

Mahindra Consolidates European Presence-Acquires Leading Forging Company Schoneweiss

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Mahindra & Mahindra Ltd. through its subsidiary Mahindra Forgings Global Limited based in Mauritius acquired 90.47% stake in Schoneweiss & Co. GmbH., a leading company in the forgings sector in Germany. The transaction was consummated on January 1, 2007.

Schoneweiss is a family-owned German company with over 140 years of experience in the forging sector. It is one of the top five axle beam manufacturers in the world and specializes in suspension, power train and engine parts. The company has forging capacity of 50,000 tpa and turnover of Euro 90 mn (for CY 2005). Its top customers include the DaimlerChrysler Group, MAN, Scania and Volkswagen. Schoneweiss has three manufacturing plants in Hagen and Gevelsberg, Germany with a total manpower of 550 people.

Mr. Anand Mahindra, Vice Chairman & Managing Director, Mahindra & Mahindra, said, 'This acquisition creates for us a strong European base as it is fully harmonious with our existing presence in Germany through Jeco AG. We are now well on the path to capitalise on and consolidate our position towards becoming a globally significant player in the forgings business. Also by expanding Mahindra's 'Design to Delivery' bandwidth in the components space, Schoneweiss would be a huge step in the Mahindra's evolution as

the first fully integrated auto component provider from India.'

Mr. Hemant Luthra, President, Systems and Technologies Sector (Systech), and Member of the Group Management Board, Mahindra & Mahindra, said, 'Schoneweiss is highly regarded for its technical abilities and deep customer relationships with some of the marquee names in Europe. Together with Jeco, it creates a complementary and synergistic business platform. We hope to derive benefits across the various Systech entities from this acquisition. More importantly, we will be able to offer our customers across various geographies a comprehensive suite of products and technical skills.' He added, 'This is furthering our strategic goal of being an auto component player with capability in design & engineering, adding value for our stakeholders.'

Mr. Harald Korte and Andreas Voss, members of two of the founding families and driving force behind Schoneweiss will continue as shareholders of Schoneweiss and continue to be in its Advisory Board and work with the company as Managing Director respectively. Their expertise and strong customer and supplier relationships will help the company attain higher growth trajectory.

Commenting on the transaction, Harald Korte said, 'We expect to derive benefits in both directions by the coming together of Mahindra & Mahindra and are delighted to be a part of this emerging global family'.

Kotak Investment Banking, Mumbai and M&A International GmbH, Kronberg, Germany advised Mahindra & Mahindra while InterFinanz, Dusseldorf acted as consultants for the Schoneweiss Group.

M&M's M&A strategy

Mahindra & Mahindra has a focused mergers & acquisition strategy, which defines what is called the Mahindra template for the new Indian MNC. In

today's increasingly competitive automotive industry, global OEMs must fight on every front, from quality to cost, while maintaining profitability. Cost effective components provide a major strategic advantage. Identifying this tremendous opportunity, Mahindra System fuses its innate domain knowledge with India's low cost manufacturing base and large, talented labor supply to create the world's first fully integrated 'Art to Part' automotive component supplier. System is one of the six, diversified business units of the US \$3.8* billion Mahindra Group.

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