

Ceat to fund Camso buy via debt & internal accruals: Goenka

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Mumbai: Domestic tyres major Ceat, which is buying Camso brand's off-highway construction equipment tyre and tracks business from global major Michelin, will finance the transaction through a combination of debt and internal accruals.

In a staggered manner over the next three years, Ceat will pay Michelin \$225 million (a little over Rs 1,900 crore the at current exchange rate).

About 70% of the cost of acquisition would be paid through debt financing and the balance 30% would come from internal accruals, Anant Goenka, vice chairman at RPG Enterprises, the holding group for Ceat, told **TOI**.

As part of the deal, Ceat would acquire two Sri Lanka-based manufacturing facilities from Michelin, a French tyre maker. This acquisition will give the Indian tyre major a significant foothold in the North American and European markets, Goenka said. Al-

so, the acquisition would be net ebitda positive from the start and is expected to turn net profit positive soon, as the staggered payments to Michelin kick in, he said.

Goenka said that the deal size is very suitable to Ceat's size. "It's about Rs 2,000 crore investments. Our revenues are about Rs 12,000 crore. So, it's not too big... not too small (for Ceat)," Goenka said, adding, "our balance sheet is in a good position before the acquisition. So we can digest an acquisition (of that size)."