

The Issue	
Type of Issue	Rs. Mn
Fresh Issue	3,000
Offer for Sale	3,495
Total	6,495
Post issue mkt cap *	23,083
Lot size	36 shares

*At Upper Price Band

Issue Break-Up	
Reservation for	% of Issue
QIB	50%
NII	35%
Retail	15%
Total	100%

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	23 Apr, 2024
Bid/Offer Closing Date	25 Apr, 2024
Finalization of the Basis of Allotment	26 Apr, 2024
Credit of shares	29 Apr, 2024
Listing Date	30 Apr, 2024

Use of Proceeds	Rs in Mn
Funding Working Capital Requirement	2,627
General Corporate Purpose	-

Manager	IIFL Securities, ICICI Securities
Registrar	Link Intime India

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All set to capitalize on global refining capex...

Company Overview:

- JNK India is in the business of manufacturing the process fired heaters, reformers and cracking furnaces (together, the “Heating Equipment”) that are required in process industries such as for oil and gas refineries, petrochemical and fertilizer industries.
- The company also ventured into manufacturing of flares and incinerators systems required for waste gas handling. There is high demand for these safety devices from petrochemical and fertilizers plants operators.
- It collaborates with customers in every stage of project, right from the initial consultation, specification and design stage to the final installation of the Heating Equipment. This enables them to bolster and maintain long standing relationship with their customers.
- 7 out of the 12 oil refining companies in India, are their customers and they have supplied or are in the process of supplying Heating Equipment to 11 of the 24 operating oil refineries across India. They have also catered to 8 overseas customers till December 31, 2023. Domestic customers include Indian Oil Corporation (IOC), Tata Projects, Rashtriya Chemicals & Fertilizers, and Numaligarh Refinery.
- The company works closely with JNK Global a KOSDAQ listed company (corporate promoter with 25.8% stake). The relationship between JNK India and JNK Global is both independent and collaborative in nature.
- They are building capabilities in green hydrogen space as well by setting up onsite hydrogen production, fuel station and solar photovoltaic-EPC.
- All its products are fabricated in-house or by third party fabricators according with the customer’s requirement and applicable standards.

Valuation and Outlook: At an upper price of Rs 415/sh, the IPO is attractively priced at PE of 37.5x and EV/EBITDA of 26x on an annualized FY24 EPS and EBITDA basis vs its peer valuation. Over FY21-23, JNK India’s revenue/EBITDA/PAT grew at a CAGR of 72%/65.5%/67.7% respectively. The company was able to achieve market share of 27% of new order bookings during the same period. This strong performance was achieved on back of soaring order book (grew by 1.5x) and strong execution capabilities. We are optimistic about company’s future growth over medium to Long term on account of **(1)** Strong order book and established engineering capabilities, **(2)** High Entry barriers **(3)** Strong backing of its corporate promoter JNK Global both in India and globally and **(4)** Growth tailwinds in its target industry. We therefore assigns “**Subscribe**” rating to the IPO.

JNK India Limited

Key Risks:

High dependence on Oil & Gas industry: In 9MFY24 & FY23, the company derived 99.9% and 77.3% of its revenue from Oil & Gas Industry respectively. Any slow-down in Oil & Gas industry could materially impact results of operation, profitability and cash flow.

Volatility in raw material prices: The company imports some of its raw material like burners and pipes from China and some parts of Europe. Any disruption in supply chain or fluctuations in currencies might significantly impact on margins, cash flow and balance sheet strength.

Regulatory non-compliance: Historically, the company has failed to adhere to regulatory compliances relating to timely reporting and disclosures. Furthermore, there have been delays in filing and payment of GST and EPF. Such non-compliance could have adverse impact on results of operations.

Peer Comparison

Particulars	FY21-23 CAGR			FY23		9MFY24 Annualized	
	Revenue	EBITDA	PAT	ROE	ROCE	EV/ EBITDA (x)	PE (x)
JNK India*	72.0%	65.5%	67.7%	37.9%	41.5%	25.5*	37.5*
Listed Peers							
Thermax Ltd	30.0%	30.0%	48.0%	11.7%	14.5%	56.6	89.0
BHEL	16.2%	NA	NA	1.8%	2.6%	NA	NA

*At Post-IPO valuation and upper price band

JNK India Limited

Financial summary (Rs. Mn)	FY21	FY22	FY23	9MFY24
Revenue	1,377	2,964	4,073	2,534
EBITDA	253	538	693	669
<i>EBITDA margin (%)</i>	<i>18.4%</i>	<i>18.2%</i>	<i>17.0%</i>	<i>26.4%</i>
Adj. PAT	165	360	464	462
<i>Adj. PAT margin (%)</i>	<i>12.0%</i>	<i>12.1%</i>	<i>11.4%</i>	<i>18.2%</i>
Annualized PE (Post issue) - FY24	37.5x			

Pre-issue and post-issue holding structure

Shareholding pattern	Pre-issue	Post-issue*
	Holding (%)	Holding (%)
Promoter & Promoter Group	94.56	67.97
Public	5.44	32.03
Total	100	100

Competitive Strengths:

Diverse Customer base: JNK India commenced its operation in 2010 and has successfully completed projects PAN India and overseas market. Over its decade of operations in India, the company caters to marquee domestic customers like Indian Oil Corporation, Tata Projects, Rashtriya Chemicals & Fertilizers, and Numaligarh Refinery. Internationally they have catered to leading oil & gas exploration & production company in Oman and a middle east arm of European EPC company in oil and gas. The company's long-standing relationship with customers and capability to provide customized solution has enabled it to win repeat orders from these customers.

Established and customer approved capabilities to capture industry tailwinds: The process fired heaters market has high entry barriers due to its complex engineering and stringent selection criteria of clients. As highlighted earlier, the clientele generally includes process industries such as for oil and gas refineries, petrochemical and fertilizer industries. The rise in global oil and gas refinery and petrochemical capacities will also drive the market for Heating Equipment supplier. With already established and proven capabilities, JNK India is well placed to capture these growth opportunities.

As per F&S report: (Based on the projects announced till the date of filing RHP)

- Heating equipment accounts for 3.3% of the total capex of a refinery projects.
- In absolute terms, the overall demand for Heating Equipment from Indian refineries, petrochemicals and fertilizer (urea) segments between FY24 and FY29 is estimated at Rs 270.9bn. Whereas globally the demand is estimated to be worth Rs 490.5bn between CY23-28.

Diversified product portfolio to cater varied industries: Apart from the heating equipment, JNK India has also forayed into manufacturing of flares and incinerators systems. These systems are required for safe disposal of waste gas and demand for them is on rise among petrochemical and fertilizers plants operators.

⇒ **As per F&S report,** global demand for waste gas handling system stands at Rs 64.5bn between CY23-28. While in India it is estimated to be Rs 21.5bn between FY24-29.

Also, they are building capabilities in renewable sector with onsite hydrogen production and Solar PV-EPC to capitalize on future opportunities in Indian renewables energy sector.

Strong and increasing order book: As on December 31, 2023, and FY23, its order book was Rs 8,450.3mn and Rs 8,683mn respectively. The current order book offers revenue visibility of 2.5 years on an annualized 9MFY24 revenue basis. Further, the company is in various stages of negotiations of prospective orders. The order book has increased ~1.5x in FY23 from FY21 highlighting JNK India's established track record of successful execution which led to further bids and order wins. Proven execution record, rising market size and diversification in other product development augurs well for JNK to secure more orders.

Business Strategies:

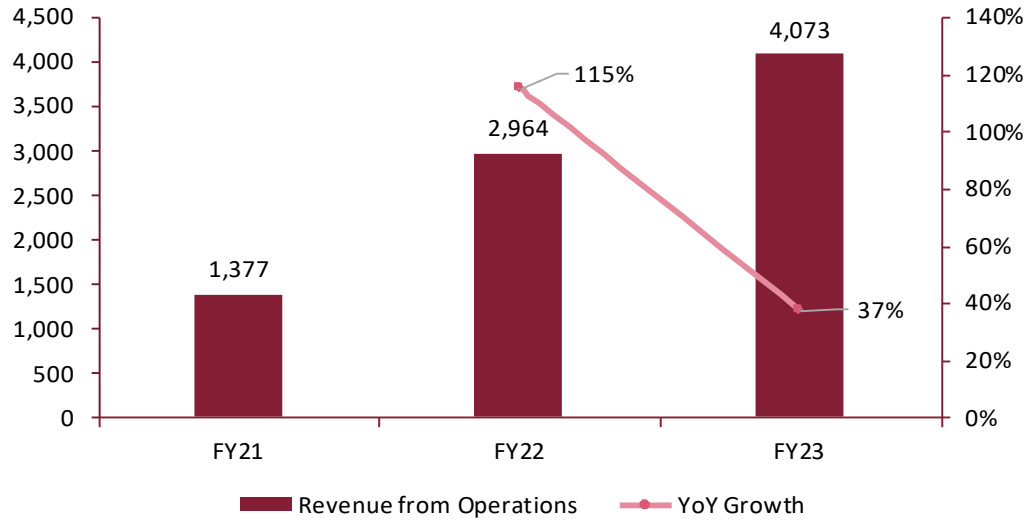
Geographical expansion with focus on high growth markets: The global demand for oil refining is driven by increasing investment in refinery capex and construction sector. The demand for petroleum products is driven by positive outlook towards aviation and road transportation segments. JNK India aims to capitalize on these global growth opportunities by leveraging its know-how and engineering capabilities. Through this they intend to expand geographic reach in Europe and MENA region.

Enhance their diversified offerings including renewables: The company has already diversified its business by foraying into manufacturing flares and incinerators systems, and renewable energy sector. As of December 31, 2023, they have installed one hydrogen refueling stations, at Indian Oil R&D Centre. The company now intends to enhance this business on account of significant growth opportunity on offer. Enhancement through acquisition in flares and incinerators business, leveraging technical know-how of JNK Global in hydrogen refueling stations and venturing in Solar-PV-EPC business in India.

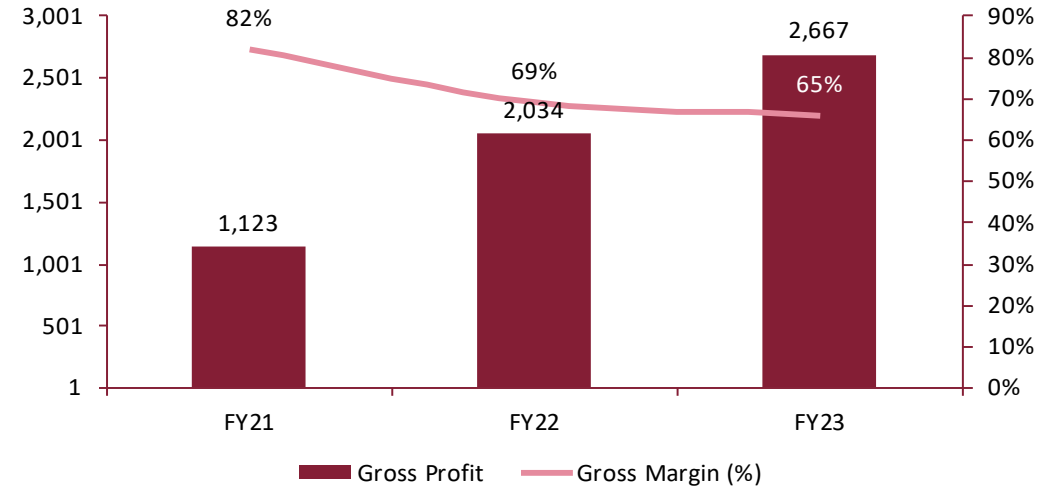
Pursue strategic investment, partnerships, and acquisition opportunities: JNK India intends to selectively pursue strategic investment, partnerships and acquisition opportunities that complement their business and enhance technological capabilities, add credentials, or establish their presence in their targeted domestic and overseas markets. The sole purpose is to expand their customer network in some of the overseas markets including Europe for them to capitalize on the untapped opportunities.

JNK India Limited

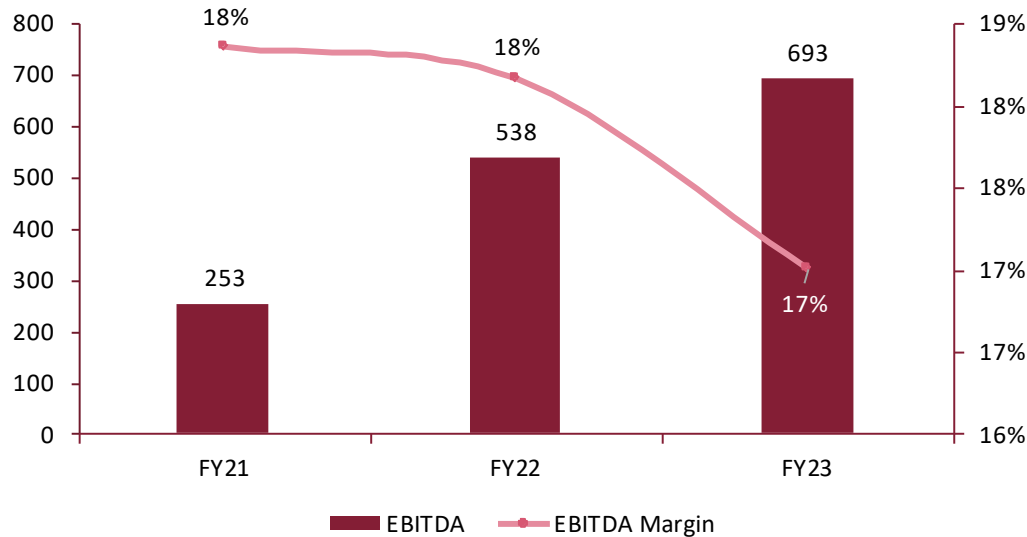
Revenue from operations (Rs. Mn)



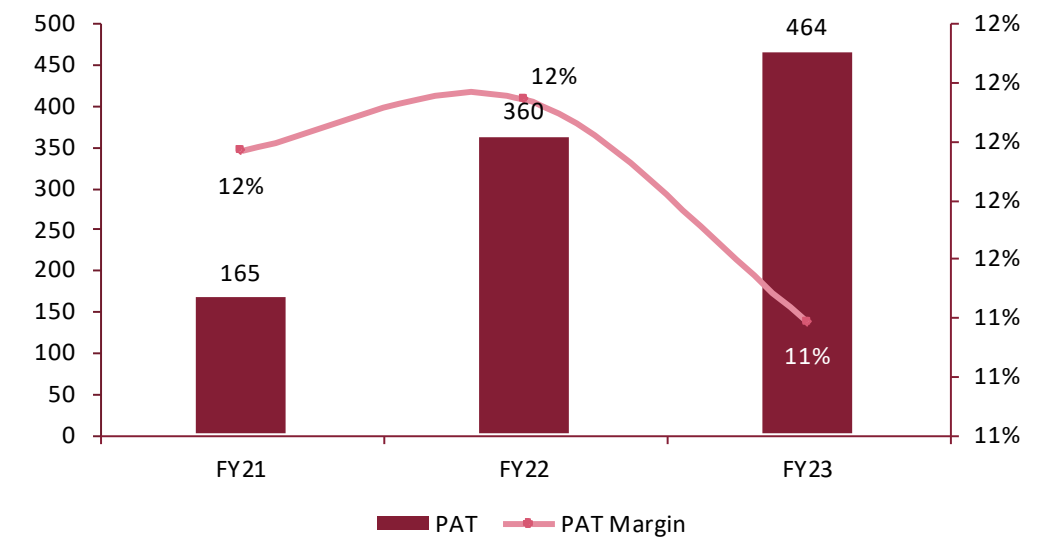
Gross Profit (Rs. Mn) and GM (%)



EBITDA (Rs. Mn) and OPM (%)

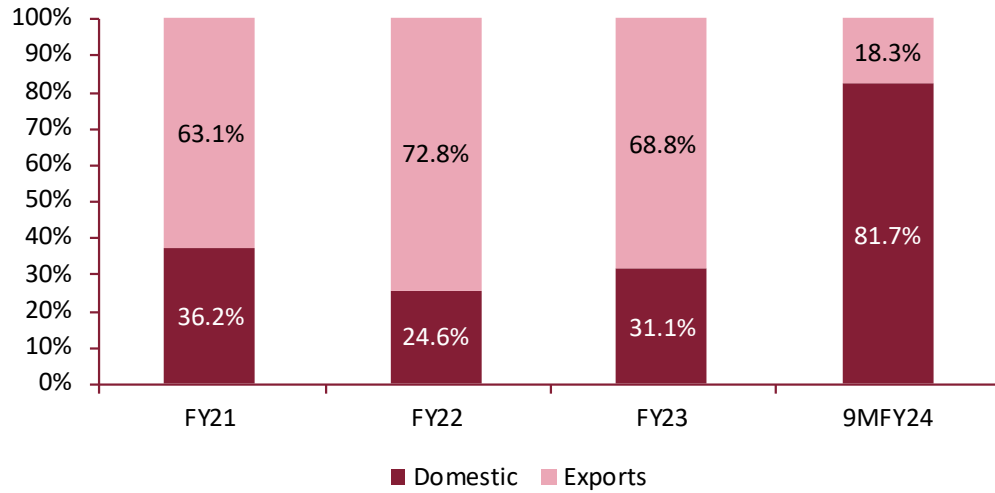


PAT (Rs. Mn) and PAT Margin (%)

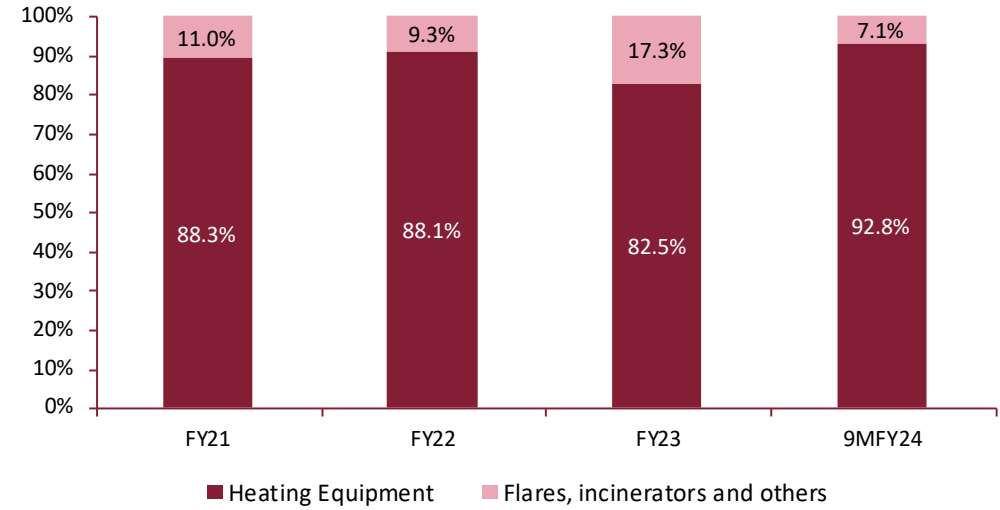


JNK India Limited

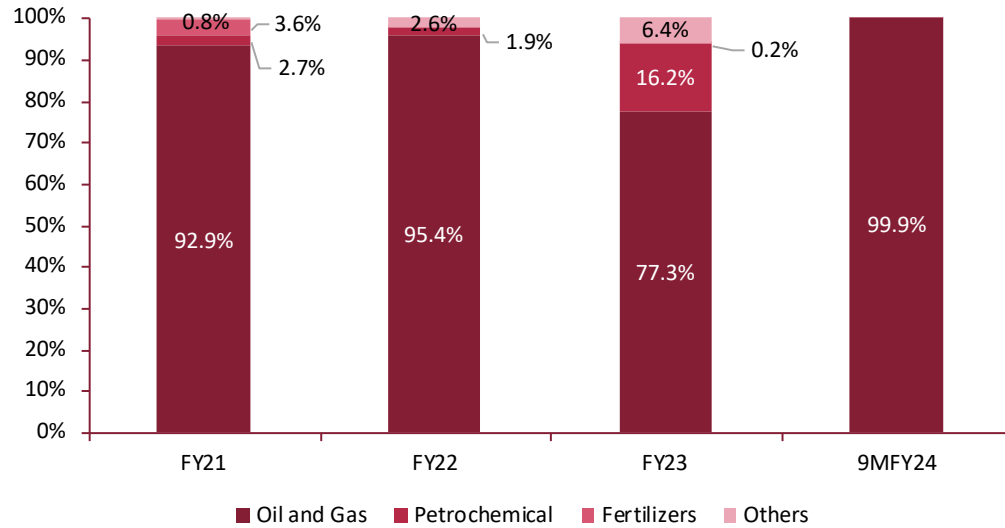
Revenue by Geography



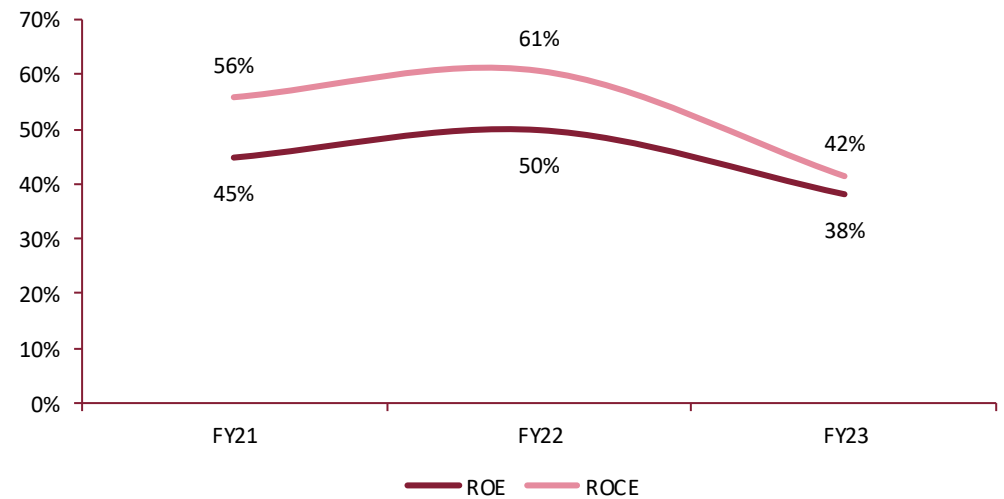
Revenue by Product

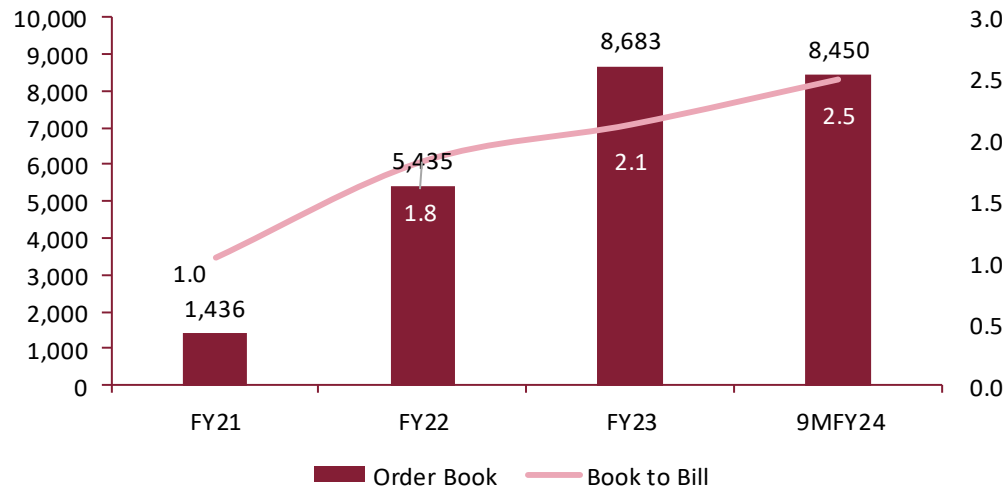
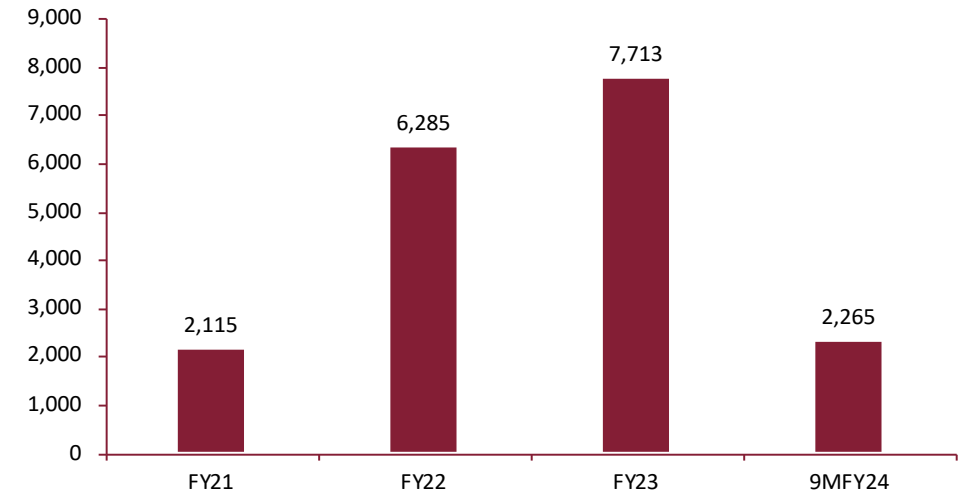
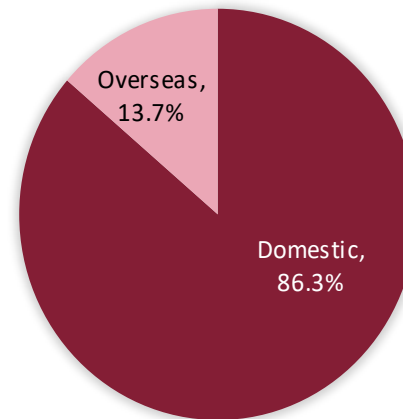


Revenue by Industry



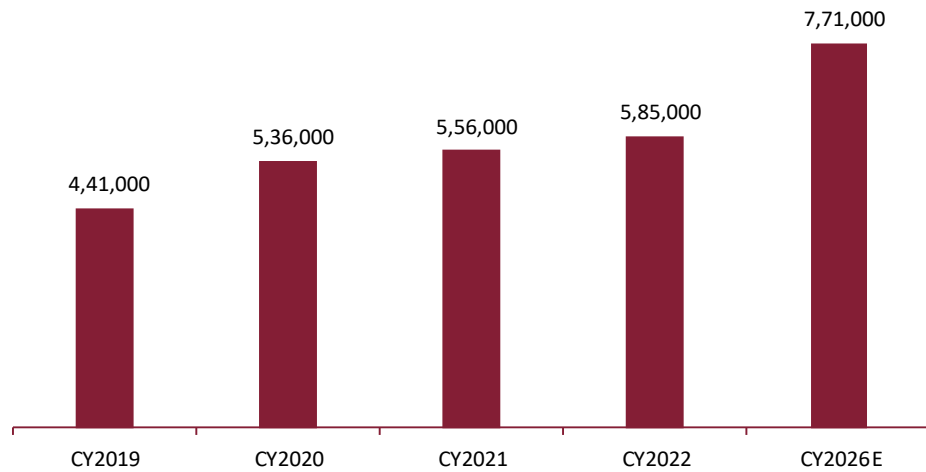
RoCE & ROE



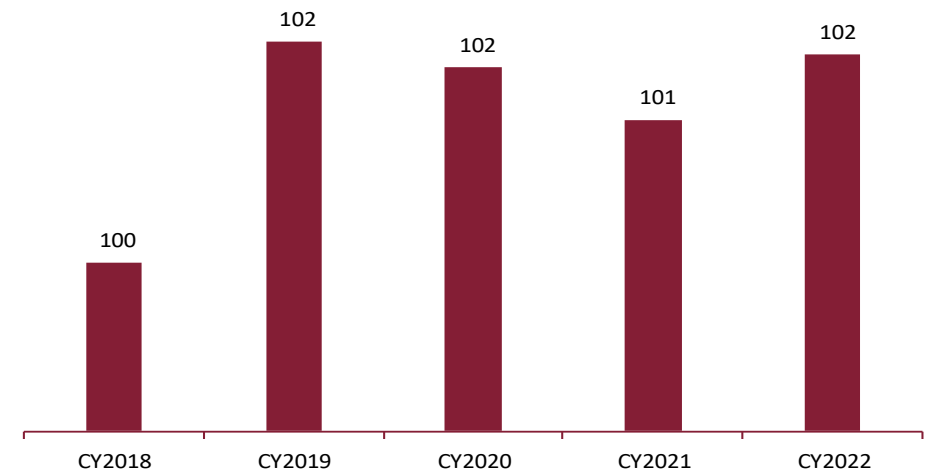
Order Book (Rs in Mn) & Book to Bill (x)

New Order Bookings (Rs in Mn)

Current Order Book mix by Geography


Industry Outlook

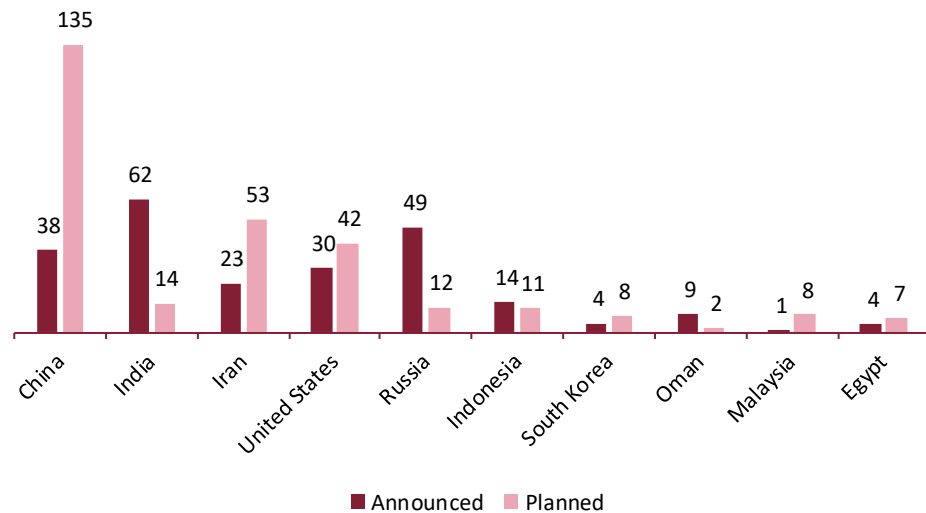
Petrochemical industry market size (\$Mn)



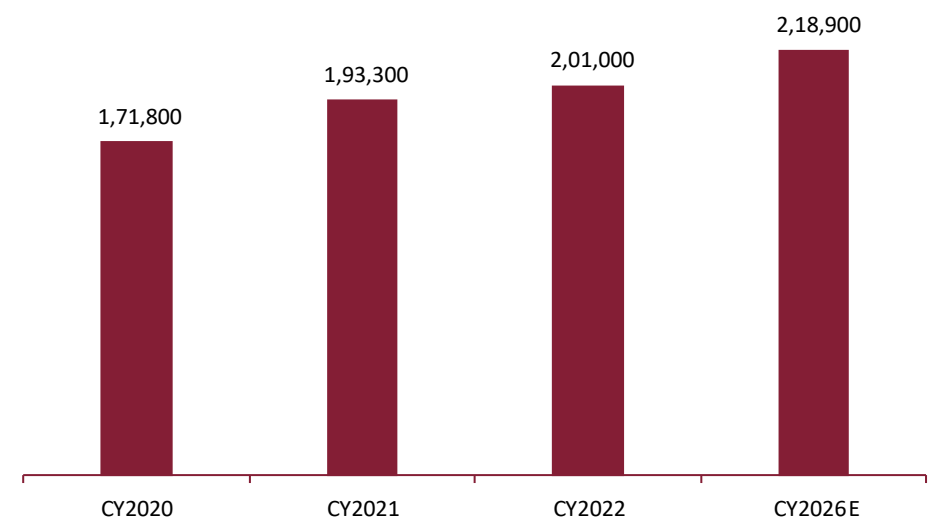
Crude Oil Refinery Installed Capacity (MMT)



Petrochem capacity additions (MMT) – planned & announced by 2030



Fertilizer industry market size (\$Mn)



Industry Outlook

Peer Capacity in Heating Equipment

Company Name	Origin	Process Fired	Reformers	Cracking Furnace
JNK India	India	✓	✓	✓
Thermax	India	✓		
Bharat Heavy Electronics Ltd	India	✓		
Esteem Projects	India	✓		
Heutry Petrochem Solutions	France	✓	✓	✓
TR Engineering	Spain	✓		
ITT Engineering India	Italy	✓	✓	✓

Industry application of Heating Equipment

Segments	Process Fired Heaters	Reformers	Cracking Furnaces
Refinery	✓	✓	
Petrochemicals	✓	✓	✓
Fertilizers	✓	✓	

Peer Capacity in waste-gas handling systems

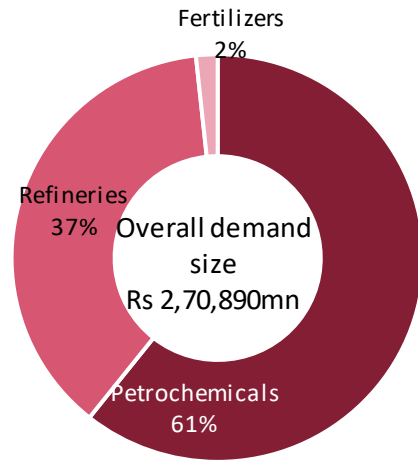
Company Name	Origin	Flare Systems	Incinerators
JNK India	India	✓	✓
Zeeco	USA	✓	✓
John Zink Hamworthy	USA	✓	✓
Airoil Flaregas	India	✓	
Ador Welding	India	✓	

Industry application of waste-gas handling systems

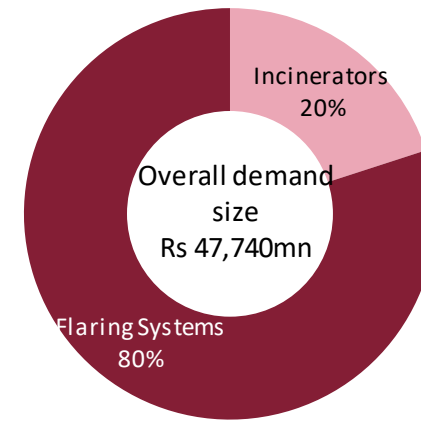
Segments	Flaring Systems	Incinerators
Refinery	✓	✓
Petrochemicals	✓	
Fertilizers	✓	

Industry Outlook

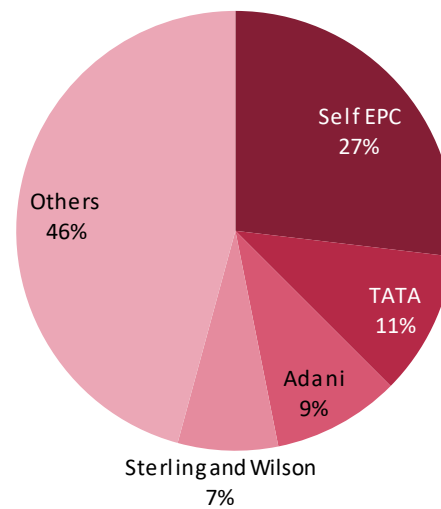
Demand of heating equipment by segments, India, FY24-29



Global Demand for waste gas handling systems from refineries CY24-28



Market share of leading Solar EPC companies in India FY23



INDSEC Rating Distribution

BUY : Expected total return of over 15% within the next 12-18 months.

HOLD : Expected total return between 0% to 15% within the next 12-18 months.

SELL : Expected total return is negative within the next 12-18 months.

NEUTRAL: No investment opinion, stock under review.

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