

News

CIE Automotive's Indian Arm, Mahindra CIE Automotive Limited ("MCIE"), to acquire Aurangabad Electricals Limited ("AEL")

March 12, 2019

MCIE's Board of Directors today resolved to acquire the business of AEL through acquisition of 100% of equity shares for an enterprise value of INR 8756 million which includes a future deferred payment estimated upto INR 622mn.

Founded in 1985, AEL is a market-leading manufacturer of automotive aluminum die casting products based in Aurangabad, India, with five manufacturing facilities in the country across Aurangabad, Pune and Pantnagar. AEL has been promoted by the Bagla Group and has been led by Mr. Rishi Bagla, who has made a significant contribution towards developing the aluminum die casting industry in India. Motilal Oswal has acted as the financial advisor to the Bagla Group during this transaction.

With more than 3,300 employees, sales of ~ INR 8,500mn and an EBITDA margin near 12%, AEL is a crucial supplier to a number of domestic and global two-wheeler and passenger car OEMs and Tier 1 companies. It manufactures a variety of body, brake and engine parts through high pressure die casting as well as gravity die casting processes. AEL also has capabilities for machining, heat treatment, powder coating, assembly and leak testing, along with a modern tool room.

According to Jesús María Herrera, Chief Executive Officer of CIE Automotive, "We welcome AEL and team to the CIE family. We are very impressed by the business they have built and its sustainable and profitable growth. We believe that their integration in MCIE will provide important opportunities for both MCIE and AEL. This transaction also reinforces CIE's commitment to the Indian automotive market and is a new opportunity to further extend the CIE model of manufacturing excellence in India."

Ander Arenaza, Chief Executive Officer of MCIE, says "This acquisition allows MCIE to enter the aluminum diecasting technology. Its complementary product and customer mix leads to further diversification of the business portfolio of MCIE India, strengthening especially our presence in the two wheeler space. It has very good manufacturing processes and internal controls and is run by a capable team."

Rishi Bagla, Chairman & Managing Director of AEL, comments, "AEL has built up a formidable reputation as a high-quality supplier of automotive aluminum die castings in the Indian and international market over the last three decades. While AEL has been a family



Mahindra CIE Automotive Limited
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owned business, it has been operated and managed by a very professional management team. We are convinced that the partnership with MCIE and CIE will give the company a great boost and allow AEL to benefit from global best practices in aluminum die casting. We share a wonderful relationship with CIE based on mutual respect and trust and this has given us great confidence to enter into this strategic transaction. With the proceeds of the transaction, the Bagla group will further develop its industrial activities and businesses.”

About Mahindra CIE (“MCIE”)

MCIE is an automotive components supplier to auto OEMs as well as Tier 1 companies in India, Europe & Mexico.

MCIE is a multi-locational and multi-technology company with engineering capabilities and more than 20 manufacturing facilities across India, as well as in Germany, Spain, Italy & Lithuania in Europe and in Mexico. MCIE’s key products are in the following technologies: Forgings, Stampings, Foundry, Gears, Magnetic Products and Composites. MCIE’s key customers in India are focused on passenger cars, utility vehicles, light commercial vehicles, two wheelers and tractors markets. In Europe, MCIE’s customers operate in passenger cars, commercial vehicles and construction equipment and off-road markets.

MCIE is part of the Spanish group CIE Automotive. It is listed on the two main stock exchanges of India viz. the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

