



BAWANYAIR
PRODUCTS LIMITED

THIRTY NINETH
ANNUAL REPORT
2016-2017

TRIBUTE TO HONORABLE CHAIRMAN MR. YAHYA AHMED BAWANY 1925-2009

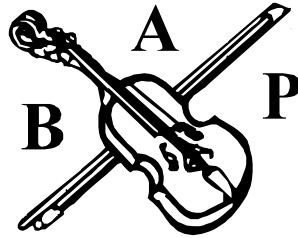


This is a small tribute in the honor of Mr. Yahya Ahmed Bawany (SQA). He passed away peacefully on Monday 12th January, 2009 at the age of 84. The first industry of the Bawany Group in Pakistan was set up by Seth Ahmed Ibrahim Bawany of Rangoon Burma (Myanmar) soon after Pakistan's Independence in Karachi, known as Bawany Violin Textile Mills. Thereafter his son Yahya Ahmed Bawany born in 1925 at Rangoon Burma (Myanmar) was instrumental in setting up all the other industries of the Bawany Group from 1953 to 1971 making the group an industrial giant. Some of the industries are listed here. Latif Bawany Jute Mills and Ahmed Bawany Textile Mills (These two industries employed over 10,000 workers), Eastern Chemical Industries, Eastern Tubes (Toshiba), Bella Artifitex, Oriental Water Works (barges and ship lightening), Bawany Tea Estate, Bawany Coconut Estates, ABL Brick Fields, RR Textiles Mills, Khulna Textile Mills. Further he got sanction permission to set up Bawany Sugar Mills in Badin, Balotra Textile Mills, Anoor Textile Mills and Medina Textile Mills in the Mid 1960's. After 1971 and the independence of Bangladesh he set up Al-Ameen Textile Mills, Kotri (The first Toyada Open-end Spinning in Pakistan). Then he acquired Paramount Limited (electric tube lights and bulbs). Yusuf Industries (artificial leather). He then went up to set up his last two industries namely Latif Jute Mills Limited and Bawany Air Products Limited (Industrial gases). Yahya Ahmed Bawany besides being a successful industrialist was also involved in social and philanthropic work, he established Ahmed Bawany Academy and Bawany High School in Dhaka. Ahmed Bawany Academy and Kaka Bawany Vocational Centre in Karachi. Some of his other achievements are listed below:

- Founder and Former President of All Pakistan Jute Mills Association, East Pakistan.
- Founder and Former President of All Pakistan textile Mills Association, Pakistan.
- Founder and Former President of Dhaka Chamber of Commerce and Industry.
- Founder and Former President Narayanganj Chamber of Commerce.
- Former President Pakistan Memon Educational and Welfare Society.
- Former President of Jetpur Memon Jamat.
- Co-founder and serving President of United Memon Jamat.
- Founder member of Jetpur Memon Relief Society.
- Former Co-founder Trustee and member of World Memon Foundation.
- Former Chairman and Member of Managing Committee of Aisha Bawany Wakf.
- Founder Chairman AAL Bawany Foundation.
- Served as founding member of the Managing Committee of Federation of Pakistan Chamber of Commerce & Industry (FPCCI) representing former East Pakistan.
- Member of Advisory Council Federal Ministry of Commerce, Eastern Wing.
- Member of Advisory Council Federal Ministry of Industry, Eastern Wing.
- Member of Advisory Council Federal Ministry of Finance, Eastern Wing.
- Chairman of refugees Rehabilitation and Finance Corporation Dhaka, Former East Pakistan.
- Chairman of Lal Bagh Madrassa Dhaka.
- Sponsor and Secretary General of Baitul Mukarram Mosque (National Mosque of Bangladesh, Dhaka). It was built under his personal supervision from inception.
- He was awarded the SITARA-E-QUAID-E-AZAM (SQA) one of the highest Civilian Awards for his social services.

We are grateful to Jetpur Memon Relief Society for announcing of naming of a building of a block of flats in Gulshan-e-Iqbal as "Yahya Ahmed Bawany Building".

Please recite Surah-e-Fateha for his departed soul.



BAWANYAIR

PRODUCTS LIMITED

CONTENTS

Corporate Information	02
Notice of Annual General Meeting	03
Chief Executive Review	04
Directors' Report	05
Vision / Mission / Statement of Ethics & Business Practice	13
Statement of Compliance with Best Practices of Corporate Governance	14
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	17
Key Operation and Financial Data for the Decade	19
Pattern of Shareholdings	20
Auditors' Report	22
Balance Sheet	24
Profit and Loss Account	26
Statement of Comprehensive Income	27
Cash Flow Statement	28
Statement of Changes in Equity	29
Notes to the Financial Statements	30
From of Proxy	

COMPANY INFORMATION

BOARD OF DIRECTORS	<p>Mr. Vali Mohammad M. Yahya Mr. M. Hanif Y. Bawany Mrs. Momiza Hanif Bawany Mr. Mikhail Bawany Mr. Wazir Ahmed Jomezai Mr. Zakaria A. Ghaffar Mr. Siraj A. Kadir</p>	<p>Chairman - Non Executive Director Chief Executive Officer Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director</p>
AUDIT & HR COMMITTEE	<p>Mr. Siraj A. Kadir Mr. Vali Mohammad M. Yahya Mr. Zakaria A. Ghaffar Mr. Muhammad Munir</p>	<p>Chairman Member Member Secretary to Audit Committee</p>
HEAD OF INTERNAL AUDIT	<p>Mr. Muhammad Munir</p>	
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	<p>Mr. Muhammad Hashim</p>	
AUDITORS	<p>Parker Randall - A.J.S. Chartered Accountants</p>	
BANKERS	<p>Faysal Bank Limited United Bank Limited MCB Bank Limited National Bank of Pakistan</p>	
SHARE REGISTRAR	<p>C&K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi Te: 35687839-35685930</p>	
REGISTERED OFFICE	<p>Khasra No. 52/53 R.C.D. Highway, Mouza Pathara, Tehsil Hub, Lasbella District, Balochistan Tel: 0853 - 363289 Fax: 0853 - 363290</p>	
CITY OFFICE	<p>16-C, 2nd Floor, Nadir House, I.I. Chundrigar Road, Karachi Tel: 021-32400440 Fax: 021-32411986</p>	

NOTICE OF MEETING

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Company will be held at the registered office Khasra No. 52/53, RCD Highway, Hub, Balochistan on Thursday 7th December 2017 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 38th Annual General Meeting held on October 31, 2016.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2017 together with Directors and Auditor's Report thereon.
3. To appoint auditors for the year 2017-2018 and fix their remuneration.
4. Transact any other business with permission of chair.

Karachi

November 15, 2017

By order of the Board
Mohammad Hashim
Company Secretary

NOTES:

1. Transport will be provided. Pick-up point will be at Pakistan Stock Exchange Building and departure will be at 10:00 a.m. sharp on December 07, 2017.
2. The register of members of the Company shall remain closed from November 25, 2017 to December 08, 2017. (Both days inclusive).
3. Proxies in order to be valid must be received at city office of the Company at Room No. 16-C, 2nd floor, Nadir House, I. I. Chundrigar Road, Karachi not later than 48 hours before the meeting.
4. Members are requested not to bring spouse / children or any other accompany.
5. CDC Account Holders will further have to follow the following guidelines:
 - **For Attending the Meeting:**
 - a) In case of individuals, the account holders or sub-accounts holder shall authenticate their identity by showing original CNIC or original passport at the time of the meeting
 - b) For corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.
 - **For Appointing the Proxies:**
 - a) Individual account holders or sub-account holders shall submit the duly filled proxy form along with attested copies of CNIC cards or passport of the beneficial owners.
 - b) For corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be submitted with duly filled Proxy form.
 - c) Proxy shall produce original CNIC or passport at the time of the meeting.

CHIEF EXECUTIVE REVIEW

In the name of ALLAH the Most Merciful and the Most Benevolent.

Dear shareholders,

The performance of the company has been dismay as far as results are concerned. The company has yet not been able to revive the plant; even though all the negotiation for revival of plant with different firms had been finalized as far as financial arrangements are concerned the company has appointed a financial advisor (M/s Core Advisors) to arrange funding for revival of the company's plant. It is the need of time that the company production facilities are re-commissioned to enable the company to regain its sales and market share as with the ability of self production the margins would be available for optimizing sales.

The full year financial analysis is as follows

Description	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4
Sales	20,834,936	14,277,484	23,194,198	24,395,748
Cost of sales	(20,395,325)	(14,234,051)	(22,748,963)	(23,083,683)
Gross margin	439,611	43,433	445,235	1,312,065
Net Expenses	(4,540,120)	(4,720,889)	(4,961,723)	(5,280,872)
Financial cost	(515,339)	(905,039)	(470,945)	19,168
Tax	(208,349)	(142,775)	(231,942)	3,689,856
Loss after tax	(4,824,197)	(5,725,270)	(5,219,375)	(259,783)

The company has managed to increase sales in the second half Jan to June 2017 of the financial year as compared to the first half July to December 2016. However the Company due to financial crisis has been facing severe financial shortage during the current financial year forcing the management fall short on some payments. All efforts are being made for revival of the company and it's restructuring.

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



M. Hanif Y. Bawany
Managing Director/ Chief Executive Officer

Date: November 15, 2017

Place: Karachi

DIRECTOR'S REPORT

We are pleased to present the Annual Report of your Company along with the audited financial statements for the year ended June 30, 2017.

OVERVIEW

The performance of the company in 2017 has gone down as compared to 2016. The major reason for this decline has been the fire incident at one of the ship at the ship breaking yard which caused the complete closure of Gaddani for over a month once and then again a closure of two weeks the second time being because the government took some severe measures to protect the workers from different hazards which they are exposed to.

The management is still making all out efforts to revive the production facility which has been closed since last several years with only a small partial operations being run. For this the management is working hand in hand with the financial advisor (Core Advisors) to arrange the finance for revival. The management is of the view that their efforts will bear fruits in the times ahead.

The Financial Highlights:

	2017 Rupees	2016 Rupees
Sales – net	82,702,366	94,437,668
Cost of sales	(80,462,022)	(89,324,880)
Gross profit	2,240,344	5,112,788
Distribution cost	(4,310,649)	(4,324,987)
Administrative expenses	(11,894,183)	(12,712,156)
Other operating expenses	(4,289,526)	(4,435,702)
Other income	971,959	1,256,049
Unrealized (loss) / gain on revaluation of other financial assets	18,795	(114,163)
Finance cost	(1,872,155)	(2,443,681)
Loss before taxation	(19,135,415)	(17,661,852)
Provision for taxation	3,106,789	(3,090)
Loss for the year	(16,028,626)	(17,664,942)

As discussed above, the financial performance for the year 2017 as compared to 2016 has been :-

- Sales have decreased to Rs. 82,702,366 from Rs.94,437,668 due to closure of more than 40 days of gaddani ship breaking yard.
- Decrease in gross profit by Rs. 2,872,444 as compared to 2016.
- Administrative and operating expenses have been brought down by Rs. 817,973 and Rs. 146,176 respectively despite rising of costs and inflation in all walks of life. The management has been keeping very strict vigilance on all expense.
- Finance costs have also been curtailed to Rs. 1,872,155 as compared Rs. 2,443,681 in 2016.
- The Company due to continuous losses for last several years has been facing severe financial crises thus has not been able to fulfil its financial obligations. The Company has not been able to pay ORIX Leasing Pakistan Limited, its instalments of Rs.2.463 million which fully matured on September 2017.
- Faysal Bank Limited has lodged a recovery suit against the Company for the running finance facility which had expired in October 2016. Therefore payable have been creeping up.

MATERIAL INFORMATION

We draw your attention to the last paragraph of auditors report and note 1.2 to these financial statements in which it has been explained that the Company has incurred a net loss of Rs. 16,028,626 during the year ended June 30, 2017. As at June 30, 2017, the Company had accumulated losses of Rs. 36,903,396 and the Company's current liabilities exceeded its current assets by Rs. 55,824,069.

The production of liquid oxygen has not yet resumed however, the production of compressed oxygen, argon, nitrogen and compressed air is normal and the Company is purchasing semi-finished product from the market to process it further to meet the demand of its customers. Financial advisors have been appointed for revival of the closed production facility.

KEY OPERATING AND FINANCIAL DATA FOR LAST 10 YEARS

Year	Sales - net	Gross profit	Loss before taxation	Shareholder's equity	Total current assets	Total current liabilities	Earnings per share
2008	69.56	7.69	(24.06)	31.53	14.12	97.55	(3.94)
2009	99.64	24.33	(9.37)	22.16	18.88	133.41	(1.37)
2010	209.51	48.19	35.07	72.88	30.56	81.60	7.42
2011	195.44	48.80	22.27	89.34	22.01	50.04	1.75
2012	209.97	49.08	15.29	97.56	21.09	48.96	1.02
2013	238.60	57.68	21.95	111.06	25.24	38.06	1.73
2014	123.79	(1.90)	(28.63)	90.16	20.99	62.49	(2.83)
2015	99.63	4.72	(18.30)	71.15	17.35	59.78	(2.57)
2016	94.43	5.12	(17.66)	58.00	17.82	63.43	(2.35)
2017	82.70	2.24	(19.14)	42.35	15.43	71.26	(2.14)

WAY FORWARD

Repairs and maintenance contracts were already finalized with different vendors but the financial side has yet to be arranged as the company is looking for investors who would come in as an equity investor rather than debt.

BOARD OF DIRECTORS

One new director was appointed in September 2016 quarter due to the vacancy created from the sad demise of the Chairman of the company. Mr. Vali Mohammad M. Yahya had been made the Chairman.

AUDITORS

The present auditors, M/s. Parker Randall - A.J.S. 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, the Company paid Rs. 40,000 in respect of penalties imposed by Securities & Exchange commission of Pakistan for not disclosing the trading of Company's shares done by associated company and Rs. 60,000 to Federal Board of Revenue for delay in payment of Sales Tax.

The Company contributed Rs. 1,737,000 in respect of direct taxes and Rs. 14,264,065 in respect of indirect taxes to national ex-chequer. Following amounts were receivable in respect of income tax refundable that was outstanding as at June 30, 2017.

Income tax refundable	Rs. 5.17 million	This represents outstanding refundable income tax for the previous years plus the excess tax deductions for 2017.
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- i) The value of investments of provident fund is Rs. 8.03 million based on latest management accounts of the provident fund
- j) During the year two (2) meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of the Directors	No. of meetings attended
Mr. M. Hanif Y. Bawany	2
Mrs. Momiza Hanif Bawany	2
Mr. Vali Mohammad M. Yahya	2
Mr. Mikhail Bawany	1
Mr. Wazir Ahmed Jomezai	1
Mr. Zakaria A. Ghaffar	2
Mr. Siraj A. Kadir	2

Leave of absence was granted to Director(s) who could not attend some of the Board meetings.

k) The pattern of shareholding is annexed; and

l) Neither the Chief Executive Officer nor any other Directors have purchased any shares of the Company.

ACKNOWLEDGEMENT

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

We are grateful to our valued shareholders for the continuous support extended to the management.
On behalf of the Board



M. Hanif Y. Bawany
Managing Director/Chief Executive Officer

Date: November 15, 2017

Place: Karachi

ڈائریکٹران کی رپورٹ

آپ کی کمپنی کی سالانہ رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ سال 30 جون 2017ء پیش کرتے ہوئے ہم اظہار مسرت کرتے ہیں۔

جائزہ

سال 2016 کی بہ نسبت سال 2017 میں کمپنی کی کارکردگی کم رہی۔ کمی کی بڑی وجہ بریکنگ یارڈ میں جہاز میں آگ لگنے کا واقعہ تھا جس کی وجہ سے گڈانی پہلی مرتبہ ایک ماہ سے زیادہ اور دوسری مرتبہ دو ہفتے کے لئے مکمل طور پر بند رہا، کیونکہ حکومت نے مزدوروں کو ممکنہ خطرات سے محفوظ رکھنے کے لئے سخت اقدامات اٹھائے تھے۔

پچھلے چند سالوں سے بند پڑی ہوئی پیداواری سہولت کی بحالی کے لئے انتظامیہ اپنی تمام کوششیں بروئے کار لا رہی ہے پیداواری سہولت کا صرف ایک چھوٹا سا حصہ کام کر رہا ہے۔ انتظامیہ مالیاتی مشیر (کوراڈائزر) کے ساتھ مل کر مسلسل کام کر رہی ہے تاکہ اس پیداواری سہولت کی بحالی کے لئے مالیاتی ضرورتوں کو پورا کیا جاسکے۔ انتظامیہ کو امید ہے کہ آنے والے وقتوں میں اس کی کوششوں کے اچھے نتائج برآمد ہوں گے۔

مالیاتی جھلکیاں

2016	2017	
روپے	روپے	
94,437,668	82,702,366	خالص فروخت
(89,324,880)	(80,462,022)	لاگت فروخت
5,112,788	2,240,344	خام منافع
(4,324,987)	(4,310,649)	تقسیمی لاگت
(12,712,156)	(11,894,183)	انتظامی اخراجات
(4,435,702)	(4,289,526)	آپریٹنگ کے دیگر اخراجات
1,256,049	971,959	دیگر آمدنی
(114,163)	18,795	مالیاتی اثاثوں کی از سر نو تشخیص مالیت پر غیر تسلیم شدہ (خسارہ)/ منافع
(2,443,681)	(1,872,155)	مالیاتی لاگت
(17,661,852)	19,135,415	خسارہ قبل از ٹیکس
(3,090)	3,106,789	ٹیکس کے لئے مختص رقم
<u>(17,664,942)</u>	<u>(16,028,626)</u>	اس سال کا خسارہ

سال 2017 اور سال 2016 کی مالیاتی کارکردگی کی موازنہ درج ذیل ہے:

- ☆ اس سال فروخت کم ہو کر 82,702,366 روپے رہ گئی جو کہ سابقہ سال 94,437,668 روپے تھی جس کی بنیادی وجہ 40 دن تک گڈائی شپ بریکنگ یا رڈ کی بندش تھی۔
- ☆ 2016 کی بہ نسبت اس سال خام منافع میں 2,872,444 روپے کی کمی ہوئی۔
- ☆ بڑھتی ہوئی قیمتوں اور ہر شعبہ ہائے زندگی میں افراط زر میں اضافے کے باوجود انتظامی اور کاروباری اخراجات میں بالترتیب 817,973 روپے اور 146,176 روپے کی کمی ہوئی۔ انتظامیہ نے تمام اخراجات پر مضبوط گرفت قائم رکھی۔
- ☆ مالیاتی لاگتیں بھی گھٹ کر 1,872,155 روپے ہو گئیں جو کہ 2016 میں 2,443,681 تھیں۔
- ☆ گزشتہ کئی سالوں کے مسلسل خسارے کی وجہ سے کمپنی شدید مالیاتی بحران کا شکار ہے جس کی وجہ سے کمپنی اپنی مالیاتی ذمہ داریوں سے عہدہ برآں ہونے سے قاصر ہے۔ کمپنی نے اوکس لیزنگ پاکستان لمیٹڈ کی منتقلیوں کی رقم جو 2.463 ملین روپے بنتی ہے ابھی تک ادا نہیں کی ہے جو کہ ستمبر 2017 میں مکمل طور پر میچور ہو جائے گی۔
- ☆ کمپنی نے فیصل بینک سے مالیاتی سہولیات حاصل کی تھیں جو کہ اکتوبر 2016 میں اختتام پذیر ہو گئی تھیں جس کی بازیابی کے لئے فیصل بینک نے کمپنی کے خلاف مقدمہ دائر کیا ہوا ہے۔

اہم معلومات

ہم آپ کی توجہ آڈیٹر رپورٹ کے آخری پیرا گراف اور مالیاتی گوشواروں کے نوٹ نمبر 1.2 کی طرف مبذول کرانا چاہتے ہیں جس میں اس بات کی نشاندہی کی گئی ہے کہ سال ختمہ 30 جون 2017 میں کمپنی کو 16,028,626 روپے کا خسارہ ہوا۔ 30 جون 2017 کو کمپنی کا جمع شدہ خسارہ 36,903,396 روپے تھا اور کمپنی کے رواں واجبات کمپنی کے رواں تاوثوں سے 55,824,069 روپے بڑھ گئے۔

مانع آکسیجن کی پیداوار ابھی تک شروع نہیں ہوئی ہے، تاہم فشاری آکسیجن، آرگن، نائٹروجن اور فشاری ہوا کی پیداوار معمول کے مطابق ہے اور کمپنی نیم تیار کردہ مصنوعات بازار سے خرید رہی ہے تاکہ انہیں مزید پروسیس کر کے گاہکوں کی طلب کو پورا کر سکے۔ بند پیداواری سہولت کی بحالی کے لئے مالیاتی مشیروں کا تقرر کیا گیا ہے۔

گزشتہ 10 سالوں کی کاروباری اور مالیاتی معلومات

سال	خالص فروخت	خام منافع	خسارہ قبل ازنگس	حصص یافتگان کی ایکویٹی	کل رواں اثاثے	کل رواں واجبات	فی حصص آمدنی
2008	69.56	7.69	(24.06)	31.53	14.12	97.55	(3.94)
2009	99.64	24.33	(9.37)	22.16	18.88	133.41	(1.37)
2010	209.51	48.19	35.07	72.88	30.56	81.60	7.42
2011	195.44	48.80	22.27	89.34	22.01	50.04	1.75
2012	209.97	49.08	15.29	97.56	21.09	48.96	1.02
2013	238.60	57.68	21.95	111.06	25.24	38.06	1.73
2014	123.79	(1.90)	(28.63)	90.16	20.99	62.49	(2.83)
2015	99.63	4.72	(18.30)	71.15	17.35	59.78	(2.57)
2016	94.43	5.12	(17.66)	58.00	17.82	63.43	(2.35)
2017	82.70	2.24	(19.14)	42.35	15.43	71.26	(2.14)

آگے کی جانب قدم

مختلف فراہم کنندگان کے ساتھ منٹی منس کے ٹھیکوں کی حتمی تفصیل ہو چکی ہے جبکہ مالیاتی پہلو کے اہتمام کے لئے کمپنی سرمایہ کاروں کو تلاش کر رہی ہے جو کہ بحیثیت اصل کاروباری سرمایہ کار کے طور پر آئیں گے نہ کہ قرضہ کی بنیاد پر۔

بورڈ آف ڈائریکٹرز

ستمبر 2016 کی سہ ماہی میں ایک ڈائریکٹر کی آسامی پر تقرر کیا گیا جو کہ کمپنی کے چیئرمین کے افسوسناک انتقال کی وجہ سے خالی ہو گئی تھی۔ جناب ولی محمد ایم بی بی کو چیئرمین مقرر کیا گیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز پارکر رندل - اے جے ایس چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اہلیت رکھنے کے باعث انہوں نے آئندہ سال کے لئے بحیثیت آڈیٹرز اپنی دوبارہ تفری کی پیشکش کی ہے۔

کاروباری طور پر یقینوں اور مالیاتی رپورٹنگ کے طریقہ کار کی پاسداری کا اقرار نامہ

- (a) کمپنی کی انتظامیہ کے تیار کئے گئے مالیاتی گوشوارے متعلقہ معاملات، آپریشنز کے نتائج، کیش کی آمد و رفت اور ایکویٹی میں تبدیلی کو واضح طور پر ظاہر کرتے ہیں۔
- (b) حسابات کی کتابیں درست انداز میں رکھی گئی ہیں۔
- (c) درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- (d) مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے۔
- (e) اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- (f) آڈیٹرز نے کمپنی کی چلتے ہوئے ادارے کی صلاحیت کے متعلق اپنے شکوک و شبہات کا اظہار کیا ہے تاہم انتظامیہ محسوس کرتی ہے کہ کمپنی کے پاس مستقبل میں کاروبار جاری رکھنے کی مکمل استعداد ہے۔
- (g) لسٹنگ قواعد میں دیئے گئے کاروباری نظم و نسق کے بہترین طور پر یقینوں سے کوئی بڑا انحراف نہیں کیا گیا، سوائے اس کے کہ جن سے کاروباری طور پر یقینوں کی پاسداری کے اقرار نامہ میں مطلع کیا گیا ہو۔

(h) گزشتہ 10 سالوں کی آپریٹنگ اور مالیاتی معلومات مختصر اعلان کی گئی ہیں۔

جائزہ سال کے دوران ملحقہ کمپنی کے حصص میں کمپنی کی خرید و فروخت کا انکشاف نہ کرنے پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف عائد کردہ جرمانہ کی مدد میں کمپنی کو -/40,000 روپے ادا کرنے پڑے اور فیڈرل بورڈ آف ریونیو کو سیکورٹیز کی ادائیگی میں تاخیر کی وجہ سے 60,000 روپے بطور جرمانہ بھرنا پڑے۔

کمپنی نے 1,737,000 بلا روپے بلا واسطہ ٹیکس کی مد میں اور 14,264,065 بلا واسطہ ٹیکس کی مد میں قومی خزانے میں جمع کرائے۔ 30 جون 2017 کو مندرجہ ذیل رقومات انکم ٹیکس ریفرنڈ کی مد میں قابل وصول تھے:

قابل واپسی انکم ٹیکس 5.17 ملین روپے اس رقم میں گزشتہ سالوں کے قابل واپسی انکم ٹیکس کے ساتھ 2017 کی اضافی کٹوتیاں بھی شامل ہیں

(i) انتظامیہ کے تیار کئے گئے حالیہ مالیاتی گوشواروں کے مطابق پروویڈنٹ فنڈ میں سرمایہ کاری کی مالیت 8.03 ملین تھی۔

(j) سال کے دوران بورڈ آف ڈائریکٹرز کے دو اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام اجلاسوں کی تعداد (حاضری)

2	جناب محمد حنیف ایم باوانی
2	محترمہ مومیزہ حنیف باوانی
2	جناب ولی محمد ایم بیجی
1	جناب میخائل باوانی
1	جناب وزیر احمد جوگیزئی
2	جناب زکریا اے غفار
2	جناب سراج اے قادر

وہ ڈائریکٹر جو بورڈ آف ڈائریکٹرز کے کچھ اجلاسوں میں حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

(k) حصص داری کی ساخت منسلک ہے، اور

(l) سال کے دوران نہ ہی چیف ایگزیکٹو آفیسر اور نہ کسی دیگر ڈائریکٹر نے کمپنی کے حصص خریدے۔

اعتراف

بورڈ اس موقع پر اپنی ستائش کا اظہار کرتا ہے اور تمام ریاستی اداروں، مختلف حکومتی اداروں/شعبہ جات، مالیاتی اداروں، بینکوں، فراہم کنندگان، کمپنی کے گاہکوں اور سرمایہ کاروں کے تعاون اور مخلصانہ رد عمل پر ان کا تہ دل سے شکر گزار ہے۔ آپ کے ڈائریکٹرز کمپنی کے ملازمین کی انتھک محنت اور جدوجہد کو شکر گزار ہیں۔

انتظامیہ کے ساتھ مسلسل تعاون پر ہم اپنے تمام قابل قدر حصص یافتگان کے شکر گزار ہیں۔

منجانب بورڈ



ایم حنیف والی باوانی

مینجنگ ڈائریکٹر/چیف ایگزیکٹو آفیسر

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 BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Regulation No. 35 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Director	Mr. Siraj A. Kadir
Executive Directors	Mr. M. Hanif Y. Bawany (CEO)
	Mrs. Momiza Hanif Bawany
Non - Executive Directors	Mr. Wali Mohammad M. Yahya (Chairman)
	Mr. Mikhail Bawany
	Mr. Wazir Ahmed Jogezai
	Mr. Zakaria A. Ghaffer

The independent director meets the criteria of independence under clause (i)(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loans to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Mr. Mikhail Bawany appointed as a director in replace of Late Ashraf Bawany during the year ended June 30, 2017.
5. The Company has prepared a 'Code of Conduct' and has ensured that the appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. 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.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board of Directors assess their performance in every meeting. The last session of every meeting has been reserved for discussion over the performance of the Board in the last quarter. The tasks undertaken by the Board are reviewed and assessed as to completion in every meeting. Especially the non executive directors put forward a list of question to the executive directors relating to the performance & future expectation related to the business.
10. In accordance with the criteria specified in clause (xi) of the Code, all directors except one of the Company are exempt from the requirement of Director's Training Program.
11. The Board has approved the appointment of Chief Financial Officer (CFO) and the Company Secretary, including their remuneration and terms and conditions of employment.
12. The Director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by the CEO and CFO before the approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of Code.
16. The Board has formed an Audit Committee which comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the Committee is an independent director.
19. The Board has set-up an effective internal audit function.
20. The statutory auditors of the Company have confirmed that they have been given the satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.

23. Material/price sensitive information, if any, has been disseminated among all market participants at once through Stock Exchange.

24. We confirm that all other material principles enshrined in Code have been complied with.

On behalf of the Board of Directors



M. Hanif Y. Bawany
Managing Director/Chief Executive Office

Date: November 15, 2017

Place: Karachi

Review Report to the members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Bawany Air Products Limited** (the Company) for the year ended June 30, 2017 to comply with the requirement of Regulation 5.19 of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for the review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length or not.

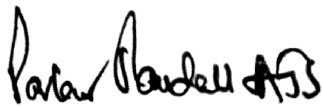
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflects the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in paragraphs reference where these are stated in the Statement of Compliance.

- Paragraph 6, complete records of particulars of significant policies along with dates on which they were approved and amended has not been maintained.
- Paragraph 8, meetings of the Board of directors were not held at least once in every quarter.
- Paragraph 9, no mechanism existed in the Company in respect of annual evaluation of performance of Board of Directors.
- Paragraph 17, audit committee does not meet at least once every quarter.
- Paragraph 19, internal audit function is not effective as no reporting of internal auditor is made to the Audit Committee.

Further, we highlight the following non-compliances with the Code of Corporate Governance:

- Auditors are not invited in any Audit Committee meeting.
- Internal control system is not established and implemented within the Company.
- The level of materiality has not been defined by Board of Directors keeping in view the specific circumstances of the Company and also no recommendations of any technical or executive subcommittee of the Board has setup for the purpose.



Chartered Accountants
Audit Engagement Partner:
Muhammad Shabbir Kasbati

Date: November 15, 2017

Place: Karachi



KEY OPERATING AND FINANCIAL DATA FOR THE DECADE

PARTICULARS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FINANCIAL POSITION										
Shareholders' equity	42,346,708	58,002,888	71,159,359	90,161,368	111,064,409	97,555,521	89,337,084	72,880,918	22,163,784	31,537,037
Surplus on revaluation	36,702,131	21,295,679	16,278,914	16,576,045	16,887,424	19,757,278	20,310,071	20,891,958	-	-
Non-current liabilities	52,238,007	48,221,222	44,810,956	33,153,237	49,260,469	50,876,878	66,738,250	74,644,645	49,453,103	75,202,407
Current liabilities	71,258,443	63,748,676	59,389,529	62,487,097	38,068,182	48,959,376	50,044,397	81,597,491	133,411,522	97,552,902
Total Equity and Liabilities	202,545,289	191,268,465	191,638,758	202,377,747	215,280,484	217,149,053	226,429,802	250,015,012	205,028,409	204,292,346
Property, plant and equipment	183,889,558	170,228,692	171,467,821	178,168,918	186,819,834	192,839,499	198,640,179	205,418,500	182,695,197	186,609,105
Long term deposits	3,221,357	3,221,357	3,215,467	3,215,467	3,215,467	3,215,467	3,215,467	3,701,452	3,454,477	3,559,084
Deferred tax asset	-	-	-	-	-	-	2,566,397	10,335,173	-	-
Current assets	15,434,374	17,818,416	16,955,470	20,993,362	25,245,183	21,094,087	22,007,759	30,559,887	18,878,735	14,124,157
Total Assets	202,545,289	191,268,465	191,638,758	202,377,747	215,280,484	217,149,053	226,429,802	250,015,012	205,028,409	204,292,346

FINANCIAL PERFORMANCE

Net sales	82,702,366	94,437,668	99,632,392	123,790,995	238,605,906	210,235,877	195,437,206	210,247,215	99,638,541	69,561,724
Cost of sales	(80,462,022)	(89,324,880)	(94,907,015)	(125,700,150)	(180,921,043)	(161,153,927)	(146,632,923)	(161,960,041)	(75,307,506)	(61,871,660)
Gross (loss) / profit	2,240,344	5,112,788	4,725,377	(1,909,155)	57,684,863	49,081,950	48,804,283	48,287,174	24,331,035	7,690,064
Expenses - net of other income	(19,503,604)	(20,330,959)	(20,067,038)	(22,556,860)	(26,246,342)	(26,747,221)	(23,057,704)	(25,372,645)	(15,847,335)	(15,586,102)
(Loss) / profit before interest and tax	(17,263,260)	(15,218,171)	(15,341,661)	(24,466,015)	31,438,521	22,334,729	25,746,579	22,914,529	8,483,700	(7,896,038)
(Finance cost) / income - net	(1,872,155)	(2,443,681)	(2,961,155)	(4,165,147)	(9,489,514)	(7,047,695)	(3,473,879)	12,153,851	(17,856,101)	(16,166,362)
(Loss) / profit before tax	(19,135,415)	(17,661,852)	(18,302,816)	(28,631,162)	21,949,007	15,287,034	22,272,700	35,068,380	(9,372,401)	(24,062,400)
Tax	3,106,789	(3,090)	(996,324)	7,416,742	(8,965,272)	(7,621,390)	(9,808,653)	15,550,948	(852)	(328,718)
(Loss) / profit after tax	(16,028,626)	(17,664,942)	(19,299,140)	(21,214,420)	12,983,735	7,665,644	12,464,047	50,619,328	(9,373,253)	(24,391,118)

STATISTICS AND RATIO

Gross profit %	3%	5%	5%	(2%)	24%	23%	25%	23%	24%	11%
(Loss) / profit before tax to total sales %	(23%)	(19%)	(18%)	(23%)	9%	7%	11%	17%	-	-
(Loss) / profit after tax to total sales %	(19%)	(19%)	(19%)	(17%)	5%	4%	6%	24%	-	-
Current ratio	22%	28%	29%	34%	66%	43%	44%	37%	14%	14%
Asset turnover ratio	45%	55%	58%	69%	128%	109%	98%	102%	55%	37%
Current Assets Turnover - times	4.97	5.43	5.25	5.35	10.30	9.76	7.44	8.51	6.04	5.27
Long term debt to equity ratio	0%	19%	15%	12%	19%	41%	61%	104%	338%	253%
Return on equity before tax %	(45%)	(30%)	(26%)	(32%)	20%	16%	25%	48%	-	-
Return on equity after tax %	(38%)	(30%)	(27%)	(24%)	12%	8%	14%	69%	-	-
Interest Cover	(9.22)	(6.23)	(5.18)	(5.87)	3.31	3.17	7.41	7.42	0.48	(3.94)
Earning per share (Rs.)	(2)	(2.35)	(2.57)	(2.83)	1.73	1.02	1.75	7.42	(1.37)	(3.94)
Price earning ratio	(4)	(3)	(3)	(3)	9	7	4	2	-	-
Market price per share at year end	8.00	6.00	6.79	7.40	14.73	7.22	6.75	11.25	6.75	15.64
Cash dividend	-	-	-	-	-	-	-	5%	-	-
Stock dividend	-	-	-	-	-	-	-	-	-	-

**PATTERN OF SHAREHOLDING BY THE SHAREHOLDERS
AS AT JUNE 30, 2017**

NO. OF SHARE HOLDERS	SHAREHOLDING OF SHARES			SHARE HELD
	FROM		TO	
286	1	-	100	6,594
176	101	-	500	57,358
84	501	-	1000	72,671
129	1001	-	5000	333,591
35	5001	-	10000	279,257
20	10001	-	15000	254,764
11	15001	-	20000	196,395
6	20001	-	25000	139,500
6	25001	-	30000	166,800
5	30001	-	35000	170,700
5	35001	-	40000	189,600
3	40001	-	45000	128,105
9	45001	-	50000	444,594
2	55001	-	60000	114,000
4	60001	-	65000	251,980
4	70001	-	75000	290,814
1	75001	-	80000	78,308
5	95001	-	100000	494,664
1	135001	-	140000	139,531
1	145001	-	150000	150,000
1	160001	-	165000	162,110
2	195001	-	200000	399,330
1	220001	-	225000	222,149
1	230001	-	235000	231,500
1	280001	-	285000	281,570
1	315001	-	320000	319,500
1	330001	-	335000	330,028
1	370001	-	375000	374,001
1	1220001	-	1225000	1,223,096
803	Total			7,502,510

S/R NO.	CATAGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HOLD	PERCENTAGE %
1	INDIVIDUALS	778	5,914,020	78.82
2	INVESTMENT COMPANIES	1	100	0.00
3	INSURANCE COMPANIES	1	16,260	0.22
4	JOINT STOCK COMPANIES	17	1,221,023	16.27
5	FINANCIAL INSTITUTIONS	1	42	0.00
6	MODARABAS	1	14,000	0.19
7	CHARITABLE TRUSTS	1	330,028	4.40
8	TRADING	1	5	0.00
9	EMPLOYEES PENSION FUND	1	6,794	0.09
10	EMPLOYEES BENEVOLENT FUND	1	238	0.00

803	7,502,510	100.00
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**DETAIL OF PATTERN OF SHAREHOLDING
AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE**

NIT/ICP

National Bank of Pakistan, Trustee Wing	7,074
Investment Corporate of Pakistan	100

DIRECTOR, CEO AND THEIR SPOUSE

Mr. M. Hanif Y. Bawany	Director/Chief Executive Officer	1,223,096
Mr. Vali Mohammad M. Yahya	Director/Chairman	338,861
Mr. Siraj A. Kadir	Director	500
Mr. Zakaria Abdul Ghaffar	Director	3,581
Mrs. Momiza Hanif Bawany	Director	443,680
Mr. Wazir Ahmed Jogezeai	Director	3,581
Mr. Mikhail Bawany	Director	1,505

EXECUTIVE

Nil

PUBLIC SECTOR COMPANIES & CORPORATION

Nil

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

Nil

SHAREHOLDERS HOLDING 5% MORE

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **BAWANY AIR PRODUCTS LIMITED** (the Company) as at June 30, 2017 and the related statement of Profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purposes of our audit.

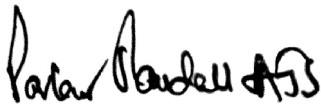
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with accounting standards and requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements.

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) The financial statements for the year ended June 30, 2017 reflects loss after taxation of Rs.16.029 million and as of that date the Company has accumulated loss of Rs.36.903 million and facing adverse liquidity position, as its current liabilities exceed its current assets by Rs.55.824 million. The operations of the Company have been suffering due to breakdown of its plant that has resulted in stoppage of production of liquid oxygen. The Company is unable to ensure timely repayments of its debts mark-up thereon to financial institutions. Further, the Company has been using the amount contributed by its employees towards the employee provident fund and unable to pay off its part to the contribution thus treating the amount of Rs.8.014 million as loan from employee's provident fund as at June 30, 2017. These conditions lead us to believe that going concern assumption used in the preparation of financial statement is not appropriate and accordingly, assets and liabilities should have been reported at their realizable and settlement amounts respectively.
- b) We did not observe counting of physical inventories of stock-in-trade and stores and spares as at June 30, 2017 and we were unable to satisfy ourselves by alternative means concerning the inventory of stock-in-trade and stores and spares quantities held as at June 30, 2017 which are stated in the statement of financial position at net value of Rs.1.732 million.
- c) Trade debts amounting to Rs.1.681 million are stagnant for more than 730 days, against which only Rs.0.301 million provisions is available as at June 30, 2016. Since these trade debts are doubtful of recovery, therefore, the provision should have been created against these. Had the provision been made, loss for the year would have been further higher by Rs.1.380 million.
- d) The Company has obtained loan from "Employees Provident Fund" (the Fund) in contravention to section 227 of Companies Ordinance, 1984. As at June 30, 2017, the total payable to the Fund amounts to Rs.8.014 million.
- e) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

- f) in our opinion:
- (i) except for the effects of matters referred in paragraphs (a) to (d) above; the statement of financial position and statement of profit and loss together with the notes thereon have not been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- g) in our opinion and to the best of our information and according to the explanations given to us, because of significance of matters discussed in Para (a), coupled with the effects of matter discussed in Para (b) to (d) above, the statement of financial position, statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of change in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, comprehensive loss, its statement of cash flows and changes in equity for the year then ended; and
- h) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



Chartered Accountants
Audit Engagement Partner:
Muhammad Shabbir Kasbati

Date: November 15, 2017
Place: Karachi

STATEMENT OF FINANCIAL POSITION

	Note	2017	2016
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	183,889,558	170,228,692
Long-term deposits		3,221,357	3,221,357
Current assets			
Stores and spares	5	1,026,292	1,053,370
Stock-in-trade	6	705,291	896,412
Trade debts	7	4,237,910	3,665,142
Loans and advances	8	2,080,474	2,683,134
Other receivables	9	1,555,084	4,622,924
Other financial assets	10	58,288	39,493
Taxation -net	11	5,167,657	4,257,682
Cash and bank balances	12	603,378	600,259
		15,434,374	17,818,416
Total assets		202,545,289	191,268,465

AS AT JUNE 30, 2017

	Note	2017	2016
		----- Rupees -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital shares of Rs.10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up capital	13	75,025,104	75,025,104
Loans from directors		4,225,000	4,225,000
Accumulated loss		(36,903,396)	(21,247,216)
		42,346,708	58,002,888
Surplus on revaluation of property, plant & equipment - net	14	36,702,131	21,295,679
Non-current liabilities			
Long-term financing	15	-	706,927
Long-term deposits	16	52,238,007	47,514,295
Deferred tax liability	17	-	-
		52,238,007	48,221,222
Current liabilities			
Trade and other payables	18	30,052,094	22,626,100
Interest / mark-up accrued	19	759,678	183,440
Short-term borrowings	20	37,275,819	37,220,819
Current portion of long-term financing	15	3,170,852	3,718,317
		71,258,443	63,748,676
Contingencies and commitments	21		
Total equity and liabilities		202,545,289	191,268,465

The annexed notes from 1 to 42 form an integral part of these financial statements.

M. HANIF Y. BAWANY
 CHIEF EXECUTIVE OFFICER

MUHAMMAD HASHIM
 CHIEF FINANCIAL OFFICER

ZAKARIA A. GHAFFAR
 DIRECTOR

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 ----- Rupees -----	2016
Sales - net	22	82,702,366	94,437,668
Cost of sales	23	<u>(80,462,022)</u>	<u>(89,324,880)</u>
Gross profit		2,240,344	5,112,788
Distribution cost	24	(4,310,649)	(4,324,987)
Administrative expenses	25	(11,894,183)	(12,712,156)
Other operating expenses	26	(4,289,526)	(4,435,702)
Unrealized gain / (loss) on revaluation of other financial assets		18,795	(114,163)
		(20,475,563)	(21,587,008)
Other income	27	971,959	1,256,049
		(19,503,604)	(20,330,959)
Operating loss		(17,263,260)	(15,218,171)
Finance cost	28	(1,872,155)	(2,443,681)
Loss before taxation		(19,135,415)	(17,661,852)
Taxation	29	3,106,789	(3,090)
Loss for the year		<u>(16,028,626)</u>	<u>(17,664,942)</u>
Loss per share - basic and diluted	30	<u>(2.14)</u>	<u>(2.35)</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	----- Rupees -----	
Net loss for the year	(16,028,626)	(17,664,942)
Other comprehensive income	-	-
Total comprehensive loss	<u>(16,028,626)</u>	<u>(17,664,942)</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.

M. HANIF Y. BAWANY
CHIEF EXECUTIVE OFFICER

MUHAMMAD HASHIM
CHIEF FINANCIAL OFFICER

ZAKARIA A. GHAFFAR
DIRECTOR

STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(19,135,415)	(17,661,852)
Adjustments for:			
Depreciation		5,935,502	6,102,896
Gain on disposal of property, plant and equipment		(971,513)	(978,604)
Dividend income		(440)	(701)
Unrealized loss/(gain) on revaluation of other financial assets		(18,795)	114,163
Gain on disposal of financial assets		-	(113,806)
Finance cost		1,872,155	2,443,681
Operating cash flows before working capital changes		(12,318,506)	(10,094,223)
Working capital changes			
Stores and spares		27,078	185,711
Stock-in-trade		191,121	409,246
Trade debts		(572,768)	(238,539)
Loans and advances		602,660	272,903
Other receivables		3,067,840	(960,283)
Trade and other payables		6,751,617	2,714,332
		10,067,548	2,383,370
Net cash used in operations		(2,250,958)	(7,710,853)
Finance cost paid		(621,540)	(2,636,129)
Income tax paid		(1,737,000)	(1,656,857)
Net cash used in operating activities		(4,609,498)	(12,003,839)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,087,858	2,494,584
Purchase of property, plant & equipment		-	(138,224)
Long-term deposits - assets		-	(5,890)
Proceeds from disposal of other financial asset		-	134,556
Dividend income received		440	701
Net cash generated from investing activities		1,088,298	2,485,727
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term deposits - liabilities - net		4,723,712	6,636,156
Repayment of long-term finance		(1,254,392)	(2,710,936)
Loans from directors		-	4,225,000
Short-term borrowings		80,000	2,430,000
Net cash generated from financing activities		3,549,320	10,580,220
Net increase in cash and cash equivalents		28,120	1,062,108
Cash and cash equivalents at beginning of the year		(8,260,560)	(9,322,668)
Cash and cash equivalents at end of the year	31	(8,232,440)	(8,260,560)

The annexed notes from 1 to 42 form an integral part of these financial statements.

M. HANIF Y. BAWANY
 CHIEF EXECUTIVE OFFICER

MUHAMMAD HASHIM
 CHIEF FINANCIAL OFFICER

ZAKARIA A. GHAFFAR
 DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up capital	Loans from directors	Accumulated loss	Total
----- Rupees -----				
Balance as at July 01, 2015	75,025,104	-	(3,865,745)	71,159,359
Total comprehensive loss for the year ended June 30, 2016	-	-	(17,664,942)	(17,664,942)
Transfer from short term borrowings	-	4,225,000	-	4,225,000
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	283,471	283,471
Balance as at June 30, 2016	75,025,104	4,225,000	(21,247,216)	58,002,888
Total comprehensive loss for the year ended June 30, 2017	-	-	(16,028,626)	(16,028,626)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	372,446	372,446
Balance as at June 30, 2017	75,025,104	4,225,000	(36,903,396)	42,346,708

The annexed notes from 1 to 42 form an integral part of these financial statements.

M. HANIF Y. BAWANY
CHIEF EXECUTIVE OFFICER

MUHAMMAD HASHIM
CHIEF FINANCIAL OFFICER

ZAKARIA A. GHAFAR
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. GENERAL INFORMATION

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

1.2 Going Concern Assumption

The financial statements for the year ended June 30, 2017 reflect loss after taxation of Rs. 16.029 million and as of that date it has accumulated losses of Rs. 36.903 million. Its current liabilities exceed its current assets by Rs. 55.824 million. The operations of the Company have been suffering due to breakdown of its plant that has resulted in stoppage of production of liquid oxygen. The Company is facing adverse liquidity position thus unable to meet its financial commitment with the lenders.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its obligations in the ordinary course of its business. However, in view of the management's plan to deal with the above situation and the subsequent development detailed below, these financial statements have been prepared using the going concern assumption.

To cope up with the aforementioned solvency and liquidity issues, the management is working on the plans to increase the level of capital employed into the business. In this respect, the management has appointed Core advisor to act as its financial consultant and advocate. Besides making arrangements for working capital financing, the consultant will also be responsible for raising sufficient funds through equity injection to finance the planned capital expenditure on overhauling of certain component of the plant which will enable the Company to produce liquid oxygen at a cost lower than its current purchase cost that is expected to improve the financial position of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except that 'other financial assets' are stated at fair value and freehold land and building thereon are stated at revalued amounts.

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 Pakistan Rupee (Rs), which is the Company's functional and presentation currency.

2.4 Critical judgments and accounting estimates in applying the accounting policies

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgement is exercised in application of accounting policies are as follows:

- (i) Revaluation of freehold land and building and review of useful life and residual value of property, plant and equipment (note 3.5 and 4);
- (ii) Provision for impairment of trade debts and other receivable (note 3.9 and 7);
- (iii) Impairment of assets (note 3.11); and
- (iv) Provision for taxation (note 3.15 and 29)

2.5 Standards, interpretations and amendments to approved accounting standards

2.5.1 Standards, interpretations and amendments to published accounting standards that are not yet effective and have not been early adopted by the Company.

The following standards, interpretations and amendments to published accounting standards would be effective from the dates mentioned below against the respective standards or amendments:

Standards/ amendments/ interpretations	Effective date (accounting periods beginning on or after)
IFRS 2 Share-Based Payment (Amendments)	January 01, 2018
IFRS 16 Leases	January 01, 2019
IAS 7 Statement of Cash Flows	January 01, 2017
IAS 12 Income Taxes (Amendments)	January 01, 2017
IFRS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017

IFRS 17	Insurance Contracts	January 01, 2021
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 01, 2018

The management anticipates that, the adoption of the above revisions and amendments of the standards will not affect materially the Company's financial statements in the period of initial application.

In addition, the Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statement in accordance with provisions of the repealed Companies Ordinance, 1984.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
--------	---	------------------

2.5.2 Standards, amendments and interpretations adopted during the year

The Company has adopted the following standards and amendments to published accounting standards which become effective during the year and have been adopted by the Company.

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)
IFRS 7	Financial Instruments: Disclosure (Amendments)
IFRS 10 & IAS 28	Sale or Contribution of Assets between an investor and its Associate
IFRS 10	Consolidated Financial Statements
IFRS 10, 12 & IAS 27	Investment Entities Applying the Consolidation Exceptions (Amendments)
IAS 1	Disclosure Initiative (Amendments)
IAS 16 & 38	Clarification of Acceptable Methods of Depreciation and Amortization
IFRS 11	Accounting for Acquisition of Interest in Joint Operations (Amendments)
IAS 19	Employee Benefits (Amendments)
IAS 27	Equity Method in Separate Financial Statements (Amendments)
IAS 34	Interim Financial Reporting (Amendments)
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all years presented.

3.1 Employee benefits

Defined contribution plan

The Company operates a recognised 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 basic salary. The Company's required contribution to the fund is charged to the statement of profit and loss.

Compensated absences

The Company account for these benefits in the period in which the absences are earned. A provision is made for the estimated liability for annual leave as a result of services rendered by employee upto the date of statement of financial position. With effect from financial year 2015, the policy has been discontinued, however company is holding the provision required to lay off its liabilities as per previous policy.

3.2 Trade and other payables

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

3.3 Provisions

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

3.4 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

3.5 Property, plant and equipment

Operating fixed assets - owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except land and building thereon. Land is stated at revalued amount and building is stated at revalued amount less accumulated depreciation. Cost includes expenditure, related overheads, markup and borrowing costs as disclosed in relevant note that are directly attributable to the acquisition of asset.

Subsequent costs, if reliably measureable, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. Normal repairs and maintenance are charged to the statement of profit and loss during the period in which they are incurred.

Assets useful lives and residual values that are significant in relation to the total cost of the assets are reviewed, and adjusted if appropriate, at each date of statement of financial position.

Depreciation is charged to the statement of profit and loss applying the reducing balance method after taking into account the 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 additions is charged from the month the asset is available for use upto the month prior to disposal.

Surplus on revaluation of freehold land and building is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred taxation) is transferred directly to retained earnings / unappropriated profit.

Gains or losses on disposal of property, plant and equipment are recognised in the statement of profit and loss, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings / unappropriated profit.

Capital work-in-progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditure incurred and advances made in the course of their construction and installation. These are transferred to specific assets as and when these assets are available for intended use.

3.6 Investments

Regular way purchase or sale of investments

All purchase and sale of investments that require delivery within the time frame established by regulations or market convention are recognised at trade date. Trade date is the date on which the Company commits to purchase or sell the investments.

Financial assets at fair value through profit or loss

These are investments which are acquired principally for the purpose of generating profit from short-term fluctuations in prices, interest rate movement or dealer's margin. These are initially recognised at fair value and the transaction costs associated with the investments are taken directly to the statement of profit and loss. Subsequent to initial recognition, these investments are marked to market using the closing market rates and are carried at these values on the date of statement of financial position being their fair value. Net gains and losses arising on changes in fair values of the investments are taken to the statement of profit and loss in the period in which they arise.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.7 Stores and spares

These are stated at lower of cost and net realisable value. Cost is determined using moving average cost method. Items in transit are stated at cost, comprising invoice values and other related charges incurred upto the date of the statement of financial position.

3.8 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined as follows:

- Raw material Weighted average cost
- Finished goods Average manufacturing cost

Average manufacturing cost in relation to finished goods comprises of direct materials and where applicable, direct labor cost and those overheads that have been incurred in bringing the inventories to their present location and condition. Stock-in-transit are stated at invoice price plus other charges paid thereon upto the date of statement of financial position.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

3.9 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flow, cash and cash equivalents include cash in hand, current and deposit accounts held with banks and bank overdraft / short term borrowings.

3.11 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The Company assesses at each date of statement of financial position whether there is any indication that assets except inventories and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of profit and loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

3.12 Financial instruments

All the financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled, or expired. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction cost are charged to income for that year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gains or losses on derecognition of financial assets and financial liabilities are taken to statement of profit and loss currently.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are 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 intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to buyer, that is, when goods are delivered.

Interest income is recognised on a time-proportioned basis using the effective rate of return.

Dividend income is recognised when the right to receive payment is established.

3.15 Taxation

The tax expense for the year comprises of current and deferred income tax, and is recognized in income for the year, except to the extent that it relates to items recognized directly in other comprehensive income, in which case the related tax is also recognized in other comprehensive income.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to tax authorities.

Deferred

Deferred income tax is recognized, using the balance sheet liability method, on all temporary differences arising at the date of statement of financial position between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

3.16 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.17 Foreign currencies

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency using the exchange rate prevailing on the date of statement of financial position. Exchange differences arising from the settlement of such transactions, and from the translation of monetary items at the end of the year exchange rates, are charged to the statement of profit and loss.

4.1.1 The following assets were disposed off during the year

Description	Cost	Acc. dep.	Written down value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyers
----- Rupees -----							
Vehicle							
Suzuki Mehran	304,000	293,482	10,518	175,000	164,482	Negotiation	Asia Insurance Co. Ltd, Karachi
Gas cylinders							
18 gas cylinders	5,850	5,556	294	270,000	269,706	Negotiation	Linde Pakistan Ltd, Karachi
271 gas cylinders	199,020	189,481	9,539	210,085	200,546	Negotiation	Mr. Sain Naveed, Karachi
109 gas cylinders	891,205	796,128	95,077	400,000	304,923	Negotiation	Prime Gas Pvt. Ltd, Karachi
39 gas cylinders	19,045	18,128	917	32,773	31,856	Negotiation	Hayat Gas, Karachi
	1,115,120	1,009,293	105,827	912,858	807,031		
June 30, 2017	1,419,120	1,302,775	116,345	1,087,858	971,513		

4.1.2 During the year, freehold land and building were revalued as on March 31, 2017 by independent valuer, Iqbal A. Nanjee & Co. (Pvt.) Ltd resulting in surplus of Rs. 19.712 million, over book value. Freehold land and building thereon, have been stated at revalued amounts and the related surplus has been credited (net of deferred taxation) to 'Surplus on revaluation of property, plant and equipment - net - (refer note 14).

Had the revaluation not been carried out, cost and written down values of freehold land and building thereon would have been as follows:

	Cost	Acc. dep.	Written down value
----- Rupees -----			
Land	345,790	-	345,790
Factory building	19,678,937	8,638,648	11,040,289
June 30, 2017	20,024,727	8,638,648	11,386,079
June 30, 2016	20,024,727	8,267,671	11,757,056

4.1.3 Depreciation for the year has been allocated as under:

	Note	2017	2016
----- Rupees -----			
Cost of sales	23	1,457,077	1,409,979
Administrative expenses	25	298,899	363,215
Other operating expenses	26	4,179,526	4,329,702
		5,935,502	6,102,896

4.1.4 The carrying amount of temporarily idle property, plant and equipment as at June 30, 2017 is Rs. 121.450 (2016: Rs. 125.864) million.

5. STORES AND SPARES

	2017	2016
----- Rupees -----		
Stores	412,928	441,249
Spares	613,364	612,121
	1,026,292	1,053,370

	2017	2016
	----- Rupees -----	
6. STOCK-IN-TRADE		
Raw materials	343,246	351,100
Finished goods	362,045	545,312
	705,291	896,412
7. TRADE DEBTS		
Unsecured		
Considered good	4,237,910	3,665,142
Considered doubtful	300,939	300,939
	4,538,849	3,966,081
Provision for doubtful debts	(300,939)	(300,939)
	4,237,910	3,665,142

7.1 As at June 30, 2017, the ageing analysis of unimpaired trade debts is as follows:

	2017	2016
	----- Rupees -----	
<u>Neither past due nor impaired</u>		
0-30 days	651,285	554,618
<u>Past due but not impaired</u>		
31-90 days	409,915	520,147
91-180 days	475,568	777,300
180-365 days	1,244,968	825,046
Over 365 days	1,456,174	988,031
	4,237,910	3,665,142

Management considers that no provision required against overdue amounts based on previous history of the parties.

	Note	2017	2016
		----- Rupees -----	
8. LOANS AND ADVANCES			
Considered good			
Due from employees		-	1,000
Advances to suppliers		2,080,474	2,682,134
		2,080,474	2,683,134
9. OTHER RECEIVABLES			
Receivable from related party	9.1	543,577	3,536,068
Others		1,011,507	1,086,856
		1,555,084	4,622,924

9.1 This represents interest free payment made by Company for purchase of land on behalf of Winder Industries (Private) Limited.

			2017	2016
	Note	----- Rupees -----		
10. OTHER FINANCIAL ASSETS				
At fair value through profit or loss				
Fully paid listed shares / certificates of Rs. 10 each.				
		2017	2016	Company's name
		No. of shares / certificates		
		215	215	Faysal Bank Limited
		603	603	Sui Southern Gas Pipelines Limited
		1,398	1,398	First Fidelity Leasing Modaraba Limited
		1,311	1,311	First Equity Modaraba Limited
		419	419	K-Electric Limited
		54	54	Linde Pakistan Limited
		290	290	SAMBA Bank Limited
		12	12	Ghani Gases Limited
		4,302	4,302	
			58,288	39,493
11. TAXATION - net				
Advance income tax			5,994,681	5,202,059
Provision for taxation - current	29		(827,024)	(944,377)
			5,167,657	4,257,682
12. CASH AND BANK BALANCES				
Cash at bank				
- Current accounts			494,208	350,345
- PLS account			3	641
			494,211	350,986
Cash in hand			109,167	124,273
Cash in transit			-	125,000
			603,378	600,259
13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
		2017	2016	
		No. of shares		
		Ordinary shares of Rs.10/- each :		
		5,336,769	5,336,769	- Fully paid in cash
		250,000	250,000	- For consideration other than cash
		1,915,741	1,915,741	- Fully paid bonus shares
		7,502,510	7,502,510	
			53,367,694	53,367,694
			2,500,000	2,500,000
			19,157,410	19,157,410
			75,025,104	75,025,104
13.1		As at June 30, 2017, Bawany Management (Private) Limited, an associate company held 222,149 (2016: 222,149) ordinary shares of Rs. 10/- each.		

	Note	2017	2016
----- Rupees -----			
14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET			
Surplus on freehold land	14.1	20,654,210	14,054,210
Surplus on building on freehold land	14.2	16,047,921	7,241,469
Balance as at June 30		<u>36,702,131</u>	<u>21,295,679</u>
14.1 Movement of surplus on freehold land			
Revaluation surplus as at July 01		14,054,210	10,754,210
Surplus arising on revaluation carried out during the year		6,600,000	3,300,000
Balance as at June 30		<u>20,654,210</u>	<u>14,054,210</u>
14.2 Movement of surplus on building on freehold land			
Revaluation surplus as at July 01		10,778,675	8,337,395
Surplus arising on revaluation carried out during the year		13,112,711	2,941,523
		<u>23,891,386</u>	11,278,918
Restatement of opening liability due to change in tax rate		(334,567)	(83,374)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year, net of deferred tax		(372,446)	(283,471)
Related deferred tax liability of incremental depreciation charged during the year		(159,620)	(133,398)
Revaluation surplus as at June 30		<u>23,024,753</u>	10,778,675
Less: Related deferred tax on:			
Revaluation as at July 01		(3,537,206)	(2,812,691)
Surplus arising on revaluation during the year		(3,933,813)	(941,287)
Difference arising due to change in rate		334,567	83,374
Incremental depreciation charged during the year, transferred to statement of profit and loss		159,620	133,398
		<u>(6,976,832)</u>	<u>(3,537,206)</u>
		<u>16,047,921</u>	<u>7,241,469</u>

	Note	2017	2016
----- Rupees -----			
15. LONG-TERM FINANCING			
Secured - from financial institution			
Orix Leasing Pakistan Limited	15.1	3,170,852	4,425,244
Current portion			
Overdue installments	15.2	(2,463,925)	(492,427)
Installments due in next 12 months		(706,927)	(3,225,890)
		(3,170,852)	(3,718,317)
		-	706,927

15.1 The rescheduled outstanding loan amount carries mark-up at the rate of 15% per annum and repayable in 31 equal monthly installments starting from March 2015. This loan is secured by way of first ranking pari passu charge over land and all construction thereon. In addition, personal guarantees and indemnities executed by the Chief Executive in favour of Orix Leasing Pakistan Limited shall remain valid as securities till the repayment of rescheduled loan amount.

15.2 As at June 30, 2017, the Company has delayed nine installments of Orix Leasing Pakistan Limited amounting to Rs.2.463 million (2016: Rs. 0.492 million). The overdue principal is included in the current maturity.

16. LONG-TERM DEPOSITS

These deposits for storage tanks and cylinders are non-interest bearing and are repayable to customers on return of tanks / cylinders or on termination of sale agreement.

	2017	2016
----- Rupees -----		
17. DEFERRED TAX LIABILITY		
Deferred debits arising due to:		
Provision for bad debts	(90,282)	(96,300)
Provision for liabilities	(230,337)	(245,693)
Carried forward tax losses	(35,526,855)	(35,138,898)
	(35,847,474)	(35,480,891)
Deferred credits arising due to:		
Accelerated depreciation on property, plant and equipment	28,688,811	30,127,813
Surplus on revaluation of property, plant and equipment	7,158,663	5,353,078
	35,847,474	35,480,891
	-	-

17.1 As at year end June 30, 2017, unused tax losses and respective deferred tax assets amounts to Rs. 58.161 million and Rs. 17.448 million. The Company has not recorded the same because it is probable that the Company will not be able to utilise the deferred tax asset as it is not expected that company would be able to earn profit in future.

	Note	2017	2016
----- Rupees -----			
18. TRADE AND OTHER PAYABLES			
Creditors		2,051,891	2,467,170
Accrued liabilities		16,903,133	10,150,590
Advance from customers		384,957	634,018
Payable to provident fund	18.1	6,864,106	4,978,895
Provision for compensated absences		767,790	767,790
Sales tax payable		1,559,022	1,177,610
Unclaimed dividend		1,217,407	1,217,407
Withholding tax payable		303,788	1,232,620
		30,052,094	22,626,100

18.1 This represents equal contribution by the Company and the employees.

	Long-term loans	Short-term borrowings	Total
----- Rupees -----			
19. INTEREST / MARK-UP ACCRUED			
Balance as at June 30, 2016	107,573	75,867	183,440
Mark-up accrued during the year	374,109	823,669	1,197,778
Mark-up paid during the year	(245,608)	(375,932)	(621,540)
Balance as at June 30, 2017	236,074	523,604	759,678

	Note	2017	2016
----- Rupees -----			
20. SHORT-TERM BORROWINGS			
Running finance from bank - secured	20.1	8,835,819	8,860,819
Associated undertaking - Bawany Management (Private) Limited	20.2	27,290,000	27,210,000
Loan from provident fund	20.3	1,150,000	1,150,000
		37,275,819	37,220,819

20.1 This represents short-term running finance facility availed from a commercial bank. The limit of running finance facility is Rs. 10 million (2016: Rs. 10 million) and is secured against first pari passu hypothecation charge over plant and machinery of the Company and first hypothecation charge over stocks and receivables of the Company and personal guarantee of all sponsor's directors of the Company. The mark-up rate is three months KIBOR + 4% per annum (2016: three months KIBOR + 4%).

During the year under review, Faysal Bank Limited has filed a law suit in the Banking Court No. IV at Karachi for recovery of their principal balance along-with mark-up on outstanding payments amounting to Rs. 13,077,725 and sale of hypothecated assets.

The Company has challenged these allegations in the banking court on the basis that the amount is exaggerated, misconceived and false claims / pleas taken by the bank. The matter is being heard at the banking court.

20.2 This represents the short-term loan obtained by the Company from an associated undertaking. This is interest free and payable within a period of 12 months.

20.3 Interest is charged at 9% (2016: 9%) per annum on the funds utilized by the Company.

21. CONTINGENCIES AND COMMITMENTS

Contingencies

21.1 During the year, the Company was selected for income tax audit for the period from July 2011 to June 2012. The assessing officer issued impugned order dated 24.01.2017 wherein the Appellant was ordered to pay income tax amount to Rs.9.999 million along with default surcharge and penalty.

Being aggrieved with the order, the Company preferred the instant appeal contesting and that the Deputy Commissioner Inland Revenue passed the order without proper jurisdiction over the appellant's case.

The management and tax advisor of the Company are confident about the favourable outcome of the matter and hence, no provision has been made in these financial statement on this account.

21.2 No provision has been made in these accounts in respect of contingencies disclosed in note 21.1 and claim arising from the matters disclosed in note 15.2 and 20.1.

Commitments

There were no commitments as at June 30, 2017 (2016: Nil).

	Note	2017	2016
----- Rupees -----			
22. SALES - NET			
Sales		96,966,431	110,589,993
Less: Sales tax		(14,264,065)	(16,152,325)
		82,702,366	94,437,668
23. COST OF SALES			
Raw material consumed	23.1	69,286,894	76,217,420
Salaries, wages and other benefits	23.2	4,218,621	4,680,238
Electricity and water		549,267	1,668,387
Stores and spares consumed		181,632	365,251
Repairs, maintenance and handling		2,038,892	2,357,860
Insurance		945,833	720,094
Vehicles running and maintenance		245,432	326,681
Conveyance expense		346,990	388,830
Depreciation	4.1.3	1,457,077	1,409,979
Security expense		948,000	948,000
Others		461,919	247,908
		80,680,557	89,330,648
Maintenance & other charges recovered		(401,802)	(415,014)
Cost of goods manufactured		80,278,755	88,915,634
Finished goods - opening		545,312	954,558
Finished goods - closing	6	(362,045)	(545,312)
		183,267	409,246
		80,462,022	89,324,880

	Note	2017	2016
----- Rupees -----			
23.1 Raw material consumed			
Opening stock		351,100	351,100
Purchases		69,279,040	76,217,420
		69,630,140	76,568,520
Closing stock	6	(343,246)	(351,100)
		69,286,894	76,217,420

23.2 This includes Rs. 317,036 (2016: 306,786) charge in respect of employees retirement benefits.

	Note	2017	2016
----- Rupees -----			
24. DISTRIBUTION COST			
Salaries and other benefits	24.1	3,783,920	3,759,609
Vehicles running and maintenance		433,058	394,823
Cartage		17,500	2,500
Insurance		24,630	116,354
Others		51,541	51,701
		4,310,649	4,324,987

24.1 This includes Rs. 221,638 (2016: 218,213) charge in respect of employees retirement benefits.

	Note	2017	2016
----- Rupees -----			
25. ADMINISTRATIVE EXPENSES			
Directors' remuneration and meeting fees		3,379,880	3,457,146
Salaries and other benefits	25.1	5,587,779	5,541,482
Electricity, gas and water		225,996	259,559
Repairs and maintenance		164,289	172,025
Insurance		28,871	145,986
Rent, rates and taxes		586,594	574,157
Traveling and conveyance		170,206	261,157
Vehicles running and maintenance		348,522	387,175
Entertainment		11,218	69,305
Communication		216,972	257,449
Printing and stationery		110,438	138,147
Legal and professional charges		91,000	101,872
Auditors' remuneration	25.2	275,000	275,000
Fees, subscription and periodicals		374,433	540,867
Advertisement		20,160	56,453
Depreciation	4.1.3	298,899	363,215
Others		3,926	111,161
		11,894,183	12,712,156

25.1 This includes Rs. 306,786 (2016: 277,241) charge in respect of employees retirement benefits.

	Note	2017	2016
		----- Rupees -----	
25.2 Auditors' remuneration			
Audit fee		200,000	200,000
Half year review fee		55,000	55,000
Out of pocket expenses		20,000	20,000
		275,000	275,000
26. OTHER OPERATING EXPENSES			
Depreciation of idle plant	4.1.3	4,179,526	4,329,702
Bad debts written-off		10,000	-
Penalties		100,000	106,000
		4,289,526	4,435,702
27. OTHER INCOME			
From financial assets:			
Dividend income		440	701
Interest income on PLS account		6	14
Gain on disposal of other financial assets		-	113,806
From other than financial assets:			
Gain on disposal of property, plant and equipment		971,513	978,604
Other income		-	162,924
		971,959	1,256,049
28. FINANCE COST			
Interest / mark-up on:			
Long-term financing		374,109	820,868
Short -term borrowings			
- Bank		823,669	1,038,965
- Provident fund		638,380	526,612
Bank charges		35,997	57,236
		1,872,155	2,443,681

	Note	2017	2016
----- Rupees -----			
29. TAXATION			
Current	29.1	827,024	944,377
Deferred		(3,933,813)	(941,287)
		<u>(3,106,789)</u>	<u>3,090</u>

29.1 The relationship between income tax expense and accounting profit has not been presented in these financial statements as the provision for taxation for the current year is based on minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001.

Income tax assessments of the Company have been finalised up to and including the tax year 2016 and are deemed to be assessment order u/s 120 of the Income Tax Ordinance, 2001.

	2017	2016
Loss for the year - Rupees	(16,028,626)	(17,664,942)
Weighted average number of ordinary shares (Number)	7,502,510	7,502,510
Loss per share - Rupees	(2.14)	(2.35)

	Note	2017	2016
----- Rupees -----			
31. CASH & CASH EQUIVALENT			
Cash and bank balances	12	603,378	600,259
Short term borrowings - running finance	20	(8,835,819)	(8,860,819)
		<u>(8,232,441)</u>	<u>(8,260,560)</u>

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVE

	Chief Executive		Director		Executive	
	2017	2016	2017	2016	2017	2016
----- Rupees -----						
Remuneration	967,742	967,742	1,045,161	1,045,161	1,107,097	1,060,645
House rent	435,484	435,484	470,322	470,322	498,194	477,290
Utilities	96,774	96,774	104,516	104,516	110,709	106,065
	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,619,999</u>	<u>1,619,999</u>	<u>1,716,000</u>	<u>1,644,000</u>
Number of persons	1	1	1	1	1	1

The Chief Executive and the Director are provided with free use of company maintained vehicles, residential utility and telephone bills, the monetary value of which is Rs. 455,289 (2016: Rs. 681,098).

The aggregate amount charged in the financial statements for the year as fee paid to 7 directors (2016: 7 directors), is Rs.24,000 (2016: 81,000) for attending the Board of Directors meetings.

33. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors of the Company, key management personnel and staff retirement fund. The Company carries out transactions with various related parties in the normal course of business. Remuneration of directors and key management personnel is disclosed in note 32. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of Transactions	2017	2016
		----- Rupees -----	
Associated undertakings	Rent charges paid to Ebrhaimyan Enterprises	144,333	459,535
	Loan obtained from Bawany Management (Private) Limited - net	80,000	3,105,000
Employees retirement benefit plan	Contribution to Provident Fund - Bawany Air Products Limited	221,000	200,000
	Loan from Provident Fund - Bawany Air Products Limited	-	500,000
Key management personnel	Loans from directors	-	3,050,000

34. PROVIDENT FUND

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

	June 30, 2017 (Un-audited)	June 30, 2016 Audited
	----- Rupees -----	
Size of the fund - total assets	8,034,704	6,333,274
Cost of the investment made	8,034,704	6,333,274
Percentage of investments made	100%	100%
Fair value of investments	8,034,704	6,333,274

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

Bank balances/deposits	9,452	164,252
	0.12%	2.59%
Barkat monthly income certificate	-	-
	0%	0%
Receivable from Bawany Air Products Limited	8,014,112	6,126,274
	99.74%	96.73%

34.2 As at June 30, 2017, Investments out of provident fund have not been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2017	2016
	----- Rupees -----	
35. FINANCIAL RISK MANAGEMENT		
35.1 Financial instruments by category		
FINANCIAL ASSETS		
Loans and receivables		
Long-term deposits	3,221,357	3,221,357
Trade debts	4,237,910	3,665,142
Other receivables	1,555,084	4,622,924
Cash and bank balances	603,378	600,259
	9,617,729	12,109,682
Fair value through profit or loss		
Other financial assets	58,288	39,493
	9,676,017	12,149,175
FINANCIAL LIABILITIES		
Long-term deposits	52,238,007	47,514,295
Long-term financing	3,170,852	4,425,244
Trade and other payables	27,680,359	19,581,852
Interest / mark-up accrued	759,678	183,440
Short-term borrowings	37,275,819	37,220,819
	121,124,715	108,925,650

35.2 Financial risk management

The Board of Directors has 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 summarised as follows:

35.2.1 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 transactions in foreign currencies are not significant.

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. Majority of the interest rate risk arises from Company's long-term debt and short-term borrowings from financial institutions.

At the date of statement of financial position, the interest rate profile of the Company's interest bearing financial liabilities is:

	2017	2016
	----- Rupees -----	
Fixed rate instruments		
Long-term financing	3,170,852	4,425,244
Variable rate instruments		
Short-term borrowings	8,835,819	8,860,819

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate at the reporting date would not affect statement of profit and loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by Rs.88,356 (2016: Rs. 88,608). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not significantly exposed to equity securities price risk because it has very small quantum of investment in equity securities that has been classified as fair value through profit or loss and have already been marked to market.

35.2.2 Credit risk and concentration of 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, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties 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. The Company does not have any significant exposure to a single customer.

Credit risk of the Company arises principally from long-term deposits and trade debts. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2017	2016
	----- Rupees -----	
Long-term deposits	3,221,357	3,221,357
Loans and advances	2,080,474	2,683,134
Trade debts	4,237,910	3,665,142
Bank balances	603,378	600,259
	<u>10,143,119</u>	<u>13,835,034</u>

The trade debts are due from local customers for sale of liquid oxygen, nitrogen and dissolved acetylene. Management assesses the credit quality of customers, taking into account their financial position, past experience and other factors and limits significant exposure to any individual customer by obtaining advance from customers in certain cases. A significant amount of Company's sales are to ship breaking industry in the area of Gadani, Pakistan, however, the Company is not exposed to concentration of credit risk from these sales as the recovery of receivables from these customers is faster than other customers.

Aging of past due but not impaired trade debts are disclosed in note 7.1.

35.2.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. As disclosed in note 15.1 to the financial statements, during prior year, the Company had entered into various restructuring and settlement agreements with financial institutions to manage the liquidity. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Within 1 year	1 - 5 years	over 5 years	Total
	----- Rupees -----			
June 30, 2017				
Long-term financing	3,170,852	-	-	3,170,852
Long-term deposits	-	-	52,238,007	52,238,007
Trade and other payables	27,680,359	-	-	27,680,359
Interest / mark-up accrued	759,678	-	-	759,678
Short-term borrowings	37,275,819	-	-	37,275,819
	68,886,708	-	52,238,007	121,124,715
June 30, 2016				
Long-term financing	3,718,317	706,927	-	4,425,244
Long-term deposits	-	-	47,514,295	47,514,295
Trade and other payables	19,581,852	-	-	19,581,852
Interest / mark-up accrued	183,440	-	-	183,440
Short-term borrowings	37,220,819	-	-	37,220,819
	60,704,428	706,927	47,514,295	108,925,650

36. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

Fair value hierarchy

The following table provided an analysis of financial instrument that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurement are those derived from inputs other than quoted prices included inputs for the asset or liability that are not based on observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2016, other financial assets were categorised in level 1. There were no transfers between Level 1 and 2 in the year.

37. CAPITAL RISK MANAGEMENT

The objective of the Company in managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. There is no requirement on the Company to maintain minimum amount of capital.

	June 30, 2017	June 30, 2016
	----- Rupees -----	
Total debts	31,610,852	32,785,244
Less: Cash & cash equivalent	(8,232,441)	(8,260,560)
Net debt	23,378,411	24,524,684
Total Equity	42,346,708	58,002,888
Total debt and equity	<u>65,725,119</u>	<u>82,527,572</u>
Gearing ratio	36%	30%

38. PLANT CAPACITY AND ACTUAL PRODUCTION

Production capacity (Triple Shift)

	2017	2016
	Cubic Meter	
Oxygen	4,233,000	4,233,000
Nitrogen	252,000	252,000
Dissolved acetylene	144,000	144,000
	<u>4,629,000</u>	<u>4,629,000</u>

Actual production

Oxygen	2,399,984	2,399,984
Nitrogen	4,396	4,390
Dissolved acetylene	-	-
	<u>2,404,380</u>	<u>2,404,374</u>

Under utilization of available capacity of oxygen, nitrogen and dissolved acetylene is due to lack of market share because of competitive prices offered by other manufacturers.

39. NUMBER OF EMPLOYEES

The numbers of employees at the year ended were 27 (2016: 26) and average number of employees during the year were 26 (2016: 27).

40. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, where necessary, for the purpose of comparisons, the effect of which is not material.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved on November 15, 2017 by the board of directors of the Company.

42. GENERAL

Figures in these financial statements have been made off to the nearest rupee, unless otherwise stated.

M. HANIF Y. BAWANY
CHIEF EXECUTIVE OFFICER

MUHAMMAD HASHIM
CHIEF FINANCIAL OFFICER

ZAKARIA A. GHAFAR
DIRECTOR

FORM OF PROXY

The Director,
 BAWANY AIR PRODUCTS LIMITED
 City Office,
 16-C, 2nd floor, Nadir House,
 I.I. Chundrigar

Please quote Folio No.

No. of Shares. _____

I/We _____

of _____

member(s) of Bawany Air Products Limited do hereby appoint _____

of _____

(or failing him) _____

of _____

Who is also a member of the Company as a proxy to vote on my/our behalf at the 39th Annual General Meeting of the Company to be held on December 07, 2017 at 11:00 am and at any adjustment there of.

Signed this _____ day of _____ 2017

Witness _____

**Signature Across
 Revenue Stamp**

IMPORTANT: Instruments of Proxy will not be considered as valid unless they are at the Company's city office at least 48 hours before the time of holding the meeting.



BAWANYAIR
PRODUCTS LIMITED

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