

Press Release

Maruti Suzuki board approves merger of SPIL with MSIL

New Delhi, June 12, 2012: The Board of Directors of Maruti Suzuki India Limited (MSIL) today approved a proposal to merge Suzuki Powertrain India Limited (SPIL) with MSIL.

SPIL, which supplies diesel engines as well as transmissions for vehicles to MSIL, is a subsidiary of Suzuki Motor Corporation (SMC), Japan. SMC holds a 70 per cent share in SPIL and the remaining 30 per cent is held by MSIL.

With the merger, MSIL will be able to bring its entire diesel engine capacity under a single management control. All key initiatives to strengthen the business, including sourcing, localization, production planning, manufacturing flexibility and cost reduction can be controlled, monitored and improved by the MSIL management.

The proposed merger also promises benefits for the combined entity through synergies in areas like finance, capital structuring and administration and consequent reduction of transaction costs.

There are no plans to reduce jobs, following this merger.

Proposed Terms of the Merger

The merger is proposed to be effected through a share swap

There will be no cash outflow from MSIL.

The swap ratio has been fixed at 1:70. As such, SMC will receive one share of MSIL (of Rs 5 each) for every 70 shares (of Rs 10 each) it holds in SPIL.

MSIL proposes to make a fresh issue of 13.17 million shares to SMC in lieu of SMC's 70 per cent holding in SPIL. Consequent to the merger, SMC's holding in MSIL will go up from 54.2 per cent to 56.2 per cent.

It is expected that the necessary regulatory approvals and legal requirements for the merger may be completed by end December 2012. Once the merger is approved, the books of accounts of SPIL will be merged with MSIL with effect from April 1, 2012.

The two companies, viz MSIL and SPIL, will work jointly to integrate the two organizations.

