



October 16, 2020

Master Pick

Equities



CEAT Ltd.

- Established in 1958, CEAT is the flagship company of RPG Enterprises. CEAT is one of India's leading tyre manufacturers which has strong presence in global markets. CEAT produces over 15 mn tyres a year and offers the widest range of tyres to all segments. It manufactures world-class radials for heavy-duty trucks and buses, light commercial vehicles, earthmovers, forklifts, tractors, trailers, cars, motorcycles and scooters as well as auto-rickshaws.
- CEAT is well established player in the segment with strong product portfolio both in domestic as well as international markets. Its differentiated and high quality products support in earning healthy business from OEMs. However, at present, Auto industry demand has been impacted by Covid-19, however with easing of restriction and opening of economy demand is reviving gradual for 2 wheelers and passenger vehicles which would bode well for CEAT.
- Going forward its focus on growing in 2&3 wheeler, passenger space and truck & bus segment by adding capacity would further benefit in ramping up volumes. Also benign price of raw material (mainly rubber) would aid to earn better margins. Besides higher demand and increasing penetration from rural and market share gain in international business would augur well for the company.

Technical Outlook

- Ceat has been a consistent performer in tyre space. It had a phenomenal run after the breakout in 2013 as it rose from roughly 175 levels and made a record high of 1963 in January 2018.
- Its bullish trend reversed in May 2018 and it traded with negative bias for nearly a year. Though it tried to resume the uptrend multiple times during that phase, it couldn't surpass the hurdle of the long term moving averages. In line with the broader trend, it also witnessed a sharp fall in March 2020 and made a new 52-week low at 600.
- It has been witnessing recovery for the last seven months and reached again to the resistance zone of the previous swing high i.e. around 1040 levels. Indications are pointing towards marginal consolidation, followed by a breakout. Traders and short-term investors should utilize this phase to accumulate the stock gradually. We advise buying at the current level (992) and adding more on dips around 960 with the close below stop loss of 880 for the target of 1180.

BSE Code	500878
NSE Code	CEATLTD
Sector	Tyres

Technical Recommendation

CMP (₹)	992
Accumulation Range(₹)	960-992
Stop Loss– Closing (₹)	880
Target (₹)	1180
Time Horizon	2-3 Months

Data Matrix

Equity (₹Cr)	40.45
EPS (₹)	57.2
Book Value (₹)	724.74
Face Value (₹)	10.0
P/ BV (x)	1.09
Dividend Yield (%)	1.2
Beta	1.26
52 Week High / Low	1094/600
ROE%	7.95

Source : Capitaline, Moneycontrol

Technical Chart (Weekly)



Running Recommendations

Scrip Name	Rec. Date	Rec. Price	CMP (16th Oct, 2020)	Closing S/L	Target
GUJGASLTD	01-Oct-2020	310.85	291.80	284	360
INDIACEM	07-Aug-2020	116.85	118.30	107	155
GODREJCP	31-Jul-2020	691.85	677.85	670	810
HEIDELBERG	19-Jun-2020	167.80	182.95	174	214
* Closing S/L Trailed					

Performance of Closed Recommendations

Rec. Date	Scrip Name	Rec. Price	Exited On	Return %	Remarks
28-Aug-2020	DCB BANK	94.55	24-Sep-2020	-12.21	Booked loss as SL triggered at 83
21-Aug-2020	POWERGRID	185**	17-Sep-2020	-8.10	Booked loss as SL triggered at 170
10-Jul-2020	EQUITAS	59.60	29-Aug-2020	-17.78	Booked loss as SL triggered at 49
17-Apr-2020	RADICO	327.95	29-Jul-2020	14.65	Booked profit as trailed SL triggered at 376
12-Jun-2020	RALLIS	234.75	23-Jul-2020	32.05	Booked profit at 310 as Target Met
30-Apr-2020	BIOCON	353.95	13-Jul-2020	24.30	Booked profit at 440 as Target Met
22-May-2020	GRANULES	165.75	12-Jun-2020	26.70	Booked profit at 210 as Target Met
29-May-2020	RELAXO	676.45	04-Jun-2020	15.30	Booked profit at 780 as Target Met
06-Sep-2019	POWERGRID	203.70	12-Mar-2020	-14.09	Booked loss as trailed SL triggered at 175
20-Feb-2020	VOLTAS	725	09-Mar-2020	-8.96	Booked loss as trailed SL triggered at 660
29-Nov-2019	FEDERALBNK	88.90	06-Mar-2020	-7.76	Booked loss as trailed SL triggered at 82
07-Feb-2020	CHOLAFIN	339.95	28-Feb-2020	-12.63	Booked loss as trailed SL triggered at 297
03-Jan-2020	PETRONET	269.20	28-Feb-2020	-5.66	Booked loss as trailed SL triggered at 254
24-Jan-2020	RADICO	356.50	13-Feb-2020	20.89	Booked profit at 431
13-Dec-2019	GSPL	218.25	24-Jan-2020	17.04	Booked profit at 255.45
15-Nov-2019	GRANULES	123.5	24-Jan-2020	25.79	Booked profit at 155.35
11-Oct-2019	VGUARD	230.90	10-Dec-2019	-6.90	Booked loss as trailed SL triggered at 215
01-Nov-2019	KAJARIACER	565.85	22-Nov-2019	-8.10	Booked loss as trailed SL triggered at 520
18-Oct-2019	PETRONET	267.30	22-Nov-2019	1.01	Booked profit as trailed SL triggered at 270
20-Sep-2019	IGL	339.15	01-Nov-2019	15.00	Booked profit at 390 as Target Met

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Statements on ownership and material conflicts of interest , compensation– Research Analyst (RA)

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

S. No.	Statement	Answer	
			Tick appropriate
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F (a) above is Yes :

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name (s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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