

20 January 2026

India | Equity Research | Results update

CEAT

Auto Ancillaries

Demand momentum remains healthy; CAMSO ramp-up remains a key monitorable

Healthy traction in replacement business, strong underlying OE volumes and recovery in exports drove double-digit revenue growth for CEAT in Q3FY26 (+3% I-Sec est.). Margin performance was also ahead of our estimate (by 60bps), supported by higher operating leverage. Near-term demand outlook remains strong across segments. With demand recovery in key international markets, exports outlook also remains positive. CAMSO may drag margin/EPS performance in the near-term. Nonetheless, CEAT's medium-to-long term prospects remain healthy and we expect it to be EPS accretive post FY28. While increase in RM basket remains a key near-term monitorable, recent GST-led price cut has provided a cushion for price hikes. Maintain **BUY** with TP of INR 4,700 (vs INR 4,750); based on 17x FY28E EPS.

Q3FY26 - beats estimates

CEAT reported consolidated revenue of INR 41.6bn (+26% YoY/+10% QoQ), ~3% above I-Sec's estimate. Overall volume grew ~21% YoY led by healthy growth across segments (OE, replacement and exports). Consol. EBITDA stood at INR 5.6bn (+65% YoY/+12%QoQ), 7% above I-Sec's estimate. RM cost increased marginally QoQ, leading to 100bps decline in gross margin. Consol. EBITDAM stood at ~13.6% (+320bps YoY/+30bps QoQ), 60bps above I-Sec's estimate. Adj. PAT came in at INR 2.1bn (+120% YoY/+15% QoQ).

Demand environment and outlook

Segment-wise volume growth: OE/exports grew in strong double digits (20%+); replacement grew in mid-teens on YoY basis, partially supported by channel filling (inventory now at normal level). Management expects near term replacement industry growth to remain healthy. In OEM segment, management expects PCR and 2W tyre segments to grow in high single digit YoY. Overall, CEAT remains positive on growth and has guided for high single-digit growth in FY27 led by continued traction in rural demand, GST cuts, rising EV adoption and premiumisation. In international business, demand for TBR and PCR tyres remains strong as India is emerging as a credible alternative sourcing base for global OEMs and replacement distributors. Strong traction is led by EU, LAT-Am and Africa. Overall, the company is aiming for a healthy growth momentum in exports going ahead. With respect to US-tariff impact, CEAT indicated that it has started gradually passing it on to customers.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	1,32,179	1,55,910	1,75,224	1,90,069
EBITDA	14,741	20,168	23,535	26,407
EBITDA %	11.2	12.9	13.4	13.9
Net Profit	5,023	7,084	8,686	11,133
EPS (INR)	124.2	175.1	214.7	275.2
EPS % Chg YoY	(28.3)	41.0	22.6	28.2
P/E (x)	29.9	21.2	17.3	13.5
EV/EBITDA (x)	11.6	9.2	7.6	6.5
RoCE (%)	11.1	13.3	13.2	15.2
RoE (%)	11.9	15.3	16.7	18.5

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Market Data

Market Cap (INR)	150bn
Market Cap (USD)	1,651mn
Bloomberg Code	CEAT IN
Reuters Code	CEAT.BO
52-week Range (INR)	4,438 /2,322
Free Float (%)	52.0
ADTV-3M (mn) (USD)	11.7

Price Performance (%)	3m	6m	12m
Absolute	(11.7)	(3.0)	23.1
Relative to Sensex	(9.1)	(3.5)	16.5

ESG Score	2023	2024	Change
ESG score	68.4	69.4	1.0
Environment	52.5	58.7	6.2
Social	66.4	76.8	10.4
Governance	79.2	74.1	(5.1)

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E	FY28E
Revenue	1	0	0
EBITDA	2	1	0
EPS	5	0	(1.5)

Previous Reports

07-09-2025: [Q2FY26 results review](#)

07-09-2025: [Company Update](#)

Update on CAMSO

Revenue run-rate at CAMSO was lower than indicated, partly due to the impact of cyclone-led disruption in production during Q3. Operational margin (adjusting for one-off expenses) was in double digits during Q3. CEAT is in the process of transferring customers from Michelin to CAMSO and once that is completed (by Q2FY27), revenue run-rate for CAMSO could improve. Management also indicated that margin improvement will reflect once the company takes full control of CAMSO in next 4-5 quarters (currently, supply and sales from CAMSO are supported by Michelin). Overall, we expect this business to be EBITDA accretive post FY28.

Margin outlook

RM basket inched up marginally QoQ during Q3FY26. While domestic NR (natural rubber) prices and crude derivatives largely remain steady, increase in international NR prices and depreciation of INR is expected to impact RM cost by 1-1.5% from Q4FY26.

Other highlights

Overall, capex guidance for FY26/27 stands at ~INR 10bn/12bn p.a. CEAT's consolidated net debt stood steady QoQ at INR 29.5bn in Q3FY26.

Exhibit 1: Q3FY26 result review (consolidated)

Consolidated (INR mn)	Q3FY26	Q3FY25	% YoY	Q2FY26	% QoQ	Q3FY26E	% A/E
Sales	41,571	32,999	26.0	37,727	10.2	40,381	2.9
RM	24,973	20,847	19.8	22,286	12.1	24,108	3.6
As a % of sales	60.1	63.2	-310bps	59.1	100bps	59.7	40bps
Employee Exp	2,822	2,159	30.7	2,617	7.8	2,746	2.8
As a % of sales	6.8	6.5	20bps	6.9	-10bps	6.8	0bps
Other Costs	8,141	6,584	23.6	7,789	4.5	8,278	(1.7)
As a % of sales	19.6	20.0	-40bps	20.6	-110bps	20.5	-90bps
Expenditure	35,937	29,590	21.4	32,693	9.9	35,132	2.3
EBITDA	5,634	3,409	65.3	5,034	11.9	5,250	7.3
EBITDA Margin (%)	13.6	10.3	320bps	13.3	20bps	13.0	60bps
Other Income	61	34	76.4	39	56.7	50	21.0
Interest	1,050	751	39.8	870	20.7	880	19.3
Depreciation	1,881	1,415	33.0	1,739	8.2	1,789	5.2
PBT	2,763	1,278	116.3	2,464	12.1	2,631	5.0
Tax	676	361	87.1	680	(0.5)	658	2.8
Tax rate (%)	24.5	28.3		27.6		25.0	-53bps
Exceptional (gain)/loss	580	0	NA	0	NA	0	NA
Minority interest	-50	-55	NA	-75	NA	-60	NA
PAT Reported	1,558	971	60.4	1,860	(16.2)	2,033	(23.4)
Adj. PAT	2,137	971	120.1	1,860	14.9	2,033	5.1
PAT Margin (%)	5.1	2.9		4.9	20bps	5.0	
EPS	52.8	24.0	120.1	46.0	14.9	50.3	5.1

Source: Company data, I-Sec research

Exhibit 2: Earnings revision

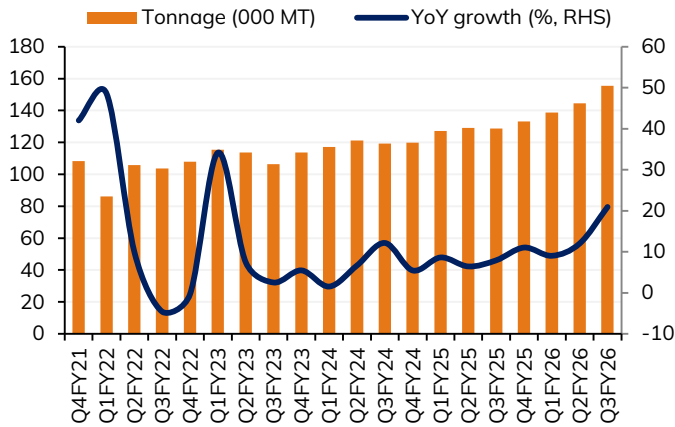
CEAT	FY26E			FY27E			FY28E		
	Old	Revised	% Change	Old	Revised	% Change	Old	Revised	% Change
Revenue (INR mn)	1,55,000	1,55,910	1%	1,74,549	1,75,224	0%	1,89,425	1,90,069	0%
EBITDA (INR mn)	19,699	20,168	2%	23,375	23,535	1%	26,354	26,407	0%
EBITDA margin (%)	12.7%	12.9%	20bps	13.4%	13.4%	-	13.9%	13.9%	-
PAT (INR mn)	6,765	7,084	5%	8,688	8,686	0%	11,304	11,133	-1.5%
EPS (INR)	167	175	5%	215	215	0%	279	275	-1.5%

Source: I-Sec research

Downside risks

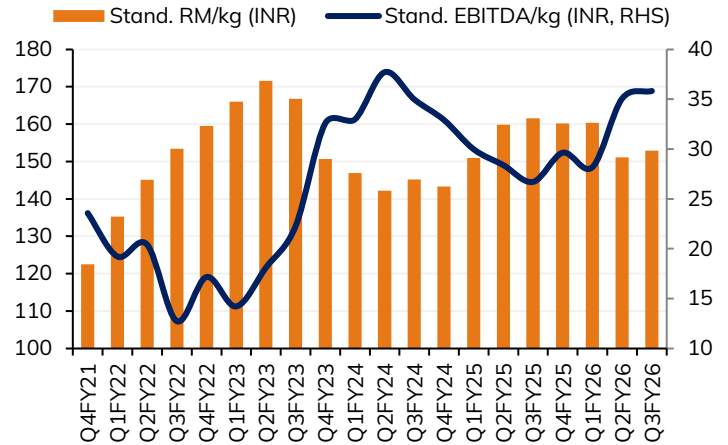
- Geopolitical uncertainty/demand slowdown in EU/US could impact exports.
- Delay turnaround / ramp-up of CAMSO could impact and continue to drag overall performance.

Exhibit 3: Volume (tonnage) growth trend



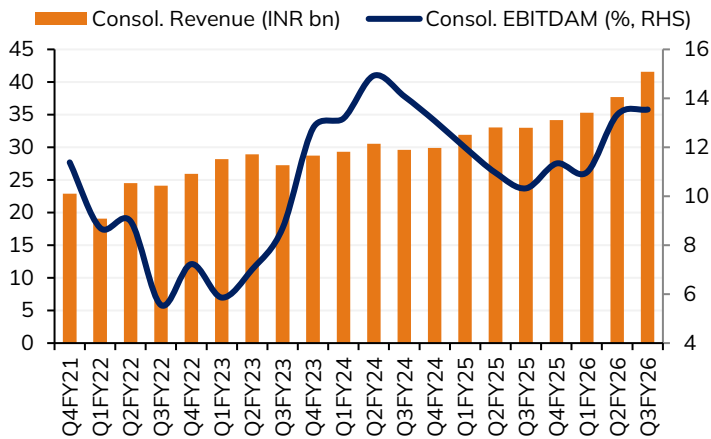
Source: Company data, I-Sec research

Exhibit 4: Standalone EBITDA/kg trend



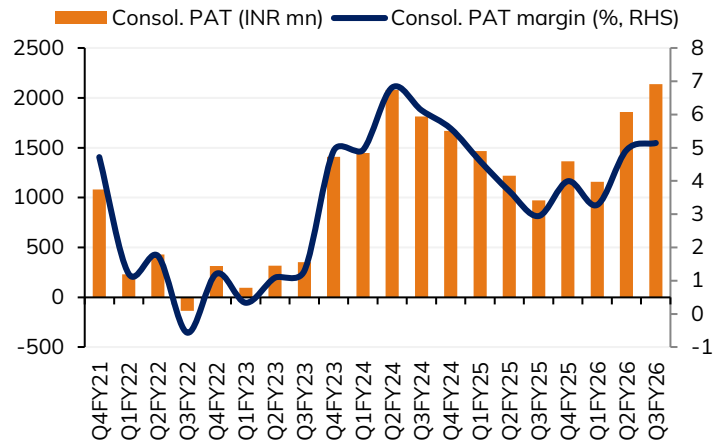
Source: Company data, I-Sec research

Exhibit 5: Consol. revenue and EBITDA trend; expect revenue/EBITDA to grow 13%/21% CAGR during FY25-28E



Source: Company data, I-Sec research

Exhibit 6: Consol. PAT trend; expect PAT to grow 30%+ CAGR during FY25-28E



Source: Company data, I-Sec research

Exhibit 7: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	47.2	47.2	47.2
Institutional investors	37.5	37.3	37.4
MFs and others	17.5	17.7	17.4
FIs/Banks	0.3	0.4	0.4
Insurance	2.3	2.9	2.7
FIIIs	17.4	16.2	16.9
Others	15.3	15.5	15.4

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	1,32,179	1,55,910	1,75,224	1,90,069
Operating Expenses	26,554	31,071	35,481	39,003
EBITDA	14,741	20,168	23,535	26,407
EBITDA Margin (%)	11.2	12.9	13.4	13.9
Depreciation & Amortization	5,627	7,302	8,729	9,319
EBIT	9,115	12,866	14,806	17,087
Interest expenditure	2,778	3,986	3,648	2,894
Other Non-operating Income	176	333	368	442
Recurring PBT	6,512	9,214	11,526	14,635
Profit / Loss from Associates	-	-	-	-
Less: Taxes	1,720	2,280	2,990	3,652
PAT	4,792	6,934	8,536	10,983
Less: Minority Interest	(231)	(150)	(150)	(150)
Extraordinaries (Net)	(296)	(613)	-	-
Net Income (Reported)	4,726	6,471	8,686	11,133
Net Income (Adjusted)	5,023	7,084	8,686	11,133

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	34,408	33,731	37,280	40,876
of which cash & cash eqv.	532	349	1,077	1,737
Total Current Liabilities & Provisions	39,682	44,203	48,502	52,800
Net Current Assets	(5,274)	(10,472)	(11,222)	(11,925)
Investments	1,898	1,898	1,898	1,898
Net Fixed Assets	69,612	94,188	96,535	98,790
ROU Assets	-	-	-	-
Capital Work-in-Progress	5,375	5,375	5,375	5,375
Total Intangible Assets	231	231	231	231
Other assets	599	599	599	599
Deferred Tax assets	(5,004)	(5,004)	(5,004)	(5,004)
Total Assets	67,438	86,816	88,413	89,966
Liabilities				
Borrowings	21,364	35,576	30,076	22,076
Deferred Tax Liability	-	-	-	-
Provisions	2,312	2,539	2,685	2,840
Other Liabilities	-	-	-	-
Equity Share Capital	405	405	405	405
Reserves & Surplus	43,281	48,219	55,169	64,567
Total Net Worth	43,685	48,624	55,574	64,972
Minority Interest	77	77	77	77
Total Liabilities	67,438	86,816	88,413	89,966

Source Company data, I-Sec research

Exhibit 11: Quarterly trend

(INR mn, year ending March)

	Mar-25	Jun-25	Sept-25	Dec-25
Net Sales	34,206	35,294	37,727	41,571
% growth (YOY)	14.3	10.5	14.2	26.0
EBITDA	3,881	3,877	5,034	5,634
Margin %	11.3	11.0	13.3	13.6
Other Income	45	47	39	61
Extraordinaries	(370)	(33)	-	(580)
Adjusted Net Profit	1,365	1,157	1,860	2,137

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	10,638	22,774	22,541	24,710
Working Capital Changes	(2,473)	5,015	1,478	1,363
Capital Commitments	(11,299)	(31,878)	(11,075)	(11,575)
Free Cashflow	(661)	(9,104)	11,466	13,135
Other investing cashflow	(2,855)	(3,986)	(3,648)	(2,894)
Cashflow from Investing Activities	(14,155)	(35,864)	(14,723)	(14,469)
Issue of Share Capital	-	-	-	-
Interest Cost	712	110	29	38
Inc (Dec) in Borrowings	3,449	14,213	(5,500)	(8,000)
Dividend paid	(1,214)	(1,416)	(1,618)	(1,618)
Others	-	-	-	-
Cash flow from Financing Activities	2,948	12,906	(7,089)	(9,580)
Chg. in Cash & Bank balance	(569)	(184)	728	660
Closing cash & balance	22	349	1,077	1,737

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	124.2	175.1	214.7	275.2
Adjusted EPS (Diluted)	124.2	175.1	214.7	275.2
Cash EPS	263.3	355.6	430.5	505.6
Dividend per share (DPS)	30.0	35.0	40.0	40.0
Book Value per share (BV)	1,080.0	1,202.1	1,373.9	1,606.2
Dividend Payout (%)	24.2	20.0	18.6	14.5
Growth (%)				
Net Sales	10.7	18.0	12.4	8.5
EBITDA	(10.8)	36.8	16.7	12.2
EPS (INR)	(28.3)	41.0	22.6	28.2
Valuation Ratios (x)				
P/E	29.9	21.2	17.3	13.5
P/CEPS	14.1	10.4	8.6	7.3
P/BV	3.4	3.1	2.7	2.3
EV / EBITDA	11.6	9.2	7.6	6.5
EV / Sales	1.3	1.2	1.0	0.9
Profitability Ratios				
Gross Profit Margins (%)	31.2	32.9	33.7	34.4
EBITDA Margins (%)	11.2	12.9	13.4	13.9
EBIT Margins (%)	6.9	8.3	8.4	9.0
Net Profit Margins (%)	3.8	4.5	5.0	5.9
RoCE (%)	11.1	13.3	13.2	15.2
RoE (%)	11.9	15.3	16.7	18.5
Dividend Yield (%)	0.8	0.9	1.1	1.1
Operating Ratios				
Fixed Asset Turnover (x)	1.8	1.6	1.7	1.8
Inventory Turnover Days	39	34	33	33
Receivables Days	46	39	38	38
Payables Days	85	83	81	82
Effective Tax Rate (%)	26.4	24.7	25.9	25.0
Net Debt / Equity (x)	0.5	0.7	0.5	0.3
Net Debt / EBITDA (x)	1.4	1.7	1.2	0.8

Source Company data, I-Sec research

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