Chapter-II  Profile Of The Companies Selected (MSIL & HMIL)

Prologue: In the second phase of the study the researcher has thrown light on the profile of the companies to know about them. In this researcher has tried to add everything like from the evolution of the companies to their production facilities, achievements & awards, plans, exports and progress during the study period. Further she has shown Indian Automobile Industry in General to become familiar with it. This is the most important part of the study as without having knowledge about the companies it is very difficult to come on any conclusion for the researcher.

Maruti Suzuki India Ltd. and Hyundai Motors India Ltd. has been taken into study as Sampled Units from the automobiles sector by the researcher. Both the companies are car manufacturing and pioneer in their field. MSIL is the no. 1 car maker manufacturing company in India and Hyundai takes place second position, on the basis of this criteria the researcher has selected sample for her study.

➢ Indian Automobile Industry in General
➢ Companies Selected
  ▪ Maruti Udyog Ltd. (now Maruti Suzuki India Ltd.)
  ▪ Hyundai Motors India Ltd.
Chapter-II  Profile Of The Companies Selected (MSIL & HMIL)

2.1 Indian Automobile Industry

2.1(1) Overview of Indian Automobile Industry

The Automobile Industry in India the 10th largest in the world with an annual production of approximately 2 million units is expected to become one of the major global automotive industries in the coming years. A no. of domestic companies produce automobiles in India and the growing presence of multinational investment, too has led to an increase in overall growth. Following the economic reforms of 1991 the Indian Automobile Industry has demonstrated sustained growth as a result of increased competitiveness and relaxed restrictions.

According to Mckinsey, the auto sector’s drive to lower costs will push outsourcing. The auto sector could be worth $ 375 billion by 2015, up from $ 65 million in 2002. Mckinsey thinks India could capture $ 25 billion of this amount. Out of 400 Indian Suppliers, 80 percent have the ISO 9000 certificate- the international standard for quality management. The production of automobiles in India largely aimed at local consumers.

Several Indian manufacturers also export a diverse variety of auto components. Indian passenger vehicles exports are also expected to rise from 1, 70,000 in 2006 to 5,00,000 in 2010. Tiku (2008) predicts a sale of 4.2 million four wheeler automobiles in India by 2015.

The Indian Automobile Industry is going through a technological change where such firm is engaged in changing its processes and technologies to sustain the competitive advantage and provide customers with the optimized products and services. Starting from the two wheelers, trucks and tractors to the multi utility vehicles, commercial vehicles and the luxury vehicles, the Indian automobile industry has achieved tremendous amount of success in the recent years.
As per Society of Indian Automobile Manufacturers (SIAM) the market share of each segment of the industry is as follows: The market share of the segments of the automobile industry:-

- Passenger Car-13%
- Commercial Cras-4%
- Four Wheelers-4%
- Two Wheelers-79%

- The automobile industry had a growth of 15.4% during Apr-Jan 2007, with the average annual growth of 10-15% over the last decade or so with the incremental investment of $ 35-40 billion, the growth is expected to double in the next 10 years.

- The Key players like Hindustan Motors, Maruti Udyog, Fiat India Pvt. Ltd., Tata Motors, Bajaj Motors, Hero Motors, Ashok Leyand, Mahindra & Mahindra have been dominating the vehicle industry. A few of the foreign players like Toyota Kirloskar Moto Ltd., Skoda India Pvt. Ltd., Honda Siel Cars India Ltd & Honda Motors India Ltd. Have also entered the market and have catered to the customers’ needs to a large extent.

- Consistent growth and dedication have made the Indian automobile industry the second largest tractor and two wheeler manufacturer in the world. It is also the fifth-largest commercial vehicle manufacturer in the world. The Indian automobile market is among the largest in Asia.
➢ Not only the Indian Companies but also the international car manufacturing companies are focusing on compact cars to be delivered in the Indian market at a much smaller price. Moreover, the automobile companies are coming up with financial schemes such as easy EMI-repayment systems to boost sales.

➢ There have been exhibitions like Auto-expo at Pragati Maidan, New Delhi to share the technological advancements. Besides, there are many new projects coming up in the automobile industry leading to the growth of the sector.

➢ The Government of India has liberalized the foreign exchange and equity regulations and has also reduced the tariff on imports, contributing significantly to the growth of the sector. Having firmly established its presence in the domestic markets, the Indian automobile sector is now penetrating the international arena. Vehicle exports from India are at their highest levels. The Leaders of the Indian automobile sector, such as Tata Motors, Maruti and Mahindra and Mahindra are leading the exports to Europe, Middle East and African and Asian Market.

➢ The Ministry of Heavy Industries has released the Automotive Plan 2006-2016 with the motive of making India the most popular manufacturing hub for automobiles and its components in Asia. The plan focuses on the removal of all the bottlenecks that are inhibiting its growth in the domestic as well as international arena.

➢ The Automobile Industry performance in all its sectors has been encouraging. According to an Assocham study, the global component industry is likely to go up to about USD 1.9 trillion by 2015, out of this USD 700 billion is expected to flow to low cost countries (LCC). The would present an enormous business opportunity for auto components manufacturers in India as tier 2 or tier 3 suppliers.
Tier-1 suppliers are looking to set up manufacturing facilities in India due to its cost advantage and the availability of skilled labor and qualified engineers.

Automatic approval has been granted to foreign equity investment up to 100% for the manufacturing of automobiles and components. The Finance bill also allows a 150% weighted deduction for in house Research & Development expenditure in the auto component industry.

The size of the Indian automotive industry is estimated between US $ 120.09 billion and US $155.12 billion by 2016. The industry is expected to touch the 10 million mark, to which the Commercial Vehicle Segment will be a major contributor. Industry experts peg the Indian Automobile sales growth rate as compounded annual growth rate (CAGR) of 9.5% by 2010.

2.1(2) Evolution of Indian Automobile Industry

In 1953, the government of India and the Indian Private Sector initiated manufacturing processes to help develop the automobile industry, which had emerged by the 1940s in a nascent form. Between 1970 to the economic liberalization of 1991, the automobile industry continued to grow at a slow pace due to major government restrictions. A no. of Indian manufacturers entered the Indian market ultimately leading to the establishment of Maruti Udyog. A no. of foreign firms initiated joint ventures with Indian Companies.
2.1(3) **Timeline of Indian Automobile Industry:**

- 1897: First Indian to own a car in India - Mr. Foster of M/s Crompton Greaves Company, Mumbai.
- 1901: First Indian to own a car in India - Jamshedji Tata
- 1905: First woman to drive a car in India - Mrs. Suzanne RD Tata
- 1905: Fiat Motors
- 1911: First Taxi in India
- 1924: Formation of traffic police
- 1928: Chevrolet Motors
- 1942: Hindustan Motors
- 1944: Premier Auto Limited
- 1945: Tata Motors
- 1947: Mahindra Motors
- 1948: Standard Motors
- 1974: Spiani Motors
- 1981: Maruti Udyog
- 1994: Rover Motors
- 1994: Mercedes Benz
- 1994: Opel
- 1995: Ford Motors
- 1995: Reva Electric car Company
- 1995: Daewoo Motors
- 1996: Hyundai Motors
- 1997: Toyata kirloskar Motors
- 1997: Fiat Motors (Re-entry)
- 1998: Son Motors
- 1998: Mitsubishi Motors
- 2001: Skoda Auto
- 2003: Chevrolet Motors (Re-entry)
Following the economic reforms of 1991, the automobile section underwent delicensing and opened up for 100 percent Foreign Direct Investment. A surge in economic growth rate and purchasing power led to growth in the Indian automobile industry, which grow at a rate of 17% on an average since the economic reforms of 1991. The industry provided employment to a total of 13.1 million people as of 2006-07, which includes direct and indirect employment. The export sector grew at a rate of 30% per year during 21st century. However, the overall contribution of automobile industry in India to the world remains low as of 2007.

Increased presence of multiple automobile manufacturers has led to market competitiveness and availability of options at competitive costs. India was one of the largest manufacturers of tractors in the world in 2005-06, when it produced 2,93,000 units. India is also largely self-sufficient in tyre production, which it also exports to over 60 other countries. India produced 65 million tyres in 2005-06.

The evolution of the automobile industry in India actually began about 4,000 years ago when the first wheel was used for transportation. All kinds of vehicles reproduced by the automobile industry. It indicates the manufacture of trucks, buses, passenger cars, defense vehicles, two wheelers, etc. The industry can be broadly divided into the car manufacturing, two wheeler manufacturing and heavy vehicle manufacturing units.

- The major car manufacturers in India are Hindustan Motors, Maruti Udyog, Fiat India Private Ltd. Ford India Ltd., General Motors India Private Ltd., Hero Siel Cars India Ltd. Hyundai Motors India Ltd., Skoda India Private Ltd., Toyata Kirloskar Motor Ltd., to name just a few

- The two wheeler manufacturing is dominated by companies like TVS, Honda Motorcycle & Scooter India Pvt. Ltd., Hero Honda, Yamaha, and Bajaj etc.
➢ The heavy motors like buses, trucks, defense vehicles, auto rickshaws and other multi-utility vehicles are manufactured by Tata-Telco, Ashok-Leyand, Eicher Motors, Bajaj, Mahindra and Mahindra etc.

Over a period of more than two decades the Indian Automobile Industry has been driving its own growth through phases. The entry of Suzuki Corporation in Indian Passenger Car manufacturing is often pointed as the first sign of India turning to a market economy.

Since then the automobile sector witnessed rapid growth year after year. By late-90’s the industry reached self reliance in engine and component manufacturing from the status of large scale importer. With comparatively higher rate of economic growth rate index against that of great global powers, India has become a hub of domestic and exports business.

**Some of the major characteristics of Indian automobile sector are:-**

1. Second largest two-wheeler market in the world.
2. Forth largest commercial vehicle market in the world.
3. 11th largest passenger car market in the world.
4. Expected to become the world’s third largest automobile market by 2030, behind only China and the US and expected to be the seventh largest by 2016.

**2.1(4) Progress during the study period**

The Indian automobile industry has made a rapid progress in the recent years. Thanks to the government’s liberalization policies, easy finances, price discount, tax relief, the Indian automobile industry is thriving at a fast pace.
Automobile Industry in India has come a long way. There was a time when only a handful of cars like Maruti and Fiat ruled the roads. In the recent times, there’s a tremendous rise in the posh and swankiest cars on the roads. Global automobile giants like Volvo, General Motors and Ford have ventured the Indian auto markets.

Today, the Indian Auto Industry is the largest in the world. It has an annual production of approx. 2 million units. It is predicted that in the coming years India will become one of the major automobile industries in the world. The liberalization policy in 1990s and tax relief’s by the Government of India had a major impact on the Indian Automobile Industry. Indian auto industry is currently growing at the pace of around 18% per annum.

2.1(5) Passenger Car Industry in India

The reason behind the immense growth of the Indian Car Industry can be attributed to the availability of car loans, affordable rates of interest, smooth repayment facilities and the deduction offered to the customers by the relaters. The constant changes in the existing car models with regard to design, innovation, technology and colors, have led to fiercely competitive market. Now that technology and innovation are not alien concepts for Indian car makers. Indian cars are becoming increasingly sleek, stylish and luxurious.

2.1(6) Major Players in the Indian Car Industry

Fierce Competition among the major car players can be witnessed in the Indian Car Industry. The India car industry is being dominated by the following major players.

2.1(7) Car Manufacturers in India

Hindustan Motors, Maruti Udyog, Reva Electric Car Company, Daimler Chrysler India Private Limited, Fiat India Private Limited, Ford India Limited, General Motors India, Honda Siel Cars India Limited, Tyota Kirloskar Motor Limited, Skoda Auto India Private Limited, AUDI AG,BMW, Chevrolet, Force Motors, Nissan Motor Company limited, Porsche, Rolls-Royce Motor, Son Motors, Tata Motors, Daewoo Motors
2.1(8) Small Car Industry in India

The small car segment is one of the largest car segments in India. Small car in India is defined as a car that has length between the ranges of 3.8 to 4 meters. It comprises of nearly two-third of the sales in the country. This car segment has grown by leaps and bounds in the past few years in the wake of growing economy, more dispensable income and growing richer middle class. The new bread of young executives with fatter pay-checks has led to more purchasing power. Young India s booming and auto industry is baking under the sun. By the year 2010, India with major car makers making their foray in India and India will have small cars from General Motors, VM, Fiat, Ford, Toyota, Honda etc.

Maruti Suzuki is the uncrowned king of the small car industry in India. It has already made India as its manufacturing and exports hub for its small cars. It also has one of largest product portfolios in India amongst all the other car makers. It is the largest auto maker in India by sales and has various models like Alto, Wagon-R, Zen, 800 and Swift. Each car has made its mark in the small car segment with its unique features and price factor. Maruti has made India as its small car manufacturing and export hub. It caters to the overseas demands of Suzuki models worldwide.

Hyundai is the second largest auto manufacturer in India and has also made India as its manufacturing and export hub. It currently has its manufacturing plant in Sriperumbudur, near Chennai, with an existing capacity of 6,00,000 units. It is planning to expand its production capacity by nearly another 1,00,000 units. Hyundai has strong sales figures in India and has witnessed more than 40 percent growth in the first four month of 2008 itself. It has strong contenders for the small car segment like Santro, Getz and i-10.

2.1(9) Scope of Indian Automobile Sector

The Indian automobile industry is going through a phase of rapid change and high growth, with new projects coming up on a regular basis, the industry is undergoing technological change. The major players are expanding their plants and focusing on mass customization, mass production etc.
2.1(10) **Investment in Auto Sector**

Nearly every automobile company is investing at a higher rate ever before to achieve a high growth trajectory. The overall investment in the sector has been increasing quite rapidly. It is expected that by the end of 2010 Indian automobile sector will be investing a huge amount as Rs. 30,000 crores. For example, Maruti Udyog has plan of investing Rs. 6,500 crores, the tata Motors is coming up with more investment of Rs. 2,000 crores in its compact car project. Not only the Indian Companies but also foreign players like Hyundai are coming up with the investment of more than Rs. 3,800 crores in India.

2.1(11) **Growth in the Sector**

- At present the industry is enjoying a growth rate of 14-17% per annum, with domestic sales growth at 12.8%. The growth rate is predicted to double by 2015.

- As it is seen, the total sales of passenger vehicles-cars, utility vehicles and multi-utility vehicles in the year 2005 reached the mark of 1.6 million. The current growth rate indicates that by 2012 Indian will overtake Germany and Japan in sales volumes.

- Financing schemes have become an important factor in the growth of automobile sales, more and more financial schemes are coming up with easy installment plans to lure the customers.

- Apart from domestic production, the industry is consistently focusing on the automobile exports. The auto component segment is contributing a lot in the export arena. The liberalized policies of the government are now making the companies go for more and more exports.
Growth of Automotive Industry

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<th>2001-02</th>
<th>2006-07</th>
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<tr>
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</table>

Source: Society of Indian Automobile Manufacturers

*Future of the Automobile Industry*

In the coming years this industry is going to develop further and India is going to be a source base for global auto manufacturers.

*Indian Automobile Sector: - A Booming Market*

De-licensing in 1991 has put the Indian automobile industry on a new growth track attracting foreign auto giants to set up their production facilities in the country to take advantage of various benefits it offers. This took the Indian automobile production from 5.3 million units in 2001-02 to 10.8 million units in 2007-08. The other reasons attracting global auto manufacturers to India are the country’s large middle class population, growing earning power, strong technological capability and availability of trained manpower at competitive prices.
In 2006-07 the Indian automobile industry provided direct employment to more than 30,000 people exported auto component worth around US $ 2.87 Billion and contributed 5% to the GDP. Due to this large contribution of the industry to the national economy, the Indian government lifted the requirement of forging joint ventures for foreign companies which attracted global to the Indian market to establish their plants, resulting in heightened automobile production.

The Indian automobile market currently dominated by two-wheeler segment but in future, the demand for passenger cars and commercial vehicles will increase with industrial development. Also, as India has low vehicle presence (with passenger car stock of only around 11 per 1,000 population in 2008), it possesses substantial potential for growth.

**Future Highlights of Indian Automobile Industry**

1. Passenger car production in India is projected to cross three million units in 2014-15.
2. Sales of passenger cars during 2008-09 to 2015-16 are expected to grow at a CAGR of around 10%.
3. Export of passenger cars as anticipated to rise more than the domestic sales during 2008-09 to 2015-16.
5. Value of auto component export is likely to attain a double digit figure in 2012-13.

➢ The Indian Automobile Industry is glistening and zooming ahead. Indian enterprises are ruling the automobile sector and India is penning down a new success story everyday. Indian automotive sector has craved its niche in the global market. Major European and US automotive honchos, like BMW and
Daimler Chrysler are recognizing and accepting the Indian vehicles and components.

- Indian Prime Minister, Man Mohan Singh emphasized that the government would take all the necessary measures to make India world’s manufacturing workshop.

- Ministry of Heavy vehicles is preparing mission plan for automotive sector the period 2006-16 to raise its turnover by four times. The mission plan would take into consideration all the strata of the society, particularly the lower section in rural locales. As per a Research Analyst’s view at RNCOS, who has recently researched a report on “Asian Automotive Industry (2007)”, the top automobile is currently one of the top auto industries in Asia. The sector will see a further growth with the government support.

**Maruti Udyog Limited (now Maruti Suzuki India Ltd.)**

**2.2(1) About Maruti Udyog Ltd (Maruti Suzuki India Ltd.)**

Maruti Suzuki India Limited is a publicly listed automaker in India. It is a leading four-wheeler automobile manufacturer in South Asia. Suzuki Motor Corporation of Japan holds a majority stake in the company. It was the first automobile company in India to mass produce and sell more than million cars. It is largely credited for having brought in on automobile evolution to India. It is the market leader in India. On 17th Sep, 2007 Maruti Udyog was renamed to Maruti Suzuki India Limited. The Company’s headquarters remain in Gurgaon near Delhi.

Maruti Udyog Ltd. is the first automobile company in the world to be honored with an ISO 9000:2000 certificate. The company has a joint venture with Suzuki Motor
Corporation of Japan. It is said that company takes only 14 hours to make a car. Few of the popular models of MUL are Maruti-800, Alto, Baleno, Swift, Wagon-R, Esteem, A-Star, Versa, SX4 and Zen.

MUL established in 1981, had a prime objective to meet the growing demand of a personal mode of transport, which is caused due to lack of efficient public transport system. The incorporation of the company was through an Act of Parliament. MUL is the leading 4 wheelers manufacturer in India.

A License and a Joint Venture agreement was signed between Govt. of India and Suzuki Motor Company (now Suzuki Motor Corporation of Japan) in Oct 1982.

Suzuki Motor Company of Japan was chosen from seven another prospective partners worldwide. Suzuki was not only to its undisputed leadership in small cars but also its commitments to actively bring to MUL contemporary technology and Japanese management practices (that had catapulted Japan over USA to the status of the top auto manufacturing country in the world.

**The Objectives of MUL (MSIL) then are as cited below:**

- Modernization of the Indian Automobile Industry
- Production of Fuel-efficient vehicles to conserve scarce resources.
- Production of large no. of motor vehicles which was necessary for economic growth.

The production/R&D is spread across 297 acres with 3 fully integrated production facilities. The MUL plant has already rolled out 4.3 million vehicles. The fact says that, on an average 2 vehicles roll out of the factory in every single minute. Maruti Suzuki fits every car buyer’s budget and any dream.
2.2(2) Evolution of Maruti Udyog Ltd (MSIL)

Maruti Udyog was basically formed to cater the problems of insufficient public transport capability of the Government. During the early 80’s, India was facing tremendous problems regarding public transport. And there was no possible solution to curb this problem. The Indian markets were yet to be opened globalization; hence, there were very few car manufacturers in the country. However, the need for an alternative was becoming very necessary, when the Government of India through an Act of Parliament formed Maruti Udyog Ltd. in 1981.

After this, a joint venture agreement was signed by the Government of India and Suzuki Motor Company (now Suzuki Motor Corporation of Japan) in October 1982. There are almost 307 showrooms across 189 cities. They are managed by almost 6000 trained personnel. MUL has always concerned about the quality of their services and products. Accordingly, it has been seen that Maruti owners experience very minimum problems as compared to other car manufactures of India. Another important aspect of Maruti India is that they provide all kinds of services and products under one roof.

Maruti 800 one of the first city cars, is the largest selling car in India. Recently Maruti 800 went through some minor face lifts to maintain its dominance in the small segment cars. Maruti Alto is India’s most popular and fuel efficient car. The maintenance cost of Maruti Vehicles is also low as compared to other manufactures. This is one of the major USP’s of MUL. Even technologically they have attained a benchmark. They have introduced the superior 16*4 Hypertech engines in almost all their models.

This technology helps in increasing engine delivery. They have also introduced Electronic Power Steering in some of their models as well. MUL has here fully integrated production facilities with a range of 10 models in 50 variants. Their overall sales growth is of 15.8%, which also makes easier for the Indian to buy cars.
Other successful small and big Maruti Car Models that have ruled the hearts of million of Indians are Maruti baleno, Maruti Esteem, Maruti Gypsy, Maruti Swqift, Maruti Versa, Maruti Wagon-, Maruti Zen, Zen Estilo and A-star.

Maruti was born as a government company with Suzuki as a minor partner to make a people’s car for middle class India over the years, product range of Maruti has widened, ownership has changed hands and the customer has evolved. MUL’s parent company Suzuki Motor Corporation has been a global leader in the mini and compact cars for three decades. Suzuki’s technical superiority lies in its ability to pack power and performance into a compact, lightweight engine that is clean and fuel efficient.

The same characteristics make maruti’s cars extremely relevant to Indian Customers and Indian Conditions., Product quality, safety and cost consciousness are embedded into maruti’s manufacturing process, which Maruti has inherited from its parent company.

- Right from inception Maruti brought to India a very simple yet powerful Japanese philosophy ‘smaller, fewer, lighter, shorter and neater’.

- From the Japanese work culture Maruti imbibed simple practices like an open office, a common uniform and common canteen for everyone from the managing director to the workman, daily morning exercise, and quality circle teams.

2.2(3) Production Facilities

Maruti has two state- of- the- art manufacturing facilities in India. The first one is at Gurgaon spread over 300 acres and the other at Manesar, spread over 600 acres in North India.
2.2 (3) (i) **Gurgaon Facility**

- This facility has 3 plants which are fully integrated and they can produce 3,50,000 cars annually. Several Productivity improvements or shop floor Kaizens over the years have enabled the company to manufacture nearly 7,00,000 cars per year at the Gurgaon facilities. Most of the work is done by 150 robots out of which 71 robots have indigenously developed. Majority of the employees (more than 50 per cent) of shop floor employees have been trained in Japan.

- The Gurgaon facility has also contains the KB Engine plant which can produced 2,40,000 engines annually and was commissioned in 2008.

- Spread over an area of 20,300 mz, the KB Engine Plant is part of the Rs. 9,000 crore investment plant drawn by Maruti Suzuki and Suzuki Motor Corporation.

- This engine is fitted in the Maruti A-star car which is the latest launch of Maruti Suzuki.

2.2(3) (ii) **Manesar Facility**

- Manesar facility has been made to suit Suzuki Motor Corporation (SMC) and Maruti Suzuki India Limited (MSIL) global ambitions formally launched in 2007, from this facility car models such as A-star, Swift & SX4 and Dzire have been rolled out.

- This is another highly automated plant especially in the areas of press shop, weld shop and paint shop ensuring high quality of work and accuracy at any juncture.
The Plant at Manesar is the company’s forth car assembly plant with an initial capacity of 1,00,000 cars per year.

Suzuki Power train India Ltd. The diesel engine plant at Manesar is Suzuki & Maruti’s first and perhaps the only plant designed to produce world class diesel engine and transmission for cars.

The plant is under a joint venture company, called Suzuki Power train India Limited (SPIL) in which SMC holds 70 per cent equity the rest is held by MSIL.

The facility has an initial capacity to manufacture 1,00,000 diesel engines a year. This will be scaled up to 3,00,000 engines/annum by 2010.

2.2(4) Visions and Core Value

The leader in the Indian Automobile Industry, creating customer delight and shareholders wealth, A pride of India.

2.2(5) Maruti Exports

Maruti Suzuki exports entry level models across the globe to over 100 countries and the focus has been to identify new opportunity markets.

At present, Latin America and Africa constitute new emerging markets where maruti exports have increased at least by 60% in the last year.

The company sold 53,024 units during 2007-08. This is the highest ever export volume in a year for the company, and marked a growth of 35 per cent over the previous year.
2.2(6) Future Plans of Maruti Udyog (MSIL)

The year 2009 would mark recommencement of Maruti Suzuki to Europe with the introduction of the new model derived from concept A-star. The export efforts will be led by Suzuki’s forth world strategic model, A-star, which will be manufactured exclusively in Maruti Suzuki. It will be exported mainly to Europe, but also to other markets in the world.

- Using A-star, a Euro V compliant model in the “A “segment, the company plans to re-launch itself in the European markets. The company is targeting a yearly volume of 1,00,000 in Europe and other parts of the world. But eventually the company is bullish to take its exports to 2,00,000 units annually by 2010-11.

- One of the immediate challenges was to create manufacture to transport such a large no. of cars and the company has forged partnership for this with the Adani Group to set up a mega car terminal at Mundra.

2.2(7) Achievement & Awards of Maruti Udyog (MSIL)

1980s- There was a time when scooters had awaiting period, industrial production was licensed, there were two models doing 40,000 volumes a year in the name of car industry.

Early 1990s- The era of liberalization a time Indian industry had been waiting for so long manufacturing becomes very crucial to the growing economy. It was a time when industry was growing and India was looking towards the world with renewed vigor, renewed hope.

Late 1990s- The late 90s was a buzz of activity for Maruti while Maruti was a market leader at the beginning of the 90s. Competition coming in with new products gave a new twit to the situation. The company had to respond to the situation
was going back to its fundamentals. The customer was the key and the company looked at implementing various initiatives to delight the customers.

The result became evident in 2000 and further. Maruti is until today, the undisputed winner of the JD power award for customer satisfaction.

1981-Maruti Udyog Limited incorporated.
1982- Stepped into a JV with SMC of Japan.
1983-Maruti, 800, a 796 cc hatchback, India’s first affordable car was produced.
1984-Installed capacity reached 40,000 units. Omni, a796 cc MUV was in production.
1985-Launch of Maruti Gypsy (970cc, 4WD off-road vehicle)
1986-Produced 1,00,000 vehicles (cumulative production)
1987-Exported first lot of 500 cars to Hyungry
1988-Installed capacity increased to 1,00,000 units.
1992-SMC increased its stake to 50 percent.
1994- Produced the one million vehicles since the commencement of production.
1995-Second plant launched the installed capacity reached 2 00,000 units.
1996- Launch of 24-hour emergency on-road vehicle service.
1997- Produced the 2 millionth vehicles since the commencement of production.
1998- Launch of website as part of CRM initiatives.
1999- Launch of Maruti-Suzuki innovative traffic beat in Delhi and Chennai as Social initiatives.

In 2000 Company reported a loss of Rs. 269 crores in 2008 and JD Power customer satisfaction award given to Maruti this year. Maruti launched jointly IDTR (Institute of Driving Training and research) with the Delhi Government to promote safe driving habits. Maruti Alto also launched in this year and it was first car company in India to launch a car centre.

In 2002 SMC had acquired majority stake in MUL (Increase to 54.2%) in 2002 and Maruti financed with 10 finance companies in Mumbai & Insurance launched.

In 2003 Maruti gets listed on BSE & NSE in 2003 and this year IPO (Issue oversubscribed 11.2 times). New Zen launched first facelift by Maruti engineers. Production reached up to 4 million vehicles.

In 2004 a new esteem launched-second successful facelift by Maruti engineers. Maruti closed the Financial Year 2003-04 with an annual sale of 4,72,122 units, the highest ever since the company began operations 20 years ago.


In 2007 Maruti launched Swift diesel in 2007. New Car Plant and the diesel engine facility commence operations during 2006-07 at Manesar. Haryana. SX4, Luxury Sedan launched with the tag line-‘Men are back.’ Maruti launched Grand Vitara also this year.
In 2008 World premiere of concept A-star at 9th Auto-expo, had been done in New Delhi.

In 2009 MSIL has adopted voluntary Fuel Disclosure in 2009 and first shipment of A-star leaves Mundra port Jan-10. ‘Car of the year award’ has been given to A star bags, zigwheels and S-star rated best small car of the year-Autocar-UTVi.

2.2(8) Main Goal of the Maruti Udyog Ltd.

On the overall, the main goal of Maruti Suzuki India is to provide the Indian population with compact, light weight, fuel efficient and low maintenance cars which are opt and suitable for best driving experience on Indian road conditions and weather situations as well.

2.2(9) Progress during the study period

Since commencement of its operations in India, Maruti Suzuki has gone way ahead in providing almost 7.5 million vehicles in India. Today it is capable of selling 5,00,000 cars in India’s domestic market. The export scene state almost 5,00,000 cars exported globally and while annually it can export 30,000 cars.
Hyundai Motors India Limited

2.3 (1) About Hyundai Motors India Ltd.

Hyundai Motor India Ltd. is South Korea’s Largest car maker and 6th largest car maker in the world. Hyundai Motor India Ltd. (HMIL) is the Second largest and fastest growing car manufacturer in India. Santro, Getz, i-10, Accent, Elantra, Sonata Embera and Tuscon are the most successful brands of HMIL. The co. is an ISO 14001 for its sustainable environment management practices.

Hyundai Motor Company (HMC) is a division of Hyundai Kia Automotive Group. It is south Korea’s largest car maker. It is headquartered in Yangiae-Dong Secho-Gu Seoul. HMC is also the 6th largest car maker and operates the world’s largest integrated automobile manufacturing facility in Ulsan, South Korea.

In India the Co. is known by Hyundai Motor India Limited (HMIL). It is wholly owned subsidiary of Hyundai Motor Company and is the second largest and the fastest growing car manufacturer in India. Currently the company markets 32 variants of passenger cars in 6 segments. Santro in the B segment, Getz in the B+, the Accent in the C segment, Elantra in the D segment, Sonata Embera in the E segment and the Tuscon in the SUV segment.

It is the Country’s fastest growing car company having rolled out 10,00,000 cars in just 90 months since its inception and is the largest exporter of passenger cars with exports of over Rs. 1800 crores. The company has recorded a growth 27.2% in export over the year 2004.

- Established in 1967, Hyundai Motor Company has grown into the Hyundai-Kia Automotive Group which was ranked as the world’s fifth-largest automaker in 2007 and includes over two dozen auto related subsidiaries and affiliates. Employing
over 75,000 people worldwide, Hyundai Motor posted sales of US $ 74.9 billion in 2007 on a non consolidated basis (using the average currency exchange of 929 won per US dollar), Hyundai vehicles are sold in 193 countries through some 6,000 dealership and showrooms.

- Hyundai Motor India, continuing its tradition of being the fastest growing passenger car manufacturer, registering total sales of 3, 27,160 vehicles in the calendar year (CY) 2007, increases of 9.2 per cent over CY 2006. In the domestic market it clocked a growth of 7.6 percent as compared to 2006 with 2, 00,412 units, while overseas sales grew by 11.8 percent, with exports of 1, 26,748 units.

- HMIL’s fully integrated state-of-the-art manufacturing plant near Chennai boasts of the most advanced production, quality and testing capabilities in the country. In continuation of its commitment to provide the Indian customer with global technology, HMIL has set up its second plant, which produces an additional 3, 00,000 units per annum, raising HMIL’s total production capacity to 6, 00,000 per annum.

- HMIL has invested to expand capacity in line with its positioning as HMC’s global export hub for compact cars. Apart from the expansion of production capacity, HMIL currently has 252 strong dealer networks across India, which will be further bolstered in 2009.

- The year 2007 has been a significant year for Hyundai Motor India. It achieved a significant milestone by rolling out the fastest 4,00,000th export car. Hyundai exports to over 95 countries globally, even as it plans to continue its thrust in existing export markets, it is gearing up to step up its foray into new markets. The year just ended also saw Hyundai Motor India attaining other milestone with the launch of i-10 and yet another pat-breading record in its young journey by rolling out the fastest 1,5,00,000th cars.

- Hyundai’s new model i-10 which made its global debut here in India in October,2007 made a clean sweep of all the ‘Car of the year 2008’ awards from the
leading automotive magazines and TV channels like BS-motoring, CNBC-TV18, Auto car, NDTV Profit car & Bike India and overdrive magazine. The i-10 is also the choice of the discerning automotive media of the country as they conferred the prestigious ‘Indian Car of the year’ (ICOTY) award to the i-10 as well. The i-10 bagged these awards on the basis of excellence in build quality, handling, driver comfort, safety and ride quality.

- The Santro and the Accent also received the ‘TNS Voice of the Customer-2008’ award for the premium compact car (Santro) and the Entry Mid size car (Accent). In March 2008 it achieved yet another milestone by rolling out the fastest 5,00,000th export car.

- Last year the Hyundai Verna bagged some of the most prestigious awards starting with the title of “car of the year 2007” by India’s leading automotive publication-overdrive, the “Best Midsize car of the year” award by the NDTV Profit Car & Bike India Awards 2007, the “Best Value for money car” by the CNBC Auto car Auto Awards and “Performance Car of the ear 2007” from Business Standard Motoring.

- Hyundai Cars have been a favorite at all awards ceremonies and have always been winning awards our models like Sonata Embera won the ‘Executive Car of the Year-2006’ award from the Business Standard Motoring Magazines and NDTV Profit Car & Bike India declared the Tuscon as the ‘SUV of the year 2006’, Not only this. HMIL has also been awarded the benchmark ISO 14001 certification for its sustainable environment management practice.

### 2.3 (2) Research & Development

Hyundai has one of the most advanced research and development facilities that focus on state of the art product and design engineering and rigorous quality enhancement. Hyundai and Kia together have Research & Development centers in the United States, Europe, Japan apart from the global Research & Development headquarters at Ulsan,
Korea. The Hyundai Motor Group has recently dedicated an annual Research & Development spend of close to US $ 2 billion, up from US $ 1.2 billion to enhance its thrust on new product development and achieve global quality benchmarks by year 2005. This includes the $ 30 Mn Hyundai-Kia Design and Technical Centre in Irvine California.

2.3 (3) **Environment**

Hyundai is committed to making vehicles that make the world a better place to live in from design stage to production, all processes are concentrated on making cars that pollute a lot less and exceed global benchmarks.

Hyundai Motor India has been awarded the benchmarks ISO 14001 certification for first sustainable environment management practices. Living up to its commitment of providing global standards of quality and process management in India, Hyundai and put in place an Environment Management System (EMS) at its manufacturing plant in Chennai right from its project stage. The certification process was completed in a record time of 10 months with ‘zero NCRS’. The assessment was done by TUV SUDDEUTSCHLAND and covered areas like Awareness Training, Technology Upgradation, Recycling, Waste Management and fulfilling Government Regulations. HMI is also working on a backward integration strategy that will support vendors of the company in implementing EMS.

Hyundai Motor Company, South Korea, the parent of HMI, has been doing considerable work on sustainable environment management. The company has a well defined framework in place for developing products that reduce pollutant emissions and processes for preservation of natural resources and energy along all the stages of the product lifestyle from production, sales, and use to disposal. The company has also been in the forefront of development of environment friendly technologies like Hybrid Electric Vehicles (HEVs), and Fuel Cell Electric Vehicles (FCEVs) and has
been awarded the ISO 14001 certification for all its three major plants in Ulson, Asan and Jeonju in South Korea.

2.3(4) Awards & Achievements

Hyundai Motor India was awarded the ‘Manufacturer of the year’ award and the ‘Best Variant’ award for its ‘i-10 kappa’ engine at the UTVi Autocar Awards 2009.

Hyundai Moto India was awarded the ‘Niryat Shree’ Silver Trophy for the year 2005-06 by the federation of Indian Export Organizations (FIEO). The award was conferred for Hyundai’s outstanding performance and metallurgical in the engineering and metallurgical products under the NON-SSI Category.

As one of the fastest growing automobile companies in India, Hyundai has many accomplishments to its credit.

Hyundai won no. of awards as follows:


Hyundai awarded by the CNBC Auto car India for being the manufacturer of the year for 2 years in row. Hyundai also awarded by MOTORING for Performance car of the year’ 2007 Hyundai Verna 1.5 CRD, Hyundai Getz is BS Motoring’s Car of the year 2005, BS Motoring-BS1000-company of the year 2005-hyundai Motor India Limited, Hyundai Santro is BS Monitoring Car of the year for 1999.
Hyundai Motor India Received Engineering Export Promotion Council (EEPC) ‘Top exporter of the year’ award for 2005-06 on Jun1, 07. NDTC Profit Car & Bike Awards 2008 given to Tuscon ‘SUV of the year’. PM Presents ‘star company’ award to Hyundai Motor India by Business Standard for. Hyundai’s Accent Petrol-no. 1 Entry Midsize Car and Accent CRD- no.1 Midsize Diesel Car. Aawarded by TNS TCSS 2005.

Hyundai Santro has topped the JD Power Asia Pacific Initial Quality Study (IQS) that measures product quality for three years in a row (years 2000, 2001 and 2002). Hyundai Santro has topped the JD Power Asia Pacific APEAC study that measures customer satisfaction for three years n a row(years 2000, 2001 and 2002).

Hyundai Accent has topped the JD Power Asia Pacific IQS for 2002 and the APEAL study for 2001 and 2002. Hyundai Motor India was adjusted the ‘car’ maker of the year’ at the ICICI Bank Overdrive awa rds 2003.

2.3(5) **HMIL (Hyundai Motor India Foundation)**

At Hyundai Motor India, corporate social responsibility is a commitment integrated into the philosophy of the organization. HMIL committed towards collective excellence, and believe in the core philosophy giving back to the civil society that drives its sustenance. Hence, Philanthropy at Hyundai welfare, but is a concerted effort by all members of the company including investment of one’s time, experience sustainable development. On Apr 10, 2006, this continuing commitment has led to the charter of the Hyundai Motor India Foundation. (HMIF)

The objectives of this trust is to address the expectations of society and to initiate the concrete steps to extend support in the fields of Health Care, Educational and Vocational Training, Environmental, Road Safety, Art, Science and Technology and much more.
The first trustees of HMIF are Managing Director, HMIL President, HMIL, Executive Director (Administration) HMIL and Legal Advisor, HMIL. The trust will get the direct funding from Hyundai Motor India (HMI) only. In addition to this HMI plan to contribute Rs. 100/- of each car sale to HMIF funds.

The first contribution of HMIF amounting Rs. 35,00,000 has been handed over to Dr. S.P, Tyagarajan, Vice Chancellor-University of Madras for the preservation of the Senate House of the University.

On April 13, 2006 HMIF also donated a Hyundai Accent Car to care foundation. Care Foundation is a non-profit society engaged in providing health care to people from economically weaker section of the society and those living in rural areas and developing cost medical products. The keys of the Hyundai Accent were handed over by Mr. H S Cheem, Managining Director. HMIL to Prof. B Soma Raju, a renowned Cardiologist and the chairman and Managing Director of care Hospitals.

The Hyundai Motor India family was overwhelmed when the president of India. His Excellency Dr. APJ Abdul Kalam called upon the company’s management to congratulate and extend his best wishes after the launch of the foundation.

**2.3(6) Focus of HMIL**

The research & Development team focuses on the development of new products and technologies that include interior and exterior design changes development of new generation engines and alternate fuel systems, concept vehicles and advanced passenger safety and comfort systems, in line with evolving customer preferences across the globe. Recent successes of the team include the development of the Hyundai Patented common Rail Direct Injection (CRDi) engine in association with Detroit Diesel and the award winning fuel cell Santa FE.
2.3 (7) Efforts of HMIL

Some of the ongoing projects that the Hyundai Research & Development team is involved in include the development of the ‘World Engine’ in association with Daimler Chrysler and Mitsubishi and the development of Automotive Telematics in association with IBM.

That the efforts of the Hyundai Research & Development team has paid great dividends to the company is evident from the fact that the company’s newly engineered products like the Santa Fe and the Getz have made waves in the global automotive markets and the ‘US Consumer Reports’ magazine has ranked Hyundai Cars in level with that of Honda in its recent quality rankings.

2.3 (8) Production & Planning

The production management processes at Hyundai Motor India are overlayed with an organization-wide implementation of manufacturing best practices like just-in-time inventory management, Kaizen T.PM and TQM, that help us in making the world’s best cars, right here in India.

Hyundai’s fully integrated manufacturing capabilities include:-


They are probably in the most elite group of car manufactures in India to have such technological knowledge. Their main aim is to make India a global hub for export of cars. A no. of new Hyundai Cars are in the pipeline. They believe that India has potential to achieve such a feat and in order to take India a step further they are investing heavily here.

They are also planning to increase their dealership network and their after sales services. In the year 2005 HMIL shipped their first consignment to the United Kingdom. Previously they had exported to some countries in the European Union but they were left hand drive cars. The same year they also achieved a milestone of manufacturing the fastest 2,00,000th export car.
Summary: In second chapter we have discussed the profile of both the sampled units i.e. Maruti Udyog Ltd. (now Maruti Suzuki India Ltd.) and Hyundai Motors India Ltd.

In next chapter we will try to evaluate the liquidity and profitability of Sampled Units with the help of selected ratios. In liquidity analysis we will take Current Ratio, Liquidity Ratio and Absolute Cash Ratio to determine the liquidity position of both the companies. Various selected ratios related to profitability of both the companies’ i.e Gross Profit Ratio, Net Profit Ratio, Return on Assets, Return on Equity will be taken into study. Market Value Ratios will also be discussed i.e. EPS, P/E Ratio, EVA, MVA & Tobin’s q in third chapter.