Day Break

Thursday, March 5, 2026

IGI Securities
SERVING YOU SINCE 1994

Automobile Assembler

INDUS: 1HFY26 Management Call Takeaways

- Indus Motor Company Limited (INDU) held a corporate briefing session to discuss the 1HFY26 performance and provide key insights on the future outlook for the company.
- INDU reported net revenue of PKR 119bn for the first half of FY26, marking a 40% year-over-year increase from PKR 85bn in 1HFY25. Profit after tax climbed 31% YoY to PKR 22 bn, resulting in an EPS of PKR 161.6 compared to PKR 126.7 in the same period last year. Gross profit saw an even stronger rise of 55% YoY, reaching PKR 18.1bn, underpinned by volumetric growth, currency tailwinds, cost efficiencies, and a higher degree of local sourcing.
- The Company anticipates a steady pickup in domestic vehicle demand on the back of an improving macroeconomic environment, moderating inflation, and steady auto financing rates, though uncertainty around geopolitical developments clouds the near-term outlook.

Indus Motor Company Limited (INDU) held a corporate briefing session to discuss the 1HFY26 performance and provide key insights on the future outlook for the company.

Key Highlights from Corporate Briefing

- INDU reported net revenue of PKR 119bn for the first half of FY26, marking a 40% year-over-year increase from PKR 85bn in 1HFY25. Profit after tax climbed 31% YoY to PKR 22bn, resulting in an EPS of PKR 161.6 compared to PKR 126.7 in the same period last year. Gross profit saw an even stronger rise of 55% YoY, reaching PKR 18.1bn, underpinned by volumetric growth, currency tailwinds, cost efficiencies, and a higher degree of local sourcing.

- Additionally, the company declared a final cash dividend of PKR 46/share, bringing the total dividend for 1HFY26 to PKR 97/share, up from PKR 76/share in the corresponding period of the prior year.

- This financial surge was driven by a 64% increase in sales volumes (20,563 units) and a 63% rise in production (20,425 units).

- The company currently maintains a network of 58 3S dealerships nationwide — 27 in Punjab, 15 in Sindh, 6 in the Islamabad/Rawalpindi area, 5 in KPK, 4 in Balochistan, and 1 in Azad Kashmir as of March 2026.

Analyst
Syed Muzammil Hasan Rizvi
muzammil.rizvi@igi.com.pk

- INDU has laid out a structured product pipeline covering new launches and incremental updates across three planning windows: near-term (within 12 months), medium-term (25–30 months), and longer-range (up to 60 months).

- Management noted that the Company has been gaining market share, attributing this to its brand strength around reliability and durability, attractive resale premiums, and widespread parts availability through its 3S dealer footprint.

- Management indicated that it is currently prioritizing production planning to fulfill delivery obligations for the Fortuner's G and V trims, which have traditionally represented less than a tenth of the segment's overall sales.

- Management highlighted that geopolitical tensions in the Gulf pose a significant risk, potentially disrupting the country's oil imports and creating serious headwinds for global trade and supply chain operations.

- The company anticipates a steady pickup in domestic vehicle demand on the back of an improving macroeconomic environment, moderating inflation, and steady auto financing rates, though uncertainty around geopolitical developments clouds the near-term outlook.

- Despite growing competition from Korean and Chinese automakers, management expressed confidence in the company's competitive positioning, citing its well-established reputation for dependability, longevity, and strong resale values.

- The auto industry is actively advocating for regulatory measures tailored to support domestic vehicle assemblers and component manufacturers. Meanwhile, the government is in the process of drafting the Auto Industry Policy 2026–31, set to succeed the existing framework in June 2026. The upcoming policy is anticipated to adopt a market-oriented approach, aligned with the National Tariff Policy under Pakistan's ongoing IMF Extended Fund Facility program.

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution. All Research Analysts are receiving fixed pay and reporting directly to Head of Research who reports to CEO.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation Rating System
Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)
Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

- Discounted Cash Flow (DCF)
- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: Target Price: A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Syed Muzammil Hasan Rizvi	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	muzammil.rizvi@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk

IGI Finex Securities Limited
Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited
Website: www.igisecurities.com.pk

Head Office
Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001
Fax: (+92-21) 35309169, 35301780

Lahore Office
Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Islamabad Office
3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Faisalabad Office
Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad
Tel: (+92-41) 2540843-45

Rahim Yar Khan Office
Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Multan Office
Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009