

## Tyres & Rubber Products

Industry Code (as per CMIE Prowess): 0101014502052000'

June 2022

Overall Industry Risk Score: **14/20 | Favourable**

Sample Size: 12 Companies

Median Rating Value of sample size: A

### Individual Parameters Contributing to the Score

**Demand & Supply Balance**  **16/20**

Moderate Demand

The decline in demand from OEMs during FY21 has led to drop in volumes though partially offset by replacement market and export demand. In terms of volumes, the first quarter was impacted by severe lockdowns which gradually improved in second and third quarter. As per CMIE data, in FY22, the exports of tyres increased by 50% to Rs.211.8 billion (Previous Year Rs.141 billion). The industry sales increased y-o-y by 12% to Rs.175.4 Billion in March 2022 quarter as compared to Rs.156.7 billion in March 2021 quarter. Demand revival during FY22 was linked to trajectory of economic activity and unwinding of lockdowns. Though certain increase in capacities is on the anvil, the demand increase would be only gradual.

**Extent of Competition**  **12/20**

Neutral

Import restrictions may aid domestic manufacturers; Established players like MRF, Ceat & Apollo Tyres continue to enjoy stable market share in mass market segments.

## Regulatory Risk



16/20

Stable Regulatory environment

Industry regulations are largely predictable. The regulation has been supportive of domestic industry through measures movement of tyres into "restricted" category.

## Input Related Risk



12/20

Largely predictable supply of inputs from diversified sources or Raw Materials with rare, occasional disruptions / fairly predictable price band

Prices of Natural rubber have been rising over the past few months and have an impact on the input costs. Besides, prices of Synthetic Rubber carbon black and other Crude derivative chemicals have an impact on the tyres costs.