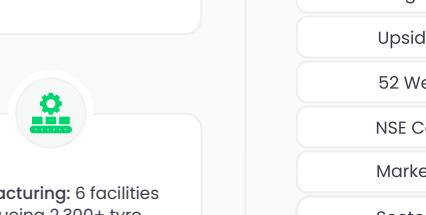


# Equity Research Desk

# ALPHA



Driven by Purpose, Powered by Progress



Founded: 1958 |

HQ: Mumbai



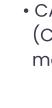
Group: Flagship company of the RPG Group



Global Reach: Presence in 110+ countries across US, Latin America, Africa, Middle East, SE Asia & Europe



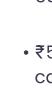
Manufacturing: 6 facilities producing 2,300+ tyre variants



Product Range: Tyres for 2/3-wheelers, passenger cars, CVs & off-highway vehicles



Distribution Network: 5,700+ dealers, 61,000+ sub-dealers & 1,100+ retail outlets across India

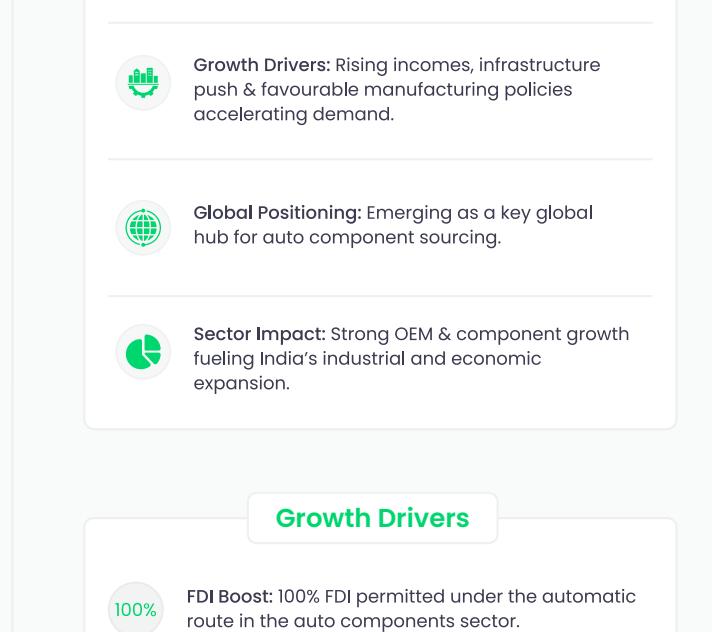


Innovation: 52 patents granted, driving performance & technology in mobility

## Market Data

CMP	₹4141
Date	24-Oct-25
Target Price	₹4880
Upside Potential	18%
52 Week High/Low	4438/2343
NSE Code	CEATLTD
Market Cap	Small
Sector	Tyres & Rubber Products
Rating	BUY

## Shareholding Pattern



## Ratios - FY25

ROE	11%
ROCE	11%
Div. Yield	0.72%
PE Ratio (x)	24.4
Face Value	10.00
EPS	116.85

## Industry Outlook

Market Size & Growth: India is the world's 3rd-largest automobile market by value & volume, exporting 25%+ of its production annually.

Industry Outlook: Auto exports projected to reach ₹8.55 lakh Cr (US\$100B) by 2030.

Growth Drivers: Rising incomes, infrastructure push & favourable manufacturing policies accelerating demand.

Global Positioning: Emerging as a key global hub for auto component sourcing.

Sector Impact: Strong OEM & component growth fueling India's industrial and economic expansion.

## Growth Drivers

100% FDI Boost: 100% FDI permitted under the automatic route in the auto components sector.

Budget Push: Lower tax burden in the 2025-26 Union Budget expected to drive higher consumer spending.

GST Relief: Reduced GST on automobiles & tyres to enhance affordability, spurring demand for new vehicles and tyre replacements.

## Competitive Advantage

Competitors: MRF Ltd, Apollo Tyres Ltd, and others.

Performance Edge: CEAT stands out for its balanced valuation, stronger capital allocation efficiency, and consistent sales growth compared to peers.

## Peer Analysis

Company	CMP	Mcap	ROCE	ROE	3Y Sales CAGR	P/E	EPS
CEAT	4141	16769	15.00%	12.00%	12.00%	34	122.37
MRF	16090	67890	14.00%	11.00%	13.00%	38	4241.9
Apollo Tyres	500	31758	11.00%	9.00%	8.00%	38	13.10

## Outlook

Growth Outlook: Supported by the CAMSO acquisition, capacity expansions, and strong OEM & replacement demand.

Global Edge: CAMSO deal enhances CEAT's presence in premium Off-Highway Tyres, driving margin gains.

Operational Strength: Healthy balance sheet, improving returns, and ₹1,000 Cr capex plan for FY26.

Recommendation: BUY | Target Price ₹4,880 (2x FY27E EPS)

We also encourage maintaining a stop-loss at 20% from the entry price to manage potential downside risk effectively.

## SWOT Analysis

### Strengths

- Among India's top exporters of passenger car tyres
- Manufacturing facilities, globally accredited manufacturing facilities
- Network across 110+ countries and vast distribution network

### Weaknesses

- Exposure to forex fluctuations impacting profitability
- Margins lower than select peers due to higher input and logistics costs

### Opportunities

- Expansion global & OMT diversification
- Rising auto production and replacement
- Growing premiumisation trend in passenger and off-highway tyres, boosting margins

### Threats

- Intense competition from domestic and global players
- Raw material price volatility and potential supply chain disruptions

## Product Portfolio

Tyres & Tubes – For trucks, buses, 2/3-wheelers, passenger & utility vehicles

Off-Highway Range – Specialized tyres for agricultural & industrial applications

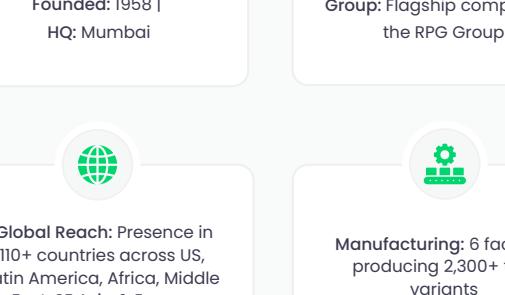
Light Commercial Vehicles (LCV) – Durable tyres designed for heavy-duty performance

Flaps & Accessories – Supporting components ensuring enhanced tyre efficiency and safety



## Revenue Breakup (FY25)

### Total Revenue (FY25) - ₹13,005 crore



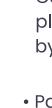
## Growth Strategies

### Strategic Alliances & Global Expansion

- Acquired Michelin Group's CAMSO CCL business → Strengthens global Off-Highway Tyre (OHT) leadership
- Adds 2 manufacturing plants in Sri Lanka (Midigama & Kotugoda) + access to 40+ global OEMs
- CAMSO contributes US\$213M revenue (CY23) → boosts CEAT's topline by 10-15% medium term
- Enhances global reach across Europe & North America, driving margin accretion & brand premiumization

### Capacity Expansion & Growth Initiatives

- Commissioned new Truck & Bus Radial (TBR) plant → 1,500 tyres/day; expansion to +2,000 by FY26
- Passenger Car Radial (PCR) output to rise 30-40% at Chennai
- ₹500 Cr investment at Nagpur → +30% capacity boost; Ambarnath plant to drive exports
- Strengthening footprint across passenger, commercial & farm tyres to meet rising OEM & replacement demand



## Subsidiaries

### Subsidiaries

- Subsidiaries: As of FY25, the company has 10 subsidiaries and 1 joint venture.



## Financial Highlights

### Q2FY26

- Revenue: ₹3,773 Cr (↑ 14% YoY vs ₹3,305 Cr)
- Operating Profit: ₹511 Cr (↑ 39% YoY vs ₹368 Cr)
- Net Profit: ₹186 Cr (↑ 52% YoY vs ₹122 Cr)

Steady topline and strong margin expansion driven by OEM demand, international growth, and cost efficiencies.

### FY25

- Revenue: ₹13,005 Cr (↑ 11% YoY)
- Operating Profit: ₹1,496 Cr (↓ 11% YoY)
- Net Profit: ₹473 Cr (↓ 26% YoY)

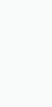
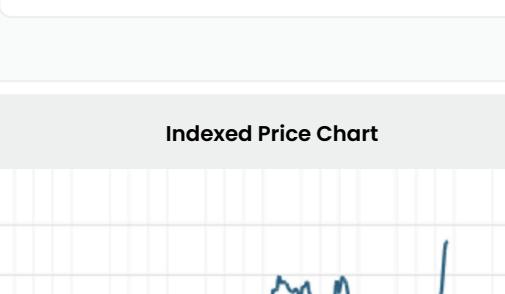
Performance impacted by global tariff challenges, though core operations and domestic demand remained steady.

### 3 Year Financial Performance

- CAGR (FY23-25): Revenue ↑ 12% | Net Profit ↑ 79%
- Avg. ROE & ROCE (FY23-25): ~12% | ~15%
- Debt-to-Equity Ratio: 0.49

Performance Insight: Strong multi-year earnings growth backed by improving margins and balanced leverage.

## Margins - FY25



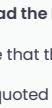
## Indexed Price Chart

### CEAT

### Nifty Smallcap 250

### 30/03/24 01/01/25 31/03/25 30/06/25 30/09/25 01/01/26

### 100 120 140 160 180



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## Disclaimer

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