

DRAFT BROKER FIDUCIARY RATING REPORT

Zahid Latif Khan Securities (Private) Limited

REPORT DATE:

March 9, 2026

RATING ANALYSTS:Shaheryar Khan Mangan
shaheryar@vis.com.pk**RATING DETAILS****Broker Fiduciary Rating****BFR3****Rating Rationale**

The rating signifies adequate business & financial sustainability, ownership & governance, management & client services and internal controls & regulatory framework

Rating Date

March 9, 2026

COMPANY INFORMATION**Incorporated in 1999****External auditors:** Nasir Javaid Maqsood Imran
Chartered Accountants**Private Limited Company****Chief Executive Officer:** Mr. Zahid Latif Khan**Key Shareholders (with stake 5% or more):**

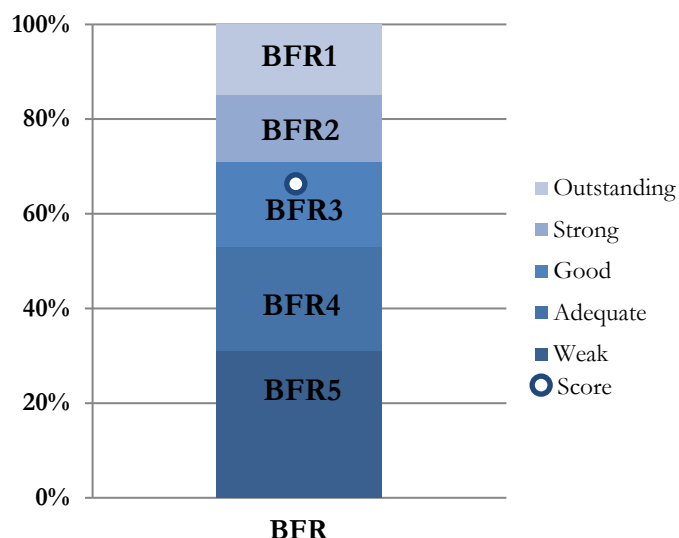
Mr. Zahid Latif Khan ~ 99.9%

APPLICABLE METHODOLOGY**Applicable Rating Criteria: Broker Fiduciary Ratings**<https://docs.vis.com.pk/Methodologies-2025/BrokerFiduciaryRating-Nov25.pdf>**APPLICABLE RATING SCALE(S)****VIS Issue/Issuer Rating Scale:**<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Zahid Latif Khan Securities (Private) Limited

CORPORATE PROFILE**OVERALL GRADING**

Zahid Latif Khan Securities (Private) Limited ('ZLKSL' or 'the Company') was incorporated in May 1999 and commenced its commercial activities from July 1999. The Company is engaged in the business of broker in stocks, shares, securities under license or with the foreign permission or approval of any recognized association, authority, stock exchange, or other market in Pakistan or abroad. Head office of the Company is situated in Islamabad.



ZLKSL holds Trading Rights Entitlement Certificate (TREC) for Trading & Self Clearing Services granted by Pakistan Stock Exchange Limited (PSX) and is also a license holder of Pakistan Mercantile Exchange Limited (PMEX). External auditors of the company are Nasir Javaid Maqsood Imran Chartered Accountants. Auditors are rated 'B' on the approved list of auditors published by the State Bank of Pakistan (SBP).

Business and Financial Sustainability Indicators

	3MFY26*	FY25	FY24
Size of Net Worth (Rs. In Millions)	914.1	769.0	349.8
Gearing x (total interest-bearing debt/ total equity)	0.38x	0.47x	0.54x
Leverage x (total liabilities/ total equity)	1.32x	1.11x	1.32x
Liquid Assets/ Total Liabilities (x)	1.37x	1.53x	1.10x
Short term Investments/ Total Equity (%)	103.4%	110.5%	76.2%

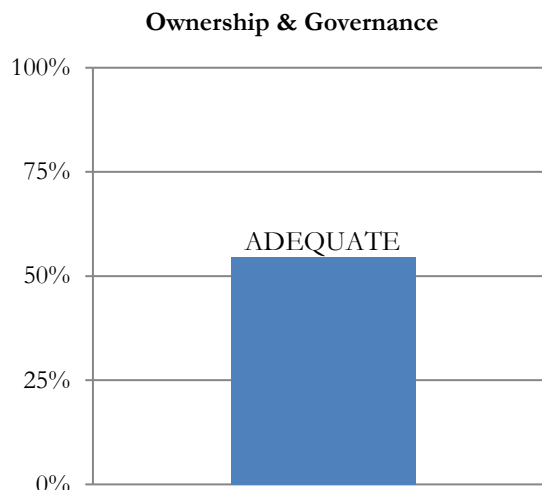
**Unaudited Accounts*

Zahid Latif Khan Securities (Private) Securities Limited

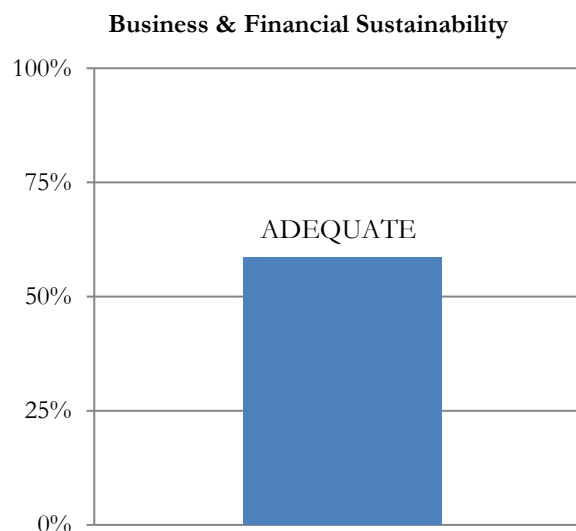
Rating Indicators

Ownership & Governance

- The Company's governance framework is constrained by its board size, comprising only three members, with no independent representation.
- Additionally, the Company has only two board committees, the Audit and HR Committee, with repetition of members observed across these boards.
- The governance framework may be improved by increasing the number of board members, including independent directors. This, in turn, may support the formation of additional board committees with diversified composition, in line with best practices.
- The Company's auditors hold a 'B' rating on the approved list published by the State Bank of Pakistan. Appointment of A rated auditors may bode well for the Company's ownership and governance function.

**Business & Financial Sustainability**

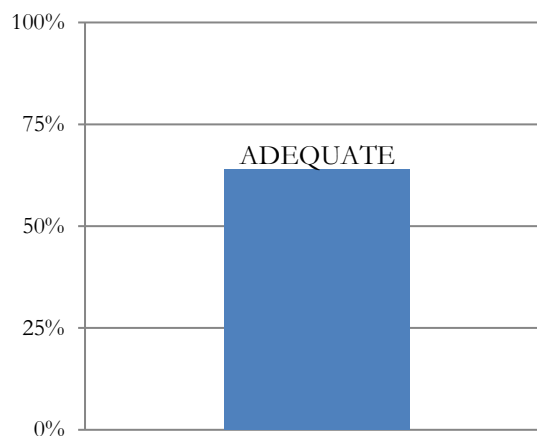
- After a series of losses in prior years, the Company recorded a notable turnaround in FY25, with its earnings profile showing a meaningful improvement over FY24. The recovery was driven by healthy growth in brokerage commission, in line with favorable industry trends. This positive momentum was sustained into 3MFY26, indicating improving earnings stability.
- Operational efficiency of the Company is considered sound, with cost-to-income ratio recorded at 39.1% in 3MFY26 (FY25: 54.7%, FY24: 60.4%).
- The Company is exposed to elevated market risk, as investments in equity securities exceeded the equity base, standing at 103.4% as of September 2025 (June 2025: 110.5%; FY24: 76.2%).
- Liquidity profile of the Company is considered sound, with liquid assets providing 1.37x coverage against its total liabilities as at Sept'25 (Jun'25: 1.53x, Jun'23: 1.10x).
- The Company's capital structure reflects moderate leverage, with gearing and leverage ratios recorded at 0.38x and 1.32x, respectively, as of September 2025 (June 2025: 0.47x and 1.11x; June 2024: 0.54x and 1.32x), indicating a mixed trend across periods.
- Going forward, Company's ability to enhance and diversify its revenue streams, effectively manage market risk, improve gearing and leverage indicators, and sustain a sound liquidity profile alongside continued operational efficiency will remain important.



Management & Client Services

- The Company's management & client services is supported by a fully integrated ERP systems along with multiple clients facilitating tools, including online and mobile trading platforms, to facilitate client in executing transactions
- Nevertheless, the Company may consider improving its customer grievance procedures to ensure greater visibility on the website.
- Additionally, enabling customers to lodge complaints via SMS, along with timely acknowledgement, may further strengthen the Company's client services. The Company may also consider undertaking advertising and promotional activities to strengthen its market presence.
- While contingency measures of the Company are in place, outsourcing offsite backups at a third-party location may further strengthen the same.

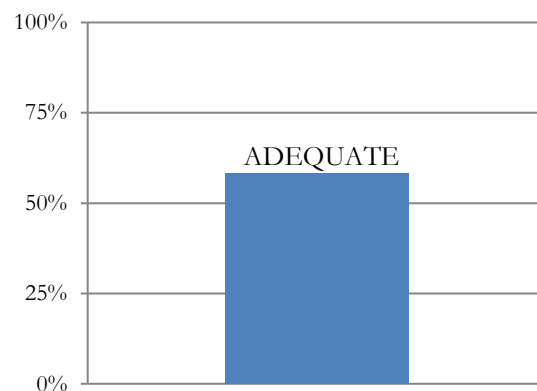
Management & Client Services



Internal Controls & Regulatory Compliance

- The Company has established internal control policies; however, further strengthening may be achieved by expanding their scope and formalizing additional frameworks, including conflict-of-interest and counterparty creditworthiness policies.
- Moreover, the internal control environment could be enhanced through periodic internal audits of the order recording system and increased frequency of trade review procedures, supporting a more robust oversight and regulatory compliance.

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.

Zahid Latif Khan Securities (Private) Limited

REGULATORY DISCLOSURES			Appendix I	
Name of Rated Entity	Zahid Latif Khan Securities (Private) 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			
	XXX	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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