

Pakistan Equity Market Outlook 2026

Strategy 2026

Liquidity & Reforms to Drive New Market Heights

Research Entity Number: BRP 009
Friday, 12th December, 2025



Contents

Topic	Page
Summary	3
Market Performance during 2025	5-8
Market Activity during 2025	9-13
Economy... Inflation & Monetary Policy	15-17
Economy... Current Account Balance	18-19
Economy... Foreign Reserves and PKR	20-21
Economy... Growth	22
Economy... Floods 2025: What it Meant for Pakistan	23
Economy... Fiscal Operations	24-25
Key Macroeconomic Forecast	26
IMF and Pakistan	27-31
Geopolitical and Political Developments	32
2025 Oil Price Trajectory	33
Key Catalyst and Risks	34
Market Outlook; Earnings	36
Market Outlook; Investment Strategy 2026	37-38
Market Outlook; Index Target and Timeline of Events in 2026	39-40
Sector Outlook	41-44
Top Picks	46-63
Alpha Stocks	65-70
Potential Stocks from Sales Desk	72
Recommendation Summary	73-74
Disclaimer and Analyst Certification	75
Contact Details	76

Summary

2025 Recap...

- **Stock Market:** KSE100 index had gained 54,325 points by 10-Dec-2025 to reach 169,452 points, translating in to a positive return of ~47%, compared to +84% in CY24. During 1HCY25, market posted 8% return mainly driven by declining inflation and interest rate, improvement in C/a balance and successful completion of 1st review under IMF EFF Program, however, rise in India-Pak and Israel-Iran tensions along with PKR depreciated of 1.9%% kept market performance in check during 1HCY25. During 2HCY25, as geopolitical tensions eased market rebounded sharply while conversion of money market funds to equity further improved domestic liquidity and led to overall 36% return during 2HCY25.
- **Key highlights:** During 2025, inflation receded from 4.1% in Dec-24 to 0.3% by Apr-25 leading to a 200bps cut in interest rates from 13% to 11% in May-25. However, since Apr-25 inflation has increased to 6.1% in Nov-25 with Interest rates unchanged since May-25. Current Account deficit widened to US\$ 733mn in 4MFY26 from US\$ 206mn in 4MFY25. Forex reserves increased from US\$ 15.93n in Dec-24 to US\$ 19.7bn as at Oct-25. PKR appreciated by 0.7% (as at 10-Dec-25) during CY25TD compared to appreciation of 1.2% against US\$ in CY24. Although market witnessed pressure due to Geopolitical tensions (Iran-Israel, Pak-India and Pak-Afghanistan tensions), rise in political noise and floods 2025, however, favorable macroeconomic indicators, political stability and higher liquidity (led by conversion from money market to equity funds) supported overall positive momentum in market.

...2026 Outlook

- **Improved recoveries and resolution of gas circular debt, sustained liquidity and macroeconomic stability:** In our view, key drivers for market performance in 2026 are likely to be improved recoveries and resolution of gas circular debt, Economic and Political Stability, potential relief for exporters in Budget 2027 and lower oil prices. We expects rates to remain steady in 2026 as inflation is likely to spike and normalize during 2HCY26. Liquidity in market in likely to remain high. Changes in NFC Award and privatization are also likely to support fiscal balance. Local demand is also likely to improve and drive economic activity in 2026.
- **Economic Indicators to remain in check:** After 200bps cut already in 2025, we expect rates to remain steady in 2026. We estimate inflation to average 6.8% in FY26. We estimate PKR to average 283/USD in FY26 and FX reserves to stand at US\$ 22.2bn as at Jun-26. We forecast GDP growth at 3.3% in FY26 against 3.0% in FY25. C/a deficit is expected to settle at 0.6% of GDP while Fiscal deficit is likely to be at 4.5% of GDP.
- **Index Target of 215,000:** For 2026, we eye an index target of 215,000. This would represent a total return of approximately 33% from its current level of ~169,452. Our target is based price-to-earnings approach. At our target, the market would trade at a forward price-to-earnings ratio of 8.75x and offer 6% DY.
- **Top Picks:** Improved cash recoveries in energy sector owing to hike in gas prices, payments of power sector circular debt stock and resolution of gas circular debt stock is likely to keep energy sector in limelight, thus we prefer PPL, OGDC and PSO. We prefer NBP, MCB and UBL among banking sector. Among other sectors, we prefer FFC, MLCF, LUCK, CHCC, HALEON, AGP, AIRLINK, GAL, INDU, ILP, ISL and BFLAGRO.

Market Outlook Snapshot
Eyeing Index Target of 215,000 Backed by Higher Liquidity and Strong Fundamentals

KSE 100 index target	Policy Rate	Earnings Growth	Market P/E	Dividend Yield	Total Return
215,000	11%	7%	8.75x	6%	~33%

Sector	Stance	Top Picks*	Alpha Stocks**	Potential Stocks from Sales Desk***
Commercial Banks	Over-weight	UBL, MCB, NBP		BML, BOP
Oil & Gas Exploration Companies	Over-weight	OGDC, PPL		
Oil & Gas Marketing Companies	Over-weight	PSO		SSGC, SNGP
Pharmaceutical	Over-weight	HALEON, AGP	SEARL	
Power Generation & Distribution	Market-weight			
Cements	Over-weight	MLCF, LUCK, CHCC		
Automobile Parts & Assemblers	Market-weight	GAL, INDU		
Fertilizers	Over-weight	FFC		
Textile	Market-weight	ILP	SRVI	IMAGE
Engineering	Over-weight	ISL		
Technology & Communication	Market-weight	AIRLINK	PTC	TRG
Refineries	Market-weight			NRL, PRL
Food & Personal Care Products	Over-weight	BFAGRO	NATF	BNL, UNITY, TOMCL
Chemical	Under-weight		GCIL	
Tobacco	Market-Weight			
Others				PIBTL, PAEL, PACE

* Top picks from IGI Research Universe. For Target Prices please refer pages 41-55, ** In light of potential triggers, these scrips are expected to remain in the limelight in 2026 *** Our sales team anticipates interest of investors in these scrips in 2026 and hence price movement in these can not be ruled out

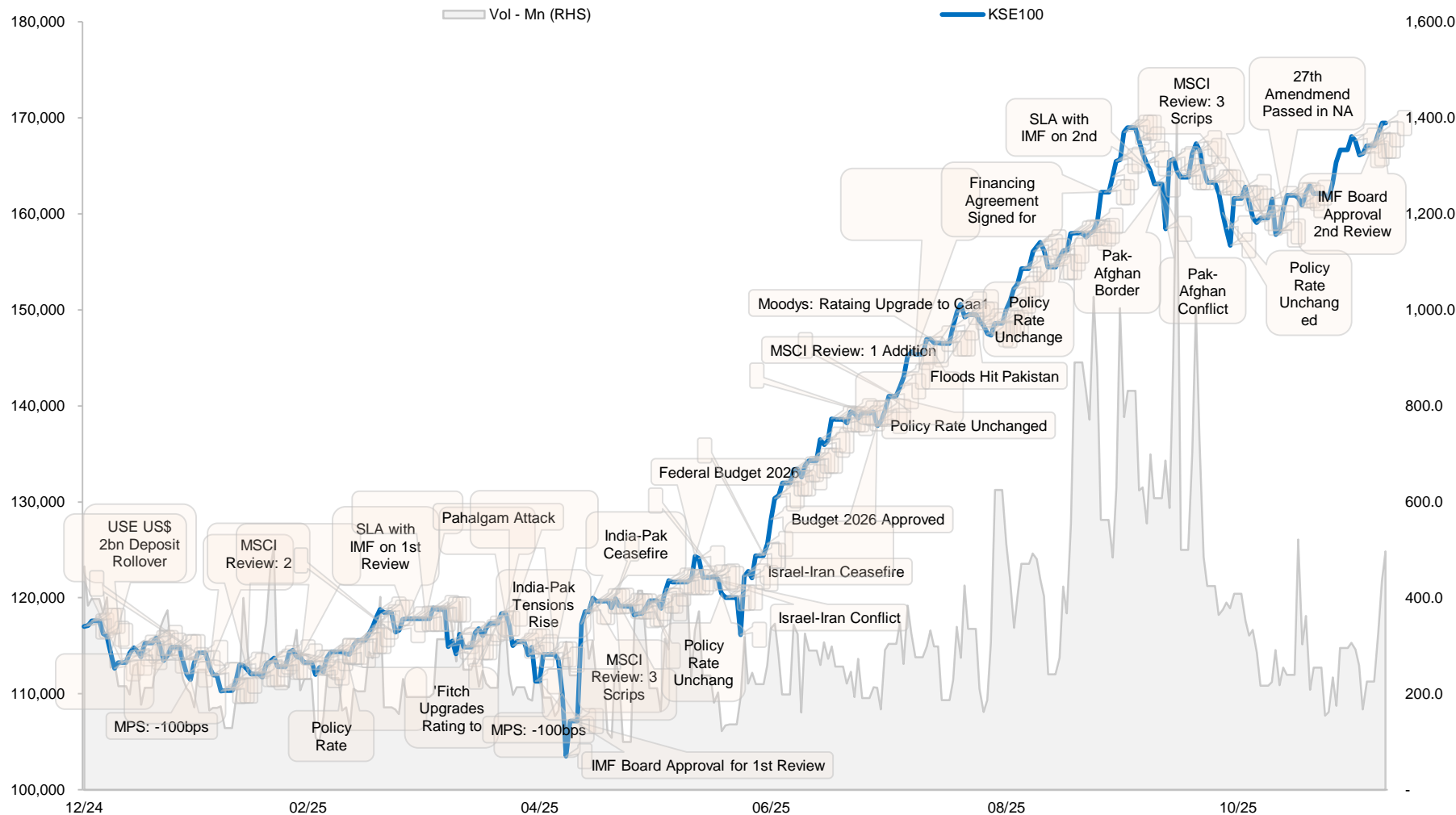
Market Performance**2025: Recap**

Market up 47% in CY25TD Despite Floods and Geopolitical Tensions

- KSE100 index gained 54,325 points during CY25 (10-Dec-25) to reach ~169,452 index level, translating in to a positive return of 47%, and compared to gain of +84% in CY24.
- Market posted a return of 8% during 1HCY25 mainly backed by 200bps rate cut to 11%, successful conclusion of IMF's 1st Review, lowest inflation reading of 0.3%/y/y in Apr-2025 and favorable C/a balance. However, PKR depreciation and geopolitical conflicts (India-Pak and Israel-Iran) during May/Jun-2025 kept market performance in check.
- During 2HCY25, KSE100 rebounded sharply by posting 36% return to date (10-Dec-2025) mainly led by higher liquidity due to conversion from money market funds to equity, resolution of geopolitical tensions, power sector circular debt approval and SLA with IMF on 2nd Review. However, towards latter part of 2HCY25, market remained range bound owing to Floods 2025, rise in Political noise on 27th Amendment, Afghan-Pak conflict.
- On external side, current account posted a surplus of US\$ 1.1bn during 1HCY25 while Current account is in deficit of US\$ 0.7bn during 2HCY25. As a result, current account surplus during CY25TD (Oct-2025) stands at US\$ 0.4bn against US\$ 1.1bn surplus in CY24 owing to pick up in imports and debt repayments. Forex reserves also continued to increase due to buying from SBP and improvement from external side. As a result, PKR remained relatively stable depreciating by 0.7% (10-Dec-25) to stand at PKR 280.37/US\$.
- Inflation continued to drop during 1HCY25 with lowest reading of 0.3%/y/y in Apr-2025 however, increased sharply during 2HCY25 to stand at 6.1%/y/y in Nov-2025 mainly due to higher food prices due to supply disruptions post Floods 2025 and Afghan border closure. Average inflation stands at 5.0%/y/y during 5MFY26 against 7.9% in 5MFY25.
- International oil prices are down 18% during CY25TD product prices such as MS and HSD have risen due to supply shortages and increase in Petroleum Levy leading to 5% and 10% hike in domestic prices of MS and HSD respectively.
- Market volumes picked up substantially during 2HCY25, averaging 1.02bn against 0.58bn during 1HCY25, supported by improved liquidity as conversions from money market to stock funds post imposition of higher taxation on profit from debt market funds during 2HCY25 and resolution of geopolitical tensions.

Market Performance

Key Events During 2025



Source: Newsprint Media (BRecorder, Tribune, Dawn, The News), PSX, CapitalStake, IGI Research (as at 10-Dec-2025)

Market Performance

Banks/E&Ps major contributors to robust market performance

Exhibit: KSEALL volumes (mn shares) – 3rd highest volumes in 2025 since 2010

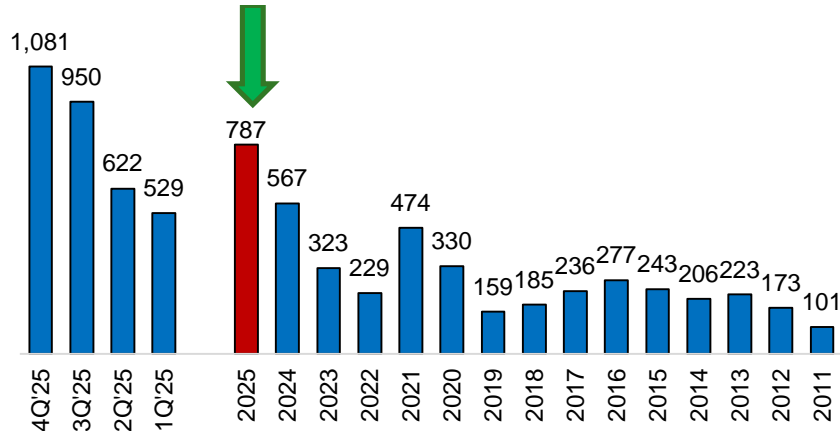


Exhibit: Leaders and Laggards (KSE 100)

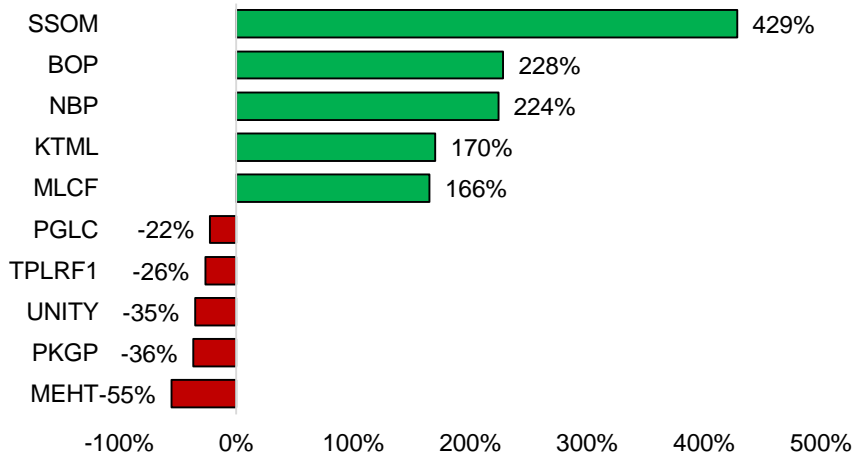


Exhibit: Sector-wise performance – Banks/E&Ps led the charts

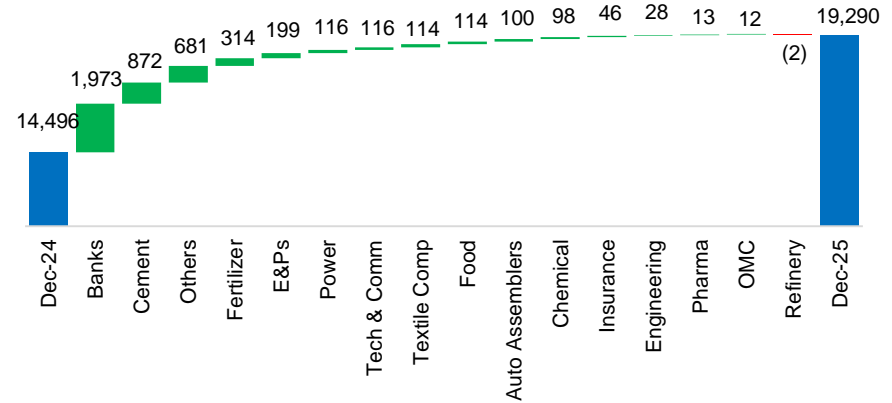
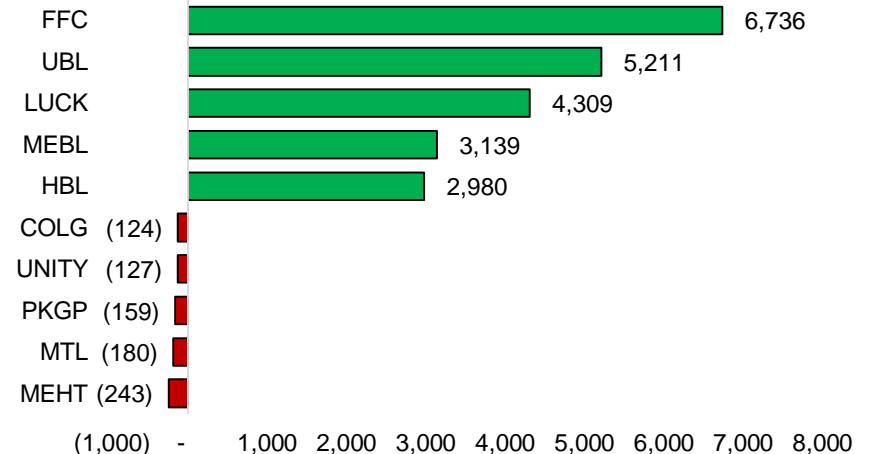


Exhibit: Top index contributors – Banks, Fertilizer & Cement led the way (KSE100)



Source: PSX, CapitalStake, Bloomberg, IGI Research, (Data and Prices as at 10-Dec-2025)

Market Performance**Monthly Historical Market Performance**

Macroeconomic stability and higher liquidity supported positive momentum in 2025

Year Month	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Jan	-0.8%	-0.8%	0.6%	1.7%	6.0%	2.2%	10.1%	8.8%	2.0%	-4.6%	7.2%	6.0%
Feb	-0.9%	4.2%	-0.4%	-2.0%	-1.1%	-8.8%	-4.3%	-1.8%	-0.5%	0.2%	-2.4%	-3.7%
Mar	4.0%	3.8%	-1.3%	1.1%	-2.8%	-23.0%	-1.0%	5.4%	-0.8%	5.6%	-10.1%	5.3%
Apr	-5.5%	6.1%	3.9%	0.7%	-0.7%	16.7%	-4.8%	-0.2%	2.4%	4.8%	11.6%	6.5%
May	7.5%	6.7%	-0.6%	-4.8%	8.2%	-0.5%	-2.2%	-5.8%	2.6%	3.9%	-2.0%	2.9%
Jun	5.0%	3.4%	0.3%	-3.6%	-1.1%	1.4%	-5.8%	-2.2%	-8.0%	4.8%	4.1%	-0.3%
Jul	11.0%	-0.7%	15.9%	-3.3%	-0.6%	14.1%	-5.8%	1.9%	-1.2%	4.6%	3.9%	2.2%
Aug	6.6%	0.8%	-6.3%	5.5%	0.8%	4.7%	-7.1%	-2.3%	-10.4%	0.7%	-2.8%	-5.8%
Sep	11.4%	3.3%	2.7%	-2.9%	-5.3%	-1.3%	8.1%	-1.8%	2.9%	1.8%	-7.0%	4.1%
Oct	-2.3%	9.7%	12.3%	0.3%	2.9%	-1.7%	6.6%	1.6%	-6.6%	-1.6%	6.1%	2.2%
Nov	3.1%	13.9%	16.6%	2.6%	-2.5%	3.0%	14.9%	-2.8%	1.0%	6.8%	-5.9%	2.7%
Dec		13.6%	3.2%	-4.6%	-1.1%	6.5%	3.7%	-8.5%	1.2%	12.2%	1.7%	3.0%
CY*	47%*	84%	55%	-9%	2%	7%	10%	-8%	-15%	46%	2%	27%

Source: PSX, CapitalStake, IGI Research,

*Return as at 10-Dec-2025,

Market Performance

Market Activity

Foreign Investors Portfolio Investment (FIPI)

Foreign Selling Continued in 2025; Highest Since 2021...

- **Foreign Investors Continued to remain net sellers in 2025:** In terms of value activity, foreign investors were net seller in 2025. Cumulative net selling recorded during CY25 (10-Dec-2025) was US\$ 331mn against net sell of US\$ 117mn in CY24.
- **Banks and E&P Sector witnessed highest selling by Foreign Investors:** Foreign investors have been net sellers across all sectors in 2025. Sector wise, Banks, E&Ps, All other Sectors, Fertilizer, Food, Power, Technology/ Communication, Textile Composite and Cement sector witnessed cumulative net sell of US\$ 331mn. Highest selling was witnessed in Banks with net out flow of US\$ 99.3mn (10-Dec-2025).

Foreign investors remained net sellers during 1HCY25 with total selling of US\$ 117.6mn. Foreign investors were only net buyers in Cement and OMC sector with cumulative net inflows of US\$ 22.9mn while major selling was witnessed in Banks worth US\$ 48.2mn. During 2HCY25, a total of net outflow of US\$ 213.6mn has been recorded so far (10-Dec-2025) by Foreign Investors with net selling across all sectors. Banking sector remained major sector with highest net out flow of US\$ 51.2mn (10-Dec-2025).

- **Market activity continued to remain upbeat during 2025:** Market volumes during CY25 (10-Dec-2025), increased to average 787mn shares compared to 567mn shares traded in CY24. During 1HCY25, market volumes averaged 576mn on the back of higher liquidity, improved macroeconomic indicators and decline in interest rates. However, during 2HCY25, volumes rose significantly to average 1,015mn as higher taxation on profit from money market funds led to migration towards equity funds along with ease in geopolitical tensions (India-Pak and Israel-Iran conflicts) which escalated during 2QCY25. Average daily traded value increased by 60% in CY25 (10-Dec-25) to stand at PKR 34.5bn compared to PKR 20.2bn in CY24.

Market Volumes Continued to Rise in CY25

Market Performance
Market Activity
Local Investors Portfolio Investment (LIPI)

.... Individuals and Mutual Funds Dominated with Highest Net Inflows

- **Individuals and Mutual Funds led major buying on local front:** On domestic front Individuals, Mutual Funds and Companies (excluding Debt Market) poured in nearly US\$ 639mn (10-Dec-2025) worth of liquidity during CY25TD, while Banks, Insurance Companies, Other Organization and Brokers (excluding Debt Market) cumulatively sold US\$ 314mn (10-Dec-2025).
- During 1HCY25, Companies led the way with net buying of US\$ 66.4mn while Individual and mutual funds had net buy of US\$ 41.0mn and US\$ 46.9mn respectively. However, Banks, Insurance Companies and Brokers were net sellers with cumulative net outflow of US\$ 61.7mn during 1HCY25.
- During 2HCY25, Individuals and Mutual Funds continue to lead the way with net buying of US\$ 195.7mn and US\$ 228.2mn (10-Dec-2025) respectively (excluding Debt Market). Mutual Funds activity increased substantially led by conversion from debt market funds to equity and increase in new accounts. Companies, brokers and NBFC's were also net buyers with cumulative net inflows of US\$ 71.1mn. However, Insurance Companies were the largest sellers with net outflow of US\$ 114.2mn followed by Banks and other organization with net selling of US\$ 105.5mn and US\$ 61.7mn since Jun-2025.

Market Performance

Market Activity

Foreign investors net sellers; Individuals and Mutual Funds were major buyers

Exhibit: Historical Net FIPI (US\$ mn)

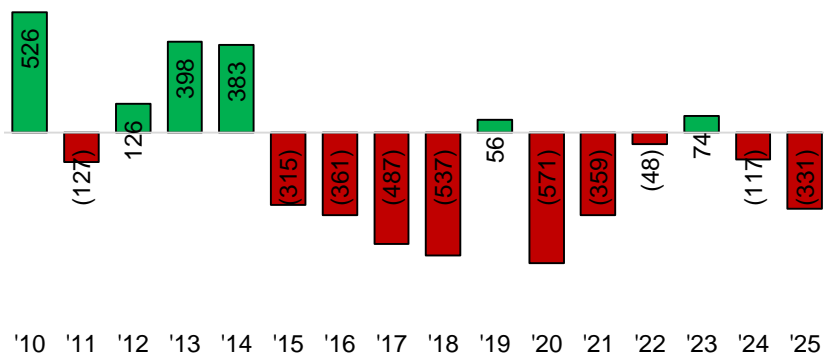
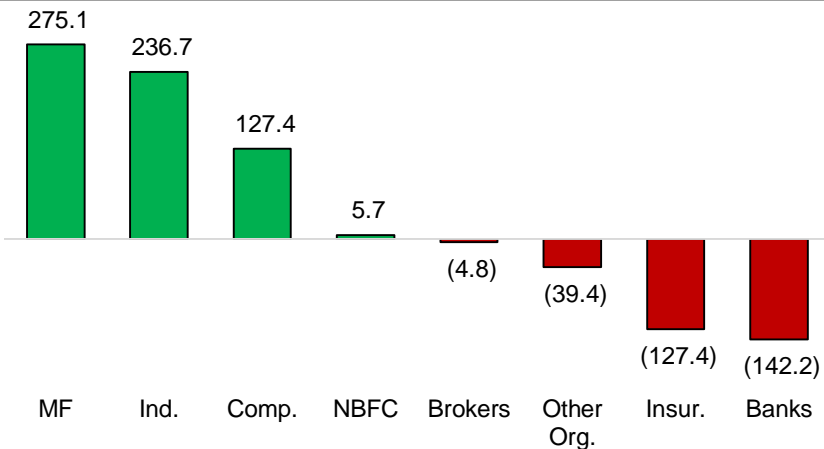


Exhibit: LIPI (US\$mn) in CY25 (10-Dec-25)



Source: NCCPL, SBP, IGI Research (Data as at 10-Dec-2025)

Exhibit: Net FIPI sector wise (US\$ mn) in CY25 (10-Dec-2025)

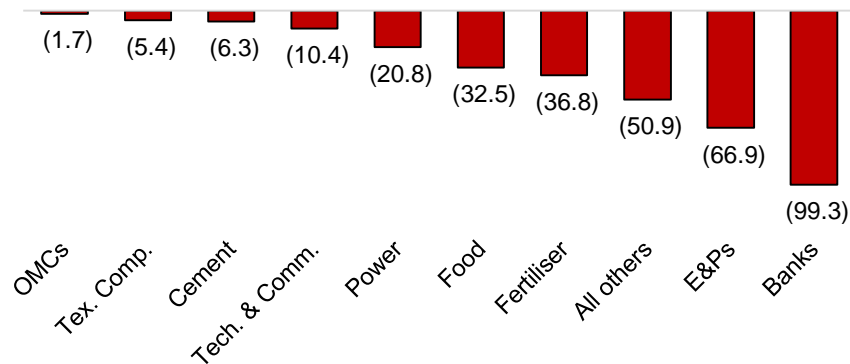
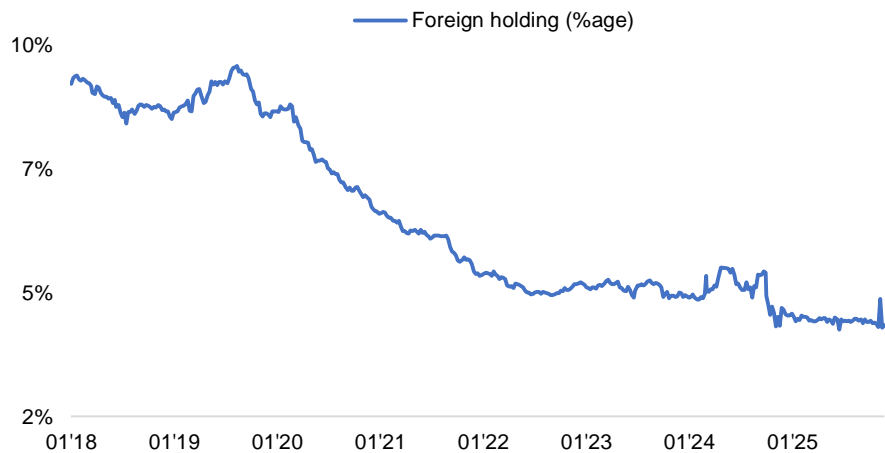


Exhibit: Foreign holding of Pakistan Equity as percentage of Market Capitalization



Market Performance

Market Activity

MSCI Frontier Market Index

Pakistan's weightage increased to 7.4%

- **MSCI review:** During CY25, MSCI held 4 quarterly reviews where Pakistan's weightage increased from 4.6% to 7.4% by Nov-2025. Total number companies under Frontier Market index stand at 30 while in Small Cap index total companies stand at 76.
- **Feb-2025 Review:** In Feb-2025, a total of 2 new companies were added in MSCI Frontier Market Index (SEARL and ABOT) while 3 new companies (BFBIO, BIFO and POWER) were added in Small Cap index while 4 companies were removed (SEARL, AIRLINK, AKBL and ATRL). As a result total companies in Frontier index stood at 23 while in small cap index total companies were increased to 66.
- **May-2025 Review:** In May-2025, 3 new scrips were added to FM index (FCCL, MLCF and DGKC) with no deletions. In Small Cap Index, 4 new companies (EPCL, PAKRI, ARPL and PREMA) were added while 3 companies were removed (AGP, AGL and DGKC) from Small Cap Index. This brought total number of companies in FM Standard Index to 26 companies and 67 companies under FM Small Cap Index.
- **Aug-2025 Review:** In Aug-2025, 1 company was added to FM Index namely FABL. There were no deletions from FM Index in Aug-2025 review. In Small Cap Index, 2 new companies (IDYM and JGICL) were added while OCTOPUS and HABSM were removed from Small Cap Index. This brought total number of companies in FM Standard Index to 27 companies and 67 companies under FM Small Cap Index.
- **Nov-2025 Review:** In Nov-2025, there were 3 additions (AKBL, BOP and MEBL) to MSCI FM Index with no deletions. Under Small Cap Index, a total of 11 new scrips were added including AGP, JVDC, GCIL, ICL, SITC, TOMCL, BBFL, GGL, IPAK, SPEL and GATI while 2 companies were removed (BOP and ATBA) from Small Cap. This brings total number of companies in FM Standard Index to 30 companies and 76 companies under FM Small Cap Index.

Market Performance

Market Activity

MSCI Frontier Market Index

Exhibit: MSCI Frontier Market Index

#	Company	Status	FIF Mkt Cap (USDmn)	Weight (%)
1	FFC	No Change	1,486	0.9%
2	UBL	No Change	1,201	0.7%
3	ENGROH	No Change	747	0.4%
4	MEBL	Addition	728	0.4%
5	LUCK	No Change	719	0.4%
6	HUBC	No Change	702	0.4%
7	HLB	No Change	635	0.4%
8	MARI	No Change	598	0.3%
9	OGDC	No Change	589	0.3%
10	BAHL	No Change	539	0.3%
11	MCB	No Change	537	0.3%
12	SYS	No Change	485	0.3%
13	PPL	No Change	454	0.3%
14	EFERT	No Change	444	0.3%
15	NBP	No Change	420	0.2%
16	PSO	No Change	375	0.2%
17	POL	No Change	301	0.2%
18	BAFL	No Change	281	0.2%
19	BOP	Addition	174	0.1%
20	DGKC	No Change	173	0.1%
21	FCCL	No Change	162	0.1%
22	MLCF	No Change	161	0.1%
23	MTL	No Change	160	0.1%
24	AKBL	Addition	152	0.1%
25	FABL	No Change	142	0.1%
26	SAZEW	No Change	139	0.1%
27	SNGP	No Change	133	0.1%
28	SEARL	No Change	105	0.1%
29	ABOT	No Change	98	0.1%
30	ILP	No Change	83	0.0%

Source: MSCI, PSX, IGI Research, *as at 31-Oct-2025

Exhibit: MSCI FM Small Cap Index

#	Company	FIF Mkt Cap (USDmn)	#	Company	FIF Mkt Cap (USDmn)	#	Company	FIF Mkt Cap (USDmn)
1	CHCC	126.6	27	LOTCEM	35.8	53	BBFL	18.2
2	PAEL	96.0	28	CPHL	34.1	54	GATM	18.0
3	TRG	92.7	29	NRL	32.7	55	SGF	16.8
4	NML	80.7	30	SNBL	30.8	56	JSCL	16.6
5	AICL	80.4	31	JSBL	29.6	57	GGL	15.6
6	PIOC	79.6	32	HUMNL	29.4	58	ASL	14.9
7	PSX	79.2	33	IGIHL	29.3	59	BFBIO	14.6
8	NATF	75.9	34	UNITY	28.6	60	CEPB	13.5
9	ATLH	64.3	35	ACPL	28.1	61	ARPL	13.5
10	AGP	57.9	36	PRL	27.7	62	PAKRI	13.1
11	THCCL	56.7	37	WTL	27.3	63	FCL	13.1
12	ISL	54.5	38	MUGHAL	26.5	64	NETSOL	12.7
13	SHFA	52.8	39	GCIL	26.1	65	LPL	12.7
14	TGL	47.6	40	ICL	24.7	66	CSAP	12.6
15	KAPCO	46.9	41	SITC	23.6	67	IPAK	12.3
16	GAL	45.0	42	AVN	23.4	68	PCAL	11.0
17	JVDC	43.9	43	EPCL	22.2	69	TPLP	10.9
18	GHNI	43.3	44	PAKOXY	22.2	70	EPQL	10.0
19	POWER	42.6	45	TREET	22.0	71	PREMA	9.1
20	GHGL	42.6	46	FEROZ	21.7	72	AGHA	8.6
21	MUREB	42.4	47	TOMCL	20.5	73	SPEL	8.4
22	INIL	41.0	48	FLYNG	20.3	74	BIFO	8.3
23	SSGC	39.1	49	JGICL	20.2	75	GATI	6.0
24	PIBTL	38.6	50	NPL	19.3	76	IDYM	4.6
25	CNERGY	37.4	51	NCL	19.2			
26	PABC	36.8	52	NCPL	18.7			

Source: MSCI, PSX, IGI Research, * as at 31-Oct-2025

ECONOMY

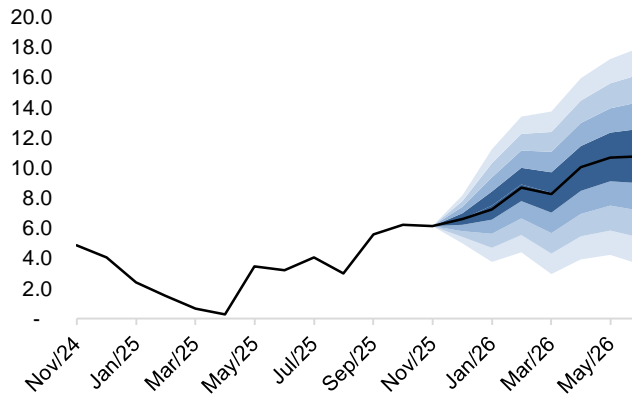


Economy

Inflation

Inflation Likely to Remain Elevated During 1HCY26 before Normalizing in 2HCY26

Exhibit: Headline on rise post floods after posting low of 0.3%/y in Apr-2025 (%)



- Inflation continued to drop in 2025...:** Inflation continued its downward trajectory during 1HCY25 with CPI clocking in at 3.2%/y for Jun-2025 against 4.1%/y in Dec-2024 with lowest reading of 0.3%/y in Apr-2025. This was largely due to high base effect, lower electricity charges due to negative FCA adjustment and decline in food prices. However, during 2HCY25 CPI clocked in at 4.1%/y and 3.0%/y for Jul-2025 and Aug-2025 respectively before rising sharply in Nov-2025 to 6.1%/y. This was mainly due to higher food prices impacted by 2025 floods in Aug/Sep-2025.
- For FY25, average inflation stood at 4.6%/y compared to 23.9%/y in FY24.** This considerable drop in inflation during FY25 was mainly led by lower food prices, electricity charges and high base effect. For 5MFY25 average inflation stands at 5.0%/y compared to 7.9%/y in the same period last year.
- Higher food prices post flood along with gas price adjustment:** During 4MFY26, inflation reading pushed higher mainly led by higher food prices as a result of Floods during Monsoon season. However, impact of flood remained lower than expectation as most crops were already harvested while only cotton and sugar remained most impacted. Nevertheless, border closure and domestic supply disruptions caused temporary spike where local supply is expected to start easing post Nov-2025. Food prices increased by average 1.9%/m in 5MFY26 against 0.2%/m average in FY25. Furthermore, gas price adjustment in Jul-2025 and higher electricity charges in Oct-2025 lifted housing index with average monthly increase of 1.8%/m during 5MFY26 against -0.1%/m in FY25.
- Inflation likely to average between 6-7% for FY26:** We expect inflation is likely to average 6.8% for FY26 mainly due to higher food prices, adjustment in energy prices and low base effect during 2HFY26. Based on our estimates, inflation is likely to touch 10% by end of FY26 and drop below 7% by end of Dec-2026 led by easing food prices and higher base effect. Our inflation outlook remains inline with SBP's expectation of inflation spiking above SBP's target range of 5-7% during 1HCY26 and thereafter normalizing within target range during 2HCY26.
- Key risk to inflation outlook:** In our view, rise in international oil prices, PKR depreciation, new taxation measures, domestic food supply disruption and adjustment in energy prices (electricity and gas) remain key risks to our inflation outlook.

Economy

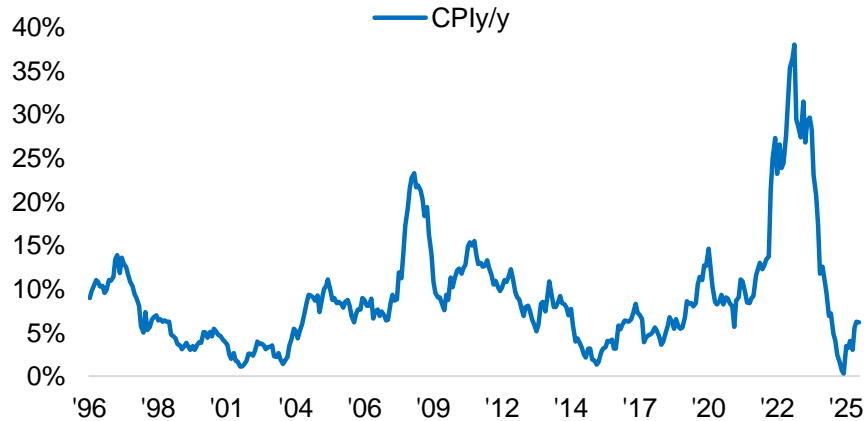
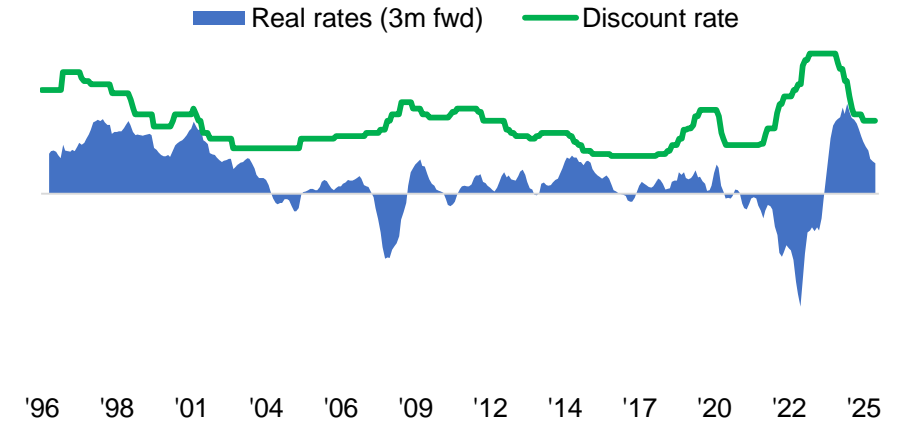
Rates to Remain Steady in 2026; Inflation to Pick up Before Normalizing in FY27

Monetary Policy

- **Policy Rate down by 200bps in 2025:** As inflation continued its downward trajectory during 1HCY25, SBP slashed interest rates cumulatively by 200bps to 11% by May-2025. However, from May-2025 inflation started to pick up owing to low base effect and higher food prices. However, post 2025 floods in Aug/Sep-2025, inflation jumped sharply in Sep-2025 and Oct-2025 to 5.6% and 6.2% respectively led by higher food prices. As a result, SBP adopted a more prudent approach and has kept rates unchanged during 2HCY25 citing global uncertainty with respect to tariff, higher food prices post floods along with domestic food supply frictions and volatile commodity prices.
- **Real rates to remain positive despite inflation spike:** Based on Nov-2025 inflation reading of 6.1%, real rates stand at 4.9% indicating further room for rate cuts. However, core inflation has remained sticky at 7-8%, which has prompted SBP to adopt a cautious stance and keep rates steady at 11% despite inflation reading of below 7% and average inflation of 5.0% in 5MFY26.
- **Real rates adequately positive to keep inflation in check:** Considering risk to inflation outlook, MPC has noted in its recent meetings that real rates are adequately positive to stabilize inflation within its target range of 5-7% while keeping growth in view as recent indicators are pointing to gradual increase in economic activity. Recent LSMI reading has also posted 4.08%/y increase during 3MFY26. The Committee noted that external and fiscal buffers remain key in absorbing future shocks and facilitate continued pickup in economic activity without putting pressure on inflation and external accounts.
- **Policy rate to remain stable in near term:** We expect SBP is likely to hold rates steady in 2026 considering food supply risk and energy price adjustment which may push inflation above SBP's target range of 5-7% during 1HCY26. However, as supply situation eases and prices normalize, inflation is likely to revert back to within SBP's target range during 2HCY26.

Economy

Inflation & Monetary Policy

Exhibit: Pakistan CPI Historical – Inflation picking up after posting low of 0.3%**Exhibit:** Policy Rate and 3M forward Real Rates**Exhibit:** National CPI Heat Map

	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25	Dec-24
General	6.1	6.2	5.6	3.0	4.1	3.2	3.5	0.3	0.7	1.5	2.4	4.1
Food	5.5	5.6	5.0	-1.8	0.9	2.6	3.1	-4.8	-5.1	-4.1	-3.1	0.3
Transport	6.1	6.7	4.2	2.5	2.7	0.6	-2.5	-3.9	-1.2	-1.1	0.7	-2.5
Utility/Rent	5.3	4.2	3.7	3.6	3.6	-3.3	-2.5	-2.6	-2.2	-0.6	1.5	3.4
Essentials	6.9	8.3	8.4	8.5	8.5	9.1	9.6	9.6	12.2	12.2	12.2	13.2
Disc.	7.6	8.0	7.2	7.3	7.6	8.2	8.3	8.1	8.1	8.3	8.1	8.2

Source: PBS, IGI Research

Economy
Current Account Balance

Higher Remittances to Support Rising Imports Keeping C/a Manageable

- **C/a balance widened during 4MFY26:** During 4MFY26, Current Balance expanded to post a deficit of US\$ 0.73bn compared to a deficit of US\$ 0.21bn in the same period last year. During 4MFY26, current account remained in deficit for 3 months (Jul, Aug and Oct). Higher trade balance led by substantial rise in imports and subdued exports and widened services deficit led to overall higher C/a deficit during 4MFY26 however, +9%y/y rise in remittances restricted further slippage.
- **Higher remittances to offset higher trade deficit:** We expect deficit to settle at US\$ 2.8bn (or 0.6% of GDP) in FY26. C/a deficit is likely to remain manageable owing to strong inflows through remittances as export growth likely to remain subdued. Imports are likely to pick up sharply as economic activity increased however, decline in oil prices is likely to keep imports growth restricted. Growth in imports would be mainly led by machinery and textile imports mainly due to surge in cotton imports. Exports are likely to be supported by growth in other sector exports. As a result, we expect trade deficit to settle at US\$ 33.5bn (or 8% of GDP).
- **Higher Remittances to restrict overall deficit:** During 5MFY26, remittances have increased by nearly +9%y/y to US\$ 16.15bn compared to US\$ 14.77bn in the same period last year. Increase in remittance was mainly led by EU, U.A.E and Saudi Arabia with +19%y/y, +14%y/y and +7%y/y growth respectively. However, inflows from USA declined by 7%y/y. Higher remittances are largely supported by curb in illegal flow of currency. We expect overall remittances to clock in at US\$ 41.0bn in FY26, up by +7%y/y compared to US\$ 38.3bn last year.

Economy

Current Account Balance

Exhibit: Current Account Balance (US\$ bn)

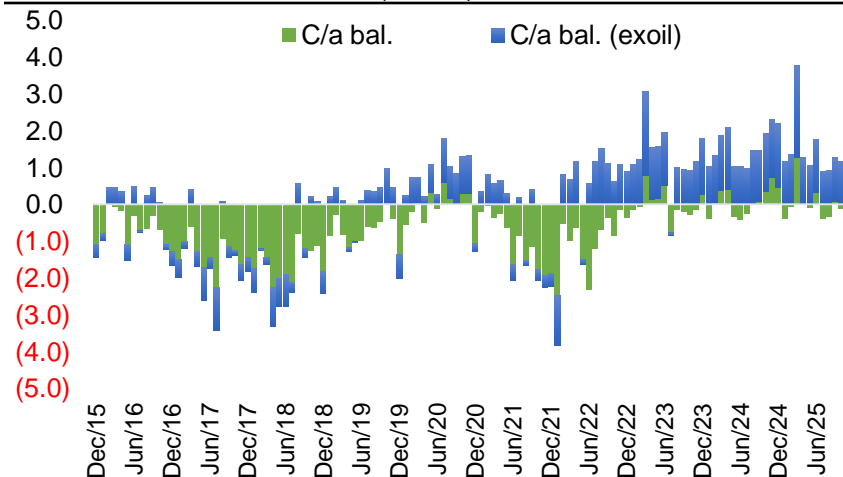


Exhibit: Historical Trade Balance (US\$ mn)

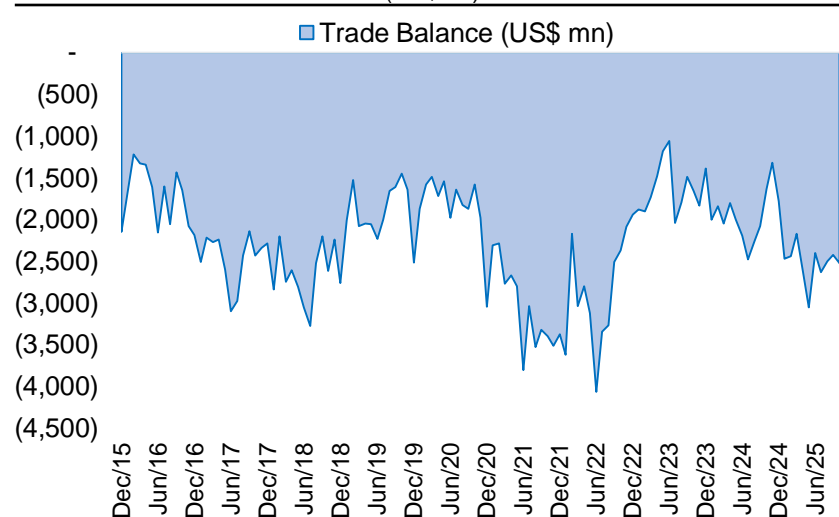


Exhibit: SBP Foreign Exchange (FX) Reserves and import Coverage (x)

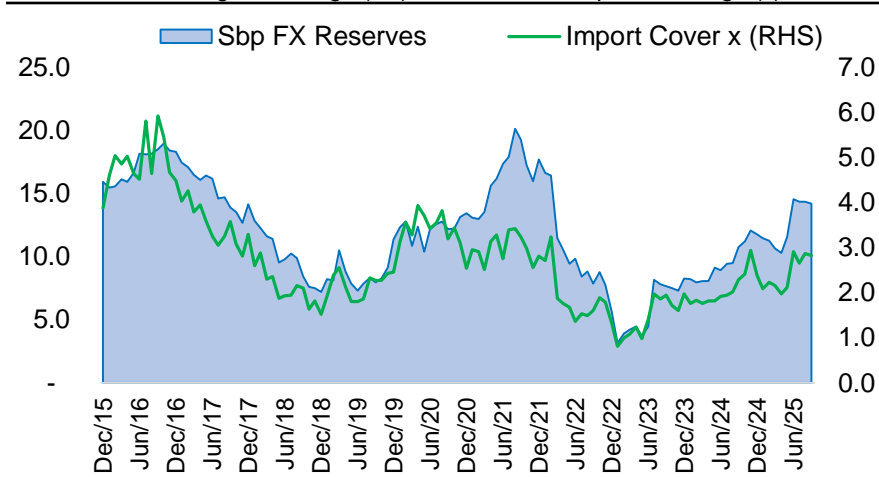
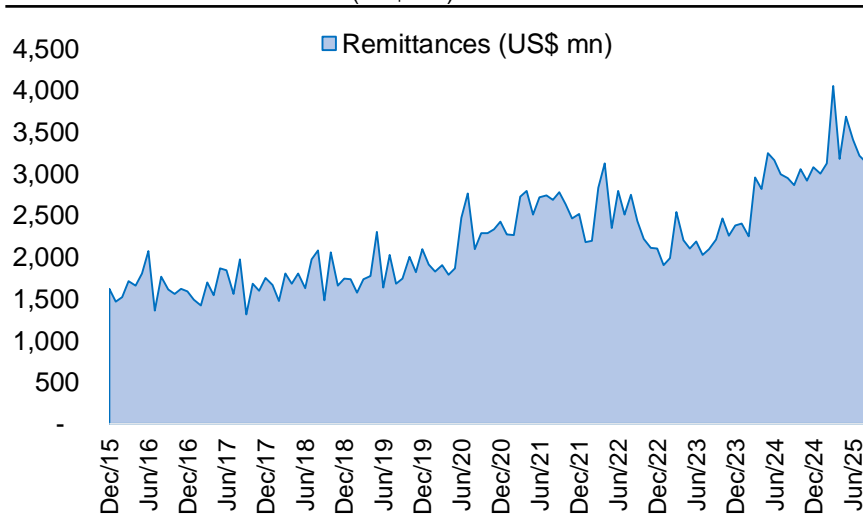


Exhibit: Historical Remittances (US\$ mn)



Source: SBP, IGI Research (Data available as at 10-Dec-2025)

Economy
Foreign Exchange Reserves and PKR

Exchange Rate to Depreciate Slightly; No Significant Pressure Expected

- **PKR weakened marginally in 2025:** After appreciating 1.2%/y/y in 2024, PKR remained relatively stable and depreciated marginally by 0.7%/y/y (10-Dec-2025) so far in 2025. This stability in PKR over last 2 years is mainly driven by efficient FX management, curb on non-essential imports and illegal flow of dollars. PKR depreciated by 1.9% during 1HCY25 touching high of 284.97 against greenback in Jul-25 however, has appreciated by 1.2% (10-Dec-2025) in 2HCY25 so far.
- **PKR likely to Depreciate slightly in FY26:** In our view, we expect currency to average at PKR 284/USD in FY26 and close at PKR 287/USD in Jun-26 depicting a depreciation of 1.7%/y/y and 1.1%/y/y respectively. We expect exchange rate to stand at PKR 280/USD at Dec-25. To note, sustainability of remittances, manageable C/a deficit (0-1% of GDP) and support from friendly countries, Multilateral and Bilateral Partners remain critical for stability of PKR.
- **SBP reserves likely to stand at US\$ 17.8bn by Jun-26:** SBP has been able to buildup forex reserves which currently stand at US\$ 14.5bn as at 31-Oct-2025 which stood at US\$ 11.73bn at Dec-2024. This was achieved by buying excess liquidity from local market due to lower demand, rollover of debt and improvement in current account balance despite making timely debt repayments. Considering stable PKR and C/a likely to remain manageable between 0-1% of GDP in FY26, we expect SBP's Forex reserves are likely to further increase to US\$ 17.5bn by end of FY26.
- **External inflows key in meeting obligations:** In our view, as trade deficit is expected to widen in 2026, financial inflows remain critical in building FX reserves. In this regard, continuation of IMF program remains critical along side potential support from friendly countries. Further improvement in sovereign rating may also reduce cost and allow Pakistan to raise funds through international bonds. Debt repayments for FY26 stand at US\$ 25.9bn including US\$ 4.1bn in interest and US\$ 21.8bn in principal. Out of these US\$ 3.1bn have been repaid along with rollovers. SBP has noted that the remaining obligations will be serviced in a timely manner as they come due.

Economy

Foreign Exchange Reserves and PKR

Exhibit: US\$/PKR historical

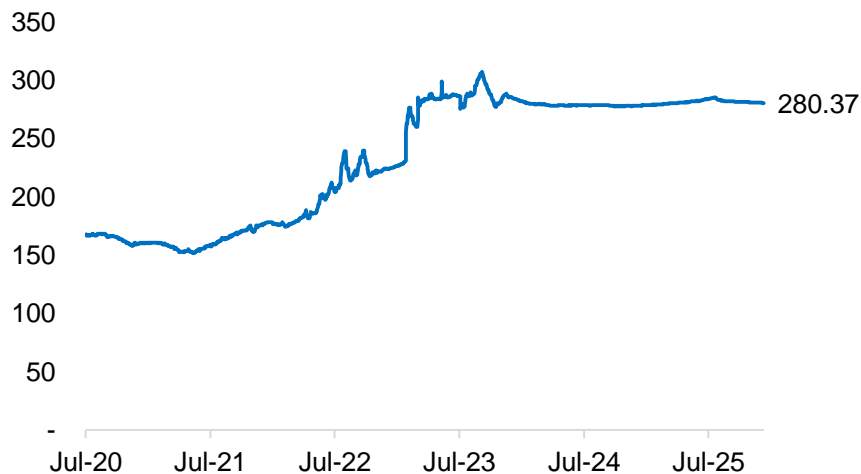
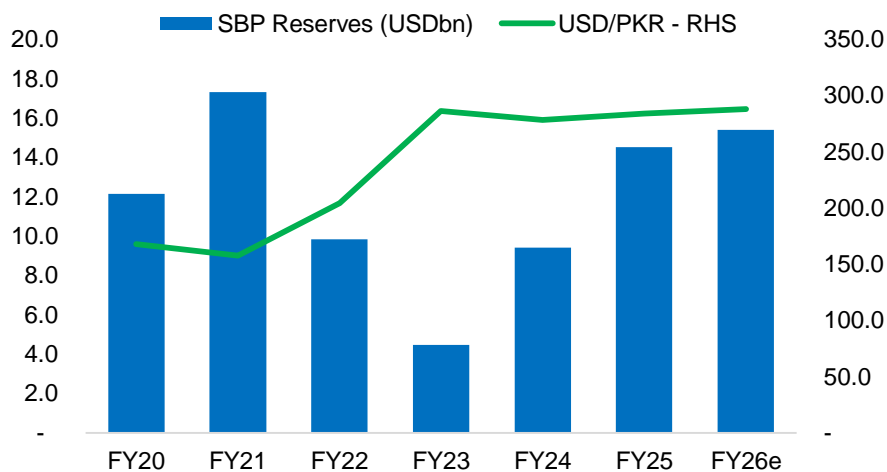


Exhibit: SBP reserves and exchange rate (period end)



Source: PBS, SBP, IGI Research (10-Dec-2025)

Exhibit: Historical PKR Movement against US\$ (annual)

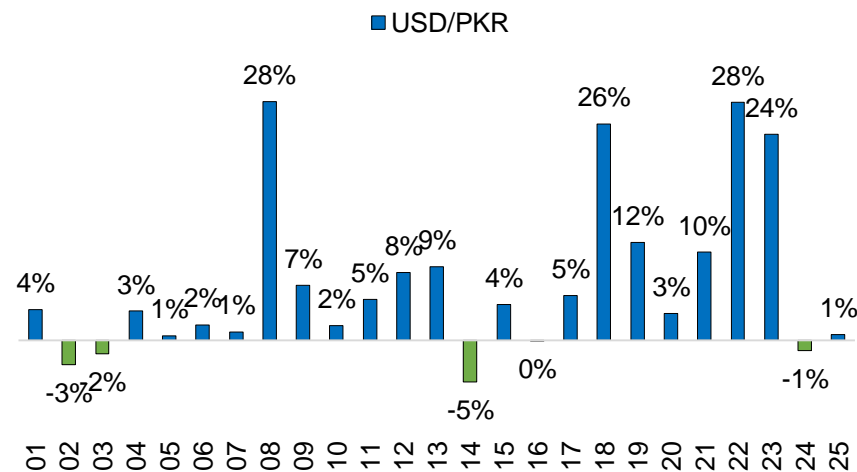
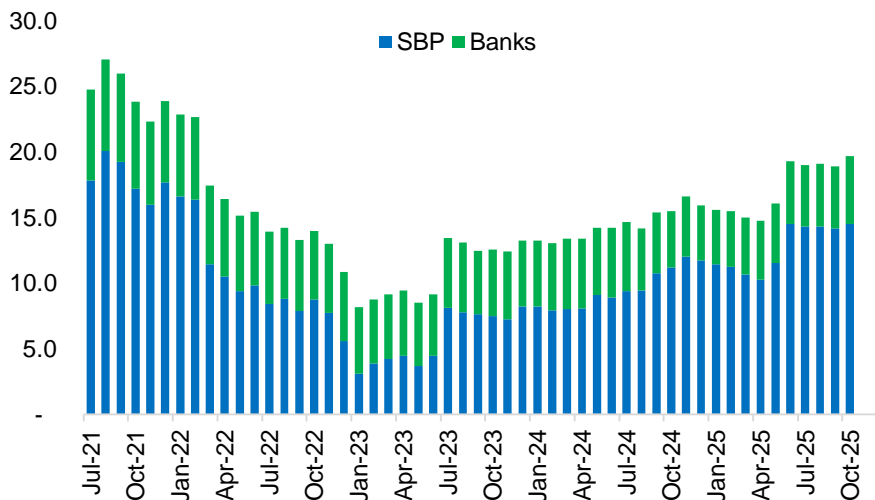


Exhibit: Monthly breakup of FX reserves (US\$ bn)



Economy

Growth

GDP Growth Likely at 3.3% for FY26:

- **GDP growth stood at 3.0% for FY25:** As per revised numbers published by National Accounts Committee (NAC) GDP growth stood at 3.0% for FY25. GDP growth during FY25 was mainly led by Industrial sector posting 5.3% growth. Services sector posted 3.0% growth while agriculture sector posted nominal growth of 1.5% during FY25.
- **GDP likely to settle at 3.3% in FY26:** We expect Pakistan GDP growth to settle at 3.3% in FY26 mainly led by growth in services and industrial sector. Agriculture yields are likely to pick up for Rabi crops owing to higher water availability however, production of Kharif crop was impacted by 2025 Floods mostly for cotton thus leading to expected 2.8% growth in FY26. Improvement is expected in industrial sector owing to decline in interest rates and pick up in economic activity. As a result we anticipate, industrial sector to post +4.3% growth in FY26. For services sector we expect growth momentum to continue in FY26 and deliver a 3.3% increase.

Exhibit: Historical GDP Growth (%)

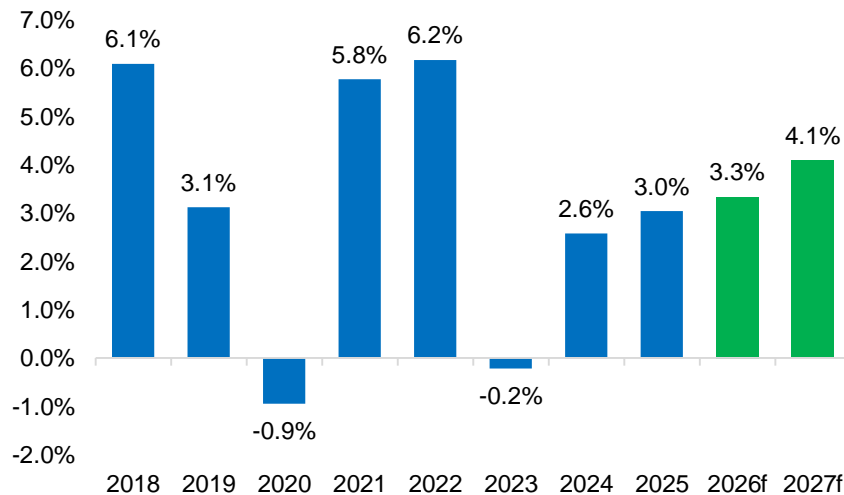
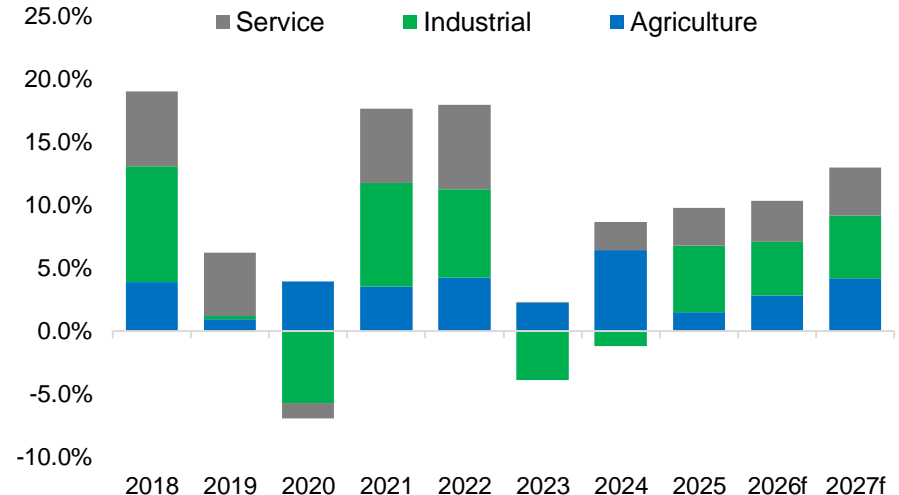


Exhibit: Sector wise contribution to GDP.(%)



Source: PBS, IGI Research

Economy

Floods 2025: What it Meant for Pakistan

- Human and Economic Toll of the 2025 Floods:** Between late June and mid-September 2025, Pakistan experienced one of its most severe monsoon seasons in decades, with heavy and prolonged rains causing flash floods in northern Khyber Pakhtunkhwa (KP) and Gilgit-Baltistan and riverine flooding in Punjab and Sindh. Major rivers, including the Indus, Sutlej, Ravi, Jhelum, and Chenab, breached their banks, resulting in Punjab experiencing its worst flooding in 40 years. By the end of September, over 6.9 million people were affected, including 4.7 million in Punjab, 1.6 million in KP, 356,000 in Gilgit-Baltistan, and 185,000 in Sindh. Floods claimed over 1,000+ lives, and displaced around 3 million people. Infrastructure damage was extensive, with over 229,700 homes, 790 bridges, and 2,811 km of roads destroyed or damaged.
- Floods Impact & its Recovery:** The floods adversely affected various sectors in Pakistan, particularly agribusiness, cement, construction, and logistics sectors, driven by operational disruption, higher reconstruction costs, and massive crop damage. Agriculture suffered severely, with 2.2 million hectares of cropland affected and over 22,800 livestock lost, resulting in US\$1.23 billion in agricultural losses across Punjab, Sindh, and KP. These losses, combined with disrupted markets, pushed up food prices, with wheat flour rising +25% in early September. Despite initial volatility, the PSX rebounded quickly once relief efforts and stabilization measures were implemented. In the medium term, the scale of destruction created reconstruction-driven demand, offering growth in housing, infrastructure, and related sectors. Overall, the 2025 floods represented a severe but transient economic shock, highlighting Pakistan's vulnerability to climate-linked extreme weather.

Economy

Fiscal Accounts

Continued Fiscal Consolidation to Further Reduce Deficit in FY26

- **Fiscal discipline reduced overall deficit in FY25:** During FY25, Fiscal deficit dropped to PKR 6.17trn from PKR 7.21trn in FY24, and as a % of GDP Budget deficit declined from 6.8% in FY24 to 5.4% in FY25. Moreover, Pakistan achieved primary surplus of PKR 2.72trn in FY25 compared to primary surplus of PKR 0.95trn in FY24 mainly due to significantly higher profits from State Bank of Pakistan (SBP).
- **SBP profits helped post another surplus despite revenue shortfall:** In the 5MFY26, FBR's revenue shortfall stood at PKR 428bn with collection of PKR 4.72trn against the target of PKR 5.14trn. This has been mainly due to decline in sales tax collection and shortfall in income tax collection by PKR 177bn. However, collection of custom duty exceeded its target. Higher SBP profits kept fiscal balance in surplus to the tune of PKR 2.12trn similar to last year same period with primary surplus standing at PKR 3.5trn during 1QFY26. Recently, FBR has notified that it may miss its target by PKR 560bn for 1HFY26. Although IMF has reduced the FBR's tax collection target to PKR 13.98trn for FY26, Government has committed to IMF to introduce mini-budget to impose additional taxes to meet shortfall which may include raising FED on fertilizer and pesticides, excise duty on high value sugary items and imposing standard sales tax on further items.
- **Fiscal Deficit likely to settle at 4.5% of GDP:** Despite revenue shortfall in 4MFY26, we expect tax collection to improve in 2HFY26. In our view, Primary balance is likely to remain in surplus in line with IMF requirement and settle at 2.4% of GDP. Higher spending related to flood relief is likely to expand fiscal deficit in FY26 and settle at 4.5% of GDP. However, the impact is likely to be substantially lower than expected as overall damages due to floods remained far below anticipated. So far Finance Minister has refuted the need for mini-budget. Government may likely reduce PSDP allocation to compensate for revenue shortfall if shortfall persists.

Economy**Fiscal Accounts**

Exhibit: Pakistan Fiscal balance

In PKR bn	2021	2022	2023	2024	2025	2026f	2027f
Total Revenue	6,903	8,035	9,634	13,269	17,997	19,419	20,781
Tax Revenues	5,273	6,755	7,819	10,085	12,723	14,250	16,387
Non-Tax Revenues	1,631	1,280	1,815	3,184	5,275	5,169	4,394
Current Expenditure	9,084	11,521	14,448	18,571	21,529	24,697	28,331
Interest Payments	2,750	3,182	5,696	8,160	8,887	8,176	8,340
Defense	1,316	1,412	1,586	1,859	2,194	2,523	2,750
Development Expenditure	1,316	1,657	1,953	2,078	2,966	3,055	3,238
PSDP	1,211	1,617	1,893	1,827	2,983	3,371	3,810
Primary Balance	-654	-2,077	-826	953	2,719	3,046	2,893
Budget Deficit	-3,403	-5,260	-6,522	-7,207	-6,168	-5,728	-6,934
GDP (PKRbn)	47,709	66,950	83,651	106,045	114,692	127,286	141,514
%age of gdp							
Total Revenue	14.5%	12.0%	11.5%	12.5%	15.7%	15.3%	14.7%
Tax Revenues	11.1%	10.1%	9.3%	9.5%	11.1%	11.2%	11.6%
Non-Tax Revenues	3.4%	1.9%	2.2%	3.0%	4.6%	4.1%	3.1%
Current Expenditure	19.0%	17.2%	17.3%	17.5%	18.8%	19.4%	20.0%
Interest Payments	5.8%	4.8%	6.8%	7.7%	7.7%	6.4%	5.9%
Defense	2.8%	2.1%	1.9%	1.8%	1.9%	2.0%	1.9%
Development Expenditure	2.8%	2.5%	2.3%	2.0%	2.6%	2.4%	2.3%
PSDP	2.5%	2.4%	2.3%	1.7%	2.6%	2.6%	2.7%
Primary Balance	-1.4%	-3.1%	-1.0%	0.9%	2.4%	2.4%	2.0%
Budget Deficit	-7.1%	-7.9%	-7.8%	-6.8%	-5.4%	-4.5%	-4.9%

Source: Ministry of Finance, IGI Research

Economy**Key Macroeconomic Indicators****Exhibit: Pakistan key economic forecasts**

		2022a	2023a	2024a	2025a	2026f	2027f
Real Sector							
GDP (growth rate)	%	6.2%	-0.2%	2.6%	3.0%	3.3%	4.1%
GDP (in PKR)	PKRtn	67	84	105	115	127	142
GDP (in US\$)	US\$bn	375.6	333.4	371.1	410.2	442.7	476.0
GDP per Capita	US\$	1,654.8	1,440.6	1,572.8	1,705.5	1,805.5	1,904.1
Prices and Policy Rate							
CPI (National)	%y/y	12%	29%	24%	5%	7%	7%
Policy Rate (Target)	%	14%	22%	21%	11%	11%	10%
External Accounts							
Current Account Balance	US\$bn	(17.5)	(3.3)	(2.1)	1.9	(2.8)	(4.2)
Exports (G)	US\$bn	32.5	27.9	31.0	32.3	31.7	33.9
Imports (G)	US\$bn	71.5	52.7	53.2	59.1	64.9	63.4
Trade Balance	US\$bn	(39.1)	(24.8)	(22.2)	(26.8)	(33.2)	(29.5)
Remittances	US\$bn	31.3	27.3	30.3	38.3	41.0	42.6
Curr. Acc Bal. / GDP	%	-5%	-1%	-1%	0%	-1%	-1%
Trade Balance / GDP	%	-10%	-7%	-6%	-7%	-8%	-6%
Total: Import Cover	x	4.0	2.0	3.1	3.3	4.1	4.5
Fx Reserves	US\$bn	15.4	9.2	14.0	19.3	22.2	23.8
USD (close.)		204.4	286.0	278.3	283.8	287.5	297.6
Fiscal Accounts							
Total Revenue	%age of GDP	12%	12%	13%	16%	16%	16%
Tax Revenues	%age of GDP	10%	9%	10%	11%	12%	13%
Non-Tax Revenues	%age of GDP	2%	2%	3%	5%	4%	3%
Budget Deficit	%age of GDP	-8%	-8%	-7%	-5%	-5%	-5%
Primary Deficit	%age of GDP	-3%	-1%	1%	2%	2%	2%

Source: SBP, PBS, IGI Research

Economy
Pakistan and IMF

IMF; Economic Stability as Pakistan Remains on Track with Fund's Requirement

- **Pakistan on track with IMF EFF program:** International Monetary Fund (IMF) in Sep-24 approved 37-Month Extended Fund Facility (EFF) for Pakistan worth US\$ 7bn (SDR 5,320mn). Pakistan so far has successfully concluded 1st review under EFF early in 2025 and has reached Staff Level Agreement (SLA) on the second review and gotten IMF board approval of US\$ 1.3bn for EFF and RSF on 08-Dec-25. Pakistan has so far received 2 tranches worth US\$ 1.2bn each and post approval of 2nd review will further receive US\$ 1.3bn. Pakistan remains on track with IMF program meeting majority of the criteria under the program requirement.
- **GDP Forecast revised down to 3.2%:** Post Board Approval, IMF in its press release has revised down GDP projection to 3.2% for FY26 from earlier 3.6%, however, CPI estimate has also been revised down to 6.3% from earlier 7.7% issued in May-25. IMF has revised upwards its C/a Deficit forecast to 0.6% of GDP from earlier 0.4%. The Fund expects SBP's reserves to stand at US\$ 17.8bn by Jun-26. Fiscal deficit is expected to stand at 4% of GDP while primary surplus is likely to settle at 2.5% of GDP as per IMF's projections. IMF has extended the action plan timeline to end of Dec-25 to address corruption and governance related weaknesses. IMF waived few condition for Jun end and relaxed at least 3 conditions for next review including primary surplus target, new income tax returns and BISP spending.
- **Program focus:** The IMF Program focuses on measures to reinforce fiscal and monetary policies, market determined exchange rate, expand the tax base, improve the management of State-Owned Enterprises (SOEs), enhance competition, ensure fair investment opportunities, develop human capital, and increase the scope and benefits of social protection, particularly through the Benazir Income Support Program (BISP).
- **Governance report part of IMF requirement:** Government in Nov-2025 published the long demanded Governance and Corruption Diagnostic Report as per IMF requirement. Under the report IMF highlighted severe corruption as primary reason behind economic crisis. IMF noted that governance reforms can increase GDP by 5-6.5% over 5 years. IMF noted that there is lack of accountability of public resource allocation, weak fiscal management and cash monitoring. IMF has demanded immediate steps to enhance improve transparency and fiscal management in Treasury Single Account (TSA) to better utilize taxpayer money within next 3-6 months. If implemented this could improve fiscal imbalances and provide funds to be optimally utilized for government priorities.

Economy

Pakistan and IMF

IMF sets 11 new structural benchmarks for Pakistan including governance, fiscal and trade reforms

- **IMF Sets New Structural Benchmarks for Pakistan, Targeting Tax, Governance, Energy, and Trade Reform:** The IMF has set 11 new conditions for Pakistan, covering important reforms in taxation, governance, financial markets, energy, state-owned enterprises (SOEs), and trade policy. These include preparing a 3–5 year tax reform strategy with clear timelines, priorities, and performance measures; publishing asset declarations of senior federal officials to improve transparency; and creating a plan to reduce corruption in high-risk departments.
- IMF has also asked Pakistan to study the costs and barriers for remittances and prepare a plan to increase foreign exchange inflows, as well as to analyze bottlenecks in the local bond market and develop measures to deepen and diversify it. On the energy side, Pakistan must finalize steps to allow private participation in HESCO and SEPCO to improve efficiency, while in SOEs, it must sign public service obligation agreements for the largest companies. In trade, the government is required to liberalize the sugar market and make legislative changes to the Companies Act and SEZ laws to support better governance and investment.

Economy	Pakistan and IMF		
New Structural Benchmarks		Rationale	Date
Fiscal			
Finalize a roadmap by end-December 2025 that includes at least: (i) prioritization of key reform areas; (ii) staffing requirements and roles; (iii) specific timelines and milestones; (iv) revenue impact estimates; and (v) key performance indicators (KPIs) to monitor progress and outcomes (e.g. the number of audits, number of transactions covered by digital invoicing, etc.). Based on the roadmap, complete all actions necessary to fully implement at least three priority areas agreed with IMF staff, including any required subordinate legislation, staff hiring and allocation, and initial KPI reporting	Enhance the effectiveness of the FBR.	end-March 2026	
Develop and publish a comprehensive medium-term (3 to 5 years) tax reform strategy that includes at least: (i) a sequenced roadmap of tax policy, administration, and legal reforms; (ii) clear governance arrangements; and (iii) a resource plan for implementation.	Strengthen the predictability and sustainability of tax revenue.	end-December 2026	
Governance			
Publish in a government website the asset declarations of high-level federal civil servant in line with the June 2025 legislative amendments	Enhance transparency and accountability.	end-December 2026	
Publish an action plan to mitigate corruption vulnerabilities in identified departments based on an institutional-level risk assessment.	Identify and mitigate severe corruption vulnerabilities	end-October 2026	
Monetary and Financials			
Complete a comprehensive assessment of remittance costs and structural impediments to cross-border payments, complemented by an action plan.	Boost FX inflows sustainably	end-May 2026	
Conduct a comprehensive study of the bottlenecks for local currency bond market development and publish a strategic action plan to address areas of improvement.	Develop financial markets and diversify the investor base.	end-September 2026	
Energy Sector			
Finalize preconditions for the private sector participation processes for HESCO and SEPCO.insurance legislation	Improve DISCO management and efficiency.	end-December 2026	

Source: IMF, IGI Research

Economy		Pakistan and IMF	
Structural Benchmarks		Rationale	Date
State-Owned Enterprises			
The government will sign public service obligations (PSO) agreements with each of the 7 largest PSOs before submission to Parliament of the FY27 budget, in line with updated manuals and guidelines in accordance with the SOE Act and Policy.		Improve transparency and costing of public obligations.	end-June 2026
Trade, Investment Policy, and Deregulation			
Federal and provincial governments will agree and the federal cabinet will adopt a national policy for sugar market liberalization containing key recommendations on licensing, price controls, import/export permissions, and zoning, and clear timelines for implementation.		Liberalize commodity markets.	end-June 2026
Prepare and submit to parliament legislative amendments to the Companies Act, 2017 to strengthen compliance for unlisted firms, modernize corporate governance structures, and align corporate regulations with international best practices.		Reduce regulatory uncertainty, enhance transparency, and support capital market development.	end-June 2026
Prepare and publish a concept note defining the scope, objectives, and expected outcomes of legislative amendments to the SEZ Act, including the rationale for reform, proposed KPIs, and the shift from profit to cost-based incentives.		Improve efficiency and provide a level playing field for investment.	end-June 2026

Source: IMF, IGI Research

Economy**Pakistan and IMF****Exhibit: Pakistan and IMF**

Facility	Start Date	Expiration Date	Amount (SDR)	Amount Drawn (SDR)
Standby Arrangement	Dec-58	Sep-59	25	-
Standby Arrangement	Mar-65	Mar-66	38	38
Standby Arrangement	Oct-68	Oct-69	75	75
Standby Arrangement	May-72	May-73	100	84
Standby Arrangement	Aug-73	Aug-74	75	75
Standby Arrangement	Nov-74	Nov-75	75	75
Standby Arrangement	Mar-77	Mar-78	80	80
Extended Fund Facility	Nov-80	Dec-81	1,268	349
Extended Fund Facility	Dec-81	Nov-83	919	730
Structural Adjustment Facility Commitment	Dec-88	Dec-91	382	382
Standby Arrangement	Dec-88	Nov-90	273	194
Standby Arrangement	Sep-93	Feb-94	265	88
Extended Credit Facility	Feb-94	Dec-95	607	172
Extended Fund Facility	Feb-94	Dec-95	379	123
Standby Arrangement	Dec-95	Sep-97	563	295
Extended Fund Facility	Oct-97	Oct-00	455	114
Extended Credit Facility	Oct-97	Oct-00	682	265
Standby Arrangement	Nov-00	Sep-01	465	465
Extended Credit Facility	Dec-01	Dec-04	1,034	861
Standby Arrangement	Nov-08	Sep-11	7,236	4,936
Extended Fund Facility	Sep-13	Sep-16	4,393	4,393
Extended Fund Facility	Jul-19	Jun-23	4,988	2,144
Standby Arrangement	Jun-23	Mar-24	2,250	2,250
Extended Fund Facility	Jul-24	Aug-27	5,320	760

Source: IMF, IGI Research

Geopolitical and Political Developments

- Geopolitical Tensions were on the rise:** Year 2025 was marked by several high-intensity geopolitical disruptions, led by the May 2025 India–Pakistan military flare-up, which triggered airspace closures, cross-border strikes and the sharpest bout of market volatility during the year. This was followed by recurring Pakistan–Afghanistan border clashes, particularly in October, involving cross-fire and accusations of militant activity, which kept regional security concerns elevated. Pakistan also navigated persistent low-level frictions with Iran along the Balochistan border, while simultaneously pursuing a renewed diplomatic engagement with the United States, adding a layer of strategic rebalancing to the year. For the stock market, these tensions translated into short, sharp drawdowns during escalations, most notably in May followed by relief-driven recoveries when de-escalation or diplomatic progress became visible. Global tensions, especially the Israel–Iran escalation in June 2025 had a notable spillover effect on Pakistan’s market, triggering one of the sharpest global-risk sell-offs of the year. PSX dropped heavily as investors reacted to fears of a wider Middle Eastern conflict and rising oil prices, adding pressure to Pakistan’s external account. Moving Forward, Pakistan–Afghanistan dynamics will continue to depend on cross-border closures and militancy trends, keeping the western frontier unstable. Relations with Iran and India should stay manageable. Overall, the outlook is for intermittent flare-ups rather than sustained crises, should any tensions arise, markets may face short-lived shocks rather than structural disruptions.
- Political noise amid 27th amendment and NFC award:** Domestically, the year was dominated by PTI-led unrest, including nationwide protests, arrests, and court convictions through mid-2025, repeatedly injecting uncertainty into investor sentiment. This was compounded in October by a major crackdown on TLP, triggering city-level disruptions. In November, political noise intensified with the proposed 27th Constitutional Amendment, sparking protests over expanded institutional powers, alongside debates over the NFC Award 2025, which created provincial revenue-sharing tensions. Sporadic militant attacks in KP and Balochistan added to the background security risk. Together, these events produced a stop-start sentiment cycle at the PSX, with investors taking risk-off stances during agitation and rebounding whenever political clarity or resolutions emerged.

Source: Bloomberg, S&P, IGI Research

2025 Oil Price Trajectory - From Strong Demand to Oversupply Pressures

Exhibit: Oil prices (USD/bbl) – Arab Light

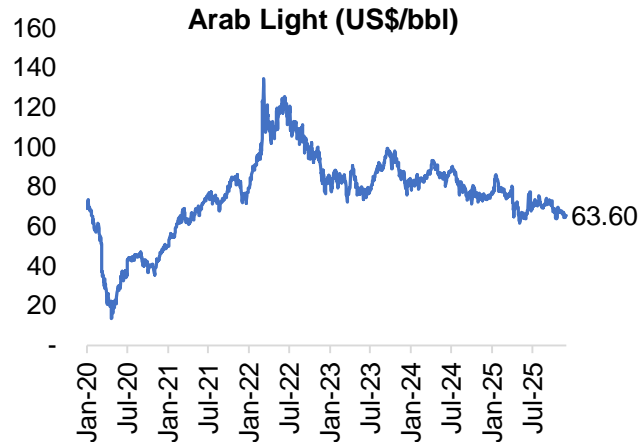
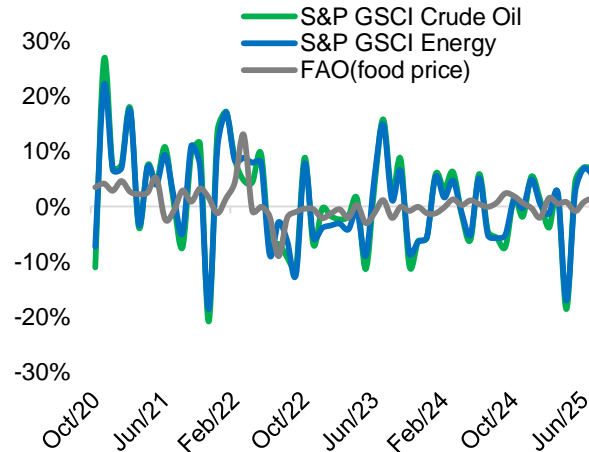


Exhibit: S&P Crude and Energy Price Index



- Oil Price decline:** Oil prices (Arab Light) have declined by nearly 18% in CY25TD to stand at US\$ 63.60/bbl (10-Dec-2025). Oil prices average nearly US\$ 71.5/bbl in CY25TD compared to average of US\$ 81.8/bbl in CY24. Decline in oil prices during CY25TD has been mainly led by lower demand from US and China, production increase by OPEC+ and oversupply.
- Strong Start Amid Demand & Geopolitics – Q1:** Oil prices began the year strong, with oil prices reaching the US\$ 85bbl mark early in Q1, supported by robust winter heating demand and ongoing geopolitical concerns, including Russia-Ukraine spillovers and potential U.S.-Iran sanctions threatening Middle East supply. However, by Feb-Mar, prices softened in the range of US\$ 75-80/bbl as weak macroeconomic data from major economies and a stronger U.S. dollar dampened demand expectations.
- Supply Surge & Mid-Year Volatility – Q2:** Second quarter saw a sharp shift as OPEC+ announced production increases, pushing oil to near-year lows of ~US\$ 61.8/bbl in May-25 amid expectations of a global supply surplus. Weak demand and continued output hikes kept prices under pressure through Apr-May. June brought partial recovery to the mid-US\$ 60s/bbl, aided by strong U.S. inventory draws, seasonal summer demand, and temporary North African disruptions. Geopolitical risks intensified mid-June when Israel struck Iran, sending oil up to US\$77/bbl. Following U.S. strikes on Iran and a subsequent ceasefire by Jun-25, supply concerns eased, and oil settled at \$68.5/bbl at qtr end.
- Balancing Supply Growth and Geopolitical Tensions – Q3:** Oil prices stabilized in the mid-US\$ 70-75/bbl range during the 3QCY26. despite increases in global crude supply, U.S. inventories remained near five-year lows, limiting downward pressure on prices. Heightened geopolitical risks such as Russia-Ukraine attacks, U.S. and EU sanctions on Russian oil, Middle East drone attacks on Iraqi oil fields, and ongoing Israel-Hamas tensions helped offset supply-driven price declines. By Sep-25, prices eased slightly to closed at US\$ 70.1/bbl as total output increases and eased geopolitical tensions lowered risk premiums.
- Oversupply Pressures and Year-End Decline – Q4:** The final quarter saw the market under continued pressure. October saw only modest rebounds, while November brought Brent down to the low-\$60s as global inventories rose and the outlook for 2026 signaled ample supply. Geopolitical drivers remained at bay, with market sentiment dominated by oversupply concerns.

Source: Bloomberg, Investing, IGI Research

Key Catalyst and Risk

- **Oil Price decline:** We expect oil prices to remain on the lower side (USD 65-70/bbl) during 2026 owing to weaker demand and ease in supply. However, any supply disruptions due to geopolitical tensions may cause oil prices to drift higher. Oil prices falling below US\$ 60/bbl is likely to benefit Pakistan in terms of lower import bill and inflation.
- **Offshore drilling:** After receiving promising results from offshore seismic surveys, Pakistan has offered stakes to E&P companies in offshore blocks with International Partners also expected to join such as Turkish Petroleum Overseas Company has already been awarded stake. Any substantial discovery could lift E&P sector earnings resulting in further valuation upside. This could also benefit in reducing import bill and bring down inflation. However, if wells are declared dry, this could significantly drag earnings as offshore drilling costs are generally high.
- **Gas circular debt resolution:** After signing financing agreements and clearing power sector circular debt, if Government pursues resolution of gas circular debt in 2026, this could potentially re-rate energy sector stocks such as OGDC, PPL, PSO, SNGP and SSGC. One of the proposals under consideration was to clear the stock through hefty dividends from E&P companies and re-routing funds through SNGP and SSGC to clear over dues. However, IMF has already discarded this proposal.
- **Political and Geopolitical tensions:** Geopolitical tensions witnessed a rise first Pak-India war followed by Israel-Iran and Pak-Afghan Conflict in 2025. If Pak-Afghan relations normalize and the border fully reopens, trade revival could significantly boost economic growth in FY26. Cement players like CHCC, FCCL, and MLCF, whose Afghan exports contribute 9.8%, 5.8%, and 3.1% of revenues, would benefit from resumed cement exports and coal imports. Pharmaceuticals, with exports contributing 1.9–8.1% of revenue could clear \$187 million worth of stranded consignments. However, Any further geopolitical tensions such as conflicts or war may pose significant upside risk to oil prices and global supply disruptions if any could push freight cost higher. Political noise may also negatively impact market sentiment as that may cause Policy Uncertainties, risk of IMF program derailment and slippages in other economic indicators.

Source: Bloomberg, S&P, Investing, IGI Research

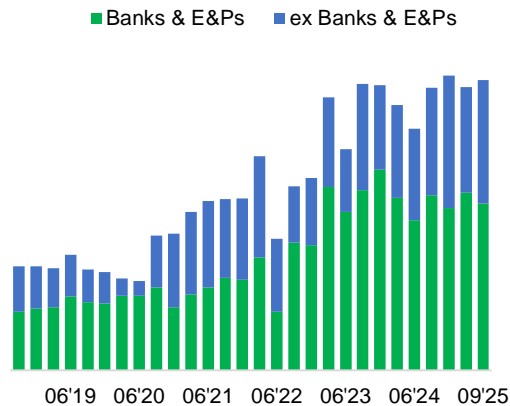
EQUITY MARKET OUTLOOK



Market Outlook

Earnings Outlook

Earnings Outlook



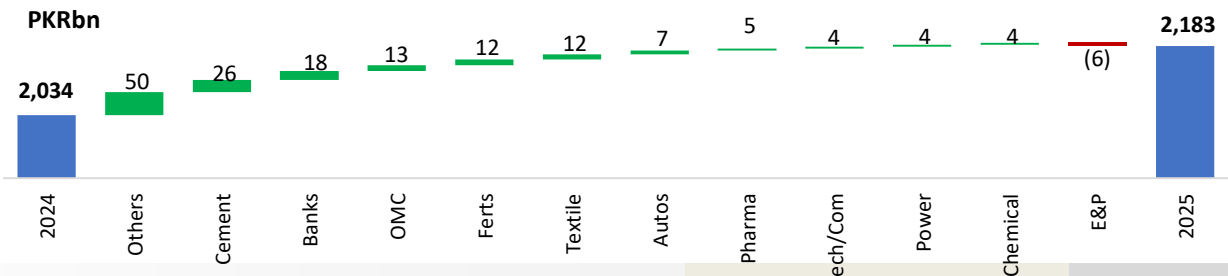
2025; Corporate earnings: Banks/Financials, Cements and Autos drove market earnings in 9MCY25
KSE100 posted earnings of PKR 1,207bn up by +7%/y/y. However, excluding oil & gas and banking, core manufacturing sectors, have posted +23%/y/y growth during the 9MCY25 owing to higher profits from Pharmaceutical, Cements, Autos and Fertilizer.

Exhibit: KSE100 Profitability

In PKRbn	9MCY25	9MCY24	y/y
Oil & Gas	292.7	333.7	-12%
Banks & Financials	483.8	439.6	10%
Total	776.6	773.3	0%
Other	430.3	349.6	23%
KSE100	1,206.8	1,122.9	7%

2026; Corporate Earnings to post +7%/y/y growth

In 2026, Corporate earnings are expected to grow by nearly 7%/y/y primarily led by Cements, Banks, OMCs and Fertilizer. Fertilizer sector earnings are likely to increase owing to higher offtakes. Cement sector earnings are likely to improve on account of improved economic activity leading to higher dispatches, lower raw material costs and interest rates. Power sector earnings are expected to improve mainly led by HUBC owing to profit contribution from Mega Motors. Earnings growth for OMC sector is likely to be led by PSO mainly due to higher volumes and lower inventory losses. E&P sector earnings are likely to decline in FY26 mainly due to lower oil prices and stable exchange rate. For Banks, overall profitability is likely to take a hit from decline in interest rates however, higher deposit growth is likely to offset NIM contraction while CASA optimization may also support NIMs. Growth in auto sector is likely to be backed by auto financing, possible stringent measures on import schemes and new models with a shift towards HEV and EV segment.



Source: CapitalStake, PSX, IGI Research

Market Outlook
Key Investment Theme for 2026
**Valuation Remain Attractive:
Demand Recovery to Drive
Earnings Growth**
Earnings Growth and Energy Sector Reforms to Keep Market Momentum Upbeat

KSE100 has posted a return of 47% during CY25 (10-Dec-2025) with market earnings increasing by 7%y/y in 9MCY25. Market P/E has also re-rated from 5.8x to 7.9x as at 10-Dec-2025. Market performance has been mainly driven by moderate earnings growth, higher liquidity, decline in interest rates, continuation of IMF program, Fiscal discipline and energy sector reforms despite Political/geopolitical tensions, Floods and Afghan border closure. Although Market is trading above its long term P/E average of 7.1x and Market Cap to GDP also near its 10-yr historic average of 15%, we still believe valuation remains attractive driven by higher liquidity, improved cash recoveries and clearance of over dues within energy chain, demand recovery especially in cyclical sectors and attractive earnings yield.

**Improved Cash Collection and
Volume Recovery within
Energy Chain**
Healthy Cash Position with in Energy Chain

Continued energy sector reforms along with full cash collection against receivables due to continued gas price adjustments is likely to keep cash position healthy within energy chain. Furthermore, clearance of payments for power sector circular debt along with potential gas circular debt resolution may further strengthen balance sheet. Moreover, deferment of LNG cargoes with Qatar is also likely to improve production for local E&P companies. Government has also offered offshore license for drilling with Turkish Petroleum Overseas Company also a partner. Any significant discovery is likely to lift E&P sector earnings going forward. With Reko Diq financial close expected in Dec-25, production commencement in 2028 may also positively drive earnings growth.

**Demand Recovery to Drive
Volumetric Growth**
Demand recovery may support earnings growth

We expect demand to grow in 2026 as interest rates are near bottom out and economic activity is on the rise, which is also evident from rising imports and 2.7%y/y rise in LSM. Volumetric growth may be more visible within cyclical sectors such as cements and autos while pharma sector may also witnessed volume growth after a slight decline in 2HCY25.

Risks to our investment thesis

We highlight that our risk to our investment strategy emanates from derailment of IMF program, lack of fiscal discipline, higher C/a deficit, rise in political noise, escalation in geopolitical tensions and unfavorable exchange rate movement. Escalation in geopolitical tensions may push oil prices higher and lead to pressure on external side.

Market Outlook

Market remains cheap compared to historic average and among regional markets

Exhibit: Pakistan Market P/E (KSE100)

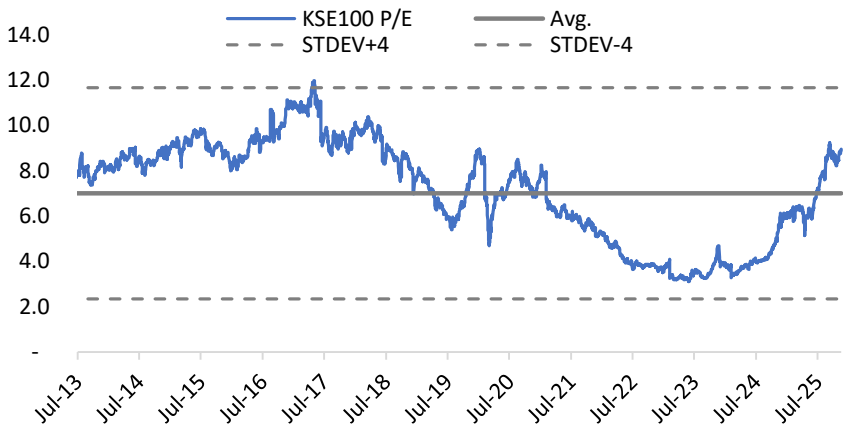


Exhibit: Pakistan Market P/E and Dividend Yield to Regional and Global Markets

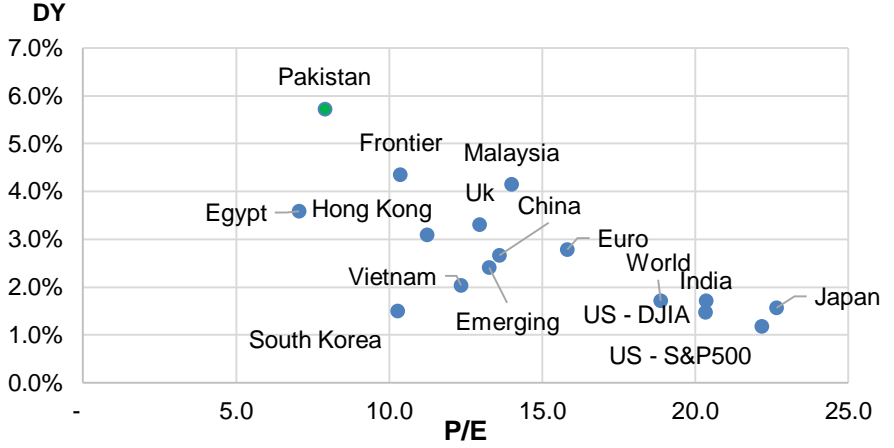


Exhibit: Pakistan Market P/B and ROE to Regional and Global Markets

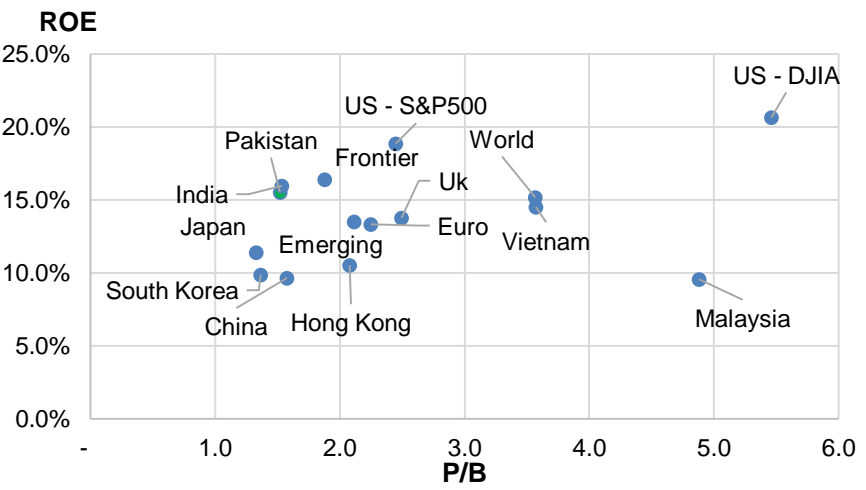
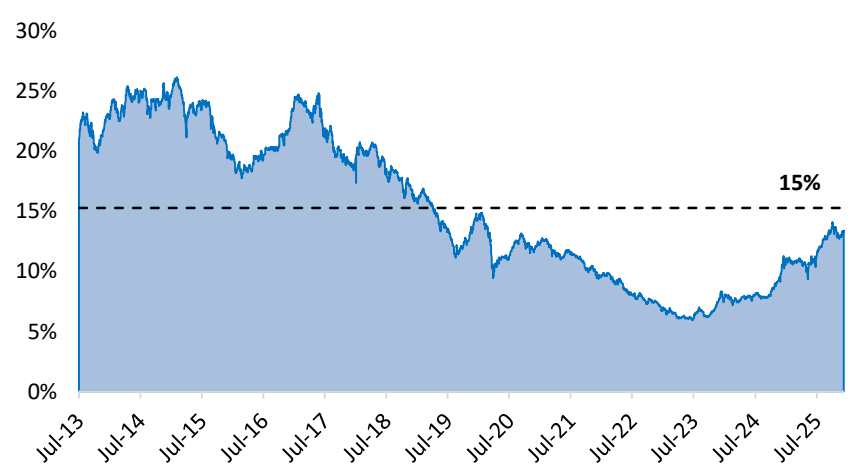


Exhibit: Market Cap / GDP (%) stands at a steep discount to historic average



Source: Bloomberg, PSX, CapitalStake, PBS, IGI Research (As at 10-Dec-2025)

Market Outlook	Index Target		
KSE 100 index target	Market P/E	Dividend Yield	Total Return
215,000	8.75x	6%	~33%

Index Target of 215,000

Market P/E and Index Target			
Case	P/E	Index Target	Return
Bear	6.25	143,000	-16%
Base	8.75	215,000	27%
Bull	10.25	258,000	52%

Base case: Index target of 215,000; offering a return of +27%

For 2025, we eye an index target of 215,000, generating a return of ~27% from its current index level of 169,452 (10-Dec-2025) and total return of 33% including 6% DY. We have taken a market target P/E multiple approach as our basis for index estimation. Higher inflation during 1HCY26 leading to no rate cuts in 2026, zero accumulation of receivables for E&P companies, gradual demand recovery especially in cyclical sectors, fiscal discipline and slight PKR depreciation. Based on our index target market would trade at a forward P/E of 8.75x.

Bear case: 143,000 – downside 16%

For our bear case, we factored in higher inflation leading to 200bps rate hike, further accumulation of circular debt, fiscal indiscipline, lower GDP growth, and major PKR depreciation. Our implied market multiple comes at 6.25x giving an index target of 143,000. However, further downside could emanate from worsening macroeconomic conditions, derailment from IMF program and political instability.

Bull case: 258,000 – upside 52%





For our bull case we have factored lower than expected inflation leading to further 300bps expected rate cuts. For that, we highlight substantial decline in oil price could act as a catalyst, which could drive stronger economic and corporate earnings growth than our base case forecast. Moreover, resolution of gas circular debt, significant offshore oil discovery, foreign investors buying and accelerated progress on Reko Diq could significantly unlock valuation within energy chain. If materialized, this could stretch market multiple above 10.25x, implying a target index of 258,000.


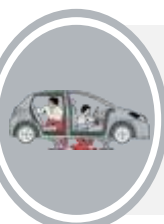


Exhibit: Sensitivity to earnings growth


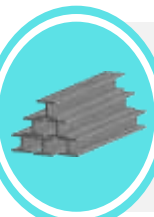


Price-to-Earnings (P/E)	Earnings Growth				
	0.0%	3.0%	7.0%	9.0%	12.0%
6.25x	143,000	147,000	153,000	156,000	160,000
7.50x	172,000	177,000	184,000	187,000	192,000
8.75x	200,000	206,000	215,000	218,000	224,000
9.25x	212,000	218,000	227,000	231,000	237,000
10.25x	235,000	242,000	252,000	256,000	263,000


Timeline of Events in 2026



SECTOR	RATING	COMMENTS	PICKS
 COMMERCIAL BANKS	Over-weight	The banking sector will face continued NIMs compression in CY26 as low interest rates persists. Nonetheless, banks' focus on maintaining a low cost deposit profile along with improving liquidity conditions will support NIMs. Sector earnings will rely on NFI growth, supported by a pickup in private sector borrowings, higher trade flows, and rising transaction banking volumes. With strong capital buffers and comfortable CAR positions across major banks, dividend payouts are expected to remain robust, even as earnings normalize from their peak levels.	UBL MCB NBP
 OIL & GAS EXPLORATION COMPANIES	Over-weight	Production witnessed a substantial decline in FY25 primarily led by forced gas curtailment. However, going forward from FY26 onwards we expect production to rebound and stabilize as Government is in process of negotiating with Qatar to defer RLNG cargoes which shall shift demand for local gas. Moreover, production for E&P sector witnessed improvement in 1QFY26. Payments under power sector circular debt, no further accumulation of receivables owing to timely gas price notification and resolution of gas circular debt is likely to further improve cash position within E&P sector especially OGDC and PPL.	OGDC PPL
 POWER GENERATION & DISTRIBUTION	Market-weight	Renegotiations of PPAs with conversion to Hybrid Take and pay and early termination of few plants has led to underperformance of IPP sector. However, recently Government has signed financing agreement to clear outstanding dues of IPPs which should improve cash position. Timely notification of tariffs and release of budgeted subsidies remains key in curbing further accumulation of circular debt. Shift towards Competitive Trading Bilateral Contract Market (CTBM) is likely to bring efficiency and stability within power sector.	
 OIL & GAS MARKETING COMPANIES	Over-weight	Stable domestic prices and curb on smuggled products has translated in to a modest recovery in volumes during FY25 compared to 8%y/y decline in FY24. We expect volumes to gradually increase further in FY26 led by improvement in economic activity however, shift towards EV segment is likely to keep growth restricted while delays in OMC margin revision is also likely to weigh on profitability growth. Payments under Power Sector Circular debt along with resolution of gas circular debt is likely to unlock valuations for PSO, SNGP and SSGC.	PSO

SECTOR	RATING	COMMENTS	PICKS
 CEMENTS	Over-weight	We are bullish on the cement sector and reiterate our over-weight stance on the sector. During 4MFY26, total cement dispatches reached 17.3mn tons, up +16.1% y/y from 14.9mn tons in 4MFY25. We expect the domestic dispatches to carry the same momentum going forward offsetting the decline in exports due to Afghan border closure, given sustained construction infrastructure activity should support demand recovery and keep prices firm in the North.	LUCK MLCF, CHCC
 AUTOMOBILE ASSEMBLERS	Market-weight	Improved macroeconomic conditions, stable interest rates and reviving consumer sentiment are expected to benefit the automobile sector. Car sales surged by ~50–60% YoY in FY25 and early FY26, driven by lower financing costs, new model launches, and increased auto-financing activity. Overall, CY26 looks promising with modest growth in volumes and improving consumer demand.	INDU, GAL
 FERTILIZERS	Over-weight	Fertilizer offtakes remained low during 9MCY25 due to weak agronomics, which led to a build-up in urea inventory to over 1mn tons, compelling some companies to offer discounts. However, this trend is expected to reverse as farmer economics have now improved especially for crops such as wheat, rice and cotton. Urea manufacturers expect the demand to pick up in CY26 which will also reduce inventory levels. Manufacturers may also be allowed to export if inventories stay at elevated levels.	FFC
 CHEMICALS	Under-weight	We have an under-weight stance on Chemicals sector as the primary margins are expected to remain below the LT averages, the demand is also expected to remain on the lower side, and the margins too are squeezed.	

SECTOR	RATING	COMMENTS	PICKS
 TEXTILE	Market-weight	Textile sector is set for moderate growth in CY26 as global demand stabilizes and macro conditions improve. Lower energy prices and increasing renewable adoption should ease cost pressures, while a stable exchange rate and tariff rationalization support profitability. Overall, exports are expected to grow 3–4% in CY26.	ILP
 ENGINEERING	Market-weight	Similar to cements, interest rate cuts are to support the bottom-line of the sector coupled with better demand outlook for rebar as the construction related consumer financing activity is expected to resume. A structural shift is underway as anti-dumping duties and stricter court requirements limit the cost advantage of imported flat-steel, This tightening is set to curb imports and create room for domestic producers to capture greater share.	ISL
 FOOD & PERSONAL CARE PRODUCT	Over-weight	The consumer sector is poised for steady growth in earnings supported by improving macroeconomic indicators including easing inflation, lower interest rates and a relatively stable PKR. Most of the companies have already passed on the impact of high inflation on input costs to their consumers and are now positioned to benefit from reducing cost pressures which will improve margins. Overall, the sector remains well-placed to deliver healthy profitability in CY26.	BFAGRO
 TECHNOLOGY & COMMUNICATION	Market-weight	The Pakistani government aims to position the country as an IT hub within five years, offering incentives to boost IT/ITeS exports to ~USD 20bn. SBP raised the foreign currency retention limit from 35% to 50%. Additionally, Government currently allows income-tax exemption on IT/ITeS export income until June 2025 while exporters also benefit from a low 0.25% final tax regime, which is under review for extension beyond 2026.	AIRLINK

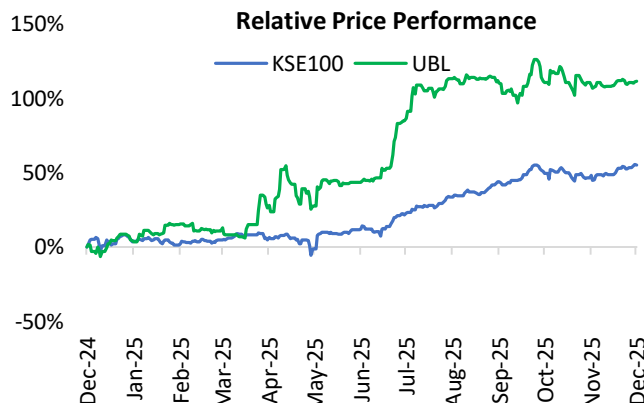
	PHARMA	Over-weight	<p>We maintain an overweight stance on the pharmaceutical sector, supported by multiple drivers including deregulation of non-essential drug prices, improved PKR stability, a healthy pipeline of new product launches, and better-regulated pricing for essential drugs by DRAP. Moreover, Pharma exports serves a significant earning potential as it increased 34%y/y in FY25 to 2 decade high of USD 457 million..</p>	<p>AGP, HALEON</p>
--	---------------	--------------------	---	------------------------



BUY**Commercial Banks****United Bank Limited (UBL)**

Target Price: PKR 460/share; Upside: 22%
2026: Dividend yld: 9%, P/E: 7.3x
Market Price: PKR 377.74
52 weeks: 187.58 — 84.57
Abs. Return: (3M) 0.7%, (6M) 45.9%, (12M) 111.3%
Outstanding Shares: 2.5bn (FF%: 35)
Market Capitalisation: PKR 946bn, US\$ 3.37bn
Exchange: KSE100, KSE30, MSCI

PKR/ Share	2024a	2025e	2026f	2027f
EPS	31.4	53.1	51.6	52.6
DPS	23.0	34.5	33.5	34.3
BVPS	126.3	177.4	185.5	221.4
ROE%	28%	35%	28%	26%
P/E	12.0x	7.1x	7.3x	7.2x
DY	6.1%	9.1%	8.9%	9.1%
P/B	3.0x	2.1x	2.0x	1.7x

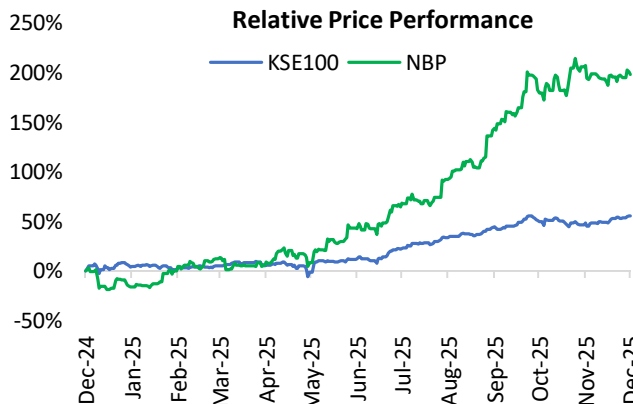


- **Industry-Leading Net Interest Income Surge:** UBL's core earnings engine is firing on all cylinders. Net interest income skyrocketed by 153.8% YoY to PKR 267.4bn in 9MCY25, compared to PKR 105.4bn in the SPLY. This was achieved through a combination of a 4.3% increase in interest earned and a significant 17.6% reduction in interest expenses, a testament to the bank's exceptional asset-liability management during the easing cycle.
- **Dominant Deposit Franchise with Highest Current Account Concentration:** UBL commands the highest current account ratio among conventional banks at 50%, significantly above the industry average. The bank's aggressive push into non-remunerative deposits has materially reduced funding costs. Deposits surged 11% QoQ in Sep'25, with the bank now managing total deposits of approximately PKR 4.7tn. This low-cost deposit base provides a structural advantage as the interest rate environment normalizes.
- **Strategic Investment Book Positioning for Capital Gains:** UBL manages the largest investment portfolio in the peer group at PKR 8.8tn, having added PKR 3tn through 9MCY25. The bank's 10-year floating PIBs portfolio of PKR 4.9 tn carries an average spread of 138bps above T-bills, while fixed PIBs and Sukuks yield 14.9% with a weighted average maturity of 2.2 years. This positions UBL to unlock substantial capital gains as the rate cycle progresses.
- **9M2025 Results – Exceptional Outperformance:** UBL's 9MCY25 EPS of PKR 39.3, up by 79% compared to EPS of PKR. 22 during the SPLY with Q3 standalone, profit jumped 36% YoY to PKR. 34.7bn with total dividend of PKR 27/share for the 9MCY25, reflecting management's confidence in sustaining strong earnings momentum. Fee and commission income rose 34% YoY while foreign exchange income increased 27% on 9MCY25 basis, demonstrating diversified revenue streams beyond the interest rate trade. Operating expenses grew 52.4%, but this was more than offset by the massive NII growth.
- **Recommendation:** We recommend a 'BUY' call on UBL with Dec-26 target price of PKR 460/share, offering a 22% upside from last close. The company is currently trading at CY25/26 P/B of 2.1/2.0x with 9% dividend yield.

BUY**Commercial Banks****National Bank Limited (NBP)**

Target Price: PKR 290.8/share; Upside: 34%
2026: Dividend yld: 13%, P/E: 5.1x
Market Price: PKR 217
52 weeks: 77.23 — 27.08
Abs. Return: (3M) 23.3%, (6M) 111.1%, (12M) 198%
Outstanding Shares: 2.13bn (FF%: 24)
Market Capitalisation: PKR 461.7bn, US\$ 1.65bn
Exchange: KSE100, MSCI

PKR/ Share	2024a	2025e	2026f	2027f
EPS	12.6	41.6	42.9	44.8
DPS	8.0	22.0	28.0	31.5
BVPS	214.8	248.0	222.0	235.3
ROE%	6%	18%	18%	20%
P/E	17.2x	5.2x	5.1x	4.8x
DY	3.7%	10.1%	12.9%	14.5%
P/B	1.0x	0.9x	1.0x	0.9x



- A Low Cost Deposit Profile:** The Banking sector deposits have been growing at an average rate of 15% from CY21-25, while NBP's average share in total sector deposits has remained between 12-14%. In 9MCY25, NBP's deposits have grown by +10% since Dec-24 and we anticipate the bank's deposits growth to clock in at ~+16%/y in CY25. Amid declining interest rates, NBP has mainly focused its strategy on maintaining a low cost deposit base with the proportion of non-remunerative CA deposits reaching 27% in Sep-25 from 22% recorded in Dec-24, whereas the proportion of total current account deposits has gone up to 48% as compared to 46% in Dec-24.
- Strong Investment Portfolio:** Besides low cost deposits, the bank has also worked on building a high quality, well-diversified investment portfolio. As at Sep-25, 90% of the bank's investment book of PKR 4.7tn is invested in high-yielding government securities including PIBs (61%) and T-Bills (28%). Additionally, equity book of the bank stands at PKR 78.6bn and carries a revaluation gain of PKR 44.3bn. Together, these factors underscore the bank's solid balance sheet strength and its capacity to deliver resilient returns.
- Sustainable Growth in Earnings:** In 9MCY25, the bank delivered robust earnings of PKR 66.6bn (EPS: PKR 31.32), rebounding sharply after a ~52% decline in CY24. For CY25, we estimate the bank's earnings to reach PKR 88.4 bn (EPS: PKR 41.6/share), reflecting a strong y/y growth of over 3x, with a dividend payout projected at PKR 9.0/share. Earnings momentum is expected to continue in the coming years, supported by a healthy low-cost deposit base that will underpin net interest income and maintain NIM stability. Additionally, strong non-funded income and reversals in credit loss provisions amid a declining interest rate environment are likely to further bolster profitability. Overall, the bank's resilient balance sheet and diversified revenue streams position it well for sustainable growth ahead.
- Recommendation:** We recommend a 'BUY' call on NBP with Dec-26 target price of PKR 290.8/share, offering a 34% upside from last close. The company is currently trading at CY25/26 P/B of 0.9/1.0x and offers a healthy dividend yield of 10.0%.

BUY

Commercial Banks

MCB Bank Limited (MCB)

Target Price: PKR 467.5/share; Upside: 30.5%

2026: Dividend yld: 10%, P/E: 6.7x

Market Price: PKR 358.17

52 weeks: 287.16 — 167.77

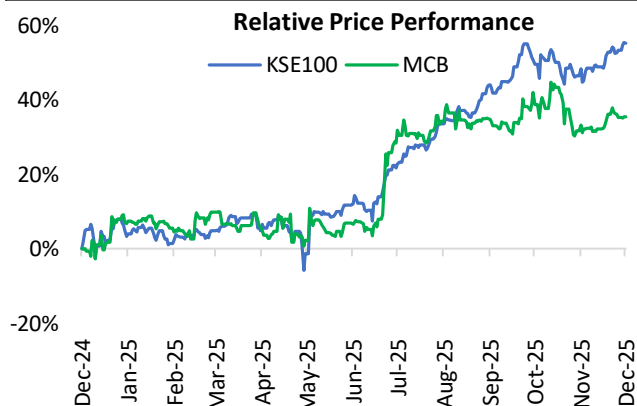
Abs. Return: (3M) 1%, (6M) 26.4%, (12M) 35.4%

Outstanding Shares: 1.19bn (FF%: 35)

Market Capitalisation: PKR 424.5bn, US\$ 1.51bn

Exchange: KSE100, KMI, KMI30

PKR/ Share	2024a	2025e	2026f	2027f
EPS	49.2	47.2	53.5	55.0
DPS	36.0	36.0	37.5	38.5
BVPS	228.1	211.3	235.0	251.5
ROE%	23%	21%	24%	23%
P/E	7.3x	7.6x	6.7x	6.5x
DY	10.1%	10.1%	10.5%	10.7%
P/B	1.6x	1.7x	1.5x	1.4x



- **Best-in-Class Cost Efficiency and Deposit Franchise:** MCB's current account concentration improved to 54% in 9MCY25 from 49% at Dec 2024, reflecting an addition of PKR 272bn in current deposits during the period – a historic increase for the bank. This achievement is particularly noteworthy as management has now set sights on reaching 60% concentration within two years. The resulting cost of deposits declined sharply to 5.01% from 10.47% in the same period last year.
- **Industry-Leading CASA Ratio Provides Structural Margin Protection:** MCB's CASA ratio of 97.52% stands head and shoulders above peers, providing a natural hedge against interest rate fluctuations. The bank added PKR 35bn to savings deposits during 9MCY25, taking total deposits to PKR 2.2tn with YTD growth of 16.1%. Management has guided for over 20% deposit growth in 2026, up from approximately 16-17% achieved this year.
- **Attractive Dividend Yield with Consistent Payout History:** MCB declared a total dividend of Rs. 27/share (270%) for 9M2025, maintaining its position as one of the highest dividend payers in the sector. The bank offers a forward dividend yield of 10.3% for CY26, which is 165bps above the peer group average. This consistent payout track record makes MCB an attractive income play.
- **Investment Focus:** In 2Q2025, MCB's investment portfolio grew significantly, total investments rose to PKR 2.01tn as of Sep-25. Revaluation of the bank's assets added a surplus of PKR 57.218bn (up from PKR 43.053bn at end-Dec-24), boosting shareholders' equity. Unlike many peers, MCB continues to rely primarily on net interest income (NII), with relatively less dependence on non-interest income.
- **Recommendation:** We recommend a 'BUY' call on MCB with Dec-26 target price of PKR 467.5/share, offering a 31% upside from last close. The company is currently trading at CY25/26 P/B of 1.7/1.5x with 10% dividend yield.

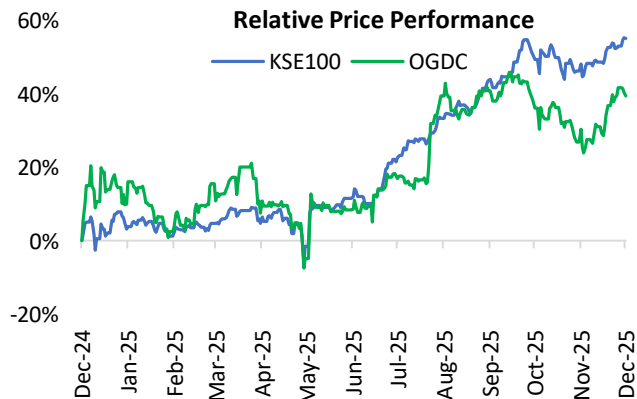
BUY

Oil & Gas Exploration Companies

Oil & Gas Development Company Limited (OGDC)

Target Price: PKR 368/share; Upside: 36.2%
2026: Dividend yld: 6%, P/E: 7.2x
Market Price: PKR 270.21
52 weeks: 282.86 — 179.39
Abs. Return: (3M) -0.2%, (6M) 29.4%, (12M) 39.5%
Outstanding Shares: 4.3bn (FF%: 15)
Market Capitalisation: PKR 1162.2bn, US\$ 4.15bn
Exchange: KSE100, KSE30, MSCI

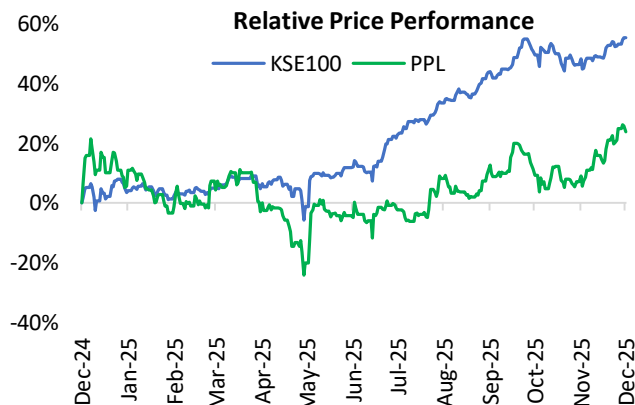
PKR/ Share	2024a	2025a	2026f	2027f
EPS	48.6	39.5	37.7	37.9
DPS	10.1	15.1	17.0	17.0
BVPS	290.8	313.5	336.7	358.0
ROE%	18%	13%	12%	11%
P/E	5.6x	6.8x	7.2x	7.1x
DY	3.7%	5.6%	6.3%	6.3%
P/B	0.9x	0.9x	0.8x	0.8x



- Cash position to further strengthen:** Cash recoveries have remained above 100% in FY25 following gas price hikes. OGDC receivables declined by PKR 21bn in FY25 and currently stand at PKR 613bn as at Sep-25. As a result, OGDC increased its payout to PKR 15.05/share in FY25 with payout ratio increasing to 38% from 21% in FY24. Cash recoveries are likely to remain strong going forward while payments under power sector circular debt are likely to further strengthen cash position. OGDC has so far received PKR 38.6bn in 5 installments against interest on TFCs and with nearly PKR 92bn to be received in total on a monthly basis in FY26. OGDC has also received PKR 42bn under power sector circular debt payments from Uch Power. Healthy cash position is likely to translate in to higher payouts and support aggressive drilling plans.
- Reko Diq to provide earnings sustainability:** OGDC along with PPL and GHPL hold ~8% stake in Reko Diq mining project. Reko Diq financial close is expected in Dec-25 where Phase 1 will begin in 2028 and Phase 2 in 2030/31. Reko Diq holds substantial gold and copper reserves which would be a key earnings driver going forward. Total project cost is estimated at US\$ 7.7bn with net cash flows projected at US\$ 70bn over 37 year life.
- Production optimization and exploration activity:** OGDC oil/gas production fell by 7%/9%y/y in FY25 mainly due to forced curtailment due to RLNG. With potential deferment of RLNG cargoes with Qatar in 2026, OGDC's production may witness recovery as local demand from IPPs would increase. OGDC has also been awarded offshore blocks recently and where Moreover, OGDC plans to drill 8 exploratory and 14 appraisal/developments wells in FY26 which could further support production going forward. The Company is also working on optimizing its production output through a) implementation of advanced production techniques, b) compression projects, c) well workovers and d) installation of 10 Electrical Submersible Pumps.
- Recommendation:** We maintain 'BUY' stance on OGDC with our Dec-26 target price of PKR 368/share offering 36% upside from last close. The Company is currently trading at FY26/27 P/E of 7.2/7.1x. Company offers dividend yield of 6%.

BUY**Oil & Gas Exploration Companies****Pakistan Petroleum Limited (PPL)**

Target Price: PKR 285/share; Upside: 32.3%				
2026: Dividend yld: 5%, P/E: 6.8x				
Market Price: PKR 215.39				
52 weeks: 219.43 — 131.91				
Abs. Return: (3M) 12.7%, (6M) 28.9%, (12M) 23.7%				
Outstanding Shares: 2.72bn (FF%: 24.6)				
Market Capitalisation: PKR 586.1bn, US\$ 2.09bn				
Exchange: KSE100, KSE30, KMI, KMI30, MSCI				
PKR/ Share	2024a	2025a	2026f	2027f
EPS	42.0	33.8	31.9	29.2
DPS	6.0	7.5	10.0	11.0
BVPS	235.1	259.4	283.3	307.5
ROE%	19%	14%	12%	10%
P/E	5.1x	6.4x	6.8x	7.4x
DY	2.8%	3.5%	4.6%	5.1%
P/B	0.9x	0.8x	0.8x	0.7x



- **Healthy recoveries to keep cash position upbeat:** PPL's receivables increased by PKR 14.8bn during FY25 to stand at PKR 592bn with recovery ratio of over 90%. This has resulted in cash payout ratio improving from 14% in FY24 to 22% in FY25. We expect PPL's cash position to strengthen further going forward as recoveries are likely to remain strong leading to healthy cash flow yields while payments under power sector circular debt and potential gas sector circular debt resolution to further improve cash position and may lead to higher cash payouts. Improved free cash flow yields are likely to further unlock valuations for PPL going forward.
- **Reko Diq and Mining project to be key earnings driver:** PPL holds nearly 8% stake in Reko Diq project along with other SOEs. With financial close expected in Dec-25, project is expected to commence its phase 1 in 2028. As Reko Diq holds substantial reserves, potential revenue from the project could substantially lift earnings going forward. Moreover, PPL also has stake in a joint venture, Bolan Mining Enterprise (BME), which will also explore minerals in Baluchistan. These projects could significantly offset earnings decline owing to natural depletion of reserves and lack of substantial discoveries.
- **Production enhancement:** PPL's oil/gas production declined by 11%/12%y/y in FY25 owing to forced curtailment from GENCO-II. However, if RLNG cargoes are deferred post negotiation with Qatar, rise in local demand could provide production recovery along with commencement of production from new discoveries. Moreover, PPL plans to drill 10 exploratory and 5 development wells in FY26. PPL is targeting production enhancement from Gambat South, Shah Bandar and capacity expansion at Pateji. These measures are likely to provide sustainability and recovery in production volumes going forward. PPL has also been awarded stake in 8 offshore blocks in recent bidding and any significant discovery could substantially boost earnings going forward.
- **Recommendation:** We maintain 'BUY' stance on PPL with our Dec-26 target price of PKR 285/share offering 32% upside from last close. The Company is currently trading at FY26/27 P/E of 6.8/7.4x and offers dividend yield of 6%.

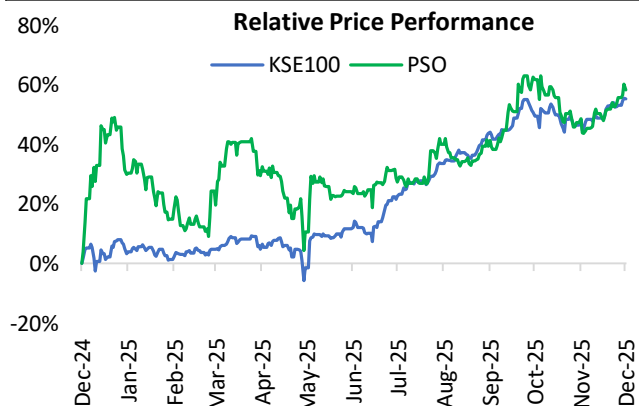
BUY

Oil & Gas Marketing Companies

Pakistan State Oil Company Limited (PSO)

Target Price: PKR 636/share; Upside: 34.7%
2026: Dividend yld: 3%, P/E: 6.3x
Market Price: PKR 472.32
52 weeks: 486.6 — 298.67
Abs. Return: (3M) 13.8%, (6M) 28.1%, (12M) 58.1%
Outstanding Shares: 0.47bn (FF%: 50)
Market Capitalisation: PKR 221.7bn, US\$ 0.79bn
Exchange: KSE100, KSE30, KMI, KMI30, MSCI

PKR/ Share	2024a	2025a	2026f	2027f
EPS	34.3	44.5	74.6	90.8
DPS	10.0	10.0	15.0	20.0
BVPS	492.7	533.1	587.6	651.2
ROE%	7%	9%	13%	15%
P/E	13.8x	10.6x	6.3x	5.2x
DY	2.1%	2.1%	3.2%	4.2%
P/B	1.0x	0.9x	0.8x	0.7x



- **Cash position to strengthen further:** PSO's receivable dropped by PKR 51bn to stand at PKR 437bn as at Jun-25 compared to PKR 488bn as at Jun-24. Improvement in recoveries was witnessed during the year owing to gas price adjustments. This is likely to translate in to further improvement in cash position, savings on finance cost owing to lower reliance on borrowings and increase payouts as well where we expect PSO to pay out cash dividend of PKR 15/share in FY26.
- **Circular debt resolution:** Government recently signed financing agreement worth PKR 1.25trn from banks to settle outstanding dues within power sector through refinancing PHL existing loan and settling additional dues through CPPA. Power sector receivables of PSO stand at PKR 115bn or PKR 245/share. PSO may likely benefit most through these payments while gas sector receivables stand at PKR 246bn and any likely resolution could further unlock valuations for PSO. Potential Agreement with Qatar to divert RLNG cargoes may trim earnings slightly however, this may also reduce accumulation of receivables.
- **Margin revision to further lift profitability:** ECC in its recent meeting approved PKR 1.22/ltr increase in OMC margins in a phased manner where PKR 0.61/ltr is expected to be increased from 16-Dec-25 while remaining PKR 0.61/ltr from 01-Jun-26. Total increase in margins of PKR 1.22/ltr is likely have annualized EPS impact of 13%.
- **Volumes to pick up in 2026:** PSO's volumes declined by 5%/y/y during in FY25 led by 4%/y/y and 5%/y/y decline in MS and HSD sales against 7%/y/y increase in industry volumes. As a result PSO's market share dropped from 49% in FY24 to 44% in FY25. This was mainly due to increase in grey market sales and increased competition. During 5MFY26, volumes are down 7%/y/y.
- **Recommendation:** We have a 'BUY' stance on PSO with our Dec-26 target price of PKR 636/share offering 35% upside from its last close. The Company is currently trading at FY26/27 P/E of 6.3/5.2x and offers dividend yield of 3%. We base our liking for the stock on potential re-rating backed by improved cash recoveries, resolution of power/gas circular debt and growth in earnings baked by hike in OMC margins.

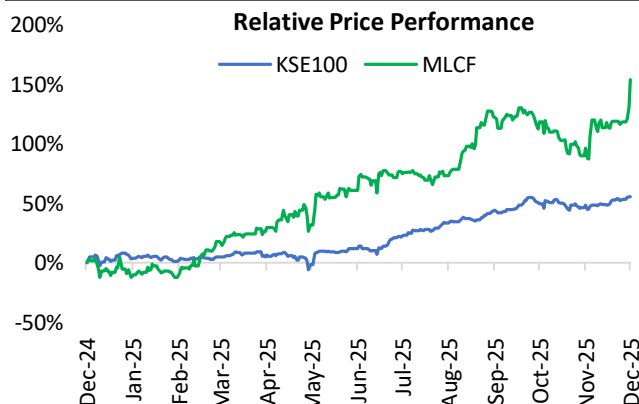
BUY

Cements

Maple Leaf Cement Company Limited (MLCF)

Target Price: PKR 165/share; Upside: 35.2%
2026: Dividend yld: 1%, P/E: 9.5x
Market Price: PKR 39.03
52 weeks: 49.61 — 32.15
Abs. Return: (3M) 14.9%, (6M) 43.7%, (12M) 35.2%
Outstanding Shares: 1.05bn (FF%: 45)
Market Capitalisation: PKR 127.8bn, US\$ 0.46bn
Exchange: KSE100, KSE30, KMI, KMI30

PKR/ Share	2024a	2025a	2026f	2027f
EPS	5.0	16.3	12.9	13.7
DPS	0.0	0.0	1.3	1.3
BVPS	50.2	68.2	79.8	92.3
ROE%	11%	27%	17%	16%
P/E	24.2x	7.5x	9.5x	8.9x
DY	0.0%	0.0%	1.0%	1.0%
P/B	2.4x	1.8x	1.5x	1.3x



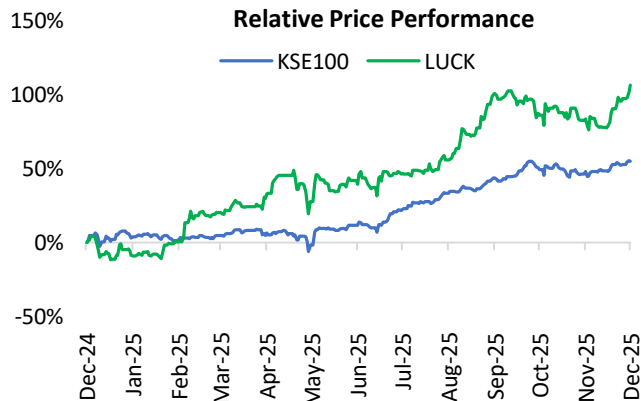
- Optimized Power Mix and Rail Connectivity Enable MLCF's Lowest Energy Cost in Sector (~PKR 15.82/KWh):** MLCF's power mix optimization delivers sector-low costs (~PKR 15.82/KWh) through 60% coal, 26% WHR, 8% solar, and 6% grid. A 40MW solar plant reduces costs further. On the fuel side, biomass meets 35% of fuel needs with plans to reach 40%, while coal sourcing is split 60% local with pet coke flexibility (5% Imported). Direct rail access to the plant cuts inland freight costs versus North-based peers.
- High-Value White and Putty Cement Segments Drive Premium Pricing and Margin Advantage:** A significant strength for MLCF lies in its white cement (Rs 2150-2250/40kg Bag) which holds ~90% share of the market, and putty cement portfolio, which allows it to maintain premium pricing and higher margins versus conventional gray cement producers. The company's ability to operate efficiently on pet coke further provides a cost edge, particularly during periods of elevated coal prices.
- Debt repayment and Diversification to Support Long Term Growth:** Beyond cement, MLCF has been diversifying into other industries, including healthcare (Novacare hospitals) which expected to come online in Dec'26, the breakeven period for this project is 24-30 months. The hospital will have 250 beds extendable to 450 beds. and the fertilizer sector through its acquisition of Agritech Limited (AGL). Furthermore, MLCF has submitted the Public Announcement of Intention to acquire 58.03% shares and control of Pioneer Cement Limited ("Target"). If completed, the deal could transform MLCF into a much stronger regional player (North), with higher market share, operational efficiencies, better cost control, and improved financial performance. On the financial front, the company has also initiated deleveraging, coupled with the effect of lower interest rates, FY25 finance cost has come down -14%/y/y and -35%/q/q in 1QFY26 and is expected to decline moving forward.
- Recommendation:** We recommend a 'BUY' call on MLCF with Dec-26 target price of PKR 165/share, offering a 35% upside from last close. The Company is currently trading at FY26/27 P/E of 9.5/8.5x and offers 1% dividend yield.

BUY

Cements

Lucky Cement Company Limited (LUCK)

Target Price: PKR 590/share; Upside: 18.6%				
2026: Dividend yld: 7%, P/E: 14.3x				
Market Price: PKR 497.28				
52 weeks: 240.51 — 139.98				
Abs. Return: (3M) 3.5%, (6M) 43.8%, (12M) 106.8%				
Outstanding Shares: 1.47bn (FF%: 30)				
Market Capitalisation: PKR 728.5bn, US\$ 2.6bn				
Exchange: KSE100, KSE30, KMI, KMI30 MSCI				
PKR/ Share	2024a	2025a	2026f	2026f
EPS	19.2	22.6	34.8	40.9
DPS	15.0	4.0	4.6	5.0
BVPS	100.9	120.1	155.8	194.5
ROE%	20%	20%	25%	23%
P/E	25.9x	22.0x	14.3x	12.1x
DY	3.0%	0.8%	0.9%	1.0%
P/B	4.9x	4.1x	3.2x	2.6x

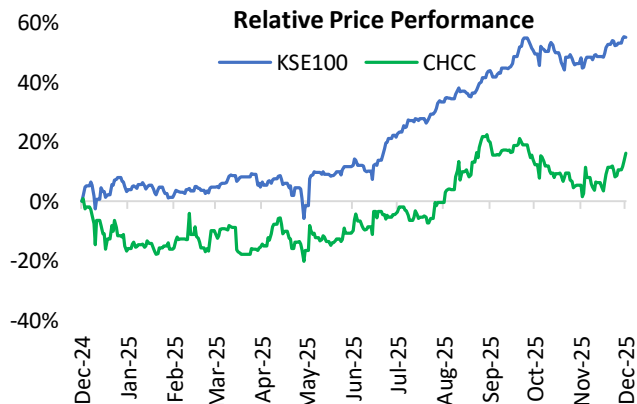


- Largest Cement Producer with Dominant Export Share:** LUCK is the largest cement producer in Pakistan with a total capacity of 15.3Mn tons. The company holds a ~16% domestic market share. In FY25, Total volumetric dispatches increased 8%y/y, driven by strong export growth (+53%y/y to 3.4Mn tons), which raised Lucky's export market share to 36.6% (vs. 30.7% LY), making it the largest contributor to industry exports. Africa remained the leading export destination, accounting for 62% of total exports.
- Renewable Expansion and Thar Coal Supply to Strengthen Cost Leadership:** LUCK is the second lowest cost producer in the industry, supported by its reliance on self-generation and focus on renewables. In 2QFY25, the company commissioned a 28.8MW wind power project at its Karachi plant, the South plant now sources 55% of its energy from renewables. On the fuel mix side, the South plant depends on imported coal (~USD 100/ton), while the North plant sources 80% local and 20% Afghan coal. From FY26, supply of local Thar coal is expected, which should reduce imported fuel reliance and further enhance cost efficiency. LUCK's foreign operations remain robust, its Iraq plant is operating at ~95% utilization and Congo at ~85%. Moreover, company is expanding its DRC plant by adding a 1.6 MTPA line, boosting capacity to 2.91 MTPA amid strong construction demand. This takes Lucky's total global capacity to 23.15 MTPA.
- Solid FY25 Performance and PIA Acquisition Plan Signal Broader Growth Vision:** LUCK's FY25 financial results depicted robust growth. On a consolidated basis, revenues climbed 9.4% y/y to PKR 449.6bn, and PAT increased 16.9% y/y to PKR 84.5bn. Beyond cement, the company derives significant value from its 660MW IPP (LEPCL), which operates on imported coal but is transitioning to local Thar lignite, expected to improve merit order positioning. Additionally, Lucky holds PKR 142bn in consolidated cash reserves (PKR 97/sh), providing ample liquidity for diversification. Notably, the company has submitted an Expression of Interest (EOI) for acquiring a 51–100% stake in PIA, with PKR 70bn earmarked for the investment.
- Recommendation:** We recommend a 'BUY' call on LUCK with our Dec-26 target price of PKR 590/share, offering a 18.6% upside from last close. The Company is currently trading at FY25/26 P/E of 14.3/12.1x.

BUY**Cements****Cherat Cement Company Limited (CHCC)**

Target Price: PKR 512/share; Upside: 44.9%
2026: Dividend yld: 2%, P/E: 7.8x
Market Price: PKR 353.32
52 weeks: 308.31 — 145.7
Abs. Return: (3M) -1.3%, (6M) 24.5%, (12M) 16.2%
Outstanding Shares: 0.19bn (FF%: 55)
Market Capitalisation: PKR 68.6bn, US\$ 0.24bn
Exchange: KSE100, KMI, KMI30, MSCI

PKR/ Share	2024a	2025a	2026f	2027f
EPS	28.3	44.7	45.6	46.5
DPS	5.5	5.5	6.5	9.0
BVPS	131.5	171.4	210.5	248.0
ROE%	24%	30%	24%	20%
P/E	12.5x	7.9x	7.8x	7.6x
DY	1.6%	1.6%	1.8%	2.5%
P/B	2.7x	2.1x	1.7x	1.4x

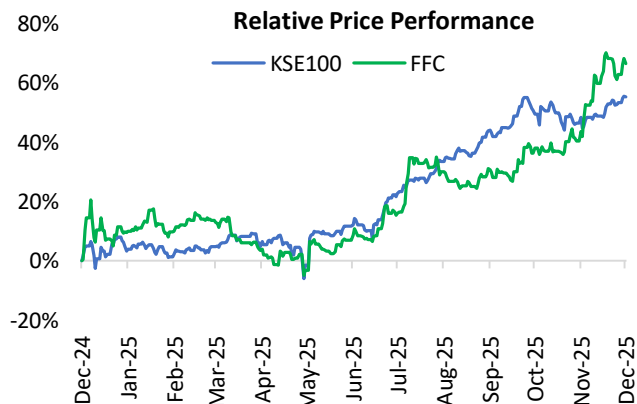


- **Northern-most Cement Player Benefits from Cheaper Afghan Coal:** CHCC operates as the northern-most cement manufacturer in Pakistan, with a total production capacity of 4.56Mn tons per annum through its plant located in KPK. Its strategic location provides a competitive edge for exports to Afghanistan, which currently account for ~17% of total volumes. The company benefits from cheaper coal procurement from Afghan and Darra sources, which, along with lower limestone royalty rates (PKR 350/ton vs PKR 1,400/ton in Punjab), enables CHCC to consistently post industry-leading margins.
- **Lowest Leverage and Fuel Mix Optimization Help Offset Tariff Impact:** The company has one of the lowest debt levels in the industry, with a debt-to-equity ratio of 0.17x following significant deleveraging. On the energy side, CHCC has increased reliance on local coal to 60% of its fuel mix, providing a ~25% cost advantage compared to imported coal. The company's renewable energy portfolio (solar + WHR) stands at ~45MW following the addition of 9MW solar capacity in FY25. Due to higher gas levies and furnace-oil tariffs, CHCC shifted its generation mix from captive gas to furnace oil and subsequently to grid supply (Effective rate: PKR12-13/unit)
- **Sector Leading Margins Backed by Low Debt/tn and Royalty Charges:** CHCC enjoys the highest margins in the cement sector, CHCC's Liquidity improved as cash rose from PKR 12.5bn in Jun'25 to PKR 15.2bn in Sep'25; the company has zero commercial debt and earned PKR 1bn other income from mutual funds. Its deleveraging drive has left it with the lowest debt/ton metrics among peers, allowing the company to sustain strong profitability. Key risks for CHCC include the potential increase in royalty charges, which would narrow its cost advantage, and political or trade instability with Afghanistan, which could disrupt export flows and impact earnings. Nevertheless, the company's lean balance sheet, strategic coal sourcing, and energy diversification position it favorably to withstand cost pressures and maintain superior profitability relative to peers.
- **Recommendation:** We recommend a 'BUY' call on CHCC with our Dec-26 target price of PKR 512/share, offering a 44.9% upside from last close. The Company is currently trading at FY26/27 P/E of 7.9x/7.8x.

BUY**Fertilizer****Fauji Fertilizer Limited (FFC)**

Target Price: PKR 678/share; Upside: 17%
2026: Dividend yld: 9%, P/E: 9.3x
Market Price: PKR 580.16
52 weeks: 349.12 — 109.06
Abs. Return: (3M) 28.1%, (6M) 53.2%, (12M) 66.3%
Outstanding Shares: 1.42bn (FF%: 60)
Market Capitalisation: PKR 825.6bn, US\$ 2.9bn
Exchange: KSE100, KSE30, MSCI

PKR/ Share	2024a	2025e	2026f	2027f
EPS	45.5	57.3	62.6	66.3
DPS	36.5	40.5	50.0	53.0
BVPS	92.7	97.9	114.4	123.8
ROE%	67%	60%	59%	56%
P/E	12.8x	10.1x	9.3x	8.7x
DY	6.3%	7.0%	8.6%	9.1%
P/B	6.3x	5.9x	5.1x	4.7x



- **Market Leader in the Urea and DAP market:** Post-merger, FFC has become the market leader in both the urea and DAP market. During 9MCY25, FFC's market share in the urea and DAP market stood at 44% and 68% respectively. This consolidation has significantly strengthened the Company's distribution network, enhanced production and operational efficiencies, and enabled better optimization of its diversified product portfolio.
- **Strong Investment Portfolio and Shariah Compliance:** During weak farmer economics, FFC's strong investment portfolio serves as an effective buffer. Other income has contributed 38% to the company's EBIT during 9MCY25 and on average ~33% over the past 5 years. FFC also maintains a solid cash position with PKR 6.70bn as of Sep-25, enabling it to pursue synergistic mergers or long-term expansion. Additionally, FFC's recent Shariah compliance and inclusion in the KMI-30 index position it to attract Islamic equity fund inflows, supporting further price appreciation.
- **Lower Gas Prices continue to support Gross Margins:** FFC continues to benefit from lower gas prices than its peers, giving it a significant cost advantage even post its merger with FFBL which led to some margin compression. Post-merger, FFC receives feed and fuel gas at weighted average rates of PKR 796/mmbtu and PKR 1,584/mmbtu—still below peers. Margins have averaged 31% since the merger, with CY25 margins estimated at ~33%. A proposal to supply Mari field gas to all fertilizer plants, including FFC's Port Qasim facility, would alleviate current supply constraints, lower costs, and further strengthen margins.
- **Robust Growth in Earnings:** FFC's revenues and earnings are poised for strong growth, supported by improving farmer economics, stable urea and DAP demand, and solid dividend income from associates such as AKBL and FFL. The Company reported earnings of PKR 57.6bn (EPS: PKR 40.5) in 9MCY25, with dividends from subsidiaries helping offset lower urea offtake. We project earnings of PKR 62.6bn and PKR 66.3bn in CY26 and CY27, with expected dividends of PKR 50/share and PKR 53/share, respectively.
- **Recommendation:** We recommend a 'BUY' call on FFC with our Dec-26 target price of PKR 678/share, offering a 17% upside. The Company is currently trading at CY25/26 P/E of 10.1/9.3x with 9% dividend yield.

BUY

Automobile Assemblers

Indus Motor Company Limited (INDU)

Target Price: PKR 2,750/share; Upside: 38.6%**2026:** Dividend yld: 10%, P/E: 5.9x

Market Price: PKR 1983.83

52 weeks: 2,062.88 — 1,186.77

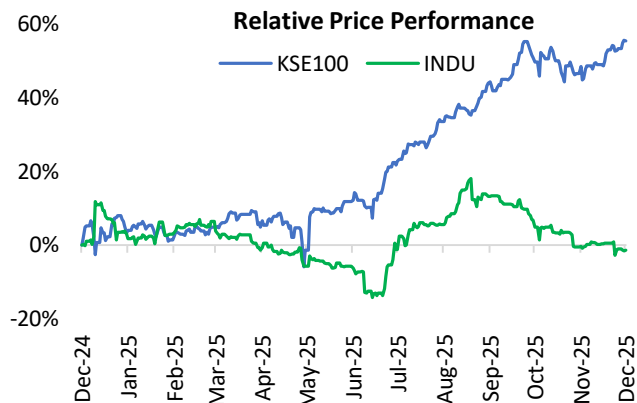
Abs. Return: (3M) -12.9%, (6M) 6.4%, (12M) -1.4%

Outstanding Shares: 0.08bn (FF%: 17.8)

Market Capitalisation: PKR 155.9bn, US\$ 0.56bn

Exchange: KSE100

PKR/ Share	2024a	2025a	2026f	2027f
EPS	191.8	292.7	337.5	355.4
DPS	114.7	176.0	205.0	215.0
BVPS	855.3	979.0	1088.5	1228.9
ROE%	24%	32%	33%	31%
P/E	10.3x	6.8x	5.9x	5.6x
DY	5.8%	8.9%	10.3%	10.8%
P/B	2.3x	2.0x	1.8x	1.6x



- **Market Dominance and Varied Product Portfolio:** Indus Motor Company Limited remains a cornerstone of Pakistan's automotive sector, leveraging its strong brand equity and robust product lineup — including popular sedans like Corolla and Yaris (with recent facelift), cross-segment SUV like Corolla Cross, and utility/commercial vehicles such as Hilux and Fortuner — to cater to diverse consumer preferences. In FY 2024–25, the company sold about 33,757 units, a 56% increase over last year, signalling a broad-based recovery across both passenger and commercial/fleet segments.
- **Strong Financial Performance & Margin Recovery:** FY25 saw net sales revenue climb to PKR 215.14 billion, while net profit after tax surged to PKR 23.01 billion (EPS: PKR 292.74), up 53% YoY , a clear rebound supported by improved volumes, cost controls, and favorable exchange-rate dynamics. The company declared an attractive annual dividend of PKR 176 per share, underlining confidence in its financial health.
- **Localization & Cost Structure as a Competitive Advantage:** High levels of localization, especially in models like Corolla, Yaris, and Cross , combined with prudent cost management and favorable foreign-exchange conditions helped IMC improve margins and shield profitability from external shocks. This structural advantage gives IMC flexibility to manage costs, invest in future models or capacity expansion, and remain competitive even in a challenging macroeconomic environment.
- **Favorable Market Trends — But Also Challenges:** Recovery in overall auto demand, improved consumer sentiment, and steady interest from both retail buyers and fleet/commercial clients support IMC's growth outlook. However, rising competition from used-car imports and CBU/CKD imports, ongoing dependence on imported critical components, and volatile macroeconomic conditions remain key headwinds that could temper growth.
- **Recommendation:** We recommend a 'BUY' call on INDU with our Dec-26 target price of PKR 2,750/share, offering a 39% upside from last close. The Company is currently trading at FY26/27 P/E of 5.9x/5.6x.

BUY

Automobile Assemblers

Ghandhara Automobiles Limited (GAL)

Target Price: PKR 795/share; Upside: 44%**2026:** Dividend yld: 1%, P/E: 5.7x

Market Price: PKR 552.87

52 weeks: 360.03 — 57.96

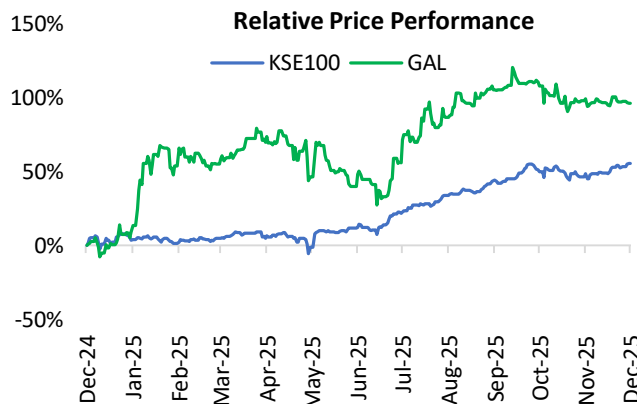
Abs. Return: (3M) -4.2%, (6M) 35.4%, (12M) 95.7%

Outstanding Shares: 0.06bn (FF%: 40)

Market Capitalisation: PKR 31.5bn, US\$ 0.11bn

Exchange: KSE100

PKR/ Share	2024a	2025a	2026f	2027f
EPS	6.4	65.7	97.6	109.4
DPS	0.0	10.0	7.5	10.0
BVPS	189.3	249.5	339.6	439.0
ROE%	4%	30%	33%	28%
P/E	86.3x	8.4x	5.7x	5.1x
DY	0.0%	1.8%	1.4%	1.8%
P/B	2.9x	2.2x	1.6x	1.3x



- Launch of JAC T9 Hunter to fuel revenue growth:** Ghandhara Automobiles (GAL) entered the pickup segment in Jan-2025 with the JAC T9 Hunter, positioned against the Hilux and Isuzu D-Max. Offering advanced features and safety at a competitive PKR 10.5mn price, the model has received strong market response, leading to temporary suspension of bookings. Pickup and SUV demand has rebounded, supported by shifting consumer preferences, driving projected T9 sales of 1,000 units in FY25 and ~3,000 units in FY26. GAL's 9MFY25 revenues rose to PKR 15.3bn, and overall revenue is expected to grow at a 20% CAGR through FY30.
- Rising demand momentum in light and heavy commercial vehicles:** Demand for GAL's commercial vehicles is strengthening, led by the JAC X-200, whose superior payload, engine performance, and features have driven ~75% y/y growth in FY25 and continued momentum in FY26. Improving macro fundamentals, expanding logistics networks, and rising industrial activity are supporting sustainable LCV demand. In the medium and heavy segments, GAL's JAC trucks and Dongfeng prime movers are also gaining traction, with medium-duty volumes up 21% in FY25 and further growth expected as projects like Reko Diq and CPEC Phase II advance.
- GHNI to remain a strong earnings contributor:** GHNI, an associate of Ghandhara Automobiles with a 17.91% stake, is Pakistan's leading truck manufacturer, holding a dominant 65% market share in FY25 and a 5-year average of 54%. Its diversified Isuzu lineup—N-series, F-series, and C-series—drove strong FY25 performance, with truck volumes rising 2.3x to 2,891 units. Despite being premium-priced versus Chinese competitors, Isuzu remains more competitively priced than Hino, contributing to Hino's declining share. GHNI also strengthened its position in the bus segment, where volumes increased 2.4x to 216 units, lifting its market share from 20% to over 27%.
- Recommendation:** We recommend a 'BUY' call on GAL with our Dec-26 target price of PKR 795/share, offering a 44% upside from last close. The Company is currently trading at FY26/27 P/E of 5.7x/5.1x.

BUY

Pharmaceuticals

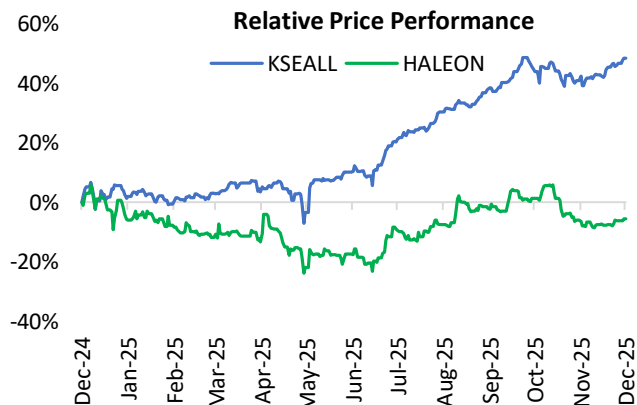
Haleon Pakistan Limited (HALEON)

Target Price: PKR 1,174/share; Upside: 39.7%**2026:** Dividend yld: 2%, P/E: 13.3x**Market Price:** PKR 840.08

52 weeks: 893.14 — 161.01

Abs. Ret: (3M) -5%, (6M) 15.8%, (12M) -5.5%**Outstanding Shares:** 0.12bn (FF%: 13.4)**Market Capitalisation:** PKR 98.3bn, US\$ 0.35bn**Exchange:** KSEALL, KMI

PKR/ Share	2024a	2025a	2026f	2027f
EPS	39.1	49.3	63.3	83.2
DPS	20.0	15.0	20.0	25.0
BVPS	87.7	122.0	166.3	224.5
ROE%	50%	47%	44%	43%
P/E	21.5x	17.0x	13.3x	10.1x
DY	2.4%	1.8%	2.4%	3.0%
P/B	9.6x	6.9x	5.1x	3.7x



- **Innovation in Panadol & Centrum Launch in Multi-Vitamin Category:** HALEON is expanding its Panadol portfolio with launches like Panadol Menstrual Pain and Panadol Migraine in 2025, entering underserved OTC categories. Additionally, the launch of Centrum (Mar'25) positions the company in the growing multivitamin market, targeting wellness and preventive health. These initiatives open new high-margin revenue streams and strengthen brand leadership in everyday healthcare.
- **Margin Expansion Following Deregulation:** The Feb 2024 deregulation of non-essential drugs has been a paradigm shift for Pharma players, with ~43% of HALEON's non-essential portfolio benefiting. The company raised prices by ~26% across key products during Feb24-Jun25, boosting gross margins from 20% in CY23 to 40% in 3QCY25. Continued pricing flexibility, coupled with category leadership, supports sustained profitability. While regulatory reversal remains a risk, HALEON's disciplined pricing and portfolio strength provide cushion against potential downside.
- **Jamshoro Plant Capacity Expansion to Support Growth & Export Potential:** A USD 12mn investment at the Jamshoro facility is expanding annual production of Panadol from 6bn to 8bn tablets and upgrading CaC-1000 Plus lines, representing a ~50% capacity uplift. This expansion ensures supply continuity, supports upcoming launches, and positions HALEON for long-term volume growth. Moreover, Exports are expected to rise to 10% in the next 12–18 months as HALEON targets entry into 19 international markets, including Kenya, Vietnam, and the Philippines from its current levels of only 1% of revenues. This diversification strengthens earnings visibility and establishes HALEON as a regional hub for consumer healthcare. Additionally HALEON maintains a debt-free balance sheet, robust cash flows, and leadership across core OTC categories (Panadol, CAC-1000 Plus, Sensodyne). These strengths provide financial flexibility to reinvest in future growth
- **Recommendation:** We recommend a 'BUY' call on HALEON due to its attractive valuation with Dec-26 target price of PKR 1,174/share, offering a 39.7% upside with 2% dividend yield. The Company is trading at CY26 P/E of 13.3x.

BUY

Pharmaceuticals

AGP Limited (AGP)

Target Price: PKR 285/share; Upside: 49.6%

2026: Dividend yld: 4%, P/E: 12.7x

Market Price: PKR 190.52

52 weeks: 172.04 — 63.93

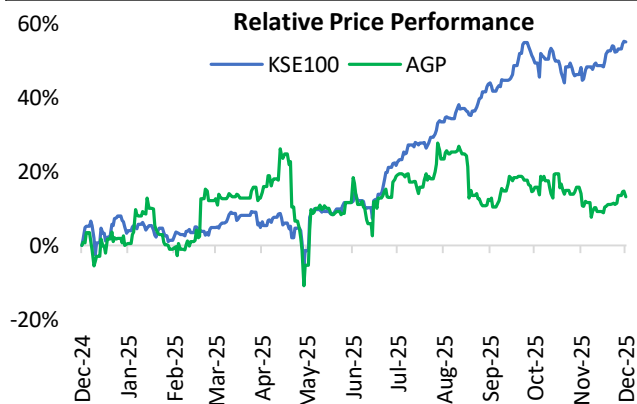
Abs. Return: (3M) 0.3%, (6M) 1.9%, (12M) 13.1%

Outstanding Shares: 0.28bn (FF%: 30)

Market Capitalisation: PKR 53.3bn, US\$ 0.19bn

Exchange: KSE100, KMI, MSCI

PKR/ Share	2024a	2025a	2026f	2027f
EPS	7.4	11.8	15.0	19.3
DPS	4.0	5.8	7.5	9.8
BVPS	43.7	49.5	57.0	66.5
ROE%	18%	25%	28%	31%
P/E	25.6x	16.2x	12.7x	9.9x
DY	2.1%	3.0%	3.9%	5.1%
P/B	4.4x	3.9x	3.3x	2.9x



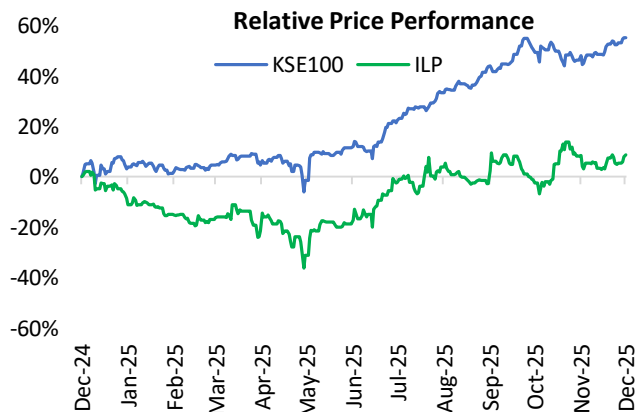
- Regulatory tailwinds:** With deregulation policy, companies now have more freedom to set prices for non-essential drugs, giving them a competitive edge. AGP Limited is one of the major beneficiaries of the deregulation of non-essential drugs in Pakistan. The current non-essential mix stands at around 93% on a standalone basis, while on a consolidated basis, the non-essential portfolio is approximately 62%. The management expects to maintain double-digit volumetric growth during CY25 as well. Following the deregulation of non-essential drugs, AGP has the autonomy to set the prices of this 62% of their portfolio without any regulatory interference. This ultimately leads to increasing profitability for the company.
- Healthy gross margins across industry:** AGP during 9MCY25 has reported a gross margin of 62% vs 59% in 6MCY25 (driven by balancing modernization and replacement [BMR] of plant and machinery) which is the highest among the peers, and the 5-year average historical gross margin is around 55%. We expect the gross margins of the company to further increase following the deregulation of non-essential drugs and due to the well-optimized product portfolio.
- Diversified product portfolio & New launches:** AGP's product portfolio consists of well-established brands catering to both essential and non-essential categories. Around 63% of the revenue of the company is generated by 5 brands including Rigix, Osnate, Ceclor, Anafortan, and Spasler. AGP Limited expanded its footprint across key therapeutic areas with several new launches. In Neuropsychiatry, AG-CETAM and Ag-Vono were introduced, while Internal Medicine grew with Bilazest 20mg. The cardiometabolic portfolio was strengthened through Rozet Ez. In Nutraceuticals, Peridots continued gaining market share by supporting digestive health, and Mychitol Plus and Vitanem Plus added targeted nutritional solutions for Gynecology and Orthopedics.
- Recommendation:** We recommend a 'BUY' call on AGP with Dec-26 target price of PKR 285/share, offering a 49.6% upside with 3% dividend yield. The Company is trading at CY26 P/E of 12.7x.

BUY

Textile Composite

Interloop Limited (ILP)

Target Price: PKR 103/share; Upside: 30.5%				
2026: Dividend yld: 4%, P/E: 6.3x				
Market Price: PKR 78.92				
52 weeks: 84.08 — 62.09				
Abs. Return: (3M) -0.7%, (6M) 30.4%, (12M) 8.7%				
Outstanding Shares: 1.4bn (FF%: 20)				
Market Capitalisation: PKR 110.6bn, US\$ 0.399bn				
Exchange: KSE100, KMI, KMI30, MSCI				
PKR/ Share	2024a	2025a	2026f	2027f
EPS	11.7	4.0	12.5	13.6
DPS	4.5	1.0	3.5	5.0
BVPS	38.2	41.1	46.9	52.5
ROE%	34%	10%	28%	27%
P/E	6.7x	19.6x	6.3x	5.8x
DY	5.7%	1.3%	4.4%	6.3%
P/B	2.1x	1.9x	1.7x	1.5x



- **Investment Thesis:** Interloop is one of the leading textile companies in the country with fastest growing exports and global clientele. The company has a production capacity of 873mn pairs of socks per year. Our liking of the stocks stems from the following reasons: i) Hosiery segment poised for success, ii) Growing exports, and iii) Capacity expansion in the apparel segment.
- **Hosiery segment poised for success:** Interloop Limited stands out as a premier textile company and a global leader in the sock manufacturing industry, making it our top choice within the textiles sector. With five vertically integrated manufacturing facilities, the company has an impressive production capacity of 873 million pairs of socks each year. It supplies a variety of international brands and retailers, such as Nike, Adidas, STICHD, Target, H&M, C&A, Amazon, and Uniqlo. Furthermore, the recent acquisition of Top Circle has allowed Interloop to broaden its manufacturing presence in China.
- **Growing exports:** As one of Pakistan's largest and rapidly expanding textile exporters, Interloop consistently surpasses industry growth rates. The company ranks first among publicly listed firms and second overall in the textile sector. With export sales totaling USD 530 million, the hosiery segment remains the primary contributor, accounting for 74% of the company's total revenue.
- **Capacity expansion in the apparel segment:** Interloop is revolutionizing textile manufacturing with its state-of-the-art apparel facility, which features a fully integrated and automated production process. This comprehensive approach includes all stages from yarn spinning and fabric processing to knitting, dyeing, garment washing, and sewing. The company anticipates a significant increase in its production capacity in the coming years, nearly doubling its output. Furthermore, the denim garment division is poised for substantial growth, with plans to ramp up production significantly by FY26.
- **Recommendation:** We recommend a 'BUY' call on ILP with Dec-26 target price of PKR 103/share, offering a 30.5% upside with 4% dividend yield. The Company is trading at FY26/27 P/E of 6.3/5.8x.

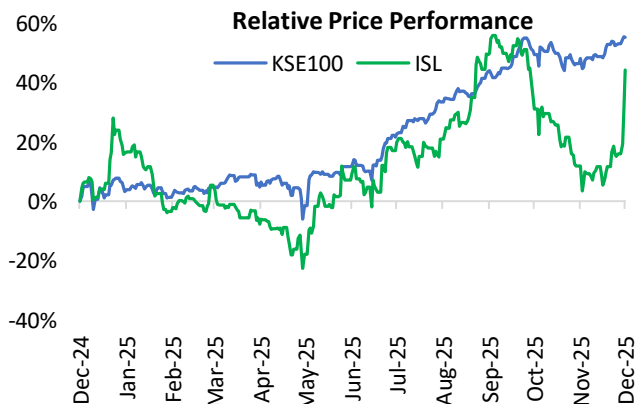
BUY

Engineering

International Steels Limited (ISL)

Target Price: PKR 160/share; Upside: 34.2%
2026: Dividend yld: 4%, P/E: 13.8x
Market Price: PKR 119.26
52 weeks: 91.46 — 62.73
Abs. Return: (3M) -6.9%, (6M) 34%, (12M) 44.2%
Outstanding Shares: 0.44bn (FF%: 35)
Market Capitalisation: PKR 51.9bn, US\$ 0.19bn
Exchange: KSE100, KMI, MSCI

PKR/ Share	2024a	2025a	2026f	2027f
EPS	8.4	3.6	8.6	10.6
DPS	5.5	2.5	5.0	6.0
BVPS	53.3	57.7	64.9	72.0
ROE%	16%	6%	14%	15%
P/E	14.2x	33.3x	13.8x	11.2x
DY	4.6%	2.1%	4.2%	5.0%
P/B	2.2x	2.1x	1.8x	1.7x



- Increase in Appliances demand and agricultural yields:** Flat steel products produced by ISL are utilized by manufacturers in the appliance industry and for constructing storage silos in agriculture. The appliance sector accounts for a significant portion of ISL's sales, while the agriculture sector also contributes notably. We anticipate a rise in demand for appliances due to an increase in purchasing power, which has already shown considerable improvement since the latter half of the fiscal year. Meanwhile, the agriculture sector has experienced growth recently, and yields are projected to rise further as the SIFC focuses on attracting foreign investments to enhance the sector's development.
- Structural Shift Away from Imports Creates Market Share Upside:** major structural shift away from imported flat-steel products, which currently dominate 60–65% of the market. As anti-dumping duties on Galvalume begin to take effect and courts require traders to furnish bank guarantees or pay orders, the cost advantage long enjoyed by importers is eroding. This regulatory tightening is expected to meaningfully reduce reliance on imports, allowing domestic producers to step in. With ISL already increasing its market share from 20% to 23% in just one year and exporting to 30 countries, with products considered superior to those from China, India, and Vietnam and anti-dumping in place, the company is well-positioned to capture a larger share in galvanized and cold-rolled markets.
- Duty Spread Expansion & Energy Mix Optimization Enhances Cost Efficiency and Profit Stability:** A key driver of margin expansion is the recent reduction in HRC import duty from 5% to 2.5%, while downstream duties remain unchanged. This widens ISL's effective duty spread from 5% to 7.5%, enabling the company to enjoy structurally stronger gross margins. Furthermore, The company's ongoing shift toward a more efficient energy mix is expected to further support profitability. With 75% of its power sourced from its in-house plant, solar contributing 7% (rising to 10% in FY26), and KE utilized only when economical, ISL has strong control over its energy cost base.
- Recommendation:** We recommend a 'BUY' call on ISL due to its attractive valuation with Dec-26 target price of PKR 160/share, offering a 34.2% upside with 4% dividend yield. The Company is currently trading at FY26/27 P/E of 13.8/11.2x.

BUY

Food and Personal Care Products

Barkat Frisian Agro Limited (BFAGRO)

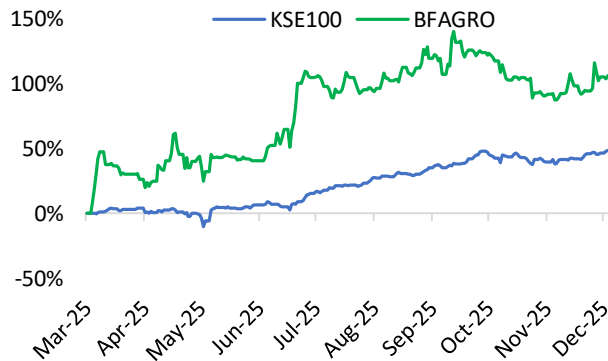
Target Price: PKR 58.7/share; Upside: 42.3%**2026:** Dividend yld: 2%, P/E: 12.1x**Market Price:** PKR 41.25

52 weeks: 48.03 — 20.02

Abs. Return: (3M) -6.1%, (6M) 35.4%, (12M) 106%**Outstanding Shares:** 0.31bn (FF%: 25)**Market Capitalisation:** PKR 12.8bn, US\$ 0.05bn**Exchange:** KSEALL, KSE100

PKR/ Share	2024a	2025a	2026f	2027f
EPS	1.2	2.1	3.4	4.9
DPS	0.0	0.0	0.7	1.0
BVPS	3.6	10.1	12.9	16.8
ROE%	50%	31%	30%	33%
P/E	34.2x	19.7x	12.1x	8.4x
DY	0.0%	0.0%	1.6%	2.4%
P/B	11.5x	4.1x	3.2x	2.5x

Relative Price Performance

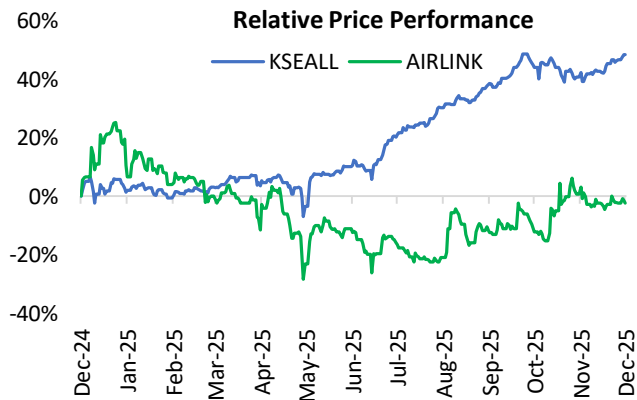


- **Capacity Expansion and Product Diversification to Drive Growth:** The Company is investing PKR 870mn in a new Line II facility at the Faisalabad SEZ, completing in 3QFY26, which will boost total capacity by 71% to 29,000 tons and strengthen both domestic and export growth. Further expansions of 4,000 tons each are planned in FY28 and FY29, alongside product diversification into organic, free-range, pasteurized shell eggs, and powdered eggs—supporting sustained sales growth and higher market share.
- **Potential for Significant growth in Exports:** BFAGRO began exporting to the Middle East in 2022 and has since expanded rapidly, with export revenue rising from 2% in FY22 to 10% in FY24 and projected to average 15% in FY25–FY26. The Company supplies major clients including Kerry, Dofreeze, Sri Lankan Airlines, Mondelez, Qbake, and Gulf Central, and is establishing a UAE subsidiary to further strengthen its presence. Its products are currently exported to the UAE, Qatar, Kuwait, KSA, Bahrain, Egypt, Oman, and Sri Lanka.
- **Underserved Market:** BFAGRO operates in a largely untapped and underserved market, holding a first-mover advantage as the sole local producer of pasteurized egg products in Pakistan. The high capital investment requirements creates significant entry barriers presenting a strong opportunity to the Company for maintaining a solid presence in the industry.
- **Tax Benefits for Operations in the SEZ to support profitability:** As the Company's manufacturing plants are located in the Special Economic Zones (SEZ), it benefits from a 10-year tax exemption starting from the commencement of commercial operations. The Karachi (Port Qasim) plant is exempt until FY29, while the upcoming Faisalabad facility will enjoy tax exemption till FY36. Once the exemption expires, the company will still benefit from a reduced tax rate of 0.75% of revenue—lower than the standard 1.25%—due to its operations in the poultry sector.
- **Recommendation:** We recommend a 'BUY' call on BFAGRO with Dec-26 target price of PKR 58.7/share offering 42% upside from last close. The Company is trading at FY26/27 P/E of 12.1/8.4x.

BUY**Technology & Communication****Air Link Communication Limited (AIRLINK)**

Target Price: PKR 259/share; Upside: 49%
2026: Dividend yld: 5%, P/E: 7.6x
Market Price: PKR 173.8
52 weeks: 222.89 — 127.77
Abs. Return: (3M) 11.7%, (6M) 14.6%, (12M) -2.4%
Outstanding Shares: 0.4bn (FF%: 30)
Market Capitalisation: PKR 68.7bn, US\$ 0.25bn
Exchange: KSEALL, KSE100, KMI, MSCI

PKR/ Share	2024a	2025a	2026f	2027f
EPS	11.7	12.0	22.7	24.8
DPS	4.0	6.0	8.0	8.0
BVPS	38.1	42.9	52.0	61.9
ROE%	34%	30%	48%	44%
P/E	14.8x	14.5x	7.6x	7.0x
DY	2.3%	3.5%	4.6%	4.6%
P/B	4.6x	4.0x	3.3x	2.8x








- **Strong domestic demand for locally assembled smartphones:** Government policies such as DIRBS, higher duties on imported devices, and strong incentives for local manufacturing have pushed the market to a point where ~95% of Pakistan's smartphone demand will be met through local assembly by 2025. As one of the largest assemblers for Xiaomi, Tecno, and Itel, AIRLINK is strategically positioned to capture the bulk of this demand.
- **High-impact product diversification unlocking new revenue streams:** AIRLINK is expanding beyond smartphones into Xiaomi Smart TVs in 3QFY25, Acer laptops in 2QFY26, iPhone mono-store retail launched likely by Dec'25, and home appliances (agreements to be finalized by 1QCY26/3QFY26). These segments offer higher margins, new customer bases, and significant incremental upside, especially the upcoming home appliances line (ACs, refrigerators, microwaves, washing machines) which is under negotiation with top 4-5 global brands. Additionally, AIRLINK's new Sundar facility includes an entire ground floor dedicated to household appliances. Furthermore, the company is venturing into EV segment as well with plans to initially import limited units (500–1000) to test the market, and later enter through a JV if feasible.
- **Multi-year tax advantage driving profitability:** AIRLINK's new state-of-the-art production facility in the Sundar Green Special Economic Zone provides a 10-year tax holiday and one-time GST exemption on imported machinery. The company plans to shift 50% of its smartphone production to this facility initially (ramping up fully by FY26), which will structurally lower its effective tax rate to around 21%. This transition combined with expanded manufacturing capacity and operational efficiencies will lead to sustained margin expansion and stronger cash flows over the medium term.
- **Recommendation:** We recommend a 'BUY' call on AIRLINK with Dec-26 target price of PKR 259/share, offering a 49% upside with 5% dividend yield. The Company is trading at FY26/27 P/E of 7.6/7.0x.

ALPHA STOCKS



Alpha Stocks

Although prices for some of the following companies may have performed, however in light of potential triggers, these scrips are expected to remain in limelight during 2026:

					
SCRIP	PTC	NATF	SEARL	SRVI	GCIL
SECTOR	TECHNOLOGY & COMMUNICATION	FOOD & PERSONAL CARE PRODUCTS	PHARMACEUTICALS	LEATHER & TANNERIES	CHEMICALS
Trigger	PTC has gotten CCP and PTA approval to acquire Telenor and will become equivalent to Mobilink in terms of market share. PTC has signed Share Purchase Agreement to acquire Telenor Pakistan for PKR108bn.	In FY25 NATF's Ketchup brand crossed PKR 10Bn in revenues, 'Drizz'l', was launched and NATF added 12 new seasonal variants to its recipe mixes. NATF also signed a deal with CCMP Growth Advisors to sell 50.5% of its stake in A-1.	SEARL is the key beneficiary of the deregulation policy with its 80% of portfolio comprising of non-essential medicines. SEARL has recently sold its entire stake in its subsidiary Searle Pakistan Limited (SPL) for a total consideration of PKR 10.53bn	SRVI achieved topline growth of +30%y/y, reaching PKR 125 billion in FY24, up from PKR 97 billion in CY23, driven by a e 52%y/y increase in revenue from the tyres and tubes segment. Total tyre production is expected to increase to 2.0 mn units in FY26	The commissioning of the 275 TPD Hattar SEZ ASU is expected to materially uplift profitability due to scale efficiencies and tax-exempt status. JV with Mari energies represents a transformational long-term growth driver for GCIL
Last Close	45.13	389.79	105.98	1,780.33	34.80
52 Week High	46.05	415.0	129.32	1,909.38	39.87
52 Week Low	16.56	170.0	60.66	870.10	13.70
52W Avg Volume (mn)	13.45	0.50	6.29	0.01	4.57

ALPHA STOCKS

Technology and Communication

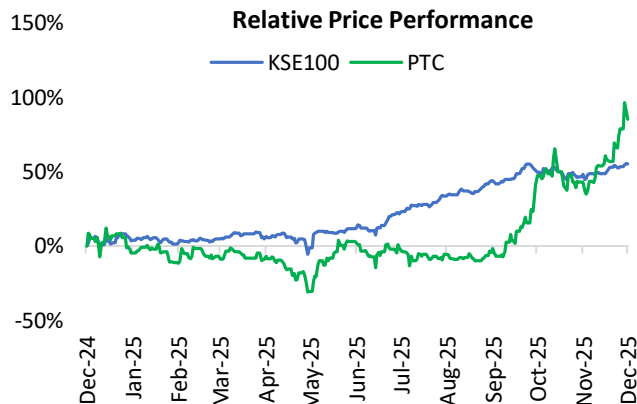
Pakistan Telecommunication Company Limited (PTC)

Company Data

Market Price: PKR 46.79
52 weeks: 49.57 — 17.43
Abs. Return: (3M) 93.4%, (6M) 91.5%, (12M) 85.2%
Outstanding Shares: 3.77bn (FF%: 15.7)
Market Capitalisation: PKR 176.6bn, US\$ 0.63bn
Exchange: KSEALL, KSE100

Key Financial data

PKR/ Share	2021a	2022a	2023a	2024a
EPS	0.5	-2.1	-3.3	-2.8
DPS	0.0	0.0	0.0	0.0
BVPS	17.3	14.5	11.2	7.1
ROE%	3%	-13%	-25%	-31%
P/E	92.7x	-21.9x	-14.3x	-16.6x
DY	0.0%	0.0%	0.0%	0.0%
P/B	2.7x	3.2x	4.2x	6.6x



- Investment Thesis:** PTC a subsidiary of e& (formerly Etisalat) is the largest ICT provider in Pakistan. PTC offers wide range of services including but not limited to high-speed broadband internet, IPTV, and Charji wireless internet. Ufone is a subsidiary of PTC, which provides voice and data services catering to postpaid and prepaid customers with around 25mn customers across the country. PTC is among our Alpha stocks and our liking of the stock stems from: i) Acquisition of Telenor, ii) Declining Interest Rates, and iii) Increase in fiber connections.
- PTC Set to Become Pakistan's Second-Largest Telecom Operator:** PTC has signed a share purchase agreement to acquire the 100% stake in Telenor Pakistan (recently approved by Competition Commission of Pakistan – CCP and Pakistan Telecommunication Authority - PTA), valuing the deal at PKR 108bn on a cash-free and debt-free basis. To finance this acquisition, IFC-led consortium has approved financing of US\$400mn. The agreement was formalized in August 2024, followed by the CCP's Phase II approval on October 1, 2025. The acquisition is expected to conclude within a few weeks. Post Acquisition, PTC-Telenor combined market share would reach 35%, altering market dynamics & making it the second largest player in the market
- Potential Value-Accretive Acquisition with Strong Upside for PTCL:** PTC is acquiring Telenor Pakistan at an attractive valuation, with the disclosed LTM (Sep-23) EBITDA of Rs48bn which has risen 15–16% to over Rs55bn, alongside a 31% jump in ARPU to Rs255. At the original numbers, the deal implied EV/EBITDA of ~2.25x, while Telenor's 7.5k towers alone could be valued at ~Rs112bn based on recent Jazz/Veon tower benchmarks which is higher than the total acquisition price of Rs108bn. Improving EBITDA, easing interest rates, and potential post-merger synergies (similar to Jazz-Warid, where margins expanded from ~40% to ~46–51%) further strengthen the deal. The combined entity will gain nationwide coverage with Telenor being strong in rural/north and Ufone strong in urban/south supporting future ARPU growth.

ALPHA STOCKS

Food & Personal Care Products

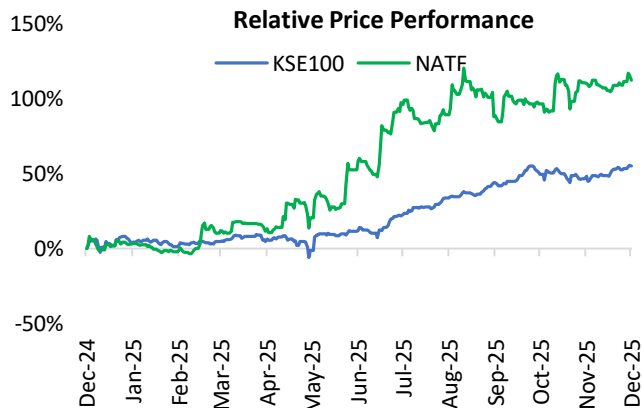
National Foods Limited (NATF)

Company Data

Market Price: PKR 392.02
52 weeks: 406.64 — 176.16
Abs. Return: (3M) 14.2%, (6M) 34.5%, (12M) 112.5%
Outstanding Shares: 0.23bn (FF%: 25)
Market Capitalisation: PKR 91.4bn, US\$ 0.33bn
Exchange: KSEALL, KMIALL, KSE100

Key Financial data

PKR/ Share	2022a	2023a	2024a	2025a
EPS	5.0	2.5	6.5	9.0
DPS	40.6	55.6	60.3	68.7
BVPS	29%	28%	14%	23%
ROE%	37.7x	28.8x	47.8x	26.4x
P/E	1.3%	0.6%	1.7%	2.3%
DY	9.6x	7.1x	6.5x	5.7x
P/B	5.0	2.5	6.5	9.0



- **About the company:** National Foods Limited (NATF) was founded in 1970 as a spice company. It is now owned by ATC Holdings and has 5 subsidiaries which operate across 40 countries with 391 distributors. Company has 11 key product categories including recipe mixes, ingredients, sauces, ketchup, pickles, jams, desserts and seasonings etc. The Management noted that recipe mixes, ketchup, and pickles account for 65% of its revenue with recipe mixes being the leading product category and ketchup and pickles carrying an equal weight in the revenue mix of ~14% each. 50% of the Company's revenues come from its international markets.
- **NATF Strengthens In-House Sourcing While Driving Ketchup and Sauce Growth:** . During FY24, the company initiated its Tomato seeds-table project, aimed at increasing localization of tomatoes required for production of Ketchup. Ketchup alone contributes Rs9bn (~20% of the top-line) and the Company is currently aiming to reduce reliance on imported tomatoes. NATF sources up to 40% of its required tomatoes from its own farms. In FY25, the Company's Ketchup brand crossed PKR 10Bn in revenues. Its sauces category, 'Drizz'l', was launched and NATF added 12 new seasonal variants to its recipe mixes.
- **NATF Divests Majority Stake in A-1 to CCMP:** NATF has signed a deal with CCMP Growth Advisors to sell 50.5% of its stake in A-1. While the final price hasn't been disclosed, management confirmed that NATF's 60% stake was valued above the earlier estimate of CA\$100–110mn. The proceeds are already placed in an escrow account and should appear in NATF's Dec-2025 financials. A-1's existing sponsors, Arfa Holdings, will retain their 40% stake and continue to lead the company. NATF expects that A-1's strong sponsor profile will support further revenue improvement. NATF also plans to assess new investment opportunities to deploy the sale proceeds in projects that can deliver strong returns for the group.

ALPHA STOCKS

Pharmaceuticals

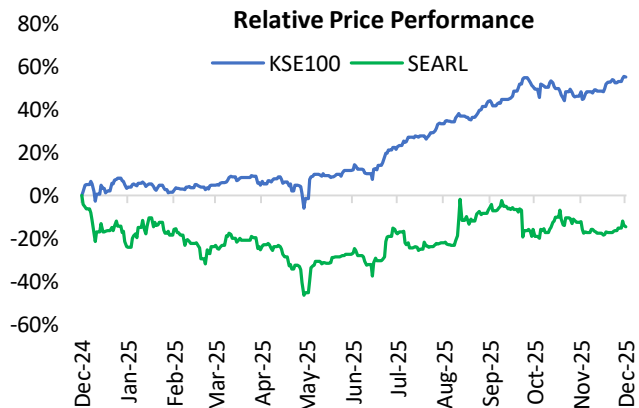
The Searle Company Limited (SEARL)

Company Data

Market Price: PKR 106.75
52 weeks: 124.96 — 66.65
Abs. Return: (3M) -10.7%, (6M) 18.8%, (12M) -14.6%
Outstanding Shares: 0.59bn (FF%: 43.5)
Market Capitalisation: PKR 62.8bn, US\$ 0.22bn
Exchange: KSEALL ,KMIAL. KSE100

Key Financial data

PKR/ Share	2022a	2023a	2024a	2025a
EPS	4.1	0.7	-4.0	-2.4
DPS	0.0	0.0	0.0	0.0
BVPS	52.2	53.9	58.6	55.9
ROE%	9%	1%	-7%	-4%
P/E	26.0x	152.0x	-26.4x	-44.9x
DY	0.0%	0.0%	0.0%	0.0%
P/B	2.0x	2.0x	1.8x	1.9x



- **Deregulation Benefits:** SEARL is the key beneficiary of the deregulation policy with its 80% of portfolio comprising of non-essential medicines. This regulatory has already transitioned into better margins during 9MCY25 and is expected to continue profitability
- **Portfolio Expansion:** Company has recently acquired regulatory approval for Denosumab injections in two variants i.e 60mg & 120mg for osteoporosis and cancer related bone issues, providing a first mover advantage for SEARL. Additionally, during FY24, SEARL obtained DRAP approval for ADALIMUMAB, Pakistan's first locally manufactured biosimilar drug. Furthermore, Company has launched generic version of semaglutide in the form of tablet, unlocking a major growth opportunity in Pakistan's large diabetes market. SEARL is not only diversifying its portfolio but also tapping into an under-served, premium priced areas like therapeutic with limited competition strengthening its product mix and margins in the coming years.
- **Divestment of its subsidiary Searle Pakistan:** SEARL has recently sold its entire stake in its subsidiary Searle Pakistan Limited (SPL) for a total consideration of PKR 10.53bn, of which nearly half been received and remaining to be realized over the next two years. Proceeding were primarily utilized to settle debt reducing its finance cost significantly and paving the way for future dividends.
- **Strong Market Position Supported by Broad Portfolio and Robust Product Pipeline:** The Company offers a wide range of medicines and treatments across cardiovascular, respiratory, gastroenterology, antibiotics, nutritional care and other segments. It is currently the 5th-largest pharmaceutical player in Pakistan by sales and maintains the 2nd-highest gross margins in the industry, driven by strong leadership positions in major therapeutic categories such as cardiology, gynaecology and cough management. Additionally, recent disclosures highlight that SEARL has a strong development pipeline comprising more than 200 products.

ALPHA STOCKS

Leather and Tanneries

Service Industries Limited (SRVI)

Company Data

Market Price: PKR 1,644.17

52 weeks: 1800 — 913.27

Abs. Return: (3M) 17.4%, (6M) 48.5%, (12M) 9.5%

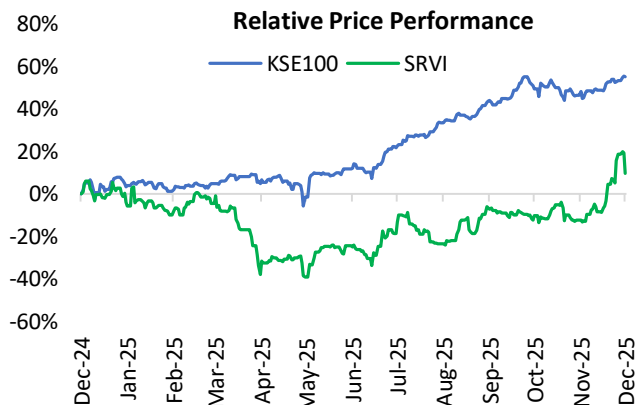
Outstanding Shares: 0.05bn (FF%: 50)

Market Capitalisation: PKR 77.3bn, US\$ 0.28bn

Exchange: KSEALL, KSE100

Key Financial data

PKR/ Share	2021a	2022a	2023a	2024a
EPS	11.4	-13.6	60.5	88.0
DPS	7.5	5.0	10.0	15.0
BVPS	326.8	325.6	403.7	553.7
ROE%	3%	-4%	17%	18%
P/E	144.5x	-121.3x	27.2x	18.7x
DY	0.5%	0.3%	0.6%	0.9%
P/B	5.0x	5.0x	4.1x	3.0x



- Diversified Product Portfolio to Fuel Growth in Revenues:** Service Industries Limited (SRVI) is one of the country's largest conglomerates, with a diverse product portfolio spanning footwear, tyres, and tubes. In CY24, the company achieved impressive topline growth of +30%/y, reaching PKR 125 billion, up from PKR 97 billion in CY23. This surge was primarily driven by a remarkable 52%/y increase in revenue from the tyres and tubes segment, following the commencement of commercial production by its subsidiary, Services Long March Tyres (SLM). Export sales surged +18% while local sales went up by +37% in CY24. We expect this growth momentum to continue, fueled by higher revenue from SLM, which remains the country's only producer of TBR (Truck and Bus Radial) tyres. Additionally, management also disclosed that total tyre production is expected to increase from 1.6 million units in FY25 to 2.0m units in FY26, driven by new product categories and improved operational efficiencies.
- Decline in Interest Rates to Support Profitability:** As of Dec-24, SRVI's debt-to-asset ratio stands at 68%, compared to 76% in CY23. During the first nine months of CY24, finance costs accounted for 29% of operating profit. The recent decline in interest rates, coupled with expectations of further reductions, is expected to positively impact the company's bottom line by lowering borrowing costs.
- Tapping New Revenue Segments:** In CY22, the company ventured into the manufacturing of automobile parts and accessories such as motorcycle chains and sprockets. Moreover, the Company introduced a line of apparel through its online platform and in select stores in the Lahore region on which the Company has received a positive feedback leading the company to expand the apparel range to other cities. The company has announced a joint venture between its subsidiary, Service Tyres (Pvt) Ltd, and TrailerMaster CVS Inc. China, to manufacture brake drums for buses, trucks, and lorries. Service Tyres (Pvt) Ltd will invest US\$4mn in equity and provide US\$7mn in guarantees. This strategic move into new markets and product categories is expected to further drive the company's revenue growth.

ALPHA STOCKS

Chemicals

Ghani Chemical Industries Limited (GCIL)

Company Data

Market Price: PKR 35.01

52 weeks: 38.46— 11.55

Abs. Return: (3M) 2.1%, (6M) 73.1%, (12M) 178%

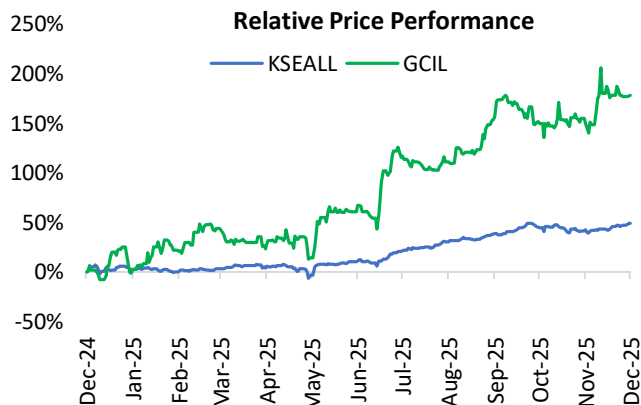
Outstanding Shares: 0.57bn (FF%: 40)

Market Capitalisation: PKR 20bn, US\$ 0.07bn

Exchange: KSEALL, KMIALL

Key Financial data

PKR/ Share	2022a	2023a	2024a	2025a
EPS	1.5	0.9	1.4	3.5
DPS	0.0	0.0	0.0	0.6
BVPS	13.3	15.5	17.3	16.1
ROE%	23%	6%	8%	21%
P/E	22.9x	39.3x	25.5x	9.9x
DY	0.0%	0.0%	0.0%	1.7%
P/B	2.6x	2.3x	2.0x	2.2x



- Margin Expansion Driven by ASU Efficiency & New Hattar Plant:** GCIL's earnings upside is anchored in its structurally higher gross margins, which expanded 16ppt y/y to 46% in FY25 due to efficiency gains at its ASU plants. The commissioning of the 275 TPD Hattar SEZ ASU which is the largest and most energy-efficient medical/industrial gases plant in Pakistan, further strengthens margin stability going forward. This plant is expected to materially uplift profitability due to scale efficiencies and tax-exempt status.
- LNG & CO₂ JV with Mari Energies:** GCIL's 49% stake in the JV with Mari Energies represents a transformational long-term growth driver. The venture will produce 80,000 TPA LNG and 55,000 TPA CO₂, with expected annual revenue of PKR 17bn, making it the single largest new project in the company's portfolio. LNG will be priced competitively at ~US\$10/MMBTU with low input costs (US\$0.55/MMBTU), targeting gas-deficient regions previously reliant on LPG. The project is largely funded via supplier credit, minimizing equity outflows and enhancing returns, with commissioning expected by end-next year. The JV introduces a high-volume, diversified revenue stream that can materially rerate GCIL's earnings trajectory upon commercialization.
- New Growth Verticals: LPG Storage, Specialty Gases & Pipeline Supply:** Beyond its core, GCIL is actively expanding into high-margin and high-demand gas markets. The 450 MT LPG storage & filling plant at Phool Nagar and new specialty gases for electronics, semiconductors, R&D, and calibration markets broaden GCIL's product portfolio and industrial relevance. Additionally, pipeline-based continuous gas supply solutions for large industrial clients enhance long-term contract visibility. These projects diversify revenue streams and create multi-year volume growth beyond FY26, strengthening GCIL's strategic positioning in Pakistan's industrial gas value chain.
- Sector Tailwinds & Shipbreaking Revival Supporting Volume Upside:** GCIL benefits from improving sector dynamics, particularly the revival of Pakistan's shipbreaking industry, where volumes could rise meaningfully. Demand from Gadani could increase materially, with potential to return to stronger volume levels seen when the company held 50% market share in 2017–18.

POTENTIAL STOCKS FROM SALES DESK

POTENTIAL STOCKS
FROM SALES DESK

Potential Stocks from Sales Desk

Our sales team anticipates interest of investors in following scrips in 2026 and hence price movement in these can not be ruled out:

Scrips	Sector	Last Close *	52W High	52W Low	52W Avg Vol (mn)
The Bank of Punjab (BOP)	Commercial Banks	35.51	41.54	8.18	41.29
Bank Makramah Limited (BML)	Commercial Banks	6.14	8.53	2.41	15.85
Bunnys Limited (BNL)**	Food & Personal Care Products	13.33	170.73**	13.61**	2.88
Unity Foods Limited (UNITY)	Food & Personal Care Products	22.45	38.15	20.80	3.88
The Organic Meat Company Limited (TOMCL)	Food & Personal Care Products	51.13	75.85	23.57	3.99
National Refinery Limited (NRL)	Refinery	417.26	453.95	157.01	1.36
Pakistan Refinery Limited (PRL)	Refinery	37.23	45.86	22.03	12.39
Pace (Pakistan) Limited (PACE)	Property	20.02	31.00	3.80	13.81
Pakistan International Bulk Terminal (PIBTL)	Transport	15.36	16.99	6.89	19.72
Sui Southern Gas Company Limited (SSGC)	Oil & Gas Marketing Companies	39.49	50.87	26.30	16.04
Sui Northern Gas Pipelines Limited (SNGP)	Oil & Gas Marketing Companies	117.40	142.60	85.10	4.90
Pak Elektron Limited (PAEL)	Cable & Electrical Goods	55.64	61.79	32.32	15.02
Image Pakistan Limited (IMAGE)	Synthetic & Rayon	25.64	36.83	17.49	3.55
TRG Pakistan Limited (TRG)	Technology & Communication	71.44	84.39	49.50	7.47

Source: Bloomberg, PSX, IGI Research

*Prices as at 10-Dec-2025, **High and low are before split effective 08-Dec-2025 (par value reduced to PKR 1/share)

Recommendation Summary

Symbol	Target Price	Current Price	Upside - Downside (%)	Recom.	EPS			DPS			P/E			DY		
					'25	'26	'27	'25	'26	'27	'25	'26	'27	'25	'26	'27
Automobile Assembler																
INDU	2,750	1,984	39%	Buy	292.7	337.5	355.4	176.0	205.0	215.0	6.8	5.9	5.6	8.9	10.3	10.8
HCAR	312	284	10%	Neutral	19.0	32.5	36.4	8.0	8.0	0.0	15.0	8.8	7.8	2.8	2.8	0.0
GAL	795	553	44%	Buy	65.7	97.6	109.4	10.0	7.5	10.0	8.4	5.7	5.1	1.8	1.4	1.8
Cement																
LUCK	590	497	19%	Buy	22.6	34.8	40.9	4.0	4.6	5.0	22.0	14.3	12.1	0.8	0.9	1.0
KOHC	145	109	34%	Buy	12.6	13.8	15.5	0.0	1.0	1.5	8.6	7.9	7.0	0.0	0.9	1.4
FCCL	85	58	47%	Buy	5.4	7.1	7.6	1.3	2.8	3.5	10.6	8.2	7.6	2.2	4.8	6.1
MLCF	165	122	35%	Buy	16.3	12.9	13.7	0.0	1.3	1.3	7.5	9.5	8.9	0.0	1.0	1.0
DGKC	311	248	25%	Buy	19.8	26.1	34.8	2.0	4.0	5.3	12.5	9.5	7.1	0.8	1.6	2.1
CHCC	512	353	45%	Buy	44.7	45.6	46.5	5.5	6.5	9.0	7.9	7.8	7.6	1.6	1.8	2.5
PIOC	420	410	2%	Neutral	21.5	36.9	47.1	15.0	20.3	28.0	19.1	11.1	8.7	3.7	4.9	6.8
Chemical																
EPCL	38	35	8%	Neutral	-2.3	2.0	4.5	0.0	0.0	1.0	NM	17.4	7.8	0.0	0.0	2.9
Commercial Banks																
MCB	468	358	31%	Buy	47.2	53.5	55.0	36.0	37.5	38.5	7.6	6.7	6.5	10.1	10.5	10.7
UBL	460	378	22%	Buy	53.1	51.6	52.6	34.5	33.5	34.3	7.1	7.3	7.2	9.1	8.9	9.1
HBL	365	315	16%	Buy	46.3	51.0	55.4	17.5	18.0	18.3	6.8	6.2	5.7	5.6	5.7	5.8
ABL	193	183	5%	Neutral	29.6	31.7	34.4	16.0	12.5	13.5	6.2	5.8	5.3	8.7	6.8	7.4
BAHL	220	185	19%	Buy	28.5	28.3	29.2	14.0	13.0	13.5	6.5	6.5	6.3	7.6	7.0	7.3
BAFL	160	105	52%	Buy	17.8	18.8	21.1	6.3	6.5	7.3	5.9	5.6	5.0	5.9	6.2	6.9
NBP	291	217	34%	Buy	41.6	42.9	44.8	22.0	28.0	31.5	5.2	5.1	4.8	10.1	12.9	14.5
FABL	112	90	25%	Buy	13.4	14.2	15.1	6.0	7.0	7.0	6.7	6.3	5.9	6.7	7.8	7.8
Engineering																
ISL	160	119	34%	Buy	3.6	8.6	10.6	2.5	5.0	6.0	33.3	13.8	11.2	2.1	4.2	5.0
MUGHAL	138	93	49%	Buy	2.9	11.6	15.7	0.0	2.0	10.0	32.2	8.0	5.9	0.0	2.2	10.8
Fertilizer																
FFC	678	580	17%	Buy	57.3	62.6	66.3	40.5	50.0	53.0	10.1	9.3	8.7	7.0	8.6	9.1
EFERT	255	217	18%	Buy	16.2	19.5	21.1	16.5	20.3	22.0	13.4	11.1	10.3	7.6	9.3	10.1

Recommendation Summary

Symbol	Target Price	Current Price	Upside - Downside (%)	Recom.	EPS			DPS			P/E			DY		
					'25	'26	'27	'25	'26	'27	'25	'26	'27	'25	'26	'27
Glass & Ceramics																
TGL	265	210	26%	Buy	27.8	29.6	30.8	4.0	6.0	7.0	7.6	7.1	6.8	1.9	2.9	3.3
Oil & Gas Exploration Companies																
OGDC	368	270	36%	Buy	39.5	37.7	37.9	15.1	17.0	17.0	6.8	7.2	7.1	5.6	6.3	6.3
MARI	742	707	5%	Neutral	54.3	59.7	58.9	21.7	25.0	0.0	13.0	11.8	12.0	3.1	3.5	0.0
PPL	285	215	32%	Buy	33.8	31.9	29.2	7.5	10.0	11.0	6.4	6.8	7.4	3.5	4.6	5.1
POL	792	621	28%	Buy	85.2	87.2	81.9	75.0	70.0	70.0	7.3	7.1	7.6	12.1	11.3	11.3
Oil & Gas Marketing Companies																
PSO	636	472	35%	Buy	44.5	74.6	90.8	10.0	15.0	20.0	10.6	6.3	5.2	2.1	3.2	4.2
APL	717	555	29%	Buy	83.5	73.9	81.2	25.5	25.0	25.5	6.6	7.5	6.8	4.6	4.5	4.6
Power Generation & Distribution																
HUBC	252	224	12%	Buy	35.6	38.3	39.6	15.0	17.0	20.0	6.3	5.9	5.7	6.7	7.6	8.9
Textile Composite																
ILP	103	79	31%	Buy	4.0	12.5	13.6	1.0	3.5	5.0	19.6	6.3	5.8	1.3	4.4	6.3
Pharmaceuticals																
HALEON	1,174	840	40%	Buy	49.3	63.3	83.2	15.0	20.0	25.0	17.0	13.3	10.1	1.8	2.4	3.0
GLAXO	665	390	71%	Buy	33.2	40.2	46.5	17.0	20.0	23.0	11.7	9.7	8.4	4.4	5.1	5.9
AGP	285	191	50%	Buy	11.8	15.0	19.3	5.8	7.5	9.8	16.2	12.7	9.9	3.0	3.9	5.1
Food & Personal Care Products																
TOMCL	68	51	32%	Buy	2.2	5.4	7.3	0.0	0.0	0.0	23.4	9.4	7.0	0.0	0.0	0.0
BFAGRO	59	41	42%	Buy	2.1	3.4	4.9	0.0	0.7	1.0	19.7	12.1	8.4	0.0	1.6	2.4
Technology and Communication																
AIRLINK	259	174	49%	Buy	12.0	22.7	24.8	6.0	8.0	8.0	14.5	7.6	7.0	3.5	4.6	4.6
Tobacco																
PAKT	1,843	1,505	22%	Buy	127.8	146.5	169.0	133.0	144.0	151.0	11.8	10.3	8.9	8.8	9.6	10.0
Source: PSX, Bloomberg, Company Financials, IGI Research, Prices as at 10-Dec-2025																

Source: PSX, Bloomberg, Company Financials, IGI Research, Prices as at 10-Dec-2025

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution. All Research Analysts are receiving fixed pay and reporting directly to Head of Research who reports to CEO.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
 Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)
 Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including a) Discounted Cash Flow (DCF), b) Reserve Based DCF, c) Dividend Discount Model (DDM), d) Justified Price to Book, e) Residual Income (RI) and, f) Relative Valuation (Price to Earning, Price to Sales, Price to Book).

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, Last Closing: Latest closing price, Market Cap.: Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. EPS: Earnings per Share. DPS: Dividend per Share. ROE: Return on equity is the amount of net income returned as a percentage of shareholders' equity. P/E: Price to Earnings ratio of a company's share price to its per-share earnings. P/B: Price to Book ratio used to compare a stock's market value to its book value. DY: The dividend yield is dividend per share, divided by the price per share

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2025 IGI Finex Securities Limited

Contact Details

Raza Hussain Rizvi	Chief Executive Officer	Tel: (+92-21) 111-234-234 Ext: 990	raza.hussain@igi.com.pk
Research Team			
Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Sania Bajwa	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	sania.bajwa@igi.com.pk
Syed Muzamil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk
Management Team			
Zaeem Haider Khan	Head of Sales	Tel: (+92-21) 35301405	zaeem.haider@igi.com.pk
Saifullah Kazmi	Head Investment Banking	Tel: (+92-21) 35301779	saifullah.kazmi@igi.com.pk
Faraz Ullah Khan	Head of Risk Management & Operations	Tel: (+92-21) 111-234-234 Ext: 807	faraz.ullah@igi.com.pk
Syed Jibran	Manager Compliance	Tel: (+92-21) 111-234-234 Ext: 842	syed.jibran@igi.com.pk
Muhammad Shakeel	Manager Operations & Settlement	Tel: (+92-21) 111-234-234 Ext: 909	muhammad.shakeel@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111-234-234 Ext: 826	faraz.naqvi@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk
Head Office		Lahore Office	Islamabad Office
Suite No 701-713, 7th Floor, The Forum, G-20, Khayaban-e-Jami Block-09, Clifton, Karachi-75600 UAN: (+92-21) 111-444-001 Fax: (+92-21) 35309169, 35301780		Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559	3rd Floor, Kamran Centre, Block- B, Jinnah Avenue, Blue Area Tel: (+92-51) 2604861-2, 2604864, 2273439 Fax: (+92-51) 2273861
Faisalabad Office		Rahim Yar Khan Office	Multan Office
Office No. 2, 5 & 8, Ground Floor, The Regency International 949, The Mall Faisalabad Tel: (+92-41) 2540843-45		Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651	Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited | Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk