JS Research Beep

Pakistan Auto Sector

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JS Global Capital Limited

GAL: FY26 Corporate analyst briefing takeaways

Ghandhara Automobiles Ltd (GAL) conducted its corporate briefing today to discuss FY26/1QFY27 results and outlook. To recall, the company reported EPS of Rs112.59, up 57% YoY in FY26, largely owing to a 36% YoY growth in topline, owing to strong LCV/truck sales (up 2.2x YoY) and higher contribution from associate GHNI (Rs22/sh). In 1QFY27, earnings grew 51% YoY to Rs44.3/sh.

We have a buy call on the stock with a target price of Rs920. Additionally, the stock trades at an attractive forward multiple of 4.05x.

- The company recorded a 37% YoY increase in volumes to 6,041 units in FY26, with growth across all three segments. HCV volumes, primarily driven by the company's wholly owned subsidiary DF (Pvt.) Ltd., increased by 57% YoY to 1,113 units, while LCV volumes surged by 124% YoY to 1,013 units. Meanwhile, double cabins and pickups recorded 21% YoY growth, reaching 3,915 units.
- Management apprised that T9 contributed Rs12bn (~42%) to total revenue in the company's standalone financial accounts. However, its contribution to PAT was relatively lower due to comparatively thin margins. Management further highlighted that the company absorbed the NEV line costs for T9 pickups, which also weighed on the product's margins in FY26.
- The company sold 1,928 units of the T9 pick-up during FY26 of which 700 to 800 units were Frison (4x2) variants.
- The management shared that their most popular LCV model currently is the JAC 1120 truck, priced at around Rs7.5mn. The price of LCVs range from 4.6mn to 7.8mn, the company's market share in the segment is 21% (including JAC LCV and DF LCV).
- On HCVs, management shared that they hold a 27% market share. Their major product in this category is the DongFeng truck and CBU sales of Renault. DF (pvt) Ltd recorded net sales of around Rs19.1bn with DF HCVs constituting Rs17.8bn and DF LCVs constituting Rs1.3bn.
- The company has delayed its plans for launching the PHEV model of the T9 due to uncertainty regarding the auto policy.
- The company's advances to customers as of 1QFY27 stand at ~Rs10bn. Management apprised that they receive 100% advance

Bloomberg Code: GAL PA

Target Price: Rs920

Market Price: Rs527.42

Market Cap: Rs30bn, US$109mn

1-yr ADTO: 0.6mn shrs, Rs295mn, US$1.1mn

1-yr High / Low: Rs657.04 / 298.78

Estimated free float: 23mn shares (40%)

GAL: Key Statistics

(Rs mn)	FY25	FY26	FY27F
Sales	**34,512**	**47,047**	**49,225**
YoY Growth	267%	36%	5%
Gross Margin	18%	20%	21%
PAT	**4,096**	**6,418**	**7,425**
YoY Growth	1022%	57%	16%
EPS (Rs)	71.85	112.59	130.26
DPS (Rs)	10.00	12.00	15.00
P/E (x)	4.73	4.48	4.05
D/Y	3%	2%	3%

Source: Company accounts, JS Research
FY25 & FY26 Multiples calculated on average prices

from LCV sales, while advances from HCV sales are varied. The delivery time for most of the models is 2 months.

- The management attributed the rise in volumes in the last 2 years to strict implementation of axle load, expanding road infrastructure, especially Punjab and lack of other modes of transport in the country.
- Fuel efficiency is another key consideration, with the company's models offering 15–20% better mileage compared to older trucks. However, fuel quality also plays a critical role in determining fuel efficiency. Management highlighted that Pakistan's recent upgrade in the last 3-4 years to Euro-II diesel has improved fuel economy by 1–2km/litre.

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