

PARENT FIRM'S STAKE TO RISE 1.8%

# Maruti to issue shares to Suzuki for Gujarat unit

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**THE BOARD OF** Maruti Suzuki India has approved the issue of equity shares via preferential allotment to parent Suzuki Motor Corporation (SMC) to acquire the Japanese company's 100% stake in Suzuki Motor Gujarat.

The transaction is expected to be completed before the end of FY24 and will see SMC's stake in Maruti Suzuki go up to 58.28% from the current 56.48%. The exact increase in the stake will be known later. Suzuki Motor Gujarat has the capacity to manufacture 750,000 units a year at its plant in Gujarat.

SMC has invested ₹18,000 crore in the Gujarat outfit since the start of operations in 2014, while the net book value is ₹12,755 crore, as of June 30. The book value will be considered for the proposed transaction.

RC Bhargava, chairman, Maruti Suzuki, said the stock option would give shareholders a better deal than any other. "It is in the interest of the shareholders and the company that the shares be bought by a preferential issue of Maruti Suzuki equity in favour of SMC equivalent to the book value of the Suzuki Motor Gujarat shares," Bhargava said.

The Gujarat unit will become a wholly owned subsidiary of Maruti Suzuki after approvals from most minority shareholders are in place. The fair value has to be worked out by a valuer. Maruti Suzuki will approach shareholders for approval to terminate the contract manufacturing agreement signed with SMC, the decision to purchase the shares from SMC

## CHANGE AT WHEEL

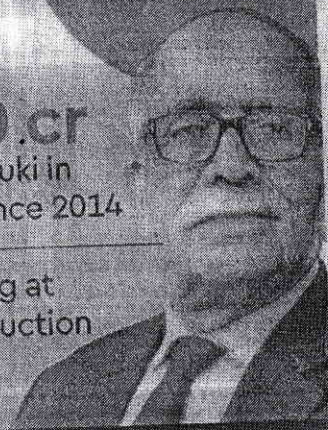
■ Suzuki Motor's stake in Maruti Suzuki to go up to 58.28% from

56.48%

₹18,000 cr invested by Suzuki in Gujarat plant since 2014

■ Maruti looking at Gujarat as production hub for exports

₹12,755 crore net book value as of June 30; deal to consider book value



RC Bhargava, chairman, Maruti Suzuki

and for the purchase to be through a preferential issue in favour of SMC.

When asked if The Gujarat unit will remain a subsidiary or be absorbed into Maruti Suzuki at a later date, Bhargava added, "At the moment it will be a subsidiary. Once we decide how MSIL (Maruti Suzuki) will be reorganised for four million units of production and sales, I cannot say what the result of that reorganisation will be, that is what we have to work at."

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MARUTI SUZUKI AIMS to double its production capacity to four million units per annum by 2030 through an expansion in Haryana. In the medium to long term, the Gujarat plant will become important for exports.

By the end of the decade, Maruti Suzuki is aiming to push its exports to be in the region of 750,000-800,000 per annum. "Strategically, Gujarat will be an important manufacturing hub for EV and non-EVs for export," Bhargava said.

He said the acquisition will not lead to any impact on the company's capital expenditure programme, which is expected to remain between ₹3,500 crore and ₹5,000 crore.