

Investor Presentation Full Year CY18 Results

Mahindra CIE Automotive Limited

20th February 2019 | Mumbai



Mahindra CIE

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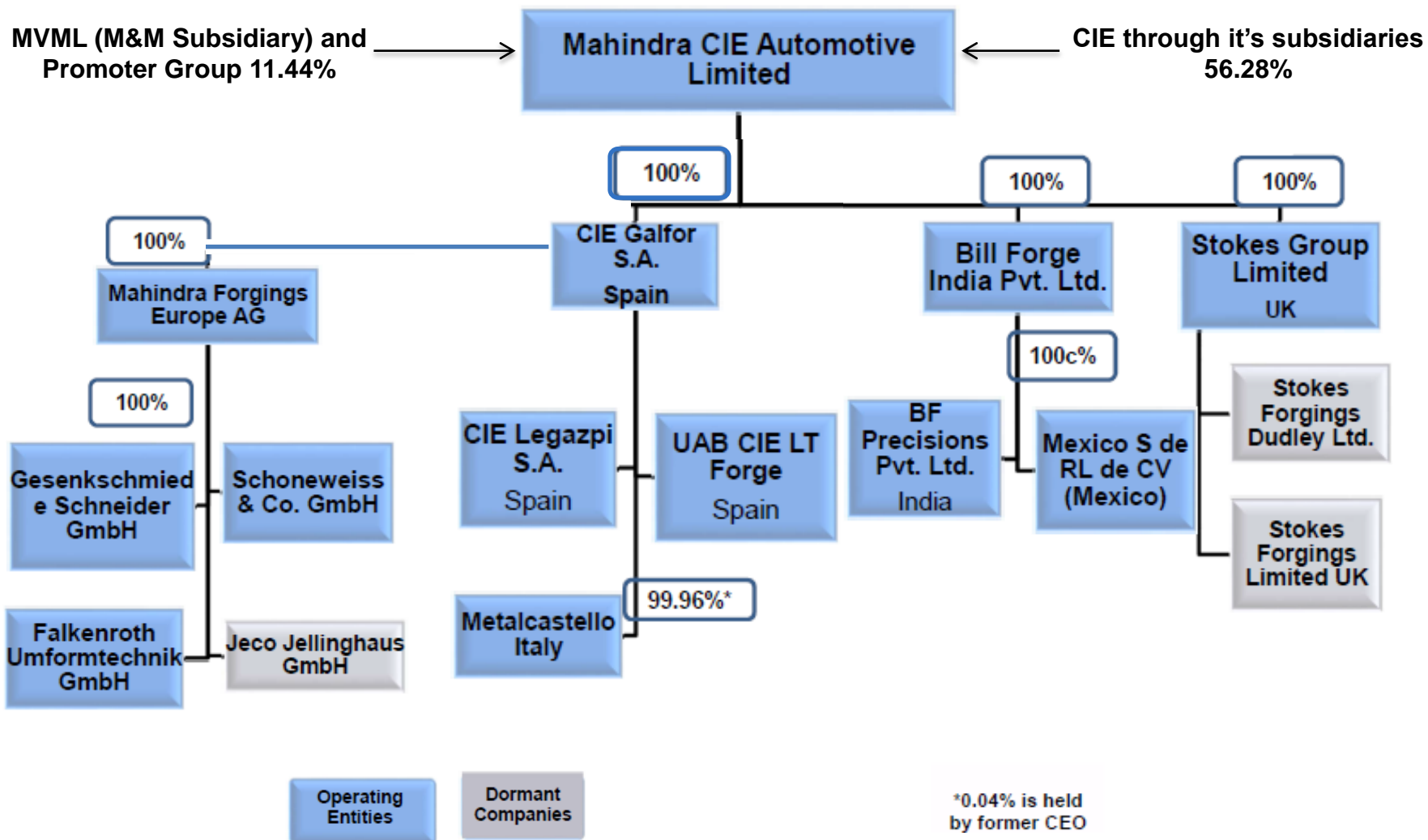
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MCIE Overview

Legal Structure



Key Highlights

CY 2018

Business

- Legal Structure Simplification:
 - MFE becomes subsidiary of Galfor
 - Bill Forge to be merged into MCIE later this year
- Bill Forge Mexico Fully new 2000T robotized line validated for new programs
- New plant
 - Composites Pimpri plant shifted to new plant in Kanhe
 - New plant at Stampings Kanhe being completed – Start of production in Q1 2019



Customers

- New customers added in
 - Foundry – KIA (Start of Production)
 - Gears – Hino Motors
 - Lithuania – Linamar
 - Bill Forge – EV components for KIA Motors



Products

- New Products
 - Gears – Scissor gears with no backlash

MCIE India

Q4 C18 results

Financial Update

(INR Mio)	Oct -Dec 2018	Change	Oct -Dec 2017	July-Sep 2018
Sales (without Excise)	7,627	+15%	6,661	8,153
EBITDA (*)	1,134	+37%	829	1,240
EBITDA%	14.9%		12.4%	15.2%
EBIT (*)	822	+57%	522	934
EBIT %	10.7%		7.8%	11.5%
EBT	737	+82%	406	1,006
EBT%	9.7%		6.1%	12.3%

Market Update (Production)

	Oct-Dec 2018 v/s Oct-Dec 2017	Oct-Dec 2018 v/s Jul-Sep 2018
PV	-9.4%	-19.5%
UV	-13.1%	-15.0%
LCV	12.4%	-11.5%
MHCV	13.1%	-10.1%
Two Wheelers	9.6%	-16.3%
Tractors	16.1%	-10.6%
Key Customers(#)	-1.7%	-23.7%

(*) EBITDA: Net Operating Income + Depreciation , EBIT: Net Operating Income.

M&M, Maruti and Tata Motors combined constitute more than 50% of MCIE India business, includes production for which the segments considered are: M&M includes PV+UV+LCV+Tractors but excludes two wheelers and 3Wheelers, while for Tata Motors it includes PV+UV+LCV but excludes MHCV and Maruti includes PV+LCV. – The growth of MCIE’s customers weighted as per their share of business in MCIE India for Oct-Dec 2018 is 0.8% and sequential growth is -21.3%
As per International classification the segment defined as <6T is equivalent to the Indian segment PV+UV+LCV. The growth rate for <6T for Oct-Dec quarter of C18 is -7.9% and sequential quarters is 2.9%

- Sequential sales drop due to the Indian market deceleration. However, Q4 2018 vs Q4 2017 growth above the market
- Excellent trend in operative EBITDA, keeping Q3 levels despite sales reduction
- Q4-2018 EBT includes negative exchange rate impact of 54 mio INR (+90 mio in Q3-2018)

MCIE Europe

Q4 C18 results

Financial Update

(INR Mio)	Oct -Dec 2018	Change	Oct -Dec 2017	July-Sep 2018
Sales (without Excise)	11,199	+19%	9,381	11,263
EBITDA (*)	1,613	+6%	1,523	1,369
EBITDA%	14.4%		16.2%	12.2%
EBIT (*)	1,188	+11%	1,067	984
EBIT %	10.6%		11.4%	8.7%
EBT	1,082	+9%	990	850
EBT%	9.7%		10.6%	7.5%

Market Update (Production)

	Oct-Dec 2018 v/s Oct-Dec 2017	Oct -Dec 2018 v/s July-Sep 2018
Passenger Vehicles	-5.4%	16.8%
Commercial Vehicles	-11%	5.6%

In Europe all vehicles less than 6 Tons are classified as Passenger Vehicles and Vehicles greater than 6Tons are classified as Commercial Vehicules

Source: IHS Global (These numbers are for the EU28 countries)

(*) EBITDA: Net Operating Income + Depreciation. EBIT: EBT + financial results.

(**) . Q4-2017 numbers are excluding Stokes Sales 207 mio; EBITDA –ve 37 mio; EBIT –ve 50 mio; EBT –ve 60 mio

- Positive exchange rate impact of +7% in sales vs Q3 2017
- Significant EBITDA margin improvement vs Q3.2018
- Q4.2017 included non recurrent EBITDA impact of 160 mio INR (Raw material retrospective price increase + stock provision reversal)

MCIE Consolidated

Q4 C18 results

(INR Mio)	Oct -Dec 2018	Change	Oct -Dec 2017(**)	July-Sep 2018
Sales (without Excise)	18,733	+17%	15,977	19,326
EBITDA (*)	2,747	+17%	2,354	2,610
EBITDA%	14.7%		14.7 %	13.5%
EBIT (*)	2,010	+27%	1,586	1,918
EBIT %	10.7%		9.9%	9.9%
EBT	1,819	+31%	1,390	1,856
EBT%	9.7%		8.7%	9.6%

(*) EBITDA: Net Operating Income + Depreciation, EBIT: EBT + financial results

(**) Q4-2017 numbers are excluding Stokes Sales 207 mio; EBITDA –ve 37 mio; EBIT –ve 50 mio; EBT –ve 60 mio

MCIE India

CY18 Full Year Results

Financial Update

(INR Mio)	Calendar Year 2018	Change	Calendar Year 2017
Sales (without Excise)	31,561	+21%	26,072
EBITDA (*)	4,805	+38%	3,478
EBITDA%	15.2%		13.3%
EBIT (*)	3,588	+57%	2,284
EBIT %	11.4%		8.8%
EBT	3,552	+64%	2,160
EBT%	11.3%		8.3%
PAT	2,260	+62%	1,393

(*) EBITDA: Net Operating Income + Depreciation, EBIT: EBT + financial results

- Great organic growth above market
- Continuous margin growth due to internal efficiency improvement

Market Update (Production)

	Calendar Year 2018 v/s Calendar Year 2017
PV	0.1%
UV	0.9%
LCV	31.5%
MHCV	37.0%
Two Wheelers	14.8%
Tractors	23.3%
Key Customers(#)	11.7%

M&M, Maruti and Tata Motors combined constitute more than 50% of MCIE India business, includes production for which the segments considered are: M&M includes PV+UV+LCV+Tractors but excludes two wheelers and 3Wheelers, while for Tata Motors it includes PV+UV+LCV but excludes MHCV and Maruti includes PV+LCV – The growth of MCIE's customers weighted as per their share of business in MCIE India for the period Calendar Year 2018 growth is 10.3%

As per International classification the segment defined as <6T is equivalent to the Indian segment PV+UV+LCV. The growth rate for <6T for Calendar Year 2018 v/s previous year is 4.2%

MCIE Europe

CY18 Full Year Results

Financial Update

(INR Mio)	Calendar Year 2018	Change	Calendar Year 2017 (**)
Sales(without Excise)	45,284	+26%	35,867
EBITDA (*)	6,092	+22%	4,991
EBITDA%	13.5%		13.9%
EBIT (*)	4,442	+29%	3,443
EBIT %	9.8%		9.6%
EBT	3,976	+32%	3,022
EBT%	8.8%		8.4%
PAT	3,225	+40%	2,299

Market Update (Production)

	Calendar Year 2018 v/s Calendar Year 2017
Passenger Vehicles	-2.0%
Commercial Vehicles	-0.2%

In Europe all vehicles less than 6 Tons are classified as Passenger Vehicles and Vehicles greater than 6Tons are classified as Commercial Vehicles

Source: IHS Global (These numbers are for the EU28 countries)

(*) EBITDA: Net Operating Income + Depreciation, EBIT: EBT + financial results

(**) YTD 2017 numbers are excluding Stokes Sales 859 mio; EBITDA -ve 8 mio; EBIT -ve 58 mio; EBT -ve 94 mio

- Real sales increase in € 16% (Exchange rate impact = +10%): well above market
- Consolidation of operative margins

MCIE Consolidated

CY18 Full Year Results

(INR Mio)	CY 2018	Change	CY 2017
Sales (without Excise)	76,486	+24%	61,651
EBITDA (*)	10,897	+29%	8,428
EBITDA%	14.2%		13.7%
EBIT (*)	8,030	+42%	5,670
EBIT %	10.5%		9.2%
EBT	7,528	+46%	5,150
EBT%	9.8%		8.4%
PAT from Continued Operations	5,485	+49%	3,667
% PAT C. O. on sales	7.2%		6.0%
PAT	4,981	+39%	3,584

(*) EBITDA: Net Operating Income + Depreciation, EBIT: EBT + financial results

All figures in INR Million

- PAT 2018 includes –504 mio INR of Stokes negative PAT, classified as discontinued operation. This result includes 5 mio euros of provision for all closing costs.

Other Details

Other operating Revenue, Other Income and Exchange rates

(INR Mio)	For Q4 CY18			For CY18		
	India	Europe	Consolidated	India	Europe	Consolidated
Other Operating Revenue	585	420	1,005	2,324	1,506	3,830
Other Income	88	35	143	167	220	387

Exchange Rates

Period	INR/ Euro
Average for CY 18	80.72
Average for Q4 CY18	82.19
As on 31 Dec' 2018	79.63

MCIE Consolidated

CY18 Full Year Results Balance Sheet



<i>Million Rupees</i>	31/12/2018	31/12/2017
Fixed Assets	50,014	48,111
Net Working Capital	949	(1,041)
Total Net Assets	50,962	47,070
Equity	42,891	37,156
Net Financial Debt (*)	7,255	9,029
Others (Net)	816	885
Total Equity and Liabilities	50,962	47,070

(*) Net Financial Debt = Debt with banks and other financial institutions – Cash and equivalents.

MCIE Consolidated - Cash Flow and NFD

CY18 as on 31 Dec 2018

(Mn INR)	MCIE
EBITDA	10,897
Financials and Fx gain/loses	(502)
Maintenance CAPEX	(1,812)
Tax Payment	(1,337)
OPERATING CASH FLOW	7,246
% EBITDA	66%
Growing Capex	(1,960)
Working Capital Variation	(1,990)
Stokes – cap. Increase + FCF	(295)
Others	(1,226)
FINANCIAL CASH FLOW	1,775
BEGINNING NFD	9,029
ENDING NFD	7,254

- Main India investments: (1536 Mio) : Stampings new plant + Gears capacity increase + BF Mexico Nexteer line + BF India capacity increase in cold and warm forging + composites new plant
- Main Europe Investments: (420 Mio) : Legazpi new 3,000 TN press + Metalcastello capacity increase
- Other: Fx variation impact on cashflow = -824 mio INR

MCIE Consolidated

Key Ratios

RATIO	CY 2018	CY 2017	CY 2016
EBIT% ⁽¹⁾	10.5%	9.2%	6.3%
RONA ⁽²⁾	15.8%	11.9%	9.0%
Operative Cash Flow ⁽³⁾ /EBITDA	66%	44%	46%
NFD/Equity	0.17x	0.24x	0.3x
NFD/EBITD ⁽⁴⁾	0.67x	1.1x	1.6x
ROE	11.6%	9.6%	5.2%
ROE Continuous Operations	12.8%		

(1) The EBIT for CY 2017 numbers are excluding Stokes

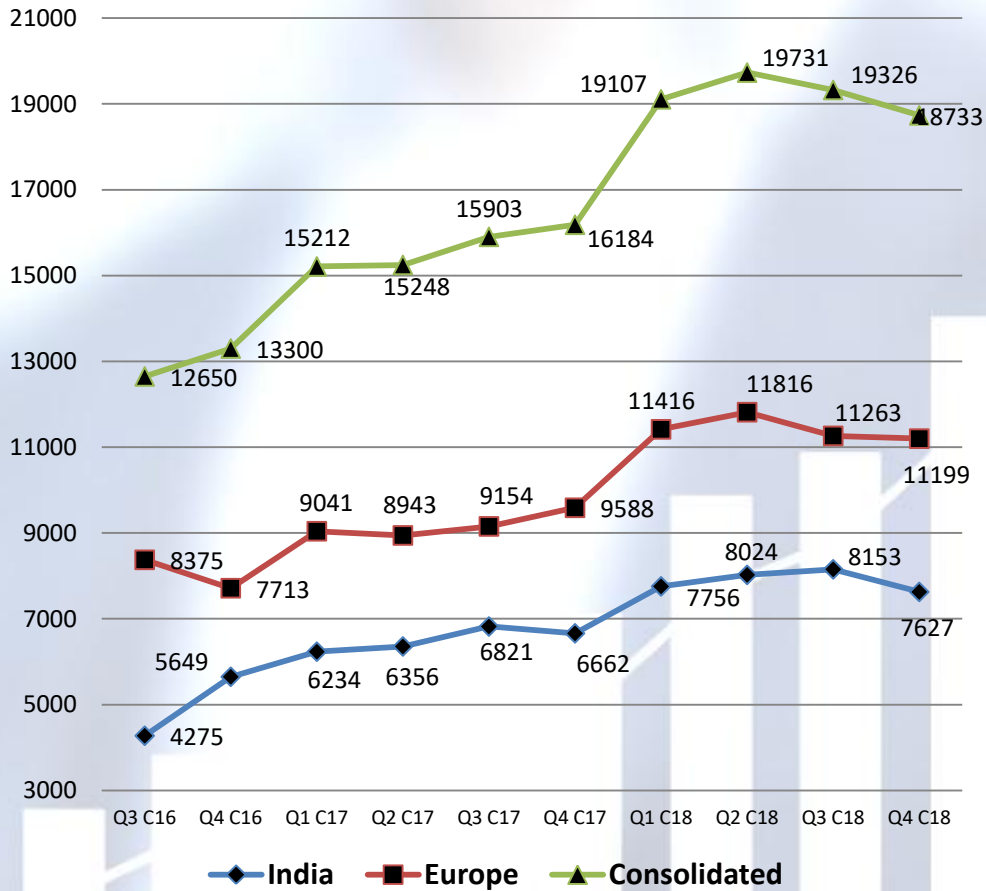
(2) RONA = "Return on Net Assets": EBIT / Net Assets (Fixed Assets + Net Working capital + Goodwill).

(3) Operative Cash Flow = EBITDA – Finance Cost - Maintenance Capex - Tax

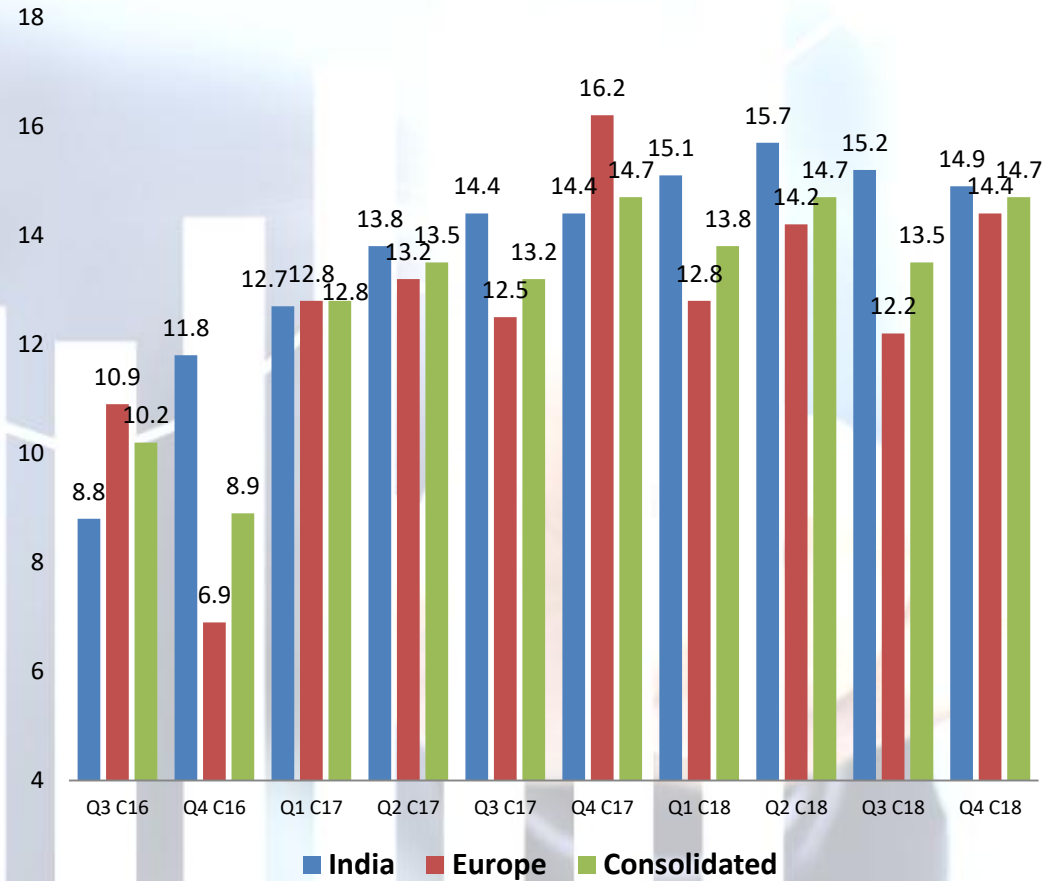
(4) For all ratios of 2016, Bilforge last 12 months EBITDA and EBIT has been considered

Quarterly Evolution

Revenue



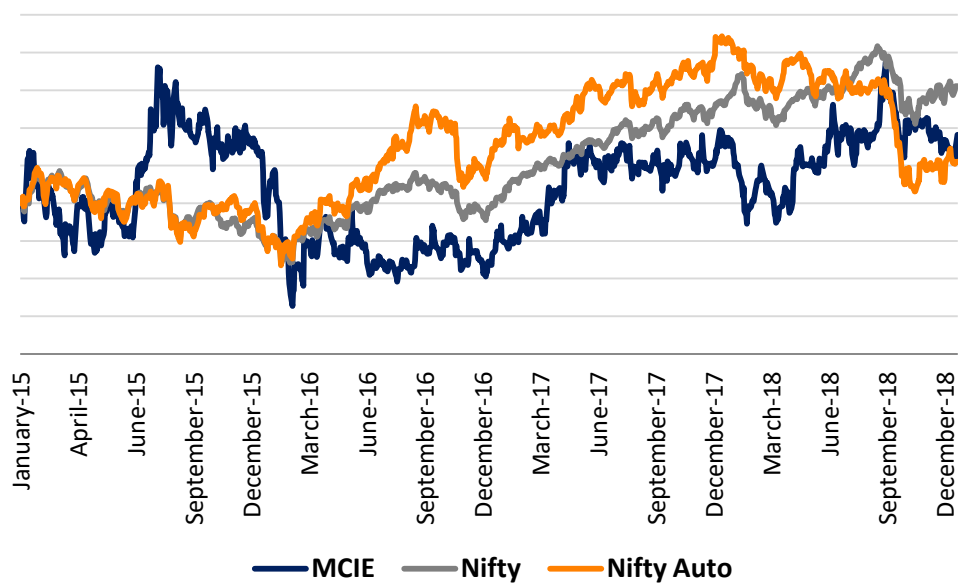
EBITDA %



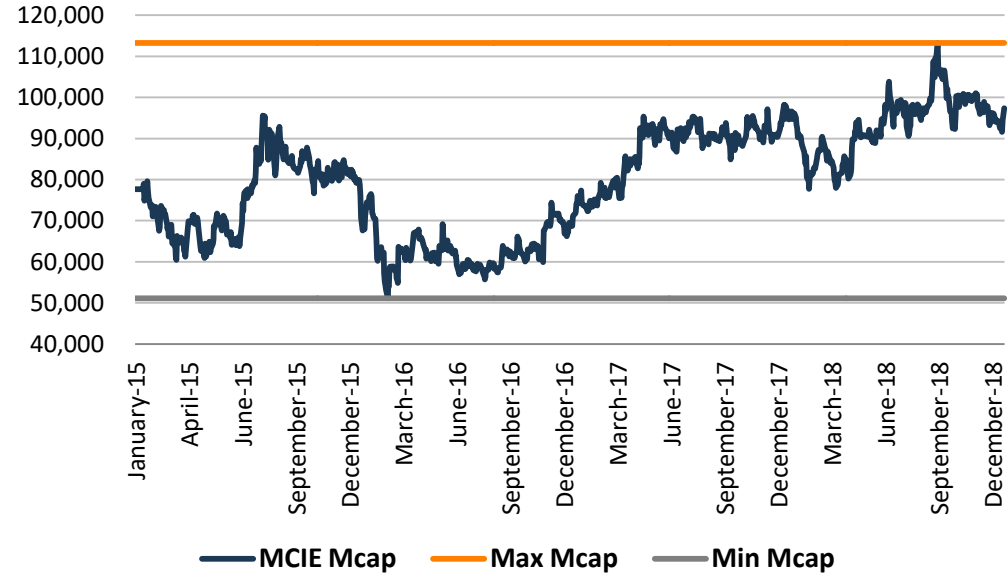
Stock Evolution

Indexed from 1st January 2015

Period	MCIE Share Price (INR)		Returns over the period		
	High	Low	MCIE	Nifty 50 index	Nifty Auto Index
6 Month (1 st July – 31 st Dec 2018)	302	223.35	-0.1%	1.4%	-13.8%
12 Month (1 st Jan – 31 st Dec 2018)	302	200	-0.4%	3.2%	-23.1%
2 Years (1 st Jan 2017 – 31 st Dec 2018)	302	180.05	40.6%	32.8%	-1.0%



MCIE Share Price Indexed to the Nifty and Nifty Auto

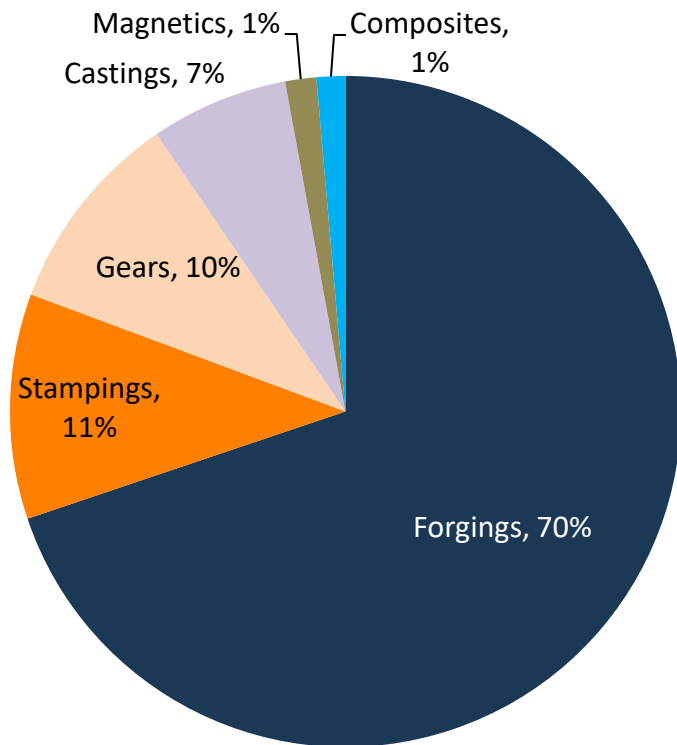


MCIE Market Cap movement (in INR Mio)

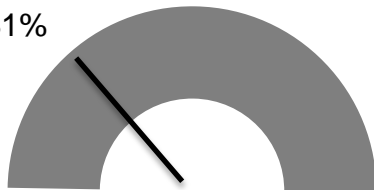
Mahindra CIE : Technology wise

CY2018 Result

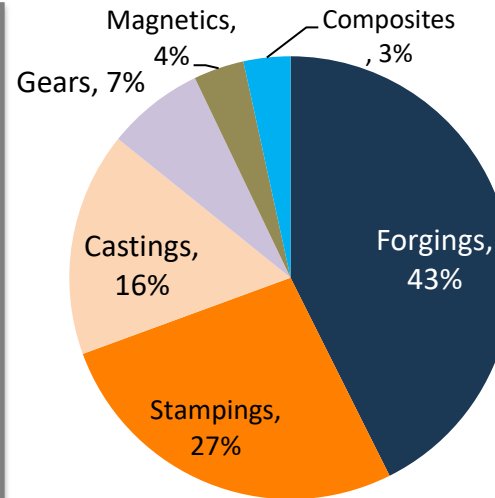
Consolidated



Top 3 = 31%



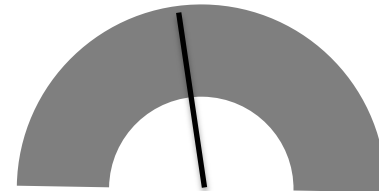
Top Customers:
M&M, Daimler, Renault



India

Top Customers:
M&M, Maruti, Tata

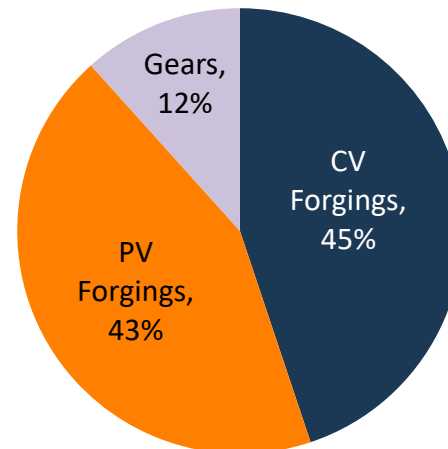
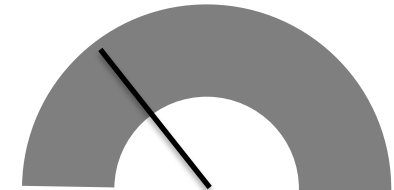
Top 3 = 47%



Europe

Top Customers:
Daimler, Renault, VW

Top 3 = 33%



MCIE Consolidated

Strategy

MCIE has followed a strategy focused on pursuing operational excellence and customer diversification to drive profitability improvement. This is achieved by focusing on improving productivity and maximizing returns on incremental capex through debottlenecking and smart automation

India

- To build on the CIE Model of manufacturing excellence already adopted– through more Synergy teams and Projects, focusing on process improvement and Technology transfer

Europe

- To focus on Margin improvement in Europe – Grow with the market and focus on Product/ Process rationalization

Consolidated

- To continue to focus on improvement of RONA and ROE

INVESTMENT DISCIPLINE AND RETURN EXIGENCE

**STANDARD
FLEXIBLE
MACHINERY**

Valid to produce for different customers and platforms

**STRICT
INVESTMENT
DISCIPLINE**

Investment analysis discipline, always requiring high returns.

**EBITDA
CONVERSION
INTO CASH**

Optimization of productive capacity and investment control

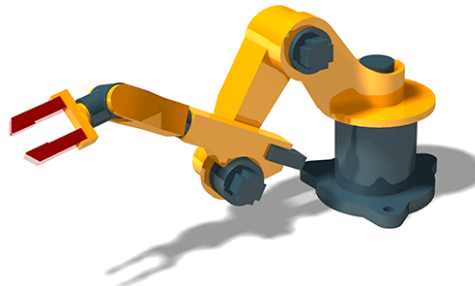
Synergy Case Studies

Adopting the CIE model of manufacturing excellence

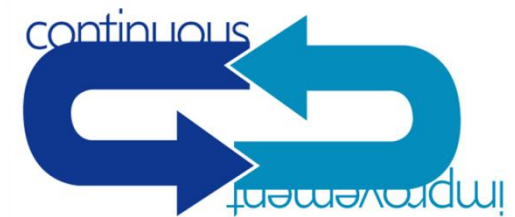
Synergy Case Study 1: Stampings Division, Kanhe is in the process of setting up a greenfield plant for a new best-in-class fully automated tandem press line, robotic welding & assembly cells and a well equipped metrology laboratory with the latest engineering & quality assurance processes. This is being done in conjunction with CIE's domain experts and is expected to be a technology demonstrator of the capabilities that MCIE can bring to the industry.



Synergy Case Study 2: Forgings Division, Chakan: This year, in house teams in conjunction with operational experts from CIE undertook the project of automation of a press line. The layout around the press was reworked to improve process flow and reduce cycle time. This has resulted in a 25% reduction in cycle time and reduction in number of workstations (thus leading to savings in manpower required) leading to better profitability



Synergy Case Study 3: Foundry Division, Urse: Objective was to launch a Quality and Efficiency improvement plan. The project involved adopting castings design standards from CIE's foundry divisions and experts via the process of Implementation as technology transfer. The benefits will be reducing rejection levels in complex Si-Mo parts by 50% and yield improvement which have resulted in savings of ` 1 million/ month.



Annexure 1:

- Standalone and Subsidiaries
- Results Declared to SEBI

STATEMENT OF PROFIT & LOSS ACCOUNTS

STATEMENT OF STANDALONE AND CONSOLIDATED AUDITED RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2018.

Rs.in Millon

Particulars		STANDALONE					CONSOLIDATED	
		Quarter Ended			Year Ended		Year Ended	
		December 31, 2018 (Refer Note 6)	September 30, 2018	December 31, 2017 (Refer Note 6)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
Continuing Operations								
I	Revenue from operations	6,149	6,524	5,613	25,293	20,639	80,315	65,709
II	Other Income	110	56	28	298	121	387	268
III	Total Revenue (I+II)	6,259	6,580	5,642	25,591	20,760	80,702	65,977
IV	Expenses							
a)	Cost of materials consumed	3,441	3,685	2,963	14,224	10,508	37,737	28,923
b)	Changes in stock of finished goods, work-in progress	-35	-60	-146	-262	-127	-1,421	-761
c)	Employee benefit expense	727	727	722	2,847	2,458	13,297	11,527
d)	Finance costs	25	21	34	82	108	502	510
e)	Depreciation and amortisation expenses	181	186	228	739	759	2,867	2,683
f)	Excise Duty on Sales	-	-	-	-	1,032	-	1,430
g)	Other expenses	1,322	1,372	1,481	5,442	4,805	20,192	16,447
	Total Expenses (IV)	5,661	5,931	5,282	23,072	19,543	73,174	60,759
V	Profit before exceptional items and tax (III-IV)	598	649	360	2,519	1,217	7,529	5,218

STATEMENT OF PROFIT & LOSS ACCOUNTS.. CONT

Rs.in Millon

Particulars		STANDALONE					CONSOLIDATED	
		Quarter Ended			Year Ended		Year Ended	
		December 31, 2018 (Refer Note 6)	September 30, 2018	December 31, 2017 (Refer Note 6)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
VI	Exceptional items (Refer Note 5)	1,286	-	69	1,286	69	-	69
VII	Profit before tax (V-VI)	-688	649	291	1,233	1,148	7,529	5,149
VIII	Tax expense							
1)	Current tax	189	223	199	831	532	1,899	1,266
	(Excess)/short provision for tax of earlier years	-35	-	-	-35	-		
2)	Deferred tax	53	0	-55	82	-77	144	217
	Total tax expense (VIII)	207	224	144	878	455	2,043	1,483
IX	Profit for the period/year from Continuing Operations (VII-VIII)	-895	426	146	355	693	5,485	3,667
X	<u>Discontinued Operations</u>							
	Loss for the period /year for discontinued Operations (Refer Note 3)	-	-	-	-	-	-504	-83
	Tax Expenses on discontinued Operation	-	-	-	-	-	-	-
XI	Profit for the period/year (IX+X)	-895	426	146	355	693	4,981	3,584

STATEMENT OF PROFIT & LOSS ACCOUNTS.. CONT.

Rs.in Millon

Particulars			STANDALONE				CONSOLIDATED		
			Quarter Ended			Year Ended		Year Ended	
			December 31, 2018 (Refer Note 6)	September 30, 2018	December 31, 2017 (Refer Note 6)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
			Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
XII		Other Comprehensive income							
A	i)	Items that will not be reclassified to profit or loss	-12	-	-8	-12	-7	-53	-19
	ii)	Income tax relating to items that will not be reclassified to profit or loss	4	-	3	4	3	17	6
B	i)	Items that will be reclassified to profit or loss	-	-	-	-	-	737	708
	ii)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-
		Total Other Comprehensive Income	-8	-	-5	-8	-5	701	695
XIII		Total comprehensive income for the period/year (XI+XII)	-902	426	142	347	688	5,682	4,279
		Earnings per equity share face value ₹ 10 each							
		Basic EPS							
		Continuing Operations	(2.36)	1.12	0.39	0.94	1.83	14.49	9.70
		Discontinued Operations	-	-	-	-	-	(1.33)	(0.22)
		Diluted EPS							
		Continuing Operations	(2.36)	1.12	0.39	0.94	1.83	14.48	9.68
		Discontinued Operations	-	-	-	-	-	(1.33)	(0.22)

MCIE SEBI RESULT

Statement of Assets & Liabilities

Rs. In Million

Particulars		STANDALONE		CONSOLIDATED	
		As at December 31,2018	As at December 31,2017	As at December 31,2018	As at December 31,2017
		Audited	Audited	Audited	Audited
A	ASSETS				
	1 Non-current assets				
	a) Property, Plant and Equipment	5,597	5,648	19,840	19,014
	b) Capital work-in-progress	632	253	960	602
	c) Goodwill	391	391	29,111	28,364
	d) Other Intangible assets (other than goodwill)	66	73	101	125
	e) Financial Assets				
	I) Investments in subsidiaries	20,062	27,036	-	-
	II) Investments in Others	1	0	15	14
	III) Loans	-	-	1,387	2,389
	f) Deferred tax assets (net)	-	-	2,553	2,554
	g) Income Tax Asset (Net)	342	377	327	270
	h) Other non-current assets	1,013	938	1,422	1,386
	Total Non - Current Assets	28,103	34,716	55,716	54,717
	2 Current assets				
	a) Inventories	2,436	1,728	12,286	9,898
	b) Financial Assets				
	i) Investments	6,788	515	6,793	537
	ii) Trade receivables	3,914	3,293	7,414	5,984
	iii) Cash and cash equivalents	302	192	1,084	677
	iv) Bank balances other than (iii) above	43	42	43	42
	v) Loans	-	-	31	43
	c) Income Tax Assets (Net)	-	-	527	529
	d) Other current assets	296	439	1,410	3,487
	Total Current Assets	13,779	6,209	29,588	21,197
	Disposal group assets classified as held for sale	-	-	524	-
	Total Assets (1+2)	41,882	40,925	85,828	75,915

MCIE SEBI RESULT

Statement of Assets & Liabilities

Rs. In Million

Particulars		STANDALONE		CONSOLIDATED	
		As at December 31,2018	As at December 31,2017	As at December 31,2018	As at December 31,2017
		Audited	Audited	Audited	Audited
B	EQUITY AND LIABILITIES				
1	Equity				
	a) Equity Share capital	3,788	3,784	3,788	3,784
	b) Other Equity				
	i) Share premium	15,234	15,142	15,234	15,142
	ii) Other reserves	16,394	16,070	23,869	18,230
	Total equity	35,416	34,996	42,891	37,156
	LIABILITIES				
2	Non-current liabilities				
	a) Financial Liabilities				
	i) Borrowings	-	-	11,730	10,173
	ii) Other financial liabilities (other than those specified in (b) below)	-	-	-	9
	b) Provisions	499	463	3,490	3,449
	c) Deferred tax liabilities (Net)	295	217	988	924
	d) Other non-current liabilities	17	47	656	720
	Total Non - Current Liabilities	811	727	16,864	15,274
3	Current liabilities				
	a) Financial Liabilities				
	i) Borrowings	1,372	1,014	4,404	1,796
	ii) Trade payables	3,017	3,159	16,839	15,743
	iii) Other financial liabilities (other than those specified in (b) below)	151	117	459	748
	b) Provisions	104	100	449	196
	c) Current Tax Liabilities (Net)	368	107	1,206	696
	d) Other current liabilities	643	705	2,195	4,305
	Total Current Liabilities	5,655	5,202	25,551	23,484
	Disposal group liabilities classified as held for sale	-	-	522	-
	Total Equity and Liabilities (1+2+3)	41,882	40,925	85,828	75,915

MCIE SEBI RESULT

Segment wise Revenue, Results, Assets & Liabilities

Rs. In Million

	Particulars	CONSOLIDATED	
		Year Ended	Year Ended
		31-Dec-18	31-Dec-17
		Audited	Audited
1	Segment Revenue		
	a) India	33,886	28,948
	b) Europe	46,789	37,030
	Total	80,674	65,978
	Less:		
	Inter Segment Revenue	360	269
	Net Sales / Income from Operations	80,315	65,709
2	Segment Results		
	Profit before tax and interest		
	a) India	3,588	2,267
	b) Europe	4,442	3,392
	Total	8,030	5,659
	Less		
	Interest	502	510
	Total Profit before Tax	7,528	5,150
3	Segment Assets		
	a) India	41,158	34,461
	b) Europe	44,146	41,454
	Total	85,304	75,915
4	Segment Liabilites		
	a) India	13,305	13,611
	b) Europe	29,110	25,148
	Total	42,415	38,759

MCIE SEBI RESULT NOTES

Notes:

- 1 The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IndAS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.
- 2 Pursuant to the Order of Hon'ble National Company Law Tribunal, Mumbai, dated December 13, 2017, four of the Company's subsidiaries, namely, Mahindra Forgings International Limited (MFIL), Mahindra Forgings Global Limited (MFGL), Mahindra Gears & Transmissions Private Limited (MGTPPL) and Crest Geartech Private Limited (Crest Geartech) ("Transferor Companies") merged with the Company with effect from July 1, 2017 (being the appointed date as per the Scheme of Amalgamation). Consequently, the Company has accounted for the merger with effect from July 1, 2017, hence, the results for the year ended December 31, 2018 are not comparable with those of the year ended December 31, 2017.
- 3 In September 2018, The Board of directors of Mahindra CIE Automotive Limited has decided to dispose the forging business in United Kingdom, corresponding to the company Stokes Group Limited. Due to that decision, the Group has discontinued the operations of Stokes Group Limited, classifying them as disposal group, and reclassifying the profit and loss account of the Company to results from discontinued operations in its consolidated result.
- 4 Revenue from Operations for year ended December 31, 2017 includes excise duty which is discontinued w.e.f July 1, 2017 upon implementation of Goods and Services Tax (GST) in India. In accordance with Ind AS 18, Revenue, GST is not included in Revenue from Operations. In view of the aforesaid restructuring of Indirect taxes, Revenue from Operations for the year ended December 31, 2018 are not comparable.

Rs in Million

Particulars	Standalone					Consolidated	
	Quarter ended			Year ended		Year ended	Year ended
	December 31, 2018 (Refer Note 6)	September 30, 2018	December 31, 2017 (Refer Note 6)	December 31, 2018 (Audited)	December 31, 2017 (Audited)	December 31, 2018 (Audited)	December 31, 2017 (Audited)
Revenue from Operations	6,149.09	6,524.10	5,613.41	25,293.33	20,639.10	80,315.38	65,709.44
Less: Excise duty	-	-	-	-	1,032.10	-	1,430.46
Revenue from Operations (Net of Excise duty)	6,149.09	6,524.10	5,613.41	25,293.33	19,607.00	80,315.38	64,278.98

5 Exceptional Items relating to current year:

a. Provision for impairment on additional investment in Stokes Group Limited, wholly owned subsidiary of Company, amounting to ₹ 1,161 Million, to facilitate closure of business. Company does not anticipate any amount to be recovered from this investment. Hence, the Company has recognised full impairment loss on the said investment.

b. Loss on sale of investment in Mahindra Forgings Europe AG (MFE), one of the wholly owned subsidiaries of the Company, to CIE Galfor S.A. (Galfor), another wholly owned subsidiary of the Company amounting to ₹ 125 Million.

Exceptional Items relating to previous year:

Onetime payment made to employees opting for early retirement under The Voluntary Retirement Scheme declared in November 2017 in Forgings division.

6 The figures for the quarter ended December 31,2018 and December 31,2017 are the derived figures between the audited figures for the year ended December 31,2018 and December 31,2017 and published reviewed figures of September 30,2018 and September 30, 2017 respectively.

7 The Board of Directors of the Company at its meeting held on September 25, 2018, approved the scheme of merger between Bill Forge Private Limited, wholly owned subsidiary, and the Company. The scheme of merger has been filed with the National Company Law Tribunal (NCLT) on October 29, 2018 and the impact of this merger will be given once the scheme is approved by the NCLT and filed with Registrar of Companies.

8 Previous period figures have been regrouped / reclassified, wherever necessary to conform to the current years classification.

For and on behalf of the Board of Directors,

Date : Feb 20, 2019

Place : Mumbai

Executive Director

Annexure 2: Market Overview and Outlook

India Market: Key Segments Update - Quarterly

Demand Stable

Market - Production Numbers

Period	Cars+ UV's+ Vans		CV's		Tractors		Two Wheelers	
	Units	Δ%	Units	Δ%	Units	Δ%	Units	Δ%
C18	4,312,936	1.5	1,106,818	33.7	754,815	19.0	25,083,553	14.8
Q4 C18	1,135,583	-10.1	255,819	12.7	219,956	16.1	5,757,147	9.6
Q3 C18	1,078,952	3.7	287,268	35.9	246,135	13.5	6,874,426	9.6
Q2 C18	1,025,460	10.2	271,925	67.7	236,079	18.8	6,462,185	14.6
Q1 C18	1,072,941	5.6	291,806	28.3	189,818	31.3	5,989,795	28.0

Source: SIAM, TMA

* Δ % - means comparison of Quarter volumes of this financial year with that of the same quarter of the previous financial year. E.g. Q1 C18 Volume is compared to Q1 C17 volume respectively.

Market Outlook - India

- **PVs+ UVs:**

“Domestic passenger vehicle sales for Fiscal 2020 is expected to grow at a higher pace of 9-11%. CRISIL Research projects domestic car and utility vehicle sales to zoom at a compound annual growth rate (CAGR) of 7-9% from fiscal 2018 to 2023, vis-a-vis 4% CAGR seen from fiscal 2013 to 2018. Growth will be driven by the improving macroeconomic situation, with GDP pegged to grow 6-8% CAGR during this period, increasing disposable incomes and the relatively stable cost of vehicle ownership owing to expected fall in fuel prices from current levels.”... CRISIL Research report dated 19Nov 2018

- **CVs:**

“CRISIL Research expects domestic commercial vehicle (CV) sales to rise ~13% in fiscal 2020. MHCV sales will grow at a 6-8% CAGR, LCV at a CAGR of 5-7% and bus segment at ~10% CAGR between fiscals 2018 and 2023” ... CRISIL Research report dated 21 Dec 2018

- **Tractors:**

“Tractor industry is pegged to grow by 6-8% in fiscal 2020, assuming normal monsoon. The long term tractor industry CAGR from fiscal 2018 to fiscal 2023 is expected to be 7-9%. The forecast also takes into account possibility of 1-2 deficient rainfall years during this period.”... CRISIL Research report dated 21 Nov 2018

- **Two Wheelers:**

“CRISIL Research has revised the earlier two wheeler industry forecast of 8-10% down to 7-9% for fiscal 19 due to the increase in cost of ownership owing to the insurance costs, volatile fuel prices and slowing demand for scooters. We expect domestic two-wheeler sales to record a robust compound annual growth rate (CAGR) of 6-8% from fiscal 2018 to fiscal 2023.” ... CRISIL Research report dated 21 Jan 2019

Europe Market Update - Quarterly

Stable Growth



Market - Production Numbers

Passenger Vehicles (Mio Units)

Period	C18	Δ%
C18	18.48	-2.0%
Q4	4.50	-5.4%
Q3	3.86	-7.3%
Q2	5.10	4.8%
Q1	5.03	-0.7%

Commercial Vehicles

Period	C18	Δ%
C18	512,630	-0.2%
Q4	128,633	-11%
Q3	121,827	1.1%
Q2	130,466	-0.3%
Q1	131,704	16.1%

Source: IHS Global (These numbers are for the EU28 countries)

*Δ% Change means comparison of Quarter volumes of this financial year with that of the same quarter of the previous financial year. E.g. Q1 C18 Volume is compared to Q1 C17 volume respectively.

Market Outlook - Europe

Incremental Growth

- EU – Cars:
 - *IHS Global has forecasted that the Passenger Vehicle production will grow at a slow but steady pace of 0.54% CAGR from Calendar Year 2018 to Calendar Year 2023*
- EU - CVs:
 - *IHS Global has forecasted that the Medium and Heavy Commercial Vehicle production will grow at a steady pace of CAGR of 1.2% over Calendar Year 2018 to Calendar Year 2023*

Source: IHS Global (These numbers are for the EU28 countries)



Thank you

Mahindra CIE