JS Research Beep

Pakistan Auto Sector

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JS Global Capital Limited

INDU: FY26 Corporate analyst briefing takeaways

Indus Motors Ltd (INDU) conducted its corporate briefing today to discuss FY26/1QFY27 results and outlook. To recall, the company reported EPS of Rs93.95, up 10% YoY, largely owing to a 20% YoY increase in net sales on back of a 34% YoY rise in volumes. The company also announced a payout Rs56/sh alongside the results.

We maintain a Buy call on the stock with a TP of Rs2,820. Additionally, the stock offers an FY27F dividend yield of 11%.

- Management apprised that the company's long-term strategy will depend on clarity on the auto policy. Management shared that finalization could take another 2–3 months, with IMF nod and cabinet and parliamentary approvals still pending. However, the timeline could extend as far as Jun-2027.
- INDU expects auto sales to decline in FY27, largely due to uncertainty surrounding the auto policy.
- Localization remains a key focus as the draft policy also proposes a delta of around 20% on imported vs localized parts.
- Management attributed the QoQ fluctuations in gross margins (15% in 1QFY27 vs 10% in 4QFY26) primarily to changes in sales volumes, sales mix and localization levels.
- Company sees significant growth opportunities in the A and B car segments, driven by the expanding middle class.
- Based on PAMA volumes, Fortuner and Hilux each account for 50% of combined sales in their respective segments, while Yaris and Corolla account for 60% and 40%, respectively, of sedan sales.

Bloomberg Code: INDU PA
Target Price: Rs2,820
Market Price: Rs1,824.29
Market Cap: Rs141bn, US$508mn
1-yr ADTO: 0.02mn shrs, Rs49mn, US$0.2mn
1-yr High / Low: Rs2,219.01 / 1,713.10
Estimated free float: 14mn shares (18%)

INDU: Key Statistics

(Rs mn)	FY25	FY26	FY27F
Sales	**215,137**	**258,755**	**266,195**
YoY Growth	41%	20%	3%
Gross Margin	15%	14%	14%
PAT	**23,010**	**25,506**	**27,391**
YoY Growth	53%	11%	7%
EPS (Rs)	292.74	324.50	348.49
DPS (Rs)	176.00	195.00	208.00
P/E (x)	6.53	6.35	5.23
D/Y	9%	9%	11%

Source: Company accounts, JS Research
FY25 & FY26 Multiples calculated on average prices

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