

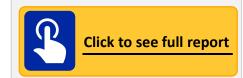
INDIAN TYRE INDUSTRY

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

March 2024



Highlights



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.



| 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 |

















ICRA 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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