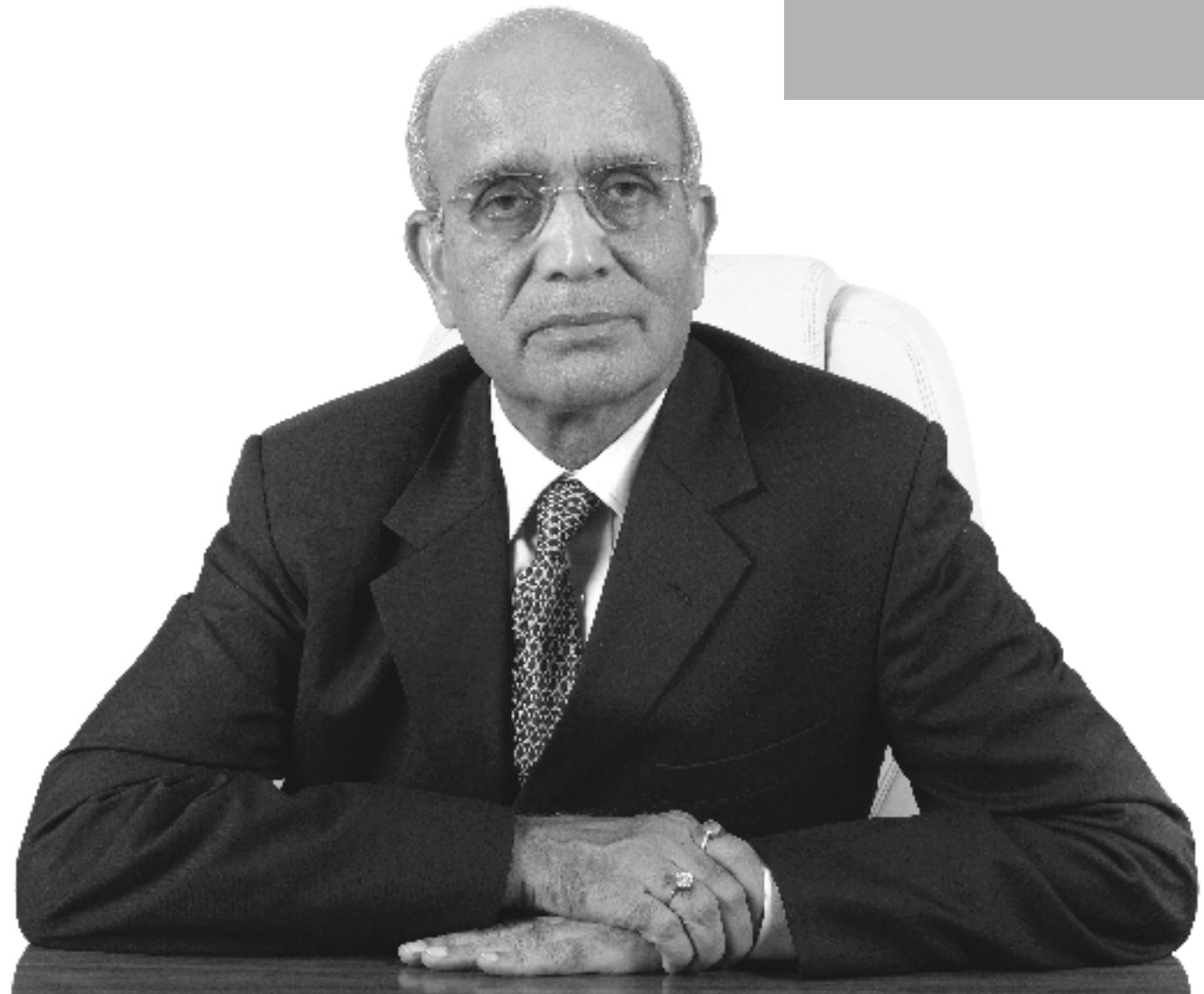
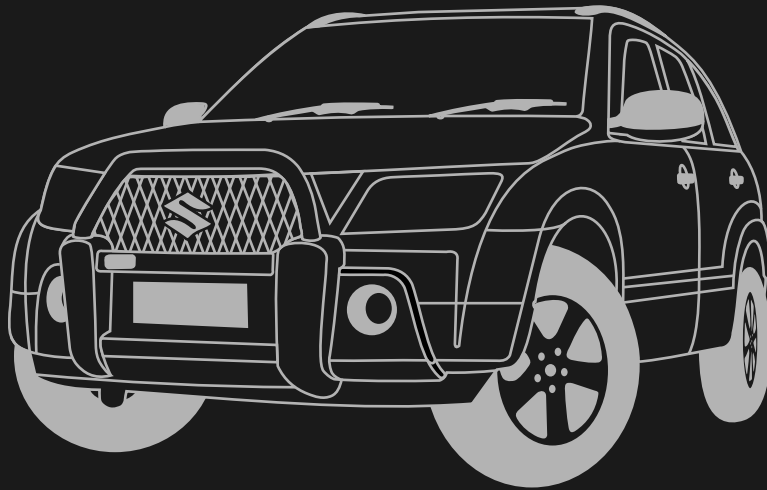


Chairman's
Message



Mr. R. C. Bhargava
Chairman



"One of Maruti's great strengths is that we have internal resources to finance both R&D expansion as well as capital investments. The higher interest rates, and the risk of making large borrowings to finance capital costs, will not affect us."

Maruti Suzuki is now very much on the global map, recently being rated as the fourth most reputed automobile company in the world. This has happened because of the contribution of all the stake holders of Maruti.

Dear Shareholder,

It gives me great pleasure to reach you through this Annual Report. My association with Maruti goes back 27 years, with a break of only a few years when I was not directly connected with the Company.

Suzuki Motor Corporation has been a pillar of strength and has unstintingly supported the Company ever since we signed the Joint Venture and License Agreements on 2nd October 1982. The Government of India recognized this and awarded Chairman O. Suzuki with the Padma Bhushan. The role of the Government in the growth of Maruti was no less important. A partnership flourishes only when both partners add value. The Government also showed great

wisdom and foresight by gradually diluting its shareholding in the Company and listing Maruti on the stock exchange. This has created conditions for the Company to compete on equal terms with the best in the world.

The employees of Maruti, whether they are technicians, engineers or sales persons, have fully imbibed the Japanese work culture of making constant improvements, and placing the prosperity of the Company as the means of their own advancement. I believe there are very few companies in India where this kind of employee involvement, commitment and performance can be found. This should be a source of great comfort to you, because it assures the future success of the Company.

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The Indian automobile component industry has come of age. We now have some world class manufacturers in India and Indian companies are acquiring manufacturing companies abroad. The growth of the Indian automobile industry and of Maruti has been possible because of the support from our suppliers. We look forward to all of them growing with us.

Maruti Suzuki dealers of cars and spare parts are our interface with customers. It is through their efforts that Maruti remains by far the biggest car company in India, with a market share of 54%. I am sure that they will continue to do all that is required to maintain the leadership position of the Company.

The authorised service stations of Maruti should not be forgotten. They are spread all over India and give huge comfort to owners of Maruti vehicles because of the assurance of service support, whenever and where ever needed.

"Maruti is working at developing vehicles which will use cheaper alternative fuels like CNG. The R&D effort will also have to enable our vehicles to meet the new emission and safety regulations, which are to come into force in 2010."



The Indian economy has grown at a compound rate of about 9% annually for the last 4 years. The automobile industry has correspondingly grown rapidly. This year, there are concerns about a slow down. The sub prime crisis in the USA, accompanied by the huge rise in crude oil prices have triggered inflationary pressures in most parts of the world, particularly the developing countries. Interest rates have gone up, and money supply is being tightened by the Central Banks. The general expectation is that industrial growth, including the sale of automobiles, will be adversely affected. So far, during the first three months of this year, the Company has done quite well recording a sale of 180,093 vehicles in the domestic market - a growth rate of 12%. The Company will continue to make all efforts to maintain a reasonable rate of growth.

Personally, I expect the GDP growth to still exceed 8% this year and, because of the excellent models which the Company has launched, to continue to do well.



Maruti Suzuki started exports in the late eighties and has since then exported cars to more than a hundred countries of the world. This year, it will re-enter the European market with a highly fuel efficient and environment friendly compact car. This car will also be sold in India and other global markets.

The car market in India is growing increasingly competitive. This is not surprising, as global manufacturers are bound to come where they see a growing market. Maruti has a strategy for the future. With Suzuki's support, an ambitious plan of building R&D capabilities has been launched. The intention is that we should be able to design small cars in India, which are best suited for the Indian market.

I do believe that with the rising price of petrol and diesel, the market for smaller cars will grow faster. This trend is already visible in the world. Maruti is working at developing vehicles which will use cheaper

alternative fuels like the CNG. The R&D effort will also have to enable our vehicles to meet the new emission and safety regulations which are to come into force in 2010.

At the same time, Suzuki's unmatched expertise will continue to help us expand and modernize our manufacturing facilities. This is essential to meet competition. One of Maruti's great strengths is that we have internal resources to finance both R&D expansion as well as capital investments. The higher interest rates, and the risk of making large borrowings to finance capital costs, will not affect us. Being somewhat conservative in financial matters does have its advantages.

The Company recognises that its real strength is its employees. All efforts will continue to keep them motivated and happy.

Long term sustained growth of a Company requires that not only

should all stake holder interests be well protected, but the environmental impact of operations recognized and properly safeguarded. This is very much a part of the Company's corporate social responsibility approach.

I thank you for the confidence and trust you have placed in the Company.

With best wishes and warm regards,

R. C. Bhargava
Chairman