

Jyoti CNC Automation Ltd — 09 Jul 2025 Credit Rating Summary

Section	Details
Agency	Infomerics Valuation and Rating Ltd (IVR)
Rating Change	IVR A- → IVR A+ (Upgraded 2 notches)
Outlook	Stable (Current) vs Stable (Previous)
Key Drivers of Change	<ol style="list-style-type: none"> Operational Leverage: EBITDA grew 68% (₹458.28 Cr) vs Revenue growth of 35% (₹1615.03 Cr), driven by premiumization (avg. realization up from ₹0.33 Cr to ₹0.46 Cr/unit). Debt Liquidation: Prepayment of ₹475 Cr debt using IPO proceeds reduced finance costs by 78% (₹56.88 Cr to ₹12.18 Cr). Explosive Coverage: Interest Coverage surged to 26.40x (from 4.14x) and DSCR to 15.30x (from 2.05x). Revenue Visibility: Massive order book of ₹4346 Cr (~2.7x FY25 Revenue), with 45% concentration in high-margin Aerospace/Defence.
Rated Instruments	<ol style="list-style-type: none"> Proposed Bank Facilities: ₹315 Cr (IVR A+/Stable; IVR A1) Cash Credit: ₹250 Cr (IVR A+/Stable) Letter of Credit: ₹150 Cr (IVR A+/Stable; IVR A1)
Key Observations	<ul style="list-style-type: none"> Product Mix Shift: Transitioning from generic CNCs to high-end 3-axis/5-axis machines. Capacity Aggression: Expanding from 6,000 to 16,000 machines/year by Oct 2026, funded via internal accruals. Liquidity: Strong; ₹353.85 Cr cash accruals vs Zero term debt repayment obligations. Working Capital Drag: Operating cycle remains high at 211 days due to 12-month lead times for imported controllers (Japan/Germany). Inventory Risk: High raw material holding (228 days) and WIP (112 days) locks up capital. FX Exposure: 26% of revenue is exports; unhedged portions remain a sensitivity factor.
Investor Impact	<p>Growth: Significant headroom via internal-accrual funded capex; no equity dilution expected for expansion.</p> <p>Margins: Structural shift to 28%+ EBITDA margins looks sustainable due to sector mix (Defence/Aerospace).</p> <p>Leverage: Ultra-low gearing (0.11x) provides massive "dry powder" for strategic M&A or faster scaling.</p>
Agency / Cross Analysis	<p>Same Agency: Infomerics recognized a structural turnaround. FY25 saw PAT grow 121% (₹310.06 Cr) while debt stayed minimal. The 2-notch upgrade reflects the permanent removal of interest burden post-IPO.</p> <p>Historical Context: Note that Brickwork Ratings still carries a "Non-Cooperation" tag; however, Infomerics' upgrade is based on audited FY25 data.</p> <p>Conclusion: Significant Improvement in credit profile and financial autonomy.</p>
Final Inference	<p>Real Structural Improvement. The upgrade is not just a result of the IPO cash infusion but a fundamental shift in product mix toward high-realization machines. The company has successfully transitioned from a levered manufacturer to a cash-rich, high-margin engineering play.</p>