

CIE Automotive India

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	CIEINDIA IN
Equity Shares (m)	379
M.Cap.(INRb)/(USDb)	160.5 / 1.9
52-Week Range (INR)	608 / 357
1, 6, 12 Rel. Per (%)	-6/-17/-31
12M Avg Val (INR m)	126

Financials & Valuations (INR b)

INR b	CY24	CY25E	CY26E
Sales	89.6	92.6	97.2
EBITDA (%)	15.1	14.5	14.7
Adj. PAT	8.2	8.1	8.5
EPS (INR)	21.7	21.4	22.6
EPS Growth (%)	2.8	-1.2	5.3
BV/Share (Rs)	174	190	207

Ratio

RoE (%)	13.1	11.8	11.4
RoCE (%)	12.1	11.0	11.0
Payout (%)	32.4	20.0	20.0

Valuations

P/E (x)	19.5	19.7	18.7
P/BV (x)	2.4	2.2	2.0
Div. Yield (%)	1.7	1.0	1.1
FCF Yield (%)	3.1	2.3	4.0

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	65.7	65.7	65.7
DII	21.5	21.0	19.5
FII	4.2	4.4	5.0
Others	8.6	9.0	9.8

FII includes depository receipts

CMP: INR423

TP: INR502 (+19%)

Buy

India business likely to be the key growth driver

Earnings beat driven by improved operational performance

- CIE India (CIEINDIA)'s consolidated PAT at INR2b came in ahead of our estimate of INR1.9b, fueled by better-than-expected performance at both India and Europe and favorable currency movement. With the EU demand remaining uncertain, management continues to focus on driving growth in India through capacity expansion, deeper customer engagements, and leveraging its existing product and segment diversification.
- The Indian business is projected to be the primary growth driver for the company even in CY25. CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 19.7x/18.7x CY25E/CY26E consolidated EPS. **Reiterate BUY with a TP of INR502 (based on ~21x Jun'27E consolidated EPS).**

India continues to be the key growth driver

- CIEINDIA's consolidated PAT at INR2b came in ahead of our estimate of INR1.9b, led by better-than-expected performance at both India and Europe and favorable currency movement.
- **Consolidated revenue grew ~3% YoY to INR23.7b (est. INR21.9b) in 2QCY25.** Growth was largely led by the India business (+6% YoY) and positive exchange rate impact, while the EU business continued to remain subdued (-1% YoY). 1HCY25 revenue/EBITDA declined ~2%/7% YoY, while Adj. PAT declined ~8% YoY.
- **EBITDA stood at ~INR3.4b (est. INR3.2b)** and was down ~6% YoY. EBITDA margin came in at 14.2% (est. 14.5%), down 150bp YoY and 60bp QoQ. This included a 100bp impact of restructuring at Metalcastello.
- **Adj. PAT stood at INR2b (est. INR1.9b)** and was down ~6% YoY.
- **India business performance:** Revenue grew 6% YoY to INR15.2b (est. INR14.7b), ahead of blended average market growth of ~5% YoY. India EBITDA margin remained stable QoQ at 15.7% (est. 15.5%, flat YoY). PBT grew 3% YoY to INR2.1b.
- **EU business performance:** Revenue declined ~1% YoY to ~INR8.5b (est. ~INR7.2b). This was led by a 4% dip in revenue in euro terms and a 4% reduction in input costs, which was offset by a 7% benefit due to forex fluctuation. EBITDA margin contracted 140bp QoQ/400bp YoY to 11.7% (est. 12.5%). 2Q included a 120bp impact of restructuring costs at Metalcastello. Adjusted for this, the EBITDA margin would have been ~14.5%.
- CIEINDIA's 1HCY25 CFO/FCF declined ~10%/5% YoY to INR5.5b/INR4.8b. Operating cash flow was INR5.5b (~76% of EBITDA) but was offset by high working capital needs (INR5.9b) and dividend payout of INR2.65b.

Highlights from the management commentary

- The order book at the end of 1HCY26 stands at INR6b (was INR3.5b at the end of 1Q). Management expects a steady improvement in the India business in the coming quarters on the back of its healthy order backlog and stable domestic growth in core segments.
- Management has guided for a 17.5-18.0% margin range for the India business.
- The PV and CV markets in Europe are likely to remain weak in the near term. OEMs are now indicating they expect the market to recover by Jan'26. However, the management is not as optimistic on the same, as the outlook continues to be highly uncertain.
- Given the weak demand in Europe, supply is much higher than demand, and a lot of companies are undergoing financial stress. This is likely to drive industry consolidation, and CIE is likely to emerge as a key beneficiary of the same.
- Management has given a recurring margin guidance of about 14-15% for Europe in the long run.

Valuation and view

- The Indian business is projected to be the primary growth driver for the company even in CY25. However, the weak outlook for the EU business and Metalcastello is likely to weigh on the overall performance in the near term. CIEINDIA possesses some of the financial attributes unique to a global ancillary player including being net debt-free, having strict capex/inorganic expansion guidelines, generating positive FCF, and tracking an improving return trajectory.
- On account of a better-than-expected performance in 2QCY25, we raise our CY25/CY26 EPS estimates by 6%/2%. However, CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 19.7x/18.7x CY25E/CY26E consolidated EPS. **Reiterate BUY with a TP of INR502 (based on ~21x Jun'27E consolidated EPS).**

Quarterly performance (Consol.)

(INR m)	CY24				CY25				CY24	CY25E	CY25	Var.
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	24,268	22,927	21,346	21,100	22,726	23,690	23,243	22,977	89,641	92,638	11,911	8.1
YoY Change (%)	-0.5	-1.2	-6.4	-5.8	-6.4	3.3	8.9	8.9	-3.4	3.3	-4.4	
EBITDA	3,606	3,600	3,306	2,993	3,355	3,368	3,343	3,379	13,506	13,445	3,184	5.8
Margins (%)	14.9	15.7	15.5	14.2	14.8	14.2	14.4	14.7	15.1	14.5	14.5	-30bp
Depreciation	863	836	798	809	864	871	830	880	3,306	3,445	820	6.2
Interest	220	211	169	175	126	16	140	161	776	437	120	-86.3
Other Income	513	306	243	336	361	221	242	289	1,396	1,112	270	-18.2
Share of profit from associates	4	6	19	-2	5	7	7	9	27	28	7	
PBT	3,035	2,859	2,581	2,344	2,725	2,701	2,615	2,627	10,820	10,675	2,514	7.4
Tax Rate (%)	24.3	24.5	25.3	23.6	24.6	25.1	24.6	23.3	24.4	24.4	24.6	
Adj. PAT	2,302	2,164	1,947	1,790	2,060	2,030	1,980	2,024	8,203	8,101	1,904	6.6
YoY Change (%)	4.5	1.3	4.3	1.1	-10.5	-6.2	1.7	13.1	2.8	-1.2	-12.0	
Revenues												
India	14,275	14,293	15,270	14,430	14,658	15,154	16,061	15,455	58,309	61,328	14,718	3.0
Growth (%)	-1	0	-1	-3	3	6	5	7	-1	5	-2.2	
EU	9,994	8,660	6,077	6,670	8,069	8,536	7,183	7,522	29,098	31,310	7,193	18.7
Growth (%)	0	-2	-18	-12	-19	-1	18	13	-14	8	-8.7	
EBITDA Margins												
India	15.1	15.2	15.6	14.6	15.7	15.7	15.7	15.8	15.7	15.7	15.5	0.8
EU	14.6	15.7	15.2	13.2	13.1	11.7	11.4	12.4	15.0	12.1	12.5	-6.6

E: MOFSL Estimates



Key takeaways from the management interaction

India performance update

- Q2 revenue growth was 6% YoY, ahead of the ~5% blended average growth rate for the industry. While the 2Ws and 4Ws segments have posted 3-5% growth, the tractor segment continues to post higher growth. The reason for its outperformance relative to industry growth has been the execution of its order book, especially at CIE Hosur, which is now seeing a gradual ramp-up.
- Capacity utilization in the India business stands at an average of 75-80%
- They have recently hired new personnel for new business development, and the management is satisfied with the progress of the same. The order book at the end of H1 stands at INR6b (was INR3.5b at the end of Q1). They usually get around INR10b worth of orders every year.
- Exports stand at 12-13% of the India revenue. It has recently started exporting castings to US customers, and the company expects a healthy ramp-up from this segment from Q1CY26 onwards. Globally, CIE follows a local-to-local policy, and hence, exports are not one of their core growth drivers. It exports such products where it does not have much capacity elsewhere globally. Nevertheless, the export outlook remains uncertain given the ongoing tariff-led uncertainty in key markets.
- Management expects a steady improvement in the India business in the coming quarters on the back of the company's healthy order backlog and stable domestic growth in core segments.
- The margin impact on a QoQ basis is more of a mix impact (higher sales of stampings). There have been no one-offs in the India business. Management expects the India business to see margin improvement in the coming quarters on the back of normalization of mix and a pick-up in revenue. Management has guided for 17.5-18% margin range for the India business.
- They have no exposure to rare earth magnets. However, for their magnets business, they are seeing a marked increase in competition from China.

Europe performance update

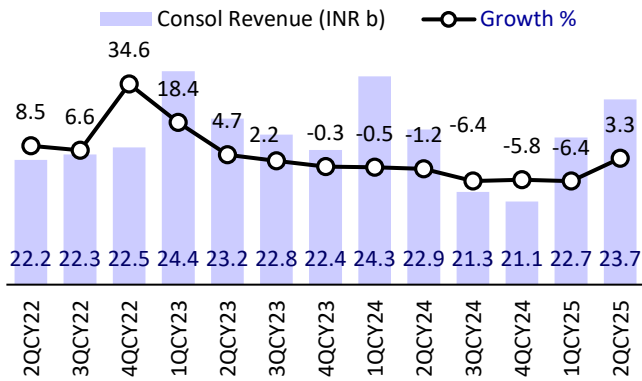
- The PV and CV markets in Europe are weak and are likely to remain so in the near term. Demand is likely to continue to remain at current levels for at least the next couple of quarters.
- However, management has indicated that the sharp double-digit decline in Europe is now behind, and it does not expect revenue to go down further from current levels.
- OEMs are now indicating that they expect the market to recover by Jan'26. However, management is not as optimistic on the same as the outlook continues to be highly uncertain.
- Current capacity utilization in Europe stands at around 40-50%
- Given the weak demand in Europe, supply is much higher than demand, and a lot of companies are undergoing financial stress, as per management. This is likely to drive industry consolidation, and CIEINDIA is likely to emerge as a key beneficiary of the same
- In defense, they are currently in discussion with the Spanish Government to explore potential opportunities. However, this is unlikely to be a sizeable growth driver anytime soon.

- The end markets for Metalcastello, viz off-highway and CVs, continue to see very low demand levels. Further, they had invested in a big ramp-up in several EV programs. However, given the ongoing slowdown, these plans have been postponed at least for 2-3 years if not more. This is the reason they are undergoing restructuring in this business. They have so far given VRS to 30 of the total 200 employees in the company. On the back of these restructuring initiatives, they hope to recover margins in this business.
- Management has provided a recurring margin guidance of about 14-15% for Europe in the long run.

Other highlights

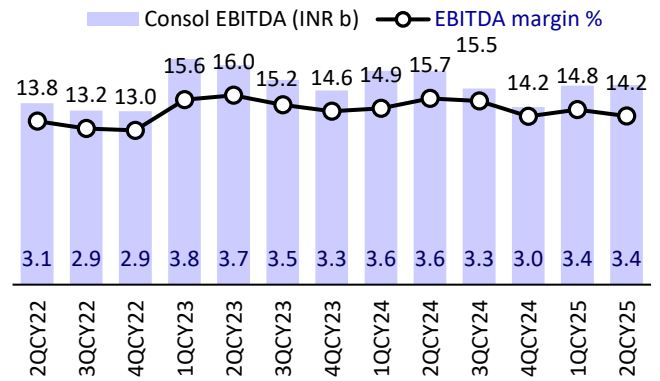
- They continue to be prudent on capex spends given the weak demand. However, they would need to invest in the new order wins in the India business. Hence, capex is likely to be close to 5% of revenues for CY25 as well.

Exhibit 1: Trend in consolidated revenue



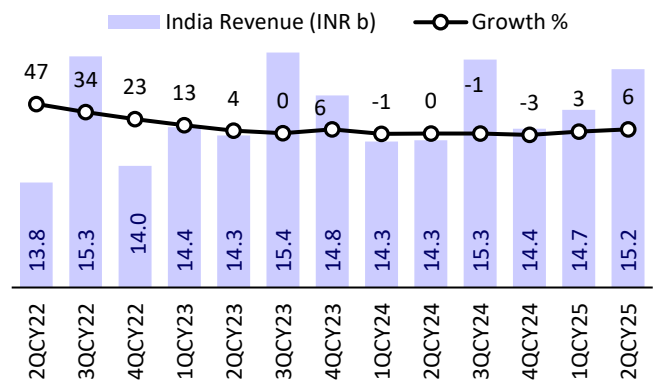
*Excludes MFE Source: Company, MOFSL

Exhibit 2: Trend in consolidated EBITDA



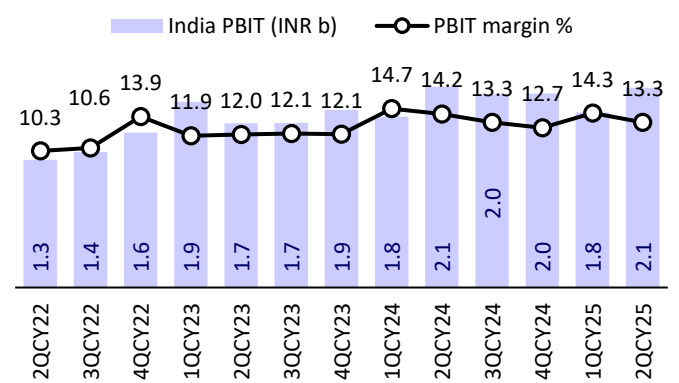
*Excludes MFE Source: Company, MOFSL

Exhibit 3: Trend in India revenue



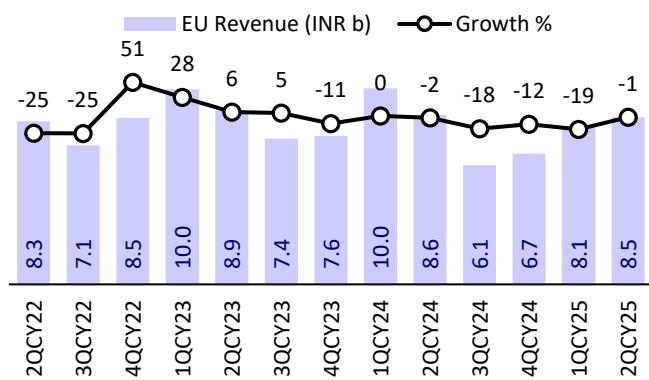
Source: Company, MOFSL

Exhibit 4: Trend in India PBIT margin



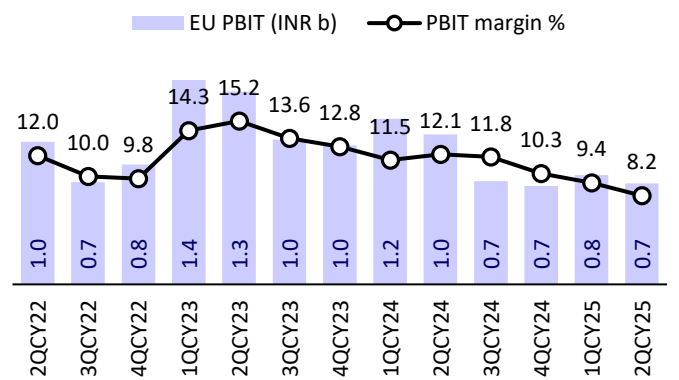
Source: Company, MOFSL

Exhibit 5: Trend in the EU revenue



*Excludes MFE Source: Company, MOFSL

Exhibit 6: Trend in the EU PBIT margin



*Excludes MFE Source: Company, MOFSL

Valuation and view

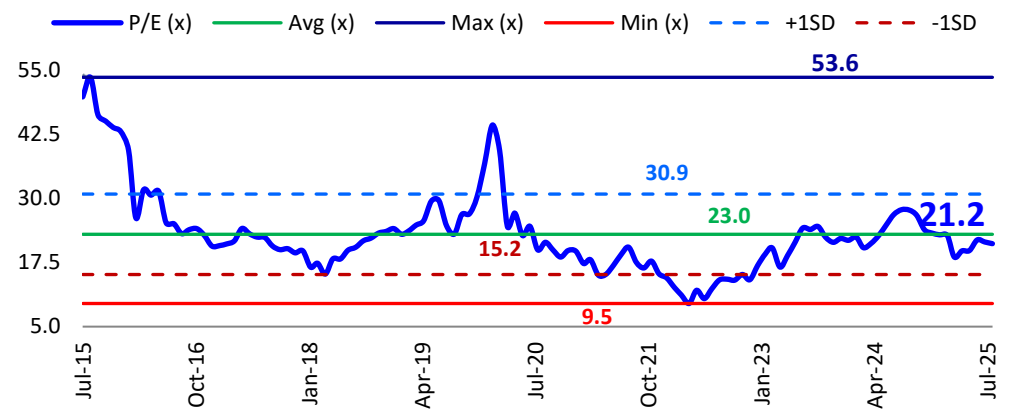
- **Unique business model with multiple technologies under one roof:** CIEINDIA is a unique ancillary company that houses seven key technologies under one roof, each with a strong competitive position. Some of its strong attributes include: 1) the largest supplier of PV crankshafts in India; 2) a dominant 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:** CIEINDIA'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. Taking into account the strong progress expected from its anchor customers and its enhanced presence from new customers, we expect CIEINDIA to continue to outperform the core industry growth.
- **Near-term slowdown in Europe to partially offset growth in the domestic business:** Despite the subdued industry growth outlook in Europe, management is optimistic about outperforming the industry, backed by new order wins. Further, the ongoing global tariff wars are likely to drive uncertainty in demand in the near term. Moreover, the management has made it clear that in Europe, the focus will remain on margin protection, capacity adjustments, and securing new business. In India, it continues capacity expansion with efficiency enhancements in line with CIE global benchmarks.
- **Valuation and view:** On account of a better-than-expected performance in 2Q, we raise our CY25/CY26 EPS estimates by 6%/2%. The Indian business is projected to be the primary growth driver for the company even in CY25. CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 19.7x/18.7x CY25E/CY26E consolidated EPS. **Reiterate BUY with a TP of INR502 (based on ~21x Jun'27E consolidated EPS).**

Exhibit 7: Our revised estimates

(INR m)	CY25E			CY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net sales	92,638	88,166	5.1	97,192	92,346	5.2
EBITDA	13,445	12,847	4.6	14,321	13,817	3.6
EBITDA margin %	14.5	14.6	(10bp)	14.7	15.0	(20bp)
Adj. PAT	8,101	7,606	6.5	8,533	8,337	2.4
EPS	21.4	20.1	6.5	22.6	22.0	2.4

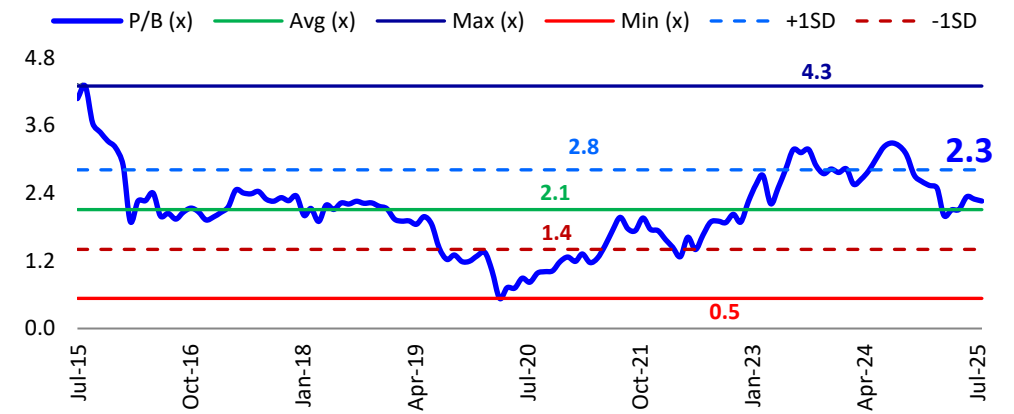
Source: MOFSL

Exhibit 8: P/E ratio charts



Source: Company, MOFSL

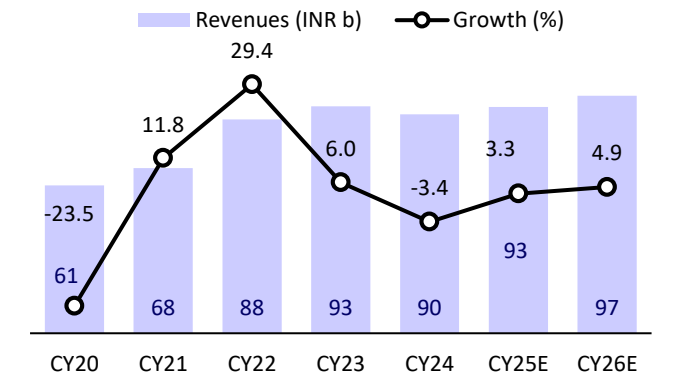
Exhibit 9: P/B ratio charts



Source: Company, MOFSL

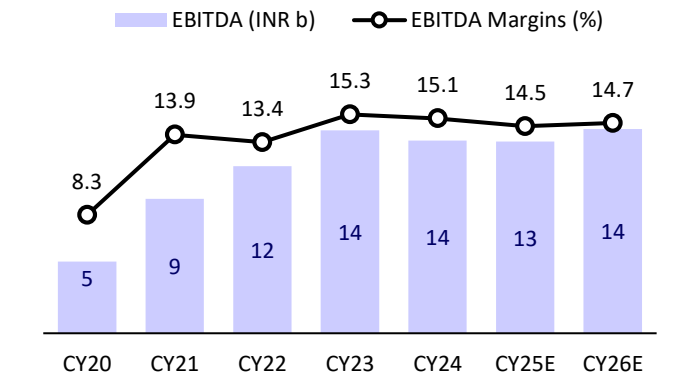
Key operating indicators

Exhibit 10: Expect consolidated revenue to recover



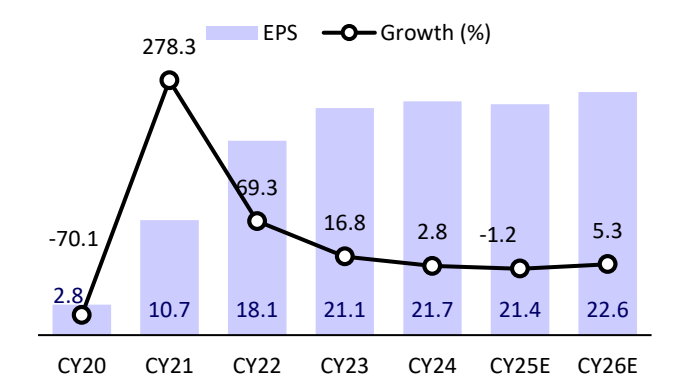
Source: Company, MOFSL

Exhibit 11: Expect EBITDA margin to remain stable



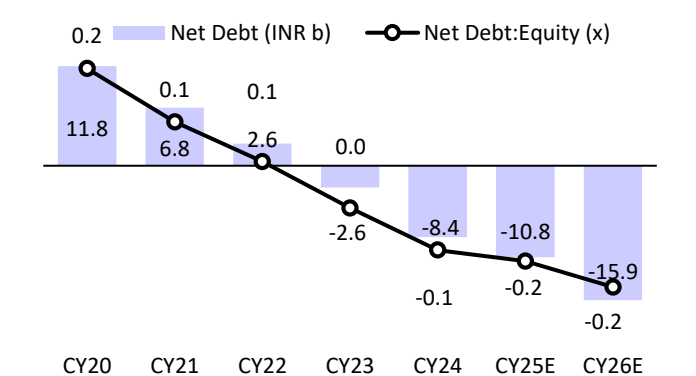
Source: Company, MOFSL

Exhibit 12: EPS and EPS growth trends



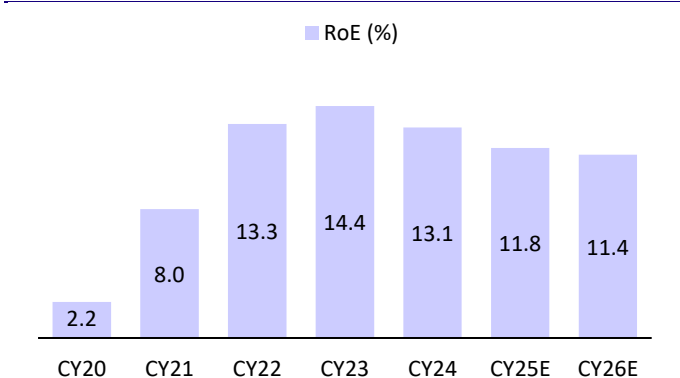
Source: Company, MOFSL

Exhibit 13: Turned net cash positive from CY23



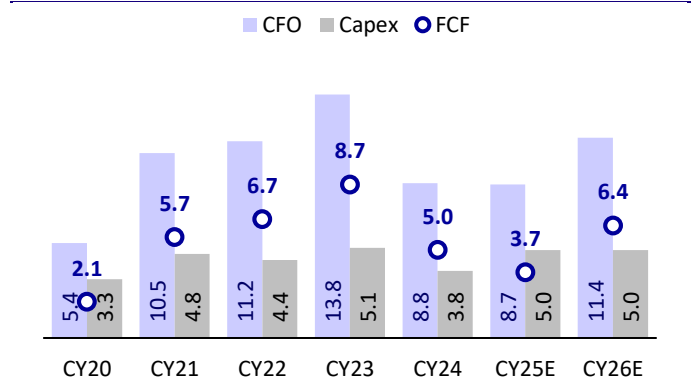
Source: Company, MOFSL

Exhibit 14: Expect RoE to remain under pressure



Source: Company, MOFSL

Exhibit 15: FCF to remain at healthy levels



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E December	CY20	CY21	CY22	CY23	CY24	CY25E	CY26E
Total Income from Operations	60,501	67,652	87,530	92,803	89,641	92,638	97,192
Change (%)	-23.5	11.8	29.4	6.0	-3.4	3.3	4.9
Total Expenditure	55,485	58,234	75,810	78,565	76,135	79,193	82,872
% of Sales	91.7	86.1	86.6	84.7	84.9	85.5	85.3
EBITDA	5,016	9,417	11,720	14,239	13,506	13,445	14,321
Margin (%)	8.3	13.9	13.4	15.3	15.1	14.5	14.7
Depreciation	3,064	2,733	2,962	3,222	3,306	3,445	3,849
EBIT	1,952	6,684	8,758	11,017	10,199	10,000	10,472
Int. and Finance Charges	548	348	227	1,074	776	437	412
Other Income	549	468	583	820	1,396	1,112	1,224
PBT bef. EO Exp.	1,953	6,805	9,114	10,763	10,820	10,675	11,283
EO Items	0	-128	379	0	0	0	0
PBT after EO Exp.	1,953	6,677	9,492	10,763	10,820	10,675	11,283
Total Tax	886	2,731	2,401	2,782	2,644	2,602	2,779
Tax Rate (%)	45.4	40.9	25.3	25.8	24.4	24.4	24.6
Share of profit from associate	0	12	22	-5	27	28	29
Reported PAT	1,066	3,958	7,113	7,976	8,203	8,101	8,533
Adj. PAT	1,066	4,034	6,829	7,976	8,203	8,101	8,533
Change (%)	-70.1	278.3	69.3	16.8	2.8	-1.2	5.3
Margin (%)	1.8	6.0	7.8	8.6	9.2	8.7	8.8

Consolidated - Balance Sheet

(INR m)

Y/E December	CY20	CY21	CY22	CY23	CY24	CY25E	CY26E
Equity Share Capital	3,790	3,791	3,793	3,794	3,794	3,794	3,794
Total Reserves	45,290	48,175	47,192	56,086	61,974	68,050	74,449
Net Worth	49,080	51,966	50,985	59,880	65,768	71,843	78,243
Total Loans	16,476	12,816	9,234	8,033	5,210	3,210	1,210
Deferred Tax Liabilities	1,236	2,459	3,199	3,238	3,247	3,247	3,247
Capital Employed	66,792	67,241	63,418	71,151	74,225	78,301	82,701
Gross Block	53,135	50,226	48,348	53,792	57,963	62,625	67,625
Less: Accum. Depn.	23,204	20,624	20,921	24,228	27,535	30,979	34,828
Net Fixed Assets	29,931	29,602	27,427	29,564	30,428	31,645	32,796
Goodwill on Consolidation	37,554	36,265	28,040	28,540	28,142	28,142	28,142
Capital WIP	123	1,247	1,195	537	663	1,001	1,001
Total Investments	2,340	4,380	5,756	8,206	10,383	13,383	16,383
Curr. Assets, Loans&Adv.	23,686	26,712	36,780	30,679	27,872	29,715	31,174
Inventory	10,062	13,486	12,108	11,626	10,911	12,801	13,396
Account Receivables	7,054	6,687	8,608	6,331	6,271	8,883	9,320
Cash and Bank Balance	2,380	1,595	859	2,387	3,242	620	684
Loans and Advances	4,190	4,943	15,205	10,334	7,447	7,411	7,775
Curr. Liability & Prov.	26,843	30,965	35,780	26,374	23,262	25,585	26,795
Account Payables	14,590	19,385	21,350	19,341	15,809	17,574	18,391
Other Current Liabilities	7,909	7,605	12,876	5,505	5,976	6,485	6,803
Provisions	4,344	3,976	1,553	1,528	1,477	1,526	1,601
Net Current Assets	-3,157	-4,253	1,000	4,305	4,610	4,130	4,379
Appl. of Funds	66,792	67,241	63,418	71,151	74,225	78,301	82,701

Financials and valuations

Ratios

Y/E December	CY20	CY21	CY22	CY23	CY24	CY25E	CY26E
Basic (INR)							
EPS	2.8	10.7	18.1	21.1	21.7	21.4	22.6
Cash EPS	10.9	17.9	25.9	29.6	30.4	30.5	32.7
BV/Share	129.8	137.4	134.8	158.4	173.9	190.0	206.9
DPS	0.0	2.5	2.5	5.0	7.0	4.3	4.5
Payout (%)	0.0	23.9	13.3	23.8	32.4	20.0	20.0
Valuation (x)							
P/E	150.0	39.6	23.4	20.1	19.5	19.7	18.7
Cash P/E	38.7	23.6	16.3	14.3	13.9	13.9	12.9
P/BV	3.3	3.1	3.1	2.7	2.4	2.2	2.0
EV/Sales	2.9	2.5	1.9	1.8	1.8	1.8	1.7
EV/EBITDA	34.8	18.2	14.4	11.7	12.0	12.1	11.2
Dividend Yield (%)	0.0	0.6	0.6	1.2	1.7	1.0	1.1
FCF per share	5.4	15.1	17.8	23.0	13.2	9.8	16.8
Return Ratios (%)							
RoE	2.2	8.0	13.3	14.4	13.1	11.8	11.4
RoCE (Post-tax)	2.1	6.3	10.7	13.0	12.1	11.0	11.0
RoIC	1.8	6.5	11.3	14.1	12.8	12.3	12.3
Working Capital Ratios							
Fixed Asset Turnover (x)	1.1	1.3	1.8	1.7	1.5	1.5	1.4
Asset Turnover (x)	0.9	1.0	1.4	1.3	1.2	1.2	1.2
Inventory (Days)	61	73	50	46	44	50	50
Debtor (Days)	43	36	36	25	26	35	35
Creditor (Days)	88	105	89	76	64	69	69
Leverage Ratio (x)							
Net Debt/Equity	0.2	0.1	0.1	0.0	-0.1	-0.2	-0.2

Consolidated - Cash Flow Statement

Y/E December	CY20	CY21	CY22	CY23	CY24	CY25E	CY26E
(INR m)							
OP/(Loss) before Tax	1,953	6,689	9,514	10,759	10,847	10,702	11,312
Depreciation	3,064	3,431	3,537	3,222	3,306	3,445	3,849
Interest & Finance Charges	548	533	454	1,074	776	-675	-812
Direct Taxes Paid	-503	-1,053	-1,981	-3,579	-2,622	-2,602	-2,779
(Inc)/Dec in WC	761	1,364	-97	-309	-2,357	-2,142	-186
CF from Operations	5,823	10,963	11,427	11,166	9,950	8,728	11,385
Others	-430	-452	-245	2,667	-1,142	0	0
CF from Operating incl EO	5,393	10,511	11,182	13,833	8,808	8,728	11,385
(Inc)/Dec in FA	-3,343	-4,778	-4,434	-5,122	-3,807	-5,000	-5,000
Free Cash Flow	2,050	5,733	6,749	8,711	5,002	3,728	6,385
(Pur)/Sale of Investments	-1,376	-1,880	-1,273	-2,213	-1,679	-3,000	-3,000
Others	502	-967	-661	-1,714	3,118	1,112	1,224
CF from Investments	-4,217	-7,625	-6,368	-9,049	-2,368	-6,888	-6,776
Issue of Shares	0	10	36	7	0	0	0
Inc/(Dec) in Debt	506	-2,787	-3,936	396	3,265	-2,000	-2,000
Interest Paid	-477	-465	-378	-1,035	-739	-437	-412
Dividend Paid	0	0	-948	-948	-1,889	-1,620	-1,707
Others	-409	-385	349	-2,691	-6,164	0	0
CF from Fin. Activity	-380	-3,627	-4,877	-4,272	-5,527	-4,057	-4,119
Inc/Dec of Cash	796	-740	-63	512	914	-2,217	490
Opening Balance	1,590	2,386	1,646	1,583	2,095	3,009	792
Closing Balance	2,386	1,646	1,583	2,095	3,009	792	1,282

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