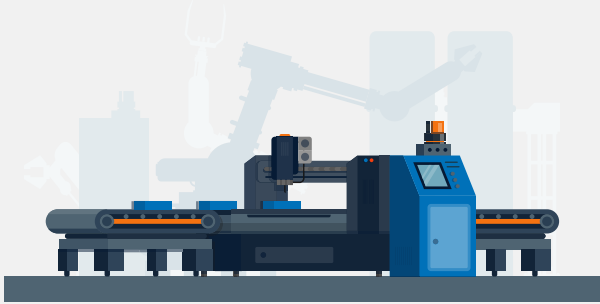




IPO DETAILS

#IPOology

JYOTI CNC AUTOMATION LIMITED



ISSUE OPEN

9th January 2024



ISSUE CLOSE

11th January 2024

Min. Lot Size

45 Shares

Issue Price Band

₹315 - ₹331

Issue Size

Fresh Issue:
30.21mn Eq Shares
(10,000 mn)

OFS:
N/A

Face Value

₹2

Industry

Industrial Machinery

Listing at

NSE, BSE

RATING

SUBSCRIBE

OPEN ACCOUNT

APPLY NOW

Marwadi Shares and Finance Limited

Corporate Office: Marwadi Financial Plaza, Nana Mava Main Road, Off 150ft Ring Road, Rajkot - 360001, Gujarat.

Registered Office: X-Change Plaza, Office No. 1201 to 1205, 12th Floor, Building No. - 53E, Zone - 5, Road 5E, Gift City, Gandhinagar - 382355, Gujarat
0281 7174 100/0281 6192 100 **CIN of MSFL:** U65910GJ1992PLC017544

SEBI Reg. No. of MSFL for NSE, BSE, MCX, NCDEX: INZ000174730 | Membership No.: NSE:08760, BSE:0910, MCX:56410, NCDEX:1280 | SEBI Regn.No. of DP: IN-DP-476-2020 (NSDL DPID:IN300974) (CDSL DPID:12035100) | Research Analyst: INH 000002186 AMFI: ARN-42506 | PFRDA: POP07082018

Disclaimer: 'Investment in securities market are subject to market risks, read all the related documents carefully before investing'.

For Facts & Figures



JYOTI CNC AUTOMATION LIMITED

Rationale

Considering the FY23 EPS of Rs 0.66 on a post-issue basis, the company is going to list at a P/E of 500x with a market cap of Rs. 75,275 mn, whereas its peers namely Elgi Equipments Limited, Lakshmi Machine Works Limited, Triveni Turbine Limited, TD Power Systems Limited, Macpower CNC Machines Ltd are trading at a P/E of 42.4x, 35.2x, 57.4x, 37.8x, 46.3x.

We assign "Subscribe" rating to this IPO as the company is one of the leading CNC machine manufacturing companies globally with a well-diversified global customer base spread across end-user industries.

Objectives of the issue

Repayment and/ or pre-payment, in full or part, of certain borrowings availed by the company;

Funding long-term working capital requirements of the company; and

General corporate purposes.

Company Overview

The company is one of the world's leading manufacturers of metal cutting computer numerical control (CNC) machines with the third largest market share in India accounting for approximately 10% of the market share in India in Fiscal 2023.

Their order book and revenue from operations split across the various end-user industries which includes Auto and Auto Components (47%), Aerospace and Defense (20% of Revenue), General Engineering (20%), Dies and Moulds (9%), EMS AND Others (4%).

They are a prominent manufacturer of simultaneous 5-axis CNC machines in India and supply a diverse portfolio of CNC machines including CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers (VMCs), and CNC Horizontal Machining Centers (HMCs).

As of September 30, 2023, they had an order book of ₹ 33,153.26 million including an order of ₹ 3,049.17 million from an entity in the electronics manufacturing services (EMS) industry.

Since April 1, 2004, they have supplied over 30,000 CNC machines globally.

They operate out of 3 manufacturing facilities, 2 in Rajkot, Gujarat, (Indian Manufacturing Facilities) and 1 in Strasbourg, France.



Key Clients of Company: ISRO, BrahMos, Turkish Aerospace, and Others

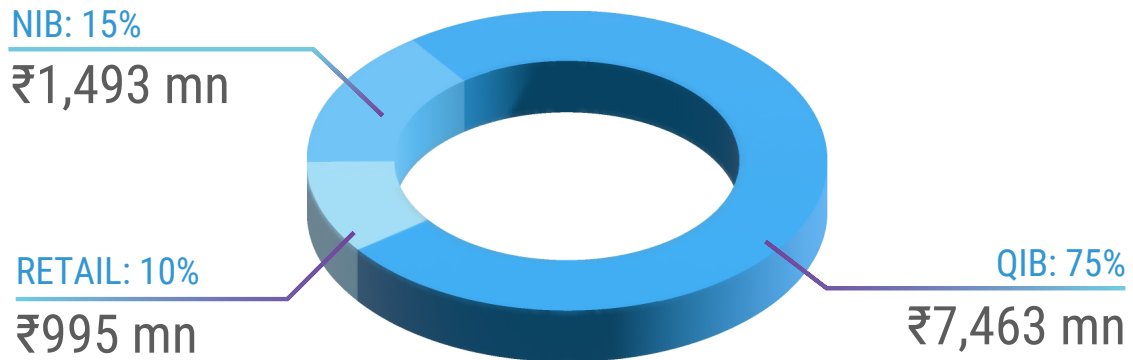
The company's customer base includes Indian Space Applications Center - ISRO, BrahMos Aerospace Thiruvananthapuram, Turkish Aerospace, Uniparts India, Tata Advances System, Tata Sikorsky Aerospace, Bharat Forge, Shakti Pumps (India), Shreeram Aerospace & Defense, Rolex Rings, Orbit Bearings India Private Limited, Bosch Limited, Festo India, Elgi Rubber, National Fittings and others.



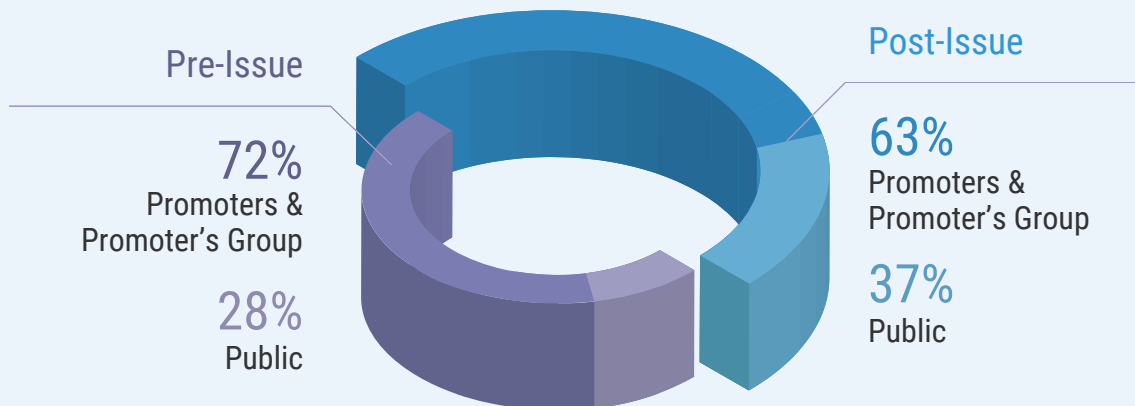
JYOTI CNC AUTOMATION LIMITED

Issue Details

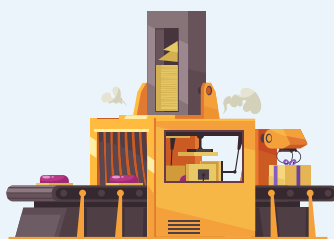
Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)



550 mn

Authorised Equity
Share Capital



394 mn

Paid-Up Capital
(Pre-Offer)



455 mn

Paid-Up Capital
(Post-Offer)



JYOTI CNC AUTOMATION LIMITED

Valuations and Peer Comparison

Market Cap
₹75,275 mn

P/E Ratio



500x

Jyoti CNC
Automation Limited

Market Cap
₹1,72,530 mn



42.4x

Elgi Equipments
Limited

Market Cap
₹1,51,860 mn



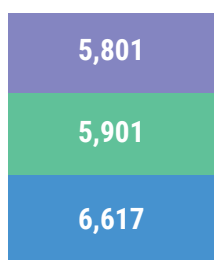
35.2x

Lakshmi Machine
Works Limited

Market Cap data of listed securities as on January 05, 2024

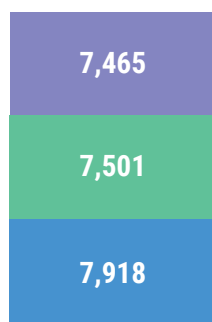
Financial Snapshot (in ₹ mn)

- Revenue
- Total Income
- Total Expenses



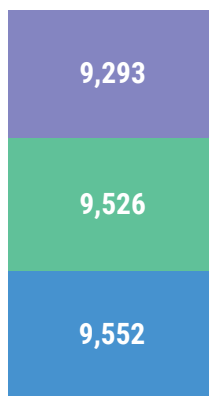
FY21

EPS: -4.75



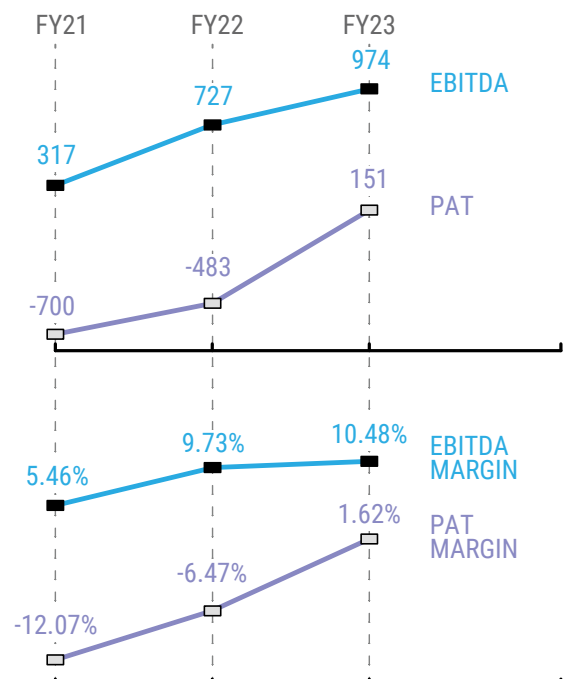
FY22

EPS: -3.28



FY23

EPS: 1.02





JYOTI CNC AUTOMATION LIMITED

Business Insights



Competitive Strengths

- One of the leading CNC machine manufacturing companies globally as well as in India with a presence across the CNC metal cutting machinery value chain.
- Well-diversified global customer base spread across end-user industries.
- Focus on technology and ability to deliver innovative solutions bolstered by dedicated R&D facilities.
- Vertically integrated operations which enables customization and production efficiencies.
- Experienced Promoters supported by a strong management and execution team.



Business Strategy

- Focus on improving their market share and taking advantage of the growing industry demand.
- Expand their presence across other end-user industries and diversify their customer base and geographical reach.
- Continuously augmenting their capacity in line with the expected business growth.
- Improving their financial risk profile.



Risks

- They have incurred losses and consequently, had a negative return on equity in the past. Losses in the future could have an adverse impact on their growth prospectus and would also preclude them from undertaking actions such as declaring dividends.
- They have incurred significant indebtedness and carry substantial debt-servicing obligations. Further, they have a high debt-equity ratio and a low debt-service coverage ratio. If they do not generate a sufficient amount of cash flows from operations, their liquidity and their ability to service their indebtedness could be adversely affected.
- Their company has a high working capital requirement and if their company is unable to raise sufficient working capital the operations of their company will be adversely affected.
- They do not have repeat orders from their customers on an annual or bi-annual basis, and they rely on their long-standing relationship with their customers which exposes them to a significant risk of customer attrition.

Promoters and Management Details

Parakramsinh Ghanshyamsinh Jadeja - Chairman and Managing Director

Sahdevsinh Lalubha Jadeja - Whole Time Director

Vikramsinh Raghuvirsinh Rana - Whole Time Director

Research Disclaimer <https://bit.ly/2RK2tzc>

