



Annual Report
2015



Huffaz

Seamless Pipe Industries Limited

Committed to Excellence

Table of Contents

Corporate Directory	2
Vision / Mission.....	3
Financial Summary.....	4
Company's Overview	
o Company's Profile	5-7
o Environment, Health & Safety	8
o Research & Development.....	9
o Code of Conduct.....	9
o International Certifications	10
Business Ethics and Practices	11-12
Notice of Annual General Meeting.....	13
Directors' Report	14-18
Decade at a Glance.....	19
Diagrammatical Performance Review	20-23
Statement of Compliance with the Code of Corporate Governance	24-25
Review Report to the Members on the Statement of Compliance With Best Practices of Code of Corporate Governance	26
Auditors' Report to the Members.....	27
Balance Sheet as at June 30, 2015.....	28
Profit and Loss Account for the year Ended June 30, 2015	29
Statement of Comprehensive Income for the year Ended June 30, 2015.....	30
Cash Flow Statement for the year ended June 30, 2015	31
Statement of Changes in Equity for the year ended June 30, 2015	32
Notes to the Financial Statements for the year ended June 30, 2015	33-58
Pattern of Holding of Shares by the Shareholders	59
Detail of Pattern of Shareholding.....	60
Form of Proxy	61



Corporate Directory

Chairman:

Mr. Yousuf Mohamed Y. Najibi

Chief Executive:

Hafiz Abdul Majid

Executive Director:

Hafiz Abdul Haseeb

Board of Directors:

Mr. Yousuf Mohamed Y. Najibi (UAE)

Mr. Nabil Abdul Rahman Ahmad Arif (UAE)

Mr. Abdul Aziz Eshaq A. Rahman (UAE)

Mr. Muhammad Hafiz (UK)

Mr. Arshad Ahmed (UK)

Hafiz Abdul Waheed

Hafiz Abdul Sami

Hafiz Abdul Aleem

Hafiz Abdul Majid

Hafiz Abdul Haseeb

Syed Arsalan Sadiq, FCA – Independent Director

CFO & Company Secretary:

Mr. Usama Ahmed, FCMA

Head of Internal Audit:

Mr. Muhammad Musab, ACA

Audit Committee:

Syed Arsalan Sadiq Chairman / Member

Mr. Muhammad Hafiz (UK) Member

Mr. Arshad Ahmed (UK) Member

Hafiz Abdul Sami Member

Human Resource & Remuneration Committee:

Mr. Muhammad Hafiz Chairman / Member

Mr. Arshad Ahmed Member

Hafiz Abdul Aleem Member

Hafiz Abdul Majid Member

Hafiz Abdul Haseeb Member

Auditors:

M/s. Deloitte Yousuf Adil

Legal Advisor:

M/s. Ahmed & Qazi, Advocate & Legal Consultants,
403, 404, 417 Clifton Centre,
Clifton, Karachi.

Registrar:

THK Associates (Pvt) Limited,
Ground Floor, State Life Building No .3,
Dr. Zia Uddin Ahmed Road, Karachi-75530.
P.O. Box No. 8533, UAN: 111-000-322
Email: secretariat@thk.com.pk, Web: www.thk.com.pk

Bankers:

Allied Bank Ltd.	Habib Metropolitan Bank
Askari Bank Ltd.	Saudi Pak
Bank Alfah Ltd.	Sindh Bank Limited
Barclays Bank Ltd.	Standard Chartered
Faysal Bank Ltd.	NIB Bank Limited
Habib Bank Ltd.	Dubai Islamic Bank Limited
MCB Bank Ltd.	Bank of Punjab Limited
Meezan Bank Ltd.	KASB Bank Limited
National Bank of Pakistan	UBL Bank Limited
Soneri Bank Ltd.	

Registered Office:

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

Factory:

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

Website:

www.huffaz.com.pk





Mission & Vision

Mission

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

Vision

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

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

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

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

To provide adequate return to its investors.

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

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





Financial Summary

	2015 Rs in ' 000	2014 Rs in ' 000
Gross Sales	2,311,035	1,759,980
Net Sales	1,973,972	1,518,120
Loss before tax	(58,502)	(54,904)
Taxation	45,811	18,556
Loss after tax	(12,691)	(36,348)
Shareholders' Equity	1,343,322	1,242,711
Total Assets	7,270,167	7,249,537
Capital Expenditures	23,346	41,820
Loss per share	(0.23)	(0.66)
Number of Employees (Numbers)	660	612
Production volume (M.tones)		
Seamless Tubular Products	12,196	10,925
Machinery and its components	—	757
Coating of Seamless Tubular Products	5,329	1,204



Company's Profile



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

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

We have total quality focused approach which is reflected in our certifications i.e. API Q1, API 5L,

API 5CT, ISO 9001:2008, OHSAS 18001:2007, ISO 14001:2004 & PED.

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

Product Range

Boiler Tubes

Heat Exchanger Tubes

High/Low Temperature Services Pipes/Tubes
Mechanical Tubes

Line Pipes

Structural Pipes/Tubes

Casing & Tubing

3 layer Polyethylene/Polypropylene & Fusion Bonded Epoxy Coating

Size Range

Outer Diameter 6 mm - 273 mm

Wall Thickness 0.75 mm - 25 mm

Length 1 - 19 Meter

Production Capacity per annum in M.Tons

- Seamless Tubular Products 100,000

- Machinery & Machinery components 3,500

- Coating of Seamless Tubular Products 50,000



Company's Profile



Production Standard:

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

Any other standard as per requirement of the customers.

Delivery Conditions:

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

Test Performed:

Destructive Test: Tensile, 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.





International Certifications



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



Business Ethics & Practices

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

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

Our policy reflects by the following:

Honesty and Integrity

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

Law and Regulation

HSPI complies with all laws and regulations. All directors and employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility and not to transgress them. If in doubt employees and directors expected to seek advice. The Company believes in fair competition and supports appropriate competition laws.

Politics

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

Quality Services

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

Social and Community Commitments

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

Reliable and Transparent Financial Records

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



Human Resource Development

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





Business Ethics & Practices

Our Commitment is reflected by the following:

As Shareholders and Directors:

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

As Executives and Managers:

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

As Employees and Staff:

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

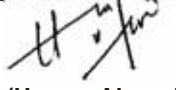


Notice of Annual General Meeting

Notice is hereby given to the Members that the 32nd Annual General Meeting of Company will be held on Friday October 30, 2015, at 02:00 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, 2015 and the Reports of the Directors' and Auditors' thereon.
02. To appoint Auditors for the year ending 30th June 2016 and fix their remuneration. The present auditors M/s Deloitte Yousuf Adil, Chartered Accountants, retire and being eligible for re-appointment and have consented to act as auditor for the year ending 30th June 2016.
03. To consider any other business with the permission of the Chair.

By order of the Board


(Usama Ahmed)
Company Secretary

Karachi
October 09, 2015

NOTE:

01. The share transfer books of the company will remain closed from 22nd October 2015 to 30th October 2015 (both days inclusive).
02. A member entitled to attend and vote at the meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting and must be signed and witnessed.
03. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant ID number and account/sub-account number along-with Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.
04. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.
05. Members are requested not to bring children along-with them, as children will not be allowed in the meeting.



Directors' Report to the Members

Dear shareholders,

Assalam-o-Alaikum

The Board of Directors of Huffaz Seamless Pipe Industries Limited take pleasure in presenting the 32nd Annual Report of the Company together with the annual audited financial statements and Auditors' Report thereon for the year ended 30th June 2015.

Overview of Economy

The third budget presented by the current Government with total outlay of PKR 4.451 trillion. The stabilization of economy with inflation hitting at lowest level at 2.1% on YoY in April since 2003-04, improvement of international ratings by Moody's and Standard & Poor's, policy rate reduced to its lowest in last 42 years at 7%, issuance of Sukuk bonds, the agreement with Chinese Government on China Pak Economic Corridor (CPEC). The decline in International oil prices helped in stabilization of PKR to USD exchange rate and building of foreign reserves by savings on import bills of oil and the forex reserves are targeted to be maintained above USD 20 billion. Real GDP Growth of 4.24% was achieved during the fiscal year 2015 falls short of budget of 5.1%, whereas the new target for fiscal year 2016 is set at 5.5%. The problem faced by the country is continuing declining trend in investment which is reduced from 19.3% of GDP to 15.1% of GDP in fiscal year 2015, the energy sector remained largely stagnant and the circular debt is again estimated to have accumulated to Rs. 600 billion.

The major steel products can be imported from China under Pak-China FTA at concessionary duties which is causing the obstacles to steel industry growth in the country. The domestic industry is facing cheap imports from China which is causing unfair trade practices. No relief is provided to domestic industry, such as custom duty is imposed on steel products just before the start of Fiscal year 2015 and Regulatory duty is imposed during the fiscal year 2015 that results in increased production cost.

The steel industry is the second biggest industry in the world after oil and gas. The steel use is projected to increase to be 1.5 times by 2050. Average world steel use per capita has increased from 150kg in 2001 to 217kg in 2014. The 65 countries accounted for 98% of world crude steel production touched 1.67 billion metric tons (MT) in 2014. The Chinese steel industry accounted for 823 million MT, which is more than 50% of global crude steel output. The end use for steel pipes lies primarily in the oil & gas, which is adversely effected due to decline in prices of oil in international market.

Operating Performance

Due to effective management, trivial improvement in economic factors, the company achieved a significant growth in sales as shown below:

	June 30 2015	June 30 2014	Difference	
			In Rupees	In percentage
	Rs in 000			
Net sales	1,973,972	1,518,120	(455,852)	30%
Cost of sales	(1,795,452)	(1,486,901)	(308,551)	21%
Gross Profit	178,520	31,219		
Selling and distribution cost	(72,244)	(20,104)	(52,140)	259%
Administrative expenses	(70,241)	(46,041)	(24,200)	53%
	(142,485)	(66,145)		
	(36,035)	(34,926)		
Other operating charges	(69,204)	(2,187)	(67,017)	3064%
Other operating income	11,784	16,539	(4,755)	-29%
	(21,385)	(20,574)		
Finance cost	(37,117)	(34,330)	(2,787)	8%
Loss before taxation	(58,502)	(54,904)		
Taxation	45,811	18,556	27,255	147%
Loss after taxation	(12,691)	(36,348)	23,657	-65%

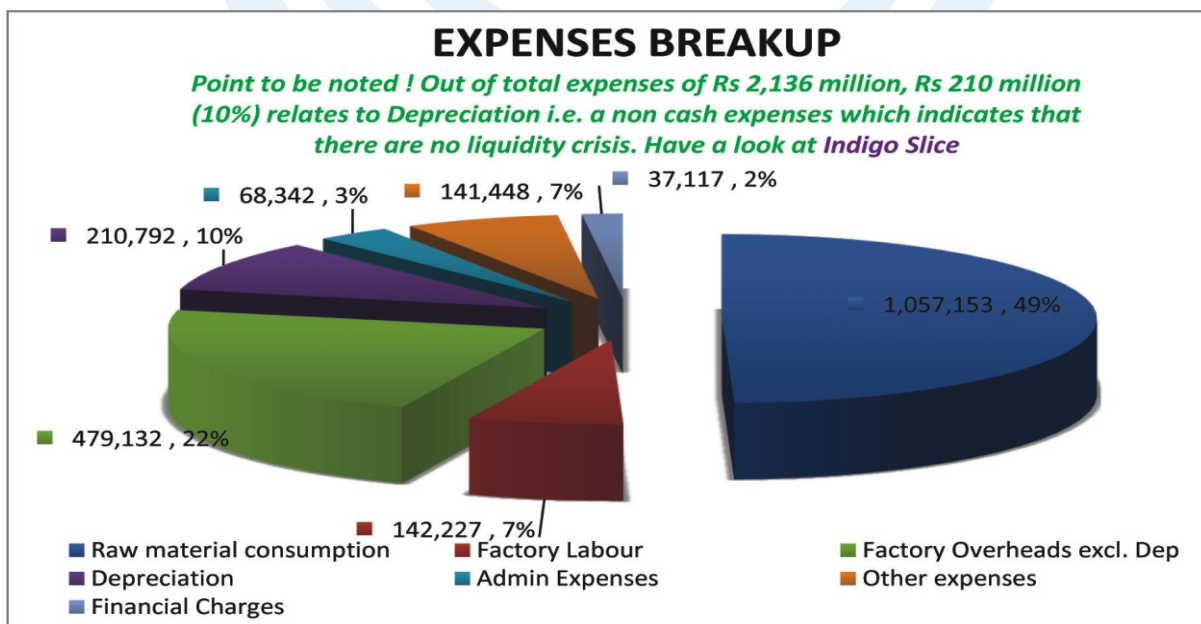


The Company achieved sales of Rs 1.973 billion which is 30% higher than the last year's sales of Rs. 1.518 billion. This is a achievement in the current economic conditions especially after the imposition of custom duty and regulatory duty during the current year.

The notional loss appearing on the face of the Profit & Loss account is merely due to incremental depreciation charged during the year. Had there been no revaluation the results would have been the following:

	With Revaluation	Without Revaluation	Difference
..... Rs in 000			
Net sales	1,973,972	1,973,972	—
Cost of sales	(1,795,452)	(1,634,171)	(161,281)
Gross Profit	178,520	339,801	
Selling and distribution cost	(72,244)	(72,244)	—
Administrative expenses	(70,241)	(70,241)	—
	(142,485)	(142,485)	
	36,035	197,316	
Other operating charges	(69,204)	(69,204)	—
Other operating income	11,784	11,784	—
	(21,385)	(139,896)	
Finance cost	(37,117)	(37,117)	—
(Loss) / profit before taxation	(58,502)	102,779	
Taxation	45,811	(7,412)	53,223
(Loss) / Profit after taxation	(12,691)	95,367	(108,058)

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



Production

The production of seamless tubular products during the year was 12,195 Metric Tons as compared to 10,925 Metric Tons in the last year, which depicts an increase of 12 % over last year. On the other hand our Revenue segment Coating Plant which produced 5,329 Metric Tons as compared to 1,204 Metric Tons last year. In future, its production is expected to be increased by leaps and bounds which will serve as an independent Cash Generating Segment for the company.

Earnings per share

Due to our continuous efforts we have managed to reduce our loss per share considerably i.e. from Rs 0.66 per share in last year to Rs. 0.23 in current year. We hope reason for the loss per share is fully justified from the explanation given above in Operating performance review. The EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) of Rs. 185.901 million disclosed on the face of the Profit and Loss Accounts is quite helpful for the users of the Financial Statement to appreciate that the results are not adverse and the loss is notional.

Remuneration to the directors

Executive Directors were paid remuneration as approved by the board of the directors and the details of remuneration are available in note 33 to the accounts.

Capital investment

During the year the Company incurred Rs. 23.346 million (2014: Rs 41.820 million) as Capital Expenditures. This includes import of auxiliary equipments and construction of different parts of Factory building. The company is also carrying out renovation of head office building.

Technology Advancements

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

Statement of Internal Controls

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

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

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

Risk Management Framework

All Company activities involve combination of risks. The most important risk categories that the Company is exposed to are liquidity risk, market risk and operational risk. Well established risk governance for the effective management of risk at all levels

have been developed. It is the responsibility of all Company officers to identify, assess, mitigate and manage risk within the scope of their assigned responsibilities.

Safety, Health, Environment and Quality

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



Human resource

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

Further, an employee code of conduct has been finalized and disseminated throughout the organisation and has also been placed on the Company's official web-site as per the requirement of Code of Corporate Governance 2012.

Corporate Social Responsibility

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

Auditors

The present external auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, have retired and offered themselves for reappointment. The same is also recommended by the Audit Committee.

Corporate and Financial Reporting Framework

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

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in Listing Regulations.
- Due to threat from Chinese steel industry as discussed above, the directors are focused towards business growth and have accordingly decided not to issue cash dividend. Further, Directors of the company also observed that issuance of bonus shares will dilute the value of shares in the market.
- The summary of key operating and financial data of the Company for the last ten years is annexed to this report.
- The value of non funded staff gratuity at close of the year was Rs. 97.514 million.

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

Board / Sub Committee	Board Meeting	Audit Committee	Human Resources & Remuneration Committee
	Total number of meetings held during the year		
	4	4	2
Mr. Yousuf Mohamed Y. Najibi (UAE)	—	—	—
Mr. Nabil Abdul Rahman Ahmad Arif (UAE)	—	—	—
Mr. Abdul Aziz Eshaq A.Rahman (UAE)	—	—	—
Mr. Muhammad Hafiz (UK)	4	4	1
Mr. Arshad Ahmed (UK)	3	3	1
Hafiz Abdul Waheed	2	—	—
Hafiz Abdul Sami	3	3	—
Hafiz Abdul Aleem	3	—	2
Hafiz Abdul Majid	3	—	2
Hafiz Abdul Haseeb	4	—	2
Syed Arsalan Sadiq (Independent Director)	2	2	—

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



Pattern of Shareholding

A statement of the pattern of shareholding of certain classes of shareholders as at 30 June 2015, whose disclosure is required under the reporting framework, is included in the report.

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

Future Outlook and Challenges

We have an optimistic outlook for the financial year ending June 2016 because:

1. Government's intention to increase gas supply whether through TAPI gas pipe line from Central Asia to Pakistan and India or through Thur coal will certainly increase the demand of our seamless pipes.
2. Government is importing LNG which will have positive impact on the demand of our seamless pipes.
3. The newly elected Government is offering tax incentives and is expected to offer relief in duties regarding import of raw material to enhance domestic production of seamless pipes.

However, being an import oriented industry; we may face challenges of deteriorating security situation in the country and rapidly rising rate of dollar while China threat has already been explained above.

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

Training program attended by the directors

The Board has been provided with detailed in-house briefings and information package to acquaint them with the Code of Corporate Governance, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the Company, for and on behalf of the shareholders. All the Directors, other than seven Directors have completed Directors' Training Program required by the Code as the other seven directors possess experience of more than 15 years on the board of a listed company and education of more than 14 years, they are exempted from the directors' training program as per clause xi of the Code.

Definition of Executive

As per the requirement of Clause xvi (l) of the Code of Corporate Governance 2012, from the subsequent year the BOD has set a threshold of Rs 1.2 million (i.e. Gross salary not less than one lac per month) for the definition of Executive. Now, for our company Executive means CEO, CFO, Company Secretary and other employees of the company whose gross salary exceed **Rs 1,200,000** per annum.

Stakeholders

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

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

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



Hafiz Abdul Majid

Chief Executive

Karachi, October 09, 2015

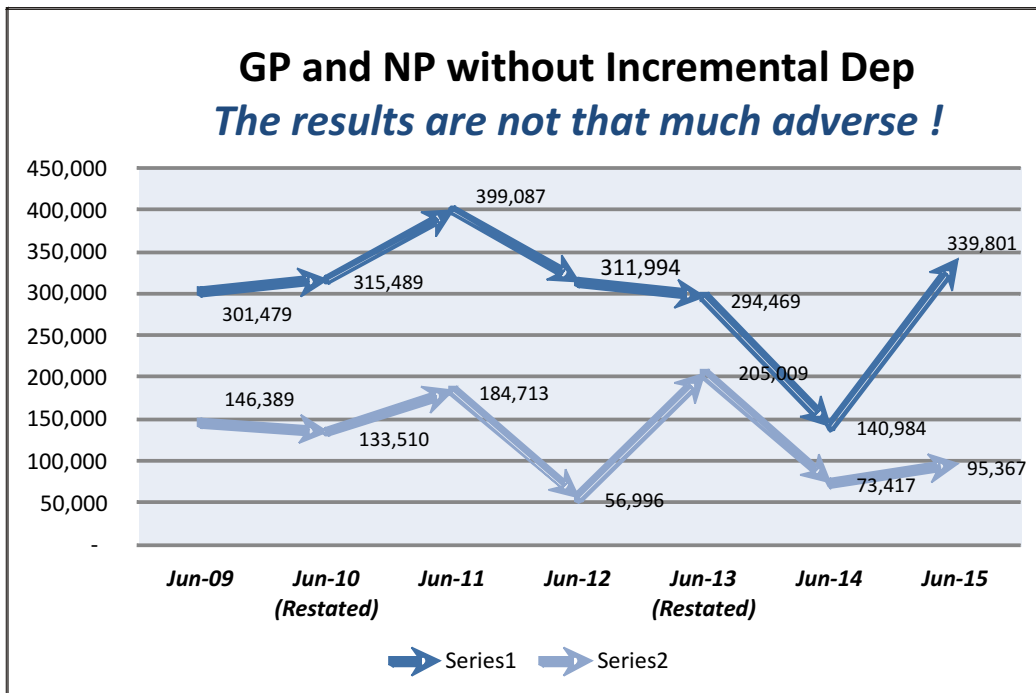
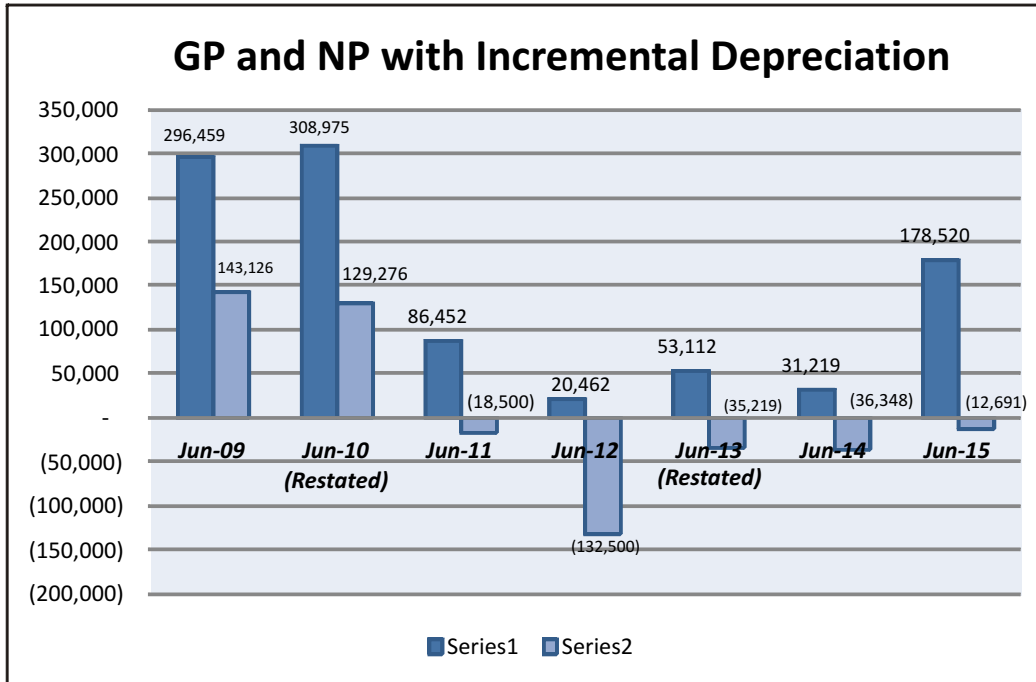


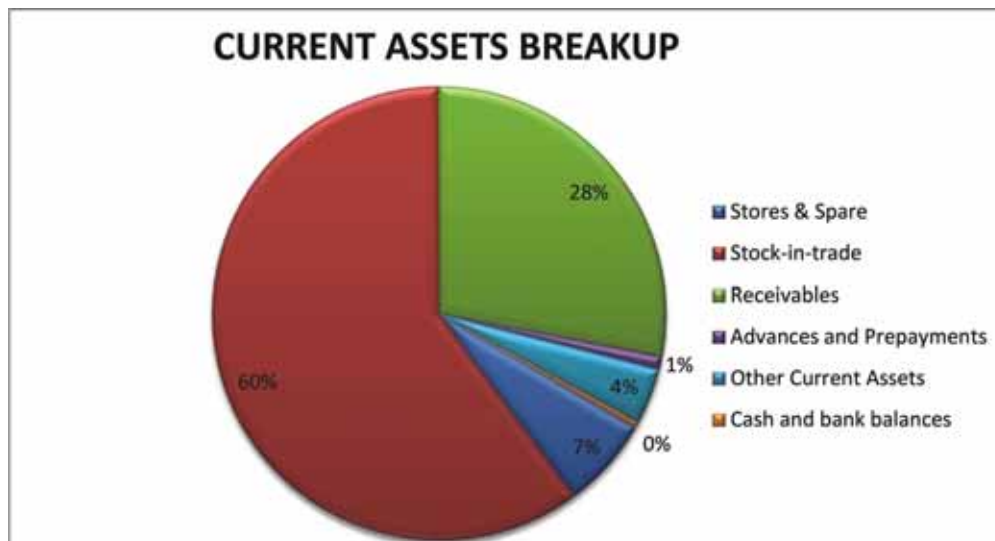
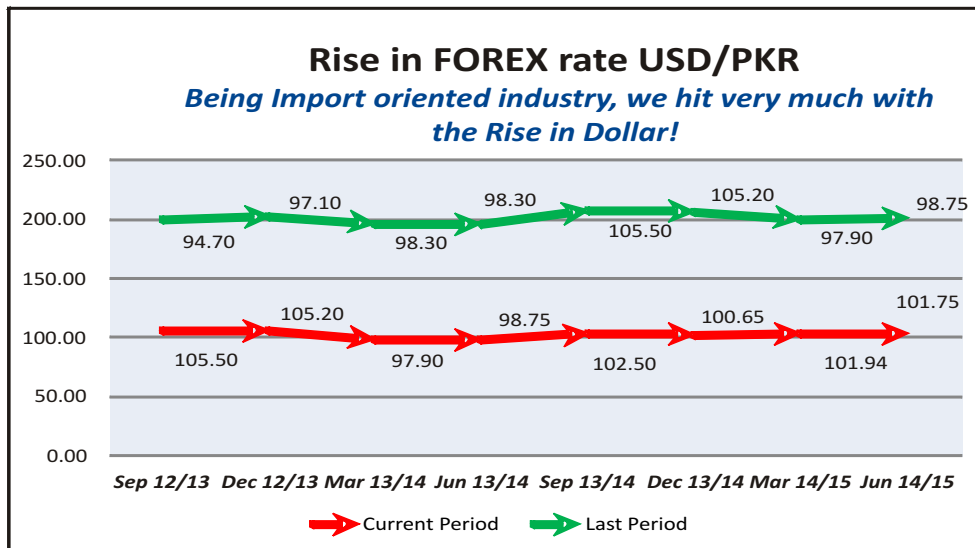
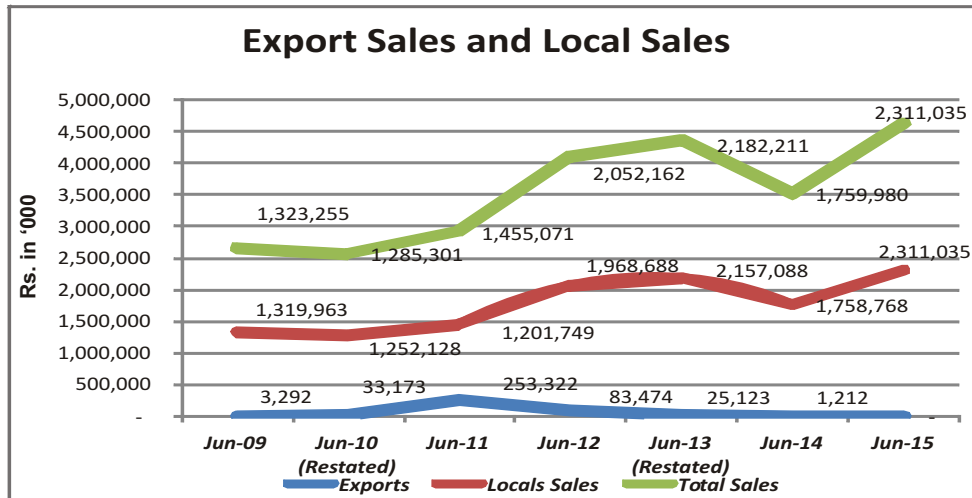
Decade at a Glance

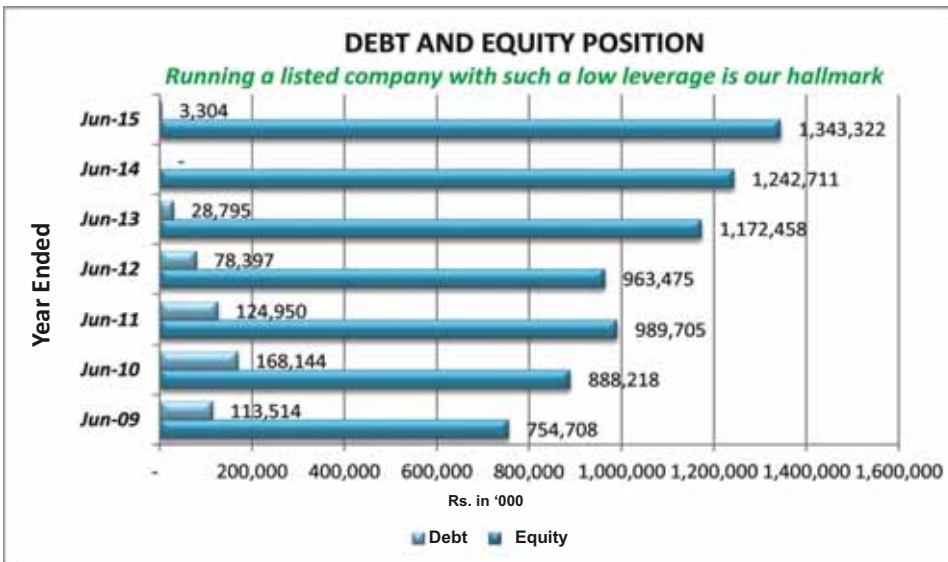
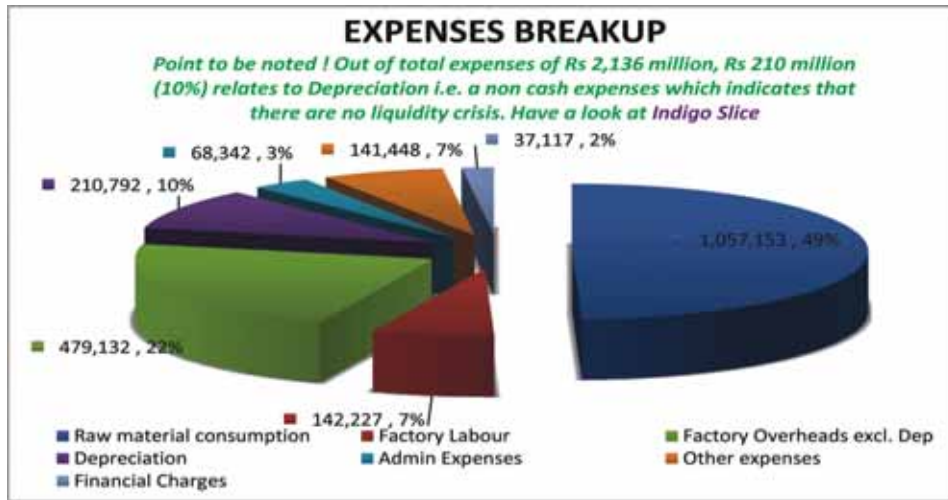
Product: Seamless Steel Pipes and Tubes Location of H/O: Karachi Location of Plant Nooriabad CEO: Hafiz Abdul Majid		Year Ended									
		June 30 2015	June 30 2014	June 30, 2013 Restated	June 30, 2012	June 30, 2011	June 30, 2010 Restated	June 30, 2009 Restated	June 30, 2008	June 30, 2007	June 30, 2006
		Rs. '000'									
Balance sheet data	Cash	5,787	88,962	215,216	29,190	31,601	31,797	12,231	61,660	18,860	47,199
	Receivables	421,027	102,396	179,542	127,693	191,980	96,457	128,827	100,585	63,710	83,698
	Stores & spares	97,521	73,966	83,546	69,809	47,686	55,481	51,500	39,789	38,116	32,443
	Inventory	901,281	901,521	489,369	1,152,216	746,597	832,643	779,263	172,381	344,924	366,928
	Other current assets	73,981	111,773	163,789	99,473	176,758	118,015	88,476	136,203	78,401	82,665
	Non-current assets	5,770,570	5,970,919	6,158,807	6,532,584	4,998,612	5,074,621	1,743,351	1,262,898	1,233,027	414,119
	Total assets	7,270,167	7,249,537	7,290,269	8,010,965	6,193,234	6,209,014	2,803,648	1,773,516	1,777,038	1,027,052
	Account payables	1,090,016	938,391	845,729	1,193,299	971,110	790,747	751,134	389,479	487,387	476,435
	Other current liabilities	16,625	68,675	88,512	261,090	119,187	118,336	47,868	52,124	22,848	—
	Long term liability	1,428,619	1,670,859	1,744,904	1,907,649	1,413,146	1,508,415	334,309	135,101	144,493	129,914
Surplus on revaluation of land and building	3,391,585	3,328,901	3,438,666	3,680,023	2,700,086	2,903,298	915,629	685,194	689,322	—	
Sponsors loan	—	—	—	—	—	—	—	60,260	72,144	101,944	
Paid-up capital	554,844	554,844	554,844	554,844	554,844	554,844	341,442	218,873	182,394	140,303	
Share Premium	109,437	109,437	109,437	109,437	109,437	109,437	—	—	—	—	
Retained earning/ (loss)	639,041	538,430	468,177	264,623	285,424	183,937	263,829	192,485	138,450	138,456	
Reserves	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	
Total equity & liabilities	7,270,167	7,249,537	7,290,269	8,010,965	6,193,234	6,209,014	2,803,648	1,773,516	1,777,038	1,027,052	
Income statement data	Net Sale	1,973,972	1,518,120	2,182,211	2,052,162	1,455,071	1,285,301	1,323,255	1,024,185	855,660	1,013,609
	Cost of goods sold	1,759,452	1,486,901	2,129,099	2,031,700	1,368,619	976,326	1,026,796	811,567	701,040	819,069
	Gross profit	178,520	31,219	53,112	20,462	86,452	308,975	296,459	212,618	154,620	194,540
	Administration, selling and Other expenses	199,905	51,793	96,186	145,740	50,113	46,107	57,040	47,556	31,054	38,398
	Operating Profit or Loss (EBIT)	(21,385)	(20,574)	(43,074)	(125,278)	36,339	262,868	239,419	165,062	123,566	156,142
	Financial charges	37,117	34,330	58,431	76,490	74,805	38,830	17,489	10,868	15,292	8,996
	EBT	(58,502)	(54,904)	(101,505)	(201,768)	(38,466)	224,038	221,930	154,194	108,274	147,146
	Taxation	45,811	(18,556)	(66,286)	(69,268)	(19,966)	81,877	78,804	57,345	16,656	72,294
	Net profit (PAT)	(12,691)	(36,348)	(35,219)	(132,500)	(18,500)	129,276	143,126	96,850	87,484	85,563
	Depreciation and Amortization	211,126	220,088	460,766	386,882	395,416	77,262	58,379	53,062	37,688	36,719
Liquidity	Cash flow from operation	(9,063)	(58,946)	537,076	62,828	436,031	238,921	41,651	219,293	262,964	160,869
	Net working capital	392,956	271,552	197,221	23,992	104,325	225,310	261,295	69,015	33,776	136,498
	Current ratio	1.36	1.27	1.21	1.02	1.10	1.25	1.33	1.16	1.07	1.29
	Quick ratio	0.45	0.30	0.60	0.18	0.37	0.27	0.29	0.68	0.32	0.45
	Payable/receivable	2.24	4.70	2.72	6.40	2.96	4.24	3.68	1.86	3.59	2.86
Cash flow/ total debt	-0.36%	-2.20%	20.05%	1.87%	17.42%	9.88%	3.68%	34.43%	36.18%	22.71%	
Activity	Inventory age (days)	187	221	84	207	199	311	277	78	180	164
	Collection period (days)	78	25	30	23	48	27	36	36	27	30
	Operating assets turnover	0.34	0.25	0.35	0.31	0.29	0.25	0.76	0.81	0.69	2.45
Profitability	Gross profit margin	9%	2%	2%	1%	6%	24%	22%	21%	18%	19%
	Net profit margin	-1%	-2%	-2%	-6%	-1%	10%	11%	9%	10%	8%
	Return on capital	-0.5%	-1.3%	-1.2%	-4.7%	-0.8%	5%	14%	16%	16%	17%
	Return on operating assets	-0.2%	-0.6%	-0.6%	-2.0%	-0.4%	3%	8%	8%	7%	21%
	Return on equity	-1%	-3%	-3%	-14%	-2%	15%	19%	21%	24%	27%
Per share data	Revenue per share	36	27	39	37	26	23	39	47	47	72
	Earning per share (Rs)	(0.23)	(0.66)	(0.63)	(2.39)	(0.33)	2.33	4.19	4.42	4.80	6.10
	Face value of share	10	10	10	10	10	10	10	10	10	10
	Break-up value per share	24	22	21	17	18	16	22	21	20	23
	Earning per break-up value of share	(0.09)	(0.29)	(0.30)	(1.37)	(0.19)	1.46	1.90	2.15	2.42	2.68
	Earning per share % of face value	-2%	-7%	-6%	-24%	-3%	23%	42%	44%	48%	61%
	Earning per share % of break-up value	-1%	-3%	-3%	-14%	-2%	15%	19%	21%	24%	27%
Share trend	High stock price-at end	18.24	20.70	22.29	23.49	12.20	40.80	51.30	70.00	90.00	52.20
	Low stock price-at end	18.22	20.70	22.20	23.00	11.81	14.2	25.75	67.63	88.00	52.20
	Average stock price-at end	18.23	20.70	22	23	12	27.50	38.53	68.82	89.00	52.20
	Growth since last year (Rs)	(2)	(2)	(1)	11	(15)	(11.03)	(30.29)	(20.19)	36.80	17.30
	Growth since last Year %	-12%	-7%	-4%	93%	-56%	-29%	-44%	-23%	70%	50%
	Price earning ratio- at average price	(79.70)	(31.60)	(35.12)	(9.69)	(36.00)	11.80	9.19	15.55	18.56	8.56
Plant capacity (M.Tons)	Seamless Tubular										
	Installed Capacity	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
	Utilized Capacity	12,196	10,925	13,826	13,958	13,456	11,288	13,446	13,100	14,529	16,285
	Coating of pipes and tubes										
	Installed Capacity	50,000	50,000	50,000	50,000	50,000	50,000	50,000	—	—	—
	Utilized Capacity	5,329	1,204	5,197	1,617	—	—	—	—	—	—
	Machinery and components										
	Installed Capacity	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Utilized Capacity	—	757	455	764	463	513	453	480	436	523	

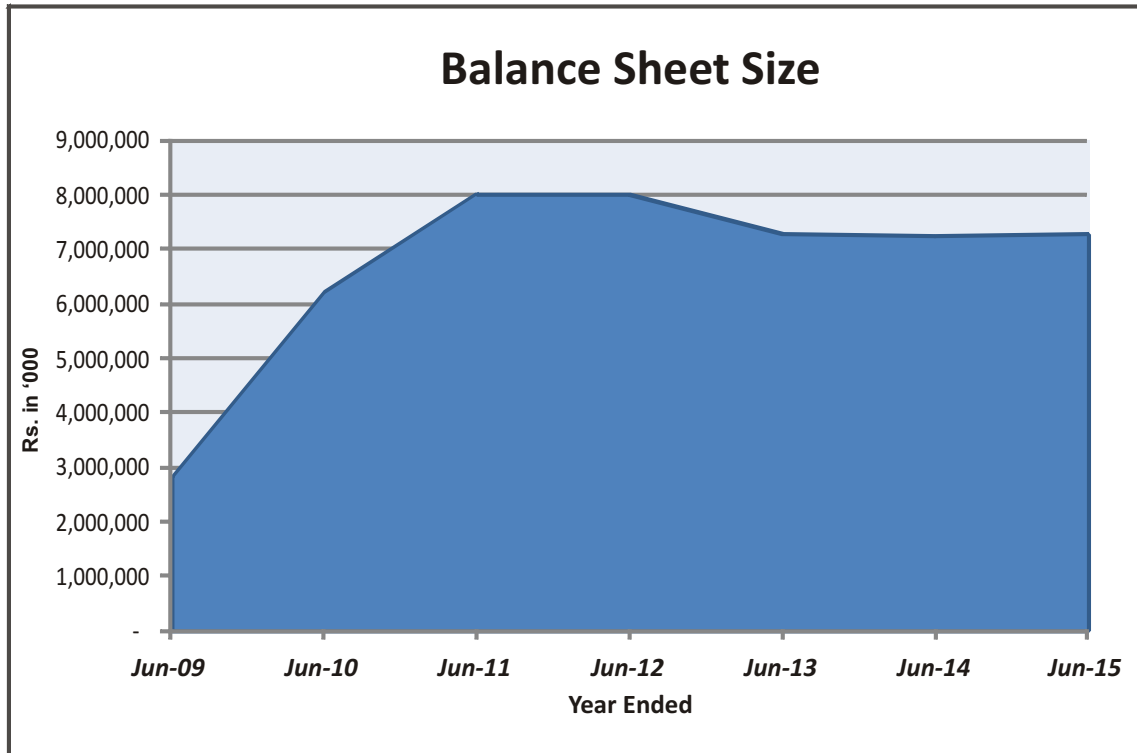


Diagrammatical Performance Review









Statement of Compliance

With the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the “Code”) contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Huffaz Seamless Pipe Industries Limited (the Company) has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present, the Board constitutes of:

Category	Names
Executive Directors	Hafiz Abdul Majid (CEO) Hafiz Abdul Haseeb
Non-Executive Directors	Mr. Yousuf Mohamed Y. Najibi Mr. Nabil Abdul Rahman Ahmad Arif Mr. Abdul Aziz Eshaq A. Rehman Mr. Muhammad Hafiz Mr. Arshad Ahmed Hafiz Abdul Waheed Hafiz Abdul Sami Hafiz Abdul Aleem
Independent Director	Syed Arsalan Sadiq

The independent director meets the criteria of independence as contained in the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a “Code of Conduct” which has been placed on the Company’s website. The Company has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. Management has developed a vision / mission statement, overall corporate strategy and significant policies of the Company, however, overall corporate strategy and significant policies have not been approved by the Board. A complete record of particulars of significant policies along with the dates on which they were approved or amended has not been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The training of the directors is an ongoing process and the directors, on a regular basis, are provided with and are presented and updated on relevant laws, Code and guidelines on best practices of corporate governance. During the year, director’s training program has not been conducted for any director. As at June 30, 2015 four directors have completed the director’s training program as required by the Code. In future, arrangements will also be made for other directors for acquiring certification under the directors training program within the required time period.



10. No new appointment of Chief Financial Officer (CFO), Company Secretary or Head of Internal Audit has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members all of them are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference (TORs) of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of five members, of whom two are executive directors and three are non-executive directors including the chairman of the committee.
18. The Company has appointed a Chief Internal Auditor, who is assisted by M/s. Nasir Mehmood & Co., Chartered Accountants in internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of The Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.
20. The statutory auditors or persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with. As per the requirement of the Code, the Company has developed the mechanism for an annual evaluation of the Board's performance during the year. The Board its meeting held on October 9, 2015 has adopted its current year annual performance evaluation.



HAFIZ ABDUL MAJID

Chief Executive Officer

Karachi:

Dated: October 09, 2015



Review Report to the Members on the Statement of Compliance With the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Huffaz Seamless Pipe Industries Limited (the Company) for the year ended June 30, 2015 to comply with the requirements of listing regulations of Karachi and Lahore Stock Exchanges.

The responsibility for compliance with the Code is that of the Board of Directors (the Board) of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As 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.

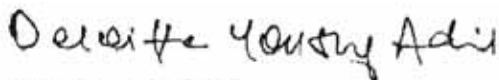
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in paragraph reference where this is stated in the Statement of Compliance:

- i. Paragraph 6 Overall corporate strategy and significant policies of the Company are not approved by the Board and a complete record of particulars of significant policies along with the dates on which they were approved or amended has not been maintained.

Chartered Accountants



Engagement Partner
Nadeem Yousuf Adil

Date: October 9, 2014
Place: Karachi

Auditors' Report to the Members

We have audited the annexed balance sheet of **Huffaz Seamless Pipe Industries Limited** ("the Company") as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied ;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2015 and of the loss, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

Deloitte Yousuf Adil

Engagement Partner
Nadeem Yousuf Adil

Date: October 9, 2015
Place: Karachi

Balance Sheet

As at June 30, 2015

	Note	2015	2014
ASSETS		..... (Rupees in '000)	
Non-current assets			
Property, plant and equipment	4	5,761,758	5,963,066
Intangible assets	5	1,876	2,210
Long-term deposits	6	<u>6,936</u>	<u>5,643</u>
		5,770,570	5,970,919
Current assets			
Stores and spares	7	97,521	73,966
Stock-in-trade	8	901,281	901,521
Trade debts	9	421,027	102,396
Loans and advances	10	13,798	17,102
Trade and other deposits	11	3,546	10,728
Other receivables	12	54,430	59,521
Advance tax - net of provision	13	2,207	24,422
Cash and bank balances	14	<u>5,787</u>	<u>88,962</u>
		1,499,597	1,278,618
TOTAL ASSETS		<u>7,270,167</u>	<u>7,249,537</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15	554,844	554,844
Share premium		109,437	109,437
General reserve		40,000	40,000
Unappropriated profit		<u>639,041</u>	<u>538,430</u>
TOTAL EQUITY		1,343,322	1,242,711
Surplus on revaluation of property, plant and equipment - net of tax	16	3,391,585	3,328,901
LIABILITIES			
Non-current liabilities			
Long-term financing	17	3,304	—
Liabilities against assets subject to finance lease	18	—	—
Deferred liabilities	19	<u>1,425,315</u>	<u>1,670,859</u>
		1,428,619	1,670,859
Current liabilities			
Trade and other payables	20	1,090,016	938,391
Short-term sponsors' advances	21	15,074	37,668
Current portion of non-current liabilities	22	729	30,638
Accrued mark-up		<u>822</u>	<u>369</u>
		1,106,641	1,007,066
TOTAL LIABILITIES		<u>2,535,260</u>	<u>2,677,925</u>
TOTAL EQUITY AND LIABILITIES		<u>7,270,167</u>	<u>7,249,537</u>
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes from 1 to 39 form an integral part of these financial statements.


Hafiz Abdul Majid
 Chief Executive


Hafiz Abdul Sami
 Director



Profit and Loss Account
For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
Net sales	24	1,973,972	1,518,120
Cost of sales	25	(1,795,452)	(1,486,901)
Gross profit		<u>178,520</u>	<u>31,219</u>
Distribution cost	26	(72,244)	(20,104)
Administrative expenses	27	(70,241)	(46,041)
		<u>(142,485)</u>	<u>(66,145)</u>
		<u>36,035</u>	<u>(34,926)</u>
Other operating expenses	28	(69,204)	(2,187)
Other income	29	11,784	16,539
		<u>(21,385)</u>	<u>(20,574)</u>
Finance cost	30	(37,117)	(34,330)
Loss before taxation		<u>(58,502)</u>	<u>(54,904)</u>
Taxation	31	45,811	18,556
Loss for the year		<u>(12,691)</u>	<u>(36,348)</u>
		..... (Rupees)	
Loss per share - basic and diluted	32	<u>(0.23)</u>	<u>(0.66)</u>
		.....(Rupees in '000).....	
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		<u>185,901</u>	<u>196,393</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Sami
Director



Statement of Comprehensive Income
For the year ended June 30, 2015

	Note	2015 (Rupees in '000)	2014
Loss after taxation		(12,691)	(36,348)
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit and loss account</i>		—	—
<i>Items that will not be reclassified subsequently to profit and loss account</i>			
– Remeasurement of defined benefit obligation	19.1.5	7,492	(4,866)
– Impact of tax	19.2	(2,248)	1,702
		5,244	(3,164)
Total comprehensive income for the year		<u><u>(7,447)</u></u>	<u><u>(39,512)</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Sami
Director



Cash Flow Statement

For the year ended June 30, 2015

	2015	2014
	..... (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(58,502)	(54,904)
Adjustments for:		
Depreciation	210,792	219,962
Amortisation	334	126
Gain on disposal of property, plant and equipment	—	(782)
Finance cost	37,117	34,330
Property, plant and equipment written-off	13,862	92
Guarantee margin written-off	10,744	—
Bad debts written-off	—	13,382
Workers' Welfare Fund	2,151	2,095
Provision for compensated absences	5,835	643
Provision for staff gratuity	19,866	15,638
	<u>300,701</u>	<u>285,486</u>
Operating cash flows before working capital changes	242,199	230,582
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(23,555)	9,580
Stock-in-trade	240	(412,152)
Trade debts	(318,631)	63,764
Loans and advances, trade and other deposits and other receivables	4,833	64,387
	<u>(337,113)</u>	<u>(274,421)</u>
Increase in current liabilities		
Trade and other payables	119,308	68,241
Cash generated from operations	24,394	24,402
Finance cost paid	(8,192)	(22,549)
Compensated absences paid	(479)	(809)
Staff gratuity paid	(8,115)	(5,012)
Workers' Welfare Fund	(2,095)	(5,171)
Income tax paid	(13,283)	(49,807)
Long-term deposits (paid) / refunded	(1,293)	9,360
	<u>(33,457)</u>	<u>(73,988)</u>
Net cash used in operating activities	(9,063)	(49,586)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(23,346)	(39,484)
Proceeds from disposal of property, plant and equipment	—	950
Additions to intangible assets	—	(2,336)
Net cash used in investing activities	(23,346)	(40,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment made for assets subject to finance lease	(30,638)	(20,755)
Long-term financing paid	(471)	(28,366)
Long-term financing received	4,504	—
Short-term sponsors' advances (paid) / received	(22,594)	14,087
Dividend paid	(1,567)	(764)
	<u>(50,766)</u>	<u>(35,798)</u>
Net cash used in financing activities	(83,175)	(126,254)
Net decrease in cash and cash equivalents	(88,962)	215,216
Cash and cash equivalents at the beginning of the year	88,962	215,216
Cash and cash equivalents at the end of the year	<u>5,787</u>	<u>88,962</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


Hafiz Abdul Majid
 Chief Executive


Hafiz Abdul Sami
 Director



Statement of Changes in Equity

For the year ended June 30, 2015

Particulars	Issued, Subscribed and paid up capital	Share Premium	General Reserve	Unappropriated Profit	Total
	Rs. '000'				
Balance as at July 1, 2013	554,844	109,437	40,000	468,177	1,172,458
Total comprehensive income for the year					
Loss for the year	—	—	—	(36,348)	(36,348)
Other comprehensive income	—	—	—	(3,164)	(3,164)
Total comprehensive income for the year	—	—	—	(39,512)	(39,512)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged thereon - net of tax	—	—	—	109,765	109,765
Balance as at June 30, 2014	554,844	109,437	40,000	538,430	1,242,711
Total comprehensive income for the year					
Loss for the year	—	—	—	(12,691)	(12,691)
Other comprehensive income	—	—	—	5,244	5,244
Total comprehensive income for the year	—	—	—	(7,447)	(7,447)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged thereon - net of tax	—	—	—	108,058	108,058
Balance as at June 30, 2015	554,844	109,437	40,000	639,041	1,343,322

The annexed notes from 1 to 39 form an integral part of these financial statements.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Sami
Director



Notes to the Financial Statements

For the year ended June 30, 2015

1. STATUS AND NATURE OF BUSINESS

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 the Karachi and Lahore Stock Exchanges. The principal object 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

- the obligations under employees' defined benefit plan are measured at present value; and
- the leasehold land, factory building, plant and machinery and coating sheds are stated at revalued amount.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to nearest thousand.

2.4 Amendments to accounting standards and new IFRS interpretation that are effective for the year ended June 30, 2015

2.4.1 The following standards, amendments and interpretation are effective for the year ended June 30, 2015. These standards, amendments and interpretation are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 19 'Employee Benefits' - Employee contributions
- Amendments to IAS 32 'Financial Instruments: Presentation' - Offsetting financial assets and financial liabilities
- Amendments to IAS 36 'Impairment of Assets' - Recoverable amount disclosures for non-financial assets



- Amendments to IAS 39 'Financial Instruments: Recognition and measurement' - Novation of derivatives and continuation of hedge accounting
- IFRIC 21 'Levies'

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

The following new accounting standards and amendments to accounting standards are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments	Effective date (accounting periods beginning on or after)
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 1, 2016
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' - Bearer plants	January 1, 2016
- IAS 27 (Revised 2011) 'Separate Financial Statements'	January 1, 2015
- IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures'	January 1, 2015
- IFRS 10 'Consolidated Financial Statements'	January 1, 2015
- IFRS 11 'Joint Arrangements'	January 1, 2015
- IFRS 12 'Disclosure of Interests in Other Entities'	January 1, 2015
- IFRS 13 'Fair Value Measurement'	January 1, 2015

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

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

2.6 Use of estimates and judgements

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised 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:

2.6.1 Property, plant and equipment

The Company's management reviews the rates of depreciation / estimated useful lives used in the calculation of depreciation charge for its property, plant and equipment and the value of the assets for possible impairment at each financial year end. Further, the Company estimates revalued amounts and useful lives of leasehold land, factory building, plant and machinery and coating sheds based on the periodic valuations carried out by independent professional valuers. 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.

2.6.2 Stock-in-trade and stores and spares

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

2.6.3 Trade debts and other receivables

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

2.6.4 Employee benefits

The liabilities relating to defined benefit plan - staff gratuity are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 19 to these financial statements.

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

2.6.5 Taxation

In making estimate for income tax payable by the Company, the Company takes into account the applicable tax laws. Deferred tax asset is recognised 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 utilised. Significant judgment is exercised to determine the amount of deferred tax asset to be recognised.

3. 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, 2014 and are enumerated as follows:



3.1 Property, plant and equipment

3.1.1 Owned assets

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

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

Subsequent costs are included in the asset's carrying amount or recognised 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 capitalised and the asset so replaced is derecognised. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged on reducing balance method at rates specified in note 4.1. Depreciation on addition is charged from the month the asset is available for use while no depreciation is charged in the month of disposal.

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

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

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

3.1.2 Leased assets

Leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases and are capitalized at the inception of the lease at lower of fair value of leased assets and the present value of minimum lease payments. Other leases are classified as operating leases.



Assets subject to finance lease are stated at revalued amounts less accumulated depreciation and impairment losses, if any. The related obligations of the lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Assets acquired under finance lease are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation and other policies are same as for the owned assets described in note 3.1.1.

3.1.3 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.

3.2 Intangible assets

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

Cost associated with maintaining computer software products are recognised as an expense when incurred.

Intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives as specified in note 5. In respect of additions and disposals of intangible assets during the year, amortisation is charged from the month of acquisition to the month preceding the disposal.

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

3.3 Stores and spares

Stores and spares are stated at lower of weighted average cost and net realisable 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 realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

3.4 Stock-in-trade

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

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

Scrap is valued at estimated realisable value.



3.5 Trade debts and other receivables

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

3.6 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 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, 2015. Details of the scheme are given in note 19.1 of these financial statements.

3.7 Compensated absences

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

3.8 Trade and other payables

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

3.9 Markup bearing borrowings

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

3.10 Revenue recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable. The Company records revenue from sale of goods on dispatch of goods to its customers.

3.11 Taxation

Current

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



Deferred

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

3.12 Borrowing costs

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

3.13 Provisions

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

3.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances. Short-term 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.

3.15 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.

3.16 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provision of instruments. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of the financial assets or liabilities is taken to profit and loss account.

3.17 Offsetting of financial assets and liabilities

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



3.18 Impairment

Financial assets

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

Non-financial assets

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

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

3.19 Segment reporting

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

3.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.21 Earnings per share

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



4. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 (Rupees in '000)	2014
Operating fixed assets	4.1	5,722,651	5,922,902
Capital work-in-progress	4.5	39,107	40,164
		<u>5,761,758</u>	<u>5,963,066</u>

4.1 Operating fixed assets 2015

Particulars	C o s t / R e v a l u a t i o n				D e p r e c i a t i o n				Book Value as at June 30 2015	R A T E %
	As at July 01, 2014	Addition/transfer	Disposal / write-off	As at June 30, 2015	As at July 01, 2014	Charge for the Year	Disposal / write-off	As at June 30, 2015		
..... (Rupees in '000)										
Owned Assets										
Land - leasehold	819,375	—	—	819,375	—	—	—	—	819,375	—
Building - factory	1,954,552	26	—	1,954,578	150,684	45,097	—	195,781	1,758,797	2.5
Coating sheds	—	—	—	93,999	—	361	—	9,462	84,537	2.5
		93,999					9,101			
Office premises	3,233	—	—	3,233	2,834	40	—	2,874	359	10
Plant and machinery	3,752,773	1,145	—	3,753,918	565,550	159,409	—	724,959	3,028,959	5
Furniture and fixtures	3,239	—	—	3,239	1,693	155	—	1,848	1,391	10
Office equipment	5,361	—	—	5,361	2,856	250	—	3,106	2,255	10
Electric and gas appliances	19,377	4,237	—	23,614	8,236	1,270	—	9,506	14,108	10
Air conditioners	1,711	—	—	1,711	944	77	—	1,021	690	10
Drawings and survey equipment	363	—	—	363	347	2	—	349	14	10
Motor vehicles	36,113	5,005	—	41,118	29,881	1,747	—	31,628	9,490	20
Computer and allied equipment	8,943	128	—	9,071	6,465	513	—	6,978	2,093	20
Security weapons	1,178	—	—	1,178	530	65	—	595	583	10
Leased assets										
Coating sheds	93,999	—	—	—	7,295	1,806	—	—	—	2.5
		(93,999)					(9,101)			
	<u>6,700,217</u>	<u>10,541</u>	<u>—</u>	<u>6,710,758</u>	<u>777,315</u>	<u>210,792</u>	<u>-</u>	<u>988,107</u>	<u>5,722,651</u>	

2014

Particulars	C o s t / R e v a l u a t i o n				D e p r e c i a t i o n				Book Value as at June 30 2014	R A T E %
	As at July 01, 2013	Addition/transfer	Disposal / write-off	As at June 30, 2014	As at July 01, 2013	Charge for the Year	Disposal / write-off	As at June 30, 2014		
..... (Rupees in '000)										
Owned Assets										
Land - leasehold	819,375	—	—	819,375	—	—	—	—	819,375	—
Building - factory	1,945,723	8,829	—	1,954,552	104,526	46,158	—	150,684	1,803,868	2.5
Office premises	3,233	—	—	3,233	2,789	45	—	2,834	399	10
Plant and machinery	3,748,577	4,196	—	3,752,773	397,881	167,669	—	565,550	3,187,223	5
Furniture and fixtures	3,239	—	—	3,239	1,522	171	—	1,693	1,546	10
Office equipment	5,249	112	—	5,361	2,585	271	—	2,856	2,505	10
Electric and gas appliances	12,885	6,492	—	19,377	7,132	1,104	—	8,236	11,141	10
Air conditioners	1,565	146	—	1,711	864	80	—	944	767	10
Drawings and survey equipment	363	—	—	363	345	2	—	347	16	10
Motor vehicles	37,220	138	(1,152)	36,113	29,303	1,563	(984)	29,881	6,232	20
			(93)				(1)			
Computer and allied equipment	8,714	229	—	8,943	5,861	604	—	6,465	2,478	20
Security weapons	1,178	—	—	1,178	458	72	—	530	648	10
Leased Assets										
Coating Sheds	93,999	—	—	93,999	5,072	2,223	—	7,295	86,704	2.5
	<u>6,681,320</u>	<u>20,142</u>	<u>(1,152)</u>	<u>6,700,217</u>	<u>558,338</u>	<u>219,962</u>	<u>(984)</u>	<u>777,315</u>	<u>5,922,902</u>	
			(93)				(1)			



	Note	2015 (Rupees in '000)	2014
4.2 Allocation of depreciation			
Cost of sales	25.1	208,893	218,930
Administrative expenses	27	1,899	1,032
		210,792	219,962

4.3 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 in June 2012 by M/s. Harvester Services (Private) Limited, an independent professional valuer, on the basis of present market values which resulted in a deficit of Rs. 26.568 million on leasehold land and surplus of Rs. 1,303.909 million, Rs. 524.444 million and Rs. 11.648 million on factory building, plant and machinery and coating sheds respectively.

Previously revaluations of leasehold land and factory building of the Company were carried out in June 2007 and January 2009 by an independent valuer, M/s. Iqbal A Nanjee & Co. and revaluation of plant and machinery of the Company was carried out in June 2010 by M/s Harvester Services (Private) Limited, an independent valuer.

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

	2015 (Rupees in '000)	2014
Land - leasehold	14,997	14,997
Building - factory	485,275	497,691
Plant and machinery	590,357	620,264
Coating sheds	74,061	75,960

	Note	Building - Head Office and Factory	Plant and Machinery	Total (Rupees in '000)
4.5 Capital work-in-progress				
Year ended June 30, 2015				
Balance as at July 1, 2014		21,071	19,093	40,164
Additions during the year		10,774	2,031	12,805
Written-off during the year	28	—	(13,862)	(13,862)
Balance as at June 30, 2015		31,845	7,262	39,107
Year ended June 30, 2014				
Balance as at July 1, 2013		13,164	7,658	20,822
Additions during the year		7,907	11,435	19,342
Balance as at June 30, 2014		21,071	19,093	40,164



	Note	2015 (Rupees in '000)	2014
5. INTANGIBLE ASSETS			
Computer software			
Cost	5.1	1,336	1,336
Accumulated amortisation	5.2	(460)	(126)
		876	1,210
Capital work-in-progress	5.3	1,000	1,000
Book value		<u>1,876</u>	<u>2,210</u>
5.1 Cost			
Balance as at July 1,		1,336	—
Additions during the year		—	1,336
Balance as at June 30,		<u>1,336</u>	<u>1,336</u>
5.2 Accumulated amortisation			
Balance as at July 1,		126	-
Amortisation for the year	27	334	126
Balance as at June 30,		<u>460</u>	<u>126</u>
Useful life		<u>4 years</u>	<u>4 years</u>
5.3			
This represents advance given to a vendor for purchase of supply chain management software.			
6. LONG-TERM DEPOSITS			
Long-term deposits	6.1	7,579	14,843
Less: current maturity	11	(643)	(9,200)
		<u>6,936</u>	<u>5,643</u>
6.1			
This includes amount of Rs. Nil (2014: Rs. 9.2 million) representing deposit against finance lease and Rs. 5.43 million (2014: Rs. 3.5 million) representing deposit given to Sui Southern Gas Company Limited for gas connection.			
	Note	2015	2014
		..... (Rupees in '000)	
7. STORES AND SPARES			
Stores - in hand		82,818	72,239
- in transit		12,823	-
Spare parts and loose tools		1,880	1,727
		<u>97,521</u>	<u>73,966</u>
8. STOCK-IN-TRADE			
Raw material		225,204	317,397
Work-in-process		259,734	198,287
Finished goods		313,129	314,746
Rejection / scrap material		103,214	71,091
		<u>901,281</u>	<u>901,521</u>
9. TRADE DEBTS - unsecured			
Considered good	9.1	421,027	102,396
9.1			
Trade debts are non-interest bearing and are generally on 30 - 60 days credit period.			
9.2			
This includes Rs. 9.760 million (2014: Rs. 7.708 million) due from related parties which is neither overdue nor impaired.			



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

	2015		2014	
	Gross	Impairment	Gross	Impairment
	..... (Rupees in '000)			
Less than 90 days old	395,452	—	81,987	—
91 to 180 days old	21,901	—	4,467	—
181 to 365 days old	300	—	1,063	—
More than one year old	3,374	—	14,879	—
	421,027	—	102,396	—

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts do not require any impairment.

	Note	2015	2014
		..... (Rupees in '000)	
10. LOANS AND ADVANCES - considered good			
Advances to suppliers - unsecured		3,449	11,273
Advances to employees for expenses		6,820	3,482
Loans and advances to employees	10.1	<u>3,529</u>	<u>2,347</u>
		13,798	17,102
10.1 This includes interest free medical loan provided to employees.			
11. TRADE AND OTHER DEPOSITS			
Trade deposits - considered good		2,903	1,528
Current maturity of long-term deposits	6	<u>643</u>	<u>9,200</u>
		3,546	10,728
12. OTHER RECEIVABLES			
Letter of credit		38,457	31,114
Margin against guarantee	12.1 & 12.2	<u>15,973</u>	<u>28,407</u>
		54,430	59,521
12.1 Margin against guarantee amounting to Rs. 10.744 million, being irrecoverable, has been written-off during the year.			
12.2 It includes margin amounting to Rs. 2.371 million (2014: 18.448) against guarantees which were expired as at June 30, 2015. However, these have not been released till June 30, 2015.			
	Note	2015	2014
		..... (Rupees in '000)	
13. ADVANCE TAX - NET OF PROVISION			
Balance as at July 1,		24,422	12,051
Add: payments made during the year		<u>13,283</u>	<u>49,807</u>
		37,705	61,858
Less: provision for taxation	31	<u>(35,498)</u>	<u>(37,436)</u>
		2,207	24,422
14. CASH AND BANK BALANCES			
Cash in hand		29	61
With banks in local currency current accounts		<u>5,731</u>	<u>88,830</u>
With banks in foreign currency current accounts		<u>27</u>	<u>71</u>
		5,758	88,901
		5,787	88,962



15. SHARE CAPITAL

2015	2014		2015	2014
(Number of shares)			..... (Rupees in '000)	
Authorised				
<u>70,000,000</u>	<u>70,000,000</u>	Ordinary Shares of Rs. 10 each	<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid up				
12,200,278	12,200,278	Ordinary Shares of Rs. 10 each fully paid in cash	122,003	122,003
38,906,565	38,906,565	Ordinary Shares of Rs. 10 each issued as bonus shares	389,066	389,066
<u>4,377,460</u>	<u>4,377,460</u>	Issued right shares fully paid in cash	<u>43,775</u>	<u>43,775</u>
<u>55,484,303</u>	<u>55,484,303</u>		<u>554,844</u>	<u>554,844</u>

15.1 The above includes shares having face value of Rs. 101.213 million (2014: Rs. 101.213 million) held by the foreign sponsors of the Company.

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

As at July 1,

Leasehold land

Factory building, plant and machinery and coating sheds

Less: transferred to unappropriated profit:

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

Less: related deferred tax liability on:

- Revaluation as at July 1,
- Incremental depreciation charged during the year on related assets transferred to profit and loss account
- Effect of change in tax rates

2015	2014
..... (Rupees in '000)	
804,378	804,378
3,883,881	4,052,751
4,688,259	4,857,129
(108,058)	(109,765)
(53,223)	(59,105)
<u>(161,281)</u>	<u>(168,870)</u>
4,526,978	4,688,259
(1,359,358)	(1,418,463)
53,223	59,105
170,742	—
<u>(1,135,393)</u>	<u>(1,359,358)</u>
<u>3,391,585</u>	<u>3,328,901</u>



	Note	2015 (Rupees in '000)	2014
17. LONG-TERM FINANCING			
Secured			
Musharaka facility		4,033	—
Current portion shown under current liabilities	22	(729)	—
		3,304	—

17.1 This represents long-term financing (under diminishing musharaka arrangement) of Rs. 4.5 million obtained to finance the purchase of a vehicle. Principal amount is repayable in twenty quarterly instalments starting from September 2014. Mark-up is payable quarterly at 1 year KIBOR plus 6.4% to be determined annually. The financing is secured against charge over the assets.

	Note	2015 (Rupees in '000)	2014
18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance as at July 1,		30,638	51,393
Repayments during the year		(30,638)	(20,755)
		—	30,638
Payable within one year shown under current liabilities	22	—	(30,638)
		—	—

18.1 The amount of future payments and the year in which they will become due are:

	2015			2014		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	..... (Rupees in '000)					
Not later than one year	—	—	—	32,011	1,373	30,638
Later than one year but not later five years	—	—	—	—	—	—
	—	—	—	32,011	1,373	30,638

This represented lease arrangement for coating sheds repayable latest by April 9, 2015. Financing rate at 6 months KIBOR plus 3% per annum had been used as discounting factor. Registration charges, license fee, rent, rates, taxes, insurance costs and any other levies by the federal or provincial governments were to be borne by the Company as lessee.

	Note	2015 (Rupees in '000)	2014
19. DEFERRED LIABILITIES			
Staff gratuity	19.1.2	97,514	94,492
Less: benefits due but not yet paid	20	1,811	3,048
		95,703	91,444
Deferred taxation - net	19.2	1,329,612	1,579,415
		1,425,315	1,670,859

19.1 Staff gratuity - defined benefit plan

19.1.1 General description of the defined benefit plan and accounting policy for remeasurements of the defined benefit obligations is disclosed in note 3.6 to these financial statements.



	Note	2015 (Rupees in '000)	2014
19.1.2 Liability recognised in the balance sheet			
Present value of defined benefit obligation	19.1.3	95,703	91,444
Benefits due but not yet paid		1,811	3,048
		<u>97,514</u>	<u>94,492</u>
19.1.3 Movement in defined benefit obligation during the year			
Balance at the beginning of the year		91,444	79,000
Expense recognised in profit and loss account	19.1.4	19,866	15,638
Total remeasurements recognised in other comprehensive income	19.1.5	(7,492)	4,866
Benefits paid		(8,115)	(5,012)
Benefits due but not yet paid		—	(3,048)
		<u>95,703</u>	<u>91,444</u>
19.1.4 Expense recognised in profit and loss account			
Current service cost		8,287	7,766
Interest cost		11,579	7,872
		<u>19,866</u>	<u>15,638</u>
19.1.5 Total remeasurements recognised in other comprehensive income			
Remeasurement on defined benefit obligation arising on			
– financial assumptions		—	—
– demographic assumptions		—	—
– experience adjustments		(7,492)	4,866
		<u>(7,492)</u>	<u>4,866</u>
19.1.6 Actuarial valuation of staff gratuity scheme has been carried out as at June 30, 2015 using Projected Unit Credit method and the following significant assumptions have been used:			
		2015	2014
Discount rate		9.75%	13.25%
Salary increase rate		8.75%	13.25%
Mortality table used		SLIC 2001-2005 With one year set back	SLIC 2001-2005 With one year set back
Retirement age		65 years	65 years
19.1.7 Number of employees covered by the scheme		227	259

19.1.8 Sensitivity analysis

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

	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption	Decrease in assumption
..... (Rupees in '000)			
Discount rate	1%	(7,580)	8,713
Salary growth rate	1%	8,626	(7,646)

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

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



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

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

19.1.10 The weighted average duration of defined benefit obligation as at June 30, 2015 is 8 years (2014: 7 years).

19.1.11 The expected gratuity expense for the next one year from July 1, 2015 amounts to Rs. 17.122 million. This is the amount by which the defined benefit liability is expected to increase

	Note	2015	2014
..... (Rupees in '000)			
19.2 Deferred taxation - net			
Balance as at July 1,		1,579,415	1,637,109
Reversal to profit and loss account	31	(81,309)	(55,992)
Charged to other comprehensive income		2,248	(1,702)
Adjustment to the related deferred tax liability on revaluation surplus	16	(170,742)	—
Balance as at June 30,		<u>1,329,612</u>	<u>1,579,415</u>
This comprises of the following:			
Accelerated tax depreciation and amortisation		249,188	273,313
Surplus on revaluation of property, plant and equipment		<u>1,135,393</u>	<u>1,359,358</u>
		1,384,581	1,632,671
Deductible temporary differences arising in respect of:			
Defined benefit plan obligation		(29,254)	(33,072)
Provision for compensated absences		(4,492)	(3,038)
Others		(21,223)	(17,146)
		<u>(54,969)</u>	<u>(53,256)</u>
		<u>1,329,612</u>	<u>1,579,415</u>
20. TRADE AND OTHER PAYABLES			
Trade creditors		14,167	26,688
Accrued liabilities		39,309	31,353
Sales tax payable		146,203	9,331
Tax deducted at source		18,394	11,260
Workers' Profit Participation Fund	20.1	249,527	221,055
Workers' Welfare Fund		2,151	2,095
Unclaimed dividend		15,918	17,485
Bills payable		376,576	477,221
Advance from customers		182,905	129,767
Provision for compensated absences		14,035	8,679
Gratuity due but not yet paid	19.1.2	1,811	3,048
Murabaha finance	20.2	28,610	—
Others		410	409
		<u>1,090,016</u>	<u>938,391</u>
20.1 Workers' Profit Participation Fund			
Balance as at July 1,		221,055	195,676
Allocation for the year		—	—
Interest on funds utilized in the Company's business for the year	30	28,472	25,379
Balance as at June 30,		<u>249,527</u>	<u>221,055</u>
20.2			
This represents finance against overdue letter of credit for purchase of raw material. This carries markup at the rate of KIBOR + 2% and is secured against charge over assets of the Company.			



21. SHORT-TERM SPONSORS' ADVANCES - unsecured

This represents unsecured and interest free advance from sponsors repayable on demand.

	Note	2015 (Rupees in '000)	2014
22. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long-term financing	17	729	—
Current portion of liabilities against assets subject to finance lease	18	—	30,638
		<u>729</u>	<u>30,638</u>

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Guarantees as at June 30, 2015 amounting to Rs. 67.869 million (2014: Rs. 64.471 million) have been furnished in favour of various customers.

23.1.2 Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU.

Various companies filed suits before the Honourable High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan has given a judgment declaring that the levy of GID cess as a tax was not validly levied in accordance with the Constitution.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014. In May 2015, the said Ordinance was approved in the parliament and became an Act. Under the Act, GID Cess at the rate of Rs. 100 per MMBTU on all industrial consumers has been levied.

Subsequent to the approval of the Act, the Company received gas bills at the rate of Rs. 100 per MMBTU, as the Company is considered an industrial consumers. The Company, while considering itself as industrial consumer, has accrued (but not paid) GID Cess amounting to Rs. 1.923 million at the rate of Rs. 100 per MMBTU from June 2015.

23.2 Commitments

23.2.1 Commitments under letters of credit as at June 30, 2015 amounted to Rs. 290.611 million (2014: Rs. 171.764 million).

23.2.2 Commitments for purchase of intangibles amounted to Rs. 3 million (2014: 3 million).

23.2.3 The facility for opening letters of credit and guarantees as at June 30, 2015 amounted to Rs. 1,050 million (2014: Rs. 1,000 million) of which the amount remaining unutilised as at that date was Rs. 345.46 million (2014: Rs. 162.50 million).

23.2.4 Aggregate commitments for rentals under Ijarah agreements are as follows:

	2015 (Rupees in '000)	2014
Not later than one year	643	744
Over one year to five year	—	722
	<u>643</u>	<u>1,466</u>

24. NET SALES

Sales - local	2,311,035	1,758,768
- export	—	1,212
	<u>2,311,035</u>	<u>1,759,980</u>
Less: sales tax	(337,063)	(241,860)
	<u>1,973,972</u>	<u>1,518,120</u>



	Note	2015	2014
..... (Rupees in '000)			
25. COST OF SALES			
Opening stock of finished goods		314,746	297,467
Cost of goods manufactured	25.1	<u>1,793,835</u>	<u>1,504,180</u>
		2,108,581	1,801,647
Closing stock of finished goods	8	<u>(313,129)</u>	<u>(314,746)</u>
		<u>1,795,452</u>	<u>1,486,901</u>
25.1 Cost of goods manufactured			
Raw material consumed	25.1.1	1,057,153	1,021,958
Stores and spares consumed		101,989	84,340
Coating material consumed		182,572	14,575
Gas consumed		84,144	63,593
Processing expense (outside factory)		324	688
Power, fuel and water		75,391	59,823
Salaries, wages and other benefits	25.1.2	142,227	120,578
Rent, rates and taxes		1,825	1,701
Insurance		1,107	1,228
Repairs and maintenance		4,885	5,038
Carriage and cartage		1,372	3,566
Depreciation	4.2	208,893	218,930
Others		<u>25,523</u>	<u>20,203</u>
		<u>1,887,405</u>	<u>1,616,221</u>
Rejection / scrap material			
Opening		71,091	65,650
Closing	8	<u>(103,214)</u>	<u>(71,091)</u>
		<u>(32,123)</u>	<u>(5,441)</u>
Work-in-process			
Opening		198,287	91,687
Closing	8	<u>(259,734)</u>	<u>(198,287)</u>
		<u>(61,447)</u>	<u>(106,600)</u>
		<u>1,793,835</u>	<u>1,504,180</u>
25.1.1 Raw material consumed			
Opening stock		317,397	34,565
Purchases		<u>964,960</u>	<u>1,304,790</u>
		1,282,357	1,339,355
Closing stock	8	<u>(225,204)</u>	<u>(317,397)</u>
		<u>1,057,153</u>	<u>1,021,958</u>
25.1.2 Salaries, wages and other benefits include Rs. 12.563 million (2014: Rs. 9.889 million) in respect of staff retirement benefits.			
	Note	2015	2014
..... (Rupees in '000)			
26. DISTRIBUTION COST			
Salaries, wages and other benefits	26.1	4,220	4,138
Sales promotion and other expenses		44	41
Travelling and conveyance		565	331
Bad debts written-off		—	13,382
Late delivery charges		61,659	—
Others		<u>5,756</u>	<u>2,212</u>
		<u>72,244</u>	<u>20,104</u>
26.1 Salaries, wages and other benefits include Rs. 0.907 million (2014: Rs. 0.714 million) in respect of staff retirement benefits.			



	Note	2015 (Rupees in '000)	2014
27. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	27.1	32,767	28,755
Travelling and conveyance		13,244	4,329
Legal and professional charges		8,092	1,353
Fees and subscription		3,155	1,785
Telephone, telex and postage		1,140	1,431
Vehicle running and maintenance		2,359	2,011
Auditors' remuneration	27.2	1,044	1,044
Printing and stationery		874	1,023
Depreciation	4.2	1,899	1,032
Amortisation	5.2	334	126
Utilities		1,040	1,019
Rent, rates and taxes		557	496
Repairs and maintenance		381	459
Advertisement		122	149
Entertainment		42	28
Others		3,191	1,001
		70,241	46,041
27.1			
Salaries and other benefits includes Rs. 6.396 million (2014: Rs. 5.035 million) in respect of staff retirement benefits.			
	Note	2015	2014
		..... (Rupees in '000)	
27.2 Auditors' remuneration			
Annual audit fee		660	660
Half yearly review		240	240
Other services including certifications		75	75
Out of pocket expenses		69	69
		1,044	1,044
28. OTHER OPERATING EXPENSES			
Workers' Welfare Fund		2,151	2,095
Exchange loss		40,361	—
Guarantee margin written-off	12.1	10,744	—
Property, plant and equipment written-off	4.5	13,862	92
Default surcharge on sales tax		2,086	—
		69,204	2,187
29. OTHER INCOME			
Scrap sales		4,860	596
Gain on sale of property, plant and equipment		—	782
Exchange gain		—	13,089
Others		6,924	2,072
		11,784	16,539
30. FINANCE COST			
Lease financial charges		1,077	3,770
Profit paid on musharaka		12	2,060
Interest on Workers' Profit Participation Fund	20.1	28,472	25,379
Mark-up on murabaha finance		3,716	—
Bank charges		3,840	3,121
		37,117	34,330



	Note	2015	2014
..... (Rupees in '000)			
31. TAXATION			
Current			
– for the year		35,484	35,177
– for prior years		14	2,259
	13	35,498	37,436
Deferred	19.2	(81,309)	(55,992)
		(45,811)	(18,556)

31.1 The returns of income have been filed up to and including tax year 2014 (corresponding to financial year ended June 30, 2014), while income tax assessments have been finalized up to and including tax year 2014 which is deemed assessment under Section 120 of the Ordinance.

31.2 Finance Act, 2015 has introduced tax rates of 32%, 31% and 30% for the tax years 2016, 2017 and 2018 (and onwards), respectively. Accordingly, deferred tax liability has been recorded on the basis of tax rates that are expected to apply to the taxable profit of the periods in which the temporary differences are expected to reverse.

	Note	2015	2014
..... (Rupees in '000)			
31.2 Relationship between tax expenses and accounting profit			
Loss before taxation		(58,502)	(54,904)
Tax at the applicable rate of 33% (2014: 34%)		(19,306)	(18,667)
Rebates under Sec 65 A and 65 B of Income Tax Ordinance, 2001		—	(420)
Net tax effect of export sales charged at a different rate		—	(16)
Effect of change in tax rate		(27,520)	(613)
Effect of prior year charges		14	2,259
Tax effect of permanent difference		(688)	—
Others		1,689	(1,099)
		(45,811)	(18,556)
32. EARNINGS PER SHARE - basic and diluted			
Loss for the year		(12,691)	(36,348)
		(Number in '000)	
Weighted average number of ordinary shares		55,484	55,484
		(Rupees)	
Earnings per share - basic and diluted		(0.23)	(0.66)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
.....Rupees in '000.....						
Managerial remuneration	6,274	5,019	1,935	1,719	11,971	7,900
House rent	2,823	2,259	871	773	5,381	3,549
Utilities	—	—	194	172	1,196	789
Gratuity	758	606	250	250	1,660	1,109
	9,855	7,884	3,250	2,914	20,208	13,347
Number of persons	1	1	1	1	16	10

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

33.2 No amount was paid to directors for attending the Board of Directors' meeting.



34. CAPACITY AND PRODUCTION

Particulars	2015		2014	
	Capacity	Production	Capacity	Production
.....Metric Ton.....				
Seamless Tubular Products	100,000	12,196	100,000	10,925
Machinery & Machinery Components	3,500	—	3,500	757
Coating of Seamless Tubular Products	50,000	5,329	50,000	1,204

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

35. NUMBER OF EMPLOYEES

The total number of employees (including temporary employees) as at year end were 660 (2014: 612) and average number of employees (including temporary employees) were 636 (2014: 569).

36. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. Transactions with related parties are carried out as per agreed terms.

Transactions with related parties are as follows:

Name	Nature of relationship	Nature of transaction	2015 (Rupees in '000)	2014
Hafiz Abdul Waheed and Brothers	Associated entity	Sale of goods	<u>170,700</u>	<u>176,784</u>
		Receipts in respect of sale of goods	<u>166,925</u>	<u>171,058</u>
Huffaz Corporation	Associated company	Sale of goods	<u>19,231</u>	<u>80,823</u>
		Receipts in respect of sale of goods	<u>21,455</u>	<u>79,100</u>
Directors	Related party	Sponsors' advances received	<u>—</u>	<u>20,587</u>
		Sponsors' advances paid	<u>22,594</u>	<u>6,500</u>
Key management personnel	Related party	Remuneration	<u>17,324</u>	<u>14,795</u>

Balances receivable / (payable) as at June 30, 2015 with related parties are as follows:

Name	Nature of relationship	Nature of balance	2015	2014
Hafiz Abdul Waheed and Brothers	Associated entity	Trade debts	<u>9,760</u>	<u>5,985</u>
Huffaz Corporation	Associated company	Trade debts	<u>—</u>	<u>1,723</u>
		Trade and other payables	<u>(501)</u>	<u>—</u>
Directors	Related party	Short-term sponsor's advances	<u>(15,074)</u>	<u>(37,668)</u>

37. OPERATING SEGMENTS

37.1 The company's reportable segments under IFRS 8 are as follows:

- Seamless segment
- Coating segment

Performance is measured based on respective segment results. Information regarding the Company's reportable segment is presented below:



37.2 Segment revenue and results

	Seamless Segment	Coating Segment	Total
	Rs '000		
For the year ended June 30, 2015			
Sales	1,655,138	318,834	1,973,972
Cost of sales	(1,583,336)	(212,116)	(1,795,452)
Gross profit / (loss)	71,802	106,718	178,520
For the year ended June 30, 2014			
Sales	1,472,876	45,244	1,518,120
Cost of sales	(1,428,635)	(58,266)	(1,486,901)
Gross profit	44,241	(13,022)	31,219

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

	2015	2014
	(Rupees in '000)	
Total results for reportable segments	178,520	31,219
Distribution and administrative expenses	(142,485)	(66,145)
Other operating charges	(69,204)	(2,187)
Other income	11,784	16,539
Finance cost	(37,117)	(34,330)
Taxation	45,811	18,556
Loss for the year	(12,691)	(36,348)

37.3 Segment assets and liabilities

	Seamless Segment	Coating Segment	Total
	Rs '000		
As at June 30, 2015			
Segment assets	5,901,428	1,345,298	7,246,726
Segment liabilities	1,122,178	—	1,122,178
As at June 30, 2014			
Segment assets	5,445,116	1,394,151	6,839,267
Segment liabilities	976,463	30,638	1,007,101

Reconciliation of segment assets and segment liabilities with total assets and liabilities in the balance sheet is as follows:

	2015	2014
	(Rupees in '000)	
Total for reportable segment assets	6,631,511	6,839,266
Unallocated assets	638,656	410,271
Total assets as per balance sheet	7,270,167	7,249,537
Total for reportable segment liabilities	1,122,178	1,007,101
Unallocated liabilities	1,413,082	1,670,824
Total liabilities as per balance sheet	2,535,260	2,677,925

37.4 Segment revenue reported above is revenue generated from external customers. There were no inter-segment sales during the year (2014: nil)



37.5 Segment assets reported above comprises of property, plant and equipment, long-term deposits and stock-in-trade.

37.6 100% (2014: 99.94%) of gross sales of the Company relates to customers in Pakistan.

37.7 All non-current assets of the Company as at June 30, 2015 are located in Pakistan.

37.8 Revenue from a major customer of seamless segment represents an aggregate amount of Rs. 686 million (2014: Rs. 180 million) of total seamless segment revenue of Rs. 1,655.138 million (2014: 1,472.876 million). Further, revenue from a major customer of coating segment represents an aggregate amount of Rs. 265 million (2014: Rs. 32.140 million) out of total coating segment revenue of Rs. 318.834 million (2014: Rs. 45.244 million).

38. FINANCIAL INSTRUMENTS

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

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. As at June 30, 2015, none of the financial assets are past due or impaired.

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

	2015		2014	
	Balance sheet	Maximum exposure	Balance sheet	Maximum exposure
	..... (Rupees in '000)			
Trade debts	421,027	421,027	102,396	102,396
Loans and advances, trade and other deposits and other receivables	68,441	68,441	78,239	78,239
Bank balances	5,787	5,758	88,962	88,901
	495,255	495,226	269,597	269,536



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

	2015	2014
	..... (Rupees in '000)	
Dealers and distributors	53,680	53,619
End-user customers	379,900	48,777
	<u>433,580</u>	<u>102,396</u>

As at the year end the Company's most significant customers included a distributor from whom Rs. 31.579 million was due (2014: Rs. 17.114 million) and an end-user from whom Rs. 341.737 million was due (2014: Rs. 10.461 million).

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

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

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 experience 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

	2015				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
	..... (Rupees in '000)				
Financial liabilities at amortized cost					
Long-term financing	4,033	4,710	677	677	3,356
Short-term sponsors' advances	15,074	15,074	—	15,074	—
Trade and other payables	489,025	489,025	489,025	—	—
Accrued mark-up	822	822	822	—	—
	<u>508,954</u>	<u>509,631</u>	<u>490,524</u>	<u>15,751</u>	<u>3,356</u>
	2014				
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
	..... (Rupees in '000)				
Financial liabilities at amortized cost					
Liabilities against assets subject to finance lease	30,638	32,011	14,520	17,491	—
Short-term sponsors' advances	37,668	37,668	—	37,668	—
Trade and other payables	561,835	561,835	561,835	—	—
Accrued mark-up	369	369	369	—	—
	<u>630,510</u>	<u>631,883</u>	<u>576,724</u>	<u>55,159</u>	<u>—</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective at balance sheet date (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 17 and 18 to these financial statements.



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

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 in 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:

	2015		2014	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Foreign currency bank accounts	27	0.265	71	0.719
Import bills payable	(376,576)	(3,700)	(477,221)	(4,830)
Net exposure	(376,549)	(3,700)	(477,150)	(4,829)

Following are the significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2015	2014	2015	2014
	..... (Rupees in '000) .....		..... (Rupees in '000)	
US Dollars	101.45	102.89	101.79	98.81

Sensitivity analysis

A five percent change in Rupee against US Dollar at June 30, 2015 would have increased / (decreased) equity and (decreased)/ increased post tax loss by Rs. 12.614 million (2014: Rs. 15.746 million). This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2014.

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 balance sheet date the interest rate profile of the Company's interest-bearing financial instrument was as follows:

	Carrying amount	
	2015	2014
	(Rupees in '000)	
Variable rate instruments		
Financial liabilities	32,643	30,638

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



Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the equity and (decreased) / increased loss as of June 30, 2015 by Rs. 0.219 million (2014: Rs. 0.196 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

38.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

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

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.

39. GENERAL**39.1 Date of authorisation for issue**

These financial statements were authorized for issue on October 9, 2015 by the Board of Directors of the Company.



Hafiz Abdul Majid
Chief Executive



Hafiz Abdul Sami
Director



Pattern of Shareholding
As on June 30, 2015

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
369	1	100	8586	0.0155
390	101	500	121721	0.2194
213	501	1000	167613	0.3021
330	1001	5000	851803	1.5352
80	5001	10000	617586	1.1131
23	10001	15000	291401	0.5252
31	15001	20000	552114	0.9951
9	20001	25000	202244	0.3645
17	25001	30000	472873	0.8523
4	30001	35000	132318	0.2385
13	35001	40000	494073	0.8905
6	40001	45000	247839	0.4467
9	45001	50000	436942	0.7875
3	50001	55000	154623	0.2787
1	55001	60000	57543	0.1037
1	65001	70000	69052	0.1245
2	70001	75000	149750	0.2699
4	75001	80000	311307	0.5611
2	80001	85000	165210	0.2978
2	85001	90000	173748	0.3131
1	90001	95000	90703	0.1635
1	95001	100000	100000	0.1802
2	100001	105000	206139	0.3715
2	105001	110000	215731	0.3888
2	110001	115000	227386	0.4098
1	115001	120000	119993	0.2163
1	120001	125000	124556	0.2245
2	140001	145000	287940	0.519
1	145001	150000	148722	0.268
1	155001	160000	159171	0.2869
2	165001	170000	334047	0.6021
1	170001	175000	172643	0.3112
1	180001	185000	183076	0.33
2	185001	190000	378982	0.683
2	190001	195000	385274	0.6944
3	200001	205000	604239	1.089
1	225001	230000	227388	0.4098
1	230001	235000	234675	0.423
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	0.561
1	330001	335000	333209	0.6005
5	345001	350000	1726446	3.1116
1	375001	380000	379190	0.6834
1	385001	390000	389426	0.7019
1	390001	395000	391745	0.706
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	1.347
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	1.961
1	1335001	1340000	1335896	2.4077
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
1582		Company Total	55484303	100.000



Categories of Shareholders

As at June 30, 2015

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

	No of Shares	Percentage of Shareholding
1 Associated companies, undertakings and related parties (name wise detail)	—	—
2 Mutual funds (name wise detail)		
2.1 M/s First Crescent Modaraba	375	0.00%
2.2 Golden Arrow Selected Stocks Fund Limited	391,745	0.71%
2.3 CDC - Trustee AKD Opportunity Fund	234,675	0.42%
2.4 National Bank of Pakistan-Trustee Department UNIT Fund	1,335,896	2.41%
	1,962,691	3.54%
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%
Hafsa Haseeb W/o Hafiz Abdul Haseeb	24,691	0.04%
3.3 Hafiz Abdul Waheed	5,822,700	10.49%
Mrs. Najma Waheed W/o Hafiz Abdul Waheed	3,427,973	6.18%
3.4 Yusuf Mohammed Yusuf Najibi	3,525,755	6.35%
3.5 Mr. Arshad Ahmad	2,262,953	4.08%
Mrs. Bilquees Ahmed W/o Arshad Ahmed	879,485	
3.6 Mr. Mohammad Hafiz	574,040	1.03%
3.7 Mr. A. Aziz Ehsaq A. Rehman	3,021,317	5.45%
3.8 Mr. Nabeel Abdul Rehman Arif	345,287	0.62%
3.9 Hafiz Abdul Sami	938,468	1.69%
3.10 Hafiz Abdul Aleem	896,072	1.62%
3.11 Syed Arsalan Sadiq - Independent Director	2,058	0.00%
	30,404,794	54.80%
4 Executives	—	—
5 Public sector companies and corporations		
5.2 National Investment Trust Limited	128,927	0.23%
	128,927	0.23%
6 Banks, Development Financial Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds		
6.1 IDBP (ICP Unit)	6,545	0.01%
6.2 National Bank of Pakistan	764	0.00%
	7,309	0.01%
7 Shareholders holding five percent or more voting rights (Name wise detail)	—	—
8 Others	22,980,582	41.42%
TOTAL	55,484,303	100%





Huffaz Seamless Pipe Industries Ltd.

Proxy Form

32nd 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 32nd Annual
 General Meeting of Company will be held on Friday October 30, 2015, at 02:00 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.



**AFFIX
CORRECT
POSTAGE**

The Company Secretary,
Huffaz Seamless Pipe Industries Limited
207-210, Second Floor, Mashriq Centre,
Block-14, Gulshan-e-Iqbal, Karachi-75300.
www.huffaz.com.pk



Huffaz

Seamless Pipe Industries Limited

Committed to Excellence

Registered Office:

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

Factory:

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

Website: www.huffaz.com.pk