



BAWANYAIR
PRODUCTS LIMITED

August 26, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Dear Sir,

Subject: Declaration of Right Shares

We wish to inform you that the Board of Directors of Bawany Air Products Limited (the "Company"), in its meeting held on Monday, 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 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 subject to applicable laws and regulatory compliances.

The dates of closure of the Share Transfer Books of the Company, to determine the entitlement of the Right Shares will be communicated in due course after finalization of the offer letter / document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.

Following details are enclosed:

- 1) Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds of the issue, benefits of the issue to the Company and its shareholders, risk factors and justification for issue of shares at par, and minimum subscription amount (Annexure A).
- 2) Certified true copy of the Extracts of the Resolutions passed by the Board of Directors of the Company at their meeting held on Monday, August 26, 2024 (Annexure B).
- 3) Draft copy of the notice of the Right Issue to the Shareholders prior to its publication in the newspapers (Annexure C).

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

Yours Sincerely,
For Bawany Air Products Limited

Company Secretary

Enclosed: As above

The Commissioner
Corporate Supervision Department
SECP
Islamabad

The Director
Surveillance Supervision Enforcement (SMD)
SECP
Islamabad



Annexure A

Statement pertaining 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 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

Company Secretary



Annexure B

Extract of the Resolutions passed by the Board of Directors of the Company in its meeting held on Tuesday, August 26, 2024 at the Registered Office of the Company at 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, ASSML has targeted a substantial share in the local and international markets as a quality producer of refined white sugar & molasses. By investing in ASSML the company can earn return in the form of dividends, consequently give returns to the shareholders.
- 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 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.

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.

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

Annexure C

NOTICE OF RIGHT ISSUE

Members are hereby notified that the Board of Directors of Bawany Air Products Limited (the "Company") in their meeting held on Monday, August 26, 2024 has decided to issue further capital 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 all applicable laws, 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").

The dates of closure of the Share Transfer Books of the Company, to determine the entitlement of the Right Shares will be communicated in due course after finalization of the offer letter / document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.