Jyoti CNC Automation Ltd — Rating update 2d Credit Rating Summary

Section	Details
Agency	Infomerics Ratings
Rating Change	**IVR A+ / IVR A1** (Reaffirmed); Outlook revised to **Positive** from Stable
Outlook (Current vs Previous)	**Positive** vs **Stable**
Key Drivers of Change	1. **Order Visibility:** Consolidated order book of ₹4,838 Cr (June 2026), ~2.3x FY26 revenue, providing high medium-term visibility. 2. **Capacity Augmentation:** Rajkot facility expanding from 6,000 to 16,000 machines/annum by Nov 2026 to capture EMS/high-volume demand. 3. **Financial Growth:** Consolidated revenue grew 15% to ₹2,093 Cr in FY26; Standalone EBITDA margins remain robust at 28.9%. 4. **Strong Coverage:** Interest coverage at 7.54x and DSCR at 6.64x despite debt-funded capex.
Rated Instruments	Total Facilities: ₹**1,414.11 Cr** (Enhanced from ₹1,259.11 Cr) • Term Loan: ₹300.00 Cr [IVR A+/Positive] • Cash Credit: ₹460.00 Cr [IVR A+/Positive] • LC/SBLC: ₹424.11 Cr [IVR A+/Positive; IVR A1] • Proposed: ₹230.00 Cr [IVR A+/Positive]
Key Observations	**Strengths:** • High-end machine mix (40% of orders priced >₹2 Cr) supports better realizations. • Sectoral diversification: Aerospace/Defense, Auto, and General Engineering account for ~75% of orders. • Strong liquidity: GCA of ₹452.63 Cr vs. debt repayment of ₹58.25 Cr in FY27. **Concerns:** • Working capital intensive: Operating cycle is high at 228 days (FY26) due to 12-month lead times for imported controllers. • Margin Drag: French subsidiary (Huron) reports lower margins, pulling consolidated EBITDA down to 25.17% (vs 28.9% standalone). • Forex Risk: 11% of revenue from overseas; exposure to unhedged fluctuations.
Investor Impact	**Growth:** Massive capacity expansion (nearly 3x) coming online H2FY27 signals significant scale potential. **Leverage:** Gearing rose slightly to 0.44x (from 0.30x) due to debt-funded capex but remains comfortable. **Margins:** Product mix shifting toward high-value machines; however, consolidated performance depends on Huron's turnaround.
Agency / Cross Analysis	**Same Agency:** Outlook upgraded to Positive based on the execution of the capacity expansion and robust order intake (₹601 Cr in Q1FY27). **Cross Analysis:** Note that **Brickwork Ratings** maintains the company in "Issuer Not Cooperating" (June 2026), suggesting a reporting disconnect with other agencies. **Conclusion:** Significant **Improvement** in business profile and scale.
Final Inference	The outlook revision to Positive is a strong signal of impending scale-up. The company is transitioning from a mid-sized player to a high-volume manufacturer (tripling capacity), backed by a massive 2.3x revenue order book, though working capital efficiency remains the primary risk to return ratios.