

**STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES
(CORPORATE GOVERNANCE) RULES, 2013**

Name of Company: Taurus Securities Limited
For the year ended: December 31, 2014

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "The Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The Company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y	N																						
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																							
2.	The Board has the requisite percentage of independent directors. At present the Board includes: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td align="center">-</td> <td align="center">-</td> </tr> <tr> <td>Executive Directors</td> <td>Syed Zain Hussain</td> <td>23-12-2012</td> </tr> <tr> <td rowspan="5">Non-Executive Directors</td> <td>Nadeem Anwar Ilyas</td> <td>23-12-2012</td> </tr> <tr> <td>Muzaffar S. Khan</td> <td>23-12-2012</td> </tr> <tr> <td>Syed Akhter Ali Shah</td> <td>23-12-2012</td> </tr> <tr> <td>Sheikh Aftab Ahmad</td> <td>23-12-2012</td> </tr> <tr> <td>Muhammad Ismail Usuf</td> <td>10-06-2013</td> </tr> <tr> <td>Imran Samad</td> <td>23-12-2012</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	-	-	Executive Directors	Syed Zain Hussain	23-12-2012	Non-Executive Directors	Nadeem Anwar Ilyas	23-12-2012	Muzaffar S. Khan	23-12-2012	Syed Akhter Ali Shah	23-12-2012	Sheikh Aftab Ahmad	23-12-2012	Muhammad Ismail Usuf	10-06-2013	Imran Samad	23-12-2012	3(2)	✓	
Category	Names	Date of appointment																								
Independent Directors	-	-																								
Executive Directors	Syed Zain Hussain	23-12-2012																								
Non-Executive Directors	Nadeem Anwar Ilyas	23-12-2012																								
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3.	No casual vacancy occurred on the Board during the year.	3(4)	✓																							
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																							
5.	The appointing authorities (NBP, BoK & SAPICO) have applied the fit & proper criteria given in the annexure in making nominations of the persons for election as Board members under the provisions of the Ordinance.	3(7)	✓																							
6.	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	✓																							

S. No.	Provision of the Rules	Rule No.	Y	N
7.	The Company has been granted exemption from appointment of Chairman of the Board from amongst the independent directors, as required by rule 4(4) of the Rules for three years by Securities and Exchange Commission vide their letter CLD/CCD/CG/Exemptions/2014 dated December 16, 2014.	4(4)	✓	
8.	The Board has appointed the CEO on the basis of fit & proper criteria as well as guidelines specified by the Commission as per letter CLD/CCD/CG/Exemptions/2014 dated December 16, 2014.	5(2)	✓	
9.	(a) 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, including posting the same on the Company's website. (www.taurus.com.pk) (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓	
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	✓	
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b) (vi)	✓	
13.	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. (b) A Committee has been formed to investigate deviations from the Company's code of conduct.	5(5)(c) (ii)	✓ ✓	

S. No.	Provision of the Rules	Rule No.	Y	N
14.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to procurement, tendering, and purchasing and technical standards, when dealing with suppliers of goods and services. The PPRA Rules are not applicable to the Company as the Company is limited by shares incorporated under the Companies Ordinance, 1984 and its shareholding is owned / controlled by other persons / body corporate.	5(5)(c) (iii)	✓	
15.	The Board has developed a vision or mission statement, corporate strategy and 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.	5(6)	✓ ✓	
16.	No goods sold by the Company as a public service obligation.	5(8)	✓	
17.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓	
18.	The Board has monitored and assessed the performance of senior management including the Chief Executive on annual basis.	8	✓	
19.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	
20.	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the Board members.	10	✓	

S. No.	Provision of the Rules	Rule No.	Y	N												
21.	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11	✓													
22.	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written terms of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The committees were chaired by the following non – executive directors:</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>Three</td> <td>Syed Akhtar Ali Shah</td> </tr> <tr> <td>Risk Management Committee</td> <td>–</td> <td>–</td> </tr> <tr> <td>Human Resources Committee</td> <td>Three</td> <td>Mr. Mazaffar S. Khan</td> </tr> </tbody> </table> <p>The Company has been granted exemption from formation of Procurement Committee and Nomination Committee by Securities and Exchange Commission of Pakistan vide their letter CLD/CCD/CG/Exemptions/2014 dated December 16, 2014.</p>	Committee	Number of members	Name of chair	Audit Committee	Three	Syed Akhtar Ali Shah	Risk Management Committee	–	–	Human Resources Committee	Three	Mr. Mazaffar S. Khan	12	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	✓
Committee	Number of members	Name of chair														
Audit Committee	Three	Syed Akhtar Ali Shah														
Risk Management Committee	–	–														
Human Resources Committee	Three	Mr. Mazaffar S. Khan														
23.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13/14	✓													
24.	The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of subsection (3) of section 234 of the Ordinance.	16	✓													

S. No.	Provision of the Rules	Rule No.	Y	N												
25.	The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.	17	✓													
26.	The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.	18	✓													
27.	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the Company contains criteria and details of remuneration of each director.	19	✓ ✓													
28.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the Board.	20	✓													
29.	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members: <table border="1" data-bbox="388 1261 1062 1783"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Mr. M. Ismail Usuf</td> <td>Non-Executive</td> <td>MBA and experience in the field of banking</td> </tr> <tr> <td>Sheikh Aftab Ahmad</td> <td>Non-Executive</td> <td>MBA and experience in the field of Credit & Investments</td> </tr> <tr> <td>Syed Akhtar Ali Shah</td> <td>Non-Executive</td> <td>MBA and experience in the field of banking</td> </tr> </tbody> </table> The Chief Executive and Chairman of the Board are not members of the Audit Committee.	Name of Member	Category	Professional Background	Mr. M. Ismail Usuf	Non-Executive	MBA and experience in the field of banking	Sheikh Aftab Ahmad	Non-Executive	MBA and experience in the field of Credit & Investments	Syed Akhtar Ali Shah	Non-Executive	MBA and experience in the field of banking	21	✓ ✓	
Name of Member	Category	Professional Background														
Mr. M. Ismail Usuf	Non-Executive	MBA and experience in the field of banking														
Sheikh Aftab Ahmad	Non-Executive	MBA and experience in the field of Credit & Investments														
Syed Akhtar Ali Shah	Non-Executive	MBA and experience in the field of banking														
30.	The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee, and which worked in accordance with the applicable standards.	22	✓													

S. No.	Provision of the Rules	Rule No.	Y	N
31.	The Company has appointed its external auditors in line with the requirements envisaged under the Rules.	23	✓	
32.	The external 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.	23(4)	✓	
33.	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	✓	
34.	The Company has complied with all the corporate and financial reporting requirements of the Rules.		✓	


 Chief Executive Office


 Chairman of the Board

**Reasons for Non-Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

S.No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1.	12/1(b)	The Board is required to set up a Risk Management Committee. Previously, the Company had applied for exemption from the same due to its limited size and structure, which has recently been declined by the SECP.	Noted for consideration and compliance.
2.	8	The Board is required to carry out performance evaluation of its members including the Chairman on the basis of a process, based on specified criteria, developed by it. However, management is currently analyzing the requirements of this rule given the limited size and structure of the Company	Noted for consideration.