

07 September 2025

India | Equity Research | Company Update

CEAT

Auto Ancillaries

Driving into Off-highway: CEAT acquires CAMSO; strengthens OHT

In a deal valued at ~USD 225mn, CEAT has completed its acquisition of the CAMSO brand's off-highway construction equipment-bias tyre and tracks business from Michelin. This opens the door for CEAT to a global customer base (40 OEMs and premium OHT distributors). Further, this now also complements CEAT's existing portfolio to include tracks and construction-bias tires. In the transition phase, over the next 4–6 quarters, turnover/margin for CAMSO shall be lower, and turn EBITDA accretive post this period (high-teen margins expected). While medium-term prospects for CAMSO remain healthy, we remain vigilant towards potential near-term growth/margin vulnerabilities stemming from US-tariff. Retain **HOLD**; TP revised to INR 3,500 (vs. INR 3,750), based on 17x FY27E EPS.

Medium-term focus on expanding OHT/growing CAMSO

CEAT currently has 930+ SKUs for OHT tyres with a stronger presence in agri, mining and construction tyres. The acquisition of CAMSO's assets plug the white spaces in its product portfolio by adding compact construction tyres and tracks. It also boosts CEAT's capacity by 15% (CAMSO capacity: 250 tonnes/day), and provides access to 40 global OHT OEMs and 200+ distributors across US and EU. Near-term focus is on retaining and adding new customers in CAMSO, making it price competitive and driving cost synergies. Over the medium-term, i.e. post availability of CAMSO brand exclusively for CEAT, it plans to expand the product portfolio under this brand. The company expects CAMSO to be margin accretive over medium-term. US-tariff related uncertainty remains a monitorable, with ~55% share of revenue from US in CAMSO portfolio. As tariff on Sri Lanka is at 20%, it stays relatively competitive to other exporting countries. While the company is absorbing some tariff impact currently, it eventually plans to pass this impact completely.

Other highlights

Domestic NR prices have seen some correction over last few weeks (~INR 190/kg now vs. ~INR 205/kg a month ago) (although CEAT does not see any significant benefit from this in Q2), and the gap between domestic NR prices and international rubber prices has declined. RM sensitivity for the OHT business is expected to be lower than that for truck/PCR/2W segments. Also, reduction in GST rates from 28% to 18% for truck/PCR/2W and to 5% for farm tracks and tyres is expected to support growth for the tyre industry.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	1,19,435	1,32,179	1,49,777	1,67,649
EBITDA	16,522	14,741	18,861	22,363
EBITDA %	13.8	11.2	12.6	13.3
Net Profit	7,008	5,023	6,516	8,357
EPS (INR)	173.3	124.2	161.1	206.6
EPS % Chg YoY	219.1	(28.3)	29.7	28.2
P/E (x)	19.2	26.9	20.7	16.1
EV/EBITDA (x)	9.2	10.6	8.9	7.1
RoCE (%)	15.1	11.1	11.8	12.8
RoE (%)	18.7	11.9	14.1	16.1

Ronak Mehta

ronak.mehta@icicisecurities.com
+ 91 22 6807 7260

Vivek Kumar

vivek.k@icicisecurities.com

Vishakha Maliwal

vishakha.maliwal@icicisecurities.com

Market Data

Market Cap (INR)	135bn
Market Cap (USD)	1,530mn
Bloomberg Code	CEAT IN
Reuters Code	CEAT.BO
52-week Range (INR)	4,049 / 2,322
Free Float (%)	52.0
ADTV-3M (mn) (USD)	6.6

Price Performance (%)	3m	6m	12m
Absolute	(7.9)	39.0	15.1
Relative to Sensex	(7.6)	28.4	17.1

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
Revenue	0	0
EBITDA	(3)	(4)
EPS	(4)	(6)

Previous Reports

21-07-2025: [Q1FY26 results review](#)

01-05-2025: [Q4FY25 results review](#)

Exhibit 1: Revision in estimates

	FY26E			FY27E		
	Old	Revised	% Change	Old	Revised	% Change
Revenue (INR mn)	1,49,777	1,49,777	0%	1,67,649	1,67,649	0%
EBITDA (INR mn)	19,443	18,861	-3%	23,267	22,363	-4%
EBITDA margin (%)	13.0%	12.6%	-40bps	13.9%	13.3%	-60bps
PAT (INR mn)	6,812	6,516	-4%	8,898	8,357	-6%
EPS (INR)	168	161	-4%	220	207	-6%

Source: Company data, I-Sec research

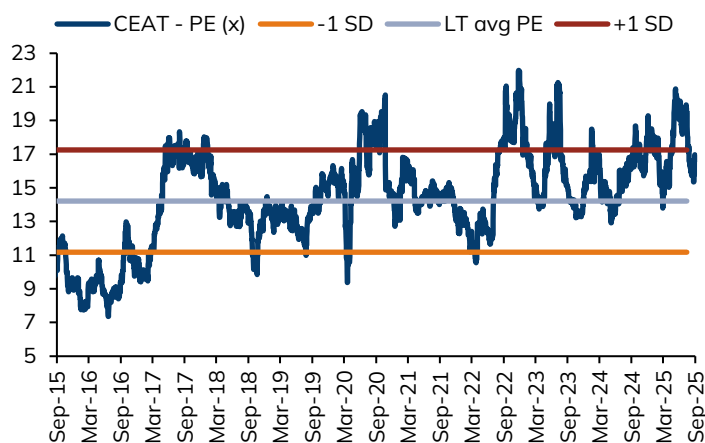
Upside risks

- Strong growth in the underlying segments
- Improvement in EBITDA margin led by declining RM prices

Downside risks

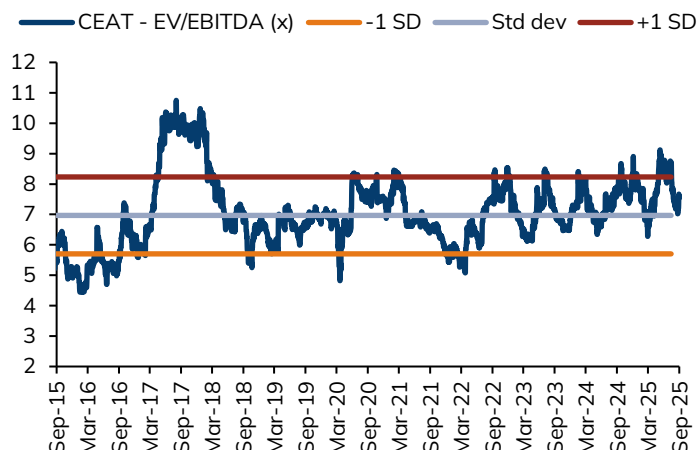
- Lower scale than market leaders
- Input cost volatility

Exhibit 2: One-year forward PE



Source: Company data, I-Sec research

Exhibit 3: One-year forward EV/EBITDA



Source: Company data, I-Sec research

Exhibit 4: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	47.0	47.2	47.2
Institutional investors	35.0	36.4	37.5
MFs and others	12.0	17.6	17.5
FIs/Banks	0.0	0.0	0.0
Insurance	4.0	3.7	2.3
FIIIs	19.0	15.5	17.7
Others	18.0	16.0	15.3

Source: Bloomberg, I-Sec research

Exhibit 5: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 6: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	1,19,435	1,32,179	1,49,777	1,67,649
Operating Expenses	25,212	26,554	30,558	34,778
EBITDA	16,522	14,741	18,861	22,363
EBITDA Margin (%)	13.8	11.2	12.6	13.3
Depreciation & Amortization	5,088	5,627	7,190	8,425
EBIT	11,434	9,115	11,671	13,938
Interest expenditure	2,691	2,778	3,246	3,077
Other Non-operating Income	197	176	290	381
Recurring PBT	8,941	6,512	8,715	11,241
Profit / Loss from Associates	-	-	-	-
Less: Taxes	2,214	1,720	2,349	3,034
PAT	6,727	4,792	6,366	8,207
Less: Minority Interest	(282)	(231)	(150)	(150)
Extraordinaries (Net)	(582)	(296)	-	-
Net Income (Reported)	6,427	4,726	6,516	8,357
Net Income (Adjusted)	7,008	5,023	6,516	8,357

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	27,468	34,408	33,095	35,413
of which cash & cash eqv.	591	532	1,407	1,309
Total Current Liabilities & Provisions	35,157	39,682	42,547	46,247
Net Current Assets	(7,689)	(5,274)	(9,452)	(10,834)
Investments	1,821	1,898	1,898	1,898
Net Fixed Assets	62,480	69,612	91,301	91,451
ROU Assets	-	-	-	-
Capital Work-in-Progress	6,835	5,375	5,375	5,375
Total Intangible Assets	231	231	231	231
Other assets	1,110	599	599	599
Deferred Tax assets	(4,509)	(5,004)	(5,004)	(5,004)
Total Assets	60,279	67,438	84,949	83,717
Liabilities				
Borrowings	17,915	21,364	33,664	25,664
Deferred Tax Liability	-	-	-	-
Provisions	1,840	2,312	2,539	2,685
Other Liabilities	-	-	-	-
Equity Share Capital	405	405	405	405
Reserves & Surplus	40,022	43,281	48,264	54,886
Total Net Worth	40,426	43,685	48,669	55,290
Minority Interest	97	77	77	77
Total Liabilities	60,279	67,438	84,949	83,717

Source Company data, I-Sec research

Exhibit 8: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	33,045	32,999	34,206	35,294
% growth (YOY)	8.2	11.4	14.3	10.5
EBITDA	3,623	3,409	3,881	3,877
Margin %	11.0	10.3	11.3	11.0
Other Income	35	34	45	47
Extraordinaries	(0)	-	(370)	(33)
Adjusted Net Profit	1,219	971	1,365	1,157

Source Company data, I-Sec research

Exhibit 9: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	15,727	10,638	22,005	21,143
Working Capital Changes	1,598	(2,473)	5,053	1,284
Capital Commitments	(7,713)	(11,299)	(28,878)	(8,575)
Free Cashflow	8,014	(661)	(6,873)	12,568
Other investing cashflow	(2,816)	(2,855)	(3,246)	(3,077)
Cashflow from Investing Activities	(10,528)	(14,155)	(32,124)	(11,652)
Issue of Share Capital	-	-	-	-
Interest Cost	1,376	712	110	29
Inc (Dec) in Borrowings	(5,040)	3,449	12,300	(8,000)
Dividend paid	(1,214)	(1,214)	(1,416)	(1,618)
Others	-	-	-	-
Cash flow from Financing Activities	(4,877)	2,948	10,994	(9,589)
Chg. in Cash & Bank balance	321	(569)	875	(98)
Closing cash & balance	1,040	22	1,407	1,309

Source Company data, I-Sec research

Exhibit 10: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	173.3	124.2	161.1	206.6
Adjusted EPS (Diluted)	173.3	124.2	161.1	206.6
Cash EPS	299.0	263.3	338.8	414.9
Dividend per share (DPS)	30.0	30.0	35.0	40.0
Book Value per share (BV)	999.4	1,080.0	1,203.2	1,366.9
Dividend Payout (%)	17.3	24.2	21.7	19.4
Growth (%)				
Net Sales	5.6	10.7	13.3	11.9
EBITDA	69.7	(10.8)	27.9	18.6
EPS (INR)	219.1	(28.3)	29.7	28.2
Valuation Ratios (x)				
P/E	19.2	26.9	20.7	16.1
P/CEPS	11.2	12.7	9.8	8.0
P/BV	3.3	3.1	2.8	2.4
EV / EBITDA	9.2	10.6	8.9	7.1
EV / Sales	1.3	1.2	1.1	0.9
Profitability Ratios				
Gross Profit Margins (%)	34.9	31.2	33.0	34.1
EBITDA Margins (%)	13.8	11.2	12.6	13.3
EBIT Margins (%)	9.6	6.9	7.8	8.3
Net Profit Margins (%)	5.9	3.8	4.4	5.0
RoCE (%)	15.1	11.1	11.8	12.8
RoE (%)	18.7	11.9	14.1	16.1
Dividend Yield (%)	0.9	0.9	1.0	1.2
Operating Ratios				
Fixed Asset Turnover (x)	1.7	1.8	1.5	1.7
Inventory Turnover Days	35	39	34	32
Receivables Days	39	46	38	37
Payables Days	83	85	81	79
Effective Tax Rate (%)	24.8	26.4	26.9	27.0
Net Debt / Equity (x)	0.4	0.5	0.7	0.4
Net Debt / EBITDA (x)	1.0	1.4	1.7	1.1

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Ronak Mehta, CA; Vivek Kumar, MBA; Vishakha Maliwal, MBA (Finance); authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report.

SEBI Guidelines for Research Analyst (RA) requires all RAs to disclose terms and conditions pertaining to Research Services to all clients. Please go through the "Mandatory terms and conditions" and "Most Important Terms and Conditions. ([Link](#))

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
