



# Balochistan Particle Board Limited

3rd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi, Phones: 35680036-9 Fax: 92-21-35684086

Mr. Hafiz Maqsood Munshi  
Manager  
Companies & Securities Compliance – RAD  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi – 74000

December 23, 2019



Dear Sir,

## NON-COMPLIANCE OF PSX REGULATIONS NO. 5.11.1(B) & (I)

We refer to your notice No. PSX/Gen-6036 dated December 18, 2019 whereby Balochistan Particle Board Limited ('the Company') was required to submit a Progress Report regarding rectification of defaults of clauses 5.11.1 (b) & (i) of PSX Regulations. In compliance to the notice, our submissions are given in the following paragraphs.

### 2) Suspension of principle line of business – Clause 5.11.1 (b) of PSX Regulations

In the notice, the Company has been advised to submit a report to your office regarding progress made for rectification of default of Clause 5.11.1(b) of PSX Regulations. The Clause 5.11.1(b) of PSX Regulations is reproduced for ready reference as under:

**5.11.1.** "A listed company may be placed in the Defaulters' Segment if":

(b) "It has suspended commercial production/business operations in its principle line of business for a continuous period of one year"

2.1) In this regard, we would like to submit that it should be appreciated by your office that the Company is fully compliant with all legal requirements of the Exchange as well as the Securities and Exchange Commission of Pakistan (SECP). Further, the Company is already undertaking its business operations which comprises of letting out part of its premises to third parties for the purpose of storage to conduct their commercial operations as allowed under the Memorandum of Association of the Company. However, the principal line of business that is commercial production of Urea Formaldehyde continued to remain closed on account of pending litigation before the Honorable Supreme Court of Pakistan. Factors hindering the resumption of principal line of business are beyond the control of the Company as mentioned in Note 15 to the audited financial statements of the Company.



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2.2) The cases pending before the Honorable Supreme Court of Pakistan represent the appeals filed by the Sindh Government against the orders passed by the Sindh High Court on March 26, 2003 and August 20, 2004. Through the above-referred orders, the Sindh High Court maintained that methanol does not fall within the purview of the Sind Abkari Act, 1878 and as such arbitrary demands of Rs. 57.4 million for vend fee & permit fee and Rs. 14.1 million for excise duty on transportation of methanol from Karachi to Hub (alongwith interest at rates applicable on Khas Deposit Certificates) raised by the Sindh Government, were not payable by the Company.

2.3) The matter was fixed for hearing before the Supreme Court of Pakistan on December 10, 2019. As per the legal counsel of the Company, the Honorable Supreme Court during the hearing held on December 10, 2019 has concluded the matter, however, the copy of the detailed order passed by the Supreme Court of Pakistan is still awaited and it will be shared with your office alongwith Company's position in this regard, once the same is received by the Company.

2.4) The above-referred hearing dated December 10, 2019 before the Supreme Court of Pakistan was held in continuation of the earlier hearings held on May 8, 2019 and September 18, 2019. In the hearing held on May 8, 2019, the following order was passed by the Supreme Court of Pakistan:

**Quote** "Learned counsel for the appellant submits that the Provincial Government is " ready to surrender the Indemnity Bonds but not return the amount of vend fee and permit fee already deposited by the respondents with it as condition for not pressing the present appeals. Learned counsel for the respondents submits that that option is not accepted. Consequently this matter is to go into rehearing. Some of the respondents are un-served, others who had been proceeded against ex-parte were directed in previous order to be issued fresh notices. The appellant-department shall provide the latest addresses of service of such respondents, if the same are available, to their learned counsel for submission in the office; otherwise, the appellant shall deposit expenses for proclamation in respect of the said respondents to be made in the Daily Jung, Karachi for a date to be fixed by the office. Relist after the month of Ramazan, 2019" **Unquote (copy enclosed)**

2.5) The Board of Directors in its meeting held on June 14, 2019 considered the above proposal of the Appellant (Sindh Government) and accorded its approval for unconditional acceptance of the proposal made by the learned counsel on behalf of the Government of Sindh.

2.6) During the hearing on September 18, 2019, the question of applicability of subject law in future was raised by the advocate General of Sindh. After detailed deliberation the matter was adjourned as



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date in office with the direction to Advocate General of Sindh to seek complete instructions from the Sindh Government and to submit comprehensive proposal in this regard.

3) Order dated October 3, 2019 passed by the SECP giving sanction to the 'Company Registration Office' for filing of winding-up petition against the Company.

3.2) The Additional Registrar, Company Registration Office, Karachi had approached SECP Islamabad for grant of sanction in terms of Clause (b) of Section 309 read with Clause (c) of Section 305 of the Repealed Ordinance (corresponding Clause (m) of Section 301 read with Clause (b) of Section 304 of the Act) to present a petition before the Honorable High Court for winding up of the Company on the grounds that the Company has suspended its operations since 1997.

3.3) In this respect, since April 2017 various show cause notices were issued and hearing against these show cause notices were attended by the senior officials of the Company. In these hearings, proper detailed replies were also submitted to the SECP.

3.4) Lastly, the hearing was fixed on August 7, 2019 and Company's Chief Executive Mr. Ali Niaz Akhtar attended and submitted a detailed reply to the SECP.

3.5) On October 3, 2019, the SECP passed an order and authorized the Additional Registrar, Company Registration Office, Karachi to present a petition before the High Court for winding up of the Company on account of closure of Company's principle line of businesses.

3.6) Being aggrieved, the Company filed an appeal against the sanctioning order dated October 3, 2019 before the Appellate Bench of the SECP- Islamabad (**Annexure A**), the hearing of which is pending.

4) Qualified Auditors' opinion on the Going Concern Assumption

Regarding your observation over qualified Auditors' opinion on the going concern assumption, the Company maintains that the Company's business operations comprise of letting out of part of its premises to third parties for the purposes of storage and to conduct their commercial operations as allowed under the Memorandum of Association of the Company and also continued financing as loan to the Company by 'sponsor directors' through an affiliated company. On the basis of the above ground, the financial statements of the Company have been prepared on going concern basis.

5) In view of the foregoing explanation, we request you to kindly allow us further time till the copy of the Supreme Court's order in respect of the hearing held on December 10, 2019 is available with the Company in which the matter has been concluded by the Supreme Court of Pakistan. Moreover,



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the hearing of appeal is also pending before the Appellate Bench of the SECP against the winding up order passed by the SECP as explained in para 3 above.

5.2) Since the future course of action and resumption of Company's manufacturing operations is dependent on the order of the case before the Appellate Bench of the SECP and also on the decision given by the Supreme Court of Pakistan on the appeal which was concluded during the hearing on December 10, 2019 (the copy of the order is awaited as explained above), we request you **not** to initiate any action against the Company till the decision of the pending cases as it would frustrate all the efforts made by the Company during the period of over two decades.

Your kind agreement to our request shall be highly appreciated

Yours truly

Ali Niaz Akhtar  
Chief Executive Officer

(S)

In the Supreme Court of Pakistan  
(Appellate Jurisdiction)

Present:

Mr. Justice Umar Ata Bandial  
Mr. Justice Maqbool Baqar  
Mr. Justice Munib Akhtar

Civil Appeals No.1217-1228 of 2003 and 1297-1300 of 2005

The Province of Sindh thr. Secretary Excise  
and Taxation Department and others  
(in all cases)

...Appellants

Vs

Dyno Pakistan Ltd	(C.A.1217/03)
Crescent Board Ltd	(C.A.1218/03)
Super Chemical Pvt. Ltd	(C.A.1219/03)
Balochistan Particle Board Ltd.	(C.A.1220/03)
Pakistan Rasins Pvt (Ltd)	(C.A.1221/03)
Izhar Enterprises Pvt Ltd	(C.A.1222/03)
Wah Nobel Chemicals Ltd	(C.A.1223/03)
M/s HTG Perto Chemical Industries Pvt	(C.A.1224/03)
M/s United Sales Corporation Ltd	(C.A.1225/03)
M/s Olympic Industries	(C.A.1226/03)
M/s Muhammad Aslam & others	(C.A.1227/03)
M/s MS Enterprises	(C.A.1228/03)
Balochistan Particle Board Ltd.	(C.A.1297/05)
M/s Wah Nobel Chemical Ltd	(C.A.1298/05)
M/s Crescent Board Ltd	(C.A.1299/05)
M/s Crescent Board Ltd	(C.A.1300/05)

...Respondents

For the appellants: : Mr. Farook H.Naak, Sr.ASC.  
Mr. Shabir Shah, Addl. A.G. Sindh.  
Raja Abdul Ghafoor, AOR.  
(in all cases)

For the respondents: : Ex-parte  
(in C.A.1226-1228/03)  
(Qadir Hassan Sayed, Sr.ASC (in CA 1217-1222/03 etc))  
Nemo.  
(in C.A.1299-1300/2003, 1223-1225/03)

For the Federation. : Mr. Sajid Ilyas Bhatti, Addl.A.G.

Date of hearing: : 08.05.2019

RECEIVED

Court Associate  
Supreme Court of Pakistan  
Islamabad

ORDER

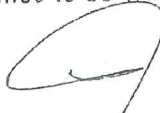
Learned counsel for the appellant submits that the Provincial Government is ready to surrender the Indemnity Bonds but not return the amount of vend fee and permit fee already deposited by the respondents with it as a condition for not pressing the present appeals. Learned counsel for the respondents submits that that option is not accepted. Consequently this matter is to go into rehearing. Some of the respondents are un-served, others who had been proceeded against ex-parte were directed in previous order to be issued fresh notices. The appellant-department shall provide the latest addresses of service of such respondents, if the same are available, to their learned counsel for submission in the office; otherwise, the appellant shall deposit expenses for a proclamation in respect of the said respondents to be made in the Daily Jang, Karachi for a date to be fixed by the office. Relist after the month of Ramazan, 2019.

Sd/-J

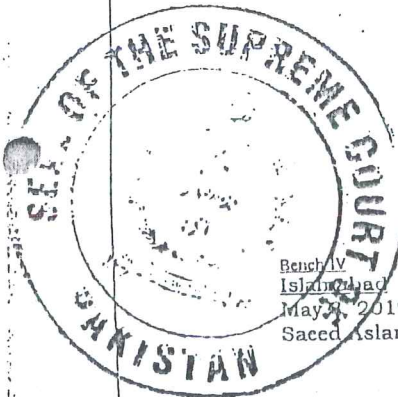
Sd/-J

Sd/-J

Certified to be True Copy



Court Associate  
Supreme Court of Pakistan  
Islamabad



1568/09

GR No: \_\_\_\_\_ Civil/Criminal

Date of Presentation: 28.5.19

No of Words: \_\_\_\_\_

No of Folios: \_\_\_\_\_

Requisition Fee Rs: \_\_\_\_\_

Copy Fee in: \_\_\_\_\_

Court Fee Stamps: 8.2

Date of Completion of Copy: 25/5/19

Date of delivery of Copy: 27/5/19

Compared by/Prepared by: \_\_\_\_\_

Received by: \_\_\_\_\_

1A

ANNEX - A

HZ

# REANDA

Reanda Haroon Zakaria Associates

Tax | Legal | Advisory

**Reference:** RHZ/L/BPL/19/001

**Date:** October 24<sup>th</sup>, 2019

**Attention:**

Registrar Appellate Bench  
Securities & Exchange Commission of Pakistan  
63 Jinnah Avenue  
Blue Area, Islamabad.

**SUBJECT: Appeal under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003 in case of M/s. Balochistan Particle Board Limited in respect of Impugned Order announced on October 03<sup>rd</sup>, 2019 bearing reference No. CSD/ARN/457/2017/782.**

Respected Honorable Appellate Bench,

We write on behalf of and on instructions from our client M/s. Balochistan Particle Board (hereinafter collectively referred to as "**our client**" and where the context requires will be deemed to include its successors-in interest, administrators and permitted assigns) based in Karachi, Pakistan.

This is in reference to the Impugned Order No. CSD/ARN/457/2017/782 announced on October 03<sup>rd</sup>, 2019 by the Learned Executive Director, Mr. Abid Hussain (the "**Respondent**").

On behalf of our client, we are submitting to the Honorable Appellate Bench the Appeal against the said Impugned Order. Please find enclosed herewith four sets of the Appeal along with an empty file-size envelope bearing the name and full address of the Respondent.

In case if any further information/documents are required, please do not hesitate to reach out. All our client's rights under law stand reserved.

Yours sincerely,



**For and on behalf of Reanda Haroon Zakaria Associates**

**Copy to:**

✓ Assistant Registrar  
Company Registration Office  
Securities and Exchange Commission of Pakistan ("**SECP**")  
State Life Building  
Karachi.

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SECP Challan

M-2019-099666

07

Bank Branch	[KARACHI, MCB - PIDC[915]	Date	24-10-2019
Account Title	Securities and Exchange Commission of Pakistan	Account No.	0183089871000097
Name of Company	BALUCHISTAN PARTICLE BOARD LIMITED	Registration No.	0007129

Receipt under Companies Act, 2017

Code No.	Head of Accounts	Amount (Rs)
61051	Registration Fee for New Incorporation	
61053	Filing Fee	
61055	Mortgages / Charge Registration	
61054	Additional Filing Fee	
61056	Availability of Name Fee	
61057	Copying Fee	
61058	Inspection Fee	
61059	License Fee - U/S 42 / Renewal Fee	
61060	Application Fee	
61063	Application for extension in AGM	
61052	Enhancement of Capital Fee (Form - 7)	
61061	Appeal/Complaint Fee	500.00
61064	Application for Capital issue U/S 86	
61063	Application for extension in AGM	
24071	CLD Penalty	
24075	Penalty imposed by Enforcement	
61060	Annual Fee payable by an Inactive Company u/s 424	
61060	Annual Renewal Fee under for Free Zone Companies u/s 454	
61060	Application for change of Name u/s 11 and 12	
61060	Application Fee for Petition u/s 32	
61060	Application for conversion of status of the Company u/s 46,, 47, 48 and 49	
61060	Application for Issuance of Shares at discount u/s 82	
61069	Annual Fee for inactive Companies U/S 424	
52403	Bank Collection Charges (To Be Paid By Applicant)	25.00
Total		525.00

## Payment Details

Cheque No.

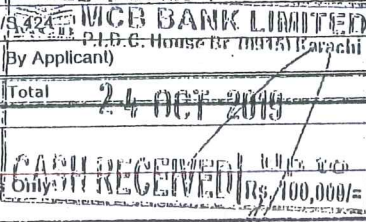
Drawn On

Rupees (In words)

Name of Depositor

Depositor Signature

Five Hundred Twenty Five Rupees



Teller Signature &amp; Bank Stamp

Original

- Payment may kindly be deposited in the bank within a month of the date appearing in date column of challan.
- Photocopy of the challan shall not be entertained, kindly print separate challans for each company/ Form.
- Cutting and erasing of any field on challan is not allowed.
- Challan number and amount of money deposited must be clearly legible on a printed challan.
- If system erroneously generates a challan without company name or challan No. then kindly do not deposit that challan into bank and contact concerned CRO.