

July 28, 2025

CIE Automotive India Limited (erstwhile Mahindra CIE Automotive Limited): Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term / Short Term-Others-Fund Based/Non Fund Based	575.00	534.00	[ICRA]AA (Stable)/[ICRA]A1+; Reaffirmed
Long Term / Short Term-Unallocated-Unallocated	0.00	41.00	[ICRA]AA (Stable)/[ICRA]A1+; Reaffirmed
Total	575.00	575.00	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmed ratings continue to factor in CIE Automotive India Limited's (CAIL or the company) (erstwhile Mahindra CIE Automotive Limited) large scale of operations, comfortable leverage and coverage indicators. The ratings also factor in CAIL's well-diversified presence across geographies, products, end-user industries, including the passenger vehicle (PV), commercial vehicle (CV), two-wheeler (2W) and off-highway segments. The company is expected to continue benefitting from CIE Automotive SA's (CIE) strong technological expertise, along with its established relationships with global original equipment manufacturers (OEMs), which support its business prospects.

The company reported a marginal 3% YoY revenue decline on a consolidated level in CY2024 (6% YoY revenue decline in Q1 CY2025), mainly owing to the sustained slowdown in European and US markets impacting its Europe business. Nonetheless, CAIL maintained profitability at a fairly comfortable level, as reflected by the operating profit margin (OPM) of 15.8% in CY2024, which improved marginally from the CY2023 level. The internal efficiency improvement plan implemented for the India business and cost optimisation measures undertaken for the Europe business ensured that margins were maintained notwithstanding the revenue stagnation. The company is expected to maintain a comfortable operational and financial profile going forward, aided by its strong market position and continued focus on maintaining profitability.

The company has been reporting steady volume offtake across key business segments, often outperforming the underlying markets, supported by the addition of new customers and increasing wallet share with its existing customers. This has resulted in healthy revenue expansion for CAIL in recent years, which, coupled with focus on its profitability, has supported it in reporting a healthy margin profile as well as improvement in its core return indicators. Presence across multiple technologies, segments and geographies is expected to enable CAIL to maintain its revenue growth momentum and healthy profitability in the long run. The ratings also factor in reduction in CAIL's overall debt levels in the recent past to Rs. 570.0 crore (as on December 31, 2024) from Rs. 1,899.5 crore (as on December 31, 2020), which, coupled with healthy cash and liquid investments balance, has led to a net cash surplus position for the company (as on December 31, 2024).

The ratings, however, remain constrained by the possible impact from the inherent cyclicity in the global automotive industry and its impending electrification on the company's revenue and profitability over the medium to long-term, as some of its product portfolio comprises engine-specific components. However, CAIL's efforts to adapt to the electric vehicle (EV) space by onboarding EV clients (mainly PV clients in Europe who focus on aluminium casting products that are important in the lightweighting strategy of EV OEMs) and developing powertrain-neutral products, are expected to help mitigate this risk going forward. Any large debt-funded acquisition or greenfield expansion impacting the company's credit metrics materially remains an event risk and would be evaluated on a case-by-case basis.

The Stable outlook on the long-term rating reflects ICRA's expectation that CAIL will continue to maintain a steady operational performance for its India business, and the cost optimisation measures undertaken for the Europe business will likely support margin profile, notwithstanding the near-term headwinds in key markets such as Europe and US. Moreover, the healthy liquidity profile and containment of debt levels are expected to continue supporting the credit metrics going forward.

Key rating drivers and their description

Credit strengths

Operational and managerial support from CIE; synergies from CIE's global operations – As one of the largest global automotive component suppliers, CIE enjoys a diversified automotive footprint across multiple geographies and product segments, such as forgings, castings and stampings, and provides CAIL with ample access to operational and technological support. Moreover, CAIL acts as the auto component division for the South Asian and South-East Asian markets for CIE's global operations and hence, is strategically important to the Group. The company is expected to continue benefiting from CIE's strong technological expertise along with established relationships with global OEMs.

Well-diversified operations in terms of products, geographical reach, clientele and industry segments – CAIL is present across six business segments—forging, stamping, casting (iron and aluminium), gears, composite and magnetic products, and caters to multiple automotive segments, including the PV, CV, tractors, 2W and off-highway segments. Further, the company is well diversified in terms of its geographical revenue base, including India (contributed 68% of its revenues in CY2024) and Europe (32%), as well as in terms of clients, catering to several reputed automotive OEMs in India as well as Europe.

Large scale of operations; healthy operational profile as reflected by comfortable profitability – In terms of revenue, CAIL is among the largest auto component suppliers in India. In Europe, it is one of the leading suppliers of forged components for the PV and off-highway segments. Its position as a leading auto-component supplier, along with its established track record, helps the company in client retention and acquiring new customers across key business segments. ICRA also notes the healthy operational profile demonstrated by CAIL over the years, with the company reporting comfortable profitability (operating margins at the mid-teens over the past four years, on a consolidated level).

Healthy debt metrics – Despite multiple acquisitions in the past, CAIL's leverage and coverage indicators remain comfortable with a gearing of 0.1 times as on December 31, 2024 (previous year [PY]: 0.1 times), and total debt/OPBIDTA of 0.4 times as on December 31, 2024 (PY: 0.6 times). Aided by steady profitability and containment of finance costs, the interest cover improved to 18.4 times in CY2024 from 13.5 times in CY2023. With expected annual cash accruals of over Rs. 750-800 crore and capital expenditure requirements of Rs. 400-500 crore annually, its dependence on external borrowings is likely to remain limited. Given the healthy accruals generation and funding support received from related parties, CAIL's dependence on external borrowings to meet its long-term funding requirements has historically remained limited.

Credit challenges

Exposure to cyclicality in the automotive industry – The auto supplier industry remains vulnerable to the cyclicality inherent in the automotive industry and the pricing pressures faced by auto suppliers from large OEMs. Nevertheless, CAIL's presence across multiple end-user segments (PVs, CVs, 2Ws, tractors, off-road) and geographies (India and Europe) provides some comfort against any segment-specific or geography-specific risks. Nevertheless, the company's ability to navigate segment-specific and region-specific challenges and maintain its strong profitability and credit metrics would remain monitorable.

Impending electrification of automotive industry may impact revenues and profitability – The trend in electrification that is evident in the automotive industry, both in the domestic market and globally, has the potential to impact the company's revenues and profitability over the medium to long-term, especially as some part of its product portfolio caters specifically to internal combustion engines (ICEs). CIE Galfor, one of the most profitable business operations within the CIE Group, primarily caters to the crankshaft requirement in the European PV segment, which has been reporting fast adoption of EVs. Accordingly, with 10-15% of its business dependent on ICE components (on a consolidated basis), the company is exposed to electrification

risks to an extent. Nevertheless, its efforts to gradually diversify into the EV space by targeting new EV products and customers, and orders secured in this regard, are expected to partially offset the said impact.

Muted operational performance of overseas operations due to sustained demand slowdown – CAIL’s Europe business reported 14% and 19% YoY revenue decline in CY2024 and Q1 CY2025, respectively, with a sustained slowdown in key overseas markets, Europe and US. This had a bearing on the operational performance of overseas subsidiaries like Metalcastello S.p.A. and Bill Forge (Mexico). Subsequently, CAIL reported a marginal YoY revenue decline in CY2024 as well as Q1 CY2025, although cost efficiency measures undertaken for the Europe business safeguarded the margins to a large extent.

Environmental and Social Risks

Environmental considerations: Even as CAIL is not directly exposed to climate transition risks emanating from a likelihood of tightening emission control requirements, with the bulk of its product portfolio being used across different fuel powertrains, its automotive-manufacturer customers remain highly exposed to the same. Accordingly, CAIL’s prospects remain linked to the ability of its customers and suppliers to meet tightening emission requirements. The company may need to continue investing materially to develop products catering to EVs. Although the transition towards the same in the segments CAIL operates in is likely to be gradual, especially for its Indian operations.

Social considerations: CAIL, like most automotive component suppliers, has a healthy dependence on human capital and hence, retaining human capital, maintaining healthy employee relations as well as supplier ecosystem remain essential for disruption-free operations for the entity. Another social risk that CAIL faces pertains to product safety and quality, wherein instances of product recalls and high warranty costs may not only lead to a financial implication but could also harm the reputation and create a more long-lasting adverse impact. In this regard, CAIL’s experience in catering to leading automotive manufacturers globally underpins its ability to mitigate these risks to an extent.

Liquidity position: Strong

The company’s liquidity profile is strong, supported by large, unencumbered cash and liquid investments of around Rs. 793 crore (consolidated) as on June 30, 2025. Also, it has a sizeable buffer of around Rs. 380 crore (standalone) in the form of undrawn bank lines as on February 28, 2025, with an average working capital utilisation being fairly moderate at 38% for the 12-month period ended February 2025. The liquidity profile is further enhanced by the expectation of healthy cash generation of Rs. 800-1,000 crore per annum at a consolidated level. Against these, the company has plans to incur a capex of Rs. 400-500 crore annually with limited debt repayment obligations of around Rs. 30-40 crore per annum over the medium term.

Rating sensitivities

Positive factors – An upgrade of the long-term rating will remain contingent upon a sizeable scaling up of operations while continuing to maintain healthy profitability, liquidity and coverage indicators.

Negative factors – The ratings may be revised downwards, in case of any significant deterioration in the profitability and credit metrics of the company on account of weakness in demand across the automotive industry, or due to any large debt-funded capex/acquisitions/dividend payouts, which adversely impact its credit profile and liquidity profile on a sustained basis. A specific credit metric for a downgrade would be total debt/OPBDITA above 1.2 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology - Auto Components
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of CAIL. The company’s subsidiaries and step-down subsidiaries are enlisted in Annexure-2.

About the company

CAIL is part of the global auto component player, CIE Automotive Group, based in Spain. The company was earlier known as Mahindra Forgings Limited (part of the Mahindra Systech division) and was later renamed, following the integration of the Mahindra Group's Systech business¹ with CIE's operations, which was announced in 2013. The complete integration was achieved in FY2015, during which Mahindra Forgings (India & Europe), Mahindra Ugine Steel (MUSCO), Mahindra Investment (the gears division), Mahindra Hinoday and the European forging division of CIE (CIE Galfor, Spain) were combined into a single entity—Mahindra CIE Automotive Limited. The entity was subsequently renamed as CIE Automotive India Limited, following a stake sale by the Mahindra Group in May 2023. At present, CAIL has operations in India, Italy, Spain, Lithuania and Mexico.

Apart from its strong presence in forgings, CAIL is among the largest ductile iron casting and compression-moulded auto component manufacturers in India. Its standalone operations consist of six product segments—forgings, castings (iron and aluminium), stampings, composites, magnetic products and gears. Following the acquisition of Bill Forge Private Limited in CY2016, the company gained strong traction in precision forged and machined automotive components for the domestic 2W and PV segments. Its European operations comprise largely forged components, while Metalcastello is primarily involved in the gears segment. In April 2019, the company completed the acquisition of Aurangabad Electricals Limited (AEL), which helped it to venture into the aluminium die-casting business in the Indian market.

Key financial indicators

CAIL (Consolidated)	CY2023 Audited	CY2024 Audited
Operating income (Rs. crore)	9,304.6	9,039.0
PAT (Rs. crore)	1,125.6	824.8
OPBDIT/OI (%)	15.6%	15.8%
PAT/OI (%)	12.1%	9.1%
Total Outside Liabilities/Tangible Net Worth (times)	0.6	0.5
Total Debt/OPBDIT (times)	0.6	0.4
Interest Coverage (times)	13.5	18.4

PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Source: CAIL, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

¹ Mahindra Systech, a division of Mahindra & Mahindra, was created in 2004 to capitalise on the opportunities presented by the growth of the Indian automobile component industry. The Systech division was formed through the amalgamation of some existing Mahindra Group companies with a series of acquisitions in India and Europe. The Systech auto component division (comprising multiple companies, listed and unlisted) encompassed products across forgings, stampings, castings, gears, magnetic products and composites.

Rating history for past three years

Instrument	FY2026			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	28-JUL-2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long Term / Short Term-Others-Fund Based/Non Fund Based	Long Tem/Short Term	534.00	[ICRA]AA (Stable)/ [ICRA]A1+	25-APR-2024	[ICRA]AA (Stable)/ [ICRA]A1+	27-APR-2023	[ICRA]AA (Stable)/ [ICRA]A1+	29-APR-2022	[ICRA]AA-(Positive)/ [ICRA]A1+
				-	-	22-AUG-2023	[ICRA]AA (Stable)/ [ICRA]A1+	03-MAR-2023	[ICRA]AA-(Positive)/ [ICRA]A1+
Long Term / Short Term-Unallocated-Unallocated	Long Tem/Short Term	41.00	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-	29-APR-2022	[ICRA]AA-(Positive)/ [ICRA]A1+
				-	-	-	-	03-MAR-2023	[ICRA]AA-(Positive)/ [ICRA]A1+
Commercial Paper	Short Term	-	-	25-APR-2024	[ICRA]A1+; withdrawn	27-APR-2023	[ICRA]A1+	29-APR-2022	[ICRA]A1+
				-	-	22-AUG-2023	[ICRA]A1+	03-MAR-2023	[ICRA]A1+

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term / Short Term – Fund Based/Non Fund Based Facilities	Simple
Long Term / Short Term – Unallocated Limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based/Non-Fund Based Facilities	NA	NA	NA	534.0	[ICRA]AA(Stable)/ [ICRA]A1+
NA	Unallocated Limits	NA	NA	NA	41.0	[ICRA]AA(Stable)/ [ICRA]A1+

Source: Company

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Annexure-2: List of entities considered for consolidated analysis

Company Name	CAIL Ownership	Consolidation Approach
CIE Forgings Germany GmbH	100%	Full Consolidation
Metalcastello SPA	99.96%	Full Consolidation
CIE Galfor S.A.U.	100%	Full Consolidation
CIE Legazpi S.A.	100%	Full Consolidation
UAB CIE LT Forge	100%	Full Consolidation
Bill Forge de Mexico S A de CV	99.99%	Full Consolidation
CIE Aluminium Castings India Limited	100%	Full Consolidation
CIE Hosur Limited	100%	Full Consolidation

Source: Company

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