

## DAIMLER CHRYSLER INDIA PVT. LTD.

## DAIMLERCHRYSLER

DaimlerChrysler is a global automotive firm with 384,723 employees worldwide, and revenues of US\$ 192.3 billion (EUR 142.1 billion) in 2004. The company has manufacturing facilities in 17 countries and sells its products in 200 countries. It invests about 6 billion euros a year in research and development, more than any other German company. The company currently offers 20 different passenger car models, the key passenger car brands being Maybach, Mercedes-Benz, Chrysler, Jeep®, Dodge, Smart, Freightliner, Sterling, Western Star, Setra and Mitsubishi Fuso. Commercial vehicle brands include Mercedes-Benz, Freightliner, Sterling, Western Star, Setra and Mitsubishi Fuso.

### **Well established in the Indian automobile market**

Mercedes-Benz India Ltd. was formed in 1995, as a 51:49 joint venture between the erstwhile Daimler Benz and Telco. In 2001, DaimlerChrysler took over 100 per cent ownership, and the company was re-named DaimlerChrysler India Private Ltd., a fully owned subsidiary.



The company started out with one model – the Mercedes E Class – in 1995. Over the past 7-8 years, it has introduced most of the global range of products in India. While the E, C and S Class passenger cars are assembled in India, other models are imported as completely built units (CBUs) and retailed in India. The retail network consists of 12 dealerships, with 15 showrooms and 24 service stations spread across key markets in India.

The company has its assembly facility in Pune, Maharashtra. The plant has been certified for ISO 9002 and TS 16949 compliance, and has been rated the 'Best Manufacturing Plant' outside Germany in DaimlerChrysler worldwide, four times. The company has been profitable for the last five years.

### **Differentiation through Product Technology and Quality**

DaimlerChrysler India has maintained a constant thrust on the quality of its products and customer service. The company caters to the elite layer of customers who are typically widely traveled and have high expectations. Hence it has focused on bringing out products that incorporate the latest technology, with best in class performance and safety features. Its dealer network also incorporates high quality of showroom amenities and service. The entire dealer network of DC India has been certified for ISO 9000 certification.

### **Focus on training**

Training is a key aspect of DaimlerChrysler India's thrust on service quality. Its dealer technicians are put through a one year residential training program

called 'Mechatronics', where they are trained in the latest automotive mechanics and electronics technology. Apart from technical training, the company also focuses on the softer aspects of customer handling.

### **India is a key growth market**

DaimlerChrysler considers India a key growth market. The company decided to invest in India as it saw significant potential in the automobile sector in the country, and promise of sustained economic growth, post the liberalisation measures initiated in 1991. While the volume growth has not matched the initial expectations, it has been steady and sustained, to justify the company's belief in the market.

The company has been experiencing strong growth in its passenger car sales volumes over the past three years.

It has also exported over 3,000 Mercedes-Benz vehicles manufactured in India to more than 25 countries including Germany. DaimlerChrysler India has successfully developed more than 20 joint ventures for manufacture and export of auto components to the DaimlerChrysler plants in Germany.

The performance of the Indian operations has met the expectations of the group, and India is

considered a strategically important market in the Asian region.

### **Indian market offers several advantages**

DaimlerChrysler perceives several advantages in the Indian market. While the automotive industry is on a growth path, the developments in infrastructure and a strong, regulated financial market indicate strong fundamentals that can sustain the growth over the long term.

### **Large and growing automotive market**

India is emerging as one of the most attractive automotive markets globally, and is poised to become a key sourcing base for auto components. The domestic automobile market has been growing at 14.2 per cent CAGR over the past 4 years (2000-01 to 2004-05), while the auto component market has been growing at 19.2 per cent CAGR (2000-01 to 2003-04). The Passenger Vehicles segment, which consists of Passenger Cars and Utility Vehicles, has been growing at a CAGR of 11.3 per cent for the past 4 years.

A key trend in this segment is that with increase in income levels and availability of financing options, customers today are increasingly aspiring for higher end models. There has been a gradual shift from entry level models to higher end models, in each segment. This is an encouraging trend for



high end passenger car manufacturers like DaimlerChrysler.

### **Infrastructure improvement expected to provide impetus for road travel**

The focus on infrastructure development in India, which has seen large scale highway construction projects such as the Golden Quadrilateral (linking the four metros – Delhi, Mumbai, Chennai and Kolkata) and the North-South and East-West corridors undertaken in the past few years, is expected to lead to increased inter-city travel by road. In turn, this would increase demand for high performance cars that provide increased comfort and safety at higher speeds.

### **Availability of quality manpower**

While India's advantage in terms of availability of skilled labour pool is well recognized, DaimlerChrysler has also been leveraging the management talent in India. The managers of DC India are deputed to Germany under international training programmes which help them to take over high responsibility jobs in DC India.

### **Focus on Social Responsibility**

As a key global player in the auto industry, DaimlerChrysler has been focusing on several initiatives as part of its corporate social responsibility. Some of the initiatives that the company has established in India include:

#### **Jatropha Biodiesel Fuel Production**

Daimler Chrysler instituted the Jatropha Biodiesel Fuel Project in India in 2003. It is a public-private partnership project. It has a potential to reduce fossil CO2 emission with the use of biodiesel. The plantation in Jatropha is aimed at recovery of soil and creating jobs as well. The jatropha nuts are suited to produce diesel fuel and the project offers an opportunity to generate new income for the resident farmers.

Daimler Chrysler has a long-term commitment

to the Indian market and has full support of the parent company for its future plans in India.

### **Mercedes-Benz Mobile Kids**

The "Mercedes-Benz Mobile Kids" is a road-safety program that teaches children the basics of Road safety in a fun and entertaining manner. It has been a successful program across Europe and Asia. In India, it was conducted for three schools in Pune last year. The company plans to roll out this program in other cities as well in a phased manner.

### **Future Plans**

The company is convinced about the considerable growth from Asia and thus DaimlerChrysler India intends to play a definite role in the strategic forays in this part of the globe.

The company plans to focus on growing in the Indian market, by introducing new models regularly, and staying ahead of competition on the product performance and technology fronts.

#### **Daimler Chrysler India: At a glance**

- *Company: Revenues of US\$ 192.3 billion, 384,723 employees; manufacturing facilities in 17 countries and sells its products in 200 countries*
- *Company in India: Set up in 1994, a 100 per cent subsidiary of Daimler Chrysler.*
- *For Daimler Chrysler, India: will play a definite role in the strategic forays in Asia Pacific.*
- *Factors for success: Latest product technology, quality and safety features. Superior sales and service network backed by in-depth training, empowered employees.*
- *Future plans: Long term commitment towards the market.*