

SEC/2025/24  
25<sup>th</sup> February, 2025

<b>BSE Limited</b> Corporate Relationship Department, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001.  <b>BSE Scrip Code: 532756</b>	<b>National Stock Exchange of India Limited</b> Corporate Relationship Department, Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.  <b>NSE Scrip Code: CIEINDIA</b>
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**Sub: Transcript of CIE Automotive India Limited Q4 & Full Year CY2024 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 12<sup>th</sup> February, 2025 in respect of advance intimation in relation to Q4 & Full Year CY2024 Results Conference Call, please find enclosed herewith transcripts of the said call held on 21<sup>st</sup> February, 2025.

The same is being uploaded on the website of the Company at the following 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 V. Goyal**  
**Company Secretary, Chief Compliance Officer,**  
**and Head- Legal**  
**Membership No. F 13037**  
Encl: as above

**CIE Automotive India Limited**

(Formerly known as Mahindra CIE Automotive Limited)

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“CIE Automotive India Limited Q4 and Full Year CY  
'24 Results Conference Call”

**February 21, 2025**



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CIE AUTOMOTIVE INDIA LIMITED**  
**MR. K. JAYAPRAKASH – CHIEF FINANCIAL OFFICER,  
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**MR. VIKAS SINHA – SENIOR VICE PRESIDENT  
(STRATEGY), CIE AUTOMOTIVE INDIA LIMITED**  
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LIMITED**

**MODERATOR:** **MS. VISHAKHA MALIWAL – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good afternoon, and welcome to the CIE India's Q4 and Full Year CY '24 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 call is being recorded.

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

**Vishakha Maliwal:** Thanks, Yashashree. Good afternoon, everyone. Thanks to CIE Automotive India Limited Management for giving us the opportunity to host the call.

We have here in the call The Senior Management, represented by Mr. Ander Arenaza – 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, as also Ander – our CEO. I will present CIE India's Results for the Q4 C '24 Quarter and full-year C '24. And I am referring to the investor presentation that we have uploaded.

Let me begin with a section that provides an overview of the Company:

Page #5 shows the legal structure of the Company. Please note that the Mexican plant is now a subsidiary of CIE Galfor Europe, which holds 99.81% of its equity. This follows the conversion of Bill Forge Mexico's debt into equity, using the cash generated in Europe, which included partly the proceeds from the divestment of CIE Forge Germany.

For historical reasons, the finances of Mexico are clubbed under India in this investor presentation. The Mexican business is small with sales approximately of INR 3 billion at an EBITDA margin of 12% to 13%.

Pages #6 and #7 provide details of CIE India's geographic, technological and market-wise segments. Plants in India accounted for 68% of CIE India's sales with 32% coming from Europe. This 68% includes that INR 3 billion from Mexico, please note.

You will recall that this ratio was roughly the reverse at the time of inception of CIE India in 2015. So, India has been gradually growing. As you can also see, our India business is very diversified in terms of technologies and segments. In contrast, our European business is more focused on forgings, and there are 3 segments; Light Vehicles, Off-Highway and Trucks.

The Light Vehicle segment includes EVs also. Here, I think we owe you an explanation because normally, we have been speaking, as far as our European business is concerned, only about Light Vehicles and Off-Highway.

If you recall our investor presentation from last year, that is CY '23 full year investor presentation that we made in February of last year, we had presented exact details of our segments in Europe. Roughly about 20% came from Trucks, 20% from Off-highway and about 60% from Light Vehicles. We don't have exact numbers for this year, but roughly that ratio remains the same.

Now the Trucks business was a legacy business of largely shafts and spindles. We had expected this legacy business to keep coming down as our other segments grew, and therefore, this was not really a focus business for us. It's just a legacy business that we were continuing. So, we did not talk too much about it.

Unfortunately, what has happened is in the last few quarters, the Truck business in Europe has taken a beating, and therefore, we will have to include it in the explanations. I think in Q3 and Q4, more than 25% drop; I think, in Q3, 28% drop in Truck business in Europe and Q4, 35% drop. So, that's affected our business somewhat. So, that's the explanation we thought that we should provide to you, because we owe that to you.

But nevertheless, if you look at all our segments, you will realize that CIE Automotive India is unique as a large diversified auto components groups with presence across many processes, product lines, location and customers. This diversification across geographies, technologies and markets, market segments is probably not available elsewhere.

Let me now proceed to the section on Q4 C '24 Results:

The results of the India operations for Q4 C '24 is on Page #9:

The Light Vehicle segment, which is our largest, slowed to a growth of 3.2% in this quarter, while Trucks were massively negative in terms of growth, Tractors and 2-wheelers grew 12% and 8%, respectively.

Sales at INR 14.5 billion were 4% higher year-on-year, in line with the weighted average market growth. The India operations achieved an EBITDA margin of 17% in Q4 C '24 versus 16.5% in Q4 C '23 and 17.7% in Q3 C '24. The stock reduction effect at year-end was a contributor to the slight sequential reduction in EBITDA margin. In Q4 C '24, EBITDA grew 7% year-on-year compared to sales growth of 4%, EBIT 5% and EBT 8%, all higher than the sales growth of 4%, as I referred.

On #Page 10, we have the Q4 C '24 results for our European operations. As we have discussed earlier, our key markets, the European Light Vehicle, the U.S. Off-highway and European

MHCV markets are experiencing significant decline. Sales of INR 5.8 billion in Q4 C '24 are 21% lower year-on-year versus Q4 C '23 and even 2% lower than Q3 C '24 sequentially. In spite of such a large drop in sales, we have managed an EBITDA margin of 15% in Q4 C '24 versus 16.9% in Q4 C '23 and 16% in Q3 C '24.

On Page #11, we have the consolidated CIE India Q4 C '24 Results. Consolidated sales were INR 20.3 billion, which was 5% lower year-on-year; EBITDA was INR 3.3 billion; EBT INR 2.75 billion and EBIT INR 2.3 billion, lower by 6%, 9% and 4%, respectively, more or less in line with the decline in sales.

Let's move on to the section on Full Year C '24 Results:

The full year C '24 results for our Indian operations are on Page #13. Sales increased by 5% versus C '23 to INR 58.1 billion, which is marginally higher than the weighted average market growth. Light Vehicles, which account for 52% of our sales, grew by 3.8% only. 2-wheelers, which account for 21%, grew excellently at 16%. These are market growths. But the other 2 segments of Tractors, which is 18% of sales; and Trucks, 9% of sales, declined. So, this gives you why we are talking about a slower growth rate.

The EBITDA margin of 17.9% was significantly higher than the 16.7% achieved in C '23, though it includes a 0.7% of nonrecurrent EBITDA on account of the subsidy received by our aluminium business in Q1 C '24. While sales grew by 5% in C '24, EBITDA grew 12%, EBIT 14%, EBT 17% and PAT by 20%, which is significant.

On Page #14, we have the Full Year Results of C '24 for our European operations:

As explained earlier, our major markets, European Light Vehicles, U.S. Off-highway and European MHCVs declined in C '24, especially the latter 2 suffering big declines. This is reflected in a large decline in our sales of 14% in C '24 to INR 28.2 billion. This had a cascading effect with EBITDA declining 22%; EBIT, 27%; and EBT by 26%.

Our European business showed its resilience by recording an EBITDA margin of 16.1%, despite the large drop in sales and a positive PAT of INR 2.4 billion. Please note that the PAT of C '23 includes INR 3.3 billion of profit from discontinued operations, pertaining to our erstwhile Forgings business in Germany. So, PAT of C '23 is not directly comparable to PAT of C '24 in our European operations.

On Page #15, we have the C '24 Consolidated Results of CIE India:

Sales were INR 86.3 billion, which is a slight decline of 2% versus C '23. This is largely due to the decline in our European business. The EBITDA margin was 17.3% versus 17.1% in C '23. EBIT 13.4% versus 13.4%, it is same, and EBIT 12.6% versus 12.2%.

The consolidated PAT in C '24 is INR 8.3 billion versus INR 11.3 billion in C '23. The C '23 PAT, of course, includes profits from discontinued CFG operations of INR 3.3 billion. Adjusting for this, PAT in C '24 grew by 3.7%, and this highlights the resilience in CIE's business model, despite a decline of 2% in sales.

Next up is the section on balance sheet and cash flows:

On Page #17, you will see our abridged consolidated balance sheet, which shows the healthy state of CIE India. Return on net assets is 19.8%, roughly around the 20% mark that we aspire to. Return on equity is 12.6%, and ROE of continued operations is 12.5%, largely due to the cash on our balance sheet. Net financial debt has further improved and is negative INR 12 billion versus negative INR 8.2 billion last year.

The cash flows are shown on Page #18. The Company generated operating cash flows to the extent of 66% of consolidated EBITDA. Growth CAPEX was INR 2.1 billion, concentrated mainly in India. Overall CAPEX was INR 3.9 billion, which is less than 5% of sales and represents our endeavour to control CAPEX till market starts picking up, which is in line with our norms.

Given the strong cash generation, the Board of the Company has recommended an enhanced dividend payout of INR 7 per share versus INR 5 per share made last year. Now this INR 5 per share last year was itself double the payout made in the previous 2 years. This, of course, is pending approval in the AGM scheduled later in the year. This part is not in the presentation, but since the approvals came yesterday, we are presenting it separately. We move on to the section on strategy.

The global automotive industry is throwing up risks and opportunities in ample measures as exemplified by the contrasting market trajectories of our 2 main markets, Europe and India. In Europe, our strategy is to optimize and protect our margins as much as possible, adapting our factories to the new volume scenario in the medium term and look for additional business as supply chain consolidates.

On the other hand, we continue to be optimistic about the medium- and long-term growth in the Indian automotive market, and we will continue to invest in expanding capacity in India. We are focused on improving the efficiency of our Indian plants to bring them as close as possible to the benchmarks of CIE Automotive worldwide.

After an initial spurt in the last few years, the European light vehicle market witnessed a stagnation in EV penetration in 2024 at 13%. Current forecast suggests that this ratio will move up to 43% in 2029, which is down from earlier estimates of 56%, and that's what we are referring to as a slowdown on EV penetration in Europe.

Our plan is to manage this transition, and that is by substituting production of crankshafts by aluminium forge parts and steel parts that will not be affected by transition to electric vehicles. In addition, Metalcastello has a healthy order book in electric vehicle transmission parts. Some of these orders have been delayed as the pace of growth of EVs in Europe and U.S. slows down.

In India, the transition to electric mobility is expected to increase gradually. Many exciting new EV models were launched both in 4-wheeler and 2-wheeler segments in 2024, and this should spur EV penetration in India. The exposure of our India business to internal combustion engine parts is low, and the transition to EVs is more of an opportunity than a risk in India.

Our EV order book in India is spread across aluminium and steel castings, steel forgings, gears, stampings and composite parts for e-2-wheeler, e-3-wheeler and e-4-wheeler segment. So, again, this is very diversified, our EV effort, in India.

The next few pages present market statistics and forecasts from relevant sources, followed by the results submitted to SEBI in the prescribed format.

To Summarize:

The automotive industry is faced with significant uncertainty, both in the immediate and long term. Markets are volatile. The transition to EVs is not happening as smoothly as predicted. Automotive customers are looking for more premium features and for better safety and comfort.

The supply chain is being transformed by digitization and Industry 4.0. We strive to be future-ready as many new opportunities and risks emerge in this changing environment. Our approach has been to optimally balance growth, investments and returns to actively manage the uncertainties surrounding these changes.

Thank you, and now we can proceed to Q&A.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press “\*” and “1” on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press “\*” and “2”. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We will take our first question from the line of Amit Agicha from HG Hawa & Co. Please go ahead.

**Amit Agicha:**

Thank you for the opportunity and good afternoon to everybody. My question was connected to the current order book position, like what is the current order book position and how does it compare year-on-year?

**Vikas Sinha:** Order book, where, in India or Europe?

**Amit Agicha:** Sir, both.

**Vikas Sinha:** No. Normally, as I said, every year, we generate orders anywhere between 15% to 20% of our sales, so that is like a thumb rule as far as CIE is concerned, and that order book is generated every year. So, we are very comfortable on order book as far as both India and Europe are concerned. Even on EV orders, they are a substantial or a significant portion, not substantial, significant portion of our order book.

Right now, the issue is the conversion of order book into sales, which is taking more time than what we thought because of the slowness in market, especially in Europe, and particularly in EVs in Europe. Other than that, we are very comfortable on the order book position. You can easily take about 15% of sales as order generated every year.

Ander, anything you want to add now?

**Ander Arenaza:** No. It's a perfect answer. In fact, in India, we had about INR 10,000 billion of new orders. And out of this INR 10,000 billion, approximately 25% are for EVs, okay. So, we see that the EV orders are growing even in India. So, I think our portfolio is balanced slowly towards the electrification. So, we are quite satisfied with this evolution. So, regarding the new order allocation, this year has been positive, and we hope that these new orders, let's say, will transform into firm orders in the next years.

**Amit Agicha:** Thank you, sir. My second question was connected to the capacity utilization of the plants across India and Europe. Are you facing any bottlenecks or idle capacities, like you are planning to include more CAPEX and increase the expansion?

**Ander Arenaza:** Okay. It depends on the different verticals, okay? In certain verticals, we have free capacity. Approximately, we can say that we can have around 20% of average free capacity, but in certain verticals like aluminium, we are fully booked. In this moment, we are working even Saturdays, Sundays. So, we are adding a new machinery.

We have a very strong CAPEX plan. This year, we used our CAPEX to reinforce our position in certain, let's say, verticals. But for 2025, we will, for sure, have to spend much more money in CAPEX, because of the new order books are required in this additional CAPEX. So, we talk more or less about 5% to 6% of our turnover in CAPEX every year.

**Amit Agicha:** Thank you. So, that was helpful, and all the best.

**Ander Arenaza:** Thank you.

**Vikas Sinha:** Thanks, Amit.

**Moderator:** Thank you. Ladies and gentlemen, to ask a question please press “\*” and “1” on your phone. Participants who wish to ask a question are requested to press “\*” and “1” on their phone.

We will take our next question from the line of Devang Shah from Asit C Mehta Investment Intermediates Private Limited. Please go ahead.

**Devang Shah:** Hi, good afternoon, sir. Sir, I just want to get an idea the way we are seeing some slowdown in Europe, especially in Auto segment. Sir, what growth trajectory as far as revenue growth is concerned you are looking in the next 2 years' perspective? Because you are somewhere able to manage your margin somewhere close to 15%. But you are having, because of the European operations, some negativity, although based on the industrial standard, you are trying to make some outperformance. But any green shoot visibility is there or you can compensate that with India, in particular, the way we are seeing some growth over there? So, can you throw some more light as far as growth is concerned for the next 2 years?

**Ander Arenaza:** Okay. You are right that this year, unfortunately, the growth in India was not able to offset the drop that we had in Europe. The reality is that the drop in Europe was higher than expected, especially you know that the automotive sector is going down. There is quite a slowdown in this sector, in the 4-wheelers. But also, at the same time, this year, we had a huge drop on the commercial vehicles and the Off-highway vehicles.

The year, let's say, during the year from first quarter to the end of the year, we saw the commercial vehicles and the Off-highway business declining more and more, okay? We started with minus 10% in the first quarter, minus 21% in the second, minus 28% in the third, and finally, the last quarter was minus 35%. So, that is the drop of the Commercial Vehicles marketing in Europe, and that affected us in terms of our sales.

What we see in Europe in the next 2 or 3 quarters, what we see is that the market is still very uncertain, the Commercial Vehicles are weak. They continue at this low level. The Passenger Car business also, it seems that will remain at the current levels. So, we are not very optimistic in at least in the next 2 or 3 quarters, regarding the European market evolution.

Then we will probably see a revamp on the commercial vehicles that this market is very cyclical. So, we should start looking at let's say, the revamping, the change in the trend in the commercial vehicles, and also what we expect is, especially in the Off-highway business, we expect in the second half of the year a certain revamp, thanks to the different policies that are being taken by the U.S. government, reinforcing all the oil and gas production and infrastructure plan and so on, okay? That's the expectation. So, we can expect first half of the year, a weak scenario and second half of the year, we all hope that there will be a certain growth or certain revamp.

**Devang Shah:** But sir, just adding, we are making some offset by Indian operation, and we are seeing the government policy over is supportive the way recently, we have seen the Tesla has also been

coming into in India. So, auto ancillary player like you in which they are also giving some emphasis to promote through PLI and giving the localization. And the way the demand environment is there, the budget has been so far announced by the government, do you feel it will compensate your overall revenue growth and you may come out into some single-digit or mid-single-digit revenue growth for FY '26 or '27, that can possibly be, sir?

**Ander Arenaza:**

Yes. That is exactly our plan, okay. Now we are, in fact, during all these weeks, we are having different meetings internally in India because as expected and as explained, the European market, at least in the next quarters, will not give us good news or at least will be very, very flat evolution.

We will concentrate our growth strategy in India. And we have already taken certain actions, and we are speeding up let's say, the new order allocation and the ramp-up of the new programs. So, we hope that, yes, in the next years, we will be able to offset the drop of Europe with the growth in India, okay? That's exactly the strategy and that's where we are now making all our efforts. So, we will reinforce the speed in India, because I think we are now ready for that.

You know that sometimes growing and having new projects and starting new projects is not an easy task, because you need good people, you need to be trained, you need the technology and you need all the Management to be well aligned. In this moment, I think our Company is very, very solid. You saw in the evolution in the last years, you saw also in the margins that we are able to sustain and to improve every year. Year by year, we are improving.

We still have a lot of room for improvement in internal efficiencies. We are working on that. So, I think that we are very optimistic regarding our Indian business. And CIE's bet is to grow in India, considering that other regions will not grow or will grow less than expected, so we need to make our best efforts here in India, and that's the target. So, the answer is, yes, that's our expectation, too, to offset the drop in Europe with the growth in India.

**Devang Shah:**

And comment on the numbers side, sir? What growth in a percentile can you say, in some mid-single digit and something as far as revenue is concerned for next 2 years?

**Ander Arenaza:**

We don't give guidance, because...

**Vikas Sinha:**

No, these are forward-looking statements. But like what you are asking for is something that is reasonable. Let's leave it at that.

**Devang Shah:**

Understood. Understood. And sir, one more thing, margin wise, we are going to maintain some range that's what's prevailing right now?

**Vikas Sinha:**

Yes, that's the endeavour. In India, hopefully, we can increase a little bit. Of course, we are trying to ramp up growth in India. We are trying to ramp up growth with our anchor customers.

So, like plus and minuses, but as Ander pointed out, there is some scope for improvement in India. So, the rate of improvement in India will not be the same as before. We have rapidly improved margins. It's not going to be as fast improvement, but we do hope to improve something in India.

In Europe, it all depends on the sales. Like if the sales decline is arrested, like we had big drops in both the quarters, last quarters. So, in spite of that, we are still at around 15% and overall, for the year around 16%. So, yes, that is the range bound we want to keep, unless and until, of course, the bottom collapses from the sales, then it is a different issue, but we don't think that is going to happen.

We do expect, as Ander pointed out, 2 or 3 quarters down the line, we do expect some improvements in Trucks, improvements in Off-highway, and we expect the cars to stabilize at this level. So, I think, yes, what you are talking about that range of 15%, hopefully, we can get better than that, but around that, yes.

**Devang Shah:** Yes. Thank you so much. And wishing you all the best.

**Moderator:** Thank you. Before we take the next question, would like to remind participants to press “\*” and “1” to ask a question. Next question is from the line of Apurva from BugleRock. Please go ahead.

**Apurva Sharma:** This is Apurva from BugleRock. Appreciate the robust performance despite what's happening in Europe. Just I had 2 questions. One is just on the OEM side, any meaningful conversations apart from our anchor clients, top 3, 4 clients, on the passenger vehicle side, any meaningful conversations on new business opportunity if during the quarter or...

**Vikas Sinha:** No, of course. Our customer list in India is much longer than just the anchor customers. As we have pointed out in earlier conversations, I think we have at least 12 to 15 strong clients in India, and we regularly interact with them. We had talked about order delays at some of the other clients, that's the reason why we have increased our focus on anchor customers, but all our customers are equally important to us, and we are in conversation with all our customers. So, yes, there are opportunities beyond anchor customers also, and there are good opportunities in anchor customers. You know Mahindra, Bajaj, they have launched some very good models, so we're looking forward to that. But there are other customers also.

In terms of order book, in terms of customers in India, I think we are placed very comfortably. It's just that some of the order book has been delayed. That's the only reason. We are quite happy with the situation. Otherwise, there are always competitive pressures. Now if the question is, are there competitive pressures? The answer is yes. And we are happy dealing with competition. It's a competitive market. That's the reason why we put so much stress on reliability, efficiency so that we remain the first choice for all our customers.

- Apurva Sharma:** Yes. So, one is the order delay, and other, where I was coming from is below the anchor customers, any wallet share gains that we are looking for in the next 1 or 2 years? I understand this is a platform business, it takes time. So, that's...
- Vikas Sinha:** Yes, yes. Like I don't want to be enumerating that, but beyond the anchor customers, in fact, if you go back to the strategy that we talk about with anchor customers, we grow along with the market and our new customers give us that market-plus growth, as simple. If you look at the portfolio approach, this is what we do. This is how we maintain our margins also. So, that approach remains. It is just that for the last few quarters we have hovered around the market, because some of the new orders have delayed, some of the anchor customers in every quarter, one has done well, the other has not done well, something like that has happened. So, that's the reason why. But we are very comfortable as far as all our customers are concerned.
- Apurva Sharma:** Okay. And my next question was on the inorganic front that we were targeting a segment where we don't have that much presence, and we would like a customer-driven inorganic acquisition. So, anything on that, that we are looking at? I think it was a composites business.
- Vikas Sinha:** No, no, no. Plastics, we had talked about plastics. Composites is already a small business we have. We wanted to do plastics. There are other areas that we are actively looking at. We will continue to look at that. Of course, we are not going to do acquisitions just for growth, we will only do it when some of our strategic gaps are addressed. So, that's what it is. We keep looking at it. Yes, we have not done an acquisition since 2019, but we keep actively engaged on that part.
- Apurva Sharma:** Sure. I was more coming from that only, there were strategic gaps in terms of customers. So, yes...
- Vikas Sinha:** Yes. We have identified that, we keep looking at it.
- Apurva Sharma:** Sure. Thanks for the opportunity and all the best.
- Vikas Sinha:** Thanks, Apurva.
- Ander Arenaza:** Thank you very much.
- Moderator:** Thank you. We will take our next question from the line of Pratik Kothari from Unique PMS. Please go ahead.
- Pratik Kothari:** Good afternoon. Sir, just a continuation to your last comment, Vikas, on these delays, et cetera, across various customers. Because in the last 2 years also, I believe we had done some material CAPEX for them and that was not getting ramped up. So; one, are these issues behind us or not yet?

- Vikas Sinha:** No, Pratik, they are ongoing. But largely, if you remember, and to be frank, we had expected things to be changing from Q3 of C '24, right? We had said that. That did not materialize the way we had spoken about. But yes, we do expect this year will be better. I think we have, let's say, more confidence at this time when we are telling you this.
- Pratik Kothari:** Correct. And this betterment, I believe, is, 1, the delay which happened over the last year or 2 and also the new orders that you are winning.
- Vikas Sinha:** Yes. The delay was with CIE Hosur customers. The delay was with some of our EV customers at aluminium. So, there were certain specific orders that were delayed.
- Pratik Kothari:** My question is that is getting resolved.
- Vikas Sinha:** Yes, that is getting resolved. Yes.
- Pratik Kothari:** Correct. And then also order booking or inflow this year has been strong, and hence, we are saying that we need to do much more CAPEX next year also for Indian operations.
- Vikas Sinha:** Yes. Yes, that's right. That's right.
- Pratik Kothari:** Correct. Correct. And Vikas, just one clarification, this EV growth that we report, the market growth of minus 22%, how do we reconcile this? Because nowhere else do we see that Indian markets, MHCV is down 20%. What does this include, and it doesn't?
- Vikas Sinha:** You're looking at Europe or...
- Pratik Kothari:** No, no India. India.
- Vikas Sinha:** Q4 number or yearly number?
- Pratik Kothari:** Q4.
- Vikas Sinha:** Q4. Yes, (-20). No, that (-22.2%) that you are looking at is year-on-year drop for Trucks. Yes.
- Pratik Kothari:** Correct. But if you look at, I know this is IHS. But if you look at SIAM, Fada, things are between (-2) to (+2%), because we benchmark ourselves to these numbers which we report, when we say the industry growth and how we are...
- Vikas Sinha:** We can talk about that. I think like LCVs, how they are treated, it depends on that. Because if you include LCVs in the Truck data, then it becomes different, because LCVs are included in the 6-ton data in the way we present it. Okay? So, that will account for the difference.

**Pratik Kothari:** Correct. Okay. Sir, and then on Europe, so Metalcastello, has it gotten worse? I think last quarter, we were at EUR4 million a month. So, where are we there?

**Ander Arenaza:** Yes. We are still at about EUR4 million per month, okay that's the current level. We don't expect to go down that level, and we expect to recover and to increase this figure by the second half of this calendar year, okay? We think that, as you know, we are producing mainly gears for the Off-highway vehicles, used mainly for big infrastructure oil and gas applications. And we all expect that these businesses will revamp in the U.S. in the next month. So, let's say that we are still very low at this EUR4 million per month. That is a very low figure for us, and we expect to recover in the second half of the year.

**Pratik Kothari:** Correct. Great. Thank you and all the best, sir.

**Ander Arenaza:** Thank you.

**Vikas Sinha:** Thanks, Pratik.

**Moderator:** Thank you. We will take our next question from the line of Amit Agicha from HG Hawa & Co. Please go ahead.

**Amit Agicha:** Thank you for the follow-up, sir. Yes, sir, what is the total number of employees across India and Europe? And are there any other hiring or workforce restructuring plan?

**Vikas Sinha:** Europe and India are completely different actually, yes. So, on India, you are saying hiring plan in India or whatever? What are you talking?

**Amit Agicha:** Yes.

**Vikas Sinha:** No, no, no. We are focused on efficiency, Amit. So, to that extent, whatever is required for doing that, we do that. As far as Europe is concerned, we told you we are trying to adjust our cost to the lower volumes. You have to understand that the average size of light vehicle production in Europe used to be around 20 million. Now the average size is anywhere between 16 million to 17 million. And it is expected that these 16 million to 17 million productions will be for the next 2, 3 years. So, the market itself has shrunk, roughly average 20 million to 17 million. So, we have to adjust ourselves to this reality, which is what we are doing.

Exact numbers, I think we will have to check and provide. But in Europe, we are trying to adjust the cost. In India, we are focused on efficiency. That includes automation, that includes routine, that includes layouts, so a whole lot of things. So, it's not that we're required to do some special hiring or anything like that.

**Ander Arenaza:** Yes. Just for your understanding, in India, we are about 12,600 employees, that is the total amount of Indian employees, and we don't expect to grow this figure as we expect to grow the business with increasing our internal efficiency.

And in Europe, we are a little bit more than 900 people, okay. That's the amount of people that we have in Forgings plus Metalcastello. We have reduced all these figures from the previous year, adapting to the new condition of the market, and that's what we are now fighting. We need to adapt the Company, the manpower to the reality of the business.

**Amit Agicha:** And sir, one last question was connected to the material price fluctuations, like be in steel, aluminium and all the input costs. Are they affecting the margins, and if, by how much?

**Oroitz Lafuente:** No, there has not been almost any relevant change, less than 1% of impact on the sales, so very minimal impact.

**Vikas Sinha:** Not this quarter, not too much in Q3 either. Frankly, they are largely stable, actually trending down, but largely stable the commodity prices. So, pass through the overall EBITDA is not impacted, but since you talked margins.

**K Jayaprakash:** So, margins don't get impacted.

**Amit Agicha:** Okay, sir. That was helpful, and that's it from my side.

**Ander Arenaza:** Thanks Amit.

**Moderator:** Ladies and gentlemen, to ask a question, please press "\*" and "1" on your phone. We will take our next question from the line of Nishant Chowhan from Geojit. Please go ahead.

**Nishant Chowhan:** Sir, just one question with reference to your Slide #14, wherein we're talking about the European full-year performance. So, sir, over there, we mentioned the MHCV decline to be around 25.9%. But if I reconcile with some other industry body data such as ACEA or something like that, they report something around 5% to 6% decline. So, could you just help me understand are these the production figures? Or what could be the possible difference between the data?

**Vikas Sinha:** So, these are production data, number 1. And it does not include Russia, so there are 2 caveats here, you have to check. 1, this is production data. I think ACEA data is more sales data. So, that...

**Nishant Chowhan:** Yes, it's a registration data, right, sir?

**Vikas Sinha:** Yes, that is registration data. So, IHS provides both, I think. Will you please check IHS sales data, what's the drop? Because we present production data and Russia. So, we can reconcile it

for you, Nishant, no problem. You can contact us separately, and I will get it reconciled. No problem.

**Nishant Chowhan:** Okay. And sir, any inventory issues? Any comments on that? Are they sitting on higher levels of inventory in Europe? Or is it like normalized in this point, especially in MHCV?

**Ander Arenaza:** No, you're talking of domestic inventories?

**Vikas Sinha:** MHCV's inventory in the European supply chain. We will get it checked, Nishant, no worries. Let us examine ACEA data, IHS data, and I will get back to you. You can contact me. You have my contact details. You can contact me. We will get this resolved.

**Nishant Chowhan:** Sure sir. No problem. Okay, sir. Thank you.

**Moderator:** Ladies and gentlemen, to ask a question, please press "\*" and "1" on your phone. As there are no further questions, I now hand the conference over to Management for closing comments. Over to you, sir.

**Ander Arenaza:** Okay. So, I would like to thank you, everybody, for participating in this call. Thank you for your comments and your trust on our Company. As you can see, our Company continues performing solidly despite, let's say, tough situation in regions like Europe, but we think that we are doing our job properly, and in the future, we will continue showing good results and a very solid financial performance. So, I would like, as always, thank you to all my team, because of the great job they have done in all these tough times. And I hope that we will see you in the future with better figures and better results.

Thank you very much, everybody.

**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*