

GHANI GASES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 6th Annual General Meeting of shareholders of **Ghani Gases Limited** (the company) will be held on Wednesday October 30, 2013 at 03:00 PM at Hotel Sunfort, Liberty Market, Gulberg, Lahore for transacting the following business:

Ordinary Business

1. To receive and adopt annual audited accounts of the company together with auditors and directors report thereon for the year ended June 30, 2013.
2. To approve the interim cash dividend @ 5% (Rupees 0.50 per share) already paid during April 2013 for the year ended June 30, 2013 as final cash dividend.
3. To appoint auditors and fix their remuneration. Present auditors M/s Rizwan & Company, Chartered Accountants being eligible offer themselves for reappointment.
4. Any other business with permission of the Chair.

Special Business

5. To increase the authorized share capital of the company and in this respect to pass with or without modification(s) the following resolutions as special resolution:

Resolved that authorized capital of the company be and is hereby increased from Rs. 730 million divided into 73 million ordinary shares of Rs. 10 each to Rs.1,250 million divided into 125 million ordinary shares of Rs.10 each.

Further resolved that the company be and is hereby authorized to amend and alter the clause V of memorandum of association and clause IV of articles of association company to give the effect of increase in authorized capital of the company from Rs.730 million divided into 73 million ordinary shares of Rs.10/- each to Rs.1,250 million divided into 125 million ordinary shares of Rs.10/- each.

Further resolved that the Chief Executive and Company Secretary of the company be and is hereby authorized to take any and all actions to complete any or all necessary required corporate and legal formalities for the purpose of increase in authorized share capital and amendment/ alteration in memorandum and articles of association of the company.

6. To consider and if deemed fit to pass the following resolutions with or without modification(s) as special resolution for equity investment by the company and issuance of corporate guarantee on behalf of Ghani Global Glass Limited pursuant to the provisions of Section 208 of the Companies Ordinance 1984.

Resolved that pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, Ghani Gases Limited (the company) be and is hereby authorized to make equity investment up to Rs.45 million in Ghani Global Glass Limited to acquire 4.5 million ordinary shares at par value of Rs.10 per share.

Further resolved that the company be and is authorized to issue the corporate guarantee up to Rs.650 million to the bank(s) for financing facility by Ghani Global Glass Limited for a period of six years.

Further resolved that the Chief Executive Officer and Company Secretary of the company be and is hereby authorized to take any and all actions to implement and/ or give effect to the above resolutions and to disinvest such investment from time to time as and when considered appropriate subject to approval for the board of directors of the company and to complete any or all necessary required corporate and legal formalities for the purpose of the completion of above transactions.

By order of the Board

Lahore
October 08, 2013

Farzand Ali
Company Secretary

NOTES:

- 1) The share transfer books of the company will remain closed from Saturday October 26, 2013 to Saturday November 02, 2013 (both days inclusive).
- 2) A member entitled to attend and vote at the meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the company.
- 3) CDC account holders will have to follow the following guidelines for attending the meeting:
 - i) In case of individuals the account holders, sub account holders and the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/ her identity by showing original I.D. cards or passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their participation I.D. numbers and account number in CDC.
 - ii) In case of corporate entity, board of directors resolution/ power of attorney with specimen signature of nominee shall be produced (unless provided earlier) at the time of meeting.
- 4) Shareholders are requested to immediately notify any change in their address to the Company's Share Registrar, M/s THK Associates (Pvt) Limited, Ground Floor, State Life Building No.3, Dr. Zia ud Din Ahmad Road, Karachi-75530.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984:

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 and 6 of the Notice, to be transacted at the Annual General Meeting of the company to be held on October 30, 2013.

Increase in Authorized Share Capital

The authorized share capital of the company is proposed to be increased from Rs. 730 million divided into 73 million ordinary shares of Rs. 10 each to Rs. 1,250 million divided into 125 million ordinary shares of Rs. 10 each to facilitate the issuance of bonus shares announced by the board of directors in their meeting held on September 30, 2013 against accumulated profit for the period ended September 30, 2013 and to meet any future requirements in respect of issuance of bonus or right shares.

Investment in Ghani Global Glass Limited

The board of directors of the company has proposed the investment of Rs. 45 million in shape of equity in Ghani Global Glass Limited (GGG) an associated undertaking which would be equal to 10% of the proposed share capital of this company. GGG is in process of establishing a state of the art tubing glass manufacturing plant with a total cost of approximately PK Rs. 1.050 Billion. This project will allow the GGG to manufacture Boro-silicate neutral premium 'Kimble' (European) class product and to replace the existing import of European and low quality Chinese products in the country.

On completion of the project by November 2014, the associated company will be the bulk purchaser of industrial gases from the company as well.

In addition to equity investment, it is also proposed to provide corporate guarantee for Rs.650 million by the company to the bank(s) on behalf of associated company.

The board of directors of the company in their meeting held on 30 September 2013 has unanimously approved the proposed equity investment by the company into Ghani Global Glass Limited and issuance of corporate guarantee subject to the approval by the shareholders of the company.

The information required under SRO 27(1)/2012 dated 16 January 2012 are as under:

In case of investment in securities:		
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	Ghani Global Glass Limited (GGG). The directors of Ghani Gases Limited are also the directors of Ghani Global Glass Limited. At present share holding % of the directors in GGG is 55.32.
(ii)	Purpose, benefits and period of investment;	Purpose of investment is to get share of benefit from the profits to be made by Ghani Global Glass Limited. It would be a long term investment unless otherwise decided to disinvest earlier at some best offer price in the best interest of the company.
(iii)	Maximum amount of investment;	Pak Rupees 45,000,000/-
(iv)	Maximum price at which securities will be acquired;	Securities will be acquired at par value of Rs.10/- per share.
(v)	Maximum number of securities to be acquired;	4,500,000 ordinary shares
(vi)	Number of securities and percentage thereof held before and after the proposed investment;	Before investment, total number of shares by Ghani Gases Limited is nil shares representing zero percent of associated company. After investment the number of shares will be 4,500,000 which will be 10% of the total proposed paid up capital of associated company.
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired;	Not applicable
(viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulations 6(1);	Fair value based on Discounted Cash Flow Method is Rs.49.78, however, the company is acquiring the shares at par value of Rs.10/- per share.
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Rs. 9.66
(x)	Earnings per share of the associated company or associated undertaking for the last three years;	2013 Profit Rs.73,982, EPS Rs. 0.00 2012 Loss Rs. (111,587), EPS Rs.(0.00) 2011 Loss Rs. (666,053), EPS Rs. (0.02)
(xi)	Sources of fund from which securities will be acquired;	Company's own sources

(xii)	where the securities are intended to be acquired using borrowed funds,-	N/A
	(I) justification for investment through borrowings; and (II) detail of guarantees and assets pledged for obtaining such funds;	N/A N/A
(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment;	Not applicable
(xiv)	Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	At present directors/sponsors of Ghani Gases Limited held 64.95% shareholding in the company and in Ghani Global Glass Limited these directors/sponsors held 55.32% shareholding. The directors/sponsors are interested in the investment of company in Ghani Global Glass Limited to the extent of their share of investment in both the companies.
(xv)	Any other important details necessary for the members to understand the transaction; and	The project of associated company is located adjacent to GGL-1 plant of the company. On successful commissioning of this project by October 2014, Ghani Gases Limited will be the bulk supplier of industrial gases to Ghani Global Glass Limited as well.
(xvi)	in case of investment in securities of a project of an associated company or associated undertaking that has not commenced operation, in addition to the information referred to above, the following further information, is required, namely,- (I) description of the project and its history since conceptualization; (II) Starting and expected date of completion of work;	Ghani Global Glass acquired 108 kanal land during 2008 for setup of the project. Gas connection for the project has already been obtained, 75% of the civil construction work has been completed and financing facilities from the bank has been arranged Alhamdulillah. Machinery suppliers have been finalized and letter of credits for import of machinery are expected to be opened by November 2013. Machinery is expected to be arrived during August 2014 and is planned to be erected by October 2014.
	(III) Time by which such project shall become commercially operational; and (IV) expected time by which the project shall start paying return on investment;	Project is expected to be commercially operational by November 2014. By June 2015, Inshallah.

In case of Corporate Guarantee (loan and advances)		
(ii)	Amount of loans or advances;	Non funded corporate guarantee up to Rs. 650 millions
(iii)	Purpose of loans or advances and benefits likely to accrue investing company and its members from such loans or advances;	Corporate guarantee is required to provide as counter guarantee to the bank(s) for long term loan facility by the associated company. The company will charge commission @0.10% per quarter in the line with prevailing rate being charged by bank(s) for issuance of guarantees. The Ghani Gases Limited is expected to accrue approximately Rs.2.6 million per annum in shape of other income.
(iv)	In case any loan has been granted to the said associated company or associated undertaking, the complete details thereof;	NIL
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	As on June 30, 2013: Property, plant and equipt Rs. 37.051 M Capital Work in Progress Rs. 266.442M Issued and Paid up Capital Rs. 310.00 M Loan from Sponsors Rs. 4.876 M
(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi interbank offered rate for the relevant period;	Not applicable because it would be non funded corporate guarantee by the company.
(vii)	Rate of interest, markup, profit, fees or commission etc. to be charged;	The Ghani Gases Limited will charge commission @0.10% per quarter in the line with prevailing rate being charged/offered by bank(s) from the company against the issuing of guarantees.
(viii)	Sources of funds from where loans or advances will be given;	Not applicable because it would be a non funded corporate guarantee.
(ix)	Where loans or advances are being granted using borrowed funds,- (I) justification of granting loans or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company;	Not Applicable Not Applicable Not Applicable
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Personal guarantees of directors of associated company.

(xi)	if the loans or advances carry conversion feature i.e. it is convertible into securities, this fact loan with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	Not applicable
(xii)	Payment schedule and terms of loans or advances to be given to the investee company;	Tenure of banking facility being obtained by the associated company is six years for which corporate guarantee is required.
(xiii)	salient features of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	For providing the corporate guarantee by Ghani Gases Limited to the associated company, the company will entered into an agreement with associated company and this agreement will cover rate of commission @0.10% per quarter to be charged by the company, collateral security by the directors of associated company to cover the security of corporate guarantee and tenure of corporate guarantee for a period of six years.

Note:

At present directors/sponsors of Ghani Gases Limited held 64.95% shareholding in Ghani Gases Limited and 55.32% shareholding in Ghani Global Glass Limited. The directors/sponsors are interested in the equity investment and issuance of corporate guarantee to Ghani Global Glass Limited to extent of their share of investment in both the companies.