



**Challenge Statement: Diversification Opportunities for CEAT beyond tyre as a Product**

**About CEAT Ltd ([www.ceat.com](http://www.ceat.com)):**

CEAT, the flagship company of RPG Enterprises, was established in 1958. Today, CEAT is one of India's leading tyre manufacturers and has a strong presence in global markets. CEAT produces over 15 million tyres a year and offers the widest range of tyres to all segments and 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.

**Challenge**

Today's economies are dramatically changing, triggered by development in emerging markets, the accelerated rise of new technologies, sustainability policies, and changing consumer preferences around ownership. Digitization and new business models have revolutionized all industries, and automotive is no exception.

The convergence of four trends – electrification, autonomous driving, connected vehicles and shared mobility – will profoundly impact the automotive industry over the next decade. As a result, the profit pools will shift significantly from Classic profit pools like 'Classic' components, New ICE & hybrid car sales, Financing and Aftermarket to Emerging profit pools like Data & Connectivity, On-demand mobility, New BEV car sales etc.

As leaders in this industry, CEAT wants to look at the future trends and prepare for the new mobility landscape. We want to identify new business opportunities and diversify beyond tyre as a product and build a 1000 Cr business. In diversifying our business, we would like to leverage our key strengths namely -

- Strong distribution network across the country, with over 60% coverage in 10k+ population towns
- Strong OEM presence in two-wheeler segment, with a significant share of business in Honda, Royal Enfield, Yamaha and Suzuki
- Strong Brand presence as an Auto ancillary player.

The team should study the potential diversification opportunities which CEAT can consider entering, by leveraging the capabilities mentioned above. Some possible areas that can be considered can be the following –

- Potential play in the Electric Vehicle ecosystem – Battery, Components, Charging infrastructure, app for EV fleet management etc.
- Vehicle aftermarket service – service stations (physical or on the go), roadside assistance, spare parts.
- Safety related ancillary components – Auto tyre inflator, Tyre pressure monitoring system (TPMS), Onboard diagnostics (OBD) monitoring devices etc.
- Tech play in auto ecosystem – spare parts marketplace, aggregators etc
- Be the channel – Tyre Marts, New / Used car dealer, Spare parts dealer / distributor.

The above list is just illustrative and not exhaustive.

You are required to study the various potential business opportunities and analyse them on a set of criteria like profitability, capex required, leveraging CEAT strengths etc.