

Chairman's Review Report

On behalf of the Board of Directors, I am pleased to present the Annual Report of International Steels Limited for the financial year ended 30 June 2025.

The year under review marked a gradual recovery for Pakistan's economy. GDP grew by 2.7%, inflation moderated to single digits, State Bank's policy rate was reduced to 11% and the exchange rate also remained stable, creating a more predictable business environment.

The domestic steel market exhibited mixed trends. Cold Rolled demand contracted by 5%, reflecting subdued industrial growth, while Galvanized demand grew 11%, due to stronger activity in the rural economy. The formal steel sector continued to contend with structural challenges, including misuse of sales tax exemptions allowed under FATA/PATA and the circumvention of anti-dumping duties on galvanized products.

Despite these headwinds, ISL volume grew by 15% as compared to last year, demonstrating our competitive strength. However, the benefit of higher volumes was tempered by declining global steel prices. Export performance was impacted by aggressive dumping from major steel-producing nations and rising protectionism in key markets.

ISL maintained its profitability trajectory and remains strategically positioned to capitalize on future market growth. The Company's resilience is reflected not only in market share gains but also in the execution of strategic initiatives:

- **Downstream Integration:** Acquisition of a 17% equity stake in Chinoy Engineering & Construction Limited to stimulate domestic steel demand.
- **Energy Diversification:** Commissioning of a 6.4 MW solar power plant, reinforcing our commitment to sustainability, energy cost reduction and a lower carbon footprint.
- **Economic Contribution:** ISL contributed USD 60 million to the national economy through import substitution and export receipts, alongside PKR 14.7 billion in direct and indirect taxes.

The Board maintained a high standard of corporate governance, with active participation from all Directors, including our Independent Directors, in strategic decision-making. During the year, Mr. Samir M. Chinoy was appointed Chief Executive Officer, succeeding Mr. Yousuf H. Mirza, who remains on the Board. We thank Mr. Mirza for his leadership and welcome Mr. Chinoy's vision for ISL's next growth phase. Additionally, Mr. Kenichi Hotta joined the Board, succeeding Mr. Norihiro Mizota, whose contribution we deeply appreciated.

We welcome recent regulatory reforms, including changes to the sales tax regime for FATA/PATA and the imposition of anti-dumping duties on circumvented coated products. These measures should help expand the footprint of Pakistan's domestic flat steel industry.

As Chairman, I remain committed to leading a culture grounded in openness, constructive debate and strategic foresight. We will continue to ensure compliance with all regulatory standards, while empowering our management to make decisions that create value over the short, medium and long term.

On behalf of the Board, I extend sincere appreciation to our shareholders, employees, customers and partners for their continued trust and support. Your confidence fuels our determination to navigate challenges and seize opportunities in the evolving market landscape.

With optimism and resolve, we look ahead to the coming year, prepared to build on our strengths, adapt to market realities and deliver sustainable growth.

We pray to Almighty Allah for the continued success and prosperity of your Company.



Kamal A. Chinoy

August 19, 2025