



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION

No. EMD/233/480/2002 - 483-487

June 02, 2025

1. **Bawany Air Products Limited,**
through its Chief Executive Officer
Khasra no. 52/53 R.C.D Highway, Mouza
Pathra, Tehsil Hub, Lasbella District,
Balochistan.

2. **The Board of Directors,**
Bawany Air Products Limited,
Khasra no. 52/53 R.C.D Highway,
Mouza Pathra, Tehsil Hub,
Lasbella District, Balochistan.

Subject: Direction under section 100 of the Securities Act, 2015

Dear Sir(s),

This is with reference to the subject noted above. In this regard, please find enclosed Direction dated June 02, 2025 issued by the Securities and Exchange Commission of Pakistan ("the Commission") under section 100 of the Securities Act, 2015 for your necessary action and compliance.

Regards,

Sabeel Ahmed
Deputy Director

Copy to:

- (i) Managing Director, Pakistan Stock Exchange Stock Exchange Building Stock Exchange Road Karachi.
- (ii) Chief Executive Officer, National Clearing Company of Pakistan 8th Floor, Karachi Stock Exchange Building Stock Exchange Road Karachi.
- (iii) Chief Executive Officer, Central Depository Company of Pakistan CDC House, 99-B, Block B, S.M.C.H.S Main Shahrah-e-Faisal Karachi.

**SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN**

NIC Building, 63 Jinnah Avenue,
Islamabad Pakistan

PABX: +92-51-9207091-4, Fax: +92-51-9100423, 9100471, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION**

No. EMD/233/480/2002

June 02, 2025

1. Bawany Air Products Limited,
through its Chief Executive Officer
Khasra no. 52/53 R.C.D Highway, Mouza
Pathra, Tehsil Hub, Lasbella District,
Balochistan.

2. The Board of Directors,
Bawany Air Products Limited,
Khasra no. 52/53 R.C.D Highway,
Mouza Pathra, Tehsil Hub, Lasbella
District, Balochistan.

Subject: DIRECTION UNDER SECTION 100 OF THE SECURITIES ACT, 2015

1. **WHEREAS**, Bawany Air Products Limited ("the Company") is a public limited company listed on the Pakistan Stock Exchange ("PSX").

2. **AND WHEREAS**, on August 26, 2024, the Company disclosed on PSX that its Board of Directors in their meeting held on August 26, 2024 had decided to increase the paid-up share capital of the Company by issuance of **599,999,732** ordinary shares by way of Right ("Right Issue") and **600,000,000** ordinary shares otherwise than Right ("Shares Otherwise than Right").

3. **AND WHEREAS**, as per disclosures provided on PSX, the board of the Company decided to offer Right Issue to the existing members of the Company in proportion of approximately 7997.32 Right Shares for every 100 ordinary shares held at a price of Rs. 10/- (Pak Rupees Ten) per Right Share. Moreover, it was further disclosed that the board of the Company decided to issue of Shares Otherwise than Right, to the sponsor shareholders of Alman Seyyem Sugar Mills (Pvt.) Limited ("ASSML") for acquiring **51,114,011** ordinary shares of ASSML having face value of PKR 100 each at a price of **PKR 234.77** per share. It is pertinent to mention here that as per disclosures provided, the Company had already signed Share Purchase Agreement (SPA), with Sponsors of ASSML for the acquisition of 100% of their total shareholding. The subject 600 million shares were proposed to be issued to Sponsors of ASSML in the following manner:

S. No	Name of the Person	Number of shares to be issued by way of other than Right	Percentage of Other than Right
1	Mohabat khan	17,292,789	2.88%
2	Zahir khan	371,919,852	61.99%
3	Muhammad Yaqoob Sheikh	145,873,663	24.31%
4	Zainab Yaqoob Sheikh	6,221,386	1.04%
5	Shaheen Freight Services (Pvt.) Limited	58,692,310	9.78%
	Total shares to be issued by way of other than Right	600,000,000	100.00%



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION

Continuation Sheet - 1 -

4. **AND WHEREAS**, it was observed that subsequent to the subject issuance of shares by the Company by way of other than right to the aforesaid persons, collective shareholding of Mr. Mohabat khan, Mr. Zahir khan, Mr. Muhammad Yaqoob Sheikh, Ms. Zainab Yaqoob Sheikh and Shaheen Freight Services (Pvt.) Limited in the Company would reach to **49.69%**, (In case of issuance of shares by way of other than right subsequent to issuance of shares by way of right) and **98.77%** (in case issuance of shares by way of other than right before issuance of shares by way of right), details tabulated as under:

Name of the Person	No of shares to be issued by way of other than Right	Percentage of Other than Right	Percentage of total revised Issued shares including Right and other than Right	Percentage of total revised Issued shares including only other than Right
Mohabat khan	17,292,789	2.88%	1.43%	2.85%
Zahir khan	371,919,852	61.99%	30.80%	61.22%
Muhammad Yaqoob Sheikh	145,873,663	24.31%	12.08%	24.01%
Zanib Yaqoob Sheikh	6,221,386	1.04%	0.52%	1.02%
Shaheen Freight Services (Pvt.) Limited	58,692,310	9.78%	4.86%	9.66%
Total to be issued by way of other than Right	600,000,000	100.00%	49.69%	98.77%
Revised Issued Voting Shares after issuance of shares through Right and other Than Right	1,207,502,242			
Revised Issued Voting Shares in case of only issuance of shares by way of other than Right	607,502,510			



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION

Continuation Sheet - 2 -

5. **AND WHEREAS**, pursuant to section 114 of the Securities Act, 2015 (“the Act”) and regulation 6 of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (“the Takeovers Regulations”), any person intending to acquire control or voting shares of the Target Company which may attract the provisions of section 111 of the Act, shall make a public announcement of its intention through the manager to the offer and such intention is required to be made in a manner as prescribed in regulation 6(6) of the Regulations.

6. **AND WHEREAS**, in terms of regulation 6(2)(a) of the Regulations, before an Acquirer enters into negotiations for a share purchase agreement for the purpose of acquisition of voting shares beyond the limits prescribed in section 111 of the Act or control of the Target Company, the Acquirer through the manager to the offer shall make public announcement of intention in the newspapers and notice of Public Announcement of Intention is required to be submitted to the Target Company, the Securities Exchange and the Securities and Exchange Commission of Pakistan (“the Commission”) in terms of regulation 6(3) of the Regulations.

7. **AND WHEREAS**, Mr. Mohabat khan, Mr. Zahir khan, Mr. Muhammad Yaqoob Sheikh, Ms. Zainab Yaqoob Sheikh and Shaheen Freight Services (Pvt.) Limited (“Collectively as Acquirers”) by virtue of being sponsors of ASSML are “Persons Deemed Acting in Concert” in terms of section 108(d)(ii)(B) of the Act, hence falls within the definition of the “Acquirer” under section 108(a) of the Act.

8. **AND WHEREAS**, it was observed that that the Acquirers despite having intention to acquire more than 30% voting shares of the Target company did not make Public Announcement of Intention (“PAI”) through the manager to the offer in terms of the aforementioned provisions of the Act and the Regulations.

9. **AND WHEREAS**, in view of the aforementioned observations, the Commission sought explanations from the Acquirers vide letters dated September 12, 2024 and October 10, 2024 on mandatory compliance of section 114 of the Act, regulation 6(2)(a) and regulation 6(3) of the Regulations in the instant matter.

10. **AND WHEREAS**, despite providing ample opportunities to the Chief Executive Officer of Shaheen Freight Services (Pvt.) Limited (one of the Acquirer and Sponsor of ASSML) vide letters dated September 12, 2024 and October 10, 2024, till date, no response has been submitted to the Commission by Shaheen Freight Services (Pvt.) Limited on compliance of the aforementioned provisions of the Act and the Regulations.

L.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION

Continuation Sheet - 3 -

11. **AND WHEREAS**, Mr. Mohabat khan, Mr. Zahir khan, Mr. Muhammad Yaqoob Sheikh and Ms. Zainab Yaqoob Sheikh responded to the Department vide letters dated October 17, 2024 and explained their position on warranted compliance of section 114 of the Act, regulation 6(2)(a) and regulation 6(3) of the Regulations in the instant matter.

12. **AND WHEREAS**, the explanations provided by Mr. Mohabat khan, Mr. Zahir khan, Mr. Muhammad Yaqoob Sheikh and Ms. Zainab Yaqoob Sheikh with respect to compliance of the aforementioned provisions of the Act and the Regulations was not found tenable keeping in view the explicit requirements as provided under section 114 of the Act, regulation 6(2)(a) and regulation 6(3) of the Regulations.

13. **AND WHEREAS**, the Company submitted draft offer document to the Commission vide email dated October 15, 2024 for seeking observations/comments under Regulation 3(2)(v) of the Companies (Further Issue of Shares) Regulations, 2020 ("**the Shares Regulations**").

14. **AND WHEREAS**, the purpose of the subject Right Issue as disclosed in the draft offer document was to meet working capital requirements and project completion of ASSML.

15. **AND WHEREAS**, the Company also submitted vide application dated October 30, 2024 for issuance of shares by way of other than right under section 83(1)(b) of the Companies Act, 2017 ("**the Companies Act**") for approval of the Commission.

16. **AND WHEREAS**, the Commission conveyed its observations with respect to applicability of Takeovers law on sponsors of ASSML to the Company as detailed at para 5-12 above. However, till date, the Company did not pursue its application submitted under section 83(1)(b) of the Companies Act with respect to issuance of shares through other than Right.

17. **AND WHEREAS**, at the time of submission of the applications the Company had not changed the principal line of business and authorized capital to give effect to the proposed transactions of right issue and other than right issue. However, upon being conveyed these observations by the Commission, the Company has, subsequently increased its authorized capital from Rs. 1.5 billion to Rs. 12.1 billion and changed its principal line of business as under:

"To invest in and acquire and hold and otherwise deal in shares, stock, debenture, debenture stock, bonds, obligations and securities issued or guaranteed by any company, Corporation, financial institution, government or any authority."



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION**

Continuation Sheet - 4 -

18. **AND WHEREAS**, the Company is placed on Pakistan Stock Exchange Limited ("PSX") Non-Compliant segment since February 07, 2019, due to non-compliance of Regulation 5.11.1(b) of PSX Rulebook which provides that:

"A Listed Company may be placed in the Defaulters' Segment if It has suspended commercial production/ business operations in its principal line of business for a continuous period of one year."

19. **AND WHEREAS**, Regulation 3(1)(viii) of the Shares Regulations states that an issuer shall not be eligible to make a right issue if the issuer at the time of right issuance is placed on Pakistan Stock Exchange (PSX) defaulter counter, provided that this condition will not be applicable on the companies wherein the purpose of the right issue is repayment of the respective overdues or removing defaults.

20. **AND WHEREAS**, the matter of utilization of Right Issue proceeds by the Company in respect of requirements of regulation 3(1)(viii) of the Regulations was taken up by the Commission with PSX.

21. **AND WHEREAS**, PSX has conveyed to the Commission that the primary purpose of the right issue is to fund working capital and support completion of project ASSML only, which does not pertain to the Company's revival plan directly. PSX has further conveyed that the revival plan does not meet the requirements of Regulation 3(1)(viii) of the Shares Regulations.

22. **AND WHEREAS**, the Company has not pursued its application for issuance of shares other than Right through which it intended to acquire 100.00% shareholding of ASSML. Despite this, the Company intends to utilize the proceeds from Right Issue for meeting working capital requirements and project completion of ASSML.

23. **AND WHEREAS**, the Commission has also sought comments from the Company in relation to the following amounts disclosed in the Financial Statements of Quarter ended March 31, 2025, which impacted the breakup value per share and overall balance sheet of the Company;

- a) Share deposit money of Rs. 2,250 million disclosed in the Share Capital of the Company;
and
- b) Advances and other receivables of Rs. 2,274 million paid to ASSML.

Q.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION

Continuation Sheet - 5 -

24. **AND WHEREAS**, the Company, rather than responding to the subject queries of the Commission placed the Final Right Offer Document ("**Final Offer Document**") at PSX through PUCAR and announced a book closure from June 03-10, 2025.

25. **AND WHEREAS**, as disclosed in the Final Offer Document, Weavers Pakistan (Private) Limited ("**WPPL**"), a substantial shareholder of the Company, holding **28.96%** of its issued share capital and being **99.80%** owned by Mr. Naim Anwar, the Chief Executive Officer of the Company has committed to subscribe to any additional shares that may remain unsubscribed by the directors or other shareholders; and whereas, pursuant to such subscription, WPPL's shareholding in the Company may increase to approximately **56%** following the issuance.

26. **AND WHEREAS**, in case of any additional subscription of Right Shares by WPPL as disclosed in the Final Offer Document may result in increase in shareholding of WPPL from existing **28.96%** to **56%**. Therefore, it attracts the provision of section 114 of the Act and regulation 6 of the Takeovers Regulations on WPPL (i.e. to make Public Announcement of Intention to acquire more than 30% voting shares of a listed Company).

27. **AND WHEREAS**, *prima facie*, despite having intention to acquire more than 30% voting shares of the Company, WPPL did not make PAI as required under the Act and the Regulations.

28. **AND WHEREAS**, in view of the foregoing and specifically considering the following:

- (i) The Company being placed on non-complaint Segment is ineligible to proceed for the Right Issue.
- (ii) Utilization of proposed Right Issue proceeds for meeting working capital and project completion of ASSML, cannot be justified as the Company has no equity interest whatsoever, in ASSML. Any arrangement to pass on the funds to ASSML has not been disclosed by the Company. Moreover, ASSML has yet to start its operations.
- (iii) Instead of responding to the queries of the Commission with respect to share deposit money of Rs. 2,250 million and Advances & other receivables of Rs. 2,274 million paid to ASSML, the Company proceeded with the placement of Final Offer Document.
- (iv) WPPL, *prima facie*, failed to make Public Announcement of Intention as it intended to acquire more than 30% voting shares of the Company as disclosed in the Final offer Document.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION

Continuation Sheet - 6 -

- (v) The Company has free float of 60% and the minority shareholders of the Company has to invest approximately Rs. 800 for each share held having par value of Rs. 10.

29. **AND WHEREAS**, in view of the above concerns, the proposed Right Issue by the Company does not appear to be in the best interest of minority shareholders. Therefore, it is imperative for the Commission to safeguard the interests of the minority shareholders of the Company in order to maintain the integrity of the capital markets.

30. **AND WHEREAS**, the Commission, pursuant to section 100(a) and sub-clause (iii) of the Act is empowered to issue direction to the listed company where it appears to the Commission that it is desirable for the protection of members or other holders of securities or in the public interest. The said section is reproduced as under:

“ 100. Power of the Commission to issue directives to listed companies.—Where it appears to the Commission that —

- (a) It is desirable for the protection of members or other holders of securities or in the public interest the Commission may issue directive to the listed company —*

The Commission may issue directive to the listed company —

- (iii) with regard to or for any other matter that the Commission considers necessary in exercise of its powers under this Act or rules or regulations made there under and the listed company shall comply with the directive*

31. **NOW THEREFORE**, in exercise of powers conferred under section 100(a) of the Act, I hereby direct the Company **not to proceed with the proposed Right Issue announced through Final Offer Document dated May 26, 2025** till further orders. You may appear before the undersigned to address the concerns as highlighted at para 28-29 above, either in person or through authorized representative, to enable the undersigned to modify or withdraw this direction, on **June 13, 2025** at 3:00 pm at 10th Floor, NICL Building, Jinnah Avenue, Blue Area Islamabad or through Zoom.

Q.



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
LISTED COMPANIES DEPARTMENT
SUPERVISION DIVISION**

Continuation Sheet - 7 -

32. Considering the public interest, this direction is issued with immediate effect in its entirety. Noncompliance with this directive will result in appropriate regulatory action under the relevant provisions of the Act.

**Nasir Askar
Director**

Sr#	Company/Address	
1	Managing Director, Pakistan Stock Exchange Stock Exchange Building Stock Exchange Road Karachi.	For information and Compliance
2	Chief Executive Officer, National Clearing Company of Pakistan 8th Floor, Karachi Stock Exchange Building Stock Exchange Road Karachi	For information and Compliance
3	Chief Executive Officer, Central Depository Company of Pakistan CDC House, 99-B, Block B, S.M.C.H.S Main Shahrah-e-Faisal Karachi	For information and Compliance