



## INDU: 1QFY26 Result Review - Earnings beat expectation on higher margin



AKD Securities Limited

Indus Motor Company Limited (INDU) announced its 1QFY26 results earlier today where the company posted PAT of PkR6.7bn (EPS: PkR85.5) vs. PkR5.1bn (EPS: PkR64.8) in SPLY, up 32%YoY primarily due to increase in volumetric sales, along with improved margins. The result was above our expectation due to higher-than anticipated gross margins. Additionally, company announced an interim cash dividend of PkR51.0/sh.

- Company's revenue clocked in at PkR61.7bn vs. PkR41.6bn in 1QFY25, up 48% YoY. The surge was primarily driven by a 61%YoY increase in sales volumes, totaling 9,889 units compared to 6,160 units in SPLY, with the rise attributed to the increase in sales of Yaris amid facelift launch and elevated IMV sales.
- Gross margins for the quarter clocked in at 17.1% compared to 13.4% in SPLY. We believe, the said incline in margins is attributable to i) higher sales, ii) 3.4% YoY decline in CRC/HRC prices and iii) appreciation of PkR.
- Operating expenses increased by 24%YoY, largely attributable to higher volumetric sales during the period.
- Other income witnessed a decrease of 35%YoY, clocking in at PkR2.9bn vs PkR4.5bn in SPLY, due to decline in interest rates.
- Company announced an interim cash dividend of PkR51.0/sh, in line with the historical payout ratio of 60%.
- We maintain our 'Buy' stance with Jun'26 target price of PkR3,585/sh for the scrip due to: i) high localization reduces exposure to potential currency devaluation, ii) first mover advantage in the HEV segment, and iii) strong presence in rural areas.

### INDU: Income Statement

PKR (mn)	1QFY26	1QFY25	YoY	4QFY25	QoQ
Sales	61,738	41,603	48%	69,605	-11%
COGS	51,197	36,023	42%	60,369	-15%
Gross Profit	10,541	5,580	89%	9,236	14%
Gross Margins	17.1%	13.4%	-	13.3%	-
Opex	1,552	1,247	24%	2,075	-25%
Other Income	2,900	4,456	-35%	3,975	-27%
Finance cost	50	62	-20%	91	-45%
NPAT	6,719	5,091	32%	6,455	4%
EPS (PkR)	85.5	64.8		82.1	
DPS (PkR)	51.0	39.0	31%	50.0	2%

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## Valuation Methodology

To arrive at our period end target prices, AKDS uses different valuation techniques including:

- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

## New Rating Definitions

Buy > 15% expected total return  
Neutral > 0% to < 15% expected total return  
Sell < 0% expected total return

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