



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director

*In the matter of*

**Balochistan Glass Limited**

Number and date of notice: CSD/ARN/94/2015-1687-93 dated November 28, 2016  
Date of hearing: March 30, 2017  
Present: Shamail Javed  
("authorized representative")

**ORDER**

**UNDER SECTION 160 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceeding initiated against directors and chief executive ("respondents") of Balochistan Glass Limited (the "Company") through show cause notice (the "SCN") dated November 28, 2016 under the provisions of Section 160 read with Section 476 of the Companies Ordinance 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that, review of notice submitted by the Company of annual general meeting ("AGM") held on October 31, 2016 revealed that the Company intends to seek approval of the shareholders to pass the following special resolution;

*"Resolved that pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, Balochistan Glass Limited ("the Company") be and is hereby authorized to lease out a surplus portion of land (up to 20-Kanals only) for a period not exceeding 15-years to Paidar Hong Glass (Pot) Limited, on mutually agreed terms including monthly/quarterly lease rental amounts."*

3. It was observed that the statement of material facts annexed with the Notice does not contain any disclosure/information in this regard. Therefore, the Commission vide its letter dated October 19, 2016 advised the Company to provide the following material information to the shareholders of the Company as an addendum to the notice of AGM under intimation to the Commission under clause (b) of sub-section (1) of section 160 of the Companies Ordinance, 1984 ("Ordinance") read with SRO 27 (I) / 2012:

- a) Certified copy of terms and conditions of lease arrangement in this regard; and
- b) Estimated lease rentals to be recovered by the Company based on approximate rental levels in that vicinity.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 1 -

4. The Company has been failed to comply with and also failed to respond the Commission's letter date October 19, 2016. Hence, the Commission's vide another letter dated October 26, 2016 sought the requisite information within two days of the said letter but the Company has again failed to respond the Commission's letter.

5. Clause (b) of sub-section (1) of section 160 of the Ordinance requires that *where any special business, that is to say business other than consideration of the accounts, balance-sheets and the reports of the directors and auditors, the declaration of a dividend, the appointment and fixation of remuneration of auditors, and the election or appointment of directors, is to be transacted at a general meeting, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning such business, including, in particular, the nature and extent of the interest, if any, therein of every director, whether directly or indirectly, and, where any item of business consists of the according of an approval to any document by the meeting, the time when and the place where the document may be inspected shall be specified in the statement;*

6. The Company has, *prima facie*, contravened the provisions of clause (b) of sub-section (1) of section 160 of the Ordinance by not providing the material information highlighted by the Commission to its shareholders as an addendum to the Notice of AGM. Consequently, SCN was issued to the respondents under the provisions of Section 160 of the Ordinance.

7. In response to the SCN, Company submitted reply vide letter dated February 4, 2017. A brief of the reply relevant to the contents of the SCN is given below:

- a) The Company received Commission's letter dated October 19, 2016 few days before the AGM and accordingly we cannot print the addendum as per your instructions. However, the Company intimated to all shareholders in AGM about the letter and same has been discussed in AGM. No formal agreement has been reached with Paidar Hong Glass (Pvt.) Limited and we informed the members that estimated annual rental may be between Rs. 600,000 to Rs. 1.2 million per annum but it will be decided based on actual use of land as agreed.
- b) The Company vide letter dated 31, 2017 provided information to Pakistan Stock Exchange (PSX) for circulation among the members.
  - The Company has already informed in notice of AGM that no formal agreement has been reached so far as it will only be executed after approval of members in



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 2 -

AGM. However, the broad terms are that land will be up to 20 Kanals for lease period of 10 to 15 years.

- Company has yet not finalized any monthly/quarterly rentals so far, however, the estimated rentals may be in the range of Rs. 600,000 to Rs. 1,000,000 which will be finalized after detailed discussion and extent of use of land

8. Hearing in the matter was held on March 30, 2017 and the authorized representatives Mr. Shamail Javed appeared on behalf of respondents and reiterated the submissions made in the written reply.

9. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 160 of the Ordinance have been delegated to the Director (Corporate Supervision Department).

10. I have analyzed the facts of the case, relevant provisions of the Ordinance, arguments put forth by the respondents in writing and during the hearing, and observed that the respondents failed to provide material information to members before the AGM in contravention of Section 160 of the Ordinance, however, it has been observed that the Company provided the material information to members through letter to PSX and no formal agreement has been reached. Therefore, I am taking a lenient view and the case is hereby disposed of with stern warning to the respondent to be careful in future regarding compliance with applicable accounting standards and legal framework.

Further, in terms of Section 473 of the Ordinance, the respondents are hereby directed to take fresh approval from shareholders in forthcoming AGM for leasing out surplus portion of land to associated company and provide the material information to the shareholders of the Company in accordance with clause (b) of sub-section (1) of section 160 of the Ordinance read with SRO 27 (I) / 2012.

**Amina Aziz**  
Director

**Announced:**  
May 24, 2017  
Islamabad

