



INDIAN TRACTOR INDUSTRY

Industry demand remains stable

MARCH 2023



1 Monthly Trend



2 Quarterly Trend



3 Region-wise Trend and Competitive Position



4 Update on Demand Drivers



5 ICRA Outlook



6 ICRA Ratings in the Sector



Industry demand continues to remain stable; retail sales at healthy levels.

Even as kharif harvest was delayed by late precipitation during the monsoon season, the healthy precipitation and resultant reservoir levels aided the rabi sowing acreage and farm sentiments.



Industry wholesales remain at healthy levels: The wholesale volumes over September-November represented a healthy growth, with the OEMs building up dealer inventory to cater to strong demand during the festive season. With retail sales during the festive period continuing to remain healthy, wholesale volumes in February 2023 represented healthy growth (20% YoY) over the past fiscal.



Monsoon performance and sowing trends: India recorded above-normal rainfall at 106% of Long Period Average (LPA) in the South-west Monsoon season 2022. This was slightly better than the IMD's projection of 103% of LPA; the precipitation remained healthy across the country, barring the East/North-east region. Even as late precipitation led to a delayed harvest for the kharif crop, the healthy reservoir levels aided the rabi sowing acreage.



Industry volumes to remain at healthy levels: Industry volumes are estimated to remain at healthy levels in FY2023 (7-9% YoY growth) and FY2024 (0-2% YoY growth on a high base), aided by favourable underlying drivers for rural cash flows. The downside risk to estimates may arise upon crop damage or deficient monsoon precipitation.



Tractor OEMs continue to maintain strong credit profiles: ICRA continues to maintain a Stable outlook for the industry. Despite concerns of hardening commodity costs which are likely to exert pressure on the margins, credit profiles of the OEMs are expected to remain robust, aided by low debt, healthy cash & liquid investments and limited investment plans.



ICRA Analytical Contact Details



Shamsher Dewan

Group Head

K. Srikumar

Co-Group Head

Rohan Gupta

Sector Head

Astha Bansal

Senior Analyst



shamsherd@icraindia.com

ksrikumar@icraindia.com

rohan.kanwar@icraindia.com

astha.bansal@icraindia.com



0124 – 4545 328

044 – 4596 4318

0124 – 4545 808

0124 – 4545 342





ICRA

Business Development/Media Contact Details



L. Shivakumar

Executive Vice-President

Jayanta Chatterjee

Executive Vice-President

Naznin Prodhani

Head Media & Communications



shivakumar@icraindia.com

jayantac@icraindia.com

communications@icraindia.com



022 – 6114 3406

080 – 4332 6401

0124 – 4545 860





© Copyright, 2023 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!