

Revenue growth accelerating; core business profitability intact

Auto & Auto Ancillaries ▶ Result Update ▶ January 21, 2026

CMP (Rs): 3,712 | TP (Rs): 4,900

CEAT logged a strong Q3, with revenue growth accelerating to 20% YoY vs 11-12% in Q1/Q2 and EBITDA up 62% YoY on strong operating leverage amid a 100bps QoQ contraction in gross margin (largely due to rupee depreciation). The mgmt noted strong pick-up in demand across OEM/replacement segments (across vehicle categories) led by recent GST cuts, but stated that sustenance of demand beyond 2-3Qtrs is monitorable. The mgmt expects commodities to be benign in Q4 (with a mild increase) and guided to a potential 1-1.5% hit on margin due to rupee depreciation and higher natural rubber prices in Q4FY26 and beyond. International business is seeing healthy growth across key markets/segments, as India is emerging as an alternative/credible source. Camso's integration is underway; the ongoing customer transition/upstream capacity expansion is likely to complete in 1-2/3-5Qtrs; after this, the pace of revenue growth/margin expansion would pick up. Despite Camso's near-term softness, CEAT is poised to benefit from demand upturn (also led by GST rate cuts), backed by strong consumer-facing segment (PV/2W) exposure, continued share gains across categories, exports/OHT focus with LT benefits from Camso. We largely retain our estimates; retain BUY; raise TP by 6.5% to Rs4,900 (rolled-forward) from Rs4,600 at 20x Dec-27E PER.

Revenue growth accelerating, with core business margins also expanding

Standalone revenue stood at Rs39.6bn, with growth accelerating to 20% vs 11-12% in Q1FY26/Q2FY26. Standalone EBITDA was up 62.2% YoY at Rs5.6bn (above estimates), with EBITDAM up by 40bps QoQ to 14.1% led by better operating leverage amid a 100bps QoQ GM contraction. PAT stood at Rs2.5bn. Consol revenue (ex CAMSO) was 20% YoY. Consol EBITDAM (excluding a one-off at CAMSO) stood at 13.8% (vs reported 13.6%).

Earnings Call KTAs

1) Demand is sustaining, aided by recent GST cuts with healthy growth across OEM replacement, though sustenance of the same is monitorable beyond 2-3 quarters. 2) Replacement demand staged a recovery post GST rationalization, with mid-teens growth driven by improvement in underlying consumption across segments rather than channel restocking; the mgmt guided to a high single-digit replacement growth in FY27. 3) International business grew ~20% YoY growth, aided by strong traction in EU, LatAm, and Africa across segments. 4) The mgmt highlighted a potential 1-1.5% impact on gross margin from Q4FY26 on, primarily led by rupee depreciation and higher natural rubber prices. 5) Camso: topline remains suppressed during the transition (current run-rate at USD90-100mnpa vs potential of USD120-125mnpa), as Michelin retains 10-12% cut to cover distribution and margin, resulting in lower net realization for CEAT during the interim phase. EBITDAM is expected to normalize (at double-digit level) from Q4FY26 and scale meaningfully over the medium term; phased customer transition is expected to conclude in 1-2Qtrs, and upstream capacities are being set up (interim stock-in-trade procurement from Michelin to continue for another 3-5Qtrs). 6) Chennai PCR expansion (Rs1.3bn) to commence by H2FY28; annual capex guidance of Rs10-12bn from FY27 on.

CEAT: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	119,435	132,179	156,428	179,318	200,399
EBITDA	16,523	14,741	20,413	24,131	27,666
Adj. PAT	7,009	5,023	7,394	9,144	11,139
Adj. EPS (Rs)	173.3	124.2	182.8	226.1	275.4
EBITDA margin (%)	13.8	11.2	13.0	13.5	13.8
EBITDA growth (%)	69.7	(10.8)	38.5	18.2	14.6
Adj. EPS growth (%)	219.2	(28.3)	47.2	23.7	21.8
RoE (%)	18.7	11.9	15.8	17.1	18.0
RoIC (%)	16.3	11.6	14.6	16.2	18.5
P/E (x)	23.4	31.8	20.3	16.4	13.5
EV/EBITDA (x)	10.1	11.6	8.6	7.1	5.9
P/B (x)	3.7	3.4	3.0	2.6	2.3
FCFF yield (%)	5.1	0.9	0.7	6.3	8.2

Source: Company, Emkay Research

Target Price – 12M	Dec-26
Change in TP (%)	6.5
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	32.0

Stock Data	CEAT IN
52-week High (Rs)	4,438
52-week Low (Rs)	2,322
Shares outstanding (mn)	40.5
Market-cap (Rs bn)	150
Market-cap (USD mn)	1,650
Net-debt, FY26E (Rs mn)	24,882.3
ADTV-3M (mn shares)	0.2
ADTV-3M (Rs mn)	1,065.3
ADTV-3M (USD mn)	11.7
Free float (%)	52.8
Nifty-50	25,232.5
INR/USD	91.0

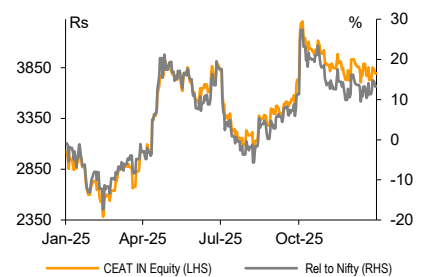
Shareholding, Sep-25

Promoters (%)	47.2
FPIs/MFs (%)	16.2/21.0

Price Performance

(%)	1M	3M	12M
Absolute	(5.6)	(11.7)	23.1
Rel. to Nifty	(2.9)	(9.6)	13.9

1-Year share price trend (Rs)



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Exhibit 1: Standalone performance – Revenue growth accelerating; EBITDAM also up by 40bps QoQ led by operating leverage and offset by a 100bps gross margin contraction

Standalone (Rs mn)	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	YoY (%)	QoQ (%)
Revenue	31,682	32,981	32,918	34,136	35,207	37,011	39,572	20.2	6.9
Growth YoY (%)	8.5	8.4	11.6	14.6	11.1	12.2	20.2		
Expenditure	27,867	29,317	29,481	30,190	31,297	31,943	34,000	15.3	6.4
as % of sales	88.0	88.9	89.6	88.4	88.9	86.3	85.9		
Consumption of RM	19,202	20,628	20,783	21,327	22,237	21,843	23,784	14.4	8.9
as % of sales	60.6	62.5	63.1	62.5	63.2	59.0	60.1		
Employee Cost	1,934	2,174	2,137	2,220	2,248	2,445	2,520	17.9	3.1
as % of sales	6.1	6.6	6.5	6.5	6.4	6.6	6.4		
Other expenditure	6,731	6,516	6,561	6,642	6,812	7,655	7,695	17.3	0.5
as % of sales	21.2	19.8	19.9	19.5	19.3	20.7	19.4		
EBITDA	3,815	3,664	3,436	3,946	3,911	5,068	5,572	62.2	9.9
Growth YoY (%)	(1.3)	(19.9)	(17.6)	(0.1)	2.5	38.3	62.2		
EBITDA margin (%)	12.0	11.1	10.4	11.6	11.1	13.7	14.1		
Depreciation	1,317	1,370	1,414	1,522	1,513	1,666	1,652	16.8	(0.9)
EBIT	2,499	2,294	2,022	2,424	2,398	3,402	3,920	93.9	15.2
Other Income	60	197	32	44	261	166	265	716.4	59.8
Interest	613	665	751	744	820	869	1,048	39.6	20.6
PBT	1,946	1,827	1,304	1,723	1,838	2,699	3,137	140.6	16.2
Total Tax	529	461	345	349	452	676	643	86.8	(4.9)
Adjusted PAT	1,418	1,365	959	1,374	1,386	2,023	2,494	159.9	23.3
Growth YoY (%)	(11.1)	(31.4)	(45.7)	(14.9)	(2.2)	48.1	159.9		
Extra ordinary items Loss/(Gain)	75	(0)	-	(370)	(33)	-	(578)		
Reported PAT	1,492	1,365	959	1,004	1,354	2,023	1,916	99.7	(5.3)
Adjusted EPS (Rs)	36.9	33.7	23.7	24.8	33.5	50.0	47.4	99.7	(5.3)

(%)	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	YoY (bps)	QoQ (bps)
Gross margin	39.4	37.5	36.9	37.5	36.8	41.0	39.9	303	(109)
EBITDAM	12.0	11.1	10.4	11.6	11.1	13.7	14.1	364	39
EBITM	7.9	7.0	6.1	7.1	6.8	9.2	9.9	376	71
EBTM	6.1	5.5	4.0	5.0	5.2	7.3	7.9	397	64
PATM	4.5	4.1	2.9	4.0	3.9	5.5	6.3	339	84
Effective tax rate	27.2	25.3	26.4	20.3	24.6	25.1	20.5	(591)	(455)

Source: Company, Emkay Research

Exhibit 2: Actual vs Estimates - Standalone

(Rs mn)	Actual	Emkay Est	% Variance	Consensus	% Variance
Net sales	39,572	37,855	4.5	36,760	7.6
EBITDA	5,572	5,073	9.8	5,103	9.2
EBITDA margin (%)	14.1	13.4	68 bps	13.9	20 bps
Adj net income	2,494	1,891	31.9	1,974	26.3

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Exhibit 3: Consolidated performance – Consolidated revenue up 26%, also aided by the first full quarter of the Camso consolidation; EBITDAM was up marginally, by 20bps QoQ, led by operating leverage and offset by a 100bps QoQ gross margin contraction

Consolidated (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Revenue	31,928	33,045	32,999	34,206	35,294	37,727	41,571	26.0	10.2
Growth YoY (%)	8.8	8.2	11.4	14.3	10.5	14.2	26.0		
Expenditure	28,099	29,423	29,590	30,325	31,417	32,693	35,937	21.4	9.9
as % of sales	88.0	89.0	89.7	88.7	89.0	86.7	86.4		
Consumption of RM	19,401	20,683	20,847	21,391	22,311	22,286	24,973	19.8	12.1
as % of sales	60.8	62.6	63.2	62.5	63.2	59.1	60.1		
Employee Cost	1,956	2,190	2,159	2,257	2,268	2,617	2,822	30.7	7.8
as % of sales	6.1	6.6	6.5	6.6	6.4	6.9	6.8		
Other expenditure	6,742	6,550	6,584	6,677	6,838	7,789	8,141	23.6	4.5
as % of sales	21.1	19.8	20.0	19.5	19.4	20.6	19.6		
EBITDA	3,829	3,623	3,409	3,881	3,877	5,034	5,634	65.3	11.9
Growth YoY (%)	(1.1)	(20.6)	(18.3)	(0.9)	1.3	38.9	65.3		
EBITDA margin (%)	12.0	11.0	10.3	11.3	11.0	13.3	13.6		
Depreciation	1,318	1,371	1,415	1,523	1,514	1,739	1,881	33.0	8.2
EBIT	2,511	2,252	1,994	2,358	2,364	3,295	3,752	88.2	13.9
Other Income	62	35	34	45	47	39	61	76.4	56.7
Interest	619	665	751	744	821	870	1,050	39.8	20.7
PBT	1,954	1,622	1,278	1,659	1,590	2,464	2,763	116.3	12.1
Total Tax	540	463	361	356	419	680	676	87.1	(0.5)
Adjusted PAT	1,414	1,159	916	1,303	1,171	1,785	2,087	127.8	16.9
MI and Inc from JV	53	61	55	63	(14)	75	50	(8.4)	(32.5)
Adjusted PAT after MI	1,467	1,219	971	1,365	1,157	1,860	2,137	120.1	14.9
Growth YoY (%)	1.4	(41.4)	(46.5)	(18.1)	(21.1)	52.5	120.1		
Extraordinary items Loss/(Gain)	75	(3)	-	(370)	(33)	-	(580)		
Reported PAT	1,542	1,216	971	995	1,125	1,860	1,558	60.4	(16.2)
Adjusted EPS (Rs)	38.1	30.1	24.0	24.6	27.8	46.0	38.5	60.4	(16.2)

(%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (bps)	QoQ (bps)
Gross margin	39.2	37.4	36.8	37.5	36.8	40.9	39.9	310	(100)
EBITDAM	12.0	11.0	10.3	11.3	11.0	13.3	13.6	322	21
EBITM	7.9	6.8	6.0	6.9	6.7	8.7	9.0	298	29
EBTM	6.1	4.9	3.9	4.8	4.5	6.5	6.6	278	11
PATM	4.6	3.7	2.9	4.0	3.3	4.9	5.1	220	21
Effective tax rate	27.6	28.6	28.3	21.5	26.4	27.6	24.5	(382)	(310)

Source: Company, Emkay Research

Exhibit 4: Actual vs Estimates - Consolidated

(Rs mn)	Actual	Emkay Est	% Variance	Consensus	% Variance
Net sales	41,571	39,194	6.1	39,711	4.7
EBITDA	5,634	5,513	2.2	5,065	11.2
EBITDA margin (%)	13.6	14.1	-52 bps	12.8	80 bps
Adj net income	2,137	2,083	2.6	1,778	20.2

Source: Company, Emkay Research

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Exhibit 5: CEAT's core consolidated EBITDAM (ex Camso) witnessed a strong growth in profitability on YoY basis

Particulars (Rs mn)	Q3FY25	Q3FY26	YoY (%)	Management Commentary
Consolidated Revenue	32,999	41,571	26.0	Actual reported revenue
Camso	0	1,820		Rs1.8bn (USD20mn) revenue in Q3, per management commentary
Consolidation Revenue (ex Camso)	32,999	39,751	20.5	
	Q3FY25	Q3FY26	YoY (%)	
Consolidated EBITDA	3,409	5,634	65.3	Actual reported EBITDA
Camso EBITDA (ex one-offs)		237		Derived from the revenue and EBITDAM stated by the management
Consolidation EBITDA (ex Camso)	3,409	5,397	58.3	
	Q3FY25	Q3FY26	YoY (%)	
Consolidated EBITDAM	10.3	13.6	322 bps	Actual reported EBITDAM
Camso EBITDAM (ex one-offs)		13.0		The management highlighted double digit margin in Q3 (similar to the low-teen level in Q2FY26)
Consolidation EBITDAM (ex-Camso)	10.3	13.6	325 bps	

Source: Company, Emkay Research

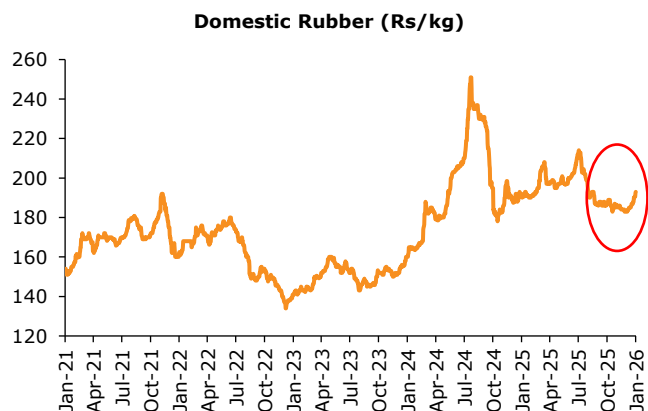
Exhibit 6: International rubber/domestic rubber/brent crude prices have seen a ~3.4%/6%/8% QoQ decline in Q3FY26

Commodity	Units	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26TD
Steel (India HRC)	(Rs/t)	54,951	54,951	48,734	48,306	52,577	50,554	48,027	50,200
Aluminium (LME)	(USD/t)	2,522	2,372	2,576	2,624	2,445	2,620	2,830	3,115
Domestic Rubber	(Rs/kg)	189	227	191	194	198	198	186	188
International Rubber	US¢/kg	211	227	242	237	213	214	203	213
International Rubber	Rs/kg	176	190	204	205	182	187	181	193
Lead (LME)	(USD/t)	2,168	2,038	2,005	1,966	1,945	1,966	1,968	2,002
Copper (LME)	(USD/t)	9,751	9,179	9,182	9,339	9,508	9,810	11,127	12,946
Brent Crude	(USD/bbl)	85	81	75	76	68	69	64	65
Palladium	(USD/ounce)	973	966	1,011	962	991	1,174	1,481	1,775
Rhodium	(USD/ounce)	4,707	4,692	4,651	4,938	5,452	6,767	7,927	9,841
Platinum	(USD/ounce)	987	968	972	975	1,077	1,394	1,710	2,294
Gold	(USD/ounce)	2,339	2,470	2,662	2,858	3,287	3,459	4,159	4,516

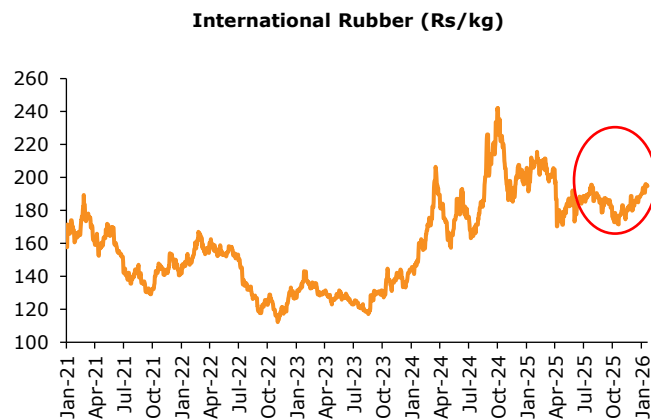
Change QoQ (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26TD
Steel (Ludhiana HRC)	0.7	0.0	(11.3)	(0.9)	8.8	(3.8)	(5.0)	4.5
Aluminium (LME)	14.4	(6.0)	8.6	1.9	(6.8)	7.2	8.0	10.0
Domestic Rubber	12.8	20.2	(15.7)	1.3	2.6	(0.2)	(6.4)	1.3
International Rubber	4.9	7.5	6.3	(2.0)	(10.2)	0.6	(5.3)	5.3
International Rubber	5.3	8.0	7.2	0.5	(11.2)	2.7	(3.4)	6.8
Lead (LME)	4.5	(6.0)	(1.6)	(1.9)	(1.1)	1.1	0.1	1.7
Copper (LME)	15.4	(5.9)	0.0	1.7	1.8	3.2	13.4	16.3
Brent Crude	2.1	(5.0)	(7.4)	1.3	(10.4)	1.9	(7.8)	1.9
Palladium	(0.7)	(0.8)	4.7	(4.9)	3.1	18.4	26.2	19.8
Rhodium	4.6	(0.3)	(0.9)	6.2	10.4	24.1	17.1	24.1
Platinum	7.6	(2.0)	0.4	0.3	10.5	29.5	22.6	34.2
Gold	12.6	5.6	7.8	7.4	15.0	5.2	20.2	8.6

Source: Company, Emkay Research

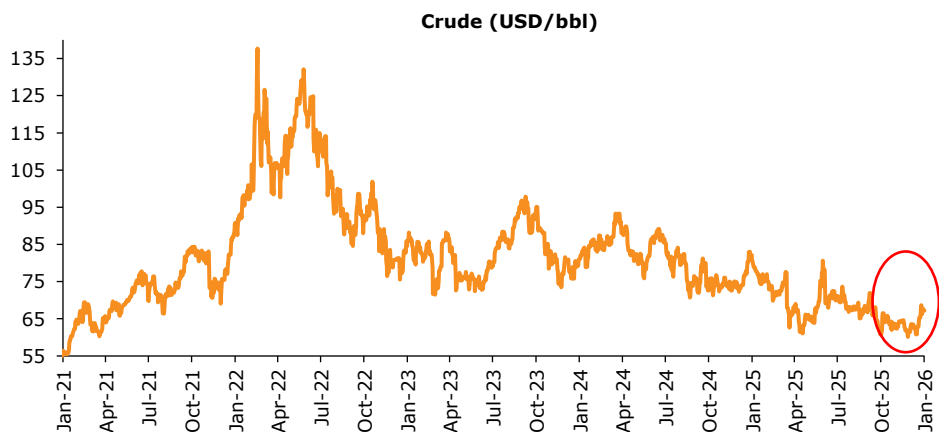
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Exhibit 7: Domestic rubber is trading at 10% below its last 6-month peak...

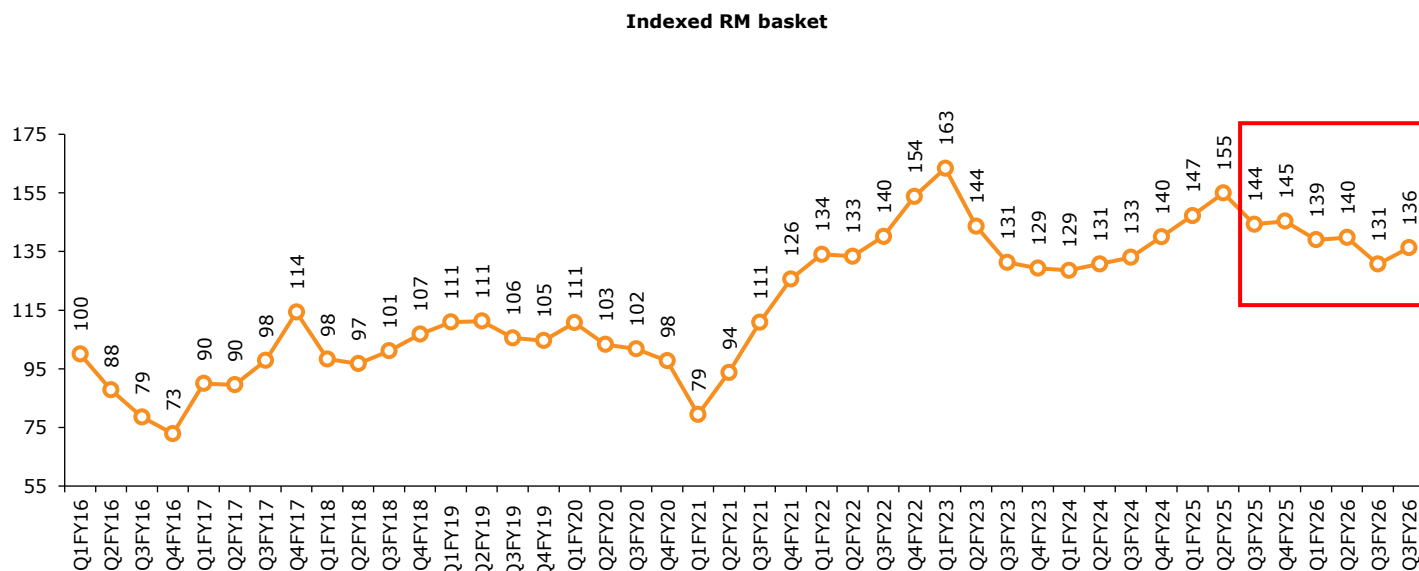
Source: Bloomberg, Emkay Research

Exhibit 8: ...whereas international rubber is trading at its recent peak

Source: Bloomberg, Emkay Research

Exhibit 9: Crude oil is trading at 5% below its last 6-month peak

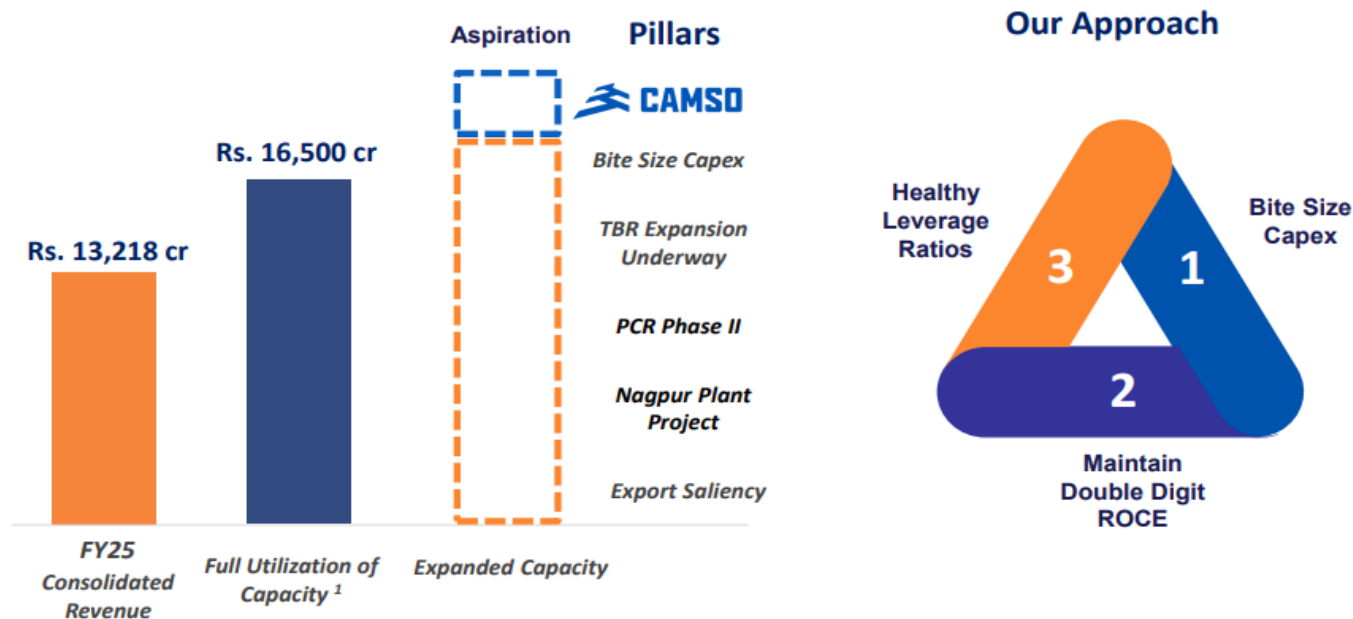
Source: Company, Emkay Research

Exhibit 10: The RM basket index fell to 131 in Q3FY26 (benefit in Q4); the basket is seen trending upward in Q4FY26TD

Source: Company, Emkay Research

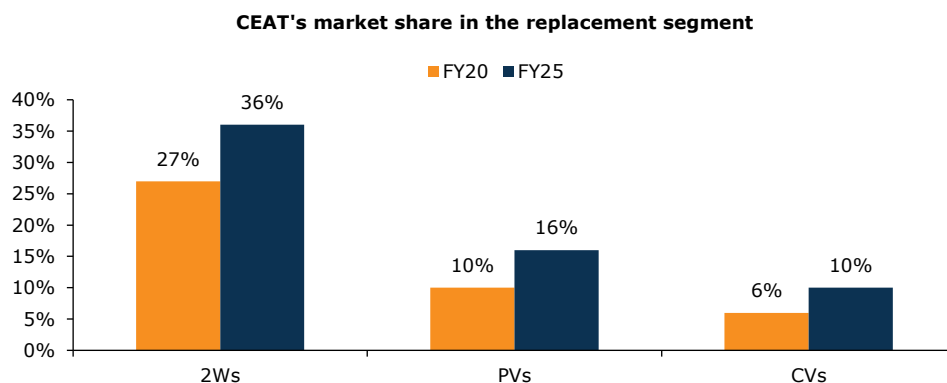
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Exhibit 11: CEAT, at its recent annual Investor Day meet, reiterated its growth pillars, with Camso now seen as an additional growth lever



Source: Company, Emkay Research

Exhibit 12: CEAT has attained leadership in 2Ws, while gaining share in PVs (now #3) and CVs



Source: Company, Emkay Research

Other takeaways from the earnings call

- CEAT is currently **#3 in the replacement** segment (~3-4% lower share than the leader's), and **aims to become the #1 player in the next 3-4Y**.
- The **2W premium portfolio**, comprising of motorcycle steel radials and fabric radials as well as motorcycle tyres for >250cc bikes, **continues to see traction**, with CEAT witnessing an **improvement in its market share**.
- OEM MHCVs are showing signs of recovery with robust Q3 growth; LCV growth is expected to be similar, and PCR is anticipated to see double-digit growth.
- CEAT is gaining share in PV OEMs led by wins in high-volume models, especially due to the higher (>17") rim-size tyres.
- Supportive tax policies, increasing EV adoption, and ongoing premiumization are likely to position the **tyre industry for a healthy single-digit growth through to FY31**.

This report is intended for Team White Marque Solutions (team.emkay@whitemarquessolutions)

Exhibit 13: We build in 15%/23%/30% revenue/EBITDA/EPS CAGR over FY25-28E

Particulars (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Segmental Revenue							
Truck and Bus	28,090	33,945	37,025	39,654	45,602	49,706	54,179
% of Revenue	30.0	30.0	31.0	30.0	29.2	27.7	27.0
Growth YoY %	8.6	20.8	9.1	7.1	15.0	9.0	9.0
2/3Ws	27,154	29,419	32,247	35,688	41,398	46,780	52,394
% of Revenue	29.0	26.0	27.0	27.0	26.5	26.1	26.1
Growth YoY %	23.0	8.3	9.6	10.7	16.0	13.0	12.0
PCs/UVs	16,854	22,630	23,887	27,758	32,199	36,707	41,111
% of Revenue	18.0	20.0	20.0	21.0	20.6	20.5	20.5
Growth YoY %	58.2	34.3	5.6	16.2	16.0	14.0	12.0
LCVs/others	8,427	9,052	8,360	9,253	10,363	11,399	12,539
% of Revenue	9.0	8.0	7.0	7.0	6.6	6.4	6.3
Growth YoY %	23.0	7.4	-7.6	10.7	12.0	10.0	10.0
OHT/Speciality	13,109	18,104	17,915	19,827	26,867	34,727	40,175
% of Revenue	14.0	16.0	15.0	15.0	17.2	19.4	20.0
Growth YoY %	23.0	38.1	-1.0	10.7	35.5	29.3	15.7
-- Core OHT segment	13,109	18,104	17,915	19,827	22,206	24,871	27,855
% of Revenue	14.0	16.0	15.0	15.0	14.2	13.9	13.9
Growth YoY %	23.0	38.1	-1.0	10.7	12.0	12.0	12.0
-- CAMSO	-	-	-	-	4,661	9,856	12,320
% of Revenue					3.0	5.5	6.1
Growth YoY %						111.5	25.0
Channel Mix (%)							
Replacement	56	53	53	53	53	53	53
OEM	24	29	28	28	28	28	28
Exports	20	18	19	19	19	19	20
Total	100	100	100	100	100	100	100
Consolidated Revenue	93,634	113,149	119,435	132,179	156,428	179,318	200,399
Growth YoY (%)	23.0	20.8	5.6	10.7	18.3	14.6	11.8
Gross Profit (%)	33,358	39,295	50,191	49,858	61,898	70,956	79,297
Gross margin (%)	35.6	34.7	42.0	37.7	39.6	39.6	39.6
EBITDA	6,969	9,738	16,523	14,741	20,413	24,131	27,666
EBITDA margin (%)	7.4	8.6	13.8	11.2	13.0	13.5	13.8
-- Core business	6,969	9,738	16,523	14,741	20,273	23,145	26,064
EBITDA margin (%)	7.4	8.6	13.8	11.2	13.4	13.7	13.9
-- CAMSO	0	0	0	0	140	986	1,602
EBITDA margin (%)					3.0	10.0	13.0
EBIT	2,617	5,045	11,434	9,115	13,369	16,229	19,008
EBIT margin (%)	2.8	4.5	9.6	6.9	8.5	9.1	9.5
Interest	2,070	2,421	2,691	2,778	3,807	4,324	4,434
PBT	949	2,793	8,941	6,512	9,740	12,088	14,766
Tax rate (%)	26	26	25	25	26	26	26
PAT	712	2,196	7,009	5,023	7,394	9,144	11,139
PAT margin (%)	0.8	1.9	5.9	3.8	4.7	5.1	5.6
EPS (Rs)	17.6	54.3	173.3	124.2	182.8	226.1	275.4

Source: Company, Emkay Research

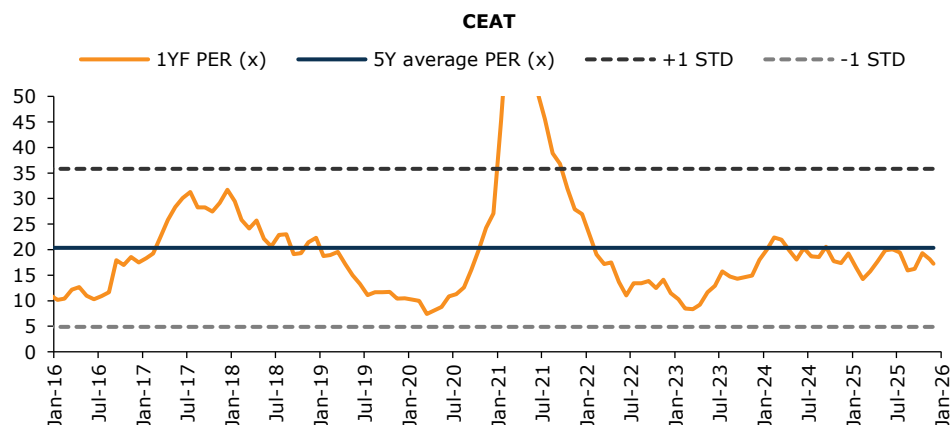
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Exhibit 14: Our consolidated estimates are largely unchanged

(Rs mn)	FY26E				FY27E				FY28E			
Consolidated	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenue	152,213	156,428	2.8	18.3	175,454	179,318	2.2	14.6	197,287	200,399	1.6	11.8
EBITDA	20,067	20,413	1.7	38.5	23,740	24,131	1.6	18.2	27,377	27,666	1.1	14.6
Margin (%)	13.2	13.0	(13) bps	190 bps	13.5	13.5	(7) bps	41 bps	13.9	13.8	(7) bps	35 bps
APAT	7,331	7,394	0.9	47.2	8,895	9,144	2.8	23.7	10,961	11,139	1.6	21.8
EPS (Rs)	181.2	182.8	0.9	47.2	219.9	226.1	2.8	23.7	271.0	275.4	1.6	21.8
(Rs mn)	FY26E				FY27E				FY28E			
Standalone	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenue	148,569	151,768	2.2	15.2	165,934	169,462	2.1	11.7	185,387	188,079	1.5	11.0
EBITDA	19,957	20,273	1.6	36.4	22,788	23,145	1.6	14.2	25,830	26,064	0.9	12.6
Margin (%)	13.4	13.4	(7) bps	208 bps	13.7	13.7	(8) bps	30 bps	13.9	13.9	(8) bps	20 bps
APAT	7,788	8,171	4.9	59.7	8,927	9,189	2.9	12.5	10,808	10,955	1.4	19.2
EPS (Rs)	193	202	4.9	59.7	221	227	2.9	12.5	267	271	1.4	19.2
(Rs mn)	FY26E				FY27E				FY28E			
Subsidiaries (Largely CAMSO)	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenue	3,644	4,661	27.9	908.4	9,520	9,856	3.5	111.5	11,900	12,320	3.5	25.0
EBITDA	109	140	27.9	(216.3)	952	986	3.5	604.9	1,547	1,602	3.5	62.5
Margin (%)	3.0	3.0	(0) bps	2,901 bps	10.0	10.0	(0) bps	700 bps	13.0	13.0	0 bps	300 bps

Source: Company, Emkay Research

Exhibit 15: CEAT currently trades below its LTA on 1YF basis



Source: Company, Emkay Research

CEAT: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	119,435	132,179	156,428	179,318	200,399
Revenue growth (%)	5.6	10.7	18.3	14.6	11.8
EBITDA	16,523	14,741	20,413	24,131	27,666
EBITDA growth (%)	69.7	(10.8)	38.5	18.2	14.6
Depreciation & Amortization	5,088	5,627	7,044	7,901	8,657
EBIT	11,434	9,115	13,369	16,229	19,008
EBIT growth (%)	126.6	(20.3)	46.7	21.4	17.1
Other operating income	-	-	-	-	-
Other income	197	176	179	183	192
Financial expense	2,691	2,778	3,807	4,324	4,434
PBT	8,941	6,512	9,740	12,088	14,766
Extraordinary items	(582)	(296)	0	0	0
Taxes	2,214	1,720	2,571	3,191	3,898
Minority interest	74	13	11	13	13
Income from JV/Associates	208	218	214	235	259
Reported PAT	6,427	4,726	7,394	9,144	11,139
PAT growth (%)	245.2	(26.5)	56.4	23.7	21.8
Adjusted PAT	7,009	5,023	7,394	9,144	11,139
Diluted EPS (Rs)	173.3	124.2	182.8	226.1	275.4
Diluted EPS growth (%)	219.2	(28.3)	47.2	23.7	21.8
DPS (Rs)	12.0	30.0	35.0	40.0	42.0
Dividend payout (%)	7.6	25.7	19.1	17.7	15.3
EBITDA margin (%)	13.8	11.2	13.0	13.5	13.8
EBIT margin (%)	9.6	6.9	8.5	9.1	9.5
Effective tax rate (%)	24.8	26.4	26.4	26.4	26.4
NOPLAT (pre-IndAS)	8,603	6,707	9,839	11,945	13,990
Shares outstanding (mn)	40	40	40	40	40

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	8,359	6,216	9,954	12,323	15,024
Others (non-cash items)	57	188	0	0	0
Taxes paid	(1,630)	(908)	(2,571)	(3,191)	(3,898)
Change in NWC	2,674	(2,909)	1,380	1,302	1,199
Operating cash flow	17,193	10,920	19,614	22,659	25,417
Capital expenditure	(8,668)	(9,426)	(18,441)	(12,000)	(12,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	175	202	0	0	0
Investing cash flow	(8,537)	(9,224)	(18,441)	(12,000)	(12,000)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(5,556)	1,893	11,665	462	1,234
Payment of lease liabilities	0	0	0	0	0
Interest paid	(2,669)	(2,446)	(3,807)	(4,324)	(4,434)
Dividend paid (incl tax)	(485)	(1,214)	(1,416)	(1,618)	(1,699)
Others	0	14	0	0	0
Financing cash flow	(8,710)	(1,753)	6,441	(5,480)	(4,899)
Net chg in Cash	(54)	(58)	7,614	5,180	8,518
OCF	17,193	10,920	19,614	22,659	25,417
Adj. OCF (w/o NWC chg.)	14,518	13,829	18,234	21,357	24,218
FCFF	8,525	1,494	1,172	10,659	13,417
FCFE	6,009	(1,082)	(2,635)	6,336	8,983
OCF/EBITDA (%)	104.1	74.1	96.1	93.9	91.9
FCFE/PAT (%)	93.5	(22.9)	(35.6)	69.3	80.6
FCFF/NOPLAT (%)	99.1	22.3	11.9	89.2	95.9

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	405	405	405	405	405
Reserves & Surplus	40,022	43,281	49,259	56,785	66,225
Net worth	40,426	43,685	49,663	57,190	66,630
Minority interests	97	77	66	53	41
Non-current liab. & prov.	4,509	5,004	5,004	5,004	5,004
Total debt	17,915	21,364	33,028	33,491	34,725
Total liabilities & equity	63,159	70,327	87,995	96,005	106,698
Net tangible fixed assets	59,268	66,401	78,416	81,563	84,905
Net intangible assets	973	973	973	973	973
Net ROU assets	-	-	-	-	-
Capital WIP	6,835	5,375	4,757	5,708	5,708
Goodwill	0	0	0	0	0
Investments [JV/Associates]	1,821	1,898	1,898	1,898	1,898
Cash & equivalents	591	532	8,146	13,326	21,844
Current assets (ex-cash)	27,142	34,051	40,298	46,195	51,625
Current Liab. & Prov.	36,786	41,797	49,465	56,703	63,369
NWC (ex-cash)	(9,644)	(7,746)	(9,167)	(10,508)	(11,743)
Total assets	63,159	70,327	87,995	96,005	106,698
Net debt	17,324	20,831	24,882	20,165	12,881
Capital employed	63,159	70,327	87,995	96,005	106,698
Invested capital	53,067	62,098	72,692	74,497	76,605
BVPS (Rs)	999.4	1,080.0	1,227.8	1,413.8	1,647.2
Net Debt/Equity (x)	0.4	0.5	0.5	0.4	0.2
Net Debt/EBITDA (x)	1.0	1.4	1.2	0.8	0.5
Interest coverage (x)	4.3	3.3	3.6	3.8	4.3
RoCE (%)	20.1	15.0	18.3	18.9	20.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	23.4	31.8	20.3	16.4	13.5
P/CE(x)	12.4	14.1	10.4	8.8	7.6
P/B (x)	3.7	3.4	3.0	2.6	2.3
EV/Sales (x)	1.4	1.3	1.1	0.9	0.8
EV/EBITDA (x)	10.1	11.6	8.6	7.1	5.9
EV/EBIT(x)	14.6	18.8	13.1	10.5	8.6
EV/IC (x)	3.2	2.8	2.4	2.3	2.1
FCFF yield (%)	5.1	0.9	0.7	6.3	8.2
FCFE yield (%)	4.0	(0.7)	(1.8)	4.2	6.0
Dividend yield (%)	0.3	0.8	0.9	1.1	1.1
DuPont-RoE split					
Net profit margin (%)	5.9	3.8	4.7	5.1	5.6
Total asset turnover (x)	1.9	2.0	2.0	1.9	2.0
Assets/Equity (x)	1.7	1.6	1.7	1.7	1.6
RoE (%)	18.7	11.9	15.8	17.1	18.0
DuPont-RoIC					
NOPLAT margin (%)	7.2	5.1	6.3	6.7	7.0
IC turnover (x)	2.3	2.3	2.3	2.4	2.7
RoIC (%)	16.3	11.6	14.6	16.2	18.5
Operating metrics					
Core NWC days	(29.5)	(21.4)	(21.4)	(21.4)	(21.4)
Total NWC days	(29.5)	(21.4)	(21.4)	(21.4)	(21.4)
Fixed asset turnover	1.5	1.4	1.4	1.5	1.5
Opex-to-revenue (%)	28.2	26.6	26.5	26.1	25.8

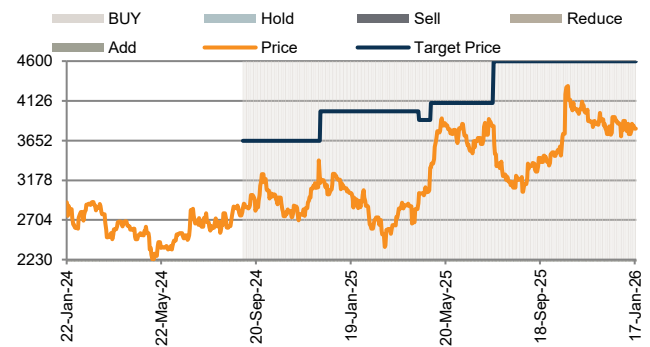
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
18-Oct-25	3,732	4,600	Buy	Chirag Jain
07-Sep-25	3,351	4,600	Buy	Chirag Jain
20-Aug-25	3,197	4,600	Buy	Chirag Jain
20-Jul-25	3,827	4,600	Buy	Chirag Jain
04-Jun-25	3,621	4,100	Buy	Chirag Jain
01-May-25	3,332	4,100	Buy	Chirag Jain
16-Apr-25	3,024	3,900	Buy	Chirag Jain
17-Jan-25	3,025	4,000	Buy	Chirag Jain
10-Jan-25	3,084	4,000	Buy	Chirag Jain
11-Dec-24	3,149	4,000	Buy	Chirag Jain
08-Dec-24	3,096	3,650	Buy	Chirag Jain
21-Oct-24	2,972	3,650	Buy	Chirag Jain
03-Sep-24	2,849	3,650	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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