

# IFC to invest INR 600 crores at a valuation of up to INR 6,020 crores in new last mile mobility company to be launched by Mahindra & Mahindra Ltd.

Auto

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## ***Funding to help electrify India's Last Mile Mobility and boost penetration of electric three-wheelers, supporting India's climate goals***

**Mumbai/ New Delhi, March 22, 2023** - In a bid to scale up electric three-wheelers and small commercial vehicles (SCVs) that are more affordable, IFC is investing INR 600 crores in a new last mile mobility (LMM) company - a wholly owned subsidiary of Mahindra & Mahindra that will be newly incorporated ("NewCo"). A gamechanger for microentrepreneurs in India, the funding will transform lives by boosting their income and paving the way for the auto industry's seamless shift from fossil fuel to electric vehicles (EVs).

IFC's first investment in an EV manufacturer in the country and the first in electric three-wheelers globally will be in the form of compulsory convertible instruments at a valuation of up to INR 6,020 crores. The INR 600 crores investment will result in an ownership of between 9.97% to 13.64% for IFC in NewCo.

NewCo will house the last mile mobility division, including three wheelers (Alfa, Treo, Zor) and four-wheeler SCV (Jeeto). IFC's financing will help scale up electric mobility in last mile connectivity - passenger and cargo segments - while enabling the development and manufacturing of new generation products in this space. Electric vehicles enable vibration and noise free operations, generate higher earnings for drivers and enable micro entrepreneurship. The business will further generate employment for women, driving equality and inclusion while bolstering India's climate action agenda.

**Anish Shah, MD and CEO, Mahindra & Mahindra,** said, “We are delighted to have IFC as a partner in our last mile mobility journey. Decarbonizing the transport sector is crucial to achieving the climate goals that India has set for herself. IFC, with its focus on sustainability and boosting prosperity, is an ideal partner for us. With the electrification of the last mile mobility business at scale, we will move a step further in our commitment to be ‘Planet Positive’ by 2040. This also presents a tremendous opportunity for growth for micro and women entrepreneurs.”

“With transport being the fastest-growing contributor to climate change, it is no longer a question of whether electric vehicles should be adopted at scale, but rather how quickly,” said **Hector Gomez Ang, IFC’s Regional Director for South Asia.** “India is the largest three-wheeler market globally, and this investment marks a significant step towards scaled domestic production of electric vehicles catering to this segment, as well as small commercial vehicles. By supporting a leading market player, IFC hopes to encourage other large automotive manufacturers to follow suit, driving EV adoption across India and helping the government deliver on its climate targets.”

While transport remains key to India’s growth, it poses the twin challenge of heavy reliance on oil imports and severe air pollution. Decarbonizing the transport sector, which contributes about 13 percent of the country’s greenhouse-gas (GHG) emissions, can help substantially reduce the impacts related to GHG emissions and other air pollutants. This is vital given that India has committed to reducing its emissions profile by 45 percent by 2030, and simultaneously aims to achieve 80 percent EV penetration for two-and three-wheelers, 70 percent for commercial vehicles, and 30 percent for private cars.

**Rajesh Jejurikar, Executive Director and CEO (Auto & Farm Sector), Mahindra & Mahindra,** said, “The last mile mobility business presents a tremendous opportunity, both in terms of electrification and growth. Being the market leaders in this segment, we have an opportunity to drive higher EV penetration in this segment and provide a more sustainable as well as profitable option to microentrepreneurs. We are excited about leveraging the World Bank Group’s expertise in the EV sector to create a viable ecosystem with robust environmental and social practices, as well as build knowledge, innovation, and capacity.”

“Through this partnership with Mahindra & Mahindra, we aim to leverage private sector innovation and technology to accelerate the transition to EVs and help strengthen India’s e-mobility ecosystem,”

said **Carsten Mueller, IFC's Regional Industry Director for Manufacturing, Agribusiness and Services, Asia.** "Green and sustainable transportation will be critical in the fight against climate change, and EVs provide exciting solutions to reduce greenhouse-gas emissions, while curbing air and noise pollution and benefiting entrepreneurs and communities everywhere."

While growing e-commerce activity and urbanization in India are driving a significant increase in last mile transportation, electric two- and three-wheelers can potentially lead the transport sector's clean energy transition. This investment should send a signal of confidence regarding the prospect of such vehicles in India, enabling improved connectivity and logistics for passengers and goods, creating green jobs and driving the Indian economy.

Khaitan & Co. are legal advisors to Mahindra & Mahindra and Cyril Amarchand Mangaldas are legal advisors to IFC for the transaction.

## **About IFC**

IFC - a member of the World Bank Group - is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2022, IFC committed a record \$32.8 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit [www.ifc.org](http://www.ifc.org)

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Founded in 1945, the Mahindra Group is one of the largest and most admired multinational federation of companies with 260,000 employees in over 100 countries. It enjoys a leadership position in farm equipment, utility vehicles, information technology and financial services in India and is the world's largest tractor company by volume. It has a strong presence in renewable energy, agriculture, logistics, hospitality and real estate.

The Mahindra Group has a clear focus on leading ESG globally, enabling rural prosperity and enhancing urban living, with a goal to drive positive change in the lives of communities and stakeholders to enable them to Rise.

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