

Capacity Expansion to Support Medium-Term Growth

Est. Vs. Actual for Q3CY26: Revenue - **INLINE**; EBITDA - **MISS**; PAT - **INLINE**

Change in Estimates post Q3CY26

CY26E/CY27E: Revenue: 2.4%/2.4%; EBITDA: -2.7%/2.4%; PAT: -0.1%/3.9%

Recommendation Rationale

- **India Growth Strong; Margins Under Pressure:** CIE Automotive's India business delivered healthy growth in Q3CY26, with revenue rising 18% YoY to Rs 1,801 Cr. EBITDA margin declined to 16.3% from 17.3% YoY due to higher energy, consumables and operating costs amid West Asia tensions. Management expects to conclude customer cost pass-throughs by year-end. Demand across two-wheelers, passenger vehicles and commercial vehicles is expected to remain healthy, although growth may moderate, while tractors remain relatively weak.
- **Europe Restructuring Drives Margin Recovery:** CIE Automotive's European business continues to face subdued demand, rising Chinese imports and increasing EV penetration, with revenue declining 4% YoY in Q3CY26. However, EBITDA margin improved to 16.3% from 14.1% YoY, supported by CY25 restructuring initiatives. Management expects industry consolidation and improved cost competitiveness to support long-term profitability, although near-term growth may remain subdued.
- **Order-Backed CapEx to Drive Growth:** CIE Automotive is prioritising organic expansion, with India growth CapEx expected to nearly double YoY to around 8% of sales in CY26 and remain at similar levels in CY27. Investments across forgings, gears, composites, stampings, castings and aluminium are backed by existing orders, including a new 4,000 sq. m. gear facility and capacity additions. The US Ford foundry programme commenced supplies in Oct'26 and is expected to fully utilise the Urse foundry by mid-CY27, while a forging press transferred from Mexico is expected to be installed in India in Q1CY27. With Rs 970 Cr of new orders secured across Indian verticals in 9MCY26, capacity expansion is expected to support medium-term growth, while aluminium portfolio optimisation will continue until at least mid-CY27.

Company Outlook & Guidance: Management expects healthy demand across key Indian automotive segments, with growth moderating from elevated levels. European operations remain challenging, though restructuring benefits and operational efficiency are expected to support margin resilience and long-term profitability.

Current Valuation: 18xPE multiple on CY27E EPS (Earlier: 20x PE multiple on CY27E EPS) on Indian and 7x PE (Earlier: 8x PE multiple on CY27E EPS) on European CY27E EPS.

Current TP: Rs 455/share (Earlier TP: Rs 485/share).

Recommendation: We maintain our **BUY** rating on the stock.

Financial Performance

CIE Automotive reported a healthy consolidated performance in Q3CY26, supported by strong growth in its India business. Consolidated revenue grew 11% YoY and remained largely flat QoQ, in line with our expectations. EBITDA increased 5.1% YoY but declined 4% QoQ, missing our estimates, as a favourable product mix in India and lower-than-expected raw material costs were partly offset by higher other expenses. Reported PAT stood at ~Rs 243 Cr, up 15.3% YoY and 3.4% QoQ, in line with our estimates, supported by lower interest expenses and higher other non-operating income.

Key Financials (Consolidated)

Year-End Dec (Rs Cr)	Q3CY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	2,633	0.5%	11.0%	2,675	-1.5%
EBITDA	374	-4.0%	5.1%	401	-6.8%
EBITDA Margin	14.2%	-67 bps	-79 bps	15.0%	-80 bps
Reported Net Profit	244	3.4%	14.3%	240	1.4%
Reported EPS	6.43	3.5%	14.4%	6.34	1.4%

Source: Company, Axis Securities Research

(CMP as of 22nd October, 2026)

CMP (Rs)	365
Upside /Downside (%)	25%
High/Low (Rs)	526/363
Market cap (Cr)	13,817
Avg. daily vol. (6m) Shrs.	3,32,381
No. of shares (Cr)	37.9

Shareholding (%)

	Mar-26	Jun-26	Sep-26
Promoter	65.7	65.7	65.7
FII's	4.7	4.9	4.7
MFs / UTI	20.5	20.7	20.8
Banks / FIIs	0.0	0.0	0.0
Others	9.1	8.7	8.8
Total	100.0	100.0	100.0

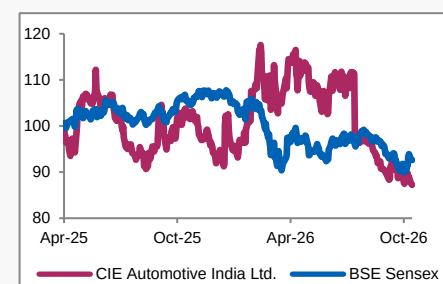
Financial & Valuations

Y/E Dec (Rs Cr)	CY25	CY26E	CY27E
Net Sales	9,406	10,532	11,250
EBITDA	1,362	1,552	1,817
Net Profit	828	971	1,157
EPS (Rs.)	21.8	25.6	30.5
PER (x)	19.4	14.3	12.0
EV/ EBITDA (x)	1.6	-1.8	-3.1
P/BV (x)	2.2	1.7	1.5
ROE (%)	11.1%	11.8%	12.6%

Change in Estimates (%)

Y/E Mar	CY26E	CY27E
Sales	2.4%	2.4%
EBITDA	-2.7%	2.4%
PAT	-0.1%	3.9%

Relative Performance



Source: Ace Equity, Axis Securities Research.

Results Gallery

[Q2CY26](#)
[Q1CY26](#)
[Q4CY25](#)
[Q3CY25](#)

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Outlook

The near-term operating environment remains mixed, with subdued European automotive demand and pricing pressure persisting. However, CY25 restructuring initiatives continue to support margin recovery, while industry consolidation could create long-term market share opportunities. In India, healthy demand, Rs 970 Cr of new orders during 9MCY26 and elevated order-backed CapEx are expected to drive growth. The commencement of the US Ford foundry programme in Oct'26 and the planned ramp-up of new capacities should support medium-term earnings, while the resolution of customer cost pass-throughs by year-end could ease near-term margin pressures. Accordingly, we forecast consolidated Revenue, EBITDA and PAT CAGRs of 6%, 10% and 12%, respectively, over CY25-27E.

Valuation & Recommendation

Despite subdued demand in Europe and near-term margin pressure in India from higher operating costs, CIE Automotive continues to demonstrate resilient profitability, supported by restructuring initiatives and a diversified product portfolio. We remain constructive on the company, backed by healthy domestic demand, Rs 970 Cr of new orders secured across Indian verticals during 9MCY26, elevated order-backed CapEx, and ramp-up of the US Ford foundry programme. Continued capacity expansion, product portfolio optimisation and improving European operational efficiency are expected to support medium-term growth and profitability.

We maintain our BUY rating on the stock, valuing the Indian business at a 18x PE multiple on CY27E EPS (Earlier: 20x PE multiple on CY27E EPS) and 7x PE (Earlier: 8x PE multiple) on European CY27E EPS. Based on this, we arrive at an SOTP-based target price of Rs 455/share (Earlier: 485/Share), implying a 25% upside from the CMP.

Other Key Highlights

- **India Operations:** India remained the key growth driver, with 9MCY26 revenue increasing 16% YoY. Q3CY26 revenue grew 18% YoY, supported by healthy automotive demand. Management expects continued traction across two-wheelers, passenger vehicles and commercial vehicles, while tractors remain relatively weak. New orders worth Rs 970 Cr during 9MCY26 support medium-term growth visibility.
- **Europe Operations (Including Mexico):** European revenue declined 4% YoY in INR terms in Q3CY26 amid subdued demand, rising Chinese imports and increasing EV penetration. EBITDA margin improved to 16.3% from 14.1% YoY, driven by CY25 restructuring. Mexico remained under pressure following contract renegotiations and partial insourcing by a key customer, while restructuring benefits are expected to support long-term profitability.
- **EBITDA Margins:**
 - ✓ India EBITDA margin moderated to 16.3% (vs. 17.3%), impacted by Margin pressures due to price increases generated by conflict in West Asia, mainly in raw materials, energy and consumables.
 - ✓ Europe EBITDA margin improved to 16.3% (vs. 14.1%), supported by restructuring benefits and disciplined cost control.
 - ✓ Consolidated EBITDA margin remained healthy at 16.3%, with Solid consolidated performance supported by Indian business growth and margin recovery in Europe.
- **CapEx & Capacity Expansion:** India growth CapEx in CY26 is expected to nearly double YoY to around 8% of sales, with a similar investment level planned for CY27. Investments across forgings, gears, composites, stampings, iron castings and aluminium are aligned with order-backed growth opportunities and capacity requirements.
- **US Ford Foundry Programme:** Supplies under the US Ford foundry programme commenced in Oct'26 following customer-driven delays. The programme is expected to fully utilise the Urse foundry by mid-CY27, providing an incremental growth driver as volumes ramp up.
- **Forging Capacity & Mexico Operations:** A forging press is being transferred from Mexico to India, with installation expected in Q1CY27, supporting additional capacity for future business. In Mexico, revenue remains affected by lower volumes following contract renegotiations and partial insourcing by a key customer; management expects operations to stabilise at the revised business level.
- **Product Mix & Portfolio Optimisation:** CIE Automotive continues to optimise its aluminium portfolio, reducing exposure to less profitable opportunities while prioritising sustainable returns. The exercise is expected to continue until at least mid-CY27, while investments in gears, composites, forgings and other technologies support diversification and higher-value product opportunities.
- **Growth Outlook & Industry Consolidation:** Management remains focused on organic growth, disciplined capital allocation and operational efficiency, having not identified suitable acquisition opportunities at rational valuations. While near-term growth may moderate in India and remain subdued in Europe, order-backed capacity additions, new programme ramp-ups and continued European restructuring are expected to support medium-term growth and profitability.

Change in Estimates

	Revised		Old		% Change	
	CY26E	CY27E	CY26E	CY27E	CY26E	CY27E
Sales	10,532	11,250	10,287	10,983	2.4%	2.4%
EBITDA	1,552	1,817	1,596	1,774	-2.7%	2.4%
PAT	971	1,157	972	1,114	-0.1%	3.9%

Source: Company, Axis Securities Research

Q3CY26 Results Review

Y/E Dec (Rs Cr)	Q3CY26	Axis Estimates	% Variance	Q2CY26	% Change (QoQ)	Q3CY25	% Change (YoY)
Net Sales	2,633	2,675	-1.5%	2,621	0.5%	2,372	11.0%
Expenditure							
Net Raw Material	1,358	1,364	-0.4%	1,295	4.9%	1,201	13.1%
Personnel	266	321	-17.3%	313	-15.3%	273	-2.6%
Other Exp	636	588	8.0%	623	2.1%	543	17.1%
Total Expenditure	2,259	2,273	-0.6%	2,231	1.3%	2,016	12.1%
EBITDA	374	401	-6.8%	390	-4.0%	356	5.1%
EBITDA Margins	14.2%	15.0%	-80	14.9%	-67	15.0%	-79
Oth. Inc.	44	31	41.2%	29	53.2%	19	129.0%
Interest Expense	4	12	-66.2%	10	-61.0%	4	11.0%
Depreciation	93	101	-8.2%	97	-4.3%	89	4.4%
Share of P/L from Associates	0.6	0.6	10.8%	1.0	-32.8%	0.2	221.0%
Exceptional Item	-	-	NA	-	-	-	-
PBT	322	320	0.5%	312	3.1%	282	13.9%
Tax	79	80	-0.8%	78	1.7%	69	13.9%
Reported PAT	243	240	1.0%	234	3.5%	213	13.8%
Reported EPS (Rs.)	6.4	6.3	1.4%	6.2	3.5%	5.6	14.4%
Ratios	Q3CY26	Axis Estimates	Bps Change	Q2CY26	Bps Change	Q3CY25	Bps Change
Gross Profit (%)	1,275	1,311	-2.7%	1,326		1,171	1,275
RM as % of Sales	48.4%	49.0%	-57	50.6%	-217	49.4%	48.4%
Staff costs as % of Sales	51.6%	51.0%	57	49.4%	217	50.6%	51.6%
Other Exp as % of Sales	10.1%	12.0%	-192	12.0%	-188	11.5%	10.1%
Tax as a % of PBT	24.1%	22.0%	214	23.8%	38	22.9%	24.1%
Reported Net Profit (%)	24.5%	24.9%	-32	24.9%	-32	24.5%	24.5%

Source: Company, Axis Securities Research

Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E Dec	CY24A	CY25A	CY26E	CY27E
Net sales	8,964	9,406	10,532	11,250
Raw materials	(4,670)	(4,769)	(5,346)	(5,738)
Staff costs	(1,010)	(1,127)	(1,165)	(1,238)
Other expenses	(1,933)	(2,148)	(2,469)	(2,458)
Total expenses	(7,613)	(8,044)	(8,979)	(9,433)
EBITDA	1,351	1,362	1,552	1,817
Depreciation	(331)	(358)	(384)	(398)
EBIT	1,020	1,004	1,168	1,419
Other income	140	101	137	157
Interest expense	(78)	(27)	(30)	(55)
Share of Profit/loss from associates	3	2	4	4
Exceptional (expenses)/income	-	-	-	-
Profit before tax	1,085	1,081	1,278	1,524
Tax expense	(264)	(258)	(312)	(372)
Adjusted PAT	828	828	971	1,157
Reported PAT	828	828	971	1,157
No. of shares	37.9	37.9	37.9	37.9
Reported EPS (Rs/share)	21.8	21.8	25.6	30.5
Adjusted EPS	21.8	21.8	25.6	30.5

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Dec	CY24A	CY25A	CY26E	CY27E
SHAREHOLDER'S FUNDS				
Equity Share Capital	379	379	379	379
Reserves and Surplus	6,197	7,080	7,861	8,829
Total Shareholders' Funds	6,577	7,459	8,241	9,208
NON-CURRENT LIABILITIES				
Long-Term Borrowings	422	186	586	936
Long-Term Finance/Lease Liabilities	30	20	20	20
Long Term Provisions	92	79	79	79
Deferred Tax Liabilities	345	339	339	339
Other LT liabilities	122	135	135	135
Total Non-Current Liabilities	1,011	759	1,159	1,509
CURRENT LIABILITIES				
Short-Term Borrowings	99	200	0	(250)
Short-Term Lease Liabilities	19	20	20	20
Trade Payables	1,581	1,863	2,124	2,279
Other Financial Liabilities	60	53	53	53
Other Current Liabilities	318	282	282	282
Short Term Provisions	55	67	67	67
Current Tax Liabilities	48	54	54	54
Disposal group	-	-	-	-
Total Current Liabilities	2,181	2,539	2,600	2,505
Total Capital and Liabilities	9,769	10,757	11,999	13,222
ASSETS				
NON-CURRENT ASSETS				
Net Tangible Assets	2,908	3,036	2,892	2,734
Capital Work-In-Progress	66	130	190	250
Intangible Assets	2,949	3,164	3,164	3,164
Non-Current Investments	46	51	51	51
Financial Assets	253	433	433	433
Deferred Tax Assets [Net]	20	21	21	21
Income Tax Assets [Net]	33	27	27	27
Other Non-Current Assets	44	97	108	108
Total Non-Current Assets	6,319	6,959	6,886	6,788
CURRENT ASSETS				
Inventories	1,091	1,130	1,265	1,351
Current Investments	991	1,406	1,606	1,806
Trade Receivables	627	609	682	728
Cash And Cash Equivalents	324	254	1,167	2,151
Other Current Assets	416	399	399	399
Disposal group	-	-	-	-
Total Current Assets	3,450	3,798	5,119	6,435
Total Assets	9,769	10,757	11,999	13,222

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Dec	CY24A	CY25A	CY26E	CY27E
Cash flows from operating activities				
Profit before tax for the year	1,085	1,081	1,278	1,524
Discontinued operations	7	5	-	-
Finance costs	78	27	30	55
Depreciation and amortisation	331	358	384	398
Others	-119	-98	-	-
Share of profits from associates	(3)	(2)	-	-
Cash Flow from Operations before changes in WC	1,379	1,371	1,692	1,977
Change in operating assets and liabilities:	(498)	(113)	(259)	(349)
Net cash generated by operating activities	881	1,258	1,433	1,628
Cash flows from investing activities				
Payments for PPE & IA	(387)	(377)	(300)	(300)
Others	(125)	(501)	(200)	(200)
Proceeds from the disposal of PPE	6	5	-	-
Net cash (used in)/generated by investing activities	(238)	(785)	(500)	(500)
Cash flows from financing activities				
Proceeds from issue of Equity Shares of the Group*	-	-	-	-
Dividends Paid	(189)	(264)	(190)	(190)
Repayment of lease payments	-22	-24	-	-
Net Proceeds/(Repayment) of LT borrowings	326	(274)	400	350
Net Proceeds/(Repayment) of ST borrowings	(594)	63	(200)	(250)
Interest paid	(74)	(26)	(30)	(55)
Net cash used in financing activities	(553)	(526)	(20)	(145)
Net increase/(decrease) in CCE	90	(53)	913	984
Opening Cash and cash equivalents	210	301	230	1,143
Effects of exchange rate changes	2	(18)	-	-
Closing Cash and cash equivalents	301	230	1,143	2,127

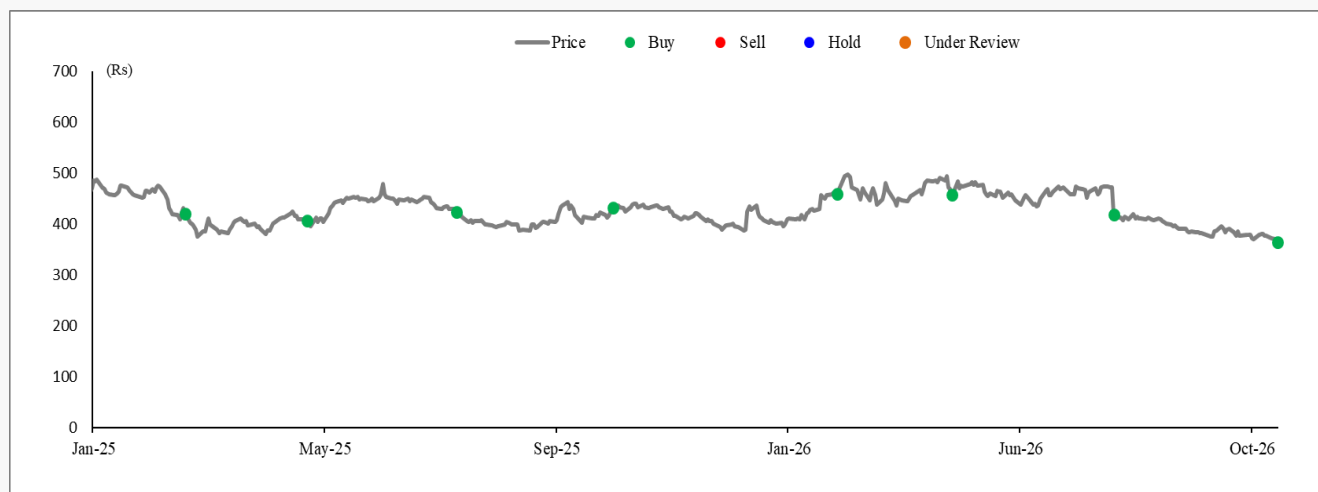
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E Dec	CY24A	CY25A	CY26E	CY27E
Operational Ratios				
Sales growth (% YoY)	-3.4%	4.9%	12.0%	6.8%
EBITDA growth (% YoY)	-5.1%	0.9%	13.9%	17.1%
Net Profit growth (% YoY)	3.7%	0.1%	17.3%	19.2%
EBITDA Margin %	15.1%	14.5%	14.7%	16.2%
Net profit Margin %	9.2%	8.8%	9.2%	10.3%
Efficiency Ratios				
Total Asset turnover (x)	0.92	0.92	0.93	0.89
Sales/Gross block (x)	1.70	1.50	1.47	1.59
Sales/Net block(x)	3.1	3.2	3.6	4.0
Valuation Ratios				
PER (x)	22	19	14	12
P/BV (x)	3	2	2	2
EV/EBITDA (x)	6.0	1.6	-1.8	-3.1
EV/Sales (x)	0.91	0.23	-0.26	-0.50
Dividend Yield (%)	1.49%	1.18%	1.37%	1.37%
FCF Yield (%)	0.43%	0.66%	0.98%	1.18%
Return Ratios				
ROE	12.6%	11.1%	11.8%	12.6%
ROCE	15.4%	14.1%	14.4%	15.0%
ROIC	14.75%	12.98%	13.37%	14.09%
Leverage Ratios				
Debt/equity (x)	0.12	0.09	0.10	0.10
Net debt/ Equity (x)	0.04	0.02	0.00	0.00
Net debt/EBITDA (x)	0.18	0.13	0.00	0.00
Interest Coverage ratio (x)	13.14	37.88	38.33	25.85

Source: Company, Axis Securities Research.

CIE Automotive India Price Chart and Recommendation History



Date	Reco	TP	Research
24-Feb-25	BUY	520	Result Update
02-May-25	BUY	465	Result Update
23-Jul-25	BUY	465	Result Update
20-Oct-25	BUY	500	Result Update
23-Feb-26	BUY	530	Result Update
27-Apr-26	BUY	530	Result Update
24-Jul-26	BUY	485	Result Update
23-Oct-26	BUY	455	Result Update

Source: Axis Securities Research

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HOLD	Between 10% and -10%
SELL	Less than -10%
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