# CIE Automotive India Limited

ISIN :INE536H01010 | NSE :CIEINDIA

**Price:** 400
**Recommendation:** Buy
**Industry:** Auto Components
**Sector:** Consumer Discretionary
**Report Date:** 02-May-2025

CIE Automotive India Limited is a leading player in the automotive sector, focusing on operational efficiency, market diversification, and sustainability. With consistent EBITDA margins, strategic subsidiary restructuring, and investments in renewable energy, the company demonstrates resilience and innovation. It leverages subsidies and adapts to market dynamics, ensuring steady growth in India and Europe.

| Sales | | Profit & Loss | | Profitability Matrix | |
|---|---|---|---|---|---|
| Current Year | 4562 Cr | Operating Profit(Year) | 726 Cr | Operating Profit Margin | 15.9 % |
| Previous Year | 4570 Cr | Operating Profit(Quarter) | 186 Cr | EBITDA Margin | 19.82 % |
| Current Quarter | 1163 Cr | PAT (Year) | 583 Cr | Net Profit Margin | 12.8 % |
| Previous Quarter | 1119 Cr | PAT (Quarter) | 219 Cr | EPS | 15.4 |
| Revenue (QYoY) | 1164 Cr | | | | |
| **Valuation Matrix** | | **Growth(YoY)** | | **Growth(QoQ)** | |
| Trailing P/E | 26.2 | Sales Growth | -0.64 % | Sales Growth | 3.93 % |
| PEG Ratio | 0.91 | PAT Growth | 3.74 % | Sales Growth QYoY | -0.09 % |
| EV/EBITDA | 16.7 | EPS Growth | 0.0 % | PAT Growth | 88.79 % |
| P/B | 2.85 | Dividend Yield | 1.75 | PAT Growth QYoY | 0.92 % |
| **Capital Allocation** | | **Holdings** | | **Leverage** | |
| RoE | 11.3 % | Promoter | 65.7 % | Debt/Equity | 0.01 |
| RoA | 9.10 % | FII | 4.38 % | Debt | 32.6 Cr |
| RoCE | 14.6 % | DII | 20.9 % | Market Cap | 15326 Cr |
| RoIC | 21.0 % | Public | 8.98 % | Enterprise value | 15177 Cr |
| | | No of Shares | 37.9 Cr | Cash Equivalents | 181 Cr |

source : Company filings

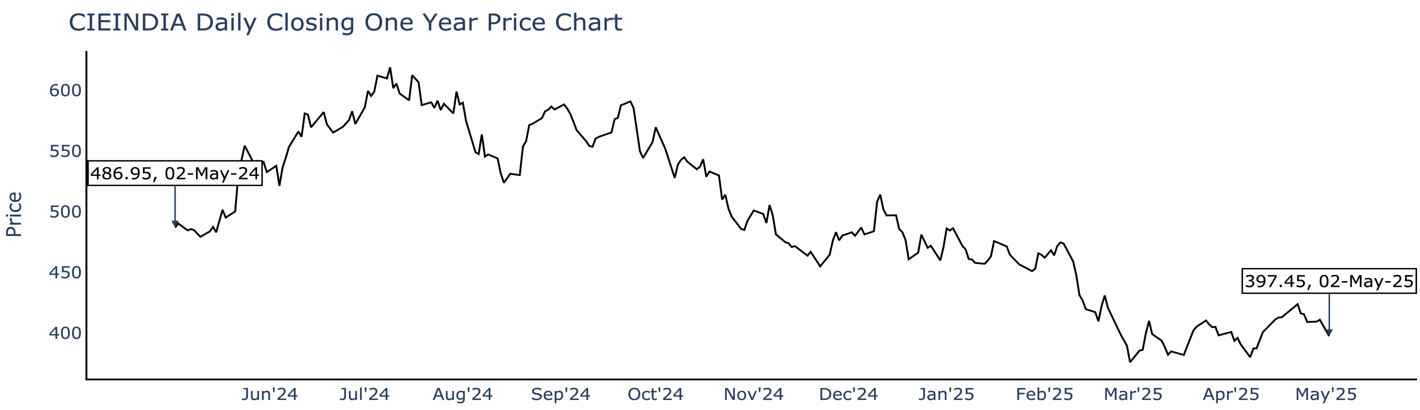
## Company's Overview Based on Recent Concall and Performance:

CIE Automotive India Limited showcased a stable performance in Q1 CY2025, with a focus on leveraging subsidies and optimizing operations to maintain margins amidst fluctuating market conditions. The company benefited from the Zahreebad megasubsidy, contributing positively to EBITDA margins, which remained consistent at 16.7% compared to the previous year. In India, sales grew by 3% year-on-year to 14,113 million, supported by steady growth in key segments like tractors and two-wheelers. However, Europe faced challenges, with sales declining by 19% year-on-year to 7,849 million due to weak market conditions. Temporary layoffs were implemented in Europe to preserve margins, reflecting the company's proactive approach to managing operational costs during downturns.

CIE India continues to prioritize diversification and strategic alignment across its subsidiaries and associate companies. The integration of Bill Forge Mexico into the European segment and the restructuring of subsidiaries like CACIL highlight efforts to streamline operations and enhance regional synergies. The company is also actively engaging in renewable energy initiatives through its associate companies, such as Clean Max Deneb Power LLP and Sunbarn Renewables Pvt. Ltd., signaling a commitment to sustainability and long-term value creation. Additionally, the sale of German subsidiaries under CFG aligns with the strategy to focus on core markets and optimize resource allocation.

Future growth perspectives for CIE India remain promising, particularly in the Indian market. IHS forecasts production growth in passenger vehicles and MHCVs at 5.1% and 8.4%, respectively, for CY2025, with long-term CAGR projections of 4.4% and 3.5% through 2030. The domestic two-wheeler and tractor industries are also expected to expand steadily, supported by favorable market dynamics. In Europe, while short-term growth remains subdued, long-term forecasts indicate a gradual recovery, with light vehicles and MHCVs projected to grow at CAGRs of 1.0% and 2.7%, respectively, over the next five years. These trends provide a solid foundation for scaling operations and enhancing profitability.

CIE Automotive India's strategic focus on operational efficiency, market diversification, and sustainability positions it well for future growth. The company's ability to adapt to market challenges, as evidenced by its proactive measures in Europe and steady performance in India, underscores its resilience. By leveraging subsidies, optimizing its subsidiary structure, and investing in renewable energy, CIE India demonstrates a balanced approach to growth and innovation. The consistent EBITDA margins and robust performance in key segments reflect a strong operational framework, paving the way for sustained success in the automotive sector.




| Name | Mar Cap (Rs. Cr.) | P/E | ROE | Sales(G) QoQ | Sales(G) QYoY | PAT(G) QoQ | PAT(G) QYoY |
|---|---|---|---|---|---|---|---|
| **Happy Forgings** | 7227.40 | 27.21 | 18.69% | -1.89% | 3.61% | -9.67% | 11.43% |
| **Balu Forge** | 5855.07 | 34.56 | 24.96% | 14.76% | 73.91% | 22.94% | 134.07% |
| **Bharat Forge** | 52890.93 | 55.59 | 12.69% | -5.77% | -10.11% | -12.55% | -16.38% |
| **AIA Engineering** | 29247.28 | 28.25 | 18.30% | 2.11% | -8.80% | 0.96% | -7.41% |
| **PTC Industries** | 19346.15 | 375.58 | 8.89% | -7.53% | 20.69% | -15.77% | 80.45% |

| Aspect | Commentary |
|---|---|
| **Revenue** | Revenue remained stable year-on-year at Rs.4562 Cr, reflecting resilience despite market challenges. Quarterly revenue grew 3.93% to Rs.1163 Cr, driven by steady performance in India. However, European sales faced headwinds, highlighting regional disparities in demand. |
| **Profit & Loss** | Operating profit for the year stood at Rs.726 Cr, with a quarterly figure of Rs.186 Cr. PAT grew 3.74% YoY to Rs.583 Cr, showcasing profitability despite flat EPS growth. Quarterly PAT surged 88.79%, indicating strong operational efficiency and cost management. |
| **Profitability Matrix** | Operating profit margin was 15.9%, while EBITDA margin remained robust at 19.82%. Net profit margin stood at 12.8%, reflecting efficient cost control. ROIC of 21% highlights strong returns on invested capital, supporting long-term sustainability. |
| **Valuation Matrix** | Trailing P/E of 26.2 and EV/EBITDA of 16.7 suggest moderate valuation levels. PEG ratio of 0.91 indicates growth potential relative to earnings. Dividend yield of 1.75% provides steady returns, while P/B of 2.85 reflects reasonable asset valuation. |
| **Growth (YoY)** | Sales growth declined marginally by -0.64%, reflecting challenges in European markets. PAT growth of 3.74% highlights profitability improvements. EPS growth remained flat, indicating stable earnings performance amidst fluctuating market conditions. |
| **Growth (QoQ)** | Quarterly sales grew 3.93%, driven by Indian market strength. PAT growth surged 88.79%, showcasing operational efficiency. However, QYoY sales declined slightly by -0.09%, reflecting regional disparities. PAT QYoY growth was modest at 0.92%. |
| **Capital Allocation** | RoE of 11.3% and RoCE of 14.6% indicate efficient capital utilization. Cash equivalents of Rs.181 Cr provide liquidity for strategic initiatives. Debt/Equity ratio of 0.01 reflects minimal leverage, ensuring financial stability and operational flexibility. |
| **Holdings** | Promoters hold a majority stake of 65.7%, ensuring strong governance. FII and DII holdings at 4.38% and 20.9% reflect institutional confidence. Public ownership of 8.98% indicates balanced shareholder distribution, supporting market stability. |
| **Leverage** | Debt/Equity ratio of 0.01 and total debt of Rs.32.6 Cr highlight low leverage, ensuring financial resilience. Enterprise value of Rs.15177 Cr reflects robust market positioning. Minimal debt levels provide flexibility for future growth and investments. |

**Analyst viewpoint:** CIE Automotive India Limited presents a compelling investment opportunity in the short to mid-term, driven by its consistent operational performance and strategic initiatives. The company reported a 3.93% QoQ revenue growth in Q1 CY2025, supported by strong demand in the Indian market, particularly in the tractor and two-wheeler segments. PAT surged by an impressive 88.79% QoQ, reflecting robust cost management and operational efficiency. Valuation metrics such as a PEG ratio of 0.91 and EV/EBITDA of 16.7 indicate growth potential at reasonable valuation levels, while a dividend yield of 1.75% adds to its attractiveness for income-focused investors. The company's proactive restructuring of subsidiaries and investments in renewable energy further underscore its commitment to sustainability and long-term value creation. Additionally, its low debt-to-equity ratio of 0.01 and strong cash position of Rs.181 Cr provide financial flexibility for future growth initiatives.

While European sales faced headwinds, declining 19% YoY due to weak market conditions, CIE Automotive India has demonstrated resilience by implementing temporary cost-saving measures to preserve margins. The company's ability to adapt to regional challenges while maintaining consistent EBITDA margins of 19.82% highlights its operational strength. Peer comparison shows CIE India outperforming competitors like Bharat Forge in PAT growth metrics, reinforcing its competitive edge. Despite mild concerns over flat EPS growth, the company's strategic focus on diversification, operational efficiency, and sustainability positions it well for continued success in the automotive sector.

Please read detailed disclosure on next page.

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|---|---|
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| 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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