

## CHAIRMAN'S MESSAGE

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A land mark was achieved in 2008-09. Your company completed 25 years of the start of sale of its first car in India. It was on 14th December 1983 that the then Prime Minister, the late Smt. Indira Gandhi, released the first Maruti 800 car. Maruti Udyog Limited has had a very eventful and successful journey since then. From a company which was started to produce 100,000 cars a year, we have reached a production rate of a million cars a year. Thanks to the support and confidence shown by our customers, we have a market share in excess of 55% in cars and vans. Maruti cars are exported to over 100 countries and the volume of exports is likely to cross 100,000 units in 2009-10. Export of small cars will be one of the major elements of our future growth strategy.

The world wide recession which started in 2008 has taught us many lessons and also confirmed the validity of our strategies. As a consequence, we have weathered the recession much better than those who are highly leveraged. We are practically debt free and have a healthy cash balance. We have financed all growth from internal resources. Our continuous efforts at cost cutting and improving productivity, even in good times, have helped us in making reasonable profits despite the impact of

higher commodity prices and a weaker rupee. Even in 2008-09 we had a small growth in sale volumes. We do not have idle capacity and have not had to lay off our employees.

The financial crisis has shown the danger of having incentive schemes which distort values and prudent decision making, and give scope for the greed factor to dominate top management actions. Fortunately, we have followed policies which have been based on a good value system. We expect that by the time this recession ends, MSIL will emerge as an even stronger company.

Maruti was listed in 2003, and has been a consistent and strong performer on the stock exchange, giving handsome returns to investors. The company is now a totally private company, with government having exited. The company is now Maruti Suzuki India Limited.

Thus there is much to be satisfied about. However, Maruti has never been a company which has rested on its laurels. We have learned that continuous improvements have to be made. A company needs to keep its eyes on the future and what it should be doing to bring greater delight to its customers and higher rewards to those who have invested in the equity of the company. The automobile industry in India is just coming of age and the potential for growth is huge. We have to find, and implement, ways by which we can be major participants in realising this potential.

To do this, we have to rapidly develop our ability to design and manufacture small cars. Suzuki Japan is giving full support in this effort. We are in the process of acquiring land for building a modern research facility, complete with a test track of international standards. The engineering manpower is being rapidly increased. At the same time, we are persuading our suppliers to establish their own engineering capabilities to design and test products, as otherwise our own efforts cannot be fully successful. To the extent necessary, we will support our vendors in this task.

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The continuous upgrading of component quality is, in fact, a necessary condition for MSIL to become a large supplier of small cars to the world markets. We have been working with our vendors in this area since the last 25 years. We are now extending our scope of activity to ensure that tier 2 vendors also adopt modern systems which will increase productivity and reduce costs. The small and mini scale industry would stand to benefit enormously from this effort.

What we have achieved till now is because we have an outstanding set of employees in the company. The workers, supervisors, engineers and managers all work as a single team for the growth and prosperity of the company. They are partners in the growth and prosperity of Maruti Suzuki. Continued success in the future requires that we keep on finding ways to making them even more creative. At the same time, we recognize that we should continue to help our

vendors and dealers, so that they can share the experiences of Maruti Suzuki in developing the potential of their employees. Strong dealers and vendors means a strong Maruti Suzuki.

The future is exciting, and full of promise. The Indian economy will be amongst the two having the highest rates of growth. We expect that this government will accelerate the reform process and build good infrastructure. As a consequence, companies with strong fundamentals will also grow rapidly. We are prepared to take advantage of the opportunities which we see coming, and this will benefit our shareholders, customers and employees. The next 25 years should be no less successful than the period which has elapsed.

R.C. Bhargava  
Chairman

