



# INDIAN MINING AND CONSTRUCTION EQUIPMENT INDUSTRY

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Dealers remain optimistic,  
expect around ~8-10% volume  
growth in FY2023

SEPTEMBER 2022



ICRA's survey of MCE dealers indicate flattish YoY volume during Q2 FY2023. Volume likely to increase in FY2023 supported by upcoming elections in 2024, increased mining activity and the Government's focus on infrastructure.



- In September 2022, ICRA conducted a comprehensive survey among 20 Mining and Construction Equipment (MCE) dealerships encompassing 10 OEMs and eight equipment segments spread across 14 states (Madhya Pradesh, Maharashtra, Kerala, Karnataka, Uttar Pradesh, Delhi-NCR, Telangana, Jammu, Bihar, Andhra Pradesh, Jharkhand, Tamil Nadu, Assam and Rajasthan).



- Our interaction with dealers indicate flattish volumes during Q2 FY2023 owing to base impact and monsoon-related impediments in road and construction sector. Regarding FY2023 outlook, the dealers are optimistic and expect a growth of around 8-10% (weightage average) on the backdrop of increasing enquiry levels in recent months arising from the expected increase in infrastructure activities prior to 2024 elections and the increased mining activity.



- While commodity prices have started softening in the recent few months, the survey indicates an increase in equipment prices by 5-7% (weighted average) since April 2022, after a 12-13% (weighted average) increase in prices during FY2022. The OEM margins continue to be under pressure resulting in lower discounts being offered by them. Further, the rental yield continues to remain muted even after an increase in rentals due to increased ownership and running cost, which continue to put pressure on the profitability of CE operators.



- The lenders continue to remain stringent towards FTBs. The loan-to-value (LTVs) stood in the range of 75-80% for FTBs and around 85% for repeat customers.



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## Analytical Contact Details



**Rajeshwar Burla**

*Group Head*

**Ashish Modani**

*Co-Group Head*

**Mayank Agrawal**

*Sector Head*

**Anurag Bhootra**

*Analyst*



rajeshwar.burla@icraindia.com

ashish.modani@icraindia.com

mayank.agrawal@icraindia.com

anurag.bhootra@icraindia.com



+91 40 4067 527

+91 22 6114 3414

+91 79 4027 1514

+91 124 4545 852





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





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