

BAWANYAIR
PRODUCTS LIMITED

FORTY FOURTH
ANNUAL REPORT
2021-2022

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 in 1925 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, Anoor 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.

BAWANYAIR

PRODUCTS LIMITED

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CORPORATE 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. Muhammad Danish	Chairman - Non Executive Director Chief Executive Officer Executive Director Independent - Non Executive Director Independent - Non Executive Director Independent - Non Executive Director Independent - Non Executive Director
AUDIT & HR COMMITTEE	Mr. Muhammad Danish 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	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fourth Annual General Meeting of the Company will be held at the head office Room No.16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi, Sindh on Monday 28th November 2022 at 02:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 43th AGM held on November 25th, 2021.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2022 together with Directors and Auditor's Report thereon.
3. To appoint auditors for the year 2022-2023 and fix their remuneration.
4. To elect 7 (seven) Directors on the Company's Board of Directors as fixed by the Board for a period of three years' term. The names of retiring directors are:
 - i. Mr. M. Hanif Y. Bawany
 - ii. Mrs. Momiza Hanif Bawany
 - iii. Mr. Mikhail Bawany
 - iv. Mr. Vali Mohammad M. Yahya
 - v. Mr. Zakaria A. Ghaffar
 - vi. Mr. Muhammad Danish
 - vii. Mr. Wazir Ahmed Jomezai
5. Transact any other business with permission of chair.

SPECIAL BUSINESS

1. Shifting of the Registered Office temporary from one Province to Another and Alteration of Memorandum of Association

Karachi: October 24, 2022

By order of the Board
Company Secretary

NOTES:

1. The Company applied for extension in holding of AGM to SECP that was granted upto 27th November, 2022 which was Sunday, Therefore the immediate next working day will be Monday and accordingly AGM will be held on 28th November, 2022, Monday.
2. The register of members of the Company shall remain closed from November 21, 2022 to November 28, 2022 (both days inclusive).
3. Members are requested not to bring spouse, children or any other accompany.
4. Attendance of Members who have deposited their shares into the CDC 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 CNIC or 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 and vote on its behalf, shall be submitted
5. 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.
6. Members, who have not yet submitted a copy of their valid CNIC or 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/NTN details is now mandatory and is required for checking the tax status as per the Active Tax Payers List issued by the FBR from time to time.

7. Individual Members (including all joint holders) holding physical share certificates of the Company are therefore requested to submit a copy of their valid CNIC to the Company or its Share Registrar if not already provided. The shareholders while sending CNIC must quote their respective folio numbers.
8. In cases of non-receipt of the copy of a valid CNIC, the Company would be constrained U/S 243 (3) of the Companies Act, 2017 ("the Companies Act") to withhold dividend of such shareholders.
9. Attendance through Proxy
 - a) Proxy Form(s) must be deposited at Company's Share Registrar's office not less than forty-eight (48) hours (excluding holidays) before the time of the Meeting. Proxy Form(s) received after the said forty eight (48) hours i.e. after 02:00 PM on 25th day of November 2022 (being Friday), will not be treated as valid.
 - 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 and vote on its behalf, shall be submitted to the Company's Share Registrar
 - d) The Proxy shall produce his/her original valid CNIC or Passport at the time of the Meeting
 - e) A specimen Proxy Form is available on Company's website

STATEMENT OF MATERIAL FACTS U/S 166(3) OF THE COMPANIES ACT, 2017 - ELECTION OF DIRECTORS

The terms of office of the present directors of the Company will expire on November 27, 2022. In terms of Section 159(1) of the Companies, Act, 2017 ("act"), the directors have fixed the number of elected directors at Seven (7) to be elected in the AGM for a period of three years.

Independent Director(s) will be elected through the process of election of directors in term of section 159 of the Companies Act, 2017 ("the Act"), they shall meet the criteria laid down U/S 166(2) of the Act, and the Companies (Manner and Selection of Independent Directors) Regulations 2018, according the following additional documents are to be submitted by candidates intending to contest election of director as independent director.

- a) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations 2019, and
- b) Undertaking on non-judicial stamp paper that he/she meet the requirement of sub-regulations (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulation, 2018.

The present directors are interested to the extent that they are eligible for re-election as Directors of the Company.

SPECIAL BUSINESS

Shifting of the Registered Office temporary from one Province to Another and Alteration of Memorandum of Association

To Consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to Section 21, 32 and other applicable provisions, if any, of the Companies Act, 2017 (including any amendments thereto or re-enactment thereof) (the "Act") read with the Companies (General Provisions and Forms) Regulations, 2018 and relevant provisions of the Articles of Association of the Company, and subject to approval of Securities and Exchange Commission of Pakistan, shifting of the registered office of the Company from one Province to another (i.e. from the jurisdiction of Registrar of Companies, Hub, Balochistan) to the Province of Sindh (i.e. to the jurisdiction of Registrar of

Companies, Karachi, Sindh) be and is hereby approved and Clause II of the Memorandum of Association of the Company be and is hereby altered by substituting it with the following clause:

“The registered office of the Company will be situated in the Province of Sindh ”

RESOLVED FURTHER THAT upon the confirmation from the SECP the registered office of the Company be shifted from Khasra No. 52/53 R.C.D. Highway, Mouza Pathra, Tehsil Hub, Lasbella District, Balochistan to Room No.16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi, Sindh;

RESOLVED FURTHER THAT the Mr. M. Hanif Y. Bawany, Chief Executive Officer and Mr A. Rauf. Chief Financial Officer/Company Secretary'. be and are hereby severally; authorized to do all such act(s), deed(s), things as they may deem necessary towards undertaking the shift in the registered office of the Company;

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, 2022. The financial performance of the Company has not changed significantly from last year as there was no revenue and the expenses are to the minimum possible level.

Overview of performance of the Company and the Board

In the current year, the management successfully negotiated with the buyer of property and certain items of plant & machinery. The court case was withdrawn by the counter party, and they have agreed unconditionally to honor the terms and conditions of sale agreement. Accordingly, on 26 September 2022, the transaction was settled successfully, and all such assets were transferred, and the balance sale proceeds of Rs. 150 million were received by the Company and one another achievement, the Company is shifted **from adverse opinion to qualified opinion**.

There is no change in operations of the Company and the financial performance is consistent with last year. There was no revenue since the business conditions are not viable at all owing to political instability, worst ever economic turmoil, continued devaluation of rupee, rising inflation, and uncertainty in price of international commodities like oil, metals (especially due to Russia – Ukraine conflict). The ship breaking industry is also badly affected and all these factors led to overall decline in the financial performance.

During the year, the Company posted a loss of Rs. 9 million as against Rs. 18 million loss of last year. The management has curtailed all the expenses to minimum possible level and is hardly managing the working capital.

Future plan

The successful conclusion of sale agreement is the key factor that will leave surplus funds in the Company, which will be utilized to pay the long outstanding liabilities and management will explore any future business possibilities accordingly.

Performance evaluation

As required under the Code of Corporate Governance and in pursuance of SECP's guidelines, an evaluation process is carried out online internally to assess annual performance of the Board, members of the Board and its sub-committees as well as performance of the chief executive officer.

An evaluation session is carried out in the meeting of Board of Directors and individual members brief their performance and Company's expectations.

I am pleased to report that overall performance of the Board, its Committees and CEO of the Company for the year ended June 30, 2022, remained satisfactory. Especially the performance of CEO is exceptionally good since he managed to conclude the transaction of

sale of assets in the best possible manner despite his deteriorating health. All the Board Members pray for his health and well being and continue leading the management of the Company in this revival.

Change in the Board

There was no change in Board of Directors.

Frequency of the meetings

During the year four (4) meetings of the Board of Directors, four (4) meetings of its Audit Committee and four (4) meetings of the Human Resource Committee were held.

Composition of the Board


In pursuance of the Code, the Company encourages representation of Independent and Non-Executive Directors with gender diversity on its Board. The existing Board of the Company, comprising 7 (seven) members and having core competencies, diversity, requisite skills, knowledge, and experience, fulfils the criteria as considered relevant in the context of the company's operations. Details of the composition of the Board and its Committees are appearing in the "Statement of Compliance with Listed Companies Code of Corporate Governance".

Role of the Chairman

In my capacity as Chairman, I always try to ensure that:

- Board receives adequate, accurate, clear, complete, and reliable information in a timely manner.
- Board members are briefed on important and significant matters.
- All key issues are discussed in detail by the Board.

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



Vali Mohammad M. Yahya
Chairman

Karachi

Dated: October 24, 2022

DIRECTOR'S REPORT TO THE MEMBERS

Dear Shareholders,

Directors of your Company are pleased to present the Annual Report along with the audited financial statements for the year ended June 30, 2022.

OVERVIEW

The last year's trend prevailed in the year 2022 as well with no business activity. There was no production again in this year mainly due to the breakdown of the plant and the uncertainty of business situation and economic environment. The current year administrative expenses and other operating expenses were curtailed to the lowest possible level. Loss for the year 2022 amounted to Rs. 9.05 million, which is significantly lower than last year's loss of Rs. 18 million. The management has managed to reduce the expenses to keep the Company running.

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

Description	2022	2021
	Rupees	
Current Assets	8,803,014	9,020,754
Current Liabilities	101,909,169	93,247,215
Accumulated loss	86,995,393	77,940,920
Loss after taxation for the year	9,054,473	18,138,172
Net increase in cash and cash equivalents	166,932	12,035,435

FROM ABOVE TABLE, WE CAN ANALYSE THE PERFORMANCE AS FOLLOWS:

- The current assets have almost remained at the same level i.e. close to Rs. 9 million. That mainly includes Rs. 6.8 million refundable taxes (i.e. sales tax of Rs. 0.8 million and income tax / advance income tax of Rs. 6 million) that the Company has to receive from tax authorities. This is a major blockage of funds that hampers the liquidity and distorts working capital of the Company.
- The Current liabilities of Rs. 98 million include Rs. 40 million advance that is received against sale of assets. The counter party (buyer of assets) has unconditionally accepted this deal by honouring the terms and conditions of sale agreement after year end. The second major item in current liabilities is payable to related parties amounting to Rs.30 million which represents the financial assistance by associated company and directors for working capital of the Company. Moreover, current liabilities include more than Rs. 17 million payable to Directors against their monthly remuneration which the Directors have not taken to support the financial position and liquidity of the Company.
- The loss has accumulated to Rs. 86.9 million due to no revenue and consequently no business income.
- The cash and cash equivalents showed a very slight improvement mainly due to some cash inflow from disposal of scrap items.

MATERIAL INFORMATION

Assets Held for Sale

In the current year, the management successfully negotiated with the buyer of property and certain items of plant & machinery. The court case that was filed by the counter party followed by a response / written arguments by the Company, was withdrawn by the counter party and they have agreed unconditionally to honour the terms and conditions of sale agreement. Thereafter on 26 September 2022, the transaction was settled successfully, and all such assets were transferred, and the balance sale proceeds of Rs. 150 million were also received by the Company.

Regular Payments to Provident Fund

The management has been regularly making payments to the provident fund. There is no outstanding balance at year end and the management gives high priority to these payments so that these are processed without any delay, in-line with the instructions and requirements of the SECP.

Payment to K-Electric

As informed earlier, the matter of K- Electric was settled; the Company paid off the agreed amount and therefore, there is no outstanding liability at year end in this regard.

Possible Equity Investor(s)

Subject to successful completion of sale transaction, and payment of all outstanding liabilities, the Board will consider equity capital investment from the close family members or external investors.

AUDIT REPORT AND MANAGEMENT COMMENTS THEREON

We draw your attention to the qualifications in the audit report as follows:

Due to improvement in financial health of the Company owing to successful conclusion of sale agreement after year end, the auditors shifted from adverse to qualified opinion on 2 matters that are as follows:

1. The security deposits of Rs. 45 million from the customer for gas cylinders and tanks that were utilised by the Company and was not deposited in separate bank account. As general practice of business and after taking due permission from these customers, management had utilised these deposits but due to shifting of office, related documentary evidence and complete record of such parties was not easily traceable since it traced back to 1980s. After year end, management has started process of compiling records and details of all such parties are available. As the funds are available to settle these liabilities, management will pay off this amount in near future.
2. Delay in payment of liability for EOBI, SESSI and withholding taxes. Management has always been cautious of paying all statutory liabilities. This delay occurred due to non-availability of funds and now as the funds are available, management will settle these in future.

In addition to this, auditors have emphasized on following matters:

1. As discussed above under the heading of “material information” the transaction for sale of assets concluded successfully and the funds were received by the Company subsequent to year end. This will improve the financial health of the Company and will open door for new business avenues.
2. The “going concern” assumption of the Company is reinforced by this sale transaction as it has improved the liquidity, financial health of the Company as well as reduced the accumulated losses.

The Board of Directors are thankful to the shareholders for their support and trust in the management which led to successful completion of this sale agreement and we are all hopeful that it will improve the liquidity issues of the Company and it will have ample cash reserves to start a new business, may be involving other investors and, the Directors have also assured support to the Company financially, as well as professional expertise to manage the affairs of the Company.

We are very thankful to almighty ALLAH that there has been a significant progress on accounting and financial matters owing to successful completion of sale of assets and **from adverse opinion on 3 to qualified opinion on 2**. The trust of regulatory authorities, auditors and shareholders will increase, and the management is very grateful and is hopeful that it will revive the performance of the Company. The management intends to write to PSX for removal from “defaulter” counter and shift to normal trade counter as the financial health has improved significantly. This will benefit the shareholders of the Company and equity value of the shares will also improve.

KEY OPERATING AND FINANCIAL DATA FOR LAST 10 YEARS

Year	Sales - net	Gross profit / (loss)	Loss before taxation	Shareholder's equity	Total current assets	Total current liabilities	Earnings per share
	----- Rupees in million -----						Rupees
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)
2021	-	-	(18.14)	(2.92)	9.02	93.25	(2.42)
2022	-	-	(9.05)	(11.97)	8.80	101.90	(1.21)

WAY FORWARD

There are many considerable options before the Board to revive the business of the Company, but the finalization depends on conclusion of sale transaction. There have been informal discussions with certain equity investors who might be interested to fund the Company and similarly the Board has other options to consider as well including support / financing from Directors and close family members.

We assure you that as soon the Board decides, subject to completion of the sale transaction, we shall inform the SECP and PSX accordingly.

BOARD OF DIRECTORS

There was no change in the composition of Board of Directors during the year ended June 30, 2022.

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

- 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;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgment;
- International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- 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;

The Company contributed Rs. 57,450 in respect of direct taxes to national ex-chequer.

During the year 4 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	4
Mrs. Momiza Hanif Bawany	4
Mr. Vali Mohammad M. Yahya	4
Mr. Mikhail Bawany	4
Mr. Wazir Ahmed Jomezai	1
Mr. Zakaria A. Ghaffar	4
Mr. Muhammad Danish	4

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

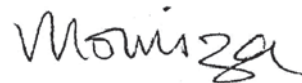
The Board wishes to express appreciation and place on record its gratitude for the faith reposed in and co-operation extended to the Company by the State Government, various Government agencies / Departments, Financial Institutions, Banks, Customers, Suppliers and Investors of the Company. Your Directors 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: October 24, 2022

ڈائریکٹر رپورٹ

کمپنی کے ڈائریکٹر ان کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 30 جون 2022 بمع آڈٹ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

جائزہ

سال 2022 میں گزشتہ سال کا رجحان جاری رہا یعنی کوئی کاروباری سرگرمی نہیں ہوئی۔ ایک مرتبہ پھر پلانٹ میں خرابی کی وجہ سے کوئی پیداوار نہیں ہوئی اور کاروباری حالت اور معاشی ماحول پر غیر یقینی کیفیت چھائی رہی۔ رواں سال انتظامی اخراجات اور دیگر کاروباری اخراجات کو ممکنہ حد تک کم رکھا گیا۔ سال 2022 کا خسارہ 9.05 ملین روپے رہا جو کہ گزشتہ سال کے خسارے 18 ملین روپے سے قابل ذکر کم ہے۔ کمپنی کو چلتا ہوا ادارہ برقرار رکھنے کے لئے انتظامیہ اخراجات میں کمی کرنے میں کامیاب رہی۔

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

تفصیل	2022	2021
رواں اثاثے	8,803,014	9,020,754
رواں واجبات	101,909,169	93,247,215
مجموعی خسارہ	86,995,393	77,940,920
سال کا خسارہ بعد از ٹیکس	9,054,473	18,138,172
نقد اور مساوی نقد میں خالص اضافہ	166,932	12,035,435

مندرجہ بالا ٹیبل سے ہم کارکردگی کا درجہ ذیل موازنہ کر سکتے ہیں:

☆ رواں اثاثے تقریباً اسی سطح پر رہے یعنی تقریباً 9 ملین روپے رہے۔ جس میں 6.8 ملین روپے کے قابل وصول ٹیکسز (یعنی سیلز ٹیکس 0.8 ملین اور انکم ٹیکس / ایڈوانس انکم 6 ملین روپے) جو کہ کمپنی کو ٹیکس کے اداروں سے موصول کرنے ہیں۔ یہ سرمائے میں قلت کی بڑی وجہ ہے جس سے روانیت متاثر ہوتی ہے اور کمپنی کے رواں سرمایہ میں خرابی نظر آتی ہے۔

☆ رواں واجبات 98 ملین روپے ہیں جن میں 40 ملین ایڈوانس کی رقم ہے جو کہ اثاثوں کی فروخت کے عوض موصول ہوئی ہے۔ سال کے اختتام کے بعد مخالف فریق (اثاثوں کے خریدار) نے غیر مشروط طور پر سودے کو قبول کر لیا ہے جس کے تحت وہ معاہدہ فروخت کی شرائط و ضوابط کی پاسداری کرنے پر رضامند ہے۔ رواں واجبات میں بڑی شے ملحقہ فریقین کو واجب الادا رقم 30 ملین روپے ہے جو کہ ڈائریکٹر ان کمپنی کے متعلقین کی طرف کمپنی کے رواں کھاتے کے سرمائے میں سے مالیاتی مدد کی شکل میں ہے۔ مزید برآں رواں واجبات میں 17 ملین روپے کی واجب الادا رقم ڈائریکٹر ان کے ماہانہ مشاہرہ کی مد میں ہے جو کہ ڈائریکٹر ان نے کمپنی کی مالیاتی پوزیشن اور روانیت کو سہارا دینے کے لئے نہیں لیا ہے۔

☆ کوئی محصولات اور نتیجے میں کوئی کاروباری آمدنی نہ ہونے کی وجہ خسارہ جمع ہو کر 86.9 ملین روپے پہنچ گیا ہے۔

☆ نقد اور مساوی نقد میں معمولی سے بہتری آئی ہے جس کی وجہ اسکرپ کے سامان کی فروخت سے حاصل ہونے والی نقد رقم ہے۔

اہم معلومات

اثاثے برائے فروخت کی نوعیت

موجودہ سال انتظامیہ نے کامیابی سے پراپرٹی اور پلانٹ و مشینری کی کچھ مخصوص اشیاء کے خریدار سے کامیابی کے ساتھ گفت و شنید کی۔ عدالتی کیس کو مخالف فریق نے دائر کیا تھا جس میں کمپنی نے اپنا جواب/تحریری دلائل دیئے تھے جس پر فریق مخالف نے کیس واپس لے لیا اور غیر مشروط طور پر معاہدہ فروخت کی شرائط و ضوابط کی پاسداری کرنے پر رضامند ہو گیا۔ بعد ازاں 26 ستمبر 2022 کو سودا کامیابی سے طے پا گیا اور تمام اثاثے منتقل کر دیئے گئے اور قیمت

فروخت کی بقایا رقم 150 ملین روپے کمپنی کو موصول ہوگئی۔

پروویڈنٹ فنڈ کی باقاعدگی سے ادائیگی

انتظامیہ باقاعدگی کے ساتھ پروویڈنٹ فنڈ کی ادائیگیاں کر رہی ہے۔ سال کے اختتام پر کوئی بقایا جات واجب الادا نہیں تھے اور SECP کے تقاضوں کے تحت دی گئی ہدایات کے مطابق انتظامیہ ان ادائیگیوں کو انتہائی ترجیح دیتی ہے تاکہ انہیں کسی تاخیر کے بغیر پروسیس کیا جاسکے۔

کے الیکٹرک کو ادائیگی

جیسا کہ پہلے بھی بتایا گیا کہ کے الیکٹرک کا معاملہ حل ہو گیا ہے، کمپنی نے طے شدہ رقم ادا کر دی ہے اور لہذا سال کے اختتام پر اس سلسلے میں کوئی بقایا جات واجب الادا نہیں تھے۔

ممکنہ سرمایہ کار

فروخت کے سودے کی کامیاب تکمیل اور واجبات کی ادائیگی پر بورڈ قریبی رشتہ داروں یا بیرونی سرمایہ کاروں کی سرمایہ کاری پر غور کرے گا۔

آڈٹ رپورٹ اور اس پر انتظامیہ کی آراء

ہم آپ کی توجہ آڈٹ رپورٹ کے اعتراضی مشاہدات کی جانب دلانا چاہتے ہیں جو کہ درج ذیل ہیں:

سال کے اختتام پر معاہدہ فروخت کی کامیاب تکمیل کی وجہ سے کمپنی کی مالی حالت میں بہتری کی وجہ سے آڈیٹرز نے صرف 2 معاملات پر اعتراضی مشاہدات دیئے ہیں:

1- گیس سلینڈروں اور ٹینکوں کے گاہکوں سے لئے گئے 45 روپے ملین کے ذریعہ کی رقم کو کمپنی نے استعمال کر لیا تھا اور انہیں علیحدہ بینک اکاؤنٹ میں جمع نہیں کرایا گیا تھا۔ کاروبار کے عمومی طور طریقے کے مطابق اور ان گاہکوں سے باضابطہ اجازت لے کر انتظامیہ نے ان رقومات کو استعمال کیا لیکن دفتر کی منتقلی کی وجہ سے ان فریقین کے متعلقہ دستاویزی ثبوت اور مکمل ریکارڈ آسانی سے ناقابل شناخت ہے کیونکہ ان کا تعلق 1980 کے عشرے سے ہے۔ سال کے اختتام پر انتظامیہ نے ریکارڈ کو مرتب کرنے کے عمل کا آغاز کیا اور ان تمام فریقین کی تفصیلات دستیاب ہیں۔ چونکہ اب ان واجبات کی ادائیگی کے لئے رقم دستیاب ہوگئی ہے لہذا انتظامیہ مستقبل قریب میں ان واجبات کی ادائیگی کر دے گی۔

2- SESSI، EOBI اور تھ ہولڈنگ ٹیکس کے واجبات کی ادائیگی میں تاخیر۔ انتظامیہ تمام دستوری واجبات کی ادائیگی میں ہمیشہ بہت محتاط رہی ہے۔ رقم کی عدم دستیابی کی وجہ سے تاخیر ہے اور اب چونکہ رقم دستیاب ہوگئی ہے لہذا انتظامیہ مستقبل قریب میں ان واجبات کی ادائیگی کر دے گی۔

اس کے علاوہ آڈیٹرز نے مندرجہ ذیل معاملات پر زور دیا ہے:

1- جیسا کہ اوپر ”اہم معلومات“ میں بیان کیا گیا ہے کہ اثاثوں کے فروخت کا سودا کامیابی سے تکمیل پا چکا ہے اور سال کے اختتام کے بعد کمپنی کے پاس رقم دستیاب ہوگئی۔ اس سے کمپنی کی مالی حالت میں بہتری آئے گی اور اس سے نئے کاروباری مواقعوں کے دروازے کھلیں گے۔

2- کمپنی کے ”چلتے ہوئے“ ادارے کے مفروضہ کو فروخت کے سودے سے تقویت ملی ہے جس سے کمپنی کی مالی حالت میں بہتری کے ساتھ ساتھ جمع شدہ خساروں میں بھی کمی ہوئی ہے۔

بورڈ آف ڈائریکٹرز حصص یافتگان کے انتظامیہ کے ساتھ تعاون اور اعتماد پر ان کے مشکور ہیں جس کے نتیجے میں معاہدہ فروخت کی کامیاب تکمیل ہوئی اور ہم امید کرتے ہیں کہ کمپنی کی روانیت کے مسائل میں بہتری آئے گی اور نئے کاروبار کو شروع کرنے کے لئے نقدی کے ذخائر حاصل ہوں گے، جن میں دیگر سرمایہ کار شامل ہو سکتے ہیں اور ڈائریکٹران نے کمپنی کی مالیاتی مدد کے ساتھ ساتھ کمپنی کے معاملات کو پیشہ ورانہ انداز سے چلانے میں تعاون فراہم کیا۔

ہم اللہ رب العزت کے شکر گزار ہیں کہ اثاثوں کی فروخت کی کامیاب تکمیل کی وجہ سے اکاؤنٹنگ اور مالیاتی معاملات میں قابل ذکر پیشرفت ہوئی ہے اور ناموافق مشاہدات 3 سے کم ہو کر اعتراضی مشاہدات 2 رہ گئے ہیں۔ انضباطی اداروں، آڈیٹرز اور حصص یافتگان کا اعتماد بڑھے گا اور انتظامیہ انتہائی حوصلہ

افزاء اور پرامید ہے کہ اس سے کمپنی کی کارکردگی میں بحالی آئے گی۔ انتظامیہ کا ارادہ ہے کہ PSX کو خط لکھ کر کمپنی کو ”نا دہندہ“ کی فہرست سے نکلوا یا جائے اور اسے عمومی تجارتی فہرست میں ڈالا جائے کیونکہ مالی حالت میں قابل ذکر بہتری آئی ہے۔ اس سے حصص یافتگان کو فائدہ ہوگا اور ان کے حصص کی قدر میں اضافہ ہوگا۔

گزشتہ 10 سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار

سال	فروخت - خالص	خام منافع (/ خسارہ)	منافع / خسارہ قبل از ٹیکس	حصص یافتگان کی ایکویٹی	کل رواں اثاثے	کل رواں واجبات	آمدن فی حصص
							روپے
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)
2021	-	-	(18.14)	(2.92)	9.02	93.25	(2.42)
2022	-	-	(9.05)	(11.97)	8.80	101.90	(1.21)

آگے کی جانب

کمپنی کے کاروباری بحالی کے لئے بورڈ کے پاس کئی قابل ذکر آپشنز ہیں، لیکن حتمی فیصلہ کا انحصار فروخت کے سودے کے نتیجے پر ہوگا۔ کچھ مخصوص سرمایہ کاروں کے ساتھ کچھ غیر رسمی گفت و شنید ہو رہی ہے جو کہ کمپنی میں سرمایہ کاری کے خواہشمند ہیں اور اسی طرح بورڈ دیگر آپشنز پر بھی غور کر رہا ہے جن میں ڈائریکٹران اور قریبی رشتہ داروں سے تعاون / مالی مدد پر غور شامل ہے۔

ہم آپ کو یقین دہانی کرتے ہیں فروخت کے سودے کی تکمیل کے ساتھ جیسے ہی بورڈ فیصلہ کرے گا ہم SECP اور PSX کو بھی مطلع کر دیں گے۔

بورڈ آف ڈائریکٹرز

ختم شدہ سال 30 جون 2022 میں بورڈ کی تشکیل بندی میں کوئی تبدیلی نہیں ہوئی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ایس ایم سہیل اینڈ کو، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو چکے 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 پر بیان

a 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۔

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

c 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۔

- d مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے۔
- e اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- f 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۔
- g لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط 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۔
- h گزشتہ دس سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار آڈٹ شدہ مالیاتی گوشواروں میں مختصراً شامل کئے گئے ہیں۔
- سال کے دوران کمپنی نے بلا واسطہ ٹیکسوں کی مدت میں قومی خزانے میں 57,450 روپے کی معاونت کی۔

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

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب ایم حنیف وائی باوانی	4
مسز مومیزا حنیف باوانی	4
جناب ولی محمد ایم بھٹی	4
جناب میخائل باوانی	4
جناب وزیر احمد جوگیزئی	1
جناب زکریا اے غفار	4
جناب محمد دانش	4

جو ڈائریکٹر ان 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 ڈائریکٹر نے کمپنی کے حصص میں کوئی خرید و فروخت کی ہے۔

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 ڈائریکٹر ان کمپنی کے ملازمین کی مخلصانہ اور سرگرم خدمات پر ان کے معترف ہیں۔ ہم اپنے قابل قدر حصص یافتگان کے انتظامیہ کے ساتھ تعاون پر ان کے مشکور ہیں۔

منجانب

Mumiza

مومیزا حنیف باوانی
ڈائریکٹر

ABD

ایم حنیف وائی باوانی
چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 24 اکتوبر 2022

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**

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 Directors	Mr. Muhammad Danish Mr. Mikhail Bawany Mr. Wazir Ahmed Jomezai Mr. Zakaria A. Ghaffar
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 Jomezai Mr. Zakaria A. Ghaffar
Female Director	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 have 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 the Code, all directors of the Company are exempt from the requirement of Director's Training Program.

10. The board has approved appointment of CFO, 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. CFO and CEO 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. Muhammad Danish	Chairman
Mr. Zakaria A. Ghaffar	Member
Mr. Vali Mohammad M. Yahya	Member
 - b) HR and Remuneration Committee

Mr. Muhammad Danish	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 ICAP and that they and the partners of the firm involved in the audit are not closely related (spouses, parent dependent and non-dependent children) of the Chief Executive Officer, Head of Internal Audit, Company Secretary, CFO 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 other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 & 36 of 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 shortage of staff and pandemic situation, it has been unintentionally deferred.


VALI MOHAMMAD M. YAHYA
 Chairman
 Dated: October 24, 2022


M. HANIF Y. BAWANY
 Chief Executive Officer

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF *BAWANY AIR PRODUCTS LIMITED*

FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, 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 with 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) Exemption from the Commission, in respect of the directors' training program is not obtained as required under Regulation 18(2) of the Code;
- b) No effective internal control system is established and implemented within the Company;
- c) Offices of the Company Secretary and Chief Financial Officer are being held by the same person;
and
- d) No formal and effective mechanism has been put in place for an annual evaluation of the Board's performance, members of the Board, and its committees.

Based on our review, except for the above instances, nothing has come to our attention that 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, 2022.

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

Note Reference	Description
05	Complete records of particulars of significant policies along with the date, on which they were updated and amended, has not been maintained by the Company.

S/d

S.M. Suhail & Co.
Chartered Accountants
Karachi.

Engagement Partner: S.M. Suhail, FCA

Our Ref: SMS-A-02662023

Date: October 24, 2022

UDIN: CR202210197yKZ2fmYtJ

KEY OPERATING AND FINANCIAL DATA FOR THE DECADE

PARTICULARS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FINANCIAL POSITION										
Shareholders' equity	(11,970,293)	(2,836,820)	(83,785,181)	2,777,483	16,165,826	27,638,123	58,002,888	71,159,359	90,161,368	111,064,409
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
Non-current liabilities	45,166,660	45,166,660	50,063,663	51,219,943	61,007,378	62,721,588	48,221,222	44,810,956	33,153,237	49,260,469
Current liabilities	101,909,169	93,168,216	94,137,253	85,143,518	83,886,294	75,483,447	63,748,676	59,389,529	62,487,097	38,068,182
Total Equity and Liabilities	135,105,536	135,498,056	159,423,268	174,259,813	196,944,250	202,545,289	191,268,465	191,638,758	202,377,747	215,280,484
Property, plant and equipment	860,170	1,034,950	147,491,688	160,730,656	177,559,562	183,889,558	170,228,692	171,467,821	178,168,918	186,819,834
Long term deposits	2,342,084	2,342,084	3,001,494	3,001,494	3,161,358	3,221,357	3,221,357	3,215,467	3,215,467	3,215,467
Deferred tax asset	-	-	-	-	-	-	-	-	-	-
Current assets	8,803,014	9,020,754	8,930,087	10,527,663	16,223,330	15,434,374	17,818,416	16,955,470	20,993,362	25,245,183
Non current assets held for sale	123,100,268	123,100,268	-	-	-	-	-	-	-	-
Total Assets	135,105,536	135,498,056	159,423,268	174,259,813	196,944,250	202,545,289	191,268,465	191,638,758	202,377,747	215,280,484

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
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)
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
Expenses - net of other income	(9,024,259)	(16,797,991)	(81,244,907)	(19,404,544)	(18,804,804)	(19,503,604)	(20,330,959)	(20,067,038)	(22,556,860)	(26,246,342)
(Loss) / profit before Interest and tax	(9,024,259)	(16,797,991)	(84,594,356)	(19,021,850)	(14,412,371)	(17,263,260)	(15,218,171)	(15,341,661)	(24,466,015)	31,438,521
(Finance cost) / income - net	(30,128)	(1,261,181)	(636,232)	(796,091)	(934,697)	(1,872,155)	(2,443,681)	(2,961,155)	(4,165,147)	(9,489,514)
(Loss) / profit before tax	(9,054,387)	(18,059,172)	(85,230,588)	(19,817,941)	(15,347,068)	(19,135,415)	(17,661,852)	(18,302,816)	(28,631,162)	21,949,007
Tax	(86)	-	(1,956,524)	5,350,890	2,707,087	3,106,789	(3,090)	(996,324)	7,416,742	(8,965,272)
(Loss) / profit after tax	(9,054,473)	(18,059,172)	(87,187,112)	(14,467,051)	(12,639,981)	(16,028,626)	(17,664,942)	(19,299,140)	(21,214,420)	12,983,735

STATISTICS AND RATIO

Gross profit %	0%	0%	(26%)	1%	5%	3%	5%	5%	(2%)	24%
(Loss) / profit before tax to total sales %	0%	0%	(666%)	(38%)	(17%)	(23%)	(19%)	(18%)	(23%)	9%
(Loss) / profit after tax to total sales %	0%	0%	(681%)	(28%)	(14%)	(19%)	(19%)	(19%)	(17%)	5%
Current ratio	9%	10%	9%	12%	19%	20%	28%	29%	34%	66%
Asset turnover ratio	0%	0%	9%	32%	50%	45%	55%	58%	69%	128%
Current Assets Turnover - times	-	-	1.32	3.88	5.63	4.97	5.43	5.25	5.35	10.30
Long term debt to equity ratio	0%	0%	0%	0%	0%	0%	19%	15%	12%	19%
Return on equity before tax %	76%	637%	102%	(714%)	(95%)	(69%)	(30%)	(26%)	(32%)	20%
Return on equity after tax %	76%	637%	104%	(521%)	(78%)	(58%)	(30%)	(27%)	(24%)	12%
Interest Cover	(299.53)	(13.32)	(132.96)	(23.89)	(15.42)	(9.22)	(6.23)	(5.18)	(5.87)	3.31
Earning per share (Rs.)	(1.21)	(2.25)	(2.25)	(1.93)	(2.19)	(2.14)	(2.35)	(2.57)	(2.83)	1.73
Price earning ratio	(8)	(6)	(10)	(3)	(3)	(4)	(3)	(3)	(3)	9
Market price per share at year end	9.45	13.69	23.16	5.56	6.55	8.00	6.00	6.79	7.40	14.73
Cash dividend	-	-	-	-	-	-	-	-	-	-
Stock dividend	-	-	-	-	-	-	-	-	-	-

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

1.1 Name of the Company **PART-I** **BAWANY AIR PRODUCTS LIMITED**

1.2 Pattern of holding of the shares held by the shareholders as at **PART-II** **30.06.2022**

NO. OF SHARE HOLDERS	SHARE HOLDING			SHARE HELD
	FROM		TO	
258	1	-	100	6,205
164	101	-	500	51,779
70	501	-	1000	58,160
128	1001	-	5000	311,592
47	5001	-	10000	370,038
18	10001	-	15000	225,314
9	15001	-	20000	161,930
5	20001	-	25000	111,394
6	25001	-	30000	171,380
1	30001	-	35000	32,300
4	35001	-	40000	153,195
3	40001	-	45000	130,000
7	45001	-	50000	343,700
4	50001	-	55000	213,600
1	55001	-	60000	56,000
3	60001	-	65000	189,580
3	65001	-	70000	198,500
2	70001	-	75000	143,213
2	75001	-	80000	156,008
3	80001	-	85000	247,900
2	90001	-	95000	187,000
2	95001	-	100000	196,501
1	110001	-	115000	112,500
1	120001	-	125000	121,003
1	135001	-	140000	139,531
1	145001	-	150000	150,000
1	160001	-	165000	162,110
1	190001	-	195000	193,500
2	195001	-	200000	399,330
2	220001	-	225000	443,053
1	230001	-	235000	231,500
1	280001	-	285000	281,570
1	330001	-	335000	330,028
1	1220001	-	1225000	1,223,096
756	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.	220,946	2.94%
5	Insurance Companies	16,260	0.22%
6	Modaraba and Mutual Funds	0	
7	Share Holders Holding 10%	0	
8	GENERAL PUBLIC		
	a) Local	5,026,746	67.00%
	b) Foreign	0	
9	Others (to be specified)	0	
		7,502,510	100.00%

DETAIL OF PATTERN 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. Muhammad Danish	Director	17,945
Mr. Zakaria Abdul Ghaffar	Director	3,581
Mrs. Momiza Hanif Bawany	Director	443,680
Mr. Wazir Ahmed Jomezai	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** 230,132

SHAREHOLDERS HOLDING 5% MORE

Mr. M. Hanif Y. Bawany	16.30%
Mrs. Momiza Hanif Bawany	5.91%

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BAWANY AIR PRODUCTS LIMITED
ON THE AUDIT OF THE FINANCIAL STATEMENTS AS AT JUNE 30, 2022

Qualified 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, 2022, the statement of profit or loss and other 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 audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matter described in '*Basis for Qualified Opinion*' paragraph, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended

Basis for Qualified Opinion:

- The Company does not have complete records of the parties who have deposited securities, of an aggregate amount of Rs. 45.17 million (2021: Rs. 45.17 million) to the Company, against gas cylinders and tanks. In the absence of a complete record, we were unable to perform appropriate audit procedures on these deposits. Moreover, these are non-interest bearing and are repayable to customers on return of processing tanks and cylinders or termination of sale agreement. The amount of the security deposit has been fully utilized by the Company in its business activity without complying with the requirements of keeping it in a separate bank account, as provided under section 217 of the Companies Act, 2017.
- Further, the Company is unable to pay its statutory liabilities towards withholding of tax, EOBI, and SESSI amounting to Rs. 3.35 million (2021: Rs. 3.23 million).

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.

Emphasis of Matters

- **Non-Adjusting Events After Reporting Period**
We draw attention to note 38 to the financial statements which explain the positive outcome of a subsequent event, whereby the sale agreement for certain assets of the Company has been concluded and, that resulted in a surplus amount as mentioned in the above-referred note.

▪ **Going Concern Assumption**

Although, the Company has incurred a loss after taxation of Rs. 9.05 million (2021: Rs. 18.14) million, and as of that date, its accumulated losses stood at Rs. 86.99 million (2021: Rs. 77.94) million and the operations of the Company have been suffering due to the breakdown of its plant since 2013, these factors indicate the existence of a material uncertainty that raise doubts about the Company's ability to continue as a going concern, however, as explained in notes, 1.4 and in note 38, the financial statements have been prepared on a going concern basis.

Our opinion is not qualified in respect of these matters, considering the subsequent event, as described in note 1.4 read with note 38, to the financial statements.

Key Audit Matters

In our professional judgment, the key audit matters are those that were of the most significance 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.

There are no key audit matters other than those explained on the basis of the “qualified opinion” and in the “emphasis matters” paragraphs.

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 include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and does 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 a 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

The 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is 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 based on 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 to design audit procedures that are appropriate in the circumstances, but not to express 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, 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 Qualified Opinion* paragraph 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, the 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 agree with the books of account and returns;
- c) investments made, expenditures incurred and guarantees extended during the year were for 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/d
S. M. Suhail & Co.
Chartered Accountants
Karachi


Our Ref: SMS-A-02662023
Date: October 24, 2022
UDIN: AR202210197y0jVeRE5c

STATEMENT OF FINANCIAL POSITION


AS AT JUNE 30, 2022

	Note	2022	2021
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	860,170	1,034,950
Long-term deposits	7	2,342,084	2,342,084
		3,202,254	3,377,034
Current assets			
Trade debts	8	-	-
Advances and other receivables	9	1,635,265	2,077,141
Sales tax refundable		824,547	824,547
Investments	10	45,297	45,458
Taxation - net	11	6,056,796	5,999,431
Cash and bank balances	12	241,109	74,177
		8,803,014	9,020,754
Non current assets held for sale	13	123,100,268	123,100,268
TATAL ASSETS		135,105,536	135,498,056
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
15,000,000 (2021: 15,000,000) ordinary shares of Rs.10/- each		150,000,000	150,000,000
Share capital			
Issued, subscribed and paid-up capital	14	75,025,100	75,025,100
Capital reserve			
Surplus on revaluation of property, plant and equipment-net	15	-	-
Accumulated (loss)		(86,995,393)	(77,940,920)
		(11,970,293)	(2,915,820)
Non-current liabilities			
Long Term deposits	16	45,166,660	45,166,660
Deferred tax liability	17	-	-
		45,166,660	45,166,660
Current liabilities			
Trade and other payables	18	3,983,010	3,883,021
Accrued liabilities	19	26,903,256	21,308,010
Unclaimed dividend		717,420	717,420
Provision - K Electric	20	-	2,303,902
Due to related parties	21	30,305,483	28,606,062
Liabilities against non current assets held for sale	13	40,000,000	36,428,800
		101,909,169	93,247,215
Contingencies and commitments	22	-	-
TOTAL EQUITY AND LIABILITIES		135,105,536	135,498,056

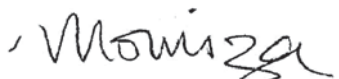
The annexed notes from 1 to 40 form an integral part of these financial statements.



M. HANIF Y. BAWANY
Chief Executive officer



ABDUL RAUF
Chief Financial Officer




MOMIZA HANIF BAWANY
Director


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		----- Rupees -----	
Revenue	23	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	24	(8,897,826)	(8,215,040)
Other expenses	25	(3,763,867)	(11,554,771)
Unrealized loss/ gain on revaluation of other financial assets		(163)	7,182
		(12,661,856)	(19,762,629)
Other income	26	3,637,597	2,885,638
		(9,024,259)	(16,876,991)
Operating loss		(9,024,259)	(16,876,991)
Finance cost	27	(30,128)	(1,261,181)
Loss before taxation		(9,054,387)	(18,138,172)
Taxation	28	(86)	-
Loss for the year		(9,054,473)	(18,138,172)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income during the year		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(9,054,473)	(18,138,172)
Loss per share - basic and diluted	29	(1.21)	(2.42)

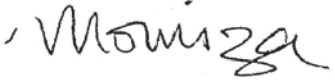
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M. HANIF Y. BAWANY
Chief Executive officer



ABDUL RAUF
Chief Financial Officer



MOMIZA HANIF BAWANY
Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(9,054,387)	(18,138,172)
Adjustments for non-cash items:			
Depreciation	6.2	105,236	842,507
Impairment of non financial assets		-	1,204,888
Gain on disposal / (adjustments) of property, plant and equipment		(1,062,910)	(1,874,809)
Provision for doubtful debts	8.2	-	82,458
Reversal of provision		-	(560,829)
Unrealized loss/ (gain) on revaluation of other financial assets		163	(7,182)
Finance cost		30,128	1,261,181
Operating cash flows before working capital changes		(9,981,770)	(17,189,958)
Working capital changes			
Stores and spares		-	996,322
Stock-in-trade		-	50,179
Trade debts		-	584,891
Advances and other receivables		441,876	(446,171)
Trade and other payables		99,989	(2,795,547)
Accrued liabilities		5,595,246	218,890
Provision - K Electric		(2,303,902)	-
Payable to provident fund		-	(6,858,961)
		3,833,206	(8,250,397)
Net cash used in operations		(6,148,564)	(25,440,355)
Finance charges paid		(30,128)	(2,139,766)
Advance tax paid		(57,450)	(761,571)
Net cash used in operating activities		(6,236,143)	(28,341,692)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and machinery		1,132,454	23,183,884
Net cash generated from investing activities		1,132,454	23,183,884
CASH FLOWS FROM FINANCING ACTIVITIES			
Security deposits - liabilities		-	(4,897,003)
(Paid) / receipts of loan from / to, related parties		1,699,421	(14,997,964)
Liabilities against non current assets held for sale		3,571,200	36,428,800
Long-term deposits, assets - net		-	659,410
Net cash generated from financing activities		5,270,621	17,193,243
Net increase in cash and cash equivalents		166,932	12,035,435
Cash and cash equivalents at beginning of the year		74,177	(11,961,258)
CASH AND CASH EQUIVALENT AT END OF THE YEAR	30	241,109	74,177

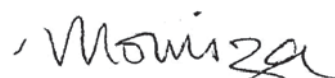
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M. HANIF Y. BAWANY
Chief Executive officer



ABDUL RAUF
Chief Financial Officer



MOMIZA HANIF BAWANY
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

Share Capital	Capital Reserves	Revenue Reserves	Total Equity
Issued, subscribed and paid-up capital	Surplus on revaluation of Property - net	Accumulated (loss)	Total
----- Rupees -----			
75,025,100	99,007,533	(158,810,281)	15,222,352
-	-	(18,138,172)	(18,138,172)
-	(99,007,533)	99,007,533	-
75,025,100	-	(77,940,920)	(2,915,820)
-	-	(9,054,473)	(9,054,473)
75,025,100	-	(86,995,393)	(11,970,293)

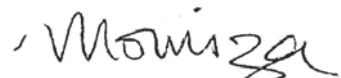
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M. HANIF Y. BAWANY
Chief Executive officer



ABDUL RAUF
Chief Financial Officer



MOMIZA HANIF BAWANY
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 was registered under the Companies Act 1913, now the Companies Act, 2017. 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.

1.2 Geographical location and address of business units;

Address

Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub,
 Lasbella District in the province of Balochistan.

Purpose

Registered office and Factory

16-C, 2nd floor, Nadir House, I.I Chundrigar Road, Karachi.

Head office

1.3 The financial statements for the year ended June 30, 2022, reflect a loss after taxation of Rs.9.05 million (2021: Rs. 18.14) million, and as of that date, its accumulated losses stood at Rs.86.99 million (2021: Rs. 77.94) million. The operations of the Company have been suffering due to the breakdown of its plant in which resulted in a stoppage in the year 2013 in the production of liquid oxygen, causing the Company in facing an adverse liquidity position.

1.4 The above conditions indicate the existence of uncertainty which may cast a doubt on the Company's ability to continue as a going concern and, therefore, it would be unable to realize its assets and discharge its obligations in the ordinary course of its business. However, in view of the "Non-Adjusting Events After Reporting Period", as disclosed in note 38 and, the management's claim to deal with the above situation, described in detail in the ensuing paragraphs, from (a) to (c), these financial statements have been prepared using the going concern assumption, that will result in improvement in liquidity, clearance of liabilities and better financial position of the Company in next year.

- a) "The Company had entered into an agreement with ABC Marine Services (Private) Limited to sell its property and certain plant and equipment on July 21, 2020 and obtained an advance of Rs. 40 million which was utilized to release legal encumbrances on the property and bank liability. Due to non-compliance with the agreed terms and conditions by the counterparty, the sale could not materialize till the current year-end, and those items of property, plant and equipment have been continued classifying as assets held for sale. This sale agreement concluded in September 2022 on receipt of the balance payment and subject assets were transferred to the buyer. For further details, refer to note 38 the "Non-Adjusting Events After Reporting Date".
- b) The Directors of the Company are confident that the sale proceeds of these specified assets will improve the liquidity issues of the Company and it will have ample cash reserves to start any other business, independently, or maybe involving other investors also. The Directors have also assured support to the Company financially, as well as with the professional expertise to manage the affairs of the Company. An alternate business plan shall be developed in due course of time to proceed further.
- c) In view of the management's claim to deal with the adverse situation based on the above points, the management is very hopeful that it will result in an improvement in its liquidity and financial position of the Company, to settle its all liabilities."

2 BASIS OF PREPARATION

2.1 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.

2.2 Basis of measurement

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, the freehold land and building thereon, are valued on revaluation basis.

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

2.3 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 Pakistani Rupee (PKR), which is the Company's functional and presentation currency.

3. Use of estimates and judgements

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 5.1 and 13);
- (ii) depreciation method, useful lives and residual value of property, plant and equipment (note 5.1 and 13)
- (iii) provision for impairment of trade debts and other receivable (note 5.3, 8 and 9);
- (iv) allowance for expected credit losses (notes 5.13.1 and 8);
- (v) impairment of assets (note 5.2);
- (vi) provision for taxation (note 5.7 and 27); and
- vii) contingencies (notes 5.11 and 21).

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

New accounting standards, amendments and interpretations mandatory for the first time for the financial year beginning July 1, 2021:

**Effective date
(Annual periods
beginning on or after)**

- | | |
|--------------------------------------|----------|
| a) IFRS 16 Leases - Rent Concessions | 1-Jun-21 |
|--------------------------------------|----------|

4.2 New accounting standards, amendments and IFRS interpretations that are not effective for the year ended June 30, 2022

The following standards, amendments and interpretations are not effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have a significant impact on the financial statements other than certain additional disclosures.

**Effective date
(Annual periods
beginning on or after)**

- | | |
|--|--|
| a) Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current. | 1-Jan-23 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies | 1-Jan-23 |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates. | 1-Jan-23 |
| Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction. | 1-Jan-23 |
| Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use | 1-Jan-22 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a Contract. | 1-Jan-22 |
| b) 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 |

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

5.1 Property, plant and equipment

a) 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.

b) Depreciation on property, plant and equipment

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 addition is charged from the date when the asset is available for use and on disposal up to the date when the asset is classified as 'held for sale' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' or the date when the asset is derecognized, whichever is earlier. Asset's residual values and useful lives are reviewed, and adjusted, if appropriate at each reporting date.

- c) "Subsequent costs 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 asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal maintenance and repairs are charged to statement of profit or loss as and when incurred whereas major renewals and improvements are capitalized if criteria is met.

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."

d) Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized in statement of profit or loss, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings / unappropriated profit.

5.2 Impairment of non-financial assets

The carrying amounts of non-financial assets other than stock in trade and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost

to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.3 Stock-in-trade

Stock of raw and packing material, work in process and finished goods are valued at the lower of cost and net realizable value. Cost in relation to work in process and finished goods includes prime cost and appropriate proportion of production overheads incurred in bringing the inventory to their present location and condition. Stocks of raw and packing material are valued at cost on weighted average basis. Stocks in transit are valued at cost comprising of invoice value plus other charges directly attributable to the acquisition of related purchase incurred up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to be incurred in order to make the sale.

5.4 Trade debts and other receivables

Trade debts represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 5.13.

5.5 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises of cash in hand, cash with banks in current, PLS and deposit accounts net of short term borrowings under mark-up arrangements, if any.

5.6 Employee Benefits

The Company's employees benefits comprise of Provident fund and leave encashment for eligible employees.

5.6.1 Employee retirement 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.

5.7 Borrowings and finance cost

Loans and borrowings are recorded as and when the proceeds are received.

Borrowing cost incurred on long term finances directly attributable to the construction / acquisition of qualifying asset are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to statement of profit or loss.

5.8 Taxation

a) Current

Provision for current taxation is computed in accordance with the provisions of Income Tax Ordinance, 2001. The charge for current income tax is recorded after adjustment, if any, to the provision for tax made in prior years including those arising from assessment and amendments in assessments during the year in such years.

b) Deferred

The Company accounts for deferred taxation on all temporary differences using liability method. Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

5.9 IFRIC-23 "Uncertainty over income tax treatments"

The company has adopted IFRIC-23 - Uncertainty over income tax treatment which clarifies how the recognition and measurement requirement of IAS-12 Income taxes are applied when there is uncertainty over income tax treatment. IFRIC-23 explains how the recognition and measurement of deferred and current income tax assets and liabilities when there is uncertainty over tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over income tax that will be accepted by tax authorities. IFRIC-23 applies to all aspect of income tax accounting, when there is a uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

While there are new disclosure requirements, entities are reminded of the general requirement to provide information about judgment and estimates made in preparing the financial statement.

The Company is already in compliance with the requirement of IFRIC-23.

5.10 Trade and other payables

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

5.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation \ as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at the reporting date and adjusted to reflect the best estimate.

5.12 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.13 Revenue/ Income recognition

Revenue is recognized when control of a promised goods passes to a customer. It is measured at the

fair value of the consideration received or receivable, sales tax and other duties collected on behalf of third parties are not taken into account.

The revenue is recorded on the basis of the consideration defined in the contract with the customer, including variable consideration such as discount, volume rebates or other contractual price reductions; if any.

Interest and rental / other income is recognized on accrual basis.

5.14 Financial assets and liabilities

5.14.1 Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in statement of profit or loss.

Impairment

The Company recognize an allowance for expected credit loss on all financial assets carried at amortized cost irrespective whether a loss event has occurred. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits, other receivables and cash and bank balances) 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, and if otherwise, ECL to measure at life time expected credit losses.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the statement of profit or loss.

5.14.2 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

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

	Note	2022	2021
		----- Rupees -----	
6.2 Depreciation for the year has been allocated as under:			
Administrative expenses	24	105,236	121,629
Other operating expenses	25	-	720,878
		<u>105,236</u>	<u>842,507</u>
7. LONG-TERM DEPOSITS			
Electricity		2,184,400	2,184,400
Others		157,684	157,684
		<u>2,342,084</u>	<u>2,342,084</u>
8. TRADE DEBTS			
Unsecured			
Considered doubtful		1,502,581	1,526,652
		<u>1,502,581</u>	<u>1,526,652</u>
Provision for doubtful debts	8.2	(1,502,581)	(1,526,652)
		<u>-</u>	<u>-</u>
8.1 Age analysis is as follows:			
<i>Neither past due nor impaired</i>			
0-30 days		-	-
<i>Past due but not impaired</i>			
31-90 days		-	-
91-180 days		-	-
180-365 days		-	142,027
Over 365 days		1,502,581	1,384,625
		<u>1,502,581</u>	<u>1,526,652</u>
8.2 Provision for doubtful debts			
Balance at beginning of year		1,526,652	1,945,454
Provision decreased during the year		(24,071)	(560,829)
		<u>1,502,581</u>	<u>1,384,625</u>
Provision made during the year		-	142,027
		<u>1,502,581</u>	<u>1,526,652</u>
9. ADVANCES AND OTHER RECEIVABLES			
Unsecured			
Advances to suppliers - Considered doubtful		1,665,135	1,665,511
Other receivables - Considered doubtful		58,496	499,996
		<u>1,723,631</u>	<u>2,165,507</u>
Provision against doubtful advances		(88,366)	(88,366)
		<u>1,635,265</u>	<u>2,077,141</u>

10. INVESTMENTS

At Fair Value through Profit or Loss

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

2022	2021	Company's name	2022	2021
No. of shares certificates			----- Rupees -----	
268	268	Faysal Bank Ltd.	6,180	4,548
603	603	Sui Southern Gas Pipelines Ltd.	5,463	8,020
1,398	1,398	First Fidelity Leasing Modaraba Ltd.	3,649	4,208
1,311	1,311	First Equity Modaraba Ltd.	9,833	8,849
419	419	K-Electric Ltd.	1,274	1,751
125	100	Pakistan Oxygen Ltd.	15,813	15,500
290	290	SAMBA Bank Ltd.	2,854	1,937
14	12	Ghani Gases Ltd.	231	645
4,428	4,401		45,297	45,458

Note

11. TAXATION - NET

Income tax refundable		5,999,431	5,237,860
Advance income tax deducted during the year		57,451	761,571
Provision for taxation - current	28	(86)	-
		6,056,796	5,999,431

12. CASH AND BANK BALANCES

Cash at bank - current accounts	6,330	7,200
Cash in hand	234,779	66,977
	241,109	74,177

13. NON CURRENT ASSETS HELD FOR SALE

	2022			2021
Description	Written Down Value	Fair Value Less cost to sell	Lower of carrying value or fair value	
Freehold land	90,000,000	150,000,000	90,000,000	90,000,000
Building on freehold land	23,170,000	30,152,080	23,170,000	23,170,000
Plant and machinery	9,930,268	40,050,000	9,930,268	9,930,268
	123,100,268	220,202,080	123,100,268	123,100,268

13.1 Freehold land and building on freehold land is situated at part of Khasra No. 52/53, 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.

13.2 "The management carried out revaluation of land, building, plant and machinery. The valuation has been carried out by Dimensions Evaluators & Consultants (PVT) Limited as on June 30, 2022. These assets are measured at the lower of carrying amount and fair value less cost to sell.

The management has been in negotiations with the buyer and the sale agreement has concluded subsequent to the year-end. For further detail refer note 1.4. "

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
No. of shares			Rupees	
		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	- Bonus shares issued	19,157,410	19,157,410
<u>7,502,510</u>	<u>7,502,510</u>		<u>75,025,100</u>	<u>75,025,100</u>

14.1 Shares held by the related parties of the Company

	2022	2021
	No. of shares	
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 Jomezai	3,581	3,581
Mr. Mikhail Bawany	3,010	3,010
Mr. Muhammad Danish	17,945	17,945

- 14.2** 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.

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

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

Surplus on freehold land	-	89,654,210
Surplus on building on freehold land	-	9,353,322
Transferred to retained earnings	-	(99,007,532)
Balance as at reporting date	-	-

16 LONG TERM DEPOSITS

Received against processing tanks and cylinders	<u>45,166,660</u>	<u>45,166,660</u>
---	-------------------	-------------------

- 16.1** These are non-interest bearing and are repayable to customers on return of processing tanks and cylinders or on termination of sale agreement.
- 16.2** 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.

17. DEFERRED TAX LIABILITY

Taxable temporary differences:

Accelerated depreciation on property, plant and equipment	(1,298,948)	(10,345,321)
Surplus on revaluation of property, plant and equipment-net	-	3,727,341
	<u>(1,298,948)</u>	<u>(6,617,980)</u>

		2022	2021
	Note	----- Rupees -----	
Deductible temporary differences:			
Doubtful receivables and other provisions		(435,748)	(442,729)
Minimum tax paid		-	(4,042,266)
Carried forward tax losses		(51,029,615)	(50,698,791)
		<u>(51,465,363)</u>	<u>(55,183,786)</u>
Net deferred tax (asset)/ liability		(52,764,312)	(61,801,766)
Deferred tax asset not recognized		<u>52,764,312</u>	<u>61,801,766</u>
		<u>-</u>	<u>-</u>
18. TRADE AND OTHER PAYABLES			
Trade creditors - unsecured		45,619	45,619
Factory insurance payable		1,006,123	1,006,123
Contract liability - Unsecured		215,103	215,098
Provision for compensated absences	18.1	450,000	450,000
Withholding tax payable		2,266,165	2,166,181
		<u>3,983,010</u>	<u>3,883,021</u>
18.1	With effect from financial year 2015, the policy has been discontinued by the Company.		
19. ACCRUED LIABILITIES			
Remuneration payable to Directors		17,452,265	15,254,719
Salaries payable		1,393,225	1,647,964
EOBI and SESSI payable		1,085,705	1,059,185
Security charges payable		-	93,000
Audit fee payable		300,000	349,000
Rent payable to Associate		1,211,512	1,211,512
Central Depository charges payable		226,000	567,827
Deposit against rent		900,000	-
Other accrued liabilities		4,334,549	1,124,806
		<u>26,903,256</u>	<u>21,308,013</u>
20. PROVISION - K ELECTRIC			
K-Electric excess billing	20.1	-	2,303,902
20.1	This represents provision recorded in the previous year for the expected liability to be paid under the appeal filed by K-Electric against the order of NEPRA by order, bearing reference # EI-HUB/I&P/-Pet-4/887 dated 28 November 2011, for 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 has been settled and the balance is paid during the current year.		

21. DUE TO RELATED PARTIES		2022	2021
	Note	----- Rupees -----	
Un-secured			
Bawany Management (Private) Ltd.		24,307,464	24,322,954
Loan from director		5,998,019	4,283,108
		30,305,483	28,606,062

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

22. CONTINGENCIES AND COMMITMENTS

Contingencies

In the previous years, the Company entered into an agreement to sell its property and certain parts of plant and equipment. However, a Suit No. 51/2021 was filed by the buyer against the Company before the Senior Civil Judge Lasbela at Hub for claiming "Declaration, Specific Performance of Agreement and Permanent Injunction" along with the application for ad-Interim Stay, on suit property of the Company. Subsequent to the year-end, the above case has been disposed off / dismissed, as unconditionally withdrawn, and settled out of Court by both the parties, in September 2022.

Commitments

There was no commitments as at June 30, 2022 (2021: Nil).

23. REVENUE

No sales was made during the year due to the closure of the operational activities of the Company. The operations of the Company were closed due to break down of major component of the plant and machinery during the financial year 2013, which has not been repaired, therefore, no production and selling activity has been carried out during the year. For further detail, refer note 1.4.

24. ADMINISTRATIVE EXPENSES

Salaries and other benefits	24.1	6,105,140	4,333,552
Electricity, gas and water		102,998	96,190
Repairs and maintenance		164,885	168,116
Communication		119,678	127,327
Vehicle running and maintenance		245,990	110,923
Fees, subscription and periodicals		678,215	812,947
Rent, rates and taxes		546,996	648,588
Auditors' remuneration	24.2	381,000	400,000
Traveling and conveyance		146,425	44,555
Printing and stationery		53,971	59,408
Legal and professional charges		152,550	648,000
Advertisement		41,173	41,800
Others expenses		53,569	602,005
Depreciation	6.2	105,236	121,629
		8,897,826	8,215,040

24.1 Salaries and other benefits include contributions of Rs.0.110 (2021: 0.107) million in respect of defined contribution plan.

		2022	2021
	Note	----- Rupees -----	
24.2 Auditors' remuneration			
Audit fee		300,000	300,000
Half year review fee		81,000	100,000
		381,000	400,000
25. OTHER EXPENSES			
Depreciation of idle plant	6.2	-	720,878
Penalty charges		115,115	-
Impairment on stores & spares and stock		-	1,046,501
Impairment on non-financial assets		-	1,204,888
Expenses related idle plant and machinery and factory	25.1	3,648,752	8,582,504
		3,763,867	11,554,771
25.1 Expenses Related to Idle Plant and Factory			
Salaries and other benefits		1,716,283	3,043,504
Utilities		657,840	89,920
Repair and Maintenance		76,450	1,422,700
Security		717,500	1,116,000
Transportation Charges		365,165	210,380
Others		115,514	2,700,000
		3,648,752	8,582,504
26. OTHER INCOME			
Dividend income		576	-
Gain on disposal of assets		1,062,910	1,874,809
Reversal of provisions		774,111	560,829
Rental Income		1,800,000	450,000
		3,637,597	2,885,638
27. FINANCE COST			
Mark-up on due to provident fund		28,203	135,663
Short term borrowings		-	1,064,744
Bank charges		1,925	60,774
		30,128	1,261,181
28 TAXATION			
Current	28.1	86	-
Prior year		-	-
Deferred		-	-
		86	-

28.1 Since the Company did not earn any taxable income, there is no charge of taxation for current year.

	2022	2021
Note	----- Rupees -----	

29. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the Company, which is based on:

Loss for the year - Rupees	(9,054,473)	(18,138,172)
Weighted average number of ordinary shares (Number)	7,502,510	7,502,510
Loss per share - Rupees	(1.21)	(2.42)

30. CASH & CASH EQUIVALENT

Cash and bank balances	12	241,109	74,177
		241,109	74,177

31. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVE

	Chief Executive Officer		Director	
	2022	2021	2022	2021
	----- 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

31.1 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.0.348 (2021: Rs. 0.310) million.

31.2 No fees have been paid to any of the directors during the year (2021: nil) for attending boards' meetings.

31.3 No remuneration has been paid to non-executive directors of the Company during the year (2021: Nil)

32. TRANSACTIONS WITH RELATED PARTIES

"Detail relationship with related parties and percentage of holdings, if any, are disclosed in note 14.1 to the financial statements. Remuneration of chief executive officer, directors and executives of the Company are disclosed in note 30. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements are as follows:

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices except for Business Support Services for which the pricing mechanism is subject to approval of the Board of Directors."

Name of related party	Nature of transactions	2022	2021
		----- Rupees -----	
Related Parties (Individuals)	Loan (paid) / obtained	-	(12,499,162)
Directors	Loan obtained	1,714,911	14,018
Bawany Management (Pvt) Ltd.	Loan repaid	(15,490)	(2,512,820)
Employees retirement - benefit plan	Contribution to provident fund	110,462	107,334
	Interest charged to the Company	28,203	135,663

32.1 Following are the details of related parties with whom the Company has entered into transactions or have arrangements / agreements in place during the year:

Name of related party	Relationship	Percentage of Shareholding in the Company	
		2022	2021
Bawany management (Pvt) Ltd	Common Directorship	2.96%	2.96 %
Mrs. Momiza hanif bawany	Director	5.91%	5.91 %
Hanif Y. Bawany	Director	16.30%	16.30 %

33. PROVIDENT FUND

UN-AUDITED

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

Size of the fund - total assets	639,420	1,671,115
Cost of the investment made	-	-
Percentage of investments made	0%	0 %

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

Bank balances/ deposits	639,420	1,671,115
	100.00%	100.00 %
Receivable from the Company	-	-
	0.00%	0.00 %

34. FINANCIAL RISK MANAGEMENT

34.1 Financial instruments by category

FINANCIAL ASSETS

Loans and receivables

Long-term deposits	2,342,084	2,342,084
Other receivables	1,723,631	499,996
Cash and bank balances	241,109	74,177
	4,306,824	2,916,257

FAIR VALUE THROUGH PROFIT OR LOSS

Investments	45,297	45,458
	4,352,121	2,961,715

	2022	2021
	----- Rupees -----	
FINANCIAL LIABILITIES		
Through Amortized Cost		
Long-term deposits	45,166,660	45,166,660
Trade and other payables	3,983,010	1,501,742
Accrued liabilities - other than related parties	8,239,479	4,841,779
Unclaimed dividend	717,420	717,420
Payable to K-Electric	-	2,303,902
Due to related parties	48,969,260	45,072,293
Liabilities against non current assets held for sale	40,000,000	36,428,800
	<u>147,075,829</u>	<u>136,032,596</u>

34.2 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:

34.2.1 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 in the financial year 2022.

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.

34.2.2 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 credit worthiness of counterparties.

a) 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 credit exposures to customers, including trade debts. The financial assets of the Company that are subject to credit risk amounted to Rs. 2.407 million (2021: 2.849 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:

	2022	2021
	Rupees	Rupees
Long-term deposits	2,342,084	2,342,084
Other receivables	58,496	499,996
	<u>2,400,580</u>	<u>2,842,080</u>

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

Parties	Credit Quality	2022	2021
		Rupees	Rupees
Electricity	Deposits to K-Electric for the electricity services are being obtained .(Considered Good)	2,184,400	2,184,400
Others	Deposits to vendors from whom services are being obtained (Considered Doubtful).	157,684	157,684
		<u>2,342,084</u>	<u>2,342,084</u>

Ageing of past due but not impaired trade debts are disclosed in note 8.1.

The credit quality of Company's bank balances assessed with reference to Pakistan Credit Rating Agency (PACRA) as at June 30, 2022 is as follows:

Banks	Credit Rating (Short term)	2022	2021
		Rupees	Rupees
MCB Bank Limited	A1 +	647	647
UBL Bank Limited	A1 +	3,279	4,150
NBP Bank Limited	A1 +	2,403	2,403
		<u>6,329</u>	<u>7,200</u>

34.2.3 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 obligation.

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

	Within 1 year	1 to 5 years	over 5 years	Total
	Rupees			
As of June 30, 2022				
Long-term deposits	-	-	45,166,660	45,166,660
Trade and other payables	3,983,010	-	-	3,983,010
Accrued liabilities other than - related parties	8,239,479	-	-	8,239,479
Unclaimed dividend	717,420	-	-	717,420
Due to related parties	48,969,260	-	-	48,969,260
Liabilities against non current assets held for sale	40,000,000	-	-	40,000,000
	101,909,169	-	45,166,660	147,075,829
As of June 30, 2021				
Long-term deposits	-	-	45,166,660	45,166,660
Trade and other payables	1,501,742	-	-	1,501,742
Accrued liabilities other than related parties	4,841,780	-	-	4,841,780
Unclaimed dividend	717,420	-	-	717,420
Payable to K-Electric	2,303,902	-	-	2,303,902
Due to related parties	45,072,293	-	-	45,072,293
Liabilities against non current assets held for sale	36,428,800	-	-	36,428,800
	90,865,937	-	45,166,660	136,032,597

35. 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.

	2022	2021
	----- Rupees -----	
Total debts	75,472,143	73,772,722
Less: Cash & cash equivalent	(241,109)	(74,177)
Net debt	75,231,034	73,698,545
Total Equity	(11,970,293)	(2,915,820)
Total debt and equity	63,260,741	70,782,725
Gearing ratio	119%	104%

36. PLANT CAPACITY AND ACTUAL PRODUCTION

The Company had a major breakdown in its plant few years ago, therefore, the plant capacity and the actual production of the Company during the year is Nil (2021: Nil).

37. NUMBER OF EMPLOYEES

Total number of employees including factory at the year ended were 6 (2021: 13) and average number of employees during the year were 8 (2021: 14).

The numbers of employees working at factory at the year ended were 03 (2021: 07) and average number of employees at factory during the year were 04 (2021: 07).

38. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The agreement of July 2020 for the sale of land, building, and certain items of plant and equipment has been concluded subsequent to the year-end as the management of the Company and the counterparty have unconditionally agreed and settled the dispute out of Court. Also, on receipt of the balance payment in September 2022, the Company transferred the subject assets to the buyer resulting in an surplus of Rs. 68.9 million.

39. AUTHORISATION FOR ISSUE

These financial statements were approved on 24th October 2022 by the Board of Directors of the Company.

40. GENERAL

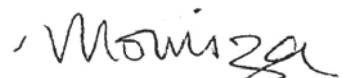
Figures in these financial statements have been rounded off to the nearest of Pak Rupee, unless otherwise stated.



M. HANIF Y. BAWANY
Chief Executive officer



ABDUL RAUF
Chief Financial Officer



MOMIZA HANIF BAWANY
Director

Form of Proxy

The Director
 Bawany Air Products Limited
 City Office, 16-C, 2nd Floor, Nadir House
 I.I.Chundrigar Road

Please quote Folio No.

Reason for shortfall

No. of shares _____

I / We _____ 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 44th Annual General Meeting of the Company to be held
 on the 28th day of November 2022 and at any every adjournment thereof.

Signed by _____
 Signed under my / our hand this the _____ day of _____, 2022

Witness – 1

Name : _____
 CNIC : _____
 Address : _____

Witness – 2

Name : _____
 CNIC : _____
 Address : _____

Signature Across
 Revenue Stamp

NOTE:

- The signature should match with the specimen signature registered with the company.
- A Proxy need not be a member of the Company
- 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:








- 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.
- The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
- The Proxy shall produce his / her original and valid CNIC or Passport at the time of the Meeting.
- 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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