

Fax # 35684086

Phones: 35680036-9
35686847

Balochistan Particle Board Limited

*4th Floor, Imperial Court, Dr. Ziauddin Ahmed Road
Karachi-75530
Pakistan*

April 27, 2019

Mr. Hafiz Maqsood Munshi
Manager
Companies and Securities Compliance, RAD
Pakistan Stock Exchange
Stock Exchange Building
Karachi.

Dear Sir,

NON-COMPLIANCE OF CLAUSE 5.11.1(b)&(i) OF THE PSX REGULATIONS

We refer to your subject notice no. PSX/Gen-1777 dated April 17, 2019 through which you have asked the company to take necessary measures to commence commercial production or business operations and to submit monthly progress report to the Exchange for dissemination to market participants. We also thank you for granting us time and opportunity for the hearing in the subject matter.

In this regard, we would like to submit that the company has only abandoned its commercial production due to the pending litigation as communicated to you vide our earlier correspondences, however, the company's business operations are continuing and constitute of letting out part of its premises to third parties for the purposes of storage and to conduct their commercial operations. The fact is evident from our audited accounts.

For your perusal, we once again would like to explain to you the company's profile and the circumstances which led the company to abandon its commercial production.

We would first like to apprise you on the operative background of the company. The BPBL has had a history of declaring lucrative dividends to its shareholders. However since the abandonment of the company's manufacturing operations due to the pending litigation subjudice before the Hon'ble Supreme Court of Pakistan over the huge demand of Vend and Permit fee and levy of excise duty, we have not been able to prove our mettle as in the past

We would also like to inform you that the Securities and Exchange Commission of Pakistan (SECP) had issued a notice dated October 23, 2018 for personal appearance before the Commission. In this regard, the undersigned appeared before the panel comprising of senior officials of the SECP on October 29, 2018 to apprise them of the facts due to which the company has to cease its manufacturing operations. The SECP officials were explained that the arbitrary and illegal demand raised by the Government of Sindh in respect of Vend and Permit fee and Excise duty of Rs.57.4 million and Rs.14.1

million alongwith interest were decided by the Hon'ble High Court in favour of the Company on March 26, 2003 and August 20, 2004 respectively. The Government of Sindh filed an appeal before the Hon'ble Supreme Court of Pakistan which is pending adjudication as of this date. The matter is being pursued vigorously for over last two decades but unfortunately the decision is still awaited.

It is pertinent to inform your office that during the aforesaid meeting of the undersigned with the SECP officials, the SECP authorities have allowed a time of six months for submission of the status of the pending cases before the Hon'ble Supreme Court of Pakistan. Please note that another hearing was fixed on March 25, 2019 at the SECP Islamabad office, however, due to suspension of flight operations the meting was cancelled and the notice for the next date of hearing is still awaited.

We further state that our Company is fully compliant in respect of all provisions of the Companies Act 2017 and fully protecting the shareholders' interest which include sponsors and financial institutions holding of 53.71% and 11.60% respectively as of this date. You will appreciate that all the legal requirements applicable to the company are also duly complied with. We believe that our strategy to remain in business, considering the aforesaid legal dispute, is beneficial for the shareholders of the company.

As explained above the Company has a history of declaring lucrative dividends and considering the Company's pre-dispute performance, any action by the PSX against the company in pursuance of the subject notice would ruin all the company's efforts made so far for the revival of its manufacturing operations and would be detrimental to the shareholders aspirations.

Considering the abovementioned scenario, it would be unfair to take any action under the relevant provisions of the PSX Regulations against the Company as there is nothing to comply on our part except to pursue our case of Vend fee and Permit fee vigorously at the level of the Honourable Supreme Court of Pakistan.


In view of the foregoing we request you to kindly allow us time till the final outcome of the pending cases which are expected soon and as also advised by our legal counsel in their letter dated August 2, 2018 enclosed for your ready reference.

We hope that our request will be acceded to.

Thanking you.

Yours faithfully,

For: Balochistan Particle Board Limited



Ali Niaz Akhtar
Director

SAYEED & SAYEED
ADVOCATES & LEGAL CONSULTANTS

QADIR H. SAYEED
M.A., LL.B., LL.M. (CANTAB)
SENIOR ADVOCATE SUPREME COURT

August 2, 2018

Mr. Amir Bashir Ahmed
Company Secretary
Balochistan Particle Board Limited
3rd Floor, Imperial Court
Dr. Ziauddin Ahmed Road
Karachi.

Dear Sir,

Sub: C.P Nos. 1220 of 2003 & 1297 of 2005

As per your letter dated 02.8.2018 we are herewith providing requisite details as duly enumerated hereinbelow:-

That our clients Balochistan Particle Board Limited duly assailed vide Const. Petitions before the Honourable High Court of Sindh at Karachi, the demand of payment of Excise duty at Rs. 4/- per bulk gallon on the alleged export of Methanol from Karachi in the former petition whilst in the latter the demand per bulk gallon allegedly emanating from permit fee and vend fee on the export of methanol cumulatively amounting to Rs. 16/-.

Be the above as it may, we had earlier appeared on behalf of Balochistan Particle Board Limited before the Honourable High Court of Sindh at Karachi, in the aforementioned Const. Petitions. Both Petitions were decided in our favour.

The province of Sindh thereupon filed Appeals therefrom before the Honourable Supreme Court of Pakistan being C.P.L.A 1217 of 2003-Vend fee & Permit fee and

15-16, Second Floor, Farid Chambers, Abdullah Haroon Road, Karachi
Telephone: (9221) 35213888, 35210422, 35214444 Fax: (9221) 35213377
Email: qhsayeed@gmail.com

Lahore & Islamabad Affiliate: Sajjad Law Associates

C.P.L.A 667 K of 2004 Excise Duty (Subsequently Civil Appeal Nos. 1220 of 2003, 1297 of 2005).

Both the matters along with other similar Petitions were heard on three days and judgment was reserved thereon on 16.3.2006. The matters were subsequently fixed for rehearing the same. Thereafter the Petitions were heard on numerous dates and more especially for the entire day on 21.6.2010, 22.6.2010, 23.6.2010, 24.6.2010 and on several dates thereafter including 6.11.2013.

That subsequently the aforementioned Petitions were fixed for hearing on numerous dates but to no avail. However, on the last date of hearing on 3.2.2016 the matter was heard at length and resulted in the following order as duly reproduced herinbelow:-


" During the course of hearing one of the points which has conspicuously emerged is whether methanol contain alcohol/alcoholic content and whether it is a denaturant/ denatured product or not, therefore, in order to seek an expert opinion, we direct the Director General/Head of the Department of Pakistan Council of Scientific and Industrial Research, Karachi to submit a report in this regard within a period of one month which (report) must be placed before the learned senior Judge in chambers for fixation of the matter after the receipt. This case must be treated as a part-heard."

The contents of the same are self-explanatory.

That subsequent thereto the petitions were fixed and heard at length on 29th, 30th and 31st March 2017 the details of which were explained to Mr. Raees-ul-Hasan and yourself and as per which we are extremely optimistic about an outcome in your favour when the Petitions are finally decided soon and for which purpose we are awaiting fixation.

That the aforementioned factual position remains unaltered to date which please note.

Yours faithfully,


(Qadir H. Sayeed)