

## Market Overview

Market maintained its depressive stance with comparatively low volumes due ongoing decline in international oil prices. The benchmark KSE-100 index closed down by 112.65 point to close at 32,342.26 points.

## Power Sector earnings surge in 1HFY15

In our today's morning report we would discuss the performance of the Power sector during the 1HFY15.

### Earnings momentum continues

With continuation of gigantic growth of earning in power sector companies during 1QFY15, 2QFY15 too remain impressive for the sector as cumulative earnings of four companies i.e. (HUBC, KAPCO, NCPL, NPL) in our sample size hike by 91% to Rs 7.10 billion as against Rs 3.72 billion. The primary reason that resulted in higher earnings remains lower maintenance cost, efficiency gains, higher production bonus on account of better load factor and rise in other income.

### Top line modestly up

Despite lower furnace oil prices, net sales of the sector remained marginally higher during the period mainly due to hike in load factor as revenue stood at Rs 163.61 billion against Rs 162.27 billion in 1HFY14 depicting increase by 1%. However, operating cost decrease by 3.5% due to lower fuel cost at Rs 142.91 billion compared to Rs 148.06 billion in 1HFY14. Gross profit hike by 46% to Rs 20.70 billion in 1HFY15 versus Rs 14.20 billion in 1HFY14.

Rs in million	1HFY15	1HFY14	YoY	2QFY15	2QFY14	YoY
Sales	163,612	162,271	0.8%	68,766	81,351	-15.5%
Cost of Sales	142,912	148,064	-3.5%	58,077	74,468	-22.0%
Gross Profit	20,700	14,207	45.7%	10,689	6,883	55.3%
Operating Expenses	752	691	8.9%	393	375	4.8%
Other Operating Income	3,887	1,708	127.6%	2,238	974	129.7%
Finance Cost	8,572	5,501	55.8%	4,431	2,967	49.3%
Profit before Taxation	15,263	9,723	57.0%	8,104	4,515	79.5%
Taxation	2,154	1,409	52.9%	1,001	794	26.1%
Profit after Taxation	13,109	8,313	57.7%	7,103	3,721	90.9%

Source: AZEE Research & Company Reports

### Impressive dividend payout

All the four companies have announced cash dividends for its shareholders along with corporate results. During the 2QFY15, Hub Power announced a cash dividend of Rs 4/share and Kot Adu Power Company by Rs 4/share. Similarly, Nishat Power announce first and second interim dividend of Rs1/share, Rs1.75/share totaling Rs 2.75/share in 1HFY15 against Rs 2/share in 1HFY14. Furthermore, Nishat Chunian Power announced Rs 2/share in 2QFY15 and Rs 1.5/share in 1QFY15 adding to Rs 3.5/share against previous year same period of Rs 3/share in 1HFY14.

### KAPCO & HUBCO on top position

Kapco and Hubco posted gigantic growth in earnings by 70% & 61.5% with PAT of Rs 4.83 billion (EPS: Rs 5.49) and Rs 4.74 billion (EPS: Rs 4.10) respectively. Similarly, NPL and NCPL too showed decent growth of 42.5% and 36% respectively in 1HFY15.

### Recommendation

We have a positive stance on the sector with our Dec'15 target price of HUBC and KAPCO is Rs 97/share and Rs 92/share respectively.



## News Update

American and Pakistani officials discussed a range of steps to boost trade and investment collaboration at the U.S.-Pakistan Trade and Investment Framework Agreement meeting in Islamabad last week and will follow up the discussions in the near future. At their March 12 meeting, the officials from the two countries reviewed progress under the bilateral Joint Action Plan, a plan created by President Obama and Prime Minister Sharif in 2013 to boost two-way trade and investment.

A delegation of Islamabad Chamber of Commerce and Industry (ICCI) led by its president Muzzamil Hussain Sabri and Abdul Rauf Alam Chairman Founder Group called on Lt Gen. (Retd) Abdul Qayyum to congratulate him on being elected as Senator here on Tuesday. Addressing the delegation, Senator Abdul Qayyum said that revival of economy was top priority of the government and it was making strenuous efforts to create an enabling environment for better growth business and economic activities, according to an ICCI press release.

The trade delegation that is on a 13-day visit to Australia, has a number of high-profile meetings with their Australian counterparts and officials of the Pakistani and Australian governments. According to Lahore Chamber of Commerce and Industry (LCCI) here Tuesday, the delegation attended a dinner hosted by the Pakistani Consul General in Australia Abdul Aziz in honor of the delegation members. Assad Jattoi of Trade Development Wing of the Pakistani Consulate in Australia and a number of businessmen from Energy, Oil, Consumer goods and various other sectors were present on the occasion.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics	March 17, 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	22,988.52
Banks / DFI (17-Mar-2015)	2.35			KSE-30TM Index	20,684.29
Mutual Funds (17-Mar-2015)	-0.04	Daily (16-Mar-2015)	-8.35	KSE-100TM Index	32,342.26
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	128,650,500
Other Organization (17-Mar-2015)	1.17			KSE-30TM Index	57,615,350
				KSE-100TM Index	88,182,830

## MILESTONE

Wednesday, March 18, 2015

**[ Morning Report ]**
**Pivot Analysis**

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	32342.26	30.27	32,124	31,906	32,540	32,738	32,322
Attock Cement	191.17	44.77	189.45	187.75	192.40	193.65	190.70
Adamjee Insurance	48.10	26.10	47.40	46.65	49.05	49.95	48.30
Askari Bank	21.36	34.94	21.15	20.90	21.70	22.05	21.50
Azgard Nine	4.97	28.66	4.90	4.85	5.05	5.10	5.00
Attock Petroleum	542.67	53.46	536.95	531.25	546.45	550.20	540.70
Attock Refinery	177.75	32.38	175.35	172.95	180.80	183.85	178.40
Bank Al-Falah	29.57	30.39	29.25	28.95	29.90	30.25	29.60
BankIslami Pak	9.92	49.98	9.85	9.80	10.05	10.15	10.00
Bank.Of.Punjab	10.15	40.64	10.05	9.95	10.25	10.35	10.15
Fauji Fert Bin	51.30	46.15	49.60	47.90	52.35	53.40	50.65
Fauji Fertilizer	133.63	44.70	131.45	129.30	135.40	137.15	133.20
Habib Bank Ltd	185.25	24.62	183.50	181.75	188.50	191.75	186.75
Hub Power	89.87	56.15	88.00	86.10	90.90	91.90	89.00
ICI Pakistan	446.08	43.62	444.05	442.05	449.05	452.05	447.05
Kot Addu Power	82.15	46.60	81.00	79.85	82.85	83.55	81.70
Lucky Cement	471.27	31.28	466.55	461.80	479.45	487.60	474.70
MCB Bank Ltd	273.95	27.40	272.00	270.10	276.85	279.80	274.95
Maple Leaf Cement	52.80	50.87	51.35	49.95	53.70	54.65	52.30
National Bank	64.53	36.52	63.95	63.40	65.10	65.70	64.55
NIB Bank	2.03	37.99	2.00	2.00	2.05	2.10	2.05
Pioneer Cement	84.91	54.79	81.45	77.95	86.75	88.55	83.25
P.S.O. XD	375.16	39.78	371.00	366.80	380.70	386.20	376.50
P.T.C.L.A	22.62	33.13	22.45	22.25	22.90	23.20	22.75
Sui North Gas	24.90	42.73	24.45	24.00	25.45	25.95	24.95

**Board Meetings**

Company	DATE	TIME
Pak Suzuki Motor Co. Ltd	18-03-2015	9:30
Systems Ltd	18-03-2015	11:00
Security Investment Bank Ltd	18-03-2015	16:00
Adamjee Insurance Co. Ltd	19-03-2015	12:00
Pak Gum & Chemicals Ltd	19-03-2015	10:00
KSB Pumps Comp Ltd	19-03-2015	11:15

**Key Data**
**Money Market**

T-Bills (3 Mths)	04-Mar-2015	8.24%
T-Bills (6 Mths)	04-Mar-2015	8.16%
T-Bills (12 Mths)	04-Mar-2015	7.99%
Discount Rate	24-Jan-2015	8.50%
Kibor (1 Mth)	17-Mar-2015	8.41%
Kibor (3 Mths)	17-Mar-2015	8.26%
Kibor (6 Mths)	17-Mar-2015	8.24%
Kibor (9 Mths)	17-Mar-2015	8.44%
Kibor (1 Yr)	17-Mar-2015	8.42%
P.I.B (3 Yrs)	17-Mar-2015	8.15%
P.I.B (5 Yrs)	17-Mar-2015	8.40%
P.I.B (10 Yrs)	17-Mar-2015	9.20%
P.I.B (15 Yrs)	17-Mar-2015	10.10%
P.I.B (20 Yrs)	17-Mar-2015	10.50%
P.I.B (30 Yrs)	17-Mar-2015	11.00%

**Commodities**

Crude Oil (brent)\$/bbl	53.44
Crude Oil (WTI)\$/bbl	43.56
Cotton \$/lb	60.33
Gold \$/ozs	1,148.27
Silver \$/ozs	15.57
Malaysian Palm \$	579
GOLD (PMEX) PKR	37,868
KHI Cotton 40Kg PKR	5,358

CR = Yesterday's Closing Rate; RSI = 14 day RSI.  
 RSI Indication: Less than 30 Indicate oversold position & Greater than 70  
 Indicate overbought position.

## MILESTONE

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# MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
17-Mar-15	90,740,900	4,196,193,792	6,641,300	281,180,376	97,382,200	4,477,374,168	12.48
16-Mar-15	92,054,900	4,236,402,147	4,216,500	274,870,043	96,271,400	4,511,272,190	13.32
Chg DoD %	-1.43%	-0.95%	57.51%	2.30%	1.15%	-0.75%	-84 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	908,500	25,039,937	-	-	908,500	25,039,937	-
AICL	1,250,600	52,419,644	54,000	2,206,271	1,304,600	54,625,914	12.87
AKBL	3,908,000	72,208,275	-	-	3,908,000	72,208,275	-
ATRL	152,300	23,473,120	7,800	1,174,607	160,100	24,647,727	13.50
BAFL	1,192,500	30,224,006	-	-	1,192,500	30,224,006	-
BAHL	60,000	2,361,147	85,000	3,295,671	145,000	5,656,818	11.85
BOP	22,492,000	195,259,419	1,838,000	15,878,964	24,330,000	211,138,384	15.65
CHCC	723,000	45,939,600	54,000	3,585,908	777,000	49,525,507	12.00
DGKC	1,289,000	136,251,785	213,500	22,965,852	1,502,500	159,217,637	11.83
EFERT	703,000	48,183,762	121,500	8,244,916	824,500	56,428,678	16.11
EFOODS	567,800	59,397,508	76,200	7,888,951	644,000	67,286,459	11.92
ENGRO	5,188,300	1,241,840,041	284,300	67,866,670	5,472,600	1,309,706,711	11.85
FABL	527,300	8,293,980	-	-	527,300	8,293,980	-
FATIMA	5,461,000	171,128,612	181,500	6,310,356	5,642,500	177,438,968	11.84
FCCL	3,130,700	80,229,002	183,000	4,668,278	3,313,700	84,897,281	13.88
FFBL	2,823,500	120,953,234	-	-	2,823,500	120,953,234	-
FFC	456,900	51,564,803	7,100	806,537	464,000	52,371,341	11.84
HUBC	1,792,500	133,058,116	-	-	1,792,500	133,058,116	-
KAPCO	24,500	1,693,028	-	-	24,500	1,693,028	-
KEL	6,070,500	40,023,910	1,022,500	6,698,422	7,093,000	46,722,331	15.98
LPCL	2,379,100	34,052,469	77,500	1,120,864	2,456,600	35,173,333	14.22
LUCK	215,200	88,544,634	35,800	14,362,048	251,000	102,906,681	12.20
MLCF	3,149,000	137,536,678	680,000	30,441,598	3,829,000	167,978,276	11.87
NBP	1,572,000	86,855,005	-	-	1,572,000	86,855,005	-
NCL	1,461,000	50,890,760	79,000	2,741,667	1,540,000	53,632,427	12.05
NML	399,200	39,084,039	52,900	5,127,676	452,100	44,211,715	11.84
NPL	-	-	-	-	-	-	-
OGDC	28,400	4,805,871	900	149,989	29,300	4,955,859	11.85
PAEL	4,650,700	208,811,569	685,300	30,603,485	5,336,000	239,415,054	12.32
PIOC	752,000	52,499,390	220,500	15,820,516	972,500	68,319,906	12.12
PKGP	948,000	23,675,782	-	-	948,000	23,675,782	-
PPL	775,100	108,520,070	16,000	2,163,267	791,100	110,683,337	11.76
PSO	812,600	263,574,515	27,000	8,604,221	839,600	272,178,736	11.84
PTC	3,504,000	68,408,114	115,500	2,220,025	3,619,500	70,628,139	11.85
SEARL	83,700	15,530,830	4,500	895,442	88,200	16,426,272	15.99
SNGP	2,592,500	54,595,748	140,000	2,962,758	2,732,500	57,558,506	13.52
SSGC	7,337,000	234,892,478	378,000	12,375,418	7,715,000	247,267,895	12.05
UBL	1,359,500	184,372,915	-	-	1,359,500	184,372,915	-
<b>TOTAL</b>	<b>90,740,900</b>	<b>4,196,193,792</b>	<b>6,641,300</b>	<b>281,180,376</b>	<b>97,382,200</b>	<b>4,477,374,168</b>	<b>12.48</b>

## Risk Disclosure

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