

Jinkushal Industries Ltd- IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
25 September 2025	29 September 2025	₹115-121	Neutral

Investment Summary

Jinkushal Industries Ltd. (JIL) is a Raipur-based exporter of refurbished, customized, and new construction machinery, with ~99% of FY25 revenues derived from overseas markets, primarily Mexico and UAE. The company recently launched its proprietary HexL brand of backhoe loaders through contract manufacturing in China, adding a higher-margin growth lever. Revenues rose from ₹233.5 crore in FY23 to ₹380.6 crore in FY25, with PAT at ₹19.1 crore and EBITDA margins at 7.5%, though margins have compressed from FY24 levels. Returns remain high (ROE 28.3%, ROCE 18.4% in FY25), but the working-capital cycle stretched sharply to 109 days, driven by longer receivable terms (128 days) and advance payments to OEM suppliers. While global demand for refurbished equipment and brand expansion underpin growth, high customer concentration, reliance on exports, and weak cash conversion temper the near-term investment case.

Company Overview

Jinkushal Industries Ltd. was incorporated in Raipur, Chhattisgarh in 2013 as a private company and later converted into a public limited company. The business is promoted by the Jain family, with the key promoters being Anil Kumar Jain, Abhinav Jain, Sandhya Jain, Tithi Jain, and Yashasvi Jain. The promoter group held 100% of the company pre-IPO, which will reduce to about 75% post-issue. The management has overseen the company's evolution from an export trading and refurbishment business into a multi-vertical enterprise with a proprietary brand (HexL) and a global footprint spanning over 30 countries.

Jinkushal Industries Ltd. (JIL), incorporated in Raipur, Chhattisgarh, is engaged in the export trading of construction equipment, with operations spanning refurbished, customized, and new machines. Recognized as a Three-Star Export House by the Directorate General of Foreign Trade (DGFT), JIL is the largest non-OEM exporter of construction machines with a 6.9% market share. The company has built a diversified geographic footprint, having exported to over 30 countries including the UAE, Mexico, Netherlands, Belgium, South Africa, Australia, and the UK. Its business operates across three verticals: (i) customized and accessorized new machines, (ii) used/refurbished machines, and (iii) HexL-branded equipment, which currently includes backhoe loaders manufactured under contract in China. Alongside its core business, JIL generates ancillary income from warehouse leasing and construction equipment rentals.

The company's product basket includes high-demand categories such as hydraulic excavators, motor graders, backhoe loaders, soil compactors, wheel loaders, bulldozers, cranes, and asphalt pavers, with a focus on extending machine life cycles through refurbishment and customization. By leveraging a combination of in-house capability and third-party refurbishment centers in India and the UAE, JIL provides ready-to-use machines that help customers bypass the 4–6-month lead times typical of OEM orders. Its customer base spans wholesale buyers, distributors, importers, and end users such as construction and rental companies. With strong resale demand for heavy equipment, JIL positions itself within the fast-growing secondary machinery market, driven by infrastructure expansion, cost-sensitive buyers, and rising rental penetration. This business model combines international scale with operational flexibility but also embeds dependence on export markets and working-capital-heavy credit terms.

Business Model

Jinkushal Industries Ltd. operates on three main verticals: export trading of customized and accessorized new machines, refurbishment and resale of used equipment, and its proprietary HexL brand manufactured under contract in China. The company sources equipment through a network of global suppliers, refurbishes them either in-house or via six centers in India and one in the UAE, and exports to over 30 countries. Ancillary revenues also accrue from warehouse leasing and machine rentals. Revenue is recognized on dispatch, but cash realization lags due to 60–90-day transit times and extended credit terms to customers. HexL, while offering higher-margin potential, intensifies cash needs since JIL pays OEM partners 100% advances and maintains overseas inventory hubs. The model therefore balances trading efficiency and brand-led growth with high working-capital intensity and execution risk on receivables.

Investment Rationale

1. Market Leadership in Export Trading

Jinkushal Industries is the largest non-OEM exporter of construction equipment with a 6.9% global market share, recognized as a Three-Star Export House by DGFT. Its exports span over 30 countries, with subsidiaries in the UAE (Hexco Global FZCO) and a step-down entity in the USA providing logistical leverage. This positioning allows JIL to benefit from favourable trade policies, global connectivity, and diversified market access. The company's leadership status underpins credibility in a fragmented market, making it a preferred partner for overseas distributors and importers. Scale in a niche non-OEM segment translates into bargaining power with suppliers and logistics partners, while ensuring consistent access to global demand pools.

2. Structural Tailwinds from Refurbishment and Circular Economy

JIL's focus on refurbishing and reusing construction machines directly taps into the growing global demand for sustainable solutions and the cost advantage of refurbished equipment. By extending machine life cycles, the company reduces raw material intensity, energy use, and carbon emissions compared to new equipment manufacturing. This approach resonates with infrastructure contractors in cost-sensitive markets, offering ready-to-use machines without OEM lead times of 4–6 months. Beyond economics, refurbishment aligns with ESG narratives, potentially attracting institutional investors focused on sustainability. The model therefore delivers both commercial advantage and environmental responsibility, anchoring long-term relevance.

3. Diversified Product Portfolio and Customization Capabilities

The company trades a wide range of equipment excavators, graders, backhoe loaders, compactors, bulldozers, cranes, and pavers catering to contractors, rental companies, and distributors. This breadth allows JIL to reduce dependence on any single product segment and capture demand from diverse infrastructure activities. Customization and accessorizing further add value by aligning machines to specific site requirements, improving utilization for end-users. Such adaptability builds customer stickiness and supports cross-selling opportunities across equipment categories. Over time, this product and customization depth reinforces resilience against cyclicity in individual machine categories or geographies.

4. Supply Chain Strength and Operational Efficiency

Over FY22–FY25, JIL sourced from a base of 228 suppliers comprising contractors, traders, and manufacturers, ensuring flexibility in procurement. Its logistics network integrates storage, transportation, and port partners, enabling efficient international distribution. The UAE subsidiary acts as a strategic hub, optimizing lead times and expanding reach into Africa, the Middle East, and Latin America. Recently, the company entered contract manufacturing in China for HexL machines, which ensures consistent specifications and scalable supply without heavy fixed-asset investment. This asset-light but globally integrated supply chain supports cost efficiency, scalability, and product quality assurance.

5. HexL Brand Launch as Margin and Branding Catalyst

The introduction of HexL-branded backhoe loaders marks JIL's shift from a pure trading model to a brand-driven approach. With 40 units already supplied, HexL allows the company to standardize specifications, control quality, and build direct customer recall. Unlike pure trading margins, branded equipment can generate better pricing power and spares-driven recurring income. Contract manufacturing keeps capex minimal while providing flexible scale, though it requires strong quality oversight in China. Successful scaling of HexL could lift margins structurally, differentiate JIL from peers, and unlock longer-term shareholder value through higher brand equity.

Key Risks

1. Export Dependence

Nearly all JIL's revenue (~99%) is derived from exports, exposing the company to regulatory uncertainty, tariff and non-tariff barriers, and geopolitical disruptions. Any adverse change in trade policy in key markets could directly impair revenue visibility and profitability.

2. Geographic Concentration

A significant portion of sales comes from Mexico and the UAE, making JIL vulnerable to demand cycles, political changes, or currency volatility in these markets. Limited geographic diversification amplifies systemic exposure.

3. High Working-Capital Intensity

Receivable days stretched to 128 in FY25, leading to a working-capital cycle of 109 days. The absence of LCs and advance payments to OEMs further elevate liquidity risk and financing costs, straining operating cash flows.

4. Supplier and Logistics Dependence

JIL relies on third-party suppliers for machine sourcing and third-party logistics providers for transportation. Disruptions in supply or shipping delays could erode its ability to meet customer commitments, hurting reputation and repeat business.

Financial Snapshot

Metric	In (Cr)		
	FY23	FY24	FY25
Revenue (₹ Cr)	233.5	238.6	380.6
EBITDA (₹ Cr)	14.7	27.6	28.6
Net Profit (₹ Cr)	10.1	18.6	19.1
EBITDA Margin (%)	6.3%	11.6%	7.5%
PAT Margin (%)	4.3%	7.8%	5.0%
EPS (Basic) (₹)	8.24	14.48	28.98

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Jinkushal Industries Ltd.
IPO Structure	Fresh Issue: 86.4 lakh shares; OFS: 9.6 lakh shares
Issue Size	₹116 crore
Price Band	₹115 – ₹121 per share
Face Value	₹10 per share
Post-Issue Market Cap	~₹464 crore (at upper band)
IPO Opening Date	25-Sep-2025
IPO Closing Date	29-Sep-2025
Listing	NSE & BSE (proposed)
Promoter Holding (Pre/Post)	100% pre-issue → ~75% post-issue
Book Running Lead Manager(s)	GYR Capital Advisors Private Limited
Use of Proceeds	Funding long-term working capital requirements and general corporate purposes



Valuation and Recommendation

At the upper end of the price band, Jinkushal Industries is **valued at a P/E of 24.0x FY25 earnings** and an EV/EBITDA of 22.0x, translating into a post-issue market capitalization of approximately ₹464 crore. These multiples are broadly in line with established listed peers in the construction equipment space, despite JIL's thinner operating margins (7.5% EBITDA, 5.0% PAT in FY25) and its higher working-capital intensity. While the company offers exposure to structural tailwinds in the global refurbished machinery market and the long-term potential of its proprietary HexL brand, near-term growth is constrained by export dependence, customer concentration, and rising receivable days. We believe the IPO is fully priced relative to fundamentals, leaving limited room for immediate upside. Accordingly, **we assign a Neutral rating.**

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