Jinkushal Industries Ltd.

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IPO Note **24th September 2025**

Company Overview

Jinkushal Industries Limited (JIL) is engaged in export trading of new/customised and used/refurbished construction machines in global markets. As per the CareEdge Report, JKIPL is the largest non-OEM construction machine exporter with a 6.9% market share. The company primarily operates across three primary business verticals: (i) export trading of customised, modified and accessorised new construction machines; (ii) export trading of used/refurbished construction machines; and (iii) export trading of our own brand 'HexL' construction machines (presently in the category of backhoe loaders) to cater a diverse international customer base. In addition, JIL also derives a small portion of revenue from (i) logistics warehouses leasing; (ii) renting of construction machines. The company specialises in the export trading of construction machines such as hydraulic excavators, motor graders, backhoe loaders, soil compactors, wheel loaders, bulldozers, cranes, and asphalt pavers. As on date, JIL has carried out export trading of refurbished, customised, modified, accessorised new and used construction machines to over thirty countries across the globe, largely to various overseas wholesale buyers, distributors, importers and some end users, including construction and rental companies. During the last three fiscals, the company has exported to over ten countries, including Mexico, UAE, Australia, Netherlands, UK, etc. As per the RHP, JIL has successfully supplied over 1,500 construction machines, comprising over 900 new (with customisation, modified or accessorised) and over 600 used/refurbished construction machines. In the period between FY23 and FY25, the company has supplied over 1,249 construction machines, comprising over 928 new (with customisation or accessorised) and over 366 used/refurbished construction machines. The company derives a significant portion of its revenue from exports (99.2% as of FY25).

Revenue Mix

Particulars	FY25	% of Revenue	FY24	% of Revenue	FY23	% of Revenue
Sale of new construction machines	2,319	60.9%	1,427	59.8%	2,272	97.3%
Sale of refurbished machines	1,318	34.6%	922	38.7%	42	0.2%
Sale of own brand	144	3.8%	0	0.0%	0	0%
Income from rental	3	0.1%	10	0.4%	12	0.5%
Income from logistics warehousing	11	0.3%	12	0.5%	10	0.4%
Other Operating Revenue	11	0.3%	15	0.6%	36	1.6%
Total	**3,806**	**100%**	**2,386**	**100%**	**2,335**	**100%**

In FY25, JIL sold a total of 584 machines, generating Rs. 3,781 million in revenue from operations. Hydraulic excavators were the largest contributor, accounting for Rs. 1,172 million or 31% of sales revenue, followed by backhoe loaders at Rs. 927 million (25%). Motor graders contributed Rs. 452 million (12%), while concrete mixer trucks and soil compactors added Rs. 295 million (8%) and Rs. 228 million (6%) respectively. Smaller but notable contributions came from bulldozers (Rs. 137 million; 4%), crushers (Rs. 150 million; 4%), cranes (Rs. 150 million; 4%), and wheel loaders (Rs. 127 million; 3%). Dump trucks, tractors, telehandlers, and pavers collectively brought in Rs. 142 million (4%), while "others" accounted for a negligible Rs. 1 million. This breakdown highlights JIL's strong dependence on excavators and loaders, with a well-spread presence across other construction equipment segments.

Issue Details

Offer Period	25th Sept, 2025 - 29th Sept, 2025
Price Band	Rs. 115 to Rs. 121
Bid Lot	120
Listing	BSE & NSE
Issue Size (no. of shares in mn)	9.6
Issue Size (Rs. in bn)	1.2
Face Value (Rs.)	10

Issue Structure

QIB	50%
NIB	15%
Retail	35%
BRLM	GYR Capital Advisors Private Limited
Registrar	Bigshare Services Private Limited

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	100.0%	75.0%
Public	0.0%	25.0%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Objects of the issue

The company proposes to utilise net proceeds from the issue towards the following objects:

⇒ To meet long-term incremental working capital requirements; and

⇒ General corporate purposes.

Out of the total issue size of Rs. 1,162 million, Rs. 116 million comprises OFS.

Investment Rationale

Strong market position and a diversified market presence to support sustainable growth

JIL has established itself as the largest non-OEM construction equipment exporter from India with a 6.9% market share, underlining its leadership and credibility in the sector. Recognition as a Three-Star Export House by the Directorate General of Foreign Trade (DGFT) further reinforces its strong compliance and trust in global trade. The company's international operations are anchored by its subsidiary, Hexco Global FZCO in the UAE, and supported by a step-down subsidiary in the USA, providing strategic access to key global markets. The UAE base offers distinct advantages through favourable trade policies, superior logistics, and prime geographical positioning, enabling JIL to efficiently manage exports, optimise supply chains, and expand its customer base across diverse geographies. JIL's business model is built on diversification across both geography and product categories, reducing dependence on any single market or machine type. The company offers a wide range of construction equipment, including hydraulic excavators, backhoe loaders, motor graders, soil compactors, wheel loaders, bulldozers, cranes, and pavers through a mix of new customised machines, refurbished used equipment, and its own branded offerings. This breadth not only enhances customer retention but also strengthens cross-selling opportunities across segments. Further, JIL imports equipment from markets such as China and the UAE to ensure supply continuity, maintain quality standards, and provide variety in line with customer preferences. Its expertise in refurbishment and value addition enhances machine usability, minimises waste, and promotes cost-effective solutions aligned with sustainable practices. Taken together, JIL's strong market position, diversified portfolio, and global presence provide a solid foundation for sustainable growth.

Strategic product-driven approach to business model broadens growth horizon

JIL's launch of HexL, its own brand of construction machines, represents a strategic shift from a trading-led model to a product-driven, customer-centric business approach. By leveraging contract manufacturing arrangements, HexL machines are produced according to JIL's specifications, technical requirements, and quality standards, while enabling flexible production capacity without the capital intensity of owning manufacturing facilities. Through frequent quality checks and oversight at partner facilities, JIL ensures adherence to predefined standards, strengthens operational efficiency, and maintains consistent product performance. This hands-on approach reinforces the company's market positioning, builds credibility, and ensures HexL machines meet both industry requirements and customer expectations. The introduction of a branded product line allows JIL to utilize existing distribution channels, standardize machine specifications, and establish a direct market presence, deepening engagement with customers and suppliers alike. By controlling the end-to-end supply and quality assurance, JIL can differentiate its offerings, expand product reach across domestic and international markets, and support long-term business continuity. Early traction is evident, with 40 HexL-branded backhoe loaders already supplied, demonstrating initial market acceptance since its launch in December 2024.

Valuation

JIL is a leading provider of construction machines, specialising in both new and refurbished equipment. The company has evolved from a trading-led model into a more product-driven, customer-centric business, recently launching its own brand, HexL, to strengthen market presence and operational control. Leveraging a robust supply chain, refurbishment capabilities, and a wide distribution network, JIL serves domestic and international markets with high-quality, ready-to-use machines. Its diversified offerings and agile operations enable timely delivery, cost efficiency, and adherence to industry standards. The company's strategic initiatives, including supply chain integration and diversification, expansion of HexL and other branded products, operational efficiency improvements, product portfolio expansion (including electric machines), brand-building, and working capital optimisation, are expected to drive revenue growth, enhance margins, and improve cash flow visibility over the medium term. Financially, the company delivered a healthy performance, growing revenue, EBITDA, and PAT at a CAGR of 27.7%, 16.5%, and 37.5%, respectively, during the FY2023-25 period. EBITDA and PAT margins remained largely stable over the period, with a notable spike in FY24 driven by lower purchase costs and reduced miscellaneous expenses. Specifically, EBITDA margin increased from 6.1% in FY23 to 9.8% in FY24 before normalising to 6.1% in FY25, while PAT margin rose from 4.3% in FY23 to 7.8% in FY24 and moderated to 5.0% in FY25. On the return front, the company reported robust ROCE and ROE of 15.2% and 20.5%, respectively, observing a decline from 33.4% and 41.3% in FY23. The company has delivered healthy revenue and profit growth, underpinned by strong supply chain capabilities, loyal customer relationships, and early traction with its own brand, HexL. Its strategic initiatives, including product portfolio expansion, operational efficiency improvements, and enhanced brand positioning, are expected to support sustainable growth over the medium term. While margin moderation and customer concentration warrant monitoring, we believe the company is well-positioned to capitalise on industry growth trends. **On the upper price band, the company is currently valued at a P/E of 19.7x based on FY25 earnings. Thus, we recommend a "SUBSCRIBE" rating for this issue from a medium to long-term perspective.**

Key Risks

⇒ The company is heavily dependent on the export market and derives majority of its revenue from the export trading of construction machines. High dependency on export revenues exposes the company to regulatory uncertainty, geopolitical risks, tariff & non-tariff barriers and trade policy volatility.

⇒ The company's revenue from operations is dependent upon a limited number of customers, and the loss of any of these customers or loss of revenue from any of these customers could have a material adverse effect on its business.

⇒ The company is dependent on third-party suppliers, and any disruptions in the supply or an increase in the prices of requisite construction machines could adversely affect its operations.

Jinkushal Industries Ltd.

Income Statement (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Revenue			
Revenue from operations	2,335	2,386	3,806
Total revenue	**2,335**	**2,386**	**3,806**
Expenses			
Cost of Materials Consumed	29	48	40
Purchase of Machines for Trade and Refurbishment	1,744	1,679	3,069
Changes in inventories of Finished Goods, Stock-in-trade and Work-in-progress	-7	69	-153
Direct Expenses	232	206	162
Employee Benefits	78	83	82
Other Expenses	116	66	371
Total operating expenses	**2,192**	**2,152**	**3,572**
EBITDA	**142**	**234**	**234**
Depreciation & amortization	6	8	8
EBIT	**136**	**226**	**225**
Finance costs	7	21	38
Other Income	4	42	52
PBT	**134**	**247**	**239**
Current tax	32	56	46
Deferred tax	1	4	2
Total tax	**33**	**61**	**48**
Net Profit	**101**	**186**	**191**
Diluted EPS	**3.4**	**6.3**	**6.2**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Cash Flow from operating activities	105	-238	-112
Cash flow from/(used in) investing activities	-46	-74	-56
Net cash flows (used in) / from financing activities	39	276	133
Net increase/(decrease) in cash and cash equivalents	**98**	**-36**	**-35**
Cash and cash equivalents at the beginning of the period	**16**	**113**	**77**
Cash and cash equivalents at the end of the period	**113**	**77**	**51**

Source: RHP, BP Equities Research

Jinkushal Industries Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY23 Standalone	FY24 Consolidated	FY25 Consolidated
Assets			
Non-Current Assets			
Property, plant and equipment	85	99	90
Goodwill on consolidation	0	0	0
Right-of-use assets	2	3	5
Capital work-in-progress	6	0	0
Financial Assets			
(i) Investments	6	6	6
(ii) Other financial assets	9	10	9
Total Non Current assets	**108**	**118**	**111**
Current Assets			
Inventories	122	61	222
Financial Assets			
(i) Investments	86	173	298
(ii) Trade receivables	6	599	1,024
(iii) Cash and cash equivalents	113	77	51
(iv) Loan	0	0	0
(v) Other financial assets	13	27	44
Other current assets	41	33	38
Current tax assets (net)	5	6	6
Total Current Assets	**386**	**976**	**1,682**
Total Assets	**494**	**1,094**	**1,794**
Equity and Liabilities			
Equity Share Capital	1	1	1
Other Equity	244	429	861
Equity attributable to shareholders of the Company	**245**	**431**	**862**
Non-Controlling Interest	0	1	72
Total Equity	**245**	**432**	**934**
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	3	0	0
(ii) Lease liabilities	1	2	5
Provisions	2	4	4
Deferred Tax Liabilities (net)	2	6	9
Total Non-Current Liabilities	**9**	**13**	**17**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	158	457	543
(ii) Lease Liabilities	1	1	1
(iii) Trade Payables	28	135	235
(iv) Other financial liabilities	2	3	3
Other current liabilities	52	53	59
Provisions	0	0	1
Total Current Liabilities	**240**	**649**	**842**
Total Liabilities	**249**	**662**	**860**
Total Equity and Liabilities	**494**	**1,094**	**1,794**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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