



# India : Performance of Off-The-Road (OTR) Equipment Industry

Quarterly Update: Q3 FY 2020 (Oct'2019-Dec'2019)

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# India Off-The-Road (OTR) Equipment market, grew at 17% CAGR FY2016-FY2019, selling 1.23 Mn units in FY2019

## Key Economic Indicators

6<sup>th</sup>

Largest economy in the world

26.1 %

Contribution of Construction, Agri & Mining Industry in GDP

4.5 %

Growth in real GDP in Q2 FY 20

37 Mn

Employment Generated, Direct & Indirect

3.3 %

CPI Rate in H1 FY 20

3<sup>rd</sup>

Largest Construction Industry by FY2025, Globally

USD 44+ Bn

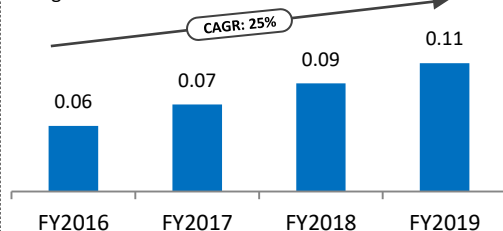
FDI in Indian Economy in FY 19

5.1%

Share in Total FDI Inflows (Apr-00 to Mar-19)

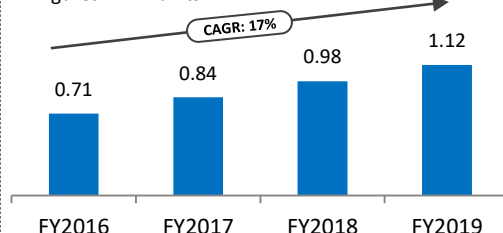
## Earthmoving and Mining Market

All figures in mn units



## India Farm Equipment Market

All figures in mn units



- Construction industry in value terms is expected to record a CAGR of 15.7% to reach USD 738.5 bn by 2022
- India will be required to spend USD 454.8 bn on infrastructure development over the period of five years (2015-20), with 70% of funds needed for power, roads and urban infrastructure segments
- In 2019-20, Government of India is targeting food grain production of 291.10\*\* million tonnes
- Agricultural exports from India reached USD 38.54 billion in FY19 and in FY20 (till November 2019) USD 22.69 billion

## Key Headlines

- Srei Infra-UCO Bank inks JV to fund construction equipment
- Godrej plans residential project on USD 0.18 billion land parcel
- Government of India has given a massive push to the infrastructure sector by allocating USD 63.20 billion sector
- Communication sector allocated USD 5.36 billion to development of post and telecommunications departments.

## Government Initiative & Policies

- MRIDC steers USD 2.23 billion Pune-Nashik high speed rail project
- Finance ministry will fund for the 148-km suburban rail project, costing USD 2.56 billion for suburban rail network
- NHAI has undertaken 18 national highway projects in Andhra Pradesh at an investment of USD 2.06 billion
- Kerala announced that the semi-high-speed rail project, connecting Kasargod and Thiruvananthapuram, will be completed in three years at an investment of USD 7.75 billion
- National Mineral Policy (NMP), 2019 encouragement of merger and acquisition of mining entities, transfer of mining leases, and creation of dedicated mineral corridors to boost private sector mining areas.
- India plans to spend USD 1.4 trillion on infrastructure in the next five years
- USD 0.52 billion to increase capacity of Green Energy Corridor Project along with wind and solar power projects.

## Upcoming Events

- Smart Cities India 2020 / Buildings India expo
- International Construction Equipment and Technology Trade Fair and Conference, 2021
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- International Conference on Mining, Material, and Metallurgical Engineering (ICMME), 2020

Source: ICEMA, MOSPI

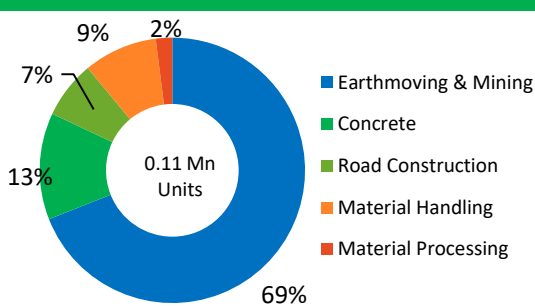
Bn: Billion; CAGR: Compounded Annual Growth Rate; FY: Financial Year; ICEMA: Indian Construction Equipment Manufacturers' Association; JV: Joint Venture; Mn: Million; MoSPI: Ministry of Statistics and Program Implementation; MRIDC: Maharashtra Rail Infrastructure Development Corporation Limited; NHAI: National Highways Authority of India; OTR: Off the Road UCO: United Commercial Bank; USD: United States Dollar

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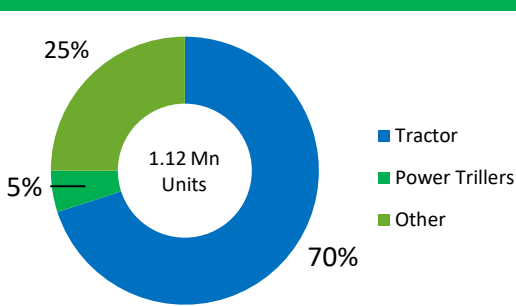
# OTR Industry: Segment Waise Update

## Share of Equipments

### India Earthmoving and Mining Share (FY2019)



### India Farm Equipment Share (FY2019)



- India's Leasing/rental segment of construction equipment is still very nascent and very fragmented, but is expected to show a strong growth of over 30% annually over the long run
- Large investment in infrastructure have provided momentum to overall PE/VC investments into India which touched an all-time high where infrastructure recorded USD 1.4 billion during October 2019
- Under Sub- Mission on Agricultural Mechanization, farm power from 2.02 kW/ha (2016–17) to 4.0 kW/ha by the end of 2030 has been set.
- Indian Earthmoving & Mining industry reported ~22% growth in revenues during FY2019 although margins contracted from the peak of FY 2018 on account of higher input costs.
- Construction equipment market is mainly dominated by earthmoving equipment segments such as loaders, excavators and cranes.
- Earthmoving equipment segment acquired a key market in the overall market in 2018, owing to the increasing number of public-private partnerships and government initiatives such as smart city development projects

## Major Investments

- India and Japan have joined hands for infrastructure development in India's north-eastern states and are setting up an India-Japan Coordination Forum for Development of North East to undertake strategic infrastructure projects in the northeast
- Gol has suggested the investment of USD 750 billion for railways infrastructure between 2018-2030
- In 2019, infrastructure sector in India witnessed private equity and venture capital investments worth USD 2 billion

## Tecnova's Experience in Automobile Industry

- Market opportunity assessment and M&A for American & European construction equipment manufacturer
- Brownfield project for U.S.A. based farm equipment manufacturer
- Go-to Market Strategy for U.S.A. based OTR manufacturer
- Market opportunity assessment for European OTR manufacturer

Source: Tecnova Research, ICEMA, Gol, Industry Reports & Journals



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