



**BAWANYAIR**  
PRODUCTS LIMITED

**QUARTERLY REPORT**  
**SEPTEMBER 30, 2019**  
**(UNAUDITED)**



## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Vali Mohammad M. Yahya Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Mikhail Bawany Mr. Wazir Ahmed Jogeza Mr. Zakaria A. Ghaffar Mr. Siraj A. Kadir	Chairman-Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director
<b>AUDIT &amp; HR COMMITTEE</b>	Mr. Siraj A. Kadir Mr. Vali Mohammad M. Yahya Mr. Zakaria A. Ghaffar Mr. Muhammad Munir	Chairman Member Member Secretary to Audit Committee
<b>HEAD OF INTERNAL AUDIT</b>	Mr. Muhammad Munir	
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Mr. Muhammad Arif Dalia	
<b>AUDITORS</b>	S.M. Suhail & Co. Chartered Accountants	
<b>BANKERS</b>	Faysal Bank Limited United Bank Limited MCB Bank Limited National Bank of Pakistan	
<b>SHARE REGISTRAR</b>	C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Tel: 35687839-35685930	
<b>REGISTERED OFFICE</b>	Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan. Tel : 0853 - 363287-8, 0853 - 363289 Fax: 0853 - 363290	
<b>CITY OFFICE</b>	16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi. Tel : 3240-0440 Fax : 3241-1986	

## QUARTERLY REVIEW

### ASSALAM-O-ALAIKUM

On behalf of Board of Directors, I am pleased to present the Directors' Review on the three months period ended September 30, 2019. The un-audited financial statements of your Company for the period then ended are also being presented for your perusal.

The financial performance of our Company in the first quarter of the year 2019-2020 was significantly down as compared to same period of last year. The revenues dropped from Rs. 14 million to Rs. 5 million mainly on account of lower volumes sold during this quarter. During this quarter, the Company suffered gross loss as the sales couldn't cover the factory overheads though being at minimum possible level. Despite careful spending and curtailing the expenses to minimum possible level, there is a bottom-line loss of Rs. 4.5 million.

On behalf of the Board, we thank you for your support and trust on the management of the Company.

On behalf of the Board



**M. HANIF Y. BAWANY**  
Chief Executive Officer

Karachi.

Dated: October 31, 2019

سہ ماہی جائزہ

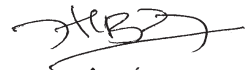
استلام علیکم

میں بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز کی جائزہ رپورٹ برائے 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی پیش کرتے ہوئے مسرت محسوس کر رہا ہوں کہ آپ کی کمپنی کا غیر تصدیق شدہ مالیاتی حساب آپ کے مطالعہ کے لئے پیش خدمت ہے۔

ہماری کمپنی کی مالیاتی کارکردگی سال 2019-20 کی پہلی سہ ماہی میں نمایاں طور پر پچھلے سال کے اسی معیار کے مقابلے میں کم رہی اس سہ ماہی میں کمپنی کی آمدنی 14 ملین سے 5 ملین تک گر گئی اس کی وجہ کاروبار کے حجم میں کمی ہے اس سہ ماہی کے دوران کمپنی نقصان کی وجہ سے کارخانہ کے اخراجات بھی پورے نہ کر سکی اور اپنے خرچوں اور اخراجات کو کم از کم ممکن حد تک کم کرنے کے باوجود کمپنی کو 4.5 ملین کا نقصان ہوا۔

بورڈ کی جانب سے ہم کے تعاون اور کمپنی کی انتظامیہ پر بھرپور سہ کرنے پر آپ کے شکر گزار ہیں۔

منجانب بورڈ



ایم حنیف وائی باوانی

چیف ایگزیکٹو آفیسر

کراچی

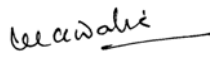
مورخہ 31 اکتوبر 2019

**CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2019**

	Note	Unaudited September 30, 2019	Audited June 30, 2019
		----- Rupees -----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital		<u>150,000,000</u>	<u>150,000,000</u>
15,000,000 Ordinary shares of Rs.10/- each			
Issued, subscribed and paid-up capital		75,025,104	75,025,100
Loan from directors		(75,776,919)	(72,247,617)
Accumulated loss		(751,815)	2,777,483
Surplus on revaluation of plant and equipment - net	4	34,938,886	35,118,869
<b>Non Current Liabilities</b>			
Long-term deposits		53,944,743	51,219,943
<b>Current Liabilities</b>			
Trade and other payables		36,530,967	37,928,155
Interest / mark-up accrued		878,585	878,585
Short-term borrowings		12,006,671	12,006,671
Due to related parties		33,966,490	34,330,107
		83,382,713	85,143,518
<b>Total Equity and Liabilities</b>		<u>171,514,527</u>	<u>174,259,813</u>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	5	158,714,270	160,730,656
Long-term deposits		3,001,494	3,001,494
<b>Current Assets</b>			
Stores and spares		1,000,047	1,000,047
Stock-in-trade		424,256	325,896
Trade debts		(2,138)	553,423
Advances and other receivables		1,795,126	1,795,123
Taxation - net		5,322,256	5,386,659
Sales tax refundable		824,547	824,547
Other financial assets		41,104	41,103
Cash and bank balances		393,565	600,865
		9,798,763	10,527,663
<b>Total Assets</b>		<u>171,514,527</u>	<u>174,259,813</u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
**M. HANIF Y. BAWANY**  
Chief Executive Officer

  
**MUHAMMAD ARIF DALIA**  
Chief Financial Officer

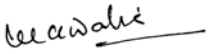
  
**ZAKARIA A. GHAFFAR**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

	Note	Un-audited	
		Three months ended	
		September 30, 2019	September 30, 2018
		-----Rupees-----	
Sales - net		5,390,297	14,566,145
Cost of sales	6	<u>(5,656,550)</u>	<u>(13,575,297)</u>
Gross profit		<b>(266,253)</b>	<b>990,848</b>
Other operating income		166,212	0
		<u>(100,041)</u>	<u>990,848</u>
Distribution cost		(372,629)	(730,875)
Administrative expenses		(2,407,001)	(2,147,334)
Other operating expenses		(1,422,164)	(1,034,953)
Finance cost - net		<u>(173,753)</u>	<u>(214,630)</u>
Loss before taxation		<b>(4,475,588)</b>	<b>(3,136,944)</b>
Provision for taxation - current	7	(67,379)	(182,077)
Loss for the period		<u>(4,542,967)</u>	<u>(3,319,021)</u>
Other comprehensive income		-	-
Total comprehensive income		<u><b>(4,542,967)</b></u>	<u><b>(3,319,021)</b></u>
Earnings per share - basic and diluted		<u><b>(0.61)</b></u>	<u><b>(0.44)</b></u>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
**M. HANIF Y. BAWANY**  
Chief Executive Officer

  
**MUHAMMAD ARIF DALIA**  
Chief Financial Officer


  
**ZAKARIA A. GHAFFAR**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment - net	Accumulated loss	Total
	----- Rupees -----			
Balance as at June 30, 2018	75,025,104	35,884,752	(58,859,274)	52,050,582
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(765,883)	1,078,708	312,825
Total comprehensive income for the year ended June 30, 2019	-	-	(13,633,369)	(13,633,369)
Balance as at June 30, 2019	<u>75,025,104</u>	<u>35,118,869</u>	<u>(71,413,935)</u>	<u>38,730,038</u>
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	179,983	179,983
Total comprehensive income for the three months period ended September 30, 2019	-	-	(4,542,967)	(4,542,967)
<b>Balance as at September 30, 2019</b>	<b><u>75,025,104</u></b>	<b><u>35,118,869</u></b>	<b><u>(75,776,919)</u></b>	<b><u>34,367,054</u></b>

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
**M. HANIF Y. BAWANY**  
Chief Executive Officer

  
**MUHAMMAD ARIF DALIA**  
Chief Financial Officer


  
**ZAKARIA A. GHAFFAR**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

		September 30, 2019	September 30, 2018
	Note	----- Rupees -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		<b>(4,475,588)</b>	(3,136,944)
<b>Adjustments for:</b>			
Depreciation		1,782,571	1,492,351
Gain on disposal of property, plant and equipment		<b>(166,183)</b>	-
Finance cost		<b>(173,753)</b>	214,630
Operating cash flows before working capital changes		<b>(3,032,953)</b>	(1,429,963)
<b>Working capital changes</b>	<b>8</b>	<b>(296,171)</b>	(1,419,198)
<b>Net cash generated from operations</b>		<b>(3,329,124)</b>	(2,849,161)
Finance cost paid		-	(3,270)
Income tax paid		<b>(2,976)</b>	(186,475)
<b>Net cash (used in) /generated from operating activities</b>		<b>(3,332,100)</b>	(3,038,906)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		<b>400,000</b>	-
<b>Net cash generated from investing activities</b>		<b>400,000</b>	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term deposits - net		<b>2,724,800</b>	1,239,364
Short-term borrowings - net		-	1,650,000
<b>Net cash generated from / (used in) financing activities</b>		<b>2,724,800</b>	2,889,364
<b>Net decrease in cash and cash equivalents (A+B+C)</b>		<b>(207,300)</b>	(149,542)
Cash and cash equivalents at beginning of the period		<b>(11,405,806)</b>	(8,524,757)
<b>Cash and cash equivalents at end of the period</b>	<b>9</b>	<b>(11,613,106)</b>	(8,674,299)

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

  
**M. HANIF Y. BAWANY**  
Chief Executive Officer

  
**MUHAMMAD ARIF DALIA**  
Chief Financial Officer

  
**ZAKARIA A. GHAFFAR**  
Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

### 1 THE COMPANY AND ITS OPERATIONS

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

### 2 BASIS OF PREPARATION

This interim financial information has been prepared in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and is being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange Limited. This condensed interim financial information does not include all the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2019.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

		<b>Unaudited September 30, 2019</b>	Audited June 30, 2019
	<b>Note</b>	<b>----- Rupees -----</b>	<b>-----</b>
<b>4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net</b>			
Surplus on freehold land		<b>20,654,210</b>	20,654,210
Surplus on building on freehold land	<b>4.1</b>	<b>14,284,676</b>	14,464,659
		<b>34,938,886</b>	<b>35,118,869</b>
<b>4.1 Movement of surplus on freehold land</b>			
Revaluation surplus as at July 01		<b>20,654,210</b>	20,654,210
Surplus arising on revaluation carried out during the year		-	-
		<b>20,654,210</b>	<b>20,654,210</b>
<b>4.2 Movement of surplus on building on freehold land</b>			
Revaluation surplus as at July 01		<b>20,279,728</b>	21,574,179
Surplus arising on revaluation carried out during the year		-	-
		<b>20,279,728</b>	<b>21,574,179</b>
Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax		<b>(179,983)</b>	(765,883)
Restatement of opening liability		-	(215,742)
Related deferred tax liability of incremental depreciation charged during the period		<b>(73,514)</b>	(312,826)
Revaluation surplus		<b>20,026,231</b>	20,279,728

	<b>Unaudited</b> <b>September 30,</b> <b>2017</b>	<b>Audited</b> <b>June 30,</b> <b>2017</b>
	----- Rupees -----	
Less: Related deferred tax on:		
- revaluation as at July 1	(5,815,069)	(6,343,637)
- difference arising due to change in rate	-	215,742
- incremental depreciation charged during the period, transferred to profit and loss account	<b>73,514</b>	<b>312,826</b>
	<b>(5,741,555)</b>	<b>(5,815,069)</b>
	<b>14,284,676</b>	<b>14,464,659</b>
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating property, plant and equipment	<b>158,714,270</b>	<b>183,889,558</b>
<b>5.1</b> Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2019: Rs. Nil) and disposals there from at net book value were Rs. 233,817 (June 30, 2019: Rs. 8,674,934).		
	<b>Un-audited</b>	
	<b>Three Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2019</b>	<b>2018</b>
<b>6 COST OF SALES</b>		
Raw material consumed	<b>4,069,898</b>	11,633,047
Salaries, wages and benefits	<b>754,440</b>	824,062
Power, fuel and water	<b>22,240</b>	7,720
Stores and spares	-	12,702
Repairs, maintenance and handling	<b>243,065</b>	251,110
Insurance	-	-
Vehicles running and maintenance	-	61,690
Depreciation	<b>326,008</b>	457,398
Others	<b>339,259</b>	374,599
Maintenance and other charges recovered	-	(68,472)
	<b>5,754,910</b>	<b>13,553,856</b>
<b>Finished goods</b>		
Opening stock	<b>275,717</b>	952,079
Closing stock	<b>(374,077)</b>	(930,638)
	<b>(98,360)</b>	<b>21,441</b>
	<b>5,656,550</b>	<b>13,575,297</b>
<b>7 TAXATION</b>		
Charge for the current taxation represents higher of taxable income charged to tax at the rate of <b>29%</b> or turnover tax @ 1.25% under section 113 of the Income Tax Ordinance, 2001.		

	<b>Unaudited</b>	Audited
	<b>September 30,</b>	June 30,
	<b>2017</b>	2017
	----- Rupees -----	
<b>8 WORKING CAPITAL CHANGES</b>		
<b>(Increase)/decrease in current assets</b>		
Store and spares	-	12,702
Stock in trade	<b>(98,360)</b>	21,441
Trade debts	<b>555,561</b>	(2,172,905)
Advances and other receivables	<b>(3)</b>	214,303
<b>Increase in current liabilities</b>		
Trade and other payables	<b>(389,752)</b>	505,261
Due to related parties	<b>(363,617)</b>	-
	<u><b>(296,171)</b></u>	<u><b>(1,419,198)</b></u>
<b>9 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>393,565</b>	161,520
Short term borrowings - running finance	<b>(12,006,671)</b>	(8,835,819)
	<u><b>(11,613,106)</b></u>	<u><b>(8,674,299)</b></u>
<b>10 TRANSACTIONS WITH RELATED PARTIES</b>		

The associated undertaking and related parties comprise associated companies, directors with related parties are as follows:

	<b>Un-audited</b>	
	<b>Three Months Ended</b>	
	<b>September 30,</b>	September 30,
	<b>2019</b>	2018
	----- Rupees -----	
<b>Associated undertakings</b>		
Organization charges paid	136,749	91,166
Long-term loan repaid to associated undertaking	317,770	-
<b>Other related parties</b>		
Contribution made by the Company to retirement benefit plan	90,489	125,592
Interest charged to the Company to retirement benefit plant	173,256	211,360

**11 DATE OF AUTHORIZATION FOR ISSUE**

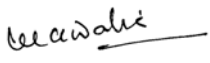
This condensed interim financial information was authorised for issue on October 31, 2019 by the Board of Directors of the Company.

**12 GENERAL**

Figures presented in these condensed interim financial information have been rounded off to the nearest rupee.



**M. HANIF Y. BAWANY**  
Chief Executive Officer



**MUHAMMAD ARIF DALIA**  
Chief Financial Officer



**ZAKARIA A. GHAFFAR**  
Director



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