Mahindra to acquire 58.96% stake in SML Isuzu for INR 555 crore to strengthen position in the Trucks and Buses segment

Auto

Author : mahindraadmin Category : Auto Published : 4/27/2025

Mumbai, April 26, 2025: Mahindra & Mahindra Ltd ("M&M") today announced that it has entered into an agreement to acquire 58.96% stake in SML Isuzu Ltd. ("SML") at INR 650 per share, which is an outlay of INR 555 crore. In addition, M&M will make an open offer in accordance with SEBI Takeover Regulations.

The proposed acquisition is a step towards establishing a strong presence in the >3.5T CV segment, where M&M has a 3% market share today, as compared to a 52% market share in the 3.5T LCV segment. M&M's Trucks and Buses Division has made meaningful progress over the past few years. This acquisition will double the market share to 6%, with a plan to increase this to 10 - 12% by FY31 and 20%+ by FY36.

Incorporated in 1983, SML Isuzu is a listed company with well-recognized brands, a strong vintage and pan-India presence in the Trucks and Buses

segment. SML has a market leading position in the ILCV Buses segment, with around 16% market share. The company reported operating revenue of INR 2,196 crore and EBITDA of INR 179 crore in FY24. It has profitable operations, frugal manufacturing, and strong engineering capabilities.

SML offers significant potential to unlock value through synergies in cost, network, brand, manufacturing, talent, and product complementarities. M&Ms Trucks and Buses business has developed strengths by tapping into technology, design & innovation, and sourcing from its auto business. Together, this would be a powerful combination.

As part of the transaction, M&M would acquire the entire stake of 43.96% held by Sumitomo Corporation, promoter of SML, and separately also acquire 15% stake held by Isuzu Motors Ltd, public shareholder of SML, for an aggregate consideration of INR 555 crore. M&M would also launch a mandatory open offer for acquisition of up to 26% stake from eligible public shareholders of SML in accordance with the SEBI Takeover Regulations.

Dr. Anish Shah, Group CEO & MD of the Mahindra Group, said, “The acquisition of SML Isuzu marks a significant milestone in Mahindra Group's vision of delivering 5x growth in our emerging businesses. This acquisition is aligned with our capital allocation strategy for investing in high potential growth areas which have a strong right to win and have demonstrated operational excellence.”

Mr. Rajesh Jejurikar, Executive Director and CEO, Auto and Farm Sector, Mahindra & Mahindra Ltd., said, "SML brings a strong legacy, a loyal customer base, and a credible product portfolio that complements Mahindra's existing offerings in the trucks and buses segment. This acquisition is a pivotal step toward our ambition to become a full-range, formidable player in commercial vehicles by enhancing market coverage, unlocking operating leverage through platform consolidation, a unified supplier and network base, and better plant utilization. Together, we are well-positioned to scale rapidly and drive profitable growth."

The transaction, including the open offer, is subject to the approval of the Competition Commission of India and is expected to complete within 2025 in accordance with SEBI Takeover Regulations.

Kotak Investment Banking is acting as the financial advisor to M&M and manager to the open offer. Khaitan & Co acted as legal advisor to M&M.

About Mahindra Group

Founded in 1945, the Mahindra Group is one of the largest and most admired multinational federation of companies with 260000 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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About Sumitomo Corporation

Sumitomo Corporation (TYO: 8053) is an integrated trading and business investment company with a strong global network comprising 125 offices in 64 countries and regions. The Sumitomo Corporation Group consists of approximately 900 companies and 80,000 employees on a consolidated basis. The Group's business activities are spread across the following nine groups: Steel, Automotive, Transportation & Construction Systems, Diverse Urban Development, Media & Digital, Lifestyle Business, Mineral Resources, Chemicals Solutions and Energy Transformation Business. Sumitomo Corporation is committed to creating greater value for society under the corporate message of "Enriching lives and the world," based on Sumitomo's business philosophy passed down for over 400 years.

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