VIS
Credit Rating Company Limited

INDUS MOTOR COMPANY LIMITED

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RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	AA+	A1+	AA+	A1+
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	December 18, 2025		November 15, 2024	

Shareholding (5% or More)	Other Information
Overseas Pakistan Investors AG – 34.8%	Incorporated in 1989
Toyota Motor Corporation – 25.0%	Public Limited Company (listed)
Toyota Tsusho Corporation – 12.5%	Chief Executive: Mr. Ali Asghar Jamali
Thal Limited – 6.2%	External Auditor: A.F. Ferguson & Co. Chartered Accountants
Insurance Companies – 5.5%	
General Public – 5.3%	

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

The assigned ratings incorporate the strong sponsor profile and brand equity of Indus Motor Company Limited. INDU maintains an established market presence in the passenger cars segment with a sustainable market share. The Company also leverages technological and commercial support from its Japanese sponsors namely 'Toyota Motor Corporation' and 'Toyota Tsuho Corporation', which reinforces its resilience through economic downturns in local market. The automobile industry remains inherently cyclical, with significant capital intensity, and moderate competitive pressures, with the market still largely concentrated among a few major players. Nonetheless, the competitive landscape has gradually broadened with entry of new assemblers, supported by government incentives. The sector has however, seen a robust growth during FY25, driven by improving macroeconomic stability and declining interest rates. Although this growth is expected to continue into FY26, the sector remains sensitive to regulatory changes and a maturing competitive landscape.

The ratings also incorporate strong financial risk profile of the Company characterized by a conservative capital structure, strong revenue growth in line with improving demand, and enhanced profitability. Meanwhile, liquidity profile remains strong with an adequate current ratio and negative cash conversion cycle. Liquidity is also supported by a sizeable cash balance and substantial short-term investments on balance sheet.

Company Profile

Indus Motor Company Limited ('INDU' or 'the Company') is a publicly listed company incorporated in December 1989 and began commercial production in May 1993. INDU is a joint venture between Toyota Motor Corporation (TMC), Toyota Tsuho Corporation (TTC) and House of Habib (HoH).

The Company is the sole importer, assembler, manufacturer and distributor of Toyota vehicles in Pakistan. Its head office and production facility are located in Port Qasim, Karachi.

Segments and Automobiles

Passenger Cars	Corolla, Yaris
Light Commercial Vehicles	Hilux
SUV	Fortuner
Hybrid EVs	Corolla Cross
Trading	CBUs, Spare Parts & Motor Oil

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Mohamedali R. Habib is the Chairman and Founding Director of Indus Motor Company Limited, with extensive leadership roles across the Habib Group, including Chairman of Habib Metropolitan Bank Limited. He also serves on multiple corporate and philanthropic boards and has been Group CEO of HBZ Group since 2016. He holds degrees from Clark University and Stanford–National University of Singapore.

Mr. Ali Asghar Jamali has been leading Indus Motor Company Limited as Chief Executive since 2017, bringing over two decades of experience across key operational and management roles. He has previously chaired the Pakistan Automotive Manufacturers Association and serves on the Managing Committee of the Overseas Investors Chamber of Commerce & Industry. A Fellow Chartered Accountant, he has completed executive programs from Harvard, Wharton, and MIT, and is also a member of the Young Presidents' Organization.

BOARD & SENIOR MANAGEMENT

The Board of Directors comprises ten experienced members, including three Independent Directors, four Non-Executive Directors, and three Executive Directors. The Board includes nine male and one female director, and is supported by key committees: the Audit & Risk Committee, the Human Resources & Remuneration Committee, and the Ethics Committee. The FY25 accounts of the Company is audited by AF Ferguson & Co Chartered Accountants, and auditor has given unqualified opinion.

Business Risk

INDUSTRY UPDATE

VIS assesses the overall business risk profile of Pakistan's automobile sector as 'Medium', reflecting its inherent cyclicality, significant capital intensity, and moderate competitive pressures, with the market still largely concentrated among a few major players. Nonetheless, the competitive landscape has gradually broadened with the entry of new assemblers, supported by government incentives under the Automotive Industry Development Policy (AIDP) 2016–2021. However, with the conclusion of the AIDEP 2021-2026, tax incentives previously granted to greenfield assemblers will come to an end, creating a level playing field for all local assemblers moving forward.

The sector witnessed a strong rebound in FY25 after a two-year downturn, driven by improving macroeconomic stability, declining financing rates, and discounts offered by OEMs amid heightened competition. Passenger-car offtake grew by 43% YoY to 148,023 units, though volumes remain considerably below the FY22 peak of 279,267 units. The momentum carried into 1QFY26, with 42,267 units sold, with full-year volumes projected to reach ~200,000 units.

Industry Sales	2022	2023	2024	2025	1QFY26
Honda	39,452	16,879	13,214	18,296	4,880
Suzuki	150,279	65,362	54,428	72,685	19,831
Toyota	74,533	31,104	20,772	33,393	9,889
Hyundai	13,132	9,688	9,160	10,954	3,612
Sazgar (Haval)	-	1,657	5,319	10,783	3,550
Others	1,871	2,188	936	1,912	505
Total Sold	**279,267**	**126,878**	**103,829**	**148,023**	**42,267**

Despite the recovery, rising imports of used vehicles—estimated at 40,000–45,000 units in FY25—continue to pressure the sustainability of local assembling, which currently operates at just over one-third of installed capacity.

Market Share (Cars & Jeeps)	2022	2023	2024	2025	1QFY26
Honda	14%	13%	13%	12%	12%
Suzuki	54%	52%	52%	49%	47%
Toyota	27%	25%	20%	23%	23%
Hyundai	5%	8%	9%	7%	9%
Sazgar (Haval)		1%	5%	7%	8%

Looking ahead, the sector is expected to post moderate growth, supported by lower interest rates, stable macroeconomic conditions, increasing localization, and greater adoption of hybrid vehicles. However, the industry remains vulnerable to policy shifts; in particular, the National Tariff Policy (2025–30), which aims to rationalize import duties, may influence vehicle import trends and could pose downside risks for domestic assemblers if tariff adjustments prove unfavorable.

Operational Performance

Utilization improved YoY to 44% in FY25, driven by improving demand post recovery in economic conditions and sharp decline in policy rate, which boosted auto financing. INDU saw higher demand in passenger cars segment driven by successful launch of Yaris facelift in July 2024.

Additionally, the Company has increased its production capacity by 10,000 units during the year to align with anticipated demand growth.

No. of Units	2023	2024	2025
Capacity on Double Shifts	66,000	66,000	76,000
Capacity on Single Shift	33,000	33,000	38,000
Production	32,696	19,599	33,251
Utilization (on double shifts)	**50%**	**30%**	**44%**

PROFITABILITY

During FY25, the Company reported strong YoY revenue growth of 41% with topline standing at PKR 215 Bn (FY24: PKR 152 Bn). This improvement was primarily supported by higher unit sales driven by recovering macroeconomic conditions, lower interest rates and successful launch of Yaris facelift.

Toyota	2022	2023	2024	2025	1QFY26
Cars	56,528	18,838	16,307	25,212	7,626
Jeeps	18,005	12,266	4,465	8,181	2,263
Total	74,533	31,104	20,772	33,393	9,889

Meanwhile gross margin strengthened to 14.5% (12.7%) mainly on account of improved fixed cost absorption amidst higher sales.

Toyota	FY22	FY23	FY24	FY25	1QFY26
Sales (Rs. Mn)	275,506	177,711	152,481	215,137	61,738
Units Sold	74,533	31,104	20,772	33,393	9,889

Distribution expense also normalized during the year, after peaking in FY24 due to elevated warranty expense provisioning, further supporting margins.

Other income (FY25: PKR 14.9 Bn, FY24: PKR 13.6 Bn) remained a notable contributor, arising from sizeable short-term investments (FY25: PKR 116.8 Bn, FY4: PKR 76.5 Bn) in T-bills and mutual funds. Other income constituted 65% (FY24: 91%) to net profit during the year.

Consequently, the Company's net margin reported at 10.7% (FY24: 9.9%) translating into a net profit of PKR 23 Bn (FY24: PKR 15 Bn) during the year.

The growth momentum continued into 1QFY26, with the Company reporting net sales of PKR 61.7 Bn. Gross margin improved further to 17%, while a relatively lower contribution from other income (43%) kept net margin stable at 10.9%.

Looking ahead, the management aims at sustaining its market share, which alongside industry growth and estimated sales of ~200,000 units, brings about INDU sales to ~46,000.

Financial Risk

CAPITAL STRUCTURE

INDU maintains a conservative capitalization profile with negligible gearing in absence of short-term debt and a minimal long-term concessional loan of PKR 200 Mn as of end-1QFY26 availed for financing of renewable energy project. Meanwhile, the leverage stood at a comfortable level of 1.05x (FY25: 1.40, FY24: 1.17x) as of 1QFY26. Looking ahead, the Company plans capex aimed at plant enhancement and improving localization, expected to be funded through internal cash, thereby preserving the conservative capital structure.

DEBT COVERAGE & LIQUIDITY

INDU's liquidity profile remains strong with current ratio improved to 1.69x (FY25: 1.50x, FY24: 1.52x) as of 1QFY26 and a cash conversion cycle of -20 days (FY25: -57 days, FY24: -39 days), due to lower payable days.

Funds from operation (FFO) rose significantly to PKR 15.4 Bn (FY24: PKR 7.8 Bn) in FY25 and PKR 6.3 Bn as of 1QFY26, in line with higher profitability. FFO coverages and DSCR remained substantially high due to negligible debt on balance sheet.

Company's liquidity profile is also supported by sizeable cash balance (1QFY26: PKR 3.9 Bn, FY25: PKR 5.3 Bn) and short-term investments (1QFY26: PKR 95.6 Bn, FY25: 116.8 Bn).

FINANCIAL SUMMARY (amounts in PKR millions)							Appendix I
BALANCE SHEET	FY20	FY21	FY22	FY23	FY24	FY25	1QFY26 (M)
Property, Plant and Equipment	16,502	15,770	15,040	24,375	23,481	20,423	19,885
Stock-in trade	15,933	22,289	26,454	28,733	22,826	21,767	35,291
Trade debts	1,142	517	3,091	886	5,993	9,913	6,139
Short term investments	41,195	82,052	140,932	44,148	76,541	116,863	95,618
Cash and bank balance	1,171	2,040	6,794	6,263	7,240	5,398	3,941
Total Assets	**80,279**	**133,906**	**213,965**	**122,764**	**145,820**	**184,774**	**171,451**
Long term debt	545	963	600	280	240	200	200
Total debt	545	963	600	280	240	200	201
Trade and other payables	13,593	30,288	38,496	41,034	42,274	58,738	51,556
Advances from customers & dealers	24,534	51,267	111,990	9,736	22,041	34,108	20,503
Total Liabilities	**39,109**	**85,704**	**159,954**	**62,694**	**78,593**	**107,822**	**87,779**
Paid up capital	786	786	786	786	786	786	786
Reserves	40,383	47,415	53,225	59,284	66,440	76,167	82,886
Total Equity	**41,169**	**48,201**	**54,011**	**60,070**	**67,226**	**76,953**	**83,672**
INCOME STATEMENT	FY20	FY21	FY22	FY23	FY24	FY25	1QFY26 (M)
Net Sales	86,167	179,162	275,506	177,711	152,481	215,137	61,738
Gross Profit	7,451	16,654	18,404	7,931	19,382	31,195	10,541
Operating Profit	4,400	13,494	13,875	3,439	11,020	25,087	8,908
Finance Costs	(86)	(134)	(114)	(141)	(170)	(264)	(50)
Profit Before Tax	7,287	18,199	25,453	16,797	23,327	37,670	11,071
Profit After Tax	5,082	12,829	15,802	9,664	15,072	23,010	6,719
RATIO ANALYSIS	FY20	FY21	FY22	FY23	FY24	FY25	1QFY26 (M)
Gross Margin (%)	8.6%	9.3%	6.7%	4.5%	12.7%	14.5%	17.1%
Operating Margin (%)	5.1%	7.5%	5.0%	1.9%	7.2%	11.7%	14.4%
Net Margin (%)	5.9%	7.2%	5.7%	5.4%	9.9%	10.7%	10.9%
Funds from Operation (FFO) (PKR Mn)*	4,791	14,711	10,792	3,061	7,807	15,415	25,507
FFO to Total Debt (x)*	8.79	15.27	17.99	10.94	32.54	77.11	126.96
FFO to Long Term Debt (x)*	8.79	15.27	17.99	10.94	32.54	77.11	127.59
Gearing (x)	0.01	0.02	0.01	0.005	0.004	0.003	0.002
Leverage (x)	0.95	1.78	2.96	1.04	1.17	1.40	1.05
Debt Servicing Coverage Ratio (x) *	27.96	29.06	24.89	17.04	37.17	50.78	106.89
Current Ratio (x)	1.65	1.35	1.19	1.58	1.52	1.50	1.69
(Stock in trade + trade debts) / STD (x)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Return on Average Assets (%)*	6.3%	9.6%	7.4%	7.9%	10.3%	12.5%	15.7%
Return on Average Equity (%)*	12.3%	26.6%	29.3%	16.1%	22.4%	29.9%	32.1%
Cash Conversion Cycle (days)*	16	(17)	(13)	(25)	(39)	(57)	(20)

*Annualized, M: management accounts

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REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Indus Motor Company Limited
Sector	Automobile
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action
RATING TYPE: ENTITY				
18-Dec-25	AA+	A1+	Stable	Reaffirmed
15-Nov-24	AA+	A1+	Stable	Reaffirmed
02-Oct-23	AA+	A1+	Stable	Reaffirmed
29-Jun-22	AA+	A1+	Stable	Reaffirmed
07-Jun-21	AA+	A1+	Stable	Reaffirmed
12-Jun-20	AA+	A1+	Stable	Reaffirmed
17-Jun-19	AA+	A1+	Stable	Initial

Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
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Due Diligence Meetings Conducted

S.No.	Name	Designation	Date
1.	Mr. Muhmmad Kashif	GM Marketing	26-Nov-25
2.	Mr. Salman Ahsan	Senior Manager Finance	
3.	Mr. Arif Anzer	GM Finance	
4.	Mr. Zunair	GM Sales	
5.	Mr. Waqas	DM Treasury	