



ACPL DIGEST

(Apr-22)

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 “Stable” outlook to Abbasi and Company (Pvt.) Limited.

ACPL Research covers 45 scrips from 14 sectors which constitute around 60% of the market capitalization of the KSE 100 index



ACPL DIGEST (Apr-22)

Remittances

Jul - Mar 21	Jul - Mar 22	Change
\$21.5 bn	\$23.0 bn	▲ 7.1%

Exports

Jul - Mar 21	Jul - Mar 22	Change
\$18.7 bn	\$23.4 bn	▲ 25.0%

Imports

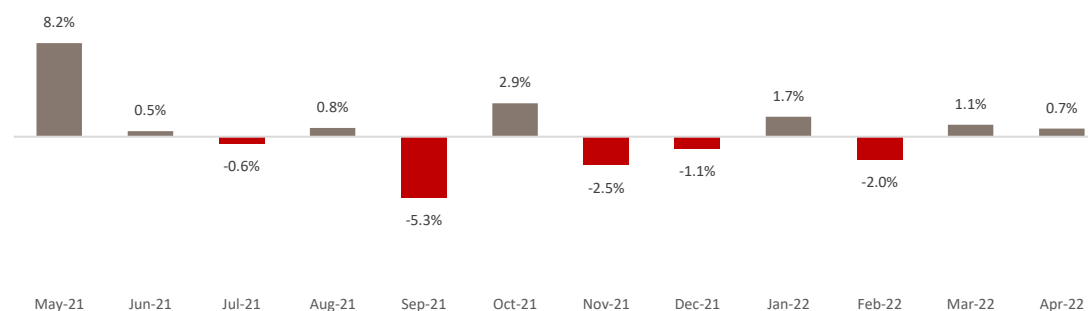
Jul - Mar 21	Jul - Mar 22	Change
\$39.5 bn	\$58.9 bn	▲ 49.1%

Current Account

Jul - Mar 21	Jul - Mar 22
-\$0.3 bn	-\$13.2 bn

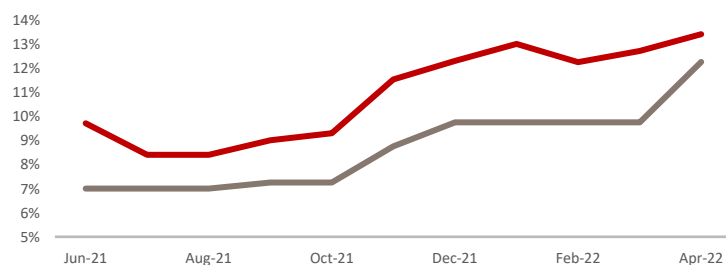
After posting a return of 1.1% in Mar-22, the index closed the month of Apr-22 with a slight return of 0.7% amid a declining Pak Rupee which depreciated by around 1.2% during the period to close at Rs.185.69. Initially, the market surged and made a high of 46,970 in the first half of the month, as the investors celebrated the arrival of the new pro-west government. However, it lost thrust in the second half and reversed most of its intra-month gains amid a widening twin deficit on account of fuel subsidies and rising international commodity prices. Furthermore, the MPC in its emergency meeting decided to raise the interest rate by 250 bps to 12.25% during the month which also dampened the investors' sentiments. Going forward, we expect volatility to prevail in the market till the new elections. Furthermore, the economic front to remain a key area of concern for investors as well due to the rising CAD

KSE 100 Return



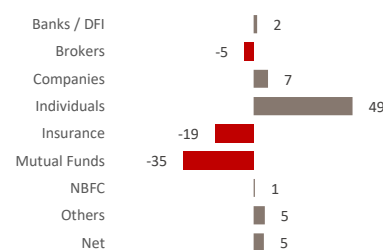
Source: PSX

NCPI Inflation — Discount Rate

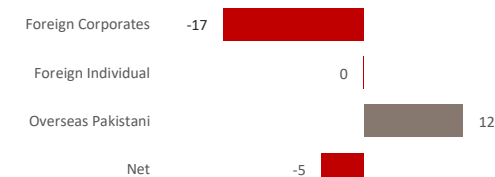


Source: PBS, SBP

LIPI (USD'mn) (Apr-22)



FIPI (USD'mn) (Apr-22)



Source: NCCPL

ACPL DIGEST (Apr-22)

and depreciating rupee owing to high commodities prices. As far as the monetary policy is concerned, we forecast an increase of another couple of hundred basis points in the coming months to contain imports, which, in turn, will affect the industrial output and growth as credit is a major input for the industry. Furthermore, inflation is likely to exacerbate further amid the probable removal of fuel subsidies under IMF pressure. **We suggest our investors to consider the dips as buying opportunity and accumulate the scrips with low debt to equity and high margin ratios. Furthermore, having high dividend-yielding stocks in the portfolio would also provide a constant stream of income during depressed times. We recommend to build positions in POL, AVN, SEARL, and UBL as they can yield good returns in the mid-term.** Please refer to the fourth page of this document for further scrip recommendations.

	(USD' mn) (Apr-22)											
	Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross	
LIPI Portfolio	Banks / DFI	0.34	6.82	-4.17	-0.24	0.25	-0.53	-0.10	-1.55	1.24	-2.63	-0.56
	Broker Proprietary Trading	-3.40	-0.78	0.31	-0.11	0.42	0.09	0.15	-1.58	-0.14	0.50	-4.54
	Companies	0.54	5.52	0.46	-0.72	-0.25	-0.88	0.58	-1.47	-0.16	3.45	7.07
	Individuals	13.06	2.73	4.31	1.40	3.51	3.41	0.54	5.92	-0.47	14.21	48.61
	Insurance Companies	-2.05	-0.76	-1.37	-0.36	-3.77	-1.79	-0.39	-0.88	-0.98	-6.75	-19.10
	Mutual Funds	-7.81	1.13	-1.34	0.02	0.26	-0.17	-2.20	-6.77	-0.42	-11.91	-29.19
	NBFC	0.03	0.06	0.05	0.00	0.00	0.02	0.00	-0.01	0.01	0.41	0.58
	Other Organization	0.30	1.05	1.00	0.00	0.11	-0.06	0.85	-0.28	-0.42	-0.36	2.19
LIPI Total	1.01	15.77	-0.75	0.00	0.54	0.09	-0.57	-6.62	-1.32	-3.07	5.07	

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-2.04	-16.14	-0.25	-0.02	-0.90	-0.22	-0.32	4.70	1.17	-2.83	-16.84
	Foreign Individual	0.00	0.00	0.08	-0.21	0.00	0.00	0.00	0.03	0.00	0.07	-0.03
	Overseas Pakistani	1.03	0.36	0.92	0.23	0.36	0.13	0.89	1.88	0.15	5.84	11.80
	Total	-1.01	-15.77	0.75	0.00	-0.54	-0.09	0.63	6.62	1.32	3.07	-5.07

Source: NCCPL

COMMODITIES OVERVIEW

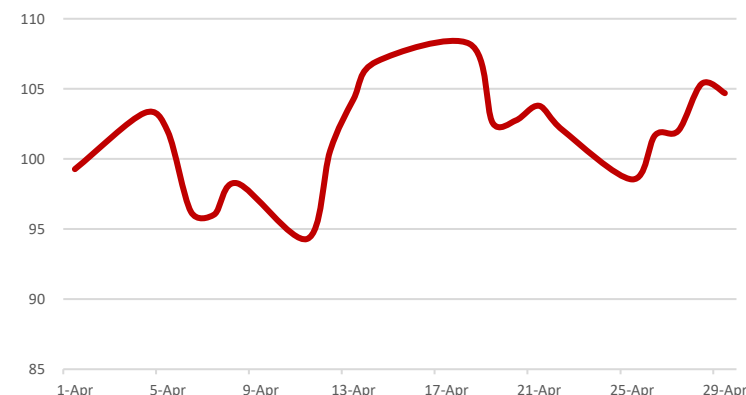
Crude Oil

WTI Crude Oil closed the month at 104.69 and was up 4.4% in April as the US oil benchmark posted its fifth straight monthly gain after another volatile period marked by geopolitically supply disruptions and Covid-induced demand slowdown in China. Russia has also recently halted gas supplies to Bulgaria and Poland after the EU-member countries refused to pay gas imports in Rubles, escalating the energy crisis in Europe. Meanwhile, China's virus outbreak has added another source of volatility to the market and marred the demand outlook. Going forward, we expect the crude oil prices to remain on an upward trajectory in the near term. However, disappointing US GDP data, strength in the dollar, and Chinese demand concerns could cap the gains.

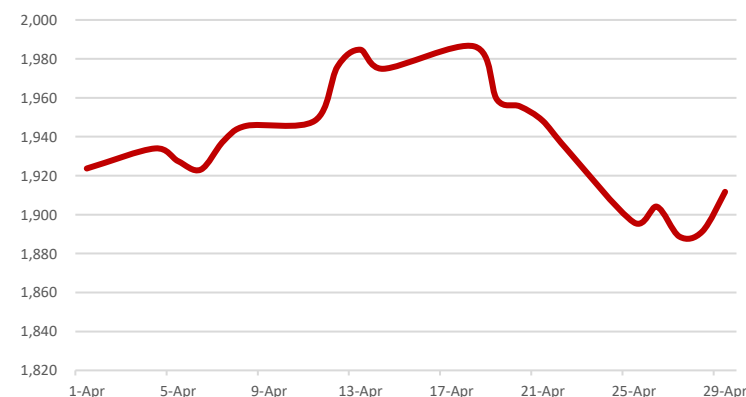
Gold

Gold declined by 2.2% during Apr-22 and concluded the month at \$1,911.70 amid surging U.S. dollar and rising bond yields. Gold is highly sensitive to rising US short-term interest rates and higher yields, which increase the opportunity cost of holding non-yielding bullion. It is also, however, seen as a safe store of value during economic and political crises. Going forward, the medium-term fundamentals continue to deteriorate as modern history showcases that the U.S. 10-Year Treasury yield doesn't peak until the Fed is well within its rate hike cycle. Therefore, the U.S. 10-Year Treasury yield should have room to run, and this is bullish for real yields and bearish for gold.

WTI



Gold



SCRIP RECOMMENDATIONS

Textile Composite

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
NCL	49.0	Dec 22	75	53.1 ▲	52.10	69.2	0.8	FY22E 8.50	16.3	1HFY22 19.61	FY22E 40.50	1.3	240	108
ILP	68.0	Dec 22	85	25.0 ▲	70.74	27.1	2.6	FY22E 2.00	2.8	9MFY22 7.79	FY22E 10.78	6.6	898	135
GATM	42.0	Dec 22	60	42.9 ▲	43.50	38.8	1.1	FY22E 1.50	3.4	1HFY22 5.44	FY22E 11.08	3.9	513	154

Oil & Gas Exploration Companies

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
OGDC	82.0	Dec 22	150	82.9 ▲	84.56	191.7	0.4	FY22E 9.00	10.6	9MFY22 26.05	FY22E 36.68	2.3	4,301	645
PPL	71.5	Dec 22	150	109.8 ▲	73.88	153.3	0.5	FY22E 5.00	6.8	9MFY22 19.23	FY22E 28.83	2.6	2,721	667
POL	365.0	Dec 22	470	28.8 ▲	378.36	147.2	2.6	FY22E 70.00	18.5	9MFY22 61.64	FY22E 107.39	3.5	284	130
MARI	1670.0	Dec 22	2,000	19.8 ▲	1715.54	915.3	1.9	FY22E 138.00	8.0	9MFY22 205.84	FY22E 276.30	6.2	133	27

Oil & Gas Marketing Companies

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
PSO	160.0	Dec 22	250	56.3 ▲	169.59	359.6	0.5	FY22E 15.00	8.8	9MFY22 137.96	FY22E 196.48	0.9	469	211
APL	295.0	Dec 22	360	22.0 ▲	314.43	301.8	1.0	FY22E 45.00	14.3	9MFY22 113.00	FY22E 153.51	2.0	100	25

Pharmaceuticals

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
HINOON	560.0	Dec 22	800	42.9 ▲	578.21	151.3	3.8	CY22E 24.50	4.2	1QCY22 12.74	CY22E 52.83	10.9	42	19
SEARL	112.4	Dec 22	160	42.3 ▲	112.84	86.5	1.3	FY22E 3.00	2.7	1HFY22 4.54	FY22E 10.63	10.6	312	140
AGP	80.0	Dec 22	105	31.3 ▲	86.52	32.0	2.7	CY22E 3.50	4.0	CY21 5.59	CY22E 7.97	10.9	280	84
CPHL	30.0	Dec 22	50	66.7 ▲	32.45	19.5	1.7	FY22E -	0.0	9MFY22 2.41	FY22E 3.20	10.1	228	80

Technology & Communication

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
SYS	360.0	Dec 22	500	38.9 ▲	387.49	75.9	5.1	CY22E 6.50	1.7	1QCY22 3.87	CY22E 15.82	24.5	276	166
AIRLINK	45.0	Dec 22	70	55.6 ▲	44.88	28.2	1.6	FY22E -	0.0	9MFY22 3.62	FY22E 6.18	7.3	395	119
OCTOPUS	66.0	Dec 22	90	36.4 ▲	69.86	12.1	5.8	CY22E -	0.0	CY21 2.53	CY22E 4.20	16.6	137	27

SCRIP RECOMMENDATIONS

Food & Personal Care Products

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS		EPS		P/E (F)	Shares ('mn)	Free Float ('mn)	
MFL	27.5	Dec 22	40	45.5 ▲	31.18	54.3	0.6	FY22E	-	0.0	9MFY22	1.20	FY22E	1.64	19.0	122	31
TOMCL	21.0	Dec 22	35	66.7 ▲	22.39	23.0	1.0	FY22E	-	0.0	9MFY22	2.62	FY22E	3.88	5.8	123	55
UNITY	21.0	Dec 22	30	42.9 ▲	23.62	14.6	1.6	FY22E	-	0.0	9MFY22	1.66	FY22E	2.22	10.6	1,194	478

Real Estate Investment Trust

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)				
DCR	14.0	Dec 22	15	7.1 ▲	14.67	26.6	0.6	FY22E	1.50	10.2	9MFY22	1.21	FY22E	1.39	10.6	2,224	556

Commercial Banks

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
MCB	148.0	Dec 22	180	21.6 ▲	150.89	147.2	1.0	CY22E 27.00	17.9	1QCY22 7.52		CY22E 36.97	4.1	1,185	415
BAHL	66.0	Dec 22	100	51.5 ▲	68.24	81.0	0.8	CY22E 8.50	12.5	1QCY22 4.47		CY22E 20.81	3.3	1,111	722
BAFL	34.0	Dec 22	55	61.8 ▲	35.19	56.3	0.6	CY22E 6.00	17.1	1QCY22 2.82		CY22E 12.09	2.9	1,777	622
BOP	6.5	Dec 22	10	53.8 ▲	6.68	18.4	0.4	CY22E 1.00	15.0	1QCY22 0.73		CY22E 3.05	2.2	2,974	1,256
HBL	108.0	Dec 22	140	29.6 ▲	108.85	175.8	0.6	CY22E 4.25	3.9	1QCY22 5.65		CY22E 22.69	4.8	1,467	733
UBL	135.0	Dec 22	180	33.3 ▲	137.39	167.2	0.8	CY22E 23.00	16.7	1QCY22 7.78		CY22E 38.73	3.5	1,224	490
MEBL	130.0	Dec 22	175	34.6 ▲	140.15	53.2	2.6	CY22E 7.50	5.4	1QCY22 5.66		CY22E 22.48	6.2	1,627	407

Cement

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS		EPS		P/E (F)	Shares ('mn)	Free Float ('mn)	
FCCL	16.0	Dec 22	22	37.5 ▲	16.77	19.0	0.9	FY22E	-	0.0	9MFY22	1.86	FY22E	2.87	5.8	1,380	759
ACPL	108.0	Dec 22	180	66.7 ▲	117.21	127.4	0.9	FY22E	4.00	3.4	9MFY22	8.59	FY22E	8.13	14.4	137	27
MLCF	31.0	Dec 22	48	54.8 ▲	33.37	37.4	0.9	FY22E	-	0.0	9MFY22	3.27	FY22E	4.52	7.4	1,098	494
CHCC	120.0	Dec 22	160	33.3 ▲	124.74	80.0	1.6	FY22E	3.00	2.4	9MFY22	12.20	FY22E	23.08	5.4	194	117
DGKC	63.0	Dec 22	100	58.7 ▲	67.05	168.2	0.4	FY22E	1.30	1.9	9MFY22	8.26	FY22E	10.93	6.1	438	219
LUCK	550.0	Dec 22	700	27.3 ▲	566.77	545.8	1.0	FY22E	9.00	1.6	9MFY22	34.97	FY22E	46.04	12.3	323	113

SCRIP RECOMMENDATIONS

Engineering

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS		P/E (F)	Shares ('mn)	Free Float ('mn)
MUGHAL	75.0	Dec 22	120	60.0 ▲	76.98	59.5	1.3	FY22E	5.00	6.5	9MFY22	13.02	FY22E	17.78	4.3	336	84
ASTL	28.0	Dec 22	50	78.6 ▲	29.43	51.3	0.6	FY22E	3.50	11.9	9MFY22	6.18	FY22E	8.93	3.3	297	74
AGHA	17.0	Dec 22	24	41.2 ▲	16.96	24.8	0.7	FY22E	-	0.0	9MFY22	2.88	FY22E	4.31	3.9	605	151
ISL	56.0	Dec 22	90	60.7 ▲	61.87	46.1	1.3	FY22E	8.00	12.9	9MFY22	12.31	FY22E	16.09	3.8	435	152
ASL	12.0	Dec 22	18	50.0 ▲	12.32	14.5	0.9	FY22E	-	0.0	9MFY22	0.56	FY22E	0.96	12.8	925	324

Automobile Parts & Accessories

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS		EPS		P/E (F)	Shares ('mn)	Free Float ('mn)	
PTL	28.0	Dec 22	40	42.9 ▲	29.03	39.1	0.7	FY22E	-	0.0	9MFY22	1.61	FY22E	2.39	12.1	168	50

Fertilizer

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS		P/E (F)	Shares ('mn)	Free Float ('mn)
FFC	110.0	Dec 22	135	22.7 ▲	120.30	78.4	1.5	CY22E	17.00	14.1	1QCY22	4.90	CY22E	20.19	6.0	1,272	700
EFERT	85.0	Dec 22	105	23.5 ▲	95.15	33.9	2.8	CY22E	16.50	17.3	1QCY22	4.13	CY22E	17.11	5.6	1,335	601
FFBL	22.5	Dec 22	50	122.2 ▲	23.18	25.5	0.9	CY22E	-	0.0	1QCY22	1.26	CY22E	9.19	2.5	1,291	452
FATIMA	36.0	Dec 22	55	52.8 ▲	39.17	47.7	0.8	CY22E	5.50	14.0	1QCY22	2.71	CY22E	13.65	2.9	2,100	315

Glass & Ceramics

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	EPS	EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
TGL	126.0	Dec 22 175	38.9 ▲	135.73	85.4	1.6	FY22E 16.00	11.8	9MFY22 27.92	FY22E 32.55	4.2	138	55

Miscellaneous

	Buying Area	Target Price		Upside (%)	LDCP	BV (T)	P/B (T)	Dividend		D/Y - F (%)	EPS		EPS	P/E (F)	Shares ('mn)	Free Float ('mn)	
PABC	29.5	Dec 22	50	69.5 ▲	32.49	12.0	2.7	CY22E	2.00	6.2	1QCY22	1.69	CY22E	7.16	4.5	361	108

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DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	<bjpb< b=""></bjpb<>	Justified Price to Book

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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