

INDIAN MINING AND CONSTRUCTION EQUIPMENT INDUSTRY

Subdued awarding and price hikes
amid a tight financing scenario to
keep YoY volume growth modest in
FY2026

MARCH 2025





Click to see full report

ICRA expects MCE industry volumes to report another year of optically modest YoY growth of 2-5% in FY2026, given a high base led by three years of over 1 lakh unit sales.*

While price-hikes led by regulatory changes and a tight financing environment may dampen demand, industry's Stable outlook is led by expectations of the Government's continued thrust on infrastructure development and benign commodity prices.



The Indian mining and construction equipment (MCE) industry saw a muted volume growth – at 3% YoY - in 11m FY2025 (compared to 26% each in FY2024 and FY2023), impacted by slowdown in domestic project award activity and execution momentum in H1 due to the General Elections followed by extended monsoon- related impediments. The export momentum also saw a tapering in the same period. While recovery was witnessed starting Q3 FY2025, overall industry volumes are expected to be largely flattish (2-3% growth) in FY2025e.



In the domestic market, the dominant sub-segment of earthmoving equipment saw a 5% YoY growth against the decline in almost all other sub-segments in 11M FY2025. During the same period, in exports, concrete (+133% YoY) and road equipment (+122% YoY) reported over 100% growth, even as overall volume growth moderated to 7% YoY, after a 49% jump seen in FY2024.



Bank credit towards the sector continued to witness a higher increase vis-à-vis NBFCs in 9m FY2025. Given the high financing dependence of the sector (85-90% MCE's sold in India are financed), tight liquidity with the NBFCs may impact disbursements/ lower LTVs for first-time buyers and could pose a challenge for the industry in the near term. This impact can be aggravated as price escalations, driven by emission norm change and incorporation of new safety features, will fully come into play, starting July 2025.



Despite flattish volumes in FY2025, industry performance was better than envisaged compared to previous years with the General elections. Given the inherent cyclicity in the industry and a high base (with over 1 lakh units sold for last three consecutive years; at a compound average growth rate (CAGR) of ~18% over FY2022-FY2025e), FY2026 volumes are expected to grow by a modest 2-5%. An upside potential to the estimates depends on timely pick-up in domestic project awarding activity, faster project execution and jump in exports.



ICRA expects credit metrics of the domestic MCE industry to remain stable in FY2026, with revenue growth of 8-10% YoY, albeit with profitability margins contracting by 50-100 bps. The same will be driven by higher cost (estimated at ranging between 12-15%) due to regulatory changes and staggered pass-through of the same to the customers. The coverage metrics of mid-sized entities, with relatively leveraged balance sheets, may face some pressure due to the same, even as the elevated working capital intensity as of Mar-2025, led by higher inventory holding during emission norms transition, gets moderated.

What's Inside?

1 ICRA's Outlook on the Sector



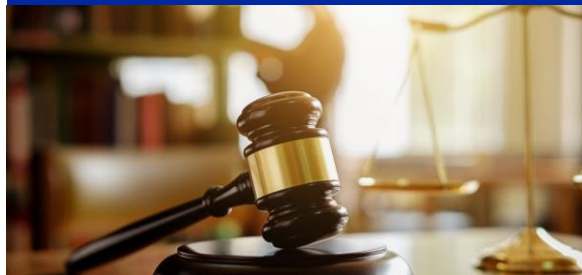
2 Domestic and Export Sales Trends



3 Trend in Economic Indicators & Industry Demand Drivers



4 Regulatory Changes



5 Financing Environment



6 Input Price Trends



What's Inside?

7 Operational and Financial Comparison



8 ICRA Ratings in the Sector



9 Annexure



Analytical Contact Details

Name	Designation	Email	Contact Number
Ashish Modani	Senior Vice-President & Group Head	ashish.modani@icraindia.com	20-6606 9912
Suprio Banerjee	Vice-President & Co-Group Head	supriob@icraindia.com	22-6114 3443
Ritu Goswami	Assistant Vice-President & Sector Head	ritu.goswami@icraindia.com	124-4545 826
Devansh Jain	Senior Analyst	devansh.jain@icraindia.com	124-4545 856





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2025 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!