

Thursday, March 17, 2016

[Morning Report]

Market Overview

Market after witnessing volatility for past few trading sessions observed u-turn seeing upside of almost 300 points. Recovery in international oil prices not only kept local oil scrips in public but also helped market to regroup for bulls. Selling form foreigners limited the initial increase. The benchmark KSE-100 index closed higher by 268.06 points to close at 32,891.08 points.

DGKC: Growth momentum continues

DG Khan Cement Company Limited (DGKC) announced its half yearly financial results ended December 2015. During the year, the company earned after tax profit of Rs 4.08 billion (EPS: Rs 9.31), which resulted in 20% YoY growth against Rs 3.39 billion (EPS: Rs 7.75) it achieved last year. This increment was attributed to more plant operational days, higher cement production, surge in cement sales, stable cement prices, declined coal prices and low furnace oil prices which lead to low cost captive electricity.

Cement Dispatches increased despite thin exports

During the period under review, the company dispatched 2.01 million tons of cement, up 7.3% as against 1.87 million tons it dispatched during the same period last year. Export sales got major hit of 21.7% decline, however, better local dispatches paved the way. On the other hand, the company managed to grow 7.2% of its clinker production. Company recorded net sales of Rs 13.6 billion versus Rs 12.65 billion showing 8% YoY growth. While cost of sales decreased by 4% to Rs 8.14 billion versus Rs 8.52 billion in 1HFY15 due to due to lower coal prices and sharp reduction in furnace oil prices. Gross profit massively surge by 33% to Rs 5.48 billion versus Rs 4.13 billion due to higher volumetric sales and lower fuel cost.

Rs in million	1HFY16	1HFY15	YoY	2QFY16	1QFY16	QoQ
Net Sales	13,635	12,655	8%	7,391	6,244	18%
Cost of sales	8,148	8,524	-4%	4,283	3,865	11%
Gross Profit	5,487	4,131	33%	3,108	2,379	31%
General and Admin Exp.	242	245	-1%	133	109	22.53%
Selling and Distribution	386	457	-15%	179	207	-13.7%
Other income	1,237	1,134	9%	757	480	58%
Other operating Expenses	455	314.97	44%	214	240	-11%
Finance Cost	62	156	-60%	32	30	8%
Profit before Tax	5,580	4,092	36%	3,306	2,274	45%
Tax	1,500	699	115%	948	552	NA
Profit after Tax	4,080	3,394	20%	2,358	1,722	37%
EPS (Rs)	9.31	7.75		5.38	3.93	

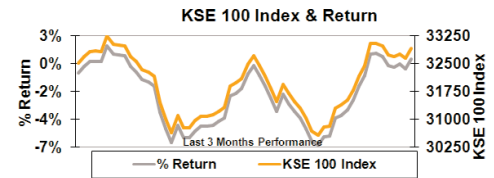
Source: Company Reports and AZEE Research

New Plant updates

Leveling and grading work for the new plant is underway at Hub site. The company has already opened Letter of Credits for mills and packing plant in favor of Loesche GMBH and Haver & Boecker of Germany. Civil work contracts for Hub project have been awarded and mobilization executed at site. On the other hand, new machinery parts are on their way and are likely to arrive from the first quarter of FY17. Furthermore, 30MW captive coal power project is anticipated to embrace timely completion and expected to start operating by the end of last quarter of FY16.

Recommendation

It is projected that volumes will pick up in remaining part of the current fiscal year due to better demand from private and public developments. Mild winter season would not affect more and growth momentum in third quarter and fourth quarter to continue. Furthermore, coal prices are anticipated to remain weak, and so is the local lending benchmark. Therefore, profitability is anticipated to remain unharmed in remaining part of this year. Currently DGKC shares are trading at Rs 167.17/share, providing upside potential of 11% as against our Dec 2016 target price of Rs 186/share.



News Update

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Abdul Rauf Alam Wednesday emphasized upon materialization of benefits of the GSP Plus granted by European Union in January 2014 and it was expected that Pakistan's exports to EU countries would increase by USD two billion per annum. The Federation President told media that it was clearly observed that attitude of the EU member countries was encouraging and favourable for Pakistani products. He said that Pakistan's export to European countries was around USD 6.84 billion in 2014-15 which was USD 5.67 billion in the year 2012-13 preceding to the grant of GSP Plus status. He said, "These statistics indicate that benefits of GSP Plus has not been realized due to domestic problems as well as decline in value of Euro against US dollar, and we also could not produce the commodities to enhance our exports at the competitive prices."

Pakistan Textile Mills Association (APTMA) Chairman Tariq Saud said on Wednesday that liquidity crunch of large manufacturers-cum-exporters had started hurting the textile industry exports due to pending sales tax refunds. The APTMA Chairman told media men here that Ministry of Finance had announced liquidation of refunds up to Rs 5 million in cases where Refund Payment Orders (RPOs) had been issued from March 15, 2016. "This is a positive development and the textile industry is grateful to the Federal Finance Minister Ishaq Dar in this regard," he added. Tariq Saud, however, added that it would not resolve the liquidity issues of major manufacturers-cum-exporters, each of whom had got stuck up hefty outstanding refunds up to Rs 500 million. The Association's Chairman urged the Federal Finance Minister and Federal Board of Revenue (FBR) Chairman to not only help issue cheques immediately against the RPOs released already but also make arrangements for clearance of the refunds of those with huge stuck up refund amounts.

NCCPL (U.S \$ in million)		Portfolio Investment U.S \$ in million)		KSE Statistics		March 16, 2016	
FIPI (16-Mar-2016)	-0.78	Yearly(Jul, 2015 up to 15-Mar-2016)	-518.33	Indices			
Local Companies (16-Mar-2016)	-0.65	Monthly(Mar, 2016 up to 15-Mar-2016)	5.01	All Share Index		22,528.88	
Banks / DFI (16-Mar-2016)	-1.98	Daily (15-Mar-2016)	-2.04	KSE-30TM Index		19,286.59	
Mutual Funds (16-Mar-2016)	-1.12	Total Portfolio Investment (04-Mar-2016)	5910	KSE-100TM Index		32,891.08	
NBFC (16-Mar-2016)	1.15			Turnover			
Local Investors (16-Mar-2016)	0.41			All Share Index		182,112,710	
Other Organization (16-Mar-2016)	2.85			KSE-30TM Index		64,042,600	
				KSE-100TM Index		100,666,160	

Thursday, March 17, 2016

[Morning Report]

Pivot Analysis

Company	CR	RSI	Buy 1	Buy 2	Sell 1	Sell 2	Pivot
KSE 100 INDEX	32891.08	49.54	32,696	32,500	33,014	33,137	32,819
Allied Bank Limited	85.99	44.79	85.35	84.65	86.30	86.65	85.65
Attock Cement	194.08	68.77	191.40	188.70	198.40	202.70	195.70
Adamjee Insurance	54.00	51.67	53.50	53.00	54.30	54.60	53.80
Askari Bank	20.06	41.68	19.95	19.85	20.20	20.35	20.10
Azgard Nine	3.74	48.17	3.70	3.65	3.80	3.90	3.75
Attock Petroleum	422.04	43.13	418.50	415.00	427.00	432.00	423.50
Attock Refinery	221.37	74.48	213.80	206.20	225.15	228.95	217.60
Bank Al-Falah	25.50	38.99	25.40	25.30	25.65	25.80	25.55
BankIslami Pak	10.50	49.89	10.40	10.35	10.50	10.55	10.45
Bank.Of.Punjab	8.69	56.73	8.50	8.30	8.85	9.00	8.65
D.G.K.Cement	167.17	66.66	166.20	165.25	168.45	169.70	167.50
Faysal Bank	14.51	44.42	14.45	14.35	14.60	14.65	14.50
Fauji Cement	41.19	58.54	40.40	39.65	41.85	42.45	41.05
Fauji Fert Bin	51.49	57.76	50.55	49.65	52.05	52.65	51.15
Fauji Fertilizer	108.51	46.99	107.15	105.75	109.35	110.25	108.00
Habib Bank Ltd	181.96	45.97	180.05	178.10	183.10	184.20	181.15
Hub Power	107.21	60.93	106.50	105.75	107.95	108.75	107.25
ICI Pakistan	424.31	38.57	417.40	410.50	438.10	451.90	431.20
Lucky Cement	525.55	64.49	518.70	511.85	534.20	542.85	527.35
MCB Bank Ltd	208.61	65.56	206.95	205.25	209.90	211.15	208.20
Maple Leaf Cement	89.15	66.41	88.35	87.55	89.95	90.75	89.15
National Bank	61.00	68.45	60.70	60.40	61.40	61.80	61.10
NIB Bank	2.00	58.17	1.85	1.70	2.30	2.55	2.15
Nishat Mills	97.36	60.92	95.85	94.35	98.30	99.25	96.80
Pioneer Cement	93.13	67.55	90.75	88.40	94.75	96.40	92.40
Pak Oilfields	248.88	52.90	245.45	242.05	251.15	253.40	247.75
Sui North Gas	24.67	53.81	24.40	24.10	24.95	25.20	24.65

Board Meetings

Company	DATE	TIME
KSB Pumps	17-03-2016	11:00
Pak Gum & Chemicals	17-03-2016	10:00
TPL Direct Insurance Ltd	18-03-2016	11:00
Askari General Insurance Ltd	21-03-2016	11:00
Shadman Cotton Mills Ltd	31-03-2016	3:30
Unilever Pak Foods Ltd	22-04-2016	2:30

Key Data

Money Market

T-Bills (3 Mths)	02-Mar-2016	6.17%
T-Bills (6 Mths)	02-Mar-2016	6.20%
T-Bills (12 Mths)	02-Mar-2016	6.22%
Policy Rate	30-Jan-2015	6.00%
Kibor (1 Mth)	15-Mar-2016	6.50%
Kibor (3 Mths)	15-Mar-2016	6.35%
Kibor (6 Mths)	15-Mar-2016	6.36%
Kibor (9 Mths)	15-Mar-2016	6.63%
Kibor (1 Yr)	15-Mar-2016	6.65%
P.I.B (3 Yrs)	15-Mar-2016	6.33%
P.I.B (5 Yrs)	15-Mar-2016	6.98%
P.I.B (10 Yrs)	15-Mar-2016	8.30%
P.I.B (15 Yrs)	15-Mar-2016	10.30%
P.I.B (20 Yrs)	15-Mar-2016	10.60%
P.I.B (30 Yrs)	15-Mar-2016	11.10%

Commodities

Crude Oil (brent)\$/bbl	39.95
Crude Oil (WTI)\$/bbl	37.61
Cotton \$/lb	58.05
Gold \$/ozs	1,228.85
Silver \$/ozs	15.31
Malaysian Palm \$	633
GOLD (PMEX) PKR	42,214
KHI Cotton 40Kg PKR	5,773

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

Thursday, March 17, 2016

MTS Leverage Position

	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
16-Mar-16	106,209,599	3,449,309,469	12,624,600	373,581,452	118,834,199	3,822,890,921	8.34
15-Mar-16	105,692,999	3,519,086,117	6,550,900	244,652,515	112,243,899	3,763,738,632	8.11
Chg DoD %	0.49%	-1.98%	92.72%	52.70%	5.87%	1.57%	23 bps
Symbol	Unrel Volume	Unrel Value	MTS Volume	MTS Value	Total Volume	Total Value	MTS Rate
AHCL	477,000	17,017,599	12,500	440,044	489,500	17,457,643	14.00
AICL	437,000	19,410,087	24,000	1,102,863	461,000	20,512,950	8.00
AKBL	2,281,400	38,680,206	-	-	2,281,400	38,680,206	-
ATRL	355,800	61,311,951	402,900	75,827,980	758,700	137,139,931	8.00
BAFL	1,355,500	29,395,215	-	-	1,355,500	29,395,215	-
BOP	19,071,400	135,416,877	1,553,500	11,499,493	20,624,900	146,916,370	9.00
CHCC	420,500	34,210,048	154,000	13,518,380	574,500	47,728,428	8.00
DCL	1,196,500	12,716,969	163,500	1,779,457	1,360,000	14,496,426	12.00
DGKC	1,255,700	171,199,909	146,900	20,859,646	1,402,600	192,059,555	8.00
EFERT	1,971,000	117,941,044	146,500	8,818,020	2,117,500	126,759,064	8.00
EFOODS	223,600	28,448,415	34,400	4,730,306	258,000	33,178,721	8.00
ENGRO	2,662,000	658,822,176	144,400	38,069,313	2,806,400	696,891,489	8.00
FABL	248,000	3,055,152	21,500	265,046	269,500	3,320,198	8.00
FATIMA	2,405,500	72,351,093	108,000	3,169,628	2,513,500	75,520,721	8.00
FCCL	2,926,000	96,876,836	53,500	1,878,614	2,979,500	98,755,450	8.00
FFBL	2,621,900	110,101,061	119,100	5,214,779	2,741,000	115,315,840	8.00
FFC	764,000	69,274,234	178,800	16,522,280	942,800	85,796,514	8.00
HASCOL	430,600	51,682,759	34,100	4,076,184	464,700	55,758,943	8.00
HBL	291,400	44,393,027	-	-	291,400	44,393,027	-
HUBC	530,800	46,827,952	119,700	10,925,019	650,500	57,752,971	9.00
HUMNL	158,000	1,292,511	-	-	158,000	1,292,511	-
KEL	20,412,000	118,886,453	6,537,500	39,186,870	26,949,500	158,073,323	10.00
LUCK	1,000	385,857	-	-	1,000	385,857	-
OGDC	843,500	77,514,577	55,700	5,386,519	899,200	82,901,096	8.00
PAEL	4,982,099	243,279,945	532,000	28,154,662	5,514,099	271,434,607	8.00
PAKCEM	747,500	11,135,235	151,000	2,371,272	898,500	13,506,507	10.00
PIOC	913,500	67,159,593	389,500	30,830,105	1,303,000	97,989,698	8.00
POWER	843,500	6,787,372	15,500	127,184	859,000	6,914,556	13.00
PPL	292,400	29,165,408	76,600	8,009,960	369,000	37,175,368	9.00
PSO	180,300	50,082,889	13,300	3,935,002	193,600	54,017,891	8.00
PTC	5,045,600	59,954,436	139,000	1,784,496	5,184,600	61,738,932	9.00
SEARL	131,700	46,355,989	-	-	131,700	46,355,989	-
SNGP	6,925,300	137,617,892	102,500	2,143,747	7,027,800	139,761,639	8.00
SSGC	9,411,500	207,875,955	343,000	7,771,516	9,754,500	215,647,471	8.00
TPL	364,500	3,534,612	209,500	2,069,756	574,000	5,604,368	9.00
TRG	5,119,500	113,273,944	432,000	10,173,763	5,551,500	123,447,707	8.00
TRG	5,119,500	113,273,944	432,000	10,173,763	5,551,500	123,447,707	8.00
TOTAL	106,209,599	3,449,309,469	12,624,600	373,581,452	118,834,199	3,822,890,921	8.34

CORPORATE OFFICE.

Suite # 208 2nd floor, Business & Finance Centre,
Main I.I. Chundrigar Road, Karachi, Pakistan.
Tel: 111-293-293, 021-2467131-40
Email: info@azeetrade.com

Karachi Stock Exchange (Guarantee) Ltd. (Registered)

33, Ground Floor, Karachi Stock Exchange, Stock
Exchange Road, Karachi – 74000, Pakistan.
Tel: 021-2473513-22 Fax: 021-2473519
Email: info@azeetrade.com

CALL: 111-AZE-AZE

URL: <http://www.azeetrade.com>

Email: info@azeetrade.com

Risk Disclosure

This report has been prepared by AZEE Securities (Pvt) Limited and the information contained in the Product is intended solely for the recipient or attached skilled individuals of the firm. The Firm accepts no liability whatsoever for the actions of individual, collateral or third parties in all over Pakistan and abroad as well. This report is provided solely for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report and AZEE Securities (Pvt) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report contents. All rights reserved. The material contained in this report is based on data obtained from sources we deem to be reliable and without prior written permission this information is provided on an "as is" basis.

BRP-031



MILESTONE

Thursday, March 17, 2016

Recommendation Definition

Buy	Expected Return > 10%
Neutral or Hold	Expected return from -10% to +10%
Sell	Expected Return <- 10%

Valuation Methodology

AZEE Securities uses different valuation method to arrive at target prices

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation Method (P/E, P/B, P/S)
- Asset based Methodology

That all reports and recommendations have been prepared for information only. This information should only be used by investors who are aware of the risk inherent in securities trading. Appropriateness of particular investment or strategy will depend on an investor's individual circumstances and objectives.

AZEE Research Dissemination Policy

AZEE Securities make all reasonable efforts to disseminate research to all eligible clients in timely manners.

JamaPunji Portal link: www.jamapunji.pk

