



Press Release

Jyoti CNC Automation Limited
June 27, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long/ Short term Bank Facilities	285.00 (Reduced from Rs. 704.35 Cr.)	IVR A-/ Stable; IVR A1 (IVR Single A Minus with Stable Outlook; IVR A One)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Upgraded	Simple
Total	285.00 (Rupees Two hundred and eighty-five crores only.)				

Details of Facilities/ Instruments are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded its rating assigned to the Bank facilities of Jyoti CNC Automation Limited based on overall improvement in the FY24 financial performance, healthy order book and completion of its Initial Public offer (IPO) and thereby raising ~Rs 1000 Cr. from IPO proceeds. The rating continues to derive strengths from extensive experience of promoters, strong financial risk profile, established relationships with renowned customers and strong order book position. However, the rating is constrained on account of working capital-intensive nature of operations and exposure to foreign exchange fluctuation.

The stable outlook reflects that the company will continue to benefit from the extensive experience of its promoters and improved profitability and net worth, robust order book from reputed clientele and enhanced capacity.

Also, the company has repaid credit facilities availed from Union Bank of India / State Bank of India / Bank of India / Bank of Baroda / Punjab National Bank/ EXIM Bank / IDBI Bank. Copy of No Due Certificate (NDC) received from consortium member banks has been provided. Infomerics has withdrawn its rating based on request from the client, NDC from the lenders and withdrawal is in line with the Infomerics policy of withdrawal.



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Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of operation while sustaining profitability
- Effective working capital management with improvement in operating cycle and liquidity.

Downward Factors

- Significant decline in operating income and/or profitability impacting the debt coverage indicators.
- Any increase in the operating cycle, which may adversely impact the company's liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of promoters

JCAL was promoted in 1991 by Mr. Parakramsinh G Jadeja. He is a first-generation entrepreneur. He has experience of two decades at grass root engineering level. He is responsible for development of new products. He was instrumental in introduction of trouble-free gearboxes for small types of lathes in 1989. Further, he was instrumental in designing several Special Purpose Machines that helped the entire industry to bring the substantial price reduction in the components manufactured on such special purpose machines. He designed and manufactured the first CNC Turning Centre in Gujarat in 1997 and introduced for the first time in India some of the CNC Vertical Machining Center (Power VMC-40 linear) and SECT (Eccentric Turning Machine).

Improved financial risk profile

The company witnessed CAGR in total operating income of 32% for past three years. Total operating income of the company improved by ~44% in FY24 refers to period April 01, 2023 – March 31, 2024, and stood at Rs. 1189.72 crore as against Rs. 828.24 crore in FY23 refers to period April 01, 2022 – March 31, 2023, on account of healthy order execution and growing demand of CNC machines in the market. EBITDA improved from Rs. 116.80 Cr. in FY23 to Rs. 272.07 Cr. on account of increased turnover coupled with improved realisations. The company during the year repaid all fund-based bank facility and currently only utilizing non-fund-based limit for working capital requirements leading to reduction in the finance costs



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during FY24 further improving the PAT. PAT improved from Rs. 39.33Cr. in FY23 to Rs. 139.99 Cr. in FY24. With improved scale of operations and profitability, the EBITDA and PAT margins have improved to 22.87% and 11.69% respectively in FY24 from that of 14.10% and 4.57% respectively in FY23.

The company raised an IPO of Rs. 1000 Cr. during January 2024. The shares are listed at Bombay Stock Exchange (BSE). The equity shares were issued, subscribed and paid up with face value of Rs. 2 each to the tune of Rs. 45.49 Cr. and share premium of Rs. 1266.44 Cr. in FY24. With the said equity infusion, the tangible net worth (adjusted for investment in group companies) of the company improved from Rs. 290.40 Cr. as on March 31, 2023, to Rs. 1500 Cr. as on March 31, 2024. With proceeds of IPO and in line with objective, company repaid all fund-based facility and currently only utilizing non-fund-based limit for working capital requirements. Further, TOL/ATNW has improved to 0.36x as on March 31, 2024, as against 3.79x as on March 31, 2023.

Established relationships and strong order book position with renowned customers expected to drive revenue growth

Company has a robust order book of ~Rs. 3400 Cr. Majority of the revenue for FY24 was derived from sale of CNC machines to various sectors including aerospace and defence, auto & auto components, general engineering. The company has long standing established relationships with renowned customers in the defence and aerospace division and has strong order book position coupled with long term supply agreements. The company receives continuous repeat orders from marquee and globally reputed players. The diversity in the revenues from different SBUs and clientele coupled with strong order book position is expected to fuel the revenue growth in the projected years.

Key Rating Weaknesses

Working capital intensive nature of operations

Being in capital goods industry, the operations of the company are working capital intensive in nature. The operating cycle of the company has stood high at 219 days for FY24 (PY: 262 days). Higher operating cycle is on account of higher average raw material holding days and average WIP days which stood at 180 and 179 days respectively. The company maintains



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captive foundry to ensure availability of good quality casting on time. Further the product completion and testing take timeframe of approximately six months based on nature of orders.

Exposure to foreign exchange fluctuation

The company derived nearly 40% of its revenues from overseas which exposes it to foreign exchange fluctuation. Total unhedged exposure stood at Rs. 29.27 crore as on December 31, 2023. This unhedged position exposes it to volatility in foreign exchange currency movement. However, the company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Analytical Approach: Standalone approach

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Withdrawal of Ratings | Infomerics Ratings](#)

Liquidity – Strong

The liquidity position of the company is boosted due to IPO in January 2024. Also it is further supported due to its healthy net cash accruals to the tune of Rs. 167.75 Cr. in FY24 vis-à-vis nil debt repayment obligations.. Also, there no debt funded capex provides comfort to the liquidity to an extent.

About the Company:

Jyoti CNC Automation Private Limited based out of Rajkot, Gujarat was incorporated in 1991 by Mr. Parakramsinh G Jadeja. He formed 'Jyoti Enterprise' a partnership firm in the year 1989 with his brother. JCAL is engaged in manufacturing a wide range of CNC Machines having diversified applications. JCAPL manufactures a wide range of horizontal and vertical metal cutting machines at their manufacturing units including CNC Lathes, turning centers, Machining centers, Special purpose machines and Gear cutting machines. The company has



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a wide product basket consisting of series of machines in, CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers, CNC Horizontal Machining Centers, CNC Vertical Line Machines and High-tech CNC 3 axis and 5 axis machining centers. Jyoti caters the machines to the industry like, Automobile, Aerospace, Allied Machinery, Agriculture, Die & Mould manufacturers, Diamond and Jewellery Industry, Defence, Medical Equipment, Plastic Processing Machines, Power and Textile Machinery.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023 Audited	31-03-2024 Audited
Total Operating Income	828.24	1189.72
EBITDA	116.80	272.07
PAT	39.33	139.99
Total Debt	624.03	92.19
Adjusted Tangible Net Worth	290.40	1500.00
EBITDA Margin (%)	14.10	22.87
PAT Margin (%)	4.57	11.69
Overall Gearing Ratio (x)	2.15	0.06
Interest Coverage (x)	1.64	4.14

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: The rating has been migrated to issuer not co-operating from Brickworks Ratings vide press release dated February 28, 2024 on account of Issuer non-cooperating and based on best available information.

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (2024-2025)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Date (April 26, 2023)	Date(s) & Rating(s) assigned in 2022-23 Date (Month XX, 20XX)	Date(s) & Rating(s) assigned in 2021-22 Date (Month XX, 20XX)
1.	Letter of Credit	Long/ Short term	150.00	IVR A-/ Stable; IVR A1	--	--	--
2.	Standby Letter of Credit - SBLC	Long/ Short term	135.00	IVR A-/ Stable; IVR A1	--	--	--
3.	CC/WCDL	Long-term	0.00 (Reduced from Rs. 330.78 Cr.)	--	IVR BBB+/ Stable	--	--



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		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Date (April 26, 2023)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
4.	Term Loan	Long-term	0.00 (Reduced from Rs. 72.84 Cr.)	--	IVR BBB+/ Stable	--	--
5.	WCTL	Long-term	0.00 (Reduced from Rs. 100.94 Cr.)	--	IVR BBB+/ Stable	--	--
6.	FDBN/ FDBP/ FDBD/ PSCFC/ RACB / PCL / PCFC	Short-term	0.00 (Reduced from Rs. 26 Cr.)	--	IVR A2	--	--
7.	LC/BGs	Short-term	0.00 (Reduced from Rs. 173.79 Cr.)	--	IVR A2	--	--

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Letter of Credit	-	-	-	-	150.00*	IVR A-/ Stable; IVR A1
Standby Letter of Credit - SBLC	-	-	-	-	135.00	IVR A-/ Stable; IVR A1

**Sublimit of Letter of Credit: Bank Guarantee- Rs. 150 Cr., Cash Credit- Rs. 25 Cr. SBLC for buyers' credit- Rs. 150 Cr.*

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-JyotiCNC-june24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com