



ACPL DIGEST

(Mar-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

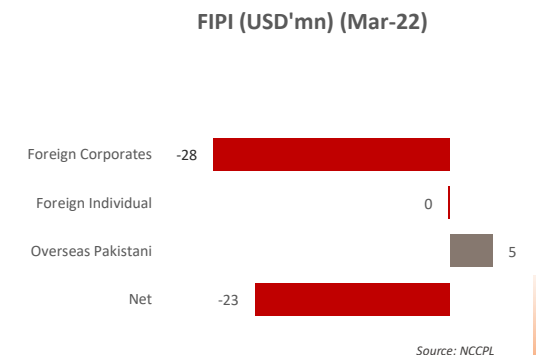
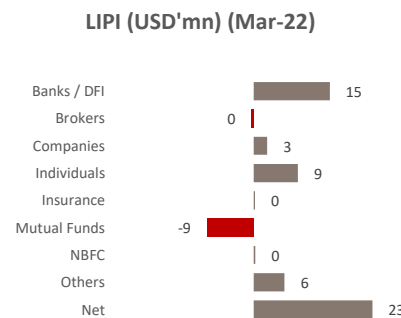
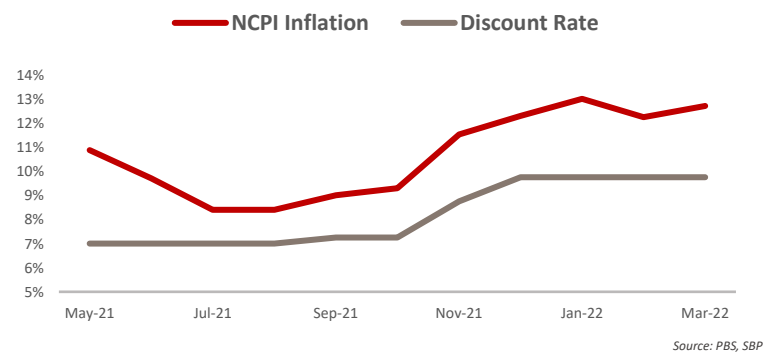
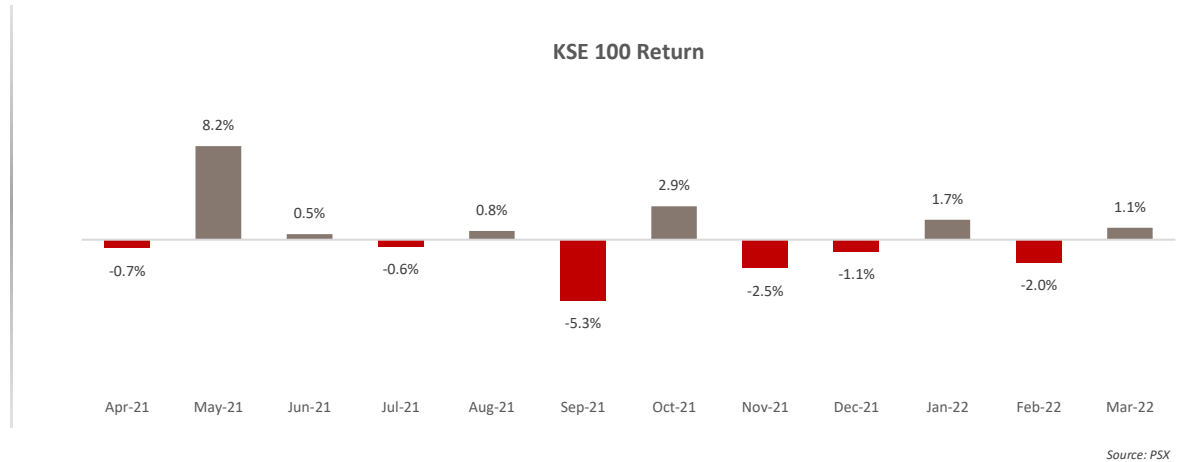


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Remittances			Exports			Imports			Current Account	
Jul - Feb 21	Jul - Feb 22	Change	Jul - Feb 21	Jul - Feb 22	Change	Jul - Feb 21	Jul - Feb 22	Change	Jul - Feb 21	Jul - Feb 22
\$18.7 bn	\$20.1 bn	▲ 7.6%	\$16.3 bn	\$20.6 bn	▲ 25.9%	\$33.9 bn	\$52.5 bn	▲ 54.9%	\$1.0 bn	-\$12.1 bn

After posting a negative return of 2% in Feb-22, the index closed the month of Mar-22 with a return of 1.1% amid a declining Pak Rupee which depreciated by around 3.4% during the period to close at Rs.183.48. Initially, the market plunged by 3.8% to the low of 42,789 in the first half of the month, mainly due to the uncertainty on the political front related to the vote of no confidence. However, it gained momentum in the second half and surged by around 5% to close at 44,929, as it was almost certain that the government of PTI would be gone as a result of the success of the “No-Confidence Motion” and the power would be transferred to the opposition parties as per the wish of the western countries. However, in an unexpected move, the Deputy Speaker of National Assembly Qasim Khan Suri on Sunday dismissed the no-trust move against Prime Minister Imran Khan, terming it against



Article 5 of the Constitution. Interestingly, that was not the only surprise of the day for the opposition. Shortly after the no-trust resolution was dismissed before voting could take place on it, the prime minister announced that he had advised the president to dissolve the NA under Article 58 and asked the nation to prepare for fresh elections. The Supreme Court of Pakistan took suo moto notice of the Assembly proceedings to avoid any unconstitutional acts as a result of this situation. 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 and depreciating rupee owing to high commodities prices. As far as the monetary policy is concerned, we expect the interest rate to be in double digits from Apr-22. However, the raise wouldn't be more than 100 bps in our view as the MPC announced that the upcoming fine-tuning of interest rate would be modest. We suggest our investors to consider the dips as buying opportunity. Scrips from the textile, E&P, bank, fertilizer, and pharmaceutical sectors can yield good returns in the mid-term. Please refer to the fourth page of this document for scrip recommendations.

		(USD' mn) (Mar-22)										
		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
LIPI Portfolio	Banks / DFI	2.56	8.13	-5.97	0.09	0.26	2.21	1.54	3.62	1.33	4.80	18.57
	Broker Proprietary Trading	2.72	0.19	-3.76	2.60	1.80	0.75	-0.23	-1.85	-0.79	-1.78	-0.35
	Companies	-3.29	4.48	3.03	0.80	1.30	0.80	0.60	-5.35	-0.46	1.64	3.56
	Individuals	-2.08	4.46	4.04	-1.62	-3.52	4.92	-0.47	2.19	-0.23	0.99	8.68
	Insurance Companies	1.08	2.07	1.36	-1.41	-2.50	-1.10	-0.08	1.07	-0.06	-0.92	-0.51
	Mutual Funds	-0.43	5.33	-1.73	-0.32	2.72	-4.82	-1.25	-4.19	-0.24	-7.51	-12.45
	NBFC	-0.06	0.28	0.03	-0.01	0.03	-0.01	-0.01	0.02	-0.00	0.02	0.30
	Other Organization	0.35	1.35	1.42	-0.02	-0.07	-0.41	0.06	-0.00	-0.12	2.96	5.52
LIPI Total	0.84	26.29	-1.58	0.12	0.02	2.35	0.16	-4.50	-0.57	0.20	23.32	

		Cement	Banks	Fertilizer	Food	E&P	OMC	Power	Tech	Textile	Others	Gross
FIPI Portfolio	Foreign Corporates	-2.18	-26.87	0.77	-0.20	0.16	-2.67	-0.49	3.70	1.01	-1.54	-28.30
	Foreign Individual	-0.11	0.00	0.08	-0.04	0.00	-0.22	0.00	-0.01	0.08	0.08	-0.14
	Overseas Pakistani	1.46	0.58	0.72	0.12	-0.18	0.54	0.33	0.82	-0.52	1.26	5.12
Total	-0.84	-26.29	1.58	-0.12	-0.02	-2.35	0.41	4.50	0.57	-0.20	-23.32	

Source: NCCPL

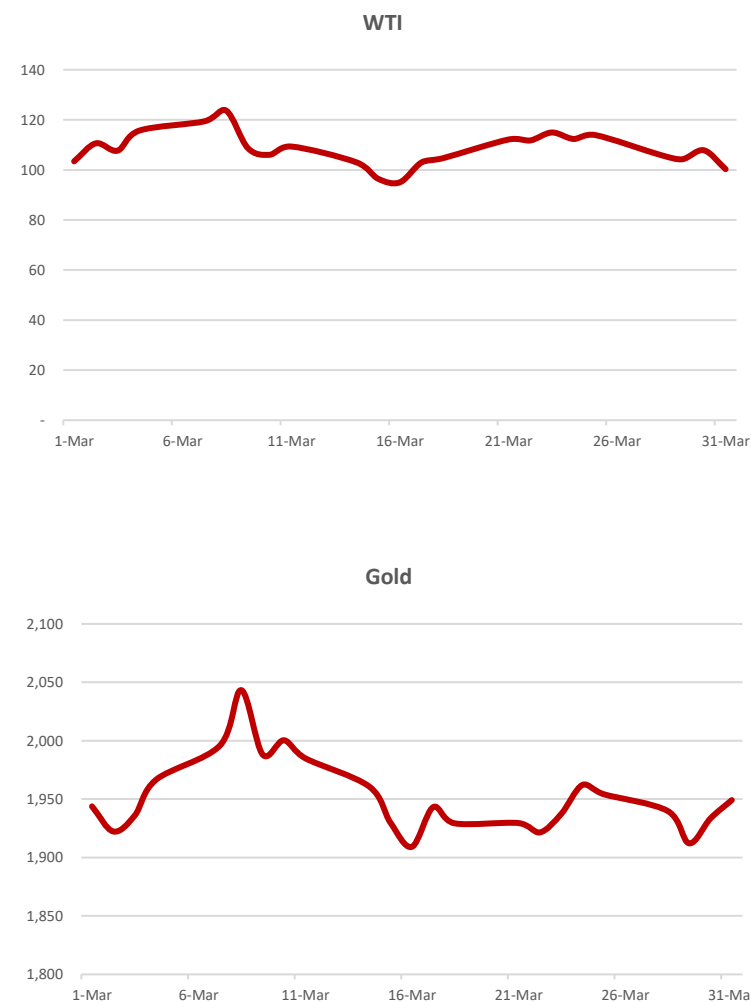
COMMODITIES OVERVIEW

Crude Oil

WTI Crude Oil surged by 5% during Mar-22 and concluded the month at \$100.28. Furthermore, it posted its highest quarterly percentage gains since the second quarter of 2020, gaining 34%, boosted mainly after Russia's Feb. 24 invasion of Ukraine. The benchmark fell 7% on the last day of the month as President Joe Biden announced the largest ever release from the U.S. Strategic Petroleum Reserve and called on oil companies to increase drilling to boost supply. Other members of the IEA may also release barrels to offset lost Russian exports. In our view, the move would help the oil market to rebalance but is not a permanent fix as the release of oil inventories is not a persistent source of supply for coming years. Therefore, we expect the fragile situation in Ukraine and financial and energy sanctions against Russia will keep the energy crisis stoked and oil well above \$100 per barrel in the near term.

Gold

The gold market closed the first quarter of 2022 with the best gains since Q3 2020 — when the precious metal was in very high demand and scored new record highs of above \$2,060 an ounce. Gold surged by 3% during Mar-22 and concluded the month at \$1,949.20. The safe-haven metal surged in demand after Russia's invasions of Ukraine. Geopolitical uncertainty coupled with even higher inflation triggered a new wave of inflows into the sector. Going forward, the outlook for gold remains positive for the rest of the year as it will find major resistance at the \$1970 level, but if that isn't much of a barrier, a clear path to \$2,000 could emerge.



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 22 75	50.0 ▲	51.96	69.2	0.8	FY22E 8.50	16.4	1HFY22 19.61	FY22E 40.50	1.3	240	108
ILP	72.0	Dec 22 85	18.1 ▲	73.90	25.8	2.9	FY22E 2.00	2.7	1HFY22 5.25	FY22E 10.42	7.1	898	135
GATM	46.0	Dec 22 60	30.4 ▲	47.45	38.8	1.2	FY22E 1.50	3.2	1HFY22 5.44	FY22E 11.08	4.3	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	83.0	Dec 22 150	80.7 ▲	83.13	186.8	0.4	FY22E 8.50	10.2	1HFY22 16.02	FY22E 34.26	2.4	4,301	645
PPL	72.5	Dec 22 130	79.3 ▲	72.80	149.8	0.5	FY22E 5.00	6.9	1HFY22 11.65	FY22E 27.26	2.7	2,721	667
POL	370.0	Dec 22 470	27.0 ▲	372.68	127.2	2.9	FY22E 70.00	18.8	1HFY22 38.48	FY22E 76.56	4.9	284	130
MARI	1740.0	Dec 22 2,000	14.9 ▲	1769.52	934.3	1.9	FY22E 125.00	7.1	1HFY22 124.21	FY22E 249.50	7.1	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 ▲	166.67	328.2	0.5	FY22E 24.00	14.4	1HFY22 68.20	FY22E 98.51	1.7	469	211
APL	300.0	Dec 22 400	33.3 ▲	301.66	270.2	1.1	FY22E 50.00	16.6	1HFY22 66.40	FY22E 99.80	3.0	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	615.0	Dec 22 800	30.1 ▲	629.48	136.4	4.6	CY22E 23.50	3.7	CY21 47.48	CY22E 56.05	11.2	38	17
SEARL	120.0	Dec 22 160	33.3 ▲	123.99	86.5	1.4	FY22E 3.00	2.4	1HFY22 4.54	FY22E 10.63	11.7	312	140
AGP	86.0	Dec 22 105	22.1 ▲	90.08	32.0	2.8	CY22E 3.50	3.9	CY21 5.59	CY22E 7.97	11.3	280	84
CPHL	35.0	Dec 22 50	42.9 ▲	35.72	19.5	1.8	FY22E -	0.0	1HFY22 1.50	FY22E 3.01	11.9	228	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	380.0	Dec 22 450	18.4 ▲	378.87	67.2	5.6	CY22E 6.00	1.6	CY21 24.05	CY22E 28.65	13.2	138	83
AIRLINK	52.0	Dec 22 70	34.6 ▲	53.93	27.7	1.9	FY22E -	0.0	1HFY22 2.60	FY22E 6.00	9.0	395	110
OCTOPUS	74.0	Dec 22 90	21.6 ▲	75.55	12.1	6.2	CY22E -	0.0	CY21 2.53	CY22E 4.20	18.0	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	30.0	Dec 22 40	33.3 ▲	29.53	54.3	0.5	FY22E -	0.0	1HFY22 0.49	FY22E 1.56	18.9	122	31
TOMCL	27.5	Dec 22 40	45.5 ▲	28.28	23.0	1.2	FY22E -	0.0	1HFY22 2.05	FY22E 4.50	6.3	123	50
UNITY	25.0	Dec 22 35	40.0 ▲	26.23	13.4	2.0	FY22E -	0.0	1HFY22 0.91	FY22E 1.98	13.2	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 ▲	14.94	25.8	0.6	FY22E 1.50	10.0	1HFY22 1.21	FY22E 2.98	5.0	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	143.0	Dec 22 180	25.9 ▲	145.66	149.9	1.0	CY22E 20.00	13.7	CY21 26.00	CY22E 27.92	5.2	1,185	415
BAHL	67.0	Dec 22 100	49.3 ▲	67.94	79.0	0.9	CY22E 7.50	11.0	CY21 16.83	CY22E 18.29	3.7	1,111	722
BAFL	33.0	Dec 22 45	36.4 ▲	33.92	52.1	0.7	CY22E 4.50	13.3	CY21 8.00	CY22E 9.33	3.6	1,777	622
BOP	6.8	Dec 22 9	32.4 ▲	7.06	20.3	0.3	CY22E 1.00	14.2	CY21 4.71	CY22E 4.81	1.5	2,644	1,116
HBL	110.0	Dec 22 160	45.5 ▲	112.91	175.1	0.6	CY22E 8.50	7.5	CY21 23.36	CY22E 26.28	4.3	1,467	733
UBL	135.0	Dec 22 175	29.6 ▲	136.39	151.9	0.9	CY22E 21.00	15.4	CY21 25.23	CY22E 35.41	3.9	1,224	490
MEBL	128.0	Dec 22 175	36.7 ▲	130.96	50.3	2.6	CY22E 9.50	7.3	CY21 17.43	CY22E 27.99	4.7	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	17.7	Dec 22 22	24.3 ▲	18.12	17.9	1.0	FY22E -	0.0	1HFY22 1.30	FY22E 2.23	8.1	1,380	759
ACPL	123.0	Dec 22 175	42.3 ▲	126.52	127.1	1.0	FY22E 5.50	4.3	1HFY22 6.20	FY22E 12.26	10.3	137	27
MLCF	34.0	Dec 22 48	41.2 ▲	36.05	35.7	1.0	FY22E -	0.0	1HFY22 2.19	FY22E 4.28	8.4	1,098	494
CHCC	140.0	Dec 22 180	28.6 ▲	140.88	75.7	1.9	FY22E 3.50	2.5	1HFY22 12.20	FY22E 27.12	5.2	194	117
DGKC	73.0	Dec 22 100	37.0 ▲	76.05	168.2	0.5	FY22E 1.00	1.3	1HFY22 4.97	FY22E 7.02	10.8	438	219
LUCK	620.0	Dec 22 900	45.2 ▲	636.35	545.8	1.2	FY22E 6.00	0.9	1HFY22 17.86	FY22E 32.00	19.9	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	88.0	Dec 22	160	81.8 ▲	91.20	54.2	1.7	FY22E	6.00	6.6	1HFY22	10.52	FY22E	20.54	4.4	336	84
ASTL	32.0	Dec 22	60	87.5 ▲	32.69	49.3	0.7	FY22E	3.50	10.7	1HFY22	4.39	FY22E	8.81	3.7	297	74
AGHA	19.2	Dec 22	28	45.8 ▲	20.14	23.8	0.8	FY22E	-	0.0	1HFY22	1.95	FY22E	4.28	4.7	605	144
ISL	63.5	Dec 22	100	57.5 ▲	65.17	42.6	1.5	FY22E	10.50	16.1	1HFY22	9.71	FY22E	20.81	3.1	435	152
ASL	14.0	Dec 22	15	7.1 ▲	14.24	19.9	0.7	FY22E	-	0.0	1HFY22	0.59	FY22E	1.26	11.3	766	347

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	32.0	Dec 22	50	56.3 ▲	34.19	39.8	0.9	FY22E	-	0.0	1HFY22	1.54	FY22E	3.18	10.8	168	42

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	111.0	Dec 22	125	12.6 ▲	113.72	76.1	1.5	CY22E	15.00	13.2	CY21	17.21	CY22E	17.98	6.3	1,272	700
EFERT	87.0	Dec 22	100	14.9 ▲	91.77	33.0	2.8	CY22E	13.50	14.7	CY21	15.80	CY22E	14.89	6.2	1,335	601
FFBL	23.0	Dec 22	40	73.9 ▲	22.59	21.3	1.1	CY22E	-	0.0	CY21	4.95	CY22E	5.75	3.9	1,291	452
FATIMA	40.0	Dec 22	50	25.0 ▲	41.75	45.7	0.9	CY21E	3.50	8.4	9MAY21	6.71	CY21E	8.56	4.9	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	124.3	Dec 22	175	40.8 ▲	127.27	85.4	1.5	FY22E	16.00	12.6	1HFY22	19.09	FY22E	31.36	4.1	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	30.0	Dec 22	40	33.3 ▲	30.16	12.0	2.5	CY22E	1.50	5.0	CY21	4.37	CY22E	4.54	6.6	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	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

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