

## Huffaz Seamless Pipe Industries Limited

Manufacturers of Seamless Steel Pipes, Tubes,  
Machinery & Machinery Components

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WEBSITE: www.huffaz.com.pk

S.T.N. : 01-01-7304-001-46 N.T.N. : 07-10-0912775-5

SHARE-1404

Dated: July 09, 2021

General Manager  
Pakistan Stock Exchange Ltd.  
Stock Exchange Building,  
Stock Exchange Building, Karachi.

**SUBJECT: CORPORATE BRIEFING SESSION (CBS) AND PRESENTATION BEFORE RESTORATION OF TRADING**

Dear Sir,

This is to inform you that a Corporate Briefing Session and presentation before restoration of trading of Huffaz Seamless Pipe Industries Ltd ("the Company") will be held on Friday July 15, 2021 at 11:00 a.m to 11:45 a.m through Video Link / Zoom to brief the Shareholders /Analysts/ Investors about the Company's financial performance to fulfill the requirements of Pakistan Stock Exchange as per notice PSX.N-654 dated May 23, 2019.

Due to pandemic Covid-19, there will be no physical meeting for this Corporate Briefing and presentation before restoration of trading, therefore, the Shareholders / Analysts / investors are advised to please attend the session through the Zoom Link / Video Link only <https://zoom.us/join>. According, those Shareholders / Analysts / Investors who desire to attend the session are requested to register themselves by sending an email to the Company Secretary at [masoodanwar@huffaz.pk](mailto:masoodanwar@huffaz.pk) subject of e-mail be "Registration for Corporate Briefing Session". Please include following detail in email:


Name	CNIC	Folio No. / CDC A/C (if any)	Organization Name / Profession	Cell Phone No.

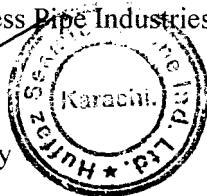
Zoom Link / Video Link and login credentials to join the session will be shared with those Shareholders / Analysts / Investors whose email containing the aforementioned particulars are received at the above mentioned email address before Friday, July 13, 2021.

You may please inform the Certificate holders of the Exchange accordingly.

Thanks & Regards.

For Huffaz Seamless Pipe Industries Ltd.

  
Masood Anwar  
Company Secretary



5L-0375



5CT-0586



01-1677



ISO 9001: 2015



ISO 14001: 2015



OHSAS 18001:2007

# **HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED**


## **CORPORATE BRIEFING SESSION AND PRESENTATION BEFORE RESTORATION OF TRADING**

CONDUCTED ON 15/07/2021 from 11:00 A.M to 11:45 A.M

PRESENTATION OF ANNUAL ACCOUNTS FOR THE YEAR ENDED 2019-2020

### **CONTENTS OF THE SESSION**

- COMPANY BRIEF
- PRESENTATION FOR RESTORATION OF TRADING AND MEASURES TAKEN TO ENSURE COMPLIANCES
- STRATEGIC / FINANCIAL PLAN FOR THE GROWTH OF THE COMPANY
- REASONS FOR NON-DECLARATION OF ANY CORPORATE ENTITLEMENT
- BRIEFING OF ANNUAL ACCOUNT AS ON JUNE 30, 2020
- QUESTION & ANSWERS



**CORPORATE BRIEFING SESSION  
AND PRESENTATION FOR  
RESTORATION OF TRADING IN  
STOCK EXCHANGE**

# HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED

MANUFACTURERS OF SEAMLESS  
TUBULAR PRODUCTS AND INTERNAL  
& EXTERNAL COATING APPLICATORS

Committed to Quality



# INTRODUCTION

Huffaz is the only manufacturer of Seamless Tubular Products in Pakistan. Over a period of time Huffaz has captured a tremendous market share. The company has in its pool several renowned Companies / Industries that clearly gives Company the edge over competitors. Besides meeting the requirements of local markets, Huffaz Seamless Pipe Industries Limited has been exporting Seamless Pipes and Tubes to USA, Canada, Germany, Australia, West Indies, Singapore, Kuwait, Saudi Arabia, UAE, Iran, Syria, Bangladesh, Sri Lanka and Afghanistan.

# INTRODUCTION

**Huffaz Seamless Pipe Industries Limited** are manufacturers of Seamless Tubular products, Machinery and Machinery Components. Applicators of 3-Layer Polyethylene/Polypropylene Coatings, Single layer stand alone Fusion Bonded Epoxy Coatings, Heat Shrinkable Tape Coatings, Internal Liquid Epoxy Coatings. Huffaz was established in 1983 the manufacturing facility is at Nooriabad Industrial Estate (District Jamshoro) 90 km from Karachi, Pakistan.

**Huffaz** manufactures Seamless tubular products from prime quality steel made by basic oxygen, electric furnace or open hearth process only in combination with a ladle refining process. Steel is killed and made according to fine grain practice. Steel made to a fine-grain practice contains one or more grain-refining elements, such as aluminum, niobium, vanadium or titanium in amounts intended to result in the steel having a fine austenitic grain size.

The Coating materials are also imported as per customers' requirements from world's renowned manufacturers which comply the requirements of DIN, CSA etc.

# INTRODUCTION

Huffaz believes in high quality products and assurance at every stage from sourcing of raw materials to delivery of finished products. Huffaz's commitment to quality, health, safety and environment is reflected in its compliance with international standards such as **ISO 9001:2015, API Q1, API 5L & 5CT, ISO 14001:2015, OHSAS 18001:2007 and Pressure Equipment Directive (PED)**. This makes Huffaz specialized in making top quality products as per the customer requirements and thereby ensuring innovation, reliability and professional technical services for the end users.

# OUR PRODUCTS

- ❑ Boiler Tubes
- ❑ Heat Exchanger Tubes
- ❑ High / Low Temperature Services Pipes / Tubes
- ❑ Precision Pipes / Tubes
- ❑ Mechanical Tubes
- ❑ Line Pipes
- ❑ General Structural Pipes / Tubes
- ❑ Casing & Tubing for oil wells
- ❑ Galvanized Pipes / Tubes
- ❑ Line Pipe as per API with 3 layer Polyethylene Coating
- ❑ Galvanized Pipes through our vendors
- ❑ 3-Layer Polyethylene/Polypropylene Coatings
- ❑ Single laye stand alone Fusion Bonded Epoxy Coatings
- ❑ Heat Shrinkable Tape Coatings and
- ❑ Internal Liquid Epoxy Coatings.



# ENGINEERING COMPONENTS AND EQUIPMENTS

Pipe Fittings for Boilers and  
Heat Exchangers

Machinery and  
Machinery Components  
for various applications

Chain Sprockets, Gears  
and Worm Wheels

Tube Bending and  
Intricate Fabrications



Hi-Tech, Precision  
Mechanical components

Dies and Moulds

# PRODUCT MANUFACTURING RANGE

Outer Diameter	8.0 mm ~ 273 mm
Wall Thickness	0.75 mm ~ 25.0 mm
Length	1.0 meter ~ 18 meter

Within this range Pipes / Tubes of any size and wall thickness can be manufactured.

# PRODUCTION CAPACITY

Annual Production Capacity	100,000 MTon
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## COATING APPLICATION RANGE

Outer Diameter	1 inch ~ 84 inch
Coating Thickness	100 $\mu$ ~ 5000 $\mu$

## PRODUCTION CAPACITY

Annual Production Capacity	600,000 Sq. M
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# PRODUCTION AND COATING STANDARDS

ASTM A53, ASTM A106, ASTM A179, ASTM A192, ASTM A199, ASTM A210, ASTM A213, ASTM A333, ASTM A334, ASTM A355, ASTM A519

API 5L, API 5CT & API 5B

DIN 2391, DIN 2440, DIN 2441, DIN 2448, DIN 1630, DIN 17173 / 2448, DIN 17175 / 2448, DIN 30670/30678, CSA Z245.20/245.21, JIS G3464, JIS G3444, NACE MR-0175

BS 1387, BS 3059 -1, BS 3059 -2, BS 1775, BS 6323

NFA 49-112, NFA 49-1445, NFA 49-211

ISO 9329-1, UNI 8863

# MANUFACTURING FACILITIES, PIPES / TUBES

Piercing and further Hot Processing

Cold Drawing

Heat Treatment

Straightening

Pickling and Surface Treatment

# TESTING FACILITIES

Chemical Analysis

Mechanical Testing

Hydrostatic Testing

Ultrasonic Testing (UT)

# COATING APPLICATION FACILITY

Pre-heating and Shot Blasting

Acid wash and Chromate Treatment

Induction Heating and FBE Application

Adhesive and HDPE/PP Application

Quenching

Cutback

# TESTING FACILITIES

Gel & Cure time

Surface profile

Chloride testing

Coating thickness

Peel adhesion

Impact testing

Elongation and Tensile

Cathodic Disbondment

Hot water Soak

# HUFFAZ ENGINEERING WORKS

Design and Development

Machine Shop having Various Kinds of Machine Tools

Forging

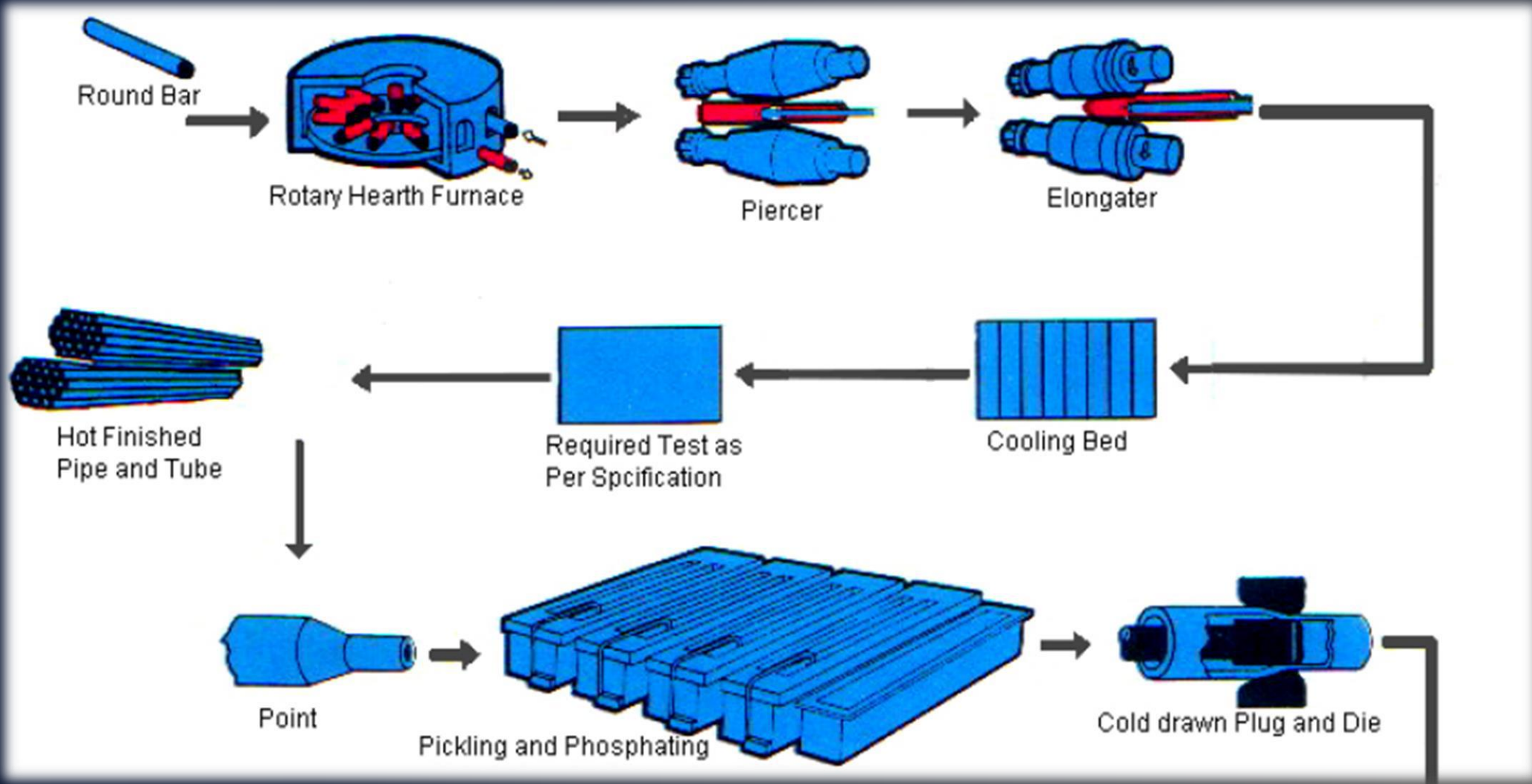
Ferrous and Non-Ferrous Casting

Fabrication

Heat Treatment

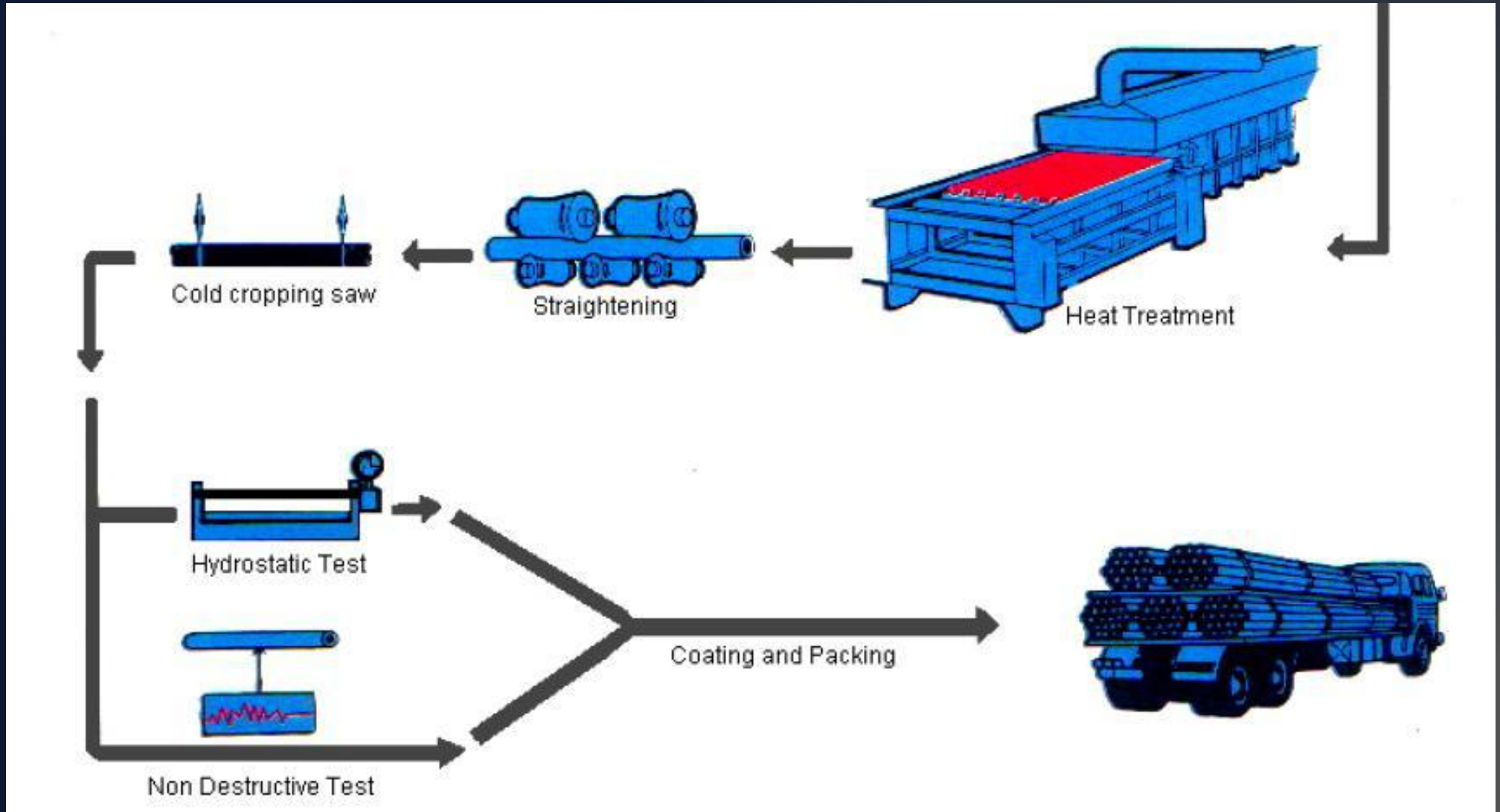
Hard Chroming

# PROCESS FLOW CHART PIPES / TUBES (PART 1)





# PROCESS FLOW CHART PIPES / TUBES (PART 2)



## MARKING

- On Pipe Surface
  - Die Stamp
  - Paint Stencil
  - Varnish
- On Bundles
  - Metals Labels
  - Plastic Labels

## PACKAGING

- Bare Bundles
- Special Packing

## MILL TEST CERTIFICATE

- Products are delivered with Certificates as per required standard.

## SURFACE PROTECTION

- Outside protective coating (oil, varnish)
- Hot Dip Galvanizing
- Other Coatings on Request
- 3 Layer Polyethelene / Polypropylene Coating
- FBE Single Layer Coating

# COMPANY INFORMATION

Chairman	Muhammad Hafiz
Chief Executive	Mr. Hafiz Abdul Majid
Executive Director	Hafiz Abdul Haseeb
Board of Directors	Mr. Mohammad Hafiz (Chairman) Mr. Hafiz Abdul Majid (CEO/MD) Mr. Hafiz Abdul Haseeb (Ex-Director) Mr. Hafiz Abdul Sami (Ex-Director) Mr. Talal Yousuf Mohamed Y. Najibi Mr. Nabil A. Rahman Ahmad Arif Mr. Fahad Abdul Aziz Eshaq A. Rahman Mr. Arshad Ahmed Mr. Hafiz Abdul Waheed Mr. Hafiz Abdul Sami

# COMPANY INFORMATION

Board of Directors	Mr. Hafiz Abdul Aleem Mr. Nasir Mahmood (Ind-Director) Mr. Asghar Imam Khalid (Ind-Director) Mrs. Javeria Sami (Female Director)
Chief Financial Officer	Muhammad Anwar Khan (FCA)
Auditors	M/s H.A.M.D & Co., Chartered Accountant 302 Land Mark Plaza, Muhammad Bin Qasim Road of I.I, Chundirgar Road, Karachi.
Legal Advisor	M/s Nawaz Hussain Sikandar 2nd Floor, ACM Tower, Khaliq uz Zaman Road, Karachi.
Bankers	Soneri Bank Ltd., Meezan Bank Ltd

# HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED

## BRIEF LIST OF VALUABLE CUSTOMERS

- M/s. Allied Precision & Engg Products (Pvt.) Ltd.
- M/s. British Petroleum & Production Inc.
- M/s. China Harbour Engineering Co. (Group)
- M/s. Agri Auto Industries Ltd.
- M/s. Colgate Palmolive Ltd.
- M/s. Attock Petroleum Ltd.
- M/s. Coastal Refinery Ltd.
- M/s. Attock Refinery Ltd.
- M/s. Descon Engineering Ltd.
- M/s. Bosicor Pakistan Ltd.
- M/s. D.D.F.C. (Pvt.) Ltd.
- M/s. BHP Pakistan Ltd.
- M/s. Dewan Sugar Mills Ltd.

# HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED

## BRIEF LIST OF VALUABLE CUSTOMERS

- M/s. Engro Asahi Polymer & Chemicals
- M/s. Karachi Nuclear Power Complex (KNPC)
- M/s. OMV Pakistan Exploration GmbH
- M/s. Karachi Shipyard & Engg. Works
- M/s. ENI Pakistan Ltd.
- M/s. Fauji Sugar Mills (Khoski)
- M/s. Fauji Fertilizer Ltd.
- M/s. K.S.B. Pumps Co. Ltd.
- M/s. Mari Gas Company Ltd.
- M/s. MoL Pakistan Oil & Gas Co.
- M/s. National Refinery Ltd.
- M/s. Orient Petroleum Ltd.

# HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED

## BRIEF LIST OF VALUABLE CUSTOMERS

- M/s. Oil & Gas Development Co. Ltd.
- M/s. Fatima Fertilizer Company Ltd.
- M/s. Pakistan Ordnance Factories
- M/s. Pakistan Steel Mills Ltd.
- M/s. Pak Arab Refinery Ltd.
- M/s. Procter & Gamble Pakistan Ltd.
- M/s. Pakistan Petroleum Ltd.
- M/s. Pak-Arab Pipeline Company Ltd.
- M/s. Sui Northern Gas Pipeline Ltd.
- M/s. Sui Northern Gas Co. Ltd.
- M/s. Pakistan Oilfields Ltd.
- M/s. Pakistan Refinery Ltd.
  - M/s. Engro Chemicals Pakistan Ltd.
  - M/s. Petroleum Exploration (Pvt.) Ltd.

# PRESENTATION BEFORE RESTORATION OF TRADING IN STOCK EXCHANGE

## SUSPENSION OF TRADING:

- Company failed to hold its one Annual General Meeting as per law; (Section 5.11.1.c)
- Company failed to submit its annual audited accounts for the immediately preceding financial year as per law (Section 5.11.1.d)
- Company failed to pay Annual Listing fees for two (2) years: (Section 5.11.1.e)



# REASONS FOR NON-COMPLIANCE AND MEASURES TAKEN TO ENSURE COMPLIANCE

1. Effect of Covid-19
2. Financial Crises

## 1. Effect of Covid-19

- Covid-19 pandemic badly affected the Company. Our workers severely affected this pandemic and many casualties were sought in it as Mr. Sultan Ahmed, Import Manager expired on Covid-19 on May 15, 2020 in Al-Shafa Hospital.
- Some key position personnel including Manager Finance & Accounts and Company Secretary left the Company due to Covid-19.

- As there is only one Company in Pakistan to manufacture Seamless tubular Products therefore we faced the limitation of specialist labor for this industry in Pakistan. Due to Covid-19, Most of our workers/ Specialized staff who were related from interior Punjab/Sindh and working here for more than twenty-five years, left the company abruptly, without handed over any documents and did not return back that created a vacuum and Company faced the problem to search the specialized labor in their places. During this period, The Company prepared so many specialized workers for Seamless plant as the Company easily faced this type pandemic in future.

- **FINANCIAL CRISES:**

1. Duty Structure
2. Paralyzed in import/Export due to Covid-19

- **Duty Structure:** Government Policies supported import of pipes & tubes instead of locally manufacturing as the government imposed the 13% Custom duty & 15% Regularity duties for importing our raw material, Special Steel Round Bars while it was zero in 2015. In other side, the Government provided 3.54% FTA for importing finished Pipes & Tubes while the Chinese Government provided 13% rebate to exporting finished pipes & tubes instead of raw material.
- The Company fighting for its right and got relieve in Regulatory duty. In 2020-2021, The Chinese government also withdraw its rebate policy which facilities our Company.

- PARALYZING IN IMPORT/EXPORT DUE TO COVID-19:

Our raw material, special steel round bars are not manufactured here in Pakistan and we are bound to import it from abroad. Unfortunately, due to covid-19, all import/export was going to be held internationally as the vessel/ Container's shortage were sought in the world and therefore the Company faced the shortage of our raw material during this period that affected our production and create financial constraint.

# FINANCIAL POSITION OF THE COMPANY

Brief Analysis of Annual Accounts as  
on June 30, 2020

## Financial Summary

Description	2020	2019
	Rs in ' 000	Rs in ' 000
Gross Sales	368,540	585,698
Net Sales	341,615	501,103
Profit / (Loss) before tax	(9,475)	32,908
Taxation	- 3,381	30,703
Profit after tax	(6,094)	2,205
Total Assets	7,652,832	7,075,109
Capital Expenditures	- 4,511	34,563
Profit per share	(0.11)	0.04
Number of Employees (Numbers)	102	148
Seamless Tubular Products	747	2,744
Coating of Seamless Tubular Products	4,829	4,076

## FIVE YEARS AT A GLANCE

Product: Seamless Steel Pipes and Tubes	Year Ended					
	30 June	30 June	30 June	30 June	30 June	30 June
Location of H/O: Karachi	2020	2019	2018	2017	2016	2015
Location of Plant Nooriabad	Rs 000					
CEO: Hafiz Abdul Majid						
Non-current assets	5,890,664	5,329,339	5,451,475	5,474,377	5,643,169	5,770,570
Total assets	7,652,832	7,072,147	7,043,956	7,213,537	7,349,334	7,270,167
Current Liabilities	733,241	758,607	697,659	830,775	1,095,193	1,090,016
Long term liability	1,254,289	1,175,302	1,183,738	1,295,652	1,351,867	1,428,619
Surplus on revaluation of land and building	3,468,318	2,997,349	3,092,182	3,241,684	3,343,817	3,391,585
Retained earning/ (loss)	1,409,957	1,352,809	1,259,790	897,960	774,093	639,041
Total equity & liabilities	7,652,832	7,072,147	7,043,956	7,213,537	7,349,334	7,270,167
Net Sale	341,615	501,103	854,804	946,616	1,002,394	1,973,972
Cost of goods sold	268,158	368,540	727,554	848,368	928,932	1,759,452
Gross profit	73,457	132,563	127,250	98,248	73,462	178,520
Administration, selling and Other expenses	62,389	92,248	70,829	51,922	37,022	199,905
Operating Profit or Loss (EBIT)	24,147	81,485	56,421	46,326	36,440	(21,385)
Financial charges	33,622	48,577	41,722	23,984	32,053	37,117
EBT	(9,475)	32,908	14,699	22,342	4,387	(58,502)
Taxation	(3,381)	30,703	53,175	3,221	15,633	45,811
Net profit (PAT)	(6,094)	2,205	67,874	25,563	20,020	(12,691)
Depreciation and Amortization	67,369	175,574	184,545	193,677	202,492	211,126
Cash flow from operation	35,326	161,467	130,865	(154,881)	44,134	(9,063)
Net working capital	1,028,927	983,582	854,151	729,158	610,111	408,030
Current ratio	2.40	2.30	2.16	1.72	1.56	1.37
Quick ratio	0.16	0.26	0.42	0.38	0.33	0.46
Gross profit margin	22%	26%	15%	10%	7%	9%
Net profit margin	-2%	0%	8%	3%	2%	-1%
Earning per share (Rs)	(0.11)	0.04	1.22	0.46	0.36	(0.23)
Break-up value per share	38	37	35	29	27	24

## Huffaz Seamless Pipe Industries Limited

### Statement of Profit or Loss

For the year ended June 30 2020

	30 June 2020	30 June 2019	Difference	Ratio
	------(Rupees in '000)-----			
Revenue from contract with customers (Net)	341,615	501,103	(159,488)	-32%
Cost of revenue from contract with customers	(268,158)	(368,540)	100,382	-27%
Gross Profit	73,457	132,563	(59,106)	-45%
Selling and distribution cost	(16,825)	(13,929)	(2,896)	21%
Administrative expenses	(41,811)	(71,880)	30,069	-42%
	<u>(58,636)</u>	<u>(85,809)</u>	<u>27,173</u>	-32%
	14,821	46,754	(31,933)	-68%
Other operating charges	(3,753)	(6,439)	2,686	-42%
Other operating income	13,079	41,170	(28,091)	-68%
	24,147	81,485	(57,338)	-70%
Finance cost	(33,622)	(48,577)	14,955	-31%
Loss/Profit before taxation	(9,475)	32,908	(42,383)	
Taxation	3,381	(30,703)	34,084	
Profit after taxation	(6,094)	2,205	(8,299)	



# Strategic/Financial Plan for the growth of the Company

## Future Orders of Seamless Pipes & Tubes:

All major projects remained up-held during the period of ruining Covid-19 which are likely to be resumed now. Some Projects are as follows:

1. Gawadar-Nawabshah LNG Pipeline project of 700 km.
2. TAPI gas pipe line Project from Central Asia to Pakistan of USD 8 billion.  
(Tagiskistan-Afganistan-Pakistan-India)
3. North South Gas Pipe line project with Russia of 1,122 km from Port Qasim to Kasur (Punjab). Cost of Pakistan Stream Gas Pipe line has been estimated of USD 2.25 billion.

The Company has the Internal & External Pipe coating facility capable of applying three layer high density polyethylene coating, polypropylene coating and tape coating on steel pipes

### Future Coating Orders:

Except orders in hand of Rs. 100 million, the following projects is also in consideration.

- ❖ K-IV Water Project developed for Karachi's daily water supply, having the project cost of Rs. 150 billion including Coating of Pipes of Rs. 5.0 billion approx.
- ❖ The government interested to construct almost 100 DAM in Baluchistan. Recently, 48" pipe coating order of 195 km is in Pipeline and expected to release during this year.
- ❖ Order for 24" Coating of Rs. 280 million in Peshawar is also in pipeline which is likely to release within this year.
- ❖ Order for 24" Coating of Rs. 64 million in Karachi is also likely to release in this year.

## Relieve in Duty & Taxes

In Continuous Struggle, the Company got relieved in 15% RD.

The Chinese government support its business sector by providing 13% rebate if export finish Seamless Pipes & tubes which was withdrawn during this year.

The above two measures enable Company to compete with Chinese finished importers of Seamless Pipes & Tubes in Pakistan.

# Reasons for non-declaration of any corporate entitlement to its shareholders

- Financial Condition:
- Net Profit
- Capital Expenditure
- Duties & Taxes Structure

# CONTACT INFORMATION

## HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED

Head Office Address	207-210, 2 <sup>nd</sup> Floor, Mashriq Center Gulshan-e-Iqbal, Block – 14, Karachi 75300, Pakistan
Telephone	+92 21 341462 – 41, – 42, – 43
Fax	+92 21 341462 – 49
E-Mail	<a href="mailto:huffaz@cyber.net.pk">huffaz@cyber.net.pk</a>
Website	<a href="https://www.huffaz.pk">https://www.huffaz.pk</a>

# CONTACT INFORMATION

HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED FACTORY &  
HUFFAZ ENGINEERING WORKS AND TESTING FACILITIES

Factory Address      90 KM M-9 Motor Way  
Nooriabad, Industrial Estate  
District Jamshoro, (Sindh), Pakistan

Telephone              +92 25 45525 – 40, – 34, – 14



HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED