Autos: October volumes improve; Auto Policy nears approval

- We expect the three major auto players, including Indus Motor Company Ltd (INDU), Honda Atlas Cars Ltd (HCAR), and Pak Suzuki Ltd, to post a 53% YoY increase in sales to 22.1k units in Oct-2026, largely driven by a sharp increase in Pak Suzuki sales. Meanwhile, HCAR and INDU are expected to post a 19% and 10% YoY drop in volumes, respectively.
- On a MoM basis, total volumes are expected to see a sharp 2x rise, largely owing to the 2.3x YoY increase in Pak Suzuki volumes, while INDU and HCAR are likely to record flat MoM sales, respectively. Cumulatively, 4MFY27 auto volumes are expected to rise 33% YoY to 65.4k units.
- The government has approved the final draft of AIDEP 2026–31, reportedly cleared by the IMF, which will now be submitted to the Federal Cabinet for approval. Broadly in line with the draft approved by the PM in Oct-2026, the policy focuses on promoting EVs through duty concessions and EV infrastructure development, levying a development charge on ICE vehicles, gradually reducing CBU and CKD tariffs to lower vehicle prices, and achieving US$6bn in exports over the policy period.

Autos: Pak Suzuki to propel volume growth in Oct-2026

We expect the three major auto players, including Indus Motor Company Ltd (INDU), Honda Atlas Cars Ltd (HCAR), and Pak Suzuki Ltd, to post a 53% YoY increase in sales to 22.1k units in Oct-2026, largely driven by a sharp increase in Pak Suzuki sales (+116% YoY). Meanwhile, HCAR and INDU are expected to post a 19% and 10% YoY drop in volumes, respectively.

On a MoM basis, total volumes are expected to see a sharp 2x rise, largely owing to the 2.3x YoY increase in Pak Suzuki volumes, while INDU and HCAR are likely to record flat MoM sales, respectively. Cumulatively, 4MFY27 auto volumes are expected to rise 33% YoY to 65.4k units.

Auto Sales: Oct-2026E

(Units)	Sept-26	Oct-26E	YoYΔ	MoMΔ	4MFY26	4MFY27E	YoYΔ
PSMC	4,802	16,000	116%	233%	27,234	38,555	42%
HCAR	2,128	2,101	-19%	-1%	7,487	9,469	26%
INDU	4,142	4,074	-10%	-2%	14,418	17,334	20%
Top three OEMs	**11,072**	**22,175**	**53%**	**100%**	**49,139**	**65,358**	**33%**

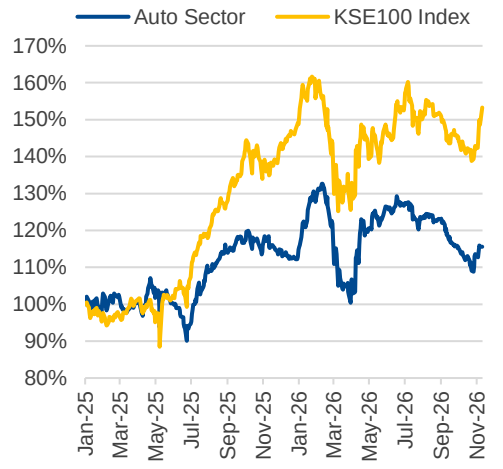
Source: PAMA, JS Research

INDU: Volumes to drop 10%/ 2% YoY/ MoM

INDU's volumes are projected to drop 10% YoY in Oct-2026 to ~4.1k units, largely driven by a 65% YoY drop in Corolla sales to 356 units, amid the transition to the facelift variant during the month, Yaris on the other hand is expected to record another bumper month, selling 3k+ units. Fortuner sales to clock in at 222 units vs. 143 units in Oct-2025, supported by promotional offers on its petrol variants. Meanwhile, Corolla Cross sales are likely to remain low, clocking just 138 units, amid the price hike in its HEV variants, weighing on sales. Hilux volumes are likely to continue their declining YoY trend, falling 45% YoY in Oct-2026 amid increased competition in the pickup truck segment.

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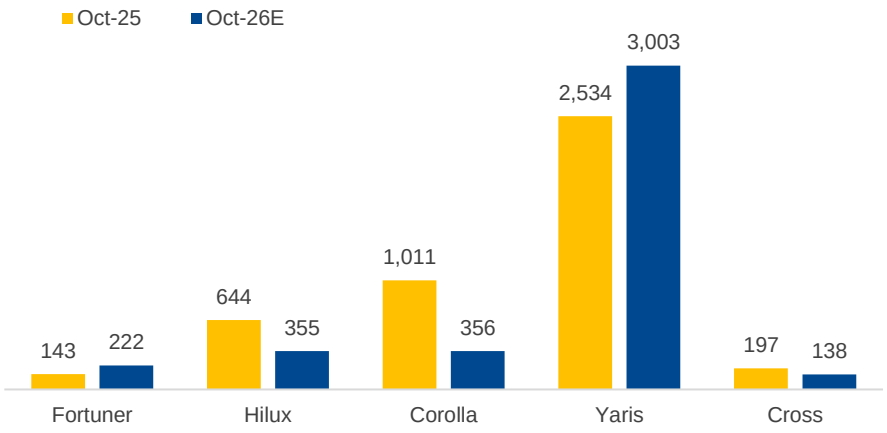
Sector performance relative to KSE100



Source: PSX, JS Research

On a MoM basis, we expect a moderate 2% decrease in volumes, largely driven by the 69% drop in Toyota Corolla sales, amid the transition to the facelift variant during the month.

INDU: Car-wise break-up (Units)



Source: PAMA, JS Research

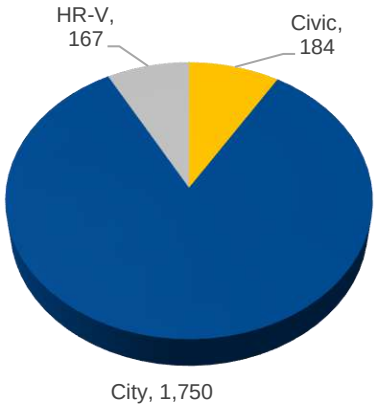
HCAR: SUVs to lead drop in volumes

HCAR's volumes are projected to decline 19% YoY to 2.1k units in Oct-2026, primarily due to a 54% YoY drop in SUV sales to 167 units vs 360 units in Oct-2025. The decline reflects the increase in HR-V HEV price following the increase in sales tax on hybrids, coupled with the discontinuation of the BR-V. Meanwhile, sedan volumes are also expected to post a 14% YoY decline to 1.9k units.

IMF pushback keeps Auto policy uncertain

The government has approved the final draft of AIDEP 2026–31, reportedly cleared by the IMF, which will now be submitted to the Federal Cabinet for approval. Broadly in line with the draft approved by the PM in Oct-2026, the policy focuses on promoting EVs through duty concessions and EV infrastructure development, levying a development charge on ICE vehicles, gradually reducing CBU and CKD tariffs to lower vehicle prices, and achieving US$6bn in exports over the policy period.

HCAR: Car-wise break-up (Units)



Source: PAMA, JS Research

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