



Way of Life!



strengthening self  
supporting partners  
spreading sustainability



sustainability report 2010-11

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## our vision

THE LEADER IN INDIAN AUTOMOBILE INDUSTRY,  
CREATING CUSTOMER DELIGHT,  
AND SHAREHOLDER'S WEALTH;  
A PRIDE OF INDIA.

## our core values

- CUSTOMER OBSESSION
- FAST, FLEXIBLE AND FIRST MOVER
- INNOVATION AND CREATIVITY
- NETWORKING AND PARTNERSHIP
- OPENNESS AND LEARNING

## Strengthening Self and Supporting the Value Chain towards Sustainability

The adverse impacts of environmental degradation and social inequality on the sustainability of corporates have prompted managements across the globe to look beyond profit. As a result, the environmental and social dimensions of sustainability have come into sharp focus, making them an integral part of business strategy.

While strengthening internal operations for sustainability is a natural area of focus, the challenge lies in collaborating with the value chain for creating a positive environmental and social impact. This is especially important when a large portion of the value is generated by business partners. This calls for businesses to engage with all business partners, sensitise them about sustainability issues and undertake joint projects to minimise negative impact, generate social and environmental wealth and thus create a brighter future for all.





Maruti Suzuki has been focusing on strengthening its operations, products and services from the viewpoint of economic, environmental and social sustainability. While the Company continues to improve its own performance, it has chosen to focus on sustainability among its partners as well. This approach has deepened its relationship with business partners and at the same time taken the sustainability commitment of the Company to the next level.

The initial focus of Maruti Suzuki was to support business partners in areas like cost reduction and improvement in quality, productivity and customer service. At the same time, environment and people development areas were also taken up.

## GIVE • GET • GROW

With its sustainability philosophy of "Give Get Grow", Maruti Suzuki's focus has been on growing together with its business partners. The Company is aware that in Giving support to its business partners on issues of sustainability, it will Get back in return manifold. This will naturally translate into an opportunity for Maruti Suzuki and all its partners to Grow together sustainably.





## chairman's message

I am delighted to present the Sustainability Report for 2010-11 to all our stakeholders.

Maruti Suzuki India Limited has come a long way since it rolled out its first car and went on to become a market leader. It followed a collaborative business approach and achieved new benchmarks in quality, productivity, customer satisfaction and people practices. The Company treated its dealers and suppliers as partners, supporting them with technical knowhow and initial hand holding. In turn, the business partners stood by the Company in challenging situations and grew with the Company. Employees demonstrated exceptional commitment in helping the Company reach where it is today. Stakeholder engagement and involvement remain an integral part of the Company's business philosophy.

The Company showed remarkable flexibility and adaptability during its journey of over two decades. It met changing customer requirements by offering relevant products from time to time and expanded its sales and service network across the country. Along the way, the Company forayed into the used car, finance and insurance businesses to provide value added services to customers under one roof. This customer-centric approach placed Maruti Suzuki ahead of the competition in customer satisfaction.

The parent company, SMC, nurtured Maruti Suzuki to become a strong corporate entity. Maruti Suzuki achieved a major landmark by producing its ten millionth car in 2010-11. It has built capability to produce and sell over 1.25 million cars a year. This is a matter of pride not only for Maruti Suzuki, but for the entire Indian automobile industry. The R&D centre and test course being set up at Rohtak, will take Maruti Suzuki to the next level of excellence.

The challenges Maruti Suzuki is facing today are quite different from what it faced in its formative years. The healthy GDP growth has made the Indian automobile market too attractive for any major global car maker to miss. The success of Maruti Suzuki has prompted car

makers in India to shift their focus to its stronghold, the compact car segment. Competition has intensified with the recent launch of competitively priced fuel efficient compact cars.

The customer is more aware these days and has more options to choose from. Customers are preferring cars with low running cost. Therefore, the fuel mix is changing rapidly in favour of diesel and alternate fuel cars. The government is bringing in stringent emission and safety norms. High investments are required in advanced technologies to meet customer requirements and government regulations.

India is no more isolated from the world. Economic recession, natural calamities and social unrest in any part of the world impact business in India. Crude oil prices, commodity prices and foreign exchange movements have a strong bearing on business profitability. At the local level, the automobile industry is grappling with IR issues and the cyclic nature of macroeconomic factors.

Maruti Suzuki is preparing itself and its business partners to meet these challenges. Given the relevant product line up, lowest cost of ownership, and its vast sales and service network, Maruti Suzuki is in a better position to compete and sustain its leadership position. However, high focus is required to further improve quality levels, reduce wastage and maintain cost competitiveness.

Environmental considerations are influencing government policies and product plans of automobile manufacturers. The government has asked SIAM to study the potential for electric and hybrid vehicles in India. We believe that the shortage of electricity and the lack of infrastructure for charging cars will be a major handicap to the spread of electric vehicles. Hybrid car technology for small cars, at reasonable cost, has yet to be developed. In the present situation, CNG seems to be the most appropriate alternative fuel for India. CNG reduces vehicle running cost and fuel emissions. It would make more economic sense to use CNG for running automobiles than to burn it for generating electricity, and use electric cars.





Government support is required to make CNG available across the country. Adequate CNG needs to be allocated for automotive use. The five models with CNG option launched by Maruti Suzuki have been received well by customers in areas where the fuel is available. We plan to launch more vehicles with the CNG option.

The increasing number of road accident fatalities has become a major social issue that requires the attention of the government, civil society and corporates. Poor driving habits are a major cause of accidents. Maruti Suzuki is trying to solve this problem by expanding its driving training infrastructure across the country.

With rapid economic growth and investment in new capacities, skill development is critical for the country and the manufacturing sector. While this requires a concerted effort at the national level, Maruti Suzuki is doing its bit in this area as part of its CSR programme. The Company's ITI upgradation initiative, thus far confined to institutes in Haryana, was extended to other parts of the country during 2010-11.

Maruti Suzuki will continue to engage with its stakeholders and following an inclusive approach, make concerted efforts to create shared value. I take this opportunity to thank all stakeholders for their continued support and contribution to the glorious journey of Maruti Suzuki.

I look forward to your valuable feedback.

**R C Bhargava**  
Chairman

**"MARUTI SUZUKI HAS COME A LONG WAY SINCE IT ROLLED OUT ITS FIRST CAR AND WENT ON TO BECOME A MARKET LEADER. IT FOLLOWED A COLLABORATIVE BUSINESS APPROACH AND ACHIEVED NEW BENCHMARKS IN QUALITY, PRODUCTIVITY, CUSTOMER SATISFACTION AND PEOPLE PRACTICES. STAKEHOLDER ENGAGEMENT AND INVOLVEMENT REMAIN AN INTEGRAL PART OF THE COMPANY'S BUSINESS PHILOSOPHY."**



## managing director's statement

I am delighted to present Maruti Suzuki's Sustainability Report for 2010-11.

### SUSTAINABILITY APPROACH

There is a growing awareness among government, civil society and corporates that effective measures are needed to protect the environment for future generations and to uplift the underprivileged sections of society for equitable and sustained economic growth. This requires a collaborative approach where all stakeholders come forward and contribute.



At Maruti Suzuki, our endeavour is to make sustainability a way of life where all business decisions are taken in consideration of their impact on the environment and society, in addition to the return on investment. We believe in sharing our best practices and learnings with business partners so as to create a multiplier effect. Together with our business partners, we intend to bring more focus on issues impacting the environment and society.

### BUSINESS PERFORMANCE IN 2010-11

In 2010-11, the Indian economy grew at a healthy rate of 8.5% and the domestic car market remained buoyant, posting a growth of 29%. The demand for cars during the year beat all initial industry projections and our own annual growth plans. We had to gear up our own facilities and that of our suppliers to meet the market demand.

In 2010-11, the Company achieved the landmark of producing its ten millionth car since commencing production in December, 1983. With the sale of 11,132,739 units in the domestic market, the Company was successful in marginally improving its market share. However, export sales saw a decline of 6.3%. The drop in export markets was largely due to dull European markets after withdrawal of scrappage schemes by governments in the region.

While the Company posted strong volume and revenue growth, rising commodity prices, new model launches, higher cost of technology and adverse foreign exchange movement impacted profitability. The Company achieved net sales of Rs. 361,282 million, a growth of 24.8 % whereas EBITDA declined by 6.8 % and PAT by 8.4 %.

The Company continued its focus on new model launches, cost reduction, productivity improvement, quality, network expansion, customer satisfaction and building R&D capability. In 2010-11, the Company launched refreshed variants of WagonR and Alto with the new K-series engine. SX4 was launched with a state-of-the-art super turbo diesel engine. The Company entered the luxury segment for the first time with the launch of Kizashi, India's first sports luxury sedan.

Customers continued to rate the Company as no.1 in sales and service satisfaction in the JD Power Surveys.





## ENVIRONMENTAL SUSTAINABILITY

In 2010-11, Maruti Suzuki registered its first CDM project with the United Nations Framework Convention on Climate Change (UNFCCC).

The Company renewed its commitment to environment protection with the launch of factory-fitted CNG variants of five models with i-GPI technology: Alto, WagonR, Eeco, Estilo and SX4. The i-GPI technology used in these vehicles is better than the conventional CNG technology as it delivers higher fuel efficiency, and the loss of power is negligible. The Company also launched the LPG version of WagonR.

The Company experimented with hybrid and electrical vehicle technologies, and successfully built hybrid SX4 and electric Eeco cars. The hybrid SX4 cars were used during the Commonwealth Games held in Delhi during the year.

In a significant development, from 2010-11 the Company started sending its hazardous waste to the cement industry for co-processing, thus practically eliminating the need for dumping waste in landfills. The focus on increased use of solar energy for street lighting and LED lights in the plants gained momentum in 2010-11.

The reduction in per vehicle CO<sub>2</sub>, electricity and water consumption in the Gurgaon plant has been 15%, 16% and 5% respectively and in the Manesar plant 13%, 1% and 16% respectively in 2010-11.

The Company will continue to review its operations and products from the environment perspective and look for opportunities to further improve its performance.

## SOCIAL SUSTAINABILITY

Maruti Suzuki's CSR activities saw an expansion in 2010-11. The Company trained 187,000 people in safe driving in 2010-11, taking the total to over 850,000 people trained in safe driving since 2000.

In the skill development area, the Company forged four new partnerships with ITIs in 2010-11, taking the total number to seven. As affirmative action, Maruti Suzuki

chose to work with an ITI at Elathur, Kerala, that specifically caters to the SC/ST community.

The Company continued its community development initiatives around its Manesar plant. Our employees are also contributing to social activities through an employee volunteering programme.

The Company paid special attention to manpower training during the year. This was especially important as a large number of fresh and experienced personnel were recruited for expanding operations.

Occupational health and safety was one of the areas identified during the reporting process which needed strengthening across the Company. In 2010-11, the Company decided to implement the OHSAS 18001 standard. The standard will be implemented in 2011-12.

Besides strengthening its own operations, the Company also extended support to its suppliers through Project Shikhar to improve their people and production processes.

Showing solidarity with the Japanese people and supporting them in their hour of crisis, the Company's employees, dealers and vendors jointly contributed Rs. 107 million to provide relief to tsunami and earthquake affected areas in Japan.

## GIVE GET GROW

This Sustainability Report is a means of identifying areas of improvement, sharing good practices for mutual learning and moving forward step-by-step on the journey towards sustainability.

Through this report, we have tried to capture and share our sustainability performance with our valued stakeholders. I will be delighted to receive your valuable feedback or suggestions for improvement.

**S. Nakanishi**

Managing Director and CEO

## board of directors





strengthening self  
supporting partners  
spreading sustainability



From Left to Right

MR. KEIICHI ASAI (Director & MEO, Engineering), MR. SHUJI OISHI (Director & MEO, Marketing & Sales),  
MR. KENICHI AYUKAWA (Director), MR. DAVINDER SINGH BRAR (Director), MR. OSAMU SUZUKI (Director),  
MR. R. C. BHARGAVA (Chairman), MR. SHINZO NAKANISHI (MD & CEO), MR. AMAL GANGULI (Director),  
MR. MANVINDER SINGH BANGA (Director), MS. PALLAVI SHROFF (Director),  
MR. TSUNEO OHASHI (Director & MEO, Production)



## executive management team





From Left to Right

MR. SHINZO NAKANISHI (MD & CEO), MR. TSUNEO OHASHI (Director & MEO, Production),  
MR. M. M. SINGH (MEO, Production), MR. S.Y. SIDDIQUI (MEO, HR, IT, Finance & COSL),  
MR. S. MAITRA (MEO, Supply Chain), MR. KAZUHIKO AYABE (EO, Supply Chain),  
MR. KEIICHI ASAI (Director & MEO, Engineering), MR. I.V. RAO (MEO, Engineering),  
MR. SHUJI OISHI (Director & MEO, Marketing & Sales), MR. MAYANK PAREEK (MEO, Marketing & Sales)



## sustainability highlights



The year 2010-11 proved to be a milestone year for the Company. It strengthened its position in the passenger vehicle market and laid the foundation for future growth.





- Roll-out of 10 millionth car since start of production in December, 1983
- Highest ever total sales of 1,271,005 units (domestic plus exports)
- Crossed sale of one million units in the domestic market for the first time
- Highest ever net sales of Rs. 361,282 million, at a growth of 24.8%
- Reserves and surplus of Rs. 137,230 million as on 31<sup>st</sup> March, 2011
- Improved market share by 30 bps to 44.9%
- Ranked no.1 in JD Power Customer Satisfaction and Sales Satisfaction Index
- Expanded sales network to 933 outlets by adding 131 outlets in 113 cities
- Entered the luxury segment with the launch of Kizashi, India's first sports luxury car
- Refreshed existing models WagonR and Alto, and launched diesel variant of SX4
- Strength of R&D engineers crossed the 1,000 mark
- Construction of two new plants at Manesar and R&D test track at Rohtak on course

economic



- Registered its first CDM project with UNFCCC
- Launched five models with i-GPI CNG engine technology
- Launched LPG version of WagonR
- Showcased hybrid SX4 and electric Eeco cars
- Reduction in per vehicle CO<sub>2</sub>, electricity and water consumption in the Gurgaon plant stood at 15%, 16% and 5% respectively
- Reduction in per vehicle CO<sub>2</sub>, electricity and water consumption in the Manesar plant stood at 13%, 1 % and 16 % respectively
- Hazardous waste to the tune of 6,447 T sent to the cement industry for co-processing
- Environment friendly natural gas used for captive power generation at both plants
- Initiated use of solar energy for street lighting in Gurgaon plant

environmental



- OHSAS 18001 certification process initiated. Groundwork for the same is underway
- Road safety:
  - Over 187,000 persons trained in safe driving in 2010-11
  - Over 850,000 persons trained cumulatively since 2000
  - Opened 83 new Maruti Driving Schools, taking the total to 166
  - Completed construction of two new IDTRs in Haryana
- Skill development:
  - Forged 4 new partnerships with government ITIs, taking the total to 7 ITIs
- Continued community development initiatives around the Manesar plant. Large investments made in infrastructure development:
  - Set up computer centre at Aliyar village
  - Upgraded infrastructure of Baas village school
- Employees contributed 2,792 hours in volunteering

social



## organisational profile

### COMPANY PROFILE

Maruti Suzuki India Limited (MSIL), a subsidiary of Suzuki Motor Corporation (SMC), Japan, is a leading manufacturer of passenger vehicles in India, contributing to about 45% of the total industry sales in India.

The Company, formerly known as Maruti Udyog Limited, was incorporated as a joint venture (JV) between the Government of India and Suzuki Motor Corporation on 24<sup>th</sup> February, 1981. Its first car, the Maruti 800, was rolled out of the Gurgaon facility on 14<sup>th</sup> December, 1983.

In terms of the number of cars produced and sold worldwide, the Company is the largest subsidiary of Suzuki Motor Corporation, Japan.

In 2010-11, the Company sold 1,271,005 vehicles, registering a growth of 24.8% over the previous year. This comprised 1,132,739 vehicles in the domestic market and 138,266 vehicles in the international market. Cumulatively, the Company has produced 10 million vehicles. It rolled out its 10 millionth vehicle on 15<sup>th</sup> March, 2011, a significant landmark for the Company and the automobile industry in India.

The Company's total income (Net of Excise) for the year 2010-11 was Rs. 375,224 million, a growth of 24.6% over fiscal 2009-10. The Company has a strong balance sheet with reserves and surplus of Rs. 137,230 million and a debt equity ratio of 0.02 as on 31<sup>st</sup> March, 2011.

### NATURE OF THE COMPANY OWNERSHIP

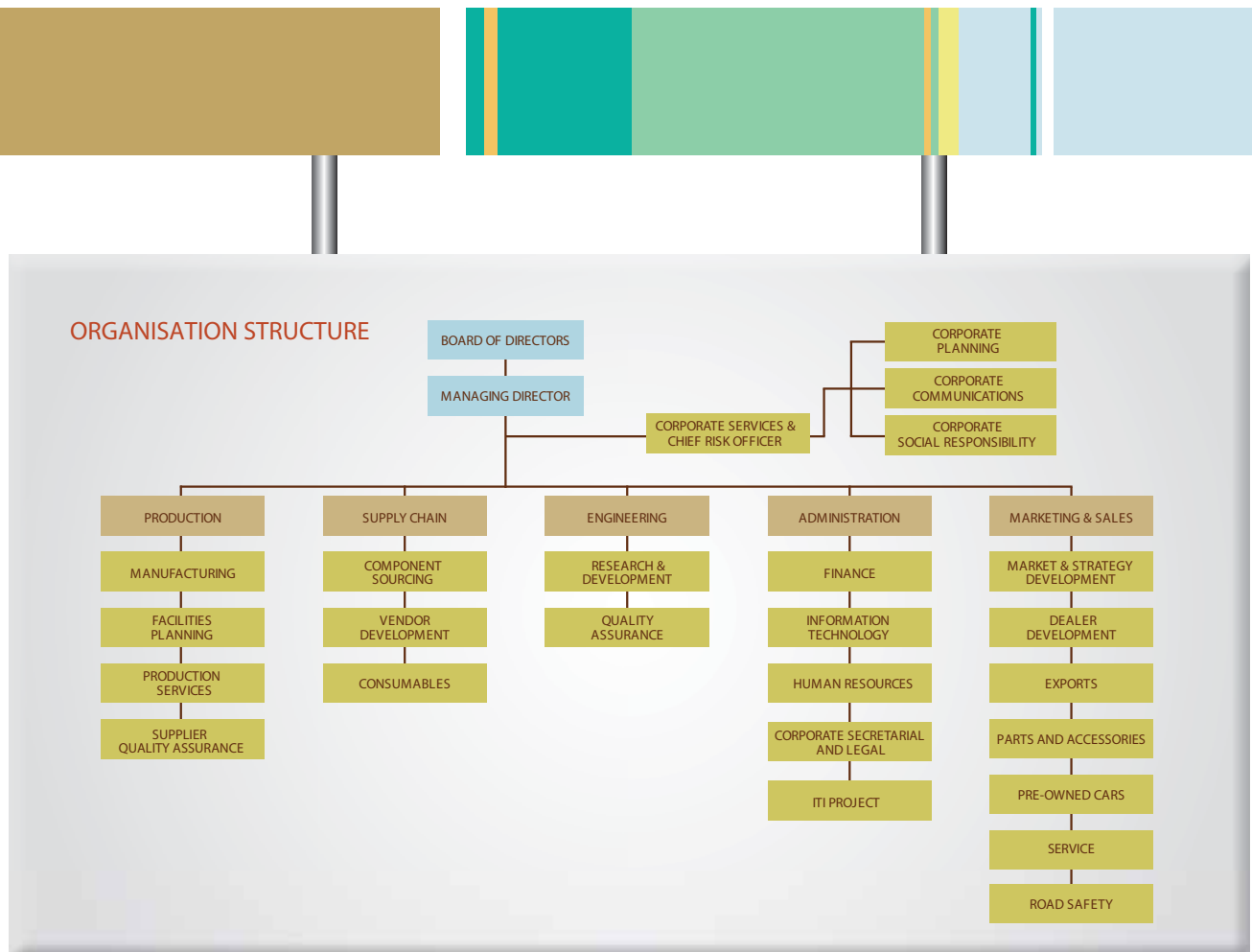
Maruti Suzuki is a public limited company listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. SMC is the majority shareholder with 54.21% equity stake in the Company. For the shareholding pattern of the Company, refer to page 50 of the Corporate Governance section of the Annual Report.

### ORGANISATIONAL STRUCTURE

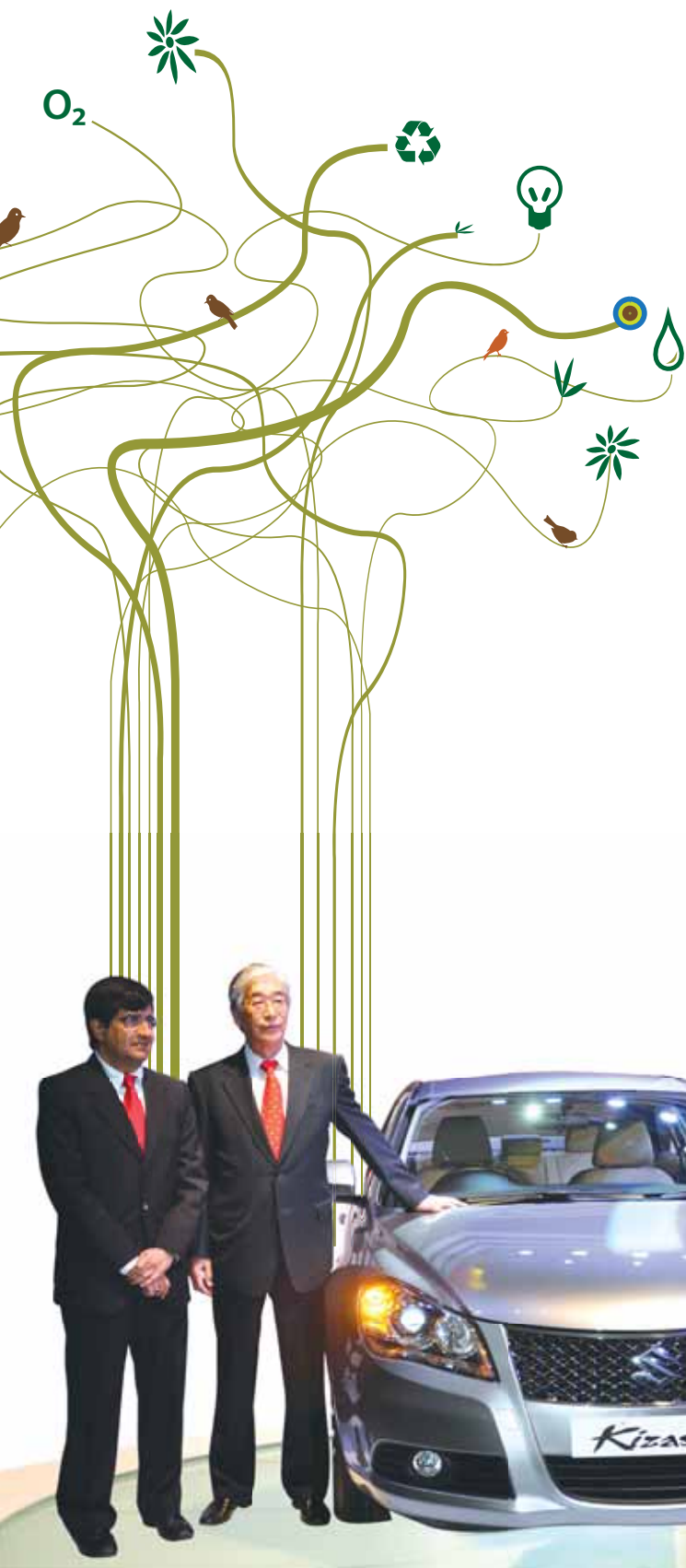
Maruti Suzuki has a multi-tier management structure, comprising a Board of Directors at the top, followed by five business vertical heads reporting to the Managing Director. The business verticals of the Company are Marketing & Sales, Engineering, Production, Administration and Supply Chain. For more information on the organisational structure and the leadership team of Maruti Suzuki, refer to page 38 of the Corporate Governance section of the report.



Car manufacturing in process



## organisational profile



Corporate office at New Delhi



A technician working on engine assembly

### MANUFACTURING FACILITIES

Maruti Suzuki has two manufacturing facilities in Haryana, one each at Gurgaon and Manesar, with a combined manufacturing capability of over 1.25 million vehicles per annum, which is much beyond the installed capacity of 1 million vehicles.

#### Gurgaon Plant

The Gurgaon facility contains three fully integrated plants with a combined installed manufacturing capacity of over 700,000 vehicles per annum. It also has a state-of-the-art K-series engine casting plant with a capacity of 7.80 lakh engines per annum.





Mr. S. Nakanishi, MD, launching Alto K10

### Manesar Plant

The Manesar facility was started in February, 2007 and has one plant with a capacity of 300,000 vehicles per annum. Two more plants are presently under construction at Manesar.

### R & D Capabilities

The Company is gradually enhancing its R&D capabilities. It has over 1,000 R&D engineers. The R&D team is working closely with SMC engineers on new product design and development. It has also initiated work on setting up a test course for R&D purposes at Rohtak, Haryana.

### SUPPLIER BASE

The Company has worked through the year with its suppliers to develop new products, refresh existing ones and achieve higher localisation levels to reduce costs. As on 31<sup>st</sup> March, 2011, the Company had a supplier base of 260, including 19 joint venture companies where the Company holds a strategic equity stake.

### CORPORATE OFFICE

1, Nelson Mandela Road, Vasant Kunj,  
New Delhi, India

### CORPORATE WEBSITE

[www.marutisuzuki.com](http://www.marutisuzuki.com)



Employees working in an open office

## organisational profile

**2946**  
● TOTAL SERVICE NETWORK

**933**  
★ TOTAL SALES NETWORK

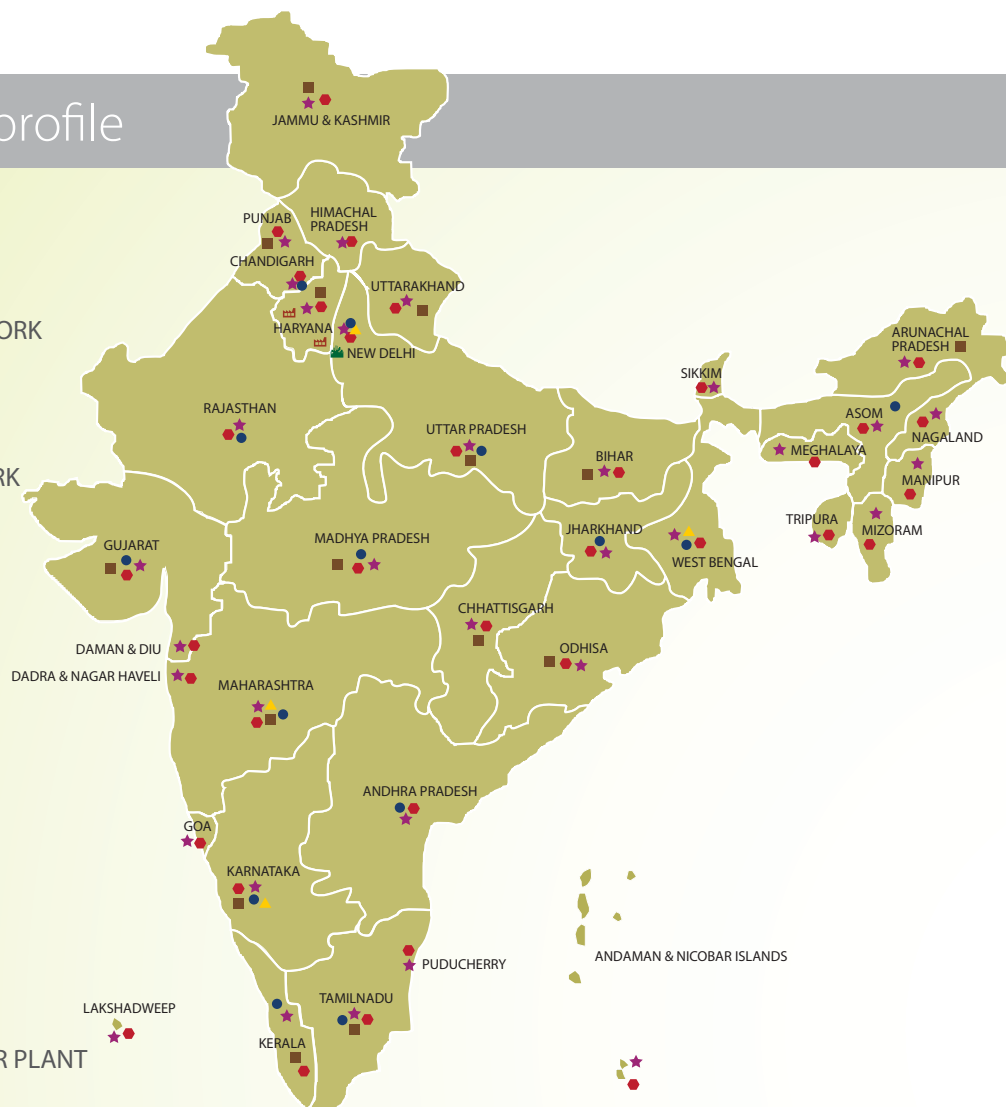
**16**  
● REGIONAL OFFICES

**18**  
■ AREA OFFICES

**04**  
▲ ZONAL OFFICES

  
GURGAON & MANESAR PLANT

  
DELHI CORPORATE OFFICE



*Map is indicative, not to scale  
Some states have more than one regional office and area office*



A service workshop

### DOMESTIC SALES AND SERVICE NETWORK

Over the years, the Company has expanded its sales and service network to cover the length and breadth of the country. Amongst car manufacturers in India, Maruti Suzuki has the largest sales and service network. As on 31<sup>st</sup> March 2011, it had 933 sales outlets in 668 cities and 2,946 service workshops in 1,395 cities. The service network of the Company includes dealer workshops, Maruti Authorised Service Stations (MASS's), Maruti Service Masters (MSMs) and Maruti Service Zones (MSZs).

Besides selling and servicing vehicles, the Company provides its customers services like automobile finance, genuine spare parts and accessories, extended warranty and certified pre-owned cars. The Company had 353 True Value pre-owned car outlets in 208 cities as on 31<sup>st</sup> March, 2011.



A-Star: A popular export model

## EXPORT SALES AND MARKETS

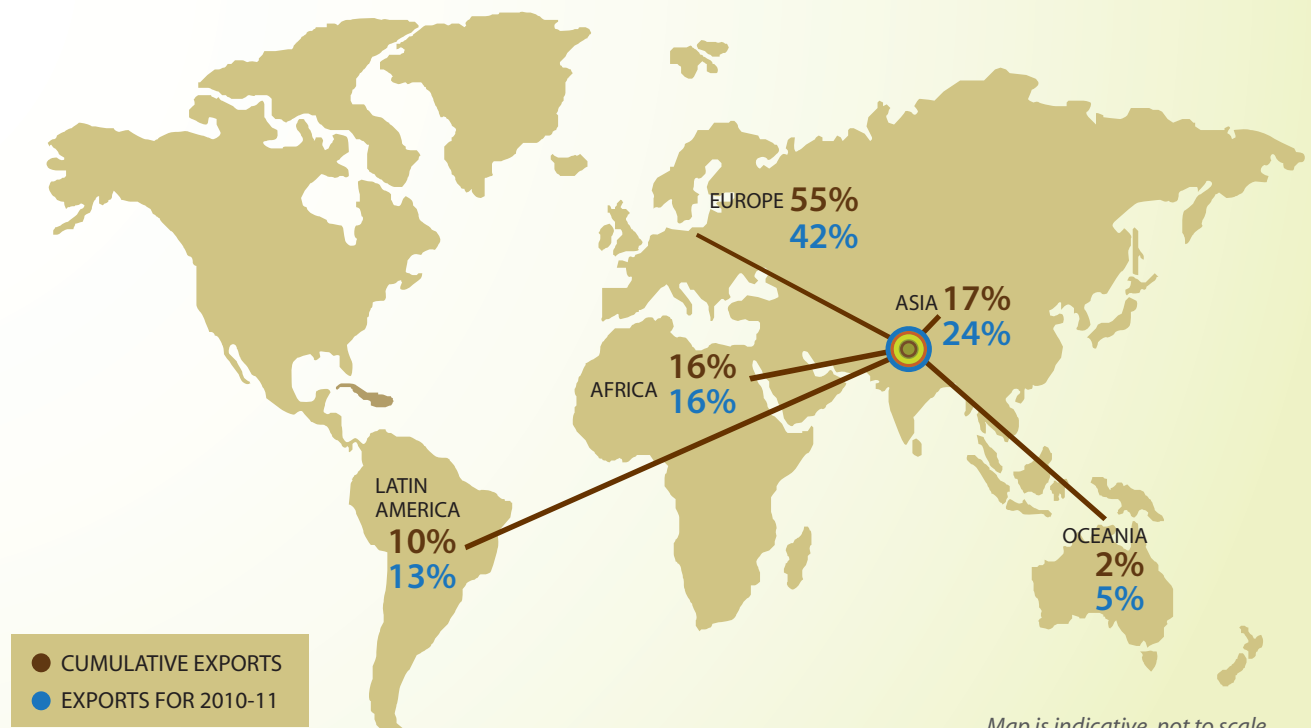
Maruti Suzuki's first export assignment was a batch of 500 cars to Hungary in September, 1987. Since then, the export portfolio of the Company has been consistently expanding. In the reporting year, the Company exported to 78 countries in Europe, Asia, Latin America, Africa and Oceania.

In 2010-11, the Company's export sales stood at 138,266 units; 42% of the sales came from the European markets. Cumulatively, the Company has exported 863,380 cars.



## MARUTI SUZUKI'S GLOBAL PRESENCE

Continent-wise exports



## organisational profile &gt; our products

The Company offers a portfolio of 14 brands, ranging from the people's car, Maruti 800, to the luxury sedan, Kizashi. As per the classification by the Society of Indian Automobile Manufacturers (SIAM), Maruti Suzuki models are categorised as:

SIAM CLASSIFICATION*	PRODUCTS
A1 Segment (upto 3400 mm)**	Maruti 800
A2 Segment (3401 mm to 4000 mm)**	Alto, Estilo, WagonR, A-star, Ritz, Swift
A3 Segment (4001 mm to 4500 mm)**	Dzire, SX4
A4 Segment (4501 mm to 4700 mm)**	Kizashi
Multi Utility Vehicle (MUV segment)	Gypsy, Grand Vitara
Multi Purpose Vehicle (MPV segment)	Omni, Eeco

\*As per old classification. SIAM revised vehicle classification in April 2011

\*\* Vehicle length



### MARUTI 800

Change your life

Maruti 800 has gone beyond just being a car; it has transformed the lives of millions of people across the country by bringing the joy of motoring to them.



### ALTO

Let's Go

Alto is a great combination of economy, practicality and styling. Its refreshed model offers smart changes in the interiors. Alto is the largest selling car in India and globally.

The Alto K10 has an appealing design that is well-complemented with elegant and smart accessories. The powerful 1litre K-series engine makes the Alto K10 an exhilarating drive. Thoughtful engineering has made the Alto K10, a truly eco-friendly car.

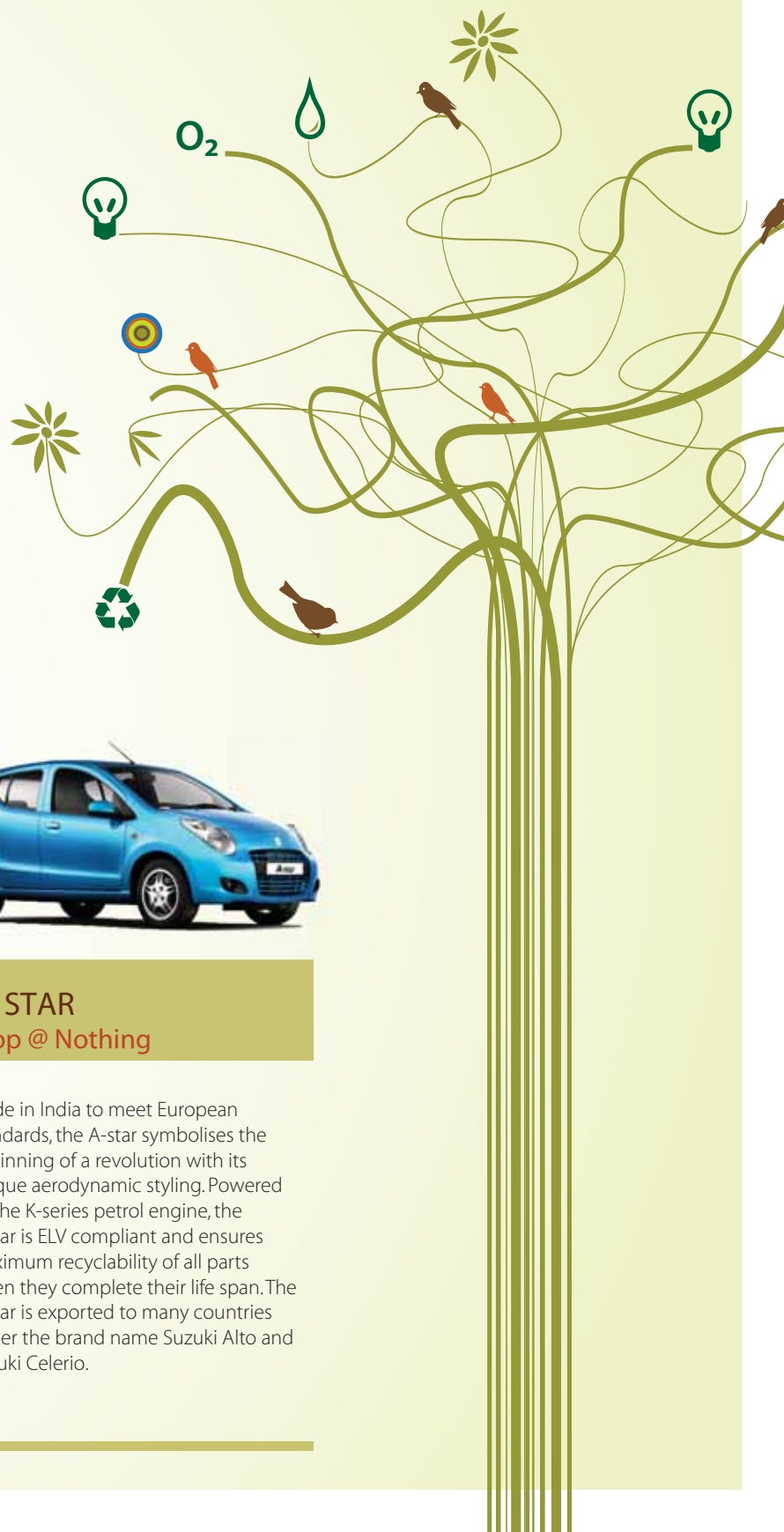


### ESTILO

Take a fresh view of life

With its aerodynamic contours and smooth curves, the Estilo is a perfect combination of sturdiness and class. The all-new Estilo comes with the K-series engine, Detent Pin Transmission Technology and cable system that offer smooth gear shifting and great handling.





## WAGONR

For the smarter race

Based on a new platform, the all-new WagonR is the tallest in its class and has a distinct sloping stance. The new WagonR is powered with the K-series engine that delivers improved power and fuel efficiency. The new frame type front suspension, three point control arm and gas filled McPherson struts lead to better stability and riding comfort.



## A-STAR

Stop @ Nothing

Made in India to meet European standards, the A-star symbolises the beginning of a revolution with its unique aerodynamic styling. Powered by the K-series petrol engine, the A-star is ELV compliant and ensures maximum recyclability of all parts when they complete their life span. The A-star is exported to many countries under the brand name Suzuki Alto and Suzuki Celerio.



## organisational profile &gt; our products

**RITZ****Live the moment**

The Ritz combines modern European design, the latest in engine technology and Suzuki's global expertise in compact cars. It is an exceptional blend of modern design and practicality with its aerodynamic shape and best-in-class headroom and legroom. The K12M petrol engine and 1.3 litre DDiS diesel engine powering the Ritz are supremely refined and silent.

**SWIFT****You are the fuel**

The new Swift\* comes with a new platform that makes it longer and wider. Lighter body-weight along with improved engine dynamics, leads to best-in-class acceleration and a high power to weight ratio. While the plush, eye-riveting interiors add exuberance, the new Swift gets an enhanced external appeal with futuristic styling yet retains the characteristic sporty, bold and youthful DNA of 'brand Swift'. The new Swift is powered by the advanced K-series and DDiS engines.  
*(\*Launched in August 2011)*

**DZIRE****The Heart Car**

With its desirable exteriors and luxurious interiors, the DZire is a car that has everything one can desire. The car comes with excellent handling and luggage space and a spirited engine. It has reassuring security features such as dual front airbags, Anti-lock Brakes System (ABS) and Electronic Brake-force Distribution (EBD).

**SX4****Men are back**

Revolutionary European design; world class "drive-by-wire" technology; most spacious in its class; steering-mounted audio controls; maximum ground clearance in its class; high on safety with dual airbags; Anti-lock Brake System (ABS) and Electronic Brake-force Distribution (EBD) are the SX4's salient features. The recently added VVT technology adds a feather to its crown. SX4 now also comes with a 1.3 litre diesel engine.

**KIZASHI**

Kizashi with its dynamic contours mirrors an athlete in motion and makes a bold and powerful impression. The fine balance of elegance and sportiness makes it a design marvel. A product of in-house engineering and designing by Suzuki, it is India's first sports luxury sedan. Powered by a 2.4 litre engine, the car has upscale interiors and excellent safety features provided by the eight standard airbags.

**NEW GRAND VITARA**  
**2.4 - Reloaded**

Distinctively styled, the third generation Grand Vitara takes three decades of Suzuki SUV heritage to the next level. The Vitara model first hit the roads in Japan in 1988 as a 3-door part-time four wheel drive. In its second avatar, the Vitara came armed with a stylish design, superior engineering and a new name, the Grand Vitara.



### OMNI

Ab kamyabi se hai sirf Omni  
bhar ka faasla

Omni is truly India's original MPV. Today it is available in five variants, 5 seater, 8 seater, cargo, ambulance and liquefied petroleum gas (LPG). It meets diverse needs across different user segments and can double up both as a people carrier and a goods carrier. It is easy on the pocket, yet tough on the job.



### EECO

Happiness family size

Be it a short trip, a picnic or a drive to the market, things are always best enjoyed when done with the family. Eeco has a perfect mix of power, style, space, comfort and safety that ensures you and your family have an enjoyable experience every time. The Eeco is available as a 5-seater and a 7-seater and in the cargo version as well.



### GYPSY KING

There is a Gypsy in Everyone

With superb manoeuvrability, smooth handling and raw energy, packed into a sleek yet rugged frame, the Gypsy King is the real adventure MUV whether ploughing through dirt tracks, climbing formidable terrain or making way through city traffic. Maruti Suzuki is proud to support the operations of the country's defence services with the tailor made Gypsy King.



A **Green**  
RANGE  
OF CARS



## organisational profile > company milestones



**1981**

**FEBRUARY**  
Maruti Udyog Ltd.  
incorporated under  
provisions of the  
Indian Companies  
Act, 1956



**1983**

**DECEMBER**  
Launched  
Maruti 800

**1985**

**DECEMBER**  
Launched Gypsy



**1990**

**OCTOBER**  
Launched India's first  
sedan, Maruti 1000

**1993**

**OCTOBER**  
Launched Zen

**1996**

**MAY**  
Launched 24-hour  
Maruti-On-Road  
Service (MOS)

**1986**

**AUGUST**  
Produced 100,000  
vehicles

**1982**

**OCTOBER**  
Signed License  
and JV agreement  
signed with  
Suzuki Motor  
Corporation

**1984**

**NOVEMBER**  
Launched Omni

**1987**

**SEPTEMBER**  
Exported first lot of  
500 cars to Hungary

**1992**

**JUNE**  
SMC increased  
its stake in Maruti  
Udyog Limited  
to 50%

**1994**

**MARCH**  
Produced  
1 million cars  
  
**NOVEMBER**  
Launched Esteem

**1999**

**DECEMBER**  
Produced  
2 million cars  
  
Launched Baleno  
Launched Wagon R





2000

**MARCH**  
Launched IDTR jointly with the Delhi government to promote safe driving (A CSR initiative)

**SEPTEMBER**  
Launched Alto



2002

**FEBRUARY**  
Inaugurated Children's Park in Delhi (A CSR Initiative)

**MAY**  
SMC increased its stake in Maruti to 54.2%

2005

**MAY**  
Launched Swift

2007

**JANUARY**  
Launched Swift Diesel

**FEBRUARY**  
Inaugurated the fourth assembly line and diesel engine plant at Manesar

**APRIL**  
Launched rural scheme "Ghar Ghar Mein Maruti; Mera Sapna Maruti" launched

**MAY**  
Launched SX4  
First Citizen, Dr. A.P.J. Abdul Kalam visits Maruti's facilities

2008

**MARCH**  
Launched Swift DZire

**OCTOBER**  
Inaugurated K10B engine plant at Gurgaon

**NOVEMBER**  
Launched A-star

**DECEMBER**  
Completed 25 years of operations in India

Launched National Road Safety Mission (A CSR initiative)

2010

**JANUARY**  
Launched Eeco

**MARCH**  
Achieved landmark of producing one million cars in one year

**AUGUST**  
Launched Alto K10

CNG i-GPI Green range launched - SX4, Estilo, WagonR, Eeco, Alto

2001

**OCTOBER**  
Launched Versa

Launched Maruti True Value (pre-owned car business)

2003

**APRIL**  
Launched Grand Vitara

Produced 4 million cars

**JULY**  
Listed on Bombay Stock Exchange and National Stock Exchange

2006

**JULY**  
Maruti launched 'Dil Se' - a special programme for Indians living abroad, to facilitate them to gift Maruti cars on line to friends and relatives back at home.

**NOVEMBER**  
MOU signed with Government of Haryana to set up IDTR

Inaugurated 2<sup>nd</sup> IDTR at Delhi (A CSR initiative)

Launched Zen Estilo

**DECEMBER**  
Produced 6 million cars

JULY

Maruti Udyog Limited renamed Maruti Suzuki India Limited

**SEPTEMBER**  
MOU signed with Government of Gujarat to set up Driving and Technical Training Institute for tribal youth in Gujarat (A CSR initiative)

**DECEMBER**  
Initiated community development programmes in 4 villages in Manesar (A CSR initiative)

2009

**JANUARY**  
First shipment of A-stars dispatched from Mudra port for overseas markets

Signed MoU with Government of Uttarakhand to set up IDTR (A CSR initiative)  
Laid the foundation of two IDTRs in Haryana (A CSR initiative)

**MAY**  
Launched Ritz

**JUNE**  
Produced 8 millionth car

**AUGUST**  
Haryana Government allotted 700 acres for R&D complex at Rohtak  
Launched Estilo

**NOVEMBER**  
Launched IDTRs at Uttarakhand and Gujarat (A CSR initiative)

2011

**FEBRUARY**  
Launched Kizashi

Launched SX4 Diesel

**MARCH**  
Produced 10 million cars





## awards, accolades and certifications



### AWARDS & ACCOLADES TO MARUTI SUZUKI

1. Declared **Business Standard Company of the Year 2011**
2. Ranked **No.1** in **JD Power Sales Satisfaction Index (SSI) Study 2010**
3. Ranked **No.1** in **JD Power Customer Service Index (CSI) Study 2010** for the 11<sup>th</sup> time in a row
4. Awarded the **Best Automobile Manufacturer of the Year 2010** and the **"Hall of Fame" award** for single handedly changing the face of Indian automobile Industry by **Car India**
5. Ranked among the **top 10 "Most admired companies"** from India by Wall Street Journal
6. Bagged **"Manufacturer of the Year"** award for the Company and **"Engine of the Year"** award for K-series engine at **CNBC-TV18 Awards 2011**
7. Won **National HRD Network Trailblazer Award 2010** for HRD Excellence
8. Received **Significant Achievement in Sustainability** award in **CII-ITC Sustainability Awards 2010**
9. Won the **NASSCOM & CNBC TV 18 IT User Award**

### AWARDS & ACCOLADES TO MARUTI SUZUKI PRODUCTS

1. **Zen Estilo, WagonR and Alto** ranked as the top three most dependable vehicles in the compact segment in **2009 JD Power Asia Pacific India Vehicle Dependability Study**
2. **DZire** ranked **No.1** in **JD Power Initial Quality Study (IQS) 2010**
3. **DZire** won the **JD Power APEAL Study** for a third time in a row
4. **TNS four-wheeler Total Customer Satisfaction (TCS) Study**
  - a. **Alto** ranked **No. 1** in entry segment
  - b. **Zen Estilo** and **A-Star** jointly topped in premium compact car segment
  - c. **Swift** ranked **No. 1** in the upper premium segment
  - d. **DZire** ranked No.1 in the entry-level mid-sized sedan segment
5. **WagonR** won the **Best Entry Level Mini Car of the Year** category of the 2010 **ET ZigWheels Car of the Year awards**
6. **WagonR** won the **Compact Car of the Year 2011** and **Alto K10** won the **Best Variant of the Year** in the **Autocar Awards 2011**
7. **WagonR** won the **Car of the Year (COTY) award** in the entry level mini car category award



## AWARDS & ACCOLADES TO MARKETING CAMPAIGNS

1. First advertiser from India to be awarded for the digital campaign '**Sports Sponsorship goes mobile**' by **Global Mobile Marketing Association Asia Pacific** and the **Global Awards**
2. Received **Gold** at the **Indian Documentary Producers Association (IDPA)** for the best edited television commercial for the **SX4 'After You'** advertisement
3. Won **Bronze** in the **Internationalist Awards for Innovative Digital Marketing Solutions** for the **K-serial campaign** on Ibibo.com
4. Corporate Campaign "**Kitna Deti Hai**"
  - a. rated amongst the **best campaigns of 2010** by **CNBC-TV18's** programme on Advertising & Marketing
  - b. adjudged as the **Best TV Commercial** (4-wheelers and 2-wheelers combined) by **NDTV Car and Bike Awards**
5. **WagonR** won **Pitch India Top Marketer Award 2010** for marketing campaigns



## CERTIFICATIONS

### EN ISO 9001:2008

Quality Management System Certificate for Gurgaon and Manesar Plants

### EN ISO 14001:2004

Environment Management System Certificate for Gurgaon and Manesar Plants

### ISO/IEC 27001:2005

Information Security Management System Certificate for the Organisation

## scope and boundary



Mr. S. Nakanishi, MD and Mr. M. M. Singh, MEO (Production), releasing the Sustainability Report 2009-10

Maruti Suzuki's third Sustainability Report is for the period 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011. The Company prepares its Sustainability Report on an annual basis.

The scope and boundary with respect to the economic, environmental and social aspects remain the same as the previous year's report.



## SCOPE OF THE REPORT

SECTION	COVERAGE	EXCLUSIONS
<b>Economic</b>	All Maruti Suzuki operations	
<b>Environment</b>	Gurgaon and Manesar manufacturing locations	Head office, regional/area offices and MSSD Naraina, Delhi
		Scope 3 of the WBCSD/WRI Protocol
<b>Social</b>		
Human resource	All Maruti Suzuki operations	
Occupational health and safety	Gurgaon and Manesar manufacturing locations	Head office, regional/area offices and MSSD Naraina, Delhi
Community development and employee volunteering	Gurgaon, Manesar and Delhi	Regional/area offices
Road safety and ITI Project	Across various states in India	

### Notes:

1. All operations include manufacturing facilities at Gurgaon and Manesar, Head office in Delhi, regional/area offices across India and MSSD - Maruti Service Station fully owned and operated by the Company in Delhi.
2. The JV's of the Company are not covered in this report as the involvement of the Company in their day to day operations and decision making is not significant.

The report is prepared in accordance with the GRI G3 2006 reporting guidelines and meets the A level requirements of the reporting guidelines. Det Norske Veritas AS (DNV), an independent assurance provider, has verified this report as per AA 1000 AS (2008) and the assurance statement is given in this report on page 90.

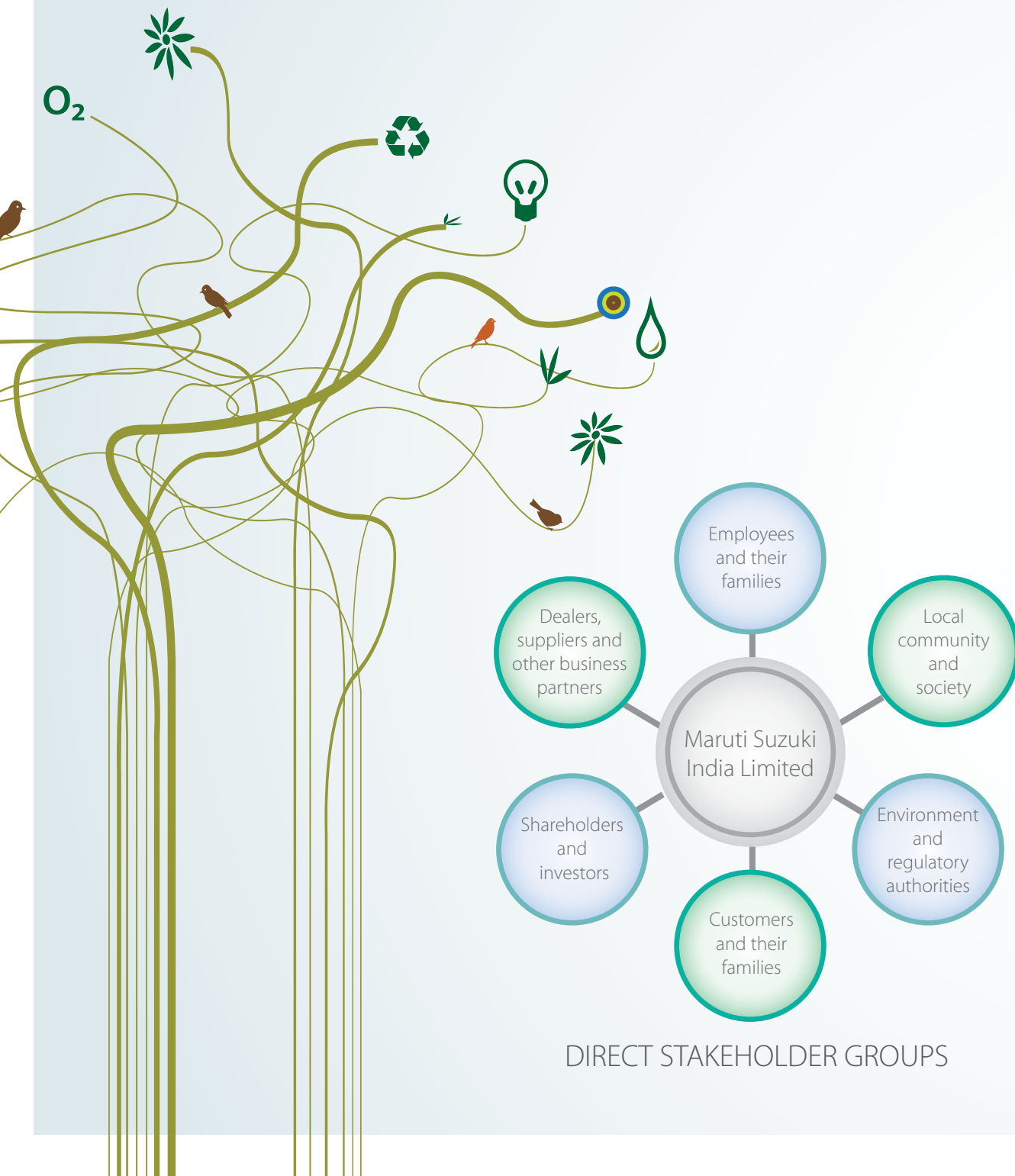
Preparation of the report has been an in-house effort. A cross functional team was set up for this purpose. The members of this team were drawn from various departments and levels and the content of the report was developed jointly.



Sustainability Report 2010-11 cross functional team



## stakeholder engagement





Maruti Suzuki considers all organisations and individuals who are impacted by its operations and who can potentially impact its long term sustainability as its stakeholders. The Company has, over time, developed and fine-tuned its engagement with its various stakeholder groups. Stakeholder engagement is a continuously evolving, dynamic process and the Company believes

its stakeholders are partners in its journey towards sustainability.

Details of stakeholder engagement are mentioned in the tables below. Here *ongoing* refers to programmes/events conducted more than once in a month.



## EMPLOYEES

ACTIVITY	ACTIVITY DETAILS	FREQUENCY
Divisional Communication Meetings	Ensures uniform and structured communication flow to all employees	Monthly
Human Resources Initiatives Development Committee	Ensures employees' participation in framing employee related policies	Once in two months
<b>Family interaction</b>		
a) Parivaar Milan (for associates)	Develops bond between families of associates and the Company	Monthly
b) Family Connect (for executives & above)	Allows families of employees to connect with the Company	Quarterly
c) Family Day Function	Facilitates a feeling of togetherness	Annual
Inter-Divisional Sports Tournaments and Motor Sports Events	Allows employees to pursue their hobbies in sports and develop team spirit	Annual
Suggestion Schemes and Quality Circles	Empowers employees to implement their suggestions	Ongoing
360 Degree Feedback	Improves leadership capability through direct feedback from peers and seniors	Annual
Stay Interviews	Provides a structured platform for employees to share their concerns	Ongoing
Employee Relations Development Committee	Ensures constructive discussions between workers' union and Company officials	Monthly

## stakeholder engagement

### CUSTOMERS

ACTIVITY	ACTIVITY DETAILS	FREQUENCY
Brand Track	Gauges customers' perception of corporate brand and product brands	Ongoing
Customer Meets	Gauges customer satisfaction level with the product and services	Ongoing
Customer Satisfaction Feedback	Analyses customer feedback to take suitable measures for upgrading products and services	Ongoing
Mega Service Camps	Gives first-hand customer feedback and resolves complaints on the spot	Ongoing
Customer Care Cell	Allows customers to register complaints on a 24X7 toll-free number(18001800180)	Ongoing
Product Clinics	Collects product specific feedback from customers	Before launch of product



### SHAREHOLDERS AND INVESTORS

ACTIVITY	ACTIVITY DETAILS	FREQUENCY
Annual General Meeting (AGM)	Allows investors to directly interact with top management of the Company	Annual
Press Releases and Emails	Disseminates information to investors such as financial results, new model launches, price changes etc	Ongoing
Investor Meets	Updates investors on current business environment and Company strategy to meet challenges	5-6 meets a year
One-to-One Meetings and Conference Calls	Addresses investor specific queries	Ongoing



Note: The Company has a dedicated Investor Relations team. Investors can contact the team at [msilinvestorrelations@maruti.co.in](mailto:msilinvestorrelations@maruti.co.in) or on phone numbers 011-46781126/22.

### SUPPLIERS

ACTIVITY	ACTIVITY DETAILS	FREQUENCY
Maruti Centre for Excellence (MACE)	Upgrades suppliers through sharing of Company's best practices	Ongoing
Suppliers' Club	Provides opportunity to select suppliers to discuss critical issues with the Company's top management	Ongoing
Quality Month	Enhances quality consciousness amongst suppliers	Annual
Value Analysis and Value Engineering (VA-VE) Month	Achieves cost competitiveness through a joint activity with suppliers	Annual
Quality Circle (QC) Competition	Promotes quality circle culture amongst suppliers	Annual
Joint Venture HR Meeting	Reviews HR and IR issues and suggests necessary countermeasures	Once in two months
Vendor Conference	Offers a platform for Company's top management and suppliers' CEOs to share their thoughts and best practices	Annual
Project Shikhar	Facilitates upgradation of suppliers in quality, shop floor and people practices	Ongoing





## DEALERS

ACTIVITY	ACTIVITY DETAILS	FREQUENCY
Balanced Score Card (BSC)	A tool for sustained performance improvement of dealers in areas such as operations, sales, service, spares etc	Quarterly
Dealer Management Systems (DMS)	Enables dealerships across India to have seamless business transactions and build lasting relationships with customers	Ongoing
Dealer Conference	Provides a platform to share best practices, offer future direction and receive feedback from dealers	Annual
Guidance on Business and Financial Matters	Guides dealers on business processes, manpower development, fund management and opportunities for growth	Ongoing



## LOCAL COMMUNITY AND SOCIETY

ACTIVITY	ACTIVITY DETAILS	FREQUENCY
<b>a) Community development</b>		
Meetings with Community Leaders and Village folk	Discussion and review of implementation of social projects	Ongoing
Factory Visit	Visit of community leaders to Manesar plant and an opportunity to share feedback with MSIL officials	Annual
<b>b) ITI Project</b>		
Institute Management Committee (IMC) Meeting	Reviews institute development and decides on future projects	Quarterly
Students and Staff visits to MSIL Plants	Provides industry exposure to students and staff	Monthly
<b>c) Road Safety</b>		
IDTR Society AGM	AGM convened in accordance with the Societies Act	Annual
Dealer Review Meeting	Reviews Maruti Driving Schools' performance	Quarterly
Evaluation of Trainees	Assesses effectiveness of the driving training imparted	Ongoing
School Awareness Programmes	Spreads road safety awareness among school children	Ongoing



## ENVIRONMENT AND REGULATORY AUTHORITIES

ACTIVITY	ACTIVITY DETAILS	FREQUENCY
Community Feedback	Gauges environmental impacts of the Company on the neighbouring community	Annual
Interaction with Regulatory Authorities	Environment team remains in touch with Centre and State Pollution Control Boards and Ministry of Environment and Forests officials to discuss environmental issues	Ongoing
Advocacy on Future Environmental Regulations and Policies	Officials from Engineering business vertical and Corporate Planning participate in the committees set up by the automobile industry body SIAM and the Government to decide on future environment regulations, policies and implementation plans	As per agenda requirements







## corporate governance, commitment and engagement

Maruti Suzuki believes that good corporate governance is essential for building trust between stakeholders, the management and the Board of Directors. Robust governance practices have been implemented at all levels of the organisation.

### **CORPORATE GOVERNANCE PHILOSOPHY**

The Company is fully committed to practicing sound corporate governance and upholding the highest business standards in conducting business. Being a value-driven organisation, the Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

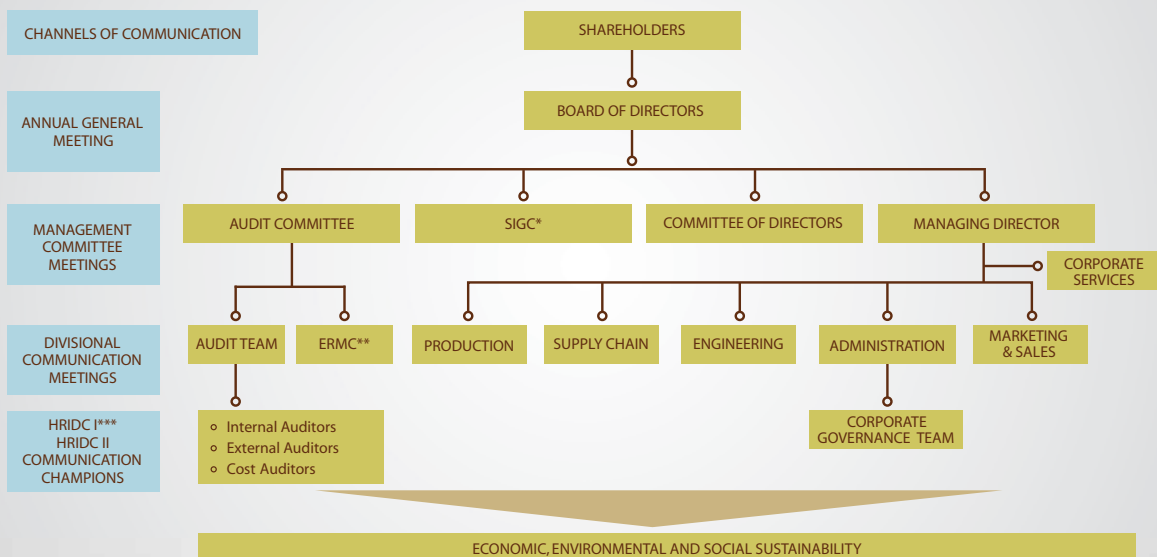
The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosures are ingrained in all its business dealings and shared by its Board of Directors, management and employees. The Company has established systems and procedures to ensure that its Board of Directors is well-informed and well-equipped to fulfil its overall responsibilities, and to provide the management with the strategic direction needed to create long-term shareholder value.

### **BOARD OF DIRECTORS AND COMMITTEES**

The Board of Directors is the highest governing body at Maruti Suzuki. An optimum combination of executive, non-executive and independent directors has been adopted in accordance with the provisions of clause 49 of the listing

BEING A VALUE-DRIVEN ORGANISATION, THE COMPANY HAS ALWAYS WORKED TOWARD BUILDING TRUST WITH STAKEHOLDERS, EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS BASED ON THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE, VIZ., INTEGRITY, EQUITY, TRANSPARENCY, FAIRNESS, DISCLOSURE, ACCOUNTABILITY AND COMMITMENT TO VALUES.

### CORPORATE GOVERNANCE STRUCTURE



\* Shareholders / Investors' Grievance Committee \*\* Executive Risk Management Committee \*\*\* Human Resources Initiative Development Committee

## corporate governance, commitment and engagement



Proceedings of the Annual General Meeting

agreement executed with the stock exchanges where the Company's shares are listed. All independent directors are persons of eminence and bring a wide range of expertise and experience to the board, thereby ensuring best interest of stakeholders and the Company. The vision, mission and values of the Company steer the decisions of the Board of Directors. The board members are appointed on the basis of their experience and skill. The board meets at least once in a quarter with a gap of not more than four months between any two meetings. However, additional meetings are held, whenever necessary. The composition of the board is given in Table I.

#### Independent Director

The Company defines Independent Director as a non-executive director who apart from receiving a director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect his independence. Also, he is not related to promoters or persons occupying management positions at the board level or at one level below the board and has not been an executive of the Company in the immediately preceding three financial years.

Besides, he is not a partner or an executive or was not a partner or an executive during the preceding three years, of any of the statutory audit firm or the internal audit firm that is associated with the Company, and the legal firm(s) and consulting firm(s) that have a material association with the Company.

He is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect his independence. He is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares and is not less than 21 years of age.

#### Audit Committee

The Company has constituted an Audit Committee. The composition of the Audit Committee is given in Table-1. All its members are financially literate. Mr. Amal Ganguli, its Chairman, has expertise in accounting and financial management. He is a fellow member of the Institute of Chartered Accountants of India (ICAI) and the Institute of Chartered Accountants in England and Wales and a member of the New Delhi chapter of the Institute of Internal Auditors, Florida, U.S.A.

The CFO, the head of internal audit and the representative of the statutory auditors, internal auditors and cost auditors are permanent invitees to the meetings of the Audit Committee. Other directors and members of management are also invited from time to time, as appropriate.

#### Shareholders' / Investors' Grievance Committee (SIGC)

The Company has a committee of directors called SIGC which oversees redressal of shareholders'/investors' grievances, transfer of shares, non-receipt of balance sheet, non-receipt of dividend and related matters. It also oversees the performance of the registrar and transfer agents, recommends measures for overall improvement in the quality of investors' services, approves issue of duplicate/split/consolidation of share certificates and reviews all matters connected thereto. The composition of SIGC is given in Table-I.

#### Committee of Directors for Borrowing

The board has constituted a committee of directors comprising of Managing Director, Director (in-charge of Finance) and Director (Marketing and Sales) to approve

the terms and conditions of total existing borrowing limits by way of cash-credit, overdraft and working capital loans from banks/financial institutions under Section 292 of the Companies Act, 1956.

THE BOARD OF DIRECTORS IS THE HIGHEST GOVERNING BODY AT MARUTI SUZUKI. AN OPTIMUM COMBINATION OF EXECUTIVE AND NON-EXECUTIVE AND INDEPENDENT MEMBERS HAD BEEN ADOPTED.

THE COMPANY HAS AN AUDIT COMMITTEE, SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE AND COMMITTEE OF DIRECTORS FOR BORROWING.



A Board Meeting in progress



## corporate governance, commitment and engagement

**TABLE I: BOARD AND COMMITTEES OF DIRECTORS  
(AS ON 31<sup>ST</sup> MARCH 2011)**

NAMES	DESIGNATION /CATEGORY	AUDIT COMMITTEE	SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE
Mr. R. C. Bhargava	Chairman/ Non-Executive	-	Chairman
Mr. Shinzo Nakanishi	Managing Director & CEO / Executive	Member	Member
Mr. Tsuneo Ohashi	Director & Managing Executive Officer (Production)/ Executive	-	-
Mr. Shuji Oishi	Director & Managing Executive Officer (Marketing & Sales) / Executive	-	-
Mr. Keiichi Asai	Director & Managing Executive Officer (Engineering)/ Executive	-	-
Mr. Osamu Suzuki	Director/Non-Executive	-	-
Mr. Kenichi Ayukawa	Director/Non-Executive	-	Member
Mr. Amal Ganguli	Director/ Independent	Chairman	-
Ms. Pallavi Shroff	Director/ Independent	Member	-
Mr. Manvinder Singh Banga	Director/ Independent	-	-
Mr. Davinder Singh Brar	Director/ Independent	Member	Member

For information on their other directorships/committee memberships and attendance at meetings, please refer to the Corporate Governance section of the Annual Report.

**MECHANISM FOR PROVIDING INFORMATION/ RECOMMENDATION TO THE BOARD****Shared Leadership**

The Company has five business verticals viz. Administration, Production, Engineering, Supply Chain and Marketing & Sales. The Indian managers at the top management level of these verticals are designated as Managing Executive Officer (MEO). The board meetings of the Company mark the compulsory presence of all the MEO's, as they act as a channel between the board and the employees. This structure not only allows easy and quick flow of information to the board but also gives an opportunity to these verticals for making

recommendations relevant to their business operations to the board. Table II gives information on the five business verticals and their Indian managers.

**TABLE II: BUSINESS VERTICALS AND INDIAN MANAGERS**

BUSINESS VERTICALS	INDIAN MANAGER	DESIGNATION*
Administration (HR, IT, Finance and COSL)	Mr. S.Y. Siddiqui	Managing Executive Officer
Production	Mr. M.M. Singh	Managing Executive Officer
Engineering	Mr. I.V. Rao	Managing Executive Officer
Supply Chain	Mr. S. Maitra	Managing Executive Officer
Marketing & Sales	Mr. Mayank Pareek	Managing Executive Officer

\* Position is just below the board level.

The board has complete access to all information of the Company. The following information is provided to the board and the agenda papers for the meetings are circulated in advance of each meeting:

**TABLE III: INFORMATION PROVIDED TO THE BOARD OF DIRECTORS**

ECONOMIC	ENVIRONMENT /SOCIAL	COMPLIANCE
Annual operating plans, capital and revenue budgets and updates	Fatal or serious accidents and dangerous occurrences	Materially important show cause, demand, prosecution and penalty notices
Financial results, details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement.	Significant labour problems and their proposed solutions	Non-compliance of any regulatory/ statutory nature
Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company	Any significant development in the human resources, industrial relations fronts and social issues	Issues involving possible public or product liability claims of a substantial nature
Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business	Any materially significant effluent or pollution problems	Minutes of meetings of committees of the board
Status of funds invested by the Company, details of any JV or collaboration agreement		Recruitment and remuneration of senior officers just below the board level including appointment or removal of CFO and company secretary



In addition to the above structure, the Company has a top management team, namely Management Committee, consisting of full-time directors and divisional heads. The Management Committee meets every week to review the operational performance of the Company.

The Company has a dedicated email id [msilinvestorrelations@maruti.co.in](mailto:msilinvestorrelations@maruti.co.in) through which investors can give their recommendations.

In accordance with the provisions of the Companies Act, 1956, the Company, every year, convenes an Annual General Meeting (AGM). The board members, along with the chairman of the Audit Committee and SIGC, attend the meeting. The board takes note of the shareholders' suggestions and accordingly responds to their queries.

#### REMUNERATION OF BOARD OF DIRECTORS

Besides salary and other perquisites received, the Managing Director and Whole-time Directors are paid a bonus which is directly linked to their performance. The performance criteria for the payment of performance-linked bonus are defined by the board for the Managing Director and Whole-time Directors. These performance criteria include financial performance and parameters related to the growth of the Company.

#### MANAGING CONFLICT OF INTEREST AND EQUAL OPPORTUNITY

The Company has laid down a Code of Business Conduct & Ethics which is applicable to all its senior management personnel including its directors, top management and functional heads (including management personnel with direct functional reporting to directors & top management personnel) who affirm compliance with the Code of Conduct on an annual basis. For Code of Conduct, please refer to the Company's website at <http://www.marutisuzuki.com/code-of-conduct.aspx>.

During the year, there were no transactions of material nature with the promoters, the directors or the management, their subsidiaries or relatives that had potential conflict with the interest of the Company. All disclosures related to financial and commercial transactions where directors may have a potential interest are provided to the board and the interested directors do not participate in the discussion nor do they vote on such matters.

None of the transactions with any of the related parties was in conflict with the interests of the Company. All related party transactions are negotiated on an arm's length basis and are in the interests of the Company.

#### ENSURING LEGAL COMPLIANCE

The board reviews the report on compliances by the Company with all laws applicable to it as well as steps taken by it to rectify instances of non-compliances, if any. A comprehensive legal compliance scheduling and management software is being used which helps to delegate and monitor all compliances across the Company. Reports are generated through the software for each department/location providing a snapshot of all compliances.

#### CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

The Company has a comprehensive Code of Conduct for Prevention of Insider Trading under SEBI (Prohibition of Insider Trading) Regulations, 1992. It is applicable to its directors, officers (Company Secretary), designated employees and their respective dependent family members. It lays down guidelines which advise on procedures to be followed and disclosures to be made while dealing with shares of the Company, and caution on the consequences of non-compliance.

#### WHISTLE BLOWER POLICY

The Company has in place a Whistle Blower Policy, which can be used by employees across all levels. The policy safeguards employees by helping them raise concerns about serious irregularities, unethical behaviour and actual or suspected fraud within the Company. Mr. Amal Ganguli, Chairman, Audit Committee, is the ombudsperson under the policy. The policy has been widely communicated to all the employees who have been provided the e-mail id, postal address and telephone numbers of the ombudsperson for reporting any matter directly.

#### CEO/CFO CERTIFICATION

The Company has in place a well-defined and transparent control self assessment mechanism to evaluate the effectiveness of internal controls over financial reporting. To facilitate certification by the CEO/CFO for the financial year 2010-11, key internal controls over financial reporting were identified and adequately assessed to provide sufficient comfort. To ensure complete transparency and effectiveness of the self-assessment, the whole process was carried out through an on-line web based tool called Controls Manager.

For more information on Governance, Commitment and Engagement, please refer to the Corporate Governance section of the Annual Report.

## sustainability approach: risks, impacts and opportunities

A ROBUST STAKEHOLDER ENGAGEMENT SYSTEM IS THE FOUNDATION OF THE COMPANY'S SUSTAINABILITY APPROACH. EACH DIVISION OF THE COMPANY ENGAGES WITH THE STAKEHOLDERS RELEVANT TO ITS FUNCTION AND THE DIVISIONAL HEADS REPORT THE CONCERNS OF THE STAKEHOLDERS AT THE MANAGEMENT COMMITTEE MEETINGS.





Sustainability is central to Maruti Suzuki's business philosophy. The management takes business decisions considering their impact on various stakeholders and the long term perspective of the Company. The Company has put into place robust mechanisms for identifying relevant sustainability issues and addressing them in a logical, structured and institutionalised manner.

### MANAGEMENT SYSTEMS FOR SUSTAINABILITY

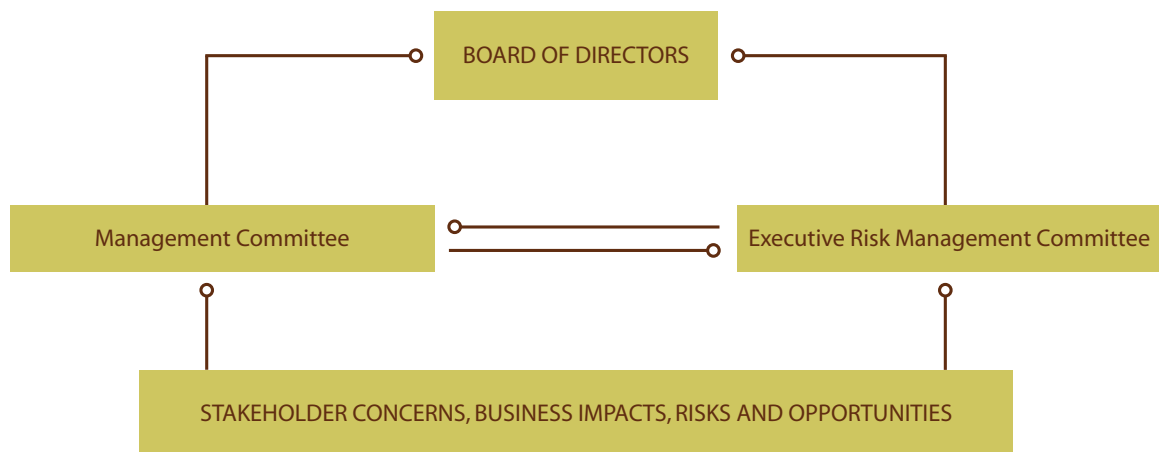
The highest governing body of the Company, the Board of Directors, provides strategic insights and directions to the Company management. At the functional level, the Management Committee monitors the implementation of sustainability programmes.

the concerns of the stakeholders at the Management Committee meetings.

In addition to the ongoing process of stakeholder engagement and the Management Committee Meetings, Maruti Suzuki has also put in place robust systems for risk management. The risk management process of the Company is spearheaded by the Chief Risk Officer (CRO) through an Executive Risk Management Committee (ERMC). The composition of the committee includes the Managing Director and all full time directors.

The Company has also addressed its IT related risks. To ensure minimal disruption in its business operations due to non-availability of IT services, the Company has defined

### SUSTAINABILITY PERFORMANCE REVIEW PROCESS



The Management Committee consisting of all executive directors, MEOs, EOs and divisional heads, meets on a weekly basis. Important sustainability parameters including environmental performance and select CSR initiatives, are taken up for review at the Management Committee level.

A robust stakeholder engagement system is the foundation of the Company's sustainability approach. Each division of the Company engages with the stakeholders relevant to its function and the divisional heads report

and adopted a business continuity management and disaster recovery (DR) plan for all critical IT applications. Business impact analysis of all the applications is carried out to identify business-critical applications.

### MATERIALITY ANALYSIS

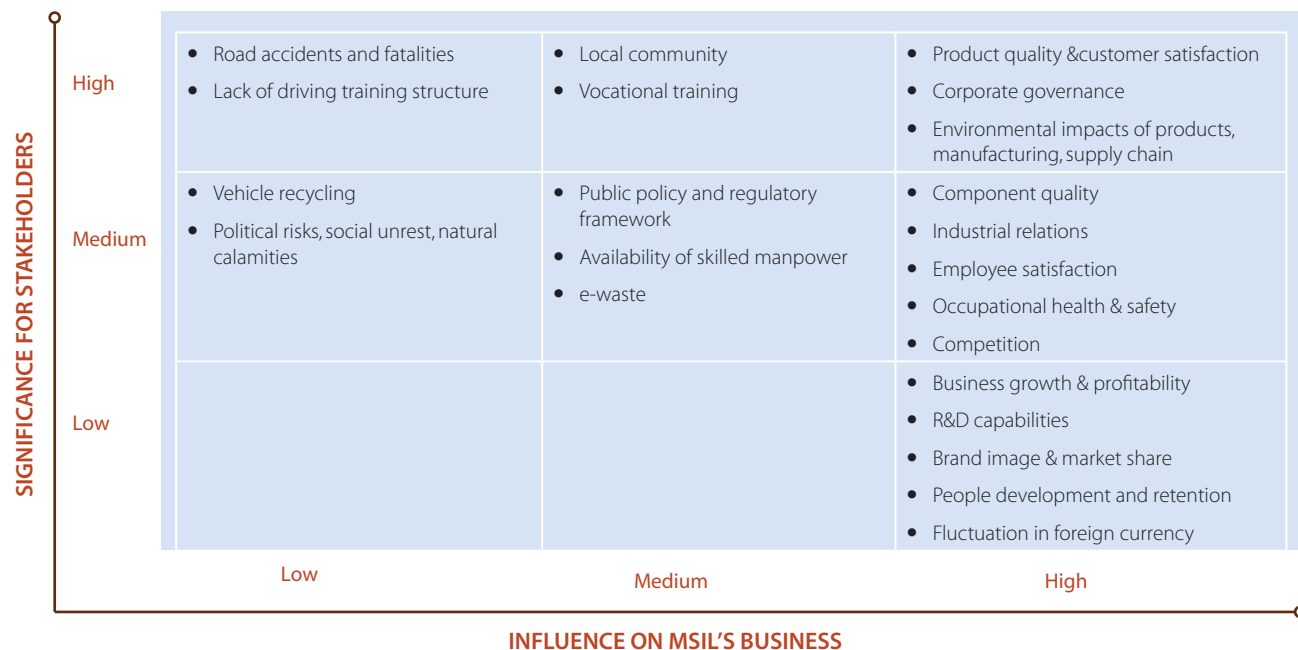
The materiality matrix, developed as a product of stakeholder engagement and the Company's priorities and vision, slots material issues pertaining to the Company on a three-point scale of high, medium and low importance.



## sustainability approach: risks, impacts and opportunities

The material issues presented in the materiality index of the previous Sustainability Report have been reviewed

in view of the changed business scenario and stakeholder expectations. The revised materiality analysis is given below.



## SUSTAINABILITY PERFORMANCE

The sustainability parameters are derived from the materiality assessment matrix and the progress against

these parameters is monitored at the operational level by the respective divisional heads and at the strategic level by the Management Committee and the Board of Directors.

## ECONOMIC PERFORMANCE

ECONOMIC DIMENSIONS	ACHIEVEMENTS 2009-10	ACHIEVEMENTS 2010-11	CHANGE
Domestic Sales (nos.)	870,790	1,132,739	30.1%
Export Sales (nos.)	147,575	138,266	-6.3%
Total Sales (nos.)	1,018,365	1,271,005	24.8%
Net Sales (Rs. mn)	289,585	361,282	24.75%
Profit After Tax (Rs. mn)	24,976	22,886	-8.3%
Reserves and Surplus (Rs. mn)	116,906	137,230	17.3%
Market share (A+B+C)*	44.6%	44.9%	0.3 % points
Contribution to national exchequer (Rs. mn)	51,442	71,343	38.6%
Expenditure on R&D (Rs. mn)	1,733	4,163	140.2%
Expenditure on CSR (Rs. mn)	113	152	34.5%

\* Vehicle categories as per SIAM (A: Passenger Car, B: Multi utility vehicle, C: Muti purpose vehicle)

## ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL DIMENSIONS	KEY AREAS	TARGETS 2010-11	ACHIEVEMENTS 2010-11	TARGETS 2011-12
Green Manufacturing	Reduction in CO <sub>2</sub> emission	<ul style="list-style-type: none"> <li>Installation of solar panels for power generation</li> <li>LED lights for street lighting and meeting rooms</li> <li>Further promote reduction of CO<sub>2</sub> emission during manufacturing by energy efficiency</li> <li>Tree plantation target of 20,000 trees</li> </ul>	<ul style="list-style-type: none"> <li>Installed solar panels for entire street lighting of Gurgaon plant</li> <li>LED lights installed for street lighting and meeting rooms</li> <li>Per vehicle CO<sub>2</sub> emission reduction <ul style="list-style-type: none"> <li>Gurgaon plant: 15%</li> <li>Manesar plant: 13%</li> </ul> </li> <li>Tree plantation: 25,000 in Manesar facility</li> </ul>	<ul style="list-style-type: none"> <li>To further promote the use of renewable sources of energy</li> <li>To further reduce CO<sub>2</sub> emissions</li> <li>To continue tree plantation drive</li> </ul>
	Reduction of landfill waste	Co-processing of hazardous waste in cement plants to commence	Co-processing of hazardous waste in cement plants commenced. 6,447 T of hazardous waste sent to cement industry for co-processing	Continue sending hazardous waste for co-processing in cement industry
	Reduction of ground water consumption	Promote reduction of water consumption	Per vehicle water consumption reduction <ul style="list-style-type: none"> <li>Gurgaon plant: 5%</li> <li>Manesar plant: 16%</li> </ul>	To further reduce per vehicle water consumption

## sustainability approach: risks, impacts and opportunities

## ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL DIMENSIONS	KEY AREAS	TARGETS 2010-11	ACHIEVEMENTS 2010-11	TARGETS 2011-12
Products	Improvement in fuel efficiency	<ul style="list-style-type: none"> <li>Alto K10 fuel efficiency target of 20.2 kmpl</li> <li>Development work to introduce diesel/CNG variant for CO<sub>2</sub> reduction, improvement in fuel efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Alto K10 launched and achieved fuel efficiency of 20.2 kmpl</li> <li>Diesel variant of SX4 launched</li> </ul>	To further improve fuel efficiency of vehicles
	Development of ELV compliant products	All new/minor facelift models to be ELV compliant from introduction	All models launched in 2010-11 were ELV compliant	In future all MSIL models will be ELV compliant
	Development of alternate fuel vehicles	<ul style="list-style-type: none"> <li>Introduce models with i-GPI CNG engine technology</li> <li>Concept demonstration for hybrid and electric vehicle</li> </ul>	<ul style="list-style-type: none"> <li>WagonR, Eeco, Estilo, Alto and SX4 models launched with i-GPI CNG Engine technology</li> <li>WagonR Duo launched with i-GPI technology</li> <li>Demonstrated a fleet of 14 hybrid SX4 and 4 electric Eeco vehicles at Delhi Commonwealth Games</li> </ul>	Continue benchmarking, testing and evaluation of HEV/EV technologies to further understand India's requirements
	Adherence to emission norms	<ul style="list-style-type: none"> <li>Development work for adherence to OBD-II norms</li> <li>Preparation to meet future emission norms</li> </ul>	<ul style="list-style-type: none"> <li>SX4 Diesel meeting Bharat OBD-II launched</li> </ul>	<ul style="list-style-type: none"> <li>Development work under way for adherence to OBD-II norms</li> <li>Preparation to meet future BSV emission norms to be started</li> </ul>
Supply Chain	Facilitation of EMS Implementation at suppliers' end	Further promote implementation of EMS at suppliers' end	60% suppliers ISO 14001 certified, up from 58.4% in 2009-10	To further promote ISO 14001 certification amongst suppliers
	Reduction of packaging material	Further efforts to reduce amount of packaging material used by suppliers	Encouraged to use recyclable and reusable packing for components supplies	To make further efforts to reduce use of packaging materials
IT	Reduction of Energy Consumption	<ul style="list-style-type: none"> <li>250 old desktops/laptops to be replaced with new energy efficient models</li> <li>Old servers to be considered for replacement with new energy efficient server models</li> </ul>	<ul style="list-style-type: none"> <li>606 old desktops/laptops replaced with energy efficient models</li> <li>7 old servers considered for replacement with new energy efficient blade servers</li> </ul>	<ul style="list-style-type: none"> <li>500 old desktops/laptops will be replaced with new energy efficient models</li> <li>Old servers will be considered for replacement with new energy efficient server models</li> </ul>

## SOCIAL PERFORMANCE

SOCIAL DIMENSIONS	KEY AREAS	TARGETS 2010-11	ACHIEVEMENTS 2010-11	TARGETS 2011-12
Customer Satisfaction	Sale and Service satisfaction	Retain no.1 position in customer satisfaction	Retained no.1 position in customer satisfaction	Retain no.1 position in customer satisfaction
Employee Development and Welfare	Attrition	Enhance employee engagement to maintain low attrition level	Maintained attrition in single digit level	Maintain attrition in single digit level
	Training man-days	Over 5 man-days per employee	6.01 man-days per employee	Over 5 man-days per employee
	Injury Rate per 100 employees	0.044 (10% reduction)	0.043	0.041 (5% reduction)
Social Welfare				
Road Safety	Persons trained in safe driving	171,000	187,280	200,000
	Road safety awareness among school children	Expand this initiative to more schools	21,000 school children covered	To further expand this initiative to cover more schools
	IDTRs	<ul style="list-style-type: none"> <li>2 new IDTRs in Haryana</li> <li>Total 6 IDTRs by 31<sup>st</sup> March, 2011</li> </ul>	<ul style="list-style-type: none"> <li>Construction work at two new IDTRs in Haryana completed</li> </ul>	To operationalise two newly constructed IDTRs in Haryana
	MDS's	<ul style="list-style-type: none"> <li>92 new MDS's to be activated to take the total to 175</li> </ul>	<ul style="list-style-type: none"> <li>83 new MDS's established</li> <li>166 MDS as on 31<sup>st</sup> March, 2011</li> </ul>	To establish 250 MDS's cumulatively
Vocational Training (MSIL adopted three ITIs in Haryana state, and its suppliers adopted two ITIs)	Training for ITI faculty	250 man-days to be dedicated	203 man-days dedicated	250 man-days dedicated
	Training for ITI students	4,900 man-days to be dedicated	6,307 man-days dedicated	6,500 man-days to be dedicated
ITI: Industrial Training Institute	MSIL-adopted ITIs	<ul style="list-style-type: none"> <li>5 new ITIs to be adopted</li> <li>Total number of ITIs to reach 8 by 31<sup>st</sup> March, 2011</li> </ul>	<ul style="list-style-type: none"> <li>4 new ITIs adopted, taking the total number to 7; ground work completed for adoption of 2 new ITIs</li> </ul>	2 new government ITIs to be adopted to take cumulative number to 9 government ITIs
	Exposure visit for ITI students to MSIL plants	400 students	286 students	400 students
	Technical tie-ups with ITIs	18 ITIs (16 government and 2 private)	28 government and private ITIs (cumulative)	12 government ITIs
Employee Volunteering Programme (EVP)	Volunteering hours contributed by employees for social work	To promote the spirit of volunteering among employees	Employees contributed 2,791 man hours for volunteering	To further promote employee volunteering
Community development at four villages at Manesar	Educational support for disadvantaged children	<ul style="list-style-type: none"> <li>Third education support centre in Bass village to be opened</li> <li>To reach out to 100 disadvantaged students</li> </ul>	<ul style="list-style-type: none"> <li>Education support centres opened at Bass village</li> <li>Covered 138 disadvantaged students through education support centres</li> <li>Computer centre opened in Aliyar village for children</li> </ul>	Continue running support classes and computer centre
	Upgradation of school Infrastructure	To upgrade Bass village school	Bass village school upgradation completed	Further develop village school infrastructure
	Vocational training to unemployed village youth	To train 50 more unemployed youth in professional skills	50 unemployed youth trained in driving	Train over 100 persons in driving & other vocations





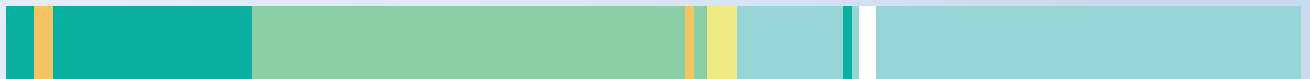
strengthening self  
supporting partners  
spreading sustainability



# economic performance



The Company registered its highest ever sales of 1,271,005 vehicles in domestic and export markets in 2010-11. The Company's sales in the domestic market crossed the one million vehicle milestone for the first time in 2010-11 with the sale of 1,132,739 units, a growth of 30.1% over the previous year.



## economic performance

### MANAGEMENT APPROACH

Maruti Suzuki strongly believes in sustained business growth and works towards the well being of its direct stakeholders. It makes far-reaching investment decisions taking into consideration unmet customer needs, market growth potential, upcoming regulations and long term sustainability of the Company and its various stakeholders. These investments generate new opportunities for growth in the upstream and downstream value chain, thus creating employment and contributing to the local economy.

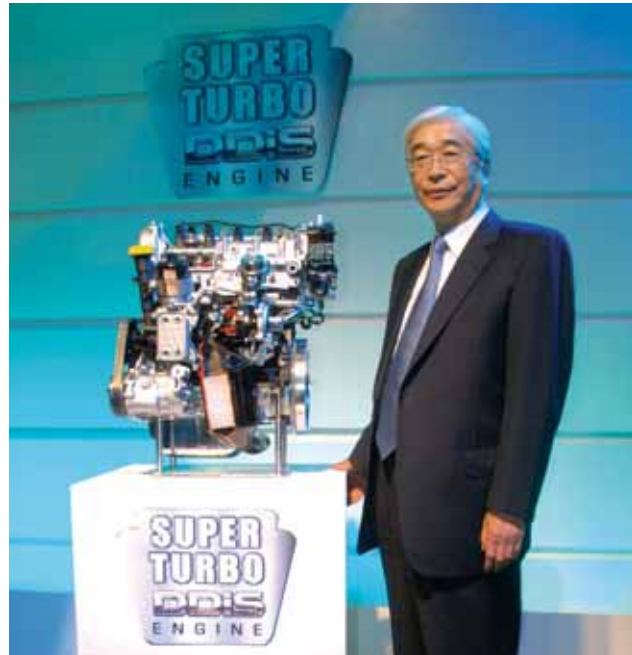
Maruti Suzuki believes in financial prudence and refrains from investments for quick gains. Investments for business expansion projects are met largely from the Company's internal accruals. The Company has a healthy balance sheet and reserves to meet its requirements of funds for future expansion. Maruti Suzuki is investing over Rs. 60,000 million in new manufacturing facilities, expansion of R&D infrastructure and vehicle stockyards.

The risk management activity is reviewed by the Audit Committee through a management subcommittee, namely the Executive Risk Management Committee (ERMC). It reviews risk management activities on a regular basis, in addition to scanning for emerging risks.

The Company has instituted robust internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorised, recorded and reported correctly.

The Company is exposed to the risks associated with fluctuations in foreign exchange mainly on import of components, raw materials, royalty payments and export of vehicles. The Company has a well-structured exchange risk management policy. The Company manages its exchange risk by using appropriate hedge instruments depending on the market conditions and the view on the currency.

To further reduce this risk, the Company has been focusing on localising components. This not only mitigates an important risk for the Company, but also gives a boost to small and medium scale local industries in the country.



MD launching DDiS diesel engine

### FINANCIAL PERFORMANCE IN 2010-11

The Indian economy continued on its growth trajectory in 2010-11 on the back of its strong fundamentals, recovering global economy and continuation of fiscal stimulus by the Government of India. The economy grew by around 8.5% in 2010-11\*, aided by recovery in agriculture and good performance by the industry and service sectors.

The Company registered its highest ever sales of 1,271,005 vehicles in domestic and export markets in 2010-11. The Company's sales in the domestic market crossed the one million vehicle milestone for the first time in 2010-11 with the sale of 1,132,739 units, a growth of 30.1% over the previous year. The Company's market share in passenger vehicle market increased from 44.6% in 2009-10 to 44.9% in 2010-11\*\*.

While Maruti Suzuki performed well in the domestic market in 2010-11, its export performance was slightly lower. The Company sold 138,266 units in export markets in 2010-11 as compared to 147,575 units in 2009-10, a decline of 6.3%. In 2010-11, due to the expiry of vehicle

Source: \* Economic Survey; \*\*SIAM



A skilled technician working on the assembly line

scrapage incentive schemes and economic uncertainty in some European markets, export sales in Europe remained under pressure. However, shifting focus to non-European markets compensated for the drop in export sales to Europe to a large extent.

The net sales in 2010-11 stood at Rs. 361,282 million (Net of Excise), a growth of 24.8 % over 2009-10. However, margins for the Company came under pressure during the year mainly due to higher commodity costs, adverse foreign exchange movements, costs incurred to introduce new models, for meeting new emission norms, and royalty cost.

Continued focus on cost reduction, economies of scale, productivity improvement, commodity and foreign exchange hedging helped the Company in maintaining its operating margins above 10%.

#### DIRECT AND INDIRECT IMPACTS OF THE COMPANY

In 2010-11, the Company enhanced its own capacities and expanded its sales and service network. This naturally had an indirect impact on the economy in terms of creation of employment and income generation opportunities. The network expansion undertaken in 2010-11 is summarised in Table I.

**TABLE I: NETWORK EXPANSION**

NETWORK EXPANSION (NOS.)	AS ON 31 <sup>ST</sup> MARCH, 2010	AS ON 31 <sup>ST</sup> MARCH, 2011	INCREASE
Sales outlets	802	933	131
Cities covered by sales network	555	668	113
Service stations	2,740	2,946	206
Cities covered by service network	1,335	1,395	60
Maruti Driving Schools	83	166	83



## economic performance

About five years back, the Company initiated its small format outlets for sales. These outlets cater to the rural markets and account for 40% of the total sales network covering 668 cities through 933 outlets.

### CRISIL RATING

The Company was awarded the highest financial rating of AAA/Stability (long term) and P1+ (short term) on its bank facilities by CRISIL. The rating underscores the financial stability and strength of the Company with respect to timely fulfilment of its financial obligations.

### FINANCIAL IMPLICATIONS & RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE

Climate change is now a reality that cannot be denied. Taking cognisance of this fact and acting proactively to contribute in whatever way possible to reduce the impact of its operations and products, Maruti Suzuki has taken certain concrete steps.

In order to promote the use of greener fuel among its customers, Maruti Suzuki launched five CNG models, namely the Eeco, the WagonR, the SX4, the Alto and the Estilo with state-of-the-art i-GPI technology in 2010-11.

On the manufacturing side, Maruti Suzuki monitors all its emissions and resource consumption such as electricity and water stringently. All emission levels are maintained within permissible levels as per government guidelines.

The Company uses a clean fuel, natural gas, to generate electricity in its captive power plants in both manufacturing facilities. Details of the Company's efforts towards green manufacturing are available in the Environmental Performance section of the Report (page 58).

The large number of vehicles that Maruti Suzuki produces, have been transported by road for several years. To reduce the pollution thus caused, the Company is working on a project to transport cars by rail. Work on the railway siding project at Manesar is currently underway.

### EMPLOYEE REMUNERATION AND BENEFITS

The employee remuneration and benefits of the Company increased by 29% from Rs. 5,456 million in 2009-10 to Rs. 7,036 million in 2010-11. This increase was on account of annual increments, increase in the number of employees and variable bonus that was introduced in the Company for the first time.

As a policy, the Company keeps wages of its permanent and contract employees above the standard entry-level minimum wages fixed by the state government.

The Company has the following benefit plans for its employees:

1. Employees' gratuity fund
2. Leave encashment
3. Retirement allowance



Factory fitted CNG cars

### MARUTI SUZUKI'S CONTRIBUTION TO EMPLOYEE BENEFIT PLAN OBLIGATION IN 2010-11 (₹ mn)

NETWORK EXPANSION	LEAVE ENCASHMENT / COMPENSATED ABSENCE	EMPLOYEES' GRATUITY FUND	RETIREMENT ALLOWANCE
Present value of obligation as on 31 <sup>st</sup> March, 2011	752	827	38

### FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT OF INDIA

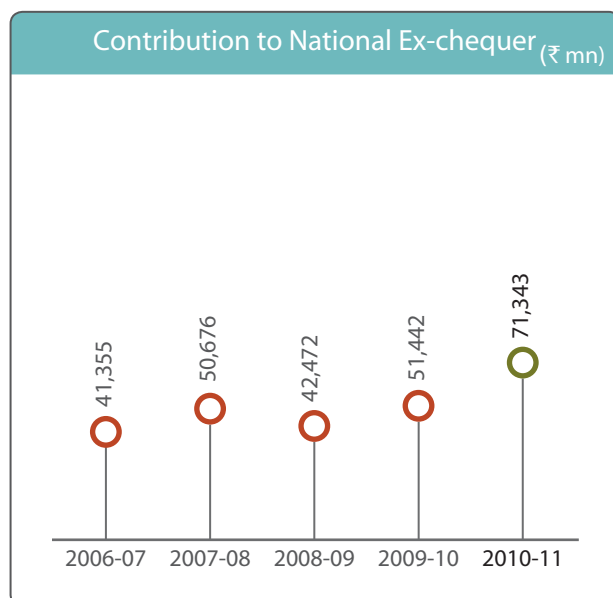
In 2010-11, Maruti Suzuki did not receive any significant financial assistance from the Government of India.

### EXPENDITURE ON SOCIAL INITIATIVES

The CSR activities of the Company reached a new scale in 2010-11. The expenditure on CSR activities increased to Rs. 152 million in 2010-11 from Rs. 113 million in 2009-10. The CSR spend of 2010-11 includes an expenditure of Rs. 12.6 million on infrastructure projects undertaken for public benefit.

### CONTRIBUTION TO NATIONAL EXCHEQUER

The Company makes a substantial contribution to the National Exchequer through taxes and duties. The Company's gross contribution to the National Exchequer over the last 5 years is shown in the graph below.



Please refer to the Annual Report of the Company for further details on operating costs, economic value added and other details. The Annual Report is available at the Company website [www.marutisuzuki.com](http://www.marutisuzuki.com).

### SUPPORTING SUPPLIERS

Maruti Suzuki undertook capacity expansion to meet the increasing market demand in the reporting year. The Company also facilitated expansion at the suppliers' end, commensurate with Maruti Suzuki's expansion plans. A focused approach was adopted to identify the bottlenecks in the supply of components and accordingly adequate expansion plans were made with the suppliers. This has helped in reducing the extended working hours for many suppliers.

In order to reduce the quality defects in new models, initiatives like the Low Volume Production Trial (LVPT) was also started in the reporting year.

In 2010-11, an initiative for developing IT capabilities with the suppliers was also started with the process mapping of the capabilities of 12 suppliers in IT. The project will be further expanded in the coming years.



Automated manufacturing line at Manesar

## economic performance



M/s Infinity Polyrub (Lumax Cluster) receiving Winner Award of MPS competition held at MACE

### **MACE: HELPING SUPPLIERS AND DEALERS IN ACHIEVING EXCELLENCE**

MACE was formed in April, 2004 by Maruti Suzuki in collaboration with 21 of its suppliers, with a corpus fund of Rs.150 million. The activities of MACE include providing training, support and consultancy to the suppliers (Tier-1 & Tier-2) and its sales network (Dealers/MASS's) to help them achieve world class standards in quality, cost, service and technology orientation.

MACE uses a collaborative approach to help suppliers and dealers know the world's best practices and to assimilate these practices in their day to day operations. The various training programmes conducted by MACE for the capacity building of suppliers and dealers also include training on health, safety and environment management systems.

The entire approach adopted by MACE aims at building a total quality culture at suppliers and dealers. Excellence is built bottoms up, which means the first focus is on getting the basics right and achieve excellence in processes / systems and then focus on making further innovative plans.

In order to share knowledge and learn from each other, MACE uses a cluster approach wherein 5 to 10 suppliers are clubbed into a cluster for upgradation projects.

MACE counsellor visits each cluster of suppliers twice a month to assess the progress and to check the level of understanding of the suppliers' personnel. This is followed by a monthly review meeting where each cluster supplier makes a presentation on the implementation status of improvement projects. This meeting is chaired by Maruti Suzuki and MACE senior officials who give their feedback and share their knowledge with the cluster members.

MACE also conducts system audits of suppliers and quality audits of dealers and MASS workshops. The service quality standards are implemented at the MASS's. Periodic reviews are held on service performance parameters.

MACE closely works with vendors on lean manufacturing systems. Inputs are also taken from the supply chain division on concerns faced at MSIL's level. MACE's methodology is of training, hand holding and support through continuous review. MPS projects are taken to improve overall performance at vendors end by monitoring KPIs like

- Quality
- Productivity
- Capacity
- Delivery
- Energy
- Inventory

All the MPS projects are validated by senior management from supply chain and MACE.

The initiatives taken by MACE have given fruitful results in upgrading quality levels at suppliers and at the service workshops of dealers and MASS's.





MACE receiving award from CII for initiating cluster movement in India

In 2010-11, 65 training programmes covering 26 different topics were conducted for suppliers. A total of 1521 members from vendors participated in these programmes.

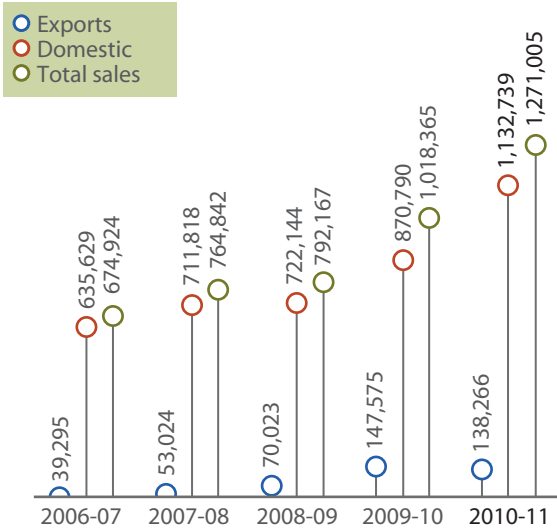
	TOPICS		TOPICS
1	3G, 3K, 3R, 5S & Kaizen	2	Low Cost Automation
3	5S, Kaizen & Poka Yoke for Operators in Hindi	4	Maruti Production System
5	7 QC Tools for Supervisors & Above	6	MS Outlook & Power Point
7	Closing the Execution Gap - Franklin Covey	8	Quality Circle & 7-QC Tools for shop floor staff in Hindi
9	Cost of Quality	10	Seven Habits of Effective People - Franklin Covey
11	Daily Work Management	12	Six Sigma Black Belt
13	Design of Experiments (Shainin Way)	14	Statistical Process Control & Measurement System Analysis
15	Energy Management	16	Total Productive Maintenance
17	Failure Mode & Effect Analysis	18	Value Stream Mapping
19	Lean Manufacturing	20	Vendor System Audit
21	Level Up	22	ISO: 14001
23	ISO:9001-2008 & TS:16949-2009	24	Vendor System Audit Ranking Improvement (MACE & Supply Chain)
25	Seven Habits of Effective People in Hindi	26	Value Analysis/Value Engineering



## economic performance

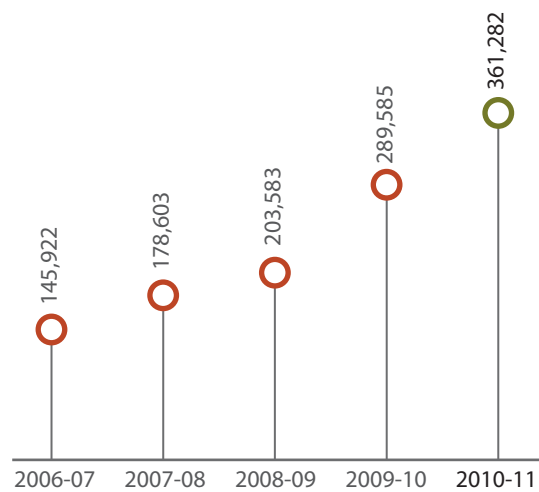
## financial highlights 2010-11

Sales Volumes

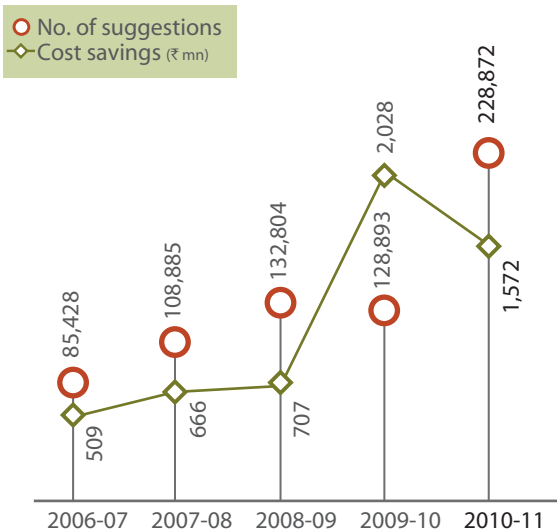


Net Sales

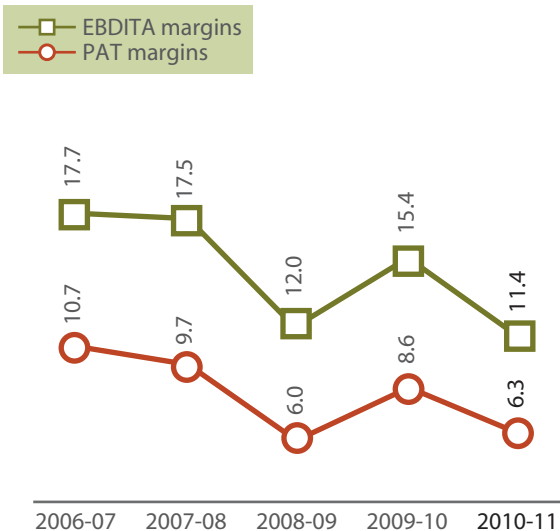
(₹ mn)



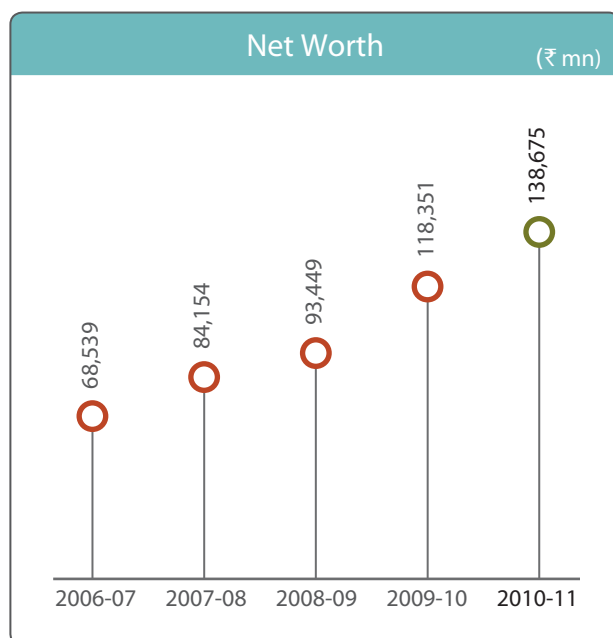
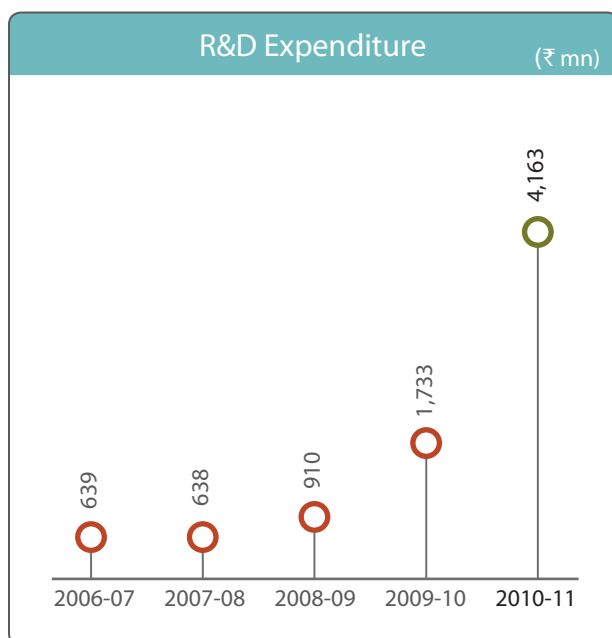
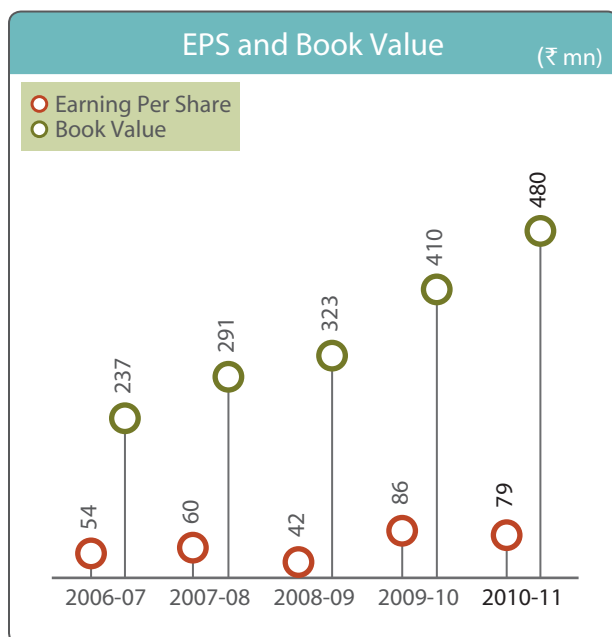
Employee Participation &amp; Cost Saving



Margins



For more details on financial information of the company, please refer to the annual report for the year 2010-11, available on the company website.



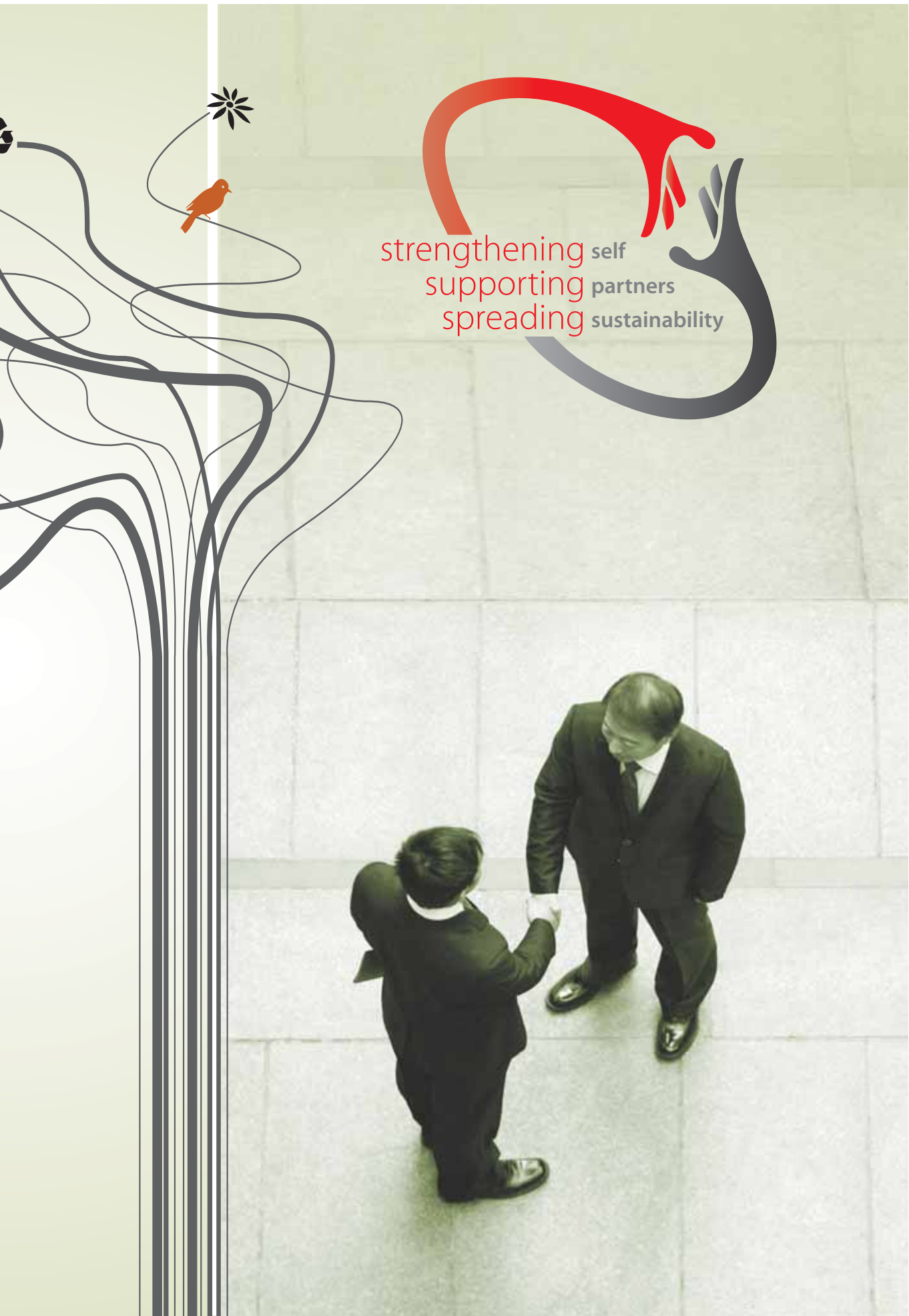


# environmental performance



The Environment Policy of the Company promotes energy conservation, 3R (Reduce, Reuse and Recycle), green procurement, environment friendly mobility and environment consciousness among its direct stakeholders. Further, the Company also reaches out to its suppliers and dealers to make them conscious about environment protection.







## environmental performance

### GREEN MANUFACTURING

#### Management Approach

Maruti Suzuki strives to minimise the environmental impact of its manufacturing facilities, products and supply chain operations, and explores all possible means for improving its environmental performance. Environment is one of the key drivers of innovation at Maruti Suzuki. The Company believes that investment in environment friendly technologies makes sustainable business sense as it caters to the needs of environment-conscious customers.

Environmental considerations have led to the introduction of fuel efficient K-series engine technology, i-GPI CNG technology, use of natural gas for captive power generation and various other environment friendly initiatives by the Company. In 2010-11, the Company registered a clean development project with the United Nations Framework Convention on Climate Change (UNFCCC) which would generate carbon credits for the Company. In another significant development, the Company has started sending its hazardous waste to the cement industry for co-processing, thus minimising the need for depositing hazardous waste in secured landfills.

Maruti Suzuki has implemented Environment Management System (EMS) as per ISO 14001 standard the Gurgaon and Manesar facilities. The Company has achieved significant improvements as a result of EMS implementation. The Gurgaon plant has achieved 32% reduction in per vehicle electricity consumption and 62% in per vehicle water consumption since the implementation of EMS in 1999. The Manesar plant has achieved 38% reduction in per vehicle electricity consumption and 61% in per vehicle water consumption since the base year, 2007-08.

The Environment Policy of the Company promotes energy conservation, 3R (Reduce, Reuse and Recycle), green procurement, environment friendly mobility and environment consciousness among its direct stakeholders. In addition to strengthening its own environmental systems, the Company also reaches out to its suppliers and dealers to make them conscious about environment protection.

Every year, the Company celebrates June as Environment Month to spread environmental awareness among

employees and other stakeholders. In 2010-11, Environment Month activities included quizzes, visual displays with energy saving tips, screen savers on biodiversity, tree plantation, internal portal with messages from the Company directors and awareness training. The environmental parameters are monitored by the management in the Management Committee Meeting (MCM) every month.

The Company will continue to make efforts to further improve its environmental performance. The Company is extensively using fly ash for the construction of its new plants at Manesar. Only LED lights are being installed at the upcoming vehicle stock yards.

#### Green Manufacturing

Maruti Suzuki follows SMC's basic philosophy of **Smaller, Fewer, Lighter, Shorter and Neater** in its manufacturing facilities. The Company has identified five focus areas in manufacturing with regard to protection of the environment and optimal utilisation of natural resources:

- Material usage and weight reduction
- Energy conservation
- Water conservation
- Air emissions reduction
- Solid waste management

#### Material Usage and Weight Reduction

The major raw materials used for manufacture of vehicles are steel coils, ferrous and non-ferrous castings, paints and thinners. The Company sources finished components used in vehicles from various suppliers.



Horticulture at Manesar facility

In 2010-11, the Company consumed 279,077 MT of steel coils, 22,692 MT of ferrous casting, 19,015 MT of non ferrous casting and 7,029 MT of paints.

The Company has undertaken various initiatives to reduce consumption of raw material. The scrap generated from press operations is used for producing child parts for maximising steel sheet utilisation. A total of 8,471.80 MT of metal scrap has been sent to vendors for making small components. The Company also sends back the leftover sealer in paint shops to the authorised units for refining and reprocessing.



Harnessing solar energy

The one-gram-one-component weight reduction programme has brought consciousness among employees and suppliers to reduce wastage and thus vehicle component weight on an ongoing basis.

### Energy Conservation

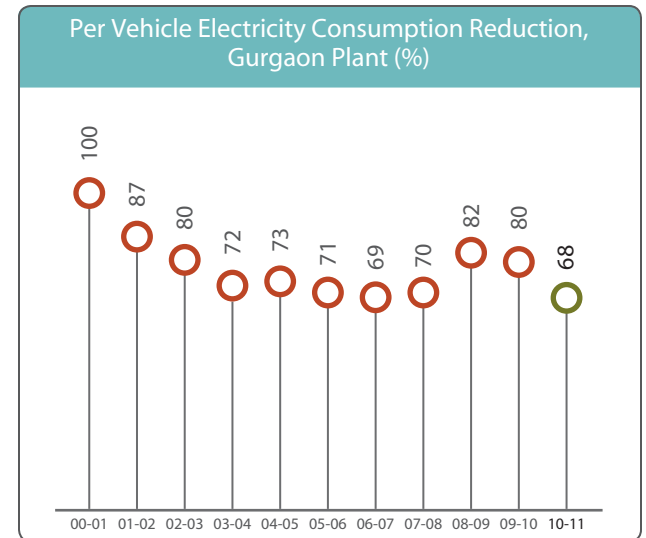
Natural gas-based captive power plants provide for the power requirements of the Company and the suppliers located in the Suppliers' Park.

The total energy used in the plants for various processes was 6,312,708 GJ while the indirect energy consumption was 3,651 GJ.

Initiatives undertaken by the Company in the reporting year to reduce energy consumption include:

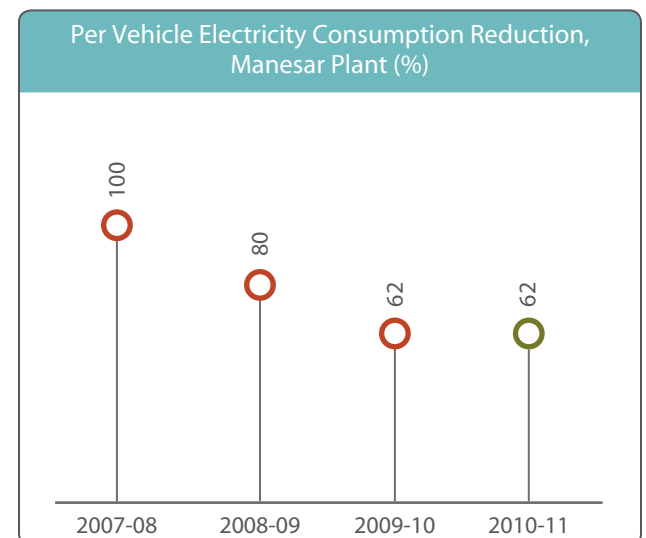
- Replacement of existing lights with energy efficient LED lighting for streets and meeting rooms
- Installation of solar panels for street lighting of the Gurgaon and Manesar plants
- Energy efficient air washers in the Gurgaon plant

The percentage of per vehicle electricity consumption reduction in the Gurgaon plant with respect to base year 2000-01 is depicted in the graph below.



Note: The increase in the percentage electricity consumption from 2007-08 is due to introduction of additional processes of casting. The electricity consumption shown above is used for own requirements only (excluding supplies to JVs).

The percentage of per vehicle electricity consumption reduction in the Manesar plant with respect to base year 2007-08 is depicted in the graph below.



## environmental performance



Effluent treatment plant at Gurgaon facility



Water treatment plant at Gurgaon facility

### Water Conservation

Water conservation is an integral part of the Environment Management System of Maruti Suzuki. The Company has achieved zero waste water discharge status (outside factory premises) since 2003-04 at its Gurgaon facility. Similarly, the Manesar plant has also achieved zero waste water discharge status since 2006-07. The main source of water for the Company is canal water. The use of canal water has led to conservation of ground water.

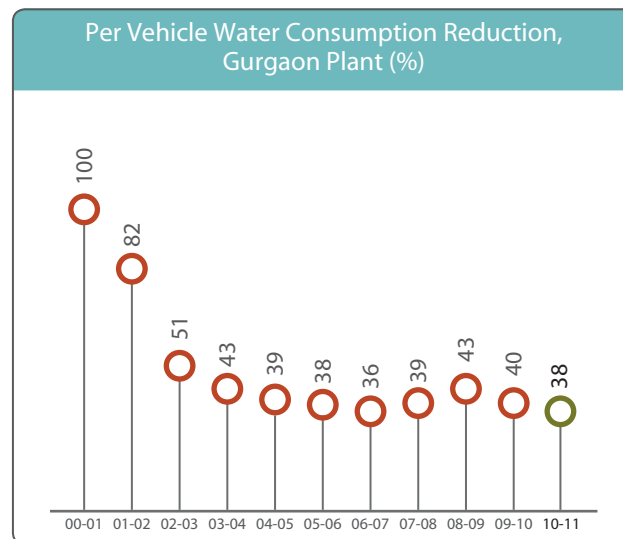
The total water consumption in 2010-11 for both the Gurgaon and Manesar plants was 1,909,773 m<sup>3</sup>, of which 1,365,704 m<sup>3</sup> was canal water; 535,734 m<sup>3</sup> tube well water and 8,335 m<sup>3</sup> rain water.

A total of 1,406,073 m<sup>3</sup> of water was recycled and reused in 2010-11, accounting for 42% of the total water requirement of both the plants. The Company used 541,651 m<sup>3</sup> of treated effluent water for horticulture.

Initiatives undertaken by the Company for water conservation in 2010-11 include:

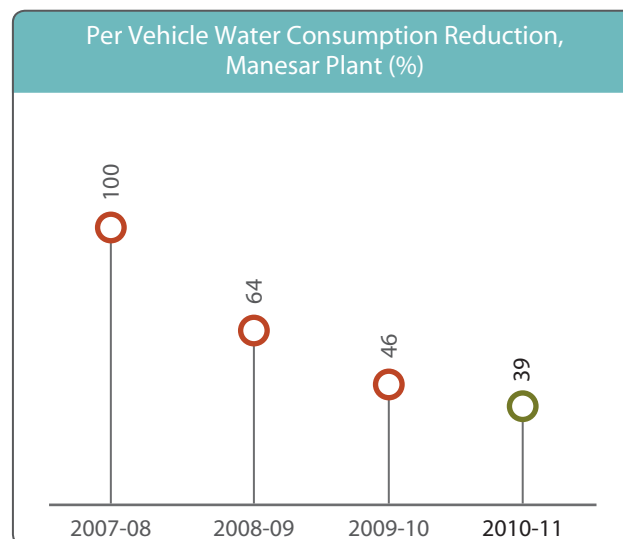
- Air-cooled cooling towers in the Gurgaon and Manesar plants.
- Air-cooled dryers in the compressed air plant.

The percentage of per vehicle water consumption with respect to base year 2000-01 for the Gurgaon plant is depicted in the graph below.



Note: The increase in the percentage water consumption from 2007-08 is due to introduction of additional processes of casting.

The percentage of per vehicle water consumption with respect to base year 2007-08 for the Manesar plant is depicted in the graph below.





## AIR EMISSION REDUCTION

### Greenhouse Gas (GHG) Emissions

The Company has taken various measures to reduce its Green House Gas (GHG) emissions. The major sources of GHG emissions in case of Maruti Suzuki is the burning of fuel for power generation and process requirements, accounting for over 90% of the total GHG emissions of the Company.

The total GHG of the Company (Gurgaon and Manesar plants) was 326,439 MT (CO<sub>2</sub>) for 2010-11. GHG reporting has been done as per Scope 1 and 2 of the WBCSD/WRI Protocol.

The quality of ambient air and stack emission parameters (SO<sub>x</sub>, NO<sub>x</sub>, SPM etc.) are monitored by a government approved external agency at regular frequency. The monitored values are well within the prescribed limits of the Pollution Control Board.

Initiatives undertaken by the Company to reduce air emission in 2010-11 include:

- Use of natural gas in place of propane for manufacturing process requirements.
- Use of natural gas for power generation in the Gurgaon and Manesar plants.
- Use of waste flue gas of the turbines for generation of steam and compressed air.

## WASTE MANAGEMENT

The hazardous wastes of the Company include paint sludge, phosphate sludge, Effluent Treatment Plant (ETP) sludge, incinerator ash and used oil. The used oil is sold to authorised recyclers. In 2010-11, Maruti Suzuki started sending paint sludge, phosphate sludge and ETP sludge to the cement industry for co-processing. Use of hazardous waste for co-processing in the cement industry has eliminated the need for incineration and land filling. The present landfills are also being emptied out for efficient use of land within the plants. The saleable solid wastes such as metal scrap and glass waste are sold to recyclers and reusers.

All e-waste management and maintenance and disposal of IT equipment is carried out through an authorised recycler.

The total hazardous waste generated during 2010-11 was 4,943 T and used oil was 474 KL. Also, 6,447 T of hazardous waste was sent to the cement industry for co-processing.

Initiatives undertaken by the Company to reduce solid waste in the reporting year include:

- Use of hazardous waste in the cement industry
- Use of fly ash for construction in upcoming plants in Manesar

There has been no significant spill inside the plants because secondary containments have been provided wherever there are chances of spills.

## USE OF ENVIRONMENT FRIENDLY REFRIGERANT

The Company is using the environment friendly refrigerant gas R134a in all its products. The refrigerant gas is filled by advanced dispensing machines with automatic vehicle type selection and filling quantity to avoid gas leakage at the time of filling.

With the aim to reduce the usage of HFC refrigerant and its global warming effects, Maruti Suzuki has worked on design optimisation of heat exchangers. In 2010-11, all new Maruti Suzuki vehicles were equipped with compact and high heat transfer heat exchanger, which reduced the amount of refrigerant filled in the vehicle by about 30 grams.

## COMPLIANCE

No monetary fines were paid by the Company to environment regulatory authorities in 2010-11.

## GREEN PRODUCTS

### Engineering Capabilities

With the vision to make Maruti Suzuki a design hub of SMC for Asia (outside Japan), the Company is continuously enhancing its R&D capabilities. The main focus is on producing lighter and greener vehicles and maintaining the value proposition of products. Maruti Suzuki has been successful in consistently improving fuel efficiency of vehicles and in offering vehicles at competitive prices by applying value engineering techniques at the product development stage.

Maruti Suzuki has been using virtual validation methodology which plays a pivotal role in reducing the product development cycle. Analysis like vehicle crash



## environmental performance

worthiness, structural rigidity, power train performance improvement, emission reduction and passenger comfort improvement can be validated through virtual testing techniques in a short time span. This helps in reducing consumption of resources required in producing vehicle prototypes.

In order to support engineering activities, the Company has a strong IT-based Product Lifecycle Management (PLM) infrastructure to manage product data, and information and engineering design processes. The Company has incorporated the Integrated Bill of Material (IBOM) system for faster and paperless engineering change processes for PLM. Development of knowledge based engineering solutions helps in reducing the design cycle time and also helps in standardisation of CAD stages for error free design.

Maruti Suzuki engineers are improving their capabilities through hands-on training on advanced automobile technologies at SMC, Japan. The strength of R&D engineers crossed the 1,000 mark in 2010-11 to reach 1,069. Regular in-house training programmes and specialised courses at reputed institutions like IITs are also conducted to keep engineers at par with the latest developments in the automotive arena.

Maruti Suzuki engineers actively participate in seminars and technology forums conducted by leading organisations such as SAE and ARAI etc. In 2010-11, Maruti Suzuki engineers presented 12 research papers at SAE conferences, two of which were on "Exhaust Emission & Engine Technology" and "CO<sub>2</sub> Reduction with Hybridisation & Electrification", aimed at developing alternative fuel vehicles.

In 2010-11, Maruti Suzuki filed 12 patent applications, taking the total to 43 patents filed so far from different technology domains like fuel system, body design and alternative fuels. Considering the Company's vision of developing eco-friendly vehicles, a number of patents have been filed for alternate fuel options such as CNG and LPG.

Maruti Suzuki is actively steering various forums and committees set up by the automobile industry and government to decide on future regulations, policies and implementation of road maps for the passenger vehicle industry.

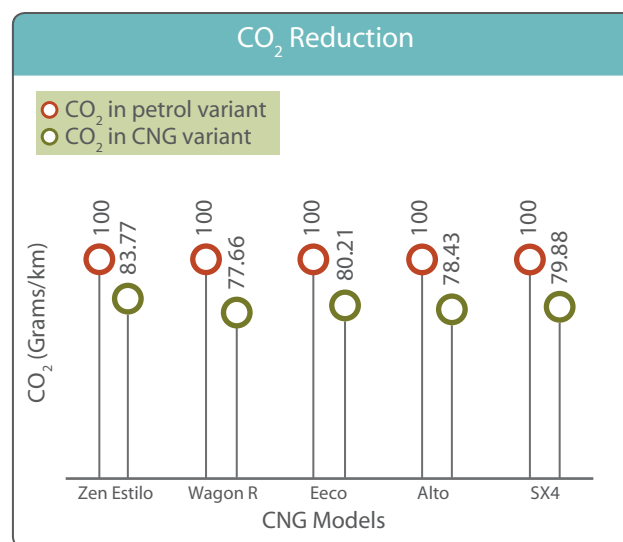
### Cleaner Technologies

The frequent escalation in fuel prices has made customers prefer cars with better fuel efficiency. Environmental considerations coupled with high demand for fuel-efficient cars have brought sharp focus on alternative fuel options such as CNG, LPG, hybrid and electric vehicles. Maruti Suzuki has taken pioneering steps in providing multiple fuel options for many of its models, thus delighting customers and contributing to environment protection. The Company's alternate fuel vehicles come with the best-in-class technologies, are safe, eco-friendly and economically viable.

### CNG Technology to Reduce CO<sub>2</sub> Emissions

Maruti Suzuki was the first company in India to introduce the CNG option using conventional CNG technology. With the advancement in technology, Maruti Suzuki has developed a new Intelligent Gas Port Injection (i-GPI) technology for CNG bi-fuel vehicles. The i-GPI technology promotes uniform and complete combustion in the combustion chamber, resulting in lesser pollutants, without compromising on the vehicle's power and performance.

The Company has successfully launched bi-fuel variants with i-GPI CNG engine technology that reduced CO<sub>2</sub> emissions by 20% as compared to its petrol variants. These models are Alto 800, Zen Estilo, WagonR, Eeco and SX4. The CO<sub>2</sub> emission reduction of CNG variants over petrol variants is given in the graph below.



Source: Homologation test data



### Hybrid and Electric Vehicle Technology

As a leading and responsible vehicle manufacturer, Maruti Suzuki took a significant decision to develop functional prototypes of the Hybrid SX4 and electric Eeco vehicle. Prototypes of the Hybrid SX4 and Eeco EV were demonstrated during the recent Commonwealth Games in Delhi. Maruti Suzuki engineers are working towards finding cost effective solutions in HEV and EV development for Indian customers' needs.

#### Hybrid SX4

The Hybrid SX4 is a full parallel hybrid with Automated Manual Transmission (AMT) on a sedan platform which offers mobility in an eco-friendly yet stylish manner. The Hybrid SX4 offers 25% more fuel efficiency compared to conventional petrol vehicles.

#### Eeco Charge

The Eeco Charge is a zero-emission, pure electric vehicle which on full charge promises a driving range of around 100 km and attains a top speed of 100 km per hour. The real time display of 'State-of-Charge' and 'Distance-to-Empty' gives information about the distance the customer can travel with the existing fuel. The Eeco Charge can be charged using household power sources.

#### Super Turbo DDiS Engine Technology

Maruti Suzuki has introduced a 1.3 litre multi-jet Super Turbo DDiS engine with a variable geometry technology (VGT) and OBD II (On Board Diagnostics) in the SX4 diesel model. VGT, by its virtue of changing vane geometry, provides optimum air flow, which improves the efficiency of the engine. OBD is a tool to diagnose the emission of the car. In the event of a malfunction of the emission control systems, the OBD system indicates the same by the engine check lamp on the speedometer cluster.

Other features like a high pressure pump, advanced fuel injection system and improved piston design add extra power, improve combustion and thus bring down emissions considerably.

#### LPG Engine Technology

In continuation with Maruti Suzuki's roadmap for launching greener vehicles, the Company's engineering team upgraded the WagonR Duo BS-III to the new WagonR Duo with i-GPI technology for LPG fuel compliance to BS-IV emission norms. This produces 7% less CO<sub>2</sub> as compared to petrol.

MODEL	FUEL ECONOMY VALUES (KM/L)		IMPROVEMENT (%)
	BS III	BS IV	
WagonR Duo (LPG)	13.1	14.37	9.69

Source: Society of Indian Automobile Manufacturers

A compact toroidal LPG tank maximises the filling capacity and minimises the space occupied inside the car luggage room. An LPG malfunctioning indication lamp is fitted for highlighting any malfunction in the LPG system.

### NEW TECHNOLOGY INITIATIVES

#### CVT-New Transmission Technology

Continuously Variable Transmission (CVT) technology offered in the Suzuki Kizashi can change seamlessly through an infinite number of effective gear ratios between maximum and minimum values, giving absolute driving pleasure.

#### K-series Engine Technology

Riding on the success of Alto 800, in 2010-11, Maruti Suzuki engineers developed a facelift variant of the Alto with K-series engine technology, named Alto K10. The Alto K10, with its new environmental friendly engine technology, complies with BS-IV norms and offers an impressive fuel efficiency of 20.2 km/litre as compared to the BS IV complaint F8D engine that offers fuel efficiency of 19.7 km/litre. This is an improvement of 2.54%.

#### Zoned Catalytic Converter Technology

With emission norms becoming more stringent, catalytic converter technology has evolved from traditional to zoned catalyst technology. A zoned catalyst differs from the traditional catalyst by having varied concentrations of precious group metals in different zones of the catalytic converter; this helps to use their properties effectively in their respective zones.

In 2010-11, Maruti Suzuki successfully implemented this technology in WagonR, A-star, Zen Estilo and Alto K10 models, enabling reduction in emissions.

#### End of Life of Vehicle

End of Life of Vehicles (ELV) Directive, a mandatory rule in Europe with effect from 2000, aims at elimination of hazardous substances like lead, cadmium, mercury and hexavalent chromium. Countries across the globe are taking steps to promote ELV and subsequent recycling.

Maruti Suzuki has taken voluntary measures to implement ELV at the model development stage and has successfully

## environmental performance

made all its models (except Omni, Gypsy and Maruti 800) ELV compliant. In 2010-11, 43 components such as latches, mirrors and door handles were made ELV compliant across all our models. Efforts are underway to make the Omni and Gypsy ELV compliant in the near future.

### Rolling Resistance

Maruti Suzuki has always explored possibilities of improving the environmental performance of its vehicles. Maruti Suzuki engineers have worked on various parameters that affect fuel efficiency, rolling resistance being one of these. Continuous attention on lowering the rolling resistance of tyres while maintaining optimal vehicle performance has resulted in lower emissions.

### Light Weighting

Following our mantra for lighter, fuel efficient and value for money products, in 2010-11, Maruti Suzuki engineers were successful in reducing the weight of Alto seats by more than 5 kg. The weight of batteries was also reduced by around 500 grams without compromising on performance.

### GREEN SUPPLY CHAIN

Maruti Suzuki aspires to create a sustainable value chain. The basic principles of reducing wastage, inconveniences and inconsistencies across the value chain have been imbibed from the parent company, SMC, Japan.

The Company shares its best practices with its business partners, such as Just-in-Time (JIT), Kaizen (continuous improvement), waste elimination, energy conservation, Pika-Pika (fool proof operations), Environment Management System (EMS), HR practices and quality systems. Attempts are made to replicate these in their business processes to make their operations lean, error free and environment friendly.

Maruti Suzuki has laid down structured, two-way communication tools like Annual Vendor Conferences, Monthly HR meetings, Shikhar visits, MACE for interaction with its suppliers. In order to communicate the views of the Company's top management to the suppliers and to prepare them for the challenges of scaling up production, the Company organised a conference of its smaller suppliers for the first time in 2010-11.

The suppliers are given an opportunity to participate in QC competitions and other activities during the Quality Month observed at MSIL. Activities such as friendly cricket matches and Supplier Tech Day are organised and these



A fleet of Hybrid SX4 cars outside the Rashtrapati Bhawan in New Delhi

act as strong tools for exchange of views and relationship development with the suppliers.

### Environment Consciousness among Suppliers

Maruti Suzuki sensitises its suppliers about environmental issues and encourages them to take proactive measures to minimise their environmental impact. Periodic briefings and training programmes are organised for them on topics such as EMS, environmental laws and regulations and hazardous waste management. The activities carried out during Environment Month also involve suppliers amongst other stakeholders.

### Encouraging Local Suppliers to Reduce Air Pollution

The Just-in-Time (JIT) and e-nagare inventory management systems, introduced in 2003, have helped in reducing inventory levels to less than a day. In 2010-11, the Company encouraged its suppliers to supply material during the night shift. Now 26% of suppliers deliver material during the night shift. This has helped in reducing traffic congestion and pollution in and around Gurgaon city.

A milk run system was also started in 2010-11 for 30 suppliers based in Faridabad. The logistics for these companies are now managed by one logistic supplier. This initiative helped in reducing the number of trips per day to Maruti Suzuki by 30% from these suppliers and improvement in the truck fill rate by over 25%.

Maruti Suzuki encourages suppliers to shift their production facilities near its manufacturing facilities to reduce the pollution caused due to transportation. Both the Gurgaon and Manesar facilities have a dedicated Suppliers' Park. Of the 19 joint venture companies, 11 are located in the Suppliers' Park adjacent to the Maruti Suzuki Gurgaon and Manesar plants.



The Company has been able to source 86% of its supplies by value from suppliers situated within a 100 km radius from its manufacturing facilities. Only trucks carrying a valid Pollution Under Control (PUC) certificate are allowed to enter the Company premises.

The Company also supplies water and uninterrupted power produced from natural gas based captive power plants to its suppliers located in the Suppliers' Park.

#### Environment Management System Facilitation

The Company is facilitating its suppliers in implementing EMS and ISO 14001 certification in a phased manner. As on 31<sup>st</sup> March, 2011, 60% suppliers were ISO 14001 certified, up from 58.4% in 2009-10. The Company has also restricted the use of hazardous material such as lead, cadmium, mercury and hexavalent chromium in components. Maruti Suzuki has approved many plating suppliers across India to facilitate the change process.

#### Packaging Improvements

Suppliers are encouraged to use recyclable and reusable packing material for component supplies. The Company has made packing material an integral part of the new component approval procedure to ensure non usage of polythene and cardboard.

#### Resource Conservation

Yield improvement in sheet metal components is a major activity. In recent years the Company has increased the spread of yield improvement activities to non conventional areas like plastics, casting, forging and propriety parts. In 2010-11, 2000 T raw material was saved through this activity. The scrap generated in the Maruti Suzuki press shop is also sold to suppliers to make components for Maruti Suzuki. In 2010-11, 1500 T of material was recycled and sent to suppliers.

#### Driving Business Excellence Through People at Suppliers

A Maruti Suzuki vendor HR initiative - Driving Business Excellence Through People - was started in 2009-10. In 2010-11, five HR sensitisation workshops were conducted for senior management of suppliers. The one-on-one working included diagnoses of existing HR processes, action planning and implementation was initiated for 25 suppliers. To facilitate the process, Maruti Suzuki engaged five HR knowledge partners. In addition, six HR meetings were conducted with JV's and key vendors.

#### Project Shikhar

As part of this project, senior management teams from Maruti Suzuki visit the shop floor of suppliers followed by

a detailed audit covering 5S, visual control, process change management, people practices and Work-In-Progress (WIP) material handling. In 2010-11, under project Shikhar, 83 assessments were carried out at 39 vendors and 36 reviews were carried out by MSIL officials.

#### Energy Saving Initiative

Maruti Suzuki initiated energy audits for its dealer workshops through an external agency, TUV India, to identify areas of improvement to reduce electricity consumption at their workshops. So far 18 workshops have been audited across India and the findings shared with other workshops.

#### GREEN IT

At Maruti Suzuki, IT is extensively used to improve operational efficiency, information sharing and cost reduction. While enjoying the benefits of IT, the Company also makes efforts to minimise its impact on the environment.

Some of the initiatives undertaken by the Company in this direction are given below.

- In 2009-10, Maruti Suzuki installed four new blade servers to replace DL servers. This exercise was further expanded in the reporting year to include installation of 9 new blade servers.
- Replacement of existing 606 desktops/laptops was undertaken in 2010-11.
- In 2010-11, 43 old printers were replaced by 19 power saving printers. To reduce the use of paper in printing, a user-wise account is maintained and users are educated about the need to conserve resources such as paper, electricity and ink.
- The IT data centre has been designed to conserve energy. The cooling of servers is done through ducts at floor level to maintain desired temperatures for a longer duration.

#### Public Policy Positions

Maruti Suzuki participates actively in the committees set up by the automobile industry and the government to decide on future regulations, policies and implementation plans. The Company is a member of the following organisations:

- Confederation of Indian Industry (CII)
- Society of Indian Automobile Manufacturers (SIAM)
- SIAM SAFE (Society for Automotive Fitness and Environment)
- Bureau of Indian Standards (BIS)
- Society of Automotive Engineers (SAE)
- Combat Climate Change (CCC), a Sweden based international NGO
- Advertising Standards Council of India (ASCI)
- The International Society of Automation (ISA)
- Media Users Research Council (MURC)







# social performance



On the social front, in 2010-11, the Company's focus was on employee training, occupation health and safety and developmental programmes such as road safety, vocational training and community development programmes at Manesar villages.



## social performance &gt; labour practices and decent work place



Employees enjoying lunch at the common canteen

### LABOUR PRACTICES AND DECENT WORKPLACE

Since inception, Maruti Suzuki has instituted common practices for all its employees. All employees right from shop floor associates to the top management wear the same uniform, eat together in the canteen, and are entitled to similar medical facilities. The open office system of the Company ensures transparency, aids faster communication and creates the physical structure for a boundary-less organisation besides strengthening the feeling of oneness and team-work.

The Japanese work place basics such as Kaizen, cleanliness (5S), on the spot root-cause analysis (3G) and strict adherence to systems (3K) are the backbone of the Company's culture. These are regularly reinforced through training sessions and visual displays.

The Company's employees are actively involved in the improvement activities and extend their best possible contribution towards the growth of the Company. There is a robust and well structured suggestion scheme. The Company allows stoppage of work for 30 minutes every month to conduct Quality Circle meetings. The Company observes two maintenance shutdowns during the year and these coincide with the school holidays to facilitate work-life balance for the employees.

### Innovation and Creativity

The Company fosters a culture of innovation and creativity through activities such as Nav Nirmaan and Agni. Nav Nirmaan Month is observed every April and is marked as the Innovation and Creativity month. In 2009-10, a strategy forum was set up to develop innovative ideas. The forum, called Agni, has cross-functional and multi-level representation that allows convergence of diverse perspectives and ideas. Agni is working on new ideas such as resource optimisation and key sustainability initiatives to take Maruti Suzuki to the next level of sustainability. The ideas generated by Agni are presented to the top management for approval.

### Diversity, Equal Opportunity and Non-Discrimination

The Company ensures that there is no discrimination at the work place against any employee on grounds of race, colour, religion, caste, sex, age, marital status, disability, nationality or any other factor under the applicable laws and contemporary practices.

All activities such as recruitment, placement, promotion, transfer, compensation, training and other benefits are based on the merit and competency of the individual and business needs.

The Company makes all efforts to include employees from different ages, backgrounds and gender in various committees and governing bodies.

No substantiated or unresolved incidence of discrimination was reported in 2010-11.

### Prevention of Sexual Harassment at Work

The Company has instituted an anti-sexual harassment policy. The responsibility of ensuring adherence to the policy lies with the top management, directors, divisional heads, members of senior management as well as all employees. The Company has a committee for the prevention of sexual harassment at the workplace which has been constituted in line with the directives of the Supreme Court.

No incidence of sexual harassment was reported in 2010-11.

### Non-Discrimination of HIV/AIDS at the Workplace

The Company has instituted a policy to ensure non-discrimination of employees infected or affected by



HIV/AIDS and offers every support to such employees. This policy relates to all employees and contract workers and covers all aspects of work, formal and informal.

No incidence of HIV/AIDS discrimination was reported in 2010-11.

### **Bribery and Corruption**

The Company's Code of Business Conduct and Ethics lays down guiding principles for all employees to follow while dealing with their stakeholders. The Code provides guidelines on bribery and corruption among other elements. Employees are required to act in accordance with the highest standards of integrity, honesty, fairness and ethical conduct while representing the Company.

The Code of Conduct is signed by all board members and senior management every year. All employees sign the Code of Conduct at the time of joining the Company.

No incidence of corruption was reported in 2010-11.

### **Forced and Child Labour**

The Company abides by the Government of India legislations with regard to forced and child labour. The Company has also formulated an Anti-Forced and Child Labour Policy that covers its entire operations.

No incidence of forced or child labour was reported in any of the Company's units in 2010-11.

Maruti Suzuki's policies on Anti-Child Labour and Anti-Sexual Harassment were shared with all its suppliers. The suppliers were encouraged to implement these policies at their end. Further, the Company is in the process of making these policies an integral part of the purchase agreement with the suppliers.

### **Freedom of Association and Collective Bargaining**

The Company has a mature and non-affiliated internal labour union. All regular associates are covered under the process of collective bargaining.

All major policy changes impacting workmen are discussed with the union representatives and their opinions are incorporated after examining their feasibility, and statutory requirements. All such changes are communicated to workmen directly and through union representatives. The certified standing order with regard to the minimum notice period for operational changes is followed.

No incidence of violation of freedom of association was reported in 2010-11. There was no incidence of unrest in the Company during the year.

### **Communication of the Company Vision, Core Values and Policies**

Sensitisation about the Company vision, its core values and various policies is a part of the induction programme. This information is reinforced through visual displays on the shop floor, in offices and meeting places. The Company's policies are also available on the internal portal.

### **Local Hiring**

All senior level appointments are made on the basis of the Company's need, vacancies and merit of individuals. For hiring at workmen level (skilled, semi-skilled, unskilled and apprentice), equal weightage is given to candidates from across the country.

### **Human Resource Development**

Maruti Suzuki believes that competent and committed manpower is its biggest competitive advantage. To maintain this advantage, continuous learning and innovation are essential. At Maruti Suzuki, the employee development process begins on the day of joining. A warm welcome, a detailed induction programme and mentoring by seniors helps new employees adjust to the new work culture quickly.

Training needs identification, 360-degree feedback and development centre exercises are carried out every year; inputs thus received are used in preparing the annual training calendar. To ensure all round development of employees, the calendar includes behavioural, functional and safety training. The training calendar covers classroom, on-the-job and outbound training.

The Company has a robust Performance Management System and all regular employees are covered under this system.

Employees are also sent abroad on Association for Overseas Technical Scholarship and Overseas Vocational Training Association training to further improve their job specific skills. Employees are also sent to SMC, Japan, to work on live projects and to learn from experienced SMC engineers. SMC is helping Maruti Suzuki in a concerted way in establishing R&D facilities and developing the skills of R&D engineers.



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Employees at the Technical Training Centre

All security personnel are trained by the security agency on functional and behavioural aspects including non-discrimination while dealing with people.

### Leadership Training Initiatives

A series of leadership development interventions were carried out to further enhance the competencies of middle, senior and top management. In 2010-11, the Company took its leadership development exercises to a new level with a slew of activities such as:

- A two-day workshop on leadership and culture of innovation for department heads.
- Department Heads Roundtable: a forum that facilitated dialogue between department heads and top/senior management of the Company on key business challenges and resource planning.
- A two-day workshop organised for divisional heads on strategic leadership, sustainable innovation and culture of developing people.
- Top Management Retreat: Two days of reflection and discussion on cutting edge business strategy and managing expectations of key stakeholders.
- Guest Lecture Series: inviting management gurus, successful sports persons and eminent entrepreneurs to give talks.

### Higher Education Scheme

The Higher Education Scheme was introduced in 2008-09 to meet the higher education needs of young managers. This scheme helps not only in grooming and retaining high potential managers but also in fulfilling their career enhancement aspirations. The scheme includes full time

executive MBA and part time MBA programmes. The scheme is applicable for cadres from assistant manager to senior manager and has a defined eligibility and selection criteria.

### Mentoring Scheme

All new joiners are covered under this scheme wherein seniors play the role of mentors. This helps the new entrants to settle into the organisation smoothly. A mentor provides support not only on the professional front but also on the personal front, such as help in finding accommodation and adjusting to the Company's culture.

Training intervention in the organisation at all levels has led to:

- Better management of the workforce.
- A multi-skilled, diverse workforce.
- Identification of future leaders.
- A workforce trained to meet future challenges and the organisation's expansion plans.

### Reward and Recognition

Maruti Suzuki has a robust Reward and Recognition Policy. Remarkable performance by the employees entitles them to low cost awards, quarterly awards and annual appreciation awards. The annual appreciation award includes a paid trip for two nights and three days for the employee and her/his family at any tourist place (cost upto Rs. 30,000), an appreciation certificate and a trophy.



Discussions during the Department Heads Roundtable

### MANPOWER BREAKUP AS ON 31<sup>ST</sup> MARCH, 2011

MANPOWER CATEGORY	2008-09	2009-10	2010-11
Regular manpower			
Assistant Supervisor & above	2,903	3,334	3,814
Associates/technicians	1,758	2,160	2,991
Trainees	2,498	2,138	1,812
<b>Total regular manpower</b>	<b>7,159</b>	<b>7,632</b>	<b>8,617</b>
Apprentices	548	509	799
Contractual manpower	5,145	6,556	7,909
<b>Total manpower</b>	<b>12,852</b>	<b>14,697</b>	<b>17,325</b>

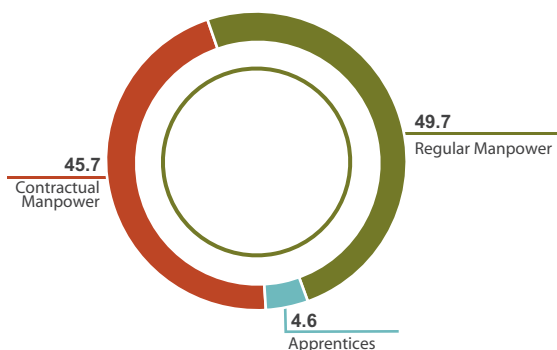
### FEMALE TO MALE RATIO OF REGULAR EMPLOYEES

	2008-09	2009-10	2010-11
<b>Total regular</b>	<b>7,159</b>	<b>7,632</b>	<b>8,617</b>
Male	6,952	7,407	8,361
Female	207	225	256
Female to male ratio	2.97	3.04	3.06

### ATTRITION: APRIL 2010-MARCH 2011

LEVEL CATEGORY	RESIGNATIONS	MANPOWER AS ON 31 <sup>ST</sup> MARCH 2011	ATTRITION PERCENTAGE
<b>Resignations</b>			
1. Assistant Supervisors and above	332	3,814	8.7%
2. Technicians	19	2,991	0.6%
3. Trainees	71	1,812	3.9%
<b>Total resignations</b>	<b>422</b>	<b>8,617</b>	<b>4.9%</b>
Other separations: death, retirement, termination	102	-	1.2%
<b>Grand total</b>	<b>524</b>	<b>8,617</b>	<b>6.1%</b>

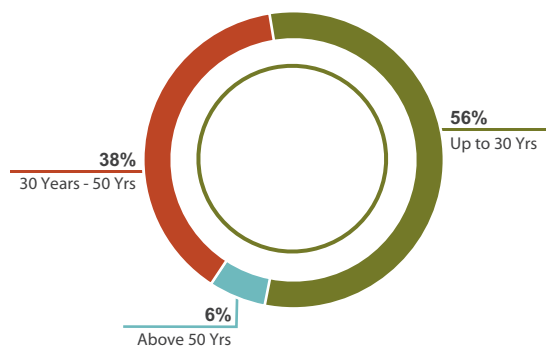
Manpower Category 2010-11



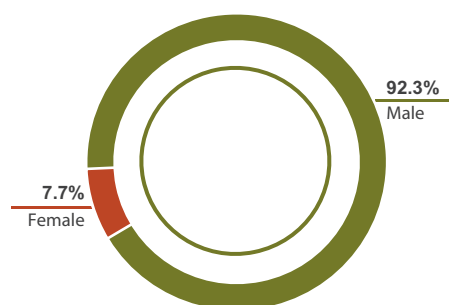
### ATTRITION: AGE-WISE BREAKUP

AGE GROUP	PERCENTAGE (% OF TOTAL RESIGNATIONS)	NUMBER
Upto 30 years	76.8%	324
30-50 years	23.0%	97
Above 50 years	0.2%	1
<b>Total (excluding other separations)</b>		<b>422</b>

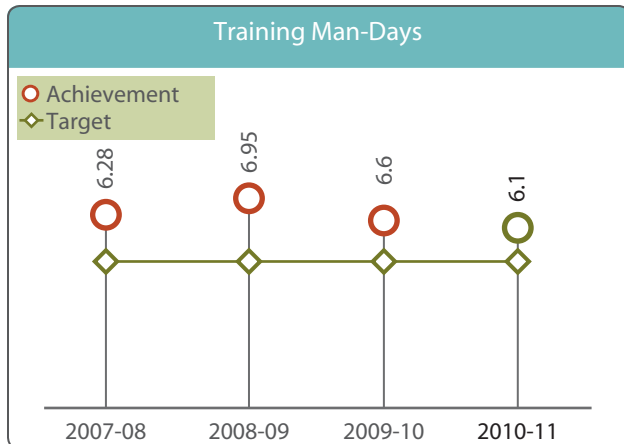
Regular Manpower Age Profile



Gender-Wise Attrition



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Note: Reduction in training man-days in 2010-11 is because additional manpower was added towards the second half of the year

The Company has set an average training target of 5 man-days per employee and has been exceeding this target for the last four years.

### OCCUPATIONAL HEALTH

Maruti Suzuki strongly believes that a healthy and safe work environment is essential to maintain optimal manpower productivity and to keep employee motivation high. Its manufacturing facilities and offices are designed to ensure safety and comfort of employees. The Company pays attention to ergonomics at the workplace, especially for its workmen. Manufacturing processes are modified and automation introduced to minimise fatigue caused by activities such as bending, heavy lifting and excessive carrying of loads. Training programmes on ergonomics for workers are organised by the Safety and Welfare Department.

The Company has a team of qualified medical officers and paramedics and a well-equipped medical centre to provide medical assistance to employees in both shifts. Regular medical surveillance of hazardous and high-noise areas in the manufacturing facilities is conducted to monitor parameters that can potentially impact employees' health, and to ensure that they are within the permissible limits. In hazardous working areas, counter-measures are taken proactively to minimise any negative impact on employees' health. A health check of all workers operating in hazardous areas is carried out twice a year.

In the reporting year, the focus of occupational health was on awareness generation among employees. Importance was given to identification and prevention of diseases at the initial stage. Through the year, the Chief Medical Officer issues advisories on prevention of seasonal and infectious diseases and organises health talks by specialists. Medical talks on hypertension and diabetes, eye care and refraction, hepatitis, breathing disorders, kidney diseases and posture and back pain were organised in the reporting year.

Health awareness and check-up camps were organised routinely at the plant in association with reputed hospitals. Vaccinations are also provided to employees at discounted prices. Further, yoga classes were held every day at the plant and the corporate office in the evenings.

As a policy, Maruti Suzuki entitles all its employees over 40 years of age for a free annual health check-up. This is done through tie-ups with reputed hospitals. These annual check-ups have led to timely diagnoses of diseases and lifestyle changes for many employees.

No significant occupational disease was reported to the health centre in 2010-11.

### OCCUPATIONAL SAFETY

Maruti Suzuki follows the Safety First approach across the organisation; it has built a robust institutional framework for safety and has demonstrated a strong safety culture.

A dedicated Safety and Welfare Department takes care of occupational safety, supported by 120 safety coordinators from all functional areas of the Company. The department ensures work place safety, undertakes various awareness and training programmes and executes a safety activity plan. Additionally, strong employee involvement is encouraged in occupational safety through participatory approaches such as suggestion schemes and theme based safety events. Shop floor workmen participate in the plant level safety committees. Besides this, there is a Central Safety Leadership Council (CSLC) comprising top management from all business verticals. The council reviews safety performance on a quarterly basis and provides functional teams with appropriate guidance.

Maruti Suzuki has formulated a Health and Safety Policy and Safety Management Principles. These principles aim at achieving high standards in safety through

implementation of well-defined procedures, risk assessment, audits, training, awareness programmes, safety promotion activities and a suggestion scheme.

### Safety Initiatives

Maruti Suzuki strives to achieve zero accident and injury. Various initiatives have been undertaken towards this goal, such as issuing of work permits and an online reporting system called Work Safe Online, through which incidents, including near-misses, are reported. These initiatives help in tracking all incidents, accidents, near misses and collating information for analysis. It also provides a source of learning to avoid occurrence of similar situations in the future.

To implement the Safety Management System in the Company's sphere of influence, Safety Health and Environment (SHE) Conditions of Contract were introduced for all contractors and service providers in 2010-11. In addition, the Company began working on the OHSAS certification process.

### Safety Performance

Maruti Suzuki's performance on key safety parameters such as injuries and lost days is mentioned below:

#### SAFETY PERFORMANCE ON KEY PARAMETERS

	PARAMETER	2008-09	2009-10	2010-11
1	Injuries (nos.)	19	10	9
2	Injury rate (per 100 employees)	0.13936	0.049	0.043
3	Lost days (nos.)*	6,004	2	2
4	Lost days rate* (per 100 employees)	44.04	0.0098	0.0095
5	Fatalities (no.)*	1	0	0
6	Man-hours worked (million hours)	28.83	44.42	45.63

Note:\*Accident data as per IS 3786.

Accident data for 2008-09 is for the Gurgaon plant only.

### Safety Promotion Activities

At Maruti Suzuki, safety training is an integral part of the induction process. For mass safety awareness, various training programmes are organised periodically for employees as well as for contract workers. Special care is taken for the safety of visitors entering the factory premises. Safety Guidelines for Visitors were developed in the reporting year and are shared with visitors entering the factory premises.

Maruti Suzuki has adopted best safety practices from SMC, such as Kikken Yochi Training (KYT) and Hiyari Hatto Training (HHT). These practices have been institutionalised across the production function of the organisation. In order to conduct these activities, the production line is stopped for 30 minutes every alternate month in both working shifts, to identify the potential risks and devise mitigation plans with the involvement of workmen.

Safety Month is observed every year in the Company, starting from National Safety Day on 4<sup>th</sup> March. Safety Month activities are launched with the Managing Director taking the safety oath. Various activities are organised during the month to promote safety, such as poster-making and slogan-writing competitions, safety training workshops, occupational health check-ups and street plays for awareness generation.

### Emergency Preparedness

Maruti Suzuki has developed an on-site emergency plan for handling emergencies. Hazard identification and risk assessment have been carried out in a structured manner and are reviewed periodically. The Company is well equipped with fire fighting vehicles, safety and rescue equipment, and has trained staff for tackling emergencies. Periodical mock drills are conducted at various locations to assess emergency preparedness. The Company also provides support to joint venture companies in its Suppliers' Park in case of fire emergencies.

### Compliance

There have been no significant fines or non-monetary sanctions levied against the Company for non-compliance of laws and regulations in 2010-11.



Employees undergoing mandatory safety training

## social performance &gt; social initiatives

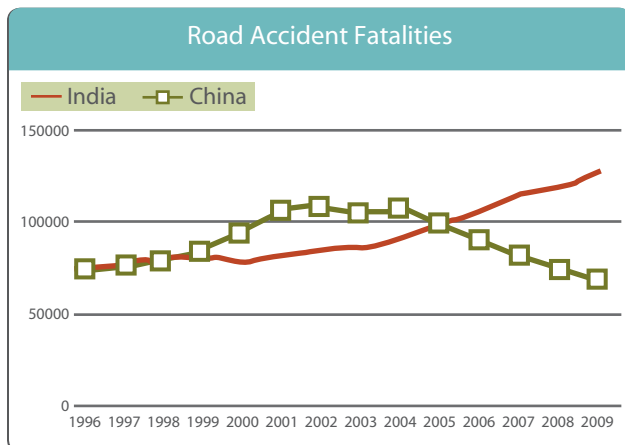
Maruti Suzuki's social initiatives focus on three primary areas, namely road safety, vocational training and community development. The Company also runs an employee volunteering programme called e-Parivartan and operates two schools. To guide its social initiatives, the Company has formulated a CSR Policy. Stakeholder engagement is central to this policy.

*"While working to enhance shareholder wealth, Maruti Suzuki will regularly engage with all stakeholders to assess their needs and through its products, services, conduct and management initiatives, promote their sustained growth and well-being."*

### ROAD SAFETY

Road safety is a major concern in India considering the scale of injuries and fatalities due to road accidents. As per the Ministry of Road Transport and Highways (MoRTH), 125,660 people were killed and over 500,000 injured in around 490,000 accidents in 2009, which means that one road accident occurs in India every second and one road accident fatality every four minutes.

While India and China started with similar figures for road accident fatalities in 1996, China has been able to reverse its road accident fatalities trend from 2005 onwards; whereas in India, the trend has been rising unabated. This can be gauged from the graph given below.



Source: National Crime Records Bureau, India, Ministry of Road Transport and Highways, India and Ministry of Public Security, China

As per the study conducted by the MoRTH, drivers' fault is the single largest factor responsible for accidents, fatalities and injuries. In 2009, drivers' faults accounted for 78.5% of the total accidents. Therefore it is imperative to train people to drive correctly and safely. In the absence of a proper driving training infrastructure in the country, people drive without proper training, leading to road accidents and fatalities.



Classroom instruction on safe driving

### Road Safety Initiatives

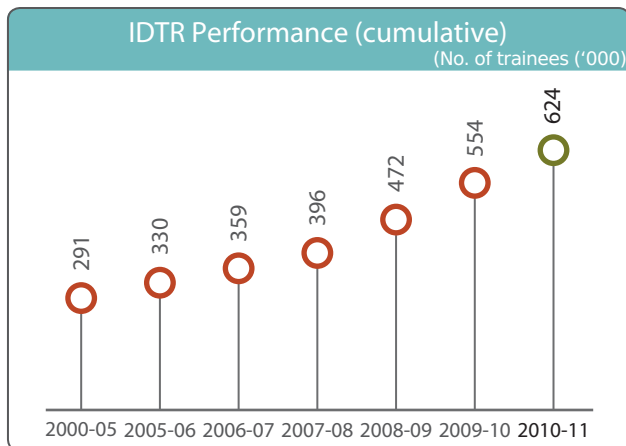
Realising the gravity of the problem and the need for an efficient and effective driving training infrastructure in the country, Maruti Suzuki began its road safety initiatives in 2000, offering a well structured and scientifically designed driving training programme to the public.

The Company adopted two models in partnership mode for imparting driving training skills to existing as well as new drivers. These are the Institute of Driving and Traffic Research (IDTR) and Maruti Driving Schools (MDS's).

### Institute of Driving and Traffic Research (IDTR)

The IDTR is a state-of-the-art driving training facility set up in partnership with the state governments. It caters to the drivers of both commercial and passenger vehicles. The driving training at IDTR includes theoretical training in the class room, practical training on simulators and actual driving training on scientifically designed tracks. The first IDTR was set up in 2000 at Loni, Wazirabad, New Delhi. Today, Maruti Suzuki manages 4 IDTRs – two in Delhi and one each in Gujarat and Uttarakhand.





In 2010-11, a new initiative, Professional Light Motor Vehicle Driving Training Programme, was initiated for students of Industrial Training Institutes (ITIs). This programme is aimed at improving the employment prospects of ITI students. The IDTR at Gujarat, established in collaboration with the Tribal Development Department of Gujarat, continued to work in a focused manner to develop the driving skills of tribal youth to make them suitable for the job market. Professional Light Motor Vehicle Driving Training Programme was also initiated for the students at MDS's/IDTRs and over 2,000 students were trained in 2010-11. Besides driving, the youth are also taught spoken English and soft skills.



Passenger car driving training at IDTR



### Driving towards a new future; IDTR, Gujarat

Twenty-four year old Natwarbhai Mansinghbhai Damor was sometimes amazed at the way his life had turned out. Just a few years back, he was at his wits end trying to solve his family's financial problems. Today he was gainfully employed and making a decent living.

A tribal from Mander village Dahod district, Gujarat, Natwarbhai graduated from school and couldn't study further due to his family's financial struggles. His father was the only earning member of his family and his 3 younger siblings were in school. Making ends meet was so hard for the family that Natwarbhai felt compelled to find a solution.

He heard about IDTR through his village Sarpanch, who informed him that training at the institute was free and help was also offered to find placements. Natwarbhai discussed this opportunity with his father who encouraged him to join the institute. The training wasn't of a long duration. This would allow Natwarbhai to join the work force soon. Besides the driving training other components of training such as personality development, spoken English and general knowledge would benefit him. The placement service would be an added advantage.

Natwarbhai joined the institute and completed the training successfully. Right after he joined Manan Auto Cab at Ahmedabad at a salary that allowed him to send Rs. 3000 home each month. With the financial support provided by Natwarbhai, the family's financial troubles have eased considerably and his siblings have been able to continue their education uninterrupted.

## social performance &gt; social initiatives

The IDTR at Uttarakhand, established in collaboration with the Transport Department of Uttarakhand, focused on refresher training of contractual drivers of the Uttarakhand Road Transport Corporation and drivers of school and college buses and ambulance services in the year.

### Maruti Driving Schools (MDS's)

MDS's have been set up in partnership with dealers. These schools require lesser infrastructure and lower investment as compared to IDTRs. MDS's impart training for driving passenger vehicles. The training components at MDS's are the same as those at IDTRs except that the practical driving training is imparted on the road instead of on test tracks. Maruti Suzuki has set up 166 MDS's in 118 cities across various states as on 31<sup>st</sup> March, 2011, of which 83 were added in 2010-11.

IDTRs and MDS's together have trained over 8,50,000 people in safe driving as on 31<sup>st</sup> March, 2011.

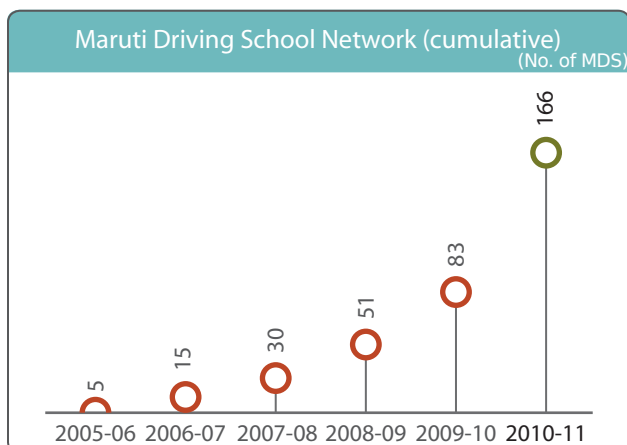
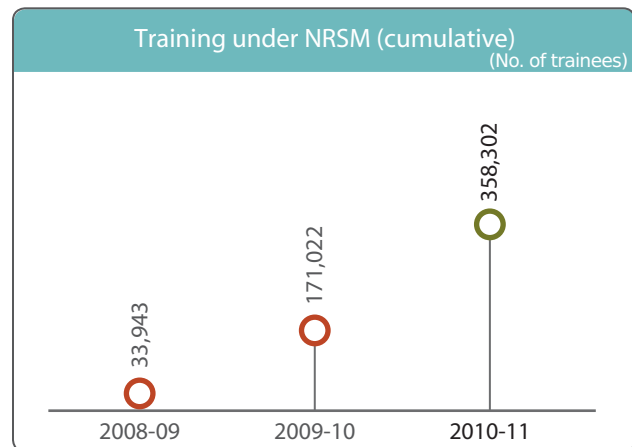
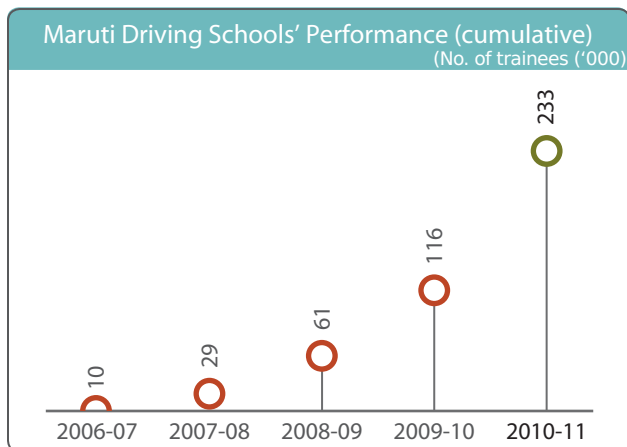
### National Road Safety Mission

On completion of 25 years of sustained operations, Maruti Suzuki launched the National Road Safety Mission (NRSM) in December, 2008 with the following commitments:

- Training:** To train 5,00,000 persons in safe driving in three years; at least 1,00,000 of them should come from the underprivileged sections of society
- Awareness:** To generate road safety awareness amongst school children, young adults and the general public.
- Advocacy:** To undertake joint projects with the traffic police and industry bodies.

### Training

Under the training component of the NRSM, Maruti Suzuki has trained 358,302 persons as on 31<sup>st</sup> March, 2011. Of these 97,724 persons were from underprivileged backgrounds. The Company is on course to achieve its NRSM target well before the timeline of December 2011.



### Awareness

Besides training people in safe driving, MDS instructors undertake road safety awareness workshops for school children. In 2010-11, 21,000 school children were covered in cities across the country. Through these specially designed short training sessions, an effort is made to familiarise children with the basics of road safety.

In 2010-11, refresher driving training was also imparted to executives and drivers of leading corporates such as Johnson and Johnson, HCL, IBM and Gujarat Gas Ltd. in addition to Government Ministries and Police departments. Customised training modules were developed and awareness seminars were held for corporates as per their requirements.

Over 55,000 existing drivers from the unorganised sector, including taxi and auto rickshaw drivers belonging to underprivileged sections of society, underwent a one-day awareness workshop on defensive driving at MDS's/IDTRs across India. In addition, refresher driving training was imparted to over 1,700 school and college bus drivers in the reporting year. As a part of its annual calendar, Maruti Suzuki also organised the Young Drivers' Contest to promote safe driving amongst the youth.

### Advocacy

Maruti Suzuki is an active participant in SIAM SAFE activities to promote road safety. Maruti Suzuki's MEO (Engineering) is the current SAFE president. Maruti Suzuki and SAFE organised a seminar in association with the Transport Department, Delhi State Government, MoRTH, on 16<sup>th</sup> February 2011, at IDTR, Wazirabad Road, Delhi. The theme of the seminar was Road Safety Adds to the Quality of Life.

Maruti Suzuki and SAFE jointly supported the Delhi Traffic Police in implementing Traffic Volunteer Programme - CWG 2010, to ensure smooth traffic flow during the Commonwealth Games (CWG) with the help of 1,500 volunteers.

### VOCATIONAL TRAINING

Skilled manpower is an essential requirement to drive economic growth. In India, while there is a large pool of workmen, their skill levels are far from the industry requirements. To address this issue, the government has launched a programme to transform ITIs into centres of excellence in partnership with industry.

Maruti Suzuki has become a part of this effort by undertaking to upgrade select ITIs across the country. The Company is presently working with seven ITIs, one each at Elathur (Kerala), Thirukkuvalai (Tamil Nadu), Hinganghat (Maharashtra) and four in Haryana at Jhajjar, Gurgaon and Rohtak. Of these seven partnerships, four were forged in the reporting year. As part of affirmative action, Maruti Suzuki has deliberately chosen to work with the ITI at Elathur that specifically caters to the Scheduled Caste and Scheduled Tribe (SC/ST) community. The ITIs at Gurgaon and Jhajjar are exclusively for women.

Maruti Suzuki has set up a dedicated department to undertake this initiative. Senior Company officials serve as chairmen on the Institute Management Committees of the adopted ITIs.



A young girl undergoing training at ITI, Gurgaon

Details of ITI partnerships are given in the table below.

SR. NO.	INSTITUTE	STATE	YEAR OF SIGNING MOU	ANNUAL CAPACITY (NO. OF STUDENTS)
1	ITI Gurgaon	Haryana	2006-07	885
2	ITI Rohtak	Haryana	2006-07	1,100
3	ITI for Women, Gurgaon	Haryana	2009-10	105
4	ITI for Women, Jhajjar	Haryana	2010-11	42
5	ITI Hinganghat	Maharashtra	2010-11	137
6	ITI Elathur	Kerala	2010-11	84
7	ITI Thirukkuvalai	Tamil Nadu	2010-11	156
Total number of student beneficiaries (Annual)				2,509

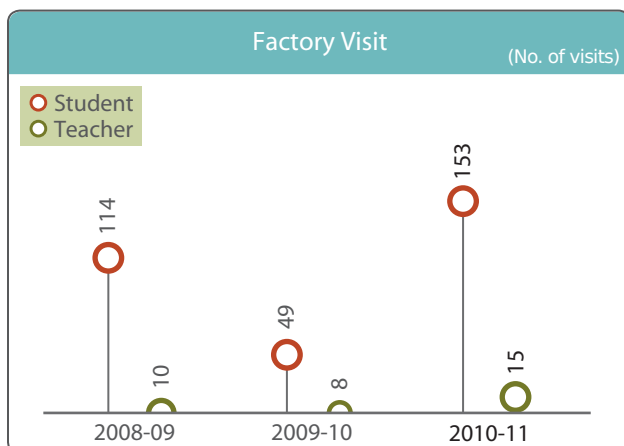
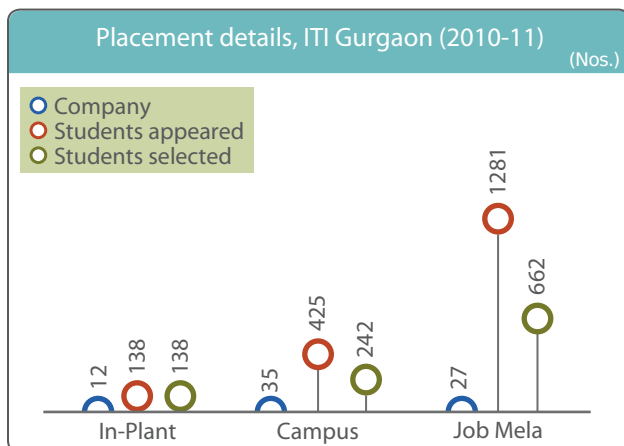
Maruti Suzuki partners with the ITIs for their overall upgradation. The upgradation programme includes:

- Basic infrastructure development:
  - Class room furniture.
  - Workshops.
  - Maintenance of green areas.
  - Rain water harvesting.
- Repair and maintenance of machines.
- Provision of teaching aids.
- Industry exposure to students and faculty through:
  - Factory visits.
  - Internships.

## social performance &gt; social initiatives

5. Development of an Institute Development Plan.
6. Additional training sessions for overall development of students:
  - a. Employability skills: spoken English, interpersonal skills, work ethics.
  - b. Computer education: MS Office, internet.
  - c. Technical: Shop floor practices, CNC machines, advanced technologies, automobile systems, safety, quality.
7. Training of teachers:
  - a. Motivational and behavioural.
  - b. Communication skills and personality development.
  - c. Technical knowledge & skills on current technologies.

Details of training and exposure visits organised for the ITI's are mentioned in the chart below.



### Making change, one step at a time: ITI for women

When MSIL began working with the women's ITI in Gurgaon, it didn't know where to start. The building was in a terrible condition, training equipments were obsolete and the students and teachers de-motivated. Overhauling the institute appeared to be an uphill task.

MSIL decided to take up upgradation of stitching and cutting centre first. A popular course amongst girls, once improved, the course would benefit many. It would also provide a source of income generation for the institute, which would enable the institute to pay back a part of soft loan provided to it by the government.

MSIL brought in two apparel makers on board of the Institute Management Committee. Both apparel makers, Givo and Orient Craft, were willing to employ the girls in their industry, if trained properly. They were also willing to give MSIL suggestions on upgrading the training centre, based on their expertise.

The sewing machines being used at the Institute were outdated. There was no way the students could learn on these machines and adapt to the real industry outside. The most pressing need of the trade was then to procure the latest machines. MSIL took its industry partners' help and identified the right kind of machines and 22 units of sewing machines were imported from Japan and installed in the refurbished classrooms.

Today the stitching and tailoring centre wears a brand new look. The improved infrastructure has infused the staff and students with new energy that has taken the teaching-learning experience to a new level.



The Service Division of the Company also engages with ITIs all over the country. The focus is specifically on the upgradation of the automobile trade at the institute. Currently, the division is actively working with 28 government and private ITIs. So far 500 students from these ITIs have been absorbed in the Maruti Suzuki service network.

### COMMUNITY DEVELOPMENT

Maruti Suzuki is actively involved in community development of four villages surrounding its Manesar plant. Healthcare, education, infrastructure development and skill training are the focus areas for intervention.

Health camps were held periodically around the year to make curative health care services available to the villagers. Based on community requirements, speciality camps such as eye camps and camps for women and young girls were held with the help of professional doctors. Nukkad nataks were organised to spread awareness about the negative impact of drug addiction. To spread health awareness among school children, healthy habits display boards were placed in all village schools.

First generation school goers often lack family support in completing their home work and help in preparing



Students learning basic computer skills at the computer centre at Aliyar village, Manesar

### Driving towards a new future

Krishna Kumar lived in a joint family and did odd jobs to keep his family afloat. But the guilt of not contributing enough towards his family's upkeep often ate at him. He had changed several jobs, being unsatisfied in each of them. His family often worried if he would ever hold a job consistently.

Krishna's friends informed him of the driving training MSIL was offering village youth under Naukri Ki Pathshala programme. He enrolled albeit a little unsure of what he would do after the training. Attending classes at Maruti Driving School, Gurgaon, Krishna learnt theoretical concepts, tried his hand out at driving at the simulator and finally got to drive a car under the guidance of a trained instructor. On finishing his training, the CSR field coordinator, engaged him in a discussion about what he could do after the training. The discussion made him realise that it made good sense to utilise his skills as a driver to earn a living. The field coordinator put him in touch with the vehicle dispatch department of MSIL in Manesar, where he was interviewed and found suitable for a position of a driver. He landed the job, much to his surprise, and was asked to join at the earliest.

A consistent, diligent worker, Krishna is liked by his seniors and peer. He speaks of the change he has personally undergone, *"Earlier my family wasn't happy with the work I did. I also had a short temper. But today I am an entirely different person."* A happy man today, Krishan appreciates the transformation his life has undergone that wouldn't have been possible without the training he took.





## social performance &gt; social initiatives



Health camp at Manesar village

for their exams. Knowing that education opens vistas of opportunities for people, Maruti Suzuki runs evening classes to support children in these areas. Currently the Company is running three education support centres in the villages. These are run by teachers identified from the community. About 140 children from classes II to VII derive benefit from these classes.

On the request of the villagers, a computer literacy centre has been set up at village Aliyar. In an example of community participation, the space for the centre was provided by the village panchayat and the selection of teachers was also undertaken by them. The centre became operational in March 2011 with a batch of 60 students.

In 2010-11, the Company undertook repair and maintenance of the government school at Baas village, which included construction of a boundary wall, toilets, two classrooms, pavements and landscaping.

The focus of vocational training in Manesar has been on imparting driving training to unemployed youth. In 2010-11, Maruti Suzuki trained 50 unemployed youth from the villages in driving skills. So far 134 unemployed youth have been trained and of this, 65% have found employment, either in an existing enterprise or have started their own taxi/auto service. Some have also found employment at Maruti Suzuki's vehicle dispatch operations at the Manesar plant.

**EMPLOYEE VOLUNTEERING**

Maruti Suzuki's employee volunteering programme, e-Parivartan took a step forward in the year 2010-11, with employees preparing centre development plans and carrying out various improvement activities in a planned and structured manner. Employee participation and contribution increased in 2010-11; 97 employees joined e-Parivartan, taking the total number of volunteers to 304. They contributed 2,792 volunteer hours during the year. Cumulatively, employees have spent 7,095 hours in volunteering since the launch of the programme in November, 2008. In 2010-11 there were 24 active volunteering centres as compared to 19 in the previous year.

The Company has tied up with several local NGOs for this programme. Employees visit the NGO centres on Sundays and holidays and contribute towards a social cause of their interest. Many of them are joined by their families.

The efforts of the volunteers are well appreciated by the NGO partners.

Ms. Richa Mohan, Director of Empowering Minds, mentions, ***"The volunteers are the backbone of an organisation that is still in its nascent stage and requires benevolent individuals to come forward and assist in the day-to-day functioning."***



Exuberant children at an e-Parivartan volunteering centre

Mrs. Jolly Geevarghese, Senior Programme Manager at Asharan Orphanage, feels that ***"The attitude of the volunteers towards the children of Asharan is greatly appreciable. They bring in a lot of energy, happiness and knowledge."***

The volunteers too derive great benefit from this activity. Driven by a sense of purpose, they feel happy to be able to make a small contribution to the lives of those less privileged.

***"Volunteering is a means to serve others; I try to contribute in a small way to help disadvantaged children realize their dreams"***, feels Piyush Manocha from Machine Engineering.

***"Volunteering for a good cause requires commitment but at the same time it gives us enormous happiness"***, says Manjushri Arya from the IT department.

## SCHOOLS

Maruti Suzuki runs two schools for the children of its employees and local community in partnership with the Delhi Public School Society. The Company has set up the Maruti Employee Education Trust (MEET) to promote education.



Mr. Siddiqui, MEO (Administration - HR, IT, Finance & COSL) spending time with young children



## Spreading the message of 5S

A group of employees from Maruti Suzuki's Gurgaon facility regularly volunteer at the Bal Vihar centre in New Delhi. Their main objective is to make a positive change in the lives of the destitute children residing there.

After familiarising themselves with the Centre, the volunteers felt a definite need to transfer some of MSIL's management skills and practices to the children and staff. To drive home the importance of cleanliness and to inspire the home residents to keep their premises clean, the volunteers undertook a massive cleaning drive.

In an operation that lasted almost the entire day, the entire home was set in order. The volunteers were joined by the children and staff. Waste material that the centre had been collecting over the years was separated out, scrap sold off to scrap dealers, and all usable material re-organised and rearranged. Cleaning material such as brooms, floor disinfectants, mops were provided to the home and several posters on clean living were put up at several locations. At the end of the exhausting exercise, the home was squeaky clean, much to the delight of the residents and volunteers and as an example, the volunteers could demonstrate to the residents the importance of 5S, a practice deeply engrained in every Maruti Suzuki employee.

## social performance &gt; product responsibility

**CUSTOMER HEALTH AND SAFETY**

All Maruti Suzuki vehicles meet the prevailing safety regulations of the country. The active and passive safety devices provided in the vehicles ensure driver and vehicle safety in the event of an unavoidable accident.

**Customer Convenience and Safety of LPG and CNG Vehicles**

The compact toroidal LPG tank fitted in the WagonR Duo maximises the fuel filling capacity and minimises the luggage space occupied by the fuel tank. An LPG malfunction indication lamp is fitted to warn the driver in the event of any malfunction for enhanced safety.

Maruti Suzuki is a first mover in offering factory fitted CNG cars in India. Maruti Suzuki's CNG cars meet stringent global safety standards. The efficient NGV receptacle fitted in Maruti Suzuki vehicles reduces the average CNG filling time to two-third, thereby providing convenience to customers. Pre-formed stainless steel pipes and joints provide additional safety to the customers. The vehicle can be driven for longer distances with a 250 km range in one CNG filling. The Company is also working on dedicated CNG projects where the vehicle will run only on CNG.

**Asbestos Free Vehicles**

The use of asbestos in any product is not considered good for health. Therefore, as a responsible corporate, Maruti Suzuki decided not to use asbestos in its vehicles, although there is no regulation in India for this. This changeover was implemented in December, 2010. All new Maruti Suzuki models and spare parts have been made asbestos-free. Asbestos is banned in European Union countries.

**Transmission and Safety Technologies in Kizashi**

In 2010-11, Maruti Suzuki entered the premier segment by launching India's first luxury sport sedan, Kizashi. Kizashi is fitted with continuously variable transmission (CVT) technology, which can change seamlessly through an infinite number of effective gear ratios between maximum and minimum values, increasing fuel efficiency substantially compared to that of manual transmission.

Kizashi offers advanced safety features such as ESP (Electronic Stability Programme) and HHC (Hill Hold Control), which enable the customer to drive uphill from a standing start without rolling backward, thus ensuring absolute safety of the passenger. Kizashi's suspension has

been specially tuned to tackle Indian road conditions and provide comfort to customers.

**New Automatic Transmission in A-star**

A unique "A-shift" of A-star AT allows easy down-shift and effortless up-shift to ensure a smooth and sporty drive. The instrument cluster incorporates a display to highlight the engaged gear. Customers can experience the smoothness of automatic transmission and glide through traffic automatically without changing gears even through bumper-to-bumper traffic conditions.

**Product Recall**

As a responsible automobile manufacturer, the Company proactively recalled 13,157 diesel cars produced in 2010-11 to inspect the connecting rod bolt of Swift, DZire and Ritz Diesel variants and to replace the defective parts with new parts free of cost. The activity was undertaken at a rapid pace for the affected vehicles in the domestic market to ensure that our esteemed customers continue driving the vehicles with absolute peace of mind.

**CONSUMER PRIVACY AND SHARING OF CONSUMER INFORMATION**

Maruti Suzuki exercises utmost care in handling customer data. The Company has installed a dealer management system (DMS) across its sales and service network to store and control data centrally. It has an agreement with dealers, Maruti Service Zones and Authorized Service Stations for maintaining privacy of customer data.

The Company has a well laid out business continuity and disaster recovery plan for critical data security including customer information, wherein all major and critical systems are mapped and a detailed contingency action plan is chalked out.

There have been no complaints regarding breach of customer privacy and loss of customer data in 2010-11.

**RESPONSIBLE ADVERTISING AND ANTI-COMPETITIVE BEHAVIOUR**

Maruti Suzuki is a member of the Advertising Standards Council of India (ASCI) and follows its Code for Self Regulation in Advertising and Marketing Communications. Maruti Suzuki makes sure that the advertisement content does not depict anti-competitive behaviour and intentions; and abstains from any kind of sexually explicit,



malicious alignment, offensive or anti-social content in all its marketing communications at the mass and local levels.

Advertisements which contain performance stunts required for the brand image of the car are always shown with clear disclaimer and caution statements. Maruti Suzuki also releases communications in the public interest to promote safe driving and is open to reviewing its marketing communications based on specific feedback.

No notice for investigation under Section 19 of the Companies Act, 2001, was received in 2010-11.

### Compliance

All vehicles launched by the Company comply with applicable regulatory requirements and are tested and certified by ARAI/ICATS/VRDE for road worthiness. There was no incident of significant fine to the Company for non-compliance with laws and regulations concerning the use of its products and services in 2010-11.

### CUSTOMER SATISFACTION

The customer satisfaction philosophy is well defined in the Quality Policy of the Company. Customer satisfaction is measured at the time of sale as well as service and forms an important part of the dealer evaluation process and balanced score card.

### Product Information Disclosure and Labelling

The Owner's Manual and Service Booklet is provided to each customer with the purchase of a car and contains all information relating to safety, operation and maintenance of the vehicle. At the time of vehicle delivery, technical features of the vehicle are explained to the customer. Product related information is also available on the Company's website. Critical information on product usage (e.g. AC gas, tire pressure, brake fluid etc) is displayed on the labels and provided on the products for information and educational purposes. In addition, periodic customer meets are conducted at dealer workshops for customer education and awareness on product usage.

### Customer Awareness

Maruti Suzuki is concerned about customer safety. In 2010-11, customer safety awareness bulletins were shared with dealers for educating customers with safety tips on seat belt usage and driving during extreme weather conditions. To emphasise on road safety, Maruti Suzuki-authorized



Steering durability test



Airbags for customer safety

workshops displayed road safety banners and distributed information pamphlets to customers during Road Safety Week.

The Company promotes the use of genuine spare parts and accessories, and runs campaigns to spread awareness among customers to avoid the use of spurious parts.

### Customer Relationship Management

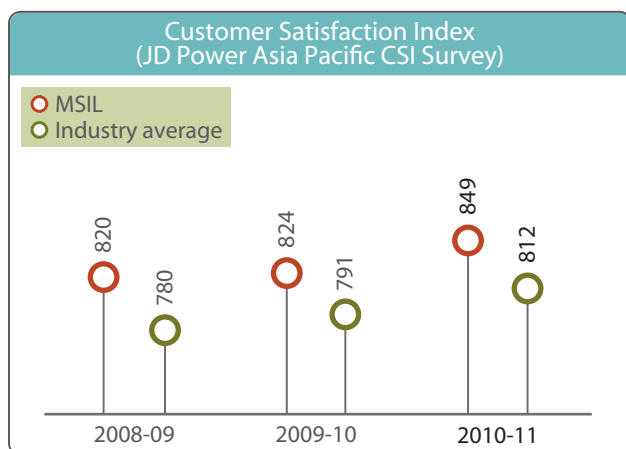
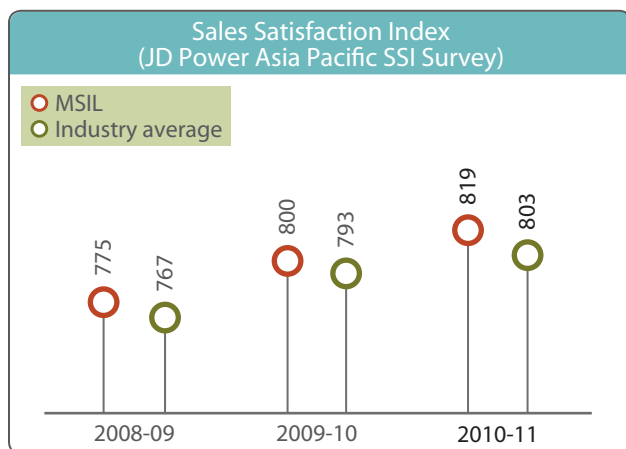
Maruti Suzuki has instituted a robust customer complaints and grievances redressal management system. Feedback on customers' experience of the services availed at the workshops is frequently collected. Telephonic surveys and e-feedback card systems have been implemented to improve existing processes and systems.

### Customer Relationship Building

Customer relationship building activities like mega check-up camps are organised at different locations to strengthen the Company's bond with its customers. In 2010-11, 398 mega camps were organised across 260 cities and were attended by over 3,00,000 customers.

## social performance &gt; product responsibility

In the reporting year, customers rated Maruti Suzuki no.1 in the JD Power Asia Pacific Customer Satisfaction Index (CSI) Survey; the Company was rated no.1 in the Sales Satisfaction Index (SSI) three times in a row.



### Service Network

The Company has created an efficient service infrastructure, equipped with world class service facilities, standardised processes and skilled manpower of nearly 32,800, to provide service to over 1.2 million customers every month. The Company has a strong service network of 2,946 service outlets spread across the country, covering 1,395 cities.

### Work Shops on National Highways

Maruti Suzuki has 1,027 service workshops on 97 national and state highways, covering a road length of 32,308 km. Besides this, Maruti Suzuki assures customers of vehicle

servicing facilities on all the major 144 express highways at an average distance of 32 km.

### Faster Service through Express Service and 2-Tech Bays

Cars that have covered up to 20,000 kilometres and require only minor repair jobs are serviced and handed over to the customer within 2 to 3 hours. As on 31<sup>st</sup> March, 2011; 1,051 express service bays have been activated. The express body repair concept has been introduced in 129 body shops to provide faster service.

### Maruti-on-Road Service (MOS)

Maruti Suzuki provides 24 hour-assistance to customers in case of vehicle break downs through MOS's in 49 cities across the country. The MOS toll free number is given to customers at the time of sale. In 2010-11, more than 100,000 customers were provided with assistance through this service.

### Maruti Mobile Service Workshop

Maruti Suzuki provides a vehicle servicing facility at the doorstep of the customer with a mobile vehicle equipped with tools required for regular service and minor repairs. A total of 127 mobile service workshops were in operation in 89 cities as on 31<sup>st</sup> March, 2011.

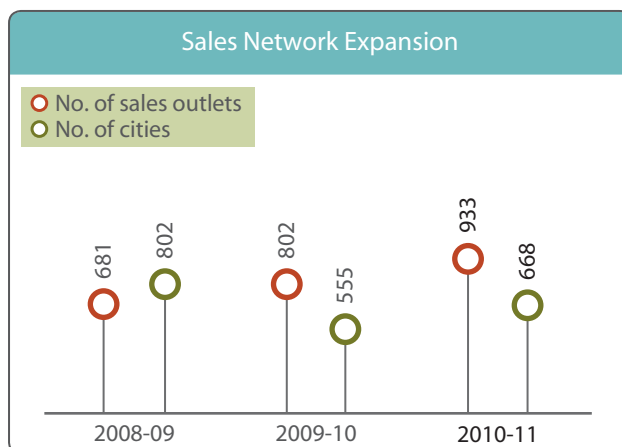
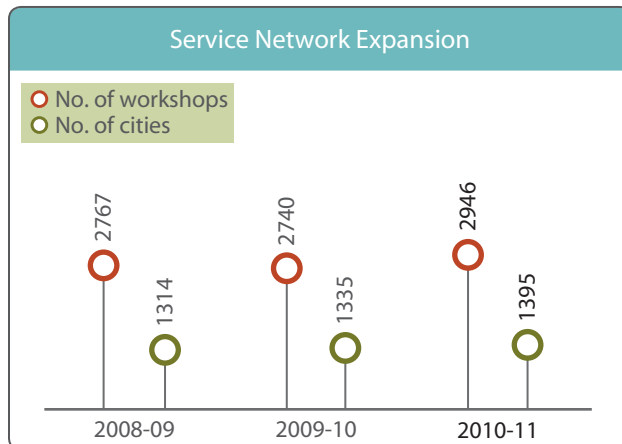


Technicians at a service workshop

### Extended Shift Operations of Workshops

For the convenience of customers, the Company operates its workshops in extended shifts and even during the night. There are 69 workshops operating at extended shifts (12 to 16-hour operations per day), and 6 workshops operating during the night shift (more than 16-hour operations per day). No additional charges are levied on customers for availing this service.





### ISO Certification

Maruti Suzuki facilitates ISO 9001:2008 audits and certification for dealer workshops, Maruti Service Zones (MSZ's) and Maruti Authorised Service Stations (MASS's). The Company also organises training of workshop staff on ISO procedures and systems. As on 31<sup>st</sup> March, 2011; 496 dealer workshops/MSM's/MSZ's and 295 MASS's were ISO 9001:2008 certified.

### Workshop Staff Skill Enhancement

Maruti Suzuki has set up Regional Training Centres at 15 locations across the country and a Central Service Training Centre (CSTC) at Gurgaon, Haryana, to provide training and upgrade the technical skills of workshop staff.

Maruti Suzuki provides technical and soft skill training to service advisors for better customer interaction, understanding and fulfilling customer requirements.

A Special Diagnostic Course Module has been developed to improve the diagnostic skills of workshop personnel. This course provides the right approach to trainees to diagnose and resolve field complaints in the first attempt. Around 178 dealer service technicians were trained during 2010-11. Computer Based Training modules have also been developed and included in the dealer in-house course module; 915 persons have been trained through 205 dealer outlets.

### Overseas Service Support

Maruti Suzuki supports its overseas distributors in 83 countries in after sales activities through technical feedback analysis and counter-measures. The Export Service section collects customers' feedback on product quality from overseas markets, shares it with the concerned departments and the senior management for product improvements; the section also keeps overseas distributors updated about the latest technical information through service bulletins.

Ten training sessions were conducted for 32 overseas distributors in Bhutan, Bangladesh, Nepal, Sri Lanka, Mauritius, Seychelles, Tanzania, Malaysia, Vietnam and Hong Kong; 63 participants were trained through these sessions.

### Oil Management System

Maruti Suzuki also initiated the use of an automated oil management system for its dealer workshops. This is done in order to minimize the oil spillage in the workshops and to reduce the time and effort required to issue the oil, thereby improving the overall productivity of the workshops. It provides control and monitoring on oil quantities so that wastages can be identified and controlled. The oil management system was implemented in 175 workshops till March, 2011.

### > closing remarks

Maruti Suzuki's walk on the path of sustainability is one that is constantly evolving. This path of improvement pushes the Company to continuously improve its performance on its triple bottom line. The participation and contribution of the partners has been an important contributor to this improvement. The Company looks forward to further improve its performance on key sustainability parameters in the coming year.

# GRI content index

PROFILE INDICATORS	DESCRIPTION OF PROFILE INDICATORS	REPORTING STATUS	PAGE	REMARKS
1	STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decision makers of the organisation	R	4-7	
1.2	Description of key impacts, risks, and opportunities	R	40-45	
2	ORGANISATIONAL PROFILE			
2.1	Name of the organisation.	R	14	
2.2	Primary brands, products and/or services	R	20-23	
2.3	Operational structure, main divisions, operating companies	R	14-19	
2.4	Location of organisation's headquarters	R	17	
2.5	Number of countries where the organisation operates	R	17	
2.6	Nature of ownership and legal form	R	15	
2.7	Markets served (including geographic breakdown sectors served, and types of customers/beneficiaries)	R	18-19	
2.8	Scale of the reporting organisation	R	18-19	
2.9	Significant changes during the reporting period	R	-	No significant change during the reporting period
2.10	Awards received in the reporting period.	R	26-27	
3	REPORT PARAMETERS			
3.1	Reporting period for information provided	R	28	
3.2	Date of most recent previous report (if any)	R	28	
3.3	Reporting cycle (annual, biennial etc.)	R	28	
3.4	Contact point for questions regarding the report or its contents	R	Inside back cover	
3.5	Process for defining report content	R	28-29	
3.6	Boundary of the report	R	29	
3.7	State any specific limitations on the scope or boundary of the report	R	29	
3.8	Basis for reporting on joint ventures, subsidiaries companies, leased operations etc.	R	29	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques	R	61,73	
3.10	Explanation of the effect of any restatements of information provided in earlier reports	NA	-	No restatements
3.11	Significant changes from previous reporting periods	NA	-	No significant change
3.12	GRI Content Index	R	86-89	
3.13	Policy and current practice with regard to seeking external assurance for the report	R	29	
4	GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
4.1	Governance structure of the organisation, including committees	R	34-38	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	R	34-36	
4.3	State the number of members of the highest governance body that are independent and/or non-executive members	R	36-39	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	R	38-39	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance	R	39	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	R	39	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body	R	34, 36	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	R	1,74	For policies not covered in this report, please refer the company website at <a href="http://www.marutisuzuki.com">www.marutisuzuki.com</a>
4.9	Procedures of the highest governance body for overseeing the organisation's economic, environmental, and social performance	R	41	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	R	38-39	
	Commitment to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	R	61-64, 82-85	
4.12	Externally developed voluntary economic, environmental, and social charters, principles, or other initiatives to which organisation subscribes or endorses	R	27	
4.13	Memberships in associations and/or national/international advocacy organisations	R	65	
	Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organisation	R	30	
4.15	Basis for identification and selection of stakeholders with whom to engage.	R	30	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	R	31-33	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded	R	43-45, 74-85	



Performance Indicators		Description of Performance Indicators	Reporting Status	Page	Remarks
Economic Performance Indicators					
EC1	C	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	R	43, 49-51, 54-55	
EC2	C	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	R	50	
EC3	C	Coverage of the organisation's defined benefit plan obligations	R	50-51	
EC4	C	Significant financial assistance received from government.	R	51	
Market Presence					
EC5	A	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	R	50	
EC6	C	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	R	51-53	
EC7	C	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	R	69	
Indirect Economic Impacts					
EC8	C	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	R	51, 74-85	
EC9	A	Understanding and describing significant indirect economic impacts, including the extent of impacts.	R	49-50	
Environmental Performance Indicators					
Materials					
EN1	C	Materials used by weight or volume.	R	58-59	
EN2	C	Percentage of materials used that are recycled input materials.	R	58-59	
Energy					
EN3	C	Direct energy consumption by primary energy source.	R	59	
EN4	C	Indirect energy consumption by primary source.	R	59	
EN5	A	Energy saved due to conservation and efficiency improvements.	R	59	
EN6	A	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	R	59, 61-64	
EN7	A	Initiatives to reduce indirect energy consumption and reductions achieved.	R	59	
Water					
EN8	C	Total water withdrawal by source	R	60	
EN9	A	Water sources significantly affected by withdrawal of water.	NR	-	Our operations are not water intensive and minimal ground water is used for our processes
EN10	A	Percentage and total volume of water recycled and reused.	R	60	
Biodiversity					
EN11	C	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	NA	-	Our manufacturing facilities are not close to any protected or sensitive area of high biodiversity value
EN12	C	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	NA	-	
EN13	A	Habitats protected or restored.	NA	-	
EN14	A	Strategies, current actions, and future plans for managing impacts on biodiversity	NA	-	
EN15	A	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	NA	-	
Emissions, Effluents and Waste					
EN16	C	Total direct and indirect greenhouse gas emissions by weight.	R	61	
EN17	C	Other relevant indirect greenhouse gas emissions by weight.	R	61	
EN18	A	Initiatives to reduce greenhouse gas emissions and reductions achieved.	R	61	
EN19	C	Emissions of ozone-depleting substances by weight.	R	61	
EN20	C	NO, SO, and other significant air emissions by type and weight.	R	61	
EN21	C	Total water discharge by quality and destination.	R	60	
EN22	C	Total weight of waste by type and disposal method.	R	60	
EN23	C	Total number and volume of significant spills.	R	61	
EN24	A	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	NA	-	No transboundary transportation of waste is carried out by MSIL
EN25	A	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	NA	-	

## GRI content index

PERFORMANCE INDICATORS	DESCRIPTION OF PERFORMANCE INDICATORS	REPORTING STATUS		REMARKS
	Products and Services			
EN26 C	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	R	61-64	
EN27 C	Percentage of products sold and their packaging materials that are reclaimed by category.	R	65	
	Compliance			
EN28 C	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	R	61	
	Transport			
EN29 A	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	NR	-	Scope 3 of the WBCSD/WRI Protocol not covered in the report
	Overall			
EN30 A	Total environmental protection expenditures and investments by type.	R	58-61	
	<b>SOCIAL PERFORMANCE INDICATORS</b>			
	Labour Practices and Decent Work			
	<b>Employment</b>			
LA1 C	Total workforce by employment type, employment contract and region.	R	69,71	
LA2 C	Total number and rate of employee turnover by age group, gender, and region	R	71	
LA3 A	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	NR	-	
	<b>Labour/Management Relations</b>			
LA4 C	Percentage of employees covered by collective bargaining agreements	R	69	
LA5 C	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	R	69	
	<b>Occupational Health and Safety</b>			
LA6 A	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	R	72	
LA7 C	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	R	73	
LA8 C	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	R	72	
LA9 A	Health and safety topics covered in formal agreements with trade unions.	R	72-73	
	<b>Training and Education</b>			
LA10 C	Average hours of training per year per employee by employee category.	R	69-70, 72	
LA11 A	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	R	69-70	
LA12 A	Percentage of employees receiving regular performance and career development reviews.	R	69	
	<b>Diversity and Equal Opportunity</b>			
LA13 C	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	R	68, 71	
LA14 C	Ratio of basic salary of men to women by employee category	R	68	
	Human Rights			
	<b>Investment and Procurement Practices</b>			
HR1 C	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	NA	-	No significant investments agreements were made outside own business operations in 2010-11
HR2 C	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	R	64-65	
HR3 A	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	R	69-70, 72	
	<b>Non-discrimination</b>			
HR4 C	Total number of incidents of discrimination and actions taken.	R	68	
	<b>Freedom of Association and Collective Bargaining</b>			
HR5 C	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	R	69	
	<b>Child Labour</b>			
HR6 C	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	R	69	
	Forced and Compulsory Labour			
HR7 C	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	R	69	

PERFORMANCE INDICATORS	DESCRIPTION OF PERFORMANCE INDICATORS	REPORTING STATUS		REMARKS
	<b>Security Practices</b>			
HR8 A	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	R	70	
	<b>Indigenous Rights</b>			
HR9 A	Total number of incidents of violations involving rights of indigenous peoples and actions taken	NA	-	Our operations are not carried out in locations that are inhabited by indigenous people
	<b>Society</b>			
	<b>Community</b>			
SO1 C	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	R	74-81	
	<b>Corruption</b>			
SO2 C	Percentage and total number of business units analysed for risks related to corruption.	R	69	
SO3 C	Percentage of employees trained in organisation's anti-corruption policies and procedures.	R	69	
SO4 C	Actions taken in response to incidents of corruption.	R	69	
	<b>Public Policy</b>			
SO5 C	Public policy positions and participation in public policy development and lobbying.	R	65	
SO6 A	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	NA	-	No donations are given to political parties, politicians and related institutions
	<b>Anti-Competitive Behaviour</b>			
SO7 A	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	R	82-83	
	<b>Compliance</b>			
SO8 C	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	R	82-83	
	<b>Product Responsibility</b>			
	<b>Customer Health and Safety</b>			
PR1 C	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	R	82-83	
PR2 A	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	R	82-83	
	<b>Product and Service Labelling</b>			
PR3 C	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	R	82	
PR4 A	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	R	82-83	
PR5 A	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	R	83-85	
	<b>Marketing Communications</b>			
PR6 C	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	R	83	
PR7 A	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	R	83	
	<b>Customer Privacy</b>			
PR8 A	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	R	82	
	<b>Compliance</b>			
PR9 C	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	R	83-85	

R: (Fully/Partially) Reported/  
Responded

NR: Not Reported

NA: Not Applicable

C = Core Indicators

A = Additional Indicators





# independent assurance statement

## INTRODUCTION

Det Norske Veritas AS ('DNV') has been commissioned by the management of Maruti Suzuki India Limited ('MSIL' or 'the Company') to carry out an assurance engagement on the Company's 2010-11 Sustainability Report ('the Report') in its printed format. This engagement focused on qualitative and quantitative information provided in the Report, and underlying management and reporting processes. The engagement was carried out against AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS), the DNV Protocol for Verification of Sustainability Reporting (VeriSustain) including verification of application level and adherence to principles of the Global Reporting Initiative 2006 Sustainability Reporting Guidelines 2006 (GRI G3.0).

DNV is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward any people interviewed. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

The intended users of this assurance statement are the readers of MSIL's 2010-11 Sustainability Report. The Management of MSIL is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting that information. DNV's responsibility regarding this verification is to MSIL only, in accordance with the agreed scope of work. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

The reporting boundary is as set out in the report and during the assurance process, we did not come across limitations to the scope of the assurance engagement. The verification was carried out in June and July 2011.

## SCOPE OF ASSURANCE

The scope of the assurance included the review of Economic, Environment and Social information in the MSIL Sustainability Report 2010-11 i.e.:

- Activities undertaken by MSIL over the reporting period April 2010 to March 2011 and reported in the report;
- Verification of economic indicators in the Report, based on data from audited financial accounts;
- Evaluation of the AccountAbility principles and specified performance information (Type 2, with a Moderate Level of assurance), according to AA1000AS;
- Information relating to company's sustainability issues, responses, performance data, case studies and underlying systems for the management of such information and data;

- Information relating to company's materiality assessment and stakeholder engagement processes;
- GRI G3.0 Application Level verification;

## VERIFICATION METHODOLOGY

This assurance engagement was planned and carried out in accordance with the AA1000AS i.e. Type 2, Moderate level and the VeriSustain. The report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness, as well as reliability of specified sustainability performance information, as set out in the AA1000AS;
- Adherence to additional principles of Completeness and Neutrality, as set out in DNV's Protocol, and
- The GRI G3.0 and its Application Level A.

As part of the engagement, DNV has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to DNV by MSIL;
- Visited the manufacturing units of MSIL at Gurgaon and Manesar to conduct on-site verification;
- Conducted interviews with key representatives and senior managers in various functions;
- Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering, managing the quantitative data and qualitative information included in the Report

## OPPORTUNITIES FOR IMPROVEMENT

The following is an excerpt from the observations and further opportunities for improvement reported to the management of MSIL, however, these do not affect our conclusions on the Report:

- Extend the boundary of the Report to include the entities under its sphere of control and influence i.e. Joint ventures, Company owned and operated service stations and Key supply chain partners;
- Evolve an issue-based multi-stakeholder engagement process to fully map expectations and needs to respond to stakeholder expectations i.e. incorporate these as inputs into the strategic planning process;

- Materiality assessment approach may identify issues (Environmental and social) beyond the GRI indicators i.e. considering the global scenario including the Pilot GRI Automotive Sector Supplement;
- Develop a management process to identify risks (if any) due to human rights issues especially in supply chain activities and outsourced processes, to stay in line with international best practice;
- Implementing a systematic quality assurance procedure for data management will help improve the reporting process.

#### Conclusions

We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

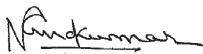
#### AA1000AS principles

**Inclusivity:** Good. The Company engages in dialogue with selected stakeholders to identify emerging issues through different channels. The material issues are identified as risk or opportunity and appropriate strategies are developed to improve the sustainability performance

**Materiality:** Acceptable. The Company has reported its materiality determination process to bring out issues of significance, of which the majority is addressed in the Report; however expanding the materiality determination exercise to include indicators beyond GRI G3.0 i.e. based on sustainability issues related to the global auto industry will improve the reporting.

#### For Det Norske Veritas AS

Signed:



**Nandkumar Vadakepatt**  
Lead Verifier  
Head-Sustainability &  
Business Excellence Services  
Det Norske Veritas AS, India

Bangalore, India, 27<sup>th</sup> July 2011

**Responsiveness:** Good. We consider that the Company's response to key stakeholder concerns, through its policies and management systems, is fairly reflected in the Report.

In accordance with the AA1000AS requirements for a Type 2, Moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is generally reliable. The Report contains data that is measured and estimated and some of the errors in data compilation, which were attributable to transcription and aggregation, were corrected.

#### ADDITIONAL PRINCIPLES AS PER DNV'S PROTOCOL

**Completeness:** Acceptable. The Report has fairly attempted to report performances against the GRI G3.0 core indicators that are material within the Company's reporting boundary; the company has committed to establish system to report some of the core indicators that are partially reported.

**Neutrality:** Good. The Company has reported its sustainability issues and performance in a fairly balanced manner, in terms of content and tone. Challenges and limitations are fairly presented with commitments to future improvements.

In our opinion, MSIL's 2010-11 Sustainability Report provides a fair representation of the level of implementation of the Company's sustainability policies, objectives, management approach and performance during the reporting year and also the Report meets the requirements of the GRI Application Level A+, in that the core indicators are reported either fully or partially, or their omission is explained, with due regard to the Materiality principle.

Signed:



**Antonio Astone**  
Reviewer  
Global Manager, Corporate Responsibility Services  
Det Norske Veritas AS, Italy.

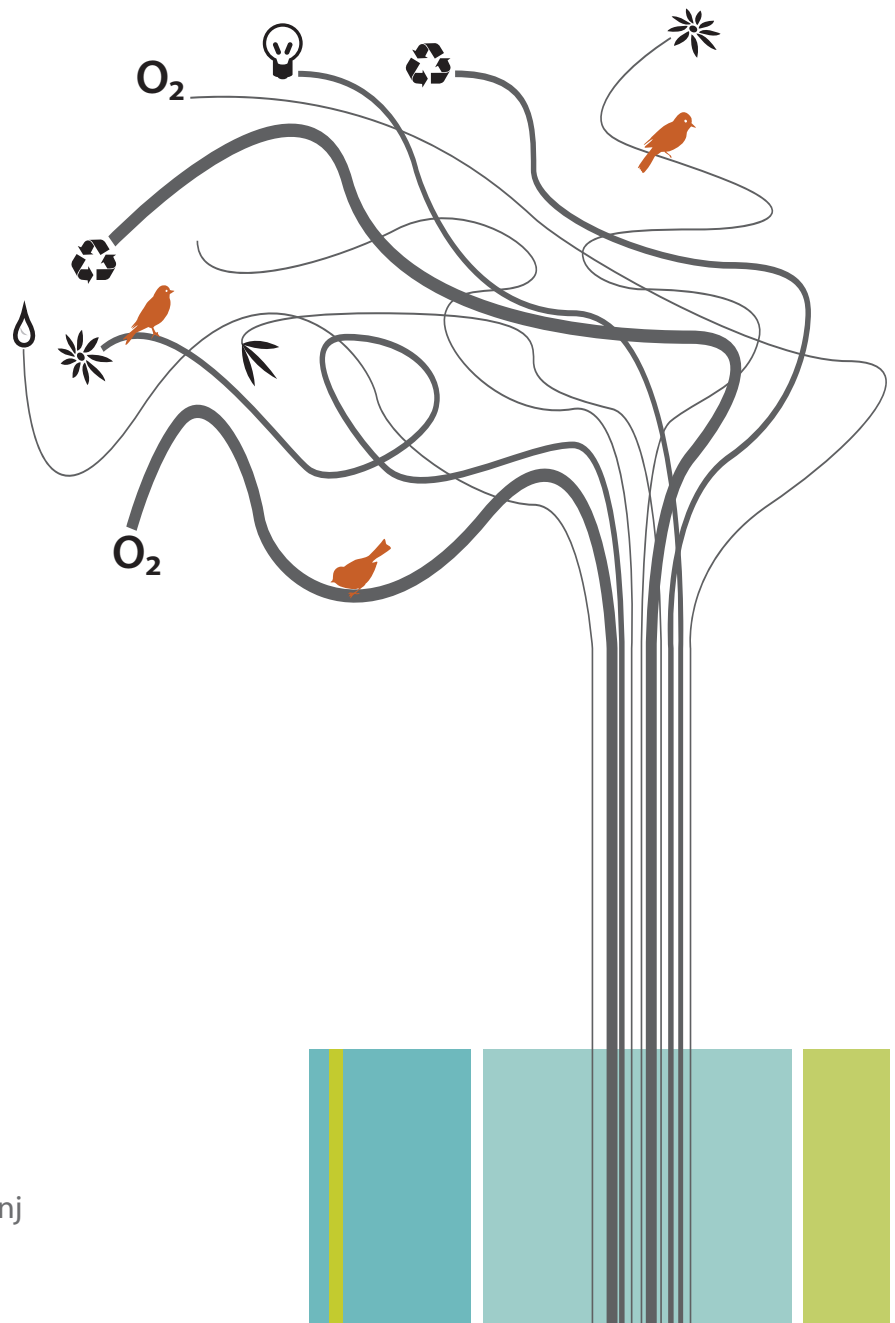


**AA1000**  
Licensed Assurance Provider  
000-10

# acronyms

3G	Give,Get, Grow
3R	Reduce,Reuse and Recycle
ABS	Anti-lock Brake System
AGM	Annual General Meeting
APEAL	Automotive Performance, Execution and Layout
AR	Annual Report
ARAI	Automotive Research Association of India
BSC	Balanced Score Card
Bps	Basis Points
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CFT	Cross Functional Team
CNG	Compressed National Gas
CVT	Continuously Variable Transmission
CSLC	Central Safety Leadership Council
CSR	Corporate Social Responsibility
CSTC	Central Service Training Center
DCM	Divisional Communication Meeting
DDiS	Direct Diesel Injection System
DMS	Dealer Management System
EBD	Electronic Brake-force Distribution
EBIDTA	Earnings before Interest,Taxes,Depreciation and Amortisation
ELV	End of Life Vehicle
EMS	Environment Management System
EOs	Executive Officer
ERMC	Executive Risk Management Committee
ESP	Electronic Stability Program
ETP	Effluent Treatment Plant
GDP	Gross Domestic Product
GHG	Green House Gas
GJ	Gigajoules
HFC	Hydro Fluoro Carbon to list
HHT	Hiyari Hatto Training
HO	Head Office
HR	Human Resources

IDTR	Institute of Driving and Traffic Research
i-GPI	Intelligent Gas Port Injection
IR	Industrial Relations
ISO	International Organisation of Standardisation
ITI	Industrial Training Institute
JIT	Just-in-Time
JV	Joint Venture
Kmph	Kilometer per hour
Kmpl	Kilometer per litre
Kms	Kilometres
KYT	Kikken Yochi Training
MACE	Maruti Centre for Excellence
MASSs	Maruti Authorised Service Stations
MCM	Management Committee Meeting
MDS	Maruti Driving School
MoRTH	Ministry of Road Transport and Highways
MSIL	Maruti Suzuki India Ltd
MSM	Maruti Service Masters
MSZ	Maruti Service Zones
MEO	Managing Executive Officer
MT	Metric Tonnes
MUV	Multi Utility Vehicle
NRSM	National Road Safety Mission
PC	Passanger Car
R&D	Research and Development
RDSE	Rural Resident Dealer Sales Executive
RTCs	Regional Training Centers
SEBI	Securities and Exchange Board of India
SHE	Safety Health and Environment
SAFE	Society for Automotive Fitness & Environment
SIAM	Society of Indian Automobile Manufacturers
SMC	Suzuki Motor Corporation
T	Tonnes
WIP	Work-In-Progress



Contact for further information:

**Mr. Ranjit Singh**

Maruti Suzuki India Limited  
1, Nelson Mandela Marg, Vasant Kunj  
New Delhi  
Tel. (Direct): 011 - 4678 1123  
E-mail: [Ranjit.S@maruti.co.in](mailto:Ranjit.S@maruti.co.in)



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