

October 23, 2026

Accelerating India Capex, lucrative risk reward...

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

- CY25 consolidated revenue mix –India 65%, Europe 35%. Forging is over 51% of consolidated sales (85% in Europe and 35% in India)

Q3CY26 Results: CIE reported broadly stable performance in Q3CY26. Consolidated revenue for Q3CY26 came in at ₹2,633 crores, up 11% YoY. EBITDA for the quarter stood at ₹374 crores (up 5% YoY) with EBITDA margins at 14.2% (down 70 bps QoQ). CIE India sales were up 18% YoY at ₹1,801 crore and EBITDA margins at 16.3% (down 100 bps YoY) due to RM cost increase & higher energy costs, while European operations witnessed revenue of ₹757 crore (down 4% YoY) with EBITDA margins at 16.3% (up 220 bps due to recovery after restructuring).

Investment Rationale:

- Strong India Growth Engine with Expanding Capacity:** CIE India, is a leading automotive component player, operating across India and Europe. In India it caters to the PV+LCV segment (53% of sales), 2Ws (23%), CV (11%) & off highway (tractor) segments (13%). CIE Automotive India is well positioned to capitalise on the long-term growth potential of the Indian automotive industry through its diversified presence across forgings, aluminium, iron castings, gears, composites and stampings. India revenue grew 18% YoY in Q3 CY26, while the company secured approximately ₹970 crore of new orders during 9MCY26. Growth initiatives include additional forging presses at Chakan, capacity expansion in gears and composites, new stamping lines and diversification into high-pressure die-casting (HPDC) components for four-wheelers. CIE aims to double down on domestic capex in CY26E vs. CY25 at ~8% of sales, signalling confidence on growth and execution. These investments should strengthen CIE's ability to capture incremental business across multiple automotive segments.
- Europe margin recovery + EV Opportunities + Industry consolidation:** The European business is transitioning towards a more profitable operating structure, with EBITDA margin improving to 16.3% in Q3 CY26 from 14.1% in Q3 CY25 following restructuring initiatives. While the European automotive market remains stagnant amid Chinese competition and increasing EV penetration, CIE is adapting its portfolio through new EV-related components, which accounted for approximately 10–12% of new orders secured in Europe during CY26. Management expects industry consolidation to create opportunities for stronger suppliers to gain market share over the longer term. The combination of a strong India growth engine, disciplined European margin protection, and robust cash reserves positions the company for steady compounding with limited B/S risk.

Rating and Target Price

- We assign **BUY** rating on CIE Automotive supported by healthy domestic demand, a strong order pipeline and focus on margins & efficiencies at its European business. Our target for CIE is pegged at **₹ 450 i.e. 16x PE on CY27 EPS. Healthy CFO/FCF yield provide good margin of safety.**

Key Financial Summary

Key Financials (₹ crore)	CY22	CY23	CY24	CY25	5-year CAGR (CY20-25)	CY26E	CY27E	2-year CAGR (CY25-27E)
Net Sales	8,753	9,280	8,964	9,406	9.2%	10,448	11,315	9.7%
EBITDA	1,172	1,424	1,351	1,376	22.4%	1,546	1,731	12.2%
EBITDA Margins (%)	13.4	15.3	15.1	14.6		14.8	15.3	
Net Profit	(136)	1,125	828	828	50.7%	947	1,069	13.6%
Normalised PAT	709	798	818	821		944	1,067	
EPS (₹)	(3.6)	29.7	21.9	21.9		25.0	28.3	
P/E	(97.3)	11.8	16.0	16.0		14.0	12.4	
RoNW (%)	9.2	14.7	12.5	11.2		11.6	12.0	
RoCE (%)	13.4	15.2	13.4	12.2		12.9	13.5	

Source: Company, ICICI Direct Research



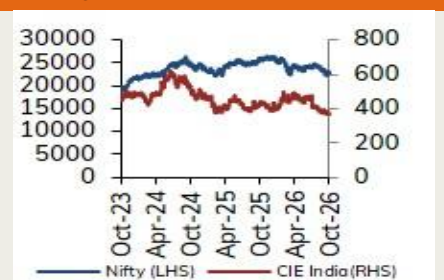
Particulars

Particular	₹ crore
Market Capitalization	13,249
Total Debt (CY25)	386
Cash & Investments (CY25)	1,660
EV	11,975
52-week H/L (₹)	526 / 367
Equity capital	₹ 379 Crore
Face value	₹ 10

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	65.7	65.7	65.7	65.7
FII	4.3	4.7	5.0	4.7
DII	21.6	21.3	20.7	20.8
Other	8.3	8.3	8.7	8.9

Price Chart



Recent event & key risks

- Reported steady Q3CY26.
- With stock declining substantially from 52W highs, current price offers attractive risk reward opportunity.
- Key Risk: i) slower than anticipated sales growth over CY25-27E at Indian operations (ii) Demand uncertainty in Export markets.

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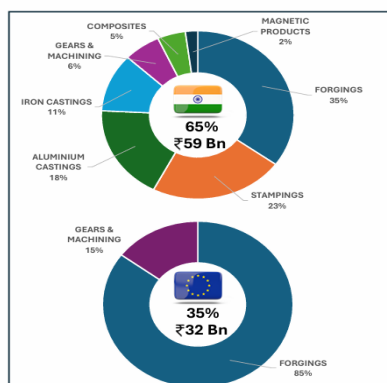
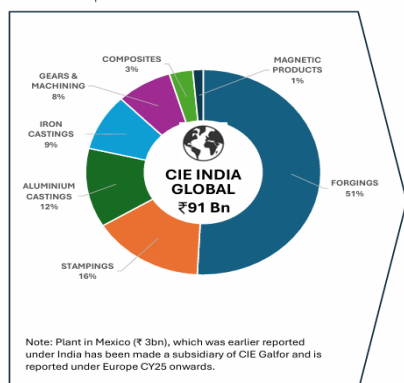
Q3CY26 Earnings Conference Call Highlights

- India operations:** India revenue grew 18% YoY and 9% QoQ to ₹1,800 crore in Q3 CY26, supported by robust demand across most automotive segments. EBITDA margin declined to 16.3% from 17.3% YoY due to higher energy, raw material and consumable costs amid geopolitical tensions in West Asia. Management expects industry growth to moderate as the GST-cut impact fades, although demand across most segments should remain healthy, with tractors likely to be relatively weaker. Customer cost pass-through negotiations are ongoing and are expected to be largely completed by the end of CY26.
- Europe Business performance:** European revenue declined 4% YoY to ₹760 crore, impacted by usual seasonal pattern, stagnant automotive demand, rising EV penetration, Chinese imports and lower volumes in Mexico. However, EBITDA margin improved to 16.3% from 14.1% YoY, driven by benefits from previous-year restructuring. EBITDA grew 12% YoY, while EBIT and EBT increased 20% and 26%, respectively. Management remains focused on protecting profitability and expects potential industry consolidation to create longer-term opportunities.
- Orderbook and new project ramp-up:** The company secured approximately ₹970 crore of new orders in India during 9MCY26, across multiple verticals, particularly aluminium and forgings. Supplies for the delayed Ford-related foundry project commenced in mid-October 2026, with revenue contribution expected from Q4 CY26 onwards. Once fully ramped up by mid-CY27, the Urse foundry is expected to be fully booked, prompting management to consider further casting capacity expansion.
- Capex & Expansion plans:** Management is shifting towards organic growth after finding limited attractive acquisition opportunities. India growth Capex in CY26 is expected to be almost double the previous year's level, with a similar investment level anticipated in CY27. Expansion plans include new forging presses at Chakan, a press transfer from Mexico to Hosur, additional capacity in gears and composites, stamping-line expansion and new aluminium HPDC capabilities. The iron foundry is fully booked, with additional capacity potentially required by 2028. CapEx could reach approximately 8% of sales in CY26.
- Mexico business and capacity transfer:** The Mexican forging business has experienced an approximately 20% volume decline following GKN's acquisition by American Axle and its decision to partially insource production. The revised contract has been signed with lower volumes but an extended duration. One press is being transferred from Mexico to Hosur, with arrival expected in Q1 CY27, allowing CIE to utilise the equipment for multiple customers.
- Management outlook:** Management remains positive about India's medium-term growth prospects, supported by a healthy order pipeline, new project ramp-ups and significant capacity additions. Key near-term monitorable are input-cost pass-throughs, margin recovery and execution of the expansion programme. Europe is likely to remain challenging on the revenue front, but restructuring benefits are supporting profitability.

Exhibit 1: CIE Automotive India – Geography and Overview



SALES BY GEOGRAPHY & TECHNOLOGY
APPROXIMATE BREAKUP



Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement

₹ crore

(Year-end March)	CY24	CY25	CY26E	CY27E
Total operating Income	8,964	9,406	10,448	11,315
Growth (%)	-3.4	4.9	11.1	8.3
Raw Material Expenses	4,670	4,769	5,329	5,770
Employee Expenses	1,010	1,114	1,254	1,358
Other Expenses	1,933	2,148	2,319	2,455
Total Operating Expenditure	7,613	8,031	8,902	9,583
EBITDA	1,351	1,376	1,546	1,731
Growth (%)	-5.1	1.9	12.4	12.0
Other Income	140	101	125	130
Interest	78	27	25	20
Depreciation	331	358	387	419
PBT	1,082	1,079	1,259	1,423
Total Tax	264	258	315	356
PAT before Minority Interest	818	821	944	1,067
Minority Interest	0	0	0	0
PAT after Minority Interest	828	828	947	1,069
EPS (₹)	21.9	21.9	25.0	28.3

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement

₹ crore

(Year-end March)	CY24	CY25	CY26E	CY27E
Profit after Tax (adj.)	828	828	947	1,069
Add: Depreciation & Interest	408	385	412	439
(Inc)/dec in Current Assets	-7	-4	-309	-203
Inc/(dec) in CL and Provisions	-319	257	183	209
CF from operating activities	910	1,466	1,233	1,514
(Inc)/dec in Investments	0	5	-9	-5
(Inc)/dec in Fixed Assets	-430	-541	-888	-905
Others	206	-892	30	-216
CF from investing activities	-224	-1,429	-867	-1,126
Interest Paid	-78	-27	-25	-20
Inc/(dec) in loan funds	-282	-135	-50	-50
Dividend paid & dividend tax	-265	-265	-265	-303
Others	-258	-107	-341	-374
CF from financing activities	-599	-107	-340	-373
Net Cash flow	87	-70	25	15
Opening Cash	237	324	254	279
Closing Cash	324	254	279	295

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet

₹ crore

(Year-end March)	CY24	CY25	CY26E	CY27E
Liabilities				
Equity Capital	379	379	379	379
Reserve and Surplus	6,197	7,080	7,762	8,528
Total Shareholders funds	6,577	7,459	8,141	8,908
Total Debt	521	386	336	286
Minority Interest	0	0	0	0
Total Liabilities	7,687	8,418	9,064	9,793
Assets				
Gross Block	9,433	9,911	10,828	11,783
Less: Acc Depreciation	6,390	6,748	7,135	7,553
Net Block	3,043	3,163	3,694	4,230
Capital WIP	66	130	100	50
Total Fixed Assets	3,109	3,292	3,794	4,280
Investments	1,038	1,459	1,384	1,564
Goodwill	2,814	3,038	3,038	3,038
Inventory	1,091	1,130	1,288	1,395
Debtors	627	609	716	775
Other current assets	416	399	443	480
Cash	324	254	279	295
Total Current Assets	2,458	2,392	2,727	2,945
Creditors	1,581	1,863	2,004	2,170
Provisions	55	67	65	71
Other Current Liabilities	398	355	394	427
Total Current Liabilities	2,034	2,284	2,463	2,667
Net Current Assets	424	107	264	278
Application of Funds	7,687	8,418	9,064	9,793

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	CY24	CY25	CY26E	CY27E
Per share data (₹)				
EPS	21.9	21.9	25.0	28.3
Cash EPS	30.6	31.3	35.2	39.3
BV	173.7	197.0	215.1	235.3
DPS	7.0	7.0	7.0	8.0
Cash Per Share	8.6	6.7	7.4	7.8
Operating Ratios (%)				
EBITDA Margin	15.1	14.6	14.8	15.3
PAT Margin	9.2	8.9	9.1	9.5
Inventory days	44.4	43.8	45.0	45.0
Debtor days	25.5	23.6	25.0	25.0
Creditor days	64.4	72.3	70.0	70.0
Return Ratios (%)				
RoE	12.5	11.2	11.6	12.0
RoCE	13.4	12.2	12.9	13.5
RoIC	14.2	12.8	13.5	14.0
Valuation Ratios (x)				
P/E	16.0	16.0	14.0	12.4
EV / EBITDA	9.2	8.7	7.7	6.7
EV / Net Sales	1.4	1.3	1.1	1.0
Market Cap / Sales	1.5	1.4	1.3	1.2
Price to Book Value	2.0	1.8	1.6	1.5
Solvency Ratios				
Debt/Equity	0.1	0.1	0.0	0.0
Current Ratio	1.0	0.9	1.0	1.0
Quick Ratio	0.5	0.4	0.5	0.5

Source: Company, ICICI Direct Research

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