



June 14,
2021

Bourse welcomes FY22 budget, adds 421 points on multiple incentives

The local bourse initiated post-budget trading on positive note by extending the bull-run, benchmark KSE-100 index added 421.36 points to settle the day at 48,726.08 level. The local bourse staged upward rally on multiple incentives announced in FY22 federal budget including i) reduction in GST on 850cc or lower capacity vehicles ii) tax incentives to refineries iii) reduction in turnover tax to 1.25% iv) allocation of record PSDP of PKR 900 bn v) removal of WHT on cash withdrawals and vi) reduction CGT from 15% to 12.5%. Moreover, the PBS announced LSM numbers for 10MFY21 at 12.84% which is in 15-year high. Investors' sentiments remained upbeat throughout the trading session on the back of populist budget and reduction in NCOC restrictions for full resumption of business activities.

The major scrips that added to the index were OGDC (105 pts), PPL (67 pts), SYS (44 pts), INIL (27 pts), and POL (25 pts). The index found its support and resistance at 48,304.72 points and 48,981.82 points, respectively.

Sector-wise, Technology & Communication sector took the spotlight today, generating a volume of 279mn shares. Refinery sector was the runner up, clocking in a total volume of 159mn shares. Chemical sector was the third-most traded sector amassing a volume of 90mn shares.

The bourse witnessed a volume of 1,218mn shares, with the value traded clocking in at PKR 42.85bn. The advance-to-decline ratio favored the bulls as 219 scrips closed green, 149 closed red and 14 remained unchanged.

News & Corporate Announcements:

Continuing with the agenda of modernizing foreign exchange regulations, the State Bank of Pakistan has proposed changes in its regulatory instructions for exports of goods from Pakistan. These changes aim at promoting ease of doing business by simplifying the existing instructions.

Minister for Information and Broadcasting Fawad Chaudhry says 1600 to 1800 billion rupees have been provided to Sindh government during the last three years and 27 percent more budget will be provided in the next fiscal year.

Unity Foods Limited (UNITY) has informed via a notification to Pakistan Stock Exchange (PSX) that the company has owned 100% shares of Sunridge Foods (Pvt.) Limited.

As part of its global realignment strategy, UBL intends to voluntarily wind up its wholly-owned subsidiary, UBL (Switzerland) AG, notification issued to PSX said.

The Board of Directors of Byco Petroleum Pakistan Limited (the "Company") has considered and approved a change in the Company's name from 'Byco Petroleum Pakistan Limited' to 'Cnergyico Pk Limited', said notification to PSX.

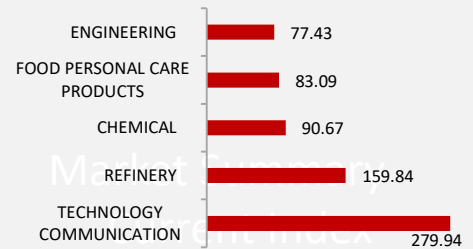
The Board of Directors (BoD) of Dawood Lawrencepur Limited has approved a renewal of the subordinated loan facility of up to PKR 1.0 billion to its subsidiary, Tenaga Generasi Limited (TGL), for a further one year period, on an arm's length basis, subject to the approval of the members of the Company via special resolution in terms of Section 199 of the Companies Act, 2017.

Market Summary

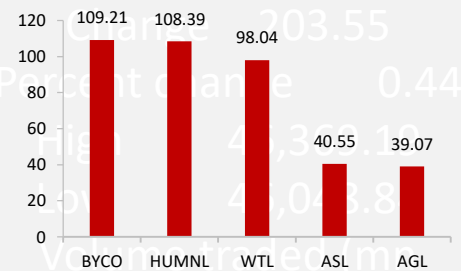
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|---------------------------|-----------|
| Current Index | 48,726.08 |
| Change | 421.36 |
| Percent change | 0.87 |
| High | 48,981.82 |
| Low | 48,304.72 |
| Volume traded (mn shares) | 507.48 |
| Value traded (PKR mn) | 29.26 |

Source: PSX and AAH Research

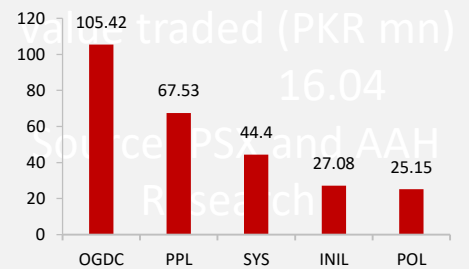
Top-5 Traded Sectors (mn shares)



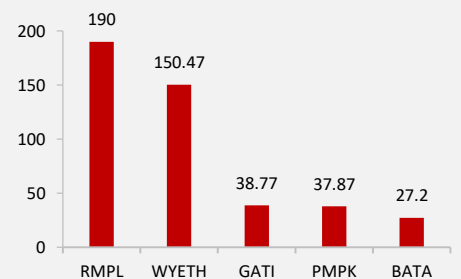
Top-5 Volume Leaders (mn shares)



Top-5 Index Movers (Points)



Top-5 Gainers (PKR)



Data Source: PSX

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Rating Criteria

Rating - Expected Total Return
Buy - Greater than 10%
Hold - Neither Buy nor Sell
Sell - Less than and equal to -10%

Valuation Methodology

To arrive at our 12-months Price Target, ABA Ali Habib Research uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology. In this report, our PT is founded on FCF based DCF methodology.

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