



## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Board of Directors of Siddiqsons Tin Plate Limited is pleased to present Third 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, 2008.

### **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 difficult year for the company as it was facing different challenges domestically as well as internationally. Therefore, accumulative net sales of your company for the whole year has been declined as compared to the last year's sales. Your Company has recorded net sales of Rs.2,398 million as compared to Rs.3,384 million during the same period of previous year, means there is a decrease in sale revenue by 986 million. The main Consequences for Drastic declination in sales are as under:

- Withdrawal of sales tax incentives in this financial year which has influenced on our sales whole year.
- Availability of under-invoiced and mis-declared material in the local market.
- Wild fluctuation in Raw material prices internationally.
- Delayed arrival of Black plate and not fulfillment of the contracts by some of the suppliers due to which we could not meet our delivery commitments to the customers in time.
- Volatile exchange fluctuation.

The gross profit of the Company recorded for this year is Rs. 373 million which is 16% of the sales revenue of the current year as compared to Rs. 408 million which was 12% of the sales revenue of the last year.

The plant has continued to operate satisfactorily throughout the year but production restricted to 45,380 MT as compared to 46,766 during the same period last year. The plant capacity under utilized by 62 % this year due to heavy dumping of imported tinsplate in the market for which antidumping process has been initiated.



Following is the comparative financial results for the year 2008 with 2007.

	2008		2007	
	Rupees	% of Sales	Rupees	% of Sales
<b>Sales</b>	2,398	100	3,384	100
<b>Gross Profit</b>	373	16	408	12
<b>Profit before tax</b>	181	8	266	8
<b>Profit after tax</b>	169	7	249	7
<b>EPS (Rupees)</b>	2.15		3.17	

### ISO CERTIFICATION

We are glad to inform that your Company has received following certifications during the year:

ISO 9001-2000

PSQCA

### FUTURE OUTLOOK

Although the reasons for decline of sales have hampered achievement of our set goals but we are confident that your company has the potential to make all efforts to remain market leader and would be able to sustain all external and internal pressures maintaining its history of achieving good results even in the most challenging circumstances.

Further management has devotedly made following strategies which would be revised and implemented periodically for achieving our goals in the forthcoming year:

- " To streamline adequate procurement contract with the suppliers
- " To arrange sufficient quantity 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 efforts for denting the imports of under-invoiced material by increasing ITP.
- " To supplement our income by making investment in Stock Exchange at appropriate time.
- " To buy-back STPL shares to strengthen our assets.
- " To focus over the new projects, like; Canning, Fishing, Power generation, Property deal, Cement etc.

### SAD DEMISE OF MR. MOHAMMAD MOHSIN, DIRECTOR OF THE COMPANY

The board of directors feels grief on the sad demise of Mr. Mohammad Mohsin, one of the directors of the Company. He was passed away on Monday, September 08, 2008. May Almighty Allah bless the departed soul and grant fortitude to the bereaved family to bear this irreparable loss.

The board of directors is pleased to approve the appointment of Mr. Sanullah Abdullah as a director of the Company in place of deceased director for the remainder term of the deceased director to fill the casual vacancy in accordance with sub-section (2) of Section 180 of the Companies Ordinance, 1984 and clause (vi) of the Code of Corporate Governance contained in the Listing Regulation No. 37 of the Karachi Stock Exchange.



## **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 has recommended their reappointment as auditors of the company for the year ending June 30, 2009, 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, 2008 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 is separately included in this Annual 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 have 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.



### BOARD OF DIRECTORS MEETING

During the year under report, 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	3
Mr. Tariq Rafi	4
Mr. Mohammad Mohsin	1
Mr. Ibrahim Shamsi	3
Mr. S. Walliullah Shah	4
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

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 Audit Committee comprises of three (3) directors of whom two (2) 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.

As Mr. Mohammad Mohsin (Late) was also serving as a chairman of the audit committee so due to his sad demise the board of directors has approved the appointment of Mr. Ibrahim Shamsi as a chairman of audit committee in accordance with the clause (xxx) of the Code of Corporate Governance contained in the Listing Regulation No. 37 of the Karachi Stock Exchange.

### PATTERN OF SHAREHOLDING

The total numbers of Company's shareholders as at June 30, 2008 was 3668. The pattern of shareholding as at June 30, 2008 along with necessary disclosures as required under the Code of Corporate Governance is annexed with the report.

### ACKNOWLEDGE

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission, shareholders, partners, customers, government authorities, autonomous bodies and the financial institution 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 13, 2008