and the fiduciary risk of loss or misuse of third-party client funds that is inherent to a traditional public-at-large brokerage is correspondingly limited for ALS. Trade debts remain at a low and manageable level, with no significant aging concerns. **Market Risk** As at 1HFY26, the Company's short-term investment portfolio stood at PKR 95.5 million, comprising PKR 29.1 million (~30.5%) in listed equity securities and PKR 66.4 million (~69.5%) in Pakistan Market Treasury Bills held at amortized cost. The T-Bill allocation serves as an effective stabilizer against equity market volatility, providing a stable income stream while maintaining liquidity. The equity component is invested in dividend-yield and defensive blue-chip securities, held on a medium- to long-term basis, reflecting the principals' own conservative investment posture. **Liquidity Risk** The Company maintains a sound liquidity profile. As of 1HFY26, total assets stood at PKR 243.8 million against total liabilities of PKR 114.5 million, reflecting an asset-to-liability ratio of 2.13x. Cash and bank balances of PKR 137.8 million, comprising PKR 10.7 million in proprietary accounts and PKR 127.1 million in customer accounts, provide a comfortable buffer for meeting short-term obligations. Short-term investments of PKR 95.5 million, including PKR 66.4 million in T-Bills, provide additional secondary liquidity. **Capitalization** ALS maintains a conservative, equity-based capital structure with no reliance on external debt. As of 1HFY26, total equity stood at PKR 149.9 million (SPLY: PKR 133.6 million), comprising paid-up share capital of PKR 75.0 million and revenue reserves of PKR 74.3 million. The debt-to-equity ratio is zero. The Liquid Capital Balance (LCB) stood at PKR 104.8 million, representing approximately 70% of equity, reflecting adequate financial flexibility relative to operational requirements and a sound capital position.

THE PAKISTAN CREDIT RATING AGENCY

	Dec-25	Jun-25	Jun-24	Jun-23
Arif Latif Securities (Pvt.) Limited	**Dec-25**	**Jun-25**	**Jun-24**	**Jun-23**
PRIVATE LIMITED	**FY26**	**FY25**	**FY24**	**FY23**
FINANCIAL SUMMARY	**6M**	**12M**	**12M**	**12M**
	Management	Audited	Audited	Audited
FS PRINT MODE DISABLED				

	BALANCE SHEET				
1	FINANCES	-	-	-	-
2	INVESTMENTS	97.74	93.86	48.82	71.91
3	OTHER EARNING ASSETS	10.66	15.91	55.00	17.03
4	NON-EARNING ASSETS	161.14	87.64	79.92	103.29
5	NON-PERFORMING FINANCES-net	-	-	-	-
	TOTAL ASSETS	**269.54**	**197.41**	**183.74**	**192.23**
6	FUNDING	-	-	-	-
7	OTHER LIABILITIES (NON-INTEREST BEARING)	119.64	63.76	71.59	89.85
	TOTAL LIABILITIES	**119.64**	**63.76**	**71.59**	**89.85**
	TOTAL EQUITY	**149.90**	**133.65**	**112.15**	**102.37**
	INCOME STATEMENT				
	INCOME				
1	FEE BASED INCOME	2.22	3.94	3.80	2.62
2	OPERATING EXPENSES	(5.32)	(24.03)	(22.19)	(14.74)
3	NON-FEE BASED INCOME	18.39	40.87	32.43	5.23
	TOTAL OPERATING INCOME (LOSS)	**15.29**	**20.79**	**14.04**	**(6.89)**
4	FINANCIAL CHARGES	(0.02)	(0.03)	(0.02)	(0.04)
	PRE-TAX PROFIT	**16.25**	**20.76**	**14.02**	**(6.93)**
5	TAXES	-	(3.27)	(4.24)	(1.97)
	PROFIT AFTER TAX	**16.25**	**17.49**	**9.78**	**(8.90)**
	RATIOS				
	BUSINESS SUSTAINABILITY				
1	PRE-TAX MARGIN	7.3	5.3	3.7	-2.6
2	EBITDA MARGIN	7.3	5.3	3.7	-2.6
3	EBIT RETURN ON ASSETS	14%	11%	7%	-4%
	FINANCIAL SUSTAINIBILITY				
1	TOTAL INVESTMENTS / EQUITY	65%	70%	44%	70%
2	LIQUID CAPITAL BALANCE (LCB) / EQUITY	70%	70%	75%	74%
3	(CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS	39%	55%	53%	42%
4	TOTAL DEBT / TOTAL ASSETS	0%	0%	0%	0%

Broker Fiduciary Rating Scale & Definitions

An independent opinion on a broker's quality of management and client services, and the sustainability of operations

Scale	Definition
BFR 1	Very Strong. Very Strong quality of management and client services, and a very high likelihood of sustaining operations.
BFR 2++ BFR 2+ BFR 2	Strong. Strong quality of management and client service, and a high likelihood of sustaining operations
BFR 3++ BFR 3+ BFR 3	Good. Good quality of management and client service, and average likelihood of sustaining operations.
BFR 4++ BFR 4+ BFR 4	Adequate. Adequate quality of management and client service, and average likelihood of sustaining operations.
BFR 5	Weak. Weak quality of management and client service, and a weak likelihood of sustaining operations.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)	Rating Watch	Suspension	Withdrawn	Harmonization
Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	Alerts to the possibility of a rating change subsequent to, or in anticipation of, some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within the foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany the rating outlook of the respective opinion.	It is not possible to update an opinion due to a lack of requisite information. Opinion should be resumed in the foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults, or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	A change in rating due to a revision in the applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

Rating Team Statements
(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) **Conflict of Interest**
i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions
(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business
(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest
(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA´s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review
(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
(19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument;| Chapter III | 17-(d)
Probability of Default
(22) PACRA´s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA´s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA´s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)
Proprietary Information