



Ghani Global Group

GHANI GASES LIMITED

Manufacturers of Industrial & Medical Gases



Ref: GGL/Corp/KSE/ISE
November 20, 2015



The Managing Director
Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

The Managing Director
Islamabad Stock Exchange Limited
ISE Towers,
55-B, Jinnah Avenue
Islamabad

Dear Sir(s)

DECISION OF THE BOARD MEETING

Please refer to our letter No. GGL/Corp/KSE/ISE dated of November 13, 2015.

This is to inform you that the Board of Directors of Ghani Gases Limited in its meeting held on November 20, 2015 has decided to issue 68% Right Shares on the existing paid-up capital of the Company in the ratio of 68 shares for every 100 shares held. The right shares will be issued at an issue price of Rs. 20/- per share including a premium of Rs. 10/- per share. These right shares will rank pari passu with the existing shares in all respects.

We enclose herewith the following information/documents:-

- Purpose, benefits and use of funds from Right Issue and Financial projections for three years duly signed by the directors present in the meeting as annexure 'A'.
- Certificate of Auditors under clause 5 (iv) of the Companies (Issue of Capital) Rules 1996 as annexure 'B'.

Documents in compliance with Clause 5 (iv) (a) and (b) of the Companies (Issue of Capital) Rules 1996 will be submitted in due course of time. Accordingly Share Transfer Book Closure for entitlement of Right Issue will be announced and intimated to the exchange and the shareholders.

You may please inform the members of the Exchange accordingly.

Yours truly,

Farzand Ali
Director/ Company Secretary

Ecls: As stated above

Copy to: The Director Enforcement, SECP, Islamabad with all annexures.

Corporate Office:

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GGL-I

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ISO 9001 - 2008 Certified

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Email: ggl2plant@ghaniglobal.com



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Annexure-A

PURPOSE OF THE RIGHTS ISSUE

Ghani Gases Limited ("GGL" or the "Company") was incorporated in November 2007 as a private limited company. Thereafter during February 2008, Company was converted into public limited company. In May 2009, GGL setup a state-of-the-art 110 tons per day plant for manufacturing of liquid industrial and medical gases near Lahore (GGL-I).

During January 2010, the Company was listed at Karachi Stock Exchange. During March 2014, Ghani Gases setup another state-of-the-art 110 tons per day plant for manufacturing of liquid industrial and medical gases at Port Qasim (GGL-II). GGL is ISO 9001: 2008 and ISO 14001: 2004 certified. Electricity is the only raw material of industrial and medical gases manufacturing in GGL. GGL-1 Plant requires approximately 4.2 MW of electricity.

GGL ranks second in the gases industry with a market share of approx. 25% after the market leader Linde which has a share of approx. 34%. GGL supplies a unique portfolio of atmospheric gases, process and medical gases pipeline, specialty gases, special gas mixture performance materials, equipment and services. Moreover, the company is also building its portfolio of packaged gases including compressed oxygen, nitrogen, argon, dissolved acetylene and special gas mixture to meet the needs of customers who have special gas purity, safety or cylinder handling.

GGL, through a subsidiary Ghani Chemical Industries (Pvt.) Limited ("GCIL") (under incorporation) is planning to setup a distillery which would produce Ethyl Alcohol, Carbon dioxide, Sulphuric Acid, Bio Gas and Bio Fertilizers (the "Project"). The Capital Expenditure required for the Project is PKR 1,900 million along with a working capital requirement of PKR 300 million.

Ethyl alcohol has a lot of industrial applications in products like solvents, vinegar, detergents, hand sanitizer, coatings and various others.

Carbon dioxide is used as a key cryogenic agent in cooling, chilling and freezing applications. It is also used for insufflation and is often combined with oxygen or air as a respiratory stimulant to promote deep breathing. Another use of carbon dioxide is that it can be applied to reservoir as a tertiary oil recovery method. Carbon dioxide is also an industrial gas used in the pulp and paper industry to control pH levels, enhance pulp yield and wash brown stock and bleached stock. Moreover, it is also used as a safe alternative to mineral acids, by replacing chemicals used in pH reduction, lowering costs and improving plant safety and flexibility. Carbon dioxide is often mixed with argon as a shielding gas used to prevent atmospheric contamination of molten metal in electric arc welding processes.

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Bio Gas and Power generation is the most beneficial product in the distillery process and this is one of the most energy efficient ways and is used in Power Generation and the materials used for the production of Bio Gas are Slip, Molasses, Cow Manure and Corn Silage. Bio Gas helps generate electricity cheaply and is a non-polluting and renewable source of energy and an efficient way of energy conversion, environment friendly on a global scale because it helps lower the greenhouse effects on the earth's atmosphere and will benefit the economy by providing employment in rural areas.

Another product which will be manufactured by the Project is Bio Fertilizer which is the by-product received during the production of Bio Gas. Bio Fertilizers are in Liquid, Water and Solid Forms and are substances which contain living microorganism which, when applied to seed, plant surfaces or soil, colonize the rhizosphere. Bio Fertilizers also include organic fertilizers (manure) and use of these fertilizers is recommended for soil fertility in organic farming.

BENEFITS TO THE COMPANY

The Project will add value to GGL in two primary ways. First, the power generated through Bio Gas would be utilized by GGL to meet its power consumption requirement for GGL-I.

Second benefit to the shareholders would come in the form of increased revenue and profitability from the Project, which will further strengthen the GGL's position in the gases market.

USES OF FUNDS

A combination of debt and equity will be used by GGL to meet the capital requirement of its subsidiary GCIL. The Company plans to raise c. PKR 1,010 million by way of Rights issue to meet the first round of its equity commitment in the Project. The rights shares will be offered at a price of PKR 20 per share (which includes a premium of PKR 10 per share).

FINANCIAL PROJECTIONS

The 5 years financial projections of the operations are as follows:

(Rs. '000')

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales/Revenue	4,181,367	6,328,612	7,201,179	7,988,725	8,946,150
Profit after tax	483,994	839,640	1,064,369	1,231,390	1,443,913
EPS (in Rupees)	3.88	6.73	8.53	9.87	11.57

The information given above reflects bona fide current business perceptions of the Directors as to costs and future performance of the Company's business, trading policies and government policies. Neither the Company nor the Directors accept any responsibility for conclusions drawn or investment decisions made by any member or any other person based on above information.

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Annexure-A

Masroor Ahmad Khan
Chairman/Director

Atique Ahmad Khan
Chief Executive Officer

Mian Zahid Said
Director

Ayesha Masroor
Director

Rabia Atique
Director

Saira Farooq
Director

Farzand Ali
Director

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GGL-8964

20 November 2015

Mr. Atique Ahmad Khan
Chief Executive Officer
Ghani Gases Limited
82- N,
Model Town Extension,
Lahore.

Dear Sir,

SUBJECT: CERTIFICATE OF FREE RESERVES FOR RIGHT ISSUE

As requested by you, we have reviewed annexed computation of free reserves for the issue of right shares prepared by the Company on the basis of unaudited financial statements for the period ended 30 September 2015. Based on our review, we confirm that the "free reserves" of the company, in terms of the meaning given to "free reserves" in the Companies (Issue of Capital) Rules, 1996 are (-) Rupees (477,432,600) (Negative Rupees Four Hundred Seventy Seven Million, Four Hundred Thirty Two Thousand and Six Hundred Only) [Rs,(6.43) per share,(Negative).]

This letter is being issued at the request of the company for the purpose of issue of right shares in accordance with Rule 5 of the Companies (Issue of Capital) Rules, 1996

Very truly yours,

