

Mahindra & Mahindra and ICICI Venture Consortium inks agreement to acquire Metalcastello S.P.A

Finance

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Mumbai: A consortium of Mahindra & Mahindra Ltd. (M&M) and ICICI Venture Funds Managements Ltd, India's leading PE player with AUM of over \$ 2 billion, has today signed a definitive agreement agreeing to acquire 100% stake in Metalcastello S.p.A, a leading Italian independent gear manufacturer. The transaction is subject to receipt of necessary approvals.

Mr. Hemant Luthra, President, Systech, said 'Mahindra Forgings (MFL) has already created one of the leading forging companies in the world. Together with ICICI Venture we expect Metalcastello S.p.A, an outstanding Company with a 50 year history of serving its customers profitably, to help replicate in the gear vertical what MFL has achieved in the forgings space. The customer base of both MFL and Metalcastello is complimentary and will enhance the synergies that we are already harvesting. Consistent with Mahindra Systech's 'art to part' expertise, Metalcastello S.p.A perfectly compliments this capability in the auto component space and will add immense value to its stakeholders.'

Mahindra Group holds majority stake in Rajkot based gear manufacturing company - Mahindra SAR Transmission Pvt Ltd and this acquisition augments Systech's ability to serve its customers from multiple locations i.e. Italy, UK, Germany and India for their auto component needs. It also

strengthens the Mahindra Group's position as a leading auto component player in the global market.

Mr. Gabriele Pierotti, CEO of Metalcastello said 'Metalcastello is a company that has been part of our family for last five decades and I recognize that in order to facilitate its continued growth it needs a strong strategic partner. Having interacted with M&M over the last two years has given me great comfort that both the historical traditions and the future growth prospects will be protected. I am delighted to partner with M&M in taking the first steps to create what should become one of the leading Gear companies of the world that can marry our technology with M&M's low cost manufacturing excellence.'

Mr. Anand Mahindra, Vice Chairman and Managing Director, Mahindra Group, said 'I am delighted to welcome Gabriele Pierotti and his management team into the Mahindra family and look forward to harnessing their expertise in building Systech's Gear vertical to match that of MFL. Mahindra Systech has the mandate to build globally competitive businesses in selected verticals and this acquisition greatly enhances our capability to do so'.

Metalcastello, based near Bologna has revenues of around \$100 million .The company was originally founded in 1952 and is among the top gear manufacturers in Europe, focused primarily on the Off-Highway segment. The company's product portfolio includes complex gears & shafts for use in vehicle transmissions and drivelines. Its Customer portfolio includes most of the global OEMs in the tractor, off highway & construction equipment space. Currently, financial investors hold 84.7% of which 66.5% is held by private equity fund Development Capital, advised by Italian firm Alto Partners and top management holds 15.3% in Metalcastello.

The company will benefit from the continued presence of the erstwhile management of Metalcastello S.p.A in further building the business of Metalcastello. Mr. Gabriele Pierotti will continue to hold the position of CEO. He has the benefit of a rich experience in the gears industry of over 30 years.

About The Mahindra Group

The US \$6 billion Mahindra Group is among the top 10 industrial houses in India. Mahindra & Mahindra is the only Indian company among the top tractor brands in the world. Mahindra's Farm Equipment Sector has recently won the Japan Quality Medal, the only tractor company worldwide to be bestowed this honour. It also holds the distinction of being the only tractor company worldwide to win the Deming Prize. Mahindra is the market leader in multi-utility vehicles in India. It made a milestone entry into the passenger car segment with the Logan.

The Group has a leading presence in key sectors of the Indian economy, including the financial services, trade and logistics, automotive components, information technology, and infrastructure development.

With over 62 years of manufacturing experience, the Mahindra Group has built a strong base in technology, engineering, marketing and distribution which are key to its evolution as a customer- centric organization. The Group employs over 50,000 people and has several state-of-the-art facilities in India and overseas.

The Mahindra Group has ambitious global aspirations and has a presence on five continents. Mahindra products are today available on every continent except Antarctica. M&M has one tractor manufacturing plant in China, three assembly plants in the United States and one at Brisbane, Australia. It has made strategic acquisitions across the globe including Stokes Forgings

(UK), Jeco Holding AG (Germany) and Schoneweiss & Co GmbH (Germany). Its global subsidiaries include Mahindra Europe Srl. based in Italy, Mahindra USA Inc. and Mahindra South Africa.

M&M has entered into partnerships with international companies like Renault SA, France, and International Truck and Engine Corporation, USA. Forbes has ranked the Mahindra Group in its Top 200 list of the World's Most Reputable Companies and in the Top 10 list of Most Reputable Indian companies. Mahindra has recently been honoured with the Bombay Chamber Good Corporate Citizen Award for 2006-07.

About ICICI Venture

ICICI Venture is one of the largest and most successful private equity firms in India with funds under management in excess of USD 2 billion. Its investment focus areas span across private equity, buyouts, real estate and mezzanine financing. ICICI Venture, over the years has built an enviable portfolio of companies across sectors including pharmaceuticals, Information Technology, media, manufacturing, logistics, textiles, real estate etc thereby building sustainable value. ICICI Venture is a subsidiary of ICICI Bank, the largest private sector financial services group in India.

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