

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 CO₂, 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