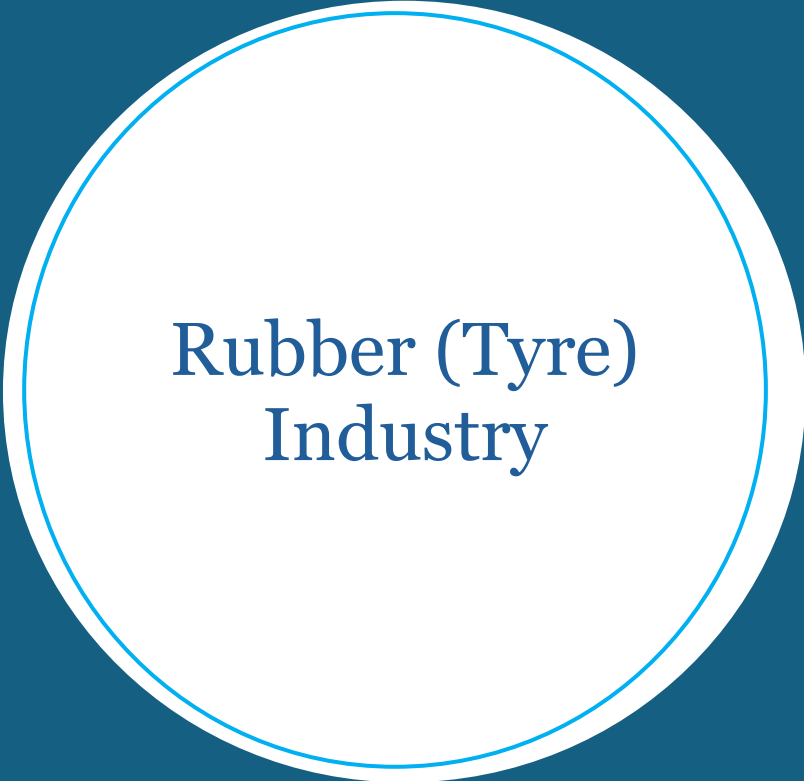


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Rubber (Tyre)
Industry

Dated: 20th May,
2026

Table of Content (Will be updated in final version)

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Abbreviations and Full Form

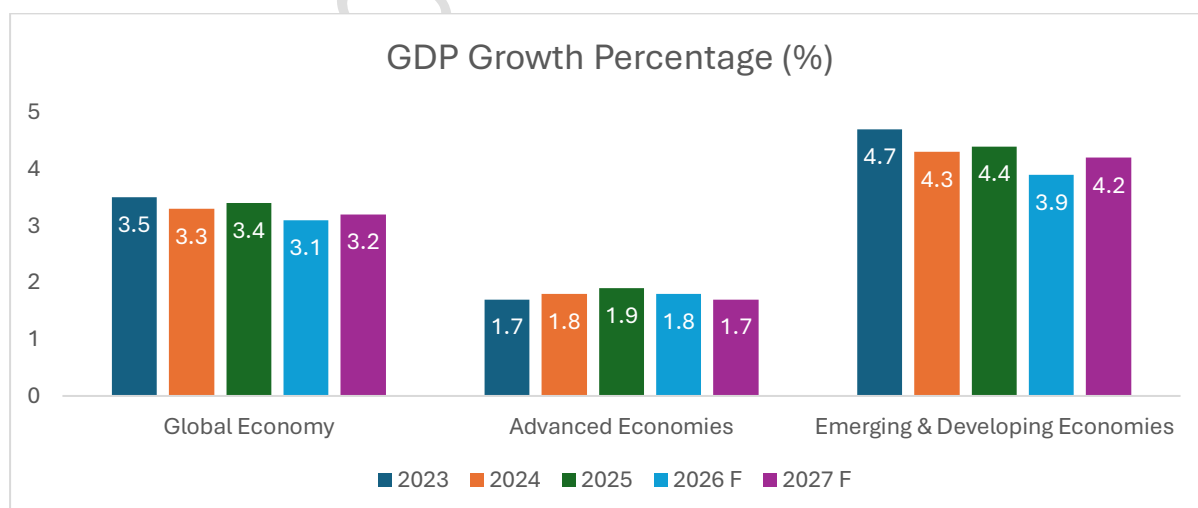
5G	Fifth Generation Mobile Network	MSME	Micro, Small and Medium Enterprise
AMRUT	Atal Mission for Rejuvenation and Urban Transformation	IoT	Internet of Things
AVs	Autonomous Vehicles	ISNR	Indian Standard Natural Rubber
AYUSH	Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy	LCV	Light Commercial Vehicle
BMS	Battery Management System	LCVs	Light Commercial Vehicles
BR	Butadiene Rubber	LFPR	Labour Force Participation Rate
CAGR	Compound Annual Growth Rate	M&HCVs	Medium and Heavy Commercial Vehicles
CCUS	Carbon Capture, Utilisation and Storage	MEP	Mechanical, Electrical and Plumbing
CIN	Corporate Identification Number	MOSPI	Ministry of Statistics and Programme Implementation
CNG	Compressed Natural Gas	PROI	Public Relations Officer Interface
CPCB	Central Pollution Control Board	R&D	Research and Development
CPI	Consumer Price Index	RBI	Reserve Bank of India
CPSEs	Central Public Sector Enterprises	RD	Research and Development
CRMB	Crumb Rubber Modified Bitumen	RFID	Radio Frequency Identification
drc	Dry Rubber Content	ROCE	Return on Capital Employed
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	RONW	Return on Net Worth
EPC	Engineering, Procurement and Construction	RSS	Ribbed Smoked Sheet
EPCM	Engineering, Procurement and Construction Management	SAE	Seasonally Adjusted Estimate
EPR	Extended Producer Responsibility	SBR	Styrene-Butadiene Rubber
EV	Electric Vehicle	SEBI	Securities and Exchange Board of India

EVs	Electric Vehicles	SIAM	Society of Indian Automobile Manufacturers
FADA	Federation of Automobile Dealers Associations	SMR	Standard Malaysian Rubber
FRE	Fiscal Responsibility and Expenditure	SR	Synthetic Rubber
G7	Group of Seven	TaaS	Transportation as a Service
GDP	Gross Domestic Product	TCO	Total Cost of Ownership
GeM	Government e-Marketplace	TPMS	Tyre Pressure Monitoring System
GNDI	Gross National Disposable Income	TReDS	Trade Receivables Discounting System
GOI	Government of India	USD	United States Dollar
GVA	Gross Value Added	WEO	World Economic Outlook
HCVs	Heavy Commercial Vehicles		
HEVs	Hybrid Electric Vehicles		
HSN	Harmonized System of Nomenclature		
ICAI	Institute of Chartered Accountants of India		
ICMAI	Institute of Cost Accountants of India		
ICSI	Institute of Company Secretaries of India		
IMF	International Monetary Fund		

1. Economic Outlook

As per the IMF's World Economic Outlook (WEO) published in April 2026, global growth is projected to remain resilient at 3.1 percent in 2026 and at 3.2 percent in 2027. After withstanding higher trade barriers and elevated uncertainty last year, global activity now faces a major test from the outbreak of war in the Middle East. Assuming that the conflict remains limited in duration and scope, the outlook reflects the impact of heightened geopolitical tensions, trade disruptions and cautious investment sentiment, which are expected to weigh on global economic momentum.

Global headline inflation is projected to rise modestly in 2026 before resuming its decline in 2027. Slowdown in growth and increase in inflation are expected to be particularly pronounced in emerging market and developing economies. This is driven by elevated geopolitical tensions, commodity price volatility, external financing pressures and spillover effects from trade and policy uncertainty. Downside risks dominate the outlook, as a longer or broader conflict, worsening geopolitical fragmentation, renewed trade tensions, or a reassessment of expectations surrounding artificial-intelligence-driven productivity could significantly weaken growth and destabilize financial markets. Elevated public debt and eroding institutional credibility further heighten vulnerabilities, while faster-than-anticipated productivity gains from AI or sustained easing in trade tensions could provide upside support. Fostering adaptability, maintaining credible policy frameworks and reinforcing international cooperation remain essential to navigating current shocks and future disruptions.



Note: F = Forecast

Source: IMF World Economic Outlook April 2026

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria,

economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

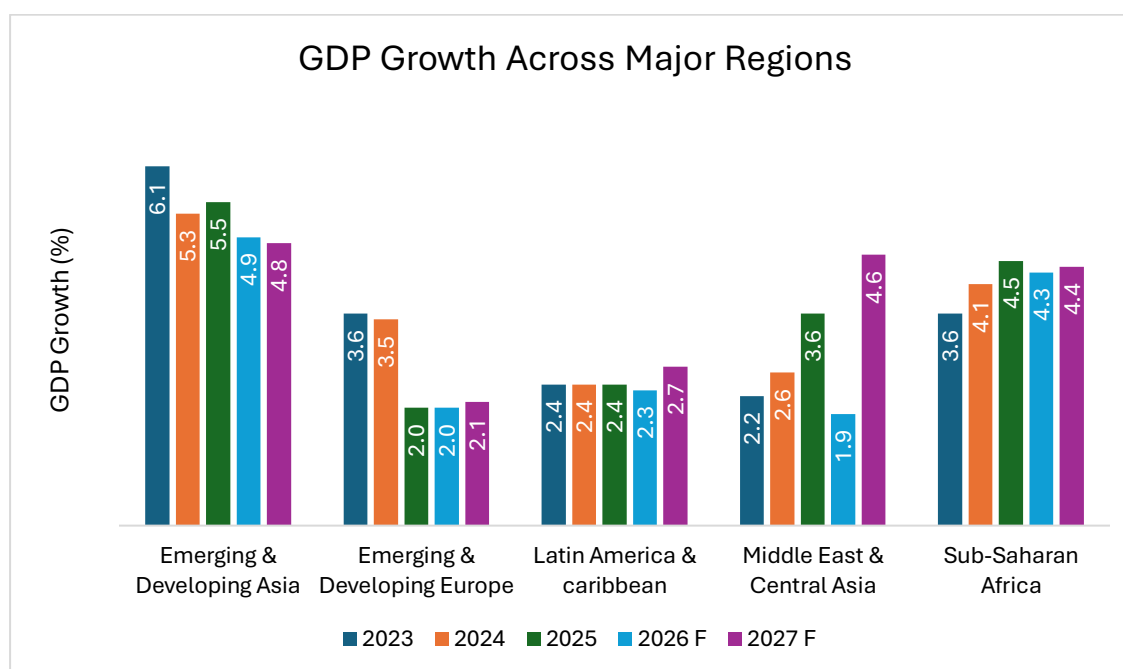
Growth across the global economy is projected to remain resilient, though moderate over the forecast period. Global GDP growth declined from 3.5 percent in 2023 to 3.3 percent in 2024, before increasing marginally to 3.4 percent in 2025. However, growth is projected to moderate to 3.1 percent in 2026 before recovering slightly to 3.2 percent in 2027, reflecting the impact of geopolitical uncertainty, trade disruptions and cautious investment sentiment.

Growth in Advanced Economies is expected to remain relatively subdued, increasing from 1.7 percent in 2023 to 1.8 percent in 2024 and 1.9 percent in 2025, before moderating to 1.8 percent in 2026 and 1.7 percent in 2027. This reflects persistent structural constraints, tighter financial conditions and slower demand conditions across developed markets.

Emerging and Developing Economies are expected to continue to outperform advanced economies and remain the key drivers of global growth. Growth declined from 4.7 percent in 2023 to 4.3 percent in 2024, before improving to 4.4 percent in 2025. However, it is projected to moderate to 3.9 percent in 2026 and recover to 4.2 percent in 2027, reflecting short-term pressures arising from geopolitical risks, commodity price volatility and external financing constraints, followed by a gradual improvement in macroeconomic conditions.

1.1 GDP Growth Across Major Regions

GDP growth across major global regions—including Europe, Latin America & the Caribbean, Middle East & Central Asia, and Sub-Saharan Africa—continues to display varied trajectories. The global outlook presents a mixed scenario, with emerging economies continuing to outperform advanced economies.



Note: F = Forecast

Source: IMF World Economic Outlook April 2026 update

Growth across Emerging Market and Developing Economies is projected to moderate from 4.4 percent in 2025 to 3.9 percent in 2026, before recovering to 4.2 percent in 2027, reflecting near-term pressures from global uncertainty, geopolitical risks and tighter financial conditions, followed by a gradual rebound.

Within this, Emerging and Developing Asia is expected to remain the fastest-growing region, although growth is projected to ease from 5.5 percent in 2025 to 4.9 percent in 2026 and 4.8 percent in 2027, reflecting moderation in regional momentum. China's growth is projected to decelerate from 5.0 percent to 4.4 percent and further to 4.0 percent over the period, driven by structural headwinds and softer domestic demand, while India is expected to remain resilient, with growth moderating from 7.6 percent in 2025 to 6.5 percent in 2026 and remaining at that level in 2027, supported by domestic demand and investment activity.

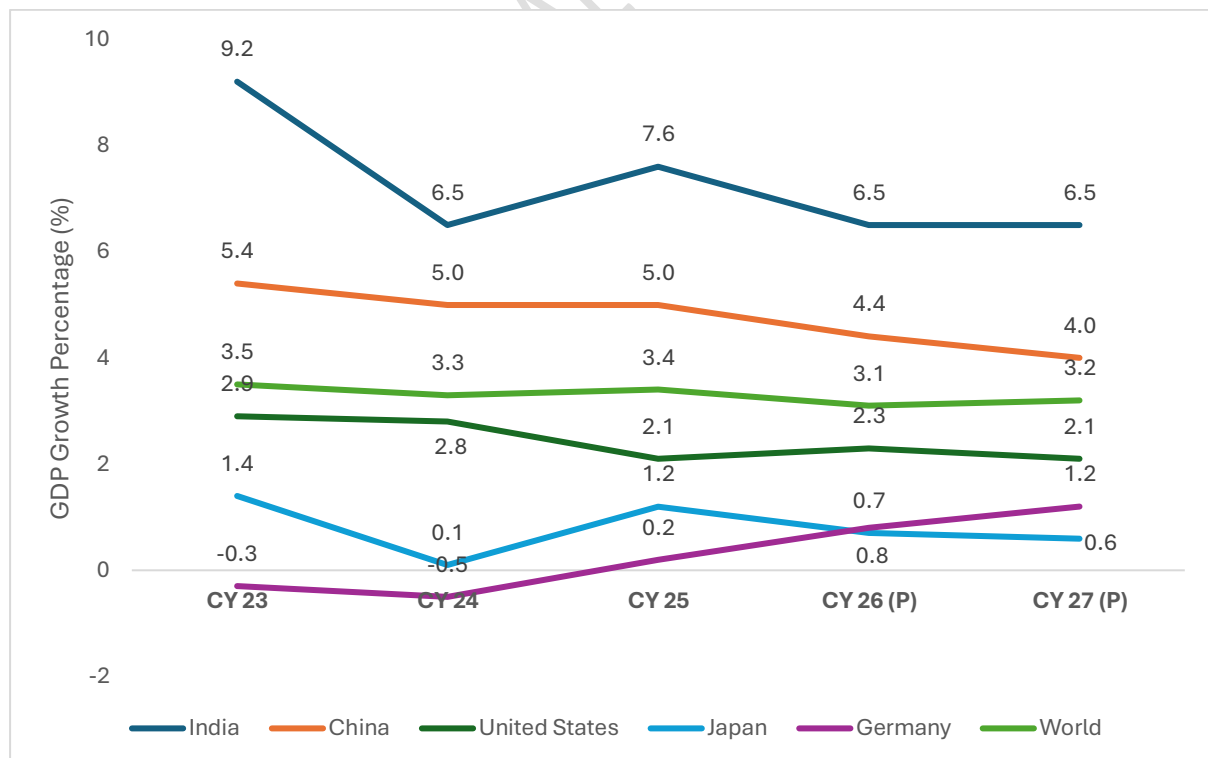
Emerging and Developing Europe is projected to remain relatively stable, with growth at 2.0 percent in 2025 and 2026, improving marginally to 2.1 percent in 2027. Russia is also expected to record modest growth, rising from 1.0 percent in 2025 to 1.1 percent in both 2026 and 2027.

Latin America and the Caribbean is projected to witness moderate growth, easing slightly from 2.4 percent in 2025 to 2.3 percent in 2026, before recovering to 2.7 percent in 2027. Within the region, Brazil's growth is expected to soften from 2.3 percent to 1.9 percent in 2026 before improving to 2.0 percent in 2027, while Mexico is projected to show a stronger rebound, increasing from 0.6 percent in 2025 to 1.6 percent in 2026 and 2.2 percent in 2027.

Growth in the Middle East and Central Asia is projected to slow sharply from 3.6 percent in 2025 to 1.9 percent in 2026, before rebounding significantly to 4.6 percent in 2027, indicating volatility linked to geopolitical conditions and oil market dynamics. Saudi Arabia mirrors this trend, with growth moderating from 4.5 percent in 2025 to 3.1 percent in 2026 before recovering to 4.5 percent in 2027.

Sub-Saharan Africa is expected to remain relatively stable, with growth moderating slightly from 4.5 percent in 2025 to 4.3 percent in 2026 and recovering marginally to 4.4 percent in 2027. Nigeria is projected to improve gradually from 4.0 percent to 4.3 percent over the period, while South Africa is expected to post subdued growth, easing from 1.1 percent in 2025 to 1.0 percent in 2026 before improving to 1.3 percent in 2027. Overall, the projections indicate that while emerging markets face short-term pressures, growth recovery is expected to strengthen in several regions by 2027.

India and Top 4 Global Economies GDP Growth Forecast



Note: P = Projections

Source: IMF World Economic Outlook April 2026 update

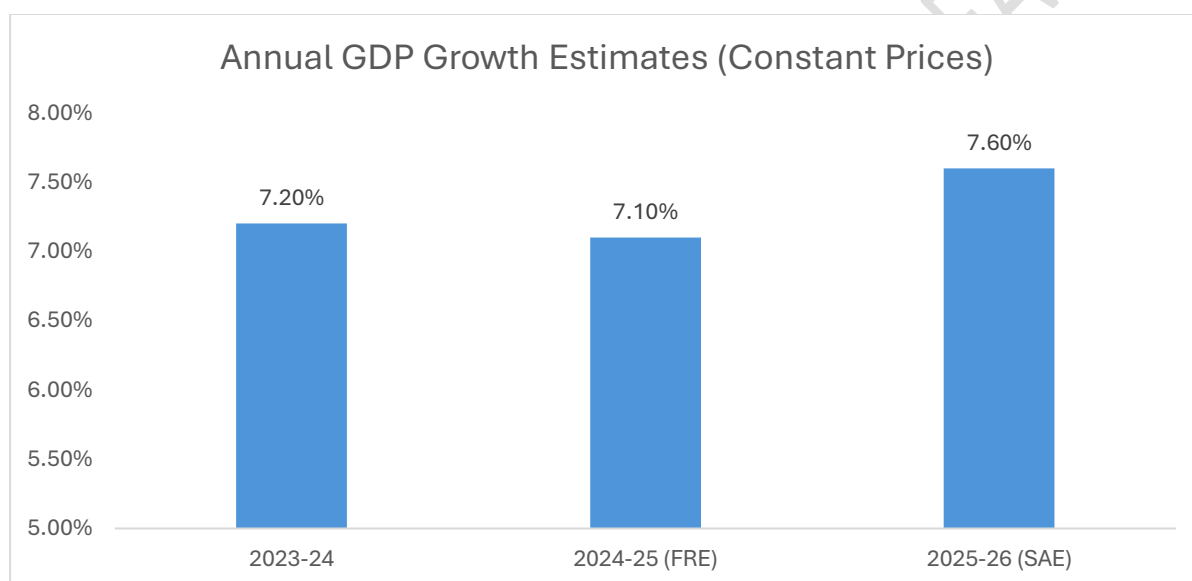
Overall, the outlook indicates that while global growth is expected to soften in the near term, resilience in emerging markets and a gradual recovery thereafter are expected to support global economic momentum over the medium term.

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2. India's Macroeconomic Scenario

2.1 Gross Domestic Product (GDP)

According to the latest Second Advance Estimates by MOSPI, GOI (27 Feb26), after replacing old base year 2011-12 by the new base year 2022-23, real GDP has been estimated to grow by 7.6% in FY 2025-26. Nominal GDP has witnessed a growth of 8.6%. These growth rates are revised upward from their respective First Advance Estimates computed using previous Base Year (2011-12).



Note: FRE - First Revised Estimates; SAE - Second Advance Estimate

Source: New Series of Gross Domestic Product (GDP) Estimates with Base Year 2022-23 by MOSPI, PIB Press Release dated 27 February 2026)

India's Economic Growth Momentum Remains Strong - Surpassed USD 4 Trillion.

In June 2025, India became the fourth-largest economy in the world and retained its position as the fastest-growing major economy. The country is projected to become the world's third largest economy by 2030, with an estimated GDP of USD 7.3 trillion.

Source: PIB, Press Release - India Becoming an Economic Powerhouse posted on June 16, 2025

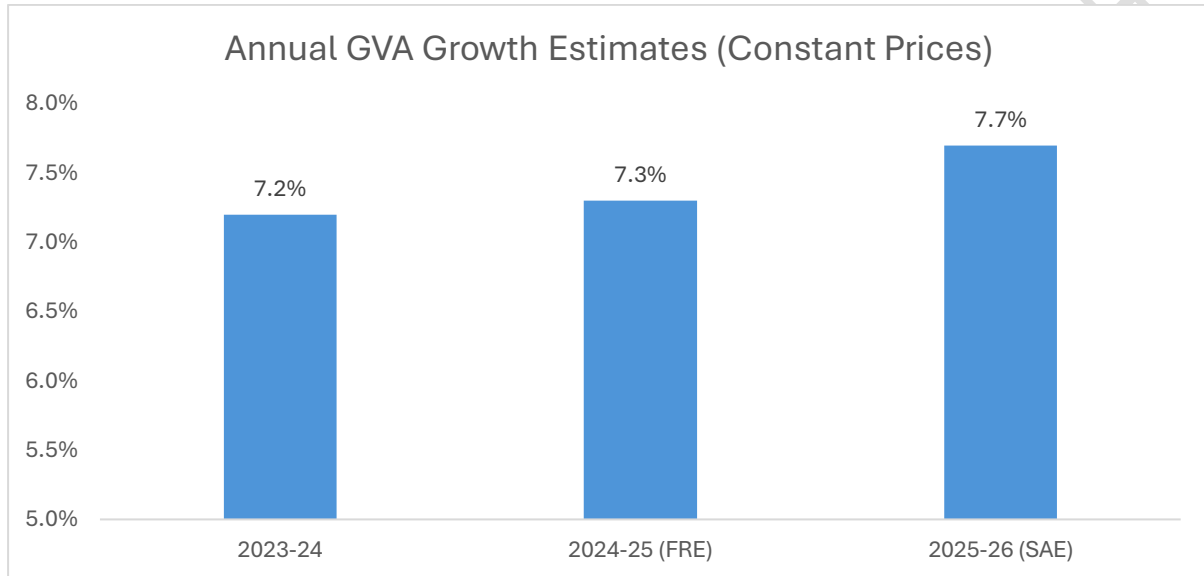
India achieved a significant milestone by overtaking Japan to become the *third most powerful nation in the Asia-Pacific region*, as per the Asia Power Index 2024. India's overall score rose to 39.1, reflecting a 2.8-point increase from the previous year, driven by growing influence across economic, military, and diplomatic dimensions.

Source: PIB, Press Release - India becomes 3rd Most Powerful Nation in Asia, Surpasses Japan in Asia Power Index posted on September 24, 2024

Key factors behind India's rise include its strong economic performance, expanding and youthful workforce, and increasing strategic engagement across the region. India's Economic Capability improved significantly, supported by its position as the world's third-largest economy in terms of purchasing power parity (PPP). Additionally, a notable increase in its Future Resources score highlights the demographic advantage that is expected to sustain its growth trajectory in the coming years.

2.2 Gross Value Added (GVA)

According to the Second Advance Estimate of GDP for 2025-26 by MOSPI, Govt. of India (GoI), Real GVA is estimated at INR 294.40 lakh crore in the year 2025-26, against INR 273.36 lakh crore in FY 2024-25, registering a growth rate of 7.7% as compared to 7.3% growth rate in 2024-25. Nominal GVA is estimated to attain a level of INR 313.61 lakh crore during FY 2025-26, against INR 288.54 lakh crore in 2024-25, showing a growth rate of 8.7%.



Note: FRE - First Revised Estimates; SAE - Second Advance Estimate

Source: New Series of Gross Domestic Product (GDP) Estimates with Base Year 2022-23 by MOSPI, PIB Press Release dated 27 February, 2026)

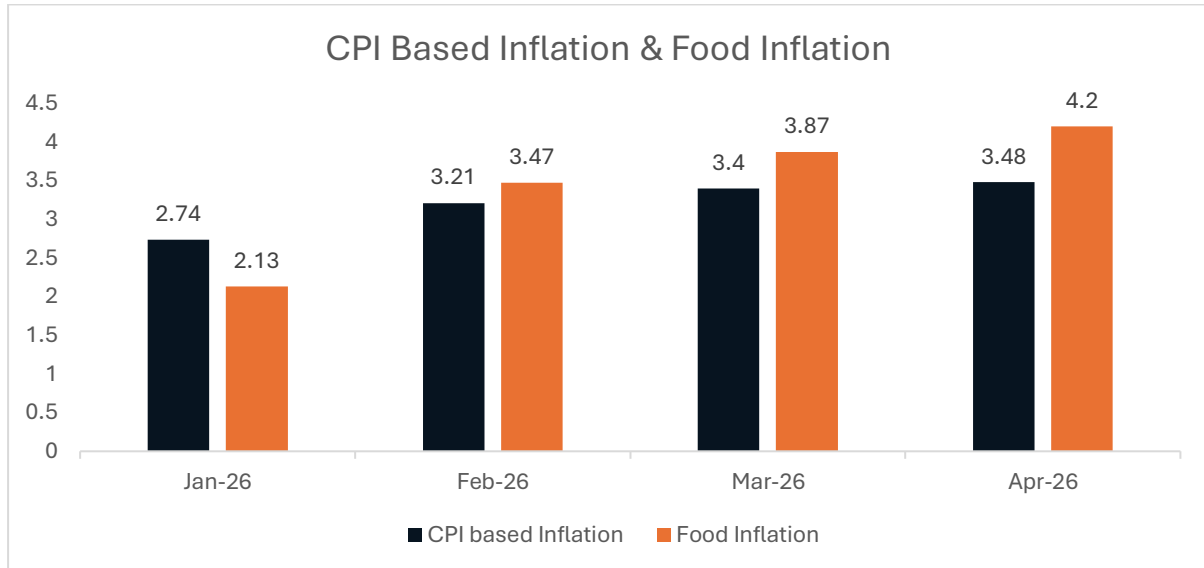
Major Highlights:

- Real GDP has been estimated to grow by 7.6% in FY 2025-26. Nominal GDP has witnessed a growth of 8.6%. These growth rates are revised upward from their respective First Advance Estimates computed using previous Base Year (2011-12).
- Overall Economic performance in FY 2025-26 is primarily on account of robust Real growth observed in Second Quarter (8.4%) and Third Quarter (7.8%).
- The Economy has exhibited sustained performance, recording Real GDP growth rates of 7.2% and 7.1% respectively during FY 2023–24 and FY 2024–25.
- Nominal GDP has registered 11.0% and 9.7% growth rates during FY 2023–24 and FY 2024–25 respectively.
- Manufacturing sector has been the major driver in contributing to the resilient performance of the economy in consecutive 3 financial years after rebasing. This sector has attained double digit growth rates in FY 2023-24 and FY 2025-26.
- Secondary and Tertiary sectors have boosted the performance of the economy by registering above 9.0% growth rate in FY 2025-26.
- 'Trade, Repair, Hotels, Transport, Communication & Services related to Broadcasting, Storage' sector has attained a growth rate of 10.1% at Constant Prices in FY 2025-26.
- On the Consumption side, both the Private Final Consumption Expenditure (PFCE) and Gross Fixed Capital Formation (GFCF) have exhibited more than 7.0% growth rate in FY 2025-26.

Source: MOSPI, Press Release, 27 February 2026, Govt. of India (GoI).

2.3 Consumer Price Index (CPI)

Year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of March 2026 over March 2025 is 3.40%(Provisional). Corresponding inflation rates for rural and urban are 3.63% and 3.11%, respectively.



Source: MOSPI, GOI, 12th May, 2026

Top 5 items with high inflation at All India combined level in February 2026 are given in table below:

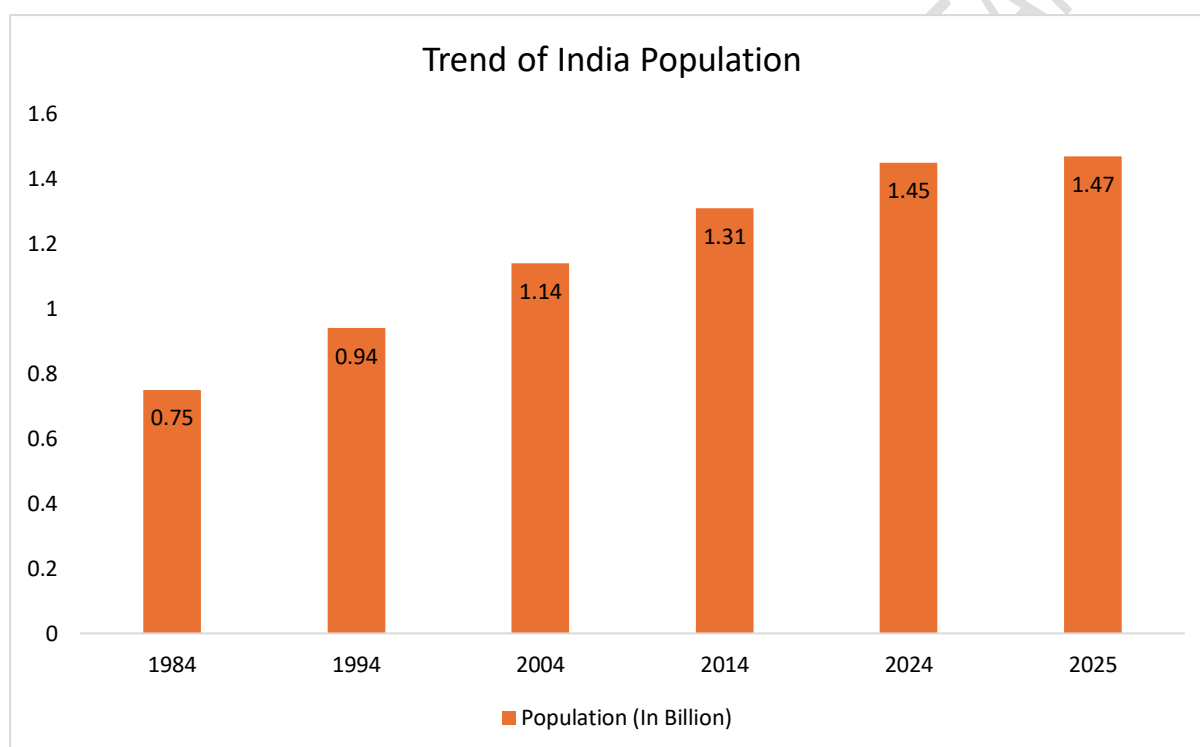
S.No.	Item	Weight	Inflation (%) March, 2026	Inflation (%) April, 2026
1	Silver Jewellery 	0.3127	148.42	144.34
2	Coconut: copra 	0.0854	45.54	44.55
3	Gold/Diamond/Platinum Jewellery 	0.6230	45.88	40.72
4	Tomato 	0.4961	36.00	35.28
5	Cauliflower 	0.2330	34.16	25.58

Source: "Press Release of Consumer Price Index on Base 2024=100 for February, 2026" (12 March 2026), MOSPI, GOI.

2.4 Overview on Key Demographic Parameters

2.4.1 Population growth

India's economic trajectory and consumption dynamics are closely tied to its demographic shifts. India's population expanded from approximately 0.75 billion in 1984 to 1.45 billion in 2024 and is further reached around 1.47 billion in 2025, consolidating its position as the world's most populous nation. This sustained growth underlines the emergence of a vast labour force and consumer base, which is essential for driving long-term economic growth, supporting rising consumption demand, and strengthening the country's overall economic potential.



Source: World Bank Database. Population Data 2025 - Worldometer, Infomerics Analytics & Research

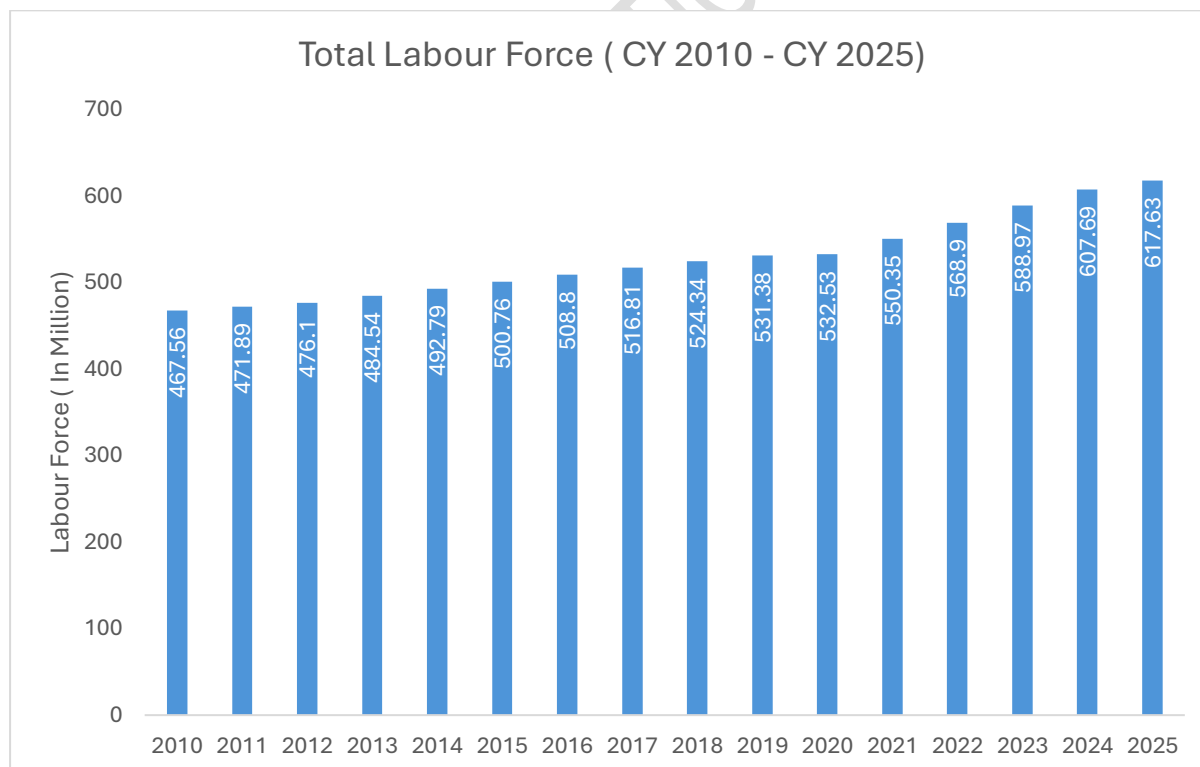
2.4.2 Labour Force in India

India's labour force has experienced steady growth over the past decade. In 2010, the total labour force was approximately 467.56 million. By 2025, this number had increased to 617.63 million.

This upward trend underscores the expanding working-age population, improving labour force participation, and gradual recovery in employment post the pandemic period. The sharp increase observed after 2020 highlights the rebound in economic activity and rising workforce engagement across sectors. However, it also emphasizes the need for sustained job creation to effectively absorb the growing labour pool.

The labour force participation rate (LFPR) has also witnessed variations over time due to changing socio-economic conditions, including urbanization, education levels, and sectoral employment shifts.

These trends highlight the importance of implementing policies that not only generate employment opportunities but also improve job quality, productivity, and inclusivity across key sectors of the economy.

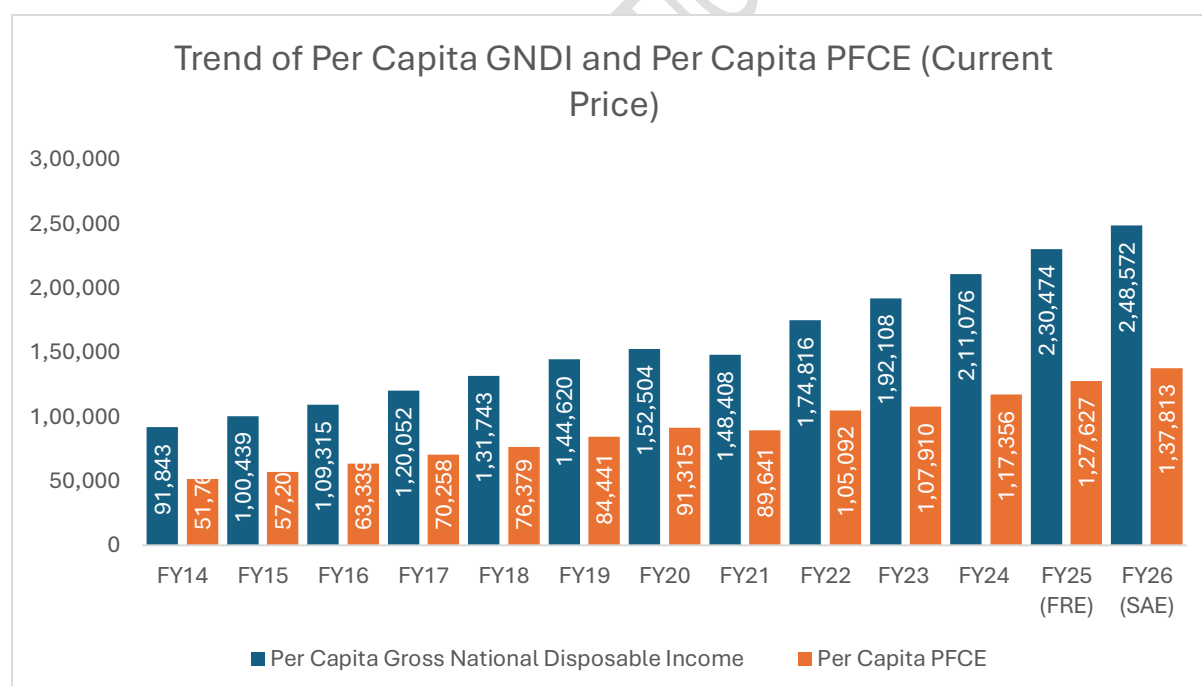


Source: World Bank Database

2.4.3 Disposable Income and Consumer Spending

Gross National Disposable Income (GNDI) represents the total income available to a nation's residents for consumption and saving after accounting for income transfers with the rest of the world. Per Capita GNDI has shown a consistent upward trajectory, rising from INR91,843 in FY14 to INR2,48,572 in FY26 (SAE). In FY25 (FRE), Per Capita GNDI stood at INR2,30,474, which further increased to INR2,48,572 in FY26 (SAE), reflecting a growth of approximately 7.9%. This steady increase indicates that households and businesses had more income at their disposal, which is critical for supporting both consumption and savings: key components of economic resilience and expansion.

The rise in GNDI has translated into higher consumer spending, as reflected in the growth of Private Final Consumption Expenditure (PFCE), which measures the total value of goods and services consumed by households. Per Capita PFCE has also maintained a consistent upward trend, growing from INR51,701 in FY14 to INR1,37,813 in FY26 (SAE). In FY25 (FRE), Per Capita PFCE stood at INR1,27,627, which further increased to INR1,37,813 in FY26 (SAE), reflecting a growth of approximately 8.0%, highlighting strong consumer confidence and robust domestic demand.



Note: Data mentioned is in INR, FRE – First Revised Estimates, SAE – Second Advanced Estimates

Source: PIB, New Series of Gross Domestic Product (GDP) Estimates with Base Year 2022-23

2.5 Union Budget FY26-27 Highlights

The Union Budget FY 2026–27, presented by Finance Minister Nirmala Sitharaman, introduces a comprehensive set of measures aimed at stimulating economic growth, enhancing infrastructure, and fostering inclusive development. With a focus on sectors such as agriculture, MSMEs, infrastructure, innovation, and exports, the budget seeks to create a conducive environment for sustained economic expansion.

- **Capital Expenditure and Infrastructure Development**

In FY2026-27, the Union Budget has increased the public capex towards to INR 12.2 lakh crore from the previous INR 11.21 lakh crore (3.1% of GDP) which was earmarked in FY 2025–26. To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, the budget proposed to set up an Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders.

- **Support for MSMEs**

Recognizing the pivotal role of Micro, Small, and Medium Enterprises (MSMEs) in India's economic landscape, the budget introduced a three-pronged approach to support the sector. The budget introduced a dedicated INR 10,000 crore SME Growth Fund as well as proposed to top up the Self-Reliant India Fund set up in 2021, with INR 2,000 crore to continue support to micro enterprises and maintain their access to risk capital. With TReDS, more than INR 7 lakh crore has been made available to MSMEs. To leverage its full potential, the budget further proposed four measures: (i) mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates; (ii) introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platform; (iii) link GeM with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging cheaper and quicker financing; (iv) introduce TReDS receivables as asset-backed securities, helping develop a secondary market, enhancing liquidity and settlement of transactions. Moreover, Government will facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier-II and Tier-III towns, which will help MSMEs meet compliance requirements at affordable costs.

- **Establishment of dedicated Rare Earth Corridors**

A Scheme for Rare Earth Permanent Magnets was launched in November 2025. In line with that, the budget proposed to support the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to establish dedicated Rare Earth Corridors to promote mining, processing, research and manufacturing.

- **Integrated Programme for the Textile Sector**

The following Schemes have been announced:

- (a) The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres.
- (b) Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres.
- (c) A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans.
- (d) Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels.
- (e) Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

- **Carbon Capture Utilization and Storage (CCUS)**

Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of INR 20,000 crore is proposed over the next 5 years.

- **Municipal Bonds**

To encourage the issuance of municipal bonds of higher value by large cities, the budget proposed an incentive of INR 100 crore for a single bond issuance 10 of more than INR 1000 crore. The current scheme under AMRUT which incentivises issuances up to INR 200 crore, will also continue to support smaller and medium towns.

- **Ease of Doing Business**

Individual Persons Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. It is also proposed to increase the investment limit for an individual PROI under this scheme from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%.

- **Hubs for Medical Value Tourism**

To promote India as a hub for medical tourism services, the budget proposed to launch a Scheme to support States in establishing five Regional Medical Hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals including doctors and AHPs.

- **Agriculture Related Schemes**

To diversify farm outputs, increase productivity, enhance farmers' incomes, and create new employment opportunities, the budget announced support schemes related to high value crops such as coconut, sandalwood, cocoa and cashew in coastal areas. Agar trees in Northeast and nuts such as, almonds, walnuts and pine nuts in hilly regions will also be supported. India is the world's largest producer of coconuts.

About 30 million people, including nearly 10 million farmers, depend on coconuts for their livelihood. To further enhance competitiveness in coconut production, the Budget proposed a Coconut Promotion Scheme to increase production and enhance productivity through various interventions including replacing old and non-productive trees with new saplings/plants/varieties in major coconut growing States. A dedicated programme is proposed for Indian cashew and cocoa to make India self-reliant in raw cashew and cocoa production and processing, enhance export competitiveness and transform Indian Cashew and Indian Cocoa into premium global brands by 2030.

Further, the Central Government will partner with State Governments to promote focused cultivation and post-harvest processing to restore the glory of the Indian Sandalwood ecosystem. To rejuvenate old, low-yielding orchards and expand high-density cultivation of walnuts, almonds and pine nuts, the budget announced to support a dedicated programme to enhance farmer incomes and in bringing value addition by engaging youth.

The Union Budget FY 2026–27 presents a balanced approach to economic growth by addressing immediate consumption needs and laying the foundation for long-term sustainability. Through targeted investments in infrastructure, support for MSMEs, and sector-specific initiatives, the budget aims to foster an inclusive and resilient economy. These measures are expected to create new opportunities for financial institutions, as the growing demand for investment products will provide avenues for expansion and innovation in the financial services sector.

3. Industry Overview

India's rubber industry represents a large and diversified manufacturing ecosystem, with the tyre segment constituting one of the most significant demand drivers for rubber consumption in the country. The industry spans natural rubber, synthetic rubber, reclaimed rubber and a broad range of downstream rubber products used across automotive, transportation, industrial, infrastructure and consumer applications.

The Indian rubber (tyre) industry operates across multiple layers of the value chain, including natural rubber cultivation, synthetic rubber production, rubber compounding, tyre manufacturing, tyre component manufacturing, tread and retreading materials, and recycled rubber processing. Participants within the tyre components and rubber processing segment typically manufacture products such as tyre flaps, butyl inner tubes, tread rubber, bonding materials and allied rubber products catering to OEM, replacement and retreading markets.

India remains one of the world's major natural rubber consuming countries and continues to operate with a structural gap between domestic natural rubber production and consumption. According to Rubber Board data cited in industry publications, India's natural rubber production during FY2023-24 stood at approximately 857,000 tonnes, while domestic consumption was approximately 1,416,000 tonnes, indicating continued dependence on imports to meet industry demand. The domestic rubber market is therefore influenced by plantation output, import availability, global rubber prices and crude oil-linked synthetic rubber costs.

Natural rubber production in India remains concentrated primarily in Kerala, along with Karnataka, Tamil Nadu and northeastern states such as Assam and Tripura. Kerala continues to account for the dominant share of domestic natural rubber output and supports a large ecosystem of plantations, processors and rubber-related industries. The industry remains sensitive to climatic conditions, labour availability, tapping cycles and agricultural productivity within key producing regions.

The Indian rubber industry is broadly divided into tyre and non-tyre segments. The tyre segment includes automotive tyres for two-wheelers, passenger vehicles, commercial vehicles, agricultural vehicles and off-road applications, along with tubes, flaps, tread rubber and allied tyre components. The non-tyre segment comprises industrial and consumer rubber products including belts, hoses, footwear, seals, gaskets, latex products, molded goods and engineering applications.

Within the tyre industry, demand is supported by OEM sales, replacement demand and exports. The replacement segment constitutes a significant share of tyre demand due to

recurring replacement cycles linked to vehicle usage, freight movement and road transportation activity. Accordingly, industry demand is influenced not only by new vehicle sales but also by growth in the installed vehicle base, commercial transportation activity and fleet utilisation levels.

From a raw-material perspective, the industry utilizes natural rubber, synthetic rubber and reclaimed rubber depending on end-use requirements and product performance characteristics. Natural rubber is widely used for elasticity, resilience and abrasion resistance, while synthetic rubber supports applications requiring heat, oil and chemical resistance. Reclaimed and recycled rubber have also gained importance in selected applications due to increasing focus on cost optimization, sustainability and circular resource utilization.

Rubber recycling and reclamation have become increasingly relevant within the industry due to the rising generation of end-of-life tyres and rubber waste. Recycled rubber materials are used across applications such as road construction, flooring products, automotive accessories, industrial products and insulation materials. Crumb rubber modified bitumen (CRMB), reclaimed rubber and tyre-derived fuel are among the notable recycling-linked applications within the domestic market.

The tyre industry remains closely linked to mobility, freight movement, road infrastructure development and automotive utilisation trends. Growth in commercial transportation, logistics activity, vehicle parc expansion and replacement tyre demand continues to support long-term consumption across the tyre and rubber products ecosystem. At the same time, industry participants remain influenced by raw-material price volatility, import dependence, environmental regulations, sustainability requirements and evolving product quality standards.

Accordingly, the Indian rubber (tyre) industry operates as a diversified manufacturing and processing ecosystem supported by automotive demand, transportation activity, replacement consumption and rubber-processing requirements across OEM and aftermarket channels. Within this industry structure, companies engaged in tyre components and rubber processing participate in supporting tyre durability, lifecycle management and commercial vehicle-oriented automotive applications, including tyre flaps, butyl inner tubes and allied rubber products.

Market Segmentation

The Indian Rubber (Tyre) industry operates as a manufacturing-led ecosystem spanning natural rubber cultivation, synthetic rubber processing, tyre and tube manufacturing, tyre components, retreading materials and recycled rubber applications. The industry caters to OEM demand, replacement markets, retreading ecosystems and export-oriented supply, with demand influenced by automotive production, vehicle utilisation, freight movement, infrastructure activity and tyre replacement cycles.

Industry participants operate across multiple layers of the value chain, including rubber sourcing and compounding, tyre and tube production, allied component manufacturing, tread rubber and retreading materials, and waste-tyre recycling. Market segmentation within the industry reflects variations in product category, vehicle application, demand channel, raw-material usage and operating model across the automotive and industrial ecosystem.

Category	Sub-Segment	Description / Industry Insights
By Product Category	Automotive Tyres	Includes tyres for passenger vehicles, commercial vehicles, two-wheelers, agricultural vehicles and off-highway equipment across OEM and replacement markets.
	Tyre Components	Includes tyre flaps, butyl inner tubes and allied products used primarily in tube-type tyre applications, particularly within commercial vehicle and selected two- and three-wheeler categories.
	Tread Rubber & Retreading Materials	Includes precured tread rubber, bonding materials, repair compounds and allied products used in tyre retreading and tyre life-extension applications.
	Industrial & Allied Rubber Products	Includes hoses, belts, seals, molded goods, flooring materials and engineering rubber products used across industrial applications.
	Reclaimed & Recycled Rubber Products	Includes reclaimed rubber, crumb rubber and devulcanized rubber used in compounding, infrastructure and industrial applications.
By Demand Channel	OEM Market	Supplies to vehicle manufacturers and tyre OEMs, with demand linked to automotive production volumes and platform expansion.

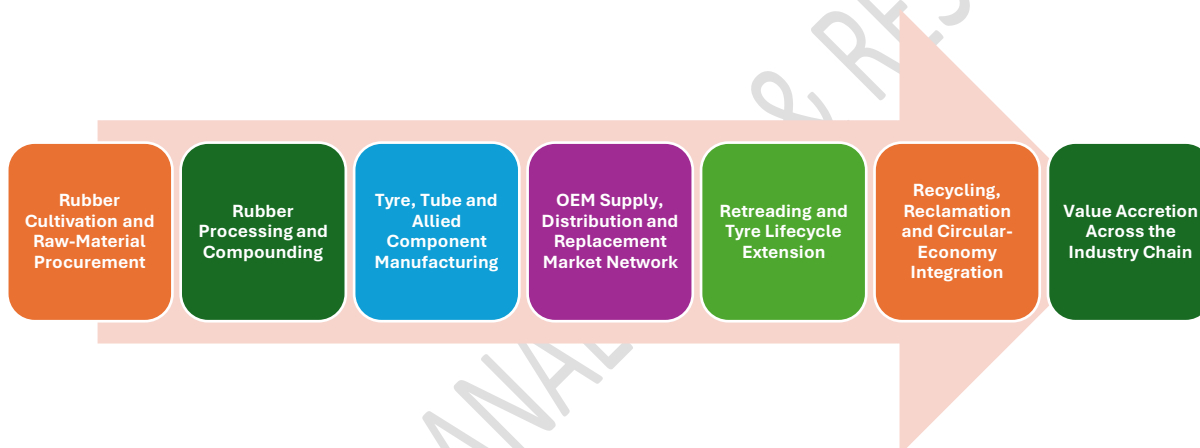
	Replacement / Aftermarket	Largest demand segment, supported by installed vehicle base, tyre wear cycles, road usage and freight utilisation trends.
	Retreading Market	Important within commercial vehicle applications where tyre lifecycle extension and operating cost optimisation are significant considerations.
	Export Market	Export-oriented tyre and rubber product demand supporting capacity utilisation and geographic diversification for organized manufacturers.
By Vehicle Category	Commercial Vehicles	Includes tyres, flaps, tubes and retreading products used in trucks, buses and freight transportation applications.
	Passenger Vehicles	Driven by OEM and replacement demand, with increasing radialisation and quality requirements.
	Two- & Three-Wheelers	High-volume segment linked to urban mobility and replacement-driven demand patterns.
	Agricultural & Off-Highway Vehicles	Demand linked to tractors, earthmoving equipment, industrial machinery and infrastructure activity.
By Value-Chain Activity	Rubber Cultivation & Procurement	Natural rubber sourcing concentrated in Kerala along with Karnataka, Tamil Nadu and northeastern states.
	Rubber Compounding & Processing	Blending of rubber with fillers, chemicals, carbon black, nylon and reinforcement materials to achieve performance-specific characteristics.
	Tyre & Tube Manufacturing	Production of finished tyres, tubes and allied tyre products across OEM and replacement channels.
	Retreading Materials	Manufacture of tread rubber, bonding gum, repair materials and allied products supporting tyre lifecycle extension.
	Recycling & Reclamation	Processing of end-of-life tyres into reclaimed rubber, crumb rubber and related recycled materials.
By Raw Material Type	Natural Rubber	Widely used for elasticity, resilience and abrasion resistance in tyre manufacturing applications.
	Synthetic Rubber	Petrochemical-linked rubber inputs used for durability, heat resistance and industrial applications.

	Reclaimed Rubber	Reprocessed rubber used for cost optimisation, sustainability and selected industrial applications.
By Market Structure	Integrated Manufacturers	Companies participating across rubber processing, tyre manufacturing and allied product operations.
	Specialized Component Manufacturers	Companies focused on flaps, tubes, tread rubber, retreading materials and allied rubber products.
	Retreading & Recycling Companies	Participants engaged in tread rubber, reclamation and tyre lifecycle-extension activities.
	Small-Scale & Regional Players	Entities operating across localized rubber processing, retreading and niche rubber-product manufacturing.

Value Chain Analysis

The Indian Rubber (Tyre) industry operates through a multi-stage value chain beginning with natural rubber cultivation and raw-material procurement, progressing through rubber compounding, tyre and allied component manufacturing, and extending into distribution, retreading, recycling and reclamation activities. Value addition generally increases across downstream stages as raw rubber is converted into engineered, performance-oriented products serving OEM, replacement, commercial transport and industrial end markets.

The industry ecosystem comprises plantation operators, synthetic rubber suppliers, rubber processors, tyre manufacturers, component manufacturers, retreading participants, distributors and recycling companies operating across automotive and industrial demand channels.



1. Rubber Cultivation and Raw-Material Procurement

The value chain originates at the plantation and raw-material sourcing stage, where natural rubber is cultivated and harvested primarily in Kerala, along with Karnataka, Tamil Nadu and northeastern states. Domestic production is supplemented through imports due to the structural gap between natural rubber demand and domestic supply.

Industry participants also procure synthetic rubber, carbon black, steel reinforcement, nylon, chemicals and fillers used in tyre and rubber-product manufacturing. Raw-material availability, plantation productivity, weather conditions, tapping cycles, import dependence and crude-linked input pricing materially influence industry cost structures and supply dynamics at this stage.

2. Rubber Processing and Compounding

Procured raw materials are processed and compounded into formulations designed for specific performance characteristics. This stage involves blending natural rubber, synthetic rubber, reclaimed rubber, fillers, reinforcement materials and specialty chemicals to

achieve required levels of elasticity, abrasion resistance, tensile strength, durability and heat tolerance.

Compounding quality and process consistency are important determinants of tyre performance, product reliability and manufacturing efficiency, particularly in commercial vehicle and heavy-duty applications where lifecycle durability and operating reliability are critical.

3. Tyre, Tube and Allied Component Manufacturing

The next stage involves manufacturing of finished tyres, butyl inner tubes, tyre flaps, tread rubber and allied rubber products used across automotive and industrial applications. Manufacturing processes typically include extrusion, calendaring, moulding, curing, vulcanisation and quality-control activities.

Industry participants operate across passenger vehicle, commercial vehicle, two- and three-wheeler, agricultural and off-highway tyre categories, while specialized rubber-processing companies focus on components such as flaps, tubes, tread rubber and retreading materials. Product quality, curing precision, reinforcement capability and process efficiency are important determinants of operational competitiveness at this stage.

4. OEM Supply, Distribution and Replacement Market Network

Finished tyres and allied rubber products are distributed through OEM channels, dealers, distributors, fleet operators and aftermarket networks. OEM demand is linked to vehicle production and platform expansion, while replacement demand is supported by the installed vehicle base, tyre wear cycles, road usage intensity and freight movement.

The replacement market constitutes a significant share of industry demand, particularly within commercial vehicle applications where tyre utilisation levels and replacement frequency are relatively high. Distribution reach, inventory management and supply reliability are therefore important operational factors across the value chain.

5. Retreading and Tyre Lifecycle Extension

Retreading forms an important downstream layer within the commercial vehicle ecosystem, where tyre lifecycle economics are operationally significant. This stage utilizes precured tread rubber, bonding gum, repair compounds, envelopes and allied materials to extend tyre usability at lower cost relative to new tyre replacement.

The retreading ecosystem supports fleet operators through reduced operating costs, improved resource utilization and lower raw-material consumption, while also contributing to sustainability and circular-economy objectives within the industry.

6. Recycling, Reclamation and Circular-Economy Integration

End-of-life tyres and rubber scrap are processed into reclaimed rubber, crumb rubber, tyre-derived fuel and other recycled materials through shredding, devulcanisation, pyrolysis and related recycling processes. Recycled outputs are subsequently used in road

construction, flooring, industrial products, insulation materials and selected rubber-compounding applications.

Recycling and reclamation activities are becoming increasingly important due to sustainability initiatives, waste-management requirements and evolving regulatory focus on circular-economy practices and formalized waste-tyre processing systems.

7. Value Accretion Across the Industry Chain

Higher value addition generally occurs as rubber progresses from commodity raw material into engineered and application-specific products. Industry economics typically improve across stages involving compounding, precision manufacturing, retreading materials and recycling-linked value-added applications, where process capability, technical consistency and customer relationships become increasingly important.

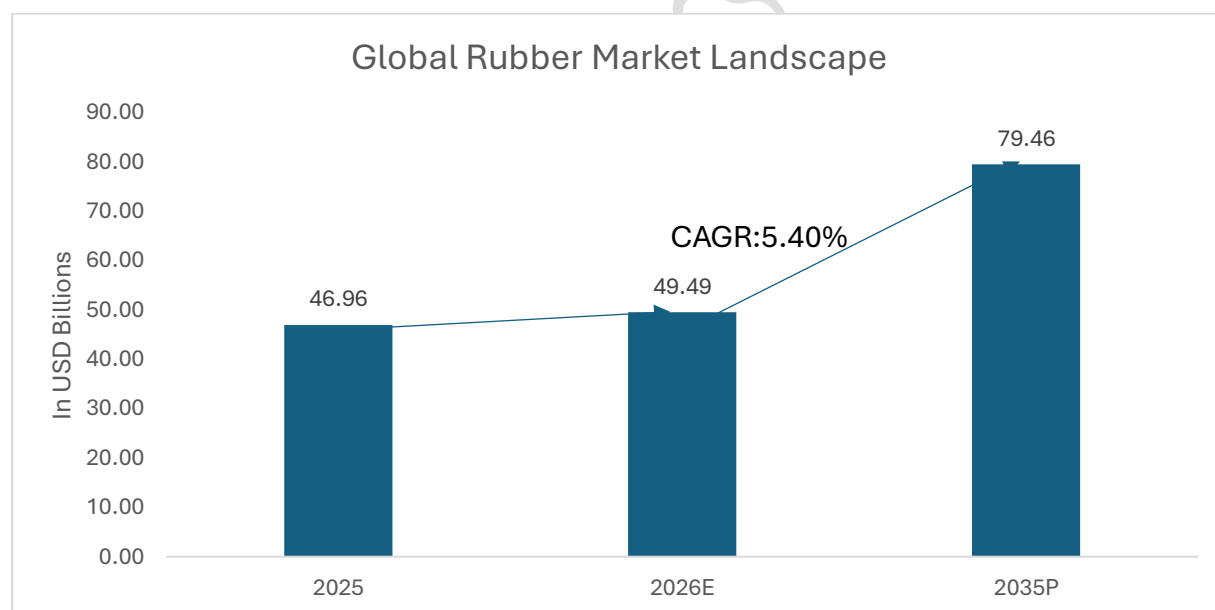
Companies operating across multiple layers of rubber processing, component manufacturing, retreading or recycling may benefit from diversified demand exposure across OEM supply, replacement demand and lifecycle-extension applications.

4. Global and Indian Industry Outlook

Global Rubber Market

The global rubber market forms a critical part of the automotive, transportation, industrial manufacturing and infrastructure value chain, with tyre manufacturing accounting for the largest share of rubber consumption worldwide. The market comprises both natural rubber (“NR”) and synthetic rubber (“SR”), each serving distinct performance and application requirements across tyres, industrial rubber products, conveyor systems, footwear, healthcare products and engineering applications.

The global rubber market was estimated at approximately USD 46.96 billion in 2025 and is projected to reach approximately USD 79.46 billion by 2035, growing at a CAGR of 5.40% during the forecast period. *“Global rubber market (natural and synthetic rubber, upstream material value; excludes downstream rubber products).”*



Source: Infomerics Analytics and Research

The market continues to be supported by rising global vehicle production, expanding replacement tyre demand, increasing freight movement and growth in industrial and infrastructure activity across emerging economies. Demand for rubber remains closely linked to automotive usage patterns because tyres constitute the dominant end-use segment for both natural and synthetic rubber globally.

Natural rubber production remains geographically concentrated in Asia, particularly in countries such as Thailand, Indonesia, Vietnam, India and Malaysia, while synthetic rubber production is linked to petrochemical feedstock availability and refining infrastructure. As a

result, the industry remains sensitive to weather conditions, plantation productivity, crude oil prices, trade policies and supply-chain disruptions.

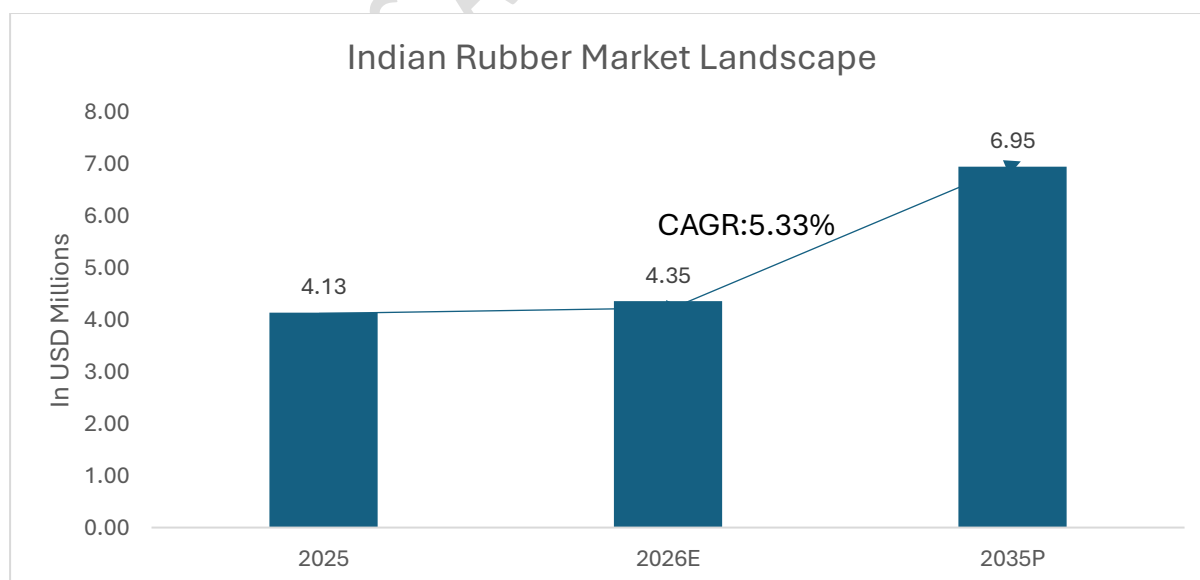
In addition, increasing focus on sustainability, recycling and circular-economy practices is influencing the long-term structure of the industry. Regulatory attention toward waste-tyre management, recycled rubber usage, traceability and environmentally compliant processing is gradually increasing across global markets, particularly within the tyre manufacturing ecosystem.

Over the medium to long term, the global rubber market is expected to benefit from growth in automotive mobility, infrastructure development, replacement consumption and industrial manufacturing activity, although raw-material volatility, environmental compliance and supply-demand imbalances are expected to remain key structural challenges.

Indian Rubber Market

India represents one of the major rubber-consuming markets globally, supported by its large tyre manufacturing base, expanding vehicle population and strong replacement-demand ecosystem. The Indian rubber market includes natural rubber ("NR"), synthetic rubber ("SR"), reclaimed rubber and downstream rubber-based products such as tyres, tubes, flaps, tread rubber and industrial rubber components.

The Indian rubber market was valued at approximately USD 4.13 million in 2025, is estimated at approximately USD 4.35 million in 2026 and is projected to reach approximately USD 6.95 million by 2035, growing at a CAGR of 5.33% during the forecast period.



Source: Infomerics Analytics and Research

The market continues to be driven primarily by tyre-sector demand, which accounts for a significant share of domestic rubber consumption. Growth in passenger vehicles, two-wheelers, commercial vehicles, freight transportation and infrastructure activity continues to support both OEM and replacement-market demand for rubber products.

India's rubber industry also benefits from a large installed vehicle base, which supports recurring replacement consumption across tyres, tubes, flaps and retreading materials. Replacement demand remains particularly important because it provides relatively stable consumption visibility compared with the more cyclical OEM segment.

However, domestic natural rubber production continues to remain below overall consumption levels, resulting in periodic import dependence to bridge the supply-demand gap. Consequently, the industry remains exposed to fluctuations in natural rubber prices, crude-linked synthetic rubber prices and other key raw materials such as carbon black, steel and rubber chemicals.

At the same time, increasing formalisation of recycling, waste-tyre management and Extended Producer Responsibility ("EPR") compliance is gradually reshaping the operating environment of the industry. Organised participants with stronger manufacturing efficiency, distribution reach, process control and compliance systems are expected to benefit from this structural transition over the long term.

The following sections analyse the production trends, consumption patterns, trade dynamics and pricing movement of natural and synthetic rubber in India, which remain critical to understanding the operating dynamics of the tyre and rubber-products industry.

Trade Pattern of Natural Rubber in India

India continues to remain a net importer of natural rubber (“NR”), primarily because domestic consumption consistently exceeds domestic production. Imports play a critical role in bridging the supply-demand gap for the tyre and rubber-products industry, which remains the largest consumer of natural rubber in the country.

Natural rubber imports into India increased from 4,42,130 tonnes in FY 2014-15 to 5,50,918 tonnes in FY 2024-25, reflecting sustained dependence on overseas supply to support growing domestic consumption. Import volumes remained elevated particularly during periods when domestic production growth lagged consumption requirements across the tyre manufacturing ecosystem.

In contrast, exports remained comparatively limited, increasing from 1,002 tonnes in FY 2014-15 to 4,839 tonnes in FY 2024-25. The relatively low export volume reflects the fact that India is structurally a consumption-driven rubber market rather than an export-oriented natural rubber surplus economy.

Year (April to March)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Import (tonnes)	4,42,130	4,58,374	4,26,188	4,69,760	5,82,351	4,57,223	4,10,478	5,46,369	5,28,677	4,92,682	5,50,918
Export (tonnes)	1,002	865	20,920	5,072	4,551	12,872	11,343	3,560	3,700	4,199	4,839

Source: Rubber Board, Ministry of Commerce & Industry, Govt Of India

The trade structure highlights India’s continued dependence on imported natural rubber to support tyre manufacturing, replacement demand and downstream rubber-product consumption. Import dependence also exposes the industry to global rubber price movements, currency fluctuations, international supply conditions and freight-related volatility.

Over the long term, domestic production enhancement initiatives undertaken through the Rubber Board, including plantation expansion, replanting support and productivity improvement measures, are expected to support incremental domestic availability. However, given the scale of domestic consumption growth, imports are likely to remain an important component of India’s natural rubber supply chain.

Type-wise Production of Natural Rubber (Tonnes)

India's natural rubber ("NR") production comprises multiple product categories including Ribbed Smoked Sheet ("RSS"), Solid Block Rubber, Latex Concentrates and other rubber variants. Production trends across these categories are important because they reflect the supply structure of the domestic rubber ecosystem and the availability of raw materials for tyre manufacturers and downstream rubber-product industries.

During Apr 2025–Dec 2025, total natural rubber production increased by 4.3% to 6,81,000 tonnes from 6,53,000 tonnes during Apr 2024–Dec 2024. Growth was supported primarily by higher production of Ribbed Smoked Sheet ("RSS") and Solid Block Rubber, which together accounted for the majority of domestic NR production.

Ribbed Smoked Sheet ("RSS") remained the largest production category, increasing to 4,46,950 tonnes during Apr 2025–Dec 2025 from 4,23,300 tonnes during the corresponding previous period. Solid Block Rubber production also increased to 1,43,250 tonnes from 1,35,275 tonnes during the same period.

Latex Concentrates production marginally declined to 78,000 tonnes during Apr 2025–Dec 2025 compared with 79,400 tonnes during Apr 2024–Dec 2024, while production under the "Others" category declined to 12,800 tonnes from 15,025 tonnes

Natural Rubber (NR)

Type-wise Production of NR	Dec-25	Dec-24	Apr 2025–Dec 2025	Apr 2024–Dec 2024	Apr 2024–Mar 2025	% Increase/D ecrease
Ribbed Smoked Sheet (RSS)	78800	76500*	446950	423300	550875	
Solid Block Rubber	19800	20000*	143250	135275	197500	
Latex Concentrates (drc)	11000	10500	78000	79400	107350	
Others	2400	2000	12800	15025	19275	
Total NR	112000	109000	681000	653000	875000	4.3%

Source: Rubber Board, Ministry of Commerce & Industry, Govt Of India

The production mix indicates continued dominance of RSS and Solid Block Rubber within India's NR supply structure, both of which are widely used across tyre manufacturing and industrial rubber applications. The increase in total NR production during Apr 2025–Dec 2025 reflects gradual improvement in domestic supply availability, although domestic consumption

continues to remain higher than production levels, necessitating continued import dependence.

Synthetic Rubber (SR)*

India's synthetic rubber production remained supported by demand from the tyre and automotive sectors, where synthetic rubber is used alongside natural rubber to improve durability, heat resistance, traction and performance characteristics. Production is primarily concentrated in Styrene Butadiene Rubber ("SBR"), Poly Butadiene Rubber ("BR") and other speciality synthetic rubber grades used across tyre manufacturing and industrial rubber applications.

During December 2025, total synthetic rubber production stood at 48,200 tonnes as compared with 50,075 tonnes in December 2024. For the period April 2025 to December 2025, total synthetic rubber production increased to 451,650 tonnes from 429,306 tonnes in the corresponding period of the previous year, reflecting growth of 5.2%.

Styrene Butadiene Rubber ("SBR") remained the largest synthetic rubber category, with production increasing to 240,010 tonnes during April 2025–December 2025 from 229,028 tonnes during April 2024–December 2024. Poly Butadiene Rubber ("BR") production increased to 104,770 tonnes from 96,700 tonnes during the same period, while production under other synthetic rubber categories increased to 106,870 tonnes from 103,578 tonnes.

Type-wise Production of SR	Dec-25	Dec-24	Apr 2025–Dec 2025	Apr 2024–Dec 2024	Apr 2024–Mar 2025	% Increase/Decrease
Styrene Butadiene (SBR)	29294	25800	240010	229028	308143	
Poly Butadiene (BR)	11900	11350	104770	96700	132000	
Others	7006	12925	106870	103578	139714	
Total SR	48200	50075	451650	429306	579857	5.2%
Total NR & SR	160200	159075	1132650	1082306	1454857	4.7%

Source: Rubber Board, Ministry of Commerce & Industry, Govt Of India

Combined production of Natural Rubber ("NR") and Synthetic Rubber ("SR") stood at 1,132,650 tonnes during April 2025–December 2025 as against 1,082,306 tonnes in the corresponding previous period, representing overall growth of 4.7%.

Consumption of Natural Rubber (Tonnes)

Natural rubber consumption in India is primarily driven by the tyre industry, which remains the largest end-use segment for natural rubber across passenger vehicles, commercial vehicles, two-wheelers and retreading applications. Consumption patterns are influenced by automotive production, replacement demand, freight movement and manufacturing activity across the rubber products sector.

During December 2025, total natural rubber consumption stood at 119,000 tonnes as compared with 120,000 tonnes in December 2024. For the period April 2025 to December 2025, total consumption increased to 1,079,000 tonnes from 1,051,000 tonnes during the corresponding previous period, representing growth of 2.7%.

Consumption of Ribbed Smoked Sheet ("RSS") increased to 452,100 tonnes during April 2025–December 2025 from 430,350 tonnes during April 2024–December 2024. Latex concentrates consumption also increased to 86,000 tonnes from 76,200 tonnes during the same period. However, consumption of Solid Block Rubber declined marginally to 505,100 tonnes from 518,700 tonnes.

Type-wise Consumption of NR	Dec-25	Dec-24	Apr 2025–Dec 2025	Apr 2024–Dec 2024	Apr 2024–Mar 2025	% Increase/D ecrease
Ribbed Smoked Sheet (RSS)	47800	47750	452100	430350	584950	
Solid Block Rubber	56000	58150	505100	518700	680700	
Latex Concentrates (drc)	11000	10300	86000	76200	108700	
Others	4200	3800	35800	25750	35650	
Total NR	119000	120000	1079000	1051000	1410000	2.7
Out of which Auto Tyre Manufacturers	77771	78681	674072	719495	946230	-6.3

Source: Rubber Board, Ministry of Commerce & Industry, Govt Of India

The automotive tyre manufacturing segment continued to account for a significant share of natural rubber consumption. Consumption by auto tyre manufacturers stood at 674,072 tonnes during April 2025–December 2025 as compared with 719,495 tonnes during the corresponding previous period, reflecting a decline of 6.3%.

Synthetic Rubber (SR)*

Synthetic rubber consumption in India is closely linked to tyre manufacturing, automotive production and industrial rubber applications. Synthetic rubber grades such as Styrene Butadiene Rubber (“SBR”) and Poly Butadiene Rubber (“BR”) are widely used in tyre tread compounds, sidewalls and performance-oriented applications because of their durability, abrasion resistance and heat-handling characteristics.

During December 2025, total synthetic rubber consumption stood at 80,000 tonnes as compared with 73,000 tonnes in December 2024. For the period April 2025 to December 2025, total synthetic rubber consumption increased to 674,000 tonnes from 640,400 tonnes during the corresponding previous period, representing growth of 5.2%.

Consumption of Styrene Butadiene Rubber (“SBR”) increased to 339,100 tonnes during April 2025–December 2025 from 309,155 tonnes during April 2024–December 2024. Poly Butadiene Rubber (“BR”) consumption also increased to 215,000 tonnes from 199,700 tonnes during the same period. Consumption under other synthetic rubber categories declined to 119,900 tonnes from 131,545 tonnes.

Auto tyre manufacturers continued to account for a major share of synthetic rubber consumption. Consumption by auto tyre manufacturers increased to 471,014 tonnes during April 2025–December 2025 from 443,089 tonnes during the corresponding previous period, reflecting growth of 6.3%.

Type-wise Production of SR	Dec-25	Dec-24	Apr 2025–Dec 2025	Apr 2024–Dec 2024	Apr 2024–Mar 2025	% Increase/D ecrease
Styrene Butadiene (SBR)	40000	34700	339100	309155	417555	
Poly Butadiene (BR)	26000	23700	215000	199700	266550	
Others	14000	14600	119900	131545	172795	
Total SR	80000	73000	674000	640400	856900	5.2
Out of which Auto Tyre Manufacturers	58476	50255	471014	443089	592425	6.3
Total NR & SR	199000	193000	1753000	1691400	2266900	3.6
Out of which Auto Tyre Manufacturers	136247	128936	1145086	1162584	1538655	-1.5

Source: Rubber Board, Ministry of Commerce & Industry, Govt Of India

Combined consumption of Natural Rubber (“NR”) and Synthetic Rubber (“SR”) stood at 1,753,000 tonnes during April 2025–December 2025 as compared with 1,691,400 tonnes

during the corresponding previous period, reflecting overall growth of 3.6%. However, combined consumption by auto tyre manufacturers declined marginally by 1.5% during the same period.

Historical Price of Natural Rubber (Rs. Per 100 kg)

Natural rubber prices in India remained volatile during the period under review, reflecting fluctuations in domestic supply conditions, international rubber prices, import dynamics, weather-related disruptions and demand trends from the tyre industry. Prices across domestic and international rubber grades showed movement during FY2025 and early FY2026, indicating the commodity-linked nature of the rubber value chain.

Domestic prices for Ribbed Smoked Sheet (“RSS”) grades generally remained higher than international benchmark prices during several months of the period. RSS 5 Domestic prices increased from ₹18,713 per 100 kg in February 2025 to ₹20,754 per 100 kg in February 2026, while RSS 4 Domestic prices increased from ₹19,108 per 100 kg to ₹21,248 per 100 kg during the same period.

International RSS 3 prices showed comparatively higher volatility, declining to ₹18,064 per 100 kg in October 2025 before recovering to ₹21,371 per 100 kg in February 2026. Domestic latex prices also remained elevated during the period, with Latex (60% drc) Domestic prices increasing from ₹22,727 per 100 kg in February 2025 to ₹23,742 per 100 kg in February 2026.

Indian Standard Natural Rubber (“ISNR 20”) Domestic prices declined during the middle part of FY2025 before improving in early FY2026. ISNR 20 Domestic prices stood at ₹18,040 per 100 kg in February 2025, declined to ₹16,364 per 100 kg in December 2025 and subsequently recovered to ₹18,988 per 100 kg in February 2026.

Month/Year	RSS 5 Domestic	RSS 4 Domestic	RSS 3 International	Latex (60% drc) Domestic	Latex (60% drc) International	ISNR 20 Domestic	SMR 20 International
Feb-25	18713	19108	20797	22727	22997	18040	18036
Mar-25	19432	19778	20636	22632	23067	18213	17682
Apr-25	19675	19975	18962	23310	21273	17980	15176
May-25	19374	19733	20228	23868	20802	17100	15130
Jun-25	19656	19894	19706	23747	20297	17655	14445
Jul-25	20398	20767	19513	24063	19682	18683	14957
Aug-25	19362	19690	18682	22728	20003	17255	15425
Sep-25	18516	18832	18865	21570	20568	16395	15843
Oct-25	18363	18725	18064	21042	20292	16488	15784
Nov-25	18122	18552	18755	20880	20757	16448	15807
Dec-25	18040	18388	19035	21338	21543	16364	16331

Jan-26	18737	19210	19853	22002	22068	17002	17340
Feb-26	20754	21248	21371	23742	23128	18988	18213

Source: Rubber Board, Ministry of Commerce & Industry, Govt Of India

The movement in natural rubber prices remains significant for the tyre and rubber products industry because raw-material costs constitute a substantial portion of manufacturing expenditure. Accordingly, fluctuations in rubber prices directly influence input costs, inventory valuation and operating margins across tyre manufacturers, tube manufacturers, retreaders and other downstream rubber-product participants.

Annual Trends in Area, and Production of Natural Rubber in India

India's natural rubber sector has witnessed gradual expansion in plantation area, tappable area and overall production over the last decade, supported by plantation development initiatives, increased cultivation in non-traditional regions and sustained demand from the tyre industry. However, domestic consumption has continued to exceed production, resulting in a structural demand-supply gap and continued reliance on imports.

Total rubber plantation area increased from 7,95,135 hectares in FY2015 to 9,39,300 hectares in FY2025, while tappable rubber area increased from 5,33,675 hectares to 7,56,110 hectares during the same period. Natural rubber production increased from 6,45,000 tonnes in FY2015 to 8,75,000 tonnes in FY2025. Despite the increase in plantation and tappable area, average yield growth remained relatively moderate over the period. Average yield increased from 1,443 kg per hectare in FY2015 to 1,500 kg per hectare in FY2025, indicating that productivity improvement has not increased proportionately with the expansion in tappable area. This reflects the sector's continued exposure to climatic conditions, ageing plantations, labour availability and productivity-related constraints.

Year (April to March)	Rubber area (ha)	Tappable Rubber area (ha)	Production (tonnes)	Average yield (kg/ha)	Consumption (tonnes)	Average price of RSS-4 Kottayam (₹/100 kg)
2014-15	7,95,135	5,33,675	6,45,000	1,443	10,20,910	13,257
2015-16	8,10,800	5,58,900	5,62,000	1,437	9,94,415	11,306
2016-17	8,18,000	5,84,600	6,91,000	1,553	10,44,075	13,549
2017-18	8,20,900	6,12,000	6,94,000	1,458	11,12,210	12,980
2018-19	8,22,000	6,37,900	6,51,000	1,453	12,11,940	12,595
2019-20	8,22,300	6,63,700	7,12,000	1,459	11,34,120	13,522
2020-21	8,23,000	6,92,900	7,15,000	1,442	10,96,410	14,185
2021-22	8,26,660	7,18,300	7,75,000	1,472	12,38,000	17,101
2022-23	8,50,000	7,43,650	8,39,000	1,482	13,50,000	15,652
2023-24	8,88,400	7,53,885	8,57,000	1,485	14,16,000	15,572
2024-25	9,39,300	7,56,110	8,75,000	1,500	14,10,000	19,985

Source: Rubber Board, Ministry of Commerce & Industry, Govt Of India

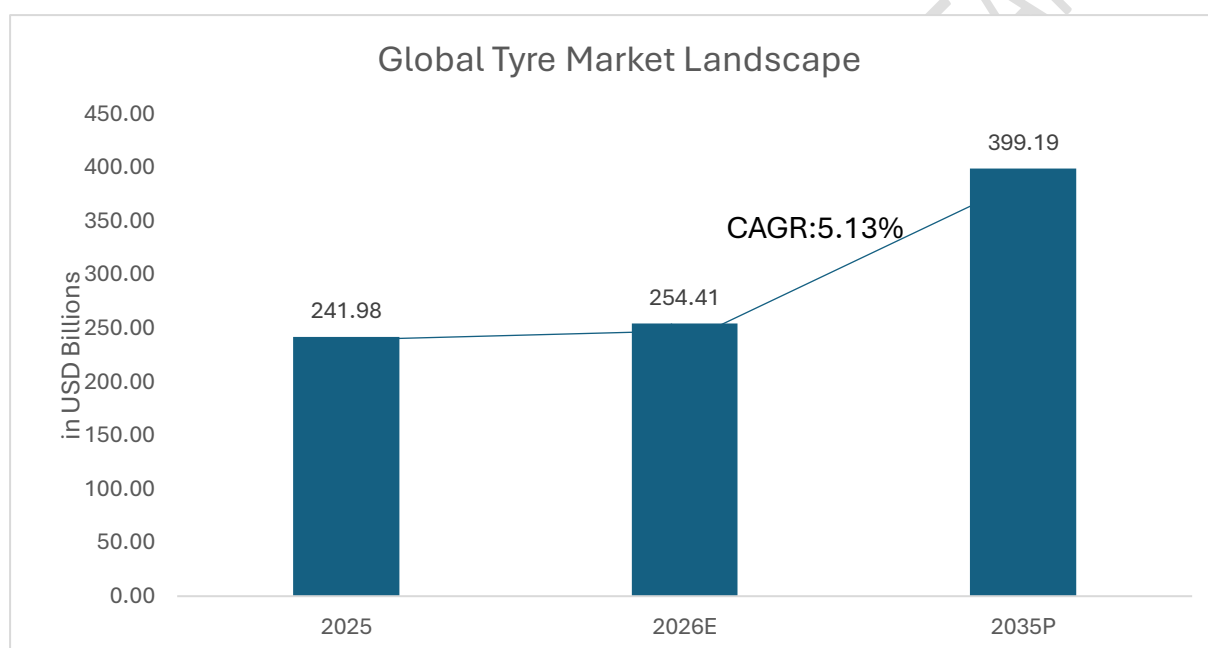
Domestic consumption continued to remain significantly above production throughout the period under review. Consumption increased from 10,20,910 tonnes in FY2015 to 14,10,000 tonnes in FY2025, driven primarily by growth in tyre manufacturing, automotive production, replacement demand and industrial rubber applications. The widening gap between domestic production and consumption continues to necessitate imports to meet industry requirements.

Natural rubber prices also remained volatile during the period. The average price of RSS-4 Kottayam increased from ₹13,257 per 100 kg in FY2015 to ₹19,985 per 100 kg in FY2025, reflecting fluctuations in domestic supply, international rubber prices and demand conditions from the tyre sector. The long-term trends indicate that the Indian natural rubber industry remains structurally linked to growth in the automotive and tyre sectors, while future industry performance is expected to depend on plantation productivity improvement, supply-chain efficiency, domestic production enhancement and balanced management of import dependence.

Global Tyre Market

The global tyre industry forms a critical component of the automotive value chain, supported by vehicle production, replacement demand, freight movement, infrastructure development and increasing mobility across passenger, commercial, industrial and off-highway vehicle segments. Demand for tyres remains structurally linked to the installed vehicle base and recurring replacement cycles, making the industry relatively consumption-driven in nature.

The global tyre market was valued at USD 241.98 billion in 2025 and is estimated to reach USD 254.41 billion in 2026. The market is further projected to reach approximately USD 399.19 billion by 2035, growing at a CAGR of 5.13% during the forecast period.



Source: Infomerics Analytics & Research

Industry growth is supported by increasing vehicle parc, expansion in logistics and transportation activity, rising automotive ownership in developing economies and continued replacement demand across passenger vehicles, commercial vehicles and two-wheelers. In addition, premiumisation trends, demand for fuel-efficient tyres, electric vehicle-compatible tyres and higher-performance products are contributing to value growth within the sector.

The replacement segment continues to account for a significant share of global tyre demand because tyres are consumable products with recurring wear-and-tear replacement requirements. Commercial vehicle freight activity, mining, construction and agricultural applications also support demand for specialised tyres across industrial and off-highway categories.

At the same time, the industry remains exposed to raw-material price volatility, particularly natural rubber, synthetic rubber, carbon black, steel and petrochemical-linked inputs. Increasing environmental regulation, sustainability expectations and waste-tyre management

requirements are also influencing manufacturing processes, recycling integration and circular-economy initiatives across the global tyre ecosystem.

Technological transformation within the industry is increasingly focused on smart tyres, automation, digital manufacturing, advanced compounding, RFID-enabled traceability and tyre-performance optimisation. Growth in retreading, recycling and tyre-life extension solutions is also gaining importance as fleet operators and manufacturers focus on cost efficiency and sustainability.

Tyre as a Service (TaaS)

Tyre as a Service (“TaaS”) is an emerging lifecycle-based operating model in the tyre ecosystem, where tyres are managed as a bundled service offering rather than a standalone product. The model typically includes structured arrangements such as usage-linked pricing, leasing frameworks, maintenance contracts, performance monitoring, scheduled inspection, retreading support and end-of-life replacement management.

The shift towards TaaS is primarily visible in commercial vehicle fleets, logistics operators and institutional transport users, where tyre uptime, operating efficiency and total cost of ownership (“TCO”) are critical decision parameters. Under this framework, procurement decisions are increasingly based on lifecycle performance rather than upfront acquisition cost, enabling users to optimise downtime and improve asset utilisation.

The model is supported by increasing adoption of digital and sensor-based technologies, including tyre pressure monitoring systems (TPMS), telematics integration, predictive maintenance tools and lifecycle analytics. These technologies enable real-time monitoring of tyre health, improved safety outcomes, reduced operational breakdowns and better replacement planning.

TaaS frameworks also increasingly integrate retreading, repair and lifecycle-extension services, aligning with cost optimisation objectives of fleet operators and broader circular-economy considerations. This creates a structured mechanism for extending tyre life while reducing raw-material consumption and total operating expenditure.

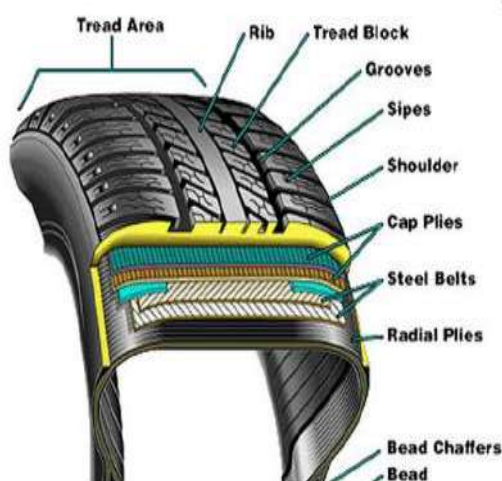
Overall, Tyre as a Service represents a gradual structural shift from a transaction-led tyre market to a service- and lifecycle-oriented ecosystem, particularly in commercial and institutional mobility segments.

Tyre Components

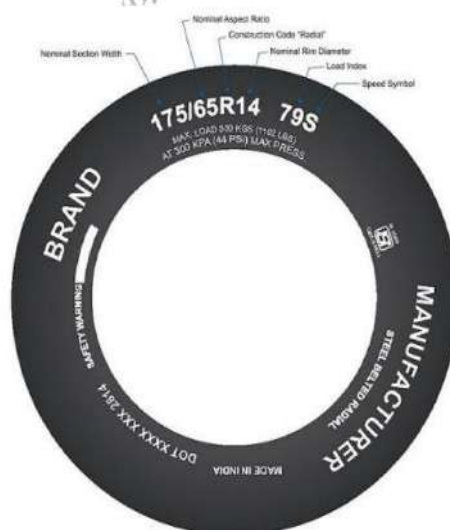
Tyres are highly engineered composite products comprising multiple materials and structural layers, designed to deliver performance attributes such as load-bearing capacity, traction, durability, fuel efficiency, heat resistance and safety under varying operating conditions.

Passenger Car Tyre

Passenger Car Tyre Cross Section

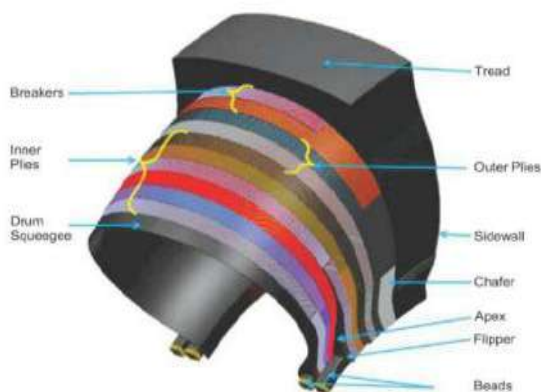


Passenger Car Tyre Sidewall Marking

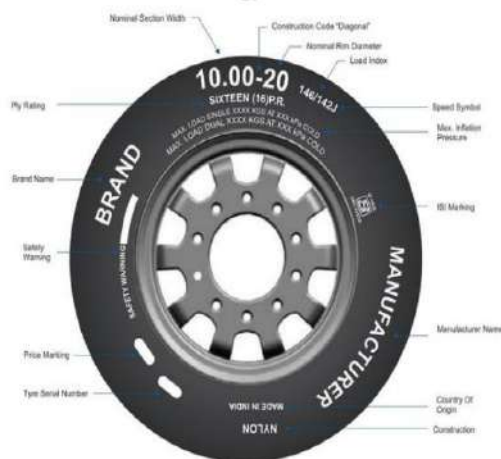


Commercial Tyres

Truck & Bus Bias Tyre Cross Section



Truck & Bus Bias Tyre Sidewall Marking



The primary material inputs include natural rubber, synthetic rubber, carbon black, steel reinforcements and textile fibres, along with a range of chemical additives used in compounding and vulcanisation processes. Natural rubber provides elasticity, resilience and tensile strength, while synthetic rubber enhances abrasion resistance, thermal stability and performance consistency across operating conditions. Carbon black acts as a reinforcing agent

improving strength and wear resistance, while steel cords provide structural rigidity and load-bearing support.

Structurally, tyres are composed of key functional components including the tread, sidewall, carcass, bead and inner liner. The tread forms the outer contact surface with the road and directly influences grip, braking performance and wear characteristics. The sidewall provides flexibility, impact absorption and lateral stability. The carcass constitutes the internal structural framework of the tyre, determining overall strength and shape retention. The bead ensures secure fitting between the tyre and wheel rim, while the inner liner maintains air retention in tubeless tyre systems.

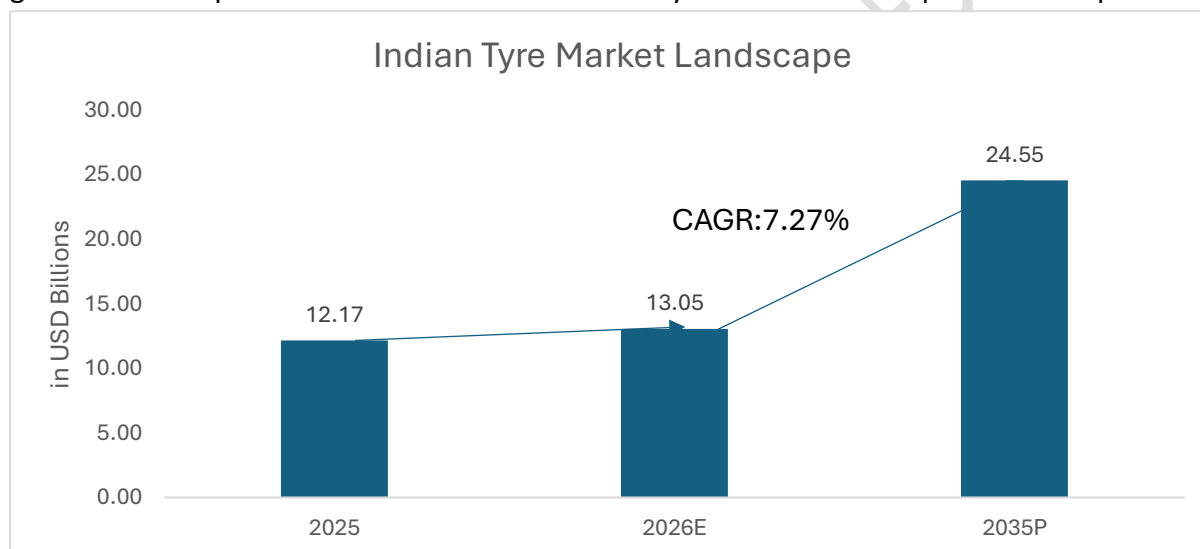
Reinforcement materials such as polyester, nylon and rayon are used within structural layers to enhance dimensional stability, strength and fatigue resistance. Chemical inputs such as accelerators, antioxidants, curing agents and vulcanising compounds are used in controlled proportions to achieve desired physical and performance characteristics during manufacturing.

The performance profile and cost structure of tyres are therefore directly influenced by material selection, compounding precision and manufacturing process control. Continuous advancements in material science, reinforcement technology and process engineering remain central to improving tyre durability, efficiency and lifecycle performance.

Indian Tyre Market

The Indian tyre market is a structurally demand-led segment of the broader rubber industry, supported by a large domestic vehicle base, sustained replacement demand, rising freight movement and gradual improvement in road infrastructure and mobility intensity. The market exhibits a dual demand structure comprising OEM and replacement demand, with replacement demand forming the dominant and more stable consumption base due to the wear-and-tear nature of tyres.

The Indian tyre market is estimated at USD 12.17 billion in 2025, is projected to reach USD 13.05 billion in 2026E and is expected to expand to approximately USD 24.55 billion by 2035P, reflecting a CAGR of 7.27% over the forecast period. The growth trajectory indicates steady structural expansion supported by increasing vehicle penetration, logistics activity growth and gradual premiumisation in tyre consumption patterns.



Source: Infomerics Analytics & Research

Demand in the market is driven by commercial vehicle usage, passenger vehicle growth, two-wheeler penetration and agricultural mechanisation. Among these, commercial vehicles and freight-linked applications remain key drivers of volume consumption due to higher tyre wear intensity and frequent replacement cycles. The replacement segment continues to dominate overall demand, providing recurring and relatively stable revenue visibility for organised manufacturers.

From a supply-side perspective, the market comprises a mix of large integrated tyre manufacturers, mid-sized organised players and regional manufacturers. Organised players benefit from scale efficiencies, stronger distribution networks, OEM approvals and access to technology-led product portfolios, while smaller participants primarily operate in price-sensitive and regional replacement markets.

The industry is witnessing gradual product premiumisation, with increasing demand for radial tyres, fuel-efficient designs and higher-durability products, particularly in commercial vehicle

and highway usage segments. In parallel, capacity expansion by leading manufacturers and export-oriented production strategies are contributing to improved scale utilisation and greater global integration of Indian tyre manufacturing.

While the tyre market reflects end-consumption dynamics, the supply-side structure is better understood through production composition across tyre categories and vehicle segments. Production trends provide insight into demand segmentation, capacity allocation, technological mix (radial versus bias tyres), and the relative contribution of passenger, commercial, two-wheeler and industrial tyre categories.

Accordingly, the next section presents Tyre Production Statistics in India (2023–24 to 2024–25P), highlighting category-wise output trends and structural shifts in domestic manufacturing.

Tyre Production Statistics in India – 2023-25P

The Indian tyre industry recorded steady production growth across major vehicle categories in 2024–25P, reflecting broad-based demand support from both replacement and OEM channels. Total tyre production increased from 240,725 units in 2023–24 to 252,774 units in 2024–25P, representing a growth of approximately 5.0%. The production structure remains heavily skewed towards two-wheeler tyres, followed by passenger car and commercial vehicle segments, while agricultural and industrial categories contribute smaller but strategically relevant volumes.

HSN Classification	Category / Month	2023-24	2024-25p
40111010	Passenger Car (Radial)	59333	62137
40111090	Passenger Car (Bias/Other)	3378	3127
40112010	Truck & Bus (Radial) and LCV (Radial)	19917	21115
40112090	Truck & Bus (Bias) and LCV (Bias/Other)	13791	14158
40114010	Motorcycles	79843	82675
40114020	Scooter	45386	49182
40114900	Tyres used other than Motorcycle/ Scooters	5962	6065
40117000	Agricultural/Forestry (Tractor)	10191	11122
40118000	Construction, Mining & Industrial	2423	2693
40119000	Others	501	501
	Total	240725	252774

Source: Rubber Board, Ministry of Commerce & Industry, Govt Of India

Two-wheeler tyres accounted for the largest share of production across both periods. Motorcycle tyres increased from 79,843 units in 2023–24 to 82,675 units in 2024–25P, while scooter tyres rose from 45,386 units to 49,182 units, supported by sustained domestic mobility demand and replacement cycles.

In the passenger vehicle segment, passenger car radial tyres increased from 59,333 units to 62,137 units, indicating continued radialisation. In contrast, passenger car bias/other tyres declined from 3,378 units to 3,127 units, reflecting structural substitution of bias tyres by radial tyres in the passenger vehicle category.

Within commercial vehicles, truck & bus radial and LCV radial tyres increased from 19,917 units to 21,115 units, while truck & bus bias and LCV bias/other tyres rose marginally from 13,791 units to 14,158 units. This indicates gradual but consistent penetration of radial tyres in commercial applications, driven by efficiency, durability and lifecycle advantages.

Among other categories, tractor tyres (agricultural and forestry) increased from 10,191 units to 11,122 units, while construction, mining and industrial tyres rose from 2,423 units to 2,693 units, reflecting steady infrastructure-linked and mechanisation-driven demand. Tyres used other than motorcycles and scooters increased marginally from 5,962 units to 6,065 units, while the “Others” category remained stable at 501 units across both periods.

Overall, the production data highlights the structural dominance of two-wheeler tyres in India’s manufacturing base, alongside a gradual and consistent shift towards radialisation in passenger and commercial vehicle categories. The category-wise production profile remains broadly aligned with India’s vehicle mix, replacement-driven demand structure and incremental technology adoption across end-use segments.

Global Automobile Industry

According to the Organisation Internationale des Constructeurs d'Automobiles (OICA), global sales of commercial and passenger vehicles stood at approximately 99.80 million units in 2025, recording a growth of 4.7% FY25-24. While short-term macroeconomic challenges and supply chain constraints have created headwinds, the industry continues to demonstrate steady growth, supported by rising urbanization, infrastructure expansion, higher disposable incomes, and ongoing fleet replacement cycles. Looking ahead, emerging markets in Asia-Pacific and Africa are expected to be key drivers of volume growth, aided by regulatory initiatives promoting cleaner mobility and increasing investments in road transport infrastructure.

Moreover, the global automotive industry is undergoing structural transformation, with growing adoption of electric vehicles (EVs), digital in-vehicle technologies, and enhanced safety norms. These trends are expected to reshape product portfolios and demand patterns across both commercial and passenger vehicle segments over the coming years.

Global Vehicle production

According to the International Organization of Motor Vehicle Manufacturers (OICA), total global motor vehicle production in 2025 reached approximately 96.39 million units, representing a slight decline of about 3% compared to 2024. Out of this total, 71.33 million units were passenger vehicles, while the remaining 25.06 million units comprised commercial vehicles, including light commercial vehicles, trucks, and buses/coaches. This production data reflects the continued recovery and stabilization of the global automotive industry post pandemic, with sustained output levels across major manufacturing nations such as China, the United States, Japan, India, and South Korea.

Sl. N o.	Country	Total Production (Units)	Passenger Vehicles	Commercial Vehicles	Heavy Trucks	Global Share in Total Production (%)
1	China	3,45,30,738	3,02,69,903	20,91,887	20,41,650	~35.83%
2	United States	1,02,43,844	12,79,247	87,13,809	2,50,788	~10.63%
3	Japan	84,10,232	72,07,025	7,05,074	4,91,668	~8.73%
4	India	64,90,810	53,79,099	6,83,197	3,41,175	~6.73%
5	South Korea	41,02,200	38,44,338	1,89,623	56,199	~4.26%

Source – OICA (International Organisation of Motor vehicle manufacturer)

Global Two-wheeler Industry & Market size

The influence of the two-wheeler industry stretches well beyond vehicle production. It sustains a vast ecosystem—including engine and battery manufacturers, parts suppliers, finance, insurance, fuel and charging infrastructure, digital retail platforms, and service centres. Millions of jobs from dealerships to logistics are powered by these vehicles. Take India, where over 15,000 dealerships alone support both formal and informal economies—it's a microcosm of global impact. Today's global two-wheeler landscape spans traditional petrol scooters and commuter motorcycles to feature-rich electric bikes and performance e-mopeds. Electrification is accelerating, especially across Asia-Pacific, where electric two-wheelers are becoming key components in the broader mobility ecosystem.

The global two-wheeler vehicle market was valued at approximately USD 323.89 billion in 2025 and is estimated to reach USD 340.86 billion in 2026. The market is further projected to expand to USD 539.76 billion by 2033, registering a CAGR of 5.24% during the forecast period from 2025 to 2033.

This expansion is primarily driven by increasing urbanization, rising demand for efficient personal mobility in congested areas, and rapid electrification fuelled by supportive policies and advancing battery technology. The industry's evolution is further amplified by innovations in smart connectivity, battery-swapping services, and digital sales and subscription models, all unfolding within an ecosystem of manufacturers, suppliers, infrastructure providers, and service networks that together underscore the strategic and economic significance of two wheelers in global transportation.

Global Three-wheeler Industry & Market Size

Three-wheelers—ranging from petrol and CNG auto-rickshaws to electric passenger and cargo variants—play a vital role in urban and rural mobility ecosystems, offering cost-effective, efficient transport in dense and semi-urban regions. Their adaptability makes them central to last-mile logistics, shared passenger transport, and community mobility, especially in developing economies.

The global three-wheeler vehicle market was valued at approximately USD 13.65 billion in 2025 and is estimated to reach USD 14.77 billion in 2026. The market is further projected to expand to USD 29.97 billion by 2035, registering a CAGR of 8.18% during the forecast period from 2025 to 2035.

Key trends in global Automobile industry are:

Electrification (EVs and Hybrid Models) - One of the most significant shifts in the global automotive landscape is the movement toward electrification. Governments across the world are encouraging the adoption of electric vehicles (EVs) and hybrid electric vehicles (HEVs) through policy incentives, stricter emission norms, and infrastructure development. This trend is driven by the need to reduce carbon emissions, improve air quality, and reduce dependence on fossil fuels. Original Equipment Manufacturers (OEMs) are investing billions in EV development, battery technologies, and supply chain localization. Electric two- and three-wheelers, especially in developing markets, are gaining traction due to their low operating costs and government subsidies.

Autonomous and Connected Vehicles - Autonomous vehicles (AVs) and connected car technologies are redefining the future of driving. Autonomous vehicles use sensors, AI, and real-time data to operate with minimal human input, while connected cars leverage internet and communication technologies (IoT, 5G) to stay linked with external networks, other vehicles, and infrastructure. These technologies are enhancing safety, convenience, and efficiency. Features such as adaptive cruise control, lane assistance, and predictive maintenance are increasingly becoming standard even in mid-segment vehicles. Globally, companies like Tesla, Waymo, and Baidu are leading AV development, while most mainstream OEMs are integrating connected features into their product lines.

Digital Dealership Platforms - The rise of digital dealership platforms has revolutionized how vehicles are bought, financed, and serviced. From browsing vehicles and customizing features to booking test drives and processing EMIs, a significant part of the customer journey has moved online. Consumers now expect a seamless digital experience with virtual showrooms, AI-powered chat assistance, realtime inventory access, and digital payment options. This transformation accelerated during the COVID-19 pandemic and has since become a standard expectation. Leading dealerships are investing in Customer Relationship Management (CRM) tools, ERP systems, WhatsApp commerce, and video consultations to create an omnichannel experience that blends online and offline interactions.

Indian Automobile Industry

India's automobile industry stands as one of the most vital pillars of its economy, consistently ranking among the top contributors to the country's manufacturing output, employment generation, and export earnings. As one of the world's largest automobile markets by volume, India holds a prominent position in the global automotive landscape, particularly in the two-wheeler and three-wheeler segments. The diversity and depth of India's automobile sector—from mass-market motorcycles and scooters to commercial vehicles and emerging electric mobility solutions—provide it with a competitive edge in both domestic and international markets.

India's automobile ecosystem is vast and multifaceted, catering to a wide spectrum of mobility needs across the country. From the bustling metro cities where passenger cars dominate the urban landscape to rural and semi-urban regions where two-wheelers and three-wheelers serve as essential means of transport, the industry plays a critical role in enabling access, connectivity, and livelihood. With the continuous rise in urbanization, aspirations for personal mobility, and growth in e-commerce and logistics, the demand for diverse vehicle types has accelerated significantly. This has positioned India not only as a manufacturing powerhouse but also as a consumption-driven auto market.

Moreover, India's position as the largest two-wheeler market and one of the top producers of three-wheelers has made it a focal point for global OEMs and investors. Indian companies like Bajaj Auto, Hero MotoCorp, and TVS Motor Company have carved out strong footprints not only domestically but also in export markets across Asia, Africa, and Latin America. Meanwhile, global manufacturers continue to expand operations in India, drawn by its scale, skilled workforce, and supportive policy environment.

Adding to this momentum is the country's emphasis on clean and sustainable mobility. With growing concerns over pollution and fossil fuel dependency, India has emerged as a strong advocate for electric vehicle (EV) adoption, particularly in the two- and three-wheeler segments. The government's initiatives such as the FAME-II scheme, Production Linked Incentives (PLI), and state-level EV policies are fostering a shift toward greener transportation solutions. This transition is further supported by advances in battery technology, local manufacturing of EV components, and an expanding charging infrastructure.

India's automobile industry is not just inward-looking; it is also shaping global markets. The export of affordable, fuel-efficient two- and three-wheelers has placed Indian manufacturers at the forefront of mobility solutions for developing nations. Additionally, India's growing focus on design innovation, smart connectivity, and safety features has elevated the quality standards of its automotive offerings.

As income levels rise and mobility becomes increasingly central to both personal and professional lives, India's automotive market continues to evolve. Consumer preferences are shifting toward feature-rich vehicles, digital touchpoints, and flexible ownership models such as leasing and subscription. Dealerships, finance companies, and insurance providers have adapted by offering integrated services, ensuring a seamless purchase and ownership experience.

GDP Contribution (2025)

~7.1% of India's GDP

India's automotive sector is a significant contributor to the country's manufacturing and economic activity, accounting for approximately 7.1% of India's GDP and nearly 49% of manufacturing GDP. India is the fourth-largest automobile producer globally, supported by a diversified manufacturing base, large domestic demand, and expanding export capabilities. The sector spans vehicle manufacturing, auto component production, and ancillary activities, with strong linkages to industries such as steel, electronics, rubber, information technology, and logistics. During FY 2023–24, India produced over 28 million vehicles across segments, reflecting the scale and depth of the domestic automotive ecosystem.

The sector also plays an important role in employment generation, industrial development, technology adoption, and trade expansion, while remaining central to India's transition toward green mobility solutions. According to the PIB release, the global auto component market was valued at approximately US\$2 trillion in 2022, of which nearly US\$700 billion comprised internationally traded components. India's share in the global traded auto component market stood at approximately 3%, equivalent to nearly US\$20 billion. The PIB release further highlighted the potential for India to increase auto component exports to approximately US\$60 billion by 2030, generate a trade surplus of approximately US\$25 billion, and create 2–2.5 million direct employment opportunities through continued investments, policy support, and manufacturing expansion. [Source: Press Information Bureau (PIB)]

Market Size

India's automobile industry has demonstrated substantial growth over the years, emerging as one of the largest automotive markets globally. The industry has expanded from a market size of ₹5,027.79 Billion in FY 2020 to ₹9,542.70 Billion in FY 2024, reflecting a strong upward trajectory. According to data released by the Press Information Bureau ("PIB") citing the Society of Indian Automobile Manufacturers ("SIAM"), India recorded automobile production of approximately 33.21 million units during January–December 2025, comprising 25.50 million two-wheelers, 5.38 million passenger vehicles, 1.22 million three-wheelers, and 1.11 million commercial vehicles. During the same period, domestic automobile sales stood at approximately 26.81 million units, while exports aggregated approximately 6.32 million units,

reflecting the scale of India's automotive manufacturing ecosystem and its growing participation in global automobile exports. The Indian automobile market is projected to register a Compound Annual Growth Rate (CAGR) of 8.38% over the forecast period from FY 2025 to FY 2030, driven by rising demand across passenger vehicles, two-wheelers, and commercial vehicles, increasing disposable incomes, expanding rural penetration, and continued policy support including PLI schemes and EV adoption incentives.

The Indian economy has been expanding with the rise in disposable income of middle-class consumers. This, in turn, has a favourable impact on the increasing demand for automobiles. Vehicle manufacturing has increased rapidly over the last few years because of the country's low production costs. The automotive industry is gaining traction as vehicle manufacturing increases.

Rising rural penetration, increasing logistics activity, growth in passenger mobility demand, and expanding financing access continue to support automobile demand across vehicle segments. The surge in logistics and passenger transportation sectors is driving the demand for commercial vehicles. Industry growth is further supported by increasing adoption of electric mobility solutions, particularly across two-wheeler and three-wheeler segments, supported by government incentives, charging infrastructure expansion, and localisation initiatives. However, the primary challenge for the Indian automobile industry is regulatory compliance and adherence to stringent emissions standards.

Indian Two-wheeler Industry & Market size

The India Two-Wheeler Market was estimated at approximately 17.97 million units in FY 2024, rising to 18.21 million units in FY 2025, and is projected to reach 20.22 million units by FY 2033, representing a Compound Annual Growth Rate (CAGR) of 1.32% during the 2025–2033 period.

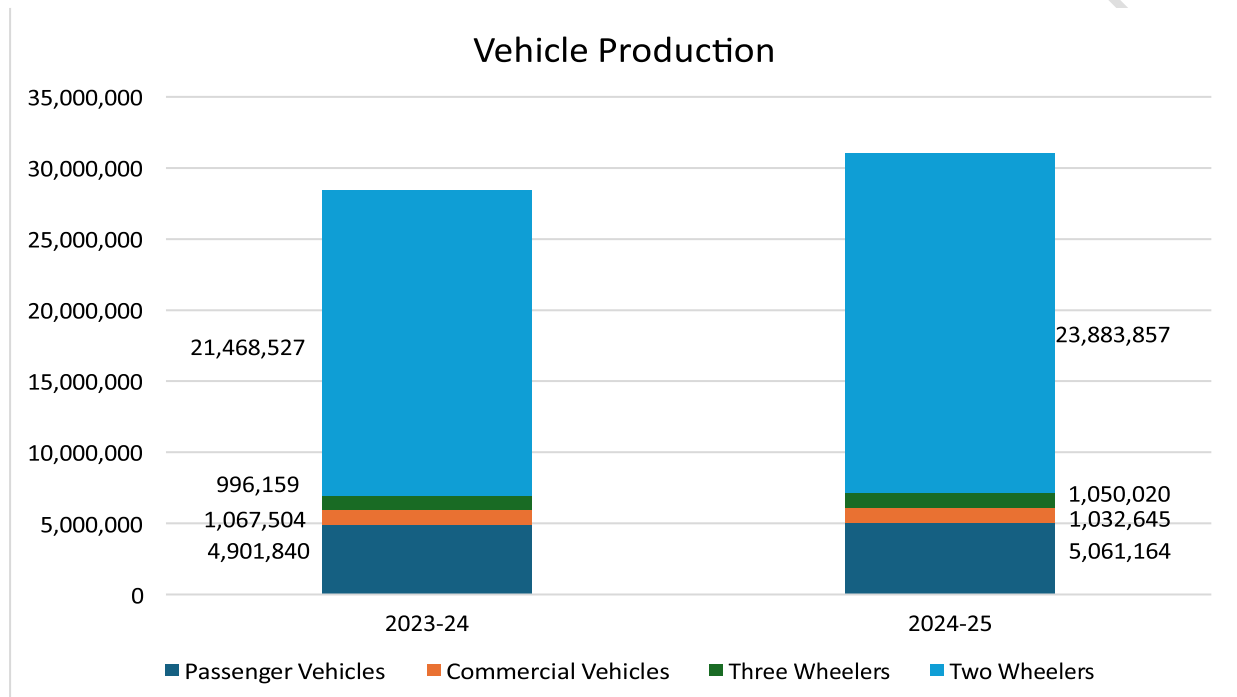
This growth trajectory reflects the industry's resilience and adaptation to changing market dynamics, particularly in urban mobility solutions. The market's evolution is characterized by increasing consumer preference for premium features and advanced technology integration in two-wheelers. Manufacturers are responding to this trend by introducing sophisticated models with enhanced connectivity features, improved safety systems, and superior performance capabilities. The industry's competitive landscape continues to evolve, with established players maintaining their stronghold while new entrants bring innovative solutions to the market.

India Three-wheeler Industry & market size

The Indian three-wheeler vehicle market was valued at approximately 6,91,749 units in FY 2024 and is projected to grow to over 9,35,355 units by 2033, registering a Compound Annual Growth Rate (CAGR) of 3% during the forecast period.

Government incentives promoting electric mobility, rapid urbanization boosting last-mile connectivity, escalating demand for affordable public transport, expanding charging infrastructure, and rising e-commerce logistics adoption are key factors propelling India's three-wheeler market, fostering innovation, sustainability, and widespread accessibility in both passenger and cargo transportation segments across urban and semi-urban regions.

Indian Vehicle Production Trends (in unit)



Source - SIAM (Society of Indian Automobile Manufacturer)

Two-wheelers continue to dominate the Indian automotive landscape, capturing over 75% of total production. Their share increased from approximately 75.5% in FY 2023–24 to ~77% in FY 2024–25. This reaffirms their role as the backbone of personal mobility—particularly in rural and peri-urban regions—driven by affordability, fuel efficiency, and a steadily growing EV subsegment.

Domestic Sales trends (in Unit)

Category	2020-21	2021-22	2022-23	2023-24	2024-25
Passenger Cars	15,41,866	14,67,039	17,47,376	15,48,947	13,53,287
Utility Vehicles	10,60,750	14,89,219	20,03,718	25,20,691	27,97,229
Vans	1,08,841	1,13,265	1,39,020	1,49,112	1,51,332

Total Passenger Vehicles	27,11,457	30,69,523	38,90,114	42,18,750	43,01,848
M&HCVs	1,60,688	2,40,577	3,59,003	3,74,012	3,73,819
LCVs	4,07,871	4,75,989	6,03,465	5,94,758	5,82,852
Total Commercial Vehicles	5,68,559	7,16,566	9,62,468	9,68,770	9,56,671
Three Wheelers	2,19,446	2,61,385	4,88,768	6,94,801	7,41,420
Scooters	44,82,305	41,12,672	51,90,702	58,39,325	68,53,214
Motorcycles	1,00,21,231	89,84,186	1,02,30,502	1,16,53,237	1,22,52,305
Mopeds	6,17,247	4,73,150	4,41,567	4,81,803	5,01,813
Total Two Wheelers	1,51,20,783	1,35,70,008	1,58,62,771	1,79,74,365	1,96,07,332
Quadricycle	(12)	124	725	725	120
Grand Total	1,86,20,233	1,76,17,606	2,12,04,846	2,38,57,411	2,56,07,391

Source – SIAM (Society of Indian Automobile Manufacturer)

Over the FY 2020–21 to FY 2024–25 period, two-wheelers continued to dominate India's domestic automobile market, accounting for approximately 77%–81% of total domestic vehicle sales. Total two-wheeler sales increased from 15.12 million units in FY 2020–21 to 19.61 million units in FY 2024–25, reflecting sustained demand for affordable and fuel-efficient mobility solutions across urban, rural, and semi-urban markets. Motorcycles continued to constitute the largest share within the segment, while scooter sales also recorded steady growth during the period.

Passenger vehicle sales demonstrated consistent growth during the period under review, increasing from 2.71 million units in FY 2020–21 to 4.30 million units in FY 2024–25. The segment's contribution to total domestic automobile sales increased from approximately 14.6% in FY 2020–21 to approximately 16.8% in FY 2024–25, supported by rising demand for utility vehicles, which accounted for a significant proportion of passenger vehicle sales growth during the period.

Commercial vehicle sales increased from 0.57 million units in FY 2020–21 to 0.96 million units in FY 2024–25. The segment witnessed recovery following pandemic-related disruptions, supported by infrastructure development, logistics activity, and freight transportation demand, although its share in total domestic automobile sales remained relatively stable at approximately 3.7%–4.5% during the period.

The three-wheeler segment recorded a recovery from 0.22 million units in FY 2020–21 to 0.74 million units in FY 2024–25. The segment's contribution to domestic automobile sales increased from approximately 1.2% in FY 2020–21 to approximately 2.9% in FY 2024–25, supported by improving demand for last-mile mobility, passenger transportation, and urban mobility solutions.

Industry Value Chain of Automobile Industry

Raw Material Supplier - Raw material suppliers form the foundation of the automobile industry value chain, providing essential inputs used in the manufacturing of vehicle components and structures. Key raw materials include metals such as steel, aluminium, copper, and magnesium, which are critical for vehicle frames, engines, and electrical systems. Plastics and polymers are used extensively in interiors, dashboards, bumpers, and fuel systems, while glass is essential for windshields, mirrors, and digital displays. Rubber is another vital input used in tires, hoses, and seals. For electric vehicles (EVs), rare earth elements and lithium are crucial for battery and motor production.

Component Manufacturers and Suppliers - This stage of the automobile industry value chain involves the fabrication and supply of parts that are assembled into the final vehicle. Component manufacturers are typically organized into a tiered structure based on their proximity to the original equipment manufacturers (OEMs). Tier I suppliers deliver complete modules such as braking systems, air conditioning units, and infotainment systems directly to OEMs. Companies like Bosch, Continental, and Denso are leading Tier I players. Tier II suppliers provide critical sub-components such as sensors, wiring harnesses, and smaller electrical assemblies to Tier I companies. Tier III suppliers operate further upstream, delivering raw or semi-processed materials like castings, forgings, and plastics. This segment requires significant investment in research and development, precision manufacturing, and automation technologies.

Vehicle Manufacturer - Original Equipment Manufacturers (OEMs) form the core of the automobile industry value chain, responsible for assembling various components into finished vehicles and managing the entire vehicle lifecycle from design to delivery. OEMs are categorized into global and domestic players—global giants like Toyota, Volkswagen, Ford, General Motors, and Hyundai dominate international markets, while Indian leaders include Tata Motors, Maruti Suzuki, Mahindra, and Ashok Leyland. Their key responsibilities encompass vehicle design, engineering, research and development, final assembly in manufacturing plants, coordination with suppliers and logistics partners, and ensuring compliance with regulatory and safety standards. The industry is witnessing a major shift toward electric vehicle (EV) production platforms, driven by regulatory push and consumer demand.

Distributors & Dealers - Distributors and dealers play a critical role in the automobile industry value chain by acting as the direct interface between original equipment manufacturers (OEMs) and end consumers. Their primary responsibilities include maintaining vehicle inventory, facilitating vehicle sales, offering test drives, managing documentation, and supporting customers with financing and insurance solutions. They also handle vehicle delivery and registration, ensuring a seamless buying experience. There are three major business models in this segment. Authorized dealerships are exclusive partners of OEMs and operate under branded retail formats such as Maruti Suzuki Arena or Hyundai Showrooms. Multi-brand dealers offer a variety of vehicle makes and are especially prominent in the used vehicle segment. With the advancement of technology, digital platforms like Cars24, Spinny, and OEM-operated direct-to-consumer (D2C) channels are gaining traction, allowing customers to browse, finance, and purchase vehicles entirely online.

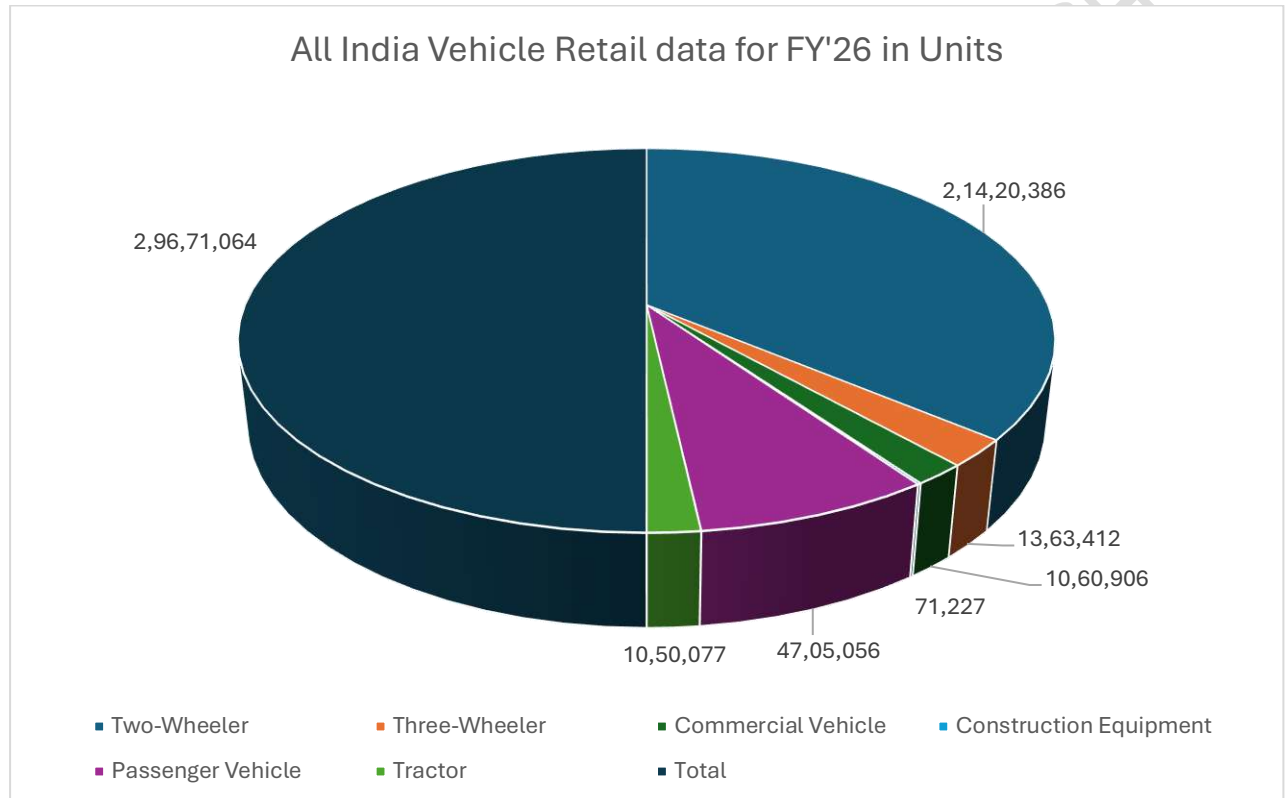
After-Sales Service providers - After-sales service providers form a vital part of the automobile industry value chain, ensuring vehicle performance, longevity, and customer satisfaction long after the initial sale. These services are essential not only for building brand loyalty but also for generating recurring revenue. The scope of after-sales includes servicing and maintenance such as routine inspections, oil changes, brake checks, and fluid replacements to keep the vehicle in optimal condition. It also covers repair and bodywork, including accident repairs, part replacements, dent removal, and repainting. The segment extends to the sale of spare parts and accessories like batteries, filters, infotainment systems, tires, and cosmetic enhancements. To enhance customer retention, many OEMs offer extended warranties and pre-paid service packages, which guarantee long-term support at fixed costs.

Vehicle Retail Trends and Performance

FY 2025–26 marked a record year for India's automobile retail industry, with total vehicle retail sales reaching an all-time high of approximately 29.67 million units, registering year-on-year growth of 13.30% and approaching the 30 million unit milestone. The growth was broad-based across major vehicle categories, supported by improving consumer sentiment, policy stability, and recovery in demand during the second half of the fiscal year.

The two-wheeler segment remained the largest contributor to automobile retail sales, recording sales of approximately 21.42 million units in FY 2025–26 as compared to 18.89 million units in FY 2024–25, reflecting growth of 13.40%. Passenger vehicle retail sales increased by 13.00% year-on-year to approximately 4.71 million units, supported by sustained demand across utility vehicle and personal mobility segments. Three-wheeler sales rose by 11.68% to approximately 1.36 million units, while commercial vehicle sales increased by 11.74% to approximately 1.06 million units during the period. Tractor sales recorded the highest growth among major categories, increasing by 18.95% year-on-year to approximately 1.05 million units, reflecting improved rural demand and agricultural activity.

Industry retail trends during FY 2025–26 reflected a two-phase demand cycle, wherein the first half of the year witnessed relatively muted consumer activity amid cautious spending patterns and uncertainty surrounding GST-related developments, while the second half recorded stronger retail momentum supported by improving affordability, recovery in consumer sentiment, and increased demand across vehicle categories. With the exception of construction equipment, which recorded a decline of 11.70% during the year, most major automobile categories achieved record retail sales levels during FY 2025–26.

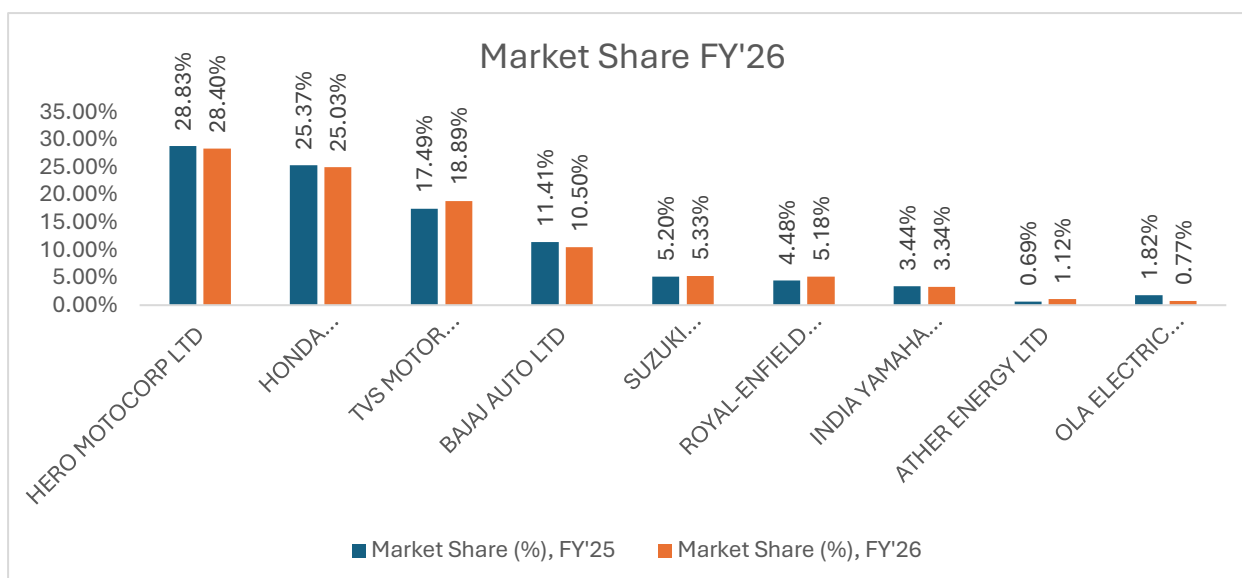


Source – FADA (Federation of Automobile Dealers Associations)

OEM wise Two-Wheeler Market Share Data for FY'26 (YoY comparison)

OEM Name	FY'26	FY'25
HERO MOTOCORP LTD	60,83,248	54,46,404
HONDA MOTORCYCLE AND SCOOTER INDIA (P) LTD	53,61,458	47,91,389
TVS MOTOR COMPANY LTD	40,46,666	33,03,633
BAJAJ AUTO LTD	22,49,778	21,55,582
SUZUKI MOTORCYCLE INDIA PVT LTD	11,40,730	9,83,034
ROYAL-ENFIELD (UNIT OF EICHER LTD)	11,08,597	8,46,256
INDIA YAMAHA MOTOR PVT LTD	7,15,564	6,50,266
ATHER ENERGY LTD	2,39,178	1,31,172
OLA ELECTRIC TECHNOLOGIES PVT LTD	1,64,295	3,44,300
GREAVES ELECTRIC MOBILITY PVT LTD	61,563	40,169
CLASSIC LEGENDS PVT LTD	45,409	32,482
PIAGGIO VEHICLES PVT LTD	33,887	33,448
BGAUSS AUTO PRIVATE LIMITED	26,201	17,343

RIVER MOBILITY PVT LTD	22,354	4,247
Others Including EV	1,21,458	1,09,870
Total	2,14,20,386	1,88,89,595



Source – FADA (Federation of Automobile Dealers Associations)

Hero MotoCorp remained the largest player in India's two-wheeler market during FY 2025–26, recording retail sales of approximately 6.08 million units. However, its market share marginally declined from 28.83% in FY 2024–25 to 28.40% in FY 2025–26, reflecting increasing competitive intensity across motorcycle, scooter, and electric vehicle segments. Honda Motorcycle and Scooter India continued to maintain its position as the second-largest two-wheeler manufacturer, recording retail sales of approximately 5.36 million units during FY 2025–26. The company's market share remained relatively stable at 25.03% in FY 2025–26 as compared to 25.37% in FY 2024–25, supported by sustained demand across its scooter and commuter motorcycle portfolio.

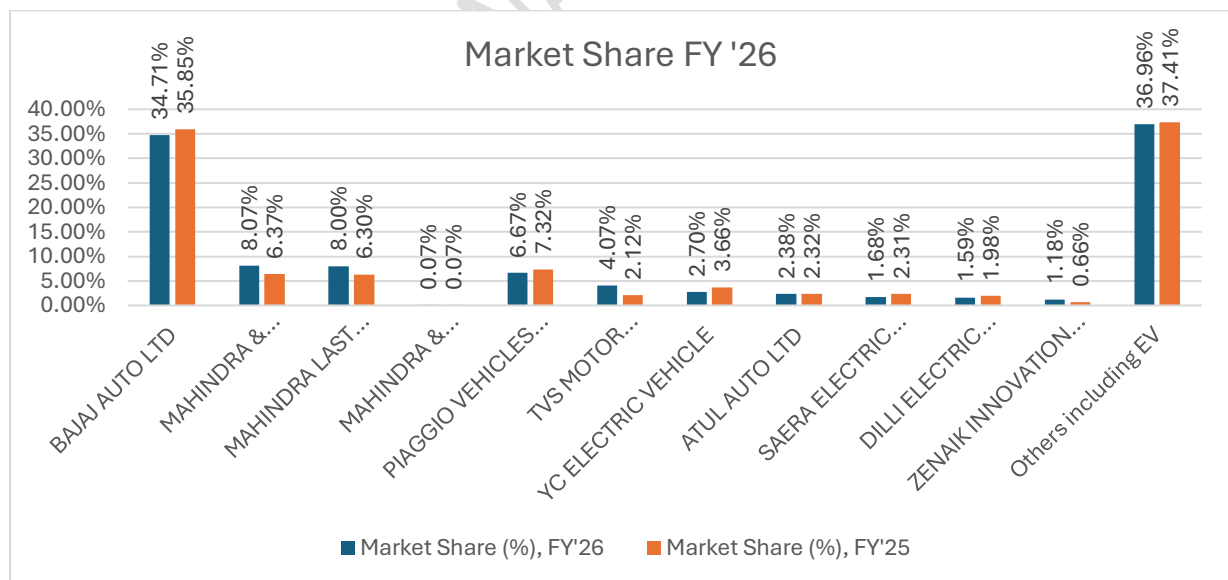
TVS Motor Company recorded strong growth during FY 2025–26, with retail sales increasing to approximately 4.05 million units from 3.30 million units in FY 2024–25. Consequently, the company's market share improved from 17.49% in FY 2024–25 to 18.89% in FY 2025–26, supported by growth across motorcycles, scooters, and electric vehicle offerings. Bajaj Auto recorded retail sales of approximately 2.25 million units during FY 2025–26 as against 2.16 million units in FY 2024–25; however, its market share moderated from 11.41% to 10.50% during the same period. Suzuki Motorcycle India also recorded growth in retail volumes, with market share increasing from 5.20% in FY 2024–25 to 5.33% in FY 2025–26. Royal Enfield strengthened its market position further, with retail sales increasing to approximately 1.11 million units and market share rising from 4.48% to 5.18% during FY 2025–26.

Within the electric two-wheeler segment, Ather Energy recorded significant growth, with retail volumes increasing from 0.13 million units in FY 2024–25 to 0.24 million units in FY 2025–26, resulting in market share expansion from 0.69% to 1.12%. In contrast, Ola Electric

Technologies witnessed a decline in retail sales from approximately 0.34 million units to 0.16 million units during the same period, with market share declining from 1.82% in FY 2024–25 to 0.77% in FY 2025–26. Other emerging electric mobility players, including Greaves Electric Mobility, River Mobility, BGauss Auto, and Classic Legends, continued to maintain relatively smaller shares within the overall two-wheeler market, although retail volumes improved across several EV-focused manufacturers during FY 2025–26.

Three-Wheeler OEM Market Share – FY'26

OEM Name	FY'26	FY'25
BAJAJ AUTO LTD	4,73,247	4,37,678
MAHINDRA & MAHINDRA LIMITED	1,10,036	77,768
MAHINDRA LAST MILE MOBILITY LTD	1,09,135	76,900
MAHINDRA & MAHINDRA LIMITED	901	868
PIAGGIO VEHICLES PVT LTD	90,892	89,356
TVS MOTOR COMPANY LTD	55,488	25,882
YC ELECTRIC VEHICLE	36,807	44,626
ATUL AUTO LTD	32,422	28,372
SAERA ELECTRIC AUTO PVT LTD	22,845	28,230
DILLI ELECTRIC AUTO PVT LTD	21,655	24,216
ZENAIK INNOVATION INDIA LTD	16,055	7,997
Others including EV	5,03,965	4,56,709
Total	13,63,412	12,20,834



Source – FADA (Federation of Automobile Dealers Associations)

Bajaj Auto Ltd continued to maintain its leadership position in India's three-wheeler market during FY 2025–26, recording retail sales of approximately 0.47 million units as compared to 0.44 million units in FY 2024–25. However, the company's market share moderated from

35.85% in FY 2024–25 to 34.71% in FY 2025–26, reflecting increasing competition across both conventional and electric three-wheeler categories.

The Mahindra Group recorded significant growth in the three-wheeler segment during FY 2025–26. Mahindra & Mahindra Limited reported retail sales of approximately 0.11 million units, while Mahindra Last Mile Mobility Limited recorded retail sales of approximately 0.11 million units during the year. The market share of Mahindra & Mahindra Limited increased from 6.37% in FY 2024–25 to 8.07% in FY 2025–26, whereas Mahindra Last Mile Mobility Limited expanded its market share from 6.30% to 8.00% during the same period, reflecting increased traction in electric and last-mile mobility solutions. On a combined basis, the Mahindra Group strengthened its presence within the domestic three-wheeler industry during FY 2025–26.

Piaggio Vehicles Pvt. Ltd recorded relatively stable retail volumes during FY 2025–26, with sales increasing marginally to approximately 90,892 units from 89,356 units in FY 2024–25. However, its market share declined from 7.32% to 6.67% during the same period, indicating relatively slower growth as compared to the overall industry. TVS Motor Company recorded strong growth in the three-wheeler segment, with retail sales increasing from approximately 25,882 units in FY 2024–25 to 55,488 units in FY 2025–26, resulting in market share expansion from 2.12% to 4.07%.

Electric three-wheeler manufacturers continued to expand their presence within the market, although competitive intensity remained high. YC Electric Vehicle remained among the larger EV-focused participants, recording retail sales of approximately 36,807 units during FY 2025–26, although its market share declined from 3.66% in FY 2024–25 to 2.70% in FY 2025–26. Saera Electric Auto and Dilli Electric Auto also witnessed moderation in market share during the period. In contrast, Zenaik Innovation India Limited recorded growth in both retail volumes and market share, increasing from 0.66% in FY 2024–25 to 1.18% in FY 2025–26. The industry continued to witness increasing participation from electric mobility-focused manufacturers, contributing to greater market fragmentation and competitive intensity within the three-wheeler segment.

The evolving fuel mix across India's automotive industry continues to support sustained demand growth for the domestic tyre industry, driven by rising vehicle production, fleet expansion, replacement demand, and increasing vehicle parc across both conventional and alternative fuel segments. The Indian automotive market remains predominantly internal combustion engine ("ICE")-led across several categories, particularly in commercial vehicles, tractors, construction equipment, and two-wheelers, thereby ensuring continued large-scale demand for conventional tyre products compatible with existing road infrastructure and vehicle configurations.

In the two-wheeler segment, petrol/ethanol-powered vehicles continued to dominate with a share of 93.30% in FY'26, while EV penetration increased to 6.54% from 6.09% in FY'25. Similarly, the passenger vehicle segment witnessed gradual electrification, with EV share increasing to 4.25% in FY'26 from 2.61% in FY'25, alongside rising adoption of CNG/LPG vehicles. The three-wheeler segment remained the most rapidly electrifying category, with EV penetration increasing to 60.95% in FY'26 from 57.25% in FY'25. These trends indicate expanding opportunities for specialised tyre manufacturing, including low rolling resistance tyres, EV-compatible tyres, higher load-bearing tyres, and application-specific radial products.

Further, commercial vehicles continued to remain diesel dominated with an 82.37% share in FY'26, while CNG/LPG adoption increased to 11.79%, supporting demand for medium and heavy commercial vehicle tyres, fleet replacement cycles, and long-haul transportation tyres. The tractor and construction equipment segments also remained overwhelmingly diesel-driven, collectively supporting stable demand for off-highway tyres ("OHT"), agricultural tyres, and industrial application tyres.

The continued growth in vehicle ownership, increasing freight movement, expanding rural mechanisation, rising e-commerce logistics penetration, and improving road infrastructure are expected to support long-term growth in the tyre industry. Additionally, increasing electrification across mobility segments is expected to accelerate technological advancements in tyre design, including enhanced durability, reduced noise emission, improved energy efficiency, and smart tyre integration.

Accordingly, the Indian tyre industry remains structurally linked to automotive sector growth, with demand expected to be supported by both original equipment manufacturer ("OEM") requirements and the replacement market. The industry is expected to benefit from rising domestic consumption, premiumisation trends, export opportunities, and increasing localisation of advanced tyre technologies, while continued investments in manufacturing capacity, sustainability initiatives, and raw material integration may further strengthen industry competitiveness over the medium to long term.

5. Market Dynamics

Key Growth Drivers

The Indian Rubber (Tyre) industry is supported by structural demand drivers linked to vehicle production, replacement demand, freight movement, infrastructure expansion, tyre lifecycle management and increasing adoption of recycling-led applications. The industry benefits from both recurring consumption-driven demand and value-added opportunities across premium products, retreading materials and reclaimed rubber applications.

Demand across the sector remains closely tied to automotive production cycles, vehicle utilisation intensity, logistics activity and raw-material availability, while evolving sustainability initiatives and lifecycle optimisation trends continue to influence product development and operating models across the value chain.

The table below summarises the principal market drivers and their directional impact over near (1–2 years), medium (3–4 years) and longer (5–7 years) horizons.

Market Drivers and Impact Assessment

(All values represent directional impact based on industry estimates and qualitative analysis)

Key Drivers	1–2 Years	3–4 Years	5–7 Years
1. Replacement demand and vehicle parc expansion	High	High	High
2. Commercial vehicle freight movement and logistics activity	High	High	High
3. OEM vehicle production and tyre fitment demand	High	Medium	Medium
4. Retreading and tyre lifecycle extension	Medium	High	High
5. Recycling, reclaimed rubber and circular-economy adoption	Medium	High	High
6. Infrastructure development, mobility growth and raw-material optimisation	High	High	Medium

Source – Infomerics Analytics & Research

Detailed Explanation of Key Drivers:

1. Replacement Demand and Vehicle Parc Expansion

Replacement demand remains the most stable demand driver for the Indian tyre industry because tyres and allied rubber products are subject to recurring wear-and-tear replacement cycles. Expansion in the installed vehicle base across passenger vehicles, commercial vehicles, two-wheelers and agricultural vehicles continues to support sustained aftermarket demand for tyres, tubes, flaps and related rubber products.

Unlike OEM demand, replacement demand is influenced more by vehicle usage intensity, operating conditions and freight movement, providing relatively recurring consumption visibility across the industry.

2. Commercial Vehicle Freight Movement and Logistics Activity

Commercial vehicle utilisation is a major driver of tyre consumption due to higher operating loads, long-distance movement and elevated wear conditions. Growth in road freight, e-commerce logistics, industrial transportation and intercity cargo movement supports demand for commercial vehicle tyres, tyre flaps, retreading materials and lifecycle-extension products. Fleet operators also continue to prioritise durability, mileage optimisation and operating efficiency, supporting demand for performance-oriented tyre and rubber products.

3. OEM Vehicle Production and Tyre Fitment Demand

Original equipment manufacturer (OEM) demand contributes to industry volumes through tyre fitment across passenger vehicles, commercial vehicles, two-wheelers and agricultural equipment. Although OEM demand is relatively cyclical and linked to automotive production trends, it remains strategically important because it supports manufacturing scale, supplier integration and long-term customer relationships within the automotive ecosystem.

4. Retreading and Tyre Lifecycle Extension

Retreading continues to be an important growth driver, particularly within the commercial vehicle segment where tyre lifecycle economics materially influence fleet operating costs. Retreading enables extension of tyre life at lower replacement cost, thereby supporting demand for precured tread rubber, bonding materials, repair compounds and allied retreading products.

The segment also aligns with broader sustainability and resource-efficiency objectives by reducing raw-material consumption and extending usable tyre life.

5. Recycling, Reclaimed Rubber and Circular-Economy Adoption

Rubber recycling is gaining increasing importance due to rising end-of-life tyre generation and greater emphasis on sustainability-led manufacturing practices. Reclaimed rubber, crumb rubber and devulcanized rubber are increasingly used in compounding, road construction, industrial products and selected automotive applications.

Growth in circular-economy initiatives, waste-tyre management frameworks and recycling infrastructure is expected to support medium- to long-term expansion in recycling-linked rubber applications.

6. Infrastructure Development, Mobility Growth and Raw-Material Optimisation

Expansion of highways, logistics corridors, industrial infrastructure and rural road connectivity continues to support vehicle movement and tyre consumption across categories. Increased road connectivity improves freight efficiency and vehicle utilisation, thereby strengthening replacement demand and supporting broader growth across the tyre and rubber products ecosystem.

At the same time, the industry remains sensitive to fluctuations in natural rubber, synthetic rubber and crude-oil-linked raw-material prices, leading manufacturers to focus on compounding efficiency, process optimisation and material substitution to improve cost competitiveness and margin stability. This is particularly relevant for manufacturers of tyre components, tubes, flaps and rubber compounds where balancing durability, consistency and cost efficiency remains critical.

The Indian Rubber (Tyre) industry benefits from diversified and structurally recurring demand drivers anchored in replacement consumption, freight intensity, OEM production, retreading activity and recycling-led applications. Near-term growth is expected to remain supported by aftermarket demand and logistics activity, while medium- to long-term expansion is likely to be driven by tyre lifecycle optimisation, circular-economy adoption, infrastructure growth and raw-material efficiency improvements.

Accordingly, the industry demonstrates sustained demand visibility across tyre manufacturing, tyre components, retreading materials, rubber processing and recycling-linked value-added applications within the broader automotive and industrial ecosystem.

5.2 Key Challenges

The Indian Rubber (Tyre) industry is characterised by raw-material cost volatility, competitive pricing pressure, regulatory complexity and operational dependence on automotive production, replacement demand and freight-linked activity. While long-term industry fundamentals remain supported by aftermarket replacement demand, mobility growth and retreading activity, profitability and scalability continue to be influenced by commodity-price movements, compliance requirements and working-capital intensity.

The industry is also witnessing increasing pressure to strengthen waste-tyre recycling integration, environmental compliance and manufacturing efficiency, particularly as sustainability expectations and formalisation across the waste-tyre ecosystem continue to evolve.

Market Challenges and Impact Assessment

(All values represent directional impact based on industry estimates and qualitative analysis)

Key Challenges	1–2 Years	3–4 Years	5–7 Years
1. Raw-material price volatility and import dependence	High	High	High
2. Competition and pricing pressure across OEM, aftermarket and retreading applications	High	High	Medium
3. Waste-tyre management, recycling compliance and regulatory uncertainty	High	High	High
4. Demand cyclicalities, working-capital intensity and scale pressure	High	Medium	Medium

Source – Infomerics Analytics & Research

Detailed Commentary on Key Challenges

1. Raw-Material Price Volatility and Import Dependence

The industry remains highly exposed to fluctuations in natural rubber, synthetic rubber, carbon black, steel and rubber chemical prices, while domestic natural rubber production continues to remain below overall consumption levels, resulting in dependence on imports to bridge the supply gap. This contributes to procurement-cost volatility and margin pressure across tyre and rubber-product manufacturers.

The impact becomes more significant during periods of sharp input-cost escalation, particularly for tyre-component manufacturers and smaller processing companies that generally operate with lower pricing power than large integrated tyre manufacturers.

2. Competition and Pricing Pressure Across OEM, Aftermarket and Retreading Applications

The Indian tyre and rubber-products market remains highly competitive and price-sensitive across OEM supply, aftermarket demand and retreading applications, particularly in

commercial vehicle and fleet-oriented segments. Manufacturers may face pressure to absorb raw-material inflation, offer extended credit terms or provide pricing discounts to maintain volumes and customer relationships.

Smaller and mid-sized participants may face comparatively greater pressure due to limited bargaining power, lower economies of scale and higher dependence on regional markets or concentrated customer relationships.

3. Waste-Tyre Management, Recycling Compliance and Regulatory Uncertainty

The industry is witnessing increasing compliance requirements relating to waste-tyre management, recycling traceability and environmental standards. Fragmented collection systems, informal recycling activity and unregulated pyrolysis operations continue to affect traceability, quality consistency and the formal development of circular-economy frameworks within the sector.

In addition, evolving Extended Producer Responsibility (EPR) requirements, product-classification frameworks and taxation treatment for recycled rubber outputs may create compliance and investment uncertainty across recycling and retreading value chains until regulatory structures become more standardised and predictable.

4. Demand Cyclical, Working-Capital Intensity and Scale Pressure

Tyre demand remains linked to automotive production, freight movement, infrastructure activity and broader economic conditions. OEM demand may soften during periods of lower vehicle production, while aftermarket demand may also moderate if freight activity or fleet utilisation weakens.

In addition, tyre and rubber-product manufacturing typically requires significant working capital for raw-material procurement, inventory holding and dealer and channel credit support. Smaller manufacturers may therefore face challenges in maintaining capacity utilisation, funding expansion, managing inventory cycles and investing in process upgrades as quality, compliance and technology expectations continue to rise across the industry.

The Indian Rubber (Tyre) industry continues to face structural challenges arising from commodity-price exposure, competitive intensity, regulatory evolution and cyclical end-market demand. While aftermarket replacement demand and mobility-linked consumption continue to support long-term industry fundamentals, sustained competitiveness increasingly depends on cost efficiency, compliance capability, process optimisation and supply-chain resilience.

Accordingly, participants with stronger operational scale, integrated processing capabilities, disciplined working-capital management and greater alignment with recycling and sustainability frameworks are likely to be better positioned within the evolving tyre and rubber-products ecosystem.

6. PESTEL Analysis of the Industry

The Indian Rubber (Tyre) industry operates within a policy-sensitive, commodity-linked and manufacturing-intensive environment influenced by automotive demand, freight movement, infrastructure development, raw-material availability and environmental regulation. The sector is also increasingly shaped by circular-economy initiatives, waste-tyre management frameworks and evolving compliance requirements relating to recycling and sustainability.

Factor	Key Insights and Implications
Political	- Government spending on highways, logistics corridors, road infrastructure and mobility development supports long-term tyre demand across commercial and passenger vehicle categories. - Policy initiatives relating to waste-tyre management and circular-economy formalisation, including the Extended Producer Responsibility ("EPR") framework administered through the Central Pollution Control Board ("CPCB"), are increasing compliance and traceability requirements across the tyre lifecycle. - Domestic natural rubber development continues to receive policy attention through plantation expansion and productivity initiatives led by the Rubber Board under the Ministry of Commerce & Industry.
Economic	- Industry demand remains closely linked to vehicle production, replacement cycles, freight activity, infrastructure spending and overall economic growth. - The replacement market continues to represent a major demand driver because tyres, tubes and allied rubber products are recurring wear-and-tear consumables. - The industry remains exposed to fluctuations in natural rubber, synthetic rubber, carbon black, steel and crude-linked input costs, while domestic natural rubber production continues to remain below consumption levels, leading to import dependence. - Working-capital intensity remains elevated due to inventory holding, raw-material procurement cycles and dealer and channel credit support.
Social	- Rising mobility, vehicle ownership, road connectivity and freight movement continue to support long-term tyre consumption across vehicle categories. - Fleet operators and consumers are increasingly focused on tyre durability, lifecycle cost, safety and operating efficiency, supporting

	demand for replacement tyres, retreading and performance-oriented rubber products. • The industry remains labour- and skill-intensive across compounding, manufacturing, quality testing, retreading and recycling activities. • Growing awareness around sustainability and recycling is gradually improving acceptance of reclaimed rubber and circular-economy applications.
Technological	• Technological developments in compounding efficiency, tyre construction, curing, vulcanisation and reinforcement materials continue to improve durability, heat resistance and product consistency. • Retreading technologies, reclaimed-rubber processing and recycling systems are evolving to improve recovery efficiency and lifecycle economics. • Increasing formalisation under the EPR framework is encouraging adoption of digital traceability, portal-based compliance systems and structured waste-tyre reporting mechanisms. • Manufacturers are also focusing on process automation, quality-control systems and raw-material optimisation to improve operational efficiency and reduce wastage.
Environmental	• Waste tyres have emerged as a major environmental management issue, increasing regulatory focus on recycling, recovery and scientific disposal practices. • The EPR framework for waste tyres has increased accountability for producers and importers regarding collection, recycling and end-of-life tyre management. • Reclaimed rubber, crumb rubber and recycled-rubber applications are gaining importance as the industry moves toward resource efficiency and circular-material usage. • Environmental scrutiny around informal recycling and unregulated pyrolysis operations continues to increase, driving gradual formalisation of the recycling ecosystem.
Legal	• The regulatory framework is influenced by the Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2022, under which waste-tyre EPR obligations and recycling compliance requirements have been introduced. • Producers, importers, recyclers and retreaders are required to comply with registration, traceability, reporting and certificate-based recycling obligations under the CPCB EPR portal.

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| | <ul style="list-style-type: none"> • The industry is also subject to environmental approvals, pollution-control requirements, labour regulations, factory compliance standards and indirect-tax regulations applicable to manufacturing operations. • Increasing compliance formalisation is raising operational and documentation requirements, particularly for smaller and unorganised participants. |
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The Indian Rubber (Tyre) industry is shaped by infrastructure-led mobility growth, replacement-driven demand, raw-material import dependence and increasing environmental formalisation. While long-term demand fundamentals remain supported by freight movement, automotive usage and tyre lifecycle consumption, the industry continues to face pressure from commodity-price volatility, compliance obligations and sustainability-linked transition requirements.

Over the medium to long term, industry competitiveness is expected to increasingly depend on manufacturing efficiency, recycling integration, compliance capability, raw-material optimisation and supply-chain resilience, particularly as circular-economy frameworks and waste-tyre traceability systems continue to evolve across the sector.

7. Government Initiatives, Policy Support and Regulatory Framework

The Indian Rubber (Tyre) industry operates within a policy framework shaped by natural rubber development programmes, automotive and infrastructure-linked demand support, environmental compliance obligations and increasing formalisation of waste-tyre management. Government initiatives are directed both toward strengthening domestic natural rubber production through the Rubber Board and improving circularity, traceability and recycling efficiency across the tyre lifecycle through Extended Producer Responsibility (“EPR”) mechanisms and waste-management regulations.

The regulatory environment is becoming increasingly structured, particularly for tyre manufacturers, rubber-product companies, recyclers and retreaders, with greater emphasis on authorised processing, digital compliance tracking and environmentally sound waste-tyre management practices.

Key Government Initiatives and Policy Support

Policy / Initiative	Policy Details	Industry Impact
Sustainable & Inclusive Development of Natural Rubber Sector	Implemented by the Rubber Board under the Ministry of Commerce & Industry, the scheme provides support for planting, replanting, productivity enhancement, quality planting material, grower assistance, skill development and expansion of rubber cultivation in both traditional and non-traditional regions.	Supports long-term domestic natural rubber availability, plantation productivity improvement and supply-chain strengthening for the tyre and rubber-products industry.
Financial Assistance Enhancement for the Rubber Sector	The Government increased financial allocation for the rubber sector under the development scheme for FY2024-25 and FY2025-26 to support plantation development, research, extension activities and cultivation expansion.	Reinforces policy support for domestic rubber production and helps improve long-term raw-material security for downstream manufacturers.
Rubber Board Plantation Expansion and Productivity Initiatives	The Rubber Board continues to promote cultivation in non-traditional regions including northeastern states through grower support, training programmes, research initiatives and productivity enhancement measures.	Encourages geographic diversification of natural rubber cultivation and reduces long-term concentration risk associated with traditional plantation regions.

National Infrastructure and Road Connectivity Programmes	Government spending on highways, logistics corridors, freight infrastructure and road connectivity continues under broader infrastructure development initiatives.	Supports tyre demand indirectly through higher vehicle utilisation, freight movement, commercial transportation activity and replacement cycles.
Circular Economy and Waste-Tyre Formalisation Initiatives	NITI Aayog has released circular-economy-focused policy reports covering waste tyres, end-of-life vehicles and recycling ecosystems, emphasising formalisation, traceability and material recovery.	Encourages development of organised recycling, retreading and reclaimed-rubber ecosystems while increasing policy focus on sustainability and resource efficiency.
CPCB Online Waste Tyre EPR Portal	The Central Pollution Control Board has operationalised an online Waste Tyre EPR portal for producers, importers, recyclers and retreaders for registration, reporting and fulfilment of EPR obligations.	Improves traceability, accountability and compliance monitoring across the waste-tyre management value chain.

Regulatory and Compliance Framework

Regulation / Framework	Regulatory Requirement	Industry Impact
Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2022	Introduced EPR obligations for waste tyres under Schedule IX, covering producers, importers, recyclers and retreaders.	Establishes the legal basis for tyre recycling targets, authorised processing and digital compliance mechanisms.
CPCB Waste Tyre EPR Framework	Producers and importers are required to fulfil annual recycling obligations through authorised recyclers and retreaders using certificate-based compliance mechanisms on the CPCB portal.	Increases compliance discipline, formalisation and operational accountability across the tyre lifecycle ecosystem.
Registration and Reporting Obligations	Producers, recyclers and retreaders are required to register on the CPCB portal and maintain reporting and compliance records relating to waste-tyre management activities.	Raises operating and compliance requirements, particularly for smaller and unorganised participants.

Environmental and Pollution-Control Regulations	Tyre and rubber-product manufacturing operations remain subject to pollution-control norms, waste-handling requirements and environmental approvals issued by relevant authorities.	Increases focus on environmentally compliant manufacturing, storage, processing and disposal practices.
Manufacturing, Labour and Industrial Compliance	Industry participants remain subject to factory regulations, labour laws, occupational safety requirements and indirect-tax compliance applicable to industrial manufacturing operations.	Adds ongoing compliance obligations across production facilities, workforce management and supply-chain operations.
Recycling and Pyrolysis Oversight	Regulatory authorities and policy institutions continue to strengthen oversight relating to pyrolysis operations, recycled outputs and environmentally sound recycling practices.	Supports gradual migration toward more organised, traceable and quality-controlled recycling and reclamation ecosystems.

Policy Environment Summary

The policy environment for the Indian Rubber (Tyre) industry remains supportive from both a raw-material development and circular-economy perspective. Government initiatives led by the Rubber Board continue to focus on improving plantation productivity, expanding cultivation and strengthening domestic natural rubber supply, while infrastructure and mobility-led spending indirectly support tyre consumption across vehicle categories.

Simultaneously, the regulatory framework governing waste tyres has become significantly more formalised through the implementation of EPR-linked compliance mechanisms under the Hazardous and Other Wastes (Management and Transboundary Movement) Amendment Rules, 2022 and the CPCB Waste Tyre EPR system. Producers, recyclers and retreaders are increasingly required to operate within structured registration, reporting and certificate-based compliance frameworks.

Accordingly, the Indian Rubber (Tyre) industry is transitioning toward a more organised, traceable and sustainability-oriented operating environment. Over the medium to long term, industry competitiveness is likely to depend not only on manufacturing scale and cost efficiency, but also on compliance capability, recycling integration, supply-chain traceability and alignment with evolving environmental and circular-economy requirements.

8. Technology and Digital Transformation

The Indian Rubber (Tyre) industry is undergoing gradual technological transformation across rubber processing, compounding, tyre manufacturing, retreading, recycling and compliance management. Unlike software-centric industries, digitalisation in this sector is primarily embedded within manufacturing operations, process control, material optimisation, traceability and lifecycle management systems aimed at improving product consistency, operational efficiency, regulatory compliance and resource utilisation.

Technology adoption is increasingly focused on automation, compound optimisation, digital monitoring, waste-tyre traceability and recycling efficiency, particularly among organised manufacturers and larger processing units. These developments are supporting higher manufacturing precision, lower material wastage, improved quality control and better integration of sustainability-linked operating practices across the tyre ecosystem.

1. Digital Manufacturing and Process Automation

Tyre manufacturing and rubber processing increasingly incorporate automated systems for material handling, process monitoring, curing and production tracking. Manufacturers are deploying batch-control systems, digital sensors and process-monitoring technologies to improve consistency across mixing, vulcanisation and inspection stages.

These technologies help reduce process variability, improve throughput and minimise material wastage, which is particularly important in products where uniformity, durability and performance reliability directly affect field performance.

2. Compounding Optimisation and Material Science

Rubber compounding remains one of the most technically critical stages of the tyre value chain because product performance depends heavily on formulation accuracy and material balance. Manufacturers increasingly utilise controlled compounding systems and process analytics to optimise the use of natural rubber, synthetic rubber, reclaimed rubber, carbon black and chemical additives.

Improved compounding capability supports better abrasion resistance, heat tolerance, elasticity and product consistency across tyres, flaps, tubes and allied rubber applications.

3. Automated Quality Control and Inspection Systems

Manufacturers are increasingly adopting automated inspection and testing technologies to improve quality assurance standards across tyre and rubber-product manufacturing. Digital

monitoring systems are used for dimensional verification, curing control, defect detection and process validation.

Improved inspection capability supports lower rejection rates, better OEM compliance and enhanced reliability in both replacement-market and industrial applications.

4. Traceability and Digital Product Identification

Digital traceability systems are becoming increasingly important across tyre manufacturing, recycling and waste management operations. RFID tagging, barcode systems and batch-level digital records help improve inventory tracking, warranty management and material traceability across supply chains.

These systems are also becoming increasingly relevant under EPR-linked compliance frameworks, where producers, recyclers and retreaders are required to maintain structured reporting and auditable records relating to waste-tyre handling and recycling activity.

5. Retreading Technology and Tyre Lifecycle Extension

Retreading technology continues to improve through the use of better inspection methods, precured tread rubber, bonding systems and controlled curing processes. These technologies are particularly relevant in the commercial vehicle segment, where tyre lifecycle economics significantly influence fleet operating costs.

Improved retreading processes help extend tyre life, lower replacement cost and reduce raw-material consumption, thereby supporting both economic and sustainability objectives.

6. Recycling, Devulcanisation and Smart Waste Processing

The recycling segment is increasingly adopting automated shredding, crumb-rubber production, devulcanisation and improved segregation technologies for processing end-of-life tyres. These systems improve recovery efficiency, operational safety and consistency in recycled outputs used across industrial and rubber-compounding applications.

Technology improvement in recycling is becoming increasingly important as formalisation of waste-tyre management accelerates under the CPCB EPR framework and broader circular-economy initiatives.

7. Digital Compliance and EPR Integration

The implementation of the CPCB Waste Tyre EPR portal has increased the importance of digital compliance systems across the industry. Producers, recyclers and retreaders are now required to maintain portal-based registrations, reporting systems and certificate-tracking mechanisms as part of regulatory compliance.

As a result, digital recordkeeping, traceability and compliance integration are increasingly becoming core operational requirements within the organised tyre and recycling ecosystem.

8. Energy-Efficient and Sustainable Manufacturing Practices

Manufacturers are increasingly focusing on energy-efficient production systems, waste-heat recovery technologies and environmentally compliant manufacturing processes to reduce operating costs and improve sustainability performance.

These initiatives support lower energy intensity, improved process efficiency and better alignment with evolving environmental and regulatory expectations across the tyre and rubber-products industry.

The technological evolution of the Indian Rubber (Tyre) industry reflects a transition toward more automated, process-controlled and sustainability-oriented manufacturing ecosystems. Technology adoption is increasingly concentrated in compounding optimisation, automated manufacturing, traceability systems, retreading efficiency, recycling integration and compliance management rather than purely product-centric innovation. Over the medium to long term, industry competitiveness is likely to depend on manufacturing precision, raw-material optimisation, recycling capability, digital traceability and the ability to maintain quality and compliance standards across increasingly formalised tyre and waste-management value chains.

9. Competitive Landscape

The Indian Rubber (Tyre) industry operates within a competitive and moderately fragmented manufacturing ecosystem comprising large integrated tyre manufacturers, tyre-component manufacturers, retreading-material producers, rubber processors, recyclers and regional aftermarket participants. Competition is influenced by manufacturing scale, raw-material sourcing capability, product quality, distribution reach, cost efficiency and customer relationships across OEM, replacement and retreading channels.

The industry includes both organised and unorganised participants across tyres, tubes, flaps, tread rubber, reclaimed rubber and allied rubber products. While large integrated manufacturers benefit from scale, brand positioning and OEM relationships, smaller and mid-sized players compete through regional penetration, specialised product offerings, flexible production capability and pricing competitiveness.

Competition in the sector is driven not only by new tyre demand, but also by replacement cycles, commercial vehicle utilisation, retreading economics and recycling-linked applications. As a result, operational efficiency, raw-material management, product consistency and working-capital discipline remain critical determinants of competitiveness across the value chain.

9.1 Key Factors Shaping Competition

1. Manufacturing Scale, Cost Efficiency and Raw-Material Management

Competitive positioning in the Indian Rubber (Tyre) industry is significantly influenced by manufacturing scale, procurement capability and cost control across natural rubber, synthetic rubber, carbon black, steel and rubber chemicals. Since raw materials constitute a major portion of operating costs, participants with stronger sourcing networks, integrated processing capability and better inventory management are generally better positioned to manage commodity-price volatility.

Scale also supports operational efficiency through higher capacity utilisation, improved absorption of fixed costs and stronger bargaining power with suppliers and distributors. Smaller manufacturers and regional processors may face comparatively greater pressure during periods of raw-material inflation or weak demand conditions.

2. Distribution Reach and Aftermarket Presence

The replacement market represents the largest demand segment in the Indian tyre ecosystem, making dealer networks, distributor relationships and regional market penetration critical competitive factors. Participants with wider aftermarket reach, stronger fleet relationships and deeper penetration across commercial vehicle and rural markets are generally better positioned to maintain recurring demand visibility.

In addition, the ability to service OEM channels alongside aftermarket demand supports volume stability and customer diversification. For tyre-component and allied-rubber manufacturers, long-standing relationships with tyre manufacturers, dealers, fleet operators and retreading networks remain important for market access and repeat business generation.

3. Product Quality, Technical Consistency and Lifecycle Performance

Competition increasingly depends on product durability, compounding consistency, heat resistance, wear performance and overall lifecycle economics, particularly in commercial vehicle and fleet-oriented applications where operating efficiency is closely monitored. Manufacturers that maintain consistent quality standards, lower defect rates and reliable performance are generally better positioned to strengthen customer retention and OEM acceptance.

This is especially relevant in tyre flaps, butyl inner tubes, tread rubber and retreading materials, where technical consistency and process control directly influence field performance, safety and replacement frequency. As a result, quality assurance, compounding capability and process standardisation remain important differentiators within the industry.

4. Retreading, Recycling and Circular-Economy Integration

The industry is witnessing increasing competitive relevance of retreading, reclaimed rubber and recycling-linked capabilities as sustainability expectations and EPR compliance frameworks continue to evolve. Participants involved in retreading materials, reclaimed rubber, crumb rubber or waste-tyre processing may benefit from increasing formalisation and circular-economy integration across the sector.

At the same time, regulatory compliance, traceability and environmentally compliant waste handling are becoming more important competitive requirements. Organised participants with stronger compliance systems, authorised recycling linkages and better traceability frameworks are likely to be better positioned as the waste-tyre ecosystem becomes increasingly formalised and digitally monitored.

5. Working-Capital Management and Operational Flexibility

The tyre and rubber-products industry remains working-capital intensive due to raw-material procurement cycles, inventory requirements and dealer-credit structures. Participants capable of maintaining efficient inventory turnover, disciplined receivable management and flexible production planning are generally better positioned to sustain profitability across cyclical demand environments.

Operational flexibility is particularly important for mid-sized and specialised manufacturers supplying multiple product categories or serving both OEM and aftermarket channels, as it allows faster response to shifts in demand, raw-material pricing and customer requirements.

6. Technology Adoption, Automation and Compliance Capability

Competitive differentiation is increasingly influenced by adoption of automation, process monitoring, digital traceability and manufacturing quality systems across compounding, curing, inspection and recycling operations. Technology adoption supports lower wastage, improved product consistency and better production efficiency.

In parallel, increasing compliance requirements under environmental regulations and CPCB-led EPR frameworks have elevated the importance of digital recordkeeping, traceability and compliance management capabilities. Participants capable of integrating operational efficiency with regulatory readiness are likely to strengthen long-term competitiveness within the evolving tyre and rubber-products ecosystem.

The competitive landscape of the Indian Rubber (Tyre) industry is shaped by manufacturing efficiency, raw-material management, distribution reach, product quality and increasing alignment with recycling and compliance frameworks. While replacement demand and commercial mobility continue to support long-term industry fundamentals, sustained competitiveness increasingly depends on cost optimisation, operational discipline, quality consistency and the ability to adapt to evolving environmental and regulatory expectations across the tyre lifecycle.

9.2 Competitive Strategies

Participants in the Indian Rubber (Tyre) industry compete through a combination of manufacturing efficiency, raw-material optimisation, product quality, distribution reach, OEM relationships and lifecycle-based value creation. Competitive positioning is influenced by the ability to manage input-cost volatility, maintain technical consistency, strengthen aftermarket penetration and align operations with evolving recycling and compliance requirements across the tyre value chain.

The industry remains heavily influenced by replacement demand, commercial vehicle utilisation and price-sensitive fleet economics, making operational discipline, cost efficiency and supply reliability important determinants of long-term competitiveness.

1. Manufacturing Efficiency, Scale and Raw-Material Optimisation

A core competitive strategy within the industry involves improving manufacturing efficiency, compounding capability and raw-material utilisation across natural rubber, synthetic rubber, carbon black, steel and rubber chemicals. Since raw materials constitute a significant portion of operating costs, participants focus on reducing wastage, improving yield and strengthening process efficiency through automation, production planning and inventory optimisation.

Larger and operationally integrated manufacturers generally benefit from stronger procurement capability, better cost absorption and improved bargaining power with suppliers and distributors, particularly during periods of commodity-price volatility.

2. Replacement-Market Penetration and Distribution Reach

The replacement segment represents the largest demand channel in the Indian tyre ecosystem, making dealer networks, aftermarket penetration and regional distribution capability important competitive factors. Industry participants continue to strengthen dealer relationships, fleet connectivity, regional availability and servicing capability to improve recurring demand visibility and market share retention.

For manufacturers of tyre flaps, butyl inner tubes and allied rubber products, strong presence across commercial vehicle and transport-oriented replacement markets remains particularly important because demand is closely linked to vehicle usage intensity and replacement cycles.

3. Product Quality, Durability and Technical Consistency

Competition increasingly depends on product durability, wear resistance, compounding consistency and overall lifecycle performance, especially in commercial vehicle and high-usage applications where operating efficiency and replacement frequency are closely monitored. Participants therefore focus on strengthening quality assurance systems, process controls and formulation capability to improve reliability and customer acceptance.

This is particularly relevant in tyre flaps, butyl inner tubes, tread rubber and allied rubber products, where technical consistency directly affects field performance, lifecycle economics and long-term customer relationships.

4. OEM Relationships and Customer Diversification

Industry participants seek to strengthen relationships with tyre manufacturers, OEMs, distributors, fleet operators and industrial customers to improve order visibility and reduce concentration risk. OEM supply relationships remain strategically important because they support base production volumes, product validation and long-term business continuity.

At the same time, diversification across OEM, replacement, commercial vehicle, agricultural and industrial end-use segments helps manufacturers improve capacity utilisation and reduce dependence on any single customer category or demand cycle.

5. Retreading, Recycling and Lifecycle-Based Value Creation

Retreading and recycling-linked activities are becoming increasingly important competitive strategies within the Indian tyre ecosystem, particularly in commercial vehicle applications where lifecycle economics significantly influence purchasing behaviour. Participants active in tread rubber, reclaimed rubber, retreading materials and waste-tyre processing benefit from recurring demand linked to tyre-life extension and cost optimisation.

In parallel, increasing formalisation of waste-tyre management and EPR-linked compliance frameworks is encouraging stronger participation in recycling, traceability and circular-economy integration across the value chain.

6. Automation, Process Control and Technology Adoption

Manufacturers are increasingly adopting automation, batch-tracking systems, process-monitoring tools and digital quality-control mechanisms across compounding, curing, inspection and recycling operations. Technology adoption supports improved production consistency, lower material wastage and better manufacturing efficiency.

Digital integration is also becoming more relevant in inventory management, compliance tracking and operational reporting, particularly as environmental and EPR-related obligations become increasingly structured and digitally monitored.

7. Working-Capital Discipline and Operational Flexibility

The tyre and rubber-products industry remains working-capital intensive due to raw-material procurement cycles, inventory holding requirements and dealer-credit structures. Participants therefore focus on maintaining disciplined receivable management, inventory optimisation and flexible production planning to improve liquidity and operational stability.

Operational flexibility is especially important for mid-sized and specialised manufacturers supplying multiple product categories or serving both OEM and replacement channels, as it

enables faster response to changes in raw-material pricing, freight activity and customer demand patterns.

8. Compliance Capability and Sustainability Alignment

Environmental compliance, waste-tyre traceability and adherence to CPCB-led EPR requirements are becoming increasingly important strategic considerations across the industry. Participants are strengthening documentation systems, authorised recycling linkages and compliance-monitoring frameworks to align with evolving environmental and regulatory expectations.

Companies capable of combining manufacturing efficiency with recycling integration, sustainability alignment and operational traceability are likely to strengthen long-term competitiveness as the Indian tyre and rubber-products ecosystem becomes increasingly formalised and compliance-oriented.

The competitive strategies adopted within the Indian Rubber (Tyre) industry are increasingly centred on balancing cost efficiency, product quality, distribution strength and compliance readiness across a highly competitive and input-sensitive operating environment. While replacement demand and commercial mobility continue to support long-term industry fundamentals, sustained competitive positioning increasingly depends on operational discipline, manufacturing consistency, lifecycle-based value creation and the ability to adapt to evolving environmental and regulatory requirements across the tyre value chain.

9.3 Barriers to Entry

The Indian Rubber (Tyre) industry exhibits moderate to high barriers to entry, particularly across tyre manufacturing, tyre components, retreading materials and organised recycling-linked operations. Entry barriers arise not only from capital requirements, but also from raw-material procurement complexity, process know-how, quality consistency, customer qualification standards, compliance obligations and distribution access.

Established participants benefit from manufacturing scale, supplier relationships, technical experience, established dealer networks and customer credibility, while new entrants face longer commercial validation cycles and higher operational risk during scale-up.

1. Raw-Material Sourcing, Cost Volatility and Procurement Dependence

The industry remains highly dependent on natural rubber, synthetic rubber, carbon black, steel and rubber chemicals, all of which are subject to commodity-price fluctuations and supply-chain volatility. Domestic natural rubber production continues to remain below overall industry consumption, resulting in continued dependence on imports for a portion of raw-material requirements.

As raw materials constitute a significant proportion of total production cost, new entrants without procurement scale or supplier relationships may face difficulty in managing input-cost volatility and maintaining stable margins, particularly during periods of sharp price movement.

2. Manufacturing Process Complexity and Quality Consistency

Tyre and rubber-product manufacturing involves specialised compounding, mixing, curing, vulcanisation, inspection and batch-control processes, where product performance is highly sensitive to formulation accuracy and process consistency.

Even minor deviations in compound quality, curing conditions or reinforcement integration can affect durability, wear resistance and operational reliability. Accordingly, technical process capability, manufacturing discipline and quality assurance systems act as meaningful operational barriers, especially for companies supplying tyre components, tubes, flaps, tread rubber and other performance-linked rubber products.

3. Customer Qualification, Distribution Reach and Market Credibility

OEMs, fleet operators, distributors and institutional buyers generally require product validation, quality testing, reference checks and commercial reliability before onboarding suppliers. Qualification cycles may involve trial orders, technical approvals and long evaluation periods, particularly in commercial vehicle and industrial applications where failure risk is material.

In addition, the replacement market depends heavily on dealer relationships, regional distribution strength, inventory availability and channel trust. New entrants without

established dealer networks or customer relationships may therefore face slower market penetration and lower recurring demand visibility.

4. Compliance Requirements, Working-Capital Intensity and Scale Economics

The industry operates within an increasingly formal compliance environment involving pollution-control norms, factory regulations, environmental approvals and waste-tyre management obligations under the Extended Producer Responsibility (“EPR”) framework administered through the Central Pollution Control Board framework.

At the same time, tyre and rubber-product manufacturing remains working-capital intensive due to raw-material stocking requirements, inventory holding and dealer/channel credit support. New entrants often face liquidity pressure during the ramp-up phase, particularly where receivable cycles are extended.

Established players also benefit from economies of scale, procurement leverage, manufacturing efficiency and broader customer access, enabling them to operate with lower per-unit costs and stronger resilience during periods of pricing pressure or demand volatility.

The Indian Rubber (Tyre) industry therefore demonstrates structurally meaningful entry barriers arising from procurement dependence, manufacturing complexity, customer qualification requirements, compliance obligations and scale economics. While new participants may enter regional or niche product categories, sustained competitiveness typically requires technical capability, distribution reach, disciplined working-capital management and long-term customer credibility across OEM, aftermarket and recycling-linked segments.

9.4 Consolidation Trends

The Indian Rubber (Tyre) industry is witnessing gradual, capability-led consolidation, with market positioning increasingly strengthening in favour of organised and scale-driven participants that can combine manufacturing efficiency, distribution reach, OEM connectivity, compliance capability and product quality. While the industry continues to remain competitive and fragmented across several regional and aftermarket segments, consolidation is increasingly being driven through capacity expansion, premiumisation, operational integration and formalisation rather than through merger-led activity alone.

The industry structure is also evolving in response to increasing compliance requirements, higher working-capital intensity, growing replacement-market concentration and the need for consistent quality and supply reliability across OEM, aftermarket and export channels.

Key Drivers of Consolidation

1. Scale Economies and Manufacturing Integration

The tyre and rubber-products industry remains highly raw-material intensive, with profitability closely linked to procurement efficiency, manufacturing scale and capacity utilisation. Larger participants benefit from stronger bargaining power in natural rubber, synthetic rubber, carbon black and chemical procurement, while also spreading fixed production and distribution costs across larger operating volumes.

Integrated manufacturing capability across compounding, processing, production and distribution further improves operational control, quality consistency and cost efficiency, particularly during periods of raw-material volatility or uneven demand conditions.

Impact:

Scale-driven manufacturers generally benefit from stronger margin resilience, lower per-unit costs and greater operational stability, while smaller or regional players may face pressure from rising input costs and lower utilisation levels.

2. Replacement-Market Leadership and Distribution Reach

Replacement demand remains the largest and most stable demand segment within the Indian tyre industry, making dealer networks, regional penetration and fleet relationships critical competitive advantages.

Organised manufacturers with broader distribution coverage, stronger inventory availability and established aftermarket relationships are generally better positioned to maintain recurring demand visibility, improve market penetration and sustain utilisation levels even during periods of softer OEM demand.

Impact:

Market share is gradually shifting toward participants with wider dealer reach, stronger channel relationships and better aftermarket servicing capability across commercial and passenger vehicle categories.

3. OEM Qualification and Customer Credibility

OEM-linked supply requires consistent product quality, technical validation, process reliability and long-term supply credibility. Automotive OEMs generally maintain rigorous qualification standards involving testing, approvals, quality audits and delivery-performance evaluation before onboarding suppliers.

As a result, established manufacturers and component suppliers with proven operating track records, stable quality systems and existing OEM relationships tend to hold structural advantages over new or smaller participants.

Impact:

Long qualification cycles and stringent quality expectations reinforce the competitive position of organised and technically established manufacturers within OEM-linked supply chains.

4. Capacity Expansion and Product Premiumisation

Industry expansion is increasingly being driven through higher-value product categories, automation, improved product mix and expansion into premium or performance-oriented segments rather than solely through volume-led growth.

Larger manufacturers continue to invest in capacity enhancement, manufacturing efficiency and product development to improve durability, fuel efficiency, lifecycle performance and export competitiveness.

Impact:

Capex-led expansion and premiumisation are gradually widening the competitive gap between organised manufacturers and smaller regional participants operating primarily in lower-value or highly price-sensitive segments.

5. Compliance Formalisation and Circular-Economy Integration

The increasing implementation of Extended Producer Responsibility (“EPR”) obligations, waste-tyre traceability requirements and environmental compliance standards is accelerating formalisation across recycling, retreading and waste-management ecosystems.

Organised participants are generally better positioned to maintain authorised recycling linkages, compliance documentation, digital reporting capability and environmentally aligned processing systems under the regulatory framework administered through the Central Pollution Control Board.

Impact:

Compliance-led formalisation is likely to strengthen the position of organised manufacturers, recyclers and retreaders, while fragmented or non-compliant operators may face increasing operational and regulatory pressure over time.

6. Working-Capital Strength and Procurement Discipline

Tyre and rubber-product manufacturing remains materially working-capital intensive due to inventory holding requirements, raw-material stocking, dealer/channel credit support and procurement cycles.

Larger and financially stronger participants are generally better positioned to absorb commodity-price fluctuations, maintain inventory continuity and support wider distribution networks, while smaller manufacturers may face liquidity constraints during periods of elevated input costs or slower demand conditions.

Impact:

Balance-sheet strength, procurement discipline and working-capital management are becoming increasingly important competitive differentiators within the industry.

The Indian Rubber (Tyre) industry is therefore witnessing progressive consolidation driven by scale efficiency, replacement-market concentration, OEM qualification requirements, premiumisation, compliance formalisation and financial strength. While the market continues to retain fragmented characteristics across certain regional and unorganised segments, long-term competitive positioning is increasingly favouring organised participants with integrated manufacturing capability, wider distribution reach, stronger compliance systems and disciplined operational execution across manufacturing, retreading and recycling-linked activities.

9.5 Key Industry Players

The tyres and allied rubber products industry comprise manufacturers engaged in the production of tyres, tubes, flaps, tread rubber, precured tread rubber, bonding materials and other rubber-based automotive products catering to OEM, replacement, export and retreading markets. Industry participants operate across diversified business models ranging from integrated tyre manufacturers with multi-category product portfolios to specialized rubber-processing and tyre-adjacent component companies serving specific applications within the automotive aftermarket ecosystem.

Key comparable industry participants, based on product adjacency, manufacturing orientation, end-market exposure and operating profile, include CEAT Limited and TVS Srichakra Limited. While both companies primarily operate as tyre manufacturers rather than pure-play rubber component processors, they provide relevant context on manufacturing scale, product mix and channel exposure within the broader tyres and allied rubber products ecosystem. A brief profile of each company is set out below.

- **CEAT Limited**

CEAT Limited, part of the RPG Group, is among the leading tyre manufacturers in India with presence across multiple automotive tyre categories. The company manufactures tyres, tubes and flaps for two-wheelers, three-wheelers, passenger vehicles, commercial vehicles, agricultural vehicles and off-highway applications, catering to OEM, replacement and export markets.

The company operates a diversified product portfolio comprising radial and bias tyres across mass-market, premium and specialty applications. Its product offerings span passenger car radial tyres, truck and bus radial tyres, two-wheeler tyres, agricultural tyres and other specialty tyre categories, enabling broad participation across the automotive tyre value chain.

CEAT operates multiple manufacturing facilities across India, including plants located at Halol (Gujarat), Nashik, Bhandup, Ambarnath and Butibori (Maharashtra), and Chennai (Tamil Nadu). The company also maintains an international presence through exports to multiple countries across Asia, Europe, Africa and the Americas.

The company continues to focus on premiumisation, export expansion, specialty tyre categories and capacity augmentation across radial tyre segments. Accordingly, CEAT Limited is positioned as a diversified tyre manufacturer operating across multiple automotive and allied rubber product categories within the tyres and rubber products industry.

- **TVS Srichakra Limited**

TVS Srichakra Limited, part of the TVS Group, operates as a manufacturer of tyres and tubes under the “TVS Eurogrip” brand, with primary focus on two-wheeler, three-wheeler and off-highway tyre segments. The company caters to OEM, replacement and export markets across domestic and international geographies.

The company’s product portfolio includes tyres for motorcycles, scooters, three-wheelers, agricultural applications, industrial pneumatic applications, skid-steer vehicles and other off-highway applications. In addition to automotive tyres and tubes, the company also manufactures products serving industrial and specialty mobility applications.

TVS Srichakra operates manufacturing facilities at Madurai (Tamil Nadu) and Rudrapur (Uttarakhand), supporting supply coverage across domestic automotive markets and export destinations. The company exports its products to more than 85 countries and maintains exposure across replacement-market and OEM-oriented demand segments.

The company continues to focus on strengthening its position within the two-wheeler tyre market, expanding export operations and increasing penetration in off-highway and premium motorcycle tyre categories. Accordingly, TVS Srichakra Limited is positioned as a two-wheeler and specialty tyre manufacturer operating within the tyres and allied rubber products segment.

For Matangi Rubber Limited, CEAT Limited provides comparability through its diversified presence across tyres, tubes and allied rubber products, while TVS Srichakra Limited provides additional comparability through its exposure to two-wheeler tyre markets, replacement demand and allied automotive rubber product categories. Together, these companies provide a comparative framework across manufacturing scale, product adjacency, operating profile and end-market exposure within the broader tyres and allied rubber products industry.

9.6 Company Positioning

Matangi Rubber Limited (“the Company”) is positioned within the tyre components and rubber processing segment, with manufacturing capabilities focused on tyre flaps, butyl inner tubes and rubber compounds used in tube-type tyre applications. The Company operates within the tyres and rubber products industry, supplying products mainly used in trucks, buses and other heavy commercial vehicle applications where tyre durability, air retention and operational reliability are important performance considerations.

The Company functions as a manufacturing-led B2B supplier within the automotive tyre value chain rather than as a branded finished-tyre manufacturer. Its operating model comprises contract manufacturing and job-work arrangements, under which products are manufactured using internally sourced raw materials and production infrastructure or processed using customer-supplied materials against conversion charges. This enables the Company to participate across rubber processing, tyre component manufacturing and customer-specific production requirements within the domestic automotive ecosystem.

Operationally, the Company maintains integrated manufacturing and processing capabilities across compound mixing, laboratory testing, product development, curing, vulcanisation and finished-product manufacturing. Its manufacturing footprint is distributed across facilities in Uttarakhand, Tamil Nadu and Madhya Pradesh, supporting production and supply capabilities across key automotive and industrial markets. The Company reports an aggregate covered manufacturing area of approximately 190,000 square feet across its operating units.

Within its product portfolio, the Company manufactures tyre flaps, butyl inner tubes and rubber compounds designed for automotive and commercial transportation applications. Its products are positioned around functional attributes such as durability, tear resistance, tensile strength and tyre protection, supported by process-oriented manufacturing and reinforcement capabilities involving nylon and steel materials.

From a market perspective, the Company primarily operates as an OEM-oriented supplier serving tyre manufacturers and industrial customers within the domestic automotive ecosystem. Its positioning is associated with manufacturing execution, process capability and supply consistency within the tyre components segment rather than consumer branding or retail-led distribution.

Geographically, the Company maintains a multi-location operational presence across North, South and Central India, enabling access to industrial clusters and automotive manufacturing regions. This distributed footprint supports regional supply capabilities and customer servicing across domestic markets.

Structurally, the Company operates as a promoter-led manufacturing enterprise with an operating history dating back to 1985 and corporate incorporation in 2004. Following its

conversion into a public limited company in 2024, the Company has proposed an SME platform listing and indicated expansion initiatives in areas including rubber recycling and solid tyre manufacturing, reflecting broader integration within the rubber products segment.

Matangi Rubber Limited is positioned as a manufacturing-oriented participant within the tyre components and rubber processing industry, with capabilities spanning tyre flaps, butyl inner tubes and rubber compounds for OEM-linked and commercial vehicle applications.

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9.7 Financial Performance Analysis

The financial performance analysis of Matangi Rubber Limited presents an overview of its operating scale, profitability, liquidity, and capital structure over FY 2023 to FY 2025 based on key financial indicators.

Figures are in INR lakhs (Except for ratios and percentages)

Key Indicators	Matangi Rubber Limited			
	Mar FY 2023	Mar FY 2024	Mar FY 2025	Dec FY 2025
Total Operating Income	8625.40	9011.86	10131.56	8664.21
Total Income	8746.48	9126.51	10630.26	8939.13
EBITDA	809.53	1032.15	3088.68	2376.66
EBITDA Margin (%)	9.39	11.45	30.49	27.43
PAT	341.44	455.65	2002.76	1680.22
PAT Margin (%)	3.90	4.99	18.84	18.80
Current Ratio (Times)	2.21	2.14	1.28	0.97
Tangible Net worth	3705.96	5005.40	7783.37	9432.49
Total Debt	2957.86	6293.74	10244.85	12301.37
Debt Equity Ratio (Times)	0.80	1.26	1.32	1.30
ROCE (%)	19.41	9.57	14.74	11.37
Return on Net worth (%)	18.43	10.46	25.12	19.52

Source: FY23, FY24 and FY25 audited financial statements as provided by the Company.

Formula Used:

- EBITDA: Total Operating Income - Operating Expenses (excluding Depreciation & Amortisation, Interest, Other incomes and Taxes)
- EBITDA Margin: (EBITDA/Total Operating Income) *100
- PAT Margin: (Profit after Tax/Total Income) *100
- Current Ratio: Current Assets /Current Liabilities
- Tangible Net Worth: Share Capital + Reserve & Surplus – Intangible Assets -Deferred Tax Assets – Misc Expenditure not written off – Revaluation Reserves
- Return on Net Worth (RONW): (Profit After Tax /Average Tangible Net Worth) *100
- Total Capital Employed: Fixed Assets + Intangible Assets +Net Working Capital
- Return on Capital Employed (ROCE): (Earnings before Interest & Taxes/Average Capital Employed) *100

The financial performance of Matangi Rubber Limited during FY 2023 to FY 2025 and the period ended December FY 2025 reflects steady growth in operating scale, significant improvement in profitability and return indicators during FY 2025, alongside increased leverage and moderation in liquidity parameters during the review period.

Total Operating Income increased from INR 8,625.40 lakh in FY 2023 to INR 9,011.86 lakh in FY 2024 and further to INR 10,131.56 lakh in FY 2025, indicating continued expansion in business operations. Total Operating Income for the period ended December FY 2025 stood at INR 8,664.21 lakh. Total Income increased from INR 8,746.48 lakh in FY 2023 to INR 9,126.51 lakh in FY 2024 and further to INR 10,630.26 lakh in FY 2025, while Total Income for the period ended December FY 2025 stood at INR 8,939.13 lakh.

EBITDA increased from INR 809.53 lakh in FY 2023 to INR 1,032.15 lakh in FY 2024 and significantly to INR 3,088.68 lakh in FY 2025. EBITDA stood at INR 2,376.66 lakh during the period ended December FY 2025. EBITDA margin improved from 9.39% in FY 2023 to 11.45% in FY 2024 and further to 30.49% in FY 2025, while EBITDA margin for the period ended December FY 2025 stood at 27.43%, indicating substantial improvement in operating efficiency and margin expansion.

Profit After Tax ("PAT") increased from INR 341.44 lakh in FY 2023 to INR 455.65 lakh in FY 2024 and further to INR 2,002.76 lakh in FY 2025. PAT stood at INR 1,680.22 lakh during the period ended December FY 2025. PAT margin improved from 3.90% in FY 2023 to 4.99% in FY 2024 and further to 18.84% in FY 2025, while PAT margin for the period ended December FY 2025 stood at 18.80%, reflecting improved profitability and earnings generation.

The Current Ratio moderated from 2.21 times in FY 2023 to 2.14 times in FY 2024 and further to 1.28 times in FY 2025, before declining to 0.97 times as of December FY 2025, indicating relatively tighter liquidity conditions and higher working capital utilisation during the review period.

Tangible Net Worth increased from INR 3,705.96 lakh in FY 2023 to INR 5,005.40 lakh in FY 2024 and further to INR 7,783.37 lakh in FY 2025, reflecting strengthening of the capital base supported by profit accretion. Tangible Net Worth stood at INR 9,432.49 lakh as of December FY 2025.

Total Debt increased from INR 2,957.86 lakh in FY 2023 to INR 6,293.74 lakh in FY 2024 and further to INR 10,244.85 lakh in FY 2025. Total Debt stood at INR 12,301.37 lakh as of December FY 2025, indicating higher borrowings undertaken to support business expansion and operational requirements. The Debt-Equity Ratio increased from 0.80 times in FY 2023 to 1.26 times in FY 2024 and further to 1.32 times in FY 2025, before marginally moderating to 1.30 times as of December FY 2025, reflecting continued reliance on external funding.

Return on Capital Employed (“ROCE”) declined from 19.41% in FY 2023 to 9.57% in FY 2024, before improving to 14.74% in FY 2025. ROCE stood at 11.37% as of December FY 2025. Return on Net Worth improved from 18.43% in FY 2023 to 25.12% in FY 2025 after declining to 10.46% in FY 2024, while Return on Net Worth stood at 19.52% as of December FY 2025, indicating improvement in shareholder returns over the review period.

The Company has demonstrated consistent revenue growth and substantial improvement in profitability during FY 2025, supported by margin expansion and improved earnings generation. However, liquidity indicators moderated during the review period, while leverage levels increased owing to higher debt utilisation undertaken to support operational scale-up and business growth initiatives.

9.8 Peer Benchmarking Analysis

The financial profile of Matangi Rubber Limited has been evaluated against CEAT Limited and TVS Sri Chakra Limited based on FY 2025 financials. The analysis highlights relative positioning across key parameters including scale of operations, profitability, liquidity, capital structure, and return indicators.

Figures are in INR lakhs (Except for ratios and percentages)

Key Indicators (in INR Lakhs)	Matangi Rubber Limited	CEAT Limited	TVS Sri Chakra Limited
	FY 2025	FY 2025	FY 2025
Total Operating Income	10131.56	1321787.00	325383.00
Total Income	10630.26	1323542.00	326004.00
EBITDA	3088.68	147414.00	22459.00
EBITDA Margin (%)	30.49	11.15	6.90
PAT	2002.76	47137.00	2052.00
PAT Margin (%)	18.84	3.56	0.63
Current Ratio (Times)	1.28	0.66	0.93
Tangible Net worth	7783.37	421030.00	108080.00
Total Debt	10244.85	290824.00	110829.00
Debt Equity Ratio (Times)	1.32	0.69	1.03
ROCE (%)	14.74	11.99	4.12
Return on Net worth (%)	25.12	11.59	1.96

Source: Company filings and publicly available financial statements.

Scale of Operations

Matangi Rubber Limited reported Total Operating Income of INR 10,131.56 lakhs in FY 2025, which was substantially lower than INR 13,21,787.00 lakhs reported by CEAT Limited and INR 3,25,383.00 lakhs reported by TVS Srichakra Limited. Similarly, Total Income of Matangi Rubber Limited stood at INR 10,630.26 lakhs as compared to INR 13,23,542.00 lakhs for CEAT Limited and INR 3,26,004.00 lakhs for TVS Srichakra Limited. Matangi Rubber Limited operates at a significantly smaller scale relative to established listed tyre manufacturers within the peer set.

Profitability Profile

Matangi Rubber Limited reported EBITDA of INR 3,088.68 lakhs with an EBITDA margin of 30.49%, which was substantially higher than CEAT Limited at 11.15% and TVS Srichakra Limited

at 6.90%. The higher EBITDA margin indicates comparatively stronger operating efficiency and margin realisation during FY 2025. At the net profit level, Matangi Rubber Limited reported PAT of INR 2,002.76 lakhs with a PAT margin of 18.84%, outperforming CEAT Limited, which reported a PAT margin of 3.56%, and TVS Srichakra Limited, which reported a PAT margin of 0.63%. This reflects relatively stronger bottom-line profitability and earnings conversion despite the Company's comparatively smaller operational scale.

Liquidity Position

Matangi Rubber Limited reported a Current Ratio of 1.28 times in FY 2025, which was higher than CEAT Limited at 0.66 times and TVS Srichakra Limited at 0.93 times. The ratio indicates relatively better current asset coverage and a comparatively stronger short-term liquidity position within the peer set.

Capital Structure and Leverage

The Company reported Total Debt of INR 10,244.85 lakhs as compared to INR 2,90,824.00 lakhs for CEAT Limited and INR 1,10,829.00 lakhs for TVS Srichakra Limited. Despite the lower absolute debt level, Matangi Rubber Limited reported a Debt-Equity Ratio of 1.32 times, as compared to 0.69 times for CEAT Limited and 1.03 times for TVS Srichakra Limited, indicating relatively higher leverage compared to the peer set.

Net Worth Position

Matangi Rubber Limited reported a Tangible Net Worth of INR 7,783.37 lakhs, which remained substantially lower than CEAT Limited at INR 4,21,030.00 lakhs and TVS Srichakra Limited at INR 1,08,080.00 lakhs. This reflects the comparatively smaller capital base and scale of accumulated reserves of the Company relative to larger established industry participants.

Return Indicators

Matangi Rubber Limited reported ROCE of 14.74% and Return on Net Worth of 25.12% in FY 2025, outperforming both CEAT Limited (ROCE: 11.99%; RoNW: 11.59%) and TVS Srichakra Limited (ROCE: 4.12%; RoNW: 1.96%). The higher return indicators demonstrate relatively efficient capital utilisation and stronger shareholder return generation during FY 2025.

Matangi Rubber Limited operates at a substantially smaller scale compared to larger listed tyre manufacturers; the Company demonstrates comparatively stronger profitability margins, superior liquidity indicators and higher return ratios. The Company reported relatively higher leverage levels as reflected in its Debt-Equity Ratio compared to certain peers, while its comparatively smaller capital base and operating scale may limit operational diversification relative to larger industry participants.

9.9 SWOT Analysis

Strengths (Internal / Structural Advantages)	Weaknesses (Internal / Structural Limitations)
✓ Strong recurring replacement demand supports stable long-term tyre consumption across vehicle categories. ✓ Large installed vehicle base in India supports sustained aftermarket demand for tyres, tubes, flaps and retreading materials. ✓ Commercial vehicle freight movement and fleet utilisation provide consistent demand for tyres and lifecycle-extension products. ✓ Organised manufacturers benefit from scale, manufacturing integration, dealer reach and stronger OEM relationships. ✓ Retreading and tyre-life extension applications support circularity and recurring demand within the tyre ecosystem. ✓ Growing formalisation of recycling and waste-tyre management supports organised and compliant industry participants.	✗ High dependence on natural rubber, synthetic rubber, carbon black, steel and rubber chemicals creates input-cost volatility. ✗ The industry remains working-capital intensive due to inventory holding, raw-material stocking and dealer/channel credit cycles. ✗ Profitability remains sensitive to pricing pressure, particularly in replacement-market and commercial-vehicle segments. ✗ Increasing environmental and EPR-related compliance obligations raise operating and reporting costs, particularly for smaller players.

Opportunities (External / Market Drivers)	Threats (External / Sector Risks)
 Replacement demand is expected to remain the largest and most stable long-term growth driver for the industry.  Premiumisation, fuel-efficient tyres and higher-performance products provide scope for better realisations and improved product mix.  Retreading, reclaimed rubber and recycling-linked applications create additional value pools within the circular-economy ecosystem.  Export diversification and capacity expansion by organised manufacturers can improve scale utilisation and market reach.  Increasing formalisation of waste-tyre recycling and traceability may benefit organised and compliant participants.	 Volatility in natural rubber and crude-linked raw-material prices can compress margins and disrupt pricing stability.  Intense competition from organised and regional players may continue to pressure pricing and profitability.  Tightening EPR, waste-tyre and environmental regulations may increase compliance costs and operational complexity.  Demand cyclicalities linked to automotive production, freight movement and economic conditions can affect revenue visibility.

10. Future Outlook

The tyre and rubber industry is expected to maintain a structurally positive long-term growth trajectory, underpinned by its direct linkage with automotive consumption, freight mobility, and replacement-driven demand cycles. Unlike cyclical manufacturing segments, tyre demand exhibits a recurring consumption pattern, as tyres are consumable, wear-and-tear products tied to the installed vehicle base rather than only incremental vehicle sales. This provides a relatively stable demand floor across economic cycles.

A key structural driver of long-term growth is the sustained expansion of the global and domestic vehicle parc across passenger vehicles, commercial fleets, two-wheelers, and off-highway applications. In India, this is further reinforced by rising logistics intensity, infrastructure development, agricultural mechanisation, and gradual formalisation of freight movement, all of which contribute to higher tyre wear intensity and shorter replacement cycles, particularly in commercial vehicle applications.

From a demand composition standpoint, the replacement segment is expected to remain the dominant and most resilient revenue contributor for tyre manufacturers. This segment typically exhibits lower cyclicity compared to OEM demand and is closely linked to usage intensity, road conditions, and fleet operations. As vehicle penetration deepens across semi-urban and rural markets, replacement cycles are expected to further stabilise organised demand visibility.

On the product side, the industry is expected to witness sustained value expansion driven by premiumisation and technological upgradation. Increasing penetration of radial tyres across passenger and commercial vehicle categories, coupled with demand for fuel-efficient, longer-life and high-durability tyres, is expected to improve realisations and enhance value-per-unit economics. In parallel, emerging demand from electric vehicles is expected to accelerate the development of low rolling resistance, noise-optimised, and higher load-bearing tyre designs, creating a differentiated product segment within the industry.

Supply-side dynamics are also expected to support organised players. Large integrated manufacturers are likely to benefit from economies of scale, stronger OEM relationships, wider distribution networks, and greater R&D capabilities. This is expected to gradually increase industry formalisation, particularly in replacement markets where organised players continue to gain share from fragmented regional participants.

In addition, sustainability and circular-economy trends are expected to increasingly influence industry structure. Regulatory emphasis on waste tyre management, recycling, and Extended Producer Responsibility (EPR), along with rising adoption of retreading and reuse models, is likely to create supplementary revenue streams and improve lifecycle utilisation of tyres.

Business models such as Tyre-as-a-Service (TaaS), supported by telematics, predictive maintenance, and fleet analytics, are also expected to gradually evolve, particularly in commercial fleet operations where uptime and total cost of ownership are critical.

Raw material volatility—particularly in natural rubber, synthetic rubber, carbon black, and crude-linked inputs—will remain a structural constraint; however, this is simultaneously expected to drive efficiency improvements, backward integration strategies, and greater supply chain optimisation across organised players.

Yours Faithfully,



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