



### **IPO Details:**

Jyoti CNC Automation Ltd is coming out with an IPO of about Rs. 1,000.00 cr consisting of 3,02,11,480 shares of face value of Rs. 2 each in a price band of Rs. 315 – Rs. 331. The IPO fully comprises of Fresh Issue of Rs. 1,000.00 cr. The IPO opens on 9<sup>th</sup> January and closes on 11<sup>th</sup> January' 2024.

### **Company Details:**

- One of the **leading manufacturers of metal cutting** computer numerical control (CNC) **machines** with the third largest market share in India and twelfth largest market share globally.
- **Offers diversified portfolio** of CNC machines including CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers (VMCs) and CNC Horizontal Machining Centers (HMCs).
- **Operates 3 manufacturing facilities** – 2 in Rajkot (Gujarat) and 1 in Strasbourg, France with capacity to manufacture **4,400 machines p.a. in India** and **121 machines p.a. in France**.
- Caters to **customers belonging to diverse set of industries** which includes aerospace & defense, auto & auto components, general engineering, EMS, dies & moulds, among others in both **domestic as well as global markets**.
- Its **customer base includes marquee names** viz. ISRO, Tata Advance Systems Ltd, Bharat Forge Ltd, Bosch Ltd, HAWE Hydraulics Pvt. Ltd., Festo India Pvt. Ltd, Elgi Rubber Company Ltd, Shakti Pumps (India) Ltd.

### **Strength:**

- **Dedicated R&D facility** at Rajkot, Gujarat and R&D team in Strasbourg, France enables the Company to deliver high precision multi-purpose products.
- **Fully integrated manufacturing operations** in India which comprises of a foundry, sheet metal shop, paint shop, sub-assembly and assembly lines in addition to its production lines.
- **Collaboration of various teams** enables the Company to adopt a structured and coordinated approach to customize products which in turn reduces its delivery timelines.
- **Vertically integrated operations** enables the Company to manufacture spare parts and address after-sales aspects which are an important element of its business.



### Growth Drivers:

- CNC machines market is expected to grow globally at a **CAGR of 10.3%** between **CY 2023 – CY 2027** primarily driven by growth in the manufacturing industries on the back of industrial automation and integration of computer aided manufacturing.
- Outstanding order book as of 30<sup>th</sup> Sep' 2023 stood at **Rs. 3,315.33 cr** including an order of **Rs. 304.92 cr** from the EMS industry (high growth industry), which is a focus areas for the Company.
- Constant focus on developing ability to provide **technologically relevant** and **highly customized solutions** to help Company's machines find acceptance with customers across diverse sectors.

### Objectives of Fund Raise – Fresh Issue of Rs. 1,000.00 cr:

- Rs. 475.00 cr will be utilized towards repayment and/or prepayment in full or part of certain borrowings availed by the Company.
- Rs. 360.00 cr will be utilized towards funding long term working capital requirements.
- Balance funds will be utilized towards general corporate purposes.

### Key Financial Highlights –

#### Jyoti CNC Automation Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	580.06	31.69	5.5%	-70.03	-4.75	0.5%	-46.5%
FY22	746.49	72.66	9.7%	-48.30	-3.28	4.9%	-62.9%
FY23	929.26	97.38	10.5%	15.06	1.02	9.5%	24.4%
H1 FY24	509.82	74.40	14.6%	3.35	0.19	5.5%	2.0%

- Operating Revenues of the Company has grown at a CAGR of 26.6% between FY21 – FY23 to touch Rs. 929.26 cr in FY23.
- Ebitda margins has inched up from 5.5% in FY21 to 10.5% in FY23 on the back of operating leverage.



- There was turnaround in the performance as the Company reported Profits after Tax of Rs. 15.06 cr in FY23 as against Loss of Rs. 70.03 cr in FY21.
- Capital efficiency improved on the back of improvement in operating performance and as a result RoCEs inched up from 0.5% in FY21 to 9.5% in FY23. RoEs in FY23 stood at 24.4%.

**Valuations:**

- At Upper end of the IPO price band of Rs. 331, Jyoti CNC Automation Ltd will be valued at about Rs. 7,527.47 cr.
- On EV/Ebitda basis, Company is available at 85.74x while on PE basis it will be available at 324.51x its FY23 EPS of Rs. 1.02.
- **Investments in Jyoti CNC Automation should be avoided considering sub-optimal operating performance, weaker capital efficiency and very high valuations.**



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\*Long Term Investments could range from 3-5 years.