



## GTJR: FY25 and 1QFY26 Analyst Briefing Takeaways



AKD Securities Limited

**Ghandhara Tyre & Rubber Company Ltd. (GTJR) held its analyst briefing today to discuss FY25 and 1QFY26 results and its future outlook. Following are the key high-lights:**

- To recall, company posted a topline of PkR17.8bn in FY25, compared to PkR20.5bn in the SPLY, down 13%YoY. The decline was mainly attributable to lower farm tyre sales, driven by weakening farm economics.
- Company reported a loss of PkR970mn (LPS: PkR3.00) for the year, compared to a profit of PkR241mn (EPS: PkR1.88) in FY24, primarily due to gross margin attrition.
- Notably, the gross margin declined to 13% in FY25 from 16% in SPLY, mainly due to an increase in cost and freight prices of certain raw materials, revision in gas prices and higher wage costs.
- Finance cost for the year clocked in at PkR1.4bn in FY25, compared to PkR1.7bn in FY24, primarily due to lower financing rates.
- Earnings for 1QFY26 clocked in at PkR29mn compared to PkR21mn in SPLY, an increase of 38%YoY, driven by lower finance cost.
- Moreover, the government has announced various measures, such as the Kissan Card for subsidized loans, which should improve farmers liquidity and ultimately support the purchases of agricultural inputs, including tyres.
- Management informed that it remains committed to introducing new sizes and design for both the OEM and replacement market segment. Additionally, the management highlighted that revenue growth is expected in the upcoming quarters, supported by better crop yields following the recent floods.
- Going forward, management expects gross margin in FY26 to grow marginally from current level.
- Moving forward, management expects demand to improve due to declining auto financing rates.
- The scrip is not in our formal coverage.

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39.0

Price (PkR/sh)



121.9

Shares (mn)



4,760.3

Market  
Capitalization  
(PkRmn)



16.9

Market  
Capitalization  
(USDmn)



0.40

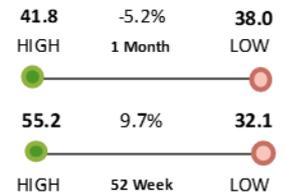
3M Avg  
Turnover (mn)



17.1

3M Avg DT  
Value(PkRmn)

### Price Performance



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To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

### New Rating Definitions

Buy > 15% expected total return

Neutral > 0% to < 15% expected total return

Sell < 0% expected total return

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