

Frequently asked questions

- 1. Mr. Ander has mentioned about challenges of rapid transition to electric mobility in Spain and Lithuania. I request you to kindly share details of the same.**

In our European operations, a significant part of sales in the forgings vertical comes from manufacturing crankshafts for cars. Crankshafts are at risk due to the transition to EVs. We do not expect that there will be a large negative effect in the short term but in the midterm (from 2026 onwards), we expect crankshaft sales to decline progressively. Our mitigation plan is to start producing aluminum forged parts and steel suspension products for cars. Almost 40% of the new orders that the car forgings vertical acquired in CY22 were in the BEV space. Forged aluminum parts are expected to constitute a significant part of car forgings sale by 2027. Our other European vertical which makes gears for off road and farm vehicles (Metalcastello), will not be much affected by electrification. But here too, we have acquired significant business for BEV transmission parts.

- 2. Russia Ukraine war has resulted in unprecedented rise in electricity prices in entire Europe. Please inform how prepared are we to face these huge challenges? Are we able to pass on these large cost increases to our key customers?**

The unprecedented electricity price hikes in Europe put a lot of strain on profitability. The management team in Europe worked very hard to have pain sharing agreements with key customers to pass through some of these large cost increases. The power costs in Europe have stabilized and the Q1CY23 margins in the European business should sustain.

- 3. I request you to kindly discuss benefits to our Company on the decision to divest German Truck forgings operations.**

Our car forgings business out of Spain & Lithuania, is facing the challenge of a rapid transition to electric mobility. We have decided to put up our German truck forgings vertical for sale to facilitate greater attention to managing this transition.

- 4. How are we gearing up to challenges emerging from Electric Vehicles.**

EVs continued to become more mainstream in both Europe & India. Europe is experiencing a rapid increase in penetration levels (market share >10%) and EVs are picking up in India as well, especially in two and three wheelers. Your company has developed a good order book for EV parts and is working with major European & Indian OEMs in the EV space, across segments. The EV order book covers Aluminum & steel forgings, gears, stampings & composites parts for e2W, e3W and e4W. In CY22, almost 35% of the order book generated in India and 40% of the same in Europe was in the EV space. EVs will mean a greater emphasis on stamped, plastic and aluminum parts compared to forged, cast or machined parts. We are well placed to tackle this change as we have presence in multiple processes, especially in India. As the supplier ecosystem for EVs is at a nascent stage, EV OEMs are looking to partner with suppliers who have quality and pedigree. Therefore, the transition to EVs may be more of an opportunity rather than risk.

5. **Please inform about our efforts to win new business in existing segments. Please share with us Management plans for increased capacity utilizations and kindly inform the approximate Order book for the next 3 years.**

The order book situation is such that all the business verticals in India required capital expenditure for increasing capacity in CY22. The key focus remains on how to balance order book requirements and investments in capacity such that both growth and profitability objectives are met. The details of capacity additions in India are provided in the MDA section of the annual report. A new unit is being added at the gears plant in Pune to cater to EV parts while the Rajkot gears plant was also expanded during the year. A new forging & machining line was installed by Bill Forge at Bengaluru to cater to EV transmission parts. CIE Hosur commissioned a new fuel rail line, the first time this technology has been introduced in India. The crankshaft machining capacity at the forgings plant in Chakan, Pune was augmented and an additional 4000T press is being put up to enhance forgings capacity. Two compression moulding presses were added to the Composites unit in Pune to increase capacity to make components from the compounds produced. The new plant being built by the Aluminum vertical at Aurangabad was completed last year, it will cater to 4W EV parts, among others. The stampings plant at Kanhe continued adding more robotic welding capabilities to increase value add. There were also incremental growth capex at the magnetics, foundry & Mexico plants. Process reengineering, automation and digitization with a view to improve operations and match CIE's global standards of manufacturing excellence, went on as planned. Developing parts with greater value addition remains an important part of operational strategy.

6. **do you foresee any business conflicts or conflict of interest globally with parent Company CIE Automotive Spain?**

The operating teams of CIE India work seamlessly with their global counterparts and are fully integrated in the global CIE system. We have not come across any conflict.

7. **Loss of 923 Crores has been reported in consolidated accounts for fair valuations from discontinued operations. Request you to kindly elaborate on the same.**

The board, in its meeting held on 14th Dec 2022, took note of the proposal approved by CIE Galfor to launch and active program to locate a buyer for the German forgings operations. In accordance, all the assets and liabilities of these operations have been categorized as held for sale. The company has recognised a loss on fair valuation of these assets held for sale of INR 9,234 mn including INR 9,162 mn relating to goodwill. Consolidated loss is on account of this one time non cash loss. Without this, both the standalone & consolidated have shown good profits.

8. **What kind of optimism and paradigm shift leadership thinks in automobile ind? How CIE is getting ready to tap those opportunities?**

We expect the growth momentum to sustain in India for the next few quarters. Our order book in India is in line with these expectations and we have been adding capacities in almost all our verticals. We are balancing order book requirements and investments in capacity such that both growth and profitability objectives are met. In Europe, we expect the market to start recovering very gradually and are focused on improving our profitability. Electrification of powertrains has seen rapid adoption in Europe (market share >10%) and is picking up in India as well, especially in

two and three wheelers. We have developed a good order book for EV parts and are working with major European & Indian OEMs in the EV space, across segments. Our EV order book covers Aluminum & steel forgings, gears, stampings & composites parts for e2W, e3W and e4W.

9. Where you see green mobility getting matured into - EV or Hydrogen or Hybrid or plant based solutions?

We are following the transition to electric mobility carefully. As a tier 2 component manufacturer, we are prepared to work with OEMs in whichever technology emerges. As of now Battery EVs and Hybrids are gaining significance.

10. Page 143 revenue increased by Rs. 1,200 cr but our expenditure also increased by Rs. 930, Why expenditures increase? Consolidated revenue increased by Rs. 2,000 cr & expenditure by Rs. 1,800 cr. Results: consolidated heavily in loss compared to 21.

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11. Why is the name of Mahindra removed from new name of the Company?

CIE Automotive S.A., Spain is ultimate holding company of Company and have India as its major area of operations. The Company therefore draws from the experience of CIE to serve the evolving Indian automotive industry. India is projected to be one of the fastest growing large economies in the world and CIE Automotive's global strategy continues to focus on India as a key market. To reflect this strategy, the name of the Company is changed to "CIE Automotive India Limited". Further, there is no change in management.

12. Page 49 : Revenue from India 52 % & Europe 48 %.

Our apologies. There was a typo in these figures refer to CY 21. After the German operations were held for sale in Dec 22, India accounted for 63% of consolidated sales in CY 22 with Europe contributing the rest. The Indian business is expected to grow much faster than its European counterpart in the next few years and the contribution of India to the consolidated sales of the company will only increase.

13. What is our market share in % in India as auto ancillary supplier?

CIE India is a multi-technology company with various technologies, and in the B2B space. Thus, it is very difficult to provide a definitive answer to this question. However, MCIE is a key player in the individual business areas in which they operate in. In India, your company is amongst the top crankshaft manufacturers, the top cast crankshaft maker, one of the more profitable gear manufacturers, the top supplier of sheet metal stampings to M&M, the top magnetics maker for automotive purposes, key player in composites. In Europe, the company is one the top forged

crankshaft makers and a top supplier of gears and shafts to the off highway and construction industry as well.

14. Who are the competitors of the Company

- a. Europe
 - i. Passenger Vehicle Forgings could be competing with Thyssen Krupp, Musashi, Hirsch Vogel, Sifcor, Farinia group.
 - ii. Gears Italy – Oerlikon Graziano, ItalGear, Merlo, CIMA
- b. India
 - i. Forgings - Bharat Forge, Ramakrishna, Roop Auto, MM forge, Happy Forgings
 - ii. Castings – Nelcast, RICO, Brakes India, Sriram Foundries
 - iii. Stampings – JBM, Mungi, Panse, Magna, Badve Group.
 - iv. Aluminum Castings – Endurance, Rico and Rockman
 - v. Gears – Bharat Gears, RIJ, Hi Tech Gears, Dana Graziano
 - vi. Magnets - Delta Magnets, Cosmo Ferrites, Bajaj Electricals, Fulham
 - vii. Composites – Devi Polymers, Sintex, Tata Advanced Materials

15. Have company registered any patent?

We are a process company and therefore we do not have any patents. However, Process reengineering, automation and digitization with a view to improve operations and match CIE's global standards of manufacturing excellence, are being implemented. Developing parts with greater value addition remains an important part of operational strategy. All these will help improve margins.

16. The Grand Alliance between Mahindra Group and CIE Automotive was signed on 15th June 2013. Ten years later, Mahindra Group does not hold any shares in CIE Automotive India Ltd. What is the future role envisaged for Mahindra Group other than a major customer?

Mahindra will continue as a strategic anchor customer of the company. There is no other thing envisaged.

17. As a shareholder, I welcome dividends. However, a look at the standalone cash flow for FY 2022 reveals cash flows from operations are just adequate for investing and financing activities including dividend payments. Dividends constitute 55 percent of the total financing activities. This means higher capex would have entailed more borrowings. As a shareholder, I would want dividend only from surplus cash and not at the cost ploughing back of profits in business. What are the Management views on the distribution of dividend?

The company is expected to have adequate cash flows for both capex and dividends. Capex is estimated to be 5-6% of sales every year. As per policy, dividend payout will be 25% of consolidated PAT.

18. Why M&M exited the Company, what is the impact?

It is M&M's decision and we can't comment on the same. Your company is grateful to M&M for being a co-promoter and an active member of the board since its inception.

However, the company's commercial relationship with M&M has always been at arms length. Your company is a good supplier to M&M. In turn, M&M is a strategic anchor customer for your company. There will be no impact of M&M's stake sale on this commercial relationship as long as CIE India continues to meet the requirements of M&M's sourcing teams.

19. Automotive Industry is open to cyclical fluctuations all over the Globe. Are there any special measures planned to mitigate this risk like for example diversification into other industries?

CIE India has presence across 3 geographies (India, Europe, Mexico), 7 technologies (forgings, castings etc.), 4 automotive end user segments (light vehicles, two wheelers, tractors & CVs) and 75+ customers of significant size. This level of diversification is a good hedge against industry cyclicity. As an example, the CY23 growth in India revenues was 13%, higher than the weighted average market growth of 9-10% and this was achieved despite two of our strategic anchor customers not growing at all. Our diversified customer base helped us achieve this result.

20. Is CIE Automotive India Limited contemplating to become a business conglomerate in future on the lines of TATA, Mahindra, Reliance etc? If so, are there any expansion plans for forward (like electric vehicles) or backward integration (like steel)?

We are a tier 2 component manufacturer competing on operation excellence and superior execution. Forward integration into EVs or backward integration into steel require different requirements to succeed. We are therefore not contemplating entering those segments.

21. Glad to see the EV Product Portfolio for 4W, 3W as well as 2W vehicles. What is the % of Capacity Utilization represented by Revenue from standalone operations in CY 2022 of standalone Company viz Rs 43,978 Millions? If the capacity is not fully utilized, is it possible to cater to greater demand for EV Products from existing or new customers? Which vertical amongst Forgings, Castings, Gears, Composites and Stampings are nearer to full utilization of the Installed Capacity?

The order book situation is such that all the business verticals in India required capital expenditure for increasing capacity in CY22. The key focus remains on how to balance order book requirements and investments in capacity such that both growth and profitability objectives are met. The details of capacity additions in India are provided in the MDA section of the annual report. A new unit is being added at the gears plant in Pune to cater to EV parts while the Rajkot gears plant was also expanded during the year. A new forging & machining line was installed by Bill Forge at Bengaluru to cater to EV transmission parts. CIE Hosur commissioned a new fuel rail line, the first time this technology has been introduced in India. The crankshaft machining capacity at the forgings plant in Chakan, Pune was augmented and an additional 4000T press is being put up to enhance forgings capacity. Two compression moulding presses were added to the Composites unit in Pune to increase capacity to make components from the compounds produced. The new plant being built by the Aluminium vertical at Aurangabad was completed last year, it will cater to 4W EV parts,

among others. The stampings plant at Kanhe continued adding more robotic welding capabilities to increase value add. There was also incremental growth capex at the magnetics, foundry & Mexico plants.

22. Out of 14 how many companies are under performing, what is the strategy for the turnaround

The major underperforming subsidiary group was in Germany. There are a couple of subsidiaries who have to improve to reach the target returns on which we continue to work and are hopeful to bridge the gap soon.

23. We are shareholder since CIE acquire Amforge Pune plant. So, inform share price for last 24 years to know appreciation.

CIE became majority shareholders of the company in 2013-14. The open offer in Oct 2014 that accompanied this deal was done at Rs. 81.

24. CIE is listed in Madrid. Inform share price in Madrid.

CIE's share price at the Madrid stock exchange on 8th June 2023 was around 28.24 Euro per share with a market cap of Euro 3.38 bn.

25. Page no 57 : Debt equity ratio 0.03/ 0.18, Inform plan to make it zero.

The company is expected to have adequate cash flows in the future. The company will strive to maintain optimal debt level.

26. Page 64 187 265 : inform how many shares Mr. Puneet Renjhen holds in CIE ?

Mr. Puneet Renjhen does not hold any shares in the Company.

27. Page no. 253 : how much CIE expect from German Plant ?

The value that has been accounted in the CY22 Balance Sheet for the German operations is Euro 29 Mn.

28. Last page shows 11 plants of CIE in India. Indicate year for each plant for start of production.

Some plants have come via acquisition and some have been greenfield and brownfield projects. All plants. Process reengineering, automation and digitization with a view to improve operations and match CIE's global standards of manufacturing excellence, are being carried on in each plant.

29. Page no 82 7.5 % shares hold by 98015 shareholders i.e. 99. 2 % shareholders. Which is upto 11ac shares maximum by individual Shareholder? M & M was holding 3.19 % & opted out from CIE. Similarly have buyback for 7.5 % shares.

There is no such proposal.

30. Company changed name now. Whether subsidiaries name also will changed?

Not as of now.

31. Page no. 143 unit million is not mentioned when Unit million appears on page no 207.

Sorry for the typo.

32. Please hold physical meeting/hybrid meeting.

The virtual meeting is in compliance with regulatory norms. Post Covid, virtual meetings have become acceptable in the financial community as it enables greater participation especially from shareholders who are unable to travel to attend the AGM. Request for Hybrid meeting will be reviewed.

33. When was the last bonus given?

No bonus shares were issued by the company.

34. How many shares and dividend is transferred to IEPF?

None during the last year.

35. How much is the spent on R& D this year

We are a process company and not a product company and therefore R&D expenses is not significant.

36. What is the attrition rate?

Not very different than the market.

37. What is the market capitalisation of the Company?

It is Rs. 19,600 crore as of now

38. How much percentage of income from electric vehicles in first quarter

Mirrors the market penetration of EV's

39. Who are our competitors in hydrogen segment.

The universe of competitors keeps changing in this space. As explained earlier we are well equipped to deal with the evolving situation

40. Which are the countries to which the exports are made?

12 to 13% exports from India. We export largely to Europe and our Italian business exports to US.

41. Request for analyst meeting

Will review along with factory visit request.

42. What is the reason for less employee benefit exp.?

Apart from some regrouping, the company continues to improve efficiency and productivity through automation.

43. What are the factors driving the growth?

Indian growth will drive the future growth and the company will continue to add customers in all the segments.

44. Issues faced while dematting the shares.

While we have to follow all the regulations, we will see how we can be helpful.

45. Promoter holding is 68 %, 75 % is allowed, why not increase the same

No such proposal as of now.

46. What are the plans for 25th AGM, any bonus/spilt of shares?

No such plans as of now.

47. ESG, are we listed in ESG platform, ratings or score? Which are the agency?

We have started our journey. We will proceed to these issues in the coming years for sure.

48. What are the product margins and highest margins products?

We are process company and generally aim to get similar margins across. Goal being to reach CIE benchmarks margin levels.

49. EV is big business, are we planning any acquisition or any brownfield projects in pipeline.

We continue to evaluate acquisition opportunities. Currently, there is no opportunity at an advanced stage of discussion. Acquisitions will be made to fill strategic gaps identified by the Company.

50. Can we expect 10 K turnover in this FY 23

We would not want to make forward looking statement.

51. Are we doing any powder metallurgy products?

Yes our magnetic products division does. This is a growing business.