



Monday, February 06, 2012

Bank of Khyber En-route to Private Management:

The Khyber Pakhtunkhwa government has called for an Expression of Interest (EoI) for the privatization of Bank of Khyber (EoI). According to the EoI, the government is seeking a private shareholder to acquire 26% of the stake along with the management control of the bank. The government intends to sell around 19% of its stake in BoK and retain the remaining 51%. Presently, the shares of the provincial government constitutes to 70.2%.

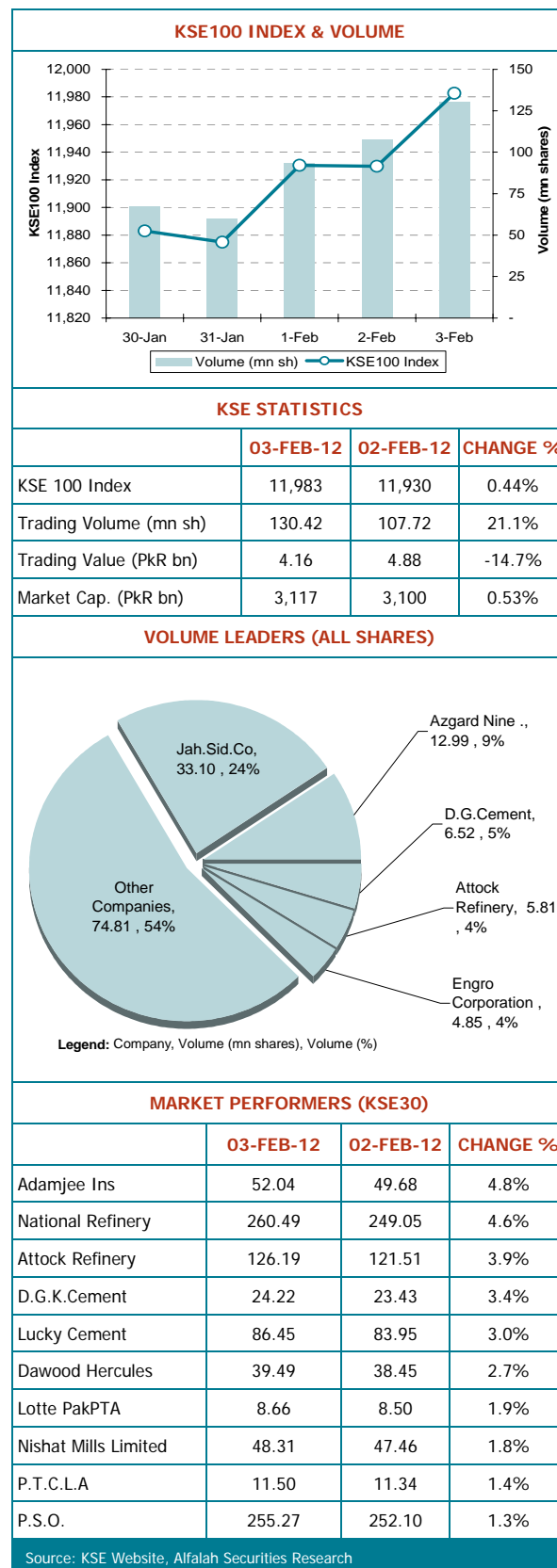
The Bank has a small network of 53 branches with only 1,013 employees associated with it across the country. The total deposits and advances of the bank stood at PKR 40 bn and PKR 21.66 bn as at September 30, 2011 translating into an Advance to Deposit Ratio (ADR) of 54.2%. In 9MCY11, the bank's investments registered an increase of 109% to PKR 41.55 bn. BoK's book value per share as at September 30, 2011 is PKR12.48, thereby trading at a Price to Book Value (P/B) of 0.48x. We expect the government's move to privatizing BoK might foster growth and efficiency for the bank.

Pakistan & Indonesia to promote bilateral trade:

Pakistan and Indonesia have signed a Preferential Trade Agreement (PTA) in order to promote bilateral trade among the two countries, which would benefit Pakistan the most as it would be able to import palm oil at cheaper rates from Indonesia @15% Margin of Preference (MoP) rate. The Indonesian offer list includes products of export interests to Pakistan like fresh fruits, cotton yarn, cotton fabrics, readymade garments, fans (ceiling, table, pedestal) sports goods (badminton and lawn tennis rackets), leather goods and other industrial products. While, Pakistan's offer list to Indonesia under the Agreement includes a total of 287 tariff lines for market access at preferential tariffs. We believe Pakistan being an importing country would be the main beneficiary from this newly signed trade agreement as it would enable Pakistan to import commodities from Indonesia at much cheaper and affordable prices.

LPG price jumps to record high:

The prices of Liquefied Petroleum Gas (LPG) reached a record high after the state owned LPG producers raised their production prices by PKR 15,800 per ton to PKR 109,702 per ton from PKR 93,856 per ton earlier. The resultant increase in production prices will translate into an increase of PKR 187 for domestic and PKR 720 for commercial cylinders while the average retail prices would increase to PKR 155 per kg. The increase in LPG prices is in response to the Saudi Aramco Contract Price, which increased to USD 1,028 per ton recently and with which the local LPG prices are pegged to bring at par with its import prices thus increasing inflationary pressures on the end consumers.



Alfalah Securities Research; research@alfalahsec.com; (9221) 9217825-26

This report has been prepared by Alfalah Securities (Pvt.) Limited "Alfalah Securities" based on the information and opinions that has been compiled or arrived at from sources believed to be reliable and in good faith. Such information has not been independently verified and no guarantee, representation or warranty, expressed or implied is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Whilst all reasonable care has been taken to ensure that the facts stated are accurate and the opinions given are fair and reasonable, neither Alfalah Securities nor any director, officer, employee, group company, affiliate, or sponsor shall in anyway be responsible for the contents. Alfalah may trade as a market maker in the investments that are the subject of this document or in related investments and may have acted upon or used the information contained in this document, or the research or analysis on which it is based, before its publication. Alfalah Securities, its directors, officers, employees, group companies, affiliates, or sponsors may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to buy or sell the investments referred to in this document. This document may not be reproduced, distributed or published for any purposes.

Market Outlook:

The market is expected to continue its range bound behavior for the day, where we believe ENGRO, DGKC and PSO to perform well.

Board Meeting:

COMPANY	SCHEDULED ON	DAY	TIME	PLACE	TO CONSIDER
Nestle Pakistan Ltd.	08-Feb-2012	Wednesday	10:00 AM	Lahore	Annual Accounts – CY11.
Hub Power Co. Ltd.	08-Feb-2012	Wednesday	10:00 AM	Karachi	Half yearly account FY12.
Pakistan State Oil Co. Ltd.	09-Feb-2012	Thursday	10:00 AM	Karachi	Half yearly account FY12.
Unilever Pakistan Ltd.	09-Feb-2012	Thursday	2:30 PM	Karachi	Annual Accounts – CY11.
IGI Insurance Ltd.	14-Feb-2012	Tuesday	2:00 PM	Karachi	Annual Accounts – CY11.
Kot Addu Power Co. Ltd.	15-Feb-2012	Wednesday	12:30 PM	Lahore	Half yearly account FY12.
Indus Motor Company Ltd.	22-Feb-2012	Wednesday	09:30 AM	Karachi	Half yearly account FY12.
Packages Ltd.	28-Feb-2012	Tuesday	11:30 AM	Lahore	Annual Accounts – CY11.