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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, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. NSE Scrip Code: CIEINDIA
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Dear Sir / Madam,

Sub: Transcript of CIE Automotive India Limited Q2 & H1CY24 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 10th July, 2024 respect of advance intimation in relation to Q2 & H1CY24 Results Conference Call, please find enclosed herewith transcripts of the said call held on 19th July, 2024.

The same is being uploaded on the website of the Company i.e. www.cie-india.com.

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

Thanking you

Yours faithfully,

For CIE Automotive India Limited

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

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“CIE Automotive India Limited Q2 & H1CY24 Results Conference Call”

July 19, 2024



MANAGEMENT: **MR. ANDER ALVAREZ – CHIEF EXECUTIVE OFFICER,
CIE AUTOMOTIVE INDIA LIMITED**
**MR. K. JAYAPRAKASH - CFO, CIE AUTOMOTIVE
INDIA LIMITED**
**MR. VIKAS SINHA – SENIOR VP, STRATEGY, CIE
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**MR. OROITZ LAFUENTE – BUSINESS CONTROLLER,
CIE AUTOMOTIVE INDIA LIMITED**
**MR. SWAPNIL SOUDAGAR – DGM, STRATEGY, CIE
AUTOMOTIVE INDIA LIMITED**

MODERATOR: **MR. BASUDEB BANERJEE – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to CIE Automotive India Limited Q2 and H1 CY24 Results Conference Call hosted by ICICI Securities.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference over to Mr. Basudeb Banerjee. Thank you and over to you, sir.

Basudeb Banerjee: Thank you. Good evening, good afternoon, ladies and gentlemen as per your location. Thanks to CIE Auto India management for giving us the opportunity to host the post Q2 CY24 Result Call.

We have with us the management represented by Mr. Ander Alvarez – CEO; Mr. K. Jayaprakash – CFO; Mr. Vikas Sinha - Senior VP Strategy; Mr. Oroitz Lafuente - Business Controller and Mr. Swapnil Soudagar - DGM Strategy. So, over to you, Vikas.

Vikas Sinha: Thanks, Basudeb. I welcome all of you on this call as also Ander and Oroitz, both of them have just experienced the effect of the global IT outage. Their connecting flight was delayed and they barely made it on time. So, we sincerely thank them for making this special effort to be on the call. I will present CIE India Results for Q2 CY24 and also for H1 CY24.

Let us start with Q2 CY24 results for the India operations on page 7. Sales in the India business were Rs. 14,463 million which has grown 8% year-on-year versus Q2 CY23 and is also marginally higher on a sequential basis. This growth is also slightly higher than the weighted average market growth. If you recall, we had said that our growth in the past quarters have been hampered by slow ramp up of certain orders. These orders have started ramping back as seen in the improving growth figures over the last few quarters in the India business.

So, if you look at the quarterly year-on-year growth in our India business, it was 1% in Q3 CY23, 4% in Q4 CY23, 6% in Q1 CY24 and 8% in Q2 CY24. While sales in India grew by 8%, EBITDA grew by 16%, EBIT by 21% and EBT by 20%. EBITDA margin in India without any onetime impact has crossed 18% for the first time and it was 18.1% in Q2 CY24. While we had reported an EBITDA margin of 18.7% in India and Q1 CY24 that included a onetime government grant at our aluminum business without which the EBITDA margin was approximately 17.2%. So, even on a sequential basis, there is significant improvement in EBITDA margin. EBIT margin in Q2 CY24 for the India business was 14.4% versus 12.8% in Q2 CY23 and EBT margin was 13.8% versus 12.3% in the same quarter last year. The margins are thus a result of improved profitability of the Indian operations. Overall, Indian operations continue their journey to match the global standards of the CIE Group.

On page 8, we have the results for the European operations of CIE India for the quarter, Q2 CY24. The slowdown in the European light vehicles market as well as the slowdown at Metalcastello, something that we have spoken about in the past calls has significantly impacted the results. Sales were at INR 7,604 million, which are down year-on-year by 11% and if you compare with the light vehicles market data, which is ex of Russia, if you look at what is happening in Europe without taking consideration of Russia, it is down by 7%, the market. Just a note here, from now on, we will present the European market data without Russia, because as we know, the commercial contract between Europe and Russia is not there and is not expected to be there for the next many quarters. EBITDA margin for the European operations in Q2 CY24 was 17% versus 19.2% in Q2 CY23 and 16% in Q1 CY24. EBIT in Q1 CY24 was 13.1% versus 12.6% in Q1 CY24 and EBT 11.4% versus 11%. We have taken note of the sales drop in the European operations and corrective actions have already started to adjust the operations to the lower sales volume.

On page 9, we see the consolidated CIE India Q2 CY24 results, consolidated sales for INR 22 billion similar to Q2 CY23, EBITDA INR 3.9 billion at a margin of 17.7%. EBIT INR 3.1 billion at a margin of 13.9% and EBT INR 2.8 billion at a margin of 13%. The first half H1 CY24 results for our Indian operations are on page 11. Sales increased by 7% versus H1 CY23 to INR 27 billion. All segments showed growth except tractors, which is down 7% year-on-year. The EBITDA margin was 18.4%, EBIT 14.6%, EBT margin 14% and PAT margin 10.4% all of which are much higher than H1 CY23. In fact, this is the first half year when India PAT margin has gone beyond the 10% mark. It must be mentioned that the EBITDA includes 0.7% of onetime extra subsidy on our aluminum business.

The market in India is largely positive going forward. Light vehicles have grown in single digits, albeit from a high base. Two-wheeler demand seems to have recovered in the last couple of quarters and the half yearly growth is 20% plus. Tractors are also showing signs of recovery. We expect H2 to be better than H1 in India.

On page 12, we have the H1 CY24 results for our European operations. The impact of slowing light vehicle sales and slowdown in Metalcastello's customer segment has contributed to 9% drop in sales. The EV orders that we were executing have also seen some slowdown from the customer side. The H1 CY24 sales are INR 16.5 billion. EBITDA margin was 16.5% in H1 CY24, EBIT margin 12.8, EBT margin 11.2% and PAT margin 9.9%. While making year-on-year comparisons, please note that H1 CY23 PAT included profit from discontinued operations of CFG.

On page 13, we have the H1 CY24 consolidated results of CIE India, sales were INR 45.4 billion, which is a nominal growth over H1 CY23. The EBITDA margin was 17.7% versus 17.4% in H1 CY23, EBIT 13.9% versus 13.7%, EBT 13% versus 12.7% and PAT 9.9% versus 12.8% and this drop in PAT margin was because of the onetime profit from discontinued operations last year. Overall, the good performance in India has been offset by the declining market in Europe.

On page 15, you will see our abridged consolidated balance sheet which shows the healthy state of CIE India. Return ratios have continued to be healthy. Return on net assets has been maintained about 20% and return on equity is at 14.4% and almost reaching the 15% mark. The cash flows are shown on page 16. The company generated operating cash flows to the extent of 76% of consolidated EBITDA. Growth CAPEX for the first half of the year was INR 1.05 billion, largely focused on projects in India. Cash outflow due to dividends was INR 1,897 million due to the doubling of dividend to Rs. 5 per share.

If you move to page 18 where we have shown other details, there the other operating revenue in the India operations in Q2 CY24 is significantly lower than Q2 CY23. And this is because we have started to reuse a large chunk of scrap that is generated and we are using it in-house. So, the other operating income for India in Q2 CY24 is significantly lower than in Q2 CY23 because we are reusing the scrap in-house. We are confident that we can utilize opportunities that arise and face challenges that we confront. All of this we will do with agility and with that we proceed to Q&A. Thank you.

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

Siddhant Dand: My first question was regarding our working capital cycle and cash flow from operations that seems to have gone down and our receivables seems to have shot up, so what really happened there in H1?

K Jayaprakash: Sorry, I didn't get the name, but the working capital especially on the receivables is because we did factoring and built and discounting on 31st December 23, which we have stopped doing on 30th June, therefore the number has gone up.

Siddhant Dand: So, our factoring and discounting has stopped, any particular reason for that?

K Jayaprakash: No, right now we are having enough cash. So, right now we are not doing it.

Siddhant Dand: And what kind of margin benefit do you think we can get from this?

K Jayaprakash: No, this was finance cost, so not so much.

Siddhant Dand: Finance cost benefit that we can get from this?

K Jayaprakash: So, that was only done in December, so that was about 20 million, if I am not wrong, INR.

Siddhant Dand: So, now this would be, H1 would be a good working cycle guidance that will be similar to this and going forward?

K Jayaprakash: Yes.

Siddhant Dand: My second question was, H2 was supposed to be when we will get the growth in this year. So, are we on path for that?

Vikas Sinha: Yes, we are on track. That is why I did talk about the improvement in growth trajectory from the last few quarters. So, if you look at the last three quarters at 4% growth in India, 6% growth in India and 8% growth in India. So, in India, very clearly you see that. Now coming back to Europe, of course, in Europe, H2 is traditionally weaker than H1. That is the seasonality effect, you have August holidays of three weeks and you will also have one week holiday in December. So, sequentially H2 is always weaker than H1, but we do see weakness in Europe. Very clearly the markets are down both for the off-road market as well as the light vehicles market. The off-road market is down by much larger numbers, but even the light vehicle market is down and you can see that in our presentation. So, in India, definitely what we have said H2 greater than H1, we still think that is going to happen. In Europe, H2 traditionally is worse off than H1.

Siddhant Dand: So, year-on-year, H2 is not looking good because of the weakness, is that correct?

Vikas Sinha: At this stage, I don't want to make any definitive, like the forecast keep changing in Europe, but yes, the markets in Europe are weak at this point of time.

Siddhant Dand: And anything on getting some of our European customers like the Volkswagen Group and others into our foray in India or is it just too small or something?

Vikas Sinha: Volkswagen is small in India. We have a very large customer base in India including European OEMs in India. So, it is not that we don't have, but European OEMs in India are smaller. Our biggest customers are of course Mahindra in India, Bajaj, Maruti, these are the three biggest customers, Tata Motors, the four-wheeler customers, you have Hyundai, Kia, John Deere. So, we have many customers in India as if you go back to our annual report or the investor presentation that we made at the end of the year of CY23, you will see that there are at least 20 customers in India with very significant revenue base. So, we are a very well diversified company when it comes to customer base in India.

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

Jinesh Gandhi: Given that we were also preparing for electrification in Europe and now we are seeing EVs being seen slower adoption, do we need to make any changes in our business now or remain status quo for us?

Vikas Sinha: No, of course Ander will answer more, but yes, because of this whole slowdown on the EV penetration side there is lot of uncertainty in the minds of the European customer also. So, you are clearly seeing the effect on the entire market. So, it is not just the EV orders that are delayed

because of the EV orders are delayed because the customers are also a bit in wait and watch mode, but I will request Ander to elaborate more on that.

Ander Alvarez:

Yes, Vikas you are right, the reality in the European market is that now all this electrification process has been a slowdown mainly because of the elimination of the certain subsidies that certain countries were giving to the electric vehicles. And this is generating certain uncertainty and volatility in the market, so what we think is that all this electrification process will continue. The growth will continue in the future, but at a slower pace. So, we see a delay in this process and we can expect 2-3 years, just cross figures because nobody knows what will happen, but we expect 2-3 years of delay in all this electrification process. So, in the meanwhile, we continue working as usual, so the internal combustion engine components will continue being supplied to the market so that is a good thing for us and we continue working and let us say we are getting new orders from the customers in the electrification side. So, the reality is that all this delay will give us the time, the enough time to prepare ourselves in this transition, so the transition will be softer than expected and I think that is positive for the European companies.

Jinesh Gandhi:

And the second question pertains to the M&A part of it. So, one is obviously in India we have been looking for acquisitions to strengthen our presence in plastics and maybe with some other customers as well, but in Europe, do we also now look at acquisitions given that some of our competitors would be seeing some stress because of higher interest rates and leverage on balance sheet, are we open to acquisitions in Europe as well?

Ander Alvarez:

Not really. Let us say that it is not our preferred route right now to invest in Europe in different countries, let us say, stressed assets is not the strategy. We prefer to focus our resource on the Indian market where we think there will be development in the future. Perhaps, we can find any company that can be consolidated with our capacities and could make sense, but in this moment, let us say that the focus continues to be in India.

Jinesh Gandhi:

And lastly, in terms of CAPEX, our guidance would remain same 5%-6% of revenues or we are increasing any of these investments in India?

Ander Alvarez:

Let us say that the average in the first half has been about 4% of our total turnover, so slightly less than the 5% that we have as a standard. But we think that in the second-half of the year, we will recuperate because there are a lot of programs and investments ongoing and by the end of the year, we will be around 5.5% of the total turnover. And mainly main amount of this CAPEX will be focused on India of course.

Moderator:

Thank you, sir. The next question is from the line of Nitish from ChrysCapital. Please go ahead.

Nitish:

My question is for Ander. So, I just wanted to ask what is the plan on the Roof Systems? Why has it been kept outside CIE India? We have heard like 3 reasons in the last three years. In 2022 it used to be, due to the Mahindra name, in 23 it was because of Chinese ownership, in 24 it was

Tier-2 versus Tier-1, these kind of change in reasons somewhat I am not able to follow and frankly not expected from a group like CIE. It seems the parent is trying to keep the Roof Systems business out of the listed CIE entity, CIE India. So, going forward, will the parent also enter plastics, castings, forgings on its own in India?

Vikas Sinha:

You talked about different reasons. They are not different reasons. If you allow me, of course, number one, we have to say that this business is CIE Spain's business, not our business. So, it is not our decision, it is their decision. But I will explain the rationale, what this business is about and what the thinking process is. Of course, people will have different views, but first let me say that they are not different reasons. Roof Systems business is a Tier-1 business. Now what is a Tier-1 as you would be aware, the component industry has two kinds of companies largely, you have Tier-1 companies, you have Tier-2 companies. Tier-2 companies largely of our kind, we supply parts, maybe complex parts, subsystems, but mostly this is based on the drawings provided to us, either by the OEM or Tier-1 company. So, for example, crankshaft, crankshaft goes into an engine, the engine supplier or the OEM will give me the drawing of the crankshaft and I make it. So, I compete on operational excellence as I keep saying investment, discipline, and diversification. And then you have a set of companies like Tier-1, like engine manufacturers, driveline manufacturers, steering system manufacturers, seating system manufacturers, they compete on customized R&D. And they work with a fewer set of customers, but their basic competitive driver is R&D and it is they generate the drawing and then either they make it in-house or they can take the help of Tier-2 suppliers to make it. Roof Systems is a Tier-1 business. All the other businesses are Tier-2 businesses. And therefore when you say will CIE also look at plastics or forgings or this separately, the answer is no, because CIE India since the last 10 years has focused on Tier-2 business. Tier-1 business would require a lot of investment in R&D. Right now, for the Roof System business, the R&D is centralized. In fact, this is a fairly large business within CIE and India is an extremely minuscule part of that business. In fact, wherever these businesses operate in CIE worldwide, in any other geography, they operate independently. So, for example, even if in any country there is forging or aluminium of CIE or machining of CIE and Roof Systems, they are managed separately. So, it is an independent business managed separately within CIE itself, and the main reason is Tier-1 R&D. Now coming back to your question that in 2021, we talked about Mahindra and there in Tier-1 businesses there is greater sensitivity because there is R&D sharing between OEM and the Tier-1 supplier. That is why any such name, any association with anyone particular OEM creates anxiety with other OEMs, which is much lesser in the case of Tier-2 or non-existent in the case of Tier-2 companies. So, if you see whatever reason we are talking about, all of them pertain to this particular difference. So, to answer your question, will something else also not happen? Roof Systems is the only Tier-1 business within CIE. Everything else is Tier-2 and that is the reason why we have always maintained that the one difference in portfolio between CIE Global and CIE India is plastics. So, they do plastics, we don't do plastics in India, we do composites in India, but not plastics. So, that is the reason why this distinction was there and the reasons are fairly consistent. I hope I have answered your question.

Nitish: Where I was coming from is CIE Spain, both the Tier-1 and Tier-2 are in the same entity right now and CIE India has always been a flagship entity. So, what kind of message does it send that just the Roof Systems is outside of your flagship entity in India because effectively it is the same 15-20 customers, which we will be sharing with the Roof Systems also with CIE India has and now that there is no Mahindra name, it is more of a reason to integrate both the companies?

Vikas Sinha: Again, this decision is not in our purview. But again, let me attempt the reasoning behind it. No, it is true that customers are similar, but it won't be, the number of customers at Tier-1 company services will be much lesser, like for example, we proudly tell you that I just told the other questioner that we have 20 customers in India with substantial revenue base. A Tier-1 company will probably not have that because they have customized R&D and they can deal with very few OEM's, therefore the OEM sensitivity that we are talking about. But coming back to your question even within CIE, that is what I was trying to explain, they are handled independently of the Tier-2 business and it is centralized R&D. Yes, India is, they have business in India, but it is a very small part of the global business and two, let me also suggest this that let me also say this that this was a business that has come to CIE via acquisitions made in 2009 and 2018 or 19, exact date, I will have to check and they have been doing business in India predating CIE India. CIE India was found in the year 2013 and they have been predating that, they have been doing that business separately, maybe out of China or whatever though, therefore China was also mentioned in answer to your question, but it is largely a global business run out of like the centralized R&Ds in Europe. So, China is just one geography that is serviced by CIE Golde as this business is called, so that is why this decision has been taken. As I said, people can have different opinions. I am just trying to give you the business logic that has been used by the CIE Group. Again, let me reiterate, it is not my business logic. It is frankly the decision is not in the perimeter of CIE India. It is the decision which has been taken by CIE Spain, because it is a business owned by CIE Spain.

Moderator: Thank you. The next question is from the line of Jyoti Singh from Arihant Capital Market Limited. Please go ahead.

Jyoti Singh: Just my question is on the order book side, if you can give us some visibility like earlier the new order book consist 40% of EV, so now things is not pretty that good as earlier. So, just wanted the visibility on the order book side and EV versus the ICE?

Ander Alvarez: In India, we have had in the first half of the year, a total new order book of about Rs. 5 billion per year of, let us say, new projects. Out of them 30% approximately are for electric vehicles, so that means that in the near future our share of electric vehicles components will continue growing. So, this is 30% in India and in Europe where we have a slightly lower amount of new businesses or new orders nominations, we had about Rs. 2.2 billion of new orders, and we have 55% of them are pure electric vehicles. That means that the electrification pace, speed of the electrification in Europe as we all know is much faster than in India. So, the trend is consistent with our strategy where we will be slowly changing and making the transition from internal

combustion to electrification. So, we can say that this 55% of electric vehicles new orders in Europe and 30% of electric vehicles new orders in India are in line or aligned with our strategy for the electrification in the future.

Moderator: Thank you. The next question is from the line of Nemish Shah from Emkay Investment Managers Limited. Please go ahead.

Nemish Shah: So, I had a few questions on our Europe business, also if you could just highlight on the passenger vehicle segment of the European business or what would have been the decline there or would that be in line with the market decline, or will it be lower, higher some sense on that?

Vikas Sinha: Nemish, you are saying our PV segment revenues, are they in line with the market drop?

Nemish Shah: Yes, for the Europe business?

Vikas Sinha: So, if you look at, we have said the European market has dropped by about 7% and there is of course a larger Metalcastello drop. So, if you put those together, you will be able to explain the revenue drop in Europe.

Ander Alvarez: Yes, Vikas, just to clarify our passenger forging business in the Q2 dropped 6% compared to the 7% of the drop of the market, but due to the end customer demand in Metalcastello, 30% drop approximately gives us this -11% that we drop in the Q2 in Europe. That is the explanation, 6% in passenger cars, 30% in Metalcastello average. The mean of these two figures is -11%.

Nemish Shah: And what would be the monthly run rate for us in Metalcastello now, I believe last quarter it was around Rs. 5 billion or some?

Ander Alvarez: Yes, I can tell you in Europe, we are now monthly selling about €4.5 million that is, yes, about Rs. 5 million, yes.

Nemish Shah: So, now do you expect this to stabilize, or do you see some more pain for Metalcastello and probably stabilize by the year end, some sense on Metalcastello?

Ander Alvarez: We can say that Metalcastello evolution will be similar in the next quarters. That is what we see in the forecast for our customers. So, we see this is a stable turnover level till the end of the year more or less. There is no further drop, but that is also the positive news to say that we are already in the bottom of the cycle. Now, we think that we need to wait until the US elections and after that probably in Q1 CY25 we will see the revamp of the market again, okay that is our expectation.

Nemish Shah: And just one last question, sir you mentioned in your opening remarks that you are now taking some corrective actions for the European operations based on the revised demand outlook. So,

if you could just give some more color on that, do we anticipate on margins to inch back to those long-term averages, just some color on that?

Ander Alvarez: No, the actions are mainly cost cutting actions, in order to align the general cost of the factory of the companies to the reality of our turnover. You can imagine we are eliminating all the temporary workers. We are eliminating all the extra hours that we sometimes have in our factories, let us say, extra seats and all these kind of things have been fully eliminated. Also, we are also reviewing our general structure cost in order to keep them at the minimum level and then we are also, let us say, advancing certain holidays. So, we can balance our order book with the demand and the availability of the people. So, the idea is to try to minimize our cost level and wait until the market comes back again. So, there is not any special other action.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment. Please go ahead.

Bharat Sheth: My question is for Metalcastello, we have seen several years, flip-flops kind of a thing that once the customer comes and order book grows and they start picking up, so it throws a good amount of money for us, what are our strategy going forward to derisking the other relying on one customer largely?

Ander Alvarez: You are right. We have had high dependence on one of customers, one American customer in Metalcastello. It is also true that this market where Metalcastello is now involved, it is a cyclical market, so we have good times and bad times depending on the cycle of this kind of off-road vehicles, but as you suggested, we are already working on the diversification, we have included a new customer and also we explained in the last calls that we got in big business from new American transmission manufacturer for the electric vehicles, especially for the electric commercial vehicles and light commercial vehicles. Those programs, unfortunately because of the situation of the electrification are delayed, so that is why on one hand, we have the Caterpillar business in the bottom side of the cycle and the new progress that you have been offset this drop are delayed. So, let us say that we are now in the middle of this bad situation, but for the future, we will see that the diversification coming with more customers and on top of that with certain electrified components that will balance our portfolio much better for the future. So, even though we are in a, let us say, weak situation from the turnover point of view in Metalcastello, the margins are positive and we are still in a positive situation. We are not making any negative margins in Metalcastello, thanks to all the actions that we have taken and the good management that we have had in the last years.

Bharat Sheth: And we had undertaken certain lightweighting because of say aluminium forging in Europe, so any color on that, what stage that business is?

Ander Alvarez: This aluminum forging activity that we are pursuing continuously from our factories in Europe, let us say, is performing. We have got some businesses, but as I said unfortunately let us say all

the programs have been delayed and the volumes are very low in this moment. So, there is no special activity. So, let us say that we will need at least couple of years, 2-3 years in order to see this business giving us relevant chunk of business in our companies. So, till now there is no news to say, let us say that the market is quite depressed in the electrification and also in the internal combustion engine also. So, let us say it is a weak period in Europe for the automotive industry.

Bharat Sheth: Any export opportunity because currently I understand you are at 10% and you wanted to make it 15%?

Vikas Sinha: No, last year, we were higher than 10% from India. From India, we were closer to, I think 13%. So, export opportunities in India are there. As I said the biggest opportunities are there in castings, iron castings. They are also there in gears and aluminum castings. So, yes, we do think exports will keep on increasing, but the point to be noted is that export businesses have a longer lead time before they fructify. That is the only difference from domestic orders.

Moderator: Thank you. The next question is from the line of Aniket Mhatre. Please go ahead.

Aniket Mhatre: One quick question on Metalcastello or clarification sir, just slowdown that you are seeing in Metalcastello or should we look at this as a near term slowdown related to upcoming elections and it should recover in CY25, asking this question because we are hearing slowly, even US is sort of entering into us as sort of a slowdown. So, how should we look at Metalcastello growth for the next year fiscal year 25?

Ander Alvarez: What we have done in the last year, we have analyzed the evolution of the orders in Metalcastello in the off-road, let us say this is big machinery for especially big works, civil works in the US, and what we consistently see that is every 4 years before the elections, then there is a slowdown of all the investment activity because everybody is waiting for the new government let us say to launch the new strategies for investments and depending on the winner of the elections, the result is different. So, we are now exactly in that moment where everybody is waiting for the elections and what we all expect is that after the elections, there will be a revamp, depending who wins the election and depending also the strategy that this new President sets in the country, we will see bigger or lower growth, but what we expect is that for sure we will see a certain recovery and we will see better 2025 than this 2024. That is let us say we are in the bottom of the cycle. That is what I can tell you about that. We are all willing that next year will be a good year, but we need to wait until the elections and also to see the strategies of the elected new President.

Aniket Mhatre: And on Europe specifically, any outlook you can share for CY25 again, since we are already in seven months of this year, how do you look at Europe for next year or should we expect any growth or it will remain flat as you have guided last quarter?

Ander Alvarez: What we were expecting for Europe this year was a drop of about 2%-3%. That was what IHS was saying and for next year more or less the expectation was the same, so let us say we were

expecting the flat market. The reality is that at least after the second quarter, third quarter, what we see is that the drop is a little bit bigger than what the IHS forecasted, so we can expect that this flat or slightly better market in 2025. It is very difficult to make predictions in Europe now because of all the things that are happening with the electrifications, with the economy, with let us say all kind of elections we have had and the political uncertainty in Europe plus the introduction of the Chinese cars that are entering into our market. So, there are a lot of distortion factors that makes everything difficult to predict, but overall, we can say that there is an uncertainty we expect that the market will be flat or slightly better and that is my view and it is aligned with the IHS forecast.

Vikas Sinha: Aniket, just to add to what Ander is saying, if you go to page 23 of the presentation that we have put out, you will get some details on the market, what is the expect forecasted growth in this year is about -5.8%. As Ander was pointing out, this was lower roughly in the range of -2 or 3 and the growth for next few years, next year is between 1% and 2%. But having said this, as Ander reiterated, there is a lot of uncertainty in Europe. So, things can change pretty much quickly there.

Aniket Mhatre: Sir, and just quickly on the results right in Europe business specifically, despite the weakness in the revenues, we have still seen a decent margin improvement, so what has driven that margin improvement on a sequential basis?

Ander Alvarez: It is a difficult question because what we are now trying is to adapt our businesses, our companies to the new reality. So, when the volumes are going down, usually the margins are negatively affected. We try to minimize this negative effect. So, as our businesses are well managed and are very solid with the minimal structure, I think even in this bad market situation, we will be able to give reasonable margins. That is the strategy you can see that in this quarter we also get reasonable margin in Europe despite the situation. So, in the future, we will try to continue with the same trend.

Aniket Mhatre: Is it fair to say that there is no one-off in this quarter, right?

Ander Alvarez: No, there is no one-off in this quarter.

Aniket Mhatre: And just finally, sir, are there any debt repayment plans for this year incrementally. We have reduced debt that we can see, but incrementally would we think of further pairing down debt?

K Jayaprakash: We expect another billion INR to go down by the end of the year.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment. Please go ahead.

- Bharat Sheth:** I understand that our Metalcastello business started growing down last year from Q3 onwards and so second-half Metalcastello was very weak. So, from that perspective, do we expect that Y-o-Y H2 will be better than say second-half of 23 vis-à-vis 24?
- Ander Alvarez:** There will be certain recovery in the next quarters, but we will still be in the negative side. The rundown started, as you said at the end of the Q2 last year, then Q3 and Q4, we slightly went further down and it is true that in this first half of the year we are in the bottom. For the next quarter, we will see that the relative drop will be a little bit less than this 30% that we are suffering now, but we will still be in the negative side because the current sales level is lower than the sales level that we had in the second-half of the last year.
- Moderator:** Thank you. The next question is from the line Khush Chaudhari from Vallum Capital. Please go ahead.
- Khush Chaudhari:** I just have one question. It was on Indian business. So, as we know our major customers are Mahindra and Mahindra, Bajaj and Maruti, so are we there in any new upcoming models which are there? And if we are, then what kind of content that would be going in if you could just share some light on that it would be really helpful?
- Vikas Sinha:** No, as we have been pointing out, these are our anchor customers and we are normally there in most of the new platforms that they put out, so in terms of content that depends on particular platforms. As they say, they are our anchor customers and we are also very important for them from a supply chain perspective. So, it is very hard to talk about content per vehicle because there are various divisions and various kinds of products involved. Suffice to say that we have the major presence on most of the platforms of these anchor customers.
- Khush Chaudhari:** So, we are not in new upcoming models, is it that what should I understand from this?
- Vikas Sinha:** You have to understand just the opposite. We will most likely be all their new models is what I am trying to tell you that because we are very important suppliers to them and they are also extremely important for us. Normally, we are there on all their major platforms, both existing as well as upcoming.
- Khush Chaudhari:** And just if you can share which business division would be more beneficial? Is it any specified you can answer?
- Vikas Sinha:** All business divisions, all technologies deal with M&M. Bajaj, as you know, our aluminum business is the one that has the maximum amount of business with Bajaj and when it comes to Maruti, our forging business both out of Chakan and Bill Forge, they are major suppliers to Maruti, both directly and indirectly.

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

Ander Alvarez: Thank you. Just as always, I would like to thank all the participants for the well directed questions and their interest in our company. We hope that we answered properly all the questions and with most honesty and transparency that we could. Also, I would like to say that the company even in with certain regions in, let us say, weaker situation or weaker market situations, we have a very solid and robust company and we are sure that we will be stronger in the future. So, thank you very much for the participation and Vikas, over to you.

Vikas Sinha: Thank you everybody for your time. So, Basudeb, back to you.

Basudeb Banerjee: Yes, thanks. We can conclude the call.

Moderator: Thank you. 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