



Dear Sir,

Sub :Update on Suspension Of Oil Marketing Companies License of BPPL.

This is with reference to the news item appearing in Daily Business Recorder today referring to suspension of Oil Marketing license of a number of OMCs including Byco Petroleum Pakistan Limited (BPPL) due to failure in maintaining prescribed POL stocks in the country.

We wish to apprise you that the official letter from Ogra suspending the Oil Marketing license of Byco has not been received so far. However, a show cause notice was received in this regard and we have responded to the Director General (Oil), Ministry of Petroleum & Natural Resources thru which we have requested for the withdrawal of the proposed notice for suspension of BPPL's oil marketing license in view of the efforts underway by BPPL to enhance its POL storage infrastructure in the country.

It is pertinent to note that in view of the ever-growing demand of petroleum products, BPPL is working towards development of more storage infrastructure in order to bring efficiency in distribution of products to its valued customers. In addition to the infrastructure development, we are also strengthening our product availability arrangements to ensure consistent supplies to our growing customer base. Moreover, our future infrastructure development plans and our continuous pursuit to enhance our storages (specifically during the recent product availability crises) not only to comply by our marketing license requirement but to stream line our product availability are being highlighted as under:

- 1) Our existing MOGAS and HSD Storage arrangements of 32,600 MT, based on our average sales, are sufficient for a stock cover of 78 days in MOGAS and 49 days of HSD. Overall our storage arrangements are in excess of 106,000 MT, the highest among the new oil marketing entrants, as well as among the highest in the industry.
- 2) Our Group has already planned developing new storage facilities at the following locations:
 - MehmoodKot
 - Machike
 - Shikarpur

In relation to the above, land procurement is in final stages for proposed Machike and MehmoodKot Terminals. However, storage infrastructure development involves number of permissions from the Government Authorities and a substantial amount of time is taken by the relevant Authorities in granting such permissions.

- 3) Additionally, keeping in view the current situation, in order to streamline MOGAS supplies, BPPL is already in the process of uplifting 1,000 MT share from MOGAS imports and has also confirmed its requirement for 3000 MT share out in the 27-29 June , 2011 & 6-8 July 2011 Mogas cargoes.

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