Pakistan Automobile Assemblers

Ghandhara Automobiles Limited

Shifting gears to higher profit years

15-Aug-2025

REP - 300

Best for Research: '24
Best for Diversity & Inclusion: '24
Best Investment Bank: '23

Best Brokerage House: '23 – '21
Best Corporate Finance House: '23 - '13
Best Economic Research House: : '23 – '21
Best Research Analyst: '22 – '20

Best Broker:'25
Best Equity Capital Market House:'25

Best Gender Equality Bond: '24
Best Equity Advisor: '21

Best Securities House: '23
Best Investment Bank: '23

Best Brokerage House: 2023

Top 25 Companies ('17-'19)

Excellence Award Leading Brokerage House for RDA '21

Menka Kirpalani

D: +92 21 38280264
UAN: +92 21 111 245 111 Ext: 255
E: menka.kumari@arifhabibltd.com

Shifting gears to higher profit years

Ghandhara Automobiles Limited (GAL) is shifting gears into a new strategic phase. Long recognized for its solid foothold in Pakistan's commercial segment, the company is now venturing into the premium pickup market with the launch of the JAC-T9 Hunter. Simultaneously, rising economic activity and large-scale development projects are poised to spur demand for commercial vehicles, driving growth for both GAL and its associate, Ghandhara Industries Limited (GHNI), in which it holds a 17.91% stake. We initiate coverage on GAL, with the expectation that profitability will accelerate sharply, reaching PKR 66.4/share in FY25e and a robust PKR 96.55/share in FY26f as the full impact of the JAC-T9 Hunter comes through. At last closing price, GAL offers a 40.1% upside to our June'26 target of PKR 764.7/share, prompting our BUY call. The thesis rests on the following earnings levers:

- **High EPS contribution of ~PKR 46.6/share anticipated in FY26, assuming sales of 3,200 units from the newly launched JAC T-9 Hunter.**
- **Continued growth anticipated in both commercial vehicles ~25% in light commercial vehicles and ~15% in medium and heavy duty segment in FY26 expected to benefit both GAL and GHNI.**
- **Strong earnings contribution of PKR ~11.2/share in FY26 from associate Ghandhara Industries (GHNI), which holds a dominant 67% share in the truck market.**
- **Trading at just 5.7x FY26 P/E, well below historical and sector averages, GAL offers strong upside.**

Breaking into premium pick-ups

GAL's launch of the JAC T-9 Hunter is its first venture into Pakistan's premium pick-up segment, a space long dominated by Toyota's Revo. Strong demand, driven by the vehicle's competitive pricing and advanced features, had led the company to temporarily suspend bookings, which have now been resumed. Building on this strong market response, we project sales of approximately 3,200 units in FY26 (267 units/month), translating into an EPS contribution of PKR 46.6/share.

Commercial trucks' demand gears up

The commercial vehicle segment is gaining momentum, supported by a revival in economy, increased trade activity and large scale development projects set to drive incremental demand for overall pickups and trucks market, the outlook remains strong. We project a 25% increase in JAC light commercial vehicle sales and 15% growth in JAC trucks in FY26, reflecting renewed confidence in the segment's growth trajectory.

GHNI, the silent contributor

GAL's 17.91% equity stake in GHNI continues to provide a steady earnings contribution, with GHNI maintaining a dominant 67% share in the truck market and 27% in the bus segment. In FY25, the company recorded robust growth, with truck sales rising 2.3x and bus sales increasing 2.4x. For FY26, projected sales growth of 15% in trucks and 10% in buses is expected to contribute PKR 11.2/share to GAL's earnings.

Profitability shift into high gear

GAL's profitability is set for a sharp lift, driven by the aforementioned reasons, particularly the launch of the premium JAC-T9 Hunter and the recovery in commercial vehicle demand. We project EPS at PKR 66.4 in FY25e and PKR 96.55 in FY26f, reflecting earnings growth of 10.4x and 45%, respectively, with dividends of PKR 5/share in FY25e and PKR 7/share in FY26f.

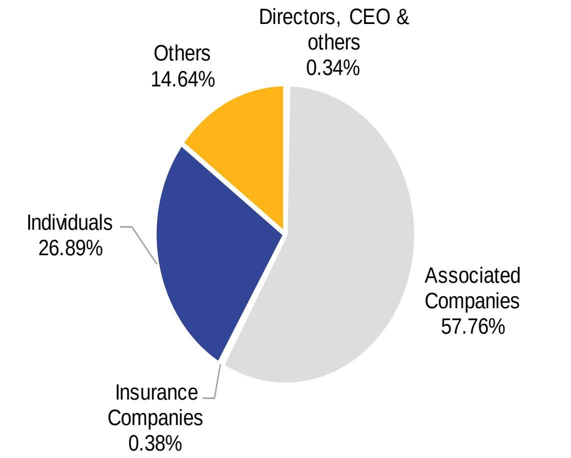
	GAL PA
Recommendation	**BUY**
Target Price (Jun-26)	764.7
Last Closing	531.0
Upside / (Downside) %	44.0
Shares (mn)	57.0
Free float (%)	40.0
Market Cap. (PKR mn)	30,269.5
Market Cap. (USD mn)	107.3

Price Performance

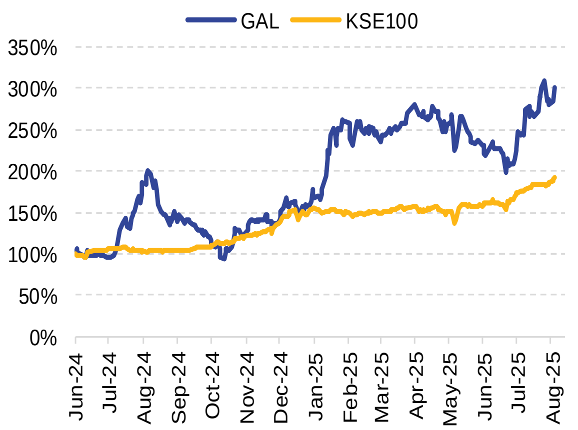
	3M	6M	12M
Return (%)	14.2	19.7	61.7
Avg. Volume (000)	1,375	1,467	2,225
ADTV (mn) - PKR	661	696	802
ADTV (000) - USD	2,331	2,471	2,867
High Price - PKR	555.7	555.7	555.7
Low Price - PKR	359.1	359.1	167.6

Source: PSX, AHL Research

Shareholding Pattern



Source: Company Financials, AHL Research



Source: Bloomberg AHL Research

Valuation

We have valued GAL using DCF-based valuation whereby our Jun'26 target price is set at PKR 764.7/share, which translates into a upside of 44.0% from the last closing of PKR 546.1/share. Our valuation parameters include a 5-yr adjusted beta of 1.23, a risk-free rate of 11.6%, and a risk premium of 6.0%, which gives a cost of equity of 19%. Currently, the stock is trading at FY26, and FY27 P/E of 5.7x and 5.0x, respectively. Hence, we recommend a '**BUY**' stance on the scrip.

Exhibit: Valuation Snapshot

PKR mn	FY26f	FY27f	FY28f	FY29f	FY30f
EBIT after tax	4,975	5,500	6,063	6,697	7,515
Add: Depreciation	446	485	525	564	604
Capital Expenditure	(757)	(796)	(836)	(857)	(1,009)
▲ in Working Capital	(1,078)	(1,314)	(1,014)	(1,033)	(1,206)
Free Cash Flow to Firm	3,586	3,875	4,738	5,371	5,903
Discounted Factor	1.00	0.84	0.71	0.60	0.50
Discounted Cash Flows	3,586	3,262	3,353	3,196	2,953
PV of Future Cash Flows	16,349				
PV of Terminal Value	19,133				
Equity Value	43,591				
Outstanding shares (mn)	57				
Target price per share	765				

Source (s): AHL Research

About the company

Ghandhara Automobiles Limited (GAL), incorporated in 1981, is a leading auto assembler in Pakistan with a diverse and evolving product portfolio. The company engages in the assembly and sale of commercial and passenger vehicles, including Dongfeng, JAC, and Renault trucks. In Jan'25, GAL entered the pickup segment with the launch of the JAC T9 Hunter. Previously, the company assembled Chery SUVs, a contract that concluded in the same month. GAL, formerly operating as Ghandhara Nissan Limited, was rebranded in April'23 under the ownership of its parent company, Bibojee Services (Pvt.) Ltd. GAL has an annual capacity of producing capacity of 4,800 commercial vehicles and 6,000 passenger cars on a single shift basis. The company has a robust nationwide presence through a 3S dealership network of 26 outlets offering Sales, Service, and Spare Parts, supported by two regional offices to ensure efficient sales and aftersales services.

Shareholding pattern

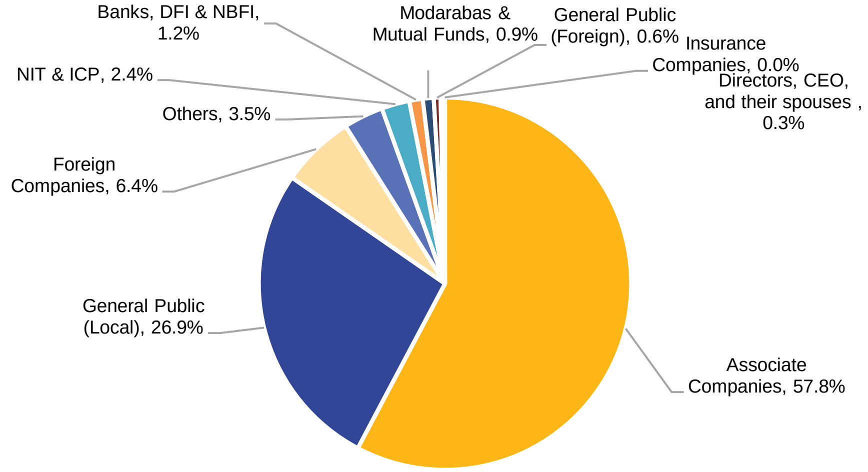
GAL boasts a shareholder base with individuals, collectively holding 57mn outstanding shares. The largest stake of 57.8% belongs to associate companies. The general public follows with a significant ownership of 26.9% of the shares. Foreign companies, others, NIT & ICP and Banks, DFI & NBFI hold smaller portions, with 6.4%, 3.5%, and 2.4% of GAL's shares respectively.

Exhibit: Shareholding pattern (as of FY24)

	No. of Shares	% Holding
Associate Companies	32,921,887	57.8%
General Public (Local)	15,327,527	26.9%
Foreign Companies	3,647,090	6.4%
Others	1,970,675	3.5%
NIT & ICP	1,382,332	2.4%
Banks, DFI & NBFI	662,896	1.2%
Modarabas & Mutual Funds	539,426	0.9%
General Public (Foreign)	337,940	0.6%
Directors, CEO, and their spouses	191,027	0.3%
Insurance Companies	21,700	0.0%

Source: Company financials, AHL Research

Exhibit: Shareholding pattern (as of FY24)



Source (s): Company financials, AHL Research

From transport titans to road rulers

1981

Established

GHANDHARA AUTOMOBILES LIMITED

1981

Local assembly of Nissan heavy trucks

NISSAN

Import and distribution of Nissan CBUs

1992

PSX PAKISTAN STOCK EXCHANGE LIMITED

Listed on Pakistan Stock

2013

Local assembly of Dongfeng trucks through its subsidiary Ghandhara DF Pvt Ltd

2018

Local assembly of JAC commercial vehicles

2022

Local production of Chery Tiggo 4 Pro and Chery Tiggo 8

Apr'23

SECP

Renamed from Ghandhara Nissan Limited (GHNL) to Ghandhara Automobiles Limited (GAL).

Jan'25

Cherry's partnership with GAL concludes in Jan'25

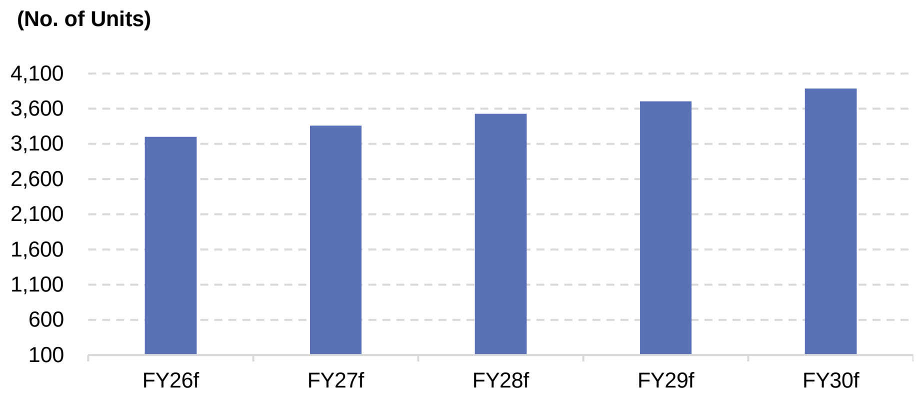
Jan'25

Official launch of JAC T9 Hunter

JAC T9 Hunter to unlock valuation

In Jan'25, Ghandhara Automobiles Limited (GAL) made a bold entry into the premium pick-up segment with the launch of the JAC T9 Hunter, competitively priced at PKR 10.5mn. The Hunter directly challenges the established segment leader, Toyota Hilux, while also competing with models like GHNI's Isuzu D-Max. It sets itself apart by offering powerful performance, advanced safety features, and premium specifications, all without the premium price tag.

Exhibit: Expected JAC T9 Hunter volumes



Source (s): Company financials, AHL Research

Pakistan's premium pick-up segment, which recorded robust sales of approximately 11,000 units in FY08, contracted sharply to around 4,000 units in FY24, reflecting a 26% YoY decline. However, demand began to recover in FY25, with sales rebounding to an estimated 5,500 units.

This positive momentum was also reflected in the strong customer response to the Hunter's launch, which prompted GAL to temporarily suspend bookings to effectively manage demand. We estimate deliveries of ~1,000 units to customers in FY25, translating into an EPS contribution of PKR 19.6/share. In FY26, volumes are projected to scale up to ~3,200 units (averaging 267 units per month), driving an estimated EPS contribution of PKR 46.6/share.

Beyond FY26, we expect moderate annual growth of around 5%, as competition in the pick-up segment intensifies with the entry of new models such as BYD's Shark and Sazgar's Canon Alpha.

Exhibit: JAC T9 sales sensitivity

No. of Units	Contribution In FY26f EPS
2,600	40.57
2,800	42.61
3,000	44.62
3,200	**46.60**
3,400	48.57
3,600	50.51

Source (s): AHL Research

Exhibit: Pickup vehicles comparision

Variant	JAC T9 Hunter	Toyota Revo GR-S	Isuzu D-Maz
			
Price	PKR 10,500,000	PKR 15,839,000	PKR 13,390,000
Dimensions			
Overall Length (mm)	5330	5325	5265
Overall Width (mm)	1965	1855	1870
Overall Height (mm)	1920	1815	1785
Seating capacity	5 persons	5 persons	5 persons
Engine/ Motor			
Displacement	1999 cc	2755 cc	2999 cc
Fuel Type	Diesel	Diesel	Diesel
Horsepower	168 HP @ 3600 RPM	201 HP @ 3400 RPM	187 HP @ 3600 RPM
Drive Train	4x4	4x4	4x4
Max Speed	150 KM/H	200 KM/H	180 KM/H
No. of Cylinders	4	4	4
Transmission			
Transmission	Automatic	Manual	Manual
Gearbox	8 - speed	6 - speed	6 - speed
Wheels & Tyres			
Wheel Type	Alloy Wheels	Alloy Wheels	Alloy Wheels
Fuel Economy			
Mileage	10 - 12 KM/L	8 - 11 KM/L	9 - 11 KM/L
Fuel Tank Capacity	76 L	80 L	76 L
Safety			
No. of Airbags	7	3	7

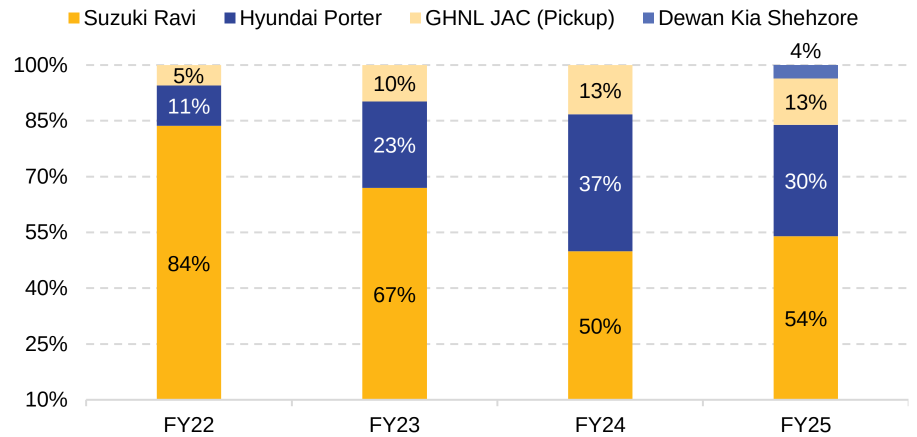
Source: AHL Research, Pak wheels

Commercial trucks' demand gears up

JAC X-200: Making strides in the light commercial vehicle market

The JAC X-200 has emerged as a key growth driver for GAL's light commercial vehicle (LCV) portfolio, with volumes rising 75% YoY in FY25. While priced slightly above competitors like the Hyundai Porter and Suzuki Ravi, the X-200 justifies its premium with a 1.2-ton payload capacity, 92 HP engine, electric power steering, fuel efficiency of approximately 11 km/ltr, and advanced safety features. Demonstrating strong resilience, it achieved a CAGR of 26.6% between FY20 and FY25. Widely utilized for intra-city transport of consumer goods, the X-200 continues to benefit from improving industrial activity, stable consumer spending, and the rapid growth of e-commerce and logistics networks. Given these supportive factors, we forecast a further 25% increase in volumes in FY26, cementing its role as a cornerstone of GAL's commercial vehicle business.

Exhibit: Market share of LCVs over the years



Source (s): PAMA, AHL Research

JAC and Dongfeng Trucks: Resilient players poised to grow

GAL's presence in Pakistan's commercial vehicle market extends beyond its core LCV segment, with both its medium and heavy-duty truck offerings showing remarkable momentum. In the medium truck category, JAC models such as the 1020K and 1042K, though contributing a smaller portion of sales, have proven to be a high-growth niche, delivering a stellar 7-year CAGR of 41%.

Meanwhile, in the heavy-duty arena, Dongfeng trucks, assembled locally through GAL's subsidiary, Ghandhara DF, have held their ground in the market. According to our channel checks, sales volumes of Dongfeng improved significantly to 600 units in FY25 underscoring their resilience. With economic conditions expected to improve and landmark projects like Reko Diq on the horizon, the stage is set for a significant uplift in demand. We anticipate Dongfeng sales to rise to 650 units in FY26 and accelerate to 670 units in FY27, while JAC truck volumes are projected to climb 15% annually over the same period, reaching 260 units and 310 units, respectively.

Reko Diq mining project to lift truck sales

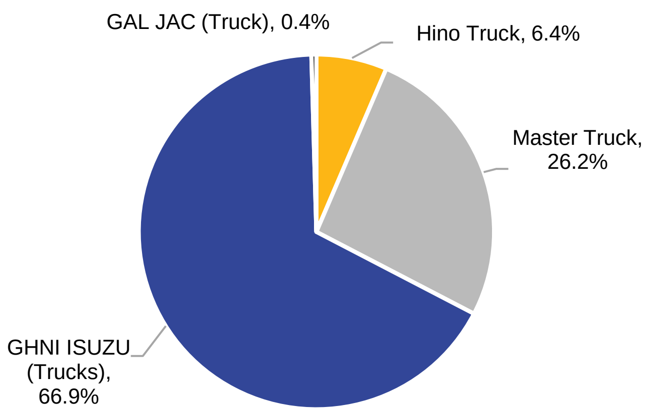
The Reko Diq copper-gold project, jointly developed by Barrick Gold and Pakistan, is among the world's largest untapped mineral deposits. Phase 1 is slated for 2028, with Phase 2 by 2034 doubling capacity to 90 Mtpa. Over 37 years, output is projected at 13.1 mn tonnes of copper and 17.9 mn ounces of gold. Its scale will drive sustained demand for heavy-duty trucks, specialized haulage, and fuel-efficient carriers, offering GAL and GHNI growth prospects via vehicle sales, maintenance contracts, spare parts, and logistics partnerships.

Strong earnings support from GHNI

Ghandhara Automobiles Limited (GAL) holds a 17.91% equity stake in its associate, Ghandhara Industries Limited (GHNI), a market leader in Pakistan's commercial vehicle segment. GHNI boasts a robust and diversified Isuzu truck portfolio, N-Series (light-duty), F-Series (medium-duty), and C-Series (heavy-duty), commanding a dominant 67% market share in FY25. In the same year, Isuzu truck volumes surged 2.3x YoY to 2,891 units. Priced more competitively than HINO, GHNI's product positioning has steadily eroded HINO's market share in recent years.

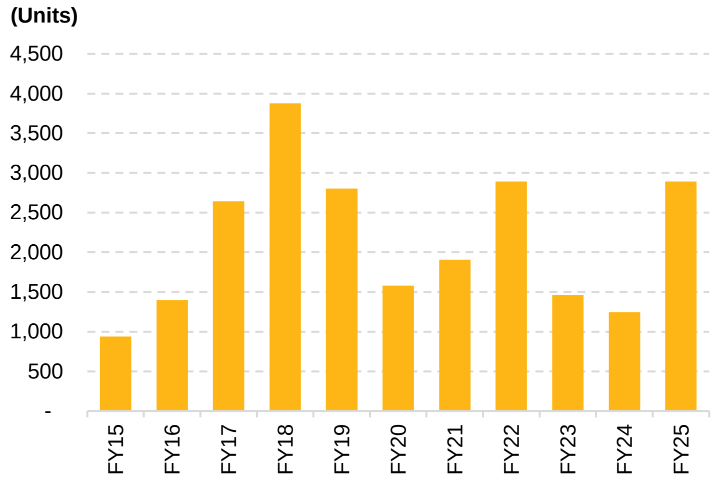
In addition to its truck dominance, GHNI stands as Pakistan's leading bus manufacturer with a 27% market share in FY25, as bus volumes climbed 2.4x YoY to 216 units. Looking ahead, we project a 15% growth in Isuzu truck sales and 10% growth in buses, translating into a PKR 11.2/share contribution to GAL's earnings.

Exhibit: GHNI's market share in truck segment



Source (s): PAMA, AHL Research

Exhibit: Historical trend of ISUZU's truck sales



Source (s): PAMA, AHL Research

Accelerating profitability and unlocking value

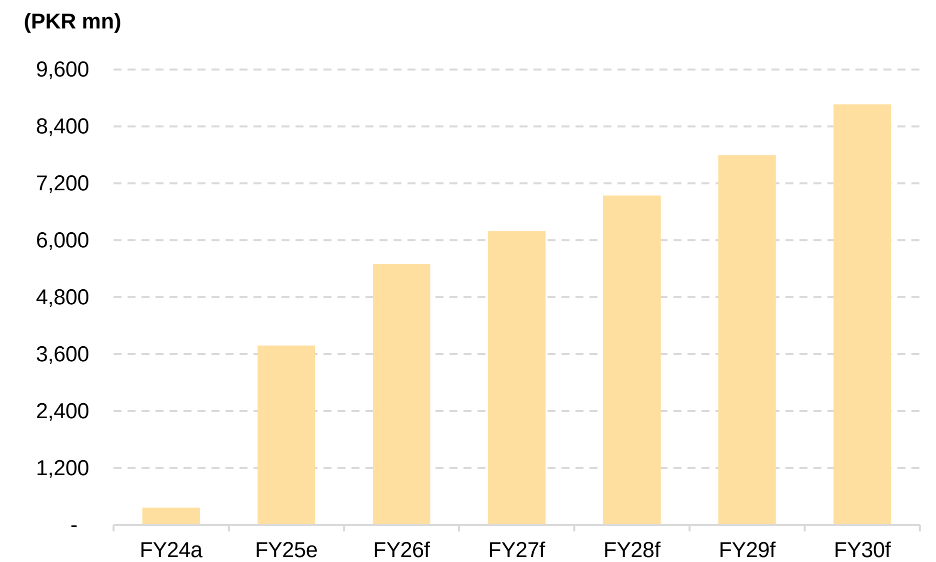
With growth drivers mentioned earlier, such as a jump in commercial vehicle demand, the launch of the premium JAC-T9 Hunter, and continued earnings contribution from GHNI, GAL's profitability is poised for a significant uplift. We forecast earnings of PKR 66.4/share in FY25e, rising sharply to PKR 96.55/share in FY26f, translating into earnings growth of 10.4x in FY25e and 45% in FY26f, as the full impact of the JAC-T9 Hunter materializes alongside sustained strength in the commercial segment. Despite this robust outlook, GAL is trading at a forward FY26 P/E of just 5.7x, a substantial discount to both its 5-year historical average of ~11.4x and the broader auto sector average of ~8.7x. Along with these results, we expect the company to commence profit distribution, with dividends of PKR 5/share in FY25e and PKR 7/share in FY26f. We believe these catalysts set the stage for a re-rating, driven by strong earnings growth, dividend initiation, and valuation multiple expansion, making GAL a compelling BUY at current levels.

Exhibit: Key financials

PKR mn	FY24a	FY25e	FY26f	FY27f	FY28f	FY29f	FY30f
Sales	9,413	26,975	42,963	46,968	51,184	55,892	61,152
Gross Profit	1,134	5,456	8,764	9,675	10,646	11,743	13,148
Gross Margins	12.0%	20.2%	20.4%	20.6%	20.8%	21.0%	21.5%
PAT	365	3,784	5,504	6,198	6,946	7,794	8,863
EPS (PKR)	6.83	66.39	96.55	108.73	121.86	136.73	155.49
DPS (PKR)	-	5.0	7.0	9.0	11.0	14.0	17.0

Source (s): Company financials, AHL Research

Exhibit: Trend of profitability



Source (s): Company financials, AHL Research

Key risk (s)

- Rising competition in the premium pickup segment may impact GAL's volumes and pricing flexibility.
- Government policies promoting electric vehicles could shift consumer and industry focus away from conventional pickups over time.
- Any resurgence in inflation may dampen consumer purchasing power, potentially shifting demand from pickups to smaller, more affordable vehicles.
- Volatility in macroeconomic conditions and currency depreciation can pressure gross margins due to the high reliance on imported components.

Key financial highlights

Exhibit: Key financial highlights

PKR mn	FY26f	FY27f	FY28f	FY29f	FY30f
Income Statement Items (PKR mn)					
Revenue	42,963	46,968	51,184	55,892	61,152
Cost of Sales	34,199	37,292	40,538	44,149	48,004
Gross Profit	8,764	9,675	10,646	11,743	13,148
Distribution Cost	466	510	556	607	664
Administrative Expenses	648	709	772	843	923
Other Expenses	430	470	512	559	612
Other Income	936	1,030	1,132	1,246	1,370
Finance Cost	181	183	185	186	187
PBT	9,022	10,160	11,387	12,777	14,530
PAT	5,504	6,198	6,946	7,794	8,863
Balance Sheet Items (PKR mn)					
Paid-up Capital	570	570	570	570	570
Total Equity	19,394	25,078	31,397	38,393	46,287
Current Liabilities	18,347	19,364	20,568	20,554	20,508
Non-Current Liabilities	1,338	1,408	1,488	1,581	1,688
Current Assets	27,621	32,753	38,413	43,212	48,364
Non-Current Assets	11,458	13,097	15,041	17,316	20,120
Total Assets	39,080	45,850	53,454	60,528	68,484

	Unit	FY26f	FY27f	FY28f	FY29f	FY30f
Per Share						
Earnings	PKR	96.6	108.7	121.9	136.7	155.5
DPS	PKR	7.0	9.0	11.0	14.0	17.0
Book Value	PKR	340.2	440.0	550.8	673.5	812.0
Valuation						
P/E	x	5.7	5.0	4.5	4.0	3.5
Dividend Yield	%	1.3	1.6	2.0	2.6	3.1
P/B	x	1.6	1.2	1.0	0.8	0.7
Payout Ratio	%	7.0	8.0	9.0	10.0	11.0
RoE	%	32.7	27.9	24.6	22.3	20.9
RoA	%	15.0	14.6	14.0	13.7	13.7
Turnover & Activity						
Asset Turnover	x	1.2	1.1	1.0	1.0	0.9
Current Ratio	x	1.5	1.7	1.9	2.1	2.4
Margins						
Gross Margin	%	20.4	20.6	20.8	21.0	21.5
EBITDA Margin	%	20.0	20.2	20.4	20.7	21.1
Net Profit Margin	%	12.8	13.2	13.6	13.9	14.5

Source (s): Company financials, AHL Research

Disclaimer

Analyst Certification: The research analyst(s) is (are) principally responsible for preparation of this report. The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject security (ies) or sector (or economy), and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. In addition, we currently do not have any interest (financial or otherwise) in the subject security (ies). Furthermore, compensation of the Analyst(s) is not determined nor based on any other service(s) that AHL is offering. Analyst(s) are not subject to the supervision or control of any employee of AHL's non-research departments, and no personal engaged in providing non-research services have any influence or control over the compensatory evaluation of the Analyst(s).

Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as Jun'26 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Rating	Description
BUY	Upside of subject security(ies) is more than +15% from last closing of market price(s)
HOLD	Upside of subject security(ies) is between 0% and +15% from last closing of market price(s)
SELL	Upside of subject security(ies) is less than 0% from last closing of market price(s)

* Upside for Power Generation Companies is upside plus dividend yield.

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- **Discounted Cash Flow (DCF)**
- **Dividend Discounted Model (DDM)**
- **Sum of the Parts (SoTP)**
- **Justified Price to Book (JPTB)**
- **Reserved Base Valuation (RBV)**

Risks

The following risks may potentially impact our valuations of subject security (ies);

- **Market risk**
- **Interest Rate Risk**
- **Exchange Rate (Currency) Risk**

This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.