

# Indo Farm Equipment Limited

## IPO Note



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## Building a Legacy in Tractors and Cranes

### Company Overview

Incorporated in 1994, Indo Farm Equipment Limited is a prominent manufacturer of tractors, pick & carry cranes, and harvesting equipment, catering to domestic and international markets. The Company operates under two well-recognized brands, Indo Farm and Indo Power, exporting its products to countries like Nepal, Syria, Sudan, Bangladesh, and Myanmar.

Indo Farm's manufacturing facility, located in Baddi, Himachal Pradesh, spans 127,840 square meters and houses a fully integrated setup with a captive foundry, machine shop, fabrication, and assembly units. The Company has an annual production capacity of 12,000 tractors and 1,280 pick & carry cranes. It has also acquired additional industrial land near its current facility to expand its crane manufacturing capacity by 3,600 units per year, showcasing its focus on scaling operations.

### Product Portfolio

The Company offers a diverse product range, including:

- **Tractors:** Power range from 16 HP to 110 HP.
- **Pick & Carry Cranes:** Load range from 9 to 30 tons.

### Competitive Strengths

- **Fully Integrated Manufacturing Setup:** Complete control over production with advanced facilities.
- **Experienced Management Team:** Led by seasoned professionals ensuring strong operational and strategic decisions.
- **In-House NBFC:** Provides flexible financing solutions to customers.
- **Wide Product Range:** Catering to varied customer needs across geographies.
- **Global Reach:** Established presence in multiple countries with robust product acceptability among financial institutions.

As of June 30, 2024, Indo Farm had 938 employees, highlighting its commitment to skilled manpower and operational efficiency.

### Key Consolidated Financial Data (INR Cr, unless specified):

	Revenue	EBITDA	Net Profit	EBITDA (%)	Net profit (%)	EPS (INR)	BVPS (INR)	RoE (%)	RoCE (%)	P/E (X)	EV/EBITDA (X)
FY22	352.1	51.5	13.7	14.6	3.9	2.8	57.1	4.9	5.5	76.3	25.4
FY23	370.8	57.7	15.4	15.6	4.1	3.2	60.4	5.3	5.9	67.3	22.7
FY24	375.2	61.8	15.6	16.5	4.2	3.2	65.9	4.9	5.7	66.3	20.9

Source: Ventura Research & Company update

Industry	Tractors & Cranes
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### Script Details

Listing	BSE & NSE
Open Date	Dec 31, 2024
Close Date	Jan 2, 2025
Price Band	INR 204 -215
Face Value	INR 10
Market Lot	69 Shares
Minimum Lot	1

### Issue Structure

Issue Size (INR cr)	260.15
Issue Size (Shares)	1,21,00,000
QIB Share (%)	< 50
Non-Inst Share (%)	> 15
Retail Share (%)	> 35
Pre-Issue sh (in cr)	3.94
Post Issue sh (in cr)	4.81
Post Issue Market Cap (in cr)	1,033.1

Shareholding (%)	Pre (%)	Post (%)
Promoter	93.45	69.44
Public	06.55	30.56
<b>TOTAL</b>	<b>100</b>	<b>100</b>

### Issue Structure and Offer Details:

Indo Farm Equipment IPO is a book-built issue of INR 260.15 cr. The issue is a combination of fresh issue of 0.86 cr shares aggregating to INR 184.90 cr. and offer for sale of 0.35 crore shares aggregating to INR 75.25 cr.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50.00% of the Offer
NII (HNI)	Not less than 15.00% of the Net issue
Retail	Not less than 35.00% of the Offer

*Number of shares based on a higher price band of INR 215*

*Source: Company Reports*

### Objects of the Issue:

The Company proposes to utilize the Proceeds from the Fresh Issue towards funding the following objectives:

1. Setting up new Dedicated Unit for Expansion of their Pick & Carry Cranes Manufacturing Capacity
2. Repayment or pre-payment, in full or part, of certain borrowings availed by the Company
3. Further Investment in NBFC Subsidiary (Barota Finance Ltd.) to finance the augmentation of its capital base to meet its future capital requirements.
4. General Corporate Purposes

## Financial Summary

Fig in INR Cr (unless specified)	FY20	FY21	FY22	FY23	FY24	Fig in INR Cr (unless specified)	FY20	FY21	FY22	FY23	FY24
<b>Income Statement</b>						<b>Per share data &amp; Yields</b>					
Revenue	245.1	267.8	352.1	370.8	375.2	Adjusted EPS (INR)	1.0	1.8	2.8	3.2	3.2
YoY Growth (%)	(22.1)	9.3	31.5	5.3	1.2	Adjusted Cash EPS (INR)	2.7	3.5	4.7	5.0	5.4
Raw Material Cost	135.9	148.2	199.6	225.5	220.7	Adjusted BVPS (INR)	52.8	54.6	57.1	60.4	65.9
RM Cost to Sales (%)	55.4	55.3	56.7	60.8	58.8	Adjusted CFO per share (INR)	5.7	2.4	2.1	6.3	8.4
Employee Cost	32.8	29.2	34.5	39.2	43.4	CFO Yield (%)	2.7	1.1	1.0	2.9	3.9
Employee Cost to Sales (%)	13.4	10.9	9.8	10.6	11.6	Adjusted FCF per share (INR)	4.8	2.2	0.5	8.3	11.7
Other Expenses	42.6	76.8	66.5	48.4	49.3	FCF Yield (%)	2.2	1.0	0.2	3.8	5.5
Other Exp to Sales (%)	17.4	28.7	18.9	13.0	13.1	<b>Solvency Ratio (X)</b>					
EBITDA	33.8	13.7	51.5	57.7	61.8	Total Debt to Equity	0.8	0.9	1.0	1.0	0.9
Margin (%)	13.8	5.1	14.6	15.6	16.5	Net Debt to Equity	0.8	0.9	1.0	1.0	0.8
YoY Growth (%)	(9.3)	(59.5)	276.5	12.1	7.1	Net Debt to EBITDA	5.8	16.9	5.3	4.8	4.1
Depreciation & Amortization	8.1	8.1	9.0	8.8	10.3	<b>Return Ratios (%)</b>					
EBIT	25.6	5.6	42.5	48.8	51.5	Return on Equity	1.9	3.3	4.9	5.3	4.9
Margin (%)	10.5	2.1	12.1	13.2	13.7	Return on Capital Employed	3.5	0.8	5.5	5.9	5.7
YoY Growth (%)	(7.5)	(78.2)	661.0	15.0	5.4	Return on Invested Capital	5.7	1.1	7.8	8.6	9.0
Other Income	2.2	27.6	0.6	1.1	0.7	<b>Working Capital Ratios</b>					
Bill discounting & other charges	19.8	21.2	23.8	27.6	28.3	Payable Days (Nos)	27	20	49	30	34
Fin Charges Coverage (X)	1.3	0.3	1.8	1.8	1.8	Inventory Days (Nos)	191	192	169	160	160
Exceptional Item	0.0	0.0	0.0	0.0	0.0	Receivable Days (Nos)	101	100	75	73	102
PBT	8.1	11.9	19.3	22.3	23.9	Net Working Capital Days (Nos)	266	272	196	203	228
Margin (%)	3.3	4.5	5.5	6.0	6.4	Net Working Capital to Sales (%)	72.9	74.4	53.6	55.7	62.4
YoY Growth (%)	(36.6)	48.2	61.4	15.4	7.4	<b>Valuation (X)</b>					
Tax Expense	3.1	3.4	5.6	6.9	8.3	P/E	209.6	120.5	76.3	67.3	66.3
Tax Rate (%)	38.7	28.1	28.8	30.9	34.7	P/BV	4.1	3.9	3.8	3.6	3.3
PAT	4.9	8.6	13.7	15.4	15.6	EV/EBITDA	36.4	92.6	25.4	22.7	20.9
Margin (%)	2.0	3.2	3.9	4.1	4.2	EV/Sales	5.0	4.7	3.7	3.5	3.4
YoY Growth (%)	(54.2)	74.0	59.8	12.0	1.5	<b>Cash Flow Statement</b>					
Min Int/Sh of Assoc	0.0	0.0	(0.2)	(0.0)	0.0	PBT	8.1	11.9	19.3	22.3	23.9
Net Profit	4.9	8.6	13.6	15.4	15.6	Adjustments	2.1	23.6	(14.3)	32.5	52.8
Margin (%)	2.0	3.2	3.9	4.1	4.2	Change in Working Capital	20.5	(20.6)	10.5	(17.6)	(27.8)
YoY Growth (%)	(54.2)	74.0	57.9	13.4	1.5	Less: Tax Paid	(3.1)	(3.4)	(5.6)	(6.9)	(8.3)
<b>Balance Sheet</b>						Cash Flow from Operations	27.5	11.6	10.0	30.2	40.6
Share Capital	9.4	9.4	18.8	18.8	37.6	Net Capital Expenditure	(16.5)	(16.3)	(24.6)	(9.5)	(2.7)
Total Reserves	244.7	253.3	256.0	271.6	279.5	Change in Investments	1.7	0.1	(1.3)	1.1	0.1
Shareholders Fund	254.1	262.7	274.8	290.4	317.1	Cash Flow from Investing	(14.9)	(16.1)	(26.0)	(8.4)	(2.6)
Long Term Borrowings	69.4	101.6	126.0	109.8	83.7	Change in Borrowings	6.9	26.4	40.2	5.7	(8.5)
Deferred Tax Assets / Liabilities	(5.7)	(4.6)	(3.4)	(1.0)	2.9	Less: Finance Cost	(19.8)	(21.2)	(23.8)	(27.6)	(28.3)
Other Long Term Liabilities	4.6	3.9	3.8	3.8	5.0	Proceeds from Equity	0.0	0.0	0.0	0.0	11.1
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0	0.0	0.0
Long Term Provisions	1.1	1.0	0.9	1.3	1.9	Dividend Paid	0.0	0.0	0.0	0.0	0.0
Total Liabilities	323.4	364.6	402.0	404.4	410.5	Cash flow from Financing	(12.9)	5.2	16.4	(22.0)	(25.7)
Net Block	172.2	183.7	194.2	206.3	201.7	Net Cash Flow	(0.3)	0.7	0.4	(0.2)	12.3
Capital Work in Progress	18.0	14.4	19.5	8.1	5.1	Forex Effect	0.0	0.0	0.0	0.0	0.0
Intangible assets under development	0.0	0.0	0.0	0.0	0.0	Opening Balance of Cash	2.9	2.7	3.3	1.9	1.8
Non Current Investments	0.0	0.0	1.1	0.1	0.2	Closing Balance of Cash	2.7	3.3	3.8	1.8	14.1
Long Term Loans & Advances	57.4	77.4	93.1	96.4	84.5						
Other Non Current Assets	0.0	0.0	0.9	0.2	1.0						
Net Current Assets	75.8	89.1	93.2	93.3	118.1						
Total Assets	323.4	364.6	402.0	404.4	410.5						

Source: Ventura Research



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