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**Review Report to the Members on the Statement of Compliance  
with the Public Sector Companies (Corporate Governance) Rules, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 ("the Code") prepared by the Board of Directors of Taurus Securities Limited ("the Company") for the year ended 31 December 2013 to comply with the requirements of the Code.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2013.

**Date: 19 March 2014**

**Karachi**

*KPMG Taseer Hadi & Co.*  
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**Chartered Accountants**

**Statement of Compliance with the Public Sector  
(Corporate Governance) Rules, 2013  
For the year ended December 31, 2013.**

This statement is being presented to comply with the Public Sector (Corporate Governance) Rules, 2013 (Rules) effective from August 2013. As the rules are stringent and certain provisions are not practicable to comply with for a small company like Taurus Securities Ltd, the company had approached SECP for exemption from the rules. The SECP vide their letter No. SMD/SE/2(20)2012 dated September 19, 2013 has concurred with the contention and advised to apply for exemption from specific provision of the rules.

Meanwhile, NBP, in order to maintain harmony among all of its subsidiaries, has filed a consolidated application with the SECP on behalf of the subsidiaries. The response from the SECP is awaited.

The company has applied the principles contained in the Rules in the following manner:

1. The Board encourages representation of non-executive directors on its Board. At present all directors on the Board are non-executive with the exception of the CEO who is appointed by the Board.. There is no minority interest in the ownership of the company. The NBP has applied to the SECP for exemption from the appointment of independent directors. At present the board includes:

S.No.	Name of Director	Category
1	Mr. Nadeem A. Ilyas	Non- Executive Director
2	Mr. Muzaffar S. Khan	Non- Executive Director
3	Mr. Muhammad Ismail Usuf	Non- Executive Director
4	Mr. Imran Samad	Non- Executive Director
5	Mr. Akhtar Ali Shah	Non- Executive Director
6	Sheikh Aftab Ahmad	Non- Executive Director
7	Syed Zain Hussain	Executive Director

2. The directors have confirmed that none of them is serving as a director on more than five Public Sector Companies and listed companies simultaneously.

3. A casual vacancy occurring on the board on February 11, 2013 shall be filled up by the NBP.

4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has adopted a vision/mission statement, overall corporate plans/ strategy and significant policies of the company.

6. The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has been given presentation on the company's performance, market environment and budgeting/ planning in their meeting however a formal orientation course for the directors would be conducted by the company.

10. There was no appointment of CFO, Company Secretary and Head of Internal Audit during the year. However the Head of Internal Audit left the company during the year and in his place the new appointment was finalized in the subsequent year. The remuneration and terms and conditions of the appointment were approved by the Board/ Audit Committee of the company when appointed.

11. The directors' report for this year has been prepared in compliance with the requirements of the Rules and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company.

14. The company has complied with all the corporate and financial reporting requirements of the Rules.

15. The board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the chairman of the committee.

16. Three meetings of the audit committee were held during the year. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board is in process of forming a human resource committee whereas NBP has applied to SECP for exemption from formation of procurement and nomination committee.

18. The board has set up an effective internal audit function.

19. The statutory auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as applicable in Pakistan.

20. The statutory auditors have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. We confirm that all other material principles enshrined in the Rules have been complied with.

For and on behalf of the Board.



**SYED ZAIN HUSSAIN**  
Chief Executive Officer