

Shubh Nivesh



Domestic strength driving next growth phase...

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).

Investment Rationale:

- India-Led Structural Growth with Improving Operating Leverage:** CIE, is a leading automotive component player, operating across India & Europe. In India it caters to PV+LCV segment (53% of sales), 2Ws (23%), CV (11%) & off highway (tractor) segments (13%). CIE India's domestic business did well amid 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 & 2Ws. CIE India is entering a phase of accelerating growth driven by improving orderbook execution & strong domestic automotive momentum. The steady quarterly growth acceleration in India suggests that delayed project ramp ups are now behind, while a healthy annual order intake (~₹850 crore) provides good revenue growth visibility. Aluminium business restructuring is largely complete, and the investment phase into EV housings and high-value castings should drive both revenue growth and margin expansion. With operating leverage kicking in, India margins are poised to grow.
- Defensive Europe Strategy + Export Upside Creates Balanced Risk Profile:** While Europe remains structurally challenged due to weak production volumes and EV transition uncertainties, management has taken proactive restructuring measures to protect profitability. Metalcastello restructuring is complete, and further actions at Legazpi will be contingent on demand trends. Capacity transfers from Europe to India enhance cost competitiveness. Additionally, improving export dynamics—US tariff clarity, India–EU FTA progress, and OEM willingness to adopt hybrid sourcing models—create incremental profitability growth levers.
- Strong B/S & CFO generation provides room for inorganic growth and protects the downside:** CIE has a robust balance sheet, with a net cash position (at ~₹ 1,300 crore) and generates healthy cash flows with CFO pegged at >₹ 1,200 crore and FCF at > ₹ 700 crore, thereby providing significant financial flexibility to fund both organic growth & potential inorganic opportunities. Capex intensity remains disciplined (~5-6% of sales), to support capacity expansion across forgings, aluminium, & iron castings. The combination of a strong India growth engine, disciplined European margin protection, and robust cash flow generation positions the company for steady compounding with limited downside risk.

Rating and Target Price

- We maintain **BUY** rating on CIE Automotive tracking healthy growth opportunities at its Indian operations and focus on margins & efficiencies at its European business. Our target for CIE is pegged at **₹ 600 i.e. 21x PE on CY27 EPS. Healthy CFO/FCF yields provide good margin of safety.**

Key Financial Summary

| Key Financials (₹ crore) | CY21 | CY22 | CY23 | CY24 | CY25P | 5 year CAGR (CY20-25) | CY26E | CY27E | 2 year CAGR (CY25P-27E) |
|--------------------------|-------|---------|-------|-------|-------|-----------------------|--------|--------|-------------------------|
| Net Sales | 6,765 | 8,753 | 9,280 | 8,964 | 9,406 | 9.2% | 10,630 | 11,408 | 10.1% |
| EBITDA | 942 | 1,172 | 1,424 | 1,351 | 1,376 | 22.4% | 1,600 | 1,751 | 12.8% |
| EBITDA Margins (%) | 13.9 | 13.4 | 15.3 | 15.1 | 14.6 | | 15.1 | 15.4 | |
| Net Profit | 393 | (136) | 1,125 | 828 | 828 | 50.7% | 970 | 1,074 | 13.9% |
| Normalised PAT | 395 | 709 | 798 | 818 | 821 | | 968 | 1,072 | |
| EPS (₹) | 10.4 | (3.6) | 29.7 | 21.9 | 21.9 | | 25.6 | 28.4 | |
| P/E | 45.5 | (131.3) | 15.9 | 21.6 | 21.6 | | 18.4 | 16.6 | |
| RoNW (%) | 7.7 | 9.2 | 14.7 | 12.5 | 11.2 | | 11.9 | 12.1 | |
| RoCE (%) | 9.4 | 13.4 | 15.2 | 13.4 | 12.2 | | 13.5 | 13.8 | |

Source: Company, ICICI Direct Research



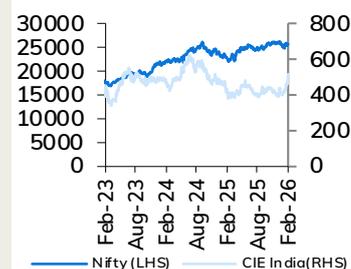
Particulars

| Particular | ₹ crore |
|----------------------------|-------------|
| Market Capitalization | 17,868 |
| Total Debt (CY25P) | 386 |
| Cash & Investments (CY25P) | 1,660 |
| EV | 16,593 |
| 52 week H/L (₹) | 524 / 357 |
| Equity capital | ₹ 379 Crore |
| Face value | ₹ 10 |

Shareholding pattern

| | Mar-25 | Jun-25 | Sep-25 | Dec-25 |
|----------|--------|--------|--------|--------|
| Promoter | 65.7 | 65.7 | 65.7 | 65.7 |
| FII | 4.4 | 4.2 | 4.2 | 4.3 |
| DII | 20.9 | 21.5 | 21.5 | 21.6 |
| Other | 9.0 | 8.7 | 8.6 | 8.3 |

Price Chart



Recent event & key risks

- Reported healthy Q4CY25. Guides for accelerated growth.
- Key Risk: (i) trade barriers limiting efficiencies at its European arm (ii) slower than anticipated sales growth over CY25P-27E at Indian operations

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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