

Bharat Forge acquires German firm for \$8.39 million

TIMES NEWS NETWORK

Pune: Bharat Forge Limited (BFL), the flagship company of the over \$1 billion Kalyani Group and the second largest forging company in the world, has acquired CDP Aluminiumtechnik GmbH & Co KG (CDP AT) for 6.3 million euros (around \$8.39 million).

This is the company's second acquisition in Germany after Carl Dan Pedinghaus GmbH & Co KG (now renamed, CDP Bharat Forge GmbH), whose fixed assets were bought by BFL last year.

In an all-cash deal, BFL has acquired 100 per cent ownership interest in CDP AT, a major player in Europe in the field of aluminium-forged components used in passenger cars and other automotive applications, with immediate effect. The deal was signed by Baba Kalyani and senior officials of CDP AT on Friday.

"Aluminium components are the future of high-end automobiles and it is a growing segment. So, this acquisition will widen our product portfolio and give us a deeper penetration into our customers," said Amit Kalyani, executive director of BFL.

Aluminium is increasingly becoming the preferred material for specialised hi-end automotive applications due to its significantly lighter weight and consequent advantage of fuel efficiency.

The acquisition will strengthen the company's position in the global passenger car and chassis component business, and is a step towards attaining global leadership. It will enhance BFL's product range and technical capabilities, in both steel and aluminium.

The transaction has been concluded at an enterprise value of Euro 6.3 million. This is funded by way of equity of Euro 3.8 million and non recourse debt of Euro 2.5 million. Out of the total equity, BFL will contribute Euro 2 million in a phased manner over six months. The balance Euro 1.8 million is being contributed out of the internal cash accruals of CDP Bharat Forge GmbH and CDP AT.

Established in 1997, CDP AT is located at Brand-Erbisdorf, near Dresden, a major emerging automotive hub with new plants being set up by Porsche and BMW. It is a profitable company, unlike the earlier acquisition of BFL in Germany, with an annual turnover of over Rs 200 crore and 130 employees.

CDP AT has developed and patented its technology of aluminium forgings in Germany. Its customers include major automobile manufacturers such as BMW, Audi, Volkswagen and Ford.