

Maschio Gaspardo India Private Limited

January 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	20.00	CARE BBB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB+; Stable and moved to ISSUER NOT COOPERATING category
Long-term / Short-term bank facilities	55.00	CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING*	Downgraded from CARE BBB+; Stable / CARE A2 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Maschio Gaspardo India Private Limited (MGIPL) to monitor the rating vide e-mail communications dated December 21, 2024; October 16, 2024, October 08, 2024; September 28, 2024, among others and numerous phone calls. However, despite repeated requests, MGIPL has not provided requisite information for monitoring ratings.

In line with the extant SEBI guidelines, CARE Ratings has reviewed ratings based on best available information, which in CARE Ratings' opinion is not sufficient to arrive at a fair rating. Ratings on MGIPL's bank facilities will now be denoted as CARE BBB; Stable/ CARE A3+; ISSUER NOT COOPERATING*

Users of this rating (including investors, lenders and public at large) are hence requested to exercise caution while using above rating(s).

Revision in ratings assigned to bank facilities of MGIPL considers lower-than-expected total operating income (TOI) and profitability leading to deterioration in debt coverage indicators and elongation in operating cycle in FY24 (refers to April 01 to March 31).

Ratings continue to derive strength from MGIPL's established presence in the farm equipment industry supported by wide marketing and distribution network, technological support from the parent company, Maschio Gaspardo SPA and comfortable capital structure.

However, these strengths are constrained by MGIPL's moderate scale of operations and profit margins, with exposure to fluctuation in raw material prices and competition from organised and unorganised players, inherent cyclicity within the agricultural industry and changes in government policies impacting demand for farming equipment. Ratings also take note of MGIPL's ongoing capital expenditure (capex), largely funded by external commercial borrowings (ECB) from the parent company.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects CARE Ratings' expectations that the company will continue to benefit from strong parentage, technological support received from parent and comfortable financial risk profile.

Detailed description of key rating drivers:

At the time of last rating on January 11, 2024, the following were rating strengths and weaknesses (updated for information available from Registrar of Companies; FY24 financials):

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Key strengths

Established market position, technological support from parent

MG IPL is a wholly owned subsidiary of Maschio Gaspardo SPA. Founded in 1964, Maschio Gaspardo Group is a prominent Italian agricultural machinery manufacturer. The Group is well regarded for its expertise in designing and producing a wide range of farm equipment, encompassing tillage and planting machinery, tractors, and other agricultural implements. With a global presence and a broad distribution network, Maschio Gaspardo serves customers in numerous countries around the world.

With technical support, the parent has extended financial support in terms of lending ECBs required for ongoing capex and favourable credit terms in case of imports.

Reputed and diversified client base with long-term relationship and wide marketing and distribution network

MG IPL is engaged in manufacturing farm equipment. The company has long-term relationship with their domestic and export customers and received repeat orders from them. Export sales contribute ~35% of revenue (majorly to group companies) and the rest from domestic sales, which comprises direct sales to dealers and sales to OEMs. The company supplies its products under the established brand name of "Maschio" which has a good brand recall in the domestic and exports market. The company has a network of 400 plus active channel partners spread across 23 states in India and Nepal.

Comfortable capital structure

The company's capital structure remained comfortable with an overall gearing of 1.25x (0.02x excluding loans from the parent) as on March 31, 2024 (0.79x and 0.15x excluding loans from parent as on March 31, 2023). The company became debt free in FY22 (April 01 to March 31). However, to fund the ongoing capex programme, MG IPL availed debt in the form of ECB from the parent in FY23.

Key weaknesses

Moderate scale of operations

MG IPL's TOI remained moderate and declined to ₹384.06 crore in FY24 from ₹438.60 crore in FY23.

Moderate profit margins with exposure to fluctuation in raw material prices

In FY24, PBILDT margin remained moderate and lower than CARE Ratings' expectations at 5.25% against 4.40% in FY23. Margins are exposed to raw material price volatility and royalty payments to the parent for using technical know-how. However, royalty payments are subject to MG IPL outperforming its industry peers.

Moderation in debt coverage indicators

MG IPL's debt coverage indicators moderated in FY24 as a result of lower profit. Total debt to gross cash accruals (TD/GCA) and interest coverage ratio moderate to 9.38x and 3.36x respectively for FY24 against 5.57x and 25.77x respectively for FY23 (TD/GCA excluding the ECB stood at 0.17x as at March 31, 2024 against 1.07x as at March 31, 2023).

Competition from organised and unorganised players

MG IPL operates in a highly competitive environment consisting of many unorganised and organised players. Top players have positioned themselves in the market through product diversification and competitive pricing. These challenges are partially mitigated through established brand name, active engagement in promotional activities and MG IPL's diversified sales strategy.

Susceptibility to cyclicalities inherent in the agricultural industry and impact of subsidy schemes

The Indian farming equipment industry is exposed to cyclicalities due to fluctuations in the demand scenario with sensitivity to monsoons and farmer sentiments, crop prices, and availability of finance. This could impact on the company's earnings and cash

accruals in periods of unfavourable monsoons and other variables. Government initiatives, including subsidies on farming equipment, further influence demand, with policy variations between central and state governments affecting the sector.

Liquidity: Adequate

MG IPL has adequate liquidity supported by moderate GCA against nil external debt repayment obligations. However, the company has availed ECB from the parent company, for which it has repayment obligations to the tune of ₹10,00,000 per annum (~₹9 crore). MG IPL's unencumbered cash and bank balance remained at ₹9.56 crore as on March 31, 2024. Working capital cycle elongated to 90 days in FY24 from 48 days in FY23. Liquidity is further supported by demonstrated support and favourable credit terms with the parent company.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Liquidity Analysis of Non-financial sector entities](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Agricultural, commercial & construction vehicles	Tractors

MG IPL (CIN: U29100PN2011FTC139190) established in 2011, is a subsidiary of the Italian agricultural machinery manufacturer, Maschio Gaspardo SPA. The company's product portfolio encompasses a diverse array of farming equipment designed to boost agricultural productivity. This includes a range of machinery such as rotary tillers, ploughs, shredders, mulchers, and super seeders. MG IPL operates a manufacturing facility in Pune, where it produces rotary tillers, ploughs, shredders, mulchers, and super seeders. Apart from in-house production, MG IPL also collaborates with its parent and sister companies situated in different countries to source a broader range of agricultural equipment. This strategic partnership enables MG IPL to offer a comprehensive catalog of high-quality farming solutions to Indian farmers. MG IPL has a production capacity of 48,000 machines per annum.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	438.60	384.06
PBILDT	19.33	20.18
PAT	8.84	7.53
Overall gearing (times)	0.79	1.25
Interest coverage (times)	25.77	3.36

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has continued ratings assigned to bank facilities of MGIPL to the 'issuer not-cooperating' category vide press release dated August 29, 2024, considering its inability to carry out review in the absence of requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE BBB; Stable; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	55.00	CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	55.00	CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING*	-	1)CARE BBB+; Stable / CARE A2 (11-Jan-24)	-	-
2	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB+; Stable (11-Jan-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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Disclaimer:

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