



Annual Report 2019



Huffaz

Seamless Pipe Industries Limited

Committed to Excellence



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Corporate Directory

Chairman:

Mr. Muhammad Hafiz (UK)

Chief Executive:

Hafiz Abdul Majid

Executive Director:

Hafiz Abdul Haseeb

Board of Directors:

Mr. Talal Yousuf Mohamed Y. Najibi
Mr. Nabil Abdul Rahman Ahmad Arif (UAE)
Mr. Fahad Abdul Aziz Eshaq (UAE)
Mr. Muhammad Hafiz (UK)
Mr. Arshad Ahmed (UK)
Hafiz Abdul Waheed
Hafiz Abdul Sami
Hafiz Abdul Aleem
Hafiz Abdul Majid
Hafiz Abdul Haseeb
Mr. Nasir Mahmood (Ind-Director)
Mr. Asghar Imam Khalid (Ind-Director)
Mrs. Javeria Sami (Female Director)

Company Secretary:

Mr. Usama Ahmed, FCMA

Head of Internal Audit & Manager Finance & Accounts:

Mr. Muhammad Musab, ACA

Audit Committee:

Mr. Nasir Mahmood	Chairman / Member
Mr. Arshad Ahmed (UK)	Member
Hafiz Abdul Sami	Member (Reserved)
Mr. Muhammad Hafiz (UK)	Member
Mr. Asghar Imam Khalid	Member

Human Resource & Remuneration Committee:

Mr. Muhammad Hafiz	Chairman / Member
Mr. Arshad Ahmed	Member
Hafiz Abdul Aleem	Member
Hafiz Abdul Majid	Member
Hafiz Abdul Haseeb	Member

Auditors:

M/s. H.A.M.D & Co., Chartered Accountants

Legal Advisor:

M/s. Masood Aziz & Associate
First Floor State Life Building No.3, Karachi.

Registrar:

THK Associates (Pvt.) Limited,
First Floor 40-C Block-6, PECHS,
Karachi.
P.O. Box No. 8533, UAN: 111-000-322
Email: secretariat@thk.com.pk
Web: www.thk.com.pk

Bankers:

Allied Bank Ltd.	Habib Metropolitan Bank
Askari Bank Ltd.	Silk Bank Ltd.
Bank Alfiah Ltd.	Sindh Bank Limited
Faysal Bank Ltd.	Standard Chartered
Habib Bank Ltd.	Dubai Islamic Bank Limited
MCB Bank Ltd.	Soneri Bank Ltd.
Meezan Bank Ltd.	UBL Bank Limited
National Bank of Pakistan	

Registered Office:

207-210 Second Floor, Marshiq Centre,
Block 14, Gulshan-e-Iqbal, Karachi.
Tel: (92-21) 34146241-3

Factory:

90 KM Super High Way, Nooriabad Industrial Estate,
District Jamshoro, Sindh.

Website:

www.huffaz.com.pk





Mission & Vision

Mission

To emerge as a leader among the responsible corporate citizens, benefiting all its stakeholders through innovation in its products and services.

Vision

To maintain its position as leader in providing seamless pipes and tubes and engineering goods and services in local market.

To explore export market and get benefit of competitive advantage of its internationally recognized products.

To introduce and adopt best practices within the company to achieve its objectives.

To maintain high standard and quality of its products while bringing cost effectiveness.

To provide adequate return to its investors.

To maintain congenial relationship with all of its stakeholders particularly employees, customers and suppliers.

To establish and maintain safe, healthy and environment-friendly systems.





Financial Summary

	2019 Rs in ' 000	2018 Rs in ' 000
Gross Sales	585,698	996,981
Net Sales	501,103	854,804
Profit / (Loss) before tax	32,908	14,699
Taxation	30,703	53,175
Profit after tax	2,205	67,874
Shareholders' Equity	5,054,439	5,056,253
Total Assets	7,072,147	7,043,956
Profit per share	0.04	1.22
Number of Employees (Numbers)	145	155
Production volume (M.tones)		
Seamless Tubular Products	2,744	5,303
Machinery and its components	—	—
Coating of Seamless Tubular Products	4,076	3,094



Company's Profile



Huffaz Seamless Pipe Industries (HSPI) manufacture seamless steel carbon and low alloy steel pipes/tubes from high quality, aluminum-killed vacuum degassed billets/round bars. This project is jointly sponsored by a reputed Middle Eastern group and local sponsor directors on equity basis. Innovation in products, processes and systems, have helped HSPI in establishing a leading name in the manufacturing of seamless Steel Pipes/Tubes.

All the activities of the Company are based on rich experience, technical knowledge, competence, trust and quality. The foremost objective of HSPI is to supply products according to quality and lead-time desired by customers.

We have total quality focused approach which is reflected in our certifications i.e. API Q1, API 5L, API 5CT, ISO 9001:2008, OHSAS 18001:2007, ISO 14001:2004 & PED.

Beside fulfilling the entire demand of domestic market including major oil and gas organizations, we are exporting our products to USA, Australia, the Middle East, Iran and Bangladesh.

Product Range

Boiler Tubes
Heat Exchanger Tubes
High/Low Temperature Services Pipes/Tubes
Mechanical Tubes
Line Pipes
Structural Pipes/Tubes
Casing & Tubing
3 layer Polyethylene/Polypropylene & Fusion Bonded Epoxy Coating

Size Range

Outer Diameter	6 mm - 273 mm
Wall Thickness	0.75 mm - 25 mm
Length	1 - 19 Meter

Production Capacity per annum in M.Tons

- Seamless Tubular Products	100,000
- Machinery & Machinery components	3,500
- Coating of Seamless Tubular Products	50,000





Company's Profile

Production Standard:

ATM 53, ATSM A106, ASTM A210, ASTM, ASTM, A213 ASTM, ASTM A333, ASTM A334, ASTM A213, ASTM, ASTM A333, ASTM A334, ASTM 3335, ASTM, A519API 5L, API 5LmAPI 5CT DIN 2391, DIN 2440, DIN 2441, DIN 2448, DIN 17175 A/2448 LIS, G346m, JIS G3444 BS1387, BS 3059/1, BS, 3059/2, BS 1775, BS6323, NFA49-112, NFA49, NFA 49-211 UNI 8863.

Any other standard as per requirement of the customers.

Delivery Conditions:

Plain end (squares cut or bevelled), Threaded and Coupled.

Test Performed:

Destructive Test: Tensile, Flatening, Flaring, Bending
N.D.T: Hydrostatic Test, Eddy Current Test, Chemical Analysis.

Other as required by the standard or customer.



Mill Test Certificate:

Pipes/tubes are delivered with certificates as per required standard.

Marking:

On Pipes surface (Die Stamp or Paint Stencil)

On bundles (Metal Label or Plastic Labels)

Surface Protection:

Outside protective coating (Paint, Oil Varnish) Hot Dip Galvanizing

Other coating as per requirements of the customer.

Packaging:

In bundles, special packing upon request.

Quality Assurance:

At **HSPI** we believe in strict Quality Control at every stage from sourcing of our raw material to our finished products. Our commitment to Quality, Health, Safety and Environment is reflected in our compliance with International Quality Standards.

HSPI aims to provide customers, the products which give full satisfaction.



Company's Profile

Huffaz Engineering Works

Huffaz Engineering Works (HEW) has long been a key component in diverse expansion activities of HSPI. Due to its versatile manufacturing capabilities the works has managed to emerge as one of the key engineering product and service suppliers in the country. Equipped with facilities such as:

Machine Shop	Fabrication
Forging	Hard Chrome
Foundry	(Ferrous Treatment & Non-Ferrous)

We have managed to infiltrate key areas of engineering products market.

Following the foot steps of pioneer companies, HEW has maintained its resolve the deliver products and services at the right cost, time and quality. We believe the continuous and relentless efforts to ensure complete satisfaction of all our customers and other stakeholders.



Product & Services:

Pipe Flanges and Fittings for Pipe Lines, Boilers & Heat Exchanges.

Chain Spocket, Gear and Worm Wheels.

Hi-tech Precision Mechanical Components.

Dies & Moulds.

Tube Bending & Intricate Fabrication.

Machinery Components for Various Application

Product Design & Development



HEW is equipped with most modern testing facilities including Spectrometers, Tensile Testing Machine various kinds of Hardness testers, Metallographic equipment and Non-Destructive Testing.

We test and certify carbon, alloy stainless steel rolled cast forged products for various industries across the country while providing invaluable service to our internal customer.





Environment, Health & Safety

Huffaz Seamless Pipe Industries Ltd. (HSPI) is committed to the preservation of the environment, safety and health of its personnel, customers, suppliers, the communities and all stakeholders with which it interacts.

In our process, products and services we adopt designs and technologies that are the most appropriate and eco-efficient available at a reasonable cost in order to preserve health and minimize the risk of accidents and environmental impacts.

We continuously review our operations to maximize the efficiency in the use of energy and material resources, the recycling of products-both at our own facilities and those of third parties and the minimization of waste, emissions and effluents.

Environment:

Huffaz Seamless Pipe Industries Ltd's (HSPI) environmental policy is based upon the principle of sustainable development.

Following the introduction of our Health, Safety and Environment (HSE) Policy we have been working on the implementation of an integrated Health, Safety and Environment management system. The management system is a set of processes and practices that help HSPI in constantly improving its environmental performance. This management system follows the guidelines of international standards such as ISO 14000, applying eco-efficiency and integral safety concepts throughout the system, from product design and industrial investment up to operations and logistics.

HSPI adheres to worldwide sustainability principles and guidelines developed for the seamless pipe industry such as:

Investment in New Process and Products: Innovation is crucial for longer term industrial projects, therefore HSPI has established a plan to revamp all its mills and improve its processes and products.

Material Efficiency and Energy Intensity: HSPI continually reviews its operations to minimize the efficiency of energy resources, the re-use of by-products and the appropriate treatment and disposal of waste, emissions and effluents.

Waste Recycling: Waste can be recycled, but more importantly its properties can be saved and re-used.

Employee Training: HSPI continuously offers training to all employees. Education is a fundamental tool for achieving improvements in sustainability in the long term.

Health and Safety:

Huffaz Seamless Pipe Industries Ltd's (HSPI) believes all accidents can and must be prevented. We focus on education to stimulate better attitudes and behaviours; and on the use of state-of-the-art technology to create a safe working environment. Our processes are continuously analyzed to find the best practices to reduce risks in our operations.



As part of our Health, Safety and Environment (HSE) Policy we have been working on the implementation of an integrated Health, Safety and Environment management system. The management system includes a set of processes and procedures that help HSPI to constantly improve its Safety and Health programs, and is an essential element for securing the motivation and well being of its employees.





Research & Development



Research & Development

Research & Development is an essential part of our activities as we provide our customers with products and services that not only meet the challenges of usage under extreme pressure and temperatures and highly corrosive environments, but also serve high performance mechanical and structural applications.

Our Research & Development team develops in-house scientific advances in the field of metallurgy, alloy design, corrosion resistant materials, computational mechanics, fracture mechanics, surface and coating chemistry, as well as technology for automotive components and

mechanical pipe applications and full-scale testing of premium connection, line pipe and OCTG.

Code of Conduct

Huffaz Seamless Pipe Industries Limited (HSPI) has a Code of Conduct incorporating guidelines and standards on integrity and transparency applicable to all its employees and its directors.

This Code of Conduct establishes the ethical principles that form the basis for relations between the company, its employee and third parties and provides means and



instruments to give transparency to issues and problems that may have a bearing on the management of the Company.

Complete Employee Code of Conduct is placed on the Company's official web-site as per the requirements of Code of Corporate Governance, 2012.





CERTIFICATION

International Certifications



API Q1, API 5L, API 5CT, ISO 9001:2008,
OHSAS 18001: 2007, ISO 14001:2004 & PED certifications
are proof of HSP's superior quality standards and commitment
to quality. Due to our superior quality standards and customer
satisfaction the company was awarded the
"Industrial Affairs Award 95" and
"Pakistan Economic Excellency Award 1996-97"





Business Ethics & Practices

Huffaz Seamless Industries Limited (HSPI) as a manufacturer of high quality seamless tubular products and special precision shafting, recognize the importance of codifying the ethical principles, which guide the Directors, Executives, Managers and other employees of the Company. HSPI Code of Ethics states the values to which we are committed and embodies the ethical responsibilities of the plant operations in this changing environment. HSPI team's humility, honesty, transparency and flexibility coupled with their attention to details and obsession with quality and growth will assure Company's ascendancy to the enviable rank of the large and most trusted seamless tubular products manufacturer in the region.



The principles of this code are expressed in broad statements to guide the ethical decision-making.

Our policy reflects by the following:

Honesty and Integrity

HSPI's policy is to conduct business with honesty and integrity and be ethical in all its designs, showing respect for the interest of those with whom it has relationship.

Law and Regulation

HSPI complies with all laws and regulations. All directors and employees are expected to familiarize themselves with laws and

regulations governing their individual areas of responsibility and not to transgress them. If in doubt employees and directors expected to seek advice. The Company believes in fair competition and supports appropriate competition laws.

Politics

HSPI does not support any political party nor contributes to the funds of groups whose activities promote party interests.

Quality Services

HSPI is committed to provide services, which consistently offer value in terms of price and quality and satisfy customer needs and expectations.

Social and Community Commitments

HSPI is committed to run its business in an environment that is sound and sustainable. As a good corporate organization, the Company recognizes its social responsibilities and will endeavor to contribute to community activities, for betterment of society as a whole.

Reliable and Transparent Financial Records

HSPI believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions.

Human Resource Development

HSPI is an equal opportunity employer. Its employee recruitment and promotional policies are unbiased and based upon merit and excellence oriented. It recruits people who share HSPI's vision and values and develop them to reach their highest potential through continuous training, skills development and empowerment. It believes in providing its employees healthy conditions and in maintaining good channels of communications. The Company expects its employees to abide by the code of ethics, whereby Company information and assets are not used for any personal advantage or gain. Any conflict of interests should be avoided and if where it exists, it should be disclosed and guidance sought.





Business Ethics & Practices

Our Commitment is reflected by the following:

As Shareholders and Directors:

- ✦ Commit the necessary and appropriate resources.
- ✦ Foster a conducive environment through responsive policy.
- ✦ Maintain organization effectiveness for the achievement of the Company goals.
- ✦ Encourage and support compliance with legal and industry requirement.
- ✦ Support collective decision at board meetings and general body meetings.

As Executives and Managers:

- ✦ Ensure the profitability of operation while upholding social responsibilities; provide the direction and leadership for the organization.
- ✦ Ensure total customer satisfaction through excellent product and service.
- ✦ Protect the interest and assets of the Company
- ✦ Promote a culture of excellence, conservation and continual improvement.
- ✦ Cultivate work ethics and harmony among colleagues and associates
- ✦ Encourage initiative and self-realization in employees through meaningful empowerment.
- ✦ Ensure and equitable way of working and reward system.
- ✦ Institute commitment to environmental, health and safety performance.

As Employees and Staff:

- ✦ Devote productive time and effort.
- ✦ Observe Company policy and regulations.
- ✦ Promote and protect the interest of the Company.
- ✦ Exercise prudence in using Company resources.
- ✦ Observe cost-effective practice in daily activities
- ✦ Strive for excellence and quality as a way of life.





Notice of Annual General Meeting

Notice is hereby given to the Members that the 36th Annual General Meeting of Company will be held on Thursday, October 24, 2019 at 02:30 p.m. at Junagargh Community Centre Opposite. Mashriq Centre, Block-17, Gulshan-e-Iqbal, Karachi-75300 to transact the following business:-

01. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2019 and the Reports of the Directors' and Auditors' thereon.
02. To appoint External Auditors for the year ending 30th June 2019 and fix their remuneration. The present auditors M/s H.A.M.D & Co., Chartered Accountants, retire and being eligible for re-appointment and have consented to act as auditor for the year ending 30th June 2020.
03. To consider any other business with the permission of the Chair.

Karachi
October 03, 2019

By order of the Board

(Usama Ahmed)
Company Secretary

NOTE:

01. The share transfer books of the company will remain closed from 15th October, 2019 to 24th October 2019 (both days inclusive).
02. A member entitled to attend and vote at the meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting and must be signed and witnessed.
03. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant ID number and account/sub-account number along-with Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.
04. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.
05. Members are requested not to bring children along-with them, as children will not be allowed in the meeting.





Directors' Report to the Members

Dear shareholders,

The Board of Directors of Huffaz Seamless Pipe Industries Limited take pleasure in presenting the 36th Annual Report of the Company together with the annual audited financial statements and Auditors' Report thereon for the year ended 30th June 2019.

Overview of Economy

The new elected government faces formidable macroeconomic challenges. The foremost challenge to the economy is the rising aggregate demand without corresponding resources to support it, leading to rising fiscal and external account deficits. To address the issue of severe macroeconomic instability and to put the economy on the path of sustained growth and stability, the government has introduced a comprehensive set of economic and structural reform measures.

In order to deal with the emerging inflationary pressures mainly arising from a sharp increase in international oil prices, State Bank of Pakistan (SBP) increased the policy rate to reach at 13.25% as compared to the last year's rate of 6.50%. The rate has now hit a ten-year high, depicting the adjustments in macro-economic fundamentals during the fiscal year; expected to continue in future as well. Adding to the worrying signals, the Pakistani Rupee experienced a worst fall ever against US dollar reaching at the historic level of Rs. 160-165, eroding almost by 25% as compared to last year.

The outgoing fiscal year 2018-19 witnessed a muted growth of 3.29 percent against the ambitious target of 6.2 percent. The target was based upon sectoral growth projections for agriculture, industry, and services at 3.8 percent, 7.6 percent and 6.5 percent respectively. The actual sectoral growth turned out to be 0.85 percent for agriculture, 1.4 percent for industry and 4.7 percent for services.

Industrial sector recorded a growth of 1.4% as compared to 4.92% last year. Large Scale Manufacturing (LSM) recorded a growth of 6.13% against 5.1% last year. This is the highest growth percentage in last ten years. The construction sector continued to raise its share in GDP to 2.74% from last year's 2.65% supporting other allied industries including the steel industry.

The steel industry is the second biggest industry in the world after oil and gas. The steel use is projected to increase to be 1.5 times by 2050. The 65 countries accounted for 98% of world crude steel production touched 1.6 billion metric tons (MT) in 2015. The Chinese steel industry accounted for 803.8 million MT, which is around 50% of global crude steel output. The end use for steel pipes lies primarily in the oil & gas, which is adversely affected due to decline in prices of oil in international market.

Steel demand gained traction from increase in automobile production, appliances and ongoing construction activities. Such strong was the demand for steel that even a sharp growth in domestic production was not enough to curtail imports. Robust construction activities mainly led to an increase in demand for steel and allied products. The improved energy supply as well as industry gained some comfort after recovery in global prices which provided room to local players to increase their prices which ultimately helped them to enhance their capacity utilization.

The major hurdle encountered by the steel industry is to import the steel products from China under Pak-China FTA at concessionary duties which are causing the obstacles to steel industry growth in the country. The domestic industry is facing cheap imports from China which is causing unfair trade practices. No relief is provided to domestic industry, such as custom duty is imposed on steel products that results in increased production cost.

Operating Performance

The operating performance of the Company is shown below:

	June 30 2019	June 30 2018	Difference In Rupees	Difference In percentage
	Rs in 000			
Revenue from contract with customers (Net)	501,103	854,804	(353,701)	-41%
Cost of revenue from contract with customers	(368,540)	(727,554)	359,014	-49%
Gross profit	132,563	127,250	5,313	4%
Distribution cost	(13,929)	(13,069)	(860)	7%
Administrative expenses	(71,880)	(84,010)	12,130	-14%
	(85,809)	(97,079)	11,270	-12%
	46,754	30,171		
Other operating charges	(6,439)	(4,567)	(1,872)	41%
Other operating income	41,170	30,817	10,353	34%
	81,485	56,421		
Finance cost	(48,577)	(41,722)	(6,855)	16%
Profit before taxation	32,908	14,699		
Taxation	(30,703)	53,175	(83,878)	-158%
Profit after taxation	2,205	67,874	(65,669)	-97%



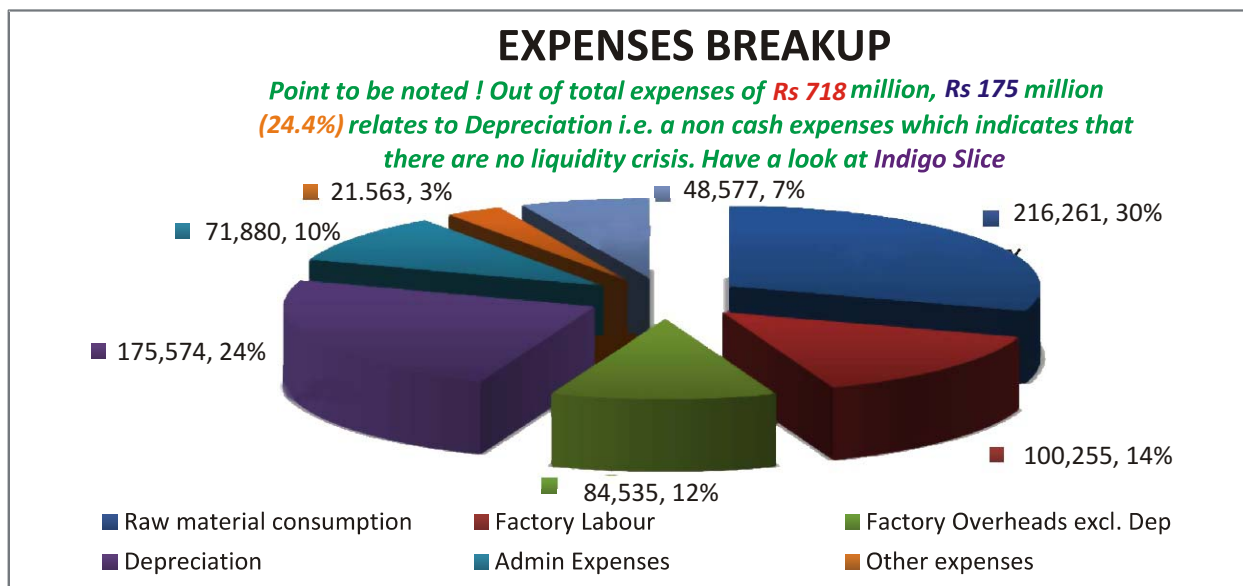


The Company's net sales of Rs 501.103 million are 41% lower than the last year's sales of Rs. 854.701 million. This is due to the dumping of the Chinese inferior Seamless Tubular products in Pakistan. The company countered this effect to keep continue its policy of producing quality products and delivered to quality conscious customers which augmented the profit margin despite slipping the turnover.

The notional net profit of Rs 2,205 thousand appearing on the face of the Profit & Loss account is merely due to incremental depreciation charged during the year. Had there been no revaluation the results would have been the following:

	With Revaluation	Without Revaluation	Difference
	Rs in 000		
Revenue from contract with customers (Net)	501,103	501,103	—
Cost of revenue from contract with customers	(368,540)	(234,972)	(133,568)
Gross profit	132,563	266,131	
Distribution cost	(13,929)	(13,929)	—
Administrative expenses	(71,880)	(71,880)	—
	(85,809)	(85,809)	
	46,754	180,322	
Other operating charges	(6,439)	(6,439)	—
Other operating income	41,170	41,170	—
	81,485	215,052	
Finance cost	(48,577)	(48,577)	—
Profit before taxation	32,908	166,475	
Taxation	(30,703)	(69,438)	38,735
Profit after taxation	2,205	97,038	(94,833)

Let's analyse the results with another view as given below:



Production

The production of seamless tubular products during the year was 2,744 Metric Tons as compared to 5,303 Metric Tons in the last year. On the other hand our Revenue segment Coating Plant which produced 4,076 Metric Tons as compared to 3,094 Metric Tons last year. In future, its production is expected to be increased by leaps and bounds which will serve as an independent Cash Generating Segment for the company.

Earnings per share

The Company manage to keep the earning per share in position figure despite the decreasing sales value during the year. The earnings per share during the year is Rs. 0.04 per share. The EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) of Rs. 256.681 million disclosed on the face of the Profit and Loss Accounts is quite helpful for the users of the Financial Statement to appreciate that the results are not adverse.





Remuneration to the directors

Executive Directors were paid remuneration as approved by the board of the directors and the details of remuneration are available in note 36 to the accounts.

Capital investment:

During the year the Company incurred Rs.56.299 million (2018: Rs34.544million) as Capital Expenditures. This includes purchases of auxiliary equipments and construction of different parts of Factory building. The company is also carrying out renovation of head office building.

Technology Advancements

The management appreciates the impact of information technology resources on the business management. The Company is in the process of implementing an ERP Solution to bring its systems and processes up to the standard of the international level of integration and efficiency. For this purpose, a contract has been given to Sidat Hyder Morshed Associates who are well known for the implementation of ERP and have a portfolio of over 400 corporate clients. Three modules (i.e. General Ledger, Payroll, and Fixed Asset) have already been installed.

Statement of Internal Controls

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievements of the Company's policies, aims and objectives to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Management assumes the responsibility of establishing and maintaining adequate Internal Controls and Procedures while the Board of Directors is ultimately responsible for the internal control system. In this connection the Company has documented procedures and manuals, which incorporates the internal controls applicable while conducting any transactions. These procedures are revised and updated as and when required.

The BOD has setup an effective internal audit function and the persons engaged therein are the suitably qualified and experienced for the purpose and are well-conversant with the company's policies and procedures.

The system of internal control is designed to manage the risk of failure to achieve the company's policies, aims and objectives. It can, therefore, only provide reasonable and no absolute assurance against material misstatements or loss. The system of internal controls being followed by the Company is considered adequate and sound in design and is being effectively implemented and monitored.

Risk Management Framework

All Company activities involve combination of risks. The most important risk categories that the Company is exposed to are liquidity risk, market risk and operational risk. Well established risk governance for the effective management of risk at all levels has been developed. It is the responsibility of all Company officers to identify, assess, mitigate and manage risk within the scope of their assigned responsibilities.

Safety, Health, Environment and Quality

The Company management is committed to safety, health and quality and sustaining its positions an environmentally friendly Company. It takes great care of the community in which it operates. Environmental improvement and conservation of natural resources are part of the Company's policies and operations. In this regard the Company continues to hold certifications of ISO 9001:2000, API Q1, API 5L, API 5CT, ISO 9001:2008, OHSAS 18001:2007, ISO 14001:2004 & PED Germany from the international certification agencies, which is a proof of its commitment to safety, health, environment and quality.

Human resource

Our people remain our most valued asset. The Management encourages teamwork and realization of maximum potential to promote performance focussed culture. Focus of our Human Resource strategy is therefore, to develop and align intellectual capital to achieve our business goals. Our hiring system stresses diversity, skills and innovative approach. We encourage continuous improvement at all levels and facilitate opportunities for growth to employees without discrimination.

Further, an employee code of conduct has been finalized and disseminated throughout the organisation and has also been placed on the Company's official web-site as per the requirement of Code of Corporate Governance 2017.

Corporate Social Responsibility

The Company management strongly believes that every business entity needs to contribute to the well-being of its surrounding communities for a better and prospering nation. In this connection we try to induct employees from surrounding rural and underdeveloped communities. Further, we have constructed staff residence, a hospital and a school within our factory premises. We have also established a permanent mosque and a plant for the pure drinking water over there to facilitate not only our staff but the poor people of Nooriabad.

Auditors

The present external auditors M/s. H.A.M.D & Co., Chartered Accountants, have retired and offered themselves for re-appointment. The same is also recommended by the Audit Committee.

Training program attended by the directors

The Board has been provided with detailed in-house briefings and information package to acquaint them with the Code of Corporate Governance, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company, for and on behalf of the shareholders. Five Directors have completed Directors' Training Program required by the Code whereas Seven directors possess experience of more than 16 years on the board of a listed company and education of more than 15 years, they are exempted from the directors' training program as per Code, one director will complete the Director's Training Program shortly.



**Definition of Executive:**

As per the requirement of Code of Corporate Governance 2017, the BOD has set a threshold of Rs 1.2 million (i.e. Gross salary not less than one lac per month) for the definition of Executive. Now, for our company Executive means CEO, CFO, Company Secretary and other employees of the company whose gross salary exceed Rs 1,200,000 per annum.

Corporate and Financial Reporting Framework

Management of the Company is committed to good corporate governance and complying with the requirements of the best practices of the Code of Corporate Governance as required by Securities and Exchange Commission of Pakistan (SECP). The Board acknowledges its responsibility in respect of the Corporate and Financial Reporting framework and thus states that:

- ◆ The financial statements prepared by the management of the Company, present fairly its state of affairs, the results 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 preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- ◆ International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- ◆ The system of internal control is sound in design and has been effectively implemented and monitored.
- ◆ There are no significant doubts upon the Company's ability to continue as a going concern.
- ◆ There has been no material departure from the best practices of corporate governance, as detailed in Listing Regulations.
- ◆ Due to threat from Chinese steel industry as discussed above, the directors are focused towards business growth and have accordingly decided not to issue cash dividend. Further, Directors of the company also observed that issuance of bonus shares will dilute the value of shares in the market.
- ◆ The summary of key operating and financial data of the Company for the last ten years is annexed to this report.
- ◆ The value of non-funded staff gratuity at close of the year was Rs. 134.113million.

During the year under review five meetings of the Board of Directors were held. Attendance by each director was as follows:

Board / Sub Committee	Board Meeting	Audit Committee	Human Resources & Remuneration Committee
	Total number of meetings held during the year		
	5	4	2
Mr. Talal Mohamed Y. Najibi (UAE)	—	—	—
Mr. Nabil Abdul Rahman Ahmad Arif (UAE)	—	—	—
Mr. Fahad Abdul Aziz Eshaq (UAE)	—	—	—
Mr. Muhammad Hafiz (UK)	4	3	2
Mr. Arshad Ahmed (UK)	4	3	1
Hafiz Abdul Waheed	2	—	—
Hafiz Abdul Sami	4	4	—
Hafiz Abdul Aleem	1	—	1
Hafiz Abdul Majid	5	—	2
Hafiz Abdul Haseeb	5	—	2
Mr. Nasir Mahmood (Ind-Director)	4	3	—
Mr. Asghar Imam Khalid (Ind-Director)	2	1	—
M/s Javeria Sami (Female Director)	2	—	—

Leave of absence was granted to Directors who could not attend some of the board meetings.

Pattern of Shareholding

A statement of the pattern of shareholding of certain classes of shareholders as at 30 June 2019, whose disclosure is required under the reporting framework, is included in the report.

The Directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the Company during the year, except as disclosed in the pattern of shareholding.

Joint Venture Agreement with Chinese Company:

A new Company was established in Pakistan last year under the name of HPY Coating (Private) Limited ("HPY") in collaboration with Jiangsu PuYuan Steel Pipe Industry Company Limited ("PuYuan") for setting up a project for providing Polyethylene Coating Services to its prospective customers ("Project") on the basis of a 55% (Fifty-Five Percent) to a 45% (Forty-Five Percent) shareholding with Huffaz owning 55% (Fifty-Five Percent) [23,100,000 (Twenty-Three Million One Hundred Thousand) Shares @ 10 (Ten) each] of the issued shares capital in HPY against transfer of Land & Building therein and PuYuan owning 45% (Forty-Five Percent) [18,900,000 (Eighteen Million Nine Hundred Thousand) Shares @ 10 (Ten) each] of the issued shares capital of HPY against transferring Project Equipment subject to all necessary Corporate and regulatory approval as per recommendation of Board of Directors.





This project is the urgent requirement of the Country in recent days due to continuous demand of PE coating of spiral welded pipe especially for CPEC, transportation of Oil, Gas and Water particularly Gas transportation as Oil and Gas sectors are consistently announcing the tenders for this type of Coating and only the foreign companies participating therein, owing to non-availability of such plant in Pakistan or are due to be initiated shortly in which spiral welded pipe and its PE coating would be required. This project shall be a value addition service for the products of Huffaz. HPY is presently set up as a wholly owned subsidiary of Huffaz. The management control will be with Huffaz by virtue of majority directors on the Board.

Building and related facility is ready. Plant, machinery & accessories have arrived in Pakistan and production will start in very near future.

Spiral Welded Plant:

The Company crossed another landmark in the field of pipe manufacturing during this year by acquiring the technology and plant of producing Spiral welded pipes, having the capacity of 100,000 metric ton. This plant has the capacity of producing the spiral welded pipes & tubes of 12~100 inch Dia. It is really a great achievement of your company. The company not only has the ability to produce Seamless Pipes & tubes of ¼ inch to 12 inch Dia but also spiral welded pipes. The plant has been reached to the factory premises. The erection would be started shortly. As on today, the Company has two lines of Seamless Plant, four Coating lines of inside and outside Coating from 1~24 inch and 8~100 inch dia and now a Spiral Welded Plant also.

Future Outlook and Challenges

The Petroleum Division is going to seek government's approval for an integrated strategy to revive abandoned multibillion-dollar gas pipeline projects in a bid to address energy shortages. The Petroleum Division was set to present two to decide the fate of old gas pipeline projects in order to ensure energy security in the country.

Under the first option, the Petroleum Division wants to revive the Gwadar-Nawabshah LNG Terminal and Pipeline project under the integrated strategy for gas import and infrastructure. The project will provide infrastructure and liquefied natural gas (LNG) supplies. It may also be extended to the Iranian border in future for gas purchases from the Gulf country. Gas pipelines necessary to save economy from collapse. Pakistan, Russia to ink \$10 billion offshore pipeline deal. Under a revised strategy approved by the ECC, it was planned that the pipeline would transport up to 600 million cubic feet of re-gasified LNG per day (mmcf) in the first phase and would be connected with the North-South gas pipeline at Nawabshah for onward supply to the Sui Northern Gas Pipeline's network near Kasur. In the second phase, the gas transmission capacity of the Gwadar pipeline would be enhanced up to 1,500 mmcf with the addition of Iranian gas, if it becomes available.

Under the second option, the Petroleum Division will seek approval for phase-wise capacity utilization of the North-South gas pipeline project in case it is considered a standalone project, which will be connected with upcoming private-sector LNG terminals at Karachi port under third-party access rules.

We have an optimistic outlook for the upcoming years. The local demand of our products is expected to pick up as the Government's intention to increase gas supply whether through TAPI gas pipe line from Central Asia to Pakistan and India or through Thar coal or importing Liquefied Natural Gas ["LNG"] or others which will have positive impact on the demand of our seamless pipes. The Government has undertaken to lay down LNG pipeline from Karachi to Lahore having the estimated cost of Rs. 64.9 billion as well as looking for Iran-Pakistan ("IP") gas pipeline project to supply both imported LNG as well as indigenous gas in place of Gwadar-Nawabshah LNG Pipe line project (700 km). The IP pipeline would begin from South field of Iran to end at Nawabshah with a total distance to 1931 km out of which roughly 781 km will be in the Pakistan side. Besides, China has agreed to invest in Oil and gas section of Pakistan and have reached an agreement with ODGCL to come to Pakistan in the sector and to invest billions in drilling and developing the gas reserves of the Country.

The company is hopeful that the demand for seamless pipes will gradually expand in the next year, with increase in demand for line pipe coatings. We are hopeful that the business activity will boost up.

The Company's management is making all efforts to improve the capacity utilization of its existing operations. We are also laying emphasis on our internal operational efficiencies by rationalization of the processes for improved quality, making all efforts to acquire the material at competitive price and reduce the cost of doing business.

Stakeholders

Customer satisfaction is vital for us to meet our long-term objectives. We would like to express our thanks to our customers for their support and look forward to seeking their continuous patronage.

Our thanks also go to the financial institutions and shareholders for their continued support which is a key to success of the Company.

Our employees have contributed significantly to delivering a good result and continue to remain committed. Our long-term growth has been possible as a result of their continuous commitment which has ensured a base for the Company. On behalf of the Directors we are pleased to record our appreciation.

Hafiz Abdul Majid
Chief Executive

Karachi, 19 August 2019





ڈائریکٹرز رپورٹ

محترم حصص داران،

حفاظت سیم لیس پائپ انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز، کمپنی کی 36 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں اور 30 جون 2019 کو ختم ہونے والے سال کے لئے سالانہ آڈٹ شدہ مالی حسابات اور اس پر آڈیٹرز کی رپورٹ پیش کرتے ہیں۔

معیشت کا جائزہ

نئی منتخب حکومت کو بڑے معاشی چیلنجوں کا سامنا ہے۔ معیشت کے لئے سب سے اہم چیلنج وسائل کی کمی اور بڑھتی ہوئی مجموعی طلب ہے، جس کی وجہ سے مالی اور بیرونی کھاتوں کے خسارے میں اضافہ ہوتا ہے۔ شدید معاشی عدم استحکام کے مسئلے کو حل کرنے اور معیشت کو مستحکم ترقی اور استحکام کی راہ پر گامزن کرنے کے لئے حکومت نے معاشی اور ساختی اصلاحات کے اقدامات کا ایک جامع سیٹ متعارف کرایا ہے۔

بین الاقوامی سطح پر تیل کی قیمتوں میں تیزی سے اضافے سے پیدا ہونے والے مہنگائی کے دباؤ سے نمٹنے کے لئے اسٹیٹ بینک آف پاکستان (ایس بی پی) نے گزشتہ سال کی شرح 6.50 فیصد کے مقابلہ میں پالیسی شرح میں 13.25 فیصد تک اضافہ کر دیا۔ مالی سال کے دوران میکرو معاشی بنیادی اصولوں میں ایڈجسٹمنٹ کو ظاہر کرتے ہوئے شرح اب دس سال کی بلند ترین سطح پر آگئی ہے۔ توقع ہے کہ مستقبل میں بھی جاری رہے گی۔ تشویشناک اشاروں میں مزید اضافہ کرتے ہوئے پاکستانی روپے نے امریکی ڈالر کے مقابلے میں اب تک کی بدترین گراؤ کا سامنا کیا اور تاریخی 165-160 رقم ہوئی پاکستانی روپیہ پچھلے سال کے مقابلہ تقریباً 25 فیصد کم ہو رہا ہے۔

گزشتہ ہونے والے مالی سال 2018-19 میں 6.2 فیصد کے انکشافی ہدف کے مقابلہ میں 3.29 فیصد کی نمود کیے میں آئی۔ اس کا ہدف زراعت، صنعت اور خدمات کے لئے بالترتیب 3.8 فیصد، 7.6 فیصد اور 6.5 فیصد کی ترقیاتی تخمینوں پر مبنی تھا۔ اصل شعبہ کی ترقی زراعت کے لئے 0.85 فیصد صنعت کے لئے 1.4 فیصد اور خدمات کے لئے 4.7 فیصد رہی۔ صنعتی شعبے میں 1.4 فیصد کا اضافہ ریکارڈ کیا گیا جبکہ پچھلے سال یہ شرح 4.92 فیصد تھی۔ بڑے پیمانہ پر مینوفیکچرنگ (ایل ایس ایم) میں گزشتہ سال 5.1 فیصد کے مقابلے میں 6.13 فیصد اضافہ ریکارڈ کیا گیا ہے۔ یہ پچھلے دس سالوں میں سب سے زیادہ شرح نمو ہے۔ تعمیراتی شعبے نے جی ڈی پی میں اپنا حصہ گزشتہ سال کے 2.65 فیصد سے بڑھا کر اسٹیل انڈسٹری سمیت دیگر وابستہ صنعتوں کی سپورٹ کی ہے۔

اسٹیل انڈسٹری تیل اور گیس کے بعد دنیا کی دوسری بڑی صنعت ہے۔ 2050 تک اسٹیل کے استعمال میں 1.5 گنا اضافے کا امکان ہے۔ 65 ممالک میں عالمی سطح پر خام اسٹیل کی پیداوار کا 98 فیصد حصہ 1.6 بلین میٹرک ٹن ہے، چینی اسٹیل کی صنعت کا حجم 803.8 بلین میٹرک ٹن ہے، جو عالمی خام اسٹیل کی پیداوار کا 50 فیصد ہے، اسٹیل پائپوں کا آخری استعمال بنیادی طور پر تیل اور گیس انڈسٹری میں ہوتا ہے۔ جو بین الاقوامی مارکیٹ میں تیل کی قیمتوں میں کمی کی وجہ سے بری طرح متاثر ہوتا ہے۔

اسٹیل کی طلب نے آٹوموبائل کی پیداوار، اینپلائمنٹس اور جاری تعمیراتی سرگرمیوں میں اضافے سے فائدہ حاصل کیا۔ اسٹیل کی مانگ اتنی مضبوط تھی کہ درآمدات کو روکنے کے لئے ملکی پیداوار میں بھی تیز رفتار اضافہ کافی نہیں تھا۔ مضبوط تعمیراتی سرگرمیاں بنیادی طور پر اسٹیل اور اس سے منسلک مصنوعات کی طلب میں اضافہ کا باعث بنی ہیں۔ توانائی کی بہتر فراہمی کے ساتھ ساتھ صنعت کو عالمی قیمتوں میں بازیابی کے بعد کچھ سکون ملا جس نے مقامی اداروں کو قیمتوں میں اضافے کی گنجائش فراہم کی، جس نے بالآخر ان کی صلاحیت کے استعمال کو بڑھانے میں مدد فراہم کی۔

اسٹیل انڈسٹری کو درپیش سب سے بڑی رکاوٹ پاک چین ایف ٹی اے کے تحت چین سے اسٹیل کی مصنوعات کو مرعاتی ڈیوٹیوں پر درآمد کرنا ہے جو ملک میں اسٹیل صنعت کی نمونیں حائل رکاوٹوں کا باعث ہے۔ گھریلو صنعت کو چین سے سستے درآمدات کا سامنا کرنا پڑ رہا ہے۔ جو ناجائز تجارتی طریقوں کا سبب بن رہا ہے۔ گھریلو صنعت کو کوئی ریلیف نہیں دیا جاتا ہے، جیسے اسٹیل مصنوعات پر کسٹم ڈیوٹی عائد کی جاتی ہے، جس کے نتیجے میں پیداواری لاگت میں اضافہ ہوتا ہے۔





آپریٹنگ کارکردگی

کمپنی کی آپریٹنگ کارکردگی ذیل میں دکھائی گئی ہے:

	June 30 2019	June 30 2018	Difference	
			In Rupees	In percentage
	Rs in 000			
صارفین کے ساتھ معاہدے سے حاصل ہونے والا محصول (نیٹ)	501,103	854,804	(353,701)	-41%
صارفین کے ساتھ معاہدے سے محصول کی لاگت	(368,540)	(727,554)	359,014	-49%
Gross profit مجموعی منافع	132,563	127,250	5,313	4%
Distribution cost فروخت اور تقسیم کے اخراجات	(13,929)	(13,069)	(860)	7%
Administrative expenses انتظامی اخراجات	(71,880)	(84,010)	12,130	-14%
	(85,809)	(97,079)	11,270	-12%
	46,754	30,171		
Other operating charges دیگر آپریٹنگ قیمت	(6,439)	(4,567)	(1,872)	41%
Other operating income دیگر آپریٹنگ اخراجات	41,170	30,817	10,353	34%
	81,485	56,421		
Finance cost فنانس کا سٹ	(48,577)	(41,722)	(6,855)	16%
Profit before taxation ٹیکس سے پہلے کا منافع	32,908	14,699		
Taxation ٹیکس	(30,703)	53,175	(83,878)	-158%
Profit after taxation ٹیکس سے بعد کا منافع	2,205	67,874	(65,669)	-97%

کمپنی کی 501 ملین روپے کی نیٹ سیلز گزشتہ سال کی 854.701 ملین سیلز سے 41 فیصد کم ہے۔

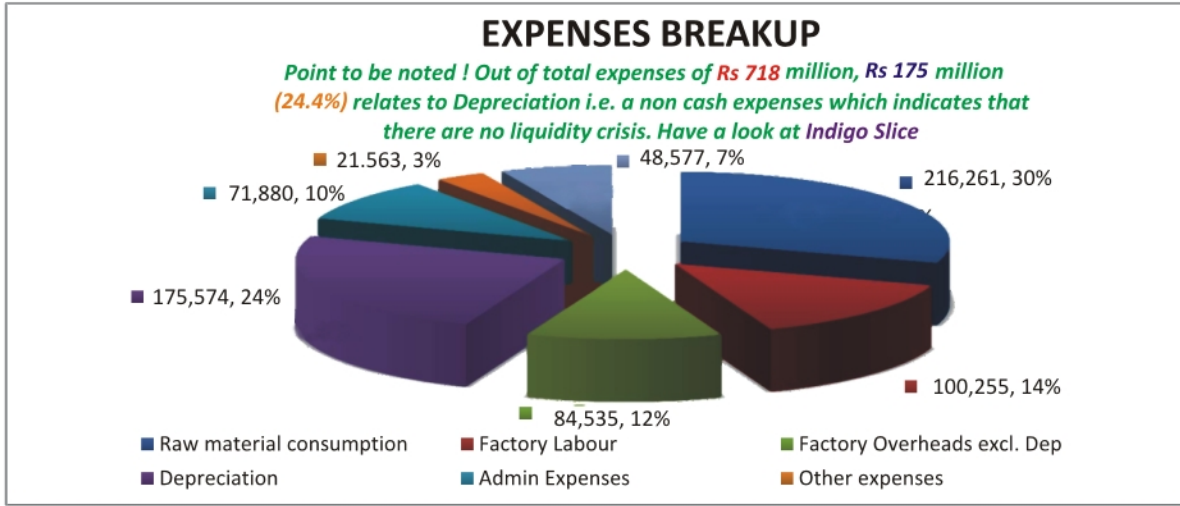
اس کی وجہ پاکستان میں چینی کٹر سیکمپلس ٹیوب کی دستیابی ہے، کمپنی نے اس اثر کا مقابلہ معیاری مصنوعات تیار کرنے کی اپنی پالیسی جاری رکھنے سے کیا اور معیاری شعور والے صارفین کو بیچ کر نفع کی اوسط بڑھانی باوجود اس کے سیلز میں کمی واقع ہوئی۔

منافع اور خسارے کے کھاتے پر ظاہر ہونے والے 966 ہزار روپے کے خالص منافع محض سال کے دوران اضافی تنزیلی کی وجہ سے ہے۔ اگر کوئی تجزیہ نہ ہوتا تو نتائج درج ذیل ہوتے:

	نظر ثانی Revaluation کے ساتھ	نظر ثانی Revaluation کے بغیر	فرق
	Rs in 000		
صارفین کے ساتھ معاہدے سے حاصل ہونے والا محصول (نیٹ)	501,103	501,103	
صارفین کے ساتھ معاہدے سے محصول کی لاگت	(368,540)	(234,972)	(133,568)
Gross profit مجموعی منافع	132,563	266,131	
Distribution cost فروخت اور تقسیم کے اخراجات	(13,929)	(13,929)	
Administrative expenses انتظامی اخراجات	(71,880)	(71,880)	
	(85,809)	(85,809)	
	46,754	180,322	
Other operating charges دیگر آپریٹنگ قیمت	(6,439)	(6,439)	
Other operating income دیگر آپریٹنگ اخراجات	41,170	41,170	
	81,485	215,052	
Finance cost فنانس کا سٹ	(48,577)	(48,577)	
Profit before taxation ٹیکس سے پہلے کا منافع	32,908	166,475	
Taxation ٹیکس	(30,703)	(69,438)	38,735
Profit after taxation ٹیکس سے بعد کا منافع	2,205	97,038	(94,833)



آئیے درج ذیل نتائج کے ساتھ تجزیہ کریں۔



پیداوار

ایک سال کے دوران ہموار ملی نما مصنوعات کی پیداوار 2744 میٹرک ٹن تھی، جبکہ اس سے پچھلے سال کے 5303 میٹرک ٹن تھے۔

فی حصص آمدنی

فی حصص آمدنی کے دوران فروخت کم قیمت کے باوجود ہر حصص کمائی پوزیشن اعداد و رقم کے سال کے دوران فی حصص فی شیئر ایڈجسٹڈ (سود، ٹیکس، فرسودگی اور امور انزیمین سے پہلے کی آمدنی) 258.598 ملین منافع اور نقصان Rs. 0.04 آمدنی کے کھاتوں کے چہرے پر آشکار کیا گیا ہے، جو مالی بیان کے استعمال کرنے والوں کے لئے یہ سمجھنے میں کافی مددگار ہے کہ نتائج منفی نہیں ہیں۔

ڈائریکٹرز کو معاوضہ

ایگزیکٹو ڈائریکٹرز کو بطور معاوضہ ادا کیا گیا تھا، جیسا کہ بورڈ آف ڈائریکٹرز نے منظور کیا ہے اور معاوضہ کی تفصیلات اکاؤنٹ میں نوٹ 37 میں دستیاب ہیں۔

سرمایہ کاری

سال کے دوران کمپنی نے 56.304 (2018 میں 34.544 ملین) بطور کیپیٹل اخراجات کیے، اس میں معاون ساز و سامان کی خریداری اور فیکٹری عمارت کے مختلف حصوں کی تعمیر بھی شامل ہے۔ کمپنی ہیڈ آفس عمارت کی تزئین و آرائش بھی کر رہی ہے۔

ٹیکنالوجی کی ترقی

انتظامیہ انفارمیشن ٹیکنالوجی وسائل کے کاروباری انتظام پر پرنے والے اثرات کو سراہتی ہے۔ کمپنی اپنے نظاموں اور عمل درآمد میں ہے۔ اس مقصد ERP عمل کو بین الاقوامی سطح پر انضمام اور استعداد کے معیار تک لانے کے نفاذ کے لئے مشہور ہیں اور 400 سے ERP کے لئے سدا ت حیدر مرشد ایسوسی ایشن کو ایک معاہدہ کیا گیا ہے، جو زیادہ کارپوریٹ کلائنٹ کا ایک پورٹ فولیو رکھتے ہیں۔ تین ماڈیولز (یعنی جنرل لیجر، پے رول اور فکسڈ اثاثہ) پہلے ہی انسٹال ہو چکے ہیں۔

اندرونی کنٹرول کا بیان

اندرونی کنٹرول کا نظام ایک جاری عمل پر مبنی ہے، جو کمپنی کی پالیسیوں، ان مقاصد اور مقاصد کے جو خطرات کی نوعیت اور وسعت کا اندازہ لگانے اور ان کا موثر اور معاشی طور پر انتظام کرنے کے لئے اصل خطرات کی نشاندہی کرنے کے لئے ڈیزائن کیا گیا ہے۔ منجھٹ مناسب داخلی کنٹرول سسٹم کے لئے ذمہ دار ہوتا ہے۔ اس سلسلے میں کمپنی نے طریقہ کار ردی دستیاب کو دستاویز کیا ہے، جس میں کسی بھی قسم کے لین دین کے دوران داخلی کنٹرول کا اطلاق ہوتا ہے۔ جب ضرورت ہو تو یہ طریقہ کار نظر ثانی اور اپ ڈیٹ ہوتا ہے۔

بی او ڈی نے ایک موثر داخلی آڈٹ فنکشن ترتیب دیا ہے اور اس میں مصروف افراد اس مقصد کے لئے مناسب اہل اور تجربہ کار ہیں اور وہ کمپنی کی پالیسیوں اور طریقہ کار کے ساتھ اچھی طرح واقف ہیں۔ داخلی کنٹرول کا نظام کمپنی کی پالیسیوں، مقاصد اور مقاصد کے حصول میں ناکامی کے خطرے کے انتظام کے لئے بنایا گیا ہے۔ لہذا یہ صرف مادی غلطیوں یا نقصانات کے خلاف کوئی معقول اور قطعی یقین دہانی فراہم نہیں کر سکتا ہے۔ اندرونی کنٹرول کا نظام کمپنی کے ذریعہ بنایا جا رہا ہے، جس کو ڈیزائن میں مناسب اور بہتر سمجھا جاتا ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی جا رہی ہے۔





رسک مینجمنٹ فریم ورک

کمپنی کی تمام سرگرمیوں میں خطرات کا مجموعہ شامل ہے، خطرے کی موثر نظم و ضبط کے لئے کمپنی کی سب سے اہم خطرہ جس میں کمپنی کو روشناس کیا گیا ہے، اس میں ایکویڈیٹی رسک، مارکیٹ رسک اور آپریشنل رسک ہیں اور ہر سطح پر خطرے سے نمٹنے کے لئے اچھی طرح سے قائم رسک گورننس تیار کیا گیا ہے۔ کمپنی کے تمام افسران کی ذمہ داری ہے کہ وہ اپنی تفویض کردہ ذمہ داریوں کے دائرہ کار میں خطرہ کی شناخت، تشخیص، تخفیف اور ان کا انتظام کریں۔

حفاظت، صحت، ماحولیات اور معیار

کمپنی انتظامیہ حفاظت، صحت، معیار اور دوست ماحول میں اپنے عہدوں کو برقرار رکھنے کے لئے پرعزم ہے۔ یہ جس کمیونٹی میں کام کرتی ہے اس کا بہت خیال رکھتی ہے۔ ماحولیات کی بہتری اور قدرتی وسائل کا تحفظ کمپنی کی پالیسیوں اور ان کا ایک حصہ ہے۔ اس سلسلے میں کمپنی آئی ایس او 9001 : 2000، آئی ایس او 14001 : 2007، OHSAS 18001، آئی ایس او 2004 API 9001 : 2008، Q1, API 5L, API 5CT اور پی ای ڈی جرمین کی طرف سے بین الاقوامی سرٹیفیکیشن ایجنسیوں کی سندوں کا حامل ہے اور حفاظت، صحت، ماحول اور معیار کے عزم کیلئے

ثبوت ہیں۔

انسانی وسائل

ہمارے لوگ ہمارا سب سے قیمتی اثاثہ ہیں۔ انتظامیہ ٹیم ورک اور کارکردگی پر مبنی ثقافت کو فروغ دینے کے لئے زیادہ سے زیادہ صلاحیتوں کے حصول کی حوصلہ افزائی کرتا ہے۔ لہذا ہماری انسانی وسائل کی حکمت عملی کی توجہ اپنے کاروباری اہداف کو حاصل کرنے کے لئے دانشورانہ سرمائے کی ترقی اور ان کی سیدھ میں لانا ہے۔ ہمارے ملازمت کا نظام تنوع، مہارت اور جدید نقطہ نظر پر زور دیتا ہے۔ ہم ہر سطح پر مستقل بہتری کی ترغیب دیتے ہیں اور ملازمین کو بلا امتیاز ترقی کے مواقع فراہم کرتے ہیں۔

مزید یہ کہ ایک ملازم ضابطہ اخلاق کو حتمی شکل دے دی گئی ہے اور پوری تنظیم میں اس کی تشہیر کی گئی ہے اور اس کو ڈ آف کارپوریٹ گورننس 2017 کی ضرورت کے مطابق کمپنی کی سرکاری ویب سائٹ پر بھی رکھ دیا گیا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی انتظامیہ کا پختہ یقین ہے کہ ہر کاروباری ادارے کو بہتر اور خوشحال قوم کے لئے اس پاس کی کمیونٹی کی فلاح و بہبود میں کردار ادا کرنے کی ضرورت ہے۔ اس سلسلے میں ہم آس پاس کے دیہی اور ترقی یافتہ کمیونٹیز کے ملازمین کو شال کرنے کی کوشش کرتے ہیں۔ مزید یہ کہ ہم نے اپنے کارخانے کے احاطے میں عملے کی رہائش ایک اسپتال اور ایک اسکول تعمیر کیا ہے۔ ہم نے وہاں نہ صرف اپنے عملے بلکہ نوری آباد کے غریب عوام کی سہولت کے لئے وہاں ایک مستقل مسجد اور وہاں پینے کے صاف پانی کے لئے ایک پلانٹ بھی قائم کیا ہے۔

آڈیٹر

موجودہ بیرونی آڈیٹر ایچ ایم اے، ڈی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور خود دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی نے بھی اسی کی سفارش کی ہے۔

ترقیاتی پروگرام میں ڈائریکٹرز نے شرکت کی

بورڈ کو کارپوریٹ گورننس کے ضابطہ اخلاق، قابل اطلاق قوانین ان کے فرائض اور ذمہ داریوں سے واقف کرنے کے لئے تفصیلی اندرون خانہ بریفنگ اور انفارمیشن کیج مہیا کیا گیا ہے تاکہ وہ کمپنی کے معاملات کو مؤثر طریقے سے سنبھال سکیں، تاکہ وہ شیئر ہولڈرز کی جانب سے اور مؤثر طریقے سے انتظام کر سکیں۔ پانچ ڈائریکٹرز نے کوڈ کے ذریعہ مطلوب ڈائریکٹرز کے ٹریننگ پروگرام کو مکمل کر لیا ہے جبکہ سات ڈائریکٹرز ایک فہرست کمپنی کے بورڈ میں 16 سال سے زیادہ کا تجربہ رکھتے ہیں اور 15 سال سے زیادہ کی تعلیم رکھتے ہیں، انہیں کوڈ کے مطابق ڈائریکٹرز کے ترقیاتی پروگرام سے مستثنیٰ قرار دیا گیا ہے۔ ایک ڈائریکٹر جلد ہی ڈائریکٹرز ٹریننگ پروگرام مکمل کرے گا۔

ایگزیکٹو کی تعریف

کوڈ آف کارپوریٹ گورننس 2017 کے تقاضے کے مطابق بی او ڈی نے ایگزیکٹو کی تعریف کے لئے 12 لاکھ روپے (یعنی ماہانہ مجموعی تنخواہ ایک لاکھ سے کم نہیں) مقرر کی ہے۔ اب ہماری کمپنی کے لئے ایگزیکٹو کا مطلوب سی ای او، ایف او، کمپنی سیکریٹری اور کمپنی کے دوسرے ملازمین ہیں، جن کی مجموعی تنخواہ سالانہ 1,200,000 روپے سے زیادہ ہے۔

کارپوریٹ اور مالی رپورٹنگ کا فریم ورک

کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے تقاضوں کے مطابق کوڈ آف کارپوریٹ گورننس کے بہترین طریقہ کار کی ضروریات کی تعمیل کے لئے پرعزم ہے۔ کارپوریٹ اور مالی رپورٹنگ کے فریم ورک کے سلسلے میں بورڈ اپنی ذمہ داری کو تسلیم کرتا ہے اور اس طرح بیان کرتا ہے کہ

☆ کمپنی کی انتظامیہ کے ذریعہ تیار کردہ مالی بیانات اس کی امور کی کیفیت اس کے کاروائیوں کے نتائج، کنٹریول اور ایکویٹی میں بدلاؤ پیش کرتے ہیں۔

☆ کمپنی کے ذریعہ اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں

☆ مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور متاثرہ فیصلے پر مبنی ہوتا ہے۔

☆ بین الاقوامی مالیاتی رپورٹنگ کے معیارات جیسا کہ پاکستان میں قابل اطلاق ہیں مالی بیانات کی تیاری میں عمل کیا گیا ہے اور وہاں سے کسی بھی روایتی کا مناسب طور پر انکشاف کیا گیا ہے۔

☆ اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے مؤثر انداز میں نافذ اور نگرانی کی جارہی ہے۔





- ☆ کمپنی کی سابقہ تشریحات کی حیثیت سے جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
- ☆ کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی مادی طور پر رخصتی نہیں ہوئی ہے، جیسا کہ لسٹنگ ریگولیشنز میں تفصیلی ہے۔
- ☆ جیسا کہ اوپر بحث کی گئی ہے کمپنی اسٹیل صنعت سے لاحق خطرے کی وجہ سے ڈائریکٹرز کا روباہ کی نمونگی طرف راغب ہیں اور اس کے مطابق نقد منافع جاری نہ کرنے کا فیصلہ کیا ہے۔ مزید یہ کہ کمپنی کے ڈائریکٹرز نے یہ بھی مشاہدہ کیا کہ بونس حصص کے اجراء سے مارکیٹ میں حصص کی قدر میں کمی آجائے گی۔
- ☆ پچھلے دس سالوں سے کمپنی کے اہم آپریٹنگ اور مالی اعداد و شمار کا خلاصہ اس رپورٹ سے منسلک ہے۔
- ☆ سال کے اختتام پر غیر فنڈڈ عملے کی گریجویٹ کی مالیت 134,113 ملین ہے۔
- ☆ جائزے کے تحت سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے، ہر ہدایت کار کی حاضری کچھ یوں تھی:

بورڈ / سب کمیٹی	بورڈ کا اجلاس	آڈٹ کمیٹی	انسانی وسائل اور معاوضہ کمیٹی
سال کے دوران منعقد ہونے والے اجلاسوں کی تعداد			
مسٹر طلال محمد نجفی (یو۔ اے۔ ای)	—	—	—
مسٹر نبیل عبدالرحمن احمد عارف (یو۔ اے۔ ای)	—	—	—
مسٹر فہد عبدالعزیز اسحاق (یو۔ اے۔ ای)	—	—	—
مسٹر محمد حافظ (یو۔ کے)	2	4	3
جناب ارشاد احمد (یو۔ کے)	1	4	—
حافظ عبدالوحید	—	2	4
حافظ عبدالسیح	—	4	—
حافظ عبدالعلیم	1	1	—
حافظ عبدالماجد	2	5	—
حافظ عبدالحمید	2	5	1
مسٹر ناصر محمود (آزاد ڈائریکٹر)	—	4	—
جناب اصغر امام خالد (آزاد ڈائریکٹر)	—	2	—
مسز جویریہ سیج خواتین ڈائریکٹر	—	2	—

غیر حاضر ڈائریکٹروں کی چھٹی کو منظور کیا گیا، جو بورڈ کے اجلاس میں شرکت نہیں کر سکتے تھے۔

شیر ہولڈنگ کا نمونہ

30 جون 2019 تک حصص یافتگان کی کچھ کلاسوں کے حصص یافتگی کے انداز کا ایک بیان، جس کا انکشاف رپورٹ میں شامل کیا گیا ہے۔ رپورٹنگ فریم ورک کے تحت مطلوب ہے۔ ڈائریکٹرز سی ای او سی ایف او، کمپنی بیکریٹری اور ان کے شریک حیات یا نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی تجارت نہیں کی، سوائے اس کے کہ شیر ہولڈنگ کے انداز میں انکشاف کیا جائے۔

چینی کمپنی کے ساتھ مشترکہ منصوبے کا معاہدہ کے نام سے جیا ٹیکسٹائیل پائپ اینڈ سٹری ("HPY") کوئنگ (پرائیویٹ) لمیٹڈ HPY پاکستان میں گذشتہ سال کمپنی لمیٹڈ ("پیوان") کے تعاون سے پولیٹن کوئنگ خدمات فراہم کرنے کے منصوبے کے قیام کے لئے ایک نئی کمپنی قائم کی گئی تھی۔ اس کے مکنہ صارفین ("پروجیکٹ") 55% (پچپن فیصد) کی بنیاد پر 45% (پینتالیس فیصد) حصص یافتہ ہیں، جس میں حجاز 55 فیصد (پچپن فیصد) کے مالک ہیں، 2,310,000 (تیس ملین ایک سو ہزار) حصص میں جاری کردہ حصص لیوٹل میں اس میں لینڈ اینڈ بلڈنگ کی منتقلی کے اور پیوان 45% (پینتالیس HPY) ہر ایک فیصد) کے مالک 1,8900,000 ملین نولاکھ ہزار (دس) حصص 10 (دس) کے جاری کردہ حصص کا سرمایہ ایچ پی وائے آلات کی منتقلی کیلئے تمام ضروری کارپوریٹ اور گورنری منظوری کے تابع رہنماؤں کے بورڈ کے مطابق۔

یہ پروجیکٹ حالیہ دنوں میں سرپل ویلڈ پائپ کی پٹی کوئنگ کی مسلسل مانگ کی وجہ سے خصوصاً سی، پی، ای، سی کیلئے تیل، گیس، پانی کی نقل و حمل کی وجہ سے ملک کی اشد ضرورت ہے، کوئنگ کی قسم اور صرف غیر ملکی کمپنیاں اس میں حصہ لے رہی ہیں اس وجہ سے کہ پاکستان میں ایسے پلانٹ کی عدم فراہمی ہو یا جلد ہی شروع کی جائے گی، جس میں سرپل ویلڈ پائپ اور اس کی پٹی کوئنگ کی ضرورت ہوگی۔ یہ پروجیکٹ حفاظت کی مصنوعات کیلئے ویلڈ پائپیشن سروس ہوگی۔

ملک کی ملکیاتی ماتحت ادارہ کے طور پر قائم ہے، بورڈ میں اکثریت کے ہدایت کاروں کی وجہ سے انتظامیہ کا انتظام حفاظت HPY فی الحال Huffaz کے ہاتھ میں ہے۔ عمارت اور متعلقہ سہولت تیار ہے۔ پلانٹ، مشینری اور لوازمات پاکستان پہنچ چکے ہیں اور مستقبل قریب میں پیداوار شروع ہوگی۔





سپائرل ویلڈ پیپٹ پلانٹ

اس کمپنی نے اس سال کے دوران پائپ مینوفیکچرنگ کے شعبے میں ایک اور نمایاں عبور کیا، جس میں اسپائرل ویلڈ پیپٹ کی تیاری کی ٹیکنالوجی اور پلانٹ حاصل کیا گیا تھا، اس کی گنجائش (100000) ایک لاکھ میٹرک ٹن ہے۔ اس پلانٹ میں سرپل ویلڈ پیپٹ اور 12 - 100 انچ ڈایا کے ٹیوبیں تیار کرنے کی گنجائش ہے۔ یہ واقعاً آپ کی کمپنی کا ایک بہت بڑا کارنامہ ہے۔ کمپنی کے پاس نہ صرف سیٹیلیس پائپس اور ٹیوبیں 1/4 انچ سے 12 انچ ڈایا تک پیدا کرنے کی صلاحیت ہے بلکہ اس کے علاوہ سرپل ویلڈ پیپٹ پائپ بھی ہیں۔ پلانٹ فیکٹری کے احاطے تک پہنچا ہے۔ اس کا کام جلد ہی شروع کر دیا جائے گا۔ آج تک کمپنی کے پاس سیٹیلیس پلانٹ کی دو لائنیں ہیں، کوئٹہ کے اندر اور باہر کی چار کوئٹہ لائنیں 1 - 24 اور 8 - 100 انچ ڈایا ہیں اور اب اس میں ایک سرپل ویلڈ پیپٹ پلانٹ بھی ہے۔

مستقبل کا نظریہ اور چیلنجز

پیٹرولیم ڈویژن توانائی کی قلت کو دور کرنے کے لئے متعدد ارب ڈالر گیس پائپ لائن منصوبوں کو ترک کرنے کے لئے مربوط حکمت عملی کے لئے حکومت سے منظوری حاصل کرنے جا رہا ہے۔ پیٹرولیم ڈویژن نے ملک میں توانائی کی حفاظت کو یقینی بنانے کے لئے گیس پائپ لائن کے پرانے منصوبوں کی قسمت کا فیصلہ کرنے کے لئے دوپیش کرنا تھا۔ پہلے آپشن کے تحت، پیٹرولیم ڈویژن گوادرنو اب شاہ ایل این جی ٹریٹل اور پائپ لائن منصوبے کو گیس کی درآمد اور انفراسٹرکچر کے لئے مربوط حکمت عملی کے تحت بحال کرنا چاہتا ہے۔ یہ منصوبہ انفراسٹرکچر اور مائع قدرتی گیس (ایل این جی) کی فراہمی فراہم کرے گا۔ مستقبل میں اسے خلیجی ملک سے گیس کی خریداری کے لئے ایرانی سرحد تک بھی بڑھایا جاسکتا ہے۔ معیشت کو تباہی سے بچانے کے لئے ضروری گیس پائپ لائنز پاکستان اور روس 10 ارب کے آف شور پائپ لائن معاہدے پر دستخط کریں گے۔ ای سی سی کی منظور شدہ نظر ثانی شدہ حکمت عملی کے تحت، یہ منصوبہ تیار کیا گیا تھا کہ پائپ لائن پہلے مرحلے میں دوبارہ گیسفاؤڈ ایل این جی کی روزانہ 600 ملین مکعب فٹ تک نقل و حمل کرے گی اور نواب شاہ میں تار تھ ساؤتھ گیس پائپ لائن کے ساتھ منسلک ہوگی اور آگے کی فراہمی تصور کے قریب سوئی ناردرن گیس پائپ لائن کے نیٹ ورک کو ہوگی۔ دوسرے مرحلے میں گوادرنو پائپ لائن کی گیس ٹرانسمیشن کی گنجائش ایرانی گیس کے دستیاب ہونے کے ساتھ 1500 ایم ایم سی ایف ڈی تک بڑھادی جائے گی۔

دوسرے آپشن کے تحت پیٹرولیم ڈویژن مالی جنوب گیس پائپ لائن منصوبے کو ایک اسٹینڈ پروجیکٹ سمجھا جانے کی صورت میں مرحلہ وار صلاحیت کے استعمال کے لئے منظوری حاصل کرے گا، جو تیسرے مرحلے کے تحت کراچی بندرگاہ میں آئندہ نئی شعبے کے ایل این جی ٹرمینلز کے ساتھ منسلک ہوگا۔ پارٹی تک رسائی کے قواعد ہمارے پاس آنے والے سالوں کے لئے پُر امید توقع کی جا رہی ہے کہ ہماری مصنوعات کی مقامی طلب میں گیس کی فراہمی بڑھانا حکومت کے ادارے سے ہے چاہے وہ پی، پی، آئی گیس پائپ لائن کے ذریعہ وسطی ایشیاء سے پاکستان اور ہندوستان تک یا تھر کوئلے کے ذریعہ یا کوئی قدرتی گیس درآمد کریں یا ایل این جی یا دیگر۔ ہمارے ہموار پائپوں کی مانگ پر مثبت اثر پڑتا ہے۔ حکومت نے کراچی سے لاہور تک ایل این جی پائپ لائن بچھانے کا 64.9 ارب کا منصوبہ شروع کیا ہے۔ اس کے ساتھ ساتھ حکومت پاک ایران گیس سپلائی لائن پراجیکٹ کو بھی دیکھ رہی ہے۔ جس سے ایل این جی اور دیسی گیس دونوں درآمد کی جائیں گی اور یہ گوادرنو اب شاہ ایل این جی سپلائی لائن پروجیکٹ 700 کلومیٹر کا متبادل ہے۔ ایران پائپ لائن ایران کے جنوبی فیئڈ سے شروع ہو کر نواب شاہ پر اختتام پذیر ہوگی جو کہ 1931 کلومیٹر پر محیط ہے، جس میں سے ایک اندازہ کے مطابق 781 کلومیٹر پاکستان کے اندر ہوگی۔

اس کے علاوہ چین نے پاکستان کے آئل اینڈ گیس سیکشن میں سرمایہ کاری کرنے پر اتفاق کیا ہے اور اس سیکٹر میں پاکستان آنے کے لئے اور ڈی جی ایل کے ساتھ معاہدہ کیا ہے اور ملک کے گیس کے ذخائر کو سوراخ کرنے اور اسے ترقی دینے میں اربوں کی سرمایہ کاری کرنے کا معاہدہ کیا ہے۔

کمپنی کو امید ہے کہ لائن پائپ کوئٹہ کی مانگ میں اضافہ کے ساتھ، آئندہ سال میں ہموار پائپوں کی مانگ آہستہ آہستہ بڑھے گی۔ ہمیں امید ہے کہ کاروباری سرگرمیوں میں اضافہ ہوگا، کمپنی کی انتظامیہ اپنے موجودہ عملوں کی صلاحیت کے استعمال کو بہتر بنانے کی تمام کوششیں کر رہی ہے، ہم بہتر معیار کے ذریعے عمل کو عقلی بنانے کے ذریعہ اپنی داخلی آپریشنل اہلیتوں پر بھی زور دے رہے ہیں، مسابقتی قیمت پر مواد کو حاصل کرنے اور کاروبار کرنے کی لاگت کو کم کرنے کی تمام کوششیں کر رہے ہیں۔

متعلقین

ہمارے طویل مدتی مقاصد کو پورا کرنے کے لئے صارفین کے لئے اطمینان ضروری ہے، ہم ان کے تعاون پر اپنے صارفین کا شکریہ ادا کرنا چاہتے ہیں اور ان کی مسلسل سرپرستی کے منتظر ہیں۔ ہمارا شکریہ مالیاتی اداروں اور شیئرز ہولڈرز کی جانب سے ان کی مسلسل مدد کے لئے بھی جانا جو کمپنی کی کامیابی کی کلید ہے۔

ہمارے ملازمین نے اچھے نتائج کی فراہمی میں نمایاں کردار ادا کیا ہے اور اپنے عزم کو جاری رکھے ہوئے ہیں۔ ہماری طویل مدتی نمونہ کی مستقل وابستگی کے نتیجے میں ممکن ہوئی ہے، جس نے کمپنی کے لئے ایک بنیادی حص کو یقینی بنایا۔ ڈائریکٹرز کی جانب سے ہم اپنی تعریف کو یکاڑ ڈکرنے پر خوش ہیں۔

Handwritten signature

حافظ عبدالماجد

چیف ایگزیکٹو

کراچی 19 اگست 2019ء





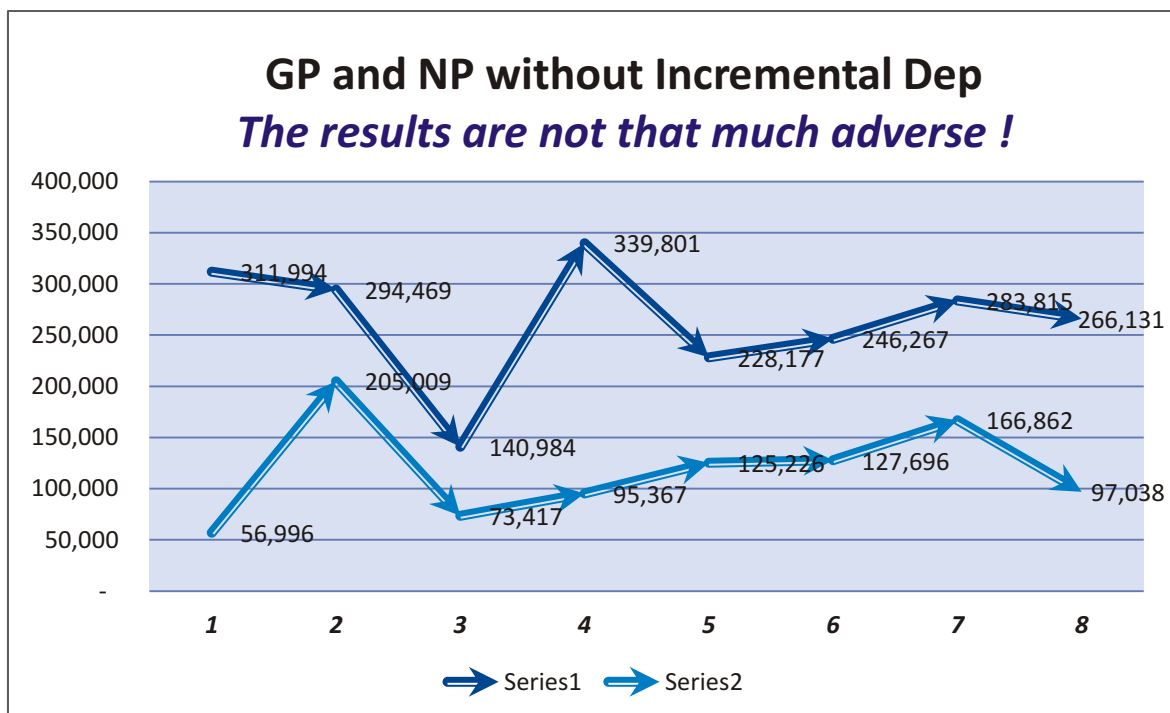
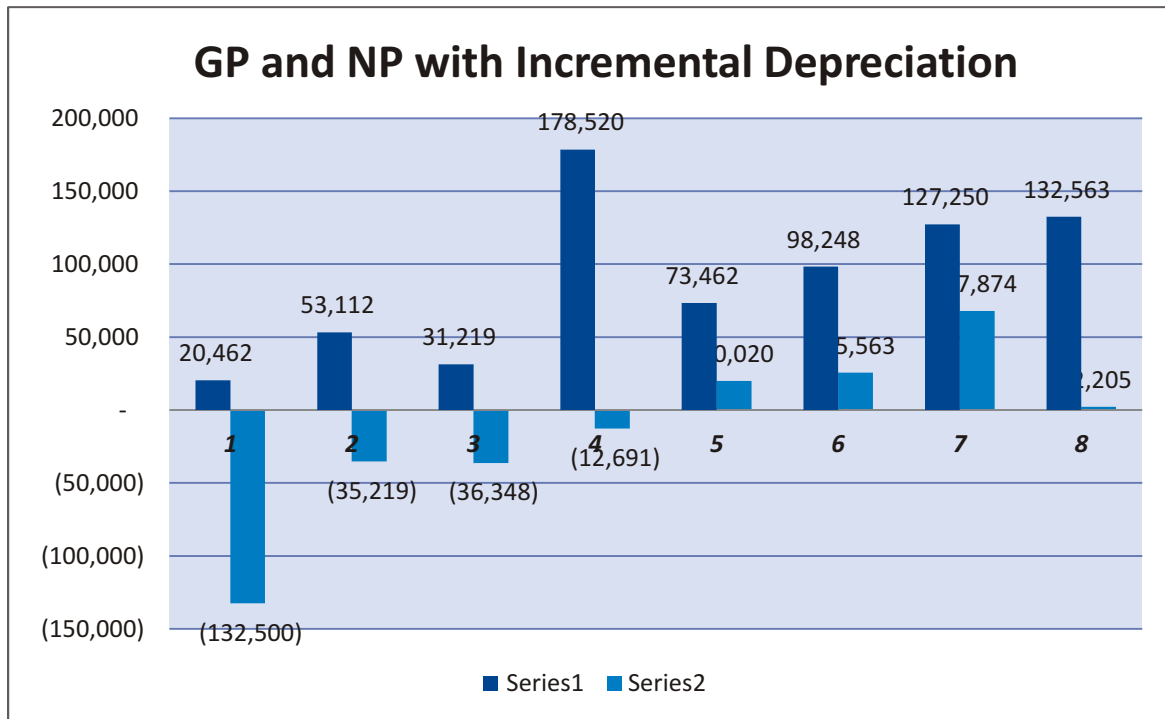
Decade at a Glance

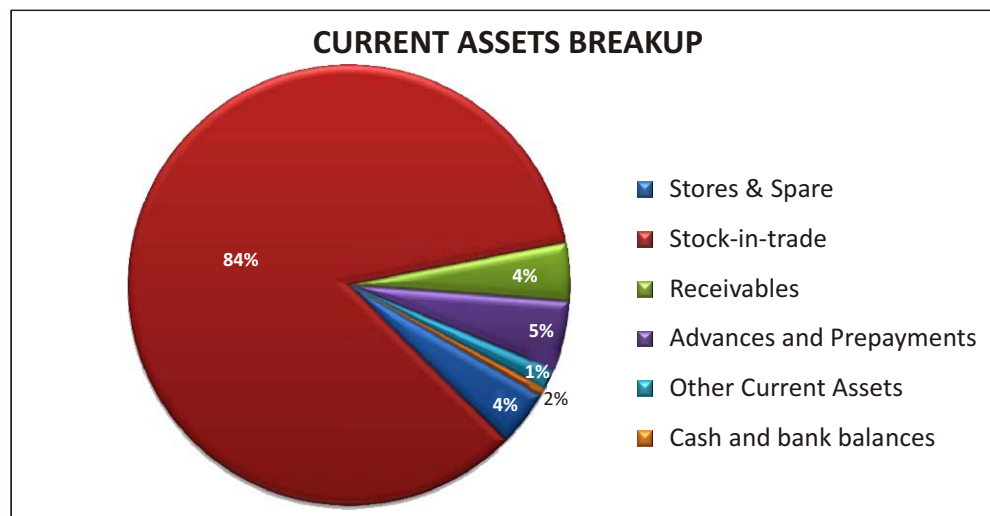
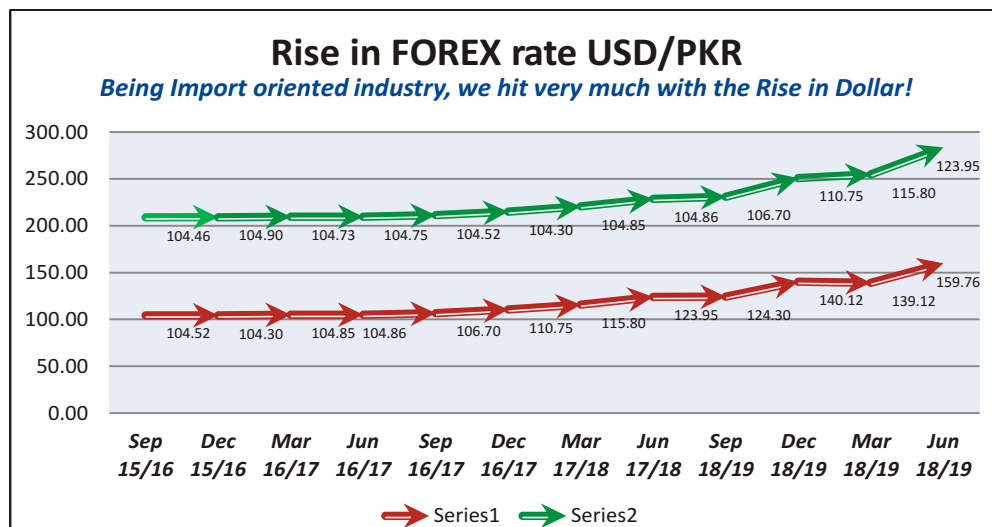
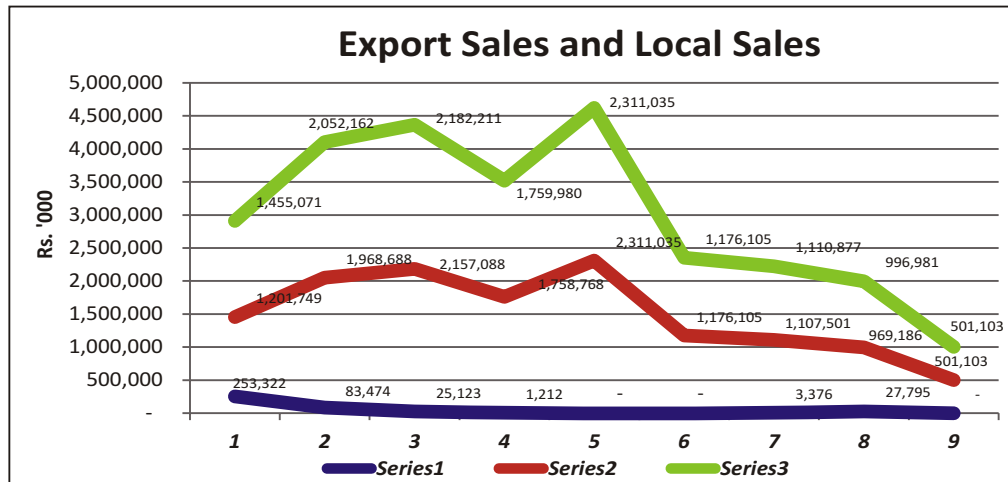
Product: Seamless Steel Pipes and Tubes Location of H/O: Karachi Location of Plant Nooriabad CEO: Hafiz Abdul Majid		Year Ended									
		30 June 2019	30 June 2018	30 June 2017 Restated	30 June 2016 Restated	30 June 2015	30 June 2014	30 June 2013 Restated	30 June 2012	30 June 2011	30 June 2010 Restated
		Rs. '000'									
Balance sheet data	Cash	10,428	40,951	68,147	104,273	5,787	88,962	215,216	29,190	31,601	31,797
	Receivables	59,489	103,498	120,818	88,656	421,027	102,396	179,542	127,693	191,980	96,457
	Stores & spares	71,583	72,984	78,829	81,376	97,521	73,966	83,546	69,809	47,686	55,481
	Inventory	1,470,640	1,211,228	1,272,776	1,258,474	901,281	901,521	489,369	1,152,216	746,597	832,643
	Other current assets	130,668	163,820	198,590	173,386	73,981	111,773	163,789	99,473	176,758	118,015
	Non-current assets	5,329,339	5,451,475	5,474,377	5,643,169	5,770,570	5,970,919	6,158,807	6,532,584	4,998,612	5,074,621
	Total assets	7,072,147	7,043,956	7,213,537	7,349,334	7,270,167	7,249,537	7,290,269	8,010,965	6,193,234	6,209,014
	Account payables	758,607	697,659	830,775	1,095,193	1,090,016	938,391	845,729	1,193,299	971,110	790,747
	Other current liabilities	619	40,671	179,228	861	1,551	68,675	88,512	261,090	119,187	118,336
	Long term liability	1,175,302	1,183,738	1,295,652	1,351,867	1,428,619	1,670,859	1,744,904	1,907,649	1,413,146	1,508,415
	Surplus on revaluation of land and building	2,997,349	3,092,182	3,241,684	3,343,817	3,391,585	3,328,901	3,438,666	3,680,023	2,700,086	2,903,298
	Sponsors loan	83,180	65,636	63,957	79,222	15,074	-	-	-	-	-
	Paid-up capital	554,844	554,844	554,844	554,844	554,844	554,844	554,844	554,844	554,844	554,844
	Share Premium	109,437	109,437	109,437	109,437	109,437	109,437	109,437	109,437	109,437	109,437
Income statement data	Retained earnings/ (loss)	1,352,809	1,259,790	897,960	774,093	639,041	538,430	468,177	285,424	183,937	183,937
	Reserves	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
	Total equity & liabilities	7,072,147	7,043,956	7,213,537	7,349,334	7,270,167	7,249,537	7,290,269	8,010,965	6,193,234	6,209,014
	Net Sale	501,103	854,804	946,616	1,002,394	1,973,972	1,518,120	2,182,211	2,052,162	1,455,071	1,285,301
	Cost of goods sold	368,540	727,554	848,368	928,932	1,759,452	1,486,901	2,129,099	2,031,700	1,368,619	976,326
	Gross profit	132,563	127,250	98,248	73,462	178,520	31,219	53,112	20,462	86,452	308,975
	Admin., selling and Other expenses	92,248	70,829	51,922	37,022	199,905	51,793	96,186	145,740	50,113	46,107
	Operating Profit or Loss (EBIT)	81,485	56,421	46,326	36,440	(21,385)	(20,574)	(43,074)	(125,278)	36,339	262,868
	Financial charges	48,577	41,722	23,984	32,053	37,117	34,330	58,431	76,490	74,805	38,830
	EBT	32,908	14,699	22,342	4,387	(58,502)	(54,904)	(101,505)	(201,768)	(38,466)	224,038
	Taxation	30,703	53,175	3,221	15,633	45,811	(18,556)	(66,286)	(69,268)	(19,966)	81,877
	Net profit (PAT)	2,205	67,874	25,563	20,020	(12,691)	(36,348)	(35,219)	(132,500)	(18,500)	129,276
	Depreciation and Amortization	175,574	184,545	193,677	202,492	211,126	220,088	460,766	386,882	395,416	77,262
Liquidity	Cash flow from operation	161,467	130,865	(154,881)	44,134	(9,063)	(58,946)	537,076	62,828	436,031	238,921
	Net working capital	983,582	854,151	729,158	610,111	408,030	271,552	197,221	23,992	104,325	225,310
	Current ratio	2.30	2.16	1.72	1.56	1.37	1.27	1.21	1.02	1.10	1.25
	Quick ratio	0.26	0.42	0.38	0.33	0.46	0.30	0.60	0.18	0.37	0.27
Activity	Payable/recvible	3.99	2.76	3.16	4.18	2.21	4.70	2.72	6.40	2.96	4.24
	Cash flow/ total debt	8.00%	6.58%	-6.54%	1.75%	-0.36%	-2.20%	20.05%	1.87%	17.42%	9.88%
	Inventory age (days)	1,457	608	548	494	187	221	84	207	199	311
	Collection period (days)	43	44	47	32	78	25	30	23	48	27
Profitability	Operating assets turnover	0.09	0.16	0.17	0.18	0.34	0.25	0.35	0.31	0.29	0.25
	Gross profit margin	26%	15%	10%	7%	9%	2%	2%	1%	6%	24%
	Net profit margin	0%	8%	3%	2%	-1%	-2%	-2%	-6%	-1%	10%
	Return on capital	0.1%	2.1%	0.9%	0.7%	-0.5%	-1.3%	-1.2%	-4.7%	-0.8%	5%
Per share data	Return on operating assets	0.0%	1.2%	0.5%	0.4%	-0.2%	-0.6%	-0.6%	-2.0%	-0.4%	3%
	Return on equity	0%	3%	2%	1%	-1%	-3%	-3%	-14%	-2%	15%
	Revenue per share	9	15	17	18	36	27	39	37	26	23
	Earning per share (Rs)	0.04	1.22	0.46	0.36	(0.23)	(0.66)	(0.63)	(2.39)	(0.33)	2.33
Share trend	Face value of share	10	10	10	10	10	10	10	10	10	10
	Break-up value per share	37	35	29	27	24	22	21	17	18	16
	Earning per break-up value of share	0.01	0.35	0.16	0.14	(0.09)	(0.29)	(0.30)	(1.37)	(0.19)	1.46
	Earning per share % of face value	0%	12%	5%	4%	-2%	-7%	-6%	-24%	-3%	23%
Plant capacity (M.Tons)	Earning per share % of break-up value	0%	3%	2%	1%	-1%	-3%	-3%	-14%	-2%	15%
	High stock price-at end	21.50	21.50	43.40	17.50	18.24	20.70	22.29	23.49	12.20	40.80
	Low stock price-at end	20.90	20.90	42.64	17.50	18.22	20.70	22.20	23.00	11.81	14.20
	Average stock price-at end	21.20	21.20	43.02	17.50	18.23	20.70	22	23	12	27.50
Plant capacity (M.Tons)	Growth since last year (Rs)	-	(22)	26	(1)	(2)	(2)	(1)	11	(15)	(11.03)
	Growth since last Year %	0%	-51%	146%	-4%	-12%	-7%	-4%	93%	-56%	-29%
	Price earning ratio- at average price	533.54	17.33	93.38	48.50	(79.70)	(31.60)	(35.12)	(9.69)	(36.00)	11.80
	Seamless Tubular										
Plant capacity (M.Tons)	Installed Capacity	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
	Utilized Capacity	2,744	5,303	7,023	8,652	12,196	10,925	13,826	13,958	13,456	11,288
	Coating of pipes and tubes										
	Installed Capacity	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Plant capacity (M.Tons)	Utilized Capacity	4,076	3,094	2,982	4,512	5,329	1,204	5,197	1,617	—	—
	Special Precision Shafting										
	Installed Capacity	—	—	—	—	—	—	—	—	30,000	30,000
	Utilized Capacity	-	-	-	-	-	-	-	-	-	-
Plant capacity (M.Tons)	Machinery and components										
	Installed Capacity	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
	Utilized Capacity	—	—	—	—	—	757	455	764	463	513





Diagrammatical Performance Review

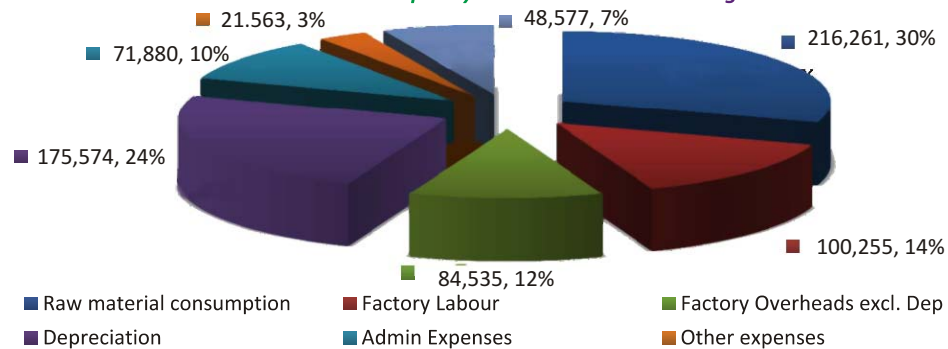




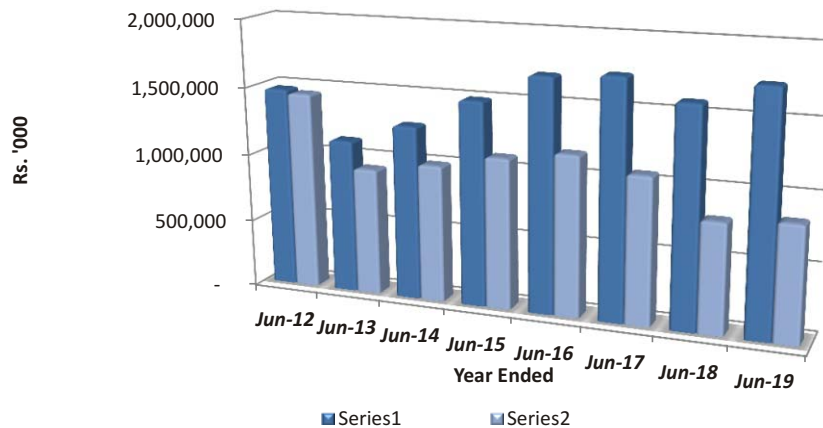


EXPENSES BREAKUP

Point to be noted ! Out of total expenses of Rs 718 million, Rs 175 million (24.4%) relates to Depreciation i.e. a non cash expenses which indicates that there are no liquidity crisis. Have a look at Indigo Slice

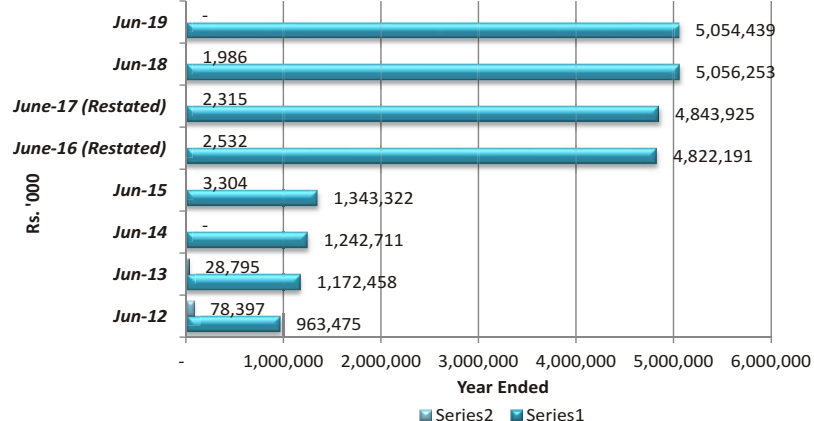


Current Assets Vs Current Liabilities



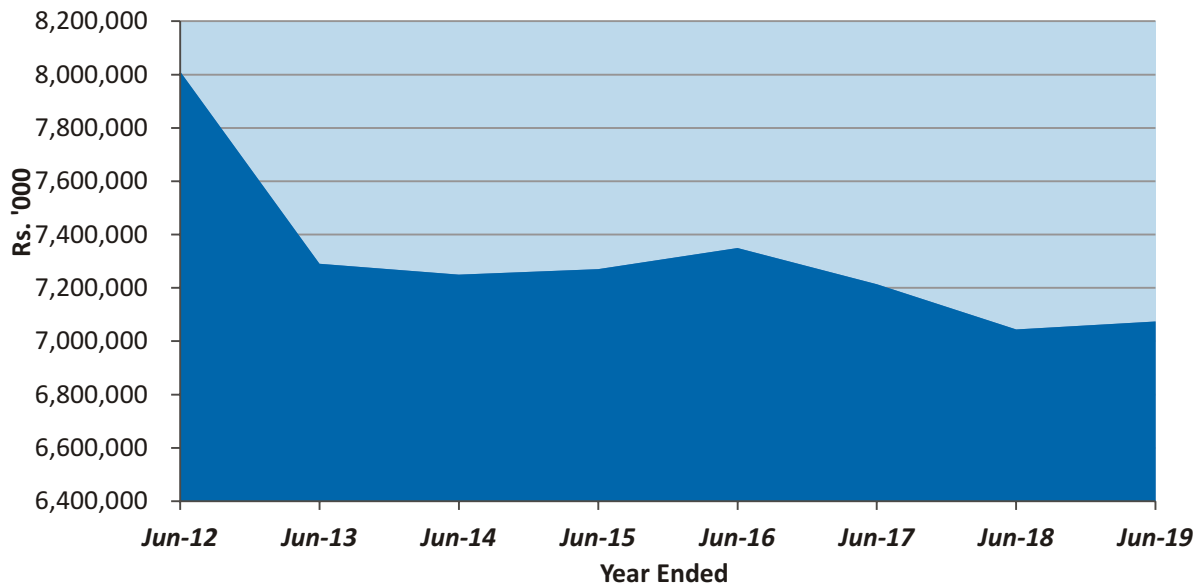
DEBT AND EQUITY POSITION

Running a listed company with such a low leverage is our hallmark

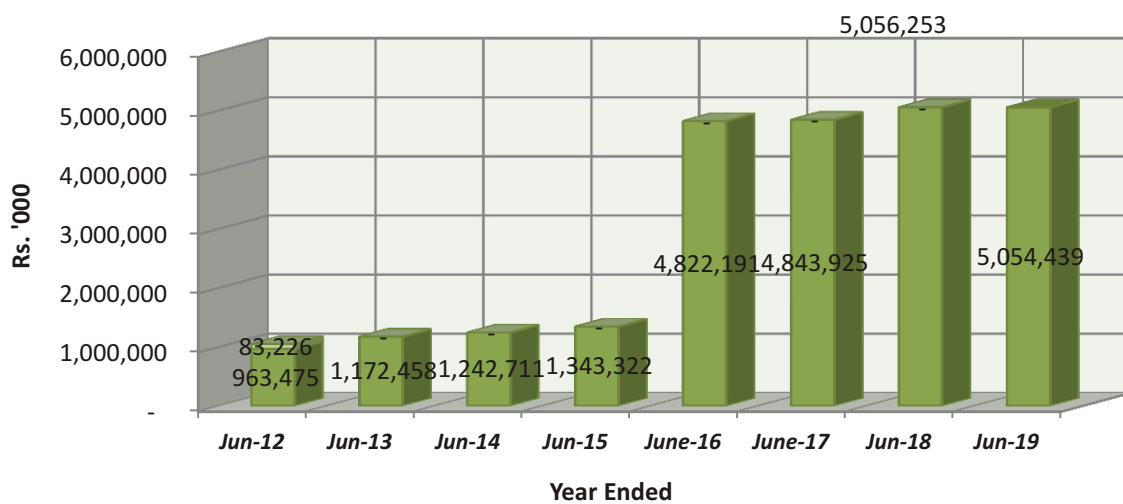




Balance Sheet Size



Shareholders' Equity





Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2017 for the Year Ended June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 13 as per the following:

- Male: Twelve (12)
- Female: One (1)

2. The composition of board is as follows:

CATEGORY

NAMES

- a) Independent Directors

Mr. Nasir Mahmood (Chartered Accountant)
Mr. Asghar Imam Khalid (Chartered Accountant)

- b) Other Non-executive Director

Mr. Talal Yousuf Mohamed Y. Najibi
Mr. Nabil Abdul Rahman Ahmad Arif
Mr. Fahad Abdul Aziz Eshaq
Mr. Muhammad Hafiz
Mr. Arshad Ahmed
Hafiz Abdul Waheed
Hafiz Abdul Sami
Hafiz Abdul Aleem
Mrs. Javeria Sami (Female Director)

- c) Executive Directors

Hafiz Abdul Majid (CEO)
Hafiz Abdul Haseeb

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).O/S
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board are presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board of Directors of the Company consists of eleven (13) eminent Directors, out of which four (05) Directors are already certified under the Directors Training Program as follow:
 - Hafiz Abdul Haseeb
 - Hafiz Abdul Sami
 - Hafiz Abdul Aleem
 - Mr. Nasir Mahmood
 - Syed Asghar Imam Khalid
10. The Company is in the process to appoint Chief Financial Officer, who has left organization on 30 Oct, 2018. Manager Finance & Accounts, Muhammad Musab was controlling the departments in the absence of CFO.
11. CEO and one Director duly endorsed the financial statements before approval of the board.





12. The board has formed committees comprising of members given below:

a) Audit Committee

1. Mr. Nasir Mahmood	(Independent Director)	Chairman
2. Muhammad Hafiz	(Non-Executive Director)	Member
3. Mr. Arshad Ahmed	(Non-Executive Director)	Member
4. Syed Asghar Imam Khalid	(Independent Director)	Member
5. Hafiz Abdul Sami	(Non-Executive Director)	(Reserved Member)

b) Human Resource and Remuneration Committee (Name of members and Chairman)

1. Muhammad Hafiz	Non-Executive Director	Chairman
2. Hafiz Abdul Majid	Chief Executive Officer)	Member
3. Mr. Arshad Ahmed	Non-Executive Director	Member
4. Hafiz Abdul Haseeb	Executive Director	Member
5. Hafiz Abdul Aleem	Non-Executive Director	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee was as per following:

a) Audit Committee	04 Meetings
b) HR and Remuneration Committee	02 Meetings

15. The board has set up an effective internal audit function supervised by a qualified Chartered Accountant. The Head of Internal Auditor is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard

18. The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting frame work as the regulations under section 208 of the Companies Act, 2017 have not yet been announced.

19. We confirm that all other requirements of the Regulations have been complied with.

HAFIZ ABDUL MAJID

Chief Executive Officer

Dated: August 19, 2019

Karachi:





H.A.M.D & Co.

Chartered Accountants

A member firm of:



McMillan Woods Global Limited
www.mcmillanwoods.com

Review Report to the Members on the Statement of Compliance Contained in listed companies (Code of Corporate Governance) Regulation, 2017

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017 We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Huffaz Seamless Pipe Industries Limited** for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017.

We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

We draw attention to item # 10 of the attached Statement of compliance of code of corporate governance. The position of Chief Financial Officer (CFO) as is provided in code of corporate governance remain vacant in 3 quarter in the year and the subsequent period. In his place, Finance Manager and Accounts was performing task assigned to the CFO. We also observe that, In the Subsequent period the position of Finance Manager is also vacant. Management contended that the vacant CFO position would be fill ASAP

H.A.M.D. Dawson

Chartered Accountants
Engagement Partner
Idrees Dawson - FCA
Karachi
Date: August 19, 2019

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Auditor's Report to the Members

OPINION

We have audited the annexed financial statements **Huffaz Seamless Pipe Industries limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we stated that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER(S)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

How the matter was addressed in our audit

S. #	KEY AUDIT MATTER(S)	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
01.	Investment <ul style="list-style-type: none"> We draw attention to Note 07 to the financial statements. The company holds a substantial investment of Rs. 242,121 thousand as at June 30, 2019 in a newly incorporated company, similar to the nature of activities of the company; Investment in equity shares has been made by way of exchanging land and building previously held by the company which have been revalued as of June 30, 2018; The investee company did not commence business activities as planned. <p>As part of our risk assessment exercise, we considered this matter because of significance of the amounts involved and the valuation assigned, as well as commencement of operation as planned.</p>	<p>We performed the following procedures to address this risk:</p> <ul style="list-style-type: none"> We reviewed the provision contained in the applicable joint venture agreement which forms the basis of incorporation of the new investee company and we have insured its compliances; We reviewed the valuation report of land and building prepared by an independent valuer to ensure fair values were assigned to properties taken as consideration for investment in Joint Venture Company. We discuss the matter of business activities of the investee company with the management and in the audit committee. It was informed that non commencement of operation was mainly on account of further activities and the investment by the joint venture partner and it is likely that operation would commence in the ensuing period <p>Conclusion</p> <p>No issues were identified from our review as regarded the value assigned to investment.</p>



S. #	KEY AUDIT MATTER(S)	HOW THE MATER WAS ADDRESSED IN OUR AUDIT
02.	<p>Defined benefit plan - Staff Gratuity</p> <ul style="list-style-type: none"> Refer to note 19.1 to the financial statements. The company operates a defined benefit obligation/staff gratuity scheme for eligible employees giving rise to liabilities of Rs.134,098 thousand which is significant in the context of the overall financial position of the company. <p>The valuation of gratuity requires judgments and technical expertise in choosing appropriate assumptions. Changes in a number of the key assumptions, including: Salary increases and inflation; Discount rate; and Mortality.</p> <p>All assumptions can have a material impact on the calculation of the liability. The company uses external actuary to assist in assessing these assumptions.</p>	<ul style="list-style-type: none"> We reviewed a detail valuation report prepared by and independent actuary in the year 2019; We assessed, whether assumption in calculating the gratuity including salary increases, inflation, mortality rate and discount rate etc., were consistent with the benchmarks of national and industry data; Management believe that the rates used fell within acceptable ranges and provision in the current period of Rs. 22,659 thousand closely approximate to the employees liability; We also performed sample testing to agree underlying membership data to supporting human resources documentation and assessed the appropriateness of the closing liability based on known movements and assumptions. <p>Conclusion</p> <p>No issues were identified to raise concerns over the valuation of gratuity liability.</p>
03	<p>Trade and other Payables</p> <ul style="list-style-type: none"> Significant liability given in notes 21 to the FS include substantial amount payable as WPPF the amount was Rs. 358,284 thousand in the year 2019 compare to Rs.317,431 thousand in the year 2018 and the increase in liability in both the year was mainly on account of provision for interest at applicable rates on the unpaid amount of liability in accordance with the WPPF Act 2008. We focused on this area because of significant amount involve remaining unpaid in current and previous period. 	<ul style="list-style-type: none"> We reviewed the provision contain in the relevant law of WPPF Act and ensured provision of liability including interest on the unpaid balance not paid by the company; and we were provided with legal advised stating that the jurisdiction of the law shifted to provincial government from the federal government and provincial government did not issued any notice till date. When notice is received appropriate legal remedy will be availed. we discussed with management and audit committee focusing on how the liability discharge by the company on the basis of availability of cash flow in the future period and in result we have been advised that management is determine to settle liability in the future period. In consultation with a legal advice determining amount payable to workers and the government.
04	<p>Revenue from Contract with Costumers</p> <ul style="list-style-type: none"> Current period revenue was Rs. 501,103 thousand compare to Rs.854,804 thousand in the previous year showing a declining revenue. Since a five year period including 2019 a declining trend was regularly observe year after year, and current period revenue approximate 25% of the year 2015 when company revenue was Rs. 1,973,972 thousand. We focus this area due to significant decline in current period as well as declining trend in past 5 year period. 	<p>We discuss with management the significant decline and we have been informed that due to the effect of taxation company's pricing structure made difficult to increase the sales volume. Furthermore, the industry generally effected by the same pricing issues. Management also informed that in subsequent period, the effect of taxation minimize by the government and the company would be able to increase sales volume;</p> <p>We have also reviewed the directors report of the current year period;</p> <ul style="list-style-type: none"> We have tested representative samples of sales item and ensured completeness, validity and cutoff and confirm that no understatement of revenue in the period under review. <p>Conclusion</p> <p>No issues were identified from our review as regard to Revenue from Contract with Costumers.</p>



INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT

Management is responsible for the other information. The other information comprises the information in the annual report including, in particular Financial Summary, Company's Overview, Director's Report, Financial and Business Highlights, Diagrammatical Performance review including Graphic presentation, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, Design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, Based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the Disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

The engagement partner on the audit resulting in this independent auditor's report is Mr. Idrees Dawson.

H.A.M.D. Dawson

Chartered Accountants
Karachi
Dated: August 19, 2019

**STATEMENT OF FINANCIAL POSITION**

As at June 30, 2019

		30 June 2019	30 June 2018
ASSETS	Note		
Non-Current Assets		..... (Rupees in '000)	
Property, plant and equipment	5	5,080,282	5,201,352
Long term deposits	6	6,936	6,936
Investment	7	242,121	243,187
		5,329,339	5,451,475
Current Assets			
Stores and spares	8	71,583	72,984
Stock-in-trade	9	1,470,640	1,211,228
Trade debts	10	71,201	103,498
Loan and advances	11	28,950	46,319
Trade deposits	12	59,489	16,855
Other receivables	13	33,479	65,654
Advance tax - net of provision	14	(2,962)	34,992
Cash and bank balances	15	10,428	40,951
		1,742,808	1,592,481
TOTAL ASSETS		7,072,147	7,043,956
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital	16	554,844	554,844
Share premium		109,437	109,437
Surplus on revaluation of property, plant and equipment	17	2,997,349	3,092,182
General reserves		40,000	40,000
Unappropriated profit		1,352,809	1,259,790
Total equity		5,054,439	5,056,253
Non-Current Liabilities			
Long Term Financing-Secured	18	—	1,986
Deferred liabilities	19	1,175,302	1,181,752
		1,175,302	1,183,738
Current Liabilities			
Trade and other payables	20	758,607	697,658
Short term sponsors' advances	21	83,180	65,636
Short term borrowings	22	—	35,029
Current portion of non-current liabilities	23	619	1,142
Accrued markup		—	4,500
		842,406	803,965
TOTAL LIABILITIES		2,017,708	1,987,703
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		7,072,147	7,043,956

The annexed notes from 1 to 42 form an integral part of these financial statements.

Hafiz Abdul Majid
Chief Executive**Hafiz Abdul Sami**
Director**Muhammad Musab**
Manager Finance & Accounts

**STATEMENT OF PROFIT OR LOSS**

For the year ended June 30, 2019

	Note	30 June 2019 (Rupees in '000)	30 June 2018 (Rupees in '000)
Revenue from contract with customers (Net)	25	501,103	854,804
Cost of revenue from contract with customers	26	(368,540)	(727,554)
Gross Profit		132,563	127,250
Selling and distribution cost	27	(13,929)	(13,069)
Administrative expenses	28	(71,880)	(84,010)
		(85,809)	(97,079)
		46,754	30,171
Other operating charges	29	(6,439)	(4,567)
Other operating income	30	41,170	30,817
		81,485	56,421
Finance cost	31	(48,577)	(41,722)
Profit before taxation		32,908	14,699
Taxation	32	(30,703)	53,175
Profit after taxation		2,205	67,874
..... (Rupees)			
Earnings per share - basic and diluted	33	0.04	1.22
..... (Rupees in '000)			
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		256,681	282,688

The annexed notes from 1 to 42 form an integral part of these financial statements.

Hafiz Abdul Majid
Chief Executive**Hafiz Abdul Sami**
Director**Muhammad Musab**
Manager Finance & Accounts

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended June 30, 2019

	Note	30 June 2019	30 June 2018
		..... (Rupees in '000)	
Profit after taxation		2,205	67,874
Other comprehensive income		—	—
Items that will not be reclassified subsequently to profit and loss account			
– Remeasurement of defined benefit obligation	19.1.5	(5,660)	(1,682)
– Surplus realised on transfer of assets to HPY		—	177,600
– Impact of tax		1,642	19,050
		(4,019)	194,968
Total comprehensive income for the period		(1,814)	262,842

The annexed notes from 1 to 42 form an integral part of these financial statements.

Hafiz Abdul Majid
Chief Executive

Hafiz Abdul Sami
Director

Muhammad Musab
Manager Finance & Accounts



**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2019

	Note	30 June 2019	30 June 2018
		..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		32,908	14,699
Adjustments for:			
Depreciation		177,369	184,337
Amortisation		—	208
Loss of investment in joint venture		1,232	—
Finance costs		48,577	41,722
Workers' profit participation fund		1,967	946
Workers' Welfare Fund		4,472	3,560
Provision for Leave encashment		—	108
Provision of Staff gratuity		16,999	13,727
		250,616	244,608
Operating cash flows before working capital changes		283,524	259,307
Changes in working capital	34	(160,362)	(58,636)
Cash generated from operations		123,162	200,671
Finance costs paid		(14,192)	(13,536)
Leave encashment paid		—	(106)
Staff gratuity paid		(2,442)	(5,225)
Workers' Welfare Fund		(4,144)	—
Income tax paid		(21,419)	(50,940)
		(42,197)	(69,807)
Net cash generated from operating activities		80,965	130,864
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(56,299)	(34,563)
Decrease in property, plant and equipment		—	243,187
Increase in investing during the year		—	(243,187)
Long-term investment in joint venture		(166)	—
Net cash (used) from investing activities		(56,465)	(34,563)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long Term Financing paid		(2,509)	(205)
Short term borrowings		(35,029)	—
Short term Sponsors' advances received / (paid)		17,544	1,679
Net cash (used) / generated from financing activities		(19,994)	1,474
Net increase in cash & cash equivalent		4,506	97,775
Cash and cash equivalents at beginning of the year		5,922	(91,853)
Cash and cash equivalent at end of the year	35	10,428	5,922

The annexed notes from 1 to 42 form an integral part of these financial statements.

Hafiz Abdul Majid
Chief Executive**Hafiz Abdul Sami**
Director**Muhammad Musab**
Manager Finance & Accounts

**STATEMENT OF CHANGES IN EQUITY**

For the year ended June 30, 2019

	Issued, subscribed and paid-up capital	Share premium	General reserve	Revaluation Surplus	Unappropriated profit	Total
	..... Rs. '000'					
Balance as at 01 July 2017	554,844	109,437	40,000	3,241,684	897,960	4,843,925
Total comprehensive income for the year						
Profit for the year	—	—	—	—	67,874	67,874
Reveral of surplus on revaluation	—	—	—	(50,514)	—	(50,514)
Other comprehensive income	—	—	—	196,162	(1,194)	194,968
Total comprehensive income for the year	—	—	—	145,648	66,680	212,328
Suplus realised on transfer	—	—	—	(196,162)	196,162	—
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	—	—	—	(98,988)	98,988	—
Balance as at 30-Jun-2018	554,844	109,437	40,000	3,092,182	1,259,790	5,056,253
Balance as at 01 July 2018	554,844	109,437	40,000	3,092,182	1,259,790	5,056,253
Total comprehensive income for the period						
Profit for the year	—	—	—	—	2,205	2,205
Other comprehensive income	—	—	—	—	(4,019)	(4,019)
Total comprehensive income for the year	—	—	—	—	(1,814)	(1,814)
Transfer from surplus on property, plant and equipment - net of deferred tax	—	—	—	(94,833)	94,833	—
Balance as at 30 June 2019	554,844	109,437	40,000	2,997,349	1,352,809	5,054,439

The annexed notes from 1 to 42 form an integral part of these financial statements.

Hafiz Abdul Majid
Chief Executive**Hafiz Abdul Sami**
Director**Muhammad Musab**
Manager Finance & Accounts

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended June 30, 2019

1. STATUS AND NATURE OF BUSINESS

1.1 Huffaz Seamless Pipe Industries Limited ("the Company") was incorporated in Pakistan on October 9, 1983 as a public company limited by shares. The shares of the Company are quoted on Pakistan Stock Exchange (PSX) (formerly divided into KSE & LSE). The principal objective and business of the Company is manufacturing and selling of seamless steel pipes and tubes (tubular products). The Company also has a coating facility capable of applying three layer high density polyethylene coating, polypropylene coating and tape coating on steel pipes. The registered office of the Company is situated at 207-210, Mashriq Center, Block 14, Gulshan-e-Iqbal, Karachi and the factory of the Company is located at Nooriabad, District Jamshoro, Sindh province.

1.2 These are stand alone financial statements of Huffaz Seamless Pipe Industries Limited. Consolidated financial statement have not been prepared by the Company as disclosed in note-7

2. SIGNIFICANT TRANSACTION AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

2.1 Company spend Rs. 52,207 thousand in CWIP in respect of plant and ,machinery item. The company expect to complete the project in the ensuing period. The project represents '**Spiral Welded Plant**' having the capacity of producing 100,000 matric tons. The plant is expected to increase the size of activities and operations of the company.

2.2 Sales in the year was Rs.501,103 thousand compared to 854,804 thousand in the year 2018 due to the effect of stiff competition and high taxation impact on steel product.

2.3 Finance cost in the year was 48,577 thousand compared to 41,722 thousand in year 2018. This included interest on outstanding WPPF balance Rs.38,885 thousand compared to the 26,026 thousand in the year 2018. While the outstanding balance of WPPF stood at Rs.358,284 thousand compared to 317,431 thousand in the year 2018.

2.4 During the year 2018 company made investment in Joint Venture company in accordance with the Joint Venture Agreement. Company's assets including Land, Building and Coating Shed have been transferred at Rs. 243 million as a consideration for making investment for which equity share capital in the said company was allowed. Value of the assets have been arrived at on the basis of revaluation exercise carried out by an independent professional valuer in the year 2018. For details please refer Note: 7. In the current year no operating activity was performed.

3. BASIS OF PREPARATION**3.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that:

- the obligations under employees' defined benefit plan which are measured at present value of defined benefits less fair value of plan assets; and
- the leasehold land, factory building, plant and machinery and coating sheds are stated at fair values which are determined by the independent valuer.

3.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3.4 Amendments to accounting standards and new IFRS interpretation that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IAS 7 'Statement of cash flows' amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of IASB's Disclosure initiative which continues to explore how financial statements disclosure can be improved. In the first year of adoption comparative information need not be provided. The relevant disclosure in these financial statements.





The Companies Act, 2017 (the act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. The changes in respect of recognition criteria of revaluation of operating fixed assets as more fully explained in note# 5. Further, the disclosure requirements contained in the Forth Schedule to the Act have been revised, resulting in the elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of significant additional disclosure which have been included in these financial statements.

Amendments to accounting standards and new IFRS interpretation that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 01, 2017.

However these do not have any significant impact on the company's financial reporting and therefore have not been detailed in these financial statements.

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 23 Borrowing Cost
- IAS 27 (Revised 2011) – Separate Financial Statements
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

3.5 New accounting standards and amendments to accounting standards that are not yet effective

The following new accounting standards and amendments to accounting standards are only effective for accounting periods, beginning on or after July 01, 2018 that may have impact on the financial statements of the company.

Standards / Amendments	Effective date (accounting periods beginning on or after)
– Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 1, 2018
– Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	January 1, 2018
– Amendments to IAS 28 'Investments in associates and Joint ventures' - Long term interests in associates and Joint Ventures.	January 1, 2019
– Amendments to IAS 19 'Employee Benefits' - Plan Amendment, curtailment or settlement.	January 1, 2019
– Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 1, 2016
– Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 1, 2016
– Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 1, 2016
– Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
– Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 1, 2017
– Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
– Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 1, 2016
– Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 1, 2016
– Transfers of Investment Property (Amendments to IAS 40 "Investment Property")	January 1, 2018
– IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
– IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019





Other than the aforesaid standards and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

3.6 Adoption of news accounting standards and IFRS

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective

3.6.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Company adopted IFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients.

3.6.2 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after July 1, 2018 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Company applied prospectively, the Company has applied IFRS 9, with the initial application date of July 1, 2018.

The Company applied IFRS 9. The standard requires, in order to avoid the use of hindsight at a later date that entities conclude on the following matters as at the date of the initial application:

- Electing and/or revoking the fair value through profit or loss option for eligible financial instruments.
- Electing to measure non-financial contracts held for own use at fair value through profit or loss.
- The choice of classifying eligible equity instruments as financial assets at fair value through OCI.
- Determining whether recognizing own credit in OCI for liabilities at fair value would enlarge an accounting mismatch.
- Concluding on the business model for financial assets.
- Concluding whether or not, at the date of initial application of IFRS 9, to continue to follow hedge accounting under the requirements of IAS 39, when applicable.
- If concluding to apply hedge accounting under IFRS 9 (along with its benefits e.g., forward points, option premiums, currency basis).
- Voluntarily de-designate any existing hedge relationship before the date of application as IFRS 9 will not allow voluntary de-designation any longer.
- Continue to apply the choice to use IAS 39 on macro fair value hedging, even when applying IFRS 9 for all other hedge relationships.
- Concluding whether the ECL is calculated based on the general or simplified approach for trade receivables and contract assets having a significant financing component and for lease receivables, if any.

3.6.3 The management concluded that there have been no affects as a result of adoption of IFRS 15 and IFRS 9, therefore, no restatement of financial components was deemed necessary in the current period financial statements.

3.7 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments





about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

3.6.1 Property, plant and equipment

The Company's management reviews the rates of depreciation / estimated useful lives used in the calculation of depreciation charge for its property, plant and equipment and the value of the assets for possible impairment at each financial year end. Further, the Company estimates revalued amounts and useful lives of leasehold land, factory building, plant and machinery and coating sheds based on the periodic valuations carried out by independent professional values. Any change in estimate in future might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge, impairment, surplus on revaluation and annual transfer of incremental depreciation from surplus on revaluation of property, plant and equipment account to unappropriated profit together with any tax effect.

3.6.2 Investments

Investment in Joint Venture is stated at cost, Details of the company's investment are stated in Note 7 to the financial statements.

3.6.3 Stock-in-trade and stores and spares

The Company at each balance sheet date reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in their respective carrying values. Any change in estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding effect on the profit and loss account of those future years.

3.6.4 Trade debts and other receivables

The Company reviews its doubtful trade debts and other receivables at each balance sheet date to assess the adequacy of provision there against (if any). In particular, judgment is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

3.6.5 Employee benefits

The liabilities relating to defined benefit plan - staff gratuity are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 20 to these financial statements.

The liability related to compensated absences is determined by the management based on future entitlement of absences of employees.

3.6.6 Taxation

In making estimate for income tax payable by the Company, the Company takes into account the applicable tax laws. Deferred tax asset is recognized for all unused tax losses and available credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilized. Significant judgment is exercised to determine the amount of deferred tax asset to be recognized.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same, as those applied in the preparation of financial statements of the Company for the year ended June 30, 2017 and are enumerated as follows:

4.1 Property, plant and equipment and Intangibles

4.1.1 Owned assets

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment (except leasehold land, factory building, plant and machinery and coating sheds) are stated at cost less accumulated depreciation and impairment losses, if any. Factory building, plant and machinery and coating sheds are stated at revalued amount less accumulated depreciation and impairment losses, if any, whereas leasehold land is stated at revalued amount less impairment loss, if any. The value assigned to leasehold land is not amortized as the respective leases are expected to be renewed for further periods on payment of relevant rentals.





Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged on reducing balance method at rates specified in note 6.1. Depreciation on addition is charged from the month the asset is available for use while no depreciation is charged in the month of disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Surplus on revaluation of leasehold land, factory building, plant and machinery and coating sheds is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings / unappropriated profit.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized. When revalued assets are sold or transferred, any related amount included in the revaluation surplus is transferred to retained earnings.

4.1.2 Capital work-in-progress

These are stated at cost less impairment, if any, and consist of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. The assets are transferred to relevant category of property, plant and equipment when they are available for intended use.

4.1.3 Intangible assets

Intangible assets are measured on initial recognition at cost. Costs that are directly associated with identifiable software products / licenses controlled by the Company and that have probable economic benefit beyond one year are recognized as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Costs associated with maintaining computer software products are recognized as an expense when incurred.

Intangible assets with finite lives are amortized on a straight line basis over their estimated useful lives as specified in note 7. In respect of additions and disposals of intangible assets during the year, amortization is charged from the month of acquisition to the month preceding the disposal.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit and loss account when the asset is derecognized.

4.2 Investment

Investment in joint venture is accounted for in accordance with the joint venture agreement as well as provisions of IAS-31 Accounting for Joint Venture. The company also accounts for its proportionate income/loss on the basis of latest available audited financial information.

4.3 Stores and spares

Stores and spares are stated at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

4.4 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined under the weighted average basis. Cost of work-in-process and finished goods consists of direct materials, labour and applicable production overheads. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses.

Items in transit are valued at cost comprising invoice value plus other charges paid thereon up to the balance sheet date.

Scrap inventory is valued at estimated realizable value.

4.5 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.



**4.6 Staff retirement benefits****Defined benefit plan**

The Company operates an unfunded gratuity scheme covering all its permanent employees who have completed the minimum qualifying period one year of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and current service cost are recognized in profit and loss account. The most recent valuation of the scheme was carried out as at June 30, 2019. Details of the scheme are given in note 19.1 of these financial statements.

4.7 Compensated absences

The liability for accumulated compensated absences of employees is recognized in the period in which employees render services that increases their entitlement to future compensated absences.

4.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

4.9 Markup bearing borrowings

Loans and borrowings are initially recognized at fair value of the consideration received less directly attributable transaction costs, if any. Subsequently, these are measured at amortized cost using the effective markup rate method.

4.10 Revenue recognition**New Policy**

The Company is in the business of manufacture and sale of seamless steel pipes, tubular products and coating on steel pipes. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements and do not have any agency relationship.

Sales of Goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of goods with normal credit term of 30 to 90 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Previous Policy

Local sales are recognized as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides with delivery.

Export sales are recognized as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides either with date of shipping bill or upon delivery to customer or its representative, based on terms of arrangement.

Scrap / wastage sales accounted when invoice accompanied by actual delivery and collection.

4.11 Taxation

Income Tax expenses comprises current and deferred tax. Income Tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account the available tax credits and tax rebates, if any, or on turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of Income Tax Ordinance, 2001, whichever is higher. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalized (if any) during the year.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. This is recognized on the basis of the expected manner of the realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.





Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized. The Company also recognizes deferred tax liability on surplus on revaluation of property, plant and equipment in accordance with the requirements of International Accounting Standard 12 'Income Taxes'.

4.12 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred using the effective interest rate method except those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

4.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances. Short-term borrowing / running finances that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

4.15 Foreign currency translations

Transactions in foreign currencies are initially accounted for in Pakistan Rupees at the foreign exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing on the balance sheet date. Exchange differences are included in the profit and loss account.

4.16 Financial instruments

New Policy

Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables for which the Company has applied the practical expedient or business model are measured at the transaction price determined under IFRS 15. Refer to the accounting policies Note. Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
- When applicable, Financial assets at amortised cost (debt instruments)
- In this case, the Company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and





- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives (if any), are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments and listed equity investments (if any) which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

The rights to receive cash flows from the asset have expired ; or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay .

Impairment of financial assets

Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.





ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate, when applicable. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Whenever considered necessary, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



**Previous Policy**

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provision of instruments. Non-derivative financial assets comprises loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, cash and cash equivalent. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of the financial assets or liabilities is taken to profit and loss account.

4.17 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.18 Impairment**Financial assets**

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each balance sheet date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its products (i.e. production of seamless pipes and coating) separately for the purpose of making decisions regarding resource allocation and performance assessment.

4.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved by the members and board of directors.

4.21 Earnings per share basic and diluted

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.22 CHANGE IN ACCOUNTING POLICY

Effective May 30, 2017 the companies act 2017 (the act) was enacted which replace and repealed the previous companies ordinance 1984 (the repealed ordinance). Section 235 of the repealed ordinance relating to treatment of surplus arising on revaluation of property, plant and equipment has not been carried forward in the act. The said section of the repealed Ordinance specified the representation and accounting treatment relating to revaluation of property, plant and equipment which was not in accordance with the requirement of IAS 16 'Property, plant and Equipment' as applicable in Pakistan. Consequently in the year 2018 the company changed its accounting policy for the revaluation of property, plant and equipment in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously up to the year 2017, Company's accounting policy for revaluation of property, plant and equipment was in accordance with the provision of Section 235 of the repealed Ordinance. Further, the revaluation surplus on property, plant and Equipment was shown as a separate item below Equity, in accordance with the presentation requirement of the repealed Ordinance. The accounting policy and presentation requirement relating to revaluation of "Property, Plant and Equipment" as explained in note 6.1 to these financial statements. Further, the revaluation surplus on property, plant and equipment henceforth now presented in the statement of financial position and statement of changes in equity as capital reserve i.e part of equity.

In accordance with the requirements of IAS 8 'Accounting policies, estimates and errors', the above explained changes in accounting policy has been accounted for retrospectively in the previous year.





5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress

Note

30 June
2019

30 June
2018

(Rupees in '000)

5.1 5,028,007 5,201,352

5.5 52,275 —

5,080,282 5,201,352

5.1 Operating fixed assets

30 June 2019

30 June 2019											
	C O S T / R E V A L U A T I O N					D E P R E C I A T I O N				Book	R
Particulars	As at 1 - July 2018	Additions/ Transfer	Disposal	Surplus on Revaluation	As at 30 June 2019	As at 1 - July 2018	Charge for the period	Disposal	As at 30 June 2019	Value as at 30 June 2019	A T E %
..... (Rupees in '000)											
Owned Assets											
Land - lease hold	850,709	—	—	—	850,709	—	—	—	—	850,709	0
Building - factory	1,929,356	6	—	—	1,929,362	306,668	40,567	—	347,235	1,582,127	2.5
Building - head office	3,792	—	—	—	3,792	2,971	82	—	3,053	739	10
Plant and machinery	3,796,105	—	—	—	3,796,105	1,158,123	131,899	—	1,290,022	2,506,083	5
Furniture and fixtures	3,239	—	—	—	3,239	2,225	101	—	2,326	913	10
Office equipment	5,400	—	—	—	5,400	3,753	165	—	3,918	1,482	10
Electric and gas appliances	23,803	3,950	—	—	27,753	13,203	1,455	—	14,658	13,095	10
Air conditioners	1,813	—	—	—	1,813	1,221	59	—	1,280	533	10
Drawings and survey equipment	363	—	—	—	363	352	1	—	353	10	10
Motor vehicles	36,151	68	—	—	36,219	33,578	529	—	34,107	2,112	20
Computer and allied equipment	9,519	—	—	—	9,519	8,051	294	—	8,345	1,174	20
Security weapons	1,178	—	—	—	1,178	753	43	—	796	382	10
Coating Sheds	83,132	—	—	—	83,132	14,615	1,713	—	16,328	66,804	2.5
Assets under Diminishing Musharika Financing											
Motor vehicles	5,005	—	—	—	5,005	2,700	461	—	3,161	1,844	20
	6,749,565	4,024	—	—	6,753,589	1,548,213	177,369	—	1,725,582	5,028,007	

2018

	C O S T / R E V A L U A T I O N					D E P R E C I A T I O N				Book	R
Particulars	As at 1 - July 2017	Additions/ Transfer	Adjustment	Surplus on Revaluation	As at 30 June 2018	As at 1 - July 2017	Charge for the year	On Surplus Written Back	As at 30 June 2018	Value as at 30 June 2018	A T E %
..... (Rupees in '000)											
Owned Assets											
Land - lease hold	858,040	—	—	(7,331)	850,709	—	—	—	—	850,709	0
Building - factory	1,978,632	73,748	—	(123,023)	1,929,356	283,567	42,260	(19,159)	306,668	1,622,688	2.5
Building - head office	3,233	559	—	—	3,792	2,942	29	—	2,971	821	10
Plant and machinery	3,762,891	33,215	—	—	3,796,105	1,021,051	137,072	—	1,158,123	2,637,983	5
Furniture and fixtures	3,239	—	—	—	3,239	2,112	113	—	2,225	1,014	10
Office equipment	5,400	—	—	—	5,400	3,537	216	—	3,753	1,645	10
Electric and gas appliances	23,803	—	—	—	23,803	12,197	1,006	—	13,203	10,598	10
Air conditioners	1,813	—	—	—	1,813	1,155	66	—	1,221	592	10
Drawings and survey equipment	363	—	—	—	363	351	1	—	352	10	10
Motor vehicles	36,151	—	—	—	36,151	32,935	643	—	33,578	2,573	20
Computer and allied equipment	9,376	143	—	—	9,519	7,755	296	—	8,051	1,467	20
Security weapons	1,178	—	—	—	1,178	706	47	—	753	424	10
Coating Sheds	88,949	—	—	(5,811)	83,138	13,509	2,011	(905)	14,615	68,523	2.5
Assets under Diminishing Musharika Financing											
Motor vehicles	5,005	—	—	—	5,005	2,123	576	—	2,700	2,305	20
	6,778,073	107,665	—	(136,165)	6,749,571	1,383,940	184,336	(20,064)	1,548,213	5,201,352	



**5.2 Allocation of depreciation**

Cost of sales

Administrative expenses

30 June 2019	30 June 2018
..... (Rupees in '000)	
175,574	182,930
1,795	1,407
177,369	184,337

5.3 Revaluation of Property, Plant and equipment

The Company carries its leasehold land, factory building, plant and machinery and coating sheds at revalued amounts under IAS 16 'Property, Plant and Equipment'. The latest valuation was carried out on September 30, 2015 by M/s. K.G. Traders (Private) Limited, an independent professional valuer, on the basis of present market values which resulted in a surplus on revaluation amounting to Rs. 66.272 million.

The forced sale value of land and building as per the aforesaid revaluation report was Rs. 2,897.495 million.

The forced sale value of plant and machinery as per the aforesaid revaluation report was Rs. 3,725.112 million.

Levels of fair value are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Details of fair value hierarchy and information relating to fair value of Company's leasehold land, building, electric installations and plant and machinery is as follows:

5.4	Note	Level 1	Level 2	Level 3	Total
		..... Rupees in '000			
Land - leasehold	5.4.1	—	850,709	—	850,709
Building - factory		—	1,582,127	—	1,582,127
Plant and machinery		—	2,506,083	—	2,506,083
Coating sheds - owned		—	66,804	—	66,804
Vehicles		—	3,956	—	3,956
Others		—	18,328	—	18,328
As at June 30, 2019		—	5,028,007	—	5,028,007
Land - leasehold	5.4.2	—	850,709	—	850,709
Building - factory		—	1,622,688	—	1,622,688
Plant and machinery		—	2,637,983	—	2,637,983
Coating sheds - owned		—	68,523	—	68,523
Vehicles		—	4,878	—	4,878
Others		—	16,576	—	16,576
As at June 30, 2018		—	5,201,357	—	5,201,357

5.5 Had there been no revaluation, the written down value of revalued Assets in the balance sheet would have been as follows:

Note	2019	2018
..... (Rupees in '000)		
Land - leasehold	14,869	14,896
Building - factory	469,977	463,460
Plant and machinery	512,480	539,453
Coating sheds	61,936	63,530

The Leasehold land comprising 396.77 acres of land situated at Nooriabad District Jamshoro, Sindh



**5.5 Capital work-in-progress**

	Cost		
	As at 01 July 2018	Additions	(Written off) / (Transfers)
	As at 30 June 2019		
	(Rupees in '000)		
Building - Head Office and Factory	—	—	—
Plant and Machinery (Spiral welded plant)	—	52,275	—
	—	52,275	—

	Cost		
	As at 01 July 2017	Additions	(Written off) / (Transfers)
	As at 30 June 2018		
Building - Head Office and Factory	64,226	8,717	(72,943)
Plant and Machinery	8,876	24,338	(33,214)
	73,102	33,055	(106,157)

6. LONG TERM DEPOSITS

	30 June 2019	30 June 2018
Long term deposits	6,936	6,936
Less: Current maturity of long term deposits	—	—
	6,936	6,936

Management believe there was no impairment in long term deposit balances

7. INVESTMENT**Note**

HPY Coating (Pvt.) Ltd.	7.1	243,187	—
Addition during the year		166	243,187
Less: Provision : Loss of joint venture		(1,232)	—
Closing Balance		242,121	243,187

7.1 HPY Coating (Private) Limited ("HPY") is a joint venture company incorporated in Pakistan on 17th April 2017, in collaboration with Jiangsu PuYuan Steel Pipe Industry Company Limited ("PuYuan") on the basis of a 55:45% shareholding with Huffaz owning 55% (23,100,000 shares @ 10 each) of the issued share capital in HPY against transfer of Land & Building therein and PuYuan owning 45% (18,900,000 shares @ 10 each) shares against transfer of plant machinery and equipment for setting up the project. The name of the Chief Executive of the company is Mr Hafiz Abdul Majid. The Board of directors of Joint Venture company will comprise 5(Five) directors, with Huffaz appointing / nominating 3 (Three) Directors and PuYuan appointing / nominating 2(Two) Directors on the Board. The Purpose of investment is setting up a project for providing pipe coating services to its prospective customers ("Project"). This project is going to be a value addition service for the products of Huffaz.

7.2 The joint venture has not yet commenced its operating activities. The latest available audited financial statements of the company was prepared for the year 2018. The provision for loss represents 55% of the loss as per the audited financial statement for the year 2018.

7.3 The above investment would be categorised under level-2 in financial hierarchy classification.





	30 June 2019	30 June 2018
	..... (Rupees in '000)	
8. STORES AND SPARES		
Stores - in hand	71,703	69,130
Spare parts and loose tools	1,880	3,854
	73,583	72,984
Less: Provision for impairment/obsolescence	(2,000)	—
	71,583	72,984
8.1 There have been no capital item in stores spears and tools.		
9. STOCK-IN-TRADE		
Raw material - in hand	68,234	131,299
Work-in-process	61,620	38,023
Finished goods	1,054,302	835,718
Rejection / scrap material	172,092	206,188
	1,356,248	1,211,228
Add: Stock in transit	114,392	—
	1,470,640	1,211,228
10. TRADE DEBTS - unsecured		
Considered good	71,201	103,498
Considered doubtful	—	—
	71,201	103,498
Less: Provision for doubtful debts	—	—
	71,201	103,498
10.1 Trade debts are non-interest bearing and are generally on 30 - 60 or 90 days credit period.		
10.2 Related Parties from whom debts are due are as under:		
Hafiz Abdul Waheed and Brothers (Pvt) Limited	—	18,578
Huffaz Corporation (Pvt) Limited	2,832	—
	2,832	18,578

10.3 The aging of trade debt balances at the balance sheet date was as follows:

	2019		2018	
	Gross	Impairment	Gross	Impairment
	..... (Rupees in '000)			
Less than 90 days	63,343	—	90,230	—
91 to 180 days old	7,858	—	13,268	—
181 to 365 days old	—	—	—	—
More than one year	—	—	—	—
	71,201	—	103,498	—

Based on the past experience, consideration of financial position of customers, past track records and recoveries, the Company believes that there may not be 'Expected Credit Losses'. Therefore, trade debts do not require any impairment and no provision was made.





		30 June 2019	30 June 2018
		..... (Rupees in '000)	
11. LOANS AND ADVANCES - considered good			
Advances to suppliers - unsecured	11.1	12,434	12,073
Advances to employees for expenses		5,406	5,608
Loans and advances to employees	11.2	11,110	7,960
		<u>28,950</u>	<u>25,641</u>
11.1	This includes advances to suppliers for purchases. The amounts paid have been adjusted subsequently upon supply of goods to the company.		
11.2	This includes interest free medical loan provided to employees. The advances have been settled with employees by way of deduction from their salaries.		
12. TRADE DEPOSITS			
Trade deposits - considered good	12.1	38,661	16,855
Short term loan to HPY Coating	12.2	20,828	20,678
		<u>59,489</u>	<u>37,533</u>
12.1	This represents deposits held by customers of the company in accordance with the supply agreement entered for supply of companies product. The company believe that there would be no expected credit losses in respect of deposits held by customers.		
12.2	This represents advance given to HPY coating (Private) Limited for the purpose of meeting working capital requirements and included various payments for meeting costs incurred by the investee company as provided in the joint venture agreement.(Note: 7)		
13. OTHER RECEIVABLES			
Sales tax Refundable		—	49,837
Letter of credit		—	3,308
Margin against guarantee		33,479	12,509
		<u>33,479</u>	<u>65,654</u>
14. ADVANCE TAX - NET OF PROVISION			
Tax receivable as at 1 July		34,992	36,378
Tax payments / adjustments during the period		21,419	50,940
		56,411	87,318
Provision for taxation		(59,373)	(52,326)
		<u>(2,962)</u>	<u>34,992</u>
15. CASH AND BANK BALANCES			
Cash in hand		60	96
With banks in current accounts		15,450	40,834
With bank in foreign currency accounts		21	21
		15,531	40,951
Less: Book Over draft		(5,103)	-
		<u>10,428</u>	<u>40,951</u>



**16. SHARE CAPITAL**

30 June 2019	30-Jun 2018		30 June 2019	30-Jun 2018
(Number of shares)			.....(Rupees in '000).....	
Authorised				
<u>70,000,000</u>	<u>70,000,000</u>	Ordinary Shares of Rs. 10 each	<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid up				
12,200,278	12,200,278	Ordinary Shares of Rs. 10 each fully paid in cash	122,003	122,003
38,906,565	38,906,565	Ordinary Shares of Rs. 10 each issued as bonus shares	389,066	389,066
4,377,460	4,377,460	Issued right shares fully paid in cash	43,775	43,775
<u>55,484,303</u>	<u>55,484,303</u>		<u>554,844</u>	<u>554,844</u>

16.1 The above includes shares having face value of Rs. 101.213 million (2018: Rs. 101.213 million) held by the foreign sponsors of the Company.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

As at July 1,

Leasehold land
Factory building, plant and machinery and coating sheds
Transfer of assets

Less: transferred to unappropriated profit:

- Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax
- Related deferred tax

Less: related deferred tax liability on:

- Revaluation as at July1,
- Incremental depreciation charged during the year on related assets transferred to profit and loss account
- Effect of change in tax rates

30 June 2019	30 June 2018
..... (Rupees in '000)	
797,175	804,378
3,286,261	3,486,138
—	(50,514)
4,083,436	4,240,002
(94,833)	(98,988)
(38,735)	(57,578)
(133,568)	(156,566)
3,949,868	4,083,436
(991,254)	(1,048,832)
38,735	57,578
—	—
(952,519)	(991,254)
2,997,349	3,092,182





		30 June 2019	30 June 2018
		..... (Rupees in '000)	
18. LONG TERM FINANCING			
Secured			
Musharka facility		619	3,128
Less: Current Portion shown under current liability		(619)	(1,142)
		<u>—</u>	<u>1,986</u>
18.1	This represent long term financing (under diminishing musharaka arrangement) of Rs.4.5 million obtained to finance the purchase of a vehicle. Principal amount is repayable in twenty quarterly installments starting from September 2014.		
	Markup is payable quarterly at 1year KIBOR plus 6.4% to be determined annually. The financing is secured against charge over the same assets. The monthly rentals are payable latest by 1 September 2019		
		30 June 2019	30 June 2018
		..... (Rupees in '000)	
19. DEFERRED LIABILITIES			
Staff gratuity	19.1.3	134,098	114,657
Less: Benefits due but not yet paid	20	(4,418)	(7,197)
		<u>129,680</u>	<u>107,460</u>
Deferred taxation - net	19.2	1,045,622	1,074,291
		<u>1,175,302</u>	<u>1,181,752</u>
19.1. Staff gratuity - defined benefit plans			
19.1.1	General description of the defined benefit plan and accounting policy for the remeasurements of the defined benefit obligations is disclosed in note 4.6 to these financial statements		
19.1.2 Liability recognised in the statement of financial position			
Present value of defined benefit obligations	19.1.3	129,679	107,460
Benefits due but not paid during the year		4,418	7,197
		<u>134,098</u>	<u>114,657</u>
19.1.3 Changes in present value of defined benefit obligations			
Balance at the beginning of the year		107,460	94,495
Expense recognized in profit & loss account	19.1.4	16,999	13,727
Total remeasurements recognised in other comprehensive income	19.1.5	5,660	1,682
Benefits paid during the year		(440)	(1,104)
Benefits due but not paid during the year		—	(1,339)
Obligation as at 30 June 2019		<u>129,679</u>	<u>107,460</u>
19.1.4 Amount recognized in profit and loss account			
Current service cost		7,348	6,498
Interest cost		9,652	7,229
		<u>16,999</u>	<u>13,727</u>





	30 June 2019	30 June 2018
	..... (Rupees in '000)	
19.1.5 Total remeasurements recognised in other comprehensive income		
Remeasurement on defined benefit obligation arising on		
– financial assumptions	—	—
– demographic assumptions	332	69
– experience adjustments	5,328	1,613
	5,660	1,682

19.1.6 Actuarial valuation of staff gratuity scheme has been carried out as at Jun 30, 2019 using Projected Unit Credit Method and the following significant assumptions have been used

	2019	2018
Discount rate	9.00%	9.00%
Salary increase rate	14.25%	8.00%
Mortality rate	SLIC 2001-2005 With one-year set back	SLIC 2001-2005 With one-year set back
Retirement age	60 years	60 years
19.1.7 Number of permanent employees covered by the scheme	148	155

19.1.8 Sensitivity analysis

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption	Decrease in assumption
		..... (Rupees in '000)	
Discount rate	1%	(5,502)	6,315
Salary growth rate	1%	6,315	(5,598)

19.1.9 The gratuity scheme exposes the Company to the following risks:

Longevity risks: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

19.1.10 The weighted average duration of defined benefit obligation as at June 30, 2019/2018 is 5 years.

19.1.11 The expected gratuity expense for the next one year from July 1, 2019 would be 23,736 thousand (July 1, 2018 to Rs. 14,956 thousand).

This is the amount by which the defined benefit liability is expected to increase.





	30 June 2019	30 June 2018
	..... (Rupees in '000)	
19.2 Deferred taxation - net		
<i>Taxable temporary difference arising in respect of:</i>		
Accelerated tax depreciation and amortisation	255,034	239,589
Surplus on revaluation of property, plant and equipment	902,080	975,185
Finance lease arrangement / DM financing	355	—
	1,157,469	1,214,774
<i>Deductible temporary differences arising in respect of:</i>		
Defined benefit plan's obligation	(40,530)	(33,251)
Provision for compensated absences	(4,093)	(4,093)
Others	(67,226)	(103,139)
	(111,849)	(140,483)
	1,045,620	1,074,291
20. TRADE AND OTHER PAYABLES		
Trade creditors	23,519	22,354
Accrued liabilities	42,829	32,291
Sales tax payable	17,718	—
Tax deducted at source	33,797	31,671
Workers' profit participation fund 20.1	358,284	317,431
Workers' welfare fund	14,001	13,673
Bills payable	131,009	93,401
Advances from customers	117,523	164,036
Provision for compensated absences	14,113	14,113
Gratuity due but not yet paid 19.1.2	4,418	7,197
Others	1,396	1,402
	758,607	697,569
20.1 Workers' Profit Participation Fund		
Balance as at 1 July	317,431	290,469
Allocation for the period	1,967	946
Interest on funds utilized in the Company's business	38,885	26,016
	358,284	317,431
Payments made during the year	—	—
Balance at the end of the year	358,284	317,431
21. SHORT TERM SPONSORS' ADVANCES - Unsecured		
This represents unsecured and interest free advance from sponsors repayable on demand.	83,180	65,636
	83,180	65,636
22. SHORT TERM BORROWINGS		
Restructured term finance under mark-up arrangements	—	35,029
	—	35,029

The company obtained the restructured short term loan facility from bank Alafalah of Rs.200 million in the previous year. The loan is repayable by dated March 2017 to December 2017. The mark up on the facility is charged at the rate i.e KIBOR + 3%. The loan is secured by way of first pari passu charged on Fixed Assets of the company, having value of Rs.550 million. The amount of outstanding balance has been paid fully in the current year along with markup thereon.





		30 June 2019	30 June 2018
		..... (Rupees in '000)	
23. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term musharka financing	18	619	1,142
		<u>619</u>	<u>1,142</u>

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Guarantees as at June 30, 2019 amounting to Rs. 23.569 million agree from listing (2018: Rs. 21.389 million) have been furnished in favour of various customers.

24.1.2 Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU. Various companies filed suits before the Honourable High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan has given a judgment declaring that the levy of GID cess as a tax was not validly levied in accordance with the Constitution. In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014. In May 2015, the said Ordinance was approved in the parliament and became an Act. Under the Act, GID Cess at the rate of Rs. 100 per MMBTU on all industrial consumers has been levied. Subsequent to the approval of the Act, the Company received gas bills at the rate of Rs. 100 per MMBTU, as the Company is considered an industrial consumers. The Company, while considering itself as industrial consumer, has accrued (but not paid) GID Cess amounting to Rs. 1.923 million at the rate of Rs. 100 per MMBTU from June 2015.

24.2 Commitments

24.2.1 Commitments under letters of credit as at June 30, 2019 amounted to Rs. 111 million (2017: Rs. Nil million).

24.2.2 The facility for opening letters of credit and guarantees as at June 30, 2019 amounted to Rs. 600 million (2018: Rs. 500 million) of which the amount remaining unutilised as at that date was Rs. Nil.00 million.

	30 June 2019	30 June 2018
	..... (Rupees in '000)	
25. Revenue from contract with customers		
Gross Revenue - Local	585,698	969,189
Gross Revenue - Export	—	27,795
	<u>585,698</u>	<u>996,984</u>
Less -Sales Tax	<u>(84,595)</u>	<u>(142,180)</u>
	<u>501,103</u>	<u>854,804</u>





		30 June 2019	30 June 2018
		..... (Rupees in '000)	
25.1 Productwise revenue analysis given below			
Seamless and other pipes		414,197	758,195
Coating revenue		86,906	96,609
		501,103	854,804
25.2 Geographical allocation of revenue			
Sindh		440,971	709,487
Other provinces		60,132	145,317
		501,103	854,804
26. COST OF REVENUE FROM CONTRACT WITH CUSTOMERS			
Opening stock of finished goods		835,718	652,336
Cost of goods manufactured	26.1	587,124	910,936
		1,422,842	1,563,272
Closing stock of finished goods	9	(1,054,302)	(835,718)
		368,540	727,554
26.1 Cost of goods manufactured			
Opening work in progress		38,023	161,085
Raw material consumed	26.1.1	148,893	405,448
Store and spare parts consumed		23,368	36,324
Coating material consumed		44,000	63,742
Gas consumed		31,408	50,379
Processing expense (outside factory)		4,512	—
Power, fuel and water		31,709	40,434
Salaries, wages, and other benefits	26.1.2	100,255	118,290
Rent, rates and taxes		650	40
Insurance		436	866
Repairs and maintenance		5,650	3,275
Carriage and cartage		424	3,156
Depreciation	5.2	175,574	182,930
Others		9,746	5,391
Closing work in progress		(61,620)	(38,023)
		553,028	1,033,337
Rejection / scrap material			
Opening		206,188	83,787
Closing		(172,092)	(206,188)
		34,096	(122,401)
		587,124	910,936
26.1.1 Raw material consumed			
Opening stock		131,299	375,568
Purchases		200,220	161,179
		331,519	536,747
Closing stock		(182,626)	(131,299)
		148,893	405,448

26.1.2 Salaries, wages and other benefits include Rs.10.83 million (2018: Rs.8.723) in respect of staff retirement benefits.





		30 June 2019	30 June 2018
		..... (Rupees in '000)	
27. SELLING AND DISTRIBUTION COST			
Salaries, wages and other benefits	27.1	5,117	5,606
Sales promotion and other expenses		8	17
Travelling and conveyance		9	76
Late delivery charges		4,582	—
Carriage outawrd		—	5,277
Miscellaneous		4,213	2,093
		13,929	13,069
27.1	Salaries, wages and other benefits include Rs. 0.56 million (2018: Rs.0.390) in respect of staff retirement benefits.		
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	28.1	27,206	35,360
Travelling and conveyance		16,319	11,304
Legal and professional charges		2,656	3,665
Fees and subscription		4,523	6,217
Telephone, telex and postage		1,969	1,374
Vehicle running and maintenance		3,718	3,029
Auditors' remuneration	28.2	1,094	1,044
Printing and stationary		432	1,715
Depreciation	5.2	813	1,407
Amortisation		—	208
Utilities		883	999
Rent, rates and taxes		50	705
Repairs and maintenance		2,891	5,393
Advertisement		135	23
Entertainment		35	212
Loss of joint venture company (note 7)		1,232	—
Others		7,924	11,355
		71,880	84,010
28.1	Salaries and other benefits includes Rs. 5.598 million (2018: Rs. 4.613 million) in respect of staff retirement benefits.		
28.2 Auditors' remuneration			
Annual audit fee		694	660
Half yearly review		240	240
Other services including certifications		70	64
Out of pocket expenses		90	80
		1,094	1,044
29. OTHER OPERATING CHARGES			
Workers' Profit Participation Fund		1,967	946
Workers' Welfare Fund		4,472	3,560
Exchange loss		—	61
		6,439	4,567





		30 June 2019	30 June 2018
		..... (Rupees in '000)	
30. OTHER OPERATING INCOME			
Scrap sales		18,277	12,350
Others		22,893	18,467
		<u>41,170</u>	<u>30,817</u>
31. FINANCE COST			
Muharka rent		—	2,409
Interest on workers' profit participation fund	20.1	38,885	26,016
Mark-up on Short term borrowings		7,397	9,838
Profit on Diminishing Musharika financing		122	11
Bank charges		2,173	3,448
		<u>48,577</u>	<u>41,722</u>
32. TAXATION			
Current			
for the year		59,373	52,326
for prior years		—	—
		<u>59,373</u>	<u>52,326</u>
Deferred		<u>(28,670)</u>	<u>(105,501)</u>
		<u>30,703</u>	<u>(53,175)</u>

32.1 Income tax assessment has been made in the year 2018 under section 122(9) of the income tax ordinance, 2001, For the tax year 2017 there has been no significant additional tax amount demanded by income tax department. The company is filling a rectification application for the tax credit short allowed in the said assessment formed by the department.

32.2 Income tax assessment prior to tax year 2017 has been assessed under deemed provision of the income tax ordinance.

32.3 Finance Act , 2017 has introduced tax rates of 30%, 29% and 28% for the next years 2018, 2019 and 2020 (and onwards), respectively . Accordingly, deferred tax liability has been recorded on the basis of tax rates that are expected to apply to the taxable profit of the periods in which the temporary differences are expected to reverse.

32.4 The management believes amount provided for income tax liability for current and previous year has been in accordance with the prevalent income tax law and sufficient enough to meet the tax liability of the company. An analysis of tax provision and tax assessment for past 4 years is as under:

	..... (Rupees in '000)	
Tax Year	Tax Assessment	Provision for Taxation
2,017	63,965	64,320
2,016	59,000	59,000
2,015	35,498	35,498
2,014	37,436	37,436



**32.1 Relationship between tax expenses and accounting profit**

Profit before taxation

Tax at the applicable rate of 29% (2018: 30%)

Tax effect of temporary / permanent difference

Effect of change in tax rate

Others

33. EARNING PER SHARE - basic and diluted

Profit after taxation for the year

Weighted average number of Ordinary Shares

Earning per share - basic and diluted

There was no diluted earning per share

33.1 Earning before interest,tax,depreciation and amortisation (EBITDA)

Operating profit

Depreciation

Amortisation

Finance Cost

34. Changes in working capital**Decrease / (increase) in current assets**

Stores and spare parts

Stock in trade

Trade debts

Loans and advances, trade deposits, prepayments
and other receivables**Increase in current liability**

Trade and other payables

35. CASH AND CASH EQUIVALENTS

Restructured Term Finances under mark-up arrangements

Cash and bank balances

30 June
201930 June
2018

..... (Rupees in '000)

32,908

14,699

9,872

4,410

(64,103)

(19,443)

(287)

(1,055)

85,221

(37,087)

30,703

(53,175)

2,304

67,874

..... Number in '000

55,484

55,484

..... (Rupees)

0.04

1.22

81,484.65

56,421.00

177,369.00

184,337.00

—

208.00

48,577.00

41,722.00

307,430.65

282,688.00

1,401

5,845

(259,412)

61,548

32,297

17,320

6,910

33,384

(218,804)

118,097

58,442

(176,733)

(160,362)

(58,636)

—

(35,029.00)

10,428

40,951.00

10,428

5,922.00



**36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

Particulars	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
Rupees in '000.....						
Managerial remuneration	6,274	6,274	1,935	1,935	15,347	15,347
House rent	2,823	2,823	871	871	6,906	6,906
Utilities	—	—	194	194	1,535	1,535
Gratuity	758	758	250	250	1,803	1,803
	9,855	9,855	3,250	3,250	25,591	25,591
Number of persons	1	1	1	1	13	13

36.1 In addition to the above Chief Executive, Director, Executive and certain other employees are provided with free use of Company maintained vehicles in accordance with the Company's policy.

36.2 During the year no amount (2018: Rs. Nil) was paid to Directors for attending the Board of Directors' meeting.

37. CAPACITY AND PRODUCTION

Particulars	2019		2018	
	Capacity	Production	Capacity	Production
Metric Ton.....				
Seamless Tubular Products	100,000	2,744	100,000	5,303
Machinery & Machinery Components	3,500	—	3,500	—
Coating of Seamless Tubular Products	50,000	4,076	50,000	3,092
		6,820		8,395

The above represents name plate capacities. The production capacity of the plant varies as this depends on the relative proportions of the various types of seamless pipes and tubes produces.

Capacity under utilized in the year was due to the lack of the shortage of demand.

Seamless Tubular Products	100%	3%	100%	5%
Coating of Seamless Tubular Products	100%	8%	100%	6%

38. NUMBER OF EMPLOYEES

The permanent number of employees as at `year end were 148 (2018: 155) and total average number of employees were 140 (2018: 166) the average number of factory employees in the year were 140 (2018: 150)



**39. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of subsidiary and associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds.

Transactions with related parties are as follows:

Name	Nature of relationship	Nature of transaction	30 June 2019	30 June 2018
..... (Rupees in '000)				
Hafiz Abdul Waheed	Associated and Brothers	Sale of goods company	—	96,199
Huffaz Corporation	Associated company	Receipts in respect of sale of goods	23,437	98,713
		Sale of goods	—	54,103
		Receipts in respect of sale of goods	3,052	68,733
HPY Coating (Private) Limited	Joint Venture	Investment	242,121	243,187
Transactions with directors	Related party	Sponsors' advances received	28,752	21,034
Key management personnel		Sponsors' advances paid	11,181	19,354
		Remuneration	17,815	17,815

Balance as at 30 June in relation to transactions related to related parties are as follows:

Name	Nature of relationship	Nature of transaction	30 June 2019	30 June 2018
..... (Rupees in '000)				
Hafiz Abdul Waheed and Brothers	Associated company	Balance as at the date of balance sheet	(4,859)	18,578
Huffaz Corporation	Associated company	Balance as at the date of balance sheet	2,832	(12,862)
HPY Coating (Private) Limited	Joint Venture	Balance as at the date of balance sheet	20,828	20,678
Transactions with directors	Related party	Balance as at the date of balance sheet	(83,180)	(65,636)

40. OPERATING SEGMENTS

From the mid of the last year a new cash generating unit has been added. Thus the Company has identified Seamless and Coating as two reportable segments. Performance is measured based on respective segment results. Information regarding the Company's reportable segment is presented below:

40.1 Segment revenue and results

	Seamless Segment	Coating Segment	Total
..... Rs '000			
For the period ended 30 June 2019			
Revenue from contract with customers	414,197	86,906	501,103
Cost of revenue from contract with customers	(283,364)	(85,176)	(368,540)
Gross Profit	130,833	1,730	132,563





	Seamless Segment	Coating Segment	Total
	Rs '000		
For the year ended 30 June 2018			
Revenue from contract with customers	758,195	96,609	854,804
Cost of revenue from contract with customers	(641,703)	(85,851)	(727,554)
Gross Profit / (Loss)	116,492	10,758	127,250

30 June
201930 June
2018

(Rupees in '000)

Reconciliation of segment results with profit after tax is as follows:

Total results for reportable segments	132,563	127,250
Selling, distribution and administrative expenses	(85,809)	(97,079)
Other operating expenses	(6,439)	(4,567)
Other operating income	41,170	30,817
Financial charges	(48,577)	(41,722)
Taxation	(30,703)	53,175
(Loss) / Profit for the year	2,205	67,874

40.2 Segment assets and liabilities

	Seamless Segment	Coating Segment	Total
	Rs '000		
As at 30-Jun-2019			
Segment assets	5,723,788	1,327,566	7,051,354
Segment liabilities	845,320	—	845,320
As at 30-Jun-2018			
Segment assets	5,701,335	1,261,070	6,962,405
Segment liabilities	805,952	—	805,952

Reconciliation of segment assets and segment liabilities with total assets and liabilities in the statement of financial position is as follows:

	30 June 2019	30 June 2018
	(Rupees in '000)	
Total for reportable segment assets	6,505,583	6,962,405
Unallocated assets	566,564	81,551
Total assets as per statement of financial position	7,072,147	7,043,956
Total for reportable segment liabilities	845,320	805,952
Unallocated liabilities	1,172,388	1,181,752
Total liabilities as per statement of financial position	2,017,708	1,987,704

40.3 Segment revenue reported above are revenue generated from external customers. There were no inter-segment sales during the year (June 2019 nil)

40.4 Segment assets reported above comprising of property, plant and equipment and stock in trade.

40.5 100% (2018: 97.21%) gross sales of the Company relates to customers in Pakistan.





40.6 All non-current assets of the Company as at 30 June 2019 are located in Pakistan.

40.7 Revenue from a major customer of seamless segment represents an aggregate amount of Rs. 383.79 million (2018: Rs. 99.97 million) of total seamless segment revenue of Rs. 414.197 million (2018: 758.195 million). Further, revenue from a major customer of coating segment represents an aggregate amount of Rs. 99.034 million (2018: Rs. 97.10 million) out of total coating segment revenue of Rs. 86.906 million (2018: Rs. 96.609 million).

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

IFRS 9 adopted for the first time in the year. The balances reported in the previous financial statements under IAS 39 Financial Instruments have also been adopted for the purpose of disclosure in the current period. All financial instruments have been recognized at fair value through profit and loss account and there have been no changes in fair values of assets and liabilities in the current period because of the adoption of new IFRS. Therefore, there were no reclassification made in the current year.

Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate policies and systems and reviewed regularly to reflect changes in market condition and the company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks by the Company.

41.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers and except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Cash is held only with banks with high quality credit worthiness. As at June 30, 2019, none of the financial assets are past due or impaired and management made assessment that there will not be '**Expected Credit Losses**', Therefore, '**Credit Loss Model**' as per IFRS 9 does not apply to the company.





The maximum exposure to credit risk at the reporting date is as follows:

	2019		2018	
	Balance sheet	Maximum exposure	Balance sheet	Maximum exposure
	..... (Rupees in '000)			
Trade debts	71,201	71,201	103,498	
Loans, advances, deposits and accrued mark-up and other receivables	121,918	104,078	118,083	118,083
Cash and bank balances	10,428	10,368	40,951	40,855
	203,547	188,561	262,532	262,436

The maximum exposure to credit risk for trade debts at the statement of financial position date by type of customer is as follows:

	30 June 2019	30 June 2018
	..... (Rupees in '000)	
Dealers and distributors	30,421	62,949
End-user customers	40,780	40,549
	71,201	103,498

As at the year end the Company's most significant customers included a distributor from whom Rs. 10.450 million was due (2018: Rs. 18.58 million) and an end-user from whom Rs. 38.378 million was due (2018: Rs. 33.401 million).

The Company deposits its funds with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

Local Banks	Credit Rated	Short term C to A1+	Long term B to AAA
		1905	1905
		..... (Rupees in '000)	
National Bank of Pakistan	A1+	200	1,843
Habib Bank Ltd	A1+	1,733	36,172
MCB Bank Ltd	A1+	578	129
Bank Islami	A1+	2,951	41
Bank Al Habib Ltd	A1+	2,792	187
Silk Bank	A-2	504	504
Other Banks	A1+	1,670	1,979
Total		10,428	40,855

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:





2019					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Non-Derivative	(Rupees in '000)				
Financial liabilities					
Liabilities against assets under diminishing musharika financing	619	619	349	270	—
Short Term Sponsors Advances	83,180	83,180	—	83,180	—
Trade and Other Payables	209,952	209,952	209,952	—	—
Short-term Borrowings and Mark up Payable	—	—	—	—	—
	296,665	296,665	213,584	83,450	—
2018					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Financial liabilities at amortized cost	(Rupees in '000)				
Long-term financing-secured	3,128	3,128	552	590	1,986
Short-term sponsors' advances	65,636	65,636	—	65,636	—
Short-term borrowings	35,029	35,029	35,029	—	—
Trade and other payables	163,561	163,561	163,561	—	—
Accrued mark-up	4,500	4,500	4,500	—	—
	271,854	271,854	203,642	66,226	1,986
Derivative financial liabilities	—	—	—	—	—
	271,854	271,854	203,642	66,226	1,986

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective at statement of financial position date (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in note 18 to these financial statements.

41.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk. The Company is exposed to currency risk and interest rate risk only.

41.3.1 Currency risk

Foreign currency risk is the risk that the value of a financial asset or liability will fluctuate due to a change in foreign exchange rates.

It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.





The Company is exposed to currency risk on purchase and borrowings and sales that are denominated in a foreign currency (primarily U.S. Dollar). The Company's exposure to foreign currency risk is as follows:

	2019		2018	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Import Bills Payable	(131,009)	(820)	(93,401)	(754)
Foreign currency bank accounts	21	0.131	21	0.169
	(130,988)	(820)	(93,380)	(754)

Following are the significant exchange rates applied during the year:

	Average rates		Statement of Financial Position date rate	
	2019	2018	2019	2018
	..... (Rupees in '000) .....		..... (Rupees in '000)	
US Dollars	140.83	121.60	159.76	123.95

Sensitivity analysis

A twenty nine percent change in Rupee against US Dollar at June 30, 2019 would have increased / (decreased) equity and (decreased)/ increased post tax profit / loss by Rs. 0.639 million (2018: Rs. 3.268 million @ 5%). This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2018.

41.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the statement of financial position date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Carrying amount	
	2019	2018
	(Rupees in '000)	
Variable rate instruments		
Financial liabilities	619	38,157

All borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the equity and (decreased) / increased loss as of June 30, 2019 by Rs. 0.0044 million (2018: Rs. 0.2671 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

41.4 Fair value of financial assets and liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements represents their fair values.

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through the profit and loss account. Therefore a change in interest rates at the reporting date would not affect the profit and loss account.



**41.4.1 Measurement Of Fair Values**

Management engage an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) and obtain rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

30-Jun-19							
Carrying Amount				Fair Value			
Loans and receivable	Other financial assets	Liabilities at fair value through profit and loss	Other Financial Liabilities	Total	Level 1	Level 2	Level 3
Financial assets not measured at fair value							
Long term deposits	6,936	—	—	6,936	—	6,936	—
Trade debts-considered good	71,201	—	—	71,201	—	71,201	—
Loan, advances, trade deposits and short term prepayments	88,439	—	—	88,439	—	88,439	—
Other receivables	33,479	—	—	33,479	—	33,479	—
Cash and bank balances	10,428	—	—	10,428	—	10,428	—
Financial liabilities measured at fair value							
- Derivative financial liabilities	—	—	—	—	—	—	—
Financial liabilities not measured at fair value							
Long-term financing-secured	—	—	—	—	—	—	—
Trade and other payables	—	—	765,383	765,383	—	758,607	—
Short-term sponsors' advances	—	—	83,180	83,180	—	83,180	—
Short-term borrowings-secured	—	—	—	—	—	—	—
Current portion of non-current liabilities-secured	—	—	619	619	—	619	—
Accrued mark-up	—	—	—	—	—	—	—





30-Jun-18

	Carrying Amount				Fair Value			
	Loans and receivable	Other financial assets	Liabilities at fair value through profit and loss	Other Financial Liabilities	Total	Level 1	Level 2	Level 3
Financial assets not measured at fair value								
Long term deposits	6,936	—	—	—	6,936	—	6,936	—
Trade debts-considered good	103,498	—	—	—	103,498	—	103,498	—
Loan, advances, trade deposits and short term prepayments	63,174	—	—	—	63,174	—	63,174	—
Other receivables	65,654	—	—	—	65,654	—	65,654	—
Cash and bank balances	40,951	—	—	—	40,951	—	40,951	—
Financial liabilities measured at fair value								
- Derivative financial liabilities	—	—	—	—	—	—	—	—
Financial liabilities not measured at fair value								
Long-term financing-secured	—	—	—	(1,986)	(1,986)	—	(1,986)	—
Trade and other payables	—	—	—	(697,659)	(697,659)	—	(697,659)	—
Short-term sponsors' advances	—	—	—	(65,636)	(65,636)	—	(65,636)	—
Short-term borrowings-secured	—	—	—	(35,029)	(35,029)	—	(35,029)	—
Current portion of non-current liabilities-secured	—	—	—	(1,142)	(1,142)	—	(1,142)	—
Accrued mark-up	—	—	—	(4,500)	(4,500)	—	(4,500)	—

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
- Land and Building	19-Sep-15	The valuation model is based on price per square feet for building and per acre for land. In determining the valuations for land and buildings, the valuer refers to input. However, the current market conditions, structure, sale prices of management does not expect comparable land in similar location adjusted for there to be a material sensitivity differences in key attributes such as land size and to the fair values arising from inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair value are subject to change owing to changes in valuations for land and buildings, the valuer refers to input. However, the current market conditions, structure, sale prices of management does not expect comparable land in similar location adjusted for there to be a material sensitivity differences in key attributes such as land size and to the fair values arising from inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.
Liabilities measured at fair value			
Derivative financial liabilities			
- Forward exchange contract		The fair value of forward exchange contracts is determined based on the forward exchange rates as at reporting date. The fair value of forward exchange contract are included in level 2 in the fair value hierarchy. However at statement of financial position date no forward exchange contract.	





Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities closely approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit asset and long term liabilities, management consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rate. The fair value of the Land and Building on freehold land are determined by an independent valuer based on price per square feet and price per acre and current replacement cost method adjusted for depreciation factor for existing asset in use. The resulting fair value is a level 3 fair value measurement. Fair values of investment in joint venture is disclosed in note 7 investments.

41.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to the shareholders or issue bonus / new shares.

The Company is not subject to externally imposed capital requirements.

42. GENERAL

42.1 Corresponding Figures

As stated in note# 5 due to recent changes brought about in Companies Act 2017, some of the previous period balances have been rearranged/reclassified in the year 2018. However there have been no significant reclassification/ rearrangement in the current year 2019.

42.2 Date of authorisation for issue

These financial statements were authorized for issue on **August 19, 2019** by the Board of Directors of the Company.

Hafiz Abdul Majid
Chief Executive

Hafiz Abdul Sami
Director

Muhammad Musab
Manager Finance & Accounts





Pattern of Shareholding

As on June 30, 2019

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
355	1	100	8133	0.0147
384	101	500	127632	0.2300
209	501	1000	167639	0.3021
340	1001	5000	890009	1.6041
91	5001	10000	678599	1.2230
25	10001	15000	309802	0.5584
35	15001	20000	624964	1.1264
12	20001	25000	278217	0.5014
15	25001	30000	415219	0.7484
6	30001	35000	198056	0.3570
12	35001	40000	457705	0.8249
4	40001	45000	165484	0.2983
3	45001	50000	143254	0.2582
6	50001	55000	316365	0.5702
3	55001	60000	172043	0.3101
1	60001	65000	62500	0.1126
2	65001	70000	137052	0.2470
1	70001	75000	75000	0.1352
4	75001	80000	311307	0.5611
3	85001	90000	260498	0.4695
1	90001	95000	90703	0.1635
1	100001	105000	103583	0.1867
2	110001	115000	227386	0.4098
1	115001	120000	119993	0.2163
1	120001	125000	124556	0.2245
2	140001	145000	287940	0.5190
1	145001	150000	148722	0.2680
1	155001	160000	159171	0.2869
2	165001	170000	334047	0.6021
1	170001	175000	172643	0.3112
1	180001	185000	183076	0.3300
3	185001	190000	568982	1.0255
2	195001	200000	396239	0.7141
3	200001	205000	604239	1.0890
1	225001	230000	227388	0.4098
1	240001	245000	243301	0.4385
1	260001	265000	261492	0.4713
3	270001	275000	812910	1.4651
2	285001	290000	575480	1.0372
1	310001	315000	311256	0.5610
1	340001	345000	341745	0.6159
5	345001	350000	1726446	3.1116
1	375001	380000	379190	0.6834
3	400001	405000	1208520	2.1781
1	420001	425000	423800	0.7638
2	435001	440000	877716	1.5819
1	485001	490000	487500	0.8786
1	565001	570000	568258	1.0242
1	570001	575000	574040	1.0346
1	605001	610000	606371	1.0929
1	625001	630000	627212	1.1304
1	745001	750000	747350	1.3470
1	785001	790000	788782	1.4216
1	830001	835000	833761	1.5027
1	860001	865000	862258	1.5541
1	930001	935000	931322	1.6785
1	1060001	1065000	1060359	1.9111
1	1065001	1070000	1067213	1.9234
1	1085001	1090000	1088021	1.9610
1	1125001	1130000	1127500	2.0321
1	1310001	1315000	1311896	2.3644
1	1380001	1385000	1381175	2.4893
1	1775001	1780000	1775453	3.1999
1	1820001	1825000	1822612	3.2849
1	2215001	2220000	2216551	3.9949
1	2820001	2825000	2821602	5.0854
1	3020001	3025000	3021317	5.4454
1	3525001	3530000	3525755	6.3545
1	4635001	4640000	4636615	8.3566
1	4890001	4895000	4891378	8.8158
1579		Company Total	55484303	100.00



**Categories of Shareholders**

As at June 30, 2019

{as per the requirements of Clause xvi(j) of Code of Corporate Governance-2012}

	No of Shares	Percentage of Shareholding
1 Associated companies, undertakings and related parties (name wise detail)	—	—
2 Mutual funds (name wise detail)		
2.1 M/s First Crescent Modaraba	375	0.00%
2.2 Golden Arrow Selected Stocks Fund Limited	391,745	0.71%
2.3 CDC - Trustee AKD Opportunity Fund	234,675	0.42%
2.4 National Bank of Pakistan-Trustee Department UNIT Fund	1,331,896	2.40%
	1,958,691	3.53%
3 Directors their spouses and minor children (name wise detail)		
3.1 Hafiz Abdul Majid	4,636,615	8.36%
Mrs. Fareeda Majid W/o Hafiz Abdul Majid	1,822,612	3.28%
3.2 Hafiz Abdul Haseeb	2,224,768	4.01%
3.3 Hafiz Abdul Waheed	5,822,700	10.49%
Mrs. Najma Waheed W/o Hafiz Abdul Waheed	3,427,973	6.18%
3.4 Yusuf Mohammed Yusuf Najibi	3,525,755	6.35%
3.5 Mr. Arshad Ahmad	2,262,953	4.08%
Mrs. Bilquees Ahmed W/o Arshad Ahmed	879,485	
3.6 Mr. Mohammad Hafiz	574,040	1.03%
3.7 Mr. A. Aziz Ehsaq A. Rehman	3,021,317	5.45%
3.8 Mr. Nabeel Abdul Rehman Arif	345,287	0.62%
3.9 Hafiz Abdul Sami	938,468	1.69%
3.10 Hafiz Abdul Aleem	896,072	1.62%
	30,378,045	54.75%
4 Executives	—	—
5 Public sector companies and corporations		
5.2 National Investment Trust Limited	128,927	0.23%
	128,927	0.23%
6 Banks, Development Financial Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
6.1 IDBP (ICP Unit)	5,952	0.01%
6.2 National Bank of Pakistan	764	0.00%
	6,716	0.01%
7 Shareholders holding five percent or more voting rights (Name wise detail)	—	—
8 Others	23,011,924	41.47%
TOTAL	55,484,303	100%



















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Huffaz Seamless Pipe Industries Ltd.

Proxy Form

36th Annual General Meeting

Folio No.
CDC ID No.
Sub A/C No.
Shares held
CNIC No.
Passport No. (in case of Foreigner)

I/Weof
(full address) being a member / members of Huffaz Seamless Pipe Industries Ltd., hereby appoint
(Name)
of(full address) who is
also a member of this Company as my / our Proxy to attend and vote for me / us and on my / our behalf at 36th Annual
General Meeting of Company will be held on Thursday, October 24, 2019 at 02:30 p.m. at Junagargh Community
Centre Opposite. Mashriq Centre, Block-17, Gulshan-e-Iqbal, Karachi-75300 and any adjournment thereof.

Signature of Proxy

Proxy's:

Folio Number

CDC Participant ID No.

Sub-Account Number

CNIC Number

Passport Number

(in case of foreigner)

Signature.....

of Shareholder

(Signature appended above should agree with the specimen signatures registered with the Company)

1) Witness:
Signature
Name:
CNIC No.
Passport No.
(in case of foreigner)
Address

2) Witness:
Signature
Name:
CNIC No.
Passport No.
(in case of foreigner)
Address

NOTE:

- (1) A member entitled to attend and vote at the Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.
- (2) The instrument appointing a proxy should be signed by the member(s) or, in case of corporate entity to attend attorney duly authorized in writing. If the member is a corporation, its common seal must be affixed on the instrument.
- (3) CDC Shareholders are requested to bring with them their Computerised National Identity Cards along-with the participants' ID number and their accounts numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.
- (4) The instrument appointing a proxy, together with Power of Attorney, in case of corporate entity, if any, under which it is signed or notarially certified copy thereof, must be deposited at the Company's registered officer not later than 48 hours before the time of holding the meeting.
- (5) In case of Proxy of Attorney from a member, same should also meet and comply with all the conditions relating to proxy, including the deposit of the original Power of Attorney with the Company.
- (6) In the absence of CNIC, the receipt of CNIC application with NADRA alongwith old/expired NIC/CNIC, will also be acceptable wherever the CNIC is required.

Please affix
Revenue Stamp
of Rs. 5/-



حفاظت سیم لیس پائپ انڈسٹریز لمیٹڈ

پراکسی فارم

36 واں سالانہ اجلاس

فولیو نمبر:
سی ڈی سی آئی ڈی نمبر:
ذیلی اکاؤنٹ نمبر:
حصص کی تعداد:
کمپیوٹرائزڈ شناختی کارڈ نمبر:
پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو):

میں / ہم _____ از _____

بطور ممبر حفاظت سیم لیس پائپ انڈسٹریز لمیٹڈ بنام _____

از _____ (مکمل پتہ) کو

اپنی/ہماری غیر موجودگی میں اپنا/ہمارا وکیل مقرر کرتا ہوں/کرتے ہیں تاکہ وہ میری/ہماری جانب سے کمپنی کے 36 ویں سالانہ اجلاس جو بروز جمعرات مورخہ 24 اکتوبر 2019 بوقت 02:30 بجے دوپہر بمقام جونا گڑھ کمیونٹی سینٹر، بالمقابل مشرق سینٹر، بلاک 17، گلشن اقبال، کراچی-75300 اس اجلاس میں شرکت کر سکے۔

پانچ روپے والی
ریونیو اسٹیپ گائیں

دستخط پراکسی: _____

فولیو نمبر: _____

سی ڈی سی آئی ڈی نمبر: _____

ذیلی اکاؤنٹ نمبر: _____

کمپیوٹرائزڈ شناختی کارڈ نمبر: _____

پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو): _____

(اوپر کئے گئے دستخط کمپنی کے ریکارڈ پر موجود نمونہ دستخط کے مطابق ہونا چاہیے)

دستخط :
شیئر ہولڈر کے

گواہ نمبر 2

گواہ نمبر 1

دستخط _____

نام _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو) _____

پتہ _____

دستخط _____

نام _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو) _____

پتہ _____

نوٹس

- 1- ممبر جو اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا حق رکھتا ہے وہ اپنی جگہ کسی اور ممبر کو بھی پراکسی منتخب کر سکتا ہے کی وہ اس کی جگہ شرکت کرے اور ووٹ ڈالے۔
- 2- اس کاغذ پر ممبر کے دستخط ہوں اور اگر کوئی ممبر کسی کارپوریٹ ادارے کی نمائندگی کر رہا ہو تو لازم ہے کہ اسکے پاس تحریر شدہ مختار نامہ اور پراکسی فارم جس پر ادارے کی عمومی مہر ثبت شدہ ہو۔
- 3- حاملین سی ڈی سی آئی اکاؤنٹ اور ذیلی اکاؤنٹ کو چاہئے کہ پراکسی فارم کے ساتھ اپنے اور پراکسی ممبر کے کارآمد قومی شناختی کارڈ/پاسپورٹ کی نقل بھی منسلک کریں۔
- 4- باقاعدہ پر شدہ اور دستخط شدہ پراکسی فارم کمپنی سیکرٹری کے پاس کمپنی کے رجسٹرڈ دفتر کو اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے موصول ہو جانا لازم ہے۔
- 5- کس پراکسی کے attorney ہونے کی صورت میں پراکسی کی تمام شرائط پورا کرنا لازم ہے اس کے علاوہ کمپنی کو اصل پاور اٹارنی بھی جمع کرانا ہوگی۔
- 6- سی این آئی سی کے غیر موجودگی میں نادرا کو جمع کرائی گئی سی این آئی کی درخواست کی رسید یا پرانا NIC/CNIC جس کی مدت ختم ہوگئی ہو بھی قابل قبول ہوگی۔



Huffaz

Seamless Pipe Industries Limited

Committed to Excellence

Registered Office:

207-210, Second Floor,
Mashriq Centre,
Block 14, Gulshan-e-Iqbal, Karachi.

Factory:

90 KM Super High Way,
Nooriabad Industrial Estate,
District Jamshoro, Sindh.

Website: www.huffaz.com.pk