

INDIAN TYRE INDUSTRY

**Replacement demand fuels
passenger tyre growth even as OE
demand skids**

March 2025





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PV tyre demand to grow by ~5-7% in FY2025 and ~6-8% in FY2026, driven by healthy replacements.

OE tyre demand growth is expected to be muted in FY2025 owing to subdued consumer sentiments and high channel inventory thus affecting vehicle production. It is expected to expand by ~4-7% in FY2026.

PV tyre exports recovered by ~26% in FY2026 after a muted demand in the past two years; exports are expected to account for ~15% of the domestic production in FY2025



- Passenger vehicle (PV) segment represents ~20% of domestic tyre demand (in value). The segment recorded ~7% growth in the last five years (ending FY2024). PV domestic tyre volume growth is pegged at 5-7% in FY2025, (slightly down from 7% in FY2024) dragged down by subdued original equipment manufacturers (OE) demand. But with healthy replacement growth and likely recovery in OE segment in second half of the year, the segment may grow by 6-8% in FY2026.



- The replacement market accounts for 55-60% of PV tyre demand, partly lending stability to volumes. While OE PV tyre demand growth is expected to be muted in the near term, replacement volumes are set to grow at a healthy pace of ~7-10%, aided by high number of vehicles on the road, increased mobility and a stable replacement cycle.



- After a modest increase of ~5% in FY2024, PV tyre exports grew by ~16% (year-on-year (YoY) basis) in volume and ~26% (YoY) in value in 9M FY2025 on the back of recovery in demand from key export markets. Given the strong growth in volumes, ICRA expects the share of PV tyre exports in domestic production to improve to ~15% in FY2025 from ~14% in FY2024.



- Imports currently account for a very small portion (~1%) of domestic PV tyre demand, down from around 10-15% till FY2020. They had declined significantly after the Director General of Foreign Trade (DGFT) placed all categories of tyres in the restricted category in June 2020.



- New capacity expansions are underway and likely to support domestic and export demand. Investments are towards debottlenecking and research and development (R&D), along with a few brownfield expansions.



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