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Domestic demand to witness healthy 9 – 10 per cent growth on long term basis

Radial tyre demand is at inflection point and set to spurt in T&B category

Investment of around US \$1.9 – 2.2 billion expected in next 5 years in capex

Capacity utilisation levels to remain strong

EBDITA margins are expected to remain under pressure

Challenging time ahead for the industry

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Domestic market is expected to grow at a CAGR of 9 – 10 per cent till FY15

OEM demand to grow at a CAGR of 11 per cent

Cars & Jeep category to push growth in OEM offtake

Replacement demand is expected to grow at a CAGR of 8 per cent

Dominant T&B category to witness lower growth than the overall replacement demand

MAV operator can save around Re 1 per km by switching over to radial tyres

Radial tyres production in T&B category to increase by 50 per cent till FY15

Aggressive expansion lined up in T&B radial tyre category

..... Supply constraints may ease out

Imports is expected to gradually slow down

Exports to take backseat due to strong growth in domestic demand

OUTLOOK ON PROFITABILITY

Top-line to remain healthy

EBITDA margins to remain under strain on the back of rise in input cost

Investment of around Rs. 8,000-10,000 crore expected in next 4-5 years

Rising input prices – A concern for the industry

Net cash accruals to witness drop in next two years, while interest coverage to decline



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Casing ply

Sidewalls

Bead

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Radial Tyres
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Apollo continued to dominate T&B category
Apollo surpassed MRF to become leader in car & jeep category
MRF continued to hold leadership position in LCV category
MRF dominated two and three wheeler category tyres
Goodyear remained market leader in tractor tyres
MRF, CEAT and JK are the market leaders in OTR category
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T&B category witnessed strong push owing to recovery in freight demand
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Indian Tyre Industry

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Indian Tyre Industry

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According to CARE Research, the domestic tyre industry is on a brink of a major structural change. T&B which is a dominant segment in terms of tonnage is witnessing a gradual rise in the proportion of radial tyres. Going by the global trend it seems that the radial tyre demand in India is at inflection point and with almost 97 – 98 per cent of the passenger car tyre production has been radialised, T&B tyre category is the next major category to witness spurt in the demand for radial tyres. And with improvement in road infrastructure and better cost economics the proportion of radial tyres in T&B category is expected to expand by around seven times from the current levels. Sighting this opportunity, almost all the expansion plans for T&B category tyres are for radial category tyres.

This report is divided into four section, Section I presents CARE Research's outlook on domestic offtakes as well as exports and imports of tyres for next five years till FY15. This section also provides insights on the growth in penetration levels of radial tyres in truck and buses tyre category and has also studied about the comparative cost advantage of radial tyres over cross-ply. Section II provides insight of the industry encompassing its size, segments, characteristics, trend analysis of domestic market, export market, competition and imports. Section III provides a snapshot of financial as well as operational performance of the four leading players in the industry, while Section IV contains data points on category wise tyre production in OEM as well as replacement market. It also provides production data of key automobile segments.

The subscription to this report includes half yearly updates and any other releases, including Impact reports on the Indian Tyre Industry for the next 1 year from the date of subscription.

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