



COMPETITION COMMISSION OF PAKISTAN  
GOVERNMENT OF PAKISTAN  
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**EXEMPTION ORDER**

IN THE MATTER OF APPLICATION FILED BY M/S. INDUS MOTOR  
COMPANY LIMITED FOR EXTENSION IN EXEMPTION OF ITS  
TECHNICAL ASSISTANCE AGREEMENT

CASE: 2(39)/AGR/EXM/CCP/2025

Commission

Mr. Saeed Ahmad Nawaz  
Member (Exemptions)



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1. M/s. Indus Motor Company Limited, (hereinafter referred to as the **Undertaking**) applied to the Competition Commission of Pakistan (hereinafter the **Commission**) for grant of extension in individual exemption for the restrictive Article 2(c) of its 'Technical Assistance Agreement' (hereinafter referred to as the **Agreement**) on the authority of the Board Resolution of 25<sup>th</sup> February, 2021 vide letter dated 13<sup>th</sup> October, 2025.
2. Indus Motor Company Limited (IMC) is a Pakistan-based joint venture established by the House of Habib, Toyota Motor Corporation (TMC) and Toyota Tsusho Corporation (TTC) for the assembly, progressive manufacturing, and distribution of Toyota vehicles and parts. Supported by a Technical Assistance Agreement with TMC for the local manufacture of licensed products, IMC reported consolidated revenue of PKR 215.14 billion for the financial year ended June 30, 2025.
3. The Application was made pursuant to Section 5 read with Section 9 (1) (a), (b) & (c) of the Competition Act, 2010 (the **Act**) in conjunction with Competition (Exemption) Regulations, 2020 on the following grounds:
  - i. Efficiency & Cost Reduction (Doing away with expensive inventory);
  - ii. Technology Transfer & Industrial Development - Ensuring stable, specialized production; and
  - iii. Delivering benefits to consumers through an expanded product range, low-cost/high-quality/safe vehicles, improved services and facilitating R&D feedback for next-generation models.
4. The agreement is essentially an arrangement for not to deal with non-parties and may, therefore, violate Section 4(2)(a) of the Act and institutionalize charging of economic rent, reducing consumer surplus and social welfare. Relevant particulars of the Agreement are as follows:

<b>First Party:</b>	M/s. Toyota Motor Corporation (hereinafter referred to as Licensor) having its registered office located at No.1 Toyota-cho, Toyota City, Aichi Prefecture, 471-8571 Japan.								
<b>Second Party:</b>	M/s. Indus Motor Company Limited (hereinafter referred to as Licensee) having its registered office at Plot No. N.W.Z/1/P-1, Port Qasim Authority, Karachi, Islamic Republic of Pakistan.								
<b>Type of Agreement:</b>	Technical Assistance Agreement (Annex-A)								
<b>Date of Agreement:</b>	Initial Agreement executed on: 21 <sup>st</sup> March, 1991. Current Agreement executed on: 1 <sup>st</sup> October, 2025.								
<b>Validity period of the Agreement:</b>	Five (5) years (Article 32) i.e. from 1 <sup>st</sup> October, 2025 till 30 <sup>th</sup> September, 2030.								
<b>Product(s)/Services covered under the Agreement:</b>	"Licensed Products" including Licensed Vehicles and Local Parts as defined in Article 1(6): <ol style="list-style-type: none"><li>i. "Licensed Vehicles" as defined in Article 1(2) which are provided hereunder.<table border="1" style="margin-left: 40px;"><tr><td>▪ Corolla</td><td>▪ Hilux Single Cabin</td></tr><tr><td>▪ Yaris</td><td>▪ Hilux Double Cabin</td></tr><tr><td></td><td>▪ Fortuner</td></tr><tr><td></td><td>▪ Corolla Cross</td></tr></table></li><li>ii. "Local Parts" as defined in Article 1(3)</li></ol>	▪ Corolla	▪ Hilux Single Cabin	▪ Yaris	▪ Hilux Double Cabin		▪ Fortuner		▪ Corolla Cross
▪ Corolla	▪ Hilux Single Cabin								
▪ Yaris	▪ Hilux Double Cabin								
	▪ Fortuner								
	▪ Corolla Cross								



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5. Based on the information provided by the Undertaking, the Commission in exercise of the powers conferred under Section 5 read with Section 9(1)(a), (b) & (c) of the Act, hereby grants extension of the said exemption, subject to the conditions specified in Para 6 below, regarding the following Article of the Agreement:

**Exemption granted:**           **On Article 2(c) of the Agreement (non-compete):**  
*"The Licensee shall not, without the Licensor's prior written consent, enter into an agreement for, or carry out, the manufacture or assembly of such vehicles, parts, components or accessories as may be competitive with any Toyota/Lexus vehicle or any parts or components thereof."*

**Exemption period:**           From 1<sup>st</sup> October, 2025 to 30<sup>th</sup> September, 2027.

6. In view of the above, the Exemption granted shall be subject to the conditions that the Undertaking shall ensure the following:
- i. It does not engage in any anticompetitive behavior and/or practices as outlined in Chapter II of the Act, including but not limited to:
    - a. Abuse of dominant position u/s 3;
    - b. Prohibited agreements u/s 4;
    - c. Deceptive marketing practices u/s 10;
    - d. Any mergers or acquisition in violation of Section 11; and
    - e. Charging of economic rent to the detriment of consumer surplus and social welfare.
  - ii. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;
  - iii. Notify the Commission of any amendment(s) to the Agreement within fifteen (15) days of such change, and also provide a copy of the executed agreement;
  - iv. Ensure full compliance with all applicable legal and regulatory requirements pertaining to the manufacturing, assembling, marketing and sale of products covered under the Agreement;
  - v. In case of having an ongoing Agreement, submit an application for grant of extension in exemption at least three (3) months prior to expiry of this exemption Order;
  - vi. It recognizes that the Commission reserves the right to verify the following against the baseline benchmarks:
    - a. Line speed enhancement – Current rate: 2.95 minutes;
    - b. Production line efficiency – Current: 95%;
    - c. MSP deletion cost of \$1,505 across the product line (subject to exchange rate & duty factor);
    - d. Training benchmarks submitted in support of the application for extension; and
    - e. Detail of tangible, verifiable benefits passed on to the consumers.
  - vii. Submit a verifiable compliance report on June 30<sup>th</sup> each year against the benchmarks set for the grant of this exemption; and
  - viii. No breach of terms of this exemption takes place as it shall have an immediate effect of cancellation of this exemption.



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7. The Commission may review and revise the terms and conditions of this Exemption, as deemed necessary. Furthermore, without prejudice to the generality of Section 6 of the Act, the grantee of the exemption shall inform the Commission forthwith and seek clearance for continuation of the exemption if there is any material change, inter alia, in:
  - (i) The terms of the Agreement;
  - (ii) The market share of products and/or services covered under the Agreement; or
  - (iii) The regulatory or policy framework in the relevant market in which the parties are operating.
8. In the Agreement, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws.
9. It is so ordered.

Saeed Ahmad/Nawaz  
Member (Exemptions)

ISLAMABAD, the 21<sup>st</sup> January, 2026.