

CMP: INR 402

Rating: Buy

Target Price: INR 496

Stock Info

BSE 532756

NSE CIEINDIA

Bloomberg MACA.IN

Reuters MAHINDCIE.BO

Sector Automobile
Ancillaries-
Castings/Forgings

Face Value (INR) 10

Equity Capital (INR Cr) 379

Mkt Cap (INR Cr) 15,417

52w H/L (INR) 628/ 357

Avg Yearly Vol (in 000') 78.84

Shareholding Pattern %

(As on Dec, 2025)

Promoters 65.70

FII 4.37

DII 20.95

Public & Others 8.98

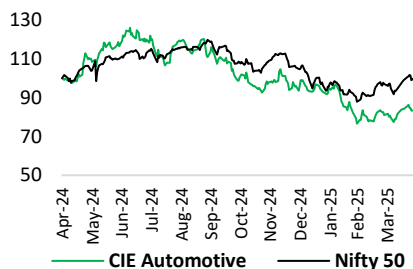
Stock Performance (%)

1m 3m 12m

CIE Automotive -0.15 -14.10 -18.30

Nifty 50 4.66 4.29 7.26

CIE Automotive Vs Nifty



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CIE Automotive's reported Q1CY25 numbers, with revenue at INR 22,726 Mn (down by 6.4% YoY/+7.7% QoQ), below our estimates of INR 26,105 Mn. EBITDA de-grew by 7% YoY & up 12.1% QoQ, to INR 3354.7Mn. EBITDA Margin -0.1 bps YoY/+0.58 bps QoQ to 14.76%. Below with our quarterly EBITDA estimate of INR 4,035 Mn and margin below with our estimate of 15.5%. PAT de-grew 10.5 % YoY/+15.1% QoQ to INR 2060 Mn in line with our quarterly PAT estimate of INR 2548 Mn, led by a decline of other income (-29.6% YoY). The final dividend of INR 7.00 per equity share is recommended. EPS stood at INR 5.43 against 4.72 Q4CY24

Expected recovery in near term led by restructuring: Metalcastello, a European subsidiary, reported sales of INR 7,849 Mn in Q1 CY25, reflecting a 19% year-on-year decline, driven by lower volumes in the European light vehicle (-7%) and MHCV (-19%) segments. EBITDA stood at INR 1,088 Mn, with a margin of 13.9%, down from 15.5% in Q1 CY24. Restructuring costs and base effects contributed to the margin compression. 40% of Metalcastello's revenue is linked to the US market, indicating exposure to global demand volatility. Operational realignments are underway, with recovery expected later in the calendar year.

Strong growth led by domestic markets: The tractor business posted 11% YoY growth in Q1 CY25, supported by strong volumes from OEMs such as Mahindra and John Deere. The company expects 4–5% growth in the upcoming quarters. The segment benefits from favorable tariffs, resilient domestic demand, and niche export opportunities, particularly in turf applications. Strategic focus remains on maintaining order momentum and stabilizing supply chains.

Visible opportunity in the US market: Direct exports to the US from India stood at INR 400 Mn, accounting for ~3% of Indian revenue. Additionally, ~40% of Metalcastello's revenue is generated from exports to the US, underscoring its strategic importance. The impact of US tariffs is minimal due to FCA/S-Works shipment terms, with duties absorbed by customers. The ongoing transition of US sourcing away from China presents medium-term opportunities.

Valuations and Outlook

We believe CIEINDIA has a strong and resilient business structure, supported by multiple contracts with leading OEMs. The company maintains a cautiously optimistic outlook for CY25, supported by steady domestic demand and gradual European recovery. Indian operations are expected to grow above the 4%–7% industry average, with EBITDA margins guided at 17%–18%. Metalcastello targets ~15% margin recovery in H2, though European markets may face prolonged challenges from weak light vehicle demand and tariffs. The tractor segment is guided to grow 4%–5%, with strong order intake (INR 10,000 Mn in CY24 and INR 3,500 Mn in Q1CY25), despite delays in conversion and EV-related orders. Growth is expected in Indian tractor and 2w segments, while global trade trends are being monitored for new opportunities. **We expect CIE Automotive' revenue, EBITDA, and PAT to grow at a CAGR of 9.80%, 14.24%, and 17.88%, respectively, over CY25-27E. We maintain a "BUY" rating at a revised TP of INR 496 per share based on DCF; an upside of 23.4%.**

Exhibit 1: Financial Performance

Year-end March	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
(INR Mn)							
CY23	92,803	14,239	7,976	21.0	15.3%	11.3	19.1
CY24	89,641	13,504	8,203	21.6	15.1%	11.7	18.6
CY25E	95,813	13,909	8,164	21.5	14.5%	11.1	18.7
CY26E	1,03,594	15,556	9,238	24.4	15.0%	9.7	16.5
CY27E	1,15,517	18,154	11,343	29.9	15.7%	8.1	13.4

Source: Arihant Research, Company Filings

Exhibit 2 : Q1CY25 - Quarterly Performance (Consolidated)

INR Mn (Consolidated)	Q1CY25	Q4CY24	Q1CY24	Q-o-Q	Y-o-Y
Net Sales	22726.28	21099.51	24268.03	7.7%	-6.4%
Material Cost	11479.39	10936.35	12395.86	5.0%	-7.4%
Change in Inventory	258.47	79.54	502.44	225.0%	-48.6%
Gross Profit	10988.42	10083.62	11369.73	9.0%	-3.4%
Gross Margin %	48%	48%	47%	56.04	150.05
Employees benefits expense	2595.76	2416.09	2615.24	7.4%	-0.7%
Other Expenses	5037.69	4674.85	5148.74	7.8%	-2.2%
EBITDA	3354.97	2992.68	3605.75	12.1%	-7.0%
EBITDA margin %	14.76%	14.18%	14.86%	57.89	-9.55
Depreciation	864.45	808.71	863.40	6.9%	0.1%
EBIT	2490.52	2183.97	2742.35	14.0%	-9.2%
EBIT Margin %	10.96%	10.35%	11.30%	60.80	-34.15
[b] Other income	361.35	335.79	513.12	7.6%	-29.6%
[f] Finance costs	126.33	175.41	220.27	-28.0%	-42.6%
PBT	2725.54	2344.35	3035.20	16.3%	-10.2%
Tax-Total	670.25	552.19	737.22	21.4%	-9.1%
Tax Rate (%) - Total	0.27	0.27	0.24	0.0%	11.2%
Reported Net Profit	2060.15	1790.24	2301.98	15.1%	-10.5%
PAT Margin %	9.07%	8.48%	9.49%	58.03	-42.06
<i>Reported EPS (INR)</i>	5.43	4.72	6.07	15.1%	-10.5%

	Q1CY25	Q4CY24	Q1CY24	Q-o-Q	Y-o-Y
RMC/Sales (%)	51.65	52.21	53.15	-56.04bps	-150.05bps
Employee exp/Sales (%)	11.42	11.45	10.78	-2.91bps	64.54bps
Other exp/Sales (%)	22.17	22.16	21.22	1.06bps	95.07bps

Source: Arihant Research, Company Filings

Q1CY25 Conference Call Highlights:

Sales reduction has impacted EBITDA margins. Temporary layoffs are ongoing to preserve margins where required. The company underperformed compared to peers, though The order book remains strong with INR 10,000 Mn in new orders last year and INR 3.5 bn Q1CY25 the key challenge is the delayed conversion of these orders into actual sales. Some orders on the EV side have been delayed, prompting organizational changes and the formation of a new business development team led by Kunal, with plans to drive growth going forward.

M&A: Mergers and acquisitions remain an integral part of the company's strategy. As a foreign-operated entity, the company maintains sufficient cash on its balance sheet INR 13000-14000 Mn), though it cannot take on debt for acquisitions in India. Margins : There were positive one-off impacts this quarter; excluding these, the Q1CY25 recurring margin stands at 18%, compared to 17.7% in the Q1CY24. Overall, the business remains stable, with growth aligned with the weighted average market growth.

Industry Data Discrepancy: A discrepancy was observed between IHS and SIAM production data. According to SIAM, Light Vehicle production grew by 5.4%, and MHCV production increased by 10.8%. Vehicles under 6T, as per international classification, include Passenger Vehicles, Utility Vehicles, Vans, and Light Commercial Vehicles based on Indian classification.

Regional Insights:

Europe: The region continues to face a slowdown and stagnation in EV growth, with only 1–3% growth expected. Delays in electrification and macroeconomic uncertainty (including geopolitical tensions) are impacting opportunities, with an estimated 5–8% loss. The market remains weak, and two more quarters of pressure are expected. Recovery is anticipated by year-end, with some consolidation in the supplier base.

US: A moderate recovery is expected. Due to geopolitical tensions, some American customers are considering or actively moving production from China to countries like India or Korea. This trend presents an opportunity to increase business. 4-5% crank shaft directly supplies to US and major in Europe.

India: Growth has slowed compared to earlier expectations, but no forward-looking statements have been made. Tariffs have had zero impact; only 3% of sales are directed from India to the US.

Investments Made in CY24 are now ramping up. Output is expected to increase by 20%, which is seen as a temporary boost as the company works on launching new products to gain market share. Export and supply chain strategies are improving with a focus on local-for-local sourcing. The company also sees growth opportunities in iron casting and plans to benefit from outsourcing trends.

Tractors: The market is expected to grow by 4–5%. Exports of certain components are doing well, (M&M) & John Deere continues to perform strongly in the domestic market.

EVs: 2W EV penetration is improving with a good ramp-up. EV-4W models from Mahindra are seeing traction, although broader 4W EV penetration is still limited. Hyundai is also expanding in this space. In Europe, EV share has stagnated at ~15% (vs. expected 25% for the year). Expected drop in Light Vehicle production by 5–7%.

Margins Outlook: Margins are currently at 18% and are expected to improve confidently. A significant drop is anticipated in Q2–Q4 of CY25, with domestic growth weighted at 4–7%. In Q3, there is optimism to outperform the market. In Europe, margins currently stand at 13.9%, with a target to improve once macro conditions stabilize.

Near-Term Outlook: The company anticipates continued pressure in Europe over the next two quarters but remains optimistic about long-term recovery, particularly in the US and Indian markets.

Metalcastello: ~euros 75Mn and now euro 50Mn. Metalcastello and Bill Forge Mexico (now counted under the European region), 40% of Metalcastello's sales and 40% of Guilford Mexico's sales are to the US. The impact of tariffs on accounts is zero, as duties are passed directly to customers under existing sale conditions. In CIE Forging Europe, a single customer with ~EUR 10 mn in annual sales (about 4% of regional sales) is currently under negotiation due to duties impacting direct shipments. US government will not apply duties on car makers producing castings domestically, which applies in this case. Overall, the direct financial impact of tariffs is negligible; the main concern is the potential market slowdown due to ongoing uncertainty.

Export in India: 13-14% export both direct (production houses) and indirect.

Key Financials

Income statement (INR mn)					
Year End-March	CY23	CY24	CY25E	CY26E	CY27E
Gross Sales	92,803	89,641	95,813	1,03,594	1,15,517
Net Sales	92,803	89,641	95,813	1,03,594	1,15,517
YoY (%)	6.0%	-3.4%	6.9%	8.1%	11.5%
Adjusted COGS	49,108	46,705	49,900	53,538	59,124
YoY (%)	2.8%	-4.9%	6.8%	7.3%	10.4%
Personnel/ Employee benefit expenses	9,944	10,105	11,042	11,939	13,197
YoY (%)	10.2%	1.6%	9.3%	8.1%	10.5%
Manufacturing & Other Expenses	19,512	19,327	20,962	22,561	25,042
YoY (%)	2.5%	-1.0%	8.5%	7.6%	11.0%
Total Expenditure	78,565	76,136	81,904	88,038	97,363
YoY (%)	21.5%	-5.2%	3.0%	11.8%	16.7%
EBITDA	14,239	13,504	13,909	15,556	18,154
YoY (%)	21.5%	-5.2%	3.0%	11.8%	16.7%
EBITDA Margin (%)	15.3%	15.1%	14.5%	15.0%	15.7%
Depreciation	3,222	3,306	3,344	3,502	3,332
% of Gross Block	6.1%	5.8%	5.5%	5.3%	4.7%
EBIT	11,017	10,198	10,565	12,054	14,822
EBIT Margin (%)	11.9%	11.4%	11.0%	11.6%	12.8%
Interest Expenses	1,074	776	784	819	868
Non-operating/ Other income	820	1,398	1,351	1,460	1,628
PBT	10,759	10,847	11,132	12,695	15,581
Tax-Total	2,782	2,644	2,968	3,457	4,238
Adj. Net Profit	7,976	8,203	8,164	9,238	11,343
Reported Profit	7,976	8,203	8,164	9,238	11,343
PAT Margin	8.6%	9.2%	8.5%	8.9%	9.8%
Shares o/s/ paid up equity sh capital	379	379	379	379	379
Adj EPS	21.0	21.6	21.5	24.4	29.9
Dividend payment	948	1,889	2,276	2,276	2,276
Dividend payout (%)	11.9%	23.0%	27.9%	24.6%	20.1%
Retained earnings	7,028	6,314	5,887	6,962	9,067
Balance sheet					
Year-end March	CY23	CY24	CY25E	CY26E	CY27E
Sources of Funds					
Equity Share Capital	3,794	3,794	3,794	3,794	3,794
Reserves & Surplus/ Other Equity	56,086	61,974	67,862	74,823	83,890
Net worth	59,880	65,768	71,655	78,617	87,684
Unsecured Loans/ Borrowings/ Lease Liabilities	8,554	5,700	5,733	6,085	6,461
Other Liabilities	5,368	5,593	4,898	5,498	6,181
Total Liabilities	37,739	31,917	34,118	36,933	40,611
Total Funds Employed	97,619	97,685	1,05,773	1,15,549	1,28,294
Application of Funds					
Net Fixed Assets	58,485	59,029	59,398	60,806	62,948
Capital WIP	537	663	663	663	663
Investments/ Notes/ Fair value measurement	5,625	2,530	3,427	4,759	6,739
Current assets	31,471	34,495	41,295	48,309	56,907
Inventory	11,626	10,911	11,341	12,168	13,437
Days	88	88	83	83	83
Debtors	6,331	6,271	6,735	7,282	8,120
Days	29	26	26	26	26
Other Current Assets	3,312	4,158	5,019	6,100	7,465
Cash and Cash equivalent	2,387	3,242	7,605	11,302	15,110
Current Liabilities/Provisions	31,027	21,810	24,792	26,784	29,547
Creditors / Trade Payables	19,341	15,809	18,296	19,748	21,918
Days	95	85	81	81	81
Liabilities	4,476	4,815	5,191	5,602	6,050
Net Current Assets	444	12,685	16,504	21,524	27,360
Total Asset	97,619	97,685	1,05,773	1,15,549	1,28,294
Total Capital Employed	97,175	85,000	89,270	94,025	1,00,934

Source: Arianth Research, Company Filings

Key Financials

Cash Flow Statement					
Year End-March	CY23	CY24	CY25E	CY26E	CY27E
Profit before tax	7,976	8,203	8,164	9,238	11,343
Adjustments: Add					
Depreciation and amortisation	3,222	3,306	3,344	3,502	3,332
Interest adjustment	254	-622	-567	-641	-759
Change in assets and liabilities	14,234	13,531	8,665	9,823	11,640
Inventories	482	715	-430	-827	-1,270
Trade receivables	2,276	60	-464	-547	-838
Trade payables	-9	-116	0	0	0
Other Liabilities and provisions	50	628	663	729	802
Other Assets	-2,601	-3,897	1,744	510	976
Taxes	-209	33	30	31	33
Net cash from operating activities	14,215	10,849	10,208	9,720	11,343
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-5,202	-3,899	-4,172	-4,910	-5,474
Net Sale/(Purchase) of investments	-1,629	-780	1,131	602	311
Others	-786	459	-62	-65	-68
Net cash (used) in investing activities	-7,617	-4,219	-3,103	-4,373	-5,232
Interest expense	-4,588	4,992	-1,644	-1,788	-2,454
Dividend paid	-1,752	1,021	6,032	-99	-109
Other financing activities	-1,864	-4,959	0	0	0
Net cash (used) in financing activities	-5,070	-5,775	-2,742	-1,650	-2,303
Closing Balance	2,387	3,242	7,605	11,302	15,110
FCF	8,867	6,597	6,040	4,798	5,858
Capex (% of sales)	5,348	4,253	4,312	5,180	5,776

Key Ratios					
Year-end March	CY23	CY24	CY25E	CY26E	CY27E
Solvency Ratios					
Debt / Equity	0.1	0.1	0.1	0.1	0.1
Net Debt / Equity	0.1	0.1	0.0	0.0	-0.1
Debt / EBITDA	0.6	0.4	0.4	0.4	0.3
Current Ratio	0.6	0.4	0.1	-0.1	-0.3
DuPont Analysis					
Sales/Assets	1.0	0.9	0.9	0.9	0.9
Assets/Equity	1.6	1.5	1.5	1.5	1.5
RoE	13.3%	12.5%	11.4%	11.8%	12.9%
Per share ratios					
Reported EPS	21.0	21.6	21.5	24.4	29.9
Dividend per share	2.5	5.0	6.0	6.0	6.0
BV per share	157.8	173.4	188.9	207.2	231.1
Cash per Share	5.5	7.9	18.6	27.6	37.0
Revenue per Share	244.6	236.3	252.6	273.1	304.5
Profitability ratios					
Net Profit Margin (PAT/Net sales)	8.6%	9.2%	8.5%	8.9%	9.8%
Gross Profit / Net Sales	47.1%	47.9%	47.9%	48.3%	48.8%
EBITDA / Net Sales	15.3%	15.1%	14.5%	15.0%	15.7%
EBIT / Net Sales	11.9%	11.4%	11.0%	11.6%	12.8%
ROCE (%)	16.9%	15.3%	13.9%	14.9%	16.7%
Activity ratios					
Inventory Days	88.2	88.1	83.0	83.0	83.0
Debtor Days	29.4	25.7	25.7	25.7	25.7
Creditor Days	95.1	85.1	81.1	81.1	81.1
Leverage ratios					
Interest coverage	10.3	13.1	13.5	14.7	17.1
Debt / Asset	0.1	0.1	0.1	0.1	0.0
Valuation ratios					
EV / EBITDA	11.4	11.8	11.2	9.7	8.2
PE (x)	19.3	18.7	18.8	16.6	13.5

Source: Arianth Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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