

Ghani Glass Limited | Heriocs DCF value Rs126/sh | PEG 0.18

Leading player in glass industry... CAGR 8.9%

GHGL ^ FY15E EPS of Rs10.65 | PEG 0.18

- New production line (capacity of 500mn bottles)
- Expecting annual earnings growth of 42% in FY15
- Dedicated line | no such production losses
- Payout could be charming (Expected DPS of 20%)
- Consistent repayment of loans | Debt element to decrease

Financial Plans ~ Highlights ^ Ultimate growth

Ratio Analysis	FY15E	FY16E	FY17E
Net Margin	10.77	11.03	12.02
Gross Margin	24.15	23.31	23.37
ROCE	9.00	8.96	9.18
ROE	16.04	16.47	18.16
Gearing Ratio	21.21	19.07	17.04
Interest Cover	5.38	6.36	7.70
Current Ratio	1.31	1.07	0.85

source scs research

Years at Glance	FY17E	FY16E	FY15E
Sales	15,861	13,742	12,188
Gross Profit	3,708	3,204	2,944
Profit Before Tax	2,425	1,965	1,711
Current Asset	6,863	5,952	5,501
Current Liabilities	8,104	5,547	4,201
Shareholder's Equity	10,496	9,206	8,183
Interest Cover Ratio	7.7	6.36	5.38
Earning per Share	15.47	12.30	10.65

source scs research

GHGL Export to Following Countries

- Afghanistan
- Bangladesh
- India
- Indonesia
- Mozambique
- Zambia
- Others

- Devaluation of PKR could help improving export sales (margins could jump)
- GHGL tapping big players in industry
- Merger with Technical Glass | Materialisation could take time but synergies will be big
- Lower oil prices along with support from lower discount rates allowing GHGL bottom-line to boost
- Development projects and increasing housing needs surging the demand for Float glass

GHGL~ Tapping applauded brands

Following Brands Have Chosen GHGL

- Gsk
- Pfizer
- Coca Cola
- Abbot
- Novartis
- National Foods
- Sanofi
- Star
- Pepsi
- Mitchells
- Unilever
- Reckitt Benckis

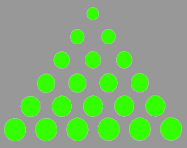
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Valuation ~ GHGL yields PE of 9.7x | PEG* 0.18 ... Expected DPS of 20%

Blazing future...

We expect earnings to flourish in future while lower debt element allowing margins to improve.

Merger with techno glass requires time we expect materialisation could hit FY17 but till that time GHGL existing unit to play its vital role.

Increased housing needs pushing up demand for float glass while mega projects making GHGL to be in strong bargain position.

We remain positive on GHGL with DCF** value Rs126/sh.

*Price Earning Growth

**Discounted cash flows