

## Ghani Gases (GGL) ...revisited | our coverage

**Ghani Gases Limited (GGL) business model is quite feasible and will be expanding in following years. Recently company has installed ASU plant which started operation in 1QFY14.**

### The number game

**During 1QFY14 GGL reported net revenue of Rs 247.5mn decreased by 14% against last year where revenues were Rs 287.8mn. Due to decrease in the net revenue the gross profit was also decreased by 37.3% to Rs 66.2mn against Rs 105.6mn in the same period last year.**

**Due to the lowering interest rate company's cost of debt had also decreased and recorded 34.2% lower interest charges in 1QFY14. Despite all these factors company's NPAT was also decreased by massive 61.9% to Rs 16.9mn in 1QFY14 against Rs 43.9mn in LYSP. GGL highlights economic downturn in lower sales and earnings which include lessening gas pressure.**

### Investment in Ghani Global Glass Limited

**During the FY13 GGL's BoD approved investment of Rs 45mn in shape of equity in Ghani Global Glass Limited (GGG) which would be equal to 10% of the proposed share capital of GGG. GGG will be manufacturing Boro-silicate neutral premium Kimble class product and will replace the existing import of European and low quality Chinese products in the country. The project is estimated to complete by November 2014.**

### ASU plant

**The second state of the art ASU plant of GGL in port Qasim is at final stage and plant has started its operations and it will be quite beneficial for the progress of the company and will add value to the growing of the company.**

### Valuation...good FY14 ahead

**If company runs on improved capacity then GGL would be trending on the PE of 8x given good demand of its products such as hospital gases etc. We consider GGL a good long term BUY given futuristic investments in related projects.**

KSE 100 Index 24,445.4(-143.09)

#### GGL Statistics

Avg Volume (52 Weeks)	229,617.41
Close	26.92
52 Weeks High	30.5
52 Weeks Low	13.65
Market Capitalization	1.95bn
Beta	0.9
Total No of Shares	72.45mn
Free-Float Shares	20.33mn

Source: SCS Research

#### Ghani Gases Limited

##### Financial results

(Rupees in mn)	1QFY13	1QFY14	Change
Net sales	287.8	247.5	-14.0%
COGS	182.3	181.3	-0.5%
Gross Profit	105.6	66.2	-37.3%
Distr. & admin Expences	45.1	36.9	-18.1%
Operating profit	60.5	29.3	-51.7%
Other income	0.8	0.6	-22.4%
Finance cost	15.9	10.5	-34.2%
PBT	45.4	19.4	-57.3%
NPAT	43.9	16.9	-61.5%
EPS	0.61	0.23	-61.5%

Source: Company announcement

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