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INDU: 1QFY27 EPS clocks in at PKR 93.95, up 10% YoY, DPS PKR 56

Indus Motor Company Limited

PSX: INDU | Bloomberg: INDU PA | Reuters: INDM.PSX

- INDU announced its 1QFY27 result today, where the company reported an EPS of PKR 93.95, up 10% YoY. Alongside the result, the company announced an interim cash dividend of PKR 56/share.
- Net sales rose 20% YoY to PKR 74.0bn, with growth driven by a 34% YoY jump in CKD/CBU volumes to 13,380 units. Revenue growth trailed volume growth as the sales mix shifted towards the lower-priced Corolla and Yaris, which collectively accounted for 82% of total volumes, while the premium Fortuner and IMV contributed 17%. This reflects volume-led growth, with the shift in product mix limiting average revenue per unit.
- Gross profit grew 7% YoY to PKR 11.3bn, trailing the 20% increase in net sales, as gross margin contracted 180bps YoY to 15.3% (1QFY26: 17.1%). Cost of sales rose 22% YoY, reflecting input-cost pressures and limited pricing flexibility, which weighed on margins and constrained gross profit growth.
- Operating expenses remained well contained, with distribution and administrative costs rising just 4% and 5% YoY respectively and staying broadly stable as a share of sales. Together with WPPF & WWF of PKR 763mn, this lifted operating profit 8% YoY to PKR 9.6bn, holding the operating margin close to 13.0% despite the gross-margin pressure.
- Other income rose 11% YoY to PKR 3.2bn, contributing 27% of PBT, but declined 34% QoQ from an elevated base of PKR 4.8bn in 4QFY26, alongside a reduction in the short-term investment portfolio to PKR 87.6bn from PKR 103.0bn. Meanwhile, finance cost jumped over 4x YoY to PKR 204mn, primarily reflecting the unwinding of the discounted SIDC liability and interest on the residual long-term loan.
- The balance sheet hints at some moderation in demand, with customer advances down 65% QoQ to PKR 10.5bn (Jun'26: PKR 30.3bn) while inventory rose 17% QoQ to PKR 42.9bn, a thinner booking pipeline against higher stock. With volumes still up 34% YoY and production up 39%, this likely reflects the fulfilment of previously booked orders as much as any genuine softening.
- We maintain our 'BUY' recommendation based on our Jun'27 target price (TP) of PKR 2,894/share, an upside of 61% along with a dividend yield of 11%.

Key Data

PSX Ticker	INDU
Target Price (PKR)	2,894
Current Price (PKR)	1,800
Upside/(Downside) (%)	61%
Dividend Yield (%)	11%
Total Return (%)	72%
12-month High (PKR)	2,250
12-month Low (PKR)	1,695
Outstanding Shares (mn)	78.6
Market Cap (PKR mn)	141,480

Source: PSX, Akseer Research

Financial (PKR mn)	1QFY26	1QFY27	YoY
Sales	61,738	74,015	20%
Cost of goods sold	51,197	62,702	22%
Gross profit	10,541	11,313	7%
Distribution expenses	697	723	4%
Administrative expenses	855	898	5%
Other operating expenses	81	108	32%
Operating Profit	8,908	9,584	8%
WPPF & WWF	688	763	11%
Other Income	2,900	3,221	11%
Finance Cost	50	204	310%
Profit before tax	11,071	11,838	7%
Taxation	4,352	4,453	2%
Profit after tax	6,719	7,384	10%
EPS	85	94	10%
DPS	51	56	

Source: Company Accounts, Akseer Research

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To arrive at our 12-months Price Target, the JV uses different valuation methods which include: 1). DCF methodology, 2). Relative valuation methodology, and 3). Asset-based valuation methodology.

Ratings Criteria

JV employs a three-tier ratings system to rate a stock, as mentioned below, which is based upon the level of expected return for a specific stock. The rating is based on the following with time horizon of 12-months.

Rating	Expected Total Return
Buy	Greater than or equal to +15%
Hold	Between -5% and +15%
Sell	Less than or equal to -5%

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

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