

Mahindra CIE Automotive Ltd.

Recording of Investor Meetings

Date	18-June-2015
Type of meeting	One-on-one
Investor/ Analysts Fund / Firm	Akshay Saxena, Credit Suisse
Company Representatives	Vikas Sinha, VP Strategy, Mahindra CIE
Did discussions involve UPSI	No
Gist of discussions	<p>The discussions revolved around the Industry, company information already in public domain. The main points of the discussion are as follows:</p> <ul style="list-style-type: none"> • MCIE regionwise strategy <ul style="list-style-type: none"> ➤ India – Market plus growth with operational improvements. Focus is to diversify product-customers with CIE help. ➤ MFE – Turnaround by focusing on internal efficiency improvements. ➤ Metalcastello – Turnaround by focusing on cost reduction & increasing revenues via new customers. ➤ CIE Forge – Maintain current performance • Mahindra Forgings Europe turnaround plan <ul style="list-style-type: none"> ➤ Phase I : Short term focus on cost reduction – Headcount, Downtime, Power subsidy, Procurement & Sales price and productivity improvements ➤ Phase II : Explore synergies with CIE Forgings; Profitability improvement via optimizing product- process-location combination. The announced closure of Jeco is part of this phase • Synergies in Europe <ul style="list-style-type: none"> ➤ CIE has deputed management personnel for turning around MFE & MC ➤ Steel procurement has benefited due to buying with other CIE plants ➤ Debt restructured at MFE & MC reducing interest rate • MCIE India will not be exports driven but utilize its existing equipment to export wherever possible. Exports are significant from the castings, magnetics & gears verticals of MCIE India. Stampings and Composites don't have products that can be exported. There is scope to increase exports from the forgings vertical of MCIE India • Synergies in India <ul style="list-style-type: none"> ➤ New products being introduced are cross car beams, fuel tank, suspension arms, cargo bodies in the stampings vertical; turbomanifold in castings and balancer shaft assembly in forgings. In future, MCIE will also look at common rail forgings & electronic power steering parts (forged & machined) ➤ CIE customers in Europe who are present in India have been approached and some initial success has happened in forgings (crankshaft) and castings (crankshafts & manifolds) ➤ No significant extra capex required for these synergies though some capex in machining might be required • In the 1st phase, MCIE will focus on consolidation and meeting the five parameters that CIE uses to evaluate businesses viz. RONA%, EBIT%, Free Cash Flow/ EBITDA, Net Operating Assets/ EBITDA, Debt/ EBITDA. In this case, there will be control on capex and a focus on debt reduction In the 2nd phase which

	<p>is at an exploratory phase, MCIE will focus on growth including via acquisitions both in India & ASEAN.</p> <ul style="list-style-type: none">• MCIE will continue to be a tier 2 player but with complex value added parts. MCIE has a result oriented culture and will continue to focus on operational excellence, diversification in products & customer base and a lean organization.
Any other comments	Most of the above points have been covered in detail in the full year F15/ Q4F15 update released on 12-May-2015