



# 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/203/2015-597 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) Mr. Muhammad Anwar Khan, Chief Financial Officer.
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.
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:	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/203/2015-597 dated November 14, 2024 (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 "Respondents" 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 first quarterly financial statements for the quarter ended September 30, 2024 with the Commission and the registrar, and post the same on its website, within thirty (30) days of the

close of the said quarter i.e. latest by October 30, 2024. However, as per the relevant record of the Commission, it has *prima facie* failed to file/transmit the aforesaid quarterly financial statements with the Commission and the registrar.

4. As per the requirements of the Circular, all listed companies are *inter alia* required to file their quarterly financial statements ("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 Commission and the registrar. 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, a SCN was served upon the Respondents on November 14, 2024 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.

6. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for December 06, 2024. However, the CEO vide a letter dated December 04, 2024 requested an adjournment. Consequently, another hearing was fixed for February 04, 2025. The CEO again vide a letter dated February 1, 2025 requested an adjournment.

7. Subsequently, to meet the ends of justice and to provide a final opportunity for personal representation, a hearing in the matter was re-fixed for February 10, 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. Yet again no one appeared for the hearing on behalf of the Respondents.

8. In response to the SCN, Hafiz Abdul Majid, Chief Executive Officer ("CEO") vide letter dated February 08, 2025 on behalf of the Respondents *inter-alia* made the following submissions:

(i) this delay in filing the QFS for the quarter ended September 30, 2024 is primarily due to the delay in holding AGM for the financial year ended June 30, 2023. The Company faced severe operational challenges caused by the COVID-19 pandemic, which impacted business operations for nearly four years, leading to a significant workforce shortage. However, necessary measures have now been taken to address these issues, including hiring a trained team and implementing a structured succession plan.

(ii) The Company would convene AGM for the years ended June 30, 2023 and June 30, 2024 on March 10, 2025 and June 30, 2025 respectively.

(iii) The QFS for September 30, 2024, cannot be finalized before the approval of the annual accounts for June 30, 2023, therefore requested to allow time to submit the QFS following annual accounts as on June 30, 2023. The Commission has already imposed a penalty for the delay in holding the AGM for June 30, 2023.

(iv) Considering the financial difficulties faced by the Company, it is requested to withdraw the SCN without imposing any further penalties. It is also 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 237 of the Act and the requirements of the Circular, and considered the facts of the case, available record of the Company, as well as written correspondence available on the record. 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 thirty (30) days from the date of close of its first 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.

10. 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.

11. The record of the Company reflects non-compliances of the provisions of Section 237 of the Act from September 30, 2021 till March 31, 2024. 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.

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

13. 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 first quarter ended September 30, 2024, within the prescribed timeframe and by not posting the same on the Company's website, the Respondents 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 adjournment requests, the Respondent No. (ii) to (xiv) 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). In view of foregoing, I am left with no other option except to pass an ex-parte order against Respondents No. (ii) to (xiv) on the merits of the case and basis of record available with this office.

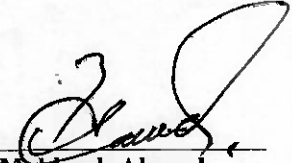
14. I, therefore, in the exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act read with Section 479 thereof and S.R.O. 1545(I)/2019 dated December 6, 2019, hereby, impose an aggregate penalty of Rs. **Rs.350,000/- (Rupees Three Hundred Fifty Thousand only)** on the Respondents 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 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.	Mr. Muhammad Anwar Khan, CFO	25,000
	<b>Total Amount</b>	<b>350,000/-</b>

Order in the matter of Huffaz Seamless Pipe Industries Limited dated 13<sup>th</sup> of March, 2025

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

15. 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.



**Mahboob Ahmad**

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

Announced:  
March 13, 2025  
Islamabad.