BUY (Maintain)

CMP: **INR 429** Target Price: **INR 510** ▲ 19%

ICICI Securities

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22 July 2025

India | Equity Research | Results Update

CIE Automotive India Ltd

Auto Ancillaries

Strong domestic growth offset by weakness in Europe

CIE Automotive's (CAIL) Q2CY25 consolidated revenue at INR 24bn was ~3% higher vs ISec estimate, and EBITDA margin at 14.2% was ~30bps lower than ISec estimate. India revenue was up 7% YoY at ~INR 15bn, vs industry growth of 5% YoY. Europe revenue was down ~1% YoY at INR 8.3bn, with favourable exchange rate impact of 7% offsetting muted sales in Europe CV segment and weakness in Metalcastello business. Consolidated EBITDA margin at 14.2% was down 150bps YoY, led by margin decline in EU business. In near to medium term, the company expects strong growth in India business led by ramp up of new programmes to offset muted growth in Europe. Maintain **BUY** with DCF-based unchanged target price of INR 510, implying 20x CY26E EPS.

Q2CY25 conference call takeaways

- **India business:** Revenue growth was 7% YoY, vs average industry growth of 5%. Outperformance was led by growth in company's key PV customer, and conversion of some delayed orders at Bill Forge. The company is focusing on anchor customers for additional orders, as orderbook conversion is better with them. It has generated new orderbook of INR 6bn in H1, which should add to growth. It expects ramp up of a large casting order to the US through CY26. The company expects H2 performance to be better than H1, with favourable monsoon and festive season supporting growth. EBITDA margin declined 90bps YoY to 17.5%, due to adverse product mix. The company expects margins to improve in 1-2 quarters led by operating leverage.
- **Europe business:** Revenue was down ~1% YoY with favourable exchange rate impact of 7% offsetting muted sales in Europe CV segment and decline in Metalcastello business. MHCV segment in Europe declined by ~8% during Q2. The company expects Europe CV market to stay muted for next 2-3 quarters, with tariff war potentially worsening the situation. Europe business EBITDAM declined ~400bps YoY to 12.5%, led by one-off restructuring costs at Metalcastello (~240bps) and weak operating leverage. The company is taking cost-cutting actions such as eliminating temporary workers to manage costs, which should support margins amidst demand weakness.

Financial Summary

Y/E Dec (INR mn)	CY23A	CY24A	CY25E	CY26E
Net Revenue	92,803	89,641	92,143	96,480
EBITDA	14,239	13,506	13,859	14,858
EBITDA %	15.3	15.1	15.0	15.4
Net Profit	7,976	8,203	8,808	9,572
EPS (INR)	21.0	21.6	23.2	25.2
EPS % Chg YoY	18.4	2.8	7.4	8.7
P/E (x)	20.4	19.8	18.5	17.0
EV/EBITDA (x)	12.8	13.5	13.2	12.3
RoCE (%)	12.9	12.0	11.5	11.5
RoE (%)	14.4	13.1	12.8	12.7

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Market Data

Market Cap (INR)	163bn
Market Cap (USD)	1,890mn
Bloomberg Code	CIEINDIA IN
Reuters Code	CIEA.BO
52-week Range (INR)	615 /357
Free Float (%)	33.0
ADTV-3M (mn) (USD)	1.2

Price Performance (%)	3m	6m	12m
Absolute	3.9	(9.6)	(29.3)
Relative to Sensex	(0.2)	(16.3)	(29.8)

ESG Score	2023	2024	Change
ESG score	**70.2**	**69.8**	**(0.4)**
Environment	57.0	55.7	(1.3)
Social	71.6	71.8	0.2
Governance	77.2	81.0	3.8

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

01-05-2025: Q1CY25 results review

22-02-2025: Q4CY24 results review

Exhibit 1: Q2CY25 result review (consolidated)

Consolidated (INR mn)	Q2CY25	Q2FY24	YoY	Q1CY25	QoQ
Net Sales	**23,690**	**22,927**	**3.3%**	**22,726**	**4%**
Cost of Materials	12,135	11,739	3%	11,738	3%
As % of sales	51.2%	51.2%	2 bps	51.6%	-43 bps
Gross profit	**11,556**	**11,188**	**3%**	**10,988**	**5%**
Gross margin	**48.8%**	**48.8%**	**-2 bps**	**48.4%**	**43 bps**
Employees Cost	2,964	2,673	11%	2,596	14%
As % of sales	12.5%	11.7%	85 bps	11.4%	109 bps
Other expenditure	5,224	4,915	6%	5,038	4%
As % of sales	22.1%	21.4%	62 bps	22.2%	-11 bps
EBITDA	**3,368**	**3,600**	**-6%**	**3,355**	**0%**
EBITDA margin	**14.2%**	**15.7%**	**-149 bps**	**14.8%**	**-55 bps**
Depreciation & Amortisation	871	836	4%	864	1%
EBIT	**2,497**	**2,764**	**-10%**	**2,490**	**0%**
EBIT margin	**10.5%**	**12.1%**	**-152 bps**	**11.0%**	**-42 bps**
Other Income	221	313	-29%	361	-39%
Interest	16	211	-92%	126	-87%
PBT	**2,701**	**2,866**	**-6%**	**2,725**	**-1%**
Tax	678	702	-3%	670	1%
Adj PAT	**2,023**	**2,164**	**-7%**	**2,060**	**-2%**

Source: I-Sec research, Company data

Exhibit 2: Q2CY25 result summary: India

MCIE India (INR mn)	Q2CY25	Q2FY24	YoY	Q1CY25	QoQ
Net Sales	14,591	13,693	7%	14,113	3%
EBITDA	2,552	2,519	1%	2,628	-3%
EBITDA margin	17.5%	18.4%	-91 bps	18.6%	-113 bps

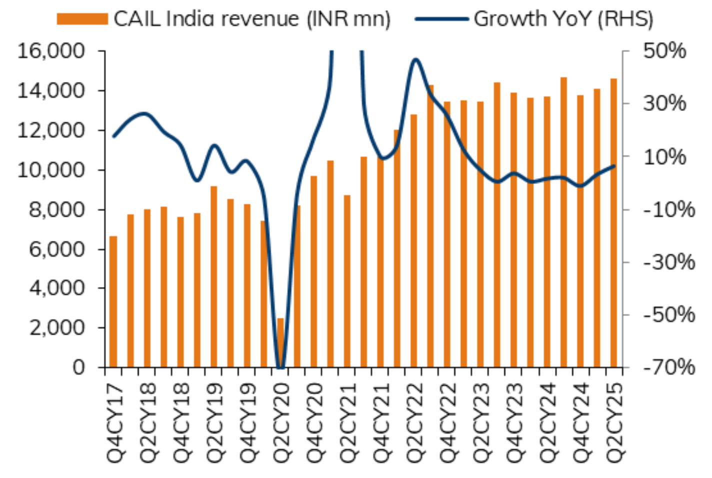
Source: I-Sec research, Company data

Exhibit 3: Q2CY25 result summary: Europe

MCIE Europe (INR mn)	Q2CY25	Q2FY24	YoY	Q1CY25	QoQ
Net Sales	8,315	8,375	-1%	7,849	6%
EBITDA	1,036	1,388	-25%	1,088	-5%
EBITDA margin	12.5%	16.6%	-411 bps	13.9%	-140 bps

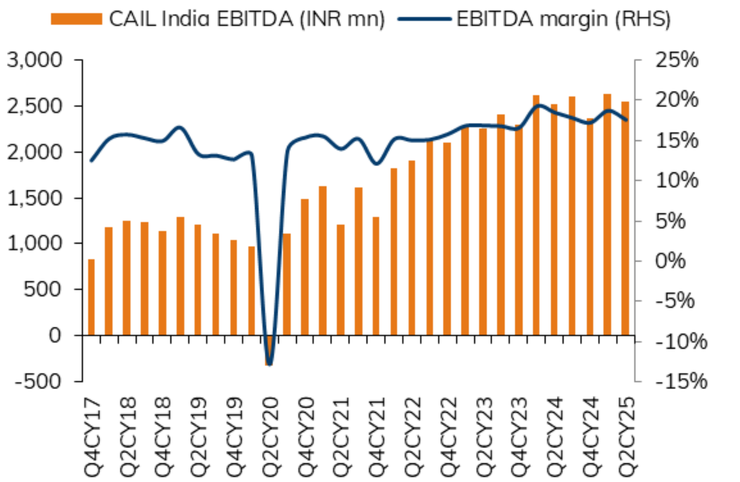
Source: I-Sec research, Company data

Exhibit 4: Expect consolidated revenue CAGR to remain sub-5% over CY24-26E



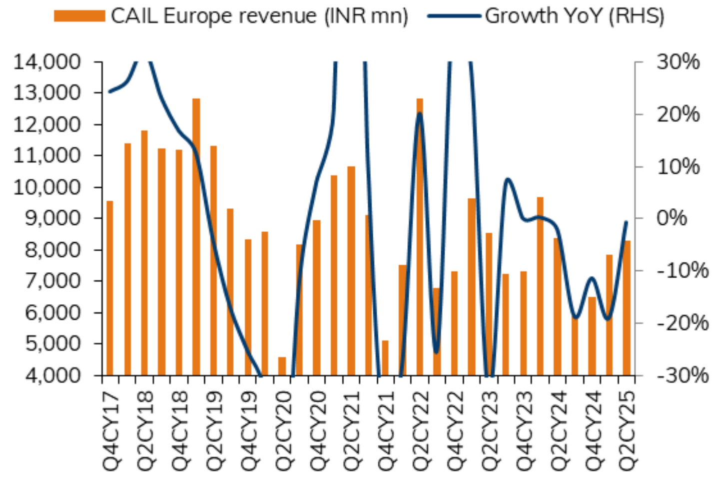
Source: I-Sec research, Company data

Exhibit 5: CAIL's India EBITDA margin steady at ~18%, helping earnings grow amid soft revenue growth



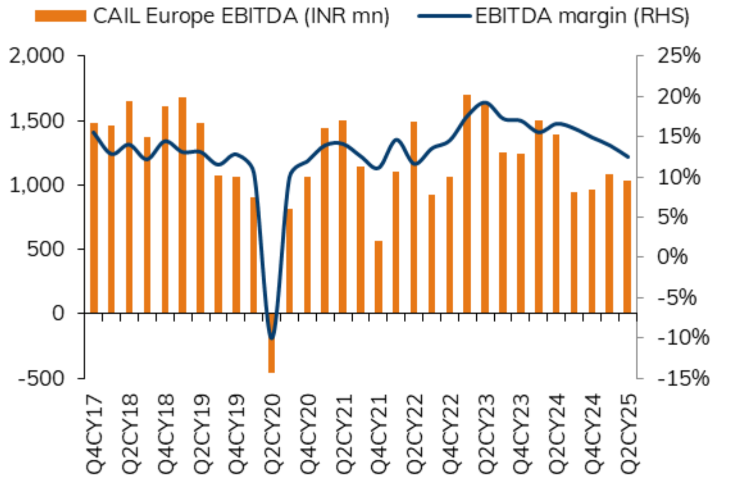
Source: I-Sec research, Company data

Exhibit 6: European operations remain subdued in terms of revenue; favourable FX translation helped offset the impact of weak growth in Europe PV segment in Q2



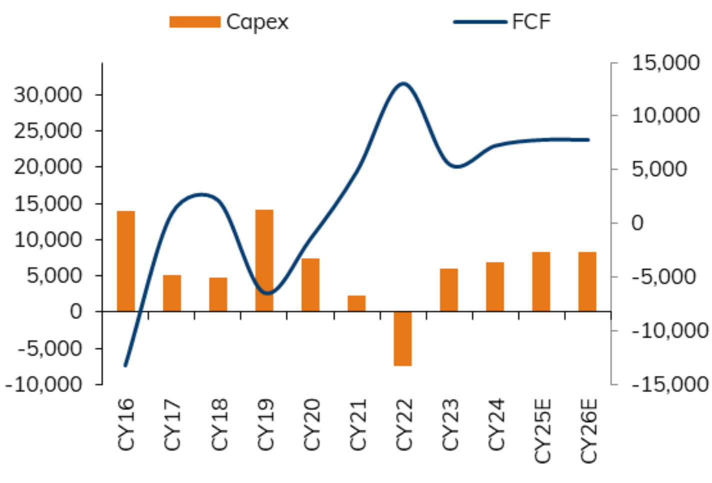
Source: I-Sec research, Company data

Exhibit 7: Europe margin was impacted by subdued revenue performance and one-off restructuring costs



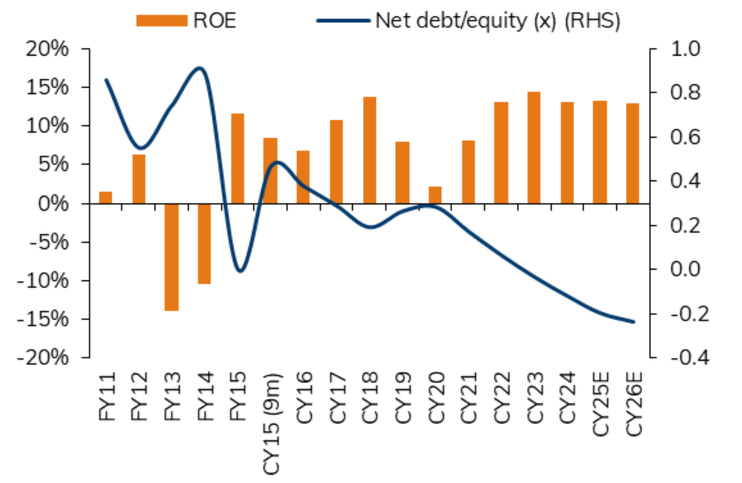
Source: I-Sec research, Company data

Exhibit 8: Strong FCF trajectory with ~6% capex/sales trend



Source: I-Sec research, Company data

Exhibit 9: Net debt free already with ~13% RoE



Source: I-Sec research, Company data

Downside risks

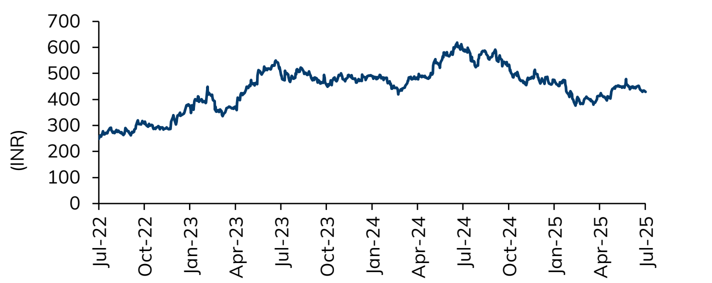
Persistent sluggish demand in European car market and continued weakness in domestic 2W/tractors could impact scale and margin in CY25.

Exhibit 10: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	65.7	65.7	65.7
Institutional investors	25.3	25.2	25.7
MFs and others	19.9	20.1	20.8
FIs/Banks	0.0	0.0	0.0
Insurance	0.2	0.1	0.1
FIIs	5.2	5.0	4.8
Others	9.0	9.1	8.6

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending Dec)

	CY23A	CY24A	CY25E	CY26E
Net Sales	**92,803**	**89,641**	**92,143**	**96,480**
Operating Expenses	29,456	29,430	29,909	30,970
EBITDA	**14,239**	**13,506**	**13,859**	**14,858**
EBITDA Margin (%)	**15.3**	**15.1**	**15.0**	**15.4**
Depreciation & Amortization	3,222	3,306	3,382	3,535
EBIT	11,017	10,199	10,478	11,323
Interest expenditure	1,074	776	200	100
Other Non-operating Income	820	1,396	1,466	1,540
Recurring PBT	**10,763**	**10,820**	**11,744**	**12,762**
Profit / Loss from Associates	-	-	-	-
Less: Taxes	2,782	2,644	2,936	3,191
PAT	7,981	8,176	8,808	9,572
Less: Minority Interest	5	(27)	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	7,981	8,176	8,808	9,572
Net Income (Adjusted)	**7,976**	**8,203**	**8,808**	**9,572**

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending Dec)

	CY23A	CY24A	CY25E	CY26E
Total Current Assets	30,690	27,882	36,692	42,482
of which cash & cash eqv.	2,387	3,242	9,375	13,805
Total Current Liabilities & Provisions	25,854	22,772	27,577	28,970
Net Current Assets	**4,836**	**5,109**	**9,115**	**13,512**
Investments	8,195	10,372	10,372	10,372
Net Fixed Assets	58,641	59,233	61,380	63,634
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	(3,238)	(3,247)	(3,247)	(3,247)
Total Assets	**68,434**	**71,468**	**77,620**	**84,271**
Liabilities				
Borrowings	8,554	5,700	5,700	5,700
Deferred Tax Liability	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	3,794	3,794	3,794	3,794
Reserves & Surplus	56,086	61,974	68,127	74,777
Total Net Worth	**59,880**	**65,768**	**71,920**	**78,571**
Minority Interest	-	-	-	-
Total Liabilities	**68,434**	**71,468**	**77,620**	**84,271**

Source Company data, I-Sec research

Exhibit 14: Quarterly trend

(INR mn, year ending Dec)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	21,346	21,100	22,726	23,690
% growth (YOY)	(4.4)	(5.8)	(6.4)	3.3
EBITDA	3,306	2,993	3,355	3,368
Margin %	15.5	14.2	14.8	14.2
Other Income	261	336	361	221
Reported PAT	1,947	1,792	2,060	2,023

Source Company data, I-Sec research

Exhibit 15: Cashflow statement

(INR mn, year ending Dec)

	CY23A	CY24A	CY25E	CY26E
Operating Cashflow	**9,513**	**12,091**	**14,316**	**13,141**
Working Capital Changes	(1,686)	582	2,127	33
Capital Commitments	(5,202)	(3,899)	(5,529)	(5,789)
Free Cashflow	**4,311**	**8,192**	**8,788**	**7,352**
Other investing cashflow	(2,449)	(2,178)	-	-
Cashflow from Investing Activities	**(7,651)**	**(6,076)**	**(5,529)**	**(5,789)**
Issue of Share Capital	0	0	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(1,301)	(2,854)	-	-
Dividend paid	(948)	(2,656)	(2,656)	(2,921)
Others	1,915	350	-	-
Cash flow from Financing Activities	**(334)**	**(5,160)**	**(2,656)**	**(2,921)**
Chg. in Cash & Bank balance	1,528	855	6,132	4,431
Closing cash & balance	2,387	3,242	9,375	13,805

Source Company data, I-Sec research

Exhibit 16: Key ratios

(Year ending Dec)

	CY23A	CY24A	CY25E	CY26E
Per Share Data (INR)				
Reported EPS	21.0	21.6	23.2	25.2
Adjusted EPS (Diluted)	21.0	21.6	23.2	25.2
Cash EPS	29.5	30.3	32.1	34.6
Dividend per share (DPS)	5.0	7.0	7.0	7.7
Book Value per share (BV)	157.8	173.4	189.6	207.1
Dividend Payout (%)	23.8	32.4	30.1	30.5
Growth (%)				
Net Sales	6.0	(3.4)	2.8	4.7
EBITDA	21.5	(5.1)	2.6	7.2
EPS (INR)	18.4	2.8	7.4	8.7
Valuation Ratios (x)				
P/E	20.4	19.8	18.5	17.0
P/CEPS	14.5	14.1	13.4	12.4
P/BV	2.7	2.5	2.3	2.1
EV / EBITDA	12.8	13.5	13.2	12.3
EV / Sales	2.0	2.0	2.0	1.9
Profitability Ratios				
Gross Profit Margins (%)	47.1	47.9	47.5	47.5
EBITDA Margins (%)	15.3	15.1	15.0	15.4
EBIT Margins (%)	11.9	11.4	11.4	11.7
Net Profit Margins (%)	8.6	9.2	9.6	9.9
RoCE (%)	12.9	12.0	11.5	11.5
RoE (%)	14.4	13.1	12.8	12.7
Dividend Yield (%)	1.2	1.6	1.6	1.8
Operating Ratios				
Fixed Asset Turnover (x)	0.8	0.7	0.7	0.7
Inventory Turnover Days	46	44	45	45
Receivables Days	25	26	32	32
Payables Days	76	64	80	80
Effective Tax Rate (%)	25.8	24.4	25.0	25.0
Net Debt / Equity (x)	0.0	(0.1)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.1)	(0.6)	(1.0)	(1.2)

Source Company data, I-Sec research

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