THALL: FY26 Corporate Briefing Takeaways

TAURUS SECURITIES LIMITED
A Subsidiary of National Bank of Pakistan

Flashnote: Thal Limited (THALL) – Corporate Briefing

Thursday, November 12, 2026

- Thal Limited was incorporated on January 31, 1966, and publicly listed in 1967. The Company operates across major industrial divisions including Engineering (automotive parts), Packaging (jute, paper, and polypropylene), and Laminates (Formite surfaces). Its business structure is supported by several subsidiaries and joint ventures, including Habib METRO Pakistan (Pvt) Ltd (60%), Thal Boshoku Pakistan (55%), and Thal Grainfoods (100%). Additionally, the Company holds strategic investments in Indus Motor Company (6.22%), Agriauto Industries (7.35%), Shabbir Tiles & Ceramics (1.30%), Sindh Engro Coal Mining Company (SECMC) (11.90%), and ThalNova Power Thar (26%).
- The Company reported a revenue of PKR 36.0Bn for FY26, up 21%YoY, mainly driven by higher OEM volumes and exports. Net profit grew 2.3xYoY to PKR 8.4Bn. This was mainly due to higher finance and other income, including dividends from investments. Gross margin stayed stable at 10%.
- The revenue growth was anchored by strong OEM vehicle assembly volumes and cost control. The Company also secured new variants such as Elantra 1.6, New Ravi, HR Porter Facelift and CG125. The Engineering division is actively diversifying into white goods, power sector components, and fiber-reinforced plastic (FRP).
- The Jute business experienced supply constraints and lost demand due to the absence of wheat procurement by PASSCO and Punjab Food. However, high polypropylene prices prompted a market shift toward paper packaging in the cement sector, benefitting paper operations.
- Moreover, the Company received PKR 6.3Bn in dividends from it's holdings in SECMC and TNPTL. SECMC achieved Phase III Commercial Operations Date (COD) on October 5, supporting 1,980MW total power capacity from Block II Thar coal reserves. TNPTL produced 1,824GWh in FY26 at a 69% load factor and 94.4% plant availability.
- The Management noted that the auto policy is advancing through Government approval stages. While the policy intends to rationalize import duties, it will push OEMs toward higher localization and export targets, a shift that Management believes favors established component manufacturers like Thal Limited.

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- The Management is establishing a 100% owned subsidiary, Thal Grainfoods to setup a specialized plant in partnership with a Swiss company for corn processing, dry milling, and grain storage silos. While the Management also confirmed that, as Thal Grainfoods is a 100% owned subsidiary, the project will be 100% internally funded through the Company's existing cash reserves.
- Moreover, the Company is facing some key operational risks which include OEM sales dependency incase of automotive parts, raw jute supply shortages, and crude-oil-driven polypropylene price volatility in packaging.

Important Disclosures

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

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

SECP JamaPunji Portal link: https://jamapunji.pk/

Frequently Used Acronyms

TP	Target Price	**DCF**	Discounted Cash Flow	**FCF**	Free Cash Flows
FCFE	Free Cash Flows to Equity	**FCFF**	Free Cash Flows to Firm	**DDM**	Dividend Discount Model
SOTP	Sum of the Parts	**P/E**	Price to Earnings ratio	**P/BVPS**	Price to Book ratio
P/S	Price to Sales	**EVA**	Economic Valued Added	**BVPS**	Book Value per Share
EPS	Earnings per Share	**DPS**	Dividend per Share	**DY**	Dividend Yield
ROE	Return on Equity	**ROA**	Return on Assets	**JPB**	Justified Price to Book

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