



ICAP

STRATEGIC CASE STUDY

KMCH

KARACHI MOTOR & CYCLE HIRE (PVT.) LTD.

EST. 2005



PREMIUM
FLEET



SELF-DRIVE &
CHAUFFEUR-DRIVEN
SOLUTIONS



PRE-EXAM INFORMATION

SESSION JUNE 2026

Guidance notes

1. Pre-exam Information is provided before the exam session to help you review key details and conduct necessary research and analysis. This information will be accessible in your login area on ICAP's website (www.icap.org.pk).
2. This information is issued approximately 30 days before the exam session. You may bring this material, along with any preparatory notes, to the Exam Centre. It will also be accessible through your exam software.
3. You are required to conduct a thorough and appropriate analysis of the Pre-exam Information to gain a comprehensive understanding. Additionally, you should perform any further research and analysis necessary to enhance your knowledge of the industry and market context, as well as clarify any technical terms or vocabulary. During the exam, you will need to quickly refer back to the Pre-exam Information and your notes. Therefore, bringing large quantities of additional material into the Exam Centre is unlikely to be beneficial.
4. You may bring a total of any three books selected from the specified subject texts relevant to this paper.
5. At the start of the exam, you will receive additional material that will complete the case scenario description and outline the Strategic Case Study requirements. Your response must be submitted using the exam software provided by ICAP.
6. It is important to note that marks are awarded for demonstrating your professional skills, not for simply reproducing facts from the case. To be successful, you must:
 - (a) demonstrate your understanding of the case material and utilize your preparatory work;
 - (b) conduct relevant analysis of the problems and structure your proposed solutions;
 - (c) apply your judgment based on the analysis you have conducted; and
 - (d) conclude your analysis and judgment, developing them into practical commercial recommendations.

If any of these elements are omitted, it will severely affect your likelihood of success.

Karachi Motor & Cycle Hire Ltd (KMCH)

Karachi Motor & Cycle Hire (Pvt.) Ltd (“KMCH”) is a premium self-drive and chauffeur-driven vehicle-rental business with twelve depots in Karachi and two in Lahore. From a central head office on Shahrah-e-Faisal in Karachi, the company manages a fleet of approximately 480 cars and 100 touring motorcycles through a single telematics-enabled platform, offering door-step delivery, air port pick-up and guided adventure-tour packages.

Founded in 2005 by motor-industry veteran Ayesha Khan, KMCH remains privately owned. Ayesha retains a majority stake and chairs the board, while six executive directors each hold a minority share. The company’s ambition is to consolidate its position as Pakistan’s most trusted premium vehicle rental brand, expand to Islamabad and the northern tourist corridor within five years, and potentially introduce new investors, perhaps Lioncrest Capital Partners, to finance growth, fleet electrification and franchise roll-outs across the country.

Ali Malik, KMCH’s CEO since 2017, sums up KMCH’s business:

“We make reliable, well-presented vehicles, and the freedom they bring, available to locals and visitors alike, backed by technology that keeps the process fast, transparent and safe.”

Available information:

- Appendix 1:** Vehicle-hire industry in Pakistan
- Appendix 2:** Economic outlook for Pakistan’s vehicle-hire sector
- Appendix 3:** Article “Winners and losers in Pakistan’s vehicle-hire scene”
- Appendix 4:** About Karachi Motor & Cycle Hire Ltd (“KMCH”)
- Appendix 5:** Overview of KMCH operations
- Appendix 6:** KMCH management accounts for the year ended 31 March 2025
- Appendix 7:** Commentary of KMCH performance for the year ended 31 March 2025
- Appendix 8:** Vehicle-hire regulation and compliance framework in Pakistan
- Appendix 9:** Extract from KMCH Board minutes – strategic option
- Appendix 10:** KMCH HR manager – employee exit-interview notes

APPENDIX 1 – VEHICLE-HIRE INDUSTRY IN PAKISTAN

Pakistan's vehicle hire sector has evolved rapidly from a fragmented market of small chauffeur driven providers to a sophisticated and increasingly technology enabled mobility ecosystem. The sector now serves a diverse customer base that includes business travellers, domestic tourists, expatriates returning home, and a fast growing adventure tourism community.

Industry revenue rose from about PKR 58 billion in 2020 to an estimated PKR 98 billion for 2025, implying a compound annual growth rate of roughly 11 percent, outpacing overall Pakistan GDP. This is driven by changing consumer behaviour, digital adoption and greater mobility needs in major cities.

This sector is expected to continue expanding steadily in Pakistan over the medium term. Growth is supported by rising disposable incomes, ongoing urbanisation and a gradual recovery in tourism. Industry analysts also note that the number of active rental companies in Pakistan has increased, suggesting a maturing competitive landscape with both established operators and technology backed entrants gaining prominence.

Market landscape

Several structural forces underpin demand. The return of inbound tourism towards pre pandemic levels has revived interest in short term rentals, particularly among visitors seeking safe, reliable and flexible travel options. Corporate travel linked to large infrastructure and CPEC related projects continues to create consistent demand for chauffeur services and multi-year leasing arrangements. A growing urban middle class is increasingly opting for rental solutions rather than purchasing vehicles, especially in a high interest rate environment that makes car ownership less affordable.

The domestic automotive market has also experienced a rebound, improving vehicle availability and strengthening the replacement pipeline for rental fleets. This has created favourable conditions for fleet renewal and expansion, allowing operators to maintain higher service standards and reduce downtime.

Service categories

Car hire

Chauffeur driven rentals remain the dominant format in large urban centres and on intercity routes. These services are offered by multinational brands such as Avis, Europcar and Hertz, as well as reputable domestic operators, and are particularly popular among business clients and visitors who prefer not to drive in unfamiliar conditions.

Self-drive services have grown significantly as improved road networks and widespread smartphone penetration have lowered barriers to entry. Customers increasingly rely on app based booking, remote locking, and cashless payment. Local platforms such as Get Gaari and Rently have helped accelerate this shift and have expanded access to affordable rental options.

Peer to peer rentals have also emerged as a growing segment. These platforms allow private vehicle owners to rent out their cars, supported by centralised insurance, telematics and platform based utilisation tools.

Long term corporate leasing has become an important solution for organisations seeking predictable mobility costs. Banks, telecommunications providers and FMCG companies commonly secure multi-year contracts that bundle vehicles, drivers, maintenance and insurance into one fixed arrangement.

Motorcycle hire

Adventure tourism has expanded rapidly, particularly along the Karakoram Highway and in Pakistan's northern valleys. This growth has created a market for specialist motorcycle hire operators catering to both domestic and international travellers. Companies such as Karakoram Bikers and Pakistan Bikers offer guided tours, roadside support and packaged itineraries that combine adventure travel with curated experiences.

Growth of digital platforms and technology enabled growth

A significant proportion of bookings are now made online and already account for over 66% of rentals in Pakistan reflecting the trend for increased mobility. Customers increasingly expect real-time vehicle availability, instant confirmation and dynamic pricing. Modern rental platforms use telematics for mileage based billing, vehicle tracking and predictive maintenance, improving both utilisation and customer trust.

Traditional agencies are adopting web based check in systems, mobile applications, and self-service kiosks to remain competitive. Peer to peer platforms are using artificial intelligence driven pricing algorithms to optimise revenue for hosts and enhance utilisation rates. These technologies also support faster handover processes and reduce reliance on physical counters.

Regulation and compliance

Vehicle hire operators must navigate a complex and often province specific regulatory landscape. Each provincial authority requires rental companies to obtain operating licences, route permissions and parking registrations. The Khyber Pakhtunkhwa Rent A Car Policy, for example, outlines fees, vehicle standards and route authorisation processes that businesses must comply with (rta.kp.gov.pk).

Customers are required to meet minimum age thresholds, typically between 21–25 years and hold valid driving licences. Foreign travellers must possess both an International Driving Permit and a home country licence. Providers must ensure comprehensive insurance coverage for collision damage and third party liability, either through bundled products or through mandatory customer arranged cover.

Sustainability and green mobility

Environmental considerations are becoming increasingly influential. Pakistan's National Electric Vehicle Policy supports the electrification of transport with incentives for EV components, lower taxes on charging equipment and reduced duties for imported EVs. Industry forecasts suggest that electric vehicles are likely to become a mainstream option over the coming decade, provided that infrastructure development keeps pace.

International rental brands operating in Pakistan have already introduced hybrid and electric vehicles in their fleets and are installing chargers at strategic locations, particularly at airports. There is also growing experimentation with electric two wheelers and battery swapping models for urban last mile logistics. For rental companies, early adoption of EVs offers brand differentiation, potential cost savings and alignment with global sustainability expectations.

Fleet procurement and technological integration

Rental companies source most saloons and multi-purpose vehicles from local assemblers such as Toyota Indus, Honda Atlas and Pak Suzuki, which offer strong parts availability and predictable operating costs. Imports are more common for SUVs, luxury vehicles and premium adventure motorcycles. Telematics has become standard in fleet management, providing insights into vehicle health, fuel efficiency and driver behaviour. Predictive maintenance reduces downtime and supports better capacity planning. Geofencing tools improve security and compliance, while analytics based utilisation systems help optimise fleet deployment across regions and depots.

END OF APPENDIX 1

APPENDIX 2 – ECONOMIC OUTLOOK FOR PAKISTAN'S VEHICLE-HIRE INDUSTRY

Economic outlook

Pakistan's vehicle hire market is positioned for sustained growth in the medium term, supported by structural shifts in consumer behaviour, stronger digital infrastructure and an improving outlook for tourism and domestic mobility. While the wider economy continues to experience cyclical pressures linked to inflation, currency volatility and financing constraints, underlying demand for flexible transport solutions remains resilient. Industry turnover is expected to continue rising at a steady pace over the coming years, driven by a growing urban population, increasing domestic travel, broadening corporate mobility needs and the expansion of app based rental ecosystems. The broader economic environment is gradually stabilising, and any easing in interest rates or inflation would further support fleet renewal and operational investment across the sector.

Continued expansion of digital mobility platforms

The sector is undergoing a decisive transition from traditional counter based rentals to fully digitalised booking and fleet management systems. Customers increasingly prioritise convenience, transparent pricing and real time vehicle availability. App based reservations are becoming the default entry point for most rentals, reflecting the rapid rise in smartphone penetration and widespread adoption of online payments in Pakistan. Large ride hailing super apps are channelling existing customer traffic into self-drive options, while established rental brands are upgrading their platforms to include contactless check in, automated vehicle unlock, integrated telematics and algorithm driven pricing. These improvements reduce handover times, lift utilisation rates and strengthen customer satisfaction. Over the next several years, digital channels are expected to dominate the market, with further acceleration supported by advances in predictive analytics and AI enabled fleet optimisation.

Fleet electrification and green mobility

Environmental policy is becoming a central influence on the growth trajectory of the vehicle hire industry. Government incentives, including reduced duties on electric vehicles and charging equipment, preferential tax treatment for locally assembled EVs and concessions on motorway tolls, are encouraging operators to begin integrating electric and hybrid vehicles into their fleets. Early adopters are experimenting with compact electric cars in major cities and installing charging stations at high demand depots such as airports and business districts. Electric two wheelers are emerging as a practical option for dense urban areas and short distance travel, particularly as battery swapping and low cost charging models evolve. Growing environmental awareness among inbound tourists is also contributing to interest in greener rental options, with carbon offset features at checkout gaining traction. Over time, the combination of policy support, cost benefits and consumer expectations is likely to accelerate the shift toward lower emission mobility solutions.

Growth of experiential and adventure rentals

Adventure and experiential tourism is becoming an increasingly important driver of demand within the sector. Self-drive and guided motorcycle tours have gained popularity among both domestic travellers and international visitors seeking access to the Karakoram Highway, the northern valleys and emerging eco-tourism routes. These customers value autonomy, scenic accessibility and curated travel experiences that combine mobility with cultural or outdoor activities. Rental companies are responding by offering specialised motorcycle fleets, GPS enabled route planning, roadside support, safety equipment and package based itineraries. This segment is expected to expand further as Pakistan continues to promote adventure tourism internationally and as improved road infrastructure enhances access to remote regions.

Corporate, subscription and long-term mobility solutions

Corporate clients remain a key source of stable and recurring demand. Many organisations prefer long-term leasing arrangements that bundle vehicles, drivers, maintenance, and insurance into a single predictable contract. This approach mitigates cost volatility and reduces fleet management burdens. In parallel, subscription based mobility services are gaining momentum, offering monthly car use without long term commitments, and allowing renters to switch between vehicle types as needed. Peer to peer car sharing platforms continue to widen mobility access by enabling private vehicle owners to monetise idle capacity. Integrated travel management portals that combine ride hailing, daily rental and long-term leasing into consolidated billing are also emerging, simplifying administration for corporate clients and institutions.

Sustainability and ESG imperatives

Environmental, social and governance considerations are increasingly shaping business strategies within the vehicle hire sector. Operators are beginning to publish emission metrics and set reduction targets, including initiatives to track carbon dioxide output per rental kilometre. Circular fleet practices, such as refurbishing older vehicles for secondary use within domestic markets rather than disposing of them prematurely, are becoming more common as companies seek to extend asset life while demonstrating environmental responsibility. Social factors, including roadside safety, driver training and local employment standards, are gaining importance in procurement decisions made by corporate clients. As ESG expectations rise, companies that integrate sustainability into fleet procurement, maintenance, customer communication and reporting systems are likely to secure competitive advantage.

Challenges and opportunities

Despite the positive outlook, the industry faces several notable headwinds. Supply side constraints remain a recurring challenge, including inconsistent vehicle availability and exposure to global supply chain pressures that affect pricing and lead times for new vehicles. Financing costs, although stabilising, remain elevated enough to challenge rapid fleet expansion or electrification plans. Charging infrastructure, while improving in major cities, remains sparse in many regions and limits widespread adoption of electric vehicle fleets. Competitive pressure is intensifying as new operators enter the market, particularly digital platforms that compete aggressively on price and convenience. Regulatory requirements vary significantly across provinces and add administrative complexity, particularly for operators that aim to scale nationwide. However, these challenges coexist with meaningful opportunities. Increasing access to green financing for low emission fleets, potential public private partnerships for charging infrastructure and policy moves toward more unified licensing frameworks could reduce friction and support expansion.

Conclusion

Overall, Pakistan's vehicle hire industry is entering a period of steady and innovation driven growth. Rising tourism, a young and increasingly digital consumer base, and supportive mobility and environmental policies provide strong foundations for sector expansion. Operators that invest in digital platforms, pursue early adoption of electric and hybrid vehicles, offer differentiated experiences such as adventure rentals and build strong corporate mobility solutions are well positioned to outperform. The long-term outlook is positive for companies able to combine operational discipline, technological capability, and strategic responsiveness to evolving customer needs.

END OF APPENDIX 2

APPENDIX 3 – WINNERS AND LOSERS IN PAKISTAN’S VEHICLE-HIRE SCENE

By Manahil Advani, Travel & Mobility Magazine

Market volatility

Vehicle hire in Pakistan is expanding but remains highly volatile. Unregulated pricing, erratic fuel costs and a patchwork of provincial rules create sharp swings in profitability. Karachi operators report that a 25–30% jump in rental tariffs during 2025, driven by fuel and spare-parts inflation, cut demand and trimmed revenue by roughly one-third for many small businesses. Yet the same market offers clear upside: digital platforms, corporate leasing contracts and adventure-tourism demand are steadily enlarging the customer base.

Recipe for success

Firms that thrive share four traits. First, they invest in strong brand identities and friction-free digital experiences. App-based bookings, contactless vehicle unlock and AI-driven dynamic pricing shorten hand-over times and lift utilisation. Globally the value of online reservations is projected to exceed US \$223 billion by 2028, underscoring the direction of travel for Pakistan’s market.

Second, winners maintain disciplined fleet management, rotating vehicles before maintenance bills erode margins and using telematics to detect misuse or theft. Third, they diversify revenue, pairing daily rentals with long-term corporate leases, chauffeur services and curated motorcycle tours to the northern valleys. Finally, they align early with the National Electric-Vehicle Policy, carving out green niches and utilising import-duty concessions and motorway-toll rebates that lower the total cost of ownership.

Reasons for failure

Many operators exit within a few years after starting. The capital intensity of the industry is punishing: vehicles financed at double-digit interest rates become loss-making if utilisation falls even slightly. Weak cash-flow planning leaves owners exposed to seasonal lulls and unforeseen repair bills. Unregulated street-side businesses also face impoundment or fines, while inconsistent service quality fuels negative reviews that quickly steer online traffic to rivals. Fragmented provincial licensing adds compliance costs, and firms slow to adopt technology struggle to match the speed, transparency and flexible pricing customers now expect.

Navigating an unpredictable market

Pakistan’s vehicle-hire industry rewards adaptability. Companies that digitise the customer journey, refresh fleets proactively and embrace the government’s electrification push can convert short-term turbulence into long-term advantage. Those that ignore shifting consumer expectations or rely on price hikes to offset cost pressures will likely join the lengthening list of exits. Survival depends on marrying operational excellence with a clear sense of where the market is heading next.

END OF APPENDIX 3

APPENDIX 4 – ABOUT KARACHI MOTOR & CYCLE HIRE

Background

Karachi Motor & Cycle Hire Ltd (“KMCH”) is a privately owned vehicle-rental company serving Pakistan’s two largest cities.

Since its launch in 2005 the firm has grown to fourteen depots, twelve across metropolitan Karachi and two in Lahore, supported by a modest yet well-equipped head office in Karachi’s Shahrah-e-Faisal business district.

KMCH provides a premium mix of self-drive and chauffeur driven vehicle hire across Karachi and Lahore, supported by fourteen depots and a telematics enabled fleet of cars and a small fleet of touring motorcycles. The company offers airport pick up, doorstep delivery, corporate leasing arrangements and guided adventure tour packages in partnership with specialist motorcycle teams.

Its digital booking platform allows customers to complete reservations, upload licence details and access electronic rental agreements, while depot teams manage vehicle handovers, safety checks and rapid turnarounds through standardised protocols.

KMCH also delivers long-term mobility solutions to corporate clients, including driver provision, bundled maintenance and predictable monthly fees. Fleet operations are strengthened by predictive maintenance using telematics data, an approved vendor network for fast repairs, and dynamic pricing tools to optimise utilisation.

Its customer base consists mainly of local corporates, Karachi-based citizens, visiting family groups and domestic tourists flying into Lahore’s Allama Iqbal International Airport.

With a strong focus on customer service, reliability and convenience, KMCH combines traditional rental services with technology driven offerings to meet the needs of both urban travelers and adventure tourism customers.

Origin

Founder Ayesha Khan, a former fleet manager for a multinational logistics group, opened the first site near Jinnah International Airport using personal savings and a bank facility. Her focus on reliable vehicles, transparent pricing and courteous drivers built early goodwill, allowing her to secure long-term leases at strategically located forecourts and office-park car parks. Ayesha stepped back in 2017, becoming non-executive chair while retaining majority ownership. She appointed Ali Malik, an operations specialist, as chief executive to refresh the brand and introduce digital booking.

Ownership

KMCH is privately owned, with the majority shareholding retained by the Founder. A small proportion of equity is held by members of the founding family and by current and former executives who received shares through a historical share option scheme. No current director owns more than 2 percent of the company, ensuring that operational decisions remain aligned with the Founder’s long-term strategic vision while also reflecting the contributions of key management personnel.

Recent developments

The sharp fall in international airborne visitor arrivals during the COVID-19 pandemic prompted KMCH to introduce a contactless booking platform with doorstep vehicle delivery in both Karachi and Lahore. This service now accounts for roughly one-quarter of total rentals and has helped sustain utilisation despite lower airport traffic. KMCH has begun installing telematics to support preventive maintenance and monitor driver behaviour, reducing unscheduled downtime by an estimated twelve per cent over the past year. Two depots, both located in older Karachi neighbourhoods, are currently under review due to low vehicle utilisation and below average customer feedback.

KMCH strategic aims

KMCH's strategic aims reflect its commitment to sustainable growth, service excellence and disciplined financial management. As the company strengthens its position in Karachi and Lahore and prepares for expansion into new domestic markets, these aims provide a clear framework for operational priorities, investment decisions and customer-experience standards.

- (i) **Deliver a memorable mobility experience.** KMCH targets a customer-satisfaction score of at least 4.5 out of 5 by offering clean, well-maintained vehicles, punctual chauffeurs and 24-hour roadside assistance.
- (ii) **Maintain quality across all locations.** Consistent safety checks, standardised service protocols and continuous driver training underpin the brand's premium promise.
- (iii) **Deepen presence within Pakistan.** Over the next five years KMCH plans measured expansion to Islamabad and one northern tourist hub, financing growth through retained earnings and selective asset-backed loans rather than large-scale equity dilution.
- (iv) **Optimise financial performance.** The company seeks to sustain a minimum 15% return on capital employed and annual revenue growth of 8–10%, driven by higher fleet utilisation, dynamic pricing and careful cost control.

With a compact depot network, disciplined capital management and a clear domestic focus, KMCH is positioned to consolidate its niche as Pakistan's dependable, service-oriented vehicle-hire provider while gradually extending its footprint to other high-potential Pakistani cities.

END OF APPENDIX 4

APPENDIX 5 – OVERVIEW OF KMCH OPERATIONS

Introduction

Karachi Motor & Cycle Hire Ltd (KMCH) operates from a 25-person head office on Shahrah-e-Faisal which oversees its fourteen depots.

A total fleet of 580 vehicles (480 cars, 100 touring motorcycles) as at 31 March 2025, of which around 520 are typically in active rental service (with the remainder undergoing maintenance or replacement), is managed through a single telematics-enabled platform that links bookings, maintenance alerts and real-time utilisation.

However, the telematics-enabled platform is now several years old and increasingly relies on additional spreadsheets and manual workarounds at depot level, leading to data inconsistencies and delays in reporting. Central teams handle capital spending, compliance and brand management, and depot managers focus on customer service and local sales.

Depot management and operations

Each manager oversees 15–20 staff, 25–50 vehicles and a modest service bay. A tablet-based rental system validates driving licences, captures hand-over photos, activates GPS tracking and issues electronic rental agreements. Peak-period rosters are adjusted daily, with overtime logged on digital timesheets that feed payroll. Inter-depot vehicle transfers keep weekday utilisation above 70%, and idle stock is discounted via the booking app’s dynamic-pricing module.

Fleet procurement and maintenance

Head-office negotiates bulk deals with three national dealers covering 75% of the car fleet’s operating leases. The remainder is owned outright for flexibility in disposal.

Vehicles are inspected on arrival and scanned into the maintenance scheduler, which triggers servicing every 10,000 km or six months, whichever comes first.

Telematics data has cut unplanned downtime by 12% and insurance premiums by 8% in the past year.

Urgent repairs use an approved-vendor list that guarantees parts delivery within 24 hours in Karachi and 48 hours in Lahore.

Human resources and employee training

Total employee headcount is 312, excluding the Board. HR runs background checks, annual medicals and an annual eight-hour defensive-driving refresher course for all chauffeurs.

A mobile-learning app delivers micro-modules on customer etiquette and basic vehicle care, clocking an average 3.2 training hours per employee per quarter. Voluntary employee turnover has risen to around 11% (from about 9% a year ago).

Marketing strategy

Under the tagline “Drive Pakistan in Comfort,” KMCH allocates 60% of its marketing budget to digital channels. The app and website generate 78% of bookings; the rest come from airline partnerships, hotel concierges and ‘walk-ins’.

Net promoter score surveys embedded in the app return have averaged between 4.5-4.9 out of 5 for each KMCH depot, although the two Karachi depots scored below 4.2 for vehicle cleanliness and depot efficiency. A corrective vehicle deep-clean protocol is under way at these depots.

Financial management

The Finance department produces weekly dashboards covering rental revenue, utilisation, average daily rate, gross margin (after fuel, maintenance and insurance) and operating cash flow.

Quarterly board packs include depot-level return on capital employed (ROCE) and scenario analyses for fleet expansion or electrification pilots. A minimum 15% ROCE and 8% - 10% annual revenue growth remain the headline targets.

Board of Directors

Introduction

KMCH is guided by a balanced and experienced Board of Directors that brings together operational expertise, strategic oversight and independent challenge. The Board reflects a blend of founder leadership, long standing industry knowledge and specialist functional skills across finance, technology, operations, human resources and customer experience.

This structure supports KMCH's ambition to scale sustainably while maintaining the premium standards and strong governance that underpin its reputation in Pakistan's vehicle hire sector.

The Board meets regularly to review strategic progress, assess operational performance, oversee risk, and ensure that the company's growth plans align with its values and long-term objectives.

Name	Position	Primary responsibilities & focus
Ayesha Khan	Founder & Non-Executive Chair	Provides strategic oversight, safeguards brand values, mentors the executive team, and retains majority shareholding.
Ali Malik	Chief Executive Officer	Sets overall strategy, drives depot expansion and service innovation, and oversees P&L performance.
Fatima Sheikh	Finance Director	Manages capital allocation, banking relationships, budgeting, financial dashboards, and ROCE targets.
Bilal Khan	Operations Director	Runs day-to-day depot operations, fleet utilisation, service-quality standards, and regulatory compliance.
Saad Farooq	IT Director	Leads booking-platform development, telematics integration, cybersecurity, and data analytics to support digital strategy.
Zara Khan	Sales & Marketing Director	Drives brand positioning, digital and partner marketing, corporate-account growth, and customer-experience analytics.
Mariam Siddiqui	Human Resources Director	Oversees recruitment, training, driver-safety programmes, labour-law compliance, and retention initiatives for 312 staff.
Dr Samina Raza	Independent, non-Executive Director	Provides independent challenge on strategy, governance and risk, with a background in corporate governance and audit committees.
Rafiq Hussain	Independent, non-Executive Director	Brings external perspective on financing, investor relations and business development, with experience across Pakistani mid-market businesses.

Governance at KMCH

KMCH's governance framework supports responsible decision making, transparent oversight and long-term value creation. There is a clear division between executive and non-executive roles, with the Founder and Chair providing strategic stewardship and the executive team running daily operations. Independent, non-executive directors strengthen governance by challenging proposals, scrutinising risks and ensuring regulatory and stakeholder considerations are properly addressed.

The Board oversees financial reporting, regulatory compliance, health and safety, data security and environmental standards, with particular attention to fleet safety, insurance obligations and adherence to transport regulations across provinces. Increasing use of telematics and data driven systems has made cybersecurity and data governance a growing priority, guided by the IT Director and monitored at Board level.

Regular performance dashboards allow the Board to track utilisation, fleet condition, customer satisfaction and financial results, helping to identify risks and direct management focus. As KMCH explores franchising and potential investment partnerships, the Board is ensuring that growth is balanced with service quality, operational discipline and financial stability.

Succession planning, workforce capability and organisational culture also form part of the governance agenda. The Human Resource Director works with the Board to strengthen training, retention and consistency of service across depots. Overall, KMCH's governance framework provides the structure needed to manage risk effectively, uphold premium service standards and support sustainable expansion.

END OF APPENDIX 5

**APPENDIX 6 – KMCH MANAGEMENT ACCOUNTS FOR THE YEAR ENDED
31 MARCH 2025**

To: The Board of Directors
From: Fatima Sheikh, KMCH Finance Director
Date: 7 April 2025
Subject: KMCH management accounts and key performance indicators (KPI)

Dear fellow board members,

Please find extracts below from summary management accounts for the year ended 31 March 2025 together with relevant operating data.

KMCH Statement of Profit or Loss – Year ended 31 March

	2025	2024
	----- Rs. in million -----	
Car hire revenue	1,261.0	1,160.0
Motorcycle hire revenue	183.9	162.4
Total revenue	1,444.9	1,322.4
Cost of sales – car hire	(550.0)	(471.0)
Cost of sales – motorcycle hire	(134.2)	(118.0)
Total cost of sales	(684.2)	(589.0)
Gross profit	760.7	733.4
Amortisation of property leases	(52.0)	(48.0)
Energy & property running costs	(39.6)	(31.2)
Depreciation (See Note 1)	(315.0)	(300.0)
Marketing	(18.9)	(16.4)
Other administrative costs	(66.2)	(58.9)
Earnings before interest and tax	269.0	278.9
Interest	(109.2)	(100.2)
Profit before tax	159.8	178.7
Taxation	(46.4)	(51.8)
Profit after tax	113.4	126.9
Dividends	(50.0)	(50.0)
Retained profit/(loss)	63.4	76.9

Note 1: for simplicity in the management accounts, all depreciation is included in administrative expenses.

KMCH Statement of Financial Position – As at 31 March

Assets	2025	2024
	----- Rs. in million -----	
<i>Non-current assets</i>		
Property, plant & equipment	1,308.5	1,257.8
Vehicles for hire – owned	1,014.2	901.2
ROU assets – vehicle leases	1,252.4	1,180.0
ROU assets – property	2,353.0	2,592.5
Total non-current assets	5,928.1	5,931.5
<i>Current assets</i>		
Inventory	18.6	15.4
Trade receivables	40.7	36.6
Cash	324.8	220.6
Total current assets	384.1	272.6
Total assets	6,312.2	6,204.1

Equity and liabilities	2025	2024
	----- Rs. in million -----	
Share capital	25.0	25.0
Retained profits	2,077.4	2,014.0
Total equity	2,102.4	2,039.0
Lease liabilities >12 months	3,672.0	3,651.0
Total long-term liabilities	3,672.0	3,651.0
Trade payables	60.8	45.1
Lease liabilities <12 months	367.0	365.0
Other payables	110.0	104.0
Total current liabilities	537.8	514.1
Total liabilities	4,209.8	4,165.1
Total equity & liabilities	6,312.2	6,204.1

Operating data	2025	2024
Average active vehicles available for rent	522	470
Utilisation rate (vehicles days rented/total vehicle days available)	70.2%	68.4%
Customer satisfaction feedback (out of 5)	4.7	4.8
Annual mileage per vehicle	15,462	14,234
Average vehicle age	2.5	2.2
Average number of employees during the year	312	280
Employee turnover (%)	11.2%	9.1%

END OF APPENDIX 6

APPENDIX 7 – COMMENTARY OF KMCH PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2025

To: The Board of Directors
From: Ali Malik, KMCH Chief Executive Officer
Date: 10 April 2025
Subject: Commentary on our 2024/25 performance

Dear fellow board members,

Please find below the commentary on the summary management accounts for the year ended 31 March 2025, along with relevant operating data.

CEO commentary for the year ended 31 March 2025

KMCH financial statements commentary

During the year, KMCH delivered strong revenue growth, consistent with our strategic objective of achieving sustainable annual growth of 8%–10%. This performance reflects continued demand for premium, technology-enabled rental services within Pakistan’s expanding vehicle-hire market. Car hire remained the core of our business, while motorcycle hire benefited from growth in domestic adventure tourism, confirming that we are successfully expanding across both established and emerging mobility segments.

Despite this revenue momentum, cost pressures intensified. Cost of sales increased faster than revenue, placing pressure on gross margins. Inflation in fuel, tyres and spare parts increased the cost of maintaining fleet availability. At the same time, the average age of our fleet rose, leading to higher maintenance frequency, greater repair intensity and increased wear-and-tear. Fleet expansion and higher utilisation also drove additional servicing, insurance and valeting costs, while the cost of acquiring both owned and leased vehicles rose in line with market conditions. Although gross profit increased in absolute terms, margin erosion highlights the need to better control cost growth as the business scales.

Operating expenses rose across most categories. Higher amortisation reflects continued investment in depot infrastructure. Energy and property costs increased due to rising utility tariffs and early investment in infrastructure upgrades, including EV-related capability. Depreciation rose in line with fleet growth, reinforcing our commitment to maintaining a robust operational base. Marketing expenditure increased in support of brand development and digital engagement, while administrative costs grew due to workforce expansion, higher IT requirements, professional advisory costs and increased regulatory complexity. Combined with higher financing costs in a high-interest-rate environment, these pressures reduced operating profitability and profit for the year.

From a balance-sheet perspective, total non-current assets remained broadly stable, masking movements within categories. Investment continued in property, plant and equipment, including depot enhancements, maintenance facilities and customer-facing improvements. Owned vehicles increased, supporting fleet growth, while leased vehicles continued to provide flexibility in managing capacity and funding. Right-of-use assets relating to property declined, reflecting lease exits or optimisation of depot locations.

Current assets increased, driven by higher inventory and receivables as operational activity expanded and corporate credit arrangements grew. Cash balances strengthened materially, providing improved liquidity and flexibility to fund future investment in fleet renewal, digital systems and geographic expansion. Long-term liabilities increased modestly due to lease obligations, while current liabilities rose in line with higher purchasing activity and business scale.

Operationally, fleet size expanded to support growth across car and motorcycle hire. Fleet utilisation improved, indicating effective deployment of a larger fleet through dynamic pricing and inter-depot coordination. Customer satisfaction remained strong, although a slight decline highlights the need for continued focus on consistent service quality, particularly around vehicle cleanliness at certain depots. Average mileage per vehicle increased, strengthening revenue generation but increasing maintenance demands, particularly given the rising average age of the fleet.

Employee headcount increased to support growth, but staff turnover also rose. While still below industry norms, feedback indicates concerns around training, development opportunities and shift allocation. Addressing these issues will be essential to maintaining service consistency and operational resilience as we continue to scale.

Overall, KMCH remains well positioned in a rapidly growing, increasingly digital mobility market. Revenue growth, strong utilisation and a strengthened cash position demonstrate the resilience of our core business model. However, rising costs, fleet ageing and people-related challenges require focused action. Disciplined cost management, proactive fleet renewal, and stronger investment in training and systems will be critical to protecting margins, reinforcing our premium positioning and supporting the next phase of our expansion strategy.

Best wishes,

Ali Malik

END OF APPENDIX 7

APPENDIX 8 – KMCH COMPLIANCE WITH VEHICLE-HIRE REGULATION IN PAKISTAN

By adhering to Pakistan’s vehicle-hire legislation, provincial transport rules and internationally recognised safety standards, KMCH ensures that customers enjoy reliable, legally compliant mobility while the company mitigates operational and reputational risk.

Customers who hire a car or touring motorcycle from KMCH expect vehicles that are road-worthy, insured and operated by staff who understand safety requirements and local traffic law. A robust compliance framework underpins that promise and protects the brand’s licence to trade.

Regulatory compliance in Pakistan

KMCH complies with the Motor Vehicles Ordinance 1965 and the accompanying provincial Motor Vehicle Rules, which govern vehicle registration, road-fitness certification, and minimum third-party insurance. Separate Rent-a-Car permits, issued by the Sindh and Punjab transport authorities under Rule 35 of the 1969 Rules, authorise the commercial hiring of passenger cars and motorcycles. Vehicles also carry annual tax tokens from the relevant Excise and Taxation Department, while any cross-provincial routes require temporary route permits under the National Highways Safety Ordinance 2000.

Environmental standards apply as well: Karachi depots submit to random exhaust-emission tests under Sindh’s Environmental Quality Regulations, and electric or hybrid additions to the fleet are registered under the National Electric-Vehicle Policy 2019, which grants duty concessions on EV components and zero-rated sales tax on locally assembled EVs.

Customer driving license

Before any booking is confirmed, depot staff verify that the customer meets Pakistan’s legal driving-licence requirements: a minimum age of 21 years for self-drive cars (and 25 years for motorcycles above 250 cc), possession of a valid Pakistani licence of the appropriate class or, for foreign visitors, an International Driving Permit accompanied by the home-country licence. Licences are scanned into the booking system, cross-checked against the provincial Driving-Licence Management System for validity and outstanding traffic fines, and matched to the customer’s passport or CNIC. Rentals are refused if the licence expires within the hire period, carries more than 12 demerit points, or lacks the motorcycle endorsement required for touring bikes.

Chauffeur vehicle-safety training

All chauffeurs and motorcycle-tour guides complete an annual eight-hour defensive-driving course accredited by the National Highways & Motorway Police. Training covers collision-avoidance techniques, fatigue management, helmet and seat-belt compliance and emergency-scene protocol. Staff licences are validated quarterly against the provincial Driving-Licence Management System; any traffic-violation points trigger refresher training.

Licences and permits

Each KMCH depot displays its Rent-a-Car Licence and its Commercial Vehicle Fitness Certificate (Form-C), renewed every six months after a mechanical inspection at an authorised testing centre. Guides who lead organised motorcycle tours hold Tourist Guide Cards issued by the Department of Tourist Services, as required under the Pakistan Tourism Development Corporation’s adventure-tour regulations.

Insurance and liability cover

Every fleet unit carries compulsory third-party liability insurance under Section 94 of the Motor Vehicles Ordinance. KMCH extends cover with a Collision-Damage Waiver and passenger-accident benefits that exceed statutory minimums. Insurance schedules and telematics-derived mileage reports are lodged with insurers each quarter, a practice that has reduced premiums by 8% year-on-year.

Voluntary standards

Although not mandatory, KMCH is considering adopting ISO 39001 Road-Traffic-Safety Management certification. The standard aligns well with the company's telematics-driven safety programme and provides external assurance to corporate clients and international tourists that risk is actively managed.

END OF APPENDIX 8

APPENDIX 9 – EXTRACT FROM KMCH BOARD MINUTES – STRATEGIC OPTIONS

Date: 5 May 2025, 10:00 am

Location: Head Office, Shahrah-e-Faisal, Karachi

Present: Ali Malik (CEO), Fatima Sheikh (Finance Director), Bilal Khan (Operations Director), Saad Farooq (IT Director), Zara Khan (Sales & Marketing Director), Ayesha Khan (Non-executive Chair), (Dr Samina Raza, Non-executive Director), Rafiq Hussain, Non-executive Director

Apologies: Mariam Siddiqui (Human Resources Director)

Future plans for KMCH

Ali Malik opened the meeting by stressing the need to accelerate growth and attract external capital while preserving control. He invited the directors to propose expansion strategies that fit KMCH's current scale, fourteen depots, all in Karachi and Lahore, and its focus on premium car- and motorcycle-hire services within Pakistan. This is in addition to the ongoing review of two underperforming Karachi depots, where turnaround or relocate strategies are being considered.

Bilal Khan recommended widening KMCH's footprint to additional domestic hubs, initially Islamabad, Rawalpindi (Benazir Bhutto International Airport), Faisalabad and the northern tourist corridor (Gilgit, Skardu), arguing that the brand's reliability and concierge-style service would appeal to business travellers, expatriates returning home and adventure tourists.

Fatima Sheikh supported a Pakistan-only expansion but cautioned against funding every new depot on the balance sheet. She proposed a franchise-operator model: KMCH would supply the telematics platform, brand standards and procurement contracts, while franchisees invested in vehicles and real estate and paid royalties plus a technology fee.

Zara Khan suggested launching a sub-brand targeting the growing budget market, compact cars, shorter rental blocks and app-only booking, thereby capturing price-sensitive domestic travellers without diluting the parent brand. She also proposed "virtual depots" (vehicle-delivery hubs without walk-in counters) to serve dense urban areas and cut fixed costs.

Saad Farooq highlighted the importance of scaling IT infrastructure, particularly licence-verification APIs, dynamic-pricing engines and a customer-facing app refresh, before opening new locations or onboarding franchisees.

Potential expansion vehicle and funding

The Board agreed in principle to create KMCH Mobility Services (Private) Ltd., a wholly owned subsidiary that would own intellectual property, the booking platform and brand guidelines, and issue franchise licences for new depots across Pakistan. Target cities for the first wave of franchising are Islamabad, Rawalpindi, Faisalabad and Peshawar, with adventure-tour bases in Gilgit and Skardu to follow.

To finance head-office systems upgrades and an initial company-owned pilot depot in Islamabad, Fatima Sheikh proposed exploring equity investment, bank term loans and vendor financing for electric-vehicle procurement.

Potential venture-capital investment

Fatima reported preliminary talks with Lioncrest Capital Partners (LCP), a Karachi-based venture capital fund with holdings in logistics, automotive services and travel tech. LCP has expressed interest in subscribing for newly issued shares equal to a 40% stake in KMCH, injecting growth capital while leaving existing shareholders with 60%. LCP's sector experience and national footprint could accelerate both franchising and fleet-electrification plans.

The Board authorised Fatima to prepare a detailed term-sheet analysis and, in parallel, tasked Bilal Khan and Saad Farooq with scoping the operational and IT requirements for two new depots under the franchise model and reporting back at the next meeting.

END OF APPENDIX 9

APPENDIX 10 – KMCH HUMAN-RESOURCE MANAGER EMPLOYEE EXIT-INTERVIEW NOTES

The extracts below are taken from the Human-Resource (HR) manager's notes after interviewing a departing customer-service agent from a KMCH vehicle-hire depot in Karachi.

Why are you leaving KMCH?

“I am moving on for higher pay and better benefits. The bigger issue, though, is the absence of structured training and development. Depot KPIs on utilisation and revenue are tracked religiously, but individual skills and performance are not linked to pay or progression. Whether I achieve a perfect hand-over score, process contracts faster, or get glowing customer reviews, my wages stay fixed. When targets are missed the manager calls an ad-hoc meeting, blames the whole team and tells us to ‘do better,’ but nothing changes.”

How is the depot managed?

“The depot manager runs the show, yet because there is no formal training ladder it is the long-timers who grab the best shifts. Each manager seems to have a favourite agent who functions as an unofficial assistant, assigning vehicles, controlling the rota and influencing who gets overtime or contract renewals. That creates tension. The same applies to commission: any upsell income or excess-mileage fees collected on credit cards go straight to depot coffers, not to the front-line staff who secured the sale.”

What training did you receive at the depot?

“Very little. Day one was a quick walk-through of the yard, an introduction to the booking tablets and a copy of the Employee Handbook covering vehicle checks, licence verification and accident-reporting rules. After that it was mostly learning on the job. Planned sessions on telematics, EV charging and customer-complaint handling were cancelled whenever we were short-staffed, which is often. No one ever checked whether I had read or understood the handbook, and any questions were brushed off with ‘ask one of the seniors’.”

Would you recommend KMCH to a friend as a place to work?

“As a stop-gap, yes, if they just need income and are willing to figure things out themselves. For anyone looking to build a career or gain professional development, I would say no.”

END OF APPENDIX 10

(THE END)