

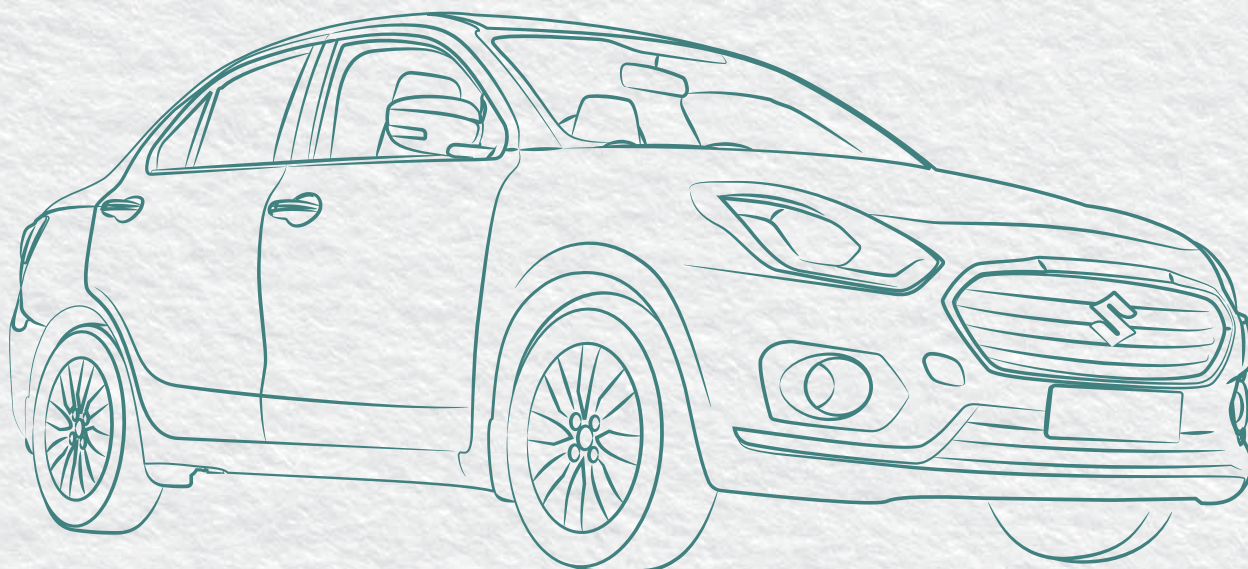


Way of Life!



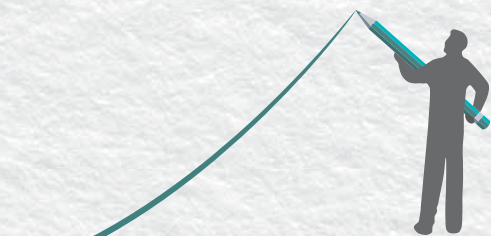
UNCONSTRAINED

**Annual Report | Sustainability Report
2016-17**



Contents

Corporate Overview	01-23
Unconstrained	02
Key Figures	06
Quarterly Highlights	08
Sustainability Highlights	10
Product Portfolio	14
Message from the Chairman	16
Message from the Managing Director & CEO	18
Board of Directors	20
Executive Management Team	22
Statutory Reports	24-89
Board's Report	26
Corporate Governance Report	58
Management Discussion & Analysis	72
Business Responsibility Report	82
Sustainability Report	90-125
Financial Statements	126-276
Standalone Financials	128
Consolidated Financials	199



UNCONSTRAINED

At Maruti Suzuki, we believe that all constraints whether external or internal have a brighter side to it. They encourage us to question the status quo, think afresh, work inwards, innovate and help us identify new opportunities and create new pathways of progress.

Ever since inception, we have always tried to understand deeply the diversity of Indian customers, and we choose path (products, technologies and services), which is right for them. The path that we prefer may be non-existent, non-traditional or fraught with challenges in the current scenario; but eventually, it lays the foundation for our future success. Following this principle, we have made our foundation strong enough to emerge unconstrained.

With the business environment getting increasingly dynamic, we may come across at a crossroad to choose or create a new path. Be it in the area of technology or product or customer interface or other business function. We continue to follow our principle of choosing and creating a path, which is right for Indian customers and strive to remain unconstrained in future as well.



Putting India on wheels

When we began our journey, we realised that India needed a small, affordable and fuel-efficient car. Although this was unthinkable at a time when all the enablers of democratising car ownership were non-existent, we had firm conviction that this was the right path for the long term. Despite constraints, we continued our journey on our chosen track.

Small car success provided India a great volume. It helped the country move up the ladder in the world ranking of car market from 27th position in 1985 to the 5th largest market in the world in 2015. The country is now poised to emerge as the 3rd largest market as envisaged in the Automotive Mission Plan by the Government.

This has also played a pioneering role in recognising India as a global small car hub. Volume brings in best-in-class technology, higher efficiency and makes investments feasible to develop world-class quality products. It also elevates the country to a commanding position internationally.



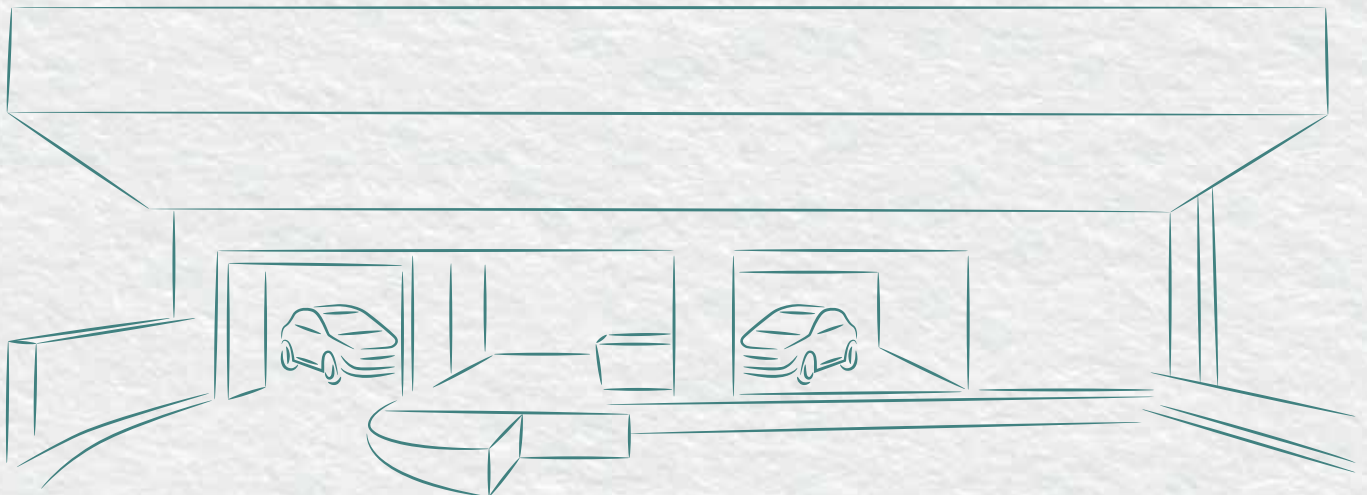
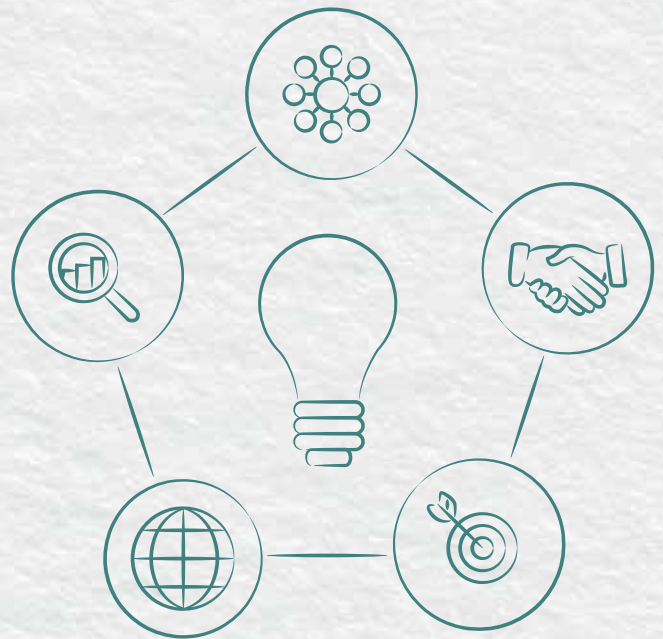
Bringing more convenience at lower costs

At Maruti Suzuki, we felt that automatic transmission was the need of the hour for India. There were numerous constraints in offering this feature in small and price sensitive cars. Nevertheless, we made all efforts to offer a cost-engineered product to fulfil customer expectations. This path-breaking technology enhanced convenience for Indian consumers. Traditional auto transmissions are not only expensive to own, but have a high running cost as well. AGS technology overcame both these disadvantages.

Map not to scale

Reconfigured business model for more customer focus

On the production side, we sensed that with growing scale, we might not be able to devote enough time required for creating customer delight. As the Indian market is poised to become the world's 3rd largest market, sharper customer orientation would be required. To address this issue, we have identified a way of sharing some business responsibilities with our parent, Suzuki Motor Corporation. It is taking care of our further capacity additions. This arrangement will help us to free up our resources and focus on customer-specific functions like product development, R&D and sales infrastructure.



Services to remain in proximity of customers

We have also sensed that there may be a threat to customer satisfaction in future if the dealerships need to relocate to a remote location due to unaffordable land lease rentals. To obviate this risk, we have chosen the path of securing land by purchasing land parcels for dealerships.

Catering to the aspirations of global Indians

We also decided to address the growing need of Indian consumers for an enhanced buying experience. The result is the introduction of a premium channel – NEXA, which has been well received by our customers. We are also revamping our existing channel to provide our other customers an elevated customer experience.

Following the principle of choosing right paths along the journey, at Maruti Suzuki we have strengthened our foundation to deal with disruptions in the market effectively.

Supported the Government's bold reform

The Government of India rolled out its seminal economic reform (demonetisation) in November 2016. This resulted in a lot of uncertainty in the market and an initial stress on sales. We focused our efforts on understanding customers' need and identify solutions to make them comfortable.

We geared all our business partners and dynamic employees, a part of the strong foundation of the Company to act in unison and deliver what is right for the customer in that situation. The option of cashless transaction was provided at most customer touch points, in a move towards Digital India. This has helped us to travel an extra mile to support a well-intentioned bold reform.



Managed supply disruption with stakeholder support

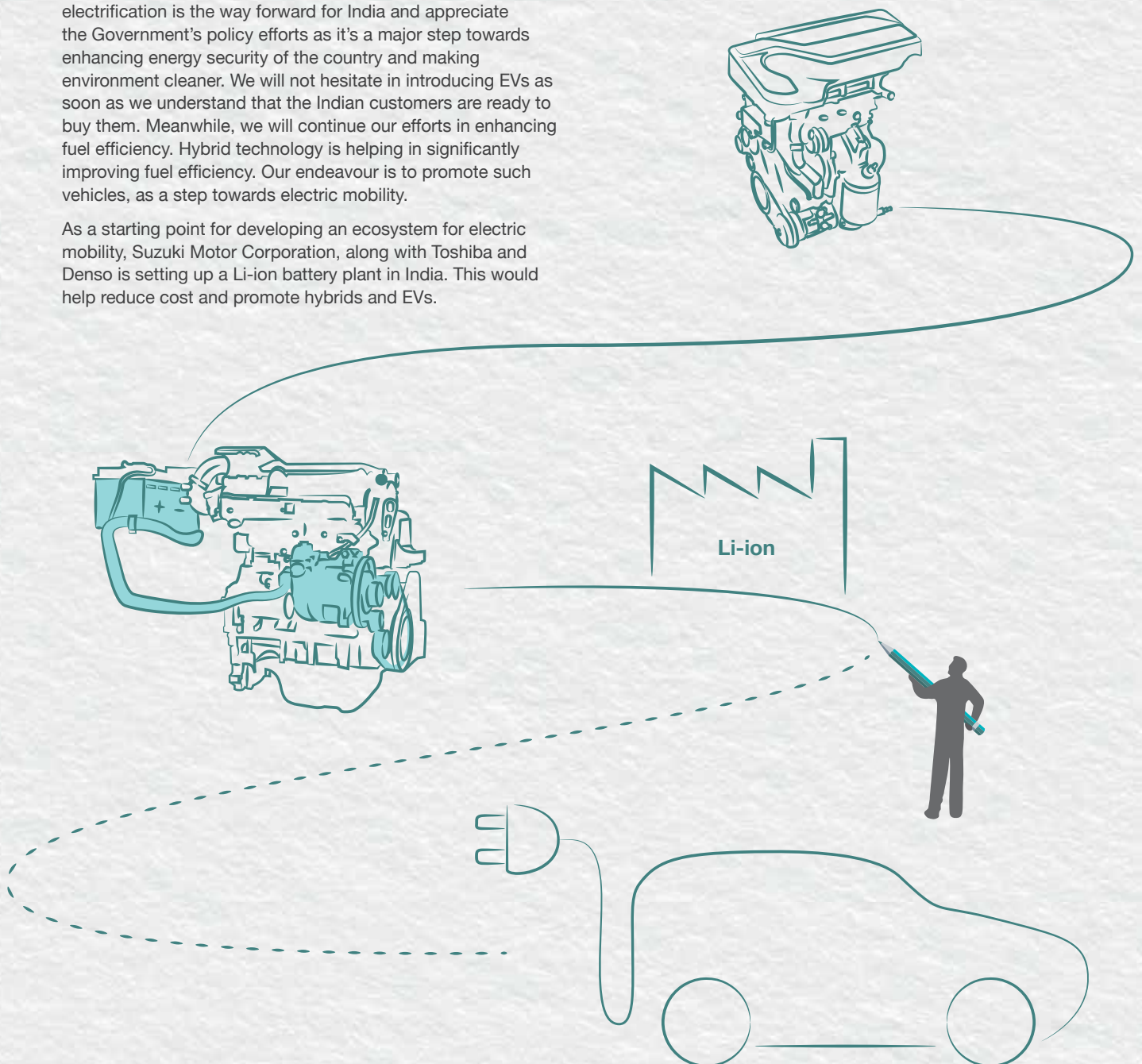
Two of our vendors' supplies were disrupted during the year due to unfortunate fire incidents at their plants. This compounded the challenge of serving the pending customer orders for several models. To successfully mitigate any adverse impact, we braced ourselves for an agile response. Key personnel were deployed to support the affected vendors, cross-functional teams were formed to coordinate, monitor and communicate the ground reality to the concerned stakeholders.

The bi-annual maintenance schedule was preponed and production plans were suitably altered to match demand. This resulted in higher capacity utilisation. While the effective crisis management, with full-fledged support from all relevant stakeholders, helped avoid any untoward scenario, the events helped us gain key learnings. Duly imbibed across the organisation, these learnings will enhance our future preparedness.

Committed to the next technology challenge

Government has come up with plan to rapidly promote the use of Electric Vehicles (EVs) in India. We also believe that electrification is the way forward for India and appreciate the Government's policy efforts as it's a major step towards enhancing energy security of the country and making environment cleaner. We will not hesitate in introducing EVs as soon as we understand that the Indian customers are ready to buy them. Meanwhile, we will continue our efforts in enhancing fuel efficiency. Hybrid technology is helping in significantly improving fuel efficiency. Our endeavour is to promote such vehicles, as a step towards electric mobility.

As a starting point for developing an ecosystem for electric mobility, Suzuki Motor Corporation, along with Toshiba and Denso is setting up a Li-ion battery plant in India. This would help reduce cost and promote hybrids and EVs.



Key Figures

Key Ratios (%)

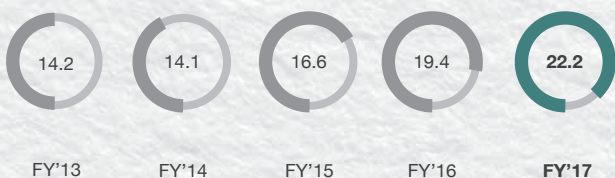
EBITDA



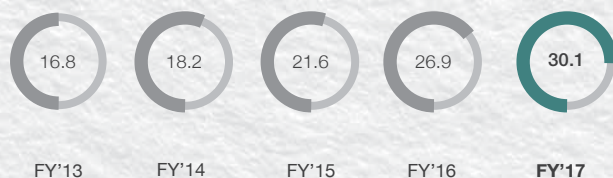
PAT Margin



ROE



ROCE



5-year Performance Summary (₹ mn)

Particulars	FY' 13	FY' 14	FY' 15	FY' 16	FY'17	FY' 17/16 (% Change)
Net Sales	426,126	426,448	486,055	564,412	669,094	19
EBITDA	42,768	51,871	67,129	88,844	103,530	17
PBT	29,910	36,585	48,682	74,437	99,413	34
PAT	23,921	27,830	37,112	53,643	73,377	37
EPS (₹)	79	92	123	178	243	37
Net Worth	185,789	209,780	237,042	298,842	361,711	21
Current Liabilities	68,280	81,381	88,213	110,392	132,313	20
Total Liabilities	81,091	96,217	98,451	120,558	148,222	23
Non-current Assets	157,882	164,083	253,531	340,940	423,834	24
Current Assets	109,248	141,914	81,962	78,460	86,099	10
Total Assets	266,880	305,997	335,493	419,400	509,933	22
Operating Cash Flow	43,011	49,036	63,207	84,845	102,847	21
Free Cash Flow	5,693	14,109	31,720	58,518	69,124	18

Note: FY '16 and FY '17 figures are as per Ind-AS

Graphs not to scale

Highlights 2016-17

Delivering across all Parameters

#1

in J.D. Power Customer Satisfaction Index study
for the 17th year in a row

47.4%

Market Share in Passenger Vehicles
(Increase of 0.6% points)

15.5%

EBITDA Margin

95.1%

Energy from Cleaner
Sources

Natural Gas
Solar

Quarterly Highlights

QUARTER 01



Scorched by 200 motorsport enthusiasts as **Maruti Suzuki flags off 14th Desert Storm Rally**

2,000 km

5,000,000

units...and counting

Swift remains the preferred car globally



Refreshingly Relevant

India's beloved **Alto** is now **aero designed** with a formidable fan following



From India to the World

Maruti Suzuki begins export of its first **LCV Super Carry**



QUARTER 02

India's first smart hybrid car Ciaz



becomes the largest selling sedan in the A3+ segment; **sales crosses one lakh units**

3 Million

Enrolment for driving training to fleet and truck drivers and Road Safety Knowledge Centres crosses a historic landmark



1,500,000+

cars exported globally (Sri Lanka, Chile, Philippines, Peru and Bolivia emerged as top markets)

National launch of LCV Super Carry

Strong body. Turbocharged diesel engine. High fuel efficiency

