



BAWANYAIR
PRODUCTS LIMITED

THIRTY SEVENTH
ANNUAL REPORT
2014-2015

TRIBUTE TO HONORABLE CHAIRMAN YAHYA AHMED BAWANY 1925-2009

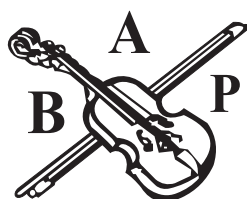


This is a small tribute in the honor of Mr. Yahya Ahmed Bawany (SQA). He passed away peacefully on Monday 12th January, 2009 at the age of 84. The first industry of the Bawany Group in Pakistan was set up by Seth Ahmed Ibrahim Bawany of Rangoon Burma (Myanmar) soon after Pakistan's Independence in Karachi, known as Bawany Violin Textile Mills. Thereafter his son Yahya Ahmed Bawany born in 1925 at Rangoon Burma (Myanmar) was instrumental in setting up all the other industries of the Bawany Group from 1953 to 1971 making the group an industrial giant. Some of the industries are listed here. Latif Bawany Jute Mills and Ahmed Bawany Textile Mills (These two industries employed over 10,000 workers), Eastern Chemical Industries, Eastern Tubes (Toshiba), Bella Artifitex, Oriental Water Works (barges and ship lightening), Bawany Tea Estate, Bawany Coconut Estates, ABL Brick Fields, RR Textiles Mills, Khulna Textile Mills. Further he got sanction permission to set up Bawany Sugar Mills in Badin, Balotra Textile Mills, Anoor Textile Mills and Medina Textile Mills in the Mid 1960's. After 1971 and the independence of Bangladesh he set up Al-Ameen Textile Mills, Kotri (The first Toyada Open-end Spinning in Pakistan). Then he acquired Paramount Limited (electric tube lights and bulbs). Yusuf Industries (artificial leather). He then went up to set up his last two industries namely Latif Jute Mills Limited and Bawany Air Products Limited (Industrial gases). Yahya Ahmed Bawany besides being a successful industrialist was also involved in social and philanthropic work, he established Ahmed Bawany Academy and Bawany High School in Dhaka. Ahmed Bawany Academy and Kaka Bawany Vocational Centre in Karachi. Some of his other achievements are listed below:

- Founder and Former President of All Pakistan Jute Mills Association, East Pakistan.
- Founder and Former President of All Pakistan textile Mills Association, Pakistan.
- Founder and Former President of Dhaka Chamber of Commerce and Industry.
- Founder and Former President Narayanganj Chamber of Commerce.
- Former President Pakistan Memon Educational and Welfare Society.
- Former President of Jetpur Memon Jamat.
- Co-founder and serving President of United Memon Jamat.
- Founder member of Jetpur Memon Relief Society.
- Former Co-founder Trustee and member of World Memon Foundation.
- Former Chairman and Member of Managing Committee of Aisha Bawany Wakf.
- Founder Chairman AAL Bawany Foundation.
- Served as founding member of the Managing Committee of Federation of Pakistan Chamber of Commerce & Industry (FPCCI) representing former East Pakistan.
- Member of Advisory Council Federal Ministry of Commerce, Eastern Wing.
- Member of Advisory Council Federal Ministry of Industry, Eastern Wing.
- Member of Advisory Council Federal Ministry of Finance, Eastern Wing.
- Chairman of refugees Rehabilitation and Finance Corporation Dhaka, Former East Pakistan.
- Chairman of Lal Bagh Madrassa Dhaka.
- Sponsor and Secretary General of Baitul Mukarram Mosque (National Mosque of Bangladesh, Dhaka). It was built under his personal supervision from inception.
- He was awarded the SITARA-E-QUAID-E-AZAM (SQA) one of the highest Civilian Awards for his social services.

We are grateful to Jetpur Memon Relief Society for announcing of naming of a building of a block of flats in Gulshan-e-Iqbal as "Yahya Ahmed Bawany Building".

Please recite Surah-e-Fateha for his departed soul.



BAWANYAIR
PRODUCTS LIMITED

37th ANNUAL REPORT

CONTENTS	PAGE NO.
Corporate Information_____	03
Notice of Annual General Meeting_____	04
Chief Executive Review_____	05
Directors' Report_____	06
Vision / Mission / Statement of Ethics & Business Practice_____	10
Statement of Compliance with Best Practices of Corporate Governance_____	11
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance_____	13
Key Operating and Financial Data for the Decade	14
Pattern of Shareholdings_____	15
Auditors' Report_____	17
Balance Sheet_____	18
Profit and Loss Account_____	20
Cash Flow Statement_____	21
Statement of Changes in Equity_____	22
Notes to the Financial Statements_____	23
Form of Proxy	



COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Mohammad Ashraf Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Vali Mohammad M. Yahha 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
AUDIT & HR COMMITTEE	Mr. Siraj A. Kadir Mr. Mohammad Ashraf Mr. Zakaria A. Ghaffar Mr. Muhammad Munir	Chairman Member Member Secretary to Audit Committee
HEAD OF INTERNAL AUDIT	Mr. Muhammad Munir	
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Abdul Rauf	
AUDITORS	Parker Randall - A.J.S. Chartered Accountants	
BANKERS	Faysal Bank Limited United Bank Limited MCB Bank Limited National Bank of Pakistan	
SHARE REGISTRAR	C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Te: 35687839-35685930	
REGISTERED OFFICE	Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan Tel: 0853 - 363289 Fax: 0853 - 363290	
CITY OFFICE	16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi Tel: 021-32400440 Fax: 021-32411986	



NOTICE OF MEETING

Notice is hereby given that the Thirty Seventh Annual General Meeting of the Company be held at the registered office Khasra No. 52/53, RCD Highway, Hub, Balochistan on Tuesday 27th October 2015 at 12:00 Noon to transact the following business :

ORDINARY BUSINESS

1. To confirm the minutes of the 36th Annual General Meeting held on October 23, 2014.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2015 together with Directors and Auditor's Report thereon.
3. To appoint auditors for the year 2015-2016 and fix their remuneration.
4. Transact any other business with permission of chair.

Karachi
September 29, 2015

By order of the Board
Abdul Rauf
Company Secretary

Notes:

1. Transport will be provided. Pick-up point will be at Karachi Stock Exchange Building and departure will be at 11:00 a.m. sharp on October 27, 2015.
2. The register of members of the Company shall remain closed from October 15, 2015 to October 28, 2015. (Both days inclusive).
3. Proxies in order to be valid must be received at city office of the Company at Room No. 16-C, 2nd floor, Nadir House, I. I. Chundrigar Road, Karachi not later than 48 hours before the meeting.
4. Members are requested not to bring spouse / children or any other accompany.
5. CDC Account Holders will further have to follow the following guidelines:

For Attending the Meeting:

- a) In case of individuals, the account holders or sub-accounts holder shall authenticate their identity by showing original CNIC or original passport at the time of the meeting
- b) For corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

For Appointing the Proxies:

- a) Individual account holders or sub-account holders shall submit the duly filled proxy form along with attested copies of CNIC cards or passport of the beneficial owners.
- b) For corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be submitted with duly filled Proxy form.
- c) Proxy shall produce original CNIC or passport at the time of the meeting.



CHIEF EXECUTIVE'S REVIEW

In the name of ALLAH the Most Merciful and the Most Benevolent.

Dear Shareholders,

I present before you my review on the performance of our Company for the financial year ended June 30, 2015. The year 2014-15 has been a year of challenges for your Company. However, the leadership and the management are determined to take all the challenges positively and have plans to cope up all the deficiencies and short comings.

Although the bottom line revenue has dropped from last year but the appreciable fact is that we have managed to earn healthy gross margins as against gross loss in last year. The expenses have also been controlled and are curtailed to the minimum possible level where we are operating very cautiously with each and every expense being monitored so as to avoid any unnecessary spending.

We have our focus to completely eliminate the operational problems in the plant and for that many options were considered, in house feasibilities were made and the best viable options are being implemented. The re-commissioning of the second hand imported plant is the main goal. Our Ingersoll Rand turbo compressors which have given us problems before is now under negotiation to be repaired by Allied Engineering (Pvt) Limited which is the Pakistan representative of Ingersoll Rand who have agreed to provide guarantee direct from Ingersoll Rand.

I reiterate my earlier argument to draw your and concerned government and regulatory authorities' attention to the fact that our industry is facing unfair competition from certain suppliers. These un-scrupulous suppliers enjoy the sales tax exemption benefit illegally and are manipulating the price of gas in local market. The average selling price of gas has dropped to nearly Rs. 35 per cubic meter due to their unfair business practices. Despite the fact that these suppliers and their unfair practices have been unveiled at many forums by us, yet no action has been taken by the concerned authorities. Further it may be noted that the Gadani Ship Breaking Industry is not getting sale tax input adjustment on purchase of Liquid Oxygen and Compressed Oxygen which if allowed would go a very long way in helping our sales.

Going forward, we plan to deploy all our efforts to achieve sustainability and reliability of our operations and to remain focused on pursuance of our growth initiatives while operating our base operations in a profitable manner.

We remain grateful for the support, trust and confidence of all our stakeholders including our shareholders, employees and their families.

M. HANIF Y. BAWANY

Managing Director / Chief Executive Officer
Karachi: September 29, 2015

DIRECTORS' REPORT

The Directors are pleased to present the Annual Report along with the audited financial statements of the Company for the year ended 2014 - 15.

OVERVIEW

The year under review was another challenging year for the management and the Company. The sales dropped further to close below Rs 100 million mark. But in the meantime, the cost of goods sold was also controlled and curtailed significantly. The efficient and effective decision making of the management and more specifically the sales team has led to overall gross profit in the year under review.

Some of the key achievements of 2015 are as follows:

- Although the revenues have dropped from Rs 124 million to Rs 99 million, still the Company has managed to earn gross profit of Rs. 4.7 million. Contrary to this, there was a gross loss of Rs. 1.9 million in the last year.
- Loss before tax was Rs. 28.6 million in 2014 and due to strict monitoring of expenses and healthy gross margins, the loss before tax in 2015 is reduced to Rs. 18 million; and
- The Company paid off Rs. 3.7 million against long term finance and Rs. 3.5 million was paid in respect of finance / mark-up cost.

Below is the performance status of 2015 as compared to 2014:

	2015 Rupees	2014 Rupees
Sales – net	99,632,392	123,790,995
Cost of sales	(94,907,015)	(125,700,150)
Gross profit / (loss)	4,725,377	(1,909,155)
Distribution cost	(4,052,418)	(5,009,769)
Administrative expenses	(12,805,578)	(15,492,616)
Other operating expenses	(4,741,946)	(4,766,027)
Other income	1,498,691	2,705,617
Unrealized gain on revaluation of other financial assets	34,213	5,935
Operating loss	(15,341,661)	(24,466,015)
Finance cost	(2,961,155)	(4,165,147)
Loss before taxation	(18,302,816)	(28,631,162)
Provision for taxation	(996,324)	7,416,742
Loss for the year	(19,299,140)	(21,214,420)

The financial performance of the Company is comparatively better from last year with decrease in bottom line losses. The management has been carefully spending so as to avoid any unnecessary expenditure. Management is committed to making all the efforts to repay the long term debt and not to rely on interest based borrowing any more.

Administrative expenses have been controlled as well. Last year the total expense was Rs. 15.5 million, which has come down to Rs. 12.8 million in the current year. The main decrease was observed in salaries, wages and other benefits. It may be further noted that the CEO and one Director have not taken any increments in the past 3 years due to losses in the company.

Commenting over the Cash flow position of the Company, the Operating cash flows before working capital changes was negative Rs. 8.644 million whereas it was negative by Rs. 20 million in last year. However, the net cash used in operating activities was Rs. 12.6 million in current and last year. Although very nominal, but there are some indications of improvements in net cash generated from financing activities.

MATERIAL INFORMATION

We draw your attention to the last paragraph of auditors report and note 1.2 to these financial statements in which it has been explained that the company incurred net losses of Rs.19, 299,140 during the year ended June 30, 2015. As at June 30, 2015, the company had accumulated losses of Rs. Rs. 3,865,745 and the company's current liabilities exceeded its current assets by Rs. 42,434,059 (2014: 41,493,735). The Company continued to face break-down of one of the components of the company's existing plant that has resulted in partial closure of the plant, resultantly the production of liquid oxygen suffered. However, the production of compressed oxygen, dissolved acetylene, nitrogen and compressed air is normal and the company has managed to purchase semi-finished product from the market to process it further to meet the demand of its customers. However, due to presence of competitors with the advantage of having self power generation on gas the margins remained under immense pressure.

These conditions, along with other matters as set forth in note 1.2. The management of the Company is actively pursuing its long term strategy to re-commission the second hand imported plant. Management is in advance stage for finalizing the repair and re-commissioning cost of the faulty component and quotations have been invited from vendors which are being evaluated. Further, recommissioning of new plant will add new product lines of nitrogen (i.e. compressed nitrogen and ultra-high purity Nitrogen) to the company's operations and add to profits.

The management of the Company is thankful for financial, technical and whatsoever support received from the associate companies and Board of Directors to continue smooth operations. In Sha Allah we hope to achieve our targets in future.

SITUATION IN GADANI

We would like to inform our share holders that one of the reason for lower sales and profit margin is that the price of ships has dropped internationally from US\$ 475/- to US\$300/- per ton in a very short span of time, therefore Gaddani ship breaking suffered heavily this in turn reduced the amount of tonnage broken. Fortunately prices have now stabilized and we hope soon Gadani will be back to normal. In Sha Allah.

WAY FORWARD

We are very hopeful for a major turnaround based on our long term plans and determination. The presence of local representative of Ingersoll Rand in Pakistan has raised new hopes for the re-commissioning of plant with reliability.

BOARD OF DIRECTORS

There was no change in the board of directors of the Company during the year.

AUDITORS

The present auditors, M/s. Parker Randall - A.J.S. Chartered Accountants have retired and being eligible have offered themselves for reappointment as Auditors for the ensuing year.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a) The financial statements prepared by the management of the Company present fairly the status of affairs, the result of its operations and cash flows and changes in equity;
- b) Proper books of accounts of the Company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgment;
- d) International financial reporting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) Auditors have shown doubts about the Company's ability to continue as a going concern whereas the management feels that there is enough strength in the Company to carry on business in future.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations, exceptions, if any have been notified in the Statement of Compliance with the Code of Corporate Governance;
- h) Key operating and financial data for the last six years have been summarized;

KEY OPERATING AND FINANCIAL DATA OF LAST 6 YEARS

YEAR	Sales – net	Gross profit / (loss)	Profit / (loss) before taxation	Shareholder's equity	Total current assets	Total current liabilities
----- RUPEES IN MILLION -----						
2010	209.51	48.19	35.07	72.88	30.56	81.60
2011	195.25	48.72	22.19	89.16	22.01	50.04
2012	209.97	48.95	15.29	97.56	21.09	48.96
2013	238.58	57.71	21.95	111.06	25.24	38.06
2014	123.79	(1.90)	(28.63)	90.16	20.99	62.49
2015	99.63	4.72	(18.30)	71.15	17.35	59.78

The above table shows that comparatively, financial position is slightly stable from last year since we have managed to achieve a healthy gross profit. Although the revenues have dropped, but the bottom line loss before tax is significantly lower from last year.

Following amounts were receivable in respect of income tax refundable that was outstanding as at June 30, 2015.

Income tax refundable Rs. 3.94 million This represents outstanding refundable income tax for the previous years.

- i) The value of investments of provident fund is Rs. 4.91 million based on latest management accounts of the provident fund;
- j) During the year four (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of the Directors	No. of meetings attended
Mr. M. Hanif Y. Bawany	4
Mrs. Momiza Hanif Bawany	4
Mr. Vali Mohammad M. Yahya	4
Mr. Muhammad Ashraf	4
Mr. Wazir Ahmed Jogezai	0
Mr. Zakaria A. Ghaffar	4
Mr. Siraj A. Kadir	4

Leave of absence was granted to Director(s) who could not attend some of the Board meetings.

- k) The pattern of shareholding is annexed; and
- l) Neither the Chief Executive Officer nor any other Directors have purchased any shares of the Company.
- m) The Company is facing losses for last two years therefore no dividend has been declared.
- n) All the directors need no extra training as they have been serving the position as directors for more than the required years and are also qualified.

ACKNOWLEDGEMENT

The Board wishes to express appreciation and place on record its gratitude for the faith reposed in and co-operation extended to the Company by the State Government, various Government agencies / Departments, Financial Institutions, Banks, Customers, Suppliers and Investors of the Company. Your Directors place on record their appreciation of the dedicated and sincere services rendered by the Employees of the Company.

We are grateful to our valued shareholders for the continuous support extended to the management.

Thanking you all

On behalf of the Board



M. HANIF Y. BAWANY
Managing Director / Chief Executive Officer
Karachi: September 29, 2015

VISION

Our vision is to be the market leader in the industrial / medical gases industry and provide highest quality products and services to our customers.

MISSION

Our mission is to be a dynamic, professional and growth oriented organization and to always strive for excellence by providing quality services and products with a customer focused strategy.

Our final goal being to produce highest quality products at minimum prices by efficiently integrating all the operations of production, procurement, logistics, financial management, human resources and safety.

Our mission statement and our motto, Best products, Best services and Best prices reflect our strategic goal and core values, may ALLAH help us in achieving this.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

We the directors and staff members of Bawany Air Products Limited adhere to the best practices of business and ethics based on the following principles:

1. Respect of individuals.
2. Fair business practices.
3. Company with all the regulatory requirements and laws of the country.
4. Transparency in transaction and following proper, acceptable accounting procedures as approved by international and national standards and regulations.
5. Anticipate integrity, honesty and responsibility from all the employees in doing business.
6. Safeguarding and proper use of Company's assets.
7. Avoid political affiliations and contributions.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Regulation No. 35 of listing regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Director	Siraj A. Kadir
Executive Directors	M. Hanif Y. Bawany (CEO)
	Momiza Hanif Bawany
Non - Executive Directors	Muhammad Ashraf (Chairman)
	Vali Mohammad Yahya
	Wazir Ahmed Jogezeai
	Zakaria A. Ghaffar

The independent director meets the criteria of independence under clause (i)(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loans to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred on the Board during the year.
5. The Company has prepared a 'Code of Conduct' and has ensured that the appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in clause (xi) of the Code, all directors of the Company are exempt from the requirement of Director's Training Program.
10. The Board had approved the appointment of Chief Financial Officer (CFO) and the Company Secretary including his remuneration and terms and conditions of employment from existing staff who has been working with the company for last seven years, The Company has applied to SECP to grant relaxation from certain qualification criteria of CFO for which response is awaited.
11. The Director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before the approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of Code.
15. The Board has formed an Audit Committee which comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the Committee is an independent director.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given the satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information, if any, has been disseminated among all market participants at once through Stock Exchange.
23. We confirm that all other material principles enshrined in Code have been complied with except annual performance evaluation of the Board, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

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

Karachi
September 29, 2015

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES
OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Bawany Air Products Limited** (the Company) for the year ended June 30, 2015 to comply with the Listing Regulation no 35 of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflects the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we would like to highlight below instances of non-compliances with the requirements of the Code as reflected in paragraphs reference where these are stated in the Statement of Compliance:

S.No.	Paragraph Reference	Description
i)	10	CFO did not meet the qualification criteria.
ii)	23	The Company is making reasonable progress towards annual evaluation of the Board.



Chartered Accountants
Audit Engagement Partner:
Muhammad Shabir Kasbati

Karachi:
September 29, 2015



KEY OPERATING AND FINANCIAL DATA FOR THE DECADE

PARTICULARS	2015	2014	2013	2012	2011		2010	2009	2008	2007	2006
					Re-stated	Re-stated					
FINANCIAL POSITION											
Shareholders' equity	71,159,359	90,161,368	111,064,409	97,555,521	89,337,084	72,880,918	22,163,784	31,537,037	36,441,115	48,630,166	
Surplus on revaluation	16,278,914	16,576,045	16,887,424	19,757,278	20,310,071	20,891,958	-	-	-	-	
Non-current liabilities	44,810,956	33,153,237	49,260,469	50,876,878	66,738,250	74,644,645	49,453,103	75,202,407	99,347,231	57,703,787	
Current liabilities	59,785,042	62,487,097	38,068,182	48,959,376	50,044,397	81,597,491	133,411,522	97,552,902	61,814,900	82,157,064	
Total Equity and Liabilities	192,034,271	202,377,747	215,280,484	217,149,053	226,429,802	250,015,012	205,028,409	204,292,346	197,603,246	188,491,017	
Property, plant, and equipment	171,467,821	178,168,918	186,819,834	192,839,499	198,640,179	205,418,500	182,895,197	186,609,105	183,837,067	172,422,322	
Long term deposits	3,215,467	3,215,467	3,215,467	3,215,467	3,215,467	3,701,452	3,454,477	3,559,084	1,481,084	1,566,409	
Deferred tax asset	-	-	-	2,566,397	2,566,397	10,335,173	-	-	-	-	
Current assets	17,350,983	20,993,362	25,245,183	21,094,087	22,007,759	30,559,887	18,878,735	14,124,157	12,285,095	14,502,286	
Total Assets	192,034,271	202,377,747	215,280,484	217,149,053	226,429,802	250,015,012	205,028,409	204,292,346	197,603,246	188,491,017	

FINANCIAL PERFORMANCE

Net sales	99,632,392	123,790,995	238,605,906	210,235,877	195,437,206	210,247,215	99,638,541	69,561,724	66,806,660	52,278,160
Cost of sales	(94,907,015)	(125,700,150)	(180,921,043)	(161,153,927)	(146,632,923)	(161,960,041)	(75,307,506)	(61,871,660)	(60,525,855)	(54,749,182)
Gross profit / (loss)	4,725,377	(1,909,155)	57,684,863	49,081,950	48,804,283	48,287,174	24,331,035	7,690,064	6,280,805	(2,471,022)
Expenses - net of other income	(20,067,038)	(22,556,860)	(26,246,342)	(26,747,221)	(23,057,704)	(25,372,645)	(15,847,335)	(15,586,102)	(14,478,919)	(7,287,917)
(Loss) / profit before Interest and tax	(15,341,661)	(24,466,015)	31,438,521	22,334,729	25,746,579	22,914,529	8,483,700	(7,896,038)	(8,198,114)	(9,758,939)
(Finance cost) / Income - net	(2,961,155)	(4,165,147)	(9,489,514)	(7,047,695)	(3,473,879)	(12,153,851)	(17,856,101)	(16,166,362)	(3,646,959)	(2,126,148)
(Loss) / profit before tax	(18,302,816)	(28,631,162)	21,949,007	15,287,034	22,272,700	35,068,380	(9,372,401)	(24,062,400)	(11,845,073)	(11,885,087)
Tax	(996,324)	7,416,742	(8,965,272)	(7,621,390)	(9,808,653)	15,550,948	(852)	(328,718)	(343,978)	(265,094)
(Loss) / profit after tax	(19,299,140)	(21,214,420)	12,983,735	7,665,644	12,464,047	50,619,328	(9,373,253)	(24,391,118)	(12,189,051)	(12,150,181)

STATISTICS AND RATIO

Gross profit %	5%	(2%)	24%	23%	25%	23%	24%	11%	9%	-
(Loss) / profit before tax to total sales %	(18%)	(23%)	9%	7%	11%	17%	-	-	-	-
(Loss) / profit after tax to total sales %	(19%)	(17%)	5%	4%	6%	24%	-	-	-	-
Current ratio	29%	34%	66%	43%	44%	37%	14%	14%	20%	18%
Asset turnover ratio	58%	69%	128%	109%	98%	102%	55%	37%	36%	30%
Current Assets Turnover - times	5.20	5.35	10.30	9.76	7.44	8.51	6.04	5.27	4.99	3.55
Long term debt to equity ratio	15%	12%	19%	41%	61%	104%	338%	253%	223%	114%
Return on equity before tax %	(26%)	(32%)	20%	16%	25%	48%	-	-	-	-
Return on equity after tax %	(27%)	(24%)	12%	8%	14%	69%	-	-	-	-
Interest Cover	(5.18)	(5.87)	3.31	3.17	7.41	-	0.48	-	-	-
Earning per share (Rs.)	(2.57)	(2.83)	1.73	1.02	1.75	7.42	(1.37)	(3.94)	(2.36)	(2.53)
Price earning ratio	(3)	(3)	9	7	4	2	-	-	-	-
Market price per share at year end	6.79	7.40	14.73	7.22	6.75	11.25	6.75	15.64	14.50	16.75
Cash dividend	-	-	-	-	-	5%	-	-	-	-
Stock dividend	-	-	-	-	-	-	-	-	-	-



**PATTERN OF SHAREHOLDING BY THE SHARE HOLDERS
AS AT JUNE 30 2015**

No. of Share Holders	Shareholding of Shares		Share Held
	From	To	
261	1	100	6,664
189	101	500	62,658
88	501	1000	75,783
206	1001	5000	551,979
57	5001	10000	449,695
17	10001	15000	220,296
11	15001	20000	207,055
6	20001	25000	131,000
5	25001	30000	133,300
4	30001	35000	131,700
1	35001	40000	37,100
2	40001	45000	86,105
3	45001	50000	147,094
1	55001	60000	56,000
4	60001	65000	251,980
1	65001	70000	67,000
2	70001	75000	143,814
1	75001	80000	78,308
1	90001	95000	91,500
4	95001	100000	396,164
1	100001	105000	101,000
1	135001	140000	139,531
1	160001	165000	162,110
1	185001	190000	187,500
2	195001	200000	399,330
1	220001	225000	222,149
1	230001	235000	231,500
1	280001	285000	281,570
1	330001	335000	330,028
1	370001	375000	374,001
1	525001	530000	525,500
1	1220001	1225000	1,223,096
877			7,502,510

S.No.	CATAGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	NUMBER OF SHARES OF RS. 10/- EACH	PERCENTAGE OF ISSUED CAPITAL
1	INDIVIDUALS	854	5,953,356	79.35%
2	INVESTMENT COMPANIES	1	100	0.00%
3	INSURANCE COMPANIES	1	16,260	0.22%
4	JOINT STOCK COMPANIES	16	1,195,687	15.94%
5	FINANCIAL INSTITUTIONS	1	42	0.00%
6	CHARITABLE TRUSTS	1	330,028	4.40%
7	TRADING	1	5	0.00%
8	EMPLOYEES PENSION FUND	1	6,794	0.09%
9	EMPLOYEES BENEVOLENT FUND	1	238	0.00%
		877	7,502,510	100%



**DETAILS OF PATTERN OF SHAREHOLDING
AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE**

NIT/ICP

National Bank of Pakistan, Trustee Wing	7,074
Investment Corporate of Pakistan	100

DIRECTOR, CEO AND THEIR SPOUSE

Mr. M. Hanif Y. Bawany	Director/Chief Executive	1,223,096
Mr. Vali Mohammad M. Yahya	Director	338,861
Mr. Siraj A. Kadir	Director	500
Mr. Zakaria Abdul Ghaffar	Director	3,581
Mrs. Momiza Hanif Bawany	Director	443,680
Mr. Wazir Ahmed Jogezeai	Director	3,581
Mr. Mohammad Ashraf	Director/Chairman	78,308

EXECUTIVE

Nil

PUBLIC SECTOR COMPANIES & CORPORATION

Nil

**BANK DEVELOPMENT FINANCE INSTITUTES,
NON BANKING FINANCIAL INSTITUTION,
INSURANCE COMPANIES, MODARABAS AND
MUTUAL FUNDS**

Nil

SHAREHOLDERS HOLDING 5% MORE

Mr. M. Hanif Y. Bawany	16.30%
Mr. Mohammad Aslam Motiwala	7.00%
Mrs. Momiza Hanif Bawany	5.91%

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BAWANY AIR PRODUCTS LIMITED** (the Company) as at 30 June, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with accounting standards and requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements.

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and the statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June, 2015 and of the loss, its comprehensive loss, cash flows and changes in equity and for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to the note 1.2 to the financial statements which indicates that the Company incurred net loss of Rs.19,299,140 during the year ended June 30, 2015. As at June 30, 2015, the Company had accumulated loss of Rs. 3,865,745 and its current liabilities exceeded its current assets by Rs. 42,434,059 (2014: Rs. 41,493,735). These conditions, along with other matters as set forth in note 1.2, indicate the existence of a material uncertainty that may cast significant doubt about Company's ability to continue as a going concern.



Chartered Accountants
Audit Engagement Partner:
Muhammad Shabbir Kasbati

Karachi:
September 29, 2015



BALANCE SHEET AS AT JUNE 30, 2015

	Note	June 30, 2015	June 30, 2014
		----- Rupees -----	
ASSETS			
Non current assets			
Property, plant and equipment	4	171,467,821	178,168,918
Long-term deposits		3,215,467	3,215,467
Current assets			
Stores and spares	5	1,239,081	1,282,090
Stock-in-trade	6	1,305,658	1,846,789
Trade debts	7	3,426,603	4,454,590
Loans and advances	8	2,956,037	1,614,062
Trade deposits and other receivables	9	3,662,641	3,676,263
Other financial assets	10	174,406	140,192
Income tax refundable		3,940,715	7,477,715
Cash and bank balances	11	645,842	501,661
		17,350,983	20,993,362
Total assets		192,034,271	202,377,747



	Note	June 30, 2015	June 30, 2014
----- Rupees -----			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 15,000,000 (2014: 15,000,000) ordinary shares of Rs.10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	12	75,025,104	75,025,104
Accumulated (losses) /profits		(3,865,745)	15,136,264
		71,159,359	90,161,368
Surplus on revaluation of property, plant & equipment - net	13	16,278,914	16,576,045
Non current liabilities			
Long-term financing	15	3,932,817	2,620,983
Long-term deposits	16	40,878,139	30,532,254
Current liabilities			
Trade and other payables	17	20,561,768	23,641,860
Interest / mark-up accrued	18	375,888	942,211
Short-term borrowings	19	35,248,510	29,028,052
Provision for taxation		395,513	595,681
Current portion of long-term financing	15	3,203,363	8,279,293
		59,785,042	62,487,097
Contingencies and commitments	20		
Total equity and liabilities		192,034,271	202,377,747

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

SIRAJ A. KADIR
Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	June 30, 2015 ----- Rupees -----	June 30, 2014
Sales - net	21	99,632,392	123,790,995
Cost of sales	22	(94,907,015)	(125,700,150)
Gross profit		4,725,377	(1,909,155)
Distribution cost	23	(4,052,418)	(5,009,769)
Administrative expenses	24	(12,805,578)	(15,492,616)
Other operating expenses	25	(4,741,946)	(4,766,027)
		(21,599,942)	(25,268,412)
Other income	26	1,498,691	2,705,617
Unrealized gain on revaluation of other financial assets		34,213	5,935
		(20,067,038)	(22,556,860)
Operating loss		(15,341,661)	(24,466,015)
Finance cost	27	(2,961,155)	(4,165,147)
Loss before taxation		(18,302,816)	(28,631,162)
Taxation	28	(996,324)	7,416,742
Loss for the year		(19,299,140)	(21,214,420)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(19,299,140)	(21,214,420)
Loss per share - basic and diluted	29	(2.57)	(2.83)

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

SIRAJ A. KADIR
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015	June 30, 2014
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(18,302,816)	(28,631,162)
Adjustments for:		
Depreciation	6,735,597	7,154,605
Gain on disposal of property, plant and equipment	(1,500)	(2,596,315)
Dividend income	(3,029)	(3,297)
Unrealised gain on revaluation of other financial assets	(34,214)	5,935
Finance cost	2,961,155	4,165,147
Operating cash flows before working capital changes	(8,644,807)	(19,905,087)
Working capital changes		
Stores and spares	43,009	123,602
Stock-in-trade	541,131	871,194
Trade debts	1,027,987	2,492,558
Loans and advances	(1,341,975)	(295,962)
Trade deposits and other receivables	13,622	509,020
Trade and other payables	(3,080,092)	10,495,031
	(2,796,318)	14,195,443
Net cash used in operations	(11,441,125)	(5,709,644)
Finance cost paid	(3,527,478)	(6,487,882)
Income tax paid	2,340,508	(423,393)
Net cash used in operating activities	(12,628,095)	(12,620,919)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	32,000	4,092,626
Purchase of property, plant & equipment	(65,000)	-
Dividend income received	3,029	3,297
Net cash from / (used in) investing activities	(29,971)	4,095,923
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term deposits - liabilities - net	10,345,885	(269,704)
Repayment of long-term finance	(3,764,096)	(9,776,977)
Decrease in short-term borrowings	6,220,458	18,245,039
Net cash from / (used in) financing activities	12,802,247	8,198,358
Net decrease in cash and cash equivalents	144,181	(326,638)
Cash and cash equivalents at beginning of the year	501,661	828,299
Cash and cash equivalents at end of the year	645,842	501,661

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

SIRAJ A. KADIR
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up capital	Accumulated (losses) / profits	Total
	----- Rupees -----		
Balance as at June 30, 2013	75,025,104	36,039,305	111,064,409
Total comprehensive loss for the year ended June 30, 2014	-	(21,214,420)	(21,214,420)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	311,379	311,379
Balance as at June 30, 2014	75,025,104	15,136,264	90,161,368
Total comprehensive loss for the year ended June 30, 2015	-	(19,299,140)	(19,299,140)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	297,131	297,131
Balance as at June 30, 2015	75,025,104	(3,865,745)	71,159,359

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

SIRAJ A. KADIR
 Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. GENERAL INFORMATION

- 1.1** Bawany Air Products Limited (the Company) is a public limited Company incorporated in Pakistan on August 16, 1978. The Company is currently listed on 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.
- 1.2** During the year, Company continued to suffer from break-down of one of the key components that has resulted in partial closure of the plant, the Company resorted to purchase semi-finished product from the market to process it further to meet the demand of Company's customers which has resulted in lower margins. The production of compressed oxygen, dissolved acetylene, nitrogen and compressed air are however, normal. At the 30 June 2015 Company has accumulated loss of Rs. 3,865,745 and current liabilities exceed its current assets by Rs. 42,434,059 (2014: Rs. 41,493,735).

Management is in advance stage to awards contract to repair the faulty components. Quotations have been invited from vendors, evaluation has been completed and is under final negotiation as to the warranties and after sales services. The re-commissioning of plant will also add new product lines of Nitrogen (i.e. Compressed Nitrogen and Ultra-High purity Nitrogen) to the Company's operation that will contribute to profits.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that 'other financial assets' are stated at fair value and freehold land and building thereon are stated at revalued amounts.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Critical judgments and accounting estimates in applying the accounting policies

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent



from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgement is exercised in application of accounting policies are as follows:

- (i) Revaluation of freehold land and building and review of useful life and residual value of property, plant and equipment (note 3.5 and 4);
- (ii) Provision for impairment of trade debts and other receivable (note 3.9 and 7);
- (iii) Impairment of assets (note 3.11); and
- (iv) Provision for taxation (note 3.15 and 28)

2.5 Standards, amendments and interpretations to the published approved accounting standards

The amendment to following standard is effective for the year ended June 30, 2015. These amendments are either not relevant or do not have any material effect on the Company's financial statements.

Standards/Amendments/Interpretations	Effective date (accounting periods beginning on or after)
Amendment to IAS 19 Employee Benefits	July 1, 2014
Amendment to IAS 32 Financial Instruments Presentation	January 1, 2014
Amendment to IAS 36 Impairment of Assets	January 1, 2014
Amendment to IAS 39 Financial Instruments : Recognition and Measurement	July 1, 2014
Amendment to IFRIC 4 Levies	January 1, 2014

2.6 Standards and amendments to accounting standards not yet effective

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations	Effective Date (accounting periods beginning on or after)
June 30, 2015	
IFRS 10 Consolidated Financial Statements	January 1, 2015
IFRS 10, 12 & IAS 27 Investment Entities (Amendment)	January 1, 2015
IFRS 10, 12 & IAS 27 Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2016
IFRS 10 & IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	January 1, 2016
IFRS 11 Joint Arrangements	January 1, 2015



		Effective Date (accounting periods beginning on or after)
IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015
IAS 1	Disclosure Initiative (Amendment)	January 1, 2016
IAS 16 & 38 June	Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)	January 1, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 1, 2016
IAS 27	Equity Method in Separate Financial	January 1, 2016

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted by the Securities and Exchange Commission of Pakistan:

IFRS 9 – Financial Instruments
IFRS 14 – Regulatory Deferral Accounts
IFRS 15 – Revenue from Contracts with Customers
IFRS 13 – Fair Value Measurement

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all years presented.

3.1 Employee benefits

3.1.1 Defined contribution plan

The Company operates a recognised provident fund for all eligible employees of the Company. Equal monthly contributions are required to be made both by the Company and the employees at the rate of 10% of the basic salary. The Company's required contribution to the fund is charged to profit and loss account.

3.1.2 Compensated absences

The liability for accumulated compensated absences of employees is recognised in the period in which employees render their service.

3.2 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.3 Provisions

Provisions are recognised when the Company has a present, (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.4 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

3.5 Property, plant and equipment

3.5.1 Operating assets

Property, plant and equipment except freehold land and building thereon are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at revalued amount and building on freehold land is stated at revalued amount less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Assets useful lives and residual values that are significant in relation to the total cost of the assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its costs can be reliably measured. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged to the profit and loss account applying the reducing balance method over assets estimated useful lives at the rates mentioned in note 4.1. Depreciation on additions is charged from the month the asset is available for use upto the month prior to disposal.

Surplus on revaluation of freehold land and building is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred taxation) is transferred directly to retained earnings / unappropriated profit.

Gains or losses on disposal of property, plant and equipment are recognised in the profit and loss account, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings / unappropriated profit.

3.5.2 Capital work-in-progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditure incurred and advances made in the course of their construction and installation. These are transferred to specific assets as and when these assets are available for intended use.

3.6 Investments

Regular way purchase or sale of investments

All purchase and sale of investments that require delivery within the time frame established by regulations or market convention are recognised at trade date. Trade date is the date on which the Company commits to purchase or sell the investments.

Financial assets at fair value through profit or loss

These are investments which are acquired principally for the purpose of generating profit from short-term fluctuations in prices, interest rate movement or dealer's margin. These are initially recognised



at fair value and the transaction costs associated with the investments are taken directly to the profit and loss account. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried at these values on the balance sheet date being their fair value. Net gains and losses arising on changes in fair values of the investments are taken to the profit and loss account in the period in which they arise.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.7 Stores and spares

These are stated at lower of cost and net realisable value. The cost is determined using moving average method. Items in transit are stated at invoice value plus necessary charges incurred thereon up to the balance sheet date.

3.8 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined as follows:

- Raw material Weighted average cost
- Finished goods At average manufacturing cost

Average manufacturing cost in relation to finished goods comprises of direct materials and, where applicable, direct labor cost and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

3.9 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.10 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks and book overdraft.

3.11 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except inventories and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

3.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

3.14 Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to buyer, that is, when goods are delivered.

Interest income is recognised on a time-proportioned basis using the effective rate of return.

Dividend income is recognised when the right to receive payment is established.

3.15 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher. For income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred income tax is recognised using the balance sheet liability method for all temporary differences at the balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax asset is recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that taxable profits or taxable temporary differences will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The Company also recognises deferred tax liability on surplus on revaluation of certain items of property, plant and equipment, which is adjusted against related surplus.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.16 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.17 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated into Pak Rupees at the rates prevailing on the balance sheet date.

Exchange differences arising on translation are included in profit and loss account.



2015 2014

Rupees

4. PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment

171,467,821 178,168,918

Particulars	Note	Cost			Accumulated depreciation			Net book value		Rate of Depreciation %
		At July 1, 2014	Additions	Disposals	At June 30, 2015	At July 1, 2014	Charge for the year	Disposals	At June 30, 2015	
Land - freehold land	4.1.	11,100,000	-	-	11,100,000	-	-	-	11,100,000	-
Factory building on freehold land	4.1.	26,363,778	-	-	26,363,778	4,980,280	831,112	-	20,552,386	2.5 % - 5 %
Plant and machinery		225,593,005	65,000	-	225,658,005	87,960,234	4,820,769	-	132,877,002	3.33 % - 5 %
Gas cylinders		7,673,955	-	-	7,673,955	6,577,075	109,688	-	987,192	10%
Electric installation		9,244,070	-	-	9,244,070	7,197,751	204,632	-	1,841,687	10%
Furniture and fixture		2,343,158	-	-	2,343,158	1,155,280	118,788	-	1,069,090	10%
Office equipment		2,851,131	-	-	2,851,131	1,975,071	87,606	-	788,454	10%
Vehicles		5,185,856	-	(44,560)	5,141,296	2,340,344	563,002	(14,060)	2,252,010	20%
		290,354,953	65,000	(44,560)	290,375,393	112,186,035	6,735,597	(14,060)	118,907,572	

112,186,035 6,735,597 (14,060) 118,907,572 171,467,821

Particulars	Note	Cost			Accumulated depreciation			Net book value		Rate of Depreciation %
		At July 1, 2013	Additions	Disposals	At June 30, 2014	At July 1, 2013	Charge for the year	Disposals	At June 30, 2014	
Land - freehold land	4.1.	11,100,000	-	-	11,100,000	-	-	-	11,100,000	-
Factory building on freehold land	4.1.	26,363,778	-	-	26,363,778	4,111,851	868,429	-	21,383,498	2.5 % - 5 %
Plant and machinery		226,767,203	(1,174,198)	-	225,593,005	84,016,235	4,996,227	(1,052,228)	137,632,771	3.33 % - 5 %
Gas cylinders		8,078,255	(404,300)	-	7,673,955	6,807,992	121,876	(352,793)	1,096,880	10%
Electric installation		9,244,070	-	-	9,244,070	6,970,382	227,369	-	2,046,319	10%
Furniture and fixture		2,453,108	(109,950)	-	2,343,158	1,097,419	131,986	(74,125)	1,187,878	10%
Office equipment		2,907,771	(56,640)	-	2,851,131	1,877,731	97,340	-	876,060	10%
Vehicles		7,714,432	(2,528,576)	-	5,185,856	2,927,173	711,378	(1,298,207)	2,845,512	20%
		294,628,617	(4,273,664)	-	290,354,953	107,808,783	7,154,605	(2,777,353)	112,186,035	

107,808,783 7,154,605 (2,777,353) 112,186,035 178,168,918



- 4.1** During the year ended June 30, 2013, freehold land and building thereon were revalued by an independent valuer, 'M/s. Danish Enterprise' resulting in a net deficit of Rs. 4.414 million, over book value. Freehold land and building thereon, have been stated at revalued amounts and the related surplus has been credited (net of deferred taxation) to 'Surplus on revaluation of property, plant and equipment - net - (refer note 13).

Had the revaluation not been carried out, cost and written down values of freehold land and building thereon would have been as follows:

	Cost	Accumulated Depreciation	Written down value
	-----Rupees -----		
Freehold land	345,790	-	345,790
Building on freehold land	9,056,260	6,157,810	2,898,450
June 30, 2015	9,402,050	6,157,810	3,244,240
June 30, 2014	9,402,050	5,987,060	3,414,990

	Note	June 30, 2015	June 30, 2014
		----- Rupees -----	
4.2 Depreciation for the year has been allocated as under:			
Cost of sales	22	1,494,354	1,565,447
Administrative expenses	24	755,336	940,704
Other operating expenses	25	4,485,907	4,648,454
		6,735,597	7,154,605

- 4.3** Aggregated value of asset having book value of above Rs. 50,000 was nil.

5. STORES AND SPARES

Stores	621,288	668,726
Spares	617,793	613,364
	1,239,081	1,282,090

6. STOCK-IN-TRADE

Raw materials	351,100	613,512
Finished goods	954,558	1,233,277
	1,305,658	1,846,789

7. TRADE DEBTS

Unsecured

Considered good	3,426,603	4,454,590
Considered doubtful	300,939	300,939
	3,727,542	4,755,529
Provision for doubtful debts	(300,939)	(300,939)
	3,426,603	4,454,590



	Note	June 30, 2015	June 30, 2014
		----- Rupees -----	
7.1 Aging of past due but not impaired			
30-60 days		886,078	1,247,113
61-90 days		540,081	491,245
91-180 days		291,071	156,173
Over 180 days		1,466,439	1,188,365
		3,183,669	3,082,896

Management considers that no provision required against overdue amounts based on previous history of the parties.

8. LOANS AND ADVANCES

Considered good

Due from employees	-	61,500
Advances to suppliers	2,956,037	1,552,562
	2,956,037	1,614,062

9. TRADE DEPOSITS AND OTHER RECEIVABLES

Receivable from Winder Industries (Private) Limited - a related party	3,536,068	3,453,022
Others	126,573	223,241
	3,662,641	3,676,263

9.1 This represents payment made by the Company on behalf of the related party for purchase of land.

10. OTHER FINANCIAL ASSETS

- At fair value through profit or loss

Fully paid listed shares / certificates of Rs. 10 each.

2015	2014	Company's name		
No. of Shares / Certificates				
215	189	Faysal Bank Limited	3,380	3,052
1,103	1,103	Sui Southern Gas Pipelines Limited	47,098	40,436
1,398	1,398	First Fidelity Leasing Modaraba Limited	4,166	4,278
1,311	1,311	First Equity Modaraba Limited	5,637	5,572
2,000	2,000	Crescent Fibers Limited	87,000	59,600
419	419	K-Electric Limited	3,528	3,557
54	54	Linde Pakistan Limited	7,555	9,094
290	290	SAMBA Bank Limited	1,552	1,931
512	512	Ghani Gases Limited	14,490	12,672
			174,406	140,192



	June 30, 2015	June 30, 2014
	----- Rupees -----	
11. CASH AND BANK BALANCES		
Cash at bank		
- Current accounts	612,486	386,952
- PLS account	673	1,177
	613,159	388,129
Cash in hand	32,683	113,532
	645,842	501,661
12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
2015 2014		
No. of Shares		
Ordinary shares of Rs.10/- each :		
5,336,769 5,336,769 - Fully paid in cash	53,367,694	53,367,694
250,000 250,000 - For consideration other than cash	2,500,000	2,500,000
1,915,741 1,915,741 - Fully paid bonus shares	19,157,410	19,157,410
	75,025,104	75,025,104
12.1 As at June 30, 2015, Bawany Management (Private) Limited, an associate company held 222,149 (2014: 222,149) ordinary shares of Rs. 10/- each.		
13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET		
Surplus on freehold land	10,754,210	10,754,210
Surplus on building on freehold land 13.1	5,524,704	5,821,835
Balance as at June 30	16,278,914	16,576,045
13.1 Movement of surplus on building on freehold land		
Revaluation surplus as at July 01	8,869,570	9,435,713
Restatement of opening liability due to change in tax rate	(88,696)	(94,357)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year, net of deferred tax	(297,131)	(311,379)
Related deferred tax liability of incremental depreciation charged during the year	(146,348)	(160,407)
Revaluation surplus as at June 30	8,337,395	8,869,570
Less: Related deferred tax on:		
Revaluation as at July 01	(3,047,735)	(3,302,499)
Deficit arising on revaluation during the year	-	-
Difference arising due to change in rate	88,696	94,357
Incremental depreciation charged during the year, transferred to profit and loss account	146,348	160,407
	(2,812,691)	(3,047,735)
	5,524,704	5,821,835



	June 30, 2015	June 30, 2014
	----- Rupees -----	
14. DEFERRED TAX LIABILITY		
Deferred debits arising due to		
Provision for bad debts	(3,009)	(102,319)
Provision for liabilities	(219,720)	(520,439)
Carried forward tax losses	(105,858)	(32,135,819)
	(328,587)	(32,758,577)
Deferred credits arising due to:		
Accelerated depreciation on property, plant and equipment	243,369	28,673,787
Surplus on revaluation of property, plant and equipment	85,218	4,084,790
	328,587	32,758,577
	-	-
15. LONG-TERM FINANCING		
Secured - From banking companies and other financial institutions		
Orix Leasing Pakistan Limited 15.1	7,136,180	10,900,276
Current portion		
Overdue instalments 15.2	(424,231)	(1,096,402)
Instalments due in next 12 months	(2,779,132)	(7,182,891)
	(3,203,363)	(8,279,293)
	3,932,817	2,620,983
15.1	The rescheduled loan amount carries mark-up at the rate of 15% per annum and is repayable in 31 equal monthly instalments starting from March 2015. This loan is secured by way of first ranking pari passu charge over land and all construction thereon. In addition, personal guarantees and indemnities executed by the Chief Executive in favour of Orix Leasing Pakistan Limited shall remain valid as securities till the repayment of rescheduled loan amount.	
15.2	As at June 30,2015 , the Company has delayed two instalments of Orix Leasing Pakistan Limited amounting to Rs.424,231.The overdue principal is included in the current maturity.	
16. LONG-TERM DEPOSITS		
These deposits for storage tanks and cylinders are non-interest bearing and are repayable to customers on return of tanks / cylinders or on termination of sale agreement.		
17. TRADE AND OTHER PAYABLES		
Creditors	2,111,412	5,167,062
Accrued liabilities	10,833,726	8,205,606
Advance from customers	297,452	5,718,708
Payable to Provident Fund 17.1	3,839,226	1,456,285
Provision for compensated absences	911,270	1,530,704
Sales tax payable	1,239,713	256,882
Unclaimed dividend	1,217,407	1,217,407
Withholding income taxes	111,562	89,206
	20,561,768	23,641,860



17.1 This represents equal contribution by the Company and the employees. Interest is charged @ 12% (2014: 12%) per annum on the funds utilized by the Company.

	Long-term loans	Short-term borrowings	Total
	----- Rupees -----		
18. INTEREST / MARK-UP ACCRUED			
Balance as at July 1, 2014	835,059	107,152	942,211
Mark-up accrued during the year	1,295,795	1,285,015	2,580,810
Mark-up paid during the year	(1,955,085)	(1,192,048)	(3,147,133)
Balance as at June 30, 2015	175,769	200,119	375,888

	Note	June 30, 2015	June 30, 2014
		----- Rupees -----	
19. SHORT-TERM BORROWINGS			
Running finance - secured	19.1	9,968,510	9,969,052
Associated undertaking - Bawany Management (Pvt. Directors)	19.2	24,105,000	17,884,000
	19.3	1,175,000	1,175,000
		35,248,510	29,028,052

19.1 This represents short term running finance facility availed from a commercial bank. The limit of running finance facility is Rs. 10 million (2014: Rs. 10 million) and is secured against first pari passu hypothecation charge over plant and machinery of the Company and first hypothecation charge over stocks and receivables of the Company and personal guarantee of all sponsor's directors of the Company. The mark-up rate is three months KIBOR + 4 % per annum (2014: three months KIBOR + 3 %).

19.2 This represents the short term loan obtained by the Company from an associated undertaking. This is interest free and payable within a period of 12 months.

19.3 This represents the short term loan obtained by the Company from two directors amounting to Rs. 875,000 and Rs. 300,000. This is interest free and payable within a period of 12 months.

20. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30 ,2015 (2014:Nil)

	June 30, 2015	June 30, 2014
	----- Rupees -----	
21. SALES - NET		
Sales	116,613,186	144,570,135
Less: Sales tax	(16,980,794)	(20,779,140)
	99,632,392	123,790,995



	Note	June 30, 2015	June 30, 2014
----- Rupees -----			
22. COST OF SALES			
Raw material consumed	22.1	81,003,598	99,060,573
Salaries, wages and benefits	22.2	4,830,220	10,289,572
Power and water		2,131,914	6,448,998
Stores and spares consumed		384,713	471,556
Repairs, maintenance and handling		2,156,897	4,764,182
Insurance		1,131,813	1,567,502
Vehicles running and maintenance		443,194	382,146
Depreciation	4.2	1,494,354	1,565,447
Others		1,629,128	2,184,941
		95,205,831	126,734,917
Maintenance & other charges recovered		(577,535)	(1,103,871)
Cost of goods manufactured		94,628,296	125,631,046
Finished goods - opening		1,187,817	1,256,921
Finished goods - closing	6	(954,558)	(1,187,817)
		233,259	69,104
		94,861,555	125,700,150
22.1 Raw material consumed			
Opening stock		613,512	1,415,602
Purchases		80,741,186	98,258,483
		81,354,698	99,674,085
Closing stock	6	(351,100)	(613,512)
		81,003,598	99,060,573
22.2 Staff Retirement Benefits			
This includes charge in respect of staff retirement benefits amounting to Rs. 174,666 (2014: Rs. 399,868). The Company's staff retirement benefit consists of Provident Fund - a defined contribution plan. The Company has established a separate provident fund. The information related to provident fund is as follows:			
Number of employees		26	32
Size of provident fund (Rupees)		5,238,914	6,318,609
Cost of investments made (Rupees)		4,910,347	5,216,644
Percentage of investments made		93.73%	83%
Fair value of investment (Rupees)		4,910,347	5,216,644
Break-up of investments:			
Balance in savings accounts			
Amount of investment (Rupees)		312,355	2,762,471
Percentage of size of investment		6%	53%
Barkat monthly income certificates			
Amount of investment (Rupees)		1,000,000	1,000,000
Percentage of size of investment		20%	19%
Receivable from Bawany Air Products Limited			
Amount of investment (Rupees)		3,825,874	1,454,173
Percentage of size of investment		78%	28%



As at June 30, 2015, Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

		June 30, 2015	June 30, 2014
		----- Rupees -----	
23. DISTRIBUTION COST			
Salaries and benefits	23.1	3,452,719	3,970,156
Vehicles running and maintenance		525,293	692,504
Cooly and cartage		34,000	191,405
Insurance		40,406	120,264
Transportation charges		-	34,440
Others		-	1,000
		4,052,418	5,009,769

23.1 This includes charge in respect of staff retirement benefits amounting to Rs. 174,619 (2014: Rs. 214,143).

24. ADMINISTRATIVE EXPENSES

Directors' remuneration and meeting fees		3,408,958	3,528,921
Salaries and benefits	24.1	5,391,638	6,671,753
Electricity, gas and water		255,322	334,176
Repairs and maintenance		171,115	327,430
Insurance		87,446	156,768
Rent, rates and taxes		510,356	475,917
Traveling and conveyance		180,910	383,089
Vehicles running and maintenance		534,110	699,823
Entertainment		29,407	35,421
Communication		299,516	362,706
Printing and stationery		134,123	177,695
Legal and professional charges		136,103	243,776
Auditors' remuneration	24.2	463,000	456,000
Fees, subscription and periodicals		389,587	566,813
Advertisement		30,640	85,434
Donation	24.3	11,000	12,000
Depreciation	4.2	755,336	940,704
Others		17,011	34,190
		12,805,578	15,492,616

24.1 This includes charge in respect of staff retirement benefits amounting to Rs. 277,241 (2014: Rs. 326,397).

24.2 Auditors' remuneration

Statutory audit fee		318,000	312,000
Half year review fee		105,000	104,000
Out of pocket expenses		40,000	40,000
		463,000	456,000

24.3 None of directors or their spouses had any interest in the donee.



	Note	June 30, 2015	June 30, 2014
		----- Rupees -----	
25. OTHER OPERATING EXPENSES			
Depreciation of idle plant	4.2	4,485,907	4,648,454
Bad debts written-off		133,855	-
Other miscellaneous charges		122,184	15,000
Workers' Welfare Fund		-	88,786
Workers' Profit Participation Fund		-	13,787
		4,741,946	4,766,027
26. OTHER OPERATING INCOME			
From financial assets:			
Dividend income		3,029	3,297
From other than financial assets:			
Gain on disposal of property, plant and equipment		1,500	2,596,315
Insurance claim received		1,083,140	-
Other income		411,022	106,005
		1,498,691	2,705,617
27. FINANCE COST			
Interest / mark-up on:			
Long-term financing		1,295,795	2,508,867
Short -term borrowings			
- Bank		1,285,015	1,135,889
- Provident fund		332,921	351,227
Workers' Profit Participation Fund		-	110,612
Bank charges		47,424	58,552
		2,961,155	4,165,147
28. TAXATION			
Current year	28.1	996,324	1,237,910
Deferred		-	(8,654,652)
		996,324	(7,416,742)
28.1 Relationship between income tax expense and accounting profit			
Profit before taxation		(18,302,816)	(28,631,162)
Tax at the enacted tax rate of 33% (2014: 34%)		(6,039,929)	(9,734,595)
Tax effect of minimum tax		996,324	1,237,910
Other temporary differences		6,039,929	1,079,943
		996,324	(7,416,742)
28.2			
Income tax assessments of the Company have been finalised up to and including the tax year 2014 and are deemed to be assessment order u/s 120 of the Income Tax Ordinance, 2001.			



29. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the Company, which is based on:

Note	June 30, 2015	June 30, 2014
----- Rupees -----		
Loss for the year	(19,299,140)	(21,214,420)
Weighted average number of ordinary shares outstanding during the year	7,502,510	7,502,510
Loss per share	(2.57)	(2.83)

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVE

	Chief Executive		Director		Executive	
	2015	2014	2015	2014	2015	2014
----- Rupees -----						
Remuneration	967,742	967,742	1,045,161	1,045,161	967,742	967,742
Meeting fee	12,000	12,000	60,000	57,000	-	-
House rent	435,484	435,484	470,322	470,323	435,484	435,484
Utilities	96,774	96,774	104,516	104,516	96,774	96,774
Earned leaves	-	83,333	-	90,000	-	83,333
	1,512,000	1,595,333	1,679,999	1,767,000	1,500,000	1,583,333
Number of persons	1	1	1	1	1	1

The Chief Executive and the Director are provided with free use of Company maintained vehicles, residential utility and telephone bills, the monetary value of which is Rs. 813,185 (2014: Rs. 624,454).

31. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors of the Company, key management personnel and staff retirement fund. The Company carries out transactions with various related parties in the normal course of business. Remuneration of directors and key management personnel is disclosed in note 30. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of Transactions		
Associated undertakings	Rent charges paid to Ebrhaimyan Enterprises	465,872	391,239
	Loan obtained from Bawany Management (Private) Limited - net	6,221,000	16,934,000
	Payable to Provident Fund - Bawany Air Products Limited – Employees Provident Fund	3,839,226	1,456,285



	Note	June 30, 2015	June 30, 2014
32. FINANCIAL RISK MANAGEMENT		----- Rupees -----	
32.1 Financial instruments by category			
FINANCIAL ASSETS			
Loans and receivables			
Long-term deposits		3,215,467	3,215,467
Trade debts		3,426,603	4,454,590
Loans and advances		-	61,500
Trade deposits and other receivables		3,662,641	3,676,263
Cash and bank balances		645,842	501,661
		<u>10,950,553</u>	<u>11,909,481</u>
Fair value through profit or loss (FVTPL)			
Other financial assets		174,406	140,190
		<u>11,124,959</u>	<u>12,049,671</u>
FINANCIAL LIABILITIES			
At amortized cost			
Long-term deposits		40,878,139	30,532,254
Long-term financing		7,136,180	3,216,664
Trade and other payables		19,136,165	17,577,064
Interest / mark-up accrued		375,888	942,211
Short-term borrowings		35,248,510	29,028,052
		<u>102,774,882</u>	<u>81,296,245</u>

32.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

32.2.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to foreign currency risk as transactions in foreign currencies are not significant.



b) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant interest bearing assets. Majority of the interest rate risk arises from Company's long-term debt and short-term borrowings from financial institutions. At the balance sheet date the interest rate profile of the Company's interest bearing financial liabilities is:

	June 30, 2015	June 30, 2014
	----- Rupees -----	
Fixed rate instruments		
Long-term financing	7,136,180	3,216,664
Variable rate instruments		
Long-term financing	-	-
Short-term borrowings	9,968,510	9,969,052
	9,968,510	9,969,052

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 99,685 (2014: Rs. 99,691). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not significantly exposed to equity securities price risk because it has very small quantum of investment in equity securities that has been classified as fair value through profit or loss and have already been marked to market.

32.2.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to a single customer.



Credit risk of the Company arises principally from long-term deposits and trade debts. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	June 30, 2015	June 30, 2014
	----- Rupees -----	
Long-term deposits	3,215,467	3,215,467
Trade debts	3,426,603	4,454,490
Loans and advances	-	61,500
Trade deposits	3,662,641	3,676,263
Cash and bank balances	613,159	388,129
	10,917,870	11,795,849

The trade debts are due from local customers for sale of liquid oxygen, nitrogen and dissolved acetylene. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors and limits significant exposure to any individual customer by obtaining advance from customers in certain cases. A significant amount of Company's sales are to ship breaking industry in the area of Gadani, Pakistan, however, the Company is not exposed to concentration of credit risk from these sales as the recovery of receivables from these customers is faster than other customers.

Aging of past due but not impaired trade debts are disclosed in note 7.1.

32.2.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. As disclosed in note 15.1 to the financial statements, during prior year and current year, the Company has entered into various restructuring and settlement agreements with financial institutions to manage the liquidity. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Within 1 year	1 - 5 years	over 5 years	Total
	----- Rupees -----			
June 30, 2015				
Long-term financing	3,203,363	3,932,817	-	7,136,180
Long-term deposits	-	-	40,878,139	40,878,139
Trade and other payables	19,136,165	-	-	19,136,165
Interest / mark-up accrued	375,888	-	-	375,888
Short-term borrowings	38,451,873	-	-	38,451,873
	61,167,289	3,932,817	40,878,139	105,978,245
June 30, 2014				
Long-term financing	595,681	2,620,983	-	3,216,664
Long-term deposits	-	-	30,532,254	30,532,254
Trade and other payables	17,577,064	-	-	17,577,064
Interest / mark-up accrued	942,211	-	-	942,211
Short-term borrowings	595,681	-	-	595,681
	19,710,637	2,620,983	30,532,254	52,863,874

33. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair value.

Fair value hierarchy

The following table provided an analysis of financial instrument that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurement are those derived from inputs other than quoted prices included inputs for the asset or liability that are not based on observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2015, other financial assets were categorised in level 1.

There were no transfers between Level 1 and 2 in the year.

34. CAPITAL RISK MANAGEMENT

The objective of the Company in managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. There is no requirement on the Company to maintain minimum amount of capital.

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	June 30, 2015	June 30, 2014
	----- Cubic Meters -----	
Production capacity (Triple Shift)		
Oxygen	4,233,000	4,233,000
Nitrogen	252,000	252,000
Dissolved acetylene	144,000	144,000
	4,629,000	4,629,000
Actual production		
Oxygen	2,541,690	2,332,455
Nitrogen	4,846	12,396
Dissolved acetylene	10,264	14,035
	2,556,800	2,358,886

Under utilization of available capacity of oxygen, nitrogen and dissolved acetylene is due to lack of market share because of competitive prices offered by other manufacturers.

36. Corresponding figures

Corresponding figures have been re-arranged and reclassified , where necessary , for the purpose of comparisons, the effect of which is not material.

37. GENERAL

Figures in these financial statements have been made off to the nearest rupee , means otherwise stated.

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved on September 29, 2015 by the Board of Directors of the Company.

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

SIRAJ A. KADIR
Director

FORM OF PROXY

The Director,
BAWANY AIR PRODUCTS LIMITED
City Office,
16-C, 2nd floor, Nadir House,
I.I.Chundrigar

Please quote Folio No.

No. of Shares. _____

I/We _____

of _____

member(s) of Bawany Air Products limited do hereby appoint _____

of _____

(or failing him) _____

of _____

Who is also a member of the Company as a proxy to vote on my/our behalf at the 37th Annual General Meeting of the Company to be held on October 27, 2015 at 12.00 noon and at any adjournment thereof.

Signed this _____ day of _____ 2015.

Witness _____

Signature Across
Revenue Stamp

IMPORTANT: Instruments of Proxy will not be considered as valid unless they are at the Company's city office at least 48 hours before the time of holding the meeting.



BAWANYAIR
PRODUCTS LIMITED

16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi

Phone : (92-21) 32400440-3 Fax : (92-21) 32411986

www.bawanyair.com