

A large parking lot filled with many white cars, mostly Toyota Aygos, parked in rows. In the foreground, a blue Toyota Aygo is parked, facing right. The background shows more rows of white cars stretching into the distance.

Lean manufacturing allows the company to customize the process. By using inclusion and exclusion rules, this allows even greater efficiency, as only necessary parts of the process are implemented. In turn, this allows for greater control of costs. Due to improved performance, sales orders are fulfilled on time, leading to improved customer satisfaction. This should lead to improved levels of business.

ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE : Minting Lean

The automotive industry is at the vertex of the wheel, rolling up and down for quite some time. But in the long term, the industry's growth is closely linked to an increased need for automotives in developing country like India as its economies grow.

Economic sustainability is a key driver for growth of an organization. At TKM, economic value that the company creates takes a significant weightage during decision making as compared to financial growth alone.

Toyota Kirloskar Motor with its Supplier & Dealer networks has made a significant contribution to the regional economies and communities in its areas of operation, including direct and indirect employment, supporting local suppliers and community organizations, capital investment and payment of taxes.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED (IN INR CRORE)

	2012-13	2011-12	2010-11
Direct economic value generated: revenues	14979.94	11589.25	7837.8
Economic value distributed	19012.42	14558.04	9,270.35
Operating costs	14320.06	11120.05	7,171.39
Employee wages and benefits	590.41	458.77	310.77
Payments to providers of capital	26.02	8.96	4.25
Payments to governments (by country)	4,024.73	2,901.00	1,610.90
Community investments	51.20	69.26	108.44
Economic value retained	-4032.48	-2968.79	-1432.55

FINANCIAL IMPLICATIONS DUE TO CLIMATE CHANGE

One of the greatest threat that could cause a huge impact on earth is Climate change. More than a quarter of global greenhouse gas emissions come from road transport as per OECD studies. The vehicle of next generation has to be highly fuel efficient and capable of running on renewable fuels.

Economic risks to the business operations that affect profitability include continuous shoot-up in raw material prices, rising oil prices and drop in rupee value. Consumer awareness and consciousness regarding climate change, combined with rising fuel prices, has led to greater consumer demand in more fuel-efficient vehicles.

Reducing energy consumption, dependency on fuels, limiting CO₂ emissions and curbing climate change is critical and a tough challenge to us as a company. As a responsible manufacturing company, TKM undertakes various kaizens on energy conservation and improving vehicle efficiency, water conservation etc.

The challenge to curb climate change has to be through collective efforts from all stakeholders – nationally and internationally from vehicle development to logistics system that exist. The greatest opportunity and challenge is to technological development and innovation.

COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS

CONTRIBUTION TO BENEFIT PLAN (IN CRORE)	2012-13	2011-12	2010-11
Contributions to Provident and Other Funds	20.14	22.00	11.09
Staff Welfare Expenses	85.19	64.97	45.49
Total	105.33	86.97	56.58

Statutory benefits like provident fund, gratuity is provided.



SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

FINANCIAL ASSISTANCE RECEIVED INR IN MILLION	2012-13	2011-12	2010-11
IT exemption		None	
Land provided at subsidised rate		None	
Incentives - Sales Tax deferral	491.23	399.62	254.58
Custom, excise duties waived	335.88	220.66	201.13
Total	827.11	620.28	455.71

TKM has received financial assistance from Government of India through various schemes such as **Sales Tax Deferral and EPCG (Export Promotion Credit Guarantee) Scheme**.

CONTRIBUTIONS THROUGH CSR ACTIVITIES:

CSR FOCUS AREAS (IN MILLIONS)	2012-13	2011-12	2010-11
Education	55.23	53.19	57.59
Environment	0.66	0.46	0.19
Road Safety	5.92	12.41	14.80
Art & Culture	0.00	0.00	5.00
Health & Human Service	2.83	1.95	4.54
Civic & Community	3.60	0.98	0.08
Others/CSR Aid	3.59	0.00	0.00
Need Based Donations (Donation made by CSR dept)	0.46	0.27	0.45
Emergency Relief Fund (Natural Calamities -cumulative)	0.00	0.00	25.79
Total	72.32	69.26	108.44

SIGNIFICANT INDIRECT ECONOMIC IMPACTS

TKM has played a vital role in creating a large local employment opportunity (State of Karnataka). As per the Government regulations, TKM has been providing employment to a large number of people from various parts of the state. Almost 100% of our ITI employees are local. Thus, TKM has provided a direct local employment opportunity.

TKM has been a major contributor in reforming the road networks, better electricity supply to the community to the local community (Bidadi). TKM also recruits locals for gardening, wood works

and other small yet significant activities. The company has indirectly created supplementary business and employment opportunities such as the development of small hotels, bakeries, garages and shops around the industry by the localities. Real estate business is at its high peak as the employees of TKM prefer staying close by.