

Annual Report 2022





CIE Automotive

Mahindra CIE Automotive Limited is a subsidiary of CIE Automotive S.A., Spain. CIE Automotive is an industrial group specialised in managing high value-added processes in a sustainable, profitable and efficient way. Listed on the Madrid stock exchange, CIE Automotive is a global full-service supplier for automotive components and sub-assemblies.



2022 ANNUAL REPORT

→ Chairman & CEO's Notes		→ Business Responsibility & Sustainability Report	
→ <i>Chairman's Statement</i>	pg. 02		pg. 89
→ <i>CEO's Statement</i>	pg. 03		
→ MCIE Snap Shot		→ Standalone Financial Statements	
→ <i>MCIE - End Use Segments</i>	pg. 04	→ <i>Independent Auditor's Report</i>	pg. 130
→ <i>Key parameters</i>	pg. 05	→ <i>Balance Sheet</i>	pg. 142
→ <i>ESG</i>	pg. 06	→ <i>Statement of Profit & Loss</i>	pg. 143
→ <i>CSR</i>	pg. 07	→ <i>Statement of Changes in Equity</i>	pg. 144
→ <i>EV Update</i>	pg. 08	→ <i>Cash Flow Statement</i>	pg. 145
→ Board of Directors	pg. 10	→ <i>Note forming part of Financial Statement</i>	pg. 146
→ Directors' Report	pg. 11	→ Consolidated Financial Statements	
→ Management Discussion & Analysis	pg. 45	→ <i>Independent Auditor's Report</i>	pg. 197
→ Report on Corporate Governance	pg. 60	→ <i>Balance Sheet</i>	pg. 206
		→ <i>Statement of Profit & Loss</i>	pg. 207
		→ <i>Statement of Changes in Equity</i>	pg. 208
		→ <i>Cash Flow Statement</i>	pg. 209
		→ <i>Note forming part of Financial Statement</i>	pg. 211





Dear Shareholders,

The year gone by was a difficult year for the global economy, inflation and the war in Ukraine taking their toll. While these headwinds remain, the economic scenario could be changing for the better in the current year. IMF in its latest report says that 2023 could represent a turning point, with pressure on growth bottoming out and inflation declining. India remains a bright spot. IMF estimates that together with China, it will account for half of global growth in 2023, versus just a tenth for the US and euro area combined.

The company operates in two principal markets - India and Europe. They experienced contrasting fortunes in 2022. In India, the light vehicles segment recorded highest production levels since 2018, though two wheelers and tractors were a bit sluggish. Light vehicles production in Europe fell for the third straight year. The war in Ukraine resulted in electricity prices in Europe rising to unprecedented levels. Battery Electric Vehicles (EVs) continued to become more mainstream in both markets, with Europe experiencing a rapid increase in penetration levels.

Looking ahead, the demand situation in the Indian automotive market continues to be optimistic. The company is well prepared to capitalize on these prospects. In Europe the company will aim to reengineer products and processes to meet the twin challenges of rising costs in a stagnating market as well as a rapid transition to EVs.

The company's board also made two major decisions last year. The name of the company has been agreed to be changed to CIE Automotive India Ltd. and the regulatory process to do so is underway. It has also been decided to divest the German truck forgings operations. These changes strengthens the company's focus on the India market and helps it navigate the transition to electric mobility better, especially in Europe.

The company is in a good position to take advantage of the coming opportunities while being ready to face up to the challenges thrown up by the volatile, uncertain, complex & ambiguous (VUCA) business environment we operate in.

Thank you for the trust reposed in us and we assure you that we will strive harder to meet your expectations.



CHAIRMAN'S
STATEMENT

Yours Sincerely,

S. Shukla

SP. Shukla

Chairman – Mahindra CIE





Dear Shareholders,

We are in the process of changing our name to CIE Automotive India Limited. CIE as a global group accords the highest priority to the Indian market and this change reflects this commitment.

The board of directors of the company has approved the divestment of our German truck forgings vertical. Our car forgings vertical out of Spain & Lithuania, is facing the challenge of a rapid transition to electric mobility. Divesting the German operations will facilitate greater attention to managing this transition. Thus, the CY22 results for our European business does not include the performance of the German operations, which are reported separately.

The year 2022 has been a good year for Mahindra CIE. In India, the light vehicles segment recorded highest production levels since 2018 though the two wheelers and tractors segments were sluggish. Our Indian operations were able to grow faster than the market (CY 22 growth of 29%) and despite raw material prices remaining elevated, they managed to maintain EBITDA levels of 15.9%, +1.8% over previous year. Europe, in contrast, experienced a drop in the light vehicles market for a third straight year. In spite of this, our European operations (excluding the German forgings vertical) showed healthy growth of 27% over the previous year. Electricity prices rose to unprecedented levels largely due to the war in Ukraine, putting lot of strain on profitability. Our team in Europe worked very hard to have pain sharing agreements with key customers to pass through some of these large cost increases. Thus, they were able to minimize the impact on profitability, achieving an EBITDA margin of 14.5% in CY 22 (excluding the German forgings vertical – comparable EBITDA% for CY21 was 17.2%). Our CY22 results reflect the impact of the above business drivers. In 2022, CIE India's consolidated sales (excluding the German forgings vertical) were INR 82,283 mn, 28% higher than 2021 and our EBITDA margin was 15.4% vs 15.2% previous year.

We expect the growth momentum to sustain in India for the next few quarters. Our order book in India is in line with these expectations and we have been adding capacities in almost all our verticals. We are balancing order book requirements and investments in capacity such that both growth and profitability objectives are met. In Europe, we expect the market to start recovering very gradually and are focused on improving our profitability.

Electrification of powertrains has seen rapid adoption in Europe (market share >10%) and is picking up in India as well, especially in two and three wheelers. We have developed a good order book for EV parts and are working with major European & Indian OEMs in the EV space, across segments. Our EV order book covers Aluminum & steel forgings, gears, stampings & composites parts for e2W, e3W and e4W.

I commend my team for managing the uncertainties in the market to deliver these good results. Collectively, we remain committed to generating better returns for our shareholders. Thank you for the trust reposed in us and for being invested in Mahindra CIE.



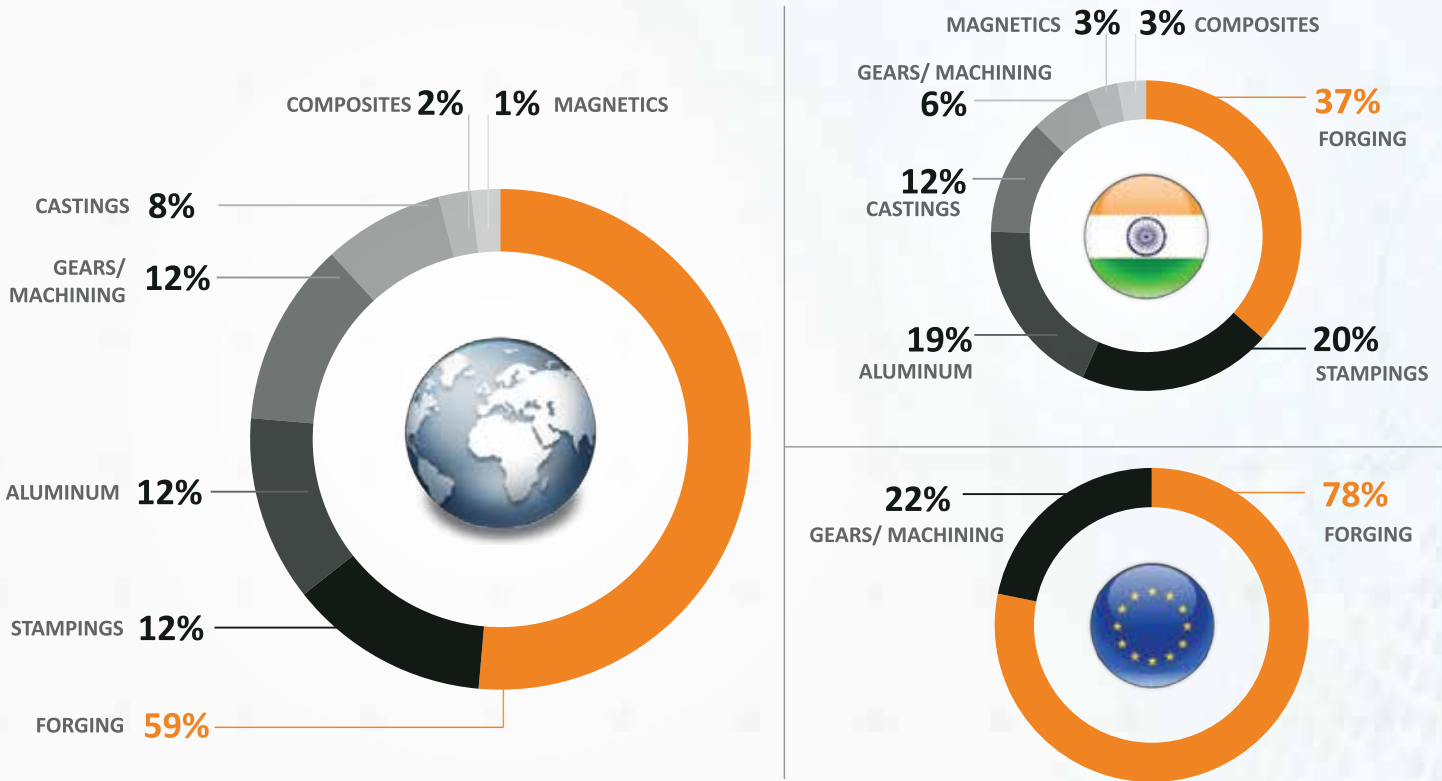
CEO'S
STATEMENT

Yours Sincerely,

Ander Arenaza Alvarez
CEO - MCIE Group



CY 2022 HIGHLIGHTS : GEOGRAPHY AND TECHNOLOGY



Excluding CIE Forgings Germany (CFG)

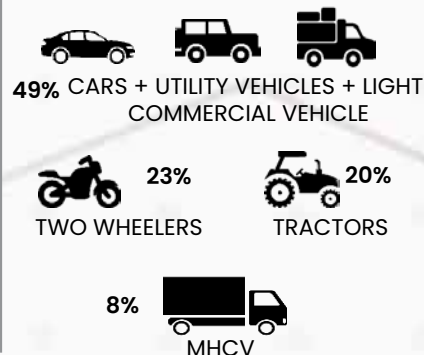
END USE SEGMENTS AND TOP CUSTOMERS



TECHNOLOGIES

- Forgings
- Aluminium
- Stampings
- Castings
- Gears/Machining
- Magnetic Products
- Composites

END USE SEGMENTS



TOP CUSTOMERS

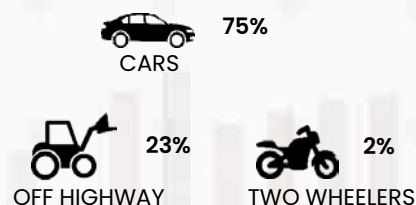
Mahindra, Bajaj, Maruti, Tata, Hero, GKN, Nexteer, Hyundai, Kia, Ola Electric, Stellantis, Brembo



TECHNOLOGIES

- Car Forgings
Spain, Lithuania
- Gears/Machining
Italy

END USE SEGMENTS



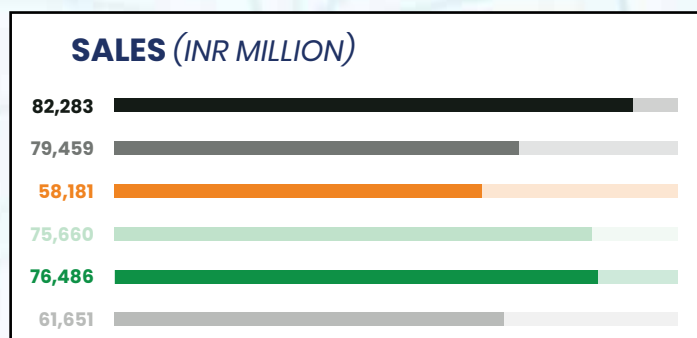
TOP CUSTOMERS

Renault, VW, Ford, JLR, BMW, FIAT

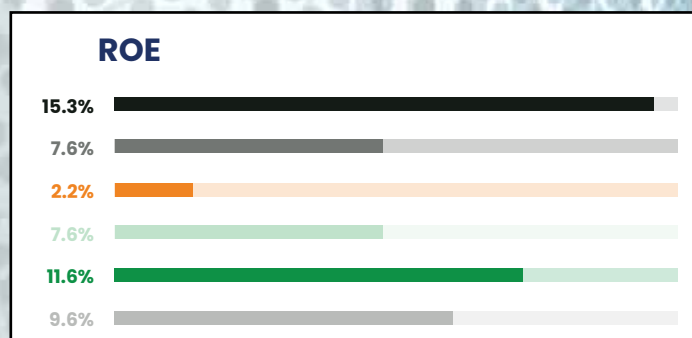
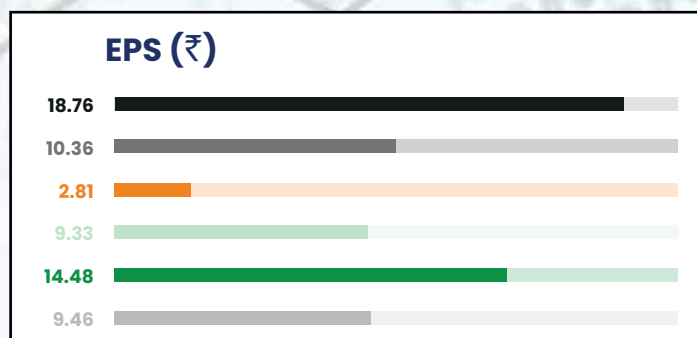
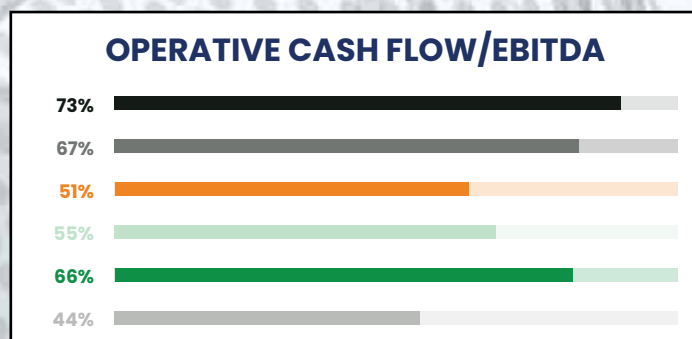
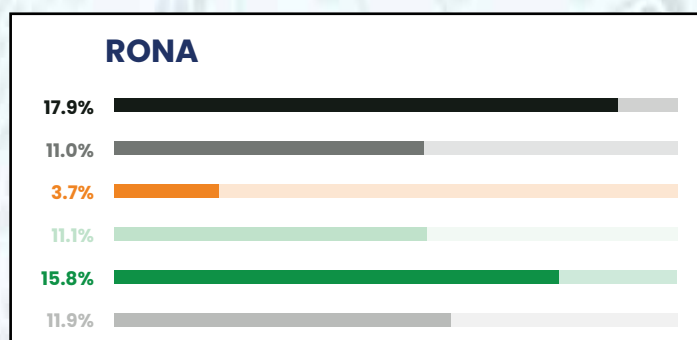
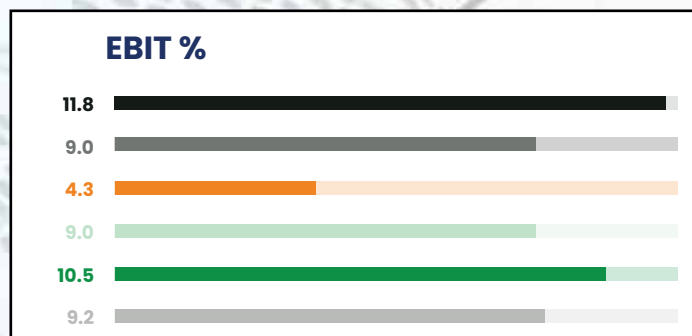
CAT, Eaton, CNH



MCIE CONSOLIDATED KEY Parameters



● 2022 ● 2021 ● 2020 ● 2019 ● 2018 ● 2017



1. Stokes Group Ltd. was discontinued in 2018 and CFG discontinued from 2022. All data in the above charts are after giving effect of discontinuation in the respective years of discontinuation
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 Paid.



ESG PROJECTS IN INDIA - 2022



OHC AT BILL FORGE DIVISION PLANT 2



BILL FORGE DIVISION ETP STP WATER TESTING LAB



Open Access Captive Generation 6 MWp(DC) Solar Plant Rawankola, Maharashtra



Open Access Captive Generation 18 MWp(DC) Solar Plant Udgir, Maharashtra

Energy efficient compressors installed at stamping kanhe plant

CSR PROJECTS IN INDIA - 2022

Project Lakshya – CIE India Institute of Skills, Bhosari



CIE INDIA Institute of Skills



Special Batch : In Plant Training @ Gears and Foundry



Trainee Engagement Activity



Fire Safety Training



Self Defense Training

Employee Social Engagement Program (ESEP)



"Talking Walls" School Painting



Tree Plantation at Bill Forge Division



Swachta Abhiyan at Alandi temple



Fruits and flavoured milk



Dasera Poojan



Christmas celebration



MCIE India EV Product Portfolio



4W INTERMEDIATE
SHAFT ASSEMBLY
GEARS



4W INPUT SHAFT
GEARS



4W OUTPUT GEAR
GEARS



3W MOTOR SHAFT
GEARS



4W E-MOTOR SHAFT
Gears



4W PINION
Forging



4W SHAFTS
Forging



4W SHAFTS
Forging



4W MOUNTING BRACKET
Forging



4W CAMBER PLATE
Forging



4W MOUNTING BRACKET
Forging



2W STEERING RACES
Forging



2W STEERING RACES
Forging



3W PANELS
Composites



3W PANELS
Composites



4W POWER ELECTRONIC COVER
Composite



3W BATTERY BOX
Composite



3W PANELS
Composites



3W PANELS
Composites



3W PANELS
Composites