

JNK INDIA LIMITED

Revenue slips on delays; strong order book supports outlook

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JNK India Ltd (JNK) reported numbers way below our estimates with a revenue of ₹1.9 bn (-15.8% YoY) in Q4. Decline in topline growth was attributed to revenue slippage to FY26 and some execution delays, primarily driven by factors not under the direct control of JNK. Key among these were delays in client payments, which significantly impacted the timely processing and fulfillment of specific orders. Additionally, certain export shipments were held up due to ready materials awaiting inspection. Furthermore, customer sites were often not adequately prepared to receive or install delivered materials, causing further setbacks. These collective challenges contributed to an overall slowdown in project execution and revenue realization.

However JNK still has a strong order of ₹10.8 bn (+101% YoY), showing some revenue visibility going ahead. JNK faced pressures on the margin front as well with most projects being in the mid execution stages, typically with lower margins, reporting Gross margin of 18.4% (-1180 bps YoY) and EBITDA excl other income of ₹185 mn (-40.7% YoY) with a margin of 9.7% (-410 bps YoY). In order to tackle this quarterly variations due to different stages in project execution, JNK has shifted its revenue recognition policy from output to input based recognition. Receivables on the other hand increased by 47.6% YoY to ₹3.4 bn creating pressure on working capital with majorly being from PSUs. However, management described it as temporary, driven by major dispatches scheduled for the February–March period, with ₹1.5 bn subsequently recovered.

JNK's performance may face additional challenges ahead if there are further delays in project execution, working capital and margin pressures, and a lack of significant new order inflows in the coming months. However, with a bid pipeline of ₹40 bn, management expects to finalize some big orders in the next couple of months. After not meeting its current targets, management gives a conservative guidance of 14-16% EBITDA margins (Earlier 17%-18%) and with revenue slippage to next fiscal accompanied by maximum execution of Reliance order JNK expects to deliver a 40%-50% YoY growth in total revenue incl other income in FY26. Considering all the challenges faced in FY25 and growth prospects ahead, we continue to maintain BUY rating but cut down our estimates to arrive at a TP of ₹395 on a 29x multiple of FY27E EPS.

Key Financials	FY23	FY24	FY25	FY26E	FY27E
Total Sales (₹ mn)	4,073	4,802	4,766	5,870	7,869
EBITDA Margins (%)	17.1%	20.7%	9.8%	11.7%	13.8%
PAT Margins	11.4%	13.0%	6.3%	7.8%	9.6%
EPS (₹)	9.7	12.9	5.4	8.2	13.5
P/E (x)	35	26	62	41	25
P/BV (x)	13	8	4	3	3
EV/EBITDA (x)	24	17	38	25	16
RoE (%)	38.1%	32.1%	6.0%	8.4%	12.1%
RoCE (%)	41.6%	43.7%	7.7%	10.8%	15.7%

BUY

Current Market Price (₹) : 338

12M Price Target (₹) : 395

Potential Return (%) : 17

Stock Data

Sector :	Capital Goods
Face Value (₹)	2
Total Mcap (₹ bn)	20
Free Float Mcap (₹ bn)	6
52-Week High / Low (₹)	897 / 265
BSE Code / NSE Symbol	544167 / JNKINDIA
Bloomberg	JNKINDIA:IN
Sensex / Nifty:	81,374 / 24,717

Shareholding Pattern

(%)	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	67.78	67.77	67.98	67.97
MFs	17.83	18.39	18.18	17.98
FPIs	3.06	3.13	3.41	3.50
Insurance	0.04	0.05	0.27	0.33
Others	11.29	10.66	10.16	10.22

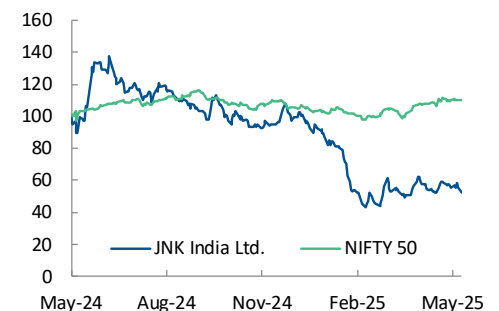
Source: BSE

Price Performance

(%)	1M	3M	6M	12M
JNK	-2.7	16.3	-44.6	-44.6
Nifty 50	1.5	11.7	1.8	9.7

* To date / current date : June 2, 2025

JNK vs Nifty 50



Order book remains robust with diversification through new products

Order Inflow during the Q4/FY25 was ₹497 mn/9.3 bn respectively with total order backlog of ₹10.8 bn (+101 YoY). On product front, order book was dominated by heating equipment (80.7 %) followed by process plant (12.4%) and flares/incinerators (6.9%). It has diversified in new products like flares, incinerators with order flows of ₹830 mn during FY25 and also received its first cracking furnace order in FY25 from Reliance Industries Ltd (RIL) of ~₹6.5 bn which will be executed by Q1FY27 with majority of the revenue recognition taking place during FY26. JNK is expanding into green hydrogen, with one project done and 4–5 proposals in progress. Leveraging its reformer project experience and JNK Korea's expertise, JNK uses its hydrogen safety know-how as a key edge to win more projects. Management mentioned a bid pipeline of ₹40 bn, mainly in heating equipment, expected to finalize in 6–12 months. It typically secures 20–30% of finalized bids and is upbeat about FY26, with two major orders nearing closure.

Outlook & Valuation

JNK reported a drop in revenue mainly due to execution delays, client payment issues, and site readiness problems. Margins were under pressure, mainly due to most projects being in mid-execution stages. Despite near-term challenges, the company holds a strong order book of ₹10.8 bn and expects 40-50% growth in total revenue (incl other income) in FY26, aided by the large Reliance order. It has diversified into new products like flares, incinerators, and green hydrogen, and sees strong order prospects with a ₹40 bn bid pipeline. We maintain our BUY rating with a revised TP of ₹395 on at 29x multiple on FY27E EPS, after considering FY25 performance and cutting down our estimates.

Key Risks:

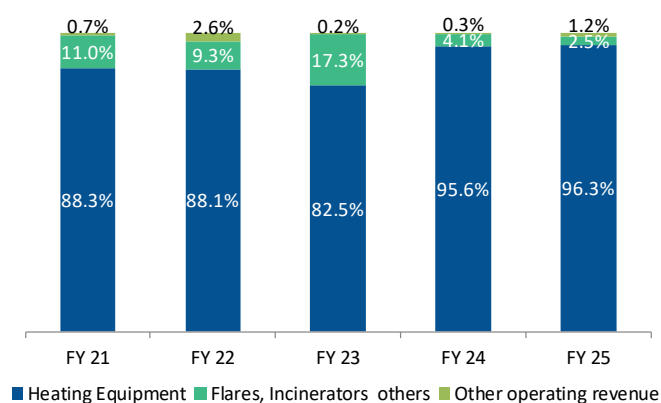
- High receivables from PSUs and the need to maintain substantial margins for bank guarantees are straining working capital.
- Lack of significant order inflows in FY26 could hurt revenue visibility and growth prospects beyond FY26.
- Execution and project delays, which could impact revenue recognition and strain margins.

Quarterly Financial Snapshot

YE Mar (₹ mn)	Q4 FY25	Q3 FY25	QoQ (%)	Q4 FY24	YoY (%)
Revenue	1,909	935	104.2	2,268	(15.8)
RM Cost	1,558	676	130.3	1,582	(1.6)
Gross Profit	352	259	35.9	686	(48.7)
GP Margin	18.4%	27.7%	-930 bps	30.2%	-1180 bps
Employee Cost	32	145	(77.8)	263	(87.7)
Other Expense	134	50	167.0	110	21.9
EBITDA	185	63	191.9	313	(40.7)
EBITDA Margin	9.7%	6.8%	290 bps	13.8%	-410 bps
Other Income	90	34	165.3	13	587.1
Depreciation	20	16	23.3	16	25.8
Finance Cost	35	52	(33.1)	26	35.9
PBT	221	29	660.4	284	(22.3)
PBT Margin	11.6%	3.1%	272.4	12.5%	-100 bps
Tax	88	1	14,616.7	118	(25.0)
Effective Tax Rate	40.0%	2.1%	3790 bps	41.4%	-140 bps
PAT	132	28	365.8	166	(20.5)
PAT Margins	6.9%	3.0%	390 bps	7.3%	-40 bps
EPS (Rs)	2.4	0.5	364.4	3.4	(31.0)

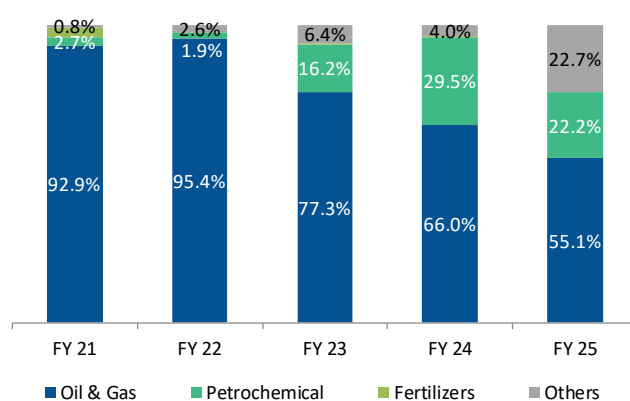
Source: Company, LKP Research

Revenue Product Mix



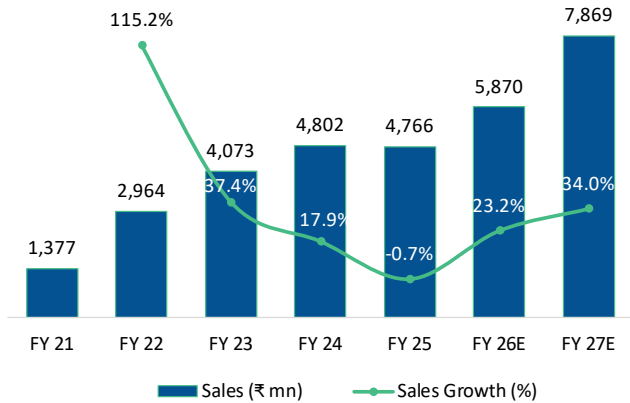
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End-user industry wise revenue break-up % wise



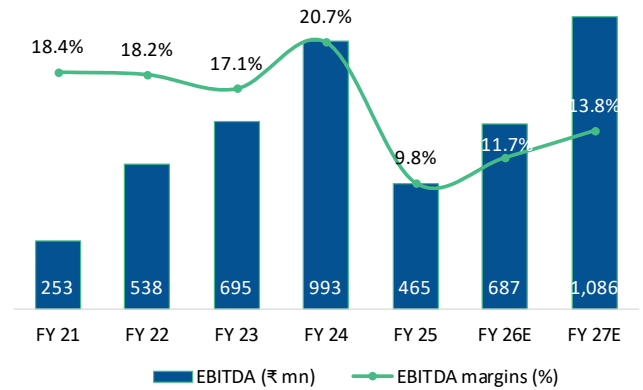
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Sales and YoY Growth



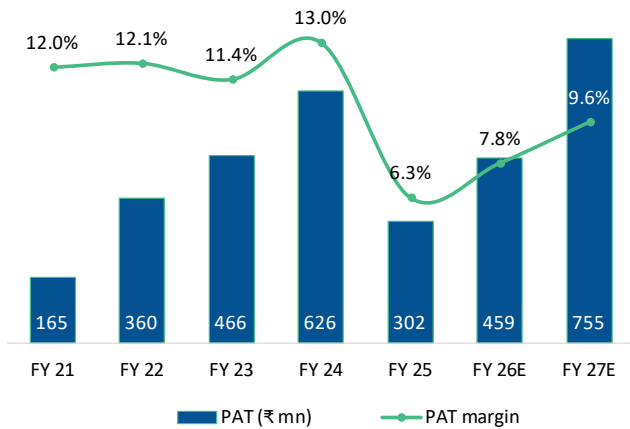
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EBITDA & EBITDA Margin



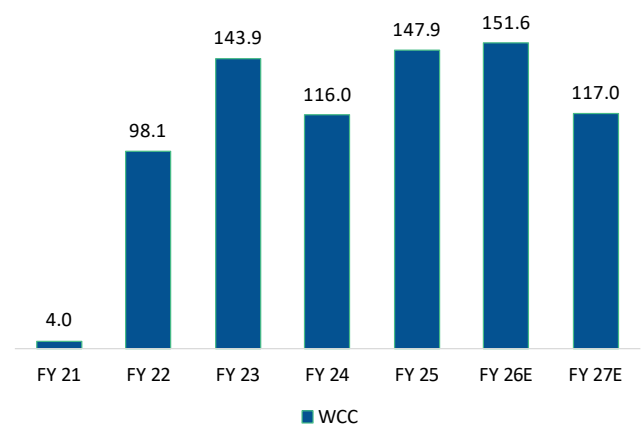
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PAT & PAT Margins



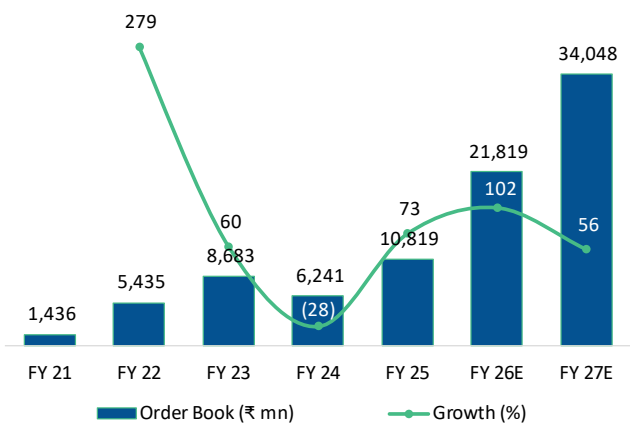
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Working Capital Cycle



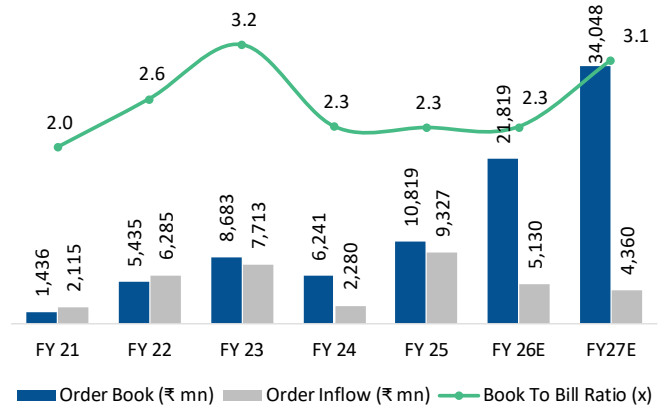
Source: Company, LKP Research

Order Book Growth



Source: Company, LKP Research

Order Book



Source: Company, LKP Research

Income Statement (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
Revenue	4,802	4,766	5,870	7,869
Change (%)	18%	-1%	23%	34%
RM Cost	3,004	3,526	4,127	5,303
Employee Cost	519	457	558	755
Other Expense	286	319	499	724
Total Expenditure	3,809	4,301	5,183	6,783
% of Sales	79.3%	90.2%	88.3%	86.2%
EBITDA	993	465	687	1,086
Margin (%)	20.7%	9.8%	11.7%	13.8%
Depreciation	56	63	72	80
EBIT	937	402	614	1,005
Int. & Fin charges	100	145	115	153
Other Income	52	184	147	189
PBT	889	441	646	1,041
Tax	262	139	187	286
Reported PAT	626	302	459	755
Change %	35%	-52%	52%	64%
Margin (%)	13.0%	6.3%	7.8%	9.6%
EPS(₹)	12.9	5.4	8.2	13.5

Ratios

Y/E March	FY24	FY25	FY26E	FY27E
Profitability Ratios				
ROA	12.2%	3.8%	5.5%	7.6%
ROE	32.1%	6.0%	8.4%	12.1%
ROCE	43.7%	7.7%	10.8%	15.7%
ROIC	25.0%	5.9%	8.0%	11.6%
Valuation (x)				
Rep. PE	26	62	41	25
EV/Sales	4	4	3	2
EV/EBITDA	17	38	25	16
P/BV	8	4	3	3
Turnover Ratios (x)				
Asset Turnover	0.3	0.2	0.2	0.2
Fixed Assets Turnover	55.8	34.4	39.8	56.8
Efficiency Ratios (x)				
Inventory in days	100.4	65.2	62.9	79.2
Debtor days	130.8	217.9	185.5	129.7
Creditors days	115.2	135.3	96.8	92.0
Liquidity Ratios (x)				
Current	1.5	2.7	2.9	2.6
Leverage Ratios (x)				
Debt/Equity	0.2	0.0	0.0	0.0
Interest Coverage	9.4	2.8	5.4	6.6

Balance Sheet (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
Assets				
Net Block	265	339	314	321
Other intangible assets	3	5	5	5
Deferred tax assets	30	67	67	67
Other non-current assets	265	189	233	249
Total non-current assets	564	599	618	641
Inventories	832	428	995	1,308
Debtors	2,299	3,393	2,573	3,018
Cash & Cash Equivalents	55	1,443	1,787	2,149
Other current assets	1,393	2,027	2,393	2,860
Total current assets	4,579	7,291	7,749	9,335
Total Assets	5,142	7,890	8,366	9,976
Equity				
Equity share capital	97	112	112	112
Other equity	1,857	4,932	5,377	6,110
Total equity	1,954	5,044	5,489	6,221
Long Term Borrowings	26	27	47	63
Other non current liabilities	164	139	139	139
Total non-current liabilities	190	166	186	201
Short term Provs & Borrowows	547	38	203	265
Trade Payables	1,499	1,114	1,074	1,598
Other current liabilities	953	1,529	1,414	1,691
Total current liabilities	2,999	2,680	2,691	3,554
Total equity and liabilities	5,142	7,890	8,366	9,976

Cash Flow (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
Cash flows from operating activities				
Profit before tax	879	444	646	1,041
Depreciation and amortisation	56	63	72	80
Finance costs	68	137	115	153
Others	122	-117	0	0
Change in WC	-1,101	-873	-312	-440
Income taxes paid, net of refund	-120	-309	-187	-286
CFO	-96	-654	334	548
Cash flows from investing activities				
Net CAPEX (PP&E)	-118	-83	-47	-88
Others	-30	-56	0	0
CFI	-148	-139	-47	-88
Cash flows from financing activities				
Issue of equity shares	1	3,000	0	0
Net change in borrowings	210	-515	185	77
Dividend Paid	-15	-17	-14	-23
Finance cost	-56	-114	-115	-153
Others	5	-173	0	0
CFF	145	2,181	57	-99
C&CE opening balance	152	55	1,443	1,787
Net CF	-99	1,388	344	362
C&CE at the end of the years	52	1,443	1,787	2,149

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