



Monday, February 20, 2012

**KESC to generate power from coal-fired technology:**

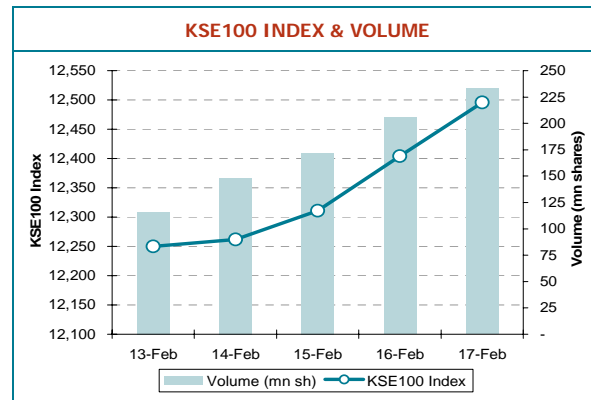
The Karachi Electric Supply Company (KESC) has completed the feasibility stage of converting its 6 generation units of the Bin Qasim Power Plant, having total capacity of 1,260 MW (210MW x 6 units), to coal-fired generation by replacing the existing furnace oil boilers. Initially, KESC would convert its 2 units with a generation capacity of 420 MW to coal-fired electricity generation while the remaining units would be converted upon their successful conversion in the next stage. For this purpose, KESC has also signed a USD 200 mn worth Joint Development Agreement (JDA) with "Bright Eagle Enterprises" (BEE); a Hong Kong based Investment Company, which has collaborated with China Resources Power and China National Technical Import and Export Corporation for the implementation of the project. We believe the conversion of generation plants from furnace oil to coal-fired generation would enable the company to produce electricity without the hassle of availability of adequate fuel keeping in view the prevailing fuel and gas shortage in the country, thus ensuring the dwellers with uninterrupted electricity supply. Moreover, Coal having greater energy content per mmbtu than Furnace oil would enable to company to reduce its cost of production and consequently would result in cheaper electricity tariffs for the consumers.

**Current account deficit surges to USD 2.63 bn:**

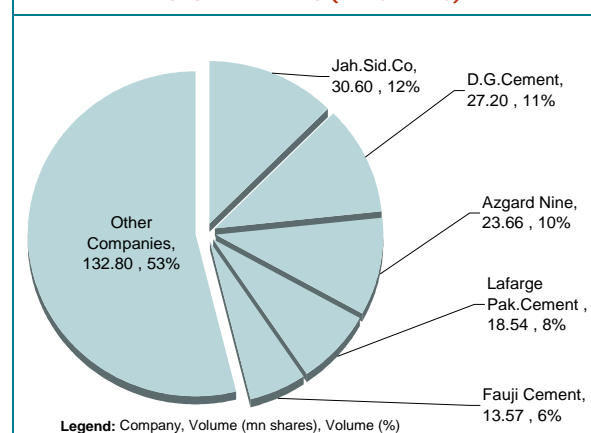
Pakistan's current account deficit (CAD) has surged to USD 2.633 bn higher by massive 2643% YoY during the 7MFY12 against the deficit of USD 96 mn in the corresponding period last year, as per SBP Data. The CAD deteriorated due to higher trade deficit that grew sharply to USD 9.06 bn during 7M (Jul-Jan) FY12 as against USD 6.5 bn last year. Exports were almost flat at USD 14.1 bn during the period under review as against USD 13.15 bn last year. Imports grew sharply to USD 23.16 bn as against USD 19.7 bn. The remittances were at USD 7.435 bn as compared with USD 6.118 bn in the corresponding months last fiscal year. For the month of January, 2012, the CAD stood at USD 305 mn higher by 158% YoY and massive 2078% MoM against the deficit of USD 118 mn in Jan, 2011 and USD 14 mn in Dec 2011. The deterioration of balance of payment poses serious threats to the economic well-being and would exert pressure on foreign exchange reserves which in turn would lead to steeper Pak Rupee devaluation.

**SSGC's LPG plant inaugurated at Port Qasim:**

SSGC's Liquefied Petroleum Gas (LPG) plant located at Port Qasim Industrial Area has been inaugurated by the Prime Minister Gilani on Saturday. It is the first fully integrated LPG plant ever constructed in Pakistan. There are 5 LPG storage tanks with a total capacity of 6,500MT. The annual through-put capacity is 2MT of LPG. The bottling facility is fully automatic and requires minimum staff to operate having 24 filling head LPG cylinders. Sui Southern Gas Company (SSGC) had won the bid worth PKR2.25 bn for the

**KSE STATISTICS**

	17-FEB-12	16-FEB-12	CHANGE %
KSE 100 Index	12,496	12,404	0.7%
Trading Volume (mn sh)	233.27	205.56	13.5%
Trading Value (PkR bn)	7.05	4.72	49.3%
Market Cap. (PkR bn)	3,257	3,233	0.7%

**VOLUME LEADERS (ALL SHARES)****MARKET PERFORMERS (KSE30)**

	17-FEB-12	16-FEB-12	CHANGE %
Millat Tractors Ltd.	456.76	435.01	5.0%
Engro Corporation	133.99	127.85	4.8%
Attock Petroleum	449.42	430.57	4.4%
National Bank	49.08	47.19	4.0%
United Bank Ltd	62.09	60.47	2.7%
Nishat Mills Limited	48.79	47.96	1.7%
Attock Refinery	124.00	122.02	1.6%
Oil & Gas Develop	162.93	160.70	1.4%
Pak Oilfields Ltd.	371.11	366.19	1.3%
P.S.O.	256.40	253.39	1.2%

Source: KSE Website, Alfalah Securities Research

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acquisition of the LPG import terminal, Progas Pakistan. As it would generate revenues through its subsidiary – Progas, therefore, the impact would directly be on the other non-operating income in the bottom-line. SSGC earns a 17.0% guaranteed return on its average net operating assets which is then adjusted for the Unaccounted for Gas (UFG) losses, financial charges and other non-operating income. Therefore, we recommend a BUY on SSGC with a target price of PKR 28.45 (upside potential of 48%) and it is trading at a FY12 P/E of 3.3x.

### Market Outlook:

The market is expected to remain neutral to positive for the day mainly in the absence of any negative trigger, where the market may also witness some short term profit taking.

### Board Meeting:

COMPANY	SCHEDULED ON	DAY	TIME	PLACE	TO CONSIDER
Karachi Electric Co. Ltd.	20-Feb-2012	Monday	03:00 PM	Karachi	Half yearly account FY12.
United Bank Ltd.	21-Feb-2012	Tuesday	11:00 AM	Abu Dhabi, UAE	Annual Accounts – CY11.
MCB Bank Ltd.	21-Feb-2012	Tuesday	11:00 AM	Lahore	Annual Accounts – CY11.
Pakistan Tele. Co. Ltd.	22-Feb-2012	Wednesday	02:30 AM	Islamabad	Half yearly account FY12.
NIB Bank Ltd.	22-Feb-2012	Wednesday	10:00 AM	Karachi	Annual Accounts – CY11.
Indus Motor Company Ltd.	22-Feb-2012	Wednesday	09:30 AM	Karachi	Half yearly account FY12.
Nishat Power Co. Ltd.	23-Feb-2012	Thursday	12:00 noon	Lahore	Half yearly account FY12.
Jahangir Siddiqui & Co.	23-Feb-2012	Thursday	12:30 PM	Karachi	Half yearly account FY12.
Oil & Gas Dev. Company	23-Feb-2012	Thursday	10:00 AM	Islamabad	Half yearly account FY12.
Nishat Mills Ltd.	23-Feb-2012	Thursday	11:00 AM	Lahore	Half yearly account FY12.
Maple Leaf Cement	23-Feb-2012	Thursday	11:00 AM	Lahore	Half yearly account FY12.
Habib Bank Ltd.	24-Feb-2012	Friday	09:30 AM	Karachi	Annual Accounts – CY11.
Kohat Cement Co. Ltd.	25-Feb-2012	Saturday	11:00 AM	Lahore	Half yearly account FY12.
JS Global Capital Ltd.	27-Feb-2012	Monday	04:00 PM	Karachi	Half yearly account FY12.
JS Bank Ltd.	27-Feb-2012	Monday	04:00 PM	Karachi	Annual Accounts – CY11.
Packages Ltd.	28-Feb-2012	Tuesday	11:30 AM	Lahore	Annual Accounts – CY11.
Faysal Bank Ltd.	28-Feb-2012	Tuesday	03:00 PM	Lahore	Annual Accounts – CY11.
Shell Pakistan Ltd.	07-Mar-2012	Wednesday	09:30 AM	Karachi	Annual Accounts – CY11.