CIE India

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28th October 2024

BSE Limited Corporate Relationship Department, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001. **BSE Scrip Code: 532756**	**National Stock Exchange of India Limited** Corporate Relationship Department, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. **NSE Scrip Code: CIEINDIA**

Dear Sir / Madam,

Sub: Transcript of CIE Automotive India Limited Q3 & 9M CY24 Post Result Conference Call

Pursuant to Regulation 30 read with Para A of Schedule III and Regulation 46(2) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and our letter dated 16th October, 2024 respect of advance intimation in relation to Q3 & 9M CY24 Results Conference Call, please find enclosed herewith transcripts of the said call held on 25th October, 2024.

The same is being uploaded on the website of the Company at the weblink: https://www.cie-india.com/periodic-public-information8.html#Quarterly-Result-Calls-and-Transcripts.

Kindly acknowledge the receipt and take the same on the records.

Thanking you

Yours faithfully,

For CIE Automotive India Limited

PANKAJ VIJAY GOYAL Digitally signed by PANKAJ VIJAY GOYAL Date: 2024.10.28 15:56:38 +05'30'

Pankaj V. Goyal
Company Secretary, Chief Compliance Officer, and Head- Legal
Membership No.: F13037

Encl: as above

"CIE Automotive India Limited
Q3 & 9M CY '24 Conference Call"
October 25, 2024

MANAGEMENT:	**MR. ANDER ALVAREZ – CHIEF EXECUTIVE OFFICER – CIE AUTOMOTIVE INDIA LIMITED** **MR. K. JAYAPRAKASH – CHIEF FINANCIAL OFFICER – CIE AUTOMOTIVE INDIA LIMITED** **MR. VIKAS SINHA – SENIOR VICE PRESIDENT STRATEGY – CIE AUTOMOTIVE INDIA LIMITED** **MR. OROITZ LAFUENTE – BUSINESS CONTROLLER – CIE AUTOMOTIVE INDIA LIMITED** **MR. SWAPNIL SOUDAGAR – DEPUTY GENERAL MANAGER, STRATEGY -- CIE AUTOMOTIVE INDIA LIMITED**
MODERATOR:	**MR. VISHAKHA MALIWAL – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to CIE India Q3 and 9M CY '24 Conference Call hosted by ICICI Securities. As a reminder, all participant line will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation conclude. Should you need assistance during the conference call, please signal an operator by pressing star then zero on touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Vishakha from ICICI Securities. Thank you, and over to you, ma'am.

Vishakha Maliwal: Thanks, Niveditha. Good afternoon, everyone. Thanks to CIE India Auto Limited management for giving us the opportunity to host the call. We have here in the call the senior management, represented by Mr. Ander Álvarez, CEO; Mr. K. Jayaprakash, CFO; Mr. Vikas Sinha, Senior VP, Strategy; Mr. Oroitz Lafuente, Business Controller; and Mr. Swapnil Soudagar, DGM, Strategy.

Over to the management to take this ahead. Thank you.

Vikas Sinha: Yes. Thanks, Vishakha. This is Vikas. I welcome all of you on this call and also Ander, our CEO. We'll go through the Q3 C '24 results of CIE Automotive India Limited. First up, on Page 5, we have an overview of the simplified holding structure of CIE India and its subsidiaries. Please do have a look. We now start with results of the India operations for Q3 C '24 on Page 7.

Sales were INR14,707 million; EBITDA, INR2,606 million; EBIT, INR2,032 million; and EBT, INR1,997 million. The sales grew 2.2% year-on-year, EBITDA 8%, EBIT 9% and EBT 14%. EBITDA margin in Q3 C '24 is at 17.7% compared to 16.7% in Q3 C '23 and 18.1% in Q2 C '24. The year-on-year sales growth of 2.2% was same as the weighted average market growth across the market segments we operate in.

There are some mitigating factors to consider. The light vehicle market has shown a decline in this quarter, a very slight decline in this quarter as compared to the same period last year. Tractor market remained largely flat at a 3% growth over last year. The 2-wheeler market has grown well on the back of festive demand. The delay in the ramp-up of some of our orders has unfortunately continued, and this has impacted sales growth, but that should be corrected in the coming quarters. We have postponed that a little bit.

Nevertheless, we are happy to note that EBT grew by a healthy 14% in spite of the anemic growth this quarter. We will continue to focus on operational improvement, which is shown by the margin trends despite the weak market environment. Overall, we have positive expectations on growth and margins from all our verticals in India.

The market situation in India is -- we are cautiously optimistic about it with mix growth trajectories in the different segments. The trend of growth in the 2-wheeler segment should continue, and the festive season is expected to give a boost to this segment. Tractors will continue to be steady on a high base, with rural income showing recovery. The light vehicle market though will see a steady growth of around 5%, unlike the heavy growth seen over the last few quarters.

Now we move to the results of our European operations for Q3 C '24 on Page 8. Sales fell to INR5,899 million from INR7,262 million in Q3 C '23 and is a combination of the drop in the European light vehicle market and the extended slowdown in the U.S. off-highway market affecting Metalcastello that we have been talking about since the last few quarters. The drop in sales sequentially between Q3 C '24 and Q2 C '24 was 22%, which is similar to the drop in the light vehicle market, which fell by 19% and added to by the US off-highway market drop.

The Q3 C '24 EBITDA in Europe was INR942 million; EBIT, INR719 million; and EBT, INR602 million. EBITDA margin in Q3 C '24 was 16.0% compared to 17.2% in Q3 C '23 and 17.0% in Q2 C '24, which shows that despite the sales drop, the corrective measures that we had started taking in the previous quarter has helped us protect our margin somewhat. The market situation in the coming quarters remains uncertain with the uncertainty in the light vehicle market continuing.

The EV penetration in the European auto sales has also been stagnating around 12% to 14% and will continue to be at the same level given the uncertainty around the evolution of the technology. Our attempt will be to be in step with the market, while maintaining our margins.

And now if you go to Page 9, we'll see the consolidated results for Q3 C '24. Sales were INR20,606 million; EBITDA, INR3,548 million; EBIT, INR2,750 million; and EBT, INR2,600 million. Despite the European sales drop, the consolidated EBITDA margin for the quarter was 17.2% versus 16.9% in Q3 C '23. While sales dropped by 5%, EBITDA dropped by 3%, EBIT by 4%. However, EBT grew by 2%.

The YTD September 9-month results for the India operations are on Page 11. Sales were INR43,558 million; EBITDA, INR7,905 million; EBIT, 6,234 million; EBT, 6,049 million; and PAT, INR4,503 million. This translates into a sales growth of 5% compared to the corresponding period in C '23, higher than the YTD weighted average market growth. While sales grew by 5%, PAT grew by 22% year-on-year, and this was achieved by improving efficiencies, product mix and strong focus on costs. The YTD 9-month results for Europe are on Page 12. Sales were INR22,445 million, a 12% decrease over the corresponding period last year.

EBITDA was INR3,669 million; EBIT, INR2,842 million; PBT, INR2,455 million; and PAT, INR1,923 million. To be noted here is that last year's PAT includes INR3,356 million of profit from discontinued operations, as mentioned previously, despite the sales drop, EBITDA margin came in at around 16.3%.

The consolidated YTD 9 months results are on Page 13. Sales were INR66,003 million, a slight decrease over last year. EBITDA was INR11,574 million; EBIT, INR9,076 million; EBT, INR8,504 million; and PAT, INR6,425 million. As explained, that is about INR642 crores.

As explained in the previous section, that includes INR3,356 million of profits. That was from the previous year. Excluding the consolidated PAT for 9 months YTD September '23, it was INR6,206 million. So last year, the PAT -- YTD PAT included the INR3,356 million of profits from CFG. Excluding that, last year's YTD September '23 PAT was INR6,206 million. And therefore, if you compare with the YTD September '24 PAT of INR6,425 million, we have achieved a PAT growth of 3.5% this year. It is to be noted that despite YTD consolidated sales being minus 1%, the PAT without discontinued operations has grown by 3.5%.

So with that, we can proceed to Q&A. Thanks.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Siddhant from Goodwill. Please go ahead.

Siddhant: Ander, I wanted to ask you about what do you feel about the health of European OEMs? Because I was just going through Stellantis VW and the headlines and the commentary doesn't seem too great?

Ander Alvarez: Good morning, everybody. No, our view is that the European OEMs are now suffering a lot because of the uncertainty that we see in the market. There is -- there are several things that are going on in the European market in the automotive world, and one of them is the electrification.

As you know, electrification in Europe has slowed down. The growth of electrification has slowed down. We were expecting to end this year at about 20% of market share with pure electric vehicles. And the reality is that they will be around 12% to 13%. So, this is much lower than expected.

On top of that, next year, from January next year, there will be penalties to the OEMs if they pass these levels of CO2 emissions in their average fleets. So, if they are not getting the required electrified vehicles, they will have to pay a huge amount of money in penalties to the European Commission. So, this is also creating a big stress in the market and in the OEMs.

And also, that additionally, with this uncertainty in the technology, the market is going down. We saw the first quarter was not bad. The second quarter was weaker. The third quarter has been quite weak, with a drop of around 7% in the market, and probably we will see this trend to continue in the next quarters.

So yes, all the carmakers are even, let's say, they have issued profit warnings as the situation is quite unstable and uncertain. So that's the environment we need to work for and we need to manage. And that's one of the reasons of the drop that we have in the European -- in our European business.

On top of that, you know that we have another business working for off-highway trucks in -- for US, mainly in our Metalcastello gears business that is still depressed. This market is still depressed till -- we expect that, let's say, that this market will revamp during mid of next year after the U.S. elections are over and then the new, let's say, the new government starts with their new policies. So, we will expect that the market will go up in the second half of the year, okay.

So that's the real tough environmental. Our customers are having difficulties. Uncertainty is there. The electrification is kind of blocked or the part of the growth is not happening. And on top of that, we have the -- in Europe -- at least in Europe, additional stress factor is the entrance of the Chinese vehicles that are getting, let's say, bigger and bigger market share.

Now with the duties that has been imposed, probably there will be a certain slowdown of the Chinese introduction, but the commercial war is also not helping to the global economy. So, this is the environment that we are trying to navigate through. And okay, this is the situation.

Moderator: The next question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.

Jinesh Gandhi: And just to clarify, did you indicate that Metalcastello business and the end market in U.S. for off-highway will recover from second of CY '25? Or we expect that to happen from first half itself given new government would be in place?

Ander Alvarez: We expect that this market to recover by Q2, Q3 2025, okay. We will expect that in the next couple of quarters, we will keep the current situation, let's say, the current depressed situation, not -- we will not drop further.

I mean we will -- we are now in the bottom side of the cycle. Then we expect to start recovering slowly and slowly. That's what our customers are informing us. And also, as you know, we got in Metalcastello an important business for electric transmission manufacturer in US. And these programs has been also delayed in the US. So once these programs start ramping up, we will see also our sales in Metalcastello going up.

So yes, we need to wait. We are now managing the situation with our cost-cutting activities, and we are keeping the margins rationally. I think that we have done a good job there. And once we get, again, the market and we get again the sales in the next quarters, I mean, hopefully, the sooner the better, but we can expect that it will happen in the Q2, Q3 next year, then we will see our figures again revamping up.

Jinesh Gandhi: Okay. And what would be the current run rate for Metalcastello in terms of quarterly run rate of revenues in 3Q? How it was at peak and how it was in the second quarter? If you can throw some light on that?

Ander Alvarez: I didn't catch it.

Vikas Sinha: Current run rate. What is the monthly rate right now? And what it used to be earlier?

Ander Alvarez: So just monthly figures. I can give you monthly figures. We were talking about EUR6 million per month. That was the average, between EUR6 million to EUR6.5 million. And now we are at between EUR4 million and EUR4.5 million. So this is a drop of 30% approximately that we see for the next -- we see in the last quarters. And probably, we will keep this rate in the next couple of quarters. And then we will go up slowly. And what we are predicting is that at least in the Q3, Q4, we will hit at least EUR5 million, EUR5.5 million in 2025.

Jinesh Gandhi: Got it. Got it. And secondly, you have -- on the margin side in the European businesses, we have done exceptionally good job to maintain margin. Can you talk about what areas have we focused on cost-cutting to maintain margins? Does it come at the expense of scaling up business when tide turns for the European operations? How do you think from that perspective?

Ander Alvarez: Okay. Yes, that is one of the key things that now we are trying to manage because the market is what it is, and it's difficult to get additional turnover, at least in the short term. So what we are now doing is we are trying to keep our costs as low as possible. We are stopping the factories and applying certain regulations and policies to stop the factories 1 day per week. These kind of things eliminating all the extra time eliminating all the contract workers, temporary workers, and trying to produce at minimum the cost level. This is something that we have done, and we have done successfully.

So we are -- we have been able to keep our margins -- okay. Of course, we will lose some margin because we cannot offset all the drop, this is not possible. But we only lost 1%, 2%, And this is what we are trying to do. Our companies, even in this situation, are generating cash. So we are a cash-generating unit even in this condition. So we are quite relaxed in that sense. So there is no panic, no fear at all. So the viability of the business is there. And we will, for sure, be stronger once this crisis is over, okay.

You know that in this situation, the weaker competitors will suffer. So there will be a consolidation. We are already perceiving certain difficulties in some of our competitors in the region. So we expect to be the -- one of the winners when we consolidate the business coming from those stressed companies.

So that's the situation. It's a sad situation. It's not the best of the scenarios, but this is something that we need to manage. We did it in the past, and we will do now in the -- currently.

Jinesh Gandhi: Got it, got it. And last question is on the India business. So you talked about having delay in some of the orders, which impacted growth. So can you elaborate on how big these orders were? How much is it delayed? By when do you expect commercialization of those orders? Any flavor on that will be very helpful.

Vikas Sinha: Delay in the India order book?

Ander Alvarez: Okay. Okay. Yes. In India, we -- let's say that we have this performance on sales that is approximately 2% growth only in this quarter. We were expecting the market to behave better than this. It's true. We saw that the, let's say, 4-wheeler market, had just a negative performance in this quarter in India. We think that this is mainly coming from the inventory issues and also certain, let's say, market perception that -- but we are optimistic for the future. We think this will be overcome, and we will see, again, 5% to 6% growth in the next quarter.

So I think the Indian market reduction will -- it's just a temporary issue. We don't see any risk there. So on top of that, we have been hit by the delay of the certain projects that we have, especially the export projects. And this is directly related to the status of the European automotive market, okay, with this slowdown and especially with the delay of all the electrification programs that the customers are postponing because of the situation that they are facing, okay.

So there is a general delay on all the electrification programs and we are just waiting for them. So we will probably see in India, the new programs that we got, especially in our Hosur plant. I mean, our brand new plant in Hosur. We, already see certain ramp-ups happening. And in the next quarters, we will see this growth and because these projects are ramping up, especially these are programs for Stellantis in Europe. Okay.

So yes, the delay in the programs, plus the weak market, gave us just a small growth in this quarter. But okay, we are quite sure that we will continue growing properly in the next quarter. So, we are still optimistic.

We were expecting more for this quarter. Unfortunately, the market did not perform, but I think the basics and the, let's say, the background of the Indian market I think is very, very positive. 2-wheeler is doing well. I think tractors and commercial vehicles are weak, and those should recover also in the future.

Moderator: The next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari: So one on India. I mean despite the investments that we've made over the last few years and that's being -- not being ramped up, our margins are -- I mean, very good. So this is -- I mean we have completely controlled our cost, and this is what we are seeing or this is despite waiting for ramp-up to come and maybe we should see something more?

Ander Alvarez: You're right. I mean we have controlled our costs perfectly in all this period. You know that we have been pushing a lot in efficiency and in the internal improvements. And these actions are paying results. So in that sense, we are quite satisfied. Our margins are just close to this 18% that we were looking for, and we are quite sure that we will get those figures.

And this -- if we had this additional growth that we were expecting, probably we would have improved our margins, too, okay. So yes, I think in India, we are doing well. The potential to improve even more. Of course, it will be supported by the growth of the -- of our turnover, and that's what we expect to do in the next quarters.

Pratik Kothari: Correct. And sir, this would be, I believe, a function of the productivity gains that we have been trying to implement and see for the longest of things?

Vikas Sinha: This improvement in India margins is due to productivity improvements that we have been doing for -- and these are the past projects and productivity improvement.

Ander Alvarez: Yes. That is true. But not only that, I mean, we have -- during this week, we have been working here with all the operational teams and we are -- we have identified several improvement plans in all the verticals, and we continue this path.

So we can expect even further improvements and, let's say, better performance in the next year, thanks to this action plan that we have already prepared. And of course, if these action plans are supported by higher sales, the situation will be much better.

So I would say that all the verticals are doing quite well in India. We have had better growth in aluminum. I mean aluminum is outperforming the rest of the businesses in terms of growth. Also, our composite business is growing well. Our gear business is also doing well. Then the businesses, depending more on commercial vehicles and tractors, has been suffering more like our castings or our forging divisions. But overall, you saw the results and the margins. We were able to keep this close to 18%, a little bit less than 18%. So that's the target that we have in the short term.

Pratik Kothari: Got it. And sir, one comment on exports from India. I mean we were at 12%, 13% of sales. Where are we? Any outlook? Any developments there?

Ander Alvarez: The exports in this quarter were reduced a little bit because of the market situation outside. I mean the demand has slowed down in Europe and US. So, the export will be around 10% because it's actually -- it's around 10% this quarter.

Yes, between 10% and 11%. That is the reality. And we are already working to increase this export rate. You know that as a global company, we have a policy to be local to local -- to supply our customers local to local. That was the CIE Global policy because we are present in all the automotive regions in the world.

So, avoiding transport costs, big inventories, geopolitical risks, foreign -- the exchange rate risk, that is the global strategy. But of course, in certain technologies where we are very competitive in India, we will take the advantage of exporting as much as we can.

So, this is also one of the areas that we need to improve. Compared to our competitors, we are below, mainly because of this CIE strategy as we are a global company. But we expect to continue growing in the near future. So at least this -- reaching the 15% of our export rate should be quite easy in the next years.

Pratik Kothari: Right. And sir, last question on Europe and then in EV market specifically. I mean the government there are trying to put this antidumping or trade barriers, etcetera, for the Chinese onslaught. But for us, as companies, I mean, do we go out and get these Chinese OEMs to be our customers? Because -- I mean if they still go through -- I mean the cars might be sold in Europe, but it wouldn't be through our customers. So how do we think about that?

Ander Alvarez: I think the Chinese carmakers, of course, they are producing in China and exporting to Europe are now thinking, because of this import duties, that they have been imposed, they are pushing or they are now preparing their production in Europe, okay. They want to localize their production of the cars in Europe. So they have already announced as BYD or, let's say, SAIC MG, that they are planning to produce cars in Europe.

And of course, we will try to be their suppliers. Once they are in Europe, they will need European suppliers. So, we will, for sure, try to work for them, Okay. This is one of the targets. We know that it will be not easy because of their current supply base and costs are different in China, but they will necessarily need to adapt to the cost system that are in Europe.

So, I'm sure that we will be able to work with them. Okay. We are working for almost all the carmakers in the world, and I can say that. So, we have a very, very, let's say, a huge panel of customers completely balanced. And, no one is more than 10% in our total turnover. So that's a good point that we have a diversified portfolio, and we want to continue like that. And if Chinese are coming to Europe, we will supply them happily from Europe.

Moderator: The next question is from the line of V. Rangan from an Analyst. Please go ahead.

Swapnil Soudagar: Moderator, I think we can't hear anything from...

Moderator: Sir, we can't hear you. We're taking the next question from the line of Bharat Sheth from Quest Investment.

Bharat Sheth: Sir, in initial -- your remark on the European market, you say that certain duty is related to levy on account of this emission norm. Sir if you can give a little more color and that -- because the impact will remain only up to this Q4, I mean, say, last quarter calendar year? Or next year, how do we see for the Europe markets? About Metalcastello, you have already given some color. So remaining part of the business, how do we see?

Ander Alvarez: Okay. What we were explaining is that in Europe in this Q3, we saw a drop of about 7% in the market. And what we can expect is that in the next quarters, this trend -- this level will continue, okay.

In this minus 7%, minus 10% those -- in that range, the market will remain in that situation. No one is expecting a revamp in the short term, okay, unless there is any, let's say, political action that we are not aware of, okay.

Regarding the -- because we are always talking about production, okay, production in Europe. Part of the sales in Europe are coming from the imports that the Chinese car makers are doing. Approximately 1 million Chinese cars are sold in Europe in this moment.

These cars are mainly electric vehicles where they can offer maybe cheap and very competitive cars that are, let's say, affecting to the electric cars produced in Europe because most of -- the price gap is important. They are getting this market share.

And in order to avoid this situation, the European Commission set up certain import duties to the Chinese electric cars, okay. Mainly there is a variation between -- they have a basic duty of 10%. And on top of that 10%, some of the carmakers has a duty of even 38 additional percent, okay. So we expect that this will slow down the import of the Chinese cars. We will see it because we don't have any data yet.

But what we see also, and what we think is that these import duties will encourage Chinese carmakers to implement and to launch factories in Europe -- to produce in Europe to avoid this import duty. So we will see certain changes in the market for sure due to this situation. That's our view.

And coming back to the Metalcastello evolution. Metalcastello is in a very, let's say, weak situation because we are now selling this in the range of EUR4 million to EUR4.5 million per month, mainly because of the drop in the export market to the U.S. and the off-highway market in the U.S. is very low and we expect this to recover in the second half of the next year. So during the next quarters, we will maintain the current situation.

Despite this drop, we have done our job in terms of cost reduction. So the profitability is nice is -- we maintain a nice EBITDA margin there, and we are generating cash. So let's say, that we are waiting for the market to revamp and we will be ready to catch up when this happens. So in this moment, the situation is that we are not nervous. The situation is full under control, and we will wait for the better moments to come.

Bharat Sheth: So this -- because of import duty on this Chinese manufacturer, so can we expect that from calendar -- in calendar '25 in Q1 or Q2, we see some kind of a positive trend in the Europe market?

Ander Alvarez: We think that in the electric vehicle market, we should see this improvement, yes. That's what we can expect. But okay, we -- this is something that we need to wait and see, but that is the expectation. And in fact, that is the reason of the duty imposed by the European Commission, okay.

So the explanation of this duty is because these low prices that Chinese cars are getting -- are offering in Europe is mainly because of the subsidies that they are receiving in China. So they are -- they wanted to offset and to have, let's say, the same level for all of us.

Bharat Sheth: Sir, here there are 2 questions, as you rightly said that, say, some Chinese car will start looking to manufacture in Europe. But with that duty also coming, so there will be an equal playing field for even European player. So first, we will see, I mean, improvement in the European car manufacturer or we'll see that Chinese will start procuring some component from the -- within Europe?

Ander Alvarez: I think with the Chinese carmakers producing in Europe, they will avoid these duties as they will produce in Europe. So that duty will not happen. And of course, producing in Europe, they will have higher costs, but -- and we also expect that they will source their components from European suppliers, and we expect to be there to source them, okay. That's the basic. So we think that we will have additional customers to work with.

Also the point is that from the technological point that Chinese electric vehicles are, let's say, now in the top of the technology, and they are getting, let's say, they are in a very good position from a technological point. So we will see how the European carmakers react and how this, let's say, commercial battle ends, okay.

But from our point of view, let's say, that we are customer-agnostic and technology-agnostic, so we would be happy to work with Chinese and even to continue working with our European customers, where we have excellent relationships.

And we are also supporting them in the electric vehicles as we have a lot of projects in the pipeline that are delayed with Volkswagen, with Ford, with Daimler. We are working with all of them with Stellantis, with Renault. So we are working with all of them. So we expect that if this growth of the electric vehicles happen, we will also get this business in CIE and in CIE India, too.

Bharat Sheth: And sir, is it also -- just to understand a little more on affecting their new development program also European car manufacturing?

Vikas Sinha: There's uncertainty around EVs affecting new model development in -- for European OEM manufacturers, new platforms. So, they are unable to decide what to develop.

Ander Alvarez: Okay. There is a big uncertainty there, yes. I didn't catch the question, sorry. No, the uncertainty is there. And certain carmakers, they are now pushing for the production of the internal combustion engines because the demand of the electric vehicles has gone down. So there is a change in their minds and the change in their policy.

In the short term, I'm not thinking in the long term, but in the short term, just to adapt to the market requirements. That is happening for sure. We are, for example, seeing that diesel cars are growing. We are producing certain components for diesel and suddenly, they are going up, mainly because of the, let's say, short term demand that is more inclined to go to diesel and gasoline rather than the electric. But in the midterm, we see that the electrification will win, okay. That is -- it seems that it's a very clear picture.

And we were checking the IHS forecast for 2030 when 6 months ago, they were saying that 60% of the cars will be pure electric in 2030. That is in 5 to 6 years' time. Now they say that the -- in 2030, only 50% of the cars will be pure electric.

And all the interactions that we have with our customers and they have their own, let's say, studies and forecast. And most of them, they are showing that they expect the electric vehicles to be between 30% to 40% in that period. So there is a big uncertainty there.

I mean depending on the policies from the European Commission, it can be 50%, it can be 30%. I mean depending on the policy, it will change. But what we see now for sure is that there is a slowdown because of the, let's say, the users, they don't rely 100% on the electric vehicle because the infrastructure is not still there. And there are certain reasons that are the transients and all these kinds of things that are not fully solved yet.

Vikas Sinha: Yes, Bharat bhai, is that okay. Or do you want more explanation?

Moderator: The participant line got disconnected. The next question is from the line of Nemish Shah from Emkay Investment Managers Limited.

Nemish Shah: Sir, I had a few questions on our India business. Sir, you mentioned that the delay in ramp-up of certain export projects. So are these orders for global customers? Or are these orders for domestic customers for their exports? If you can just give some clarity on that.

Ander Alvarez: No. They are for global customers. They are from global customers, like Stellantis. And these are the -- our main customers to -- for these programs of exports.

Nemish Shah: Got it. And so in the India business, our medium to long-term aspiration has been to grow 400 to 500 bps faster than the blended average industry growth. So do you feel -- so is it linked to these projects, which are getting delayed? Or there is something else as well that -- so we need to add some more customers or gain some more market share for that growth to pick up?

Ander Alvarez: No, you're right. I mean we take this target to grow this 5% above the market. Unfortunately, we didn't get these figures, mainly because of the delay on these programs. I mean that is -- that has been a reality. But in the future, we will continue pursuing for that.

And we are -- our order book that we follow every month is also in a very healthy situation. So we are getting new businesses. So we expect to this -- once these programs start ramping up, and the new products that we are getting are ramping up, we will -- we hope that we will be able to match this target, yes.

Moderator: The next question is from the line of Shivam, an Individual Investor.

Shivam: Sir, as you said, that the European pressure will be till next half of the next financial year. So will there be pressure on the revenues still there?

Vikas Sinha: Shivam, can you repeat it? Are you asking whether there will be revenue pressure in Europe for us in the next calendar year? Is that the question?

Shivam: Yes, yes, yes.

Vikas Sinha: Yes. The answer is, yes. As pointed out, in Europe, we expect the off-road highway market to start coming back from Q2 or Q3 of next year. And as far as the light vehicle market is concerned, Ander has explained that for the next few quarters, we do expect it to remain declining on a year-on-year basis for the next few quarters, largely because of the uncertainty around the various factors that Ander explained, the emission tax, the uncertainty around the EV market, etcetera.

So that -- so for the next few quarters, till this thing clears out a little bit more, even the light vehicle market will remain depressed. And we expect it to -- like in this quarter, the European light vehicle market degrew by 7%. So in that kind of range is what we expect for the next few quarters.

Shivam: So, you're planning for a negative next year on a consolidated basis?

Vikas Sinha: Let's not talk about our revenues, we are talking about the market in Europe.

Shivam: And now my follow-up is about your revenue. Like – next calendar year you're giving?

Vikas Sinha: Let's not talk about some forward-looking statements here. But as far as we do expect the Indian market to recover. As we pointed out, we expect the light vehicle market was negative this quarter. It will not remain negative. I think the tractor markets are picking up. The 2-wheeler market remains quite good, close to 8% to 10% growth, definitely.

So to that extent, the Indian market will recover and the European market will be negative as well, at least from -- for the next 2 quarters, 2 or 3 quarters. So that's it. As far as what happens to our consolidated revenue, we'll come to it.

As we said, it is not only about the markets, it's also about some of our order book coming back like being ramped up, which have been delayed, especially the Stellantis order in India, which is a very large order that we are talking about. So what happens to our consolidated revenue? We'll see. Let's -- we'll perhaps see the trends in the first 2 quarters next year, and then we can take a call on that. But what we are talking about is the market situation in India and Europe.

Shivam: So you're saying that the Indian business will compensate for the growth that will lag in the European business. That's what...

Vikas Sinha: As I said, let us not talk -- go there in terms of what happens to -- we are not forecasting our revenue here. And as I said, let's look at what happens in Q4, Q1, and then we can make some estimates.

Shivam: Is there any plan like internal plan to get some growth out of Europe in this weak market? Or there won't be any growth that you would be expecting?

Vikas Sinha: Next 2, 3 quarters, definitely not. We are looking at a negative market situation. As I said, once it stabilizes -- let's go back to what is happening in the European light vehicle market. There are 2 factors. The EV demand is not ramping up as fast as what people thought it would be under explained how IHS has reduced forecast all OEMs are reducing forecasts. Over and above that, there is the cost of this emission penalty, which will be levied if you do not produce enough EVs.

So because of these two contradictory factors, there is a lot of uncertainty in the light vehicle market in Europe. Once that uncertainty clears off, then, of course, the production trends would be clearer. Over and above that, there is also the third factor that Ander talked about is the imports from China, which is almost amounting to 1 million this year. Normally, European sales and production are fairly equal to each other. This year, there has been some difference. On a YTD basis, almost 1 million difference is there.

So this is the third factor. So once all of these three factors clear off to an extent, then we will know what the real production trends of the European market is. Till then there is uncertainty. In that uncertainty, we do think that the drop in market that we see in this quarter, a similar kind of trend will go on for at least 2 or 3 quarters. Once it clears off, things will become clearer. We don't know what would be the -- will it start growing back again? Perhaps, but we don't know for sure at this point of time. So right now, we are focused on this market environment and working within this market environment.

Shivam: And any feedback that you're getting from your customers? Like are they stopping orders? Or they are building up inventory? Or they are not giving the fresh orders? Like any feedback like outlook from when you are getting?

Vikas Sinha: Our European OEMs you're talking about?

Shivam: Yes, your European customers.

Vikas Sinha: So, whatever we talked about is based on the feedback from them only.

Moderator: The next question is from the line of Nitish from ChrysCapital. Please go ahead.

Nitish: Just one question. How has the growth been for us from our non-anchor accounts, Toyota, Hyundai, Kia, Royal Enfield? Could you spell that out, please?

Vikas Sinha: So, growth outside M&M, Maruti and Bajaj, how is it?

Nitish: Outside our anchor accounts over the last 1 to 2 years?

Ander Alvarez: The customers are behaving according to the market. I mean this is the evolution. We are now trying to grow with Hyundai. You know that in the last quarters, the evolution was not as good as expected, but the trend and the expectations are positive.

We are developing our, let's say, customer pie, and we are trying to grow with them, and we have several projects with them in the negotiations and in the pipeline. So my view of this is that we are trying to, let's say, open our customer portfolio and to grow, especially with Toyota, with Hyundai, with, let's say, even Volkswagen. We are growing with all of them.

With Tata, we have several projects also in the pipeline. So I think we are -- as I said, we started -- our main customer was Mahindra -- Mahindra and Bajaj are the 2 main pillars from our customer pie. But in the future, we want to open this pie and get this redistributed share or distributed weight of all the carmakers in India. So we are working with all of them, and the expectations are positive with all of them.

Vikas Sinha: So if you look at the growth number, which is 2% for us, M&M Auto is obviously much higher than that. M&M tractors around about at that figure, so is Maruti. And Bajaj is also much higher. So between M&M and Bajaj -- M&M Auto and Bajaj, we have done well. Maruti and Mahindra Tractors are okay, okay.

And exports have not done as well. As Ander pointed out, frankly, exports YTD this year has been lower than last year, and therefore, the proportion has come down, as Ander has pointed out. So that is where we are -- but for the other non-anchor customers, they have done reasonably well.

So if you look at it in this fashion, then you can -- it is the export part of the business that has not done as well. But the other non-anchor customers in India are doing reasonably well.

Nitish: And how large of our revenue mix would be our non-anchor customers?

Vikas Sinha: Our anchor customers, if you look at M&M, Maruti and Bajaj, is roughly around 55% of our business in India. Exports currently are roughly about -- or last year, if you like, those are the numbers that we have put out in the public domain, was roughly about 14% last year. So the others were the domestic non-anchor customers.

Nitish: Okay. So the domestic non-anchor customers have seen a good growth on a small base?

Vikas Sinha: They are reasonable. They are reasonable. Where this year we have not done well is on the export side, especially because some of our orders, and Ander has specifically pointed out about

Stellantis, which is a global order that we had, has not done -- it will do well. I think Stellantis is making a comeback. And once it ramps up, it will be a good addition to our top line.

Moderator: The next question is from the line of Siddhant from Goodwill.

Siddhant: Yes. Just -- and the Chinese OEMs may set up manufacturing in Europe. Has Chinese auto ancillaries also started acquiring European assets or setting up manufacturing there, especially in the states that we are catering to?

Vikas Sinha: Chinese component companies entering Europe and setting up plants in Europe?

Ander Alvarez: Not yet. We have seen couple of examples of Chinese component makers entering Europe, but not -- I can tell you that until now there is no -- not relevant move, just -- a small company, so a small amount of companies that are entering Europe. I would say that this move has not happened yet.

Siddhant: Okay. And there are -- like you said, there's some antidumping duties and anti-subsidy duties that have been put on cars. Are these duties also applicable on components of cars?

Ander Alvarez: No, no. This isn't -- it's only applicable to the cars or vehicles.

Moderator: The next question is from the line of Bharat Sheth from Quest Investment.

Bharat Sheth: Sorry, I -- my line was disconnected and I was dropped out. Just one -- remaining question and answer, I already got it and wish you, all, I mean, the festive season greetings.

Ander Alvarez: Thank you very much. Wish you same for you.

Vikas Sinha: Thank you, Bharat bhai.

Moderator: As there are no further questions, I would now like to hand the conference over to management for closing comments.

Ander Alvarez: So thank you very much to all the participants for your questions and for your interest in our company. We hope that we answered the questions properly, and you have now better understanding of where we are as a company.

We thank you for your trust on us, and we expect to continue growing and doing a good job. And as always, I will say thank you to all the team that is working in CIE India that is doing a fantastic job, and my -- let's say, my recognition to all of them. And finally, I wish you a very happy festive season and a very Happy Diwali. Goodbye.

Vikas Sinha: Thanks. Happy Diwali to all.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: This statement has been edited to ensure quality