Mahindra CIE

Mahindra CIE Automotive Ltd
Mahindra Towers, 1st Floor,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400 018, India
Tel: +91 22 24901441
Fax: +91 22 24915890
www.mahindracie.com
mcie.investors@mahindracie.com

February 27, 2015

1.	**National Stock Exchange of India Ltd.** Listing Department Exchange Plaza 5th Floor, Plot No. C/1, G Block Bandra – Kurla Complex Bandra (East) Mumbai – 400 051 **NSE Scrip Code: MAHINDCIE**	2.	**Bombay Stock Exchange Limited** Listing Department Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai – 400 001 **BSE Scrip Code: 532756**

Dear Sir / Madam,

Sub: Note received from Mahindra Forgings Europe

Ref: Clause 36 of the Listing Agreement

We are submitting herewith a Note received from Mahindra Forgings Europe, which is a subsidiary of the Company.

Kindly make note of the above.

Yours faithfully,

For Mahindra CIE Automotive Limited

MAHINDRA CIE AUTOMOTIVE LTD. MUMBAI

Krishnan Shankar
Company Secretary & Head – Legal

Membership Number – F3482

Note from Mahindra Forgings Europe

"Mahindra Forgings Europe [MFE] is the Germany based subsidiary of Mahindra CIE Automotive Ltd. It is one of the largest suppliers of forged and machined parts to the commercial vehicle industry in Europe and operates out of six locations in Germany. MFE has been facing pressures on its margins for quite some time and the management of MFE has put in place a turnaround strategy. The first phase of this turnaround strategy, focused on rationalizing costs through improving operational efficiencies, selectively making price corrections, availing of power subsidies, outsourcing of simple operations and reduction of overtime and contract labour costs, has been successful and there has been an improvement in profitability of MFE over last 12 to 15 months. In the second phase, the management will focus on further improvement in operational efficiencies by optimizing manufacturing locations and product portfolio.

Jeco-Jellinghaus GMBH [Jeco] based in Gevelsberg in the north west of Germany is one of the six locations which is continuing to face pressure on profitability due to a combination of fluctuating market requirements and some internal inefficiencies. As a result, it has been decided to close Jeco in a phased manner over next 6 months by shifting machines & equipment to other manufacturing locations of MFE and outsourcing most of the machining operations. The customers currently supported from Jeco will be supplied from the other manufacturing facilities of MFE in future. The announcement of the closure of Jeco, which will affect approx 160 jobs was made to the employee representatives at a meeting held on 27th February 2015 at Gevelesberg.

This restructuring is not likely to materially affect sales or profitability at MFE in the current calendar year as one time restructuring costs are likely to be largely balanced by expected savings in personnel costs and likely income from sale of property and additional equipment. Going forward, the management expects that this exercise will improve overall operational efficiencies at MFE.

Over the next few days the management shall be discussing the restructuring with customers so that they are kept fully informed and supported throughout this exercise. This planned restructuring programme demonstrates the continuing commitment of Mahindra CIE and the CIE Automotive Group to develop a strong global automotive component business."

MAHINDRA CIE AUTOMOTIVE LTD. MUMBAI