




ACPL DIGEST

(Jul-21)

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 “BFR 2” with “Stable” outlook to Abbasi and Company (Pvt.) Limited.



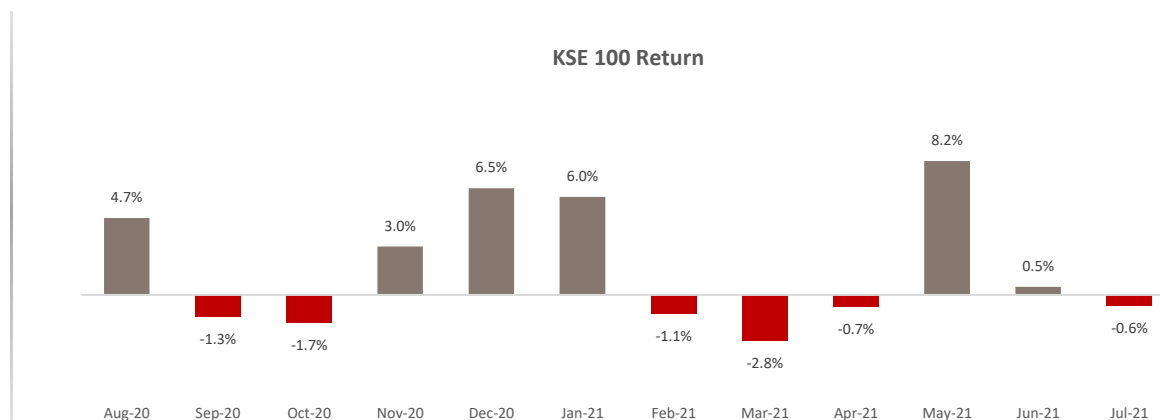
ACPL DIGEST (Jul-21)



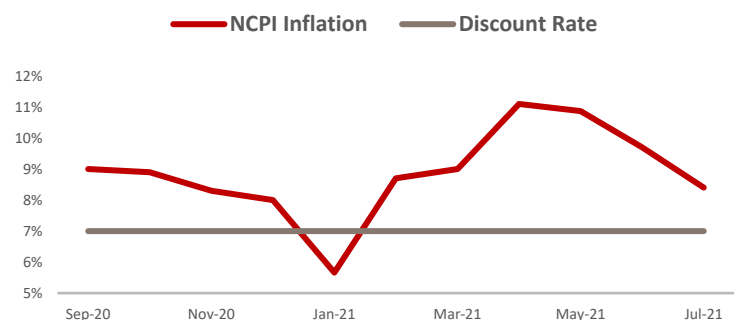
Remittances		Exports		Imports		Current Account Balance		Fiscal Balance	
Jun-21	▲ 9.0%	Jun-21	▲ 68.4%	Jun-21	▲ 69.8%	Jun-21	\$1.60bn	11MFY21	Rs.2.20tn
FY21	▲ 27.0%	FY21	▲ 18.1%	FY21	▲ 26.4%	FY21	\$1.85bn	Primary	Rs.139bn

After posting the encouraging return of 37.6% in FY21, the index closed the month of Jul-21 with a slightly negative return of 0.6% amid the Eid-ul-Adha holidays, emerging signs of the fourth wave of Covid-19, and declining Pak Rupee which has been depreciated by 3% during the month. Despite high inflationary pressure, the MPC in its recent meeting decided to keep the interest rate unchanged at 7% to provide stimulus to the Covid suffered economy. The MPC expects monetary policy to remain accommodative in the near term, and any adjustments in the policy rate to be measured and gradual to achieve mildly positive real interest rates over time.

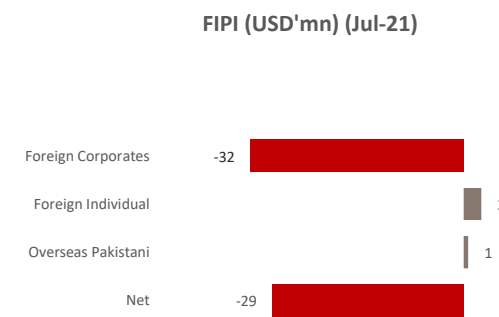
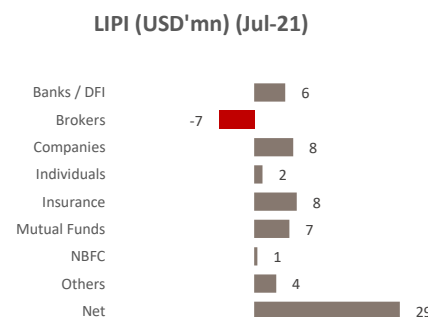
Going forward, we expect the stock market to remain range-bound during the month amid rising concerns regarding the Delta variant of Covid-19, the depreciation of PKR due to the widening CAD, and the uncertainties regarding the fate of the IMF program whose pending review is scheduled in Sept-21. However, taking positions in fundamentally strong scrips would surely benefit the investors in the mid to long-term. Please refer to the third page of this document for scrip recommendations.



Source: PSX



Source: PBS, SBP



Source: NCCPL

ACPL DIGEST (Jul-21)

		(USD' mn) (Jul-21)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	2.47	-0.60	0.21	-1.33	0.47	0.77	0.54	0.13	0.15	3.29	6.09
	Broker Proprietary Trading	2.38	0.22	-0.45	-3.07	-0.64	2.76	0.53	0.91	-1.31	-8.28	-6.95
	Companies	1.22	3.59	-0.00	0.41	-1.72	-3.23	1.09	2.99	-1.08	4.37	7.64
	Individuals	-4.92	-2.33	-0.26	-1.45	7.89	-2.41	0.50	-11.23	0.95	14.78	1.53
	Insurance Companies	-3.09	-6.02	2.61	7.87	-7.22	-0.63	-2.53	2.59	2.23	12.53	8.33
	Mutual Funds	-0.34	3.60	-2.76	-0.01	-2.97	0.79	-1.03	3.06	0.85	5.90	7.07
	NBFC	-0.20	0.52	-0.02	0.02	0.01	0.01	0.09	0.00	0.00	0.19	0.61
	Other Organization	0.07	2.78	0.46	-0.03	2.30	0.19	0.94	0.02	-0.59	-1.88	4.26
LIPI Total		-2.41	1.77	-0.21	2.41	-1.89	-1.75	0.12	-1.53	1.20	30.89	28.60

		(USD' mn) (Jul-21)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	2.60	-7.21	1.27	-1.12	0.82	0.18	0.02	2.76	0.18	-31.40	-31.89
	Foreign Individual	0.06	2.65	0.00	0.00	0.00	-0.01	0.00	-0.07	0.00	-0.01	2.62
	Overseas Pakistani	-0.24	2.79	-1.06	-1.29	1.07	1.57	-0.14	-1.17	-1.39	0.53	0.68
	Total	2.41	-1.77	0.21	-2.41	1.89	1.75	0.09	1.53	-1.20	-30.89	-28.60

Source: NCCPL

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	50.0	Dec 21	63	26.0 ▲	51.64	56.8	0.9	FY21E	1.75	3.4	9MFY21	15.11	FY21E	20.97	2.5	240	108
ILP	70.0	Dec 21	80	14.3 ▲	73.05	19.9	3.7	FY21E	2.00	2.7	9MFY21	5.29	FY21E	7.26	10.1	869	130
GATM	52.0	Dec 21	60	15.4 ▲	53.23	32.6	1.6	FY21E	1.50	2.8	9MFY21	8.08	FY21E	9.59	5.6	428	107

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	91.0	Dec 21	125	37.4 ▲	93.39	160.0	0.6	FY21E	6.10	6.5	9MFY21	15.45	FY21E	21.04	4.4	4,301	645
PPL	81.0	Dec 21	100	23.5 ▲	81.86	126.7	0.6	FY21E	-	0.0	9MFY21	14.01	FY21E	18.48	4.4	2,721	482
POL	381.0	Dec 21	400	5.0 ▲	382.15	141.9	2.7	FY21E	36.60	9.6	9MFY21	33.74	FY21E	42.24	9.0	284	108
MARI	1500.0	Dec 21	1,800	20.0 ▲	1511.00	698.0	2.2	FY21E	6.00	0.4	9MFY21	175.08	FY21E	237.10	6.4	133	22

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	580.0	Dec 21	750	29.3 ▲	584.00	115.8	5.0	CY21E	18.00	3.1	1QCY21	10.74	CY21E	42.97	13.6	35	9
SEARL	235.0	Dec 21	320	36.2 ▲	237.18	66.5	3.6	FY21E	3.00	1.3	9MFY21	8.98	FY21E	13.82	17.2	240	108
AGP	120.0	Dec 21	150	25.0 ▲	126.66	30.2	4.2	CY21E	3.50	2.8	1QCY21	1.37	CY21E	5.50	23.0	280	84
CPHL	39.0	Jun 22	45	15.4 ▲	42.58	30.1	1.4	FY21E	-	0.0	9MFY21	1.87	FY21E	1.62	26.3	208	73

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	510.0	Dec 21	600	17.6 ▲	633.66	52.9	12.0	CY21E	5.00	0.8	1QCY21	3.83	CY21E	17.82	35.6	123	62

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	34.0	Dec 21	40	17.6 ▲	35.15	55.3	0.6	FY21E	-	0.0	9MFY21	0.12	FY21E	0.26	135.2	122	47
TOMCL	35.4	Dec 21	40	13.0 ▲	37.53	23.3	1.6	FY21E	-	0.0	9MFY21	1.88	FY21E	2.47	15.2	112	50
UNITY	37.0	Dec 21	45	21.6 ▲	39.87	5.9	6.8	FY21E	0.90	2.3	9MFY21	2.68	FY21E	3.74	10.7	994	76

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	11.2	Dec 21	12	7.6 ▲	11.81	23.1	0.5	FY21E	1.17	9.9	9MFY21	0.90	FY21E	1.21	9.8	2,224	556

SCRIP RECOMMENDATIONS

Commercial Banks

	Buying Area	Target Price	Upside (%)	LDCP	BV (T)	P/B (T)	Dividend	D/Y - F (%)	Recent EPS	Expected EPS	P/E (F)	Shares ('mn)	Free Float ('mn)
MCB	155.0	Dec 21 205	32.3 ▲	161.73	160.4	1.0	CY21E 20.00	12.4	1QCY21 5.73	CY21E 29.14	5.6	1,185	415
BAHL	69.0	Dec 21 90	30.4 ▲	69.92	71.9	1.0	CY21E 5.00	7.2	1QCY21 4.14	CY21E 15.05	4.6	1,111	722
BAFL	31.5	Dec 21 42	33.3 ▲	32.89	51.2	0.6	CY21E 4.00	12.2	1QCY21 1.95	CY21E 7.35	4.5	1,777	563
BOP	8.3	Dec 21 11	33.3 ▲	8.20	19.8	0.4	CY21E 1.00	12.2	1QCY21 0.69	CY21E 2.80	2.9	2,644	1,116

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	21.7	Dec 21 28	29.0 ▲	21.83	14.4	1.5	FY21E 1.50	6.9	9MFY21 1.89	FY21E 2.52	8.7	1,380	759
ACPL	170.0	Dec 21 200	17.6 ▲	177.88	120.5	1.5	FY21E 3.50	2.0	9MFY21 6.98	FY21E 9.83	18.1	137	23
MLCF	42.0	Dec 21 58	38.1 ▲	43.17	28.5	1.5	FY21E 1.00	2.3	9MFY21 2.37	FY21E 3.26	13.2	1,098	267
CHCC	160.0	Dec 21 190	18.8 ▲	164.80	51.7	3.2	FY21E 1.00	0.6	9MFY21 11.44	FY21E 15.49	10.6	194	106

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	100.0	Dec 21 120	20.0 ▲	101.02	32.4	3.1	FY21E 3.00	3.0	9MFY21 9.97	FY21E 13.02	7.8	252	61
ASTL	40.0	Dec 21 55	37.5 ▲	42.11	37.4	1.1	FY21E 1.50	3.6	9MFY21 3.12	FY21E 3.73	11.3	297	74
AGHA	32.0	Dec 21 36	12.5 ▲	32.61	22.6	1.4	FY21E -	0.0	9MFY21 2.77	FY21E 3.48	9.4	576	120

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	71.0	Jun 22 92	29.6 ▲	76.15	40.5	1.9	FY22E 2.50	3.3	FY21 6.08	FY22E 8.11	9.4	42	140

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	106.0	Jun 22 120	13.2 ▲	106.58	63.2	1.7	CY21E 11.00	10.3	2QCY21 7.42	CY21E 14.10	7.6	1,272	700
EFERT	72.0	Jun 22 75	4.2 ▲	76.08	34.5	2.2	CY21E 11.00	14.5	2QCY21 7.90	CY21E 12.25	6.2	1,335	601
FFBL	26.5	Jun 22 30	13.2 ▲	26.70	18.3	1.5	CY21E 1.00	3.7	2QCY21 3.00	CY21E 5.38	5.0	1,291	327
FATIMA	28.0	Dec 21 30	7.1 ▲	28.20	41.5	0.7	CY21E 2.50	8.9	1QCY21 1.80	CY21E 5.27	5.4	2,100	315

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	45.0	Dec 21 50	11.1 ▲	47.72	12.5	3.8	CY21E -	0.0	2QCY21 2.21	CY21E 3.81	12.5	361	94

DISCLAIMER

This report has been prepared by Abbasi & Company (Private) Limited and is provided for information purposes only. Under no circumstances, this is to be used or considered as an offer to sell or solicitation of any offer to buy. While reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time, Abbasi & Company (Private) Limited and or any of its officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and Abbasi & Company (Private) Limited accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation, and needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of Abbasi & Company (Private) Limited Research Department and do not necessarily reflect those of the company or its directors. Abbasi & Company (Private) Limited as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report. Abbasi & Company (Private) Limited does not act as a market maker in the securities of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives do not have a financial interest in the securities of the subject company to an amount exceeding 1% of the value of the securities of the subject company at the time of issuance of this report. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives are not currently serving or have served in the past three years as a director or officer of the subject company. Abbasi & Company (Private) Limited or any officers, directors, associates or close relatives have not received compensation from the subject company in the previous 12 months. The subject company currently is not, or during the 12-month period preceding the date of publication or distribution of this report, was not, a client of Abbasi & Company (Private) Limited. We have not managed or co-managed a public offering or any take-over, buyback or delisting offer of securities for the subject company in the past 12 months and/or received compensation for corporate advisory services, brokerage services or underwriting services from the subject company in the past 12 months. Abbasi & Company (Private) Limited does not expect to receive or intend to seek compensation for corporate advisory services or underwriting services from the subject company in the next 3 months All rights reserved by Abbasi & Company (Private) Limited. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever.

VALIDITY OF THE PUBLICATION OR REPORT

The information may be subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company, jurisdiction or financial instruments referred to in this report. The valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report and were based upon several estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein is not to be relied upon as a representation and/or warranty by Abbasi & Company (Private) Limited and/or its other associated and affiliated companies, that:

- I. Such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- II. There is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein

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	JPB	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

PREPARED BY

Muhammad Fawad Naveed
Phone: (+92) 42 38302028
Ext: 117
Email: fawad@abbasiandcompany.com

RESEARCH DEPARTMENT

6 - Shadman, Lahore
Phone: (+92) 42 38302028; Ext: 116, 117
Email: research@abbasiandcompany.com
web: www.abbasiandcompany.com

HEAD OFFICE

6 - Shadman, Lahore
Phone: (+92) 42 38302028
Email: support@abbasiandcompany.com
web: www.abbasiandcompany.com

BRANCH OFFICE

42 - Mall Road, Lahore
Phone: (+92) 42 37320707
Email: support@abbasiandcompany.com
web: www.abbasiandcompany.com