August 31, 2026
REP 019

INDU: 4QFY26 Result Review – Profitability slides as sales drop

AKD Securities Limited

Indus Motor Company Ltd. (INDU) announced its 4QFY26 results earlier today where the company posted NPAT of PkR6.1bn (EPS: PkR77.7) vs. PkR6.5bn (EPS: PkR82.1) in SPLY, down 5%YoY. The result came in below our expectation, primarily due to lower-than-anticipated gross margins. Alongside the result, company announced an final cash dividend of PkR47.0/sh, taking full-year cash payout to PkR195.0/sh.

- Company's revenue declined by 4%YoY to PkR66.8bn from PkR69.6bn in SPLY, primarily due to 4%YoY drop in sales volumes to 11,333 units compared to 11,775 units in SPLY.
- Gross margins contracted to 10.3% from 13.3% in SPLY, likely due to change in accounting treatment, with certain distribution expense reclassified to COGS. Excluding this adjustment, normalized gross margins are estimated at 12.2% during the quarter.
- Operating expenses dropped by 61%YoY to PkR801mn, primarily due to the aforementioned accounting reclassification.
- Other income increased by 22%YoY to PkR4.8bn, attributed to remeasurement gains on SIDC provision following expected settlement agreement.
- On a full-year basis, FY26 profitability increased by 11%YoY to PkR25.5bn (EPS: PkR324.5), mainly driven by 34%YoY increase in volumetric sales.
- We maintain our 'BUY' stance with Dec'26 target price of PkR3,966/sh for the scrip due to i) volume-led growth amid economic recovery, strong brand equity, and an extensive dealership network, ii) higher localization supporting margins, and iii) strong liquidity with favorable working capital management.

INDU: Income Statement

PkR(mn)	4QFY26	4QFY25	YoY	3QFY26	QoQ	FY26	FY25	YoY
Sales	66,777	69,605	-4%	72,782	-8%	258,755	215,137	20%
COGS	59,883	60,369	-1%	61,471	-3%	222,459	183,941	21%
Gross Profit	6,893	9,236	-25%	11,311	-39%	36,296	31,195	16%
Gross Margins	10.3%	13.3%	-	15.5%	-	14.0%	14.5%	-
Opex	801	2,075	-61%	1,422	-44%	5,357	5,865	-9%
Other Income	4,846	3,975	22%	2,809	73%	15,873	14,949	6%
Finance cost	186	91	105%	52	256%	370	264	40%
NPAT	6,107	6,455	-5%	6,697	-9%	25,506	23,010	11%
EPS (PkR)	77.70	82.13	-5%	85.21	-9%	324.50	292.74	11%
DPS (PkR)	47.00	50.00	-6%	51.00	-8%	195.00	176.00	11%

Source: PSX & AKD Research

AKD Research
research@akdsl.com
+92-21-111253111 EXT:639

Disclosure Section

Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument and is for the personal information of the recipient containing general information only. AKD Securities Limited (hereinafter referred as AKDS) is not soliciting any action based upon it. This report is not intended to provide personal investment advice nor does it provide individually tailored investment advice. This report does not take into account the specific investment objectives, financial situation/financial circumstances and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. AKDS recommends that investors independently evaluate particular investments and strategies and it encourages investors to seek the advice of a financial advisor.

The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities or strategies discussed in this report may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

Reports prepared by AKDS research personnel are based on public information. AKDS makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. Facts and views presented in this report have not been reviewed by and may not reflect information known to professionals in other business areas of AKDS including investment banking personnel. AKDS has established information barriers between certain business groups maintaining complete independence of this research report.

This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. Neither AKDS, nor any of its affiliates or their research analysts have any authority whatsoever to make any representation or warranty on behalf of the issuer(s). AKDS Research Policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

We have taken all reasonable care to ensure that the information contained herein is accurate, up to date, and complies with all prevailing Pakistani legislations. However, no liability can be accepted for any errors or omissions, or for any loss resulting from the use of the information provided as any data and research material provided ahead of an investment decision are for information purposes only. We shall not be liable for any errors in the provision of this information, or for any actions taken in reliance thereon. We reserve the right to amend, alter, or withdraw any of the information contained in these pages at any time and without notice. No liability is accepted for such changes.

Stock Ratings

Investors should carefully read the definitions of all ratings used in each research report. In addition, research reports contain information carrying the analyst's view and investors should carefully read the entire research report and not infer its contents from the rating ascribed by the analyst. In any case, ratings or research should not be used or relied upon as investment advice. An investor's decision to buy, sell or hold a stock should depend on individual circumstances and other considerations. AKDS uses a three tier rating system: i) Buy, ii) Neutral and iii) Sell with total returns (capital upside + dividend yield) benchmarked against the expected one year forward floating (variable) risk free rate (10yr PIB) plus risk premium.

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

Analyst Certification of Independence

The analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

The research analysts, strategists or research associates principally having received compensation responsible for the preparation of this AKDS research report based upon various factors including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

Disclosure of Interest Area

AKDS and the authoring analyst do not have any interest in any companies recommended in this research report irrespective of the fact that AKD Securities Limited may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

Regional Disclosures (Outside Pakistan)

The information provided in this report and the report itself is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject AKDS or its affiliates to any registration or licensing requirements within such jurisdiction or country.

Furthermore, all copyrights, patents, intellectual and other property in the information contained in this report are held by AKDS. No rights of any kind are licensed or assigned or shall otherwise pass to persons accessing this information. You may print copies of the report or information contained within herein for your own private non-commercial use only, provided that you do not change any copyright, trade mark or other proprietary notices. All other copying, reproducing, transmitting, distributing or displaying of material in this report (by any means and in whole or in part) is prohibited.

For the United States

Compliance Notice.

This research report prepared by AKD Securities Limited is distributed in the United States to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Decker & Co, LLC, a broker-dealer registered in the US (registered under Section 15 of Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Decker & Co, LLC in the US shall be borne by Decker & Co, LLC. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if AKD Securities Limited or Decker & Co, LLC is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Decker & Co, LLC and AKD Securities Limited are permitted to provide research material concerning investment to you under relevant applicable legislations and regulations.