



Huffaz

Seamless Pipe Industries Limited

Committed to Excellence

Annual Report 2022





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

Registered Office:

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

Factory:

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

Website:

www.huffaz.pk





Mission & Vision



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

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

	2022 Rs in ' 000	2021 Rs in ' 000
Gross Sales	157,151	113,779
Net Sales	134,317	97,243
Profit / (Loss) before tax	(135,165)	(138,537)
Taxation	27,487	28,484
Profit / (Loss) after tax	(107,678)	(110,053)
Shareholders' Equity	5,342,612	5,444,363
Total Assets	7,726,869	7,686,982
Profit per Share	(1.94)	(1.98)
Number of Employees (Numbers)	100	100
Production volume (M. Tons)		
Seamless Tubular Products	270	800
Machinery and its Components	—	—
Coating of Seamless Tubular Products	3,318	4,075





Company's Profile



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

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

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



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

Product Range

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



Size Range

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

Production Capacity per annum in M.Tons

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





Company's Profile



Production Standard:

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

Any other standard as per requirement of the customers.

Delivery Conditions:

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

Test Performed:

Destructive Test: Tensile, Flattening, 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 and Environment management system. The management system includes a set of processes and procedures that help HSPI to constantly improve its Safety and Health programs, and is an essential element for securing the motivation and well being of its employees.





Research & Development

Research & Development

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

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



well as technology for automotive components and mechanical pipe applications and full-scale testing of premium connection, line pipe and OCTG.

Code of Conduct

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

This Code of Conduct establishes the ethical principles that form the basis for relations between the company, its employee and third parties and provides means and instruments to give transparency to issues and problems that may have a bearing on the management of the Company.

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






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"





ETHICS

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 39th Annual General Meeting of Company will be held on Tuesday, February 13, 2024 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, 2022 and the Reports of the Directors' and Auditors' thereon.
02. To appoint External Auditors for the year ending 30th June 2023 and fix their remuneration.
03. To consider any other business with the permission of the Chair.

By order of the Board



(Hafiz Abdul Majid)
Chief Executive

Karachi
January 23, 2024

NOTE:

01. The share transfer books of the company will remain closed from 05th February, 2024 to 13th February 2024 (both days inclusive).
02. A member entitled to attend and vote at the meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting and must be signed and witnessed.
03. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant ID number and account/sub-account number along-with Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.
04. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.
05. Members are requested not to bring children along-with them, as children will not be allowed in the meeting.



DIRECTORS' REPORT

The Directors of the Company are pleased to submit their report, together with Audited financial statements of the Company for the year ended 30 June 2022.

OPERATING RESULTS

The financial results of the Company are summarized below:

	2022	2021
 (Rupees in '000)	
(Loss) for the year before taxation	(135,165)	(138,537)
Taxation	27,487	28,484
(Loss) after taxation	(107,678)	(110,053)
Total other comprehensive income for the year	8,348	8,150
Basic and diluted (loss) per share	Rs. (1.94)	Rs.(1.98)

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

These unconsolidated financial statements, prepared by the management of the Company, present fairly, its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of unconsolidated financial statements.
- The system of internal controls is sound in design and has been effectively implemented. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls shall continue as an ongoing process with the objective to strengthen controls and improve the system.
- There are no significant doubts on 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 the Code of Corporate Governance, 2019.
- Key operating and financial data for last ten years in summarized form is annexed.
- Information about taxes and levies is given in the notes to the financial statements.



- The number of employees as at 30 June 2022 is 119 (2021: 108).
- During the year four (4) meetings of the Board of Directors and one (1) meeting of the Human Resource and Remuneration Committee were convened.

For the purposes of various clauses of the PSX Rule Book, the Board has defined that Functional Heads of all departments of the Company shall be considered as “Executives”. This has been reviewed and found satisfactory keeping in view the management structure of the company.

PATTERN OF SHAREHOLDING AND SHARES TRADED

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trading in the shares of the Company was carried out by any Director, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, Executives and their spouses and minor children.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND ITS COMMITTEES

The Chairman Board assessed the performance of the Board of Directors and its Committees according to the established mechanism of self-assessment.

Performance evaluations for FY21 were approved by the Board.

DIRECTORS

The present board including the Chief Executive Officer will hold office till the next election of Director. Details of the composition of the Board of Directors and their committees are provided in the Statement of Compliance with the Code of Corporate Governance.

The evaluation was reviewed against the following criteria:

- Leadership
- Policy and strategy
- People Management
- Business Processes/Excellence
- Governance and Compliance
- Financial Performance
- Impact on Society

CEO'S PERFORMANCE EVALUATION

During the year, the Human Resource and Remuneration Committee of the Board carried out the CEO's performance evaluation, which was approved by the Board



REMUNERATION OF CHIEF EXECUTIVE

Details of remuneration paid to Chief Executive IS disclosed in note 47 to the enclosed unconsolidated financial statements.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The principal role of the Chairman is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and is a direct liaison between the Board and the management of the Company through the Chief Executive Officer. The Chairman is independent from management and free from any interest and any business or other relationship which could conflict with the Chairman's independent judgment.

The Chief Executive Officer performs his duties in accordance with the related laws. The Board, recommends and oversees implementation of the business strategies, and is responsible for overall control, operations and perpetuation of the enterprise.

UNCONSOLIDATED FINANCIAL STATEMENTS

As required under regulation 25 of Code of Corporate Governance 2019, the Chief Executive Officer and Chief Financial Officer presented the unconsolidated financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors. The Board, after consideration, based on the recommendations of the Audit Committee, approved and authorized the Financial Statements for issuance and circulation. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this Statement of Financial position relates and the date of Directors' Report.

AUDITORS

The auditors, M/s. H.A.M.D. & Co., Chartered Accountants, are due to retire in the forthcoming Annual General Meeting of the Company and being eligible, have offered themselves for reappointment. The Audit Committee and the Board have recommended their appointment as external auditors for the next financial year, for shareholders consideration and approval at the upcoming annual general meeting.

OUTLOOK

The outgoing fiscal year continued to be challenging, particularly in the latter half as inflationary pressures continued to mount, in part triggered by growth and partially because of soaring global commodity prices.



This triggered the Central Bank to adopt monetary tightening with rates going up 675 bps to 15% by the end of the outgoing fiscal year. By this time the rupee had depreciated 38.2% to PKR 217.65/USD, Current Account Deficit for FY22 stood at USD 17.4 billion, fiscal deficit at USD 25.7 billion and, Pakistan was additionally faced with political challenges, all of it collectively contributing to a host of issues including uncertainty around the resumption of the IMF program, to which a lot of ancillary funding was tied down. The year ended with grim prospects for FY23. Today as we are writing to you, Pakistan has been hit with devastating climate change triggered flooding.

The global strengthening of USD has in part helped stabilize commodity prices which have begun to ease, albeit at little positive impact to our outflows given the weakening of the Rupee, despite Pakistan having negotiated the resumption of the IMF program.

For us, with core business dependent on infrastructure projects in particular energy and water infrastructure - FY23 is marred with uncertainty. Our order book in the line pipe segment, while promising, is linked with infrastructure projects of national importance and led by State Owned Enterprises and as such they are susceptible to delays. Having said that, we have participated in different projects tenders of Oil & Gas sectors which are in finalization stages. Our businesses in other segments will continue to provide tactical buffers including working capital support, however, we remain focused on capturing demand in the line pipe segment.

I would like to thank all stakeholders for their patronage and look for their continued support.

For and behalf of Board of Directors.



Hafiz Abdul Majid

Chief Executive Officer

January 22, 2024



ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

آپریٹنگ کے نتائج

کمپنی کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

2021	2022	
.....	(000' میں روپے).....
(138,537)	(135,165)	(نقصان) ٹیکس سے پہلے سال کے لیے
28,484	27,487	ٹیکس
(110,053)	(107,678)	ٹیکس کے بعد (نقصان)
8,150	8,348	سال کے لیے کل دیگر جامع آمدنی
روپے (1.98)	روپے (1.94)	بنیادی اور کمزور (نقصان) فی شیئر روپے

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

کمپنی کی انتظامیہ کی طرف سے تیار کردہ یہ غیر منفقہ مالی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

- کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں لاگو ہوتا ہے، غیر منفقہ مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے۔ اندرونی آڈٹ اور اس طرح کے دیگر نگرانی کے طریقہ کار کے ذریعے نظام کی مسلسل
- نگرانی کی جاتی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل ایک جاری عمل کے طور پر جاری رہے گا جس کا مقصد کنٹرول کو مضبوط کرنا اور نظام کو بہتر بنانا ہے۔
- کمپنی کی کسی بھی جاری تشویش کو حل کرنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی، جیسا کہ کوڈ آف کارپوریٹ گورننس، 2019 میں تفصیل سے بتایا گیا ہے۔



- پچھلے دس سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا خلاصہ شکل میں منسلک ہے۔
- ٹیکس اور لیویز کے بارے میں معلومات مالیاتی گوشواروں کے نوٹوں میں دی گئی ہیں۔
- 30 جون 2022 تک ملازمین کی تعداد 119 ہے (108: 2021)۔
- سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا ایک (1) اجلاس بلا یا گیا۔
- پاکستان اسٹاک ایکسچینج PSX رول بک کی مختلف شکلوں کے مقاصد کے لیے، بورڈ نے وضاحت کی ہے کہ کمپنی کے تمام محکموں کے فنکشنل ہیڈز کو "ایگزیکٹو" کے طور پر سمجھا جائے گا۔ کمپنی کے انتظامی ڈھانچے کو مد نظر رکھتے ہوئے اس کا جائزہ لیا گیا ہے اور اسے تسلی بخش پایا گیا ہے۔

شیئر ہولڈنگ اور حصص کی تجارت کا پیٹرن

شیئر ہولڈنگ اور شیئر ہولڈنگ کے پیٹرن سے متعلق اضافی معلومات الگ سے منسلک ہیں۔ کسی بھی ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ایگزیکٹوز اور ان کی شریک حیات اور نابالغ بچوں کے ذریعہ کمپنی کے شیئرز میں کوئی تجارت نہیں کی گئی۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ

چیئر مین بورڈ نے خود تشخیص کے قائم کردہ طریقہ کار کے مطابق بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا۔ FY21 کے لیے کارکردگی کا جائزہ بورڈ نے منظور کیا۔

ڈائریکٹرز

موجودہ بورڈ بشمول چیف ایگزیکٹو آفیسر ڈائریکٹر کے اگلے الیکشن تک عہدہ سنبھالے گا۔ بورڈ آف ڈائریکٹرز اور ان کی کمیٹیوں کی تشکیل کی تفصیلات کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کے بیان میں فراہم کی گئی ہیں۔ تشخیص کا جائزہ مندرجہ ذیل معیار کے مطابق کیا گیا:

- قیادت
- پالیسی اور حکمت عملی
- لوگوں کا انتظام
- کاروباری عمل / عہدگی
- گورننس اور تعمیل
- مالیاتی کارکردگی
- معاشرے پر اثرات



سی ای او کی کارکردگی کا جائزہ

سال کے دوران، بورڈ کی ہیومن ریسورس اینڈ ریموونیشن کمیٹی نے سی ای او کی کارکردگی کا جائزہ لیا، جسے بورڈ نے منظور کیا۔

چیف ایگزیکٹو کا معاوضہ

چیف ایگزیکٹو کو ادا کیے گئے معاوضے کی تفصیلات نوٹ 47 میں منسلک غیر مربوط مالی بیانات میں ظاہر کی گئی ہیں۔

چیئر مین اور چیف ایگزیکٹو آفیسر کا کردار

چیئر مین اور چیف ایگزیکٹو آفیسر کے الگ اور الگ کردار ہیں۔ چیئر مین کے پاس تمام اختیارات ہیں جو کوڈ آف کارپوریٹ گورننس کے تحت حاصل ہیں اور وہ بورڈ کے اجلاسوں کی صدارت کرتے ہیں۔ چیئر مین کا بنیادی کردار کمپنی کے بورڈ آف ڈائریکٹرز کو انتظام اور قیادت فراہم کرنا ہے۔ چیئر مین بورڈ کے سامنے جوابدہ ہے اور چیف ایگزیکٹو آفیسر کے ذریعے بورڈ اور کمپنی کی انتظامیہ کے درمیان براہ راست رابطہ ہے۔ چیئر مین نظم و نسق سے آزاد ہے اور کسی بھی مفاد اور کسی بھی کاروبار یا دوسرے تعلق سے آزاد ہے جو چیئر مین کے آزادانہ فیصلے سے متصادم ہو سکتا ہے۔ چیف ایگزیکٹو آفیسر متعلقہ قوانین کے مطابق اپنے فرائض سرانجام دیتا ہے۔ بورڈ، تجارتی حکمت عملیوں کے نفاذ کی سفارش اور نگرانی کرتا ہے، اور انٹراپرائز کے مجموعی کنٹرول، آپریشنز اور اسے برقرار رکھنے کا ذمہ دار ہے۔

غیر متفقہ مالیاتی بیانات

جیسا کہ ضابطہ کارپوریٹ گورننس 2019 کے ضابطہ 25 کے تحت ضروری ہے، چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے بورڈ آف ڈائریکٹرز کے غور و خوض اور منظوری کے لیے اپنے متعلقہ دستخطوں کے تحت غیر متفقہ مالیاتی گوشواروں کو پیش کیا۔ بورڈ نے غور کے بعد، آڈٹ کمیٹی کی سفارشات کی بنیاد پر، جاری کرنے اور سرکولیشن کے لیے مالیاتی گوشواروں کی منظوری اور اختیار دے دیا۔ مالی سال کے اختتام جس سے مالیاتی پوزیشن کے اس بیان سے متعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

آڈیٹرز

آڈیٹرز، M/s. H.A.M.D. اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کمپنی کی آئندہ سالانہ جنرل میٹنگ میں ریٹائر ہونے والے ہیں اور اہل ہونے کی وجہ سے، انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی اور بورڈ نے اگلے مالی سال کے لیے بیرونی آڈیٹرز کے طور پر ان کی تقرری کی سفارش کی ہے، تاکہ شیئر ہولڈرز کی آئندہ سالانہ جنرل میٹنگ میں غور و خوض اور منظوری دی جائے۔

آڈٹ لک

پچھلا مالی سال مسلسل چیلنجنگ رہا، خاص طور پر نصف کے آخر میں جب افراط زر کا دباؤ بڑھتا رہا، جس کی وجہ سے نموار جزوی طور پر عالمی اجناس کی قیمتوں میں اضافے کی وجہ سے تھی۔



اس نے مرکزی بینک کو مالیاتی سختی اختیار کرنے پر مجبور کیا جس کی شرح سبکدوش ہونے والے مالی سال کے اختتام تک 675 bps سے بڑھ کر 15% ہو گئی۔ اس وقت تک روپیہ 38.2 فیصد گر کر USD 217.65/PKR پر پہنچ چکا تھا، مالی سال 22 کے لیے کرنٹ اکاؤنٹ خسارہ USD 17.4 بلین، مالیاتی خسارہ USD 25.7 بلین تھا اور، پاکستان کو سیاسی چیلنجز کا بھی سامنا تھا، یہ سب نے اجتماعی طور پر اپنا حصہ ڈالا۔ IMF پروگرام کے دوبارہ شروع ہونے کے ارد گرد غیر یقینی صورتحال سمیت مسائل کا، جس میں بہت ساری ذیلی فنڈنگ بند کر دی گئی تھی۔ سال FY23 کے خوفناک امکانات کے ساتھ ختم ہوا۔ آج جیسا کہ ہم آپ کو لکھ رہے ہیں، پاکستان تباہ کن موسمیاتی تبدیلیوں کی وجہ سے سیلاب کی زد میں ہے۔ USD کی عالمی سطح پر مضبوطی نے جزوی طور پر اشیاء کی قیمتوں کو مستحکم کرنے میں مدد کی ہے جو کہ کم ہونا شروع ہو گئی ہیں، حالانکہ روپے کی کمزوری کی وجہ سے ہمارے اخراج پر بہت کم مثبت اثر پڑا ہے، اس کے باوجود کہ پاکستان نے IMF پروگرام کو دوبارہ شروع کرنے پر بات چیت کی۔ ہمارے لیے بنیادی کاروبار خاص طور پر توانائی اور پانی کے بنیادی ڈھانچے میں بنیادی ڈھانچے کے منصوبوں پر منحصر ہے۔ FY23 غیر یقینی صورتحال سے دوچار ہے۔ لائن پائپ سیگمنٹ میں ہماری آرڈر بک، وعدہ کرتے ہوئے، قومی اہمیت کے بنیادی ڈھانچے کے منصوبوں سے منسلک ہے اور اس کی قیادت ریاستی ملکیتی انٹرنلرز کرتی ہے اور اس وجہ سے وہ تاخیر کا شکار ہیں۔ یہ کہتے ہوئے، ہم نے تیل اور گیس کے شعبوں کے مختلف منصوبوں کے ٹینڈرز میں حصہ لیا ہے جو حتمی مراحل میں ہیں۔ دیگر کاموں میں ہمارے کاروبار ٹیکنیکل بفرز فراہم کرتے رہیں گے جن میں ورکنگ کیسیٹل سپورٹ شامل ہے، تاہم، ہم لائن پائپ سیگمنٹ میں ڈیمانڈ حاصل کرنے پر توجہ مرکوز رکھے ہوئے ہیں۔

میں تمام اسٹیک ہولڈرز کا ان کی سرپرستی کے لیے شکریہ ادا کرنا چاہتا ہوں اور ان کی مسلسل حمایت کے لیے کوشاں ہوں۔

بورڈ آف ڈائریکٹرز کے لیے اور جانب سے۔

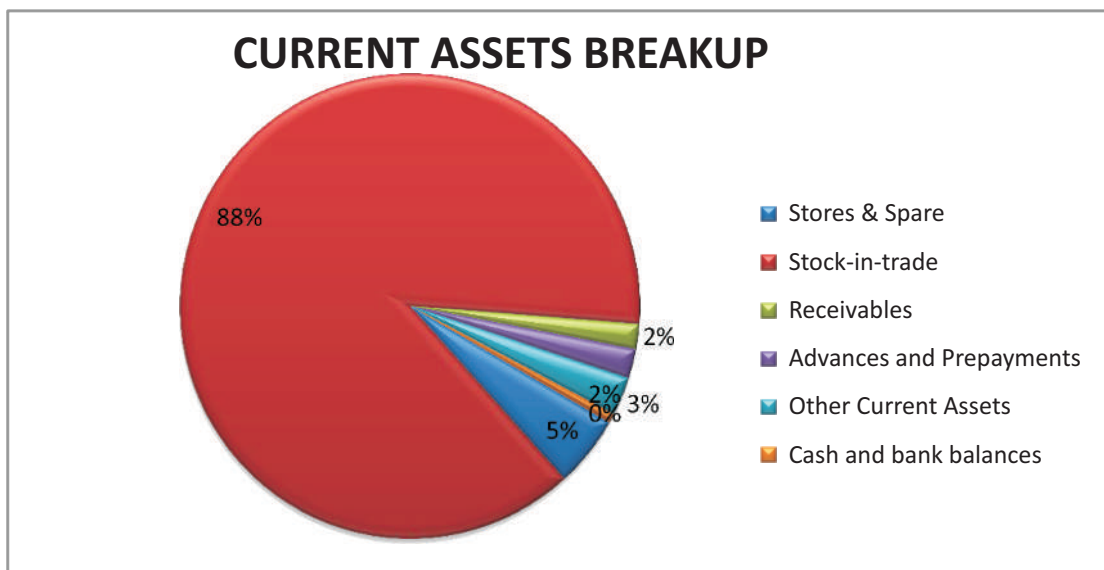
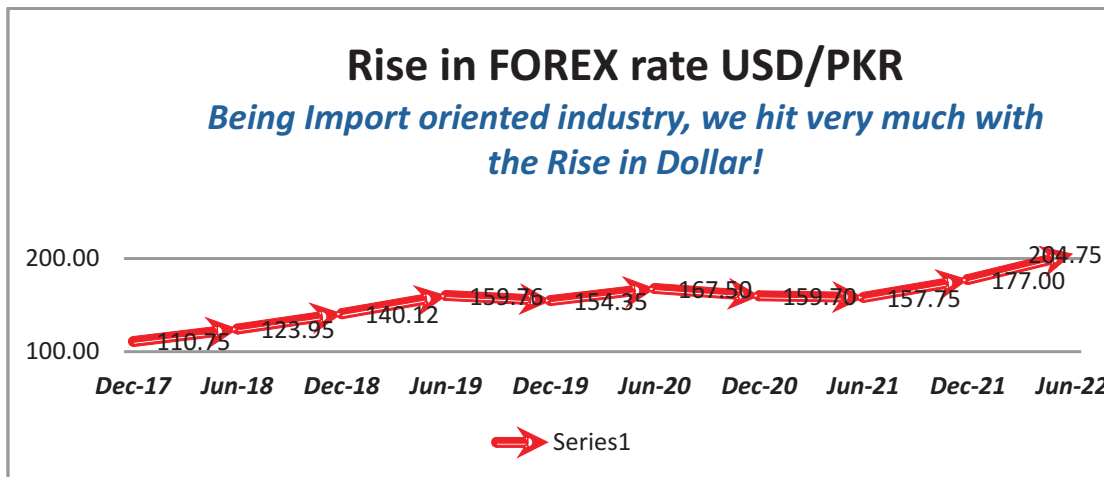
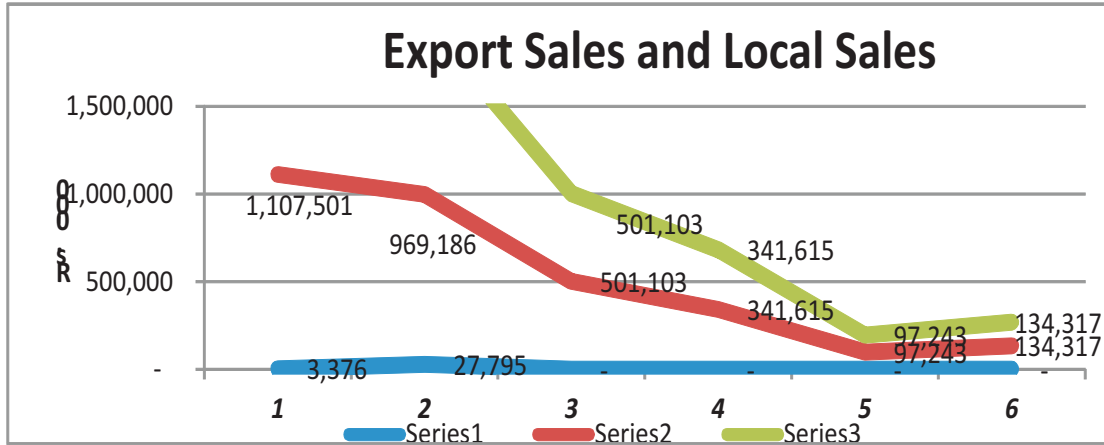
حافظ عبدالماجد

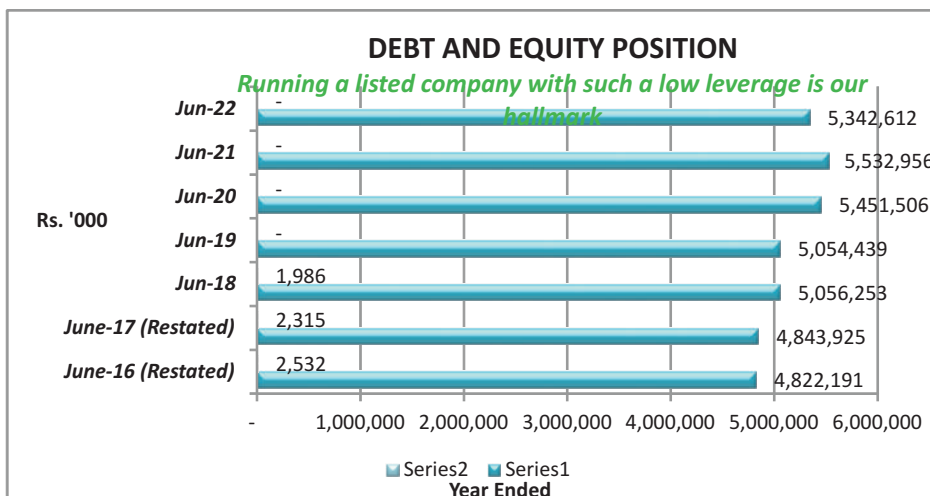
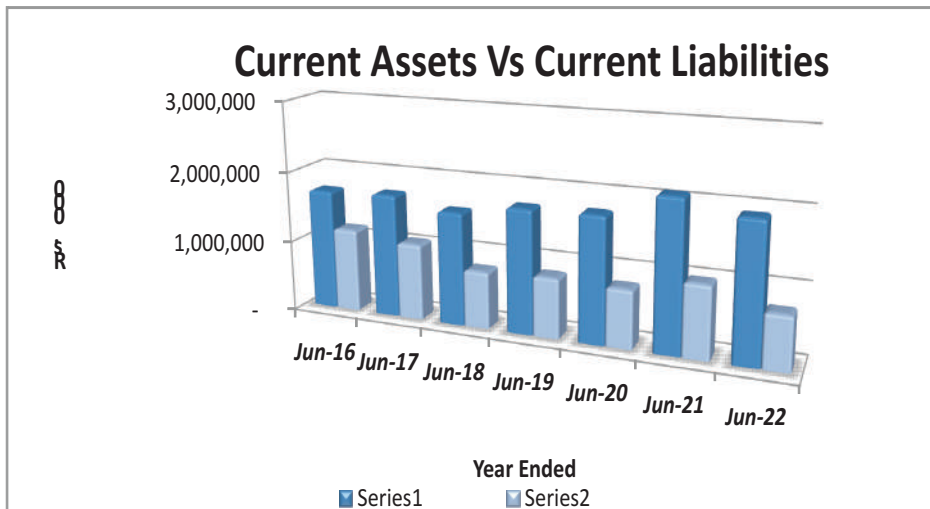
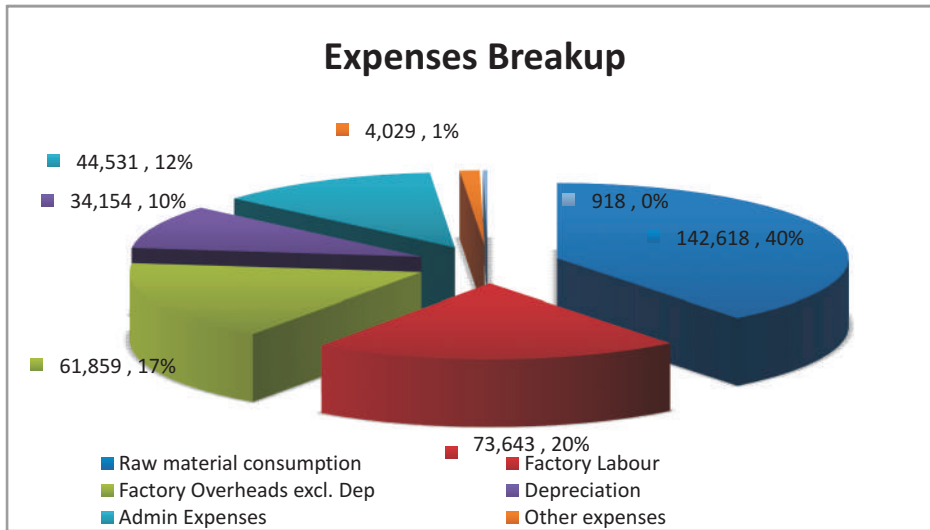
چیف ایگزیکٹو آفیسر

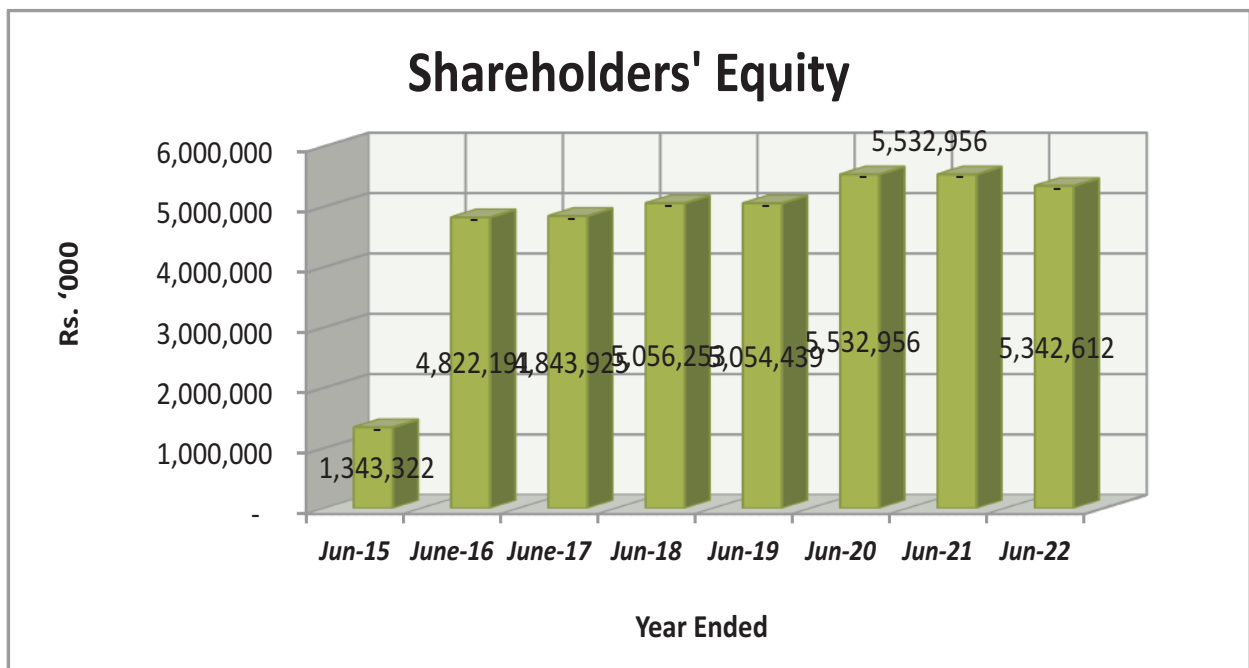
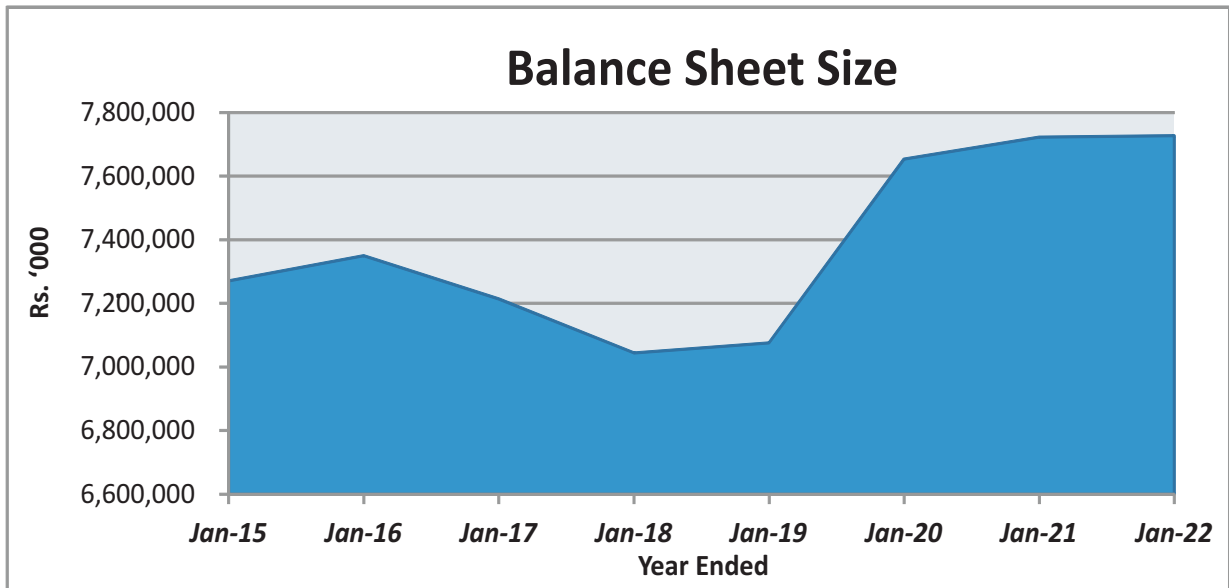
22 جنوری 2024



Diagrammatical Performance Review







Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended June 30, 2022

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. ArshadAhmed
Hafiz AbdulWaheed
Hafiz Abdul Sami
Hafiz Abdul Aleem
M/s Javeria Sami (Female Director)
Hafiz Abdul Haseeb
M/s 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 five (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 Board has approved appointment of chief financial officer and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.





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) 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: January 22, 2024
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 (the Company) for the year ended June 30, 2022 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 a-c 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, 2020:

- 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 23rd December, 2021. The election of directors under section 159 of Companies Act 2017, was scheduled on January 6th, 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 was 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 2022 as well, 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, 2021 have not been prepared/issued by the Company as required by the Regulation 10 (v) and 25.


Chartered Accountants

Karachi

Date: January 22, 2024

UDIN: CR202210557Gr3hFOLyJ

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Email: waseern@hamdca.com

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, 2022, 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, the statement of comprehensive P- income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and 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.

EXPHASIS OF MATTER

A. We draw attention to note # 7 & 39 of the accompanying financial statements. As more fully described in above notes, during the year investment in the joint venture company HPY Coating Pvt Ltd Rs. 241,469 thousand has been reversed / derecognized to Property Plant and Equipment at their fair values by recognizing cost of depreciation for the period 2018-2022. Correspondingly other relative balances have also been changed. Previous period financial statements issued by the company have been restated which have been appropriately disclosed in the note 39 to the accompanying financial statements.

Our Audit opinion is not modified on this matter

B. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Without qualifying our opinion, we draw attention to Note # 2 of the accompanying financial statements. As more fully described in that note company's sales in the year 2022 Rs. 134,317 thousand (2021: Rs 97,243 thousand). Except for the current year, company's sales performance showed declining trend over past six years period and company is under serious liquidity problems. The company suffered losses in the current year 2022 Rs. 107,678 thousand (2021: Rs 110,053 thousand) and losses over past three years aggregated to Rs 223,994 thousand. Company's plant and production has been remained inoperative for major portion 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
1.	<p>Stock in Trade</p> <p>As at June 30, 2022 Stock-in-Trade was Rs. 1,694,863 thousand (2021: Rs 1,642,180 thousand). Stock comprises 21% of the total assets of the company.</p> <p>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.</p> <p>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. 23,252 thousand in the current year 2022 (2021: 107,940 thousand).</p>	<p>Our audit procedures to address the matter amongst others includes the following:</p> <ul style="list-style-type: none"> • We performed observation of physical inventory counts by management; • We have tested Stock valuation in accordance with laid down accounting policies of the Company; • We have reviewed Management Expert report and for using it as evidence, we have: <ul style="list-style-type: none"> ◦ 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 re computed provision for stock obsolescence; • We have reviewed and compared cost and NRV of the inventories held and ensured compliance to the accounting policies of the company; and • We have reviewed appropriate disclosures made in the financial statements.
2.	<p>Defined benefit plan - Staff Gratuity</p> <p>We draw attention to note # 19.1 to the accompanying financial statements;</p> <p>The company operates a defined benefit obligation-staff unfunded gratuity scheme for eligible employees giving rise to liabilities of 2022 Rs. 105,094 thousand (2021 Rs. 98,224 thousand) which is significant in the context of the overall financial position of the company.</p> <p>The valuation of Gratuity requires judgments and technical expertise in choosing appropriate assumptions. Changes in a number of the key</p>	<p>Our audit procedures to address the matter amongst others includes the following:</p> <ul style="list-style-type: none"> • We have reviewed Management Expert report and for using it as audit evidence, we have: <ul style="list-style-type: none"> ◦ Obtained an understanding of the work o 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. • 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;



S. #	KEY AUDIT MATTER(S)	HOW THE MATER WAS ADDRESSED IN OUR AUDIT
	<ul style="list-style-type: none"> – Salary increases and inflation; – Discount rate; and – Mortality rate. <p>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.</p>	<ul style="list-style-type: none"> o A complete disclosure in term of IAS 19 Employee benefit was made as was made in the previous period. <p>We also performed sample testing to agree underlying membership data to supporting human resources documentation and assessed the appropriateness of the closing liability based on known movements and assumptions.</p>
3	<p>LONG TERM LOAN/DEFFERERD LIABILITIES</p> <p>We draw attention to note no.18 and note no.19 of the accompanying financial statements. Significant liability of amount payable as WPPF in 2022 Rs 427 million (2021 Rs 427 million in the year) has been reclassified in the current year Rs. 66,760 thousand as long-term loan and Rs. 360,839 thousand in deferred liabilities on the basis of an agreement between the management and worker representatives (union). We focused on this area because of significant amount involved which remained unpaid from past several years.</p>	<p>Our audit procedures to address the matter amongst others includes the following:</p> <ul style="list-style-type: none"> • We reviewed the provision contain in the relevant law of WPPF Act and ensured provision of liability including interest on the unpaid balance provided properly in the financial statements of the company; • We have reviewed the agreement between worker representative (union) and management of the company ensuring the liability amount of WPPF and its settlement provided in the agreement and also ensure the relevant re-classification in the financial statements into long term and deferred liabilities. We were also provided with legal advice stating that the agreement between management and worker representatives is proper and legally enforceable and did not have any adverse affects on the company; and • We have reviewed a sample of workers liability of WPPF prepared by a consultant engaged by the company in respect of prior year period and ensuring that the liability amount is properly computed.

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 ISAs 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:

- o 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.
- o 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.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o 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.
- o 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.
- o 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.
- o 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

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 (XVIII of 1980).

OTHER MATTERS

The Election of directors was scheduled on 6th January 2022, for election of retiring directors whose terms expired on December 22, 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 aforesaid order.

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



Chartered Accountants

Karachi

Date: January 22, 2024

UDIN: AR202210557YjOKrf4xW

Statement of Financial Position

As at June 30, 2022

ASSETS	<i>Note</i>	30 June 2022	30 June 2021 Restated
------(Rupees in '000)-----			
Non-Current Assets			
Property, plant and equipment	5	5,789,196	5,821,483
Long term deposits	6	10,813	6,936
		5,800,009	5,828,419
Current Assets			
Investment	7	-	-
Stores and spares	8	95,612	60,930
Stock-in-trade	9	1,694,864	1,642,180
Trade debts (unsecured)	10	33,281	19,990
Loan and advances	11	31,799	27,372
Trade deposits	12	7,600	31,601
Other receivables	13	35,491	45,328
Advance tax - net of provision	14	15,765	8,754
Cash and bank balances	15	12,448	22,408
		1,926,860	1,858,563
TOTAL ASSETS		7,726,869	7,686,982
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	3,610,630	3,626,182
General reserves		40,000	40,000
Unappropriated profit		1,027,701	1,113,900
Total equity		5,342,612	5,444,363
Non-Current Liabilities			
Long Term Loans	18	49,348	-
Deferred liabilities	19	1,583,491	1,242,178
		1,632,839	1,242,178
Current Liabilities			
Trade and other payables	20	279,910	667,349
Short term advances from Sponsors/Directors	21	471,508	333,092
		751,418	1,000,441
Contingencies and commitments	22		
TOTAL EQUITY AND LIABILITIES		7,726,869	7,686,982

The annexed notes from 1 to 40 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Haseeb
Director



Muhammad Anwar Khan
Chief Financial Officer

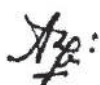


Statement of Profit or Loss

For the year ended June 30 2022

		30 June 2022	30 June 2021 Restated
	<i>Note</i>	------(Rupees in '000)-----	
Revenue from contract with customers (Net)	23	134,317	97,243
Cost of revenue from contract with customers	24	(237,416)	(169,886)
Gross (Loss)		(103,099)	(72,643)
Selling and distribution expenses	25	(4,029)	(7,197)
Administrative expenses	26	(44,531)	(27,010)
		(48,560)	(34,207)
		(151,659)	(106,850)
Other operating charges	27	-	-
Other operating income	28	17,412	5,285
		(134,247)	(101,565)
Finance cost	29	(918)	(36,972)
(Loss) before taxation		(135,165)	(138,537)
Taxation	30	27,487	28,484
(Loss) after taxation		(107,678)	(110,053)
		------(Rupees)-----	
(Loss) per share - basic and diluted (Rupees)	31	(1.94)	(1.98)

The annexed notes from 1 to 40 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Haseeb
Director



Muhammad Anwar Khan
Chief Financial Officer



Statement of Comprehensive Income

For the year ended June 30 2022

	30 June 2022	30 June 2021 Re-stated
	------(Rupees in '000)-----	
Loss/Profit after taxation	(107,678)	(110,053)
		-
Items that will not be reclassified subsequently to profit and loss account		
- Remeasurement of defined benefit obligation	18.1.5 8,348	8,150
Surplus on revaluation - net of deferred tax		-
- Impact of tax	(2,421)	(2,364)
	5,927	5,787
Total comprehensive income for the period	(101,751)	(104,266)

The annexed notes from 1 to 40 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Haseeb
Director



Muhammad Anwar Khan
Chief Financial Officer



Statement of Changes in Equity
For the year ended June 30 2022

	Issued, Subscribed & Paid-up Capital	Share Premium	General Reserve	Revaluation Surplus	Unappropriate d Profit	Total
----- (Rupees in '000) -----						
Balance as at 01 July 2020 - reported	554,844	109,437	40,000	3,468,318	1,409,957	5,582,556
adjustments due to investment entry reversal	-	-	-	122,258	(206,623)	(84,365)
Balance as at 01 July 2020 - restated	554,844	109,437	40,000	3,590,576	1,203,334	5,498,191
<u>Total comprehensive income for the period</u>						
Loss for the year ended June 30, 2021	-	-	-	-	(110,053)	(110,053)
Other comprehensive income	-	-	-	-	5,787	5,787
Total comprehensive income for the year	-	-	-	-	(104,266)	(104,266)
Transfer 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 - restated	554,844	109,437	40,000	3,626,183	1,113,900	5,444,364
Balance as at 01 July 2021	554,844	109,437	40,000	3,626,183	1,113,900	5,444,364
<u>Total comprehensive income for the period</u>						
Loss for the year ended June 30, 2022	-	-	-	-	(107,678)	(107,678)
Other comprehensive income / (loss)	-	-	-	-	5,927	5,927
Total comprehensive income / (loss) for the ye	-	-	-	-	(101,751)	(101,751)
Transfer property, plant and equipment - net of deferred tax	-	-	-	(15,552)	15,552	-
related deferred tax in surplus	-	-	-	-	-	-
Effect of change in tax rate	-	-	-	-	-	-
Balance as at 30 June, 2022	554,844	109,437	40,000	3,610,630	1,027,701	5,342,613

The annexed notes from 1 to 40 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Haseeb
Director



Muhammad Anwar Khan
Chief Financial Officer

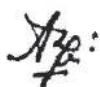


Cash Flow Statement

For the year ended June 30, 2022

	Note	2022	2021 Re-stated
-----'(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(135,165)	(138,537)
Adjustments for:			
Depreciation	5.1	34,835	36,209
Provision of Staff gratuity	19.1.4	15,996	12,296
Provision of earned leave		1,505	
Notional income		(17,412)	-
		<u>34,924</u>	<u>48,505</u>
Operating Loss before working capital changes		(100,241)	(90,032)
Changes in working capital			
(Increase) / decrease in current assets	32	(71,246)	(74,508)
(Increase) / decrease in current liability	32	38,655	(59,730)
		<u>(32,591)</u>	<u>(134,238)</u>
Gratuity paid		(781)	(646)
Income Tax paid	14	(8,341)	(3,373)
		<u>(9,122)</u>	<u>(4,019)</u>
Net cash used in operating activities		(141,954)	(228,290)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment(including CWIP).	5	(2,545)	(4,223)
Long term deposits	6	(3,877)	-
Net cash (used) from investing activities		(6,422)	(4,223)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long Term Financing-Secured		-	-
Short term Sponsors loan and advances	20	138,416	250,346
Net cash (used) / generated from financing activities		<u>138,416</u>	<u>250,346</u>
Net Increase/(Decrease) in Cash Flows from all Sources		(9,960)	17,833
Cash and cash equivalents at beginning of the year		22,408	4,575
CASH & CASH EQUIVALENT AT END OF THE YEAR	15	<u><u>12,448</u></u>	<u><u>22,408</u></u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Haseeb
Director



Muhammad Anwar Khan
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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:

Total Sales in the current period was Rs 134,317 thousand compare to Rs 97,243 thousand in the previous year showing a small rise due to income from coating activities. However, its principal business line seamless continued to show a declining trend which was Rs: 21,509 thousand compared to Rs: 77,260 thousand in the previous year. Since a eight-year period including 2022 a declining trend was regularly observed year after year in the principle line of business of the company. As a consequence, company was faced with serious liquidity problems to arrange raw material for production of pipes. Production of seamless pipe remained closed in the major part of the year due to non availability of high price raw material in the international market and relative paucity of financial resources. The company has suffered gross and net loss in the year and net loss after tax was Rs.107,678 thousand Compared to 2021: Rs 110,053 thousand in previous year aggregating Rs.223,994 thousand in three years period. The above 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.

Mitigating Factors:

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 471,462 thousand (2021: 333,091 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

3.2 Basis of measurement

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

- 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

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

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 on or after)
IFRS 3	Business Combinations - The amendments narrowed and clarified the definition of a business, the	January 01, 2020
IFRS 16	Leases - The objective of the amendment is to give timely relief to lessees to covid-19-related rent	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	January 01, 2020
IAS 39	Financial Instruments: Recognition and M	January 01, 2020
IAS 41	Agriculture	January 01, 2020



3.4.2 The following International Financial Reporting Standards (IFRS Standards) and amendments

IFRS 16	<p>COVID-19 - Related Rent Concessions</p> <p>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. 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:</p>	<p>Effective Date beginning on or after)</p>
	<p>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;</p> <p>B) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and</p> <p>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.</p>	
IFRS 3	<p>Business Combinations - amendments updating a reference to the Conceptual Framework</p>	<p>January 01, 2023</p>
IFRS 4	<p>Insurance Contracts - Amendments regarding the expiry date of the deferral approach</p>	<p>January 01, 2023</p>
IFRS 9	<p>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.</p>	<p>January 01, 2023</p>
IAS 1	<p>Presentation of Financial Statements - Amendments regarding the classification of current and non-current liabilities.</p>	<p>January 01, 2023</p>
IAS 8	<p>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"</p>	



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
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,

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 5,789.196 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 1,694.311 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 33.281 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 105.093 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 15.765 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 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.
- 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 charge applying units of production method 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.
- 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.





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. Investment has been derecognized in the current period with retrospective effect (Note# 7.2).

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 Raw and Coating materials, labor and applicable production overheads. The company reviews the Net realizable value(NRV) of finished goods **based on internal/ external evaluation in order to** assess 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 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

Income from sale of seamless pipe/Coating 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

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

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. 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 Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate, when applicable. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are 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.





Financial Liabilities

4.18 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

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

After initial recognition, interest-bearing loans and borrowings (if any) 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 income) 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

- - 701

	30 June 2022	30-Jun 2021 Re-stated
	(Rupees in '000)	
Operating fixed assets	5.1 5,725,935	5,760,722
Capital work-in-progress	5.7 63,261	60,761
	5,789,196.00	5,821,483

5.1 Operating fixed assets

	Jun-22											Book Value as at 30 June 2022	Rate %
	COST / REVALUATION					DEPRECIATION							
	As at 1-Jul 2021	Addition / Transfer	Adjustments for Addition / Transfer (Note 5.1.1)			As at 30-06-2022	As at 1-Jul 2021	Adjustment (note)	As at 01-07-2021 Re-stated	Charge for the Period	Disposals		
(Rupees in '000)													
Owned Assets													
Land - lease hold	1,064,075	-	128	16,702	16,830	1,080,905	-	-	-	-	-	1,080,905	0
Building - factory	2,010,352	-	78,808	140,060	218,868	2,229,220	401,761	32,169	433,930	29,981	-	463,911.53	1.67
Building - head office	3,792	-	-	-	-	3,792	3,194	-	3,194	60	-	3,254	538
Plant and machinery	4,125,608	-	-	-	-	4,125,608	1,327,186	-	1,327,186	915	-	1,328,101	2,797,507
													Units of production
Furniture and fixtures	3,239	-	-	-	-	3,239	2,500	-	2,500	74	-	2,574	665
Office equipment	5,450	-	-	-	-	5,450	4,200	-	4,200	125	-	4,325	1,125
Electric and gas appliances	27,753	-	-	-	-	27,753	17,146	-	17,146	1,061	-	18,207	9,546
Air conditioners	1,965	-	-	-	-	1,965	1,383	-	1,383	58	-	1,441	524
Drawings and survey equipm	363	-	-	-	-	363	355	-	355	1	-	356	7
Motor vehicles	37,194	-	-	-	-	37,194	35,062	-	35,062	426	-	35,488	1,706
Computer and allied equipm	9,566	45	-	-	-	9,611	8,769	-	8,769	169	-	8,937	673
Security weapons	1,178	-	-	-	-	1,178	869	-	869	31	-	900	278
Coating Sheds	83,132	-	6,716	(946)	5,769	88,901	19,626	1,373	20,999	1,698	-	22,697	66,205
Assets under Diminishing Musharika Financing													
Motor vehicles	5,006	-	-	-	-	5,006	3,825	-	3,825	236	-	4,061	945
	7,378,673	45	85,652	155,816	241,468	7,620,186	1,825,874	33,542	1,859,417	34,835	-	1,894,251	5,725,934

	Jun-21											Book Value as at 30 June 2021	Rate %
	COST / REVALUATION					DEPRECIATION							
	As at 1-Jul 2020	Addition / Transfer	Adjustments for Addition / Transfer (Note 5.1.1)			As at 30 June 2021	As at 1-Jul 2020	Adjustment (note)	As at 01-07-2021 Re-stated	Charge for the Period	Disposals		
(Rupees in '000)													
Owned Assets													
Land - lease hold	1,064,075	-	-	-	-	1,064,075	-	-	-	-	-	-	1,064,075
Building - factory	2,010,352	-	-	-	-	2,010,352	374,607	-	27,154	-	-	401,761	1,608,591
Building - head office	3,792	-	-	-	-	3,792	3,127	-	67	-	-	3,194	598
Plant and machinery	4,125,608	-	-	-	-	4,125,608	1,325,608	-	1,578	-	-	1,327,186	2,798,422
													Units of production
Furniture and fixtures	3,239	-	-	-	-	3,239	2,418	-	82	-	-	2,500	739
Office equipment	5,400	50	-	-	-	5,450	4,066	-	134	-	-	4,200	1,250
Electric and gas appliances	27,753	-	-	-	-	27,753	15,967	-	1,179	-	-	17,146	10,607
Air conditioners	1,814	151	-	-	-	1,965	1,333	-	50	-	-	1,383	582
Drawings and survey equipm	363	-	-	-	-	363	354	-	1	-	-	355	8
Motor vehicles	37,194	-	-	-	-	37,194	34,529	-	533	-	-	35,062	2,132
Computer and allied equipm	9,519	47	-	-	-	9,566	8,580	-	189	-	-	8,769	797
Security weapons	1,178	-	-	-	-	1,178	834	-	35	-	-	869	309
Coating Sheds	83,132	-	-	-	-	83,132	17,998	-	1,628	-	-	19,626	63,506
Assets under Diminishing Musharika Financing													
Motor vehicles	5,006	-	-	-	-	5,006	3,530	-	295	-	-	3,825	1,181
	7,378,425	248	-	-	-	7,378,673	1,792,951	-	32,925	-	-	1,825,876	5,552,797



- 5.1.1** During the year company has reclassified investment into property plant and equipment consequent upon withdrawal of investment (Note. 7.2). The corresponding depreciation on assets transferred has also been accounted for 2018 to 2021 in order to record assets at their respective fair value.

5.2 Allocation of depreciation		30 June	30 June
		2022	2021
		Re-stated	
		----- (Rupees in '000) -----	
Cost of revenue from contract with customers	26.1	34,154	32,265
Administrative expenses	28	680	656
		34,834	32,922

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. 2,313 million.

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

Management is planning to make an assesment of revaluation of its assets in the subsequent period 2023, so that current valuation assigned would be updated

5.4 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	-	1,080,905	-	1,080,905
Building - factory		-	1,765,309	-	1,765,309
Plant and machinery		-	2,797,507	-	2,797,507
Coating sheds - owned		-	66,205	-	66,205
Vehicles		-	2,651	-	2,651
Others		-	13,358	-	13,358
As at June 30, 2022		-----	5,725,934	-----	5,725,934
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



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

	30 June 2022	30 June 2021 Re-stated
	------(Rupees in '000)-----	
Land - lease hold	14,997	11,463
Building - factory	480,770	454,178
Plant and machinery	481,771	504,910
Coating sheds	60,264	58,878

The Leasehold land comprising 422.88 acres of land situated at Nooriabad District Jamshoro, Sindh

- 5.6 Capital work-in-progress**

	As at 01 July 2021 Re-stated	Cost Additions (Written off) / (Transfers)	As at 30 June 2022
	------(Rupees in '000)-----		
Building - Head Office and Factory	8,254	-	8,254
Plant and Machinery (Spiral Welded Plant)	52,507	2,500	55,007
	60,761	2,500	63,261

	As at 01 July 2020	Cost Additions (Written off) / (Transfers)	As at 30 June 2021
	------(Rupees in '000)-----		
Building - Head Office and Factory	8,254	-	8,254
Plant and Machinery (Spiral Welded Plant)	52,507	-	52,507
	60,761	-	60,761

6. LONG TERM DEPOSITS

Long term deposits	10,813	6,936
Less: Current maturity of long term deposits	-	-
	10,813.00	6,936

Management believe there was no impairment in long term deposit balances.

7. INVESTMENT

	Note		
HPY Coating (Pvt.) Ltd.	7.1	241,469	241,469
Less: Withdrawn / Reversal during the year (Note 5.2)		(241,469)	(241,469)
		0	0

- 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 2022 over 5 years period actual operating activities have not been carried out. The company was faced with the difficulties in transfer of legal title of land and coating sheds in the name of HPY Coating (Pvt.) Ltd. Plant and equipment of the other joint venture partner was also not installed to date. Equity share capital to both joint venture partners was also not issued as was envisaged in the joint venture agreement. In view of these circumstances, the Directors and shareholders of the company have decided to derecognized/ withdrawal from investment in the joint venture company. Consiquently, investment have been derecognized retroseptively form the year 2018 and corospondingly, property plant and equipment have been recognized in the year at the respective fair values as of June 30, 2022. The latest unaudited available financial statements of the Company was prepared upto the year 2021. On this basis a provision for loss was also recognized in the previous periods representing 55% of the loss as per unaudited financial statement. The above investment was categorized under level-2 in financial hierarchy classification in the previous year.

	30 June 2022	30 June 2021 Re-stated
	----- (Rupees in '000) -----	
8. STORES AND SPARES		
Stores - in hand	98,758	62,077
- in transit	-	-
Spare parts and loose tools	3,854	3,854
	102,612	65,930
Less: Provision for impairment / obsolescence	(7,000)	(5,000)
	95,612	60,930
8.1 There have been no capital item in stores spears and tools		
9. STOCK-IN-TRADE		
Raw material - in hand	91,165	113,338
Work-in-process	155,443	133,698
Finished goods	1,194,551	1,250,158
Rejection / scrap material	276,957	252,925
	1,718,116	1,750,120
Impairment/ diminution in value of finished goods written off (NOTE#9.1)	(23,252)	(107,940)
	1,694,864	1,642,180
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 prudent/conservative basis in order to a certain the likely recoverable values. On the basis of its judgment, an impairment / Diminution in value of stock written of in the year was Rs 23,252 (2021: Rs 107,940).		
10. TRADE DEBTS - unsecured		
Considered good	33,281	19,990
Considered doubtful	-	662
	33,281	20,652
Less: Provision for doubtful debts	-	(662)
	33,281	19,990



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:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	----- Rupees in '000 -----			
Less than 90 days	33,281	-	19,990	-
91 to 180 days old	-	-	-	-
181 to 365 days old	-	-	-	-
More than one year - Direct Parties	-	-	662	662
	33,281	-	20,652	662

10.3 Trade debtos include amount due from associate Rs.Nil (2021: Rs.Nil). Maximum amount due from associates at any time during the year was Rs.Nil.

30 June 2022	30 June 2021 Re-stated
----- (Rupees in '000) -----	

11. LOANS AND ADVANCES - considered good

Advances to suppliers - unsecured	11.1	14,166	6,910
Advances to employees for expenses		8,589	12,695
Loans and advances to employees	11.2	9,044	7,767
		31,799	27,372

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

11.2 This includes interest free medical loan provided to employees. The advances would be settled down with employees by way of deduction from their Full & Final settlement, whenever will be paid.

12. TRADE DEPOSITS

Trade deposits	12.1	7,600	11,240
Short term deposits/Advance with HPY Coating	12.2	-	20,828
Add: accrued mark up		-	5,623
		-	26,451
Less: Expected Credit Loss(ECL)		-	(6,090)
		-	20,361
		7,600	31,601

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

30 June 2022	30 June 2021 Re-stated	
----- (Rupees in '000) -----		
Trade deposits - considered good	9,106	15,364
Less: Provision for doubtful accounts	1,506	2,406
	7,600	12,958

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.

12.3 During the year under review, The tools deposited as above have been returned to the company upon the reversal of transaction about the joint venture company(note 7.2).



		30 June 2022	30 June 30 June Re-stated
		------(Rupees in '000)-----	
13. OTHER RECEIVABLES			
Sales tax Refundable		22,723	16,748
Letter of credit		1,169	1,403
Margin against guarantee		11,599	27,177
		<u>35,491</u>	<u>45,328</u>
14. ADVANCE TAX - NET OF PROVISION			
Tax receivable as at 1 July		8,754	2,982
Tax paid during the year		<u>8,341</u>	<u>3,373</u>
		17,095	6,355
Reversal of provision for the prior year		350	3,944
Provision for taxation		<u>(1,680)</u>	<u>(1,545)</u>
		<u>15,765</u>	<u>8,754</u>
15. CASH AND BANK BALANCES			
Cash in hand		36	175
With banks in current accounts		13,594	27,325
With bank in foreign currency accounts		<u>21</u>	<u>21</u>
		13,651	27,521
Less: Book Over draft		<u>(1,203)</u>	<u>(5,113)</u>
		<u>12,448</u>	<u>22,408</u>
16. SHARE CAPITAL			
30 June	30-Jun	30-Jun	30-Jun
2022	2021	2022	2021
			Re-stated
		------(Rupees in '000)-----	
(Number of shares)			
Authorized:			
<u>70,000,000</u>	<u>70,000,000</u>	Ordinary Shares of Rs. 10 each	<u>700,000</u>
			<u>700,000</u>
Issued, subscribed and paid up			
<u>12,200,278</u>	<u>12,200,278</u>	Ordinary Shares of Rs. 10 each fully paid in cash	<u>122,004</u>
			122,004
<u>38,906,565</u>	<u>38,906,565</u>	Ordinary Shares of Rs. 10 each issued as bonus share	<u>389,066</u>
			389,066
<u>4,377,460</u>	<u>4,377,460</u>	Issued right shares fully paid in cash	<u>43,775</u>
			43,775
<u>55,484,303</u>	<u>55,484,303</u>		<u>554,844</u>
			<u>554,844</u>
16.1	The above includes shares having face value of Rs. 101.213 million (2021: Rs. 101.213 million) held by the foreign sponsors of the Company.		



		30-Jun 2022	30-Jun 2021 Re-stated
		------(Rupees in '000)-----	
17	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX		
	As at July 1, 2021		
	Leasehold land	1,069,314	1,052,612
	Factory building, plant and machinery and coating sheds	3,583,532	3,473,443
		4,652,846	4,526,055
	Add: Surplus on re-transfer		
	On land	-	7,203
	On building & Coating Shed	-	43,311
		-	50,514
	Re-stated Opening Balance	4,652,846	4,576,569
	Surplus arising in prior year on transfer of assets		
	On land	-	9,499
	On building & Coating Shed	-	95,803
		-	105,302
	Transfer of assets	-	-
		4,652,846	4,681,871
	Less: transferred to unappropriated profit:		
	transferred to SCE during the year on account of incremental depreciation charged thereon - net of tax	(15,552)	(14,832)
	Current Year - Related deferred tax	(6,353)	(6,058)
		(21,905)	(20,890)
	Current Year - Surplus on revaluation of property, plant and equipment transferred to SCE during the year on account of incremental depreciation charged thereon - net of tax	-	(5,776)
		-	(2,359)
	Current Year - Related deferred tax	-	(8,135)
		(21,905)	(29,025)
		4,630,941	4,652,846
	Less: related deferred tax liability on:		
	- Revaluation as at July 1	(1,026,664)	(1,085,520)
	- Incremental depreciation charged during the year on related assets transferred to profit and loss account - (Deficit) / Surplus arising during the year	6,353	8,417
	- Effect of change in tax rates	-	50,439
		(1,020,311)	(1,026,664)
		3,610,630	3,626,182
18.	LONG TERM LOAN		
	Long Term Loans	66,760	-
	Less: Notional income	(17,412)	-
		49,348	-
18.1	The management of the company has negotiated an agreement with the trustees of workers profit participation fund trust and workers representative (Union) effective from Jan 1, 2024. The objective and the spirit of the agreement is payment of companies liability to workers of workers profit participation fund provided in the previous period financial statements. In accordance with the agreement, the said liability of Rupees 66,760,000 would be payable in equal installements in a 5 year period. And the same declassified to the long term loan. Loan carry no interest. The agreement further provides for that as soon as a complete liability of loan discharged, interest provided in the year in the financial statements of the company would be cancelled/wavied. Consequently the interest amounting to Rs 360,839,000 million included as part of the liability in the previous period financial statements transferred to deferred liability in the current year. (Note 19)	18.1	



		2022	2021 Re-stated
		----- (Rupees in '000) -----	
19.	DEFERRED LIABILITIES		
	Staff gratuity	105,094	98,224
	Less: Benefits due but not yet paid	-	-
		105,094	98,224
	Deferred taxation - net	1,117,558	1,143,954
		1,222,652	1,242,178
	Interest on long term loan	360,839	-
		1,583,491	1,242,178
19.1	Staff gratuity - defined benefit plans		
19.1.1	General description of the defined benefit plan and accounting policy for the remeasurements of the defined benefit obligations is disclosed in note 4.6 to these financial statements		
19.1.2	Liability recognized in the balance sheet		
	Present value of defined benefit obligations	95,786	88,138
	Unrecognized actuarial gain / (loss)	-	-
	Benefits due but not paid during the year	9,308	10,086
		105,094	98,224
19.1.3	Changes in present value of defined benefit obligations		
	Balance at the beginning of the year	88,137	88,562
	Current service cost	4,694	4,962
	Past services cost (credit)	2,489	-
	Interest cost on defined benefits/obligation	8,814	7,334
	Benefits due but not paid during the year	-	(4,570)
	Total remeasurements recognised in other comprehensive income	-	(8,150)
	Benefits paid during the year	-	-
	Gain and losses arising on plan settlement	-	-
	Remesaurements:		
	Actuarial loss / (gain) from changes in demographis assumptions	-	-
	Actuarial loss / (gain) from changes in financial assumptions	122	57
	Expreience adjustments	(8,470)	(8,207)
	Obligation as at 30 June 2020	95,786	88,138
19.1.4	Amount recognized in profit and loss account		
	Current service cost	4,694	4,962
	Past services cost (credit)	2,489	-
	Interest cost	-	-
	Net actuarial loss / (gain)	8,814	7,334
		15,996	12,296
19.1.5	Actuarial valuation of staff gratuity scheme has been carried out as at Jun 30, 2022 using Projected Unit Credit Method and the following significant assumptions have been used		
	Discount rate	10.00%	8.50%
	Discount rate for year end valuation	13.25%	10.00%
	Salary increase rate	N/A	9.00%
	Mortality rate	SLIC 2001-2005	SLIC 2001-2005
		Set back 1 Year	Set back 1 Year
19.1.6	Retirement age	60 years	60 years
	Number of employees covered by the scheme	100	90



**19.1.7 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

19.1.8

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.

19.1.9

The movement of the liability can go either way.

19.1.10

The weighted average duration of defined benefit obligation as at June 30, 2021/2022 is 5 years.

The expected gratuity expense for the next one year from July 1, 2022 would be 15,273 thousand (July 1, 2021 to Rs. 11,510 thousand)

19.2 Deferred taxation - net

	2022	2021 Re-stated
----- (Rupees in '000) -----		
<i>Taxable temporary difference arising in respect of:</i>		
Accelerated tax depreciation and amortization	188,169	203,485
Surplus on revaluation of property, plant and equipment	1,031,155	1,039,224
Finance lease arrangement / DM financing	274	342
	1,219,598	1,243,051
<i>Deductible temporary differences arising in respect of:</i>		
Defined benefit plan's obligation	(28,048)	(26,121)
Provision for compensated absences	(4,737)	(4,300)
Others	(67,226)	(67,226)
Provision for store & Spare	(2,030)	(1,450)
	(102,041)	(99,097)
	1,117,827	1,143,954

19.3

This represent brought forward outstanding liability of interest on outstanding balance in respect of WPPF reclassified into deferred liability. In accordance with an agreement with the workers representative (union)- (note 18), upon payment of the entire amount of liability of WPPF the interest amount may be considered as cancelled or waived in the future.

20. TRADE AND OTHER PAYABLES

Trade creditors		32,912	31,322
Accrued liabilities		77,697	84,375
Tax deducted at source		38,385	35,499
Workers' profit participation fund	20.1	-	427,599
Workers' welfare fund		15,337	15,337
Unclaimed dividend		696	696
Bills payable		-	4,334
Advances from customers	20.2	97,840	52,658
Provision for compensated absences		16,334	14,829
Gratuity due but not yet paid		-	-
Others		709	699
		279,910	667,349



		2022	2021 Re-stated
	(Rupees in '000).....	
20.1	Workers' Profit Participation Fund		
	Balance as at 1 July	427,599	391,425
	Allocation for the period	-	-
	Accrued Interest	-	36,174
		<u>427,599</u>	<u>427,599</u>
	Payments made during the year	-	-
	Reclassified in long term loan	(66,760)	-
	Deferred liability	(360,839)	-
	Balance at the end of the year	<u>-</u>	<u>427,599</u>

Reclassification in the year have been ignored for cash flow statement purposes.

- 20.2** Creditors and Advances from customers included balances due to associated undertaking Rs 19,164 thousand and Rs 10,522 thousand respectively. The maximum amounts due at any time during the year were Rs 19,164 thousand and Rs 10,522 thousand respectively.

		2022	2021 Re-stated
		----- (Rupees in '000) -----	
21.	SHORT TERM SPONSORS/DIRECTORS ADVANCES - Unsecured		
	Short term sponsors loan	471,508	333,092
		<u>471,508</u>	<u>333,092</u>

This represents unsecured and interest free advance from sponsors/directors

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

- 22.1.1** Guarantees as at June 30, 2022 amounting to Rs. 13.129 million (2021: Rs. 27.177 million) have been furnished in favor of various customers.

22.1.2 Tax Contingencies

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.

- 22.1.3** 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 GIDC 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.

22.2 Commitments

- 22.2.1** Commitments under letters of credit as at June 30, 2022 amounted to Rs. 0.000 million (2021: Rs. 4.333 million).
- 22.2.2** The facility for opening letters of Credit/Guarantees as at June 30, 2022 amounted to Rs. 300 million (2021: Rs. 300 million) of which the amount remaining unutilized as at that date was Rs. Nil.00 million,



23. Revenue from contract with customers	2022	2021
	------(Rupees in '000)-----	
Gross Revenue -Local	157,151	113,779
Gross Revenue - Export	-	-
	<u>157,151</u>	<u>113,779</u>
Less -Sales Tax	(22,834)	(16,537)
	<u>134,317</u>	<u>97,243</u>
23.1 DISAGGREGATION OF REVENUE		
In the following table, revenue is disaggregated by primary geographical markets and major product		
23.1.1 Major Product Lines:		
Seamless and other pipes	21,509	77,260
Coating Income	112,808	19,983
	<u>134,317</u>	<u>97,243</u>
23.1.2 Primary geographical markets:		
Sindh	121,086	82,657
Other provinces	13,231	14,586
	<u>134,317</u>	<u>97,243</u>
24. COST OF REVENUE FROM CONTRACT WITH CUSTOMERS		
Opening stock of finished goods (net)	1,142,218	1,057,841
Cost of goods manufactured	266,497	250,979
prior period correction in depreciation	-	3,284
Total Goods available for sale	<u>1,408,715</u>	<u>1,312,104</u>
Closing stock		
Finished goods	9 (1,194,551)	(1,250,158)
Impairment/ diminution in value of finished goods written off	23,252	107,940
	<u>(1,171,299)</u>	<u>(1,142,218)</u>
Cost of Goods Sold	<u>237,416</u>	<u>169,886</u>
24.1 Cost of goods manufactured		
Opening work in progress		102,972
Raw & coating material consumed	24.1.1 122,032	165,277
Store and spare parts consumed	20,586	15,167
Gas consumed	11,414	26,685
Processing expense (outside factory)	3,948	-
Power, fuel and water	32,218	23,054
Salaries, wages, and other benefits	24.1.2 73,643	71,490
Rent, rates and taxes	1,293	7
Insurance	14	3
Repairs and maintenance	2,974	2,837
Carriage and cartage	2,526	1,118
Depreciation	5.2 34,154	32,265
Others	7,472	9,684
Closing work in progress	(155,443)	(133,698)
	<u>290,529</u>	<u>316,861</u>
Rejection / scrap material		
Opening	252,925	187,044
Closing	(276,957)	(252,925)
	<u>(24,032)</u>	<u>(65,881)</u>
Cost of Goods Manufactured	<u>266,497</u>	<u>250,979</u>



	2022	2021 Re-stated
	------(Rupees in '000)-----	
24.1.1 Raw & Coating material consumed		
Opening stock	113,338	79,982
Purchases		
Domestic	50,535	-
Imported	49,324	177,801
	99,859	177,801
	213,197	257,783
Closing stock	(91,165)	(113,338)
	<u>122,032</u>	<u>144,445</u>

24.1.2 Salaries, wages and other benefits include Rs.12,468 thousand (2021: Rs.9,200 thousand) in respect of staff retirement benefits.

25. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits	25.1	4,029	3,255
Travelling and conveyance		-	20
Provision for doubtful debts	10	-	662
Provision for doubtful deposit accounts	12.1	-	2,406
Miscellaneous		-	854
		<u>4,029</u>	<u>7,197</u>

25.1 Salaries, wages and other benefits include Rs. 452.764 thousand (2021: Rs.615 thousand) in respect of staff retirement benefits.

26. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	26.1	28,058	12,967
Travelling and conveyance		1,366	1,152
Legal and professional charges		508	282
Fees and subscription		5,317	5,724
Telephone, telex and postage		1,408	1,947
Vehicle running and maintenance		1,248	1,035
Auditors' remuneration	26.3	1,160	1,120
Printing and stationary		92	475
Depreciation	5.2	680	656
Utilities		626	576
Repairs and maintenance		2,818	514
Advertisement		103	25
Entertainment		1,139	219
Others		7	318
		<u>44,531</u>	<u>27,010</u>

26.1 Salaries and other benefits includes Rs. 3,075 thousand (2021: Rs. 2,459 thousand) in respect of staff retirement benefits.

26.2 Auditors' remuneration

Audit fee	1,000	1,000
Out of pocket expenses	160	120
	<u>1,160</u>	<u>1,120</u>



	2022	2021
		Re-stated
27. OTHER OPERATING CHARGES	----- (Rupees in '000) -----	
Workers' Profit Participation Fund	-	-
Workers' Welfare Fund	-	-
Exchange loss	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
27.1 Due to losses (including tax losses in current and previous period, there were no other operating charges recorded by the company)		
28. OTHER OPERATING INCOME		
Notional income	17,412	-
Scrap sales	-	2,966
Interest On Deposit/ Advance of Joint venture company net off ECL	-	(467)
Others 28.1	-	2,787
	<u>17,412</u>	<u>5,285</u>
	<u>17,412</u>	<u>5,285</u>
28.1 Carrying value of interest-free long term loan (Note# 18) has been remeasured at present value at the discount rate of 11% and the difference arrived at between the carrying value of long term loan liability and present value is notional income recorded in the current period. Rewinding of notional income would be recorded in the subsequent period upon repayment of the instalment of long term loan at the original amount.		
29. FINANCE COST		
Interest on workers' profit participation fund 19.1	-	36,174
Bank charges	918	798
	<u>918</u>	<u>36,972</u>
	<u>918</u>	<u>36,972</u>



30. TAXATION

	2022	2021 Re-stated
	------(Rupees in '000)-----	
Current		
for the year	1,680	1,545
for prior years	<u>(350)</u>	<u>(3,944)</u>
	1,330	(2,399)
Deferred	<u>(28,817)</u>	<u>(26,085)</u>
	<u>(27,487)</u>	<u>(28,484)</u>

30.1 Sufficient provision for tax has been made in these consolidated financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001.

30.2 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:

	.------(Rupees in '000') -----	
Tax Year	Tax Assessment	Provision of
2021	1,458	1,545
2020	13,960	17,904
2019	49,033	59,373
2018	44,524	52,326
2017	63,965	64,320

30.3 Relationship between tax expenses and accounting profit

	2022	2021 Re-stated
	------(Rupees in '000)-----	
(Loss)/Profit before taxation	<u>(135,165)</u>	<u>(138,537)</u>
Tax at the applicable rate of 29%	<u>(39,198)</u>	<u>(39,089)</u>
Tax effect of temporary / permanent difference	<u>(28,817)</u>	<u>(13,977)</u>
Effect of prior year charges	<u>(350)</u>	<u>(3,944)</u>
Reduction in Tax liability due to Rebates	-	-
Net Tax effect due to export sales	-	-
Turnover Tax	1,680	1,545
Effect of change in tax rate	-	-
Others disallowances due to turnover tax	<u>39,198</u>	<u>37,742</u>
	<u>(27,487)</u>	<u>(17,723)</u>



31. (LOSS) PER SHARE - basic and diluted	2022	2021 Re-stated
	------(Rupees in '000)-----	
(Loss) after tax	<u>(107,678)</u>	<u>(110,053)</u>
	(Number in '000)	
Weighted average number of Ordinary Shares	<u>55,484</u>	<u>55,484</u>
	------(Rupees)-----	
(Loss) per share - basic and diluted	<u>(1.94)</u>	<u>(1.98)</u>
There was no diluted earning per share		

32. Changes in working capital		
Decrease / (increase) in current assets		
Stores and spare parts	(34,682)	4,128
Stock in trade	(52,684)	(59,435)
Trade debts	(13,291)	(8,128)
Loans and advances, trade deposits, prepayments and other receivables	(4,427)	(1,664)
Trade deposits	24,001	(1,962)
Other Receivable	9,837	(7,447)
	(71,246)	(74,508)
Increase in current liability		
Trade and other payables	38,656	(59,730)
	<u>(32,590)</u>	<u>(134,238)</u>

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

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	<u>Chief Executive</u>		<u>Director</u>		<u>Executives</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	------(Rupees in '000)-----					
Managerial remuneration	6,274	6,274	-	-	12,538	9,866
House rent	2,823	2,823	-	-	5,642	4,440
Utilities	-	-	-	-	1,253	987
Gratuity	758	758	-	-	1,991	1,274
	<u>9,855</u>	<u>9,855</u>	<u>-</u>	<u>-</u>	<u>21,424</u>	<u>16,567</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>	<u>9</u>

33.1 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.

33.2 During the year no amount (2021: Rs. 75 thousand) was paid to Directors for attending the Board of Directors' meeting.



34. CAPACITY AND PRODUCTION

	2022	2021
	-----Metric Ton-----	
Seamless Pipe and Tubes		
Normal Capacity	55,000	55,000
<i>Actual Production</i>	270	800
<i>Percentage</i>	0.5%	1.5%
Coating of Seamless Tubular Products		
Normal Capacity	30,000	30,000
<i>Actual Production</i>	3,318	4,829
<i>Percentage</i>	11.1%	16.1%
Machinery & Machinery Components		
Normal Capacity	3,500	3,500
<i>Actual Production</i>	-	-
<i>Percentage</i>	-	-

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.

35. NUMBER OF EMPLOYEES

The permanent number of employees as at year end were 100 (2021: 102) and total average number of employees were 96 (2021: 108) the average number of factory employees in the year were 86 (2021: 96).



36. TRANSACTIONS WITH RELATED PARTIES
36.1 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.

36.2 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

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

36.4 Transactions with related parties are as follows:

Name	Nature of relationship	Nature of transaction	2022	2021
			Re-stated	
------(Rupees in '000)-----				
Hafiz Abdul Waheed and Brothers Pvt Ltd	Associated Company	Sale of goods	-	-
		Receipts	-	1,000
		Outstanding balance	7,714	7,714
		Purchase of Goods	NIL	NIL
		Outstanding balance by purchase of Goods	NIL	NIL
Huffaz Corporation Pvt Ltd	Associated Company	Sale of goods	15,480	8,180
		Receipts in respect of sale of goods	14,762	6,000
		Outstanding balance by sale of goods	2,808	3,527
		Purchase of goods	NIL	NIL
		Outstanding balance by of purchase of goods	19,163	19,163
Transactions with directors	Related party	Sponsors' advances received	144,883	250,773
		Sponsors' advances paid	6,514	427
Key management personnel including CEO & Directors		Remuneration	28,058	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	2022	2021
			Re-stated	
			------(Rupees in '000)-----	
Hafiz Abdul Waheed and Brothers Pvt Ltd	Associated Company	Balance as at date of Balance Sheet - Net	<u>(7,714)</u>	<u>(7,714)</u>
Huffaz Corporation Pvt Ltd	Associated Company	Sale of goods	<u>(15,480)</u>	<u>(3,527)</u>
HPY Coating (Private) Limited	Joint Venture	Balance as at the date of balance sheet	<u>-</u>	<u>20,828</u>
Transactions with directors	Related party	Balance as at the date of balance sheet	<u>(471,508)</u>	<u>(333,092)</u>
Staff Retirement Benefit-Gratuity			<u>105,094</u>	<u>98,224</u>
HPY Coating (Pvt) Ltd,	Joint Venture	Investment	<u>-</u>	<u>-</u>



37. 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:

37.1 Segment revenue and results

	Seamless Segment	Coating Segment	Total
	-----Rs in '000-----		
For the period ended 30 June 2022			
Revenue from contract with customers	21,509	112,808	134,317
Cost of revenue from contract with customers	<u>(38,019)</u>	<u>(199,397)</u>	<u>(237,416)</u>
Gross (Loss)/Profit	<u>(16,510)</u>	<u>(86,589)</u>	<u>(103,099)</u>
For the period ended 30 June 2021 (Re-stated)			
Revenue from contract with customers	78,440	18,802	97,243
Cost of revenue from contract with customers	<u>(123,607)</u>	<u>(42,997)</u>	<u>(169,886)</u>
Gross (Loss)/Profit	<u>(45,167)</u>	<u>(24,195)</u>	<u>(72,643)</u>

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

	2022	2021 Re-Styled
	----- (Rupees in '000) -----	
Total results for reportable segments	(103,099)	(72,643)
Selling, distribution and administrative expenses	(48,560)	(34,207)
Other operating expenses	-	-
Other operating income	17,412	5,285
Financial charges	(918)	(36,972)
Taxation	27,487	28,484
(Loss) after tax	<u>(107,678)</u>	<u>(110,053)</u>

37.2 Segment assets and liabilities

	Seamless Segment	Coating Segment	Total
	-----Rs in '000-----		
As at 2022			
Segment assets	<u>6,423,775</u>	<u>1,303,094</u>	<u>7,726,869</u>
Segment liabilities	<u>751,418</u>	<u>-</u>	<u>751,418</u>
As at 2021 (re-stated)			
Segment assets	<u>6,417,585</u>	<u>1,314,445</u>	<u>7,686,982</u>
Segment liabilities	<u>1,010,532</u>	<u>-</u>	<u>1,010,532</u>



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

	2022	2021 Re-stated
	----- (Rupees in '000) -----	
Total for reportable segment assets	7,196,751	7,156,864
Unallocated assets	530,118	530,118
Total assets as per statement of financial position	<u>7,726,869</u>	<u>7,686,982</u>
Total for reportable segment liabilities	751,418	1,000,441
Unallocated liabilities	1,632,839	1,242,178
Total liabilities as per statement of financial position	<u>2,384,257</u>	<u>2,242,619</u>

37.3 Segment revenue reported above are revenue generated from external customers. There were no inter-segment sales during the year (June 2021 nil)

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

37.5 All non-current assets of the Company as at 30 June 2022 are located in Pakistan.

37.6 Revenue from a major customer of seamless segment represents an aggregate amount of Rs. 11.348 million (2021: Rs. 31.568 million) of total seamless segment revenue of Rs. 21.508 million (2021: 78.440 million). Further, revenue from a major customer of coating segment represents an aggregate amount of Rs. 110.927 million (2021: Rs. 18.802 million) out of total

38 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.

38.1 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:

	2022		2021	
	Carrying value	Maximum exposure	Carrying value	Maximum exposure
	----- (Rupees in '000) -----			
Long Term deposits	10,813	-	6,936	-
Trade debts	33,281	33,281	19,990	19,990
Trade Deposits	7,600	-	33,319	-
Other receivables	11,599	11,599	27,177	27,177
Bank balances	12,412	12,412	22,233	22,233
	<u>75,705</u>	<u>57,292</u>	<u>109,655</u>	<u>72,467</u>

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

	2022	2021
	----- (Rupees in '000) -----	
	Carrying value	Maximum exposure
Dealers and distributors	659	5,976
End-user customers	32,622	14,014
	<u>33,281</u>	<u>19,990</u>

As at the year end the Company's most significant customers included a distributor from whom Rs. 0.659 million was due (2021: Rs.2.241 million) and an end-user from whom Rs. 32.622 million was due (2021: Rs. 19.190 million).

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

	Credit Rated	2022	2021
		----- (Rupees in '000) -----	
		Carrying value	Maximum exposure
Local banks			
		C to A1+	B to AAA
National Bank of Pakistan	A1+	121	121
Meezan Bank Ltd	A1+	10,032	10,032
MCB Bank Ltd	A1+	24	372
Bank Islami	A1+	927	927
Bank Al Habib Ltd	A1+	1,826	2,484
HABIB METROPOLITON	A1+	512	
Other Banks	A1+	173	8,297
Total		<u>13,615</u>	<u>22,233</u>

38.2 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:



	2022				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
------(Rupees in '000)-----					
Non-Derivative Financial liabilities					
Long Term Loan	49,348	49,348	-	-	49,348
Short Term Sponsors Advances	471,508	471,508	-	471,508	-
Creditors, Accrued Liabilities	110,609	110,609	-	110,609	-
	631,465	631,465	-	582,117	49,348

	2021				
	Carrying Amount	Contractual cash flows	Six months or less	Re-stated Six to twelve months	Two to Five years
------(Rupees in '000)-----					
Non-Derivative Financial liabilities					
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	-

38.3 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.

38.3.1 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:

	2022		2021	
	Rupees in '000	US Dollars in '000	Re-stated Rupees in '000	Re-stated US Dollars in '000
Import Bills Payable	-	-	(4,334)	(26)
Foreign currency bank accounts	21	0.125	21	0.125
	21	0.125	(95,536)	(568)

Following are the significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2022	2021 Re-stated	2022	2021 Re-stated
------(Rupees in '000)-----				
US Dollars	184.95	166.20	206.00	163.91



Sensitivity analysis

A 5.0% change in Rupee against US Dollar at June 30, 2022 would have decreased equity an increased post tax loss by Rs. 6.76 million (2021: Rs. 4.8 million @ 5%). This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2021.

38.3.2 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	
	2022	2021 Re-stated
	(Rupees in '000)	
Variable rate instruments		
Financial liabilities	<u>0</u>	<u>0</u>

All borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. Company is not exposed to interest rate risk

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, 2022 by Rs. 0.00 million (2021: Rs. 0.960 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.

38.4 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.



38.4.1 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-22							
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	10,813	-	-	-	10,813	-	10,813	-
Trade debts-considered good	33,281	-	-	-	33,281	-	33,281	-
Loan, advances, trade deposits	39,399	-	-	-	39,399	-	39,399	-
Other receivables	35,491	-	-	-	35,491	-	35,491	-
Cash and bank balances	12,448	-	-	-	12,448	-	12,448	-

Financial liabilities measured at fair value

- Derivative financial liabilities	-	-	-	-	-	-	-	-
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Financial liabilities not measured at fair value

Trade and other payables	-	-	-	279,910	279,910	-	279,910	-
Long term loan	-	-	-	49,348	49,348	-	49,348	-
Short-term sponsors' advances	-	-	-	471,508	471,508	-	471,508	-



30-Jun-21							
Re-stated							
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	19,990	-	-	-	-	-	-	-
Loan, advances, trade deposits	58,973	-	-	-	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	-	-	-	-	-	-	-	-
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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	-

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.

38.5 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.



Restatement of prior period balance

During the year, investment has been derecognized (Note# 7.2) with the corresponding recognition of property plant and equipment w.e.f from the year 2018. As required under IAS 8, accounting policies, Changes in accounting estimates and errors, a three year comparative analysis (Trend Analysis) has been presented below:

39 Re-Stated Balance Sheet

As at June 30,

ASSETS	30-Jun 2022	30 June 2021		30 June 2020	
		Reported	Re-Stated	Reported	Re-Stated
Non-Current Assets					
Property, plant and equipment	5,789,196	5,613,558	5,821,483	5,642,259	5,859,918
Long term deposits	10,813	6,936	6,936	6,936	6,936
Investments	-	241,469	-	241,469	-
	<u>5,800,009</u>	<u>5,861,963</u>	<u>5,828,419</u>	<u>5,890,664</u>	<u>5,866,854</u>
Current Assets					
Stores and spares	95,612	60,930	60,930	65,058	65,058
Stock-in-trade	1,694,864	1,642,180	1,642,180	1,582,744	1,582,744
Trade debts	33,281	19,990	19,990	11,862	11,862
Loan and advances	31,799	27,372	27,372	25,708	25,708
Trade deposits	7,600	33,319	31,601	31,357	29,639
Other receivables	35,491	45,328	45,328	37,881	37,881
Advance tax - net of provision	15,765	8,754	8,754	2,982	2,982
Cash and bank balances	12,448	22,408	22,408	4,576	4,576
	<u>1,926,861</u>	<u>1,860,281</u>	<u>1,858,563</u>	<u>1,762,168</u>	<u>1,760,450</u>
TOTAL ASSETS	<u>7,726,870</u>	<u>7,722,244</u>	<u>7,686,982</u>	<u>7,652,832</u>	<u>7,627,304</u>
EQUITY AND LIABILITIES					
Share Capital and Reserves					
Share Capital	554,844	554,844	554,844	554,844	554,844
Share premium	109,437	109,437	109,437	109,437	109,437
Surplus on revaluation of property, plant and equipment	3,610,630	3,503,925	3,626,182	3,468,318	3,590,576
General reserves	40,000	40,000	40,000	40,000	40,000
Unappropriated profit	1,027,701	1,324,751	1,113,900	1,409,957	1,203,334
Total equity	<u>5,342,612</u>	<u>5,532,957</u>	<u>5,444,362</u>	<u>5,582,556</u>	<u>5,498,192</u>
Non-Current Liabilities					
Long Term Loans	49,348	-	-	-	-
Deferred liabilities	1,583,491	1,178,761	1,242,178	1,254,289	1,310,820
	<u>1,632,839</u>	<u>1,178,761</u>	<u>1,242,178</u>	<u>1,254,289</u>	<u>1,310,820</u>
Current Liabilities					
Trade and other payables	279,910	677,435	667,349	733,241	735,546
Short-term sponsors advances	471,508	333,092	333,092	82,746	82,746
	<u>751,418</u>	<u>1,010,527</u>	<u>1,000,441</u>	<u>815,987</u>	<u>818,292</u>
Contingencies and commitments					
TOTAL EQUITY AND LIABILITIES	<u>7,726,869</u>	<u>7,722,244</u>	<u>7,686,983</u>	<u>7,652,832</u>	<u>7,627,304</u>
	(1)	(0)	1	-	(0)
	(1)	(0)	1	-	(0)



39 Revised Statement of Profit or Loss
For the year ended June 30 2020 to 2022

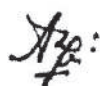
	30-Jun 2022	30 June 2021		30 June 2020	
		Reported	Re-stated	Reported	Re-stated
Revenue from contract with customers (Net)	134,317	97,243	97,243	341,615	341,615
Cost of revenue from contract with customers	(237,416)	(166,602)	(169,886)	(268,158)	(268,328)
Gross (Loss)/Profit	(103,099)	(69,359)	(72,643)	73,457	73,287
Selling and distribution expenses	(4,029)	(7,197)	(7,197)	(16,825)	(16,825)
Administrative expenses	(44,531)	(27,010)	(27,010)	(41,811)	(41,811)
	(48,560)	(34,207)	(34,207)	(58,636)	(58,636)
	(151,659)	(103,566)	(106,850)	14,821	14,651
Other operating charges	-	-	-	(3,753)	(3,753)
Other operating income	17,412	5,285	5,285	13,079	13,079
	(134,247)	(98,281)	(101,565)	24,147	23,977
Finance cost	(918)	(36,972)	(36,972)	(33,622)	(33,622)
(Loss) before taxation	(135,165)	(135,253)	(138,537)	(9,475)	(9,645)
Taxation	27,487	28,484	28,484	3,381	3,382
(Loss) after taxation	(107,678)	(106,769)	(110,053)	(6,094)	(6,263)
EPS	- 1.94	- 1.91	- 1.98	- 0.11	- 0.48

40. GENERAL
40.1 Corresponding Figures

Other than the restatement given in note # 39 made in the current period, some of the previous period balances have been rearranged / reclassified wherever necessary to facilitate better comparison in the current period.

40.2 Date of authorization for issue

These financial statements have been approved by the Board of Directors of the company and authorized for issue on January 22, 2024.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Haseeb
Director



Muhammad Anwar Khan
Chief Financial Officer





Pattern of Shareholding

As on June 30, 2022

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
338	1	100	8145	0.0147
380	101	500	126917	0.2287
206	501	1000	164834	0.2971
327	1001	5000	860939	1.5517
85	5001	10000	631152	1.1375
32	10001	15000	395918	0.7136
33	15001	20000	591204	1.0655
15	20001	25000	345168	0.6221
16	25001	30000	438334	0.7900
7	30001	35000	231056	0.4164
11	35001	40000	419808	0.7566
6	40001	45000	251484	0.4533
4	45001	50000	190254	0.3429
6	50001	55000	316365	0.5702
1	55001	60000	57543	0.1037
1	60001	65000	62500	0.1126
3	65001	70000	207052	0.3732
1	70001	75000	75000	0.1352
5	75001	80000	388307	0.6998
3	85001	90000	260498	0.4695
1	90001	95000	90703	0.1635
1	95001	100000	100000	0.1802
1	100001	105000	103583	0.1867
2	110001	115000	227386	0.4098
1	115001	120000	119993	0.2163
1	120001	125000	124556	0.2245
2	140001	145000	287940	0.5190
1	145001	150000	148722	0.2680
1	155001	160000	159171	0.2869
2	165001	170000	334047	0.6021
1	170001	175000	172643	0.3112
2	180001	185000	367576	0.6625
3	185001	190000	568982	1.0255
4	195001	200000	796239	1.4351
3	200001	205000	604239	1.0890
1	215001	220000	220000	0.3965
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	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
1,552		Company Total	55,484,303	100.0000





Categories of Shareholders

As at June 30, 2022

	No of Shares	Percentage of Shareholding
1 Associated companies, undertakings and related parties (name wise detail)	—	—
2 Mutual funds (name wise detail)		
2.1 M/s First Crescent Modaraba	375	0.00%
2.2 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	257,887	0.46%
	1,698,710	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	55,487,009	100%



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Huffaz Seamless Pipe Industries Ltd.

Proxy Form

39th Annual General Meeting

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

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 39th Annual
 General Meeting of Company will be held on Tuesday, February 13, 2024 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

Proxy's:

Folio Number

CDC Participant ID No.

Sub-Account Number

CNIC Number

Passport Number

(in case of foreigner)

Signature.....

of Shareholder

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

Please affix Revenue Stamp of Rs. 5/-

1) Witness:
 Signature

Name:

CNIC No.

Passport No.

(in case of foreigner)

Address

2) Witness:
 Signature

Name:

CNIC No.

Passport No.

(in case of foreigner)

Address

NOTE:

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



حفاظت سیم لیس پائپ انڈسٹریز لمیٹڈ

پراکسی فارم

39 واں سالانہ اجلاس

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

میں / ہم _____ از _____

بطور ممبر حفاظت سیم لیس پائپ انڈسٹریز لمیٹڈ بنام _____

از _____ (مکمل پتہ) کو

اپنی ہماری غیر موجودگی میں اپنا/ہمارا وکیل مقرر کرتا ہوں/کرتے ہیں تاکہ وہ میری/ہماری جانب سے کمپنی کے 39 ویں سالانہ اجلاس جو روز منگل مورخہ 13 فروری 2024 بوقت 03:30 بجے بمقام جونا گڑھ کمیونٹی سینٹر، بالمقابل مشرق سینٹر، بلاک 17 گلشن اقبال، کراچی-75300 اس اجلاس میں شرکت کر سکے۔

دستخط پراکسی:

فولیو نمبر:

سی ڈی سی آئی ڈی نمبر:

ذیلی اکاؤنٹ نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو):

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

گواہ نمبر 1

گواہ نمبر 2

دستخط

نام

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو)

پتہ

نوش

دستخط

نام

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر

پاسپورٹ نمبر (اگر غیر ملکی شہری ہو تو)

پتہ

1- ممبر جو اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا حق رکھتا ہے وہ اپنی جگہ کسی اور ممبر کو بھی پراکسی منتخب کر سکتا ہے کی وہ اس کی جگہ شرکت کرے اور ووٹ ڈالے۔

2- اس کاغذ پر ممبر کے دستخط ہوں اور اگر کوئی ممبر کسی کارپوریٹ ادارے کی نمائندگی کر رہا ہو تو لازم ہے کہ اسکے پاس تحریر شدہ مختار نامہ اور پراکسی فارم جس پر ادارے کی عمومی مہر ثبت شدہ ہو۔

3- حاملین سی ڈی سی آئی ڈی 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 ہونا 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 پراکسی/ NIC/CNIC جس کی مدت ختم ہوگئی ہو بھی قابل قبول ہوگی۔



Huffaz

Seamless Pipe Industries Limited

Committed to Excellence

Registered Office:

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

Factory:

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

Website: www.huffaz.pk