ORDER	
Name of Company:	**M/s. Huffaz Seamless Pipe Industries Limited**
Show Cause Notice No. & Date:	SCN/ARN/LCD/ADJ-I/164809-1005 dated October 21, 2025
Name(s) of Noticee(s):	(i) Mr. Muhammad Hafiz, Chairman/Director; (ii) Hafiz Abdul Majid, Chief Executive/Director; (iii) Mr. Fahad Abdul Aziz Eshaq Al Shaikh, Director; (iv) Mr. Talal Yousuf Mohamed Y. Najibi, Director; (v) Mr. Arshad Ahmed, Director; (vi) Hafiz Abdul Waheed, Director; (vii) Hafiz Abdul Sami, Director; (viii) Hafiz Abdul Aleem, Director; (ix) Mr. Nabil Abdul Rahman Ahmad Arif, Director; (x) Hafiz Abdul Haseeb, Director; (xi) Mr. Asghar Imam Khalid, Director; (xii) Mrs. Javeria Sami, Director; (xiii) Mr. Masood Anwar, Company Secretary; and (xiv) M/s. Huffaz Seamless Pipe Industries Limited, the Company
Date(s) of Hearing(s):	(i) November 13, 2025; (ii) December 03, 2025; (iii) December 11, 2025; (iv) December 22, 2025; and (v) December 29, 2025;
Case represented by:	No one appeared.
Provision of law involved:	Section 148 read with Section 479 of the Companies Act, 2017
Date of Order:	February 10, 2026

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the "Commission"**) through the Show Cause Notice No. SCN/ARN/LCD/ADJ-I/164809-1005 dated October 21, 2025 (**"SCN"**) against M/s. Huffaz Seamless Pipe Industries Limited (**the "Company"**), its Board of Directors (**BOD**) including the Chief Executive and the Company Secretary, hereinafter collectively referred to as **the "Noticee(s)"**, issued under Section 148 read with Section 479 of the Companies Act, 2017 (**the "Act"**).

2. The provisions of sub-section (1) of Section 147 of the Act state that if default is made in holding the statutory meeting, annual general meeting or any extraordinary general meeting in accordance with Sections 131, 132 or 133, as the case may be, the Commission may, notwithstanding anything contained in this Act or in the articles of the company, either on its own motion or on the application of any director or member of the company, call, or direct the calling of, the said meeting of the company in such manner as the Commission may think fit, and give such ancillary or consequential directions as the Commission thinks expedient in relation to the calling, holding and conducting of the meeting and preparation of any document required with respect to the meeting.

3. The brief facts of the case are that as per perusal of records of the Company available with the Commission, it was noticed that the Company has failed to its hold Annual General Meeting(s) (AGMs) for the year ended June 30, 2023 (**FY2023**) and June 30, 2024 (**FY2024**) within a period of one hundred and twenty (120) days following the close of the respective financial year in terms of requirements of Section 132 of the Act which require that every company shall hold an AGM within a period of one hundred and twenty (120) days following the close of its financial year.

4. In this regard, the Commission, upon receiving a complaint from Mr. Abdul Razzak, a member/shareholder of the Company, took up the matter and forwarded the same to the Company vide email dated November 05, 2024 for its clarification/response. In response, the Company vide letter dated November 18, 2024 committed deadlines of January 31, 2025 and April 30, 2025 for holding of respective overdue AGMs. However, the Company failed to hold the AGMs within the committed timeframe.

5. In view of the foregoing, the Commission, vide an Order dated May 27, 2025 in terms of Section 147 of the Act, DIRECTED the Company to hold its overdue AGMs for FY2023 and FY2024 by July 15, 2025 and August 31, 2025 respectively. However, the Company again failed to comply with the direction of the Commission;

thereby, *prima facie,* contravening the requirements of Section 147 of the Act, which attracts penal provisions in terms of Section 148 of the Act. The same is reproduced hereunder for ready reference:

> *"**148. Punishment for default in complying with provisions of section 147.**—If any person makes default in holding a meeting of the company in accordance with section 147 or in complying with any directions of the Commission, shall be liable to a penalty of level 3 on the standard scale."*

6. Taking cognizance of the matter, the SCN was served upon the Noticee(s) to show the cause in writing within fourteen (14) days of the date of SCN as to why penal action may not be taken against them for contravening the aforesaid provision of law. However, the Noticee(s) failed to submit any written response within the stipulated timeline.

7. In order to provide Noticee(s) an opportunity of being heard, a hearing in the matter was first fixed for November 13, 2025, which was adjourned on the request of the Noticee(s) and another hearing was fixed for December 03, 2025, which was also not attended by the Noticee(s). Thereafter, hearings in the matter were once again fixed for December 11, 2025 and December 22, 2025, which were again adjourned on the request of the Noticee(s) made vide letters dated December 09, 2025 and December 21, 2025, respectively.

8. In order to conclude the matter in a bona fide manner, final hearing in the matter was fixed for December 29, 2025 with a clear intimation in the hearing notice that no further adjournment requests will be entertained and that, in case of non-appearance, an *ex parte* order will be passed on the basis of merits of the case and the record available with this office. However, in response to aforesaid, Hafiz Abdul Majid-Chief Executive/Director, vide letter dated December 26, 2025, preferred not to appear in the aforesaid scheduled hearing and, *inter alia,* submitted as under:

> *".....*
> *The main problem that the Company is facing from its startup is its raw material, Hot Rolled Steel Round Bars (billets) of different sizes which was not manufactured locally at this time and same problem still exist that the raw material is also not manufactured locally till to date.*
>
> *The Company mulled over its moral and legal responsibility to obey the prevailing laws, rules & regulations which explicitly depicted in its past history. Regarding AGM, the Company always convened the entire meetings including the AGM within the stipulated time before Covid-19. In 2020, it was the first time in the history of [the Company], the AGM convened late on June 30, 2021 and the reason was only Covid-19. Appended below the dates of last five AGMs which clarify our claim of organizing AGMs on time:*
>
> *36th AGM- October 24, 2019*
> *35th AGM-October 29, 2018*
> *34th AGM-October 25, 2017*
> *33rd AGM-September 26, 2016*
> *32th AGM-October 30, 2015*
>
> *A bad patch began from the inception of [Covid-19] in the country which almost destroy our Company financially as well as compliance side. The virus affected us more than the other companies due to two main reasons.*
>
> *1. The Company is the only company in Pakistan to manufacture Seamless Tubulars Products.*
> *2. Our raw material does not manufacture locally and the Company depends on 100% import...*
>
> *It was an epidemic which effected entire companies in Pakistan but mostly our company as we have the only Company in Pakistan that produce Seamless pipes & tubes and therefore have the specialist staff, labor, software etc. the death and leaving the job of majority staff means creation of vacuum in all field...*
>
> *Furthermore, our raw material does not manufacture locally and we entirely depend upon import for our raw material and a company that depends entirely on imported raw materials faces severe operational and financial risks when global crises like Covid-19 closed borders. Such over-reliance on a single, non-local*

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source creates a high-impact point of failure that can lead to complete production standstills and complete stoppage of production units almost one-year 2020-2021 and faced for financial problems....
It means that the Company was facing the problem from 2020 to 2024 which stuck the working capital, Cash Flow, availability of raw material as the country was also short of USD during period of 2021 to 2024 and the Bank did not open Letter of Credit, resulting the raw material shortage. Corporate debt reached all-time highs for weaker firms even before 2025, and high indebtedness continues to limit access to funding for new, profitable investments.

It is really difficult to recover the problem faced by the Company in last five years as the financial crises leads staff/workers to leave the job as the Company was not able to pay the salary on-time. This financial crisis enhanced the compliance level as it was difficult to fulfill the requirement due to lack of staff/workers. But, the management continuously worked to handle this matter.

By the grace of Allah, the Company overcomes the problem as much delegated trained team has been appointed in a suitable position, system of successor been applied and begin to get feedback thereof, resulting that the AGM for [FY2023] was successfully convened on November 26, 2025 and the AGM for year ended June 30, 2024 [FY2024]and June 30, 2025 would be convened on February 15, 2025 and March 31, 2025 respectively....

Further to inform you good self that the [Commission] has already imposed penalties for non-convening of AGM for [FY2023] and [FY2024] on time.

Consider the problems faced by the Company as mentioned above, penalties already imposed for non-convening AGMs for [FY2023] and [FY2024] as well as intense effort to fulfil the compliance as the AGM convened for [FY2023], You are therefore requested to kindly allow us to convene AGM for year ended June 30, 2024 [FY2024] and June 30, 2025 before February 15, 2025 and March 31, 2025 respectively and withdraw the [SCN] without imposing any penalty as the Company is already in trouble due to severe financial crises for last couple of years. You are further requested to kindly ***consider this reply as full & final*** *and to take decision on the basis of this letter.*
...."

9. I have gone through the relevant provisions of Section 147 of the Act and considered the facts of the case along with the written submission of the Noticee(s) and available record of the Company. I have also perused Section 148 of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. For guiding reference, I have also perused the provisions of Section 132 of the Act. It is pertinent to observe that the obligation to hold an AGM within the statutory timeframe prescribed under Section 132 of the Act is mandatory in nature, and failure to comply therewith constitutes a substantive default. In case of non-compliance with this mandatory obligation under Section 132 of the Act, Section 147 of the Act empowers the Commission to undertake remedial and corrective measures by calling, or directing the calling of, the overdue AGM, either on its own motion or on the application of any director or member, with the object of curing the default and safeguarding shareholders' statutory rights. This provision serves an important regulatory purpose, as AGMs are fundamental mechanism for ensuring corporate transparency, board accountability, and protection of shareholders' rights, including approval of financial statements, appointment of auditors, and election of directors. Compliance with the directions given by the Commission under Section 147 of the Act is also mandatory, and failure to comply undermines corporate governance, erodes shareholders' confidence, and defeats the very objectives of the regulatory framework.

10. It is important to observe that the argument of the Noticee(s) that the Company faced operational and financial issues, loss of staff and compliance difficulties due to Covid-19, is untenable and devoid of merits, as it does not constitute a valid claim of *force majeure*. It is also pertinent to observe that such internal dependencies and operational shortcomings should not hinder the Company and its officers of their statutory obligations under the Act in a timely and efficacious manner, as the obligation to hold AGMs even after clear DIRECTION of the Commission issued under Section 147 of the Act remains absolute. Residual Guidance can be sought from a case law dealing with responsibility of the company to have comprehensive business continuity plans in the matter of *Pakistan Telecommunication Company Limited v. Wateen Telecom Limited (CLD 2019 Lahore 1213); wherein the Hon'ble Lahore High Court held that* *the failure to maintain a backup system for critical infrastructure was not a force majeure event, but rather a result of the company's own negligence*. It is further observed that the default in the instant case is not confined to the Covid-19 period alone. The Company failed to hold AGMs for FY2023 and FY2024 within the prescribed timeframe. Moreover, despite giving undertakings and assurance with specific

timelines to the Commission to convene the AGMs by January 31, 2025 and April 30, 2025, the Company failed to meet its own commitment. Furthermore, even after the Commission's DIRECTION dated May 27, 2025 issued under Section 147 of the Act, requiring the Company to hold the overdue AGMs by July 15, 2025 and August 31, 2025, respectively, the Company failed to comply; thereby, contravening the requirements of Section 147 of the Act.

11. It is also important to observe that the Noticee(s) have asserted that the AGM for FY2023 was convened and held on November 26, 2025, and have submitted a copy of the AGM notice dated November 05, 2025 in support of this assertion. However, they have failed to substantiate that the aforesaid meeting was actually held, as no minutes of the meeting, attendance record, or extract of the same have been provided. Moreover, the Noticee(s) have stated in their reply that the AGM for FY2024 will be convened by February 15, 2025. However, it is pertinent to observe that the Company, either inadvertently or intentionally, mentioned date which had already **lapsed** at the time of submission of the reply. Such reliance on incorrect and past date demonstrates a lack of due care and fails to address the actual default; therefore, the reply does not constitute a valid or satisfactory response to the SCN.

12. As regards the contention of the Noticee(s) that penalties have already been imposed for non-convening of AGMs for FY2023 and FY2024 is concerned, the provisions of Section 132 of the Act; especially when seen in the context of Section 147 of the Act are relevant to be noted here. The penalties referred to by the Noticee(s) pertain to violations of the mandatory requirements as prescribed under Section 132 of the Act for not holding the AGMs for FY2023 and FY2024 within the time period of one hundred and twenty (120) days as stipulated by law, whereas the instant proceedings relate to the Company's failure to comply with the DIRECTION issued by the Commission under Section 147 of the Act vide Order dated May 27, 2025. The exercise of powers under Section 147 of the Act is remedial in character and is triggered only after a company fails to discharge its mandatory obligations under Section 132 of the Act. Consequently, non-compliance with such remedial DIRECTION constitutes a separate, more serious and subsequent contravention, which independently attracts penal action as provided under Section 148 of the Act.

13. It is also important to note that despite multiple hearing opportunities, the Noticee(s) failed to appear and preferred not to participate in the proceedings; thereby reflecting their non-cooperative behavior in the matter. Therefore, I am left with no other option except to pass an *ex-parte* order in the instant proceedings on the basis of merits of the case.

14. In view of foregoing, I am of the considered view that by failing to comply with the Commission's DIRECTION issued under Section 147 of the Act, the Noticee(s) have contravened the aforesaid requirements of law beyond any doubt. I, therefore, in exercise of the powers conferred upon me under Section 148 of the Act read with S.R.O. 1545(I)/2019 dated December 06, 2019, conclude the instant proceedings by imposing an aggregate penalty of **Rs.750,000/- (Rupees Seven Hundred and Fifty Thousand only)** on the Noticee(s) in the following manner:

Sr. No.	Name(s) of the Noticee(s)	Amount of Penalty (Rs)
1	Mr. Muhammad Hafiz,	50,000/-
2	Hafiz Abdul Majid	50,000/-
3	Mr. Fahad Abdul Aziz Eshaq Al Shaikh	50,000/-
4	Mr. Talal Yousuf Mohamed Y. Najibi	50,000/-
5	Mr. Arshad Ahmed	50,000/-
6	Hafiz Abdul Waheed	50,000/-
7	Hafiz Abdul Sami	50,000/-
8	Hafiz Abdul Aleem	50,000/-
9	Mr. Nabil Abdul Rahman Ahmad Arif	50,000/-
10	Hafiz Abdul Haseeb	50,000/-
11	Mr. Asghar Imam Khalid	50,000/-
12	Mrs. Javeria Sami	50,000/-
13	Mr. Masood Anwar	50,000/-
14	M/s. Huffaz Seamless Pipe Industries Limited	100,000/-
Total		**750,000/-**

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15. Furthermore, the Noticee(s) are strictly advised to convene the overdue AGMs and to report the same to the concerned department/division of the Commission. The Noticee(s) are also advised to remain vigilant in the future and to ensure meticulous compliance with the provisions of law, both effectively and efficiently.

16. The Noticee(s) are hereby directed to deposit the aforesaid penalty in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to the provisions of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997 (**"SECP Act"**).

17. Without prejudice to the above, in case the Noticee(s) are aggrieved by this Order, within thirty (30) days of the Order, may file an appeal to Appellate Bench of the Commission in terms of Section 33 of the SECP Act in accordance with the procedure for filing an appeal as laid down under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003.

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(Sohail Qadri)
Director/ Head of Department
Adjudication Department-I

Announced:
Dated: February 10, 2026
Islamabad