

BAWANY AIR PRODUCTS LIMITED

**QUARTERLY REPORT
SEPTEMBER 30, 2020
(UN-AUDITED)**

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Vali Mohammad M. Yahha
Mr. M. Hanif Y. Bawany
Mrs. Momiza Hanif Bawany
Mr. Mikhail Bawany
Mr. Wazir Ahmed Jomezai
Mr. Zakaria A. Ghaffar
Mr. Siraj A. Kadir

Chairman - Non Executive Director
Chief Executive Officer
Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Independent Director

AUDIT & HR COMMITTEE

Mr. Siraj A. Kadir
Mr. Vali Mohammad M. Yahha
Mr. Zakaria A. Ghaffar
Mr. Muhammad Munir

Chairman
Member
Member
Secretary to Audit Committee

HEAD OF INTERNAL AUDIT

Mr. Muhammad Munir

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Abdul Rauf

AUDITORS

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

ASSALAM-O-ALAIKUM

On behalf of the Board of Directors, I am pleased to present the Directors' Review on the three months period ended September 30, 2020. The un-audited financial statements of your Company for the period then ended are also being presented for your perusal.

In the year 2020, the Company received an intimation from Fossil Energy (Private) Limited for acquiring control of the Company and more than 50% of shareholding into the Company which was lapsed/withdrawn on September 14, 2020 after extension of further 90 days. The public intention has been published again on September 22, 2020 to revive the Company after completion of acquisition process, which will result in improvement of financial position of the Company.

Accordingly, the Company has entered into a sale agreement for disposal of land, building and plant & machinery with the highest bidder at sale price of Rs. 145 million out of which Rs. 17.5 million was received in September quarter.

Short-term loan of Faysal Bank Limited was successfully settled during the quarter and the bank has also provided NOC. Similarly, negotiations with ORIX Leasing Pakistan Limited are underway and it is expected to be settled in near future.

There was no revenue generation in the quarter due to closure of ship breaking industry at Gaddani and lack of funds for working capital. Cost of sales comprises of salaries of limited employees at factory and certain fixed overheads. Similarly, the administration and other expenses are all at minimum level which cumulatively resulted in a loss for the quarter amounting to Rs. 4.4 million.

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

On behalf of the Board



M. Hanif Y. Bawany
Chief Executive Officer

Karachi

Dated: October 28, 2020

السلام علیکم!

بورڈ آف ڈائریکٹرز کی جانب سے میں سہ ماہی مدت مختتمہ 30 ستمبر 2020 پر ڈائریکٹران کا جائزہ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔ آپ کی کمپنی کے مدت مختتمہ کے غیر آڈٹ شدہ مالیاتی گوشوارے آپ کے مطالعہ کے لئے پیش کئے جا رہے ہیں۔

سال 2020 میں کمپنی کو فوسل انرجی (پرائیویٹ) لمیٹڈ کی طرف سے کمپنی کا کنٹرول سنبھالنے کی رضامندی موصول ہوئی تھی اور کمپنی کے 50 فیصد سے زائد حصص کو خریدنے کی مدت 90 دن کی توسیع کے باوجود 14 ستمبر 2020 کو ختم ہو گئی۔ عوامی آگاہی کے لئے 22 ستمبر 2020 کو دوبارہ اشتہار کی اشاعت کی گئی، الحاقی عمل کی تکمیل کے بعد کمپنی کے بحال ہونے کے نتیجے میں کمپنی کی مالیاتی پوزیشن میں بہتری آئی گی۔

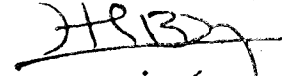
لہذا کمپنی نے بلڈنگ اور پلانٹ مشینری کی فروخت کے لئے بلند ترین بولی دہندہ کے ساتھ معاہدہ فروخت طے کیا جس نے 145 ملین روپے کی قیمت فروخت کی پیشکش کی تھی جس میں سے 17.5 ملین روپے مختتمہ سہ ماہی ستمبر میں موصول ہو گئے ہیں۔

فیصل بینک لمیٹڈ کے قلیل مدتی قرضہ کا سہ ماہی کے دوران تصفیہ ہو گیا ہے اور بینک نے NOC بھی فراہم کر دی ہے۔ اسی طرح ORIX لیزنگ پاکستان لمیٹڈ کے ساتھ بھی بات چیت چل رہی ہے اور توقع ہے کہ مستقبل قریب میں اس کا بھی تصفیہ ہو جائے گا۔

سہ ماہی کے دوران شپ بریکنگ کی صنعت کی بندش اور رواں سرمائے کی قلت کی وجہ سے کوئی آمدنی نہیں ہوئی۔ لاگت فروخت میں فیکٹری کے محدود ملازمین کی تنخواہیں اور مخصوص مقررہ بالائی اخراجات شامل ہیں۔ اسی طرح تمام انتظامی و دیگر اخراجات کو زیریں سطح پر رکھا گیا جس کے نتیجے میں مجموعی طور پر سہ ماہی میں 4.4 ملین روپے کا خسارہ ہوا۔

بورڈ کی جانب سے ہم کمپنی کی انتظامیہ پر آپ کی مدد اور اعتماد پر مشکور ہیں۔

منجانب بورڈ



ایم حفیظ وائی ہادانی

چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 28 اکتوبر 2020

BAWANY AIR PRODUCTS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2020

		Unaudited September 30, 2020	Audited June 30, 2020			Unaudited September 30, 2020	Audited June 30, 2020
	Note	Rupees			Note	Rupees	
ASSETS				EQUITY AND LIABILITIES			
Non Current Assets				Share Capital and Reserves			
Property, plant and equipment	6	146,740,402	147,491,688	Authorised capital 15,000,000 Ordinary shares		150,000,000	150,000,000
Long-term deposits		3,001,494	3,001,494	Issued, subscribed and paid-up capital		75,025,100	75,025,100
				Surplus on revaluation of property, plant and equipment - net	7	98,891,441	99,007,533
				Accumulated loss		(163,111,496)	(158,810,281)
						10,805,045	15,222,352
Current Assets				Non Current Liabilities			
Stores and spares		996,322	996,322	Long-term deposits		50,063,663	50,063,663
Stock-in-trade		50,179	50,179	Current Liabilities			
Trade debts		106,520	106,520	Trade and other payables		6,454,210	6,678,567
Advances and other receivables		1,630,970	1,630,970	Advance against disposal of land, building and plant		17,500,000	-
Sales tax refundable		824,547	824,547	Accrued liabilities		21,937,931	21,089,121
Investments		38,276	38,276	Unclaimed dividend		717,420	717,420
Taxation net		5,241,457	5,237,860	Provisions		2,303,902	2,303,902
Cash and bank balances		838,081	45,413	Payable to Providend fund		2,370,979	6,858,961
		9,726,352	8,930,087	Accrued mark-up		251,620	878,585
			(11,961,258)	Due to related parties		43,892,626	43,604,026
				Short-term financing		3,170,852	12,006,671
						98,599,540	94,137,253
Total Assets		159,468,248	159,423,269	Total Equity and Liabilities		159,468,248	159,423,268

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.


M. HANIF Y. BAWANY
Chief Executive Officer


ABDUL RAUF
Chief Financial Officer


MOMIZA HANIF BAWANY
Director

BAWANY AIR PRODUCTS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

		Un-audited	
		Three months ended	
		September 30,	September 30,
		2020	2019
		-----Rupees-----	
	Note		
Sales - net		-	5,390,297
Cost of sales	8	(894,015)	(5,656,550)
Gross profit		(894,015)	(266,253)
Other operating income		-	166,212
		(894,015)	(100,041)
Distribution cost		(262,294)	(372,629)
Administrative expenses		(2,766,608)	(2,407,001)
Other operating expenses		(720,878)	(1,422,164)
Finance cost - net		226,488	(173,753)
		(3,523,292)	(4,375,547)
Loss before taxation		(4,417,307)	(4,475,588)
Provision for taxation			
- current	9	-	(67,379)
Loss for the period		(4,417,307)	(4,542,967)
Other comprehensive income		-	-
Total comprehensive income		(4,417,307)	(4,542,967)
Earnings per share - basic and diluted		(0.59)	(0.61)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer



ABDUL RAUF
 Chief Financial Officer



MOMIZA HANIF BAWANY
 Director

BAWANY AIR PRODUCTS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

		September 30, 2020	September 30, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	----- Rupees -----	
Loss before taxation		(4,417,307)	(4,475,588)
Adjustments for:			
Depreciation		751,285	1,782,571
Gain on disposal of property, plant and equipment		-	(166,183)
Finance cost		-	(173,753)
Operating cash flows before working capital changes		(3,666,022)	(3,032,953)
Working capital changes	10	(4,201,894)	(296,171)
Net cash used in operations		(7,867,916)	(3,329,124)
Finance cost paid		-	-
Income tax paid		(3,597)	(2,976)
Net cash used in operating activities		(7,871,513)	(3,332,100)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Advance against sale of land, building and plant		17,500,000	-
Proceeds from disposal of property, plant and equipment		-	400,000
Net cash generated from investing activities		17,500,000	400,000
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term deposits - net		-	2,724,800
Net cash (used in) / generated from financing activities		-	2,724,800
Net decrease in cash and cash equivalents (A+B+C)		9,628,487	(207,300)
Cash and cash equivalents at beginning of the period		(11,961,258)	(11,405,806)
Cash and cash equivalents at end of the period	11	(2,332,771)	(11,613,106)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer


ABDUL RAUF
 Chief Financial Officer


MOMIZA HANIF BAWANY
 Director

BAWANY AIR PRODUCTS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment - net	Accumulated loss	Total
	----- Rupees -----			
Balance as at June 30, 2019	75,025,100	35,118,869	(72,335,983)	37,807,986
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(712,814)	712,814	-
Total other comprehensive income	-	64,601,478	-	64,601,478
Total income for the year ended June 30, 2020	-	-	(87,187,112)	(87,187,112)
Balance as at June 30, 2020	75,025,100	99,007,533	(158,810,281)	15,222,352
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	(116,092)	116,092	-
Total comprehensive income for the three months period ended September 30, 2020	-	-	(4,417,307)	(4,417,307)
Balance as at September 30, 2020	75,025,100	98,891,441	(163,111,496)	10,805,045

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.


M. HANIF Y. BAWANY
 Chief Executive Officer


ABDUL RAUF
 Chief Financial Officer


MOMIZA HANIF BAWANY
 Director

BAWANY AIR PRODUCTS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This interim financial information has been prepared in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and is being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange Limited. This condensed interim financial information does not include all the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2020.

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

Intimation to Acquire Controlling Shares

In the year 2020, the Company received an intimation from Fossil Energy (Private) Limited for acquiring control of the Company and more than 50% of shareholding into the Company which was lapsed/withdrawn on September 14, 2020 after extension of further 90 days. The public intimation has been published again on September 22, 2020 to revive the Company after completion of acquisition process, which will result in improvement of financial position of the Company.

Disposal of land, building and plant and machinery

During the period, the Company has entered into a sale agreement for disposal of land, building and plant & machinery with the highest bidder at sale price of Rs. 145 million out of which Rs. 17.5 million was received.

4 FINANCIAL AND OPERATIONAL IMPACT DUE TO COVID-19

In 2019-2020, 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 operation 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.

5 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates, judgments and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2020.

	Unaudited September 30, 2020	Audited June 30, 2020
	----- Rupees -----	

6 PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment	146,740,402	147,491,688
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- 6.1 Additions to property, plant and equipment during the period were Rs. Nil (June 30, 2020: Rs. Nil) and disposals there from at net book value were Rs. Nil (June 30, 2020: Rs. 392,081).

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net

		Unaudited September 30, 2020	Audited June 30, 2020
	Note	----- Rupees -----	
Surplus on freehold land	7.1	89,654,210	89,654,210
Surplus on building on freehold land	7.2	9,237,231	9,353,322
		98,891,441	99,007,532

7.1 Movement of surplus on freehold land			
Revaluation surplus as at July 01		89,654,210	20,654,210
Surplus arising on revaluation carried out during the year		-	69,000,000
		89,654,210	89,654,210

7.2 Movement of surplus on building on freehold land			
Revaluation surplus as at July 01		13,080,663	20,279,728
Impairment recognized on revaluation carried out during the year		-	(6,195,102)
		13,080,663	14,084,626

Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax		(116,091)	(712,814)
Related deferred tax liability of incremental depreciation charged during the period		(47,418)	(291,149)

Revaluation surplus as at reporting date		12,917,154	13,080,663
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Less: Related deferred tax on:

- Revaluation as at July 1	(3,727,341)	(5,815,069)
- Impairment to the extent of available revaluation surplus	-	1,796,579
- Incremental depreciation charged during the year, transferred to statement of Profit and loss	47,418	291,149
	(3,679,923)	(3,727,341)
	9,237,231	9,353,322

8 COST OF SALES

	Un-audited Three Months Ended September 30, 2020	September 30, 2019
Raw material consumed	-	4,069,898
Salaries, wages and benefits	552,818	754,440
Power, fuel and water	16,770	22,240
Repairs, maintenance and handling	21,200	243,065
Depreciation	-	326,008
Others	303,227	339,259
	894,015	5,754,910

Finished goods

Opening stock	-	275,717
Closing stock	-	(374,077)
	-	(98,360)
	894,015	5,656,550

9 TAXATION

Charge for the current taxation represents higher of taxable income charged to tax at the rate of 29% or turnover tax @ 1.25% under section 113 of the Income Tax Ordinance, 2001.

10 WORKING CAPITAL CHANGES

(Increase)/decrease in current assets

Stock in trade	-	(98,360)
Trade debts	-	555,561
Advances and other receivables	-	(3)

Increase in current liabilities

Trade and other payables	(4,490,494)	(389,752)
Due to related parties	288,600	(363,617)
	<u>(4,201,894)</u>	<u>(296,171)</u>

11 CASH AND CASH EQUIVALENTS

Cash and bank balances	838,081	393,565
Short term financing - running finance	<u>(3,170,852)</u>	<u>(12,006,671)</u>
	<u>(2,332,771)</u>	<u>(11,613,106)</u>

12 TRANSACTIONS WITH RELATED PARTIES

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


	Un-audited	
	Three Months Ended	
	September 30, 2020	September 30, 2019
	----- Rupees -----	
Associated undertakings		
Organization charges paid	136,749	136,749
Loan repaid to associated undertaking	5,010	317,770
Other related parties		
Contribution made by the Company to retirement benefit plan	57,861	90,489
Interest charged to the Company to retirement benefit plant	96,296	173,256

13 DATE OF AUTHORIZATION FOR ISSUE

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

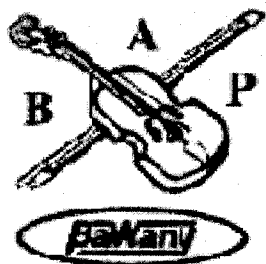
14 GENERAL

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


M. HANIF Y. BAWANY
Chief Executive Officer


ABDUL RAUF
Chief Financial Officer


MOMIZA HANIF BAWANY
Director



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PRODUCTS LIMITED

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I.I. Chundrigar Road,

Karachi