

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-319

N O T I C E

January 21, 2009

Reproduced hereunder letter received from **BALUCHISTAN GLASS LIMITED** for
information of members of the Exchange

**Balochistan Glass Limited**

January 13, 2009

Mr. Haroon Askari,
General Manager Operations,
Karachi Stock Exchange (G) Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: **REPLY OF SHOW CAUSE NOTICE IN RELATION TO REGULATION NO. 32(1)(b)**

Dear Sir,

Refer to your letter dated December 17, 2008 bearing reference no. KSE/Gen-11507, received on January 10, 2009, wherein you have sought explanations for non payment of dividend. Kindly note that our company's shares are being traded on Karachi Stock Exchange (KSE) since, 1982 and we always acted as responsible entity. We tried to meet all the listing regulations of the exchange on priority basis. So far as the issue of default in payment of dividend is concerned we submit that some business developments (as you appreciated as well) were beyond our control. Our company has three units viz. one is located at Hub and other two near Shiekhpura Road, Lahore. We produce glass bottles, table wares pharmaceutical glass. The company's products are not only sold locally but a considerable portion is exported as well. The company has suffered loss of Rs.456.238 million for the year ended June 30, 2008 (June 30, 2007: Rs. 76.500 million). Following factors contributed towards the loss:

- Rise in the raw material prices like Soda Ash, Gas & transportation charges etc.
- Execution of old export orders/contracts at old prices and escalation in the cost could not be passed on the customers. Static exchange rate in presence of increasing local inflationary pressures crippled our competitiveness.
- Gas load shedding by the SNGPL; due to which our Punjab plants went in to losses as natural gas is the one of key input cost in glass industry and our unit was forced to close due to gas shut down
- Increase in financial cost due to increase in mark up rates
- Export claims from customers and cancellation of orders due to law and order situation.
- Reduction in the orders placed by the local bottlers

But sponsors are fully committed to turnaround the company and apart from Rs.850 capital they also injected additional fund of approximately Rs. 850.00 million so far in the company in order to ensure that the company remains afloat.

However, despite of all the above adverse factors, directors & management team are completely committed for the revival of the company on sound footing and have taken concrete steps for improving financial health of the company. With prevailing exchange rate parity, our products have become more competitive in the export market. We are also exploring the new markets and concentrating on the exports from our Karachi plant. We have for the first time started exporting glass bottles from Pakistan USA and Africa at very reasonable prices.