

## BROKER MANAGEMENT RATING REPORT

### BMA Capital Management Limited

**REPORT DATE:**

21 May, 2021

**RATING ANALYSTS:**

Muhammad Tabish  
[muhammad.tabish@vis.com.pk](mailto:muhammad.tabish@vis.com.pk)

Batool Zaidi  
[batool.zaidi@vis.com.pk](mailto:batool.zaidi@vis.com.pk)

**APPLICABLE**

**METHODOLOGY:**

Broker Management Ratings  
2020: <https://s3-us-west-2.amazonaws.com/backupsqvis/docs>

Rating Category	Latest Rating
<b>Broker Management Rating</b>	<b>BMR2+</b>
<b>Rating Rationale</b>	The rating signifies strong client relationship management and compliance levels, sound internal and external controls, HR & IT services while regulatory framework and financial management are considered adequate.
<b>Rating Date</b>	21 May, 2021

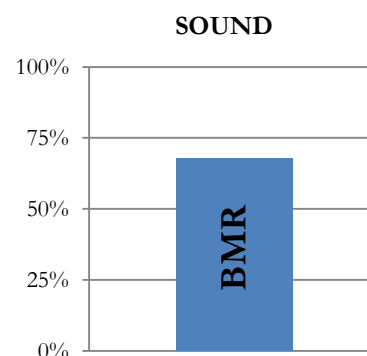
### COMPANY INFORMATION

<b>Incorporated in 1992</b>	<b>External auditors:</b> RSM Avais Hyder Liaquat Nauman Chartered Accountants
<b>Public limited Company</b>	<b>Chairman of the Board:</b> Mr. Moazzam M. Malik
<b>Key Shareholders (with stake 5% or more):</b>	<b>Chief Executive Officer:</b> Mr. Moazzam M. Malik
<i>Ganjbaksh Mauritius Limited ~ 49%</i>	
<i>Mr. Moazzam Mazhar Malik ~ 29%</i>	
<i>Mr. Muddassar Mazhar Malik ~ 14%</i>	
<i>Ms. Shehla Mazhar ~ 8%</i>	

### Corporate Profile

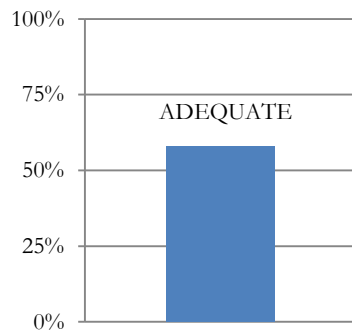
Operating in the broking business for over 25 years, BMA Capital Management Limited (BMA) is primarily engaged in provision of equity brokerage services with presence in money market, commodity and forex segments. The company caters to domestic retail and high net worth (HNWI) clients, local institutions and foreign broker dealers. Alongside, it also provides corporate advisory services. BMA's operations run through its head office in Karachi along with a network of 16 branches spread nationwide.

The company holds a Trading Right Entitlement (TRE) certificate issued by the Pakistan Stock Exchange Limited (PSX) since 1992. External auditors of the company are RSM Avais Hyder Liaquat Nauman Chartered Accountants. Auditors are on the approved list of auditors published by the State Bank of Pakistan (SBP).



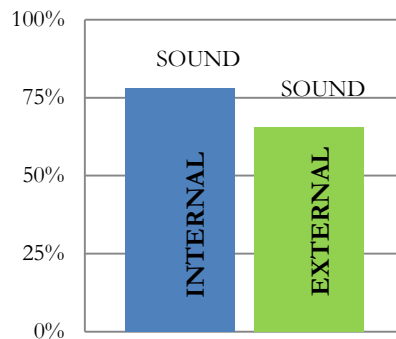
**Rating Factors Scores**

**Regulatory Requirements & Supervision**



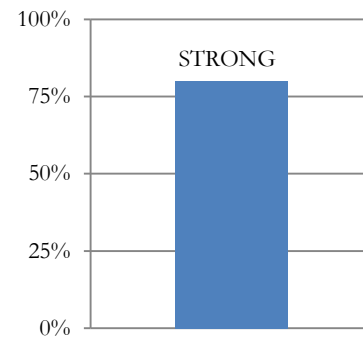
- General improvement in the market trading volumes has led to improvement in net capital balance.
- Room for improvement exists in board size, formation of a risk management committee is recommended to align regulatory framework with best international practices.

**Internal & External Control Framework**



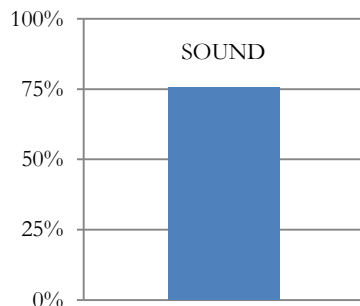
- Inclusion of director’s report in the annual accounts along with statement of compliance with code would enhance disclosure levels.
- Improvement in frequency of reviewing internal control system and compliance has been noted.

**Client Relationship & Fairplay**



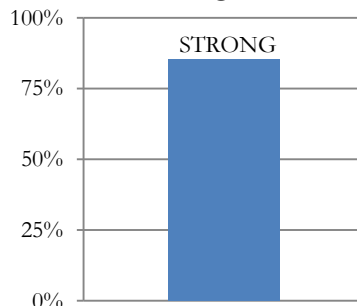
- Including daily market and equity research reports on website would enhance client services.

**HR & Infrastructure**



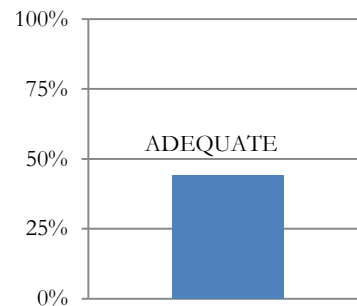
- Fully integrated ERP platform present.
- Frequency of practicing disaster recovery exercises and reviewing internal policies and manuals may be increased.

**Compliance & Risk Management**



- Increase in total trade value generated through Institutional Delivery System (IDS) has been noted.
- Internal audit and compliance departments are placed independently.

**Financial Management**



- BMA’s branch network has been increased to 16 from 11. During the year, total number of clients grew by 50%. Despite increase in overall industry trading volumes, BMA was able to sustain its market share with slight improvement.
- Profitability profile has witnessed significant improvement during FY20.
- Efficiency ratio has declined though remaining on the higher side.
- Utilization of running finance remained on the higher side which has surpassed prior year’s level, leverage stood at 2.7x (FY19 1.9x)

**MANAGEMENT QUALITY SCALE & DEFINITIONS**

**Appendix I**

**VIS** Credit Rating Company Limited

---

**RATING SCALE & DEFINITIONS: BROKER MANAGEMENT RATING**

**BMR1A**

Excellent regulatory compliance, control environment, and financial management; governance and risk management frameworks are extremely effective; HR, IT, and customer services are strongly proactive.

**BMR3++, BMR3+, BMR3**

Adequate regulatory compliance, control environment, and financial management; governance and risk management frameworks are satisfactory; HR, IT, and customer services are adequate.

**BMR1++, BMR1+, BMR1**

Strong regulatory compliance, control environment, and financial management; governance and risk management frameworks are highly effective; HR, IT, and customer services are highly proactive.

**BMR4++, BMR4+, BMR4**

Inadequate regulatory compliance, control environment, and financial management; governance and risk management frameworks need improvements; HR, IT, and customer services are insufficient.

**BMR2++, BMR2+, BMR2**

Sound regulatory compliance, control environment, and financial management; governance and risk management frameworks are effective; HR, IT, and customer services are proactive.

**BMR5**

Weak regulatory compliance and business practices

---

**Rating Outlooks:**

The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details. [www.vis.com.pk/images/criteria\\_outlook.pdf](http://www.vis.com.pk/images/criteria_outlook.pdf)

<b>REGULATORY DISCLOSURES</b>		<b>Appendix II</b>		
<b>Name of Rated Entity</b>	BMA Capital Management Limited			
<b>Sector</b>	Brokerage			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Broker Management Rating (BMR)			
<b>Rating History</b>	<b>Rating Date</b>	<b>Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: BMR</b>			
	5/21/2021	<b>BMR2+</b>	<b>Stable</b>	<b>Reaffirmed</b>
	3/27/2020	BMR2+	Stable	Reaffirmed
	1/07/2019	BMR2+	Stable	Reaffirmed
	12/08/2017	BMR2+	Stable	Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
<b>Probability of Default</b>	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
<b>Disclaimer</b>	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. VIS is not an NRSRO and its ratings are not NRSRO credit ratings. Copyright 2021 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			