

CONDENSED INTERIM FINANCIAL INFORMATION  
for the First Quarter Ended  
**September 30, 2018**  
(Un-Audited)



**Huffaz**  
Seamless Pipe Industries Limited

*Committed to Excellence*

**HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT SEPTEMBER 30, 2018**

		September 30, 2018 Un-Audited	June 30, 2018 Audited
	Note	-----Rupees in '000-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,174,110	5,201,352
Intangible assets		-	-
Long-term deposits		6,936	6,936
Investment	7	243,187	243,187
		5,424,233	5,451,475
<b>Current assets</b>			
Stores and spares		80,329	72,984
Stock-in-trade	8	1,186,333	1,211,228
Trade debts-considered good	9	73,090	103,498
Loan, advances, trade deposits and short term prepayments		69,676	63,174
Other receivables	10	61,596	65,654
Advance tax - net of provision		29,724	34,992
Cash and bank balances		17,080	40,951
		1,517,828	1,592,481
<b>TOTAL ASSETS</b>		6,942,061	7,043,956
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised capital</b>			
70,000,000 (2018: 70,000,000) ordinary share of Rs.10 each		700,000	700,000
<b>Share capital</b>			
Issued, subscribed and paid-up capital		554,844	554,844
<b>Capital reserve</b>			
Share premium		109,437	109,437
Surplus on revaluation of property, plant and equipment - net of tax		3,069,061	3,092,182
<b>Revenue reserve</b>			
General reserve		40,000	40,000
Unappropriated profit		1,316,550	1,259,790
<b>TOTAL SHAREHOLDERS' EQUITY</b>		5,089,892	5,056,253
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term financing-secured		1,642	1,986
Deferred liabilities		1,127,612	1,181,752
		1,129,254	1,183,738
<b>Current liabilities</b>			
Trade and other payables	11	657,600	697,659
Short-term sponsors' advances		64,136	65,636
Short-term borrowings-secured	12	-	35,029
Current portion of non-current liabilities-secured		1,179	1,142
Accrued mark-up		-	4,500
		722,915	803,966
<b>TOTAL LIABILITIES</b>		1,852,169	1,987,703
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		6,942,061	7,043,956

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

**Hafiz Abdul Majid**  
Chief Executive

**Hafiz Abdul Sami**  
Director

**Usama Ahmed**  
Chief Financial Officer

**HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Note	<u>Quarter Ended</u>	
		<u>September 30,</u>	<u>September 30,</u>
		<u>2018</u>	<u>2017</u>
		<u>Un-Audited</u>	<u>Un-Audited</u>
		<u>-----Rupees in '000-----</u>	
Net sales		136,820	228,803
Cost of sales	14	(130,518)	(221,092)
Gross profit		6,302	7,711
Selling and Distribution expenses		(2,535)	(3,337)
Administrative expenses		(16,306)	(15,651)
		(18,841)	(18,988)
		(12,539)	(11,277)
Other operating expenses		-	(860)
Other income		4,669	1,239
		(7,870)	(10,898)
Finance cost		(5,790)	(9,089)
Loss before taxation		(13,660)	(19,987)
Taxation	15	47,299	25,650
Profit for the year		33,639	5,663
		<u>-----Rupees-----</u>	
Earnings per share - basic and diluted		0.61	0.10
		<u>-----Rupees in '000-----</u>	
Earnings before interest, tax, depreciation and amortisation (EBITDA)		42,222	44,400

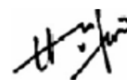
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Hafiz Abdul Majid  
Chief Executive



Hafiz Abdul Sami  
Director



Usama Ahmed  
Chief Financial Officer

**HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	<u>Quarter Ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2018</u>	<u>2017</u>
	<u>Un-Audited</u>	<u>Un-Audited</u>
	<u>-----Rupees in '000-----</u>	
Profit for the period	33,639	5,663
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>33,639</b>	<b>5,663</b>

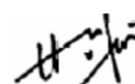
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Hafiz Abudl Majid  
Chief Executive



Hafiz Abdul Sami  
Director



Usama Ahmed  
Chief Financial Officer

**HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Note	<u>Quarter Ended</u>	
		<u>September 30,</u>	<u>September 30,</u>
		<u>2018</u>	<u>2017</u>
		<u>Un-Audited</u>	<u>Un-Audited</u>
		<u>-----Rupees in '000-----</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(13,660)	(19,987)
Adjustments for:			
Depreciation		44,302	46,125
Amortisation		-	84
Finance cost		5,790	9,089
Provision for compensated absences		30	64
Provision for staff gratuity		2,000	2,805
		52,122	58,167
Operating cash flows before working capital changes		38,462	38,180
Changes in working capital	16	(1,929)	16,855
Cash generated from operations		36,533	55,035
Finance cost paid		(3,201)	(4,013)
Staff gratuity paid		(468)	(1,411)
Income tax paid		(2,842)	(18,007)
		(6,511)	(23,431)
Net cash generated in operating activities		30,022	31,604
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(17,057)	(1,100)
Net cash used in investing activities		(17,057)	(1,100)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing paid		(307)	(21)
Short-term sponsors' advances paid		(1,500)	(1,200)
Net cash used in financing activities		(1,807)	(1,221)
Net increase in cash and cash equivalents		11,158	29,283
Cash and cash equivalents at the beginning of the period		5,922	(91,853)
<b>Cash and cash equivalents at the end of the period</b>	<b>17</b>	<b>17,080</b>	<b>(62,570)</b>

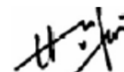
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**Hafiz Abdul Majid**  
**Chief Executive**



**Hafiz Abdul Sami**  
**Director**



**Usama Ahmed**  
**Chief Financial Officer**

**HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Issued, subscribed and paid-up capital	Capital Reserves		Revenue Reserves		Total
		Share premium	Revaluation Surplus on Property plant	General reserve	Unappropriated profit	
Rupees in '000						
Balance as at July 1, 2017-Restated	554,844	109,437	3,241,684	40,000	897,960	4,843,925
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,663	5,663
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	5,663	5,663
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged thereon - net of tax	-	-	(24,747)	-	24,747	-
Balance as at September 30, 2017-Restated	554,844	109,437	3,216,937	40,000	928,370	4,849,588
Balance as at July 1, 2018	554,844	109,437	3,092,182	40,000	1,259,790	5,056,253
Total comprehensive income for the period						
Profit for the period	-	-	-	-	33,639	33,639
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	33,639	33,639
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation charged thereon - net of tax	-	-	(23,121)	-	23,121	-
Balance as at September 30, 2018	554,844	109,437	3,069,061	40,000	1,316,550	5,089,892

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

**Hafiz Abudl Majid**  
**Chief Executive**

**Hafiz Abdul Sami**  
**Director**

**Usama Ahmed**  
**Chief Financial Officer**

**HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

**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 Pakistan Stock Exchange (PSX) (formerly divided into KSE & LSE). The principal objective and business of the Company is manufacturing and selling of seamless steel pipes and tubes (tubular products). The Company also has a coating facility capable of applying three layer high density polyethylene coating, polypropylene coating and tape coating on steel pipes. The registered office of the Company is situated at 207-210, Mashriq Center, Block 14, Gulshan-e-Iqbal, Karachi and the factory of the Company is located at Nooriabad, District Jamshoro, Sindh province.

- 1.2** These are stand alone financial statements of Huffaz Seamless Pipe Industries Limited. Consolidated financial statement have not been prepared by the Company as disclosed in Note-7

**2. SIGNIFICANT TRANSACTION AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE**

Due to the first time application of financial reporting requirements under the companies Act 2017 (The Act) including disclosure and presentation requirements of the Fourth Schedule of the act, some of the amount reported for the previous period has been reclassified where ever necessary to the financial statements (if any).

Workers profit participation fund liability has been brought forward in these financial statements from previous year ended Rs.317.431 Million. Company has provided for interest amounting to Rs. 7.089 million (June 2018: 26.016 million) at applicable interest rate on the outstanding balance. Provision for current year of WPPF was Rs. Nil (June 2018: 0.947 million) at the rate 5% of profit. The aggregate outstanding liability of WPPF was Rs.324.521 million as of September 30, 2018.

The Directors report can be referred for detailed discussion about the company's performance accompanied in interim report of the company for the period ended on September 30, 2018.

**3. BASIS OF PREPARATION**

**3.1 Statement of Compliance**

This condensed interim financial information of the Company for the period ended 30 September 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance 1984 have been followed. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 06 October 2017, these financial information have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

- 3.2** This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017. Further, the figures in the condensed interim financial information for the quarters ended September 30, 2017 and September 30, 2018 have not been reviewed by the auditors.

- 3.3** This condensed interim financial information does not include all the information and disclosures required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

**4. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS**

The accounting policies, estimates, judgments and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of annual financial statements of the Company for the year ended June 30, 2018.

**5. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2018.

6.	PROPERTY, PLANT AND EQUIPMENT	Note	September 30, 2018 (Un-Audited)	June 30, 2018 (Audited)
			----- Rupees in '000 -----	
	Operating fixed assets	6.1	5,161,003	5,201,352
	Capital work-in-progress		13,107	-
			<u>5,174,110</u>	<u>5,201,352</u>

6.1 Details of additions and disposals to operating fixed assets are as under:

	Quarter ended September 30, 2018 (Un-Audited)		June 30, 2018 (Audited)	
	Additions/	Transfer/ Disposals at Book	Additions/	Transfer/ Disposals at Book Value
	----- Rupees in '000 -----			
Land - lease hold	-	-	-	(7,331)
Building - factory	-	-	73,748	(123,024)
Coating Sheds	-	-	-	(5,811)
Building - head office	-	-	559	-
Plant and machinery	-	-	33,215	-
Electric and gas appliances	3,950	-	-	-
Computer and allied equipment	-	-	143	-
	<u>3,950</u>	<u>-</u>	<u>107,665</u>	<u>(136,165)</u>
			September 30, 2017 (Un-Audited)	June 30, 2018 (Audited)
			----- Rupees in '000 -----	

6.2 Additions to capital work-in-progress and transfer to operating fixed assets during the period are as follows:

Opening Balance	-	73,102
Additions	13,107	33,055
Transfers	-	(106,157)
	<u>13,107</u>	<u>-</u>

## 7. INVESTMENT

HPY Coating (Pvt.) Ltd.	7.1	243,187	243,187
		<u>243,187</u>	<u>243,187</u>

7.1 The above represents investment in joint venture company. During the year company has transferred Land and Building to the investee company at fair value on the basis of a revaluation of properties carried out by an independent valuer wide their revaluation report dated June 30 ,2018

7.2 HPY Coating (Private) Limited ("HPY") is a joint venture company incorporated in Pakistan on 17th April 2017, in collaboration with Jiangsu PuYuan Steel Pipe Industry Company Limited ("PuYuan") on the basis of a 55%:45% shareholding with Huffaz owning 55% (23,100,000 shares @ 10 each) of the issued share capital in HPY against transfer of Land & Building therein and PuYuan owning 45% (18,900,000 shares @ 10 each) shares against transfer of plant machinery and equipment for setting up the project. The name of the Chief Executive of the company is Mr Hafiz Abdul Majid. The Board of directors of Joint Venture company will comprise 5(Five) directors, with Huffaz appointing / nominating 3 (Three) Directors and PuYuan appointing / nominating 2(Two) Directors on the Board. The Purpose of investment is setting up a project for providing pipe coating services to its prospective customers ("Project"). This project is going to be a value addition service for the products of Huffaz.



<b>September 30,</b>	June 30,
<b>2018</b>	2018
<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>----- Rupees in '000 -----</b>	

**8. STOCK-IN-TRADE**

Raw material - in hand	<b>73,904</b>	131,299
Work-in-process	<b>123,023</b>	38,023
Finished goods	<b>750,718</b>	835,718
Rejection / scrap material	<b>238,688</b>	206,188
	<b><u>1,186,333</u></b>	<b><u>1,211,228</u></b>

**9. TRADE DEBTS**

Considered good	<b><u>73,090</u></b>	<b><u>103,498</u></b>
Related parties from whom debts are due are as under:		
Hafiz Abdul Waheed and Brothers (Pvt) Limited	-	18,578
Huffaz Corporation (Pvt) Limited	-	-
	<b><u>-</u></b>	<b><u>18,578</u></b>

**10. OTHER RECEIVABLES**

Letter of credit	<b>3,878</b>	3,308
Margin against guarantee	<b>15,364</b>	12,509
Sales tax refundable	<b>42,354</b>	49,837
	<b><u>61,596</u></b>	<b><u>65,654</u></b>

<b>September 30,</b>	<b>June 30,</b>
<b>2018</b>	<b>2018</b>
<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>----- Rupees in '000 -----</b>	

# 11. TRADE AND OTHER PAYABLES

Trade creditors		31,031	22,354
Accrued liabilities		30,475	32,291
Tax deducted at source		32,293	31,671
Workers' profit participation fund		324,521	317,431
Workers' welfare fund		13,763	13,763
Bills payable		93,401	93,401
Advance from customers	11.1	108,646	164,036
Provision for compensated absences		14,143	14,113
Gratuity due but not yet paid		7,927	7,197
Others		1,400	1,402
		<b>657,600</b>	<b>697,659</b>

## 11.1 Related parties from whom advances received against sales are as under:

Hafiz Abdul Waheed and Brothers (Pvt) Limited	4,859	-
Huffaz Corporation (Pvt) Limited	16,332	12,862
	<b>21,191</b>	<b>12,862</b>

# 12. SHORT TERM BORROWINGS

Restructured Term finances under mark-up arrangements	12.1	-	35,029
		-	35,029

**12.1** The Company obtained the restructured short term loan facility from Bank Alfalah of Rs.200 million in the year. The Markup on the facility is charged at the rate i.e KIBOR+3%. The loan was secured by way of first pari passu charged on Fixed Assets of the company, having value of Rs.550 million. The loan has been paid fully in this period along with markup thereon.

# 13. CONTINGENCIES AND COMMITMENTS

## 13.1 Contingencies

**13.1.1** Guarantees as at September 30, 2018 amounting to Rs. 19.389 million (June 30, 2018: Rs. 21.389 million) have been furnished in favour of various customers.

**13.1.2** Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development (GID) Cess on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU. Various companies filed suits before the Honourable High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan has given a judgment declaring that the levy of GID cess as a tax was not validly levied in accordance with the Constitution. In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014. In May 2015, the said Ordinance was approved in the parliament and became an Act. Under the Act, GID Cess at the rate of Rs. 100 per MMBTU on all industrial consumers has been levied. Subsequent to the approval of the Act, the Company received gas bills at the rate of Rs. 100 per MMBTU, as the Company is considered an industrial consumers. The Company, while considering itself as industrial consumer, has accrued (but not paid) GID Cess amounting to Rs. 1.923 million at the rate of Rs. 100 per MMBTU from June 2015.

## 13.2 Commitments

**13.2.1** Commitments under letters of credit as at September 30, 2018 amounted to Rs. Nil (June 30, 2018: Rs. Nil).

**13.2.2** The facility for opening letters of credit and guarantees as at September 30, 2018 amounted to Rs. 500 million (June 30, 2018: Rs. 500 million) of which the amount remaining unutilised as at that date was Rs. 235 million (June 30, 2018: Rs. 235 million).

## 14. COST OF SALES

Note	Quarter ended	
	September 30, 2018	September 30, 2017
	(Un-Audited)	(Un-Audited)
	----- Rupees in '000 -----	
14.1	835,718	652,336
	45,518	9,793
	<u>881,236</u>	<u>662,129</u>
	(750,718)	(441,037)
	<u>130,518</u>	<u>221,092</u>

### 14.1 Cost of goods manufactured

Raw material consumed	14.1.1	59,179	58,371
Depreciation		44,038	46,125
Other Manufacturing Expenses		59,801	81,041
		<u>163,018</u>	<u>185,537</u>

#### Rejection / scrap material

Opening		206,188	83,787
Closing		(238,688)	(182,416)
		<u>(32,500)</u>	<u>(98,629)</u>

#### Work in process

Opening		38,023	161,085
Closing		(123,023)	(238,201)
		<u>(85,000)</u>	<u>(77,116)</u>
		<u><u>45,518</u></u>	<u><u>9,793</u></u>

### 14.1.1 Raw material consumed

Opening stock		131,299	375,568
Purchases		1,784	230,665
		<u>133,083</u>	<u>606,233</u>
Closing stock		(73,904)	(547,862)
		<u><u>59,179</u></u>	<u><u>58,371</u></u>

	Quarter ended	
	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)
<b>15. TAXATION</b>	<b>----- Rupees in '000 -----</b>	
Current	<b>8,110</b>	7,815
Deferred	<b>(55,409)</b>	(33,465)
	<b>(47,299)</b>	(25,650)

- 15.1** Income tax assessment has been made in the current year under section 122(9) of the income tax ordinance, 2001, there have been no significant additional tax amount demanded by income tax department.
- 15.2** Income tax assessment prior to tax year 2017 has been assessed under deemed provision of the income tax ordinance, 2001.
- 15.3** Finance Act, 2017 has introduced tax rates of 30%, 29% and 28% for the tax years 2018, 2019 and 2020 (and onwards), respectively. Accordingly, deferred tax liability has been recorded on the basis of tax rates that are expected to apply to the taxable profit of the periods in which the temporary differences are expected to reverse.

## **16. CHANGES IN WORKING CAPITAL**

### **(Increase) / decrease in current assets**

Stores and spares	<b>(7,345)</b>	23,999
Stock-in-trade	<b>24,895</b>	(136,740)
Trade debts	<b>30,408</b>	36,375
Loans and advances, trade and other deposits and other receivables	<b>(2,444)</b>	(27,145)
	<b>45,514</b>	(103,511)

### **Increase in current liabilities**

Trade and other payables	<b>(47,443)</b>	120,366
	<b>(1,929)</b>	16,855

## **17. CASH AND CASH EQUIVALENTS**

Restructured Term finances under mark-up arrangements	-	(103,600)
Cash and bank balances	<b>17,080</b>	41,030
	<b>17,080</b>	(62,570)

## 18. TRANSACTIONS AND BALANCES 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 as follows:

Name	Nature of relationship	Nature of transaction	Quarter ended	
			September 30, 2018 (Un-Audited) ----- Rupees in '000 -----	September 30, 2017 (Un-Audited)
Hafiz Abdul Waheed and Brothers	Associated company	Sale of goods	-	20,862
		Receipts in respect of sale of goods	23,437	22,904
Huffaz Corporation	Associated company	Sale of goods	3,052	5,214
		Receipts in respect of sale of goods	19,384	2,876
Directors	Related party	Sponsors' advances received	-	-
		Sponsors' advances paid	1,500	-
Remuneration of key management	Related party	Remuneration	4,454	5,338

Balance receivable/(payable) as at September 30, 2018 with related parties are as follows:

Name	Nature of relationship	Nature of balance	September 30, 2017 (Un-Audited) ----- Rupees in '000 -----	June 30, 2018 (Audited)
Hafiz Abdul Waheed and Brothers	Associated company	Trade debts	-	18,578
		Trade and other payable	(4,859)	-
Huffaz Corporation	Associated company	Trade debts	-	-
		Trade and other payable	(16,332)	(12,862)
HPY Coating (Private) Limited	Joint Venture	Short term loan to HPY Coating	20,828	20,678
Directors	Related party	Short-term sponsor's advances	(64,136)	(65,636)

## 19. DATE OF AUTHORIZATION FOR ISSUE

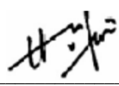
This condensed interim financial information was authorized for issue by the Board of Directors of the Company on October 30, 2018.

## 20. GENERAL

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

  
Hafiz Abdul Majid  
Chief Executive

  
Hafiz Abdul Sami  
Director

  
Usama Ahmed  
Chief Financial Officer

## Directors' Review

Dear Shareholders,

Assalam-o-Alaikum

The Directors are pleased to present the unaudited condensed interim financial information for the three months period ended September 30, 2018. This condensed interim financial information is presented in accordance with the requirements of Companies Act, 2017 and the Code of Corporate Governance Regulations, 2017.


The Company's sales turnover for the quarter declined to Rs. 136.820 million as compare to Rs. 228.803 million in the corresponding period last year mainly due low domestic and international demand. The domestic and international industries is focusing on cheap imports from China, further no relief is being provided from government side to domestic industry, such as custom duty is imposed on steel products that results in increased product cost.

However, we have an optimistic outlook for the upcoming years. The local demand of our products is expected to pick up as the Government's intention to increase gas supply whether through TAPI gas pipe line from Central Asia to Pakistan and India. The IP pipeline would begin from South field of Iran to end at Nawabshah with a total distance to 1931 km out of which roughly 781 km will be in the Pakistan side. Besides, China has agreed to invest in Oil and gas section of Pakistan and have reached an agreement with ODGCL to come to Pakistan in the sector and to invest billions in drilling and developing the gas reserves of the Country.

The Company is hopeful that the demand for seamless pipes will gradually expand in the next quarters, with increasing demand for line pipe coatings. We are hopeful that the business activity will pick up during the year.

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

For and on behalf of the Board of Directors



**HAFIZ ABDUL MAJID**  
Chief Executive

Karachi: October 30, 2018



# Huffaz

Seamless Pipe Industries Limited

*Committed to Excellence*

**Registered Office:**

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Mashriq Centre,  
Block 14, Gulshan-e-Iqbal, Karachi.

**Factory:**

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Nooriabad Industrial Estate,  
District Jamshoro, Sindh.

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