



## Press Release

### Indo Farm Equipment Limited

**August 08, 2025**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	85.64 (Reduced from Rs. 137.47 crore)	IVR A- / Stable (IVR A Minus with Stable Outlook)	IVR A- / Stable (IVR A Minus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	18.70 (Enhanced from Rs. 15.20 crore)	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A Two Plus)	Rating Reaffirmed	Simple
<b>Total</b>	<b>104.34</b>	<b>Rupees One Hundred Four Crore and Thirty Four Lakhs Only</b>			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

#### Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has reaffirmed long term rating at IVR A-/Stable and short-term rating at IVR A2+ for the bank loan facilities of Indo Farm Equipment Limited (IFEL).

The rating continues to draw comfort from the established track record of operations and experienced management, widespread dealer network, improved debt protection metrics and financial risk profile during FY2025. However, these strengths are partially offset by elongated decline in operating profitability margins, working capital cycle, stiff competition in the industry, exposure to group company and cyclical nature of industry.

The 'Stable' outlook indicates comfortable financial risk profile of IFEL. IVR believes IFEL business risk profile will be maintained over the medium term.

IVR has principally relied on the standalone audited financial results of IFEL upto 31 March 2025 (refers to period April 1st, 2024, to March 31, 2025) and projected financials for FY2026, FY2027 and FY2028, and publicly available information/ clarifications provided by the company's management.



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### Key Rating Sensitivities:

#### Upward Factors

- Substantial improvement in the scale of operations with TOI above Rs. 445 crore and profitability margins
- Sustenance of the overall gearing
- Completion of ongoing capacity expansion within scheduled time without any cost overrun

#### Downward Factors

- Significant reduction in the scale of operations and profitability margins,
- Deterioration in debt protection metrics and overall gearing
- Liability arising on account of corporate guarantee given to group company and further increase outstanding guaranteed borrowings

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths:

- **Established track record of operations and experienced management:**  
The company commenced its commercial operations from 2000 and has a successful track record of more than two decades in the manufacturing of agricultural and construction equipment. Overall activities of IFEL are managed by 3 directors, with Mr. Ranbir Singh Khadwalia being the Managing Director. He has experience of more than 3 decades in the existing line of business. He is ably supported by other directors who have effective experience in existing line of business as well as supported by qualified and well-experienced management team.
- **Widespread dealer network:**  
IFEL operates on a pan India basis and is a well-recognized brand in the industry. It is also engaged in exports to more than 9 countries in the world. The company operates through 15 regional offices and a 200 plus dealer network for sales and services, spread across the country.
- **Improved debt protection metrics and financial risk profile:**  
In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) and debt service coverage ratio (DSCR) improved to 3.30x and 1.74x respectively in FY2025 as compared to 2.79x and 1.41x respectively in FY2024. The adjusted tangible networth has improved to Rs. 438.72 crore in FY2025 from Rs. 272.13 crore in FY2024. Overall adjusted gearing has improved to 0.22x in FY2025 as against 0.61x in FY2024 due to reduction in debt and improved in ATNW. The total operating income (TOI) stood at Rs. 366.77 crore in FY2025.



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### Key Rating Weaknesses:

- **Decline in operating profitability margins:**

The company's operating profit margins declined to 12.84% in FY2025 from 13.56% in FY2024, mainly due to increase in operating expenses and R&D expense.

- **Elongated working capital cycle**

The company's operating cycle stood at 260 days in FY2025 as compared to 247 days in FY2024. The elongated cycle is majorly attributable to a high inventory holding period of 193 days in FY2025. The company manufactures a wide range of models both in the tractor and crane segments. The company has high level of backward integration and manufactures majority of the components in house i.e., casting components, machining, hydraulic components, gears, sheet and heavy metal fabrication etc, leading to a high inventory holding period. Further, the sale of tractors is linked to harvest time for the next sowing season for which the company has to maintain an adequate inventory prior to harvest season in order to meet surge in demand.

- **Stiff competition in the industry**

The Indian tractor industry is the largest in the world, accounting for one third of the global production. IFEL faces stiff competition from large established players in the industry like Mahindra & Mahindra Ltd., Tractors and Farm Equipment Ltd. etc. IFEL produces less than 1% of the industry's sales volume. However, with its presence in the 22 HP-100 HP segment, IFEL is able to cater to a wide range of customers.

- **Exposure to group company**

IFEL provides comfort to group company in the form of investments, advances and corporate guarantee given to it. The company has invested Rs ~70 crore (equity of Rs. 65 crore and advances of Rs. ~5 crore) and extended a corporate guarantee of Rs 165 crore in the group company "Barota Finance Limited (BFL)" and holds 100% of its shareholding. BFL is an NBFC that provides custom finance solutions to farmers to help them own agricultural equipment.

- **Cyclical nature of the industry**

Around 95% of the company's revenue comes from the tractor division and mobile crane division. The demand for tractors in India is determined by multiple variables, such as monsoon, crop prices, farmers sentiments and availability of finance. This can have an impact on the company's earnings and cash accruals in periods of unfavorable monsoons. The demand for mobile cranes in India is expected to improve in coming years due to increasing infrastructural and industrial activities in the country. Though IFEL is likely to remain exposed to such vagaries in demand, the Government of India's commitment towards rural development, agri mechanization and infrastructure development, while focusing on improving the country's



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infrastructure with enhanced budgetary allocations, is likely to aid a growth in volumes over the medium to long-term.

**Analytical Approach:** For arriving at the ratings, IVR has analysed IFEL's credit profile by considering the Standalone financial statements of the company.

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for Assigning Rating Outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The company has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 24.82 crore, as on 31st March 2025. Against a current portion of long-term debt (CPLTD) of Rs 13.12 crore in FY2025, the company had a cash accrual of Rs. 33.38 crore in FY2025. The company projected to generate cash accruals between Rs. 48.65 crore-Rs. 153.17 crore in FY2026-FY2028 which are sufficient for repayment obligations. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.

### **About the Company**

Indo Farm Equipment Limited (IFEL) was incorporated in the year 1994 and commenced its commercial production of tractors in October 2000 and in 2008, the company diversified into manufacturing and marketing of Pick-N-Carry cranes of 9 tonnes – 30 tonnes capacity and commenced production of mobile tower cranes. It is currently engaged in the manufacturing of tractors, cranes, harvester combines, engines and diesel gensets at its plant located in Baddi, Himachal Pradesh. It has annual installed capacity of 12,000 tractors and 1280 cranes at its existing plant. It sells tractors and cranes under the brand names of Indo Farm and Indo Power respectively.

IFEL has formed a non-banking financial company (NBFC), Barota Finance Limited (a wholly owned subsidiary), to provide tractor financing to its customers. Barota Finance received NBFC license in April 2017 and commenced operations in October 2017.

### **Financials (Standalone):**

(Rs. crore)



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For the year ended as on	31-03-2024	31-03-2025
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	352.46	366.77
EBITDA	47.80	47.11
PAT	13.54	22.61
Total Debt	167.29	95.34
Adjusted Tangible Networkth	272.13	438.72
EBITDA Margin (%)	13.56	12.84
PAT Margin (%)	3.83	6.12
Overall adjusted Gearing Ratio (x)	0.61	0.22
Interest Coverage Ratio (x)	2.79	3.30

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable

**Rating History for last three years:**

Sr. No.	Type of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (24 July 2024)	Date(s) & Rating(s) assigned in 2023-24 (12 June 2023)	Date(s) & Rating(s) assigned in 2022-23 (14 Mar 2022)
1.	Fund Based	Long Term	85.64	IVR A-/Stable	IVR A-/Stable	IVR A-/Stable	IVR A-/Stable
2.	Non-Fund Based	Short Term	18.70	IVR A2+	IVR A2+	IVR A2+	IVR A2+

**Name and Contact Details of the Rating Analyst:**

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after



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obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	85.00	IVR A-/Stable
Term Loan	-	-	Sep 2025	0.64	IVR A-/Stable
Bank Guarantee	-	-	-	5.00	IVR A2+
ILC/FLC	-	-	-	13.50	IVR A2+
Forward Contract Limit	-	-	-	0.20	IVR A2+



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**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-IndoFarm-aug25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).