



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Huffaz Seamless Pipe Industries Limited
Show Cause Notice No. & Date:	CSD/ARN/203/2015-408 dated May 06, 2025
Noticees:	(i) Mr. Hafiz Abdul Majid, Director/CEO; (ii) Mr. Talal Yousuf Mohammad Najibi, Director; (iii) Mr. Nabil Abdul Rehman Ahmad, Director; (iv) Mr. Fahad Abdul Aziz Eshaq, Director; (v) Hafiz Abdul Waheed, Director; (vi) Hafiz Abdul Sami, Director; (vii) Hafiz Abdul Haseeb, Director; (viii) Hafiz Abdul Aleem, Director; (ix) Mr. Muhammad Hafiz, Director; (x) Mr. Arshad Ahmed, Director; (xi) Mr. Asghar Imam Khalid, Director; (xii) Ms. Javeria Sami, Director; (xiii) Mr. Nasir Mahmood, Director; and (xiv) Mr. Muhammad Anwar Khan, CFO.
Date(s) of Hearing(s) Opportunities:	May 26, 2025; June 12, 2025; and June 20, 2025.
Case Represented by:	No One Appeared.
Provision of Law Involved:	Section 237 of the Companies Act, 2017 read with Section 479 thereof and Circular No.11 of 2023 dated August 11, 2023
Order dated:	June 30, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through the Show Cause Notice No. CSD/ARN/203/2015-408 dated May 06, 2025 (the "SCN") against the Board of Directors, Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") of M/s. Huffaz Seamless Pipe Industries Limited (the "Company") hereinafter collectively referred to as the "Noticees" under Section 237 read with Section 479 of the Companies Act, 2017 (the "Act") and Circular No.11 of 2023 dated August 11, 2023 (the "Circular").

2. The provisions of sub-section (1) of Section 237 of the Act requires all public listed companies to prepare its quarterly financial statements within thirty days of the close of their first and third quarters of their year of accounts and within sixty days of the close of their second quarter of their year of accounts. Sub-section (2) of Section 237 of the Act requires the listed companies to post on their website quarterly financial statements for information of members and also electronically transmit the same to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

3. The brief facts of the case are that the Company being public listed company was required to electronically transmit its second Quarterly Financial Statements (the "QFS") for the quarter ended December 31, 2024 with the Registrar\Commission, and post the same on its website within sixty (60) days of the close of the said quarter i.e. latest by March 01, 2025. However, as per the relevant record of the Commission, it has *prima facie* failed to file/transmit the aforesaid QFS with the Registrar\Commission to date.

4. As per the requirements of the Circular, all listed companies are *inter alia* required to file their QFS through eService/eZfile of the Commission, and such filing is considered as compliance of Section 237(2) of the Act with respect to filing/transmission of QFS to the Registrar\Commission. The relevant provisions of law are reproduced hereunder:

"237. Quarterly financial statements of listed companies. — (1) Every listed company shall prepare quarterly financial statements within a period of :-

- a) thirty days from the close of first and third quarters of its year of accounts; and
- b) sixty days from the close of its second quarter of its year of accounts.

(2) The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

(3).....

(4) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale."

5. Taking cognizance of the alleged violation of law, SCN was served upon the Noticees on May 06, 2025 to show the cause in writing as to why a penal action may not be taken against them for non-compliance of the requirements of Section 237 of the Act read with the Circular. However, no response was submitted by the Noticees.

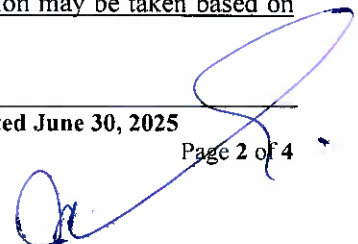
6. In order to meet the ends of justice and to provide opportunity of being heard to the Noticees, hearing in the matter was fixed for May 26, 2025. However, the CEO vide a letter dated May 20, 2025 requested an adjournment. Consequently, another hearing was fixed for June 12, 2025. The CEO again vide a letter dated June 10, 2025 requested an adjournment.

7. In order to meet the ends of justice and to provide a final opportunity for personal representation, a hearing in the matter was re-fixed for June 20, 2025, with clear advice that in case of non-appearance, the matter would be decided *ex-parte* based on the record available with the Commission and on its merits. The CEO again vide a letter dated June 18, 2025 requested an adjournment and Hafiz Abdul Majid, Chief Executive Officer ("CEO") vide letter dated June 19, 2025 *inter-alia* made the following submissions:

"The delay is primarily attributed to the postponement of the AGM for the financial year ended June 30, 2023. As previously communicated, the Company faced significant operational challenges due to the prolonged impact of COVID-19, which affected operations from 2020 onward. Being the only manufacturer of Seamless Pipes and Tubes in Pakistan, the Company experienced an acute shortage of specialized staff and technical resources, resulting in a substantial disruption of routine corporate functions.

By the grace of Allah, the Company has made substantial progress in restoring normal operations. A trained team has been delegated, and a proper succession system has been implemented to ensure continuity and timely compliance going forward. The AGMs for the financial years ended June 30, 2023, and June 30, 2024, are now scheduled for July 15, 2025, and August 31, 2025, respectively, in accordance with SECP's directive dated May 27, 2025. It is also pertinent to mention that the Commission has already imposed penalties for the delay in convening these AGMs.

As the QFS for December 31, 2024, are dependent on the approval of the annual accounts for June 30, 2023, and June 30, 2024, the Company respectfully requests permission to submit the said QFS following finalization of the annual accounts. In light of the financial difficulties faced and penalties already imposed, it is also requested that the SCN be withdrawn without any further penalty. This response may kindly be treated as full and final, and an appropriate decision may be taken based on this letter/reply and oblige."



8. I have gone through the relevant provisions of Section 237 of the Act and the requirements of the Circular, and considered the facts of the case and available record of the Company. I have also perused Section 237(4) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 237(2) of the Act, every listed company is required to file/transmit its QFS within sixty (60) days from the date of close of its second quarter of its year of accounts. QFS are a crucial source of information for the stakeholders, especially shareholders, of a publicly listed company. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.

9. The provisions of Section 237 of the Act unambiguously and explicitly obligate the Company to file/transmit its QFS in a timely manner. In this respect, reliance is placed on an Order passed by the Appellate Bench of the Commission on March 01, 2023 (*in Appeal No. 73 of 2022- Gulistan Textile Mills Limited, vs. SECP*), whereby it was held that a public listed company has higher responsibility to disseminate true and accurate state of affairs to all the stakeholders in a timely manner so that they may take appropriate decisions. In another case cited as 2024 CLD 672 [*Appeal No. 77 of 2021 decided on August 25, 2023*], the Appellate Bench of the Commission held that "...interim financial statements prepared accurately and in timely manner, provide a reliable source of information regarding a company's financial position and performance to its users, besides illustrating regarding the results of the management's stewardship of resources entrusted to it..." The significance of transmitting quarterly financial statements of a listed company in a timely manner is also echoed in 2024 CLD 635 – Appeal No. 78 of 2021 decided on August 25, 2023, and 2024 CLD 415 – Appeal No. 97 of 2020 decided on August 25, 2023.

10. The record of the Company reflects a history of non-compliances in respect of provisions of Section 237 of the Act. Keeping in view the past track record of non-compliances, I am of the view that instant default of Section 237 of the Act is repetitive in nature.

11. The Company's default in holding of the annual general meeting of previous years cannot be considered as justification for default in filing of QFS. Further, in respect of Covid-19 considerable time has already been lapsed, therefore, on this ground the Noticees cannot be absolved from their statutory duty of timely filing of QFS.

12. The Noticee's assertion regarding an acute shortage of specialized staff and technical resources, leading to a significant disruption of routine corporate functions, is not tenable as it does not constitute a valid claim of force majeure. Such internal dependencies and operational shortcomings should not hinder the timely discharge of the Company's statutory obligations. It was the responsibility of the Company, in the first instance, to establish and implement an effective contingency mechanism to mitigate such risks and ensure that the requisite QFS was submitted within the prescribed timeframe. 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)* where the 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.

13. In respect of the fine/penalty imposed by the Commission for non-convening of the annual general meetings for the years ended June 30, 2023 and June 30, 2024, it is pertinent to note that the said proceedings are distinct related to filing of QFS, therefore, it cannot be regarded as a tenable argument.

14. In view of the above-stated facts and circumstances, I am of the considered view that by failing to prepare, file/transmit the QFS for the second quarter ended December 31, 2024, within the prescribed timeframe and by not posting the same on the Company's website, the Noticees have contravened the requirements of Section 237(2) of the Act read with the Circular. I am also compelled to note that despite provision of several hearing opportunities and grant of adjournments, the Noticee No. (ii) to

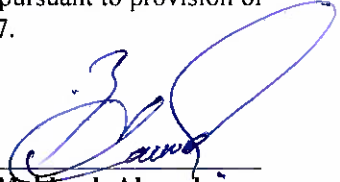
(xiv) failed to participate in the instant proceedings and only the CEO [Noticee No.(i)] submitted a written response which has been duly taken into account as a representation on behalf of Noticee No. (i). In view of foregoing, I am left with no other option except to pass an ex-parte order against Noticee(s) No. (ii) to (xiv) on the merits of the case and basis of record available with this office.

15. I, therefore, in the exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act read with Section 479 thereof and S.R.O. 1545(I)/2019 dated December 6, 2019, hereby, impose an aggregate penalty of Rs. **Rs.350,000/- (Rupees Three Hundred Fifty Thousand only)** on the Noticees in the following manner:

S.No.	Name of Respondents	Amount of the Penalty Rs.
1.	Hafiz Abdul Majid, Chief Executive\Director	25,000
2.	Mr. Talal Yousuf Mohammad Najibi, Director	25,000
3.	Mr. Nabil Abdul Rahman Ahmad, Director	25,000
4.	Mr. Fahad Abdul Aziz Eshaq, Director	25,000
5.	Hafiz Abdul Waheed, Director	25,000
6.	Hafiz Abdul Sami, Director	25,000
7.	Hafiz Abdul Haseeb, Director	25,000
8.	Hafiz Abdul Aleem, Director	25,000
9.	Mr. Muhammad Hafiz, Director	25,000
10.	Mr. Arshad Ahmed, Director	25,000
11.	Mr. Asghar Imam Khalid, Director	25,000
12.	Ms. Javeria Sami, Director	25,000
13.	Mr. Nasir Mahmood, Director	25,000
14.	Mr. Muhammad Anwar Khan, CFO	25,000
	Total Amount	350,000/-

Furthermore, the Noticees are advised to ensure achieving all pending compliances in terms of filing/transmission of QFS. The Noticees are also advised to remain careful in the future and ensure meticulous compliance with the provisions of Section 237 of the Act.

16. The Noticees are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. 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 provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.


Mahboob Ahmad
Additional Director/Head of Wing
Adjudication Department – I
Listed Companies Wing

Announced:
June 30, 2025
Islamabad.