COMPANY UPDATE

NCL

Relatively a safer bet in textile composites

Equity Research | Textile Composite | Tuesday, 16 April, 2019

We initiate our coverage on Nishat Chunian Limited (NCL) with a SOTP based Dec-19 TP of Rs.57 which provides an upside potential of 16%. A dividend yield of 11%, if incorporated gives a total return of 27%

In spite of a challenging macroeconomic environment, the company managed to grow its revenues and earnings at a 4-year CAGR of 12% and 33% respectively

Going forward, the company expects its revenues and earnings to grow at a 5-year CAGR of 11% and 21% respectively as the depreciation of exchange rate and the potential upcoming export package would further enhance the profitability of the company

Sector Overview

In Pakistan, the textile sector contributes approximately one-fourth of industrial value-added and offers employment to about 40% of the industrial labor force. Barring seasonal and cyclical fluctuations, textiles products have sustained an average share of about 60% in nationwide exports. The ancillary textile industry adds cotton spinning, fabric processing, home textiles, cotton cloth, cotton yarn, cotton fabric, towels, hosiery and knitwear and readymade garments, these components are being produced both in the large-scale manufacturing organized sector also as in the unorganized cottage/small and medium units.

The spinning sector is the backbone of Pakistani textile industry. Presently, as per record of Textiles Commissioner's Organization (TCO), it comprises 517 textile units (40 composite units and 477 spinning units) with 13.414 million spindles and 199 thousand rotors installed and 11.338 million spindles and 127 thousand rotors in operation with capacity utilization of 84.5% and 64% respectively. The government statistics also show that the issues of the power loom sector evolve chiefly because of the poor technology and scarcity of quality yarn. It is also calculated that the looms installed in cotton textile mills are 9,084 and Looms worked were 6,384. Moreover, the production of cotton cloth has stayed stagnant which slightly raised by 0.03% while the exports in term of quantity slightly declined by 0.80% whereas in value term grew by 0.04%.

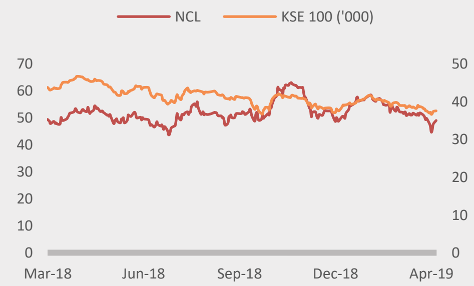
Being a value-added segment of the textile industry made-up sector comprises different subgroups namely towels, tents & canvas, cotton bags, bedwear hosiery, knitwear & readymade garments counting fashion apparels. The government statistics also revealed that the industry sustains directly livelihood of 210,000 skilled workers and 490,000 unskilled workers. Another 350,000 people benefit in allied cottage industries. Thus, the industry offers, directly and indirectly, sustenance to well over a million people. Knitwear exports consist of knitted and processed fabrics knitted garments; knitted bed sheets, socks, etc. and has the largest share 35% in textile exports.

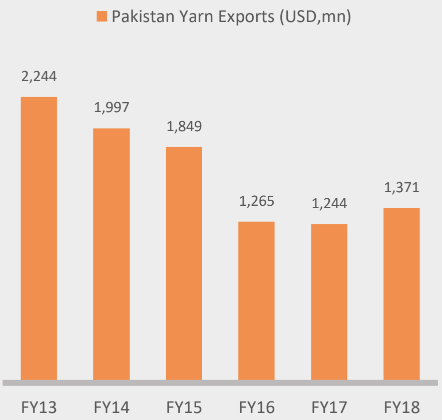
Furthermore, the readymade garment industry has emerged as one of the significant small-scale industries in the country. Its products have large demand both at home and abroad. The local requirements of readymade garments are approximately totally met by this industry. They have also recorded that most of the machines utilized by this industry are imported or domestically made/assembled.

Key Statistics

Symbol	NCL
TP - Dec 19	57.00
LDCP	48.94
Upside	16%
Free Float (MN)	120,111
Market Cap. (Rs. MN)	11,756

Symbol	PE Ratio
NML	10.83
GATM	9.32
FML	14.22
KTML	7.36
ILP	10.22
Peer Average	**10.43**
NCL	**4.97**
Discount	**52%**





Sources: ACPL Research, Company Financials, APTMA, PBS

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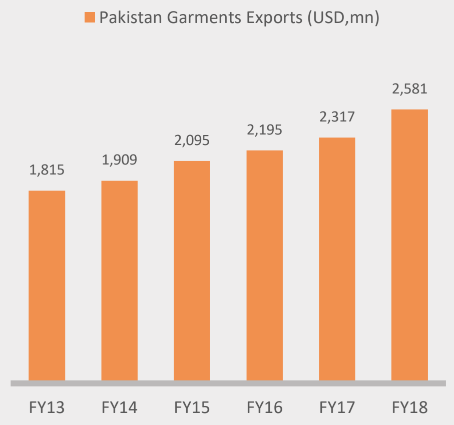
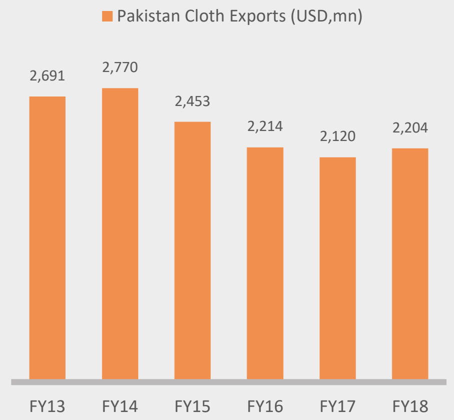
Key Statistics





Sources: ACPL Research, Company Financials, APTMA, PBS, WB

Research revealed that the worldwide apparel market is predicted to touch US$ 2.6 trillion in 2025 with growth projection at 4%. The major drivers of the growth are developing nations such as India and China. China will be the number one apparel market predicted to touch US$378 billion by 2025 followed by India at around US$121. It is also said that the growth is mostly because of the rising demand in both local and international markets. No doubt, the Pakistani textile industry considered as the backbone of the export sector is facing new issues which should be dealt with promptly. The textile industry crumbling under high energy prices, struck up refunds and tight monetary policy is facing tough competition from India, Bangladesh, Vietnam, Thailand and other states in the foreign market. Therefore, the government should take serious initiatives to safeguard local industry which is the highest foreign exchange earner and the largest urban employment provider. (PakistanEconomist, 2018)

GSP Plus Status

The primary objective of the Generalized System of Preference, commonly called GSP is to contribute to the reduction of poverty and the promotion of sustainable development and good governance. Tariff preferences in the EU market enable Developing Countries to participate more fully in international trade and generate additional export revenue to support implementation of their own sustainable development and poverty reduction policy strategies.

Pakistan has traditionally been benefiting from the standard GSP regime of the EU and our exports to the EU have been subjected to 20% less duty than the normal MFN duties charged by the European Union. This preferential tariff has helped Pakistani products not only to enter the EU market but also to sustain their share in it. Pakistan's inclusion in the EU GSP Plus scheme offers immense benefits in terms of increase in exports. It is no surprise that the main beneficiary of the GSP Plus scheme are the Textiles and Garments sector (TDAP, n.d.).

The statistics reveal that around three-quarters of all EU imports from GSP+ program hail from Pakistan, making South Asian country the biggest beneficiary of the scheme. Almost 82% EU purchases are textiles and clothing products, which serve as the back bone of Pakistan's textile industry (DailyTimes, 2018).

After the referendum of BREXIT in June 2016, the clouds of uncertainty started to hover around regarding the future of GSP Plus status of Pakistan. However recently, the ambassador of Poland has assured full support of his country for continuation of GSP Plus status to Pakistan and said that BREXIT will not affect the trade of Pakistan with EU. Furthermore, UK's trade envoy to Pakistan Atta-ur-Rehman Chishti on his visit to Pakistan told that the UK is committed to maintain the same levels of preferential access which Pakistan receives under the EU's scheme and legislation in this regard has come into force.

Company Overview

From a modest start in 1990 with a spinning mill of only 14,400 spindles, Nishat Chunian Ltd. has grown to become the fourth largest textile company in Pakistan (in terms of sales). It is now a vertically integrated textile company with a yearly spinning production of 75,000 tons of yarn, 3 million meters of greige fabric in weaving and 4 million meters of finished fabric. All the processes are integrated, and a captive power plant supplies uninterrupted power to all the units.

In 2007, the Group diversified into the power sector by setting up a 200 MW Independent Power Plant followed by incorporation of Nishat Chunian USA Inc. in 2013. To cope up with escalating energy demand, NC Electric. was set up in 2014.

Today, Nishat Chunian Group consists of four companies – Nishat Chunian Limited (a textile company), Nishat Chunian Power Limited (a power generation company), Nishat Chunian USA Inc. (Incorporated in USA) and Nishat Chunian Electric Company Ltd. (a captive power generation company). (Nishat, 2019)

Operational Performance

After incorporating as a public limited company in 1990, the spinning unit of Nishat Chunian Limited started its operations in 1991. Later in 1998, The company diversified its operations and entered into weaving business. The successful venture then made some aggressive moves and acquired the operating assets of Umer Fabrics Limited in 2005 after which the company diversified into home textile business in 2006. In 2007, Nishat Chunian Power Limited (NCPL), a wholly owned subsidiary of Nishat Chunian Limited incorporated and started its commercial operations in 2010. Subsequent year was the year of great achievements for Nishat Chunian Limited as it managed to set up a new spinning mill comprises of 20,000 spindles and acquired two spinning mills comprised of 38,000 spindles. Moreover, the company put its step forward into the international market and incorporated Nishat Chunian USA Inc. in USA during the same year (2013) in order to supply textiles to the international retail market. In 2014, the company set up a 45 MW coal-fired power plant as a wholly owned subsidiary NC Electric Company Limited (NCECL) which provides the uninterrupted power supply to Nishat Chunian Limited. Last but not least, the company entered the retail market of Pakistan with the opening of The Linen Company (TLC) which has now three outlets in Lahore, one in Rawalpindi and one in Islamabad. The company also plans to further expand the number of its retail outlets to other cities, particularly in Karachi.

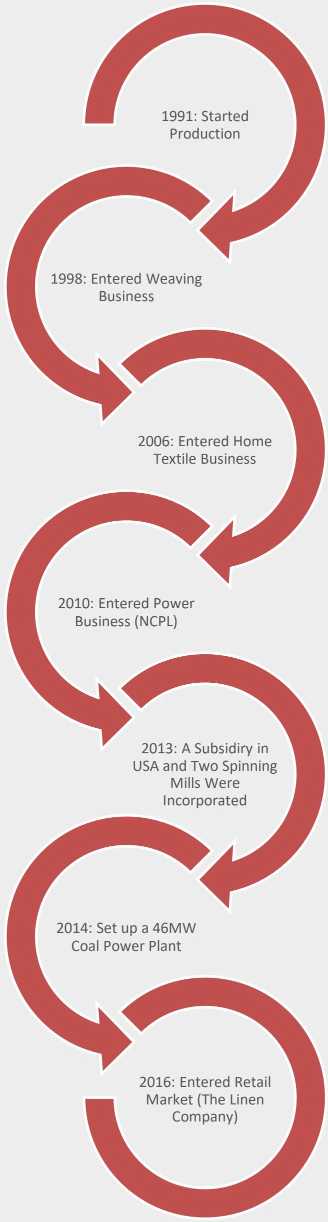
NCL also entered the entertainment business by forming a wholly owned subsidiary Nishat Chunian Entertainment (Pvt) Limited (NCEL) in April 2015. However, the company has now decided to divest its entire 100% stake in its subsidiary as the business wasn't directly related to its core operations and the investment was not providing a significant contribution to the bottom line.

Conclusively, over the period of last two decades, Nishat Chunian Limited has emerged as one of the premium yarn and finished garments producers having the customer base not only in Pakistan but all over the world especially in USA, Europe, and several Asian countries.

Financial Performance

The top line of the company has grown at a tremendous 5-year CAGR of 11% to Rs35bn in FY18 and has now become the fourth largest textile company of Pakistan in terms of revenue. As per the latest annual report (FY18) of the company, spinning segment contributes around 59% in total sales along with having a decent share of 44% in the company's total exports. The home textile segment is the second largest constituent of the company's top line having a share of 25% while contributing around 40% in the company's total exports. Going forward, weaving segment contributes around 16% in the company's total sales while having the same share of 16% in the total exports of the company. Looking at the broader view, exports constitute around 52% of the total sales, whereas the local sales have a share of around 48% of total sales of the company. Going Forward, we assume that the top line of the company will continue its growth momentum and grow from Rs35bn to Rs60bn at a 5-year CAGR of 11% by FY23. Moreover, we expect the rise in share of exports in total sales from 58% to 65% during the same period on account of weaker rupee, efforts of the government to increase exports by providing special incentives to export-oriented industry and a slight weaker demand within the country due to the existing contractionary phase of the economy.

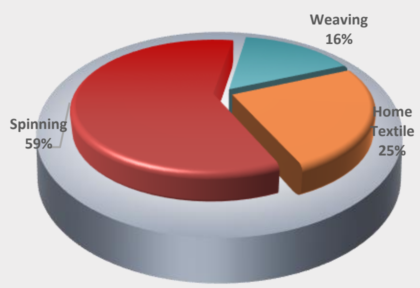
Key Statistics



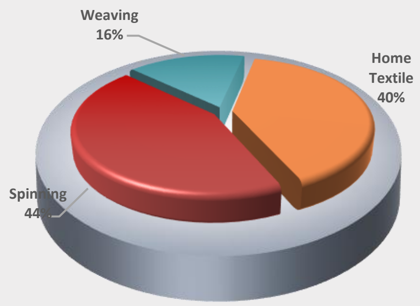
Sources: ACPL Research, Company Financials

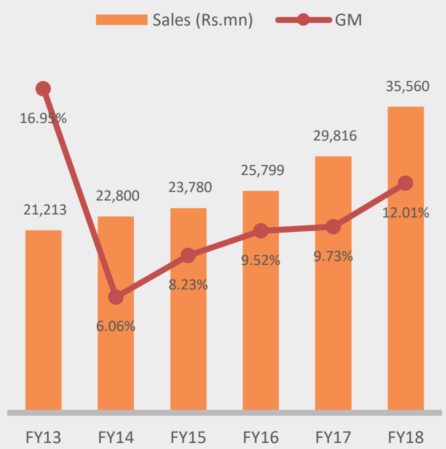
Key Statistics

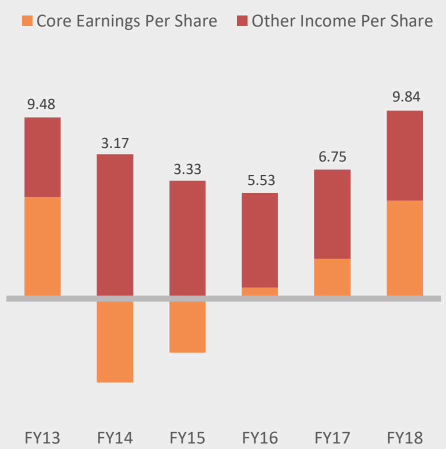
Components of Sales



Components of Exports







Sources: ACPL Research, Company Financials

Gross margins have remained volatile over the past years due to several reasons. The company posted the gross margin of 17% in FY13 on account of dollar appreciation, cost efficiency and stronger demand for textile products in international markets. Later, in FY14, the company took a huge hit on its gross margin which reduced to 6% on account of intense competition in global markets. In FY15, the overall demand for textile products was weak. However, the gross margin of the company slightly improved to 8%. In the subsequent two years, the gross margins remained at around 10% due to the improved margins of spinning and home textile segments. Later in FY18, the company posted the gross margin of 12% mainly due to the improvement in the margin of spinning segment on account of rupee devaluation, the rise in cotton prices and procurement of raw cotton on suitable prices. Going forward, we expect the gross margins to remain intact between 13%-14% in coming years as the government has now decided to keep the rupee value near to its fair value instead of keeping it higher artificially. Furthermore, the company is involved in the continuous process of BMR which will bring the cost efficiency in the company's operations in the future.

Other income of Nishat Chunian Ltd. has always played a huge role in the profitability of the company especially in FY14 and FY15 where the income from the core operations was distressed (reasons already mentioned above) and the other income brought the bottom line of the company from loss to profit zone. The other income of the company is mainly composed of the dividend income from its subsidiary Nishat Chunian Power Limited. However, from last two years, the dividend income from NCPL has significantly decreased on account of liquidity issues created by the accumulation of huge circular debt (The power purchaser consistently failed to make timely payments to the company). Though, handsome exchange gains saved the other income to drop in these years. As for now, the circular debt of the power sector stands at Rs.1.410 trillion (All time high). This amount includes the bank loans of Rs.603 billion provided to Power Holding Private Limited (PHPL) and the remaining circular debt of Rs.807 billion. After the successful launch of Pakistan Energy Sukuk of Rs. 200 billion, the government is set to release another slot of Islamic bond worth Rs.200 billion in the capital market in May 2019. This Sukuk bond would go by the name of 'Pakistan Energy Sukuk-II' and listed in a bid to resolve the power sector's burgeoning circular debt. The government raised the same proceeds from 'Pakistan Energy Sukuk-I' on March 2019. According to the sources, the government is set to contain the power sector's circular debt to Rs.250 billion by 31st December 2019 (ProPakistani, 2019). Therefore, we expect that the liquidity concerns of NCPL would be resolved in the coming years. Resultantly, we expect the NCPL to announce the annual dividends per share of Rs3, Rs4 and Rs5 in FY19, FY20, and FY21 respectively. Currently, the other income constitutes around 41% of the bottom line. However, we expect the share of other income would be reduced to 25% of the bottom line by FY23 on account of increased sales and improved margins of the company.

The finance cost of the company has considerably increased by 26% in FY18. The company's sizeable capital expenditures played a vital role in the increased borrowing cost. NCL has invested considerably over the past couple of years in up gradation of its plant and equipment. A defunct spinning unit has gone live again while the company has also added 99 new looms in the weaving segment. The company has also invested almost Rs340 million in its dyeing and printing division. Furthermore, the most pressing issue currently facing by textile firms are the stuck refund payments, which have resulted in a liquidity crunch for most textile firms.

Therefore, until the pending refunds are settled, NCL's financing cost will continue to increase. However, the government has decided in supplementary finance bill 2019 to establish Refund Settlement Company Ltd to refund outstanding payments through the issuance of promissory notes or bonds to exporters. Therefore, we expect the existing liquidity crunch would not be too much prolonged. The effective tax rate of the company currently stands at 14.38%. Going forward, we expect it to decrease to 10% by FY23 on account of higher exports shares in the top line.

The bottom line of the company has grown by an exceptional 4-year CAGR of 33% to Rs2.3bn in FY18. FY13 is an exception in which the company extraordinary performed well by posting the bottom line Rs2.2bn with a net margin of 10.7%. Currently, the net margin of the company stands at 6.7%. Going forward, we expect the bottom line to grow at a 5-year CAGR of 21% to Rs6bn by FY23. Whereas, the net margin is expected to increase to 10% during the same period.

Immune to Interest rate risk

During the current phase of monetary tightening, the earnings of highly geared companies are in extreme stress. However, at the same time, Nishat Chunian Limited is enjoying the privileges, the government has provided to export-oriented companies. Although, the debt to equity ratio of Nishat Chunian Limited is 1.69x which seems too high, yet only 12% of the total debt is based on 3-months KIBOR and is prone to interest rate risk. Short-term debt, which is around 73% of the total debt has a mark-up rate of around 6.5%. Whereas, the remaining part (15%) of the total debt which is, in fact, long-term debt has a mark-up rate of Long-Term Finance Facility rate (LTFF: 6%) along with the spread of 1%. Collectively, the effective interest rate of the company stands between 6%-7% which is far less than the current policy rate of 10.75%. Going forward, we expect the debt to equity ratio to come down to 0.62x by FY23.

Investment Perspective

The BMR investment made by NCL at this point in time makes it very lucrative as most of the textile magnates are very optimistic on the textile sector's future because the government is seriously trying to address the issues currently being faced by textile industry and trying to provide incentives in order to make our textiles more competitive in all over the world. Reduction in gas tariffs will help the company to reduce production cost going forward. Whereas, the massive rupee devaluation has made textile exports much more competitive against its peers i.e. Vietnam and Bangladesh. NCL's spinning segment has seen substantial improvement in revenue and gross margin due to the rise in the capacity as a defunct spinning unit was made operational again. The company is also growing its retail presence by opening the stores of The Linen Company (TLC) in different cities of Pakistan.

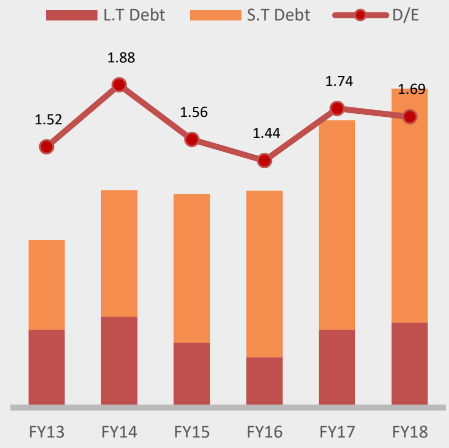
Valuation

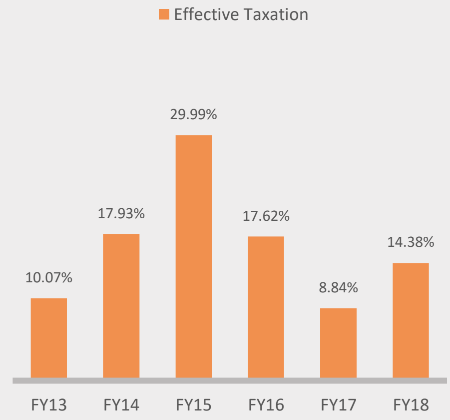
NCL is currently trading at FY19E and FY20E PE of 3.49x and 3.39x respectively. Furthermore, the script is trading at a FY19E P/B of 0.75x which offers a significant discount of 32% relative to its historical 5-year average of 1.1x. We have a **BUY** stance on the script with a SOTP based Dec-19 TP of Rs.57 which provides an upside potential of 16%. Furthermore, it also offers a dividend yield of 11% which makes the total return of 27%.

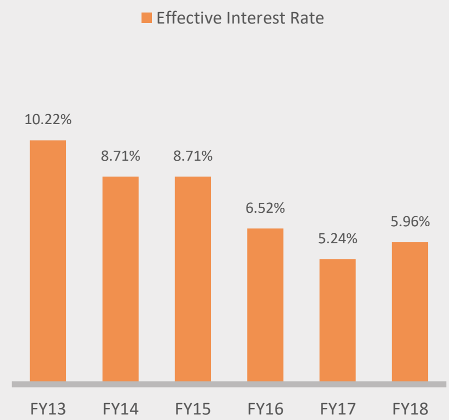
Key Risks to Valuation

- Appreciation of PKR
- Hike in prices of raw material
- Less than expected growth in demand
- More than expected delay in the payment of refunds by the government

Key Statistics







Sources: ACPL Research, Company Financials

Key Ratios

Profitability Ratios		FY14A	FY15A	FY16A	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E	FY23E
GP Margin	%	6.06	8.23	9.52	9.73	12.01	13.53	13.61	13.69	13.76	13.82
NP Margin	%	3.34	3.37	5.15	5.44	6.65	8.61	8.02	8.73	9.37	9.96
OP Margin	%	2.14	4.28	5.63	5.87	8.47	10.17	10.31	10.44	10.56	10.68
ROE	%	9.04	8.03	12.09	13.50	17.24	21.40	19.48	20.68	21.61	22.34
ROCE	%	3.71	7.90	11.11	10.74	16.31	20.07	21.34	22.30	22.92	23.12
ROA	%	2.93	2.97	4.60	4.68	6.00	8.56	8.23	9.28	10.34	11.42

Liquidity Ratios		FY14A	FY15A	FY16A	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E	FY23E
Current	x	1.14	1.05	1.01	1.02	1.19	1.24	1.24	1.27	1.33	1.43
Quick	x	0.13	0.18	0.13	0.15	0.17	0.18	0.17	0.16	0.15	0.15

Activity Ratios		FY14A	FY15A	FY16A	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E	FY23E
Inventory Turnover	x	3.60	3.65	4.01	3.85	3.72	3.72	3.90	3.91	3.92	3.93
Inventory Days		107.84	109.01	100.67	105.15	111.39	113.38	108.47	108.17	107.91	107.69
Receivables Days		26.51	23.49	29.36	31.80	36.16	32.90	29.73	26.70	23.87	21.25
Payables Days		25.32	21.39	30.84	20.36	26.11	25.59	25.59	25.59	25.59	25.59
Operating Cycle		109.04	111.12	99.18	116.59	121.43	120.69	112.61	109.28	106.19	103.35

Investment Ratios		FY14A	FY15A	FY16A	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E	FY23E
DPS		1.00	1.50	2.50	2.75	4.00	5.60	5.78	7.00	8.41	10.04
Div. Yield	%	2.04	3.06	5.11	5.62	8.17	11.45	11.81	14.31	17.18	20.51
Dividend Cover	x	3.17	2.22	2.21	2.45	2.46	2.50	2.50	2.50	2.50	2.50
Retention	%	68.45	54.98	54.80	59.26	59.34	60.00	60.00	60.00	60.00	60.00
Payout	%	31.55	45.02	45.20	40.74	40.66	40.00	40.00	40.00	40.00	40.00
No. of Shares	('m)	240.22	240.22	240.22	240.22	240.22	240.22	240.22	240.22	240.22	240.22
EPS		3.17	3.33	5.53	6.75	9.84	14.01	14.45	17.50	21.01	25.09
BVPS		35.04	41.50	45.74	49.99	57.07	65.48	74.15	84.65	97.26	112.32
P/E	x	15.44	14.69	8.85	7.25	4.98	3.49	3.39	2.80	2.33	1.95
Sales per share		94.91	98.99	107.40	124.12	148.03	162.68	180.04	200.43	224.23	251.92
P/BV	x	1.40	1.18	1.07	0.98	0.86	0.75	0.66	0.58	0.50	0.44
P/S	x	0.52	0.49	0.46	0.39	0.33	0.30	0.27	0.24	0.22	0.19

		FY14A	FY15A	FY16A	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E	FY23E
Solvency Ratios		1.88	1.56	1.44	1.74	1.69	1.34	1.21	1.08	0.94	0.81
Total Debt to Equity	x	0.79	0.47	0.33	0.47	0.45	0.32	0.23	0.16	0.10	0.06
L.T Debt to Equity	x	0.61	0.58	0.55	0.60	0.59	0.54	0.51	0.48	0.45	0.42
Total Debt to Assets	x	0.26	0.18	0.13	0.16	0.16	0.13	0.10	0.07	0.05	0.03
L.T Debt to Assets	x	0.35	0.75	1.41	1.60	2.18	2.65	2.97	3.37	3.87	4.48
Interest Cover	x	1.88	1.56	1.44	1.74	1.69	1.34	1.21	1.08	0.94	0.81

Source: ACPL Research, Company Financials

Financial Projections

Rupees' millions	FY14A	FY15A	FY16A	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E	FY23E
Revenue	22,800	23,780	25,799	29,816	35,560	39,079	43,251	48,148	53,866	60,518
Cost of sales	- 21,419	- 21,824	- 23,344	- 26,916	- 31,289	- 33,790	- 37,362	- 41,557	- 46,454	- 52,151
Gross profit	**1,381**	**1,957**	**2,456**	**2,900**	**4,271**	**5,289**	**5,888**	**6,591**	**7,411**	**8,366**
Distribution cost	- 665	- 680	- 738	- 714	- 908	- 877	- 953	- 1,041	- 1,143	- 1,260
Administrative expenses	- 155	- 179	- 169	- 235	- 222	- 259	- 281	- 306	- 335	- 369
Other operating expenses	- 73	- 81	- 96	- 200	- 129	- 177	- 196	- 218	- 244	- 274
Profit from operations	**488**	**1,017**	**1,452**	**1,751**	**3,012**	**3,975**	**4,459**	**5,027**	**5,690**	**6,463**
Other income	1,815	1,481	1,191	1,122	1,132	1,401	1,016	1,240	1,469	1,706
Finance cost	- 1,375	- 1,354	- 1,030	- 1,095	- 1,383	- 1,499	- 1,501	- 1,491	- 1,470	- 1,443
Profit before income tax	**928**	**1,143**	**1,613**	**1,779**	**2,760**	**3,877**	**3,974**	**4,776**	**5,689**	**6,727**
Income tax expense	- 166	- 343	- 284	- 157	- 397	- 511	- 504	- 572	- 641	- 699
Profit for the year	**761**	**800**	**1,329**	**1,621**	**2,363**	**3,366**	**3,471**	**4,205**	**5,048**	**6,028**
EPS	**3.17**	**3.33**	**5.53**	**6.75**	**9.84**	**14.01**	**14.45**	**17.50**	**21.01**	**25.09**
EBITDA	**1,101**	**1,776**	**2,240**	**2,575**	**4,015**	**4,982**	**5,527**	**6,150**	**6,865**	**7,685**

Source: ACPL Research, Company Financials

Horizontal Analysis

	FY14A	FY15A	FY16A	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E	FY23E
Revenue	7.48%	4.30%	8.49%	15.57%	19.27%	9.89%	10.67%	11.32%	11.87%	12.35%
Cost of sales	21.58%	1.89%	6.96%	15.30%	16.25%	7.99%	10.57%	11.23%	11.78%	12.26%
Gross profit	**-61.60%**	**41.73%**	**25.49%**	**18.09%**	**47.30%**	**23.82%**	**11.34%**	**11.94%**	**12.44%**	**12.89%**
Distribution cost	24.36%	2.15%	8.58%	-3.34%	27.31%	-3.45%	8.61%	9.26%	9.80%	10.27%
Administrative expenses	3.64%	15.72%	-5.65%	39.33%	-5.61%	16.71%	8.23%	8.96%	9.57%	10.09%
Other operating expenses	-47.03%	11.54%	18.88%	107.25%	-35.40%	36.93%	10.67%	11.32%	11.87%	12.35%
Profit from operations	**-82.42%**	**108.51%**	**42.80%**	**20.60%**	**72.00%**	**32.00%**	**12.17%**	**12.72%**	**13.19%**	**13.60%**
Other income	81.46%	-18.44%	-19.57%	-5.74%	0.84%	23.75%	-27.43%	22.03%	18.46%	16.10%
Finance cost	10.62%	-1.56%	-23.95%	6.32%	26.37%	8.35%	0.17%	-0.72%	-1.40%	-1.84%
Profit before income tax	**-63.35%**	**23.26%**	**41.08%**	**10.27%**	**55.18%**	**40.47%**	**2.50%**	**20.18%**	**19.11%**	**18.24%**
Income tax expense	-34.72%	106.21%	-17.12%	-44.65%	152.37%	28.78%	-1.48%	13.50%	12.20%	8.96%
Profit for the year	**-66.55%**	**5.14%**	**66.01%**	**22.02%**	**45.75%**	**42.44%**	**3.11%**	**21.15%**	**20.05%**	**19.41%**
EPS	**-66.55%**	**5.14%**	**66.01%**	**22.02%**	**45.75%**	**42.44%**	**3.11%**	**21.15%**	**20.05%**	**19.41%**
EBITDA	**-66.62%**	**-46.14%**	**-32.06%**	**-21.88%**	**21.79%**	**51.10%**	**67.64%**	**86.54%**	**108.21%**	**133.09%**

Source: ACPL Research, Company Financials

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TP	Target Price	CAGR	Compound Annual Growth Rate	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	LDCP	Last Day Closing Price

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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