

**Certificate on Key Performance Indicators (Basis for Offer Price)**

**Date: 12th March, 2024**

To,

**The Board of Directors**

**JNK India Limited**

Unit No. 203, 204, 205, 206, Opposite. TMC Office,  
Centrum IT Park, Near Satkar Hotel,  
Thane - West  
Thane 400 604  
Maharashtra, India

**IIFL Securities Limited**

24th Floor, One Lodha Place,  
Senapati Bapat Marg  
Lower Parel (West)  
Mumbai 400 013  
Maharashtra, India

**ICICI Securities Limited**

ICICI Venture House  
Appasaheb Marathe Marg  
Prabhadevi  
Mumbai 400 025  
Maharashtra, India

(IIFL Securities Limited and ICICI Securities Limited referred to as the “**Book Running Lead Managers**” or “**BRLMs**”)

**Sub: Proposed initial public offering of equity shares of face value of ₹ 2 each (the “Equity Shares”) of JNK India Limited (the “Company” and such offer, the “Offer”)**

Dear Sir/Madam,

We, **CVK & Associates**, Statutory Auditors of the Company, have been informed that the Company proposes to file the Red Herring Prospectus with respect to the Offer (the “**RHP**”) with the Securities and Exchange Board of India (“**SEBI**”), BSE Limited and National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) and the Registrar of Companies, Maharashtra at Mumbai (“**Registrar of Companies**”) in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and subsequently proposes to file (i) Prospectus proposed to be filed with SEBI, the Stock Exchanges and the Registrar of Companies (the “**Prospectus**”); and (ii) any other

documents or materials to be issued in relation to the Offer (collectively with the RHP and Prospectus, the “Offer Documents”).

We, at the request of the Company, have performed the procedures agreed with you and enumerated below with respect to certain financial and operational key performance indicators including business metrics (“KPIs”) of the Company and its subsidiary(s), (collectively the “Company Entities”) as on respective dates and for the respective period mentioned against each annexure, set forth in the accompanying schedules. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information” and “Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents (April, 2023)”, both issued by the Institute of Chartered Accountants of India. SRS 4400 is generally adopted to perform agreed upon procedures regarding financial information; however, this standard can also be used as a guide to perform agreed upon procedures regarding non-financial information.

To evaluate the accuracy, validity, and completeness of KPIs:

- A. We have compared the amounts identified by you on the attached copy of the RHP to the corresponding amounts set out in the **Annexure** and found them to be in agreement. We have also compared the amounts in the **Annexure** hereto to the corresponding amounts appearing in the restated consolidated financial statements, audited standalone and consolidated financial statements, accounting records, other financial and / or operational records and registers, including invoices, management reports, internal financial and operational reports, reports used for periodic MIS reporting, reports from digital/ computerized systems, extracts of minutes of board meetings and other applicable committees and any other relevant records and documents of the Company Entities necessary or required for verification of the relevant information, and found all such amounts to be in agreement.

The agreed upon procedures and relevant data / information provided for the verification of the KPIs and the definitions and assumptions in relation to these KPIs have been mentioned in the **Annexure**.

- B. We have compared the amounts identified in the attached copy of the RHP to the corresponding amounts appearing in the restated consolidated financial statements, audited standalone and consolidated financial statements, accounting records, other financial and / or operational records and registers, including invoices, management reports, internal financial and operational reports, reports used for periodic MIS reporting, reports from digital / computerized systems, extracts of minutes of board meetings and other applicable committees and any other relevant records and documents of the Company Entities necessary or required for verification of the relevant information, and found them to be in agreement.
- C. Proved the arithmetic accuracy or computation of the percentages or amounts.

The procedures were performed to assist you in evaluating the accuracy, validity and completeness of KPIs and for the purpose of conducting due diligence.

We confirm that the Company has not undertaken any material acquisition or disposition of assets/ business for the financial period as disclosed in the Offer Documents in connection with KPIs.



We confirm that, other than as disclosed in the Annexure, the Company has not disclosed any other KPIs to its investors three years prior to the date of filing the RHP.

On the basis of the procedures set forth in this certificate and in the **Annexure**, nothing came to our attention that caused us to believe the KPIs were not accurate, valid, and complete.

The KPIs have been approved by the audit committee of the Company by way of its resolution dated 12th March, 2024, prior to the filing of the Red Herring Prospectus.

We further confirm that we are an independent entity with no direct or indirect interest in the Company except for provision of professional services in the ordinary course of our profession.

We further confirm that we are not, and have not been, engaged or interested in the formation or promotion of the management of the Company.

This certificate may be relied upon by the Company, the Book Running Lead Managers and the legal counsels appointed by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the Offer Documents. We also consent to the submission of this certificate as may be necessary, to any judicial/regulatory authority, stock exchanges and/or for the records to be maintained by the Book Running Lead Managers in connection with the Offer and in accordance with applicable law.

We confirm that on receipt of any communication from Company of any changes in the information, we will immediately communicate any changes in writing in the above information to the Book Running Lead Managers until the date when the Equity Shares allotted and transferred in the Offer commence trading on the relevant stock exchanges. In the absence of any such communication from us, Book Running Lead Managers, and the legal advisors, each to the Company and the Book Running Lead Managers, can assume that there is no change to the above information.

This certificate is for information and for inclusion (in part or full) in the Offer Documents or any other Offer-related material, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisors appointed by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to (i) the submission of this certificate as may be necessary to the SEBI, the RoC, the relevant stock exchanges and any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law.

We undertake to update you in writing of any changes in the abovementioned position, immediately upon us becoming aware, until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate. We also consent to the inclusion of this certificate as a part of "*Material Contracts and Documents for Inspection*" in connection with the Offer, which will be available for inspection from date of the filing of the RHP until the Bid/Offer Closing Date.



All capitalised terms used herein and not specifically derived shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully

**For CVK & Associates**

*Chartered Accountants*

*ICAI Firm Registration Number: 101745W*



**CA K. P. Chaudhari**

*Partner*

*Membership No.: 031661*

Place: Mumbai

UDIN: 24031661BKDGCZ5777



CC:

<p><b>Legal Counsel to the Company as to Indian Law</b></p> <p><b>Shardul Amarchand Mangaldas</b> Amarchand Towers 216 Okhla Industrial Estate Phase III New Delhi – 100 020</p>	<p><b>Legal Counsel to the Book Running Lead Managers as to Indian Law</b></p> <p><b>Trilegal</b> One World Centre, 10<sup>th</sup> Floor, Tower 2A &amp; 2B, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 Maharashtra, India</p>
--	---

**ANNEXURE**

**1. Key Performance Indicators**

Serial No	Particulars	Nine months ended December 31, 2023 <sup>#</sup>	Fiscal		
			2023	2022	2021
<b>Financial related KPIs*</b>					
1	Revenue from operations (in ₹ Million)	2,533.93	4,073.02	2,963.96	1,377.21
2	EBITDA (in ₹ Million) <sup>(1)</sup>	702.43	735.05	545.77	260.15
3	PAT (in ₹ Million)	462.11	463.62	359.83	164.76
4	EBITDA Margin (%) <sup>(2)</sup>	27.72	18.05	18.41	18.89
5	PAT Margin (%) <sup>(3)</sup>	18.24	11.38	12.14	11.96
6	RoCE (%) <sup>(4)</sup>	34.73	57.17	83.25	71.90
7	RoE (%) <sup>(5)</sup>	31.79	47.71	66.03	56.96
<b>Revenue Related KPIs</b>					
1	Order Book	8,450.27	8,682.70	5,434.57	1,435.76

\*Financial information for the Company is derived from the Restated Consolidated Financial Information as at and for the nine months ended December 31, 2023.

<sup>#</sup>not annualized for the nine months ended December 31, 2023

Notes for Financial metrics:

(1) EBITDA = Profit for the year / period (Including Other Income) + Tax expense + Finance cost + Depreciation and Amortisation .

(2) EBITDA Margin = EBITDA / Revenue from Operation.

(3) PAT Margin = PAT / Revenue from Operations.

(4) RoCE = EBIT / Average Capital Employed as at the end of the year / period. Capital Employed is calculated as summation of Total Shareholder's Equity + Long term borrowings + Short term borrowings. Average Capital Employed is calculated as average of capital employed at the beginning and ending of the year / period.

Where EBIT = Profit for the year / period (Including Other Income) + Tax expense + Finance cost.

(5) RoE = PAT attributable to equity holders / Average equity as at the end of the year / period. Average Equity is calculated as average of the total equity attributable to the equity shareholders of the Company at the beginning and ending of the year/ period.

**2. Description on the historic use of the KPIs by the Company to analyze, track or monitor the operational and/or financial performance of the Company**

**A. Financial related KPIs**

1	Revenue from operations	Revenue from operations is used by the management to track the revenue profile of the business and in turn helps assess the overall financial performance of the Company and size of the business.
2	EBITDA	EBITDA provides information regarding the operational efficiency of the business.
3	PAT	PAT refers to profit after tax and provides information regarding the overall profitability of the business
4	EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of the business
5	PAT Margin (%)	PAT Margin is an indicator of the overall profitability and financial performance of the business.



6	Return on Capital Employed (RoCE) (%)  EBIT	Return on Capital Employed provides how efficiently the Company generates earnings from the capital employed in the business.  EBIT provides information regarding the operational efficiency of the business after deducting depreciation and amortization cost.
7	Return on Equity (RoE) (%)	RoE provides how efficiently the Company generates profits from shareholders' funds.

**B. Revenue related KPIs**

1	Order Book	Order Book as of a particular date is calculated based on the aggregate contract value of on-going projects as of such date reduced by the value of work executed by us until such date.
---	------------	--

**3. Comparison with Listed Industry Peers**

Name of Company	Face Value (₹ Per Share)	Closing price on February 29, 2024 (₹)	Revenue, for Fiscal 2023 (in ₹ million)	EPS (₹)		NAV (₹ per share)	P/E	RON W (%)
				Basic	Diluted			
JNK India Limited*	2.00	NA	4,073.02	9.66	9.51	25.45	NA	47.71
Thermax Limited#	2.00	3,635.80	80,898.10	39.98	39.98	343.67	90.94	12.24
Bharat Heavy Electricals Limited#**	2.00	227.45	2,33,649.40	1.37	1.37	77.05	166.02	1.79

\*Financial information for the Company is derived from the Restated Consolidated Financial Information as at and for the nine months ended December 31, 2023.

\*\* It's revenue from heating equipment is comparatively lower compared to its other flagship businesses.

#Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual reports / annual results, investor presentations, concall transcripts as available of the respective company for the financial year ended March 31, 2023 submitted to stock exchanges and posted on their websites.

Notes for listed peers:

- (1) Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company.
- (2) P/E Ratio has been computed based on the closing market price of equity shares on February 29, 2024 on BSE divided by the Diluted EPS provided.
- (3) Return on net worth ("RoNW") is computed as total profit/ (loss) attributable to equity holders of the parent for the year divided by Average net worth attributable to equity shareholders of the parent (excluding non-controlling interest) as at March 31, 2023. Average of the total equity attributable to the equity shareholders of the Company at the beginning and ending of the year.
- (4) Net asset value per share is calculated by dividing net worth (excluding non-controlling interest) by number of equity shares outstanding as at March 31, 2023.



**Comparison of KPIs for the nine months ended Dec 2023, Fiscal 2023, 2022 and 2021 with listed industry peers**

	JNK India Limited*				Thermax Limited#				Bharat Heavy Electricals Limited #			
	Nine months ended December 31, 2023@	Fiscal 2023	Fiscal 2022	Fiscal 2021	Nine months ended December 31, 2023@	Fiscal 2023	Fiscal 2022	Fiscal 2021	Nine months ended December 31, 2023@	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from operations (in ₹ Million)	2,533.93	4,073.02	2,963.96	1,377.21	65,597.80	80,898.10	61,283.30	47,912.50	1,56,325.30	2,33,649.40	2,12,110.90	1,73,086.90
EBITDA <sup>(1)</sup> (in ₹ Million)	702.43	735.05	545.77	260.15	7,760.80	7,575.10	5,485.10	4,104.00	(3,745.90)	12,612.10	11,405.40	(27,487.30)
PAT (in ₹ Million)	462.11	463.62	359.83	164.76	4,556.10	4,507.00	3,123.10	2,065.80	(7,307.80)	4,773.90	4,447.10	(26,997.00)
EBITDA Margin <sup>(2)</sup> (%)	27.72	18.05	18.41	18.89	11.83	9.36	8.95	8.57	(2.40)	5.40	5.38	(15.88)
PAT Margin <sup>(3)</sup> (%)	18.24	11.38	12.14	11.96	6.95	5.57	5.10	4.31	(4.67)	2.04	2.10	(15.60)
RoCE <sup>(4)</sup> (%)	34.73	57.17	83.25	71.90	Not Available	15.02	11.76	8.71	Not Available	3.15	2.66	(10.00)
RoE <sup>(5)</sup> (%)	31.79	47.71	66.03	56.96	Not Available	12.24	9.26	6.58	Not Available	1.79	1.69	(9.88)
Order Book	8,450.27	8,682.70	5,434.57	1,435.76	1,07,170.00	97,520.00	88,120.00	52,270.00	10,86,180.00	9,13,360.00	10,25,420.00	10,20,900.00

*\*Financial information for the Company is derived from the Restated Consolidated Financial Information.*

*@not annualized for the nine months ended December 31, 2023.*

*#Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual reports / annual results, investor presentations, conference call transcripts as available of the respective company and for limited review financials for the nine months ended December 31, 2023 submitted to stock exchanges and posted on their websites.*

*Notes for Financial metrics:*

*(1) EBITDA = Profit for the year / period (Includes Other Income) + tax expense + finance cost + depreciation and amortization.*

*(2) EBITDA margin = EBITDA / revenue from operations.*

*(3) PAT margin = PAT (attributable to equity shareholders of the parent) / revenue from operations.*

*(4) RoCE = EBIT / Average Capital employed as at the end of the year/ period. Capital Employed is calculated as summation of Total Shareholder's Equity + Long term borrowings + Short term borrowings. Average Capital Employed is calculated as average of capital employed at the beginning and ending of the year / period.*

*Where EBIT = Profit for the year/ period (Including Other Income) + Tax expense + Finance cost.*

*(5) RoE = PAT (attributable to equity holders of parent) / Average equity as at the end of the year/ period. Average Equity is calculated as average of the total equity attributable to the equity shareholders of the Company at the beginning and ending of the year/ period.*

