



CONDENSED INTERIM FINANCIAL INFORMATION

for the First Quarter Ended

SEPTEMBER 30, 2019

(Un-Audited)



Huffaz

Seamless Pipe Industries Limited

Committed to Excellence



Table of Contents

Corporate Directory	2
Mission & Vision Statement	3
International Certifications	4
Director's Review	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Cash Flow Statement.....	9
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Information	11





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

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.	Sonari 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.





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"





Directors' Review

Dear Shareholders,

Assalam-o-Alaikum

The Directors are pleased to present the unaudited condensed interim financial information for the three months period ended September 30, 2019. This condensed interim financial information is presented in accordance with the requirements of Companies Act, 2017 and the Code of Corporate Governance Regulations, 2017.

The Company's sales turnover for the quarter declined to Rs. 124.546 million as compare to Rs. 136.820 million in the corresponding period last year mainly due low domestic and international demand. The domestic and international industries is focusing on cheap imports from China, further no relief is being provided from government side to domestic industry, such as custom duty is imposed on steel products that results in increased product cost.

However, 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. The IP pipeline would begin form 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 quarters, with increasing demand for line pipe coatings. We are hopeful that the business activity will pick up during the year.

The Board of Directors of the Company places on record its gratitude to valued shareholders, banks, financial institutions and customers whose co-operation, continued support and patronage have enabled the Company to improve continuously. During the period under review, relation between the management and the employees remained cordial and we wish to place on record our appreciation for the dedication and hard work of the staff and workers of the Company.

For and on behalf of the Board of Directors

HAFIZ ABDUL MAJID
Chief Executive

Karachi: November 22, 2019



Huffaz Seamless Pipe Industries Limited

Balance Sheet

As at Sep 30, 2019

	Note	30 Sep 2019	30 June 2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	5,039,905	5,080,282
Long term deposits		6,936	6,936
Investment	7	242,121	242,121
		<u>5,287,979</u>	<u>5,329,339</u>
Current Assets			
Stores and spares		67,654	71,583
Stock-in-trade	8	1,428,044	1,470,640
Trade debts	9	67,296	71,201
Loan and advances	10	28,301	28,950
Trade deposits		51,322	59,489
Other receivables		33,479	33,479
Advance tax - net of provision		1,265	(2,962)
Cash and bank balances		8,679	10,428
		<u>1,686,040</u>	<u>1,742,808</u>
TOTAL ASSETS		<u>6,974,019</u>	<u>7,072,147</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital		554,844	554,844
Share premium		109,437	109,437
Surplus on revaluation of property, plant and equipment		2,974,697	2,997,349
General reserves		40,000	40,000
Unappropriated profit		1,380,361	1,352,809
Total equity		<u>5,059,339</u>	<u>5,054,439</u>
Non-Current Liabilities			
Deferred liabilities		1,115,296	1,175,302
		<u>1,115,296</u>	<u>1,175,302</u>
Current Liabilities			
Trade and other payables	11	716,554	758,607
Short term sponsors' advances	12	82,830	83,180
Current portion of non-current liabilities		-	619
		<u>799,384</u>	<u>842,406</u>
TOTAL EQUITY AND LIABILITIES		<u>6,974,019</u>	<u>7,072,147</u>
Contingencies and commitments	13		

The annexed notes from 1 to 18 form an integral part of these financial statements.

Hafiz Abdul Majid
Chief Executive

Hafiz Abdul Sami
Director

Huffaz Seamless Pipe Industries Limited

Profit and Loss Account

For the period ended 30 Sep 2019

		30 Sep 2019	30 Sep 2018
	Note	(Rupees in '000)	
Revenue from contract with customers (Net)		124,546	136,820
Cost of revenue from contract with customers	14	(123,361)	(130,518)
Gross Profit		1,185	6,302
Selling and distribution cost		(2,308)	(2,535)
Administrative expenses		(14,843)	(16,306)
		(17,151)	(18,841)
		(15,966)	(12,539)
Other operating charges		-	-
Other operating income		4,855	4,669
Finance cost		(7,544)	(5,790)
Profit before taxation		(18,655)	(13,660)
Taxation	15	23,555	47,299
Profit after taxation		4,900	33,639
		(Rupees)	
Earnings per share - basic and diluted		0.09	0.61
		(Rupees in '000)	
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		41,371	42,222

The annexed notes from 1 to 18 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Sami
Director

Huffaz Seamless Pipe Industries Limited

Statement of Comprehensive Income

For the period ended 30 Sep 2019

	30 Sep 2019	30 Sep 2018
	----- (Rupees in '000) -----	
Profit after taxation	4,900	33,639
Other comprehensive income	-	-
<i>Items that will not be reclassified subsequently to profit and loss account</i>		
- Remeasurement of defined benefit obligation	19,1.5	-
Surplus realised on transfer of assets to HPY	-	-
- Impact of tax	-	-
	-	-
Total comprehensive income for the period	4,900	33,639

The annexed notes from 1 to 18 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Sami
Director

Huffaz Seamless Pipe Industries Limited

Cash Flow Statement

As at June 30, 2019

	Note	30 Sep 2019	30 Sep 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation			
		(18,655)	(13,660)
Adjustments for:			
Depreciation		42,343	44,302
Finance costs		7,544	5,790
Provision for Leave encashment		30	30
Provision of Staff gratuity		2,250	2,000
		52,167	52,122
Operating profit before working capital changes		33,512	38,462
Changes in working capital			
	16	16,224	(1,929)
Decrease / (increase) in current assets			
		49,736	36,533
Finance costs paid		(19,706)	(3,201)
Gratuity paid		(569)	(468)
Taxes paid		(36,529)	(2,842)
		(56,804)	(6,511)
Net cash generated from operating activities		(7,068)	30,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(983)	(17,057)
Net cash (used) from investing activities		(983)	(17,057)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long Term Financing-Secured		-	(307)
Short term borrowings		-	(1,500)
Short term Sponsors' advances received / (paid)		(350)	-
Net cash (used) / generated from financing activities		(350)	(1,807)
Net increase in cash & cash equivalent		(8,401)	11,158
Cash and cash equivalents at beginning of the year		17,080	5,922
Cash and cash equivalent at end of the year	17	8,679	17,080

The annexed notes from 1 to 18 form an integral part of these financial statements.

8,679



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Sami
Director

Huffaz Seamless Pipe Industries Limited

Statement of Changes in Equity

For the period ended 30 Sep 2019

	Issued, Subscribed & Paid-up Capital	Share Premium	General Reserve	Revaluation Surplus	Unappropriated Profit	Total
	(Rupees in '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
Reversal 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
Surplus 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 property, plant and equipment - net of deferred tax	-	-	-	(94,833)	94,833	-
Balance as at 30-Jun-2019	554,844	109,437	40,000	2,997,349	1,352,809	5,054,439
Balance as at 01 July 2019	554,844	109,437	40,000	2,997,349	1,352,809	5,054,439
Total comprehensive income for the period						
Profit for the year	-	-	-	-	4,900	4,900
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	4,900	4,900
Transfer from property, plant and equipment - net of deferred tax	-	-	-	(22,652)	22,652	-
Balance as at 30-Sep-2019	554,844	109,437	40,000	2,974,697	1,380,361	5,059,339

The annexed notes from 1 to 18 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Sami
Director

HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 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 in last year. 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. 124,546 thousand compared to 136,820 thousand in the first quarter ended September 30, 2018 due to the effect of stiff competition and high taxation impact on steel product.
- 2.3** Finance cost in the year was 7544 thousand compared to 5790 thousand in year 2018. This included interest on outstanding WPPF balance also The outstanding balance of WPPF stood at Rs.369,033 thousand

The Directors report can be referred for detailed discussion about the company's performance accompanied in annual report of the company for the first quarter ended September 30, 2019.

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.

4. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, estimates, judgments and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of annual financial statements of the Company for the year ended June 30, 2019.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2019.

6. PROPERTY, PLANT AND EQUIPMENT

	30 Sep 2019	30-Jun 2019
	(Rupees in '000)	
Operating fixed assets	4,986,647	5,201,352
Capital work-in-progress	53,258	52,275
	<u>5,039,905</u>	<u>5,201,352</u>

6.1 Allocation of depreciation

	30 Sep 2019	30-Jun 2019
	(Rupees in '000)	
Cost of revenue from contract with customers	41,894	175,574
Administrative expenses	449	1,795
	<u>42,343</u>	<u>177,369</u>

6.2 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.

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

Land - lease hold	<u>14,869</u>	<u>14,869</u>
Building - factory	<u>467,039</u>	<u>469,977</u>
Plant and machinery	<u>506,074</u>	<u>512,480</u>
Coating sheds	<u>61,549</u>	<u>61,936</u>

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

6.4 Capital work-in-progress

	Cost			
	As at 01 July 2019	Additions	(Written off) / (Transfers)	As at 30 June 2020
	(Rupees in '000)			
Building - Head Office and Factory	-	-	-	-
Plant and Machinery	52,275	983	-	53,258
	<u>52,275</u>	<u>983</u>	<u>-</u>	<u>53,258</u>

	Cost			
	As at 01 July 2018	Additions	(Written off) / (Transfers)	As at 30 June 2018
	(Rupees in '000)			
Building - Head Office and Factory	-	-	-	-
Plant and Machinery	-	52,275	-	52,275
	<u>-</u>	<u>52,275</u>	<u>-</u>	<u>52,275</u>

7. INVESTMENT

	Note		
HPY Coating (Pvt.) Ltd.	7.1	242,121	243,187
Addition during the year		0	166
Less: Provision : Loss of joint venture		-	(1,232)
Closing Balance		<u>242,121</u>	<u>242,121</u>

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.

8. STOCK-IN-TRADE			
Raw material - in hand		12,596	182,626
Work-in-process		173,759	61,620
Finished goods		1,072,097	1,054,302
Rejection / scrap material		169,592	172,092
		<u>1,428,044</u>	<u>1,470,640</u>
9. TRADE DEBTS - unsecured		30 Sep	30-Jun
		2019	2019
		----- (Rupees in '000) -----	
Considered good		67,296	71,201
Considered doubtful		-	-
		<u>67,296</u>	<u>71,201</u>
Less: Provision for doubtful debts		-	-
		<u>67,296</u>	<u>71,201</u>
10. LOANS AND ADVANCES - considered good			
Advances to suppliers - unsecured	11.1	12,434	12,434
Advances to employees for expenses		5,941	5,406
Loans and advances to employees	11.2	9,926	11,110
		<u>28,301</u>	<u>28,950</u>
11. TRADE AND OTHER PAYABLES			
Trade creditors		22,863	23,519
Accrued liabilities		72,650	42,829
Sales tax payable		5,659	17,718
Tax deducted at source		33,987	33,797
Workers' profit participation fund	20.1	369,033	358,284
Workers' welfare fund		14,001	14,001
Bills payable		97,500	131,009
Advances from customers		80,912	117,523
Provision for compensated absences		14,113	14,113
Gratuity due but not yet paid	19.1.2	4,418	4,418
Others		1,418	1,396
		<u>716,554</u>	<u>758,607</u>
12. SHORT TERM SPONSORS' ADVANCES - Unsecured			
This represents unsecured and interest free advance from sponsors repayable on demand.		82,830	83,180
		<u>82,830</u>	<u>83,180</u>
13. CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
13.1.1 Guarantees as at Sep 30, 2019 amounting to Rs. 23.569 million (2019: Rs. 21.389 million) have been furnished in favour of various customers.			
13.1.2 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.			
13.2 Commitments			
13.2.1 Commitments under letters of credit as at Sep 30, 2019 amounted to Rs. 97 million (2018: Rs. Nil million).			
13.2.2 The facility for opening letters of credit and guarantees as at Sep 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,			

14. COST OF REVENUE FROM CONTRACT WITH CUSTOMERS

Opening stock of finished goods		1,054,302	835,718
Cost of goods manufactured	26.1	141,156	45,518
		<u>1,195,458</u>	<u>881,236</u>
Closing stock of finished goods	9	(1,072,097)	(750,718)
		<u>123,361</u>	<u>130,518</u>

14.1 Cost of goods manufactured

Opening work in progress		61,620	38,023
Raw material consumed	26.1.1	170,030	59,179
Depreciation	5.2	41,894	44,038
Others Manufacturing Expenses		38,871	59,801
Closing work in progress		(173,759)	(123,023)
		<u>138,656</u>	<u>78,018</u>
Rejection / scrap material			
Opening		172,092	206,188
Closing		(169,592)	(238,688)
		<u>2,500</u>	<u>(32,500)</u>
		<u>141,156</u>	<u>45,518</u>

14.1.1 Raw material consumed

Opening stock		182,626	131,299
Purchases		-	1,784
		<u>182,626</u>	<u>133,083</u>
Closing stock		(12,596)	(73,904)
		<u>170,030</u>	<u>59,179</u>

15. TAXATION

	30 Sep 2019	30-Sep 2018
	----- (Rupees in '000) -----	
Current Taxation	6,588	8,110
Deferred	(30,143)	(55,409)
	<u>(23,555)</u>	<u>(47,299)</u>

15.1 Income tax assessment has been made in the year 2018 under section 122(9) of the income tax ordinance, 2001 for tax year 2017, there has been no significant additional tax amount demand 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.

15.2 Income tax assessment prior to tax year 2018 has been assessed under deemed provision of the income tax ordinance

15.3 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.

16 Changes in working capital

Decrease / (increase) in current assets

Stores and spare parts	3,929	(7,345)
Stock in trade	42,596	24,895
Trade debts	3,905	30,408
Loans and advances, trade deposits, prepayments and other receivables	8,816	(2,444)
	<u>59,246</u>	<u>45,514</u>

Increase in current liability

Trade and other payables	(43,022)	(47,443)
	<u>16,224</u>	<u>(1,929)</u>

17 CASH AND CASH EQUIVALENTS

Restructured Term Finances under mark-up arrangements	-	-
Cash and bank balances	8,679	17,080.00
	<u>8,679</u>	<u>17,080.00</u>

18. 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 Sep 2019	30 June 2019
(Rupees in '000)				
Hafiz Abdul Waheed and Brothers	Associated company	Sale of goods	-	-
		Receipts in respect of sale of goods	-	23,437
Huffaz Corporation	Associated company	Sale of goods	5,775	-
		Receipts in respect of sale of goods	5,671	3,052
HPY Coating (Private) Limited	Joint Venture	Investment	242,121	242,121
Transactions with directors	Related party	Sponsors' advances received	-	28,752
		Sponsors' advances paid	350	11,181
Key management personnel		Remuneration	4,454	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 Sep 2019	30 June 2019
(Rupees in '000)				
Hafiz Abdul Waheed and Brothers	Associated company	Balance as at the date of balance sheet	(4,859)	(4,859)
Huffaz Corporation	Associated company	Balance as at the date of balance sheet	104	2,832
HPY Coating (Private) Limited	Joint Venture	Balance as at the date of balance sheet	20,828	20,828
Transactions with directors	Related party	Balance as at the date of balance sheet	(82,830)	(83,180)

19. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Director of the Company on November 22, 2019.

20. GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.


Hafiz Abdul Majid
Chief Executive


Hafiz Abdul Sami
Director



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