

Jyoti CNC Automation Ltd — 10 Feb 2026 Credit Rating Summary

Section	Details
Agency	Infomerics Valuation and Rating Ltd (IVR)
Rating Change	Reaffirmed at IVR A+ / IVR A1 (0 notches moved)
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	<ol style="list-style-type: none"> Deleveraging: Repaid ₹475 Cr debt via IPO proceeds, slashing finance costs from ₹56.88 Cr to ₹12.18 Cr. Product Mix Shift: Average realization per machine rose to ₹0.46 Cr (vs ₹0.33 Cr) as focus shifted to high-end CNCs, boosting EBITDA margins by ~550 bps to 28.38%. Order Book Visibility: Robust backlog of ₹4,546 Cr (as of Sept 2025), providing ~2.8x revenue visibility. Scale Growth: Revenue grew 35% in FY25 to ₹1,615.03 Cr; H1FY26 revenue up 19.6% YoY.
Rated Instruments	<ul style="list-style-type: none"> Cash Credit: ₹510.00 Cr (IVR A+/Stable) Term Loan: ₹300.00 Cr (IVR A+/Stable) Standby LC (SBLC): ₹264.11 Cr (IVR A+/Stable; IVR A1) Letter of Credit: ₹185.00 Cr (IVR A+/Stable; IVR A1)
Key Observations	<ul style="list-style-type: none"> Massive Expansion: Increasing capacity from 6,000 to 16,000 machines/year by Oct 2026 (₹425.83 Cr project). Sector Exposure: High concentration in high-margin Aerospace/Defence (45% of revenue). Exceptional Coverage: Interest coverage improved to 26.40x (FY25) from 4.14x. Working Capital Stress: Operating cycle remains high at 211 days due to 12-month lead times for imported Japanese/German components. Inventory Risk: Raw material holding (228 days) and WIP (112 days) tie up significant cash. Forex Exposure: 26% of revenue is export-based, creating volatility risk if unhedged.
Investor Impact	<ul style="list-style-type: none"> Growth: 2.6x capacity expansion suggests aggressive top-line targets for FY27-28. Margins: High-end CNC focus is structurally improving the margin profile. Leverage: Gearing is ultra-low (0.11x); new ₹300 Cr debt for capex is well-covered by cash accruals (₹353.85 Cr). Risk: Heavy working capital consumption limits "free cash flow" despite high PAT.
Agency / Cross Analysis	<ul style="list-style-type: none"> Same Agency: Recognizes significant credit profile strengthening post-IPO; rating held at A+ despite "AA" level coverage metrics, likely due to execution risk of the 10,000-unit expansion. Cross Agency: Brickwork Ratings maintains an "Issuer Not Cooperating" status (as of May 2025), indicating potential transparency gaps with other agencies in the past. Conclusion: Fundamental Improvement; the transition from a mid-cap manufacturer to a large-scale aerospace supplier is reflected in the financial trajectory.
Final Inference	Real Improvement. The company has successfully transitioned to a high-margin, low-debt model. While working capital is a drag, the ₹4,546 Cr order book and massive capacity hike signal a major scale-up phase.