



BAWANYAIR
PRODUCTS LIMITED

**QUARTERLY REPORT
MARCH 31, 2020
(UNAUDITED)**

CORPORATE INFORMATION

BOARD OF DIRECTORS	<p>Mr. Vali Mohammad M. Yahya Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Mikhail Bawany Mr. Wazir Ahmed Jomezai Mr. Zakaria A. Ghaffar Mr. Siraj A. Kadir</p>	<p>Chairman - Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director</p>
AUDIT & HR COMMITTEE	<p>Mr. Siraj A. Kadir Mr. Vali Mohammad M. Yahya Mr. Zakaria A. Ghaffar Mr. Muhammad Munir</p>	<p>Chairman Member Member Secretary to Audit Committee</p>
HEAD OF INTERNAL AUDIT	Mr. Muhammad Munir	
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Muhammad Arif Dalia	
AUDITORS	S. M. Suhail & Co Chartered Accountants	
BANKERS	<p>Faysal Bank Limited United Bank Limited MCB Bank Limited National Bank of Pakistan</p>	
SHARE REGISTRAR	<p>C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Te: 35687839-35685930</p>	
REGISTERED OFFICE	<p>Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District, Balochistan Tel: 0853 - 363289 Fax: 0853 - 363290</p>	
CITY OFFICE	<p>16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi Tel: 021-32400440</p>	

QUARTERLY REVIEW

ASSALAM-O-ALAIKUM

On behalf of the Board of directors, I am pleased to present the Directors' review report on performance of our company for the third quarter ended March 31, 2020.

With nine months ending for the year 2020, the performance statistics are not satisfactory. There is decline in revenue by Rs.29.64 million and gross loss of Rs. 2.21 million. However, the expense have been controlled and curtailed on the minimum possible level due to which the bottom line loss has been slightly increased. The main reason for decreased sales is the economic turmoil caused by devaluation of rupee resultantly less business in Gaddani ship breaking as there are few ships as compared to the prior period and mainly due to lack of business around the globe caused by the arising pandemic of the Corona virus followed by complete lock down in the country causing significant loss in revues of the company.

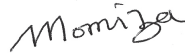
The management had received an intention on December 16, 2019, under securities Act, 2015 and Listed Companies (substantial Acquisition of Voting Shares and Take Over's) Regulations 2017 to acquire more than 50% shares and control of your company from Fossil Energy (Private) Limited. The management is in process for the best fruitful outcome of this proposal and to support the financial health of the Company.

We have strong faith in Almighty ALLAH that the efforts of the management will be able to find a turn around and continue its business smoothly. The Directors appreciate your patience, support and trust that your have expressed in the management of the Company in such difficult times.

On behalf of the Board



M. Hanif Y. Bawany
 Chief Executive Officer
 Karachi
 Dated: 28th May 2020



Momiza Hanif Bawany
 Director

السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے خوشی ہو رہی ہے کہ ۳۱ مارچ ۲۰۲۰ کو ختم ہونے والی تیسری سہ ماہی کے لئے ہماری کمپنی کی کارکردگی سے متعلق ڈائریکٹرز کی جائزہ رپورٹ پیش کرتے ہوئے۔

سال ۲۰۲۰ میں نو ماہ ختم ہونے کے ساتھ، کارکردگی کے اعداد و شمار قابل اطمینان نہیں ہیں۔ آمدنی میں ۲۹.۶۴ ملین کی کمی واقع ہوئی ہے اور اس سے مجموعی طور پر ۲.۲۱ ملین کا نقصان ہوا ہے۔ تاہم کم سے کم ممکنہ سطح پر اخراجات پر قابو پایا گیا ہے۔ جس کی وجہ سے چل سٹاک کے لاسز میں قدرے اضافہ ہوا ہے۔ فروخت میں کمی کی بنیادی وجہ معاشی بدحالی ہے جس کے نتیجے میں روپے کی قدر میں کمی واقع ہوئی ہے جس کے نتیجے میں گڈانی پر جہاز کی کٹائی کا کاروبار کم رہا کیونکہ اس سے پہلے کے دور کے مقابلے میں بہت کم جہاز موجود ہیں اور اس کی بنیادی وجہ دنیا بھر میں پیدا ہونے والی وبا کی بیماری ہے۔ کورونا وائرس کے بعد ملک میں مکمل لاک ڈاؤن کے بعد کمپنی کی بحالی میں نمایاں نقصان ہوا۔

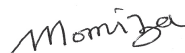
سکیورٹیز ایکٹ ۲۰۱۵ کے تحت انتظامیہ نے ۱۶ دسمبر ۲۰۱۹ کو ایک ارادہ حاصل کیا تھا اور فوسل انرجی (پرائیویٹ) لمیٹڈ نے آپ کی کمپنی کا ۵۰ فیصد سے زیادہ حصص اور کنٹرول حاصل کرنے کا ارادہ ظاہر کیا ہے۔ لہذا کمپنیوں (دونگ شیرز کا کافی حصول اور ٹیک اوورز) ریگولیشنز ۲۰۱۷-۲۰۱۸ کے تحت جو اس سے بہترین نتیجے کی امید اور کمپنی کی مالی بحالی کی تائید ہوگی۔

ہمیں اللہ تعالیٰ پر پختہ یقین ہے کہ انتظامیہ اپنی کوششوں سے رخ موڑ پائے گی اور اپنے کاروبار کو آسانی سے جاری رکھ سکے گی۔ ڈائریکٹرز آپ کے صبر، تعاون اور اعتماد کی تعریف کرتے ہیں جس کا آپ نے ایسے مشکل وقت میں کمپنی کی انتظامیہ میں اظہار کیا ہے۔

بورڈ کی جانب سے



M. Hanif Y. Bawany
 Chief Executive Officer
 Karachi
 Dated: 28th May 2020




Momiza Hanif Bawany
 Director

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

		Unaudited March 31, 2020	Audited June 30, 2019			Unaudited March 31, 2020	Audited June 30, 2019
Note	Rupees			Note	Rupees		
ASSETS				EQUITY AND LIABILITIES			
Non Current Assets				Share Capital and Reserves			
Property, plant and equipment	5	155,174,907	160,730,656	Authorised capital 15,000,000 Ordinary shares of Rs.10/- each		150,000,000	150,000,000
				Issued, subscribed and paid-up capital		75,025,100	75,025,100
Long-term deposits		3,001,494	3,001,494	Surplus on revaluation of property, plant and equipment - net	6	34,578,921	35,118,869
Current Assets				Accumulated loss		(84,222,503)	(72,247,617)
Stores and spares		996,322	1,000,047			25,381,522	37,896,352
Stock-in-trade		100,603	325,896	Non Current Liabilities			
Trade debts		(189,212)	553,423	Long-term deposits		51,219,943	51,219,943
Advances and other receivables		1,715,126	1,795,123	Current Liabilities			
Sales tax refundable		824,547	824,547	Trade and other payables		6,593,628	7,998,774
Investments		58,104	41,103	Accrued liabilities		20,145,483	18,623,399
Taxation - net		5,235,704	5,386,659	Unclaimed dividend		717,420	717,420
Cash and bank balances		281,946	600,865	Provisions		2,303,902	2,303,902
		9,023,140	10,527,663	Payable to provident fund		6,542,268	8,284,660
				Accrued mark-up		878,585	878,585
				Due to related parties		41,410,119	34,330,107
				Short-term financing		12,006,671	12,006,671
						90,598,076	85,143,518
				Contingencies and Commitment	12		
Total Assets		167,199,541	174,259,813	Total Equity and Liabilities		167,199,541	174,259,813

The annexed notes form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer



M. ARIF DALIA
 Chief Financial Officer


MOMIZA HANIF BAWANY
 Director

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Note	Nine months period ended		Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		Rupees		Rupees	
Sales - net		12,784,066	42,419,379	2,199,922	12,472,631
Cost of sales	7	(14,994,458)	(40,397,472)	(3,381,455)	(12,013,111)
Gross (loss) / profit		(2,210,392)	2,021,907	(1,181,533)	459,520
Other operating income		1,178,263	127,964	42,735	127,964
Unrealized gain / (loss) on revaluation of other financial assets		17,000	(10,481)	-	-
		(1,015,129)	2,139,390	(1,138,798)	587,484
Distribution cost		(1,214,726)	(2,369,219)	(375,736)	(895,088)
Administrative expenses		(5,414,855)	(6,352,185)	72,236	(2,015,020)
Other operating expenses	8	(4,224,608)	(2,980,344)	(1,380,279)	(965,376)
Finance cost - net	9	(485,715)	(610,834)	(146,497)	(181,082)
Loss before taxation		(12,355,033)	(10,173,192)	(2,969,074)	(3,469,082)
Provision for taxation					
- current	10	(159,801)	(530,242)	(27,499)	(155,908)
- deferred		-	-	-	-
Loss for the period		(12,514,834)	(10,703,434)	(2,996,573)	(3,624,990)
Earnings per share - basic and diluted		(1.67)	(1.43)	(0.40)	(0.48)

The annexed notes form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer


M. ARIF DALIA
 Chief Financial Officer


MOMIZA HANIF BAWANY
 Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020


	Six months period ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees		Rupees	
Loss for the period	(12,514,834)	(10,703,434)	(2,996,573)	(3,624,990)
Total comprehensive loss for the year	<u>(12,514,834)</u>	<u>(10,703,434)</u>	<u>(2,996,573)</u>	<u>(3,624,990)</u>

The annexed notes form an integral part of these condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment - net	Accumulated loss	Total
	Rupees			
Balance as at July 1, 2018	75,025,100	35,884,752	(52,547,247)	58,362,605
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax		(574,412)	574,412	-
Total comprehensive income for the nine months period ended March 31, 2019			(10,703,434)	(10,703,434)
Balance as at March 31, 2019	<u>75,025,100</u>	<u>35,310,340</u>	<u>(62,676,269)</u>	<u>47,659,171</u>
Balance as at July 1, 2019	75,025,100	35,118,869	(72,247,617)	37,896,352
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(539,948)	539,948	-
Total comprehensive income for the nine months period ended March 31, 2020	-		(12,514,834)	(12,514,834)
Balance as at March 31, 2020	<u>75,025,100</u>	<u>34,578,921</u>	<u>(84,222,503)</u>	<u>25,381,518</u>

The annexed notes form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
Chief Executive Officer



M. ARIF DALIA
Chief Financial Officer


MOMIZA HANIF BAWANY
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2020**

		March 31, 2020	March 31, 2019
		Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Loss before taxation		(12,355,033)	(10,173,192)
Adjustments for:			
Depreciation		5,291,250	4,455,283
(Gain) / Loss on revaluation of other financial assets		(17,001)	10,481
Gain on disposal of assets		(1,178,263)	(127,964)
Finance cost		485,715	610,834
Operating cash flows before working capital changes		(7,773,332)	(5,224,558)
Working capital changes	11	(573,804)	1,749,449
Net cash used in from operations		(8,347,136)	(3,475,109)
Finance cost paid		(485,715)	(9,247)
Income tax paid		(8,846)	(563,438)
Net cash used in operating activities		(8,841,697)	(4,047,794)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of assets		1,442,766	142,923
Net cash generated from investing activities		1,442,766	142,923
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term deposits - liabilities - net		-	3,232,672
Long-term deposits - assets - net		-	124,864
Due to related parties		7,080,012	-
Short-term borrowings - net		-	483,765
Net cash generated from financing activities		7,080,012	3,841,301
Net decrease in cash and cash equivalents (A+B+C)		(318,919)	(63,570)
Cash and cash equivalents at beginning of the period		600,865	311,062
Cash and cash equivalents at end of the period		281,946	247,492

The annexed notes form an integral part of these condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer


M. ARIF DALIA
 Chief Financial Officer


MOMIZA HANIF BAWANY
 Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**

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 Pathra, Tehsil Hub, Lasbella District, Balochistan.

1.1 GOING CONCERN ASSUMPTION

The Company has incurred a net loss of Rs. 12.514 million during the nine months ended March 31, 2020 and as of that date its accumulated losses amounted to Rs. 84.222 million. Its current liabilities exceeded its current assets by Rs.81.575 million. The operation of the Company have been suffering due to breakdown of its plant that has resulted in stoppage of production of liquid oxygen. The Company is facing adverse liquidity position and is unable to finance repair and replacement of its faulty equipments.

The above condition indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its obligations in the ordinary course of its business. However, to cope up with the aforementioned liquidity issues, the management is about to sign an agreement in due course to increase the level of capital employed into the business thus increasing its potential acquisition of shares, the Company is expecting some positive changes as to its going concern ability. In view of the aforementioned management's plan, this condensed interim financial information has been prepared using the going concern assumption.

2 SIGNIFICANT EVENT

During the period on December 16, 2019, the Company has received an intimation from an acquirer for acquiring control of the Company and more than 50% of shareholding into the Company. For details refer director report.

3 BASIS OF PREPARATION

The condensed interim financial information has been prepared for the ninth months period ended March 31, 2020 in accordance with the requirement of international Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provision of or directives issued under the Companies Act, 2017 are being prevailed.

These condensed interim financial information are unaudited and are being circulated to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

The condensed interim financial information does not include all the information and disclosures as required for preparation of annual financial statements therefore, it should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2019.

4 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimate.

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

4.1 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES.

During the period, the Company has adopted International Financial Reporting Standards 9 (IFRS 9) "Financial Instruments" and IFRS 16 "Lease". The detail of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set as mentioned in half yearly review December 31, 2019.

		Un-audited March 31, 2020	Audited June 30, 2019
		----- Rupees -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating property, plant and equipment	155,174,907	160,730,656
5.1	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.Nil (June 30, 2019: Rs.51,050).		
6	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
	Surplus on freehold land	4.1 20,654,210	20,654,210
	Surplus on building on freehold land	4.2 13,924,711	14,464,659
		34,578,921	35,118,869
6.1	Movement of surplus on freehold land during the period		
	Revaluation surplus as at July 01	20,654,210	20,654,210
	Surplus arising on revaluation carried out during the year	-	-
		20,654,210	20,654,210
6.2	Movement of surplus on building on freehold land during the period		
	Revaluation surplus as at July 01	20,279,728	21,574,179
	Surplus arising on revaluation carried out during the year	-	-
		20,279,728	21,574,179
	Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax	(539,948)	(765,883)
	Restatement of opening liability due to change in tax rate	(202,797)	(215,742)
	Related deferred tax liability of incremental depreciation charged during the period	(220,542)	(312,826)
	Revaluation surplus	19,316,441	20,279,728
	Less: Related deferred tax liability on:		
	- revaluation as at July 1	(5,815,069)	(6,343,637)
	- difference arising due to change in tax rate	202,797	215,742
	- incremental depreciation charged during the period, transferred to profit and loss account	220,542	312,826
		(5,391,730)	(5,815,069)
		13,924,711	14,464,659

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	-----Rupees-----			
7 COST OF SALES				
Raw material consumed	9,655,895	34,054,235	1,635,745	9,778,997
Salaries, wages and benefits	2,361,030	2,494,131	863,038	790,950
Stores and spares	3,725	16,897	-	4,195
Repairs, maintenance and handling	599,280	881,465	303,180	375,005
Vehicles running and maintenance	-	-	-	(132,220)
Depreciation	965,662	1,364,001	315,181	445,154
Others	1,183,573	1,069,842	219,870	245,000
Maintenance and other charges recovered	-	(132,131)	-	(6,664)
	14,769,165	39,748,440	3,337,014	11,500,417
Finished goods				
Opening stock	275,717	952,079	94,865	815,741
Closing stock	(50,424)	(303,047)	(50,424)	(303,047)
	225,293	649,032	44,441	512,694
	14,994,458	40,397,472	3,381,455	12,013,111
8 OTHER OPERATING EXPENSES				
Depreciation on idle plant & related assets	4,224,608	2,935,344	1,380,279	965,376
Others	-	45,000	-	-
	4,224,608	2,980,344	1,380,279	965,376
9 FINANCE COST				
Short term borrowings from P.F	483,690	601,587	146,402	177,449
Bank charges	2,025	9,247	95	3,633
	485,715	610,834	146,497	181,082
9.1	This represents interest on loan and contributions payable to the Staff Provident Fund.			
10 TAXATION				
Charge for the current taxation is based on minimum tax on turnover @ 1.25% under section 113 of the Income Tax Ordinance, 2001.				
11 WORKING CAPITAL CHANGES				
	Unaudited			
	March 31, 2020	March 31, 2019		
	----- Rupees -----			
(Increase) / decrease in current assets				
Stores and spares		3,725		16,897
Stock-in-trade		225,293		942,099
Trade debts		742,635		(140,384)
Advances and other receivables		79,997		1,865,184
(Decrease) / Increase in current liabilities				
Trade and other payables		(1,405,146)		(934,347)
Accrued liabilities		1,522,084		0
Payable to provident fund		(1,742,392)		0
		(573,804)		1,749,449

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

The Company was selected for income tax audit for the period from July 2011 to June 2012. The assessing officer issued impugned order dated 2.01.2017 wherein the Appellant was order to pay income tax amount to Rs.9,999 million along with default surcharge and penalty. Being aggrieved with the order, the Company preferred the instant appeal contesting and that the Deputy Commissioner Inland Revenue passed the order without proper jurisdiction over the appellant's case.

The management and tax advisor of the Company are confident about the favourable outcome of the matter and hence, no provision has been made in these interim financial statement on this account.

- 12.2 Faysal Bank Limited has filed a law suit in the Banking Court No. IV at Karachi for recovery of their principal balance along-with mark-up on outstanding payments and liquidation damages amounting to Rs.13,077,752. The Company has challenged these allegations in the banking court on the basis that the amount is exaggerated, misconceived and false claims/pleas taken by the bank. The matter is being heard at the banking court. The management of the Company is confident about the favourable outcome of the matter.

Commitments

There were no commitments as at March 31, 2020 (June 30, 2019: Nil).

13 TRANSACTIONS WITH RELATED PARTIES

The related parties include a subsidiary Company, entities having directors in common with the Company, major shareholders of the Company, directors and other key management personnel and retirement benefit plans. Transaction with related parties, other than those disclosed elsewhere in the financial statements are as under:

	March 31, 2020	Unaudited March 31, 2019
	Rupees	
Associated undertakings		
Organization charges paid	410,247	364,664
Long-term loan re-paid to associated undertaking	363,486	16,235
Transactions with key management personnel		
Salaries, benefits and other allowances	666,000	666,000
Other related parties		
Contribution made by the Company to retirement benefit plan	268,556	363,471
Mark up accrued on loan from retirement benefits plan	53,905	53,905

14 DATE OF AUTHORIZATION FOR ISSUE

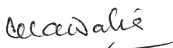
This condensed interim financial information was authorised for issue on May 28, 2020 by the Board of Directors of the Company.

15 GENERAL

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



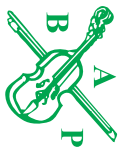
M. HANIF Y. BAWANY
 Chief Executive Officer



M. ARIF DALIA
 Chief Financial Officer



MOMIZA HANIF BAWANY
 Director



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