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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Next Capital Limited

Review report on the Statement of compliance contained the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **Next Capital Limited** ('the Company') for the year ended 30 June 2022 in accordance with the requirements of Regulation No. 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 Regulations require 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, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

Karachi

Date: 19 September 2022

UDIN # CR202210188FpjaeK0Ak

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: NEXT CAPITAL LIMITED
Year ended: 30th June 2022

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven as per the following:
 - a. Male: Six
 - b. Female: One

2. The composition of board is as follows:

Categories	Names
Independent Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shahnawaz
Non-executive Directors	Mr. Muhammad Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Malik Khurram Shehzad
Executive Directors	Mr. Muhammad Najam Ali Dr. Ali Akhtar Ali*

**Dr. Ali Akhtar Ali was appointed on 24th June 2022*

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

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 developed a vision/mission statement, overall 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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors do not have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board of Directors of the Company consists of Seven (7) eminent directors, out of which three (3) directors are already certified under the Directors Training Program as follows:
 1. Mr. Muhammad Zulqarnain Mahmood Khan
 2. Mrs. Hanna Khan
 3. Mr. Hasan Shahnawaz
10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
11. The board has formed committees comprising of members given below:

a) Audit Committee

Name	Designation
Mr. Hasan Shahnawaz	Chairman
Mr. M. Zulqarnain Mahmood Khan	Member
Mr. Zubair Ellahi (Resigned w.e.f: 25 th March 2022)	Member
Mr. Rizwan Yousuf	Secretary

b) Human Resource & Remuneration Committee

Name	Designation
Mr. Hasan Shahnawaz	Chairman
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
13. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee: Quarterly
 - b) HR and Remuneration Committee: Yearly
14. The board has set up an effective internal audit function to persons who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International

Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with except the requirement mentioned below:

S.no	Mandatory Requirement	Reg. No.	Explanation
1.	<p>Independent Director</p> <p>The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher.</p> <p>When there are seven directors on the board of the company the fraction of independent director share comes at 2.33. The company may round up or provide reason for contrary.</p>	6	The two independent directors have requisite education and extensive and suitable experience to carry out their responsibilities, therefore the Board has not appointed the third independent director.

18. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is mentioned below:

S.no	Non-Mandatory Requirement	Reg. No.	Explanation
1.	<p>Responsibility of the Board to its member:</p> <p>The Chairman of the Board shall, at the beginning of term of each director, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Act and the company's Articles of Association, their remuneration and entitlement.</p>	10(5)	The company shall ensure compliance with these regulation from next elections.
2.	<p>Formal Policy:</p> <p>The Board shall have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for</p>	16	Company do not offer any remuneration to the members of the BOD to attend the meetings. However, formulation of formal policy is in process.

	attending meetings of the Board and its committees.		
3.	Directors' Orientation: All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	18	All the directors are highly qualified and well acquaint with the applicable laws, regulations and affairs of the industry and company.
4.	Directors' Training: It is encouraged that by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	19	All the directors are in compliance with the directors training program (DTP) except for the director appointed during the year who have a year to comply with this regulation, for other two directors the Company is of the view that one of the director is highly qualified and well conversant with the applicable laws and regulations and for the other one the Company has planned to arrange DTP over the next year.
5.	Nomination Committee The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29	Presently, the BOD has not constituted the Nomination Committee, however, the functions are performed by the audit committee.
6.	Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30	Currently, the board has not constituted a separate Risk management committee and the functions are being performed by the Board.



Lt. Gen. Tariq Waseem Ghazi (Retd.)
Chairman