

October 29, 2016

BSE Limited Corporate Relationship Department, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001. BSE Scrip Code: 582756	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: MAHINDCIE
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Subject: Transcript of Q3CY16 Mahindra CIE Automotive Ltd earnings meet

Dear Sir/Madam,

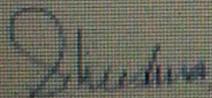
Pursuant to Regulation 30 read with Para A of Schedule III and Regulation 46(2) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and our letter dated October 21, 2016 in respect of Q3CY16 Mahindra CIE Automotive Ltd earnings meet, please find enclosed herewith transcript of the Analyst meet.

The same is being uploading on the website of the Company.

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

Thanking you,

Yours faithfully,
For Mahindra CIE Automotive Limited



Krishnan Shankar
Company Secretary & Head - Legal





“Mahindra CIE Q2 FY17 Earnings Conference Call”

October 25, 2016



MANAGEMENT: **MR. HEMANT LUTHRA – CHAIRMAN, MAHINDRA CIE AUTOMOTIVE**
MR. ANDER ARENAZA ÁLVAREZ – CHIEF EXECUTIVE OFFICER, MAHINDRA CIE AUTOMOTIVE
MR. PEDRO ECHEGARAY – EXECUTIVE DIRECTOR, MAHINDRA CIE AUTOMOTIVE
MS. LOREA ARISTIZABAL – HEAD - CORPORATE DEVELOPMENT, CIE AUTOMOTIVE
MR. K. JAYAPRAKASH– CHIEF FINANCIAL OFFICER, MAHINDRA CIE AUTOMOTIVE
MR. VIKAS SINHA – SR. VICE PRESIDENT STRATEGY, MAHINDRA CIE AUTOMOTIVE

MODERATOR: **MR. HITESH GOEL – KOTAK SECURITIES LIMITED**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Mahindra CIE Q2 FY17 Earnings Conference Call hosted by Kotak Securities Limited. 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Hitesh Goel from Kotak Securities Limited. Thank you and over to you, Mr. Goel.

Hitesh Goel: Thank you, Raymond. Today we have with us CIE Management who will be detailing about the results of 3Q FY16 of Mahindra CIE and will also be talking about the strategy going forward. We have with us Mr. Hemant Luthra – Chairman of Mahindra CIE; Mr. Ander Arenaza Álvarez – CEO of MCIE, Mr. Pedro Echegaray – Corporate Director, MCIE; Mr. Vikas Sinha – Director - Strategy; Ms. Lorea Aristizabal, Head – Corporate Development, CIE Automotive and Mr. Oroitz, Global Controller, MCIE. I will hand over the call to the management.

Hemant Luthra: Good morning, everybody. And thanks for joining on the call. The fact that 70 people are here, given what is going on in other parts of Bombay, we find very flattering. I just want those of you who have not had the benefit or the background where this journey started, I will spend a couple of minutes on the anecdotal you may not be familiar as to how we started here.

Sometime in 2009 - 2010 we were looking at what was happening in the post Lehman crises, European customers were saying things are slowing down in Europe follow us to Latin America. We met CIE who were being goaded by its own customers in Europe saying Europe is slowing down and follow us to Asia. CIE looked at different options and they settled on that Mahindra Systech might be the right partner. Anand Mahindra and the Chairman of CIE Anton met and discovered a bond and a chemistry and that bond and chemistry goes further and deeper down into the organization. And they both decided that these are two families with identical values and culture and have strengths and therefore put together a merger around an equity swap.

I am probably the luckiest chairman alive in India, because I have been blessed with two shareholders both of whom are saying that Hemant and Ander and the rest of the team that your only mandate is to increase market cap. So, you have seen Anand Mahindra dilute his holding in Mahindra & Mahindra from 42% to 26% in the 15 years that I was with Mahindra, the market cap went from 300 million to 14 billion. Anton has done some similar feat in 17 years since he started the company and the company has grown from 3 market to 3 billion without having to go back to its shareholders I think no more than once.

There were a lot of questions from analysts, some of them gathered around the table when we decided to this deal about whether Anand Mahindra was selling out. And the answer to that question was very clear shot because both Anton and Anand Mahindra have articulated a dream that if there are high cost component manufacturers and the fact that CIE Is among the

most efficient producers of components anywhere in the world, the fact that we are here in India with some legacy of values, cultures, systems, we should be able to create something and the vision is can we become amongst the top global auto component manufacturers. But I will add the word LCC because we have the advantage of being in Spain which is the lowest in Europe, we have the advantage of being in Mexico and Brazil, we have the advantage of being in India and we are looking at growth in Asiapac and already have a presence in India and China and Russia.

So, with this lucky chairman we have completed three years of the journey. And since I mentioned to you that we started 2010, we actually consummated the marriage in 2013. It took three years of understanding each other, it is too long for somebody's liking but what it meant was that we were ahead of time to do pre-merger integration values with some culture which I think more important than just the numbers.

Mahindra CIE Is the only other listed company in the CIE portfolio and its mandate is to grow business in India, Southeast Asia and its mandate is to control all the forging companies under it. Going back to what we talked about value creation, we did not want any conflict of interest and therefore you would notice that even though CIE does forgings in Europe and Mahindra CIE now does forgings in India, the mandate has been that in order to avoid conflict all the forging companies in Europe have been folded into Mahindra CIE and the same thing will happen as we go along the road. Also because of distance and efficiency of management, anything that we do in Asia is likely to be under the Mahindra CIE umbrella.

The first phase of integration is over, a number of things have been done, costing systems have been harmonized, organization has been put in place which Ander is going to talk about and we are now ready to go for second phase. That second phase will include all kinds of things, I was making the presentation to the PMO Mr. Amitabh Kant on Friday, he was very intrigued with the CIE story and wanted to know about what we are doing because he had not seen such impressive numbers from the auto component business anywhere in this country. And he said are you going to do Greenfield or are you going to do Brownfield and are you going to do mergers and acquisitions. And I mentioned to him that Brownfield is certainly possible, so I am showing you some picture of a plant which has got its land next to it. Greenfield is possible, there is Government of India with us and have opportunities, in terms of quick access to land, building, electricity, water but with a much slower process. And mergers and acquisitions, there is certainly a possibility and he asked specifically that how can CIE and Mahindra CIE help in taking some load off the banks with respect to the NPAs and we said obviously when it is value accretive, yes else no.

As I said, Phase I is 2014 to 2017, we optimized the operations, the turnaround in Europe and there we will talking still work in process a little bit longer than we would have liked. But we are confident that whatever is being done in Europe will produce results shortly and therefore we are now in the Phase II where we are looking at expansion. And the expansion, as I said could be growth through M&A, growth in Southeast Asia and it could also mean look at our portfolio and see what opportunities that can arise. There was some surprise that was expressed

that Mahindra CIE and CIE which have been traditionally servicing the automotive and truck market, when we looked at our potential, our consolidation with Bill Forge in the two wheeler market but two wheeler market is growing fast and Bill Forge does about one-third of its business with the two wheeler market and two-third of its business is in four wheeler market, but it makes certain criteria about complimentary of geography and technology and so on. Therefore, we will continue to see what are the means which we can add value.

In spite of all the noise about what happens to the market and the ups and downs and whether Janet Yellen will do something or not. If you see what has happened is, on page 8, the net debt of the company has come down from Rs. 14 billion to Rs. 7 billion, the consolidated EBITDA margin has increased from 5% to 6% and the share price has seen its ups and downs along with the automotive industry, along with the monsoon, moved from Rs. 48 to Rs. 190, a 4x increase is not so bad. For those of you who follow CIE and Mahindra, you know that this partnership has been well received by everybody and the CIE share price itself has gone from close to EUR6 to EUR18. It has got nothing to do with me, it has got to do with the quality of management and team, but the fact is that I was asked that Hemant have you never heard of the word called PIGS by the Mahindra Board, Portugal, Ireland, Greece and Spain, and I said of course I have heard, and they said that don't you know S is for Spain? I said I do. They said have you done due diligence on the company, I said yes of course I have and I said I know the management, I know that they better golf than I do, I know that they run a better company than I do and the most important thing is that my due diligence has been that I have had wine and tapas in every bar in Barcelona, Madrid and Bilbao and if there is a recession in Spain my bar friends don't know about it. So that was my response to a very serious question from Mahindra Board. Fortunately, they did not chuck me out, they said let's see what you can do.

Page nine, I am going to say that there is a misprint on page nine and there is a misprint on page 14. And the misprint is in the yellow box at the bottom which is the Bill Forge acquisition. We do not like to use the word acquisition; we like to use the word partnership. And so forgive me for using a financial word whereas it does not reflect on the emotional integration that went into it. The quality, our targets for acquisitions/partnership, if it is a company whose management we do not trust, whose corporate governance that we cannot be comfortable with, whose culture we cannot be comfortable with will be an acquisition and a 100% not a joint venture. And if it is a company whose management we can trust, who have the same values, who have the same culture, and unlike you know we did this Bill Forge, yes it is going to be a partnership. Now, how much efforts do these partnerships take and since everybody in the press gets very excited about M&A and fortunately they have been too busy with other things and have not called me for television interviews, let me go on to the next page.

My wife does not like the picture on the top left because it shows me that I was wooing Anil Haridas who is from Bill Forge for 18 months and my wife actually said yes to me within 12, so she believes that I love Anil Haridas and Bill Forge a little more than I do love her. In different ways that may be true. On the right-hand side is a picture of a very serious board meeting on the golf course, part of the culture of understanding each other, making friends. If

you go around clockwise there is a picture of all of us and on the day, we signed the Bill Forge documents. And if you look at the picture on the left bottom, it is part of the three-year process in which Mahindra CIE was formed, CIE and family has worked together, they have had meals together, they grow bread together and in Spain breaking bread together is the ultimate sign of acceptance.

Given the fact that we are planning to grow so aggressively and given the fact that we need to integrate more companies as we buy into them, it is my pleasure to introduce Ander. There is a lot of stuff that is in here about his educational qualification and his experience in CIE automotive and his ability to turnaround companies at the risk of not embarrassing him, it's all there. But one of the things that is not here is his quality as a human being. And I am saying this first time, I am not saying this to flatter him, he can shut his ears if he likes. He has endeared himself to the teams on both side by complete transparency, he has endeared himself to teams on both sides by saying that relying on a combination of skills that are present in India and Europe and we have known each other for a while. I am hoping that he will make me redundant as soon as he can, but meanwhile let me just hand it over to him so that Ander can talk about the organization and what he wants to do with it. After he is done, feel free to ask questions. And because we have all of us who are representing marketing strategy, corporate M&A, so we will be happy to answer your questions. Ander, over to you.

Ander Arenaza Álvarez: Thank you very much, Chairman. Thank you, I really appreciate. And I would like to say thank you and nice to meet you. I came to Mahindra CIE as new CEO because in CIE and also in Mahindra CIE we had the impression that the company was not to grow in at expected pace. Also, we had the expectation to have a more profitable business and after finishing the first phase that was two, three years where we knew each other, we consolidated, we reduced the debt, we generated cash. But we need to take similar step and to think that we have everything in Europe and grow faster.

During my professional life I have been working in the automotive industry in different positions. Worked as quality technician, also project manager, I was engineering manager, I was also commercial director, general manager of a group where I was a member of the board and we developed this company from scratch, we multiply by three revenues. And in 2007 this company was brought by CIE, so I was acquired by CIE. And CIE's main characteristics when they manage activities is that they integrate before, so they integrated me at CIE 10 years ago and the first day they gave me the opportunity to run machining division in Europe. Of course, three times bigger than the business that I was managing at that time. Two years later they gave me their conservative aluminum division and where aluminum division were at that time, in 2009-2010 it was close to bankruptcy and very, very less resource and big problems. We worked very hard, we changed almost everything, now we are selling approximately 70% more in the business. We are investing worldwide in this technology in aluminum, one of most growing material due to requirement of the light weight in cast. And we are making EBITDA that is far away than the average. So, I would say that we are benchmarking in aluminum. And the main thing that we did, we had automation, and we increased efficiency and the

productivity, we doubled the productivity in average throughout the plants. In some plants it was incredible, the increase was incredible.

So I am not a financial guy, I am industrial guy. I came to work with the team that I am really pleased and they received me with open arms, absolutely friendly and I really appreciate how they have received me. I think we have a very, very honest relationship and we will be able to develop this task effectively. So, just believe me that I am going to focus on the industrial to reinforce our industrial area, to improve our internal efficiency to increase our competitiveness, we will increase the quality of our products. And finally that I am completely everyday repeating this, we need to be absolutely reliable, so the word is reliable. In automotive industry you cannot sell a part if you are not reliable, you will be out of the market sooner or later. So, one of our main task is to increase the production and I am absolutely committed to that and also we want to export as much as we can because we think that the profitability is coming from the foundation. Then we will work on the reliability in order to receive the trust of our customers worldwide and specially in Europe and in LATAM markets.

I wanted to talk a little bit around efficiency and what are the first changes we have done. So, first of all let me introduce JP as a new CFO of our company. So, Sanjay Joglekar resigned in September, end of September. So congratulations JP and I am sure that we will do a great job. And also we need to acknowledge great job that Sanjay did in his years, so we really have to appreciate that and say thank you to him for his efforts and his commitment today.

So as you can see, this is the organization that we have. We have our Chairman, then me as the coordinator of different divisions that we will have in Mahindra CIE. So we have the European CIE Forging led by Justino Unamuno who are in Spain and Lituania. Then we have Mahindra Forgings Europe, here we have another change that I introduced into the organization, I appointed Edmundo Fernandez, Edmundo Fernandez is in my opinion the best executive we have in CIE. He is what we call a cost killer, he works 18 - 20 hours a day, Saturday and Sundays included and my first action, you know that we have the difficulty to appoint Edmundo to go to Germany. So 22nd of August he was already in Germany dealing with this and we contemplated about what we are doing and how we are going to perform in the future. So then regarding India Forging in Chakan and Magnets Foundry, we have KR who is also our Managing Director. In the Gears business Stefano Scutigliani, Stefano is the Managing Director from Metalcastello and what we want is have his link with Metalcastello with here, so that will help us to grow faster. We will make the transfer of technology better because he has the knowledge, he has the machinery, he has the customer contact and we want this to be transferred. And then we have another change, Ramesh Kaul, he was leading the Gears and Composites, he will take the responsibility of Stamping division, so he will lead Composites and Stampings. And finally, you can see on the right side, you can see Bill Forge where we have Anil Haridas, he is leading his companies and he was till now and the same situation that CIE did with me and probably he will be further responsibilities in the future as he is a great guy. They have fixed plans, we will see and they are launching a new plant in Mexico that they will have inauguration mid of January.

So, we will talk a little bit about Bill Forge acquisition. You know that it is happening right now and we will give you some details, I think they have been already disclosed and probably better than me. But this is the information about Bill Forge and the Rationale for Acquisition. So, Bill Forge is going to give us increase in the revenues, so they will give us size increase in Asia, in India, but will be very important for us because we want to increase our size in business in India with high profitability. They have an EBITDA 20% that is really, really impressive EBITDA, so we will have very profitable and very fast growing company with a incredible track record of 20% increase per year, and we have already prepared ourselves with the plan and they think that we will be in the same page for the following. Additionally this is complimentary to us because they will increase our forgings portfolio, they are important forging company, they have cold forgings, warm forging and hot forging. So, we will have this additional capacity in different forging technology in India. And also they will give us diversification on the product and customer mix, important thing that they have approximately one-third of the business in the two wheeler market where we are not, so we will have an option to enter into the two wheeler business, it is a fast growing business so we expect to do something more there. And also they will open new customers and a new regional coverage and they are in the south, as you know we are more or less located in Maharashtra area, Pune-Mumbai.

So, finally they have as I told before very consistent track record of margin, growth. I have been with them in the due diligence process several times, have seen the kind of relations they have with the customers. We have some of the customers in CIE so we know them personally. As you know that they have already one plant in Celaya, CIE has in Celaya I think five plants. So it is a very, very well known place for us and we are receiving incredible number of quotations. There you go with the forgings, a gorging machine that is fully loaded already and this is additional one. And now apart from Mahindra CIE the customers are requiring them to machine the components. So we will not only forge the components but we will machine them. So let's say the options and opportunities that are coming for us are huge in Mexico and of course in India with different synergies that we will see later.

So, this is the process for acquisition, so we will acquire 100% of Bill Forge for this amount. As Chairman said, I mean, it is not an acquisition itself, I would say it is more a partnership and they will come as our new shareholders in Mahindra CIE. So they will be our share investor, most important investor in CIE.

Hemant Luthra:

Just one clarification, transaction is 100% cash. And as he is pointing out they are going to be back in the company through preference share which the shareholders have approved. And between Kedara and the other private equity guy, Bill Forge Anil Haridas and family will have roughly about 8%.

Ander Arenaza Álvarez:

So we have made a allotment of 32 million equity shares to the shareholders of Bill Forge at a value of Rs. 200 per share, that means approximately Rs. 6,400 million. And also, CIE maintains allotment of preferential shares of about EUR60 million. We are always thinking Euro, so for me it is a little bit difficult not to change to regular. So the point is that Bill Forge

will be included in our portfolio and the Bill Forge management that they have proud in earlier track record, they will still with us and they will be not only as a workers but also as a stakeholder. So they trust completely on the project, it is very important thing. And also CIE, as we saw that this is important, we have already a lot of faith in this business, we went to the capital increase with this EUR60 million additional to rein for this position, because that was our aim to lead this project also for the future.

You can see here, I do not know if you see the figures, you cannot see in the first chart above, you see the current Bill Forge structure where we have CIE with 53%, Mahindra & Mahindra with 22% and then we have a float of approximately 25%. For the transaction, the main shareholders will be diluted and CIE will be approximately 51%, Mahindra will be 18% and Bill Forge will be 8.4%. This is the new structure that we will have after a capital increase.

So, regarding the timeline for the operation, the first two points are already done, the Board resolution and we held meeting to approve the equity shares and acquisition of Bill Forge are already done and we expect that the issue of the allotment of the equity shares will be done by 28th of October, one day later. And prior to Diwali Festival comes, we expect we get exchange approval for listing the share prices of November. So, in fact we more or less do the planning, there is just one week delay because of the holiday season.

So, next point, I would like to briefly explain our strategy guidelines for the future, for the next four years. It is important to say that due to our funding process we cannot disclose some of the information that we are working with right now. Because as you know last year we made a strategy plan for CIE and also for Mahindra CIE and now we are preparing the budget and the strategy plan for next four years, we are updating that, collecting information and working with the team and we are updating this information and we have some idea that I would like to share with you the main guidelines what we are going to do in next year. I would say that I have two targets, it is very, very simple, the targets and the position, the requirements that I have from CIE from let's say our Mahindra CIE staff and chairman. We need to grow, so this is for us and we need to increase..... I think we should take the advantage of where we are located. We know that Germany is complex, we know that on the cost point of view it is not the best place but we have a big presence in India, have a big presence in Spain where we are quite competitive in Europe as Chairman said. So, this is our task to improve the profitability.

We appointed Edmundo Fernandez in Germany, one of our best guys to make the turnaround for the company. Then we appointed CFO, JP, the new CFO of the organization. We appointed also Ramesh Kaul in Stamping division to grow this division in India and we have already started working in appropriate way as we do it in Spain and in CIE with our management control limiting the operating meeting, so we started with this conduct process a little bit improvement in the plant.

Second point, as you can see there is another reason that I am here is to prove and be a bridge between CIE and Mahindra CIE. We are, let's say, far from each other in terms of distance and we have been a little bit coordinated but not absolutely coordinated, so I will say that right now

my position is to be 100% coordinated. And especially because we have to pick synergies in this coordination and also we can improve by the transfer of technology our position in India. And I can give you several examples of this because I am two months in this position and we have already launched one team for this forging division, we had one expert from Germany, one expert in Spain, also one in our R&D department and two technicians in our second plant. So the made a team to make a transfer of EUR5 million components as there are several components for forging from Germany to India. So we have already established this process and they are working absolutely as a unique team, perfectly coordinating. I am really excited because they will prepare the samples before the end of this year, so we expect to start the production after the migration of our customer requirement of our customer in Daimler. In the first quarter of 2018 we will transfer the technology and we will transfer the component, so we will take forward the production. You can understand that our production of these components in Germany was not profitable, we will make it profitable in this year.

So, these are the kind of things that we are already preparing to make this transfer of technology with different teams. We have set a team also in India as we have business with Metalcastello and for our business here. And it is working also perfectly. In this case, for example, we have an additional transfer of components from Metalcastello to India, especially because we have been awarded by one of our main customers Caterpillar with a business of about EUR15 million. So, we can produce part of it in Italy, but that will allow us to move part of the Metalcastello's production to India to balance the capacities of the machinery. So, this is a win-win situation but this will be done in 2017 and during 2018. We need to first receive the business from the customer and then make the transfer for the production.

So these are the kind of things that we are already preparing and I am pushing and I am in contact with the best people in its technology that I know personally in CIE to support this thing. From Stamping point of view, we have toflat evolution in this country, we think that we need to improve our efficiency internally in our stamping which is done. So, CIE's best stamping plants are in Mexico, so next week I have the meeting with the director of Mexico and on Wednesday I have meeting coming to Europe, so I will be there. And we are preparing also a team with a couple of Mexican guys and we are planning to be here November or beginning of December. So we will set also another team for stamping and we are working for continuous improvement. This is for me the key point. So, the profitability EBITDA will come after almost all these things works and get the results. It is as simple as that, I mean, all the figures are the result of the industrial work, so the industrial work must be done perfectly.

Then we have our internal continuous improvement system that is working perfectly in our plants and now we need to install it here. We told them CONCOR, the control and correction and so we control and correct every day with a different looks. So, another point and you see the fifth point that local parts also in the good direction of the growth and the profitability will be in direction of Bill Forge where we have very, very broad system with hungry people and they want to win business, they want to develop business and approximately they are similar to me, we are looking also for new opportunities continuously, that is last year and we have

absolutely good chemistry between us. And we will develop our commercial synergies as you know, and specially in Mexico. So this will be success story for sure.

And finally, we are really active on the acquisitions, we have not made our acquisitions with Bill Forge, we are active because we will work with our business partner but not only with organic growth but also with inorganic growth. So, this is the way we will give speed to this growth and we will be relevant players in India and in automotive in next year.

So, we have here the market highlight that we will share with you. I think, Vikas you can start on this.

Vikas Sinha:

I will quickly go through this, because this is mostly know by most people. What they are seeing is that the market is improving, of course on an overall basis. What this hides here is M&M growth, M&M is also growing but within M&M of course Scorpio and Bolero are not doing as well, that is also a well known fact and that has an impact on us. What it does not have is our tractor data, but tractors are probably seeing double-digit growth now, so that is anywhere 10% to 15% overall and maybe M&M will be doing slightly better than the market side.

Can we go to next slide? If you go through this, again there is a uniformly optimistic view on all these segments and I think that is a welcome sign for us.

We will go to the next. This is Europe, here we have the car market which is proving to be fairly resilient and I think low single-digit growth. As far as the commercial vehicle market in Europe is concerned, as we say we do not have authenticated quarterly data but what I can provide, if you look at the German association, German Automotive Association, **VDA**. their the website is www.vda.de, you can actually track that website. The production growth in the German industry for this nine months this year is (-1%), so even though the registration for less than 6 tonners is about 13%, the production growth is about (-1%). So again I would say stable, mostly stable. I think the European market outlook is mostly stable and that is reflected in the next slide which gives the outlook, fairly stable for both CVs and Cars. But yes, the off-road market where our Italian business is dependent on the off-road market, that is not doing as well, there is negative growth there.

Ander Arenaza Álvarez:

And then we come to the company results. So, you can see here these are the consolidated results of CIE. So, total turnover i.e. so the total revenue were Rs. 39.557 million. The EBITDA is Rs. 4.349 million, again slightly better, you can see the increase on the percentage is coming from 9.8% to 11%. And EBIT growth also from Rs. 2.3 million to Rs. 2.6 million, it grows from 6% to 6.7%. So, you can see not important growth is not what expected but we keep our profitability ratios and we improved little bit. This is where we are in this moment in the consolidated. We wanted to use this result with official figures, last three quarters of 2015 are included there and the first three quarters of 2016. So the period is not exactly comparable but as the first quarter of last year was included in the fiscal year and previous fiscal year, we did had the outdated data.

Jayaprakash: And I think we have INDAS for the results of 30 September '16 and therefore the EBITDA calculation undergoes a little change. All income is considered and all exceptions have been taken.

Ander Arenaza Álvarez: 2015 that are Indian GAAP and 2016 that are under IndAS. So this is the same figure but only for Europe, let's say this evolution of Europe. What you can see is turnover of revenues are also flat from 25.5 million to 26 million, slight increase. The EBITDA growth also is a little bit and we have crossed 2.6% to 2.9%, that means that our percentage increase is in 1% from 10.2% to 11.2%. I can say that we are not happy with these results and even though it is an improvement from 10% to 11% this is not enough for us. Again, we are very clear, we are not going to be quite or relaxed with this figure because we are committed to increase these values substantially. And I told you before, I am not talking about our strategy plan but we expect to increase those figures importantly. So, there it went also from 1.6% to 1.9% and in percentage from 6.86% to 7.2% that means that we are growing slowly, I would say main comment in Europe would be that clearly forgings in Spain, Lithuania are doing pretty well. But MFE is not performing so well. So, we are reducing a little bit the business on MFE, coming from the one of the plant JECO where we made some mistakes in the closure so we had to move the production from that plant to other two plants and we were overloaded and that created a difficulty. Right now we are in a much better position, we are not facing difficulties on deliveries and now we are stabilizing, we will start growing the profitability in the next month.

Now in India, situation also similar in terms of increase of the turnover slightly, flat 8%. What we see is we fell something like 13% Rs. 242 million in revenues with Rs. 1.4 million EBITDA that means 10.7%, we came from 8.9% from previous year. So, let's say we are slowly but we are growing in terms of profitability also. So EBIT improved from 4.8% to 5.7%. What is important also to mention regarding the turnover is that as you know the raw material prices went down during 2016, that means specially the steel and scrap, that are affecting two of our businesses. Mainly the foundry where raw material is approximately 50% of the turnover and in Stampings where the raw material still is something like 75% of the turnover. So, this affects both in Europe and in India. They have an impact of approximately 3% less revenues, approximately 3% in some it is a little more but we can see that 3% is coming from raw materials space.

Here you can see the quarter, the previous slide we saw consolidated accumulated till 30th of September, now you can see different quarters. In the quarter in consolidated you see also the flat evolution, the EBITDA increased a little bit from 10.2% to 11% and the EBIT is going down from 6.9% to 6.6%, this is coming from adjustment in amortization, that we did in 2015.

This is the evolution of quarter in Europe where here you can see the impact of the MFE reduction where we have seen reduction from 8.3 million to 8 million. The EBITDA is approximately the same. So, as I told you the raw material price is affecting this and also we can say that CIE Forgings and Metalcastello plant and gear business in Italy, they are doing really well. So they are growing in expectations and with very, very nice profitability. We have very good results, so this is the key point. That is the reason we have best work in that plant.

And in India we see also some improvement, I mean you see Europe was going down a little bit in this quarter but in India we are improving, 4.2 million to 4.4 million, from 8.8% EBITDA to 11.9% EBITDA. So, this year we see an increase and we see also an improvement in the profitability. So we have a growing business in the forgings, in the magnets and gears division, those are growing importantly. The foundry and stamping are flat, mainly because of the raw material. Those are the businesses that are not growing and forgings, magnets and gears are doing pretty well. In all divisions the profitability ratios are going up, they are inching up. We think that we will see this improvement in the next month. And this is very important, we have a lot of commercial opportunities that we are running now and we will probably form into contract, that is our target.

I forgot to mention one important change also in the organization, because he is not related to India but... we have now on Board in CIE a Global Business Development Manager, Mr. Jose Yudego and he has been during the last year the commercial director for all CIE. So he has now a new job, he left the commercial directorship of CIE and he is now working with me to be the business development director and also commercial in Mahindra CIE. He has lot of contacts with customers, I mean he knows all the important players in automotive world, especially in the forgings he was the President of the Euro Forge Association during last year, so he has been President there. He now leads the forging business and he has already started working with us to push, to help to open doors and these kind of things that are important. So, you can see that we are now with best team we can find to look for push for this company.

So, finally just last slide to give you track record of CIE. CIE, during its history has always fulfilled the strategic plans, so this is something that probably not all the companies in the world can see. We have 100% of the success in fulfillment of the strategy plans, that gives us huge credibility in the market, that is the reason that CIE company is, as Hemant said before, EUR18 coming from EUR6 three years ago, share price is EUR18 compared to EUR6. And I would say that this is one of my goals. And we are truly committed in Mahindra CIE to achieve the target of our company. I can say you that this target, I cannot disclose them but they are really aggressive and we are committed as we do in CIE. I would say I have marvelous team, great people and I think we will do this. And with the commitments to our shareholders with the growth and profitability, we will work in both areas.

And my last comment to my Chairman, I need to say that we have had a very good relationship and we are working absolutely transparently, honestly and I am excited with this way of doing things with Hemant. And in a joking way, we will not fire him or I will replace him I will like Hemant to keep with us and not joking any more.

Hemant Luthra:

I promise not to joke about it again. There are analysts in the room and they want to have this call recorded. Yes, we are around, we are there, period. The team and I, there are many of us, one, two, three, four, five sitting here from Mahindra Systec, now Mahindra CIE. Ander pointed out something which I think is very important, if you see Ander was entrusted even though he came from a company that was acquired by CIE, so you have the CEO that has come from a company that was acquired, as a Chairman of a company that was merged,

acquired by CIE 51%, I do not like to use the word acquired. And Pedro, the senior operator who is not originally CIE but came from a company that partnered with CIE. I think I do not need to say any more about the philosophy of CIE and how they manage and how they trust people. But they have done it in the right way.

So, if Ander has finished the comments, I will turn it over to the host and we can go with the Q&A as you people like. I believe we have a comfortable hour or so, but feel free to extend it if needed.

Hitesh Goel:

Thank you, Ander, for the remarks. It is quite heartening to see that Mahindra CIE is getting under CIE global platform. I will start off the Q&A first and then we will open it. I wanted to understand that you talked about ramping up exports out of India, so how do you see that strategy playing out because you have some spare capacity in Europe as well. So how does CIE look at capacities across Europe and India? And what is the potential of Indian operations in terms of exports, do you think the capability of plants of the Indian operation that we have in stamping, forging are good enough to start exporting to your customers in Europe and Latin America? Can you talk about that.

And my second question will be on, you are getting technical experts from CIE from Mexico and other regions to improve various operations within the function. So, how does CIE think about it, does Mahindra CIE will have to start paying more in terms of technical services to CIE global, because they will also ask for payment of services from a CIE platform if it is given to Mahindra CIE? So, I have these two questions.

Ander Arenaza Álvarez:

Regarding the first, I told before that the main point we need to build before we start production is reliability. Reliability means that we are able to deliver a product 100% of time and 100% of quality, that is a must, you cannot escape from that. Regarding the different businesses, how we are positioned to make this as profession, I would say you that now we have seen the forgings, so forgings is one of the target to achieve this growth, and we are going to work in this team to establish precision. For example, the 5 million that we have for those quotations. So, one important target to export. And we are already doing this and exporting the gear to different companies and we are doing profitably. And regarding the gears plant, we have now completed and full, so we are investing. Here we are investing in capacity and in fact we are moving machinery also from Italy to India. And this is something that we will start doing to balance capacity and I said that in my divisions most of them we should put wheels to the machines because we move the machines to the plant that will have the necessity. I mean, we have injection machines flying from Spain to Mexico last year, a couple of machines. We have one machine flying from Brazil to Spain. Some moving from England to Romania or to Croatia, so we are moving the capacities because this is the way that the manager can optimize the assets. This is something that we do continuously.

Hemant Luthra:

Can I add a little something, because I heard a question, I heard another part to your question which is that if CIE provides support are they going to be charging technical services? There are listed companies but so far because Mahindra CIE has been a subsidiary there has been no

such fee, neither has it been discussed, it has been treated like a family. But we will conform to normal governance standards. But as of now that is the situation, I do not think fee has been discussed. Just wanted to reassure that this is not a means of sucking money out of Mahindra CIE and putting it to CIE.

Ander Arenaza Álvarez: Not at all, in fact we do not plan to charge anything. we talk about gears, we talk about forgings, a foundry is a company that we need to improve. And we need to consolidate the quality in the plant. And in order to consolidate the quality of the plant we will launch from our R&D department where we have an expert of stamping and we will cover that from CIE headquarters. Because this is the support that CIE gives to all the subsidiaries. And I have no or we do not expect to make any charge to the company on that.

Hitesh Goel: Thank you. We can take question.

Moderator: Sure, thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Lalit Kumar of MCA Management. Please go ahead.

Lalit Kumar: So, this might not be the right time to go through micro numbers, but broadly three, four quick questions. From the presentation I have seen that there is entry into technologies where CIE has global presence, but Mahindra CIE is not present in. Can you just throw some light on it? And what is the market share of Mahindra CIE in forgings and stampings at this point of time?

Vikas Sinha: When you are asking market share question, this is for India or for Europe?

Lalit Kumar: For India as such.

Vikas Sinha: So, as far as forging systems, in India we are largely crankshaft players. Of course, there is no authenticated data but we produce close to 1.3 million to 1.4 million crankshafts every year and we do it for cars and UVs. You know the production of cars and UVs in India is about 3 million to 3.4 million, so you can make a guess on what our market share is. And we would be among the largest crankshaft manufacturers in India.

As far as your question on stampings in India is concerned, in stampings we are largely suppliers to M&M and Tata Motors. And we can safely say in the stamping supply to M&M we are the largest supplier.

Lalit Kumar: And on the presentation side of entry into technologies where CIE has global presence but MCIE is not present, what are all those technologies as such?

Hemant Luthra: So, largely aluminum and plastics, but I will leave it to Ander.

Ander Arenaza Álvarez: We do not get aluminum and plastics in Asia or in India, we are actively looking for them because what we want to have is a global portfolio in all the regions where we are placed. I can tell you that we launch the aluminum business also in Brazil right now, we have aluminum in Mexico, we have aluminum in Europe. Last year we launched a Greenfield in Russia, this was

also our last Greenfield in terms of aluminum. And we are actively looking for acquisition of a target company in India. So, this acquisition could happen in the next years, but our idea is to open this portfolio and it's in our strategy plan to open this. And the same happens with plastics, so we are also interested to open our plastic portfolio to Asia and we are actively doing that.

Lalit Kumar: Can the CFO just throw some light on the impact of GST on Mahindra CIE with respect to how much benefit it is supposed to leave on this?

K. Jayaprakash: So, with GST coming around it will help us reduce our cost, so wherever we are doing buying from interstate materials. I do not see much of materials coming from outside the states, so I think it will be more than probably about 0.1% or 0.2% in terms of margins.

Lalit Kumar: What is the hedging policy of company?

K. Jayaprakash: Net we are exporters as far as India is concerned and largely we leave it open as far as...

Lalit Kumar: So it is naturally hedged or just for some currency fluctuation?

K. Jayaprakash: No, we are largely currency surplus, so we are leaving it open and there is no import. So in that sense there is no natural hedge.

Hemant Luthra: May I make one quick request. There are so many follow-up questions, may I ask the host to give a chance to some of the other people also. So I do not want to be rude, but if you have four or five... Please, sorry. Thank you.

Moderator: Thank you. We will move to the next question, the next question from the line of Mahesh Bendre of Way2Wealth Securities. Please go ahead.

Mahesh Bendre: Sir, in terms of Bill Forge acquisition, the number revealed by you suggests that we carried out this acquisition at EBITDA of 11.5 times. I think at that point of time Mahindra CIE was quoting at 13 times on EBITDA side. So I am just trying to understand the methodology, is it that we will buy companies who will be cheaper than us, I am just trying to understand based on what methodology we are buying the companies?

Hemant Luthra: Let me see if I can respond to that. When you find a company which is squeaky clean, as a 25% year-on-year CAGR, as a 20% EBITDA margin, as a 20% ROC and is willing to put 50% of the value of the transaction back into the company and is having the management willing to sign on and lock themselves for a period of time, what may look like 11 is certainly lower when you look at the F2017 results, but I cannot talk about that. No, you do not pay until it is exceptional value and we believe that Bill Forge is certainly exceptional value by all the metrics that we have. And yes, the philosophy is going to be that whatever we buy will be earnings accretive. I hope that answers your question?

Mahesh Bendre: No, I am just trying to understand that is there anything in our mind regarding while acquiring company whether payback period is one area we look at or is it that we get a business and we are ready to pay premium?

Hemant Luthra: Premium, I will go back to the saying as to, The beauty lies in the eyes of the beholder, and somebody can figure out whether the glass half full or glass is half empty. If you look at 3,000 automotive component companies in the country and you have 600 which are ISI certified and you probably have 100 companies that are turnover of about 100 million and you have 50 companies with a turnover of about 200 million plus, and out of those 50 companies you have 25 companies which may be squeaky clean on account of corporate governance, so I cannot define all the parameters. Sometimes it is the technology, but in addition to technology and profitability it is a question of sometimes it is also touch and feel and the gut. And given the fact that CIE has done more than 50 successful acquisitions, Mahindra Systec has done something in the past, my only suggestion is that I do not see a fixed formula. We will always be earnings accretive and that is all that I can say. Lorea, you want to add anything?

Lorea Aristizabal: Yes, I completely agree with Hemant. I think, as he said CIE has a wonderful track record in M&A and it not devalues with age, that is an important quality. But what really matters is the return we gave to those investments. So, whether we want to pay for the next M&A or the previous one, we never know, it will depend and it will contribute to CIE group. But it is always one driver for us. And we are absolutely sure that there is going to be required return on investment for that M&A transaction, then we will go ahead. I would say that at the end of that is beyond the answer that we should give you, the return is important. That is the driver that moves investment in ICE, whatever is CAPEX whatever is M&A.

Hemant Luthra: I am also to supplement the same analyst call one quarter ago, I think I have mentioned that there was an asset we passed on it and it has expanded. So it is the question of the quality of the asset, it is not a question of fixed formula. In fact, a great discussion on this we will go the next question, but before that I think Ander wants to jump in.

Ander Arenaza Álvarez: This is one of the key points in CIE management. As I told you, I am industrial manager or director and we are continuously improving our company. We make several investments but in one of our investments we have to fulfill all our profitability study and we have to do this profitability study, return on assets above 20%. So this is internal requirement to approve any CAPEX in the company. So when we buy a company we make an acquisition, our requirements are exactly the same.

Mahesh Bendre: And sir my last question is, we carried out a preferential allotment to fund this acquisition, and before the transaction Mahindra Group had a 20% stake in the company, MCIE, and post transaction that has come down to 17%. We are further looking for Rs. 700 crores of QIP, so maybe this will drop down to 15%, Mahindra's stake in MCIE. So I just want to understand how promoters are comfortable by reducing their stake in the company?

Hemant Luthra: Let me answer that question, but with a correction. We do want to raise some more money to arm ourselves with a firepower, its one of the many investment opportunities we are looking at to be available. So confining it to QIP is a wrong definition, it could be any means that we do, number one. Number two, yes Mahindra has come down, I have been an old Mahindra man and I have come back here. And I think during the start of my presentation, now I am here at Mahindra CIE and therefore my job is to defend the value of Mahindra CIE to Mahindra CIE's shareholders. Right at the start of the presentation I said that Anand Mahindra has diluted his ownership from 42% to 26% in main Mahindra, he does not hold or Mahindra Group does not own more than 26% in the company. The Mahindra Group has always believed that control does not come from the number of shares that you own but has come from the quality of your governance. Mahindra is absolutely satisfied with the quality of the governance of CIE and Mahindra CIE, has full faith in its management and has a commitment to it shareholders. So, the preference issue that was done to CIE, if Mahindra had insisted that we also want to be 21% and CIE also had to be at 53% and we had an 8% from Bill Forge and Kedara, the capital would have bloated and the earnings per share would have diluted. So, Mahindra has got comfort that they are still a wanted partner, they are very much a wanted partner and there he is not focusing on whether this is 18% of 20% or 15%. That is the quality of the partnership between them.

Hitesh Goel: Raymond, there is a question from here, I will just take that.

Participants: So, two questions. First, on the Bill Forge synergies, both on the back end and the front end in terms of supply chain integration and increasing your customer strength, it comes from Bill Forge. And second, more long-term when the merger transaction happened, we were supposed to merge the other CIE forgings plant with Mahindra CIE, now what is the state of that and when can we expect that? Thank you.

Ander Arenaza Álvarez: So, I would say the Bill Forge acquisitions have several synergies with us. So, first of all they compliment us or they open us several customers in India where we are not located. As you know, our main customers currently in India are Mahindra & Mahindra and Tata. But with Bill Forge we will open two wheelers, I mean, with Hero, then we have GKN, next is NSK. So, they will open us the additional businesses in India. On top of that they have a huge business also in Mexico where they are dealing and they are launching. I can tell you that Mexico is not an easy place for an investor, special place. And CIE has more than 4,000 employees in Mexico. So that was one of the reasons of Bill Forge to engage with us because we will help them to develop the Mexican business and we will take advantage of that. And also we have huge, really, really important skills, we have two plants devoted to machining in Mexico but we can support the machining of Bill Forge. So, I would say that globally they will give us a wider customer portfolio, they open us also the product portfolio, these kind of component where we are not placed. So, I think we will be really important player after the acquisition of Bill Forge, we are more global supplier for the forgings. And finally I would say that another strength Bill Forge has given us is, more than these customers and these figures is that are really motivated, they are absolutely aggressive to grow, they are willing to do things, they are

willing to expand and this is the kind of approach that I like. So, they will help us to change let's say a little bit the mind and our situation to launch the growth of the company.

Hemant Luthra:

Thank you, Ander. I will answer to your second question. I believe, again on an analyst call earlier I have said that, this was after the Bill Forge acquisition when I said that there was a choice of doing a 100% cash transaction or doing a merger. If we had done a merger, yes certainly we would have looked at all the other assets around the world that CIE has in forgings and put them together because you cannot do one merger and follow it up with another. But one of the thing that is handicapped with merger is that you then lock-in the capital structure till the High Courts and so on approve for 12 months. And therefore we believe that we cannot allow ourselves a luxury of waiting for some follow-up growth opportunity for 12 months, we did a transaction which is as I said a 100% cash.

The second part of that is that Mexico and Brazil and other forging plants which CIE and MCIE are both publicly committed to putting under one roof, some of those plants are in early stages where our investments have gone in, they are on the point of a takeoff, a vertical rise in growth if I may say. And therefore it becomes a little bit sensitive given the quality of corporate governance that both CIE and Mahindra CIE are committed to that how early in the stage how do you value something. And therefore we said let's hold it, let them reach a certain degree of stability, you can see predictability of earnings that nobody then can question as to what the value is. So it is basically to protect the interest of Mahindra CIE shareholders, the reputation of CIE, the reputation of Mahindra in a related party transaction.

Participants:

Just two things, when we benchmark ourselves to MCIE we benchmark ourselves against Mexican plants or we benchmark ourselves against Brazilian or Spanish plants? I mean, we are thinking, I mean we look at the whole entire company as a CIE company then CIE has certain financial parameters and certain financial achievements so far, so how do we look at it as being an emerging market operation. So we benchmark ourselves more to towards Mexico say for 2020 goals or we should be more happier with European goals?

Hemant Luthra:

I will let Ander take that and then I will give you my views on it. But let Ander go first.

Ander Arenaza Álvarez:

Regarding the benchmark, we usually benchmark our activities here with/against the best performing plant of CIE in the world in its technology. So, that means that our best performing plants sometimes are not in Europe, sometimes are in Mexico, sometimes are in Brazil. Not in Brazil, not now, perhaps in the past, now because of the big crises they have. But we can make the benchmark usually with Europe and in some particular cases for example with Mexico. Our best plants in machining are in Europe and the gears we compare with Metalcastello and with our machining plants. In the forgings our best plant is in Spain, so we make benchmark and set the target. In stampings I told you we have Mexico plants, we have invested a lot in those plants. So, that is our approach. So, I would just compare two best plants whatever the region is, it is India or can be Mexico, Brazil, Europe. It is true that generally speaking the knowhow of the technology is mainly in Europe, I would say that except for stampings the knowhow is in Europe rather than in other places because we are European company so we

have the headquarters around Europe. But now we are expanding and in certain technologies we are having better deployment in Europe, for example in Mexico.

Hemant Luthra: I do not need to add anything. You have a follow-up?

Participants: A couple of follow-up questions. One is, couple of years back CIE used to have target of around EUR1 billion sales in Asia, does it stand or is it going to...? If it stands then there will be multiple number of acquisitions say by 2020, particularly in this entity or some other entity. And the second question is on the outsourcing opportunity, because I guess what many of the machining what we do in CIE is done, the forging is done by Bill Forge. So, many of those parcels are forged at Bill Forge, so is there any kind of outsourcing opportunity from Bill Forge to CIE machining division in Europe or anywhere else?

Ander Arenaza Álvarez: The first question I will let Lorea to answer because it is related to CIE.

Lorea Aristizabal: Yes, there is CIE strategic plan which is a five year strategic plan going from year 2016 to year 2020, this we launched three months ago just before summer. In that strategic plan we made a commitment to targets in automotive including Mahindra CIE. I might be well to review it to talk about the targets in Mahindra CIE. We talk about Mahindra CIE Europe and we talk about Mahindra CIE Asia and the headline, if you allow me to say that, the headline for Mahindra CIE Europe for the next five years is this is not going to be a growth story, this is going to be a margin generation of story, margin improvement story. That is the headline for Europe. some of our companies are doing better than the other, but is a mature market at the end of the day. So nothing sort of huge growth or anything but yes it should require for us a margin for improvement in profitability. If we move to the Asian part, the story that we hold for the next five years is different, this is both a growth story and this is both a margin improvement story. We mean that we manage a strategy that Andre has already talked about that, transfer of technology, commercial diversification and so on. So, plus, plus, plus all of them together will allow us a top-line growth that you have not seen so far, but we bet for the next idea. That is coming with margin improvement while improving volumes and profits. As we mentioned also the productivity efficiency are things that we can work on our own. So, I will refer to that as a strategic plan. And I would like to insist something that both Hemant and Ander mentioned. I think it is important Mahindra CIE itself it has very young story, only three years. CIE Automotive is a little bit older, 20 years of story and I invite you to review our track record. Our commitment, we are quite conservative on our approaches, so when we release an strategic plan we think we have the tools to fulfill it and I invite you to double check, I want you to double check that our strategic plans have been fulfilled, sometimes improve. So, I think there is a commitment track record there that I invite you to check.

Hemant Luthra: The short answer to your question, and in supplement to Lorea I do not need to say anything more is that, our target for Mahindra CIE as a total is more aggressive because there Europe is a little bit, as she said, margin generation and therefore the growth will come from Asia. But I do not want to put Asia into a pocket because if there is Mahindra CIE which is entitled to use forging assets of CIE all over, then the growth might be folded in, there will be other options

over here. And a billion, as she said why don't you just take a look at the website and satisfy yourself, maybe everybody in this room is being very conservative, so take a look at that website and have any follow-up questions, that website is a public document.

Ander Arenaza Álvarez: I am going now to answer your second question. It is true that when you have different management in different regions, I try to make the connection between them, to buy from our machining plant in Europe to buy component from forging plant in India. If there is not a global head looking for that and pushing for that, usually it is not possible, this is the human behavior, I mean it is much more comfortable for them to use the supplied metal from the parent plant. That is the reason I am here. And we have, I would say in two months, we have agreed to transfer the EUR5 million from Germany to Chakan, another EUR5 million from Metalcastello to gears and we have launched several quotations from all our products in Europe to Bill Forge specially but also to Chakan. So it is true that we have important needs to grow because we have our internal position that we can buy from our plants. So I am focused on that and I am developing that, so I can tell you that this Friday night I go there because we have a big quotation for one customer in Spain and they require 1.7 million pivots for wheel hut and we were asking to Bill Forge, we were asking for Chakan looking for the best price in order to make a profitable business case. So, we are absolutely active on this and we will do things for sure.

Participants: One thing, why we have not declared the PAT number this quarter?

K. Jayaprakash: As I said we have moved out of IndAS, that does not explain why no PAT number. But straight, the tax percentage is same, 34% and the PAT number would be similar to what we have had. The tax percentage would remain 34%. We will take care of it next time.

Participants: **Tax Percentage?**

K. Jayaprakash: 34%, yes.

Moderator: We have the next question from the line of Achala Kanitkar of Birla Sun Life Mutual Funds. Please go ahead.

Achala Kanitkar: I just wanted to get a more sense on what are the plans on the European subsidiary of ours, basically Mahindra Forgings Europe? Because the kind of EBITDA expansion that we were looking at, the improvement in productivity that we are looking at, in spite of JECO has not come in in last two or three quarters now. So I just wanted to get a sense as to what are our future plans here and how do we see this business going ahead?

Ander Arenaza Álvarez: As I mentioned before, it is true that we have important problems in our MFE activities in forgings in Europe. One of our decision was that we had loss making nonprofit company that was JECO, as you know we have four forging plants in Germany, there was JECO, FALKENROTH, GSA and SCHONEWEISS. JECO plant was loss making company so we decided to close it and to transfer the production to two other plants, mainly SCHONEWEISS

and GSA. Due to that process of how we manage the process and that was our mistake, we had some difficulties with unions that delayed the process, so finally we had to do this process in less time. And making these things in a hurry and we were moving 600 references and we need to have showed this in the plant immediately. Then we started to have let's say delivery and quality issues with the customers, that was the real fact what happened. So, this has been our history during the two years end of 2015 and beginning of 2016. And the point where we are now is we have already addressed the delivery issue that we have been properly showed and now we are going to start improving our profitability and working efficiency. Now, my main target and as I told you I would have the best executive on head of this company that is Edmundo Fernandez, he is fully devoted to make this company running and we expect to have a standard ratio in that plant in the next future. I cannot promise you that it will be tomorrow but we are now very close to see good figures and improving our European business. So, the fact now is that we have controlled perfectly the company right now, we are now making some changes in order to improve the efficiency. We are now previewing some deals and updating some processes in order to improve this productivity and I can tell you that in GSA there is one company located in south of Germany, and this is a fact that we were producing less in finishing area. Right now we are approximately producing 10,000 parts per day. So we resolved the productivity issues and now we had started briefing and I hope that we will be able to show you positive trend in the next quarter. That is the position but it is true that it was a tough situation and I would say that we did not properly manage that situation.

Hemant Luthra:

I like Ander for many reasons, including his honesty and his ability to under commit and over delivery, you will see this happening going forward. He is not trotting out excuses which happened during the last few weeks, in addition which is unbelievable situation of a city like Hagen being cut off from power in heart of industrial Germany, complicated some issues with customer deliveries and so on. But we are not here to make excuses, Ander has given you what he is trying to do and all I can say is just watch this space because as you continue to watch this space you see the European operations delivering you something like 11%, even though some bits and pieces have not performed. So if you hang in there you will find that the results will come up to what is expected of the rest of the CIE and Mahindra CIE organization.

Chetan Vora:

Hi, I am Chetan Vora from Value Quest. You mentioned that on a trial basis, you are doing exports of \$5 million of forging and \$5 million worth of gears to Indian business. So what is your overall plan, whether the capacities over there will be gradually getting shutdown? What I understand that CIE never used to bill the outsourcing policy, so they used to focus on the plant wise profitability, so where do we stand in that?

Ander Arenaza Álvarez:

Regarding the capacity, the capacity issue what we plan is, we decided to move components from Germany to India based on the profitability. Those components when they have a lot of labor cost associated and some components have more labor cost because they require handling, inspection and this kind of things, those components are suitable to move to India. It is where we will get much more, something like 15% more profitability in India. So, all our decisions are driven by the profitability. This will help also to increase the exportation and to reduce the losses in Germany. And you are right that we have lower production in Germany,

but we are now working commercially to get new businesses and we have got already some success with some industrial vehicle concept that we were nominated. So we expect to balance this, let's say number of business or less profitable business to India where we can make profit on them. Of course if we do not make profit in India we do not move anything. So we will try to have as much efficient company in Germany, in the moment we can say that usually in our Spanish activities our labor cost, our turnover compared to the turnover is less than 20%. That is where we can compete and in fact we are competing in the world against India, against China because we have 20% or less than 20% in our accounts, P&L. That means that we have automatized and really efficient companies. And that is what we want to get in Germany. We came from very low efficient plant, now we are working in efficiency. So this is the saving, so we balance the capacities looking for efficiency always.

Hemant Luthra:

I want to make a correction to a statement that you made while answering that question. You said something to the effect that you believe that it was CIE's philosophy that each plant will only do what is best for the plant. I am not sure whether it is CIE's stated philosophy that happens but it is human nature that sometimes makes it happen that the plant manager takes ownership. It is a good thing for the maximization of profitability. It becomes a little bit more of a challenge then you have cross border movement and therefore a plant manager anywhere in the world would be reluctant to move shop somewhere else in the world because he has own commitment to own people and profitability there. Which is why you have this situation where we have now Ander as the CEO sitting on top of all the people and saying I will take a call on the basis of profitability, I am not going to let any one plant say that I will do this even if it compromises the profitability of Mahindra CIE. What Ander's philosophy that he is stating is that as the CEO his job is to maximize the profitability of CIE by moving stuff around.

There is another question that remained unanswered and I will come back to you about Bill Forge. They are doing well. You were talking about synergy between Bill Forge business and their machining operations and can machining be formed out somewhere else? I will let Ander answer that. But one of the things that you are not even seeing just right now which is starting to going to kick in is that Bill Forge has some excess order book and because Mahindra CIE's Chakan plant is servicing, forging plant is servicing Mahindra and Tata whose volumes are not as great as what they should be, it is entirely possible and we are planning on moving some stuff from Bill Forge to Mahindra CIE in Chakan because you do not need additional CAPEX to create more.

Ander Arenaza Álvarez:

I was just going to give you one example that what we have done in the gear business, in Mexico one machining plant we were producing some pulleys for one customer that we finished and we had two forging machines here in Mexico. The two machines is, one, the cost of which one is, I do not know and we were depreciating them. When I arrived I told Stephano and Romesh that okay we have to shift. So we are here in India, both these machines and now they are producing. And in fact they made additional machines and we are going to make more machines. But we used this capacity that we have and we moved to India. So this is the kind of thing that we are continuously doing, I mean, that I would say is my main strength because I have the view for all the operations globally and I do not spend too much time with the figures,

the financials and balance sheet, I spend a lot of time with the operational team and tomorrow I have meeting in Chakan where we make gears, this time I came here I have two or three days with the teams going to commercial details. So this global view will help us to find future opportunities and to use the synergies that we have in company. That probably till now we have not been using, I would say that now my job is to use this capacity and this synergy in a more efficient way and that is my task and the main idea of my new position as CEO of the company. And I think that the team Mahindra CIE in India has immediately realized that my decision is to push to help, to support, to increase business and I think that they are supporting 100%. And I feel that we will do good things in the very next future, because we have already started, everything is ongoing now.

Participants:

The Bill Forge acquisition is giving us new customers but Mahindra India, I mean Mahindra CIE India was trying to add western OEMs such as General Motors, Ford, Fiat and even the likes of Nissan. So, wanted to understand how has been the ramp up of business with these OEMs and we see the addition process going on for the CIE business India? Also, if you can add some more light on the new products which are, I mean last couple of years I think new products have come in for Bill Forging and stamping segment and in the near coming quarters do you see any more new products coming in? Thank you.

Ander Arenaza Álvarez:

Perhaps Pedro, you can say where we are. But I would tell you that regarding the customers' point of view, you are right CIE have huge relationships with GM, Ford, Fiat, and we want to develop relations with them. We have had some success already, for example with Renault that we have been nominated recently few weeks ago. And this process has already started. What is important that I told you that in order to be successful in this point we need to be 100% reliable so we need to improve our processes to be sure that there will be not any failure. If we fail once then we... so that is my main interaction to the teams, in order to be sure everything. I think that right now with Bill Forge we have huge opportunity to develop this because we are working closely and they have big customers in India and we have those customers in Mexico. So, their approach is being commenced, we are going to the customer and we will take time for us to develop this customer. So we have already started the process of developing these customers. And Pedro or Vikas you can explain a little bit about the new products that we are developing.

Pedro Echeagaray:

We have made so far significant improvements with western OEMs, Ander already mentioned with Renault, we just recently won our second, we just won our second crankshaft with them for a new model they will be launching next year. We are currently supplying the crankshaft for the Duster model. For Ford we are also already supplying exhaust manifold with a two row housing integrated. With General Motors we already have an order, it is currently under development for a substitution of a casting crankshaft they are currently importing from Korea. With Fiat Chrysler and Jaguar Land Rover we are discussing two new SUV projects that they have for India, for one of them we are currently supplying stamping parts both in Mexico and Brazil. So we think we are very well positioned for this and this is Chrysler product. And for other customers like Volkswagen we are quoting quite often machining and forging products but so far we did not have any order yet. As you know these customers, the market share of

these customers in India altogether is still 14%, so it is relatively low. But we think in the long-term they will catch a much bigger market share and in parallel the strategy is to ramp up the exports from India very fast. In fact, they are already exporting more than the cars they are selling in India, so we should not look only at sites in domestic sites but also our total production as they are mainly focusing in exports.

About products, Ander already mentioned which are our plans for aluminum casting and plastics. We are considering both in Greenfield and inorganic growth even quite broadly the fastest way to grow and to introduce those technologies in our product portfolio will be through some M&A transaction. We should not forget also which are the top OEMs in India which are Maruti Suzuki and Hyundai. With Hyundai we are already supplying casting crankshaft for one of the models. And for Maruti Suzuki our strategy, our plans are not close, we do not have any plant close to Gurgaon or Gujarat which is going to be the new Maruti Suzuki plant. So our strategy is to make an acquisition of some supplier which is currently supplying to Maruti Suzuki in Gurgaon or Delhi area and that would be for current products or aluminum or plastic products.

Hemant Luthra:

I want to add something here which is, as I said that there is nobody better than Ander who can squeeze with his team better results for business. And hopefully the only value that I can bring to Ander is help him connect the dots in the region and I will tell you what I mean by connecting the dots. Bill Forge has got customers in the two wheeler business that include Yamaha, Honda, Hero, it includes number of people and it has customers like GKN in the four wheeler business. You have asked a question about technology and aluminum, the aluminum technology is widely used in two wheeler business and therefore Bill Forge has a customer in the two wheeler business for his forging component, it is likely that that customer will come to us and say what can you do for me in aluminum business? Because then you come and get a inroad into the customer. And if he feels comfortable with Mahindra CIE which has got forging, he will feel comfortable with Mahindra CIE which has aluminum. So that is how we will create some opportunities where its not visible. You have people that may have connect into the aluminum needs and they have needs for aluminum. One of their suppliers may or may not have need for capital injection. But this is the kind of stuff that I think we will be able to do in a complimentary way, he is doing what he can and we and the team and business development players, Pedro, Vikas as his corporate strategy director, that is the kind of stuff that we are looking at.

Ander Arenaza Álvarez:

Just to finish my answer, I forgot to mention that we are currently supplying both crankshafts, forged crankshafts, balance rear shaft for Maruti Suzuki and we are growing our relationship with Maruti Suzuki from our forging plant in Chakan.

Participants:

Sir, just to continue the question on products, with the stringent emission norms expected to come in, how would it impact us, how would it lead to a better content per vehicle for the company in three to four years?

Ander Arenaza Álvarez: Well, here again I think our relationship and the technology that CIE has will definitely help. And also some technologies that we have in India, for example, this trend will require a downsizing of petrol engines which shift from casting crankshaft into forging crankshaft, so we are very well positioned as Vikas mentioned before in forging crankshaft. In addition, the turbo charger will be used more, currently turbo chargers are mainly used in diesel engines but again with this downsizing trend, reduced consumption in petrol engines more and more petrol engines, like it is already happening in Europe will use turbo housings, one and eventually two. Another example are the electric power steering, in the past power steering were hydraulic, mechanic and now most of them in order to reduce the consumption have become electric. So Mahindra and CIE is one of the global leaders of electric power component production with plants in Europe, in Mexico, etc. So, I would say that yes CIE and Mahindra CIE is very well positioned in most of those technologies, not to forget also the common rails. Again, with increased pressure in diesel engines to reduce consumption, the fuel rates are moving from tube welded into forge common rail and we are one of the leaders in Europe and we forge and machine common rails and also Bill Forge is forging common rails in India. So here we have also the opportunity to ask to Bill Forge their machining technology for common rail that we have in Europe.

Participants: Just one clarification on Europe, would it be fair to assume that all the costs relating to JECO have been taken in and in the coming quarters we would start seeing the benefit of headcount reduction that has happened?

Ander Arenaza Álvarez: Yes, the position is that we are now finishing the process. We have still some activities to be finalized as the new manager enters with some new ideas, so he has been I would say more attractive. So, some costs during this quarter are happening. I would say that we will start looking the benefit from the beginning of the first two quarters and second quarter. So, I would say I will be a little bit conservative on that because we want to finish probably at the top and not to finish without final tuning of the operation and we will spend some money here. But this will be finished in one or two quarters.

Hitesh Goel: I think we have already overshoot the time for the conference call. We will end the call and I would like to thank Hemant, Ander and the MCIE management for sharing the thoughts. Thank you very much. Raymond, we can end the call.

Hemant Luthra: Just a 30 second wrap up. Thank you for all. Ander, as I said endeared himself to the team with his transparency, his track record speaks for himself. He and I have also shook it off well and we hope to bring our complementary strengths to the table. Ander, you want to close?

Ander Arenaza Álvarez: Yes, Hemant. I have to thank you for these kind questions and certainly I hope that the next presentation I will be here with a different approach and different results. I would say that I am delighted with the team and delighted with how they have accepted me. I have very strong relation with the chairman, Hemant, thank you to him. And I think that we are in front of a very successful business for next year. And I hope I will be able to disclose our strategy plan in the next meeting where we are not blocked by QIP. So thank you everybody.

Moderator: Thank you very much. On behalf of Kotak Securities that concludes this conference. Thank you for joining us, Ladies and Gentlemen. You may now disconnect your lines.

Note: This statement has been edited to ensure quality