

August 25, 2026

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	Financial Sector Regulator [#]
Long Term / Short Term- Others-Fund Based/Non Fund Based	534.00	514.00	[ICRA]AA (Stable)/[ICRA]A1+; Reaffirmed	RBI
Long Term / Short Term- Unallocated-Unallocated	41.00	61.00	[ICRA]AA (Stable)/[ICRA]A1+; Reaffirmed	RBI
Total	575.00	575.00		

*Instrument details are provided in Annexure-I

[#] SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The reaffirmation of ratings continues to factor in CAIL's large scale of operations, supported by its well-diversified presence across multiple geographies, products, and end-user industries, as well as its robust financial profile, characterised by healthy margins, comfortable leverage and strong coverage metrics. CAIL manufactures a wide range of automotive components across multiple technologies, including forging, casting (iron and aluminium), stamping, gears, composites and magnetics. The company has an established operational presence in India as well as Europe and Mexico and caters to a diversified customer base spanning the passenger vehicle (PV), commercial vehicle (CV), two-wheeler (2W) and off-highway segments. The ratings also continue to derive strength from the company's association with its parent, CIE Automotive S.A. (CIE), which provides access to strong technological capabilities and longstanding relationships with global original equipment manufacturers (OEMs), thereby supporting CAIL's business prospects and growth opportunities.

The company reported a moderate 4% YoY revenue growth on a consolidated level in CY2025, primarily supported by strong sales momentum seen in India operations as the goods & services tax (GST) rate-cut induced demand momentum supported volume offtake across automotive segments in the latter months of the year even as revenues in H1 CY2025 were impacted by slower-than-anticipated ramp up in a few projects as well as certain deferments of certain projects due to OEM-related constraints. Consolidated revenues grew 13% YoY in H1 CY2026, mainly supported by India operations whose revenue growth momentum was aided by strong growth in the end-user industries. India operations registered a moderate 8% revenue growth in CY2025, followed by a decent 14% YoY revenue growth in H1 CY2026. The company's Europe operations, however, continued to see a sustained slowdown in demand amidst inflationary pressures and geopolitical uncertainties. CAIL's Europe operations reported 6% and 3% YoY revenue decline (in Euro terms) in CY2025 and H1 CY2026, respectively. Nonetheless, CAIL maintained profitability at a fairly comfortable level, as reflected by the operating profit margin (OPM) of 14.8% in CY2025, which improved marginally to 15.1% in H1 CY2026. The internal efficiency improvement plan implemented for the India business and cost optimisation measures undertaken for the Europe business ensured that margins continued to remain healthy. 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 revenue growth momentum across key business segments, supported by the addition of new customers and increasing wallet share with its existing customers. This has resulted in a steady revenue expansion for CAIL over the years (with consolidated revenues having grown by CAGR of 9.2% in CY2021-CY2025), which, coupled with focus

on its profitability, has supported it in reporting a healthy margin profile as well as core return indicators. Presence across multiple technologies, segments and geographies is expected to enable CAIL to maintain its revenue growth momentum and steady profitability in the long run. The ratings also factor in reduction in CAIL's overall debt levels in the recent past to Rs. 513.4 crore (as on June 30, 2026) 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 over the years.

The ratings, however, remain constrained by 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. ICRA also notes the muted operational performance of CAIL's overseas operations amidst sustained demand slowdown in the European region, which has restricted the expansion of consolidated margins to an extent. That said, the cost optimisation measures undertaken by CAIL for its Europe operations have supported margin profile in H1 CY2026, with the expectations of the same to sustain, going forward. ICRA notes the revenue growth momentum of CAIL on a consolidated basis being lower than the pace of growth of the underlying automotive markets through the recent quarters, with the company's ability to scale up its operations and better correlate with the pace of growth of underlying markets being a monitorable, 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 65% of its revenues in CY2025) and Europe (35%), as well as in terms of clients, catering to several reputed automotive OEMs in India as well as Europe. Presence across multiple business segments and geographies safeguards CAIL's business operations against any segment or geography-specific slowdown risk to an extent. Moreover, vast clientele also supports CAIL's business profile against any customer-specific volume offtake slowdown risks.

Large scale of operations; healthy operational profile as reflected by comfortable profitability and healthy debt metrics – 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 five years, on a consolidated level). Despite multiple acquisitions

in the past, CAIL's leverage and coverage indicators remain comfortable with a gearing of 0.1 times as on June 30, 2026, (0.1 times as on December 31, 2025), and total debt/OPBIDTA of 0.3 times as on June 30, 2026, (0.3 times as on December 31, 2025). Aided by steady profitability and containment of finance costs, the interest cover improved to 52.7 times in CY2025 from 18.4 times in CY2024 (40.9 times in H1 CY2026). With expected annual cash accruals of over Rs. 750-800 crore and capital expenditure requirements of Rs. 550-600 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

Muted operational performance of overseas operations due to sustained demand slowdown – CAIL's Europe business reported 6% and 3% YoY revenue decline in CY2025 and H1 CY2026, 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). That said, the restructuring initiatives undertaken in the overseas subsidiaries (mainly Metalcastello S.p.A.) supported the margin profile to an extent, with the Europe operations demonstrating an expansion in EBITDA margin to 15.8% in H1 CY2026 from 13.3% in CY2025 despite the muted revenue base. That said, with only a gradual recovery in demand anticipated for key overseas markets catered to by CAIL, the company's ability to safeguard its margin profile for overseas operations remains a monitorable.

Exposure to cyclicity in the automotive industry – The auto supplier industry remains vulnerable to the cyclicity 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.

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 high 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. 947 crore (consolidated) as on June 30, 2026. Also, it has a sizeable buffer of around Rs. 387 crore (standalone) in the form of undrawn bank lines as on April 30, 2026, with an average working capital utilisation being fairly low at 26% for the 12-month period ended April 2026. The liquidity profile is further enhanced by the expectation of healthy cash flow from operations of Rs. 800-1,000 crore per annum at a consolidated level. Against these, the company has plans to incur a capex of Rs. 550-600 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 with considerable growth in revenues from Europe 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 sustained deterioration in the performance of Europe operations, 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-II.

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

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.

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)	CY2024 Audited	CY2025 Audited	H1 CY2026 Results
Operating income (Rs. crore)	9,039.0	9,440.7	5,232.5
PAT (Rs. crore)	824.8	825.9	482.9
OPBDIT/OI (%)	15.8%	14.8%	15.1%
PAT/OI (%)	9.1%	8.7%	9.2%
Total Outside Liabilities/Tangible Net Worth (times)	0.5	0.4	0.5
Total Debt/OPBDIT (times)	0.4	0.3	0.3
Interest Coverage (times)	18.4	52.7	40.9

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

Rating history for past three years

FY2027				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount Rated (Rs. crore)	Aug 25, 2026	Date	Rating	Date	Rating	Date	Rating
Long Term / Short Term- Others-Fund Based/Non Fund Based	Long Tem/Short Term	514.0	[ICRA]AA (Stable)/ [ICRA]A1+	July 28, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Apr 25, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Apr 27, 2023	[ICRA]AA (Stable)/ [ICRA]A1+
				-	-	-	-	Aug 22, 2023	[ICRA]AA (Stable)/ [ICRA]A1+
Long Term / Short Term-Unallocated-Unallocated	Long Tem/Short Term	61.00	[ICRA]AA (Stable)/ [ICRA]A1+	July 28, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	-	-	-	-
Commercial Paper	Short Term	-	-	-	-	Apr 25, 2024	[ICRA]A1+; withdrawn	Apr 27, 2023	[ICRA]A1+
		-	-	-	-	-	-	Aug 22, 2023	[ICRA]A1+

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-I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook	Financial Sector Regulator [#]
NA	Fund-based/Non-Fund Based Facilities	NA	NA	NA	514.0	[ICRA]AA(Stable)/[ICRA]A1+	RBI
NA	Unallocated Limits	NA	NA	NA	61.0	[ICRA]AA(Stable)/[ICRA]A1+	RBI

Source: Company

SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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Annexure-II: List of entities considered for consolidated analysis

Company Name	CAIL Ownership	Consolidation Approach
CIE Forgings Germany GmbH	100%	Full Consolidation
Metalcastello S.p.A.	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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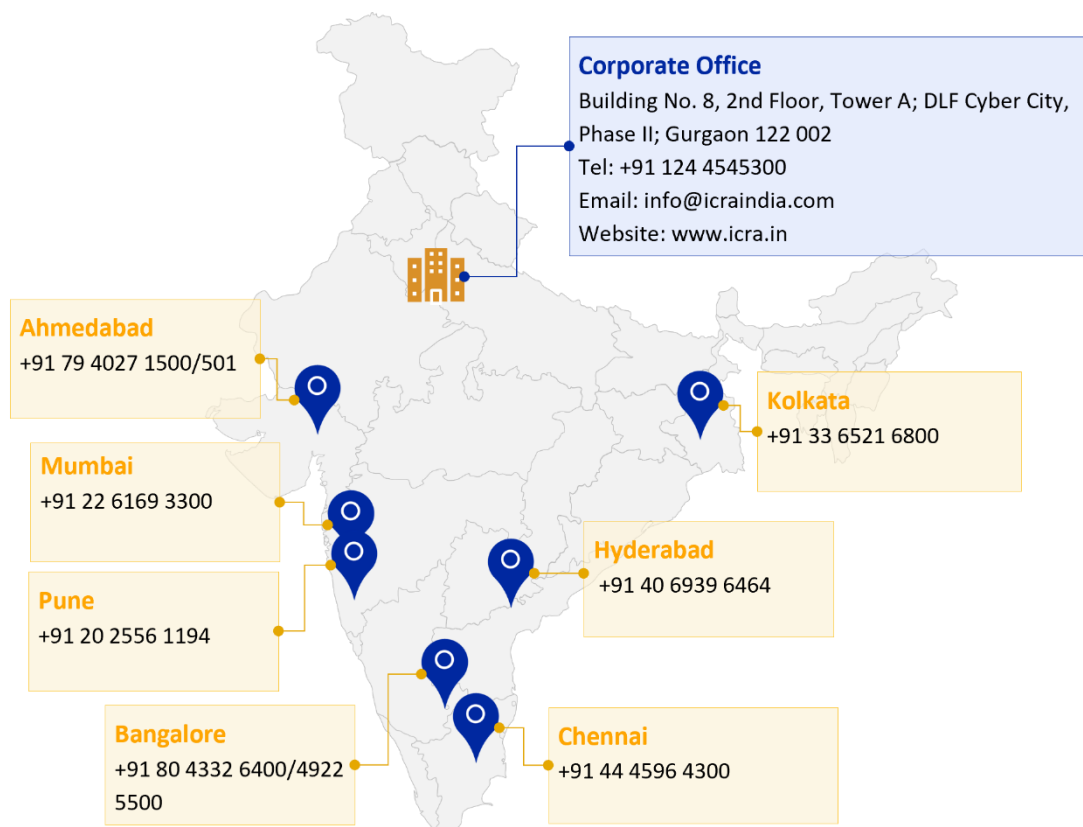


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