



IPO NOTE

JYOTI CNC AUTOMATION LIMITED

Rating:

NEUTRAL



ISSUE OFFER

Issue Opens on	JAN 09, 2024
Issue Close on	JAN 11, 2024
Total IPO size (cr)	1,000
Fresh issue (cr)	1,000
Offer For Sale (cr)	NIL
Price Band (INR)	315-331
Market Lot	45
Face Value (INR)	2
Retail Allocation	10%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div><div></div></div>	75%
NIB Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	10%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
197,204,447	227,415,927

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	12-01-2024
Refunds/Unblocking ASBA Fund	15-01-2024
Credit of equity shares to DP A/c	15-01-2024
Trading commences	16-01-2024

Jyoti was incorporated in 1991 and today it is one of the largest multinational. Since inception company has grown manifold from manufacturing gear boxes for machines to developing precision all-g geared head lathe machines. The company has a product basket consisting of series of CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers, CNC Horizontal Machining Centers, CNC Vertical Line Machines and High-tech CNC 3 axis and 5 axis machining centers.

OBJECTS OF THE ISSUE

- Payment of borrowings.
- Funding long-term working capital requirements of the company.

OUTLOOK & VALUATION

Jyoti CNC Automation is one of the world's leading manufacturers of CNC machines. In the last 3 years, the company has supplied over 8,400 CNC machines to more than 3,500 customers in India and across Asia.

The company's global customer base is well-diversified and offers a wide range of products. The business is technology-focused and capable of providing its clients with creative, tailored solutions. However, Jyoti has previously experienced losses and a negative return on equity as a result.

The company has been at a loss in FY 2022 and FY 2021. The company's P/E valuation is currently approximately 324.5X, which is highly priced when compared to the industry average of 50x. So due to its current financial condition and other risk factors, we will Avoid this IPO however high-risk investors may consider this.



KEY MANAGERIAL PERSONNEL

01

Parakramsinh Ghanshyamsinh Jadeja

Chairman and Managing Director of the Company. He has been associated with Jyoti Enterprise as a partner since 1989. He is also a director on the board of Indian Machine Tool Manufacturers Association and Neo Rajkot Foundation since December 10, 2015 and June 07, 2016, respectively.

04

Maulik B Gandhi

Company Secretary and Compliance Officer of the Company. He was appointed as Compliance Officer of the Company on July 12, 2023. He holds a bachelor's degree in business administration from Saurashtra University, Rajkot. He holds a membership from Institute of Company Secretaries of India

02

Sahdevsinh Lalubha Jadeja

Whole-Time Director of the Company. He has been continuing as a director of the Company since then. He has been associated with Jyoti Enterprise as a partner since 1989.

03

Kamlesh Sureshbhai Solanki

Chief Financial Officer of the Company. He joined the Company on March 1, 2004 as Manager - Finance and was appointed as Chief Financial Officer with effect from April 1, 2015. He holds a bachelor's degree in commerce from Saurashtra University, Rajkot.



COMPANY PROFILE

- The company has plants located at GIDC, Metoda, RAJKOT – Gujarat, having a large capacity of manufacturing the machines equipped with a foundry, sheet metal shop, paint shop, sub-assembly and assembly lines, and a repair facility.
- The product range includes CNC turning centres, CNC turning-milling centres, CNC vertical machining centres (VMCs), CNC horizontal machining centres (HMCs), simultaneous 3-axis CNC machining centres, simultaneous 5-axis CNC machining centres and multi-tasking machines.
- The company has a wide range of CNC machines with 200 types in 44 series. In the last three financial years, over 7,200 machines have been supplied to more than 3,000 customers worldwide, including India, Europe, North America and a few parts of Asia.

COMPETITIVE STRENGTHS

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

KEY STRATEGIES

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

KEY CONCERNS

- The company has incurred losses and consequently, had a negative return on equity in the past.
- The company is completely reliant on third-party logistics service providers for the transport of input materials and finished products.
- The company has incurred significant indebtedness and carries substantial debt-servicing obligations.
- Business is dependent on the performance of the Application Industries with a large portion of revenue being derived from a select few Application Industries

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
Jyoti CNC Automation Limited	1.02	5.57	-	9,292.59	18.35%
Peer Group					
Elgi Equipments Limited	11.72	43.27	44.30	30,406.98	27.04%
Lakshmi Machine Works Limited	359.47	2,189.04	37.69	47,191.49	16.42%
Triveni Turbine Limited	5.97	23.92	67.76	12,475.50	25.32%
TD Power Systems Limited	6.23	38.74	46.66	8,722.97	16.01%
Macpower CNC Machines Ltd	12.89	96.61	51.31	2,018.90	13.34%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	329.29	294.79	294.79
Other Equity	491.35	116.74	831.07
Net Worth	820.63	411.54	1,125.86
Total Borrowings	1,274.65	1,402.63	1,194.28
Revenue from Operations	9,292.59	7,464.87	5,800.59
EBITDA	9,526.00	7,500.61	5,900.92
Loss before Tax	(26.00)	(417.50)	(715.73)
Net Profit/loss for the year	150.60	(483.00)	(700.29)



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