FINPARITY LEARN · FUNDAMENTAL ANALYSIS



Topic 2 · Part 3 | 12-minute lesson | Intermediate

Sector-specific metrics

The special numbers analysts check for banks, oil and gas, cement and fertilizer companies

Educational content, not investment advice

WHY SECTORS DIFFER

One size doesn’t fit all

The 7 ratios from Part 2 work everywhere, but each sector has its own engine. Check a doctor with a doctor’s tools, an engineer with an engineer’s.

Example: debt-to-equity

For a cement company, high debt is a warning sign. For a bank, customer deposits **are** its debt, so a high number is normal.

So for each sector we ask

- How does it make money?
- Which numbers show that engine working?

SECTOR 1 · BANKS

How a bank makes money



6% That gap is the bank's main income. Bankers call it the **spread**. Pretend numbers, but the idea is real.

SECTOR 1 · BANKS

6 numbers every bank analyst checks

NIM

Net interest margin: the spread earned on all lending and investments

Higher = more profitable

CASA ratio

Share of cheap current and savings deposits

Higher = cheaper funding

ADR

Advances-to-deposits: how much of deposits is lent out

Shows lending appetite

Infection ratio

Bad loans as a share of all loans

Lower = healthier

Coverage ratio

How much of the bad loans is already provisioned

Higher = safer

CAR

Capital adequacy: the bank's safety cushion

Must stay above SBP's minimum

REAL NUMBERS

Pakistan’s banks today

20.8%

Banking sector CAR in 2025

vs SBP minimum of 11.5%

~4.5%

HBL’s infection ratio

with about 85% coverage

12%

SBP policy rate

after a hike in late Oct 2026

Policy rate changes move bank profits. Rate moves change what banks earn on loans and bonds, so watch SBP decisions closely.

Sources: SBP FSR 2025; HBL briefing via PkRevenue; SBP

SECTOR 2 · OIL AND GAS EXPLORATION

What to watch at E&P companies

Production

Barrels of oil and gas volumes produced each day

Rising = more to sell

Reserves

Oil and gas still in the ground, and how many years it lasts

Longer life = safer

Oil price and rupee

Prices are linked to world oil prices and the dollar

A weaker rupee often helps

Exploration success

New discoveries vs dry wells

Discoveries add reserves

Receivables

Money customers owe but haven’t paid yet

Lower = healthier cash flow

Cost per barrel

How cheaply each unit is produced

Lower = bigger margins

SECTOR 2 · OIL AND GAS EXPLORATION

Profit on paper, cash stuck in the pipeline

E&P companies sell gas to state-owned utilities and power companies. Some of them pay late, because the energy chain is short of cash.

Pakistan calls this problem **circular debt**.

Remember Part 1?

Profit is not cash. An E&P company can report big profits while billions sit unpaid in **receivables**. Always check the cash flow statement.

SECTOR 3 · CEMENT

What to watch at cement companies

Dispatches

Tonnes of cement sold each month, at home and abroad

Rising = stronger demand

Capacity utilisation

How much of the factory’s capacity is being used

Higher = better efficiency

Retention price

Price per bag the company actually keeps after taxes

Higher = fatter margins

Energy cost

Coal and power cost per tonne

Lower = bigger margins

North vs South

Most demand is in the north; southern plants export more

Location matters

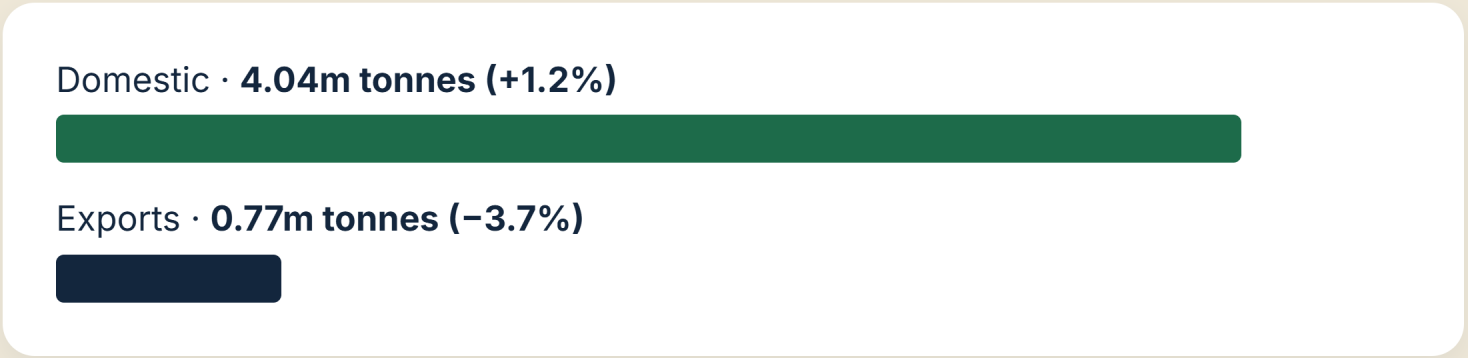
Debt

New plants are often built with big loans

Watch interest costs

REAL NUMBERS

Cement dispatches, October 2026



TOTAL

4.81m t

Up just 0.4% from October 2025. Home demand grew a little; exports slipped.

The industry body **APCMA** publishes these numbers in the first days of every month, long before company results come out.

Source: APCMA data via Pakistan Observer, 3 Nov 2026

SECTOR 4 · FERTILIZER

What to watch at fertilizer companies

Gas price and supply

Urea is made from natural gas, so gas is the main raw material

Cheap, steady gas = profits

Offtake

Tonnes of urea and DAP sold to farmers each month

Rising = stronger demand

Local vs world price

Pakistan’s urea is often cheaper than imported urea

A big gap can bring price controls

Inventory

Unsold urea sitting in warehouses

Too high = weaker prices ahead

Market share

Each company’s slice of total urea sales

Rising = winning customers

Dividends

Fertilizer companies are known for steady payouts

Check the payout history

REAL NUMBERS

Urea sales, September 2026

SEPTEMBER 2025

429k t

SEPTEMBER 2026

611k t

+42% A big jump in urea demand. The government's **NFDC** publishes these numbers every month.

Source: NFDC data via Mettis Global, 21 Oct 2026

CHEAT SHEET

4 sectors on one page

Sector	Key numbers	Biggest outside driver
Banks	NIM, CASA, infection ratio, CAR	SBP policy rate
Oil and gas (E&P)	Production, reserves, receivables	World oil prices and the rupee
Cement	Dispatches, utilisation, retention price	Construction activity and coal prices
Fertilizer	Offtake, gas price, inventory	Gas supply and farm demand

PUTTING IT TO WORK

Think like a sector analyst

Compare within the sector

Rank HBL against other banks, not against a cement company

Follow the monthly data

APCMA for cement, NFDC for fertilizer, SBP for banks

Connect to the big picture

Interest rates, oil prices and gas policy move whole sectors at once

QUICK QUIZ

4 questions, 4 sectors

Q1. Which number shows how many of a bank's loans have gone bad?

A) CASA ratio B) Infection ratio C) Dispatches

Q2. Monthly cement sales in Pakistan are reported as...

A) Offtake B) Dispatches C) Production lots

Q3. What is the main raw material cost for a urea maker?

A) Natural gas B) Steel C) Coal

Q4. SBP's minimum CAR is 11.5%. A bank at 9% is...

A) Very safe B) Below the minimum C) Highly profitable

Answers: 1-B · 2-B · 3-A · 4-B. Flip your screen to check!

PART 3 COMPLETE

Brilliant! Up next: valuation basics

In Part 4: how analysts estimate what a share is really worth, and how FinParity works out its intrinsic value

- Price vs value
- DCF basics
- Dividend model
- Comparing peers

For education only, not investment advice. Speak to a licensed adviser before investing.