

Recommendation	BUY
Target Price	PKR 27.0
Current Price	PKR 21.0

Stock Details

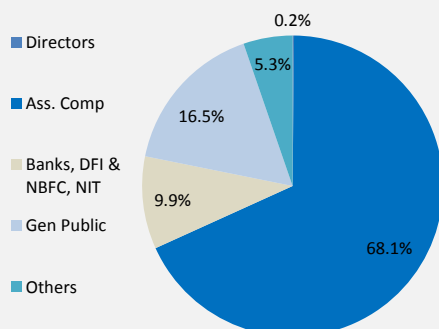
Bloomberg	FFBL.PA
Reuters	JORD.KA
KATS	FFBL
Shares Outstanding (mn)	934
Free Float (%)	35%
12M ADTO (mn)	2.83
12M ADTV (PKR mn/ USD mn)	56 / 0.34
52-Weeks High/Low (PKR)	25/12
Market Cap (PKR bn/USD mn)	21/127
KSE-100 Index Weightage (%)	0.38

Source: PSX, BIPLS Research

Stock Performance

	1M	3M	12M
Absolute %	12.4	31.5	38.0
Relative to KSE %	14.6	13.9	12.5

Shareholding Pattern



BIPLS Research
 research@bipsec.com
 BIPL Securities Limited
 +92 21 111 222 000

REP 039

Cashing in on DAP price bonanza

We revise our valuations for FFBL with a BUY stance where our SoTP based target price stands at PKR27/sh, implying a total return of 40% (Upside 35%, Dividend yield 5%) from the last close. While the company is still in losses (unconsolidated LPS of PKR4.5 during 1HCY20), we expect a turnaround in core fertilizer business on the back i) reversal in international DAP price, ii) robust DAP volumetric growth, iii) lower finance cost and iv) softening of coal prices. Therefore, we anticipate the company to post earnings of PKR2.6/sh and PKR3.2/sh in CY20 and CY21, respectively. FFBL's impressive diversification strategy and investment in strong dividend income generating avenues (AKBL, FCCL, PMP and Power business) and restructuring of FFL strengthens our case, however, liquidity concerns due to payment of GIDC payables and business outlook of Fauji Meat Limited still remains bleak, in our view.

Rise in DAP price: International DAP price has increased by 18%FYTD to USD365/MT on account of tight supply due to lower than expected production in Saudi Arabia and China and strong demand from India and Brazil. Consequently, prices in local market have increased by PKR500/bag FYTD to PKR3,891/bag. Given spot international DAP price of USD365/MT, translated local DAP price comes at ~PKR4,100/bag indicating a further possible hike.

Robust DAP volumetric growth: Having posted an impressive volumetric growth of 33%YoY in 8MCY20, we expect the offtakes to remain encouraging on the back of anticipated strong demand in Rabi season in 4Q as well. Furthermore, we believe the materialization of fertilizer subsidy to support company's volumes since it has been operating below its optimal level.

Favorable dynamics ahead: We expect the company's gross margins to expand going forward owing to i) hike in DAP price, ii) removal of GIDC on feed component and iii) decrease in coal prices. Furthermore, cut in DR by 625bps is going to result in finance cost savings thereby enhancing the bottom-line.

Diversified investments to add value: FFBL is still reaping from its strategic diversification into other sectors namely Cement, Banks and Power that generate stable dividend income on a recurring basis. On top of this, company's JV with the PMP also adds value to its bottom-line.

GIDC decision – possible liquidity concern? Note that FFBL's GIDC payables amount to PKR22.2bn as per CY19 financial accounts that results in a total cash outflow impact of PKR16.6/sh (annual impact of PKR8.3/sh). As base case, we have assumed that the company would arrange the financing of GIDC dues through internally generated funds and debt that has been incorporated in our model.

Key risks: i) Decrease in DAP price, ii) demand slowdown, iii) hike in coal prices, iv) DR reversal, v) upward revision in gas tariff and vi) continuation of losses in food business.

FFBL is the only DAP manufacturing company in the country, which can at maximum meet 41% of the country's demand where market share of FFC and EFERT stand at 15% and 24%, respectively. While the company is still in losses (unconsolidated LPS of PKR4.5 during 1HCY20), we expect a turnaround in core fertilizer business on the back i) reversal in international DAP price, ii) robust DAP volumetric growth, iii) lower finance cost and iv) softening of coal prices. Bearing this in mind, we anticipate the company to post earnings of PKR2.6/sh and PKR3.2/sh in CY20 and CY21, respectively. FFBL's impressive diversification strategy and investment in strong dividend income generating avenues (AKBL, FCCL, PMP and Power business) and restructuring of FFL strengthens our case, however, liquidity concerns due to payment of GIDC payables and business outlook of Fauji Meat Limited still remains bleak, in our view.

Rise in international DAP price: Note that international DAP price has increased by 18%FYTD to USD365/MT. This is on account of tight supply due to lower than expected production in Saudi Arabia and China and strong demand from India and Brazil. 2019 was a tough year for DAP prices as prices were hit by a perfect storm of poor demand from US and China and new capacities in Saudi Arabia and Morocco. Following low pricing environment, capacity consolidation coupled with virus outbreak added to the tightening supply in China. To recall, China is the world's largest phosphate fertilizer exporter with a share of nearly 30% where the province of 'Hubei' accounts for 27% of DAP capacity. As of mid-February, only four of the larger DAP producers were operational and production rates fell to around 20-30% of total capacity causing a significant impact on the supply of phosphate fertilizers.

Table 1: China's Top 10 DAP markets (MT)

Country	2019	2018	Market share (%)	YoY change (%)
India	2,486,025	3,041,852	38.4	(18.3)
Pakistan	859,265	1,459,491	13.3	(41.1)
Vietnam	492,282	607,761	7.6	(19.0)
Thailand	458,513	374,456	7.1	22.5
Japan	378,610	287,132	5.9	31.9
Indonesia	337,555	279,428	5.2	20.8
New Zealand	284,159	276,078	4.4	2.9
Bangladesh	262,000	462,466	4.1	(43.4)
Australia	183,188	48,977	2.8	274.0
Philippines	102,221	92,686	1.6	10.3
World	6,474,928	7,468,248	100	(13.3)

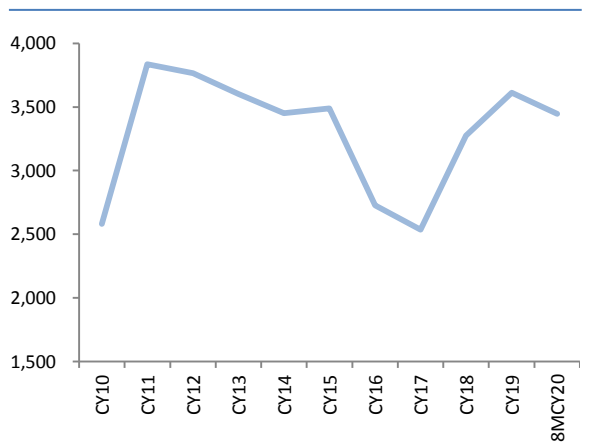
Source: ICIS, BIPLS Research

Meanwhile other producers, like the Moroccans and Saudis, took advantage of the absence of Chinese producers and increased their prices in the region. Spot prices were further boosted by the US International Trade Commission countervailing duty investigations on imports of phosphate fertilizers from Morocco and Russia that are alleged to be subsidized by the respective governments. The next decision in the case will be announced in November by the U.S. Department of Commerce.

India continues to drive world DAP prices higher on the back of revival of seasonal demand in India driven by favorable weather conditions and reduced domestic production due to quarantine restrictions. Delays in new phosphate facility openings by OCP, Yara and Pupuk Kaltim and continued disciplined supply by the largest Chinese producers, would keep the phosphate based fertilizer prices firm in the short term to medium term. However, we have kept the long-term price assumptions at USD320/MT as we expect demand to absorb new supplies in the long term.

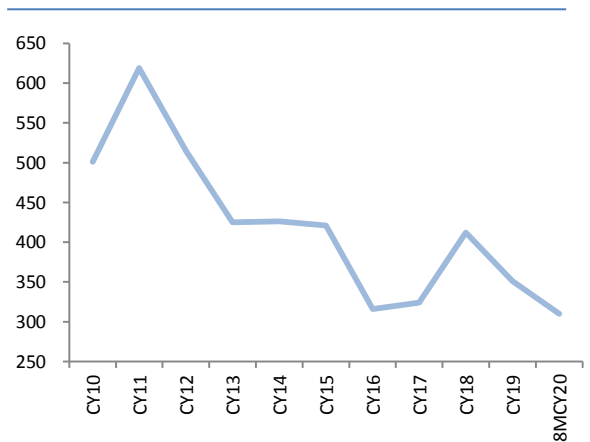
Further possible hike in DAP price? Local DAP prices continue to remain deregulated and are directly linked with international prices as major portion of the demand is met through imports. To recall, DAP prices have increased by ~PKR500/bag FYTD to PKR3,891/bag in local market as well. Spot realized DAP margins stand at USD126/MT as opposed to USD99/MT in Jul'20 as a result of higher DAP retention prices. We expect the margins to remain firm on the back of peak demand owing to commencement of winter crop (Rabi season).

Figure 1: Local DAP price (PKR/bag)



Source: NFDC, BIPLS Research

Figure 2: International DAP price (USD/MT)



Source: Bloomberg, BIPLS Research

Given spot international DAP price of USD365/MT, translated local DAP price comes at ~PKR4,100/bag at PKR165/USD, indicating a further possible hike of PKR200/bag in local DAP price.

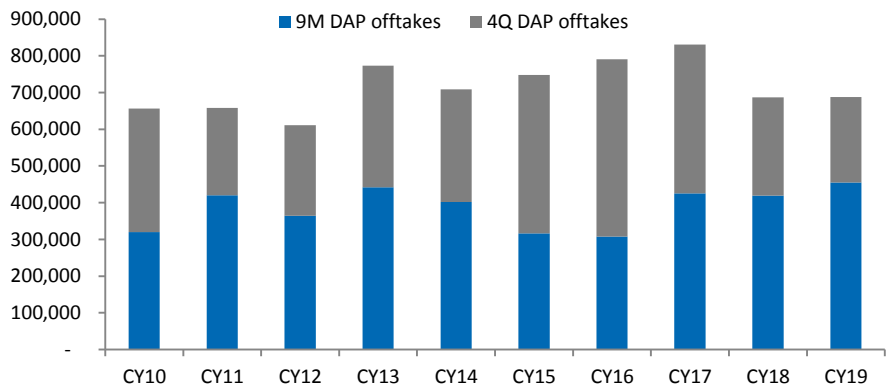
Table 2: Derivation of local DAP price

USD/PKR	165
FoB (USD/MT)	365
Insurance (USD/MT)	11
Sea freight (USD/MT)	30
CFR (USD/MT)	406
CFR (PKR/MT)	66,982
Port handling (PKR/MT)	1,500
Inland freight (PKR/MT)	1,650
Importer cost (PKR/MT)	54,784
Margin (PKR/MT)	10,520
Net selling price (PKR/MT)	80,652
Sales tax (PKR/MT)	1,613
Dealer margin (PKR/MT)	600
Net retail price (PKR/MT)	82,865
Net retail price (PKR/bag)	4,143

Source: Bloomberg, BIPLS Research

Robust DAP volumetric growth: To recall, the company posted impressive volumetric growth of 33%YoY in 8MCY20 where it captured the market share of imports (EFERT and FFC) thanks to hindered trade activity amid global pandemic. Note that DAP volumes for FFC declined by 17%YoY and remained flat for EFERT during 8MCY20. For 4QCY20, we expect the offtakes to remain encouraging on the back of anticipated strong demand in Rabi season (10yr average offtake during Oct-Dec: 327k MT or 45% of annual offtake).

Figure 3: Historical DAP offtakes (MT)



Source: Company Accounts, BIPLS Research

Private sector allowed to import RLNG: The government has invited the private sector to procure RLNG which if availed by FFBL would enable the company to achieve optimal utilization level. To recall, 5yr average DAP production stands at ~768k MT as against its true potential of ~850k MT. Our calculation suggests that FFBL would require additional ~4.5mmcf/d gas to achieve optimal utilization level. Assuming a slope of 12% and Brent price of USD45/bbl, the breakeven price of DAP comes at USD291/ton which is significantly lower than the spot price of USD360/ton. Resultantly, at current numbers the incremental volume would contribute PKR1.32/sh to the bottom-line of the company.

Table 3: Breakeven price at a significant discount

Spot oil price (USD/bbl)	45
Slope	12.0%
Fuel component	5.4
Variable component	2.0
Total price (USD)	7.4
Total price (PKR)	1,221
Breakeven mid country DAP price (PKR/bag)	3,323
Breakeven international DAP price (USD/MT) - FOB	291
Spot international DAP price (USD/MT) - FOB	360

Source: Bloomberg, BIPLS Research

Gross margin expansion: To recall, the government waived off the GIDC on feed component in order to provide relief to the farmers by decreasing urea price. This coupled with hike in DAP price would expand the company's gross margins averaging at 19.5% in next 3yrs as opposed to 11.2% in the preceding 3yrs. Furthermore, FFBL meets its power requirement through coal where lower coal prices bode well for the company.

Highest D/A ratio: FFBL's leverage has significantly increased during the past 3yrs where the debt to asset (D/A) ratio stands at 45% as per the latest financial accounts. Therefore, cut in DR by 625bps is going to result in finance cost savings thereby enhancing the bottom line by PKR1.9/sh.

Recent FFL's restructuring could be a plus: Recently, the Fauji Foods Limited (FFL) has been under limelight due to financial restructuring in recent days and has successfully converted PKR2.63bn loan from its parent company (FFBL) into equity investment and has issued 274mn new shares to FFBL. FFL aims to save interest expense annually due to debt conversion along with 625bps policy rate cut by the SBP. Furthermore, the company's topline has posted a double digit of 27%YoY in 1HCY20. Consequently, the stock has posted a remarkable return of 69%FYTD and translates into PKR6.0/sh to FFBL's TP (after a 30% discount).

Stable dividend income stream: FFBL is still reaping from its strategic diversification into other businesses namely Cement, Banks and Power that generate stable dividend income on a recurring basis. On top of this, company's JV with the PMP also adds value to its bottom-line. All these ventures roughly contribute 76% to the pre-tax income.

GIDC decision – possible liquidity concern? To recall, Supreme Court's verdict on GIDC came in favor of the government where fertilizer sector has to pay all dues within 24 equal monthly installments starting from Aug'20. Note that FFBL's GIDC payables amount to PKR22.2bn as per 2019 financial accounts that will result in a total cash outflow of PKR16.6/sh (annual impact of PKR8.3/sh) whereas netting off GIDC payables with cash results in a cash outflow of PKR11.9/sh (annual impact of PKR6.0/sh). As base case we have assumed that the company would arrange the financing of GIDC dues through internally generated funds and debt that has been incorporated in our model.

Possibility of right shares? As per our estimates, FFBL's D/A soars to 63% in CY22 from 45% in 1HCY20 amid GIDC payment therefore, we highlight the possibility of right shares. Our back of the envelop calculation suggests that to bring the D/A down to 57% in CY22, the company would have to utilize its entire authorized capital to raise equity by 566mn shares at PKR20/sh (PKR11.3bn) . To recall in the recent EOGM, FFBL is considering to increase the authorized share capital by 400mn shares to 1,500mn shares as well indicating that right is on the cards.

Furthermore, recent newsflow suggests that the manufacturers are requesting the government to extend the recovery period of dues from 2yrs to 10yrs as the companies would face serious liquidity crunch. In case the request is dismissed, the players may resort to increasing urea prices by PKR500/bag to PKR2,100/bag. Our calculation suggests that PKR100/bag increase in urea price would enhance the company's bottom-line by PKR0.86/sh on annual basis.

Key risks:

A) Decrease in DAP price: Correction in DAP price remains a major risk to its profitability. Our calculation suggests that every PKR100/bag decrease in price reduces the bottom-line by PKR1.1/sh on an annual basis.

Decrease in DAP price (PKR/bag)	100	200	300
EPS impact	1.1	2.2	3.3

B) Demand slowdown: We have done a sensitivity analysis for every 5% decline in DAP volumetric growth that erodes the profitability by PKR0.4/sh on an annual basis.

Local volumetric reduction in DAP	5%	10%	15%
Average EPS impact	12%	24%	36%

C) Reversal in interest rate: Since it is the most highly leveraged company in fertilizer sector, interest rate reversal is another key risk. Based on our calculations, 100bps hike in interest rate decreases the earnings by PKR0.34/sh.

D) Increase in coal price: Since the company meets its power requirement through coal based PP, therefore any recovery in international coal prices would have negative repercussions for the company. As per our back of the envelope calculation, increase in coal price by USD5/MT results in earnings contraction by PKR0.22/sh annually.

E) Hike in feed rate: Increase in feed rate by PKR100/mmbtu would decrease the company's earnings by PKR1.48/sh annually.

F) Government moves to penalize unregistered sales: In Budget FY21, expenditure attributable to sales made to the person who is required to register under Sales Tax Act, 1990 but not registered is decided to be disallowed to the extent of 10% from Oct 1, 2020. The new clause would be more costly for companies dealing with unregistered persons thereby forcing them to make sales to registered person and to persuade their existing customers to obtain sales tax registration. As per the newsflow, 79% of the dealers are unregistered for fertilizer sector. Based on the assumption that sales to unregistered dealers exceed PKR100mn per person, earnings of FFBL would erode by PKR2.16/sh on annual basis.

Income Statement (PKRmn)	CY18A	CY19A	CY20F	CY21F	CY22F
Net Sales	61,511	66,839	70,462	71,322	73,356
Gross Profit	8,183	5,885	13,641	13,143	13,002
Distribution Cost	4,525	5,345	5,706	5,846	5,940
Finance Cost	2,223	5,199	4,321	4,127	4,956
Profit Before Tax	1,809	-3,869	3,416	3,974	3,025
Net Profit	1,436	(5,921)	2,426	2,821	2,148

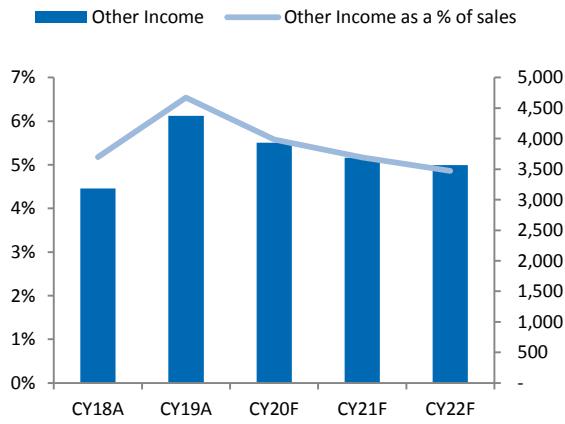
Cash Flow (PKRmn)					
CF from Operations	(6,549)	(16,843)	(272)	(3,801)	(4,851)
CF from Investing	(3,832)	3,327	209	(800)	(800)
CF from Financing	(8,982)	(9,349)	(3,761)	5,729	6,510
Ending Cash Balance	3,690	5,294	500	500	500

Balance Sheet (PKRmn)					
Current Assets	43,471	51,332	39,413	40,503	42,194
Long Term Assets	36,893	39,835	39,858	39,880	39,902
Total Assets	80,364	91,167	79,272	80,383	82,096
Current Liabilities	49,434	68,962	56,645	56,064	56,488
Non-Current Liabilities	17,032	15,370	14,337	14,337	14,337
Total Liabilities	66,467	84,333	70,982	70,401	70,826
Total Equity	13,897	6,834	8,289	9,982	11,271

Key Ratios					
EPS	1.5	(6.3)	2.6	3.2	2.3
DPS	1.0	-	1.0	1.2	0.9
BVS	14.9	7.3	8.9	10.7	12.1
PER	13.7	(3.3)	8.1	7.0	9.1
Dividend Yield	4.8%	0.0%	4.9%	5.8%	4.4%
P/BVS(x)	1.4	2.9	2.4	2.0	1.7
Sales Growth	16.6%	8.7%	5.4%	1.2%	2.9%
Earnings Growth	43.7%	NM	NM	16.3%	-23.9%
Gross margins	13.3%	8.8%	19.4%	18.4%	17.7%
Net Profit Margin	2.3%	-8.9%	3.4%	4.0%	2.9%

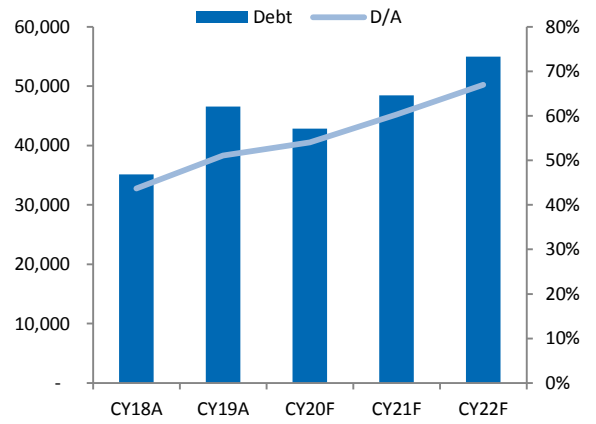
Source: BIPLS Research, Company Accounts

Figure 3: Other income (PKRmn) vs Other income as % of sales



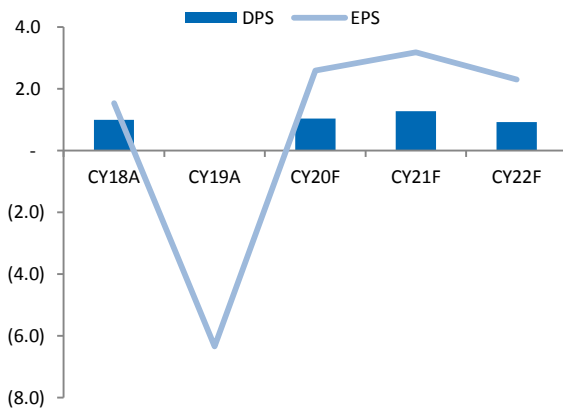
Source: Company Account, BIPLS Research

Figure 4: Debt (PKRmn) vs D/A



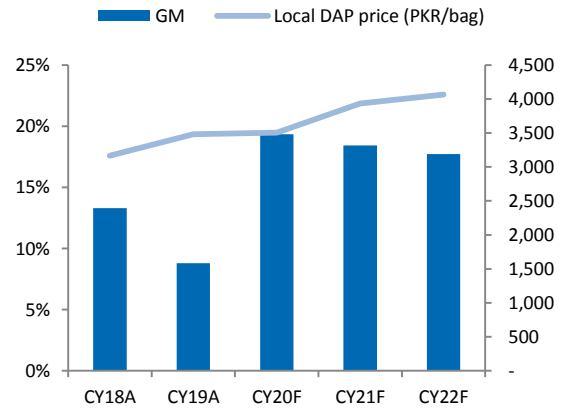
Source: Company Account, BIPLS Research

Figure 5: EPS vs DPS



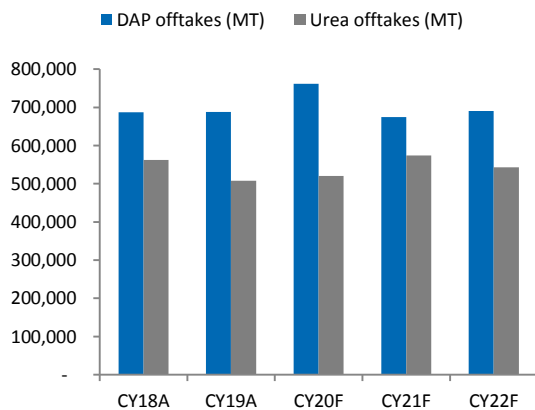
Source: Company Account, BIPLS Research

Figure 6: GMs (%) vs local DAP price



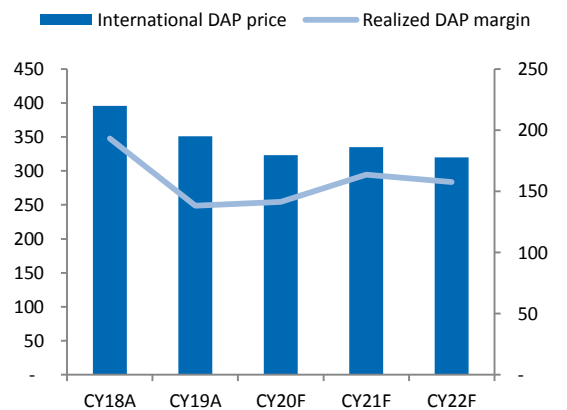
Source: NFDC, Company Account, BIPLS Research

Figure 7: Volumes for DAP and urea (MT)



Source: Company Account, BIPLS Research

Figure 8: International DAP price vs DAP margin (USD/MT)



Source: NFDC, Bloomberg, Company Account, BIPLS Research

BIPL Securities Limited

Abdul Aziz Anis, CFA	Chief Executive Officer	+92-21-111 222 000 (Ext.650)	abdul.aziz@biplsec.com
----------------------	-------------------------	------------------------------	--

Research Team

Jehanzaib Zafar, CFA	Economy, Banks and Power	+92-21-111-222-000 (Ext. 330)	jehanzaib.zafar@biplsec.com
----------------------	--------------------------	-------------------------------	--

Sajjad Hussain	Strategy, Oil, Steel and Autos	+92-21-111-222-000 (Ext. 333)	sajjad.hussain@biplsec.com
----------------	--------------------------------	-------------------------------	--

Ayesha Fayyaz	Cements, Fert. and Textile	+92-21-111-222-000 (Ext. 337)	ayesha.fayyaz@biplsec.com
---------------	----------------------------	-------------------------------	--

Kamal Ahmed	Technical Analyst	+92-21-111-222-000 (Ext. 371)	kamal.ahmed@biplsec.com
-------------	-------------------	-------------------------------	--

M. Noman Mughal	Database	+92-21-111-222-000 (Ext. 339)	noman.mughal@biplsec.com
-----------------	----------	-------------------------------	--

Muhammad Danish	Database	+92-21-111-222-000 (Ext. 334)	muhammad.danish@biplsec.com
-----------------	----------	-------------------------------	--

Equity Sales Team

Nasim Ahmed	Head of Institutional Sales	+92-21-3867-1370 (Ext. 370)	nasim.ahmed@biplsec.com
-------------	-----------------------------	-----------------------------	--

Zeeshan Saeed Butt	Head of Branch Network	+92-42-111-222-000	zeeshan.butt@biplsec.com
--------------------	------------------------	--------------------	--

Sumair Haider Malik	Head of Family Office & HNW	+92-21-3867-1378 (Ext. 378)	sumair.malik@biplsec.com
---------------------	-----------------------------	-----------------------------	--

Nadeem Ahmed Chawla	Institutional Sales	+92-21-3262-4932 (Ext. 375)	nadeem.chawla@biplsec.com
---------------------	---------------------	-----------------------------	--

Kamran Kaludi	Institutional Sales	+92-21-3263-1763 (Ext. 376)	kamran.kaludi@biplsec.com
---------------	---------------------	-----------------------------	--

Ahsan ul Haq	PSX Branch	+92-21-3263-1763	ahsan.haq@biplsec.com
--------------	------------	------------------	--

Ziyad Bin Zubair	Gulshan Branch	+92-21-34980766	ziyad.zubair@biplsec.com
------------------	----------------	-----------------	--

Junaid Ali	Islamabad Branch 1	+92-51-111-222-000	biplisb@biplsec.com
------------	--------------------	--------------------	--

Ahsan Zia	Islamabad Branch 2	+92-51-111-222-000	biplisb@biplsec.com
-----------	--------------------	--------------------	--

Kamran Khalid Butt	Lahore Branch	+92-42-111-222-000	bipllhr@biplsec.com
--------------------	---------------	--------------------	--

Muarrif Hussain Khawaja	Gujranwala Branch	+92-55-382-2501-04	biplgrw@biplsec.com
-------------------------	-------------------	--------------------	--

Muhammad Sajid	Multan Branch	+92-61-450-0273-76	biplmul@biplsec.com
----------------	---------------	--------------------	--

Adnan Saleem	Rahim Yar Khan Branch	+92-68-587-3252-54	biplryk@biplsec.com
--------------	-----------------------	--------------------	--

Muhammad Ilyas Khan	Peshawar Branch	+92-91-527-6025-27	biplpsh@biplsec.com
---------------------	-----------------	--------------------	--

Farrukh Qayyum Chaudhry	Sialkot Branch	+92-52-325-6035-37	biplskt@biplsec.com
-------------------------	----------------	--------------------	--

Gul Hussain	Faisalabad Branch	+92-41-3261-4408-10	biplfsd@biplsec.com
-------------	-------------------	---------------------	--

Disclaimer

This research report is for information purposes only and does not constitute nor is it intended as an offer or solicitation for the purchase or sale of securities or other financial instruments. Neither the information contained in this research report nor any future information made available with the subject matter contained herein will form the basis of any contract. Information and opinions contained herein have been compiled or arrived at by BIPL Securities Limited from publicly available information and sources that BIPL Securities Limited believed to be reliable. Whilst every care has been taken in preparing this research report, no research analyst, director, officer, employee, agent or adviser of any member of BIPL Securities Limited gives or makes any representation, warranty or undertaking, whether express or implied, and accepts no responsibility or liability as to the reliability, accuracy or completeness of the information set out in this research report. Any responsibility or liability for any information contained herein is expressly disclaimed. All information contained herein is subject to change at any time without notice. No member of BIPL Securities Limited has an obligation to update, modify or amend this research report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. Furthermore, past performance is not indicative of future results.

The investments and strategies discussed herein may not be suitable for all investors or any particular class of investor. Investors should make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives when investing. Investors should consult their independent advisors if they have any doubts as to the applicability to their business or investment objectives of the information and the strategies discussed herein. This research report is being furnished to certain persons as permitted by applicable law, and accordingly may not be reproduced or circulated to any other person without the prior written consent of a member of BIPL Securities Limited. This research report may not be relied upon by any retail customers or person to whom this research report may not be provided by law. Unauthorized use or disclosure of this research report is strictly prohibited. Members of BIPL Securities and/or their respective principals, directors, officers, and employees and their families may own, have positions or affect transactions in the securities or financial instruments referred herein or in the investments of any issuers discussed herein, may engage in securities transactions in a manner inconsistent with the research contained in this research report and with respect to securities or financial instruments covered by this research report, may sell to or buy from customers on a principal basis and may serve or act as director, placement agent, advisor or lender, or make a market in, or may have been a manager or a co-manager of the most recent public offering in respect of any investments or issuers of such securities or financial instruments referenced in this research report or may perform any other investment banking or other services for, or solicit investment banking or other business from any company mentioned in this research report. Investing in Pakistan involves a high degree of risk and many persons, physical and legal, may be restricted from dealing in the securities market of Pakistan. Investors should perform their own due diligence before investing. No part of the compensation of the authors of this research report was, is or will be directly or indirectly related to the specific recommendations or views contained in the research report. By accepting this research report, you agree to be bound by the foregoing limitations.

BIPL Securities Limited and / or any of its affiliates, which operate outside Pakistan, do and seek to do business with the company(s) covered in this research document. Investors should consider this research report as only a single factor in making their investment decision. BIPL Securities Limited prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer/company prior to the publication of a research report containing such rating, recommendation or investment thesis.

BIPL Securities Limited endeavors to make all reasonable efforts to disseminate its publication to all eligible clients in a timely manner through either physical or electronic distribution such as mail, fax and/or email. Nevertheless, not all clients may receive the material at the same time.

Stock Rating

Investors should carefully read the definitions of all rating used within every research reports. In addition, research reports carry an analyst's independent view and investors should ensure careful reading of the entire research reports and not infer its contents from the rating ascribed by the analyst. Ratings should not be used or relied upon as investment advice. An investor's decision to buy, hold or sell a stock should depend on said individual's circumstances and other considerations. BIPL Securities Limited uses a three tier rating system: i) Buy, ii) Hold and iii) Sell with our rating being based on total stock returns. A table presenting BIPLS' rating definitions is given below:

The rating system

Rating Definition	
Buy	Total stock return \geq 15%
Hold	$0\% \leq$ Total stock return $<$ 15%
Sell	Total stock return $<$ 0%

* Total stock return = capital gains + dividend yield

Valuation Methodology

To arrive at our period end target prices, BIPL Securities uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
 - Relative Valuation (P/E, P/B, P/S etc.)
 - Equity & Asset return based methodologies (EVA, Residual Income etc.)
-