

# INDIAN TYRE INDUSTRY

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**Realisation-driven revenue growth  
expected despite margin headwinds**

**June 2026**

## 1 Trend in quarterly performance



## 2 Tyre demand



## 3 Trend in exports and imports



## 4 Tyre supply



## 5 Raw material price trends



## 6 Financial forecasts



## 7

### Peer comparison





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Domestic tyre demand is estimated to increase by 5-7% in FY2027, with continued stable growth in replacement demand. However, any significant impact of adverse monsoons or an El Nino event on rural cash flows, or material inflation in tyre prices amid rising input costs, could pose downside risks to these growth expectations.

Operating margins to contract in FY2027, with likely spike in raw material costs owing to increase in crude prices.



- **Domestic tyre demand growth is estimated at 5-7% (in units) in FY2027**, driven by steady replacement demand (5-7%), while original equipment manufacturer (OEM) growth is expected to moderate to 4-6% (from 10-12% estimated for FY2026) owing to the high base.



- **Industry revenues grew by 13.9%\*\* on a year-over-year (YoY) basis in FY2026**, supported by healthy domestic and export volumes. Growth in realisations has been aided by better product mix and some price hikes.



- **ICRA expects revenue for its sample set of seven\* major tyre manufacturers to grow by 11-13% in FY2027**, driven by increased realisations due to rise in raw material prices and steady volume growth.



- **Tyre exports grew strongly in FY2026 despite headwinds from US tariff uncertainties and geopolitical tensions in West Asia.** While global geopolitical developments remain a key monitorable, the long-term export outlook continues to be positive, driven by improving global acceptance of Indian tyres, competitive manufacturing and market diversification.



- **Tyre import volumes declined YoY by 10% in FY2025 and 11% in 11M FY2026.** The share of imports in the total demand pie is less than 5% and is unlikely to materially affect domestic capacity utilisation.



- **Operating margins are expected to contract in FY2027** owing to the increase in raw material costs, given the sharp spike in crude prices since March 2026 owing to the West Asian conflict. While crude oil prices moderated to an extent in June 2026, sustenance of the same remains a monitorable.



- **Capital expenditure (capex) investments are projected to be range-bound at 7-10% of revenue in FY2027**, which would include spends on brownfield capacity expansions, de-bottlenecking, efficiency improvements, research and development (R&D) and maintenance.

\*The seven entities in the sample set are Apollo Tyres Limited, Bal Krishna Industries Limited, CEAT Limited, Goodyear India Limited, JK Tyre & Industries Limited, MRF Limited and TVS Srichakra Limited; #Original Equipment Manufacturers segment



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