

Queries received from shareholders before AGM and answers by management

We had also received question from shareholders before AGM

Mr. T. Srinivasan had requested to clarify:

1. What is our preparedness to cater to E-vehicles?

Your company is excited by the new opportunities emerging and has made significant progress in developing the EV order book. MCIE's Italian plant has received a large size order from a US based transmissions supplier to EV OEMs. MCIE's Indian operations are in dialogue with key electric OEMs, existing as well as new, in all segments and the order book developed so far is encouraging. Key products in the EV space include drivetrain parts like gears, shafts & CV joints, & chassis parts etc.

2. At the rate of expansion and future plans of E-vehicles , rightly encouraged by the Govt of India, it appears that 50 percent of the vehicles on roads could soon be E-Vehicles.

Non-traditional powertrains like battery electric vehicles (BEVs) & hybrids etc. constitute more than a third of European light vehicle sales in Europe. BEVs were 9% of European market. Hybrids have parts used in traditional IC engine as well as electric powertrain and as such are not a risk to our product portfolio.

In India, EV penetration is just taking off on the back of FAME subsidies. But electric 2W in the month of March 2022 constituted 4% of overall 2W heelers sold in the country. Electric 4W have even lower penetration with 15000 electric 4Wheelers sold in 2021. It is expected that EV penetration in 2W segment will be faster with experts expecting that 15% of all 2W sold in FY25 will be electric. 4W will have a much slower penetration of electric vehicles with charging infrastructure in India being an issue.

3. What is the percentage of production we are catering to E-Vehicles?

Currently it is small and in line with the proportion of EVs in the overall auto market. But 25% of our new orders in India and 75% in Europe is for EV parts as pointed in our Q4C21 results call.

4. What is our plan to convert existing plants and set up new plants to cater to E-vehicles in the future? Will this entail a capex and if yes, how it is proposed to be funded? I will support Equity funding.

As a parts manufacturer, we can use our existing plants to manufacture EV parts with some modifications. We do not expect that manufacturing EV parts would require capex different from what is required by traditional parts. EVs would require more stamped, Aluminium, plastic and machined parts and we have capabilities to manufacture such parts.

We also had received some queries from Mr. S. G. Marathe

1. Mr. Marathe had query regarding why sales/employee in Europe is more than India.

While automation & digitization in Indian plants is increasing rapidly as outlined in the management discussion & analysis section of the Annual Report, it is still much lower than our European plants. Labour productivity in India is thus lower reflected in the sales per person. It is to be noted though that lower productivity in India is offset by much lower wage costs. This is reflected in the EBITDA margins where it can be observed that the Indian business has comparable or better EBITDA% than our European business.

2. There is a question about shares held in unclaimed suspense account

Answer

We request you to kindly refer Corporate Governance Report, on page no. 81 requisite details in respect of shares held in unclaimed suspense account are provided. These shares are held in Demat Suspense Account in compliance with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, including sending necessary communications to rightful owners of these shares.

3. Regarding managing supply of raw materials at multiple locations in India – he suggested that the Company may think of suppliers who can supply at a predetermined price and manage delivery at our sites. –

Thank you so much. We take note of your suggestion.

4. On power having two captive plants, Mr. Marathe mentioned that we incur more costs on power fuel and suggested to think for alternative solar/wind/ biomass energy to help the country as well as the Company –

Thank you so much for your suggestion. You will be happy to know that the two captive power plants are Solar Plants. You may kindly refer details of our efforts to increase the proportions of green energy in overall consumption of power on page no. 39.

In addition to the above queries the esteemed shareholder had also raised certain clarifications regarding accounting related matters including some typo's. These have been clarified to him by our team. I would like to personally thank him for his keen observations and high level of engagement with the company.