



**BAWANYAIR**  
**PRODUCTS LIMITED**

**QUARTERLY ACCOUNTS**  
**MARCH 31, 2014**  
**(UNAUDITED)**



## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Mohammad Ashraf Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Vali Mohammad M. Yahya Mr. Wazir Ahmed Jogezeai Mr. Zakaria A. Ghaffar Mr. Siraj A. Kadir	Chairman-Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director
<b>AUDIT &amp; HR COMMITTEE</b>	Mr. Siraj A. Kadir Mr. Mohammad Ashraf Mr. Zakaria A. Ghaffar Mr. Muhammad Munir	Chairman Member Member Secretary to Audit Committee
<b>HEAD OF INTERNAL AUDIT</b>	Mr. Muhammad Munir	
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Mr. Muhammad Hashim	
<b>AUDITORS</b>	Parker Randall-A.J.S. Chartered Accountants	
<b>BANKERS</b>	Faysal Bank Limited United Bank Limited MCB Bank Limited	
<b>SHARE REGISTRAR</b>	C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Tel: 35687839-35685930	
<b>REGISTERED OFFICE</b>	Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan. Tel : 0853 - 363287-8, 0853 - 363289 Fax: 0853 - 363290	
<b>CITY OFFICE</b>	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 of Bawany Air Products Limited, I am pleased to present the un-audited accounts for the nine months ended March 31, 2014.

A brief overview of the company are as follows:

<b>Description</b>	<b>July 2013 to March 2014 (nine months)</b>	<b>July 2012 to March 2013 (nine months)</b>
Sales	100,455,871	193,772,778
Gross (loss) / profit	(817,633)	57,616,629
(Loss)/ Profit after tax for the period	(13,347,941)	26,807,963
Earnings per share	(1.78)	3.57

The turnover of the company decreased significantly in the current period as compared to the corresponding period last year due to partial closure of its oxygen plant. The management has also retrenched some of its work force to reduce costs. The old oxygen plant has high consumption of power which with current selling price and rising power costs has made it unviable to run, whereas the other business of Nitrogen, Dissolved Acetylene (D/A) and Compressed Air are running normally. Further we have been able to procure Raw material for further processing and sale to our valued customers.

Our Industry is also facing unfair competition from certain unorganized Manufacturer's / Supplier's who do not pay Sales Tax at the rate of 17%. We will request the Government through the FBR to allow Sales Tax input on oxygen purchased by ship breaking industry at Gaddani. This will give billions of rupees in sales tax to the Federal and Provincial Government by bringing further supplier into the tax net. Further if the same input of sales tax is allowed to steel re-rolling and steel smelter the Government sales tax revenue will further increase many folds and will go a long way to discourage the unorganized sector.

Going forward the company is actively under process of evaluating different contractors for commissioning of the new plant as advised by our foreign engineer Mr. Langner, which will give the company a strong footing in the market once it comes into production.

We thank our shareholders for their continuous support

On behalf of the Board

Karachi.  
Dated: April 23, 2014

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

## CONDENSED INTERIM BALANCE SHEET

		Unaudited March 31, 2014	Audited June 30, 2013
Note		----- Rupees -----	
<b>EQUITY AND LIABILITIES</b>			
<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		22,924,898	36,039,305
		97,950,002	111,064,409
Surplus on revaluation of plant and equipment - net	4	16,653,890	16,887,424
<b>Non Current Liabilities</b>			
Deferred tax liability	6	1,786,520	8,654,652
Long-term financing		4,518,566	9,803,859
Long-term deposits		30,801,958	30,801,958
<b>Current Liabilities</b>			
Trade and other payables		23,076,800	13,146,829
Interest / mark-up accrued		1,544,786	3,264,946
Short-term borrowings		21,074,860	10,783,013
Provision for taxation		442,412	-
Current portion of long-term financing		8,494,459	10,873,394
		54,633,317	38,068,182
<b>Total Equity and Liabilities</b>		<u>206,344,253</u>	<u>215,280,484</u>

**AS AT MARCH 31, 2014**

	Note	Unaudited March 31, 2014	Audited June 30, 2013
----- Rupees -----			
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	5	180,081,977	186,819,834
Long-term deposits		3,215,467	3,215,467
<b>Current Assets</b>			
Stores and spares		1,188,604	1,405,692
Stock-in-trade		1,814,085	2,717,983
Trade debts		5,438,314	6,947,148
Loans and advances		1,950,043	1,318,100
Advance tax		-	4,597,705
Trade deposits and other receivables		4,133,653	4,185,283
Other financial assets		155,855	146,127
Income tax refundable		7,477,715	3,098,846
Cash and bank balances		888,540	828,299
		<b>23,046,809</b>	<b>25,245,183</b>
<b>Total Assets</b>		<b>206,344,253</b>	<b>215,280,484</b>

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

**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, 2014**

	Note	Nine months ended		Quarter ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Rupees		Rupees	
Sales - net		<b>100,455,871</b>	193,772,778	<b>23,128,205</b>	64,891,387
Cost of sales	7	<b>(101,273,504)</b>	(136,156,149)	<b>(25,995,445)</b>	(46,155,430)
Gross (loss) / profit		<b>(817,633)</b>	57,616,629	<b>(2,867,240)</b>	18,735,957
Profit from trading activities - gases		<b>87,016</b>	373,085	<b>61,198</b>	67,957
Other operating income		<b>2,705,926</b>	3,507	<b>(85,869)</b>	-
Unrealized gain on revaluation of other financial assets		<b>26,538</b>	46,583	-	-
		<b>2,001,847</b>	58,039,804	<b>(2,891,911)</b>	18,803,914
Distribution cost		<b>(3,620,335)</b>	(5,010,361)	<b>(1,174,492)</b>	(1,692,225)
Administrative expenses		<b>(11,191,835)</b>	(10,050,307)	<b>(3,811,540)</b>	(2,114,666)
Other operating expenses		<b>(3,549,794)</b>	(5,230,625)	<b>(1,227,428)</b>	(1,240,500)
Finance cost - net		<b>(2,849,477)</b>	(4,022,339)	<b>(1,017,069)</b>	(1,013,941)
(Loss) / profit before taxation		<b>(19,209,594)</b>	33,726,172	<b>(10,122,440)</b>	12,742,582
Provision for taxation					
- current	8	<b>(1,006,479)</b>	(5,604,704)	<b>(232,266)</b>	(1,736,964)
- deferred		<b>6,868,132</b>	(1,313,505)	<b>3,531,225</b>	(461,409)
(Loss) / profit for the period		<b>(13,347,941)</b>	26,807,963	<b>(6,823,481)</b>	10,544,209
Other comprehensive income		-	-	-	-
Total comprehensive income		<b>(13,347,941)</b>	26,807,963	<b>(6,823,481)</b>	10,544,209
Earnings per share - basic and diluted		<b>(1.78)</b>	3.57	<b>(0.91)</b>	1.41

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



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

	March 31, 2014	March 31, 2013
Note	----- Rupees -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(19,209,594)	33,726,172
<b>Adjustments for:</b>		
Depreciation	5,334,011	5,403,006
Gain on disposal of property, plant and equipment	(2,601,780)	-
Unrealized gain on revaluation of other financial assets	-	(46,583)
Finance cost	2,849,477	4,022,339
Operating cash flows before working capital changes	<u>(13,627,886)</u>	43,104,934
<b>Working capital changes</b>	9 <u>11,979,478</u>	<u>(18,458,837)</u>
<b>Net cash generated from operations</b>	<u>(1,648,408)</u>	24,646,097
Finance cost paid	(4,569,637)	(4,080,804)
Income tax paid	(345,231)	(3,440,496)
<b>Net cash used in operating activities</b>	<u>(6,563,276)</u>	<u>17,124,797</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(3,199,517)
Proceeds from disposal of other financial assets - net	(9,728)	-
Proceeds from disposal of property, plant and equipment	4,005,626	(857,815)
<b>Net cash generated from investing activities</b>	<u>3,995,898</u>	<u>(4,057,332)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term deposits - liabilities - net	-	2,097,123
Repayment of long-term finance	(7,664,228)	(15,941,037)
Short-term borrowings - net	10,291,847	987,180
<b>Net cash used in financing activities</b>	<u>2,627,619</u>	<u>(12,856,734)</u>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<u>60,241</u>	210,731
Cash and cash equivalents at beginning of the period	<u>828,299</u>	856,836
<b>Cash and cash equivalents at end of the period</b>	<u>888,540</u>	<u>1,067,567</u>

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

**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, 2014**

	Issued, subscribed and paid-up capital	Un-appropriated profit	Total
	----- Rupees -----		
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	-	525,153	525,153
Total comprehensive income for the year ended June 30, 2013	-	12,983,735	12,983,735
Balance as at June 30, 2013	75,025,104	36,039,305	111,064,409
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	233,534	233,534
Total comprehensive income for the nine months period ended March 31, 2014	-	(13,347,941)	(13,347,941)
<b>Balance as at March 31, 2014</b>	<b>75,025,104</b>	<b>22,924,898</b>	<b>97,950,002</b>

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

**SELECTED EXPLANATORY NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

**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 Pathara, Tehsil Hub, Lasbella District, Balochistan.

**2 BASIS OF PREPARATION**

This interim financial statement has been prepared in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange. This condensed interim financial statements does not include all 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, 2013.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates, judgments and methods of computation adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2013.

**4 SURPLUS ON REVALUATION OF  
PROPERTY, PLANT AND EQUIPMENT - net**

		<b>Unaudited March 31, 2014</b>	<b>Audited June 30, 2013</b>
	<b>Note</b>	----- <b>Rupees</b> -----	
Surplus on freehold land		<b>10,754,210</b>	10,754,210
Surplus on building on freehold land	<b>4.1</b>	<b>5,899,680</b>	6,133,214
		<b><u>16,653,890</u></b>	<u>16,887,424</u>

	<b>Unaudited March 31, 2014</b>	<b>Audited June 30, 2013</b>
<b>Note</b>	<b>Rupees</b>	
<b>4.1</b>		
Movement of surplus on building on freehold land during the period		
Revaluation surplus as at July 01	<b>9,435,713</b>	16,158,565
Deficit arising on revaluation carried out during the year	-	(5,914,924)
	<b>9,435,713</b>	10,243,641
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	<b>(233,534)</b>	(525,153)
Related deferred tax liability of incremental depreciation charged during the period	<b>(120,305)</b>	(282,775)
Revaluation surplus	<b>9,081,874</b>	9,435,713
Less: Related deferred tax liability on:		
- revaluation as at July 1	<b>(3,302,499)</b>	(5,655,497)
- deficit arising on revaluation carried out during the year	-	2,070,223
- incremental depreciation charged during the period, transferred to profit and loss account	<b>120,305</b>	282,775
	<b>(3,182,194)</b>	(3,302,499)
	<b>5,899,680</b>	6,133,214
<b>5</b>		
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating property, plant and equipment	<b>180,081,977</b>	186,819,834
<b>5.1</b>		
Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2013: Rs. 6,490,970) and disposals there from at net book value were Rs. 1,403,846 (June 30, 2013: Rs. 144,004).		
<b>6</b>		
<b>DEFERRED TAX LIABILITY</b>		
Deferred debits arising due to:		
- provision for bad debts	<b>(102,319)</b>	(105,329)
- provision for liabilities	<b>(243,653)</b>	(496,558)
- carried forward tax losses	<b>(29,933,627)</b>	(22,849,924)
	<b>(30,279,599)</b>	(23,451,811)
Deferred credit arising due to:		
- accelerated depreciation on property, plant and equipment	<b>28,978,282</b>	28,803,964
- surplus on revaluation of property, plant and equipment	<b>3,087,837</b>	3,302,499
	<b>1,786,520</b>	8,654,652

	<u>Nine Months Ended</u>		<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>
<b>7 COST OF SALES</b>	----- Rupees -----			
Raw material consumed	79,634,141	56,830,108	17,949,657	21,870,318
Salaries, wages and benefits	7,879,136	12,615,003	2,854,314	4,352,603
Power, fuel and water	5,800,479	55,890,174	2,428,626	17,083,148
Stores and spares	487,447	3,551,546	191,465	1,630,221
Repairs, maintenance and handling	3,842,599	7,480,184	657,755	2,590,556
Insurance	1,367,713	1,195,795	455,905	413,373
Vehicles running and maintenance	234,111	342,244	83,217	117,521
Depreciation	1,157,452	1,622,367	379,610	536,876
Others	1,609,971	2,349,792	473,606	554,502
Maintenance and other charges recovered	(719,665)	(1,089,137)	(206,899)	(341,411)
	<b>101,293,384</b>	140,788,076	<b>25,267,256</b>	48,807,707
<b>Finished goods</b>				
Opening stock	1,256,121	291,753	2,004,190	2,271,403
Closing stock	(1,276,001)	(4,923,680)	(1,276,001)	(4,923,680)
	<b>(19,880)</b>	(4,631,927)	<b>728,189</b>	(2,652,277)
	<b>101,273,504</b>	136,156,149	<b>25,995,445</b>	46,155,430

## 8 TAXATION

Charge for the current taxation represents higher of taxable income charged to tax at the rate of 34% or turnover tax @ 1% under section 113 of the Income Tax Ordinance, 2001.

	<b>Unaudited</b>	
	---- <b>Nine Months Ended</b> ----	
	<b>March 31,</b> <b>2014</b>	<b>March 31,</b> <b>2013</b>
	----- Rupees -----	
<b>9 WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	217,088	(304,837)
Stock-in-trade	903,898	(3,952,684)
Trade debts	1,508,834	(6,776,699)
Loans and advances	(631,943)	405,402
Trade deposits and other receivables	51,630	(500,132)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	9,929,971	(7,329,887)
	<b>11,979,478</b>	<b>(18,458,837)</b>

## 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>Unaudited</b>	
	----- <b>Nine Months Ended</b> -----	
	<b>March 31,</b> <b>2014</b>	March 31, 2013
	----- <b>Rupees</b> -----	
<b>Associated undertakings</b>		
Organization charges paid	152,040	292,789
Loan repaid to associated undertaking	1,800,000	900,000
Loan taken from associated undertaking	9,028,000	-
<b>Transactions with key management personnel</b>		
Salaries, benefits and other allowances	2,640,787	2,096,520
<b>Other related parties</b>		
Contribution made by the Company to retirement benefit plan	685,116	786,316
Loan obtained from Director	-	100,000
Mark-up accrued on loan from retirement benefits	122,958	-

## 11 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements was authorised for issue on April 23, 2014 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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