

CIE Automotive India

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CIEINDIA IN
Equity Shares (m)	379
M.Cap.(INRb)/(USD\$)	152.4 / 1.8
52-Week Range (INR)	628 / 357
1, 6, 12 Rel. Per (%)	-1/-17/-24
12M Avg Val (INR M)	177

Financials & Valuations (INR b)

INR b	CY24	CY25E	CY26E
Sales	89.6	88.2	92.3
EBITDA (%)	15.1	14.6	15.0
Adj. PAT	8.2	7.6	8.3
EPS (INR)	21.7	20.1	22.0
EPS Growth (%)	2.8	-7.3	9.6
BV/Share (Rs)	174	189	206

Ratio

RoE (%)	13.1	11.1	11.2
RoCE (%)	12.1	10.5	10.8
Payout (%)	32.4	20.0	20.0

Valuations

P/E (x)	18.5	20.0	18.3
P/BV (x)	2.3	2.1	2.0
Div. Yield (%)	1.7	1.0	1.1
FCF Yield (%)	3.3	2.3	3.9

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	65.7	65.7	65.7
DII	21.0	20.8	18.2
FII	4.4	4.5	5.1
Others	9.0	9.1	11.0

FII includes depository receipts

CMP: INR402 TP: INR463 (+15%) Buy

Performance marred by weakness in Europe

Ongoing tariff war adds further uncertainty to European demand

- CIEINDIA's 1QCY25 EBITDA/PAT of INR3.4b/INR2.1b came in ahead of our estimates of INR3.2b/INR1.9b. While Europe demand remained weak and was down 19% YoY, it was still better than our estimate. With 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.
- We cut our CY25/CY26 EPS estimates by 4%/5% to account for continued demand weakness, especially in Europe. The Indian business is projected to be the primary growth driver for the company even in CY26. CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 20x/18.3x CY25E/CY26E consolidated EPS. Reiterate BUY with a TP of INR463 (~21x Dec'26E consolidated EPS).

Weak underlying industry demand dents profitability

- 1Q consolidated revenue declined 6% YoY to INR22.7b, largely due to persistent demand weakness in Europe business. However, revenue was still better than our estimate of INR21.9b.
- Consolidated EBITDA margin remained flat YoY at 14.8% (vs. est. 14.4%).
- Consolidated PBT came in at INR2.7b (above our est. of INR2.5b).
- CIE Automotive has restated its financials in its presentation wherein Bill Forge Mexico is now shifted under Europe business from India business. Hence, segmental comparison of estimates with reported numbers will not reveal the true picture.
- **India update:** Revenue grew 3% YoY to ~INR14.6b. Overall business was stable, with growth similar to weighted average production growth of underlying segments. It should be noted that a decline in steel prices led to a 3% hit on 1Q revenue. EBITDA margin improved 60bp YoY to 15.7%.
- **EU update:** Revenue declined 19% YoY to ~INR8b. Sales decline was steeper than the fall in Europe LV production of 7%. US off-road market demand remains weak. EBITDA margin declined 150bp YoY to 13.1% largely due to weak demand. Restructuring activities and temporary lay-offs are ongoing to preserve margins at current levels despite the slowdown.

Highlights from the management commentary

- **India business:** The company has now appointed a business development head, whose role would be to focus on new order generation from anchor customers and to work on synergy wins within different segments in the company. **Outlook:** Tractor industry continues to see healthy growth and is likely to continue to post 4-5% growth in FY2E. 2Ws are also seeing steady growth. However, PV demand has come off in the recent months. Overall, the Indian auto market is likely to post ~5% growth in FY26E.

- **Europe performance update:** Management has indicated that Europe demand remains weak and expects the European PV segment to decline 5-7% in CY25. The ongoing tariff war has only added to the current uncertainty in Europe market. Management is working on reducing operational costs to the new utilization levels and maintaining margins at the current levels.
- **US tariff impact:** The impact of US tariff on India business is negligible as only 3% of its business from India goes to the US – ~INR100m in 1Q. From the Europe business, Metalcastello has ~40% exposure to the US. Similarly, about 40% of Bill Forge Mexico sales go to the US. These sales are attributed to US OEMs, which are assembling vehicles in the US. The indirect impact of this tariff war is a potential slowdown/uncertainty created by supply chain disruption, which is likely to hurt global auto demand in the near term.

Valuation and view

- The Indian business is projected to be the primary growth driver for the company even in CY26. However, the weak outlook for the EU business and Metalcastello is likely to weigh on the overall performance in the near term. Some of the financial attributes unique to the global ancillary player include: being net debt free, having strict capex/inorganic expansion guidelines, generating positive FCF, and improving the return trajectory.
- We cut our CY25/CY26 EPS estimates by 4%/5% to account for persistent demand weakness, especially in Europe. However, CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 20x/18.3x CY25E/CY26E consolidated EPS. Reiterate BUY with a TP of INR463 (~21x Dec'26E consolidated EPS).

Quarterly performance (Consol.)

(INR m)	CY24				CY25E				CY24	CY25E		Var.
Y/E December	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	24,268	22,927	21,346	21,100	22,726	21,911	21,607	21,921	89,641	88,166	21,953	3.5
YoY Change (%)	-0.5	-1.2	-6.4	-5.8	-6.4	-4.4	1.2	3.9	-3.4	-1.6	-9.5	
EBITDA	3,606	3,600	3,306	2,993	3,355	3,111	3,116	3,266	13,506	12,847	3,160	6.2
Margins (%)	14.9	15.7	15.5	14.2	14.8	14.2	14.4	14.9	15.1	14.6	14.4	40bp
Depreciation	863	836	798	809	864	820	862	938	3,306	3,485	825	4.8
Interest	220	211	169	175	126	120	120	144	776	510	165	-23.4
Other Income	513	306	243	336	361	240	235	328	1,396	1,164	300	20.5
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	2,411	2,369	2,511	10,820	10,016	2,470	10.4
Tax Rate (%)	24.3	24.5	25.3	23.6	24.6	24.6	24.6	23.6	24.4	24.3	24.6	
Adj. PAT	2,302	2,164	1,947	1,790	2,060	1,826	1,794	1,927	8,203	7,606	1,870	10.2
YoY Change (%)	4.5	1.3	4.3	1.1	-10.5	-15.6	-7.9	7.7	2.8	-7.3	-18.8	
Revenues												
India	14,275	15,047	15,270	14,430	14,658	14,718	14,935	14,337	59,079	58,648	15,511	-7.0
Growth (%)	-1	5	-1	-3	3	-2	-2	-1	0	-1	3.0	
EU	9,994	7,879	6,077	6,670	8,069	7,193	6,673	7,584	29,098	29,519	6,441	3.5
Growth (%)	0	-11	-18	-12	-19	-9	10	14	-14	1	-30.0	
EBITDA Margins												
India	15.1	15.5	15.6	14.6	15.7	15.0	15.3	15.8	15.5	15.4	14.5	
EU	14.6	16.1	15.2	13.2	13.1	12.5	12.5	13.3	15.0	12.8	14.1	

E: MOFSL Estimates



Key takeaways from the management interaction

India performance update

- India revenue growth was largely in line with the weighted average growth in its key segments.
- The reason for the lack of outperformance vs. end-markets was that some of its new orders have not ramped up due to end-market conditions. The company expects some of these orders to gradually ramp up in the coming quarters.
- Management has indicated that the order conversion of anchor customers is significantly higher, and hence it intends to focus on winning new orders from anchor customers.
- The company has now appointed a business development head, who will focus on new order generation from anchor customers and work on synergy wins within different segments in the company.
- Management has indicated that India business margins are still below their European benchmark standards. The company would continue to look at opportunities to improve India margins to its global benchmark.
- **Outlook:** Tractor industry continues to see healthy growth and is likely to continue to post 4-5% growth in FY26. Two wheelers are also seeing steady growth. However, PV demand has come off in the recent months. Overall, India auto market is likely to post about 5% growth in FY26.

Europe performance update

- The current revenue run rate for Metalcastello is EUR50m, down from an average of EUR75m in normal times.
- Management is working on reducing its operational costs to the new utilization levels and maintaining its margins at the current levels.
- Europe margins were impacted due to costs that they have incurred for restructuring their operations.
- Management has indicated that Europe demand continues to be weak and the pain in Europe is likely to continue at least for a couple more quarters, and it expects the European PV segment to decline 5-7% in CY25. The ongoing tariff war has only added to the current uncertainty in Europe market. This is likely to further hurt demand in Europe in the coming quarters.

US tariff impact

- The impact of US tariffs on India business is negligible as only 3% of its business from India goes to the US – about INR100m in 1Q.
- From the Europe business, Metalcastello has about 40% exposure to the US. Similarly, about 40% of Bill Forge Mexico sales go to the US. Also, these sales are to US OEMs, which are assembling vehicles in the US.
- Hence, the company does not expect any material direct impact of US tariffs on its operations.
- The indirect impact of this tariff war is a potential slowdown/uncertainty created by supply chain disruption, which is likely to hurt global auto demand in the near term.
- Management has indicated that some of its US customers are considering moving their production from China to either Korea or India. They are exploring such opportunities for growth.
- However, until the tariff arrangements are finalized across nations, there is unlikely to be any clear decision by global OEMs.

Exhibit 1: Trend in consolidated revenue

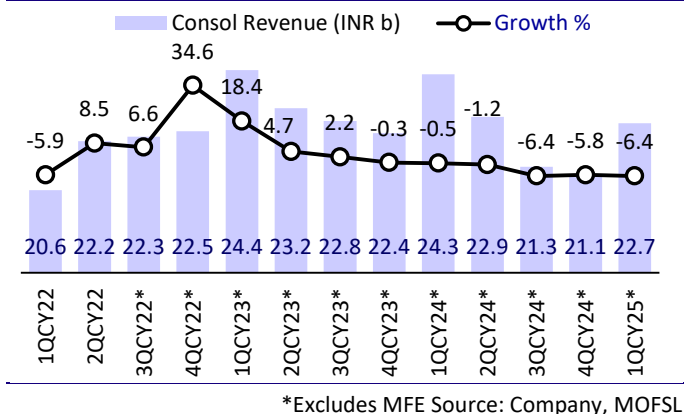


Exhibit 2: Trend in consolidated EBITDA

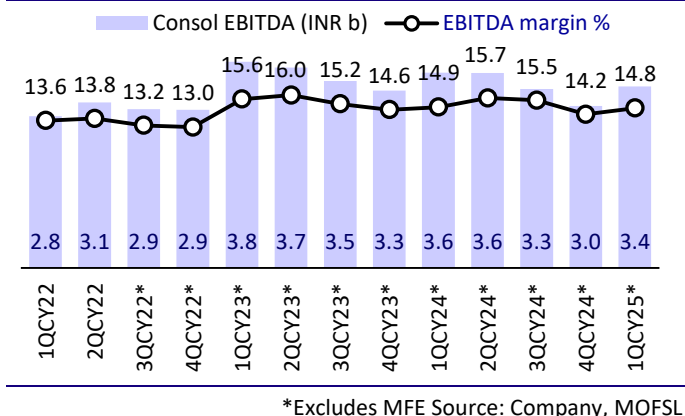


Exhibit 3: Trend in India revenue

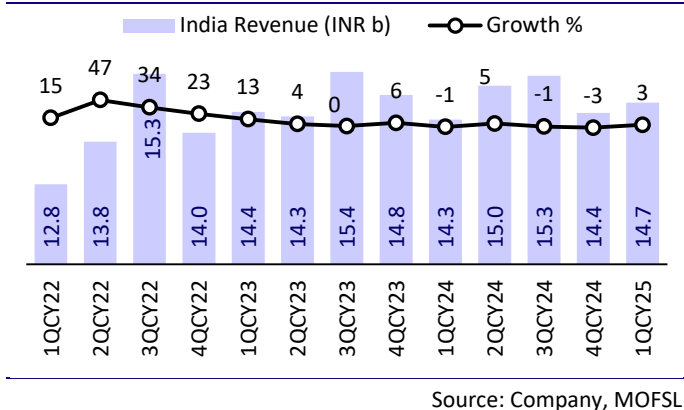


Exhibit 4: Trend in India PBIT margin

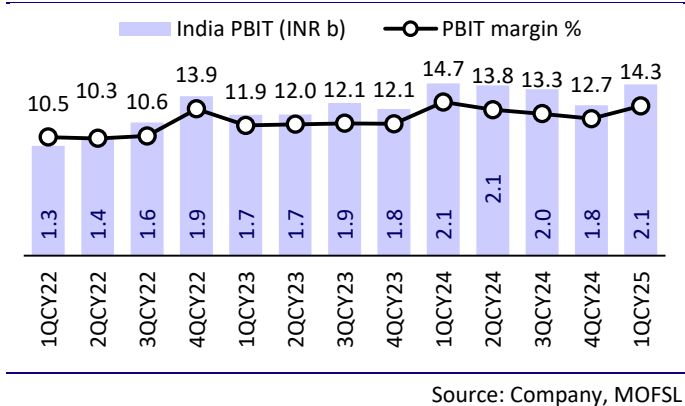


Exhibit 5: Trend in the EU revenue

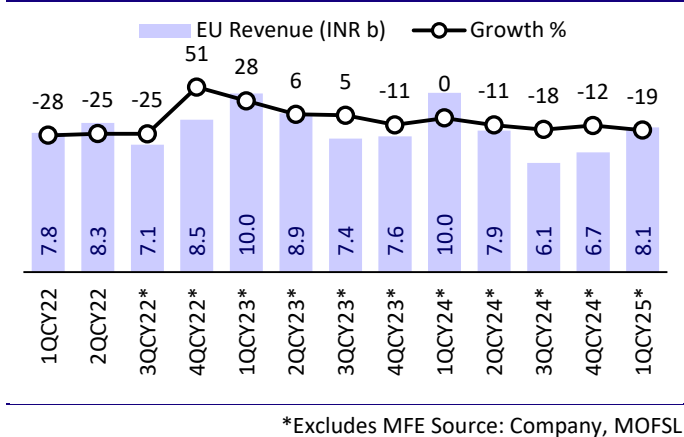
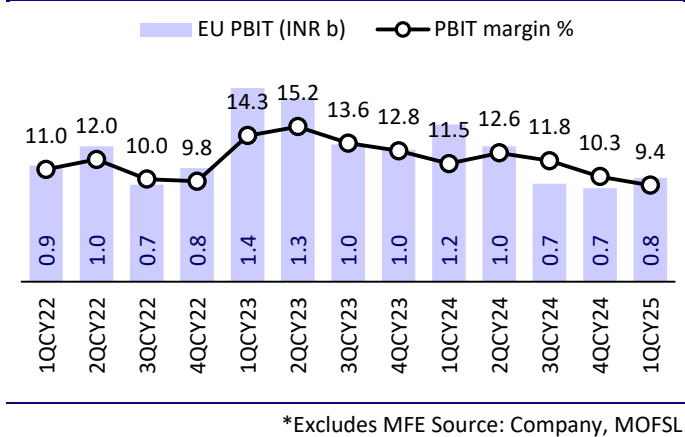


Exhibit 6: Trend in the EU PBIT margin



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 war is 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:** We cut our CY25/CY26 EPS estimates by 4%/5% to account for continued demand weakness, especially in Europe. The Indian business is projected to be the primary growth driver for the company even in CY26. CIEINDIA remains focused on sustaining profitability through operational efficiencies. The stock trades at 20x/18.3x CY25E/CY26E consolidated EPS. Reiterate BUY with a TP of INR463 (~21x Dec'26E consolidated EPS).

Exhibit 7: Our revised estimates

(INR M)	CY25E			CY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net sales	88,166	91,023	(3.1)	92,346	95,441	(3.2)
EBITDA	12,847	13,273	(3.2)	13,817	14,363	(3.8)
EBITDA margin %	14.6	14.6	0bp	15.0	15.0	-10bp
Adj. PAT	7,606	7,944	(4.3)	8,337	8,814	(5.4)
EPS	20.1	21.0	(4.3)	22.0	23.3	(5.4)

Source: MOFSL

Exhibit 8: P/E ratio charts

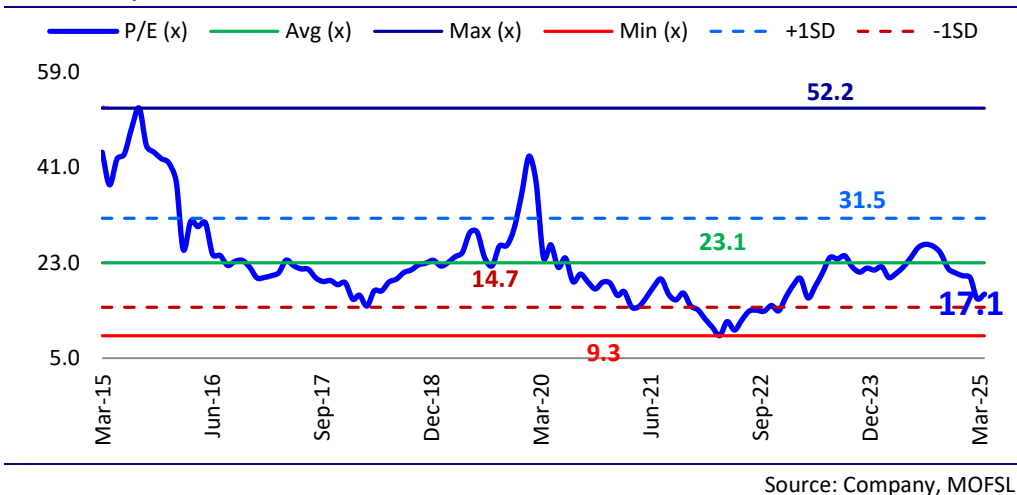
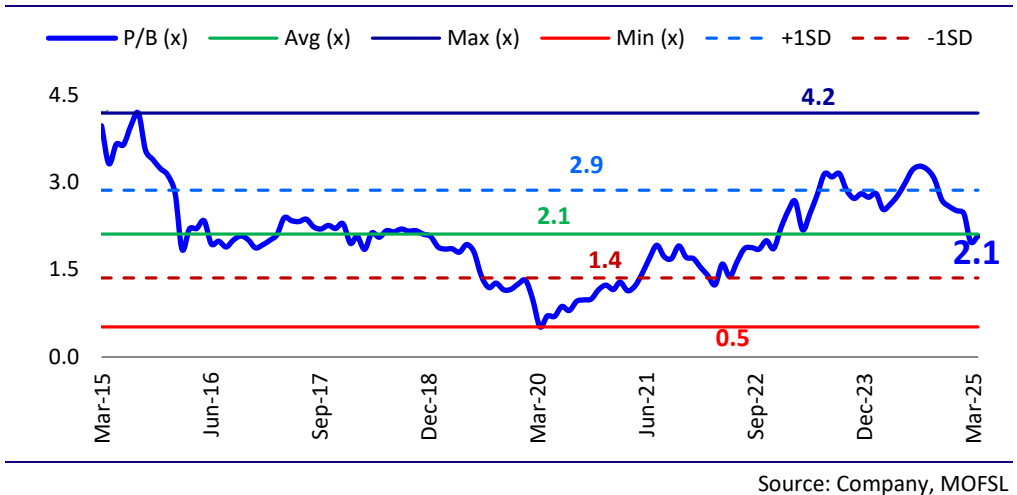
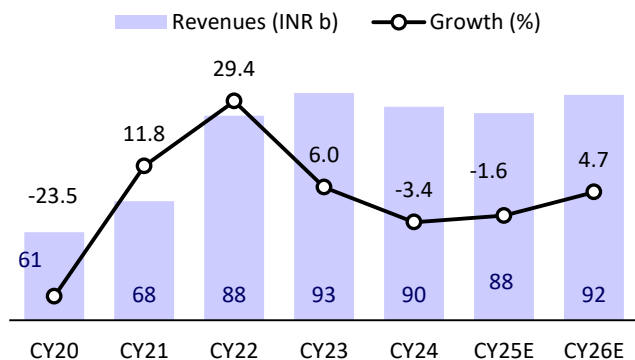


Exhibit 9: P/B ratio charts



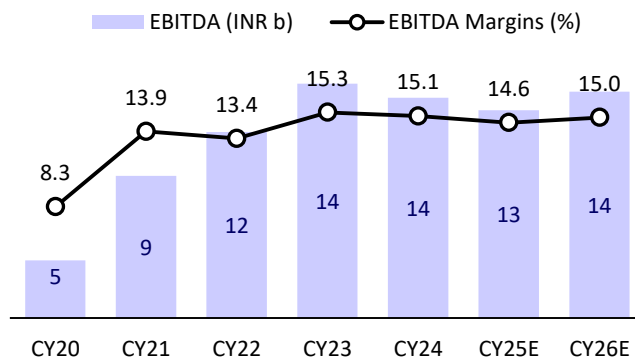
Key operating indicators

Exhibit 10: Expect consolidated revenue to recover



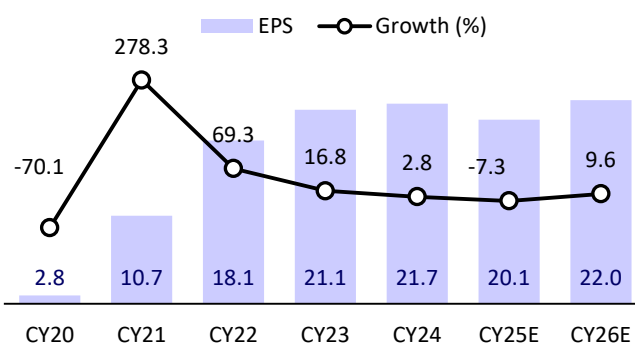
Source: Company, MOFSL

Exhibit 11: Expect EBITDA margin to remain stable



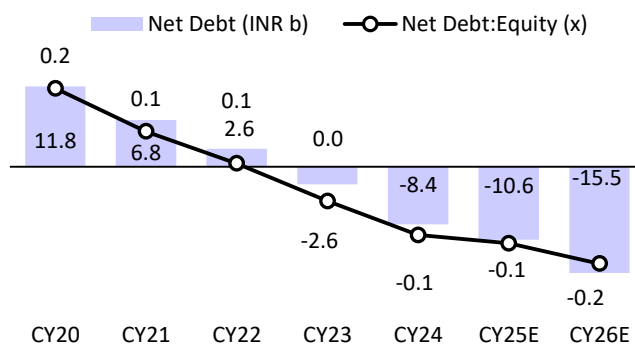
Source: Company, MOFSL

Exhibit 12: EPS and EPS growth



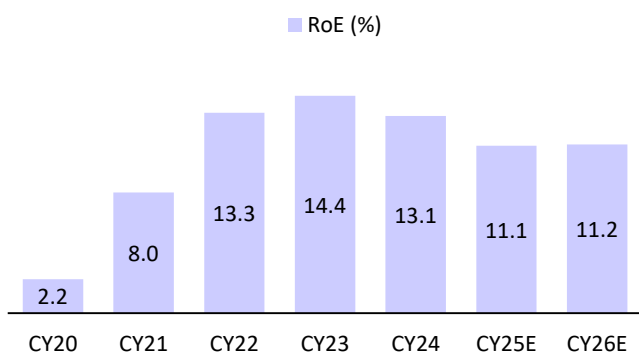
Source: Company, MOFSL

Exhibit 13: Turned net cash positive from CY23



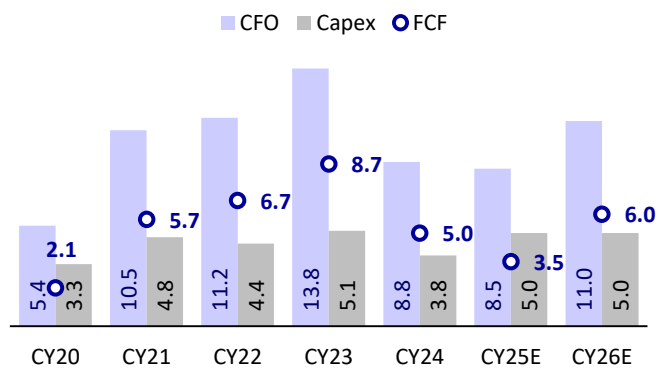
Source: Company, MOFSL

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	88,166	92,346
Change (%)	-23.5	11.8	29.4	6.0	-3.4	-1.6	4.7
Total Expenditure	55,485	58,234	75,810	78,565	76,135	75,319	78,529
% of Sales	91.7	86.1	86.6	84.7	84.9	85.4	85.0
EBITDA	5,016	9,417	11,720	14,239	13,506	12,847	13,817
Margin (%)	8.3	13.9	13.4	15.3	15.1	14.6	15.0
Depreciation	3,064	2,733	2,962	3,222	3,306	3,485	3,824
EBIT	1,952	6,684	8,758	11,017	10,199	9,362	9,993
Int. and Finance Charges	548	348	227	1,074	776	510	433
Other Income	549	468	583	820	1,396	1,164	1,401
PBT bef. EO Exp.	1,953	6,805	9,114	10,763	10,820	10,016	10,960
EO Items	0	-128	379	0	0	0	0
PBT after EO Exp.	1,953	6,677	9,492	10,763	10,820	10,016	10,960
Total Tax	886	2,731	2,401	2,782	2,644	2,438	2,652
Tax Rate (%)	45.4	40.9	25.3	25.8	24.4	24.3	24.2
Share of profit from associate	0	12	22	-5	27	28	29
Reported PAT	1,066	3,958	7,113	7,976	8,203	7,606	8,337
Adj. PAT	1,066	4,034	6,829	7,976	8,203	7,606	8,337
Change (%)	-70.1	278.3	69.3	16.8	2.8	-7.3	9.6
Margin (%)	1.8	6.0	7.8	8.6	9.2	8.6	9.0

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	67,679	73,931
Net Worth	49,080	51,966	50,985	59,880	65,768	71,473	77,725
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	77,930	82,183
Gross Block	53,135	50,226	48,348	53,792	57,963	62,625	67,625
Less: Accum. Deprn.	23,204	20,624	20,921	24,228	27,535	31,020	34,844
Net Fixed Assets	29,931	29,602	27,427	29,564	30,428	31,605	32,781
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	28,139	29,289
Inventory	10,062	13,486	12,108	11,626	10,911	12,175	12,694
Account Receivables	7,054	6,687	8,608	6,331	6,271	8,454	8,855
Cash and Bank Balance	2,380	1,595	859	2,387	3,242	456	353
Loans and Advances	4,190	4,943	15,205	10,334	7,447	7,053	7,388
Curr. Liability & Prov.	26,843	30,965	35,780	26,374	23,262	24,339	25,413
Account Payables	14,590	19,385	21,350	19,341	15,809	16,715	17,427
Other Current Liabilities	7,909	7,605	12,876	5,505	5,976	6,172	6,464
Provisions	4,344	3,976	1,553	1,528	1,477	1,453	1,521
Net Current Assets	-3,157	-4,253	1,000	4,305	4,610	3,800	3,876
Misc Expenditure	1	1	0	-1	-1	-1	-1
Appl. of Funds	66,792	67,241	63,418	71,151	74,225	77,930	82,183

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	20.1	22.0
Cash EPS	10.9	17.9	25.9	29.6	30.4	29.3	32.2
BV/Share	129.8	137.4	134.8	158.4	173.9	189.0	205.6
DPS	0.0	2.5	2.5	5.0	7.0	4.0	4.4
Payout (%)	0.0	23.9	13.3	23.8	32.4	20.0	20.0
Valuation (x)							
P/E	149.3	39.5	23.3	20.0	19.4	20.0	18.3
Cash P/E	38.5	23.5	16.3	14.2	13.8	13.7	12.5
P/BV	3.2	3.1	3.1	2.7	2.4	2.1	2.0
EV/Sales	2.9	2.5	1.9	1.8	1.8	1.8	1.7
EV/EBITDA	34.6	18.1	14.3	11.6	12.0	12.1	11.1
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	9.1	15.9
Return Ratios (%)							
RoE	2.2	8.0	13.3	14.4	13.1	11.1	11.2
RoCE (Post-tax)	2.1	6.3	10.7	13.0	12.1	10.5	10.8
RoIC	1.8	6.5	11.3	14.1	12.8	11.5	11.9
Working Capital Ratios							
Fixed Asset Turnover (x)	1.1	1.3	1.8	1.7	1.5	1.4	1.4
Asset Turnover (x)	0.9	1.0	1.4	1.3	1.2	1.1	1.1
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	-0.1	-0.2

Consolidated - Cash Flow Statement

(INR M)

Y/E December	CY20	CY21	CY22	CY23	CY24	CY25E	CY26E
OP/(Loss) before Tax	1,953	6,689	9,514	10,759	10,847	10,044	10,989
Depreciation	3,064	3,431	3,537	3,222	3,306	3,485	3,824
Interest & Finance Charges	548	533	454	1,074	776	-654	-967
Direct Taxes Paid	-503	-1,053	-1,981	-3,579	-2,622	-2,438	-2,652
(Inc)/Dec in WC	761	1,364	-97	-309	-2,357	-1,976	-180
CF from Operations	5,823	10,963	11,427	11,166	9,950	8,462	11,013
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	8,462	11,013
(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	3,462	6,013
(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	1,164	1,401
CF from Investments	-4,217	-7,625	-6,368	-9,049	-2,368	-6,836	-6,599
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	-510	-433
Dividend Paid	0	0	-948	-948	-1,889	-1,521	-1,667
Others	-409	-385	349	-2,691	-6,164	0	0
CF from Fin. Activity	-380	-3,627	-4,877	-4,272	-5,527	-4,031	-4,101
Inc/Dec of Cash	796	-740	-63	512	914	-2,406	313
Opening Balance	1,590	2,386	1,646	1,583	2,095	3,009	603
Closing Balance	2,386	1,646	1,583	2,095	3,009	603	916

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NOTES

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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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