

May 2, 2025

Q4FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	3,240		2,700	
Sales (Rs. m)	1,57,564	1,78,322	1,56,072	1,76,692
% Chng.	1.0	0.9		
EBITDA (Rs. m)	18,971	22,312	18,792	22,109
% Chng.	1.0	0.9		
EPS (Rs.)	170.3	202.5	166.2	200.0
% Chng.	2.4	1.3		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,19,435	1,32,179	1,57,564	1,78,322
EBITDA (Rs. m)	16,522	14,741	18,971	22,312
Margin (%)	13.8	11.2	12.0	12.5
Adj. PAT (Rs. m)	6,854	4,941	6,888	8,191
Adj. EPS (Rs.)	169.4	122.1	170.3	202.5
Gr. (%)	226.6	(27.9)	39.4	18.9
DPS (Rs.)	30.0	30.0	35.0	40.0
Yield (%)	0.9	0.9	1.1	1.2
RoE (%)	18.3	11.7	14.8	15.6
RoCE (%)	19.8	14.8	17.2	17.8
EV/Sales (x)	1.3	1.2	1.0	0.9
EV/EBITDA (x)	9.2	10.6	8.5	7.4
PE (x)	19.7	27.3	19.6	16.5
P/BV (x)	3.3	3.1	2.7	2.4

Key Data

CEAT.BO | CEAT IN

52-W High / Low	Rs.3,581 / Rs.2,210
Sensex / Nifty	80,242 / 24,334
Market Cap	Rs.135bn/ \$ 1,595m
Shares Outstanding	40m
3M Avg. Daily Value	Rs.294.79m

Shareholding Pattern (%)

Promoter's	47.21
Foreign	15.27
Domestic Institution	21.52
Public & Others	16.00
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	15.7	18.7	29.7
Relative	11.6	17.5	20.4

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Healthy topline growth offset by EPR expenses

Quick Pointers:

- Strong volume growth reported in OEM segment
- Optimistic on growth prospects in the upcoming quarters

Consolidated revenue increased by 14.3% YoY, driven by healthy volume growth in the replacement and OEM segment. International demand was impacted due to global macro-economic conditions while elevated input cost continued to impact margins as gross margin and EBITDA margin declined by 483bps YoY/174bps YoY respectively. Reported PAT remained flat, impacted by EPR related expenses. In comparison to previous year the performance remains weak, however, sequentially the performance seems to have stabilized because of recovery in OEM demand and flattish input cost.

The management remains bullish on long-term tyre demand in India, supported by infrastructure investments and EV adoption. CEAT is capitalizing on premiumization trends with high-end product launches and plans to maintain ~20-25% market share in the EV OEM segment. Despite near-term softness in urban demand, rural markets and the commercial vehicle segment offer optimism. Challenges persist in international business, particularly in Latin America and North America, although Europe, Middle East, and Southeast Asia continue to be stable growth contributors. We project revenue/EBITDA/PAT to grow at 16%/23%/29% CAGR over FY25-27E. We maintain our 'Hold' rating with a revised target price of Rs3,240 (previous Rs2,700), valuing it at 16x on its Mar'27E EPS.

- Robust realization leads to strong topline growth:** Q4FY25 revenue was at Rs34.2bn against PLe/BBGe of Rs32.2bn/Rs33.4bn, driven by double-digit volume expansion in OEM segment and high single digit growth in the replacement segment. PAT was reported at Rs 0.9bn (PLe: Rs 1.1bn; BBGe: Rs 1.2bn), lower than the expectations owing to expenses related to EPR provisions.
- Sequential recovery in margin:** Gross profit was Rs 12.8bn (PLe: Rs 12.3bn) while EBITDA was Rs 3.9bn (PLe: Rs 3.6bn; BBGe Rs3.6bn). High input cost as compared to same period last year impacted its gross margin/EBITDA margin, however, sequentially the company reported 101bps improvement in EBITDA margin owing to stable RM cost sequentially and price hikes taken during previous quarters.
- Gradual recovery in profitability:** The management expects raw material prices to remain stable during Q1FY26 while Q2FY26 is expected to see favorable improvement in RM prices which shall aid in sustaining and improving margin going forward. Additionally, it aims to expand its product offering in higher-rim-sized vehicles which shall result in better realization and better profitability.

Exhibit 1: Q4FY25 Result Overview (Rs mn)

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	% Var	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Revenue	34,206	29,919	14.3	32,187	6.3	32,999	3.7	1,32,179	1,19,435	10.7
Raw Materials	21,391	17,265	23.9	19,899	7.5	20,847	2.6	82,321	69,244	18.9
% of Net Sales	62.5	57.7	483 bps	61.8	71 bps	63.2	-64 bps	62.3	58.0	430 bps
Personnel	2,257	2,153	4.8	2,155	4.7	2,159	4.5	8,562	8,457	1.2
% of Net Sales	6.6	7.2	-60 bps	6.7	-10 bps	6.5	6 bps	6.5	7.1	-60 bps
Manufacturing & Other Exp	6,677	6,585	1.4	6,546	2.0	6,584	1.4	26,554	25,212	5.3
% of Net Sales	19.5	22.0	-249 bps	20.3	-82 bps	20.0	-43 bps	20.1	21.1	-102 bps
Total Expenditure	30,325	26,003	16.6	28,600	6.0	29,590	2.5	1,17,437	1,02,913	14.1
EBITDA	3,881	3,915	(0.9)	3,587	8.2	3,409	13.8	14,741	16,522	(10.8)
EBITDA Margin (%)	11.3	13.1	-174 bps	11.1	20 bps	10.3	101 bps	11.2	13.8	-268 bps
Depreciation	1,523	1,361	12.0	1,578	(3.4)	1,415	7.7	5,627	5,088	10.6
EBIT	2,358	2,555	(7.7)	2,010	17.3	1,994	18.2	9,115	11,434	(20.3)
Interest Expenses	744	617	20.7	673	10.5	751	(0.9)	2,778	2,691	3.2
Non-operating income	45	31	47.2	47	(4.4)	34	31.8	176	197	(11.0)
Extraordinary Expenses	(370)	(582)	NA	-	NA	-	NA	(296)	(582)	NA
PBT	1,288	1,387	(7.1)	1,384	(6.9)	1,278	0.9	6,216	8,359	(25.6)
Tax-Total	356	458	(22.3)	330	7.8	361	(1.5)	1,720	2,214	(22.3)
Tax Rate (%) - Total	27.6	33.0	-541 bps	23.9	376 bps	28.3	-66 bps	27.7	26.5	119 bps
PAT before MI & associates	932	929	0.4	1,053	(11.5)	916	1.8	4,496	6,145	(26.8)
Minority Interest	(8)	(63)	-	-	-	(1)	-	(13)	(74)	-
Profit / loss of associates	55	94	(41.8)	55	(0.7)	54	0.9	219	208	5.0
Adj. PAT	1,263	1,475	(14.4)	1,109	13.9	971	30.1	4,940	6,854	(27.9)

Source: Company, PL

Conference Call Highlights:

Domestic business:

- Domestic volume growth in Q4FY25 was strong at 11%, led by double-digit growth in OEM and high single-digit growth in the replacement market.
- 2W segment showed high single-digit growth, PV segment saw mid-single digit growth, and Commercial vehicles grew in double digits.
- CEAT gained market share in OEMs with new approvals for high-rim size tyres and strengthened its position, especially in passenger cars and TBR.
- Rural demand was stronger than urban, with a ~4–5% delta favoring rural. CEAT plans to leverage its rural distribution network to tap into this demand, particularly for two-wheeler and farm tyres.

Exports:

- Q4 exports saw a slight dip due to global headwinds like currency depreciation in Latin America and US tariff-related uncertainties.
- Despite Q4 softness, international business grew in mid-double digits for FY25.
- Europe, Middle East, and Southeast Asia remained stable and are expected to contribute to growth while Latin America and North America faced headwinds due to currency and tariff issues.
- The newly acquired CAMSO business will be consolidated from Q2 FY26 and is expected to significantly bolster export revenues, particularly in the US and Europe.
- Export realisations improved by ~2% QoQ in Q4FY26 due to better product mix and price adjustments.

Raw material and others:

- CEAT is targeting electrification and premiumisation trends, aiming for 20–25% market share in EV OEMs for both two- and four-wheelers.
- Raw material prices are expected to remain flat or decline slightly in Q1FY26, with potential margin improvement from Q2FY26 onward.
- Planned CapEx of Rs 9-10bn for FY26 will support capacity expansion and growth initiatives, including CAMSO.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,19,435	1,32,179	1,57,564	1,78,322
YoY gr. (%)	5.6	10.7	19.2	13.2
Cost of Goods Sold	69,244	82,321	96,152	1,08,037
Gross Profit	50,191	49,858	61,413	70,285
Margin (%)	42.0	37.7	39.0	39.4
Employee Cost	8,457	8,562	10,242	11,749
Other Expenses	25,212	26,554	32,200	36,224
EBITDA	16,522	14,741	18,971	22,312
YoY gr. (%)	69.7	(10.8)	28.7	17.6
Margin (%)	13.8	11.2	12.0	12.5
Depreciation and Amortization	5,088	5,627	6,848	7,799
EBIT	11,434	9,115	12,123	14,512
Margin (%)	9.6	6.9	7.7	8.1
Net Interest	2,691	2,778	3,183	3,810
Other Income	197	176	197	220
Profit Before Tax	8,359	6,216	9,136	10,922
Margin (%)	7.0	4.7	5.8	6.1
Total Tax	2,214	1,720	2,467	2,949
Effective tax rate (%)	26.5	27.7	27.0	27.0
Profit after tax	6,145	4,496	6,670	7,973
Minority interest	(74)	(13)	-	-
Share Profit from Associate	208	218	218	218
Adjusted PAT	6,854	4,941	6,888	8,191
YoY gr. (%)	226.6	(27.9)	39.4	18.9
Margin (%)	5.7	3.7	4.4	4.6
Extra Ord. Income / (Exp)	428	214	-	-
Reported PAT	6,427	4,726	6,888	8,191
YoY gr. (%)	245.2	(26.5)	45.7	18.9
Margin (%)	5.4	3.6	4.4	4.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,427	4,726	6,888	8,191
Equity Shares O/s (m)	40	40	40	40
EPS (Rs)	169.4	122.1	170.3	202.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	88,437	1,01,197	1,16,197	1,31,397
Tangibles	88,437	1,01,197	1,16,197	1,31,397
Intangibles	-	-	-	-
Acc: Dep / Amortization	25,727	31,354	38,201	46,001
Tangibles	25,727	31,354	38,201	46,001
Intangibles	-	-	-	-
Net fixed assets	62,711	69,843	77,995	85,396
Tangibles	62,711	69,843	77,995	85,396
Intangibles	-	-	-	-
Capital Work In Progress	6,835	5,375	5,913	6,504
Goodwill	-	-	-	-
Non-Current Investments	1,821	1,898	2,278	2,620
Net Deferred tax assets	(4,509)	(5,004)	(5,004)	(5,004)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	11,505	14,115	17,483	20,031
Trade receivables	12,832	16,533	19,857	22,473
Cash & Bank Balance	591	532	573	943
Other Current Assets	2,886	2,615	2,876	3,308
Total Assets	99,945	1,12,124	1,28,309	1,42,807
Equity				
Equity Share Capital	405	405	405	405
Other Equity	40,022	43,281	48,753	55,326
Total Networkth	40,426	43,685	49,157	55,731
Non-Current Liabilities				
Long Term borrowings	17,915	21,364	26,864	30,864
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	23,321	27,402	32,376	36,153
Other current liabilities	13,676	14,592	14,830	14,979
Total Equity & Liabilities	99,945	1,12,124	1,28,309	1,42,807

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	11,716	9,345	12,341	14,730
Add. Depreciation	5,088	5,627	6,848	7,799
Add. Interest	197	176	197	220
Less Financial Other Income	197	176	197	220
Add. Other	(582)	(296)	-	-
Op. profit before WC changes	16,420	14,852	19,385	22,750
Net Changes-WC	1,085	(1,491)	(1,862)	(1,870)
Direct tax	(1,591)	(1,226)	(2,467)	(2,949)
Net cash from Op. activities	15,913	12,135	15,056	17,931
Capital expenditures	(7,713)	(11,299)	(15,538)	(15,791)
Interest / Dividend Income	-	-	-	-
Others	(125)	(78)	(380)	(342)
Net Cash from Invt. activities	(7,838)	(11,377)	(15,917)	(16,133)
Issue of share cap. / premium	740	(274)	-	-
Debt changes	(5,040)	3,449	5,500	4,000
Dividend paid	(1,214)	(1,214)	(1,416)	(1,618)
Interest paid	(2,691)	(2,778)	(3,183)	(3,810)
Others	-	-	-	-
Net cash from Fin. activities	(8,204)	(816)	901	(1,428)
Net change in cash	(128)	(58)	41	370
Free Cash Flow	8,201	836	(481)	2,139

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	169.4	122.1	170.3	202.5
CEPS	295.2	261.2	339.6	395.3
BVPS	999.4	1,080.0	1,215.3	1,377.8
FCF	202.7	20.7	(11.9)	52.9
DPS	30.0	30.0	35.0	40.0
Return Ratio(%)				
RoCE	19.8	14.8	17.2	17.8
ROIC	14.7	10.8	12.6	13.2
RoE	18.3	11.7	14.8	15.6
Balance Sheet				
Net Debt : Equity (x)	0.4	0.5	0.5	0.5
Net Working Capital (Days)	3	9	12	13
Valuation(x)				
PER	19.7	27.3	19.6	16.5
P/B	3.3	3.1	2.7	2.4
P/CEPS	11.3	12.8	9.8	8.4
EV/EBITDA	9.2	10.6	8.5	7.4
EV/Sales	1.3	1.2	1.0	0.9
Dividend Yield (%)	0.9	0.9	1.1	1.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	31,928	33,045	32,999	34,206
YoY gr. (%)	4.6	11.5	10.3	7.1
Raw Material Expenses	19,401	20,683	20,847	21,391
Gross Profit	12,527	12,363	12,152	12,815
Margin (%)	39.2	37.4	36.8	37.5
EBITDA	3,829	3,623	3,409	3,881
YoY gr. (%)	(16.1)	(13.2)	(12.9)	1.4
Margin (%)	12.0	11.0	10.3	11.3
Depreciation / Depletion	1,318	1,371	1,415	1,523
EBIT	2,511	2,252	1,994	2,358
Margin (%)	7.9	6.8	6.0	6.9
Net Interest	619	665	751	744
Other Income	62	35	34	45
Profit before Tax	2,029	1,621	1,278	1,288
Margin (%)	6.4	4.9	3.9	3.8
Total Tax	540	463	361	356
Effective tax rate (%)	26.6	28.6	28.3	27.6
Profit after Tax	1,489	1,158	916	932
Minority interest	-	(4)	(1)	(8)
Share Profit from Associates	53	56	54	55
Adjusted PAT	1,487	1,219	971	1,263
YoY gr. (%)	(28.5)	(32.8)	(34.2)	(15.1)
Margin (%)	4.7	3.7	2.9	3.7
Extra Ord. Income / (Exp)	(55)	-	-	268
Reported PAT	1,542	1,219	971	995
YoY gr. (%)	(25.9)	(32.8)	(10.5)	(35.5)
Margin (%)	4.8	3.7	2.9	2.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,542	1,219	971	995
Avg. Shares O/s (m)	40	40	40	40
EPS (Rs)	36.8	30.1	24.0	31.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	Hold	2,700	2,692
2	17-Jan-25	Hold	3,030	3,044
3	09-Jan-25	Hold	3,244	3,120
4	12-Dec-24	Hold	3,171	3,149
5	19-Oct-24	Hold	3,063	2,973
6	07-Oct-24	Hold	3,107	2,938
7	20-Jul-24	Accumulate	2,992	2,667
8	08-Jul-24	Accumulate	3,017	2,693
9	04-May-24	BUY	3,017	2,545

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	Accumulate	226	202
2	Bajaj Auto	BUY	8,845	7,520
3	Bharat Forge	Hold	910	970
4	CEAT	Hold	2,700	2,692
5	Divgi Torqtransfer Systems	Reduce	400	438
6	Eicher Motors	BUY	5,835	5,231
7	Endurance Technologies	BUY	2,193	1,828
8	Exide Industries	Hold	350	358
9	Hero Motocorp	Accumulate	4,036	3,574
10	Mahindra & Mahindra	BUY	3,218	2,524
11	Maruti Suzuki	BUY	14,001	11,698
12	Tata Motors	Hold	578	589
13	TVS Motor Company	Hold	2,660	2,793

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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