



Press Release

JINKUSHAL INDUSTRIES LIMITED (ERSTWHILE JINKUSHAL INDUSTRIES PRIVATE LIMITED)

February 05, 2025

Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	37.00	ACUITE BBB Reaffirmed & Withdrawn	-
Bank Loan Ratings	3.00	Not Applicable Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	40.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn its long-term rating of 'ACUITE BBB' (read as ACUITE Triple B) on Rs.37.00 Cr. bank facilities of Jinkushal Industries Limited (Erstwhile Jinkushal Industries Private Limited). The rating has been withdrawn on account of the request received from the company and the NOC (No Objection Certificate) received from the banker.

Acuite has withdrawn its rating on the proposed long-term facilities of Rs.3.00 Cr. of Jinkushal Industries Limited (Erstwhile Jinkushal Industries Private Limited) without assigning any rating as it is a proposed facility. The rating has been withdrawn on account of the request received from the company.

The rating has been withdrawn as per Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility.

Rationale for Reaffirmation

The rating reaffirmation factors in established track record of operations and the experienced promoters. The rating also favourably factors in the healthy scale of operations and comfortable profitability margins. The rating also derives strength from the comfortable financial risk profile of the company marked by moderate gearing and healthy debt protection metrics. These strengths are partially offset by moderate working capital management, competitive nature of the industry and cyclical nature in the end user industry.

About the Company

Incorporated in 2007, as a Private Limited Company, Jinkushal Industries Private Limited reconstituted as an unlisted public limited company on October 2024. Jinkushal Industries Limited (JKIL) is engaged in the trading of heavy construction equipment. Initially, the company had started with mining business, warehousing, leasing and later in 2017 it ventured into used and new construction equipment exports and import. The export business is now expanded in 30+ countries across 6 continents and has also enabled the company to achieve the Status of Government of India Recognized 3 Star Export House. Hence, the company is now focusing on the export business solely due to the high growth potential in this business. JKIPL was founded by Mr. Anil Jain and his son, Mr. Abhinav Jain joined later.

The core business model comprises sourcing used machines from across India, refurbishing and enhancing them to a ready-to-use state, adding significant value in the process, and subsequently exporting these machines worldwide. JKIL has incorporated a subsidiary named Hexco Global FZCO in FY24 where JKIL holds 80 percent stake as on 31st March 2024. Going forward the export business to Dubai and middle east would be routed through this subsidiary.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of JKIL to arrive at the rating.

Key Rating Drivers

Strengths

Long track record of operations and experienced management

JKIL has a long operational track record of nearly three decades, covering areas such as mining, construction, export of heavy construction equipment, and third-party warehousing and logistics. The company is led by Mr. Anil Kumar Jain, the promoter, who has over 30 years of experience in the mining and heavy machinery sectors. He is supported by his son, Mr. Abhinav Jain, with more than 10 years of experience, who oversees the day-to-day operations of the company.

Steady operating performance

The company's operating income remained stable at Rs. 237.78 crore in FY2024, compared to Rs. 230.84 crore in FY2023. In H1FY25, the company achieved a revenue of Rs. 97.75 crore and is projected to reach approximately Rs. 250 crore for FY2024, driven by increased global demand for used construction equipment. The operating margin improved to 9.77 per cent in FY2024, up from 5.22 per cent in FY2023, primarily due to a reduction in material costs and adjustments in payment policies. The PAT margin also increased to 7.31 per cent in FY2024, compared to 4.35 per cent in FY2023.

Comfortable financial risk profile

The financial risk profile of JKIL is moderate, marked by a moderate net worth and gearing, along with healthy debt protection metrics. The net worth of the company stood at Rs. 41.17 Cr. as of 31st March 2024, compared to Rs. 23.79 Cr. as of 31st March 2023. The gearing remained moderate at 1.11 times as of 31st March 2024, compared to 0.68 times as of 31st March 2023. Furthermore, debt protection metrics remained healthy, with the Interest Coverage Ratio (ICR) at 13.50 times in FY2024, compared to 22.81 times in FY2023. The Debt Service Coverage Ratio (DSCR) stood at 10.49 times in FY2024, compared to 6.23 times in the previous year. The Net Cash Accruals to Total Debt (NCA/TD) ratio was 0.40 times in FY2024, compared to 0.67 times in the previous year.

Weaknesses

Moderate working capital management

The working capital operations of the company remained moderate, as reflected in Gross Current Asset (GCA) of 121 days in FY2024, compared to 47 days in FY2023. This deterioration in GCA days and working capital cycle is primarily due to an increased debtor days, following a change in the company's payment policy. The company now collects 30 per cent-40 per cent advance from debtors, as opposed to the previous practice of collecting 100 per cent in advance. Consequently, the debtor collection period stood at 93 days in FY2024, compared to just 1 day in FY2023. Inventory days were 10 days in FY2024, down from 20 days in FY2023, while creditor days were 27 days in FY2024, up from 6 days in FY2023. The reliance on working capital limits remained moderate, with utilization at approximately 64% over the 12 months ending September 2024.

Competitive industry and inherent cyclicity in end-user industry

JKIL's revenues are directly linked to the construction activity levels, mainly mining and infrastructure projects. These sectors are closely linked to the macro-economic conditions and hence, the company's operations remain vulnerable to the cyclical slowdown in the economy. It faces stiff competition from both domestic and international players, which constrains the pricing flexibility to fully pass on the input cost pressure.

Rating Sensitivities

Not Applicable

Liquidity Position

Adequate

The company's liquidity position is marked as adequate, on account of its healthy net cash accruals of Rs. 18.30 Cr. in FY2024, compared to maturity debt obligations of approximately Rs. 0.33 Cr. Additionally, it is expected that the company will generate cash accruals in the range of Rs. 21.16 – Rs. 18.85 Cr., against maturing repayment obligations of around Rs. 0.33 Cr. over the medium term.

Outlook: Not Applicable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	237.78	230.84
PAT	Rs. Cr.	17.38	10.03
PAT Margin	(%)	7.31	4.35
Total Debt/Tangible Net Worth	Times	1.11	0.68
PBDIT/Interest	Times	13.50	22.81

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
27 Jan 2025	Covid Emergency Line.	Long Term	1.00	ACUITE BBB	Stable (Reaffirmed)
	Packing Credit	Long Term	18.00	ACUITE BBB	Stable (Reaffirmed)
	Packing Credit	Long Term	18.00	ACUITE BBB	Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.00	ACUITE BBB	Stable (Reaffirmed)
30 Oct 2023	Covid Emergency Line.	Long Term	1.00	ACUITE BBB	Stable (Assigned)
	Packing Credit	Long Term	18.00	ACUITE BBB	Stable (Assigned)
	Packing Credit	Long Term	18.00	ACUITE BBB	Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	3.00	ACUITE BBB	Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Yes Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2024	1.00	Simple	ACUITE BBB Reaffirmed & Withdrawn
Indusind Bank Ltd	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BBB Reaffirmed & Withdrawn
Yes Bank Ltd	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BBB Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	Not Applicable Withdrawn

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About Acuité Ratings & Research

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