

Toyota marks turnaround in India, reports highest profit in four years

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A strong volume run and frequent price hikes helped Toyota Kirloskar Motor (TKM) turn around its loss-making operations and post its highest net profit in four years in the last fiscal year (FY22).

The turnaround shows that in addition to the cost optimisation initiatives at TKM and an increase in the average selling price of its own models, the four-year old global alliance between Toyota Motor (TMC) and Suzuki Motor (SMC) has started paying off. The partnership involves sharing and cross badging of models and technologies, said analysts.

The company logged a net profit of ₹518.8 crore in FY22 compared to a net loss of ₹55 crore in FY21, according to the financial documents submitted by the company to the Registrar of Companies. (*see chart*).

Swapnesh R Maru, executive vice-president, Finance and Administration, TKM told Business Standard, “Profit for the FY 2021-22 is mainly attributed to the contribution by TKM manufactured models, apart from various cost reduction and revenue enhancement measures



TOYOTA KIRLOSKAR'S PERFORMANCE OVER THE YEARS

	FY17	FY18	FY19	FY20	FY21	FY22
Sales turnover (₹ cr)	21,151	18,998	19,633	15,666	13,181	19,563
Net profit (₹ cr)	557.7	965.7	407.6	187.8	-55	518.8
Domestic unit sales	143,364	140,645	150,525	114,081	93,124	100,494

Source: Company

undertaken by company.”

“Higher unit sales, which has been driven by TKM’s own models and supported by the re-badging strategy with Maruti has aided profitability,” said Ravi Bhatia, president and director at JATO Dynamics.

“The strategy has helped the firm in amortisation of expenses and fixed costs. A sharp increase in prices, which has been higher than the increase in raw material prices, too has boosted profits,” he added.

Starting with the Glanza (the rebadged Suzuki Baleno) in June 2019 and the Urban Cruiser Hyryder (re-badged Suzuki Vitara) SUV that went on sale this month, the two

companies are now gearing up for the launch of a C-segment multi-purpose vehicle later this fiscal, TKM said in the filing.

“Your company is preparing for CMPV (C-segment multi-purpose vehicle) launch in FY23, which is produced not just for company but also will be the first cross badge Toyota vehicle being offered to MSIL (Maruti Suzuki India Limited).”

The global collaboration between two Japanese giants was announced in FY19 for mutual supply of products and components. The tie-up included swapping of models between their Indian subsidiaries – TKM and MSIL.

TKM has been successful

in meeting its first year sales targets of both the Glanza and the Urban Cruiser launched in the A-SUV (A-segment sport utility vehicle) segment in 2020, the documents stated. TKM also started export of service parts and accessories of cross-badge vehicles to Africa in 2020, it said.

The company has worked towards meeting the mobility needs of consumers. Maru mentioned: “Our focus in India has always been to introduce advanced products that are not only safe but also environment friendly.” In reference to the Hyryder’s response, said Maru, “the new offering has received tremendous appreciation from our customer.”