



Sector: Capital Goods-Non Electrical Equipment

Issue Opens - April 23, 2024 to April 25, 2024

Price Band
₹395 to ₹415

Face Value
₹2

Lot Size
36 Shares

Issue Size
₹649.47 Cr

Issue Type
Book Built

research@ganeshstock.com

Important Events



Issue Size

16,015,988 shares / ₹649.47 Cr

Fresh Issue

7,594,936 shares / ₹300.00 Cr

Offer for Sale

8,421,052 shares of ₹2 / ₹349.47 Cr

Basis of Allotment

Friday, April 26, 2024

Initiation of Refunds

Monday, April 29, 2024

Credit of Shares to Demat

Monday, April 29, 2024

JNK India Listing Day

Tuesday, April 30, 2024

Promoters

- **Arvind Kamath (Chairperson and Whole Time Director)**
- **Goutam Rampelli (Whole Time Director)**
- **Dipak Kacharulal Bharuka (Whole Time Director and Chief Executive Officer)**
- **Bang Hee Kim (Non-Executive Director)**

Promoters collectively hold 94.56% (Pre Issue) of the Equity Share.

About The Company.



JNK India Limited is a prominent Indian manufacturer specializing in industrial heating equipment such as process fired heaters, reformers, and cracking furnaces. They serve both domestic and international markets, providing solutions to industries including oil & gas refining, petrochemicals, and fertilizers. JNK India offers comprehensive services covering the entire project lifecycle, from design and engineering to installation and commissioning. Notably, JNK India has a distinguished track record of operating in remote locations and is recognized by clients for completing projects on time and achieving zero-incident milestones, emphasizing their commitment to safety and reliability.

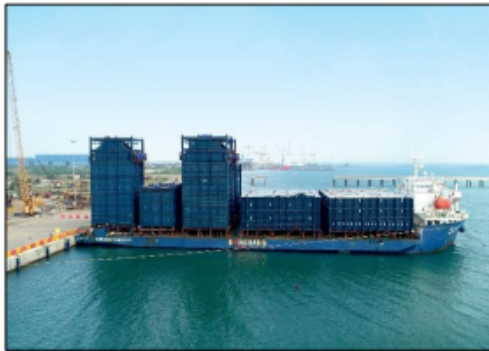
Description of Their Business

JNK India Limited is one of India's leading heating equipment companies, with significant new order bookings between Fiscal 2021 and Fiscal 2023. They specialize in thermal designing, engineering, manufacturing, supplying, installing, and commissioning process fired heaters, reformers, and cracking furnaces.

- **Market Leadership:** JNK India is a well-recognized name in process fired heater companies in India, holding a market share of approximately 27% in the Indian Heating Equipment market based on new order bookings in Fiscal 2023.
- **Product Description:**
 - **Process Fired Heaters:** These industrial heaters are used to directly heat fluids or gases by burning a fuel source such as natural gas or propane.
 - **Reformers:** Devices used to convert hydrocarbons like natural gas or naphtha into synthesis gas or syngas, a mixture of hydrogen and carbon monoxide.
 - **Cracking Furnaces:** Utilized to break down large hydrocarbon molecules into smaller ones, which are then used to produce fuels, chemicals, and plastics. This process, known as cracking, involves heating the hydrocarbon feedstock in the presence of a catalyst.



- **Industry Application:** The heating equipment provided by JNK India is essential in process industries such as oil and gas refineries, petrochemicals, fertilizers, hydrogen, and methanol plants.
- **Business Model:** JNK India collaborates closely with its customers, offering consultation, specification, design, and final installation of heating equipment.
- **Expansion into Renewable Sector:** JNK India is expanding its capabilities in the renewable sector, particularly in green hydrogen. They are developing expertise in onsite hydrogen production, hydrogen fuel stations, and solar photovoltaic – Engineering, Procurement, and Construction (Solar PV-EPC), contributing to the green hydrogen value chain.



The above photographs show the process of handling the ODC heaters.



Objects of The Offer

The company intends to use the net proceeds from the issue to finance the following objects:

1. Working capital requirements; and
2. General corporate purposes

Track Record Of Financial Performance

Statement of Profit and Loss

(All amounts are in millions of Indian Rupee; except per share data)

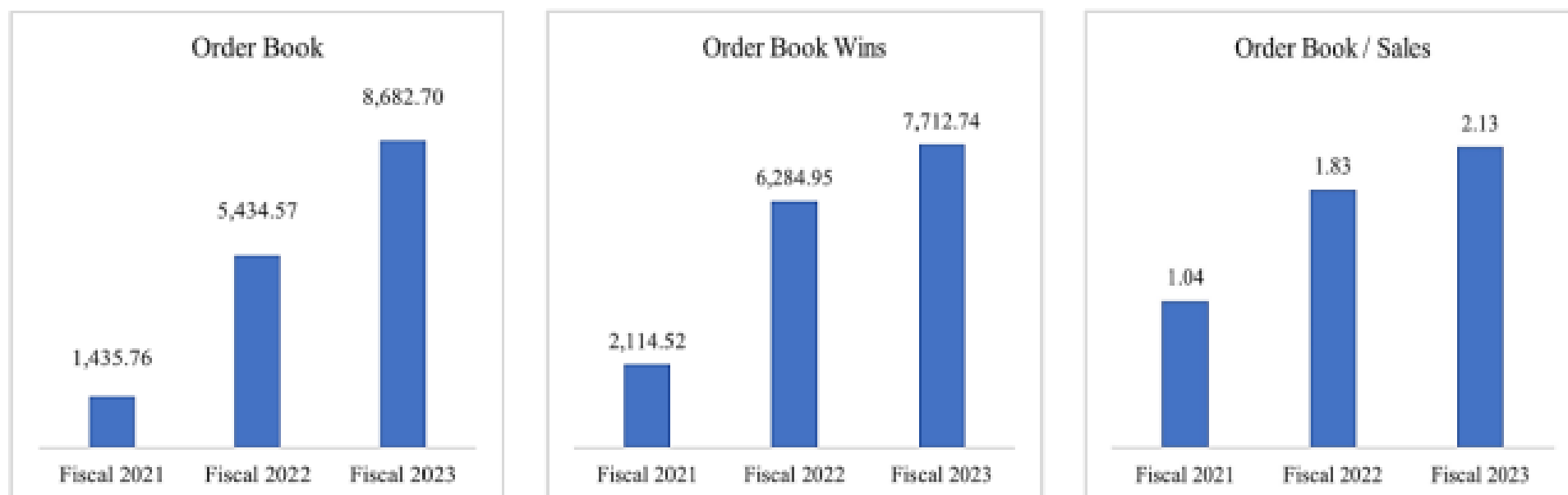
	Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022	For the year ended 31st March, 2021
I	Revenue from Operations	4,073.02	2,963.96	1,377.21
II	Other Income	47.43	7.40	7.37
III	Total Income	4,115.45	2,971.36	1,384.53
IV	Expenses			
	Purchase of Stock-in-Trade	1,601.74	1,502.98	302.68
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(196.16)	(572.61)	(48.08)
	Project Expenses	1,097.26	704.49	279.36
	Employee Benefit Expenses	532.38	414.48	326.26
	Finance Costs	42.12	37.65	13.47
	Depreciation and Amortization Expenses	65.82	29.86	18.59
	Other Expenses	345.18	376.25	264.21
	Total Expenses	3,488.34	2,493.10	1,156.49
V	Profit / (Loss) before exceptional items and tax (III-IV)	627.11	478.26	228.04
VI	Exceptional Items	-	-	(0.05)
VII	Profit / (Loss) before tax (V-VI)	627.11	478.26	228.09
VIII	Tax Expense :			
	Current Tax Expense	180.44	128.41	59.41
	Deferred Tax Expense / (Income)	(16.95)	(9.98)	3.92
	Total Tax Expense	163.49	118.43	63.33
IX	Profit / (Loss) For The Year (VII-VIII)	463.62	359.83	164.76
X	Other Comprehensive Income:			
	Items that will not be reclassified to Profit or Loss:			
	-Remeasurement gains / (loss) of Defined benefit plans	(0.04)	-	-
	-Exchange difference on translation	-	-	-
	Total Other Comprehensive Income for the year	(0.04)	-	-
XI	Total Comprehensive Income for the year (IX+X)	463.58	359.83	164.76
XII	Earnings Per Share (Face value of Rs. 2 each)			
	(1) Basic	9.66	7.50	3.43
	(2) Diluted	9.51	7.50	3.43

For Fiscals 2021 to 2023, our revenue from operations, EBITDA and profit after tax had grown at a CAGR of 71.97%, 68.09% and 67.75%, respectively, demonstrating growth in our financial performance in recent years. The following table sets forth certain of their financial and revenue related metrics as of and for the years/periods indicated

(₹ million unless specified otherwise)

Serial No	Particulars	Fiscal		
		2023	2022	2021
Financial related KPIs				
1	Revenue from operations (in ₹ million)	4,073.02	2,963.96	1,377.21
2	EBITDA (in ₹ million)	735.05	545.77	260.15
3	PAT (in ₹ million)	463.62	359.83	164.76
4	EBITDA Margin (in %)	18.05%	18.41%	18.89%
5	PAT Margin (in %)	11.38%	12.14%	11.96%
6	RoCE (in %)	57.17%	83.25%	71.90%
7	RoE (in %)	47.71%	66.03%	56.96%
Revenue related KPIs				
1	Order Book (in ₹ million)	8,682.70	5,434.57	1,435.76

Order Book to sales ratio has doubled from 1.04 times for Fiscal 2021 to 2.13 times for Fiscal 2023, as seen in the chart below:



Order Book and Order Book win amounts in ₹ million
Order Book to sales ratio in number of times



Strengths

1. A market leader in process fired heaters in India with an established track record.
2. Industry tailwinds are well-positioned to be captured through demonstrated capabilities over time.
3. The product portfolio is being diversified to cater to varied industries.
4. Demonstrated financial performance with a robust Order Book reflecting revenue visibility.
5. Skilled and experienced promoters and management team with a committed employee base.

Threats

1. Weak performance observed in JNK Global Korea.
2. High working capital requirements are evident.
3. Business growth has not been very impressive thus far.
4. Expansion into a new business line may entail risks.
5. Valuations are reasonable, neither expensive nor very cheap.



Valuation and Outlook

The cost of the shares is expected to be between ₹395 to ₹415 per share, If we look at the valuation, JNK India has a P/E ratio of 42.96x which is calculated using a price above ₹415 and an FY23 EPS of Rs Rs 9.66 while the industry P/E is 149.46x.

Peers Analysis.

Name of the company	Consolidated/ Standalone	Face value (₹ per share)	Closing price on August 7, 2023 (₹)	Revenue from Operations (in ₹ million)	EPS (₹)		NAV (₹ per share)	P/E	RoNW (%)
					Financial Year ended March 31, 2023 Basic	Diluted			
JNK India Limited*	Consolidated	2.00	NA	4,073.02	9.66	9.51	25.45	NA	47.71
PEER GROUP									
Thermax Limited*	Consolidated	2.00	2,513.80	80,898.10	39.98	39.98	324.62	62.88	12.24

JNK India Ltd. (JIL) specializes in manufacturing heating equipment for process industries such as petrochemicals, fertilizers, and oil and gas refineries, with a product range that includes flares and incineration systems and a focus on renewable energy, specifically green hydrogen. JIL has established itself as a significant player in the heating equipment market, covering the entire value chain from Heaters to Reformers and Cracking Furnaces, with a strategic focus on expanding into high-growth markets worldwide.

According to a F&S report, 53 refineries are expected to be operational in 21 countries by 2030, representing a significant opportunity for JIL, as heating equipment accounts for 3.3% of the estimated total capital expenditure of \$186 billion. With new business ventures and improved prospects in the oil, gas, and fertilizer sectors, JIL's order book is expected to see improvements.

we recommend **subscribing** to the issue, considering the company's growth potential and strong financial performance.

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