

We downgrade CEAT to REDUCE from Buy while cutting our target price by ~27% to Rs3,600 from Rs4,900, valuing the stock at 20x Mar-28E EPS. CEAT posted a strong Q4, with revenue growth of 18% YoY driven by healthy traction across the replacement, OEM, and international segments. EBITDA was up 49% YoY, with margin expanding by 50bps QoQ to 14.6%. However, the near-term outlook seems challenging, particularly in H1FY27, as the management expects a further ~15-20% RM price hike in Q1FY27 over Q4FY26. To offset this sharp inflation, the mgmt has taken ~5% price hikes (in replacement) in Mar-26 itself, with further 5% hikes to be taken in a staggered manner in May/Jun; this is likely to drive a moderation in demand in H1. We believe that while such price hikes could support value-led growth in FY27, they raise risk of the quantum of the cost passthrough in a competitive setup which could further hurt demand/margin. Also, growth for CAMSO is expected to be back-ended, given the ongoing transition phase, with cost pressures persisting through to FY27 and meaningful margin benefits likely to flow only FY28E onward. Hence, we slash FY27E/28E EPS by ~47%/17%, factoring in a sharp margin reset from 12.3%/13.3% earlier to 9.6%/12% now.

Strong top-line performance with QoQ margin expansion

Standalone revenue grew 18% YoY with EBITDA up 49% YoY and EBITDAM up 50bps QoQ to 14.6% on 40/30bps QoQ decline in other expenses/staff costs amid 20bps gross margin contraction. Adjusted PAT was up 113% YoY on higher-than-expected other income, lower interest expense. Subsidiary revenue (C-S) was down 8% QoQ with GM down 170bp QoQ, EBITDAM flattish QoQ at ~3%.

Earnings call KTAs

1) The mgmt highlighted that the broader demand environment remains uncertain even in H1, hit by geopolitical (West Asia) and fuel price concerns. While near-term demand is supportive given continued momentum from GST cuts across segments, overall industry growth is expected to moderate, particularly as the price-hike impact (5% over Mar-Apr and another 5% (staggered) planned over in May-Jun starts being absorbed. 2) MHCV replacement demand is expected to grow in a high single digit, on better economic activity, favorable seasonality, and an ageing fleet, while PCR replacement demand stays weak in FY26 (~1-2% growth) albeit expected to improve to ~3-5% in FY27 driven by better OEM traction. 3) Within OEMs, TBR demand remains strong (double-digit growth), while PCR demand is seeing healthy single-digit growth. 4) RM basket has seen a sharp price escalation (crude up from ~USD65/bbl to +USD100/bbl; natural rubber up from Rs190/kg to Rs244/kg; Rupee depreciating from Rs91 to Rs94), highlighting the need for further price hikes to offset the RM pressure. 5) FY27 capex guidance is Rs1.3-1.4bn, with a cautious stance in Q1 and gradual ramp-up thereafter. 6) Capacity utilization stays healthy at ~85-90%, with balance sheet strong enough to support planned investments. 7) Integration of CAMSO is underway, with full value-chain control expected from Q1FY28 and revenue ramp-up from H2FY27 and meaningful margin benefit likely only from FY28.

Target Price – 12M	Mar-27
Change in TP (%)	(26.5)
Current Reco.	REDUCE
Previous Reco.	BUY
Upside/(Downside) (%)	(0.7)

Stock Data	CEAT IN
52-week High (Rs)	4,438
52-week Low (Rs)	3,001
Shares outstanding (mn)	40.5
Market-cap (Rs bn)	147
Market-cap (USD mn)	1,546
Net-debt, FY27E (Rs mn)	33,118.3
ADTV-3M (mn shares)	0.1
ADTV-3M (Rs mn)	469.1
ADTV-3M (USD mn)	4.9
Free float (%)	52.8
Nifty-50	24,177.7
INR/USD	94.8

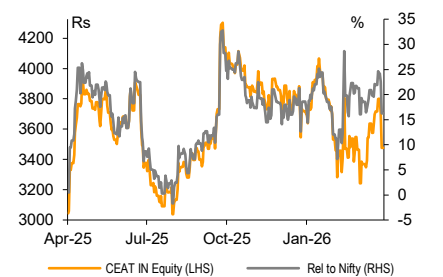
Shareholding, Mar-26

Promoters (%)	47.3
FPIs/MFs (%)	16.5/20.9

Price Performance

(%)	1M	3M	12M
Absolute	4.7	(0.4)	18.5
Rel. to Nifty	(1.2)	4.7	19.2

1-Year share price trend (Rs)



CEAT: Financial Snapshot (Consolidated)					
Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue	119,435	132,179	156,780	180,947	204,755
EBITDA	16,523	14,741	20,472	17,293	24,616
Adj. PAT	7,009	5,023	7,693	4,044	8,880
Adj. EPS (Rs)	173.3	124.2	190.2	100.0	219.5
EBITDA margin (%)	13.8	11.2	13.1	9.6	12.0
EBITDA growth (%)	69.7	(10.8)	38.9	(15.5)	42.3
Adj. EPS growth (%)	219.2	(28.3)	53.2	(47.4)	119.6
RoE (%)	18.7	11.9	16.3	7.8	15.7
RoIC (%)	16.3	11.6	14.0	8.3	13.3
P/E (x)	22.8	31.0	21.0	36.3	16.5
EV/EBITDA (x)	9.9	11.4	8.7	10.4	7.3
P/B (x)	3.6	3.4	2.9	2.8	2.4
FCFF yield (%)	5.2	0.9	3.6	2.8	3.8

Source: Company, Emkay Research

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Exhibit 1: Standalone performance – Strong Q4 growth; EBITDAM up by 50bps QoQ, led by operating leverage and offset by a 20bps gross margin contraction

Standalone (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Revenue	31,682	32,981	32,918	34,136	35,207	37,011	39,572	40,359	18.2	2.0
Growth YoY (%)	8.5	8.4	11.6	14.6	11.1	12.2	20.2	18.2		
Expenditure	27,867	29,317	29,481	30,190	31,297	31,943	34,000	34,486	14.2	1.4
<i>as % of sales</i>	<i>88.0</i>	<i>88.9</i>	<i>89.6</i>	<i>88.4</i>	<i>88.9</i>	<i>86.3</i>	<i>85.9</i>	<i>85.4</i>		
Consumption of RM	19,202	20,628	20,783	21,327	22,237	21,843	23,784	24,334	14.1	2.3
<i>as % of sales</i>	<i>60.6</i>	<i>62.5</i>	<i>63.1</i>	<i>62.5</i>	<i>63.2</i>	<i>59.0</i>	<i>60.1</i>	<i>60.3</i>		
Employee Cost	1,934	2,174	2,137	2,220	2,248	2,445	2,520	2,478	11.6	(1.7)
<i>as % of sales</i>	<i>6.1</i>	<i>6.6</i>	<i>6.5</i>	<i>6.5</i>	<i>6.4</i>	<i>6.6</i>	<i>6.4</i>	<i>6.1</i>		
Other expenditure	6,731	6,516	6,561	6,642	6,812	7,655	7,695	7,675	15.5	(0.3)
<i>as % of sales</i>	<i>21.2</i>	<i>19.8</i>	<i>19.9</i>	<i>19.5</i>	<i>19.3</i>	<i>20.7</i>	<i>19.4</i>	<i>19.0</i>		
EBITDA	3,815	3,664	3,436	3,946	3,911	5,068	5,572	5,873	48.8	5.4
Growth YoY (%)	(1.3)	(19.9)	(17.6)	(0.1)	2.5	38.3	62.2	48.8		
EBITDA margin (%)	12.0	11.1	10.4	11.6	11.1	13.7	14.1	14.6		
Depreciation	1,317	1,370	1,414	1,522	1,513	1,666	1,652	1,714	12.6	3.7
EBIT	2,499	2,294	2,022	2,424	2,398	3,402	3,920	4,159	71.6	6.1
Other Income	60	197	32	44	261	166	265	625	1,336.8	136.3
Interest	613	665	751	744	820	869	1,048	858	15.3	(18.1)
PBT	1,946	1,827	1,304	1,723	1,838	2,699	3,137	3,926	127.8	25.1
Total Tax	529	461	345	349	452	676	643	994	184.7	54.5
Adjusted PAT	1,418	1,365	959	1,374	1,386	2,023	2,494	2,932	113.4	17.6
Growth YoY (%)	(11.1)	(31.4)	(45.7)	(14.9)	(2.2)	48.1	159.9	113.4		
Exceptional items Loss/(Gain)	75	(0)	-	(370)	(33)	-	(578)	(96)		
Reported PAT	1,492	1,365	959	1,004	1,354	2,023	1,916	2,836	182.5	48.0
Adjusted EPS (Rs)	36.9	33.7	23.7	24.8	33.5	50.0	47.4	70.1	182.5	48.0

(%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (bps)	QoQ (bps)
Gross margin	39.4	37.5	36.9	37.5	36.8	41.0	39.9	39.7	218	(19)
EBITDAM	12.0	11.1	10.4	11.6	11.1	13.7	14.1	14.6	299	47
EBITM	7.9	7.0	6.1	7.1	6.8	9.2	9.9	10.3	320	40
EBTM	6.1	5.5	4.0	5.0	5.2	7.3	7.9	9.7	468	180
PATM	4.5	4.1	2.9	4.0	3.9	5.5	6.3	7.3	324	96
Effective tax rate	27.2	25.3	26.4	20.3	24.6	25.1	20.5	25.3	506	482

Source: Company, Emkay Research

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

Exhibit 2: Consolidated performance – Consolidated revenue up 23%; EBITDAM up by 40bps QoQ, on lower opex amid a 30bps QoQ gross margin contraction

Consolidated (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Revenue	31,928	33,045	32,999	34,206	35,294	37,727	41,571	42,189	23.3	1.5
Growth YoY (%)	8.8	8.2	11.4	14.3	10.5	14.2	26.0	23.3		
Expenditure	28,099	29,423	29,590	30,325	31,417	32,693	35,937	36,262	19.6	0.9
as % of sales	88.0	89.0	89.7	88.7	89.0	86.7	86.4	86.0		
Consumption of RM	19,401	20,683	20,847	21,391	22,311	22,286	24,973	25,453	19.0	1.9
as % of sales	60.8	62.6	63.2	62.5	63.2	59.1	60.1	60.3		
Employee Cost	1,956	2,190	2,159	2,257	2,268	2,617	2,822	3,006	33.2	6.5
as % of sales	6.1	6.6	6.5	6.6	6.4	6.9	6.8	7.1		
Other expenditure	6,742	6,550	6,584	6,677	6,838	7,789	8,141	7,802	16.8	(4.2)
as % of sales	21.1	19.8	20.0	19.5	19.4	20.6	19.6	18.5		
EBITDA	3,829	3,623	3,409	3,881	3,877	5,034	5,634	5,927	52.7	5.2
Growth YoY (%)	(1.1)	(20.6)	(18.3)	(0.9)	1.3	38.9	65.3	52.7		
EBITDA margin (%)	12.0	11.0	10.3	11.3	11.0	13.3	13.6	14.0		
Depreciation	1,318	1,371	1,415	1,523	1,514	1,739	1,881	1,841	20.8	(2.2)
EBIT	2,511	2,252	1,994	2,358	2,364	3,295	3,752	4,087	73.3	8.9
Other Income	62	35	34	45	47	39	61	257	469.5	325.5
Interest	619	665	751	744	821	870	1,050	847	13.8	(19.4)
PBT	1,954	1,622	1,278	1,659	1,590	2,464	2,763	3,498	110.9	26.6
Total Tax	540	463	361	356	419	680	676	1,014	184.8	50.0
Adjusted PAT	1,414	1,159	916	1,303	1,171	1,785	2,087	2,484	90.7	19.0
MI and Inc from JV	53	61	55	63	(14)	75	50	55	(12.8)	8.1
Adjusted PAT after MI	1,467	1,219	971	1,365	1,157	1,860	2,137	2,538	85.9	18.8
Growth YoY (%)	1.4	(41.4)	(46.5)	(18.1)	(21.1)	52.5	120.1	85.9		
Extraordinary items Loss/(Gain)	75	(3)	-	(370)	(33)	-	(580)	(100)		
Reported PAT	1,542	1,216	971	995	1,125	1,860	1,558	2,439	145.1	56.5
Adjusted EPS (Rs)	38.1	30.1	24.0	24.6	27.8	46.0	38.5	60.3	145.1	56.5

(%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (bps)	QoQ (bps)
Gross margin	39.2	37.4	36.8	37.5	36.8	40.9	39.9	39.7	220	(26)
EBITDAM	12.0	11.0	10.3	11.3	11.0	13.3	13.6	14.0	270	50
EBITM	7.9	6.8	6.0	6.9	6.7	8.7	9.0	9.7	279	66
EBTM	6.1	4.9	3.9	4.8	4.5	6.5	6.6	8.3	344	164
PATM	4.6	3.7	2.9	4.0	3.3	4.9	5.1	6.0	203	88
Effective tax rate	27.6	28.6	28.3	21.5	26.4	27.6	24.5	29.0	753	452

Source: Company, Emkay Research

Exhibit 3: Actual vs Estimates - Consolidated

(Rs mn)	Actual	Emkay Est	% Variance	Consensus	% Variance
Net sales	42,189	41,837	0.8	42,060	0.3
EBITDA	5,927	5,542	7.0	5,575	6.3
EBITDA margin (%)	14.0	13.2	80 bps	13.3	79 bps
Adj net income	2,538	1,977	28.4	1,930	31.5

Source: Company, Emkay Research

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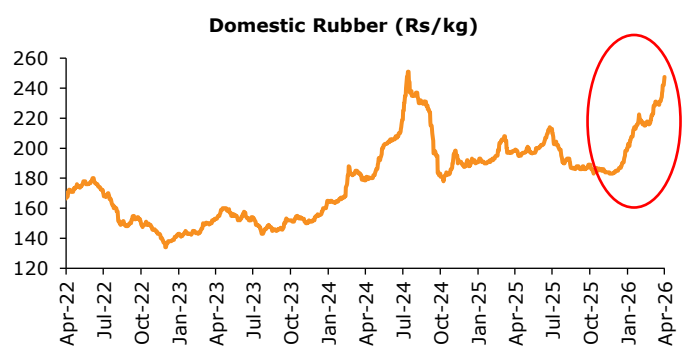
Exhibit 4: International rubber/domestic rubber/brent crude prices have seen a sharp QoQ rise in Q4FY26

Commodity	Units	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Current Price
Steel (India HRC)	(Rs/trn)	54,560	54,951	54,951	48,734	48,306	52,577	50,554	48,027	53,611	58,000
Aluminium (LME)	(USD/trn)	2,204	2,522	2,372	2,576	2,624	2,445	2,620	2,831	3,193	3,644
Domestic Rubber	(Rs/kg)	167	189	227	191	194	198	198	186	207	248
International Rubber	Rs/kg	167	176	190	204	205	182	187	181	206	242
Lead (LME)	(USD/trn)	2,075	2,168	2,038	2,005	1,966	1,945	1,966	1,968	1,929	1,957
Copper (LME)	(USD/trn)	8,452	9,751	9,179	9,182	9,339	9,508	9,810	11,127	12,933	12,714
Brent Crude (Rs/bbl)	(Rs/bbl)	6,799	7,093	6,617	6,256	6,495	5,715	5,948	5,617	7,184	10,527
Palladium	(USD/ounce)	980	973	966	1,011	962	991	1,174	1,482	1,699	1,470
Rhodium	(USD/ounce)	4,498	4,707	4,692	4,651	4,938	5,452	6,767	7,929	10,777	10,000
Platinum	(USD/ounce)	917	987	968	972	975	1,077	1,394	1,709	2,206	1,956
Gold	(USD/ounce)	2,076	2,339	2,470	2,662	2,858	3,287	3,459	4,159	4,857	4,578

Change QoQ (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Current Price
Steel (Ludhiana HRC)	(4.9)	0.7	0.0	(11.3)	(0.9)	8.8	(3.8)	(5.0)	11.6	8.2
Aluminium (LME)	0.2	14.4	(6.0)	8.6	1.9	(6.8)	7.2	8.0	12.8	14.1
Domestic Rubber	10.3	12.8	20.2	(15.7)	1.3	2.6	(0.2)	(6.4)	11.7	19.4
International Rubber	21.7	5.3	8.0	7.2	0.5	(11.2)	2.7	(3.4)	14.1	17.4
Lead (LME)	(2.1)	4.5	(6.0)	(1.6)	(1.9)	(1.1)	1.1	0.1	(2.0)	1.4
Copper (LME)	3.3	15.4	(5.9)	0.0	1.7	1.8	3.2	13.4	16.2	(1.7)
Brent Crude	(1.4)	4.3	(6.7)	(5.5)	3.8	(12.0)	4.1	(5.6)	27.9	46.5
Palladium	(10.6)	(0.7)	(0.8)	4.7	(4.9)	3.1	18.4	26.3	14.6	(13.5)
Rhodium	0.7	4.6	(0.3)	(0.9)	6.2	10.4	24.1	17.2	35.9	(7.2)
Platinum	(0.6)	7.6	(2.0)	0.4	0.3	10.5	29.5	22.6	29.1	(11.3)
Gold	4.8	12.6	5.6	7.8	7.4	15.0	5.2	20.2	16.8	(5.7)

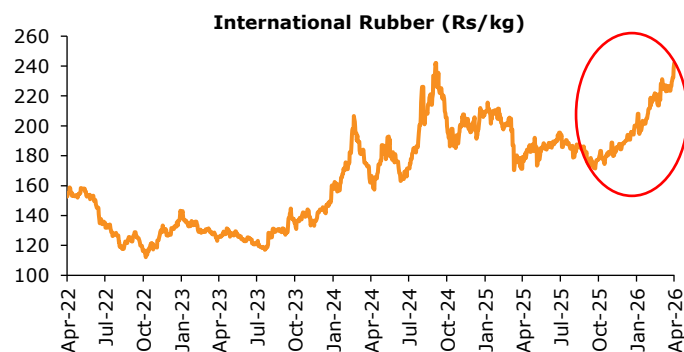
Source: Company, Emkay Research

Exhibit 5: Domestic rubber is trading close to its 2Y high...



Source: Bloomberg, Emkay Research

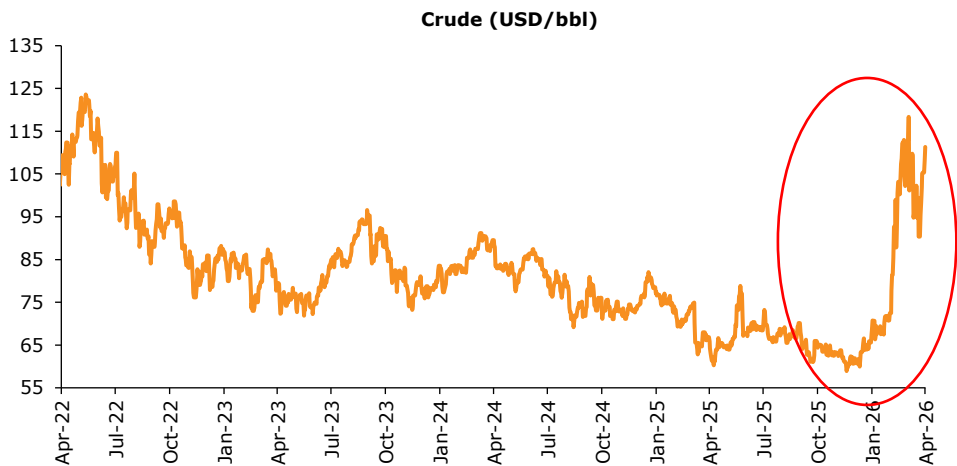
Exhibit 6: ...with international rubber also returning to its peak



Source: Bloomberg, Emkay Research

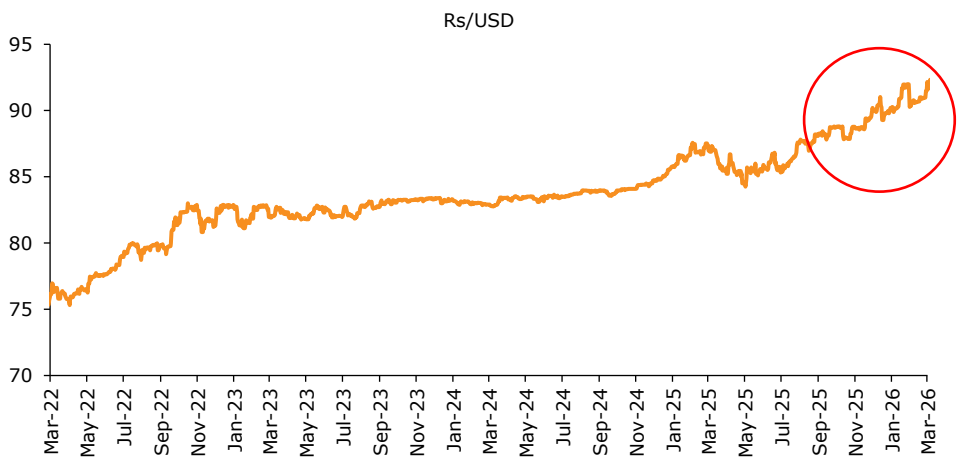
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Exhibit 7: Crude oil has surged up sharply and is now close to its 4Y peak



Source: Bloomberg, Emkay Research

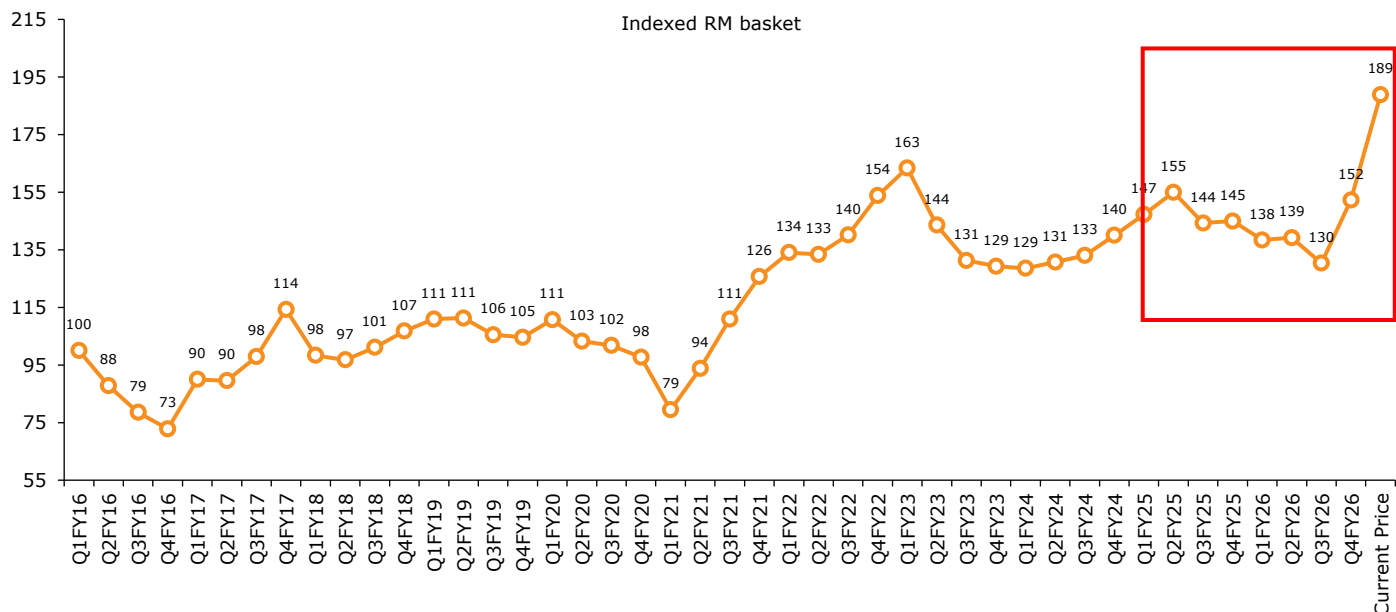
Exhibit 8: The rupee is at an all-time low currently, further weighing on the RM basket



Source: Bloomberg, Emkay Research

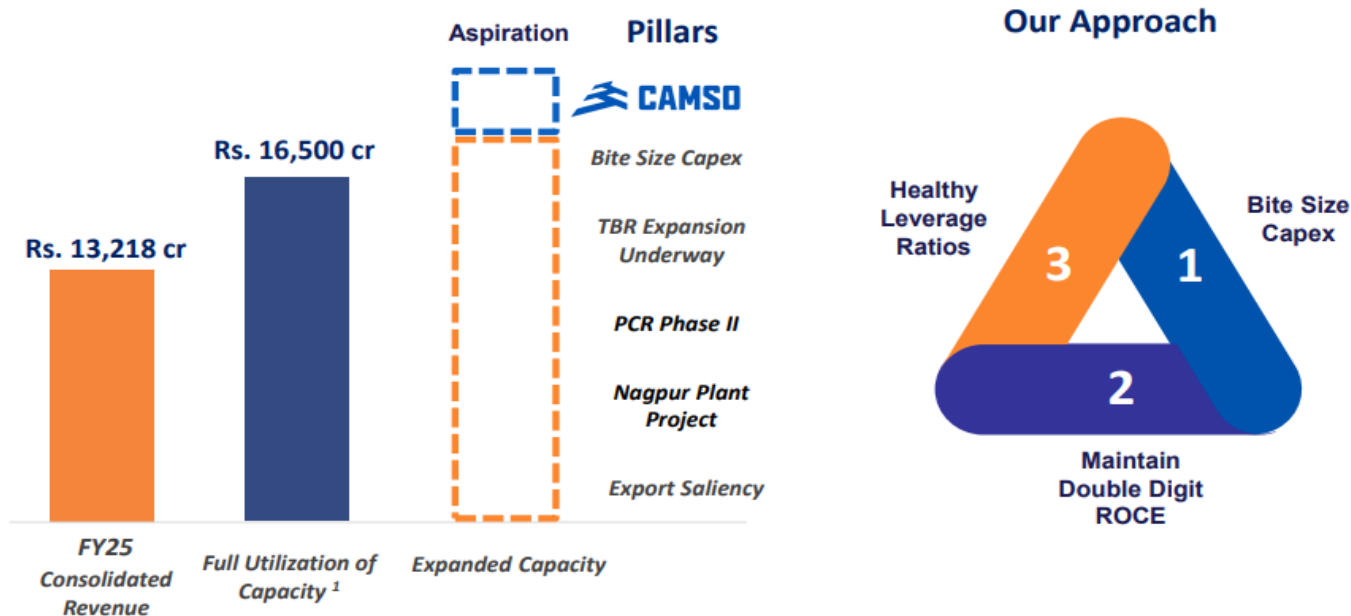
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Exhibit 9: The RM basket index has risen sharply to 189 in Apr-26MTD, and now stands at an all-time high



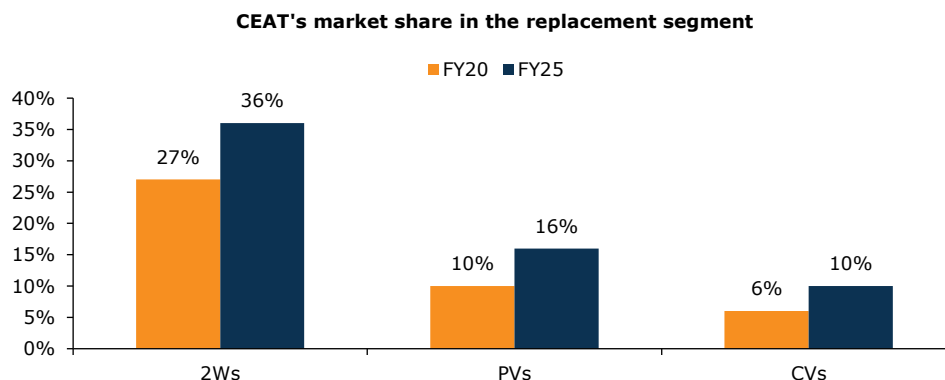
Source: Bloomberg, Emkay Research

Exhibit 10: 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

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Exhibit 11: 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

- The management highlighted that Q1 is seasonally strong, particularly for TBR, while PCR demand typically improves from Q2 onward. However, replacement demand could moderate post-price hikes, especially in price-sensitive segments like TBR.
- CEAT highlighted that even competitors like MRF have taken ~3–3.5% price hikes across segments, suggesting industry-wide cost pressures.
- CAMSO integration is currently in a transition phase, where CEAT supplies Michelin, which continues to handle end-customers. Around 25–30% of the value chain margins currently sit with Michelin that CEAT aims to capture over time. The company is setting up in-house capabilities (calendar/mixer), expected to be completed by end-FY27. Customer transition is ongoing, with ~90% of the customers expected to be onboarded by Q2FY27, following which CEAT will directly manage sales and marketing. Capex for CAMSO is expected at ~USD20–25mn in FY27, with additional investments toward localization.
- The management intends to maintain stable debt levels in Q1, with incremental borrowing likely, as capex ramps up.
- Inventory levels remain under control at ~24–27 days for India operations, with slightly higher levels at the consolidated level, to service global markets.

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Exhibit 12: We build in 14%/10%/7% revenue/EBITDA/EPS CAGR over FY26-28E

Particulars (Rs mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Segmental Revenue							
Truck and Bus	28,090	33,945	37,025	39,654	45,466	50,013	56,014
% of Revenue	30.0	30.0	31.0	30.0	29.0	27.6	27.4
Growth YoY %	8.6	20.8	9.1	7.1	14.7	10.0	12.0
2/3Ws	27,154	29,419	32,247	35,688	42,331	47,410	53,100
% of Revenue	29.0	26.0	27.0	27.0	27.0	26.2	25.9
Growth YoY %	23.0	8.3	9.6	10.7	18.6	12.0	12.0
PC/UV	16,854	22,630	23,887	27,758	34,492	38,631	43,266
% of Revenue	18.0	20.0	20.0	21.0	22.0	21.3	21.1
Growth YoY %	58.2	34.3	5.6	16.2	24.3	12.0	12.0
LCV/others	8,427	9,052	8,360	9,253	10,386	11,632	13,028
% of Revenue	9.0	8.0	7.0	7.0	6.6	6.4	6.4
Growth YoY %	23.0	7.4	-7.6	10.7	12.3	12.0	12.0
OHT/Speciality	13,109	18,104	17,915	19,827	23,517	33,261	39,346
% of Revenue	14.0	16.0	15.0	15.0	15.0	18.4	19.2
Growth YoY %	23.0	38.1	-1.0	10.7	18.6	41.4	18.3
-- Core OHT segment	13,109	18,104	17,915	19,827	23,517	25,869	29,490
% of Revenue	14.0	16.0	15.0	15.0	15.0	14.3	14.4
Growth YoY %	23.0	38.1	-1.0	10.7	18.6	10.0	14.0
-- CAMSO	-	-	-	-	4,661	7,392	9,856
% of Revenue					3.0	4.1	4.8
Growth YoY %						58.6	33.3
Channel Mix (%)							
Replacement	56	53	53	53	51	51	51
OEM	24	29	28	28	30	30	30
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	156,780	180,947	204,755
Growth YoY (%)	23.0	20.8	5.6	10.7	18.6	15.4	13.2
Gross Profit (%)	33,358	39,295	50,191	49,858	61,757	68,562	78,197
Gross margin (%)	35.6	34.7	42.0	37.7	39.4	37.9	38.2
EBITDA	6,969	9,738	16,523	14,741	20,472	17,293	24,616
EBITDA margin (%)	7.4	8.6	13.8	11.2	13.1	9.6	12.0
-- Core business	6,969	9,738	16,523	14,741	20,966	16,702	23,434
EBITDA margin (%)	7.4	8.6	13.8	11.2	13.8	9.6	12.0
-- CAMSO	0	0	0	0	140	591	1,183
EBITDA margin (%)					3.0	8.0	12.0
EBIT	2,617	5,045	11,434	9,115	13,498	9,280	15,894
EBIT margin (%)	2.8	4.5	9.6	6.9	8.6	5.1	7.8
Interest	2,070	2,421	2,691	2,778	3,586	4,189	4,220
PBT	949	2,793	8,941	6,512	10,315	5,293	11,897
Tax rate (%)	26	26	25	26	27	27	27
PAT	712	2,196	7,009	5,023	7,693	4,044	8,880
PAT margin (%)	0.8	1.9	5.9	3.8	4.9	2.2	4.3
EPS (Rs)	17.6	54.3	173.3	124.2	190.2	100.0	219.5

Source: Company, Emkay Research

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

Exhibit 13: We slash our EPS estimates by ~47%/17% for FY27/28, factoring in a sharp margin reset to 9.6%/12% now from 12.3%/13.3% earlier

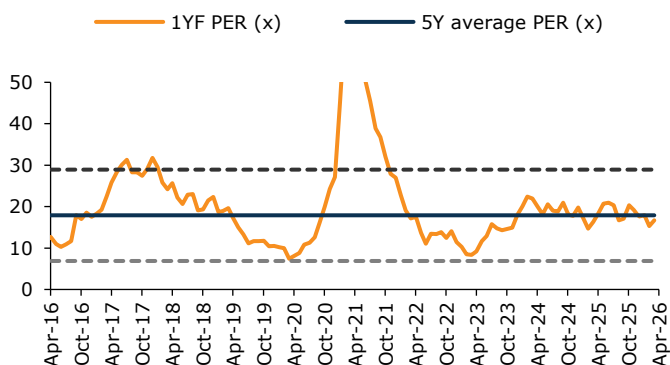
Rs mn	FY26		FY27E				FY28E			
Consolidated	Actual	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenue	156,780	18.6	179,836	180,947	0.6	15.4	204,646	204,755	0.1	13.2
EBITDA	20,472	38.9	22,208	17,293	(22.1)	(15.5)	27,140	24,616	(9.3)	42.3
Margin (%)	13.1	191 bps	12.3	9.6	(279) bps	(350) bps	13.3	12.0	(124) bps	247 bps
APAT	7,693	53.2	7,635	4,044	(47.0)	(47.4)	10,634	8,880	(16.5)	119.6
EPS (Rs)	190.2	53.2	188.7	100.0	(47.0)	-47.4	262.9	219.5	(16.5)	119.6

Rs mn	FY26		FY27E				FY28E			
Standalone	Actuals	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenue	152,149	15.5	169,980	173,555	2.1	14.1	192,326	194,899	1.3	12.3
EBITDA	20,424	37.4	21,321	16,702	(21.7)	(18.2)	25,662	23,434	(8.7)	40.3
Margin (%)	13.4	214 bps	12.5	9.6	(292) bps	(380) bps	13.3	12.0	(132) bps	240 bps
APAT	8,835	72.7	7,797	4,263	(45.3)	(51.7)	10,588	8,930	(15.7)	109.5
EPS (Rs)	218	72.7	193	105	(45.3)	-51.7	262	221	(15.7)	109.5

Rs mn	FY26		FY27E				FY28E			
Subsidiaries (Largely CAMSO from FY27E)	Actuals	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Revenue	4,631	902.0	9,856	7,392	(25.0)	59.6	12,320	9,856	(20.0)	33.3
EBITDA	48	(140.2)	887	591	(33.3)	1,124.3	1,478	1,183	(20.0)	100.0
Margin (%)	1.0	2,705 bps	9.0	8.0	(100) bps	696 bps	12.0	12.0	0 bps	400 bps

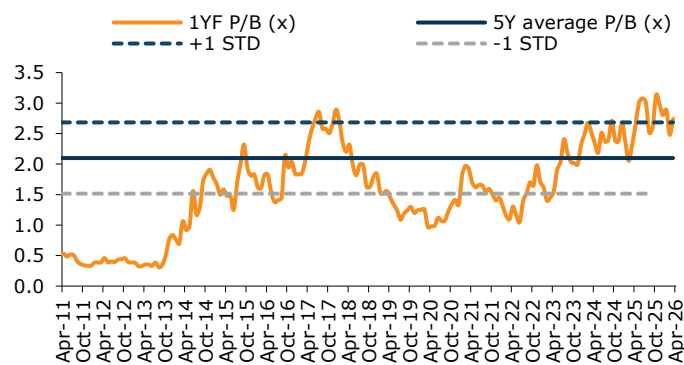
Source: Company, Emkay Research

Exhibit 14: CEAT's PER currently trades at its LTA on 1YF basis



Source: Bloomberg, Emkay Research

Exhibit 15: On P/B basis, CEAT is trading at its +1SD



Source: Bloomberg, Emkay Research

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

CEAT: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue	119,435	132,179	156,780	180,947	204,755
Revenue growth (%)	5.6	10.7	18.6	15.4	13.2
EBITDA	16,523	14,741	20,472	17,293	24,616
EBITDA growth (%)	69.7	(10.8)	38.9	(15.5)	42.3
Depreciation & Amortization	5,088	5,627	6,974	8,014	8,722
EBIT	11,434	9,115	13,498	9,280	15,894
EBIT growth (%)	126.6	(20.3)	48.1	(31.3)	71.3
Other operating income	-	-	-	-	-
Other income	197	176	404	202	222
Financial expense	2,691	2,778	3,586	4,189	4,220
PBT	8,941	6,512	10,315	5,293	11,897
Extraordinary items	(582)	(296)	(712)	0	0
Taxes	2,214	1,720	2,789	1,431	3,216
Minority interest	74	13	8	9	9
Income from JV/Associates	208	218	158	174	191
Reported PAT	6,427	4,726	6,980	4,044	8,880
PAT growth (%)	245.2	(26.5)	47.7	(42.1)	119.6
Adjusted PAT	7,009	5,023	7,693	4,044	8,880
Diluted EPS (Rs)	173.3	124.2	190.2	100.0	219.5
Diluted EPS growth (%)	219.2	(28.3)	53.2	(47.4)	119.6
DPS (Rs)	12.0	30.0	30.0	40.0	42.0
Dividend payout (%)	7.6	25.7	17.4	40.0	19.1
EBITDA margin (%)	13.8	11.2	13.1	9.6	12.0
EBIT margin (%)	9.6	6.9	8.6	5.1	7.8
Effective tax rate (%)	24.8	26.4	27.0	27.0	27.0
NOPLAT (pre-IndAS)	8,603	6,707	9,849	6,771	11,597
Shares outstanding (mn)	40	40	40	40	40

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
PBT (ex-other income)	8,359	6,216	9,603	5,467	12,088
Others (non-cash items)	57	188	183	0	0
Taxes paid	(1,630)	(908)	(1,802)	(1,431)	(3,216)
Change in NWC	2,674	(2,909)	(612)	2,738	(969)
Operating cash flow	17,193	10,920	17,856	18,976	20,845
Capital expenditure	(8,668)	(9,426)	(11,464)	(14,000)	(14,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	175	202	262	0	0
Investing cash flow	(8,537)	(9,224)	(22,706)	(14,000)	(14,000)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(5,556)	1,893	9,486	1,577	(1,084)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(2,669)	(2,446)	(3,506)	(4,189)	(4,220)
Dividend paid (incl tax)	(485)	(1,214)	(1,214)	(1,618)	(1,699)
Others	0	14	(15)	0	0
Financing cash flow	(8,710)	(1,753)	4,751	(4,230)	(7,002)
Net chg in Cash	(54)	(58)	(99)	747	(157)
OCF	17,193	10,920	17,856	18,976	20,845
Adj. OCF (w/o NWC chg.)	14,518	13,829	18,467	16,238	21,814
FCFF	8,525	1,494	6,392	4,976	6,845
FCFE	6,009	(1,082)	3,067	788	2,625
OCF/EBITDA (%)	104.1	74.1	87.2	109.7	84.7
FCFE/PAT (%)	93.5	(22.9)	43.9	19.5	29.6
FCFF/NOPLAT (%)	99.1	22.3	64.9	73.5	59.0

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Share capital	405	405	405	405	405
Reserves & Surplus	40,022	43,281	50,056	52,482	59,663
Net worth	40,426	43,685	50,460	52,886	60,068
Minority interests	97	77	80	72	63
Non-current liab. & prov.	4,509	5,004	6,322	6,322	6,322
Total debt	17,915	21,364	32,721	34,298	33,214
Total liabilities & equity	63,159	70,327	89,770	93,794	99,911
Net tangible fixed assets	59,268	66,401	80,943	89,345	94,622
Net intangible assets	973	973	973	973	973
Net ROU assets	-	-	-	-	-
Capital WIP	6,835	5,375	6,384	3,968	3,968
Goodwill	0	0	0	0	0
Investments [JV/Associates]	1,821	1,898	2,218	2,218	2,218
Cash & equivalents	591	532	433	1,180	1,023
Current Liab. & Prov.	36,786	41,797	49,252	56,844	63,051
NWC (ex-cash)	(9,644)	(7,746)	(5,652)	(8,670)	(7,977)
Total assets	63,159	70,327	89,770	93,794	99,911
Net debt	17,324	20,831	32,288	33,118	32,192
Capital employed	63,159	70,327	89,770	93,794	99,911
Invested capital	53,067	62,098	78,733	84,118	90,088
BVPS (Rs)	999.4	1,080.0	1,247.5	1,307.5	1,485.0
Net Debt/Equity (x)	0.4	0.5	0.6	0.6	0.5
Net Debt/EBITDA (x)	1.0	1.4	1.6	1.9	1.3
Interest coverage (x)	4.3	3.3	3.9	2.3	3.8
RoCE (%)	20.1	15.0	18.7	11.1	17.8

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY24	FY25	FY26	FY27E	FY28E
P/E (x)	22.8	31.0	21.0	36.3	16.5
P/CE(x)	12.1	13.8	10.0	12.2	8.3
P/B (x)	3.6	3.4	2.9	2.8	2.4
EV/Sales (x)	1.4	1.3	1.1	1.0	0.9
EV/EBITDA (x)	9.9	11.4	8.7	10.4	7.3
EV/EBIT(x)	14.3	18.4	13.3	19.4	11.3
EV/IC (x)	3.1	2.7	2.3	2.1	2.0
FCFF yield (%)	5.2	0.9	3.6	2.8	3.8
FCFE yield (%)	4.1	(0.7)	2.1	0.5	1.8
Dividend yield (%)	0.3	0.8	0.8	1.1	1.2
DuPont-RoE split					
Net profit margin (%)	5.9	3.8	4.9	2.2	4.3
Total asset turnover (x)	1.9	2.0	2.0	2.0	2.1
Assets/Equity (x)	1.7	1.6	1.7	1.8	1.7
RoE (%)	18.7	11.9	16.3	7.8	15.7
DuPont-RoIC					
NOPLAT margin (%)	7.2	5.1	6.3	3.7	5.7
IC turnover (x)	2.3	2.3	2.2	2.2	2.4
RoIC (%)	16.3	11.6	14.0	8.3	13.3
Operating metrics					
Core NWC days	(29.5)	(21.4)	(13.2)	(17.5)	(14.2)
Total NWC days	(29.5)	(21.4)	(13.2)	(17.5)	(14.2)
Fixed asset turnover	1.5	1.4	1.4	1.4	1.4
Opex-to-revenue (%)	28.2	26.6	26.3	28.3	26.2

Source: Company, Emkay Research

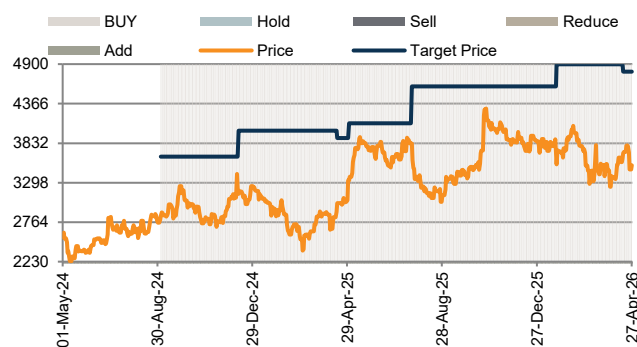
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RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
16-Apr-26	3,698	4,800	Buy	Chirag Jain
09-Mar-26	3,317	4,900	Buy	Chirag Jain
16-Feb-26	3,864	4,900	Buy	Chirag Jain
21-Jan-26	3,545	4,900	Buy	Chirag Jain
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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Ratings	Expected Return within the next 12-18 months.
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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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