

## **PRESS RELEASE**

# **ICEMA Industry Results – Q1 FY 2022-23**

### **Indian CE industry QoQ growth drops 14% in Q1 FY 2022-23**

The Indian Construction Equipment industry registered a 14% quarter-on-quarter (QoQ) decline in sales in the first quarter of the current financial year (Q1 FY 2022-23). “While this decline comes on a higher year-end base, given that sales generally pick up in the last quarter of a financial year, the decline was also a result of slowdown witnessed in the highway construction activity from Quarter 4 of FY2021-22”, said Mr Dimitrov Krishnan, President ICEMA and Managing Director Volvo CE India Pvt Ltd. The Indian CE industry sold an aggregate of 23,037 units in the first quarter of the ongoing financial year as compared to 26,910 units sold in the previous quarter.

Expressing his confidence in the Indian CE industry’s forays into global markets, Mr Krishnan further said “I am very pleased to share that we have been able to maintain exports in Q1, FY 2022-23 (1738 units) at almost the same level as Q4, FY 2021-22 (1874 units). In comparison to the 1369 units exported in Q1 FY 2021-22, this is a 26% increase. We in the Indian CE industry are confident of taking a leap in our endeavours of making India a global manufacturing and export hub for construction equipment.”

Though the QoQ sales were down, a comparison with the same period of the previous financial year shows a 59% increase in sales in Q1 FY2022-23. The growth however has been registered on a lower base as India was going through the 2nd wave of COVID-19, leading to muted sales during Q1 FY2021-22.

The QoQ decline in the first quarter of FY2022-23 was led by a 36% drop in sales of road construction equipment followed by an 8% decrease in material handling equipment. This is a reflection of the 57% decline in highway construction observed during the same period.

While emphasizing some of the other factors that were hampering the Indian CE industry’s growth, the ICEMA President said that the overall customer confidence and sentiments to invest in new equipment, particularly the hiring community, continued to be low affecting Construction Equipment sales. On behalf of the Indian CE industry Mr Krishnan urged the Union Government to consider policy interventions to control the persisting high inflation in input materials such as cement, steel, fuel, sand, etc, which is adversely impacting construction activity in the country. High input prices often prompt contractors to wait for prices to reduce to manageable levels to ensure that they remain within the contractual amount. He also requested the State Government departments to look into an early release of delayed payments, to ease the liquidity constraints.

A steeper decline in the industry’s sales was arrested by a 13% increase in sales of Earthmoving Equipment followed by an 11% increase in concrete equipment, perhaps driven by the stepping up of metro rail construction projects. The industry also saw a steep jump in sales of material processing equipment, which increased from 165 units in Q4, FY2021-22 to 724 units in Q1, FY 2022-23.

Talking about the month-on-month sales Mr. V G Sakthikumar, Convener, ICEMA Industry Analysis and Insights Panel and Managing Director, Schwing Stetter India Pvt Ltd said that despite several challenges, the Construction Equipment industry registered only a 1% decline in sales compared to June 2022. However, going forward a revival in the construction activity would be critical for regaining growth in the near term, added Mr Sakthikumar.

The ICEMA Panel on Industry Analysis and Insights provides robust and credible market intelligence by collating, generating, and analysing industry data. The value-added quarterly CE Industry Report is among the several industry reports collated based on data shared by its member companies which represent about 95% of the OEMs operating in the Indian Construction Equipment industry.

ICEMA (Indian Construction Equipment Manufacturers Association) is the nodal body representing the Construction Equipment industry (OEMs, suppliers and FIs) in the country and is affiliated to Confederation of Indian Industry (CII).

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