BROKER MANAGEMENT RATING REPORT

Taurus Securities Limited

REPORT DATE:

15 September, 2021

RATING ANALYSTS:

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APPLICABLE METHDOLOGY:

Broker Management Ratings 2020: https://docs.vis.com.pk/docs/BMR2020 07.pdf

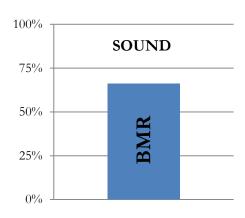
Rating Category	Latest Rating			
Broker Management Rating	BMR2+			
Rating Rationale	The rating signifies strong compliance and risk management and external controls, sound internal control, HR and infrastructure and client relationship and adequate financial management and regulatory requirement.			
Rating Date	15 September, 2021			

COMPANY INFORMATION				
Incorporated in 1993	External auditors: Yousuf Adil Chartered Accountants			
Public Unlisted Company	Chairman of the Board: Mr. Muhammad Ismail Usuf			
Key Shareholders (with stake 5% or more):	Chief Executive Officer: Mr. Syed Zain Hussain			
National Bank of Pakistan ~ 58.32%				
The Bank of Khyber ~ 30.0%				
Saudi Pak Industrial & Agricultural Inv. Co. Ltd.~ 8.33%				

Corporate Profile

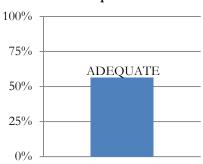
Taurus Securities Limited (TSL) is a public unlisted company incorporated in 1993, providing equity brokerage services and financial/economic data research analysis. Major shareholding of the company is vested with National Bank of Pakistan (NBP). The head office of the company is located in Karachi, while a branch office is located in Peshawar. The company provides both online and assisted trading services to its clients.

TSL is a public unlisted company holding Trading Rights Entitlement Certificate (TREC) granted by Pakistan Stock Exchange Limited (PSX), and is registered with SECP to provide Trading & Self Clearing Services. External auditors of the company are Yousuf Adil Chartered Accountants. External auditors belong to category 'A' on the approved list of auditors published by the State Bank of Pakistan (SBP).



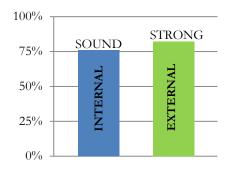
Rating Factors Scores

Regulatory Requirements & Supervision



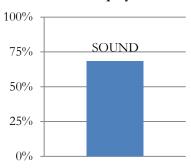
- Board size of 8 members is considered adequate however increasing the number of certified directors may further enhance regulatory framework
- Board committees are adequately represented and headed by independent directors.
 However repetition of directors in committees is present.
- Acquiring additional business related licenses may support revenue generation.
- Improving the Net Capital Balance would support larger trading activity.

Internal & External Control Framework



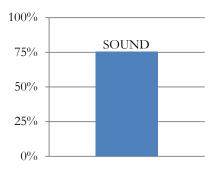
- Overall, internal policies including Code of Conduct and Conflict of Interest policy are well documented and adequately disseminated to all stakeholders.
- Measures are in place to preserve confidentiality of information. Policies and manuals may be reviewed and updated more frequently which may further strengthen internal control framework.
- External control framework and disclosure level may be strengthened by including Director's report and CEO's statement and in the financial statements.

Client Relationship & Fairplay



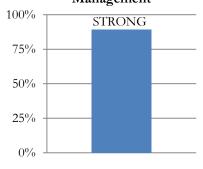
- Client services and resources may be more pronounced through greater visibility on website.
- Company has established sound and stable customer relationships through establishment of systems over times; SMSbased customer complaint and tracking system may be added for greater customer satisfaction
- TSL's geographical diversification has remained limited over time; enhancement is this regard may provide sustainability and growth to the business.

HR & Infrastructure



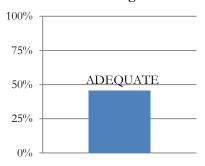
- Fully integrated ERP platform present.
- Contingency measures are in place.
 However, increasing disaster recovery exercises to more than once a year would further strengthen the business continuity framework.

Compliance & Risk Management



- No propriety trading portfolio is maintained by the company nor any credit limits assigned to customers depicting strong risk management framework.
- Audit and compliance departments are functioning independently, which bodes well for compliance and risk management framework.
- Segregating risk management as an independent function would enhance the integrity of the function.

Financial Management



- Capitalization indicators are considered adequate, with manageable gearing levels.
 However, leverage remains on the higher side. Limited equity base is a constraint on ratings.
- Liquidity profile of the company is sound with liquid assets providing comfortable coverage to total liabilities.
- While in FY21, efficiency ratio witnessed some improvement, it is still considerably on the higher side. Enhancing the scope of operations, augmenting revenue streams and improving operational efficiency will be important going forward.

MANAGEMENT QUALITY SCALE & DEFINITIONS

Appendix 1

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: BROKER MANAGEMENT RATING

BMR1A

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

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.

BMR2++, BMR2+, BMR2

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

BMR3++, BMR3+, BMR3

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

BMR4++, BMR4+, BMR4

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

BMR5

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

REGULATORY I	DISCLOSURES			Appendix II		
Name of Rated Entity	Taurus Securities Limit	red				
Sector	Brokerage					
Type of Relationship	Solicited					
Purpose of Rating	Broker Management Rating (BMR)					
Rating History	Rating Date	Rating	Rating Outlook	Rating Action		
	RATING TYPE: BMR					
	15/09/2021	BMR2+	Stable	Initial		
Instrument Structure	N/A					
Statement by the	VIS, the analysts involved in the rating process and members of its rating committee do not					
Rating Team	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	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within					
	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.					
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