



# Agricultural Equipment – India

January 2015

# Executive Summary

## Market Overview

- Global agricultural equipment market is expected to grow at a CAGR of x% through 20-- to 20-- to reach INR yy bn in 20--
- Huge demand from Asia Pacific region will boost the industry's growth
- Indian agricultural equipment market is expected to reach INR zz bn in 20--, growing at a CAGR of q%

## Drivers & Challenges

### Drivers:

- Improved Availability of Credit
- Lower Penetration of Farm Equipment
- Emergence of Contract Farming
- Increased Agricultural Production Targets
- Increased Agricultural Export
- Growth in FDI Inflow in Agriculture
- Increase in Productivity of Fruits and Vegetables

### Challenges:

- Fragmentation of Land
- High Cost of Equipment

## Key Trends

- Evolution of Gender Friendly Equipment
- Focus on Agricultural Services

## Competitive Landscape

Key Players		
Company A	Company B	Company C
Company D	Company E	Company F

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## • **Macroeconomic Indicators**

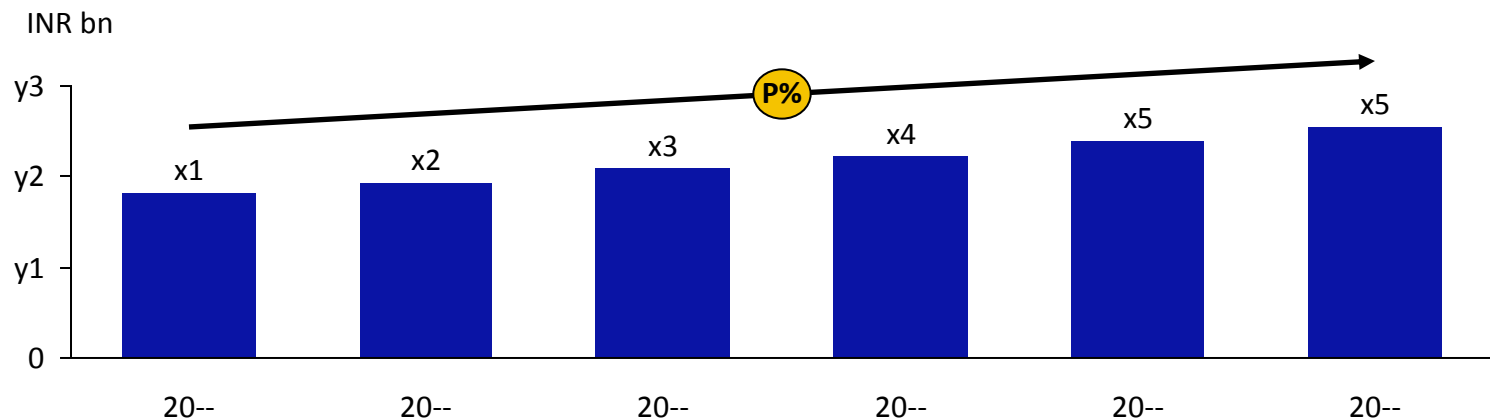
- Introduction
- Market Overview
- Export-Import
- Direct Investment Scenario
- Drivers & Challenges
- Government Initiatives
- Trends
- Competitive Landscape
- Opportunities
- Strategic Recommendations
- Appendix

# Huge demand from Asia Pacific region to boost global agricultural equipment market

## Market Overview – Global

- Global agricultural equipment market is expected to grow at a CAGR of p% through 20-- to 20-- to reach INR 'xx' bn in 20--
- Asia Pacific region is expected to show the strong growth fuelled by huge demand from India and China
- Economic expansion, growth in population, increasing per capita food consumption in the developing and emerging countries would further boost the demand for farm mechanization
- Demand in developed markets would be driven by the use of technologically advanced precision farming machineries in order to reduce effort and inputs

## Global Agricultural Equipment Market – Size and Growth (Value-wise)

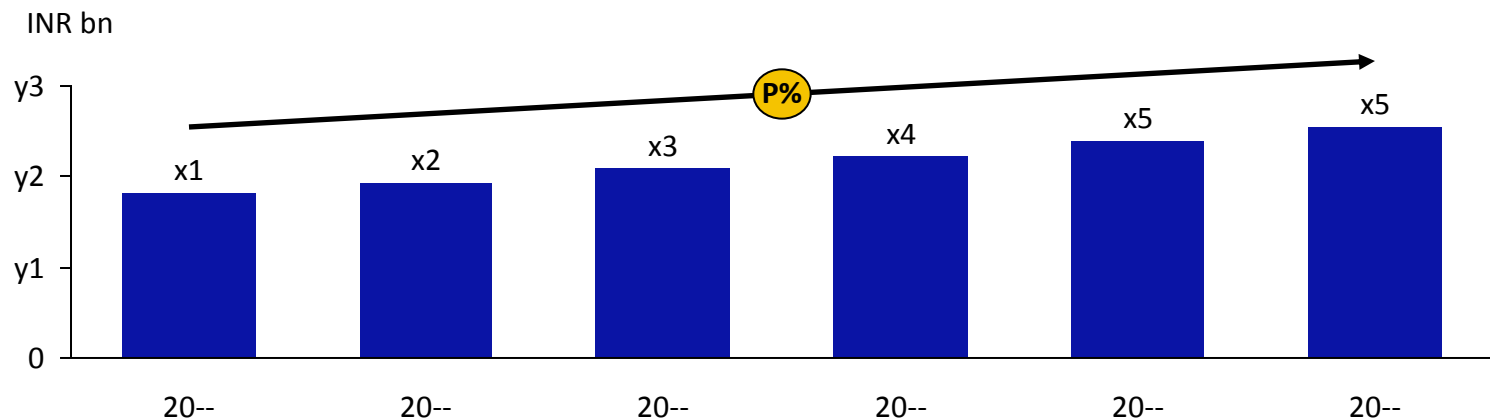


# Government subsidies and credit availability to boost Indian agricultural equipment market

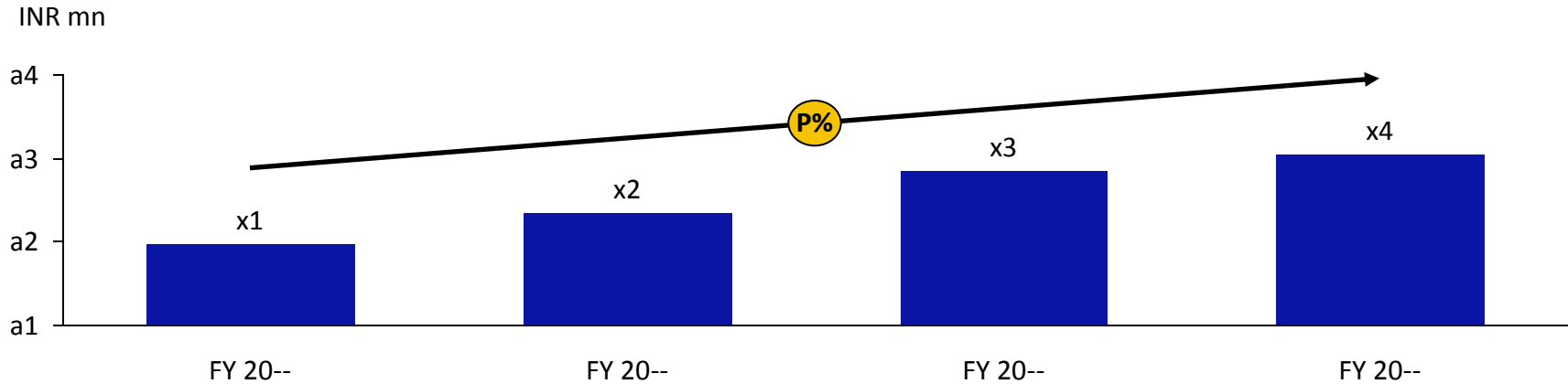
## Market Overview – India

- Indian agricultural equipment market accounts for r% of the global agricultural equipment market
- Tractors and tillers are the two major equipment manufactured by the organized sector in India
  - Other major agricultural equipment and machineries manufactured in India include harvesters, plant protection equipment, drip irrigation and micro-sprinkler
- Agricultural equipment market in India is driven by rising credit availability from the government as well as low penetration levels of tractors
- 'aa' medium to large scale units, 'bb' small scale and 'cc' tiny units are engaged in manufacturing agricultural equipment
- These units are mainly concentrated in Punjab, Haryana, western Uttar Pradesh, Uttarakhand and Tamil Nadu

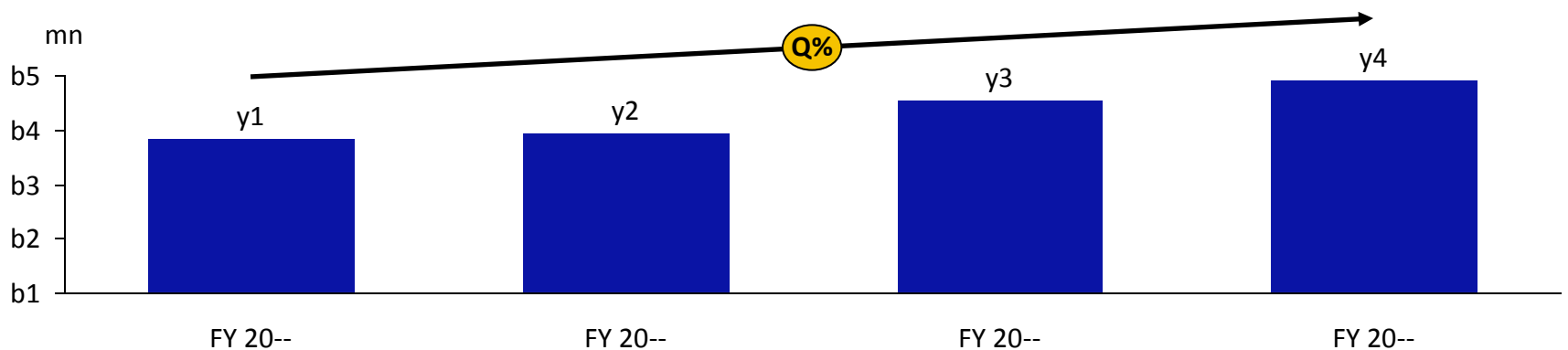
## Indian Agricultural Equipment Market – Size and Growth (Value-wise)



## Export of Agricultural Machinery for Soil Preparation (Value-Wise)

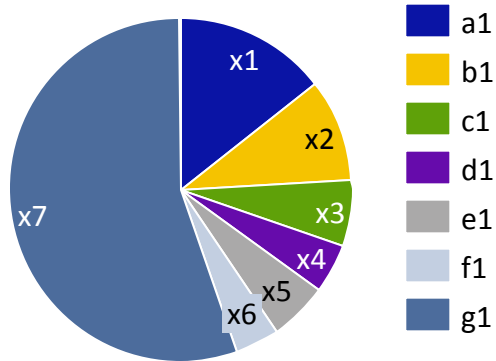


## Export of Agricultural Machinery for Soil Preparation (Volume-Wise)

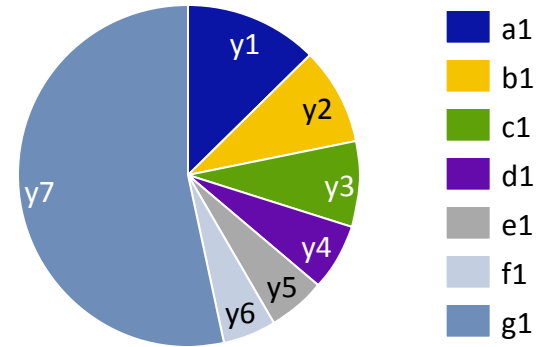


## Export Based on Value – Country-Wise

FY20--

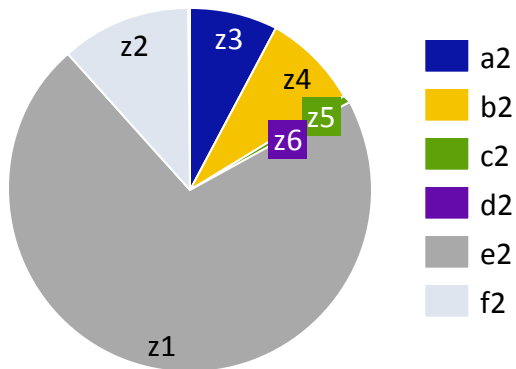


FY20--



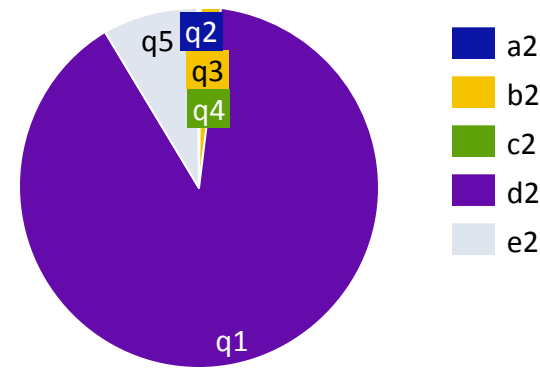
## Exports Based on Value – Product-Wise

FY2014












## Exports Based on Volume – Product-Wise

FY2014



# Drivers & Challenges – Summary

<i>Drivers</i>	
Improved Availability of Credit	
Lower Penetration of Farm Equipment	
Emergence of Contract Farming	
Increased Agricultural Production Targets	
Increased Agricultural Exports	
Growth in FDI Inflow in Agriculture	
Increase in Productivity of Fruits and Vegetables	

<i>Challenges</i>	
Fragmentation of Land	
High Cost of Equipment	



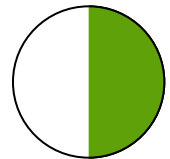
# Use of farm machinery is driven by growing demand for food grains



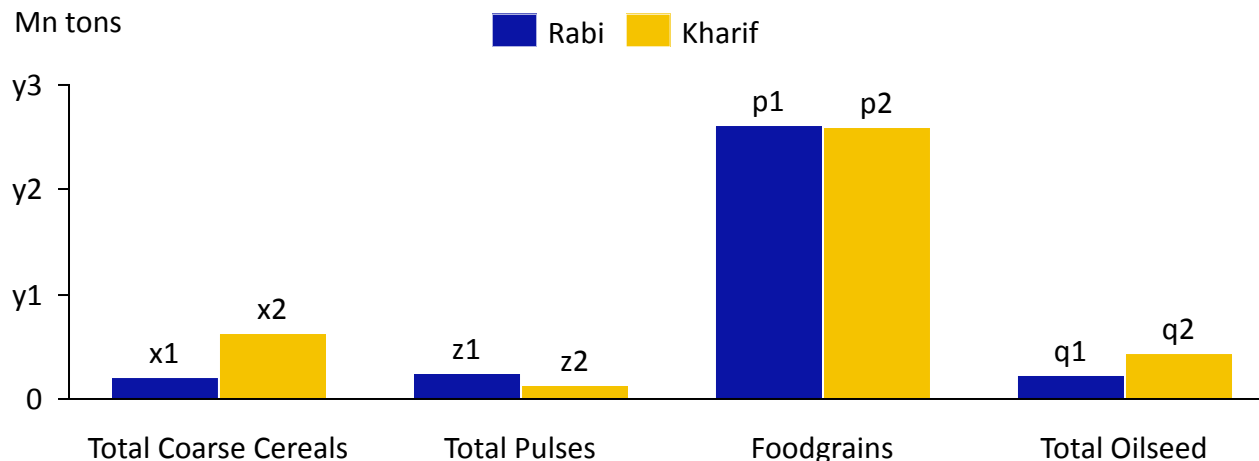
## Increased Agricultural Production Targets (1/5)

- India accounts for only c% of the total geographical area but has to support d% of global population
- In FY 20--, the total food grain production was tt mn tons of which Kharif crops were rr mn while the rest were Rabi crops
- Total cereals and pulses production were uu mn tons and vv mn tons respectively
- Growing population in India is leading to an increased demand for food grains, vegetables and fruits
- Increased agricultural production targets stimulates the use of agricultural machinery

## Impact

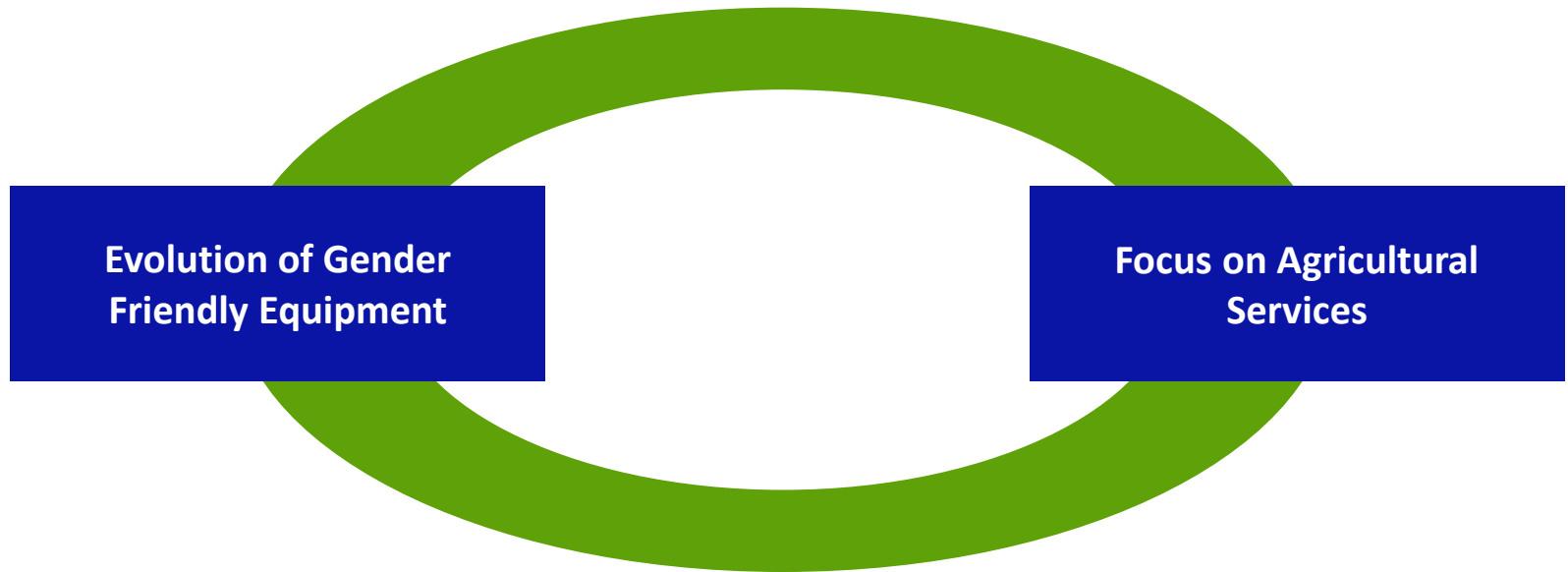


### Crop-wise National Production Targets FY 2015



# Trends

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# Competitive Benchmarking (1/5)

# SAMPLE

## Public Trading Comparables (FY 20--)

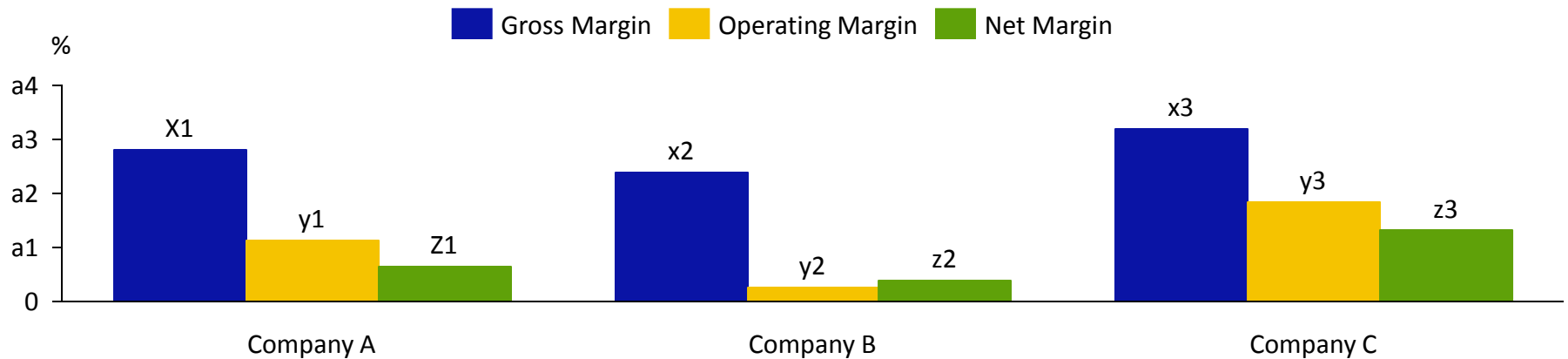
	Company A	Company B	Company C
Market Capitalization (INR mn)			
Share Price (INR)			
EV/EBITDA (x)			
EV/Revenue (x)			
PE Ratio			

*Note: Top 3 Public companies based on the Market Capitalization; Market Capitalization, Share Price and PE ratio is as on xx/yy/20--*

# Competitive Benchmarking (2/5)

# SAMPLE

## Key Ratios of Top 3 Companies – Operational Basis (FY 2014) (1/4)



- Company C recorded gross margin of x3%, higher than both Company A and Company B which recorded gross margins of x1% and x2% respectively
- Company C recorded highest operating margin of y3%, followed by Company A and Company B which recorded operating margin of y1% and y2% respectively
- Net margin for all the three company's are positive, however, Company C recorded the highest net margin of z3% while Company A and Company B recorded z1% and z2% respectively

# Public: Domestic Company – Company A (1/4)

SAMPLE

## Company Information

Corporate Address

Tel No.

Fax No.

Website

Year of Incorporation

Ticker Symbol

Stock Exchange

## Products and Services

Category	Products/Services

## Offices and Centres – India



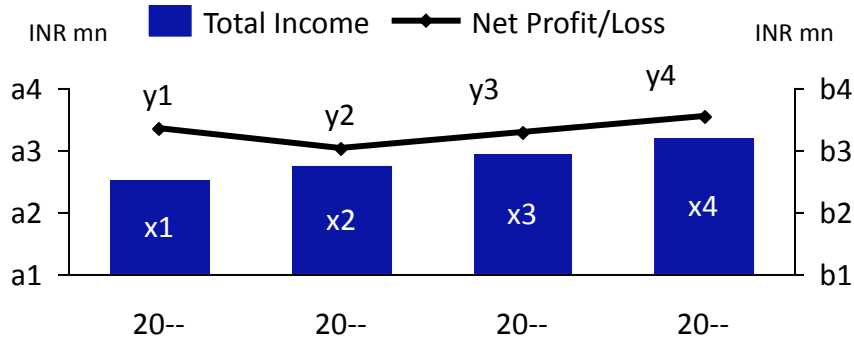
♦ Head Office

## Key People

Name	Designation
Person 1	
Person 2	
Person 3	
Person 4	

# Public: Domestic Company – Company A (2/4)

## Financial Snapshot



## Financial Summary

- The company earned a net profit of INR y4 mn in FY 20--, as compared to net profit of INR y3 mn in FY 20--
- The company reported total income of INR x4 mn in FY 20--, registering an increase of p% over FY 20--
- The company earned an operating margin of z1% in FY 20--, an increase of z2 percentage points over FY 20--
- The company reported debt to equity ratio of d1 in FY 20--, an increase of d2% over FY 20--

## Key Financial Performance Indicators

Indicators	Value
Market Capitalization (INR mn)	
Total Enterprise Value (INR mn)	
EPS (INR)	
PE Ratio (Absolute)	

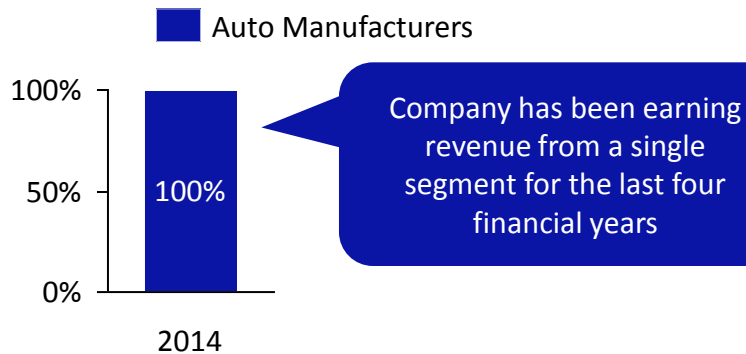
## Key Ratios

Particulars	y-o-y change (2014-13)	2014	2013	2012	2011
<b>Profitability Ratios</b>					
Operating Margin	↑				
Net Margin	↓				
Profit Before Tax Margin	↑				
Return on Equity	↑				
Return on Capital Employed	↓				
Return on Working Capital	↑				
Return on Assets	↓				
Return on Fixed Assets	↓				
<b>Cost Ratios</b>					
Operating costs (% of Sales)	↑				
Administration costs (% of Sales)	↓				
Interest costs (% of Sales)	↑				
<b>Liquidity Ratios</b>					
Current Ratio	↓				
Cash Ratio	↓				
<b>Leverage Ratios</b>					
Debt to Equity Ratio	↓				
Debt to Capital Ratio	↓				
Interest Coverage Ratio	↑				
<b>Efficiency Ratios</b>					
Fixed Asset Turnover	↓				
Asset Turnover	↓				
Current Asset Turnover	↓				
Working Capital Turnover	↓				
Capital Employed Turnover	↓				

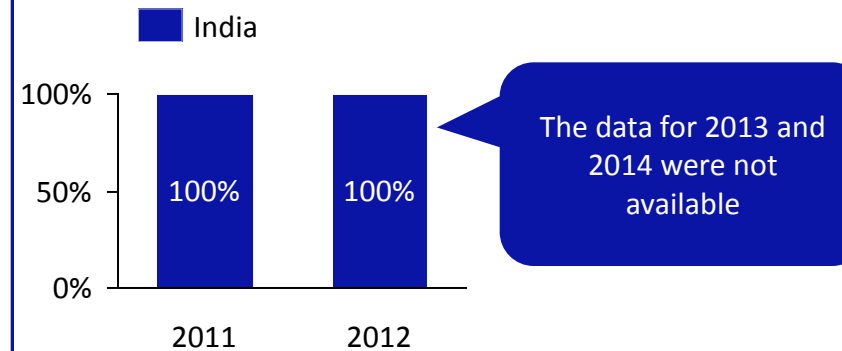
↑ Improved ↓ Decline

# Public: Domestic Company – Company A (3/4)

## Key Business Segments



## Key Geographic Segments

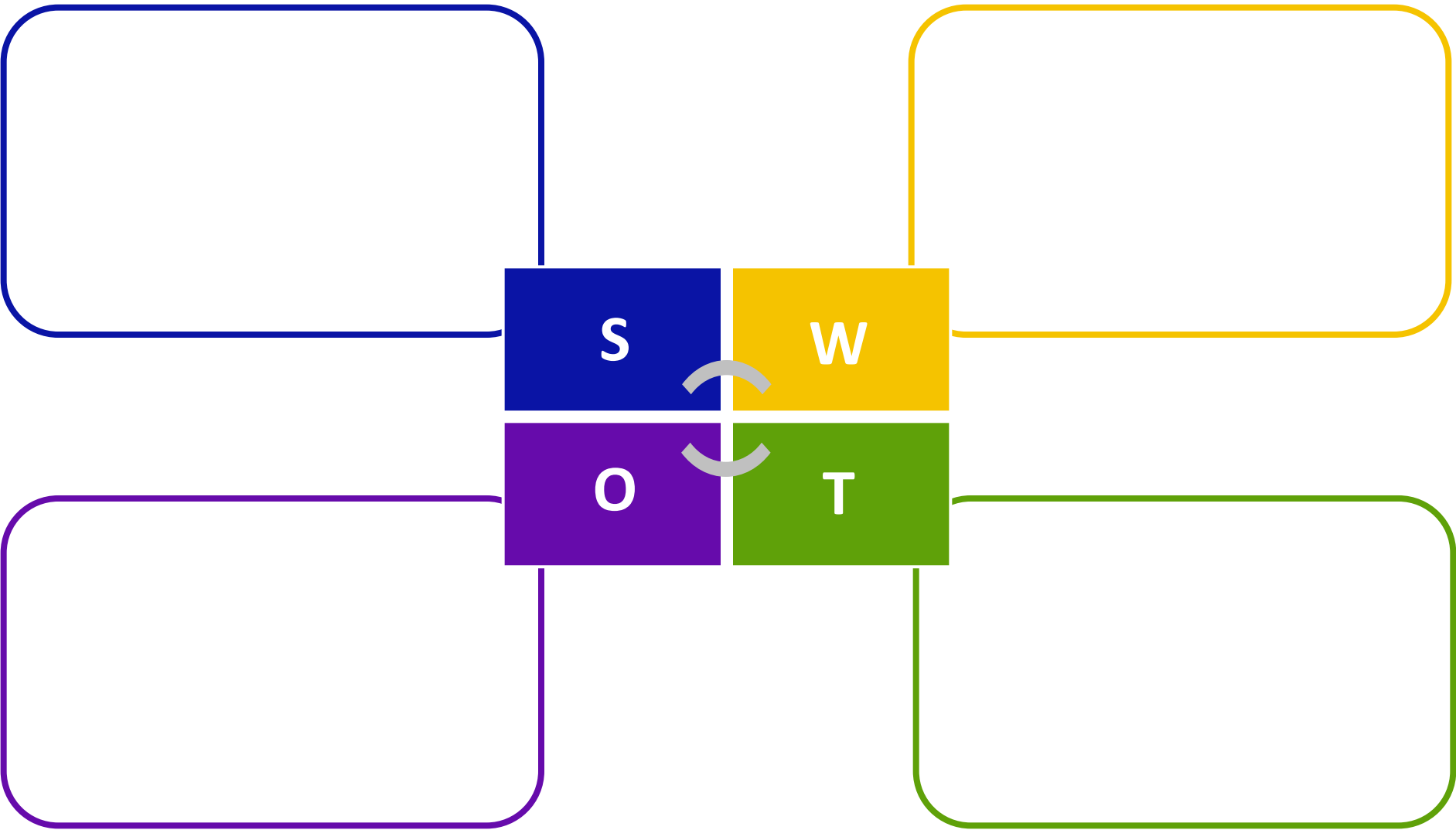


## Business Highlights

Category	Description
Overview	<ul style="list-style-type: none"><li>Company A Ltd. Is engaged in manufacturing, designing and developing small and light commercial vehicles, sports and multi utility vehicles and agricultural tractors.</li><li>Operates in more than 'v' countries including Germany, Nepal, Bangladesh, Thailand, Indonesia, Ethiopia, Morocco and Sudan</li></ul>
Exports	<ul style="list-style-type: none"><li>Export sales increased from INR 'c' mn in FY 20-- to INR 'd' mn in FY 20--</li></ul>
R&D	<ul style="list-style-type: none"><li>In FY 20--, expenditure on R&amp;D was q% of the revenue from operations</li></ul>
Collaborations	<ul style="list-style-type: none"><li>Received technical assistance from 'X' Ltd. for upgradation of transmissions</li></ul>

# Public: Domestic Company – Company A (4/4)

SAMPLE





# Opportunity Areas – Summary

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## Opportunity Areas

**Bihar**

**Punjab**

**Maharashtra**

**Karnataka**

# Strategic Recommendations (1/2)

SAMPLE

x

y

z

# Thank you for the attention

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