

CMP: INR 390

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) 1,46,813

52w H/L (INR) 628/ 370

Avg Yearly Vol (in 000') 430

Shareholding Pattern %

(As on Dec, 2025)

Promoters 65.70

FII 4.47

DII 20.72

Public & Others 9.07

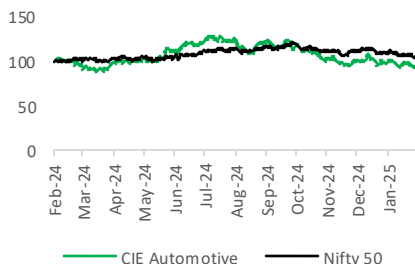
Stock Performance (%)

1m 3m 12m

CIE Automotive -4.48 -7.30 -3.34

Nifty 50 -0.99 -3.27 8.35

CIE Automotive Vs Nifty



Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114851

Jyoti Singh
jyoti.singh@arihantcapital.com
022 67114834

CIE Automotive's reported Q4CY24 numbers below our estimates. Mixed bag of result, Revenue & PAT slightly above estimate; Margin contraction both YoY/QoQ CIE Automotive Ltd reported its Q4CY24 numbers, with revenue at INR 2,110 Cr (down by 5.8% YoY and -1.2% QoQ), slightly above our estimates of INR 2096 Cr. EBITDA de-grew by 8.6% YoY & -9.5% QoQ, to INR 299 Cr. EBITDA Margin contraction 8.6bps YoY/(contraction by 9.5bps QoQ) to 14.18%. Below with our quarterly EBITDA estimate of INR 317.8Cr and margin below with our estimate of 15.2%. PAT de-grew 5.3% QoQ(+9.5% YoY) to INR 184.9 Cr, in-line with our quarterly PAT estimate of INR 189 Cr led by increase of other income.

Investment Rationale

India-focused growth strategy: Due to a weak European market and the shrinkage of the passenger car segment from 20 Mn to around ~16-17 Mn units per year, the company aims to offset this decline with accelerated growth in India. It is ramping up new programs and targeting mid-single-digit revenue growth over the next 2 years. While some delays have occurred, the company remains well-positioned with customers and a strong order book. CIE India is using growth in the 2W and tractor segments, along with increased localization efforts. Plans are in place to allocate ~5-6% of turnover as Capex in 2025 to support expansion, particularly in the aluminum segment, which is already operating at full capacity.

Gradual transition to EVs provides growth visibility: India accounts for 68% of the company's sales, with medium- to long-term growth expected due to government policies and rising EV demand. ~25% of new orders, including INR 10,000 Bn worth in India, are for EV components across aluminum and steel castings, forgings, gears, stampings, and composites. The shift to EVs in India is happening gradually, with the launch of new 2W and 4W models in 2024 helping to increase adoption. In Europe, 43% of EV penetration is expected to happen by 2029, (which is down from the previous estimate of 56%). In India, the EV adoption rate is rising steadily, and company's investments in lightweight materials and high-efficiency production techniques will help it cater to this transition effectively.

Valuations and Outlook

CIE Automotive India is expected to maintain moderate growth, driven by strong demand in the Indian market, particularly in the 2W and tractor segments. While the European business has faced challenges due to lower demand in light vehicles and off-highway markets, the company has implemented cost-control measures to protect margins. Margin improvement is expected in India, while European margins are likely to remain ~15-16%, depending on sales recovery. The off-highway market is expected to recover by H2CY25, while the light vehicle segment is projected to grow steadily at 5%. The company has implemented strong cost-control measures to mitigate lower sales in Europe. With strong cash flow and balance sheet, and increasing localization efforts in India, we expect long-term growth despite near-term European headwinds. **We value CIE Automotive India at a PE of 11.7x its CY27E EPS of INR 33.2 with a target price of INR 496 per share. We maintain our Buy rating on the stock.**

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%	11.0	18.5
CY24	89,641	13,504	8,203	21.6	15.1%	11.4	18.0
CY25E	96,880	15,176	9,164	24.2	15.7%	9.9	16.1
CY26E	1,05,765	16,990	10,441	27.5	16.1%	8.5	14.2
CY27E	1,19,148	19,616	12,587	33.2	16.5%	7.2	11.8

Source: Arihant Research, Company Filings

Exhibit 2 : Q4CY24 - Quarterly Performance (Consolidated)

INR Mn (Consolidated)	Q4CY24	Q3CY24	Q4CY23	Q-o-Q	Y-o-Y
Net Sales	21099.51	21346.26	22468.35	-1.2%	-6.1%
Material Cost	10936.35	11018.11	12160.32	-0.7%	-10.1%
Change in Inventory	79.54	34.07	-247.59	133.5%	-132.1%
Gross Profit	10083.62	10294.08	10555.62	-2.0%	-4.5%
Gross Margin %	48%	48%	47%	-43.35	81.08
Employees benefits expense	2416.09	2399.98	2364.83	0.7%	2.2%
Other Expenses	4674.85	4588.39	5266.91	1.9%	-11.2%
EBITDA	2992.68	3305.71	2923.88	-9.5%	2.4%
EBITDA margin %	14.18%	15.49%	13.01%	-130.25	117.03
Depreciation	808.71	798.14	767.26	1.3%	5.4%
EBIT	2183.97	2507.57	2156.62	-12.9%	1.3%
EBIT Margin %	10.35%	11.75%	9.60%	-139.63	75.23
[b] Other income	335.79	242.67	243.95	38.4%	37.6%
[f] Finance costs	175.41	169.39	79.28	3.6%	121.3%
PBT	2344.35	2580.85	2700.02	-9.2%	-13.2%
Tax-Total	552.19	652.60	755.53	-15.4%	-26.9%
Tax Rate (%) - Total	0.27	0.25	0.28	6.8%	-3.5%
Reported Net Profit	1790.24	1946.99	1948.33	-8.1%	-8.1%
PAT Margin %	8.48%	9.12%	8.67%	-63.62	-18.67
Reported EPS (INR)	4.72	5.13	5.14	-8.0%	-8.2%
	Q4CY24	Q3CY24	Q4CY23	Q-o-Q	Y-o-Y
RMC/Sales (%)	52.21	51.78	53.02	43.35bps	-81.08bps
Employee exp/Sales (%)	11.45	11.24	10.53	20.78bps	92.58bps
Other exp/Sales (%)	22.16	21.50	23.44	66.11bps	-128.53bps

Source: Arianth Research, Company Filings

Q4CY24 Conference Call Highlights:

Moderate growth expectations driven by strong momentum in Indian operations, targeting mid-single-digit revenue growth over the next 2 years. Focus on expanding EV components and increased Capex support long-term growth. Margin improvement is expected in India, while European margins are likely to stay ~15-16%, contingent on sales recovery. However, European market weakness, especially in commercial vehicles (-35% in Q4CY24), and delayed order conversions pose risks.

India Business accounts 68% of sales comes from India with expectation of medium and long-term growth in supported by government policies and increasing EV demand.

68% includes that INR 3 Bn from Mexico.

Europe Business faced a steep decline in CVs and OHV, with Q4CY24 truck sales dropping by 35%. Accounts 32% of sales but faced headwinds due to declining automotive demand, particularly in trucks and off-highway segments. Expects continue challenges in the next 2-3 quarters but anticipates a recovery in the H2CY25.

EV Transition- Gradual transition to EVs, with 25% of new orders related to EV components. The shift to EVs in Europe, is slower, with EV penetration expected to grow to 43% by 2029, down from earlier estimates of 56%.

The company aims to offset the European decline with accelerated growth in India by ramping up new programs, targeting mid-single-digit revenue growth over the next 2 years.

Plans to transition from crankshafts to aluminum forged parts and EV transmission components in Europe.

Plans to CapEx spending ~5-6% of turnover in 2025 to support growth in India.

Company have 10,000 Bn in new orders in India, with 25% related to EVs. The order book is strong in both India and Europe, but order conversion is slower, especially in Europe due to market conditions.

In India, average free capacity is around 20%, with full capacity utilization in aluminum components

Margins are likely to remain ~15-16% in Europe, depending on sales recovery.

Order delays in India have impacted growth, resolution is expected in the coming quarters, supporting future growth.

Key Financials

Income Statement (INR Cr)					
Year End-March	CY23	CY24	CY25E	CY26E	CY27E
Gross Sales	92,803	89,641	96,880	1,05,765	1,19,148
Net Sales	92,803	89,641	96,880	1,05,765	1,19,148
YoY (%)	6.0%	-3.4%	8.1%	9.2%	12.7%
Adjusted COGS	49,108	46,705	49,991	54,152	60,526
YoY (%)	2.8%	-4.9%	7.0%	8.3%	11.8%
Personnel/ Employee benefit expenses	9,944	10,105	10,824	11,818	13,314
YoY (%)	10.2%	1.6%	7.1%	9.2%	12.7%
Manufacturing & Other Expenses	19,512	19,327	20,888	22,805	25,692
YoY (%)	2.5%	-1.0%	8.1%	9.2%	12.7%
Total Expenditure	78,565	76,136	81,704	88,775	99,531
YoY (%)	21.5%	-5.2%	12.4%	12.0%	15.5%
EBITDA	14,239	13,504	15,176	16,990	19,616
YoY (%)	21.5%	-5.2%	12.4%	12.0%	15.5%
EBITDA Margin (%)	15.3%	15.1%	15.7%	16.1%	16.5%
Depreciation	3,222	3,306	3,349	3,516	3,359
% of Gross Block	6.1%	5.8%	5.5%	5.3%	4.7%
EBIT	11,017	10,198	11,827	13,474	16,257
EBIT Margin (%)	11.9%	11.4%	12.2%	12.7%	13.6%
Interest Expenses	1,074	776	784	819	868
Non-operating/ Other income	820	1,398	1,510	1,647	1,855
PBT	10,759	10,847	12,553	14,302	17,243
Tax-Total	2,782	2,644	3,389	3,862	4,656
Adj. Net Profit	7,976	8,203	9,164	10,441	12,587
Reported Profit	7,976	8,203	9,164	10,441	12,587
PAT Margin	8.6%	9.2%	9.5%	9.9%	10.6%
Shares o/s/ paid up equity sh capital	379	379	379	379	379
Adj EPS	21.0	21.6	24.2	27.5	33.2
Dividend payment	948	1,889	2,276	2,276	2,276
Dividend payout (%)	11.9%	23.0%	24.8%	21.8%	18.1%
Retained earnings	7,028	6,314	6,887	8,164	10,311

Balance Sheet (INR Cr)					
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	68,862	77,026	87,337
Networth	59,880	65,768	72,655	80,820	91,131
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	34,078	37,123	41,132
Total Funds Employed	97,619	97,685	1,06,734	1,17,942	1,32,263
Application of Funds					
Net Fixed Assets	58,485	59,029	59,439	60,935	63,222
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	42,215	50,573	60,602
Inventory	11,626	10,911	11,362	12,307	13,756
Days	88	88	83	83	83
Debtors	6,331	6,271	6,810	7,435	8,376
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	8,311	13,034	17,830
Current Liabilities/Provisions	31,027	21,810	24,752	26,974	30,069
Creditors / Trade Payables	19,341	15,809	18,257	19,938	22,440
Days	95	85	81	81	81
Liabilities	4,476	4,815	5,191	5,602	6,050
Net Current Assets	444	12,685	17,463	23,598	30,534
Total Asset	97,619	97,685	1,06,734	1,17,942	1,32,263
Total Capital Employed	97,175	85,000	89,271	94,344	1,01,730

Source: Arianth Research, Company Filings

Key Financials

Cash Flow Statement (INR Cr)					
Year End-March	CY23	CY24	CY25E	CY26E	CY27E
Profit before tax	7,976	8,203	9,164	10,441	12,587
Adjustments: Add					
Depreciation and amortisation	3,222	3,306	3,349	3,516	3,359
Interest adjustment	254	-622	-726	-828	-986
Change in assets and liabilities	14,234	13,531	9,510	10,852	12,684
Inventories	482	715	-451	-946	-1,449
Trade receivables	2,276	60	-539	-625	-941
Trade payables	-9	-116	0	0	0
Other Liabilities and provisions	50	628	663	729	802
Other Assets	-2,601	-3,897	1,704	740	1,307
Taxes	-209	33	30	31	33
Net cash from operating activities	14,215	10,849	10,917	10,783	12,437
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-5,202	-3,899	-4,217	-5,013	-5,646
Net Sale/(Purchase) of investments	-1,629	-780	1,172	667	377
Others	-786	459	-62	-65	-68
Net cash (used) in investing activities	-7,617	-4,219	-3,107	-4,411	-5,338
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	8,311	13,034	17,830
FCF	8,867	6,597	6,704	5,759	6,781
Capex (% of sales)	5,348	4,253	4,360	5,288	5,957

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	0.3	0.3
Current Ratio	0.6	0.4	0.1	-0.2	-0.4
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%	12.6%	12.9%	13.8%
Per share ratios					
Reported EPS	21.0	21.6	24.2	27.5	33.2
Dividend per share	2.5	5.0	6.0	6.0	6.0
BV per share	157.8	173.4	191.5	213.0	240.2
Cash per Share	5.5	7.9	20.3	31.9	43.6
Revenue per Share	244.6	236.3	255.4	278.8	314.1
Profitability ratios					
Net Profit Margin (PAT/Net sales)	8.6%	9.2%	9.5%	9.9%	10.6%
Gross Profit / Net Sales	47.1%	47.9%	48.4%	48.8%	49.2%
EBITDA / Net Sales	15.3%	15.1%	15.7%	16.1%	16.5%
EBIT / Net Sales	11.9%	11.4%	12.2%	12.7%	13.6%
ROCE (%)	16.9%	15.3%	15.6%	16.4%	17.9%
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	15.1	16.4	18.7
Debt / Asset	0.1	0.1	0.1	0.0	0.0
Valuation ratios					
EV / EBITDA	11.0	11.4	9.9	8.5	7.2
PE (x)	18.5	18.0	16.1	14.2	11.8

Source: Arianth Research, Company Filings

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800	6 Lad Colony, Y.N. Road, Indore - 452003, (M.P.) Tel: (91-731) 4217100/101 CIN: L66120MP1992PLC007182

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%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

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Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800