



# Annual Investment Strategy (2026)

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# Introduction to ACPL

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Abbasi and Company (Pvt.) Limited (ACPL) is amongst the notable financial brokerage firms in Pakistan. The company is a TREC Holder of Pakistan Stock Exchange Limited (PSX) and is a universal member of Pakistan Mercantile Exchange Limited (PMEX). Pakistan Credit Rating Agency (PACRA) has assigned the initial broker rating of “BMR 2” and “BFR 2” with a “Stable” outlook to Abbasi and Company (Pvt.) Limited.

Although Abbasi and Company (Pvt.) Limited has been providing brokerage services to its clients since 1999 yet, it had been registered as a formal Research Entity in April 2019. Within a short period of around 4 years, we have covered 46 scrips from 14 sectors which constitute around 60% of the market capitalization of the KSE 100 index.

# EXECUTIVE SUMMARY

Pakistan enters 2026 from a position of markedly improved macroeconomic stability and policy credibility, supported by normalized inflation, a stabilized external account, and strengthened institutional coordination. As global equity markets transition toward a more selective, fundamentals-driven phase amid easing monetary conditions, Pakistan stands out within frontier markets for its improving earnings visibility, reduced tail risks, and attractive relative valuations.

Political consolidation and enhanced state institutional coherence have improved policy predictability, while pragmatic external engagement, sustained support from China and the Gulf, and continued IMF oversight have reinforced investor confidence. Inflation has normalized into single digits, enabling a calibrated monetary easing cycle while maintaining positive real interest rates. GDP growth is projected to recover gradually to 3% in FY26 and 3.4% in FY27, supported by services-led expansion and easing financial conditions.

The external account remains resilient, anchored by structurally strong remittances, a broadly balanced current account, and rebuilding FX reserves, supporting exchange rate stability. IMF backed structural reforms, particularly in energy pricing, SOE privatization, and fiscal discipline, are materially improving governance and reducing historical macro vulnerabilities.

Against this backdrop, Pakistan equities are transitioning from a re-rating phase to a more sustainable, earnings-led expansion. With deepening domestic liquidity, improving corporate fundamentals, and valuations at a discount to regional peers, the KSE-100 Index is expected to reach 215,000–225,000 by end-CY26, offering low-to-mid-teens capital appreciation alongside an attractive 6–7% dividend yield. Pakistan equities are increasingly positioned as a resilient, fundamentally driven opportunity within frontier and emerging market portfolios.

# PAKISTAN POLITICS

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**Domestic Political Consolidation & Institutional Alignments:** Pakistan's political landscape is entering a phase of relative consolidation, marked by stronger institutional coordination, improved legislative functionality, and greater internal cohesion within the ruling coalition. This has been most evident in the swift passage of the 27th Constitutional Amendment, underscoring parliamentary strength despite limited opposition engagement. The amendment introduces material changes to judicial and security-related governance frameworks, which may enhance institutional efficiency, policy predictability, and decision-making coherence, factors increasingly relevant for investor sentiment and medium- to long-term confidence. Looking ahead into 2026, continued alignment between civilian leadership and the security establishment, coupled with coalition durability, supports expectations of policy continuity and a prolonged political cycle. Possibility of further constitutional amendments remain key domestic risk variables to monitor.

**Foreign Relations of Pakistan:** On the external front, Pakistan's geopolitical environment has turned modestly more constructive. The May 2025 confrontation with India marked an inflection point, reshaping regional risk perceptions and contributing to gradual improvement in engagement with the United States, particularly through investment-oriented and financing frameworks in minerals and energy. Concurrently, strategic ties with China continue to deepen under CPEC Phase II, supported by renewed momentum in connectivity initiatives and expanding discussions on financial cooperation. Engagement with the Gulf, especially Saudi Arabia and the UAE, has also gained strategic depth, with defense cooperation, prospective investment flows, sovereign deposit rollovers, and sustained remittances providing critical support to Pakistan's external account. Regionally, relations with India are expected to remain confined to risk management, while Afghanistan continues to pose security and economic challenges, albeit with scope for calibrated engagement given mutual trade dependence and regional facilitation.





# PAKISTAN ECONOMY

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**Monetary Policy Outlook:** The State Bank of Pakistan adopted a more accommodative stance in mid-FY26, reducing the policy rate by 50 basis points to 10.50%. Headline inflation remained within the 5–7% target range between July and November FY26, though core inflation continues to show some stickiness. With inflation expectations largely anchored and global commodity prices relatively stable, the SBP assessed that real interest rates remain sufficiently positive to contain price pressures, allowing the central bank to support growth without undermining price stability. We expect the SBP to maintain real interest rates around 3–4% over the next 12 months, with inflation gradually moderating toward the lower end of the central bank's target range. This level of real rates remains well above historical averages. Assuming improved food supply, stable energy adjustments, and moderate international oil prices, we project average inflation of 6% in FY26 and 5% in FY27.

**Inflation Dynamics and Outlook:** Headline CPI inflation in FY25 averaged just 4.5%, a sharp decline from 23.4% in the previous year, reflecting tight monetary policy, disciplined fiscal management under the IMF program, reduced subsidies, and easing imported inflation from softer global commodity prices. This created temporary relief for households and policymakers but set a low base, raising the likelihood of higher inflation in FY26. For FY26, headline inflation is projected to average 6%, within the SBP's medium-term target range of 5–7%, largely driven by base effects. Core inflation is expected to remain around 7.4%, indicating that underlying inflationary pressures are persistent but contained. Looking ahead to FY27, headline inflation is likely to moderately rise toward 6%, reflecting continued normalization rather than structural deterioration. The monetary and fiscal policy anchors, supported by a relatively stable currency, are expected to keep inflation within target, though temporary supply side shocks, such as monsoon related disruptions, could push inflation toward the upper bound in FY26 before easing in FY27. Overall, we forecast average inflation of 6% in FY26 and 5% in FY27, aided by



lower oil prices and moderate food price increases. Upside risks to this outlook include geopolitical tensions, renewed food price pressures, volatility in administered energy tariffs, and unexpected fiscal measures.

**External Account and Fiscal Position:** Pakistan's external account remains resilient, supported by prudent fiscal measures, the IMF's Extended Fund Facility, and robust remittances, providing the SBP with room for gradual monetary easing while maintaining real interest rates around 3-4% to balance growth support and price stability. Strong remittances driven by manpower exports, narrowing of the formal-informal exchange rate gap, and digital onboarding initiatives have reached USD 16 bn in the first five months of FY26, with total inflows expected at USD 40 bn in FY26 and USD 41 bn in FY27, helping support the rupee, facilitate imports, and cushion external shocks.

Goods exports in 5MFY26 showed a 3.3% YoY decline, led by a 35% contraction in food exports due to flood-related disruptions, while services exports, particularly IT receipts, rose 19% YoY, highlighting the sector's growing contribution. Total goods exports are projected at USD 32 bn in FY26 and USD 33 bn in FY27, aided by textiles, food, and IT services, with recent Export Development Surcharge waivers improving competitiveness and cash flow for exporters.

Imports have risen in line with stronger domestic demand and industrial activity, with food imports up 21.7% YoY, machinery 13.6%, metals 12.2%, and transport imports 106.4%, while petroleum imports fell slightly. Overall, total imports are expected at USD 77 bn in FY26, rising to USD 82 bn in FY27, supported by stabilizing global prices and stronger domestic production.

The current account is projected to remain broadly balanced, with a small surplus of USD 99 mn in FY26 shifting to a deficit of USD 1.1 bn in FY27, as rising imports outpace exports; trade and services deficits are expected to widen to USD 36.8 bn by FY27.



Meanwhile, SBP foreign exchange reserves are expected to approach USD 25 bn by FY28, with a gradual reduction in forward and swap liabilities, underscoring a stable and manageable external position even amid stronger domestic demand and moderate fiscal pressures

**Money Supply and Credit Trends:** Money supply growth is anticipated to moderate from FY26 onward while remaining in double digits, reflecting lower government borrowing due to a smaller fiscal deficit. Private sector credit is expected to expand, led by textiles, wholesale and retail trade, chemicals, and steel, while consumer financing particularly in the automobile sector is likely to accelerate amid easing financial conditions, stronger consumer confidence, and macroeconomic stability.

**Growth Outlook:** GDP growth is expected to remain moderate yet positive, supported by macroeconomic stabilization, lower commodity prices, and ongoing structural reforms. We project GDP growth of 3% in FY26 and 3.4% in FY27, driven by improvements in agriculture, services, and industry. Sustained but declining real interest rates will continue to support interest-rate-sensitive sectors such as banking, automobiles, and construction, enhancing credit demand and consumer financing. However, large-scale industrial expansion will require complementary improvements in energy supply and the broader business environment.

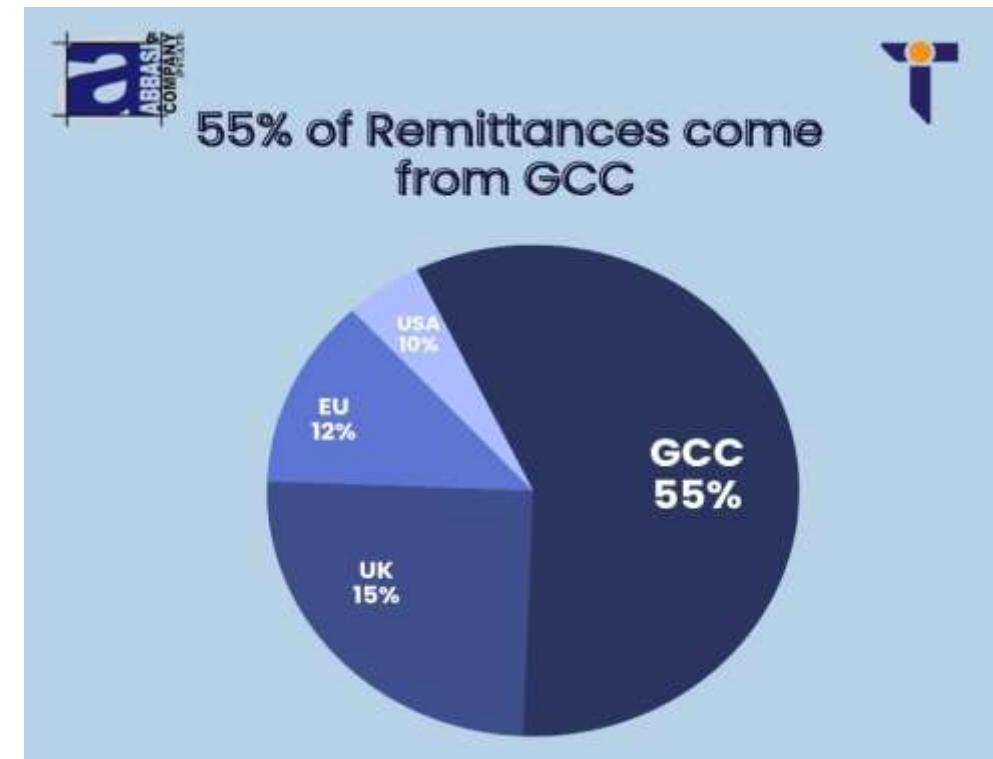
**Exchange Rate and Reserves Outlook:** The Pakistani Rupee is expected to remain broadly stable against the US Dollar over FY26–FY27, supported by a well managed external account, strong remittance inflows, and disciplined fiscal and monetary policies. This stability has helped keep inflation in single digits, with any gradual depreciation likely reflecting inflation differentials rather than external shocks. The outlook is further reinforced by strengthened foreign exchange reserves, ongoing structural reforms, and measures to curb smuggling and expand preferential trade agreements, all contributing to a more resilient external position.



Despite potential pressures from flood related disruptions, FX market movements are expected to remain moderate. Over the past two and a half years, the PKR has traded near PKR 280/US\$, supported by a nationwide crackdown on parallel market trading, currency hoarding, and smuggling. These efforts have been complemented by the SBP's FX market reforms, including enhanced transparency, improved communication, semi-annual disclosure of reserves, and timely market interventions.

Revisions to Foreign Exchange Exposure Limits have given banks more flexibility in managing FX flows while maintaining prudent risk management. This stable environment allowed the SBP to accumulate reserves through FX purchases totaling US\$9.7 bn between July 2024 and September 2025. Meanwhile, the Real Effective Exchange Rate rose from 97.8 in May 2025 to 104.8 in November 2025, reflecting a combination of higher domestic inflation and PKR appreciation against the US Dollar.

During CY25, the PKR saw a modest depreciation of 0.59%, underpinned by resilient remittances, disciplined monetary policy, and growing FX reserves. Renewed IMF support and improved external accounts further anchored market expectations and limited volatility. Looking ahead, the PKR is expected to adjust gradually, with rising import demand putting modest pressure on the currency. The exchange rate is projected to average PKR 286 in FY26 and PKR 294 in FY27, implying an annualized depreciation of roughly 3.8%, designed to maintain external competitiveness without destabilizing the market.



**IMF Reform Agenda:** Pakistan's reform agenda in FY26 is gaining significant momentum, driven by IMF backed energy reforms, SOE privatization, and fiscal consolidation measures, stabilizing the economy and fostering private sector-led growth. Cost-reflective gas pricing, RLNG management, tariff rationalization, and circular debt resolution are easing liquidity pressures, while the historic privatizations of Pakistan International Airlines (PIA) and First Women Bank Limited (FWBL), along with preparations for key DISCOs such as IESCO, GEPCO, and FESCO, are enhancing efficiency, attracting investment, and strengthening governance. Circular debt in both power and gas sectors is being systematically addressed through a combination of Debt Service Surcharges, petroleum levies, and incremental dividends from E&P SOEs, while RLNG diversion and captive-to-grid transitions are improving supply utilization and reducing import costs. These measures, aligned with IMF structural benchmarks, are not only resolving long-standing fiscal and operational inefficiencies but also creating a more disciplined, transparent, and investment-friendly economic environment. Coupled with broader governance reforms, digital compliance initiatives, and strategic SOE restructuring, Pakistan is positioning itself for sustained macroeconomic stability, enhanced investor confidence, and accelerated private sector-led growth.





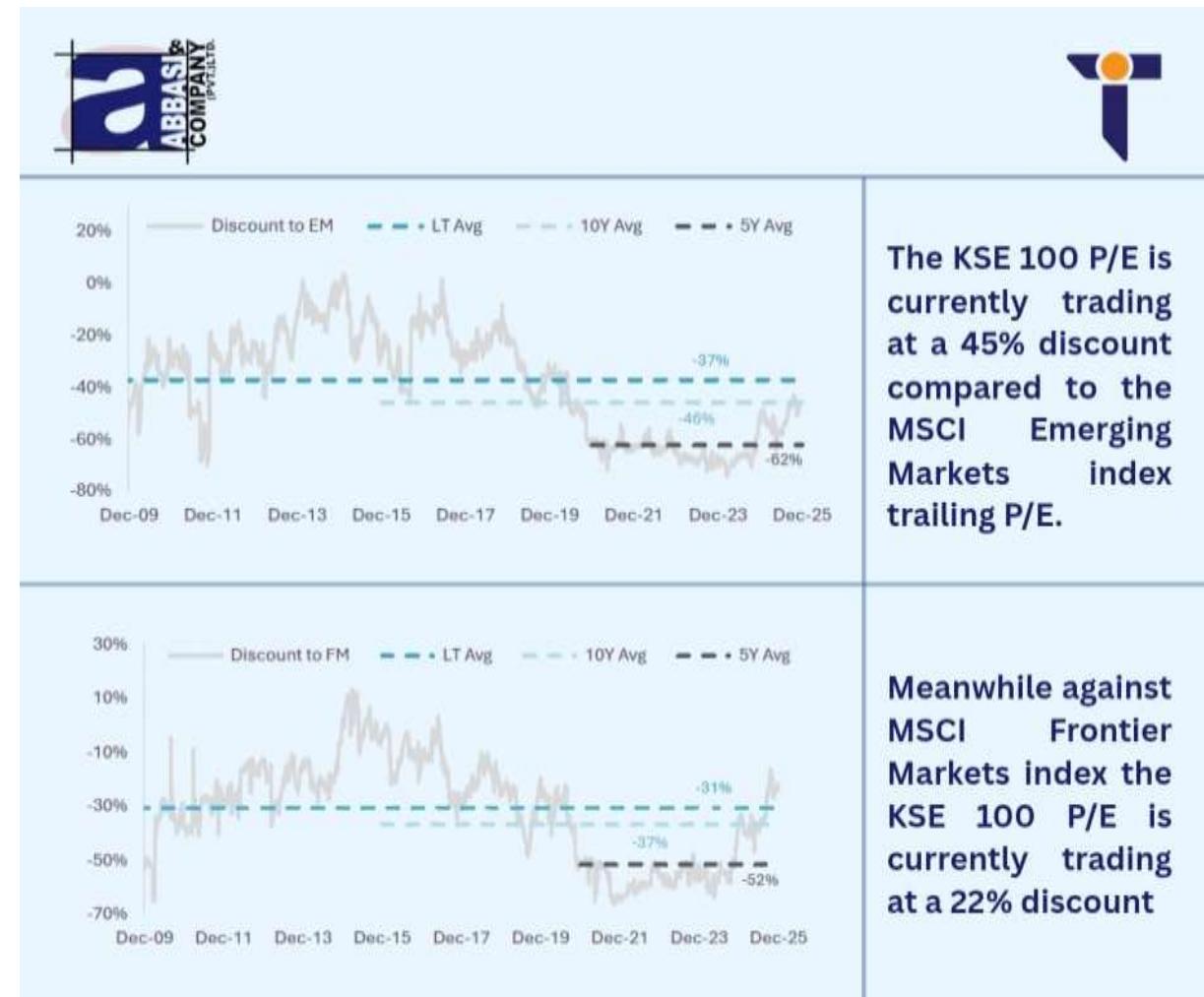
# PAKISTAN STOCK MARKET



## Pakistan Capital Market – Index Target

Consensus expectations for CY26 indicate that Pakistan equities are transitioning from an aggressive re-rating phase into a more mature, earnings-anchored expansion. Based on a synthesis of bottom-up earnings visibility, normalized valuation benchmarks, and prevailing sell-side projections, the KSE-100 Index is expected to settle in the 215,000–225,000 range by end-CY26, implying low-to-mid-teens capital appreciation, complemented by a structurally attractive dividend yield of 6–7%. While headline index levels have adjusted sharply over the past three years, relative valuation metrics remain supportive. Pakistan continues to trade at a substantial discount to regional and EM peers, and below mid-cycle valuation multiples observed during prior periods of macro normalization, suggesting that upside optionality remains intact despite recent gains.

The durability of the equity outlook is anchored in a markedly improved macro-financial backdrop. Inflation has normalized into single digits, enabling a gradual but sustained monetary easing cycle, while the external account has stabilized under IMF engagement, supported by resilient remittances and rebuilding foreign exchange reserves. Policy continuity and improved fiscal discipline have materially reduced tail risks that historically constrained valuation multiples. These macro conditions are increasingly feeding through to corporate fundamentals via lower funding costs, margin recovery, and balance-sheet repair, particularly across financials, cyclicals, and energy-linked sectors. Importantly, the current phase of the cycle is characterized less by speculative multiple expansion and more by earnings compounding, which should lend greater stability to returns in CY26.

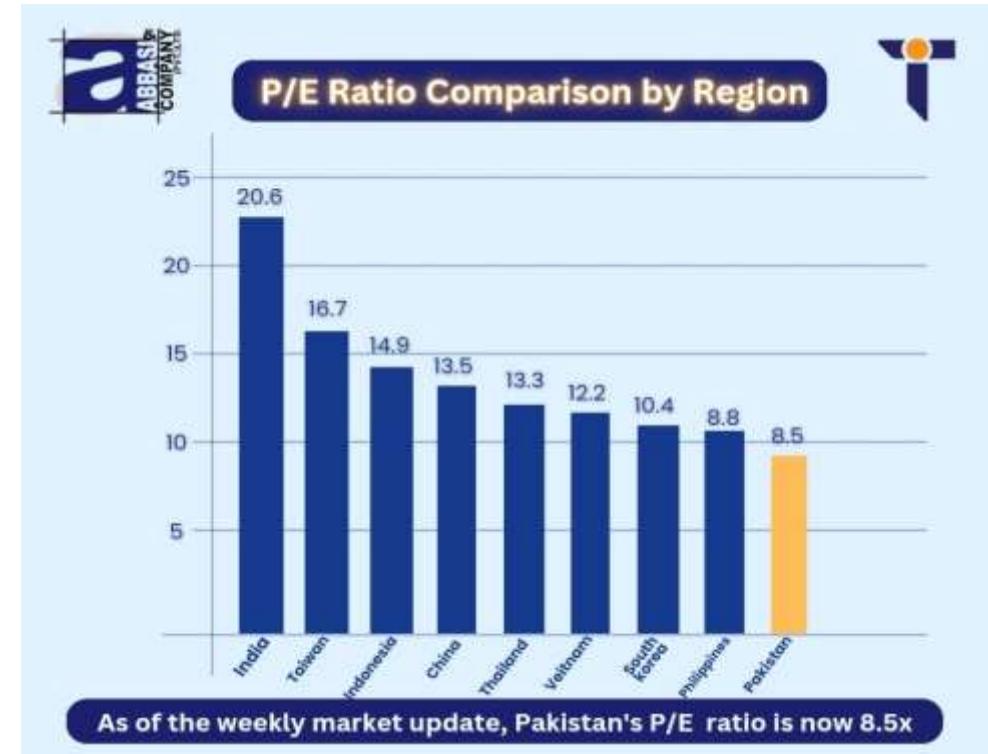


# PAKISTAN STOCK MARKET

Market structure has also evolved meaningfully. Domestic liquidity driven by institutional participation, expanding mutual fund penetration, and gradual asset reallocation from fixed income has emerged as the dominant force in price discovery, reducing reliance on volatile foreign flows. The ability of local investors to absorb sustained foreign selling over the past year underscores the depth and resilience now embedded within the market. With real yields compressing and alternative asset classes offering limited risk-adjusted appeal, equities are increasingly positioned as the preferred asset class for medium-term capital deployment. While global macro risks and episodic volatility remain inherent, the balance of probabilities suggests that Pakistan equities are entering a more sustainable, fundamentally driven phase of the bull cycle, offering attractive risk-adjusted returns rather than outsized, momentum-led gains.

## MSCI Upgrade Prospects:

Pakistan equities are well-positioned for a potential upgrade to the MSCI Emerging Markets Index in CY26, with three KSE-100 constituents likely to meet inclusion criteria. The KSE-100 has consistently outperformed regional and global indices, delivering 49.4% in 2025, supported by stable macro fundamentals, contained inflation, ongoing monetary easing, and a strengthened external position under the IMF framework. Structural reforms, including energy sector rationalization and SOE privatizations, have reinforced market confidence. Liquidity and depth are improving, with domestic investor participation rising, active trading accounts reaching ~450,000, and mutual fund equity allocations increasing to 8.8% of AUM (~PKR 4.1 trillion total), driven by market performance rather than massive inflows. Key sectors such as Banks, Fertilizers, and E&P remain attractively valued, offering scope for selective re-rating. While external macro risks persist, continued policy stability and structural reforms underpin a positive medium-term outlook for Pakistan's equity market.

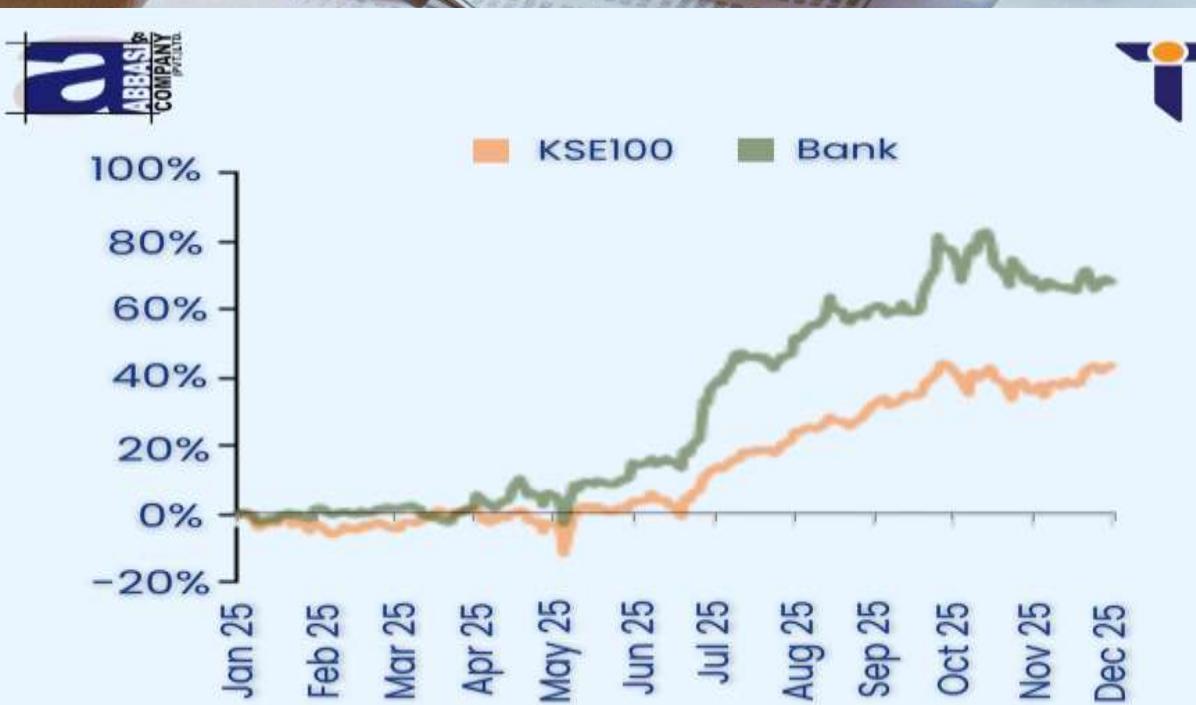




# SECTORS OUTLOOK

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# Commercial Banks



# Banking Sector

Pakistan's banking sector is entering a phase of normalized, volume-led growth, transitioning from peak, margin-driven earnings to sustainable performance. Deposit growth (15%) and advances (13%) are expected to drive balance sheet expansion, supported by low-cost funding, recovering private sector credit demand, and stable asset quality. Net Interest Margins may moderate due to continued asset repricing, but absolute Net Interest Income remains resilient, complemented by sustainable fee-based and non-interest income from digital banking and remittances. The Islamic banking transition, high Capital Adequacy Ratios, and strong coverage provide buffers for risk and support attractive dividend payouts. While one-time gains on securities may taper, earnings are underpinned by robust NII, diversified income, and controlled costs, positioning the sector for stable, profitable, and risk-adjusted growth.

<b>UBL</b>	<b>TP</b>	<b>CY2023</b>	<b>CY2024</b>	<b>CY2025E</b>
EPS	<b>550</b>	43.44	65.78	52.00
DPS		44.00	44.00	44.00
P/E		9.12	6.69	7.80

<b>NBP</b>	<b>TP</b>	<b>CY2023</b>	<b>CY2024</b>	<b>CY2025E</b>
EPS	<b>290</b>	24.37	12.63	26.00
DPS		-	8.00	11.00
P/E		11.00	3.90	9.30

<b>MEBL</b>	<b>TP</b>	<b>CY2023</b>	<b>CY2024</b>	<b>CY2025E</b>
EPS	<b>510</b>	47.18	56.62	50.00
DPS		20.00	28.00	28.00
P/E		9.22	7.70	9.50

<b>BAFL</b>	<b>TP</b>	<b>CY2023</b>	<b>CY2024</b>	<b>CY2025E</b>
EPS	<b>130</b>	23.12	24.30	17.50
DPS		8.00	8.50	10.00
P/E		2.10	3.43	6.20

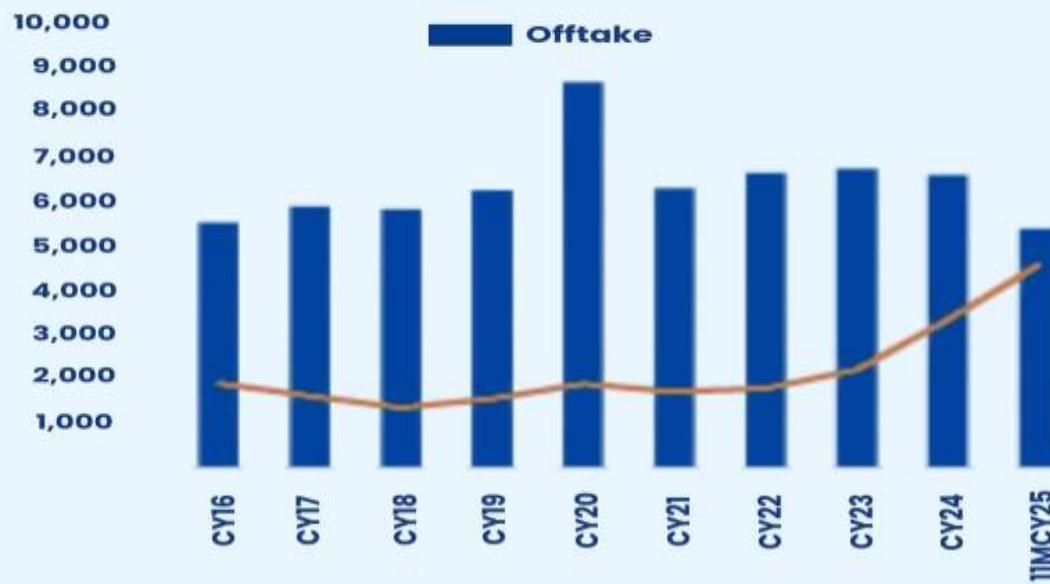
  

<b>FABL</b>	<b>TP</b>	<b>CY2023</b>	<b>CY2024</b>	<b>CY2025E</b>
EPS	<b>122</b>	13.21	15.17	13.00
DPS		4.00	7.00	7.00
P/E		1.82	2.82	6.40

# Fertilizer



## Urea (Sale and Price)



## Fertilizer Sector

Fertilizer sector is set for a modest recovery in CY26, with urea offtakes expected to reach 7mn tons and DAP rising 5%, driven by improving farm economics, wheat support prices, and government subsidies. Elevated inventories may persist near term, but normalization is expected as domestic demand strengthens. Structural gas allocation from the Mari network will secure feedstock for key players like FFC and Fatima, supporting margins and production up to 6.5mn tons. Domestic urea remains well below import parity, providing a cost advantage, while DAP margins benefit from tight global supply. The sector continues to offer strong dividend yields, with performance underpinned by stable pricing, inventory management, and favorable policy support, though risks remain from gas supply, weather, and farm liquidity.

FFC	TP	CY23	CY24	CY25A	CY26E
EPS	<b>700</b>	23.32	45.49	56.61	62.00
P/E		25.32	17.11	10.00	10.00
DPS		15.49	36.50	41.00	46.00

EFERT	TP	CY23	CY24	CY25A	CY26E
EPS	<b>280</b>	19.20	22.62	18.00	21.00
P/E		5.84	9.03	11.50	10.00
DPS		20.50	21.50	18.00	20.00

# Oil and Gas exploration



## E & P Sector vs. KSE100 index



# Oil and Gas exploration

E&P sector is entering a recovery phase, supported by increased exploration activity, new discoveries, and rising capex. Offshore licensing has reopened after 18 years, while ongoing onshore developments and incremental production are set to boost output. Strategic RLNG cargo management and improved pipeline utilization are easing supply constraints, enhancing gas availability and operational stability. Stronger cash flows, partial circular debt resolution, and diversification into mining projects like Reko Diq provide additional growth and shareholder value. Key risks remain oil price volatility, regulatory changes, and gas supply uncertainties, but the sector is well-positioned for sustained production and long-term upside.

OGDC	TP	FY23	FY24	FY25A	FY26E
EPS	<b>380</b>	52.20	48.50	39.50	48.70
DPS		8.60	10.10	15.10	16.00
P/E		5.20	5.60	6.80	6.80

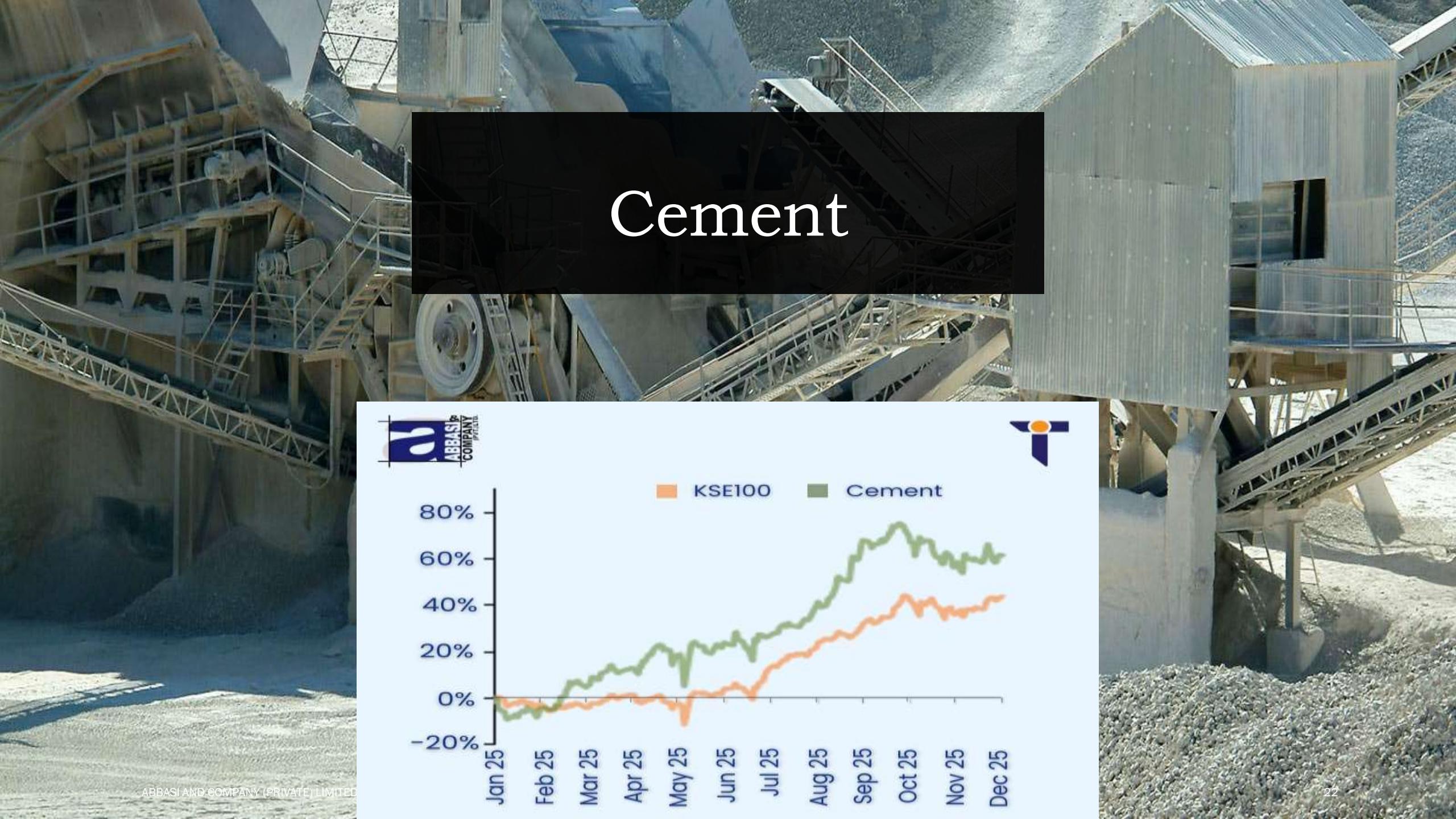
PPL	TP	FY23	FY24	FY25A	FY26E
EPS	<b>290</b>	35.70	42.40	33.80	34.00
DPS		2.50	6.00	7.50	10.00
P/E		6.40	5.40	6.90	6.60

MARI	TP	FY23	FY24	FY25A	FY26E
EPS	<b>800</b>	420.75	64.37	54.25	50.00
DPS		147.00	232.00	21.70	22.00
P/E		3.77	32.38	20.14	13.00

POL	TP	FY23	FY24	FY25A	FY26E
EPS	<b>710</b>	128.42	137.93	85.19	83.00
DPS		80.00	95.00	75.00	80.00
P/E		3.16	3.17	6.76	7.00



# Cement



# Cement Sector

Pakistan cement sector is entering a recovery phase in FY26, with domestic dispatches projected to grow 8–9% YoY, driven by a rebound in private construction, post-flood infrastructure rebuilding, CPEC Phase-II projects, and improved agricultural income. Margins are expected to remain robust, supported by lower international coal prices, reduced grid electricity tariffs, and greater adoption of renewable energy, while finance costs are set to decline on the back of deleveraging and falling policy rates. The sector currently trades below replacement cost, offering strong dividend yields and attractive valuation upside as volumes and profitability recover. Key risks include fluctuations in coal prices, slower construction growth, reduced PSDP allocations, and border-related disruptions affecting coal imports and exports. Overall, the sector presents a compelling investment opportunity, underpinned by improving fundamentals, structural cost efficiencies, and cyclical demand recovery.

<b>FCCL</b>	<b>TP</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25A</b>	<b>FY26E</b>
EPS	<b>75</b>	3.00	3.40	5.40	6.20
G.P Margin		30%	32%	35%	33%
N.P Margin		11%	10%	15%	17%
<b>KOHC</b>	<b>TP</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25A</b>	<b>FY26E</b>
EPS	<b>160</b>	28.98	45.41	12.50	11.50
G.P Margin		27%	29%	39%	44%
N.P Margin		15%	23%	31%	35%
<b>LUCK</b>	<b>TP</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25A</b>	<b>FY26E</b>
EPS	<b>600</b>	33.30	44.70	52.50	66.60
G.P Margin		24%	30%	27%	26%
N.P Margin		16%	18%	19%	19%
<b>CHCC</b>	<b>TP</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25A</b>	<b>FY26E</b>
EPS	<b>450</b>	22.67	28.31	44.68	46.00
G.P Margin		27%	31%	37%	35%
N.P Margin		12%	14%	23%	22%
<b>DGKC</b>	<b>TP</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25A</b>	<b>FY26E</b>
EPS	<b>290</b>	(8.30)	1.24	19.80	23.00
G.P Margin		15%	16%	26%	24%
N.P Margin		-6%	1%	12%	14%
<b>MLCF</b>	<b>TP</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25A</b>	<b>FY26E</b>
EPS	<b>160</b>	5.51	6.58	10.98	12.00
G.P Margin		28%	34%	37%	34%
N.P Margin		9%	10%	17%	16%

# Auto



# Auto Sector

Auto sector is in a clear recovery phase, with FY26–27 volumes projected to grow 22%/20% YoY, led by passenger cars, LCVs, and tractors. Monetary easing, with policy rates down to 10.5%, has improved affordability and revived auto financing, which had contracted during the previous high-rate environment. Stable exchange rates are supporting input costs and preserving vehicle pricing, while government initiatives such as the Green Tractor Scheme and fleet modernization programs are boosting tractor and commercial vehicle demand. The market is becoming increasingly competitive, with new entrants offering SUVs, crossovers, and hybrid models, compelling local OEMs to focus on cost efficiency, localization, and product diversification. While the recovery is promising, volumes remain sensitive to interest rate movements, import policy shifts, currency fluctuations, and competition from used vehicles. Overall, with improving macro conditions, growing financing penetration, and supportive policies for EVs and hybrids, the sector is poised for a gradual but sustained rebound, though production remains below installed capacity.

INDU	TP	FY23	FY24	FY25A	FY26E
EPS	<b>2950</b>	123.00	191.80	292.60	340.00
DPS		71.80	114.70	176.00	180.00
G.P Margin		5%	13%	15%	15%
N.P Margin		5%	10%	11%	10%

SAZEW	TP	FY23	FY24	FY25A	FY26E
EPS	<b>2300</b>	16.46	131.29	270.26	340.00
DPS		4.00	20.00	52.00	60.00
G.P Margin		-	27%	29%	27%
N.P Margin		-	13%	15%	18%

GAL	TP	FY23	FY24	FY25A	FY26E
EPS	<b>680</b>	1.12	(4.54)	41.92	45.00
DPS		-	-	10.00	15.00
G.P Margin		6%	4%	17%	17%
N.P Margin		1%	-5%	10%	11%

GHNI	TP	FY23	FY24	FY25A	FY26E
EPS	<b>980</b>	4.21	18.34	107.58	135.00
DPS		-	-	10.00	13.00
G.P Margin		16%	20%	24%	26%
N.P Margin		1%	5%	12%	12%



# Steel



## Steel Sector vs. KSE100 index



## Steel Sector

Pakistan's steel industry is showing early signs of recovery after a prolonged downturn, driven by improving downstream demand, macro stabilization, and regulatory reforms. Scrap imports surged 58% YoY in 4MFY26, while domestic production remained slightly down amid ongoing restructuring at key players. Flat steel demand is being supported by rising automotive and appliance sales, strengthened by anti-dumping measures and GST adjustments on frontier imports, while long steel volumes benefit from infrastructure spending, flood reconstruction, and PSDP-led civil works. Margin expansion is underpinned by lower energy costs through the 'Roshan Maeeshat' power package, reduced financing costs, and rationalized duties on raw materials. Currency stability and soft global steel prices further enhance cost predictability. Combined, these factors suggest a gradual normalization of utilization, improved profitability, and a measured recovery in sector volumes during FY26, with regulatory and fiscal tailwinds positioning domestic producers to regain competitiveness against grey imports.

ISL	TP	FY24	FY25	FY26E
EPS	<b>135</b>	8.40	3.60	7.30
DPS		2.50	5.50	7.00
P/E		12.50	29.40	14.00

INIL	TP	FY24	FY25	FY26E
EPS	<b>270</b>	11.17	8.37	12.00
DPS		4.00	5.50	7.00
P/E		17.52	21.15	25.00

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