Pre budget FY15 antics | could be sanguine for cement players

Federal government has finalized budget for FY15, salient features could be:

- Rolling out outlay of Rs 3.864 trn;
- Depicting budget deficit of Rs 1.630 trn;
- In line with IMF demands, government looks towards 5.5% vis-à-vis GDP, as being reported by newspaper Business Recorder;
- The paper quoted sources that finance minister wants to bring this deficit down to Rs 1.404 trn which could be 4.4% of GDP (projected budget surplus of Rs 226bn) in FY15;
- This outlay would entail Rs 3.290 trn current expenditure, &Rs 525 bn development expenditure;
- The most important tax collection is forecasted at Rs 3.937 trn on the assumption of Rs 2.810 bn tax collection by FBR & a non-tax revenue of Rs 817bn;
- Rs 1.347 trn has been earmarked for debt servicing which represents 17% higher than Rs 1.151 trn estimated FY15.

Cement makers demanding…

- Cement manufacturer's association APCMA asking reprieve from government in FY15 budget
- Reduction in duties on alternate fuels since conventional energy usage constitute major expense for cement makers; the alternate fuels include shredded tyres alongside petroleum coke~ though we still feel cement makers have been raking lot of margins on present retention prices.
- We also see coal prices from Indonesia is coming down viz. US$ 75/ton wherein APCMA is asking for zero duty over shredded tyres in similar pattern to that of import of coal.
- We are positive in cement sector. Our top picks remain FCCL (yielding PE of 7x), MLCF (yielding PE of 4x). *Our detailed report in MLCF to be released tomorrow.*

IFC putting investment stakes in BAFL

SBP allows IFC to inject interest in Bank Alfalah. IFC putting minority strategic interest.

We have buy ratings in BAFL vide our yesterday's call.

Analyst:
Syed Faisal Shaji
Tell: 111-111-721 Ext.116
www.scstrade.com