Ceat Ltd.

ISIN :INE482A01020 | NSE :CEATLTD

Price: 3,472
Recommendation: Buy
Industry: Tyres & Rubber Products
Sector: Consumer Discretionary
Report Date: 05-May-2025

CEAT Limited, a leading tyre manufacturer, achieved 13,217.9 crore revenue in FY25, marking 10.7% YoY growth. With strong performance across Replacement, OEM, and Export segments, it focuses on innovation, sustainability, and capacity expansion. Strategic acquisitions, ESG initiatives, and robust financial health position CEAT as a resilient, forward-looking player in the global tyre industry.

Sales		Profit & Loss		Profitability Matrix	
Current Year	13172 Cr	Operating Profit(Year)	1486 Cr	Operating Profit Margin	11.3 %
Previous Year	11893 Cr	Operating Profit(Quarter)	395 Cr	EBITDA Margin	11.54 %
Current Quarter	3414 Cr	PAT (Year)	504 Cr	Net Profit Margin	3.83 %
Previous Quarter	3292 Cr	PAT (Quarter)	128 Cr	EPS	119
Revenue (QYoY)	2979 Cr				
Valuation Matrix		**Growth(YoY)**		**Growth(QoQ)**	
Trailing P/E	27.7	Sales Growth	10.8 %	Sales Growth	3.71 %
PEG Ratio	1.77	PAT Growth	-26.53 %	Sales Growth QYoY	14.6 %
EV/EBITDA	10.6	EPS Growth	0.0 %	PAT Growth	33.33 %
P/B	3.33	Dividend Yield	0.84	PAT Growth QYoY	-15.23 %
Capital Allocation		**Holdings**		**Leverage**	
RoE	12.2 %	Promoter	47.2 %	Debt/Equity	0.50
RoA	4.82 %	FII	15.3 %	Debt	2136 Cr
RoCE	15.8 %	DII	21.5 %	Market Cap	14045 Cr
RoIC	11.3 %	Public	16.0 %	Enterprise value	16138 Cr
		No of Shares	4.05 Cr	Cash Equivalents	43.1 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

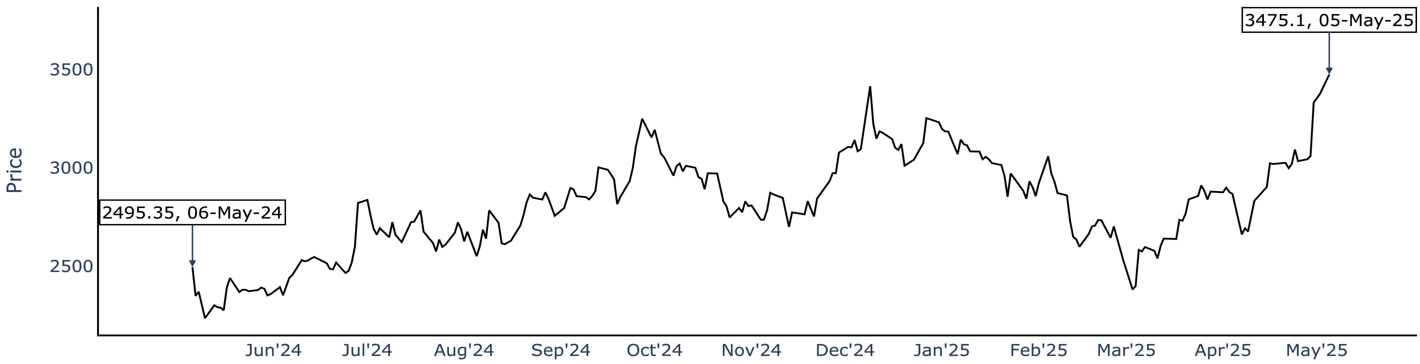
CEAT Limited demonstrated robust performance in FY25, achieving consolidated revenue of 13,217.9 crore, marking a 10.7% YoY growth. The company crossed the milestone of 13,000 crore in revenue, driven by double-digit growth across key categories and business verticals. The Replacement segment consistently delivered strong growth, while the OEM business showed significant improvement in Q4. CEAT's focus on cost optimization was evident through initiatives like voluntary employee separation at high-cost factories, contributing to improved operating margins. The company incurred 946 crore in capex during the year, primarily for capacity expansion, positioning itself for future growth. Additionally, the Board approved a dividend of 30 per equity share, reflecting confidence in sustained profitability.

CEAT's strategic initiatives include the acquisition of Camso's Off-Highway construction equipment tyre and tracks business, valued at $225 million, which is expected to enhance its product portfolio and global presence. The company also expanded its range with Z-rated 21” tyres and introduced innovative products like the TBA Changeable Pattern, earning the Golden Peacock Award for 'Innovative Product of the Year 2025.' CEAT's commitment to sustainability is evident through its ISO 20400 certification for ethical sourcing, increased renewable energy usage (~40% of plant power), and ISCC Plus certification for its Halol and Ambernath plants. These efforts align with its ESG goals, including science-based Net-Zero emission reductions.

Looking ahead, CEAT is poised for scaling and diversification, leveraging its strong R&D; capabilities and strategic investments. The company plans to integrate the Camso business, which will strengthen its position in the Off-Highway segment. With a balanced market mix across Replacement, OEM, and Exports, CEAT aims to mitigate risks from global macroeconomic conditions. Its focus on capacity additions and operational efficiency will support growth in FY26, while its emphasis on sustainability and innovation will enhance brand equity and market competitiveness.

CEAT's financial health remains strong, with a debt-to-equity ratio of 0.44x and stable leverage ratios. The company’s EBITDA margin stood at 11.3% for FY25, supported by favorable revenue mix and cost controls. Despite challenges like rising raw material costs, CEAT managed to deliver consistent performance, reflecting resilience and adaptability. Its diversified product mix, strategic acquisitions, and ESG initiatives position CEAT as a forward-looking player in the tyre industry, ready to capitalize on emerging opportunities and drive long-term growth.

CEATLTD Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
JK Tyre & Indust	8823.43	14.62	20.62%	1.44%	-0.38%	-55.28%	-71.50%
MRF	57934.03	33.04	12.55%	1.74%	13.60%	-32.98%	-38.11%
Balkrishna Inds	52079.65	29.39	17.55%	5.81%	12.57%	29.56%	47.17%
Apollo Tyres	30951.67	22.93	13.22%	7.63%	5.04%	12.95%	-32.88%
TVS Srichakra	2193.04	52.11	10.65%	-4.63%	11.67%	-129.46%	-112.53%

Aspect	Commentary
Revenue	CEAT achieved Rs.13,217.9 crore revenue in FY25, marking 10.7% YoY growth. Strong performance across Replacement, OEM, and Export segments drove growth, supported by capacity expansion and innovation. Quarterly revenue rose 3.71% QoQ, reflecting consistent demand and operational efficiency.
Profit & Loss	Operating profit for FY25 stood at Rs.1,486 crore, with a margin of 11.3%. PAT declined 26.53% YoY to Rs.504 crore due to rising costs. Quarterly PAT improved 33.33% QoQ, indicating recovery. Dividend payout of Rs.30/share reflects confidence in profitability.
Profitability Matrix	Operating profit margin was 11.3%, supported by cost optimization initiatives. EBITDA margin stood at 11.54%, showcasing efficiency. Net profit margin was 3.83%, impacted by higher raw material costs. EPS remained stable at Rs.119, reflecting consistent earnings.
Valuation Matrix	Trailing P/E of 27.7 and PEG ratio of 1.77 indicate moderate valuation relative to growth. EV/EBITDA of 10.6 suggests efficient enterprise value generation. Dividend yield of 0.84% reflects shareholder returns. P/B ratio of 3.33 highlights asset utilization.
Growth (YoY)	Sales grew 10.8% YoY, driven by strong Replacement and OEM segments. PAT declined 26.53% YoY due to cost pressures. EPS growth remained flat, reflecting stable earnings. Strategic initiatives and capacity expansion supported revenue growth.
Growth (QoQ)	Sales grew 3.71% QoQ, indicating steady demand. PAT rose 33.33% QoQ, showcasing recovery from prior challenges. However, PAT declined 15.23% QYoY, reflecting volatility. Quarterly revenue growth of 14.6% QYoY highlights operational improvements.
Capital Allocation	RoE stood at 12.2%, reflecting efficient equity utilization. RoCE of 15.8% highlights strong capital efficiency. Capex of Rs.946 crore was allocated for capacity expansion. Cash equivalents of Rs.43.1 crore ensure liquidity for operational needs.
Holdings	Promoter holding at 47.2% indicates strong ownership. FII and DII holdings at 15.3% and 21.5%, respectively, reflect institutional confidence. Public holding at 16% ensures market participation. Stable shareholding structure supports investor trust.
Leverage	Debt-to-equity ratio of 0.50 reflects manageable leverage. Total debt of Rs.2,136 crore is supported by strong EBITDA margins. Enterprise value of Rs.16,138 crore highlights market confidence. Stable leverage ratios position CEAT for sustainable growth.

Analyst viewpoint: CEAT Limited has demonstrated strong growth potential, achieving a revenue of 13,217.9 crore in FY25, marking a 10.7% YoY increase. The company's Replacement, OEM, and Export segments have consistently driven performance, supported by strategic capacity expansions and innovative product launches such as Z-rated tyres and the TBA Changeable Pattern. Quarterly revenue growth of 3.71% QoQ and PAT improvement of 33.33% QoQ reflect operational efficiency and recovery from prior challenges. CEAT's focus on sustainability, including increased renewable energy usage and ISO certifications, enhances its ESG credentials, while the acquisition of Camso's Off-Highway business positions the company for diversification and global market leadership. With a trailing P/E of 27.7 and EV/EBITDA of 10.6, CEAT's valuation metrics suggest moderate pricing relative to growth, supported by a dividend yield of 0.84%.

The company's robust capital allocation strategy, with RoCE at 15.8% and manageable debt-to-equity ratio of 0.50, underscores its financial stability and growth readiness. Promoter holding of 47.2% and institutional confidence from FII and DII holdings further strengthen its market position. While rising raw material costs have impacted net profit margins, CEAT's consistent focus on cost optimization and operational improvements mitigates these challenges. Overall, CEAT's diversified product portfolio, strategic investments, and commitment to innovation and sustainability make it a compelling buy for short to mid-term investors.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony

Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

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