



BAWANYAIR
PRODUCTS LIMITED

October 15, 2024

Mr. Akbar Ali,
Assistant Manager-Trading & TREC Affairs Department,
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Dear Sir,

Issuance of Right Shares

This is with reference to your letter No. PSX/C-473-1182 dated August 28, 2024, we are enclosing the draft Offer Document of Bawany Air Products Limited for your review and comments.

We do not intend to seek public comments on the draft Offer Document.

Thanking you,
For Bawany Air Products Limited

Company Secretary

Cc: The Joint Director PMADD Security Market Division, SECP, Islamabad

ADVISE FOR INVESTORS

INVESTMENT IN EQUITY SECURITIES AND EQUITY RELATED SECURITIES INVOLVES A CERTAIN DEGREE OF RISKS. THE INVESTORS ARE REQUIRED TO READ THE RIGHTS SHARE OFFER DOCUMENT (HEREIN REFERRED TO AS 'OFFER DOCUMENT') AND RISK FACTORS CAREFULLY, ASSESS THEIR OWN FINANCIAL CONDITIONS AND RISK-TAKING ABILITY BEFORE MAKING THEIR INVESTMENT DECISIONS IN THIS OFFERING.

RIGHT ENTITLEMENT LETTER IS TRADABLE ON PSX, RISKS AND REWARDS ARISING OUT OF IT SHALL BE SOLE LIABILITY OF THE INVESTORS.

THIS DOCUMENT IS ISSUED FOR THE PURPOSE OF PROVIDING INFORMATION TO SHAREHOLDERS OF THE COMPANY AND TO THE PUBLIC IN GENERAL IN RELATION TO THE RIGHTS ISSUE OF PKR 5,999,997,320/- CONSISTING OF (599,999,732) NEW ORDINARY SHARES OF PKR 10/- EACH BY BAWANY AIR PRODUCTS LIMITED. A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH THE SECURITIES EXCHANGE. THIS OFFER DOCUMENT IS VALID TILL OCTOBER __, 2024 (60 days from the last day of payment of subscription amount)

**Bawany Air Products Limited
Right Share - Offer Document**

Office: 2nd Floor, Nadir House, I.I. Chundrigar Road Karachi, 74000, Pakistan, Contact Details: Phone + 92 021 32415471-3, Email: munir@bawanyair.com, Website: www.bawanyair.com, Contact Person: Muhammad Munir – Accounts Manage, Date of Incorporation: 16th August 1978, Place of Incorporation Quetta, Company Registration No.: 0006393, Share Registrar: C & K Management Associates (Pvt.) Limited, Address: M-13, Mezzanine Floor, Progressive Plaza, Civil Lines Quarter, Beaumont Road, Karachi - 74400, Tel: (92-21) 35687839, 35685930. Email: info@cnk.com.pk, website: <http://cnk.com.pk>

Circular under Section 83(3) of the Companies Act, 2017 and Schedule 1 under the Companies (Further Issue of Shares) Regulations, 2020 for issue of 599,999,732 (Five hundred Ninety Nine million Nine Hundred Ninety Nine Thousand Seven Hundred Thirty Two) ordinary shares by way of Rights (i.e. 7997.32%, of the existing paid-up capital of Bawany Air Products Limited) at an offer price of PKR 10/- per share (i.e. at par for an aggregate issue size of PKR 5,999,997,320/- (Pak Rupees Five Billion Nine Hundred Ninety Nine Million Nine Hundred Ninety Seven Thousand Three Hundred Twenty) at a ratio of 7997.32 rights shares for every 100 shares held.

Date of placing offer document on PSX for Public	Not opted for Public comments
Date of Final Offer Letter	[*], 2024
Date of Book Closure	[-], 2024
Dates for Payment of Subscription Amounts	[-], 2024
Trading Dates for Letter of Rights	[-], 2024
Website address to download Offer Document	www.bawanyair.com

Details of Relevant Contact Person

Description	Name of Person	Designation	Contact Number	Office Address	Email ID
Authorized Officer of the Issuer	Mr. Muhammad Munir	Accounts Manager	+92 345 5560132	2 nd Floor Nadir House, I.I. Chundrigar Road-74000	munir@bawanyair.com

Underwriters:

Underwriter	Name of Person	Designation	Contact Number	Office Address	Email ID
Dawood Equities Limited	Mr. Abdul Aziz Habib	Chief Executive Officer	021-32271881	Saima Trade Tower A, 17 th Floor, I.I. Chundrigar Road, Karachi	contact@dawoodequities.com

Bankers to the issue:

Description	Name of Person	Designation	Contact Number	Office Address	Email ID
Bank Makramah Limited	Mr. M. Fahad Maniya	Resident Vice President	+9221 35148311	Clifton Branch, #12 Com3 Bldg, Block 6, Bilawal Chowrangi, Clifton, Karachi	

This Offer Document can be downloaded from <https://www.bawanyair.com>

1. ISSUER UNDERTAKING:

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

WE, THE UNDERSIGNED OF BAWANY AIR PRODUCTS LIMITED CERTIFY THAT;

- i. THIS OFFER DOCUMENT CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;
- ii. THE INFORMATION CONTAINED IN THE OFFER DOCUMENT IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF;
- iii. THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
- iv. THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THE OFFER DOCUMENT AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
- v. ALL REQUIREMENTS OF THE COMPANIES ACT, 2017, THE COMPANIES (FURTHER ISSUE OF SHARES) REGULATIONS, 2020, THE CENTRAL DEPOSITORY COMPANY AND THAT OF PSX PERTAINING TO THE RIGHT ISSUE HAVE BEEN FULFILLED.

FOR AND BEHALF OF BAWANY AIR PRODUCTS LIMITED

Mr.
Chief Financial Officer

Mr.
Chief Executive Officer

UNDERTAKING BY BOARD OF DIRECTORS:

We, the board of directors of Bawany Air Products Limited hereby confirm that:

1. All material information as required under the Companies Act, 2017, the Securities Act, 2015, Companies (Further Issue of Shares) regulations, 2020, the listing of Companies and Securities regulations of the Pakistan Stock Exchange Limited has been disclosed in this offer document and that whatever is stated in offer document and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.
2. We undertake that all material information, including risks that would enable the investor to make an informed decision, has been disclosed in the offer document.
3. Right issue is the discretion of board of the issuer and it neither requires approval of the Commission nor Securities Exchange.
4. The draft offer document was placed on the website of SECP and the issuer on _____
5. Comments from SECP were received on _____
6. The board has ensured that draft offer document is updated in light of SECP comments.
7. The board has disclosed on PSX and Company's website, all the comments received along with the explanations as to how they are addressed.
8. The final offer document was submitted to the Commission and placed on SECP website on _____ along with the book closure dates and relevant right issuance timelines. (i.e. within 20 working days from the date of receipt of comments of PSX and SECP).
9. The statutory auditor of the issuer shall submit half yearly report to the issuer regarding utilization of proceeds in the manner referred to in the final offer document. The issuer will include the report of the statutory auditor, along with its comments thereon, if any, in its half yearly and annual financial statements.
10. There were no dissenting vote in the meeting held on 26th August, 2024 in which right shares were recommended by the board.

For and behalf of Bawany Air Products Limited

Mr.
Chief Financial Officer

Mr.
Chief Executive Officer

1. DISCLAIMER:

In line with the Companies Act, 2017 and Companies (Further Issue of Shares) Regulations, 2020, this document does not require approval of the Securities Exchange and the Securities and Exchange Commission of Pakistan (SECP).

The Securities Exchange and the SECP disclaim:

- a) Any liability whatsoever for any loss however arising from or in reliance upon this document to anyone, arising from any reason, including, but not limited to, inaccuracies, incompleteness and/or mistakes, for decisions and/or actions taken, based on this document.
- b) Any responsibility for the financial soundness of the Company and any of its schemes/projects stated herein or for the correctness of any of the statements made or opinions expressed with regards to them by the Company in this Offer document.
- c) Any responsibility with respect to the quality of the issue.

It is clarified that information in this Offer document should not be construed as advice on any particular matter by the SECP and the Securities Exchange and must not be treated as a substitute for specific advice.

DRAFT

GLOSSARY OF TERMS & DEFINITIONS

BoD	Board of Directors
Company or Issuer	Bawany Air Products Limited
Companies Act	Companies Act, 2017
CDC	Central Depository Company of Pakistan Limited
CDS	Central Depository System
PKR or Rs	Pakistani Rupees
PSX or Securities Exchange	Pakistan Stock Exchange Limited
SECP or Commission	Securities & Exchange Commission of Pakistan

DRAFT

DEFINITIONS

Banker to the Issue	<p>Any bank with whom an account is opened and maintained by the Issuer for keeping the issue amount.</p> <p>Bank Makramah Limited has been appointed as Bankers to the Issue, in this Right Issue</p>
Book Closure Dates	The Book Closure shall commence from[-], 2024 to [-], 2024 (both days inclusive).
Issue	Issue of 599,999,732 right shares representing 7997.32% of the total paid-up capital of the Company.
Issue Price	The price at which right shares of the Company are offered to the existing shareholders.
Market Price	The latest available closing price of the share.
Net Worth	Total assets minus total liabilities.
Ordinary Shares	Ordinary Shares of Bawany Air Products Limited having face value of PKR10/- each.
Regulations	<p>The Companies (Further Issue of Shares) Regulations, 2020</p> <p>https://www.secp.gov.pk/document/the-companies-further-issue-of-shares-regulations-2020-updated-march-4-2024/?wpdmdl=51188&refresh=666abc0e1d7e01718270990</p>
Right Issue	Shares offered by a company to its members strictly in proportion to the shares already held in respective kinds and classes.
Sponsor	<p>A person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly;</p> <p>A person who replaces the person referred to above; and</p> <p>A person or group of persons who has control of the issuing company whether directly or indirectly.</p>

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1. SALIENT FEATURES OF THE RIGHT ISSUE

1.1 Brief Terms of the Rights Issue:

a)	Description of issue	Issuance of new ordinary shares by way of rights to existing shareholders of the Company, at PKR 10/- (Pak Rupees Ten only) per share, as per their proportional entitlement.
b)	Size of the proposed issue	The Company shall issue 599,999,732 (Five Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Seven Hundred Thirty Two) ordinary shares, at a price of PKR 10/- (Pak Rupees Ten only) per share, aggregating to PKR 5,999,997,320/- (Pak Rupees Five Billion Nine Hundred Ninety Nine Million Nine Hundred Ninety Seven Thousand Three Hundred Twenty only).
c)	Face value of the share	PKR 10/- each
	Basis of determination of price of the Right Issue	The Right Issue is being carried out at par. Considering the current market price of the Company, the issue price at par is justified. In fact, the Right Issue price constitutes a discount of approximately 70% to the prevailing market price (as of August 26, 2024 being the date of announcement of the Right Issue).
	Proportion of new issue to existing with condition, if any	7997.32 right shares for every 100 ordinary shares held by existing shareholders.
	Date of meeting of the BoD wherein the Right Issue was approved	26 August, 2024
	Names of directors attending the BoD meeting	1. Mr. Muhabbat Khan 2. Mr. Zahir Khan 3. Mr. Naim Anwar 4. Mr. Tanveer Ahmed 5. Mr. Mohammad Afzal Shehzad 6. Ms. Saba Azam
	Brief purpose of utilization of Right Issue proceeds	The proceeds from the Right Issue will be primarily utilized for meeting working capital requirements and Project completion of Alman Seyyam Sugar Mills (Pvt.) Limited.
	Purpose of the Right Issue - Details of the main objects for raising funds through present Right Issue	The purpose of the Right Issue is to meet the working capital and Project completion of Alman Seyyam Sugar Mills (Pvt.) Limited (ASSML). By investing in ASSML the company can earn return in the form of dividends, consequently give returns to the shareholders.
	Minimum level of subscription (MLS)	Not Applicable
	"Application Supported by Blocked amount" (ASBA) facility, if any, will be provided for subscription of right shares.	Not Opted

1.2. Principal Purpose of the Issue and funding arrangements:

The purpose of the Right Issue is to meet the working capital and Project completion of Alman Seyyam Sugar Mills Limited (ASSML). ASSML is a 10,000 MT / Day crushing capacity plant, currently under construction at Dera Ismail Khan. The major plant components are of Pakistan, UK, German, Japan and China origin. With 10,000 MTCD already planned, ASSML has targeted a substantial share in the local and international markets as a quality producer of refined white sugar & molasses. By investing in ASSML the company can earn return in the form of dividends, consequently give returns to the shareholders.

Brief components of estimated project cost of ASSML are described below:

Description	PKR Mn
Land	829
Building (including Process House, Power House, Hostel)	1,077
Plant & Machinery (Including Boiler, Turbines, Tanks, Electrical Equipment (ETP), Automation etc.)	9,892
Pre-operating Expenses	200
Fire Equipment, Hydrants etc.	10
Govt. Licenses (Gas, LESCO etc.)	150
Contingencies and Others	150
Total	12,330

The Total Project Cost of ASSML is being financed by the sponsors of ASSML. The major portion of Right issue proceed will be utilized for working capital needs of ASSML and procurement of plant and machinery necessary for project completion of ASSML.

Purpose of the Issue	Proceeds Utilization (PKR)	% of Right Issue Proceeds
Capital expenditure required for procurement of plant and machinery for project completion of ASSML	PKR 2,999,988,660/-	50%
Working capital requirement of ASSML	PKR 2,999,988,660/-	50%
TOTAL	PKR 5,999,997,320	100%

A. Activities that are classified as working capital:

Working capital requirements including but not limited to purchase of inventory and raw materials, payment of input costs, and settlement of liabilities in the ordinary course of business.

B. Basis of estimation of working capital requirement, along with relevant assumptions:

The basis of estimation of Company's working capital requirements is based on projected procurement of raw material according to the crushing capacity of ASSML and the input costs based on the current rates.

C. Reasons for raising additional working capital, substantiating the same with relevant facts and figured:

The sponsors of ASSML have heavily invested in the plant, machinery, land and building from their own resources and given the current economic climate and the exorbitant interest rates prevailing in the country, raising debt to fund these expenses is not a viable sustainable option. As a result

the Company is looking to raise additional equity to fund the working capital requirements of ASSML.

D. Total envisaged working capital in tubular form

The working capital requirements to be fulfilled from the funds generated from the Right Issue (to the extent applicable)

HEAD	AMOUNT IN PKR	% of Right Issue
Erection Fabrication Installation & Commissioning of Plant and Machinery	800,000,000	13.33%
Other Working Capital	2,199,988,660	36.67%
Total	2,999,988,660	50%

E. Cash Conversion cycle in number of days for the last three years (days inventory outstanding + days sales outstanding – days payable outstanding)

Cash Conversion Cycle	AMOUNT IN PKR	% of Right Issue
90 Days	PKR 2,199,866,600	36.67%

1.3 Financial Effects Arising from Right Issue:

As at 30 June 2024	Measurement Unit Shares	Pre-Issue	Post-Issue	Increase in Percentage
Authorized Share Capital	Shares	12,100,000,000	12,100,000,000	0%
Paid-up Capital	Shares	7,502,510	607,502,242	7997.31%
Net Assets Breakup value per share	PKR	0.33	0.92	0.59
Gearing Ratio	%	0.26	1.17	0.91
Production Capacity	N/A	N/A	N/A	N/A
Market Share	N/A	N/A	N/A	N/A

1.4 Total expenses to the issue:

Underwriting Commission	1%
Bankers Commission	Nil
PSX Fee (0.2% of increase in paid-up-capital)	Upto PKR 12,000,000
SECP Supervisory Fee (10% of fees paid to PSX)	Upto PKR 1,200,000
CDC Fee – Fresh Issue Fee	0.144% of the new share capital
Stamp Duty for Additional Shares 0.15% of face value in book entry form 1.5% on physical shares	Upto PKR 9,000,000
Auditor Fee for Auditors Certificates	Upto PKR 500,000
Financial Advisor Fee	Upto PKR 2,000,000
Legal Advisor Fee	Upto PKR 1,000,000

1.5 Details of Underwriters:

Name of Underwriter	Amount Underwritten (PKR)	Associated Company/Associated undertaking of Issuer (Yes/No)
Dawood Equities Limited	2,000,000,000	No

1.6 Commitments from substantial shareholders/directors:

Name of Person	Status (Substantial Shareholder/Director)	Number of Shares Committed to be Subscribed **	Amount Committed to be Subscribed (PKR)**	Shareholding % pre-issuance	Shareholding % post-issuance**
Weavers Pakistan (Pvt.) Limited	Substantial Shareholder	335,999,430	3,359,994,301	56%	56%

*Subject to subscription of additional shares which may be unsubscribed, or disposal of shares otherwise held, or shares entitlement subscribed by persons arranged by such substantial shareholder/ director in accordance with the applicable laws

** Including through persons arranged by such substantial shareholders/ directors

1.7 Fractional Rights Shares:

Fractional entitlements, if any, shall not be offered and all fractions less than a share shall be consolidated and disposed of by the company and the proceeds from such disposition shall be paid to such of the entitled shareholders as may have accepted such offer.

1.8. Important Dates:

Bawany Air Products Limited Tentative Schedule for Issuance of Letter of Rights Book Closure: [*]October 2024 to [*]October 2024 (both days inclusive)			
S	Procedure	Day	Date
1	Credit of Unpaid Rights into CDC in Book Entry Form		[-],2024
2	Dispatch of Letter of Right (LOR) to physical shareholders		[-],2024
3	Intimation to Stock Exchange for dispatch/credit of physical Letter of Rights		[-],2024
4	Commencement of trading of unpaid Rights on Pakistan Stock Exchange Limited		[-],2024
5	Payment of subscription amount start date		[-],2024
6	Last date for splitting and deposit of Requests into CDS		[-],2024
7	Last date of trading of Letter of Rights		[-],2024
8	Last date for acceptance of payment		[-],2024
9	Allotment of shares and credit of Shares into CDS		[-],2024
10	Date of dispatch of physical shares certificates		[-],2024

2. SUBSCRIPTION AMOUNT PAYMENT PROCEDURE:

- (i) Payment as indicated above should be made by cash or crossed cheque or demand draft or pay order made out to the credit of "Bawany Air Products Limited-Right Shares Subscription Account" through any of the authorized branches of above-mentioned bank(s) on or before [-].2024 along with this Right Subscription Request duly filled in and signed by the subscriber(s).
- (ii) Right Subscription Request can be downloaded from the Company website www.bawanyair.com
- (iii) In case of Non-Resident Pakistani / Foreign shareholder, the demand draft of the equivalent amount in Pak Rupees should be sent to the Accounts Manager, (Mr. Muhammad Munir) at the office of the issuer along with Right Subscription Request (both copies) duly filed and signed by the subscriber(s) with certified copy of NICOP / Passport well before the last date of payment.

- (iv) All cheques and drafts must be drawn on a bank situated in the same city where the Right Subscription Request is deposited. Cheque is subject to realization.
- (v) The Banker(s) to the Issue will not accept Right Subscription Requests delivered by post which may reach after the closure of business [-], 2024 unless evidence is available that these have been posted before the last date of payment.
- (vi) Payment of the amount indicated above to the Issuer's Banker(s) to the Issue on or before [-], 2024 shall be treated as acceptance of the Right offer.
- (vii) After payment has been received by the Banker(s) to the Issue, the Right Securities will be credited into respective CDS Accounts within 14 business days from the last payment date. Paid Right Subscription Request will not be traded or transferred.

3. PROFILE OF BOARD OF DIRECTORS OF THE COMPANY AND SPONSORS

Board of Directors		
Name	Position	Tenure of Directorship
Mr. Naim Anwar	Director & Chief Executive Officer	Since May 7, 2024
Mr. Suhail Elahi	Non- Executive Director	Since July 29, 2024
Mr. Saba Azam	Female Director	Since July 18, 2024
Mr. Afzal Shehzad	Non- Executive Director	Since July 29, 2024
Mr. Tanveer Ahmed	Non-Executive Director	Since July 18, 2024
Mr. Mohabbat Khan	Independent Director	Since May 27, 2024
Ms. Zahir Khan	Independent Director	Since June 6, 2024

3.1. Profile of the Board of Directors of the Company

MR. NAIM ANWAR

Director & Chief Executive Officer - SINCE 2024

Mr. Naim Anwar is a visionary leader and Government Commerce College Karachi graduate, has an ACCA background, excels in the domain of finance and has more than 25 years experience in the Insurance Industry. He is Chief Executive Officer of Crescent Star Insurance Limited He has deep knowledge of accounting principles, insurance, corporate matters and natural entrepreneurial flair. He is a Certified Director from Institute of Cost & Management Accountants (ICMA) of Pakistan

Directorships in other Companies

- Crescent Star Insurance Limited.
- Crescent Star Foods (Pvt.) Limited.
- Crescent Star Luxury (Pvt.) Limited.
- Crescent Star Technology (Pvt.) Limited.
- Dost Steels Limited

MR. SUHAIL ELAHI

Director - SINCE 2024

Mr. Suhail Elahi holds more than 30 years business experience at different senior levels. He had been associated with different Textile and Leather Units as Director Marketing and Exports, where he had been handling and managing local and international business and running of the Mills.

MRS. SABA AZAM

Director - SINCE 2024

Mrs. Saba Azam is a motivated professional with 10 years of real estate research and management experience and property transactions, facilitating the development and execution of investment contracts, purchase agreements, closing statements, deeds, and leases. She is active member of Defence Society Residents Association(DSRA), Lions International and Rotary International. Authorized REC of Emaar, HMR, Parkview city. She is associated with ABAD and Vice president of REBIC (Real Estate Business Investment Club) and member of all realtor's association of Pakistan.

Directorships in other Companies

- ☐ Dost Steels Limited

MR. AFZAL SHEHZAD

Director - SINCE 2024

Mr. Afzal Shehzad has more than 20 years working experience in the insurance industry. Having served in various insurance companies including Adamjee insurance Limited, PICIC insurance Limited and Crescent Star Insurance Limited.

MR. TANVEER AHMED

Director - SINCE 2024

Mr. Tanveer has more than 30 years of experience at Senior Level Management positions. He has been associated with Textile Spinning, Knitting and Dying Units. The companies he had been associated with supplied to some of the best global brands like Levi's, Chaps, and Wal-Mart. His area of expertise involved procurement procedures, quality requirements, and compliance requirements for some of the leading buying houses. He has an extensive experience of handling production, Sales, Banking, Accounts, and CBA Unions in addition to his vast knowledge of corporate affairs including litigation / compliance.

Directorships in other Companies

- ☐ Crescent Star Insurance Limited
- ☐ Crescent Star Foods (Pvt.) Limited
- ☐ GTN Fabrics (Pvt.) Limited
- ☐ GTN International (Pvt.) Limited

MR. MUHABBAT KHAN

Director - SINCE 2024

Mr. Muhabbat Khan is the Chief Executive of Alman Seyyam Sugar Mills (Pvt.) Ltd, a prominent figure in the business world known for his strategic acumen and leadership. He is a distinguished businessman and serves as a director at ZKB which is involved in various sectors including mineral resources, high-rise plaza development across Pakistan, information technology, MS pipe manufacturing, and steel production listed on Pakistan's stock exchanges. He is also a shareholder in Trans Asia Refinery, further demonstrating his diversified business interests and strategic vision.

Directorships in other Companies

- ☐ Zahir Khan & Brothers ZKB (Pvt.) Ltd.
- ☐ Alman Seyyam Sugar Mills (Pvt.) Ltd.
- ☐ ZK Cement (Pvt.) Ltd.
- ☐ ZKB Town (Pvt.) Ltd.
- ☐ ZK Infrastructure Development Management Co (Pvt.) Ltd.
- ☐ Millinum Securities (Pvt.) Ltd.
- ☐ ZK Mineral (Pvt.) Ltd.

- ☐ Invigo (Pvt.) Ltd.
- ☐ Swat Motorways and Related Tourism Infrastructure Development (Pvt.) Ltd.
- ☐ Quetta City Developers (Pvt.) Ltd
- ☐ Trade Zone Developers (Pvt.) Ltd.
- ☐ Central International Hospital (Pvt. Ltd.
- ☐ Kana Fly Over (Pvt.) Ltd
- ☐ The Poly Technique Foundation (Pvt.) Ltd.
- ☐ Rawal Centre (Pvt.) Ltd
- ☐ ZKB Construction (Pvt.) Ltd.
- ☐ KDOCO (Pvt.) Ltd.
- ☐ Flying Craft Paper Steel Mill (Pvt.) Ltd.

MR. ZAHIR KHAN

Director - SINCE 2024

Mr. Zahir Khan is the Chairman of ZKB Group of Companies, a well-known construction group/ brand working across the country and developing infrastructural projects in collaboration with multi-national companies of Turkey, China and central Asian region. The remarkable projects are Lahore-Karachi Motorway, CEPEC, Rapid Bus System and Transit Stations such as Lahore Metro, Rawalpindi –Islamabad Metro, Orange Train, Green Line-Karachi, Winder Dam, Mangi Dam, Bosal Dam, Baso Dam and Swat Motorway-II etc. Mr. Khan holds a 63% share in Alman Seyyam Sugar Mills (Pvt.) Ltd.

Directorships in other Companies

- ☐ Zahir Khan & Brothers ZKB (Pvt.) Ltd.
- ☐ Alman Seyyam Sugar Mills (Pvt.) Ltd.
- ☐ ZK Cement (Pvt.) Ltd.
- ☐ ZKB Town (Pvt.) Ltd.
- ☐ ZK Infrastructure Development Management Co (Pvt.) Ltd.
- ☐ Millinum Securities (Pvt.) Ltd.
- ☐ ZK Mineral (Pvt.) Ltd.
- ☐ Invigo (Pvt.) Ltd.
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- ☐ Quetta City Developers (Pvt.) Ltd
- ☐ Trade Zone Developers (Pvt.) Ltd.
- ☐ Central International Hospital (Pvt. Ltd.
- ☐ Kana Fly Over (Pvt.) Ltd
- ☐ The Poly Technique Foundation (Pvt.) Ltd.
- ☐ Rawal Centre (Pvt.) Ltd
- ☐ ZKB Construction (Pvt.) Ltd.

3.2 Profile of the Company

Bawany Air Products Limited (the Company) is a public limited Company incorporated in Pakistan on August 16, 1978. The Company is currently listed on Karachi Stock Exchange. The company has changed its object clause from manufacturing and production and trading of oxygen gas, dissolved acetylene and nitrogen gas to invest in and acquire and hold and otherwise deal in shares, stock, debenture, debenture stock, bonds, obligations and securities issued or guaranteed . The Company has signed Share Purchase Agreement with Alman Seyyam Sugar Mills (Pvt.) Limited (ASSML) whereby the Company will acquire 100% shareholding in ASSML from the sponsor shareholders of ASSML

4. FINANCIAL DETAILS OF THE ISSUER:

4.1. Financial highlights of Issuer for last three years

Description	30-Jun-24	30-Jun-23	30-Jun-22
Gross Revenue/Sale	-	-	-
Gross Profit	-	-	-
(Loss) / profit before interest & Tax	(22,455,172)	59,388,342	(9,054,387)
(Loss) / profit after tax	(22,623,294)	59,388,061	(9,054,473)
Net (Loss) / Profit	(22,623,294)	59,388,061	(9,054,473)

Description	30-Jun-24	30-Jun-23	30-Jun-22
Accumulated (loss)	(50,230,626)	(27,607,332)	(86,995,393)
Total Assets	31,312,440	94,080,813	135,105,536
Total Liabilities	6,517,965	46,663,045	101,909,169
Net Equity	24,794,475	47,417,768	(11,970,293)

Breakup value per share	0.33	0.63	(0.16)
Earnings per share	(3.02)	7.92	(1.21)
Dividend	-	-	-

4.2. Financial highlights for the preceding year of consolidated financial:

Not Applicable

4.3. Detail of issue of capital in previous five years:

NIL

4.4. Average market price of the share of the Issuer during the last six months:

PKR 32.59/- per share observed from *May 2024 to September 2024.

4.5. Share Capital and Related Matters (as at August 26, 2024)

a) Pattern of shareholding of the issuer in both relative and absolute terms.

	Shares Held	Percentage
Sponsors, Directors, CEO their Spouses and Minor Children		
Weavers Pakistan (Pvt.) Ltd.	2,172,948	28.96
Crescent Star Insurance ltd	318,817	4.25
Vali Mohd M. Yahya	338,861	4.52%
Ms. Momiza Kapadia	443,680	5.91%
Mikhail Bawany	378,021	5.04%
Bawany Management (Pvt.) Ltd.	222,149	2.96%
Al-Rehman Foundation	330,028	4.40%
Zakaria A. Ghaffar	3,581	0.05%
Aisha Vali Mohd	12,818	0.17%
Al-Latifi Limited	893	0.01%
Muhammad Ahmed Bawany	1,518	0.02%

- c) Details and shareholding of the holding company, if any.
Not Applicable

5. RISK FACTORS

5.1 Risk Associated with the rights issue

A. Under-subscription Risk

There is a risk that the Right Issue may get undersubscribed due to lack of interest from shareholders of the Company. The Right Issue is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholders and directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue will be underwritten in accordance with the applicable laws.

5.2 Risk Associated with the issuer

A. Internal Risk Factors

a) Operational Risk

Operational risk summarizes the uncertainties a business faces when it attempts to conduct its day-to-day business activities specifically in relation to plant operation in which the company intends to invest. It can result from breakdowns in internal procedures, people and systems including challenges related to energy price fluctuations.

b) Financial Risk

Financial risk involves potential uncertainties and adverse events related to financial assets and liabilities. It is imperative that this is diligently managed to secure financial stability and stakeholder interests.

The Company maintains a limited overall risk exposure concerning its financial assets and liabilities. It firmly believes that there is no significant concentration of credit risk to which it is exposed. Any potential exposure to credit risk is proactively managed through the prudent application of credit limits to its customers.

c) Credit Risk

Credit risk represents the risk of financial loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The Company's credit risk is primarily attributable to its receivables and its balances. The Company believes that it is not exposed to any major concentration of credit risk.

d) Liquidity Risk

Liquidity risk is where an entity will encounter difficulty in meeting obligations associated with financial liabilities. The management believes the liquidity risk to be insignificant.

e) Risk of Non-compliance with Regulations of SECP and PSX

The Company has instituted the process of removing the company from non-compliant with PSX. The change of object clause from manufacturing to invest in and acquire and hold and otherwise deal in shares, stock, debenture, debenture stock, bonds, obligations and securities issued or guaranteed to ensure compliance not only with applicable laws and regulations but also to stay at par with best international practices.

5.3 External Risk Factors

A. Business Risk

Business risk refers to the chance that the Company might report profits that fall below expectations or incur losses, and this can occur due to various factors, including:

Reduction in demand due to overall macro-economic slowdown in the products of the company it is investing.

B. Interest Rate Risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period.

As at June 30, 2024, there is NIL debt from any financial institution.

C. Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

D. Risk in the Global Economic and Financial Markets

Due to ongoing geopolitical disruption causing high commodity prices, all major economies of the world including USA, UK and European countries are facing inflationary pressure. Some of the major global financial institutions are foreseeing signs of recession in major countries which may cause volatility in international financial markets. The ripple down effect may affect the Pakistani economy and financial markets adversely which could impact the overall macro condition of the Country with limited ability of the government to secure new debt from international markets, which in turn could affect the PKR/USD parity.

F. Regulatory Risk

Regulatory risk pertains to the possibility of future changes in government policies and regulations which could potentially impact the various business segments the Company has its investments. Modifications in the regulatory landscape, such as change in import tariffs which have the potential to notably impact the overall performance of the industry in which company has investments. Additionally, any change in regulatory duties or taxes related to the import of raw materials or finished products could directly affect the Company's profitability where it has investments.

G. Confirmation Statement

We the undersigned of Bawany Air Products Limited certify and hereby solemnly affirm and state that whatever is stated above and in the corresponding annexures with respect to the risk factors associated with the proposed rights issue is true and correct to the best of our knowledge and belief and nothing has been concealed thereto

Director

6. LEGAL PROCEEDINGS:

6.1. Outstanding Legal Proceedings of the Company

NIL

6.2. Action taken by the Securities Exchange against the issuer or associated listed companies of the issuer during the last three years due to noncompliance of the its Regulations

Show cause Notice under section 46 of the Companies Act 2017 and Section 169 and 512(2) read with regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations 2019 and regulation 37..... Pending

6.3. Any outstanding legal proceeding other than the normal course of business involving the Issuer, its sponsors, substantial shareholders, directors and associated companies, over which the issuer has control, that could have material impact on the issue

None

7. SIGNATORIES TO THE OFFER DOCUMENT

Chief Executive

DRAFT