

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

**Name of company:** NEXT CAPITAL LIMITED  
**Year ended:** June 30, 2023

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

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 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. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

**a) Audit Committee**

<b>Name</b>	<b>Designation</b>
Mr. Hasan Shahnawaz	Chairman
Mr. M. Zulqarnain Mahmood Khan	Member
Mr. Ali Akhtar Ali	Member

**b) Human Resource & Remuneration Committee**

<b>Name</b>	<b>Designation</b>
Mr. Hasan Shahnawaz	Chairman
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member

**c) Risk Management Committee**

<b>Name</b>	<b>Designation</b>
Mr. M. Zulqarnain Mahmood Khan	Chairman
Mr. M. Najam Ali	Member
Mr. Ali Akhtar Ali	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. 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
  - c) Risk Management Committee: Half-Yearly

15. 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.
16. 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.
17. 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.
18. 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><b>Independent Director</b></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.
2.	<p><b>Audit Committee:</b></p> <p>It is mandatory that the audit committee will be established by the board of at least three members comprising of non-executive directors and at least one independent director.</p> <p>Whereas one member appears to be an executive director.</p>	27	Mr. Ali Akhtar Ali will be replaced by a non-executive director in the next period.

19. 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><b>Responsibility of the Board to its member:</b></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><b>Directors' Orientation:</b></p> <p>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.</p>	18	All the directors are highly qualified and well acquaint with the applicable laws, regulations and affairs of the industry and company.
3.	<p><b>Directors' Training:</b></p> <p>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.</p>	19	All the directors are in compliance with the directors training program (DTP) except for one director. For other two directors the Company is of the view that one of the directors 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.
4.	<p><b>Nomination Committee</b></p> <p>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.</p>	29	Presently, the BOD has not constituted the Nomination Committee, however, the functions are performed by the audit committee.



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

Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants  
4th Floor, Central Hotel Building,  
Civil Lines, Mereweather Road,  
Karachi - Pakistan

**T:** +92 (021) 35644872-7  
**F:** +92 (021) 35644873

info@bakertilly.pk  
www.bakertilly.pk

**TO THE MEMBERS OF NEXT CAPITAL LIMITED  
REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN 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 **June 30, 2023** in accordance with the requirements of regulation 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 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company’s process for identification of related parties and that whether the related party transactions were undertaken at arm’s length price or not.



ADVISORY • ASSURANCE • TAX

Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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 June 30, 2023.

Further, we draw attention to instances of non-compliances as detailed in para 18 to the annexed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

*bnj*

A handwritten signature in black ink, appearing to read 'Mehmood A. Razzak'.

Engagement Partner: Mehmood A. Razzak

*Karachi.*

Date: October 03, 2023

UDIN: CR202310151IXHI7y4nf