



The Pakistan Credit Rating Agency Limited

Rating Report

Spectrum Securities Limited | BFR

Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

Rating History

Dissemination Date	Rating	Outlook	Action	Rating Watch
21-Nov-2025	BFR 3+	Stable	Maintain	-
21-Nov-2024	BFR 3+	Stable	Maintain	-
21-Nov-2023	BFR 3+	Stable	Upgrade	-
30-Nov-2022	BFR 3	Stable	Maintain	-
20-Dec-2021	BFR 3	Stable	Initial	-

Rating Rationale

Factor	Comment
Ownership	Mr. Muhammad Owais is the primary sponsor, holding approximately 97% of the Company's shares. He has consistently injected capital to support the growth of operations, demonstrating notable business acumen and a strong commitment to the Company's long-term development
Governance	The company has a compact board of three directors. The inclusion of an independent director and its presence in the board committees will provide additional oversight and strengthen governance framework.
Management and Client Services	The ratings benefit from an experienced and qualified management team. Further segregation of key management roles can enhance the organizational structure. Client services are considered adequate, supported by on demand research services and online trading platforms.
Internal Controls and Regulatory Compliance	The separation of internal audit and compliance functions provide a sound control framework. Oversight can be further strengthened by including an independent director in the Board & Audit Committee.
Business Sustainability	The Company's market share stands at ~1.31% in FY25, with brokerage revenue rising to PKR 190.34 million amid strong market volumes and values. While the proprietary book saw a decline in net value, its small scale keeps earnings primarily driven by core brokerage operations.
Financial Sustainability	The Company has an adequate capitalization level with regulatory Liquid Capital Balance (LCB) standing it at ~PKR 193.88mln at end-Jun'25. The Company's equity stood at ~PKR 423.33mln at end-Jun'25.

Key Rating Drivers

The rating reflects the Company's adequately structured governance framework and a generally stable management team that has supported consistent operational performance. Fiduciary practices, particularly in client servicing, compliance, and core risk oversight remain satisfactory, although gradual enhancements would strengthen the overall control environment. The inclusion of an independent director on the Board may further enhance oversight quality and strengthen the governance of existing board committees. Going forward, deepening management capacity, refining internal control mechanisms, incrementally strengthening client-protection, improving grievances mechanisms and conflict-management frameworks will remain important for sustaining and improving the fiduciary profile. Nonetheless, the rating remains constrained by its dependence on overall market dynamics for profitability.

Disclosure

Name of Rated Entity	Spectrum Securities Limited BFR
Type of Relationship	Solicited
Purpose of the Rating	Broker Fiduciary Rating (BFR)
Applicable Criteria	Assessment Framework Broker Fiduciary Rating(Jan-25)
Related Research	Sector Study Brokerage Firms(Feb-25)
Rating Analysts	Usama Ali usama.ali@pacra.com +92-42-35869504

Profile

Background Spectrum Securities Limited ('the Company') was incorporated in Pakistan as a private company on October 27, 2014 as a private company under the Companies Ordinance, 1984 (which has now been repealed by the enactment of the Companies Act, 2017 in May 2017). On January 12, 2018, the status of the Company was changed to public unlisted company. The Company is a Trading Right Entitlement Certificate Holder of the Pakistan Stock Exchange Limited and is duly registered with the SECP.

Operations SSL primarily offers equity brokerage services, complemented by on demand research support for its clients. The Company's clientele is categorized into three segments: i) High Net Worth Individuals (HNWI) / Retail Clients, ii) Financial Institutions and Corporates, iii) Foreign/Non Resident.

Ownership

Ownership Structure Mr. Muhammad Owais holds a majority stake of approximately 97% in the Company, while Mrs. Atiqah Zafar owns the remaining 3% of shares.

Stability The concentrated ownership lends stability; however, formalizing a succession plan would further strengthen long-term governance continuity.

Business Acumen The primary sponsor demonstrated strategic foresight by historical instances of injecting equity at opportune time, enabling the Company to capitalize on favorable market conditions. The Company's sponsor possesses the relevant educational background and ample industry understanding. The overall assessment of the strategic thinking proficiency of sponsors is comfortable.

Financial Strength The sponsors possess substantial net worth and have the capacity to inject additional capital as the Company's operations expand. This underscores their commitment to the business, providing a strong financial safety net and reinforcing investor confidence in the Company's long-term viability and growth potential.

Governance

Board Structure The Company's board consists of three directors, including the CEO, Mr. Ahmed Nabeel. Mr. Umair Arif, Head of Compliance, serves as an executive director, while Mr. Muhammad Haris is a non-executive director.

Members' Profile The board has the requisite skills and experience to effectively oversee capital market operations. On average, the members bring approximately 20 years of experience in finance and capital markets.

Board Effectiveness To maintain an effective control environment and ensure compliance with reporting standards, the Company has established several board-level committees, including the Audit Committee, HR Committee, Risk Management Committee, and Investment Decision-Making Committee.

Financial SSL has appointed Nasir Javed Maqsood Imran & Company, Chartered Accountants, as its external auditor. The firm is categorized under the 'B' category of the State Bank of Pakistan's panel of auditors and has issued an unqualified opinion for FY25.

Management And Client Services

Organizational Structure The Company has an adequate organizational structure with an experienced management team and a balanced mix of professionals from the finance industry. The functions of the Company are mainly divided into 1) Sales 2) Research 3) Operations (Settlement, CS & IT) 4) HR 5) Compliance, and 6) Internal Audit.

Management Team The CEO, Mr. Ahmed Nabeel, the CFO, Mr. Muhammad Umair Arif, and the COO, Mr. Muhammad Imran Arif, form the senior management team of SSL. Mr. Ahmed Nabeel has extensive and diversified experience in the capital market, spanning over twenty-five years. Mr. Muhammad Umair, who holds a Master's degree, has been with the company since 2015, serving as both CFO and Company Secretary. He also heads the Compliance Department. Basharat Ullah was appointed as the Head of the Research Department, bringing with him 20 years of experience.

Client Servicing SSL offers clients access to trading through a mobile app and online platform, complemented by periodic and on demand provision of technical and fundamental research reports.

Complaint Management The Company has an adequate complaint management system supported by an adequately defined policy. Complaints can be made via email, calls, and website.

Extent Of Automation / Integration The Company has integrated database platforms and can generate real-time MIS reports on a timely basis, enabling efficient decision-making and improved operational oversight.

Continuity Of Operations SSL has well-defined Disaster Recovery and Business Continuity Plans, supported by comprehensive policies. These systems are tested bi-annually, with a secondary data storage site maintained at a separate location. The effectiveness of the Disaster Recovery Plan was demonstrated when an unfortunate fire affected the location of Company's previous head office, despite the incident, SSL's clients experienced no disruption in services.

Internal Controls And Regulatory Compliance

Risk Management Framework The Company maintains an in-house internal audit department to ensure operational efficiency and effective evaluation of internal controls. This department is responsible for implementing and monitoring the Company's policies and procedures. The Audit Committee oversees significant risk areas identified by management and internal or external auditors, along with the controls established to mitigate those risks. The establishment of an independent risk management department would further enhance the overall risk management framework.

Regulatory Compliance The Compliance Department regularly monitors the Company's controls and systems to ensure that all functions operate in accordance with applicable policies and procedures. A Research Analyst Policy has also been established to guide relevant activities. Separation of compliance and finance functions is encouraged to further strengthen governance.

Business Sustainability

Operating Environment Pakistan's macroeconomic conditions remained broadly stable through FY25 and 1QFY26, creating a supportive environment for capital market activity and the brokerage industry. FY25 reflected a phase of steady recovery, driven by IMF-backed reforms, easing inflation, and an improved external position. Real GDP grew by ~2.7%, supported by expansion in industry (~4.8%) and services (~2.9%), while per capita income increased to ~USD 1,824. Average inflation dropped sharply to ~4.5% from 23.4% in FY24, allowing the State Bank of Pakistan (SBP) to lower the policy rate from 20.5% to 11% by the end of the fiscal year. During 1QFY26, stabilization momentum continued, with average inflation easing further to ~4.2% and the PKR appreciating by ~0.9% FYTD. External indicators strengthened, as exports rose by ~11% YoY to USD ~6.7bn, remittances increased by ~7% YoY to USD ~6.35bn, and foreign exchange reserves reached ~USD 19.8bn by end-Sep'25. The SBP maintained the policy rate at 11%, supporting stable real returns and a favorable investment climate. Improving macro fundamentals, stable monetary policy, and renewed investor confidence have translated into higher trading activity at the Pakistan Stock Exchange (PSX). Market sentiment has also been supported by the expectation of upcoming Initial Public Offerings (IPOs), indicating renewed corporate interest in listings and deepening investor participation in the equity market.

Performance SSL reported operating revenue of ~PKR 190.34mln in FY25, compared to ~PKR 118.83mln in FY24, driven by sustained market activity. Net profit stood at ~PKR 37.49mln for FY25 (FY24: ~PKR 51.46mln). Commission on equity brokerage remains the principal revenue stream.

Strategy Spectrum Securities Limited's strategic intent centres on strengthening its market presence in Pakistan's brokerage sector by leveraging technology, broadening client segments (retail, institutional & foreign), and maintaining rigorous risk and compliance controls.

Financial Sustainability

Credit Risk SSL maintains stringent KYC and AML procedures in line with SECP regulations, ensuring thorough client verification and continuous monitoring of transactions. High-risk clients are subject to enhanced scrutiny, and staff receive regular AML training under the supervision of the Compliance Head, Mr. Muhammad Umair Arif. Credit facilities are extended only against secured collateral, with limits set according to client profiles and trading history. As of FY25, ~52% of receivables were under 30 days, highlighting the need for continued emphasis on timely recoveries and credit discipline.

Market Risk The Company continues to maintain a modest proprietary book. As of end-FY25, the proprietary investment stood at ~PKR 18.29 million, carrying an unrealized loss of ~PKR 5.15 million, resulting in a net market value of ~PKR 13.13 million. This represents approximately 4.3% of total equity on a cost basis and ~3.1% on a net market value basis, against an equity base of PKR 423.33 million. The net value reflects a decline from ~PKR 23 million at end-Jun'24; despite an improving market environment, the movement suggests either partial liquidation of positions or exposure to underperforming scrips. Proprietary activity remains limited in scale, and introducing a formal proprietary trading policy could further streamline structured oversight and strengthen governance around these exposures.

Liquidity Risk As of FY25, SSL reported current assets of ~PKR 631.65mln against current liabilities of ~PKR 249.13mln, reflecting a strong liquidity position. The available liquid assets are adequate to cover short-term obligations, ensuring comfortable working capital headroom.

Capitalization SSL maintains adequate capitalization, with equity of ~PKR 423.33mln as of Jun'25. The regulatory Liquid Capital Balance improved from ~PKR 134mln in Jun'24 to ~PKR 193.88mln in FY25, reflecting enhanced risk absorption capacity and regulatory compliance.



THE PAKISTAN CREDIT RATING AGENCY

Spectrum Securities Limited
PUBLIC LISTED LIMITED
FINANCIAL SUMMARY

FS PRINT MODE DISABLED

Jun-25 FY25 12M Audited	Jun-24 FY24 12M Audited	Jun-23 FY23 12M Audited
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BALANCE SHEET	
1	FINANCES
2	INVESTMENTS
3	OTHER EARNING ASSETS
4	NON-EARNING ASSETS
5	NON-PERFORMING FINANCES-net
TOTAL ASSETS	
6	FUNDING
7	OTHER LIABILITIES (NON-INTEREST BEARING)
TOTAL LIABILITIES	
TOTAL EQUITY	

10.19	16.12	11.60
13.14	23.85	26.17
3.02	8.90	2.53
649.70	488.36	121.84
-	-	-
676.05	537.24	162.14
-	-	-
250.31	150.34	35.61
250.31	150.34	35.61
423.34	386.90	126.53

INCOME STATEMENT INCOME	
1	FEE BASED INCOME
2	OPERATING EXPENSES
3	NON-FEE BASED INCOME
TOTAL OPERATING INCOME (LOSS)	
4	FINANCIAL CHARGES
PRE-TAX PROFIT	
5	TAXES
PROFIT AFTER TAX	

188.15	115.31	41.84
(190.69)	(127.36)	(76.72)
54.49	67.00	0.57
51.95	54.95	(34.32)
(0.08)	(0.00)	(0.00)
51.87	54.94	(34.32)
(14.37)	(3.48)	2.18
37.50	51.47	(32.14)

RATIOS BUSINESS SUSTAINABILITY	
1	PRE-TAX MARGIN
2	EBITDA MARGIN
3	EBIT RETURN ON ASSETS

0.28	0.48	(0.82)
0.28	0.48	(0.82)
0.09	0.16	(0.17)

FINANCIAL SUSTAINABILITY	
1	TOTAL INVESTMENTS / EQUITY
2	LIQUID CAPITAL BALANCE (LCB) / EQUITY
3	(CASH, CASH EQUIVALENTS & GOVERNMENT SECURITIES) / TOTAL ASSETS
4	TOTAL DEBT / TOTAL ASSETS

0.03	0.06	0.21
0.46	0.35	0.37
0.02	0.06	0.18
-	-	-

Broker Fiduciary Rating Scale & Definitions

An independent opinion on a broker's quality of management and client services and 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 services and a high likelihood of sustaining operations.
BFR 3++ BFR 3+ BFR 3	Good. Good quality of management and client services and an above average likelihood of sustaining operations.
BFR 4++ BFR 4+ BFR 4	Adequate. Adequate quality of management and client services and an average likelihood of sustaining operations.
BFR 5	Weak. Weak quality of management and client services and a weak likelihood of sustaining operations.

Outlook (Stable, Positive, Negative, Developing) 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'.	Rating Watch 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 foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	Withdrawn A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the rating remains suspended for six months, or/and d) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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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.

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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)

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- (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)

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