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Federal Budget

FEDERAL BUDGET FY2010-11: FOCUS ON INDIRECT TAXATION & INCREASING REVENUE



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Federal Budget FY2010-11 - Focus on indirect taxation & increasing revenue

The Federal Budget for the financial year beginning on 1 July 2010 (FY2010-11) was unveiled on June 05, 2010 which total outlay for the next fiscal year will be Rs 3.26 trillion, which is 10% higher than the budget estimates of 2009-10. The goals of this budget are to increase revenue by indirect taxation and curtailment of fiscal deficit. Budget mainly focuses on recovery of economic activities and elimination of subsidies.

Policy Objectives

- Enhancing the federal excise and sales tax revenues without inducing any additional burden on the common man and poor segments of society.
- Distributing the burden of extra taxation measures on all sectors of the economy.
- Industrial incentives for growth and expansion.
- Discouraging import of non-essential and luxury items.

Key Features of the Budget

- Total budgetary outlay of Rs 3.26 trillion.
- Gross Domestic Product (GDP) growth target set at 4.5%.
- Fiscal deficit target of Rs 685 billion, or 4% of the GDP.
- Public Sector Development Program (PSDP) allocation of Rs 663 billion.
- Tax revenue is targeted at 1.78 trillion rupees out of which the Federal Board of Revenue will collect 1.667 trillion rupees, about 9.8 percent of GDP.
- Defense allocation of Rs 442.2 billion.

Rs in billion	2007-08A	2008-09A	2009-10BE	2010-11BE
Tax revenue	1,051	1,180	1,380	1,667
Direct Tax	391	461	540	657
Indirect Tax	659	719	943	1,121
Gross Revenue	1,499	1,784	2,052	2,411
Less: Provisinal Share	457	560	655	1,034
Total Expenditure	2,277	2,087	2,586	2,764
Current expenditure	1,853	1,649	2,017	1,998
PSDP	452	419	510	663
Fiscal deficit	-777	-582	-825	-665
Fiscal deficit as % of GDP	-7.60%	-4.40%	5.30%	4%
GDP Growth (%)	4.10%	1%	4.10%	4.50%

Source: WE Research & Ministry of finance

*BE budget estimate

KEY DATA

# of listed Co.	653
Listed Capital (Rs bn)	910
KSE-100 Index	9,637
Market Cap (Rs bn)	2,686
Market Cap (\$ bn)	31.6
Average Volume (mn)	170

Source: KSE

FUNDAMENTAL*

PE (x)	8.1
P/BVPS (x)	1.55
Dividend Yield (%)	6.2
ROE (%)	18.7
ROA (%)	3.64

Source: We Research

*base on June 4, 2010

Key Budgetary measures

- Sales tax increased to 17% from 16%.
- Capital Gains Tax on shares held for less than one year and advance tax on
- Capital Gains of securities imposed.
- Turnover tax on loss making companies raised to 1% from 0.5%.
- 10% tax credit on BMR & Expansion between fiscal year 2010-2015
- 5% tax credit on enlistment of stock exchange
- Excise duty on CNG increased to Rs 10/mmbtu from Rs 5/ mmbtu.
- Withholding tax on commercial importers increased from 4% to 5%.
- 0.3% withholding tax on withdrawal through Demand Draft, Pay Order, Rupee Traveler Cheques, Cash Deposit Receipts imposed
- 5% advance tax on gross amount of air ticket
- VAT may replace GST and FED from October 1, 2010
- 10% duty hike on A/Cs and deep-freezers
- Tax exemption limit raised to Rs 300,000 income
- Income Tax on electricity bills cut to 5% from 10%.

Advance tax on Capital Gain tax imposed

Imposition of capital gain tax is no surprise and the proposed rates are in line. However, calculation of tax will not be easy. Imposition of 10% tax on less than six month shareholding can bring down the daily trading volume significantly low. According to details, 10% CGT has been imposed on shares sold within six months which would be increased to 17.5 per cent by 2014 while 7.5 per cent CGT has been imposed on shares sold within one year but more than six months and it will increase to 10% by 2015. However, there will be no CGT on shares sold after one year.

BUDGET YEAR	< 6 Months>	6 Months < 12 Months	12Months or moree
2010-11	10%	7.5%	
2011-12	10%	8%	
2012-13	12.5%	8.5%	CGT Exempt
2013-14	15%	9%	
2014-15	17.5%	9.5%	
2015-16	7.5%	10%	

Source: Budget 2010-11

Sector	Impact
Telecom	Neutral to Negative
Textile	Neutral
Banking	Neutral to negative
Fertilizer	Neutral
Auto	Neutral
Cements	Neutral to positive
Insurance	Neutral to negative
OMCs	Neutral
E&P	Neutral

Source: WE Research

Holding Period

< 6 Months

> 6 Months < 12 Months

Source: Budget 2010-11

Rate of Advance tax liability

2%

1.50%

Stock market impact: 'Neutral'

We expect the overall impact of the Budget FY2010 on equity market would be 'Neutral'. Imposition of capital gain tax on shares has already incorporated the market. However, quarterly filling of advance tax would be problem and market would react on that. WE Analysts view that the Autos and Cement likely major beneficiaries in this budget while banking sector has natural to negative. The expected impact of budgetary measures on major sectors is summarized in the table.

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Economic Snapshot

	FY010E	FY09A
Real GDP Growth	4.1%	1.3%
Inflation (CPI %)	12.1%	20.77
Exports (US\$ in mn)	\$19.2	\$17.78
Imports (US\$ in mn)	\$34.22	\$34.82
Trade Deficit (US\$ in mn)	(\$15.12)	(\$17.04)
Current A/C (US\$ in mn)	(\$3.85)	(\$9.25)
Remittances (US\$ in mn)	\$8.8	\$7.81
Foreign Investment (US\$ in mn)	\$2.2	\$2.66
Forex Reserves (US\$ in bn)	\$15.9	\$12.42

Source: SBP, FBS & WE Research

Pakistan's economy grew faster in 2009-10

Pakistan real GDP grew by 4.1% against the annual target for 3.3%, as per the economic survey reveals. During the outgoing year 2009-10 the agriculture sector of the country grew by 2% as against the target of 3.8% and previous year's growth rate of 4%. While the Crops sub-sector declined 0.4% over the previous year,

Services depicted growth of 4.56%

The services sector grew by 4.56% as against the target of 3.9% and last year's actual growth of 3.6%. The Transport, Storage and Communication sub-sector depicted a surge in growth to 4.48% in 2009-10. Similarly, Value added in the wholesale and retail trade sector grew at 5.12%. Furthermore, finance and insurance sector witnessed negative growth of 3.59% in 2009-10.

Industrial sector posted growth of 4.9%

Industrial sector which remained under pressure and posted negative growth in FY09 strongly rebounded and registered growth of 4.93%. Overall manufacturing sector has expanded by 5.17% in 2009-10. Large-scale manufacturing after massive contraction in last year, witnessed growth of 4.36%. Likewise, small-scale manufacturing, slaughtering and construction also showed decent growth of 4.36%, 4.33% and 15.34% respectively.

On the other hand per capital income at Rs.87,810 about US\$1,051. While unemployment ratio had been scaled up from 5.2 percent to 5.5 percent. Overall savings decreased at 13.8 per cent of GDP from target of 14.7 per cent. Total investments has drop to 14.7 per cent from 20 per cent.

Trade deficit decline

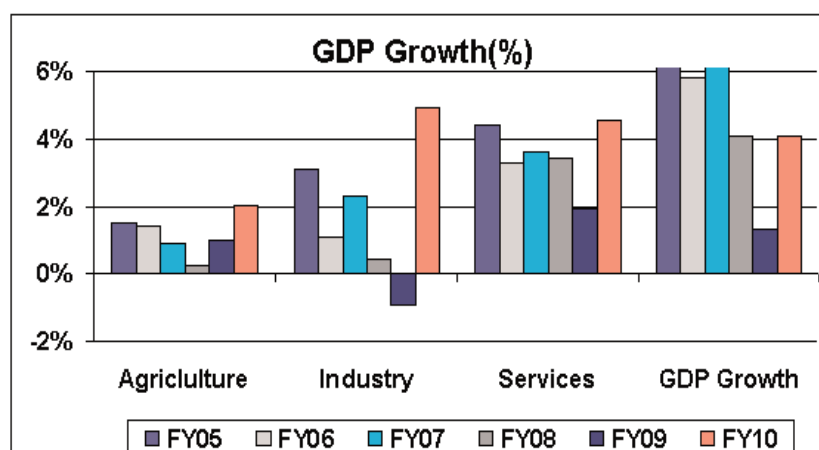
The merchandise trade deficit improved by 18.3% and declined from \$11.13 billion in July-April 2008-09 to \$ 9.1 billion in July-April 2009-10. The substantial decrease of 6.3% in imports and surge in exports were the reason for decline in trade deficit. Exports increased by 2.1% at \$16.2 billion against \$15.8 billion in 10MFY09. While imports dip by 6.3% at \$25.2 billion versus \$26.95 billion in above mentioned period.

Exchange Rate of Pak-Rupee versus \$ during July-April 2009-10 witnessed a depreciation of 3.9%.

Worker remittances amounted to \$7.3 billion in July-April 2009-10 as against \$6.35 billion in corresponding period last year, thereby showing an increase of 15%.

Pakistan's total liquid foreign exchange reserves amounted to \$15.0 billion by the end of April 2010.

Current account deficit is projected at \$4.8 billion while budget deficit is forecasted in between of 5 to 5.5 per cent



GDP expected to grow at 4.5% in FY11

During the fiscal year 2010-11 real GDP is expected to grow at 4.5%, while agriculture sector is expected to contributing 3.8%, manufacturing 5.6%, and services 4.7%.

Agriculture sector is expected to post 3.8% to be contributed by major crops (3.7%), minor crops 3% , livestock 4.2%, fisheries 2% and forestry 2.5%.

Industrial sector is projected to grow by 4.9% during FY11. The energy shortages would be reduced to meet target.

The services sector is anticipated to grow by 4.7% in Fy11 with contribution of transport, storage and communication by 4.6% and wholesale and retail trade 5.1%.

GDP growth target set at 4.5pc

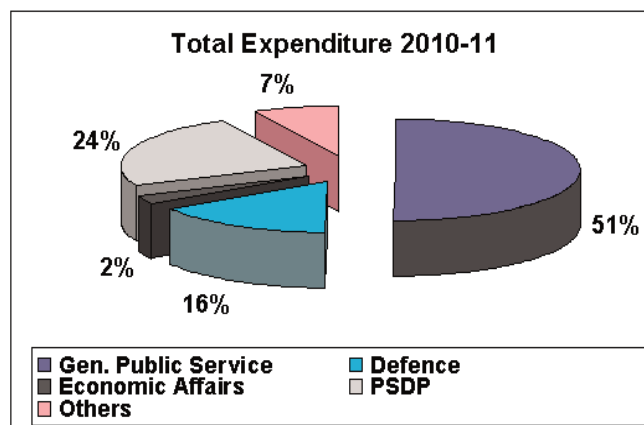
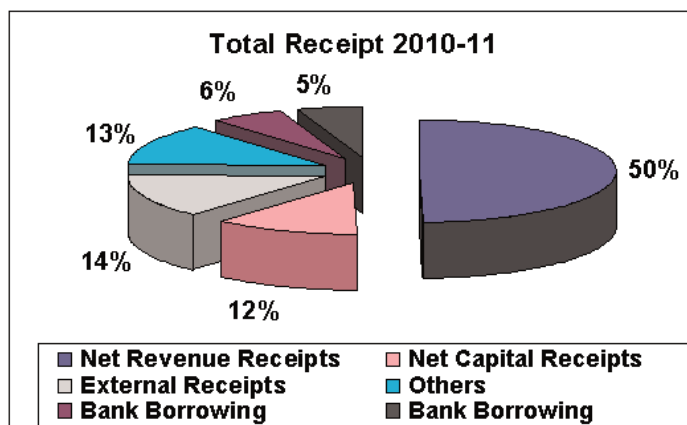
For fiscal year 2010-11, the inflation target is 9.5% as opposed to 12% in 2009-10.

Inflation target at 9.5pc

Trade deficit at 6.1% of GDP

Export (fob) for 2010-11 are expected to grow gradually at \$19.9 billion against \$19.2 billion estimated for 2009-10. Imports during 2010-11 are estimated to increase by 6% to about \$31.7 billion from \$29.9 billion estimated for 2009-10. As a result, the trade account is projected to be in deficit by \$11.7 billion in 2010-11 or 6.1% of the GDP.

For 2010-11, remittances have been projected to be around \$9 billion as against \$8.4 billion estimated for 2009-10. The current account deficit is targeted at \$6.5 billion in 2010-11 or 3.4 percent of the GDP.



Source: Budget estimate

FY11 Budget Highlights (Rs in billion)

	FY11	FY10		FY11	FY10
Tax Revenue	1778.7	1513.1	(A) CURRENT	1998	1699.2
(b) Non-Tax Revenue	632.3	513.6	General Public Service	1387.7	1189.1
Gross Revenue Receipts	2411	2026.7	Defence Affairs & Services	442.2	342.9
Less Provincial Share	1033.6	655.2	Public Order Safety Affairs	51.3	34.6
			Economic Affairs	66.9	84.9
I. Net Revenue Receipts	1377.4	1371.5	Environment Protection	0.4	0.4
II. Net Capital Receipts	325.4	190.5	Housing and Community	1.8	1.5
III. External Receipts	386.6	510.4	Health Affairs and Services	7.3	6.5
IV. PSDP by Provinces	341.6	173	Recreational, Culture Services	4.4	3.7
V. Provincial Cash Balance	166.9	72.9	Education Affairs Service	34.5	31.6
VI. Privatization Proceeds	-	19.4	Social Protection	1.5	3.9
VII. Bank Borrowing	166.5	144.6			
			(B) DEVELOPMENT	766.5	783.1
			PSDP	663	646
			Federal Government	290	446
			Provincial Government	373	200
			Est. Operational Shortfall	-20	-20
			Other Dev. Expenditure	123.5	157.1
TOTAL RESOURCES	2764.4	2482.3	TOTAL EXPENDITURE	2764.5	2482.3

Source: Budget estimate

Telecom- Neutral to Negative

Servicing sector contribute almost more than 54% in the current GDP, and within servicing sector telecom play a very important role and higher weight age in servicing sector. In order to achieve GDP target of 4.5 in FY11, it is necessary to boost telecom sector growth. Despite of that, the government has not done any homework regarding to telecom sectors.

Telecom sector have provided some unexpected relief for the heavily taxed telecommunication sectors in FY10 but unfortunately in FY11, except for excise duty increase by 1% to 20%, remaining sectors dynamics remained unchanged.

- Surge in Excise Duty from 19% to 20%
- Sim activation charges remain unchanged to Rs 250
- Customs Duty remain unchanged to Rs 250 per set

Surge in Excise Duty from 19% to 20%

GoP has increased GST/ FED from 19% to 20% to avail maximum tax revenue indirectly to high tax paying sector. Surge in excise duty definitely hurt telecom sector growth and due to intense competition especially in cellular companies, pass incremental tax directly to subscribers looks difficult. On the flip side, substitution of VAT from GST / FED will definitely provide enough room to maximize profit, however implementation of VAT from October 2010 remain doubtful.

Sim activation charges remain unchanged to Rs 250

In the Finance Bill there is no clarity regarding Sim activation charges either increase or decrease. We expect decrease in Sim activation charges unlikely hence we assumed that Sim activation charges remain unchanged to Rs 250. In Budget FY10, the mobile Sim activation charges reduced from Rs 500 to Rs 250 recognizing the tough industry conditions prevailing at this time.

Customs Duty remain unchanged to Rs 250 per set

During FY10, GoP has relaxed custom duty from Rs 500per set to Rs 250/ set, hence there is no enough room in FY11 to provide further relaxation in this regards. (Note that custom duty is fixed in mobile set).

Outlook

We foresee a 'Neutral to Negative' impact of the Federal Budget FY11 for the telecom sector. Currently, PTCL are our top picks with target price Dec10 of Rs 27.35 per share, currently trading at leading FY10 P/E of 9.40x & dividend yield of 8.80%.

Textile- Neutral

The budgetary impact on the sector would be Neutral as no major incentives or relief has been provided to the sector; however delayed of VAT will definitely provide relief till October 2010.

Increase in minimum wages

The minimum wage rate has been increased from Rs 6,000 per month to PKR 7,000 per month as according to new Labor policy. To ensure its implementation, it has been made mandatory for the employer to make salary payments to the workers through banks. This will have negative impact on the profitability of textile sector and increase cost of doing business.

Increase in FED on natural gas

Enhancement in the rate of FED from 5.09% to 10% (per MMBTu) on natural gas will definitely hurt the textile sector competitiveness as compared to neighbor countries, however it is somehow offset with the announcement of decline in rate of Income tax from 10% to 5% on electricity bill.

Delaying VAT-breathing space for textile manufacturer

GoP has increased general sales tax by 16% to 17% and delayed VAT till October 2010; will definitely provide breathing space for textile manufacturer. The implementation of VAT from October 2010 will result in textile sector should no longer fall under the zero-rated regime. The VAT that will be imposed across the supply chain will definitely surge the cost of doing business and thus adversely affecting the earning especially for those textile unit which not having the entire textile process in one roof.

Outlook

The overall impact for textile sector remains neutral especially for export based companies. However, implementation of VAT from October 2010 will adversely affect the textile sector profitability and increase working capital requirement. Furthermore, almost more than 70% of the companies in the textile sector are suffering from significant losses. So, increase of turn over tax from 0.5% to 1% will further increase tax burden to loss making entity. Nishat Mill Limited has already diversified by making investment in Power sector i.e. investment in Nishat Power Limited & acquisition of AES will definitely add value in FY11. We still maintain our buy stance with a SOTP value of Rs 67.56 per share.



Banking- Neutral to Negative

The measure of FY11 budget regarding the banking sector is "Neutral to Negative" as we have not yet clear regarding the measures taken on single treasury account & to increase the tax rate by 250 bps to 37.5% from current rate of 35% on annual basis on those banks that are earning spreads of more than 5%. We expect that increase in tax rate is unlikely to implement, however issues regarding single treasury account should not be ignored due to still in IMF stand by arrangement program.

Increase in FED and WHT

Currently, there is 16% FED on banking services including fee, commission and brokerage income and other non interest income. This is increase by 17% but is unlikely to have any major impact on volume of transaction. In addition, withholding tax rate (WHT) on cash withdrawal of Rs 25,000 or above is remain same from current rate of 0.3%. However it is now implement on demand draft, pay order, RTCs, CDRs etc as well. We do not expect any of these measure to have an impact on banks' earnings or volume of transactions as they will easily be passed on to the customers. However, large cash withdrawals may be reduced to discourage customers to handle large cash transactions.

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Fertilizer Sector-Neutral

Federal Budget FY11 has been neutral for Fertilizer sector.

- FED increased on gas from Rs5.09/ mmbtu to Rs10/ mmbtu
- DAP imports will not be financed through subsidy
- Agriculture sector to received Rs40 bn for development
- Wheat support price not finalized as yet

FED increased on gas from Rs5.09/ mmbtu to Rs10/ mmbtu

In FY11 budget FED on gas has increased from Rs5.09/ mmbtu to Rs10/ mmbtu, this would directly hurt the fertilizer sector. Fuel and Energy cost would increase after this action. However this impact would be transferred to end consumer by increasing the urea bag prices.

DAP imports will not be financed through subsidy

With rising prices of Phosacid and in turn DAP got costlier with per bag price hovering around Rs2,600 to Rs2,700 per bag, no announcement made to support farmers in order to maintain ideal application of Phosphate in soil. There is a possibility of hike in DAP prices to over Rs3000 per bag in second half of CY10 owing to excessive demand of DAP application locally and significant purchase of DAP by Asian agrarian countries would push the international prices up. In CY08 when DAP prices hiked as much as Rs5,500 per bag, Govt. sealed per bag price at Rs3,000, and beyond it amount was subsidized.

Agriculture sector to received Rs40 bn for development

Govt. has announced over Rs40bn food security which includes water, food (crops), agriculture, livestock and dairy sectors. The amount is very small for the sector to enhance food security and provision to rural population.

Wheat support price not finalized as yet

There has been no clarification regarding wheat support price for FY11, where for FY10 it was set at Rs950/ per 40kg. As wheat season is on and we have witnessed chaos in it from Government side. Wheat has been procured at Rs800-Rs850 per bag instead of set price of Rs950/ per bag. This is hurting the purchasing power of farmer and could result in lower production in FY11 wheat season. There was an anticipation that wheat price would be set on lower side compared to Rs950/ per bag announced in both FY09 and FY10 budgets, however nothing clearly identified as yet.

Automobile Assemblers- Neutral

Fiscal Budget FY11, didn't bring anything positive nor negative, for the automobile assembler sector. The overall budget (FY11) has been NEUTRAL for auto sector.

- No cut in WHT over purchase of vehicle
- No change in age limit of reconditioned CBUs
- Unchanged imported cars duty
- No Increase in Age Limit

No cut in WHT over purchase of vehicle

The WHT tax collected under section 231B of Income Tax ordinance 2001, its range is from Rs7,500 to 50,000 varying according to engine capacity of 800cc to 2000cc and above. This tax was also expected to be reduced as demanded by the Industry which ultimately affects the car price. Unfortunately this was not accepted and ministry maintained it at prevailing level.

No change in age limit of reconditioned CBUs

No change witnessed in age limit of imported reconditioned CBUs from 3years to 10 years as demanded by the car importers. This is damaging for foreign exchange reserves and also for the auto industry. An Economy indebted with over \$ 55 bn foreign loans cannot afford imported vehicles.

Unchanged imported cars duty

The car importers were expecting that duty might be reduce to stimulate demand for imported cars however no reduction in the duty is beneficial as these cars are counted in luxuries and high revenue should be collected from elites who use expensive cars, which is at the cost of foreign currency, this is favorable to support local assemblers and vending industry.

Outlook:

We maintain over positive outlook for Auto sector stocks, in particular for INDU with DEC-10 Target Price of Rs316.04. For PSMC we recommend DEC-10 Target Price of Rs102.10.

Cement Sector - Neutral to Positive

"The size of Public Sector Development Programme (PSDP) for 2010-11 has increased by 3% to Rs 663 billion as against the previous year's allocation of Rs 646 billion. While for Other Development Expenditure an amount of Rs 124 billion has been allocated. The PSDP shows an increase of 30 per cent over the revised estimates.

- The provinces has allocated an amount of Rs 373 billion for budget estimates 2010-11 in their PSDP as against Rs 300 billion in 2009-10.
- An amount of Rs 10 billion has been allocation to Earthquake Reconstruction and Rehabilitation Authority (ERA) in the PSDP 2010-11.
- Excise duty per ton on sales of local cement has remained unchanged at Rs 700/MT as against expected increase by Rs 200/MT.
- Increase in rate of Federal Excise Duty on Natural Gas from Rs. 5.09 per MMBTu to Rs. 10/- per MMBTu.

The cement sector has remained a "Neutral to positive" in the recent budget owing to neither positive nor negative development on the sector. In FY11, the PSDP allocation has been increase by around 3% YoY to Rs 663 billion, however allocation has always remained the concern for the sector (as witnessed in FY10 where disbursement remained around less than Rs 250billion).

Nevertheless we expect the handsome disbursement on the PSDP front this year due to the government's repeated stance to work for the public sector programs. As the government has reduced the federal component to only Rs 280 billion in the coming budget (out of total Rs 663 billion).

FED unchanged remained above expectations

The constant FED in the budget is also above expectations of whole market as the industry was expecting around 29% increase in the FED component to Rs 900/MT mark. By the way the government has maintained the FED on Rs 700/MT

Increase in FED on natural gas is roughly a non event for cements

Enhancement in the rate of FED from 5.09% to 10% (per MMBTu) on natural gas is neutral for the cement sector owing to no gas allocation to cement plants in the country and the sector is fulfilling its 90% percent of energy requirement form coal.

No discussion on Inland freight subsidy

In the budget FY11 the topic of inland freight subsidy totally eliminated. The TDAP has announced 35% subsidy on inland freight subsidy on sea routed exports in April. However we do not expect it's to continue going forward owing to the government budgetary constraints on the revenue side. On the other hand if TDAP continues with the current inland freight subsidy in FY11 it will boost the country's cement exports routed through sea.

Outlook

Cement sector is passing through the phase of dilemma where current dreary local cement prices and declining export margins (due to regional expansions becoming operational) already pinching cement industry. However the budgetary measures have remained the indifferent for the sector and the stakeholders have taken a sigh of reliefs on the Neutral budget.

Despite the prevailing issues in the industry our universe consist of large manufacturers who are the safest among the other players in the industry due to the economies of scales, higher exports market share, proximity to sea and better margins due to brand goodwill.

In short we like our cement universe consist of LUCK, DGKC and ACPL. 1) Lucky cement is the largest cement manufacturer in the industry with the highest export market share of 34%. The company also has a major portion of local sales with the market share of 13%. We maintain our BUY rating on LUCK with target price of Rs 79/share. 2) ACPL is major player in the industry owing highest profit margin due the premium price charge for its goodwill of falcon brand as compare to the other industry players. The company is also a major player in the export market. We maintain our BUY rating on ACPL with target price of Rs 90/share. 3) DGKC is the second largest cement manufacture in the country with highest market share in the largest province of the country Punjab, with handsome export market share. DGKC is also our top pick with the SOP target price of Rs 39/share.

Insurance - Neutral to Negative

Imposition of capital gain tax on the stock market (from 7.5% to 10%) is expected to remain negative in the for insurance sector in the short term as the giant player in the insurance sector is earning 90% of their income from capital gain on their equity portfolio. Current budgetary measure taken in the budget by the federal government is expected to depress the sector due to the industry's primary dependence on the equity portfolio. Such imposition of CGT on is to destroy the sectors bottom-line due to the industry's practice of mark to market the portfolio every quarter.

The overall outlook for the insurance sector of the country is negative due to most of the big companies earned 75% of their PAT from the investment income on securities. We recommend negative stance for the overall insurance sector except AICL to remain our top sector pick (due to improvement in the core underwriting premium of the company constantly during the last 2 years and the company's expansion in the business of life insurance in the UAE with fair value of Rs 109/share.

OIL & GAS MARKETING - Neutral

Downstream oil & Gas companies mostly remained limelight in during the previous years due to change in oil formula and margins & circular debt issues.

PL to continue

Government has continued to generate revenue through petroleum levy and targeted around 135 billion in the current fiscal year.

As per the detail of Finance Bill 2010-11, the government will charge Rs 8/ liter development levy on high speed diesel (HSD), Rs 10/liter on motor spirit (MS), Rs 14/liter on HOBC, Rs 6/liter on kerosene, Rs 3/liter on light diesel oil (LDO), and Rs 6/ kg on CNG.

GST increased to 17%

Government has increased sales tax from 16% to 17%. No major impact would be seen as it will pass on to consumer.

FED increase to Rs10/mmbu

Government hike FED on gas to Rs10/mmbtu to generate around Rs 20 billion which have no impact on gas marketing companies as it would be passed on to consumer.

Dividend expectation

Government has estimated dividends of Rs12, Rs3.4 and Rs0.5 per share from PSO, SNGP and SSGC, respectively.

Recommendations

	Current Price	Target Price*	Recommendation
PSO	270.67	363.65	Buy
Shell	238.84	231.1	Hold
APL	298.08	440.6	Buy
SNGP	30.17	36.1	Buy

* December end 2010.

Source: WE Research

OIL & GAS EXPLORATION - Neutral

Mostly budgets are non event for sector as oil and gas exploration and production (E&P) companies as they are directed by the different Petroleum Policies.

Dividend expectation

For FY10, the government is targeting dividend of Rs 29 billion (DPS of Rs8) from OGDC and from PPL of Rs 6.5 billion (DPS Rs8.35), respectively.

Recommendation: 'Buy' PPL and POL & 'HOLD' OGDC

We recommend a 'Buy' on OGDC, PPL and POL with Dec-end 2010 target prices of Rs140.6, Rs252.8 and Rs316.3 per share, respectively.

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