

Issue Details		
Issue Opens	December 31, 2024	
Issue Closes	January 2, 2024	
Issue Size (Rs. Crs)	Rs.260.15	
Issue Size - Fresh (Crs)	Rs.184.90	
Issue Size –OFS (Crs)	Rs.75.25	
Issued, Subscribed and Paid Up Sh. Pre offer	39,451,600	
Face Value	10.00	
Lot Size (Sh)	69 Shares	
Price Band	Rs 204 – Rs 215	
Issue Type	Book Built Issue IPO	
Book Value (in Rs.)(Q1FY25)	Rs 86.75	
BRLMs	Aryaman Financial Services Ltd.	
Registrar	Mas Services Ltd.	
Listing Venue	NSE, BSE	
Finalization of Allotment	On or about 3/1/2024	
Initiation of refund	On or about 6/1/2024	
Credit to Demat Account	On or about 6/1/2024	
Listing	On or about 7/1/2024	
Issue Structure		
Categories	Allocation	
QIBs	<=50%	
Non-Institutional	>=15%	
Retail Portion	>=35%	
Total	100%	
Shareholding %		
Categories	Pre issue	Post Issue
Promoters	93.45%	69.44%
Public	6.55%	30.56%
Recommendation		
SUBSCRIBE		

Company Background

Indo Farm Equipment Ltd. (IFEL), established in 1994, is a leading manufacturer of tractors, pick and carry cranes and other farm equipment. IFEL business is primarily divided into tractors (52.16%) and pick and carry cranes (47.77%). IFEL also offer asset financing services through its subsidiary, Barota Finance Limited.

Objects of the Issue

- Setting up new manufacturing unit for capacity expansion of Pick & Carry Cranes – Rs.70.07crs
- Repayment or pre-payment, in full or part of borrowing availed by the company – Rs.50 crs
- Further Investment in NBFC Subsidiary (Barota Finance Ltd.) – Rs.45 crs
- General corporate purpose.

Key Points

- The Indian Agricultural Machinery Market size stands at around USD 16.73 billion (~Rs.1.4 trillion) as in CY24. It is expected to grow to USD 25.15 billion (~Rs.2.4 trillion) by CY29 at a CAGR of 8.5%. Agricultural tractors hold an 86.9% market share, according to data from CMIE. IFEL held 0.40% of Tractor Industry Market share. It has lowest cost to sales of 63% against industry average of 70% in Tractor segment due to its backward integration.
- Despite having a strong presence in North India, IFEL intends to leverage the visibility of its brand to expand its footprint across the entire country. As of June 30, 2024, there are 159 tractor and 16 crane registered dealers in India. Additionally, there are twelve dealers for servicing and spare parts. The company aims to increase its dealer base to more than 500 during the next three years.
- At the Tamil Nadu Global Investors Meeting (TN GIM) in January 2024, Tractors and Farm Equipment Limited unveiled electric tractors. These tractors have a farm management system and auto steer to meet the demands of the changing Indian farming sector.
- IFEL's pick and carry cranes sales revenue contribution has improved from 21.80% in FY22 to 55.93% in Q1FY25 and sales have grown at a CAGR of 44.77% in the last three years on back of strong demand. Indian Crane market is expected to grow 5-6% CAGR in next 5 years owing to large infrastructure and construction spending by Government and private sector.

Recommendation –

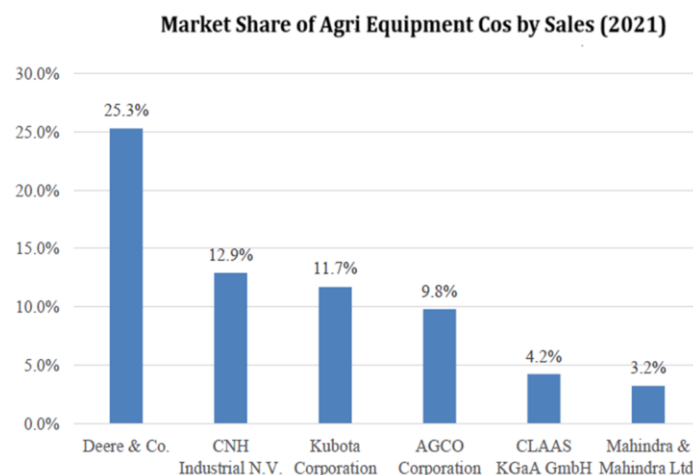
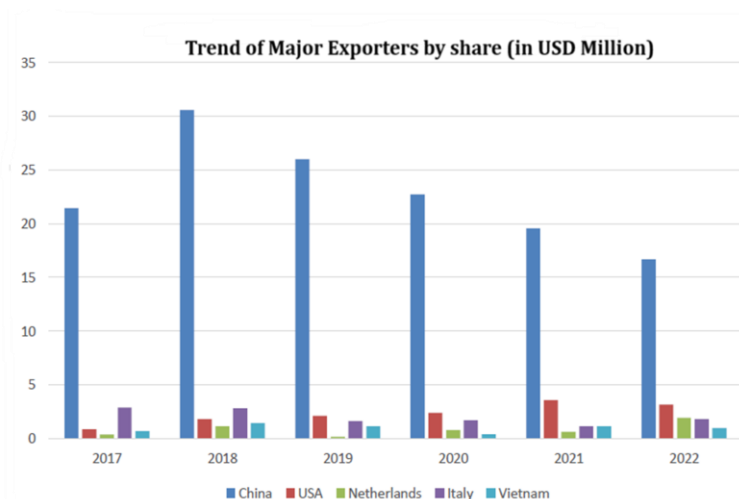
The Indian agriculture machinery market is poised for growth, driven by government initiatives like “Sub-Mission on Agricultural Mechanization (SMAM) and increasing mechanization in rural areas. An integrated manufacturing set up of IFEL with diversified portfolio under its tractor and pick and carry crane equipment's is rightly placed to meet the growing agricultural machinery demand. **We recommend ‘SUBSCRIBE’ to the IPO for the long term investors due to company’s expansion plans, debt repayment of ~Rs.50 crs and focus on niche Pick and Carry cranes that are expected to boost profitability and improve margins going ahead, making it a promising investment opportunity.**

Consolidated Financials In INR Crs	Q1FY25	FY24	FY23	FY22
Revenue from Operations	74.96	375.23	370.76	352.08
Operating profit (Excluding Other Income)	12.08	61.80	57.66	51.54
Profit Before Tax (PBT)	3.75	23.89	22.25	19.28
Profit After Tax (PAT)	2.45	15.60	15.37	13.72
EPS (Rs.)	0.63	4.15	4.09	3.65
Book Value (Rs.)	86.75	84.43	154.65	146.36

Industry Overview – The global Agri Equipment Industry

The global farm equipment market is expected to increase from USD 180.81 billion in 2023 to USD 296.61 billion by 2030 at a CAGR of 7.3% during the forecasted period 2024-2032. With a share of more than 32% in 2022 the tractor segment led the agricultural equipment market. This is on account of growing population and increasing food requirement around the world. The China, USA, Netherlands, Italy and Vietnam were among the top players of the market in 2022, where China acquired the largest market share of 60.9%.

Increased GDP, rising per capita income, inclination towards farm mechanization along with government initiatives in India holds lot of potential for Agri-equipment market. The government of India decided to aid the farmers and provide a 50% to 80% subsidy for the procurement of agriculture equipment.



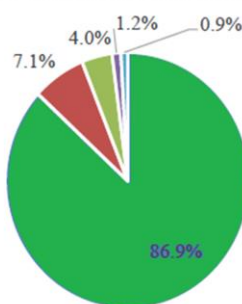
Domestic Farm Equipment Market

The Indian Agricultural Machinery Market size stands at around USD 16.73 billion as in CY24. It is expected to grow to USD 25.15 billion by CY29 at a CAGR of 8.5%.

Agricultural Machinery Market Share

Tractors dominate the market for agricultural machinery. Agricultural tractors hold an 86.9% market share, according to data from CMIE. Commercial tractors come in second at 7.1%, followed by agricultural trailers at 4%. Tractor trolley and harvester occupies a market share of 2.1%.

Agri Equipment Market Share



■ Tractor (Agriculture) ■ Tractor (Commercial) ■ Agriculture-Trailer ■ Harvester ■ Tractor-Trolley

Source: CMIE, B2K Analytics.

Govt Initiatives:

One of the major drivers of the Indian agricultural machinery market include favourable government policies.

Creating a Global Powerhouse in the Farm Machinery Sector: In February 2023, the National Council of Applied Economic Research (NCAER) published research titled "Creating a Global Powerhouse in the Farm Machinery Sector." The non-tractor agricultural machinery market has been examined by NCAER from both a supply-side and demand-side standpoint. The paper has outlined the industry's problems and suggested solutions by comparing international standards. The paper highlights the necessity for India to have a 15-year plan to become a hub for the production and exporter of **non-tractor farm machinery**.

SMAM Scheme:

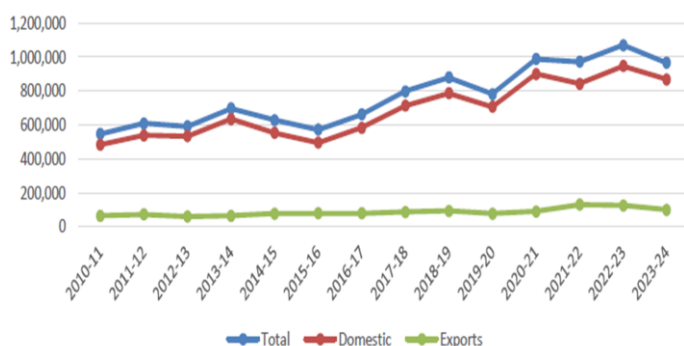
The Government of India launched a unique program called "Sub Mission on Agricultural Mechanization (SMAM)" in 2014-15 to increase farm mechanization across the nation.

- ✚ **USD 554.9 million allocated:** A total of INR 4556.93 crores (USD 554.9 million) in funds have been made available under the scheme to the States and other implementing institutions during FY15-FY21.
- ✚ More than 27.5 thousand custom hiring institutions have been founded, and more than 13 lakh agricultural machines have been provided.
- ✚ Until FY22, SMAM was the largest Central Government stand-alone scheme for farm mechanisation. It was merged with RKVY (Rashtriya Krishi Vikas Yojana) in FY23.

Domestic Tractor Market and Tractor Market Segmentation

The Indian Agricultural Tractor Market size is estimated at USD 7.42 billion in CY24. It is expected to reach USD 10.28 billion by CY29, at a CAGR of 6.70%. The tractor sales suggest that over 50% of tractors sold are in the 41 to 50 HP segment. State Uttar Pradesh retained its No.1 position in tractor sales with 17.4% of industry share.

Trend of production of Tractors in last 10 years



ENGINE POWER

- Less than 30 HP
- 31-50 HP
- 51-80 HP
- Above 80 HP

DRIVE TYPE

- Two wheel Drive
- Four Wheel Drive

APPLICATION

- Row Crop Tractors
- Orchard Tractors
- Other Applications

PROPULSION

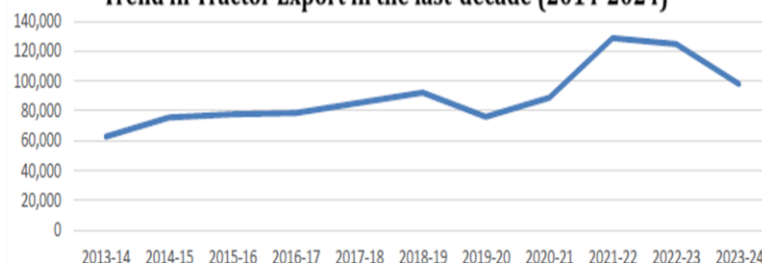
- Internal Combustion Engine
- - Petrol, Diesel
- Electric

Tractor Export Trend

India is one of the leading exporters of tractors in the world. It produced a total of 9,65,065 tractors in FY24 and exported ~ 10.14% of the total production. The exports in FY24 dropped by ~21% on yoy basis.

Country	2022	2023	2024
USA	13.55%	28.92%	24.06%
Bangladesh	37.05%	5.85%	6.77%
Brazil	2.98%	5.45%	6.55%
Mexico	6.37%	4.22%	6.16%
Turkey	0.61%	2.10%	4.73%
Thailand	3.41%	4.56%	4.03%
South Africa	1.90%	3.82%	3.52%

Trend in Tractor Export in the last-decade (2014-2024)

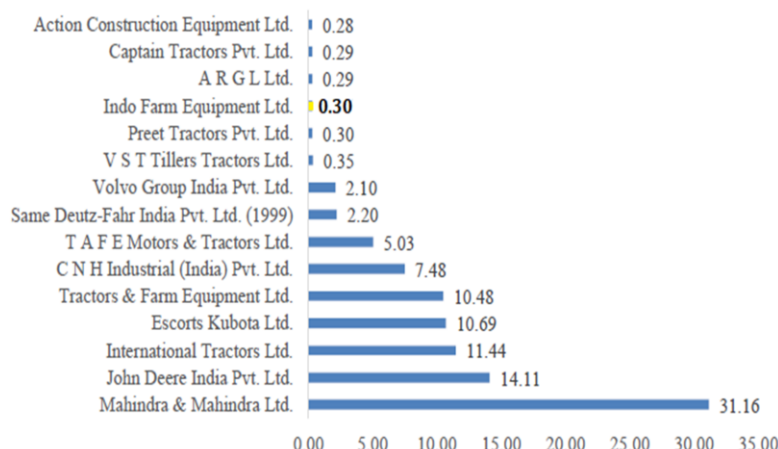


Competitive Landscapes / Major Players / Market Share:

Large domestic and international manufacturers control a significant portion of the Indian agricultural tractor market. Approximately 80% of the market share is held by the top 5 firms. Mahindra & Mahindra, John Deere, International Tractors (Sonalika), Tractors & Farm Equipment (TAFE), Escorts etc. are some of the major players of the industry. Below on RHS (Right Hand Side) is the market share of top 15 players in the Indian Tractor Sector.



Tractor Industry Market Share (%) in FY23 - Top 15 Players



Govt Initiatives:

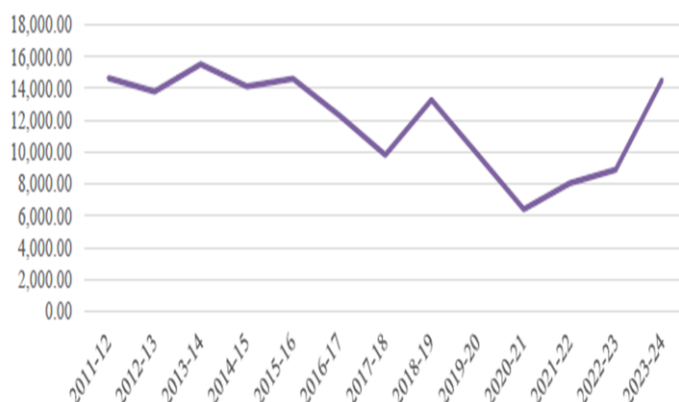
One of the major drivers of the Indian tractor market has been supportive government policies.

- **Subsidies:** Govt. of India provides subsidies for purchasing tractors below 18 HP. This subsidy is being provided to farmers individually or in groups with irrigated land between 2.4-3.2 hectares
- **Loans:** As per NABARD norms, any farmer with 8 acres of land can take a tractor loan to be paid over nine years with 12.5% interest over the principal amount.
- **Duty Exemption:** Exemption of excise duty for tractors less than 1800 cc of capacity is also provided.
- **Financing Terms:** The government has also reduced the minimum land holding requirement.

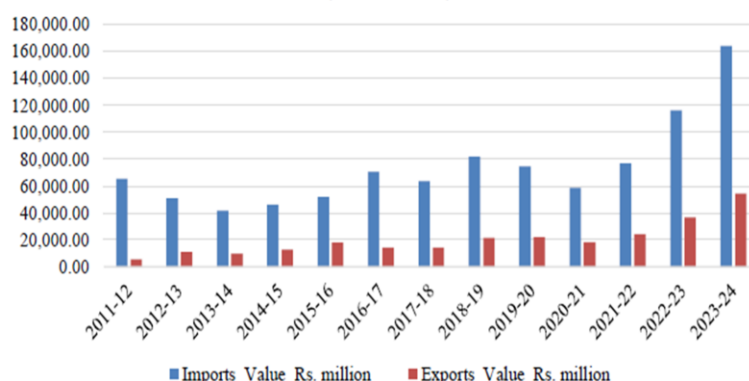
Pick and Carry Crane:

Pick and Carry crane is a type of mobile crane which is used for material handling and shifting and placing load from one point to another. It has extensive applications in the construction, oil and gas and renewable energy and road infrastructure sectors. Many developing countries around the world are concentrating on constructing new cities, roads, airports, ports etc. It is expected that world over (particularly in the G20 countries), there will be nearly USD 3.3 trillion worth of annual investments in the above areas by 2030 as per current trends. Such large investments will spur the construction industry to grow leading to a correlated growth for the pick and carry crane industry.

Production trend of Cranes in 10 years (in Tonnes)






Imports and Exports of Cranes & Material Handling and Lifting Equipment (in Rs Million)

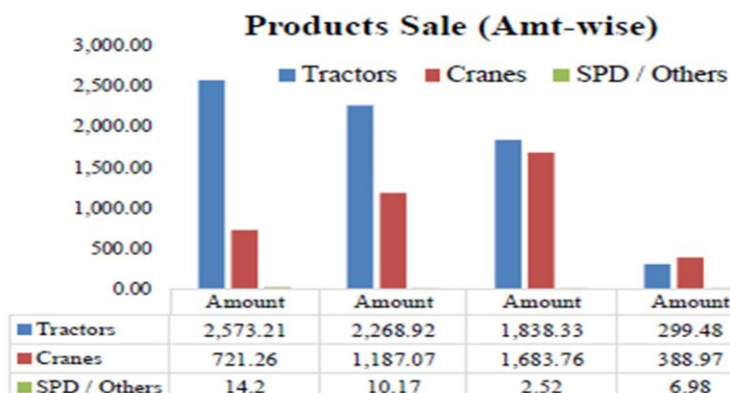
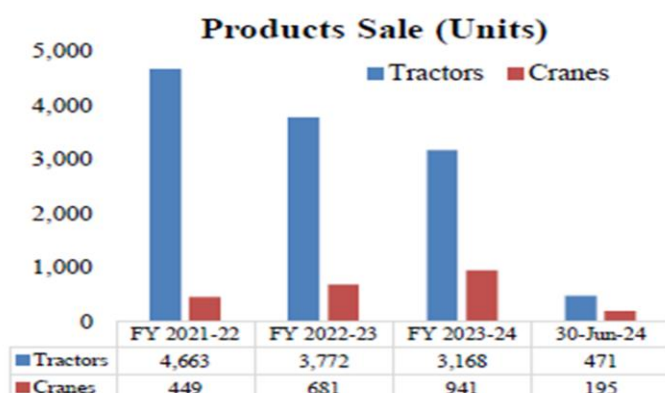


Company Overview

- **Background:** - Indo Farm Equipment Limited is manufacturer of a) Tractors b) Pick and Carry Cranes and other farm equipment's such as Harvester Combines, Rotavators etc. The company also has an in house NBFC Company for providing retail financing for its tractors. The company has ISO 9001:2015 certified manufacturing facilities spread across 127,840 sq. mtrs. of Industrial land at Baddi, Himachal Pradesh which includes a captive foundry unit and machine shop, fabrication and assembling units for Tractors, pick & Carry Cranes and other equipment's.
- **Manufacturing Capacity:** - IFEL's production facilities have a capacity to manufacture 12000 tractors p.a & 1280 Pick and carry cranes p.a. The company currently manufactures tractors ranging from 16HP to 110HP and pick and carry cranes ranging from 9 tons to 30 tons.
- **Exports:** - The Company also exports to various countries like Afghanistan, Algeria, Bangladesh, Belgium, Bhutan, Brazil, Chilli, Ethiopia, Gabon, Germany, Ghana, Hungary, Italy, Japan, Jordan, Kenya, Kuwait, Lebanon, Malawi, Mauritius, Mexico, Myanmar, Namibia, Nepal, Netherlands, Nigeria, Oman, Poland, Tanzania, Saudi Arabia, Spain, Sudan, Syria, United Kingdom, Uruguay, Uganda, Yemen, Zimbabwe, etc. Of its total sales for the last three years, around 93% comprised of domestic sales and exports sales stood at 7% of sales.
- **Acquisition:-** The company has recently acquired land near its manufacturing facility where it intends to set up additional dedicated Pick and Carry Crane manufacturing unit and increase its capacity by 3600 units p.a (per annum)
- **Dealers:-** The company has 159 registered dealers for tractor and 16 registered dealers for crane which also includes 12 dealers for spares and services across India.
- **Tractor Models:-** The company sells 29 variety of tractors based on Horse Power from less than 30HP to over 80HP. In addition to it the company also sells new age models to increase comfort of end user.

Indo Farm Backhoe Loader	Indo Farm A/c Tractor	Indo Farm Electric Tractor
		
Backhoe Loaders are a Tractor pre-fitted with an extended excavator. Product is suitable for 90HP and above with lifting capacity of 1200 kgs.	IFEL has developed and provided a tractor fitted with a 'Hot and Cold' temperature controlled cabin	LMEL has developed an Electric Tractor and are in advanced stages of testing.

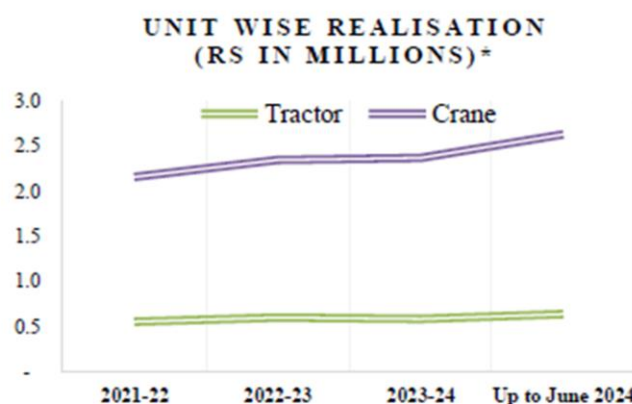
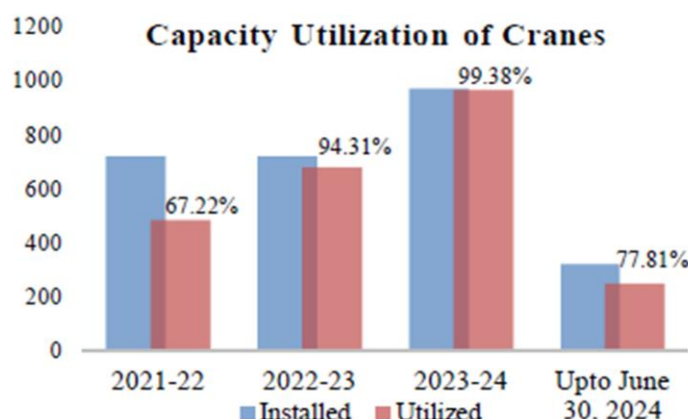
- **Crane Models:** The Company sells 15 varieties of cranes ranging from 9 tons to 30tons capacity under the brand name of INDO POWER. It also sells Harvester Combine and Rotavators.



Source: Company's RHP, Ace Equity, AUM Research

Rationale for investment

- 1. Augment capital base for scaling and expanding its operations:-** The company has strong product portfolio and world class manufacturing facility having presence over two decades. The company has not taken any external equity from PE/VC rather relied on internal accruals. The company plans to raise Rs.260 crs from the capital market to fund its growth plans such as expansion of Pick & Carry Cranes division and to further capitalize on NBFC and also to increase thrust on branding and marketing in order to be able to increase dealer network and hence better utilize its available production capacities.
- 2. Reduce Debt Levels and improve Debt to Equity Ratio:-** IFEL debt as of June 30, 2024, are Rs.2,45.36 crs on consolidated basis and Rs.1,56.69 crs for standalone. The consolidated debt to equity ratio stands at 0.72 as of June 30, 2024. Rs. 50.00 crs is what the company plans to use to pay down its debt. Lowering the debt would guarantee a solid, profitable balance sheet, which would eventually result in margin improvement.
- 3. Focus on the niche market of Pick and Carry Cranes:** As compared to Tractors which is a very competitive industry where local and global players are present, the Pick and Carry Crane sector is a niche segment with not many global players participating in this segment.



**The unit wise realization has been computed by dividing total segment sale by total number of units sold during such year. Hence it represents average price per unit and doesn't represent specific price of a particular class of product.*

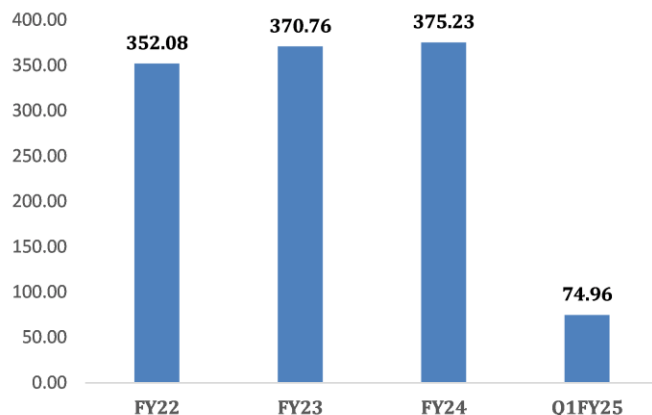
Source: Company's RHP, AUM Research

- 4. Forward integration by starting a subsidiary NBFC:-** With the goal of completely creating an integrated eco-system in the life cycle of a tractor and giving the buyer a simple in house financing alternative, the company in 2017 established a totally owned subsidiary, NBFC by the name Barota Finance Limited, which is a RBI registered. This company is primarily in the business of financing the tractors which are sold by IFEL and also finances other pre-owned vehicles of other brands as well. The loan amounts and terms are customised to each borrower's need ensuring a perfect fit for every farmer. The company also provides trade advance on interest to dealers of Indo Farm Equipment Ltd. The value of trade advances as on June 30, 2024 stood at Rs.6.11 crs.
- 5. Details of loan portfolio (Vehicle Finance) :**
As on June 30, 2024, IFEL had a total Loan Book (Vehicle Finance) of Rs.1, 27.155 crs and served over 5,900 active customers. The details of NBFC Loan Portfolio (Vehicle Finance) for the last year and period ended June 30, 2024 are as below:

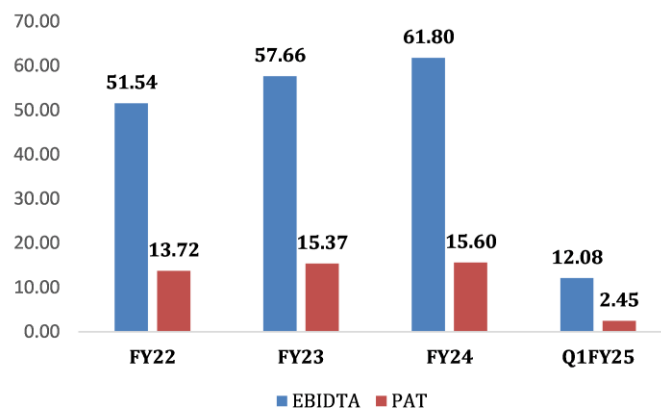
Particulars / Period	New Assets			Used Assets			Total Assets
	Tractors	Cranes	Total (A)	Tractors	Cranes	Total (B)	(A + B)
FY 2024							
Active Customers	4,459	3	4,462.00	1,644	-	1,644.00	6,106.00
Loan Outstanding	1,050.82	0.55	1,051.37	342.89	-	342.89	1,394.26
AUM*	1,051	0.55	1,051.37	343	-	342.89	1,394.26
Q1 FY 2025							
Active Customers	4,086	3	4,089.00	1,837	-	1,837.00	5,926.00
Loan Outstanding	901.70	0.35	902.05	369.5	-	369.50	1,271.55
AUM*	902	0.35	902.05	370	-	369.50	1,271.55

Financial Overview

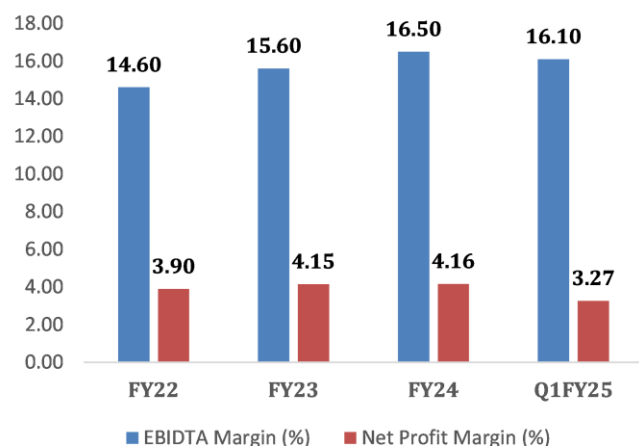
Sales in Rs. Crs



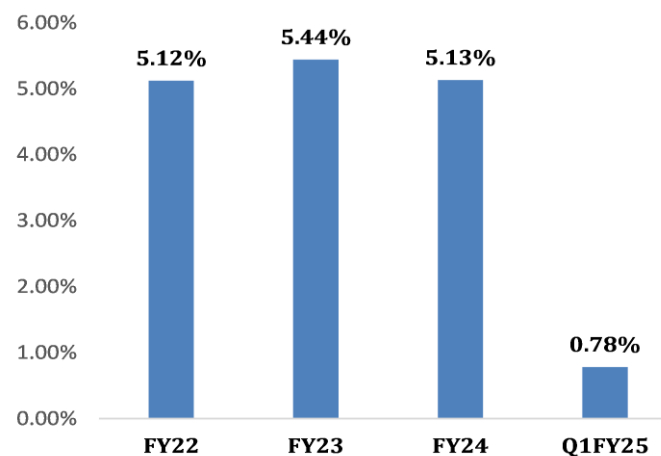
EBIDTA & PAT (in Rs. Crs)



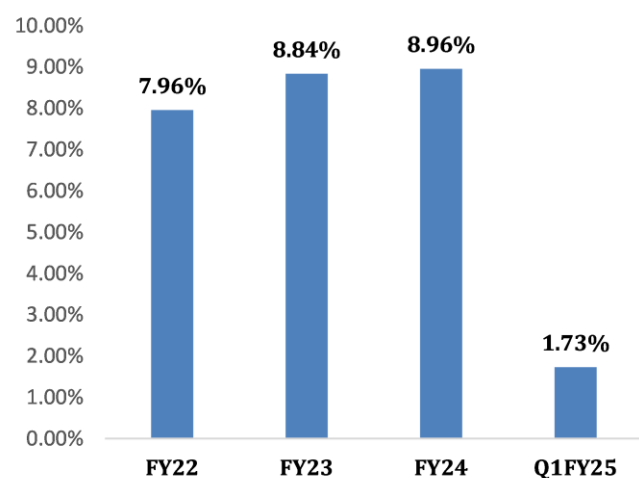
EBIDTA Margin (%) & Net Profit Margin (%)



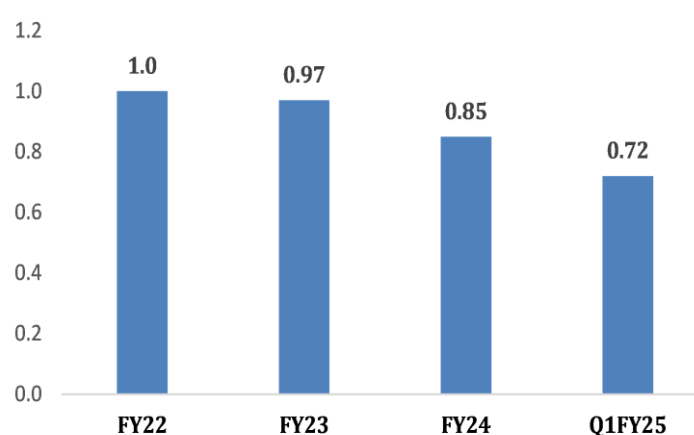
Return on Equity



Return on Capital Employed



Debt/Equity (%)



Source: Company's RHP, Ace Equity, AUM Research

December 30, 2024

Restated Consolidated Statement of Assets and Liabilities (Value in Rs. Crs)				
Particulars	Q1FY25	FY24	FY23	FY22
Assets				
Non-current assets				
Property, Plant & Equipment	199.54	196.70	200.37	189.55
Capital work-in-progress	4.07	5.11	8.06	19.52
Other Intangible assets	5.19	4.96	5.97	4.69
Investments	0.18	0.15	0.09	1.07
Loans	74.69	83.32	91.87	90.91
Other financial assets	2.03	2.08	1.47	2.55
Deferred Tax Assets	-	-	0.96	3.45
Other Assets	0.04	0.04	3.29	0.59
Total Non-Current Assets	285.73	292.37	312.07	312.34
Current assets				
Inventories	165.88	164.85	162.89	163.50
Trade receivables	115.51	104.40	74.39	72.03
Cash and cash equivalents	7.14	14.06	1.76	1.95
Bank Balances other than Cash and cash equivalents	1.40	1.19	1.87	1.03
Loans	59.28	62.80	62.49	57.67
Income Tax Assets	0.27	0.27	0.22	0.22
Other Assets	9.06	8.02	7.17	11.09
Total Current Assets	358.54	355.58	310.78	307.49
Total Assets	644.27	647.95	622.84	619.83
Equity				
Equity share capital	39.45	37.55	18.78	18.78
Other Equity	302.79	279.51	271.60	256.03
Total Equity	342.25	317.06	290.37	274.80
Liabilities				
Non-current liabilities				
Borrowings	69.96	83.66	109.85	126.00
Other financial liabilities	3.85	3.54	3.78	3.75
Lease Liability	1.45	1.45	-	-
Deferred Tax Liability	3.46	2.86	-	-
Provisions	2.03	1.92	1.34	0.94
Total Non-current liabilities	80.75	93.43	114.97	130.69
Borrowings	175.41	186.88	170.81	149.00
Trade payables				
Total outstanding dues of Micro Enterprises and Small Enterprises	9.10	8.39	3.68	12.06
Total outstanding dues of creditors other than Micro and Small Enterprises	21.05	26.66	27.25	34.77
Other financial liabilities	9.03	8.71	8.72	10.47
Lease Liability	0.21	0.17	-	-
Other current liabilities	1.01	1.34	1.93	1.75
Provisions	4.31	4.13	3.82	3.88
Income Tax Liability	1.16	1.18	1.29	2.41
Total Current liabilities	221.27	237.46	217.49	214.34
Total equity and liabilities	644.27	647.95	622.84	619.83

Restated Consolidated Statement of Profit and Loss				
Particulars (Value in Rs. Crs)	Q1FY25	FY24	FY23	FY22
INCOME				
Revenue from operations	74.96	375.23	370.76	352.08
Other income	0.58	0.72	1.06	0.44
Total A	75.54	375.95	371.82	352.52
Expenses				
Raw Material Consumed	43.09	218.49	218.39	211.63
Changes in Inventories of Finished Goods and Work-In-Progress	-1.78	2.23	7.12	-11.99
Employee Benefit Expense	10.92	46.08	42.50	37.11
Finance Cost	6.34	28.31	27.64	23.82
Depreciation and Amortization	2.57	10.31	8.83	8.97
Other Expenses	10.65	46.64	45.09	63.79
Total B	71.79	352.06	349.57	333.34
Profit before tax (A-B)	3.75	23.89	22.25	19.28
Tax Expense	1.29	8.30	6.88	5.56
Current Tax	0.72	4.48	4.47	3.86
Deferred Tax	0.17	0.75	2.14	3.91
MAT utilisation/(recognition)	0.41	3.07	0.26	(2.21)
Profit for the year	2.45	15.60	15.37	13.72
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit liability	0.08	(0.01)	0.28	(0.23)
Income tax related to items that will not be reclassified to profit or loss	(0.02)	0.00	(0.08)	0.06
Other Comprehensive Income/(loss) for the year (net of tax)	0.06	(0.01)	0.20	(0.16)
Total Comprehensive income for the period	2.51	15.59	15.57	13.56
Earnings per equity share				
Basic (Rs.)	0.63	4.15	4.09	3.65
Diluted (Rs.)	0.63	4.15	4.09	3.65

Source: Company's RHP, Ace Equity, AUM Research

Aum Capital RESEARCH DESK

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