

## Market Overview

Market witnessed an overall mix to volatile trading day as investors remained confused regarding ongoing foreign outflows and previous day nosedive. The benchmark KSE-100 index closed down by 73.36 point to close at 31,451.62 points.

## KAPCO: Enormous rise in profitability

Kot Addu power company (KAPCO) announced its financial result for 1HFY15. Company profit after taxation (PAT) robustly up by 70% to Rs 4.83 billion (EPS: Rs 5.49) compared to Rs 2.84 billion (EPS: Rs 3.23) for the corresponding period last year. Better earning was evident due to lower maintenance cost against last year same period of higher maintenance cost due to major overhaul of steam & gas tribunes along with surge in other income. In 2QFY15, company posted net earnings of Rs 2.42 billion (EPS: Rs 2.75) in 2QFY15 against Rs 1.11 billion (EPS: Rs 1.27) in 2QFY14, depicting surge of 117% due to higher indexation and no major repair & maintenance cost. The corporate results accompanied with a first interim cash dividend of Rs 4/share.

## Higher generation propelled revenue

Despite reduction in Low Sulphur Furnace oil prices, net sales of the company increase by 3% YoY to Rs 58.39 billion as against Rs 56.93 billion same period last year mainly due to higher generation. The net output from the plant was 3,598 GWh of electricity (1HFY14: 3,115 GWh), resulting in a load factor of 60.7% (1HFY14: 52.5%) and an overall commercial availability of 90.2%. The fuel mix for the dispatched output to WAPDA was 5.5% on gas, 93.1% on Low Sulphur Furnace Oil and 1.4% on High Speed Diesel.

## Financing cost hike by 133%

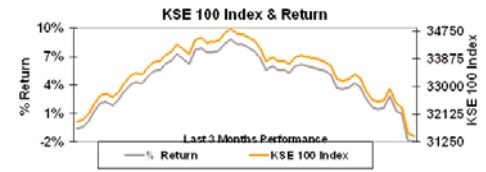
Financing cost increased by 133% to Rs 4.10 billion versus Rs 1.76 billion in identical period last year mainly due to higher short term borrowing. Similarly, other income surge by 144% to Rs 3.84 billion as against Rs 1.57 billion corresponding period last year mainly due surge in penal income from overdue receivables. Net interest income remain marginally unfavorable as it showed negative amount of Rs 265 million 1HFY15 versus net income of Rs 191 million in corresponding period last year.

Rs in million	1HFY15	1HFY14	YoY	2QFY15	2QFY14	YoY
Sales	58,399	56,934	2.6%	23,184	27,199	-14.8%
Cost of Sales	50,950	52,318	-2.6%	19,650	25,171	-21.9%
Gross Profit	7,449	4,616	61.4%	3,534	2,029	74.2%
Administration Expenses	199	173	14.7%	90	81	10.7%
Other income	3,840	1,574	144.0%	2,210	924	139.3%
Profit from Operations	11,091	6,016	84.3%	5,655	2,871	96.9%
Finance Cost	4,105	1,765	132.6%	2,231	960	132.5%
Profit before Taxation	6,986	4,251	64.3%	3,424	1,912	79.1%
Taxation	2,152	1,407	52.9%	1,000	793	26.1%
Profit for the period	4,833	2,844	70.0%	2,424	1,119	116.7%
EPS (Rs)	5.49	3.23		2.75	1.27	

Source: Company Report & AZEE Research

## Recommendation

At current levels, the scrip is offering an upside potential of 15% given our December 15 Target price of Rs 92/ share base on DDM Methodology.



## News Update

Total liquid foreign reserves of the country stood at dollars 16.27307 billion during the week ending on March 13, said State Bank of Pakistan (SBP). SBP's weekly statement here on Thursday said that the foreign reserves held by State Bank amounted to dollars 11.22601 billion and the net foreign reserves by other banks were dollars 5.04706 billion. During the week, SBP's liquid foreign exchange reserves decreased by dollars 46 million to dollars 11.226 billion compared to dollars 11.272 billion of the previous week.

The ECC on a proposal from the Ministry of Water and Power approved the Standardized Project Agreements for Solar Energy Based Projects under the policy for Development of Renewable Energy for Power Generation. Accordingly AEDB was authorized to make any project specific amendments in these standardized project Agreements for Solar Power projects as required during negotiations that do not increase GoP obligations or liabilities beyond those stipulated in the said project agreements.

Police has succeeded in significantly controlling the target killing incidents, kidnapping for ransom and other serious crimes with the best efforts, said Additional Inspector General of Police, Sindh, Ghulam Qadir Thebo. Addressing the members of SITE Association of Industry during his visit to the association's office here on Thursday, the AIGP said that since the commencement of the Karachi operation the city has witnessed a visible reduction in criminal activities and hoped further improvement in law and order, said SITE association's statement here on Thursday.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	March 19, 2015
FIPI (17-Mar-2015)	-9.03	Yearly(Jul, 2014 up to 16-Mar-2015)	76.61	<b>Indices</b>	
Local Companies (17-Mar-2015)	-0.42	Monthly(Mar, 2015 up to 16-Mar-2015)	-45.38	All Share Index	22,450.19
Banks / DFI (17-Mar-2015)	2.35			KSE-30TM Index	20,043.77
Mutual Funds (17-Mar-2015)	-0.04	Daily (16-Mar-2015)	-8.35	KSE-100TM Index	31,451.62
NBFC (17-Mar-2015)	0.73			<b>Turnover</b>	
Local Investors (17-Mar-2015)	5.25	Total Portfolio Investment (06-Mar-2015)	6251	All Share Index	107,539,120
Other Organization (17-Mar-2015)	1.17			KSE-30TM Index	48,963,800
				KSE-100TM Index	66,602,260



## MILESTONE

Friday, March 20 2015

## [ Morning Report ]

## Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	31451.62	21.71	31,362	31,272	31,575	31,698	31,485
Attock Cement	185.00	36.82	184.00	183.00	187.00	189.00	186.00
Adamjee Insurance	44.38	16.87	43.15	41.95	46.65	48.95	45.45
Askari Bank	20.28	27.34	20.00	19.70	20.65	21.05	20.40
Azgard Nine	4.40	23.10	4.30	4.15	4.50	4.65	4.40
Attock Petroleum	538.41	50.52	535.55	532.70	540.70	543.00	537.85
Attock Refinery	166.93	22.41	162.95	159.00	170.95	175.00	167.00
Bank Al-Falah	27.33	18.94	26.70	26.05	27.80	28.30	27.15
BankIslami Pak	9.56	41.89	9.40	9.25	9.75	9.90	9.55
Bank.Of.Punjab	9.36	25.85	9.20	9.05	9.60	9.85	9.45
Fauji Fert Bin	48.14	36.40	47.45	46.75	48.70	49.25	48.00
Fauji Fertilizer	132.61	43.67	131.30	129.95	133.75	134.85	132.40
Habib Bank Ltd	188.28	31.44	186.30	184.35	190.10	191.95	188.15
Hub Power	88.94	52.43	88.30	87.65	89.30	89.65	88.65
ICI Pakistan	421.79	31.44	416.25	410.75	428.15	434.55	422.65
Kot Addu Power	81.47	43.92	80.85	80.20	82.25	83.00	81.60
Lucky Cement	471.92	35.05	463.30	454.65	477.25	482.65	468.65
MCB Bank Ltd	264.30	22.65	260.85	257.45	268.85	273.45	265.45
Maple Leaf Cement	51.86	47.67	51.15	50.45	52.40	52.95	51.70
National Bank	55.32	16.18	54.55	53.80	56.55	57.75	55.80
NIB Bank	1.97	33.44	1.90	1.85	2.00	2.05	1.95
Pioneer Cement	82.13	47.05	81.10	80.05	83.10	84.05	82.05
P.S.O. XD	367.48	36.25	364.00	360.50	370.95	374.45	367.50
P.T.C.L.A	21.94	31.04	21.60	21.30	22.15	22.40	21.85
Sui North Gas	24.01	36.64	23.90	23.75	24.20	24.35	24.05

## Board Meetings

Company	DATE	TIME
Highnoon Laboratories Ltd	20-03-2015	11:30
Tri-Pak Films	20-03-2015	10:00
Fatima Fertilizer	24-03-2015	2:30
Askari General Insurance Co	24-03-2015	11:00
Dandot Cement Co. Ltd	24-03-2015	3:30
Al-Abbas Sugar Mills Ltd	24-03-2015	10:00

## Key Data

## Money Market

T-Bills (3 Mths)	18-Mar-2015	8.19%
T-Bills (6 Mths)	18-Mar-2015	7.99%
T-Bills (12 Mths)	18-Mar-2015	7.84%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	19-Mar-2015	8.35%
Kibor (3 Mths)	19-Mar-2015	8.19%
Kibor (6 Mths)	19-Mar-2015	8.14%
Kibor (9 Mths)	19-Mar-2015	8.34%
Kibor (1 Yr)	19-Mar-2015	8.31%
P.I.B (3 Yrs)	19-Mar-2015	7.95%
P.I.B (5 Yrs)	19-Mar-2015	8.25%
P.I.B (10 Yrs)	19-Mar-2015	9.10%
P.I.B (15 Yrs)	19-Mar-2015	10.10%
P.I.B (20 Yrs)	19-Mar-2015	10.50%
P.I.B (30 Yrs)	19-Mar-2015	11.00%

## Commodities

Crude Oil (brent)\$/bbl	54.35
Crude Oil (WTI)\$/bbl	43.32
Cotton \$/lb	62.87
Gold \$/ozs	1,169.01
Silver \$/ozs	16.00
Malaysian Palm \$	596
GOLD (PMEX) PKR	38,699
KHI Cotton 40Kg PKR	5,412

CR = Yesterday's Closing Rate; RSI = 14 day RSI.

RSI Indication: Less than 30 Indicate oversold position &amp; Greater than 70 Indicate overbought position.

## MILESTONE

Friday, March 20 2015

# MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
19-Mar-15	85,071,500	3,722,731,908	6,135,500	288,962,289	91,207,000	4,011,694,196	12.08
18-Mar-15	87,756,200	3,932,138,434	5,197,200	233,599,834	92,953,400	4,165,738,268	11.95
Chg DoD %	-3.06%	-5.33%	18.05%	23.70%	-1.88%	-3.70%	13 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	848,000	23,415,025	-	-	848,000	23,415,025	-
AICL	923,700	36,936,459	195,400	7,347,543	1,119,100	44,284,002	11.66
AKBL	3,908,000	68,862,224	-	-	3,908,000	68,862,224	-
ATRL	112,800	16,432,988	48,000	6,697,234	160,800	23,130,221	13.43
BAFL	1,012,500	25,337,130	225,500	5,245,442	1,238,000	30,582,572	11.66
BAHL	148,000	5,713,797	-	-	148,000	5,713,797	-
BOP	21,384,100	177,243,158	1,652,400	13,331,741	23,036,500	190,574,898	16.08
CHCC	762,500	48,152,824	36,000	2,316,562	798,500	50,469,386	11.90
DGKC	950,500	99,356,662	167,000	17,729,903	1,117,500	117,086,565	11.57
EFERT	575,500	39,247,133	85,500	5,849,731	661,000	45,096,864	12.85
EFOODS	423,400	42,454,742	207,600	20,824,050	631,000	63,278,792	12.35
ENGRO	4,763,400	1,096,892,884	202,400	47,220,954	4,965,800	1,144,113,837	11.52
FABL	308,300	4,901,883	283,000	3,746,128	591,300	8,648,011	12.23
FATIMA	5,605,500	176,658,935	30,500	1,011,395	5,636,000	177,670,331	11.49
FCCL	2,989,700	74,521,918	127,500	3,184,993	3,117,200	77,706,910	11.96
FFBL	2,521,500	107,913,155	317,500	13,019,075	2,839,000	120,932,230	11.54
FFC	413,500	46,539,880	20,700	2,332,072	434,200	48,871,952	11.50
HUBC	1,781,500	132,469,916	1,000	75,461	1,782,500	132,545,378	11.60
KAPCO	3,000	207,906	-	-	3,000	207,906	-
KEL	6,277,500	40,207,523	5,000	31,249	6,282,500	40,238,772	13.00
LPCL	1,628,100	23,357,843	17,500	262,326	1,645,600	23,620,169	13.96
LUCK	160,200	63,677,336	36,000	14,305,190	196,200	77,982,527	11.69
MLCF	2,799,500	120,813,577	314,000	13,880,589	3,113,500	134,694,166	11.74
NBP	1,109,500	60,121,072	300,500	14,264,559	1,410,000	74,385,631	11.83
NCL	1,509,500	51,799,771	21,500	731,231	1,531,000	52,531,003	11.54
NML	427,500	40,805,394	5,100	475,872	432,600	41,281,266	11.49
OGDC	5,200	845,298	16,900	2,711,086	22,100	3,556,384	11.65
PAEL	4,193,000	180,884,073	997,500	41,970,367	5,190,500	222,854,440	12.00
PIOC	744,500	52,212,308	16,000	1,118,288	760,500	53,330,596	12.00
PKGP	885,000	20,916,157	500	11,730	885,500	20,927,886	12.00
PPL	650,100	86,608,859	102,500	13,583,453	752,600	100,192,312	11.58
PSO	748,700	233,878,378	40,800	12,755,445	789,500	246,633,823	11.63
PTC	3,629,000	67,352,603	73,500	1,372,764	3,702,500	68,725,367	11.74
SEARL	82,200	15,281,013	15,800	3,019,423	98,000	18,300,436	16.31
SNGP	2,617,500	53,615,763	26,500	539,132	2,644,000	54,154,895	11.72
SSGC	6,837,500	214,376,526	536,000	16,739,241	7,373,500	231,115,767	11.87
UBL	1,331,600	172,719,796	9,900	1,258,060	1,341,500	173,977,856	11.63
<b>TOTAL</b>	<b>85,071,500</b>	<b>3,722,731,908</b>	<b>6,135,500</b>	<b>288,962,289</b>	<b>91,207,000</b>	<b>4,011,694,196</b>	<b>12.08</b>

## Risk Disclosure

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