



The Pakistan Credit Rating Agency Limited

## Rating Report

### Ghani Global Holdings Limited

#### Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

#### Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
01-Nov-2024	A-	A2	Stable	Maintain	-
22-Nov-2023	A-	A2	Positive	Maintain	-
22-Nov-2022	A-	A2	Positive	Maintain	-
22-Nov-2021	A-	A2	Positive	Initial	-

#### Rating Rationale and Key Rating Drivers

The long-term rating of 'A-' signifies high credit quality, underscoring Ghani Global Holding Limited's ('Ghani Global' or 'the Company') resilience and operational stability amid evolving economic conditions. The short-term rating of 'A-2' indicates solid liquidity and timely payment capability, with a 'Stable' outlook affirming consistent performance projections.

These ratings reflect Ghani Global's strengthened role as the parent entity within the Ghani Global Group ('the Group'), a diversified conglomerate with significant stakes across strategically vital sectors. The Company's portfolio includes Ghani Global Glass Limited (GGGL), which specializes in glass manufacturing, and Ghani Chemical Industries Limited (GCIL), a key player in chemical and industrial gas production. Operating as a Hold and Op Co., Ghani Global's income stream benefits from diverse sources such as gross sales, profits from corporate guarantees, and Sharia-compliant savings accounts.

The investments in GGGL and GCIL underscore a well-calibrated, growth-oriented strategy. GCIL reported sales growth and profitability, further solidifying its market standing through calculated capacity expansion, exemplified by the recent commissioning of a fifth ASU unit within the Hattar Economic Zone which will eventually help in cost reduction. Additionally, the Calcium Carbide Cash Generating Unit (CGU) under Ghani Chemical Industries Limited (GCIL) is undergoing strategic segregation and is slated for a subsequent public listing. Concurrently, GGGL demonstrated strong sales momentum and profitability, though tempered by rising finance costs. GGGL, aligning with an import substitution model, has scaled production capacity to meet the pharmaceutical industry's increasing demand, which buoyed up its export potential and market diversification. While these ventures exhibit operational stability, they remain in a pre-dividend-yielding phase. The formalization of investment policies could add strategic cohesion and maturity to these initiatives. Financially, Ghani Global is supported by a strong 100% equity-based capital structure, with a management approach that prudently favors equity financing over debt in expansion projects.

The ratings are anchored in the Company's strategic trajectory and the management's ability to actualize growth objectives. Sustained ratings depend on the successful conversion of strategic initiatives into profitable outcomes, with particular emphasis on strong subsidiary performances, optimized financial management, and maintained liquidity buffer.

#### Disclosure

<b>Name of Rated Entity</b>	Ghani Global Holdings Limited
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	Entity Rating
<b>Applicable Criteria</b>	Methodology   Rating Modifiers(Apr-24),Methodology   Holding Company Rating(Jul-24),Methodology   Correlation Between Long-term & Short-term Rating Scales(Jul-24)
<b>Related Research</b>	Sector Study   Holding Companies(Aug-24)
<b>Rating Analysts</b>	Usama Ali   usama.ali@pacra.com   +92-42-35869504



## Profile

**Background** Ghani Global Holdings Limited (GGL), previously Ghani Gases Limited, is a publicly listed company incorporated in Pakistan on November 19, 2007. It became a public company on February 12, 2008, and rebranded in August 2019 to reflect its focus on managing investments in subsidiaries and associated companies, following a strategic shift toward portfolio management.

**Structural Analysis** The Company's long-term investments are focused on three subsidiaries: Ghani Global Glass Limited (50.1% stake), Ghani Chemical Industries Limited (55.95% stake), and Kilowatt Labs Technologies Limited (100% stake). Global Glass produces glass tubes and chemicals under an import substitution model, while Ghani Chemicals manufactures medical and industrial gases. Kilowatt Labs specializes in supercapacitors and energy solutions but is currently dormant. The Board has proposed selling Kilowatt Labs, which will be discussed at the upcoming AGM.

## Ownership

**Ownership Structure** The sponsoring family, comprising Directors, the CEO, and their spouses and children, holds 34.92% of the company's shares. The rest is distributed among Executives (14.429%), Government Institutions (0.038%), Financial Institutions (0.127%), Investment Companies (0.008%), Insurance Companies (0.396%), Modaraba Companies (0.011%), Provident & Mutual Funds (0.259%), Joint Stock Companies (4.067%), Individuals (45.617%) and Others (0.127%).

**Stability** The Company benefits from a stable ownership structure, with the majority stake held by the founding family. The successful integration of the second generation into the business further reinforces continuity, ensuring a seamless transition of leadership.

**Business Acumen** The sponsors bring decades of experience across multiple sectors. Ghani Global Group operates in glass manufacturing, chemicals, industrial gases, mining, and automobiles. Over time, the Group has established itself and now holds the highest market share in the country's glass and gases segment.

**Financial Strength** The Group demonstrates solid financial resilience, with a proven track record of both capability and commitment to providing support to the Company when required. This readiness reinforces the Company's financial stability and strategic backing.

## Governance

**Board Structure** The Company's Board comprises of seven members, including one Executive Director, four non-Executive Directors, and two Independent Directors.

**Members' Profile** The Board, chaired by Mr. Atique Ahmad Khan, has over 35 years of experience in glass, textile, and gas industries and is a qualified electrical and mechanical engineer, enhancing the Board's technical expertise. Executive Director Mr. Masroor Ahmad Khan adds 38 years of diverse experience in mining, glass, and gas manufacturing.

**Board Effectiveness** There were five Board meetings held during FY24, with majority attendance. The minutes of the meetings are adequately maintained. The Board is supported by two sub-committees: the HR & Remuneration Committee, which convenes annually, and the Audit Committee, which meets quarterly. Both sub-committees are chaired by Independent Directors.

**Transparency** External auditors of the Company, ShineWing Hameed Chaudhri & Co., Chartered Accountants, issued an unqualified audit opinion on the FY24 financials. The firm comes under the category 'B' of SBP's panel of auditors.

## Management

**Organizational Structure** The Company has instituted a well-designed organizational structure to cater to its needs as a HoldCo. All Divisional Heads report to the Company's CEO, who reports to the Board. However, Head of Internal Audit and Human Resource report administratively to the CEO and functionally to the Board's Audit Committee, HR and Remuneration Committee, respectively.

**Management Team** Mr. Masroor Ahmad Khan, the CEO, boasts over three decades of leadership across diverse industries, including glass and textiles. Mr. Khan is a certified director too. Complementing his expertise is CFO and Group director of finance, Mr. Asim Mehmud, a distinguished Fellow Chartered Accountant (FCA) with nearly 26 years of invaluable experience, ensuring financial stewardship and strategic insight.

**Management Effectiveness** Currently, the organization has no management committees. However, plans are in place to implement a formal review mechanism for subsidiary performance. An Oracle ERP system has also been deployed at the Group level to enhance management efficiency.

**Control Environment** The Company has established an internal audit function in conjunction with the Board's Audit Committee to facilitate the implementation of its policies and procedures.

## Investment Strategy

**Investment Decision-Making** The Company's investment decisions are made by a management-level investment committee comprising the CEO, two Directors, the CFO, and the General Manager of Corporate. This structure ensures that investment strategies are aligned with the Company's overall objectives.

**Investment Policy** The Company is yet to formulate formal investment policy. Currently, the Company holds one core and two strategic investments in its subsidiaries.

**Investment Committee Effectiveness** The Company currently lacks formal investment guidelines; however, management meetings are held on an as-needed basis to facilitate investment decision-making.

## Business Risk

**Diversification** The Company's investment portfolio consists of three long-term holdings: Global Glass (glass segment), Ghani Chemicals (chemicals and industrial gases), and Kilowatt Labs (renewable energy). Total investments are approximately PKR 3.6 billion as of FY24. The portfolio lacks diversification, with around 60% in the chemical segment and 40% in glass, while renewable energy holds only 0.01%. The Board of Directors has proposed a disinvestment in Kilowatt Labs, which will be discussed at the upcoming Annual General Meeting (AGM).

**Portfolio Assessment** The Company has strategically invested in two listed subsidiaries and one unlisted subsidiary, reflecting a robust portfolio approach. Its investment in Ghani Global Glass Limited (GGGL) amounts to PKR 1.4 billion. In FY24, GGGL reported sales of PKR 2.44 billion, marking a notable 17.8% increase from PKR 2.07 billion in FY23 backed by both volumetric and price increase. Despite the rise in finance costs to PKR 406 million, profit after taxation increased to PKR 145 million, up from PKR 102 million. GGGL is actively enhancing its production capabilities to target local and export markets, including Latin America and the GCC. In terms of Ghani Chemical Industries Limited (GCIL), the investment is valued at PKR 2.15 billion. GCIL's gross sales surged by 25% to PKR 6.3 billion backed by both volumetric and price increase, with profit after taxation increasing significantly to PKR 786 million. The Company also holds a minor investment of PKR 0.5 million in Kilowatt Labs, which has remained dormant this year.

**Income Assessment** The Company generates income from gross sales, corporate guarantees, and Sharia-compliant savings accounts. As of June 30, 2024, total income reached PKR 203 million, up from PKR 166 million in FY23. However, gross profit fell to PKR 13.3 million from PKR 23.2 million due to increased direct costs. The bottom line improved to PKR 24.3 million, compared to PKR 16.3 million in FY23, driven by a significant rise in other income to PKR 41.3 million, up from PKR 10.1 million last year.

## Financial Risk

**Coverages** The Company's coverage ratios have declined due to financial charges associated with borrowings from related parties and constrained total cash flows, exposing the Hold Co. to potential challenges in maintaining adequate liquidity.

**Capital Structure** The Company's capital structure is entirely composed of equity. In FY24, total equity experienced a modest increase, attributed to the incorporation of last year's profits, reaching PKR 3.81 billion, up from PKR 3.78 billion in FY23.

**Consolidated Position** As the main holding company of the Ghani Global Group, the Company relies on its subsidiaries for financial strength. As of FY24, the Group has consolidated assets of PKR 21 billion and equity of about PKR 13 billion. The Group's topline reached PKR 9.3 billion, up from PKR 7.5 billion in FY23, while profit after taxation rose to PKR 935 million, compared to PKR 625 million the previous year.



Ghani Global Holdings Limited Holding Company	Jun-24 12M Audited	Jun-23 12M Audited	Jun-22 12M Audited
<b>A BALANCE SHEET</b>			
1 Investments	-	-	-
2 Related Party Investments	3,581	3,581	3,581
3 Non-Current Assets	0	0	0
4 Current Assets	357	221	250
<b>5 Total Assets</b>	<b>3,938</b>	<b>3,803</b>	<b>3,832</b>
6 Current Liabilities	24	15	21
7 Borrowings	-	-	-
8 Related Party Exposure	103	0	-
9 Non-Current Liabilities	-	-	-
<b>10 Net Assets</b>	<b>3,811</b>	<b>3,787</b>	<b>3,811</b>
<b>11 Shareholders' Equity</b>	<b>3,811</b>	<b>3,787</b>	<b>3,771</b>
<b>B INCOME STATEMENT</b>			
<b>1 Total Investment Income</b>	<b>41</b>	<b>10</b>	<b>8</b>
a Cost of Investments	(10)	(0)	-
<b>2 Net Investment Income</b>	<b>31</b>	<b>10</b>	<b>8</b>
a Other Income	-	-	-
b Operating Expenses	(10)	(11)	(14)
<b>4 Profit or (Loss) before Interest and Tax</b>	<b>35</b>	<b>22</b>	<b>15</b>
a Taxation	(10)	(6)	(4)
<b>6 Net Income Or (Loss)</b>	<b>24</b>	<b>16</b>	<b>10</b>
<b>C CASH FLOW STATEMENT</b>			
a Total Cash Flow	25	9	11
b Net Cash from Operating Activities before Working Capital Changes	25	9	11
c Changes in Working Capital	(22)	6	(59)
<b>1 Net Cash provided by Operating Activities</b>	<b>3</b>	<b>14</b>	<b>(48)</b>
<b>2 Net Cash (Used in) or Available From Investing Activities</b>	<b>-</b>	<b>-</b>	<b>(100)</b>
<b>3 Net increase (decrease) in long term borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4 Net Cash (Used in) or Available From Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5 Net Cash generated or (Used) during the period</b>	<b>3</b>	<b>14</b>	<b>(148)</b>
<b>D RATIO ANALYSIS</b>			
<b>1 Performance</b>			
a Asset Concentration (Market Value of Largest Investment / Market Value of Equity Investments)	81.0%	100.0%	62.4%
b Core Investments / Market Value of Equity Investments	100.0%	100.0%	100.0%
c Marketable Investments / Total Investments at Market Value	0.0%	0.0%	0.0%
<b>2 Coverages</b>			
a TCF / Finance Cost	2.4	8.7	11.1
b TCF / Finance Cost + CMLTB	2.4	8.7	11.1
c Loan to Value (Funding / Market Value of Equity Investments)	0.0	0.0	0.0
<b>3 Capital Structure (Total Debt/Total Debt+Equity)</b>			
a Leveraging [Funding / (Funding + Shareholders' Equity)]	0.0%	0.0%	0.0%
b (Funding + Off Balance Sheet Exposure) / Shareholders' Equity	0.0%	0.0%	0.0%

### Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-Term Rating
AAA	<b>Highest credit quality.</b> Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA AA-	<b>Very high credit quality.</b> Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+ A A-	<b>High credit quality.</b> Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
BBB+ BBB BBB-	<b>Good credit quality.</b> Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BB+ BB BB-	<b>Moderate risk.</b> Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
B+ B B-	<b>High credit risk.</b> A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
CCC CC C	<b>Very high credit risk.</b> Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
D	Obligations are currently in default.

Scale	Short-Term Rating
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.

### Rating Modifiers | Rating Actions

<p><b>Outlook (Stable, Positive, Negative, Developing)</b> Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.</p>	<p><b>Rating Watch</b> Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.</p>	<p><b>Suspension</b> It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.</p>	<p><b>Withdrawn</b> A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.</p>	<p><b>Harmonization</b> A change in rating due to revision in applicable methodology or underlying scale.</p>
---	---	--	--	---

**Surveillance.** Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

**Note:** This scale is applicable to the following methodology(s):

a) Broker Entity Rating	e) Holding Company Rating
b) Corporate Rating	f) Independent Power Producer Rating
c) Debt Instrument Rating	g) Microfinance Institution Rating
d) Financial Institution Rating	h) Non-Banking Finance Company

**Disclaimer:** PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of PACRA documents may be used, with due care and in the right context, with credit to PACRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell

### **Rating Team Statements**

(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

### **2) Conflict of Interest**

- i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
- ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

### **Restrictions**

- (3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
- (4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
- (5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

### **Conduct of Business**

- (6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
- (7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
- (8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
- (9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
- (10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
- (11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

### **Independence & Conflict of interest**

- (12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
- (13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
- (14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
- (15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
- (16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
- (17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

### **Monitoring and review**

- (18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
- (21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument; | Chapter III | 17-(d)

### **Probability of Default**

(22) PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

### **Proprietary Information**

(23) All information contained herein is considered proprietary by PACRA. Hence, none of the information in this document can be copied or, otherwise reproduced, stored or disseminated in whole or in part in any form or by any means whatsoever by any person without PACRA's prior written consent