

Topline Market Review

KSE-100 Index: 45,490 (+317pts/+0.38%)

Topline Research
research@topline.com.pk
Tel: +9221-35303330
Topline Securities, Pakistan



www.jamapunji.pk

ASIAMONEY

Best Local Brokerage House
Brokers Poll 2011-14, 2016-17



Best Local Brokerage House 2015-16

Market closes in green for the second consecutive day



KSE-100

Key Numbers

KSE-100 Index (Mar 29, 2018)	45,489.62
Change (Points)	316.63
Change (%)	0.70%
YTD (Since Dec 29, 2017)	12.4%
KSE Mkt Cap. (Rs bn)	9,376
KSE Mkt Cap. (US\$ bn)	84.8
Total Volume (shares mn)	296.6
Total Value (Rs bn)	11.9
Total Value (US\$ mn)	108.1
Total Future Value (Rs bn)	5.4
Total Future Value (US\$ mn)	48.6

Source: PSX

Top 10 Traded Stocks

Symbol	Value (US\$mn)	Vol. (mn shares)	Closing (Rs)	Change (Rs)	Change
TRG	13.9	41.9	38.2	(2.0)	-5.0%
EPCL	8.4	28.3	34.3	1.6	5.0%
PSO	5.6	2.0	322.7	6.8	2.1%
DGKC	5.2	3.7	163.8	3.1	1.9%
LUCK	3.3	0.6	688.4	9.4	1.4%
KEL	3.1	50.5	7.0	0.2	3.6%
FFC	2.6	3.3	93.6	1.5	1.6%
FFL	2.6	7.9	38.3	1.7	4.7%
AGP	2.6	3.3	90.3	0.2	0.2%
FCCL	2.4	9.5	29.2	0.2	0.8%

Source: PSX

- Market continued its positive momentum on the backdrop of easing political noise and closed up 0.7% to 45,490 index level. Stability in crude oil prices and recent rupee devaluation also led to interest in E&P stocks, which contributed 64 points to the index.
- TRG Pakistan closed at its lower lock, as company intimated exchange regarding postponement of its subsidiary's (IBEX Holdings) Initial Public Offering (IPO) due to volatility in market. The K-Electric (KEL) remained volume leader today with traded volume of 51mn shares after reissuance of Intention of acquisition by Shanghai Electric.
- Market participation in terms of volumes traded improved by 20%, similarly, value went up by 13%.
- Top five stocks UBL (+2%), OGDC (+1.4%), LUCK (+1.4%), PAKT (+4.9%) & HUBC (+1.5%) added 147pts to the index gain whereas stocks including TRG (-5%), HBL (-0.4%), DAWH (-1.3%), SNGP (-0.7%) & PIBTL (-1.4%), withheld 52pts from the index.

- Sazgar Engineering (SAZEW) in its notice to exchange stated that, company will roll out its 1300cc car by end of 2018 with a investment of Rs350mn for setting up the plant. Further, company mentioned, the project would be completed by June 2019, with an estimated investment of Rs1.8bn (exclusive of land value, already owned by company).
- Service Industries (SRVI) announced its financial results for 2017, where company reported EPS of Rs73, down by 29% YoY due to decline in GP margins by 3ppts YoY to 17%. Finance cost of the company went up by 45% YoY to Rs343mn, while distribution cost went up by 34% YoY to Rs1.3bn. Moreover, Company also declared final cash dividend of Rs22/share. The financial results accompanied price sensitive information, where company stated about incorporation of its new subsidiary in USA to service its U.S. market (recommended long term investment US\$1mn over 5 years).
- Tariq Glass Limited (TGL) notified exchange about successful commencement of its Opal Glass dinnerware project with capacity of 35 tons per day w.e.f. Mar 29, 2018.
- KAPCO initiated arbitration proceedings in Singapore against Pakistan Water and Power Development Authority (WAPDA) and Central Purchase Power Guarantee Limited (CPPA-G) to nullify the liquidated damages of Rs28bn wrongfully imposed by WAPDA/CPPA-G and to enforce its right to claim Rs2.4bn comprising Company's net losses not otherwise covered by late payment interest.
- Ghandhara Nissan (GHNL) in its notice to exchange notified that, company will invest Rs4.5bn (about US\$41 million) over the four years and plant is expected to commence operations by FY19.
- ENGRO Corporation (ENGRO) notified exchange about its investment of Rs3bn (with additional limit of Rs1.8 in case of under subscription) via right shares to be announced by the company with conditional price of not more than Rs30 per share.
- The Joint Investigation Team (JIT) Head Wajid Zia has revealed that the implementation bench of the top court in the Panamagate case conveyed its message through Supreme Court Deputy Registrar Mazhar Abbas when they sought guidance from the bench after failing to develop consensus over a letter of Qatari Royal Prince Hamad bin Jassim bin Jaber Al Thani confirming money trail for the Sharif family.
- The US dollar rose by 70 paisas on Thursday, trading at Rs116.5 in the open market, Geo Tv reported.

Analyst Certification and Disclosures

The research analyst(s), denoted by an “AC” on the cover of this report, primarily involved in the preparation of this report, certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject companies/securities/sectors and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Furthermore, it is stated that the research analyst or its close relative have neither served as a director/officer in the past 3 years nor received any compensation from the subject company in the past 12 months.

Additionally, as per regulation 8(2)(i) of the Research Analyst Regulations, 2015, we currently do not have a financial interest in the securities of the subject company aggregating more than 1% of the value of the company.

Rating System

Topline Securities employs three tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

Rating	Expected Total Return
Buy	Stock will outperform the average total return of stocks in universe
Neutral	Stock will perform in line with the average total return of stocks in universe
Sell	Stock will underperform the average total return of stocks in universe

For sector rating, Topline Securities employs three tier ratings system, depending upon the sector’s proposed weight in the portfolio as compared to sector’s weight in KSE-100 Index:

Rating	Sector’s Proposed Weight in Portfolio
Over Weight	> Weight in KSE-100 Index
Market Weight	= Weight in KSE-100 Index
Under Weight	< Weight in KSE-100 Index

Ratings are updated daily to account for the latest developments in the economy/sector/company, changes in stock prices and changes in analyst’s assumptions or a combination of any of these factors.

Valuation Methodology

To arrive at our 12-months Target Price, Topline Securities uses different valuation methods which include: 1). Present value methodology, 2). Multiplier methodology, and 3). Asset-based methodology.

Research Dissemination Policy

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

Disclaimer

This report has been prepared by Topline Securities 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, Topline Securities 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 Topline Securities 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 particular 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 Topline Research Department and do not necessarily reflect those of Topline or its directors. Topline as a firm may have business relationships, including investment-banking relationships, with the companies referred to in this report.

All rights reserved by Topline Securities. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of Topline Securities. Action could be taken for unauthorized reproduction, distribution or publication.