

MARUTI UDYOG LIMITED

Regd. Office: 11th Floor, Jeevan Prakash Building, 25, Kasturba Gandhi Marg, New Delhi-110001

NOTICE OF 25TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting of Maruti Udyog Limited (MUL) will be held at 10:00 a.m. on Tuesday, 5th day of September, 2006 at the Air Force Auditorium, Subroto Park, New Delhi – 110010 to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 and Profit and Loss Account for the year ended on 31st March, 2006 together with the reports of the directors and auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a director in place of Mr. Shinichi Takeuchi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Hirofumi Nagao, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Mr. Manvinder Singh Banga, who retires by rotation and being eligible offers himself for re-appointment.
6. To consider and, if thought fit, to pass with or without modification(s), the following as an **ordinary resolution**:

“RESOLVED THAT pursuant to Section 224 and other applicable provisions of the Companies Act, 1956, M/s Price Waterhouse, Chartered Accountants, the retiring auditors of the company, having offered themselves for re-appointment, be and are hereby re-appointed as the auditors of the company to hold office from the conclusion of the 25th Annual General Meeting upto the conclusion of the 26th Annual General Meeting of the company at a remuneration to be fixed by the board and reimbursement of out of pocket expenses, if any, incurred in connection with the audit.”

7. To consider and, if thought fit, to pass with or without modification(s), the following as an **ordinary resolution**:

“RESOLVED THAT pursuant to Article 91(2) of the Articles of Association of the company and the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) consent be and is hereby accorded, for appointment of Mr. Shuji Oishi, as a whole time director liable to retire by rotation designated as Director (Marketing & Sales) to fill the casual vacancy caused by the resignation of Mr. Kinji Saito, and for the payment of following remuneration to Mr. Shuji Oishi, pursuant to his appointment as a whole-time director designated as Director (Marketing & Sales) of the company with effect from 13th April, 2006 for a period of three years:

1. Remuneration:

- a) **Basic salary:** Rs. 3,25,000 per month in the scale of Rs. 3,25,000 to Rs. 6,00,000 per month with authority to the board (which expression shall include a committee thereof) to revise his salary from time to time. The annual increments will be merit based and take into account the company's performance.
- b) **Special salary:** Rs. 1,00,000 per month (fixed).
- c) **Performance linked bonus:** A performance linked bonus equivalent to a guaranteed minimum of four months' basic salary and a maximum of ten months' basic salary, to be paid annually, with authority to the Board, (which expression shall include a committee thereof) to fix the same based on certain performance criteria to be laid down by the board.
- d) **Perquisites and allowances:** In addition to the salary and performance linked bonus payable, he shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with the reimbursement of expenses or allowance for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical / accident insurance, leave travel concession for himself and his family; club fees and such other perquisites and allowances; in accordance with the rules of the company or as may be agreed to by the board of directors and him; such perquisites and allowances will be Rs. 25,00,000 per annum with authority to the board (which expression shall include a committee thereof) to increase it from time to time upto a maximum of Rs. 40,00,000 per annum.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Provision for the use of company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

2) Minimum remuneration

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure,

in the event of loss or inadequacy of profits, the company will subject to applicable laws, pay remuneration by way of basic and special salary, performance linked bonus not exceeding four months' basic salary, perquisites and allowances as specified above."

8. To consider and, if thought fit, to pass with or without modification(s), the following as an **ordinary resolution**

"RESOLVED THAT Mr. Tsuneo Kobayashi, who was appointed by the board as an additional director and holds office upto the date of this Annual General Meeting of the company, being eligible for appointment and in respect of whom the company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a director of the company liable to retire by rotation."

9. To consider and, if thought fit, to pass with or without modification(s), the following as an **ordinary resolution**:

"RESOLVED THAT Mr. Amal Ganguli, who was appointed by the board as an additional director and holds office upto the date of this Annual General Meeting of the company, being eligible for appointment and in respect of whom the company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a director of the company liable to retire by rotation."

10. To consider and, if thought fit, to pass with or without modification(s), the following as an **ordinary resolution**:

"RESOLVED THAT Mr. D. S. Brar, who was appointed by the board as a director in the casual vacancy caused by the resignation of Mr. Kumar Mangalam Birla and who vacates office at this meeting under Section 262 of the Companies Act, 1956, but is eligible for appointment and in respect of whom the company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a director of the company liable to retire by rotation."

By order of the board
for MARUTI UDYOG LIMITED

New Delhi
27th July, 2006

S. RAVI AIYAR
Company Secretary &
Chief Legal Officer

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company. A proxy to be effective shall be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting. Under the Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present in person, or by proxy holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000. A proxy shall not vote except in a poll.
2. The relevant explanatory statement pursuant to Section 173 of Companies Act, 1956, in regard to the business as set out in item nos. 7 to 10 above and the relevant details in respect of item nos. 3, 4, 5 and 7 to 10 pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges are annexed hereto.
3. A member or his proxy is requested to bring their copy of this annual report to the meeting as extra copies will not be distributed.
4. Members / Proxies should fill the attendance slip for attending the meeting. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. All documents referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of the company on all working days between 9:30 a.m. to 11:30 a.m. upto the date of Annual General Meeting.
7. (a) The register of members will remain closed from Friday, the 25th August, 2006 to Tuesday, the 5th September, 2006 (both days inclusive) in connection with the Annual General Meeting.
(b) Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the board of directors, if declared at the meeting will be payable on or after 9th September, 2006 to those whose names appear in the register of members / beneficial owners as on 25th August, 2006.

8. Shareholders holding shares in electronic form may kindly note that their bank account details as furnished by their depositories to the Registrar & Transfer Agent will be printed on their dividend warrants as per the applicable regulations of the depositories and the company will not entertain any direct request from such shareholders for deletion of / change in such bank details. Shareholders who wish to change such bank account details are therefore requested to advise their depository participants about such change, with complete details of bank account.
9. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorising their representatives to attend and vote at the Annual General Meeting.
10. As per Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nomination are requested to send their request in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, Karvy Computershare Private Limited. The said Form 2B can also be down-loaded from the company's website www.MarutiUdyog.com.
11. Members are requested to send their queries, if any, on the accounts and operations of the company to the Company Secretary (email address is mulinvestorrelations@maruti.co.in) at least 7 days before the Annual General Meeting.
12. Entry to the Auditorium will be strictly against entry slips available at the counters at the venue and against exchange of valid attendance slip.
13. No gifts will be distributed at the Annual General Meeting.
14. Owing to security concerns, the auditorium authorities do not allow carrying inside brief cases, bags, eatables and the like. Members attending are requested to make their own arrangements for the safe keeping of their belongings.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

For resolution No. 7

Pursuant to Article 91(5) of the Articles of Association of the company and Section 262 of the Companies Act, 1956, Mr. Shuji Oishi was appointed with effect from 13th April, 2006, as a director designated as Director (Marketing and Sales) in the casual vacancy caused by the resignation of Mr. Kinji Saito and holds office upto the date of the 25th Annual General Meeting upto which Mr. Kinji Saito would have held office if it had not been vacated and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the company

has received a notice in writing from a member signifying his intention to propose the candidature of Mr. Shuji Oishi for the office of director.

The board considers that it is in the interest of company to continue to have the benefit of rich experience and expertise of Mr. Shuji Oishi. No other director except Mr. Shuji Oishi is concerned or interested in the passing of this resolution. The Board recommends this resolution for your approval.

For resolution No. 8

Mr. Tsuneo Kobayashi was appointed as an additional director of the Company on 27th July, 2006 by the board of directors under Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the company. In terms of Section 260 of the Companies Act, 1956, Mr. Tsuneo Kobayashi holds office only upto the date of the ensuing Annual General Meeting but is eligible for appointment as a director.

In terms of Section 257 of the Companies Act, 1956, the company has received a notice in writing from a member signifying his intention to propose the candidature of Mr. Tsuneo Kobayashi for the office of director.

The board considers that it is in the interest of company to continue to have the benefit of rich experience and expertise of Mr. Tsuneo Kobayashi. No other director except Mr. Tsuneo Kobayashi is concerned or interested in the passing of this resolution.

The board recommends this resolution for your approval.

For resolution No. 9

Mr. Amal Ganguli was appointed as an additional director of the Company on 13th April, 2006 by the board of directors under Section 260 of the Companies Act, 1956 and Article 92 of the Articles of Association of the company. In terms of Section 260 of the Companies Act, 1956, Mr. Amal Ganguli holds office only upto the date of the ensuing Annual General Meeting but is eligible for appointment as a director.

In terms of Section 257 of the Companies Act, 1956, the company has received a notice in writing from a member signifying his intention to propose the candidature of Mr. Amal Ganguli for the office of director.

The board considers that it is in the interest of company to continue to have the benefit of rich experience and expertise of Mr. Amal Ganguli. No other director except Mr. Amal Ganguli is concerned or interested in the passing of this resolution.

The board recommends this resolution for your approval.

For resolution No. 10

Pursuant to Article 91(5) of the Articles of Association of the

company and Section 262 of the Companies Act, 1956, Mr. D. S. Brar was appointed with effect from 27th July, 2006, as a director in the casual vacancy caused by the resignation of Mr. Kumar Mangalam Birla and holds office upto the date of the 25th Annual General Meeting upto which Mr. Kumar Mangalam Birla would have held office if it had not been vacated and is eligible for appointment.

In terms of Section 257 of the Companies Act, 1956, the company has received a notice in writing from a member signifying his intention to propose the candidature of Mr. D. S. Brar for the office of director.

The board considers that it is in the interest of company to continue to have the benefit of rich experience and expertise of Mr. D. S. Brar. No other director except Mr. D. S. Brar is concerned or interested in the passing of this resolution. The board recommends this resolution for your approval.

By order of the board
For MARUTI UDYOG LIMITED

New Delhi
27th July, 2006

S. RAVI AIYAR
Company Secretary &
Chief Legal Officer

ADDITIONAL INFORMATION AS PER CLAUSE 49 OF THE LISTING AGREEMENT

A brief resume of the directors recommended for appointment / re-appointment at the Annual General Meeting is given below:

Mr. Shinichi Takeuchi

Mr. Shinichi Takeuchi, 58, is a Joint Managing Director of MUL. He is a graduate from the Department of Technology, Shizuoka University, Japan. He possesses over 34 years of experience in Production Engineering in the Automobile Industry. After joining Suzuki Motor Corporation (Suzuki) in 1970, he was elevated as Deputy General Manager in the Production and Engineering division in 1995 before being transferred to the Kosai plant in 1997 as General Manager. He was nominated as Plant Manager of the Kosai plant in 2001. He joined MUL as Director (Production) with effect from 27th September, 2001 and with effect from 19th April, 2003, he was elevated as Joint Managing Director in charge of Production, Production Engineering, Supply Chain and Engineering. He is responsible for the production activities of MUL and is also the 'Occupier' of the MUL's factory under the Factories Act, 1948. He is a director on the boards of Subros Limited, Sona Koyo Steering Systems Limited and Machino Plastics Limited.

Mr. Hirofumi Nagao

Mr. Hirofumi Nagao, 53, is a Joint Managing Director of MUL. He is a graduate from the Osaka University of Foreign Studies. He has more than 28 years of experience in the automobile industry through Overseas Marketing activities at Suzuki. Mr. Nagao has

been involved in the marketing activities of Suzuki's Indian market operation from 1991 to 1994 and from 2000 to 2004. Between 1994 and 2000, he was the Managing Director of Pak Suzuki Motor Company Limited, Pakistan. He was appointed as an Executive Director in MUL in April, 2004 and was soon promoted to the present position in September, 2004. He is responsible for administrative services such as Finance, Information Technology, Human Resources and Vigilance.

He is a director on the boards of Climate System India Limited, Bharat Seats Limited and SKH Metals Limited. He is also a member of Audit Committees of Climate System India Limited and SKH Metals Limited.

Mr. Manvinder Singh Banga

Mr. Manvinder Singh Banga, 51, was Chairman of Hindustan Lever Limited (HLL), Unilever's operating company in India. HLL is India's largest consumer goods company and is the market leader in most of the Home and Personal care and Food categories it operates in. Presently, Mr. Banga is President (Foods) of Unilever, N.V., The Netherlands.

Mr. Banga has studied in two prestigious institutions and had an outstanding academic record. He secured a Gold Medal at the Indian Institute of Technology, Delhi on completion of Bachelor of Technology (Mechanical Engineering) in 1975. He is also a Gold Medallist from the Indian Institute of Management, Ahmedabad, where he completed his post graduation in Management.

Mr. Shuji Oishi

Mr. Shuji Oishi, 51, did his graduation from Aoyama Gakuin University. His area of specialization is Marketing. He joined Suzuki in April, 1979 and was transferred to Domestic Automobiles Distributor in Hiroshima. In January 1983, he was transferred to Overseas Planning Division. Mr. Oishi was also looking after East Asia / Middle East / Africa Automobile Marketing Department of Overseas Marketing Division as General Manager. He joined MUL in April, 2006, as Director (Marketing & Sales). He is a director on the boards of Citicorp Maruti Finance Limited and Maruti Countrywide Auto Financial Services Private Limited.

Mr. Tsuneo Kobayashi

Mr. Tsuneo Kobayashi, 65, is a graduate from the Engineering Faculty of Toyama University. He possesses rich experience in the fields of production, engineering, purchasing and other related functions. He joined Suzuki in April, 1964 and rendered services at various positions like Plant Manager, Managing Director, Senior Managing Director and Supreme Advisor, at various plants and projects of Suzuki. In the year 1995, he joined MUL and was promoted as Joint Managing Director. In the year 2005, he was given charge of new auto assembly company viz. Maruti Suzuki Automobiles India Limited (MSAIL), a 70:30 joint venture company of MUL and Suzuki which has since become a hundred percent subsidiary of MUL. He is the managing director of MSAIL and a director on the board of Suzuki Powertrain India Limited.

Mr. Amal Ganguli

Mr. Amal Ganguli, 66, is a fellow member of the Institute of Chartered Accountants of India and the Institute of Chartered Accountants of England and Wales and a member of the New Delhi chapter of the Institute of Internal Auditors, Florida, U.S.A. He was the Chairman and Senior Partner of Pricewaterhouse Coopers (PWC), India till his retirement on 31st March, 2003. Besides his qualifications in the area of accounting and auditing, Mr. Ganguli is a fellow of the British Institute of Management and alumnus of IMI, Geneva.

Mr. Ganguli, trained in the UK to become a Chartered Accountant. He was seconded as a Partner to PWC, UK / USA for a year in 1972-73. During his career spanning over 40 years, Mr. Ganguli's range of work included International Tax advice and planning, cross border investments, Corporate mergers and re-organisation, financial evaluation of projects, management, operational and statutory audit and consulting projects funded by International funding agencies. In the course of his professional career, he has dealt with a variety of clients including US AID, World Bank, ADB, NTPC, Alcatel, GE, Hindustan Lever, STC, Hewlett Packard and IBM.

Mr. Ganguli is a member of the Board of Directors of several Companies such as Hughes Escorts Communications Limited, Flextronics Software Systems Limited, Tube Investments of India Limited, HCL Technologies Limited, Samtel Colour Limited, ICRA Limited, New Delhi Television Limited, Century Textiles and Industries Ltd, ML Infomap Private Limited, AVTEC Limited and Videsh Sanchar Nigam Limited. Mr. Ganguli is a member of Audit Committees of HCL Technologies Ltd., Samtel Colour Limited, ICRA Limited, Century Textiles and Industries Limited and Videsh Sanchar Nigam Limited. He is Chairman of the Audit Committee of Flextronics Software Systems Limited and New Delhi Television Limited and a member of Remuneration Committees of Tube Investments of India Limited, Flextronics Software Systems Limited and New Delhi Television Limited. He is also a member of Nomination Committee of Tube Investments of India Ltd.

Mr. D. S. Brar

Mr. D. S. Brar, 53, completed his Bachelor in Engineering (Electricals) degree from Thapar Institute of Engineering & Technology, Patiala, in 1972 and his M.B.A from Faculty of Management Studies, University of Delhi. He was associated with The Associated Cement Companies Limited as Systems / Business Analyst of Management Service Division during the period 1974-77. During the period 1977-2004, he was associated with Ranbaxy Laboratories Limited and has held various positions like Chief Executive Officer and Managing Director, President / Senior Vice President, General Manager and Business Development Manager for businesses like Pharmaceuticals, Chemical Manufacturing Operations, International and Animal Healthcare. In the year 2004, he promoted and occupied the position of Chairman of GVK Biosciences Private Limited- a leading Research Services Company involved in Medicinal Chemistry, Informatics, Biology, Process R&D, Clinical Pharmacology / Bio analytical studies and Clinical Research. He occupies the position of Chairman in Davix Management Services Private Limited - Consulting/Advisory Services Company in Lifesciences. Currently, he is holding the positions of Director of Reserve Bank of India (RBI), which is the Central bank of India, Member of Inspection and Audit Sub-Committee of the Central Board of Directors of the RBI, Director on the Board of Mphasis BFL Limited – a subsidiary of EDS (world's leading IT company) based at Dallas, U.S.A., Member and special advisor to the Board of Directors of Codexis Inc., Redwood City, CA, U.S.A., Member of the Board of Governors of Indian Institute of Management, Lucknow (IIML), Member of Confederation of Indian Industry's (CII's) National Council and Chairman of CII's Indian MNC Council, member of Prime Minister's Task Force on pharmaceuticals and knowledge-based industries. He was also involved in drafting the blue print for the growth and global expansion of Indian Pharmaceutical Industry including R&D and Pricing policies. He has also served as member on the Board of National Institute of Pharmaceutical Education and Research (NIPER). He was honoured with Dean's Medal from the Tufts University School of Medicine for service and contribution to the pharmaceutical industry.

MARUTI UDYOG LIMITED

Regd. Office: 11th Floor, Jeevan Prakash Building, 25, Kasturba Gandhi Marg, New Delhi – 110001

PROXY FORM

Twenty Fifth Annual General Meeting

Regd.Folio No. _____

*Demat A/c No. _____

DP. ID. No. _____

I / We _____
of _____ in the district of _____ being a member / members of the Company hereby
appoint _____ of _____ in the district of _____
or failing him / her of _____ in the district of _____ as my / our
proxy to vote for me / us on my / our behalf at the 25th Annual General Meeting of the Company to be held at Air Force Auditorium, Subroto Park,
New Delhi – 110010 at 10.00 a.m. on Tuesday, 5th day of September, 2006 and at any adjournment's thereof.

Signed this _____ day of _____ 2006.

Signature _____

Affix
Fifteen
Paise
Revenue
Stamp

Note: This form in order to be valid and effective, should be duly stamped, completed and signed and must be deposited at the Registered Offices of the Company, not less than 48 hours before the commencement of the meeting.

*Those who hold shares in demat form must quote their Demat A/c no. and Depository Participant (DP) ID. No.

Please tear here

MARUTI UDYOG LIMITED

Regd. Office: 11th Floor, Jeevan Prakash Building, 25, Kasturba Gandhi Marg, New Delhi – 110001

ATTENDANCE SLIP

Twenty Fifth Annual General Meeting

Regd. Folio No. _____

*Demat A/c No. _____

No. of shares held _____

DP. ID. No. _____

I certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the 25th Annual General Meeting of the Company at Air Force Auditorium, Subroto Park,
New Delhi – 110010 at 10.00 a.m. on Tuesday, 5th day of September, 2006.

Member's/Proxy's name in
BLOCK Letters

Signature of Member/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.
Members are requested to bring their copy of the Annual Report to the meeting.

*Those who hold shares in demat form must quote their Demat A/c. No. and Depository Participant (DP) ID. No.

FROM STRENGTH TO STRENGTH THROUGH PARTNERSHIPS.

In the last 25 years, we've found our way into the hearts of millions of Indians. And that's not just because we've made cars that everybody loves to drive. It's because we've made something that goes a little deeper.

Great partnerships.

For us, these partnerships have been truly enriching. They have given us insights into the lives of our consumers, associates, employees and investors, which in turn have helped us nurture these into relationships that last forever.

And however different our partners, there's something that we've learnt from each one.

Starting with our dealers, the people who've taken our cars to every corner of India. Ours has been a partnership like no other in India. A partnership in which our businesses have grown together, and together we've discovered multiple revenue streams like Pre-Owned Cars, Insurance, Finance, Service, Spares and Accessories. These new revenue streams have added to the financial strength of our dealerships, making them resilient to changes in the market.

Our growth isn't ours alone. It also fuels the growth of our vendors. We've worked together with them to continuously localize imported parts, improve their engineering and design capability, and reduce costs and rejection rates. Together, we've partnered new product development and higher quality levels. Today, we are proud that they have made the Indian auto components industry a global player.

All of this has been made possible by an absolutely amazing bunch of people who work for Maruti Suzuki.

Our employees, who've partnered each other to bring forth this revolution. Who believe in partnerships as a way of life, a way of making the most of every opportunity that exists or can be created.

There are also the many Indians who have believed in our vision, who've invested in us not just their wealth, but also their hopes and aspirations. They are our stakeholders, whose expectations we've always striven to meet through a strong focus on business goals and delivering against our commitments.

And finally, our consumers. In the last two decades, we've done one thing more than anything else. Listen to them. We've tried to put their requirements at the

forefront by giving them every reason to buy their next car from us – a wide range of models, exchange options, value-added services like insurance and finance and an excellent overall ownership

experience. It has brought them back to us for their second and third cars. It has made them partners in growing our business by recommending our cars to their friends and families.

With the Suzuki Nissan tie up, Maruti will make cars that Nissan will export to Europe. This is perhaps an expression of confidence by two global car giants in Maruti's manufacturing capability. To us, it takes the idea of partnership to a new level.

With this new dimension, the road ahead promises to be even more exciting. And the journey will be truly worth its while with the support and involvement of all the partners with whom we've come so far.

The partners who will power us into the future.

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Maruti Udyog Limited

Board of Directors

Mr. Shinzo Nakanishi	Chairman
Mr. Jagdish Khattar	Managing Director
Mr. Shinichi Takeuchi	Joint Managing Director
Mr. Hirofumi Nagao	Joint Managing Director
Mr. Shuji Oishi	Director (Marketing & Sales)
Mr. O. Suzuki	Director
Mr. R. C. Bhargava	Director
Mr. Tsuneo Kobayashi	Director
Mr. Amal Ganguli	Director
Mr. D. S. Brar	Director
Mr. Manvinder Singh Banga	Director
Ms. Pallavi Shroff	Director

Board Committee

Audit Committee

Mr. Amal Ganguli	Chairman
Mr. Shinzo Nakanishi	Member
Ms. Pallavi Shroff	Member
Mr. D. S. Brar	Member

Shareholders'/Investors' Grievance Committee

Mr. Shinzo Nakanishi	Chairman
Mr. Jagdish Khattar	Member
Mr. Hirofumi Nagao	Member
Mr. R. C. Bhargava	Member
Mr. D. S. Brar	Member

Company Secretary & Chief Legal Officer

Mr. S. Ravi Aiyar

Auditors

Price Waterhouse,
Chartered Accountants

Registered Office

11th Floor, Jeevan Prakash Building,
25, Kasturba Gandhi Marg,
New Delhi 110001

Registrar & Transfer Agent

Karvy Computershare Pvt. Ltd.
Karvy House, 46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500034, Andhra Pradesh.

Managing Director's Statement



Dear Shareholder

The domestic passenger car industry showed positive growth for the fourth straight year in 2005-06, though the momentum slowed down considerably.

Growing input costs, higher fuel prices, the spike in interest rates and the impact of VAT in the early

part of the year perhaps impacted car sales and restricted the industry's growth rate to a single digit. While we would have obviously liked a higher growth rate, the consolation was that Maruti grew faster than the industry and we could improve our market share during the year.

The past year saw a new theme emerge with regard to India's passenger car industry: our ability to evolve as the world's manufacturing hub for compact cars. This will have implications for Maruti in the medium term, and it is on this one theme that I want to share my thoughts with you.

India as global hub

There is growing confidence among policy makers, opinion leaders and many members of the industry that with the right macro-environment and corporate focus, India has the potential to manufacture compact cars competitively for the rest of the world.

The Union Finance Minister articulated this vision while reducing excise duties on compact cars in the Union Budget for 2006-07. By this measure, the government aims to boost growth in this segment and encourage investment in fresh capacity for compact cars.

As a company, we share the vision that India can emerge as the global hub for compact cars. For that, car companies in India will need to scale up their volumes, which in turn will enable them to attain global cost and quality on a sustained basis.

It seems that we are on course. India is already the third largest manufacturer of compact cars in the world, behind Japan and Brazil. If car companies in India can tap the vast opportunity of first time buyers in the country, their volumes will reach the critical threshold where they become globally competitive in cost and quality.

Considering that India has segments of excellence in the auto component industry, with many players seeking a wider presence in international markets, the compact car industry has strong support in its quest for global stature.

There are certain concerns as well: infrastructure constraints could prove to be a bottleneck in the Indian car industry's global aspirations. The limited capacity of our ports and railways for example, could constrain our capability to deliver factory-fresh cars intact in large numbers in the export markets. Fortunately, some steps are being taken to tackle these bottlenecks. We would need to watch their progress.

It is encouraging that whenever countries have taken fiscal steps to promote a particular segment of the automobile industry, the desired results have been achieved. For example, Thailand used fiscal measures to promote the 1-tonne truck, a segment in which it had some initial capability. Currently, 1-tonne trucks account for 70 per cent of 4-wheeler production in Thailand. Almost 30 per cent of domestic production is exported.

Tax incentives for mini cars in Japan, and for compact cars in Brazil, have similarly boosted growth of these segments in these countries. The share of mini cars or Kei cars in Japan, for instance, has gone up from 9 per cent of the car industry in 1989, to about 30 per cent now.

With fuel prices on an upward trend, compact and fuel efficient cars are likely to be preferred. This presents us with further opportunity.

Competition will intensify

After some initial reservations, car companies have grasped the Indian government's vision and the rationale behind a differential duty on compact cars. Global majors have

announced plans to design compact cars specially suited for India and have indicated investments in fresh capacity.

At any rate, should any company decide to design compact cars for India, it would take them no more than 18-24 months to launch their product in the country.

We, therefore, see growing activity in the compact car segment in the next couple of years. This will, of course, be good for the Indian consumer, the industry and for the country.

The government's strategy of leveraging a huge, untapped, domestic market to achieve global competitiveness ties in well with Maruti's view of the demand potential in India. We have said in the past that India offers a huge opportunity for growth, especially among entry-level buyers. Maruti has, among other initiatives, tied up with finance companies that are strong in upcountry areas so we can tap the opportunity there.

The low share of first time buyers --- 37 per cent against 81 per cent in China --- points to the tremendous opportunity in the country. More than 25 million two wheelers have been sold in India in the last five years, and they can unleash a demand explosion once they upgrade to entry-level cars. By offering a differential excise duty on compact cars, the government is creating a climate where the upgrade can happen faster and help companies attain global scale.

I am happy that Maruti has flagged off, as it were, India's journey towards becoming a global hub for compact cars. The tie up between our parent company, Suzuki Motor Corporation and Nissan Motor Company, is bound to have positive implications for Maruti and for India.

While details of the tie up are being worked out, it is clear that Nissan will source cars manufactured at Maruti for export to Europe. This is an expression of confidence in Maruti's manufacturing competence, made by two global car majors. This instance of contract manufacturing is in line with the government's vision, and will hopefully be the harbinger of more such arrangements for the Indian car industry in the future.

Progress through Partnership

Which brings me to the subject of "partnership", our theme for the Annual Report. I believe one of the factors for Maruti's success so far has been our ability to forge and nurture partnerships.

This has enabled us to respond quickly in a dynamic market environment. Whether it is scaling up production and altering product mix in response to market demand, reducing cost and enhancing product quality, offering a slew of automobile-related services to the customer or then reaching out to customers in new areas and new segments, our ability to forge and manage partnerships has imparted us with a competitive edge.

I believe this is an intangible in which Maruti's people have repeatedly demonstrated superiority over many others in the industry. This enables us to anticipate, alter and modify, scale up, execute and to grab opportunities before others.

This ability comes from the company's long experience in handling partnerships, but also from a conscious commitment that our partners must grow and prosper with us. While our partners have occasionally had to bear pain alongside us, over the long term they have invariably prospered.

Partnership plays a pivotal role at every step of our value chain: the supplier; employee; transporter; dealer; service station; financier; insurance partner; among others. In recent years, we have tried to take the customer within the gamut of partnership as well.

The tie up between Suzuki Motor Corporation and Nissan takes the idea of partnership to a new plane for Maruti. As we move forward, forging and nurturing partnerships is a competence and a competitive advantage that we will continue to strengthen carefully.

Jagdish Khattar
Managing Director