

Indus Motor Company Ltd.

2015
annual report





A Journey of Continuous Commitment



Corporate Profile

IMC was incorporated in 1989 as a joint venture company between the House of Habib of Pakistan, Toyota Motor Corporation and Toyota Tsusho Corporation of Japan. The Company manufactures and markets Toyota brand vehicles in Pakistan. The main product offerings include several variants of the flagship 'Corolla' in the passenger cars category, 'Hilux' in the light commercial vehicles segment and the 'Fortuner' Sports Utility Vehicle.

The manufacturing facility and offices are located at a 105 acre site in Port Qasim, Karachi, while the product is delivered to end customers nationwide through a strong network of 41 independent 3S Dealerships spread across the country.

In its 25 years history since inception, IMC has sold more than 600,000 CBU/CKD vehicles and has demonstrated impressive growth, in terms of volumetric increase from a modest beginning of 20 vehicles per day production in 1993 to 240 units daily at present through the development of human talent embracing the 'Toyota Way' of quality and lean manufacturing. Over the years, IMC has made large scale investments in enhancing its own capacity and in meeting customer requirements for new products. Today,

Corolla is the largest selling automotive brand model in Pakistan and it also has the distinction of being # 1 in Toyota's Asian market.

The Company invests heavily in training its 2,300 plus workforce of team members & management employees and creating a culture of high performing empowered teams working seamlessly across processes in search of quality and continuous improvement. The core values of the Company encourage employees to pursue high standards of business ethics and safety; communicating candidly by giving bad news first and to respect people. The bi-annual TMC morale surveys show that employees rate IMC high on work environment and level of job satisfaction.

The Company has played a major role in the development of the entire value chain of the local auto industry and is proud to have contributed in poverty alleviation at the grass root level by nurturing localization that, in turn, has directly created thousands of job opportunities and transferred technology to over 60 vendors supplying parts. IMC is also a major tax payer and significant contributor to the GOP exchequer

25 Years of Value Creation

Direct Employment



2,322 2015

1993
496

Training Man-Hours



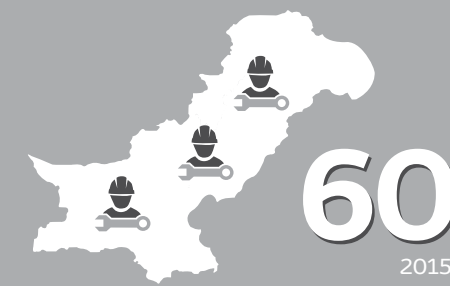
1.8 mn

Dealership Network



South Region	Central Region	North Region
12	19	10

Vendors Network



1993
21

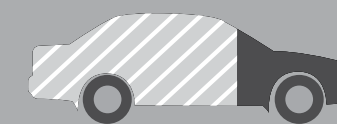
Production Capacity



54,800 2015

1993
20,000

Localization



60%* 2015

1993
20%

* Corolla (Base Grade-Value)



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Vision, Mission & Core Values

Vision	<p>“To be the most respected and successful enterprise, delighting customers with a wide range of products and solutions in the automobile industry with the best people and the best technology.”</p>
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Mission	<p>IMC’s Mission is reflected in the Company’s slogan Action, Commitment and Teamwork to become # 1 in Pakistan</p>
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Respect & Corporate Image

Customer Satisfaction

Production & Sales

Quality & Safety

Best Employer

Profitability



Core Values	<ul style="list-style-type: none"> • World class production quality • Achieving the ultimate goal of complete customer satisfaction • Being seen as the best employer • Fostering the spirit of teamwork • Inculcating ethical and honest practices
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Toyota Guiding Principles



Akio Toyoda
President & CEO, Toyota Corporation

The Toyota business is guided by seven principles:

- Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.
- Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.
- Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.
- Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
- Foster a corporate culture that enhances individual creativity and teamwork value, while honoring mutual trust and respect between labor and management.
- Pursue growth in harmony with the global community through innovative management.
- Work with business partners in research and creation to achieve stable long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

The First Corolla is Born



March
1993

The First Corolla Line off in 1993 marked the beginning of IMC's journey based on a vision to promote industrial development of Pakistan. Comprising of mere 30 local parts, the model became a resounding success, reinforcing belief that Pakistan's industry is indeed capable of manufacturing high quality automobiles.

Strategic Objectives



Achieving Market Leadership by Delivering Value to Customers

- Following our “Customer First” philosophy in manufacturing and providing high quality vehicles and services that meet the needs of Pakistani customers.
- Enhancing the quality and reach of our 3S Dealership Network.
- Employing customer insight and feedback for continuous corporate renewal, including product development, improving service and customer care.



Respecting our people

- Treating employees as the most important sustainable competitive resource.
- Providing a continuous learning environment that promotes individual creativity and teamwork.
- Supporting equal employment opportunities, diversity and inclusion without discrimination.
- Building competitive value through mutual trust and mutual responsibility between the Indus Team and the Company.



Bringing Toyota Quality to Pakistan

- Maximizing QRD (Quality, Reliability and Durability) by built-in engineering.
- Transferring technology and promoting indigenization at IMC and its Vendors.
- Raising the bar in all support functions to meet Toyota Global Standards.



Become a Good Corporate Citizen

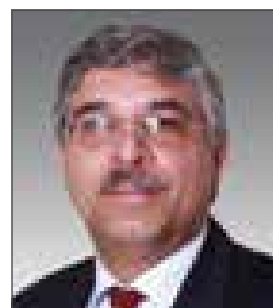
- Following ethical business practices and the laws of the land.
- Engaging in philanthropic and social activities that contribute to the enrichment of the Pakistani society, especially in areas that are strategic to both societal and business needs e.g. road safety, technical education, environment protection, etc.
- Enhancing corporate value and respect while achieving a stable and long term growth for the benefit of our shareholders.



Optimizing Cost by Kaizen

- Fostering a Kaizen culture and mindset at IMC, its Dealers and Vendors.
- Implementing Toyota Production System.
- Removing waste in all areas and operating in the lowest cost quartile of the industry.

Board of Directors



Ali S. Habib | Chairman

Ali S. Habib is the Chairman of Indus Motor Company Limited and is also the Founding Director of the Company. He also serves as a Member on the board of directors of Thal Limited, Shabbir Tiles & Ceramics Limited, Habib Metropolitan Bank Limited, Metro Habib Cash and Carry Pakistan (Pvt.) Limited.

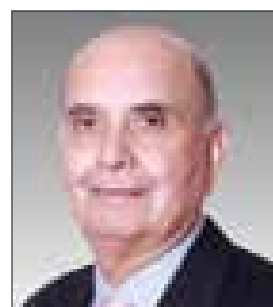
He is a graduate in Mechanical Engineering from the University of Minnesota, USA. He has attended the PMD Program at Harvard University.



Keiichi Murakami | Vice Chairman

Keiichi Murakami was appointed as a Director on the Board and Vice Chairman of Indus Motor Company Limited with effect from January 2013. He has been serving at Toyota Motor Corporation for over 30 years now and has worked in different capacities primarily in the areas of Product Planning and Marketing Research. He has looked after Toyota's business in Asia, Oceania and Middle East with various Toyota distributors.

He had served as an Executive Director at UMWT which is the Toyota distributor in Malaysia.



Parvez Ghias | Chief Executive Officer

Parvez Ghias is Chief Executive of Indus Motor Company Limited since 2005. Prior to joining the Company, he was the Vice President and CFO at Engro Chemical Pakistan Limited and served as a Member of the Board of Directors. He also serves as an independent director on the boards of Standard Chartered Bank (Pakistan) Limited, Dawood Hercules Corporation Limited and INJAZ Pakistan.

He is a fellow of the Institute of Chartered Accountants from England & Wales and holds a Bachelors Degree in Economics and Statistics.



Azam Faruque | Independent Director

Azam Faruque was elected as a Director of the Company in October 2014. He is the CEO of Cherat Cement Co Ltd, a Ghulam Faruque Group (GFG) Company. Apart from the 23 years he has spent in the cement industry and other GFG businesses, he has served as member on the boards of various public and private sector institutions. Currently he is a director of International Industries Limited, Atlas Asset Management Limited, Ghulam Faruque (Pvt) Limited, Madian Hydro Power Limited, and Greaves Pakistan (Pvt) Limited.

He is an Electrical Engineering and Computer Science graduate from Princeton University, USA, and also holds an MBA degree (High Honors) from the University of Chicago.



Farhad Zulficar | Director

Farhad Zulficar is the Founding Director of Indus Motor Company Limited. He was the first Managing Director of the Company from 1989 to 2001 and has also served as Director on various listed and private companies.

He is a commerce graduate from the University of Karachi.



Mohamedali R. Habib | Director

Mohamedali R. Habib is the Founding Director of Indus Motor Company Limited. He has been an Executive Director of Habib Metropolitan Bank Limited since 2004 and also serves as a member on the Board of Thal Limited and Habib Insurance Company Limited. He was appointed as Joint-President & Division Head (Asia) & Member of General Management of Habib Bank AG Zurich in 2011.

He is a graduate in Business Management – Finance from Clark University, USA.



Kyoichi Tanada | Director

Kyoichi Tanada was appointed as a Director of Indus Motor Company Limited in May 2013. Currently he is serving as the President of Toyota Motor Thailand, Toyota Motor Asia Pacific, Toyota Motor Asia Pacific Engineering and Manufacturing & Managing Officer of Toyota Motor Corporation.

He is a graduate in Foreign Studies from Tokyo University, Japan.



Masato Yamanami | Director

Masato Yamanami was appointed as Director of Indus Motor Company Limited in June 2015. He has been associated with Toyota Motor Corporation from 1981 to 2013, during which time he has held various senior positions. He joined Toyota Tsusho Corporation in January 2014 as a member of management team. He is presently director on the boards of various Toyota Group companies in countries around the globe.

He is a graduate from Faculty of Political Science and Economics from Waseda University, Japan



Yoshiyuki Matsuo | Director

Yoshiyuki Matsuo was appointed as Director of Indus Motor Company Limited in January 2014 and also serves as Senior Director Manufacturing. He has been with Toyota Group since 1986 during which time he held various senior executive positions. He has vast experience in the areas of Production, Logistics, Plant Engineering and Quality Control at various Toyota plants in the world.

He is a graduate from the Nanzan University, Japan.



Raza Ansari | Director

Raza Ansari was elected in October 2011 as a Director of the Company. He joined Indus Motor Company Limited in 1989 when the company was formed and served in various positions. Raza Ansari is currently the Chief Executive of Shabbir Tiles, a leading ceramic and porcelain tile manufacturer in the country.

He holds a degree of Bachelor of Science and a post graduate diploma in Business Administration. Prior to joining the Company, he had worked with Pakistan Papersack Limited in 1986.

Corporate Governance

IMC's Basic Approach to Corporate Governance

IMC has a range of long-standing in-house committees responsible for monitoring and discussing management and corporate activities from viewpoints of various stakeholders to make prompt decisions for developing strategies, speed up operation while ensuring heightened transparency and the fulfillment of social obligations. IMC has a unique corporate culture that places emphasis on problem solving and preventative measures in line with Toyota Global Standards.

Basic Concept of Compliance

IMC follows the guiding principles of Toyota and not only complies with local laws and regulations, but also meets social norms, corporate ethics and expectations of various stakeholders. IMC undertakes open and fair corporate activities to meet local standards as well as Toyota Global Standards. The committee consists of five non-Executive Directors and one independent Director.

Board Human Resource and Remuneration Committee

The Remuneration Committee is a sub-committee of the Board. It recommends human resource management policies to the Board. It also recommends selection, evaluation, compensation and succession plan of the CEO and Senior Management who directly report to the CEO. The Committee consists of three Non-Executive Directors, one Executive Director, the CEO and Secretary.

Board Ethics Committee

The Committee has the responsibility of overseeing ethical policies and compliance by the Company. It provides expeditious actions on disclosures of wrongdoing. The Ethics Committee also reviews and investigates incidents of whistle-blowing. The Committee consists of the CEO the two Non-Executive Directors.

Investment Committee

The Investment Committee assists the Board in fulfilling its oversight responsibility for the

investment in assets of the company. It evaluates the capital expenditures required to be made and recommends the same to the Board for approval. The Committee is also responsible for formulating the overall policies for investment in fixed assets, subject to approval by the Board, and establishing investment guidelines in furtherance of those policies. The Committee consists of the CEO, two Directors, the CFO and Secretary.

Marketing Technical Co-ordination Committee

Marketing Technical Co-ordination Committee is a management committee responsible for synchronization between the marketing and technical departments. The committee also controls new products or minor model specification changes and schedules. The Committee is chaired by the CEO every month and representation is from marketing and technical departments.

ACT #1 Management Committee

The ACT #1 Management Committee is responsible for the monitoring of organizational KPIs and stewardship of financial performance every month. It also reviews departmental targets and accomplishments achieved during the month. In addition ACT #1 reviews government regulatory affairs including macro-economic situations which results in formation of the Company's strategy and risk management policies. The meeting is headed by the Chairman with representation from all departments.

Safety, Health and Environment Committee

The Committee meets on a monthly basis and keeps a close eye on company wide Safety, Health and Environment (S.H.E) statistics, KPI trends, relevant local laws compliance, promulgating drive and focus on S.H.E. right from the top; enabling Management to have a first hand feel of S.H.E issues prevailing on the shop floor and ways to resolve them via efficient and swift decision-making. The S.H.E Committee, chaired by the CEO, formulates the overall policies and S.H.E framework for the company.



May
1993

Mr. Eiji Toyoda (1913 – 2013), known as the legendary “Father” of Modern Toyota and acknowledged as the architect of the world famous Toyota Production System is seen at IMC production facilities.

Company Information

Bankers

Bank Alfalah Limited
 Bank Al-Habib Limited
 Citibank N.A.
 Habib Bank Limited
 Habib Metro Bank Limited
 MCB Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan
 Standard Chartered Bank (Pakistan) Limited
 The Bank of Tokyo-Mitsubishi UFJ Limited
 United Bank Limited

Auditors

A.F. Ferguson & Co.
 Chartered Accountants,
 State Life Building No. 1-C,
 I.I. Chundrigar Road, Karachi.

Legal Advisors

A.K. Brohi & Company
 Mansoor Ahmed Khan & Co.
 Mahmud & Co.
 Sayeed & Sayeed

Share Registrar

Noble Computer Services (Private) Limited
 First Floor, House of Habib Building
 (Siddiqsons Tower), 3-Jinnah C.H. Society,
 Main Shahrah-e-Faisal, Karachi-75350.
 Phone: (PABX) (92-21) 34325482-84
 Fax: (92-21) 34325442
 Email: ncs1@hoh.net

Factory / Registered Office

Plot No. N.W.Z/1/P-1, Port Qasim Authority,
 Bin Qasim, Karachi.
 Phone: (PABX) (92-21) 34720041-48
 (UAN) (92-21) 111-TOYOTA (869-682)
 Fax: (92-21) 34720056
 Website: www.toyota-indus.com

Chief Financial Officer

Mr. Rayomand Ghadiali

Company Secretary

Ms. Anam Fatima Khan

Audit Committee Members

Mr. Mohamedali R. Habib (Chairman)
 Mr. Farhad Zulficar
 Mr. Azam Faruque
 Mr. Kyoichi Tanada
 Mr. Masato Yamanami
 Mr. Raza Ansari
 Mr. Ahmed Waseem Khan (Secretary)

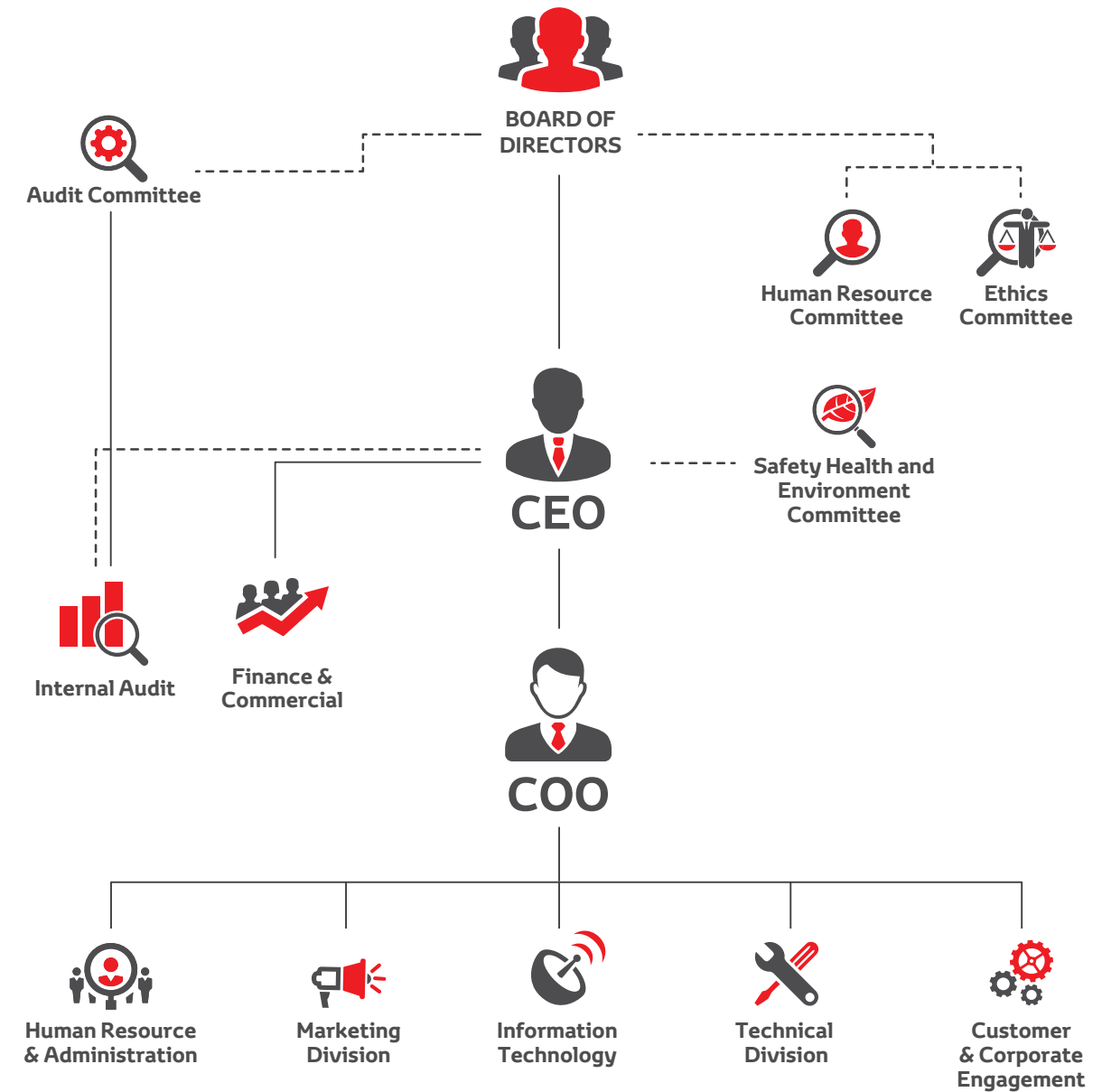
Board Human Resource and Remuneration Committee Members

Mr. Ali S. Habib (Chairman)
 Mr. Farhad Zulficar
 Mr. Keiichi Murakami
 Mr. Parvez Ghias
 Mr. Raza Ansari
 Mr. Faisal Muneeb Khan (Secretary)

Board Ethics Committee Members

Mr. Farhad Zulficar (Chairman)
 Mr. Parvez Ghias
 Mr. Raza Ansari

Organization Chart



Shareholder Information

Factory / Registered Office

Plot No. N.W.Z/1/P-1, Port Qasim Authority,
Bin Qasim , Karachi.
PABX: (92-21) 34720041-48
Fax: (92-21) 34720056

Share Registrar

Noble Computer Services (Private) Limited
First Floor, House of Habib Building
(Siddiqsons Tower), 3-Jinnah C.H. Society,
Main Shahrah-e-Faisal, Karachi-75350.
PABX: (92-21) 34325482-84
Fax: (92-21) 34325442
Email: ncsl@hoh.net

Annual General Meeting

The Annual General Meeting will be held at 9:00 a.m. on October 6, 2015 at the Institute of Chartered Accountants of Pakistan (ICAP), Karachi.

Shareholders as of September 22, 2015 are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxies should be filed with the Company's Share Registrar by close of business at 5 pm on Friday, October 2, 2015.

Ownership

On June 30, 2015 there were 3,393 shareholders on record of the Company's ordinary shares.

Dividend Payment

The proposal of the Board of Directors for dividend payment will be considered at the Annual General Meeting. The dividend warrants will be sent to persons listed in the register of members on September 22, 2015. Income Tax and Zakat will be deducted in accordance with the prevailing regulations.

Shareholders who wish to have the dividends deposited directly in their bank accounts must submit their application to the Company's Share Registrar by September 22, 2015.

Listing on Stock Exchanges

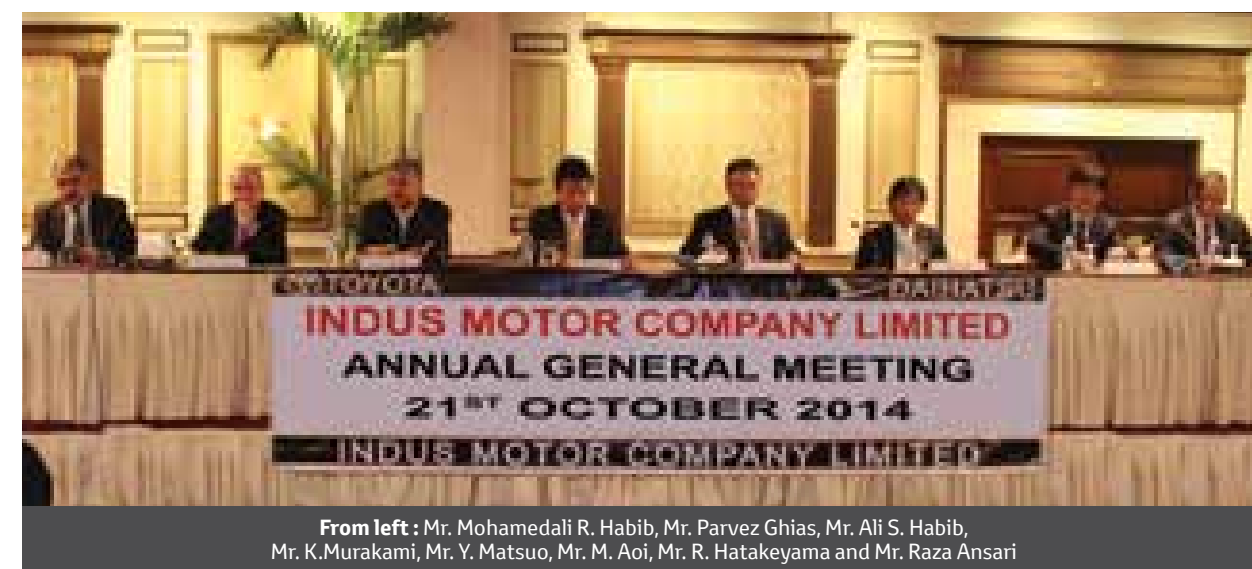
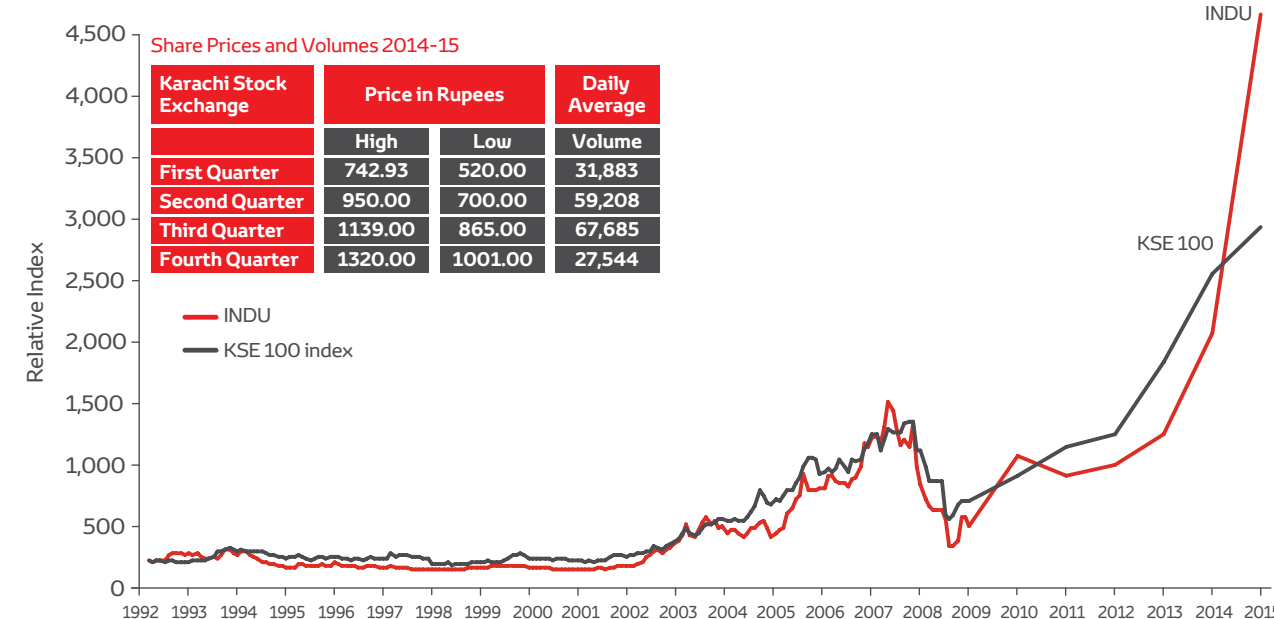
Indus Motor Company Limited equity shares are listed on Karachi, Lahore and Islamabad Stock Exchanges.

Stock Code

The stock code for dealer in equity shares of Indus Motor Company Limited at KSE, LSE, and ISE is INDU.

INDU Vs KSE 100 (1992 - 2015)

As at June 30th



From left : Mr. Mohamedali R. Habib, Mr. Parvez Ghias, Mr. Ali S. Habib, Mr. K. Murakami, Mr. Y. Matsuo, Mr. M. Aoi, Mr. R. Hatakeyama and Mr. Raza Ansari

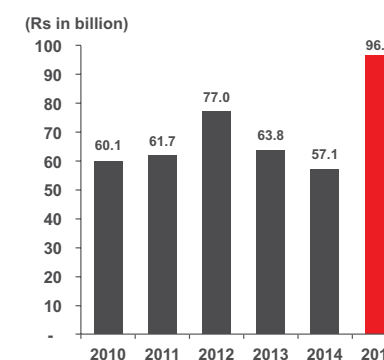
Operating Highlights

		Year ended June 30	
		2015	2014
Profit after Tax	Rs in billion	9.1	3.9
Vehicle Sales	Units	57,387	34,470
Vehicle Production	Units	56,888	33,012
Net Revenues	Rs in billion	96.5	57.1
Earnings Per Share	Rs	115.9	49.3
Annual Cash Dividend Per Share	Rs	80.0	29.5
Shareholders' Equity	Rs in billion	24.0	19.9
Contribution to National Exchequer	Rs in billion	32.1	19.3
Manpower	No. of employees	2,322	2,091

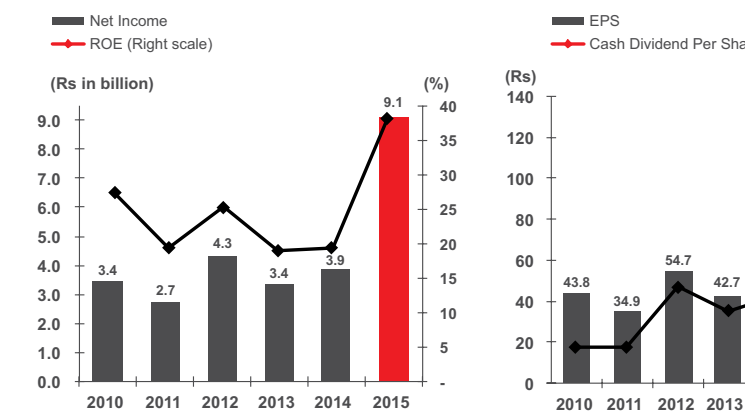
Financial Summary

		% Change	Year ended June 30					
		2015	2014	2013	2012	2011	2010	
For The Year:		Vs 2014	2015	2014	2013	2012	2011	2010
Units sold		66%	57,387	34,470	38,517	55,060	50,943	52,063
Net revenues	Rs in billion	69%	96.5	57.1	63.8	77.0	61.7	60.1
Profit before tax	Rs in billion	182%	14.1	5.0	4.9	6.3	4.0	5.2
Profit after tax	Rs in billion	133%	9.1	3.9	3.4	4.3	2.7	3.4
Return on equity	Percentage	95%	37.9	19.4	19.0	25.3	19.4	27.4
Per Share Data:								
Earnings (EPS)	Rs	135%	115.9	49.3	42.7	54.7	34.9	43.8
Cash dividends	Rs	171%	80	29.5	25.0	32.0	15.0	15.0
Shareholders' equity	Rs	21%	305.8	253.4	225.1	216.5	179.6	160.1
At Year-End:								
Total assets	Rs in billion	93%	50.4	26.1	25.1	27.6	26.8	27.1
Shareholders' equity	Rs in billion	21%	24.04	19.92	17.69	17.01	14.12	12.59
Share Performance (June 30):								
Price per share	Rs	132%	1,249.0	537.9	311.0	245.1	220.0	262.4
Market capitalization	Rs in billion	132%	98.2	42.3	24.4	19.3	17.3	20.6

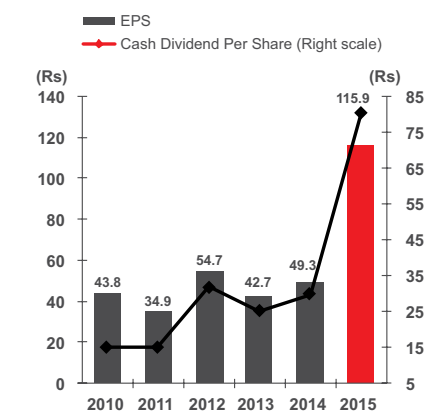
Net Revenues



Net Income / ROE



EPS / Dividend per share



Vertical Analysis

	2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010
BALANCE SHEET	(Rs in million)						(Percentage %)					
Fixed assets	5,193	6,033	2,742	3,473	4,226	3,324	10.30	23.11	10.92	12.59	15.75	12.25
Long-term loans and advances	11	29	131	6	12	16	0.02	0.11	0.52	0.02	0.04	0.06
Long-term investments	4,955	-	-	-	-	-	9.83	-	-	-	-	-
Long-term deposits	10	10	10	8	9	7	0.02	0.04	0.04	0.03	0.03	0.03
Deferred taxation	5	-	34	-	-	-	0.01	-	0.14	-	-	-
Stores and spares	179	142	154	178	190	112	0.35	0.54	0.61	0.65	0.71	0.41
Stock-in-trade	6,150	4,469	7,883	7,530	5,690	5,198	12.20	17.12	31.40	27.31	21.20	19.15
Trade debts	448	1,737	1,383	1,460	1,356	1,613	0.89	6.65	5.51	5.29	5.05	5.94
Loans and advances	1,221	1,006	1,558	945	926	840	2.42	3.85	6.21	3.43	3.45	3.10
Short-term prepayments	19	15	11	21	19	19	0.04	0.06	0.04	0.08	0.07	0.07
Accrued return	419	87	12	45	53	57	0.83	0.33	0.05	0.16	0.20	0.21
Other receivables	168	176	163	448	150	196	0.33	0.67	0.65	1.62	0.56	0.72
Investments	6,757	4,332	6,698	2,691	4,993	-	13.41	16.59	26.68	9.76	18.61	-
Taxation - payment less provision	-	1,216	131	-	399	-	-	4.66	0.52	-	1.49	-
Cash and bank balances	24,865	6,857	4,195	10,771	8,812	15,756	49.34	26.26	16.71	39.06	32.84	58.06
Total Assets	50,399	26,111	25,106	27,576	26,835	27,138	100.00	100.00	100.00	100.00	100.00	100.00
Issued, subscribed and paid-up capital	786	786	786	786	786	786	1.56	3.01	3.13	2.85	2.93	2.90
Reserves	23,250	19,130	16,907	16,228	13,334	11,802	46.13	73.26	67.34	58.85	49.69	43.49
Shareholders' Equity	24,036	19,916	17,693	17,014	14,120	12,588	47.69	76.27	70.47	61.70	52.62	46.39
Deferred taxation	-	219	-	166	454	326	-	0.84	-	0.60	1.69	1.20
Trade, other payables and provisions	9,181	4,430	6,014	6,512	5,741	5,905	18.22	16.97	23.95	23.61	21.39	21.76
Advances from customers and dealers	16,193	1,546	1,399	3,824	6,520	8,075	32.13	5.92	5.57	13.87	24.30	29.76
Accrued mark-up	-	-	-	-	-	1	-	-	-	-	-	0.00
Taxation - provision less payment	990	-	-	60	-	243	1.96	-	-	0.22	-	0.90
Total Equity and Liabilities	50,399	26,111	25,106	27,576	26,835	27,138	100.00	100.00	100.00	100.00	100.00	100.00
PROFIT AND LOSS ACCOUNT												
Net Sales	96,516	57,064	63,829	76,963	61,703	60,093	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	82,272	51,270	57,972	70,401	57,614	55,237	85.24	89.85	90.82	91.47	93.37	91.92
Gross profit	14,244	5,794	5,857	6,562	4,089	4,856	14.76	10.15	9.18	8.53	6.63	8.08
Distribution costs	996	794	814	820	690	468	1.03	1.39	1.28	1.07	1.12	0.78
Administrative expenses	799	635	644	628	463	382	0.83	1.11	1.01	0.82	0.75	0.64
Other operating expenses	1,172	424	436	516	356	416	1.21	0.74	0.68	0.67	0.58	0.69
Other income	2,907	1,113	1,038	1,776	1,508	1,796	3.01	1.95	1.63	2.31	2.44	2.99
Operating profit before finance costs	14,184	5,055	5,000	6,374	4,088	5,386	14.70	8.86	7.83	8.28	6.63	8.96
Finance costs	52	38	31	61	77	144	0.05	0.07	0.05	0.08	0.12	0.24
Profit before taxation	14,133	5,016	4,970	6,313	4,011	5,242	14.64	8.79	7.79	8.20	6.50	8.72
Taxation	5,022	1,143	1,612	2,010	1,268	1,799	5.20	2.00	2.53	2.61	2.06	2.99
Profit after taxation	9,110	3,873	3,358	4,303	2,743	3,443	9.44	6.79	5.26	5.59	4.45	5.73

Horizontal Analysis

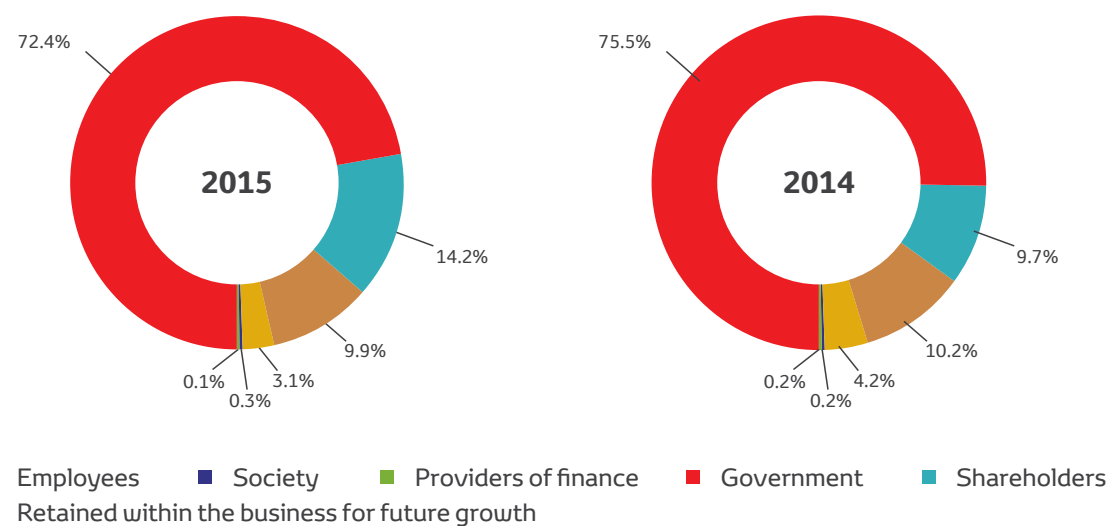
	2015	2014	2013	2012	2011	2010	2015 vs 2014	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010	
BALANCE SHEET	(Rs in million)						(Percentage %)					
Fixed assets	5,193	6,033	2,742	3,473	4,226	3,324	(13.92)	120.02	(21.04)	(17.82)	27.14	
Long-term loans and advances	11	29	131	6	12	16	(62.25)	(77.62)	2,088.95	(50.00)	(25.00)	
Long-term investments	4,955	-	-	-	-	-	-	-	-	-	-	
Long-term deposits	10	10	10	8	9	7	-	-	20.84	(11.11)	28.57	
Deferred taxation	5	-	34	-	-	-	102.42	(737.48)	120.69	-	-	
Stores and spares	179	142	154	178	190	112	26.08	(7.82)	(13.67)	(6.32)	69.64	
Stock-in-trade	6,150	4,469	7,883	7,530	5,690	5,198	37.61	(43.30)	4.69	32.34	9.47	
Trade debts	448	1,737	1,383	1,460	1,356	1,613	(74.23)	25.64	(5.29)	7.67	(15.93)	
Loans and advances	1,221	1,006	1,558	945	926	840	21.33	(35.43)	64.86	2.05	10.24	
Short-term prepayments	19	15	11	21	19	19	26.62	38.36	(48.58)	10.53	-	
Accrued return	419	87	12	45	53	57	379.46	618.67	(72.99)	(15.09)	(7.02)	
Other receivables	168	176	163	448	150	196	(4.51)	7.71	(63.59)	198.67	(23.47)	
Investments	6,757	4,332	6,698	2,691	4,993	-	55.96	(35.32)	148.91	(46.10)	-	
Taxation - payment less provision	-	1,216	131	-	399	-	(181.41)	825.96	318.94	(115.04)	264.20	
Cash and bank balances	24,865	6,857	4,195	10,771	8,812	15,756	262.62	63.45	(61.05)	22.23	(44.07)	
Total Assets	50,399	26,111	25,106	27,576	26,835	27,138	93.02	4.00	(8.96)	2.76	(1.12)	
Issued, subscribed and paid-up capital	786	786	786	786	786	786	-	-	-	-	-	
Reserves	23,250	19,130	16,907	16,228	13,334	11,802	21.54	13.14	4.19	21.70	12.98	
Shareholders' Equity	24,036	19,916	17,693	17,014	14,120	12,588	20.69	12.56	3.99	20.50	12.17	
Deferred taxation	-	219	-	166	454	326	(102.42)	737.48	(120.69)	(63.44)	39.26	
Trade, other payables and provisions	9,181	4,430	6,014	6,512	5,741	5,905	107.22	(26.33)	(7.65)	13.43	(2.78)	
Advances from customers and dealers	16,193	1,546	1,399	3,824	6,520	8,075	947.60	10.51	(63.42)	(41.35)	(19.26)	
Accrued mark-up	-	-	-	-	-	1	-	-	-	-	(100.00)	
Taxation - provision less payment	990	-	-	60	-	243	181.41	-	(318.94)	115.04	(264.20)	
Total Equity and Liabilities	50,399	26,111	25,106	27,576	26,835	27,138	93.02	4.00	(8.96)	2.76	(1.12)	
PROFIT AND LOSS ACCOUNT												
Net Sales	96,516	57,064	63,829	76,963	61,703	60,093	69.14	(10.60)	(17.07)	24.73	2.68	
Cost of sales	82,272	51,270	57,972	70,401	57,614	55,237	60.47	(11.56)	(17.65)	22.19	4.30	
Gross profit	14,244	5,794	5,857	6,562	4,089	4,856	145.86	(1.08)	(10.74)	60.48	(15.79)	
Distribution costs	996	794	814	820	690	468	25.52	(2.54)	(0.70)	18.84	47.44	
Administrative expenses	799	635	644	628	463	382	25.85	(1.45)	2.54	35.64	21.20	
Other operating expenses	1,172	424	436	516	356	416	176.38	(2.79)	(15.47)	44.94	(14.42)	
Other income	2,907	1,113	1,038	1,776	1,508	1,796	161.09	7.27	(41.56)	17.77	(16.04)	
Operating profit before finance costs	14,184	5,055	5,000	6,374	4,088	5,386	180.62	1.09	(21.55)	55.92	(24.10)	
Finance costs	52	38	31	61	77	144	35.63	24.59	(49.67)	(20.78)	(46.53)	
Profit before taxation	14,133	5,016	4,970	6,313	4,011	5,242	181.72	0.94	(21.28)	57.39	(23.48)	
Taxation	5,022	1,143	1,612	2,010	1,268	1,799	339.38	(29.10)	(19.79)	58.52	(29.52)	
Profit after taxation	9,110	3,873	3,358	4,303	2,743	3,443	135.20	15.37	(21.97)	56.87	(20.33)	

Statement of Value Addition

For The Year Ended June 30, 2015

	2015		2014	
	Rupees in '000	%	Rupees in '000	%
Wealth Generated				
Gross revenue	116,339,212	97.6%	68,529,700	98.4%
Other income	2,906,797	2.4%	1,113,316	1.6%
	119,246,009	100.0%	69,643,016	100.0%
Wealth Distributed				
Employees				
Salaries, wages and other benefits	1,365,035	3.1%	997,973	4.2%
Society				
Donations towards education, health and environment	116,726	0.3%	49,655	0.2%
Providers of Finance				
Finance cost	51,883	0.1%	38,254	0.2%
Government				
Income tax, sales tax, excise duty, customs duty, WWF and WPPF	32,065,654	72.4%	18,095,801	75.5%
Shareholders				
Dividend	6,288,000	14.2%	2,318,700	9.7%
Retained Within The Business For Future Growth				
Retained earnings, depreciation and amortisation	4,366,337	9.9%	2,450,207	10.2%
	44,253,635	100.0%	23,950,590	100.0%

Distribution Of Wealth



March 2000

To cater to the demand for a Small Hatchback vehicle, IMC entered into a technical assistance agreement with Daihatsu Motor Company and introduced Cuore, an 800 cc hatchback that quickly gained prominence and acceptance as a car of choice.

Directors' Report

The Directors of Indus Motor Company Limited takes pleasure in presenting Directors' Report, together with the Accounts of the Company for the year ended June 30, 2015 and recommends the following appropriations:

	2015	2014
	(Rupees in '000)	
Profit After Taxation	9,110,251	3,873,452
Other Comprehensive Income / (Loss) for the year	717	(491)
Un-appropriated Profit brought forward	235,002	680,741
	9,345,970	4,553,702
Appropriations		
First Interim Dividend @ 200% i.e. Rs. 20 per share (2014: 60% i.e. Rs. 6 per share)	1,572,000	471,600
Second Interim Dividend @ 200% i.e. Rs. 20 per share (2014: Nil)	1,572,000	-
	3,144,000	471,600
Unappropriated Profit Carried Forward	6,201,970	4,082,102
Subsequent Effects		
Proposed Final Dividend @ 400% i.e. Rs. 40 per share (2014: 235% i.e. Rs. 23.50 per share)	3,144,000	1,847,100
Transfer to General Reserves	3,000,000	2,000,000
	6,144,000	3,847,100
Basic and Diluted Earnings Per Share	115.91	49.28

Code of Corporate Governance

The Board members are pleased to state that the Management of the company is committed to good corporate governance and complying with the best practices. In compliance with the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- During the year, one Director has obtained certificate of Directors Training Course from Pakistan Institute of Corporate Governance (PICG).
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.

Key Operating and Financial Data

The Key Operating and Financial Data is mentioned on pages 124 to 125 of the Annual Report.

Appointment of Auditors

The existing auditors, M/s A.F. Ferguson & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment. The Directors endorse the recommendation of the Audit Committee for re-appointment of A.F. Ferguson & Co, as the auditors for the financial year ending 2016.

Chairman's Review

The Directors of the Company endorse the contents of the Chairman's Review dealing with the Company's performance, major activities carried out during the year and the future outlook of the Company.

Investments of Retirement Benefit Funds

The value of Investments held in the retirement benefit funds at the year ended 30 June, 2015, is as follows:

	2015 (Unaudited)	2014 (Audited)
	(Rupees in '000)	
Indus Motor Company Limited Employees' Provident Fund	541,555	465,731
Indus Motor Company Limited Employees' Pension Fund	287,072	238,491

Government Levies

Government levies outstanding as at June 30, 2015 have been disclosed in Note No. 19 to the Financial Statements.

Board of Directors Meetings

A total of seven meetings of the Board of Directors were held during 12 months period from July 01, 2014 to June 30, 2015. Attendance at the Board Meetings by each Director is as follows:

Name of Directors	Number of Meetings Attended
Mr. Ali S. Habib	7
Mr. Keiichi Murakami	6
Mr. Parvez Ghias	7
Mr. Yoshiyuki Matsuo	6
Mr. Azam Faruque*	5
Mr. Mohamedali R. Habib	6
Mr. Kyoichi Tanada (Mr. M. Aoi [Ex-Alternate] / Mr. T. Azuma, [Alternate])	6
Mr. Tetsuro Hirai [Ex- Director] / Mr. Masato Yamanami ** (Mr. R. Hatakeyama [Ex-Alternate]/Mr. Osamu Yoneyama, [Alternate])	7
Mr. Farhad Zulficar	3
Mr. Raza Ansari	7

* Mr. Azam Faruque was elected on the Board as an Independent Director with effect from 31 October 2014.

** During the year, Mr. Tetsuro Hirai retired as Director with effect from June 15, 2015 and Mr. Masato Yamanami was appointed as Director with effect June 15, 2015.

The Board acknowledges the valuable contribution made by the outgoing Directors and welcomes the new Director and the Alternate Directors to the Board.

Board Audit Committee

The Board Audit Committee comprises of Six Non-Executive directors, out of which one is an Independent Director.

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities. A total of Four (04) Board Audit Committee meetings were held during 12 months period from July 01, 2014 to June 30, 2015. Attendance at the Board Audit committee Meetings by each Director / Member is as follows:

Name of Directors	Number of Meetings Attended
Mr. Mohamedali R. Habib	4
Mr. Farhad Zulficar	2
Mr. Azam Faruque	2
Mr. Kyoichi Tanada (Mr. M. Aoi [Ex-Alternate] / Mr. T. Azuma, [Alternate])	4
Mr. Tetsuro Hirai [Ex- Director] / Mr. Masato Yamanami (Mr. R. Hatakeyama [Ex-Alternate]/Mr. Osamu Yoneyama, [Alternate])	2
Mr. Raza Ansari	4

Terms of Reference of the Audit Committee include the requirements for review of annual and quarterly financial statements, review of internal audit reports, information before dissemination to Stock Exchanges and Consideration and recommendation for appointment of external auditors, in addition to other matters of a significant nature.

Trading of Shares of the Company

The Directors, the Executives, and their spouses and minor children have not carried out trading of shares of the Company, other than that disclosed in the Pattern of Shareholding.

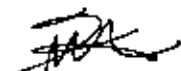
Pattern of Shareholding

The Pattern of Shareholding of the Company as at June 30, 2015 is given on pages 122 to 123.

Karachi
August 28, 2015



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director



**February
2002**

The 9th generation Corolla was introduced with 469 local parts. Aimed at exciting customers with a stylish design and superior built, this Corolla was another styling success, reinforcing Toyota's quality, durability and reliability image in Pakistan.



Ali S. Habib
Chairman

Chairman's Review

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

“

I welcome you to this 26th Annual General Meeting of your company and it is my pleasure to present to you the Company's performance for the year ended June 30, 2015.

”

- Industry Review
- Company Review
- Marketing
- Customer Relations
- Customer First (Parts and Service)
- Safety Health and Environments
- Human Resources
- Operations
- Corporate Social Responsibility
- Strategy Moving Forward

Industry Review

The fiscal year 2014–15 saw an impressive turnaround in the business environment for domestic automakers and parts suppliers who had been besieged with two consecutive years of volume decline. The annual demand for automobiles grew 31% to 179,953 units compared to 136,888 units sold last year, primarily driven with the Government of Punjab's decision to purchase 50,000 Suzuki vehicles for the 'Apna Rozgar Scheme' and the impact created in the market place by the new 11th generation Toyota Corolla.

A general feel good factor was witnessed in consumer sentiment on account of improving macroeconomic indicators, falling inflation & interest rates, stability in the retail prices of vehicles and relative calm in the law and order situation across the country, enabling the demand for locally manufactured vehicles to remain robust throughout the year. The small-high 1300- 1800cc segment of passenger cars outperformed all others with an impressive growth of 35%. Despite chronic power outages, the

entire value chain stepped up effectively to meet the challenge and cater for the increased product demand by operating manufacturing facilities optimally.

The elimination of FED on locally manufactured vehicles over 1800cc at start of the fiscal year, together with minor tweaking in the valuation of used imported vehicles augured well for the industry but was insufficient to discourage inflows of used cars. Around 33,000 units still entered the market as traders targeted hybrid imports, taking full advantage of the unreasonably favourable customs valuations, together with the 50% customs duty and sales tax concessions provided to this category of vehicles.

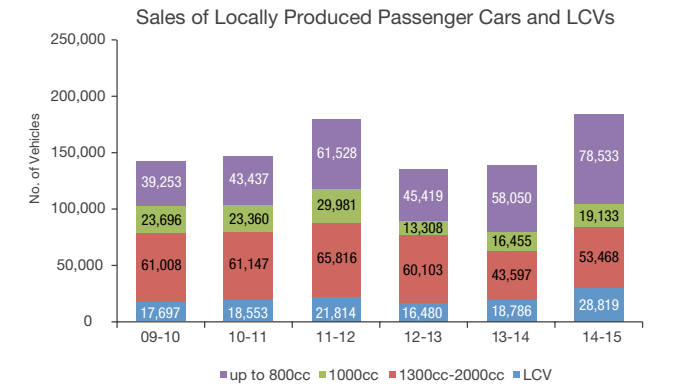
A stable and consistent application of policies is crucial to allow for unhindered growth of the automotive sector. The old Auto Policy expired in June 2012, and although there has been continued interaction with the government on a new Auto

Policy, one has not been finalised to date. An early announcement in this regard is desirable to remove uncertainty and allow the industry to firm up plans for investment and the introduction of new models, thereby offering customers a wider selection of vehicles to choose from .

In order to create a level playing field in the local industry, the prevalent concessionary structure of duties and valuations for used vehicles needs further realignment. This would also help ensure that the Government receives its fair share of revenue, instead of annually losing billions of Rupees due to significantly lower valuation on both used imported vehicles and imported auto parts.

The Pakistan market offers huge potential, and we urge the Government to embrace good governance as a key driver for the public policy agenda and long-term industrial growth, as this would restore market confidence without stifling the dynamism that underlies the economy. Regrettably, a lack

of commitment displayed by the Government to implement good governance has continued to plague our Parts business, where malpractices of under-invoicing and incorrect declaration of imported auto parts by unprincipled importers continued unabated creating further difficulties for the genuine and legitimate parts manufacturers and distributors.



Team Members at the Engine shop



Trainee team member experiencing on the job training



Team member on the assembly line



Final Inspection before line-off

Company Review

While an improving economic environment driven by the Government's efforts provided a much needed boost to the entire industry, FY2014-15 was particularly auspicious for Indus Motor Company. It marked the start of our silver jubilee celebrations and Al-hamdu lillāh, the company delivered stellar results with an impressive all round performance setting new records on production, sales, earnings and job creation. The stock market reflected confidence in the Company's performance with an all-time high market capitalization. In recognition of these achievements we enhanced our social contribution expenditure beyond the regular policy to share the joy with the under privileged segments of our society.

CKD & CBU Business

The Company outperformed and stayed well ahead of competition throughout the year, on account of the strong demand generated by the new 11th generation Toyota Corolla launched in July 2014. Toyota Fortuner demand showed partial recovery upon withdrawal of 10% FED, though it remained below our expectation with an influx of used imported SUVs.

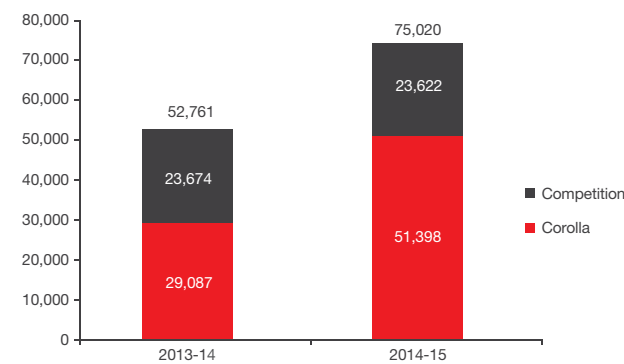
The company sales of Toyota and Daihatsu brand vehicles (CKD and CBU) registered a robust growth of 66% to 57,387 units, compared to 34,470 units sold during the same period last year. The sales volume achieved during the year is a new record and resulted in capturing 32% market share compared to 25% attained in 2013-14.

In 2014, the Company was the first OEM to launch a hybrid vehicle – the Toyota Prius complete with dedicated after sales service. We were unable to sustain this CBU sale operation due to a tax anomaly that disadvantaged our worthy customers. While the 50% concessionary rate of Custom Duty is applicable to both new and used hybrid vehicles, the full rate of Sales Tax is applied on sales made by IMC to its customers, whereas used Prius sold by traders receive the benefit of Sales Tax concessions as well. This anomaly continues to subsist and hurt our business and we believe the Government would do well to seriously reconsider its strategy to encourage

and introduce more fuel-efficient vehicles such as Eco- Car Schemes seen in Thailand and Indonesia.

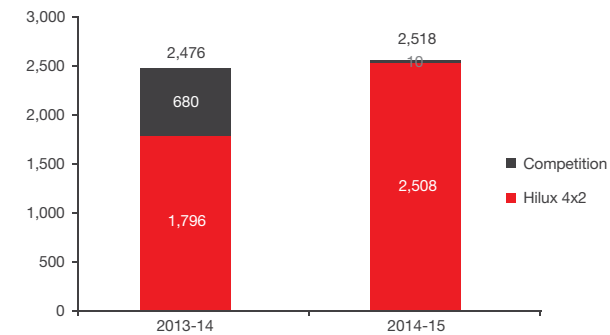
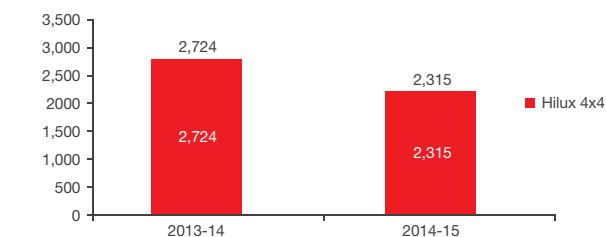
CKD Passenger Cars: Small High Segment

The small high segment of the industry rebounded with an impressive growth of 42% to 75,020 units led by the new Toyota Corolla in which the Company's market share was further strengthened.



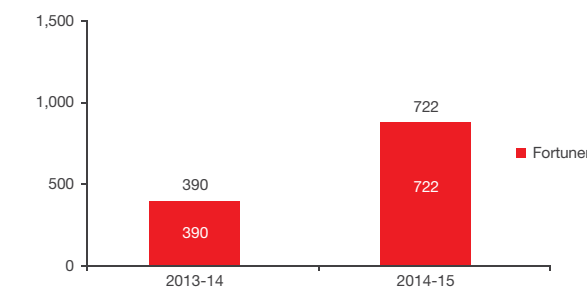
CKD Light Commercial | Pickup Segment

Our Hilux variants continue to gain customer appreciation and remained popular, particularly amongst fleet users, institutional buyers, farmers, transporters and entrepreneurs who favour its sturdy build, versatility and superb off-road performance on challenging terrain. During the year, the Company introduced the locally manufactured 4X4 version of the immensely popular Hilux single Cabin pickup for the first time, while the entire range comprising of Double Cabin 4X4, Single Cabin and Deck less 4X2 were spruced up with a new look and features. The combined sales of Hilux LCV grew 7%, to 4,823 units as compared to 4,520 units sold during the same period last year.



CKD SUV Segment

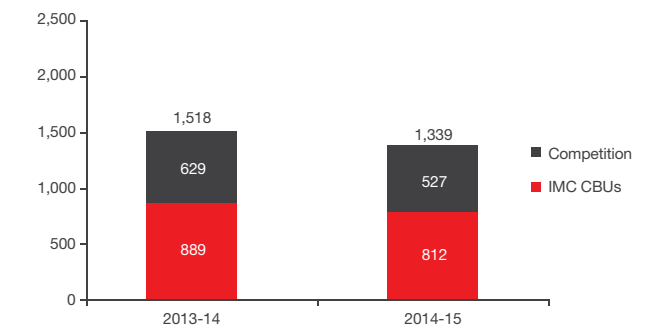
Toyota Fortuner is the first true locally produced Sports Utility Vehicle in the country that has attracted many customers for the luxury, elegance, safety, price and all round comfort it offers. After a promising launch in early 2013, demand soon crashed during FY2013-14 on account of imposition of 10% FED and the influx of used imports. The subsequent removal of FED in the Finance Act 2014-15 finally paved way for the company to sell 722 units, up 85% compared to 390 units sold during the same period last year.



CBU Segment

Market for new CBU vehicles reflected restrained growth in view of extraordinary concessions allowed to Hybrid imported used vehicles that continue to enter the country through misuse of schemes intended only for facilitation of overseas Pakistanis. The industry sales were 1,339 units, in which IMC's share was 812 units or 61%, mainly on account of Toyota Land Cruiser, Hiace, Toyota Avanza and Daihatsu Terios vehicle sales.

We reiterate our request to the Government to abolish the 50% regulatory duty on high end vehicles as it is punitive in nature, and causes volume to drop. Lower duties will create increased demand for legally imported CBUs and yield greater revenues for the exchequer and benefit the economy.



Business Results

Overall, the market for the auto industry started on a high note with the launch of new 11th generation Toyota Corolla and a neutral to a positive outlook for the domestic manufacturers reflected in the Federal budget, and it remained favourable throughout FY2014-15. A decline in imports bill, led by the collapse in oil prices and strong growth in remittances provided macroeconomic stability to bolster investor confidence.

The combined sale of Toyota CKD and CBU vehicles increased by 66% to set a new annual record of 57,387 units compared to 34,470 units sold last year, while the market share for locally manufactured vehicles grew from 25% to 32% for FY 2014-15.

The nationwide customer response to the new Toyota Corolla has been overwhelming. In order to fulfill the tremendous market demand, while trying to reduce the delivery lead time cycle, the Company operated its manufacturing facilities at full capacity throughout the year, undertaking daily overtime and working off Saturdays to minimize the impact of delivery time lag on customers. It enabled us to achieve a new annual production record of 56,888 units compared to 33,102 units produced last year.

A robust operating environment enabled the Company to post a record gross sales revenue of Rs. 116.3 billion up 70% compared to Rs 68.5 billion for the same period last year, while profit after tax at Rs 9.1 billion grew 135% as against Rs 3.9 billion posted for the FY14. The surge in the after tax profitability is mainly attributable to increased sales volume of additional 22,917 units, improvement in margins after years of erosion and Kaizen initiatives aimed at improving operational efficiencies, work processes, strategic sourcing of supplies and cost reduction in general.

Dividend

The Company achieved a return on equity of 38% for the FY 2014-15 (FY2013-14: 19%). Based on the results, the Board of Directors is pleased to propose a final dividend of Rs 40 per share, making the total payment of Rs 80 per share compared to Rs 29.50 per share paid to the shareholders last year. An amount of Rs 3.0 billion is recommended for appropriation to the general reserve to be utilized for continuing growth and plant capacity expansion.

Contribution to the National Exchequer

In FY 2014-15 the Company contributed a sum of Rs 32 billion to the national exchequer, which amounts to about 1.2% of the total revenue collection by the Government of Pakistan during the year. In the 25 years since incorporation, our contribution stands at an impressive total of nearly Rs. 250 billion.

Inquiry by the Competition Commission of Pakistan

In late June 2015, the office of Cartels and Trade Abuse at the Competition Commission of Pakistan initiated an inquiry under Section 37(1) of the Competition Act 2010, and has requested the Company to furnish certain information in this connection. The Company has provided all the documents and details sought, and we remain committed to co-operating with the Commission in this regard.



**November
2007**

Hilux, Toyota's sturdy workhorse, is globally acclaimed as one of the most durable light commercial vehicles. It has gained the same success in Pakistan that it has globally.

Marketing

Toyota continues to be the brand with which customers across all generations feel a strong affinity. History tells us that as things change with time, so do people; and for this reason we strive to continually listen to our customers, innovate and grow with them, always committing to 'Make Better Cars'. The iconic design and features of the new Toyota Corolla are a direct outcome of this philosophy, where the customers' wants are reflected in the product. We are fortunate that our customers display a sense of loyalty and trust in the Company to supply the best in terms of service, superior quality and great value, which fuels our passion to surpass our benchmarks to the single, most valuable end – earning smiles from our customers. We are truly humbled by the success of this year, and grow more determined to continue to delight our growing customer base.

Distribution Model

Our customers deserve a seamless vehicle purchase and ownership experience which should include financing, purchasing and invoicing through one-window provided by the authorized dealerships. Internationally, OEMs sell cars in bulk to their nationwide dealership network that maintain an inventory and thereafter sell vehicles directly to consumers in the retail mode. This

process speeds up the transaction, promotes healthy competition, enables customers to purchase vehicles immediately and obtain invoices instantly from the dealership.

Unfortunately, such a system is not possible in our country due to minimum turnover tax of 1% applied first to your company when it sells to the dealers, as well as on the dealer when they sell in the retail mode to the customer. In the current year's Federal Budget, an additional withholding income tax has been introduced both for filers and for non-filers at a higher rate (which we support for documentation of the economy), on sale of vehicles to our dealers under a wholesale mode and a further withholding income tax is again applied to the same transaction when the dealer retails the vehicle to the customer. In addition to these punitive measures, if the dealer were to retail a vehicle to a corporate entity, the purchaser (being a withholding agent) is required to deduct a further 4% or 4.5% withholding income tax applied to the total price of the vehicle.

It is apparent from the measures described herein that the global best practices of sales and distribution are rendered completely unviable in an attempt to collect taxes from undocumented and non-tax paying persons.

While we have continuously represented and made suggestions to improve the system without compromising government revenue, we have not had success so far.

As a result of these challenges the company is forced to use its dealer network to collect orders from customers and pass them on to the company, who then has to transact and sell and invoice each and every customer individually across the country from Karachi to Khyber.

Such a system, unfortunately, requires customers to place provisional orders through the dealers with the company, for the company to then deliver vehicles after receipt of orders through the dealers to the customer, issue invoices which need to be delivered to the customer from a centralized source rendering the entire exercise both inefficient and needlessly complex and customer unfriendly.

It is our sincere hope that we will be able to successfully address this challenge with the Government, who we fully support in their effort to document the economy and tax all sources of income.

IMC is the only OEM to offer a Partial Payment scheme whereby customers may execute a

Provisional Booking Order form on the advance payment of Rs. 500,000 for Corolla, Rs. 1,000,000 for Fortuner and Hilux variants, including Vigo. In case of imported CBU vehicles, Rs. 1,000,000 or 25% of the Vehicle's Retail selling price, whichever higher, is applicable. The remaining balance has to be settled at least 10 days prior to the 1st day of the delivery month. Over the period the Company has continuously advertised and created awareness amongst customers to stay away from premium payments and to promote the partial payment scheme launched for the customer's benefit.

New 11th Generation Toyota Corolla

The launch of new Toyota Corolla in our 25th year of incorporation is a memorable milestone. The dynamic shape, exhilarating performance, spacious interior and cutting-edge functionalities mark the beginning of another era in the automotive history of Toyota in Pakistan, and sets a new benchmark that is bound to send customer spirits soaring.

The line-up of full model range includes:

- Corolla 1.8L Altis: Available in four variants with Manual and Automatic Transmission. The Grande offers top of the line specs of Continuous Variable Transmission 7 speed sport sequential paddle

WELL WORTH THE WAIT

We are humbled, amazed and thankful for the truly overwhelming response to the New Corolla. In order to fulfil your demand, we at IMC have been operating at full capacity which reached the highest level of production in January 2015.

We understand that waiting for the exciting new Corolla can test your patience, but rest assured, we are doing all that is humanly and technically possible to bring you your Corolla. We urge you to book your vehicle only at our authorized dealerships with the partial payment of Rs. 500,000 only, without any premium.

Take it from the thousands of our satisfied customers...the wait will be well worth it.

[@ToyotaPak](#) [ToyotaPakistanOfficial](#)

Period	Production
Jul '13 to Feb '14	18,847
Jul '14 to Feb '15	31,462

67% More Corolla Production

TOYOTA
INDUS MOTOR COMPANY LIMITED
DAIHATSU

One of the public service message print advertisement



Batch of newly manufactured Corolla vehicles awaiting dispatch to customers

shift, Wi-Fi enabled multimedia touch screen, rearview camera, leather seats, reclining rear seats and more in many exciting colors.

- Corolla 1.6L Altis: Designed with a view to offer value for customers who need superior performance with enhanced fuel economy and luxury. Equipped with a 7 speed Automatic Transmission, it offers the performance that the Altis is known to promise.
- Corolla 1.3L GLi and Xli: Available with the same extraordinary styling, and for the first time will be available in both Manual and Automatic Transmission. Standard features include manually controlled air conditioning, new comfortable seat design with fabric upholstery, more leg and trunk room, LED type stop lamps, in-dash audio system including MP3 and USB connectivity, etc.

Silver Jubilee Commemorative Variants

We owe a large part of our success to the trust and confidence the people of Pakistan have placed in the Toyota products. As part of the 25th anniversary celebrations and a humble display of gratitude, IMC introduced limited edition versions of Hilux Vigo and Toyota Fortuner that were well appreciated and won acclaim from our customers.

Toyota SURE

In line with Toyota’s Global strategy to increase efficiency, reliability and deliver greater value to the customers, the business of certified used vehicles was restructured and rebranded as Toyota SURE last year. Apart from facilitating trade-in business in Toyota products, Toyota SURE also provides customers the facility of purchasing a used Toyota vehicle backed with limited warranty and after sales

service. To date, eight Toyota Sure facilities have been launched nationwide and the facility continues to grow.

Toyota Sure offers the customers the opportunity to sell their used vehicles at good prices, based on a rigorous 203 checkpoint criteria that ensures only the best vehicles are certified and offered for sale. Toyota Sure and Trade-in facility enables customers to buy a used car with peace of mind, ensured by limited warranty, as one finds when purchasing a brand Toyota Vehicle.

3S Dealership Network

During the year another two new dealerships were launched in the cities of Peshawar (Toyota Khyber Motors) and Karachi (Toyota Creek Motors). Opening

dealerships in peripheries of major cities and in small towns is part of our strategy to get closer to our valued customers and provide quality service at their doorstep.

Our dealership network maintains Toyota’s excellent standards of service and provides a pleasurable experience to customers. Furthermore, through a dealership uplift plan the entire network has been upgraded to enhance the customer experience and now offers sales, services and spare parts facilities at 41 dealerships throughout the country, and regularly host events like the dream art contest for children and loyalty program for customers.



Hilux Vigo Champ Silver Jubilee Commemorative Variant



Fortuner Silver Jubilee Commemorative Variant



3S Dealership at Ring Road, Peshawar

Customer Relations

People form a lifelong affinity with their vehicles, and IMC's Customer Relations (CR) plays a vital role to keep customers satisfied. We are aggressively driven towards implementing Toyota's Global Customer Relations standards in letter and spirit at IMC and at all dealerships. The focal point of Company's CR is the 'Voice of Customer' that proactively records and disseminates customer feedback throughout the organization to add value to our products, services and overall customer experience.

The key to satisfying customers is to remain aware of their level of satisfaction with our products and services, which is possible through biannual Customer Satisfaction Index research aimed to collect data that assesses our performance in handling and serving our valued customers and identifying the areas for improvement. During the year we undertook 'mystery-shopping survey' for the first time to gain deeper insight into the customer experience while visiting a dealer. Additionally, the Company annually conducts a focused 'Toyota Customer Delight Workshop' to provide cross-functional training to IMC frontline and Dealership staff enabling them to practically embody and promote the 'Customer First' Toyota mindset.

While our customer's first line of contact is the dealership, we are just a call away and can be reached at 0800 11123 during the office hours where our dedicated representatives are available to provide swift response. We can also be reached via email at customer.relations@toyota-indus.com. Realizing the growing importance of digital and social media, the Company has integrated its social media Facebook page and Twitter handle with Customer Service, proving customers with another platform to seek resolution of issues.

Dealer Operations Guidelines

The Dealer Operations Guidelines implementation process was initiated last year as a pilot project with the support of Toyota Motor Asia Pacific to give accreditation to dealerships for maintaining high level of employee satisfaction, an aspect viewed as instrumental in ensuring customer satisfaction. Realizing the importance and the positive all-round impacts it creates, we went national with 33 dealers achieving compliance with the initial basic requirements of the guidelines.



Children participating in the Toyota Dream Car Art contest 2015

Customer First

The Parts and Service department play a pivotal role in providing customers a complete and reliable ownership experience throughout the life cycle of their vehicle by providing customers with the assurance and availability of genuine spare parts and quality services throughout our dealership network and retail outlets across the country. During the year, the Parts and Service Departments of the company were consolidated and renamed as 'Customer First Department'. The restructuring has been carried out with a view to further enhance customer experience and boost efficiency through synergizing the after sales business. Both, the Toyota genuine parts and Toyota Motor Oil businesses continue to register growth in sales and profitability.

The Auto Parts business is still at its infancy stage, and has huge potential for growth as a strong revenue generator for the Government, provided improved governance and adherence to rule of law is implemented. The unabated influx of illegally sourced spare parts however continue to enter the country through under invoicing and mis-declaration from commercial importers. The majority of such importers operate in the undocumented sector and are able to evade the FBR's due diligence mechanisms. It is imperative that the custom

authorities enhance the existing low customs valuation which is creating an uneven playing field against OEMs and severely hurting the legitimate, registered businesses of OEMs, while causing revenue loss to the Government of Pakistan in terms of custom duties and taxes. Policy makers need to address this issue by ensuring the parts valuation is carried out in line with the OEMs import price list. They must also bear in mind the detrimental effect counterfeit products can have on the health and safety of the public, where customers are unable to distinguish between genuine and deceptively similar counterfeit parts. For its part, the Company is committed to raising this awareness through education and promotions so that customers may be able to take well informed decisions to differentiate genuine parts from fake products.

During the year, several advertising and customer care campaigns addressed the importance of using genuine parts for maintaining the overall health of the car. A free air conditioner checkup campaign provided value to all customers in wake of an increasingly hot summer. These campaigns, carried out through radio spots, print and social media, were well received.



Free AC checkup campaign rolled out during summers

Safety, Health and Environment

As an organization driven towards the betterment of people, we are always looking to improve our safety standards and enforcing stricter environmental discipline. These efforts lead us to ensure that we create a safe workplace with zero fatalities and no serious injuries. We train and motivate our people to take responsibility and ownership for risk assessment activities in their sphere of operations and to desist from unsafe practices and behaviors. This environment encourages employees to alert management of every injury or hazard, however small, allowing us to learn from every mistake and take corrective actions to create a safer workplace for everyone. All near miss cases are similarly investigated, to put in place appropriate preventive counter measures.

Safety Record

There was no Lost Work Day (LWD) injury for the fourth consecutive year in 2014-15, thereby setting a new record. This is particularly creditable as we rebound from two prior years of downturn, with record production and relatively higher intense activity levels in the plant this year. While we are pleased that there was no serious injury

case for any of our own employees, we recognize that we must remain vigilant.

Safety and Environment Months

In Fy 15, January and June were dedicated as Safety and Environment months to promote collaborative efforts for safer workplace and creating collective environmental awareness respectively.

Our theme on safety, "Let's make IMC Zero Accident Workplace" commenced with the Company's top management signing off on their commitment to safety, firefighting trainings and fire simulation evacuation drills, a 5S competition and awareness sessions on defensive driving, first aid, etc were held, to further strengthen the effectiveness of our systems and to counter and emergency situations on site. A competition amongst all employees to identify and propose ways to eliminate hazards in the workplace called the "4 rounds of Keiken Yuichi" drew an enthusiastic response with winners recognized, rewarded and their proposals incorporated as safety kaizen in the workplace.

The environment theme of "Seven Billion Dreams; One Planet; Consume with Care" also stirred a lot of interest and disseminated information encouraging conservation and prudent use of resources. It too kicked off with the top management expressing its commitment towards environmental care, planting of over 200 tree saplings at the plant-site, training on eco-friendly business practices as stipulated by Environment Management System, an ECO award competition for resource conservation activities, an ECO photo contest and distribution of biodegradable fabric bags to promote the idea of reducing the usage of disposable packaging and encouraging reuse and recycle.

Toyota GEMS Audit

An audit of the Toyota Global Environment Management Systems declared IMC as a fully compliant entity and improved our rating of environmental self-reliance (Jiritsuka). With this, IMC has joined the ranks of other regional production centers such as Thailand and Indonesia. During the year, we took measures to reduce our carbon footprint, completed anti-corrosive coating

of all designated areas to prevent soil underwater contamination, developed sludge dewatering mechanism to reduce landfill impact and ensured full compliance against NEQS (National Environment Quality Standards).

Environmental Assessment Audit

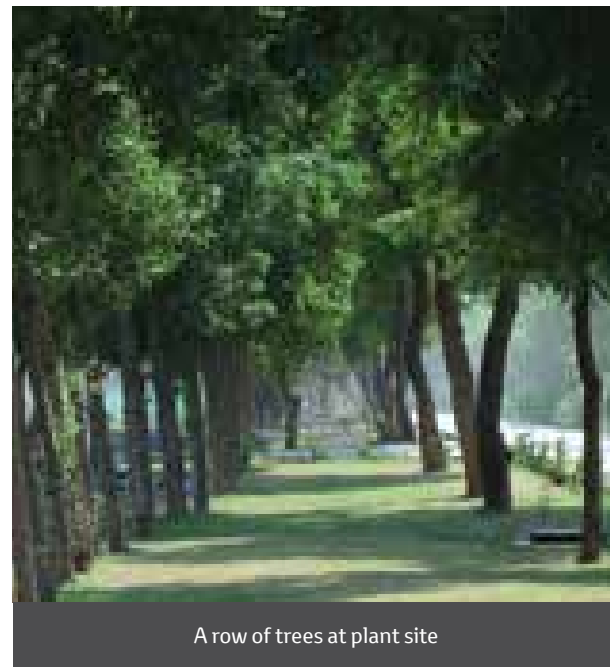
During Fy 15, a TMAP Environmental Management Team audited Non-Manufacturing functions like Communication, Training, CSR activities, Sales and Service, Purchasing and Logistics to check the level of management's commitment to environment and were pleased with results relative to other affiliates.

Campaign against Substances Injurious to Health

As part of the workplace wellness a strong campaign was launched focusing at promoting healthy living and discouraging use of chewing tobacco, beetle leaf and cigarette smoking. Awareness sessions were held and a program to rehabilitate employees who are regular consumers is underway to make plant completely free of these dangerous substances.



Team members in standard safety attire at the weld shop



A row of trees at plant site



TMAP Auditors during the GEMS Audit



A section of water treatment plant

Human Resources

The Company maintained focus on recruitment and development of human capital for capacity building in support of business growth. Over 500 new jobs were created during the year to ensure our operations remain streamlined to deliver products in a timely manner to meet the rising demand of customers in the market place. At the heart of our human development initiative remains Kaizen, an incessant commitment to excellence and improvement that warranted every new team member joining the team is trained in the Toyota Way before being assigned to their permanent job in the manufacturing operations.

In House Training and Development

During the year, the company conducted various training aimed at improving the skill set, behavioral aspects and mindset of the employees to enable value addition in their work and facilitate team work. 'The Tick-Tick Dollar' training conducted by the motivational speaker and author of the book was held for the middle level managers to challenge their mindset and practices, to maximize individual potential.

As part of the affirmative action program supporting equal opportunity employment and to ensure our female employees are empowered in the face of cultural diversity in Pakistan, the Company for the first time organized a specifically tailored collaborative outdoor training exclusively

for female employees. The aim of the training was to provide challenging, simulating situations that encourage employees to step out of their comfort zones, and to promote collaborative teamwork.

Battle of Brains

The annual 'Battle of Brains' competition created and sponsored by the Company is now a signature event attracting top tier business schools of Pakistan such as IBA, KSBL and LUMS. The competition encourages application of creative and critical thought process to develop solutions to real life business challenges and scenarios faced by the Company. The theme for this years' competition was regarding customer perceptions about auto industry products and services. Over 400 students participated with the KSBL team winning the final challenge round. Attractive prizes were given to participants in the final round.

200th Apprentice Program

The Silver Jubilee celebration year coincidentally marked placement of the 200th batch of Assistant Team Members (ATM). IMC periodically recruits these batches of Trade Apprentices under the ATM program and transforms them into talented technicians through intensive skill development program involving both classroom training and hands on experience.



Participants at an outdoor leadership training



Trainee team members with mentor

August
2008

The 10th generation Corolla has been a resounding success. Apart from winning the hearts of many customers, it also has earned distinctions for Pakistan at regional level, making it the most sold Corolla country in the Asia Pacific Region.

Operations

Strong demand for the new Toyota Corolla enabled the company to achieve all time record production of 56,888 units for all Toyota products. The initial launch period was challenging on account of gradual ramp-up in production as downstream suppliers adjusted to new peak levels of parts supplies required, following two successive years of volume decline that served to severely dent the industry financially and in terms of loss of experienced talent due to attrition. To meet soaring demand and delivery time expectations on delivery orders, we added new jobs for over 500 team members and resorted to daily overtime working throughout the year.

Total Quality Jiritsuka (Self Reliance)

Quality Assurance is the single biggest hurdle in an era of globalization of production that every Toyota manufacturing plant must overcome. No matter where Toyota vehicles are made, they must comply with the same level of quality standards and that is why Toyota opts to put one label for all, i.e. 'Made by Toyota' instead of naming the country of manufacture. It means there is a need to spread Toyota's manufacturing philosophy – the 'Toyota Way' to all the overseas bases such that same quality assurance cuts across all frontiers.

In order to continuously emphasize the importance of Quality and to encourage quality controls at all levels, a Quality month is celebrated to promote



TMAP skill contest winners with the Chairman

a collaborative culture at IMC. By focusing on developing quality mindset, corresponding behaviors are developed to enable skilled people to deliver better quality output at any and all levels of the organization.

Skill Contest

More than 150 participants representing nine countries from the Asia Pacific Region participated in the TMAP Skill contest, an event aimed at assessing and recognizing superior skills of the people who make some of the best known cars of the world. The competing IMC team members and team leaders won four medals, three in silver and one bronze at this annual contest.

Localization

We are proud of the indigenization achieved in the 25 years since formation. Throughout this period the company has strived to realize higher and technically advanced level of localization to benefit the society. Our new Toyota Corolla comprises of 760 parts and components manufactured locally, a far cry from just 33 parts used in the first locally produced vehicle in 1993. Most of the high-tech localization involved transfer of technology under technical assistance or spot assistance agreements with overseas companies while others were achieved through entering joint ventures with foreign vendor principals, all of which has



Localized reclining seats of the new Corolla

played a major role in the development and growth of the local parts supplier industry.

There are many accomplishments that make the order of merit for new technology introduction in Pakistan. One highlight of the new Corolla is its bucket seat design with dual density and spring suspension to give added comfort to the driver and passengers. It's the first time for domestic customers to relish such an experience in vehicles manufactured locally. A few models of Corolla also come with the added feature to recline the rear sets for relaxation in posture. It's worth noting the seat reclining and track assembly was developed by Thal Boshoku, a new joint venture between Thal Engineering and Toyota Boshoku that also helped us localize the air cleaner assembly.

A few of our suppliers leveraged their strong relationship with us and prospect of future growth to establish new facilities comprising assembly and manufacturing lines dedicated to Toyota products and high-tech parts such as alternator, starter, fuel tank, energy absorber parts in EPP material and window regulators, thus benefiting the country in establishing transfer of new technology. Since

many of these parts play an integral role in smooth functioning of the vehicle and frequent interface with the users, a significant role was played by Toyota Motor Corporation to provide guidance and ensure quality.

Another cutting-edge technology adopted by a supplier was to develop facility for metalizing interior parts of lamp assemblies locally. This is a notable achievement which required highly strict process and quality control parameters to meet the promised Toyota Standard. The facility was established and process tuned to perfection within a very short timeframe.

In order to achieve higher safety standards for the vehicle and passenger protection, we pursued the localization of sheet metal and body parts, including high tensile steel components, which resulted in a Technical Assistance Agreement with the Ogihara Stamping Company and creation of a new local company. It is the first time that IMC undertook this initiative involving stronger steel strength that also required development of special tooling to match the sophisticated metallurgy.



Corolla body shell with high tensile steel parts

Corporate Social Responsibility

Yet another success story for 2014-15 was the localization of the thermostatically controlled air conditioner for the upmarket SUV category, which brought the latest technology of AC Systems to Pakistan through technical assistance with the Denso Corporation, Japan.

Despite several challenges of low volume and absence of policy framework, we are forging ahead to also extend our localization efforts on the commercial vehicles we manufacture so as to increase the number of parts being made in Pakistan for this product slate of vehicles.

The company remains committed to uphold the spirit of continuous localization as cornerstone of its strategy. We are actively pursuing the future localizations of the power window regulator, catalytic convertor, and sub-components for the fuel tank, thus making valuable additions to the portfolio of local parts in the vehicles we assemble.

Meeting the stringent Toyota quality is always a huge challenge; however, this is what the customers want and what gives us the edge. Each part localized is a step forward for us and our suppliers as we enhance our abilities and experience to take the whole nation forward in bringing engineering excellence to Pakistan and we are indeed proud of these efforts.

A noteworthy achievement for the new Corolla is the successful localization of the integrated-type Audio System and matching the contours with design of the vehicle. The Audio System incorporates the latest technology features and we made certain that it went through stringent evaluation criteria to ensure that it gives our valued customers delightful listening pleasure and interactive experience.



Corolla fuel tank (left) and exhaust assembly in advanced stage of localization

Equally remarkable is the story of our weather strip supplier who not only developed the product without any technical assistance or joint venture and yet the product capability was good enough to pass the rigorous Toyota quality and durability test in first go where other overseas suppliers failed.



Recently localized, thermostatically controlled air conditioner



Integrated audio system for the new corolla, localized recently

Acutely mindful of the social responsibility, we remain committed to actively outreach and support the under privileged segments of the society. Our canvas includes health and wellness, education, environmental conservation, road safety and humanitarian response to natural disasters.

Our company management is frequently engaging with the faculty and students of the HU to share knowledge and experience and furthermore, we hope to partner them in adopting best practices of Toyota for professionals in higher education and drawing insight of well-established institutions.

While additional information about our efforts on sustainable development and social contributions is contained in the Sustainability Review portion of the annual report, it's worth highlighting couple of projects whose contribution we wish to dedicate as part of the silver jubilee celebrations. These are world class initiatives in their own right and we expect both to have a major impact on the quality of education and health care for the deserving in the country.

Patient Aid Foundation

Patients Aid Foundation another not-for-profit organization that collaborates extensively with the Jinnah Post Graduate Medical Centre Karachi to supplement healthcare for the underprivileged has embarked on an ambitious project to set up a 580 bed hospital and surgical complex, the largest in the country.

Upon completion, this medical complex together with its facilities will give a totally new dimension to the quality of health care available to the poor and the needy.

Habib University

Habib University Foundation a not-for-profit organization that supports educational development, research and innovation has set up Habib University (HU), a world-class undergraduate liberal arts and sciences university offering innovative degree programs taught by an outstanding global faculty in the state-of-the-art facilities in Karachi.

In order to lend support to the above initiatives, the company has pledged Rs 100 million each to these projects as our 25th anniversary gift to the city of Karachi for posterity.



A view of the Habib University



Artist's impression of the JPMC Surgical Ward

Strategy Moving Forward

After years of sluggish economic activity, macroeconomic fundamentals appear to be gaining traction and stabilizing. A decline in imports, led by the reduction in oil prices and strong growth in remittances, has reduced the current account deficit considerably. GDP growth appears to be on an upward trajectory, investor confidence has been bolstered by improved law and order situation and ratings of international agencies. Inflationary pressures are also continuing to decelerate and remain significantly below the target and all of it augers well for the country and for the auto industry.

In the last years Annual Report, commenting on the outlook for 2014-15 we expected the industry to deliver robust performance and our optimism was based on couple of factors namely, (a) launch of the new 11th Generation Toyota Corolla and (b) Suzuki's agreement for sale of 50,000 vehicles under the 'Apna Rozgar Scheme' of the Punjab Government. Both these events continue to remain relevant for 2015-16 as the momentum of the new Toyota Corolla continues for the second year running and as balance orders of 'Apna Rozgar Scheme' get fulfilled.

We are pleased that the government has appointed new leadership at the Engineering Development Board after a gap of nearly two years. Hopefully, it will serve as a catalyst to create an enabling environment that will strengthen the auto value chain on a long term basis for sustainable growth in the country.

Whereas developments on the economic and social development front bodes well for restoring lost confidence, it is imperative that the Government quickly finalizes the new Auto Policy paving way for new entrants and the existing manufacturers to plan and invest in new models and technologies for future growth of the industry and also to resolve the menace of power shortages, poor governance and law and order that is adding significantly to the cost of doing business and eroding the country's competitive advantage.

The Government's decision to provide extraordinary tax concession to the Hybrid Electric Vehicles (HEV) as a means of promoting fuel-efficient technology has not only failed to demonstrate any significant merit but it has hurt the local industry with commercial importers taking full advantage of substantially lower prices of used hybrid vehicles and benefiting from the anomaly in sales tax, much to the disadvantage of the local OEMs who introduced new hybrid vehicles with complete after sales infrastructure support and yet failed to make any substantial inroads into this HEV market segment.

The prospect of trade with India under the Non Discriminatory Market Access which received a set back during the year, presents a host of opportunities and challenges for the industry. We look forward to an effective and balanced trade regime and hope that the Government will safeguard the industry interests by strengthening trade defense laws, the enforcing bodies and continuously engaging the industry whilst firming future trade agreements.

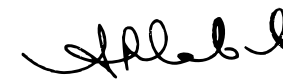
The whole IMC team has worked dedicatedly to bring the most advanced Toyota Corolla to Pakistan. Moving forward, we aim is to work closely with Toyota to secure a few new exciting products that further strengthen our existing product slate to provide a wider choice to customers and ensure sustainable growth and value creation. We are equally determined to achieve the targeted results with sharp focus on our Hoshin and its four principal areas: firstly, we aim to ensure safe operations at the plant for our employees, contractors and visitors with the objective of achieving zero lost work-day injury; secondly, we will work towards enriching our Human Resource capabilities by promoting IMC as the preferred employer of choice leveraged through

appropriate training and skills; thirdly, our efforts will be geared towards enhancing the Company's image and ensuring customer satisfaction and finally we will attempt to sustain and augment the Company's growth through cost reduction and increased sales during the year.

Our customer centric approach demands high-level of contribution, dedication and efficiency from every level in the company, while also necessitating the development of the capabilities of our vendors through technology transfer. We will ensure the professional development of our team through training and skill development as well as providing appropriate incentives through our reward system. The cohesive, motivated work force at IMC is ready to face the challenges ahead.

Finally, I wish to thank the Board of Directors, Management team and all employees who have responded well to the challenges faces and provided constant guidance to the company, helping us deliver impressive results despite the host of operational difficulties. Our customers have demonstrated unremitting confidence in our vehicles and after sales service, for which we are immensely grateful. I also wish to express gratitude to the Indus team of our shareholders, dealers, vendors and other business partners for their contribution to the strength of the Company.

We bow to Allah and pray for His blessings and guidance.



Ali S. Habib
Chairman

Concern Beyond Cars

Our Engagement with Stakeholders



Parvez Ghias
CEO

As a key player in the automotive industry, we are mindful of how our decisions and actions impact the long term performance and affect the people, places and resources associated with our operations. We endeavor to meet this corporate responsibility by taking a sustainable approach towards all aspects of our business by minimizing the negative and maximizing the positive social and environmental impacts through stakeholder engagement. It implies that as an organization, we are willing to listen and discuss issues of interest

to our valued stakeholders and are prepared to consider changing ourselves as a result of this engagement.

By embedding sustainability considerations within our strategies and the company goals, we seek to enhance efficiency, improve the management performance, ensure accountability, create an all-round positive impact of our operations and reduce the risks that could derail us from achieving the goals. Here, we are guided by our core values

built on strong foundations of the House of Habib and Toyota Motor Corporation, and hold ourselves to the highest standards of integrity and transparency, all the time recognizing that how we do business is as important as why we do business.

Strong financial performance is a key to our long-term success and we achieved it in an emphatic way for the FY15 as outlined in the Chairman's Review portion of the annual report. Here, I wish to share few major highlights on how we managed our resources and relationships in ways that delivered value to all of our stakeholders.

- Added over 500 new jobs that supplemented livelihoods of families dependent on their income
- Pledged Rs 100 million each to Patient Aid Foundation and Habib University as 25th Anniversary gift to Karachi towards quality health care and education for the deserving
- Established 1st Toyota Body and Paint Training Center at AMAN-TEC for development of vocational skills amongst the youth
- Reduced CO₂ emissions footprint by 1,200 metric tons annually and facilitating Pakistan Economic Forum research on water situation for Karachi in support of the climate change initiatives

- Won JICA (Japan International Cooperation Agency) support for funding the relaying a portion of the national highway construction that will benefit road users on traffic safety and congestion

- Enhanced customer engagement on social media for sharing information about products and services, tracking trends and gauging satisfaction levels

During the year, our achievements won acclaim from some of the country's esteemed institutions. The Karachi Stock Exchange, the Management Association of Pakistan and the Consumer Association of Pakistan, once again recognized our performance and engagement with the society through prestigious award presentations, which is a matter of great pride for us and we laud the efforts of employees and business partners for their contributions.

Finally, we wish to convey our gratitude to everyone in our value chain for their continuous support. The stellar results we achieved for the year would not have been possible without the guidance of our partners, TMC, TTC and HOH. We look forward to similar support to meet the challenges that lie ahead.

Parvez Ghias
Chief Executive

Toyota Motor Corporation CSR Policy

Contribution Towards Sustainable Development

Preamble

We, Toyota Motor Corporation and our subsidiaries, take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Principles. We comply with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity. In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described below is of considerable importance, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication. We expect our business partners to support this initiative and act in accordance with it.

Customers

- Based on our philosophy of “Customer First,” we develop and provide innovative, safe and outstanding high quality products and services that meet a wide variety of customers’ demands to enrich the lives of people around the world. (Guiding Principles 3 and 4)
- We will endeavor to protect the personal information of customers and everyone else we are engaged in business with, in accordance with the letter and spirit of each country’s privacy laws. (Guiding Principles 1)

Employees

- We respect our employees and believe that the success of our business is led by each individual’s creativity and good teamwork. We stimulate personal growth for our employees. (Guiding Principles 5)
- We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5)
- We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employee. (Guiding Principles 5)
- We respect and honor the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labor. (Guiding Principles 5)
- Through communication and dialogue with our employees, we build and share the value “Mutual Trust and Mutual Responsibility” and work together for the success of our employees and the company.
- We recognize our employees’ right to freely associate, or not to associate, complying with the laws of the countries in which we operate. (Guiding Principles 5)
- Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior. (Guiding Principles 1 and 5)

Business Partners

- We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principles 7)
- Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths. (Guiding Principles 7)
- We maintain fair and free competition in accordance with the letter and spirit of each country’s competition laws. (Guiding Principles 1 and 7)

Shareholders

- We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. (Guiding Principles 6)
- We provide our shareholders and investors with timely and fair disclosure on our operating results and financial condition. (Guiding Principles 1 and 6)

Global Society/Local Communities

Environment

We aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish and promote technologies enabling the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation. (Guiding Principles 3)

Community

- We implement our philosophy of “respect for people” by honoring the culture, customs, history and laws of each country. (Guiding Principles 2)
- We constantly search for safer, cleaner and superior technology that satisfies the evolving needs of society for sustainable mobility. (Guiding Principles 3 and 4)
- We do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. (Guiding Principles 1)

Social contribution

- Wherever we do business, we actively promote and engage, both individually and with partners, in social contribution activities that help strengthen communities and contribute to the enrichment of society. (Guiding Principles 2)

Global Vision for Those We Serve

Defining the ideal form of the company for each stakeholder and the outline for the future it should take in order to realize the Global Vision

We aim to exceed expectations and be rewarded with a smile. We will meet challenging goals by engaging the talent and passion of people, who believe there is always a better way” as we set out in the Global Vision. That means, we will sincerely listen to the voices of every stakeholder - customers, employees, business partners, shareholders, and global society/local communities, and respond to those expectations. The expression “Global Vision for Those We Serve” is our way of organizing and explaining the thoughts constituting the Global Vision in relation to stakeholders. It is Toyota’s resolve to meet challenging goals step by step to see the smiles and happiness of everyone including customers and beyond.



Customers

Provide safe and reliable vehicles that inspire enthusiasm at affordable prices. Listen sincerely to customer voices and continue to reinvent ourselves through sufficient information disclosure and dialogue.



Employees

Create working environments for various employees to work proudly and with loyalty and confidence in fulfilling their potential, which realize their self-growth.



Global Society/Local Communities

Reduce environmental burdens through lifecycle by developing various eco-friendly vehicles and technologies and making them prevail. As a good corporate citizen, respect the culture and customs of every nation and contribute to social development. Be aware of responsibilities of developing and producing vehicles and contribute for realization of new mobility society free from traffic accidents and congestion.



Shareholders

Ensure sustainable growth by fostering the virtuous circle;

- o Always better cars
- o Enriching lives of communities
- o Stable base of business.

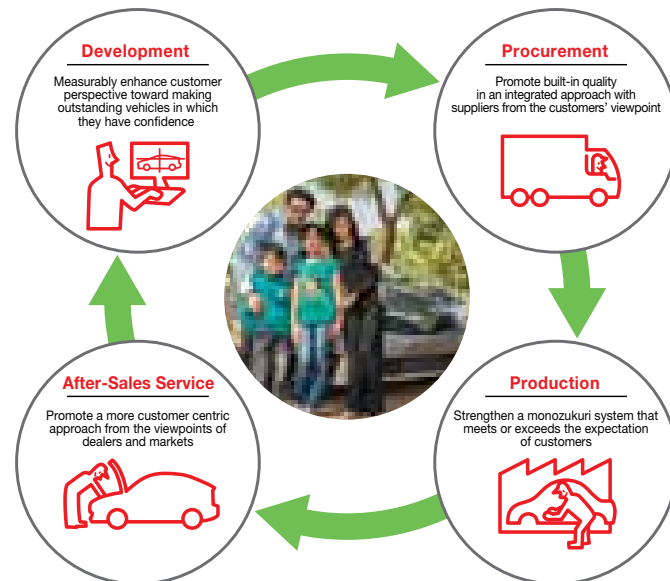


Business Partners

Contribute for economic development of local communities with open stance to new suppliers and dealers and through sustainable growth based on mutually beneficial business relationships with dealers/distributors and suppliers.

Relations with Customers

Provide Customers with high-quality, reliable products, we sincerely listen to Customer voices and continue to reinvent ourselves through sufficient information disclosure and dialogue



The smiles that we earn from our customers are our greatest reward. Is there a gap between the “great cars” Toyota thinks of and the expectations of our customers? Are they satisfied with our current services? To be able to respond to the constantly-changing expectations of customers and society, we listen to customers’ voices with sincerity and continually work on improvement. We never forget that the support of various stakeholders has made Toyota what it is today; we value the relationships of trust we have built; and we work toward continuing to provide accurate and appropriate communication and respond transparently and promptly to be a company that is continually trusted.

Basic Concepts of Quality

Quality is achieved through the integration of Development, Design, Purchasing, Production and After-sales Service. Each is indispensable in the delivery of satisfactory quality to customers. We continue to aim to put the concepts of “Customer First” and “Quality First” into practice and to respond to the expectations of customers and society. That is why every member across our operations maintains high consciousness, and takes ownership and the responsibility of striving for continuous

improvement and the enhancement of customer confidence and trust by cooperating closely with one another.

Quality Award

IMC received Toyota Motor Asia Pacific’s Quality Achievement Award 2013-14 for Warranty Reduction, an accolade conferred to only 4 manufacturers out of 10 in the Asia Pacific region for reduction in number of customer complains under warranty. IMC’s consistent year of success in winning this award will help further improve customer satisfaction.

This great achievement could not be realized without the combined efforts of Service, Production, Product Development and Quality Assurance & Quality Control departments.

Applying Customer Feedback

Toyota’s principle of “Customer First exists” for the purpose of providing customers with products and services that earns their smiles. On this basis, we hope to offer cars with superior features in terms of environmental, safety and quality performance, while also offering the intrinsic appeal of cars, such

as driving performance, at an affordable price. Based on a “Customer First” philosophy, we strive to create a sale and after-sale structure that promptly responds to the various needs of customers nationwide.

Consumer Choice Award 2014

The Consumer Association of Pakistan’s “Consumer Choice Award” is one of the most prestigious awards presented annually to organizations recognized solely on the basis of consumers’ choice and preference. Indus Motor won the Consumer Choice Award in the category of Best Car for the year 2014 for the Corolla GLi, which is IMC’s flagship product. It is a testament of the faith, trust and confidence of our valued customers in IMC’s ability to deliver quality products to customers and ensure the best possible after-sales services.

Customer Delight Workshop

By always keeping the ‘customer first’ principle as top priority, IMC ensures the development of such a mind-set among its employees who continue to understand the customers more so that their expectations are not just met, but exceeded. In its effort to instill the “Customer First” principle, Toyota Customer Delight Workshop (TCDW) is held every year. The workshop involves participants across Sales, Service, Parts and Customer Relations function. Workshop helps in building strong

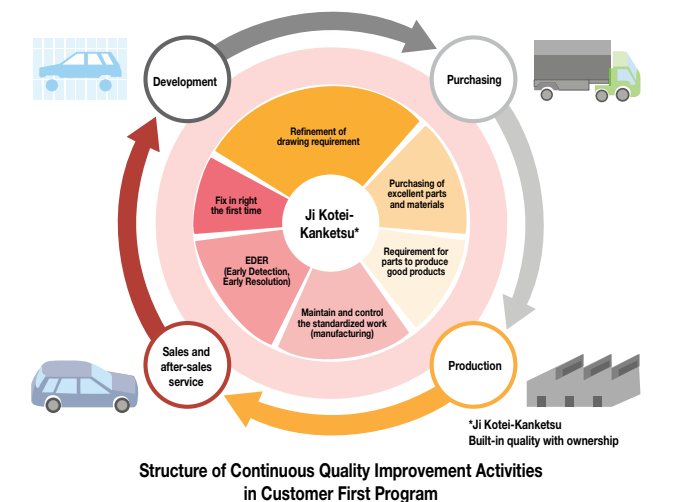
cross-functional co-ordination across the four departments. 3S + CR department presence also fosters the concept of being ONE TEAM focusing collectively on achieving ONE DREAM, Delighting Customers!

Customer Satisfaction Survey

Our valued customers have shown trust and satisfaction on services provided by Toyota 3S dealerships in the country. Improvements in results from surveys of wave 11 prove that the efforts of the entire IMC team at delivering superior value to customers in delighting and motivating them is strengthening the relationship.

Customer Assistance Centre

Our customer assistance centre is the busiest communication channel between customers and dealers. IMC Customer Assistance Center (CAC) facilitates more than 36,000 customers’ calls seeking different product inquiries and complaints every year. CAC was initiated at IMC in 2008 and since then has been trying to upgrade operations continuously to provide assistance to our valued customers. Members work diligently so that each opinion voiced by our customers is processed and addressed promptly with input of all cross functional departments.



Relations with Employees



Create working environments for various employees to work proudly and with loyalty and confidence in fulfilling their potential, which realize their self-growth

In order to strengthen IMC's human resource base, which supports its growth, the company is striving to create a positive working environment in which all employees can work with confidence, vigor and enthusiasm. We endeavor to foster employees' pride and loyalty to the company, workplace and colleagues by encouraging a culture of teamwork through communication and friendly competition.

Based on the Toyota Way, a set of principles and behaviors that underlined by Toyota's managerial approach and Toyota Production System, and as well as Functional and Advanced Management Programs from leading institutions in Pakistan and abroad, we conduct step by step training program for our future leaders. This along with on-the-job learning has resulted in an environment that supports human empowerment, both in terms of contributing to our business objectives and achieving personal career goals.

Employee Training, Education and Recognition

Moments of inspiration often occur when we have an opportunity to listen to, share with and learn

from others. Indus Motor strives to provide our employees with inspiring training and education experiences that broaden and enhance skills and uncover new concepts and ideas. Talent development takes many forms at Indus, including training sessions for key functional areas. To ensure a world-class workforce, IMC trains, educates and recognizes employees so that they are successful contributors to the business. IMC's performance management and career development philosophy is that employees should be engaged, aligned and excited about their careers and make meaningful contributions to the company's success.

Respect for Diversity

Innovation comes from the diverse perspectives that an inclusive, inspiring culture helps to foster. As a joint venture company, we embrace and respect the diverse cultures of our employees and believe it is these distinct attributes that make our organization an innovative and rewarding place to work. We treat all employees on an equal basis, regardless of physical, financial or social characteristics, and we do not tolerate harassment

Management Development Program

Training	Management Trainee	AM / Engineer	DM / Manager	Senior Manager	GM / SGM	Director
Orientation	●	●	●	●	●	●
Fundamental Skill Training	●	●				
Toyota Way	●	●	●	●	●	●
PDCA – Plan Do Check Act	●	●	●	●	●	●
A3 Report	●	●	●	●	●	●
Toyota Business Practice		●	●	●	●	●
Managerial Skills		●	●	●	●	●
Marketing Strategy			●	●	●	●
Leadership Grid			●	●	●	●
Advance Management Program				●	●	●
Management Development Program				●	●	●

Respecting Diversity and Human Rights to provide all employees with Workplaces where they can fulfil their potential

of any kind. We respect their individuality and human rights and provide them with workplaces where they can work with a high level of motivation.

As an equal-opportunity employer, we encourage gender diversity in workplace and ensure the well-being of all the workforce members through an environment conducive to conflict-free functioning.

During the fiscal year 2013-14, a number of managers, including GMs received diversity training to develop a common understanding of diversity management. We will continue to provide managers with this training to create a workplace culture that takes full advantage of diversity.

Safety and Health

Ensuring employee safety and health is one of Toyota's most important business activities and is a universal value, unaffected by times. At IMC, we strongly believe that safety culture can only be built by creating a safety mind set through constant reminders, systems and initiatives aimed at reinforcing the Safety and Health message, be it in the form of posters identifying health hazards prevalent in society like tobacco chewing, to ensuring no-smoking offices, to adopting basic rules (stop, point, call) for crossing internal roads, to more precise and data based systems and competitions requiring each section to identify potential hazards and taking corrective actions. (Haro Hatti), as well as having zero accidents and lost workday as a company-wide goal. These measures are beginning to take effect and last year we again closed with zero lost work day injuries for our employees.

Global Human Resource Management

The globalization of human resources is one of the IMC's most urgent deliveries. Every year, the Asia

Pacific Human Resource Management meeting held for Toyota group companies in which all HR heads participate. At this meeting, an overseas human resource network was built and participants share their company's policies on regional HR development. Subsequently, we also create company's HR Hoshin Kanri to set common indicators across the Toyota group to develop global human resources.

Pride and Loyalty

Creating an inspiring and rewarding workplace is fundamental to IMC's talent recruitment and retention strategy. We provide an exceptional and inspiring workplace involves recognizing people for a job well done. Every year, competition of Quality Control Circle held across its network that gives an opportunity to employees to compete and present their kaizen initiatives reflecting their identification of work site issues and their resolution through rigorous analysis to improve productivity, safety, quality, cost and overall the work place. This concept of being in charge of and responsible for your own area is a testament to IMC's culture of empowerment of its people and generates a sense of pride and ownership of their work and work environment.

Strong Relations between Labor and Management

The approach of mutual trust and respect between labor and management at IMC is symbolized by the healthy industrial relations climate that has jointly led the company and its workforce see through different phases, industry and macro environment challenges with a positive, mature and result oriented mind set ensuring stable employment and a healthy, fair and conducive work environment. At IMC, we truly believe in the Toyota Way and its two pillars - Continuous Improvement and Respect for People because we realize that in the end, it is our people who make the difference.



Team members cherishing work culture



Signing ceremony of the labor agreement

Global Society/ Local Communities

Social Development Initiatives



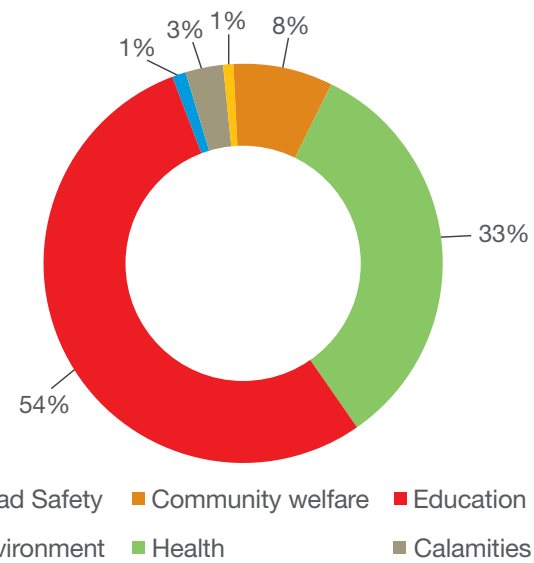
As a good corporate citizen, respect the culture and customers of every nation and contribute to social development

The Basic Concepts of Social Contribution

Toyota laid down policies for social contribution activities based on its Guiding Principles and those of House of Habib form the basis of our CSR Policy, which the company shares globally.

Contribution towards sustainable development is at the heart of our CSR Policy, which explain how we actively promote and engage in social contribution activities that strengthen vulnerable communities and contribute towards enrichment of the society.

Sharing the joy of record results, we went beyond our stated policy amount and spent Rs. 69 million on social contribution activities in FY15. Additionally, over 100 employees volunteered their quality time supporting social development activities. Since the start-up 25 years back, our corporate giving has exceeded Rs 500 million earning us the goodwill and respect that we cherish.



Community Health Care

Recognizing the need to support underprivileged neighborhood, we regularly arrange free medical camps and examination facilities giving the communities access to health care services. The medical facilities set up near Razakabad, Kohi Goth and Sale Muhammad, operates weekly OPD clinics including free distribution of medicines. During the year, some 30,000 patients were screened at these facilities.

Responding to Natural Calamities

IMC is at the forefront and actively engaged in providing assistance whenever the country is hit with humanitarian disaster through natural calamity or other emergency. We work closely with the National Disaster Management Authority to provide relief by way of food and medicine.

During the year, we were amongst the first to respond to the plight of the victims of the earthquake in the Awaran district of Baluchistan with relief goods and again later supporting large number of people displaced in North Waziristan following the Pakistan Army's 'Zarb-e-Azb' operation to clean up the area of terrorists.

Toyota Technical Education Program (T-TEP)

The Toyota Technical Education Program (T-TEP) was initiated to train and develop human resources on the latest automobile technology, thereby equipping them with the skills to make them productive members of the country's workforce. The company supports three such institutes in Islamabad, Karachi and Lahore. During the year, a Toyota Body and Paint Training Center was established at AMAN-TEC for development of vocational skills. This is a first of its kind facility that will impart formal training in auto body and paint repair technology and help fill vacuum in this discipline.



Students of the new body and paint shop training center at Aman Tech

Over 2,000 students have so far successfully graduated from our T-TEP institutes and nearly a third of these graduates are employed within the Toyota network in Pakistan.

Pakistan Innovation Fund

We strongly favor promotion of innovation based entrepreneurship culture, if the country is to keep pace with the fast progress being made in the developed world. To catapult, the process requires that the gap between our academia and local industries to be bridged, so that innovation based entrepreneurship take roots and gets commercialized.

In support of this concept, IMC joined hands with the Pakistan Innovation Foundation and contributed towards initiating the first 'Toyota Manufacturing

Innovation Challenge' a year-long open competition that culminated in the final event where prizes



Winner of the Toyota manufacturing Innovation challenge receiving trophy from Prof. Ahsan Iqbal

were awarded to participants providing innovative solutions for solving the country development challenges in two critical domains, i.e., (a) enhancing productivity, and (b) developing innovation products.

Every Child Yearns to Learn

We firmly believe that it is our youth who will steward this country towards a brighter future and it is in them that we must invest. IMC provided support to over 30 educational institutions including scholarships and gold medals for meritorious students. Under Toyota Goth Education Program (TGEP), about 250 students belonging to poor communities are enrolled, studying in The Citizens Foundation (TCF) schools located in Bin Qasim area, near our plant site. In addition, we fund two adopted school of TCF where over 550 students are receiving primary education.

25th Anniversary Gift

Addition of the Habib University and planned construction of a major hospital and surgical complex by the Patient Aid Foundation at JPMC in Karachi are notable philanthropic efforts of world class facilities that will add a totally new dimension to the quality education and healthcare available in the country.

Consistent with our belief to realize our ambitions, whilst sharing the success with the communities, we are proud to partner the above institutions and have pledged Rs 100 million each as our gift towards their sustainability.



IMC and Pakistan innovation fund enabled me to showcase my skills and creativity, thereby enabling me to win laurels for myself and Pakistan

Dr. Khalil, Toyota Manufacturing Innovation Challenge (TMIC) Finalist

Global Society/ Local Communities

Traffic Safety

Be aware of responsibilities of developing and producing vehicles and contribution for realization of new mobility, society free from traffic accidents and congestion



Basic Concepts

In order for automobiles to develop as a means of transportation that continue to provide the convenience of mobility in the future, it is important to minimize the negative effects of environmental impact, traffic accidents and traffic congestion. With the aim of achieving an affluent mobile society, Toyota has for some time positioned the response to this social task as an extremely important issue and has been actively involved in addressing it.

Road accidents are a major cause of injuries and fatalities the world over and Pakistan's track record to address the road safety issues is particularly poor due to lack of an effective institutional framework to address the challenge. However, IMC for its part is continuously engaged in road safety initiatives promoting road safety education and undertaking research to find indigenous solutions to mitigate the adverse environmental impact of traffic congestion.

Public Awareness Campaign on Road Safety

Through the national print ads, we drew public awareness on importance of clamping seat belts, refrain from cell phone usage whilst driving and importance of wearing helmets when riding motorcycles. Meanwhile, our Parts business used the social media extensively to sensitize customers not fall prey to counterfeit products as these can be hazardous.

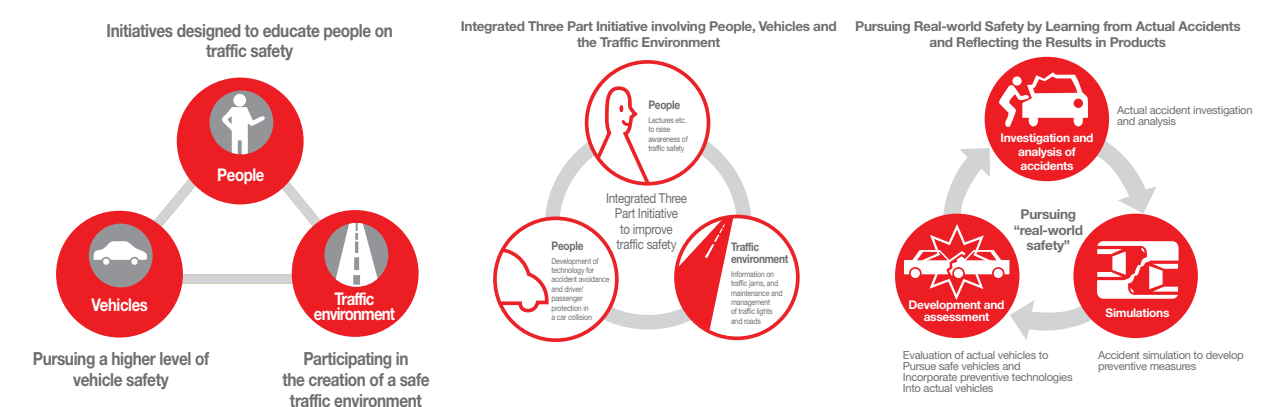
Toyota Research on Traffic Congestion (T-RTC)

During 2012-14 we funded a pioneering research project to evaluate the cost of traffic congestion in Karachi and its socio-economic impact on the overall economy. We believe T-RTC provides valuable planning data to development authorities and traffic police to leverage the information for socio-economic initiatives.

The research data has played a pivotal role in persuading JICA to convince the local government to take on the Malir flyover project which is under construction and for JICA itself to commit funding for the relaying a portion of the national highway in 2016. The completion of both projects is likely to be an efficiency game changer for industries operating in Port Qasim and surrounding vicinity.

Toyota Road Traffic Injury Research Project (TRIRP)

In 2006-11, we focused our energy on our first research project to evaluate the nature, location, magnitude and major causes of traffic hazards in Karachi. The data was of tremendous help to the Government of Sind to correct engineering faults in road designs and thereby reduce the number of accident casualties at these black spots and it enabled local hospitals to better equip themselves to quickly respond to accident emergencies. In 2011, the TRIRP was recognized and taken over by UN-WHO under their "Decade of Actions for Road Safety 2011-20".



November 2012

In 2012, the company celebrated the 500,000th vehicle line off from its facilities. Dr. Abdul Hafeez Sheikh, the then Federal Minister for Finance, Mr. Yukitoshi Funo, Executive Vice President, Toyota Motor Corporation, Japan and Mr. Junzo Shimizu, Chairman Toyota Tsusho Corporation were present at the occasion.

Global Society/ Local Communities

Environment

Reduce environmental burdens through life cycle by developing various eco-friendly vehicles and technologies and making them prevail



Environmental Philosophy, Policy and the Toyota Environmental Action Plan

Our philosophy and policies on the environment are based on the Guiding Principles at Toyota and the Global Vision that stresses the importance of “respect for the planet.”

The Company strives to bring continuous improvement in its environmental management system to enhance the health, safety, and environmental performance under the three priority themes of:

1. Contribution to a low-carbon society
2. Contribution to a recycling based society, and
3. Environmental protection and contribution to a harmony with nature society.

By embracing these themes, we will contribute to the sustainable development of society and the world through manufacturing, products and services that are in harmony with the global environment.

Environmental Conservation and Contribution to a Harmony with Nature Society

The ever increasing environmental degradation, with challenges of energy deficiency, food

shortages, deforestation, and rapidly increasing carbon footprints indicate an alarming need for a sustainable and comprehensive management of the environment. IMC is committed to preserving the environment and the prevention of pollution from its activities and operations, and to protect the employees and workplaces from hazards of pollution. The Management strongly believes in following environmentally sustainable practices pertaining to the management of gaseous emissions, particulate matter, noise levels, effluents and solid waste.

Safe Work Place

A safe work place is the prime objective of our organization. We strive to inculcate safety mind-set in our workforce through comprehensive safety training and skill enhancement programs for own and contractor employees. During the year, we engaged an external consultant to undertake Fire Risk assessment and further strengthened our fire prevention and detection system.

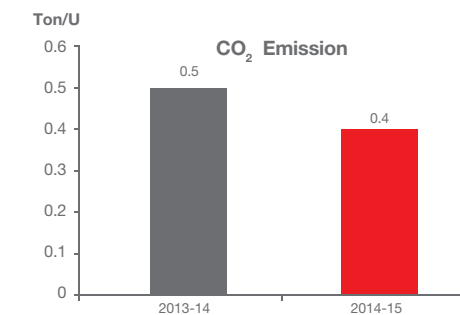
FY15 was the fourth year in succession that we achieved the distinction of no lost workday injury.

In this year IMC also achieved another milestone by winning the Toyota Global Safety Award for Karakuri Activity done in Weld Shop.

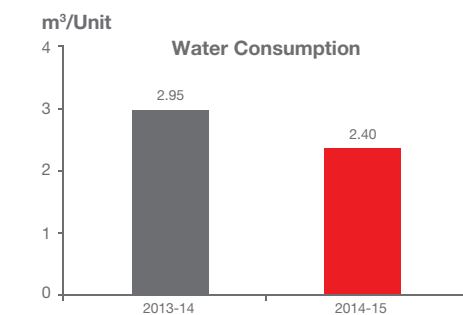
The Fifth Toyota Environment Action Plan: Main Status of Actions

Field	Status of Action
Energy Global Warming	Achieved CO ₂ Reduction goal due to increased production and tighter controls
Recycling of Resources	Number of Parts received in returnable plastic bins increased in 2014
Consolidated Environmental Management	Continuous compliance of NEQS for Air emission and waste water

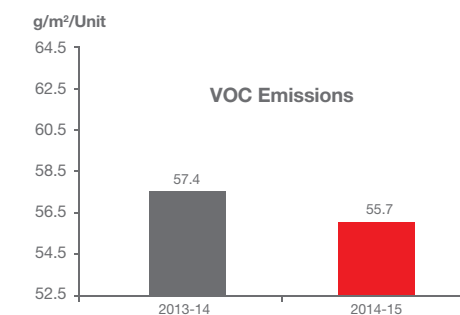
Emissions in manufacturing process



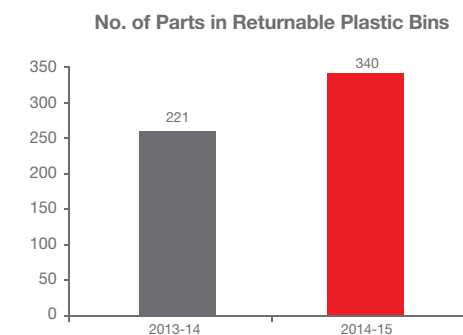
Water usage in vehicle production process



Volatile Organic Compound emissions in painting process



Reusable Bins usage in Packing parts



IMC remained Committed to Environmental Management by Complying to all national Environment Quality Standards.

Air & Waste Water Quality Data					Achievements
S.No	KPI	Equipment	Parameters	NEQS Limits	2015
1	Air Emissions	Gas Generators	Sox (mg/N.m)	1700	12.3
			Nox (mg/N.nr)	400	213
			CO (mg/N.m)	800	621
2	Waste Water		pH	6-9	7.85
			BOD (mg/l)	80	14
			COD (mg/l)	150	128
			TDS (mg/l)	3500	855



Safety DOJO Simulation Training

We use DOJO simulation training to give the real time feeling of the potential hazards that employees face in the plant environment and offices. This training has been imparted all employees and new hires.

Safety Plant Management Requirement

During the year, our press shop achieved the distinction of 100% implementation of step 3E of Safety Jiritsuka (Self Reliance) that assures safety in handling and operating machines. This is another step towards achieving self reliance in safety.

Toyota GEMS Audit – going one notch above

Toyota conducts a stringent environmental audit of IMC annually to ensure compliance with the Toyota Global Environmental Management System covering areas relating to environment, operational controls, chemical and waste management systems and emergency preparedness.

It is heartening that in the recent Toyota GEMS audit, IMC was declared a fully compliant and its rating upgraded one notch up on self-reliance or Jiritsuka.

During the year, several additional measures were taken to reduce impact on environment:

- Anti-corrosive coating on floor to prevent soil underground water contamination
- Implementing sludge dewatering mechanism to reduce landfill impact
- SOPs to counter accidental chemical spillage

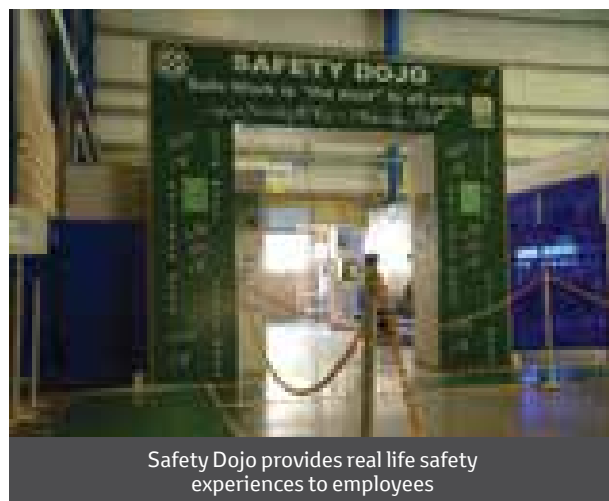
With such implementations, IMC has joined the ranks of certain major regional production hubs such as Thailand and Indonesia in terms of standing on environmental issues.

The company also achieved all environmental control parameters under the NEQS (National Environmental Quality Standards).

Toyota’s team also conducted audit of non-manufacturing areas and appreciated the level of management commitment on environmental issues and its communication, training and CSR activities. Sales and service purchasing and logistics were also covered.

EMS ISO 14001:2004 Audit Results

We continue to maintain an impressive record of zero non-compliance in the EMS ISO 14001 audit ensuring strict adherence to the requirements. It’s a laudable achievement that we strive to sustain in the future.



Safety Dojo provides real life safety experiences to employees



Plant design ensures safe and sustainable operations

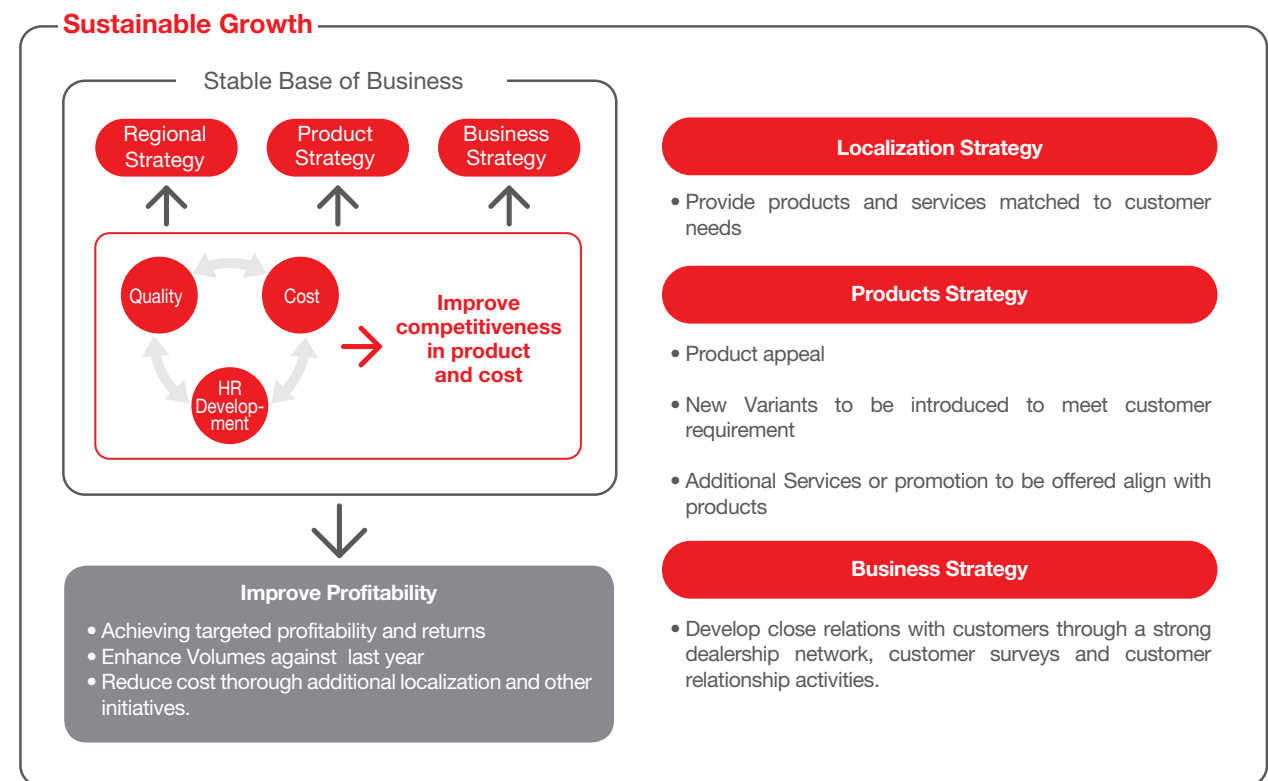
Relations with Shareholders



Ensure sustainable growth by fostering the virtuous circles, always better cars, enriching lives of communities, stable base of business

IMC basic management principle is to benefit the society through its business activities while realizing common growth founded on long-term perspective. The three key components of Toyota’s financial strategy are ‘growth, efficiency and sustainability’. From the viewpoint of growth, IMC plans to implement forward looking investments to respond to structural shifts in demand ensure

long term sustainable growth. On efficiency, IMC constantly maintains focus on cost reduction efforts and increasing level of localization. And in view of anticipated medium to long term growth in the automotive sector, we believe maintaining adequate liquidity is essential in terms of stability, retaining funds for future capital expenditure for long term growth and maintaining improved cash flows.



Key Components of Financial Strategy

Enhancing corporate value through Long Term Stable growth

- Growth : Sustainable growth through continuous forward looking investments
- Efficiency : Improving profitability and enhance cost reduction efforts
- Stability : Maintaining a solid financial base

Dividends

Benefitting Shareholders is one of our top management priorities

IMC strives to continue paying dividends while giving due consideration to factors such as the business results in each term, investment plans and cash reserves.

Independent Director

At the annual shareholder meeting, the company elected 10 directors for a term of 3 years commencing October 31, 2014 including Mr. Azam Faruque as an Independent Director in compliance with the Code of Corporate Governance 2012.

Quarterly Analyst Briefings

Regular sessions were held with the security analysts to update on quarter end performance and market environment.

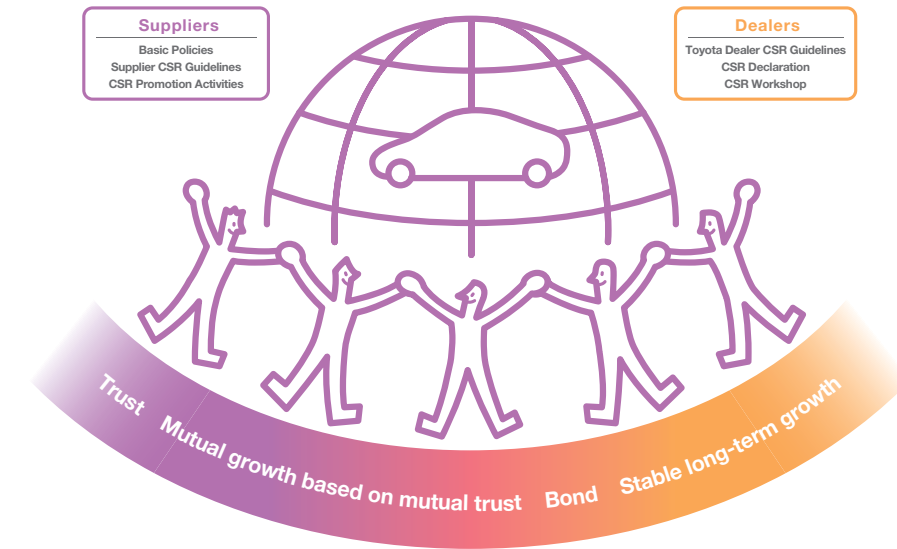


Chairman Mr. Ali S. Habib receiving KSE top 25 Award from the Prime Minister H.E. Mian Muhammad Nawaz Sharif

Relations with Business Partners



Contribute for economic development of local communities with open stance to new suppliers and dealers and through sustainable growth based on mutually beneficial business relationships with dealers/distributors and suppliers



Openness | Contribution to Local Communities

Toyota takes an integrated approach to “making better cars” and providing “better services” with many business partners including suppliers and dealers. Though business activities are ever more globalized, but we continue to share the Toyota principles and vision and “work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.” We build mutual trust with business partners in each region and contribute to the happiness of people working there as well as regional economic growth.

Basic Concept of Business Partners

In order to contribute to society through automobile manufacturing and put into practice the principle of “Customer First,” it is necessary to implement various activities in a spirit of cooperation and share principles with our business partners. In addition to steadily pursuing open and fair business activities and conventional ones including CSR activities, Toyota is committed

to working to achieve better quality in terms of safety and confidence to secure higher customer satisfaction, in further united cooperation with its business partners including suppliers and dealers.

Toyota's Basic Purchasing Policies

We endeavor to ensure stable, long-term purchasing of the best products in the world at the lowest prices and in the most speedy and timely manner. In order to achieve this, we believe that the most important task in purchasing is the creation of relationships in which suppliers do business on an equal footing based on mutual respect, thus building firm bonds of trust and promoting mutual growth and development. Toyota's global purchasing activities based on close cooperation revolve around the following three policies making up the Basic Purchasing Policies.

1. Fair competition based on an open-door policy
2. Mutual benefit based on mutual trust
3. Contribution to local economic vitality through localization: good corporate citizenship

Collaboration with Suppliers

We recognize that our future growth and sustainability is reliant on having capable and dependable local parts manufacturers. Sourcing the components from domestic market reduces the exposure to exchange rate fluctuations and strengthens Pakistan's economy. Consequently, Rs 30 billion worth of parts were sourced from Tier 1 local suppliers in FY15 and this amount is set to increase as we pursue greater localization. In addition, IMC supported some 500 tier 2 and tier 3 suppliers indirectly and continues to work closely with the Engineering Development Board and the local industry to implement supplier improvement initiatives aimed to achieve quality alignment with the outside world so that Pakistan's automotive industry becomes globally competitive.

Relations with Dealers

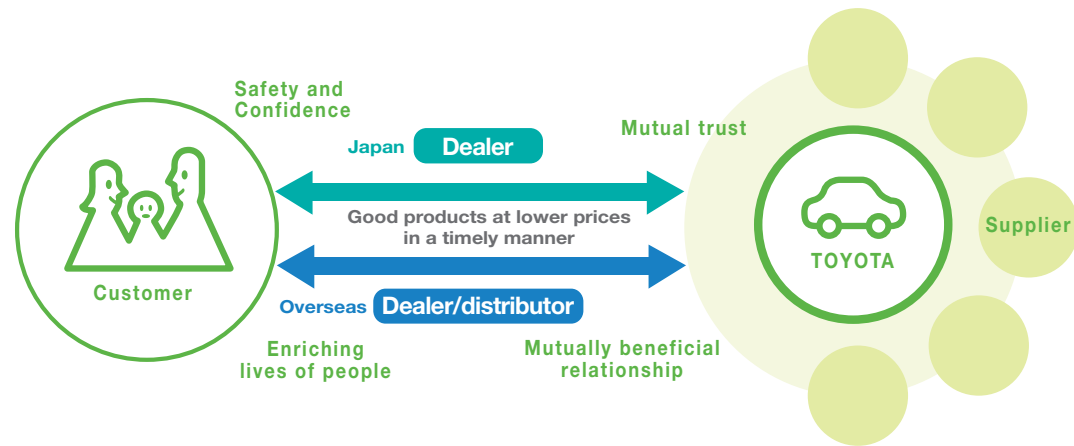
Our sales dealership network is the front line where Toyota's 'Customer First' principle will be directly observed. Toyota and its dealers always work as one

to enhance customer satisfaction based on a strong relationship of trust, close two-way communication, the superiority of Toyota products and services, and shared value.

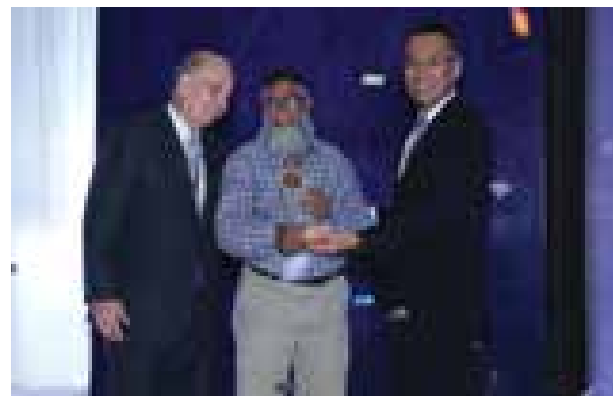
A fundamental principle of Toyota is 'Customer First, Dealer Second, Manufacturer Third.' Based on its policy of 'Customer First,' we believe that dealer success, which ultimately leads to the growth of Toyota, is achieved by boosting support for dealer initiatives to improve customer satisfaction through the implementation of PDCA (Plan, Do, Check, and Act), as well as by being committed to meeting the customer and dealer expectations.

2014 Suppliers Convention | Dealer Conference

We held our annual signature events to recognize our nationwide suppliers and dealers for their contributions and emphasizing the need to continuously enhance quality and delighting customers with experience that they cherish.



Toyota G.T Motor won the Nationwide Best Performance Award



Shaheen Engineering won the nationwide best vendor award

**September
2014**

The 11th Generation Corolla is 60% localized, with 760 local parts.

While visiting Pakistan, Mr. S. Yasui, Chief Engineer Corolla, acknowledged the efforts of IMC in making the 11th generation Corolla a resounding success.

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (“Code”) contained in Regulation 35 of the Listing Regulations of the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. At the year ended June 30, 2015, the Board consists of the following Non-Executive, Independent and Executive Directors:

Non Executive Directors

Mr. Ali S. Habib	Chairman
Mr. Kyoichi Tanada	Director
Mr. Masato Yamanami	Director
Mr. Farhad Zulficar	Director
Mr. Mohamedali R. Habib	Director
Mr. Raza Ansari	Director

Executive Directors

Mr. Keiichi Murakami	Vice Chairman
Mr. Parvez Ghias	Chief Executive
Mr. Yoshiyuki Matsuo	Senior Director Manufacturing

Independent Director

Mr. Azam Faruque	Independent Director
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2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. During the year, one casual vacancy occurred on the Board on June 15, 2015, that was duly filled by the induction of the new Director, Mr. Masato Yamanami, on the same day.
4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps are taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a Vision / Mission statement, overall corporate strategy and significant policies of the Company prepared by the management. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive (CEO) and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year, the Board has arranged orientation courses for the Directors. During the year, one Director has obtained certificate of Directors Training Course from Pakistan Institute of Corporate Governance (PICG).

10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit earlier, including their remuneration and terms and conditions of employment. However, no new appointment has been made during the year.
11. The Directors’ Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board of Directors have put in place a mechanism for undertaking annual evaluation of the performance of the Board.
16. The Board has formed an Audit Committee. It comprises of six members, including five Non-Executive Directors and one Independent Director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises of five members, of whom three are non-executive directors, including the Chairman of the committee.
19. The Board has set-up an effective internal audit function within the Company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The ‘closed period’, prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company’s securities, was determined and intimated to directors, executives and stock exchanges.
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
24. We confirm that all other material principles enshrined in the Code have been complied with.

Karachi
August 28, 2015.


Parvez Ghias
Chief Executive


Keiichi Murakami
Vice Chairman & Director



The journey continues...

IMC's legacy of 25 years is full of landmark achievements. This picture symbolizes our employees dedication and commitment in making Toyota the most admired car of Pakistan



A. F. FERGUSON & CO.

AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE


We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code'), prepared by the Board of Directors of **Indus Motor Company Limited** ('the Company') for the year ended June 30, 2015 to comply with the requirements of Regulation No. 35 of Chapter XI contained in the Listing Regulations issued by the Karachi Stock Exchange, the Lahore Stock Exchange and the Islamabad Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.


Chartered Accountants
Dated: September 1, 2015
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazi-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320



A. F. FERGUSON & CO.


AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Indus Motor Company Limited** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.


Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: September 1, 2015
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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Balance Sheet

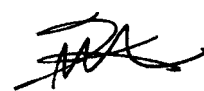
As at June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Fixed assets	3	5,193,477	6,033,264
Long-term loans and advances	4	11,096	29,392
Long-term investments	5	4,954,764	-
Long-term deposits	6	9,667	9,667
Deferred taxation	18	5,295	-
		10,174,299	6,072,323
Current assets			
Stores and spares	7	178,599	141,659
Stock-in-trade	8	6,150,448	4,469,460
Trade debts	9	447,750	1,737,358
Loans and advances	10	1,220,574	1,006,010
Short-term prepayments	11	18,919	14,942
Accrued Return	12	418,829	87,354
Other receivables	13	167,757	175,689
Investments	14	6,756,886	4,332,387
Taxation - payment less provision	22	-	1,216,369
Cash and bank balances	15	24,865,388	6,857,084
		40,225,150	20,038,312
TOTAL ASSETS		50,399,449	26,110,635
EQUITY			
Share capital			
Authorised capital 100,000,000 (2014: 100,000,000) Ordinary shares of Rs 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	16	786,000	786,000
Reserves	17	23,249,520	19,129,652
		24,035,520	19,915,652
LIABILITIES			
Non-current liabilities			
Deferred taxation	18	-	218,949
Current liabilities			
Trade, other payables and provisions	19	9,180,705	4,430,322
Advances from customers and dealers	20	16,192,918	1,545,712
Taxation - provision less payment	22	990,306	-
Short-term running finances	21	-	-
		26,363,929	5,976,034
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		50,399,449	26,110,635

The annexed notes 1 to 47 form an integral part of these financial statements.



Parvez Ghias
Chief Executive




Keiichi Murakami
Vice Chairman & Director

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
Net sales			
	24	96,516,322	57,063,622
Cost of sales	25	82,272,092	51,270,040
Gross profit		14,244,230	5,793,582
Distribution expenses	26	996,017	793,509
Administrative expenses	27	798,696	634,628
Other operating expenses	29	1,171,862	424,010
		2,966,575	1,852,147
		11,277,655	3,941,435
Other income	30	2,906,797	1,113,316
		14,184,452	5,054,751
Finance cost	31	51,883	38,254
Profit before taxation		14,132,569	5,016,497
Taxation	32	5,022,318	1,143,045
Profit after taxation		9,110,251	3,873,452
			(Rupees)
Earnings per share	33	115.91	49.28

The annexed notes 1 to 47 form an integral part of these financial statements.



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Statement of Comprehensive Income

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
Profit after taxation		9,110,251	3,873,452
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
- Remeasurement gain / (loss) of post employment benefit obligation	28.4	1,055	(733)
- Related deferred tax (charge) / income thereon		(338)	242
		717	(491)
Total comprehensive income for the year		9,110,968	3,872,961

The annexed notes 1 to 47 form an integral part of these financial statements.

Cash Flow Statement

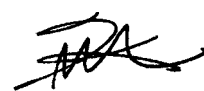
For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	32,633,544	7,593,767
Interest paid		(36)	(162)
Workers' Profit Participation Fund paid		(761,000)	(270,000)
Workers' Welfare Fund paid		(100,330)	(103,941)
Interest received on bank deposits		1,469,670	243,356
Interest received on Pakistan Investment Bonds		198,755	-
Income tax paid		(3,040,225)	(1,974,514)
Movement in long-term loans and advances		18,296	101,945
Net cash generated from operating activities		30,418,674	5,590,451
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(721,621)	(4,210,915)
Proceeds from disposal of fixed assets		33,578	52,429
Investment in Pakistan Investment Bonds		(4,912,071)	-
Investment in listed mutual fund units		(10,500,000)	(4,569,000)
Proceeds from redemption of listed mutual fund units		6,899,138	8,929,456
Investment in Market Treasury Bills		(14,382,763)	(10,509,912)
Proceeds from redemption of Market Treasury Bills		16,062,499	9,039,811
Net cash used in investing activities		(7,521,240)	(1,268,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,889,130)	(1,660,538)
Net cash used in financing activities		(4,889,130)	(1,660,538)
Net increase in cash and cash equivalents		18,008,304	2,661,782
Cash and cash equivalents at the beginning of the year		6,857,084	4,195,302
Cash and cash equivalents at the end of the year	35	24,865,388	6,857,084

The annexed notes 1 to 47 form an integral part of these financial statements.



Parvez Ghas
Chief Executive



Keiichi Murakami
Vice Chairman & Director



Parvez Ghas
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Statement Of Changes In Equity

For the year ended June 30, 2015

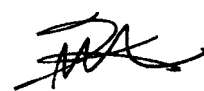
	Share Capital		Reserves		Sub-Total	Total
	Issued, subscribed and paid-up	Premium on issue of ordinary shares	General reserve	Unappropriated profit		
	(Rupees in '000)					
Balance at July 1, 2013	786,000	196,500	13,351,050	3,359,741	16,907,291	17,693,291
Final dividend @ 150% for the year ended June 30, 2013 declared subsequent to year end	-	-	-	(1,179,000)	(1,179,000)	(1,179,000)
Transfer to general reserve for the year ended June 30, 2013 appropriated subsequent to year end	-	-	1,500,000	(1,500,000)	-	-
Total comprehensive income for the year ended June 30, 2014	-	-	-	3,872,961	3,872,961	3,872,961
Interim dividend @ 60%	-	-	-	(471,600)	(471,600)	(471,600)
Balance at June 30, 2014	786,000	196,500	14,851,050	4,082,102	19,129,652	19,915,652
Final dividend @ 235% for the year ended June 30, 2014 declared subsequent to year end	-	-	-	(1,847,100)	(1,847,100)	(1,847,100)
Transfer to general reserve for the year ended June 30, 2014 appropriated subsequent to year end	-	-	2,000,000	(2,000,000)	-	-
Total comprehensive income for the year ended June 30, 2015	-	-	-	9,110,968	9,110,968	9,110,968
1st Interim dividend @ 200%	-	-	-	(1,572,000)	(1,572,000)	(1,572,000)
2nd Interim dividend @ 200%	-	-	-	(1,572,000)	(1,572,000)	(1,572,000)
Balance at June 30, 2015	786,000	196,500	16,851,050	6,201,970	23,249,520	24,035,520

Proposed final dividend and transfer between reserves made subsequent to the year ended June 30, 2015 are disclosed in note 44 to these financial statements.

The annexed notes 1 to 47 form an integral part of these financial statements.



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited Company in December 1989 and started commercial production in May 1993. The shares of the Company are quoted on all the stock exchanges in Pakistan.

The Company was formed in accordance with the terms of a Joint Venture agreement concluded amongst the House of Habib, Toyota Motor Corporation and Toyota Tsusho Corporation for the purposes of assembling, progressive manufacturing and marketing of Toyota vehicles. The Company also acts as the sole distributor of Toyota and Daihatsu vehicles in Pakistan and has a license for assembling, progressive manufacturing and marketing of these vehicles in Pakistan.

The registered office and factory of the Company is situated at Plot No. NWZ/1/P-1, Port Qasim Industrial Estate, Bin Qasim, Karachi.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984, and the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP prevail.

2.1.2 Other standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following amendments and improvements to approved accounting standards have been published and are mandatory for the Company's current accounting period:

- Amendment to IAS 32, "Financial Instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.
- IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 "Provisions." The interpretation addresses the obligating event that give rise to pay a levy and when a liability should be recognised.

The Company has incorporated the effects of the above amendments and improvements to the accounting standards and interpretations in these financial statements, where applicable.

Further, there are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or do not have any material effect on the Company's financial statements and are therefore not detailed in these financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

2.1.3 New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current year

There are certain new and amended standards and interpretations to published approved accounting standards that are mandatory for the Company's accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any material effect on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

Significant accounting estimates and areas where judgments were exercised by management in the application of accounting policies are disclosed in note 2.22 to these financial statements.

2.3 Basis for measurement

These financial statements have been prepared under the historical cost convention except that investments classified as financial assets 'at fair value through profit or loss' or 'available for sale' and 'derivative financial instruments' have been marked to market and certain staff retirement benefits are carried at present value of defined benefit obligation less fair value of plan assets.

2.4 Fixed assets

2.4.1 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except capital work-in-progress which is stated at cost less accumulated impairment losses, if any.

Depreciation is charged to income applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The cost of leasehold land is amortised equally over the lease period. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. The rates of depreciation are stated in note 3.2 to these financial statements.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to income as and when incurred.

Gains and losses on sale or retirement of property, plant and equipment are included in the profit and loss account.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

Capital work-in-progress

All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

2.4.2 Intangible - computer software

Computer software are stated at cost less accumulated amortisation. Software costs are only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight line method at the rates stated in note 3.2 to these financial statements.

2.4.3 Impairment

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment and intangible assets may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the differences are recognised in the profit and loss account.

2.5 Stores and spares

Stores and spares, except in transit are valued at cost, determined on a moving average basis. Provision is made for any slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

2.6 Stock-in-trade

Stock-in-trade, except in transit, are valued at the lower of cost and net realisable value. Stock in transit is stated at invoice price plus other charges incurred thereon.

Cost of raw materials, own manufactured vehicles and trading stock is determined on a moving average basis. Cost of work-in-process is valued at material cost.

Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessarily to be incurred to make the sale.

2.7 Financial instruments

2.7.1 Financial assets

2.7.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) Financial assets 'at fair value through profit or loss'

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets 'at fair value through profit or loss' category.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity.

d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity and (c) financial assets 'at fair value through profit or loss'.

2.7.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the transaction costs associated with these financial assets are taken directly to the profit and loss account.

2.7.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial asset 'at fair value through profit or loss' and 'available for sale'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) Financial assets classified as 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

2.7.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired.

a) Assets carried at amortised cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty or default in payments, the probability that they will enter bankruptcy, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss account. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company also evaluates impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

b) Assets classified as 'available for sale'

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If any evidence for impairment exist, the cumulative loss is removed from equity and recognised in the profit and loss account. For investments, other than equity instruments, the increase in fair value in a subsequent period thereby resulting in reversal of impairment is reversed through the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

2.7.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is a intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.7.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

2.7.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

2.8 Loans, advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

2.9 Trade debts and other receivables

Trade debts are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Other receivables are carried at cost less estimates made for doubtful receivables, if any.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

An estimate for doubtful trade debts and other receivables is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2.10 Derivative financial instruments and hedge accounting

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

Fair value hedge

Fair value hedge represents hedges of the fair value of recognised assets or liabilities or a firm commitment. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

Cash flow hedge

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit or loss account.

2.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after considering rebates and tax credits available, if any, and taxes paid under the Final Tax Regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

2.12 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and bank deposits net of running finances. The cash and cash equivalents are readily convertible to known amounts of cash and are therefore subject to insignificant risk of changes in value.

2.13 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services, whether or not billed to the Company.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

2.15 Warranty obligations

The Company recognises the estimated liability, on an accrual basis, to repair or replace products under warranty at the balance sheet date, and recognises the estimated product warranty costs in the profit and loss account when the sale is recognised.

2.16 Staff retirement benefits

Defined contribution plan - Employees Provident Fund

The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the Fund by the Company and the employees in accordance with the rules of the Fund. The Company has no further payment obligation once the contributions have been paid. The contributions made by the Company are recognised as an employee benefit expense when they are due.

Defined benefit / contribution plan - Employees Pension Fund

The Company also operates an approved funded pension scheme for its permanent employees.

The employee pension is governed by two sets of Rules, 'New Rules' - Defined contribution plan and 'Old Rules' - Defined benefit plan. The New Rules are applicable to all members of the Fund with effect from July 1, 2008. However, the Old Rules continue to apply to all persons whose employment with the Company ceased before July 1, 2008 and who are entitled to pension from the Fund. In addition, the Old Rules also apply to existing employees who have not opted to be governed by the New Rules.

In accordance with the New Rules an actuarial balance was determined by the actuary as at June 30, 2008 in respect of all members of the Fund who were in the service of the Company as of that date and opted to be governed by the New Rules which was credited to the members' individual accounts. With effect from July 2008 the Company is required to make a fixed monthly contribution to the Fund based on the basic salary of the employees which is credited into the individual account of each member. The Company has no further payment obligation once these monthly contributions have been paid to the Fund. Profit earned on the investments maintained by the Fund is also allocated into the individual account of each member.

The pension liability recognised in the balance sheet in respect of members governed by the Old Rules is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets attributed to these members. Contributions are made to cover the pension obligations in respect of the members governed by the Old Rules on the basis of actuarial recommendations.

The amount arising as a result of remeasurement is recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the period in which they occur.

The Projected Unit Credit Method, using the following significant assumptions, is used for the valuation of the pension liability at June 30, 2015 in respect of members governed by the Old Rules:

- Expected rate of increase in salaries at 10.00% (2014: 12.50%) per annum.
- Expected rate of return on plan assets at 11.00% (2014: 13.50%) per annum.
- Expected rate of increase in long term pension at 6.00% (2014: 8.50%) per annum.
- Expected discount rate at 11.00% (2014: 13.50%) per annum.

2.17 Employees' compensated absences

The Company accounts for compensated absences on the basis of unavailed earned leave balance of each employee at the end of the year.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

2.18 Dividend distribution and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are approved / transfers are made.

2.19 Revenue recognition

Sales are recognised as revenue when goods are delivered and invoiced.

Return on bank deposits, term deposit receipts and mark-up on advances to suppliers and contractors are accounted for on an accrual basis.

Agency commission is recognised when shipments are made by the principal.

Unrealised gains / losses arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the profit and loss account in the period in which these arise.

Dividend income is recognised when the right to receive dividend is established.

Income on Market Treasury Bills and Pakistan Investment Bonds (PIBs) is accrued using the effective interest rate method.

2.20 Foreign currency transactions and translation

Foreign currency transactions are recognised or accounted for into Pakistani Rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing on the balance sheet date. Exchange gain / loss on foreign currency translations are included in income / equity along with any related hedge effects.

2.21 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.22 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Useful lives of property, plant and equipment (notes 2.4 and 3.2)

The Company reviews the useful lives of fixed assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of fixed assets with a corresponding effect on the depreciation charge and impairment.

ii) Provision for slow moving stores and spares (notes 2.5 and 7)

The Company exercises judgment and makes provision for slow moving stores and spares based on their future usability. Management believes that changes in outcome of estimates will not have a material effect on the financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

iii) Provision for slow moving stock-in-trade (notes 2.6 and 8)

The Company exercises judgment and makes provision for slow moving stock-in-trade based on their future usability and recoverable value. Management believes that changes in outcome of estimates will not have a material effect on the financial statements.

iv) Provision for doubtful debts (notes 2.9 and 9)

The Company makes provisions for doubtful debts when the collection of full amount is no longer probable. Management believes that changes in outcome of estimates will not have a material effect on the financial statements.

v) Classification and valuation of investments (notes 2.7 and 14)

The Company takes into account its intention for classification of investment as mentioned in note 2.7.1.1 at the time of purchase. The valuation of investments is done based on the criteria mentioned in notes 2.7.1.2, 2.7.1.3 and 2.7.1.4.

vi) Income taxes (notes 2.11 and 32)

The Company takes into account the current income tax law and the decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on the items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

vii) Warranty obligations (notes 2.15 and 19.3); and

The Company exercises professional judgment, based on the history of warranty claims entertained, number of cars eligible for warranty and its internal risk assessment while making assessment of obligation in respect of warranty.

viii) Staff retirement benefits (notes 2.16 and 28)

The Company has post retirement benefit obligations, which are determined through actuarial valuations as carried out by an independent actuary using various assumptions as disclosed in note 28 to these financial statements.

2.23 Segment Reporting

The Company uses 'management approach' for segment reporting, under which segment information is required to be presented on the same basis as that used for internal reporting purposes. Operating segments have been determined and presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company has determined operating segments on the basis of business activities i.e. manufacturing and trading activities. Segment assets have not been disclosed in these financial statements as these are not reported to the chief operating decision-maker on a regular basis.

	Note	2015	2014
----- (Rupees in '000) -----			
3	FIXED ASSETS		
	Property, plant and equipment	3.1 5,183,750	6,032,201
	Intangible assets	3.2 9,727	1,063
		<u>5,193,477</u>	<u>6,033,264</u>
3.1	Property, plant and equipment		
	Operating assets	3.2 5,110,267	5,746,600
	Capital work-in-progress	3.5 73,483	285,601
		<u>5,183,750</u>	<u>6,032,201</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

3.2 The following is a statement of tangible operating assets and intangible assets:

	Tangible assets							Intangible assets				
	Leasehold land	Factory building on leasehold land	Other building on leasehold land	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Computer and related accessories	Tools and equipment	Jigs, moulds and related equipments	Total tangible assets	Computer software
At July 1, 2014												
Cost	38,662	1,099,897	126,023	8,369,449	265,157	200,693	92,440	198,096	647,555	3,128,715	14,166,687	39,030
Accumulated depreciation / amortisation	15,870	739,725	58,087	5,180,012	144,983	168,803	70,938	185,674	540,439	1,315,556	8,420,087	37,967
Net book value	22,792	360,172	67,936	3,189,437	120,174	31,890	21,502	12,422	107,116	1,813,159	5,746,600	1,063
Year ended June 30, 2015												
Opening net book value	22,792	360,172	67,936	3,189,437	120,174	31,890	21,502	12,422	107,116	1,813,159	5,746,600	1,063
Additions	70,000	11,106	154,598	429,575	59,747	11,089	18,275	40,014	76,840	51,709	922,953	10,786
Disposals / write offs	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	100	-	84,181	43,964	1,009	3,397	54,733	2,092	72,246	261,722	-
Depreciation	-	38	-	82,086	30,633	924	3,148	53,346	2,092	72,133	244,400	-
Depreciation / amortisation charge for the year	3,157	78,425	17,696	822,686	45,218	14,529	8,983	10,614	48,692	491,964	1,541,964	2,122
Closing net book value	89,635	292,791	204,838	2,794,231	121,372	28,365	30,545	40,435	135,264	1,372,791	5,110,267	9,727
At June 30, 2015												
Cost	108,662	1,110,903	280,621	8,714,843	280,940	210,773	107,318	183,377	722,303	3,108,178	14,827,918	49,816
Accumulated depreciation / amortisation	19,027	818,112	75,783	5,920,612	159,568	182,408	76,773	142,942	587,039	1,735,387	9,717,651	40,089
Net book value	89,635	292,791	204,838	2,794,231	121,372	28,365	30,545	40,435	135,264	1,372,791	5,110,267	9,727
Depreciation / amortisation rate % per annum	2.38%-3.85%	10%	5%	10%-20%	20%	20%	20%	33.33%	20%	20%-25%	33.33%	33.33%

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Tangible assets							Intangible assets				
	Leasehold land	Factory building on leasehold land	Other building on leasehold land	Plant and machinery	Motor vehicles	Furniture and fixtures	Office equipment	Computer and related accessories	Tools and equipment	Jigs, moulds and related equipments	Total tangible assets	Computer software
At July 1, 2013												
Cost	38,662	997,437	124,475	6,273,622	282,619	191,837	80,136	207,622	602,535	1,363,848	10,162,793	37,552
Accumulated depreciation / amortisation	14,949	663,196	52,480	4,614,115	147,078	148,886	66,171	182,127	516,328	1,194,082	7,599,412	37,548
Net book value	23,713	334,241	71,995	1,659,507	135,541	42,951	13,965	25,495	86,207	169,766	2,563,381	4
Year ended June 30, 2014												
Opening net book value	23,713	334,241	71,995	1,659,507	135,541	42,951	13,965	25,495	86,207	169,766	2,563,381	4
Additions	-	102,460	1,548	2,096,285	55,004	8,856	14,033	5,824	53,714	1,764,867	4,102,591	1,478
Disposals / write offs	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	458	72,466	-	1,729	15,350	8,694	-	98,697	-
Depreciation	-	-	-	458	48,883	-	1,345	15,000	8,675	-	74,361	-
Depreciation / amortisation charge for the year	921	76,529	5,607	566,355	46,788	19,917	6,112	18,547	32,786	121,474	895,036	419
Closing net book value	22,792	360,172	67,936	3,189,437	120,174	31,890	21,502	12,422	107,116	1,813,159	5,746,600	1,063
At June 30, 2014												
Cost	38,662	1,099,897	126,023	8,369,449	265,157	200,693	92,440	198,096	647,555	3,128,715	14,166,687	39,030
Accumulated depreciation / amortisation	15,870	739,725	58,087	5,180,012	144,983	168,803	70,938	185,674	540,439	1,315,556	8,420,087	37,967
Net book value	22,792	360,172	67,936	3,189,437	120,174	31,890	21,502	12,422	107,116	1,813,159	5,746,600	1,063
Depreciation / amortisation rate % per annum	2.38%	10%	5%	10%-20%	20%	20%	20%	33.33%	20%	20%-25%	33.33%	33.33%

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

3.3 The depreciation charge for the year has been allocated as follows:

	Note	2015 ----- (Rupees in '000) -----	2014 ----- (Rupees in '000) -----
Cost of sales - own manufactured	25	1,488,113	834,739
Distribution expenses	26	29,047	33,494
Administrative expenses	27	24,804	26,803
		1,541,964	895,036

3.4 Particulars of operating assets having a net book value exceeding Rs 50,000 disposed off during the year are as follows:

Asset description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
----- (Rupees in '000) -----							
Factory building on leasehold land*	100	38	62	17	(45)	Bid	M/S Salim & Company, Karachi
Plant & Machinery	7,360	5,514	1,846	-	(1,846)	Assets written off	
	330	268	62	34	(28)	Bid	M/S Salim & Company, Karachi
Furniture & Fixture	461	400	61	28	(33)	Bid	M/S National Trade Council, Karachi
Office Equipment	355	189	166	284	118	Insurance Claim	Habib Insurance Company Limited, Karachi -Related Party
	109	43	66	19	(47)	Bid	M/S Nawab & Sons, Karachi
Computer and related accessories	90	2	88	90	2	Insurance Claim	Habib Insurance Company Limited, Karachi -Related Party
Jigs and related equipments	1,685	1,572	113	161	48	Bid	M/S National Trade Council, Karachi
Motor Vehicles	1,824	730	1,094	1,824	730	Insurance Claim	Habib Insurance Company Limited, Karachi -Related Party
	1,929	932	997	1,929	932	Insurance Claim	Habib Insurance Company Limited, Karachi -Related Party
	844	450	394	844	450	Insurance Claim	Habib Insurance Company Limited, Karachi -Related Party
	824	439	385	824	439	Insurance Claim	Habib Insurance Company Limited, Karachi -Related Party
	1,929	1,157	772	1,350	578	Employee Scheme	Mr. Raheel Asghar (Employee)
	990	330	660	825	165	Employee Scheme	Mr. Ahmed Waseem Khan (Employee)
	990	413	577	776	199	Employee Scheme	Mr. Shuja Ahmed (Employee)
	1,880	1,410	470	1,191	721	Employee Scheme	Mr. Tariq Ahmed Khan (Employee)
	844	478	366	605	239	Employee Scheme	Mr. Syed Asif Ahmed (Employee)
	874	524	350	577	227	Employee Scheme	Mr. Jamsheed Ali Khan (Employee)
	1,426	1,165	261	820	559	Employee Scheme	Mr. Wali Muhammad (Employee)
	779	636	143	421	278	Employee Scheme	Mr. Shahwar Hassan (Employee)
	4,051	878	3,173	1,049	(2,124)	Tender	Mr. Mushtaq Memon, Karachi
	4,132	1,171	2,961	1,061	(1,900)	Tender	Mr. Muhammad Jameel Ahmed, Karachi
	1,815	1,452	363	1,149	786	Tender	M/S Amin Motors, Karachi
	1,557	1,272	285	1,060	775	Tender	M/S Amin Motors, Karachi

*This represents disposal of press shop shutter capitalised as part of building cost.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	2015 ----- (Rupees in '000) -----	2014 ----- (Rupees in '000) -----
3.5 Capital work-in-progress		
Civil works	46,926	22,000
Plant and machinery	7,458	188,495
Computer and related accessories	7,602	-
Tools and equipment	-	25,000
Jigs, moulds and related equipment	11,497	50,106
	73,483	285,601

3.6 During the year capital work-in-progress amounting to Rs 574.611 million (2014: Rs 4,003.575 million) was transferred to owned assets.

	Note	2015 ----- (Rupees in '000) -----	2014 ----- (Rupees in '000) -----
--	------	--------------------------------------	--------------------------------------

4 LONG-TERM LOANS AND ADVANCES

Considered good

Loans due from - secured

- Executives

- Employees

4.2 & 4.3	29,282	18,729
	4,907	5,885

Advances to suppliers - unsecured

4.1	34,189	24,614
-----	--------	--------

Advances to suppliers - unsecured

4.4	22,283	55,071
-----	--------	--------

56,472 **79,685**

Less: Recoverable within one year shown under current assets

Loans due from - secured

- Executives

- Employees

Advances to suppliers - unsecured

10	18,421	12,791
10	4,672	5,629

10	22,283	31,873
----	--------	--------

45,376 **50,293**

11,096 **29,392**

4.1 These represent house building and personal loans granted to executives and employees. These are granted in accordance with the terms of their employment and are secured against their balances with the Employees' Provident Fund. The loans are repayable over a period of 12 to 48 (2014: 12 to 60) months. House building and personal loans to management employees carry interest at the rate of 3.00% to 3.50% (2014: 3.00% to 3.50%) per annum. Non-management employees are entitled to personal loans which carry no interest.

	2015 ----- (Rupees in '000) -----	2014 ----- (Rupees in '000) -----
--	--------------------------------------	--------------------------------------

4.2 Reconciliation of carrying amount of loans to executives is as follows:

Opening balance	18,729	18,531
Disbursements during the year	47,674	24,909
Repayments during the year	(37,121)	(24,711)
Closing balance	29,282	18,729

4.3 The maximum aggregate amount due from executives at the end of any month during the year was Rs 31.922 million (2014: Rs 20.835 million).

4.4 These represent advances to suppliers which are deducted from payments in respect of supplies over a period of 1 to 2 years (2014: 1 to 2 years). These carry interest at the rate of 3 months KIBOR plus 1% (2014: 3 months KIBOR plus 1%) per annum.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
5 LONG-TERM INVESTMENTS			
Held to Maturity			
- Government securities - Pakistan Investment Bonds	5.1	<u>4,954,764</u>	<u>-</u>
5.1 These securities have a tenor of 3 years and are maturing on July 17, 2017. The yield on these securities ranges from 10.40% - 12.56%.			
	Note	2015	2014
		----- (Rupees in '000) -----	
6 LONG-TERM DEPOSITS			
Utilities		<u>7,169</u>	<u>7,169</u>
Others	6.1	<u>2,498</u>	<u>2,498</u>
		<u>9,667</u>	<u>9,667</u>
6.1 This include a deposit made against rent to a related party - Habib Metro Pakistan (Private) Limited amounting to Rs 2.005 million (2014: Rs 2.005 million).			
	Note	2015	2014
		----- (Rupees in '000) -----	
7 STORES AND SPARES			
Stores		<u>180,087</u>	<u>156,568</u>
Spares		<u>258,535</u>	<u>250,249</u>
		<u>438,622</u>	<u>406,817</u>
Less: Provision for slow moving stores and spares		<u>(260,023)</u>	<u>(265,158)</u>
		<u>178,599</u>	<u>141,659</u>
8 STOCK-IN-TRADE			
In hand			
Manufacturing stock			
Raw material and components		<u>2,588,481</u>	<u>1,672,705</u>
Less: Provision for slow moving stock		<u>(5,162)</u>	<u>(10,097)</u>
		<u>2,583,319</u>	<u>1,662,608</u>
Work-in-process		<u>261,221</u>	<u>214,910</u>
Finished goods (vehicles – own manufactured)	8.1	<u>249,628</u>	<u>434,134</u>
		<u>3,094,168</u>	<u>2,311,652</u>
Trading stock			
Vehicles	8.1	<u>260,306</u>	<u>271,825</u>
Less: Provision for slow moving stock		<u>(234)</u>	<u>(5,030)</u>
		<u>260,072</u>	<u>266,795</u>
Spare parts		<u>480,607</u>	<u>436,208</u>
Special service tools and publications		<u>7,478</u>	<u>10,182</u>
Less: Provision for slow moving stock		<u>(132,353)</u>	<u>(95,666)</u>
		<u>355,732</u>	<u>350,724</u>
In transit		<u>2,440,476</u>	<u>1,540,289</u>
		<u>6,150,448</u>	<u>4,469,460</u>

8.1 These include vehicles amounting to Rs 301.825 million (2014: Rs 618.789 million) held with the Company's authorised dealers at year end.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
9 TRADE DEBTS - UNSECURED			
Considered good			
Government agencies		<u>125,584</u>	<u>1,247,773</u>
Others		<u>299,032</u>	<u>489,585</u>
		<u>424,616</u>	<u>1,737,358</u>
Considered doubtful		<u>38,095</u>	<u>643</u>
		<u>462,711</u>	<u>1,738,001</u>
Less: Provision for doubtful debts	9.1	<u>(14,961)</u>	<u>(643)</u>
		<u>447,750</u>	<u>1,737,358</u>
9.1 Provision for doubtful debts			
Balance at July 1		<u>643</u>	<u>330</u>
Add: Provision made during the year		<u>14,581</u>	<u>313</u>
		<u>15,224</u>	<u>643</u>
Less: Bad debts written off during the year		<u>(263)</u>	<u>-</u>
Balance at June 30		<u>14,961</u>	<u>643</u>
9.2 As at June 30, 2015, Rs 56.180 million (2014: Rs 747.492 million) are overdue but not impaired in respect of trade debts. These relate to various customers for whom there is no recent history of default. The ageing analysis of these trade debts is as follows:			
	Note	2015	2014
		----- (Rupees in '000) -----	
Upto 1 month		<u>-</u>	<u>1,761</u>
1 to 6 months		<u>17,878</u>	<u>518,836</u>
More than 6 months		<u>38,302</u>	<u>226,895</u>
		<u>56,180</u>	<u>747,492</u>
10 LOANS AND ADVANCES			
Current portion of long-term loans and advances - considered good			
Loans due from - secured			
- Executives	4	<u>18,421</u>	<u>12,791</u>
- Employees	4	<u>4,672</u>	<u>5,629</u>
Advances to suppliers - unsecured	4	<u>22,283</u>	<u>31,873</u>
		<u>45,376</u>	<u>50,293</u>
Advances - considered good			
Suppliers and contractors		<u>12,758</u>	<u>51,024</u>
Employees		<u>3,039</u>	<u>1,779</u>
Collector of Customs	10.1	<u>825,529</u>	<u>860,709</u>
Margin with Banks		<u>333,872</u>	<u>42,205</u>
		<u>1,175,198</u>	<u>955,717</u>
		<u>1,220,574</u>	<u>1,006,010</u>
10.1 This represents amounts paid to the Collector of Customs in respect of the import of stock-in-trade. An amount of Rs. 671.578 million (2014: Rs. 860.709 million) was cleared subsequent to the year end.			

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
11 SHORT-TERM PREPAYMENTS			
Rent		1,463	1,748
Insurance		10,016	6,098
Others		7,440	7,096
	11.1	<u>18,919</u>	<u>14,942</u>

11.1 This includes Rs 6.117 million (2014: Rs 3.053 million) paid to related parties.

	Note	2015	2014
		----- (Rupees in '000) -----	
12 ACCRUED RETURN			
Pakistan Investment Bond		256,051	-
Term Deposit Receipt		159,991	80,301
Others		2,787	7,053
	12.1	<u>418,829</u>	<u>87,354</u>

12.1 This includes an amount of Rs. 114.058 million (2014: Rs. 71.243 million) receivable from related parties.

	Note	2015	2014
		----- (Rupees in '000) -----	
13 OTHER RECEIVABLES			
Considered good			
Warranty claims and other receivables due from a related party - Toyota Tsusho Corporation and its affiliates		3,417	8,734
Agency commission - Toyota Tsusho Asia Pacific PTE. Ltd	13.1	90,160	121,063
Warranty claims due from local vendors		1,754	1,864
Earnest money		26,373	7,805
Insurance claims - receivable from related party - Habib Insurance Company Limited		22,398	9,886
Workers' Profit Participation Fund	13.2	2,373	622
Receivable against sale of fixed assets		4,219	577
Receivable from Pension Fund - Defined Benefit Scheme	28.2	359	-
Receivable from Customs		-	20,861
Net unrealised gain on revaluation of foreign exchange contracts - fair value hedge		14,363	-
Others		2,341	4,277
		<u>167,757</u>	<u>175,689</u>

13.1 The maximum aggregate amount due at the end of any month during the year was Rs 247.854 million (2014: Rs 144.269 million).

	Note	2015	2014
		----- (Rupees in '000) -----	
13.2 Workers' Profit Participation Fund			
Opening receivable		622	37
Add: Allocation for the year	29	(759,249)	(269,415)
		<u>(758,627)</u>	<u>(269,378)</u>
Less: Amount paid during the year		761,000	270,000
Closing receivable		<u>2,373</u>	<u>622</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
14 INVESTMENTS			
Financial assets 'at fair value through profit or loss'- held for trading			
- Mutual Fund Units	14.1 & 14.2	3,754,870	-
Held to Maturity			
- Government securities - Market Treasury Bills	14.3	3,002,016	4,332,387
		<u>6,756,886</u>	<u>4,332,387</u>

Market value as at June 30
2015 2014
----- (Rupees in '000) -----

	2015	2014
	----- (Rupees in '000) -----	
14.1 Mutual Fund Units		
HBL Money Market Fund	100,092	-
MCB Cash Management Optimizer Fund	1,250,914	-
UBL Liquidity Plus Fund	1,502,992	-
ABL Cash Fund	900,872	-
	<u>3,754,870</u>	<u>-</u>

	Note	2015	2014
		----- (Rupees in '000) -----	
14.2 Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - 'held for trading'			
Market value of securities		3,754,870	-
Less: carrying value of securities		3,750,000	-
	30	<u>4,870</u>	<u>-</u>

14.3 These securities have a tenor of 3 to 6 months and have varying maturities ranging from August 06, 2015 to December 10, 2015. The yield on these securities ranges from 6.5276% - 8.3345% per annum (2014: 9.9383% - 9.9564% per annum).

	Note	2015	2014
		----- (Rupees in '000) -----	
15 CASH AND BANK BALANCES			
Cash in hand		1,536	2,818
With banks in:			
current accounts		28,422	17,577
deposit accounts	15.1	5,335,430	2,047,962
term deposit receipt	15.2	19,500,000	4,788,727
		<u>24,863,852</u>	<u>6,854,266</u>
		<u>24,865,388</u>	<u>6,857,084</u>

15.1 As of June 30, 2015, the company holds term deposit receipts carrying profit rates ranging between 6.25% to 8.00% per annum (2014: 8.85% to 10.50% per annum). The term deposit receipts are due to mature maximum by December 1, 2015.

15.2 Balances with banks include an amount of Rs 12,783 million (2014: Rs 3,553 million), [including Rs. 8,000 million fixed deposit receipts (2014: 1,600 million)] held with related parties namely Habib Metropolitan Bank Limited amounting to Rs 11,523 million (2014: Rs 3,284 million) and Standard Chartered Bank (Pakistan) Limited amounting to Rs 1,260 million (2014: Rs 269 million).

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
(Number of shares in '000)			----- (Rupees in '000) -----	
78,600	78,600	Ordinary shares of Rs.10 each fully paid in cash	786,000	786,000

17 RESERVES

Capital reserve				
Premium on issue of ordinary shares		196,500		196,500
Revenue reserves				
General reserve				
Balance brought forward		14,851,050		13,351,050
Transferred from unappropriated profit		2,000,000		1,500,000
		16,851,050		14,851,050
Unappropriated profit		6,201,970		4,082,102
		23,249,520		19,129,652

18 DEFERRED TAXATION

Deferred tax liability arising on taxable temporary differences:				
Due to accelerated tax depreciation		194,068		392,158
Others		1,556		1,080
Deferred tax asset arising on deductible temporary differences:				
In respect of certain provisions		(200,727)		(174,047)
Others		(192)		(242)
		(5,295)		218,949

19 TRADE, OTHER PAYABLES AND PROVISIONS

	Note	2015	2014
----- (Rupees in '000) -----			
Trade creditors			
- Associated undertakings / related parties		375,268	74,958
- Others		914,672	221,541
Bills payable to associated undertakings / related parties		1,586,781	845,260
Accrued liabilities	19.1	2,156,711	1,680,576
Unclaimed dividends		160,973	59,003
Royalty payable to associated undertakings / related parties		576,014	148,001
Security deposits from dealers	19.2	126,300	147,300
Retention money		12,095	31,852
Workers' Welfare Fund		301,358	108,526
Technical fee		2,302	2,470
Warranty obligations	19.3	788,374	628,147
Payable to dealers		663,522	136,429
Payable to customers		116,919	138,225
Sales tax – net		505,159	72,601
Withholding income tax payable		312,867	6,047
Net unrealised loss on revaluation of foreign exchange contracts - fair value hedge		-	2,942
Payable to Pension Fund - Defined Benefit Scheme	28.2	-	732
Other government levies payable		581,390	125,712
		9,180,705	4,430,322

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

19.1 These include an amount of Rs 52.090 million (2014: Rs 178.510 million) payable to associated undertakings / related parties.

19.2 These represent interest free deposits repayable to dealers upon the termination of dealership agreements.

	2015	2014
----- (Rupees in '000) -----		
19.3 Warranty obligations		
Opening balance	628,147	573,999
Add: Charge for the year	184,334	105,797
	812,481	679,796
Less: Utilisation during the year	(24,107)	(51,649)
	788,374	628,147
20 ADVANCES FROM CUSTOMERS AND DEALERS	16,192,918	1,545,712

These represent advances received by the Company from customers and dealers in respect of sale of vehicles and parts.

21 SHORT-TERM RUNNING FINANCES

At June 30, 2015, the Company has unutilised short-term running finance facilities under mark-up arrangements aggregating Rs 3,550 million (2014: Rs 4,700 million) available from various commercial banks carrying mark-up rates based on 1 month KIBOR as benchmark rate plus 25 basis points (2014: 1 month KIBOR plus 25 basis points). The above facilities include an amount of Rs 1,500 million (2014: Rs 1,500 million) available from related parties.

The company also has facilities for opening letters of credit and bank guarantees under mark-up arrangements as at June 30, 2015 amounting to Rs 27,050 million (2014: Rs 17,700 million) from various commercial banks, including Rs 9,200 million (2014: Rs 7,500 million) available from related parties. The unutilised balance at June 30, 2015 was Rs 16,420 million (2014: Rs 9,080 million).

Short-term running finance and bank guarantees are secured by pari passu hypothecation charge to the extent of Rs 8,043 million (2014: Rs 8,043 million) on movable assets and receivables.

22 TAXATION

The income tax assessments of the company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 up to the year ended June 30, 2014.

23 CONTINGENCIES AND COMMITMENTS

Contingencies

23.1 The Company, during the years 2005-2006 and 2006-2007, received demand notices from the Collector of Customs, claiming short recovery of Rs 480.311 million in aggregate on account of customs duty amounting to Rs 305.426 million and sales tax amounting to Rs 174.885 million on royalty payment to the Joint Venture Partner, Toyota Motor Corporation. The demand has been raised based on the view that royalty value should be included as part of imported CKD kits which is opposed to the view of the Company based on factual position that the royalty pertains to locally deleted parts.

During year ended June 30, 2008, the Customs, Excise and Sales Tax Appellate Tribunal decided the case in the Company's favour and accordingly, the demand to the extent of Rs 370.373 million (customs duty of Rs 235.775 million and sales tax of Rs 134.598 million) has been reversed. During the year ended June 30, 2010, an appeal was filed by the Custom Authorities before the Sindh High Court against the decision of Customs, Excise and Sales Tax Appellate Tribunal, which is pending for hearing.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

In respect of the balance aggregate demand, the appeals are pending before the Collector of Customs Appeal for Rs 54.348 million and before the Appellate Tribunal for Rs 55.590 million. A similar favourable decision is expected out of the said pending appeals as the facts are common and involve identical question of law. Therefore, no provision has been made by the Company in the financial statements against the above mentioned sums as the management is confident that the matters will be decided in the favour of the Company.

23.2 As at June 30, 2015, the claims not acknowledged as debt by the company amounts to Rs 965.260 million (2014 Rs 984.523 million).

	Note	2015	2014
		----- (Rupees in '000) -----	
Cases filed by the dealers		300,000	300,000
Cases filed by government authorities		494,647	494,647
Others	23.2.1	170,613	189,876
	23.2.2	965,260	984,523

23.2.1 Others mainly represents cases filed by the customers against the company in various courts and are pending adjudication.

23.2.2 The management of the Company is of the view that the Company has a strong position in these cases and these cases will be decided in favour of the Company.

	2015	2014
	----- (Rupees in '000) -----	

23.3 Outstanding bank guarantees 5,514,465 3,672,013

Outstanding bank guarantees include an amount of Rs 2,122.129 million (2014: Rs 1,795.011 million) in respect of bank guarantees from related parties.

Commitments

23.4 Commitments in respect of capital expenditure at June 30, 2015 amounted to Rs 392.911 million (2014: Rs 179.702 million).

23.5 Commitments in respect of letters of credit, other than for capital expenditure, amounted to Rs 4,919.914 million (2014: Rs 4,923.620 million). The above letters of credit include an amount of Rs 2,228.133 million (2014: Rs 2,176.503 million) availed from related parties.

23.6 Commitments in respect of land rent and maintenance charges against leasehold land from Port Qasim Authority as at June 30, 2015 amounted to Rs 222.368 million (2014: Rs 206.073 million).

Year	2015	2014
	----- (Rupees in '000) -----	
2015-2016	-	4,632
2016-2017	5,369	4,864
2017-2018	5,637	5,107
2018-2019	5,919	5,362
2019-2020	6,215	5,630
2020 Onwards	199,228	180,478
	<u>222,368</u>	<u>206,073</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

24 OPERATING RESULTS

Note	Manufacturing		Trading		Total		
	2015	2014	2015	2014	2015	2014	
----- (Rupees in '000) -----							
Gross sales	24.1	111,281,648	63,654,457	5,057,564	4,875,243	116,339,212	68,529,700
Sales tax		(16,148,419)	(9,203,992)	(548,080)	(591,934)	(16,696,499)	(9,795,926)
Federal excise duty		-	(181,128)	-	-	-	(181,128)
		<u>95,133,229</u>	54,269,337	<u>4,509,484</u>	4,283,309	<u>99,642,713</u>	58,552,646
Commission		(2,903,321)	(1,326,223)	(46,607)	(32,789)	(2,949,928)	(1,359,012)
Discounts		(1,827)	(2,686)	(174,636)	(127,326)	(176,463)	(130,012)
Net sales		<u>92,228,081</u>	52,940,428	<u>4,288,241</u>	4,123,194	<u>96,516,322</u>	57,063,622
Cost of sales	25	79,250,476	48,232,604	3,021,616	3,037,436	82,272,092	51,270,040
Gross profit		<u>12,977,605</u>	4,707,824	<u>1,266,625</u>	1,085,758	<u>14,244,230</u>	5,793,582
Distribution expenses	26	910,848	694,537	85,169	98,972	996,017	793,509
Administrative expenses	27	763,210	588,772	35,486	45,856	798,696	634,628
		<u>1,674,058</u>	1,283,309	<u>120,655</u>	144,828	<u>1,794,713</u>	1,428,137
		<u>11,303,547</u>	3,424,515	<u>1,145,970</u>	940,930	<u>12,449,517</u>	4,365,445
Other operating expenses	29	1,166,555	420,237	5,307	3,773	1,171,862	424,010
		<u>10,136,992</u>	3,004,278	<u>1,140,663</u>	937,157	<u>11,277,655</u>	3,941,435
Other income	30	2,631,327	895,942	275,470	217,374	2,906,797	1,113,316
		<u>12,768,319</u>	3,900,220	<u>1,416,133</u>	1,154,531	<u>14,184,452</u>	5,054,751
Finance cost	31	49,926	36,382	1,957	1,872	51,883	38,254
Profit before taxation		<u>12,718,393</u>	3,863,838	<u>1,414,176</u>	1,152,659	<u>14,132,569</u>	5,016,497

24.1 This includes an amount of Rs. 3.920 million (2014: Rs. 157.837 million) and Rs. 0.362 million (2014: Rs. 4.569 million) in respect of export sales of own manufactured vehicles and spare parts respectively.

24.2 Finance costs (excluding markup on advances from customers), other operating expenses (excluding Workers' Profit Participation Fund and Workers' Welfare Fund), administrative expenses and distribution expenses (excluding warranty claims and pre-delivery inspection charges, development expenditure, transportation and running royalty), are allocated between manufacturing and trading activities on the basis of net sales. Markup on advances from customers, warranty claims and pre-delivery inspection charges, development expenditure, Workers' Profit Participation Fund and Workers' Welfare Fund are allocated to manufacturing activity. Running royalty and transportation charges are allocated to trading activity.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
25 COST OF SALES			
Raw materials and vendor parts consumed			
Opening stock		1,672,705	2,618,469
Purchases		73,210,265	42,310,001
Closing stock	8	(2,588,481)	(1,672,705)
	25.1	72,294,489	43,255,765
Stores and spares consumed		1,245,984	774,816
Salaries, wages and other benefits	25.2	873,042	621,505
Rent, rates and taxes		6,960	9,205
Repairs and maintenance		308,092	160,937
Depreciation	3.3	1,488,113	834,739
Legal and professional		2,993	1,700
Travelling		29,544	28,602
Transportation		1,115	3,321
Insurance		27,398	22,996
Vehicle running		13,647	15,612
Communication		4,016	6,002
Printing, stationery and office supplies		2,348	2,175
Subscription		354	1,771
Fuel and power		411,437	259,828
Running royalty		2,127,217	694,892
Technical fee		6,912	5,218
Staff catering, transport and uniforms		262,005	185,528
Reversal of provision for stock in trade - Manufacturing Stock		(4,935)	(49,447)
Reversal of provision for stores and spares		(5,135)	(3,750)
Others		16,685	11,436
		6,817,792	3,587,086
		79,112,281	46,842,851
Add: Opening work-in-process		214,910	378,502
Less: Closing work-in-process	8	(261,221)	(214,910)
		79,065,970	47,006,443
Opening finished goods stock - own manufactured		434,134	1,660,295
Closing finished goods stock - own manufactured	8	(249,628)	(434,134)
Cost of sales - own manufactured		79,250,476	48,232,604
Opening finished goods stock - trading		718,215	613,148
Finished goods purchased		3,019,901	3,185,081
Closing finished goods stock - trading	8	(748,391)	(718,215)
Charge / (reversal) of provision for slow moving stock		31,891	(42,578)
Cost of sales - trading	25.3	3,021,616	3,037,436
		82,272,092	51,270,040

25.1 This includes and amount of Rs 14.485 million (2014: Rs 0.752 million) in respect of write off against stock-in-trade.

25.2 Included herein is a sum of Rs 20.562 million (2014: Rs 19.049 million) in respect of charge against employee provident fund and Rs 9.921 million (2014: Rs 10.138 million) in respect of charge against employee pension fund.

25.3 This includes an amount of Rs 1.817 million (2014: Rs 2.138 million) in respect of write-off against stock-in-trade.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
26 DISTRIBUTION EXPENSES			
Salaries, allowances and other benefits	26.1	174,201	140,487
Rent, rates and taxes		12,465	3,264
Repairs and maintenance		6,469	5,501
Depreciation	3.3	29,047	33,494
Advertising and sales promotion		382,713	315,247
Travelling		27,893	25,702
Vehicle running		14,309	15,704
Communication		4,820	4,896
Printing, stationery and office supplies		5,036	3,525
Staff training		9,752	8,752
Staff transport and canteen		14,319	12,444
Subscription		433	384
Warranty claims		184,334	105,797
Pre-delivery inspection and service charges		47,083	29,232
Development expenditure		12,794	17,001
Utilities		521	202
Transportation		38,888	40,333
Running royalty		15,285	14,110
Charge for doubtful debts and bad debts		14,581	313
Others		1,074	17,121
		996,017	793,509

26.1 Included herein is a sum of Rs 5.279 million (2014: Rs 5.041 million) in respect of charge against employee provident fund and Rs 3.597 million (2014: Rs 1.131 million) in respect of charge against employee pension fund.

	Note	2015	2014
		----- (Rupees in '000) -----	
27 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	27.1	317,792	235,981
Rent, rates and taxes		2,327	2,044
Insurance		28,360	26,625
Repairs and maintenance		87,888	36,831
Depreciation	3.3	24,804	26,803
Amortisation	3.2	2,122	419
Travelling		45,866	43,569
Legal and professional		136,682	97,387
Director fee		875	-
Vehicle running		17,717	18,220
Communication		11,288	13,881
Printing, stationery and office supplies		3,140	2,172
Staff training		56,594	61,076
Staff transport and canteen		21,075	27,468
Security		29,134	28,500
Subscription		3,250	3,966
Utilities		925	895
Share registrar and related expenses		7,800	7,112
Others		1,057	1,679
		798,696	634,628

27.1 Included herein is a sum of Rs 7.755 million (2014: Rs 6.552 million) in respect of charge against employee provident fund and Rs 3.003 million (2014: Rs 2.213 million) in respect of charge against employee pension fund.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

28 DEFINED BENEFIT PLAN - Approved pension fund

As mentioned in note 2.16, the Company operates an approved pension fund for its permanent employees who are governed under the old rules. The latest actuarial valuation of the Company's pension fund, based on Projected Unit Credit Actuarial Cost Method, was carried out as at June 30, 2015. The pension fund exposes the Company to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Investment risks

The risk of the investment underperforming and being not sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

The Company has recognised the following amounts in the financial statements for its obligations towards members governed under the Old Rules as explained in note 2.16.

28.1 Principal actuarial assumptions	Note	2015	2014
		(% per annum)	
Discount factor used		11.00	13.50
Expected rate of salary increase		10.00	12.50
Expected rate of return on plan assets		11.00	13.50
Expected rate of increase in long term pension		6.00	8.50

28.2 The amount recognised in the balance sheet are determined as follows:		2015	2014
		----- (Rupees in '000) -----	
Present value of defined benefit obligations	28.4	20,007	17,394
Fair value of plan assets	28.3 & 28.4	(20,366)	(16,662)
		(359)	732

28.3 Plan assets consist of the following:

	2015		2014	
	Quoted	Non-Quoted	Quoted	Non-Quoted
	----- (Rupees '000) -----			
Balances with banks	-	3,430	-	910
Equity instruments	3,964	-	2,731	-
Debt instruments:				
- Government	-	12,467	12,826	-
- Corporates	-	-	195	-
Other Receivables	-	505	-	-
	3,964	16,402	15,752	910

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

28.4 The movement in the defined benefit obligation over the year is as follows:

	2015		
	Present value of obligation	Fair value of plan assets	Total
	----- (Rupees in '000) -----		
At July 1	17,394	(16,662)	732
Current service cost	993	-	993
Interest expense / (income)	2,288	(2,282)	6
	20,675	(18,944)	1,731
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense	-	(939)	(939)
- Loss from change in demographic assumptions	-	-	-
- Gain from change in financial assumptions	(116)	-	(116)
- Experience loss	-	-	-
	(116)	(939)	(1,055)
	20,559	(19,883)	676
Contribution	-	(1,035)	(1,035)
Benefit payments	(552)	552	-
At June 30	20,007	(20,366)	(359)

	2014		
	Present value of obligation	Fair value of plan assets	Total
	----- (Rupees in '000) -----		
At July 1	14,622	(15,506)	(884)
Current service cost	810	-	810
Interest expense / (income)	1,667	(1,755)	(88)
	17,099	(17,261)	(162)
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense	-	(68)	(68)
- Loss from change in demographic assumptions	450	-	450
- Gain from change in financial assumptions	(1,099)	-	(1,099)
- Experience gain	1,450	-	1,450
	801	(68)	733
	17,900	(17,329)	571
Contribution	-	161	161
Benefit payments	(506)	506	-
At June 30	17,394	(16,662)	732

28.5 Charge for defined benefit plan

	2015	2014
	----- (Rupees in '000) -----	
Current service cost	993	810
Net interest expense / (income)	6	(88)
	999	722

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

28.6 The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

	Impact on defined benefit obligation - Increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
		----- (Rupees in '000) -----	
Discount rate	1%	16,774	23,704
Long term salary increases	1%	21,485	18,353
Pension increase rate	1%	22,013	17,945

The above sensitivities analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

28.7 The weighted average duration of the defined benefit obligation is 16.17 years.

28.8 Expected maturity analysis of undiscounted defined benefit obligation for the pension fund at June 30, 2015 as follows:

	Less than a year	Between 1-2 years	Between 2-4 years	Over 4 years	Total
	----- Rupees '000 -----				
Pension	279	592	1,324	6,077	8,272

28.9 Historical information

	2015	2014	2013	2012	2011
	----- Rupees '000 -----				
Fair value of plan assets	20,366	16,663	15,506	12,942	11,601
Present value of defined benefit obligation	(20,007)	(17,395)	(14,622)	(13,380)	(11,243)
Surplus / (deficit)	359	(732)	884	(438)	358
Experience gain / (loss) on plan assets	0.7%	0.4%	3.9%	-3.4%	1.5%
Experience (gain) / loss on obligation	4.6%	5.5%	-6.0%	3.5%	0.7%

28.10 The expected return on plan assets is determined by considering the expected long-term returns available on the assets underlying the current investment policy. Expected yield on fixed interest investments are based on gross redemption yield as at the balance sheet date. Expected returns on equity are based on long-term real rates experienced in the stock market.

28.11 The expected charge for the defined benefit plan for the year ending June 30, 2016 is Rs 1.121 million.

28.12 The charge for the year in respect of Pension amounts to Rs 16.521 million (2014 Rs 13.482 million), which includes Rs. 15.522 million (2014: Rs 12.760 million) in respect of members covered under New Rules and Rs. 0.999 million (2014: Rs 0.722 million) in respect of members covered under Old Rules.

	Note	2015	2014
		----- (Rupees in '000) -----	
Workers' Welfare Fund		293,162	102,378
Workers' Profit Participation Fund	13.2	759,249	269,415
Auditors' remuneration	29.1	2,725	2,562
Donations	29.2	116,726	49,655
		1,171,862	424,010

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For the year ended June 30, 2015

	2015	2014
	----- (Rupees in '000) -----	
29.1 Auditors' remuneration		
Audit fee	1,475	1,338
Interim review and other certifications	740	732
Out-of-pocket expenses	510	492
	2,725	2,562

29.2 Donations

Donations include the following in which a Director or his spouse is interested:

Name of Director(s)	Interest in Donee	Name and address of Donee	Amount donated	
			2015	2014
			----- (Rupees in '000) -----	
1. Mr. Ali S. Habib	Trustee	Mohamedali Habib Welfare Trust, 2nd Floor, Siddiq Sons Tower, Jinnah Co-operative Housing Society, Shahrah-e-Faisal, Karachi.	2,050	2,250
2. Mr. Mohammedali R. Habib and Mr. Ali S. Habib	Trustee	Habib Education Trust, 4th Floor, UBL Building, I. I. Chundrigar Road, Karachi.	1,570	4,000
3. Mr. Mohammedali R. Habib and Mr. Ali S. Habib	Director	Habib University Foundation, 147, Block 7 & 8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	30,000	20,000

30 OTHER INCOME

Income from financial assets

	2015	2014
Return on bank deposits	1,545,094	318,555
Interest Income on Market Treasury Bills	319,581	152,205
Amortisation Income on Market Treasury Bills	29,784	30,872
Interest Income on Pakistan Investment Bonds	454,806	-
Amortisation Income on Pakistan Investment Bonds	42,693	-
Gain on redemption of investments in listed mutual fund units	149,138	341,544
Unrealised gain on revaluation of listed mutual fund units	4,870	-
Mark-up on advances to suppliers	3,280	6,286

Income from other than financial assets

	2015	2014
Agency commission, net of commission expense of Rs 11.941 million (2014: Rs 11.850 million)	183,889	149,508
Exchange loss on agency commission and exports	(30,613)	(1,425)
Gain on sale of fixed assets	16,256	28,093
Liabilities no longer payable written back	38,758	37,933
Freight and other charges income	147,367	49,745
Certification income	1,894	-
	2,906,797	1,113,316

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
31 FINANCE COST			
Mark-up on advances from customers		36	28
Bank charges		44,043	25,769
Exchange loss - net realised		7,804	12,323
Unrealised loss on revaluation of creditors		-	134
		51,883	38,254
32 TAXATION			
Current - for the year		5,246,900	952,169
- for prior years		-	(62,661)
		5,246,900	889,508
Deferred - for the year		(224,582)	253,537
		(224,582)	253,537
	32.1	5,022,318	1,143,045
32.1 Relationship between income tax expense and accounting profit			
Profit before taxation		14,132,569	5,016,497
Tax at the applicable tax rate of 33% (2014: 34%)		4,663,748	1,705,609
Tax effect of permanent differences and super tax		496,803	17,185
Tax effect of income taxable at lower rates, tax credit on plant & machinery and exempt income		(16,997)	(429,269)
Tax effect of income assessed under final tax regime		(111,347)	(79,213)
Tax effect of change in tax rate for future periods		(6,459)	(6,704)
Prior years tax		-	(62,661)
Others		(3,430)	(1,902)
		5,022,318	1,143,045
33 EARNINGS PER SHARE			
33.1 Basic			
Basic earnings per share has been computed by dividing the net profit for the year after taxation by the weighted average number of shares outstanding during the year.			
		2015	2014
		----- (Rupees in '000) -----	
Profit after taxation		9,110,251	3,873,452
		(Number of shares in '000)	
Weighted average number of ordinary shares outstanding during the year		78,600	78,600
		(Rupees)	
Basic earnings per share		115.91	49.28
33.2 Diluted			
No figure for diluted earnings per share has been presented as the Company has not as yet issued any instruments which would have an impact on basic earnings per share when exercised.			

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		----- (Rupees in '000) -----	
34 CASH GENERATED FROM OPERATIONS			
Profit before taxation		14,132,569	5,016,497
Adjustment for non-cash charges and other items:			
Depreciation		1,541,964	895,036
Amortisation		2,122	419
Provision for doubtful debts and bad debts		14,581	313
Gain on sale of fixed assets		(16,256)	(28,093)
Gain on redemption of investments in listed mutual fund units		(149,138)	(341,544)
Net unrealised gain on revaluation of listed mutual fund units		(4,870)	-
Net unrealised gain on revaluation of creditors and foreign exchange contracts		(17,305)	(6,591)
Return on bank deposits		(1,545,094)	(318,555)
Interest Income on Pakistan Investment Bonds		(454,806)	-
Amortisation Income on Pakistan Investment Bonds		(42,693)	-
Interest Income on Market Treasury Bills		(319,581)	(152,205)
Amortisation Income on Market Treasury Bills		(29,784)	(30,872)
Workers' Profit Participation Fund		759,249	269,415
Workers' Welfare Fund		293,162	102,378
Mark-up on advances from customers		36	28
Working capital changes	34.1	18,469,388	2,187,541
		32,633,544	7,593,767
34.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(36,940)	12,010
Stock-in-trade		(1,680,988)	3,413,849
Trade debts		1,275,027	(354,910)
Loans and advances		(214,564)	551,887
Short-term prepayments		(3,977)	(4,143)
Other receivables		24,405	(12,728)
		(637,037)	3,605,965
Increase / (decrease) in current liabilities			
Trade and other payables		4,459,219	(1,565,438)
Advances from customers and dealers		14,647,206	147,014
		19,106,425	(1,418,424)
		18,469,388	2,187,541
35 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprises of the following balance sheet amounts:			
	Note	2015	2014
		----- (Rupees in '000) -----	
Cash and bank balances	15	24,865,388	6,857,084
Short-term running finances	21	-	-
		24,865,388	6,857,084

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
----- (Rupees in '000) -----						
Managerial remuneration	24,790	11,568	377,463	21,333	11,490	282,533
Retirement benefits	-	-	26,368	-	-	21,800
Medical expenses	107	-	-	45	-	-
	24,897	11,568	403,831	21,378	11,490	304,333
Number of persons	1	2	136	1	2	128

36.1 The Chief Executive, Directors and some Executives have been provided free use of the Company maintained cars, residential telephones and club facilities.

36.2 During the year, an amount of Rs. 0.875 million (2014: Rs. Nil) have been paid to a Non-Executive director, as fee for attending board and other meetings.

37 TRANSACTIONS AND BALANCES WITH ASSOCIATED UNDERTAKINGS / RELATED PARTIES

The associated undertakings / related parties comprises of associated companies, staff retirement funds and key management personnel. Transactions carried out with associated undertakings / related parties during the year are as follows:

	2015	2014
----- (Rupees in '000) -----		
With associated undertakings / related parties:		
Sales	296,961	127,793
Purchases	43,292,976	30,245,483
Insurance premium	77,744	89,568
Agency commission	195,830	161,358
Running royalty	2,144,192	709,002
Rent expense	10,896	13,134
Return on bank deposits	1,167,024	300,686
Proceeds from disposal of fixed assets / insurance claim	7,060	12,376
Bank charges	39,380	21,264
LC charges	6,733	7,619
With key management personnel:		
- Salaries and benefits	149,339	96,647
- Post employment benefits	6,247	4,247
- Sale of fixed assets	3,366	513

37.1 Contribution to and accruals in respect of staff retirement benefits are made in accordance with actuarial valuations / terms of contribution plan and disclosed in respective notes to the financial statements.

37.2 The status of outstanding balances with associated undertakings / related parties as at June 30, 2015 and donations made during the year ended June 30, 2015 are included in the respective notes to the financial statements.

38 PLANT CAPACITY AND PRODUCTION

	2015	2014
Number of units		
Capacity based on double shift basis	54,800	54,800
Production	56,888	33,012

The Company has been operating on a double shift basis from March 2003 based on market demand. The capacity has been calculated based on average normal working hours in a year, whereas actual production may vary in response to market demand. During the year, the Company operated the plant for more than normal working hours.

Notes to and Forming Part of the Financial Statements

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39 DISCLOSURE RELATING TO PROVIDENT FUND

	2015 Un-audited	2014 Audited
----- (Rupees in '000) -----		
(i) Size of the Fund	583,336	505,127
(ii) Cost of investments made	421,014	427,452
(iii) Percentage of investment made	72.17%	84.62%
(iv) Fair value of investments	541,555	465,731

Breakup of investments

	2015		2014	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Bank deposits	110,000	18.86%	-	0.00%
Government Securities*	74,136	12.71%	225,959	44.73%
Listed Securities	116,079	19.90%	141,082	27.93%
Pakistan Investment Bonds*	241,340	41.37%	98,690	19.54%
	541,555	92.84%	465,731	92.20%

* This represent investment classified as held to maturity at amortised cost

The figures for 2015 are based on the un-audited financial statements of the provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance 1984 and the rules formulated for this purpose.

40 NUMBER OF EMPLOYEES

	2015	2014
(Number of staff)		
Number of employees as at June 30	2,322	2,091
Average number of employees during the year	2,190	2,157

41 FINANCIAL INSTRUMENTS BY CATEGORY

-----As at June 30, 2015-----			
Loans and receivables	Held to maturity	Financial assets at 'fair value through profit or loss'	Total
----- (Rupees in '000) -----			
Assets			
Loans and advances	371,100	-	371,100
Deposits	9,667	-	9,667
Trade debts	447,750	-	447,750
Accrued return	418,829	-	418,829
Other receivables	150,662	-	150,662
Investments	-	7,956,780	11,711,650
Derivative used for hedging	-	14,363	14,363
Cash and bank balances	24,865,388	-	24,865,388
	26,263,396	7,956,780	37,989,409

Notes to and Forming Part of the Financial Statements

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-----As at June 30, 2015-----			
	Liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
-----Rupees in '000-----			
Liabilities			
Trade, other payables and provisions	-	7,479,931	7,479,931
	-	7,479,931	7,479,931

-----As at June 30, 2014-----				
	Loans and receivables	Held to maturity	Financial assets at 'fair value through profit or loss'	Total
----- (Rupees in '000) -----				
Assets				
Loans and advances	68,598	-	-	68,598
Deposits	9,667	-	-	9,667
Trade debts	1,737,358	-	-	1,737,358
Accrued return	87,354	-	-	87,354
Other receivables	175,067	-	-	175,067
Investments	-	4,332,387	-	4,332,387
Cash and bank balances	6,857,084	-	-	6,857,084
	8,935,128	4,332,387	-	13,267,515

-----As at June 30, 2014-----			
	Liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
-----Rupees in '000-----			
Liabilities			
Trade, other payables and provisions	-	4,114,494	4,114,494
Derivative used for hedging	2,942	-	2,942
	2,942	4,114,494	4,117,436

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

The Company currently finances its operations through equity and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk. The Company's risk management policies and objectives are as follows:

42.1 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and causes the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

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Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from derivative financial instruments, investments (except for the investments in Government securities) and balances with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Out of the total financial assets of Rs 37,989.409 million (2014: Rs 13,267.515 million), the financial assets which are subject to credit risk amounted to Rs 26,276.223 million (2014: Rs 8,932.310 million), including GoP balances.

Out of the total receivable from customers amounting to Rs 447.750 million (2014: Rs 1,737.358 million), an amount of Rs 125.584 million (2014: Rs 1,247.773 million) relates to direct customers.

Out of the total bank balance and term deposit receipt of Rs 24,863.852 million (2014: Rs 6,854.266 million) placed with banks, amounts aggregating to Rs 17,692.310 million (2014: Rs 3,472.780 million) have been placed with banks having credit rating of AA+ and above, whereas the remaining amounts are placed with banks having long term minimum credit rating of AA.

Due to the Company's long standing business relationships with its counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

For trade receivables, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored. Accordingly, the management believes that the credit risk is minimal and in the opinion of the management, the Company is not exposed to major concentration of credit risk.

42.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. The maturity profile is monitored to ensure adequate liquidity is maintained. The management forecasts the liquidity of the Company on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk.

The maturity profile of the Company's liability based on contractual maturities is disclosed in note 42.3.2 to these financial statements.

42.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

42.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company manages its exposure against foreign currency risk by entering into foreign exchange contracts where considered necessary.

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Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Japanese Yen (JPY). The net foreign currency exposure at June 30, 2015 is USD 15.078 million (2014: USD 6.648 million) and JPY 1,016.254 million (2014: JPY 366.913 million).

42.3.2 Interest rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to interest / mark-up rate risk in respect of the following:

	2015							June 30, 2015
	Effective interest/mark-up rate	Interest / mark-up bearing			Non-interest / mark-up bearing			
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	%	(Rupees in '000)						
On balance sheet financial instruments								
Assets								
Loans and advances	3.00-3.50	19,653	11,097	30,750	340,350	-	340,350	371,100
Deposits	-	-	-	-	-	9,667	9,667	9,667
Trade debts	-	-	-	-	447,750	-	447,750	447,750
Accrued return	-	-	-	-	418,829	-	418,829	418,829
Other receivables	-	-	-	-	165,025	-	165,025	165,025
Investments	6.53-12.56	3,002,016	4,954,764	7,956,780	3,754,870	-	3,754,870	11,711,650
Cash and bank balances	6.25-8.00	24,835,430	-	24,835,430	29,958	-	29,958	24,865,388
		27,857,099	4,965,861	32,822,960	5,156,782	9,667	5,166,449	37,989,409
Liabilities								
Trade, other payables and provisions	-	-	-	-	7,479,931	-	7,479,931	7,479,931
		-	-	-	7,479,931	-	7,479,931	7,479,931
On balance sheet gap *		27,857,099	4,965,861	32,822,960	(2,323,149)	9,667	(2,313,482)	30,509,478
Off-balance sheet financial instruments								
Commitment in respect of capital expenditure	-	-	-	-	392,911	-	392,911	392,911
Commitment in respect of letters of credit	-	-	-	-	4,919,914	-	4,919,914	4,919,914
Outstanding bank guarantees	-	-	-	-	4,278,680	1,235,785	5,514,465	5,514,465
		-	-	-	9,591,505	1,235,785	10,827,290	10,827,290

Notes to and Forming Part of the Financial Statements

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	Effective interest/mark-up rate	2014						June 30, 2014
		Interest / mark-up bearing			Non-interest / mark-up bearing			
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	%	(Rupees in '000)						
On balance sheet financial instruments								
Assets								
Loans and advances	3.00-3.50	14,144	6,194	20,338	48,260	-	48,260	68,598
Deposits	-	-	-	-	-	9,667	9,667	9,667
Trade debts	-	-	-	-	1,737,358	-	1,737,358	1,737,358
Accrued return	-	-	-	-	87,354	-	87,354	87,354
Other receivables	-	-	-	-	175,067	-	175,067	175,067
Investments	9.94 - 9.96	4,332,387	-	4,332,387	-	-	-	4,332,387
Cash and bank balances	8.85 - 10.5	6,836,689	-	6,836,689	20,395	-	20,395	6,857,084
		11,183,220	6,194	11,189,414	2,068,434	9,667	2,078,101	13,267,515
Liabilities								
Trade, other payables and provisions	-	-	-	-	4,117,436	-	4,117,436	4,117,436
		-	-	-	4,117,436	-	4,117,436	4,117,436
On balance sheet gap*		11,183,220	6,194	11,189,414	(2,049,002)	9,667	(2,039,335)	9,150,079
Off-balance sheet financial instruments								
Commitment in respect of capital expenditure	-	-	-	-	179,702	-	179,702	179,702
Commitment in respect of letters of credit	-	-	-	-	4,923,620	-	4,923,620	4,923,620
Outstanding bank guarantees	-	-	-	-	617,169	3,054,844	3,672,013	3,672,013
		-	-	-	5,720,491	3,054,844	8,775,335	8,775,335

*The on balance sheet gap represents the net amounts of on-balance sheet items.

a) Sensitivity analysis for variable rate instruments

Presently, the Company does not hold any variable rate financial instruments.

b) Sensitivity analysis of fixed rate instruments

Fixed rate instruments comprise of Pakistan Investment Bonds, Market Treasury Bills, TDRs, balances with banks and loans to employees. The income from these financial assets are substantially independent of changes in market interest rates except for changes, if any, as a result of fluctuation in respective fair value. The Company's income from these investments / financial assets does not have any fair value impact since these are classified as either held to maturity or loans and receivables.

42.3.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk because of investments held by the Company in mutual fund units. The investments are marked to market based on the net assets value of the funds which are declared on daily basis. In case of 1% increase / decrease in net asset value of the funds the net income of the Company would be higher / lower by Rs 37.549 million.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

42.3.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

International Financial Reporting Standard 7, 'Financial Instruments: Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Investment of the Company carried at fair value are categorised as follows:

	As at June 30, 2015			As at June 30, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
----- Rupees in '000 -----						
Financial assets / (liabilities) 'at fair value through profit or loss'						
- Derivative financial instruments	-	-	14,363	-	-	(2,942)
- Investments in mutual fund units	3,754,870	-	-	-	-	-

43 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing its operations through equity and working capital. The Company has no gearing risk in the current and prior year.

44 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 28, 2015 has proposed a cash dividend in respect of the year ended June 30, 2015 of Rs 40 (2014: cash dividend of Rs 23.5) per share. This is in addition to the interim cash dividend of Rs 40 (2014: Rs 6) per share resulting in a total dividend for the year of Rs 80 (2014: Rs 29.5) per share. The Directors have also announced appropriation of Rs 3,000.000 million (2014: Rs 2,000.000 million) to general reserve. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended June 30, 2015 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending June 30, 2016.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2015

45 GENERAL

45.1 Figures in these financial statements have been rounded off to the nearest thousand Rupees.

46 CORRESPONDING FIGURES

46.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. There have been no significant re-arrangements or reclassifications to be disclosed in these financial statements except as follows:

Note	Reclassification from component	Note	Reclassification to component	Rupees '000
20	Advances from customers and dealers	19	Trade, Other Payables and Provisions	
			- Payable to dealers	39,244
			- Payable to customers	138,225

47 DATE OF AUTHORISATION

These financial statements were authorised for issue on August 28, 2015 by the Board of Directors of the Company.



Parvez Ghias
Chief Executive



Keiichi Murakami
Vice Chairman & Director

Pattern of Shareholding

As at June 30, 2015

Number of Shareholders	From	Shareholding	To	Number of Shares Held
528	1		100	29,451
2,151	101		500	1,002,010
253	501		1,000	233,409
275	1,001		5,000	662,977
62	5,001		10,000	443,587
12	10,001		15,000	150,001
13	15,001		20,000	225,630
9	20,001		25,000	204,000
12	25,001		30,000	340,770
8	30,001		35,000	263,153
11	35,001		40,000	413,690
4	40,001		45,000	168,400
6	45,001		50,000	286,708
3	50,001		55,000	160,000
1	55,001		60,000	55,415
1	60,001		65,000	62,000
3	70,001		75,000	212,780
3	75,001		80,000	237,687
2	80,001		85,000	163,750
1	100,001		105,000	103,464
3	105,001		110,000	323,865
2	110,001		115,000	225,700
1	125,001		130,000	130,000
1	130,001		135,000	135,000
1	135,001		140,000	139,700
2	145,001		150,000	296,000
1	190,001		195,000	192,400
1	205,001		210,000	210,000
1	220,001		225,000	223,537
4	255,001		260,000	1,032,667
1	270,001		275,000	272,384
1	280,001		285,000	281,414
1	310,001		315,000	310,500
1	400,001		405,000	403,600
1	540,001		545,000	543,354
1	550,001		555,000	552,685
1	595,001		600,000	600,000
1	600,001		605,000	604,806
1	825,001		830,000	828,462
1	1,570,001		1,575,000	1,571,950
1	1,625,001		1,630,000	1,630,000
1	2,555,001		2,560,000	2,555,364
1	3,255,001		3,260,000	3,260,000
1	4,155,001		4,160,000	4,157,533
1	6,995,001		7,000,000	7,000,000
1	9,820,001		9,825,000	9,825,000
1	16,225,001		16,230,000	16,225,197
1	19,645,001		19,650,000	19,650,000
3,393				78,600,000

Combined Pattern of CDC and Physical Shareholding

No.	Categories Of Shareholders	Number of Shares held	Category wise No. of Folios / CDC Accounts	Category wise Shares held	Percentage
1	INDIVIDUALS		3,187	2,948,287	3.75%
2	INVESTMENT COMPANIES		1	500	0.00%
3	JOINT STOCK COMPANIES		28	422,429	0.54%
4	DIRECTORS, CHIEF EXECUTIVE AND THEIR SPOUSE AND MINOR CHILDREN		7	273,112	0.35%
	MR. ALI S. HABIB	135,000			
	MR. MOHAMEDALI R. HABIB	130,000			
	MR. FARHAD ZULFICAR	2,000			
	MR. PARVEZ GHIAS	4,561			
	MR. AZAM FARUQUE	500			
	MR. RAZA ANSARI	450			
	MRS. MUNIZEH ALI HABIB	601			
5	EXECUTIVES		8	39,774	0.05%
6	PUBLIC SECTOR COMPANIES AND CORPORATIONS		4	1,166,191	1.48%
	NATIONAL DEVELOPMENT FINANCE CORPORATION	5,000			
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	552,685			
	CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	604,806			
	INVESTMENT CORPORATION OF PAKISTAN	3,700			

Combined Pattern of CDC and Physical Shareholding

No.	Categories Of Shareholders	Number of Shares held	Category wise No. of Folios / CDC Accounts	Category wise Shares held	Percentage
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		4	4,932,600	6.28%
	HABIB INSURANCE COMPANY LIMITED	41,600			
	THAL LIMITED	4,890,000			
	MOHAMEDALI HABIB WELFARE TRUST	5,000			
8	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS AND PENSION FUNDS		24	1,463,534	1.86%
9	MUTUAL FUNDS		44	3,233,838	4.11%
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1,000			
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1,300			
	CDC - TRUSTEE PIML VALUE EQUITY FUND	2,050			
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	2,300			
	CDC - TRUSTEE AKD INDEX TRACKER FUND	3,377			
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	5,500			
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	6,500			
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	6,600			
	CDC - TRUSTEE PAKISTAN STRATEGIC ALLOCATION FUND	8,550			
	CDC - TRUSTEE JS PENSION SAVINGS FUND -EQUITY ACCOUNT	10,000			
	CDC - TRUSTEE PAKISTAN SARMAVA MEHFOOZ FUND	12,500			
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	15,000			
	CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	21,100			
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	22,850			
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	23,900			
	CDC - TRUSTEE HBL MULTI - ASSET FUND	24,200			
	CDC - TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	27,000			
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND-I	27,850			
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	29,500			
	CDC - TRUSTEE ABL STOCK FUND	29,500			
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	30,450			
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND-II	32,450			
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND-EQUITY SUB FUND	33,450			
	CDC - TRUSTEE HBL ISLAMIC STOCK FUND	34,050			
	CDC - TRUSTEE NAFA MULTI ASSET FUND	41,500			
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	49,150			
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	51,000			
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	54,000			
	CDC - TRUSTEE JS ISLAMIC FUND	55,000			
	MCBFSL - TRUSTEE JS VALUE FUND	62,000			
	CDC - TRUSTEE MEEZAN BALANCED FUND	71,130			
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	71,250			
	CDC - TRUSTEE MEEZAN TAHAFUZ PENSION FUND-EQUITY SUB FUND	78,155			
	CDC - TRUSTEE JS LARGE CAP. FUND	80,000			
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	81,250			
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	82,500			
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	103,464			
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	114,400			
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	139,700			
	CDC - TRUSTEE NAFA STOCK FUND	147,000			
	CDC - TRUSTEE HBL - STOCK FUND	192,400			
	MC FSL - TRUSTEE JS GROWTH FUND	210,000			
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	310,500			
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	828,462			
10	FOREIGN INVESTORS		57	64,038,465	81.47%
	Holding 5% or more voting interest				
	OVERSEAS PAKISTAN INVESTORS AG	27,382,730			
	TOYOTA MOTOR CORPORATION	19,650,000			
	TOYOTA TSUSHO CORPORATION	9,825,000			
	OTHERS - holding below 5%	7,180,735			
11	OTHERS		29	81,270	0.10%
	TOTAL		3,393	78,600,000	100.00%

Detail of trading of shares by Executives / Directors during the period from July 1, 2014 to June 30, 2015:

Name of Executive / Director	No. of shares purchased
Mr. Ali Asghar Abbas Jamali	22,000

Ten Year (Performance Indicators)

Financial Summary		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Income Statement											
Net revenue	Rs in '000	96,516,322	57,063,622	63,829,075	76,962,642	61,702,677	60,093,139	37,864,604	41,423,843	39,061,226	35,236,535
Gross profit	Rs in '000	14,244,230	5,793,582	5,857,037	6,561,854	4,089,135	4,856,514	2,324,186	3,848,487	4,440,594	4,147,629
Profit before taxation	Rs in '000	14,132,569	5,016,497	4,969,775	6,312,267	4,011,455	5,242,539	2,046,013	3,541,711	4,229,481	4,072,777
Profit after taxation	Rs in '000	9,110,251	3,873,452	3,357,545	4,302,715	2,743,384	3,443,403	1,385,102	2,290,845	2,745,701	2,648,464
Dividends	Rs in '000	6,288,000	2,318,700	1,965,000	2,515,200	1,179,000	1,179,000	786,000	825,300	1,021,800	943,200
Balance Sheet											
Share capital	Rs in '000	786,000	786,000	786,000	786,000	786,000	786,000	786,000	786,000	786,000	786,000
Reserves	Rs in '000	23,249,520	19,129,652	16,907,291	16,227,858	13,333,648	11,801,615	9,510,973	8,650,340	7,257,975	5,471,879
Fixed Assets	Rs in '000	5,193,477	6,033,264	2,742,140	3,472,906	4,225,710	3,324,333	3,934,473	4,033,762	2,093,852	1,716,590
Net current assets	Rs in '000	13,861,221	14,062,278	14,775,801	13,693,056	10,326,779	9,566,387	6,830,469	5,885,153	6,125,156	4,651,103
Long term liabilities	Rs in '000	-	-	-	-	-	-	-	-	-	3,871
Investor Information											
Gross profit ratio	% age	14.76	10.15	9.18	8.53	6.63	8.08	6.14	9.29	11.37	11.77
Net profit ratio	% age	9.44	6.79	5.26	5.59	4.45	5.73	3.66	5.53	7.03	7.52
Earning per share	Rs	115.91	49.28	42.72	54.74	34.90	43.81	17.62	29.15	34.93	33.70
Inventory turnover	Times	15	8	8	11	11	12	11	14	10	9
Debt collection period	Days	4	10	8	7	9	10	14	9	6	6
Average fixed assets turnover	Times	17.19	13.01	18.32	19.99	16.34	16.56	9.50	13.52	20.50	25.95
Breakup value per share	Rs	305.80	253.38	225.11	216.46	179.64	160.15	131.00	120.06	102.34	79.62
Market price per share											
- as on June 30	Rs	1,249.00	537.92	311.00	245.08	220.00	262.38	107.72	200.05	305.50	191.00
- High value during the period	Rs	1,320.00	549.00	364.60	305.00	309.73	278.00	198.05	419.00	321.00	231.00
- Low value during the period	Rs	520.00	300.00	237.00	187.00	205.51	107.10	50.40	171.96	183.35	88.50
Price earning ratio	Times	10.78	10.92	7.28	4.48	6.30	5.99	6.11	6.86	8.75	5.67
Dividend per share	Rs	80.00	29.50	25.00	32.00	15.00	15.00	10.00	10.50	13.00	12.00
Dividend yield	% age	6.41	5.48	8.04	13.06	6.82	5.72	9.28	5.25	4.26	6.28
Dividend payout	% age	69.02	59.86	58.52	58.46	42.98	34.24	56.75	36.03	37.21	35.61
Dividend cover	Times	1.45	1.67	1.71	1.71	2.33	2.92	1.76	2.78	2.69	2.81
Return on equity	% age	37.90	19.45	18.98	25.29	19.43	27.36	13.45	24.28	34.13	42.32
Debt to equity	Ratio	0 : 1	0 : 1	0 : 1	0 : 1	0 : 1	0 : 1	0 : 1	0 : 1	0 : 1	0 : 1
Current ratio	Ratio	1.53 : 1	3.35 : 1	2.99 : 1	2.32 : 1	1.84 : 1	1.67 : 1	1.69 : 1	2.56 : 1	1.83 : 1	1.49 : 1
Other Information											
Units sold	Nos.	57,387	34,470	38,517	55,060	50,943	52,063	35,276	50,802	50,557	42,406
Units Produced	Nos.	56,888	33,012	37,405	54,917	50,759	50,557	34,298	48,222	47,821	41,552
Manpower	Nos.	2,322	2,091	2,225	2,292	2,187	1,948	1,893	2,030	1,841	1,632
Contribution to National Exchequer	Rs in '000	32,076,453	19,261,559	21,267,303	24,725,706	22,043,581	20,332,421	14,143,597	14,478,096	13,790,932	12,473,970

Notice of Annual General Meeting

Notice is hereby given that the Twenty Sixth Annual General Meeting of INDUS MOTOR COMPANY LIMITED will be held on Tuesday, October 6, 2015 at 9:00 a.m. at the Institute of Chartered Accountants of Pakistan (ICAP Auditorium), situated at Chartered Accountants Avenue, Clifton, Karachi -75600 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2015, together with the Report of the Directors and Auditors thereon.
2. To approve and declare cash dividend (2014-2015) on the ordinary shares of the Company. The directors have recommended a Final Cash dividend at 400% i.e. Rs. 40 per share. This is in addition to the combined Interim Dividend of 400% i.e. Rs. 40 per share (First Interim Cash Dividend of 200% and Second Interim Cash Dividend of 200%) already paid in March 2015 and May 2015 respectively. The total dividend for 2014-2015 will thus amount to 800% i.e. Rs. 80 per share.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2016. The present auditors M/s. A.F. Ferguson & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following as a Special Resolution:

RESOLVED as and by way of Special Resolution THAT the authorised share capital of the Company be and is hereby increased to Rs. 5,000,000,000 (Rupees Five Billion) by the creation of 500,000,000 (Five Hundred Million) ordinary shares of Rs. 10 each, such new shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Company, and that accordingly:

- (a) Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following new Clause V, namely:

“V. The Capital of the Company is Rs. 5,000,000,000 (Rupees Five Billion) divided into 500,000,000 (Five Hundred Million) ordinary shares of Rs.10/- each of the classifications and with the rights and privileges attaching thereto, as are or may be provided by the Regulations of the Company for the time being. The Company shall have power to issue redeemable capital including participatory redeemable capital or to increase or reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as may be determined by or in accordance with the Regulations of the Company and to vary the classifications and to modify or abrogate any such rights, privileges or conditions, in such manner as may for the time being be provided by the Regulations of the Company and to consolidate or sub-divide the shares and issue shares of higher or lower denomination, provided however, that the rights as between various classes of ordinary shares as to profits, votes and other benefits shall be strictly proportionate to the paid up value of shares.”

- (b) Article 4 of the Articles of Association of the Company be and is hereby substituted by the following new Article 4, namely:

“4. The authorised capital of the Company is Rs. 5,000,000,000 (Rupees Five Billion) divided into 500,000,000 (Five Hundred Million) ordinary shares of Rs. 10 (Rupees ten) each”.

FURTHER RESOLVED THAT the Company Secretary of the Company, be and is hereby authorized, to do all acts, deeds and things and take all steps necessary to complete the legal formalities and file the required documents as may be necessary or ancillary for the purpose of implementing the aforesaid resolution.

A statement as required under Section 160(1)(b) of the Companies Ordinance 1984 in respect of the special business to be considered at the meeting is annexed to this Notice of Meeting being sent to the members/ shareholders.

By order of the Board


Anam Fatima Khan
 Company Secretary

Karachi,
 August 28, 2015

Notice of Annual General Meeting

NOTES:

1. The Share Transfer Books of the Company will be closed from September 23, 2015 to October 6, 2015 (both days inclusive) for the purpose of the Annual General Meeting and payment of the final dividend.
2. Transfer requests received by the Company's Share Registrar, "M/s. Noble Computer Services (Private) Limited, Share Department, First Floor, House of Habib Building, (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi-75350, Tel: (021) 34325482-84, Fax: (021) 34325442, Email: ncsl@hoh.net" at the close of business on September 22, 2015 will be treated in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the Annual General Meeting.
3. All members are entitled to attend and vote at the meeting. A member may appoint a proxy to attend and vote on behalf of him / her. Proxy forms must be deposited at the Share Registrar of the Company not less than 48 hours before the Meeting.
4. Shareholders are requested to promptly notify change in their registered postal address, if any, to the Company's Share Registrar.
5. Shareholders are also requested to provide the following information to enable the Company to comply with the directives of the Securities & Exchange Commission of Pakistan.

CDC Account Holders are additionally required to follow the guidelines mentioned hereinbelow as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the meeting:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B. For appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original CNIC or original passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s. Noble Computer Services (Pvt.) Limited without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

Notice of Annual General Meeting

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- (a) For filers of income tax returns: 12.5%
- (b) For non-filers of income tax returns: 17.5%

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 17.5% instead of 12.5%.

Withholding tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please complete the forms (earlier dispatched) to furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. In the event of non-receipt of the information by September 22, 2015, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

Payment of Cash Dividend Electronically (Optional)

The SECP has initiated e-dividend mechanism through its Notification 8(4) SM/CDC/2008 dated April 05, 2013. In order to avail benefits of e-dividend shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s. Noble Computer Services (Private) Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

Distribution of Annual Report through Email

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan has under and pursuant to SRO No. 787(I)/2014 dated 8 September 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Annual Report") along with the Notice of Annual General Meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of Annual General Meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company's Share Registrar, Noble Computer Services (Private) Limited.

STATEMENT UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE, 1984

The material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held at Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Karachi on Tuesday, October 6, 2015, at 9 a.m. are as follows:

At present the Company has an authorised share capital of Rs. 1,000,000,000 (Rupees One Billion) divided into 100,000,000 (One Hundred Million) ordinary shares of Rs. 10 each of which 78,600,000 (Seventy Eight Million Six Hundred Thousand) ordinary shares are issued and the remainder are unissued. The Company intends to increase its authorised share capital to Rs. 5,000,000,000 (Rupees Five Billion) by the creation of 500,000,000 (Five Hundred Million) ordinary shares of Rs. 10 each, in order to accommodate the size of the Company and sustain its operations. While the Company has traditionally utilized its reserves for this purpose, owing to recently proposed legislation whereby the Company's reserves would have been unreasonably taxed, the Company is seeking to increase its authorized share capital.

The increase in the authorised share capital will also require Clause V of the Memorandum of Association and Article 4 of the Articles of Association to be amended in order to reflect the increased capital.

The text of the resolution for increasing the authorised share capital and the consequential amendments to the Memorandum and Articles of Association of the Company is set forth in the Notice convening the Annual General Meeting which resolution will be proposed and passed as a Special Resolution.

Form of Proxy

Twenty Sixth Annual General Meeting

I/We _____
of _____
being member(s) of INDUS MOTOR COMPANY LIMITED, holding _____
Ordinary shares, hereby appoint _____ of _____ Folio No. _____ of
_____ or failing him / her _____ of _____ CDC Part. ID & A/c
_____ of _____ who is/are also member(s) of INDUS MOTOR COMPANY LTD as my
/ our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Twenty Sixth
Annual General Meeting of the Company to be held on October 6, 2015 and/or any adjournment thereof.
As witness my / our hand/ seal this _____ day of _____
Signed by the said _____ in the presence of

Witness 1

Signature _____
Name _____
CNIC / Passport No. _____
Address _____

Witness 2

Signature _____
Name _____
CNIC / Passport No. _____
Address _____

Member's
Folio / CDC Account No.

Signature on revenue
stamp of appropriate value

The signature should agree
with specimen registered
with the Co.

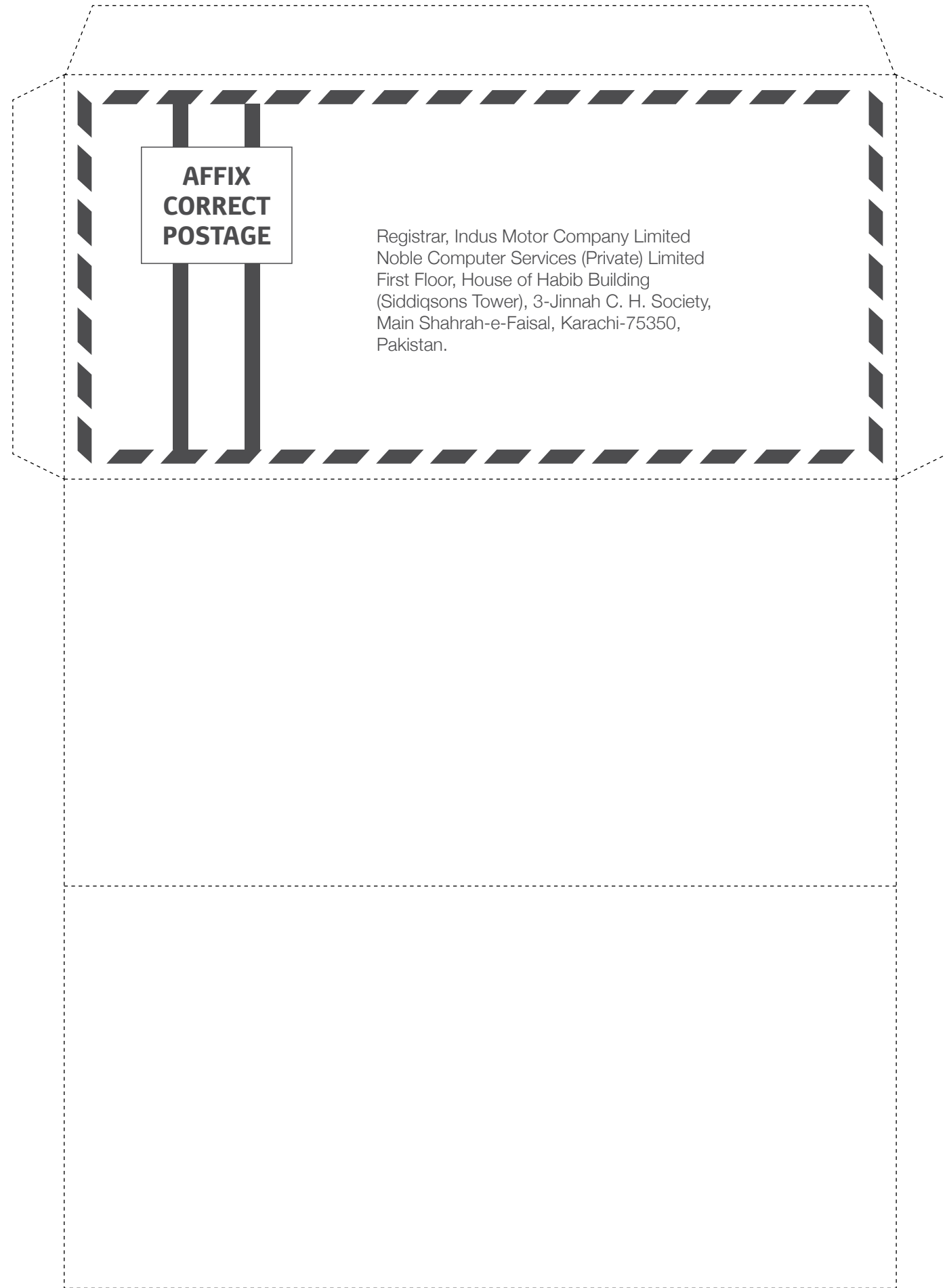
NOTES

1. This proxy form duly completed and signed, must be received at the office of the Company's Share Registrar of the Company, by close of business at 5pm on Tuesday, 22 September, 2015.
2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

- i. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his original CNIC or original passport at the time of meeting.
- iv. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



South Region

TOYOTA CENTRAL MOTORS
3, Kathiawar Society, Main Shahrah-e-Faisal,
Karachi
Tel: (021) 34532246-50 / 34536246-49
Email: Toyota@cyber.net.pk

TOYOTA SOCIETY MOTORS
150-F, Block-2, PECHS, Khalid Bin Waleed
Road, Karachi
Tel: (021) 111-786-113 / 34383213-4
Email: toyotasociety@cyber.net .pk

TOYOTA EASTERN MOTORS
118, Rashid Minhas Road, Gulshan-e-Iqbal,
Karachi
Tel: (021) 34614077 / 34614177
Email: toyotaeastern@yahoo.com

TOYOTA UNIVERSITY MOTORS
7-9, Chandni Chowk, Main University Road,
Karachi
Tel: (021) 34940417 / 34941747
Email: toyota_university@hotmail.com

TOYOTA SOUTHERN MOTORS
Plot No. 13, Sector 23, Korangi Industrial Area,
Karachi
Tel: (021) 111-876-111 / 35062478 / 35053181-6
Email: cre@toyotasouthern.com

TOYOTA DEFENCE MOTORS
118, Defence Housing Authority, Main Korangi
Road Karachi
Tel: (021) 111-836-836 / 35888314 / 35386022-7
Email: cre@toyotadefence.com

TOYOTA WESTERN MOTORS
C-38, Estate Avenue, SITES , Karachi
Tel: (021) 111-800-786 / 32572420 / 32564531-5
Email: info@toyotadefence.com

TOYOTA SHAHRAH-E-FAISAL MOTORS
Makro StarGate Center, Near Airport, Karachi
Tel: (021) 34600518-20
Email: tsfmkarachi@gmail.com

TOYOTA HYDERABAD MOTORS
Plot No. A-4,1, Auto Bahn Road, SITE,
Hyderabad
Tel: (022) 3885121-5
Email: toyota.hyd@cyber.net.pk

TOYOTA ZARGHOON MOTORS
New Zarghoon Road, Quetta
Tel: (081) 2450444
Email: zarghoonmotors@yahoo.com

TOYOTA HIGHWAY MOTORS
Plot No. 8, Highway, Karachi-75340
Tel: (021) 36880702-04 / 111-009-000
Email: shad@toyota-highway.com
info@toyota-highway.com

TOYOTA CREEK MOTORS
Plot # 244/1, Korangi Creek, Deh dih Tapo,
Ibrahim Hyderi, Karachi - 75190
Tel: 021-35092211-5
Email: shakir.hashmi@deinfa.com

Central Region

TOYOTA RAVI MOTORS
Chowk Niaz Beg, Multan Road, Lahore
Tel:(042) 111-700-900 / 35426961-64
Email: customerrelationrm@gmail.com

TOYOTA SHAHEEN MOTORS
36, Main Jail Road, Lahore
Tel:(042) 111-300-700 / 37566296-98
Email: cr@toyotashah.com

TOYOTA TOWNSHIP MOTORS
PECO Road, Kot Lakpat, Lahore
Tel:(042) 111-393-939 / 35885014
Email: info@toyotatownshipmotors.com

TOYOTA SAHARA MOTORS
28/5, Jail Road, Lahore
Tel:(042) 111-383-838 / 37576218 / 37581253
Email: sahara@brain.net.pk

TOYOTA FAISALABAD MOTORS
West Canal Road, Mansoorabad, Faisalabad
Tel: (041) 111-000-052
Email: tfsdm@hotmail.com

TOYOTA LYALLPUR MOTORS
Sargodha Road, Faisalabad
Tel: (041) 8811030
Email: Shaukat.hayat@toyotalyallpur.com

TOYOTA SARGODHA MOTORS
5Km, Lahore Road, Sargodha
Tel: (048)3217404-5 / 3221802
Email: Toyota_sgd@yahoo.com

TOYOTA MULTAN MOTORS
Bosan Road, Multan
El: (061) 111-111-343 / 6522482-83
Email: toyotamm@brain.net.pk

TOYOTA CITY MOTORS
Abdali Road Multan
Tel: (061) 4541925, 4580793, 4542488
Email: toyotacm@brain.net.pk

TOYOTA GARDEN MOTORS
10-L, Gulberg III, Main Ferozepur Road Lahore
Tvl: (042) 111-595-959 / 35868256
Email: cr@toyotagarden.com

TOYOTA CANTT MOTORS
E-196-A, Main Walton Road, Lahore
Tel: (042) 36681909
Email: canttsales@toyotacanttthr.com

TOYOTA AIRPORT MOTORS
New Airport, Ghazi Road, Lahore Cantt
Tel: (042) 11-008-009 / 35700107
Email: cr@toyotairport.com

TOYOTA WALTON MOTORS
Main Walton Road, Defence, Lahore Cantt
Tel: (042) 111-008-009 / 6662981-82
Email: info@toyotawalton.com

TOYOTA ROYAL MOTORS
Khanpur Road, Near Gulshan-e-Ravi Rahim yar
Khan
Tel: (068) 5885090-92
Email: cr@toyotaroyal.com

TOYOTA SIALKOT CITY MOTORS
Hilbro Industrial Park, 12 Km, Daska Road,
Sialkot
Tel: (052) 6527415-6
Email: info@tscm.com.pk

TOYOTA GUJRANWALA MOTORS
Opp. Jalil Town, Qila Chand Bypass, G.T. Road
Gujranwala,
Tel: (055) 4285501-3
Email: info@toyotagujranwala.com

TOYOTA BAHAWALPUR MOTORS
KLP Road, Bahawalpur Bypass, Near Karachi
Morr Bahawalpur
Tel: 092-62-2889941-43
Email: customer,relations@toyotabwp.com

TOYOTA DGK MOTORS
Paigah, Jampur Road, Dera Ghazi Khan, Punjab
Phone: 3039273706
Email: customer,relation@toyotadgk.com,
fariha.gul@toyotadgk.com

TOYOTA SAHIWAL MOTORS
Sahiwal By Pass Chowk, Opposite Daewoo Terminal,
Multan Road, Sahiwal
Tel: 040-4502345-6 / 042-111-700-900
Email: info@toyotasahiwal.com

North Region

TOYOTA CAPITAL MOTORS
Plot No. 405-406, 9 Avenue, Sector-1-9
Islamabad
Tel: (051) 111-142-142 / 4432027
Email: cr@toyotacapital.com.pk

TOYOTA ISLAMABAD MOTORS
7, Khayaban-e-Suharwardy, G-6/1-1
Aabpara Islamabad
Tel: (051) 111-000-037 / 2877111 / 2270461-6
Email: info@toyota-islamabad.com

TOYOTA G.T. MOTORS
G-15/2 Main G.T. Road Islamabad
Tel: (051) 2227860-64
Email: toyotagt@comsats.net.pk

TOYOTA FRONTIER MOTORS
Main University Road, Peshawar
Tel: (091) 111-235-236 / 5701002-5 / 5841626
Email: info@tfm.com.pk

TOYOTA RAWAL MOTORS
Swan Camp, G.T. Road, Rawalpindi
Tel: (051) 4491400-5
Email: rawal@toyotarawal.com

TOYOTA AZAD MOTORS
Main Mohammad Road, Mirpur
Azad Kashmir
Tel: (058610) 32803-5
Email: service@toyota-azad.com

TOYOTA D.I. KHAN MOTORS
North Circular Road, Dera Ismail Khan
Tel: (0966) 716792-3
Email: toyotadik@brain.net.pk

TOYOTA MARDAN MOTORS
Nowshera Road, Mardan
Tel: (0937) 73001-3
Email: toyotamardan@yahoo.com

TOYOTA ABBOTT MOTORS
KM 11, Neelay Pair, Mansehra Road
Abbottabad, KPK
Phone: 00992-380882
Email: shafaq.baig@toyota-abbott.com,
sundus.waheed@toyota-abbott.com

TOYOTA KHYBER MOTORS
Main Ring Road, Landi Arbab, Peshawar.
Phone: 091-2586931-34
Email: info@toyotakhyber.com

INDUS MOTOR COMPANY LTD.

Plot No. N.W.Z/1/P-1, Port Qasim Authority,
Karachi, Pakistan.

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TOYOTA