Result Review | Pakistan Research

Laiba Arshad Ali
laiba.arshad@akseerresearch.com

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31 August 2026

INDU: FY26 EPS clocks in at PKR 324.5, up 11% YoY

Indus Motor Company Limited

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

- INDU announced its FY26 results today, reporting an EPS of PKR 77.7 in 4QFY26, down 5% YoY, taking FY26 EPS to PKR 324.5, up 11% YoY. Alongside the result, the company announced a final cash dividend of PKR 47/share, taking FY26 payout to PKR 195/share.
- Net sales rose 20% YoY to PKR 258.8bn, though 4QFY26 revenue fell 4% YoY to PKR 66.8bn. Growth was volume-led, with sales up 33% YoY to 45,035 units, while ASP fell 10% YoY to PKR 5.75mn/unit on a mix shift towards the Corolla and Yaris.
- Gross profit grew 16% YoY to PKR 36.3bn, with the margin easing to 14.0% (SPLY: 14.5%). The 4QFY26 margin declined to 10.3% versus 15.3% during 9MFY26, indicating discounting and an adverse variant mix.
- Distribution expenses fell 53% YoY to PKR 1.05bn, below the PKR 1.68bn booked in 9MFY26, implying a PKR 625mn credit in 4QFY26. Warranty obligations also fell 35% YoY to PKR 3.08bn, though the benefit from the fourth quarter reversal is unlikely to be sustained into FY27.
- Other income rose 6% YoY to PKR 15.9bn, at 37% of PBT, supported by an unrealized IFRS re-measurement gain on the newly recognized PKR 4.8bn SIDC liability. Underlying investment income was weaker, with the short-term investment book shrinking to PKR 103.0bn from PKR 116.9bn.
- Operating cash flow swung to a negative PKR 2.4bn (FY25: positive PKR 41.2bn), as inventory days increased to 60 from 43, with inventory up 69% YoY to PKR 36.8bn. The cash flow was further pressured by a 20% YoY decline in payables and higher tax payments of PKR 20.7bn (FY25: PKR 13.7bn). Customer advances declined 9% YoY to PKR 31.0bn, thinning the forward order cushion.
- Net cash eased to PKR 111.8bn (74% of market cap) as the PKR 15.6bn dividend was funded through investment liquidation. FY26 payout rose 11% YoY to PKR 195/share, though the final dividend was cut to PKR 47 (FY25: PKR 50).
- We maintain our 'BUY' recommendation based on our Jun'27 target price (TP) of PKR 3,024/share, an upside of 56% along with a dividend yield of 10%. The stock trades at a FY26 P/E of 6.0x and PBV of 1.7x.

Key Data	
PSX Ticker	INDU
Target Price (PKR)	3,024
Current Price (PKR)	1,939
Upside/(Downside) (%)	56%
Dividend Yield (%)	10%
Total Return (%)	66%
12-month High (PKR)	2,430
12-month Low (PKR)	1,695
Outstanding Shares (mn)	78.6
Market Cap (PKR mn)	152,405

Source: PSX, Akseer Research

Financial (PKR mn)	4QFY25	4QFY26	YoY	FY25	FY26	YoY
Sales	69,605	66,777	-4%	215,137	258,755	20%
Cost of goods sold	60,369	59,883	-1%	183,941	222,459	21%
Gross profit	**9,236**	**6,893**	**-25%**	**31,196**	**36,296**	**16%**
Distribution expenses	796	(625)	nm	2,264	1,054	-53%
Administrative expenses	1,279	1,425	11%	3,601	4,303	19%
Operating Profit	**7,161**	**6,093**	**-15%**	**25,331**	**30,939**	**22%**
Other Income	3,975	4,846	22%	14,949	15,873	6%
Financial charges	91	186	105%	264	370	40%
Other Charges	602	1,062	76%	2,346	3,616	54%
Profit before tax	**10,443**	**9,691**	**-7%**	**37,671**	**42,825**	**14%**
Taxation	3,986	3,584	-10%	14,661	17,319	18%
Profit after tax	**6,457**	**6,107**	**-5%**	**23,010**	**25,506**	**11%**
EPS	82	77.7	-5%	293	324.5	11%
DPS	50	47		176	195	

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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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Contact Details

Akseer Research (Pvt) Limited
1st Floor, Shaheen Chambers, KCHS block 7 & 8,
off. Shahrah-e-Faisal
T: +92-21-34320359 -60
E: info@akseerresearch.com

Alpha Capital (Pvt) Limited
3rd Floor, Shaheen Chambers, A-4 Central Commercial Area,
KCH Society, Block 7 & 8, Near Virtual University, Karachi
T: +92-21-38694242
E: info@alphacapital.com.pk

www.jamapunji.pk