

HOLD**SUHANI ADILABADKAR RESEARCH REPORT**

March 30, 2026

CEAT LTD**Q3FY26****CMP**

Rs 3,242.35

TARGET

Rs 3,825.00

QUARTERLY OUTLOOK & RECOMMENDATION

Ceat reported strong December Quarter 2025 results with revenue growth of 26% YoY. Revenue came in at Rs 41,570 million supported by strong volume growth post GST 2.0 and recovery in international business. The company reported robust volume growth of 21% YoY in Q3FY26. In terms of volume growth, original equipment manufacturers (OEM) segment grew well due to low base effect, replacement segment grew in mid-teens and exports reported growth in 20s for Ceat. Earnings before interest, tax, depreciation, and amortization (EBITDA) margin rose 327 basis points (bps) due to strong topline growth in Q3FY26. EBITDA margins stood at 13.7% in December Quarter 2025 vs 10.4% same period previous year. Net profit jumped 60% YoY to Rs 1554 million in Q3FY26 compared to Rs 970 million in corresponding quarter previous year.

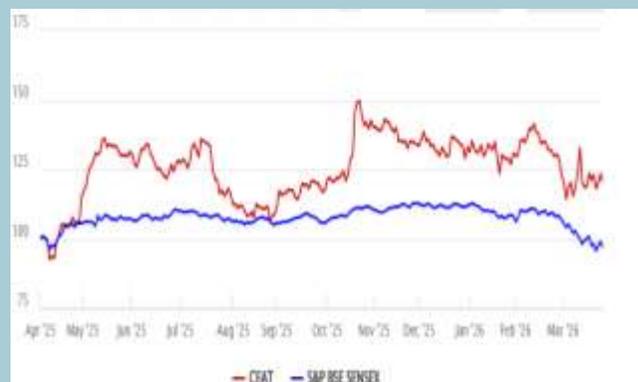
Replacement segment volumes grew in mid-teens supported by two-wheelers and passenger cars. Two wheeler segment volumes grew in high teens supported by both rural and urban clusters. Medium & Heavy Commercial Vehicles (MHCV) segment reported mid-high single digit growth. Down-stocking in September led to strong channel filling in November-December 2025 in replacement segment. OEM segment volumes grew in 20s supported by two-wheelers and passenger car segment. Two wheeler OEM volumes grew in high single digits. Passenger car segment volumes rose due to low base effect. The company has market share of 20% in two-wheeler EV segment and 30% in EV passenger car segment. International business also witnessed strong performance supported by off-highway tyres and radial tyres. The company has strong play in Europe, Canada, South America, Australia and South Africa.

Camsco transition to Ceat is moving smoothly with respect to hiring and plant operations. Majority of existing customers have approved the business transfer from Michelin to Ceat, ensuring uninterrupted continuity of operations. A further ramp-up of operations from the current 50% utilization is expected to take another few quarters. According to the management, it will take 3-5 quarters to control the entire value chain.

GST 2.0 implementation supported tyre demand in both original equipment manufacturers (OEM) and replacement segments. Volatile crude prices due to Middle East Crises is a spoilsport for the tyre industry. High crude prices impact margins as input costs increase and also subdue tyre demand with lower auto sector demand.

We maintain cautious optimism and recommend HOLD with a target price of Rs. 3,825 and with PE multiple of 21.24 x FY26E & 19.61 x FY27E.

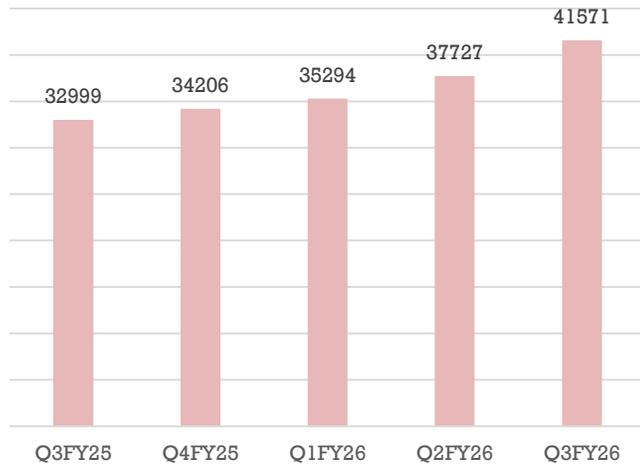
INDUSTRY	Tyres & Rubber Products		
SCRIP CODE	500878 INE482A01020		
FACE VALUE	Rs. 10.00		
MARKET CAP	Rs.131153 Million		
52 WEEK HIGH/LOW	Rs.4431.60/Rs.2322.05		
SHAREHOLDING PATTERN (%)			
PROMOTER	47.21		
PUBLIC	15.10		
OTHERS	37.7		
TOTAL	100.00		
In Million	Q3FY26	Q3FY25	CHN%
REVENUE	41570.50	32999.00	26.0%
PAT	1554.00	970.30	60.2%
EBITDA	5694.00	3443.30	65.4%
EPS	38.59	24.01	60.9%
In Million	FY25A	FY26E	FY27E
REVENUE	132178.70	157741.28	175487.17
PAT	4713.70	6175.44	6686.54
EBITDA	14916.90	20251.80	21103.35
EPS	116.85	152.67	165.30
PE	27.82	21.24	19.61

CEAT V/S S&P BSE SENSEX

GST 2.0 Boosts Tyre Demand, Geo-political Issues To Impact Margins

GST 2.0 Boosts Revenue Base

Rs. In Million



Ceat crossed a milestone of Rs 40,000 million of revenue for the first time quarterly and the revenue reported in Q3FY26 is the highest ever. GST 2.0 reforms gave the much needed fillip to the auto sector and auto ancillary sectors such as tyres. GST reduction on two-wheelers, small cars, buses and farm machinery boosted auto volumes and led to higher tyre demand in Q3FY26. Under GST 2.0 reforms, for new tyres, GST has been cut from 18% to 12%. For agriculture machinery such as tractors tyres etc, GST has been reduced to 5%.

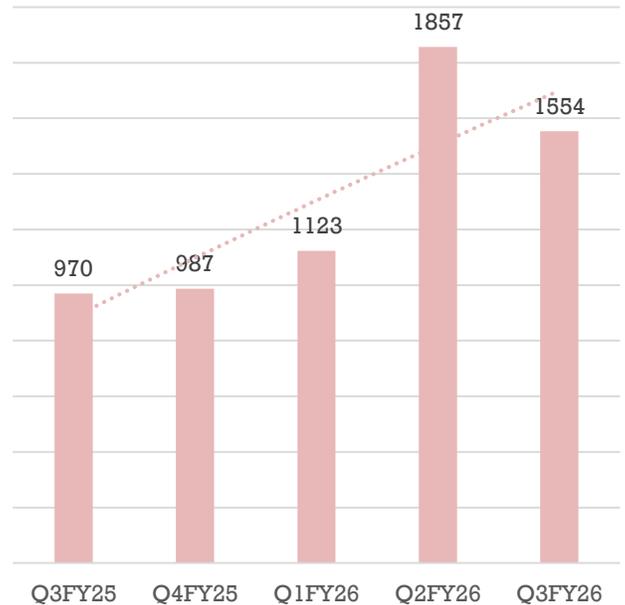
Auto industry has performed well in December Quarter 2025, giving strong push to tyre volumes. Growth momentum in the near future is a key monitorable amid Middle East Crises. Rising crude prices and supply chain issues in fuel availability is expected to impact consumer sentiment. OEMs are threatened with supply chain disruption and higher logistics cost leading to slowdown in production and inturn impacting tyre volumes. In addition to domestic challenges, Ceat may also face disruption in exports due to current geopolitical situation. Ceat's exports contribute 20% of total revenue basket. And in addition to revenue growth challenges, the company also needs to protect its margins amidst raw material volatility.

Raw Material Price Rise To Impact Margins

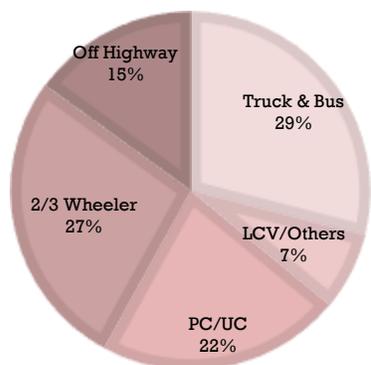


Net Profit Growth Jumps 60% In Q3FY26

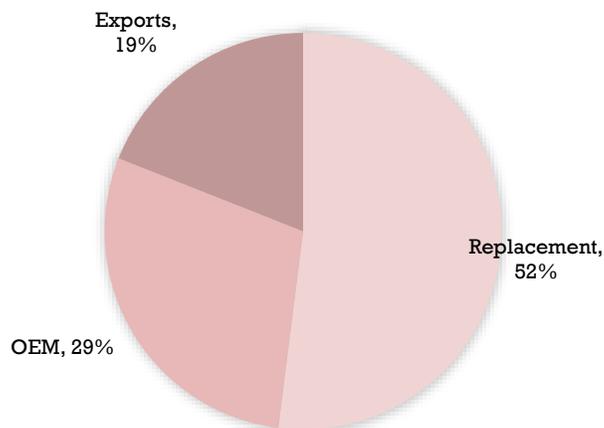
Rs. In Million



CEAT'S DIVERSIFIED PRODUCT MIX



CEAT'S MARKET MIX

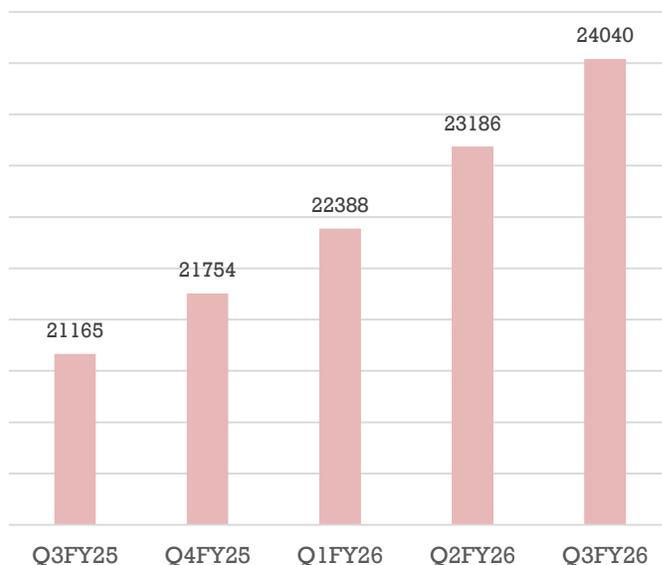


High Crude Prices And Rupee Depreciation To Impact Margins

Rs. In Million	Q3FY26	Q3FY25	CHG%
Cost Of Materials	24039.80	21165.20	14%
Purchases of Stock In Trade	146.80	70.20	109%
Employee Benefit Expense	2822.40	2158.90	31%
Finance Costs	1049.60	750.90	40%
Depreciation	1881.40	1414.90	33%
Other Expenses	8141.20	6584.40	24%

Consistent Rise in Raw Material Cost

Rs. In Million

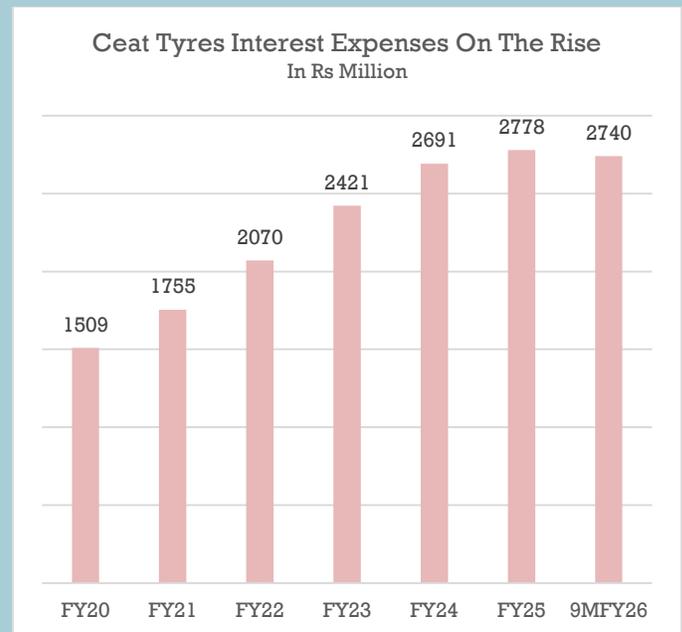
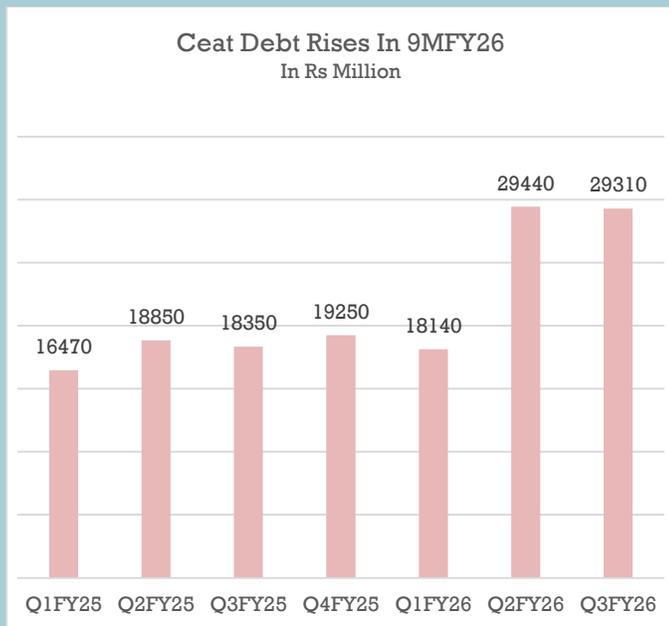


Raw material cost rise of 14% YoY was the least compared to other expenditure categories. Sequential growth was just 4% for raw material cost in Q3FY26. Raw material basket for tyre companies consists of natural rubber, steel, synthetic rubber, carbon black etc. At least 40-45% of raw material basket is dependent on crude derivatives used in the manufacture of tyres. Synthetic rubber production also requires chemicals derived from crude oil. Ceat maintains two months cover with respect to crude and its derivatives feed stock. Operating margins are expected to take a hit in the coming quarters due to crude price rise. Excluding, crude price rise, the management expects impact of 1-

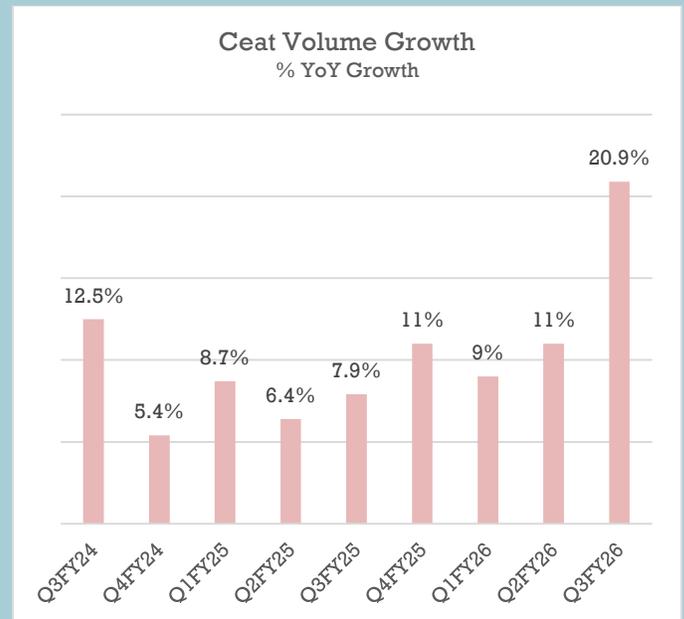
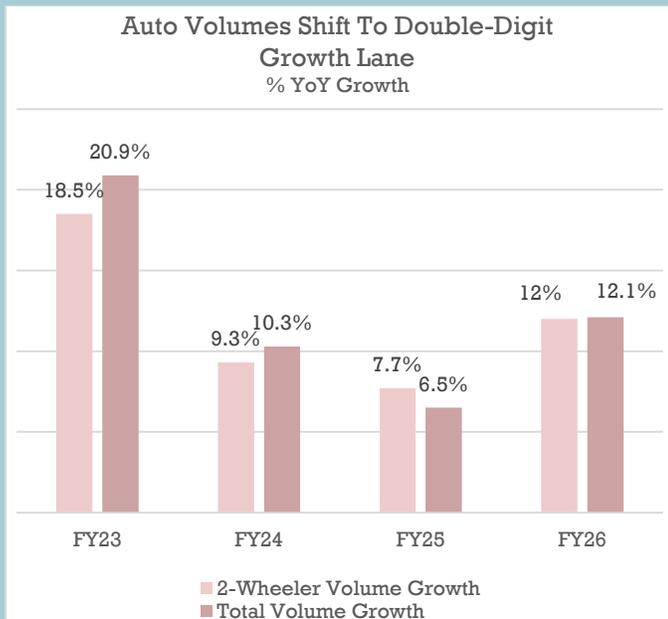
1.5% in Q4FY26 due to rupee depreciation (Rs/\$ fell from 87-91 in Q3FY26). With Rs/\$ exchange rate breaching 94 levels, crude volatility along with rupee depreciation will further impact margins.

Expenditure Mix (Rs. in Million)	Q3FY26	Q2FY26	CGH%	Q2FY26	Q1FY26	CHG %	Q1FY26	Q4FY25	CHG %	Q4FY25	Q3FY25	CHG %
Cost Of Material Consumed	24039.80	23185.70	3.7%	23185.70	22387.60	4%	22387.60	21753.60	2.9%	21753.60	21165.20	2.8%
Purchases Of Stock In Trade	146.80	129.90	13.0%	129.90	91.00	43%	91.00	71.70	26.9%	71.70	70.20	2.1%
Employee Benefit Expenses	2822.40	2617.40	7.8%	2617.40	2268.30	15%	2268.30	2257.10	0.5%	2257.10	2158.90	4.5%
Finance Costs	1049.60	869.60	20.7%	869.60	820.00	6%	820.00	744.00	10.2%	744.00	750.90	-0.9%
Depreciation and Amortization Expenses	1881.40	1738.50	8.2%	1738.50	1513.70	15%	1513.70	1523.20	-0.6%	1523.20	1414.90	7.7%
Other Expenses	8141.20	7789.20	4.5%	7789.20	6837.70	13.9%	6837.70	6677.30	2.4%	6677.30	6584.40	1.4%

Total capex for next year is expected to be around Rs 1000-1200 crore. For December Quarter 2025, capital expenditure (capex) stood at Rs 254 crore, completely funded by internal accruals. In 9MFY26, capex stood at Rs 673 crore. In addition to this, the company also had an outflow of about Rs 236 crore in Q2FY26 towards intangibles at time of acquisition of CAMSO. The Board of Directors recently announced capex of Rs 1,314 crore for its Chennai plant for capacity addition of 35 lakh passenger car tyres, to be completed by H2FY28.



The tyre sector is directly dependent on manufacture and sale of automobiles. The largest constituent of India auto sector in terms of volumes is the two-wheeler segment which includes scooter and motorcycles. Two wheeler growth is driven by rural demand which in turn is dependent on monsoon activity. Rural auto demand is on better footing compared to urban India. While the GST 2.0 reforms and Central Bank interest rates reduction improved consumer sentiment, crude price shock is a major headwind for the auto sector.



Corporate Profile

Cavi Elettrici e Affini Torino, the company which was founded by Virginio Bruni Tedeschi in 1924, initially, produced electrical and telephone cables. At the onset of World War II, it entered into the rubber industry, producing gas masks. Near the end of the war, in 1945, it started producing tyres. In 1958, CEAT Tyres of India was founded as a collaboration between the Tedeshchi family and the Tatas. In the same year, the first plant in India was commissioned at Mumbai and a couple of years later, first tyre produced in India rolled out of the factory. RPG group acquired CEAT Tyres of India in 1981.

CEAT is a leading tyre manufacturer with a strong presence in over 110 countries. Headquartered in Mumbai, India, CEAT is the flagship company of the RPG group. RPG Group, established in 1979, is one of India's fastest-growing business groups with a turnover of US\$ 4.8 billion. The group has diverse business interests in the areas of Infrastructure, Tyres, Pharma, IT and Specialty as well as in emerging innovation-led technology businesses. Ceat manufactures more than 41 million high-performance tyres, catering to various segments like 2-3 wheelers, passenger and utility vehicles, commercial vehicles and off-highway vehicles. The company also partnered with global tyre majors like Yokohama and Goodyear. In 1992, the company entered Sri Lanka through a joint venture and today is the market leader in the country.

QUARTERLY PROFIT & LOSS STATEMENT OF CEAT LTD FROM 30th June 2025 TO 31st March 2026E

VALUE	30-June-25	30-Sep-25	31-Dec-25	31-March-26E
Rs. In Million	3 Months	3 Months	3 Months	3 Months
INCOME FROM OPERATIONS	35294.10	37726.50	41570.50	43150.18
OTHER INCOME	47.30	38.60	60.50	72.60
TOTAL INCOME	35341.40	37765.10	41631.00	43222.78
EXPENDITURE	-31416.80	-32692.70	-35937.00	-37661.98
EBITDA	3924.60	5072.40	5694.00	5560.80
DEPRECIATION	-1513.70	-1738.50	-1881.40	-1975.47
PROFIT BEFORE INTEREST & TAX	2410.90	3333.90	3812.60	3585.33
INTEREST	-820.50	-869.60	-1049.60	-1207.04
EXCEPTIONAL ITEM	-32.90	0.00	-579.60	0.00
PROFIT BEFORE TAX	1557.50	2464.30	2183.40	2378.29
TAX	-419.20	-679.50	-676.10	-736.95
PROFIT AFTER TAX	1138.30	1784.80	1507.30	1641.34
SHARE OF PROFIT/LOSS FROM JV AND ASSOCIATE	-15.30	72.30	46.70	0.00
NET PROFIT	1123.00	1857.10	1554.00	1641.34
EQUITY CAPITAL	404.50	404.50	404.50	404.50
FACE VALUE	10.00	10.00	10.00	10.00
EPS	27.80	45.98	38.59	40.58

ANNUAL PROFIT & LOSS STATEMENT OF CEAT LTD FROM 2023 TO 2027E

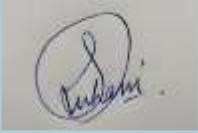
VALUE	Mar-23	Mar-24	Mar-25	Mar-26E	Mar 27E
Rs. In Million	12 Months	12 Months	12 Months	12Months	12 Months
INCOME FROM OPERATIONS	113148.80	119434.80	132178.70	157741.28	175487.17
OTHER INCOME	169.40	197.30	175.50	219.00	262.80
TOTAL INCOME	113318.20	119632.10	132354.20	157960.28	175749.97
EXPENDITURE	-103410.7	102912.50	-117437.30	-137708.48	-154646.62
EBITDA	9907.50	16719.60	14916.90	20251.80	21103.35
DEPRECIATION	-4693.10	-5088.30	-5626.90	-7109.07	-7606.70
PROFIT BEFORE INTEREST & TAX	5214.40	11631.30	9290.00	13142.73	13496.65
INTEREST	-2421.00	-2690.60	-2777.90	-3946.74	-4223.01
EXCEPTIONAL ITEM	-334.20	-581.70	-296.10	-612.50	0.00
PROFIT BEFORE TAX	2459.20	8359.00	6216.00	8583.49	9273.64
TAX	-717.50	-2214.20	-1720.30	-2511.75	-2587.10
PROFIT AFTER TAX	1741.70	6144.80	4495.70	6071.74	6686.54
SHARE OF PROFIT/LOSS FROM JV AND ASSOCIATE	82.20	208.00	218.00	103.70	0.00
NET PROFIT	1823.90	6352.80	4713.70	6175.44	6686.54
EQUITY CAPITAL	404.50	404.50	404.50	404.50	404.50
RESERVES	33991.90	40021.60	43280.80	46225.54	49272.45
FACE VALUE	10.00	10.00	10.00	10.00	10.00
EPS	46.02	158.87	116.85	152.67	165.30

Ratio Analysis

Year	FY23A	FY24A	FY25A	FY26E	FY27E
EPS	45.09	157.05	116.85	152.67	165.30
NPM	1.61%	5.32%	3.57%	3.91%	3.81%
EBITDA MARGIN	8.76%	14.00%	11.29%	12.84%	12.03%
ROE	5.30%	15.71%	10.79%	13.22%	13.64%
BOOK VALUE	850.32	999.41	1079.98	1154.88	1212.13
P/BV	3.81	3.24	3.00	2.81	2.67
PE	71.91	20.64	27.82	21.24	19.61

BALANCE SHEET OF CEAT LTD FROM 2023-2027E

CAPITAL & LIABILITIES Rs. In Million	2023	2024	2025	2026E	2027E
Share Capital	404.50	404.50	404.50	404.50	404.50
Other Equity	33991.90	40021.60	43280.80	46225.54	49272.45
Equity Attributable To Equity Holders of Parent	34396.40	40426.10	43685.30	46630.04	49676.95
Non Controlling Interest	173.90	97.40	77.30	81.17	85.22
Total Equity	34570.30	40523.50	43762.60	46711.21	49762.17
NON CURRENT LIABILITIES					
Borrowings	14405.60	9566.00	9235.60	14961.67	17654.77
Lease Liabilities	1305.50	1017.00	1349.10	1180.46	1286.70
Other Financial Liabilities	188.10	211.70	197.30	204.21	214.42
Provisions	478.80	786.00	926.80	974.99	1043.24
Deferred Tax Liability	3885.80	4509.20	5003.50	5754.03	6329.43
TOTAL NON CURRENT LIABILITIES	20263.80	16089.90	16712.30	23075.36	26528.56
CURRENT LIABILITIES					
Borrowings	6521.40	6723.00	10047.90	16579.04	19065.89
Lease Liability	722.20	609.00	731.20	566.68	623.35
Trade Payables	22683.30	23321.10	27401.90	36444.53	41911.21
Other Financial Liabilities	8420.50	8546.70	9601.60	9121.52	9577.60
Other Current Liabilities	1506.50	2860.40	2154.10	1335.54	1469.10
Provisions	1438.20	1054.20	1385.10	1343.55	1437.60
Current Tax Liabilities	152.10	217.20	327.20	507.16	608.59
TOTAL CURRENT LIABILITIES	41444.20	43331.60	51649.00	65898.01	74693.32
TOTAL EQUITY & LIABILITIES	96278.30	99945.00	112123.90	135684.57	150984.06
ASSETS Rs. In Million					
NON CURRENT ASSETS					
Property, Plant & Equipment	57162.70	59268.10	65691.60	79355.45	88868.11
Capital Work In Progress	5685.90	6591.10	5066.10	5471.39	5799.67
Right Of Use Asset	2920.30	2469.60	2878.40	2561.78	2817.95
Goodwill	0.00	231.10	231.10	231.10	231.10
Intangible Assets	878.10	742.00	1042.30	4317.21	5396.51
Intangible Assets Under Development	274.80	244.20	308.90	262.57	288.82
Investments Accounted Using Equity Method	1530.40	1657.60	1732.90	1524.95	1601.20
Investments	165.30	163.30	165.50	165.50	165.50
Other Financial Assets	101.20	80.80	87.10	92.33	97.87
Non-Current Tax Assets	141.40	264.50	175.40	136.81	150.49
Deferred Tax Assets	12.70	0.00	0.00	0.00	0.00
Other Non Current Assets	519.20	845.20	423.70	796.56	876.21
TOTAL NON CURRENT ASSETS	69392.00	72557.50	77803.00	93390.68	104692.23
CURRENT ASSETS					
Inventories	11377.80	11504.90	14115.30	19902.57	21892.83
Trade Receivables	13070.30	12832.20	16533.10	17525.09	18927.09
Cash & Cash Equivalents	606.20	551.60	479.40	791.97	871.17
Bank balances Other Than Cash and Cash Equivalents	112.60	39.20	53.00	60.95	70.09
Other Financial Assets	431.20	683.00	1124.40	1855.26	2189.21
Other Current Assets	1278.40	1293.50	1569.40	1694.95	1864.45
TOTAL CURRENT ASSETS	26876.50	26904.40	33874.60	41830.79	45814.84
Assets Held For Sale	9.80	483.10	446.30	463.10	476.99
TOTAL ASSETS	96278.30	99945.00	112123.90	135684.57	150984.06



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