

**IPO NOTE**
**Issue Details**
**Price Band: ₹ 395 to ₹ 415**
**Issue Opens on: April 23, 2024**
**Issue Closes on: April 25, 2024**
**Lot Size: 36 Shares & in Multiples thereafter**
**Issue Highlights**
**Issue Size: ₹ 649.47 Cr.**
**No of Shares: 16,015,988**
**Face Value: ₹ 2**
**Offer Structure**

Issuance	₹ in Cr.
Fresh Issue	300.00
Offer for Sale	349.47
<b>Total</b>	<b>649.47</b>

**Issue Breakup**

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	324.74
HNI	15	97.42
Retail	35	227.31
<b>Total</b>	<b>100</b>	<b>649.47</b>

**Listing**
**BSE & NSE**
**Lead Managers**

 - ICICI Securities Limited  
 - IIFL Securities Limited

**Registrar**
**Link Intime India Private Limited**
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**COMPANY OVERVIEW**

JNK India Ltd. (JIL) 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. They have capabilities in thermal designing, engineering, manufacturing, supplying, installing and commissioning Heating Equipment and cater to both domestic and overseas market. Over the years they have diversified into flares and incinerator systems and have been developing capabilities in the renewable sector with green hydrogen.

Their business model involves collaboration with the Customers, from the initial consultation, specification and design stage to the final installation of the Heating Equipment. As of December 31, 2023, they have served 21 Customers in India and 8 Customers overseas. Further, 7 out of the 12 oil refining companies in India, are their customers and have supplied or are in the process of supplying Heating Equipment to 11 of the 24 operating oil refineries across India.

Some of their domestic customers include Indian Oil Corporation Ltd., Tata Projects Ltd., Rashtriya Chemicals & Fertilizers Ltd. and Numaligarh Refinery Ltd. JNK Global has also installed process fired heaters for its customer in Lagos, Nigeria, where one of the biggest refineries in the world (Dangote Refinery) is operated, having a capacity of 32.7 million metric tonnes per annum.

**HIGHLIGHTS**

1. Established track record with a diverse customer base
2. Well-positioned to capture industry tailwinds through their demonstrated capabilities over time
3. Diversifying product portfolio to cater to varied industries
4. Demonstrated financial performance with a robust Order Book reflecting revenue visibility for last three Fiscals
5. Skilled and experienced Promoters and management team with committed employee base

**OBJECTS OF THE ISSUE**

1. Funding working capital requirements (₹ 262.69 Cr.)
2. General corporate purposes.

Offer for sale up to 8,421,052 equity shares by the selling shareholders. The company will not receive any proceeds from the Offer for sale.

**OUR VIEW**

JNK India Limited was incorporated in 2010 and is engaged in the design, manufacture, supply, installation, and commissioning of process-fired heaters, reformers and cracking furnaces. All products in JNK India Limited are manufactured as per the requirements of the customer and in accordance with the applicable standards. The manufacturing is done at the in-house manufacturing facilities and/or third-party vendors.

The major plans of the company include expanding in the overseas market including Europe to capitalise on the untapped opportunities. The company is also working on building capabilities in renewable sector with green hydrogen.

The company however has seen de-growth in sales in the current Fiscal year, 2024. The export order booking has also considerably reduced. The company's product demands are highly dependent on the oil and gas and petrochemical business.

The revenue CAGR for the period FY21-23 stood at about 71.97%. The company operated on an EBITDA margin of 18.05% and PAT margin of 11.38% for year ended FY23. The number was 27.72% and 18.24% respectively for 9MFY24. Generating ROCE and ROE of 57.17% and 47.71% respectively for FY 23. The issue is priced at a P/BV of 11.91 based on its NAV of Rs. 34.84 as of Dec. 31, and is asking for a PE multiple of 43.64x on the upper end of the price band and a PE of 32.81x annualizing diluted EPS for 9MFY24 (₹ 9.49). The industry average PE is 149.46x.

The company can benefit from India's growing refinery and petrochemical industries. However, at the same time competition from large established players and high working capital requirement is a risk for the issue. JNK India has a strong position in the heating equipment market, with a focus on diverse offerings and future order book. Looking at all the factors, risks, opportunities and valuation, investors may apply to the issue with Long Term horizon.

### Brief Financials

PARTICULARS	As at December 31, 2023	₹ in Million		
		FY '23	FY '22	FY '21
Total Income	2,567.62	4,115.45	2,971.36	1,384.53
Total Expenditure	1,960.72	3,488.34	2,493.10	1,156.49
EBITDA	702.43	735.05	545.77	260.15
Profit before Tax	6 06.90	627.11	478.26	228.09
Profit after Tax	462.11	463.62	359.83	164.76
E.P.S. (Diluted)	9.49*	9.51	7.50	3.43
P/E (x) (Diluted)	-	43.64	-	-
RONW (%)	31.79*	47.71	66.03	56.96

\* Not Annualised

### PRICE CHART (@ ₹ 415) (Retail Category)

LOT SIZE	Amount
36	14,940
72	29,880
108	44,820
144	59,760
180	74,700
216	89,640
252	104,580
288	119,520
324	134,460
360	149,400
396	164,340
432	179,280
468	194,220

### HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	504	209,160
Big HNI	2,412	1,000,980

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	26/04/2024
Initiation of refunds/unblocking ASBA Fund	29/04/2024
Credit of Equity Shares to demat accounts of Allottees	29/04/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	30/04/2024

For more details, Please refer RHP,

([https://nsearchives.nseindia.com/content/ipo/RHP\\_JNKINDIA.zip](https://nsearchives.nseindia.com/content/ipo/RHP_JNKINDIA.zip))

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