

# GHANI GASES LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **10<sup>th</sup> Annual General Meeting (AGM)** of **Ghani Gases Limited** (the Company) will be held on Saturday October 28, 2017 at 10:30 AM at registered office of the Company at 10-N, Model Town , Lahore to transact the following business:-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2017 together with Directors' and Auditors ' Reports thereon.
2. To appoint Auditors of the Company for the year ending June 30, 2018 and to fix their remuneration. The retiring auditors' M/S Rizwan & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
3. To elect (09) directors as fixed by the board under the provisions of the Companies Act, 2017 for a period of three years commencing from October 31, 2017.

The names of retiring directors are as under:

1	Masroor Ahmad Khan	2	Atique Ahmad Khan	3	Hafiz Farooq Ahmad	4	Mian Zahid Said
5	Ayesha Masroor	6	Rabia Atique	7	Saira Farooq	8	Farzand Ali

4. Any other business with permission of the Chair.

### **SPECIAL BUSINESS**

5. To consider and if deemed fit, to pass the following resolutions as special resolutions under section 199 of the Companies Act, 2017 with or without modification(s), addition(s) or deletion(s) as recommended by the board of directors:

**Resolved that** pursuant to the requirements of section 199 of the Companies Act, 2017, Ghani Gases Limited (the Company) be and is hereby authorized to make investment upto PKR 1,000 million (Rupees One Thousand million) in Ghani Chemical Industries Limited (GCIL) a subsidiary company, by way of issuance of corporate guarantee provided commission on corporate guarantee shall be at the rate of 0.10% per quarter and other terms and conditions mentioned in the statement under Section 134 of the Companies Act, 2017 and such guarantee shall be for a period of six years starting from the date of issue of such guarantee.

**Resolved Further that** the Chief Executive Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution.

6. To authorize and approve, as recommended by the Directors, issue of bonus shares in proportion of Six (6) Ordinary Shares for every Hundred (100) Ordinary Shares held by the Members (i.e.@ 6%) by capitalization of a sum of Rs. 74,868,770/- out of the share premium account. Accordingly, it is proposed to consider and pass the following Resolution as an Ordinary Resolution:

## **Resolved that**

- (i) A sum of Rs. 74,868,770/- be capitalized out of the share premium account of the Company and applied towards issue of 7,486,877 ordinary shares of Rs. 10 each to be allotted as fully paid bonus shares in the proportion of Six (6) ordinary shares for every Hundred (100) shares held by the Members of the Company whose names appear on the Members' Register at the close of the business on October 24, 2017.
- (ii) The bonus shares shall rank pari passu in all respects with the existing shares.
- (iii) Members' entitlement to fractional shares as a result of their entitlement being less than one ordinary share shall be consolidated into whole shares and sold on the Pakistan Stock Exchange Limited and the proceeds so realized shall be distributed to the entitled shareholders as per their entitlements.
- (iv) The Chief Executive Officer and Company Secretary be and are hereby jointly and/or severally authorized to give effect to this resolution and to do and cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares and payment of the sale proceeds of the fractional shares.

**By order of the Board**



**FARZAND ALI**

Company Secretary

Place: Lahore

Dated: October 05, 2017

## **Notes:**

### **1. BOOK CLOSURE**

Share Transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from Wednesday, October 25, 2017 to Tuesday, October 31, 2017 (both days inclusive). Transfer received in order at the office of the share registrar

M/s Vision Consulting Limited  
1st Floor,3-C, LDA Flats, Lawrence Road, Lahore.  
Telephone No. 042-36375531,36375339  
Fax No. 042-36312550, Email: shares@vcl.com.pk

at the close of business on Tuesday, October 24, 2017 will be treated in time for the purpose of determination of entitlement of bonus shares as recommended by the board of directors and attendance of the AGM.

### **2. ELECTION OF DIRECTORS**

Any person seeking to contest the election to the office of director whether he/she is retiring director must file with the Company Secretary his/her intention to offer himself/herself for election as director not later than 14 days before the date of AGM u/s 159(3) of the Companies Act, 2017 along with a valid copy of CNIC, detailed profile and consent to act as Directors on Form-28 and declaration under the Code of Corporate Governance.

### **3. TAX ON BONUS SHARES**

As required by Section 236M of the Income Tax Ordinance 2001, the Company will be required to withhold five percent (5%) of the bonus shares issued to every Member. The bonus shares withheld will only be issued to a Member if the Company collects from such Member tax equal to five percent (5%) of the value of bonus shares issued to such Member, including the bonus shares withheld, determined on the basis of day-end price on the first day of closure of books. The tax under Section 236M of the Income Tax Ordinance 2001, as described in the preceding sentence, will be required to be collected by the Company within fifteen (15) days, the Company shall deposit the bonus shares withheld in the Central Depository Company of Pakistan Limited (CDC) or any other entity as may be prescribed. Bonus shares deposited in the CDC or other entity shall be disposed of in the mode and manner as may be described and proceeds thereof shall be paid to the Commissioner Inland Revenue by way of credit to the Federal Government.

The letters for collection of tax amount on 6% bonus shares will be dispatched to all entitled shareholders separately within the specified time frame prescribed by FBR.

### **4. ATTENDANCE OF MEETING**

A member entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her.

Proxies in order to be effective duly signed, filled and witnessed must be deposited at the Registered Office of the Company, along with the attested copies of National Identity Card (NIC) or Passport, not less than 48 hours before the meeting.

CDC Account Holders will have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the SECP for attending the meeting.

Attendance in the meeting shall be on production of original identity card or passport.

### **5. CONSENT FOR THE FACILITY OF VIDEO-LINK**

Members may participate in the meeting via video-link facility, if the Company receives a demand from the members holding an aggregate 10% or more shareholding residing at a geographical location outside Lahore, to participate in the meeting through video-link at least 7 days prior to the date of meeting, the Company will arrange video link facility in that city.

In this regard, Members who wish to participate through video-link facility, should send a duly signed request as per the following format to Registered Address of the Company.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of Ghani Gases Limited holder of \_\_\_\_\_ ordinary shares as per Registrar Folio No/CDC account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
**Signature of Member**

## 6. **ANNUAL FINANCIAL STATEMENTS**

Annual financial statements of the Company for the year ended June 30, 2017 have been placed at Company's website ([www.ghaniglobal.com/www.ghanigases.com](http://www.ghaniglobal.com/www.ghanigases.com)).

In compliance with SRO No. 470(I) 2016 dated May 31, 2016, issued by the SECP, annual financial statements of the Company for the year ended June 30, 2017, along with notice of this annual general meeting is being dispatched to the shareholders of the Company through CD / DVD's.

Shareholders are requested to promptly notify the office of share registrar of any change in their addresses.

## 7. **STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on October 28, 2017.

### **Investment in Ghani Chemical Industries Limited**

The board of directors of the Company in their meeting held on October 02, 2017 has unanimously approved the issuance of corporate guarantee to the banks on behalf of Ghani Chemical Industries Limited a subsidiary of the Company subject to the approval by the shareholders of the Company.

Ghani Chemical Industries Limited a subsidiary of Ghani Gases Limited (the Company) intent to set up a chemical manufacturing plant in Hattar Economic Zone for manufacturing of import substitute Calcium Carbide and other by-products. Out of approved investment of Rs. 360 million, the Company has already invested Rs. 143 million in the subsidiary company in shape of equity investment. In the line with the terms of proposed long term loan financing by the banks to Ghani Chemical Industries Limited for set up of manufacturing plant, the Company seeks the approval of the shareholders for issuance of corporate guarantee to the banks on behalf of Ghani Chemical Industries Limited.

Information required under SRO 27(1) / 2012 dated 16 January 2016 are as under:

Ref. No.	Requirement	Information
i.	Name of Subsidiary Company	Ghani Chemical Industries Limited
	Criteria of relationship	At present Ghani Gases Limited (the Company) holds 95.33% shareholding in Ghani Chemical Industries Limited.
ii.	Amount of loans or advances	Non funded corporate guarantee upto Rs.1,000 million.
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 subsidiary 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. 04 million per annum in shape of other income.
iv.	Details of existing loans	The Company has already obtained the approval from shareholders for investment of Rs. 360 million in shape of equity investment in Ghani Chemical Industries Limited. Out of this approval, the Company has so far invested Rs. 143 million.

v.	Financial position, including main items of balance sheets and profit and loss accounts of the subsidiary company on the basis of its latest financial statements.	<p>Audited Financial Statements for the year ended June 30, 2017 showed:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; width: 20%;">Rupees in Million</th> </tr> </thead> <tbody> <tr> <td colspan="2">Balance Sheet:</td> </tr> <tr> <td>Property, plant and equipment</td> <td style="text-align: right;">119.454</td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">30.649</td> </tr> <tr> <td><b>Total Assets</b></td> <td style="text-align: right;"><b>150.103</b></td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Issued, subscribed and paid up capital</td> <td style="text-align: right;">150.000</td> </tr> <tr> <td>Accumulated losses</td> <td style="text-align: right;">(1.134)</td> </tr> <tr> <td>Loan from sponsors</td> <td style="text-align: right;">1.200</td> </tr> <tr> <td><b>Total equity</b></td> <td style="text-align: right;"><b>150.066</b></td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">0.037</td> </tr> <tr> <td><b>Total Equity and Liabilities</b></td> <td style="text-align: right;"><b>150.103</b></td> </tr> </tbody> </table>		Rupees in Million	Balance Sheet:		Property, plant and equipment	119.454	Current assets	30.649	<b>Total Assets</b>	<b>150.103</b>			Issued, subscribed and paid up capital	150.000	Accumulated losses	(1.134)	Loan from sponsors	1.200	<b>Total equity</b>	<b>150.066</b>			Current liabilities	0.037	<b>Total Equity and Liabilities</b>	<b>150.103</b>
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vi.	Average borrowing cost of the investing company	Rs. 0.10% per quarter on bank guarantees.																										
vii.	Rate of interest, markup, profit, fees or commission etc to be charged	Company will charge commission @ Rs. 0.10% per quarter.																										
viii.	Source of funds from where loans and advances will be given	Not applicable																										
ix.	Where loans or advances are being granted using borrowed funds; justification for granting loan or advances out of borrowed fund; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	Not applicable																										
x.	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Demand Promissory Note of subsidiary company.																										
xi.	If the loans or advances carry conversion features:	Not applicable																										
xii.	Repayment schedule and terms of loans or advances to be given to the investee company.	<p>Corporate guarantee will be issued for a period of 6 years from the date of issuance of guarantee.</p> <p>Company will charge Commission on corporate guarantee @ Rs. 0.10% per quarter.</p> <p>Company will obtain Demand Promissory Note from subsidiary.</p>																										

xiii.	Salient features of all agreement entered or to be entered with its associated company or associated undertaking with regards to proposed investment.	Agreement will be executed before the issuance of corporate guarantee in accordance with the terms and conditions approved by the shareholders.																											
xiv.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	<p>Currently the directors of the Company (Ghani Gases Limited) did not hold any direct shareholding in the subsidiary company except qualification shares (one share each) to hold the office of directorship.</p> <p>Shareholding position of following company in the subsidiary, where directors of the company (Masroor Ahmad Khan, Atique Ahmad Khan and Hafiz Farooq Ahmad Khan and their spouses) are also the directors is as under:</p> <table border="1" data-bbox="769 701 1393 884"> <thead> <tr> <th data-bbox="769 701 976 772">Name</th> <th data-bbox="976 701 1183 772">Number of Shares</th> <th data-bbox="1183 701 1393 772">Holding %</th> </tr> </thead> <tbody> <tr> <td data-bbox="769 772 976 884">Ghani Products (Pvt) Limited</td> <td data-bbox="976 772 1183 884">700,000</td> <td data-bbox="1183 772 1393 884">4.67%</td> </tr> </tbody> </table> <p>Shareholding position of directors and their spouses of subsidiary company in Ghani Gases Limited are as under:</p> <table border="1" data-bbox="769 1031 1393 1360"> <thead> <tr> <th data-bbox="769 1031 1094 1136">Name</th> <th data-bbox="1094 1031 1252 1136">Number of Shares</th> <th data-bbox="1252 1031 1393 1136">Holding %</th> </tr> </thead> <tbody> <tr> <td data-bbox="769 1136 1094 1171">Masroor Ahmad Khan</td> <td data-bbox="1094 1136 1252 1171">15,965,866</td> <td data-bbox="1252 1136 1393 1171">12.80</td> </tr> <tr> <td data-bbox="769 1171 1094 1207">Atique Ahmad Khan</td> <td data-bbox="1094 1171 1252 1207">14,615,474</td> <td data-bbox="1252 1171 1393 1207">11.71</td> </tr> <tr> <td data-bbox="769 1207 1094 1243">Hafiz Farooq Ahmad</td> <td data-bbox="1094 1207 1252 1243">15,810,995</td> <td data-bbox="1252 1207 1393 1243">12.87</td> </tr> <tr> <td data-bbox="769 1243 1094 1278">Ayesha Masroor</td> <td data-bbox="1094 1243 1252 1278">5,194,929</td> <td data-bbox="1252 1243 1393 1278">4.16</td> </tr> <tr> <td data-bbox="769 1278 1094 1314">Rabia Atique</td> <td data-bbox="1094 1278 1252 1314">6,545,148</td> <td data-bbox="1252 1278 1393 1314">5.25</td> </tr> <tr> <td data-bbox="769 1314 1094 1360">Saira Farooq</td> <td data-bbox="1094 1314 1252 1360">5,177,709</td> <td data-bbox="1252 1314 1393 1360">4.15</td> </tr> </tbody> </table>	Name	Number of Shares	Holding %	Ghani Products (Pvt) Limited	700,000	4.67%	Name	Number of Shares	Holding %	Masroor Ahmad Khan	15,965,866	12.80	Atique Ahmad Khan	14,615,474	11.71	Hafiz Farooq Ahmad	15,810,995	12.87	Ayesha Masroor	5,194,929	4.16	Rabia Atique	6,545,148	5.25	Saira Farooq	5,177,709	4.15
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xv.	Any other important details necessary for the member to understand the transaction.	None																											
xvi.	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not Applicable																											
	Starting date of work	Not Applicable																											
	Completion of work	Not Applicable																											
	Commercial operation date	Not Applicable																											
	Expected time by which the project shall start paying return on investment.	Not Applicable																											

In pursuance to Section 199 of the Companies Act, 2017 read with Regulation No. 3 (3) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 under SRO 27(1)/2012 dated 16 January 2012, the directors of the Company certify that they have carried out due diligence for the proposed issuance of corporate guarantee for Ghani Chemical Industries Limited and that the financial health of the subsidiary company is such that it has the ability to honor the commitment as per agreement. Certificate/Undertaking in this respect shall be made available to the members of the Company for inspection in the general meeting to be held on October 28, 2017.

The majority of the directors of Ghani Gases Limited are interested in the investment in subsidiary company and the special resolutions to the extent of shares held by them. They have no other interest in the above special business and/or resolution except as stated above and to the extent of their shareholdings.

### **ISSUANCE OF BONUS SHARES**

The Board of Directors in their meeting held on October 02, 2017 have recommended issue of bonus shares out of share premium account in proportion of Six (6) Ordinary share for every Hundred (100) Ordinary shares held by the Members (i.e. 6%). The Directors are of the opinion that the reserves of the Company are adequate for capitalization of a sum of Rs. Rs. 74,868,770/- out of share premium account for issue of 6% bonus shares.

The Directors are not directly or indirectly interested in this special business except to the extent of entitlements of bonus shares to be allotted to them and their spouses as shareholders of the Company.