

## Gul Ahmed Textile Mills Limited (GATM) – 3QFY26

Thursday, April 30, 2026

Gul Ahmed Textile Mills reported a loss after tax of PKR 203mn (LPS: PKR 0.27) in 3QFY26, narrowing from a loss of PKR 374mn (LPS: PKR 0.51) in 2QFY26 but a sharp reversal from a PAT of PKR 1,125mn (EPS: PKR 1.52) in 3QFY25. The results reflect a company in structural stress — revenue erosion, near-breakeven gross margins, and a debt servicing burden that continues to overwhelm operating cash generation.

**Revenue decline — secular, not cyclical:** Net sales of PKR 29,695mn were broadly flat q/q (+1%) but declined 21% y/y from PKR 37,456mn. The y/y contraction of ~PKR 7.8bn points to a combination of volume softness, pricing pressure in export markets, and potential loss of market share. Flat q/q revenue against a backdrop of two consecutive loss-making quarters signals that the top-line has stabilised at a depressed level — not recovered.

**Gross margin — fragile but improving:** Gross profit of PKR 2,102mn rose 44% q/q from a weak PKR 1,462mn but collapsed 59% y/y from PKR 5,069mn.

**Financial charges — the critical earnings killer:** Finance costs of PKR 957mn declined 11% q/q and 31% y/y, benefiting from SBP's rate cut cycle. Despite this relief, finance charges at PKR 957mn consume 162% of operating income.

**Other income provides marginal relief:** Other income of PKR 560mn rose 20% q/q and 379% y/y from a near-zero base of PKR 117mn.

**Levies/ Taxation:** Taxation of PKR 309mn on a PBT of PKR 106mn indicates the minimum turnover tax applicability as well as other energy cost levies, pushing an overall loss for the company.

Financials (PKR 'Mn)	3QFY26	2QFY26	QoQ	3QFY25	YoY
Net sales	29,695	29,403	1%	37,456	-21%
Cost of sales	(27,593)	(27,940)	-1%	(32,387)	-15%
<b>Gross profit</b>	<b>2,102</b>	<b>1,462</b>	<b>44%</b>	<b>5,069</b>	<b>-59%</b>
Selling/distribution expenses	(665)	(653)	2%	(807)	-18%
Administrative expenses	(848)	(937)	-9%	(1,097)	-23%
Operating profit	589	(128)	-560%	3,165	-81%
Financial charges	(957)	(1,078)	-11%	(1,380)	-31%
Other income	560	466	20%	117	379%
Other charges	(85)	49	-273%	(74)	15%
<b>Profit before tax</b>	<b>106</b>	<b>(691)</b>	<b>-115%</b>	<b>1,829</b>	<b>-94%</b>
Taxation	(309)	317	-197%	(703)	-56%
<b>Profit after tax</b>	<b>(203)</b>	<b>(374)</b>	<b>-46%</b>	<b>1,125</b>	<b>-118%</b>
<b>EPS</b>	<b>(0.27)</b>	<b>(0.51)</b>		<b>1.52</b>	

Source: Company Financials, HMFS Research

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