



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
International Affairs, Communication & Coordination (IACC) Dept

PRESS RELEASE

FOR IMMEDIATE RELEASE

Frauds in Respect of Beema Pakistan Company limited

ISLAMABAD –March 1, 2010: Securities and Exchange Commission of Pakistan (SECP) has filed a winding up petition in the Sindh High Court against BPCL on the basis of the findings of a probe into the affairs of the Beema Pakistan Company Limited (BPCL). It transpired through this investigation that in June, 1999, Shahnawaz Agha had fraudulently taken over the management of BPCL with the help of the Company Secretary. Subsequently he posed to have injected capital of Rs. 60.8 million into BPCL by selling properties at KCHSU and Landhi to the company. All along, he claimed to be the owner of these properties. Payment for these properties was made in the form of BPCL shares worth Rs. 60.8 Million. In reality, these properties either did not exist or belonged to people totally unrelated to Shahnawaz Agha, yet he managed to increase his own personal net worth by Rs. 60.8 Million against a fictitious sale of property.

In June 2002, an agricultural land in Thatta was allegedly acquired by BPCL at a value of Rs. 347.2 million. The seller was to be paid partly in the form of the KCHSU and Landhi properties, and partly with BPCL shares worth Rs. 11.28 million. Further agricultural properties Sujawal Thatta and Dadu were also allegedly acquired in exchange for Rs.20.2 million worth of BPCL shares. These properties were never transferred to the name of BPCL and shares issued against them were transferred to Shahnawaz Agha, instead of the respective sellers of these properties.

The 2006 BPCL accounts show an advance of Rs. 64.968 million being received by BPCL from an alleged buyer, of the Thatta and Dadu properties. An advance of Rs. 67.798 million is also recorded to have been paid by BPCL to a Mr. Ali against a purchase of properties in Islamabad, Rawalpindi and Haripur. The alleged buyer of the Thatta and Dadu properties however denied having bought those lands from BPCL and he also confirmed that he was the broker in the deal to buy land in Islamabad, Rawalpindi and Haripur, which deal had in reality been cancelled. Despite this deal not going through, BPCL shares worth Rs. 405 million were transferred to the mother in law of the Company Secretary of BPCL from Mr. Ali.

In 2006, shares worth Rs. 77.500 million were issued to Mr. Agha as consideration against a residence in DHA, Karachi which he claimed to own. This property had in fact already been bought by BPCL from a third party at a value of Rs.42.500 million. Subsequently, Shahnawaz Agha showed that he had re-purchased this same residence from BPCL at a value of Rs.45 million, and managed to get it transferred to his name. In reality he never paid a penny for buying this residence, which is presently in his personal use.

Between 1999 and 2005, while SECP had suspended its registration as an insurance company, BPCL had continued to underwrite risks outside the country through its broker Larsen Global Marine. Larsen had paid the loss expenses and claims from premiums received and netted the difference to BPCL. These remittances were shown as a loan to BPCL by Shahnawaz Agha and shares worth Rs. 41.158 Million were issued to him to supposedly to offset this fake loan.

Mandatory regulatory compliances were ignored in all these transactions. All additional shares issued in these transactions were sold in the stock market and the proceeds were eventually either disbursed to Shahnawaz Agha or utilized on his instructions. It is important to note that no substantial business has been conducted by BPCL between 1999 and 2006.

The Company has issued a substantial capital of Rs. 999 million, whereas its total disclosed realizable assets are in the range of Rs. 5-8 million only. None of the properties allegedly bought by BPCL appear its accounts. Shahnawaz Agha's name has also been placed on the Exit Control List, against which he filed a petition in the Sindh High Court in an attempt to leave the country. This petition was however dismissed in September, 2009 with a direction by the Sindh High Court to the district courts to dispose off the criminal cases within three months

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1. Securities and Exchange Commission of Pakistan (SECP) has filed a winding up petition in the Sindh High Court against BPCL on the basis of the findings of a probe into the affairs of the Beema Pakistan Company Limited (BPCL).
2. Mandatory regulatory compliances were ignored by BPCL, resulting in disciplinary action being taken by the regulator.

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