

# CHAIRMAN'S REVIEW REPORT 2020

54 years ago, a Jute Mill set out to change the course of a nation and give employment to thousands of persons. Today, with the grace of the Almighty, we stand before you as Thal Limited - A diverse conglomerate with interests in Thermal Systems, Electric Systems, Engine Components in Auto, Papersack and Laminates businesses. It is undoubtedly your support that has enabled us to lead our country on the path to self-reliance and empowerment.

A strategic thrust for localization capitalizes the judicious alignment of macroeconomic policy in Pakistan today. Thal Limited and its subsidiaries are proud to have continued efforts towards indigenization, as we stand poised to deliver on the nation's objectives. Despite the recent constriction of markets due to the ongoing global pandemic, we have forged ahead successfully in our plans for capacity enhancement in the Papersack division, achieving commercial operations in our investment in Sindh Engro Coal Mining Company, and adding to the foreign exchequer through exports in Jute. We are also well on our way to adding 330 MW of coal fired energy to the national grid by 2022 through our joint venture ThalNova Power Thar (Private) Ltd.

The unforeseeable economic stagnation brought about by COVID-19 posed multiple challenges, and yet, despite the harsh business environment, your Company was able to achieve overall profitability for the year ended June 30, 2020. The Company achieved profit before tax of Rs. 2.4 billion during the current year vs profit before tax of Rs. 4.3 billion for the period ended June 30, 2019. Although considerably down it was the best possible under difficult circumstances or conditions.

The Company's engineering segment remained focused on parts manufacturing for the auto industry throughout the year. Cautioned by the slump in local demand sales were hindered, yet, we remain

optimistic that GoP policies will soon put the country back on the path to economic growth. We are pleased to report that consistent efforts to cultivate international markets and customers for Jute by your Company are now bearing fruit, as we witnessed a rise in overall demand and consequently profitability. The Thal Jute business continues to grow undeterred by a sliding Rupee and an increase in Sales Tax. We remain focused on offsetting negative impacts by continually improving efficiency and addressing cost at every stage of production and across the value chain.

Despite COVID-19 closures affecting demand for carrier bags, the Papersack division went ahead with a planned upgrade of its cement sack manufacturing capability and installed a new production line. Outlook for the construction industry looks promising on the back of growth incentives announced by the Honorable Prime Minister. Additionally, paper is fast becoming a viable alternative to plastic in Pakistan, leveling the playing field and opening up new markets for us as well.

Thal Limited took swift and decisive action to safeguard employees through its consolidated COVID-19 risk management response. Strict SOP's were observed at all work sites and an additional insurance package was extended to all members of staff covering their medical expenses. Strategies highlighting the sense of our responsibility towards our people, the environment and communities we

operate in culminated in a certification for forest stewardship and by stepping up CSR and philanthropy efforts with leading hospitals and ration distribution.

Human Capital has always been a key area for the growth and development of your Company. As the world moved online, Thal Limited introduced digital training and virtual appraisals supported by a dynamic competency framework, which aims to further fortify our performance this coming year.

The continuity of the business during this time of crisis has been made possible by the concerted efforts of Board of Directors of Thal Limited and I extend my sincere gratitude to them for their unrelenting support and firm belief in the great future of our Company. Their resolve to overcome the challenges that addressed our business have ensured that Thal Limited remains a viable leader across categories and will continue to enjoy a bright future.

I would also like to extend my sincerest thanks to the Board of Directors of the company, Board's Committees on Audit and on Human Resources & Remuneration for the due diligence they provide in our leadership, support and guidance. I am grateful for the dedication of all our staff members and would like to especially highlight their commitment to the Company when it was needed most. These hardworking individuals make us resilient, adaptable and stronger together.

I would also like to thank the shareholders, customers, dealers, and business partners who continue to support us; we value your unwavering trust and patronage. And, we look forward to serving you with renewed passion and a pledge to uphold the timeless values of your Company.

We are also very pleased to welcome Mr. Imran A. Habib to the Board. Imran brings with him a wealth of business insight that will take Thal Limited to even greater heights.

In closing, I humbly pay my respect to the late Mr. Ali S. Habib. Ali was a brilliant and dynamic leader, a man of action and a friend to all who knew him. He shaped the Company and has left us with his rich legacy of empowerment at every level of management and in every action we undertake together for our future. He will be fondly remembered as we take up his mission to deliver results and greater value to you year after year.

Rafiq M Habib  
Chairman

