



**BAWANYAIR**  
PRODUCTS LIMITED

**QUARTERLY ACCOUNTS**  
**MARCH 31, 2013**  
**(UNAUDITED)**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. M. Hanif Y. Bawany	Chief Executive Officer
Ms. Momiza Kapadia	Executive Director
Mr. Vali Mohammad M. Yahya	Non Executive Director
Mr. Mohammad Ashraf	Non Executive Director
Mr. Wazir Ahmed Jogezai	Non Executive Director
Mr. Zakaria A. Ghaffar	Non Executive Director
Mr. Siraj A. Kadir	Independent Director

### AUDIT & HR COMMITTEE

Mr. Siraj A. Kadir	Chairman
Mr. Mohammad Ashraf	Member
Mr. Zakaria A. Ghaffar	Member
Mr. Muhammad Munir	Secretary to Audit Committee

### HEAD OF INTERNAL AUDIT

Mr. Muhammad Munir

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Muhammad Hashim

### AUDITORS

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

### BANKERS

Faysal Bank Limited  
United Bank Limited  
MCB Bank Limited

### SHARE REGISTRAR

C&K Management Associates (Pvt) Ltd.  
404, Trade Tower,  
Abdullah Haroon Road, Karachi  
Tel: 35687839-35685930

### REGISTERED OFFICE

Khasra No. 52/53 R.C.D. Highway,  
Mouza Pathra, Tehsil Hub,  
Lasbella District, Balochistan.  
Tel : 0853 - 363287-8, 0853 - 363289  
Fax: 0853 - 363290

### CITY OFFICE

16-C, 2nd Floor, Nadir House,  
I.I. Chundrigar Road,  
Karachi.  
Tel : 3240-0440 Fax : 3241-1986



## DIRECTORS' REVIEW

On behalf of the Board of Directors, I am pleased to present the unaudited financial statements of your Company for the nine months period ended March 31, 2013.

Decades of internal political disputes and low levels of foreign investment have led to slow growth and underdevelopment in Pakistan. Inflation has worsened the situation and as a result of political and economic instability, the Pakistani rupee has depreciated significantly. Foreign investment has not returned, due to investor concerns related to governance, energy, security and a slow-down in the global economy. Even with the worsening of law and order and a near complete collapse of the power sector that crippled the manufacturing sector, some of the industries are still performing proving the point that if the economic decision making would have been favorable, the industry would have grown by manifolds.

Despite these challenging circumstances, as evident from these financial statements, the financial position of your Company is on a very stable track. As at March 31, 2013 it has strengthened in comparison with the preceding period and in comparison with last annual year as well. The current ratio has improved significantly and is close to the standard benchmark of 1:1. The bank borrowings are being paid off with regularity and during this period of nine months, your Company has paid off Rs. 15.941 million in respect of debts. The un-appropriated profits have accumulated to approximately Rs. 50 million and we are quite hopeful that it will reach Rs. 60 million by the end of this year.

The earnings per share have also increased to Rs. 3.57 as at March 2013 as compared to Rs. 0.72 for the nine months ended March 2012. This is mainly because of increase in sales by Rs. 41 million and controlled cost of goods sold and other administrative, distribution and other expenses. The profit after tax for the nine months period ended March 31, 2013 amounted to Rs. 26.808 million as compared to Rs. 5.389 million in the comparative period showing an increase of 397.45%. Cash flows of the Company are also improving gradually. The operating cash flows for the period amounted to Rs. 17.124 million as compared to Rs. 9.371 million in last period. However, significant funds were used during the period in repayment of bank borrowings as the cash used in financing activities was Rs. 12.856 million in the current period. However, the overall liquidity position of the Company is also strengthening. Analysis of key figures from the financial statements is as follows:

Description	March 31, 2013	March 31, 2012	Increase in % age
	----- Rupees -----		
Sales	193,772,778	152,359,940	27.18%
Gross profit	57,616,629	36,127,540	59.48%
Profit before tax	33,726,172	10,798,003	212.34%
Profit after tax	26,807,963	5,389,091	397.45%
Earnings per share	3.57	0.72	395.83%

Looking forward, I foresee a profitable quarter to close the current financial year. However, the upcoming last quarter of the year 2012-13 is of utmost importance owing to the elections and the policies and performance of care-taker government. If this strong trend of performance continues in the last quarter, the Board of Directors of your Company are quite hopeful to declare adequate dividend to the shareholders on completion of this financial year.

On behalf of the Board

Karachi.  
Dated: April 09, 2013

**M. HANIF Y. BAWANY**  
Managing Director/ Chief Executive Officer

## CONDENSED INTERIM BALANCE SHEET

		Unaudited March 31, 2013	Audited June 30, 2012
EQUITY AND LIABILITIES	Note	----- Rupees -----	
<b>Share Capital and Reserves</b>			
Authorised capital 15,000,000 Ordinary shares of Rs.10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital		75,025,104	75,025,104
Un-appropriated profit		49,732,245	22,530,417
Surplus on revaluation of property plant and equipment - net	4	19,363,413	19,757,278
		<b>144,120,762</b>	<b>117,312,799</b>
<b>Non Current Liabilities</b>			
Deferred tax liability	6	4,266,138	2,952,633
Long-term financing		11,438,332	18,203,666
Long-term deposits		31,817,702	29,720,579
<b>Current Liabilities</b>			
Trade and other payables		14,648,266	21,978,153
Interest / mark-up accrued		28,770	87,235
Short-term borrowings		6,023,892	5,036,712
Current portion of long-term financing		12,681,573	21,857,276
		<b>33,382,501</b>	<b>48,959,376</b>
<b>Total Equity and Liabilities</b>		<u><b>225,025,435</b></u>	<u><b>217,149,053</b></u>



**AS AT MARCH 31, 2013**

		<b>Unaudited</b>	<b>Audited</b>
		<b>March 31,</b>	<b>June 30,</b>
		<b>2013</b>	<b>2012</b>
	<b>Note</b>	<b>----- Rupees -----</b>	<b>-----</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	5	<b>189,999,785</b>	192,203,274
Capital work in progress		<b>1,494,040</b>	636,225
Long-term deposits		<b>3,215,467</b>	3,215,467
<b>Current Assets</b>			
Stores and spares		<b>1,400,450</b>	1,095,613
Stock-in-trade		<b>5,430,606</b>	1,477,922
Trade debts		<b>15,021,477</b>	8,244,778
Loans and advances		<b>1,042,293</b>	1,447,695
Advance tax		-	1,981,860
Trade deposits and other receivables		<b>4,688,002</b>	4,187,870
Other financial assets		<b>133,464</b>	86,881
Income tax refundable		<b>1,532,284</b>	1,714,632
Cash and bank balances		<b>1,067,567</b>	856,836
		<b>30,316,143</b>	21,094,087
<b>Total Assets</b>		<b>225,025,435</b>	217,149,053

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

**M. HANIF Y. BAWANY**  
Managing Director/ Chief Executive Officer

**SIRAJ A. KADIR**  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

	Quarter ended		Nine months ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Note	Rupees			
Sales - net	<b>64,891,387</b>	57,372,555	<b>193,772,778</b>	152,359,940
Cost of sales	<b>(46,155,430)</b>	(41,309,782)	<b>(136,156,149)</b>	(116,232,400)
Gross profit	<b>18,735,957</b>	16,062,773	<b>57,616,629</b>	36,127,540
Profit from trading activities - gases	<b>67,957</b>	40,576	<b>373,085</b>	148,152
Other operating income	-	987,238	<b>3,507</b>	1,001,021
Unrealized gain on revaluation of other financial assets	-	2	<b>46,583</b>	2,076
	<b>18,803,914</b>	17,090,589	<b>58,039,804</b>	37,278,789
Distribution cost	<b>(1,692,225)</b>	(2,159,402)	<b>(5,010,361)</b>	(5,321,298)
Administrative expenses	<b>(2,114,666)</b>	(3,774,104)	<b>(10,050,307)</b>	(11,667,512)
Other operating expenses	<b>(1,240,500)</b>	(1,728,576)	<b>(5,230,625)</b>	(4,440,791)
Finance cost - net	<b>(1,013,941)</b>	(2,065,851)	<b>(4,022,339)</b>	(5,051,185)
Profit before taxation	<b>12,742,582</b>	7,362,656	<b>33,726,172</b>	10,798,003
Provision for taxation				
- current	<b>(1,736,964)</b>	(574,206)	<b>(5,604,704)</b>	(1,525,339)
- deferred	<b>(461,409)</b>	(2,681,521)	<b>(1,313,505)</b>	(3,883,573)
Profit for the period	<b>10,544,209</b>	4,106,929	<b>26,807,963</b>	5,389,091
Other comprehensive income	-	-	-	-
Total comprehensive income	<b>10,544,209</b>	4,106,929	<b>26,807,963</b>	5,389,091
Earnings per share - basic and diluted	<b>1.41</b>	0.55	<b>3.57</b>	0.72

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

	March 31, 2013	March 31, 2012
Note	----- Rupees -----	-----
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	33,726,172	10,798,003
<b>Adjustments for:</b>		
Depreciation	5,403,006	5,696,553
Gain on disposal of property, plant and equipment	-	(1,054,950)
Waiver of accrued mark-up on financing facilities	-	(1,539,345)
Unrealised gain on revaluation of other financial assets	(46,583)	(2,074)
Finance cost	4,022,339	6,590,530
<b>Operating cash flows before working capital changes</b>	<b>43,104,934</b>	<b>20,488,717</b>
Working capital changes	9 (18,458,837)	1,645,502
<b>Net cash from operations</b>	<b>24,646,097</b>	<b>22,134,219</b>
Finance cost paid	(4,080,804)	(9,185,382)
Income tax paid	(3,440,496)	(3,577,355)
<b>Net cash from operating activities</b>	<b>17,124,797</b>	<b>9,371,482</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,199,517)	(834,917)
Proceeds from disposal of property, plant and equipment	-	1,246,398
Payment made for capital work in progress	(857,815)	-
<b>Net cash (used in) / generated from investing activities</b>	<b>(4,057,332)</b>	<b>411,481</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term deposits - liabilities	2,097,123	(2,121,249)
Repayment of long-term finance	(15,941,037)	(9,991,263)
Increase in short-term borrowings	987,180	2,366,175
<b>Net cash used in financing activities</b>	<b>(12,856,734)</b>	<b>(9,746,337)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>210,731</b>	<b>36,626</b>
Cash and cash equivalents at July 1	856,836	258,307
<b>Cash and cash equivalents at March 31</b>	<b>1,067,567</b>	<b>294,933</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

**M. HANIF Y. BAWANY**  
Managing Director/ Chief Executive Officer

**SIRAJ A. KADIR**  
Director





**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

	<b>Issued, subscribed and paid-up capital</b>	<b>Un-appropriated profit</b>	<b>Total</b>
	<b>----- Rupees -----</b>		
Balance as at June 30, 2011 as restated	75,025,104	14,311,980	89,337,084
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	552,793	552,793
Total comprehensive income for the year ended June 30, 2012	-	7,665,644	7,665,644
Balance as at June 30, 2012	75,025,104	22,530,417	97,555,521
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	393,865	393,865
Total comprehensive income for the nine months ended March 31, 2013	-	26,807,963	26,807,963
<b>Balance as at March 31, 2013</b>	<b>75,025,104</b>	<b>49,732,245</b>	<b>124,757,349</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

**M. HANIF Y. BAWANY**  
Managing Director/ Chief Executive Officer

**SIRAJ A. KADIR**  
Director



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**SELECTED EXPLANATORY NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

**1. THE COMPANY AND ITS OPERATIONS**

Bawany Air Products Limited (the Company) is a public limited Company incorporated in Pakistan on August 16, 1978. The Company is currently listed on the Karachi Stock Exchange. The principal activities of the Company are production and trading of oxygen gas, dissolved acetylene and nitrogen gas. The manufacturing facilities are located at Hub Industrial Estate, Tehsil Hub in the province of Balochistan. The registered office of the Company is situated at Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan.

**2. BASIS OF PREPARATION**

These interim financial statements have been prepared in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2012.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2012.

	<b>Unaudited</b>	<b>Audited</b>
	<b>March 31,</b>	<b>June 30,</b>
	<b>2013</b>	<b>2012</b>
<b>Note</b>	-----	-----
	<b>Rupees</b>	
<b>4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net</b>		
Surplus on freehold land	<b>9,254,210</b>	9,254,210
Surplus on building on freehold land	<b>4.1 10,109,203</b>	10,503,068
	<b><u>19,363,413</u></b>	<b><u>19,757,278</u></b>



Note	Unaudited March 31, 2013	Audited June 30, 2012
	----- Rupees -----	
<b>4.1 Movement of surplus on building on freehold land during the period</b>		
Revaluation surplus as at July 01	16,158,565	17,009,016
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(393,865)	(552,793)
Related deferred tax liability of incremental depreciation charged during the period	(212,081)	(297,658)
Revaluation surplus as at March 31	15,552,619	16,158,565
Less: Related deferred tax liability on:		
- revaluation as at July 1	(5,655,497)	(5,953,155)
- incremental depreciation charged during the period, transferred to profit and loss account	212,081	297,658
	<b>(5,443,416)</b>	<b>(5,655,497)</b>
	<b>10,109,203</b>	<b>10,503,068</b>
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating property, plant and equipment	189,999,785	192,203,274
<b>5.1</b> Additions to property, plant and equipment during the period were Rs. 3,199,517 (June 30, 2012: Rs. 1,287,054) and disposals there from at net book value were Rs. Nil (June 30, 2012: Rs. 317,087).		
<b>6. DEFERRED TAX LIABILITY</b>		
Deferred debits arising due to:		
- provision for bad debts	372,947	706,853
- accelerated depreciation on property, plant and equipment	804,332	356,110
- carried forward tax losses	-	1,639,901
	<b>1,177,279</b>	<b>2,702,864</b>
Deferred credit arising due to surplus on revaluation of property, plant and equipment	<b>(5,443,417)</b>	<b>(5,655,497)</b>
	<b>(4,266,138)</b>	<b>(2,952,633)</b>



	Un-audited ----- Three months -----		Un-audited ----- Nine months -----	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	----- Rupees -----		----- Rupees -----	
<b>7. COST OF SALES</b>				
Raw material consumed	21,870,318	15,842,772	56,830,108	48,073,432
Salaries, wages and benefits	4,352,603	4,225,499	12,615,003	11,838,771
Power, fuel and water	17,083,148	14,827,562	55,890,174	43,418,979
Stores and spares	1,630,221	1,124,350	3,551,546	2,828,149
Repairs, maintenance and handling	2,590,556	2,153,845	7,480,184	6,451,892
Insurance	413,373	573,849	1,195,795	1,373,438
Vehicles running and maintenance	117,521	120,762	342,244	347,883
Depreciation	536,876	540,151	1,622,367	1,656,121
Others	554,502	621,317	2,349,792	1,492,112
Maintenance and other charges recovered	(341,411)	(120,145)	(1,089,137)	(1,070,536)
	<u>48,807,707</u>	<u>39,909,962</u>	<u>140,788,076</u>	<u>116,410,241</u>
<b>Finished goods</b>				
Opening stock	2,271,403	3,487,966	291,753	1,910,305
Closing stock	(4,923,680)	(2,088,146)	(4,923,680)	(2,088,146)
	<u>(2,652,277)</u>	<u>1,399,820</u>	<u>(4,631,927)</u>	<u>(177,841)</u>
	<u>46,155,430</u>	<u>41,309,782</u>	<u>136,156,149</u>	<u>116,232,400</u>

**8. TAXATION**

Current tax expense includes the credit for minimum tax under section 113 of the Income Tax Ordinance, 2001 paid in prior years.

	Unaudited ----- Nine Months -----	
	March 31, 2013	March 31, 2012
	----- Rupees -----	
<b>9. WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	<b>(304,837)</b>	(128,836)
Stock-in-trade	<b>(3,952,684)</b>	28,215
Trade debts	<b>(6,776,699)</b>	(6,720,329)
Loans and advances	<b>405,402</b>	639,282
Trade deposits and other receivables	<b>(500,132)</b>	1,295,787
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	<b>(7,329,887)</b>	6,531,383
	<u><b>(18,458,837)</b></u>	<u>1,645,502</u>



**10. TRANSACTIONS WITH RELATED PARTIES**

The associated undertaking and related parties comprise associated companies, directors and key management personnel. The transactions with related parties are as follows:

	<b>Un-audited</b>	
	<b>----- Nine months -----</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2013</b>	<b>2012</b>
	<b>----- Rupees -----</b>	
<b>Associated undertakings</b>		
Organization charges paid	292,789	273,051
Long-term loan repaid to associated undertaking	900,000	500,000
<b>Transactions with key management personnel</b>		
Salaries, benefits and other allowances	2,096,250	1,961,250
<b>Other related parties</b>		
Contribution made by the Company to retirement benefit plan	786,316	814,076
Loan obtained from Director	100,000	-

**11. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 9, 2013 by the Board of Directors of the Company.

**M. HANIF Y. BAWANY**  
Managing Director/ Chief Executive Officer

**SIRAJ A. KADIR**  
Director



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