542

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company/Respondent:	M/s. Aruj Industries Limited
Show Cause Notice No. & Date:	2(470)SMD/Adj-I/2025- 389 dated February 24, 2025
Date(s) of Hearing(s) Opportunities:	(i) April 16, 2025; and (ii) April 23, 2025;
Case Represented by:	*No One Appeared*
Provision of Law Involved:	Section 102(3) read with Section 106 of the Securities Act, 2015 and Regulation 3(3) 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/2025-389 dated February 24, 2025 (the "**SCN**") against M/s. Aruj Industries Limited (the "**Company**" or the "**Respondent**" under Section 102(3) read with Section 106 of the Securities Act, 2015 (the "**Act**") and Regulation 3(3) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders) Regulations, 2015 (the "**Regulations**").

2. In terms of Section 102(3) of the Act read with Regulation 3(3) of the Regulations, the Respondent was required to notify to the Commission the name of director, the date of appointment or acquisition of beneficial ownership and number of shares held by him, within 07 days of receipt of information from the director, on the prescribed Form-4. As per the clarification dated April 20, 2022 issued by the Commission through PSX to all listed companies, the filing of Form-4 by the listed companies is applicable in case of every director who is appointed afresh, re-appointed or a nominee director (holding any shareholding in his/her name or not).

3. The relevant provisions of law are reproduced hereunder:

Section 102(3) of the Act:
"102. Register of directors' interests notified under section 101.— *(3) Whenever a listed company is notified of any matter in consequence of requirement imposed by sub-section (1) of section 101, the company shall notify it to the Commission, within seven days of the receipt of the information, showing therein name of director, executive officer or shareholder, date of appointment or acquisition of beneficial ownership and number of shares held by him.*

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

09-05-2025

(3) The listed company shall notify the Commission in Form 4 whenever such company receives Form 1 from director, executive officer, or substantial shareholder pursuant to the requirement of section 101(1) of the Act."

4. The brief facts of the case are that as per the announcement dated April 01, 2024 made by the Respondent to Pakistan Stock Exchange Limited (**"PSX"**), the following individuals were elected as Directors on the Board of Directors (BoD) of the Company on March 31, 2024:

Sr. No.	**Name of Director**
1	Mr. Ali Maqsood Butt, Director
2	Mr. Faisal Khan, Director
3	Mrs. Durray Zara Butt, Director
4	Mrs. Aruj Butt, Director
5	Mr. Muhammad Sajjad Hussain, Director
6	Mr. Sh. Ghulam Mustafa, Director
7	Ms. Amara Javed, Director

5. Pursuant to the requirements of Section 102(3) of the Act read with Regulation 3(3) of the Regulations, the Company was required to notify the Commission within seven (07) days of appointment of directors of the Company. However, the record available with the Commission revealed that the Company had failed to comply with the aforesaid requirements of the Act and the Regulations within the given timeframe.

6. In order to probe the matter, the Commission vide letter dated November 22, 2024, followed by reminder letters dated December 30, 2024, sought explanation from the Company vis-à-vis the aforesaid non-compliance of the Act and the Regulations. However, neither the Company submitted any explanation for the questioned non-compliance nor made the requisite submission of Form-4 till date.

7. In view of the above, the Respondent *prima facie* violated the provisions of Section 102(3) of the Act read with Regulation 3(3) of the Regulations, which attract the applicability of penal action in terms of Section 106(2)(b) of the Act.

8. Accordingly, the Commission while taking cognizance of the alleged non-compliance of the law served the SCN upon the Respondent 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 Respondent.

9. In order to meet the ends of justice and to provide opportunity of being heard to the Respondent, hearing in the matter was fixed for April 16, 2025. However, the Respondent neither appeared in person nor through its authorized representatives. Subsequently, hearing in the matter was re-fixed to provide a final opportunity to the Respondent for personal representation for April 23, 2025 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 Respondent 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

09-05-2025

were duly delivered to and received at the registered office address of the Respondent/Company i.e. 2-KM Off Raiwand- Manga Road, Raiwand, Lahore.

10. I have gone through the relevant provisions of Section 102(3) of the Act and the requirements of Regulation 3(3) of the Regulations, and considered the facts of the case and available record of the Respondent. I have also perused Section 106(2)(b) 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, the Respondent failed to participate in the instant proceedings; thereby reflecting its non-cooperative behavior in the matter. Therefore, I am left with no other option except to proceed *ex-parte* against the Respondent and pass an Order on the basis of record available with this office.

11. It is pertinent to note that Section 102(3) of the Act read with Regulation 3(3) 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. Additionally, a clarification issued by the Commission through PSX to all listed companies on April 20, 2022 clearly pronounced that the requirement of filing of Form-4 is applicable on every director, who is appointed afresh, re-appointed and a nominee director. However, as per the record of the Commission, the Respondent has evidently failed to comply with the mandatory requirements of law even till date.

12. In view of the foregoing, the contravention of the requirements of Section 102(3) of the Act read with Regulation 3(3) of the Regulations has been established beyond doubt, which attracts penal action in terms of Section 106(2)(b) 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.25,000 (Rupees Twenty Five Thousand only)** on the Respondent.

13. The Respondent is 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.

09-05-2025

Sohail Qadri
Director/Head of Department
Adjudication Department – I
Adjudication Division

Announced:
May 09, 2025
Islamabad.