



CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual financial results of our Company for the year ended June 30, 2021

Mustapha A. Chinoy
Chairman

FY21 was a year without precedence. COVID-19 remained a prevalent and all-pervasive theme across the globe and forced permanent changes to the way we live and work. By the Grace of the Almighty, Pakistan had lower infection rates in comparison to most countries, which enabled us to continue operations for most part of the year. I am proud of how our management team and employees rose to the occasion and stayed committed to all stakeholders. Their efforts have enabled our Company to post record sales revenue and profit, for which I extend to them my appreciation on behalf of the Board.

Pakistan has witnessed a V-shaped economic recovery, with GDP growth clocking in at 3.94% compared to a contraction in the prior year at the height of the pandemic. We must acknowledge the measures taken by our state institutions in controlling the spread of COVID-19 and the roll-out of the vaccination program. As a result of these measures, Large-Scale Manufacturing (LSM) showed a remarkable recovery with major sectors showing substantial improvement over last year. The macroeconomic stabilization measures initiated by the government have reflected in the fiscal and external accounts numbers and I am confident that our resolve and ability to adapt to change will help us in managing our business effectively in future periods in the face of the continuing pandemic.

IL and its subsidiary, International Steels Limited (ISL), sold over 665k MT of steel products, including exports of 136k MT, and posted turnover in excess of Rs. 98 billion for the year under review. Group contributions to the national exchequer during the year amounted to Rs. 21.2 billion. Your Company

posted Profit After Tax (PAT) of Rs. 2,315 million (EPS Rs. 17.55). PAT excluding dividend income from ISL was Rs. 1,690 million. ISL reported PAT of Rs. 7,466 million. Its gross turnover was Rs. 69.8 billion, compared to Rs. 48 billion in the preceding year.

Large Scale Manufacturing (LSM) grew 8.99% year on year, with the iron & steel sector growing by 1.66%. I am proud to say that our Company has performed much better compared to the industry average with sales revenue showing 53% growth over last year.

Despite the challenges of the pandemic, we continued to promote our brand as well as seek new opportunities for growth. The Company has gained a strong foothold in the export markets of Australia and North America by operating through its overseas subsidiaries. IIL Construction Solutions (Pvt) Ltd, another wholly-owned subsidiary, was established to add value to our investments in Hollow Structural Sections and High Strength Scaffolding projects. It has developed awareness in the market and achieved a number of promising early successes. The Company's Polymers also performed creditably, achieving growth in both volumes and profitability. We have embarked on an expansion to complement our PPRC product range by seeking to add uPVC pipes and fittings to our portfolio.

Alongside our business endeavors, we continue to serve and invest in the communities we operate in. I am delighted to report that our CSR efforts proudly supported a diverse spectrum of reputable not-for-profit entities including The Citizens Foundation, SINA Health Education & Welfare Trust as well Amir Sultan Chinoy Foundation, our own charitable trust,

which were donated a total of Rs. 53m during the year under review. Furthermore, we aim to continue supporting our workers and their families facing hardships during difficult economic times.

Changes to the Board

During the year 2020-21, a casual vacancy arose due to the resignation of Mr. Ehsan Ali Malik that was filled by appointing Mr. Asif Jooma as Director for the remaining term of the existing Board of Directors. Mr. Riyaz T. Chinoy, after completing 28 years of service in IIL, with the last 10 as the Chief Executive Officer, stepped down from the position of CEO at the close of business on February 9, 2021. He continues to serve on the Board of IIL as a non-executive Director. On behalf of the Board, I would like to place on record my acknowledgement for the contributions of Mr. Ehsan Malik and Mr. Riyaz Chinoy.

Appointment of New Chief Executive Officer

Consequent to the resignation of Mr. Riyaz T. Chinoy as CEO, Mr. Kamal A. Chinoy was appointed as CEO with effect from February 10, 2021 till April 30, 2021. Thereafter, as recommended by the Board Human Resource & Remuneration Committee (HR&RC), the Board appointed Mr. Sohail R. Bhojani as the Chief Executive Officer of the Company effective May 1, 2021.

Performance of the Board

The Board has performed its duties and responsibilities diligently and contributed effectively in guiding the Company in strategic and governance matters. The Board also played a key role in the monitoring of management performance and assessing major risk areas. It was fully engaged in the strategic planning process and supporting the vision of the Company.

The Board recognizes that well defined corporate governance processes are vital to enhancing corporate accountability and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholder value. All Board members, including independent directors, fully participated in and contributed to 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, wide-ranging debate on key matters and ensuring that the Board receives information and opinions from senior management. I remain firmly committed to ensuring that your Company complies with all relevant codes and regulations, and that the management continues to take decisions which create value for you in the short, medium and long term.

The Company has an independent Internal Audit department, which believes in a risk-based audit methodology and leads the internal audit function supported by an external firm where required. Internal audit reports are presented to the Board Audit Committee (BAC) on a quarterly basis and areas for improvement are highlighted.

This was the ninth year that the Board as a whole carried out its self-evaluation and fourth time individual directors were also self-evaluated. The evaluations identified areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management. Along with the Boards' self-evaluation, the BAC and HR&RC also carried out their self-evaluations.

The BAC is chaired by Mr. Jehangir Shah, an independent director and the HR&RC is chaired by Mr. Mansur Khan, also an independent director. In addition to BAC and HR&RC meetings, the Board met seven (7) times this year. The Board normally meets at least once every quarter to review operational results, once a year to consider the budget for the following year while another meeting is focused on strategy.

In closing, on behalf of the Board, I wish to acknowledge the contribution of all our stakeholders, including shareholders, directors, employees, customers, suppliers and bankers during the year. I would like to emphasize that the challenges of the pandemic are likely to remain for the foreseeable future. I am confident that the Board and management are capable and fully prepared to face these challenges with resilience as we have in the past.



Mustapha A. Chinoy
Chairman
August 26, 2021