

# INDIAN TYRE INDUSTRY

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**GST rationalisation to fuel domestic  
tyre demand in H2 FY2026; tyre  
export hit tariff bump**

**SEPTEMBER 2025**



## 1 Tyre demand



## 2 Trend in exports and imports



## 3 Tyre supply



## 4 Raw material price trends



## 5 Trend in quarterly performance



## 6 Financial forecasts



## 7 Peer comparison



## 8 Annexure – Indian economy – macro indicators





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*Domestic tyre demand is estimated to grow at 6-8% in FY2026, with likely improvement in replacement demand in H2 FY2026 aided by GST rationalisation.*

*Tyre exports hit a speed bump with higher US tariffs on select categories of Indian tyres compared to tariffs on competing nations.*

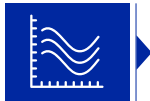
*Operating margins to inch up in H2 FY2026 supported by stabilisation of natural rubber (NR), price hikes in the past, and moderation in crude oil price.*



- **Domestic tyre demand growth is estimated at 6-8% in FY2026** driven by expected improvement in replacement demand in H2 FY2026 aided by GST rationalisation. Original equipment (OE) growth is likely to be driven by two-wheelers (2Ws), while commercial vehicles (CVs) and passenger vehicles (PVs) are likely to clock a modest, low single-digit growth.



- **Industry revenues grew by 5% sequentially in Q1 FY2026**, supported by healthy replacement volumes, while OE and export volumes have been subdued. On a YoY basis, revenues grew by 7% in Q1 FY2026 with improved realisations, on the back of better product mix and price hikes even as volumes were sluggish.



- **ICRA expects revenue for its sample set of seven major tyre manufacturers to grow by 8-10% in FY2026**, driven by stable growth in domestic volumes. Growth in exports is expected to be muted. Improvement in realisations will be largely driven by product mix.



- **Tyre exports are likely to face challenges from the elevated levels of tariff by the US**, the top export destination for Indian tyres. Likely deterioration in demand in the US (especially in the replacement segment) post higher tariffs, and relatively weak competitive positioning of Indian tyre makers are expected to impact tyre exports in H2 FY2026.



- **Tyre imports declined by 9% in FY2025** after a 15% growth in FY2024. The share of imports in the total demand pie remains low and is unlikely to affect domestic capacity utilisation.



- **Operating margins expected to improve marginally in FY2026** on the back of price hikes by the industry, moderation in crude oil prices and stable NR prices. However, NR prices continue to be elevated, which is likely to limit the margin expansion.



- **New capacity expansion plans are likely to be moderate** in the near term on account of the headroom in existing capacities. ICRA's sample set is estimated to invest Rs. 20,000-25,000 crore in expansions over the next three years.



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