Report of the Audit Committee

INTRODUCTION

The Audit Committee ("Committee") of International Steels Limited ("Company"), appointed by the Board of Directors ("Board"), comprises of three (3) Directors including one (1) Independent Director. The Chairman of the Committee, Mr. Nihal Cassim, is an Independent Director. The Committee collectively possesses significant expertise in economic, finance, and business operations.

During the financial year, five (5) meetings of the Committee were held. The Chief Executive Officer ("CEO"), and Chief Financial Officer ("CFO") attended these meetings by invitation. The Committee held four meetings to review and recommend to the Board the quarterly, half yearly and annual financial statements. There was one meeting held in June 2026 specifically to review in detail the risks associated with the business and the mitigating steps that the Management has taken to address them. The Chief Internal Auditor is the Secretary of the Committee. The minutes of the meetings of the Committee were circulated to all Directors, and the Chief Financial Officer. The external auditors were present in two (2) meetings where financial statements and audit-related matters were discussed.

GOVERNANCE & REGULATORY COMPLIANCE

1. The Committee confirms that the Company has fully complied, without any material departures, with:

    - Mandatory and voluntary provisions of the Pakistan Stock Exchange's listing regulations;
    - Listed Companies (Code of Corporate Governance) Regulations, 2019;
    - International best practices of governance.

2. The Company issued a Statement of Compliance with the Code of Corporate Governance which was reviewed and certified by the external auditors.

FINANCIAL REPORTING & DISCLOSURES

1. The Committee reviewed the quarterly, half-yearly and annual financial statements and recommended them for approval by the Board.

2. Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in the preparation of the financial statements of the Company on a going concern basis for the year ended June 30, 2026, which fairly present the state of affairs, results of operations, profits, cash flows, and changes in equity of the Company for the year under review.

3. Accounting estimates are based on reasonable and prudent judgement. Proper, accurate, and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.

4. The Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company along with Chairman and Directors' Reports. They acknowledge their responsibility for a true and fair presentation of the financial statements, the accuracy of reporting, compliance with regulations & applicable accounting standards and establishment & maintenance of internal control system of the Company.

RELATED PARTY TRANSACTIONS

1. The Committee reviewed all related party transactions, recommended them for approval of the shareholders in the Annual General Meeting after ratification from the Board.

INTERNAL AUDIT OVERSIGHT

1. The Company's Internal Audit function is being led by the Chief Internal Auditor in compliance with the Code of Corporate Governance, who is assisted by in-house staff. The Chief Internal Auditor reports directly to the Chairman of the Committee.

2. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness.

3. The Board Audit Committee has ensured the achievement of operational, compliance & financial reporting objectives, safeguarding the assets of the Company and shareholders' wealth through effective controls and risk management at all levels within the Company.

4. The internal audit department carried out independent audits in accordance with an internal audit plan which was approved by the Committee. Further, the Committee has reviewed material internal audit findings and management's response thereto, taking appropriate action or escalating the matters to the Board where necessary.

5. Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDIT OVERSIGHT

1. The statutory auditors of the Company, A.F. Ferguson & Co., Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2026 and shall retire at the conclusion of the 19th Annual General Meeting.

2. The Management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the Listing Regulations & the Listed Companies (Code of Corporate Governance) Regulations 2019 and shall therefore accordingly be discussed in the next Committee meeting.

3. The audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.

4. Being eligible for reappointment under the Listing Regulations & the Listed Companies (Code of Corporate Governance) Regulations 2019, the Board Audit Committee recommends their reappointment for the year ended June 30, 2027 on terms and conditions to be negotiated by the Chief Executive Officer.

COMMITTEE EVALUATION & CONCLUSION

The Committee confirms that all statutory and regulatory obligations, as well as best governance practices, were met during the year.

Nihal Cassim
Chairman- Board Audit Committee

Karachi
August 17, 2026