



August 26, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Karachi

Dear Sir,

Subject: Board Decisions -Declaration of Right Shares and issue of Shares Otherwise than Right

In accordance with section 96 of the Securities Act 2015 and clause 5.6.1(a) of PSX Regulations we hereby convey the following information:

The Board of Directors of Bawany Air Products Limited (the "Company"), in its meeting held on August 26, 2024 at Nadir House, I.I. Chundrigar Road, Karachi, Pakistan, has decided to increase the paid-up share capital of the Company by issue of a further 1,199,999,732 (One billion One hundred Ninety Nine million Nine hundred Ninety Nine thousand Seven hundred Thirty Two only) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each by way of Right (Right Issue) and Otherwise than Right (Shares Otherwise than Right).

Right Issue

Issue of a further 599,999,732 (Five hundred Ninety Nine million Nine hundred Ninety Nine thousand Seven hundred Thirty Two only) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members of the Company in proportion of approximately 7997.32 Right Shares for every 100 ordinary shares held i.e. approximately 7997.32%, at par that is at a price of PKR 10/- (Pak Rupees Ten) per Right Share.

Shares Otherwise than Right

Issue of 600,000,000 (Six hundred million only) ordinary shares Otherwise than Right, having face value of PKR 10/- (Pak Rupees Ten) to the sponsor shareholders of Alman Seyyem Sugar Mills (Pvt.) Limited (ASSML) at par that is at a price of PKR 10/- (Pak Rupees Ten) per Share for acquiring 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) ordinary shares having face value of PKR 100 each of ASSML at a price of PKR 234.77 per share held by the sponsor shareholders in ASSML with whom the Company has signed Share Purchase Agreement (SPA), for the acquisition of 100% of their total shareholding in ASSML The total consideration for acquiring 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) shares of ASSML is PKR 12,000,000,000 (Twelve billion). As part consideration, the sponsor shareholders of ASSML with whom the Company has signed SPA will be issued 600,000,000 shares Otherwise than Right with an aggregate face value of PKR 6,000,000,000 (Pak Rupees Six billion) in proportion to their shareholding in ASSML and the balance consideration will be paid by the Company to the shareholders of ASSML in accordance with the SPA terms



BAWANYAIR
PRODUCTS LIMITED

and conditions within two years. The issue of shares Otherwise than Right is subject to approval of the shareholders of the Company and the Securities & Exchange Commission of Pakistan.

Extract of the Resolutions passed by the Board pertaining to Right Issue and Shares Otherwise than Right as to Quantum of Issue, Issue Size, Issue Price, Purpose of the Issue, Utilization of Proceeds of the Issue, Benefits of the Issue to the Company and the shareholders, Risk Factors, Justification for Issue at Par and Minimum Subscription Amount, under Rule 3 and 5 of the Companies (Further Issue of Shares) Regulations, 2020 is attached.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,
For Bawany Air Products Limited


Company Secretary

Enclosed: As above



Extract of the Resolutions passed by the Board of Directors of the Company in its meeting held on Monday, August 26, 2024 at the Registered Office of the Company at Floor Nadir House, I.I. Chundrigar Road, Karachi, Pakistan.

RESOLVED THAT the ordinary issued paid up share capital of the Company be increased by issue of a further 599,999,732 (Five hundred Ninety Nine million Nine hundred Ninety Nine thousand Seven hundred Thirty Two only) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members of the Company in proportion of approximately 7997.32 Right Shares for every 100 ordinary shares held i.e. approximately 7997.32%, at par that is at a price of PKR 10/- (Pak Rupees Ten) per Right Share. The right shares will be offered in proportion to number of shares held by each shareholder immediately prior to the close of the share transfer books of the Company, in accordance with the provisions of Section 83 of the Companies Act, 2017 and subject to applicable laws and regulatory compliances, against payment to the Company of the price for the shares subscribed, which shares shall rank *par passu* in all respects with the existing ordinary shares of the Company (the "Rights Issue").

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Rights Issue, along with the utilization of proceeds, benefits of the same to the Company and its shareholders, the risk factors associated with the Rights Issue, and the justification for the issue of shares at a par in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020:

a) Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital)

The quantum of the Right Issue is approximately 7997.32% of the existing paid-up capital of the Company i.e. approximately 7997.32 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of the share transfer books of the Company.

b) Right Issue Size

The Company shall issue 599,999,732 (Five hundred Ninety Nine million Nine hundred Ninety Nine thousand Seven hundred Thirty Two only) ordinary shares, at par that is at a price of PKR 10/- (Pak Rupees Ten) per share, aggregating to PKR 5,999,997,320/- (Pak Rupees Five billion Nine hundred Ninety Nine million Nine hundred Ninety Seven thousand Three hundred Twenty only).

c) Issue Price Per Share

PKR 10/- (Pak Rupees Ten) per share (i.e. at par).



d) Purpose of the Right Issue

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

e) Utilization of Proceeds of the Right Issue

The proceeds from the Right Issue will be primarily utilized for meeting working capital requirements and Project completion of ASSML.

f) Benefits to the Company and Shareholders

The Company is presently a shell company, listed on the non-compliant counter due to suspension of its principal line of business. The Right Issue is expected to have a positive impact as the Company will be moved from non-compliant to regular counter with the change of its principal line of business which besides others will mainly be to invest in and acquire and hold and otherwise deal in shares, stock, debenture, debenture stock, bonds, obligations and securities issued or guaranteed, thereby enhancing expected returns to the shareholders.

g) Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholders and Directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue shall be fully underwritten as per requirements under applicable regulations. Normal risks associated with the business will remain.

(i) Minimum Subscription Amount

Not Applicable

FURTHER RESOLVED THAT the letter of offer, as prescribed under Section 83(2) of the Companies Act, 2017 shall be issued / signed jointly by any two (2) directors of the Company in compliance with the applicable laws.



FURTHER RESOLVED THAT that, any two (2) Directors of the Company, be and are hereby authorized to sign the circular accompanying the letter of offer, once finalized in accordance with the procedure stipulated under the Regulations.

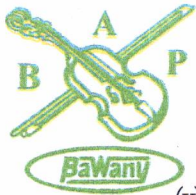
FURTHER RESOLVED THAT all fractional entitlements, if any, will be consolidated and disposed of by the company and the proceeds from such disposition shall be paid to such of the entitled shareholders as may have accepted such offer;

FURTHER RESOLVED THAT any unsubscribed shares may be offered and allotted to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors / substantial shareholders, directors or associated undertakings of the company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED THAT the any Director and or the Company Secretary and / or the Chief Financial Officer, be and are hereby singly authorized to prepare finalize the draft offer document / letter and share it with the Securities and Exchange Commission of Pakistan ("**SECP**") and Pakistan Stock Exchange Limited ("**PSX**"), and revise the same based on the observations and changes of the SECP and PSX as may be deemed fit by them, in the manner prescribed under the Companies (Further Issue of Shares) Regulations, 2020, along with preparing and submitting other necessary documents in this respect. While the draft offer letter shall be placed on the PSX, public comments on the same shall not be required to be solicited.

FURTHER RESOLVED THAT the any Director, and/or the Chief Financial Officer, and/or the Company Secretary, be and each of them is hereby authorized, such that any one of them may do all or any of the following for and on behalf and in the name of the Company:

- (i) Appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Rights Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third-party expenses and / or any other expenses relating to the Rights Issue;
- (ii) To prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Rights Issue and ancillary matters thereto, as required by the SECP, PSX, Central Depository Company of Pakistan Limited ("**CDC**") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority/body;
- (iii) To decide and announce the closure of the share transfer books of the Company, including the dates thereof, to determine entitlements of the shareholders of the Company with respect to the Right Issue;
- (iv) To open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of rights shares;



- (v) To credit right shares once allotted by the Board and file returns / documents as required by SECP/ PSX/ CDC along with the auditors' certificates; and
- (vi) To take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular accompanying the offer letter as required under Section 83 (3) of the Companies Act, 2017, schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

FURTHER RESOLVED the ordinary paid up capital of the Company be further increased by Issue of 600,000,000 (Six hundred million) ordinary shares Otherwise than Right, having face value of PKR 10/- (Pak Rupees Ten to the sponsor shareholders of Alman Seyyem Sugar Mills (Pvt.) Limited (ASSML) at par that is at a price of PKR 10/- (Pak Rupees Ten) per Share which shares shall rank *par passu* in all respects with the existing ordinary shares of the Company for acquiring 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) ordinary shares having face value of PKR 100 each of ASSML at a price of PKR 234.77 per share held by the sponsor shareholders in ASSML with whom the Company has signed Share Purchase Agreement (SPA), for the acquisition of 100% of their total shareholding in ASSML. The total consideration for acquiring 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) shares of ASSML is PKR 12,000,000,000 (Twelve billion). As part consideration, the sponsor shareholders of ASSML with whom the Company has signed SPA will be issued 600,000,000 shares Otherwise than Right with an aggregate face value of PKR 6,000,000,000 (Pak Rupees Six billion) in proportion to their shareholding in ASSML and the balance consideration will be paid by the Company to the shareholders of ASSML in accordance with the SPA terms and conditions within two years. The issue of shares Otherwise than Right is subject to approval of the shareholders of the Company and the Securities & Exchange Commission of Pakistan.

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Otherwise than Right Issue, along with the utilization of proceeds, benefits of the same to the Company and its shareholders, the risk factors associated with the Rights Issue, and the justification for the issue of shares at a par in accordance with Regulation 5(1)(ii) of the Companies (Further Issue of Shares) Regulations, 2020:

a) Approval of Shareholders

The further issue of shares Otherwise than Right proposed by the Board of Directors of the Company is subject to approval of the Shareholders of the Company and SECP.

b) Quantum of Issue Shares Other than Right Issue

Issue of shares Otherwise than Right 600,000,000 (Six hundred million) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) are proposed to be issued at par that is at



a price of PKR 10/- (Pak Rupees Ten) per share.

The paid up capital before and after issuance of shares Otherwise than Right to be as under

Paid-up Capital No of Shares	Proposed Issue No of Shares	Percentage before issue	Percentage after issue
7,502,510	600,000,000	7,997.32	98.77

c) Issue Price Per Share and Justification

Issue Price PKR 10/- (Pak Rupees Ten) per share (i.e.at par) which is justified considering that the company is current status is that of a shell company and has been placed in the non-compliant counter.

d) Consideration

The consideration for the proposed issue of 600,000,000 (Six hundred million) shares Otherwise than Right is the acquisition of 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) ordinary shares having face value of PKR 100 at a price of PKR 234.77 per share each of ASSML held by the sponsor shareholders in ASSML with whom the Company has signed Share Purchase Agreement (SPA), as part consideration. The total consideration for acquiring 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) shares of ASSML is PKR 12,000,000,000 (Twelve billion). The balance consideration will be paid by the Company to the shareholders of ASSML in accordance with the SPA terms and conditions within two years.

e) Name of Persons and their Profile

The shares Otherwise than Right are proposed to be issued as under:

Mr. Muhabbat Khan to be issued 17,292,789 shares Otherwise than Right

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

Me. Zahir Khan to be issued 371,919,852 shares Otherwise than Right

Mr. Zahir Khan is the Chairman of ZKB Group of Companies, a well-known construction group/ brand working across the country and developing infrastructural projects in collaboration with multi-national companies of Turkey, China and central Asian region. The remarkable projects are Lahore-Karachi Motorway, CEPEC, Rapid Bus System and Transit Stations such as Lahore Metro,



Rawalpindi –Islamabad Metro, Orange Train, Green Line-Karachi, Winder Dam, Mangi Dam, Bosal Dam, Baso Dam and Swat Motorway-II etc. Mr. Khan holds a 63% share in Alman Seyyam Sugar Mills (Pvt.) Ltd.

Mr. Muhammad Yaqoob Sheikh to be issued 145,873,663 shares Otherwise than Right

Mr. Muhammad Yaqoob Sheikh is director of Alman Seyyam Sugar Mills (Pvt.) Ltd. He is a seasoned businessman and a well-known individual in the industry of logistics and Import/ Export. Mr. Yaqoob is a sole proprietor of number of entities working in consortium to generate higher profits and achieve synergies, including Pyramid Logistics (Pakistan, Pyramid Logistics Limited (Afghanistan), Al Khalifa Foods, Alman Seyyam Sugar Mills Private Limited.

Zanib Yaqoob Sheikh to be issued 6,221,386 shares Otherwise than Right

She is operation director of Al-Khalifa Foods an industrial chicken slaughtering project for poultry export business. The total project cost is around USD 2.5 million and is located on a 24 kanal plot at Manga Raiwand Road, Kasur. The plant has the capacity to process 2,000 birds per hour, which will be slaughtered, packed/ frozen and exported to the customers in Afghanistan and CIS countries.

Shaheen Freight Services to be issued 58,692,310 shares Otherwise than Right

Shaheen Freight Services (SFS) was founded in the year 1994, with a passion to serve, knowing the challenges, advancements and technology in transportation field. Shaheen Freight Services has grown and emerged as a one stop for logistics services with reliability and pace. The Head office-Karachi is equipped with tools of superior information technology and modern era communication. Real time information is provided to every principal ensuring operational savings and quick turnaround vehicles. Looking to the future, the company is all set to venture into several new activities & areas as part of countrywide expansion strategy, for this Shaheen Freight Services has acquired stake in Alman Seyyam Sugar Mills and will greatly help in logistics.

f) Purpose of Issue

Acquisition of 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) ordinary shares having face value of PKR 100 each of ASSML held by the sponsor shareholders in ASSML with whom the Company has signed Share Purchase Agreement (SPA), as part consideration.

g) Justification for issuance of shares Otherwise than Right

The Company has signed Share Purchase Agreement with Alman Seyyam Sugar Mills (Pvt.) Limited (ASSML) whereby the Company will acquire 100% shareholding in ASSML from the sponsor shareholders of ASSML. The proposed issuance of 600,000,000 (Six hundred million) shares Otherwise than Right is to acquire 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) ordinary shares having face value of PKR 100 at a price of PKR 234.77 per share each of ASSML held by the sponsor shareholders in ASSML with whom the Company has signed Share Purchase Agreement (SPA), as part consideration. The total



consideration for acquiring 51,114,011 (Fifty One million One hundred Fourteen thousand Eleven only) shares of ASSML is PKR 12,000,000,000 (Twelve billion). The balance consideration will be paid by the Company to the shareholders of ASSML in accordance with the SPA terms and conditions within two years. ASSML total valuation is Twelve billion.

The acquisition of shares of ASSML is expected to have a positive impact as the Company's financials with a substantial increase of PKR 12 billion on the assets side.

h) Benefits of the issue to the company, its members and Capital Markets

The acquisition of shares of ASSML is expected to have a positive impact as the Company's financials with a substantial increase of PKR 12 billion on the asset side.

The Company is presently a shell company, listed on the non-compliant counter due to suspension of its principal line of business. The issuance of shares Otherwise than Right is expected to have a positive impact as the Company will be moved from non-compliant to regular counter with the change of its principal line of business which besides other will mainly be to invest in and acquire and hold and otherwise deal in shares, stock, debenture, debenture stock, bonds, obligations and securities issued or guaranteed, thereby enhancing expected returns to the shareholders.

i) Breakup value per share as per audited accounts June 30, 2023

The breakup value per share of the Company as per audited/reviewed accounts June 30, 2023 is PKR 6.32 per share (Audited)
December 31, 2023 is PKR 5.57 per share (Review)

j) Consent of the persons to whom shares are to be issued

The persons to whom shares Otherwise than Right are proposed to be issued have provided their consent

k) Ranking of share

The shares Otherwise than Right proposed to be issued shall rank *pari passu* in all respects with the existing ordinary shares of the Company.

l) Average Market price and current market price

Average market price during last three months PKR 29.95 per share
Current Market Price PKR 32.00

m) Valuation

The valuation of the asset to be acquired has been duly valued by approved valuator.



FURTHER RESOLVED THAT that the Chief Executive and/or any Director and/or the Company Secretary, be and are hereby authorized to sign and finalize the application with all relevant documents for the purpose of issuance of shares Otherwise than Right as prescribed under Section 83 of the Companies Act, 2017 and Companies (Further Issue of Shares) Regulations, 2020 and share it with the Securities and Exchange Commission of Pakistan ("**SECP**") and Pakistan Stock Exchange Limited ("**PSX**"), and revise the same based on the observations and changes of the SECP and PSX as may be deemed fit by them, in the manner prescribed under the Companies (Further Issue of Shares) Regulations, 2020, along with preparing and submitting other necessary documents in this respect.

FURTHER RESOLVED THAT that the authorized capital of the Company be further increased from PKR 11,000,000,000/- (Pak Rupees Eleven billion) divided into 1,100,000,000 (One billion One hundred million) ordinary shares of PKR 10/- each to PKR 12,100,000,000/- (Pak Rupees Twelve billion One hundred million) divided into 1,210,000,000 (One billion Two hundred Ten million) ordinary shares of PKR 10/- each and the words and figures in Clause V of the Memorandum of Association of the Company be and are hereby amended accordingly.

FURTHER RESOLVED THAT that the object clause of the Company be changed subject to approval of shareholders which besides others will mainly be to invest in and acquire and hold and otherwise deal in shares, stock, debenture, debenture stock, bonds, obligations and securities issued or guaranteed.

FURTHER RESOLVED THAT the Chief Executive and/or any one Director and/or the Company Secretary of the Company be and hereby authorized singly complete all the necessary corporate and legal formalities in respect of all above."

FURTHER RESOLVED THAT an Extra Ordinary meeting of the Company to be held on September 26, 2024 for the purpose of approval of shareholders for increase in authorized capital, issuance of shares Otherwise than Right and change in the object clause. The detailed notice of meeting will be circulated in due course.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Bawany Air Products Limited held on Monday August 26, 2024