

**Rating: Subscribe for Long Term**

### Issue Offer

Fresh Issue of 8,600,000 equity shares up to INR 1,849 Mn and OFS of 3,500,000 shares up to INR 752.5mn by Promoters group taking the total issue size at INR 2,601.5 Mn.

### Issue Summary

Price Band INR	204-215
Face Value INR	10
Implied Market Cap INR Mn.	10,331.1
Market Lot	69
Issue Opens on	Dec 31, 2024
Issue Close on	Jan 02, 2025
No. of share pre-issue	3,94,51,600
No. of share post issue	4,80,51,600
Listing	NSE, BSE

### Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

### Registrar

Mas Services Limited

### Book Running Lead Managers

Aryaman Financial Service Limited

### Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	93.45%	69.44%
Public & Others	6.55%	30.56%

### Objects of the issue

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

**Abhishek Jain**

[abhishek.jain@arihantcapital.com](mailto:abhishek.jain@arihantcapital.com)

022-422548871

Incorporated in 1994, Indo Farm Equipment Limited is engaging in the manufacturing of Tractors, Pick & Carry Cranes, and other harvesting equipment. The Company operates two brands: Indo Farm and Indo Power. They export their products to countries like Nepal, Syria, Sudan, Bangladesh, and Myanmar, etc. The Company manufactures tractors range 16 HP to 110 HP and pick & carry cranes range 9 to 30 tons. The Company has 12,000 tractors and 720 Pick & Carry Cranes production capacity annually. The Company spans 127,840 sq. meters of industrial land in Baddi, Himachal Pradesh, housing a captive foundry, machine shop, and fabrication and assembly units for tractors, pick & carry cranes, and other equipment. They have acquired additional industrial land near the current facility to build a new pick & carry crane manufacturing unit, aiming to increase capacity by 3,600 units per year.

### Investment Rationale

**Fully Integrated and established Manufacturing Setup:** Indo Farm Equipment has certified manufacturing facility spans 127,840 sq. m in Baddi, Himachal Pradesh, featuring an integrated setup with a foundry, machine shop, fabrication, and assembly units for tractors and pick-and-carry cranes. With advanced infrastructure and in-house manufacturing of critical components, including cylinder blocks, transmission housing, and hydraulic systems, company reduce third-party reliance, enhance efficiency, and maintain cost and quality competitiveness. It's R&D center develops indigenous technologies, including optimized combustion chambers for fuel efficiency.

**In-house NBFC Setup:** In 2017, company launched its in-house NBFC, Barota Finance Limited, to provide tractor financing, offering seamless financial support to customers. As of June 30, 2024, with a loan book of INR 1,271.55 million, over 5,900 active customers, and strong asset quality, company's NBFC ensures easy financing and supports integrated product ecosystem.

**Product acceptability in multiple countries :** Currently exports contribute to around 7% of company's total sales, however its product acceptance track record in so many countries serves as an impressive international footprint and demonstrates its ability to provide world class products and after sales services to its esteemed customers at the affordable prices. The company have presence in over 40+ countries worldwide.

**Wide variety of financial institutions:** Leading private banks such as HDFC, YES Bank, Kotak Mahindra, and others, along with PSU banks, provide retail financing for company's products, including pick-and-carry cranes, with plans to further expand these facilities as operations grow.

**Outlook & Valuation:** Indo Farm Equipment Limited is engaging in the manufacturing of Tractors, Pick & Carry Cranes, and other harvesting equipment. With a diversified customer base across multiple geographies and increasing manufacturing facility the company has a solid growth potential. At the upper band of INR 215, the issue is valued at a P/E of 66.25x, based on an FY24 EPS. We assign a "Subscribe for long term" for this issue.

**Arihant Research Desk**Email: [instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 <sup>st</sup> Floor Andheri Ghatkopar Link Road Chakala, Andheri E Mumbai – 400093 Tel: 91-22 42254800 Fax: 91-22 42254880	6 Lad Colony Y.N Road Indore - 452003, M.P. Tel: 0731-4217100 Fax: 91-731 3016199

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	<a href="http://www.arihantcapital.com">www.arihantcapital.com</a>	<a href="mailto:instresearch@arihantcapital.com">instresearch@arihantcapital.com</a>

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Arihant Capital Markets Ltd.  
1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri E  
Tel. 022-42254800 Fax. 022-42254880