

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Siddiqsons Tin Plate Limited is pleased to present Fourth Annual Report after listing with Karachi Stock Exchange (Guarantee) Limited, and Audited Financial Statements of the Company together with Auditor's Report thereon for the year ended June 30, 2009.

General

The principal activity of the Company is manufacturing and sale of tin plates and other steel products. The Company production capacity is 120,000 metric tons per annum. The plant is located at Winder Industrial Estate in the province of Balochistan.

Industry and Financial Review

The year under review was a very difficult year for all business houses and as such our Company was no exception. The Company has also been facing different challenges domestic as well as international. Despite that accumulative net sale of your company during the year has been slightly higher as compared to the last year's sales. Your Company has recorded net sales of Rs.2,640 million as compared to Rs.2,398 million during the same period of previous year which means there is an increase in sale revenue by Rs.242 million.

The gross profit of the Company recorded for this year is Rs.227 million which is 8.61% of the sales revenue of the current year as compared to Rs.373 million which was 16% of the sales revenue of the last year. During the third and fourth quarter of the year prices of TMBP sharply declined in international market, due to which we were forced to reduce our sales prices which has invariably affected gross profit margin and in turn we incurred net loss of Rs.125 million.

The plant has continued to operate satisfactorily throughout the year but production was under capacity 36,810 MT only as compared to 46,330 MT during the same period last year due to the menace of dumping, misdeclaration and substitution of plastic as packaging material. The plant capacity has been under utilized by 69% during this year.

Following is the comparative financial results for the year 2009 with 2008.

Rupees in Million	2009		2008	
	Rupees	% of Sales	Rupees	% of Sales
Sales	2,639	100	2,398	100
Gross Profit	227	8.61	373	15.55
(Loss)/Profit before tax	(118)	4.48	181	7.55
(Loss)/ Profit after tax	(125)	4.73	169	7.06
(LPS)/EPS (Rupees)	(1.59)		2.15	

Future outlook

The year under review was a bad year for steel industry due to which we could not achieve set goals. However, we are confident that your company has the potential to remain market leader and would be able to sustain all external and internal pressures by maintaining its history of achieving good results even in the most challenging circumstances.

Management has devotedly made following strategies which are being implemented and monitored periodically for achieving our goals in the forthcoming years, in addition to getting antidumping duty and ITP valuation successfully implemented as well as cascading of duty for our raw material.

- ▶ Canning division has been established and we are cautiously moving forward.
- ▶ Focusing on exploration of new markets in Middle East.
- ▶ To arrange sufficient quantity of all grades of material as per requirement of customers.
- ▶ To give preference for advance orders from the customers.
- ▶ To analyze market demand and evolve policies accordingly.
- ▶ To make all out efforts to curtail imports of under-invoiced material by correct ITP and antidumping.

Auditors

The present auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants are retiring and have offered themselves for reappointment. As suggested by the Audit Committee, the Board of Directors have recommended their reappointment as auditors of the company for the year ending June 30, 2010, at a remuneration to be mutually agreed.

Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the Karachi Stock Exchange in their Listing Regulations, relevant for the year ended June 30, 2009 have been adopted by the Company and have been duly complied with. A separate statement of compliance with the Code of Corporate Governance signed by the Chief Executive Officer included in this report.

Statement of ethics and business practices

The Board has adopted the statement of Ethics and Business Practices. All employees have been informed of this statement and are required to observe these rules of conduct in relation to customers, suppliers and regulations.

Corporate and financial reporting frame work

- ▶ The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These Statements present fairly Company's state of affairs, the result of its operations, cash flows and changes in equity.
- ▶ Proper books of accounts have been maintained by the Company.
- ▶ Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- ▶ The International Accounting Standards / International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- ▶ The system of internal control is sound in design and has been effectively implemented and monitored.
- ▶ There are no doubts upon the Company's ability to continue as a going concern.
- ▶ There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- ▶ Significant diversion from last year's operating results has been disclosed in the Directors' Report.
- ▶ The key operating and financial data for the last six (6) years is summarized in the form annexed with the report.

Dividend

You are aware that we have been quit liberal in giving cash dividends as well as stock dividends during the last six years which could be seen from the following:

	2003	2004	2005	2006	2007	2008
Cash Dividend	12.5%	12.5%	40%	10%	15%	15%
Stock Dividend	-	34%	12.5%	10%	-	-

Board of directors' meetings

During the year under reviewed the Board of Directors met four (4) times. The numbers of meetings attended by each director during the year is shown below:

Name of Directors	No. of Meeting Attended
Mr. Abdullah Rafi	4
Mr. Tariq Rafi	3
Mr. S. Walliullah Shah	4
Mr. Sanaullah Abdullah	4
Mr. Ibrahim Shamsi	2
Mr. Jean Peirre Gugenheim	0
Mr. Satoru Oki	4

Overseas directors attended the meetings either in person or through alternate directors. Leave of absence was granted to Directors who could not attend the Board meetings.

Audit Committee and internal audit control system

The management of your Company believes in good corporate governance, implemented through a well defined and efficiently applied system of check and balance, and the provision of transparent, accurate and timely financial information. The board of directors establishes a system of sound internal control, which is effectively implemented at all level within the Company.

The Audit Committee comprises of four (4) members, most of them are non-executive directors including the chairman of the Committee. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

Pattern of shareholding

The total number of Company's shareholders as at June 30, 2009 were 3,792. The pattern of shareholding as at June 30, 2009 along-with necessary disclosures as required under the Code of Corporate Governance is annexed with this report.

Disclosure of shares trading by the Directors, CEO, CFO and Company Secretary:

The directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry put any trade in the shares of the Company during the year except disclosed as under:

	Purchased	Sold
Mr. Abdullah Rafi (Chairman)	12,000	-
Mr. Ibrahim Shamsi (Director)	279,000	119,000

Acknowledge

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, Shareholders, Partners, Customers, Government Authorities, Autonomous bodies and the Financial Institutions for their co-operation & continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring services rendered by the staff of the Company.

ABDULLAH RAFI

Chairman

Karachi, September 19, 2009