

Chairman's Review

I am pleased to present the review for the year ended 30 June 2018 highlighting the Company's performance and the role of the Board of Directors in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

The year 2017-2018 was another successful year for the Company in terms of financial performance in times of number of challenges emanating from economic and business front mainly exchange rate depreciation, legal challenges to anti-dumping duties and level playing field. The resilience and growth shown by your company in overcoming these challenges shows the strength of this Company. The salient financial achievements during the year are:

- Net Sales increased by 41% to Rs. 47.62 billion
- Gross Profit increased to Rs 7.57 billion
- Profit after tax increased by 43% to Rs. 4.36 billion
- Earnings per share increased to Rs. 10.03

In line with our commitment to cater for the growth in the manufacturing sector, the capacity expansion of the Compact Cold Rolling Mill came on line in June 2018. This will increase the cold rolling capacity to 1,000,000 tons / annum. The Continuous Pickling Line which will expand the pickling capacity is expected to commence production in Q1 2018-2019. The Company has already approved further expansion of additional annealing furnaces involving an investment of Rs. 290 million, which is expected to be commissioned in the Q3 2018-19. The Company will invest Rs 675 million in product service center in Karachi to increase its reach and provide value added products to fast growing automobile and home appliance sectors.

In line with the Company's vision and mission the focus of the Company's management will remain on delivery of quality products and sound business plans for the overall success of the Company. The Company is fueled by the confidence of its fundamental strengths, the quality of its devoted workforce, the production systems and effective supply chain management. I am confident that the Company will be successful in meeting the future challenges and targets.

The Board has performed its duties and responsibilities diligently and has contributed effectively in guiding the Company in all its strategic affairs. The Board also played a key role in monitoring of management performance and focus on major risk areas. The Board was fully involved in strategic planning process and enhancing the vision of the Company.

The Board recognizes that well defined corporate governance processes is vital in enhancing corporate accountability and is committed to ensure high standards of corporate governance to

preserve and maintain stakeholder value. All Directors including Independent Directors fully participated and contributed in decision making process of the Board.

As Chairman of your Company, I will continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard and ensuring that the board hears from appropriate range of senior management. I will remain firmly committed to ensuring that your. Company complies with all relevant codes and regulations and ensuring that our management team continues to take decision that will create value for you in the short, medium and long term.

The Board carried out its annual self-evaluation in line with requirements of Code of Corporate Governance and found its performance to be most satisfactory and improved over previous years. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management. The Board intends to further improve its performance to be in line with global best practices.

Apart from the Board Audit Committee (BAC) / Board Human Resource Committee (HRRC) meetings every quarter, the Board met seven (7) times during the year. The Board normally meets once every quarter to consider and approve financial and operating results and other meetings to consider and approve budget for the following year and one meeting is focused on strategy.

The Company has an independent Internal Audit department and follows a risk based audit methodology. Internal Audit reports are presented to Board Audit Committee on quarterly basis and areas for improvement are highlighted.

Your Company is continuously investing substantial resources to further improve working conditions for its employees to provide a safe, healthy and comfortable working environment.

On behalf of the Board, I wish to acknowledge the contributions of all our employees in the success of the Company. I also wish to thank our shareholders, customers, suppliers, bankers, business partners and other stakeholders for their confidence and support.

The Board looks forward towards the next year with greater confidence in meeting the challenges ahead.



Kemal Shoaib
Chairman

Karachi 15th August, 2018