

# **BAWANY AIR PRODUCTS LIMITED**

**QUARTERLY REVIEW  
MARCH 31, 2021  
(UN-AUDITED)**

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	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. Muhammad Danish	Chairman - Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director
<b>AUDIT &amp; HR COMMITTEE</b>	Mr. Muhammad Danish Mr. Vali Mohammad M. Yahha Mr. Zakaria A. Ghaffar Mr. Muhammad Munir	Chairman Member Member Secretary to Audit Committee
<b>HEAD OF INTERNAL AUDIT</b>	Mr. Muhammad Munir	
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Mr. Abdul Rauf	
<b>AUDITORS</b>	S. M. SUHAIL & CO. Chartered Accountants	
<b>BANKERS</b>	Faysal Bank Limited United Bank Limited MCB Bank Limited National Bank of Pakistan	
<b>SHARE REGISTRAR</b>	C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Te: 35687839-35685930	
<b>REGISTERED OFFICE</b>	Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan Tel: 0853 - 363289 Fax: 0853 - 363290	
<b>CITY OFFICE</b>	16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi Tel: 021-32400440 Fax: 021-32411986	

## QUARTERLY REVIEW

ASSALAM-O-ALAIKUM

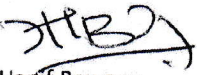
On behalf of Board of Directors, I am pleased to present the Directors' Review on the nine months period ended March 31, 2021. The un-audited financial statements of your Company for the period then ended are also being presented for your perusal.

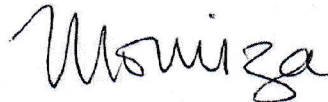
There is no considerable improvement in the financial performance of the Company as no revenue was earned. Consequently, there is no cost of raw material. Only the minimum costs like salaries and related expenses were incurred. Other operating expenses have decreased due to reduction in depreciation of idle plant as the same has been classified as held for sale. On the other hand, Finance cost increased due to final settlement of ORIX leasing.

A fresh intention to acquire the Company was published again on September 2020, which expired in March 2021 and acquirer has sought another extension.

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. Harif Bawany  
Chief Executive Officer  
Karachi  
Dated: April 28, 2021

  
Momiza Hanif Bawany  
Director

سہ ماہی جائزہ

السلام علیکم!

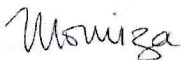
بورڈ آف ڈائریکٹرز کی جانب سے میں نو ماہی مدت ختمہ 31 مارچ 2021 کا ڈائریکٹران کا جائزہ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔ آپ کی کمپنی کے ختم شدہ مدت کے غیر آڈٹ شدہ مالیاتی گوشوارے آپ کے مطالعہ کے لئے پیش کئے جا رہے ہیں۔


کمپنی کی مالیاتی کارکردگی میں کوئی قابل ذکر بہتری نہیں ہوئی کیونکہ کوئی آمدنی نہیں ہوئی۔ جس کے نتیجے میں خام مال کی کوئی لاگت نہیں آئی۔ کم سے کم لاگتوں میں صرف تنخواہیں اور ملحقہ اخراجات برداشت کئے گئے۔ دیگر کاروباری اخراجات میں بند پلانٹ کی فرسودگی میں کمی کے نتیجے میں کمی ہوئی کیونکہ اس کی درجہ بندی فروخت کی مد میں کی گئی ہے۔ جبکہ دوسری جانب ORIX لیزنگ کے ساتھ حتمی تصفیہ کی وجہ سے مالیاتی لاگت میں اضافہ ہوا ہے۔

کمپنی کی ارادہ خرید کے لئے ایک حالیہ اشتہار دوبارہ ستمبر 2020 میں شائع کیا گیا جو کہ مارچ 2021 میں اختتام پذیر ہو گیا ہے اور خریدار نے مزید توسیع کی درخواست کی ہے۔

بورڈ کی جانب سے، آپ کے تعاون اور کمپنی کی انتظامیہ پر اعتماد پر آپ کے شکر گزار ہیں۔

منجانب بورڈ

  
مومیزا حنیف باوانی  
ڈائریکٹر

  
ایم حنیف باوانی  
چیف ایگزیکٹو آفیسر

کراچی، مورخہ: 28 اپریل 2021

**PAWANY AIR PRODUCTS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

	Unaudited March 31, 2021	Audited June 30, 2020		Unaudited March 31, 2021	Audited June 30, 2020
Note	Rupees		Note	Rupees	
ASSETS			EQUITY AND LIABILITIES		
Non Current Assets			Share Capital and Reserves		
Property, plant and equipment	5	1,067,287	147,491,688	Authorised capital 15,000,000 Ordinary shares of Rs.10/- each	150,000,000 150,000,000
				Issued, subscribed and paid-up capital	75,025,100 75,025,100
Long-term deposits	2,351,494	3,001,494	Surplus on revaluation of property, plant and equipment - net	6	99,007,532 99,007,533
					(172,075,784) (158,810,281)
					1,956,848 15,222,352
Current Assets			Accumulated loss		
Stores and spares	996,322	996,322			
Stock-in-trade	50,179	50,179	Non Current Liabilities		
Trade debts	77,393	106,520	Long-term deposits	38,281,670	50,063,663
Advances and other receivables	1,627,141	1,630,970	Current Liabilities		
Sales tax refundable	824,547	824,547	Trade and other payables	6,752,871	6,678,568
Investments	39,423	38,276	Accrued liabilities	19,936,646	21,089,121
Taxation - net	5,896,500	5,237,860	Unclaimed dividend	717,420	717,420
Cash and bank balances	1,819,483	45,413	Provisions	2,303,902	2,303,902
Non-current assets held for sale	124,374,284	-	Payable to provident fund	23,780	6,858,961
	135,705,272	8,930,087	Accrued mark-up	-	878,585
			Due to related parties	37,622,116	43,604,026
			Short-term financing	-	12,006,671
			Liability against non-current assets held for sale	31,528,800	-
				98,885,535	94,137,254
			Contingencies and Commitment	12	
Total Assets	139,124,053	159,423,269	Total Equity and Liabilities	139,124,053	159,423,269

The annexed notes form an integral part of these 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 PROFIT AND LOSS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2021**

	Note	Nine months period ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees		Rupees	
Sales - net		-	12,784,066	-	2,199,922
Cost of sales	7	(3,072,298)	(14,994,458)	(877,921)	(3,381,455)
Gross (loss) / profit		(3,072,298)	(2,210,392)	(877,921)	(1,181,533)
Other operating loss		(239,840)	1,178,263	(269,840)	42,735
Unrealized gain / (loss) on revaluation of other financial assets		1,146	17,000	-	-
		(3,310,992)	(1,015,129)	(1,147,761)	(1,138,798)
Distribution cost		-	(1,214,726)	-	(375,736)
Administrative expenses		(7,380,738)	(5,414,855)	(2,123,119)	72,236
Other operating expenses	8	(704,397)	(4,224,608)	-	(1,380,279)
Finance cost - net	9	(1,255,145)	(485,715)	(7,547)	(146,497)
Loss before taxation		(12,651,272)	(12,355,033)	(3,278,427)	(2,969,074)
Provision for taxation - current	10	-	(159,801)	-	(27,499)
Loss for the period		(12,651,272)	(12,514,834)	(3,278,427)	(2,996,573)
<b>Remeasurment of non-current assets held for sale</b>					
Loss on remeasurement - other assets		(614,231)		-	
Net loss for the period		(13,265,503)	(12,514,834)	(3,278,427)	(2,996,573)
Earnings per share - basic and diluted		(1.77)	(1.67)	(0.44)	(0.40)

The annexed notes form an integral part of these 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 COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2021**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>----- Rupees -----</u>		<u>----- Rupees -----</u>	
Loss for the period	(13,265,503)	(12,514,834)	(3,278,427)	(2,996,573)
Total comprehensive loss for the year	<u>(13,265,503)</u>	<u>(12,514,834)</u>	<u>(3,278,427)</u>	<u>(2,996,573)</u>

The annexed notes form an integral part of these 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 NINE MONTHS ENDED MARCH 31, 2021**

	Issued, subscribed and paid-up capital	Surplus on revaluation of property, plant and equipment - net	Accumulated loss	Total
	<b>Rupees</b>			
Balance as at July 1, 2019	75,025,100	35,118,869	(72,247,617)	37,896,352
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax		(539,948)	539,948	-
Total comprehensive income for the nine months period ended March 31, 2020			(12,514,834)	(12,514,834)
<b>Balance as at March 31, 2020</b>	<b>75,025,100</b>	<b>34,578,921</b>	<b>(84,222,503)</b>	<b>25,381,518</b>
Balance as at July 1, 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	-	-	-	-
Total comprehensive income for the nine months period ended March 31, 2021	-		(13,265,503)	(13,265,503)
<b>Balance as at March 31, 2021</b>	<b>75,025,100</b>	<b>99,007,533</b>	<b>(172,075,784)</b>	<b>1,956,849</b>

The annexed notes form an integral part of these 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 CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2021**

		March 31, 2021	March 31, 2020
A.	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Note	----- Rupees -----
	Loss before taxation		(12,651,272) (12,355,033)
	<b>Adjustments for:</b>		
	Depreciation		810,169 5,291,250
	Loss on revaluation of other financial assets		(1,146) (17,001)
	Gain on disposal of assets		(239,840) (1,178,263)
	Finance cost		1,255,145 485,715
	Operating cash flows before working capital changes		(10,826,944) (7,773,332)
	<b>Working capital changes</b>	11	(7,880,397) (573,804)
	<b>Net cash used in from operations</b>		(18,707,341) (8,347,136)
	Finance cost paid		(2,133,730) (485,715)
	Income tax paid		(658,640) (8,846)
	<b>Net cash used in operating activities</b>		(21,499,711) (8,841,697)
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	Advance against sale of land, building and plant		31,528,800 -
	Proceeds from disposal of assets		20,865,556 1,442,766
	<b>Net cash generated from investing activities</b>		52,394,356 1,442,766
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	Long-term deposits - liabilities - net		(11,781,993) -
	Long-term deposits - assets - net		650,000 -
	Due to related parties		(5,981,911) 7,080,012
	Short-term borrowings - net		(12,006,671) -
	<b>Net cash generated from financing activities</b>		(29,120,575) 7,080,012
	<b>Net decrease in cash and cash equivalents (A+B+C)</b>		1,774,070 (318,919)
	Cash and cash equivalents at beginning of the period		45,413 600,865
	<b>Cash and cash equivalents at end of the period</b>		1,819,483 281,946

The annexed notes form an integral part of these 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 NINE MONTHS ENDED MARCH 31, 2021**

**1 THE COMPANY AND ITS OPERATIONS**

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

**1.1 GOING CONCERN ASSUMPTION**

The Company has incurred a net loss of Rs. 13.265 million during the nine months ended March 31, 2021 and as of that date its accumulated losses amounted to Rs. 172.075 million. Its current assets exceed its current liability by Rs. 36.82 million. The operation of the Company have been suffering due to breakdown of its plant that has resulted in stoppage of production of liquid oxygen in the year 2013.

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 fact that public intention to acquire controlling shares of the Company has been published by Fossil Energy (Private) Limited which has enough available capital to revive the Company after completion of acquisition process. This may result in improvement of adverse liquidity and financial position of the Company.

**2 SIGNIFICANT EVENT**

**Intimation to Acquire Controlling Shares**

During the financial year 2020, the Company received an intimation from an acquirer for acquiring control of the Company and more than 50% of shareholding into the Company which subsequently lapsed on September 14, 2020. A fresh intention was published again on September 22, 2020, which expired in March 2021 and acquirer has sought another extension.

During the nine months period under review, short term loan of Faysal bank and ORIX leasing was successfully settled and both of them have provided NOC to the Company in this regard.

The liability of staff provident fund together with mark-up due thereon have been completely settled through full payment. This also resulted in compliance with provisions of section 218 of the Companies Act, 2017 and reduction in persistent finance cost.

**3 BASIS OF PREPARATION**

The condensed interim financial information has been prepared for the ninth months period ended March 31, 2021 in accordance with the requirement of international Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where the requirements differ, the provision of or directives issued under the Companies Act, 2017 are being prevailed.

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

The condensed interim financial information does not include all the information and disclosures as required for preparation of annual financial statements therefore, it should be read in conjunction with the annual audited financial statements for the year ended June 30, 2020.

**4 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS**

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

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

**5 PROPERTY, PLANT AND EQUIPMENT**

Operating property, plant and equipment

<b>Un-audited</b>	<b>Audited</b>
<b>March 31,</b>	<b>June 30,</b>
<b>2021</b>	<b>2020</b>

----- Rupees -----

<u>1,067,287</u>	<u>147,491,688</u>
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- 5.1 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).

6	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net	Note	Unaudited March 31, 2021	Audited June 30, 2020
			Rupees	
	Surplus on freehold land	4.1	89,654,210	89,654,210
	Surplus on building on freehold land	4.2	9,353,322	9,353,323
			<u>99,007,532</u>	<u>99,007,533</u>
6.1	Movement of surplus on freehold land during the period			
	Revaluation surplus as at July 01		89,654,210	20,654,210
	Surplus arising on revaluation carried out during the year		-	69,000,000
			<u>89,654,210</u>	<u>89,654,210</u>
6.2	Movement of surplus on building on freehold land during the period			
	Revaluation surplus as at July 01		13,080,663	20,279,728
	Surplus arising on revaluation carried out during the year		-	(6,195,102)
			<u>13,080,663</u>	<u>14,084,626</u>
	Transferred to unappropriated profit in respect of incremental depreciation charged during the period, net of deferred tax		-	(712,814)
	Restatement of opening liability due to change in tax rate		-	-
	Related deferred tax liability of incremental depreciation charged during the period		-	(291,149)
	Revaluation surplus		<u>13,080,663</u>	<u>13,080,663</u>
	Less: Related deferred tax liability on:			
	- revaluation as at July 1		(3,727,341)	(5,815,069)
	- Impairment to the extent of available revaluation surplus		-	1,796,579
	- difference arising due to change in tax rate		-	-
	- incremental depreciation charged during the period, transferred to profit and loss account		-	291,149
			<u>(3,727,341)</u>	<u>(3,727,341)</u>
			<u>9,353,322</u>	<u>9,353,322</u>

7	COST OF SALES	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees			
	Raw material consumed	-	9,655,895	-	1,635,745
	Salaries, wages and benefits	1,873,637	2,361,030	504,765	863,038
	Stores and spares	-	3,725	-	-
	Repairs, maintenance and handling	203,500	599,280	20,120	303,180
	Depreciation	-	965,662	-	315,181
	Others	995,161	1,183,573	353,036	219,870
		<u>3,072,298</u>	<u>14,769,165</u>	<u>877,921</u>	<u>3,337,014</u>
	Finished goods				
	Opening stock	-	275,717	-	94,865
	Closing stock	-	(50,424)	-	(50,424)
		<u>-</u>	<u>225,293</u>	<u>-</u>	<u>44,441</u>
		<u>3,072,298</u>	<u>14,994,458</u>	<u>877,921</u>	<u>3,381,455</u>
8	OTHER OPERATING EXPENSES / (INCOME)				
	Depreciation on idle plant & related assets	720,878	4,224,608	-	1,380,279
	Others	(16,481)	-	-	-
		<u>704,397</u>	<u>4,224,608</u>	<u>-</u>	<u>1,380,279</u>
9	FINANCE COST				
	Short term borrowings from ORIX Leasing	1,427,528	-	-	-
	Short term borrowings from Faysal Bank	(362,784)	-	-	-
	Short term borrowings from PF	135,133	483,690	523	146,402
	Bank charges	55,268	2,025	7,024	96
		<u>1,255,145</u>	<u>485,715</u>	<u>7,547</u>	<u>146,498</u>

9.1 This represents interest on loan and contributions payable to the Staff Provident Fund.

**10 TAXATION**

Charge for the current taxation is based on minimum tax on turnover @ 1.50% under section 113 of the Income Tax Ordinance, 2001. Since the Company did not earn any revenue in the current period, there is no charge for taxation in the current period.

**11 WORKING CAPITAL CHANGES**

	Unaudited	
	March 31, 2021	March 31, 2020
	----- Rupees -----	
<b>(Increase) / decrease in current assets</b>		
Stores and spares	-	3,725
Stock-in-trade	-	225,293
Trade debts	29,127	742,635
Advances and other receivables	3,829	79,997
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	74,303	(1,405,146)
Accrued liabilities	(1,152,475)	1,522,084
Payable to provident fund	(6,835,181)	(1,742,392)
	<u>(7,880,397)</u>	<u>(573,804)</u>

**12 CONTINGENCIES AND COMMITMENTS**

There are no contingencies or commitments as at March 31, 2021.

**13 TRANSACTIONS WITH RELATED PARTIES**

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


	Unaudited	
	March 31, 2021	March 31, 2020
	----- Rupees -----	
<b>Associated undertakings</b>		
Organization charges paid	410,247	410,247
Long-term loan re-paid to associated undertaking	2,512,820	363,486
<b>Transactions with key management personnel</b>		
Salaries, benefits and other allowances	666,000	666,000
<b>Other related parties</b>		
Contribution made by the Company to retirement benefit plan	71,934	268,556


**14 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 28, 2021 by the Board of Directors of the Company.

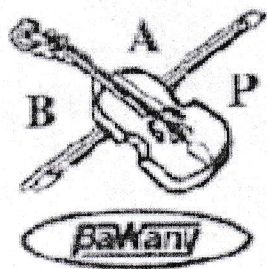
**15 GENERAL**

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

  
M. HANIF Y. BAWANY  
Chief Executive Officer

  
ABDUL RAUF  
Chief Financial Officer

  
MOMIZA HANIF BAWANY  
Director



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