BAWANY AIR

PRODUCTS LIMITED

FOURTY SECOND
JUNE 30, 2020
2019-2020

BAWANYAIR
PRODUCTS LIMITED

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TRIBUTE TO HONORABLE CHAIRMAN MR. 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 in1925 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, Annoor 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.

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Vali Mohammad M. Yahha	Chairman - Non Executive Director
	Mr. M. Hanif Y. Bawany	Chief Executive Officer
	Mrs. Momiza Hanif Bawany	Executive Director
	Mr. Mikhail Bawany	Non Executive Director
	Mr. Wazir Ahmed Jogezai	Non Executive Director
	Mr. Zakaria A. Ghaffar	Non Executive Director
	Mr. Siraj A. Kadir	Independent Director
AUDIT & HR COMMITTEE	Mr. Siraj A. Kadir	Chairman
	Mr. Vali Mohammad M. Yahha	Member
	Mr. Zakaria A. Ghaffar	Member
	Mr. Muhammad Munir	Secretary to Audit Committee
HEAD OF INTERNAL AUDIT	Mr. Muhammad Munir	
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Abdul Rauf	
AUDITORS	S. M. SUHAIL & CO. 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	

BAWANY AIR PRODUCTS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Second Annual General Meeting of the Company will be held at the registered office Khasra No. 52/53, RCD Highway,Hub,Balochistan onTuesday27thOctober2020 at 12:45p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on June 02, 2020.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2020 together with Directors and Auditor's Reports thereon.
3. To appoint auditors for the year 2020-2021 and fix their remuneration.
4. Transact any other business with permission of chair.

Karachi: October 05, 2020

By order of the Board
Company Secretary

NOTES:

1. The register of members of the Company will remain closed from October 21, 2020 to October 27, 2020 (both days inclusive).
2. Members are requested not to bring spouse / children or any other accompany.
3. Attendance of Members who have deposited their shares into the Central Depository Company of Pakistan Limited shall be in accordance with the following mandatory requirements:
   a) Individual Members must bring their "Participant's ID Number", together with their Account/Sub-account number and original valid Computerized National Identity Card (CNIC) or original valid Passport at the time of attending the Meeting
   b) For corporate entity, presentation of a certified copy of the Board Resolution/ Power of Attorney with specimen signatures and attested copy of valid CNIC of the person nominated by the corporate entity to represent, shall be submitted
4. Members are requested to notify any change in their notified addresses immediately. Members holding shares in physical form are requested to notify the Company's Share Registrar promptly of changes in their notified address.
5. Members, who have not yet submitted a copy of their valid CNIC or valid Passport to the Company, are once again reminded to send the same at the earliest either to the Company or to the Share Registrar. The CNIC number /NTN details is now mandatory and is required for checking the tax status as per the Active Tax Payers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.
6. Attendance through Proxy
   a) Proxy Form(s) must be deposited at Company's Share Registrar's office not later than forty-eight (48) hours before the time of the Meeting.
   b) Attested copies of valid CNIC or the valid Passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.
   c) In case of a corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures and attested copy of valid CNIC of the person nominated by the corporate entity to represent, shall be submitted to the Company's Share Registrar
   d) The Proxy shall produce his/her original valid CNIC or original valid Passport at the time of the Meeting
   e) A specimen Proxy Form is available on Company's website.

CHAIRMAN's REVIEW

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

Dear Shareholders,

I am pleased to enclose the financial statements of our company for the year ended June 30, 2020. The year 2020 started on the same tone as last year and things started getting worse with the pandemic of COVID 19. The labor-intensive industry like Gadani Ship Breaking was greatly affected due to lockdown and this led to overall decline in the financial performance of our Company. As a nation, we are very much blessed by the Almighty ALLAH that this disease (despite being highly contagious) didn't spread as it did in other countries like neighboring nations, and rather it got controlled in our beloved country.

The industries operating in Pakistan could not absorb the hit of devaluation in rupee till the end of last year but in the current year, the rupee devalued again and top of that the impact of widespread COVID-19 are the main factors for decline in revenue and ultimate bottom line losses that most of the Companies are reporting. During the year, the Company recorded Rs. 68.615 million impairment loss on plant and machinery due to which the bottom-line loss at the end of the year amounted to Rs. 87 million.

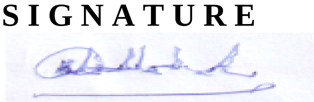
During the year on December 16, 2019, the Company received an intimation from an acquirer for acquiring control of the Company and more than 50% of shareholding of the Company. Similarly, on June 02, 2020, a special resolution was passed in Extraordinary General meeting where the Board of Directors were authorized to dispose off land, building, plant and machinery along with auxiliary parts to settle all the liabilities of the Company including towards directors and their families. For details, please refer financial statements and the Directors report.

The yearly analysis of financial performance of current year compared with last year is as follows:

Description	**2019-20**	**2018-19**
Sales	12,795,636	51,909,593
Cost of sales	(16,145,085)	(51,526,899)
Gross (loss)/profit	(3,349,449)	382,694
Net Expenses	(81,244,907)	(19,404,544)
Finance cost	(636,232)	(796,091)
Tax	(1,956,524)	5,350,890
Loss after tax	(87,187,112)	(14,467,051)

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

SIGNATURE



Vali Mohammad M. Yahya
Chairman

DIRECTOR'S REPORT

Directors of the Company are pleased to present the Annual Report of your Company along with the audited financial statements for the year ended June 30, 2020.

OVERVIEW

The year 2020 was badly affected by COVID-19 for all the businesses, which caused a slump in worldwide economies and all the businesses and industries and that led to severe decline in revenue of the Company as compared to last year. The revenue dropped by huge 75% from 2019 and the impact are on-going.

Our business got affected so much that there was gross loss of Rs. 3.43 million. The sales volumes were significantly down. Reason behind the decline in volumes was at first the devaluation of rupee against USD which has adversely affected the Gaddani Ship Breaking Industry followed by COVID-19 impact.

The Financial Highlights of the Company as compared to last year are as follows:

	2020	**2019**
	Rupees	
Sales	12,795,636	51,909,593
Cost of sales	(16,145,085)	51,526,899
Gross (loss)/Profit	(3,349,449)	382,694
Distribution cost	(1,492,535)	(3,141,537)
Administrative expenses	(7,775,083)	(8,864,264)
Impairment of financial assets	(35,507)	-
Other operating expenses	(74,347,737)	(14,124,836)
Un-realised loss	(2,827)	(15,960)
Other income	2,408,782	6,742,053
Operating loss	(84,594,355)	(19,021,850)
Finance cost	(636,232)	(796,091)
Loss before taxation	(85,230,587)	(19,817,941)
Taxation	(1,956,524)	5,350,890
Loss after taxation	(87,187,112)	(14,467,051)

From above table, we can analyse the performance of 2019-2020 vs 2018-2019as:

- Revenue decreased by Rs. 39 million mainly due to lower volumes of liquid oxygen sold during the year. We could only manage to sell 326,874.37 cubic meter in 2019-2020 as compared to 1,342,035.40 cubic meter in 2018-2019.

- Distribution cost was reduced to almost half of 2018-2019, which is linked with sales.

- Although Administrative expenses have also reduced but the decline is not significant since there is some fixed cost like salaries, fees and subscriptions, depreciation, etc. which were incurred.

- Other operating expenses have gone down significantly since the expense for 2018-2019 had impact of trade debts written off as well as provision for doubtful trade debts. Moreover, there was a loss on disposal of assets amounting to Rs. 4.4 million, which all led to higher expense in 2018-2019. Since there was no such expenditure in 2019-2020, the other operating expenses of 2019-2020 are mainly due to impairment on idle plant and depreciation during the year.

- Finance costs in 2019-2020 mainly includes the mark-up on un-paid provident fund balance, which is settled subsequent to year end.

- The Company due to continuous losses for last several years has been facing severe financial crises thus has not been able to fulfil its financial obligations. The Company had not been able to pay ORIX Leasing Pakistan Limited instalments of Rs.3.17 million which fully matured in September, 2017. The Company is trying to settle.

- The Company was selected for income tax audit for the period from July 2011 to June 2012. The assessing officer issued impugned order dated 24 January 2017 wherein the Appellant was ordered 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 financial statements.

- Faysal Bank Limited had 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 amounting to Rs. 13,077,725 and sale of hypothecated assets. 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 and advisors of the Company are confident about the favourable outcome of the matter hence no provision in respect of mark-up has been made in these financial statements.However, the amount has been settled at Rs.9.1 million and fully paid to the bank during the subsequent period.

MATERIAL INFORMATION

The operation of the plant of the Company is closed since the year 2013 as a result of major breakdown of one of its main component which could not be repaired locally and acquired heavy replacement cost. Since then the company was constrained to restrict its commercial activities to compressing and regasification. The Company suffered recurring losses from the year 2014 onwards, which has resulted in accumulated losses of Rs.158.810 million (including impairment on building and plant & machinery) uptoJune 30, 2020 caused by the major breakdown of its plant.

The Company had been placed on the defaulters segment of the PSX on February 07, 2019 and 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 preparation of the financial statements of the Company for each of the three years ended on June 30, 2018, June 30, 2019 and June 30, 2020 mainly on using going concern assumption. It is no longer sustainable for the Company amidst of closure of plant, adverse market prices and economic slowdown all adding to the accumulated loss of the company.

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.

That Fossil Energy (Pvt.) Limited then entered into share purchase agreement dated April 07, 2020 with the directors/ sponsors of the Company for purchase of 51% shares. As per the Share Purchase Agreement, the obligation of the Company included the disposal of all its assets and to clear all its liabilities.

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. The authorized share capital of Fossil Energy (Pvt) Limited is Rs.500,000,000/- divided into 50,000,000 Ordinary shares of Rs.10/- each and the paid up share capital of the company is Rs.140,000,000 divided into 14,000,000 Ordinary shares of Rs.10/- each.

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 in the said group are 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 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 capital market.

The shareholders passed a special resolution in Extraordinary General meeting held on June 02, 2020 where the Board of Directors were authorized to dispose off land, building, plant and machinery along with auxiliary parts and to settle all the liabilities of the Company including that towards directors and their families.

According to the Special Resolution passed on June 02, 2020 an advertisement for sale of all the assets of the company was published in newspapers, in response of which company received bids from interested parties. The Board of Directors in their meeting held on July 17, 2020 approved the negotiated bid of highest bidder and executed sale agreement, the implementation of which is in process.

Auditor’s qualification

The Management of the Company expects that the discrepancy that resulted in the adverse opinion in the audit report would be fully addressed once the takeover of the company by Fossil Energy (Pvt.) Limited is completed.

KEY OPERATING AND FINANCIAL DATA FOR LAST 10 YEARS

Year	Sales - net	Gross profit/ (loss)	Profit/ (loss) before taxation	Shareholder's equity	Total current assets	Total current liabilities	Earnings per share
	---------------------------------- Rupees in million					--------------------------------	Rupees
2010	209.51	48.19	35.07	72.88	30.56	81.60	7.42
2011	195.44	48.80	22.27	89.34	22.01	50.04	1.75
2012	209.97	49.08	15.29	97.56	21.09	48.96	1.02
2013	238.60	57.68	21.95	111.06	25.24	38.06	1.73
2014	123.79	(1.90)	(28.63)	90.16	20.99	62.49	(2.83)
2015	99.63	4.72	(18.30)	71.15	17.35	59.78	(2.57)
2016	94.43	5.12	(17.66)	58.00	17.82	63.43	(2.35)
2017	82.70	2.24	(19.14)	42.35	15.43	71.26	(2.14)
2018	89.08	4.39	15.35	62.58	16.22	79.66	(2.19)
2019	51.91	0.38	(19.82)	37.90	10.53	85.14	(1.93)
2020	12.80	(3.35)	(85.23)	15.22	8.93	94.14	(11.62)

WAY FORWARD

Management expects stable economic conditions in coming months in the country, which will bring stability in desired level of business activities.

BOARD OF DIRECTORS

There was no change in Board of Directors.

AUDITORS

The present auditors, M/s. S. M. Suhail & Co. 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 accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements;

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 ten years have been summarized;

During the year 06 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	6
Mrs. MomizaHanifBawany	6
Mr. Vali Mohammad M. Yahya	6
Mr. Mikhail Bawany	3
Mr. Wazir Ahmed Jogezai	1
Mr. Zakaria A. Ghaffar	6
Mr. Siraj A. Kadir	6

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

i) The pattern of shareholding is annexed; and

j) Neither the Chief Executive Officer nor any other Directors have purchased any shares of the Company.

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.

On behalf of the Board

M. Hanif Y. Bawany
Chief Executive Officer

Momiza Hanif Bawany
Director

Karachi
Dated: 5th October, 2020

ڈائریکٹران کی رپورٹ

کمپنی کے ڈائریکٹران کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2020 کے آڈٹ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

جائزہ

سال 2020 میں COVID-19 کی وجہ سے تمام کاروبار بری طرح متاثر ہوئے جس نے پوری دنیا میں معیشت اور تمام کاروبار اور صنعتوں میں سست روی پیدا کردی اور جس کے نتیجے میں کمپنی کی آمدن میں گزشتہ سال کی بہ نسبت شدید کمی ہوئی۔ آمدنی میں 2019 کے مقابلے میں بڑے پیمانے پر 75 فیصد کمی ہوئی اور یہ اثرات ابھی تک جاری ہیں۔

ہمارا کاروبار اس حد تک متاثر ہوا کہ ہمارا خام خسارہ 3.43 ملین روپے ہوگیا۔ فروخت کے حجم میں قابل ذکر کمی ہوئی۔ حجم فروخت میں کمی کی وجوہات میں USD کے مقابلے روپے کی قدر میں کے علاوہ COVID-19 کے گڈانی شپ بریکنگ انڈسٹری ناموافق اثرات ہیں۔

کمپنی کی مالیاتی جھلکیوں کا گزشتہ سال کے ساتھ موازنہ درج ذیل ہے:

	2020	2019
	روپے	روپے
فروخت	12,795,636	51,909,593
لاگت فروخت	(16,145,085)	51,526,899
خام (خسارہ)/منافع	(3,349,449)	382,694
تقسیمی لاگت	(1,492,535)	(3,141,537)
انتظامی اخراجات	(7,775,083)	(8,864,264)
مالیاتی اثاثوں پر فرسودگی	(35,507)	-
دیگر کاروباری اخراجات	(74,347,737)	(14,124,836)
غیر تسلیم شدہ خسارہ	(2,827)	(15,960)
دیگر آمدن	2,408,782	6,742,053
کاروباری خسارہ	(84,594,355)	(19,021,850)
مالیاتی لاگت	(636,232)	(796,091)

خسارہ قبل از ٹیکس	(85,230,587)	(19,817,941)
ٹیکس	(1,956,524)	5,350,890
خسارہ بعد از ٹیکس	(87,187,112)	(14,467,051)

مندرجہ بالا ٹیبل سے ہم 2018-2019 کے مقابلے میں 2019-20 میں کارکردگی کا موازنہ کر سکتے ہیں:

☆ مائع آکسیجن کے حجم فروخت میں کمی کی وجہ سے آمدن میں 39 ملین روپے کی کمی ہوئی۔ ہم 2019-20 میں صرف 326,874.37 کیوبک میٹر فروخت کر پائے جبکہ 2018-19 میں فروخت 1,342,035.40 کیوبک میٹر تھی۔

☆ فروخت میں کمی کی وجہ سے تقسیمی لاگت 2018-19 کے مقابلے میں تقریباً آدھی رہ گئی۔

☆ اگرچہ کہ انتظامی اخراجات میں کمی ہوئی لیکن کمی زیادہ قابل ذکر نہیں ہے کیونکہ کچھ اخراجات جیسے تنخواہیں، فیسیں اور سبسکرپشن، فرسودگی وغیرہ مقررہ تھے جو اس دوران برداشت کئے گئے۔

☆ دیگر کاروباری اخراجات میں قابل ذکر کمی ہوئی کیونکہ 2018-19 میں تجارتی قرضوں کے اثرات کے اخراجات کو موجودہ سال حذف کیا گیا تھا جو کہ مشکوک تجارتی قرضوں کے عوض مختص کئے گئے تھے۔ مزید برآں، اثاثوں کی فروخت پر 4.4 ملین روپے کا خسارہ تھا جس کے نتیجے میں 2018-19 میں بلند اخراجات ہوئے۔ کیونکہ 2019-20 میں ایسا کوئی خرچہ نہیں ہوا، 2019-20 میں دیگر کاروباری اخراجات کی بنیادی وجہ بند پلانٹ کی امپیئر منٹ اور فرسودگی تھی۔

☆ 2019-20 کی مالیاتی لاگتوں میں بنیادی طور پر غیر ادا شدہ پروویڈنٹ فنڈ بیلنس کا مارک۔اپ شامل تھا جس کا تصفیہ سال کے اختتام پر ہوا۔

☆ کمپنی کو گزشتہ چند سالوں کے خساروں کی وجہ سے شدید مالی بحران کا سامنا ہے لہذا کمپنی اپنی مالیاتی ذمہ داریوں کو پورا نہ کر سکی۔ کمپنی اور کس لیزنگ پاکستان لمیٹڈ کی 3.17 ملین روپے قسط ادا نہیں کر سکی جو کہ ستمبر 2017 میں میچور ہو گئی تھی۔ کمپنی اس کا تصفیہ کرنے کی کوشش کر رہی ہے۔

☆ کمپنی کو جولائی 2011 تا جون 2012 کی مدت کے ٹیکس آڈٹ کے لئے منتخب کیا گیا تھا۔ تشخیصی آفیسر نے زیر اعتراض حکم مورخہ 24 جنوری 2017 جاری کر دیا جس میں اپیل کنندہ کو حکم دیا گیا کہ وہ 9.99 ملین روپے کی رقم کے ساتھ ڈیفالٹ سرچارج اور جرمانہ ادا کرے۔ اس حکم سے آزردہ ہو کر کمپنی نے اس حکم کے خلاف موجودہ اپیل دائر کر دی اور ڈپٹی کمشنر ان لینڈ ریوینیو بغیر کسی دائرہ اختیار کے اپیل کنندہ کے کیس پر حکم جاری کر دیا۔ کمپنی کی انتظامیہ اور ٹیکس مشیر پر اعتماد ہیں کہ معاملہ کے سازگار نتائج آئیں گے اور لہذا اس کے لئے مالیاتی گوشواروں میں کوئی اختصاص نہیں رکھا گیا۔

☆ فیصل بینک لمیٹڈ نے بینکنگ کورٹ نمبر IV کراچی میں اپنی اصل بقایا رقم بمع مارک اپ کے ساتھ واجب الادائیگیاں برقم 13,077,725

کی بازیابی اور رہن شدہ اثاثوں کی فروخت کے لئے ایک مقدمہ دائر کردیا ہے- کمپنی نے ان الزامات کو بینکنگ کورٹ میں اس بنیاد پر چیلنج کیا ہے کہ یہ رقم بینک کی جانب سے انتہائی گمراہ کن اور جھوٹے دعوں/عرضیوں پر مشتمل ہے- کمپنی کی انتظامیہ اور مشیر معاملے کے سازگار نتائج سے متعلق پر اعتماد ہیں لہذا مارک-اپ کے سلسلے میں مالیاتی گوشواروں میں کوئی اختصاص نہیں رکھا گیا- تاہم رقم کا تصفیہ 9.1 ملین روپے پر ہوگیا ہے اور اسے مکمل طور پر بعدازاں مدت میں ادا کردیا گیا ہے-

اہم معلومات

کمپنی کے پلانٹ کے بڑے حصے میں خرابی کی وجہ سے آپریشن سال 2013 سے بند ہیں جس کی مرمت مقامی طور پر نہیں کی جاسکتی اور اس کی تبدیلی کیلئے بھاری لاگت درکار ہے- اس وقت سے کمپنی اپنی تجارتی سرگرمیوں کو کمپریسنگ اور ری گیسی فکیشن تک محدود رکھے ہوئے ہے- کمپنی کو 2014 سے بار بار خساروں کا سامنا ہے، جس کے نتیجے میں جمع شدہ 30 جون 2020 تک خسارہ 158.810 ملین روپے ہوگیا ہے- (بشمول بلڈنگ اور پلانٹ اینڈ مشینری پر فرسودگی)

PSX نے 07 فروری 2019 کو کمپنی کو ڈیفالٹرز کی فہرست میں ڈال دیا ہے اور اسے PSX سے PSX رول بک کے ضابطہ (i) 5.11.1 کے تحت کمپنی کے حصص کی خرید وفرخت کی معطلی کے نوٹس موصول ہوئے ہیں، لہذا کمپنی کے خلاف PSX رول بک کے ضابطہ 5.11.2 کے تحت کارروائی ہوسکتی ہے-

کمپنی کے آڈیٹرز تین سالوں سے یعنی کمپنی کے مالیاتی گوشواروں برائے مختتمہ سال 30 جون 2018، 30 جون 2019 اور 30 جون 2020 کی تیاری میں اپنی ناموافق رائے کا اظہار کررہے ہیں جس کی بنیادی وجہ کمپنی کے چلتے ہوئے ادارہ کا مفروضہ ہے- پلانٹ کی بندش، مارکیٹ میں ناموافق قیمتیں اور معاشی سست روی کمپنی کے جمع شدہ خساروں میں اضافہ کررہے ہیں جس سے کمپنی زیادہ عرصہ تک پائیدار نہیں رہے گی-

کمپنی کو 16 دسمبر 2019 کو کمپنی کا 50 فیصد سے زائد اداشدہ سرمائے کے حصول کے لئے کمپنیز ایکٹ 2015 کے تحت فوسل انرجی (پرائیویٹ) لمیٹڈ سے پبلک اناؤنسمنٹ انٹینشن موصول ہوا ہے-

فوسل انرجی (پرائیوٹ) لمیٹڈ نے پھر 07 اپریل 2020 کو کمپنی کے ڈائریکٹران/سرپرستوں کے ساتھ 51 فیصد حصص کی خریداری کا معاہدہ کیا- حصص کی خریداری کے معاہدہ کے تحت کمپنی کی ذمہ داری ہے کہ وہ تمام اثاثوں اور تمام واجبات کو ادا کرے-

فوسل انرجی (پرائیویٹ) اپنے ذخیرہ جاتی سہولیات لمیٹڈ پیٹرولیم مصنوعات کو ذخیرہ کرنے اور آئل مارکیٹنگ کمپنیوں (OMCs) اور شعبہ کی دیگر کمپنی کمپنیوں کو فراہم کاروبار میں مصروف عمل ہے- فوسل انرجی (پرائیویٹ) لمیٹڈ کا مجاز حصصی سرمایہ -/500,000,000 روپے ہے جو کہ -/10 روپے کے حساب سے 50,000,000 عمومی حصص پر مشتمل پر ہے اور اس کا اداہ شدہ سرمایہ 140,000,000 روپے جو کہ -/10 روپے کے حساب سے 14,000,000 میں تقسیم ہے-

فوسل انرجی (پرائیویٹ) لمیٹڈ کلوور پاکستان لمیٹڈ کی بالادست کمپنی ہے جو کہ پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔کلوور پاکستان لمیٹڈ کے بنیادی کاروبار میں غذائی مصنوعات کی فروخت، قابل صرف اشیاء اور آہنی سلاخوں کے آلات کے ایئر/آئل فلٹر کی درآمدات اور فروخت شامل ہے اور کاروں کی دیگر مصنوعات شامل ہے اور آٹومیشن مصنوعات، فیول ڈسپنسر، وینڈنگ مشینوں اور ڈیجیٹل اسکرینوں کی مارکیٹنگ وتقسیم اور بعداز فروخت تعاون میں مصروف عمل ہے۔گروپ کی دیگر کمپنیوں میں مارکیٹ 786 لمیٹڈ (ایک بروکریج ہاؤس) اور VOS پیٹرولیم لمیٹڈ (ایک پبلک ان لسٹڈ کمپنی) ہے جو کہ آئل ذخیرہ کرنے کی سہولت میں مصروف عمل ہے۔کمپنی کی انتظامیہ سمجھتی ہے کہ فوسل انرجی (پرائیویٹ) لمیٹڈ ایک مستحکم کاروباری ادارہ ہے اور کمپنی کی تحویل بندی کی تکمیل کے بعد مستحکم اور منافع بخش کاروبار کرے گی جس سے کمپنی کے حصص یافتگان کے ساتھ کیپٹل مارکیٹ کو بھی فائدہ ہوگا۔

غیر معمولی سالانہ اجلاس مورخہ 02 جون 2020 میں حصص یافتگان نے ایک خصوصی قرارداد منظور کی تھی جس میں بورڈ آف ڈائریکٹرز کو کمپنی کے تمام واجبات بشمول ڈائریکٹران اوران کی فیمیلیز کے واجبات کا تصفیہ کرنے کے لئے زمین، بلڈنگ، پلانٹ اینڈ مشینری کو فروخت کرنے کے لئے مجاز بنایا گیا تھا۔

02 جون 2020 کو منظور کردہ خصوصی قرارداد کے تحت کمپنی کے اثاثوں کی فروخت کے لئے ایک اشتہار شائع کیا گیا جس کے جواب میں کمپنی کو خواہشمند فریقین سے بولیاں موصول ہوئیں۔بورڈ آف ڈائریکٹرز نے اپنے اجلاس مورخہ 17 جولائی 2020 میں سب سے بلند بولی دہندہ سے گفت شنید کی منظوری دی اور اس کے ساتھ معاہدہ فروخت کیا اور اس کے نفاذ کا عمل جاری ہے۔

آڈیٹرز کے مشاہدات

کمپنی کی انتظامیہ کو توقع ہے کہ آڈٹ رپورٹ کی ناموافق رائے کی وجہ سے جو تضاد پیدا ہوگیا ہے اس کا ازالہ ہوجائے گا جیسے ہی کمپنی کا فوسل انرجی (پرائیویٹ) لمیٹڈ کی تحویل میں دینے کا عمل مکمل ہوجائے گا۔

گزشتہ 10 سالوں کے اہم کاروباری اور مالیاتی اعداد وشمار

سال	فروخت- خالص	خام منافع /(خسارہ)	منافع/خسارہ قبل ازٹیکس	حصص یافتگان کی ایکویٹی	کل رواں اثاثے	کل رواں واجبات	فی حصص آمدن
	روپے ملین میں						روپے
2010	209.51	48.19	35.07	72.88	30.56	81.60	7.42
2011	195.44	48.80	22.27	89.34	22.01	50.04	1.75
2012	209.97	49.08	15.29	97.56	21.09	48.96	1.02
2013	238.60	57.68	21.95	111.06	25.24	38.06	1.73
2014	123.79	(1.90)	(28.63)	90.16	20.99	62.49	(2.83)

(2.57)	59.78	17.35	71.15	(18.30)	4.72	99.63	2015
(2.35)	63.43	17.82	58.00	(17.66)	5.12	94.43	2016
(2.14)	71.26	15.43	42.35	(19.14)	2.24	82.70	2017
(2.19)	79.66	16.22	62.58	15.35	4.39	89.08	2018
(1.93)	85.14	10.53	37.90	(19.82)	0.38	51.91	2019
(11.62)	94.14	8.93	15.22	(85.23)	(3.35)	12.80	2020

آگے کی جانب

توقع ہے کہ آنے والے ماہ میں معاشی حالات مستحکم ہوجائیں گے جس سے کاروباری سرگرمی مطلوبہ سطح تک پہنچ جائے گی۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں ہوئی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ایس ایم سہیل اینڈ کو، چارٹرڈ اکاؤنٹنٹس سبکدوش ہوچکے ہیں اور اہلیت کے باعث انہوں نے آنے والے سال کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

ادارتی اور مالیاتی رپورٹنگ فریم ورک

☆ کمپنی کی انتظامیہ کے تحت تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔

☆ کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔

☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔

☆ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے۔

☆ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

☆ آڈیٹرز نے چلتے ہوئے ادارے کے تسلسل پر کمپنی کی صلاحیت پر شبہات کا اظہار کیا ہے جبکہ انتظامیہ محسوس کرتی ہے کہ انتظامیہ کے پاس کافی صلاحیت ہے جس سے مستقبل میں کاروبار جاری رکھا جاسکتا ہے۔

☆ لسٹنگ ریگولیشنز میں میں دیئے گئے ادارتی نظم وضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا، سوائے جنہیں ادارتی نظم و ضبط کی پاسداری کے بیان میں مطلع کیا گیا ہے۔

☆ گزشتہ دس سالوں کے اہم کاروباری اور مالیاتی اعدادوشمار آڈٹ شدہ مالیاتی گوشواروں میں مختصراً شامل کئے گئے ہیں۔

سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب ایم حنیف وائی باوانی	6
مسز مومیزا حنیف باوانی	6
جناب ولی محمد ایم یحیٰ	6
جناب میخائل باوانی	3
جناب وزیر احمد جوگیزئی	1
جناب زکریا اے غفار	6
جناب سراج اے قادر	6

جو ڈائریکٹران حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

i) حصص داری کی ساخت منسلک ہے، اور

j) نہ تو چیف ایگزیکٹو آفیسر نہ ہی کسی ڈائریکٹرانے کمپنی کے کوئی حصص خریدے ہیں۔

اعتراف

بورڈ ریاستی اداروں، مختلف سرکاری اداروں/شعبوں، مالیاتی اداروں، بینکوں، گاہکوں، سپلائرز اور کمپنی کے سرمایہ کاروں کے تعاون اور اس پر اعتماد کے لئے اپنی ستائش ریکارڈ پر لانا چاہتے ہیں۔ آپ کے ڈائریکٹران کمپنی کے ملازمین کی مخلصانہ اور سرگرم خدمات پر ان کے معترف ہیں۔
ہم اپنے قابل قدر حصص یافتگان کا انتظامیہ کے ساتھ تعاون پر ان کے مشکور ہیں۔

منجانب

جناب حنیف ایچ باوانی	مومیزا حنیف باوانی
چیف ایگزیکٹو آفیسر	ڈائریکٹر

کراچی

مورخہ: 05 اکتوبر 2020

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
Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: BAWANY AIR PRODUCTS LIMITED
Year ended June 30, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:
   a. Male: 6
   b. Female: 1

2. The composition of board of directors is as follows:

Category	Names
Independent Director	Mr. Siraj A. Kadir
Executive Directors	M. Hanif Y. Bawany (CEO) Mrs. Momiza Hanif Bawany
Non – Executive Directors	Mr. Vali Mohammad M. Yahya (Chairman) Mr. Mikhail Bawany Mr. Wazir Ahmed Jogezai Mr. Zakaria A. Ghaffar
Female	Mrs. Momiza Hanif Bawany

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. 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 not been maintained, however the Board is in the process of developing the said policies;

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. In accordance with the criteria specified in Regulation 20(2) of the Code, all directors of the Company are exempt from the requirement of Director’s Training Program.

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:
    a) Audit Committee

Mr. Siraj A. Kadir	Chairman
Mr. Zakaria A. Ghaffar	Member
Mr. Vali Mohammad M. Yahya	Member

    b) HR and Remuneration Committee

Mr. Siraj A. Kadir	Chairman
Mr. Zakaria A. Ghaffar	Member
Mr. Vali Mohammad M. Yahya	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

    a) Audit committee - Quarterly basis
    b) HR and Remuneration Committee – Quarterly basis

15. The board has set up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan, and that they and the partners of the firm involved in the audit are not close relative (spouses, parent dependent and non dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation of non compliance with requirements are given below:
    Management intends and is in process to complete the related record but due to the pandemic situation. It has been unintentionally deferred.

Vali Mohammad M. Yahya
Chairman

S.M. SUHAIL & CO.
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF *BAWANY AIR PRODUCTS LIMITED*

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Bawany Air Products Limited**(the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation # 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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.

Following instances of non compliance with the requirements of the Regulations were observed which are not stated in the statement of compliance:

a) Auditors are not invited in any of the Audit Committee meeting;

b) Exemption from Commission, in respect of the directors' training program is not obtained as required under Regulation 20(2) of the Code;

c) Qualification criteria as prescribed in Regulation 23 of the Code, is not complied for appointment of Head of Internal Auditor, and the internal audit function is not effective;

d) No effective internal control system is established and implemented within the Company;

e) Qualification criteria as prescribed in Regulation 22 of the Code, is not complied for appointment of Chief Financial Officer appointed during the year;

f) Offices of Company Secretary and Chief Financial Officer are being held by the same person; and

g) No formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of Board and its committees.

Based on our review, except for the above instances, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note reference where it is stated in the Statement of Compliance:

Note Reference	Description
02	The Company does not have two independent directors in its Board
05	Complete records of particulars of significant policies along with the date, on which they were approved and amended has not been maintained.

S.M. Suhail & Co.
S.M. Suhail& Co.
Chartered Accountants
Karachi.
Engagement Partner: S. M. Suhail, FCA

Our Ref: SMS-A-1512021
Date:
05 OCT 2020

S.M. SUHAIL & CO.
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF *BAWANY AIR PRODUCTS LIMITED*
ON THE AUDIT OF THE FINANCIAL STATEMENTS OF JUNE 30, 2020

Adverse Opinion

We have audited the annexed financial statements of **Bawany Air Products Limited**(the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters presented in the *Basis for Adverse Opinion* section of our report, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

The Company is suffering recurring losses and, the loss after taxation for the current year is of Rs. 87.19 million (2019: Rs. 14.467 million) which has resulted in accumulated losses of Rs. 158.81 million (2019: Rs. 72.248 million) as at the end of reporting year. Liquidity position of the Company is also affected by the recurring losses and presently its current liabilities are eleven times of its current assets and exceeds by Rs. 85.207 million (2019: Rs. 74.61 million). Further, the Company is unable to pay its statutory liability towards withholding of tax, under employees old age and social security amounting to Rs. 3.764 million (2019: Rs. 3.616 million). The operations of the Company is adversely affected by the breakdown of major component of its plant in financial year 2013 which has not yet repaired and had limited the commercial activities of the Company only to compressing and re-gasification. It has also utilized the sums received as deposits of Rs. 50.063 million (2019: Rs. 51.220 million) from its customers against tanks and cylinders and contributions of employees' provident fund of Rs. 6.859 million (2019: Rs. 8.284 million) into its business operation in contravention of section 217 and 218 of the Companies Act, 2017.

Further, the Company has defaulted the terms of its banks financing facilities and now in process of disposing off all its operating assets for settling the outstanding liabilities including towards financial institutions. These conditions have caused us to believe that the Company shall not be able to realize its assets and settle its liabilities in normal course of business and therefore, it is no more a going concern. The going concern assumption used by the management in preparation of the annexed financial statements is inappropriate and, that the assets and liabilities should have been reported at their realizable value and settlement amount respectively.

The Company does not have complete records of parties who have deposited securities, the aggregate amount of Rs. 50.064 million (2019: Rs. 51.220 million) to the Company, against cylinders and tanks. In the absence of complete record, we were unable to perform appropriate audit procedures. Further, where we had been send direct confirmation request, no reply is received against any confirmation request to those customers.

Refer note 25 to the financial statements wherein it is mentioned that the Company has not fully deposited the amount contributed by the employees to the Employees Provident Fund (the Fund) resulting non compliance of section 218 of the Companies Act, 2017, whereas, markup expense of 9% per annum is being charged. Total payable to the Fund as at reporting date is Rs. 6.859 million (2019: Rs. 8.28 million).Further, unclaimed dividend of Rs. 0.72 million is not yet deposited in accordance with section 244 of the Companies Act, 2017.

Refer note 28 and 29.3, the running finance facilities obtained by the Company from Faysal Bank and Orix Leasing amounting to Rs. 8.84 million and Rs. 3.17 million respectively have been expired and stand at default of the Company. Subsequent to year end the liability towards Faysal Bank has been settled at Rs. 9.1 million with waiver of remaining amount of markup and principal. As the Company had ceased charging markup thereon and amount of markup waived is not available therefore the liability outstanding against markup at year end is not ascertainable and remained unrecorded.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are those matters, in our professional judgment, were of most significant in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters, to be communicated in our report:

No.	Key audit matters	How they were addressed in our audit
1	**Adoption of IFRS-9 "Financial Instruments"**	
	As referred in note 6.2 and given in note 43 to the financial statements, IFRS 9 'Financial Instruments' is adopted by the Company during the current year. It replaced IAS 39 'Financial Instruments: Recognition andMeasurement'. IFRS 9 requires the recognition of expected credit losses ('ECL') on financial assets rather than incurred credit losses, which is a fundamentally different approach.Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. The Company has adopted IFRS 9 using the allowed modified retrospective approach. We considered this as key audit matter due to the significant changes involved and significant judgments made by management regarding the matter.	We have reviewed and understood the requirements of the IFRS 9. Our audit procedures included the following: - Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's financial statements. - Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for expected credit losses. - We reviewed and assessed the impact and disclosures made in the financial statements with regard to the effect of adoption of IFRS 9.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not includethe financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectiveis to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so, would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects of the matters presented in the *Basis for Adverse Opinion* section of our report:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. S. M. Suhail, FCA.

S.M. Suhail & Co.

S. M. Suhail & Co.
Chartered Accountants
Karachi

Our Ref: SMS-A-1512021
Date:
05 OCT 2020

KEY OPERATING AND FINANCIAL DATA FOR THE DECADE

PARTICULARS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
										Re-stated	Re-stated
FINANCIAL POSITION											
Shareholders' equity	(83,785,181)	2,777,483	16,165,826	27,638,123	58,002,888	71,159,359	90,161,368	111,064,409	97,555,521	89,337,084	72,880,918
Surplus on revaluation	99,007,533	35,118,869	35,884,752	36,702,131	21,295,679	16,278,914	16,576,045	16,887,424	19,757,278	20,310,071	20,891,958
Non-current liabilities	50,063,663	51,219,943	61,007,378	62,721,588	48,221,222	44,810,956	33,153,237	49,260,469	50,876,878	66,738,250	74,644,645
Current liabilities	94,137,253	85,143,518	83,886,294	75,483,447	63,748,676	59,389,529	62,487,097	38,068,182	48,959,376	50,044,397	81,597,491
Total Equity and Liabilities	**159,423,268**	**174,259,813**	**196,944,250**	**202,545,289**	**191,268,465**	**191,638,758**	**202,377,747**	**215,280,484**	**217,149,053**	**226,429,802**	**250,015,012**
Property, plant and equipment	147,491,688	160,730,656	177,559,562	183,889,558	170,228,692	171,467,821	178,168,918	186,819,834	192,839,499	198,640,179	205,418,500
Long term deposits	3,001,494	3,001,494	3,161,358	3,221,357	3,221,357	3,215,467	3,215,467	3,215,467	3,215,467	3,215,467	3,701,452
Deferred tax asset	-	-	-	-	-	-	-	-	-	2,566,397	10,335,173
Current assets	8,930,087	10,527,663	16,223,330	15,434,374	17,818,416	16,955,470	20,993,362	25,245,183	21,094,087	22,007,759	30,559,887
Total Assets	**159,423,269**	**174,259,813**	**196,944,250**	**202,545,289**	**191,268,465**	**191,638,758**	**202,377,747**	**215,280,484**	**217,149,053**	**226,429,802**	**250,015,012**
FINANCIAL PERFORMANCE											
Net sales	12,795,636	51,909,593	89,088,321	82,702,366	94,437,668	99,632,392	123,790,995	238,605,906	210,235,877	195,437,206	210,247,215
Cost of sales	(16,145,085)	(51,526,899)	(84,695,888)	(80,462,022)	(89,324,880)	(94,907,015)	(125,700,150)	(180,921,043)	(161,153,927)	(146,632,923)	(161,960,041)
Gross (loss) / profit	(3,349,449)	382,694	4,392,433	2,240,344	5,112,788	4,725,377	(1,909,155)	57,684,863	49,081,950	48,804,283	48,287,174
Expenses - net of other income	(81,244,907)	(19,404,544)	(18,804,804)	(19,503,604)	(20,330,959)	(20,067,038)	(22,556,860)	(26,246,342)	(26,747,221)	(23,057,704)	(25,372,645)
(Loss) / profit before Interest and tax	(84,594,356)	(19,021,850)	(14,412,371)	(17,263,260)	(15,218,171)	(15,341,661)	(24,466,015)	31,438,521	22,334,729	25,746,579	22,914,529
(Finance cost) / Income - net	(636,232)	(796,091)	(934,697)	(1,872,155)	(2,443,681)	(2,961,155)	(4,165,147)	(9,489,514)	(7,047,695)	(3,473,879)	12,153,851
(Loss) / profit before tax	(85,230,588)	(19,817,941)	(15,347,068)	(19,135,415)	(17,661,852)	(18,302,816)	(28,631,162)	21,949,007	15,287,034	22,272,700	35,068,380
Tax	(1,956,524)	5,350,890	2,707,087	3,106,789	(3,090)	(996,324)	7,416,742	(8,965,272)	(7,621,390)	(9,808,653)	15,550,948
(Loss) / profit after tax	(87,187,112)	(14,467,051)	(12,639,981)	(16,028,626)	(17,664,942)	(19,299,140)	(21,214,420)	12,983,735	7,665,644	12,464,047	50,619,328
STATISTICS AND RATIO											
Gross profit %	(26%)	1%	5%	3%	5%	5%	(2%)	24%	23%	25%	23%
(Loss) / profit before tax to total sales %	(666%)	(38%)	(17%)	(23%)	(19%)	(18%)	(23%)	9%	7%	11%	17%
(Loss) / profit after tax to total sales %	(681%)	(28%)	(14%)	(19%)	(19%)	(19%)	(17%)	5%	4%	6%	24%
Current ratio	9%	12%	19%	20%	28%	29%	34%	66%	43%	44%	37%
Asset turnover ratio	9%	32%	50%	45%	55%	58%	69%	128%	109%	98%	102%
Current Assets Turnover - times	1.32	3.88	5.63	4.97	5.43	5.25	5.35	10.30	9.76	7.44	8.51
Long term debt to equity ratio	0%	0%	0%	0%	19%	15%	12%	19%	41%	61%	104%
Return on equity before tax %	102%	(714%)	(95%)	(69%)	(30%)	(26%)	(32%)	20%	16%	25%	48%
Return on equity after tax %	104%	(521%)	(78%)	(58%)	(30%)	(27%)	(24%)	12%	8%	14%	69%
Interest Cover	(132.96)	(23.89)	(15.42)	(9.22)	(6.23)	(5.18)	(5.87)	3.31	3.17	7.41	-
Earning per share (Rs.)	(2.25)	(1.93)	(2.19)	(2.14)	(2.35)	(2.57)	(2.83)	1.73	1.02	1.75	7.42
Price earning ratio	(10)	(3)	(3)	(4)	(3)	(3)	(3)	9	7	4	2
Market price per share at year end	23.16	5.56	6.55	8.00	6.00	6.79	7.40	14.73	7.22	6.75	11.25
Cash dividend	-	-	-	-	-	-	-	-	-	-	5%
Stock dividend	-	-	-	-	-	-	-	-	-	-	-

FORM 34

THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018
[Section 227(2)(F)]
PATTERN OF SHAREHOLDING

PART-I

1.1 Name of the Company **BAWANY AIR PRODUCTS LIMITED**

PART-II

1.2 Pattern of holding of the shares held by the shareholder **30.06.2020**

NO. OF SHARE HOLDERS	SHARE HOLDING FROM		TO	TOTAL SHARES HELD
276	1	-	100	6,173
167	101	-	500	53,247
82	501	-	1000	70,211
124	1001	-	5000	312,306
37	5001	-	10000	276,913
22	10001	-	15000	277,316
8	15001	-	20000	139,430
9	20001	-	25000	210,394
4	25001	-	30000	112,880
2	30001	-	35000	66,300
3	35001	-	40000	117,200
2	40001	-	45000	87,500
3	45001	-	50000	148,700
7	50001	-	55000	365,100
1	55001	-	60000	56,000
3	60001	-	65000	188,880
2	65001	-	70000	139,500
3	70001	-	75000	217,213
2	75001	-	80000	153,468
1	80001	-	85000	80,400
2	95001	-	100000	200,000
1	100001	-	105000	100,065
1	120001	-	125000	121,003
1	135001	-	140000	139,531
1	160001	-	165000	162,110
1	190001	-	195000	193,500
2	195001	-	200000	399,330
3	220001	-	225000	667,645
1	230001	-	235000	231,500
1	280001	-	285000	281,570
1	330001	-	335000	330,028
1	370001	-	375000	374,001
1	1220001	-	1225000	1,223,096
775	**Total**			**7,502,510**

S.NO.	CATAGORIES OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
1	Directors, Chief Executive Officer and their spouse and minor children	2,016,309	26.88%
2	Associated Companies, undertakings and related parties	222,149	2.96%
3	NIT and ICP	100	0.00%
4	Banks Development Financial Institutions, Non Banking Financial Institutions.	7,074	0.09%
5	Insurance Companies	16,260	0.22%
6	Modaraba and Mutual Funds	0	0.00%
7	Share Holders Holding 10%	0	0.00%
8	GENERAL PUBLIC		
	a) LOCAL	5,240,618	69.85%
	b) FOREIGN	0	0.00%
9	Others (to be specified)	0	0.00%
		7,502,510	**100.00%**

DETAIL OF PETTERN 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 Officer	1,223,096
Mr. Vali Mohammad M. Yahya	Director/Chairman	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 Jogezai	Director	3,581
Mr. Mikhail Bawany	Director	3,010

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%
Mrs. Momiza Hanif Bawany	5.91%

BAWANY AIR PRODUCTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		---------------- Rupees -----------	
ASSETS			
Non-current assets			
Property, plant and equipment	9	**147,491,688**	160,730,656
Long-term deposits	10	**3,001,494**	3,001,494
Current assets			
Stores and spares	11	**996,322**	1,000,047
Stock-in-trade	12	**50,179**	325,896
Trade debts	13	**106,520**	553,423
Advances and other receivables	14	**1,630,970**	1,795,123
Sales tax refundable		**824,547**	824,547
Investments	15	**38,276**	41,103
Taxation - net	16	**5,237,860**	5,386,659
Cash and bank balances	17	**45,413**	600,865
		8,930,087	10,527,663
Total assets		**159,423,269**	174,259,813
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
15,000,000 (2019: 15,000,000) ordinary shares of Rs.10/- each		**150,000,000**	150,000,000
Share capital			
Issued, subscribed and paid-up capital	18	**75,025,100**	75,025,100
Capital reserve			
Surplus on revaluation of property, plant and equipment-net	19	**99,007,533**	35,118,869
Accumulated loss		**(158,810,281)**	(72,247,617)
		15,222,352	37,896,352
Non-current liabilities			
Long-term deposits	20	**50,063,663**	51,219,943
Current liabilities			
Trade and other payables	22	**6,678,567**	7,998,774
Accrued liabilities	23	**21,089,121**	18,623,399
Unclaimed dividend		**717,420**	717,420
Provisions	24	**2,303,902**	2,303,902
Payable to provident fund	25	**6,858,961**	8,284,660
Accrued mark-up	26	**878,585**	878,585
Due to related parties	27	**43,604,026**	34,330,107
Short-term financing	28	**12,006,671**	12,006,671
		94,137,253	85,143,518
Total equity and liabilities		**159,423,268**	174,259,813
Contingencies and commitments	29		

The annexed notes from 1 to 49 form an integral part of these financial statements.

M. HANIF Y. BAWANY	**ABDUL RAUF**	**MOMIZA HANIF BAWANY**
Chief Executive officer	**Chief Finnacial Officer**	**Director**

BAWANY AIR PRODUCTS LIMITED
STATEMENT OF PROFT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees ------------	
Sales - net	30	**12,795,636**	51,909,593
Cost of sales	31	**(16,145,085)**	(51,526,899)
Gross profit		**(3,349,449)**	382,694
Distribution cost	32	**(1,492,535)**	(3,141,537)
Administrative expenses	33	**(7,775,083)**	(8,864,264)
Impairment of financial assets		**(35,507)**	-
Other operating expenses	34	**(74,347,737)**	(14,124,836)
Unrealized (loss) revaluation of other financial assets		**(2,827)**	(15,960)
		(83,653,689)	(26,146,597)
Other income	35	**2,408,782**	6,742,053
		(81,244,907)	(19,404,544)
Operating loss		**(84,594,355)**	(19,021,850)
Finance cost	36	**(636,232)**	(796,091)
Loss before taxation		**(85,230,587)**	(19,817,941)
Taxation	37	**(1,956,524)**	5,350,890
Loss for the year		**(87,187,112)**	(14,467,051)
Loss per share - basic and diluted	38	**(11.62)**	(1.93)

The annexed notes from 1 to 49 form an integral part of these financial statements.

M. HANIF Y. BAWANY	**ABDUL RAUF**	**MOMIZA HANIF BAWANY**
Chief Executive officer	**Chief Finnacial Officer**	**Director**

BAWANY AIR PRODUCTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	----------------- Rupees -----------------	
Net loss for the year	**(87,187,112)**	(14,467,051)
Other comprehensive income	**-**	-
Items that will not be reclassified to the statement of profit or loss in subsequent periods		
Impairment on building to the extent of available surplus on revaluation	**(6,195,102)**	**-**
Related deferred tax	**1,796,579**	**-**
	(4,398,522)	**-**
Revaluation increase on non depreciable assets	**69,000,000**	**-**
Total other comprehensive income	**64,601,478**	**-**
Total comprehensive loss	**(22,585,634)**	(14,467,051)

The annexed notes from 1 to 49 form an integral part of these financial statements.

M. HANIF Y. BAWANY	**ABDUL RAUF**	**MOMIZA HANIF BAWANY**
Chief Executive officer	**Chief Finnacial Officer**	**Director**

BAWANY AIR PRODUCTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share capital	Capital reserves	Revenue reserves	Total equity
	Issued, subscribed and paid-up capital	Surplus on revaluation of Property - net	Accumulated loss	Total
	------------------------------ Rupees ------------------------------			
Balance as at June 30, 2018	**75,025,100**	**35,884,752**	**(58,859,274)**	**52,050,578**
Total profit for the year	-	-	(14,467,051)	(14,467,051)
Transfer of incremental depreciation - net of deferred tax	-	(765,883)	1,078,708	312,825
Balance as at June 30, 2019	**75,025,100**	**35,118,869**	**(72,247,617)**	**37,896,352**
Cumulative impact of ECL on application of IFRS 9	-	-	(88,366)	(88,366)
Adjusted balance as at June 30, 2019	**75,025,100**	**35,118,869**	**(72,335,983)**	**37,807,986**
Total profit for the year	-	-	(87,187,112)	(87,187,112)
Total other comprehensive income		64,601,478	-	64,601,478
Transfer of incremental depreciation - net of deferred tax	-	(712,814)	712,814	-
Balance as at June 30, 2020	**75,025,100**	**99,007,533**	**(158,810,281)**	**15,222,352**

The annexed notes from 1 to 49 form an integral part of these financial statements. -

M. HANIF Y. BAWANY	**ABDUL RAUF**	**MOMIZA HANIF BAWANY**
Chief Executive officer	**Chief Finnacial Officer**	**Director**

BAWANY AIR PRODUCTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---- Rupees ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(85,230,587)**	(19,817,941)
Adjustments for non-cash items:			
Depreciation		**7,036,587**	8,035,056
Impairment on non financial assets		**68,615,199**	-
Loss/ (Gain) on disposal (adjustments) of property, plant and equipment		**(1,160,060)**	4,406,046
Advance and receivable written off		-	3,511,405
Provision for doubtful debts		**35,507**	2,222,446
Liabilities written back		**(379,457)**	(6,742,053)
Unrealized loss on revaluation of other financial assets		**2,827**	15,961
Finance cost		**636,232**	785,009
Operating cash flows before working capital changes		**(10,443,753)**	(7,584,071)
Working capital changes			
Stores and spares		**3,725**	17,152
Stock-in-trade		**275,717**	969,429
Trade debts		**790,853**	(2,334,232)
Advances and other receivables		**75,790**	1,517,260
Trade and other payables		**(1,320,207)**	(906,155)
Accrued liabilities		**2,465,722**	2,324,395
Payable to provident fund		**(1,025,699)**	(205,688)
		1,265,901	1,382,161
Net cash used in operations		**(9,177,852)**	(6,201,910)
Finance charges paid		**(636,232)**	(225,000)
Income tax paid		**(11,146)**	(582,263)
Net cash used in operating activities		**(9,825,230)**	(7,009,173)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and machinery		-	3,501,261
Net cash generated from investing activities		-	3,501,261
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term deposits - liabilities		**(4,141)**	3,103,239
Receipts of loan from related parties		**9,273,919**	534,612
Long-term deposits - assets - net		-	159,864
Net cash generated from financing activities		**9,269,778**	3,797,715
Net increase in cash and cash equivalents		**(555,452)**	289,803
Cash and cash equivalents at beginning of the year		**(11,405,806)**	(11,695,609)
Cash and cash equivalents at end of the year	39	**(11,961,258)**	(11,405,806)

The annexed notes from 1 to 49 form an integral part of these financial statements.

M. HANIF Y. BAWANY	**ABDUL RAUF**	**MOMIZA HANIF BAWANY**
Chief Executive officer	**Chief Finnacial Officer**	**Director**

BAWANY AIR PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

1.1 Bawany Air Products Limited (the Company) is a public limited Company incorporated in Pakistan on August 16, 1978 and registered under the Companies Act 1913 [Repealed with the enactment of Companies Ordinance 1984, and subsequently, by the Companies Act, 2017 (the Act)]. The Company is listed on Pakistan Stock Exchange Limited. The principal activities of the Company are production and trading of oxygen gas, dissolved acetylene and nitrogen gas.

Geographical location and address of business units;

Address	**Purpose**
Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District in the province of Balochistan.	Registered office and Factory
16-C, 2nd floor, Nadir House, I.I Chundrigar Road, Karachi.	Head office

1.2 Going Concern Assumption

The financial statements for the year ended June 30, 2020 reflect loss after taxation of Rs. 87.19 (2019: Rs. 14.47) million, and as of that date its accumulated loss stood at Rs. 158.81 (2019: 72.25) million. Its current liabilities exceed its current assets by Rs. 85.21 (2019: 74.61) million. The operations 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 Company has also defaulted with its lender.

All current assets and all moveable fixed assets of the Company are under different charges of different banks also immoveable properties is under mortgage of different banks with either pari passu right or ranking charge. Total existing registered mortgages and charges are covering the risk of Rs. 184.355 million.

The above conditions 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, in view of the management's claim to deal with the above situation, these financial statements have been prepared using the going concern assumption due to the fact that public intention to acquire controling shares of the Company has been published by Fosil Enery (Private) Limited which has enough available capital to revive the Company after completion of acquisition process. This may result in improvement in its adverse liquidity and financial position of the Company.

2. SIGNIFICANT TRANSACTIONS AND EVENTS THAT EFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

2.1 Disposal of Land, Building, Plant and Machinery
During the year, an special resolution has been passed in Extraordinary General meeting held on June 2, 2020 where the Board of Directors were authorized to dispose off land, building, plant and machinery along with auxiliary parts to settle all the liabilities of the Company including towards directors and their families.

2.2 Intimation to Acquire Controlling Shares
During the year 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 which was subsequently lapsed/ withdrawn on September 14, 2020 after extension of further 90 days. The public intension has been published again and fresh intension on September 22, 2020. For details refer directors report.

3. FINANCIAL AND OPERATIONAL IMPACT DUE TO COVID 19
During the year, global pandemic COVID-19 was outbreak. It was first surfaced in China and then spread all over the world. World Health Organization declared this outbreak as pandemic in mid of March, 2020. Government of Pakistan has declared complete lockdown of social and business activities from March, 2020 to control the spread of the pandemic. Currently the potential impact of COVID-19 is uncertain on the overall financial position of the business sector. Business activities were allowed in the month of June, 2020 to some extent with some measures and situation is being monitored by the governing bodies closely. The management of the Company is also monitoring the situation however as operations of the Company has already been very limited therefore no significant impact is expected due to the COVID 19. Management does not expect any significant adverse financial impact on financial position, performance and cash flows of the Company due to COVID 19 outbreak.

4. BASIS OF PREPARATION

4.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

4.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the 'Investments in equity securities' which are stated at fair value through profit or loss and freehold land and building thereon which are valued on revaluation basis.

These financial statements are prepared following accrual basis of accounting except for cash flow information.

4.3 Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistan Rupee (Rs), which is the Company's functional and presentation currency.

5. Critical judgments and accounting estimates in applying the accounting policies

The preparation of these financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that effect the reported amounts of assets and liabilities and income and expenses. It also requires managements to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on, an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and applied prospectively.

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

(i) Revaluation of freehold land and building thereon (note 8.1 and 9);

(ii) Useful life and residual value of property, plant and equipment (note 8.1 and 9)

(iii) Provision for impairment of trade debts and other receivable (note 8.5 and 15);

(iv) Impairment of assets (note 8.12);

(v) Provision for taxation (note 8.17 and 39); and

(vi) Net realizable value of stock and spares (note 8.3, 8.4, 11 and 12).

6. CHANGES IN SIGNIFICANT ACCONTING POLICIES

During the year, the Company has adopted International Financial Reporting Standard 9 (IFRS 9) "Financial Instruments" and IFRS 16 "Leases". The detail of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

6.1 IFRS 16 'Leases'

IFRS 16, 'Leases' has been adopted by the Company from July 1, 2019 for interim and annual reporting. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has not entered into any lease agreement under the scope of IFRS 16. Accordingly the applicability of this standard did not have any impact on the Company during the period

6.2 IFRS 9 'Financial Instruments'

IFRS 9 “Financial Instruments” (IFRS 9) replaces IAS 39 “Financial Instruments: Recognition and Measurement”. It introduces new requirements for the classification and measurement of financial assets and financial liabilities and impairment for financial assets.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2019 and comparatives are not restated. Details of these new requirements as well as their impact on the Company’s financial statements are described below:

i) Classification and measurement of financial assets and financial liabilities

IFRS 9 no longer has an “Available-for-sale” classification for financial assets. The new standard has different requirements for debt or equity financial assets. It requires the Company to assess the classification of financial assets on its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial assets.

Debt instruments are classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

Investments in equity instruments, other than those to which consolidation or equity accounting apply, should

- Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or that are highly liquid, readily convertible to known amounts of cash with insignificant risk of changes in value and have original maturity period of less than three months from the
- Fair value through profit or loss.

Application of IFRS 9 had no impact on financial liabilities of the company.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at July 1, 2019 is as follows:

	Measurement category		Carrying amount		
	Under IAS 39	**Under IFRS 9**	**Under IAS 39**	**Under IFRS 9**	**Difference**
Financial Assets					
Long-term deposits	Loans and receivable	Amortized Cost	3,001,494	3,001,494	-
Trade debts	Loans and receivable	Amortized Cost	553,423	553,423	-
Other receivables	Loans and receivable	Amortized Cost	49,993	49,993	-
Cash and bank balances	Loans and receivable	Amortized Cost	600,865	600,865	-
Other financial assets	FVTPL	FVTPL	38,276	38,276	-

There is no impact on financial liabilities of the company as result of application of IFRS 09.

The following table presents the transitional impact of that adoption of IFRS 9 have on the opening statement of financial position of the Company as of July 1, 2019:

	Carrying amount as reported under IAS 39	Impact of IFRS 9		Total impact of IFRS 9	Carrying amount as reported under IFRS 9
		Reclassification and re-measurement due to IFRS 9	Loss allowance		
Advances and other receivables	1,795,123	-	(88,366)	(88,366)	1,706,757

ii) Impairment of financial assets

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred. For trade receivables and other receivables, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a lifetime expected loss allowance while general 3-stage approach for other financial assets i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. If risk has significantly increased then credit loss over the whole life of the assets shall be recognized and in case of happening of actual event the impairment shall be recorded.

7. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

7.1 Standards, interpretations, amendments to published approved accounting standards that are effective in the

In addition to IFRS 9 "Financial Instruments", and IFRS 16 "Leases" the Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	**Effective date (Annual periods beginning on or after)**
IFRS 14 'Regulatory Deferral accounts'	July 1, 2019
IFRS 16 'Leases'	January 1, 2019
IAS 12 'Income tax consequences of payments on financial instruments classified as equity'	January 1, 2019
IAS 23 Borrowing costs eligible for capitalization	January 1, 2019
IFRS 3 Previously held interest in a joint operation	January 1, 2019
IFRS 9 Prepayment features with negative compensation	January 1, 2019
IFRS 11 Previously held interest in a joint operation	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 1, 2019
IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	January 1, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019

Adoption of the above standard have no significant effect on the amounts for the year ended June 30, 2020 except for those mentioned in change in accounting policy note.

7.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for the Company, for the accounting periods beginning on or after 01 July 2020:

	Effective for Annual accounting period beginning on or after
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 7, IFRS 9, and IAS 39 - Interest Rate Benchmark Reform	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

7.3 Further, the following standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan

IFRS-1	First-time adoption of International Financial Reporting Standards
IFRS-17	Insurance Contracts

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8.1 Property, plant and equipment

Operating fixed assets - owned

These are stated at cost less accumulated depreciation and impairment loss except for Freehold land and building thereon which are valued on revaluation model. The revaluation model requires assets to be valued at revalued amount less accumulated depreciation. Cost includes expenditure, related overheads, mark-up and borrowing costs directly attributable to the acquisition of asset.

Subsequent costs, if reliably measureable, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. Normal repairs and maintenance are charged to profit or loss of the period in which they are incurred.

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 reporting date.

Depreciation is charged to profit or loss for the year applying the reducing balance method after taking into account the impact of residual value, if any, whereby the depreciable amount of an asset is written off over estimated useful life at the rates mentioned in the relevant note to these financial statements. Depreciation on additions is charged from the month the asset is available for use up to the month prior to disposal.

Any revaluation increase arising on the revaluation of freehold land and building on freehold land is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset’s carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The revaluation reserve is not available for distribution to the Company’s shareholders. The surplus on revaluation of building on freehold land to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit directly without taking any effect in profit or loss for the year.

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

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 or acquisition. These are transferred to specific class of assets as and when these assets are available for intended use.

8.2 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 recognized at trade date. Trade date is the date on which the Company commits to purchase or sell the investments.

Financial assets at FVTPL

These are investments which are held for trading means acquired principally for the purpose of generating profit from short-term fluctuations in prices, interest rate movement or dealer's margin. These are initially recognized at fair value and the transaction costs associated with the investments are taken directly to statement of profit or loss. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried at these values on the reporting date being their fair value. Net gains and losses arising on changes in fair values of the investments are taken to profit or loss in the period in which they arise.

Derecognition

All investments are de-recognized 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.

8.3 Stores and spares

These are stated at lower of cost and net realizable value. Cost is determined using moving average cost method. Items in transit are stated at cost, comprising invoice values and other related charges incurred up to the reporting date.

8.4 Stock-in-trade

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

- Raw material	Weighted average cost
- Finished goods	Lower of average manufacturing cost or net realizable value

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. Stock-in-transit are stated at invoice price plus other charges paid thereon up to the reporting date.

Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to the make the sale.

8.5 Trade debts and other receivables

Trade debts are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.
Trade debts are recognized and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. As explained in note 8.13 to these financial statements, for measurement of loss allowance for trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses, previously loss allowance was measured under incurred loss model of IAS 39.

8.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flow, cash and cash equivalents include cash in hand and current accounts held with banks and bank overdraft / short-term financing.

8.7 Employee benefits

Defined contribution plan

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

8.8 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

8.9 Provisions

Provisions are recognized 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 reporting date and adjusted to reflect the current best estimate.

8.10 Borrowings and borrowing costs

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

8.11 Capital contribution from directors

The Institute of Chartered Accountants of Pakistan has explained the accounting and reporting of director's loan through its Technical Release-32 (Accounting Directors' Loan), which is a further explanation of requirements of IAS 39 "Financial Instruments: Recognition and Measurement". In accordance with Technical Release-32, directors' interest free, unsecured loans that are repayable at the discretion of the Company do not qualify the criteria of liability therefore should be accounted for in equity and presented separately. Any subsequent payment/ settlement through financial assets shall be deemed as direct deduction in equity. The Company has adopted the Technical Release-32 for its financial reporting, however any subsequent settlement through non-financial assets too shall also be treated as direct debit to equity.

8.12 Impairment on Non Financial Assets

The Company assesses at each date of statement of financial position whether there is any indication that non financial 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 recognized in the statement of profit or loss. 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 amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

8.13 Financial Instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

Financial assets

Classification

Effective July 1, 2019, the Company classifies its financial assets in the following measurement categories:

a) Amortized cost where the effective interest rate method will apply;
b) fair value through profit or loss;
c) fair value through other comprehensive income.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss and recognized in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of profit or loss and presented net within other operating gains/ (losses) in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

The rights to receive cash flows from the asset have expired;

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset;

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset;

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Effective July 1, 2019, the Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

Trade debts

Loans, advances, deposits, prepayments and other receivables

Cash and bank balances

Simplified approach for trade debts

The Company recognizes lifetime ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

ii) Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

iii) Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

8.14 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Finance director determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External evaluator may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

8.15 Mark-up bearing borrowings

Markup bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

8.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

Revenue from sale of goods is measured net of sales tax, and sales returns and trade discounts, and is recognized at point on time or over period of time when significant risks and rewards of ownership are transferred to the buyer i.e. when performance obligation is settled. Performance obligation is deemed settled when deliveries are made to and accepted by the customer .

Dividend income is recognized when the right to receive dividend is established that is when dividend is declared.

Return on bank deposits is recognized on time proportion using the effective rate of return.

8.17 Taxation

The tax expense for the year comprises of current and deferred income tax, and is recognized in income for the year, except to the extent that it relates to items recognized directly in other comprehensive income, in which case the related tax is also recognized in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Deferred

Deferred income tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, un-used tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are substantially expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged directly to equity in which case it is included in equity.

8.18 Dividend and appropriation to reserves

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

8.19 Foreign currencies

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency using the exchange rate prevailing on the date of statement of financial position. Exchange differences arising from the settlement of such transactions, and from the translation of monetary items at the rates applicable on reporting date, are charged to the profit or loss for the year.

8.20 Related party transactions

Related parties comprises of major shareholders, associated companies and undertakings with or without common directorship, other companies with common directorship, retirement benefit fund, directors, key management personnel and their close family members. Contribution to defined contribution plan (provided fund) are made as per the rules of the fund. Remuneration of key management personnel are in accordance with their term of engagements. Transactions with other related parties are entered into at rates negotiated with them (agreed terms). Following are the related parties of the Company:

Name of related party	Basis of relationship	% of share holding
Bawany Management (Private) Limited	Common directorship	-
Winder Industries (Private) Limited	Common Key management personnel	-
Ebrhamiyan Enterprises	Common Key management personnel	-
Ebrhamiyan Company (Private) Limited	Common Key management personnel	-

	Note	2020	2019
		---------- Rupees ----------	
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	**147,491,688**	160,730,656

9.1 Operating fixed assets :

Particulars	Note	Cost / Revalued amount: As at beginning of year	Cost / Revalued amount: Revaluation adjustment/ (Disposal)	Cost / Revalued amount: As at end of year	Accumulated depreciation: As at beginning of year	Accumulated depreciation: Elimination on disposal	Accumulated depreciation: Charge for the year	Accumulated depreciation: As at end of year	Impairment charged	Net Book Value as at end of year	Rate %
		---------- Rupees ----------									
For financial year 2020											
Freehold land	9.4.3	21,000,000	69,000,000	90,000,000	-	-	-	-	-	90,000,000	-
Building on freehold land	9.4.3	34,902,499	-	34,902,499	3,150,705	-	1,495,268	4,645,973	6,195,102	24,061,425	5
Plant and machinery		170,382,753	-	170,382,753	65,589,307	-	5,239,672	70,828,979	68,615,199	30,938,575	5
Gas cylinders		3,529,329	(1,968,979)	1,560,350	3,174,093	(1,810,715)	30,980	1,394,358	-	165,992	10
Electric installation		9,382,294	-	9,382,294	8,083,275	-	129,902	8,213,177	-	1,169,117	10
Furniture and fixture		2,343,158	-	2,343,158	1,641,728	-	70,143	1,711,871	-	631,287	10
Office equipment		2,851,131	-	2,851,131	2,333,826	-	51,730	2,385,556	-	465,575	10
Vehicles		1,331,674	(707,840)	623,834	1,019,248	(474,023)	18,892	564,117	-	59,717	20
		245,722,838	**66,323,181**	**312,046,019**	**84,992,182**	**(2,284,738)**	**7,036,587**	**89,744,031**	**74,810,301**	**147,491,688**	
For financial year 2019											
Freehold land	9.4.3	21,000,000	-	21,000,000	-	-	-	-	-	21,000,000	-
Building on freehold land	9.4.3	34,902,499	-	34,902,499	1,479,558	-	1,671,147	3,150,705	-	31,751,794	5
Plant and machinery		225,658,005	(55,275,252)	170,382,753	106,234,555	(46,600,318)	5,955,070	65,589,307	-	104,793,446	5
Gas cylinders		5,102,658	(1,573,329)	3,529,329	4,577,524	(1,454,413)	50,982	3,174,093	-	355,236	10
Electric installation		9,382,294	-	9,382,294	7,938,939	-	144,336	8,083,275	-	1,299,019	10
Furniture and fixture		2,343,158	-	2,343,158	1,563,791	-	77,937	1,641,728	-	701,430	10
Office equipment		2,851,131	-	2,851,131	2,276,348	-	57,478	2,333,826	-	517,305	10
Vehicles		1,331,674	-	1,331,674	941,142	-	78,106	1,019,248	-	312,426	20
		302,571,419	**(56,848,581)**	**245,722,838**	**125,011,857**	**(48,054,731)**	**8,035,056**	**84,992,182**	**-**	**160,730,656**	

9.2 Reconciliation of Net Book Value

	Net Book Value at beginning of year	Revaluation/ Disposals	Depreciation charged	Impairment charged	Net Book Value at end of year
	---------- Rupees ----------				
For financial year 2020					
Freehold land	21,000,000	69,000,000	-	-	90,000,000
Building on freehold land	31,751,794	-	(1,495,268)	(6,195,102)	24,061,425
Plant and machinery	104,793,446	-	(5,239,672)	(68,615,199)	30,938,575
Gas cylinders	355,236	(158,264)	(30,980)	-	165,992
Electric installation	1,299,019	-	(129,902)	-	1,169,117
Furniture and fixture	701,430	-	(70,143)	-	631,287
Office equipment	517,305	-	(51,730)	-	465,575
Vehicles	312,426	(233,817)	(18,892)	-	59,717
	160,730,656	**68,607,919**	**(7,036,587)**	**(74,810,301)**	**147,491,688**
For financial year 2019					
Freehold land	21,000,000	-	-	-	21,000,000
Building on freehold land	33,422,941	-	(1,671,147)	-	31,751,794
Plant and machinery	119,423,450	(8,674,934)	(5,955,070)	-	104,793,446
Gas cylinders	525,134	(118,916)	(50,982)	-	355,236
Electric installation	1,443,355	-	(144,336)	-	1,299,019
Furniture and fixture	779,367	-	(77,937)	-	701,430
Office equipment	574,783	-	(57,478)	-	517,305
Vehicles	390,532	-	(78,106)	-	312,426
	177,559,562	**(8,793,850)**	**(8,035,056)**	**-**	**160,730,656**

9.3 Subsequent to year end, in the month of July, 2020, the Company has entered into a sale agreement for disposal of land, building on land, and plant and machinary with the highest bidder at sale price of Rs. 145,000,000. As the recoverable amount of the group is lesser than its carrying value therefore impairment has been charged so the carryong value is reduced to its recoverable amount. Fair market value of land and building are already evaluated by an external independent evaluator therefore remaining impairment is charged to plant and machinary only.

9.4.1 Freehold land and building on freehold land is situated at part of Khasra No. 53, Mouza Pathra, Tehsil HUB, District Lasbella, Balochistan measuring 6 acres. All assets including land are duly registered in the name of and are in the possession of the Company.

9.4.2 All items of property, plant and equipment of the Company are under registered mortgage/ charges of either equal or ranking status of different banks. Total risk covered through these mortgages and charges amounts to Rs. 172.355 million.

9.4.3 Freehold land and building on freehold land were revalued as on April 15, 2020 by an independent valuator, Luckyhiya Associates (Pvt) Ltd. an approved professional valuator on the panel of Pakistan Banks' Association (PBA). The basis of valuation was present market value of similar sized plots in the vicinity for land replacement value of the similar typed building based on age, quality of construction, as well as accommodation and proper maintenance cost incurred. This revaluation resulted in surplus of Rs. 69.00 million in land and impairment in building of Rs. 6.19 million. The forced sales value in respect of freehold land, and building on freehold land have not been assessed by the independent valuator as at the date of valuation.

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

	Cost	Accumulated depreciation	Written down value
	----------------------Rupees		----------------------
Freehold land	**345,790**	**-**	**345,790**
Building on freehold land	**19,678,937**	**10,344,146**	**9,334,791**
June 30, 2020	**20,024,727**	**10,344,146**	**9,680,581**
June 30, 2019	20,024,727	9,852,841	10,171,886

9.4.6 Depreciation for the year has been allocated as under:

	Note	2020	2019
		------------- Rupees	-------------
Cost of sales	31	**1,207,165**	3,881,599
Administrative expenses	33	**140,765**	213,521
Other operating expenses	34	**5,688,657**	3,939,936
		7,036,587	8,035,056

9.4.7 The plant and machinery of the Company is temporarily idle due to the fact disclosed in note 1.2. However refilling and compressing activities are being carried.

10. LONG-TERM DEPOSITS

	2020	2019
	------------- Rupees	-------------
Electricity	**2,184,400**	2,184,400
Orix leasing	**650,000**	650,000
Others	**167,094**	167,094
	3,001,494	3,001,494

11. STORES AND SPARES

Stores	**395,201**	398,926
Spares	**601,121**	601,121
	996,322	1,000,047

		2020	2019
		--------- Rupees ---------	
12.	**STOCK-IN-TRADE**		
	Raw materials	**50,179**	50,179
	Finished goods	**-**	275,717
		50,179	325,896
13.	**TRADE DEBTS**		
	Unsecured		
	Considered good	**106,520**	553,423
	Considered doubtful	**1,980,961**	2,324,911
		2,087,481	2,878,334
	Provision for doubtful debts	**(1,945,454)**	(2,324,911)
	Loss allowance	**(35,507)**	-
		106,520	553,423
13.1	**Age analysis is as follows:**		
	Neither past due nor impaired		
	0-30 days	**-**	532,955
	Past due but not impaired		
	31-90 days	**-**	20,468
	91-180 days	**-**	-
	180-365 days	**142,027**	-
	Over 365 days	**1,945,454**	2,324,911
		2,087,481	2,878,334
13.2	**Provision for doubtful debts**		
	Balance at beginning of year	**2,324,911**	300,939
	Written back during the year	**(379,457)**	(198,474)
		1,945,454	102,465
	Provision made for the year	**-**	2,222,446
		1,945,454	2,324,911
14.	**ADVANCES AND OTHER RECEIVABLES**		
	Unsecured		
	Advances to suppliers - Considered good	**1,580,974**	1,656,764
	Advances to suppliers - Considered doubtful	**88,366**	88,366
	Other receivables - Considered good	**49,996**	49,993
		1,719,336	1,795,123
	Loss allowance	**(88,366)**	-
		1,630,970	1,795,123

15. INVESTMENTS

Held for trading

Investment in equity securities having par value of Rs. 10 each.

2020	2019	Company's name		
No. of shares / certificates				
268	268	Faysal Bank Ltd.	**3,733**	5,767
603	603	Sui Southern Gas Pipelines Ltd.	**8,044**	12,470
1,398	1,398	First Fidelity Leasing Modaraba Ltd.	**4,907**	6,011
1,311	1,311	First Equity Modaraba Ltd.	**3,920**	2,832
419	419	K-Electric Ltd.	**1,261**	1,839
84	70	Pakistan Oxygen Ltd.	**13,957**	10,500
290	290	SAMBA Bank Ltd.	**2,265**	1,592
12	12	Ghani Gases Ltd.	**189**	92
4,385	4,371		**38,276**	41,103

	Note	2020	2019
		------------- Rupees -------------	
16. TAXATION - NET			
Income tax refundable		**5,386,659**	5,452,708
Advance income tax deducted during the year		**11,146**	582,263
Provision for taxation - current	37	**(159,945)**	(648,312)
		5,237,860	5,386,659
17. CASH AND BANK BALANCES			
Cash at bank - current accounts		**8,659**	9,623
Cash in hand		**36,754**	591,242
		45,413	600,865

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019			
No. of shares				
		Ordinary shares of Rs.10/- each :		
5,336,769	5,336,769	- Fully paid in cash	**53,367,690**	53,367,690
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
7,502,510	7,502,510		**75,025,100**	75,025,100

18.1 Shares held by the related parties of the Company

Name of the shareholders:

Mr. M. Hanif Y. Bawany	**1,223,096**	1,223,096
Mrs. Momiza Hanif Bawany	**443,680**	443,680
Mr. Vali Mohammad M. Yahya	**338,861**	338,861
Bawany Management (Pvt.) Ltd.	**222,149**	222,149
Mr. Zakaria Abdul Ghaffar	**3,581**	3,581
Mr. Wazir Ahmed Jogezai	**3,581**	3,581
Mr. Mikhail Bawany	**3,010**	3,010
Mr. Siraj A. Kadir	**500**	500

18.2 All ordinary shares rank equally with regard to residual assets of the Company. The ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting rights, board selection, right of first refusal and block voting are in proportion to shareholding.

19. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET

The surplus revaluation is presented as a separate capital reserve in these financial statements.

	Note	2020	2019
Surplus on freehold land	19.1	**89,654,210**	20,654,210
Surplus on building on freehold land	19.2	**9,353,323**	14,464,659
Balance as at reporting date		**99,007,533**	35,118,869

19.1 Movement of surplus on freehold land

	2020	2019
Revaluation surplus at beginning of year	**20,654,210**	20,654,210
Surplus arising on revaluation carried out during the year	**69,000,000**	-
Balance as at reporting date	**89,654,210**	20,654,210

19.2 Movement of surplus on building on freehold land

	Note	2020	2019
		------------- Rupees	-------------
Revaluation surplus at beginning of year		**20,279,728**	21,574,179
Impairment recognized on revaluation carried out during the year		**(6,195,102)**	-
		14,084,627	21,574,179
Restatement of opening liability due to change in tax rate		**-**	(215,742)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year, net of deferred tax		**(712,814)**	(765,883)
Related deferred tax liability of incremental depreciation charged during the year		**(291,149)**	(312,826)
Revaluation surplus as at reporting date		**13,080,664**	20,279,728
Less: Related deferred tax on:			
Revaluation at beginning of year		**(5,815,069)**	(6,343,637)
Impairment to the extent of available revaluation surplus		**1,796,579**	-
Difference arising due to change in rate		**-**	215,742
Incremental depreciation charged during the year, transferred to statement of profit and loss		**291,149**	312,826
		(3,727,340)	(5,815,069)
		9,353,323	14,464,659

20. LONG-TERM DEPOSITS

	2020	2019
Received against processing tanks and cylinders	**50,063,663**	51,219,943

20.1 These are non-interest bearing and are repayable to customers on return of processing tanks and cylinders or on termination of sale agreement.

20.2 The amount of security deposit has been fully utilized by the Company in its business activity without complying the requirements of section 217 of the Companies Act, 2017.

21. DEFERRED TAX LIABILITY

Taxable temporary differences:		
Accelerated depreciation on property, plant and equipment	**4,921,849**	19,475,190
Surplus on revaluation of property, plant and equipment-net	**3,727,340**	5,815,069
	8,649,189	25,290,259
Deductible temporary differences:		
Doubtful receivables and other provisions	**(574,479)**	(674,224)
Minimum tax paid	**(4,531,191)**	(3,882,321)
Carried forward tax losses	**(46,319,135)**	(24,450,914)
	(51,424,805)	(29,007,459)
Net deferred tax (asset)/ liability	**(42,775,616)**	(3,717,200)
Deferred tax asset not recognized	**42,775,616**	3,717,200
	-	-

21.1 The carried forward tax losses for past six years amounts to Rs. 91.905 million (2019: Rs. 80.355

22. TRADE AND OTHER PAYABLES

	Note	2020	2019
		------------- Rupees	-------------
Trade creditors - unsecured		**2,036,125**	2,584,855
Insurance payable		**1,006,123**	1,006,123
Contract liability - Unsecured		**259,992**	233,622
Provision for compensated absences	22.1	**732,946**	744,790
Sales tax payable		**196,887**	950,899
Withholding tax on suppliers		**2,029,017**	2,058,496
Withholding tax on salaries of staff		**417,477**	419,989
		6,678,567	7,998,774

22.1 With effect from financial year 2015, the policy has been discontinued by the Company. The outstanding relates to directors to the extent of Rs. 550,000 (2019: Rs. 550,000)

23 ACCRUED LIABILITIES

	Note	2020	2019
Payable to related parties	23.1	**14,597,477**	11,723,198
Salaries payable		**1,116,099**	2,239,944
EOBI and SESSI payable		**1,317,347**	1,137,297
Bonus payable		**789,453**	830,228
Arrears payable		**579,189**	616,850
Security charges payable		**93,000**	93,000
Lubricant charges payable		**481,517**	530,820
Audit fee payable		**300,000**	270,000
Central Depository charges payable		**474,600**	214,700
Listing fee payable		**30,000**	104,514
Other accrued liabilities		**1,310,439**	862,848
		21,089,121	18,623,399

23.1 Payable to Related Parties

Remuneration payable to directors	**13,385,965**	10,511,686
Rent payable to Associate	**1,211,512**	1,211,512
	14,597,477	11,723,198

24 PROVISIONS

K-Electric excess billing	24.1	**2,303,902**	2,303,902

24.1 This represents provision recorded for the expected liability to be paid under the appeal filed by K-Electric against the order of NEPRA by order reference EI-HUB/I&P/Pet-4/887 dated 28 November 2011 granting waiver to the Company for payment excess billing made by the K-Electric. The total amount of the excess bill is Rs. 1,754,503.

25 PAYABLE TO PROVIDENT FUND

Payable to provident fund - interest bearing	25.1	**4,239,026**	6,298,802
Mark-up on due to provident fund		**2,619,935**	1,985,858
		6,858,961	8,284,660

25.1 This represents equal contribution by the Company and the employees. This carries mark-up at the rate of 9% (2019: 9%) per annum.

25.2 This amount has been subsequently paid to the extent of 4.7 million.

	Note	2020	2019
		------------- Rupees	-------------
26 ACCRUED MARK-UP			
Mark up on overdue installments		**251,620**	251,620
Mark up on short-term financing		**626,965**	626,965
		878,585	878,585

27 DUE TO RELATED PARTIES

Un-secured		
Related parties (individuals)	**12,499,162**	2,850,000
Bawany Management (Pvt.) Ltd.	**26,835,774**	27,199,260
Loan from director	**4,269,090**	4,280,847
	43,604,026	34,330,107

27.1 These are unsecured, non-interest bearing loans which are repayable on demand.

28. SHORT-TERM FINANCING

	Note		
Secured, interest bearing			
Overdue installments - Orix leasing	28.1	**3,170,852**	3,170,852
Running finance from bank - Faysal bank	28.2	**8,835,819**	8,835,819
		12,006,671	12,006,671

28.1 This represents outstanding amount of financing facility obtained from Orix Leasing Pakistan Limited at markup rate of 15% (2019: 15%) per annum. The facility is secured by way of first pari passu charge of Rs. 101.02 million and second ranking charge of Rs. 13.33 million over the fixed assets including immoveable assets, in addition personal guarantee of chief executive officer of the Company has been issued to the Orix Leasing. The Company has defaulted the terms of repayment of the loan and now due to adverse financial position has ceased charging markup on the outstanding principal.

28.2 This represents running finance facility obtained from Faysal Bank Limited of Rs. 10.000 (2019 : Rs. 10.000) million carrying mark-up @ the rate of 3 months KIBOR + 4% per annum (2019 : 3 months KIBOR + 4% per annum). This facility is secured against first pari passu hypothecation charge over plant and machinery to the extent of Rs. 14.5 million, first hypothecation charge over stocks and receivables to the extent of Rs. 12 million and personal guarantees of the directors of the Company. The facility has not been renewed by the bank since the expiry of the facility on October 14, 2016.

28.3 If markup had been charged the profit for the year would had been reduced by Rs. 1.978 million (2019: Rs. 1.978 million) and liability of markup would have been reported at reporting date by Rs. 5.107 million (2019: Rs. 3.129 million).

29. CONTINGENCIES AND COMMITMENTS

Contingencies

29.1 The Company was selected for income tax audit for the period from July, 2011 to June, 2012. The assessing officer issued impugned order dated 24.01.2017 wherein the Appellant was ordered to pay income tax amounting to Rs.9.999 million along with default surcharge and penalty. Being aggrieved with the order, the Company preferred the instant appeal before Commissioner Inland Revenue Appeal contesting that the Deputy Commissioner Inland Revenue passed the order without proper jurisdiction

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

29.2 The Company has been selected for monitoring of withholding of tax under section 161/205 of the Income tax Ordinance, 2001 in respect of tax years 2017 & 2018 and for period from July 1, 2018 to March 15, 2019. The monitoring is in progress and no liability is yet ascertain. The monitoring is being initiated by Deputy Commissioner Inland Revenue (Enforcement & Collection). The Company has also been selected for overall audit under section 214D read with section 177 of the Income Tax Ordinance, 2001 in respect of tax year 2016, no liability has yet been ascertained and the audit is still in progress.

29.3 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. 13,077,725. Subsequent to year end on September 24, 2020 the total liability towards Faysal Bank has been settled through one payment of RS. 9.1 million. The Company is issued clearance letter from Faysal Bank and any written off portion of loan/ markup is reported to State Bank of Pakistan eCIB purpose.

Commitments

There was no commitments as at June 30, 2020 (2019: Nil).

BAWANY AIR PRODUCTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

30. SALES - NET

	Note	2020	2019
		------------- Rupees -------------	
Sales		**15,083,783**	60,872,372
Less: sales tax		**(2,288,147)**	(8,962,779)
		12,795,636	51,909,593

31. COST OF SALES

	Note	2020	2019
Liquid oxygen consumed		**9,655,895**	41,347,996
Salaries and other benefits	31.1	**2,928,236**	3,251,613
Electricity, gas and water		**336,935**	382,995
Stores and spares consumed		**3,725**	17,152
Repairs, maintenance and handling		**380,610**	822,371
Depreciation	9.4.6	**1,207,165**	3,881,599
Security		**1,116,000**	1,060,000
Others		**240,802**	289,285
		15,869,368	51,053,011
Maintenance & other charges recovered		**-**	(202,474)
Cost of goods processed		**15,869,368**	50,850,537
Processed goods - opening		**275,717**	952,079
Processed goods - closing	12	**-**	(275,717)
		275,717	676,362
		16,145,085	51,526,899

31.1 Salaries, wages and other benefits include contributions of Rs.0.109 (2019: 0.141) million in respect of defined contribution plan.

32. DISTRIBUTION COST

	Note	2020	2019
Salaries and other benefits	32.1	**1,119,098**	2,494,493
Transportation charges		**352,610**	616,079
Others		**20,827**	30,965
		1,492,535	3,141,537

32.1 Salaries and other benefits include contributions of Rs.0.068 (2019: 0.150) million in respect of defined contribution plan.

	Note	2020	2019
		------------ Rupees ------------	

33. ADMINISTRATIVE EXPENSES

	Note	2020	2019
Salaries and other benefits	33.1	**4,352,323**	6,489,292
Electricity, gas and water		**155,237**	153,332
Repairs and maintenance		**148,284**	147,284
Communication		**136,472**	127,587
Vehicle running and maintenance		**225,421**	233,504
Fees, subscription and periodicals		**1,017,311**	339,776
Rent, rates and taxes		**546,996**	546,996
Auditors' remuneration	33.2	**381,000**	329,000
Traveling and conveyance		**146,370**	156,790
Printing and stationery		**74,404**	81,547
Legal and professional charges		**358,000**	10,800
Advertisement		**92,500**	34,835
Depreciation	9.4.6	**140,765**	213,521
		7,775,083	8,864,264

33.1 Salaries and other benefits include contributions of Rs.0.175 (2019: 0.181) million in respect of defined contribution plan.

33.2 Auditors' remuneration

	2020	2019
Audit fee	**300,000**	270,000
Half year review fee	**81,000**	59,000
	381,000	329,000

34. OTHER OPERATING EXPENSES

	Note	2020	2019
Depreciation of idle plant	9.4.6	**5,688,657**	3,939,936
Impairment on idle plant		**68,615,199**	-
Trade debts written off		**-**	3,162,359
Provision for doubtful debts		**-**	2,222,446
Advance written off		**-**	349,046
Loss on disposal of assets		-	4,406,049
Sales tax expense		**43,881**	-
Penalty		-	45,000
		74,347,737	14,124,836

35. OTHER INCOME

	2020	2019
From financial assets:		
Dividend income	**29**	-
Liabilities written back	**-**	6,543,579
Written back of provision for doubtful	**379,457**	198,474
From other than financial assets:		
Gain on disposal of property, plant and equipment	**1,160,060**	-
Receipts against sale of scrap	**869,236**	-
	2,408,782	6,742,053

36. FINANCE COST

	2020	2019
Mark-up on due to provident fund	**634,077**	785,009
Bank charges	**2,155**	11,082
	636,232	796,091

	Note	2020	2019
		------------- Rupees -------------	
37 TAXATION			
Current	37.1	**159,945**	648,870
Prior year		**-**	(558)
Deferred		**1,796,579**	(5,999,202)
		1,956,524	(5,350,890)

37.1 The relationship between income tax expense and accounting profit has not been presented in these financial statements as the provision for taxation for the current year and prior year is based on minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001.

38. 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	2020	2019
		------------- Rupees -------------	
Loss for the year - Rupees		**(87,187,112)**	**(14,467,051)**
Weighted average number of ordinary shares (Number)		**7,502,510**	**7,502,510**
Loss per share - Rupees		**(11.62)**	**(1.93)**

39. CASH & CASH EQUIVALENT

	Note	2020	2019
Cash and bank balances	17	**45,413**	600,865
Short-term financing - running finance	28	**(12,006,671)**	(12,006,671)
		(11,961,258)	(11,405,806)

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVE

	Chief Executive Officer		Director		Other Executives	
	2020	2019	**2020**	2019	**2020**	2019
	------------------ Rupees ------------------					
Remuneration	**967,742**	967,742	**1,045,161**	1,045,161	**-**	**-**
House rent	**435,484**	435,484	**470,322**	470,322	**-**	**-**
Utilities	**96,774**	96,774	**104,517**	104,517	-	-
	1,500,000	1,500,000	**1,620,000**	1,620,000	-	-
No. of persons	**1**	1	**1**	1	**0**	0

40.1 The chief executive officer and the director are provided with free use of company maintained vehicles, residential utility and telephone bills, the monetary value of which is Rs.0.363 (2019: Rs. 0.349) million.

40.2 No fees have been paid to any of the directors during the year (2019: nil) for attending boards' meetings.

40.3 No remuneration has been paid to non-executive directors of the Company during the year (2019: Nil).

41 TRANSACTIONS WITH RELATED PARTIES

Detail relationship with related parties and percentage of holdings, if any, are disclosed in note 6.20 to the financial statements. Remuneration of chief executive officer, directors and executives of the Company are disclosed in note 39. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements are as follows:

Name of related party	Nature of transactions	2020	2019
		------------- Rupees	-------------
Ebrhaimyan Enterprises	Rent charges paid	**546,996**	501,413
Related Parties (Individuals)	Loan obtained	**9,649,162**	1,650,000
Directors	Repayment	**(11,757)**	55,847
Bawany Management (Pvt) Ltd.	Loan repaid	**(363,486)**	21,235
Employees retirement benefit plan	Contribution to provident fund	**612,370**	987,214
	Repayment of loan	**-**	1,150,000
	Interest charged to the Company	**634,077**	785,009

42. PROVIDENT FUND

The following information is based on latest financial statements of the fund:

	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
	------------- Rupees	-------------
Size of the fund - total assets	**6,889,823**	8,310,098
Cost of the investment made	**-**	-
Percentage of investments made	**0%**	0%
Fair value of investments	**-**	-

42.1 The break-up of fair value of investments is:

Bank balances/deposits	**29,337**	25,438
	0.43%	0.31%
Receivable from the Company	**6,858,961**	8,284,660
	99.55%	99.69%

43. FINANCIAL RISK MANAGEMENT

43.1 Financial instruments by category

FINANCIAL ASSETS
Loans and receivables

Long-term deposits	**3,001,494**	3,001,494
Trade debts	**106,520**	553,423
Other receivables	**49,996**	49,993
Cash and bank balances	**45,413**	600,865
	3,203,423	4,205,775

	2020	2019
	------------- Rupees -------------	
Balance brought forward	**3,203,423**	4,205,775
Held for trading (FVTPL)		
Other financial assets	**38,276**	41,103
	3,241,699	4,246,878
FINANCIAL LIABILITIES		
Through Amortized Cost		
Long-term deposits	**50,063,663**	51,219,943
Trade and other payables	**3,775,194**	4,335,768
Accrued liabilities	**19,771,774**	17,486,102
Unclaimed dividend	**717,420**	717,420
Payable to K-Electric	**2,303,902**	2,303,902
Payable to provident fund	**6,858,961**	8,284,660
Accrued markup	**878,585**	878,585
Due to related parties	**43,604,026**	34,330,107
Short-term financing	**12,006,671**	12,006,671
	139,980,196	131,563,158

43.2 Financial risk management

The board of directors have an 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, the 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 summarized as follows:

43.2.1 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 at the date of statement of financial position.

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. Presently, the Company has KIBOR based short-term running finance facility from banks that exposes the Company to interest rate risk.

	2020	2019
	------------- Rupees -------------	
Fixed rate instruments		
Long-term financing	**3,170,852**	3,170,852
Variable rate instruments		
Short-term borrowings	**8,835,819**	8,835,819

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 statement of profit and loss.

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.88.365 (2019: Rs. 88,356). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The Company is not charging any markup on its financial liabilities towards bank. The impact on loss for the year and equity, had there been markup charged, is disclosed in note 28.3.

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 a 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.

43.2.2 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. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentration of credit risk

Concentration of credit risk arise when a number of counterparties 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.

Credit risk arise from bank balances and credit exposures to customers, including trade debts. The financial assets of the Company that are subject to credit risk amounted to Rs. 4.205 (2018: 7.428) million

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:

	2020	**2019**
	------------- Rupees	**-------------**
Long-term deposits	**3,001,494**	3,001,494
Other receivables	**49,996**	49,993
Trade debts	**106,520**	553,423
Bank balances	**45,413**	600,865
	3,203,423	4,205,775

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. As at reporting date, the Company is not significantly exposed to credit risk on accounts of trade receivable.

The deposits are exposed to credit risk and details of their quality is as follows:

		2020	2019
Parties	**Credit Quality**	------------- Rupees	-------------
Electricity	Adjustable against liability towards K-Electric amounting to Rs. 2.3 million	**2,184,400**	2,184,400
Orix leasing	Uncertain to recover due to default in repayment of loan	**650,000**	650,000
Others	Deposits to vendors from whom services are being obtained (Considered good)	**167,094**	167,094
		3,001,494	3,001,494

Ageing of past due but not impaired trade debts are disclosed in note 11.1.

The credit quality of Company’s bank balances assessed with reference to Pakistan Credit Rating Agency (PACRA) as at June 30, 2020 is as follows:

		2020	2019
		------------- Rupees	-------------
Banks	**Credit Rating (Short term)**		
MCB Bank Limited	A1+	**647**	647
UBL Bank Limited	A-1+	**6,573**	6,573
NBP Bank Limited	A-1+	**2,403**	2,403
		9,623	9,623

43.2.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure to always have sufficient liquidity to meet its liabilities when due. As at reporting date, the Company is exposed to liquidity risk, however, the Company is in the process of negotiating credit lines to meet its financial

The details of company's interest/mark-up and non-interest mark-up bearing liabilities are as follows:

	Within 1 year	1 - 5 years	over 5 years	Total
	---------- Rupees ----------			
June 30, 2020				
Long-term deposits	**-**	**-**	**50,063,663**	**50,063,663**
Trade and other payables	**3,775,194**	**-**	**-**	**3,775,194**
Accrued liabilities other than related parties	**5,174,297**	**-**	**-**	**5,174,297**
Unclaimed dividend	**717,420**	**-**	**-**	**717,420**
Liability to K-Electric	**2,303,902**	**-**	**-**	**2,303,902**
Payable to provident fund	**6,858,961**	**-**	**-**	**6,858,961**
Accrued mark-up	**878,585**	**-**	**-**	**878,585**
Due to related parties	**58,201,503**	**-**	**-**	**58,201,503**
Short-term financing	**12,006,671**	**-**	**-**	**12,006,671**
	89,916,533	**-**	**50,063,663**	**139,980,196**
June 30, 2019				
Long-term deposits	-	-	51,219,943	51,219,943
Trade and other payables	4,335,768	-	-	4,335,768
Accrued liabilities other than related parties	5,762,904	-	-	5,762,904
Unclaimed dividend	717,420	-	-	717,420
Payable to K-Electric	2,303,902	-	-	2,303,902
Payable to provident fund	8,284,660	-	-	8,284,660
Accrued markup	878,585	-	-	878,585
Due to related parties	46,053,305	-	-	46,053,305
Short-term financing	12,006,671	-	-	12,006,671
	80,343,215		51,219,943	131,563,158

44. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	June 30, 2020	June 30, 2019
	------ Rupees ------	
Total debts	**105,674,360**	97,556,718
Less: Cash & cash equivalent	**(45,413)**	(600,865)
Net debt	**105,628,947**	96,955,853
Total Equity	**15,222,352**	37,896,352
Total debt and equity	**120,851,299**	134,852,205
Gearing ratio	**87%**	72%

45. PLANT CAPACITY AND ACTUAL PRODUCTION

	2020	2019
	Cubic Meter	
Production capacity (Triple Shift)		
Regasification of liquid gases	**4,485,000**	4,485,000
Oxygen/ Nitrogen	**4,485,000**	4,485,000
Dissolved acetylene	**144,000**	144,000
	9,114,000	9,114,000
Actual production		
Regasification of liquid gases	**333,248**	1,325,635
Oxygen/ Nitrogen	**-**	-
Dissolved acetylene	**-**	-
	333,248	1,325,635

Reason for Shortfall
The operations of the Company have been suffering due to breakdown of its plant that has resulted in stoppage of production of liquid oxygen and nitrogen. Also regasification capacity is under-utilized due to low demand from customers as result of adverse conditions of ship-breaking industry in Pakistan.

46. SUBSEQUENT EVENTS

Disposal of Operating Assets of the Company

Subsequent to year end the Board of Directors in their meeting held on July 17, 2020 approved to disposed off land, building, plant and machinery of the Company to the highest bidder for the sale.

47. NUMBER OF EMPLOYEES

Total number of employees including factory at the year ended were 13 (2019: 16) and average number of employees during the year were 14 (2019: 26).

The numbers of employees working at factory at the year ended were 07 (2019: 10) and average number of employees during the year were 07 (2019: 13).

48. AUTHORISATION FOR ISSUE

These financial statements were approved on October 05, 2020 by the board of directors of the Company.

49. GENERAL

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

M. HANIF Y. BAWANY	ABDUL RAUF	MOMIZA HANIF BAWANY
Chief Executive officer	**Chief Finnacial Officer**	**Director**

Form of Proxy
Bawany Air Products Limited

I / We ____
of ____
being a member(s) of Bawany Air Products Limited ("Company"), holding_________________ Ordinary Share(s) as per Register Folio No._________________ hereby appoint Mr./Ms.________________________________
Folio No. (if member) _____________________ of ___________________________
or failing him / her, Mr. Ms. ____
Folio No. (if member) ____
as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at 42nd Annual General Meeting of the Company to be held on the 27th day of October 2020 and at any every adjournment thereof.

Signed by ____
Signed under my / our hand this the _________ day of __________, 2020

Witness – 1

Name : _____________________
CNIC : _____________________
Address : ___________________
____

Witness – 2

Name : _____________________
CNIC : _____________________
Address : ___________________
____

NOTE:

a. The signature should match with the specimen signature registered with the company.
b. A Proxy need not be a member of the Company
c. Proxy Forms properly completed should be deposited at the office of the Company's Share Registrar, C & K Management Associates (Pvt) Limited, 404 Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi not later than 48 hours (excluding closed days) before the time for holding the Meeting for adjourned Meeting and in default the instrument of Proxy shall not be treated as valid.

For Beneficial Owners as per CDC List

In addition to the above, the following requirements must be met:

a. Attested copies of valid CNIC or the Passport of the beneficial owners and the Proxy shall be submitted with the Company's Share Registrar not less than 48 hours (excluding closed days) before the Meeting.
b. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
c. The Proxy shall produce his / her original and valid CNIC or Passport at the time of the Meeting.
d. In case of corporate entity, the Board of Director's Resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form to the Company's Registrar.


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