



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.

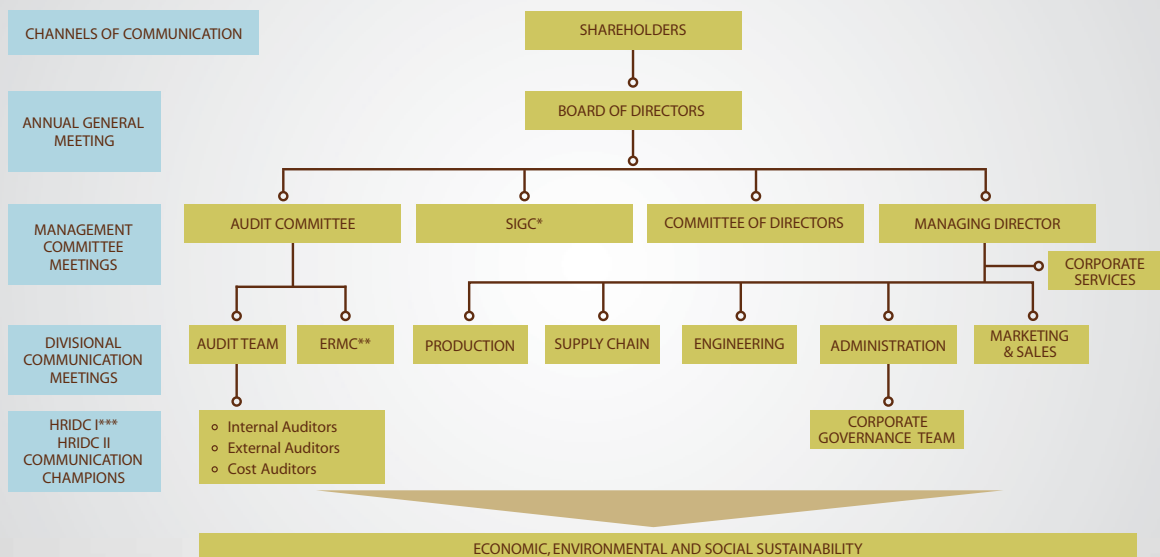
The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosures are ingrained in all its business dealings and shared by its Board of Directors, management and employees. The Company has established systems and procedures to ensure that 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 31ST 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 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.