

Chairman's Review

I am pleased to present the review for the year ended 30 June 2024 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 2023-2024 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 slow-down in economic activity resulting in lower domestic demand, significant increase in the gas tariff resulting in higher utilities cost, volatility in global steel prices impacting export sales and misuse of sales tax exemption given to erstwhile FATA / PATA regions. The sales tax exemption has been further extended to June 30, 2025, via Finance Act 2024 to the detriment of the domestic manufacturing industry. The resilience and growth shown by your company in overcoming these challenges shows the strength of this Company. The Board is aware of the challenges ahead and its belief in Pakistan remains unshakeable as we focus our efforts on sustainable growth in an industry which is one of the prime indicators of economic progress.

During the year, the Board approved an investment of Rs 1 billion to install 6.4 MW solar power plant at its factory. The work on the installation is in progress and is expected to be completed by the end of 2024 calendar year. The installation of solar power reinforces the company's commitment towards green energy and to reduce its carbon footprint. Besides, it will also help the Company to reduce its continuously increasing utilities cost.

In line with the Company's vision and mission the focus of the Company's management will remain on delivery of quality products, sound business plans, improved profitability and growth for the overall success of the Company. As a leading steel manufacturer of the country, we continually look to innovate value-added steel solutions. The Company believes that a strong demand exists for its products in the export markets and is committed to increasing its share in the global steel market. The Company increased its exports sales in 2023-24 by 34% to Rs. 16.7 billion despite global supply chain disruptions and sea freight challenges and is making its contribution to

increase the country's export and reducing trade deficit.

The resilience and growth shown by your Company is based on 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 to guide the Company in all its strategic affairs. The Board also played a key role in monitoring management performance and focus on major risk areas. The Board was fully involved in the strategic planning process and enhancing the vision of the Company. The Board has been diligent and has contributed effectively in guiding management in all its strategic affairs. The Board continues to provide governance and oversight in relation to the Company's initiatives on environmental, social and governance matters.

The Board recognizes that well defined corporate governance processes is vital in enhancing corporate accountability and transparency 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 to 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 decisions that will create value for you in the short, medium and long term.

During the year, Mr. Shuji Tsubota resigned from the Board and the Board appointed Mr. Norihiro Mizota to fill the casual vacancy within the statutory time limits. The Board appreciates the contribution of the outgoing Director and welcomes the new Director and looks forward to

his valuable contribution towards your Company.

Apart from the Board Audit Committee (BAC) / Board Human Resource Committee (HRRC) meetings every quarter, the Board met six (6) 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 the budget for the following year and one meeting to review the potential investment opportunity in an associated company along with other group companies.

The Company has an independent Internal Audit department and 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 discussed and followed up for continuous improvement.

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

The Company's business is built on ethics, hard work, and concern for others. Our group firmly believes that contribution to our community has, and always will be, a matrix of our success. We remain dedicated to our core values and strive to maintain long-term relationships with all stakeholders. With an experienced Board of Directors and committed Management Team, we remain equipped to meet the continuing challenges.

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.

We continue to pray to Allah for the continued success of your Company and look forward towards the next year with greater confidence in meeting the challenges ahead.



Mr. Kamal A. Chinoy

August 20, 2024

Karachi

