

Sector**AUTOMOBILE
ASSEMBLER****Chase Research**

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Symbol: **GHNI**

Current Price: **PKR 155.34**

Market Cap (PKR bn): **6.62**

Total Shares (mn): **42.61**

Free Float (mn): **12.78**

52 Week Low: **PKR 68.77**

52 Week High: **PKR 155.34**

Ghandhara Industries Limited (GHNI)

In 1QFY24, Ghandhara Industries Limited reported a net profitability of PKR 61.59 million (EPS: PKR 1.45), indicating a 23% YoY decline from PKR 79.94 million (EPS: PKR 1.88) in the corresponding period of the previous year.

The company's top line dropped by 40% YoY, reaching PKR 2.52 billion, with a gross profit decline of 16%, amounting to PKR 442.37 million. Cost of sales also declined by 43% YoY to PKR 2.08 billion in 1QFY24 compared to PKR 3.64 billion in SPLY.

The distribution cost decreased by 17% YoY to PKR 157.26 million in 1QFY24 from PKR 188.71 million in SPLY, while administration expenses increased by 13% YoY to PKR 96.24 million during the same period.

The finance cost of the company decreased by 21% YoY to PKR 132.11 million in 1QFY24, compared to PKR 168.34 million in SPLY, due to higher interest rates.

In FY23, the management reported that the truck and bus market contracted by 41% YoY due to adverse macroeconomic conditions in the country. As a result, the net sales of the Company decreased to PKR 14.54 billion in FY23 compared to PKR 24.27 billion in SPLY.

In FY23, the profitability of GHNI decreased by 75% YoY to PKR 179.42 million as compared to PKR 728.5 million in SPLY. The finance cost of the Company also increased by 70% YoY to PKR 769.29 million during the same period.

The market share in trucks & buses was reported as: Hino (22%), ISUZU (42%), Master (32%), and JAC (4%) in FY23.

The segment-wise sales of the Company were reported as trucks (1,463 units), buses (137), and D-Max (194) in FY23. The total units sold were 1,794 in FY23.

The Company plans to launch no new model in the upcoming year and aims to go green until 2030. Ghandhara Industries experienced no significant decline in institutional sales in FY23, constituting 40% of the total sales of the Company. The other major revenue stream is from corporate and fleet customers.

The contribution of different series to sales revenue was reported as: N series (56%), F Series (21%), C Series (4%), D-Max (11%), and buses (7%).

The management shared that axle load implementation is likely to meet industry demand and can bring positive results if there are no import restrictions. Moreover, a more favorable and level-playing field can create increased demand for trucks in the country. Most of the trucks of GHNI are used for cargo purposes, as mentioned by the management.

Furthermore, the management aims to meet customer needs and initiate new projects. Moreover, the Company is working on inventory management to reduce the burden on working capital along with better utilization of resources.

Financial Highlights			
PKR million	1QFY24	1QFY23	YoY Change
Sales - net	2,519	4,174	-40%
Cost of Sales	2,077	3,645	-43%
Gross profit	442	529	-16%
Distribution Costs	157	189	-17%
Administrative Expenses	96	86	13%
Operating Profit	255	295	-14%
Other Expenses	8	9	-14%
Other Income	74	50	49%
Finance Cost	132	166	-21%
Profit Before Taxation	123	127	-3%
Taxation	61	47	31%
Profit After Taxation	62	80	-23%
Earnings per share (Rs.)	1.45	1.88	-
*Source: Ghandhara Industries Limited, PSX			

Important Disclosures

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