20 March 2026

Company Update| Sector: Automobiles

CIE Automotive India

BSE SENSEX	S&P CNX
74,533	23,115

CIE India

Bloomberg	CIEINDIA IN
Equity Shares (m)	379
M. Cap. (INRb)/(USDb)	174.9 / 1.9
52-Week Range (INR)	526 / 357
1, 6, 12 Rel. Per (%)	8/15/15
12M Avg Val (INR m)	111

Financials & Valuations (INR b)

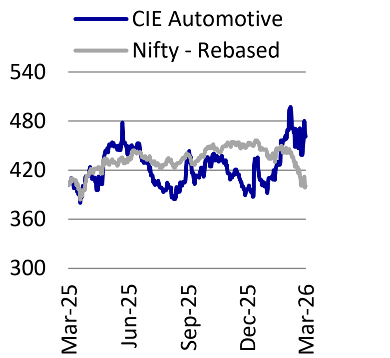
INR b	CY25	CY26E	CY27E
Sales	94.1	103.5	109.6
EBITDA (%)	14.5	14.6	15.0
Adj. PAT	8.3	9.0	9.8
EPS (INR)	22.0	23.9	26.0
EPS Growth (%)	1.5	8.4	8.9
BV/Share (Rs)	197	214	231
Ratio			
RoE (%)	11.9	11.6	11.7
RoCE (%)	10.8	11.1	11.4
Payout (%)	32.3	31.8	31.9
Valuations			
P/E (x)	20.9	19.3	17.7
P/BV (x)	2.3	2.2	2.0
Div. Yield (%)	1.5	1.6	1.8
FCF Yield (%)	5.0	3.4	4.1

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	65.7	65.7	65.7
DII	21.7	21.6	20.8
FII	4.3	4.2	4.5
Others	8.3	8.5	9.1

FII includes depository receipts

Stock Performance (one-year)



CMP: INR 461 TP: INR546 (+18%) Buy

India business likely to resume outperformance

We hosted CIE India management for a non-deal roadshow, and below are the key takeaways.

Over the last few quarters, CIE had witnessed slower growth in its India business; however, this trend has reversed after GST rate cuts, which have boosted demand across all segments. Moreover, it has bagged new orders from non-anchor customers, which are expected to ramp up in the coming quarters and help drive its long-promised outperformance. In Europe, despite a weak demand outlook, CIE aims to sustain its margins at the "new normal" of demand. The current geopolitical conflict has not had a material impact on the company's business yet, though it may lead to supply disruptions if it continues for a couple more weeks. Despite increasing input costs, management is confident of maintaining margins in India business as CIE continues to work on improving efficiencies. The stock trades at 19.3x/17.7x CY26E/CY27E consolidated EPS. Reiterate BUY with a TP of INR546 (~21x CY27E consolidated EPS).

India business to remain the key growth driver

Auto demand has picked up across segments after GST rate cuts and continues to hold strong even in 1QCY26, as per management. Order schedules for 2Q also remain healthy. Further, CIE is expected to start SOP of multiple new orders (iron castings, forgings, stampings) in the coming quarters, which would further boost revenue. CIE has been seeing an uptrend in its growth trajectory over the last few quarters, and management expects this trend to continue in 1Q as well. The ongoing geopolitical conflict is likely to result in supply-side disruptions if it persists for a couple of more weeks. Further, despite rising input costs, management remains confident of maintaining its India business margins.

Europe: Management to focus on margins

The demand outlook for light vehicles in Europe continues to be weak. Further, CIE has a strong EV order book, though the underperformance of European EV OEMs amid Chinese competition has led to muted ramp-up for CIE. Given weak demand, CIE is "right-sizing" its European operations and has already restructured Metalcastello, which has now returned to ~18% margins at reduced demand, and it is now making similar efforts at Legazpi (last phase likely in CY26). Overall, CIE remains focused on sustaining its performance given reduced demand.

Valuation and view

For CIE India, its India business is likely to be a key growth driver given the pickup in demand across segments. Further, on the back of its new order wins, we expect India business to resume its outperformance to industry growth, which was lacking in the recent past. In Europe, it would continue to focus on maintaining margins despite reduced demand. At CMP, the stock trades at 19.3x/17.7x CY26E/CY27E consolidated EPS. Reiterate BUY with a TP of INR546 (~21x CY27E consolidated EPS).

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Key takeaways from the management meeting

- **Overall business update**
  - For CY25, CIE India (65% of consol) revenue grew 8% YoY, which was largely in line with industry growth. Among segments, CIE's light vehicle segment growth at 17-18% was marginally below industry growth of 20%. CIE outperformed in tractors with 40% growth vs. industry growth of 30%. In trucks, CIE grew in line with industry at ~8%. The only segment where CIE materially underperformed the industry in CY25 was 2Ws, with just 2-3% growth vs. industry growth of ~8%. Its underperformance was largely driven by one of its largest 2W customer in 2Ws, for whom CNG model volumes did not pick up on expected lines.
  - India capacity utilization is 90%, while EU capacity utilization stands at 60%.
  - Its India margins were impacted by high energy prices in Maharashtra in CY25 – a total impact of around INR240m.
  - India order book has improved to about INR8b and EU order book stands at about INR2b.
  - After the GST rate cuts, the India business has seen a gradual pick-up in growth over the last few quarters. Management expects this trend to continue in the near term on the back of its healthy order backlog. Overall, management expects to outperform industry growth in India going forward.
  - Management expects to maintain the current margin level and is working on margin improvement in India business.
  - Given a healthy order backlog and optimum utilization levels already reached in 4Q, CIE plans to invest in capacity expansion across all segments, except magnets. CIE incurred total capex of INR4.5b in CY25, out of which INR2.9b was growth capex in India. While it has not yet given clear guidance, we understand that CY26 capex is likely to be higher than CY25 capex (growth capex stood at INR2.9b and total at INR4.5b). This can comfortably be funded with internal accruals given its healthy balance sheet.
  - CIE is pursuing inorganic growth opportunities, largely in India, in areas of forgings, iron and Al castings with machining capabilities and preferably in 4Ws. CIE will not pursue any acquisition in Europe.

- **Impact of war**
  - Demand continues to be healthy across segments despite the adverse global macro conditions.
  - CIE is currently managing the disruption in gas supply by converting part of the needs to liquid diesel oil (LDO). However, there could be supply chain disruptions if the war continues for a few more weeks. Management highlighted that offtake is currently about 5% lower than the peak, largely due to supply chain bottlenecks.
  - However, if this situation persists for a few more weeks, even Tier 1 suppliers like CIE can start facing production disruptions.
  - Further, input cost inflation is another cause of worry for the sector. Steel and aluminum account for almost 90% of its raw materials. While Al and CU prices have been surging in recent quarters, steel prices have also gone up by about INR5 per kg.
  - Even freight rates are now rising with availability of containers causing a bottleneck for smooth export movement.

- **Forgings business (35% of India)**
  - In India, total forgings business stands at ~INR18b, of which INR10b comes from Bill Forge and the balance INR8b from the Chakan forgings plant for crankshafts.

- **Bill Forge**
  - Of the INR10b business coming from Bill Forge, 2Ws contribute to about 40% and 4Ws 60%.
  - Bill Forge supplies a product called 'races' to the entire 2W industry, with a significantly high SOB of almost 80%. It also supplies crankshafts to 2Ws. For the 4W business, it serves shafts and CV joints for driveline systems.
  - Growth in this business is expected to be driven by new business from a leading 2W OEM, apart from the continued healthy growth of the industry.
  - A new order win from a large PV OEM (non-anchor customer) in races is also expected to drive up growth in 4Ws.

Forging Chakan

- CIE is a market leader in the crankshaft forgings segment with 40-50% market share in the domestic light vehicles market. CIE currently supplies 250k crankshafts per month and this business contributes to INR8b in annual revenue.
- For CY26, growth is likely to come from new order wins from a large PV OEM in India and a large tractor OEM.
- In the long term, CIE expects healthy new order wins during BS-7 emission norm compliance given its strong leadership position in the crankshaft segment. CIE is likely to need 6k-8k T presses for the same, which it will invest in going ahead based on new order wins here.

- **Stampings business (23% of India)**
  - CIE generates INR10b in revenue from this business, with almost 80% coming from its largest customer.
  - Management is looking at opportunities to diversify its presence among different customers in this segment.
  - Further, its largest customer has recently announced a capex in Nagpur, which is expected to emerge as another growth driver for CIE going forward in different segments.
  - In this business, the demand outlook remains healthy for tractors. Further, a new order win from its large customer is likely to drive its outperformance in this business in CY26.

- **Aluminum casting business (18% of India)**
  - This business generates about INR12b in revenue.
  - However, given its customer concentration in this segment, CIE plans to diversify into 4W AL casting business going forward.
  - Few OEMs are considering converting their cylinder heads based on iron castings to aluminum castings, and if this happens, CIE would look to get some share of this evolving opportunity.
  - As per management, there is scope to improve efficiencies in this business.

- **Iron casting business (11% of India)**
  - This business generates revenue of about INR7.0-7.5b.
  - CIE has received a large export order from a global PV OEM in this business, which is likely to commence SOP in the next two months. CIE has set up a new line for this OEM, which is highly automated as well as digitized.

- **Gears and Machining business (6% of India)**
  - This segment generates about INR4b of business.
  - CIE supplies to both ICE and EV customers in this business.
  - Given the rising EV penetration in India and on the back of its new order wins in this business, this segment has a healthy growth potential ahead, as per management.

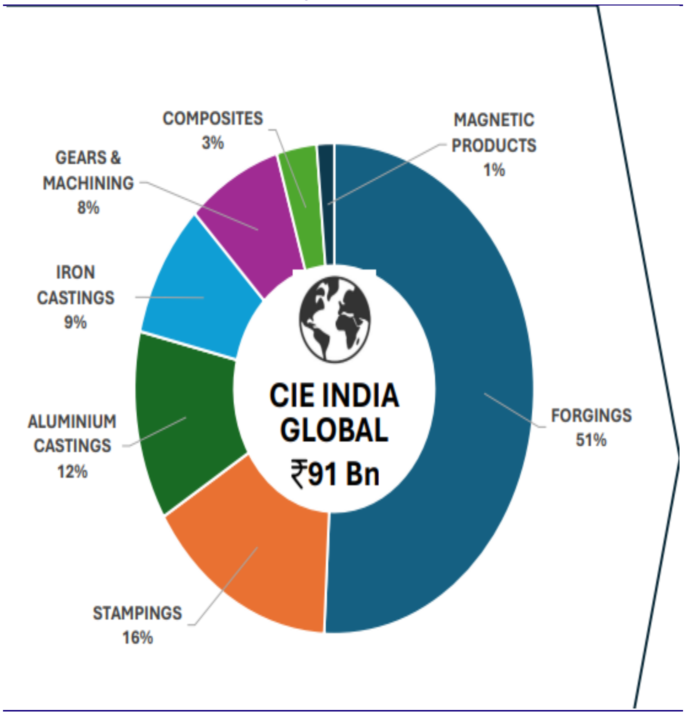
- **Composites (5% of India)**
  - This is an INR3b business and CIE largely supplies to 3W OEMs.
  - CIE has a strong competitive advantage over peers and margins are also healthy in this business.
  - This segment is currently seeing input cost pressure due to rising costs of resins.
  - Growth driver in this business is the strong EV transition visible in 3Ws, where it has a healthy presence with one of the top players.

- **Magnets (2% of India)**
  - CIE supplies hard and soft magnets to 4W and 2W segments, respectively. CIE is a tier-2 supplier here for both vehicle segments. Revenue in the segment is close to INR1.5b.
  - However, this segment is exposed to significant competition from Chinese suppliers.
  - Further, electrification in the 2W space is expected to be a key risk for the business as lightweighting of vehicles would require the use of rare-earth magnets, the supply of which is entirely controlled by China. Hence, growth opportunities in this segment are limited.

- **Europe business (35% of consol)**
  - Average capacity utilization stands at 60%.
  - About 60% of EU revenue comes from PV segment, 20% from trucks and the rest from the off-highway segment.
  - About 85% of Europe revenue comes from forgings, of which 40% comes from the crankshaft segment. This segment is at risk if EV transition picks up pace in Europe.
  - However, this business has also diversified into EV segment. It has an annual order book of about INR2b, of which 80% is from EVs.
  - However, while EV transition in Europe is gradually picking up, its entire growth has been driven by Chinese OEMs, where CIE does not have a presence.
  - Thus, despite new order wins in EVs, CIE’s performance has not picked up as European OEMs are underperforming Chinese OEMs in EV transition in Europe.
  - ICE demand in Europe is not picking up. This is the key reason why Europe performance has remained weak in the past.

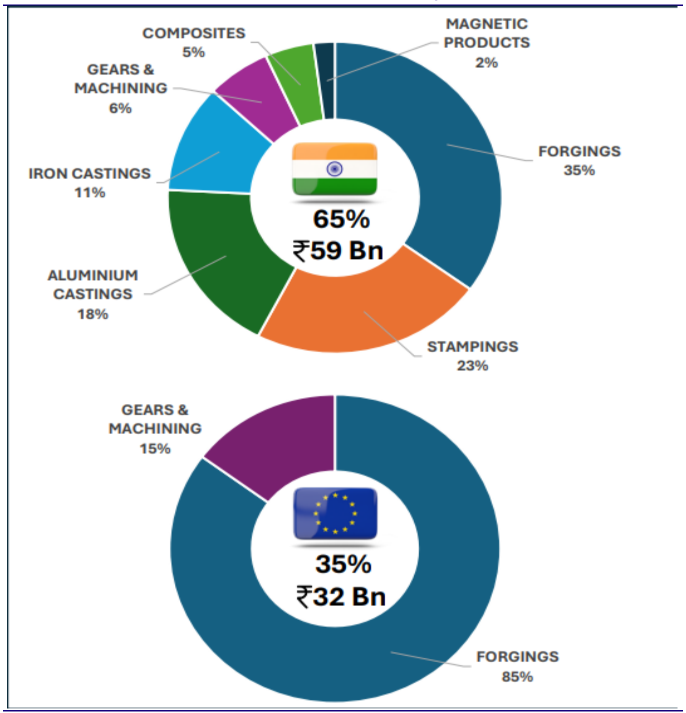
- The outlook is also subdued given the weak macro in Europe currently. IHS expects the car and truck industry to record a 2% decline and 5% growth, respectively, in CY26. On a longer-term perspective, the car industry is expected to remain largely flat till CY30 and the truck industry is expected to post 5% growth over the next three years.
- However, despite the demand weakness, CIE India has focused on maintaining profitability even at such low volumes.
- After its restructuring last year, Metalcastello business is now delivering almost 18% margin.
- Also, two of the three forging plants in Europe are delivering almost 18% margin.
- Legazpi is the only company lagging behind in performance, and management has already undertaken restructuring. Legazpi is servicing EV orders and hence its performance has remained muted.
- Given the weak outlook, the company does not expect meaningful revenue growth in the EU business over the medium term. CIE would remain focused on maintaining margins despite lower demand.
- EU business continues to be a drag on the overall consolidated entity's return profile.

Exhibit 1: CIE India consol. product mix



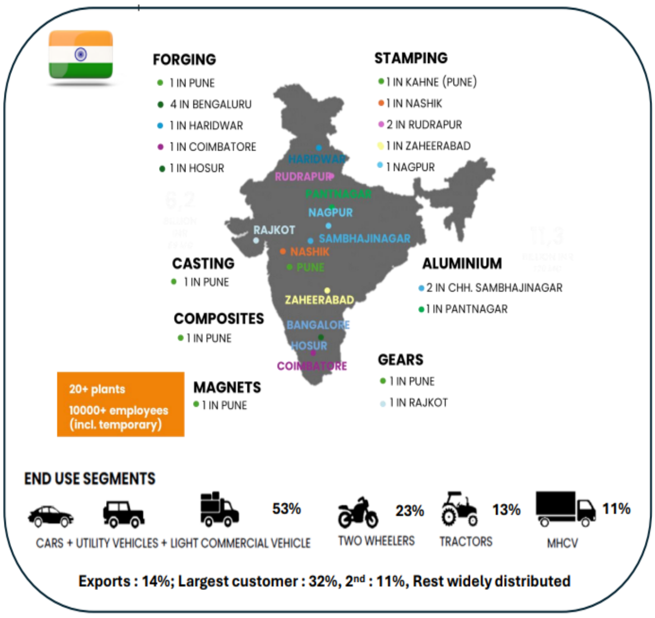
Source: Company, MOFSL

Exhibit 2: Product mix in India vs. Europe



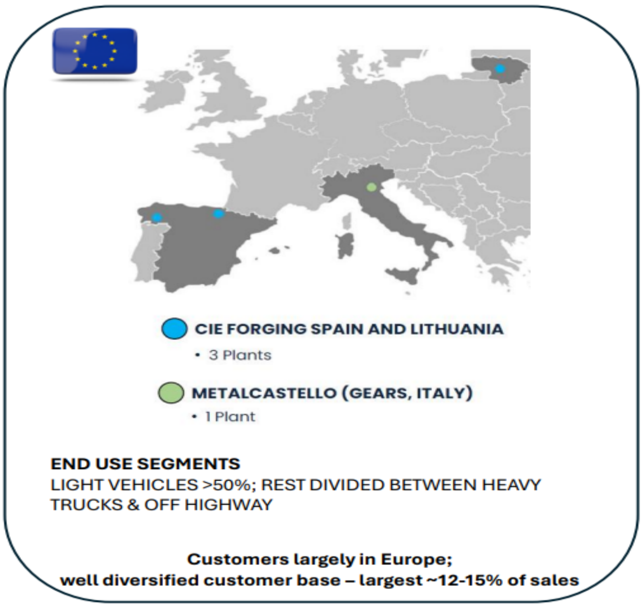
Source: Company, MOFSL

Exhibit 3: CIE India manufacturing footprint



Source: Company, MOFSL

Exhibit 4: CIE India Europe presence



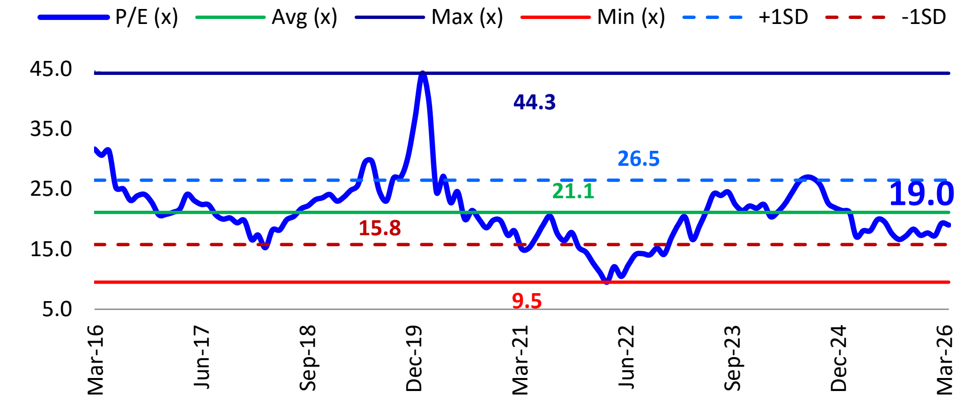
Source: Company, MOFSL

Valuation and view

- **Unique business model with multiple technologies under one roof:** CIE is a unique ancillary company that houses seven key technologies under one roof, each with a strong competitive position. Some of its strong attributes include: 1) the largest supplier of PV crankshafts in India; 2) a dominant player in forged steering parts; 3) one of the two strategic suppliers of aluminum castings to a leading domestic 2W OEM; 4) the second-largest supplier of crankshafts in Europe; 5) a strategic supplier of gears to a leading global supplier of construction and mining equipment; 6) the largest supplier of stampings and gears to one of the leading SUV/tractor OEMs in India; and 7) a supplier with the unique ability to supply crankshafts through both castings and forgings.
- **India business to remain a key growth driver:** CIE's top three domestic customers are MM, BJAUT, and MSIL. The outlook for all three anchor customers is positive, with each of them expected to outperform their respective industry growth on account of new launches. Apart from this, the company is boosting its presence with several key OEMs, including Hyundai, Toyota, and VW. Further, domestic demand in India is expected to revive across segments post the GST rate cut from hereon. Thus, India is likely to be a key growth driver for CIE Automotive. Further, it continues capacity expansion with efficiency enhancements in line with CIE global benchmarks.
- **Europe demand remains subdued, deceleration has stopped:** While demand in Europe remains weak, the good part is that deceleration in demand has now stopped and the same is stabilizing at lower levels. Despite the subdued industry growth outlook in Europe, management is optimistic about outperforming the industry, backed by new order wins. Moreover, the management has made it clear that in Europe, the focus will remain on margin protection, capacity adjustments, and securing new business.

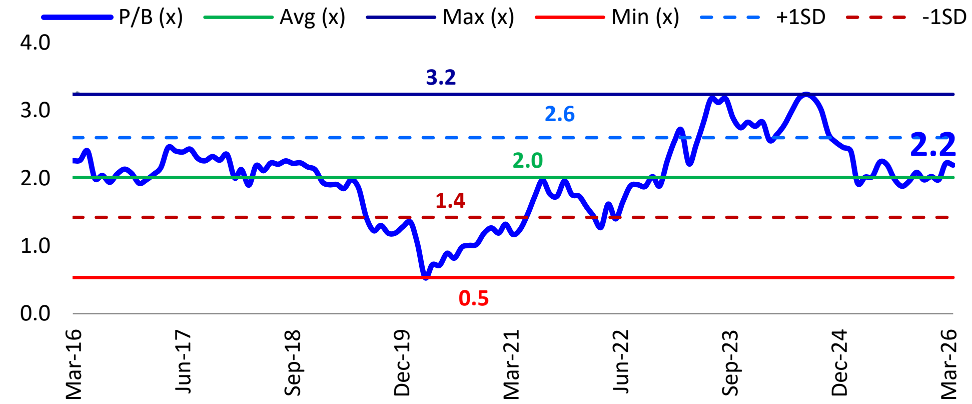
- **Valuation and view:** For CIE India, India business is likely to be a key growth driver given the pickup in demand across segments. Further, on the back of its new order wins, we expect it to resume its outperformance to industry growth, which was lacking in the recent past. In Europe, it would continue to focus on maintaining margins despite reduced demand. At CMP, the stock trades at 19.3x/17.7x CY26E/CY27E consolidated EPS. Reiterate BUY with a TP of INR546 (~21x CY27E cons. EPS).

Exhibit 5: P/E ratio charts



Source: Company, MOFSL

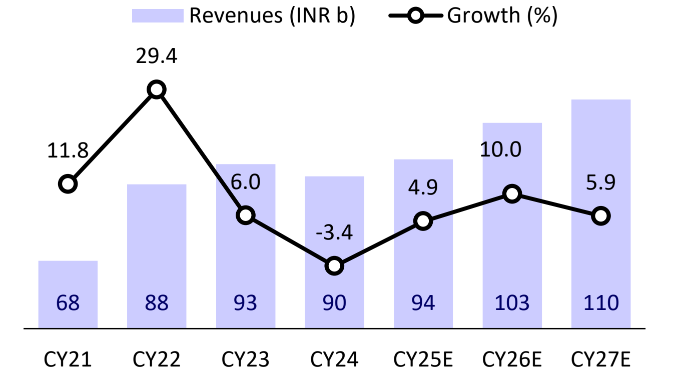
Exhibit 6: P/B ratio charts



Source: Company, MOFSL

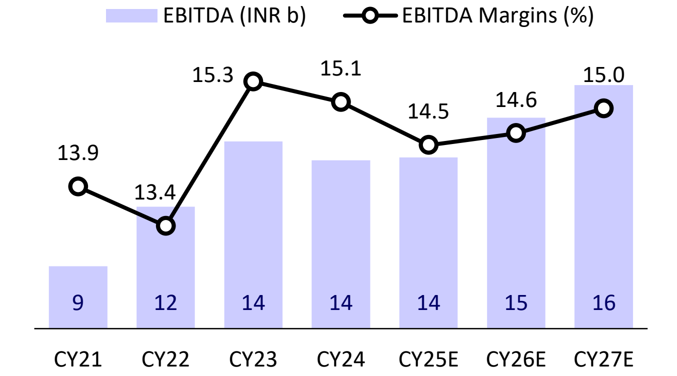
Key operating indicators

Exhibit 7: Expect consolidated revenue to recover



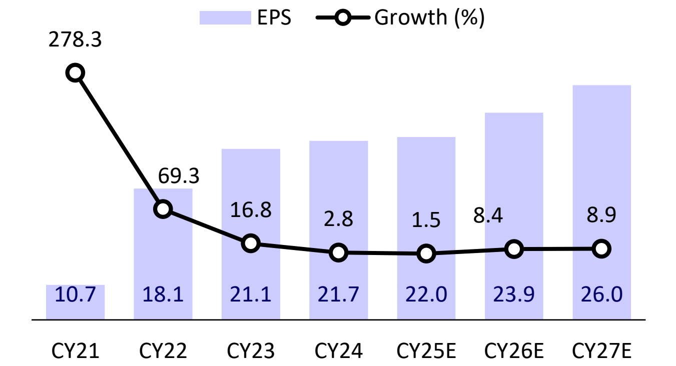
Source: Company, MOFSL

Exhibit 8: Expect EBITDA margin to remain stable



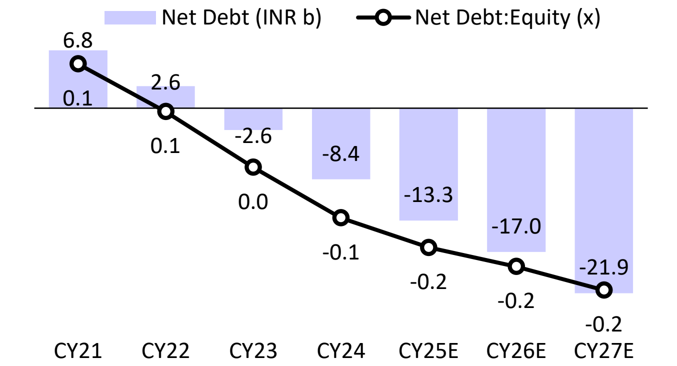
Source: Company, MOFSL

Exhibit 9: EPS and EPS growth



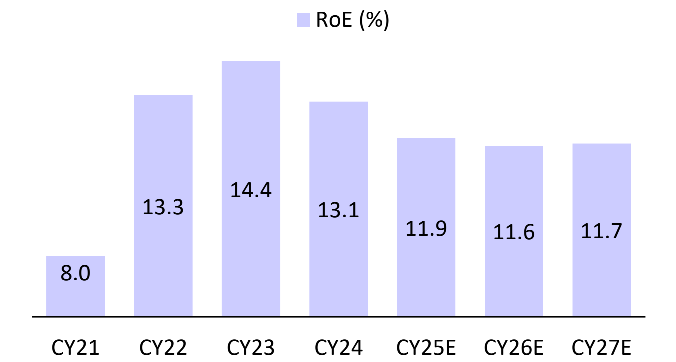
Source: Company, MOFSL

Exhibit 10: Turned net cash positive from CY23



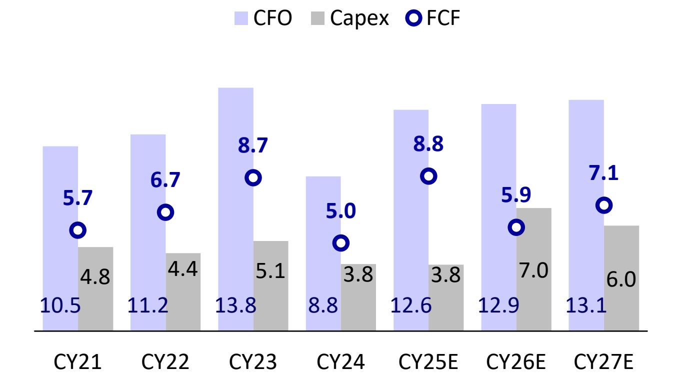
Source: Company, MOFSL

Exhibit 11: Expect RoE to remain under pressure



Source: Company, MOFSL

Exhibit 12: FCF to remain at healthy levels



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement (INR M)

Y/E December	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E
Total Income from Operations	**67,652**	**87,530**	**92,803**	**89,641**	**94,065**	**103,489**	**109,604**
Change (%)	11.8	29.4	6.0	-3.4	4.9	10.0	5.9
Total Expenditure	**58,234**	**75,810**	**78,565**	**76,135**	**80,440**	**88,334**	**93,186**
% of Sales	86.1	86.6	84.7	84.9	85.5	85.4	85.0
EBITDA	**9,417**	**11,720**	**14,239**	**13,506**	**13,625**	**15,154**	**16,418**
Margin (%)	13.9	13.4	15.3	15.1	14.5	14.6	15.0
Depreciation	2,733	2,962	3,222	3,306	3,581	3,853	4,252
EBIT	**6,684**	**8,758**	**11,017**	**10,199**	**10,044**	**11,301**	**12,166**
Int. and Finance Charges	348	227	1,074	776	265	417	410
Other Income	468	583	820	1,396	1,013	1,076	1,281
PBT bef. EO Exp.	**6,805**	**9,114**	**10,763**	**10,820**	**10,791**	**11,960**	**13,037**
EO Items	-128	379	0	0	0	0	0
PBT after EO Exp.	**6,677**	**9,492**	**10,763**	**10,820**	**10,791**	**11,960**	**13,037**
Total Tax	2,731	2,401	2,782	2,644	2,585	2,964	3,240
Tax Rate (%)	40.9	25.3	25.8	24.4	24.0	24.8	24.8
Share of profit from associate	12	22	-5	27	23	24	25
Reported PAT	**3,958**	**7,113**	**7,976**	**8,203**	**8,230**	**9,020**	**9,822**
Adj. PAT	**4,034**	**6,829**	**7,976**	**8,203**	**8,323**	**9,020**	**9,822**
Change (%)	278.3	69.3	16.8	2.8	1.5	8.4	8.9
Margin (%)	6.0	7.8	8.6	9.2	8.8	8.7	9.0

Consolidated - Balance Sheet (INR M)

Y/E December	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E
Equity Share Capital	3,791	3,793	3,794	3,794	3,794	3,794	3,794
Total Reserves	48,175	47,192	56,086	61,974	70,798	76,948	83,641
Net Worth	**51,966**	**50,985**	**59,880**	**65,768**	**74,591**	**80,741**	**87,435**
Total Loans	12,816	9,234	8,033	5,210	3,860	1,860	1,360
Deferred Tax Liabilities	2,459	3,199	3,238	3,247	3,178	3,178	3,178
Capital Employed	**67,241**	**63,418**	**71,151**	**74,226**	**81,630**	**85,780**	**91,974**
Gross Block	50,226	48,348	53,792	56,663	61,441	68,416	74,389
Less: Accum. Deprn.	20,624	20,921	24,228	26,234	29,815	33,668	37,920
Net Fixed Assets	**29,602**	**27,427**	**29,564**	**30,428**	**31,626**	**34,748**	**36,469**
Goodwill on Consolidation	36,265	28,040	28,540	28,142	30,375	30,375	30,375
Capital WIP	1,247	1,195	537	663	1,296	1,322	1,348
Total Investments	**4,380**	**5,756**	**8,206**	**10,383**	**14,590**	**16,590**	**21,590**
Curr. Assets, Loans&Adv.	**26,712**	**36,780**	**30,679**	**27,872**	**29,469**	**30,470**	**31,475**
Inventory	13,486	12,108	11,626	10,911	11,296	12,585	13,276
Account Receivables	6,687	8,608	6,331	6,271	6,090	7,372	7,807
Cash and Bank Balance	1,595	859	2,387	3,242	2,541	2,235	1,624
Loans and Advances	4,943	15,205	10,334	7,447	9,542	8,279	8,768
Curr. Liability & Prov.	**30,965**	**35,780**	**26,374**	**23,262**	**25,725**	**27,724**	**29,284**
Account Payables	19,385	21,350	19,341	15,809	18,632	18,877	19,914
Other Current Liabilities	7,605	12,876	5,505	5,976	5,636	7,244	7,672
Provisions	3,976	1,553	1,528	1,477	1,457	1,603	1,697
Net Current Assets	**-4,253**	**1,000**	**4,305**	**4,610**	**3,744**	**2,747**	**2,192**
Misc Expenditure	1	0	-1	-1	-1	-1	-1
Appl. of Funds	**67,241**	**63,418**	**71,151**	**74,226**	**81,630**	**85,780**	**91,974**

Financials and valuations

Ratios

Y/E December	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E
Basic (INR)							
EPS	**10.7**	**18.1**	**21.1**	**21.7**	**22.0**	**23.9**	**26.0**
Cash EPS	17.9	25.9	29.6	30.4	31.5	34.0	37.2
BV/Share	137.4	134.8	158.4	173.9	197.3	213.6	231.3
DPS	2.5	2.5	5.0	7.0	7.0	7.6	8.2
Payout (%)	23.9	13.3	23.8	32.4	32.3	31.8	31.9
Valuation (x)							
P/E	43.2	25.5	21.8	21.2	20.9	19.3	17.7
Cash P/E	25.7	17.8	15.6	15.1	14.6	13.5	12.4
P/BV	3.4	3.4	2.9	2.6	2.3	2.2	2.0
EV/Sales	2.7	2.1	1.9	2.0	1.9	1.7	1.6
EV/EBITDA	19.7	15.6	12.7	13.1	12.9	11.5	10.6
Dividend Yield (%)	0.5	0.5	1.1	1.5	1.5	1.6	1.8
FCF per share	15.1	17.8	23.0	13.2	23.2	15.6	18.8
Return Ratios (%)							
RoE	8.0	13.3	14.4	13.1	11.9	11.6	11.7
RoCE (Post-tax)	6.3	10.7	13.0	12.1	10.8	11.1	11.4
RoIC	6.5	11.3	14.1	12.8	12.4	13.2	13.7
Working Capital Ratios							
Fixed Asset Turnover (x)	1.3	1.8	1.7	1.6	1.5	1.5	1.5
Asset Turnover (x)	1.0	1.4	1.3	1.2	1.2	1.2	1.2
Inventory (Days)	73	50	46	44	44	44	44
Debtor (Days)	36	36	25	26	24	26	26
Creditor (Days)	105	89	76	64	72	67	66
Leverage Ratio (x)							
Net Debt/Equity	0.1	0.1	0.0	-0.1	-0.2	-0.2	-0.2

Consolidated - Cash Flow Statement (INR M)

Y/E December	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E
OP/(Loss) before Tax	6,689	9,514	10,759	10,847	10,814	11,984	13,061
Depreciation	3,431	3,537	3,222	3,306	3,581	3,853	4,252
Interest & Finance Charges	533	454	1,074	776	265	-659	-870
Direct Taxes Paid	-1,053	-1,981	-3,579	-2,622	-2,625	-2,964	-3,240
(Inc)/Dec in WC	1,364	-97	-309	-2,357	1,499	692	-56
CF from Operations	**10,963**	**11,427**	**11,166**	**9,950**	**13,535**	**12,906**	**13,147**
Others	-452	-245	2,667	-1,142	-955	0	0
CF from Operating incl EO	**10,511**	**11,182**	**13,833**	**8,808**	**12,580**	**12,906**	**13,147**
(Inc)/Dec in FA	-4,778	-4,434	-5,122	-3,807	-3,774	-7,000	-6,000
Free Cash Flow	**5,733**	**6,749**	**8,711**	**5,002**	**8,806**	**5,906**	**7,147**
(Pur)/Sale of Investments	-1,880	-1,273	-2,213	-1,679	-3,668	-2,000	-5,000
Others	-967	-661	-1,714	3,118	-582	1,076	1,281
CF from Investments	**-7,625**	**-6,368**	**-9,049**	**-2,368**	**-8,024**	**-7,924**	**-9,719**
Issue of Shares	10	36	7	0	0	0	0
Inc/(Dec) in Debt	-2,787	-3,936	396	3,265	-2,744	-2,000	-500
Interest Paid	-465	-378	-1,035	-739	-255	-417	-410
Dividend Paid	0	-948	-948	-1,889	-2,644	-2,870	-3,128
Others	-385	349	-2,691	-6,164	383	0	0
CF from Fin. Activity	**-3,627**	**-4,877**	**-4,272**	**-5,527**	**-5,260**	**-5,287**	**-4,039**
Inc/Dec of Cash	**-740**	**-63**	**512**	**914**	**-704**	**-306**	**-611**
Opening Balance	2,506	1,766	1,703	2,095	3,009	2,305	1,999
Closing Balance	**1,766**	**1,703**	**2,215**	**3,009**	**2,305**	**1,999**	**1,388**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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