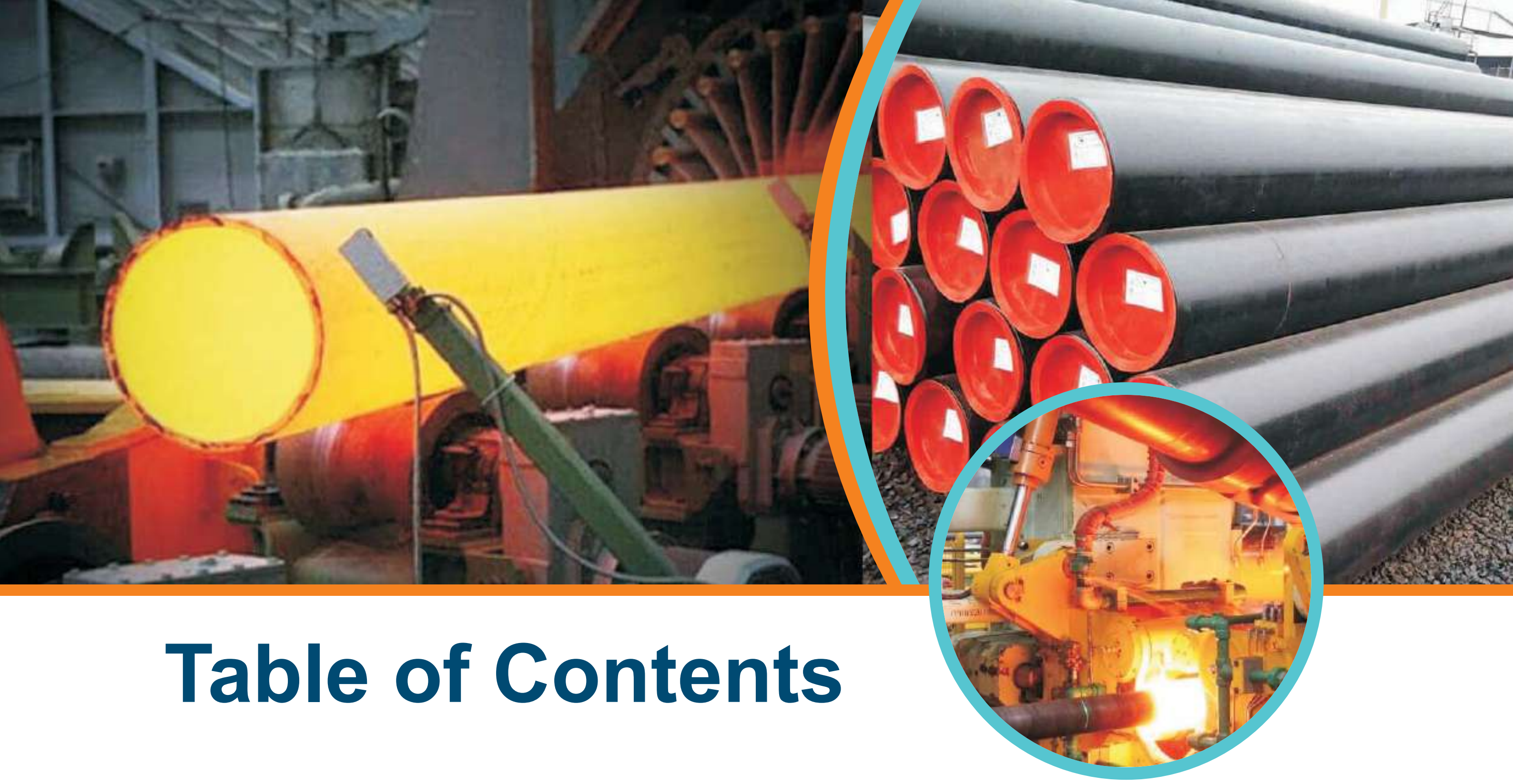
Annual Report 2021

Huffaz
Seamless Pipe Industries Limited

Committed to Excellence



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Corporate Directory

Chairman:
Mr. Muhammad Hafiz (UK)

Chief Executive:
Hafiz Abdul Majid

Board of Directors:
Mr.Talal Yousuf Mohamed Y.Najibi (UAE)
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. Asghar Imam Khalid (Ind-Director)
Mrs. Javeria Sami (Female Director)

Company Secretary:
Mr. Masood Anwar

Chief Financial Officer:
Mr. Muhammad Anwar Khan

Head of Internal Audit:
Mr. Muhammad Naeem Noor Meo

Audit Committee:

Mr. Asghar Imam Khalid	Chairman / Member
Mr. Arshad Ahmed (UK)	Member
Mr. Muhammad Hafiz (UK)	Member

Human Resource & Remuneration Committee:

Mr. Asghar Imam Khalid	Chairman / Member
Mr. Muhammad Hafiz	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:
Syed Tauqeer Ahmed
11-B, Noor ul Haq Colony, Bahawalpur

Registrar:
THK Associates (Pvt.) Limited,
Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII,
Karachi, 75500 Pakistan.
UAN: 111-000-322, Direct: +92-21 35310191
Email: sfc@thk.com.pk
Web: www.thk.com.pk

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

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 Indstrial Estate,
District Jamshoro, Sindh.

Website:
www.huffaz.pk

Mission & Vision

Mission

To emerge as aleader 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

	2021 Rs in ' 000	2020 Rs in ' 000
Gross Sales	**113,780**	368,540
Net Sales	**97,243**	341,615
Profit / (Loss) before tax	**(135,252)**	(9,475)
Taxation	**29,427**	3,381
Profit after tax	**(105,825)**	(6,094)
Shareholders' Equity	**5,532,957**	5,582,556
Total Assets	**7,722,244**	7,652,832
Profit per share	**(1.91)**	(0.11)
Number of Employees (Numbers)	**90**	102
Production volume (M.tones)		
Seamless Tubular Products	**800**	747
Machinery and its components	**—**	—
Coating of Seamless Tubular Products	**4,075**	4,829

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 5Lm API 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-se of bi-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 stimulates 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 andEnvironment 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.

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 38th Annual General Meeting of Company will be held on Thursday, June 08, 2023 at 03:30 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, 2021 and the Reports of the Directors' and Auditors' thereon.

02. To appoint External Auditors for the year ending 30th June 2022 and fix their remuneration.

03. To consider any other business with the permission of the Chair.

By order of the Board

Karachi
May 18, 2023

(Masood Anwar)
Company Secretary

NOTE:

01. Consider the thread of Corona Virus (Covid-19), all participate are requested to follows all SPOs released by Competent Authorities.

02. The share transfer books of the company will remain closed from 31 May, 2023 to 8th June, 2023 (both days inclusive).

03. 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.

04. 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.

05. 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.

06. 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 38thAnnual Report of the Company together with the annual audited financial statements and Auditors' Report thereon for the year ended 30th June 2021.

Overview of Economy

Although the COVID-19 has impacted the global economy badly including Pakistan economy which is indicated by GDP growth rate -0.47% at the end of last year i.e. June 20. During 2020-2021 the Government strategy towards COVID-19 remained fruitful. Such strategies included smart lock down, public awareness programs and use of local remedies to cure the infectional diseases. Pakistan economy has demonstrated resilience, with indications of economy recovery, reflecting real GDP growth of 3.9% surpassing earlier projections. Industrial output has shown some recoveries, as evident from a 14.9% growth in the Large-Scale Manufacturing (LSM) Index during 2021 as compare to the decline of 10.2% in the corresponding year. Almost all sector of the economy observed recovery despite of COVID-19. Resultantly the inflation fell to 9.7% at the year end. The strategy towards COVID-19 to contain the effects of the pandemic, as a result of normalizing food prices, somewhat offset by an increase in price of petroleum products. Average inflation in fiscal year 2021 was 8.9% at the higher end of the SBP's projected range of 7.0% - 9.0%, but lower than the 10.7% recorded in fiscal year 2020.

The policy rate remained unchanged at 7.0& from May 2020 to September 2021, however the State Bank of Pakistan vide its recent monetary policy increased the discount rate by 25 basis point. The stability on the external front has led to a build-up in FX reserves which rose to USD 23.3 billion by the end of June 2021. Flaws from the IMF on account of the Third tranche of the EFF, assistance from other multilateral source and tapping international bond markets through a structured medium-term note (MTN) program have provided support to the reserves position. The rupee came under pressure towards the end of fiscal year, reversing gains made in preceding quarter and depreciating by more than 10% against the USD.

Economy recovery also gets support through extension of SBP Rozgar Scheme coupled with the introduction of new scheme such as Temporary Economics Refinance Facility (TERF). Introduction of Naya Pakistan Housing Scheme by the Government served as another support to strengthen the recovering economy.

The current account deficit fell to only 0.6% of GDP which is the lowest current account deficit in 10 years. However, the current account deficit is expected to further widen in the coming months due to the pick-up in domestic activity as well as seasonality in import payments, higher global commodity prices, vaccine import and import off capital goods as a result of improved investment.

Steel Industry review

The global steel prices remained at record high levels during this year. Shreded` Scrap prices surged to $508 per MT in June 2021 from the $263 per MT in July 2020. Iron ore prices mainly due to supply constraint, peaked $225 per MT an increase of 3.50 times at the beginning of the year. Prices witnessed an increase following the withdrawal of 13.50% export rebate provided by Chinese government to its steel industry. Steel industry may see production cuts in China as a result of the government policy to shut down plants with environmental concerns.

World crude steel production showed a significant increase of 9% to production levels of 1.96 billion metric tons of steel during the year as compared to 1.8 billion metric tons of steel in the preceding year. China lead the production of steel by producing 57% of the global steel production.

The developing economies are still struggling to recover from COVID-19 reason being inadequate medical capacity, a collapse in tourism and commodity prices, and insufficient fiscal support.

In terms of GDP growth, Pakistan's economy has shown signs of recovery in 2021. According to the State Bank of Pakistan, the country's GDP is expected to grow by 3.9% in the fiscal year 2021-22, up from a contraction of 0.5% in the previous fiscal year. This growth is driven by the agriculture and manufacturing sectors, which have shown strong performances.

Pakistan's agriculture sector has been a bright spot in the economy in 2021, with the government's focus on improving agricultural productivity and increasing exports. The country has seen record-breaking productions of wheat, rice, and sugarcane, and the government has announced plans to increase production of high-value crops such as fruits and vegetables.

The manufacturing sector has also shown resilience in the face of the pandemic, with the government's policies supporting the industrial sector, particularly in the textile and construction industries. The construction sector, in particular, has seen a significant boost from the government's low-cost housing scheme, which has created job opportunities and driven demand for construction materials.

However, Pakistan's economy still faces several challenges, including inflation, rising debt levels, and a large informal economy. The government has introduced several measures to address these challenges, including tax reforms and efforts to promote formalization of the economy.

Operating Performance

The operating performance of the Company is shown below:

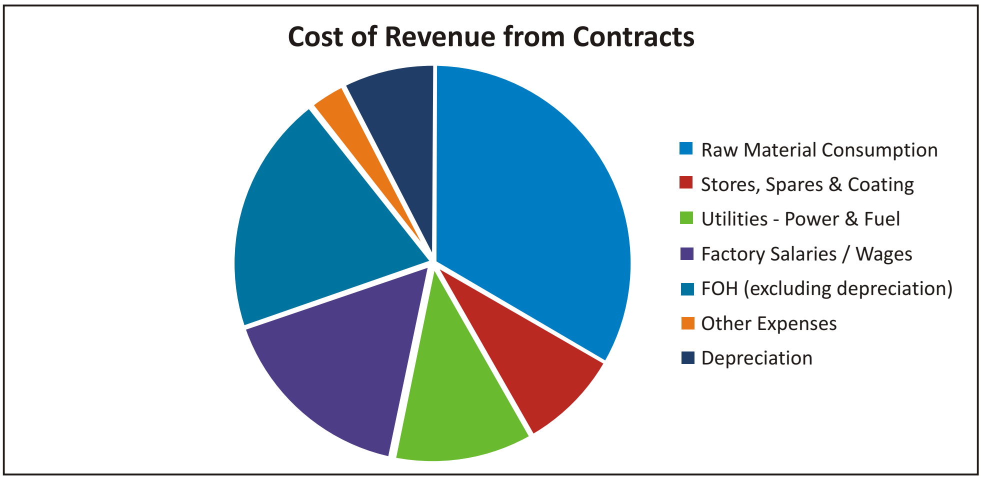
	June 30 2021	June 30 2020	Difference In Rupees	Difference In percentage
	(Rs. in Million)			
Sales Net	**97.2**	341.6	(244.4)	-72%
Cost of Goods Sold	**(166.6)**	(268.2)	101.6	-38%
Gross Profit	**(69.359)**	73.4	(142.8)	-194%
Distribution Cost	**(7.2)**	(16.8)	9.6	-57%
Administrative Cost	**(27.0)**	(41.8)	68.8	-165%
	(34.2)	(58.6)	24.4	-42%
	103.566	14.8	(118.4)	-800%
Other Operating Charges	**0.0**	(3.8)	3.8	-100%
Other Operating Income	**5.3**	13.1	(7.8)	-60%
	(98.281)	24.1	(122.4)	-508%
Finance Cost	**(37.0)**	(33.6)	(3.4)	10%
Profit / (Loss) before taxation	**(135.3)**	(9.5)	(125.8)	1324%
Taxation	**29.4**	3.4	26.0	766%
Profit / (Loss) after taxation	**(105.8)**	(6.1)	(99.7)	1635%

The Company's net sales of Rs. 97.2 million are 72% lower than the last year's sales of Rs. 341.6 million. The period under review was depressed due to COVID-19 pandemic which impacted the business activities around the globe. The Company is also facing since long time the dumping of the Chinese inferior Seamless Tubular products in Pakistan. The fluctuating prices of raw material globally has widened the price risk with the local customers. The large contracts with gas companies provides no provision for price variation resulting huge losses. Due to lower liquidity position of money market, the lenders strategy have been impacted to extend financing facilities for high value commercial activities. The Management of the company has strategically dropped the manufacturing activities and has focused on consolidation of resources for long term sustainability. Therefore the production capacity recorded lower during 2021.

The Management of the Company has extended their support to meet the Company's financial needs in form of subordinated loan. The loss for the year is Rs 105.8 million mainly due to the reason that company already operated at the lowest level of sales and was not able to reach the break-even sales and production targets as explained.

Cost Analysis

Rs. In million



Production

The production of seamless tubular products during the year was 800 Metric Tons as compared to 747 Metric Tons in the last year. On the other hand our Revenue segment Coating Plant which produced 4826 Metric Tons as compared to 4,750 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's earnings per share have gone down below zero due to worst business conditions due to Covid-19 pandemic scenario during the year. The earnings per share during the year is Rs. (1.91) per share. The LBITDA (Loss before Interest, Tax, Depreciation and Amortization) is Rs. (135.3) million as the reasons mentioned above.

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 34 to the accounts.

Capital Expenditures

Considering the depressed business conditions due to global pandemic, the Company has not incurred any capital expenditures.

The Company has focused to re-evaluate the business condition at frequent intervals specially the pandemic effects on global business.

Statement of Internal Controls

The system of internal control is based on an on-going 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

Company's employees are most valued assets for the Company. 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 are committed to engage skilled & non-skilled workers from surrounding areas, 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 already been completed Directors' Training Program required by the Code whereas other seven directors possess experience of more than 16 years on the board of a listed company and education of more than 15 years. Therefore, they are exempted from the directors' training program as per Code of Corporate Governance.

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 the already stated conditions especially Covid-19 and threat from Chinese steel industry, the Company is not in profit during the reported period. Therefore the directors of the Company have not considered any pay-out to shareholders which would help the Management of the Company towards future betterment.
- 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. 98.2 million.
- 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		
	4	2	1
Mr.TalalMohamed Y.Najibi (UAE)	—	—	—
Mr. Nabil Abdul Rahman Ahmad Arif (UAE)	—	—	—
Mr. Fahad Abdul Aziz Eshaq (UAE)	—	—	—
Mr. Muhammad Hafiz (UK)	4	2	1
Mr. Arshad Ahmed (UK)	—	—	—
Hafiz Abdul Waheed	—	—	—
Hafiz Abdul Sami	—	—	—
Hafiz Abdul Aleem	—	—	—
Hafiz Abdul Majid	4	—	1
Hafiz Abdul Haseeb	4	—	1
Mr. NasirMahmood (Ind-Director)	—	—	—
Mr. Asghar Imam Khalid (Ind-Director)	4	2	1
M/s Javeria Sami (Female Director)	3	—	—

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 2021, 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:

The Company, under the name of M/s. HPY Coating (Pvt.) Limited, had been incorporated in May 2017. The Company (Huffaz) with its partner M/s. Jinangsu Pu Yuan Steel Pipe Industry Company Limited ("Pu Yuan") decided to enter into a JV agreement in 2017-18 for setting up a project for providing Polyethylene Coating Services to its prospective customers. The ownership of M/s. HPY was on the basis of a 55% shares to M/s. Huffaz and 45% shareholding to M/s. PuYuan 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.

The Current status of M/s. HPY is that the subject JV agreement has not been executed / implemented due to non-performance of "Pu Yuan". Therefore corporate & legal requirements regarding transfer of assets and issuance of shares to both parties not completed till date. The Directors of the Company (Huffaz) have the view to reverse the transaction in next financial results.

Future Outlook and Challenges

Due to several constraints attached with the Company, the Directors of the Company has assessed the internal and external factors relating to management of the Company. The Board has also assessed the national economy constraints including devaluation of local currency and non-availability of financial support from financial institutions. The Board has taken the strategic view of the financial & commercial aspects of the Company and decided to reduce the operations / production of the Company for the time being. Such strategy would support the Company to focusing on concentration of resources. The Management of the Company has also decided to increase its strength by enhancing business relations with major market players to share the resources. The stated strategy would support to concentrate the upcoming projects which may revive the Company's financial position. Such business opportunities are explained below:

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 Gawadar-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 (mmcfd) 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 Gawadar pipeline would be enhanced up to 1,500 mmcfd 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 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 year, with increase in demand for line pipe coatings. We are hopeful that the business activity will boost up.

The Company's management is optimistic to improve the capacity utilization of its existing operations in times to come. Concentration of resources efforts include internal operational efficiencies by rationalization of the processes for improved quality and reduction of 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 towards Company's objective 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, May 13, 2023

ڈائریکٹرز رپورٹ برائے ممبران

معزز حصص داران

حفاظ سیم لیس پائپ انڈسٹریز لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کی سالانہ آڈٹ شدہ مالیاتی گوشواروں اور اس کے ساتھ آڈیٹرز کی رپورٹ کمپنی کی 38 ویں سالانہ اجلاس میں رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔

معیشت کا جائزہ

اگرچہ COVID-19 نے پاکستان کی معیشت سمیت عالمی معیشت کو بری طرح متاثر کیا ہے جس کی نشاندہی گزشتہ سال یعنی 20 جون کے آخر میں جی ڈی پی کی شرح نمو 0.47٪ سے ہوتی ہے۔ 2020-2021 کے دوران COVID-19 کے حوالے سے حکومتی حکمت عملی نتیجہ خیز رہی۔ اس طرح کی حکمت عملیوں میں سمارٹ لاک ڈاؤن، عوامی آگاہی کے پروگرام اور انفیکشن کی بیماریوں کے علاج کے لیے مقامی علاج کا استعمال شامل تھا۔ پاکستانی معیشت نے لچک کا مظاہرہ کیا ہے، معیشت کی بحالی کے اشارے ہیں، جو پہلے کے تخمینوں کو پیچھے چھوڑ کر 3.9 فیصد کی حقیقی جی ڈی پی نمو کی عکاسی کرتے ہیں۔ صنعتی پیداوار نے کچھ ریکوری ظاہر کی ہے، جیسا کہ 2021 کے دوران بڑے پیمانے پر مینوفیکچرنگ (LSM) انڈیکس میں 14.9% اضافے سے ظاہر ہوتا ہے جیسا کہ اسی سال میں 10.2% کی کمی کے مقابلے میں۔ معیشت کے تقریباً تمام شعبوں نے COVID-19 کے باوجود بحالی کا مشاہدہ کیا۔ نتیجتاً مہنگائی سال کے آخر میں 9.7 فیصد تک گر گئی۔ خوراک کی قیمتوں کو معمول پر لانے کے نتیجے میں، وبائی امراض کے اثرات پر قابو پانے کے لیے COVID-19 کی جانب حکمت عملی، کسی حد تک پیٹرولیم مصنوعات کی قیمتوں میں اضافے سے پوری ہوتی ہے۔ مالی سال 2021 میں اوسط افراط زر SBP کی 7.0% - 9.0% کی متوقع حد کے زیادہ اختتام پر 8.9% تھی، لیکن مالی سال 2020 میں ریکارڈ کی گئی 10.7% سے کم ہے۔

پالیسی کی شرح مئی 2020 سے ستمبر 2021 تک 7.0 پر برقرار رہی، تاہم اسٹیٹ بینک آف پاکستان نے اپنی حالیہ مانیٹری پالیسی کے ذریعے رعایتی شرح میں 25 بیسس پوائنٹ کا اضافہ کیا۔ بیرونی محاذ پر استحکام کی وجہ سے ایف ایکس کے ذخائر میں اضافہ ہوا ہے جو جون 2021 کے آخر تک بڑھ کر 23.3 بلین امریکی ڈالر تک پہنچ گیا ہے۔ اسٹرکچرڈ میڈیم ٹرم نوٹ (MTN) پروگرام کے ذریعے بین الاقوامی بانڈ مارکیٹوں نے ذخائر کی پوزیشن کو مدد فراہم کی ہے۔ روپیہ مالی سال کے اختتام کی طرف دباؤ میں آیا، پچھلی سہ ماہی میں حاصل کردہ فوائد کو تبدیل کرتے ہوئے اور USD کے مقابلے میں 10% سے زیادہ کی کمی واقع ہوئی۔

معیشت کی بحالی کو SBP روزگار سکیم کی توسیع کے ساتھ ساتھ نئی سکیم جیسے کہ عارضی اکنامکس ری فنانس فیسیلیٹی (TERF) کے ذریعے بھی مدد ملتی ہے۔ حکومت کی جانب سے نیا پاکستان ہاؤسنگ اسکیم کا تعارف معیشت کو بحال کرنے کے لیے ایک اور معاون ثابت ہوا۔

کرنٹ اکاؤنٹ خسارہ جی ڈی پی کا صرف 0.6 فیصد رہ گیا جو 10 سالوں میں سب سے کم کرنٹ اکاؤنٹ خسارہ ہے۔ تاہم، آنے والے مہینوں میں ملکی سرگرمیوں میں اضافے کے ساتھ ساتھ درآمدی ادائیگیوں میں موسمی تبدیلی، اشیاء کی عالمی قیمتوں میں اضافے، ویکسین کی درآمد اور سرمایہ کاری میں بہتری کے نتیجے میں کیپٹل گڈز کی درآمد کی وجہ سے کرنٹ اکاؤنٹ خسارہ مزید بڑھنے کی توقع ہے۔

اسٹیل انڈسٹری کا جائزہ

اس سال کے دوران اسٹیل کی عالمی قیمتیں ریکارڈ بلند ترین سطح پر رہیں۔ کٹا ہوا سکریپ کی قیمتیں جولائی 2020 میں 263$ فی MT سے جون 2021 میں 508$ فی MT تک بڑھ گئیں۔ بنیادی طور پر سپلائی کی رکاوٹ کی وجہ سے لوہے کی قیمتیں سال کے آغاز میں 3.50 گنا اضافے سے 225$ فی MT تک پہنچ گئیں۔ چینی حکومت کی جانب سے اسٹیل کی صنعت کو فراہم کردہ 13.50 فیصد برآمدی چھوٹ واپس لینے کے بعد قیمتوں میں اضافہ دیکھا گیا۔ ماحولیاتی خدشات کے ساتھ پلانٹس کو بند کرنے کی حکومتی پالیسی کے نتیجے میں اسٹیل کی صنعت چین میں پیداوار میں کمی دیکھ سکتی ہے۔

عالمی خام سٹیل کی پیداوار میں سال کے دوران 1.96 بلین میٹرک ٹن سٹیل کی پیداواری سطح پر 9 فیصد کا نمایاں اضافہ ہوا جو پچھلے سال کے 1.8 بلین میٹرک ٹن سٹیل تھا۔ چین سٹیل کی عالمی پیداوار کا 57 فیصد پیدا کرکے اسٹیل کی پیداوار میں سرفہرست ہے۔

ترقی پذیر معیشتیں ابھی بھی COVID-19 سے صحت یاب ہونے کے لیے جدوجہد کر رہی ہیں جس کی وجہ ناکافی طبّی صلاحیت، سیاحت اور اجناس کی قیمتوں میں کمی اور ناکافی مالی امداد ہے۔

جی ڈی پی کی شرح نمو کے لحاظ سے، پاکستان کی معیشت نے 2021 میں بحالی کے آثار دکھائے ہیں۔ اسٹیٹ بینک آف پاکستان کے مطابق، مالی سال 2021-22 میں ملک کی جی ڈی پی میں 0.5 فیصد کی کمی سے 3.9 فیصد اضافے کی توقع ہے۔ پچھلے مالی سال. یہ ترقی زراعت اور مینوفیکچرنگ کے شعبوں سے ہوتی ہے، جنہوں نے مضبوط کارکردگی دکھائی ہے۔

پاکستان کا زرعی شعبہ 2021 میں معیشت میں ایک روشن مقام رہا ہے، حکومت کی توجہ زرعی پیداوار کو بہتر بنانے اور برآمدات بڑھانے پر مرکوز ہے۔ ملک نے گندم، چاول اور گنے کی ریکارڈ توڑ پیداوار دیکھی ہے، اور حکومت نے پھلوں اور سبزیوں جیسی اعلیٰ قیمت والی فصلوں کی پیداوار بڑھانے کے منصوبوں کا اعلان کیا ہے۔

صنعتی شعبے، خاص طور پر ٹیکسٹائل اور تعمیراتی صنعتوں میں حکومت کی پالیسیوں کی مدد سے مینوفیکچرنگ سیکٹر نے بھی وبائی مرض کے مقابلہ میں لچک کا مظاہرہ کیا ہے۔ تعمیراتی شعبے کو، خاص طور پر، حکومت کی کم لاگت ہاؤسنگ اسکیم سے نمایاں فروغ حاصل ہوا ہے، جس نے روزگار کے مواقع پیدا کیے ہیں اور تعمیراتی سامان کی طلب میں اضافہ کیا ہے۔

تاہم، پاکستان کی معیشت کو اب بھی کئی چیلنجز کا سامنا ہے، جن میں افراط زر، قرضوں کی بڑھتی ہوئی سطح اور ایک بڑی غیر رسمی معیشت شامل ہیں۔ حکومت نے ان چیلنجوں سے نمٹنے کے لیے متعدد اقدامات متعارف کرائے ہیں، جن میں ٹیکس اصلاحات اور معیشت کو باضابطہ بنانے کے لیے کوششیں شامل ہیں۔

آپریٹنگ کارکردگی

کمپنی کی آپریٹنگ کارکردگی ذیل میں دکھائی گئی ہے:

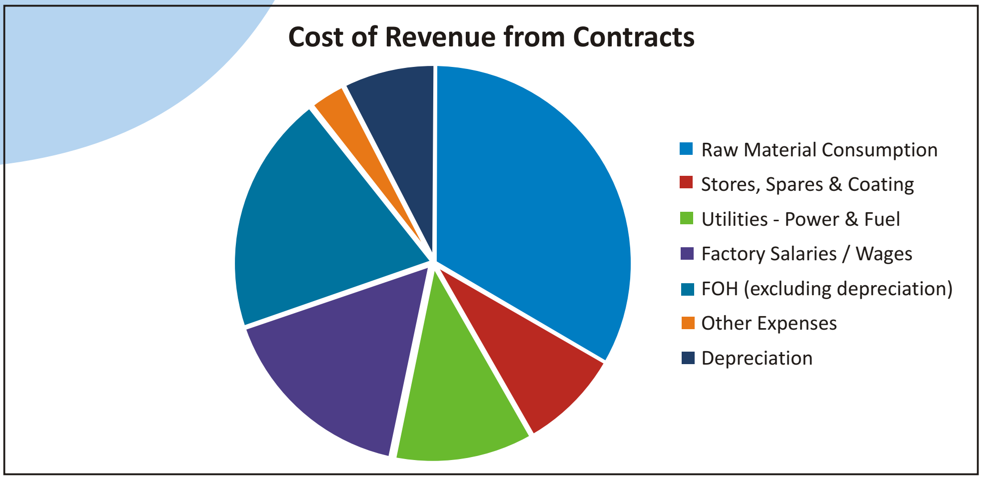
	30 جون 2021	30 جون 2020	فرق روپے میں	فرق فیصد میں
	روپے 000 میں			
خالص فروخت	**97.2**	341.6	(244.4)	-72%
قیمت فروخت	**(166.6)**	(268.2)	101.6	-38%
مجموعی منافع	**(69.359)**	73.4	(142.8)	-194%
فروخت اور تقسیم کے اخراجات	**(7.2)**	(16.8)	9.6	-57%
انتظامی اخراجات	**(27.0)**	(41.8)	68.8	-165%
	(34.2)	(58.6)	24.4	-42%
	103.566	14.8	(118.4)	-800%
دیگر آپریٹنگ اخراجات	**0.0**	(3.8)	3.8	-100%
دیگر آمدنی	**5.3**	13.1	(7.8)	-60%
	(98.281)	24.1	(122.4)	-508%
فنانس کی قیمت	**(37.0)**	(33.6)	(3.4)	10%
ٹیکس سے پہلے کا منافع	**(135.3)**	(9.5)	(125.8)	1324%
ٹیکس	**29.4**	3.4	26.0	766%
ٹیکس کے بعد کا منافع	**(105.8)**	(6.1)	(99.7)	1635%

کمپنی کی خالص فروخت Rs. 97.2 ملین روپے کی گزشتہ سال کی فروخت سے 72 فیصد کم ہیں۔ 341.6 ملین زیر جائزہ مدت COVID-19 وبائی بیماری کی وجہ سے افسردہ تھی جس نے پوری دنیا میں کاروباری سرگرمیاں متاثر کیں۔ کمپنی کو طویل عرصے سے چینی کمتر سیملیس ٹیوبلر مصنوعات کی پاکستان میں ڈمپنگ کا بھی سامنا ہے۔ عالمی سطح پر خام مال کی قیمتوں میں اتار چڑھاؤ نے مقامی صارفین کے ساتھ قیمتوں کا خطرہ بڑھادیا ہے۔ گیس کمپنیوں کے ساتھ بڑے معاہدوں میں قیمتوں میں تبدیلی کا کوئی بندوبست نہیں ہوتا جس کے نتیجے میں بھاری نقصان ہوتا ہے۔ کرنسی مارکیٹ کی کم لیکویڈیٹی پوزیشن کی وجہ سے، قرض دہندگان کی حکمت عملی پر اثر پڑا ہے کہ وہ اعلیٰ قدر کی تجارتی سرگرمیوں کے لیے فنانسنگ کی سہولتوں میں توسیع کرے۔ کمپنی کی انتظامیہ نے مینوفیکچرنگ کی سرگرمیوں کو حکمت عملی کے ساتھ چھوڑ دیا ہے اور طویل مدتی پائیداری کے لیے وسائل کے استحکام پر توجہ مرکوز کی ہے۔ لہذا 2021 کے دوران پیداواری صلاحیت کم ریکارڈ کی گئی۔

کمپنی کی انتظامیہ نے ماتحت قرض کی صورت میں کمپنی کی مالی ضروریات کو پورا کرنے کے لیے اپنا تعاون بڑھایا ہے۔ سال کا خسارہ 105.8 ملین روپے ہے بنیادی طور پر اس وجہ سے کہ کمپنی پہلے ہی فروخت کی کم ترین سطح پر کام کر رہی تھی اور وضاحت کے مطابق فروخت اور پیداوار کے اہداف تک پہنچنے کے قابل نہیں تھی۔

Cost Analysis

Rs. In million



پیداوار

سال کے دوران سیملیس ٹیوبلر مصنوعات کی پیداوار گزشتہ سال 747 میٹرک ٹن کے مقابلے 800 میٹرک ٹن رہی۔ دوسری طرف ہمارا ریونیو سیگمنٹ کوٹنگ پلانٹ جس نے گزشتہ سال 4,750 میٹرک ٹن کے مقابلے 4826 میٹرک ٹن پیدا کیا۔ مستقبل میں، اس کی پیداوار میں تیزی سے اضافے کی توقع ہے جو کمپنی کے لیے ایک آزاد کیش پیدا کرنے والے حصے کے طور پر کام کرے گی۔

فی شیئر آمدنی

کمپنی کی فی حصص آمدنی سال کے دوران کووڈ-19 وبائی صورتحال کی وجہ سے بدترین کاروباری حالات کی وجہ سے صفر سے نیچے چلی گئی ہے۔ سال کے دوران فی حصص آمدنی روپے ہے۔ (1.91) فی شیئر۔ LBITDA (سود، ٹیکس، فرسودگی اور امورٹائزیشن سے پہلے نقصان) روپے ہے۔ (135.3) ملین مذکورہ وجوہات کے طور پر۔

ڈائریکٹرز کو معاوضہ

ایگزیکٹو ڈائریکٹرز کو بورڈ آف ڈائریکٹرز کی منظوری کے مطابق معاوضہ ادا کیا گیا اور معاوضے کی تفصیلات اکاؤنٹس کے نوٹ 34 میں موجود ہیں۔

سرمائے کے اخراجات

عالمی وبائی امراض کی وجہ سے کاروباری حالات کو مدنظر رکھتے ہوئے، کمپنی نے کوئی سرمایہ خرچ نہیں کیا ہے۔ کمپنی نے وقفے وقفے سے کاروباری حالت کا از سر نو جائزہ لینے پر توجہ مرکوز کی ہے خاص طور پر عالمی کاروبار پر وبائی اثرات۔

اندرونی کنٹرول کا بیان

اندرونی کنٹرول کا نظام ایک جاری عمل پر مبنی ہے جو کمپنی کی پالیسیوں، اہداف اور مقاصد کی کامیابیوں کے لیے بنیادی خطرات کی نشاندہی کرنے کے لیے ڈیزائن کیا گیا ہے تاکہ ان خطرات کی نوعیت اور حد کا جائزہ لیا جا سکے اور ان کا موثر، مؤثر اور اقتصادی طور پر انتظام کیا جا سکے۔ انتظامیہ مناسب اندرونی کنٹرول اور طریقہ کار کے قیام اور برقرار رکھنے کی ذمہ داری قبول کرتی ہے جبکہ بورڈ آف ڈائریکٹرز بالآخر اندرونی کنٹرول کے نظام کے لیے ذمہ دار ہوتا ہے۔ اس سلسلے میں کمپنی کے پاس دستاویزی طریقہ کار اور دستور العمل ہیں، جو کسی بھی لین دین کے دوران لاگو ہونے والے داخلی کنٹرول کو شامل کرتے ہیں۔ ان طریقہ کار پر نظر ثانی کی جاتی ہے اور ضرورت پڑنے پر اسے اپ ڈیٹ کیا جاتا ہے۔

بورڈ آف ڈائریکٹرز نے ایک مؤثر اندرونی آڈٹ فنکشن ترتیب دیا ہے اور اس میں شامل افراد اس مقصد کے لیے موزوں اور تجربہ کار ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے بخوبی واقف ہیں۔

اندرونی کنٹرول کا نظام کمپنی کی پالیسیوں، مقاصد اور مقاصد کو حاصل کرنے میں ناکامی کے خطرے کو منظم کرنے کے لیے ڈیزائن کیا گیا ہے۔ لہذا، یہ صرف مادی غلط بیانیوں یا نقصان کے خلاف معقول اور کوئی مکمل یقین دہانی فراہم نہیں کر سکتا۔ کمپنی کے ذریعہ داخلی کنٹرول کے نظام کو مناسب اور مناسب سمجھا جاتا ہے اور اسے مؤثر طریقے سے لاگو کیا جاتا ہے اور اس کی نگرانی کی جاتی ہے۔

رسک مینجمنٹ فریم ورک

کمپنی کی تمام سرگرمیوں میں خطرات کا مجموعہ شامل ہے۔ سب سے اہم خطرے کے زمرے جن کا کمپنی کو سامنا ہے وہ ہیں لیکویڈیٹی رسک، مارکیٹ رسک اور آپریشنل رسک۔ ہر سطح پر خطرے کے موثر انتظام کے لیے اچھی طرح سے قائم شدہ رسک گورننس تیار کی گئی ہے۔ کمپنی کے تمام افسران کی ذمہ داری ہے کہ وہ اپنی تفویض کردہ ذمہ داریوں کے دائرہ کار میں خطرے کی شناخت، تشخیص، تخفیف اور انتظام کریں۔

حفاظت، صحت، ماحول اور معیار

کمپنی کی انتظامیہ حفاظت، صحت اور معیار کے لیے پرعزم ہے اور اپنی پوزیشن کو برقرار رکھنے کے لیے ایک ماحول دوست کمپنی ہے۔ یہ اس کمیونٹی کا بہت خیال رکھتا ہے جس میں یہ کام کرتا ہے۔ ماحولیاتی بہتری اور قدرتی وسائل کا تحفظ کمپنی کی پالیسیوں اور کارروائیوں کا حصہ ہیں۔ اس سلسلے میں کمپنی بین الاقوامی سرٹیفیکیشن ایجنسیوں سے ISO 9001:2000، API Q1، API 5L، API 5CT، ISO 9001:2008، OHSAS 18001:2007، ISO 14001:2004 اور PED جرمنی کے سرٹیفیکیشنز کا انعقاد جاری رکھے ہوئے ہے، جو کہ ایک ہے۔ حفاظت، صحت، ماحولیات اور معیار سے وابستگی کا ثبوت۔

انسانی وسائل

کمپنی کے ملازمین کمپنی کے لیے سب سے قیمتی اثاثے ہیں۔ انتظامیہ ٹیم ورک کی حوصلہ افزائی کرتی ہے اور کارکردگی پر مرکوز ثقافت کو فروغ دینے کے لیے زیادہ سے زیادہ صلاحیت کے حصول کی حوصلہ افزائی کرتی ہے۔ اس لیے ہماری انسانی وسائل کی حکمت عملی کا فوکس اپنے کاروباری اہداف کو حاصل کرنے کے لیے دانشورانہ سرمائے کو تیار کرنا اور اس کی ترتیب دینا ہے۔ ہمارا ہائرنگ سسٹم تنوع، ہنر اور اختراعی نقطہ نظر پر زور دیتا ہے۔ ہم ہر سطح پر مسلسل بہتری کی حوصلہ افزائی کرتے ہیں اور ملازمین کو بلا امتیاز ترقی کے مواقع فراہم کرتے ہیں۔

مزید برآں، ایک ملازم کے ضابطہ اخلاق کو حتمی شکل دے دی گئی ہے اور اسے پوری تنظیم میں پھیلا دیا گیا ہے اور کوڈ آف کارپوریٹ گورننس 2017 کی ضرورت کے مطابق کمپنی کی آفیشل ویب سائٹ پر بھی رکھ دیا گیا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی کی انتظامیہ اس بات پر پختہ یقین رکھتی ہے کہ ہر کاروباری ادارے کو ایک بہتر اور خوشحال قوم کے لیے اپنے ارد گرد کی کمیونٹیز کی فلاح و بہبود میں اپنا حصہ ڈالنے کی ضرورت ہے۔ اس سلسلے میں ہم آس پاس کے علاقوں، دیہی اور پسماندہ کمیونٹیز کے ہنر مند اور غیر ہنر مند کارکنوں کو شامل کرنے کے لیے پرعزم ہیں۔ مزید یہ کہ ہم نے اپنی فیکٹری کے احاطے میں عملے کی رہائش گاہ، ایک ہسپتال اور ایک اسکول تعمیر کیا ہے۔ ہم نے وہاں ایک مستقل مسجد اور پینے کے صاف پانی کے لیے ایک پلانٹ بھی قائم کیا ہے تاکہ نہ صرف اپنے عملے بلکہ نوری آباد کے غریب لوگوں کی سہولت ہو۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز M/s. H.A.M.D. & Co., Chartered Accountants، ریٹائر ہو چکے ہیں اور خود کو دوبارہ تقرری کے لیے پیش کر رہے ہیں۔ آڈٹ کمیٹی نے بھی یہی سفارش کی ہے۔

ڈائریکٹرز کی تربیتی پروگرام میں شرکت

بورڈ کو تفصیلی اندرون خانہ بریفنگ اور معلوماتی پیکج فراہم کیا گیا ہے تاکہ وہ کوڈ آف کارپوریٹ گورننس، قابل اطلاق قوانین، ان کے فرائض اور ذمہ داریوں سے واقف کر سکیں تاکہ وہ حصص یافتگان کے لیے اور ان کی جانب سے کمپنی کے معاملات کو مؤثر طریقے سے منظم کر سکیں۔ پانچ ڈائریکٹرز پہلے ہی کوڈ کے تحت مطلوبہ ڈائریکٹرز ٹریننگ پروگرام مکمل کر چکے ہیں جبکہ دیگر سات ڈائریکٹرز لسٹڈ کمپنی کے بورڈ میں 16 سال سے زیادہ کا تجربہ اور 15 سال سے زیادہ کی تعلیم کے حامل ہیں۔ لہذا، انہیں کوڈ آف کارپوریٹ گورننس کے مطابق ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ ہے۔

ایگزیکٹو کی تعریف

کوڈ آف کارپوریٹ گورننس 2017 کی ضرورت کے مطابق، BOD نے ایگزیکٹو کی تعریف کے لیے 1.2 ملین روپے (یعنی مجموعی تنخواہ ایک لاکھ ماہانہ سے کم نہیں) کی حد مقرر کی ہے۔ اب ہماری کمپنی کے لیے ایگزیکٹو کا مطلب ہے CEO، CFO، کمپنی سیکرٹری اور کمپنی کے دیگر ملازمین جن کی مجموعی تنخواہ 1,200,000 روپے سالانہ سے زیادہ ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس کے لیے پر عزم ہے اور کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں کی ضروریات کی تعمیل کرتی ہے جیسا کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ضرورت ہے۔ بورڈ کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے سلسلے میں اپنی ذمہ داری کو تسلیم کرتا ہے اور اس طرح کہتا ہے کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
- کمپنی کی طرف سے اکاؤنٹس کی مناسب کتابیں رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی روانگی کا مناسب طور پر انکشاف کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔
- پہلے سے بیان کردہ حالات خاص طور پر CoVID-19 اور چینی اسٹیل انڈسٹری کے خطرے کی وجہ سے، کمپنی رپورٹ شدہ مدت کے دوران منافع میں نہیں ہے۔ اس لیے کمپنی کے ڈائریکٹرز نے شیئر ہولڈرز کو کسی بھی ادائیگی پر غور نہیں کیا جس سے کمپنی کی انتظامیہ کو مستقبل کی بہتری میں مدد ملے۔
- کمپنی کے پچھلے دس سالوں کے اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
- سال کے اختتام پر نان فنڈڈ اسٹاف گریجویٹی کی قیمت روپے تھی۔ 98.2 ملین
- زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کی پانچ میٹنگیں ہوئیں۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

	بورڈ کا اجلاس	آڈٹ کمیٹی	انسانی وسائل اور معاوضہ کمیٹی
	سال کے دوران منعقد ہونے والے اجلاسوں کی تعداد		
	4	2	1
مسٹر طلال محمد نجیبی (یو۔اے۔ای)	–	–	–
مسٹر نبیل عبدالرحمٰن احمد عارف (یو۔اے۔ای)	–	–	–
مسٹر فہد عبدالعزیز اسحاق (یو۔اے۔ای)	–	–	–
مسٹر محمد حافظ (یو۔کے)	4	2	1
جناب ارشاد احمد (یو۔کے)	–	–	–
حافظ عبدالوحید	–	–	–
حافظ عبدالسمیع	–	–	–
حافظ عبدالعلیم	–	–	–
حافظ عبدالماجد	4	–	1
حافظ عبدالحسیب	4	–	1
مسٹر ناصر محمود (آزاد ڈائریکٹر)	–	–	–
جناب اصغر امام خالد (آزاد ڈائریکٹر)	4	2	1
مسز جویریہ سمیع خواتین ڈائریکٹر	3	–	–

غیر حاضری کی چھٹی ان ڈائریکٹرز کو دی گئی جو بورڈ کے کچھ اجلاسوں میں شرکت نہیں کر سکے۔

شیئر ہولڈنگ کانمونہ

30جون 2021تک شیئر ہولڈرز کی مخصوص کلاسوں کے شیئر ہولڈنگ کے پیٹرن کا بیان، جس کاانکشاف رپورٹنگ فریم ورک کے تحت ضروری ہے، رپورٹ میں شامل ہے۔
ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات یا نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی تجارت نہیں کی، سوائے اس کے کہ شیئر ہولڈنگ کے انداز میں ظاہر کیا گیا ہو۔

چینی کمپنی کے ساتھ جوائنٹ وینچر کا معاہدہ:

مئی 2017میں میسرز ایچ پی وائی کوٹنگ (پرائیویٹ) لمیٹڈ نام سے کمپنی کو شامل کیا گیا۔ کمپنی (Huffaz) نے اپنے پارٹنر میسرز Jinangsu Pu Yuan اسٹیل پائپ انڈسٹری کمپنی لمیٹڈ کے ساتھ ("Pu Yuan") نے اپنے ممکنہ صارفین کو Polyethylene Coating Services فراہم کرنے کے لیے ایک پروجیکٹ قائم کرنے کے لیے 2017-18 میں جوائنٹ وینچر معاہدہ کرنے کا فیصلہ کیا۔ HPY M/s کی ملکیت 55% حصص حفاظ اور 45% شیئر ہولڈنگ میسرز Pu Yuan کی بنیاد پر تمام ضروری کارپوریٹ اور ریگولیٹری منظوری سے مشروط پروجیکٹ کے آلات کی منتقلی بورڈ آف ڈائریکٹرز کی سفارش کے مطابق ہوئی ۔

M/s HPY کی موجودہ حیثیت یہ ہے کہ JV معاہدہ "PuYuan" کی عدم کارکردگی کی وجہ سے عمل میں نہیں آیا ہے۔ اس لیے دونوں فریقوں کو اثاثوں کی منتقلی اور حصص کے اجراء سے متعلق کارپوریٹ اور قانونی تقاضے آج تک مکمل نہیں ہوئے۔ کمپنی کے ڈائریکٹرز (حفاز) کا خیال ہے کہ اگلے مالیاتی نتائج میں لین دین کو تبدیل کر دیں۔

مستقبل کا آؤٹ لک اور چیلنجز

کمپنی کے ساتھ منسلک کئی رکاوٹوں کی وجہ سے، کمپنی کے ڈائریکٹرز نے کمپنی کے انتظام سے متعلق اندرونی اور بیرونی عوامل کا اندازہ لگایا ہے۔ بورڈ نے قومی معیشت کی رکاوٹوں کا بھی جائزہ لیا ہے جس میں مقامی کرنسی کی قدر میں کمی اور مالیاتی اداروں سے مالی امداد کی عدم دستیابی شامل ہے۔ بورڈ نے کمپنی کے مالیاتی اور تجارتی پہلوؤں کا تزویراتی نظریہ لیا ہے اور فی الحال کمپنی کے آپریشنز/پیداوار کو کم کرنے کا فیصلہ کیا ہے۔ اس طرح کی حکمت عملی کمپنی کو وسائل کے ارتکاز پر توجہ مرکوز کرنے میں مدد دے گی۔ کمپنی کی انتظامیہ نے وسائل کا اشتراک کرنے کے لیے مارکیٹ کے بڑے کھلاڑیوں کے ساتھ کاروباری تعلقات بڑھا کر اپنی طاقت بڑھانے کا بھی فیصلہ کیا ہے۔ بیان کردہ حکمت عملی آنے والے منصوبوں پر توجہ مرکوز کرنے میں مدد کرے گی جو کمپنی کی مالی حالت کو بحال کر سکتے ہیں۔ اس طرح کے کاروباری مواقع ذیل میں بیان کیے گئے ہیں:

پٹرولیم ڈویژن توانائی کی قلت کو دور کرنے کے لیے اربوں ڈالر کے متروک گیس پائپ لائن منصوبوں کو بحال کرنے کے لیے ایک مربوط حکمت عملی کے لیے حکومت سے منظوری لینے جا رہا ہے۔ ملک میں توانائی کی حفاظت کو یقینی بنانے کے لیے پیٹرولیم ڈویژن کو پرانے گیس پائپ لائن منصوبوں کی قسمت کا فیصلہ کرنے کے لیے دو پیش کرنے کا فیصلہ کیا گیا تھا۔

پہلے آپشن کے تحت پٹرولیم ڈویژن گیس کی درآمد اور انفراسٹرکچر کے لیے مربوط حکمت عملی کے تحت گوادر-نواب شاہ ایل این جی ٹرمینل اور پائپ لائن منصوبے کو بحال کرنا چاہتا ہے۔ یہ منصوبہ بنیادی ڈھانچہ اور مائع قدرتی گیس (LNG) کی فراہمی فراہم کرے گا۔ خلیجی ملک سے گیس کی خریداری کے لیے مستقبل میں اسے ایرانی سرحد تک بھی بڑھایا جا سکتا ہے۔ معیشت کو تباہی سے بچانے کے لیے گیس پائپ لائنز ضروری ہیں۔ پاکستان اور روس کے درمیان 10 بلین ڈالر کا آف شور پائپ لائن معاہدہ طے پا جائے گا۔ ای سی سی کی جانب سے منظور شدہ نظرثانی شدہ حکمت عملی کے تحت، یہ منصوبہ بنایا گیا تھا کہ پائپ لائن پہلے مرحلے میں 600 ملین مکعب فٹ ری گیسیفائیڈ ایل این جی (ملین کیوبک فٹ روزانہ (mmcfd) تک لے جائے گی اور اسے نواب شاہ میں نارتھ ساؤتھ گیس پائپ لائن سے منسلک کیا جائے گا۔ قصور کے قریب سوئی ناردرن گیس پائپ لائن کے نیٹ ورک کو آگے کی فراہمی کے لیے۔ دوسرے مرحلے میں گوادر پائپ لائن کی گیس کی ترسیل کی صلاحیت 1500 ایم ایم سی ایف ڈی تک بڑھ جائے گی، اگر یہ ایرانی گیس دستیاب ہو جاتی ہے۔

دوسرے آپشن کے تحت، پیٹرولیم ڈویژن نارتھ-ساؤتھ گیس پائپ لائن منصوبے کی فیز وار صلاحیت کے استعمال کے لیے منظوری طلب کرے گا، اگر اسے اسٹینڈ اسٹون پروجیکٹ سمجھا جاتا ہے، جو تیسرے کے تحت کراچی بندرگاہ پر آنے والے نجی شعبے کے ایل این جی ٹرمینلز سے منسلک ہوگا۔-پارٹی تک رسائی کے قواعد۔

ہم آنے والے سالوں کے لیے ایک پرامید نقطہ نظر ہے۔ ہماری مصنوعات کی مقامی مانگ میں اضافے کی توقع ہے کیونکہ حکومت گیس کی سپلائی کو بڑھانے کا ارادہ رکھتی ہے خواہ وسط ایشیا سے پاکستان اور بھارت تک TAPI گیس پائپ لائن کے ذریعے ہو یا تھر کے کوئلے کے ذریعے ہو یا مائع قدرتی گیس ["LNG"] درآمد کرنا ہو 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 بیڑا اٹھایا ہے جس کی تخمینہ لاگت 64.9 بلین روپے ہے۔ اس کے ساتھ ساتھ گوادر-نواب شاہ ایل این جی پائپ لائن منصوبے (700 کلومیٹر) کی جگہ درآمد شدہ ایل این جی کے ساتھ ساتھ دیسی گیس دونوں کی فراہمی کے لیے ایران-پاکستان ("IP") گیس پائپ لائن منصوبے کی تلاش ہے۔ آئی پی پائپ لائن ایران کے ساؤتھ فیلڈ سے شروع ہو کر نواب شاہ پر ختم ہوگی جس کا کل فاصلہ 1931 کلومیٹر ہے جس میں سے تقریباً 781 کلومیٹر کا فاصلہ پاکستان کے حصے میں آئے گا۔ اس کے علاوہ چین نے پاکستان کے آئل اینڈ گیس سیکشن میں سرمایہ کاری کرنے پر رضامندی ظاہر کی ہے اور او ڈی جی سی ایل کے ساتھ اس شعبے میں پاکستان آنے اور ملک کے گیس کے ذخائر کی کھدائی اور ترقی میں اربوں کی سرمایہ کاری کرنے کا معاہدہ کیا ہے۔

کمپنی کو امید ہے کہ لائن پائپ کوٹنگز کی مانگ میں اضافے کے ساتھ، اگلے سال میں ہموار پائپوں کی مانگ میں بتدریج اضافہ ہوگا۔ ہمیں امید ہے کہ کاروباری سرگرمیوں کو فروغ ملے گا۔

کمپنی کی انتظامیہ آنے والے وقتوں میں اپنے موجودہ آپریشنز کی صلاحیت کے استعمال کو بہتر بنانے کے لیے پرامید ہے۔ وسائل کی کوششوں کے ارتکاز میں بہتر معیار اور کاروبار کرنے کی لاگت کو کم کرنے کے عمل کو معقول بنا کر اندرونی آپریشنل افادیت شامل ہے۔

متعلقین

ہمارے طویل مدتی مقاصد کو پورا کرنے کے لیے صارفین کی اطمینان ہمارے لیے بہت ضروری ہے۔ ہم اپنے صارفین کے تعاون کے لیے ان کا شکریہ ادا کرنا چاہیں گے اور ان کی مسلسل سرپرستی کے منتظر ہیں۔

ہم مالیاتی اداروں اور حصص یافتگان کا بھی شکریہ ادا کرتے ہیں کہ ان کی مسلسل حمایت جو کہ کمپنی کی کامیابی کی کلید ہے۔

ہمارے ملازمین نے کمپنی کے مقصد میں اہم کردار ادا کیا ہے اور وہ پرعزم رہیں گے۔ ہماری طویل مدتی ترقی ان کی مسلسل وابستگی کے نتیجے میں ممکن ہوئی ہے جس نے کمپنی کے لیے بنیاد کو یقینی بنایا ہے۔ ڈائریکٹرز کی جانب سے ہمیں اپنی تعریف ریکارڈ کرتے ہوئے خوشی ہو رہی ہے۔

حافظ عبدالماجد
چیف ایگزیکیٹو

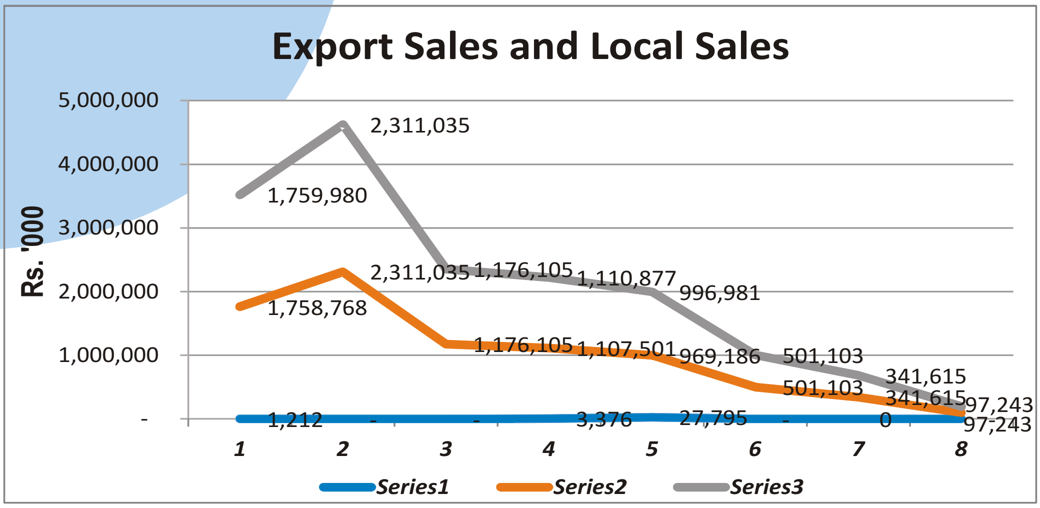
کراچی، 13 مئی 2023

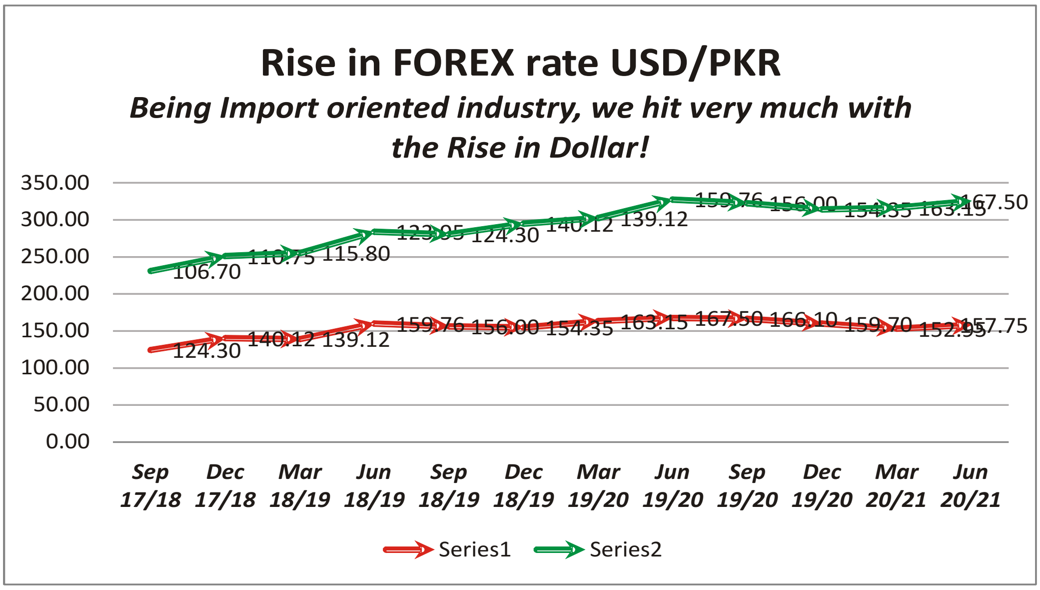
Decade at a Glance

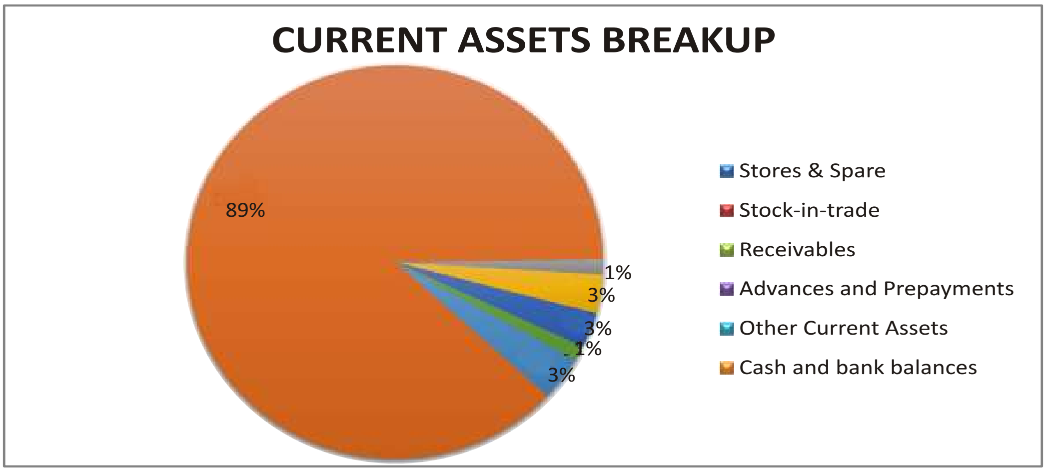
Product: Seamless Steel Pipes ans Tubes
Location of H/O: Karachi
Location of Plant Nooriabad
CEO: Hafiz Abdul Majid

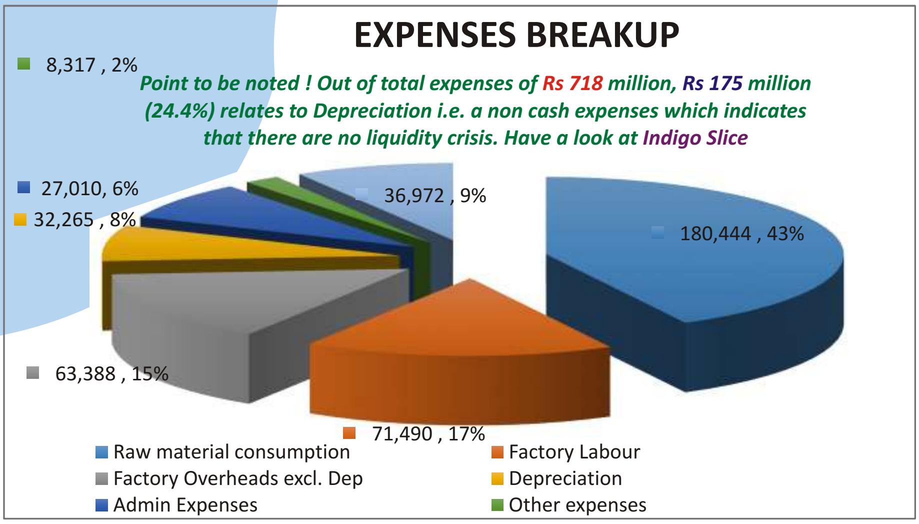
		Year Ended									
		30 June 2021	30 June 2020	30 June 2019	30 June 2018 Restated	30 June 2017 Restated	30 June 2016	30 June 2015	30 June 2014 Restated	30 June 2013	30 June 2012
		Rs. '000'									
Balance sheet data	Cash	**22,408**	4,576	10,428	40,951	68,147	104,273	5,787	88,962	215,216	29,190
	Receivables	33,319	31,357	59,489	103,498	120,818	88,656	421,027	102,396	179,542	127,693
	Stores & spares	**60,930**	65,058	71,583	72,984	78,829	81,376	97,521	73,966	83,546	69,809
	Inventory	**1,642,180**	1,582,744	1,470,640	1,211,228	1,272,776	1,258,474	901,281	901,521	489,369	1,152,216
	Other current assets	**101,444**	78,433	130,668	163,820	198,590	173,386	73,981	111,773	163,789	99,473
	Non-current assets	**5,861,963**	5,890,664	5,329,339	5,451,475	5,474,377	5,643,169	5,770,570	5,970,919	6,158,807	6,532,584
	Total assets	**7,722,244**	**7,652,832**	**7,072,147**	**7,043,956**	**7,213,537**	**7,349,334**	**7,270,167**	**7,249,537**	**7,290,269**	**8,010,965**
	Account payables	**677,435**	733,241	758,607	697,659	830,775	1,095,193	1,090,016	938,391	845,729	1,193,299
	Other current liabilities	-	-	619	40,671	179,228	861	1,551	68,675	88,512	261,090
	Long term liability	**1,178,761**	1,254,289	1,175,302	1,183,738	1,295,652	1,351,867	1,428,619	1,670,859	1,744,904	1,907,649
	Surplus on revaluation of land & building	**3,503,925**	3,468,318	2,997,349	3,092,182	3,241,684	3,343,817	3,391,585	3,328,901	3,438,666	3,680,023
	Sponsors loan	**333,092**	82,746	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
	Retained earning/ (loss)	**1,324,751**	1,409,957	1,352,809	1,259,790	897,960	774,093	639,041	538,430	468,177	264,623
	Reserves	**40,000**	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
	Total equity & liabilities	**7,722,244**	**7,652,832**	**7,072,147**	**7,043,956**	**7,213,537**	**7,349,334**	**7,270,167**	**7,249,537**	**7,290,269**	**8,010,965**
Income statement data	Net Sale	**97,243**	341,615	501,103	854,804	946,616	1,002,394	1,973,972	1,518,120	2,182,211	2,052,162
	Cost of goods sold	**166,602**	268,158	368,540	727,554	848,368	928,932	1,759,452	1,486,901	2,129,099	2,031,700
	Gross profit	**(69,359)**	73,457	132,563	127,250	98,248	73,462	178,520	31,219	53,112	20,462
	Admin., selling & Other expenses	**(34,207)**	62,389	92,248	70,829	51,922	37,022	199,905	51,793	96,186	145,740
	Operating Profit or Loss (EBIT)	**(98,280)**	24,147	81,485	56,421	46,326	36,440	(21,385)	(20,574)	(43,074)	(125,278)
	Financial charges	**36,972**	33,622	48,577	41,722	23,984	32,053	37,117	34,330	58,431	76,490
	EBT	**(135,252)**	(9,475)	32,908	14,699	22,342	4,387	(58,502)	(54,904)	(101,505)	(201,768)
	Taxation	**(29,427)**	(3,381)	30,703	53,175	3,221	15,633	45,811	(18,556)	(66,286)	(69,268)
	Net profit (PAT)	**(105,825)**	(6,094)	2,205	67,874	25,563	20,020	(12,691)	(36,348)	(35,219)	(132,500)
Liquidity	Depreciation and Amortization	**32,265**	67,369	175,574	184,545	193,677	202,492	211,126	220,088	460,766	386,882
	Cash flow from operation	**(224,270)**	35,326	161,467	130,865	(154,881)	44,134	(9,063)	(58,946)	537,076	62,828
	Net working capital	**1,182,846**	1,028,927	983,582	854,151	729,158	610,111	408,030	271,552	197,221	23,992
	Current ratio	**2.75**	2.40	2.30	2.16	1.72	1.56	1.37	1.27	1.21	1.02
	Quick ratio	**0.23**	0.16	0.26	0.42	0.38	0.33	0.46	0.30	0.60	0.18
	Payable/recivable	**5.03**	6.68	3.99	2.76	3.16	4.18	2.21	4.70	2.72	6.40
	Cash flow/ total debt	**-10.24%**	1.71%	8.00%	6.58%	-6.54%	1.75%	-0.36%	-2.20%	20.05%	1.87%
Activity	Inventory age (days)	**3,598**	2,154	1,457	608	548	494	187	221	84	207
	Collection period (days)	125	34	43	44	47	32	78	25	30	23
	Operating assets turnover	**0.02**	0.06	0.09	0.16	0.17	0.18	0.34	0.25	0.35	0.31
	Gross profit margin	**-71%**	22%	26%	15%	10%	7%	9%	2%	2%	1%
Profitability	Net profit margin	**-109%**	-2%	0%	8%	3%	2%	-1%	-2%	-2%	-6%
	Return on capital	**-3.0%**	-0.2%	0.1%	2.1%	0.9%	0.7%	-0.5%	-1.3%	-1.2%	-4.7%
	Return on operating assets	**-1.8%**	-0.1%	0.0%	1.2%	0.5%	0.4%	-0.2%	-0.6%	-0.6%	-2.0%
	Return on equity	**-5%**	0%	0%	3%	2%	1%	-1%	-3%	-3%	-14%
Per share data	Revenue per share	**2**	6	9	15	17	18	36	27	39	37
	Earning per share (Rs)	**(1.91)**	(0.11)	0.04	1.22	0.46	0.36	(0.23)	(0.66)	(0.63)	(2.39)
	Face value of share	**10**	10	10	10	10	10	10	10	10	10
	Break-up value per share	**37**	38	37	35	29	27	24	22	21	17
	Earning per break-up value of share	**(0.52)**	(0.03)	0.01	0.35	0.16	0.14	(0.09)	(0.29)	(0.30)	(1.37)
	Earning per share % of face value	**-19%**	-1%	0%	12%	5%	4%	-2%	-7%	-6%	-24%
	Earning per share % of break-up value	**-5%**	0%	0%	3%	2%	1%	-1%	-3%	-3%	-14%
Share trend	High stock price-at end	**16.50**	21.50	21.50	21.50	43.40	17.50	18.24	20.70	22.29	23.49
	Low stock price-at end	**16.00**	20.90	20.90	20.90	42.64	17.50	18.22	20.70	22.20	23.00
	Average stock price-at end	**16.25**	21.20	21.20	21.20	43.02	17.50	18.23	20.70	22	23
	Growth since last year (Rs)	**(5)**	-	-	(22)	26	(1)	(2)	(2)	(1)	11
	Growth since last Year %	**-23%**	0%	0%	-51%	146%	-4%	-12%	-7%	-4%	93%
	Price earning ratio- at average.price	**(8.52)**	(193.02)	533.54	17.33	93.38	48.50	(79.70)	(31.60)	(35.12)	(9.69)
Plant capacity (M.Tons)	Seamless Tubular										
	Installed Capacity	**100,000**	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
	Utilized Capacity	**800**	747	2,744	5,303	7,023	8,652	12,196	10,925	13,826	13,958
	Installed Capacity	**50,000**	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Utilized Capacity	**4,075**	4,829	4,076	3,094	2,982	4,512	5,329	1,204	5,197	1,617
	Special Precision Shafting										
	Installed Capacity										
	Utilized Capacity										
	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

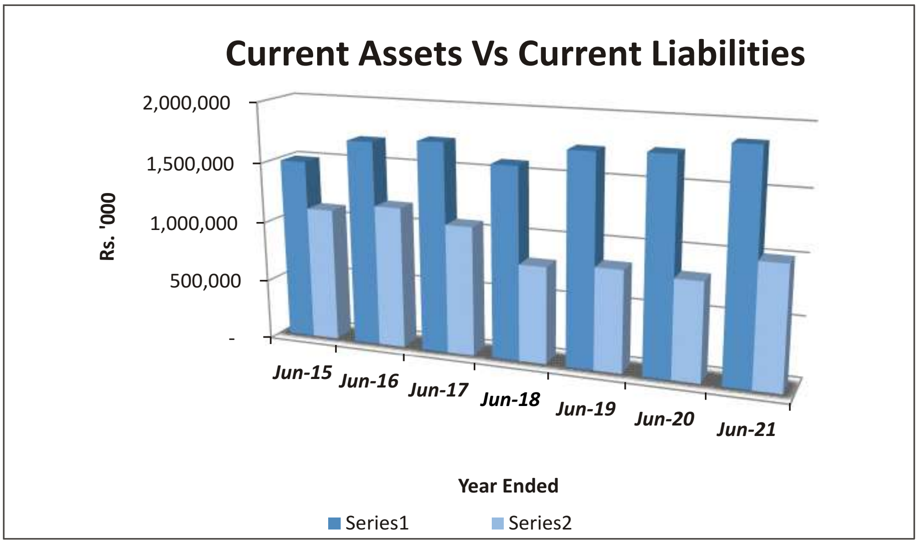
Diagrammatical Performance Review

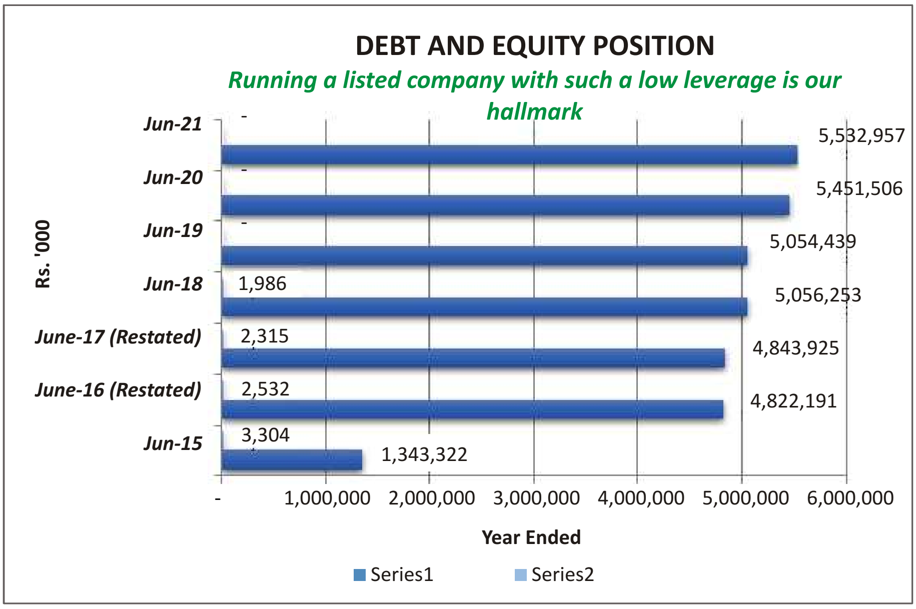


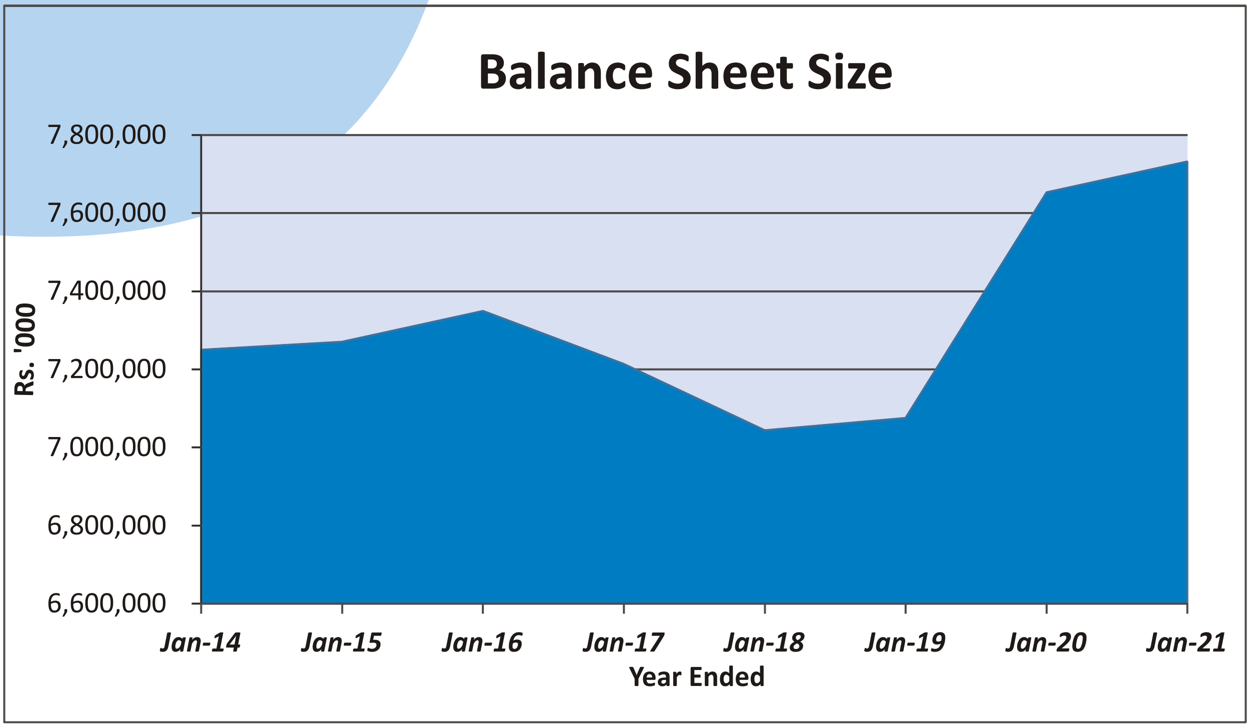


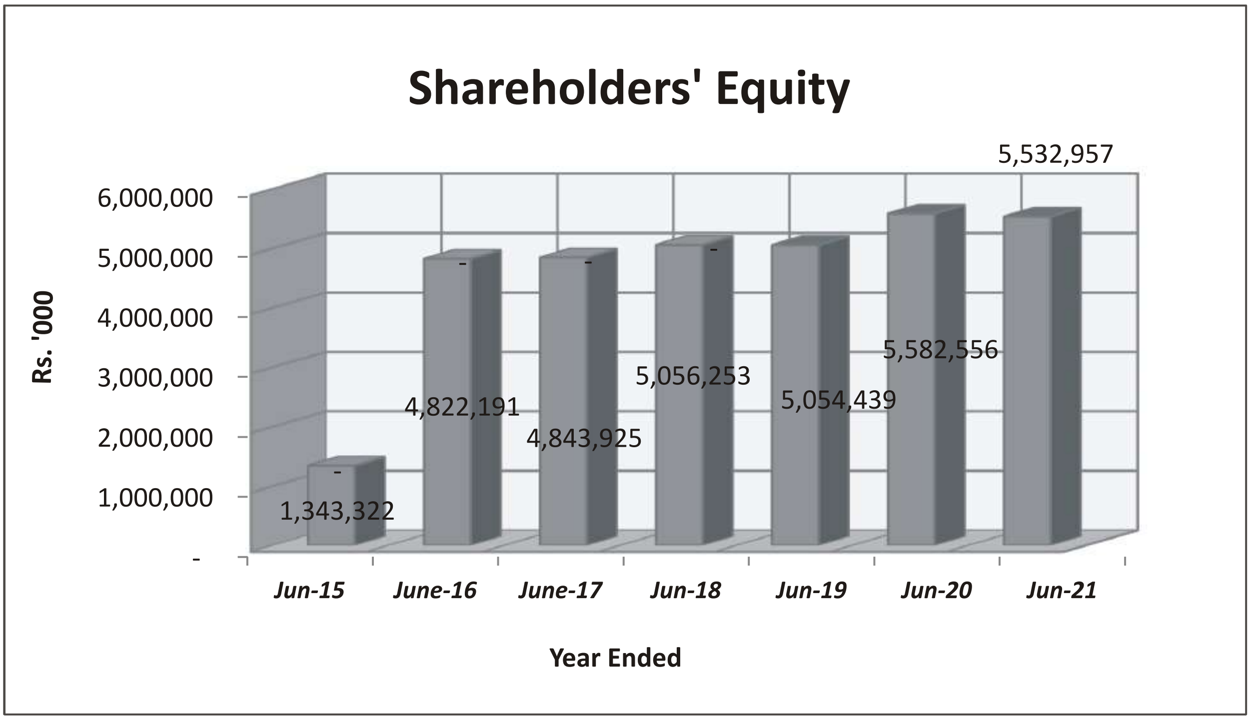



EXPENSES BREAKUP
Point to be noted ! Out of total expenses of Rs 718 million, Rs 175 million (24.4%) relates to Depreciation i.e. a non cash expenses which indicates that there are no liquidity crisis. Have a look at Indigo Slice
8,317 , 2%
27,010, 6%
32,265 , 8%
36,972 , 9%
180,444 , 43%
63,388 , 15%
71,490 , 17%
Raw material consumption
Factory Labour
Factory Overheads excl. Dep
Depreciation
Admin Expenses
Other expenses


Current Assets Vs Current Liabilities
2,000,000
1,500,000
1,000,000
500,000
-
Rs. '000
Jun-15
Jun-16
Jun-17
Jun-18
Jun-19
Jun-20
Jun-21
Year Ended
Series1
Series2


DEBT AND EQUITY POSITION
Running a listed company with such a low leverage is our hallmark
Rs. '000
Jun-21
Jun-20
Jun-19
Jun-18
June-17 (Restated)
June-16 (Restated)
Jun-15
-
5,532,957
5,451,506
5,054,439
1,986
5,056,253
2,315
4,843,925
2,532
4,822,191
3,304
1,343,322
-
1,000,000
2,000,000
3,000,000
4,000,000
5,000,000
6,000,000
Year Ended
Series1
Series2


Balance Sheet Size
7,800,000
7,600,000
7,400,000
7,200,000
7,000,000
6,800,000
6,600,000
Rs. '000
Jan-14
Jan-15
Jan-16
Jan-17
Jan-18
Jan-19
Jan-20
Jan-21
Year Ended


Shareholders' Equity
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Rs. '000
1,343,322
4,822,191
4,843,925
5,056,253
5,054,439
5,582,556
5,532,957
Jun-15
June-16
June-17
Jun-18
Jun-19
Jun-20
Jun-21
Year Ended

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2019 for the Year Ended June 30, 2021

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

1. The total number of directors are 12 as per the following:
   - Male: Eleven (11)
   - Female: One (1)
2. The composition of board is as follows:

CATEGORY	NAMES
a) Independent Directors	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) Hafiz Abdul Haseeb
c) Executive Directors	Hafiz Abdul Majid (CEO)

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).
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 (12) eminent Directors, out of which four (04) Directors are already certified under the Directors Training Program as follow:
   1. Hafiz Abdul Haseeb
   2. Hafiz Abdul Sami
   3. Hafiz Abdul Aleem
   4. Syed Asghar Imam Khalid
10. The Company appointed Chief Financial Officer, Muhammad Anwar Khan and Company Secretary Mr. Masood Anwar. The position of Head of internal Auditor, which was vacated following leaving Muhammad Musab as Head of Internal Auditor from 15 July, 2019 was subsequently filled by appointed Muhammad Naeem Noor Meo on 10 Oct, 2022.
11. Chief financial officer and chief executive officer 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. Syed Asghar Imam Khalid	(Independent Director)	Chairman
2. Muhammad Hafiz	(Non-Executive Director)	Member
3. Mr. Arshad Ahmed	(Non-Executive Director)	Member

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

1. Syed Asghar Imam Khalid	(Independent Director)	Chairman
2. Muhammad Hafiz	Non-Executive Director	Member
3. Hafiz Abdul Majid	Chief Executive Officer)	Member
4. Mr. Arshad Ahmed	Non-Executive Director	Member
5. Hafiz Abdul Haseeb	Executive Director	Member
6. 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	02 Meetings
b) HR&R Committee	01 Meeting

15. The board has set up an effective internal audit function supervised by a well experienced person.

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. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

HAFIZ ABDUL MAJID
Chief Executive Officer

Dated: May 13, 2023
Karachi

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Huffaz Seamless Pipe Industries Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Huffaz Seamless Pipe Industries Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 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. 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.

Based on our review, except for the matters given below, 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 respect, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021:

1) At present, the fixed term of three year period under section 161 of Companies Act 2017 of holding office of directors has been expired on 23" December, 2021. The election of directors under section 159 of Companies Act 2017, was scheduled on January 6", 2022 for which notices have also been served and consent of directors was obtained. However, a dissenting director approached Honorable High Court of Sindh and obtained a stay order for holding election of directors. Regarding day to day affair of the Company, the Honorable High Court of Sindh allowed Board of Directors to take decision considering interest of the Company;

2) Under regulation No. 10 (2) of the Regulation, the Board should establish a Risk Management Committee who would review effectiveness of risk management procedures and present a report to the Board on the matters such as, an overall review of business risks and risk management monitoring and review of all material controls (financial, operational, compliance), risk mitigation measures are robust and integrity of financial information is ensured, to safeguard assets, reputation, interest of shareholders, and appropriate extent of disclosure of Company’s risk framework and internal control system in Directors report. The said committee w3s not established in the year. In this regard we have been informed by the management that such committee would be formed after the election of the upcoming Board of Directors of the Company;

3) The office of Internal Auditor of the company continue to remain vacant in the year 2021 as well as and no Internal Audit Activities were performed in the Company in the current period as required by the Regulation Nos. 20, 23 & 31. However, subsequent to the year-end, on 11 October 2022, the Company has appointed an officer in the position of Internal Auditor; and

4) Quarterly Financial Statements for the current year as well as half yearly financial statements for the half year ended December 31, 2020 have not been prepared / issued by the Company as required by the Regulation 10 (v) and 25.

H.A.M.D. & Co

Chartered Accountants
Karachi
Date: May 13, 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

OPINION

We have audited the annexed financial statements of **Huffaz Seamless Pipe Industries Limited** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss account, 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, the statement of profit or loss account, 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 attune 30, 2021, and of the loss, other comprehensive loss, 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Without qualifying our opinion, we draw attention to Note tt 2 of the accompanying financial statements. As more fully described in that note Company's sales in the year 2021 was Rs 97,243 thousand showing consistently declining trend over past six years period and company has been faced serious liquidity problems. The company suffered losses in the current year amounting to Rs. 105,826 thousand (2020: Rs. 6,094 thousand) and losses over two years aggregated to Rs 111,920 thousand. Company's plant and production has been remained inoperative during most of the time of the current year and previous year periods. These conditions casts significant doubts about Company's ability to continue as a going concern for a foreseeable future period, and the Company may not be able to realize its assets and settle its liabilities in normal course of business.

However directors are optimistic that due to mitigating factors as well as financial and other supports provided by the sponsors and directors of the Company, the Company would be able to operate as a going concern in the foreseeable future period. Therefore, accompanying financial statements have been prepared applying going concern basis of accounting. Our opinion is not qualified in respect of above matters.

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.

S. #	KEY AUDIT MATTER(S)	HOW THE MATER WAS ADDRESSED IN OUR AUDIT
01.	**Change in accounting estimates - Property, Plant & Equipment** As stated in Note No. 5.4 to the annexed Financial Statement, During the year under review the Company has applied units of production method for computing depreciation of Plant & Machinery in accordance with paragraph 62 of IAS 16 Property Plant and Equipment. Management believes that depreciation charged for the year Rs 1,578 thousand represents a charge based on the expected use or output of Plant & Machinery (Note if 34) and resulted in expected pattern of consumption of the future economic benefits embodied in the asset. In the year 2020 the Company applied a diminishing balance method. Had the diminishing balance method applied, depreciation charged for the year on Plant & Machinery would be Rs 39,760 thousand.	We performed the following procedures to address this risk: • We have reviewed applicable accounting standards !AS 16 and ensured that the method applied by the Company is in accordance with the standard. • We have discussed with the Plant/Financial management and the Directors of the Company the basis of revision particularly actual production in the current year period. • We have checked computation of the depreciation for the year. • The depreciation charged for the year is in accordance with actual industrial output of the Company for the current year period and appears reasonable.
02	**Investment / Loan – of Joint Venture Company** As stated in note No. 7 of the accompanying financial statements Company had invested in Joint Venture Company HPY coating Pvt Ltd Rs. 241,469 thousand in the year 2018. The investee Company did not commence its operating activities in past 4 year period. Due to prolong period of inactivity in the investee Company as well as impediments in the transfer of legal title of land and building transfer to the investee Company in the year 2018, the BOD of the Company are considering alternative business strategies and options regarding withdrawal or reversal of investment transaction after consultation with joint venture partner as well as authorization from shareholders of the Company. The directors are optimistic that Company is not expose to any risk of loss on retransfer of the asset from HPY coating in the event from withdrawal / Reversal of transaction in the subsequent period.	We performed the following procedures to address this risk: • We reviewed the provision contained in the applicable joint venture agreement which forms the basis of incorporation of the new investee Company. In addition we ensured fair values were assigned in the year 2018 to properties taken as consideration for investment in Joint Venture Company on the basis of a revaluation report. • We discussed with management and the Board audit committee about non-operation of business activities of investee Company, the impediments for transfer of title of land / building to the investee Company, issue of equity shares in the investee Company, and no actions by the joint venture partner in the year in respect of payment of duties and charges of plant and machinery provided to the Joint Venture Company as well as management likely decisions and options. • We have also reviewed the financial statement of the investee Company for the year ended June 30 2020-21 which reveal that no operating activities perform and there were no revenue and cost in the year 2020-2021. • We have reviewed and discussed provision of interest on loan to subsidiary Company as per section 5(4) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

S. #	KEY AUDIT MATTER(S)	HOW THE MATER WAS ADDRESSED IN OUR AUDIT
	As referred in note No. 122 of the accompanying financial statements, the Company also provided deposit/ advances to the investee Company of Rs. 20,828 thousand. The Company has also provided for interest on outstanding balance for aforesaid loan amounting to Rs. 5,623 thousand in accordance with section 5(4) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. However ECL was provided Rs. 6,090 thousand due to likely non-recoveries on account of non-operation of the investee Company.	• We have recomputed provision of expected credit loss (ECL) with regard to loan to Joint Venture Company.

03	**Stock-in-Trade**
	Stock in Trade was Rs. 1,642,180 thousand as at June 30, 2021 as compared to Rs 1,582,755 thousand at previous year-end which comprises 21% of the total assets of the company.
	We focused on stock-in-trade as it represents significant portion of the Company's total assets and it also involves work performed by the Management Expert used by the Company to assist In the valuation of finished goods held by the company.
	Management on review of work of independent expert make a prudent/ conservative judgment and has provided for the impairment in value / stock obsolescence of stock of finished good Rs.107,940 thousand
		Our audit procedures to address the matter amongst others includes the following:
		• We performed observation of physical inventory counts by management;
		• We have tested Stock valuation in accordances with laid down accounting policies of the Company;
		• We have reviewed Management Expert report and for using it as audit evidence have;
		  • Obtained an understanding of the work of the Management Expert.
		  • Evaluated the competence, capabilities and objectivity of the Management Expert, and
		  • Evaluated the appropriateness of Management Expert work for verifying existence, completeness and valuation techniques applied by management in computing the Stock valuation.
		• We have reviewed and compared cost and NRV of the inventories held and ensured compliance to the accounting policies of the Company;
		• We have discussed with management the prudent basis applied for the provision obsolescence in the year against stock of finished goods; and
		• We have reviewed appropriate disclosures made in the financial statements.

04	**Defined benefit plan - Staff Gratuity**
	• Reference is made to note # 18.1 of to the financial statements. The Company operates a defined benefit obligation-staff unfunded gratuity scheme for eligible employees giving rise to liabilities of Rs 98 million, which is significant in the context of the overall financial position of the Company.
		We performed the following procedures to address this risk:
		• We have reviewed Management Expert report and for using it as audit evidence, we have;
		  • Obtained an understanding of the work of the Management Expert
		  • Evaluated the competence, capabilities and objectivity of the Management Expert, and
		  • Evaluated the appropriateness of Management Expert work for verifying existence, completeness and

S. #	KEY AUDIT MATTER(S)	HOW THE MATER WAS ADDRESSED IN OUR AUDIT
	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 rate. All assumptions can have a material impact on the calculation of the liability. The Company uses management expert for actuarial valuation of the scheme to assist in assessing these assumptions.	• 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 fall within acceptable ranges and provision in the current period of Rs 12 million as well as experience adjustment Rs 8 million recorded in the other comprehensive income closely approximate to the employee's liability; and • A complete disclosure in term of IAS 19 Employee benefit was made as was made in the previous period. 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.
05	**Trade and other Payables** As reflects in notes 19.1 to the financial statement, a substantial amount is payable as WPPF. The amount was Rs 427 million in the year 2021 compare to Rs 391 million in the year 2020 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 2008/2015. We focused on this area because of significant amount involved which remained unpaid in current and previous period.	We performed the following procedures to address this risk: • 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; • We were also provided with legal advice stating that the jurisdiction of the law shifted to provincial government from the federal government and provincial government did not issue any payment notice to the Company. When notice is received appropriate legal remedy will be availed; • However, Sindh Revenue Board (SRB) also issued a circular stating that incase a payment of WPPF made, a liability of interest may be changed by the 5RB or waived completely or partially; and • We have been advised by management that settlement of liability would be made in the future in consultation with the legal advisor for determining amount payable to workers and the government.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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 STATEMENT

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 1SAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and these 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 doubts 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 the 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 AND OTHER MATTERS

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

(a) Proper book of accounts has 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; and

(d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVill of 1980).

OTHER MATTERS

Subsequent to the year end date, Election of directors was scheduled on January 6th 2022, for election of retiring directors whose terms expired on December 23rd, 2021. However, a stay order on the matter of election of directors was granted by the Honorable High Court of Sindh. Consequently election was not held. However, regarding day to day affairs of the Company, the Honorable High Court of Sindh allowed Board of Directors to take decision considering interest of the Company. The accompanying Financial Statement have been approved by the Board of Directors and signed by the Chief Executive and a Director who continued in the office under the aforesaid Order.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tahir Saeed Effendi, FCA.

H.A.M.D. Co

Chartered Accountants

Karachi
Date: May 13, 2023

Statement of Financial Position

As at June 30, 2021

	Note	30 June 2021	30 June 2020
ASSETS		------------(Rupees in '000)------------	
Non-Current Assets			
Property, plant and equipment	5	**5,613,558**	5,642,260
Long term deposits	6	**6,936**	6,936
		5,620,494	5,649,196
Current Assets			
Investment	7	**241,469**	241,469
Stores and spares	8	**60,930**	65,058
Stock-in-trade	9	**1,642,180**	1,582,744
Trade debts	10	**19,990**	11,862
Loan and advances	11	**27,372**	25,708
Trade deposits	12	**33,319**	31,357
Other receivables	13	**45,328**	37,881
Advance tax - net of provision	14	**8,754**	2,982
Cash and bank balances	15	**22,408**	4,576
		2,101,750	2,003,637
TOTAL ASSETS		**7,722,244**	7,652,833
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	**3,503,925**	3,468,318
General reserves		**40,000**	40,000
Unappropriated profit		**1,324,751**	1,409,957
Total equity		**5,532,957**	5,582,556
Non-Current Liabilities			
Deferred liabilities	18	**1,178,761**	1,254,289
		1,178,761	1,254,289
Current Liabilities			
Trade and other payables	19	**677,435**	733,242
Short term advances from Sponsors/Directors	20	**333,092**	82,746
		1,010,527	815,988
Contingencies and commitments	21		
TOTAL EQUITY AND LIABILITIES		**7,722,244**	7,652,833

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hafiz Abdul Majid	**Asghar Imam Khalid**	**Muhammad Anwar Khan**
Chief Executive	**Director**	**Chief Financial Officer**

Statement of Profit or Loss

For the year ended June 30 2021

	Note	30 June 2021	30 June 2020
		-----------(Rupees in '000)-------------	
Revenue from contract with customers (Net)	22	97,243	341,615
Cost of revenue from contract with customers	23	(166,602)	(268,158)
Gross (Loss)/Profit		(69,359)	73,457
		-71%	22%
Selling and distribution expenses	24	(7,197)	(16,825)
Administrative expenses	25	(27,010)	(41,811)
		(34,207)	(58,636)
		(103,566)	14,821
Other operating charges	26	-	(3,753)
Other operating income	27	5,285	13,079
		(98,281)	24,147
Finance cost	28	(36,972)	(33,622)
(Loss) before taxation		(135,253)	(9,475)
Taxation	29	29,427	3,381
(Loss) after taxation		(105,826)	(6,094)
		----------------(Rupees)------------------	
(Loss) /Earnings per share - basic and diluted (Rupee	30	(1.91)	(0.11)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hafiz Abdul Majid
Chief Executive

Asghar Imam Khalid
Director

Muhammad Anwar Khan
Chief Financial Officer

Statement of Comprehensive Income

For the year ended June 30 2021

	Note	30 June 2021	30-Jun 2020
		-----------(Rupees in '000)-------------	
Loss/Profit after taxation		**(105,826)**	(6,094)
Other comprehensive income		**-**	-
Items that will not be reclassified subsequently to profit and loss account			
- Remeasurement of defined benefit obligation	18.1.5	**8,150**	41,403
Surplus realised on transfer of assets to HPY		**-**	-
- Impact of tax		**(2,364)**	(12,007)
		5,787	29,396
Total comprehensive income for the period		**(100,039)**	23,302

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hafiz Abdul Majid	**Asghar Imam Khalid**	**Muhammad Anwar Khan**
Chief Executive	**Director**	**Chief Financial Officer**

Cash Flow Statement

For the year ended June 30, 2021

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		--------'(Rupees in '000)--------	
Loss before taxation		**(135,253)**	(9,475)
Adjustments for:			
Depreciation	5.1	**32,925**	67,369
Provision of Staff gratuity	18.1.4	**12,296**	25,647
		45,221	93,016
Operating Loss before working capital changes		**(90,032)**	83,541
Changes in working capital	31		
(Increase) / decrease in current assets		**(74,508)**	(19,268)
(Increase) / decrease in current liability		**(59,730)**	(27,110)
		(134,238)	(46,378)
Gratuity paid		**(646)**	(23,943)
Income Tax paid	14	**(3,373)**	(13,508)
		(4,019)	(37,451)
Net cash used in operating activities		**(228,289)**	(288)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment(including CWIP).	5	**(4,223)**	(4,511)
Net cash (used) from investing activities		**(4,223)**	(4,511)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long Term Financing-Secured		**-**	(619)
Short term Sponsors loan and advances	20	**250,346**	(434)
Net cash (used) / generated from financing activities		**250,346**	(1,053)
NET INCREASE/(DECREASE) IN CASH FLOWS FROM ALL SOURCES		**17,833**	(5,852)
Cash and cash equivalents at beginning of the year		**4,575**	10,428
CASH & CASH EQUIVALENT AT END OF THE YEAR	15	**22,408**	4,576

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hafiz Abdul Majid	**Asghar Imam Khalid**	**Muhammad Anwar Khan**
Chief Executive	**Director**	**Chief Financial Officer**

Statement of Changes in Equity

For the year ended June 30 2021

	Issued, Subscribed & Paid-up Capital	Share Premium	General Reserve	Revaluation Surplus	Unappropriated Profit	Total
	----------	----------	----------	(Rupees in '000)	----------	----------
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						
Loss for the year ended June 30, 2020	-	-	-	-	(6,094)	(6,094)
Other comprehensive income	-	-	-	-	29,396	29,396
Total comprehensive income for the year	-	-	-	-	23,302	23,302
Surplus on Revaluation-net of defered tax				504,815		504,815
Transfer from property, plant and equipment - net of deferred tax	-	-	-	(33,846)	33,846	-
Balance as at 30 June, 2020	**554,844**	**109,437**	**40,000**	**3,468,318**	**1,409,957**	**5,582,556**
Balance as at 01 July 2020	**554,844**	**109,437**	**40,000**	**3,468,318**	**1,409,957**	**5,582,556**
Total comprehensive income for the period						
Loss for the year ended June 30, 2020	**-**	**-**	**-**	**-**	**(105,826)**	**(105,826)**
Other comprehensive income	**-**	**-**	**-**	**-**	**5,787**	**5,787**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(100,039)**	**(100,039)**
Transfer from property, plant and equipment - net of deferred tax	**-**	**-**	**-**	**(14,832)**	**14,832**	**-**
Effect of change in tax rate	**-**	**-**	**-**	**50,439**	**-**	**50,439**
Balance as at 30 June, 2021	**554,844**	**109,437**	**40,000**	**3,503,925**	**1,324,751**	**5,532,956**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hafiz Abdul Majid	Asghar Imam Khalid	Muhammad Anwar Khan
Chief Executive	Director	Chief Financial Officer

Notes to the Financial Statements

For the year ended June 30 2021

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 GOING CONCERN ASSUMPTION AND MITIGATING FACTORS:

Sales in the current period was Rs 97,243 thousand compare to Rs 341,615 thousand in the previous year showing a declining sale. Since a seven-year period including 2021 a declining trend was regularly observed year after year, and current period sales approximate 0.049% of the year 2015 when company sales were Rs 1.973 billion. As a consequence, company was faced with serious liquidity problems in meeting its liabilities of creditors and employees of the company. The Company's production remained closed for approximately 9 months in the year mainly on account of COVID-19 impacts, unstable customer orders and overhauling of Plant & Machinery. The company has suffered gross and net loss in the year and net loss after tax was Rs 105,825 thousand Compared to 2020: Rs 6,094 thousand in previous year aggregating Rs 111,919 thousand in two years period. The foregoing conditions along with other related matters cast significant doubts about company's ability to continue as a going concern for a foreseeable future period and the company may not be able to realize its assets and settle its liabilities in the normal course of business.

The management of the company strive hard to improve upon the operating performance and in this connection made concerted efforts in the government and other circles which would pave the way for the sizeable enhancement in the company sale in the future period ahead. The company management has adopted a rationing policy and cost reduction program particularly reducing the 2/3rd workforce to reduce cost of production but simultaneously retaining of the key personnel to ensure that Company should not lose its technical strength. The Chief Executive along with other Sponsors and Directors of the company have provided financial support to the company by way of short-term loan aggregating Rs 333,091 thousand (2020: 82,746 thousand). Furthermore, subject to approval of board of directors, the management is also considering a plan of disposal of the portion of unusable plot of land to provide sizeable injection of funds in the company for future operations. In addition, company has also made an understanding with a sponsor for the purpose of improving its operations and financing requirements. Director have also evaluated the future outlook of the company and are optimistic that the company would be able to operate as a "Going Concern" for a foreseeable future period. Therefore, in view of the mitigating factors, these financial statements have been prepared by applying going concern basis of accounting.

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 New Standards, Interpretations and Amendments to Published Approved Accounting Standards

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

3.4.1 Effective In Current Year and Not Relevant to the Company

		Effective Date beginning an or after)
IFRS 3	Business Combinations - The amendments narrowed and clarified the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has	January 01, 2020
IFRS 16	Leases - The objective of the amendment is to give timely relief to lessees to covid-19-related rent concessions while still enabling them to provide useful information about their leases to investors.	January 01, 2020
IFRS 7	Financial Instruments "disclosures"	January 01, 2020
IFRS 7	Financial Instruments	January 01, 2020
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make	January 01, 2020
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2020
IAS 41	Agriculture	January 01, 2020

3.4.2 The following International Financial Reporting Standards (IFRS Standards) and amendments not yet effective

IFRS 16 — COVID-19 - Related Rent Concessions

The International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

			Effective Date beginning an or after)
	A)	The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;	
	B)	Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and	
	C)	there is no substantive change to the other terms and conditions of the lease. The standard is not likely to have any effect on Company's financial statements.	
IFRS 3		Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2023

IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9	Financial Instruments - The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability.	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of current and non-current liabilities.	January 01, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendment regarding the definition of accounting estimates, the standard defines the concept of a “change in accounting estimates	
IAS 12	Income taxes - Amendment regarding to clarify how companies account for deferred tax on leases and decommissioning obligations	January 01, 2023
IAS 16	Property, Plant and equipment - The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous	January 01, 2023

The IASB issued ‘Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)’ with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 1, 2021. The standard is not likely to have any effect on Company’s financial statements.

The following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First time adoption of International Financial Reporting Standard
IFRS 17	Insurance Contracts

3.5 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:

3.5.1 Property, plant and equipment - carrying value Rs 5,613.558 million

Note 5

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 valuer. 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. **The effect of change in revision in useful life as well as revaluation has been disclosed in Note 5.**

3.5.2 Investments - carrying value Rs 241.469 million

Note 7

Investment in Joint Venture is stated under equity method of accounting, Details of the company's investment are stated in Note 7 to the financial statements.

3.5.3 Stock-in-trade and stores and spares - carrying value Rs 1,642.180 million

Note 9

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.

3.5.4 Trade debts and other receivables - carrying value Rs 23.057 million

Note 10

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 **future recoveries** & 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.

3.5.5. Employee benefits - carrying value Rs 98.223 million

Note 18.1.2

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 18 to these financial statements.

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

3.5.6 Taxation - carrying value Rs 1,089 million

Note 18.2

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.

4.0 SUMMARY OF 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, **2020** and are enumerated as follows:

4.1 Property, plant and equipment

4.1.1 Operating assets and depreciation

Initial Recognition

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.

Measurement

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. The costs of property, plant and equipment include:

A. its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and

B. any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

C. 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.

Subsequent expenditure

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

Depreciation is charged on reducing balance method or **units of production method** at rates specified in note 5.1 to the financial statements and is generally recognized in the statement of profit or loss.

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. Change in estimation of useful life has been disclosed in Note 5.

Revaluation surplus

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 DE recognition 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 disposed off, 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.

4.2 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 uses equity method of accounting where by its proportionate share of income/loss of JV company on the basis of latest available financial statement.

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, labor and applicable production overheads. The comapny reviewes the Net realizable value(NRV) of finished goods **based on internal/ external evaluation in order** to asess any diminution in the respective carrying value of stock of Finished goods in hand. Net realizable value(NRV) 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

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. **The credit is allowed to costumers generally is a 60/90-180 days period extended on a case to case basis.** Receivables are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years **as well as any subsequent recoveries are considered for computing expected credit losses using a 'simplified approach'.**

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, 2021. Details of the scheme are given in note 18.1 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

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, the company's performance obligation is complete as soon as goods are delivered. **Credit is allowed to costumers generally is a 60/90-180 days period extended on a case to case basis**. 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).

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. 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 markup 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

4.16.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in the statement of profit or loss.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

4.16.2 Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.16.2.1 Trade debts, advances and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss. (Note 4.5)

4.16.2.2 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

4.16.3 Financial liabilities

Financial liabilities are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

4.16.3.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit or loss account over the period of the borrowings using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset.

4.16.3.2 Trade and other payables

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

4.17 Impairment of financial assets

Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included.
The Companyrecognises 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 recognized 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 recognizes 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 (subsequent collection) and the general economic conditions of the country.
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 60/90-180 days (extended in case to case basis) 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.

4.18 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized 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, sponsor 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 recognized 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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.
Amortized 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 amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings (if any).

DE recognition

A financial liability is derecognized 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 DE recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized 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 statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2021	30-Jun 2020
		-------(Rupees in '000)---------	
Operating fixed assets	5.1	5,552,797	5,585,474
Capital work-in-progress	5.7	60,761	56,786
		5,613,558	5,642,260

5.1 Operating fixed assets

Jun-21

	COST / REVALUATION					DEPRECIATION				Book Value	Rate
	As at 1-Jul 2020	Addition / transfer	Disposal	Surplus on Revaluation	As at 30 June 2021	As at 1-Jul 2020	Charge for the Period	Disposal	As at 30 June 2021	as at 30 June 2021	%
	(Rupees in '000)										
Owned Assets											
Land - lease hold	1,064,075	-	-	-	1,064,075	-	-	-	-	1,064,075	0
Building - factory	2,010,352	-	-	-	2,010,352	374,607	27,154	-	401,761	1,608,591	1.67
Building - head office	3,792	-	-	-	3,792	3,127	67	-	3,194	598	10
Plant and machinery	4,125,608	-	-	-	4,125,608	1,325,608	1,578	-	1,327,186	2,798,422	Units of production method (5.4)
Furniture and fixtures	3,239	-	-	-	3,239	2,418	82	-	2,500	739	10
Office equipment	5,400	50	-	-	5,450	4,066	134	-	4,200	1,250	10
Electric and gas appliances	27,753	-	-	-	27,753	15,967	1,179	-	17,146	10,607	10
Air conditioners	1,814	151	-	-	1,965	1,333	50	-	1,383	582	10
Drawings and survey equipment	363	-	-	-	363	354	1	-	355	8	10
Motor vehicles	37,194	-	-	-	37,194	34,529	533	-	35,062	2,132	20
Computer and allied equipment	9,519	47	-	-	9,566	8,580	189	-	8,769	797	20
Security weapons	1,178	-	-	-	1,178	834	35	-	869	309	10
Coating Sheds	83,132	-	-	-	83,132	17,998	1,628	-	19,626	63,506	2.50
Assets under Diminishing Musharika Financing											
Motor vehicles	5,006	-	-	-	5,006	3,530	295	-	3,825	1,181	20
	7,378,425	248	-	-	7,378,673	1,792,951	32,925	-	1,825,876	5,552,797	

Jun-20

	COST / REVALUATION					DEPRECIATION				Book Value	Rate
	As at 1-Jul 2019	Addition / transfer	Adjustment	Surplus on Revaluation	As at 30-Jun 2020	As at 1-Jul 2019	Charge for the year	On Surplus Written Back	As at 30-Jun 2020	as at 30-Jun 2020	%
	(Rupees in '000)										
Owned Assets											
Land - lease hold	850,709	-	-	213,366	1,064,075	-	-	-	-	1,064,075	0
Building - factory	1,929,362	-	-	80,990	2,010,352	347,235	27,372	-	374,607	1,635,745	1.73
Building - head office	3,792	-	-	-	3,792	3,053	74	-	3,127	665	10
Plant and machinery	3,796,105	-	-	329,503	4,125,608	1,290,022	35,586	-	1,325,608	2,800,000	1.42
Furniture and fixtures	3,239	-	-	-	3,239	2,326	92	-	2,418	821	10
Office equipment	5,400	-	-	-	5,400	3,918	148	-	4,066	1,334	10
Electric and gas appliances	27,753	-	-	-	27,753	14,658	1,309	-	15,967	11,786	10
Air conditioners	1,813	1	-	-	1,814	1,280	53	-	1,333	481	10
Drawings and survey equipment	363	-	-	-	363	353	1	-	354	9	10
Motor vehicles	37,194	-	-	-	37,194	34,107	422	-	34,529	2,665	20
Computer and allied equipment	9,519	-	-	-	9,519	8,345	235	-	8,580	939	20
Security weapons	1,178	-	-	-	1,178	796	38	-	834	344	10
Coating Sheds	83,132	-	-	-	83,132	16,328	1,670	-	17,998	65,134	2.5
Assets under Diminishing Musharika Financing											
Motor vehicles	5,005	1	-	-	5,006	3,161	369	-	3,530	1,476	20
	6,754,564	2	-	623,859	7,378,425	1,725,582	67,369	-	1,792,951	5,585,474	

5.2 Allocation of depreciation

	30 June 2021	30-Jun 2020
	----------(Rupees in '000)---------	
Cost of revenue from contract with customers	**32,265**	66,405
Administrative expenses	**656**	965
	32,921	67,370

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 June 30, 2020 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. 623.859 million.

The forced sale value of land and building as per the aforesaid revaluation report was Rs. 2,211 million.
The forced sale value of plant and machinery as per the aforesaid revaluation report was Rs. 1,960 million.

5.4 Revision in Estimates

During the year under review the company has applied units of production method for computing depreciation on Plant & Machinery in accordance with paragraph 62 of IAS 16 'Property Plant and Equipment'. Management believes that depreciation charged for the year Rs 1,578 thousand represents a charge based on the expected use or output of Plant & Machinery (Note# 33) and resulted in expected pattern of consumption of the future economic benefits embodied in the asset. In the year 2020 the company applied diminishing balance method. Had the diminishing balance method applied, depreciation charged for the year on Plant & Machinery would be Rs 39,760 thousand.

5.5 Fair Value Hierarchy

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:

	Note	Level 1	Level 2	Level 3	Total
		------------------------------ Rupees in '000			------------------------------
Land - leasehold	5.5	-	1,064,075	-	1,064,075
Building - factory		-	1,608,591	-	1,608,591
Plant and machinery		-	2,798,422	-	2,798,422
Coating sheds - owned		-	63,506	-	63,506
Vehicles		-	3,313	-	3,313
Others		-	14,890	-	14,890
As at June 30, 2021		-	5,552,797	-	5,552,797
Land - leasehold	5.5	-	1,064,075	-	1,064,075
Building - factory		-	1,635,745	-	1,635,745
Plant and machinery		-	2,800,000	-	2,800,000
Coating sheds - owned		-	65,134	-	65,134
Vehicles		-	4,141	-	4,141
Others		-	16,379	-	16,379
As at June 30, 2020		-	5,585,474	-	5,585,474

5.6 Had there been no revaluation, the written down value of revalued Assets in the statement of Financial Position would have been as follows

Land - lease hold	**11,463**	11,463
Building - factory	**454,178**	461,845
Plant and machinery	**504,910**	505,203
Coating sheds	**58,878**	60,388

The Leasehold land comprising 419.19 acres of land situated at Nooriabad District Jamshoro, Sindh

5.7 Capital work-in-progress

	Cost			
	As at 01 July 2020	Additions	(Written off) / (Transfers)	As at 30 June 2021
	-------------------(Rupees in '000)-------------------------			
Building - Head Office and Factory	4,322	3,932	-	**8,254**
Plant and Machinery (Spiral Welded Plant)	52,464	43	-	**52,507**
	56,786	3,975	-	**60,761**

	Cost			
	As at 01 July 2019	Additions	(Written off) / (Transfers)	As at 30 June 2020
	-------------------(Rupees in '000)-------------------------			
Building - Head Office and Factory	-	4,322	-	**4,322**
Plant and Machinery	52,275	189	-	**52,464**
	52,275	4,511	-	56,786

6. LONG TERM DEPOSITS

	2021	2020
	----------(Rupees in '000)----------	
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**	**241,469**	242,121
	Addition during the year		**0**	448
Less:	Provision : Loss of joint venture		**-**	(1,100)
	Closing Balance		**241,469**	241,469

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 share 55% (23,100,000 shares @ 10 each) of the issued share capital in HPY against transfer of Land & Building therein against transfer and PuYuan share 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 nominating 3 (Three) Directors and PuYuan 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").

7.2 During the period 2017 to 2021 4.25 years actual operating activities have not been carried out. The company faced with difficulties in transfer of legal title of land and coating sheds in the name of HPY Coating (Pvt.) Ltd. and equity share capital to both joint venture partners was also not yet issued as was envisaged in the joint venture agreement. In view of these circumstances the Directors of the company are considering any other alternative course of action including but not limited to winding up of the project after the mutual consultation between the joint venture partners and a due authorization from the shareholders of the Company. The latest available financial statements of the Company was prepared upto the year 2021. The provision for loss in the previous periods represents 55% of the loss as per unaudited financial statement for the year 2020. The above investment would be categorized under level-2 in financial hierarchy classification.

8. STORES AND SPARES

	2021	2020
	----------(Rupees in '000)----------	
Stores - in hand	**62,077**	64,204
- in transit	**-**	-
Spare parts and loose tools	**3,854**	3,854
	65,930	68,058
Less: Provision for impairment / obsolescence	**(5,000)**	(3,000)
	60,930	65,058

8.1 There have been no capital item in stores spears and tools

9.	STOCK-IN-TRADE		2021	2020
			----------(Rupees in '000)----------	
	Raw material - in hand		**113,338**	73,145
	Work-in-process		**133,698**	102,972
	Finished goods		**1,250,158**	1,059,493
	Rejection / scrap material		**252,925**	191,094
			1,750,120	1,426,704
	Add: - in transit		**-**	154,905
			1,750,120	1,581,609
	Less: Provision for impairment in finihed goods	9.1	**(107,940)**	-
	Less: Difference came in Physical Counting of Stock in Trade	9.2	**-**	1,135
			1,642,180	1,582,744

9.1 The Company has engaged an Independent Professional Valuator M/S. K.G. Traders Pvt Ltd, for valuation of stock of seamless pipes, kept in hand. A valuation report has been submitted by the valuator dated March 24, 2023. Management has reviewed the independent valuation and also made its judgment on a produent/conservative basis in order to a certain the likely recoverable values. On the basis of its judgment, an impairment in value was provided against finished goods of seamless pipes kept in hand at the end of the year Rs 107,940 thousand.

9.2 **Difference came in stock in trade in Physical Count of Rs. 1,134,850 as follows:**

Decrease in Scrape:	(4,050,000)
Decrease in Finish Goods:	(1,652,640)
Increase in Raw Material:	6,837,490
Net effect:	1,134,850

10. TRADE DEBTS - unsecured

	2021	2020
	----------(Rupees in '000)----------	
Considered good	**19,990**	11,862
Considered doubtful	**662**	2,293
	20,652	14,155
Less: Provision for doubtful debts	**(662)**	(2,293)
	19,990	11,862

10.1 Credit is allowed to costumers generally is a 90-180 days period extended on a case to case basis

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

	2021		2020	
	Gross	Impairment	Gross	Impairment
	---------- Rupees in '000 ----------			
Less than 90 days	**19,990**	**-**	**11,862**	-
91 to 180 days old	**-**	**-**	**-**	-
181 to 365 days old	**-**	**-**	**-**	-
More than one year - Direct Parties	**662**	**-**	**2,293**	-
	20,652	**-**	**14,155**	-

11.	LOANS AND ADVANCES - considered good		2021	2020
			----------(Rupees in '000)----------	
	Advances to suppliers - unsecured	11.1	**6,910**	10,170
	Advances to employees for expenses		**12,695**	6,869
	Loans and advances to employees	11.2	**7,767**	8,669
			27,372	25,708

11.1 This includes advances to suppliers for purchases. The amounts paid have been adjusted subsequently upon supply of goods to the company.

12.	TRADE DEPOSITS		2021	2020
			----------(Rupees in '000)----------	
	Trade deposits	12.1	**12,958**	10,529
	Short term deposits/Advance with HPY Coating	12.2	**20,828**	20,828
	Add: accrued mark up		**5,623**	-
			26,451	20,828
	Less: Expected Credit Loss(ECL)		**(6,090)**	-
			20,361	20,828
			33,319	31,357

12.1 This represents deposits held by Customers of the Company in accordance with the supply agreement entered for supply of Company's product

Trade deposits - considered good	**15,364**	10,529
Less: Provision for doubtful accounts	**2,406**	-
	12,958	10,529

12.2 This includes deposit of parts and tools Rs. 20,361 thousand and payment of priliminary and other expenses Rs. 467 thousand on incorporation of the joint venture company HPY Coating Pvt Ltd. The tools have been deposited and payment of expenses were made as per the joint venture agreement. Interest Is provided on outstanding balance at KIBOR as provided under section 5(4) of companies (Investment in Associated companies or Associated Undertakings) Regulations 2017. Expected credit loss has also been provided due to non operation in the investee company. As the joint venture company has not yet commenced its operations as given in note 7.2. The tools deposited would be returned to the company in the subsequent period upon any decision by the board about the joint venture company.

		2021	2020
13.	OTHER RECEIVABLES	----------(Rupees in '000)----------	
	Sales tax Refundable	**16,747**	8,839
	Letter of credit	**1,403**	-
	Margin against guarantee	**27,177**	29,042
		45,328	37,881
14.	ADVANCE TAX - NET OF PROVISION		
	Tax receivable as at 1 July	**2,982**	- 2,962
	Tax paid during the year	**3,373**	13,508
		6,355	10,546
	Reversal for provision of prior year	**3,944**	10,340
	Provision for taxation	**- 1,545**	- 17,904
		8,754	2,982
15.	CASH AND BANK BALANCES		
	Cash in hand	**175**	584
	With banks in current accounts	**27,323**	9,172
	With bank in foreign currency accounts	**21**	21
		27,520	9,777
	Less: Book Over draft	**(5,113)**	(5,201)
		22,407	4,576

16. SHARE CAPITAL

30 June 2021	30-Jun 2020			
(Number of shares)				
Authorized				
70,000,000	70,000,000	Ordinary Shares of Rs. 10 each	**700,000**	700,000
Issued, subscribed and paid up				
12,200,278	12,200,278	Ordinary Shares of Rs. 10 each fully paid in cash	**122,004**	122,004
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
55,484,303	55,484,303		**554,844**	554,844

16.1 The above includes shares having face value of Rs. 101.213 million (2020: Rs. 101.213 million) held by the foreign sponsors of the Company.

		Note	2021	2020
			-----------Rupees in '000----------	
17	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX**			
	As at July 1, 2019			
	Leasehold land		**1,052,612**	800,581
	Factory building, plant and machinery and coating sheds		**3,473,443**	3,149,287
	Revaluation arising during the year (Freehold Land)		**-**	213,366
	Revaluation arising during the year (Building, Plant & machinery)		**-**	410,493
	Transfer of assets		**-**	-
			4,526,056	4,573,727
	Less: transferred to unappropriated profit:			
	- Surplus on revaluation of property, plant and equipment realized during the year on account of incremental depreciation charged thereon - net of tax		**(14,832)**	(33,846)
	- Related deferred tax		**(6,058)**	(13,825)
			(20,890)	(47,671)
			4,505,165	4,526,056
	Less: related deferred tax liability on:			
	- Revaluation as at July1		**(1,057,737)**	(952,519)
	- Incremental depreciation charged during the year on related assets transferred to profit and loss account		**6,058**	13,825
	- (Deficit) / Surplus arising during the year		**-**	(119,043)
	- Effect of change in tax rates		**50,439**	-
			(1,001,240)	(1,057,737)
			3,503,925	3,468,318

18. DEFERRED LIABILITIES

	Note	2021	2020
Staff gratuity	18.1.3	**98,224**	94,725
Less: Benefits due but not yet paid	19	**(10,086)**	(6,162)
		88,138	88,562
Deferred taxation - net	18.2	**1,090,624**	1,165,727
		1,178,761	1,254,289

18.1. Staff gratuity - defined benefit plans

18.1.1 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

		Note	2021	2020
			----------(Rupees in '000)----------	
18.1.2	**Liability recognized in the balance sheet**			
	Present value of defined benefit obligations	**18.1.3**	**88,138**	88,562
	Unrecognized actuarial gain / (loss)		**-**	-
	Benefits due but not paid during the year		**10,086**	6,162
			98,224	**94,725**
18.1.3	**Changes in present value of defined benefit obligations**			
	Balance at the beginning of the year		**88,562**	129,679
	Expense recognized in profit & loss account	**18.1.4**	**12,296**	25,647
	Total remeasurements recognised in other comprehensive income	**18.1.5**	**(8,150)**	(41,403)
	Benefits paid during the year		**-**	(20,217)
	Benefits due but not paid during the year		**(4,570)**	(5,144)
	Actuarial loss / (gain)		**-**	-
	Obligation as at 30 June 2020		**88,138**	88,562
18.1.4	**Amount recognized in profit and loss account**			
	Current service cost		**4,962**	8,975
	Interest cost		**7,334**	16,672
	Net actuarial loss / (gain)		**-**	-
			12,296	25,647

18.1.5 Total remeasurements recognized in other comprehensive income

	2021	2020
	----------(Rupees in '000)----------	
Remeasurement on defined benefit obligation arising on		
- financial assumptions	**-**	-
- demographic assumptions	**57**	(220)
- experience adjustments	**(8,207)**	(41,183)
	(8,150)	(41,403)

18.1.6 Actuarial valuation of staff gratuity scheme has been carried out as at Jun 30, 2021 using Projected Unit Credit Method and the following significant assumptions have been used

		2021	2020
		----------(Rupees in '000)----------	
	Discount rate	**8.50%**	**14.25%**
	Discount rate for year end valuation	**10.00%**	**8.50%**
	Salary increase rate	**9.00%**	**7.00%**
	Mortality rate	**SLIC 2001-2005 With one-year set back**	SLIC 2001-2005 With one-year set back
	Retirement age	**60 years**	60 years
18.1.7	Number of employees covered by the scheme	**90**	100

18.1.8 Sensitivity analysis

The sensitivity analysis below 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)**	(5,502)
Salary growth rate	1%	**6,315**	6,315

18.1.9 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.

18.1.10 The weighted average duration of defined benefit obligation as at June 30, 2021/2020 is 5 years.

18.1.11 The expected gratuity expense for the next one year from July 1, 2021 would be 11,510 thousand (July 1, 2020 to Rs. 10,870 thousand)

18.2 Deferred taxation - net

	2021	2020
	----------(Rupees in '000)----------	
Taxable temporary difference arising in respect of:		
Accelerated tax depreciation and amortization	**188,139**	256,635
Surplus on revaluation of property, plant and equipment	**1,001,240**	1,007,299
Finance lease arrangement / DM financing	**342**	428
	1,189,721	1,264,362
Deductible temporary differences arising in respect of:		
Defined benefit plan's obligation	**(26,121)**	(27,470)
Provision for compensated absences	**(4,300)**	(3,939)
Others	**(67,226)**	(67,226)
Provision for store & Spare	**(1,450)**	-
	(99,097)	(98,635)
Net	**1,090,624**	1,165,727

19. TRADE AND OTHER PAYABLES

	Note	2021	2020
		----------(Rupees in '000)----------	
Trade creditors	19.2	**31,322**	44,013
Accrued liabilities		**84,375**	57,720
Tax deducted at source		**35,499**	38,212
Workers' profit participation fund	19.1	**427,599**	391,425
Workers' welfare fund		**15,337**	15,337
Unclaimed dividend		**696**	**696**
Bills payable		**4,334**	95,557
Advances from customers	19.2	**52,658**	69,835
Provision for compensated absences		**14,829**	13,583
Gratuity due but not yet paid		**10,086**	6,162
Others		**699**	**699**
		677,435	733,242

19.1 Workers' Profit Participation Fund

	2021	2020
Balance as at 1 July	**391,425**	358,284
Allocation for the period	-	-
Interest on funds utilized in the Company's business	**36,174**	33,141
	427,599	391,425
Payments made during the year	**-**	-
Balance at the end of the year	**427,599**	391,425

19.2 Creditors and Advances from customers included balances due to related parties Rs 19,164 thousand and Rs 11,241 thousand respectively. The maximum amounts due at any time during the year were Rs 19,164 thousand and Rs 11,241 thousand respectively.

20. SHORT TERM SPONSORS/DIRECTORS ADVANCES - Unsecured

	2021	2020
This represents unsecured and interest free advance from sponsors/directors repayable on demand.	**333,092**	82,746
	333,092	82,746

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Guarantees as at June 30, 2021 amounting to Rs. 27.177 million (2020: Rs. 29.042 million) have been furnished in favor of various customers.

21.1.2 Tax Contigencies

Custom Duty/Sales Tax

The Collector of Custom, Hyderabad issued the show cause notice No 832 dated 17/09/2020 and subsequently filled an FIR in this case against some Directors of Huffaz Seamless Pipes Industries Limited in respect of Custom duty & Sales Tax covering an amount of Rs. 61.766 million. The Company approached Honorable High Court of Sindh in this regard and obtained stay order. The matter is '*subjudice*' as the case is proceeded in Honorable High Court of Sindh. Legal counsel of the company is optimistic that, there would be no adverse consequences against the Company regarding this case and the outcome would be in the favor of the company.

Income Tax

The company has received an Opinion from legal advisor stating that due to certein issues of Mukhtar car at nooriabad, title of land/building remained not yet transferred. Hence the consideration or proceeds of investment transaction not yet realize/received by the investee company. As was reported in 2018 financial statement including surplus on revaluation amounting to Rs.177 million.

The legal advisor was of considered opinion that in View of deliberations before tax department , since no actual material transaction took place from either party involved in the transaction therfore no incidence of tax would arise from the transaction between the party concerned.

21.1.3 The Sui Southern Gas Company Limited (SSGC) has levied Gas Infrastructure Development Cess (GIDC) in accordance with GIDC Act 2015 and has sent a bill of Rs 90 million for the levy of cess of previous periods up to and including the year 2021. The company has challenged this bill and filed a suit in the Honorable High Court of Sindh contending the said levy was not legal as per the para 37 & 42 of the order passed by the Honorable Supreme Court of Pakistan and obtain a stay order against the payment of aforesaid bill of SSGC. The legal advisor of the company has expressed his legal opinion stating that, the matter is '*subjudice*' before the court and there would not be any likelihood that claim of Sui Southern Gas Company Limited (SSGC) would be materialized.

21.2 Commitments

21.2.1 Commitments under letters of credit as at June 30, 2021 amounted to Rs. 4.333 million (2020: Rs. 95.6 million).

21.2.2 The facility for opening letters of Credit/Guarantees as at June 30, 2021 amounted to Rs. 300 million (2020: Rs. 300 million) of which the amount remaining unutilized as at that date was Rs. Nil.00 million,

		Note	2021	2020
22.	**Revenue from contract with customers**		-----------(Rupees in '000)-----------	
	Gross Revenue -Local		113,779	368,540
	Gross Revenue - Export		-	-
			113,779	368,540
	Less -Sales Tax		(16,537)	(26,925)
			97,243	341,615
22.1	**DISAGGREGATION OF REVENUE**			
	In the following table, revenue is disaggregated by primary geographical markets and major product			
22.1.1	**Major Product Lines:**			
	Seamless and other pipes		77,260	308,481
	Coating revenue		19,983	33,134
			97,243	341,615
22.1.2	**Primary geographical markets:**			
	Sindh		82,657	300,621
	Other provinces		14,586	40,994
			97,243	341,615
23.	**COST OF REVENUE FROM CONTRACT WITH CUSTOMERS**			
	Opening stock of finished goods (including adjustments Note 9.2)		1,057,841	1,054,302
	Cost of goods manufactured	*23.1*	250,979	273,350
	Total Goods available for sale		1,308,820	1,327,652
	Closing stock			
	Finished goods	*9*	(1,250,158)	(1,059,493)
	Provision for impairment in value of finished good		107,940	-
			(1,142,218)	(1,059,493)
	Cost of Goods Sold		166,602	268,158
23.1	**Cost of goods manufactured**			
	Opening work in progress		102,972	61,620
	Raw material consumed	*23.1.1*	144,445	112,288
	Store and spare parts consumed		15,167	16,301
	Coating material consumed		20,832	13,097
	Gas consumed		26,685	19,020
	Power, fuel and water		23,054	20,542
	Salaries, wages, and other benefits	*23.1.2*	71,490	69,189
	Rent, rates and taxes		7	-
	Insurance		3	592
	Repairs and maintenance		2,837	866
	Carriage and cartage		1,118	40
	Depreciation	*5.2*	32,265	66,405
	Others		9,684	15,364
	Closing work in progress		(133,698)	(102,972)
			316,861	292,352
	Rejection / scrap material			
	Opening (including adjusments Note 9.2)		187,044	172,092
	Closing		(252,925)	(191,094)
			(65,881)	(19,002)
	Cost of Goods Manufactured		250,979	273,350
23.1.1	**Raw material consumed**			
	Opening stock (including adjustments Note 9.2)		79,982	182,625
	Purchases		177,801	2,808
			257,783	185,433
	Closing stock		(113,338)	(73,145)
			144,445	112,288

23.1.2 Salaries, wages and other benefits include Rs.9,200 thousand (2020: Rs.21,266 thousand) in respect of staff retirement benefits.

24. SELLING AND DISTRIBUTION EXPENSES

	Note	2021	2020
		-----------(Rupees in '000)-----------	
Salaries, wages and other benefits	24.1	3,255	4,190
Sales promotion and other expenses		-	-
Travelling and conveyance		20	62
Provision for doubtful debts	10	662	2,293
Late delivery charges		-	10,151
Provision for doubtful deposit accounts	12.1	2,406	-
Miscellaneous		854	129
		7,197	16,825

24.1 Salaries, wages and other benefits include Rs. 615 thousand (2020: Rs.1,337 thousand) in respect of staff retirement benefits.

25. ADMINISTRATIVE EXPENSES

	Note	2021	2020
Salaries, wages and other benefits	25.1	12,967	24,162
Travelling and conveyance		1,152	4,475
Legal and professional charges		282	3,006
Fees and subscription		5,724	3,389
Telephone, telex and postage		1,947	599
Vehicle running and maintenance		1,035	1,352
Auditors' remuneration	25.2	1,120	1,120
Printing and stationary		475	176
Depreciation	5.2	656	965
Utilities		576	666
Repairs and maintenance		514	94
Advertisement		25	297
Entertainment		219	16
Loss on Joint Venture Company (Note-07)		-	1,100
Others		318	394
		27,010	41,811

25.1 Salaries and other benefits includes Rs. 2,459 thousand (2020: Rs. 3,043 thousand) in respect of staff retirement benefits.

25.2 Auditors' remuneration

	2021	2020
Audit fee	1,000	1,000
Out of pocket expenses	120	120
	1,120	1,120

26. OTHER OPERATING CHARGES

	2021	2020
Workers' Profit Participation Fund	-	-
Workers' Welfare Fund	-	1,336
Exchange loss	-	2,417
	-	3,753

27. OTHER OPERATING INCOME

	2021	2020
Scrap sales	2,966	-
Interest On Deposit/ Advance of Joint venture company net off ECL	(467)	
Others	2,787	13,079
	5,285	13,079

28. FINANCE COST

	Note	2021	2020
Interest on workers' profit participation fund	19.1	36,174	33,141
Mark-up on Short term borrowings		-	-
Profit on Diminishing Musharika financing		-	13
Bank charges		798	468
		36,972	33,622

29. TAXATION

	2021	2020
	-------(Rupees in '000)--------	
Current		
for the year	**1,545**	17,904
for prior years	**(3,944)**	(10,340)
	(2,399)	7,564
Deferred	**(27,028)**	(10,945)
	(29,427)	(3,381)

29.1 Income tax assessments of the company has been finalized upto and including tax year 2017 under the deeming provision of the income tax ordinance 2001. With respect to 2018, assessment was made and there were no significant disallowances by the department and no tax liability would arise. In respect of tax year 2019 and **tax year 2020** assessment would be made under deeming provisions of income tax ordinance 2001.

29.2 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 5 years is as under:

Tax Year	Tax Assessment	Provision of Taxation
	.----------(Rupees in '000') -----------	
2018	44,524	44,524
2017	63,965	64,320
2016	59,000	59,000
2015	35,498	35,498
2014	37,436	37,436

29.3 Relationship between tax expenses and accounting profit

	2021	2020
	------(Rupees in '000)------	
(Loss)/Profit before taxation	**(135,253)**	(9,475)
Tax at the applicable rate of 29%	**- 39,089.00**	(2,748)
Tax effect of temporary / permanent difference	**(25,681)**	(36,733)
Effect of prior year charges	**(3,944)**	(10,340)
Reduction in Tax liability due to Rebates	**-**	-
Net Tax effect due to export sales	**-**	-
Effect of change in tax rate	**(270)**	-
Others	**39,557**	46,440
	(29,427)	(3,381)

30. (LOSS) / EARNING PER SHARE - basic and diluted

	2021	2020
	----------(Rupees in '000)---------	
(Loss) / Profit after taxation for the year	**(105,826)**	(6,094)
	(Number in '000)	
Weighted average number of Ordinary Shares	**55,484**	55,484
	-----------(Rupees)-----------	
(Loss) / Earning per share - basic and diluted	**(1.91)**	(0.11)

There was no diluted earning per share

31. Changes in working capital

	2021	2020
Decrease / (increase) in current assets		
Stores and spare parts	**4,128**	6,525
Stock in trade	**(59,435)**	(112,104)
Trade debts	**(8,128)**	59,339
Loans and advances, trade deposits, prepayments and other receivables	**(1,664)**	3,242
Trade deposits	**(1,962)**	28,132
Other Receivable	**(7,447)**	(4,402)
	(74,508)	(19,268)
Increase in current liability		
Trade and other payables	**(59,730)**	(27,110)
	(134,238)	**(46,378)**

31.1 There were no non-cash assets or liabilities effecting cash flow statement.

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Director		Executives	
	2021	2020	2021	2020	2021	2020
	---------- (Rupees in '000) ----------					
Managerial remuneration	**6,274**	6,274	**-**	-	**9,866**	9,866
House rent	**2,823**	2,823	**-**	-	**4,440**	4,440
Utilities	**-**	-	**-**	-	**987**	987
Gratuity	**758**	758	**-**	-	**1,274**	1,274
	9,855	9,855	**-**	-	**16,567**	16,567
Number of persons	**1**	1	**1**	1	**9**	9

32.1 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.

32.2 During the year no amount (2020: Rs. Nil) was paid to Directors for attending the Board of Directors' meeting.

33. CAPACITY AND PRODUCTION

	2021	2020
	-------Metric Ton---------	
Seamless Pipe and Tubes		
Normal Capacity	**55,000**	55,000
Actual Production	***800***	747
Percentage	**1.5%**	1.4%
Coating of Seamless Tubular Products		
Normal Capacity	**30,000**	30,000
Actual Production	***4,829***	4,750
Percentage	**16.1%**	15.8%
Machinery & Machinery Components		
Normal Capacity	**3,500**	3,500
Actual Production	**-**	-
Percentage	**-**	-

The production capacity of the plant is dependent on the relative proportions of the various types of seamless pipes and tubes produced by the company.

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

34. NUMBER OF EMPLOYEES

The permanent number of employees as at year end were 90 (2020: 102) and total average number of employees were 96 (2020: 108) the average number of factory employees in the year were 86 (2020: 96).

35. TRANSACTIONS WITH RELATED PARTIES

35.1 Composition and Relationship

Related parties comprise of
- Joint Venture / subsidiary (Note 7)
- Associated companies
- Directors of the Company (Note 32)
- Companies in which directors also hold directorship
- Related group companies
- Key management personnel (Note 33)
- Staff retirement benefit funds.

35.2 Common Holding

Director of the Company Hafiz Abdul Waheed (10.49%), Hafiz Abdul Sami (1.69%) & Hafiz Abdul Aleem (1.62%) shares in the Company and is the owner of Huffaz Corporation (Pvt) Ltd.

Director of the Company Hafiz Abdul Waheed (10.49%), Hafiz Abdul Sami (1.69%) & Hafiz Abdul Aleem (1.62%) shares in the Company and is the owner of M/s Hafiz Abdul Waheed & Brothers Pvt Ltd

35.3 All related party transactions are unsecured and settle by way of banking transactions.

35.4 Transactions with related parties are as follows:

Name	Nature of relationship	Nature of transaction	2021	2020
			(Rupees in '000)	
Hafiz Abdul Waheed and Brothers Pvt Ltd	Associated Company	Sale of goods	-	-
		Receipts	**1,000**	1,854
		Outstanding balance	**7,714**	6,714
		Purchase of Goods	**NIL**	NIL
		Outstanding balance by purchase of Goods	**NIL**	NIL
Huffaz Corporation Pvt Ltd	Associated Company	Sale of goods	**8,180**	15,102
		Receipts in respect of sale of goods	**6,000**	6,564
		Outstanding balance by sale of goods	**3,527**	(5,707)
		Purchase of goods	**NIL**	NIL
		Outstanding balance by of purchase of goods	**19,163**	19,163
Transactions with directors	Related party	Sponsors' advances received	**250,773**	11,975
		Sponsors' advances paid	**427**	12,410
Key management personnel including CEO & Directors		Remuneration	**26,422**	26,422

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

Name	Nature of relationship	Nature of transaction	2021	2020
			(Rupees in '000)	
Hafiz Abdul Waheed and Brothers Pvt Ltd	Associated Company	Balance as at date of Balance Sheet - Net	**(7,714)**	(6,714)
Huffaz Corporation Pvt Ltd	Associated Company	Sale of goods	**(3,527)**	(5,707)
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	**(333,092)**	(82,746)
Staff Retirement Benefit-Gratuity			**98,224**	94,725
HPY Coating (Pvt) Ltd,	Joint Venture	Investment	**241,469**	241,469

36. OPERATING SEGMENTS

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:

36.1 Segment revenue and results

	Seamless Segment	Coating Segment	Total
	<<--------------Rs in '000----------->>		
For the period ended 30 June 2021			
Revenue from contract with customers	**78,440**	**18,802**	**97,243**
Cost of revenue from contract with customers	**(123,607)**	**(42,997)**	**(166,602)**
Gross (Loss)/Profit	**(45,167)**	**(24,195)**	**(69,359)**
For the year ended 30 June 2020			
Revenue from contract with customers	308,481	33,134	341,615
Cost of revenue from contract with customers	(239,523)	(28,635)	(268,158)
Gross Profit	68,958	4,499	73,457

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

	2021	2020
	----------(Rupees in '000)---------	
Total results for reportable segments	**(69,359)**	73,457
Selling, distribution and administrative expenses	**(34,207)**	(58,636)
Other operating expenses	**-**	(3,753)
Other operating income	**5,285**	13,079
Financial charges	**(36,972)**	(33,622)
Taxation	**29,427**	3,381
(Loss) after tax	**(105,826)**	(6,094)

36.2 Segment assets and liabilities

	Seamless Segment	Coating Segment	Total
	<<--------------Rs in '000----------->>		
As at 2021			
Segment assets	**6,417,585**	**1,314,445**	**7,732,030**
Segment liabilities	**1,010,532**	**-**	**1,010,532**
As at 2020			
Segment assets	6,326,936	1,325,896	7,652,832
Segment liabilities	815,987	-	815,987

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

	2021	2020
	----------(Rupees in '000)---------	
Total for reportable segment assets	**7,201,912**	7,175,153
Unallocated assets	**530,118**	477,679
Total assets as per statement of financial position	**7,732,030**	7,652,832
Total for reportable segment liabilities	**1,010,532**	815,987
Unallocated liabilities	**1,178,761**	1,254,289
Total liabilities as per statement of financial position	**2,189,293**	2,070,276

36.3 Segment revenue reported above are revenue generated from external customers. There were no inter-segment sales during the year (June 2020 nil)

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

36.5 100% (2020: 100%) gross sales of the Company relates to customers in Pakistan.

36.6 All non-current assets of the Company as at 30 June 2021 are located in Pakistan.

36.7 Revenue from a major customer of seamless segment represents an aggregate amount of Rs. 31.568 million (2020: Rs. 232.551 million) of total seamless segment revenue of Rs. 78.440 million (2020: 308.481 million). Further, revenue from a major customer of coating segment represents an aggregate amount of Rs.18.802 million (2020: Rs. 22.642 million) out of total coating segment revenue of Rs. 18.802 million (2020: Rs. 33.134 million).

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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 analyze 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 of the Company.

37.1 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.

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

	2021		2020	
	Carrying value	Maximum exposure	Carrying value	Maximum exposure
	(Rupees in '000)			
Long Term deposits	6,936	-	6,936	-
Trade debts	19,990	19,990	11,862	11,862
Trade Deposits	33,319	-	31,357	-
Other receivables	27,177	27,177	29,042	29,042
Cash and bank balances	22,233	22,233	4,576	3,992
	109,655	72,467	83,773	44,896

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

	2021	2020
Dealers and distributors	5,976	5,550
End-user customers	14,014	6,312
	19,990	11,862

As at the year end the Company's most significant customers included a distributor from whom Rs. 2.241 million was due (2020: Rs. 5.550 million) and an end-user from whom Rs. 19.190 million was due (2020: Rs. 3.568 million).

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

	Short term	Long term
Local banks	C to A1+	B to AAA

	Credit Rated	2021	2020
		(Rupees in '000)	
National Bank of Pakistan	A1+	121	150
Meezan Bank Ltd	A1+	10,032	-
MCB Bank Ltd	A1+	372	578
Bank Islami	A1+	927	78
Bank Al Habib Ltd	A1+	2,484	3,511
Other Banks	A1+	8,297	259
Total		22,233	4,576

37.2 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:

	2021				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
Non-Derivative Financial liabilities	--------------------(Rupees in '000)--------------------				
Short Term Sponsors Advances	333,092	333,092	-	333,092	-
Creditors, Accrued Liabilities & Bills Payable	120,031	120,031	-	120,031	-
	453,123	453,123	-	453,123	-

	2020				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years
Non-Derivative Financial liabilities	--------------------(Rupees in '000)--------------------				
Short Term Sponsors Advances	82,746	82,746	-	82,746	-
Creditors, Accrued liabilities & Bills payable	197,290	197,290	-	197,290	-
	280,036	280,036	-	280,036	-

37.3 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.

37.3.1 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:

	2021		2020	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Import Bills Payable	(4,334)	(26)	(95,557)	(569)
Foreign currency bank accounts	21	0.125	21	0.125
	(4,313)	(26)	(95,536)	(568)

Following are the significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2021	2020	2021	2020
	--------(Rupees in '000)--------		-----------(Rupees in '000)-----------	
US Dollars	163.91	168.00	163.91	168.05

Sensitivity analysis

A 5.0% change in Rupee against US Dollar at June 30, 2021 would have decreased equity an increased post tax loss by Rs. 4.8 million (2020: Rs. 0.304 million @ 5%). This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2020.

37.3.2 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	
	2021	2020
	(Rupees in '000)	
Variable rate instruments		
Financial liabilities	**0**	0

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 decreased the equity and increased loss as of June 30, 2021 by Rs. 0/960 million (2020: Rs. 0.06 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

37.4 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.

37.4.1 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 , Plant & Machinery) 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 recognized in the financial statements at fair value on a recurring basis, the management recognizes 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-21							
	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
	Amount in Rs '000'							
Financial assets not measured at fair value								
Long term deposits	6,936	-	-	-	6,936	-	6,936	-
Trade debts-considered good	19,990	-	-	-	19,990	-	19,990	-
Loan, advances, trade deposits and short term prepayments	60,691	-	-	-	60,691	-	60,691	-
Other receivables	45,328	-	-	-	45,328	-	45,328	-
Cash and bank balances	22,408	-	-	-	22,408	-	22,408	-
Financial liabilities measured at fair value								
- Derivative financial liabilities	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	-	677,435	677,435	-	677,435	-
Short-term sponsors' advances	-	-	-	333,092	333,092	-	333,092	-

	30-Jun-20							
	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 measured at fair value								
Long term deposits	6,936	-	-	-	6,936	-	6,936	-
Trade debts-considered good	11,862	-	-	-	11,862	-	11,862	-
Loan, advances, trade deposits and short term prepayme	57,065	-	-	-	57,065	-	57,065	-
Other receivables	37,881	-	-	-	37,881	-	37,881	-
Cash and bank balances	4,576	-	-	-	4,576	-	4,576	-
Financial liabilities measured at fair value								
- Derivative financial liabilities	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	-	733,241	733,241	-	733,241	-
Short-term sponsors' advances	-	-	-	82,746	82,746	-	82,746	-

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
- Land and Building	30-Jun-20	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 current market conditions, structure, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and 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 input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.
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 balance sheet 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.

37.5 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.

The quantitative data of share capital issued including cash bonus and right issues have been disclosed in Note 16.

38. GENERAL

38.1 Corresponding Figures

Some of the previous period balances have been rearranged/reclassified wherever necessary to facilitate comparison in the current period.

38.2 Date of authorization for issue

These financial statements were authorized for issue on May 13, 2023 by the Board of Directors of the Company.

Hafiz Abdul Majid Chief Executive	Asghar Imam Khalid Director	Muhammad Anwar Khan Chief Financial Officer

Pattern of Shareholding

As on June 30, 2021

No. of Shareholders	Having Shares From	To	Shares Held	Percentage
344	1	100	8337	0.0150
382	101	500	125556	0.2263
211	501	1000	167545	0.3020
334	1001	5000	873190	1.5738
82	5001	10000	616508	1.1111
30	10001	15000	374878	0.6756
33	15001	20000	592764	1.0683
10	20001	25000	226717	0.4086
15	25001	30000	414719	0.7475
6	30001	35000	198056	0.3570
13	35001	40000	493705	0.8898
5	40001	45000	206984	0.3730
3	45001	50000	143254	0.2582
5	50001	55000	261365	0.4711
1	55001	60000	57543	0.1037
1	60001	65000	62500	0.1126
3	65001	70000	205052	0.3696
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
2	120001	125000	248556	0.4480
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
1555		**Company Total**	**55484303**	**100.0000**

Categories of Shareholders

As at June 30, 2021

		No of Shares	Percentageof Shareholding
1	**Associated companies, undertakings and related parties (name wise detail)**	—	—
2	**Mutual funds (name wise detail)**		
2.1	M/s First Cresent Modaraba	375	0.00%
2.2	First UDL Modarba	23,500	0.04%
2.3	Golden Arrow Selected Stocks Fund Limited	341,745	0.62%
		365,620	**0.66%**
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	1.59%
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	CDC-Trustee National Investment (Unit) Trust	1,311,896	2.36%
	Trustee NBP Employee Pension Fund	128,927	0.23%
	Others	255,182	0.46%
		1,696,005	**3.06%**
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**	**23,037,918**	**41.52%**
	TOTAL	**55,484,304**	**100%**

Huffaz Seamless Pipe Industries Ltd.

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

Proxy Form

38th Annual General Meeting

I/We...of ....

(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 38th Annual General Meeting of Company will be held on Thursday, June 08, 2023 at 03:30 p.m. at Junagargh Community Centre Opposite. Mashriq Centre, Block-17, Gulshan-e-Iqbal, Karachi-75300 and any adjournment thereof.

Signature of Proxy ....

Please affix Revenue Stamp of Rs. 5/-

Proxy's:

Folio Number ....

CDC Participant ID No. ....

Sub-Account Number ....

CNIC Number ....

Passport Number .... Signature..

(in case of foreigner) 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/herproxy 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, togther 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.

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

حفیظ سیم لیس پائپ انڈسٹریز لمیٹڈ

پراکسی فارم

38 واں سالانہ اجلاس

میں/ہم ________________ از ________________

بطور ممبر حفیظ 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 38 ویں سالانہ اجلاس جو بروز جمعرات مؤرخہ 08 جون 2023 بوقت 03:30 بجے بمقام جوناگڑھ کمیونٹی سینٹر، بالمقابل مشرق سینٹر، بلاک 17 گلشن اقبال، کراچی-75300 اس اجلاس میں شرکت کر سکے۔

دستخط پراکسی: ________________

فولیونمبر: ________________

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)

پانچ روپے والی
ریونیو اسٹیمپ لگائیں

دستخط: ________________

شیئر ہولڈر کے

گواہ نمبر 1		گواہ نمبر 2	
دستخط	________________	دستخط	________________
نام	________________	نام	________________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	________________	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	________________
پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو)	________________	پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو)	________________
پتہ	________________	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 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۔ کسی 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 سی کی درخواست کی رسید یا پرانا NIC/CNIC جس کی مدت ختم ہوگئی ہو بھی قابل قبول ہونگیں۔

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.pk

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