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M&M Acquires 58.96% Stake in SML Isuzu, Renames It SML Mahindra

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– Categories: Finance



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Mahindra & Mahindra (M&M) has completed the acquisition of a 58.96 percent controlling stake in commercial vehicle manufacturer SML Isuzu Ltd for ₹555 crore. Following the takeover, the company will be rebranded as SML Mahindra Limited.

The deal involved M&M purchasing 43.96 percent of shares from Sumitomo Corporation and 15 percent from Isuzu Motors at ₹650 per share. Following SEBI's takeover rules, M&M

has also launched a mandatory open offer to acquire up to 26 percent additional stake from public shareholders.

With this acquisition, M&M aims to strengthen its position in the intermediate and light commercial vehicle (ILCV) segment. The company has set an immediate goal of increasing its market share from 3 percent to 6 percent and targets 10 to 12 percent by FY31, with ambitions to exceed 20 percent by FY36.

Leadership changes have been announced as part of the integration. Vinod Sahay, currently President of Aerospace & Defence, Trucks, Buses & Construction Equipment at Mahindra Group, will take over as Executive Chairman of SML Mahindra from August 3. Dr. Venkat Srinivas, who heads Mahindra Truck & Bus and Construction Equipment, has been appointed Executive Director and CEO, effective August 1.

The board of SML has been restructured and has approved the proposed name change, which will now await shareholder and regulatory approvals.

Established in 1983, SML Isuzu has a strong presence in the truck and bus market that holds around 16% share in the ILCV bus segment. This segment is seen as a key growth area for M&M's commercial vehicle business.

The Competition Commission of India granted clearance for the acquisition in June. Following the approval, M&M shares rose over 1 percent, reflecting investor optimism about the company's expansion in the commercial vehicle space.

Industry analysts view the acquisition as a strategic step that will enable M&M to scale up in the mid-tonnage commercial vehicle category, enhance product offerings, and leverage synergies in distribution, technology, and manufacturing.