



INDIAN TRACTOR INDUSTRY

Monthly Update

JUNE 2022



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 grow sharply in April and May, after a period of moderation in volumes, aided by healthy rabi cash flows

Forecast of normal monsoons and continuation of healthy procurement by the Government to support rural cash flows and industry demand.



Volumes grew on YoY basis in May: The industry recorded a sharp growth of 47% YoY in wholesale volumes in May (albeit on a low base), supported by healthy rabi procurement and better price realisation. Industry volumes are expected to remain supported by forecast of a normal monsoon and expectations of stable farm cash flows; however, the price hikes taken by the OEMs due to hardening raw material prices may constrain industry volumes, and remains a monitorable.



Agri production: Even as concerns continue to persist regarding a decline in yields and final estimates on the back of the severe heat wave, which has swept northern and Central India, third advance estimates indicate an overall healthy production of rabi crops at 159.6 million tonnes, a 0.4% YoY decline.



Industry volumes to represent a slight growth in FY2023: The tractor industry volumes are estimated to remain healthy aided by favourable underlying drivers for farm cash flows. However, given the high base and increase in cost of ownership necessitated by raw material hardening, industry volumes are likely to represent only a marginal growth over the previous year (0-4% growth YoY in FY2023).



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 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

K. Srikumar

Rohan Gupta

Shivam Nagpal

Group Head

Co-Group Head

Sector Head

Analyst



shamsherd@icraindia.com

ksrikumar@icraindia.com

rohan.kanwar@icraindia.com

shivam.nagpal@icraindia.com



0124-- 4545 328

044 – 4596 4318

0124 – 4545 808

0124 – 4545 394





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, 2022 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!