

# 'We are closing in on No. 2 position'

*Ceat, one of India's biggest tyre makers, reported a four-fold jump in the standalone December quarter net profit at ₹177 crore, cashing in on the drop in raw material costs (year-on-year), jump in demand from export markets and rise in average selling price. Revenues rose 9% to ₹2,949 crore. The March quarter will be better than the December quarter, Arnab Banerjee, MD and CEO, Ceat, told Swaraj Baggonkar.*

**Profit has jumped 4x in Q3, what factors helped the company achieve this?**

Raw material prices were much higher in Q3FY23 (than in Q3FY24 and) there has been a 12% improvement in costs. Then there was a growth of 9% in value during the December quarter and the volume growth is even higher.

**Can you talk about the segment-wise performance?**

In the replacement segment, we gained market share in the passenger cars and we are closing in on the

number two position. We gained share in scooters and were flat in the motorcycle segment. Truck and bus radial segment was flat.

**How was OEM (original equipment manufacturers) demand?**

In OEM demand, there was a lull because of year-end stoppages. We have moved out of several vehicle sizes; the larger ones have replaced the smaller ones. So overall supplies to OEMs was slow for us.

**Ceat had taken price hikes in Q3FY24. Did we take any hikes in Q3?**

We did not take any price hike during the December

**THERE IS SOME INFLATION IN RUBBER... OVERALL, THERE WON'T BE ANY VIOLENT FLUCTUATION IN RAW MATERIAL PRICES**



quarter nor was there any price drop during the quarter. In OEMs we pass on the index price. Quarter two on quarter one, the prices dropped marginally. Q2 change over Q1 got implemented on October 1 and Q3 over Q2 will have been implemented on January 1.

**How did raw material prices behave during the quarter?**

There is some inflation in

rubber and some deflation in crude based products. Overall, there won't be any violent fluctuation in raw material prices, it will move in a narrow band. It was slightly higher in Q3 over Q3 but Q4 over Q3 should not be very much different.

**You had earlier spoken about ₹800+ crore capex for FY24? What will be the capex for FY25?**

We stay with the ₹800 crore guidance we had given earlier for FY24. We have been saying that we will avoid bunching of capex. Our industry has a low asset turnover ratio. If we have to grow by 10-15% then you need to have that much capex every year. Let's say the capex for FY25 will be ₹1,000 crore.

**How did the export markets behave for Ceat during the third quarter?**

In international business, there has been rapid growth year on year of about 25%. This is despite the headwinds in Europe where we had subdued growth. International business is margin accretive.