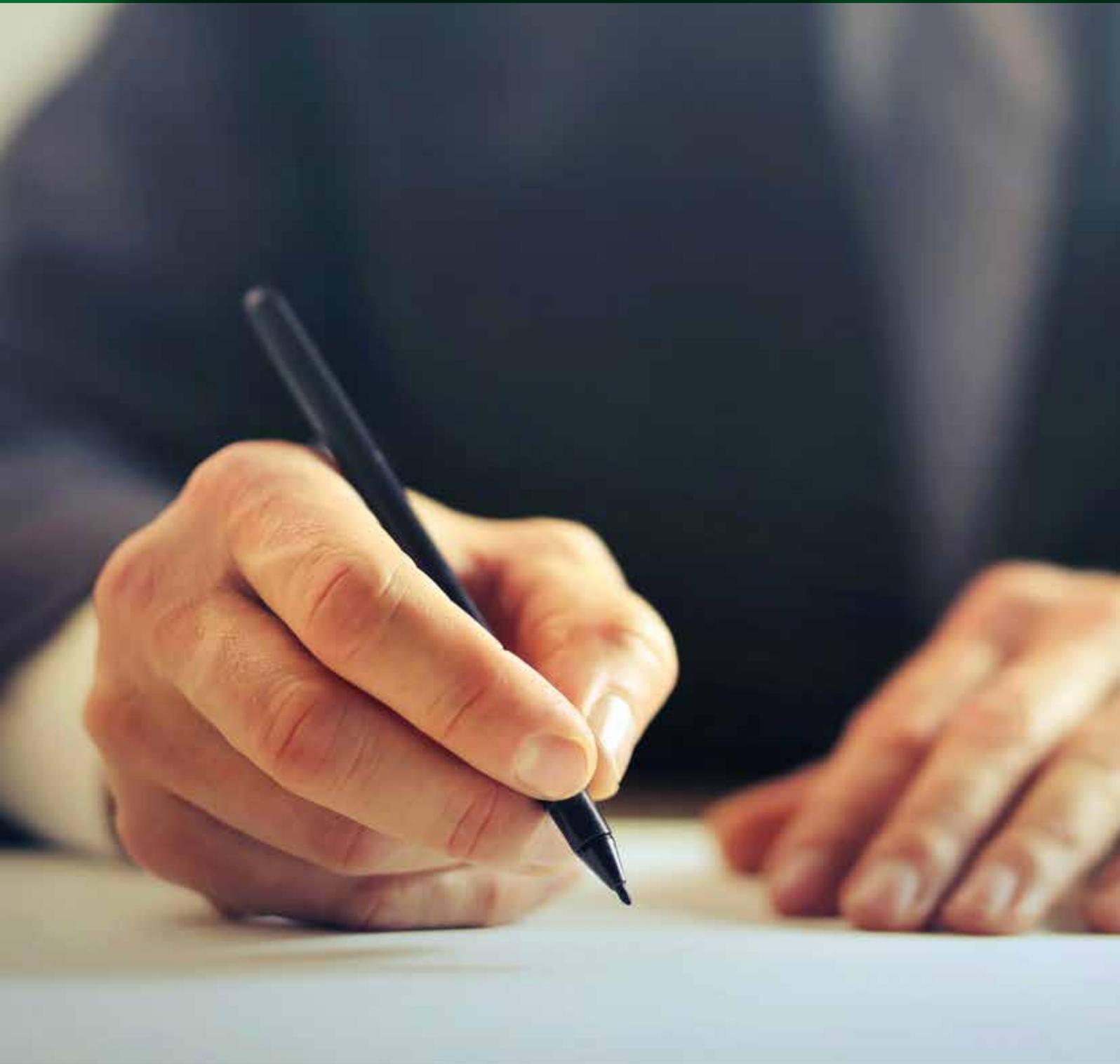


Chairman's **Review**





Chairman's Review

I am pleased to present the review for the year ended June 30 2022, highlighting 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 2021-2022 was another successful year for the Company in terms of financial performance inspite number of challenges emanating from the economic and business front. Macroeconomic vulnerabilities exacerbated by political uncertainty, high global commodity prices driving inflation to record levels, and increased current account deficit resulting in pressure on the Pakistani currency, leading to its depreciation by 31% during the year. Measures taken by the government included increase in policy rate to 15% and 100% LC margin imposed on your Company's raw material imports have resulted in increased borrowing and higher financial cost. Further, super tax at 10% on the profit earned by your Company was responsible for decrease in profit after tax by Rs 716 million.

The resilience and growth shown by your Company in overcoming these challenges show the strength of this Company. This has also become possible due to Levy of antidumping duties on dumped imports of Cold Rolled coils, Galvanized coils and Color coated coils and sheets from different countries. The salient financial achievements during the year are:

- Net sales increased to Rs. 91.42 billion
- Gross profit achieved - Rs. 12.38 billion
- Earnings per share - Rs. 12.44

The Debottlenecking project aimed to enhance the finishing capacity of Cold Rolled Coils and Sheets by 120,000 MT with an investment of Rs. 1.23 billion is on track for completion. The state-of-the-art Rewinding Line with an Electrolytic Cleaning Section has been commissioned in June 2022. This will enable the Company to expand its already strong footprint in automobile, appliances and Tin Mill Black Plate (TMBP) segments of the Cold Rolled Steel market. The upgradation of the Skin Pass Mill is expected to be completed by the end of the current calendar year. Furthermore, the Purlin machines have also been successfully commissioned at the Service Center, and have started commercial production catering to the needs of the construction sector.

The Company increased its exports sales by 57% to Rs. 18.7 billion (USD 111 million), despite global supply chain disruptions and sea freight challenges. Your Company is now the 37th largest exporter of the county and is making its contribution to increase the country's export and reducing trade deficit.

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 are vital in enhancing corporate accountability, and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholders' value. All Directors including the Independent Directors fully participated and contributed in the 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 that our management team continues to take decisions that will create value for you in the short, medium and long term.

The Board carried out its annual self-evaluation in line with the 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 Resources & Remuneration Committee (HRRC) meetings every quarter, the Board met five (5) times during the year. The Board normally meets once every quarter to consider and approve financial and operating results, and once to consider and approve the budget for the following year.

The Company has an independent Internal Audit department that follows a risk-based audit methodology. Internal Audit reports are presented to the Board Audit Committee on a 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.

A handwritten signature in black ink, appearing to read 'Amjad Waheed'.

Dr. Amjad Waheed
Chairman

Karachi, August 18, 2022