

INDIAN TRACTOR INDUSTRY

Monthly Update

SEPTEMBER 2021



What's Inside...

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 volumes remain healthy, despite some moderation over past few months; patchy monsoon performance till date a concern

Government focus on enhanced procurement expected to continue to aid rural cash flows



Volumes post a decline on YoY basis in August; however, continue to remain healthy: The industry, however, recorded a decline of ~17% in wholesales volumes in August 2021, partly on account of a higher base last year (aided by pent up demand from the enforced lockdown in March-April 2020). The recovery in volumes since the second wave has been, however, largely healthy.

Agri Production: Advance estimates indicate a healthy crop output and kharif sowing acreage has remained in line with the previous year; Government's agri-focused initiatives (including enhanced procurement) may help sustain demand. Even as the Indian Met Department had forecast above normal rains for the third consecutive year, the monsoon performance till date has been uneven.

Industry volumes expected to be healthy in FY2022: Industry domestic volumes touched an all-time high of ~9 Lakh in FY2021. Even as spread of pandemic to rural area and rainfall imbalance remains a concern, industry volumes are expected to remain healthy, aided by stable rural cash flows. However, given the high base, growth is expected to, however, remain modest (1-4% forecast for FY2022).

Tractor OEMs continue to maintain strong credit profiles: ICRA continues to maintain a Stable outlook for the industry. Despite concerns of hardening commodity costs likely to exert pressure on margins, credit profiles of 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

Shivam Nagpal

Analyst



shamsherd@icraindia.com

ksrikumar@icraindia.com

rohan.kanwar@icraindia.com

shivam.nagpal@icraindia.com



0124-- 4545 328

044 – 4596 4318

0124 – 4545 808

-





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, 2021 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!