



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/203/2015-598 dated November 14, 2024
Respondents:	(i) Hafiz Abdul Majid, Chief Executive\Director; (ii) Mr. Talal Yousuf Mohammad Najibi, Director; (iii) Mr. Nabil Abdul Rahman Ahmad Arif, Director; (iv) Mr. Fahad Abdul Aziz Eshaq Al Shaikh, 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) M/s. Huffaz Seamless Pipe Industries Limited
Date(s) of Hearing(s) Opportunities:	(i) December 06, 2024; (ii) February 04, 2025; and (iii) February 10, 2025.
Case Represented by:	No One Appeared for the Hearing
Provision of Law Involved:	Section 132 of the Companies Act, 2017 read Section 479 thereof
Order dated:	March 13, 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/203/2015-598 dated November 14, 2024 (the “**SCN**”) against M/s Huffaz Seamless Pipe Industries Limited (the “**Company**”) and its Board of Directors (BoD) including the Chief Executive Officer; hereinafter collectively referred to as the “**Respondents**”, issued under Section 132 of the Companies Act, 2017 (the “**Act**”) read with Section 479 thereof.

2. The brief facts of the case are that the Company was, in terms of Section 132(1) of the Act, required to hold its Annual General Meeting for the year ended June 30, 2024 (the “**AGM**”) within a period of one hundred and twenty (120) days following the close of its aforesaid financial year, i.e., by October 28, 2024. However, perusal of the relevant record of the Commission revealed that the Respondents had *prima-facie* failed to hold the AGM within the stipulated time. The relevant provisions of law are reproduced hereunder:

“132. Annual general meeting.—(1) Every company, shall hold, an annual general meeting within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty days following the close of its financial year...”

(5) Any contravention or default in complying with requirement of this section shall be an offence liable— (a) in case of a listed company, to a penalty of level 2 on the standard scale...”

3. Accordingly, the SCN was served upon the Respondents to show the cause in writing as to why a penal action may not be taken against them for non-compliance with the provisions of Section 132 of the Act.

Handwritten signature and date: 13-03-2025

4. In order to provide an opportunity for personal representation, a hearing in the matter was first fixed for December 06, 2024. However, the Company vide a letter dated December 04, 2024 requested for an adjournment. Consequently, another hearing was fixed for February 04, 2025 where the Company again, vide a letter dated February 1, 2025, requested adjournment. Subsequently, to meet the ends of justice and to provide a bona-fide opportunity for personal representation, a hearing in the matter was re-fixed for February 10, 2025 with a clear advice that in case of non-appearance the matter would be decided *ex-parte* on its merits based on the record available with the Commission. Yet again neither the Respondents nor any authorized representative appeared for the hearing.

5. Subsequently, Hafiz Abdul Majid, Chief Executive Officer (“CEO”) of the Company, vide a letter dated February 08, 2025, submitted a written reply on behalf of the Respondents and made the following submissions:

(i) The delay in preparing and filing the annual accounts for the year ended June 30, 2024, is primarily due to the postponement of the AGM for the financial year ended June 30, 2023. The Company faced severe operational challenges due to the long-term impact of COVID-19, which disrupted business operations from 2020 onwards. As the only manufacturer of seamless pipes and tubes in Pakistan, the Company suffered significant workforce losses, leading to a shortage of specialized staff and operational difficulties. However, these challenges have been addressed through strategic hiring and a structured succession plan.

(ii) Company expects to convene the AGM on March 10, 2025 for June 30, 2023, and on June 30, 2025 for June 30, 2024 respectively in order to address all pending matters. The Commission has already imposed a penalty for the delay in holding the AGM for June 30, 2023 within the stipulated timeline vide an order dated March 08, 2024. Additionally, since the annual accounts for June 30, 2024, cannot be prepared before the approval of the accounts for June 30, 2023, the Company requests permission to submit the annual accounts for June 30, 2024, after finalizing those for June 30, 2023.

(iii) Furthermore, it is requested that a lenient view in the matter may be taken and the SCN may be withdrawn without imposing any further penalties and kindly consider this reply as full and final, making a decision based on the contents of this letter.

6. I have gone through the relevant provisions of Section 132(1) of the Act and considered the facts of the case along with the available record with the Commission; as well as written correspondence with the Company available on record. I have also perused Section 132(5) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 132(1) of the Act, every company is required to hold its AGM once in every calendar year within a period of one hundred and twenty (120) days following the close of its financial year. Accordingly, in the instant matter the Company was obligated to hold its AGM for the financial year 2023-24 by October 28, 2024, which it has clearly and admittedly failed to. The holding of AGMs in a timely manner is a crucial legal requirement that ensures transparency, accountability, and shareholder engagement. It allows shareholders to participate in discussions, approve financial statements, and hold management accountable. Adhering to legal provisions under the Act is essential for protecting shareholders' rights, fostering trust, and promoting good corporate governance. A listed company must, in all circumstances, meet its statutory duties to hold AGMs on time, facilitating open communication and feedback from its shareholders, especially those with smaller holdings.

7. It is also noted that holding of the AGM in a timely and efficacious manner is amongst the prime responsibilities of the members of the Board of Directors; who essentially operate as the agents

17/3/2025
13-03-2025

and representatives of the shareholders of all classes and types. In 2017 CLD 839 [Appeal No. 28 of 2013], it was held that "...the facts of the case are clear and evident that the Appellants failed to conduct the AGM within stipulated time...therefore, they have acted against the fiduciary responsibilities towards the Company in capacity of directors...it was the collective responsibility of the directors of the Company to hold the meeting in accordance with law but they have failed to comply with the requirements of law, therefore no distinction could be assumed regarding guilt or innocence of the directors..."

8. Another contention put forward by the CEO of the Company that preparation and audit of the Company's financial statements for the earlier year was delayed and thereby resulted in non-holding of its AGM for the said year does not hold a valid ground as a statutory compliance cannot be compromised just on the basis of any 'one' missing element. The Ramaiya Guide to the Indian Companies Act, 2013 [18th Edition] while discussing Section 96 of the Indian Companies Act (*pari materia* to Section 132 of the Act) rightfully observes that "*the annual general meeting must be called, whether or not the annual accounts are ready for consideration at the meeting. There is a clear statutory duty on the directors to call the meeting whether or not the accounts the consideration of which is only one of the matters to be dealt with at an annual general meeting are ready or not. Re, El Sombrero Ltd. 1958; 3 All ER 1 at 6 (1958) 28 Comm Cases 619 (Ch D)...*".

9. Further, the management's argument of facing hardship due to Covid-19 is not palpable for not holding the AGM in year 2024 since considerable time has already been passed and the Respondents are still non-compliant. It is also observed that the Company does not have a strong compliance history in terms of holding of AGMs since the general meetings for the previous three years, i.e. FY 2020, FY 2021 and FY 2022 have been held with inordinate delays on June 30, 2021, June 08, 2023 and February 13, 2024 respectively. Furthermore, it is noted that "*the Company expects to convene the AGM for June 30, 2023, on March 10, 2025, and for June 30, 2024, on June 30, 2025*" where in both cases there would be a substantial delay which cannot be overlooked.

10. It is also pertinent to observe here that the Respondents had failed to hold the AGMs for the years 2020 till 2023 in a timely manner and presented similar grounds to justify such delays; where the respective defaults of the Company were duly penalized by the Commission. It is, therefore, a matter of concern that the Respondents have failed to rectify the recurring non-compliance even after lapse of a considerable time.

11. In view of the above-stated facts, I am of the considered view that by failing to hold AGM for the year ended June 30, 2024 within the stipulated time; the Respondents have contravened the requirements of Section 132(1) of the Act. I am also compelled to note that despite provision of several hearing opportunities and grant of adjournment requests, the Respondent No. (ii) to (xiii) failed to participate in the instant proceedings and only the CEO [Respondent No.(i)] submitted a written response which has been duly taken into account as a representation on behalf of Respondent No. (i) himself and Respondent No. (xiv), the Company, respectively. It is, therefore, I am left with no other option except to pass an *ex-parte* order against Respondents No. (ii) to (xiii) on the merits of the case and basis of record available with this office.

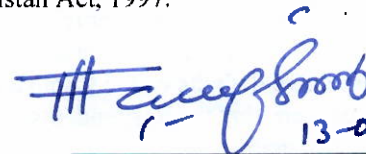
12. I, therefore, in exercise of the powers conferred upon me under clause (a) of sub-section (5) of Section 132 of the Act read with section 479 and S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, conclude these proceedings by imposing an aggregate penalty of **Rs.3,75,000/- (Rupees Three Hundred and Seventy Five Thousand only)** in the following manner:

Huffaz Seamless Pipe Industries Limited
13-03-2025

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 Arif, Director	25,000
4.	Mr. Fahad Abdul Aziz Eshaq Al Shaikh, 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.	M/s. Huffaz Seamless Pipe Industries Limited	50,000
	Total Amount	375,000/-

Furthermore, the Respondents are advised to ensure achieving all pending compliances in terms of holding of the annual general meetings and other ancillary statutory compliances in an urgent manner and report the same to the Supervision Department of the Commission. The Respondents are also advised to remain careful in the future and ensure meticulous compliance with the provisions of law effectively and efficiently.

13. The Respondents 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.


13-03-2025

Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
March 13, 2025
Islamabad.