

Thank you Kanwaldeep,

Good afternoon to all our analyst and investor friends,

You may have received our financial results for the second quarter. Before we discuss those, let me start with a brief overview of our business performance during the period.

Economy

Macro economic numbers show that the India growth story, that started four years ago, remains intact. GDP grew (YoY) by 9.3% in Q1. Manufacturing sector continued its growth journey with the Manufacturing growth index at above 10%.

Passenger car Industry

Over all growth for the industry has been 13.2% for the first half. This has to be seen in context of a high growth of 22.8% in the first half last year, propelled by excise reduction on small cars.

However, one of the factors driving growth this year is the novelty of new models. Besides, various players in the industry undertook aggressive marketing initiatives. We made our own efforts and experiments to reach out to potential customers. The company grew by 18.3%, while the competition could grow by 8.2%.

Maruti Suzuki India – H1 (2007-08)

The company sold 336,758 units in domestic market in H1, against 286,622 units last year same period. We grew by 22% in A2 segment where as in A3 segment, the growth was 58%. Our overall market share increased by 2.1%, and stood at 54.8% for the first half.

In the past few years, low and declining interest rates were a major driver of demand. With rates turning adverse, softening of the markets became evident fairly early in this fiscal. We took a conscious decision to make extra efforts and achieve incremental numbers. As such, various innovative schemes that involved employees, dealers, vendors and associates were launched, which cumulatively led to a significant growth in sales.

While efforts of our employees and partners have contributed, higher consumer promotion expenditure to neutralize the impact of interest rates has also played a role in achieving the high growth rate.

Further, growth in the A3 segment has been due to the newly launched sedan SX4, which has been received well by the market so far. Our performance in this segment had not been encouraging in the past. Similarly, our premium hatch back Swift continues to command impressive volumes. Demand for both models remains ahead of supply. As a gesture to customers waiting for these models, we have offered to pay interest at the rate of 24% p.a. on the booking amount beyond 15 days until availability.

Our efforts last year in developing non-European markets started showing results. Maruti exported 24,236 units in the first half, posting a growth of 51% over same period last year. The major destinations are Algeria, Indonesia, Chile and Egypt. Major models that are exported are M 800, Alto and Zen.

The company's efforts to build relationship and enhance customer satisfaction continued. For example, in comparison to 80 Mega service camps organized last year in the first half, this year we organized more than 200 Mega service camps at various locations in the country. Nearly 1 lac customers were serviced. The number of service points for the customers increased to 2,495 as at the close of the first half.

Under TrueValue operations, more than 40,000 cars were exchanged from 240 outlets in 156 cities. To facilitate exchange buying, the number of exchange melas also increased to 150 as against 105 melas in the same period last year.

As part of the company's expansion plan, investments are being made in Manesar plant to increase capacity. From the current 1lac units, capacity is expected to be close to 2Lac units per year by next year end, and to 3Lac units by 2010. The company is also setting up a new engine shop in its Gurgaon facility to introduce the latest engine series over the medium term.

On our road safety efforts, the company signed an MoU with the government of Gujarat to set up an Institute of Drivers Training in Vadodara district.

For the first time, the institute will train underprivileged people to become car mechanics, while also offering courses in driving.

Financials

Let me now discuss our quarterly financial highlights:

The company has posted a profit after tax of Rs 4,665 Mn, a growth of 27% from Rs.3,674 Mn last year same quarter. The net sales in rupee terms grew by 33.2% in Q2-0708 to Rs 45,297 Mn as against Rs. 34,006 Mn same period last year.

The growth in bottom line has been achieved despite challenges on various fronts.

- As I indicated earlier, promotion and marketing expenses went up significantly.

- On the commodity side, while steel increased marginally and aluminium prices came down, a major adverse impact was felt in copper, lead and zinc. Besides, the product mix shifted towards recently launched high value models where margins are initially normally lower.
- All this contributed to the fact that material cost as a percentage of net sales has increased from 75.2% in Quarter 2 of last year to 76.7% now.
- Interest Expense has been higher by Rs. 109.5 Mn on account of foreign currency loan taken for MSAIL before it was merged with Maruti.

Depreciation, too, is higher by Rs. 258 Mn.

- Another external variable has been the 30% increase in the cost of gas effective from this August.

Going Forward

We are committed to strengthen our model line up and increase our customer base.

The market scenario remains challenging. This year the festive season was not as festive as it has been in previous years. Competitor moves, such as sharp price discounts and launch of new models by other players, will also impact the scenario. Though in recent weeks, interest rates have slightly calibrated, the impact of this initiative on the market remains to be seen.

While the prices of imported components are expected to increase, prices of commodities like steel and copper have also been on an upward trend. Though we will continue our VA-VE and focused cost reduction efforts, increasing commodity prices remain a cause of concern.

Board Decision

Finally, many of you may have already learnt about the Board's decision today to appoint new members to the Maruti Suzuki top management team. My tenure is to end in December 2007.

Starting the next calendar year, there will be a distinguished team at the top to steer the company. I wish them all the very best.

I want to thank all members of the analyst and investor community for your support and interest in our company, and I request you to continue this positive association for a long time.

On this note I would like to invite any questions you wish to ask.

Thank you!