



543

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN****Adjudication Department- I****Adjudication Division**

| <b>ORDER</b>                         |                                                                                                                                                                                                                                                                               |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of Company:                     | M/s. Aruj Industries Limited                                                                                                                                                                                                                                                  |
| Show Cause Notice No. & Date:        | 2(470)SMD/Adj-I/2025- 390 dated February 24, 2025                                                                                                                                                                                                                             |
| Respondents:                         | (i) Mr. Ali Maqsood Butt, Director;<br>(ii) Mr. Faisal Khan, Director;<br>(iii) SH. Ghulam Mustafa, Director;<br>(iv) Mrs. Durray Zara Butt, Director;<br>(v) Mrs. Aruj Butt, Director;<br>(vi) Mr. Muhammad Sajjad Hussain, Director; and<br>(vii) Ms. Amara Javed, Director |
| Date(s) of Hearing(s) Opportunities: | (i) April 16, 2025; and<br>(ii) April 23, 2025;                                                                                                                                                                                                                               |
| Case Represented by:                 | <i>No One Appeared</i>                                                                                                                                                                                                                                                        |
| Provision of Law Involved:           | Section 101 and 103 read with Section 106 of the Securities Act, 2015 and Regulation 3(1) & 3(4) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders) Regulations, 2015                                            |
| Order dated:                         | May 09, 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. 2(470)SMD/Adj-I/2025-390 dated February 24, 2025 (“**SCN**”) against the Board of Directors of M/s. Aruj Industries Limited (the “**Company**”) hereinafter collectively referred to as the “**Respondents**” under Section 101 and 103 read with Section 106 of the Securities Act, 2015 (the “**Act**”) and Regulation 3(1) & 3(4) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders) Regulations, 2015 (the “**Regulations**”).

2. In terms of section 101(1) of the Act read with Regulation 3(1) of the Regulations, the Respondents were required to give notice in writing to the Company of their beneficial ownership in the listed equity securities of the Company or any other nature of securities on the prescribed Form-1. Similarly, in terms of Section 103(1) of the Act read with Regulation 3(4) of the Regulations, the Respondents were required to submit to the Commission a statement of beneficial ownership in the listed equity securities of the company or any other nature of securities on the prescribed Form-5. The Respondents required to comply with the aforesaid requirements of the Act and the Regulations within seven (07) days of the date of their appointment.

3. The relevant provisions of law are reproduced hereunder:

**Section 101(1) of the Act:**

**“101. Duty of directors and others to disclose shareholding in listed company.—(1) Every person who becomes a director, executive officer, or substantial shareholder of a listed company shall give notice in writing to the company**

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- (a) of his beneficial ownership in the listed equity securities of the company or any other nature of securities as may be prescribed by the Commission; and  
(b) of the amount and description of the securities of the company and date of acquisition of beneficial ownership."

**Section 103 of the Act:**

**"103. Notification to the Commission of directors and others' interest.—**(1) Every director, executive officer or substantial shareholder of a listed company shall submit to the Commission in the prescribed form –

(a) a statement of beneficial ownership in the listed equity securities of the company or any other nature of securities as may be prescribed by the Commission;

(b) the particulars of any change in the interest aforesaid; and

(c) any change in his position.

(2) The reporting requirement imposed by sub-sections (1) shall be fulfilled before the expiration of a period of seven days beginning with the day on which the requirement first arises." (emphasis added)

**Regulation 3(1) and 3(4) of the Regulations:**

**"3. Reporting of Beneficial ownership in listed equity securities under section 101 to section 103 of the Act:-** (1)

(4) The directors, executive officer and substantial shareholder of the equity securities in a listed company shall in accordance with section 103 of the Act submit statement of beneficial ownership in Form 5 and report any subsequent change therein or position to the Commission on Form 6." (emphasis added)

4. The brief facts of the case are that as per the announcement dated April 01, 2024 made by the Company to Pakistan Stock Exchange Limited ("PSX"), the Respondents were elected as Directors on the Board of Directors (BoD) of the Company on March 31, 2024. Pursuant to the requirements of Section 101 and Section 103 of the Act read with Regulation 3(1) and 3(4) of the Regulations, the Respondents were required to file their respective statement of beneficial ownership on Form-1 and Form-5 respectively, within seven (07) days of their appointment as directors of the Company. However, the record available with the Commission revealed that the Respondents had, *prima facie*, failed to comply with the aforesaid requirements of the Act and the Regulations within the given timeframe.

5. In order to probe the matter, the Commission vide letter dated November 22, 2024, followed by a reminder letter dated December 30, 2024, sought explanation from each of the Respondents vis-à-vis the aforesaid non-compliance of the Act and the Regulations. However, neither the Respondents submitted any explanation for the questioned non-compliance nor made the requisite submissions of relevant Form-1 and Form-5 till date.

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17-05-2025

6. In view of the above, the Respondents *prima facie* violated the provisions of Section 101 and Section 103 of the Act read with Regulation 3(1) and 3(4) of the Regulations, which attract the applicability of penal action in terms of Section 106(2)(a) of the Act.

7. Accordingly, the Commission while taking cognizance of the alleged non-compliance of the law served the SCN upon the Respondents to show the cause in writing as to why a penal action may not be taken against them for non-compliance of the above-mentioned requirements of the law. However, no response was submitted by the Respondents.

8. In order to meet the ends of justice and to provide opportunity of being heard to the Respondents, hearing in the matter was fixed for April 16, 2025. However, the Respondents neither appeared in person nor through their authorized representatives. Subsequently, hearing in the matter was re-fixed for April 23, 2025 to provide a final opportunity to the Respondents for personal representation with a clear instruction that in case of non-appearance, the matter would be decided *ex-parte* based on its merits and the record available with the Commission. The Respondents again preferred not to appear on the date of scheduled hearing. It is pertinent to record that the hearing notices for both of the scheduled hearings were duly delivered to and received at the registered office address of the Company i.e. 2-KM Off Raiwand- Manga Road, Raiwand, Lahore.

9. I have gone through the relevant provisions of Section 101 and 103 of the Act and the requirements of Regulation 3(1) and 3(4) of the Regulations, and considered the facts of the case and available record of the Respondents. I have also perused Section 106(2)(a) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that despite provision of multiple hearing opportunities, they failed to participate in the instant proceedings; thereby reflecting their non-cooperative behavior in the matter. Therefore, I am left with no other option except to proceed *ex-parte* against the Respondents and pass an Order on the basis of record available with this office.

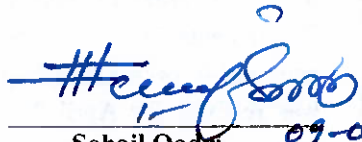
10. It is pertinent to note that Section 101 and 103 of the Act read with Regulation 3(1) and 3(4) of the Regulations clearly mandate fulfilment of the reporting requirements before the expiration of a period of seven (07) days beginning from the day on which the requirement first arises. However, as per the record available with the Commission, the Respondents have failed to comply with the mandatory requirements of law even till date.

11. In view of the foregoing, the contravention of the requirements of Section 101(1) and 103(1) of the Act read with Regulation 3(1) and 3(4) of the Regulations has been established beyond doubt, which attracts penal action in terms of Section 106(2)(a) of the Act. I, therefore, in the exercise of the powers conferred upon me under sub-section (2) of Section 106 of the Act in terms of S.R.O. 1545(I)/2019 dated December 06, 2019, hereby impose an aggregate penalty of **Rs.105,000 (Rupees One Hundred and Five Thousand only)** on the Respondents in the following manner:

| S.No. | Name of Respondents            | Amount of the Penalty Rs. |
|-------|--------------------------------|---------------------------|
| 1.    | Mr. Ali Maqsood Butt, Director | 15,000                    |

|    |                                       |                |
|----|---------------------------------------|----------------|
| 2. | Mr. Faisal Khan, Director             | 15,000         |
| 3. | SH. Ghulam Mustafa, Director          | 15,000         |
| 4. | Mrs. Durray Zara Butt, Director       | 15,000         |
| 5. | Mrs. Aruj Butt, Director              | 15,000         |
| 6. | Mr. Muhammad Sajjad Hussain, Director | 15,000         |
| 7. | Miss Amara Javaid, Director           | 15,000         |
|    | <b>Total</b>                          | <b>105,000</b> |

12. 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 162 of the Act will be initiated for recovery of the penalty/fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.

  
**Sohail Qadri** 09-05-2025  
**Director/Head of Department**  
 Adjudication Department – I  
 Adjudication Division

Announced:  
 May 09, 2025  
 Islamabad.