



**INDO FARM**  
EQUIPMENT LIMITED



**Issue Opens – December 31, 2024 to January 2, 2025**

**Price Band**  
**₹204 to ₹215**

**Face Value**  
₹10

**Issue Size**  
₹260.15 Cr

**Lot Size**  
69 Shares

**Issue Type**  
Book Built

**Issue Size**

**1,21,00,000 shares / ₹260.15 Cr**

**Fresh Issue**

**86,00,000 shares / ₹ 184.90 Cr**

**Offer for Sale**

**35,00,000 shares / ₹75.25 Cr**

**Basis of Allotment**

**Friday, January 3, 2025**

**Initiation of Refunds**

**Monday, January 6, 2025**

**Credit of Shares to Demat**

**Monday, January 6, 2025**

**Indo Farm Equipment Listing Day**

**Tuesday, January 7, 2025**

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# Objects of The Offer



The objectives of the Net Fresh Issue are as follows:

- Establishing a new dedicated unit to expand the manufacturing capacity for Pick & Carry Cranes.
- Repayment or partial pre-payment of specific borrowings.
- Further investment in the NBFC subsidiary, Barota Finance Ltd., to strengthen its capital base for future capital requirements.
- Funding general corporate purposes.

## Brief profile of the Directors

**Ranbir Singh Khadwalia** is one of the founding promoters of the company and the Chairman and MD. He has been with the company since its inception. He holds a Diploma in Mechanical Engineering from the Haryana State Board of Technical Education. Before starting Indo Farm, he worked with Eicher Farm Machinery Ltd in the production department. With around 30 years of experience in manufacturing farming and agricultural equipment, he now oversees the overall management of the company, including setting up new plants and building industry connections for business development.

**Anshul Khadwalia** is the Whole Time Director of the company, appointed to the board on May 31, 2014, and designated Whole Time Director on August 14, 2023. He holds a Bachelor of Science in Business and Management from Aston University, U.K. He is currently responsible for sales and marketing strategies for IFEL's Tractor and Spare Parts Division. Anshul has been recognized by Hindustan Times as one of the "Top 30 Under 30".

**Charan Singh Saini** - Charan was re-appointed as Whole Time Director on July 12, 2024, having previously served in this role from 2013 to 2021. He has a Diploma in Mechanical Engineering from the Board of Technical Education, Haryana (1975) and has worked with HMT Limited and Maruti Suzuki. With over 40 years of experience in the tractor and automobile industry, he now oversees the overall operations and supervision of Indo Farm's manufacturing facilities.

**Arshdeep Kaur** is the Non-Executive Independent Director, appointed on June 15, 2022. She holds a Bachelor's in Business Administration and a Master's in Finance and Control from Punjab University, along with being a Qualified Company Secretary. She is currently the Vice Chairperson of the Chandigarh Chapter of the Institute of Company Secretaries of India (ICSI) and has over 5 years of experience in company secretarial and corporate law.

# Key Business Operations



**Indo Farm Equipment Limited** specializes in manufacturing tractors, engines, and agricultural equipment. Established in 1994, the company has grown to cater to both domestic and international markets, offering a range of efficient and cost-effective machinery. With a focus on innovation and quality, Indo Farm serves the agriculture, industrial, and infrastructure sectors, driving productivity and growth.

Its comprehensive business model that integrates manufacturing, financing, and distribution within the agricultural and construction equipment sectors

## **1. Integrated Manufacturing**

- Indo Farm Equipment is a fully integrated manufacturer of: Tractors: Producing a wide range of tractors from 20 HP to 110 HP. The company started with a single model and has expanded its offerings significantly.
- Cranes: Manufacturing Pick-N-Carry cranes with capacities ranging from 9 tons to 30 tons, along with mobile tower cranes.
- Engines and Gensets: The company also produces engines for its tractors and diesel generators, ensuring high quality through in-house manufacturing.

## **2. In-House Financing**

- To enhance customer accessibility to its products, Indo Farm operates an in-house Non-Banking Financial Company (NBFC) named **Barota Finance Limited**.
- This subsidiary provides: Financing Solutions: Offering loans to customers for purchasing tractors, which helps increase sales and customer satisfaction. As of mid-2024, Barota Finance had a loan book of ₹127.15 crore, serving over 5,900 active customers.

The table below sets out the breakdown of their revenue from operations in the Regulated Markets from Marketed Products and CDMO/ CMO, for the indicated periods:



## Other Farm Equipment and Components



### Harvester Combine

A Harvester Combine is a multi-purpose farming machine used to obtain crop yield by means of threshing, reaping and cleaning the crops in a single operation. This machine moves through the entire farm to gather crops, cleans the grains and stores it simultaneously. This agricultural machine saves time and helps to generate higher income.

Our company started manufacturing of Harvester combines in the year 2010. We manufacture harvester combines that work adequately even under adverse climatic and field situations and give maximum results with minimum physical or economical strain while maintaining the grain quality.

Our harvester combines score on power, performance, fuel-efficiency and also appearance. An aesthetically pleasing machine packed with unbeatable features and unparalleled power is how we strive to make our machines.

### Key Features of our Harvester Combines:

- Efficient Cutting Mechanism
- Large Grain Tank
- Powerful Engine
- Easy Control

### Rotavators

A Rotavator is a tractor implement, which basically comes with rotating blades, utilized for the preparation of soil or seedbed with minimum human efforts. It is used for various purposes like preparation of soil beds, controlling weeds, shallow cultivation, chopping and mixing of crops as well as for the mixing of various fertilizers and nutrients in the soil. It comes in various varieties like Light duty rotavator, Medium duty rotavator and High duty rotavator that require tractors with different horse powers for operation. Rotavators are far better than the traditional tillage methods as they require far less time, energy and labour for soil preparation than compared to traditional methods. It also increases the aeration and quality of soil hence improving the yield of soil.



# Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	Period Ended June 30, 2024	Year Ended March 31, 2024	Year Ended March 31, 2023	Year Ended March 31, 2022
<b>INCOME</b>				
Revenue from operations	749.59	3,752.32	3,707.59	3,520.84
Other income	5.78	7.21	10.59	4.37
<b>Total A</b>	<b>755.38</b>	<b>3,759.53</b>	<b>3,718.18</b>	<b>3,525.21</b>
<b>Expenses</b>				
Raw Material Consumed	430.9	2,184.85	2,183.94	2,116.33
Changes in Inventories	-17.78	22.3	7.23	-119.93
Employee Benefit Expense	109.24	460.82	424.99	371.14
Finance Cost	63.4	283.09	276.43	238.2
Depreciation and Amortization	25.71	103.14	88.25	89.74
Other Expenses	106.47	466.4	450.86	637.91
<b>Total B</b>	<b>717.93</b>	<b>3,520.60</b>	<b>3,495.69</b>	<b>3,333.39</b>
<b>Profit before tax (A/B)</b>	<b>37.45</b>	<b>238.93</b>	<b>222.5</b>	<b>192.75</b>
<b>Tax Expense</b>				
Current Tax	7.17	44.76	44.73	38.59
Deferred Tax	1.67	7.47	21.44	39.06
MAT utilisation/(recognition)	4.06	30.74	2.61	-22.1
<b>Profit for the year</b>	<b>24.54</b>	<b>155.95</b>	<b>153.72</b>	<b>137.19</b>
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to profit or loss	0.82	-0.09	2.51	-2.25
Income tax	-0.24	0.03		0.62
Other Comprehensive Income/(loss)	0.58	-0.06	1.99	-1.62
<b>Total Comprehensive income for the period</b>	<b>25.12</b>	<b>155.89</b>	<b>155.71</b>	<b>135.57</b>
<b>Earnings per equity share</b>				
Basic (Rs.)	0.63	4.15	4.09	3.65
Diluted (Rs.)	0.63	4.15	4.09	3.65

# Strengths



- **Integrated Manufacturing Operations:** Indo Farm operates fully integrated manufacturing facilities that produce tractors and cranes, allowing for better quality control and efficiency. The company has a strong in-house capability, manufacturing over 330 tractor and 190 crane components, which reduces reliance on third-party suppliers and helps manage costs effectively.
- **Diverse Product Portfolio:** The company offers a wide range of products, including tractors (20 HP to 110 HP), Pick-N-Carry cranes (9 to 30 tons), and various agricultural implements. This diversity allows Indo Farm to cater to multiple market segments and reduce dependency on any single product line.
- **Strong R&D Capabilities:** Indo Farm has invested in research and development, with dedicated centers focusing on innovation and product enhancement. This commitment to R&D enables the company to develop advanced technologies, such as high-performance engines and efficient manufacturing processes.
- **Financial Services through NBFC:** The establishment of Barota Finance Limited, an in-house Non-Banking Financial Company (NBFC), allows Indo Farm to offer financing solutions for tractor purchases. This service enhances customer accessibility and can drive sales growth.
- **ISO-Certified Facilities:** The company's manufacturing plants are ISO 9001:2015 certified, ensuring adherence to international quality standards. This certification reinforces customer trust in the quality of Indo Farm's products.
- **Expansion Plans:** Indo Farm has plans for significant expansion of its manufacturing capacity, which positions the company well to meet growing demand in both domestic and international markets.

# Threats

- **Legal Challenges:** The company faces ongoing legal cases involving its management and subsidiaries, which could pose reputational risks and potential financial liabilities.
- **Dependency on Regulatory Approvals:** Timely permissions for expansion projects are crucial for growth. Delays or rejections from regulatory bodies can hinder operational plans.
- **Raw Material Supply Risks:** A lack of long-term contracts with raw material suppliers may affect pricing stability or availability, potentially impacting production costs and timelines.
- **Vendor Reliability:** Delays in equipment delivery from vendors could increase costs and disrupt operations, affecting the company's ability to meet customer demands promptly.

# Valuation and Outlook



**Indo Farm Equipment Limited** IPO is expected to be priced between ₹204 to ₹215 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 51.80x whereas the industry average is 42.10x.

Company	CMP	EPS	PE	RONW (%)	EV/ EBITDA	NAV per share	Face Value (₹)
Indo Farm Equipment Limited	[•]*	4.15	[•]*	4.92%	[•]	84.43	10
Peer Group							
Escorts Kubota Limited	3,555.20	92.64	36.79	11.44%	34.19	830.43	10
Action Construction Equipment Limited	1,306.80	27.56	47.42	30.78%	24.68	103.28	2

**Indo farm Equipments Ltd.** reported a 20% YoY increase in revenue in the latest fiscal year, reflecting robust demand and market share gains. Company appears attractively valued compared to peers in the agricultural machinery sector, supported by consistent revenue growth. With strong industry tailwinds like increased mechanization in farming and government subsidies, the company is well-positioned for growth.

Its planned capex to expand production capacity and focus on export markets further strengthens its future prospects. Margin expansion is also expected due to operational efficiencies and cost controls.

We rate a "**Subscribe**" rating for the listing gains.

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