

MARUTI NEWSLETTER

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MARUTI SUZUKI NEWS

June Sales: We sold 61,247 units in June 2008 recording a growth of 2.2% over June 2007. In A2 segment sales was flat up 0.3% (37,767 units) and 48% A3 segment (5,807 units). C segment saw a decline of 13.1% (6,964 units). Maruti 800 was down by 13.7%, selling 5,361 units. During the month, we exported 4,836 units. The market conditions like the rise in interest rate, inflation, credit squeeze etc., are affecting the growth. Now is the time to use our strengths like our network, our product range, our skills etc., to combat the situation.

Value Analysis Month: This year July will be a Value Analysis month for all of us. The theme is "An Organised Approach for Creativity & Breakthrough Cost Reduction" and focus model is Alto. Various activities like Junkai visits to our vendors, Cost Workshops for Alto high-value parts, meeting with top 25 vendors for Alto to initiate breakthrough cost reduction ideas/designs, etc., has been planned. Let's come forward and participate with full energy and make this initiative a success once more.

Corporate Reputation Study: According to Corporate Reputation Study, 2008 conducted by TNS India, we ranked first among automobile companies followed by Hero Honda Motors and Tata Motors. Overall we ranked fifth and are the only four-wheeler company to feature in the top 10 list. Microsoft occupied the first place followed by Infosys in the second position and State Bank of India in third position. 63 leading companies across various sectors were part of the study and reflect stakeholder expectations and experiences with the company and its services, processes, management and systems.

Safety Training: Around 3,500 contract workmen, who became part of our family during shutdown, were given safety tips. The objective was to make these workmen overcome the resistance to usage of Helmets, Gloves, Safety Belts, etc. An innovative and effective medium of 'Nukkad Natak' in the local language was used to convey the message. The 'Nukkad Natak' depicted serious subjects like a mishap, an unsafe condition and habit in a manner that left an impact on the audience. A demonstration of usage of personal protective equipments like helmets, safety belt, safety shoes etc., marked the end of the training sessions.

Our New Head Office: Nelson Mandela Road, Vasant Kunj, New Delhi will soon be the new address of our head office. Built keeping in mind the concept of green building, the office will have a contemporary look. Designed for over 800 persons, the four storey building is spread over a plot area of 7,410 Sqm. Concepts like double glazed glass, thermal insulation of roof, energy efficient lights, solar lights etc., help to minimize the energy consumption. Other features include an Amphi Theatre and a world-class display centre showcasing our range of cars, SMC sports cars and bikes. Emphasis on landscaping will add delight to the new office.

Road Safety Workshop: A series of 'Rain Drive Weekend Workshops' have been launched in Mumbai by Maruti Driving School. This times well with the onset of monsoon in the region. Most of the accidents during rainy season are due to lack of awareness towards safe driving techniques, attitude and behaviour, safety measures and improper maintenance of vehicles in the rainy season. This workshop will facilitate an individual with an assessment of on-road driving ability and will also give detailed vehicle maintenance guidelines through demonstrations and theoretical sessions. The workshop will run over for two months of rainy season (July-August), on every Saturday and Sunday in Maruti Driving School, Navi Mumbai.

Swift Mark: Aggregate worldwide production of the Swift exceeded one million units at the end of May. Suzuki began production of Swift in Japan in September 2004 followed by Hungary, India, and China soon thereafter. Now the production base also includes Indonesia and Malaysia. Aggregate Swift production passed through the one-million-unit level three years and eight months after the first unit rolled off. The Swift reached this milestone more quickly than any other Suzuki compact car. Presently Swift is on sale in 115 countries and regions around the world.

SMC Fuel Cell Vehicle: SMC in collaboration with GM has developed a compact fuel-cell vehicle called the SX4-FCV. The vehicle will soon be tested on public roads in Japan. Suzuki has been developing fuel-cell vehicles in partnership with GM since 2001. So far, it has tested three fuel-cell mini vehicles on public roads: the MR Wagon-FCV and Wagon R-FCV in October 2003 and the MR Wagon-FCV again in December 2004. As part of its support for the G8 Hokkaido Toyako Summit, which begins on July 7, Suzuki will show the SX4-FCV in the Environmental Showcase exhibition.

Network: During June 2008, the strength of sales network stood at 600 sales outlets and extension counters covering 393 cities. The network sales force was 14,558 dealer sales executives. Besides, the network had 280 Maruti TrueValue outlets dealing in pre-owned car business, 13 retail shops and 68 distributors to sell MGP. Service network stood at 2,579 service outlets (675 dealer workshops and 1,904 MASSs) across 1,216 cities.

SSQC: This month, the top three suggestions came from Anupam Iyer, Ganapathy Seetha and Anirban Pal, from Supply Chain. Level wise, L5 and L6 employees contributed the highest 21 suggestors to the list of 100 suggestors followed by L10(S) with 12. This was followed by L09(S) with 10 suggestors. Department wise, Assembly Shop 1 and Assembly Shop 2 ranked first with 14 suggestors while Weld Shop 3 contributed 11 and Weld Shop 2 contributed eight. During the month, 6,514 suggestions were implemented companywide.

Automobile World

(Based on newspaper reports)

Industry Sales: Domestic sales of passenger cars grew by 4.7% over last June. 1,06,793 units were sold. A2 segment sold 67,209 units up 2.4%. A3 grew at 23.1% at 22,259 units. C sold 6,964 units, down 13.1%. A1 (Maruti 800) was down 13.7%. MUVs grew 12.1%, sold 19,165 units. Maruti (0.2%), Hyundai (34.1%), Ford (21.1%) and Honda (4.1%) saw growth in the passenger segment. Tata Motors (-5.5%) and General Motors (-6.3%) declined.

On road: Hyundai launched the CNG variant the Accent at Rs 56,500 more than its current price. At present the car is available at Rs 4.99 lakh (ex showroom Delhi). The dual fuel Accent will use CNG as an alternate fuel and would be compatible without any modification. Honda introduced the first hybrid vehicle in the country by launching its sedan Civic, equipped with a petrol engine and an electric battery. The Hybrid will cost Rs 21.5 lakh (ex-showroom Delhi).

Car forecast: Bajaj and Renault-Nissan have decided not to restrict their JV to a small car. The alliance will spawn an entire 'portfolio of products' from cars to multi-purpose, multi-seat vehicles. It will also enter into mid to high-end car market. Renault Nissan Automotive India will produce 4,00,000 cars a year starting 2010. The Logan series and Nissan's Micra will be produced. GM is developing gas variants for three models including the Spark, the Aveo U-VA and the Aveo.

On track: The work on Ford's small car is well on track for its launch in early 2010. The company is considering both a petrol and diesel engine for the small car. It would be a car with more features to suit Indian conditions and consumer expectations. It will conform to the engine capacity requirement of the Indian Government for duty concessions. The major competition will be from Maruti Suzuki and Hyundai models.

Product information: Hyundai will launch at least three new cars under its i-series for the domestic as well as the overseas market. It is also entering into the D-segment with the Avante. After introducing the CNG variants it will launch the Santro and Accent on LPG fuel. Toyota plans to launch a series of compact models with engines varying between 1.1-1.3 litre over the next two to three years. It is also getting ready to launch the sports utility vehicle (SUV) Fortuner.

First Choice: M&M's used-car business, First Choice, is offering equity to Phi Advisors, an India-based PE fund, to raise funds. It will be pumping in close to Rs 80 crore. By the end of the year, First Choice will have nine superstores. The Rs 30,000-crore used-car business in India retails Maruti 800 and compact cars like Santro, Alto, Indica, Getz, WagonR and sells around 1.5-million cars, which is expected to go up to 2.5 million by 2013.

Money talk: Ford will invest \$500 million to set up a small car production facility and an engine manufacturing unit in India by 2010. A new engine manufacturing facility would be constructed adjacent to the existing plant near Chennai. Both petrol and Ford's next generation diesel engines would be manufactured here. The capacity would be doubled to 2,00,000 annually. Ford's total market share of the B, B+ MUV segment in India was 15.4% in 2007.

Gold rush: As world markets move to smaller and less fuel-hungry vehicles, Indian engineering skills are suddenly hot property as global auto companies source competence, along with components, for their next-gen models. The second wave of sourcing focuses on skills, particularly in small cars where India has a core competence. Suzuki is planning to outsource its costly model development to India. India will be the small car hub for manufacturing and in product development.

Hyundai Plans: Hyundai will soon begin to work a third shift at its second plant. The i10 has sold well over 1,00,000 cars in the last six months, providing enough business justification for the \$ 500-million second plant that began production in February. Hyundai expects to meet its 2008 target of 5,30,000 cars. But next year, its production will hit 6,00,000 cars. Hyundai is optimistic because it has been outpacing the market by a wide margin.

Profit zone: Hero Honda, posted an impressive 16% growth in June this year over the previous corresponding month. It sold around three lakh units in June (2.5 lakh units). Bajaj posted a growth of 8% it sold 1,75,903 units in June (1,62,730 units). On the back of a revamped Flame 125cc launched this year, TVS Motors posted a 9% growth in June. The company sold 51,409 units last month. Its exports surged 64% (15,000 units) in June.