

The background of the cover is a photograph of a modern city at dusk. On the left, a large, curved, illuminated bridge structure with a complex cable system dominates the foreground. In the background, several tall, modern skyscrapers with glass facades are visible, some with lights on. The sky is a deep blue. The text 'Mahindra CIE' is overlaid in white, with 'CIE' in a bold, italicized font. Below it, 'Annual Report 2019' is written in a clean, sans-serif font, with '2019' being significantly larger. A white arrow points from the 'Mahindra CIE' text towards the 'Annual Report' text.

Mahindra *CIE*

Annual
Report 2019

FORGINGS • CASTINGS • STAMPINGS • GEARS • COMPOSITES • MAGNETICS • ALUMINIUM



CIE Automotive

Mahindra CIE Automotive limited is a subsidiary of CIE Automotive, 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

2019

ANNUAL REPORT

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Dear Shareholders,

I am humbled to have taken over as the non-executive chairman of such a dynamic company in September 2019. I take over from and thank Mr. Hemant Luthra, someone who has been almost an institution within the company.

I have taken over during a momentous period for the automotive industry, when there are so many changes happening. These changes are pushing companies to come up with solutions which could be disruptive. In the Chinese script, the word "crisis" is composed of two characters, one representing danger and the other, opportunity. Your company has also used the market slowdown to look inwards and focus on the basics to build more robust and efficient operations.

The two promoters of MCIE, the CIE Group of Spain and Mahindra Group of India have dealt effectively with such challenges in the past and MCIE draws inspiration from both.

Your Company is positioned as one of the leading publicly held Automotive Component companies in India. This year the position was further bolstered by the strategic acquisition of Aurangabad Electricals which added the significant Aluminium Die casting technology to our portfolio.

Ander and the entire team continue to build systemic capability which will be instrumental in our quest to deliver operating results consistent with our aim of generating better Returns on both Equity and Capital Employed

Thank you for the trust reposed in the Company. I look forward to working with all the stakeholders for continued growth of Mahindra CIE while maintaining the highest standards of ethics and corporate governance.

Yours Sincerely,

S. Shukla

SP. Shukla
Chairman – Mahindra CIE



Dear Shareholders,

This has been a challenging year for all of us and I feel immense pride in saying that the team has reacted with utmost efficiency and has taken positive measures which will hold us in good stead in the years to come and reinforces our commitment to sustainable and long-term profitable growth.

In 2019, MCIE's sales without excise reached ₹7,566 crores, while profitability is at 13.2% EBITDA though we have made an EBIT of 9.0%.

These figures when viewed in isolation do not give a complete picture since they were achieved in a demanding market scenario both in India and Europe. This year we faced an unusual scenario where we saw all the key market segments come under pressure pretty much at the same time, a scenario not seen for almost two decades.

The strategic acquisition of Aurangabad Electricals (AEL) has also demonstrated our continued commitment to our long-term goals. AEL added Aluminium Die casting technology to our portfolio expanding our array of technologies and diversifying and deepening our customer base. It also makes us more future ready by improving our ability to further participate in the trends of lightweighting and EVs.

The auto industry is going through deep changes which have caused upheavals. The Indian automotive market has been affected by the BS6 implementation and the NBFC crisis which has caused disruptions in the supply chains. In Europe also we are seeing a period of volatility in the automotive market. In the long term, there is also a challenge emerging from Electric Vehicles (EVs) and all automakers worldwide are executing strategies with this disruption in mind.

The coronavirus (CoVid-19) outbreak is a one-off event and has brought a host of adaptations to the way we all function. In our business we are facing a situation of very high uncertainty; a situation where both customer demand and supplier productivity was brought to a standstill for almost two months.

In the short term, the cash position of the company is solid, and the liquidity is assured, having enough unused credit lines. We believe that MCIE is in a secure position to not only manage this crisis and its fallout, but we are quietly optimistic that we will emerge stronger when the crisis blows over.

It is also in such times of the market dropping so suddenly, that we return to the basics of the CIE manufacturing model of manufacturing excellence and focus on ensuring operating efficiencies, cost optimization and financial discipline. According to us a downturn is the best time to focus on improving the health of our manufacturing processes. We believe that this focus allows us to be much better prepared for the market when it does return. The team has also made greater efforts to win new business.

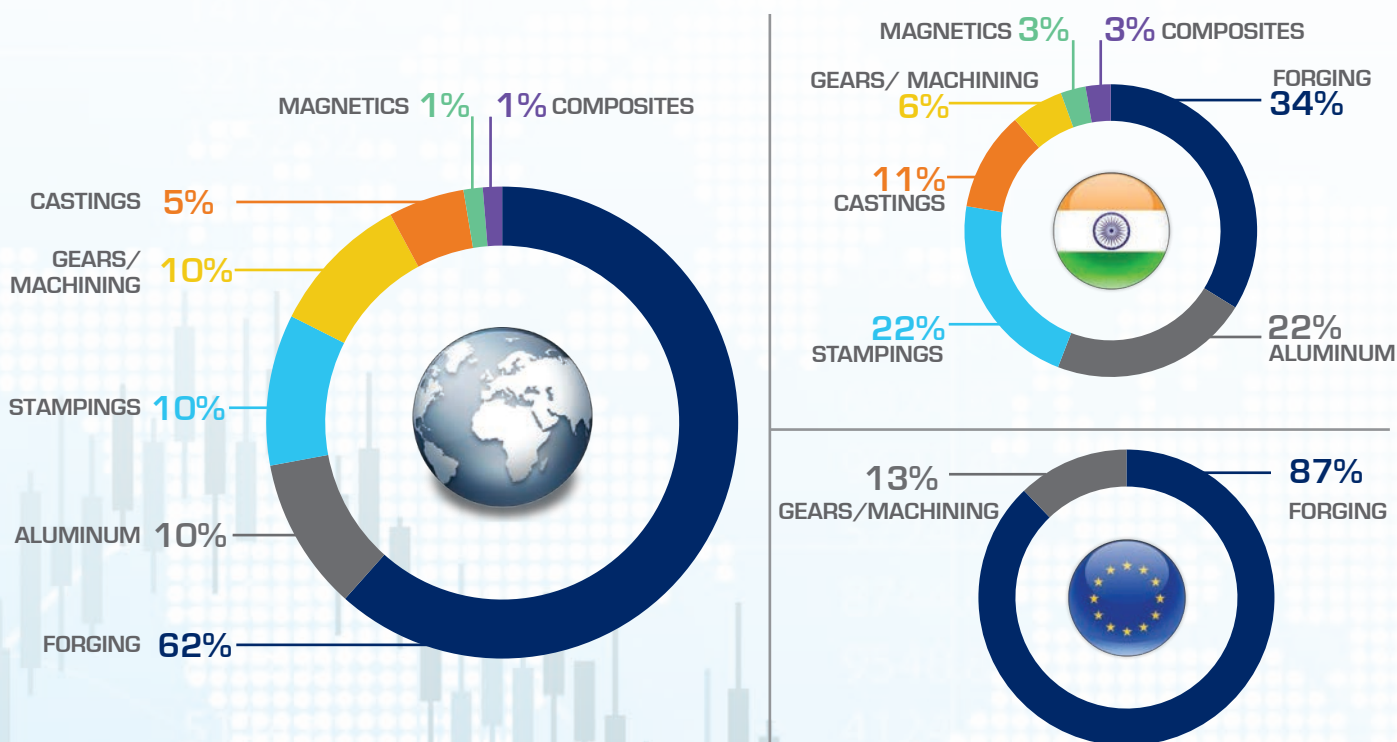
We are convinced that in the coming years we are well positioned to navigate through the challenges that are faced by the automotive industry. We have focused on building systemic capability which will help us continue to deliver better operating results consistent with our aim of generating better Returns on both Equity and Capital Employed, in the coming years.

Thank you for the trust reposed in us and for being invested in Mahindra CIE.

Yours Sincerely,

Ander Arenaza Alvarez
CEO – Mahindra CIE

MCIE TECHNOLOGY REVENUE SPLIT *



* AEL 9 Months CY19 has been annualized for this consideration

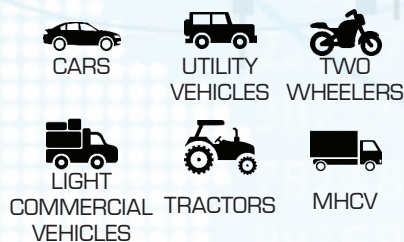
MCIE – END USE SEGMENTS



TECHNOLOGIES

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

END USE SEGMENTS



TOP CUSTOMERS

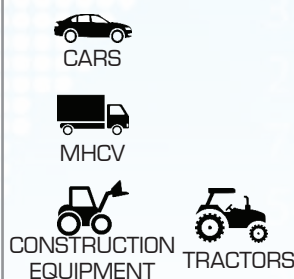
Mahindra, Bajaj, Maruti, Tata, Hero



TECHNOLOGIES

- Car Forgings
Spain, Lithuania
- Heavy Truck Forgings
Germany
- Gears/Machining
Italy

END USE SEGMENTS



TOP CUSTOMERS

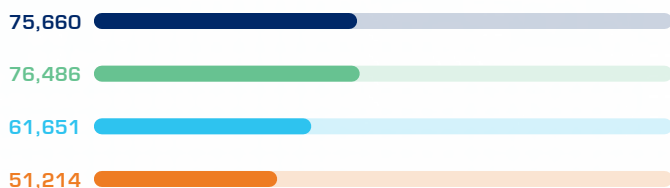
Renault, VW, Ford, JLR, BMW

Daimler, MAN, Scania, DAF, Renault

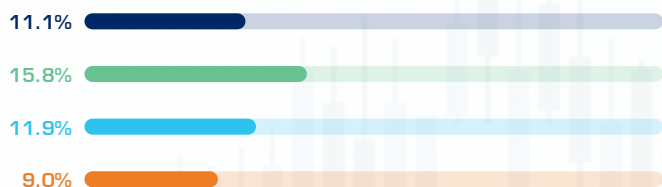
CAT, Eaton, CNH

MCIE CONSOLIDATED KEY PARAMETERS

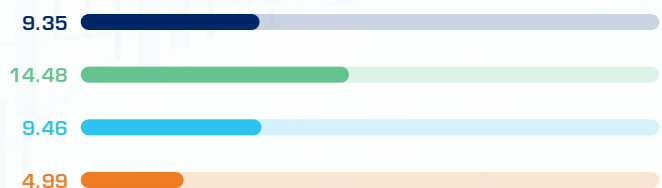
SALES WITHOUT EXCISE (INR MILLION)



RONA ⁽²⁾

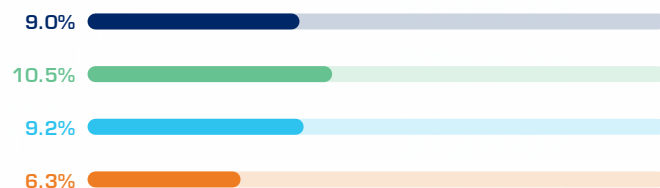


EPS ⁽⁷⁾ (INR)

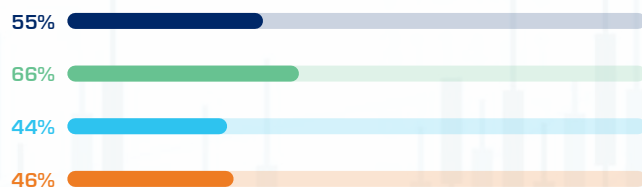


● 2019 ⁽⁸⁾ ● 2018 ● 2017 ● 2016 ⁽⁴⁾

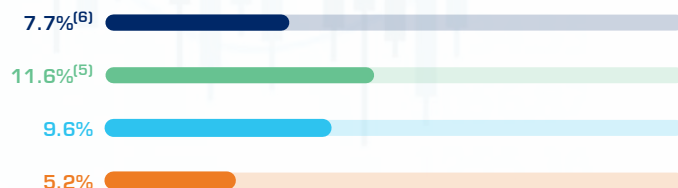
EBIT % ⁽¹⁾



OPERATIVE CASH FLOW ⁽³⁾/EBITDA



ROE



- 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 Paid.
- 4) For all ratios in 2016 for Bill Forge last 12 months EBITDA and EBIT have been considered.
- 5) ROE including discontinued operations.
- 6) This includes impact of one time Tax write offs.
- 7) For 2018 and 2019, we have considered the EPS for continued operations only.
- 8) 2019 figures are including 9 months performance of AEL.

SHOWCASING THE NEW MEMBER OF MCIE GROUP ...



MANUFACTURING FACILITIES – HPDC & GDC

































OTHER ADVANCED FACILITIES RELATED PROCESSES






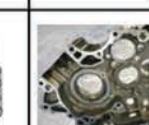










... AURANGABAD ELECTRICALS LIMITED

PRODUCT PORTFOLIO

CYLINDER HEAD	CALIPER BODY BRACKET	EGR VALVE HOUSING	COMPRESSOR COVERS	CHARGE AIR HOUSINGS	PUMP HOUSINGS	THERMOSTAT COVERS
						
						

BRAKE PANEL	BODY PARTS	CLUTCH COVER	ALTERNATOR BRACKET	STATOR BRACKET	ZB BEAM MANIFOLD	VALVE HSG	SYNCH RING GEHAUSE
							
							

Pump Housing			ECU Cover		Crankcase	
						
						

IN-HOUSE ENGINEERING & TOOL ROOM FACILITIES



Board of Directors

Mr. Shriprakash Shukla - Chairman
Mr. Ander Arenaza Alvarez
Mr. Manoj Menon
Mr. Anil Haridass
Mr. Jesus Maria Herrera Barandiaran
Mr. Zhooben Dossabhoy Bhiwandiwal
Mr. Kadambi Narahari
Mr. Dhananjay Mungale
Mr. Manoj Maheshwari
Mrs. Roxana Meda Inoriza
Mr. Alan Savio D'Silva Picardo
Mr. Suhail A. Nathani

Chief Financial Officer

Mr. K. Jayaprakash

Company Secretary & Compliance Officer

Mr. Pankaj Goyal

Committees of the Board

Audit Committee

Mr. Dhananjay Mungale - Chairman
Mr. Manoj Maheshwari
Mrs. Roxana Meda Inoriza
Mr. Alan Savio D'Silva Picardo

Nomination and Remuneration Committee

Mr. Manoj Maheshwari - Chairman
Mr. Alan Savio D'Silva Picardo
Mr. Jesus Maria Herrera Barandiaran
Mr. Shriprakash Shukla

Stakeholders Relationship Committee

Mr. Kadambi Narahari - Chairman
Mr. Dhananjay Mungale
Mr. Suhail A. Nathani

Corporate Social Responsibility Committee

Mr. Kadambi Narahari - Chairman
Mr. Dhananjay Mungale
Mr. Manoj Menon
Mr. Anil Haridass

Risk Management Committee

Mr. Manoj Menon - Chairman
Mr. Ander Arenaza Alvarez
Mr. Hari Krishnan

Registered Office

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Worli, Mumbai - 400 018.
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Website : www.mahindrachie.com
Email : mcie.investors@cie-india.com

Pune Office

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above Westside showroom
Baner, Pune - 411 045

• Auditors

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Chartered Accountants LLP
7th Floor, Tower A,
Business Bay, Air Port Road,
Yerwada, Pune - 411 006

• Bankers

ICICI Bank Limited
Barclays Bank

• Registrar and Share Transfer Agents

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Financial District, Gachibowli,
Hyderabad, 500 032
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E-mail : einward.ris@kfintech.com