

## PSX Highlights – Jun'19

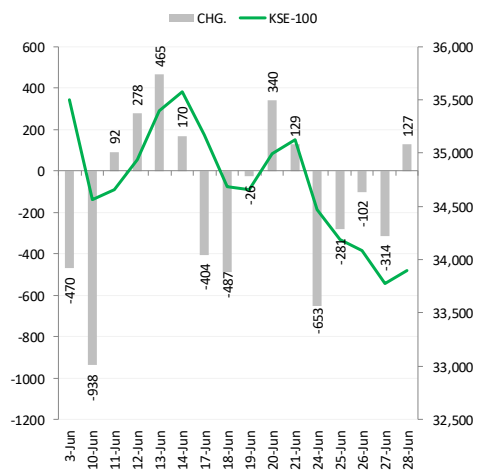
The Local equity bourse remained under the selling pressure during the last month of FY'19 with the benchmark KSE-100 Index losing 2074 points to end the month at 33,901.58 level. The benchmark KSE-100 Index fell by 19% during the outgoing fiscal year for the second consecutive year. Political and economic noise remained major concern for investors. On economic front (i) Government failed on all economic fronts and achieved only 3.3 per cent GDP growth against the target of 6.2 per cent, nearly 47 per cent less than targeted for FY2018-19 (ii) the inflation rate edged up to 9.1% in May (iii) hike in taxes, withdrawals of tax grants & subsidies (iv) expected hike in discount rate (v) abolishment of tax credit for BMR investment (vi) deteriorating forex exchange reserve (vii) Fitch terms monetary tightening and fiscal policies to weigh heavy on economic growth in the near term (viii) ECC approved up to 190.55 percent increase in gas prices on the recommendation of petroleum division (ix) overall output of Large Scale Manufacturing Industries (LSM) for July-April 2018-19 decreased by 3.51% as compared to July-April 2017-18. (x) GDP growth forecasted at 2.7% for FY20 (xi) unfavorable movements in exchange rate as US Dollar hits historical high at Rs164 in interbank market and (xii) freezing of corporate tax rate were foremost factors that added worries.

However, some respite was noted as (i) Pakistan to get \$3 Billion in Deposits, Investments from Qatar and first tranche USD 500mn received (ii) Current Account Deficit shrank by 29% to \$12.68b in the first 11 months of outgoing fiscal year 2019 and (iii) ECC allowed Pakistan State Oil (PSO) to sign an agreement with Saudi Aramco's product Trading Company (ATC) worth \$270 million per month on a 12 month deferred payment basis factor. Moreover, on the political upfront, the joint opposition announced that they would bring a no-confidence motion against Senate Chairman Sadiq Sanjrani besides launching a mass contact campaign across Pakistan to mobilize public support against Pakistan Tehreek-e-Insaf (PTI) government. As for the KSEALL share bourse, the index cumulative share traded volume tumble down by 12.94% MoM to 123.23mn where as KSE100 index average traded volume rose by 41.01% MoM to 96.13mn with major investment concentrated in cements, commercial banks and communication sectors. Mutual Funds, Brokers and Foreign investors emerged as net sellers during the outgoing month offloading positions worth (USD18.57mn), (USD6.68mn) & (USD4.94mn). On the flipside, Banks (USD16.90mn), Companies (USD8.54mn) and Individual investors (USD6.04mn) emerged as net buyers.

KEY NUMBERS	KSE-100	KSE-30	KMI-30	ALL-SHR
Index Level	35,974.79	17,155.60	58,233.69	26,155.49
Monthly Change (Points)	-809.65	-249.44	-979.56	-858.72
Monthly Change (%)	-2.20%	-1.43%	-1.65%	-3.18%
Avg. Volume (sh mn.)	96.13	53.45	55.21	123.23
% Change	41.01%	-6.93%	1.38%	-12.94%
Avg. Value (Pkr mn.)	4,419.88	3,489.79	2,870.05	4,814.17
% Change	22.62%	12.00%	10.05%	4.16%
Value (US\$ mn)	31.47	24.85	20.43	34.28
Cr. Mkt Cap. (Pkr mn)	1,692,360	1,150,333	723,668	7,240,438

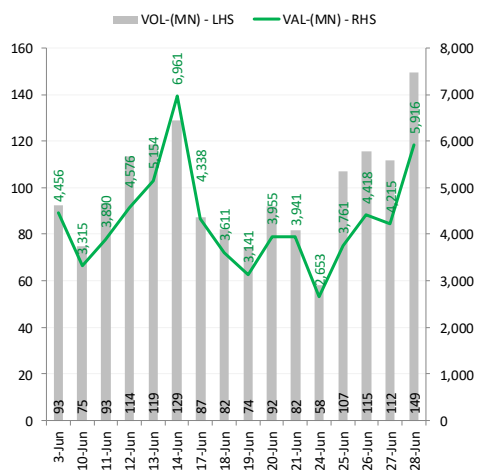
Data Source: PSX / Darson Research

### KSE-100 INDEX ACTIVITY



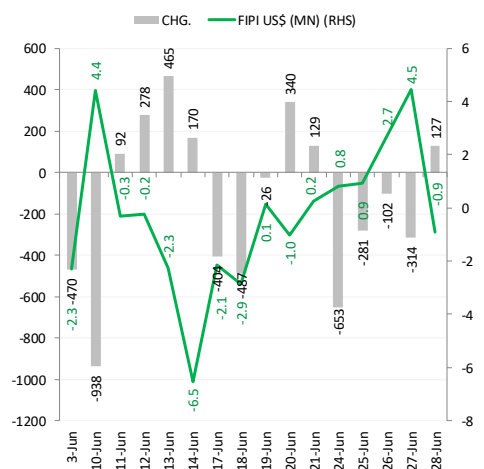
Source: PSX

### KSE-100 VOL. & VAL.



Source: PSX

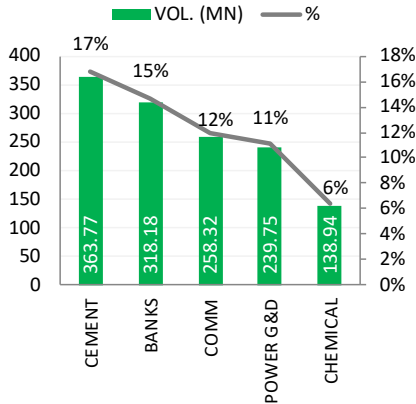
### KSE-100 RETURN & FIPI FLOWS



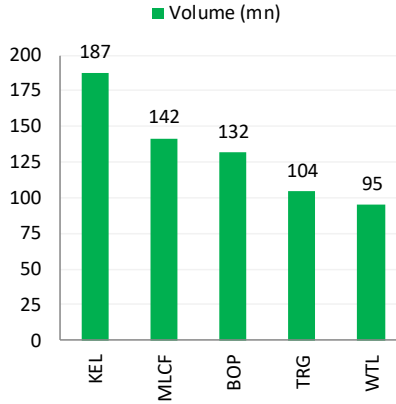
Source: PSX

# Performance Criteria

**TOP-10 VOL. LEADERS BY SECTOR**



**TOP-10 VOLUME LEADERS**

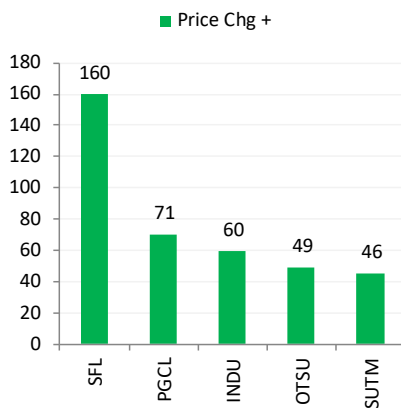


**MSCI - Emerging Markets**

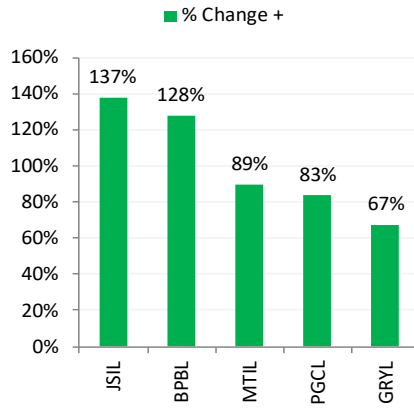
Symbol	Index Family	Cr. Price	Change
OGDC	Large Cap	131.49	-2.50
HBL	Mid Cap	113.26	-10.25
MCB	Mid Cap	174.45	-2.45
ENGRO	Small Cap	265.60	-11.20
EFERT	Small Cap	63.97	-4.98
BAFL	Small Cap	43.59	-3.76
FCCL	Small Cap	15.73	-1.15
UBL	Small Cap	147.38	-8.94
HUBC	Small Cap	78.75	-0.80
INDU	Small Cap	1,203.92	59.80
DGKC	Small Cap	56.54	-3.70
KAPCO	Small Cap	36.38	-1.13
LUCK	Small Cap	380.47	-43.34
MTL	Small Cap	862.38	-0.03
NBP	Small Cap	33.66	-8.71
NML	Small Cap	93.34	-13.41
PKGS	Small Cap	300.56	-2.22
POL	Small Cap	405.89	-38.96
PSO	Small Cap	169.63	-31.43
SEARL	Small Cap	146.56	-12.78
SNGP	Small Cap	69.49	-6.16
THALL	Small Cap	364.06	-29.82

Source: PSX

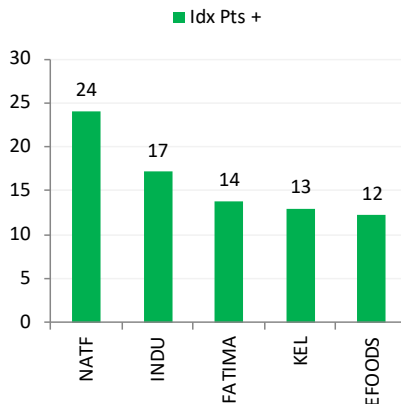
**TOP-10 LEADERS BY PRICE CHANGE**



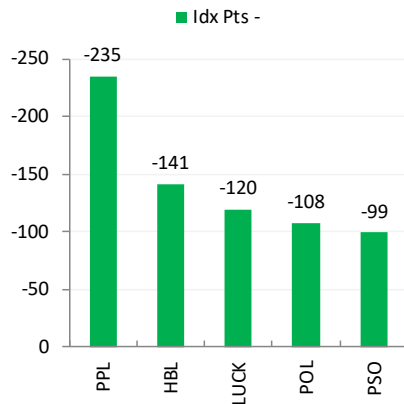
**TOP-10 LEADERS BY %AGE CHANGE**



**TOP-10 PARTICIPANTS (+ive)**



**TOP-10 PARTICIPANTS (-ive)**



Data Source: PSX / Darson Research

## Company's related

**Matco Foods Limited (MFL):** Company has completed the procurement and installation of the Rice Glucose Plant and Rice Protein Plant having capacity of 20,000 MT and 2,000 MT respectively. Providing further details in a notification sent out on Friday, the company informed that the capacity of Rice Glucose Plant and Rice Protein Plant, after the completion of the project, has increased to 30,000 MT and 3,000 MT respectively.

**Eco Pack Limited (ECOP):** Company has announced successful installation of the project for additional production facilities with respect to "Large size PET Bottles", in a notification issued on Friday. The expansion project, which costs around Rs. 160 million, was carried out in response to the growing demand for these bottles by the customers of the company. The notice further informed that the company has commenced commercial production with effect from 28<sup>th</sup> June 2019.

**Power Cement Limited (POWER):** has completed procurement and installation of plant and machinery of two projects. (i) 7700 tons per day clinker production plant (ii) 8500 tons per day cement production and dispatch plant.

**JS Investment Limited (JSIL):** The Board of Directors of company has decided to recommend the members for their approval by passing a special resolution, the purchase/buy back up to a maximum of 27,934,840 issued ordinary shares of the company having face value PKR 10/- each at a purchase price of PKR 18/- per share under section 88 of Companies Act, 2017.

**Engro Foods Limited (EFOODS):** has changed its name to Friesland Campina Engro Pakistan Limited, as per an **official notification** circulated at the Pakistan Stock Exchange (PSX) earlier today.

**Mughal Iron & Steel Industries Limited (MUGHAL):** has clarified in a public announcement that Mughal Energy Limited (MEL), an associated company of MUGHAL is an independent, separate entity and is not the subsidiary of MUGHAL. Following an application filed by MEL with National Electric Power Regulatory Authority (NEPRA) for grant of generation license, local daily 'The News' addressed MEL as a subsidiary of MUGHAL in its news report published yesterday, thereby starting the rumor. In order to set the records straight, MUGHAL put out this rumor right away in today's public announcement, further adding that currently there has been no decision on part of MUGHAL's Board of Directors to make any investment in MEL.

**Hi-Tech Lubricants Limited (HTL):** The Oil and Gas Regulatory Authority (OGRA) has granted Hi-Tech Lubricants Limited (HTL) a renewable License for Marketing and Sale of Petroleum Products in the province of Punjab and Operations of HTL's new Oil Storage Facility at Sahiwal.

**Attock Cement Pakistan Limited (ACPL):** The Board of Directors of Company has approved the installation of Captive Solar Power Plant of 7 MW at its existing factory premises.

**Dawood Lawrencepur Limited (DLL):** The Board of Directors (BoD) of company, in its emergent meeting held on June 13, 2019, has approved a second Subordinated Loan Facility of up to Rs. 1 billion for its subsidiary, Tenaga Generasi Limited (TGL), for a period of one year. The BoD has also approved issuance of a Corporate Guarantee in favor of Allied Bank Limited, as a security against Running Finance / Money Market Loan of Rs. 500 million to be obtained by TGL.

**Colgate-Palmolive Pakistan Limited (COLG):** Appointe dArif Habib Limited as manager to the offer with respect to the proposed acquisition of 21% shares of Colgate-Palmolive Pakistan, in replacement of Citibank N.A with immediate effect. The company had previously made a public announcement regarding its intention to acquire up to 21% shares of Colgate-Palmolive (Pakistan) Limited.

**KotAddu Power Company Limited (KAPCO):** Subsequent to the arbitration proceedings initiated by KAPCO against WAPDA and Central Power Purchasing Agency Guarantee Limited (CPPAG), the company in a notification to PSX has informed that the International Chamber of Commerce (ICC) Tribunal in its Partial Award has dismissed the challenge by WAPDA to the jurisdiction of the ICC Tribunal. KAPCO had commenced arbitration proceedings against WAPDA and CPPAG in Singapore on March 29, 2018, under the arbitration rules of the ICC to nullify the liquidated damages of Rs. 27,727,118,565 wrongfully imposed by WAPDA/CPGA-G, and to enforce its right to claim Rs. 2,446,520,553 comprising the Company's net losses not otherwise covered by late payment interest.

**Feroze1888 Mills Limited (FML):** in a material statement issued to PSX, has disclosed that the Board of Directors has authorized the Chief Executive Officer of the Company to explore the potential opportunity to invest in Hira Terry Mills Limited and enter into a preliminary agreement with HTML and its shareholders for an arrangement including carrying out the necessary due diligence for the purpose.

**Arif Habib Limited (AHL):** Decided to purchase (buy-back) up to 6.6 million of its ordinary, issued shares which have a face value of Rs.10 each at a purchase price of Rs.35 per share. It would further be put up for approval that the purchase shall be made within 30 days starting from Tuesday, July 9, 2019 and ending on Wednesday August 7, 2019 (both days inclusive). As per the relevant notice issued to the Pakistan Stock Exchange, the Rs.231 million have been allocated for this action, and the purchase shall be made in cash and out of distributable profits.

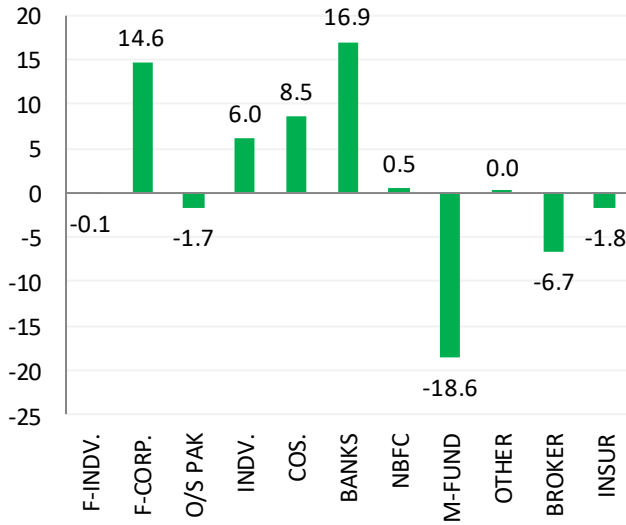
**The Searle Company Limited( SEARL):** At a meeting of the Board of Directors of Company the management had brought to the attention of the Board for a potential opportunity to invest in / acquire OBS Pakistan (Private) Limited. In light of the same, the Chairman permitted such matter to be discussed as other business. Consequence, the BoD authorized the Company to explore the feasibility / viability of potentially investing in / acquiring OBS Pakistan. Furthermore, the Company has also been authorized to appoint advisors, valuers and consultants for evaluating the feasibility, including due diligence and valuation, finalizing the structure, along with preparing necessary documents for the consideration for the Board.

## Investors Portfolio Investment Details

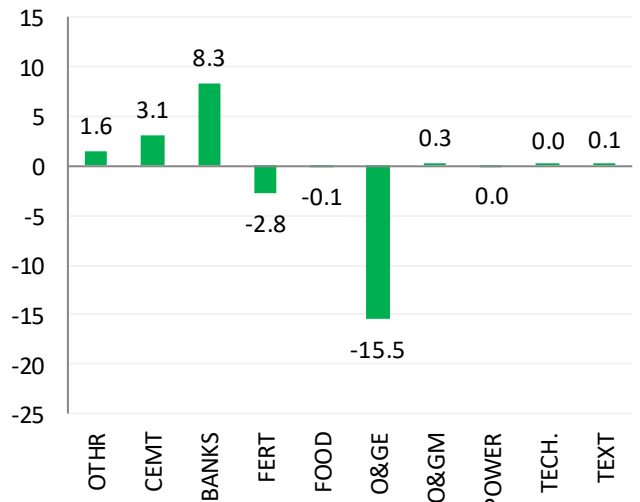
SECTOR	F-INDV	F-CORP	O/S PAK	TOTAL	INDV.	COS.	BANKS	NBFC	M-FUNDS	OTHER	BROKER	INSUR
OTHER	-0.11	1.83	-0.16	1.56	1.86	-3.94	0.51	0.11	-2.80	3.75	-1.20	0.16
CEMENT	0.00	3.19	-0.06	3.13	-2.11	-0.67	2.53	-0.02	-4.14	-0.19	1.27	0.20
BANKS	0.06	6.50	1.78	8.34	-2.11	9.26	1.62	0.45	-5.12	-2.00	-7.66	-2.77
FERTILIZER	0.01	-2.93	0.08	-2.84	-0.19	-0.08	1.76	-0.02	0.48	-0.54	0.22	1.20
FOOD & PC	0.00	-0.06	-0.01	-0.07	0.20	0.21	0.44	-0.03	0.11	-0.02	-0.76	-0.08
O&G EXP	0.12	-19.88	4.28	-15.48	4.52	3.34	4.22	0.00	-0.36	-0.20	0.14	3.82
O&G MKT	-0.03	0.09	0.22	0.29	2.47	-0.02	2.81	0.00	-3.00	-0.05	0.54	-3.04
POWER	0.00	-0.02	0.01	-0.01	0.99	0.99	1.05	-0.01	-1.97	-0.46	0.31	-0.88
TECH.	0.01	0.09	-0.07	0.03	-0.20	-0.50	-0.03	-0.01	0.53	-0.02	0.82	-0.63
TEXTILE	0.00	0.12	0.00	0.12	0.60	-0.04	2.00	-0.01	-2.30	-0.25	-0.36	0.25
	<b>0.06</b>	<b>-11.06</b>	<b>6.06</b>	<b>-4.94</b>	<b>6.04</b>	<b>8.54</b>	<b>16.90</b>	<b>0.46</b>	<b>-18.57</b>	<b>0.02</b>	<b>-6.68</b>	<b>-1.76</b>

Source: NCCPL

■ CLIETNWISE - US\$ (MN)



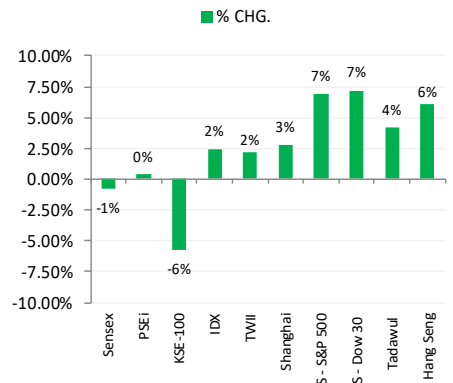
■ SECTORWISE - US\$ (MN)



## Global Markets Trends

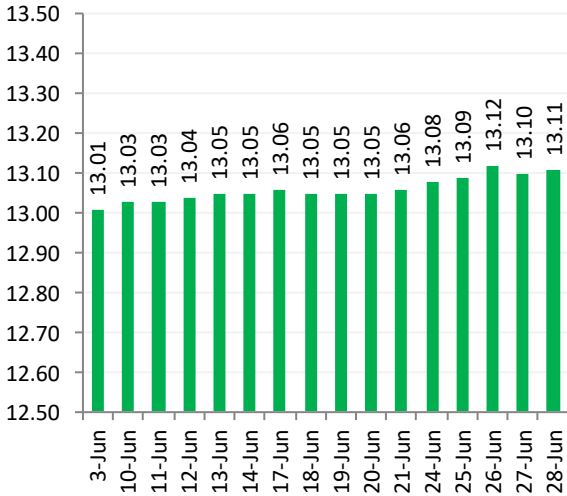
WORLD INDICES	COUNTRY	30-May	30-Jun	CHG.	% CHG.
Sensex	INDIA	39,714.20	39,394.64	-320	-0.80%
PSEI	PHILIPPINE	7,970.02	7,999.71	30	0.37%
KSE-100	PAKISTAN	35,974.79	33,901.58	-2,073	-5.76%
IDX	INDONESIA	6,209.12	6,358.63	150	2.41%
TWII	TAIWAN	10,498.49	10,730.83	232	2.21%
Shanghai	CHINA	2,898.70	2,978.88	80	2.77%
US - S&P 500	UNITED STATES	2,752.06	2,941.76	190	6.89%
US - Dow 30	UNITED STATES	24,815.04	26,599.96	1,785	7.19%
Tadawul	SAUDI ARABIA	8,516.48	8,871.56	355	4.17%
Hang Seng	CHINA	26,901.09	28,542.62	1,642	6.10%

Source: Bloomberg / Darson Research



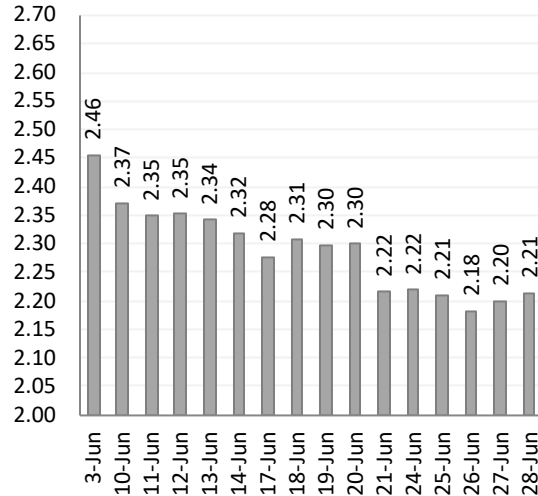
## Kibor & Libor

**6M-KIBOR**



Source: SBP

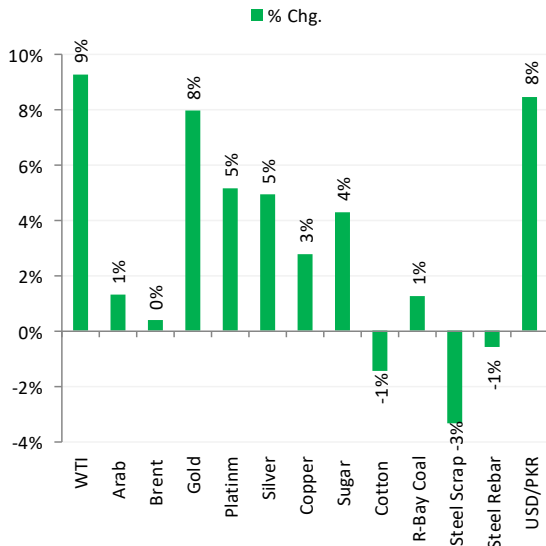
**6M-LIBOR**



Source: Business Recorder

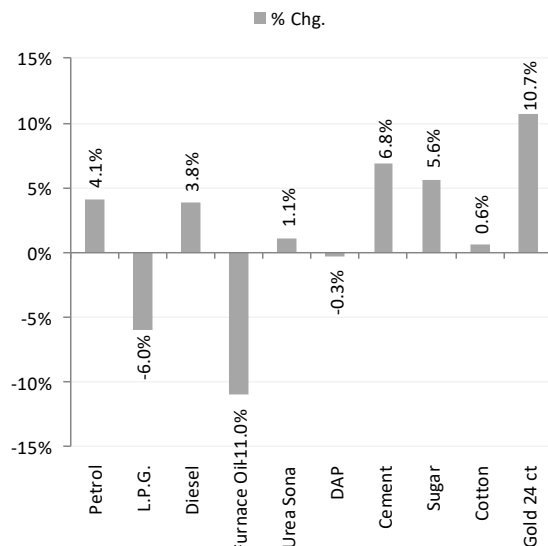
## International & Local Commodities Performance

**International Commodities**



Source: Bloomberg

**Local Commodities**



Source: PBS, PSO, SBP

## Important disclosures

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### Rating System:

If;

- Expected return >15% - Buy Call
- Expected Return is in between 0% to 15% - Neutral/Hold Call
- Expected Return <0% - Sell Call

### Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

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

SECP JamaPunji Portal link: [www.JamaPunji.pk](http://www.JamaPunji.pk)

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