



# **BAWANY AIR PRODUCTS LIMITED**

**FORTY SIXTH  
ANNUAL REPORT  
2023-2024**

# **BAWANY AIR PRODUCTS LIMITED**

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# COMPANY INFORMATION

## BOARD OF DIRECTORS

Mr. Naim Anwer (Chief Executive Officer)  
Mr. Mohabat Khan  
Mr. Zahir Khan  
Mr. Tanveer Ahmed  
Mr. Muhammad Afzal Shehzad  
Mr. Suhail Elahi  
Ms. Saba Azam

## AUDIT COMMITTEE

Ms. Saba Azam (Chairman)  
Mr. Mohabat Khan  
Mr. Tanveer Ahmed

## HR COMMITTEE

Mr. Naim Anwar (Chairman)  
Mr. Tanveer Ahmed  
Ms. Saba Azam

## HEAD OF INTERNAL AUDIT

Mr. Muhammad Munir

## CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Abdul Rauf

## AUDITORS

S. M. SUHAIL & CO.  
Chartered Accountants

## BANKERS

United Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan

## SHARE REGISTRAR

C&K Management Associates (Pvt) Ltd.  
M-13, Progressive Plaza, Beaumont Road,  
Civil Lines Quarter, Near PIDC, Karachi  
Te: 35687839-35685930

## OFFICE

2nd Floor, Nadir House,  
I.I. Chundrigar Road,  
Karachi  
Tel: 021-32415473

## **BAWANY AIR PRODUCTS LIMITED NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Forty Sixth Annual General Meeting of the Company will be held at the office: 2<sup>nd</sup> Floor, Nadir House, I.I. Chundrigar Road, Karachi, Sindh on Monday October 28, 2024 at 02:00 p.m. to transact the following business:

### **ORDINARY BUSINESS**

1. To confirm the minutes of the EOGM held on September 26, 2024.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2024 together with Directors and Auditor's Report thereon.
3. To appoint auditors for the year 2024-2025 and fix their remuneration.
4. Transact any other business with permission of chair.

**Karachi: October 07, 2024**

**By order of the Board  
Company Secretary**

### **NOTES:**

1. The register of members of the Company shall remain closed from October 22, 2024 to October 28 2024 (both days inclusive).
2. Members are requested not to bring spouse, children or any other accompany.
3. Attendance of Members who have deposited their shares into the 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
4. Members are requested to notify any change in their notified addresses immediately. Members holding shares in physical form are requested to notify the Company's Share Registrar promptly of changes in their notified address.
5. Members, who have not yet submitted a copy of their valid CNIC or 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.
6. 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.
7. 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.
8. 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 p.m. on 26<sup>th</sup> day of October 2024 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

## **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, 2024.

### **Overview of performance of the Company and the Board**

The Company reported a net loss of Rs. 22.623 million for the year ended June 30, 2024, compared to a profit of Rs. 59.388 million in the previous year. Accumulated losses rose to Rs. 50.23 million as of June 30, 2024, from Rs. 27.607 million the year before. Despite the challenging financial performance, the Company has developed a comprehensive business plan aimed at reviving its operations. The Board has resolved to increase the authorized capital and implemented significant changes to its board of directors, which are expected to positively influence the Company's strategic direction and financial outlook.

### **Future plan**

During the year, the Company resolved to significantly increase its authorized capital from Rs. 150 million to Rs. 11 billion. After the year-end, it signed a share purchase agreement to acquire 100% shareholding of Alman Seyyam Sugar Mill (Pvt.) Ltd. (ASSM) for Rs. 12 billion, proposing to issue new shares for the acquisition. The authorized capital was further raised to Rs. 12.1 billion, and the Company's business focus was amended to include investments in shares, stocks, and securities. Shareholders also approved issuing 600 million shares to ASSM sponsors, marking a strategic shift in the Company's operations.

### **Performance evaluation**

I am pleased to report that overall performance of the Board, its Committees and CEO of the Company for the year ended June 30, 2024, remained satisfactory.

### **Change in the Board**

There were changes in the Board as stated in Director report.

### **Frequency of the meetings**

During the year five (5) 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.

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**Naim Anwar**  
**Chairman**

Karachi

Dated: October 07, 2024

## **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, 2024.

### **OVERVIEW**

The year 2024 presented significant operational and financial challenges for the company, marking a departure from the robust performance witnessed in 2023. Despite ongoing efforts to stabilize operations, the financial results reflect the impact of market volatility, increased operational costs, and unforeseen disruptions in the company's strategic initiatives. However, the company remains committed to adapting its strategies to meet these challenges and positioning itself for future growth.

A comprehensive business plan, incorporating a range of revised opportunities and options, is currently being developed. The management remains flexible and adaptable to the country's evolving economic and business environment. The Board of Directors is mindful of the ongoing economic challenges, political uncertainty, and inflationary pressures, and has accordingly advised management to carefully evaluate all available options to safeguard the interests of shareholders.

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

| <b>Description</b>                                     | <b>2024</b>         | <b>2023</b> |
|--|---------------------|-------------|
|  | <b>Rupees</b>       |             |
| Current Assets   | <b>30,580,645</b>   | 93,267,707  |
| Current Liabilities                                    | <b>6,517,965</b>    | 46,663,045  |
| Equity   | <b>24,794,475</b>   | 47,417,768  |
| (Loss) / Profit ) after taxation for the year          | <b>(22,623,294)</b> | 59,388,061  |
| Net (decrease) / increase in cash and cash equivalents | <b>(62,595,468)</b> | 83,749,264  |

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

- The company's current assets decreased significantly from 93,267,707 in 2023 to 30,580,645 in 2024, representing a 67% reduction. This contraction was a result of both a slowdown in revenue generation and the utilization of assets to manage the company's financial obligations.
- On a positive note, the company successfully reduced its current liabilities from 46,663,045 in 2023 to 6,517,965 in 2024, a reduction of 86%. This was largely due to the company's focused efforts to settle short-term debts and obligations. While this has improved the Company's short-term solvency, it has also impacted liquidity.
- The company's equity declined by 48%, from 47,417,768 in 2023 to 24,794,475 in 2024. This decrease was a direct result of the loss incurred during the financial year. The management is prioritizing efforts to rebuild equity through cost management, improving operational efficiency, and exploring new revenue-generating opportunities.
- The Company reported a net loss after taxation of (22,623,294) in 2024, a substantial downturn compared to the net profit of 59,388,061 in 2023. This shift in performance represents a swing of 82,011,355, primarily attributed to increased operational costs, reduced revenue streams, and other unforeseen challenges. The company has been actively reviewing its operational efficiencies and strategies to mitigate further financial losses and return to profitability.

## MATERIAL INFORMATION

Taking into account the political and economic stability, and contingent upon the settlement of all outstanding liabilities, the Board has evaluated the possibility of securing equity capital investment from external investors.

## AUDIT REPORT AND MANAGEMENT COMMENTS THEREON

We are pleased to inform that in the year 2024, the audit opinion is clean with no adverse opinion or qualification.

The auditors have included an emphasis of matter in the audit report, drawing attention to Note 1.3, which highlights the Company's net loss of Rs. 22.623 million for the year ended June 30, 2024, compared to a profit of Rs. 59.388 million the previous year. Accumulated losses have also risen to Rs. 50.23 million from Rs. 27.607 million. Since 2013, the Company has faced operational challenges due to a plant breakdown, resulting in the sale of assets in 2023 and its placement in the Pakistan Stock Exchange's non-complaint segment in 2019. Despite these challenges, the Company has taken steps to improve its financial position, including passing of resolution for increase its authorized capital and restructuring its board. Furthermore, it signed an agreement to acquire Alman Seyyam Sugar Mill and shifted its business focus to investments.

## KEY OPERATING AND FINANCIAL DATA FOR LAST 10 YEARS

| Year | Sales – net                   | Gross profit / (loss) | Profit / (loss) before taxation | Shareholder's equity | Total current assets | Total current liabilities | Earnings per share |
|------|-------------------------------|-----------------------|---------------------------------|----------------------|----------------------|---------------------------|--------------------|
|      | ----- Rupees in million ----- |                       |                                 |                      |                      |                           | Rupees             |
| 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)             |
| 2023 | -                             | -                     | 59.39                           | 47.41                | 93.26                | 46.66                     | 7.92               |
| 2024 | -                             | -                     | (22.46)                         | 24.79                | 30.58                | 6.51                      | (3.02)             |

## WAY FORWARD

The Company, during an Extraordinary General Meeting (EOGM), has resolved to increase its authorized capital from Rs. 150 million to Rs. 12 billion, underscoring its intentions for significant future expansion and growth. In addition, the Company has undergone a leadership transition, with the retirement of former directors and the appointment of new directors. These developments are anticipated to positively influence the Company's strategic direction, business growth, and financial standing.

The Company has also announced that it has entered into a share purchase agreement with the sponsor shareholders of Alman Seyyam Sugar Mill (Pvt) Ltd. (ASSM) to acquire 100% of their shares in ASSM for a total consideration of Rs. 12 billion.

As part of its capital restructuring efforts, the Company has proposed an increase in its paid-up capital through the issuance of 599,999,732 rights shares. Additionally, it has proposed the issuance of 600,000,000 shares, other than rights and for consideration other than cash, subject to approval from the Securities and Exchange Commission of Pakistan (SECP). These shares, each with a face value of Rs.



10, will be issued to ASSM's sponsor shareholders in exchange for 51,114,011 shares of ASSM, valued at Rs. 234.77 each. The remaining balance will be paid by the Company over a two-year period, as per the terms of the share purchase agreement.

The Company's management is actively working to comply with all Pakistan Stock Exchange (PSX) regulations and is taking necessary steps to meet the requirements for removing its shares from the PSX's non-complaint counter and returning them to the normal trading counter. To facilitate the Company's revival, several significant initiatives have been undertaken by management. Additionally, the Company's directors have pledged both financial support and professional expertise to ensure effective management and guide the Company through this critical period of transformation.

#### **BOARD OF DIRECTORS**

Following are the changes in the composition of Board of Directors during the year ended June 30, 2024:

| <b>NEW DIRECTORS</b> | <b>OLD DIRECTORS</b>    |
|----------------------|-------------------------|
| Mr. Naim Anwar       | Mr. Zakaria A. Ghaffar  |
| Mr. Mohabat Khan     | Mr. Wazir Ahmed Jomezai |
| Mr. Zahir Khan       | Mr. Muhammad Danish     |

#### **AUDITORS**

The present auditors, M/s. S. M. Suhail & Co. Chartered Accountants have retired and being eligible have offered themselves for reappointment as Auditors for the ensuing year.

#### **STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

- a) The financial statements prepared by the management of the Company present fairly the status of affairs, the result of its operations and cash flows and changes in equity;
- b) Proper books of accounts of the Company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgment;
- d) International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) Auditors have shown doubts about the Company's ability to continue as a going concern whereas the management feels that there is enough strength in the Company to carry on business in future.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations, exceptions, if any have been notified in the Statement of Compliance with the Code of Corporate Governance;
- h) Key operating and financial data for the last ten years have been summarized;

During the year 5 meetings of the Board of Directors were held. Attendance by each Director is as follows:

| <b>Name of the Directors</b> | <b>No. of meetings attended</b> |
|------------------------------|---------------------------------|
| Mr. M. Hanif Y. Bawany       | 5                               |
| Mrs. Momiza Hanif Bawany     | 5                               |
| Mr. Vali Mohammad M. Yahya   | 5                               |
| Mr. Mikhail Bawany           | 5                               |
| Mr. Wazir Ahmed Jomezai      | 1                               |
| Mr. Zakaria A. Ghaffar       | 4                               |
| Mr. Muhammad Danish          | 1                               |

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

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**Naim Anwar**  
**Chief Executive Officer**

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**Tanveer Ahmed**  
**Director**

Karachi  
Dated: October 7, 2024

## ڈائریکٹران رپورٹ برائے ممبران

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2024 ختم ہونے والے مالیاتی سال کے آڈٹ شدہ مالیاتی غوشوارے کے بعد ڈائریکٹرز کی رپورٹ پیش کرنے خوش ہیں۔

### جائزہ

سال 2024 نے کمپنی کے لئے اہم آپریشنل اور مالیاتی چیلنجز پیش کئے جو کہ 2023 میں دیکھی گئی منظبوط کارکردگی سے علیحدگی کا نشان ہے۔ آپریشنز کو مستحکم کرنے کے لئے جاری کوشش کے باوجود، مالیاتی نتائج مارکیٹ کے اتار چڑھاؤ، آپریشنل اخراجات میں اضافے، اور کمپنی کے اسٹریٹجک اقدامات میں غیر متوقع رکاوٹوں کے اثرات کو ظاہر کرتے ہیں۔ تاہم، کمپنی ان چیلنجز سے نمٹنے کے لئے اپنی حکمت عملیوں کو اپنانے اور مستقبل کی ترقی، خود کو پوزیشن میں لانے کے لئے پرعزم ہے۔ فل حال ایک جامع کاروباری منصوبہ تیار کیا جا رہا ہے، جس میں نظر ثانی شدہ مواقع اور اختیارات کی ایک رینج شامل ہے۔ ملک میں ابھرتے ہوئے معاشی اور کاروباری ماحول کے موافق چلکار رہتی ہے۔ بورڈ آف ڈائریکٹرز جاری اقتصادی چیلنجز، غیر یقینی سیاسی صورتحال اور افراط زر کے دباؤ کو ذہن میں رکھتا ہے۔

گزشتہ سال کے مقابلے میں کمپنی کی مالی جھلکیاں حسب ذیل ہیں۔

| 2023       | 2024         | تفصیل                              |
|------------|--------------|------------------------------------|
|            |              | Rupees                             |
| 93,267,707 | 30,580,645   | رواں اثاثے                         |
| 46,663,045 | 6,517,965    | رواں واجبات                        |
| 47,417,768 | 24,794,475   | ایکویٹی                            |
| 59,388,061 | (22,623,294) | سال کا منافع / (خسارہ) بعد از ٹیکس |
| 83,749,264 | (62,595,468) | نقد اور مساوی نقد میں خالص اضافہ   |

اوپر دی گئی اسٹیٹمنٹ سے ہم درجہ ذیل انداز میں کارکردگی کا تجزیہ کر سکتے ہیں:

- ☆ کمپنی کے موجودہ اثاثہ 2023 میں 93,267,707 سے نمایا طور پر کم ہو کر 2024 میں 30,580,645 ہو گئے، جو کہ 67% کمی کی نمائندگی کرتا ہے۔ یہ کمی آمدنی پیدا کرنے کی سست روی اور کمپنی کی مالی ذمہ داریوں کو سنبھالنے کے لئے اثاثوں کے استعمال کا نتیجہ تھا۔
- ☆ ایک مثبت نوٹ پر کمپنی نے اپنے موجودہ واجبات کو جو کہ 2023 میں 46,663,045 تھے، سے کم کر کے 2024 میں 6,517,965 کر دیا ہے، جو کہ 86% کمی ہے۔ اس کی بڑی وجہ کمپنی کی قلیل مدتی قرضوں اور ذمہ داریوں کی تصفیہ کے جے مرکوز کوششوں کی وجہ سے تھی۔
- ☆ کمپنی کی ایکویٹی میں 48% کمی واقع ہوئی، جو 2023 میں 47,417,768 تھی 2024 میں 24,794,475 ہو گئی۔ یہ کم مالی سال کے دوران ہونے والے نقصان کا براہ راست نتیجہ تھی۔ انتظامیہ لاگت کے انتظام کے ذریعے ایکویٹی کی تعمیر نو کی کوششوں کو ترجیح دے رہی ہے۔
- ☆ کمپنی نے 2024 میں بعد از ٹیکس (22,623,294) نقصان کی اطلاع دی جو کہ 2023 کے 59,388,061 خالص منافع کے مقابلے میں کافی کم ہے۔ کارکردگی میں یہ تبدیلی 82,011,355 جھول کی نمائندگی کرتی ہے، جس کی بنیادی وجہ آپریشنل لاگت میں اضافہ، آمدنی میں کمی اور دیگر غیر متوقع چیلنجز ہیں۔ کمپنی مزید مالی نقصانات کو کم کرنے اور منافع کی طرف واپسی کے لئے اپنی آپریشنل صلاحیتوں اور حکمت عملیوں کا فعال طور پر جائزہ لے رہی ہے۔

## اہم معلومات

سیاسی و اقتصادی استحکام کو مد نظر رکھتے ہوئے، اور تمام بقایا واجبات کے تصفیے پر عمل درآمد، بورڈ نے بیرونی سرمایہ کاروں سے ایکویٹی کیپٹل انوسٹمنٹ کو محفوظ بنانے کے امکان کہ جائزہ لیا ہے۔

## آڈٹ رپورٹ اور انتظامیہ کے تبصرے

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ سال 2024 کی آڈٹ کی رائے بغیر کسی منفی رائے یا اہلیت کے صاف ہے۔

آڈیٹرز نے 1.3 کی طرف توجہ مبذول کرتے ہوئے آڈٹ رپورٹ میں معاملے پر زور شامل کیا ہے، جو کمپنی کے 30 جون 2024 کو ختم ہونے والے مالی سال کے 22.623 ملین روپے کے خالص نقصان کو نمایا کرتا ہے، جبکہ پچھلے سال کمپنی کو 59.388 ملین روپے کا منافع تھا۔ ٹوٹل نقصان بھی 27.607 ملین روپے سے بڑھ کر 50.23 ملین روپے ہو گیا۔ 2013 کے بعد سے کمپنی کو پلانٹ میں خرابی کی وجہ سے آپریشنل چیلنجز کا سامنا ہے، جسکے نتیجے میں 2023 میں اثاثوں کی فروخت اور 2019 میں پاکستان اسٹاک ایکسچینج کے غیر شکاری حصے میں اسکی تعیناتی ہوئی۔ ان چیلنجوں کے باوجود کمپنی نے اپنی کارکردگی کو بہتر بنانے کے لئے اقدامات کئے ہیں۔ مالیاتی پوزیشن بشمول اسکے مجاز سرمائے میں اضافہ اور اس کے بورڈ کی تنظیم نو کے جے قرارداد کی منظوری۔ مزید برآں، اس نے المان سیام شوگر مل کو حاصل کرنے کے لئے ایک معاہدے پر دستخط کئے اور اپنی کاروباری توجہ سرمایہ کاری پر مرکوز کر دی۔

## گزشتہ 10 سالوں کے کاروباری اور مالیاتی اعداد و شمار

| سال  | خالص فروخت | خام منافع /<br>(خسارہ) | منافع / (خسارہ)<br>قبل از ٹیکس | حصص یافتگان کی<br>ایکویٹی | کل رواں اثاثے | کل واجبات | فی حصص آمدنی  |
|------|------------|------------------------|--------------------------------|---------------------------|---------------|-----------|---------------|
|      |            |                        |                                |                           |               |           | روپے          |
|      |            |                        |                                |                           |               |           | روپے ملین میں |
| 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         |
| 2023 | -          | -                      | 59.39                          | 47.41                     | 93.26         | 46.66     | 7.92          |
| 2024 | -          | -                      | -22.46                         | 24.79                     | 30.58         | 6.51      | -3.02         |

## آگے کی جانب

کمپنی نے ایک غیر معمولی جہل میٹنگ کے (EOGM) کے دوران اپنے مجاز سرمائے کو 150 ملین روپے سے بڑھا کر 12 بلین روپے کرنے کا فیصلہ کیا ہے، جو مستقبل میں نمایا تو وسیع اور نمو کے لئے اپنے ارادوں کی نشاندہی کرتا ہے۔ اس کے علاوہ سابق ڈائریکٹرز کی ریٹائرمنٹ اور نئے ڈائریکٹرز کی تبدیلی کے ساتھ کمپنی قیادت کی تبدیلی سے گزری ہے۔ ان پیش رفتوں سے کمپنی کی اسٹریٹجک سمت، کاروبار کی ترقی اور مالی حیثیت پر مثبت اثر پڑنے کی توقع ہے۔

کمپنی نے یہ بھی اعلان کیا ہے کہ اس نے المان سیم شوگر مل (پرائیوٹ) لیمیٹڈ (ASSM) کے اسپانسرز سے 100% فیصد حصص 12 ملین روپے میں خریداری کا معاہدہ کیا ہے۔ اپنی سرمائے کی تنظیم نو کی کوششوں کے ایک حصے کے طور پر، کمپنی نے 599,999,732 رائس شیئرز کے ذریعے اپنے ادا شدہ سرمائے میں اضافے کی تجویز دی ہے۔ مزید اس نے رائس شیئرز اور نقد کے علاوہ 600,000,000 شیئرز کے اجراء کی تجویز پیش کی ہے جو کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے مشروط ہیں۔ یہ حصص 10 روپے کی فیس ویلیو پر ASSM کے اسپانسرز شیئر ہولڈرز کو 51,114,011 شیئرز کے بدلے جاری کئے جائیں گے جو کہ فی حصص 234.77 روپے کا ہے۔ بقیہ بیلنس کمپنی کی طرف سے دو سال کی مدت میں حصص کی خریداری کے معاہدے کی شرائط کے مطابق ادا کئے جائیں گے۔

کمپنی کی PSX کے تمام ضوابط کی تعمیل کے لئے فعال طور پر کام کر رہی ہے اور اپنے حصص کو PSX کے غیر شکایتی کاؤنٹر سے ہٹا کر عام تجارتی کاؤنٹر پر واپس لانے کے لئے ضروری اقدامات کر رہی ہے۔ انتظامیہ کی جانب سے کمپنی کی بحالی کو آسان کرنے کے لئے بہت سے اقدامات کئے گئے ہیں۔ مزید یہ کہ کمپنی کے ڈائریکٹرز نے موثر انتظامات کو یقینی بنانے اور تبدیلی کے اس نازک دور میں کمپنی کی رہنمائی کے لئے مالی معاونت اور پیشہ ورانہ مہارت، دونوں کا وعدہ کیا ہے۔

## بورڈ آف ڈائریکٹرز

30 جون 2024 کو ختم ہونے والے مالی سال کے دوران بورڈ آف ڈائریکٹرز میں درج ذیل تبدیلیاں ہوئی۔

| نئے ڈائریکٹرز  | پرانے ڈائریکٹرز        |
|----------------|------------------------|
| جناب نعیم انور | جناب ذکریا اے غفار     |
| جناب محبت خان  | جناب وزیر احمد جوگیزئی |
| جناب ظاہر خان  | جناب محمد دانش         |

## آڈیٹرز

موجودہ آڈیٹرز ایس ایم سہیل اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہو چکے ہیں اور اہل ہونے کی وجہ سے انہوں نے آئندہ سال کے لئے آڈیٹرز کے طور پر دوبارہ تقرری کے لئے پیش کش کی ہے۔

## اسٹیٹمنٹ آف کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

☆ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات کافی حد تک معاملات کی حیثیت، اس کے آپریشنز اور کیش فلو کا نتیجہ اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔

☆ کمپنی کے کھاتوں کی مناسب کتابیں برقرار رکھی گئی ہیں

☆ مالیاتی بیان کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

☆ بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں لاگو ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے۔

☆ اندرونی کنٹرول کا نظام درست ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔  
 ☆ آڈیٹرز نے کمپنی کے جاری رہنے کی صلاحیت پر تشویش کا اظہار کیا ہے جبکہ انتظامیہ کو لگتا ہے کہ کمپنی میں کاروبار کو جاری رکھنے کی کافی طاقت ہے۔  
 ☆ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی فیڈ بیکل اخراج نہیں ہوا ہے، جیسا کہ فہرست سازی کے ضوابط، استثناء اگر کسی کو کارپوریٹ گورننس کے ضوابط کی تعمیل میں بیان کی گیا ہے۔

☆ پچھلے دس سالوں کے اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ کی گیا ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز کے 15 اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

|   |                           |
|---|---------------------------|
| 5 | جناب حنیف وائی باوانی     |
| 5 | محترمہ مومیزہ حنیف باوانی |
| 5 | جناب ولی محمد ایم بیجی    |
| 5 | جناب میخائل باوانی        |
| 1 | جناب وزیر احمد جوگیزئی    |
| 4 | جناب زکریا اے غفار        |
| 1 | جناب محمد دانش            |

غیر حاضری کی رخصت ڈائریکٹر (ز) کو دی گئی تھی، جو بورڈ کے کچھ اجلاسوں میں شرکت نہیں کر سکے۔

☆ شیئر ہولڈنگ کا پیٹرن منسلک ہے؛ اور

☆ نہ تو چیف ایگزیکٹو آفیسر اور نہ ہی کسی دوسرے ڈائریکٹر نے کمپنی کا شیئر خریدا ہے۔

## اعتراف

بورڈ ریاست حکومت، مختلف سرکاری ایجنسیوں / محکموں، مالیاتی اداروں، صارفین، سپلائرز اور کمپنی کے سرمایہ کاروں کی طرف سے کمپنی پر کئے گئے اعتماد اور تعاون کے لئے تعریف اور اظہار تشکر کرنا چاہتا ہے۔ آپ کے ڈائریکٹرز کمپنی کے ملازمین کی جانب سے دی جانے والی سرشار اور مخلصانہ خدمات کی تعریف کرتے ہیں۔ ہم اپنے قبل قدر شیئر ہولڈرز کے شکر گزار ہیں کہ وہ انتظامیہ کو مسلسل تعاون فراہم کر رہے ہیں۔  
 بورڈ کی جانب سے:

تنویر احمد

ڈائریکٹر

نعیم انور

چیف ایگزیکٹو آفیسر

تاریخ: 7 اکتوبر 2024

## **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:

| <b>Category</b>           | <b>Names</b>  |
|---------------------------|---|
| Independent Directors     | Mr. Mikhail Bawany<br>Mr. Mohabat Khan  |
| Executive Directors       | M. Hanif Y. Bawany (CEO)<br>Mrs. Momiza Hanif Bawany  |
| Non – Executive Directors | Mr. Vali Mohammad M. Yahya (Chairman)<br>Mr. Naim Anwar<br>Mr. Mohabat Khan<br>Mr. Zahir Khan<br>Mr. Mikhail Bawany |
| 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 been maintained.
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. Mohabat Khan   | Chairman |
| Mr. Naim Anwar     | Member   |
| Mr. Mikhail Bawany | Member   |
  - b) HR and Remuneration Committee

|                     |          |
|---------------------|----------|
| Mr. Hanif Y. Bawany | Chairman |
| Mr. Naim Anwar      | Member   |
| Mr. Mohabat Khan    | 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.

**TANVEER AHMED**  
Director  
Dated: October 07, 2024

**NAIM ANWAR**  
Chief Executive Officer



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF BAWANY AIR PRODUCTS LIMITED  
FOR THE YEAR ENDED JUNE 30, 2024**

**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, 2024, 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, 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, 2024.

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:

|    | <b>Note Reference</b> | <b>Description</b>   |
|----|-----------------------|--|
| i. | 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.M. Suhail & Co.  
Chartered Accountants  
Karachi

Engagement Partner: Mr. Muhammad Faiz Ur Rahman

Our Ref: SMS-A-02752025  
Date: October 7, 2024

UDIN: CR202410397MKS4P0oiC



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

**PATTERN OF SHAREHOLDING**

**PART-I**

1.1 Name of the Company

**BAWANY AIR PRODUCTS LIMITED**

**PART-II**

1.2 Pattern of holding of the shares held by the shareholders as at

**30.06.24**

| NO. OF SHARE HOLDE | SHARE HOLDING |   |         | SHARES HELD      |
|--------------------|---------------|---|---------|------------------|
|                    | FROM          |   | TO      |                  |
| 318                | 1             | - | 100     | 7,422            |
| 176                | 101           | - | 500     | 56,034           |
| 90                 | 501           | - | 1000    | 76,093           |
| 129                | 1001          | - | 5000    | 342,258          |
| 31                 | 5001          | - | 10000   | 247,367          |
| 14                 | 10001         | - | 15000   | 178,728          |
| 9                  | 15001         | - | 20000   | 162,930          |
| 11                 | 20001         | - | 25000   | 258,418          |
| 3                  | 25001         | - | 30000   | 82,864           |
| 2                  | 30001         | - | 35000   | 65,065           |
| 2                  | 35001         | - | 40000   | 78,101           |
| 2                  | 40001         | - | 45000   | 87,000           |
| 4                  | 45001         | - | 50000   | 196,000          |
| 3                  | 50001         | - | 55000   | 162,500          |
| 1                  | 55001         | - | 60000   | 56,898           |
| 1                  | 60001         | - | 65000   | 64,780           |
| 2                  | 70001         | - | 75000   | 148,113          |
| 1                  | 90001         | - | 95000   | 93,500           |
| 3                  | 95001         | - | 100000  | 296,501          |
| 1                  | 105001        | - | 110000  | 109,014          |
| 1                  | 135001        | - | 140000  | 139,531          |
| 1                  | 160001        | - | 165000  | 162,110          |
| 1                  | 195001        | - | 200000  | 199,330          |
| 1                  | 205001        | - | 210000  | 210,000          |
| 1                  | 215001        | - | 220000  | 218,932          |
| 1                  | 220001        | - | 225000  | 222,149          |
| 1                  | 230001        | - | 235000  | 231,500          |
| 1                  | 270001        | - | 275000  | 272,691          |
| 1                  | 280001        | - | 285000  | 281,570          |
| 1                  | 330001        | - | 335000  | 330,028          |
| 1                  | 375001        | - | 380000  | 375,011          |
| 1                  | 865001        | - | 870000  | 866,976          |
| 1                  | 1220001       | - | 1225000 | 1,223,096        |
| <b>816</b>         | <b>Total</b>  |   |         | <b>7,502,510</b> |

| S.NO.      | CATAGORIES OF SHARE HOLDERS | NUMBER OF SHARE HOLDERS | TOTALSHARES HOLD | PERCENTAGE %  |
|------------|-----------------------------|-------------------------|------------------|---------------|
| 1          | INDIVIDUALS                 | 788                     | 4,983,959        | 66.43         |
| 2          | INVESTMENT COMPANIES        | 1                       | 100              | 0.00          |
| 3          | INSURANCE COMPANIES         | 2                       | 288,951          | 3.85          |
| 4          | JOINT STOCK COMPANIES       | 15                      | 723,217          | 9.64          |
| 5          | FINANCIAL INSTITUTIONS      | 2                       | 210,042          | 2.80          |
| 6          | CHARITABLE TRUSTS           | 2                       | 372,028          | 4.96          |
| 7          | TRADING                     | 1                       | 5                | 0.00          |
| 8          | EMPLOYEES PENSION FUND      | 1                       | 6,794            | 0.09          |
| 9          | EMPLOYEES BENEVOLENT FUND   | 1                       | 238              | 0.00          |
| 10         | WELFARE SOCIETY             | 1                       | 50,000           | 0.67          |
| 11         | FINANCIAL SERVICES          | 1                       | 200              | 0.00          |
| 12         | WEAVING                     | 1                       | 866,976          | 11.56         |
| <b>816</b> |                             |                         | <b>7,502,510</b> | <b>100.00</b> |

**DETAIL OF PATTERN OF SHAREHOLDING JUNE 30, 2024  
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. Naim Anwar             | Director                         | 500       |
| Mr. Mohabat Khan           | Director                         | 500       |
| Mr. Zahir Khan             | Director                         | 500       |
| Mrs. Momiza Hanif Bawany   | Director                         | 443,680   |
| Mr. Mikhail Bawany         | Director                         | 317,521   |

**EXECUTIVE**

Nil

**PUBLIC SECTOR COMPANIES & CORPORATION**

Nil

**BANK DEVELOPMENT FINANCE INSTITUTES,  
NON BANKING FINANCIAL INSTITUTION,  
INSURANCE COMPANIES, MODARABAS AND  
MUTUAL FUNDS**

289,151

**SHAREHOLDERS HOLDING 5% MORE**

|  |        |
|--|--------|
| Mr. M. Hanif Y. Bawany                             | 16.30% |
| Weavers Pakistan (Private) Limited (SHARE HOLDING) | 11.56% |
| Mrs. Momiza Hanif Bawany                           | 5.91%  |



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BAWANY AIR PRODUCTS LIMITED  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT AS OF JUNE 30, 2024**

**Opinion**

We have audited the annexed financial statements of **Bawany Air Products Limited** (the Company), which comprise the statement of financial position as of June 30, 2024, 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 purpose of audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows 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 June 30, 2024, of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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 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 by the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Relating to Going Concern**

We draw attention to Note 1.3 to the financial statements, which indicates that the Company incurred a net loss of Rs. 22.623 million for the year ended June 30, 2024, compared to a profit of Rs. 59.388 million in the previous year. Furthermore, the accumulated losses of the Company as of June 30, 2024, stood at Rs. 50.23 million, compared to Rs. 27.607 million as of June 30, 2023. The Company's operations have been closed since 2013 due to a major breakdown of its plant, resulting in financial and operational difficulties that led to the disposal of its property, plant, and machinery in the financial year 2023, as well as the settlement of its outstanding liabilities. Additionally, the Company was placed in the non-compliant segment of the Pakistan Stock Exchange (the PSX) in 2019 due to non-compliance with certain regulations, with some compliances are still pending.

However, the Company resolved during the year to significantly increase its authorized capital from Rs. 150 million to Rs. 11 billion and has made substantial changes to its board of directors, which are expected to positively impact its strategic direction and financial position of the Company. Moreover, the directors have provided assurances of continued financial and professional support to manage the Company's affairs.

Subsequent to the year-end, the Company signed a share purchase agreement to acquire 100% shareholding in Alman Seyyam Sugar Mill (Pvt.) Ltd. (ASSM) for Rs. 12 billion and proposed to issue new shares for this acquisition. Additionally, the Company further increased its authorized capital to Rs. 12.1 billion and amended its principal business object to focus on investments in shares, stocks, and other securities. Also, the shareholders resolved the issuance of 600 million shares otherwise than right to sponsors of ASSM, at a face value of Rs. 10/- subject to the approval of the regulatory bodies. These events indicate a strategic shift in the Company's business operations.

Moreover, the management is actively pursuing the fulfilment of all regulatory requirements to remove the Company from the PSX non-compliant segment.

These conditions indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern. However, considering the developments mentioned above the Management has prepared these financial statements on the going concern basis.

Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

We have determined that there are no key audit matters to communicate in our report.

### **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 do not express any form of assurance conclusion thereon.

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

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



## **Responsibilities of Management and the Board of Directors, for the Financial Statements**

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted by 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 by ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide the Board of Directors with a statement 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 matter communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 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:

- 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 and other 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 auditors' report is Mr. Muhammad Faiz-Ur-Rahman, FCA.

S.M. Suhail & Co.  
Chartered Accountants  
Karachi

Our Ref: SMS-A-02742025  
Date: October 7, 2024

UDIN: AR202410397X3nmexT46

**BAWANY AIR PRODUCTS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

|   | Note | 2024                     | 2023                     |
|---|------|--------------------------|--------------------------|
|   |      | ----- Rupees -----       |                          |
| <b>ASSETS</b>   |      |                          |                          |
| <b>Non-current assets</b>                                     |      |                          |                          |
| Property and equipment  | 6    | <u>731,795</u>           | <u>813,106</u>           |
| <b>Current assets</b>   |      |                          |                          |
| Trade debts   | 7    | -                        | -                        |
| Other receivables   | 8    | 2,184,400                | -                        |
| Sales tax refundable  |      | 824,547                  | 824,547                  |
| Short-term deposits   | 9    | 22,500                   | 2,342,084                |
| Investments   | 10   | 44,189                   | 36,057                   |
| Taxation - net  | 11   | 6,110,103                | 6,074,646                |
| Cash and bank balances  | 12   | <u>21,394,906</u>        | <u>83,990,373</u>        |
|   |      | <b>30,580,645</b>        | <b>93,267,707</b>        |
| <b>TOTAL ASSETS</b>   |      | <b><u>31,312,440</u></b> | <b><u>94,080,813</u></b> |
| <b>EQUITY AND LIABILITIES</b>                                 |      |                          |                          |
| <b>Share capital and reserves</b>                             |      |                          |                          |
| <b>Authorized share capital</b>                               |      |                          |                          |
| 15,000,000 (2023: 15,000,000) ordinary shares of Rs.10/- each |      | <u>150,000,000</u>       | <u>150,000,000</u>       |
| <b>Share capital</b>  |      |                          |                          |
| Issued, subscribed and paid-up capital                        | 13   | 75,025,100               | 75,025,100               |
| Accumulated (loss)  |      | <u>(50,230,626)</u>      | <u>(27,607,332)</u>      |
|   |      | <b>24,794,475</b>        | <b>47,417,768</b>        |
| <b>Non-current liabilities</b>                                |      |                          |                          |
| Deferred tax liability  | 14   | -                        | -                        |
| <b>Current liabilities</b>                                    |      |                          |                          |
| Trade and other payables                                      | 15   | -                        | 665,103                  |
| Accrued liabilities   | 16   | 1,384,246                | 11,421,823               |
| Unclaimed dividend  | 17   | 717,420                  | 717,420                  |
| Short-term deposits   | 18   | 4,282,990                | 14,971,512               |
| Due to related parties  | 19   | 133,309                  | 18,887,187               |
|   |      | <b>6,517,965</b>         | <b>46,663,045</b>        |
| Contingencies and commitments                                 | 20   | -                        | -                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                           |      | <b><u>31,312,440</u></b> | <b><u>94,080,813</u></b> |

*The annexed notes from 1 to 36 form an integral part of these financial statements.*

**NAIM ANWAR**  
Chief Executive officer

**ABDUL RAUF**  
Chief Financial Officer

**TANVEER AHMED**  
Director

**BAWANY AIR PRODUCTS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|   | Note | 2024                | 2023         |
|---|------|---------------------|--------------|
|   |      | ----- Rupees -----  |              |
| Revenue   |      | -                   | -            |
| Cost of sales   |      | -                   | -            |
| Gross profit  |      | -                   | -            |
| Administrative expenses   | 21   | <b>(22,456,562)</b> | (11,117,125) |
| Other expenses  | 22   | -                   | (1,139,704)  |
| Unrealized gain / (loss) on revaluation of other financial assets |      | <b>8,133</b>        | (9,240)      |
|   |      | <b>(22,448,429)</b> | (12,266,069) |
| Other income  | 23   | <b>810</b>          | 71,665,399   |
|   |      | <b>(22,447,619)</b> | 59,399,330   |
| <b>Operating (loss) / profit</b>                                  |      | <b>(22,447,619)</b> | 59,399,330   |
| Finance cost  | 24   | <b>(7,553)</b>      | (10,988)     |
| <b>(Loss) / profit before taxation</b>                            |      | <b>(22,455,172)</b> | 59,388,342   |
| Taxation  | 25   | <b>(168,122)</b>    | (281)        |
| <b>(Loss) / profit for the year</b>                               |      | <b>(22,623,294)</b> | 59,388,061   |
| <b>OTHER COMPREHENSIVE INCOME</b>                                 |      |                     |              |
| Other comprehensive income during the year                        |      | -                   | -            |
| <b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>           |      | <b>(22,623,294)</b> | 59,388,061   |
| <b>(Loss) / profit per share - basic and diluted</b>              | 26   | <b>(3.02)</b>       | 7.92         |

*The annexed notes from 1 to 36 form an integral part of these financial statements.*

**NAIM ANWAR**  
Chief Executive officer

**ABDUL RAUF**  
Chief Financial Officer

**TANVEER AHMED**  
Director

**BAWANY AIR PRODUCTS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|   | Note | 2024                | 2023                |
|---|------|---------------------|---------------------|
| ----- Rupees -----  |      |                     |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |      |                     |                     |
| (Loss) / Profit before taxation                                   |      | (22,455,172)        | 59,388,342          |
| <b>Adjustments for non-cash items:</b>                            |      |                     |                     |
| Depreciation  | 6.2  | 81,311              | 96,078              |
| Gain on disposal of assets held for sale                          |      | -                   | (69,391,938)        |
| Gain on disposal of other property, plant and equipment           |      | -                   | (840,536)           |
| Unrealized (gain) / loss on revaluation of other financial assets |      | (8,133)             | 9,240               |
| Finance cost  |      | 7,553               | 10,988              |
| <b>Operating cash flows before working capital changes</b>        |      | <b>(22,374,441)</b> | <b>(10,727,826)</b> |
| <b>Working capital changes</b>                                    |      |                     |                     |
| Advances and other receivables                                    |      | (2,184,400)         | 1,635,265           |
| Trade and other payables  |      | (665,103)           | (3,317,907)         |
| Accrued liabilities   |      | (10,037,576)        | (15,481,434)        |
|   |      | <b>(12,887,079)</b> | <b>(17,164,076)</b> |
| Finance charges paid  |      | (7,553)             | (10,987)            |
| Advance tax paid  |      | (203,579)           | (18,131)            |
| <b>Net cash used in operating activities</b>                      |      | <b>(35,472,652)</b> | <b>(27,921,020)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |      |                     |                     |
| Non current assets held for sale                                  |      | -                   | 192,492,206         |
| Proceeds from disposal of plant and machinery                     |      | -                   | 873,022             |
| Additions in Office Equipments                                    |      | -                   | (81,500)            |
| <b>Net cash generated from investing activities</b>               |      | <b>-</b>            | <b>193,283,728</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |      |                     |                     |
| Short term/ Long-term deposits - liabilities                      |      | (8,368,938)         | (30,195,148)        |
| Loan refunded to related parties                                  |      | (18,753,878)        | (11,418,296)        |
| Liabilities against non current assets held for sale              |      | -                   | (40,000,000)        |
| <b>Net cash used in financing activities</b>                      |      | <b>(27,122,816)</b> | <b>(81,613,444)</b> |
| <b>Net (decrease) / increase in cash and cash equivalents</b>     |      | <b>(62,595,468)</b> | <b>83,749,264</b>   |
| Cash and cash equivalents at beginning of the year                |      | 83,990,373          | 241,109             |
| <b>CASH AND CASH EQUIVALENT AT END OF THE YAEAR</b>               | 27   | <b>21,394,906</b>   | <b>83,990,373</b>   |

*The annexed notes from 1 to 36 form an integral part of these financial statements.*

**NAIM ANWAR**  
**Chief Executive officer**

**ABDUL RAUF**  
**Chief Financial Officer**

**TANVEER AHMED**  
**Director**

**BAWANY AIR PRODUCTS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                    | Issued,<br>subscribed and<br>paid-up capital | Accumulated<br>(loss)      | Total Equity             |
|------------------------------------|--|----------------------------|--------------------------|
|                                    | ----- Rupees -----                           |                            |                          |
| <b>Balance as at June 30, 2022</b> | 75,025,100                                   | (86,995,393)               | (11,970,293)             |
| Total Profit for the year          | -  | 59,388,061                 | 59,388,061               |
| <b>Balance as at June 30, 2023</b> | 75,025,100                                   | (27,607,332)               | 47,417,768               |
| Total (loss) for the year          | -  | (22,623,294)               | (22,623,294)             |
| <b>Balance as at June 30, 2024</b> | <b><u>75,025,100</u></b>                     | <b><u>(50,230,626)</u></b> | <b><u>24,794,475</u></b> |

*The annexed notes from 1 to 36 form an integral part of these financial statements.*

**NAIM ANWAR**  
**Chief Executive officer**

**ABDUL RAUF**  
**Chief Financial Officer**

**TANVEER AHMED**  
**Director**

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**1. STATUS AND NATURE OF BUSINESS**

**1.1** Bawany Air Products Limited (the Company) is a public limited Company, was incorporated in Pakistan on August 16, 1978 and was registered under the repealed Companies Act 1913, now the Companies Act, 2017. The Company is listed on Pakistan Stock Exchange Limited. The principal activities of the Company were production and trading of oxygen gas, dissolved acetylene and nitrogen gas, those had suspended in 2013.

**1.2** Geographical location and address of business;

**Address of the Office**

Office # 2nd floor, Nadir House, I.I Chundrigar Road, Karachi.

**1.3 Uncertainty related to Going Concern**

The financial statements for the year ended June 30, 2024 reflected a loss of Rs. (22.623) million, as compared to a profit of Rs. 59.388 million at June 30, 2023. Furthermore, the Company's accumulated loss as at June 30, 2024 is Rs. (50.23) million compared to June 30, 2023 loss of Rs. (27.607) million.

The operations of the Company remain closed since financial year 2013 due to major breakdown of Plant. Because of which the Company was facing financial and operational difficulties and was unable to discharge its liabilities in due course of business. The Company concluded to disposed-off its major property, plant and machinery and settled its outstanding liabilities in the financial year 2023.

In the year 2019, the Company was placed on the non-compliant counter by PSX, due to certain non-compliances. Currently, the Company has only one compliance pending with the section 5.11.1 (b) of the PSX Regulation, that it has suspended business operations in its principle line of business for a continuous period of above one year.

The Management of the Company is in the process of complying with all of the PSX regulations and is actively pursuing to fulfil the requirement from relevant authorities for removal of shares from non-compliant counter of PSX, to the normal counter. To revamp the Company, the significant events and subsequent events, were taken by the Management. Moreover, The directors of the Company have also assured to support the Company financially, as well as with professional expertise to manage the affairs of the Company.

On the basis of facts narrated above, the Company has prepared these financial statements on the going concern basis.

During the year, the Company through EOGM resolved to increase its authorized capital from Rs.150,000,000 to Rs.11,000,000,000, reflecting its plans for future expansion and growth. Moreover, old Directors, have retired and the Company has appointed new directors. These events are expected to have a considerable improving impact on the Company's strategic direction, business growth and the financial position.

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Subsequent to the year-end, the following significant events have occurred:

- On August 2, 2024, the Company informed that a share purchase agreement is signed with the sponsor shareholders of Alman Seyyam Sugar Mill (Pvt) Ltd. (the ASSM) to acquire their entire (100%) shareholding of ASSM, for a total consideration of Rs 12 billion.
- On August 26, 2024, the Company proposed to increase its paid-up capital by issuance of 599,999,732 rights shares. Also, the Company has proposed to issued 600,000,000 shares other than right, for consideration other than cash, subject to approval of shareholders and the SECP, of face value of Rs 10 each, to the sponsor shareholders of ASSM to acquire 51,114,011 shares of ASSM with a value of Rs. 234.77 each and the balance consideration will be paid by the Company to the shareholders of ASSML in accordance with the share purchase agreement terms and conditions within two years.
- On September 26, 2024, the Company resolved in the EOGM to increase its authorized capital from Rs 11,000,000,000 to Rs 12,100,000,000. Additionally, the Company amended its main object clause from manufacturing of gases to invest in and, to acquire shares, stocks, debentures, bonds, obligations, and securities. Also, the shareholders resolved the issuance of 600,000,000 shares other than right to sponsors of ASSM, at a face value of Rs. 10/- subject to approval of the regulatory bodies. Moreover, the Company has concluded to revamp its business by changing its object clause to invest in stock, shares, bonds and others securities.

## **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**

Under the going concern assumption, 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.

Additionally, 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.



**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**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:

These financial statements were authorized for issue on October 7, 2024 by the Board of Directors of the Company.

- (i) depreciation method, useful lives and residual value of property, plant and equipment;
- (ii) provision for impairment of trade debts and other receivable;
- (iii) allowance for expected credit losses;
- (iv) impairment of assets;
- (v) provision for taxation; and
- (vi) contingencies.

**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, 2024**

The following standards and amendments became effective during the year but, are not relevant to the Company's operations or, are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standard or Interpretation :

|   | <b>Effective date<br/>(Annual periods<br/>beginning on or<br/>after)</b> |
|---|--|
| a) IAS 1 'Presentation of financial statements' and IFRS practice statement 2 Making materiality judgements - Disclosure of Accounting policies     | January 1, 2023  |
| b) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting estimates                                     | January 1, 2023  |
| c) IAS 12 'Income Taxes' - Deferred tax related to assets and liabilities arising from a single transaction   | January 1, 2023  |
| d) IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to two pillar income taxes | January 1, 2023  |

The Company adopted the amendment to International accounting standards (IAS) 1 'Presentation of financial statements' regarding disclosure of Material accounting policies which has been effective for accounting period beginning on or after 1 January 2023, although the adoption has not resulted in any change to the accounting policies or their adoption , they have impacted the accounting policies disclosed in the financial statements.

**BAWANY AIR PRODUCTS LIMITED**  
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The amendment requires the disclosure of material rather than significant accounting policies, the amendment also provides guidance on application of materiality to disclosure of accounting policies.

Management reviewed the accounting policies and updates to the information disclosed in Note 5, Material Accounting Policies (2023 : Significant Accounting Policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

The following standards, amendments and interpretations of approved accounting standards are only effective for the accounting periods beginning on or after the date mentioned against each of them :

|  | <b>Effective date<br/>(Annual periods<br/>beginning on or<br/>after)</b> |
|--|--|
| the ISSB issued amendments to the SASB standards to enhance their international applicability.   | 01-Jan-25  |
| 'Lack of Exchangeability (Amendments to IAS 21)' to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. | 01-Jan-25  |
| IAS 7 'Statement of Cash Flows': Amendments regarding supplier finance arrangements  | 01-Jan-24  |
| IAS 1 Classification of liabilities as current or non-current —  | 01-Jan-24  |
| IAS 1 Classification of liabilities as non current liabilities with covenants  | 01-Jan-24  |
| IFRS 16 'leases' adds subsequent measurement requirements for sales and leaseback transactions that satisfies the requirements to be accounted for as a sale.          | 01-Jan-24  |
| amendments to ifrs 9 'financial instruments: disclosures' amendments regarding classification and measurement of financial instruments                                 | 01-Jan-26  |
| amendments to ifrs 7 'financial instruments: disclosures' amendments regarding classification and measurement of financial instruments                                 | 01-Jan-26  |
| IFRS 17 'Insurance contracts:  | 01-Jan-26  |

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation/disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9 on its financial statements.

**BAWANY AIR PRODUCTS LIMITED**  
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**4.2.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and adopted by SECP**

IFRS 1 'First Time Adoption of International financial reporting standards' has been issued by IASB effective from July 1, 2009 However it has not been adopted yet locally by Securities exchange commission of pakistan (SECP)

IFRS 17 'Insurance Contracts' has been notified by the IASB to be effective for the annual periods beginning on or after 1 January, 2023, However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by 1 January 2026.

IFRS 18 'Presentation and disclosure in Financial Statements' has been issued by IASB effective from January 01, 2027. However it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability Disclosures' has been issued by IASB effective from January 01, 2027. However it has not been adopted yet locally by SECP.

**5 MATERIAL ACCOUNTING POLICY INFORMATION**

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 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 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.

**BAWANY AIR PRODUCTS LIMITED**  
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- 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.

**BAWANY AIR PRODUCTS LIMITED**  
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**5.3 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 Notes.

**5.4 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.

**5.5 Employee Benefits**

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

**5.5.1 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.

**5.6 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.

**5.7 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.

**5.8 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.

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5.9 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.

**5.10 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.

**5.11 Financial assets and liabilities**

**5.11.1 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.

**BAWANY AIR PRODUCTS LIMITED**  
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**5.11.2 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.

**5.12 Offsetting of financial assets and financial liabilities**

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

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**6 PROPERTY AND EQUIPMENT**

| Particulars              | Cost                    |                                       |                   | Accumulated Depreciation |                           |                     | Net Book Value as at end of year | Rate %         |                   |
|--------------------------|-------------------------|---------------------------------------|-------------------|--------------------------|---------------------------|---------------------|----------------------------------|----------------|-------------------|
|                          | As at beginning of year | Addition / (Disposal) during the year | As at end of year | As at beginning of year  | Depreciation on disposals | Charge for the year |                                  |                | As at end of year |
| ----- Rupees -----       |                         |                                       |                   |                          |                           |                     |                                  |                |                   |
| <b>FOR THE YEAR 2024</b> |                         |                                       |                   |                          |                           |                     |                                  |                |                   |
| Furniture and fixture    | 2,343,158               | -                                     | 2,343,158         | 1,882,950                | -                         | 46,021              | 1,928,971                        | 414,187        | 10                |
| Office equipment         | 2,377,246               | -                                     | 2,377,246         | 2,024,348                | -                         | 35,290              | 2,059,638                        | 317,608        | 10                |
|                          | <b>4,720,404</b>        | <b>-</b>                              | <b>4,720,404</b>  | <b>3,907,298</b>         | <b>-</b>                  | <b>81,311</b>       | <b>3,988,609</b>                 | <b>731,795</b> |                   |
| <b>FOR THE YEAR 2023</b> |                         |                                       |                   |                          |                           |                     |                                  |                |                   |
| Furniture and fixture    | 2,343,158               | -                                     | 2,343,158         | 1,831,816                | -                         | 51,134              | 1,882,950                        | 460,208        | 10                |
| Office equipment         | 2,295,746               | 81,500                                | 2,377,246         | 1,985,137                | -                         | 39,211              | 2,024,348                        | 352,898        | 10                |
| Vehicles                 | 623,834                 | (623,834)                             | -                 | 585,615                  | (591,348)                 | 5,733               | -                                | -              | 20                |
|                          | <b>5,262,738</b>        | <b>(542,334)</b>                      | <b>4,720,404</b>  | <b>4,402,568</b>         | <b>(591,348)</b>          | <b>96,078</b>       | <b>3,907,298</b>                 | <b>813,106</b> |                   |



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**FOR THE YEAR ENDED JUNE 30, 2024**

|   | Note  | 2024                    | 2023             |
|---|-------|-------------------------|------------------|
|   |       | ----- Rupees -----      |                  |
| <b>7 TRADE DEBTS</b>  |       |                         |                  |
| <b>Unsecured</b>  |       |                         |                  |
| Considered doubtful   |       | -                       | 1,502,581        |
| Provision for doubtful debts  | 7.2   | -                       | (1,502,581)      |
|   |       | <u>-</u>                | <u>-</u>         |
| <b>7.1 Age analysis is as follows:</b>  |       |                         |                  |
| Over 365 days   |       | -                       | 1,502,581        |
|   |       | <u>-</u>                | <u>1,502,581</u> |
| <b>7.2 Provision for doubtful debts</b>   |       |                         |                  |
| Balance at beginning of year  |       | <b>1,502,581</b>        | 1,526,652        |
| Debts written off   | 7.3   | <b>(1,502,581)</b>      | (24,071)         |
|   |       | <u>-</u>                | <u>1,502,581</u> |
| Provision made during the year  |       | -                       | -                |
|   |       | <u>-</u>                | <u>1,502,581</u> |
| <b>7.3</b>  |       |                         |                  |
| These provided trade debts pertain to parties for goods before 2013, when there was a major breakdown of the plant. Since these debts are no longer recoverable and the Company is considering changing its nature, it can be concluded that they are uncollectible. Therefore, the Management has decided to write off these balances. |       |                         |                  |
| <b>8 OTHER RECEIVABLES</b>  |       |                         |                  |
| <b>Unsecured</b>  |       |                         |                  |
| Other receivables - Considered doubtful   |       | <b>2,184,400</b>        | 63,728           |
| Provision against doubtful advances   |       | -                       | (63,728)         |
|   |       | <u><b>2,184,400</b></u> | <u>-</u>         |
| <b>8.1 Age analysis is as follows:</b>  |       |                         |                  |
| Over 365 days   | 8.1.1 | <b>2,184,400</b>        | 63,728           |
|   |       | <u><b>2,184,400</b></u> | <u>63,728</u>    |

**8.1.1** These represent refundable security deposits to K-Electric for the electric connection at the factory. In 2023, the company sold its factory, and it was agreed that this amount would be repaid to the company by the buyer following the restoration of the connection. Consequently, this amount has been reclassified from security deposits to other receivables.

Management has communicated the buyer regarding this receivable. However, since the electricity has not been consumed for over ten years, the buyer is facing challenges in resolving the issue. Despite these circumstances, management remains confident in the recovery of the said amount.

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|   | Note | 2024     | 2023         |
|---|------|----------|--------------|
| <b>8.2 Provision for Doubtful Other Receivables</b> |      | -----    | Rupees ----- |
| Balance at beginning of year                        |      | 63,728   | 63,728       |
| Other receivables written off                       | 8.3  | (63,728) | -            |
|   |      | -        | 63,728       |
| Provision made during the year                      |      | -        | -            |
|   |      | -        | 63,728       |

**8.3** These receivables are the advances paid to suppliers for supply of goods before 2013. In 2013 there was a major breakdown of the plant, after which these doubtful receivables were provided for. Since these receivables are no longer recoverable and now the Company considering changing its primary business, therefore, the Management has concluded that these are uncollectible and should be written off.

**9 SHORT-TERM DEPOSITS - Unsecured**

|             |       |        |           |
|-------------|-------|--------|-----------|
| Electricity | 8.1.1 | -      | 2,184,400 |
| Others      |       | 22,500 | 157,684   |
|             |       | 22,500 | 2,342,084 |

**10 INVESTMENTS**

**At Fair Value through Profit or Loss**

Investment in equity securities having par value of Rs. 10 each, except for K-Electric Limited that has par value of Rs. 3.5 each.

| 2024                              | 2023  | Company's name                       | 2024   | 2023         |
|-----------------------------------|-------|--------------------------------------|--------|--------------|
| <b>No. of shares certificates</b> |       |                                      | -----  | Rupees ----- |
| 268                               | 268   | Faysal Bank Ltd.                     | 14,054 | 5,408        |
| 603                               | 603   | Sui Southern Gas Pipelines Ltd.      | 5,716  | 5,180        |
| 1,398                             | 1,398 | First Fidelity Leasing Modaraba Ltd. | 2,978  | 2,377        |
| 1,311                             | 1,311 | First Equity Modaraba Ltd.           | 3,422  | 5,244        |
| 419                               | 419   | K-Electric Ltd.                      | 1,940  | 721          |
| 156                               | 156   | Pakistan Oxygen Ltd.                 | 12,555 | 14,711       |
| 290                               | 290   | SAMBA Bank Ltd.                      | 3,381  | 2,268        |
| 15                                | 15    | Ghani Gases Ltd.                     | 143    | 148          |
| 4,460                             | 4,460 |                                      | 44,189 | 36,057       |

**11 TAXATION - NET**

|   |           |           |
|---|-----------|-----------|
| Income tax refundable                       | 6,074,646 | 6,056,796 |
| Advance income tax deducted during the year | 35,457    | 17,850    |
|   | 6,110,103 | 6,074,646 |

**12 CASH AND BANK BALANCES**

|                                 |            |            |
|---------------------------------|------------|------------|
| Cash at bank - current accounts | 21,067,786 | 83,874,373 |
| Cash in hand                    | 327,120    | 116,000    |
|                                 | 21,394,906 | 83,990,373 |

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

These financial statements were authorized for issue on October 7, 2024 by the Board of Directors.

| 2024             | 2023             |                                     | 2024               | 2023              |
|------------------|------------------|-------------------------------------|--------------------|-------------------|
| 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> |

**13.1 Shares held by the related parties of the Company**

|                                  | 2024             | 2023             |
|----------------------------------|------------------|------------------|
|                                  | No. of shares    |                  |
| <b>Name of the shareholders:</b> |                  |                  |
| 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. Naim Anwer                   | 500              | -                |
| Mr. Mohabat Khan                 | 500              | -                |
| Mr. Zahir Khan                   | 500              | -                |
| Mr. Zakaria Abdul Ghaffar        | -                | 3,581            |
| Mr. Wazir Ahmed Jomezai          | -                | 3,581            |
| Mr. Mikhail Bawany               | 317,521          | 3,010            |
| Mr. Muhammad Danish              | -                | 17,945           |
|                                  | <u>2,546,807</u> | <u>2,255,903</u> |

**13.2** The ordinary share holders 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. All shares carry one vote per share without restriction.

**14 DEFERRED TAX LIABILITY**

|  | 2024                | 2023                |
|--|---------------------|---------------------|
|  | ----- Rupees -----  |                     |
| <b>Taxable temporary differences:</b>              |                     |                     |
| Accelerated depreciation on property and equipment | 212,221             | (1,144,583)         |
|  | <u>212,221</u>      | <u>(1,144,583)</u>  |
| <b>Deductible temporary differences:</b>           |                     |                     |
| Doubtful receivables and other provisions          | -                   | (454,230)           |
| Carried forward tax losses                         | (21,336,254)        | (22,695,486)        |
|  | <u>(21,336,254)</u> | <u>(23,149,716)</u> |
| Net deferred tax (asset)/ liability                | (21,124,034)        | (24,294,299)        |
| Deferred tax asset not recognized                  | 21,124,034          | 24,294,299          |
|  | <u>-</u>            | <u>-</u>            |

**14.1** The Company has not recognized its deferred tax asset relating to deductible temporary differences unused tax losses amounting to Rs. 21.124 (2023: Rs. 24.29) million as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

**BAWANY AIR PRODUCTS LIMITED**  
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|                                    | Note | 2024               | 2023           |
|------------------------------------|------|--------------------|----------------|
|                                    |      | ----- Rupees ----- |                |
| <b>15 TRADE AND OTHER PAYABLES</b> |      |                    |                |
| Contract liability - Unsecured     |      | -                  | 215,103        |
| Provision for compensated absences | 15.1 | -                  | 450,000        |
|                                    |      | <u>-</u>           | <u>665,103</u> |

**15.1** With effect from financial year 2015, the policy has been discontinued by the Company.

|                                   |  |                         |                   |
|-----------------------------------|--|-------------------------|-------------------|
| <b>16 ACCRUED LIABILITIES</b>     |  |                         |                   |
| Remuneration payable to Directors |  | <b>700,321</b>          | 7,744,314         |
| Salaries payable                  |  | -                       | 1,283,692         |
| EOBI and SESSI payable            |  | <b>4,840</b>            | 1,560             |
| Audit fee payable                 |  | <b>356,400</b>          | 300,000           |
| Rent payable                      |  | -                       | 1,211,512         |
| Other accrued liabilities         |  | <b>322,681</b>          | 880,745           |
|                                   |  | <u><b>1,384,242</b></u> | <u>11,421,823</u> |

**17 UNCLAIMED DIVIDEND**

Includes unclaimed dividend amounting to Rs. 717,420 (2023: Rs. 717,420) outstanding for more than 3 years from the date of declaration.

**18 SHORT-TERM DEPOSITS**

|                                      |  |                         |                   |
|--------------------------------------|--|-------------------------|-------------------|
| Received against tanks and cylinders |  | <u><b>4,282,990</b></u> | <u>14,971,512</u> |
|--------------------------------------|--|-------------------------|-------------------|

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

**19 DUE TO RELATED PARTIES**

|                                  |  |                       |                   |
|----------------------------------|--|-----------------------|-------------------|
| Bawany Management (Private) Ltd. |  | -                     | 17,795,439        |
| Loan from director               |  | <b>133,309</b>        | 1,091,748         |
|                                  |  | <u><b>133,309</b></u> | <u>18,887,187</u> |

**19.1** The loan is unsecured, interest free and repayable on demand. Loan was given by the Director to facilitate the Company for fulfilling its working capital requirements. The treatment has been done in accordance with the guidelines given under Technical Release (TR) 32 "Accounting Directors' Loan" as issued by the Institute of Chartered Accountants of Pakistan (ICAP).

**BAWANY AIR PRODUCTS LIMITED**  
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**FOR THE YEAR ENDED JUNE 30, 2024**

**20 CONTINGENCY AND COMMITMENT**

**20.1 CONTINGENCY**

There was no contingency as at June 30, 2024 (2023: Nil).

**20.2 COMMITMENT**

There was no commitment as at June 30, 2024 (2023: Nil).

|                                    | Note | 2024               | 2023       |
|------------------------------------|------|--------------------|------------|
|                                    |      | ----- Rupees ----- |            |
| <b>21 ADMINISTRATIVE EXPENSES</b>  |      |                    |            |
| Salaries and other benefits        | 21.1 | <b>16,782,558</b>  | 7,032,245  |
| Electricity, gas and water         |      | <b>354,314</b>     | 240,308    |
| Repairs and maintenance            |      | <b>415,751</b>     | 321,395    |
| Communication                      |      | <b>213,208</b>     | 185,504    |
| Vehicle running and maintenance    |      | -                  | 477,923    |
| Fees, subscription and periodicals |      | <b>1,646,757</b>   | 695,397    |
| Rent, rates and taxes              |      | <b>505,584</b>     | 529,741    |
| Auditors' remuneration             | 21.2 | <b>520,800</b>     | 393,150    |
| Traveling and conveyance           |      | <b>1,437,821</b>   | 169,160    |
| Printing and stationery            |      | <b>81,554</b>      | 77,834     |
| Legal and professional charges     |      | <b>271,280</b>     | 705,555    |
| Advertisement                      |      | <b>57,500</b>      | 103,500    |
| Others expenses                    |      | <b>88,124</b>      | 89,335     |
| Depreciation                       | 6.2  | <b>81,311</b>      | 96,078     |
|                                    |      | <b>22,456,562</b>  | 11,117,125 |

**21.1** Salaries and other benefits include contributions of Rs.0.117 (2023: 0.114) million in respect of defined contribution plan. It also includes director remuneration details of which is reflected in note 29.

|                                    | 2024           | 2023               |
|------------------------------------|----------------|--------------------|
|                                    |                | ----- Rupees ----- |
| <b>21.2 Auditors' remuneration</b> |                |                    |
| Audit fee                          | <b>412,800</b> | 300,000            |
| Half year review fee               | <b>108,000</b> | 93,150             |
|                                    | <b>520,800</b> | 393,150            |

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|   | Note | 2024               | 2023       |
|---|------|--------------------|------------|
|   |      | ----- Rupees ----- |            |
| <b>22 OTHER EXPENSES</b>                              |      |                    |            |
| Expenses related to old plant and factory             | 22.1 | -                  | 1,139,704  |
|   |      | -                  | 1,139,704  |
| <b>22.1 Expenses related to old plant and factory</b> |      |                    |            |
| Salaries and other benefits                           |      | -                  | 379,468    |
| Utilities   |      | -                  | 57,800     |
| Repair and maintenance                                |      | -                  | 14,880     |
| Security  |      | -                  | 240,000    |
| Transportation charges                                |      | -                  | 198,580    |
| Others  |      | -                  | 248,976    |
|   |      | -                  | 1,139,704  |
| <b>23 OTHER INCOME</b>                                |      |                    |            |
| Dividend income                                       |      | <b>810</b>         | 1,876      |
| Gain on disposal of assets held for sale              |      | -                  | 69,391,938 |
| Gain on disposal of other fixed assets                |      | -                  | 840,536    |
| Reversal of provisions                                |      | -                  | 381,049    |
| Income from old dues and rent                         |      | -                  | 1,050,000  |
|   |      | <b>810</b>         | 71,665,399 |
| <b>24 FINANCE COST</b>                                |      |                    |            |
| Mark-up on due to provident fund                      |      | <b>1,664</b>       | 2,094      |
| Bank charges  |      | <b>5,889</b>       | 8,894      |
|   |      | <b>7,553</b>       | 10,988     |
| <b>25 TAXATION</b>                                    |      |                    |            |
| <b>Current tax</b>                                    |      |                    |            |
| - Current   |      | 122                | 281        |
| - Prior year  |      | 168,000            | -          |
|   |      | 168,122            | 281        |
| Deferred tax  |      | -                  | -          |
|   |      | 168,122            | 281        |

**25.1** The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available.

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**26 (LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED**

**Basic earnings per share**

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

|   | Note | 2024                | 2023              |
|---|------|---------------------|-------------------|
|   |      | ----- Rupees -----  |                   |
| (Loss) / Profit for the year - Rupees               |      | <u>(22,623,294)</u> | <u>59,388,061</u> |
| Weighted average number of ordinary shares (Number) |      | <u>7,502,510</u>    | <u>7,502,510</u>  |
| (Loss) / Earning per share - Rupees                 |      | <u>(3.02)</u>       | <u>7.92</u>       |

**Diluted earnings per share**

Diluted earnings per share has not been presented as the company did not have any convertible

**27 CASH & CASH EQUIVALENT**

|                        |    |                   |                   |
|------------------------|----|-------------------|-------------------|
| Cash and bank balances | 12 | <u>21,394,906</u> | <u>83,990,373</u> |
|------------------------|----|-------------------|-------------------|

**28 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVE**

|                     | Chief Executive Officer |                  | Director         |                  |
|---------------------|-------------------------|------------------|------------------|------------------|
|                     | 2024                    | 2023             | 2024             | 2023             |
|                     | ----- Rupees -----      |                  |                  |                  |
| Remuneration        | <u>1,562,911</u>        | 967,742          | <u>1,687,943</u> | 1,045,161        |
| House rent          | <u>703,310</u>          | 435,484          | <u>759,574</u>   | 470,322          |
| Utilities allowance | <u>156,291</u>          | 96,774           | <u>168,794</u>   | 104,517          |
| Vehicle allowance   | <u>3,240,000</u>        | -                | <u>2,400,000</u> | -                |
| Salary Arrears      | <u>1,214,920</u>        | -                | <u>1,312,114</u> | -                |
|                     | <u>6,877,432</u>        | <u>1,500,000</u> | <u>6,328,426</u> | <u>1,620,000</u> |
| No. of persons      | <u>1</u>                | <u>1</u>         | <u>1</u>         | <u>1</u>         |

**28.1** The chief executive officer and the director are provided with free use residential utility and telephone bills, the monetary value of which is Rs.2.09 million (2023: Rs. 1.042 million).

**28.2** No fees have been paid to any of the directors during the year (2023: nil) for attending boards' meetings.

**28.3** No remuneration has been paid to non-executive directors of the Company during the year (2023: Nil).

**29 TRANSACTIONS WITH RELATED PARTIES**

Detail relationship with related parties and percentage of holdings, if any, are disclosed in note 13.1 to the financial statements. Remuneration of chief executive officer, directors and executives of the Company are disclosed in note 28. 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 basis and are subject to approval of the Board of Directors.

| Name of related party     | Nature of transactions | 2024                | 2023        |
|---------------------------|------------------------|---------------------|-------------|
|                           |                        | ----- Rupees -----  |             |
| Directors                 | Loan refund            | <u>(958,439)</u>    | (4,906,271) |
| Bawany Management (Pvt) L | Loan refund            | <u>(17,795,439)</u> | (6,512,025) |
| Employees retirement -    | Contribution paid      | <u>(116,664)</u>    | (114,298)   |
| benefit plan              | Interest paid          | <u>(1,664)</u>      | (2,094)     |

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**29.1** 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<br>in the Company |        |
|-----------------------------|---------------------|--|--------|
|                             |                     | 2024   | 2023   |
| Bawany Management (Pvt) Ltd | Common Directorship | 2.96%  | 2.96%  |
| Mrs. Momiza Hanif Bawany    | Director            | 5.91%  | 5.91%  |
| Mr. Hanif Y. Bawany         | Director            | 16.30%                                       | 16.30% |

**30 PROVIDENT FUND**

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

|                                 | June 30,<br>2024<br>(Un-audited) | June 30,<br>2023<br>(Un-audited) |
|---------------------------------|----------------------------------|----------------------------------|
|                                 | ----- Rupees -----               |                                  |
| Size of the fund - total assets | 142,458                          | 650,415                          |
| Cost of the investment made     | -                                | -                                |
| Percentage of investments made  | 0%                               | 0%                               |

**30.1** The break-up of fair value of investments is:

|                             |         |         |
|-----------------------------|---------|---------|
| Bank balances/ deposits     | 142,458 | 650,415 |
|                             | 100.00% | 100.00% |
| Receivable from the Company | -       | -       |
|                             | 0.00%   | 0.00%   |

**31 FINANCIAL RISK MANAGEMENT**

**31.1 Financial instruments by category**

**FINANCIAL ASSETS**

**Through Amortized cost**

|  |            |            |
|--|------------|------------|
| Short-term deposits                      | 22,500     | 2,342,084  |
| Other receivables                        | 2,184,400  | 63,728     |
| Cash and bank balances                   | 21,394,906 | 83,990,373 |
|  | 23,601,806 | 86,396,185 |
| <b>Fair value through profit or loss</b> |            |            |
| Investments                              | 44,189     | 36,057     |
|  | 23,645,995 | 86,432,242 |



**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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|  | 2024               | 2023              |
|--|--------------------|-------------------|
|  | ----- Rupees ----- |                   |
| <b>FINANCIAL LIABILITIES</b>                     |                    |                   |
| <b>Through Amortized Cost</b>                    |                    |                   |
| Trade and other payables                         | -                  | 665,103           |
| Accrued liabilities - other than related parties | 1,384,246          | 2,465,997         |
| Unclaimed dividend                               | 717,420            | 717,420           |
| Short-term deposits                              | 4,282,990          | 14,971,512        |
| Due to related parties                           | 133,309            | 26,631,501        |
|  | <u>6,517,965</u>   | <u>45,451,533</u> |

**31.2 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:

**31.2.1 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 or liabilities in the financial year 2024.

**c) Other price risk**

The Company is not significantly exposed to equity securities price risk because it has a very small amount of investment in equity securities, which has been classified as fair value through profit or loss and has already been marked to market.

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**31.2.2 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

**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 of the Company arises principally from short-term deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

|                     | 2024               | 2023             |
|---------------------|--------------------|------------------|
|                     | ----- Rupees ----- |                  |
| Trade debts         | -                  | -                |
| Short-term deposits | 22,500             | 2,342,084        |
| Other receivables   | 2,184,400          | 63,728           |
|                     | <u>2,206,900</u>   | <u>2,405,812</u> |

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

| <b>Parties</b> | <b>Credit Quality</b>   |               |                  |
|----------------|---|---------------|------------------|
| Electricity    | Deposits to K-Electric for the electricity services are being obtained .(Considered Good) | -             | 2,184,400        |
| Others         | Deposits to vendors from whom services are being obtained (Considered Doubtful).          | 22,500        | 157,684          |
|                |   | <u>22,500</u> | <u>2,342,084</u> |

Aging of past due not impaired (if any) other receivable 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, 2023 is as follows:

| <b>Banks</b>              | <b>Credit Rating (Short term)</b> |                   |                   |
|---------------------------|-----------------------------------|-------------------|-------------------|
| MCB Bank Limited          | A1+                               | 647               | 647               |
| United Bank Limited       | A1+                               | 10,496,539        | 46,089,779        |
| Meezan Bank Limited       | A1+                               | 2,881,530         | 6,176,944         |
| National Bank of Pakistan | A1+                               | 7,689,070         | 31,607,003        |
|                           |                                   | <u>21,067,786</u> | <u>83,874,373</u> |

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**31.2.3 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:

|   | <b>Within 1<br/>year</b> | <b>1 to 5<br/>years</b> | <b>over 5<br/>years</b> | <b>Total</b>     |
|---|--------------------------|-------------------------|-------------------------|------------------|
| ----- Rupees -----                                  |                          |                         |                         |                  |
| <b>As of June 30, 2024</b>                          |                          |                         |                         |                  |
| Short-term deposits                                 | <b>4,282,990</b>         | -                       | -                       | <b>4,282,990</b> |
| Trade and other payables                            | -                        | -                       | -                       | -                |
| Accrued liabilities other than -<br>related parties | <b>683,925</b>           | -                       | -                       | <b>683,925</b>   |
| Unclaimed dividend                                  | <b>717,420</b>           | -                       | -                       | <b>717,420</b>   |
| Due to related parties                              | <b>833,630</b>           | -                       | -                       | <b>833,630</b>   |
|   | <b>6,517,965</b>         | -                       | -                       | <b>6,517,965</b> |
| <b>As of June 30, 2023</b>                          |                          |                         |                         |                  |
| Short-term deposits                                 | 14,971,512               | -                       | -                       | 14,971,512       |
| Trade and other payables                            | 665,103                  | -                       | -                       | 665,103          |
| Accrued liabilities other than<br>related parties   | 3,677,509                | -                       | -                       | 3,677,509        |
| Unclaimed dividend                                  | 717,420                  | -                       | -                       | 717,420          |
| Due to related parties                              | 26,631,501               | -                       | -                       | 26,631,501       |
|   | 46,663,045               | -                       | -                       | 46,663,045       |

**32 FAIR VALUE MEASUREMENT**

**32.1 Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all the financial assets and liabilities reported in the financial statements approximate their fair values.

In accordance with the requirements of IFRS 13 Fair value measurement, the Company classifies its financial and non-financial assets in terms of following fair value hierarchy:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2:** Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:** Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

**32.2 Fair value of non-financial assets**

There is no non financial assets measured at fair value on a recurring basis.

**BAWANY AIR PRODUCTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**33 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.

|               | 2024               | 2023              |
|---------------|--------------------|-------------------|
|               | ----- Rupees ----- |                   |
| Total debts   | 6,517,965          | 46,663,045        |
| Total Equity  | <u>24,794,475</u>  | <u>47,417,768</u> |
|               | <u>31,312,440</u>  | <u>94,080,813</u> |
| Gearing ratio | <u>21%</u>         | <u>50%</u>        |

**34 NUMBER OF EMPLOYEES & PLANT CAPACITY**

The Company had sold its plant in the financial years 2023, therefore, the plant capacity and the actual production of the Company during the year in Nil (2023: Nil)

The numbers of employees working at factory at the year ended were Nil (2023: Nil) and average number of employees at factory during the year were Nil (2023: 02).

The numbers of employees working at office at the year ended were 2 (2023: 3) and average number of employees at factory during the year were 2 (2023: 3).

**35 AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on October 7, 2024 by the Board of Directors of the Company.

**36 GENERAL**

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

**NAIM ANWAR**  
**Chief Executive officer**

**ABDUL RAUF**  
**Chief Financial Officer**

**TANVEER AHMED**  
**Director**



**BAWANYAIR**

PRODUCTS LIMITED

**Form of Proxy**

The Director  
Bawany Air Products Limited  
Office, 2<sup>nd</sup> Floor, Nadir House  
I.I.Chundrigar Road

Please quote Folio No.

Reason for shortfall

No. of shares \_\_\_\_\_

I / We \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of Bawany Air Products Limited (“Company”), holding \_\_\_\_\_ Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby appoint Mr./Ms. \_\_\_\_\_ Folio No. (if member) \_\_\_\_\_ of \_\_\_\_\_ or failing him / her, Mr. Ms. \_\_\_\_\_ Folio No. (if member) \_\_\_\_\_ as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at 46<sup>th</sup> Annual General Meeting of the Company to be held on the **28<sup>th</sup> day of October 2024** and at any every adjournment thereof.

Signed by \_\_\_\_\_  
Signed under my / our hand this the \_\_\_\_\_ day of \_\_\_\_\_, 2024

**Witness – 1**

**Witness – 2**

Name : \_\_\_\_\_  
CNIC : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_

Name : \_\_\_\_\_  
CNIC : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_

Signature Across  
Revenue Stamp

**NOTE:**

- a. The signature should match with the specimen signature registered with the company.
- b. A Proxy need not be a member of the Company
- c. Proxy Forms properly completed should be deposited at the office of the Company’s Share Registrar, C & K Management Associates (Pvt) Limited, M-13, Progressive Plaza, Beaumont Road, Civil Lines Quarter, Near P.I.D.C., Karachi not later than 48 hours (excluding closed days) before the time for holding the Meeting for adjourned Meeting and in default the instrument of Proxy shall not be treated as valid.

**For Beneficial Owners as per CDC List**

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

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

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# **BAWANY AIR**

## **PRODUCTS LIMITED**

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