

AKD Research

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KSE100 Index:

Last week: 15,268.22

This week: 15,472.45

chg. : 1.34%

Market Cap. (PKRbn / US\$mn):

Last week: 4,666 / 74,363

This week: 4,736 / 75,414

% chg. : 1.41%

Avg. Daily Turnover (mn shares)

Last week: 233.09

This week: 286.05

% chg. : 22.7%

All Share Index:

Last week: 10,842.62

This week: 11,002.44

chg. : 1.47%

Active Issues (mn shares):

LUCK : 94

DGKC : 93

BAFL : 84

AHSL : 77

JSBL : 76

1QCY08 Review & 2QCY08 Outlook

Through balanced reconciliation leading to clarity on the political landscape, the benchmark index has gained 7% during 1QCY08, outperforming Asian indices as they struggle to prove the global decoupling argument. The domestic scene has predominantly been driven by liquidity which finds confidence in the political transition. Focus now shifts to the new government as it settles in, economic guidance now becomes crucial. The Prime Minister's 100 day action plan at face value looks to set things right and provides confidence in the government's ability to deliver on the people's mandate. That said, economic policy challenges of balancing popular expectations against much needed structural stability remains a key concern. The execution of the government's priority agenda will set the tone for the market over 2QCY08, in our view.

Policy objectives capitalizing on the current economic policy thrust, inclusive of market liberalization, privatization and market-oriented economic reforms, should guide the market through to our June end KSE-100 Index target of 16,500. However any substantial U-turn in policy would likely cause uncertainty and hurt investor sentiment. Though it is premature to judge, by the looks of it, the new government does not seem intent on rocking the boat. Post the settling in phase, building up on the current economic reform process, which the market adores, our KSE-100 target seems in range.

Major World Indices 1QCY08 Performance

| | 31-Dec-07 | 31-Mar-08 | 1Q Chg. |
|--------------------|------------------|------------------|-----------|
| Pakistan | 14,075.83 | 15,125.29 | 7% |
| Sri Lanka (CSE) | 2,563.42 | 2,550.47 | -1% |
| Thailand (SET) | 858.1 | 817.03 | -5% |
| Indonesia (JKSE) | 2,674.01 | 2,447.30 | -8% |
| Malaysia (KLSE) | 1,445.03 | 1,247.52 | -14% |
| Philippines (PSEi) | 3,617.29 | 2,984.67 | -17% |
| Vietnam | 927.02 | 516.85 | -44% |
| Brazil (Bovespa) | 63,886.10 | 60,968.00 | -5% |
| Russia (RTSI) | 2,283.08 | 2,053.93 | -10% |
| India (SENSEX) | 20,206.94 | 15,644.44 | -23% |
| China (SSEC) | 5,261.56 | 3,472.71 | -34% |
| S&P 500 Index | 1,468.36 | 1,322.70 | -10% |
| NASDAQ Composite | 2,652.28 | 2,279.10 | -14% |
| FTSE 100 (U.K) | 6,456.90 | 5,702.10 | -12% |
| Germany (DAX:IND) | 8,067.32 | 6,534.97 | -19% |
| NIKKEI 225 JAPAN | 15,307.78 | 12,525.54 | -18% |

Source: Yahoo Finance Datastream

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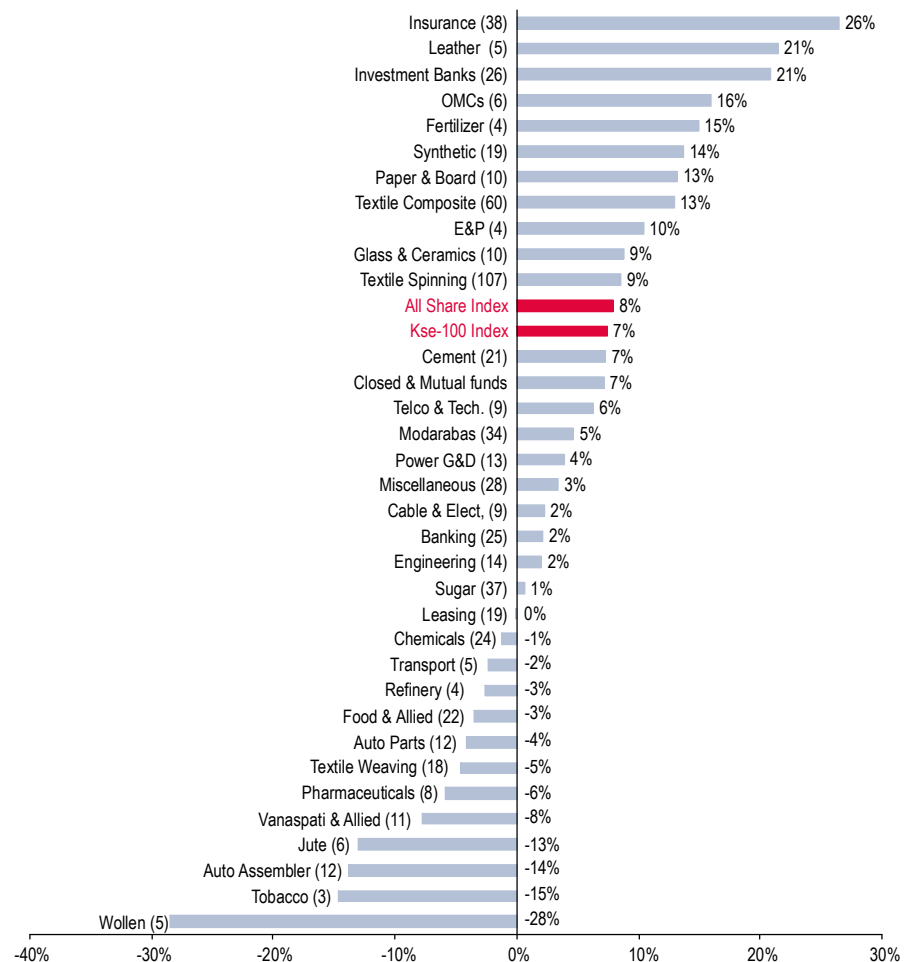
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During 1QCY08, with global indices in the red zone, the KSE-100 Index gained a decent 7% placing the bourse on top of the global market summit in terms of outperformance. Tighter credit conditions, concerns of a global economic recession with investors unconvinced of Asia's ability to decouple have mounted pressure on global equities. In Pakistan's case, with the economy resiliently facing all that it has over the 12 months, domestic equities have had a good run through last year (Index gained 40%) with market momentum carrying over to CY08 with another 7% gain sequentially. Sector price performance indicates a key fundamental role with OMCs, Ferts, and E&P outperforming as expected. Going forward, with the recent gains in stock price, we have become more finicky and recommend a selective approach. At the same time, hitherto laggard sectors have potential to climb onto the performance bandwagon and we do see value driven opportunities in some of these sectors going forward.

Pakistan's healthy growth performance, during 8MFY08, in the presence of difficult global & domestic politico-economic conditions clearly demonstrates the resilience of the economy. Now that there has been a smooth transition of power and a strong coalition government, policy making ought to be focused. Growth indicators of the services sector remain robust and we expect 7.5-8% services growth in FY08. Similarly, FDI inflows are likely to recover due to the improvement on the political front and export performance is projected to pickup in the presence of a weak PkR exchange rate. This should help the industry sector perk up and improve its laggard performance of 4.5%YoY growth to accelerate going forward. However, it needs to be seen how well the newly elected political administration addresses the macroeconomic challenges being faced by Pakistan in the shape of rising current & fiscal deficits. For FY08, we forecast the real GDP to grow at a respectable rate of 6.4%.

1QCY08 Absolute Performance



New companies (AHBL & IFSL) listed in 2008 are not included in the Performance
() Numbers in parenthesis indicate number of companies listed in the sector

Source: AKD Research

Sector Review and Outlook:

E&P: The E&P sector has gained 10% during 1QCY08 with high product prices supplementing core volume growth. We see further room for valuation expansion reinforcing our Overweight stance with fast track monetization underpinning our outlook. With confidence on the exploration program and management's ability to deliver, **OGDC** remains our top pick in the sector offering an upside of 7% to our target price of PkR146.50 - Accumulate.

Oil Marketing: The OMC sector has gained 16% sequentially with windfall inventory gains and upsurge in volume driving earnings growth. Core volume growth is an integral part of our long term investment theme, however forward valuations are now reflective of the positives in our view. We remain Marketweight on the sector.

Cement: In 1QCY08, the performance of the cement sector was at par with the market. Extremely impressive cement off take numbers with gradual improvement in cement prices helped negate the effect of high fuel prices. Strong demand outlook, especially on the export front, expectations of a possible rise in cement prices during the peak construction season and any easing of energy prices are potential positive triggers for the cement sector. We remain MarketWeight on the sector with a liking for export oriented, large scale and less leveraged companies. **Lucky** is our top pick offering an upside of 8% to our target price of PkR155.70.

Commercial Banks: The market capitalization of the banking sector increased by just 2% in 1QCY08. Concerns over certain banks' asset quality dampened investor sentiment while slower loan offtake in CY07 also posed a worry. That said, we believe 1QCY08 results will likely provide clarity regarding asset quality, while loan growth looks set to improve over CY07, whereby the corporate sector was largely in repayment mode and a rise in consumer-related NPLs curtailed fresh offtake in this lending segment. In this context, we believe the banking sector remains attractive and looks set to deliver 15%-20% growth going forward. We remain Overweight on the banking sector with our top pick, **Bank Alfalah Limited (BAFL)** offering an upside of 9.6% to our target price of PkR62.0 (bonus adjusted).

Telecom: Telecom sector's performance during 1QCY08 has mainly been dominated by the performance of the integrated telecom giant, **PTCL**. The stock performed at par with the index during 1QCY08, however, over the past one month it has managed to outperform the index by 6.3%. The stock's outperformance to the index during March 2008 is an outcome of the revival of investor interest after the announcement of the 1HFY08, which was accompanied with the good news of VSS . We believe the stock price has yet to reflect the positives of VSS and further outperformance of the scrip is overdue. Furthermore, structural changes to improve the topline are finally underway, reassuring us that the continuously declining topline may just have bottomed out.

Fertilizer: The fertilizer sector outperformed the benchmark KSE-100 index by 8% during 1QCY08. Higher urea offtake combined with surging urea prices supported the bullish momentum in the sector. Going forward, we consider **Engro** to be the main driver being the sector's performance. The scrip, besides having a strong long term growth outlook, is likely to perform on the basis of short term triggers which include IPO of Engro Polymer as well as phenomenal 1QCY08 results.

Autos: The auto sector has been one of the worst performing sectors in the AKD Universe. The sector underperformed the index by 21% on the back of higher input costs, which marred 4QCY07 profitability of the sector. Going forward, investor interest in the sector is likely to remain subdued as rising steel prices and continuously increasing JPY continue to hurt sector margins.

Textiles: Textile composite sector outperformed the KSE-100 Index by 6% during 1QCY08 despite higher cotton prices reducing margins. We understand that companies providing an exposure in value-added exports benefited the most under the current competitive currency environment. On the investment front, we believe that our top pick, **NML** is a good play for the value-added trend and is likely to benefit the most. Furthermore, the rising stock market provides its huge investment portfolio with an additional boost. We recommend a Buy stance on the stock with a target price of PkR144/share.

Power: Despite underperformance of the power sector, we expect the new PPP led coalition government to tackle the power shortage issue on a priority basis, with favorable Power Purchase Agreements (PPA) expected to come through, making thermal projects attractive. **Hubco**, our top pick in the power sector, is a proxy for exposure in a power hungry Pakistan and is well positioned as a contender in the next expansion phase. Our expansion-based target price for Hubco rises to PkR37.1, offering an upside of 16.5% from current levels.

Insurance: The insurance sector surged by 19% relative to the KSE-100 Index as investors continued to overplay the higher earnings expectations of the sector. This was due to aggressive realization of capital gains by the insurance companies ahead of the exemption on capital gains tax expiring on June 30, '08. Going forward there is scope for substantial development as the uncertainty on the macro front clears. We believe that the core underwriting business of the sector will receive a boost from increasing insurance awareness coupled with aggressive marketing. Within the insurance sector, we currently have active coverage on **AICL** where we see fair valuations. We recommend a Neutral stance on the stock with a target price of PkR368.10.

Market: Weekly Review

The market on Monday displayed bearish sentiment, with the KSE-100 Index losing 143 points to close at 15,125 points. The total market turnover was 203mn shares. ANL (ANL PA/PkR76.95), LUCK (LUCK PA/PkR144.05/Accumulate) and BAFL (BAFL PA/PkR56.45/Accumulate) were the volume leaders in the ready market with DGKC-APR (PkR115.75), LUCK-APR (PkR145.00) and JSBL-APR (PkR22.65) leading the futures counter.

Investor confidence recovered on Tuesday, with interest seen in banks, textiles and fertilizer sector scrips. The KSE-100 Index gained 84 points to close at 15,209 points with a total market turnover of 218mn shares. ANL, BAFL, and FFBL (FFBL PA/PkR45.9/Neutral) dominated volumes in the ready market with JSBL-APR leading the futures counter followed by LUCK-APR, and JSCL-APR (PkR767.00).

Fresh buying was witnessed in the banking and cement sectors on Wednesday. As a result, the KSE-100 Index closed at 15,333 points after gaining 123 points and witnessing a healthy volume of 250mn shares. BIPL (BIPL PA/PkR20.40), PPTA (PPTA PA/PkR5.45) and TRG (TRG PA/11.80) were the highest traded scrips in the ready market while JSCL-APR, JSBL-APR and LUCK-APR were the top three volume leaders on the futures counter.

On Thursday, the KSE-100 Index gained 12 points to settle at 15,345 points with a turnover of 243mn shares. Volume leaders in the ready market were LUCK, DGKC and BIPL with JSBL-APR, ENGRO-APR (PkR339.10) and LUCK-APR leading volume on the futures counter.

On Friday, bullish sentiments continued amid fresh buying activity from investors. The KSE-100 Index closed at 15,472 points after gaining 127 points with a total turnover of 407mn shares. Volume leaders in the ready market were OGDC (OGDC PA/PkR137.25/Accumulate), BAFL and AHSL (AHSL PA/PkR188.00) with BAFL-APR, LUCK-APR and OGDC-APR leading the volumes on the futures counter.

Top AKD - Universe Outperformers (1 Week)

| Symbol | Current Rate (PkR) | Mkt Cap (PkRmn) | Mkt Cap (USDmn) | High (PkR) | Low (PkR) | Avg Vol. (mn) | WoW Chg (%) | YoY Chg (%) |
|--------|--------------------|-----------------|-----------------|------------|-----------|---------------|-------------|-------------|
| NML | 123.35 | 19,710 | 322 | 123.35 | 107.45 | 7.90 | 13.63 | 17 |
| GADT | 64.00 | 1,500 | 24 | 64.00 | 57.85 | 0.01 | 10.63 | 10 |
| MLCF | 19.15 | 7,129 | 116 | 19.40 | 18.05 | 2.55 | 6.09 | (0) |
| PICT | 79.90 | 7,268 | 119 | 81.00 | 71.75 | 1.52 | 5.83 | 13 |
| BAFL | 56.45 | 45,132 | 737 | 56.45 | 54.00 | 14.08 | 4.54 | 29 |

Top 5 AKD - Universe Underperformers (1 Week)

| Symbol | Current Rate (PkR) | Mkt Cap (PkRmn) | Mkt Cap (USDmn) | High (PkR) | Low (PkR) | Avg Vol. (mn) | WoW Chg (%) | YoY Chg (%) |
|--------|--------------------|-----------------|-----------------|------------|-----------|---------------|-------------|-------------|
| MTL | 286.00 | 5,360 | 88 | 298.00 | 285.00 | 0.005 | -4.0 | 6 |
| PSO | 517.95 | 88,839 | 1,450 | 533.45 | 514.00 | 2.092 | -2.3 | 27 |
| AICL | 387.50 | 39,616 | 647 | 396.10 | 382.00 | 2.144 | -2.2 | 8 |
| MCB | 413.50 | 259,792 | 4,242 | 421.70 | 413.50 | 2.989 | -1.9 | 3 |
| SHEL | 470.00 | 25,751 | 420 | 478.00 | 470.00 | 0.009 | -1.7 | 16 |

This Week's Quotidians

OMC: Sales volume update

(March 31, 2008)

The Oil Companies Advisory Committee's (OCAC) recent break up of domestic POL consumption for the month of Feb08 depicts a growth of 11%YoY versus the same month last year. During 8MFY08, overall POL offtake has increased by 10%YoY to 12.48mn MT against 11.39mn MT recorded in the corresponding period last year. Lack of water availability and rising power demand have kept black oil volumes on an uptrend, rising by 6%YoY to 5.07mn MT. However, the key volume driver during 8MFY08 has been rationing in Iran which has been a boon for formal sector volume growth. With illicit import curbed, oil marketing sector white oil volumes have increased by 12%YoY to 7.14mn MT. Looking at domestic POL consumption on a MoM basis, overall volumes have declined by 12%YoY largely due to seasonality. Going forward, we expect growth in domestic POL consumption to remain robust, underpinning our positive long term outlook on the sector. However, we believe valuations are now reflective of this and we remain Marketweight on the sector.

THE CABINET & THE 100-DAY TASKS

(Apr. 01, 2008)

The Federal Cabinet of the new Coalition Government of Pakistan was finally sworn-in on Monday, March 31, 2008. Earlier, on Saturday, the new Prime Minister, Syed Yousuf Raza Gillani obtained an overwhelming vote of confidence (which included support from key opposition parties - a first for Pakistan) from members of Parliament. Mr. Gillani also laid out his priorities for the first 100 days in office.

Economic Performance 8MFY08: resilience in the face of adversity! (Apr. 02, 2008)

"Great nations are never impoverished by private, though they sometimes are by public prodigality and misconduct."

Adam Smith

It is interesting to note, from Pakistan's growth performance in 8MFY08, that the economy has shown resilience in the face of serious problems on internal and external fronts. On the internal side, FY08 has been marked by political instability and a grim law and order situation. While on the international side, economic environment has remained gloomy, with major economic think-tanks, like the IMF and the World Bank, predicting a global growth slowdown. In the presence of such difficult global and domestic politico-economic conditions, SBP's projection of healthy 6.0-6.5% growth for FY08, though lower than the initial 7.2% target, confirms the that the economic momentum built over the past few years continues. With normalcy returning on the political front, the question arises: can we expect a pickup in growth performance going forward? We reason that this can certainly be the case; however future growth will depend on how well the newly elected political administration addresses the macroeconomic challenges faced by Pakistan in the shape of rising current account & fiscal deficits. In this report, we analyze the performance by agriculture, manufacturing and services in 8MFY08 and discuss the scale of the macroeconomic imbalances which threaten to unravel the macroeconomic stability achieved to date. We predict real GDP growth of 6.4% in FY08 in line with the growth projections given by the SBP.

Cement Sector: Volumetric Update

(Apr. 03, 2008)

All Pakistan Cement Manufacturers Association (APCMA) released cement figures for the month of March 08. In 9MFY08, cement demand depicted an increase of 24.87%YoY to stand at 21.88mn tons. This growth was a combination of 140%YoY growth in exports and 8.77%YoY growth in the local market. For the month of March 08, total dispatches depicted a growth of 37%YoY and on a MoM basis, dispatches increased by 26%. With export

This Week's Quotidians

momentum gathering speed and demand on the local front picking up, cement dispatches for FY08 will likely breach our initial growth target of 24%YoY. We are thus raising our FY08 growth target to 27%YoY. Within the sector, we like Lucky which offers an upside of 12.7% to our target price of PkR155.70/share.

AKBL: Cheap on valuation

(Apr. 04, 2008)

Acting President of Aksari Bank Limited (AKBL), Mr. M.R.Mekhari, gave an interview with a private TV channel yesterday and discussed the bank's CY07 performance as well as prospects for CY08. NPAT for AKBL grew by 19%YoY in CY07, as the impact of incremental provisions (due to the FSV regulation) was countered by capital gains of PkR1.73bn on sale of 16.3mn shares of ABL (ABL PA/PkR122.5). With a view to CY08, Mr. Mekhari discussed the bank's initiatives to expand the loan book, asset quality (specifically textile-related NPLs) and administrative expenses (which grew by 46%YoY in the last year). Going forward, we believe investor focus should be on the bank's improving topline; the bank is likely to display an improvement in spread as AKBL has shed sizeable fixed-term deposits in CY07. At current price, AKBL is trading at a CY08F Tier-I P/B multiple of 2.01x, which is lower as compared to peers. The scrip offers 27% upside to our target price of PkR89.6 (bonus-adjusted). Buy!

Major World Indices YTD Performance

| | 31-Dec-07 | 4-Mar-08 | 4-Apr-08 | YTD Change | 1M Change |
|--------------------|------------------|------------------|------------------|------------|-----------|
| Pakistan | 14,075.83 | 14,736.34 | 15,472.45 | 10% | 5% |
| Sri Lanka (CSE) | 2,563.42 | 2,562.25 | 2,624.97 | 2% | 2% |
| Thailand (SET) | 858.1 | 831.41 | 824.80 | -4% | -1% |
| Indonesia (JKSE) | 2,674.01 | 2,634.75 | 2,277.08 | -15% | -14% |
| Malaysia (KLSE) | 1,445.03 | 1,314.02 | 1,221.98 | -15% | -7% |
| Philippines (PSEi) | 3,617.29 | 3,108.72 | 2,983.04 | -18% | -4% |
| Vietnam | 927.02 | 608.88 | 533.00 | -43% | -12% |
| Brazil (Bovespa) | 63,886.10 | 63,656.00 | 64,458.70 | 1% | 1% |
| Russia (RTSI) | 2,283.08 | 2,018.88 | 2,056.07 | -10% | 2% |
| India (SENSEX) | 20,206.94 | 16,339.89 | 15,343.12 | -24% | -6% |
| China (SSEC) | 5,261.56 | 4,335.45 | 3,446.24 | -35% | -21% |
| S&P 500 Index | 1,468.36 | 1,326.75 | 1,369.31 | -7% | 3% |
| NASDAQ Composite | 2,652.28 | 2,260.28 | 2,363.30 | -11% | 5% |
| FTSE 100 (U.K) | 6,456.90 | 5,767.70 | 5,925.30 | -8% | 3% |
| Germany (DAX:IND) | 8,067.32 | 6,545.04 | 6,774.38 | -16% | 4% |
| NIKKEI 225 JAPAN | 15,307.78 | 12,992.28 | 13,293.22 | -13% | 2% |

Source: Yahoo Finance Datastream

Active Issues

| | Price 04 Apr | Turnover (Shares Traded) | WoW Price Change % |
|--------------------------------|-----------------|-----------------------------|-----------------------|
| Lucky Cement | 144.05 | 93,908,100 | 4% |
| DG Khan Cement | 115.00 | 93,184,100 | 1% |
| Bank Al-Falah | 56.45 | 84,489,500 | 5% |
| Arif Habib Securities | 188.00 | 77,108,100 | 4% |
| JS Bank | 22.40 | 75,904,500 | 0% |
| Bankislami Pakistan Limited | 20.40 | 72,408,500 | 4% |
| Azgard Nine Limited | 76.95 | 64,429,500 | 12% |
| Oil & Gas Development Co. Ltd. | 137.25 | 58,171,900 | 2% |
| Pakistan PTA | 5.45 | 50,211,500 | -1% |
| Nishat Mills | 123.35 | 47,427,200 | 14% |

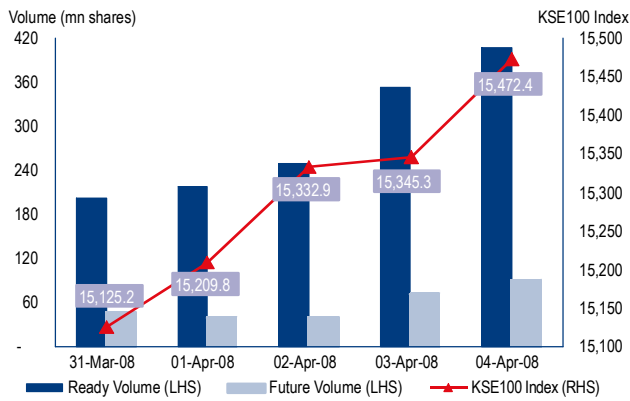
Source: KSE

Future Contract

| | Price 04 Apr | Turnover (Shares Traded) | WoW Price Change % |
|-----------|-----------------|-----------------------------|-----------------------|
| LUCK-APR | 145.00 | 26,093,500 | 3.7% |
| JSBL-APR | 22.65 | 24,286,000 | -0.2% |
| DGKC-APR | 115.75 | 20,881,000 | 1.0% |
| BOP-APR | 69.35 | 20,531,500 | 2.9% |
| JSCL-APR | 767.00 | 15,443,000 | 1.2% |
| BAFL-APR | 56.85 | 15,214,500 | 4.0% |
| OGDC-APR | 136.40 | 13,288,000 | 2.6% |
| ENGRO-APR | 339.10 | 13,153,500 | 3.4% |
| ANL-APR | 77.80 | 12,976,500 | 11.9% |
| SPL-APR | 69.45 | 11,483,500 | 10.9% |

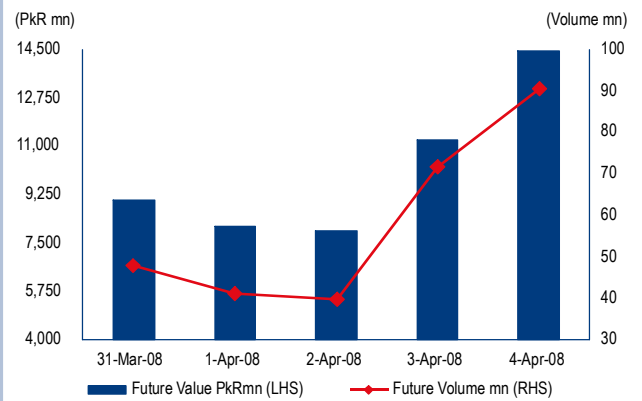
Source: KSE

KSE-100 Index (Ready Volume + Future Volume)



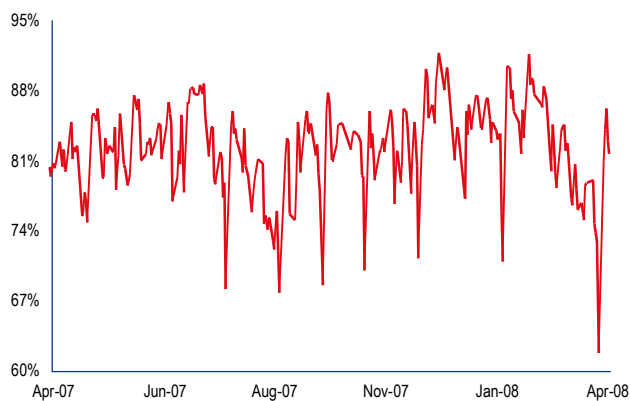
Source: AKD Research

Future Volume + Future Value



Source: AKD Research

Ready to Total Volume



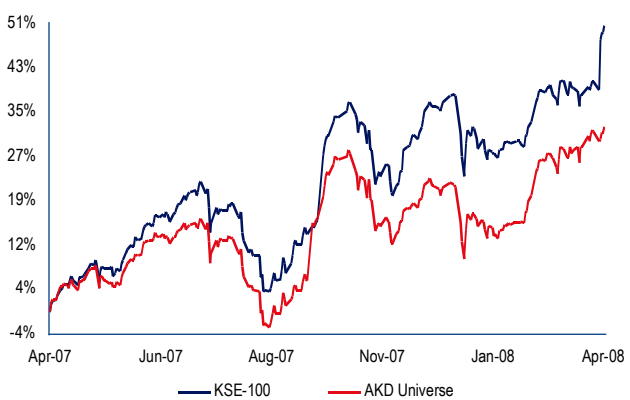
Source: AKD Research

Average Advance to Decline chart



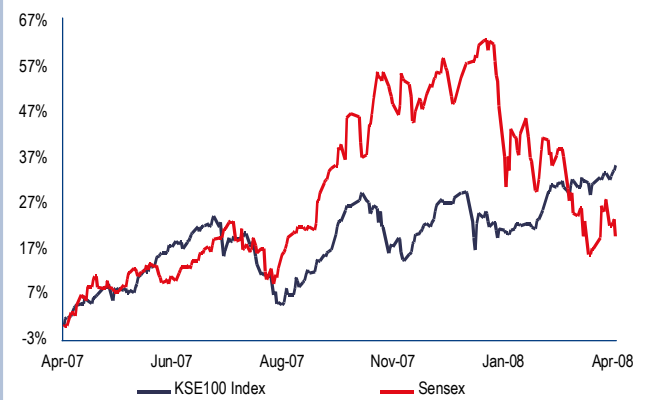
Source: AKD Research

AKD Universe vs. KSE-100



Source: AKD Research

KSE100 Index vs. BSE Sensex



Source: AKD Research

AKD Universe Valuations

| Stocks | Sym | Price -PkR | | Fair Value PkR | EPS Growth (%) | | PER (x) | | PBV(x) | | Div Yield | |
|-----------------------------------|--------|------------|------------|-------------------|----------------|-------|---------|-------|--------|-------|-----------|-------|
| | | 04 - Apr | Recomm. | | 2007A | 2008F | 2007A | 2008F | 2007A | 2008F | 2007A | 2008F |
| Oil & Gas Development Company | OGDC | 137.25 | Accumulate | 146.5 | -1% | 15% | 12.9 | 11.2 | 6.0 | 5.1 | 7% | 7% |
| MCB Bank Limited | MCB | 413.50 | Buy | 511.0 | 26% | 18% | 17.0 | 14.4 | 4.7 | 4.0 | 3% | 3% |
| Pakistan Telecom Company | PTC | 48.05 | Buy | 61.0 | -24.7% | n.a | 15.7 | n.a | 2.2 | 2.3 | 4% | 0% |
| Habib Bank Limited | HBL | 279.00 | Accumulate | 322.7 | -21% | 66% | 21.0 | 12.6 | 3.3 | 2.8 | 1% | 1% |
| Pakistan Petroleum Limited | PPL | 264.65 | Accumulate | 279.0 | 25% | 18% | 11.9 | 10.1 | 5.0 | 3.9 | 4% | 5% |
| United Bank Limited | UBL | 160.00 | Buy | 200.0 | -11% | 77% | 19.3 | 10.9 | 3.8 | 2.8 | 2% | 3% |
| Pakistan State Oil | PSO | 517.95 | Neutral | 531.0 | -38% | 93% | 18.9 | 9.8 | 4.2 | 3.8 | 4% | 8% |
| Engro Chemical | ENGRO | 340.20 | Neutral | 357.0 | 24% | -1% | 23.0 | 23.1 | 5.0 | 3.7 | 2% | 2% |
| Nestle Pakistan Limited | NESTLE | 1590.00 | Accumulate | 1,810.0 | 32% | 20% | 39.9 | 33.2 | 20.6 | 18.0 | 1% | 2% |
| Fauji Fertilizer Company | FFC | 145.50 | Neutral | 143.0 | 16% | 34% | 13.4 | 10.0 | 5.6 | 5.3 | 8% | 10% |
| Kot Addu Power Company | KAPCO | 53.45 | Neutral | 53.2 | -6% | 0% | 9.4 | 9.4 | 2.5 | 2.4 | 11% | 10% |
| Bank Alfalah Limited | BAFL | 56.45 | Accumulate | 62.0 | 78% | 12% | 14.4 | 12.8 | 3.2 | 2.6 | 3% | 2% |
| Fauji Fertilizer Bin Qasim Ltd. | FFBL | 45.90 | Neutral | 47.8 | 4% | 67% | 16.9 | 10.1 | 5.0 | 4.6 | 5% | 9% |
| Adamjee Insurance Co. Limited | AICL | 387.50 | Neutral | 368.1 | 166% | -43% | 9.4 | 16.6 | 5.1 | 4.1 | 1% | 1% |
| Lucky Cement | LUCK | 144.05 | Accumulate | 155.7 | 32% | 21% | 14.9 | 12.3 | 4.1 | 3.1 | 1% | 1% |
| Sui Northern Gas Pipelines | SNGP | 68.05 | Neutral | 68.9 | -28% | 27% | 14.0 | 11.0 | 2.3 | 2.0 | 4% | 5% |
| Hub Power Company Limited | HUBC | 31.85 | Accumulate | 34.2 | -4% | 10% | 13.9 | 12.7 | 1.3 | 1.3 | 9% | 9% |
| Unilever Pakistan Limited | ULEVER | 2370.00 | Neutral | 2,472.1 | 3.4% | 13% | 18.7 | 16.5 | 16.7 | 14.9 | 5% | 6% |
| DG Khan Cement | DGKC | 115.00 | Accumulate | 124.0 | -33% | 5% | 18.0 | 17.1 | 0.9 | 0.8 | 1% | 2% |
| Askari Bank Limited | AKBL | 71.25 | Buy | 89.6 | 19% | 10% | 10.8 | 9.8 | 2.4 | 2.0 | 2% | 2% |
| Shell Pakistan Limited | SHEL | 470.00 | Reduce | 421.5 | -77% | 275% | 36.4 | 9.7 | 2.7 | 2.3 | 3% | 5% |
| Indus Motors | INDU | 287.00 | Buy | 364.0 | 4% | 12% | 8.2 | 7.3 | 2.8 | 2.3 | 5% | 6% |
| Nishat Mills | NML | 123.35 | Accumulate | 144.0 | 3% | 1% | 11.8 | 11.6 | 0.7 | 0.6 | 2% | 2% |
| Al-Ghazi Tractor | AGTL | 264.00 | Accumulate | 302.0 | 3% | 28% | 8.9 | 7.0 | 2.8 | 2.5 | 7% | 11% |
| Fauji Cement Company Limited | FCCL | 15.10 | Buy | 18.5 | -46% | 33% | 16.2 | 12.1 | 2.8 | 2.4 | 0% | 3% |
| Attock Cement Pakistan Limited | ACPL | 113.80 | Accumulate | 119.6 | -12% | -29% | 10.3 | 14.5 | 2.4 | 2.3 | 4% | 4% |
| Pakistan Int'l Container Terminal | PICT | 79.90 | Reduce | 72.0 | 14% | 33% | 21.9 | 16.6 | 4.0 | 3.3 | 0% | 3% |
| Maple Leaf Cement Factory | MLCF | 19.15 | Buy | 24.7 | -96% | -76% | n.a | n.a | 0.9 | 0.8 | 0% | 10% |
| Pioneer Cement | PIOC | 34.70 | SELL | 26.5 | -114% | 7% | n.a | n.a | 3.3 | 3.4 | 0% | 7% |
| Honda Atlas Car | HCAR | 44.70 | SELL | 32.0 | -138% | n.a | n.a | 41.1 | 2.1 | 1.8 | 0% | 0% |
| Millat Tractors Limited | MTL | 286.00 | Accumulate | 305.6 | 5% | 4% | 7.0 | 6.7 | 1.9 | 1.6 | 8% | 6% |
| Gadoon Textile | GADT | 64.00 | Buy | 90.9 | -21% | 22% | 6.4 | 5.3 | 0.6 | 0.5 | 4% | 4% |

AKD Universe Absolute Performance

| Company Name | Symbol | 04 - Apr Price (PkR) | | | | | | | | | Trading off its | |
|--------------------------------|--------|-------------------------|-------|-------|---------|---------|---------|---------|-----------|-----------|-----------------|------|
| | | | 1W | 1M | 3M | 6M | 1Y | YTD* | 1Y High | 1Y Low | High | Low |
| Oil & Gas Dev. Company | OGDC | 137.25 | 2.4 | 10.4 | 15.8 | 30.1 | 19.7 | 17.8 | 137.25 | 104.90 | 0% | 31% |
| MCB Bank | MCB | 413.50 | -8.2 | 4.6 | 14.7 | 74.5 | 143.4 | 13.6 | 480.50 | 267.25 | -14% | 55% |
| Pakistan Telecommunication | PTC | 48.05 | 2.1 | 5.7 | 6.2 | 0.9 | -1.0 | 6.0 | 59.40 | 37.60 | -19% | 28% |
| Habib Bank Limited | HBL | 279.00 | 1.8 | 9.0 | 64.6 | 279.0 | 279.0 | 60.9 | 290.00 | 198.18 | -4% | 41% |
| Pakistan Petroleum Limited | PPL | 264.65 | 0.5 | 0.6 | 15.7 | 67.3 | 60.3 | 19.6 | 267.90 | 193.80 | -1% | 37% |
| National Bank of Pakistan | NBP | 237.95 | 2.0 | 1.6 | 25.7 | 25.2 | 22.9 | 26.9 | 253.50 | 194.65 | -6% | 22% |
| United Bank | UBL | 160.00 | 1.2 | 1.6 | 13.0 | 24.2 | 25.4 | 21.7 | 179.40 | 126.12 | -11% | 27% |
| Pakistan State Oil | PSO | 517.95 | -11.9 | 35.5 | 101.5 | 190.2 | 163.0 | 111.4 | 539.70 | 317.50 | -4% | 63% |
| Pak Oilfield | POL | 370.10 | -0.1 | 23.6 | 34.6 | 74.5 | 50.4 | 35.7 | 376.40 | 280.25 | -2% | 32% |
| Engro Limited | ENGRO | 340.20 | 14.5 | 34.8 | 85.6 | 115.9 | 160.7 | 97.0 | 340.20 | 179.53 | 0% | 89% |
| Nestle Pakistan | NESTLE | 1,590.00 | 0.0 | 0.0 | -230.0 | 28.0 | -150.0 | -210.0 | 1,855.00 | 1,430.00 | -14% | 11% |
| Fauji Fertilizer Company | FFC | 145.50 | 4.4 | 11.5 | 22.0 | 32.5 | 39.3 | 26.8 | 147.90 | 106.20 | -2% | 37% |
| Allied Bank | ABL | 123.10 | 2.6 | -2.7 | 11.8 | 29.6 | 42.8 | 14.6 | 130.38 | 80.29 | -6% | 53% |
| Kot Addu Power Company | KAPCO | 53.45 | 0.1 | -1.8 | 3.3 | 3.3 | -6.3 | 5.0 | 62.55 | 47.00 | -15% | 14% |
| Bank Al-Falah Limited | BAFL | 56.45 | 2.5 | 6.7 | 12.6 | 18.0 | 19.3 | 12.8 | 56.45 | 34.85 | 0% | 62% |
| Fauji Fertilizer Bin Qasim | FFBL | 45.90 | 0.5 | 0.9 | 2.8 | 6.3 | 12.8 | 3.9 | 48.30 | 32.60 | -5% | 41% |
| Adamjee Insurance Co. | AICL | 387.50 | -8.6 | -4.0 | 54.5 | 91.1 | 190.1 | 29.2 | 417.00 | 196.00 | -7% | 98% |
| Lucky Cement | LUCK | 144.05 | 5.3 | 15.1 | 25.4 | 31.3 | 57.4 | 27.6 | 145.10 | 86.70 | -1% | 66% |
| Sui Northern Gas Pipeline | SNGP | 68.05 | 0.0 | 1.8 | 2.1 | 8.1 | 1.8 | 2.5 | 80.50 | 58.50 | -15% | 16% |
| Hub Power Company | HUBC | 31.85 | 0.0 | -0.5 | 0.5 | 1.5 | 2.3 | 1.4 | 38.80 | 29.20 | -18% | 9% |
| Packages Limited | PKGS | 377.65 | 1.6 | 60.3 | 63.8 | 145.7 | 192.2 | 61.3 | 84.80 | 51.80 | 345% | 629% |
| Unilever Pakistan | ULEVER | 2,370.00 | 16.0 | 20.0 | -50.0 | 110.0 | 270.0 | 89.9 | 2,625.00 | 2,099.00 | -10% | 13% |
| DG Khan Cement | DGKC | 115.00 | 1.1 | 8.7 | 21.0 | 19.3 | 22.5 | 20.3 | 120.00 | 85.50 | -4% | 35% |
| Askari Bank Limited | AKBL | 71.25 | 1.0 | -7.1 | -8.8 | 2.2 | 8.2 | -28.5 | 81.50 | 62.81 | -13% | 13% |
| ICI Pakistan | ICI | 200.00 | 1.5 | 9.5 | 5.4 | 46.5 | 65.6 | 3.3 | 234.30 | 134.00 | -15% | 49% |
| Shell Pakistan | SHEL | 470.00 | -8.0 | -1.0 | 53.0 | 84.0 | 80.0 | 63.7 | 499.10 | 371.80 | -6% | 26% |
| Indus Motor Company | INDU | 287.00 | 1.0 | -7.0 | -19.0 | -7.1 | 35.0 | -32.2 | 406.00 | 252.00 | -29% | 14% |
| Pak Suzuki Motor Company | PSMC | 255.50 | -2.5 | -11.5 | -72.3 | -110.5 | -85.8 | -74.2 | 429.00 | 252.00 | -40% | 1% |
| Nishat Mills | NML | 123.35 | 14.8 | 12.5 | 21.0 | 21.6 | 21.5 | 18.2 | 133.75 | 88.50 | -8% | 39% |
| Sui Southern Gas Company | SSGC | 28.75 | 0.2 | 1.2 | 1.9 | 0.9 | 4.1 | 2.6 | 31.70 | 24.70 | -9% | 16% |
| Al-Ghazi Tractors | AGTL | 264.00 | 6.0 | 0.0 | -20.0 | 2.0 | 45.0 | -11.5 | 293.00 | 199.90 | -10% | 32% |
| Fauji Cement Company | FCCL | 15.10 | 0.2 | -0.3 | -0.5 | -2.6 | -2.6 | 0.2 | 22.55 | 14.45 | -33% | 4% |
| Attock Cement Pakistan Limited | ACPL | 113.80 | 2.8 | 8.8 | 9.1 | 8.1 | 11.8 | 14.1 | 126.90 | 90.00 | -10% | 26% |
| Pak Int'l. Container Terminal | PICT | 79.90 | 4.4 | 10.1 | 11.0 | 16.5 | 26.4 | 9.5 | 84.80 | 51.80 | -6% | 54% |
| Maple Leaf Cement Factory | MLCF | 19.15 | 1.1 | 1.6 | -0.3 | -1.6 | -0.2 | -0.1 | 25.90 | 17.00 | -26% | 13% |
| Pioneer Cement | PIOC | 34.70 | 1.5 | 6.7 | 3.7 | 3.3 | 8.3 | 3.1 | 45.62 | 24.34 | -24% | 43% |
| Honda Atlas Cars Pakistan | HCAR | 44.70 | 0.2 | 1.1 | -8.1 | 1.8 | 9.9 | -9.4 | 81.40 | 34.23 | -45% | 31% |
| Millat Tractors Limited | MTL | 286.00 | -12.0 | 1.1 | -4.0 | -33.9 | 12.0 | 15.5 | 342.45 | 256.50 | -16% | 12% |
| Cherat Cement Company | CHCC | 44.55 | 0.5 | 3.5 | 3.7 | 0.0 | -3.5 | 4.8 | 63.85 | 36.55 | -30% | 22% |
| Gadoon Textile | GADT | 64.00 | 6.2 | 8.9 | 4.9 | -1.5 | 8.0 | 6.0 | 84.45 | 55.00 | -24% | 16% |
| KSE-100 Index | | 15,472.45 | 204.2 | 736.1 | 1,212.9 | 3,079.4 | 4,057.6 | 1,396.6 | 15,472.45 | 11,414.86 | 0% | 36% |

*From 31 Dec, 2007 to Date

Market PER (FY08F)



Source: AKD Research

AKD Universe - Key Numbers

| April 04, 2008 | FY05A | FY06A | FY07A/E | FY08F | FY09F |
|----------------------------|-------|-------|---------|-------|-------|
| EPS (Pkr) | 7.4 | 8.9 | 8.7 | 9.9 | 12.3 |
| EPS chg (%) | 35.2 | 20.4 | (2.6) | 13.6 | 24.5 |
| Price to Earnings (x) | 17.2 | 14.3 | 14.7 | 12.9 | 10.4 |
| Price to Book (x) | 4.8 | 4.0 | 3.4 | 2.9 | 2.5 |
| Price to CF (x) | 11.9 | 12.7 | 14.3 | 10.3 | 8.8 |
| Earnings Yield (%) | 5.8 | 7.0 | 6.8 | 7.7 | 9.6 |
| Dividend Yield (%) | 3.4 | 4.3 | 3.9 | 4.2 | 5.0 |
| Book Value per Share (Pkr) | 26.9 | 32.3 | 38.0 | 43.7 | 50.8 |
| Return on Equity (%) | 27.6 | 27.7 | 22.9 | 22.7 | 24.2 |
| Return on Assets (%) | 5.4 | 5.7 | 4.9 | 5.0 | 5.6 |
| Chg in Sales (%) | 30.2 | 29.7 | 11.4 | 18.5 | 10.0 |
| Gross Margin (%) | 36.1 | 34.3 | 31.9 | 29.9 | 32.0 |
| Operating Margin (%) | 24.0 | 22.7 | 19.7 | 21.7 | 21.7 |
| Net Margin (%) | 16.8 | 15.6 | 13.6 | 13.0 | 14.8 |
| Payout (%) | 58.0 | 62.0 | 57.2 | 53.9 | 52.1 |
| EV / EBITDA (x) | 8.8 | 7.7 | 7.8 | 7.5 | 6.2 |

Analyst Certification

We, the **AKD Research Team**, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities and issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. We further certify that we do not have any beneficial holding of the specific securities that we have recommendations on in this report.

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