

CIE Automotive India Ltd.

Sector: Automobiles

28th March 2025

Accumulate

Key Changes	Target		Rating		Earnings		Target	Rs. 466
Stock Type	Bloomberg Code		Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 400
Small Cap	CIEINDIA:IN		77.415	CIEINDIA	532756	12 Months	Return	+17%

Data as of: 28-03-2025

Steady margin expansion for long term.

CIE Automotive India Ltd. (CIE) is the part of a Spain-based, top global forging player with a strong presence in both Europe & India. Currently, 60% of the revenue comes from India, while the rest is from Europe.

- Despite a softened demand environment, the consolidated revenue declined by a marginal -3.4% YoY for the full year CY24. We believe the domestic demand will pick up in FY26, owing to improvement in infra spending.
- The revenue was largely impacted by subdued demand from European business, registering -14%YoY growth. Whereas, India business grew by 5% YoY.
- Meanwhile, EBITDA margin contracted marginally by 30bps YoY owing to lower mix and operating leverage. We expect CIE to maintain a margin in the range of 15-16% in CY25 & CY26.
- Though the current order will suffice for the required growth in the near term. Global macro turbulence in the tariff rate could delay capacity expansion from major OEMs in the EV space and expect gradually recover in line with industry growth.
- Increased business with existing customers owing to supplier consolidation, localization and improved content per vehicle is adding value for the company.

Outlook & Valuation

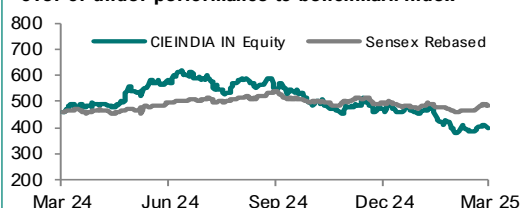
We expect CIE's technological capability to support valuation, similar to the listed MNCs in the automotive sector. However, we lower our revenue and PAT guidance due to the softened demand environment in the European & US business and slow ramp-up in EV operation; thereby we maintain a conservative approach in earning estimates. At CMP we expect most of the negativities has been factored in the price and the valuation looks reasonable and expect limited downside risk. CIE has diversified business across different region and plans to offset European decline with growth targeting in India. **Considering this, we recommend Accumulate rating (18x CY26E EPS) with a target price of Rs.466 .**

Quarterly Financials Consol.

Rs.cr	Q4CY24	Q4CY23	YoY Growth (%)	Q3CY24	QoQ Growth (%)	CY24	CY23	YoY Growth (%)
Sales	2,110	2,240	-5.8	2,135	-1.2	8,964	9,280	-3.4
EBITDA	299	327	-8.6	331	-9.5	1,350	1,424	-5.2
Margin (%)	14.2	14.6	-43bps	15.5	-130bps	15.1	15.3	-28bps
EBIT	218	249	-12.4	251	-12.9	1,020	1,102	-7.4
PBT	234	245	-4.5	258	-9.2	1,082	1,076	0.5
Rep. PAT	179	177	1.1	195	-8.1	820	798	2.8
Adj PAT	179	177	1.1	195	-8.1	820	798	2.8
EPS (Rs)	4.7	4.7	1.1	5.1	-8.1	21.7	21.1	2.8

Company Data			
Market Cap (Rs.cr)	15,175		
52 Week High - Low (Rs.)	628-370		
Enterprise Value (Rs.cr)	15,420		
Outstanding Shares (cr)	37.9		
Free Float (%)	34		
Dividend Yield	3.0%		
6m average volume (cr)	0.03		
Beta	1.1		
Face value Rs.	10		
Shareholding (%)	Q2CY24	Q3CY24	Q4CY24
Promoters	65.7	65.7	65.7
FII's	5.0	4.3	4.5
MFs/Insti	19.5	20.3	20.7
Public	9.8	9.6	9.1
Total	100.0	100.0	100.0
Promoter pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-15.6%	-26.9%	-13.8%
Absolute Sensex	-1.6%	-9.5%	5.1%
Relative Return*	-14.0%	-17.3%	-18.9%

*over or under performance to benchmark index



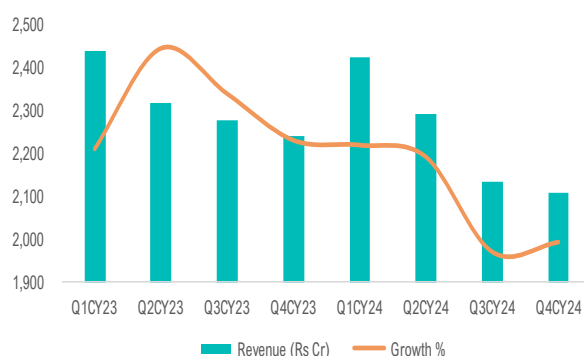
Consolidated (cr)	CY24E	CY25E	CY26E
Sales	8,964	8,922	9,812
<i>Growth (%)</i>	-3.4	-0.5	10.0
EBITDA	1,351	1,333	1,574
EBITDA Margin (%)	15.1	14.9	16.0
Adj. PAT	820	793	979
<i>Growth (%)</i>	2.8	-3.3	23.4
Adj. EPS	21.7	21.0	25.9
<i>Growth (%)</i>	2.8	-3.3	23.4
P/E	26.3	27.2	22.0
P/B	2.8	2.6	2.3
EV/EBITDA	16.6	16.7	14.0
ROE (%)	11.4	9.9	11.0
D/E	0.1	0.1	0.0

Author: Saji John - Sr. Research Analyst

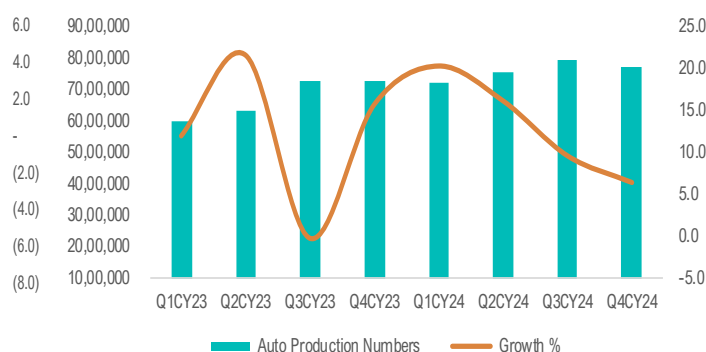
Key Concall Highlights

- The geographical revenue distribution was 68% from India and 32% from Europe, compared to 37.23% from Europe and 62.77% from India in the previous calendar year.
- Mahindra, Maruti, and Bajaj together represent 50% to 55% of the total Indian businesses. Other customers, including Tata Motors, Ashok Leyland, Hyundai, Kia, and Bosch, make up the remaining share, with each contributing less than 10% individually.
- Domestic Light Vehicle segment growth slowed to 3.2%, with Trucks experiencing a significant decline. Growth in Tractors 12% and 2-wheelers 8% respectively.
- Management suggested that reaching a 15% export rate should be easily achievable in the upcoming calendar years.
- Due to slower-than-anticipated growth in EU and US operations, the future forecast has been revised downward. However, comfortable order book generation of 15-20% of annual sales. With 25% of order book consist of EV portfolio.
- We are optimistic about the company's long-term growth prospects in Indian operations. The EU operations are expected to gradually recover from H2CY25.

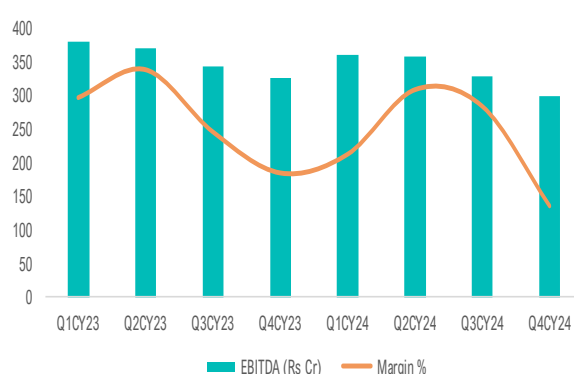
Revenue



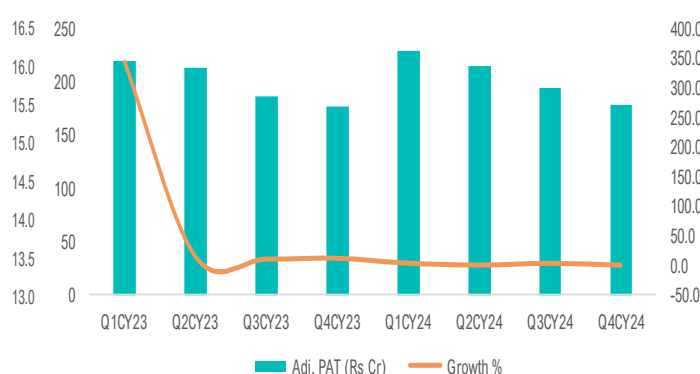
Auto Production Numbers



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr.	CY25E	CY26E	CY25E	CY26E	CY25E	CY26E
Revenue	10,210	11,156	8,922	9,812	-12.6	-12.1
EBITDA	1,664	1,818	1,333	1,574	-19.9	-13.4
Margins (%)	16.3	16.3	14.9	16.0	-136bps	-26bps
Adj. PAT	991	1,103	793	979	-19.9	-11.2
EPS	26.2	29.1	21.0	25.9	-20.0	-11.1



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	CY22	CY23	CY24E	CY25E	CY26E
Revenue	8,753	9,280	8,964	8,922	9,812
% change	29%	6%	-3%	0%	10%
EBITDA	1,172	1,424	1,351	1,333	1,574
% change	24%	21%	-5%	-1%	18%
Depreciation	282	307	313	339	362
EBIT	876	1,102	1,020	975	1,191
Interest	23	107	78	61	45
Other Income	58	82	140	136	150
PBT	949	1,076	1,082	1,050	1,296
% change	42%	13%	1%	-3%	23%
Tax	240	278	264	256	316
Tax Rate (%)	25%	26%	24%	24%	24%
Reported PAT	712	798	820	793	979
Adj*	37.9	0	0	0	0
Adj PAT	674	798	820	793	979
% change	65%	18%	3%	-3%	23%
No. of shares (cr)	37.9	37.9	37.9	37.9	37.9
Adj EPS (Rs.)	17.8	21.1	21.7	21.0	25.9
% change	65%	18%	3%	-3%	23%
DPS (Rs.)	2.5	2.5	2.5	2.5	2.5
CEPS (Rs.)	25.6	29.6	30.4	30.4	36.0

CASH FLOW

Y.E March (Rs. cr)	CY22	CY23	CY24E	CY25E	CY26E
Net inc. + Depn.	1,246	1,399	1,413	1,408	1,678
Non-cash adj.	-198	-175	-184	-195	-272
Changes in W.C	-94	51	-8	-4	53
C.F. Operation	953	1,274	1,220	1,208	1,459
Capital exp.	-476	-464	-448	-446	-491
Change in inv.	-80	-21	13	2	-36
Other invest.CF	-240	-240	-240	-240	-240
C.F – Investment	-795	-725	-676	-684	-766
Issue of equity	0	0	0	0	0
Issue/repay debt	-200	-200	-200	-200	-200
Dividends paid	0	0	0	0	0
Other finance.CF	-23	-107	-78	-61	-45
C.F–Finance	-223	-307	-278	-261	-245
Chg. in cash	-65	242	267	262	448
Closing cash	198	440	707	969	1,417

BALANCE SHEET

Y.E March (Rs. cr)	CY22	CY23	CY24E	CY25E	CY26E
Cash	198	440	707	969	1,417
Accounts Receivable	911	966	933	929	1,021
Inventories	1,636	1,682	1,599	1,597	1,756
Other Cur. Assets	306	325	314	312	343
Investments	350	371	359	357	392
Gross Fixed Assets	5,640	6,104	6,552	6,998	7,488
Net Fixed Assets	3,103	3,260	3,395	3,502	3,631
CWIP	0	0	0	0	0
Intangible Assets	18.26	12.58	5.41	-3.27	-13.44
Def. Tax (Net)	-132	-128	-128	-128	-128
Other Assets	0	0	0	0	0
Total Assets	10,798	11,578	12,056	12,636	13,770
Current Liabilities	968	996	947	945	1,040
Provisions	528	559	540	538	591
Debt Funds	1,248	1,048	848	648	448
Other Liabilities	2,038	2,161	2,088	2,078	2,285
Equity Capital	379	379	379	379	379
Reserves & Surplus	5,638	6,435	7,256	8,049	9,028
Shareholder's Fund	6,016	6,814	7,634	8,428	9,407
Total Liabilities	10,798	11,578	12,056	12,636	13,770
BVPS (Rs.)	158	180	202	223	249

RATIOS

Y.E March	CY22	CY23	CY24E	CY25E	CY26E
Profitab. & Return					
EBITDA margin (%)	13.4	15.3	15.1	14.9	16.0
EBIT margin (%)	10.0	11.9	11.4	10.9	12.1
Net profit mgn.(%)	7.7	8.6	9.2	8.9	10.0
ROE (%)	11.9	12.4	11.4	9.9	11.0
ROCE (%)	9.9	11.6	10.8	9.6	10.7
W.C & Liquidity					
Receivables (days)	33.7	36.9	38.7	38.1	36.3
Inventory (days)	100.9	123.3	128.2	125.1	119.3
Payables (days)	75.3	82.6	86.5	85.2	81.1
Current ratio (x)	2.2	2.3	2.5	2.7	2.9
Quick ratio (x)	0.9	1.0	1.0	1.0	1.0
Turnover & Leverage					
Gross asset T.O (x)	1.6	1.6	1.4	1.3	1.4
Total asset T.O (x)	0.9	0.8	0.8	0.7	0.7
Int. coverage ratio (x)	38.6	10.3	13.1	15.9	26.5
Adj. debt/equity (x)	0.2	0.2	0.1	0.1	0.0
Valuation					
EV/Sales (x)	2.6	2.4	2.5	2.5	2.2
EV/EBITDA (x)	19.5	15.9	16.6	16.7	14.0
P/E (x)	32.0	27.0	26.3	27.2	22.0
P/BV (x)	3.6	3.2	2.8	2.6	2.3



Recommendation Summary (last 3 years)



Dates	Rating	Target
18.Nov.22	Hold	323
08.Mar.23	Reduce	376
18.Aug.23	Buy	576
15.Nov.23	Accumulate	577
25.Jun.24	Buy	657
26.Nov.24	Buy	578
28.Mar.25	Accumulate	466




Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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