

INDIAN TYRE INDUSTRY

Organised tyre retreading market to grow at 7-9% during FY2023-26

March 2024



Highlights



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Organised tyre retreading market to grow by 7-9% during FY2023-26.

Sustainable tyres, improving tyre and retreading technology, better road infrastructure, rising radialisation in CV segment to support tyre retreading demand.



- Tyre retreading is the process of replacing worn out tyre treads with new ones, thus providing an economical and sustainable alternative to new tyres. While the quality of re-treaded tyres may not be comparable with the brand-new ones, inherent advantages for customers (fleet operators) like cost efficiency (retreading costs one-fourth of a new tyre) and possibility of up to two retreads in a tyre lifecycle support retreading demand.



- The domestic tyre retreading market is estimated at ~Rs. 5,800-6,000 crore. Owing to Covid-19 and its post-effects, the retreading industry saw a flattish growth (estimated CAGR of 1-3%) in the last three years ending FY2023. However, with the Government's thrust towards disposal of waste tyres and increasing radialisation in commercial vehicle (CV) tyre segment, the retreading market has been a beneficiary witnessing better demand traction in FY2024.
- ICRA expects the organised tyre retreaders to grow by 7-9% (CAGR) over the next three years. Key factors supporting the growth include focus on sustainable tyres, improving tyre and retreading technology, better road infrastructure, rising radialisation in CV segment, etc.



- The domestic tyre retreading market is fragmented, wherein organised players represent 50-55% market share and the balance share is held by unorganised players.
- Strengthening of dealer network, led by enhanced connect with fleet operators, coupled with increasing penetration of tyre manufacturers into the retreading segment will support an increase in the share of organised trade going forward.



- Tyre retreading is largely done in commercial vehicles, which account for ~80% of the market. Trucks account for 60-65%, while buses account for the rest of 15-20%. Off-highway tyres (OHT), including tractors, account for ~12-15% while passenger vehicles account for a negligible share.



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Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Senior Vice-President	shamsherd@icraindia.com	0124- 4545 328
K. Srikumar	Vice-President	ksrikumar@icraindia.com	044 – 4596 4318
Nithya Debbadi	Assistant Vice-President	nithya.debbadi@icraindia.com	040 – 4547 4829
Nikhil Parakh	Senior Associate Analyst	nikhil.parakh@icraindia.com	0124- 4545 4321





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Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development - Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development - Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vipin Saboo	Head Business Development – Corporate Sector - West & East	vipin.saboo@icraindia.com	022-61693348
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Media & Communications	communications@icraindia.com	0124-4545860





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