

CMP: ₹ 435

Target: ₹ 520 (20%)

Target Period: 12 months

October 23, 2025

BUY

**Strong domestic thrust, value play...**

**About the stock:** CIE Automotive India (CIE), part of the Spain-based CIE Automotive Group, is a multi-technology, multi-product automotive component.

- CY24 consolidated revenue mix –India 68%, Europe 32%. Forging is over 52% of consolidated sales (84% in Europe and 37% in India).

**Q3CY25 Results:** CIE Automotive India reported healthy performance in Q3CY25. Consolidated revenue for Q3CY25 came in at ₹2,372 crores, up 11% YoY. EBITDA for the quarter stood at ₹356 crores with EBITDA margins at 15% (up 80 bps QoQ). CIE India sales were up 9% YoY at ₹ 1,523 crore and EBITDA margins at 17.3% (down 20 bps YoY) while European operations witnessed a revenue of ₹787 crore (up 18% YoY, supported by currency tailwinds) with EBITDA margins at 14.1%.

**Investment Rationale:**

- **Healthy India outlook amid GST Tailwinds as Europe consolidates:** CIE India, is a leading automotive component player, operating across India and Europe. In India it caters to the PV+LCV segment (52% of sales), 2Ws & 3Ws (21%), CV (9%) & off highway (tractor) segments (18%). CIE India's domestic business outperformed in Q3'25, driven by ramp up of deferred orders & healthy end-market growth across PVs, 2Ws & tractors. The recent GST optimisation is a major structural positive, reducing vehicle prices and potentially lifting 3-year CAGRs for PVs and 2Ws by 2–3 ppts. This reform materially strengthens the medium-term demand outlook for CIE's key customer base, particularly Mahindra, which contributes ~1/3<sup>rd</sup> of India revenues. While Europe remains structurally stagnant, the company continues to focus on cost control and capacity rationalisation, setting a base for steady profitability even in flat markets. Notably, the recent U.S. tariff hikes pose minimal risk—only ~1% of Indian revenues fall under high-risk categories (mainly heavy/off-highway components)—while most exports face manageable 25% duties comparable to competitors.
- **Technology-Rich, EV-Ready Portfolio and Aluminium Margin Upside:** CIE's technology base spans forgings, gears, stampings, composites, and aluminium—allowing deep participation across both ICE and EV powertrains. The company has established a strong EV presence across 2W/3W/4W OEMs through aluminium gears, forgings, and composite parts, with steady addition of new EV-specific programs. Aluminium margins have improved from ~10% at acquisition to ~15% currently, supported by European technology transfer and on-site process optimisation. CIE's strategic stance of maintaining margin parity between EV and ICE businesses ensures profitability as electrification scales up. The aluminium and machining verticals thus serve as key long-term growth levers while reinforcing margin resilience

**Rating and Target Price**

- We assign **BUY** rating on CIE Automotive tracking healthy growth opportunities at its Indian operations, focus on margins and efficiencies at its European business. Our target for CIE is pegged at **₹ 520 i.e. 20x PE on CY26. Healthy CFO/FCF yield provide good margin of safety.**

**Key Financial Summary**

Key Financials (₹ crore)	CY21	CY22	CY23	CY24	5 year CAGR (CY19-24)	CY25E	CY26E	CY27E	3 year CAGR (CY24-27E)
Net Sales	6,765	8,753	9,280	8,964	2.5%	9,403	10,325	11,043	7.2%
EBITDA	942	1,172	1,424	1,351	6.9%	1,387	1,578	1,687	7.7%
EBITDA Margins (%)	13.9	13.4	15.3	15.1		14.8	15.3	15.3	
Net Profit	393	(136)	1,125	828	18.5%	845	979	1,060	8.6%
Normalised PAT	395	709	798	818		839	976	1,057	
EPS (₹)	10.4	(3.6)	29.7	21.9		22.3	25.9	28.0	
P/E	41.9	(121.0)	14.6	19.9		19.5	16.8	15.5	
RoNW (%)	7.7	9.2	14.7	12.5		11.8	12.5	12.4	
RoCE (%)	9.4	13.4	15.2	13.4		12.9	13.8	13.8	

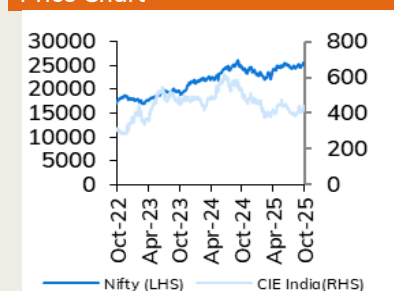
Source: Company, ICICI Direct Research

**Particulars**

Particular	₹ crore
Market Capitalization	16,467
Total Debt (CY24)	521
Cash & Investments	1,316
EV	15,672
52 week H/L (₹)	521 / 357
Equity capital	₹ 379 Crore
Face value	₹ 10

**Shareholding pattern**

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	65.7	65.7	65.7	65.7
FII	4.5	4.4	4.2	4.2
DII	20.7	20.9	21.5	21.5
Other	9.1	9.0	8.7	8.6

**Price Chart****Recent event & key risks**

- Reported healthy Q3CY25.
- Key Risk: (i) slower than anticipated sales growth over CY24-27E, at Indian operations (ii) trade barriers limiting efficiencies at its European arm

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## Q3CY25 Earnings Conference Call Highlights

- India operations — growth, mix and drivers:** India sales growth accelerated through the year (Q1 +3%, Q2 +7%, Q3 +9%), driven by a recovery in previously delayed orders and supportive market growth: Q3 production growth in light vehicles (~+5.6%), two-wheelers (~+10.5%) and tractors (~+14%). Mahindra remains a key customer (~1/3 of India business) and the India revenue mix is roughly: light vehicles ~45–52%, two-wheelers ~21%, tractors ~15–18%, and trucks/off-road/others ~9%. Management expects the GST optimization to make vehicles more affordable and could lift multi-year CAGR estimates materially.
- India margins & cost headwinds:** India EBITDA margin for the quarter was 17.3%, down YoY and sequentially, primarily due to higher energy tariffs in Maharashtra where many plants are located. Management quantified the tariff hit at roughly 0–0.5% of margin and is working on actions to recover that impact over coming quarters.
- Europe & Mexico operations — performance and outlook:** Europe sales for Q3 were ₹786.6 crores (reported as +18% YoY, noting a positive FX effect of ~11% sequentially); however, the underlying European market remains structurally weak/stagnant (light-vehicle production ex-Russia ~+0.3% in Q3, heavy trucks stronger) and H2 seasonality (holidays) typically reduces output. Mexico is included under European reporting; Mexico turnover is steady at ~€3–3.5m per month and margins are comparable to European operations. Overall, management emphasized defending margins through proactive restructuring and cost control rather than relying on volume recovery.
- Aluminium business — progress & targets:** Aluminium operations have been a focus area. EBITDA in the aluminium business has improved since acquisition (management cited a move from roughly ~10% EBITDA at acquisition toward ~15% in recent periods) but it remains below internal expectations and continues to be actively improved via higher-value components, machining and assembly additions.
- Product & EV positioning:** CIE emphasised it approaches EV and ICE businesses with the same margin discipline — it supplies aluminium gears, forgings, stampings and composites across 2W/3W/4W EV and ICE segments and is developing EV-specific parts (e.g., aluminium components, gears, and higher value machined assemblies). Management stressed they are present with market leaders across the three Indian segments and are developing newer EV parts in aluminium.
- Exports & US tariffs — limited revenue risk:** Management discussed new U.S. tariffs: light-vehicle components face ~25% tariffs while parts for trucks/tractors/off-highway face ~50%. Compared to competitive countries, the 25% tariff is not deemed a major relative disadvantage; importantly, only ~1% of India operations' revenue sits in the "high-risk" category exposed to the worst tariff impact. There is an expectation the tariff situation may clarify in coming months.
- Market structure, competition & consolidation opportunity:** In Europe, prolonged weak volumes and excess capacity are leading to consolidation — management sees distressed competitors and expects consolidation opportunities, positioning CIE as a likely consolidator in selected technologies. This is viewed as a medium-term industry dynamic that could be positive for market share/volume mix if/when it plays out.

### Management commentary & near-term outlook:

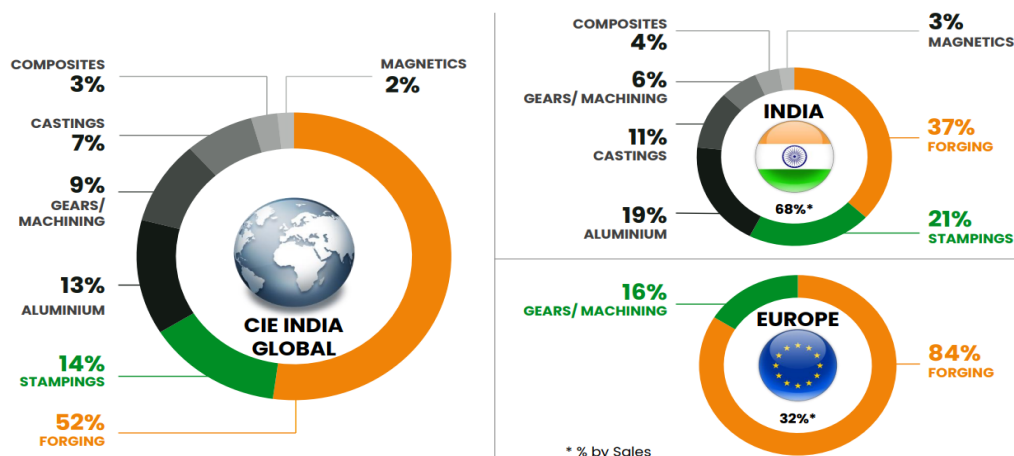
India operations are on an improving trajectory (best quarter ever) but margin pressure from energy costs is being actively managed. Europe is structurally flat/soft (expecting ~16–17m units production range over next few years) with potential upsides only if EV penetration or policy/infrastructure dynamics materially accelerate. The GST change in India is viewed as a meaningful structural positive for affordability—actual impact to be judged after the festival season. Overall priority: defend and improve margins, continue technology transfers and product development, and selectively pursue consolidation/opportunities in weak markets.

## Key Tables and Charts

Exhibit 1: CIE Automotive India – Geography and Overview

## GEOGRAPHY AND TECHNOLOGY

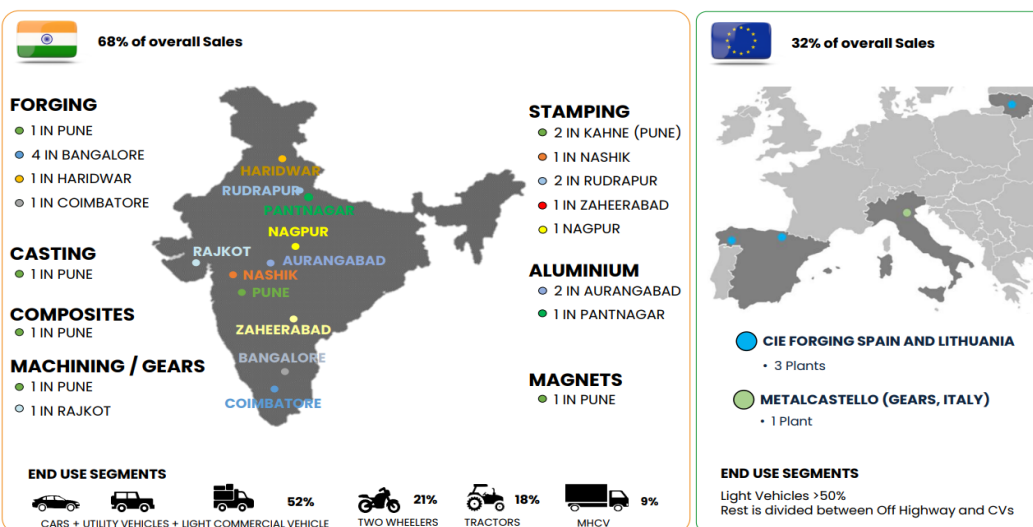
## SALES CONTRIBUTION



Source: Company, ICICI Direct Research

Exhibit 2: CIE Automotive India – Plant locations, End use segments

## PLANT LOCATIONS

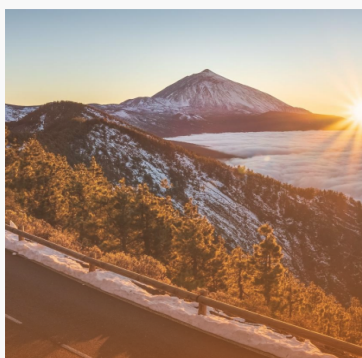


Source: Company, ICICI Direct Research

Exhibit 3: CIE Automotive India – Market outlook India

MARKET OUTLOOK  
INDIA

17



## PASSENGER VEHICLES:

Light Vehicles (less than 6 Tons – European Classification)

- Short Term: IHS forecasts production growth at a 5.0% between CY2024-CY 2025 and 5.4% between CY2025-2026
- Long term: IHS forecasts production growth at a CAGR of 4.9% over a period of 2025-2030

## MHCV\*:

- Short Term: IHS forecasts production growth at 2.1% between CY2024-CY 2025 and 4.7% between CY2025-2026
- Long term: IHS forecasts production growth at a CAGR of 1.4% over a period of 2025-2030

## TRACTORS:

"CRISIL Research expects domestic tractor demand to rise by 10-12% in fiscal 2026"... domestic tractor sales to expand at 5-7% compound annual growth rate (CAGR) during FY2025 to FY2030" ... CRISIL Research report

## TWO WHEELERS:

"CRISIL Research expects domestic two wheeler industry to rise by approx 7-9% in fiscal 2026"... domestic two wheeler sales to expand at 7-9% compound annual growth rate (CAGR) during FY2025 to FY2030" ... CRISIL Research report

\* - As per it's forecast in September 2025

Source: Company, ICICI Direct Research

## Financial Summary (Consolidated)

## Exhibit 4: Profit and loss statement ₹ crore

(Year-end March)	CY24	CY25E	CY26E	CY27E
Total operating Income	8,964	9,403	10,325	11,043
Growth (%)	-3.4	4.9	9.8	7.0
Raw Material Expenses	4,670	4,749	5,266	5,632
Employee Expenses	1,010	1,128	1,239	1,325
Other Expenses	1,933	2,139	2,243	2,399
Total Operating Expenditure	7,613	8,016	8,747	9,356
<b>EBITDA</b>	<b>1,351</b>	<b>1,387</b>	<b>1,578</b>	<b>1,687</b>
Growth (%)	-5.1	2.7	13.7	7.0
Other Income	140	113	131	148
Interest	78	34	26	18
Depreciation	331	348	382	409
<b>PBT</b>	<b>1,082</b>	<b>1,118</b>	<b>1,301</b>	<b>1,409</b>
Total Tax	264	280	325	352
PAT before Minority Interest	818	839	976	1,057
Minority Interest	0	0	0	0
<b>PAT after Minority Interest</b>	<b>828</b>	<b>845</b>	<b>979</b>	<b>1,060</b>
EPS (₹)	21.9	22.3	25.9	28.0

Source: Company, ICICI Direct Research

## Exhibit 5: Cash flow statement ₹ crore

(Year-end March)	CY24	CY25E	CY26E	CY27E
Profit after Tax (adj.)	828	845	979	1,060
Add: Depreciation & Interest	408	382	408	426
(Inc)/dec in Current Assets	-7	-234	-232	-181
(Inc)/dec in CL and Provisions	-319	121	216	169
<b>CF from operating activities</b>	<b>910</b>	<b>1,114</b>	<b>1,370</b>	<b>1,475</b>
(Inc)/dec in Investments	0	1	-5	-4
(Inc)/dec in Fixed Assets	-430	-470	-516	-552
Others	206	-194	-365	-410
<b>CF from investing activities</b>	<b>-224</b>	<b>-663</b>	<b>-886</b>	<b>-967</b>
Interest Paid	-78	-34	-26	-18
Inc/(dec) in loan funds	-282	-100	-100	-100
Dividend paid & dividend tax	-265	-265	-303	-341
Others	-170	-399	-430	-459
<b>CF from financing activities</b>	<b>-599</b>	<b>-399</b>	<b>-429</b>	<b>-458</b>
Net Cash flow	87	53	56	50
Opening Cash	237	324	377	432
<b>Closing Cash</b>	<b>324</b>	<b>377</b>	<b>432</b>	<b>482</b>

Source: Company, ICICI Direct Research

## Exhibit 6: Balance Sheet ₹ crore

(Year-end March)	CY24	CY25E	CY26E	CY27E
<b>Liabilities</b>				
Equity Capital	379	379	379	379
Reserve and Surplus	6,197	6,778	7,454	8,173
<b>Total Shareholders funds</b>	<b>6,577</b>	<b>7,157</b>	<b>7,833</b>	<b>8,553</b>
Total Debt	521	421	321	221
Minority Interest	0	0	0	0
<b>Total Liabilities</b>	<b>7,687</b>	<b>8,188</b>	<b>8,780</b>	<b>9,413</b>
<b>Assets</b>				
Gross Block	9,433	9,919	10,435	10,988
Less: Acc Depreciation	6,390	6,738	7,120	7,528
<b>Net Block</b>	<b>3,043</b>	<b>3,181</b>	<b>3,316</b>	<b>3,459</b>
Capital WIP	66	50	50	50
Total Fixed Assets	3,109	3,231	3,366	3,509
Investments	1,038	1,238	1,588	1,988
Goodwill	2,814	2,814	2,814	2,814
Inventory	1,091	1,159	1,273	1,361
Debtors	627	773	849	908
Other current assets	416	436	479	512
<b>Cash</b>	<b>324</b>	<b>377</b>	<b>432</b>	<b>482</b>
Total Current Assets	2,458	2,745	3,033	3,264
Creditors	1,581	1,675	1,839	1,967
Provisions	55	59	64	69
Other Current Liabilities	398	417	458	490
Total Current Liabilities	2,034	2,150	2,361	2,525
Net Current Assets	424	595	672	738
<b>Application of Funds</b>	<b>7,687</b>	<b>8,188</b>	<b>8,780</b>	<b>9,413</b>

Source: Company, ICICI Direct Research

## Exhibit 7: Key ratios

(Year-end March)	CY24	CY25E	CY26E	CY27E
<b>Per share data (₹)</b>				
EPS	21.9	22.3	25.9	28.0
Cash EPS	30.6	31.5	36.0	38.8
BV	173.7	189.1	206.9	225.9
DPS	7.0	7.0	8.0	9.0
Cash Per Share	8.6	10.0	11.4	12.7
<b>Operating Ratios (%)</b>				
EBITDA Margin	15.1	14.8	15.3	15.3
PAT Margin	9.2	9.0	9.5	9.6
Inventory days	44.4	45.0	45.0	45.0
Debtor days	25.5	30.0	30.0	30.0
Creditor days	64.4	65.0	65.0	65.0
<b>Return Ratios (%)</b>				
RoE	12.5	11.8	12.5	12.4
RoCE	13.4	12.9	13.8	13.8
RoIC	14.2	13.6	14.6	14.6
<b>Valuation Ratios (x)</b>				
P/E	19.9	19.5	16.8	15.5
EV / EBITDA	11.6	11.0	9.4	8.4
EV / Net Sales	1.7	1.6	1.4	1.3
Market Cap / Sales	1.8	1.8	1.6	1.5
Price to Book Value	2.5	2.3	2.1	1.9
<b>Solvency Ratios</b>				
Debt/Equity	0.1	0.1	0.0	0.0
Current Ratio	1.0	1.1	1.1	1.1
Quick Ratio	0.5	0.6	0.6	0.6

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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