IPO REVIEW

Jinkushal Industries IPO

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- The company is engaged in export trading of new/customized/used/refurbished construction machines in global markets.
- It has started its own brand “HexL” in a partnership with a Chinese venture.
- The company enjoys niche place in this segment as a preferred partner.
- Based on its recent financial data, the issue appears fully priced, discounting all near term positives.
- Only well-informed/risk seekers may park moderate funds for medium term.

About the Company

Jinkushal Industries Ltd. (JIL) is engaged in export trading of new/customized and used/refurbished construction machines in global markets. As per CareEdge Report, JKIPL is the largest non-OEM construction machines exporter with a 6.9% market share. JKIPL is recognized as Three-Star Export house by Directorate General of Foreign Trade (“DGFT”), Government of India. As on date of this Red Herring Prospectus, it has exported construction machines to over thirty (30) countries, including UAE, Mexico, Netherlands, Belgium, South Africa, Australia, and UK.

JIL primarily operates across three primary business verticals; (i) export trading of customized, modified and accessorized new construction machines; (ii) export trading of used/refurbished construction machines; and (iii) export trading of own brand ‘HexL’ construction machines (presently in category of backhoe loaders) to cater a diverse international customer base. Each of these verticals is structured to improve operational efficiency and reach a wide customer base, ensuring that its exported machines align with the required performance standards, durability expectations, and specific application needs. In addition to aforementioned primary business verticals, it also derives a small portion of revenue from (i) logistics warehouses leasing; (ii) renting of construction machines.

The company specializes in export trading of construction machines such as hydraulic excavators, motor graders, backhoe loaders, soil compactors, wheel loaders, bulldozers, cranes, and asphalt pavers. Its operations extend beyond plain export trading as it endeavors to leverage technical knowhow and systematic processes to refurbish, customize, modify, and accessorize both used and new construction machines, either in-house or on through third-party vendors, before export sales to ensure optimized functionality, efficiency, and performance to meet customers’ specific requirements.

Construction machines are high-value capital goods with strong resale demand, making them attractive assets for contractors or businesses needing immediate deployment. As per the CareEdge Report, some of the key drivers of secondary machinery market for used and new machines are; (i) rising infrastructure development and construction activities; (ii) cost-effectiveness and financial flexibility; (iii) increasing equipment rental and leasing trends. Its ability to supply ready-to-use refurbished and customized machines allows customers to bypass long lead times (generally four to six months) associated with ordering new machines. As on date, it has carried out export trading of refurbished, customized, modified, accessorized new and used construction machines to over thirty (30) countries across the globe, majorly to various overseas wholesale buyers, distributors, importers and some end users including construction and rental companies. During last three Fiscals, it has exported to over ten countries including Mexico, UAE, Australia, Netherlands, UK, etc. It endeavors to continue to focus on strengthening global presence, increasing operational efficiencies, improving customer satisfaction and maintaining position as one of the leading exporters of non-OEM construction machines.

Under its business vertical of export trading of modified, customized and accessorized new construction machines, the company procures new construction machines of various third-party OEM brands and enhance their value through customization, modification, or accessorizing based on customer’s technical specifications. It gets the new construction machines modified and accessorized according to the customers’ requirements either in-house or through third-party customization hubs.

The company has recently launched own brand, ‘HexL’, for construction machines and has partnered with third-party manufacturers in China through a contract manufacturing arrangement. Under this model, its construction machines are manufactured according to its specifications, and standards to meet market demand. It has started the Brand with backhoe loaders manufacturing and as on date have sold forty (40) backhoe loaders machines and going forward, the company intends to get other construction machinery manufactured including other categories of machines and electric construction equipment and sold under brand name ‘HexL’.

As on the date of this Red Herring Prospectus, it has successfully supplied over 1,500 construction machines, comprising of over 900 new (with customization, modified or accessorized) and over 600 used/refurbished construction machines. During the Fiscal 2025, Fiscal 2024and Fiscal 2023, it has supplied over 1,249 construction machines, comprising of over 928 new (with customization or accessorized) and over 366 used/refurbished construction machines.

To expand its global operations, the company incorporated Hexco Global FZCO in the year 2023, an overseas subsidiary based in JAFZA, UAE, in which JIL currently hold an 80% stake. Hexco Global FZCO is engaged in the trading of construction machines had acquired a business in 2024, which included part of its assets -a subsidiary Hexco Global USA LLC, in which it holds a 90% membership interest, making it a step-down subsidiary of JKIPL. Through these subsidiaries, it has strengthened role in the construction machine trading segment with an expanded presence in international

markets. Hexco Global FZCO supports its international operations by utilizing the advantages of the UAE's open trade policies, ease of doing business, regulatory framework, distribution network, geographical position, and global connectivity. As of March 31, 2025, it had 90 employees on its payroll and 21 interns.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 9599548 equity shares (worth Rs. 116.15 cr. at the upper cap). The IPO comprises of fresh 8640000 equity shares (worth Rs. 104.54 cr. at the upper cap), and an Offer for Sale (OFS) of 959548 equity shares (worth Rs. 11.61 cr. at the upper cap). The company has announced a price band of Rs. 115 – Rs. 121 per equity shares of Rs. 10 each. The issue opens for subscription on September 25, 2025, and will close on September 29, 2025. The minimum application to be made is for 120 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.01% of the post-IPO paid-up equity capital. From the net proceeds of the IPO, the company will utilize Rs. 72.68 cr. for working capital, and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is GYR Capital Advisors Pvt. Ltd., while Bigshare Services Pvt. Ltd., is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd. is a syndicate member.

Having issued initial equity shares at par, the company issued further equity shares at a fixed price of Rs. 200 per share in March 2008. It has also issued bonus shares in the ratio of 213 for 1 in April 2025.The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.00, Rs. 0.04, and Rs. 0.05 per share.

Post-IPO, its current paid-up equity capital of Rs. 29.75 cr. will stand enhanced to Rs. 38.39 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 464.47 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total revenue/net profit, of Rs. 233.90 cr. / Rs. 10.12 cr. (FY23 - standalone), Rs. 242.80 cr. / Rs. 18.64 cr. (FY24 - consolidated), and Rs. 385.81 cr. / Rs. 19.14 cr. (FY25 - consolidated). The company marked growth in its top and bottom lines for the reported periods.

For the last three fiscals, the company has posted an average EPS of Rs. 5.73 and an average RoNW of 31.92%. The issue is priced at a P/BV of 4.18 based on its NAV of Rs. 28.98 as of March 31, 2025, and at a P/BV of 2.44 based on its post-IPO NAV of Rs. 49.68 per share (at the upper cap).

If we attribute FY25 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 24.25. Based on FY24 earnings, the P/E stands at 24.89. Thus, the issue appears fully priced.

The company has shown PAT margins of 4.33% (FY23), 7.81% (FY24), 5.03% (FY25), and RoCE margins of 34.11%, 29.44%, 18.39%, respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in February 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Action Construction, and Vision Infra, as their listed peers. They are currently trading at a P/E of 32.0, and 18.6 (As of September 24, 2025). However, they are truly not comparable on an apple-to-apple basis.

Merchant Banker's Track Record

This is the 50th mandate from GYR Capital in the last five fiscals (including the ongoing one). Out of the last 10 listings, 1 opened at par, and the rest with premiums ranging from 4.18% to 90% on the date of listing. Since last few IPO documents, the merchant banker is showing wrong IPO price for Sacheerome at Rs. 12 per share against actual issue price of Rs. 102 per share, and this translates into wrong calculations on its track record for its mandates.

Conclusion / Investment Strategy

JIL is engaged in export trading of new/customized/used/refurbished construction machines in global markets. It has started its own brand “HexL” in a partnership with a Chinese venture. The company enjoys niche place in this segment as a preferred partner. Based on its recent financial data, the issue appears fully priced, discounting all near term positives. Only well-informed/risk seekers may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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