CIE India

SEC/2026/90 27th July, 2026

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BSE Scrip Code: 532756	**NSE Symbol: CIEINDIA**

Dear Sir/Madam,

Sub: Transcript of CIE Automotive India Limited Q2 CY2026 Post Result Conference Call

Pursuant to Regulation 30 read with Para A of Schedule III and Regulation 46(2) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and our letter dated 14th July, 2026 in respect of advance intimation in relation to Q2 CY2026 Results Conference Call, please find enclosed herewith transcripts of the said call held on 23rd July, 2026.

The same is being uploaded on the website of the Company at the following weblink: https://www.cie-india.com/periodic-public-information8.html#Quarterly-Result-Calls-and-Transcripts

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

Thanking you

Yours faithfully,

For CIE Automotive India Limited

PANKAJ VIJAY GOYAL

Digitally signed by PANKAJ VIJAY GOYAL
Date: 2026.07.27 14:31:44 +05'30'

Pankaj V. Goyal
Company Secretary, Chief Compliance Officer, and Head- Legal
Membership No. F 13037
Encl: as above

"CIE Automotive India Limited
Q2 CY26 Results Conference Call"
July 23, 2026

MANAGEMENT: **MR. ANDER ALVAREZ – CHIEF EXECUTIVE OFFICER – CIE AUTOMOTIVE INDIA LIMITED**
MR. K. JAYAPRAKASH – CHIEF FINANCIAL OFFICER – CIE AUTOMOTIVE INDIA LIMITED
MR. VIKAS SINHA – SENIOR VICE PRESIDENT STRATEGY – CIE AUTOMOTIVE INDIA LIMITED
MR. OROITZ LAFUENTE – GLOBAL BUSINESS CONTROLLER – CIE AUTOMOTIVE INDIA LIMITED

MODERATOR: **MR. RONAK MEHTA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the CIE India Q2 CY26 Results Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ronak Mehta. Over to you, sir.

Ronak Mehta: Yes. Thank you, Ananya. Good afternoon, everyone. On behalf of ICICI Securities, we would like to welcome you all to CIE Automotive Q2 CY26 Earnings Conference Call. Today, we have with us from the management team, Mr. Ander Alvarez, CEO; Mr. K. Jayaprakash, CFO; Mr. Vikas Sinha, Senior VP, Strategy; and Mr. Oroitz Lafuente, Global Business Controller.

We'll start the call with a brief opening remarks from the management team about the quarter gone by, and then we'll proceed with a Q&A session. Thank you, and over to you, management team.

Vikas Sinha: Yes. Thanks, Ronak. Thanks to everyone. I welcome all of you on this call as also Ander, our CEO. I will present CIE India results for Q2 & H1 CY26.

The results of the India operations for Q2 C26 are on Page 6. Sales at INR16.5 billion was 13% higher year-on-year. Market demand was robust in Q2 C26, though we expect a gradual slowing down of growth over the next few quarters as the effect of GST cuts tapers down and the negative impact of an expected below normal monsoon season starts impacting rural incomes. We have new orders and projects coming through in the next few quarters and expect the good growth trend to continue. The India operations achieved an EBITDA margin of 16.7% in Q2 C '26 versus 17.5% in Q2 C25 and 17.6% in Q1 C26. Margins in the quarter have been affected by price inflation generated by the conflict in West Asia affecting mainly energy, consumables and also part of raw materials. We are taking countervailing measures against these increases, which will show up in the next two quarters. In Q2 C26, EBITDA grew 9% year-on-year, EBIT 8% and EBT 6% in the Indian operations.

On Page 7, we have the Q2 C 26 results for our European operations. Sales of INR8.9 billion in in Q2 C26 were 7% higher year-on-year versus Q2 C25, but lower sequentially by 3.7% versus Q1 C26. The sales growth in euro terms was minus 6% as there was an exchange rate translation impact of plus 13%. This is reflective of the underlying market trend. The EBITDA margin in our European operations in Q2 C26 was 15.9% versus 12.5% in Q2 C25 and 15.7% in Q1 C26. Margin recovery is because of last year's restructuring activities. In Q2 C26, EBITDA grew by a healthy 36% year-on-year, EBIT by 46% and EBT by 46% in the European operations.

On Page 8, we have the consolidated CIE India Q2 C26 results. Consolidated sales were INR25.4 billion, 11% higher versus Q2 C26 and fractionally higher sequentially. EBITDA was INR4.2 billion, EBIT INR3.2 billion and EBT INR3.1 billion higher year-on-year by 17%, 18% and

15%, respectively. This represents a decent consolidated performance, especially of the bottom line, supported by the business growth in India and the currency impact in Europe.

The full year H1 C26 results for our Indian operations are on Page 10. Sales increased by 14% versus H1 C25 to INR32.7 billion. The double-digit growth was supported by favorable market growth in the period, but it could have been higher. Two reasons need to be highlighted, the restructuring of our business portfolio at our aluminum vertical, wherein we have let go of some loss-making products. Second, it was the second successive quarter when exports underperformed year-on-year. Also, we have started delivery in our key machine casting exports project in the foundry vertical, but revenue recognition will happen next quarter onwards. The EBITDA margin of our Indian operations in H1 C26 was 17.2% versus 18% in H1 C25. As explained earlier, the margin was slightly depressed due to cost inflation on account of the situation in West Asia. While sales in the Indian operations grew 14% in H1 C26, EBITDA grew 9%, PBT 8% and PAT 8% y-o-y.

On Page 11, we have the H1 C26 results for our European operations. Sales increased by 12% versus H1 C25 to INR18.1 billion. In euro terms, sales declined by 3% due to the weak European automotive market evolution that can be seen on the table to the right. There was a healthy increase in EBITDA margin to 15.8% in H1 C26 versus 13.1% in H1 C25, thanks to restructuring actions taken in the previous year. This had a cascading effect with EBITDA in the European operations increasing by 35% in H1 C26, EBIT by 43%, EBT by 50% and PAT by 51%. The half yearly PAT crossed INR1.5 billion, and this is a silver lining around the gloomy market situation in Europe. The European automotive market continues to be near stagnant on account of the various reasons we have discussed in the last few calls.

On Page 12, we have the H1 C26 consolidated results of CIE India. Sales were INR50.8 billion, which is 13% higher than H1 C25. The EBITDA margin was 16.7% versus 16.3% in H1 C25. EBIT 12.9% versus 12.4%. EBT 12.6% versus 12.1% and PAT 9.5% versus 9.1% in the previous half year. The consolidated PAT in H1 C26 was INR4.9 billion, which is 18% higher than in H1 C25. So that, again, I would say, is a reasonable PAT growth.

The abridged consolidated balance sheet is on Page 14 and the cash flow statement is on Page 15. Both showed a healthy state of CIE India. Return on net assets at the end of H1 C26 was 19.4% versus 18.4% at the end of CY25. The consolidated net financial debt at the end of H1 C26 was negative INR14.2 billion, which means we have healthy liquid cash available, and we are actively evaluating organic and inorganic growth opportunities.

The capex during H1 C26 was INR2.1 billion as compared to INR3.8 billion in full year CY25. The growth capex is mainly concentrated in India. The capex in H2 C26 is expected to be significantly higher than in the first half of the year. Some of the approved projects for which partial spend has happened include the machine casting project at the iron foundry vertical and expansion projects at gears, composites, stampings, Pune, and at our forgings plants in Chakan and Bengaluru. We are also evaluating brownfield expansion of our casting molding capacity at the iron foundry plant and additional new expansion projects in different verticals, including greenfields.

And now we will proceed to Q&A.

Moderator: Thank you very much. We'll now begin the question-and-answer session. The first question is from the line of Nishit Jalan from Axis Capital.

Nishit Jalan: I have three questions. Firstly, on the both India and Europe business, our revenue growth performance. Sorry, I joined the call a little late. So if I missed anything, apologies for that...

Vikas Sinha: Please, go ahead Nishit. Hello?

Moderator: Mr. has disconnected from the line. We will move on to the next participant, Pratik Kothari from Unique PMS.

Pratik Kothari: My first question on India. I mean, compared to how the industry tailwind is and how strong that is also our comments earlier that we take time to ramp up, but every quarter, we see higher growth numbers. None of that happened this quarter. So if you can just highlight anything that is missing. Even last quarter, we called out some long pending orders or delayed orders that started ramping up too. So I mean our expectations were much different than what is being delivered. So if you can just highlight anything what's going wrong?

Vikas Sinha: Pratik, we have highlighted 2.5 reasons. One, the restructuring of our business portfolio at our aluminum vertical, wherein we have let go of some loss-making products. So that we are below market growth rate as far as two-wheelers is concerned. Exports has been a dampener for the second successive quarter. There was no growth in the exports income. So these two would account for roughly 23% to 25% of our portfolio in India. And of course, some of the OEMs like I have not done as well. Mahindra has done very well. Maruti has done well. Bajaj has done well. But some other OEMs, for example, Hyundai has a negative growth this quarter, and they are about 5% to 6% of our business. So, as far as Q2C26 is concerned, these are the main reasons. I think the impact of raw material is not very high in this quarter. I think the steel prices for us have not gone up very much -- very much stable. Aluminum prices have gone up a lot, but the recognition of increased aluminum prices will probably happen next quarter onwards. So you're not seeing as far as the impact on revenue sales of the raw material inflation as much. So that's around the sales side that is -- the weighted average market would be for us in the around 16.5% to 16.7%, and we are close to 13% in our growth. So these are the reasons as far as this particular quarter is concerned.

Pratik Kothari: And second, on Europe, right? So again, we were expecting that on the Metalcastello side, I mean, so Europe revenues were expected to be flat to plus to minus 2% and then Metalcastello was supposed to pick up. Again, are we seeing that recovery? I mean, where are we? Because if you look at it in euros, I mean, we used to be EUR100 million a quarter, came down to some high 80s and now we are at EUR80 million, EUR81 million?

Vikas Sinha: So, on the Europe side, there is -- I've not mentioned it in my opening note, a part of our European business, is actually Mexico. If you remember, last year, we had shifted Mexico from India to Europe. I think in Mexico, one of our main customers, there are two big customers, GKN and Nexteer.

On, GKN side, because they have changed ownership, they have re-evaluated some of our contracts. So what we were supposed to supply to them in a certain number of years, now we are supplying to them in a longer number of years. So that has been the diminution. So, in Mexico, I think there has been a drop of about 20% in revenues in this quarter. So if you add that on to the market impact in Europe is what you are seeing in this quarter in Europe in revenue terms.

Pratik Kothari: And on the Metalcastello side?

Vikas Sinha: Metalcastello is doing well. Metalcastello in terms of EBITDA, etcetera, also has gone back to its -- to the old margins that we used to do in the high teens or even closer to 20% kind of EBITDA margin that we used to do. Metalcastello is not a problem.

Ander Alvarez: In Metalcastello, we did -- in the quarter, we did almost EUR13 million turnover. That's the size of Metalcastello in the quarter. And the EBITDA margin was around 20%. So compared to the last Q2 2025, we had a growth of double-digit growth in Metalcastello in this quarter. So Metalcastello is stable, it's doing quite well. I mean, with this almost 15% of growth compared to the last year. So that's the situation of Metalcastello. And as Vikas explained, the drop is coming from Mexico, where one of our customers, let's say, decided to in-source part of the production because -- and we renegotiated with them our contract. On top of that, let's say, the forgings, the market in Europe is weak as we highlighted, I mean, in the next years, the market will continue this weak, let's say, evolution. There will be a drop of around 2%, 3% this year. Next year will be similar. So that's the reality of the European business. However, in this let's say, poor market evolution, our margins are reasonable, and we are with an EBITDA margins of above 15%. So that's a remarkable thing, I would say. I mean it's true that the market is complicated in Europe, but the performance of the company is quite good, I would say.

Moderator: The next question is from the line of Nishit Jalan from Axis Capital.

Nishit Jalan: Just one question. You are expanding -- looking to expand capacity across product segments in India. Can you give us some color in terms of order wins that you have got? If you can't name the customers, that's fine. But at least in which segment, what kind of orders you have got because that will give us the visibility on how your performance would be going ahead compared to industry growth because we understand the reasons you have given us in this quarter. But it will make us more informed and our ability to forecast revenues compared to industry growth will improve, if you can give color on order wins -- different order wins across different segments, which is giving you confidence to expand capacity across different product segments?

Ander Alvarez: We have had a new order book around INR5 billion per year. That's the new order book that we have got till during the first half of the year. So we are in line with our internal targets. And in that sense, we are quite confident that we will continue growing and we will continue expanding the businesses. We cannot give this information, let's say, by customer because this is a confidential information. But overall, I would say that it's well shared in the different verticals, and we are expecting to grow in all of them.

I can say you that we are expanding our iron foundry business where we have now with the new project that Vikas mentioned in the introduction, we are now ramping up one big program for our American customers. So this will give us around INR2,000 million per year of new turnover that will fulfill our capacities in the country. So we need to expand our foundry, and we will build a new line, and we are launching that new line. So that's, for example, in the iron castings business.

In Gears business, we have two plants, one in Rajkot and the other in Chakan in Pune. We are expanding both plants. I mean we are expanding the buildings because we are -- we need more surface to continue expanding the business and new businesses are coming. So we are doing very well. So gears is also growing.

The stamping business is also growing, and we have a new complete line that we have launched completely robotic line that we will receive by mid of next year. I mean, mid of next year, we will have this new line running, and it will be installed in Kanhe. So I can tell you that in all the businesses, we have expansion plan, and we are working on that.

We have our road map. I understand that some people is expecting higher growth, but we have our road map. We are doing it consistently and professionally and everything is running according to our plan. Sometimes some customers, let's say, they have certain delays or certain slowdowns, as Vikas explained in the introduction, but we expect to continue growing with all the customers. We are also expanding the customer base.

So, overall, I would say that the situation in all the verticals is good. In this moment, for example, one additional information, we have launched the new three presses for our forging activity, one big press for Chakan plant and two presses for our Bengaluru plant, our Bill Forge plant. So I could continue explaining in all the verticals because all of them are expanding the capacities and all of them are getting new businesses.

Let's say, the speed of this growth is also given by our internal capacities because we think that the too fast growth is not good. I mean we are focused on the profitability also and also in the return on the investment. We prioritize the return on investment and the, let's say, the reliability and the deliveries and the quality rather than the fast growth with difficulties. And that's the explanation we can give you about our performance.

Our view is that the market is solid. We can expect a certain slowdown in the second half of the year because the market is very strong in this first half. But the demand from the customers and the expectations are good, and they continue chasing us for capacity. So we are fulfilling the demands of our customers.

So, overall, I would say that the performance and the growth of the company and the margins of the company are good in a difficult situation with all the inflation impact that we have had due to the war in the Middle East. That's the summary that I can give you.

Nishit Jalan: Okay. Just one request. Like you talked about export order from your U.S. customer, without naming the customers or maybe talk about that in PV segment, we have got orders for X amount in, let's say, iron foundry or stamping or anything? Because any color -- I know you cannot share customer-wise details, but any color would be helpful. Maybe if you cannot give it right now, maybe in future quarters, if you can incorporate that or alternatively, if you can give us some guidance as to what kind of growth you are targeting vis-a-vis industry growth because that will give us some color as to how you are looking at the business and how should we look at growth for the company going forward. Yes, you are doing very well on margins and ROCE that is very well accepted. But on growth front, we wanted to get more color. If not in this quarter, it will be really helpful if you can incorporate some of these details in the coming quarters.

Moderator: The next question is from the line of Ganeshram from Unifi Capital.

Ganeshram: I'll pick up where Nishit left. Obviously, from what we can see, you have the reasons for why the business has performed the way it has, both in India and Europe. But what's getting difficult for us to really understand is how the business is going to perform because on one end, we don't have the granularity, which I understand you don't want to share based on confidentiality.

But then we rely on the higher-level commentary that comes from you, given that you have the granularity on how the business will perform. And when we look at the previous quarters, when there was an indication that we should expect outperformance over industry. And in this quarter, we are told that 25% of the business was impacted because you decided to let go of a low-margin order.

My question then is, is this not visibility that you had previously or did you not feel it was material to communicate to shareholders -- and then going from here, how do we really form a view of how the business is going to perform maybe in the coming quarters and years?

Vikas Sinha: Ganeshram, this is Vikas. On the portfolio restructuring, we have referred to it. Of course, there has been an expansion in the portfolio restructuring exercise given the expanded volumes at that particular customer. So we have indicated that. But yes, the scale has increased in this quarter.

Now moving forward, we are talking about a growth in the range of 12% to 15% is what has happened in these two quarters this year. I think going forward also, we are trying to maintain, as Ander was saying that we are proceeding in a measured way. And I think that is the range of growth we would like to maintain going forward. As far as the market is concerned, I think we will -- we do expect a bit of a slowdown in the market. But I think as far as the growth is concerned, I think somewhere close to whatever we have been doing in Q1 and Q2 is something that we are aiming at.

Ander Alvarez: You're right. I mean our aim is to, let's say, outperform the market. That's our aim, and that's our internal target too. Some quarters, we can be slightly below. Some quarters, we expect to be quite above that. It's true that we -- in this moment, we are adding capacities and we are launching new projects in all the verticals. So, for the near future, we expect to continue our growth trend. This 14%, 15% of growth that we have in this first half of the year in India, what we consider is a solid growth, maintaining good margins despite this inflationary situation and this very special situation that we had in the Q2. Despite that, we were able to get good margins, some slight decrease in margin because of this effect. But overall, I think the performance of the business is very, very solid. And we expect to continue growing in a solid way.

My message is that you can expect that our company is a reliable company, solid professional. We don't, let's say, play games with the customers or we just -- we maintain our strategies. Also, we have this focus on the return on the investment that is critical for us for the, let's say, long-term financial viability of the business. And as you can see, we have done this during the last 10 years in a very good manner, and we are now recognized for that and customers, let's say, are satisfied with our performance. So we think that we will continue growing and especially in these difficult times when there is growth and there are difficulties in the supply chain that we are -- let's say, our customers are suffering, we are fulfilling and we are recognized for that.

I can tell you that in one of the -- our main customers supply day, we were expressly, let's say, the customer expressed their gratitude to us because our outperforming the delivery and the quality ratios, okay, compared to the rest of the competitors. So, in that sense, we are recognized. We are a good company, and we will continue growing for sure.

I mean -- and also, what I can say is that the growth rate also depends on the structure and the people, engineering teams that you have. Sometimes excessive growth is painful for the company. That's why also we try to keep our growth under control to avoid, let's say, growth difficulties as some of our competitors have.

So that's the message. So you can rely on us that we will continue with the growth around the market or -- and our expectation is to be above that growth.

Ganeshram: Yes. No, I appreciate the answer, Vikas and Ander. I think perhaps if there is some feedback, I may share. It's perhaps not the business decisions that are catching investors off guard it's perhaps the disclosures or the predictability of when things might happen or the quantum of it that is scratching us off guard, right?

So even now when we say like over the next two quarters, we expect 14%, 15% growth, do we expect that, okay, on the upside, you might not have grown as much, but when the market is not as solid as it has been, that you would continue to maintain the 14%, 15% because the benefit can -- has to be both ways, right, if that's what we're getting.

So perhaps if you can reconsider some of the granularity that you give us or your internal forecast that you would like to share that will provide confidence, maybe you can compare some other peers, even we are investors and other peers, I'm happy to share it offline. But that would really help investors build some confidence. And you can take them along with you in your plans.

Ander Alvarez: Okay. Understood. But there is one difficulty in our side because, as you know, we are a well-diversified company where we have iron foundry, we have magnets production, we have composites, metal stampings, forgings and also aluminum. So we have quite a variety of technologies. So the situation in each of these technologies is different with different customers, different products and different strategies.

That's why, let's say, we give a general picture. And also, we don't want to disclose too many details on -- because we have our nondisclosure agreement with our customers, we cannot disclose details on projects. And we don't want also to give information to our competitors either. So that's the reason because we are just giving general guidelines and general information.

But I would say that, as explained before, in all the verticals, we are developing and growing. In all the verticals, we are adding capacity, we are adding new buildings, and we are also considering two, three greenfield in two different technologies that are not yet approved, so I cannot disclose, but we are discussing in the last, let's say, stages of negotiation with the customers. So that's the approach that we have.

CIE is betting on India. I mean what we think is that India will be our growth market in the near future. Unfortunately, you saw that Europe is flat or even negative. The American market is also growing slightly in the next years. I mean, not big growth expected in North America. So we expect to grow in India.

So there is no change on that. I mean, rest assured that we will continue investing and developing the business here in India. That's the strategy, and we expect to succeed in the next years. So that's the general information that I can give you. I don't know maybe, Vikas, if you want to...

Vikas Sinha: Yes, Ganesh. Thanks for your suggestions and thanks to Nishit also. I think both of you have given very detailed suggestions. We'll, of course, consider them given some of the constraints that Ander has talked about. It's very considerate of you to take time and do that.

As far as the growth is concerned, if you look at the last few quarters, we have been close enough to the market growth rate, either in the range of plus/minus 2%. I think this would be the first time that we have fallen somewhat lower, say, by in the range of 3%, 3.5%, 4%, around 3.5%, we have fallen below the market growth rate.

At this point of time, given that how the market is behaving, I think that is what we should be expecting at this point of time going forward as far as whatever the weighted average market, we will grow quite close to that. I think that is something as of now, we would like to look for in, say, the next quarter. And after that, we will see how things go and tell you if there is any change around that. So on the market side, yes, this quarter particularly has been a little bit of an outlier. And I don't think that would happen the next quarter or the quarters after that. But let's focus on the next quarter as of now. Yes. Thanks, Ganesh.

Moderator: The next question is from the line of Abhishek Patel from Blue River.

Abhishek Patel: Yes. Am I audible?

Vikas Sinha: Yes, Abhishek, go ahead.

Abhishek Patel: I have two questions for Ander. My first question is around -- again, around growth as some of the earlier participants have already asked on the call. So I just wanted to understand why we have underperformed our underlying market in India, not just this quarter, but over the, let's say, the last seven, eight-odd quarters. It's not just a one quarter issue. I understand that one quarter, there can be some genuine excuse for such performance. But consistent disappointment, so to speak, that is just not, I mean, acceptable over an extended period, so to speak. And especially when I look at some of the other auto banks over the past, again, on a longer-term basis, CIE has been a laggard. So is it that we are losing market share to some of our peers? And why are we not being aggressive on growth?

I understand the focus on margins. But at some point, there is an inherent trade-off between growth and margins, right? And is this call being taken by someone in India, someone in Spain? And why is this not being communicated to the investors on a public forum?

Secondly, when I look at CIE a couple of years back, in 2020, we had a head start compared to our peers. They were smaller than us. And today, some of our peers, I wouldn't take names on this public forum, but some of our peers who are, let's say, half of us are now 1.5x us, 50% probably larger than us. And I just wanted to understand where has CIE really lost the plot in that sense.

And with regards to your point about India growing in double digits, right, coming from Spain, where the market itself is flat or declining, double-digit growth in India might seem good on an absolute basis. But I mean, I would urge you to look at it at a relative basis, wherein if the Indian market itself is growing at a certain rate of mid-teens and then you're growing even, let's say, 2%, 3% below that, it implies underperformance, right? And I think then this performance doesn't really deserve it, so to speak of.

So, and further breaking down the growth as well. So inorganic, we've always been complaining that valuations have been higher in the Indian market, and that's why we don't really do anything. But then why is organic growth not kicked in for us, be it every quarter, every customer, we have some of the other excuse.

So I mean, it's not like our peers also don't have excuses, right? They also face the same customers. They have the same products. but they don't come up with excuses every quarter or underperform quarter after quarter. So I mean, just wanted to get your broad sense on what is really going wrong for us?

Vikas Sinha: So, Abhishek, thanks first, I think as far as the underperformance, etcetera, as I said, for the last three, four, five quarters, we are somewhere around the range of the weighted average market. It's only in this quarter that we are a little lower. So that is one aspect.

Of course, we -- you talked about the point of a trade-off between growth and margins. And we have been pretty much empathic on that subject that we give equal priority to margins on that issue. That is clear, and that has nothing to do with the decisions being taken here or in Spain. Decisions are taken here. But the guideline is very clearly growth as well as margins, both are equally important.

And that's the way -- that's CIE philosophy of running things, whether it is in Spain or in India or Mexico or Brazil or anywhere else. That's the way they run. And that is the -- Abhishek, just let me complete and I'll come back to you. And that's the reason why there is resilience in that business model. I will stop there. Yes, Abhishek. Back to you.

Abhishek Patel: No. So some of our peers, you spoke about margin versus growth and the trade-off. Some of our peers have not just been growing revenue, but expanding margins as well. So this could come from product portfolio, cost efficiency, however you look at it. Some of our peers have been expanding -- I mean, margins as well as growing. So I don't think it's fair to look at it just from that perspective. I mean, so both can be complementary and achieved together as well, right?

Vikas Sinha: Yes, that's true, Abhishek. And the fact is the base levels are different in -- when you make a comparison, you also have to look at the starting base. So going from 15.5% to 16.5% is one thing and going from 10% to 12% is another thing. So that's something I would request you to also have a look at what are the base margins.

So -- but your point is largely taken. There is a trade-off. We'll, of course, go back and evaluate some of the things that you are saying. It's an important point of view, and we take it. But I'll now hand it over to Ander, let him talk about his experience and CIE philosophy and decision-making a little bit more because he is our leader, so you should hear from him.

Abhishek Patel: Just to take a few names, Endurance and Craftsman would be prime examples.

Ander Alvarez: Yes, they are good companies and we have admiration for them. So you know, I'm not about to launch into a hard defense of our strategy vis-a-vis them. They are good companies and we appreciate that. Yes, of course, we respect our competitors and we are happy that they are doing well. I mean, but we are following our own roadmap.

And you know that and we have always said that one of the pillars of CIE's strategy -- not CIE India, I mean the CIE, the holding company is the investment discipline, okay? And this is something that we follow strictly in all our regions, I mean in Europe, in North America, in Brazil, in China, and in India, okay? So that's one key parameter that we follow.

Then, of course, we want to growth and the growth is one of our strategies and we will grow, okay? As we have been growing during all this period and but we do it in with a let's say certain financial mindset also. So the return on investment is not negotiable, okay? We see a lot of competitors investing and doing things and then three, four, five years later they have difficulties, okay? You probably know some of them. So that's not our case, okay?

We are professionals and we have a very clear view of what we have to do and that's what we are following. And regarding the disappointment on growth that I can understand and of course we would like to have grown more than we have done, but we are taking our measures and we are investing and now we are also expanding the businesses and we will see the growth.

And the growth will come and because the what is important also is that our growth is solid and sustainable. That's the strategy we have. In certain businesses, we have not grown as expected, but we have plans to recover that, okay? In other businesses, we have been growing above the market. In Gears, we grew in this quarter we grew 18%, for example, okay? In Composite 17%, Stamping 16%. So this is the reality of the business.

Of course, we have different businesses, so the performance is different, but in the long run, I think that we will continue growing and that's our bet. I don't think we should give the impression that CIE is not betting on the growth. We want to grow and we will grow for sure, but we need to do it in certain conditions and with the assurance that we will do it correctly, okay? Also the limitation of the internal skills and internal engineering capabilities are also something that need to be considered.

But growing above 20% every year is very difficult for the companies to maintain the stability, okay? Our view is we want to have strong, solid, and reliable and sustainable growth in the next years and that's what we are trying to do. I mean, there is no limitation from our side, there is no capex limitation as far as the business is profitable, we will go for it and that's the only limitation that we have. I mean, because we are in a net cash position, I mean we are free of debt. So the situation for us is very good to continue growing.

And regarding the organic growth -- sorry, the inorganic growth, because we talk about till now about organic -- inorganic, we are also active in the inorganic growth. That's the reality, but it's true that the expectations in the Indian market, price expectations are very, very high and the business cases are not positive. That's the only reason we are not going for or executing inorganic growth.

But we continue being active and if we find some company with the proper business case, we will go for it also. So that's what we can explain about our strategy. We would like to continue growing and we will continue. Thank you.

Abhishek Patel: So what is really changing, right? I mean on inorganic, you said, I mean, there is a certain viewpoint, but our peers have executed inorganic transactions, and they have continued to do well or either seen margin improvement or revenue growth accelerating after the acquisition that they have done.

I'm not about to take names again, but there are many examples out there for you to see. And I mean from a change perspective, what is it that has to change? Is it the leadership? Because we have -- I mean, I think probably we are the only auto and based in India who has the MD, so to speak, sitting out of Spain and not in India. So what really changes? And how are things supposed to improve going ahead? What is really changing on the ground here?

Ander Alvarez: All the management team in CIE India is Indian, except me. I mean I'm the only one that is seated in Spain and traveling frequently to India. I mean, I have been here...

Abhishek Patel: Explanation to have an Indian head then.

Ander Alvarez: Yes. But the management is completely local, 100% local. I mean there is no doubt on that. And the decisions and everything are taken. quickly and locally and just with, let's say, confirmation from my side in the important decisions. But the management is completely local. So there is no problem on that side, okay?

Also, I can confirm you that I have been in the last three months, I have been every month in India visiting and following the businesses. And so we are very active on the management. So the team is solid. The team is, I would say, fantastic, very professional, and we are 100% aligned with -- in our Indian views and with the European views of the, let's say, our holding companies and owners' views, okay?

So there is no disparity. There is no differences in our view of the business. So the targets that we have is that we should grow as much as we can, providing we get the proper margins, a proper return on investment. That's as simple as that.

Abhishek Patel: No, so should then -- I mean, I think something has to change, right? Something has to give for the same set of input being same, output can't change, right? So input has to change, so be it management either in Europe, either in India, strategy, how you look at inorganic, what valuation you're willing to pay for, the margin versus growth payoff.

Something has to change for, you know, the output which is for us simply put numbers at the end of the day. So numbers to change, something at the back end qualitatively has to change. That would be my last statement here.

Vikas Sinha: Abhishek, if I may add, fair enough what you have given very detailed inputs, very valuable. What has to change in simple words, we have to accelerate our projects, which is exactly what Ander has talked about in some time on this call also. The thing is we have to accelerate our projects.

We have enough projects, we have enough order book, maybe we need to push some of those projects a little harder. That is the change that will drive growth faster and that is what the message that we are taking back. As far as the leadership etcetera is concerned, it's a philosophy. We work under CIE philosophy.

It is not like you know, there is no point in saying whether the decision is taken by a Brazilian gentleman or a Russian gentleman or an American gentleman. That’s not -- that really doesn't make a difference because it is the whole CIE team, CIE India team in this case that we are responsible.

So I will not go down that path, but to your point, what has to change? The projects have to be accelerated, the projects have to increase. Both these points we do take and thank you very much for your patient interaction. It is we really appreciate your views. We understand the points and we take note on that. Point taken from our side and we understand your views and we will internally analyze and take our actions as we are doing every month, okay?

So because we are following this situation. Of course, we will try to continue improving. But we understood, we just wanted to explain you what are our -- what is our thinking process on how we look at the businesses and how we want to grow. I mean, we don't want to grow losing margins, we don't want to grow having difficulties with our customers and creating stressful situations. That's what something we want to avoid. Having said that, of course we will consider your comments. Thank you.

Moderator: The next question is from the line of Khush Nahar from Electrum PMS.

Khush Nahar: Sir, I just wanted your view. So I think in the month of June, the EU registrations have increased by around 13%, where obviously, the share has gone more to the plug-in hybrid and the BEV rather than the normal ICE car. And also, we were -- I think in previous calls, we had mentioned that in discussion with some Chinese OEMs in terms of entering the supply chain.

So is this growth that we are seeing is because of the shift that is happening where more Chinese OEMs are gaining market share? And accordingly, are we benefiting from that? So just wanted your views on that. And secondly, are we planning any shift in the manufacturing facility in order to better optimize the cost, etcetera, from Europe to India?

Vikas Sinha: So, as far as -- you talked about the June figures, and I'm looking at the production numbers per se in Europe, we track Europe without Russia. The June figures for production in Europe is minus 1%. This is the latest IHS data, which is released on Thursday last week. So that -- so registrations may be different but production -- and again, that brings us to the second part of your question is on the Chinese impact in Europe.

So, yes, the Chinese are making a big headway in the European market, especially in the area that you mentioned, plug-in hybrids and hybrids but through products which are coming from China at this point of time because the tariffs that were introduced in Europe were on the normal ICE vehicles I don't think it is on the plug-in hybrid. So that is where they are concentrating on.

And if I'm not wrong, the market share for Chinese OEMs in Europe on the registration side, and here, we are talking registration, not production is roughly in the range of 10% or perhaps even higher than 10%, but 10% to 12%, somewhere around that number.

This, of course, keeps fluctuating on a monthly basis. So that is the situation. As of now, the Chinese OEMs don't have a supply chain in Europe. And as we see it for the next 2 years, the more market share Chinese gain, European automotive suppliers, auto component suppliers are at a disadvantage. Of course, they will develop their supply chain. The Chinese OEMs are in talk with Volkswagen to buy some of their plants, as you are aware, those developments are happening.

So I'm sure they will ramp up their production in Europe. And of course, if they -- for example, they buy a plant from Volkswagen, we would know that plant because the people there would remain the same. So that's the situation in Europe as far as your question is concerned. The production in Europe is under stress. The market -- the registrations might go up, but the production numbers are under stress for the reasons that I talked about.

Ander, would you like to add anything?

Ander Alvarez: Just to correct you one thing, you said about the tariffs on ICE vehicles on the Chinese vehicles and it's not ICEs Europe put on Chinese cars in EVs. That's why they are now selling plug-in hybrids and ICE cars, okay? That's the reality. So it's true that they are now bringing cars either fully finished or in CKD to Europe.

In the future, they are planning to produce the cars in Europe -- and in that sense, they will develop the supply chain in Europe, and we will try to be there also for the Chinese carmakers. That's what we are also already talking to them.

Till now there is no demand yet because all the products are coming from China. But if they localize the production in Europe as they are now trying to do, we will be there for them, too. So that will be probably a change in our customer portfolio that will come, we will see. In this moment, as Vikas said, Chinese cars are around 10% of the registration in Europe.

Moderator: For any follow up questions I request Mr. Khush to please rejoin the queue. The next question is from the line of Ganeshram from Unifi Capital.

Ganeshram: Thank you, Vikas. I've been listening to other participants' questions as well. And I'm going to be frank in saying this, right? In understanding any business, both retrospectively and prospectively, we just need to know things, the quantum and timing, right? What's the base business, what's the organic growth that usually is industry driven, the net new business and at what incremental ROI is coming. We don't need to know the clients' name always to know this. And I'm not sure after this call, I fully understand that going into the next two quarters or into the next 2 years or, however you want to put it, how you expect to perform versus industry and the quantum of order inflow. These things don't require for you to disclose anything.

And I think it has to be viewed in context with the market reaction today and the call that we had a few months back, right, where you've told us that we should expect outperformance over the industry. And then within 2 months, there's an underperformance -- so what that makes it tough -- where we -- when we don't have this granularity, then basically, we're relying on what you're saying. And when that doesn't really translate to results, it becomes very challenging, right? If you don't want to get into the details and we need the details, then we have no choice but to exit the stock, right? That I think is basically what we're seeing in the market today.

So I would urge you to just -- even in this call, if you can just provide some clarity as to from where we are in terms of revenue and margins and growth, what you expect over the next one or two quarters? And there on, how should we think of the business? That would be a great starting point for most investors on this call.

Vikas Sinha: Yes. Thanks, Ganesh. I think in terms of you are asking, we don't make forward-looking statements. That has been our policy. We'll definitely relook into whatever you are saying. I accept your concern. Let's relook into some of these things because we have never made forward-looking statements. Let's do it internally and we'll see.

As far as the market is concerned, we have largely been around the weighted average market growth for the last -- at least since the GST cuts have happened. We were in the range of plus/minus 2%. And I think it is the first quarter where we have come in below that band. So that is an indication as of now, let's run with it.

As far as margins are concerned, we have seen a drop of about 80 bps this quarter, largely because of the cost inflation. A large part of that will be recouped in the next two quarters. That is mainly around some of the consumables, some of the gas and tools and some other inputs that we have seen.

So, as of now, let's with this. But we take your concern. We -- of course, we have heard you. And we will introspect and see if we can do some things differently. So let's allow us to do that, and then we'll come back. But thank you for your suggestion.

Moderator: Thank you, Mr. Ganeshram. I request you to rejoin the queue for any follow up. The last question is from the line of Sejal Agarwal from Desvelado Advisory. Mr. Sejal, are you there? Please unmute your mic. Mr. Sejal Agarwal? The last participant has lost the line.

So we will be moving on to the next question. Siddhant Dand from Goodwill.

Siddhant Dand: You mentioned that we are looking forward to brownfield and greenfield capex. So ideally, we have not been doing greenfield capex, right? So which division would this be in? And what kind of aspiration do we have there? And anything that you're still looking in plastics, even if it's small because I think since 5 years, we've been wanting to get in, but we are not -- like we've spoken before, we are not getting inorganic opportunities. So any organic growth even if it's a INR25 crores, INR50 crores business that we want to get in?

Vikas Sinha: Siddhant, I'll answer your second question first. As of now, plastics is a lower priority for us. Both inorganic and organic, except for magnets, we are looking at growth opportunities. Magnets is something we are retaining at current levels because of the Chinese competition. But other than magnets, we are looking at growth projects in every other vertical.

Your first question around greenfield, yes, greenfields, we did -- our last greenfield would have been CIE Hosur, which we did, which was complete greenfield. Before that, we had done the stamping plant in Zaheerabad and the expansion plant at Pune for the gear business. So that would -- like Hosur would have been just 2, 3 years back.

The greenfields we are looking at in two different verticals, and that is because our customers are asking us to move to a new location. We have enough land in our existing plant. So wherever possible, we are looking at brownfields and pure expansions because as you know, that makes it faster. If it is just a pure expansion, you just have to put a few machines like we are doing in our forging business. We have to just put up a machine in the existing setup, make a foundation and do that.

Then you have brownfield where you have to put up a plant, you have the land, but you have to put up a plant. And in a greenfield, you have to acquire the land and then put up the plant. So that both the costs and the time lines increase. So as far as possible, we would be happiest to do an expansion and greenfield is obviously based on what the customer is asking, and it is in different verticals.

Right now, as I said, we have been prioritizing forgings. I think we have talked about BS7 transition that will happen in 2028 and '29, basically CY28.

We are prioritizing our diversification into the four-wheeler aluminum business. That is a very important aspect that we are looking at for rebalancing the aluminum portfolio. We had comments upon on the balancing of the aluminum portfolio from the earlier participants. But we are doing that rebalancing and trying to move into four-wheelers. We have a very small business in four-wheelers and aluminum that right now would be in the range of INR500 million to INR750 million, which we have already started doing, but we want to expand a lot. That's the second area that we are looking at.

The third big area is, of course, exports in iron castings. And I think that is something that we have talked about. We already have one big order and certainly, we are in line for some more.

And the fourth area that is driving all our expansion projects, not greenfield in that area is basically the EV opportunity in composites and gears. So I think we have a very good portfolio for both in -- for the EV parts in composites and gears.

So these are the three, four areas we are looking at and greenfields are part of these four. Right now, we are not prioritizing plastics. For a lot of time, we did look at plastics in a very aggressive way we were not able to swing a deal. But right now, this is -- these are the priorities for our expansion projects. And greenfield is when the customer specifically asked us to do it because it is the most difficult of the lot.

Ander, would you like to add anything?

Ander Alvarez: No, I think you mentioned all of them. Just to add that in in our iron foundry business, we expanded two plants of 4,000 square meters each one for machining that is 8,000 square meters additional that we already have. And now we are also expanding an additional 4,000 square meters for line, new line. So this is something that is now happening.

Also, we are expanding our composite business plan. We have added 2,000 square meters. Now we are adding 4,000 additional. In we have the same situation. So let's say that this is the trend that we are following. And that's why we are confident that we will continue growing as we have the orders and we have the businesses.

So then the pace of the growth that if it is adapted to the market or not, that will depend on each of the specific projects. But in the long run, we will continue growing as we have highlighted before.

Siddhant Dand: Correct. Correct. Just on the on iron castings export business, you had mentioned it was supposed to start already. So has there been delays because there was a very large order, right?

Vikas Sinha: Dispatches have happened. I think revenue recognition will happen from the next quarter. Because the supply chain is long.

Siddhant Dand: Okay. And how is the export strategy? Is it the same or do we want to go a little more aggressive there or slow because of the policies and more?

Vikas Sinha: We have our hands full, we would be happy to do that. But let's try and we have had a long discussion today and a lot of things have been highlighted. So let us focus on some of the things that we are doing, let us focus to do it better, do it faster. I think that would be a priority at this point of time. But I expect that exports in certain critical areas will be a big opportunity going forward for us.

As the ICE supply chain in Europe and not sure about U.S. at this point of time, but definitely, the ICE supply chain in Europe will wind down over the next 5, 10 years. And there, we'll see an opportunity because the ICE business will be strong in India -- so that opportunity is there. But I think from the context of today's discussion when we are discussing our growth this quarter and the next few quarters, that won't have a major impact. But yes, we are keeping an eye on that.

Moderator: That was the last question for today. I now hand the conference over to the management for the closing remarks. Over to you.

Ander Alvarez: I just want to say thank you to all the participants for their comments and well-directed questions. So we take note on the comments and we hope that we will fulfill the expectations in the next quarters for sure.

I just wanted to say that our company is a solid company, and we are doing things properly and professionally. And in the long run, this will be recognized by the market, and we are sure of that. So we continue with our strategy. And also, I would like to thank you to our team because they are doing a good job.

They are creating nice factories, state-of-the-art factories. And for sure, we will have the chance to continue this journey with growth and margins as expected by CIE and by all our shareholders. So thank you very much, and all the best to all of you.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us today. You may now disconnect your lines.

Note: Transcript has been edited to improve quality of communication alone.