



BAWANYAIR
PRODUCTS LIMITED

BAP/PSX/2086/21
December 2, 2021

✓ Mr. Hafiz Maqsood Munshi
Senior Manager
Listed Companies Compliance Department - RAD
Pakistan Stock Exchange
Karachi



Subject : **INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED JUNE 30, 2021**

Dear Sir

With reference to your letter PSX/Gen-2255 dated November 12, 2021 regarding Auditors qualified opinion.

- b) The adverse opinion issued by the auditor in their auditor report primarily relates to losses incurred by the Company and the liquidity problems and inability to discharge the liabilities. However, we would like to highlight that the management is striving its best efforts to run the affairs of the Company and discharge its liabilities. In this respect, the Company successfully settled the debt financiers and post June 2021, the Company has settled the disputed matter of K-Electric also. The registered charge over assets of the Company has been released and NOC from SECP has also been received, which it-selt is a big achievement in these difficult times.
- i) The qualified opinion issued by the auditor for going concern assumption is based on operations of the Company which have been affected for last few years. However, the management has continued support from the directors of the Company to run the affairs and they are all making their best efforts to search an equity investor and run the Company.

As far as the operations of the company is concerned there was no revenue due to the worsening economic conditions, rising inflation and new waive of COVID also hit the labour-intensive industry of Gaddani Ship Breaking and for this the financial performance of business declined nationwide. Further we would like to bring to your notice that Fossil Energy had withdrawn their intention during the period ended June 30, 2021 and the management has started searching a new investor which will be good for the company as well as its share holders.



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The agreement of sale of land building and plant & machinery could not be completed as the counter party has not made the payments in due time of the terms and conditions, however the management is pursuing the matter with them and In-Sha Allah it will be settled / completed in legal way in the near future. The management is trying its level best to improve the liquidity issue by involving other investors and financial support from the directors with professional expertise for the revival of the Company.

As our Company is already in defaulter segment and if Pakistan Stock Exchange limited takes any further action against the Company like suspending the trading of shares and later delisting the Company, this will have a negative effect on the Company and its minority share holders, who are nearly 1000. Hope you will consider the matter sympathetically and will not take any adverse action and harm the interest of minority shareholders. We would also like to request you to transfer the status of our Company to regular/normal counter.

Thanking you

For **Bawany Air Products Limited**

A. Rauf

Company Secretary

CC:

1. The Director (CSD) – SECP
2. The Additional Director (AD-SMD) – SECP
3. The Chief Regulatory Officer - PSX