



“Jinkushal Industries Limited Q3 FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Jinkushal Industries Limited Q3 and 9 months FY '26 Results Earnings Conference Call hosted by EquiBridgex Advisors Private Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing ‘*’, then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company and may involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Ms. Chandni from EquiBridgex Advisors Private Limited. Thank you and over to you, ma'am.

Chandni: Thank you. A very good evening to everyone. Welcome to the Q3 and 9 months FY '26 Earnings Call of Jinkushal Industries Limited.

From management team, we have with us today Mr. Abhinav Jain - Whole-Time Director; Mr. Sumeet Berlia - Executive Director and CFO. We will have opening remarks from the management team post which we will open the floor for Q&A.

With that, I would like to hand over the call to Mr. Abhinav Jain for opening remarks. Over to you, sir.

Abhinav Jain: Good evening, ladies and gentlemen. The first 9 months of FY '26 marked an important milestone for Jinkushal Industries.

Standalone revenue grew 27% year-on-year to around Rs. 184 crores, reflecting sustained export demand across our markets. During the same period, we strategically positioned our Rs. 70 crores of overseas inventory, the highest in our history, strengthening our distribution reach and supporting a shift towards deeper customer engagement and improved realization. These actions reflect our focus on disciplined expansion, improved revenue quality and building a globally competitive export business.

Since our incorporation in 2007, Jinkushal Industries has steadily evolved into India's largest non-OEM exporter of construction and mining machinery. Over the years, we have built a differentiated and asset light business model that integrates sourcing, refurbishment, customization, logistics and international distribution. Today, our presence spans more than 35 countries, supported by a diversified supply network and an in-house refurbishment infrastructure in Raipur, which acts as a hub-and-spoke model, along with designated partner facilities in India and overseas markets.

Our operating model continues to rest on 3 complementary verticals – exports of new and customized equipment, exports of used and refurbished machines, and the development of a proprietary brand, HexL. Each of these verticals reinforce the orders, allowing us to provide end-to-end solutions across price points and customer segments. During our current quarter, we undertook a deliberate and strategically important step in our evolution. Historically, our overseas inventory levels were modest, around Rs. 10-Rs. 15 crores, reflecting a predominantly wholesale B2B export model. In the current period, inventory at our overseas subsidiary level has increased approximately to around Rs. 70 crores, the highest level in our history. This was not incidental, but it was a conscious decision which enabled the position of the company with the strengthened liquidity position of our IPO. By positioning inventory closer to end-customers, we aim to shorten delivery timelines, expand direct end-user and retail sales, increase the share of higher-margin refurbished machines, and enhance revenue realization overtime. While this approach involves a relatively longer operating cycle, aligned with retail-led execution, it represents a structural shift towards building a stronger and more resilient global brand and global distribution network.

During early December, certain tax related clarifications in Mexico, which has historically been one of our most significant export markets, led to temporary purchase deferrals by some importers at the end of the calendar year. It is important to emphasize that this was a timing-related development alone, rather than a structural demand issue. On the contrary, as per our insights from the customer engagement in Mexico, the demand this year and the years to follow is supposed to increase in Mexico, given the promoted strategy of the government for various reasons. The inventory we have accumulated remains healthy and high in demand. We expect conversion into revenue and profitability in the normal course of business. In response, we proactively have strengthened our execution across markets. The strengthened presence in markets such as the UAE, South Africa, etc., supports diversification and reduces concentration risks across geographies, and has enabled us to grow 27% on a standalone basis compared to the same period.

We have continued to invest in our HexL brand, which represents an important long-term growth vertical for the company. HexL products are designed to our specifications and supported through our global distribution network, enabling us to participate more deeply in branded equipment sales while maintaining our asset-light operating philosophy. Investments in international exhibitions, marketing initiatives, and distributor partnerships are being undertaken to build durable brand presence and strengthen market access. The strengthened capital base following the IPO has enabled us to expand overseas inventory, reinforce export execution, and accelerate brand and distribution initiatives in a disciplined manner. These investments are directed towards building long-term business strength and sustainable growth. The decision to utilize current liquidity towards marketing, exhibitions, and strengthening our global execution has been taken, which will reflect in the current period and the quarters to come, which shows and reflects our confidence in emerging business opportunities for our company. While these investments are expanded in the current period, but they are intended to enhance distribution depth, brand visibility, and long-term profitability along with recurring revenues.

From an industry perspective, the global used construction equipment market continues to benefit from structural tailwind. Infrastructure development across emerging markets costs advantages of refurbished machinery compared to new equipment, growing rental ecosystems, sustainability-driven reuse trends, all support the long-term demand environment in which we operate. Our positioning across refurbished exports and emerging geographies aligns well with these drivers. Our competitive advantage is built on execution excellence, a strengthening product mix, scalable export operations, and prudent capital discipline. These foundations enable us to compete effectively on a global scale while delivering sustainable long-term growth. And as we enter the final quarter of FY '26, our priorities remain disciplined and focused. We are committed to monetizing overseas inventory efficiently, strengthening our margin mix through higher contributions from refurbished equipment and HexL, maintaining prudent working capital management, and continuing geographic diversification. Our near-term focus remains on maintaining financial prudence while pursuing sustainable and most importantly, profitable growth.

Our aspiration to achieve a multiple-time growth on revenue over the next 2-3 years remains intact, but supported by the expansion of overseas distribution, growth of refurbished exports, and scaling the HexL brand. At the same time, our sharpest focus continues to be on improving PAT and revenue quality rather than pursuing the turnover growth alone. Overall, the strategic steps taken during this period strengthens our global execution capability, improve our balance sheet strength, improve revenue quality, and the position of the company for sustainable and profitable growth over the coming years.

I will now request our CFO – Mr. Sumeet Berlia, to take you through the financial highlights for the quarter.

Sumeet Berlia:

Thank you. Good evening, everyone.

Let me take you through the financial performance for the quarter and 9 months ended December 31, 2025. Starting with standalone performance for Q3 FY '26:

Total income stood at Rs. 9,179 lakhs as compared to Rs. 4,437 lakhs in Q3 of the previous year, reflecting strong year-on-year growth. Profit after tax for the quarter was Rs. 417 lakhs compared to Rs. 311 lakhs in the corresponding quarter last year, representing healthy growth of approximately 34%. For the 9 months period, standalone total income increased to Rs. 18,429 lakhs from Rs. 14,884 lakhs in the previous year, marking growth of 24%. Profit after tax for the 9 months stood at Rs. 1,148 lakhs. This performance demonstrates continued export execution, strength, and scalability.

Moving to consolidated performance for Q3 FY '26:

Total income stood at Rs. 4,535 lakhs. The group reported a loss after tax of Rs. 987 lakhs for the quarter. It is important to view this consolidated number in context. In H1 FY '26, the group delivered consolidated PAT margins of approximately 9%, reflecting the underlying operating

capabilities of the business. For the 9-month period ended December 31, 2025, consolidated total income stood at Rs. 17,094 lakhs and profit after tax stood at Rs. 108 lakhs. The consolidated results reflect the impact of strategic overseas inventory positioning and standard inter-company elimination under accounting standards.

Margins embedded in overseas inventory are recognized upon sales to external customers, while associated operating costs continue to be expensed as incurred. This results in a timing difference between cost recognition and profit realization at the consolidated level. As overseas inventory is monetized, consolidated revenue and profitability will progressively reflect this conversion. From a capital structure standpoint, we remain comfortably positioned post-IPO with continued focus on working capital disciplines, margin quality and sustainable growth.

With that, we conclude our financial review and are happy to take the questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aniket Madhwani from StepTrade Capital. Please go ahead.

Aniket Madhwani: Firstly, I just want clarification on the numbers. As you said, you are still intact to achieve around Rs. 800 crores in 3 years. As we see the numbers in this quarter, you seem to be going in a downtrend kind of business. So, this quarter has seen a significant dip in the topline as well as the bottomline. So, I just want the clarification, what was the major reason behind it and are you facing any challenges in achieving any orders from the clients?

Abhinav Jain: So, I would like to clarify that we have not seen a downward trend. In fact, we have seen an upward trend of 27% of standalone export turnover growth from about Rs. 140 crores to about Rs. 185 crores or something. And on a consolidated level, the inter-company profit elimination essentially removes your profit of the inventory which has been exported from India, however, has still had overseas inventory on a more consolidated level. It is reflecting the profit and turnover elimination, but if you actually add Rs. 185 crores, but let us say, we have about Rs. 70 crores of inventory where we had earlier, let us say Rs. 10-Rs. 15 crores of inventory. So, Rs. 185 crores plus around Rs. 70 crores of inventory which is at purchase cost plus their shipping, refurbishment, etc., expenses. So, mota-mota, Rs. 80-Rs. 90 crores of turnover you added. So, we are very much at approximately the same numbers that we were earlier and Rs. 285-Rs. 300 crores could be very realizable if we just had sold this inventory, right. But it was a conscious call of the company to maintain inventory rather than just wholesale the machines. Moreover, our debt utilization as well has not been increased as per the increase in the revenue and that is only working in capital as well. So, all the parameters if you actually look at it other than just mainly looking at the consolidated numbers will show you that the performance has actually increased and opportunity. Moreover, it has only been a short period of 2 or let us say, some 2 odd months where we were able to actually see the IPO proceeds, etc. So, there is no working cycle for our business which has always been there which can be concluded in a matter of 2 or 3 quarters, something like this. And a short time frame of 1 quarter or 2 months and calendar cut-off date cannot adequately represent what is, it cannot translate into sales conversions

because the sales conversion cycle is simply not there. And that is what inventory is being affected and it can be anyone gets Rs. 70 crores in inventory and so how much would that get realized and that is the whole thing.

And your other question about the long-term revenue growth, we are still intact on that. We have adequate working capital and we are here for the long-term, right. 1 quarter or 2 quarters for calendar cut-off date, we are not here to present numbers. But we are here to build a business and we are doing so effectively, I believe. And I don't see anything which is stopping us at all, especially in the current balance sheet itself, which has a strong inventory to achieve that kind of number. And in fact, these steps are aimed towards that only, to achieve those kind of numbers and especially focused on that.

Aniket Madhwani: Sir, 50% of the export is attributable to Mexico, right? And if you look at the recent news of Mexico, Mexico has also put 50% tariff on the Indian export, right? How do you see the future outcome of that tariff and do you have any diversification strategy from Mexico?

Abhinav Jain: A large part of our revenue was coming from Mexico in the previous quarter. However, in the current quarter itself, we started diversifying and forever, we have had presence in more than 30 countries selling machines in various countries including UAE, Australia, South Africa, Netherlands, Europe, right. Mexico had taken a larger share of the revenue in one of the previous years. But we still have presence in multiple countries across UAE, South Africa, etc. And especially, there are two things. First of all, our product is not explicitly covered and it is still not clarified whether our product is covered or not. So, far, what the news is that our product is not covered in the tariff scheme of Mexico Government. So, during the end of that period on 31st of December, basically, it was not exactly clarified whether our product will be covered or not because the tariff was actually being implemented from the New Year. So, as on the reporting date, the purchasers and importers deferred their purchases to the New Year. But as on date, there are no coverage on tariffs and we are expecting actually higher demand in Mexico because they have launched some schemes where they are promoting sales of commercial equipment and construction machines and agriculture machines wherein the accelerated depreciation is being allowed by the Mexican government to boost the sales of these machines. So, actually, on the contrary, it is a positive news for us rather than negative news. So, it is to be noted that 31st of December was a reporting date which is where the numbers are reflected.

Aniket Madhwani: So, it means Q3 dip in revenue is not on account of the tariff of the Mexico, correct?

Abhinav Jain: Correct, exactly. It is just the deferral of sales. We have a higher inventory that is where the consolidated revenue is looking at. The same inventory was sold on the exact same date of 31st of December, it would have reflected in the similar turnover level.

Aniket Madhwani: And could you just give me the bifurcation of your revenue? Is there any increase in your HexL plan? In H1 FY '26, we have seen around 11% of your revenue comes from HexL. So, is there any increase in this quarter?

Abhinav Jain: Also, capital goods and production takes time. So, there is no quarter-on-quarter numbers increment like this. However, these orders are for HexL and we are getting orders for HexL. There are some new developments as well, which we cannot share due to compliance purpose and they are not publicly disclosed information yet. But we are continuing to expand dealers and distributors. And as I said, in this quarter particularly, there is no particular change in the numbers as which was given in the previous period.

Aniket Madhwani: And same for your new and used refurbishment, the same proportion of?

Abhinav Jain: Yes, that could be the reason. The business itself is as such that it takes, as I said, 2 months to the next day, 60-90 days of shipment time alone, then refurbishment time, customization time, procurement time, the whole cycle. So, there is 120-150 days of cycle itself, right, which cannot be covered in one quarter. So, any one quarter cannot give you clear picture about what has translated. It can show indicators and the record build-up of inventory itself is the indicator. In one quarter, we can only purchase, right. In one quarter we can purchase, then we can sell, realize and then invest again, right. So, that will take time. So, the big factor is that we are purchasing has started and that is why it is Rs. 70 crores of record inventory build-up as on reporting date. In the next quarter, the next phase of the cycle will go, sales and shipment and realization. So, all those will start reflecting.

Aniket Madhwani: Got it. That is it from my side. Thank you.

Moderator: Thank you, sir. The next question is from the line of Madhur Rath from Counter Cyclical Investment. Please go ahead.

Abhinav Jain: Sir, I am new to the company. Sir, if you could just take me through your business model, how do we, from where do we buy used construction machinery? Is it that we only buy used construction machinery in the country and export them or we buy used construction machinery globally and where do we refurbish it and from where do we export it? And also, who are our principals in China from whom we are buying and why can't they sell their machinery themselves? Why do they need Jinkushal to sell the machinery?

Abhinav Jain: Sumeetji, would you like to answer that question?

Sumeet Berlia: Hello. Hi, Mr. Madhur. So, explaining about the business verticals which we are operating in, we are primarily working in three business verticals. One is new and customized accessorized machines of other brands. Secondly, used and refurbished machines and third is our own HexL brand. So, the whole business model is exports of construction and mining equipment where we are providing a one-stop solution to our customers. The used refurbished machine is our primary model and the HexL is our own brand which we are developing now. So, this provides a value addition to the customers in terms of cost savings and readily available machines to them. Whenever a project is started, they need a complete mix of products. So, we intend to become a one-stop solution for global supply.

- Mathur Rathi:** So, all that I already know that you sell used machine under your own brand and you export new machinery also. What I am asking you from where do you buy used machines?
- Abhinav Jain:** All right. So, we buy used machines all across India and the world. We refurbish them across either our own refurbishment center in Raipur in India or our partner refurbishment centers elsewhere in India or in our partner refurbishment vendors or contractors elsewhere around the world. That is our first vertical where we buy used machines and then refurbish them and sell them. Second vertical is we buy new machines of other brands, customize them, add value and then sell them in a similar model in either one of the locations that I have told you about earlier. The third vertical is HexL, our own brand and the question why can't the Chinese people sell it themselves lies in the same aspect why Apple or Hyundai or Caterpillar or any other Samsung, LG, so in most engineering companies and engineering goods business, the design, R&D, engineering, marketing is retained by the brand and the company. Manufacturing is always outsourced because it is a recurring, simple, mundane task of assembling products, sourcing them from various ancillaries, fabricating, manufacturing some of the things and assembling them. So, it is a recurring thing again and again we have to do the same thing. So, that is always outsourced to either Chinese or Indian or any other cost advantageous players and that is the predominant global model we work in. Why can't all of these manufacturers not start something in their own? That is how the whole global supply chain economy works because some people are good in manufacturing, some people are good in marketing, some people are good in design, R&D. So, I think that is how it works, right.
- Madhur Rathi:** So, basically, what I understood that we are buying a second-hand machinery globally and refurbishing the machines in India as well as in other countries and then do we have distributors or we sell to the end customer directly?
- Abhinav Jain:** We don't sell to the end customers. We primarily have distributors in various countries and we supply machines in more than 30-35 countries and these distributors are the importers in their countries and when they further supply to end customers in their time zone, in their language, in their geography, which is easier for them to cater.
- Madhur Rathi:** So, now for example if we buy a second-hand Caterpillar machinery and refurbish it and sell it under our brand or we will sell it under Caterpillar only?
- Sumeet Berlia:** Our brand is only HexL and that is our own brand, own design machine. We are competing with Caterpillar on that and when we are buying other brand machines which has been a historic business model, we do not change the brand. It is just like sale of used car or used mobile phone. No one changes the brand when they are selling used capital goods or used mobile phone or used car. If you are buying a Hyundai i20, it will still remain to be a Hyundai i20. It cannot be a Cars24 i20.
- Madhur Rathi:** Will we be able to match last year's revenue of Rs. 380 crores roughly, this year, FY '26?

- Sumeet Berlia:** It will remain to be seen and we can comment on the coming quarter. But as I said, we are confident on building a business. For us, all the right tick boxes have been checked with record inventory build-up, the right direction, evaluating and assessing of building teams, senior leaderships from other OEMs etc., to drive growth, to make our business organized. So, rather than quarterly number focus, we are really focusing on the next 2-3 years targets that we have set for ourselves and we are confident to achieve. It is still early on, first quarter after the IPO, roughly 2 months have passed after the IPO on this date. But I think all the parameters and the initial indicators seem to be pointing in the right direction for us.
- Madhur Rathi:** Right. Sir, also our current liabilities have increased from Rs. 5.9 crores at FY '25 end to Rs. 26.1 crores in H1. Why was that?
- Abhinav Jain:** Sir, can you please repeat the question from the source which we are referring?
- Madhur Rathi:** Yes, sir. So, our other current liabilities have increased from Rs. 5.9 crores to Rs. 26.1 crores between FY '25 end and H1 of FY '26. So, if you could help us understand why has that increased so much?
- Abhinav Jain:** You are looking to H1 numbers. Let me check once.
- Madhur Rathi:** Sir, in the meantime, I had another question, sir. So, what we understand from some of the component manufacturers of these off-highway vehicles and construction and mining equipment is these Chinese players are out of the top 10, top 5 would be Chinese in off-highway market and the construction market. Sir, so is that why we have introduced this HexL brand where we are just assembling these machinery for Chinese and selling it in India? Is that understanding correct?
- Sumeet Berlia:** No, completely wrong. We are not the contract manufacturers for anyone. We are actually the brand owners of HexL. We are the brand who is getting it made from one of the Chinese factories for us as per our design. Our design engineers are from our USA office in Florida and we are trying to become one of the top 10 brands in the world for sure in the long run.
- Madhur Rathi:** Right. Sir, on the other current liabilities, you could help us understand?
- Abhinav Jain:** We will come back after the questions. We can take up the other questions as well. We will get back to you on that.
- Madhur Rathi:** Sir, so what is our total CAPEX going forward?
- Abhinav Jain:** We are an asset-light model. We do not really have a clear in-line with the objects of the issue. We don't really have a fixed CAPEX or something like that. We are an asset-light model. That is why we are getting the machines itself manufactured by another company just like Bolt or Samsung or LG or whatever. As of now, as of this date, we do not have any plans of that.

- Madhur Rathi:** And sir, what is our working capital cycle life? What is the credit period that we give to our distributors? Do we buy machines on credit from our suppliers? How much inventory on a steady state basis do we keep? So, if you could just explain us the steady state working capital days in our business?
- Sumeet Berlia:** All right. So, the inventory question, we have increased our inventory, which is the whole agenda that we have highlighted today. So, the inventory has increased to Rs. 70 crores. So, whatever we did earlier has changed now.
- Abhinav Jain:** The working capital cycle was earlier as 120-150 days, something like that, which will now again remain to be seen since we have increased our inventory at overseas level and planning retail executions. And the credit days is 60-90 days is the delivery period and logistics cycle that we have to deliver countries like Mexico and probably 60 days to South Africa, etc. And usually the credit period that we give is 30 days or something like this after delivery. So, the logistics period gets recorded and in the delivery time and basically even when the control of the BL and the goods are in our hand, the logistics period gets recorded as credit period in our books or receivables in our books. However, in the books of the customer, in a practical basis, they would essentially consider credit only when the goods have been received in their hands. So, that is the assumption at 120-150 days of credit in our books. Essentially, 90 days is the logistics period and delivery time. It is just like if someone is delivering goods from Pune to Bombay, that one day of transit time does not count. But if someone is delivering goods from Kashmir to Kanyakumari, there will be a considerable transit time. So, the credit period may not be considered by the customer unless he gets the delivery of the goods. So, this is the essence. And I would request you, if you can focus the questions more towards this quarter and this earnings call would be more fruitful for everyone's time. And we can happily take one-on-one questions from you and connect directly with our team or our IR team for the basic questions which have been covered.
- Madhur Rathi:** All right, sure. I will get back in the queue.
- Moderator:** Thank you, sir. The next question is from the line of Jayesh from HDFC Securities. Please go ahead.
- Jayesh:** Yes, thank you. Thanks for the opportunity and good evening. Am I audible?
- Abhinav Jain:** Yes, Mr. Jayesh.
- Jayesh:** Sir, my question is that what is the current order book or revenue visibility for the next 12 months or 18 months, maybe?
- Abhinav Jain:** Hi, Mr. Jayesh. So, usually, as you can see, OEMs or dealerships are automotive or construction equipment, rather than a current order book, which is predominantly seen in government contracts or something like this. I believe inventory and other things, like the demand in general in the market can be seen in parallel to the revenue visibility. So, in that aspect, there is no

current order book as such. There are some orders and pipelines, but we don't maintain that as an order book like Rs. 200 crores of Government OEM co-ordering and all. But we have commitments from our dealers, especially in HexL, which we disclose to the users like 100 machines in the next couple of years and something like that. But they will not meaningfully give you the exact revenue stream. Because as I said, we are not dependent on that order. We have other marketing efforts, sales efforts, scale up efforts and year-on-year standalone growth, which is the most measurable performance, which we can see and measure in terms of visibility in India. So, that from Rs. 140 crores to Rs. 180 crores to Rs. 185 crores we have done in December, so that can show that we are growing and the inventory has been built up. That will get converted into revenue and turnover. So, the inventory, I think you can get a decent idea of revenue visibility going forward.

Jayesh: So, majorly that means dependent on marketing and strategies?

Abhinav Jain: We cannot hear you if you can repeat yourself once again.

Jayesh: Sir I am saying that means you are dependent on marketing and strategies?

Abhinav Jain: Yes, sales and marketing efforts for the brand building. If we have inventory then only we will be able to sell. That is the basic concept used machine if you have inventory then only you will be able to sell.

Jayesh: Yes, that is correct sir. And sir, second one will be that how much of the recent growth is applicable to refurbished equipment versus the new for customized machines?

Abhinav Jain: I believe, Sumeetji, could you say that number? I believe 40, so used refurbished machines, our growth is in the current year. And new customized machines of other machines, the share is being taken by our HexL brand. Because obviously, we are gradually, because we have such a big customer base of new customized machines of other brands, which we used to sell as backloaders. So, we are slowly pushing our own brand there, right. So, that share is gradually transitioning here and there. It won't happen suddenly, obviously. It is a new brand, it takes time to transition. We are in year one right now. So, that will take time. But Sumeetji, what is the percentage of mix, in terms of value or in terms of units?

Sumeet Berlia: Sir, in 9 months, 2026, the new machines have taken 49% share, old machine 42% and HexL brand 8.6%. So, overall, the new machines have been reduced from 61% to 49% of other brands. The HexL have increased from 1% to nearly 9%. And the refurbished machine segment has increased from 38% to 42% in 9 months, 2026.

Abhinav Jain: Was that clear, Mr. Jayesh?

Jayesh: Yes. Thank you, sir for that. And sir, apart from this one more, that can management quantify the contribution from repeat customers versus the new client additions?

Abhinav Jain: Now, we don't have the data exactly currently of this quarter, but it remains the same. As I said, our cycle is around 150 days, right. So, in one quarter, we don't have that much time. So, the old orders were getting executed, and the supply chain, right and it is like that. But I believe 70% would be our repeat customers and 30% new. But going forward, we are also eyeing to, because there are 2-3 things happening. If the inventory build-up is not there, then we will obviously market it to new customers. So, we will also do that. And the old order channel is there, so we will continue the supply chain.

Jayesh: And sir, for the next 2-3 years, so with the entry into the new geography, which regions are expected to be the primary growth drivers for you?

Abhinav Jain: We are definitely entering into new geography. And but it is still publicly disclosed information, so I cannot tell that. But yes, see, we were in 35 countries in all 6 continents Mexico was a major revenue growth but I would say the other Africa, Middle East, and European countries will also start to throw in a lot of work, I can say this. We are hiring team members, see, I will be very honest. We are hiring team members from a very big brands in our team to grow in these regions that I have told you, we are dedicatedly hiring, creating organizational structure, regional sales head, regional sales manager, global sales head, and all these people. So, initially, there will be impact of all these but this will only be our long term growth driver and from promoter-led business to a professionally driven business, which is the need for the company to become a truly global brand with HexL. This is our aim and intention and they are doing and we are doing and we are spending on that, we are spending on marketing, exhibition, manpower, and like Rs. 1 crore plus manpower a lot. So, we are going to invest in these, they will be expensed out in the P&L initially. Initially, why are these expenses coming up, but we are very happy to take up these expenses and investments. Because in today's quarters, these expenses will come up, but in 2-3 years, this is what will help us achieve our target.

Jayesh: Sorry for the disturbance. Sir, I wanted to ask you that to further achieve the PAT margin, which is currently 5% of the current level, what are the key levers to achieve that?

Abhinav Jain: Alright, I will tell you a simple thing. Someone else also asked, that how is your revenue of Rs. 600-Rs. 700-800 crores looking like, will it be possible or not? Right now, there is some confusion about whether it's growing or not, right? So, I would like to clarify, there is a very simple logic, that we have a working cycle of 120- 150 days, and we are earning 2x to 2.5x in a year, right? So, today, Rs. 90 crores of our IPO funds were inducted into the company, and if we deduct GCP and expenses in that, then net-net we have around Rs. 80-Rs. 90 crores from that. We have infused net worth of net-net around Rs. 80-Rs. 90 crores in the company, and apart from that, we have a sanction limits of Rs. 120 crores, right? So, net-net if you look at the large amount, we already have a working capital base of around Rs. 300 crores, in which we don't have any CAPEX or any major investment, or any other expenditure. Yes, there can be Rs. 5-Rs. 10 crores of marketing here and there over a period of time, and I am not going to increase that, it will go down later and then it will generate the revenue. But you would see that net-net if we do the churning of Rs. 300 crores, that is 2x - 2.5x, then we won't be able to rotate

Rs. 700-800 crores, to build an existing customer based on existing products. But what happens after that? It will happen, the same level of marketing, the same level of everything will continue to happen, but that Rs. 800 crores won't come back, how will it reach the next double-triple or Rs. 2,000-Rs. 3,000 crores? So, for that, it is very necessary that we take the strategic initiative and start building a foundation. And our focus right now is to build that foundation, bring the team, and create a marketing presence, a brand presence, so that it becomes a brand recall. And globally, we will become very known in this space, even more and more. And the team can drive it, and the growth drivers can become the leaders. So, the margin, that is your question, that will come from here, which is our planning. When the team is there, initially, the margin may be, some quarters may forego, and I understand, financial analysts, try to just look at the business from books and quarters. But we look at the fundamentals, right? And then, what is happening, what are we doing? So, we don't just want to make money and sell it. We want to build a brand, we want to build a business for the long term. And that is what we are doing, and that is what we believe will give us the margin.

Moderator: Sorry to interrupt, Jayesh sir. May we request you to return to the question queue for follow-up?

Jayesh: No worries. Thank you, sir. Thank you very much for the answer.

Moderator: Thank you, sir. The next question is from the line of Praneet, an Individual Investor. Please go ahead. Mr. Praneet, your line has been unmuted. Please go ahead. Sir, as there is no response, can we go ahead?

Praneet: Hello. Can you hear me?

Moderator: Yes, sir.

Praneet: Sorry. So, thank you for the opportunity. So, first, I wanted to ask regarding the return policy. So, how does it work in terms of warranty and returns for a refurbished and also new equipment? How does it work usually, depending on the segment?

Abhinav Jain: So, for our own brand HexL, we give 2000 hours warranty. And usually, sir, the goods are so big that in any return policy, usually the shipment is usually covered by the customer, right. So, these are ODC large goods. So, returns are usually non-existent, kind of, because the cost of returning itself will be much higher than the cost of repairing or buying a new part and installing a new part on that machine. The entire principle of mechanical engineering or machines lying in the factory, machines can get repaired again and again by either repairing the engine, refurbishing the engine or the transmission or other components or hydraulics or whatnot, right. And these are smaller parts, which can be shipped easily by the HexL or anything else or import air cargo and it may be easier. And this is what happens. A used truck or a used machine, it can go on and on by getting repaired again and again. That is why governments even impose laws that 15 years more than the age of machining the truck or non-machining truck, after 15 years cannot be used abroad. Because otherwise, what was essentially happening in all the countries is people were just repairing their machines or trucks and using it for 50 years or whatever, x

number of years. It can go on and on. So, that is the returns are non-existent virtually. Warranty, as I said, for our own brand, we give warranty for used machines and refurbished machines. We are the wholesale seller. Warranty is usually covered by the distributor. So, the end distributor incorporates and builds it up in that margin and they give warranties. And again, the concept is the same. They buy spare parts either from us or from the local vendors or from anyone else and do it.

Praneet: So, it is basically seller warranty, it is not manufacturer warranty?

Abhinav Jain: Exactly, for used machines. Because used machines, they are not essentially the manufacturer. And for HexL brand, we are the manufacturer. So, we give warranty back to them. That is covered by our suppliers and our factory. And for example, we are using Cummins engine. So, Cummins is giving a warranty. We cover it back to them. Cummins is a globally established brand which has service centers everywhere. So, with the serial number of the engine, etc., we give the warranty.

Praneet: So, basically, the producer who is already doing the contract manufacturing for you covers the warranty across the globe?

Abhinav Jain: Yes, absolutely.

Praneet: Understood. So, one more question is regarding our expansion beyond the mining sector. Is there potential for Agri or how does the management think about expanding the sector to other segments like Agri? When it has similar use case and similar presence?

Abhinav Jain: Yes, it is a similar factor. Our focus is not being that sharp over there currently. But yes, we are present in a minor level on Agri vertical, including agricultural contractors, etc., as well. It is an ancillary, I would say, product segment as well.

Praneet: And one more question regarding the beginning of, just to get some context as an investor. So, I understand that in the last concall, you mentioned that your family has been into the mining sector for the last 50 years. Could you also explain how?

Abhinav Jain: I am sorry? How you mean to say how? Hello? I think I have lost you. I will still give a general broad view of the contract that our family as my grandfather started mining contracts with South of Chhattisgarh in BSP, Bhilai Steel plant, which is a flagship unit of Steel Authority of India Limited. And my father was also into mining contracts and contracting, my uncles are into mining contracts. They even execute big contracts right now for VST or participating vendors for WT and etc. So, primarily, our family has been users and even our extended family cousins, etc., all have been users of construction and mining machines. We have a very first-hand, internal overview of, not such an overview, very in-detail understanding about how machines work, what do the customers want, because we ourselves are customers on the other side of this, and what problems arise and what can be repairable, how to repair it in a cost-effective way. And all those insights have really gone into our current business as well, where we refurbish

machines or design machines keeping in mind the requirements and ease and comfort of the customer. And then we are trying to make HexL as a customer-oriented brand.

Moderator: Thank you, sir. The next question is on the line of Madhur Rath from Counter Cyclical Investment. Please go ahead.

Madhur Rath: Thank you for the opportunity once again, sir. If you could help us understand, what is the margin profile for refurbished equipment versus our own branded equipment?

Abhinav Jain: 14% level is what we expect and see estimated on PAT level for refurbished used machines. And for our own brand, it is early on. There are many one-time expenses, including onboarding of staff, and we paid staff, marketing, website, trademark registration, whatnot, right. But going forward in the years to come, we expect 12%-14% on PAT level basis for our own brand as well, without any CAPEX.

Madhur Rath: And, sir, our employee expenses have increased, I think. So, at this level of employee counts, sir, how many machines can be refurbished?

Abhinav Jain: I don't think that will be a direct analogy because employees include a lot of white-collar and senior managers, which are probably in various sections, including accounts or whatnot, right. So, the capacity as of now doesn't change exactly for the refurbished machines. It is primarily restricted by the working capital available. And as we informed earlier that we have designated partners, etc., for refurbishment as well. So, money is the raw material, yes. If you have more working capital, you can simply, as you can see, we built up inventory since we had the IPO proceeds. So, we can re-increase inventory again and we can refurbish more. If we have more money, we invest in refurbishment and the cost of goods purchased.

Madhur Rath: Sir, so why did we build inventory? Why don't we just sell it to a distributors instead?

Abhinav Jain: No, exactly. Let us say, Suppose I get money in October, money does not get release at once. After that I can't buy anything worth Rs. 50 crores on day 1. So, I couldn't do it. It is not prudent to do it. So, if I buy something, it will take time to sell it, right. If I buy something in December and my working cycle is 150 days, it will take 15 days for heavy capital. In transit time, it takes 15 days for me to get a point A to point B in India, right. If I have to go from Raipur to Bombay or Delhi to Raipur, it takes 15 days for both. So, if I purchase something in December, how can I sell it? By all practicality, how can I sell it in December? As on 31st December. Because it is natural, right. If you purchase something, your inventory will build up. Now, I can sell it on day 1 as it is, in exact trading. I can sell it on day 2.. It will take time, right. If I buy something. But the essential note over here is also that we are still looking at exports only, yes. But the end of the cycle, including that 60 to 90-day delivery period and after all that, we didn't sell it. So, that is a sale cycle, which fundamentally means, from a macro level, understanding can be that in 2-3 months, the sale cycle of 150 days cannot be completed, which is what is reflected over here. So that it can reach up to the inventory stage.

- Madhur Rathi:** Understood. Sir, and is Pune based Vision Infra Equipment our competitor or our customer or supplier?
- Abhinav Jain:** No, they are not our customers or supplier. They are in a similar domain in one of the verticals, but not exactly the same. Their primary business is renting of machines. And that is where their most of their PAT & revenue comes from. However, they are really, I don't know what exactly. We are into our own brand and we are into our core businesses in refurbishment of construction equipment and we are in that.
- Madhur Rathi:** Thank you very much.
- Moderator:** Thank you, sir. The next question is from the line of Praneet, an Individual Investor. Please go ahead.
- Praneet:** I am really sorry, the call got cut. Thank you for the follow-up though. Just could you re-answer my old question of how did your family enter into this business and is the mining operation still going on?
- Abhinav Jain:** I will ask you that question again and answer it again. And if there is still further questions, we can take it one-on-one with Mr. Praneet and our IR team. We are a family, my grandfather started mining contracts in South of Chhattisgarh maybe 50-55 years ago for Bhilai Steel Plant, which is the flagship unit of Steel Authority of India Limited. And ever since, mining has been core part of our family's business, interest and operation. My father, when he entered the business, he started EPC mining contracts and other contracts in Raipur for stone quarry, for land road and Railways. And even my cousins and uncles currently same first cousin family, are involved in mining contracts in WCNB, BSP and other mining companies, private or public. So, that is how we are related to mining and contracting. And we have first-hand insights of how the machines are used, how they are prepared, what problems arise, what problems do the OEMs domestically and currently in the market, arise with the customers and that is how we have been able to have so much of customer insights and solve problems of customers that took up designing our own brand in HexL. And also, when we know how to prepare, use, and reproduce machines, we are customizing the machines by knowing what lacks in what machine and solving that problem in a cost-effective way. That has been our USP. That is why we are a 3-star export house, provided by the Government of India. And that is why we have had such a recurring customer base, which is buying from us again and again and again. And now, we have more working capital at our hands. We are ready to take this up and expand our customer base, cater to our existing customer base as well and grow strength to strength from there.
- Praneet:** Understood. I understand that the company has clearly a proper?
- Moderator:** Sorry to interrupt you, sir. May we request you to come back in the follow-up question for question queue?
- Praneet:** Sure, thank you.

- Moderator:** Thank you, sir. The next question is from the line of Hemant from Abar Group. Please go ahead.
- Hemant:** Hi, good evening, sir. I have a very specific question. When I was going through your consolidated results, I would just like to understand, just because we have strategically moved our inventory to our overseas subsidiary, the cost of movement of those inventory has impacted consolidated profit? Is that the major reason?
- Abhinav Jain:** Yes, you got it exactly right. Because what happens is, according to Ind AS, in very plain English, all the expenses are recorded for any movement, right. And these are major expenses, including shipping, refurbishment, etc. And whatever is the expense, it will get recorded. But the profit and turnover get eliminated. If there is inventory, obviously, it got built up and there is not the perfect cost inbuilt on it. There are other costs as well, right. It gets added to the value. And then that will get sold. The entire gross profit will become the cash. Because the expenses are already booked. But the same income is not booked. So, this is called intergroup elimination or something like this. And that profit elimination, turnover elimination. And since we have such a high level of inventory, so all that inventory elimination is happening. So, which is why it is showing in such a drastic way, like a very high extreme. Because earlier we used to have Rs. 10-Rs. 15 crores of inventory. Now, it is Rs. 70 crores of inventory. So, that is why the swing became very large for this. But it is what we are doing.
- Hemant:** So, sir, then we can expect a sharp reversal in coming quarters? As in when it is sold to the exchange?
- Abhinav Jain:** I can't tell you anything like this. I think it will not be proved yet. But as I said, if anyone gets Rs. 70 crores of inventory, then what will happen with that? And when that sales gets booked, then the same profit that has been eliminated, that will be added, right. Basically, the entire expense has already been booked. So, it will be added at the gross level.
- Hemant:** Thank you so much.
- Moderator:** Thank you, sir. The next question is from the line of Praneet, an Individual Investor. Please go ahead.
- Praneet:** Yes, thank you for the opportunity again. So, I was just wondering that the management has mentioned money is the raw material. I am wondering why you don't you face any other competition? Because if capital is the only requirement, there can be many other players in the market. So, I was just wondering, I understand the deeper insights on how the machine works and you have the partnerships. Like, could you explain why does Jinkushal have a much more stronger market presence and why does it continue to have its market share?
- Abhinav Jain:** I mean, for what? Which vertical of ours?
- Praneet:** The refurbishment and the OEM both.

- Abhinav Jain:** We are mechanical engineers in India. I am a mechanical engineer. My father is a mechanical engineer. And in every business, there will always be competition. Competition is healthy. And if anyone gets, why can't the other guy or the competitor be better? But we are the largest exporter in India for non OEM construction equipment for a reason. We are the largest exporter in India for a reason, right? And it will amount to sales, mostly interest, but we are pretty hardworking, I would say. It is not intelligent as well. And this is what we have been trying to do. We are working around the clock. Our people who know me are our family. They will know that we simply are very hardworking. And one thing my colleagues have told me, is that back in college, whatever industry I am in, or whatever work I do, that means we are smart and beat the competition. And I hope to have moved in that direction somewhat and achieved it at some level. And we hope to carry it on as well. That is our intention and goal. Competition is there, but we by hook or crook, beat our competition. And be the best in our league and tournament.
- Praneet:** Got it. And one more thing about domestic market.
- Moderator:** Sorry to interrupt you, sir. May we request you.
- Praneet:** Just one last question. Domestic market, I understand that we export more, almost all, right? I was wondering, is there no domestic market available for this particular refurbishment and OEM refitment? I am pretty sure there is. I am just wondering, why did we stay away from that market?
- Abhinav Jain:** Well, the government of India promotes exports from India. We take pride in the fact that we are an invaluable foreign exchange for the country. We are a series of exporters recognized and awarded by the Government of India. So, we basically are following the footsteps and guidelines of the government, right and if you are catering to the export market, the taste preference and price preference, etc., the dynamics are different for the Indian market. With the limited signs of capital there is only so much that you can do. So, the kind of product that we are making, the kind of ecosystem and teams we have, and the entire kind of supply chain and model we have, is more suitable for the export market. It is giving us, setting up revenue and setting up profit margins and margin is always better. So, that is what we are doing. And India is all about scale and no capital. When we have the intention and strategy to deploy as much capital to gain volume at lower margin level, we will probably enter that again.
- Praneet:** Understood, sir. So, it was basically capital allocation, the fact that we wanted to prioritize it, then we might come here when three sides trade off?
- Abhinav Jain:** Exactly. We are a marketing family. We chase profits. And whenever we got higher profits, it is as simple as that. Whether it be Mexico, or whether it will be South Africa or Dubai in any one year, or Netherlands, or UK in any one year, we have historically chased that with a limited amount of capital pool in a highly intensive, working capital intensive, basically, capital goods industry. And rather than optics, we really focus on the correlated business point of view. And we have developed so much customer base in so many countries. And now with incremental

capital, we can cater to multiple geographies and even like Mexico had this tariff pause and deferral and temporary stage where people were postponing their orders to the next month or something. We had South Africa, etc. We focused there. And we had the customers. We pushed machines over there. We were able to immediately pay them. So, this is the whole point, right. Rather than optics, or putting things on books or numbers or something, we really focus on underlying business trends. And that is what we are doing even now.

Praneet: Understood. Thank you so much for your patience. I am just wondering one more. The thing is regarding.

Moderator: Thank you, sir. As there are no further questions from the participants, I now hand the conference over to Ms. Chandni from EquiBridgex Advisors Private Limited for closing comments.

Chandni: On behalf of Jinkushal Industries and EquiBridgex Advisors, I thank everyone for taking the time to join today's Earnings Call. If you have any queries, you can connect to us at info@equibridgex.com. Once again, thank you for joining the conference. Thank you, Abhinav sir. Thank you, Sumeet sir.

Abhinav Jain: Thank you.

Sumeet Berlia: Thank you.

Moderator: On behalf of EquiBridgex Advisors Private Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.