

**JNK INDIA LIMITED**

**23-04-2024 TO 25-04-2024**

**Industry: Heating Equipment**  
**Recommendation: Subscribe with Risk**

**Price Band: ₹395-415**  
**Post Implied Market Cap: – ₹2,211 - ₹2,308 Cr**

## Key Data

Issue Size (₹ Cr)	649
Fresh (₹)	300
OFS (₹)	349
No of shares offered	1,60,15,988-
	1,56,49,967
Face Value (₹ /share)	2
Bid Lot	36

## About the Company

JNK India promising heating equipment manufacturer which is specialize in designing, engineering, manufacturing and installing heating equipment for both domestic and international markets. They manufacture Heating Equipment for process industries like oil and gas refineries, petrochemicals and fertilizers. Their business model involves collaborating with customers from consultation to installation. They've diversified into flares and incinerator systems and are developing capabilities in green hydrogen. Serving 21 customers in India and 8 overseas, they supply Heating Equipment to 11 out of 24 oil refineries in India, with 7 being their customers.

## Investment Rationales

- Established track record with a diverse customer base:** JNK, operating since 2010, boasts a 10+ year track record of successful project completions. With projects completed domestically in Assam, Kerala, and Bihar, and overseas in Nigeria, they've garnered incentives for early project completion. Serving 21 customers in India and 8 overseas, they cater to 7 out of 12 oil refining companies in India and supply Heating Equipment to 11 of 24 operating oil refineries. Their diverse customer base includes major players like Indian Oil Corporation Ltd and Tata Projects Ltd, with repeat orders. Additionally, they've served prominent overseas clients in the oil and gas sector.
- Well-positioned to capture industry tailwinds through demonstrated capabilities over time:** The Indian refinery industry is driven by increasing demand for transportation fuels and petrochemical feedstock, with numerous projects slated for commissioning by Fiscal 2031. Heating Equipment demand from Indian refineries, petrochemicals, and fertilizers is estimated at ₹ 27,089 Cr between Fiscal 2024 and Fiscal 2029. Petrochemicals account for 61% of this demand, followed by refineries at 37%. JNK India, equipped with industry knowledge and engineering capabilities, aims to capitalize on this demand surge leveraging its established portfolio and track record. Similarly, the global process fired heaters market is on the rise, driven by increasing oil and gas refinery capacities, offering further opportunities for JNK India's growth.
- Diversifying product portfolio to cater to varied industries:** The company provides Heating Equipment essential for various industries like oil and gas refineries, petrochemicals, and fertilizers, with a diverse customer base spanning domestic and overseas markets. Their products, including process fired heaters and reformers, serve critical functions in refineries, petrochemical plants, and ammonia plants. Recently, they have expanded into waste gas handling systems such as flares and incinerators, and renewable energy systems like onsite hydrogen production and Solar PV-EPC. Leveraging technical expertise from JNK Global, they aim to seize future growth opportunities in India's renewable energy sector.

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	26/4/2024
Refunds/Unblocking ASBA Fund	29/4/2024
Credit of equity shares to DP A/c	29/4/2024
Trading commences	30/4/2024

## Shareholding (No. of shares)

Pre-Issue	48,392,000
Post Issue (Lower price band)	55,986,936
Post Issue (Higher price band)	55,620,915

## Shareholding Pattern

<b>Promoters- Sat Industries Ltd</b>	
Pre Issue	94.56%
Post Issue	67.97%
<b>Public-Other Selling S/h</b>	
Pre Issue	4.96%
Post Issue	3.47%
<b>Public - Others:</b>	
Pre Issue	0.48%
Post Issue	28.55%

## Issue Breakup

QIB	50%
NIB	15%
Retail	35%

## Other Details

**BRLMs:** IIFL Securities Ltd, ICICI Securities Ltd.  
**Registrar:** Link Intime India Pvt. Ltd.  
**Listing:** BSE & NSE

## Research Analyst

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## Risk

- Higher revenue dependency on corporate partner JNK Global.
- Higher order dependency on contracting customers.
- Volatility in order book depending on sector capex.

## MView

We believe JNK India IPO gives investors an opportunity to invest in a leading heating equipment manufacturer with a strong track record of over a decade. We think with successful project completions both domestically and internationally, and a diverse customer base, JNK India is positioned as a trusted provider of Heating Equipment. We also believe the company is poised to benefit from the growth potential in the Indian refinery industry, driven by increasing demand for transportation fuels and petrochemical feedstock. Furthermore, JNK India's expansion into waste gas handling and renewable energy systems showcases their adaptability and readiness to capitalize on emerging market opportunities. By looking at the financials the company has shown a substantial growth in revenue from operations and net profit in FY 2022 & FY2023 by 115%/37% & 118%/29% with the significant improvement in EBITDA margin. On valuation parse at the upper band of ₹ 415/-, the issue is asking for a Market Cap of ₹ 2308/- Cr. Based on annualized FY 2024 earnings and fully diluted post-IPO paid-up capital, the company is asking a PE of 37.46x which seems reasonably priced when compare to peers as well as discounting all near term growth triggers. Considering the favourable outlook for India's oil & gas and hydrogen sectors, along with JNK India's solid financial track record, notable clientele and ambitious expansion objectives, the company stands poised for substantial growth. Hence, considering all the parameters, we recommend only risk taking investors can "SUBSCRIBE with Risk" the JNK India Ltd IPO for Long term perspective only.



## CONSOLIDATED FINANCIAL TABLES

### BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Dec' 31	As at March' 31		
	2023 (09)	2023	2022	2021
Equity Share Capital	9.68	9.6	9.6	0.6
Net worth	168.56	122.17	72.18	36.82
Total Debt	56.73	33.76	5.99	8.95
Leverage Ratio	0.34	0.28	0.08	0.24
Revenue from Operations	253.39	407.30	296.40	137.72
EBITDA	70.24	73.51	54.58	26.02
EBITDA Margin (%) as stated	27.70%	18.10%	18.40%	18.90%
PAT	46.21	46.36	35.98	16.48
PAT Margin (%)	18.24%	11.38%	12.14%	11.96%
RoCE (%)	34.73%	57.17%	83.25%	71.90%
RoE (%)	31.8%	47.7%	66.0%	57.0%
Order Book	845.03	868.27	543.46	143.58

Source: Company RHP

### COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Financials	Mcap (in Cr)	FV	Revenue from operations FY 2023 (in Cr)	EPS	NAV	P/E	RoNW
JNK India Ltd	Consolidated	2,308	2	407.30	11.08	87.01	37.46	47.71
Thermax Ltd	Consolidated	54,141	2	8,089.81	39.98	343.67	99.3	12.24
BHEL Ltd	Consolidated	90,743	2	23,364.94	1.37	77.05	-	1.79

Date as on 24th April 2024, Cline Mcap, PE, PB calculated as on 24-04-2024

JNK India Ltd, EPS/PE, P/B, NAV calculated on annualised basis post money



# MSEARCH

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### **Msearch's Recommendation (Absolute Performance)**

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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