



COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

EXEMPTION ORDER

IN THE MATTER OF APPLICATION FILED BY M/S. INDUS MOTOR
COMPANY LTD FOR EXTENSION IN EXEMPTION OF ITS AUTHORIZED
DEALER AGREEMENT.

CASE: 2(80)/AGR/EXM/CCP/2024

Commission

Mr. Saeed Ahmad Nawaz
Member (Exemptions)



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1. M/s Indus Motor Company Ltd (hereinafter referred to as the Undertaking) applied for grant of template exemption to restrictive clauses 2(a) and 5(e) of its Authorized Dealer Agreement (hereinafter referred to as the Agreement) on the authority of the Board Authorization/Resolution of 25th February, 2021 vide letter dated 9th September, 2024, addressed to the Competition Commission of Pakistan (hereinafter the Commission).
2. The Undertaking, M/s. Indus Motor Company Ltd (hereinafter also referred to as IMC) is a joint venture company set up by Toyota Motor Corporation (TMC), Toyota Tsusho Corporation (TTC) and members of the House of Habib (comprising of individuals and companies). IMC is actively involved in automotive manufacturing and operations within Pakistan and its turnover for the year ended 30th June, 2024 was PKR 152,481 million. For subsequent sale of its products, related spare parts and service provision to customers, IMC has executed the subject Agreement with 57 dealers across Pakistan.
3. The Application was made pursuant to Section 5 read with Section 9 (1) (a), (c) of the Competition Act, 2010 (the Act) in conjunction with Competition (Exemption) Regulations, 2020 on the following grounds:
 - i. Sales projections for CY 2025, 2026 and 2027.
 - ii. Improved access to Toyota products and services, both geographically and digitally, enhancing convenience and customer satisfaction.
 - iii. Encouragement of fair competition and innovation, thereby elevating industry standards; and
 - iv. Allowing the dealer(s) to innovate and adapt strategies suited to local market dynamics.
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:

First Party:	M/s. Indus Motor Company Ltd having its registered office at Plot no. N.W.Z/1/P-1, Port Qasim Authority, Karachi, Pakistan (hereinafter referred to as the 'Company').
Second Party:	Individual dealers, parties to the Agreement.
Type of Agreement:	Authorized Dealer Agreement (Annex-A)
Date of Agreement:	Pursuant to Article 36 of the Agreement, the Agreement gets its validity from the date it is signed; the 'Effective Date'.
Validity period of the Agreement:	According to Article 36 of the Agreement, the Agreement shall continue in full effect for a period of three (3) years.



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Product(s)/Services covered under the Agreement: As per Article 1(b) of the Agreement, sale and promotion of Toyota products and to provide customer with such service at and through its own 3-S Facility as per the standards prescribed by the Company, which are set out under the Agreement.

'Toyota Products' include Toyota brand motor vehicles, except industrial vehicles as designated from time to time by the Company and spare parts, accessories, oils, chemicals and tools for use in repair or maintenance service of the Toyota Vehicles as designated from time to time by the Company (Annex-B).

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), (c) of the Competition Act, 2010 (the 'Act'), hereby grants extension of exemption, subject to the conditions specified in para 6 below, regarding the following clauses of the Agreement:

Exemption granted: (i) On Article 2(a) of the Agreement – undertake sale and service of Toyota products within the designated 'Main Sales Area' only; and
(ii) On Article 5(e) of the Agreement – not to enter into any business which competes with Toyota products, subject to the amendment stated in Condition-iii of this certificate.

Exemption period: From 1st October 2024 till 30th September 2026.

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. Revise Article 5(e) of the Agreement to exclude 'immediate family' and inform all dealers of this amendment;
- iv. Execute the revised Agreement with all dealers mutatis mutandis and submit a compliance report within thirty (30) days of the issuance of this Order;
- v. Its 3S dealers do not charge unreasonable prices for its products and services, in violation of relevant provisions of the Act;



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- vi. Proper safeguards are in place to counter/discourage the practice of 'own money' (the practice of charging premium from the buyers for immediate vehicle delivery);
 - vii. 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;
 - viii. 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 certificate.
 - ix. It recognizes that the Commission reserves the right to verify the following against the baseline benchmarks (to be provided by the undertaking within thirty (30) days of issuance of this Order):
 - a. Percentage Achievement of Sales Projections (by Territory/Dealer);
 - b. Increase in Number of New Service Touch points/Outlets (Physical & Digital) within Exemption Territory;
 - c. Customer Satisfaction Score for Sales & Service within Exemption Territory;
 - d. Number of Dealer-Initiated Marketing/Sales Initiatives (Approved & Implemented) and;
 - e. Increase in Customer Retention Rate for Service.
 - x. Submit a verifiable compliance report on 30th June, 2026 against the commitments made for the grant of this exemption; and
 - xi. No breach of terms of this exemption takes place as it shall have an immediate effect of cancellation of this exemption.
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 31st July, 2025