

CMP: INR 207

Outlook: Positive

Stock Info

BSE	544328
NSE	INDOFARM
Bloomberg	INDOFARM IN
Sector	Automobile; Tractors
Face Value (INR)	10
Equity Capital (INR Mn)	480
Mkt Cap (INR Mn)	9,900
52w H/L (INR)	293/137
Avg Yearly Vol (in 000')	616

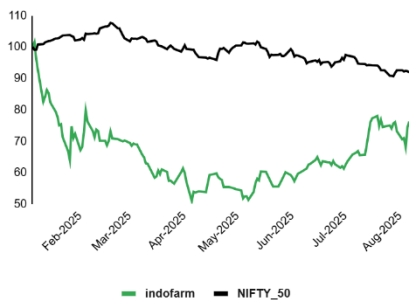
Shareholding Pattern %

(As on June, 2025)

Promoters	69.44
DII's	4.19
FII's	0.82
Others	25.55

Stock Performance (%)	1W	1M	3M
IndoFarm	4.29	15.4	15.4
Nifty	-0.7	-4.5	0.37

Indo Farm Equipment Vs Nifty



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Indo Farm Equipment Limited, founded in 1994 and headquartered in Baddi, Himachal Pradesh, is an ISO-certified manufacturer of agricultural and industrial equipment under the brands Indo Farm and Indo Power. Its product range includes tractors (16–100 HP), pick-n-carry cranes (15–30 Ton), and spare parts, backed by a 5-acre in-house casting facility. The company also operates a fully-owned NBFC, Barota Financing, with an AUM of INR 1,300 Mn and FY25 PAT of INR 9 Mn.

Investment Rationale

Leadership in Crane Segment with Strong Growth Visibility: Indo Farm has established itself as a leading player in the pick-n-carry crane market, holding the market leadership position in Punjab and Haryana and steadily expanding its presence across India. Segment revenues have grown from INR 300 mn to INR 2,250 mn in recent years, driven by product differentiation, multi-utility applications, and strong demand from marquee clients such as Indian Railways, Defence, NTPC, and other government agencies, as well as major private players like Reliance, L&T, and Adani (primarily through rental companies). With current capacity at 1,280 units, the company is undertaking a 30-acre, INR 700 mn expansion to add 3,600 units of crane manufacturing capacity, taking the total to 4,880 units per year. Post-commissioning, expected in 2–2.5 years, management is targeting a 60–70% CAGR in crane sales. Entry into the high-tonnage crane segment opens a significant import-substitution opportunity, further diversifying the company's revenue base.

Tractor Segment Offering Untapped Capacity and Steady Export Growth: The tractor division, with an installed capacity of 12,000 units, provides substantial growth headroom without additional capex. Feature-rich 2WD and 4WD tractors in the 16–100 HP range, coupled with 40–50% in-house manufacturing, enhance product differentiation and control over quality. Financing support via Barota Finance, a wholly owned NBFC with INR 1,300 Mn AUM, aids sales conversion, particularly in tractors that are sold by Indo Farm & refinancing and lot of other brands as well in high-penetration states. Exports to markets such as Bhutan, Jordan, Mexico, and Sudan, along with expected sales to drive incremental volume growth.

Market Leadership in High-Value Segments: The company has established a dominant presence in its core product categories, leveraging a combination of product differentiation, strong brand positioning, and extensive dealer relationships. Its leadership in premium and specialized equipment segments positions it to benefit from sectoral tailwinds such as infrastructure expansion, electrification, and technology adoption. This leadership provides visibility for sustained growth over the medium term.

Outlook and valuation: Over the next three years, Indo Farm Equipment is poised for accelerated growth, driven primarily by its crane business. The upcoming 30-acre facility, slated for commissioning in FY26, will expand annual crane production capacity from 1,280 to 4,880 units, enabling management's targeted 60–70% CAGR in sales. Entry into high-tonnage cranes offers a significant import-substitution opportunity in a segment with limited domestic manufacturing presence. Export momentum is expected to strengthen, while domestic demand will be underpinned by India's ongoing infrastructure capex cycle. In the tractor segment, underutilized capacity provides scope to increase domestic sales by 25–30% and expand the dealer network beyond 500 outlets over the next three years, supported by recent European homologation for exports. High in-house manufacturing integration, a diversified product portfolio, and Barota Finance's captive lending arm bolster sales conversion and margin stability. Continued deleveraging and disciplined capital allocation are expected to provide the financial flexibility to fund growth, sustain profitability, and improve return ratios. **We expect revenue to double between FY25 and FY27, driven by improvements in the tractor segment and deeper penetration in the crane segment supported by new launches. Margins are likely to see a slight uptick by FY27, aided by the higher-margin crane business.**

Indo Farm Equipment Ltd- Key takeaways

Tractor Business

Indo Farm maintains a network of over 150 dealers with strongholds in Punjab, Haryana, Uttar Pradesh, Maharashtra, Gujarat, and Rajasthan. Internationally, it exports to Bhutan, Jordan, Yemen, Bangladesh, Nepal, Mexico, Sudan, Afghanistan, Nepal, Uruguay, Fiji, ivory coast, kuwait, oman etc.

- Installed capacity of 12,000 units indicate significant headroom for growth without incremental capex.
- Product positioning: Feature-rich 2WD & 4WD tractors in the 16–100 HP range, differentiated on functionality but limited pricing power in a competitive buyer-driven market.
- Backward integration: 40–50% in-house manufacturing (gear sets, hydraulics, brake housings), with critical components sourced from MRF, Tata Steel, BOSCH and GNA, Tata Motors, Schaeffler India etc .
- Financing support via Barota Finance improves sales conversion in both new and pre-owned segments.
- Tractor replacement cycle of 5-10 years constrains repeat demand velocity.

Crane Business

Crane segment has emerged as Indo Farm’s primary growth driver, with leadership in the pick-n-carry category and market leader in Punjab and Haryana. Pick-n-carry cranes offer multi-utility advantages (construction, highways, defence, railways, loading/unloading) unlike high-tonnage stationary cranes.

Capacity fully utilized at 1,280 units/year; segment revenues have grown from INR 30 cr to INR 225 cr in recent years.

Differentiation through safety features such as air brakes, hydraulic outriggers, and overload cut-off systems etc

High in-house manufacturing content (~200 components), covering hydraulics, winches, gear assemblies, and castings. Client base supplying to many reputed clients such as COFMOW Indian Railways, Indian Army, Reliance Industries, Mangalore Refinery and Petrochemicals Limited, Rourkela Steel Plant (SAIL), Rampur Hydro Electric Power Project (SJVNL), NTPC Ltd, Tata Group of Companies, Rashtriya Ispat Nigam Ltd, Welspun Enterprises, among many others.

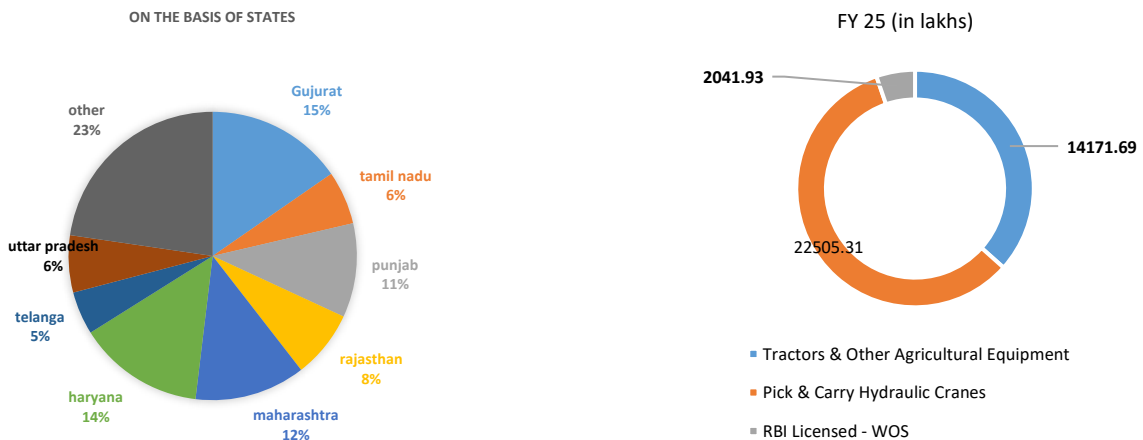
Life cycle: 5–10 years with recurring parts and service revenue. Lower financing risk versus tractors predominantly B2B/project sales (20% corporate, 10% government).

Crane CAPEX

The company is undertaking an INR 70 cr investment to set up a new 30-acre plant, expected to be commissioned by this financial year, which will add 3,600 units of annual capacity and take the total to 4,880 units. As part of its strategic expansion, it is developing tower cranes in collaboration, aiming to capture a market segment currently dominated by imports with few domestic manufacturing presence. The company is also intensifying its export focus on Africa and Middle East markets.

Over the next three years, it is targeting a robust sales CAGR in its crane business post capacity expansion, with entry into the high-tonnage crane segment set to diversify its revenue base and strong demand visibility underpinned by continued infrastructure capex momentum.

Exhibit 2: Revenue Breakup



Source: Company, Arihant Capital

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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%

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