

## 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

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