



BAWANYAIR
PRODUCTS LIMITED

NOTICE OF EXTRA ORDINARY GENERAL MEETING OF
BAWANY AIR PRODUCTS LIMITED

NOTICE is hereby given that an Extraordinary General Meeting of the Shareholders of Bawany Air Products Limited will be held on June 02, 2020 at 11:30 am at the Registered Office of the Company at Khasra No.52/53, R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting of the Shareholders of the Company held on November 27, 2019.

SPECIAL BUSINESS:

2. To consider and, if thought fit, to approve the sale of Land, Building and Plant & Machinery alongwith auxiliary machinery/ parts so as to repay the Company's outstanding loans to the banks & other liabilities and amount due to Directors/ their family associates and, to pass with or without modification(s), the following resolution as special resolution:

RESOLVED THAT;

- a) Pursuant to section 183(3) of the Companies Act, 2017, the shareholders be and hereby authorize the directors of Bawany Air Products Limited to sell the Land, Building and Plant & Machinery alongwith auxiliary machinery/ parts to repay Company's outstanding loans to the banks & other liabilities and amounts due to Directors/ their family associates.
- b) Mr. M. Hanif Y. Bawany, Chief Executive of the Company be and is hereby authorized and empowered to sell the Land, Building and Plant & Machinery alongwith auxiliary machinery/ parts to settle the Company's liabilities and is further authorized and empowered to execute and deliver all necessary documents, take all necessary steps, and do all such acts, deeds and things for and on behalf of, and in the name of the Company as may be necessary or required as he may think fit for or in connection with or incidental for the purposes of fulfilling the above resolutions and fulfilling the objectives thereof."
3. To transact any other business with the permission of the Chairperson.

Karachi.

Dated: April 21, 2020

By Order of the Board


Company Secretary

NOTES:

- a) The share transfer books of the Company will remain closed from May 23, 2020 to June 02, 2020 (both days inclusive). Transfers received in order at the Registered Office of the Company upto the close of business on May 22, 2020 will be treated in time for the purposes of attending and voting at the meeting.
- b) A member entitled to attend and vote at the meeting may appoint another member, as his/her proxy to attend and vote. The instrument of proxy duly executed should be lodged at the registered office of the Company not later than 48 hours before the time of meeting.
- c) Any Individual Beneficial Owner of Central Depository Company, entitled to vote at this Meeting, must bring his/ her CNIC with him/ her to prove his/ her identity and in case of proxy must enclose an attested copy of his/ her CNIC. Representatives of corporate members should bring the usual documents required for such purpose.
- d) In case of a corporate shareholder, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting unless it has been provided earlier.
- e) The statement of material facts under Section 134(3) of the Companies Act, 2017 is annexed with the notice being sent to the members.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out below the material facts pertaining to the special business to be transacted at the Extra Ordinary General Meeting of the Company to be held on June 02, 2020.

Disposal of Assets:

Bawany Air Products Limited (the Company) is a public limited Company incorporated in Pakistan on August 16, 1978 and registered under the Companies Ordinance, 1984 [Repealed with the enactment of Companies Act, 2017 (the Act)]. The Company is listed on the Pakistan Stock Exchange Limited (PSX). The principal activity of the Company is the production and trading of oxygen gas, dissolved acetylene and nitrogen gas.

The plant of the Company is closed since the year 2013 as a result of breakdown of one of its major component which could not be repaired and needed heavy replacement cost. Since then the commercial activities of the Company remained limited to compressing and regasification. The Company suffered recurring losses from the year 2014 onwards, which has resulted in accumulated losses of Rs.81.5 million upto December 31, 2019.

The Company has been placed on the defaulters segment of the PSX on February 07, 2019 and has received notices from PSX, under regulation 5.11.1 (i) of the PSX Rule Book, for suspension of trading in shares of the Company therefore, the Company may be subject to the actions provided under regulation 5.11.2 of the PSX Rule Book.

The auditors' of the Company expressed adverse opinion on the financial statements of the Company for the years ended June 30, 2018 and June 30, 2019 mainly on the use of the going concern assumption by the Company. The Management of the Company expects that the discrepancy that resulted in the adverse opinion in the audit report would be addressed upon implementation of future plan given in this statement i.e. takeover of the Company by Fossil Energy (Pvt.) Limited.

Due to above facts and adverse business condition prevailing in the market regarding the business of gas that was carried on by the Company, takeover intention by Fossil Energy (Pvt.) Limited and Share Purchase Agreement by the sponsors of Bawany Air Products Limited with Fossil Energy (Pvt.) Limited signed on 7th April 2020, the management has decided to dispose of the assets and pay off liabilities of the Company.

The detail of assets to be disposed-off, as required to be provided under SRO 1227/2005 dated December 12, 2005 issued by Securities and Exchange Commission of Pakistan is as under:

Description of Assets	Total Land (6 Acres, located at Plot / Khasra No.52/53 Main RCD Highway, Mauza Pathra, Tehsil Hub District Lasbela, Baluchistan), Building (55,069 Sq.ft.) and Plant & Machinery alongwith auxiliary machinery/parts.
Book Value as on December 31, 2019	Rs. 157 million
Fair Market Value (approx.)	Rs. 158 million (As per valuation report by Luckyhiya Associates (Pvt.) Ltd., dated April 15, 2020).

The Land, Building and Plant & Machinery shall be disposed off after completing all the legal formalities. The management is hopeful and shall try to fetch the best possible price.

Future Plan:

The Company received on December 16, 2019 Public Announcement of Intention from Fossil Energy (Pvt.) Limited under the Securities Act, 2015 to acquire more than 50% of the paid up share capital of the Company.

The Fossil Energy (Pvt.) Limited has entered into share purchase agreement dated April 07, 2020 with the directors/ sponsors of the Company for purchase of 51% shares.

Fossil Energy (Pvt.) Limited is engaged in the business of Storage of Petroleum Products in own storage facilities and to hospitality them to Oil Marketing Companies (OMCs) and to other companies operating in the related field.

Fossil Energy (Pvt.) Limited is holding company of Clover Pakistan Limited which is listed on Pakistan Stock Exchange Limited. The principal business of Clover Pakistan Limited includes sale of food products, consumer durables, and also import & trade of gantry equipment's air/oil filter and other car care products and also is involved in marketing & distribution and after sales support of office automation products, fuel dispensers, vending machines and digital screens. The other companies are group of Market 786 (Pvt) Limited (a brokerage house) and VOS Petroleum Limited (a public unlisted company) engaged in Oil Storage Facility.

The management of the Company understands that the Fossil Energy (Pvt.) Ltd., is a sound business house and upon disposal of assets, settlement of liabilities and completion of takeover, the Company will carry out sound and profitable business which will be beneficial for the shareholders of the Company as well as the capital market.

INTEREST OF DIRECTORS

The Directors of the Company are interested in the business to the extent of their shareholding to the Company.

INSPECTION

The Share Purchase Agreement may be inspected at the registered office of the Company during the hours of Extraordinary General Meeting.