



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Market Supervision and Capital Issues Department

Before the Director/HOD (MSCID)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Pak HY Oils Limited, a beneficial owner of more than ten percent equity security of Balochistan Glass Limited

*Date of Hearing:*

*February 07, 2013*

*Present at Hearing:*

*Representing the Respondent:*

*Mr. Ashfaq Ahmed Khan,*

*Chief Executive.*

*Ashfaq A. Khan & Associates  
Corporate Consultants*

*Assisting the Director/HOD (MSCID):*

*Mr. Muhammad Farooq*

*Joint Director*

**Order**

This order will dispose of the proceedings initiated under Section 224(4) of the Companies Ordinance, 1984 (“**Ordinance**”) by the Securities and Exchange Commission of Pakistan through Show Cause Notice No. SMD/BO/18(825)12 dated 30/11/2012 (“**Notice**”) issued to Pak HY Oils Limited (“**Respondent**”), a beneficial owner of more than ten percent equity security of Balochistan Glass Limited (“**Issuer Company**”).

2. The facts of the matter leading up to the aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being a beneficial owner of more than ten percent of its ordinary shares was required to file return of beneficial ownership on Form-31, within the period stipulated under Section 222 of the Ordinance.

3. Section 222(2) (b) of the Ordinance stipulates the period within which the Form 31 is to be submitted as under:-

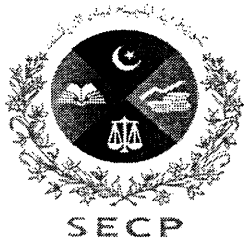
*“in any other case, including a case where the company is listed on the stock exchange after the commencement of this Ordinance or after the person has occupied the position or office specified in sub-section (1) or has acquired interest as beneficial owner of securities as aforesaid, within thirty days of occupying the office in the company or acquisition of interest as beneficial owner requiring*

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*submission of the return aforesaid or listing of the company on the stock exchange, as the case may be”*

4. On scrutiny of record of this office, it was observed that the Respondent has failed to file Form 31 with this Commission as a beneficial owner of more than ten percent ordinary shares of the Issuer Company. The Respondent was, therefore, asked vide letter dated 12/03/2012, followed by reminder dated 24/04/2012 to file Form-31 alongwith the reasons for non-filing of the same, within the period stipulated in Section 222 of the Ordinance.

5. The Respondent, in response to the aforesaid letter, filed Form-31 with this Commission on 10/05/2012. The said Form 31 showed that the Respondent acquired beneficial ownership in the Issuer Company on 14/09/2009 and 42,856,927 ordinary shares of the Issuer Company were beneficially owned by it. Thus, the Respondent was required to file the said return with this Commission latest by 13/10/2009, but the same has been filed on 10/05/2012, with delay of 939 days, in contravention of Section 222(2)(b) of the Ordinance. The said contravention attracts penal provisions of Section 224(4) of the Ordinance, which provides as under:-

*“Whoever knowingly and wilfully contravenes or otherwise fails to comply with any provision of section 222, section 223 or section 224 shall be liable to a fine which may extend to thirty thousand rupees and in the case of a continuing contravention, non-compliance or default to a further fine which may extend to one thousand rupees for every day after the first during which such contravention, non-compliance or default continues”.*

6. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon it to explain through written reply alongwith documentary evidence, if any as to why action may not be taken against it pursuant to Section 224(4) of the Ordinance, for aforesaid contravention of Section 222(2) of the Ordinance. The Company Secretary of the Respondent vide letter dated 26/11/2012 filed written response to the Notice.

7. In order to provide an opportunity of being heard in person, hearing in the matter was fixed on 30/11/2012 at Commission’s Head Office, Islamabad, which on the request of the Respondent was adjourned. The matter was re-fixed for hearing on 07/02/2013. On the said date, Mr. Ashfaq Ahmed Khan, Chief Executive, Ashfaq A. Khan & Associates, Corporate Consultants (“**Authorized Representative**”) appeared on behalf of the Respondent. The submissions made by the Company Secretary of the Respondent in writing as well as verbally by the Authorized Representative during the course of hearing be summarized as under:-

*a. The beneficial ownership of the under reference shares is disputed. The Respondent in this regard has filed a suit against First Dawood Investment Bank Limited and BRR Guardian Modaraba before the High Court of Sindh at Karachi.*

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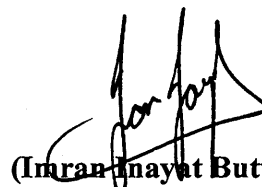
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- b. *The High Court of Sindh has granted a stay order in the matter on 21/06/2012, wherein the honourable court has restrained the defendant(s) from selling, aligning, disposing off or creating third party interest on the disputed properties including the under reference shares.*
- c. *Although the matter is under litigation, the Respondent on receipt of aforementioned letter has filed the Form -31 with the Commission.*
- d. *The contravention was not committed knowingly and willfully.*
- e. *The said inadvertent delay in filing of the return may be condoned.*
- f. *The Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

8. I have considered the aforesaid submissions made on behalf of the Respondent. The Respondent has admitted the default of late filing of the return of beneficial ownership with the contention that said default was not committed willfully and knowingly as the matter of ownership of the shares was disputed and is a pending adjudication. The Respondent has requested to condone the default of late of the return. The Respondent has also assured for timely filing of the returns of beneficial ownership in future. In order to arrive at decision, I have also reviewed the available record including a copy of stay order granted by the honourable High Court of Sindh in Suit No. 43/2012. The said documents reveal that apparently *inter alia* the matter of ownership of the under reference shares is a pending adjudication between the Respondent and defendants of the aforementioned suit. The Respondent has filed Form-31 although the matter is pending before the High Court. Hence, considering the submissions made by the Respondent, I intend to agree with the contention of the Respondent and of the view that the late filing of the under reference return of beneficial ownership may not be willful. Therefore, a lenient view of the matter has been taken and the Respondent is hereby strictly warned to ensure timely compliance of Section 222 of the Ordinance in future.

9. This order is issued without prejudice to any other action that the Commission/Registrar may initiate against the Respondent in accordance with the law on matter subsequently investigated or brought to the Notice of the Commission.



  
(Imran Inayat Butt)  
Director/HOD (MSCID)

Islamabad.

Announced on February 19, 2013

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