

MD's opening speech for the Con Call – 24th April 2008

Thank you KD

Good after noon ladies and gentlemen. It is my pleasure to discuss our performance in the financial year '07-08 and our thoughts on the future.

I would start with an all round view of our business during the year.

Economy and Passenger car Industry

It was an eventful year for the industry. The year was marked by

- high interest rates,
- stock market decline,
- an excise duty cut for small cars and
- a number of new model launches

With all this, the passenger car market posted a growth of 11.8% this year.

Maruti Suzuki India

Maruti Suzuki grew slightly faster than industry posting a growth of 11.9%.

We sold 711,818 units in the domestic market against 635,629 units last year.

Our growth was

- -12.2% in A1 segment,
- 13% in A2 segment,
- and in A3 segment we grew by 66%.

We launched three new models in the year

- The SX4 in May,
- The Grand Vitara in July
- and The Swift Dzire in March.

We also discontinued our 13 year old Esteem from December.

I would like to share, this year Maruti Suzuki became the leader in A3 segment increasing our market share in this segment from 15% to 22%.

Our exports grew by 35% during the year and stood at 53,024 units.

In our pre-owned car business “TrueValue”, we bought more than 100,000 cars.

This resulted in new car sales of about 84,000 cars through exchange.

Our spares and accessory sales crossed the figure of Rs 1000 crores.

We have started an additional channel of spare parts distributors in all major cities for faster service to the customer.

For car sales, we expanded our network to 600 showrooms covering 390 cities. We expanded our service network to 2600 service points for better customer care.

In Customer satisfaction Index, Maruti Suzuki was ranked No. 1 by JD Power for the 8th time.

To cater to the increasing demand of cars, we have expanded our production capacity at Manesar plant.

The capacity is currently at 170,000 units per annum.

By Oct-08, we plan to increase it to 300,000 units per annum.

This year was special for Maruti R&D division also.

We showcased the concept of Suzuki's 5th strategic model – A Star at the Auto Expo in Delhi and the Geneva Motor Show

The styling was done by Indian engineers under Japanese supervision.

The design of Swift Dzire was also the work of Indian engineers under Japanese supervision.

Financials

I would now come to our financials.

For Q4 Fy'08, our sales have increased to Rs. 47,629 Mn showing a growth of 8% with respect to Rs. 44,134 Mn last period last year. Net profit has been Rs 2, 977 which is lower than Rs 4,486 realized same period last year.

For the complete fiscal 2007-08, Net sales stood at Rs 178,603 Mn posting a growth of 22 % over corresponding figure of last year which was Rs 145,922 Mn. Growth in Net profits has been 11% which stood at Rs 17,308 Mn against Rs 15,620 Mn last year.

Before we analyze the numbers, I would like to share we have adopted a more stringent way of looking at our own business in view of changing market conditions.

Product life cycles are shortening and therefore a shorter asset life is more appropriate. As a result, we have changed our depreciation policy and rates. Accordingly, we have to restate our existing assets causing an additional impact of about Rs. 212 Crores on our profits.

In the year FY0708 we have been able to maintain our EBITDA levels same as previous year. This was despite various challenges during the year. You may be aware of most of them –

- Higher promotion and marketing expenses to sustain a dull market
- Commodity cost pressures
- Faster product refreshment
- Increase in fuel prices by 30% starting August-07
- A one-time stock compensation to our dealers of Rs 53 crores for reduction in excise duty rates

Outlook for Future

I would now like to share my thoughts on the future.

The market is full of mixed signals.

There is higher household income because of GDP growth, income tax reduction and expected government pay revision.

There is lower consumer sentiment because of high interest rates, credit availability, high inflation, currency changes and a depressed stock market.

The competition will launch more new models.

We have to quickly put Maruti on a higher trajectory.

We have announced earlier, we are investing in

- Our production facilities
- Our R&D area
- Our marketing area
- New engines and new models

Suzuki Motor Corporation, Japan has the vision to make an R&D centre in India with facilities at par with Japan.

The challenge is in the execution of these plans.

We had also announced our plans to invest in to areas of Marketing and Sales by opening

- display showrooms in prime cities,
- finished vehicle stockyards
- and spare part warehouses for better service to our customers and dealers.

Pressures on cost side shall continue.

Steel manufacturers have also proposed price hikes that we are negotiating with currently.

A number of these challenges have been before Maruti earlier also.

The people of Maruti along with our dealers and suppliers have worked together to over come challenges in the past.

I have full trust, our people and their innovation will rise to these challenges.

End

I thank you for your interest in our company and hope for a continuous support from you going forward.

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

Thank you!