

# Maruti to invest ₹45K cr to double capacity in 8 years

Targets 4 mn annual output; new CFO to take charge on Jan 1

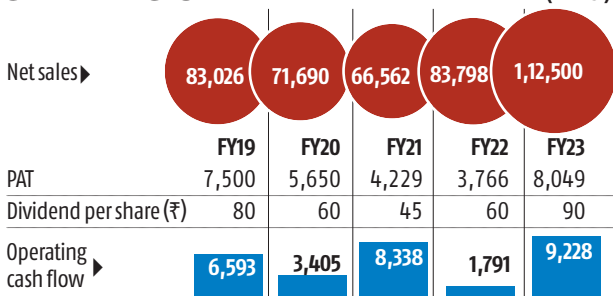
SOHINI DAS  
Mumbai, 29 August

**M**aruti Suzuki India (MSIL), the country's biggest car-maker, plans to invest about ₹45,000 crore to double its annual production capacity to 4 million units in the next eight years.

"The era before us is going to be very uncertain, very challenging... It depends on how inflation goes, but at the moment we estimate the cost to be about ₹45,000 crore for [additional capacity of] 2 million cars," MSIL Chairman R C Bhargava said while speaking at the company's 42nd annual general meeting on Tuesday.

Bhargava said he would also take up the suggestion by shareholders for a stock split with the board. "I accept it will certainly increase the ability of people to trade in [Maruti] shares, because the price of each share at present is around ₹10,000," he said. Shares of MSIL ended the day's trade at ₹9,634 apiece, up 0.4 per cent, on the BSE.

## SPEEDING UP



Source: Annual Report

**“THE ERA BEFORE US IS GOING TO BE VERY UNCERTAIN, VERY CHALLENGING... IT DEPENDS ON HOW INFLATION GOES, BUT AT THE MOMENT WE ESTIMATE THE COST TO BE ABOUT ₹45,000 CRORE FOR 2 MILLION CARS”**

**R C BHARGAVA,**  
Chairman, Maruti Suzuki India



In order to execute its ambitious 'Maruti 3.0' plan, Bhargava said the company needed to reorganise and focus on differ-

ent powertrains — electric vehicles, hybrid vehicles, compressed natural gas (CNG), and ethanol. Turn to Page 6 ▶

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## Maruti...

He was justifying the company's decision to issue equity shares on a preferential basis to parent Suzuki Motor Corporation (SMC) to acquire the entire 100 per cent stake in the latter's Gujarat plant.

On July 31, MSIL had announced that it would acquire 100 per cent in Suzuki Motor Gujarat Private Limited, which owns the plant, from SMC. This deal is expected to increase the share base of MSIL by about 4 per cent. Consequently, it will raise SMC's shareholding in Maruti by around 1.8 percentage points to 58.28 per cent.

Bhargava said MSIL reached "2 million production and sales in 40 years and is now preparing to add 2 million in the next eight years". At the same time, it is aiming to more than double its turnover under 'Maruti 3.0' and bring 28 different models in the market, including six electric vehicles, by FY31. "We were essentially a small car manufacturer and we have to now adjust to the fact that because of regulatory and other factors, small cars are coming down and the basket for SUVs is going up," the chairman said. "We are adjusting to that, and I can assure you that in the coming years we will make every effort to regain our market share," he said.

Maruti's volume share in the Indian passenger vehicle market has been declining over the past few years. Its volume share dropped to 41.29 per cent in FY23, down from 47.37 per cent in FY17, according to the Siam data. Bhargava said MSIL's decisions had been in the best interest of its shareholders. Transparent systems, frugal management, and no-cash deals helped MSIL become profitable from the

## Arnab Roy of Schneider named CFO

MSIL on Tuesday announced the appointment of Arnab Roy, currently zone chief financial officer (CFO) for Greater India Region covering all Schneider businesses, as its CFO with effect from January 1, 2024. Schneider is a French energy management and digital automation company. MSIL told the BSE that Roy, who has over 26 years of experience, would be appointed CFO-designate with effect from October 16, and as wholetime CFO from January 1. MSIL's current CFO Ajay Seth will retire on December 31.

very beginning, leading to strong cash reserves, he noted. One is often told by experts that having unused cash reserves erodes value for shareholders. "I have never really understood this logic. It may not necessarily be correct in our case."

## LPG...

The decision will impact millions of households that have been feeling the pinch of the rise in food prices over the past few months. India's annual retail inflation hit a 15-month high of 7.44 per cent in July and food price inflation touched 11.5 per cent. In a battle against high food inflation, being driven by uneven and scanty rainfall, the government has taken a series of measures to boost supplies of essential food items, including rice, onion, and tomato.

It has stepped up sales of subsidised vegetables, particu-