



“Jyoti CNC Automation Limited Q1 FY-25 Earnings
Conference Call”

August 14, 2024



**MANAGEMENT: MR. PARAKRAM G. JADEJA – MANAGING DIRECTOR,
JYOTI CNC AUTOMATION LIMITED.**

MODERATOR: MR. HARSHIT PATEL – EQUIRUS SECURITIES



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Moderator: Ladies and gentlemen, good day and welcome to Jyoti CNC Automation Limited Q1 FY25 Results Conference Call hosted by Equirus Securities.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Harshit Patel from Equirus Securities. Thank you and over to you, sir.

Harshit Patel: Hi, good evening, everyone. Today we have with us Mr. Parakram G. Jadeja – Managing Director of Jyoti CNC Automation. Jadeja sir if you could start by giving a brief “Overview” about how 1st Quarter FY25 went by in terms of “Orders, Order Book, Revenue” as well as “Margin”. And then if you can take us through your “Outlook” for the remaining of FY25 and then we will open it up for Q&A. Over to you Jadeja sir.

Parakram G. Jadeja: Thank you, Harshit. Good evening, everyone. Thank you for joining us on our First Earning Call.

As many of you know, Jyoti CNC listed on January 16th, 2024, and we are excited to present our Financial Performance for Quarter 1 2025.

I am pleased to report a strong start of the year with significant growth across our key financial metrics.

In terms of a top line, our revenue increased substantially from Rs. 208 crores to Rs. 361 crores, representing an impressive growth of 74%. This robust performance underscores the strong demand of our machine tools and the successful execution for our strategic initiatives.

In terms of margin, at an EBITDA level, we have achieved a remarkable increase in EBITDA growth from Rs. 16.3 crore to Rs. 94.1 crore, close to a 476% improvement is there. These growth reflects over successful efforts in operational efficiency and strategic model mix adjustment.

On a PAT level, we have turned around our performance from losses of Rs. 13.6 crore to profit of Rs. 51.8 crore. These shift highlights our commitment to enhancing profitability and generating the value of our shareholders and every stakeholders there.

On average our machine price has gone up from Rs. 39 lakhs to Rs. 45 lakhs.

In terms of our Order Book, the order book, has also we had in this 1st Quarter we have received a very handsome order book up to 306 crores out of that, a close to 32% comes from the



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aerospace and defense, 36% into auto and auto component, 27% is general engineering, and 5% into other than. And in terms of total order visibility, what we are seeing today is close to a, let's say Rs. 3403 crores at the 1st Quarter end, after the all the dispatches and all. With the 50% this order book is basically from the aerospace and defense and 16% is from the auto and auto component, 16% is from general engineering, 7.4% in EMS industries, 7% is dye and mold. So, we have a wonderful visibility of our order book.

In terms of margin analysis, I would like to tell you where the improvement has come from. It is a combination of a model mix. Our average price realization has increased from 39 lakhs to 45%. So, based on that, our manpower cost efficiency has improved to 4.42% and then the material margin has improved by 0.6%, and rest other expenses has been improved. So, overall efficiency has been improved, that's why this margin has ramped up from 7.9% Q1 last year to 26%.

In terms of our foreign subsidiary, like in Huron, our 1st Quarter has also been remarkable, and the EBITDA margin is at 28.6% there, and the net margin is close to 13%.

In terms of new business opportunity what we have discussed earlier and what we have discussed in the last call also in EMS business, in a last one quarter we have substantially worked on our two projects that we have already discussed. Out of that two project, one project has successfully been qualified, and right now in this quarter we were absolutely able to get the new orders, and end of the year we will do a much better execution on EMS business.

In terms of aerospace and defense, it is getting much better and this quarter we have dispatched almost Rs. 153 crore of aerospace and defense machines versus that, we have close to Rs. 97 crores as new orders have been come from similar customers and a repeat order has come from the same customers. And we have a big pipeline of orders with the same customer. So, we are looking increase in our order book situations on aerospace defense as well as in EMS.

The biggest input I would like to give you all about our capacity enhancement. Now, the biggest challenge we are going to see on a capacity enhancement further. During the last call, I have already told to everyone that we have a 4400 machines capacity, and we are expanding it up to 6000 machines and this is almost about to be completed in this quarter end. And based on that, in the next two quarters our execution will be improved furthermore.

In terms of EMS customers, our all the EMS customers are talking about their increased requirements and based on that requirement, we are talking to those customers, and we feel that we have to increase the capacity from 6000 machines to meet those requirements. And all my planning team, as well as our project teams, are working with the customers. And we are looking to put up a very specific manufacturing facility for this EMS client.



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In this quarter our EMS machine execution has not been happened because their plants are still under construction, and we got this total delivery reports and everything so the demands will come in the 2nd Quarter. So, this quarter, out of this, our pending order from EMS, close to 100 crore machine will dispatch into a 2nd Quarter, and rest of the machines are going to be dispatched in the 3rd Quarter. This is how our total position is and based on another area that we already discussed last year, we are developing many new product to match our aerospace, as well as to the EMS sectors. And there is one more product we are launching to display to the customer. This is our third customer, and that qualification ground is going to be finished somewhere by October and November.

And going forward from here we are very confident to maintain the same momentum in the next couple of quarters and looking to a better future and to a great year ahead.

Harshit, I have covered in terms of the Financials and all. Now, we can answer any question that you may have.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: And my first question is on the India defense opportunity, of course the last we have seen a pretty large order in the last few quarters coming from Indian defense industry. Do, you think that, because the election is a slowdown, there was some kind of slowdown in these order inflow. And given the fact that we are now post-election, do you think the closer of new projects will pick up, new tenders will pick up in the balance nine months?

Parakram G. Jadeja: Thank you, Mohit. Basically the Indian defense, we have not seen any much effect on the process from our customers and in defense companies or ordinance factories, of course their budget and everything has been approved now and the tender are being floated and the final tender has been floated and we are already are into a race. And in September we need to file the tender, and they will evaluate, and most probably before December all these orders will be closed. So, we will get the orders before December in Indian defense sector and on the government side. Apart from the government, there are many private companies who are coming into a big way like TATA Aerospace and all. Similarly, many foreign companies are coming to manufacture the engines with the partnership of HAL. And there we are already in discussion with the customers. And we are very hopeful that this year will be a great year for us in terms of order booking in aerospace and defense in Indian context.

Mohit Kumar: Understood sir. And second question, is it possible to share the Huron revenues and profit during the, in the Q1 FY25?

Parakram G. Jadeja: Yes. In Huron, we made 64 crores of revenue on a Q1. And we made EBITDA level as 28.5%.



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Mohit Kumar: Understood sir. And last question on the Huron of course, we have a very large order book, which we received in FY23, right. We haven't seen any incremental order inflow in that particular entity. How do you think about the order inflow in FY25 this fiscal?

Parakram G. Jadeja: So, basically even in Q1, we have received close to 97 crores. Let's say we have dispatches like that for close to 153 crores. But we have received the orders are close to 97 crores, and we are anticipating in that entity and to combine duty together, because the customers are common. We are expecting the large order we have already discussed on the last call also with you I remember that, and that's all our intake. And we will receive the orders what we have mentioned in our earlier call.

Moderator: Thank you. The next question is from the line of Mohit Motwani from Tara Capital Partners. Please go ahead.

Mohit Motwani: Sir one question on the order inflow. So, yesterday, on the CNBC interview, you mentioned that you are expecting more than 400 crores of order in Q2 and typically looking at a 40:60, split in H1 and H2 your implied order book, order inflow for the year could be around 1700 to 1800 crores ballpark. In the last call, you gave a guidance of 25 to 3000 crores of order inflow for FY25 with 1500 crores of order inflow, just from aerospace and defense itself. So, just want to understand, where is the disconnect here is there any slowdown or any revision in guidance that you are providing for, if you can clarify that, it would be helpful.

Parakram G. Jadeja: No anything, I will not talk to on a CNBC like that basically. There is some confusion in your understanding. We are intact and we are looking to an order book from the aerospace and defense as close to the total order book and as we told you in the last call also about the order book of 1500 crores to 2000 crores, we are on track to achieve that. No area has been slowed down.

Mohit Motwani: Okay, perfect. And in terms of your margins, can you just give a color on how the margins in your domain differ from aerospace and defense. So, I am not looking for any numbers, but if you can give a qualitative sense on how your margins in all the sectors versus defense and aerospace, how do they vary?

Parakram G. Jadeja: Yes, so basically, we have a three category of margins like that. Number one is to be a, let's say aerospace and defense and then we divide it into three sectors, entry level product, the mid-level product, and high-end machines. In entry level product where my machine value is less than 50 lakhs and material cost are close to 60% to 63%, and the margin is close to 40%. Then the mid-level machine, the margins are around 40% to 45% while in aerospace and defense, our margin are close to 55%.

Mohit Motwani: Got it. And in terms of EMS, we were expecting some order inflow which was to be booked in Q1, so we haven't seen that coming through. So, can you clarify the order inflow for EMS that we were expecting. This quarter, there was no order inflow also in the EMS, right?



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Parakram G. Jadeja: So, we were not expecting this in March because whatever machines we have supplied in Q3 last year, it took six months for the qualification round which is over now, and we are going to start the execution from Q3 and Q4 and we are expecting some new orders in Q2, and we are expecting large orders in Q3. Because parallel to this all the customers' sites are under construction. They are preparing the new constructions and everything to be there, basically.

Mohit Motwani: Sure. And just one more from my side, so in terms of EMS one of your premium customers, smartphone manufacturer looking to expand the ecosystem wherein they are advocating for, a local manufacturing for various components. Now, definitely they are engaging with the different players. So, do you see that this can further benefit your CNC industry as a whole, and there is more scope for growth in the coming years? Any color you can give.

Parakram G. Jadeja: Yes, a very prime customers have been now in India, and they are expanding very rapidly. Everybody knows that they are growing very fast. Until today they were buying these components from China, and they were doing the assembly. Now, they are putting up a plant and more and more contract manufacturers are coming to India, and that's how this machine demands are going to go up. We are expecting that in the next seven to eight years the requirement for the machines is going to be more than 1 lakh machines in various operations by various customer.

Mohit Motwani: Okay. And in your conversation, you said that you need to put up more capacity, as per your conversation EMS customer, so are you talking about more than 6000 machine capacity or is there something I am missing?

Parakram G. Jadeja: No. The 6000 machines capacity is almost about to finish now by next month as I have mentioned in my opening remarks. We are expanding our capacity further from 6000 to maybe another 10,000 numbers. So, we are talking to our customers and all our planning team is working with them as to how components to be manufactured for automation and for the sub-assemblies. The plans are going to be ready in the next one month, and we need to install this further capacity before March.

Mohit Motwani: Before March, you want to install this additional capacity of 1000 machines.

Parakram G. Jadeja: Additional capacity above 6000. I am not able to tell you exactly the numbers, because right now we are discussing with the customers, but it will be large a number.

Mohit Motwani: Sure understood. And last one from my side is, in your other expenses there is always a lot of fluctuation quarterly, if you see other expenses. So, if you can help, what is the nature of these other expense which vary a lot, in quarterly. So, if you can just give some color on that?



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- Parakram G. Jadeja:** So, basically, other expenses for the Quarter 1 of the last year and this year, there is only one significant difference which is the large execution was there at an international level. So, there the cost was higher basically. There is no other variable attached to that.
- Moderator:** Thank you. The next question is from the line of Tanay from Kotak. Please go ahead.
- Tanay:** So, basically, we had guided to complete our order book in the next 18 months, and our 3200-crore order book, if we complete in 18 months.
- Parakram G. Jadeja:** 3400.
- Tanay:** Yes, 3400 order book if we complete in 18 months this year, probably we would be looking at 2000 crores in revenue. So, just, how are we on track to complete that, and how is the expansion getting into place and everything? How are we working on that plan?
- Parakram G. Jadeja:** Yes. So, basically, you can understand that this quarter we have grown by 74% and to maintain the momentum we have to increase the capacity at the same time. So, we are on track of achieving that. This execution is always challenging but we are already prepared for that. We have added more than 600 people over the last six months to achieve that, and we are ready to deliver similar numbers.
- Moderator:** Thank you. Next question is from the line of Jainam Jain from ICICI Securities. Please go ahead.
- Jainam Jain:** I have a couple of questions for the management. Firstly, starting with, what is the revenue and margin guidance for the FY25?
- Parakram G. Jadeja:** So, margin, we are absolutely confident to maintain the margins at the similar level as the momentum will be maintained and we could improve a little bit from there. And in terms of revenue numbers also, we are focusing on the same number to be delivered over the next three quarters in percentage terms.
- Jainam Jain:** Okay, sir. And sir, what was the CAPEX done, in Q1 FY25 and what is the CAPEX plan for the balance FY25 in terms of amount?
- Parakram G. Jadeja:** Right now, we are only doing bottlenecks in the plant. In Quarter 1 we did 30 crore of CAPEX, and we will do close to the CAPEX of another 20 crores to 30 crores after that this CAPEX will be over. But the next CAPEX is going to be for more than 6000 machines. That plan will be ready in the next couple of weeks, and then we will be able to update you about that.
- Jainam Jain:** Okay, sir. And where do you see the order book going? Order book going by the end of FY25, if you can quantify it?



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Parakram G. Jadeja: So, it will be the similar number what we have done last quarter, and we will be able to keep the numbers intact because our delivery period is going to be 15 to 18 months, and no customers are ready to give more than that. So, as and when our execution improves, the order book will increase accordingly. So, whatever numbers we are going to deliver, the orders in the pipeline will be somewhat similar or a little bit.

Moderator: Thank you. The next question is from the line of Kamlesh Jain from Lotus Asset Managers. Please go ahead.

Kamlesh Jain: So, one question on the part of EMS, like going forward currently, it's around 7% in our order book going forward, two years down the line, or three years down the line as the approval comes in. So, how do we see the mix of EMS going forward?

Parakram G. Jadeja: EMS sector, as I have told you last time also, we will be having this 7.4% and it is going to reach 20% to 25% of a total business portfolio.

Kamlesh Jain: Okay. And when are we like that, like we used to talk about like 10,000 odd machine capacity only for dedicated for the EMS. So, when that capacity is going to come up, we are seeing a better visibility on the order coming in from EMS. So, when are we going to have that capacity coming forward, and when are we going to start the work on that new capacity?

Parakram G. Jadeja: So, right now we have reached the final stage, and the capacity expansions are going to start from this October, and we are going to finish it by March or April.

Kamlesh Jain: So, that capacity would be how much sir, 6000 incremental for EMS?

Parakram G. Jadeja: So, today we have a 6000 machines capacity. As we are in the final stages of negotiations, and right now I cannot give you an exact number. The approximate additional capacity is going to be 5000 to 10,000 machines.

Kamlesh Jain: Okay. And that is going to take one, one and a half years to get built or how the?

Parakram G. Jadeja: No, it will be a shorter period than that because next year we have to deliver the machines to the client, so we need to finish this capacity expansion within six to nine months maximum.

Kamlesh Jain: Okay. And how that utilization would be there from that new facility, like say that contact utilization would also be that fast to come in. Like, say in a year's time would we be able to go to like to say, 70%, 80% utilization level on that capacity?

Parakram G. Jadeja: That's the hope.

Moderator: Thank you. The next question is from the line of Harshit Patel from Equirus Securities. Please go ahead.



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- Harshit Patel:** Sir, my first question is on our inventory levels. I believe we had done a great improvement last year in FY24 wherein we bring down the inventory days, I believe you had guided for further bring it down to close to 170 days at the end of FY25, so where are we in that journey, are we on track and what are the steps you have taken to be able to achieve that?
- Parakram G. Jadeja:** We are absolutely on track Harshit. As and when our capacity will increase the volume will increase in tandem. So, based on that efficiencies are coming in our inventory days. And we are very confident that we will reach 170 days this year. We are on track right now.
- Harshit Patel:** Perfect, sure. Sir second is on the capacity expansion that you have mentioned. I believe you were talking about expanding this capacity at the Rajkot facility. I believe we were also expanding some capacity at our Huron facility in France. So, where are we, is it on track, have we completed the expansion, any further expansion that you envisage over there?
- Parakram G. Jadeja:** So, Harshit, basically in France also, the assembly constructions are going in the plant. And we are absolutely on track and maybe by November or December, they will hand it over to us. And this is a large machine capacity so the assembly capacity will be enhanced in France.
- Harshit Patel:** Understood. And sir just a follow up to that, in terms of order intake at Huron, could you give me the number as to what was the order intake last year for the full year, FY24 for Huron, I believe overall, aerospace and defense we had done some 1100 to 1200 crore of orders last year. But out of that, how much was Huron last year, FY24 for the full year?
- Parakram G. Jadeja:** Basically, all the aerospace and defense order are coming from Huron only.
- Harshit Patel:** Okay. So, the domestic leg of order intake will kick-in in this year only in FY25?
- Parakram G. Jadeja:** Yes, absolutely. These are all our exports orders and coming from Huron only.
- Harshit Patel:** Understood. And sir just lastly to check on the domestic piece of the business, I believe both defense as well as EMS, would be our huge revenue growth drivers. But what about our bread-and-butter business, the machines that we supply to dyes and mold, general engineering automobile, what kind of environment competitive intensity you see over there? Do you think this base business of us, it could grow at 15% to 20% in the foreseeable future?
- Parakram G. Jadeja:** Absolutely. As I have discussed last time, in an entry level product, and particularly in auto component, general engineering, valve, pumps, the dyes, and molds in the next five to seven years we are going to see around 20% to 30% average CAGR growth and we are expecting next five to seven years, this industries will grow. Right now whatever market share we garner, we will maintain the same market share in the entry level product. We will try to increase our share on imported machine because still in India even in a general engineering and this dye and mold sector, the 65% machines are coming from Japan and Germany. So, that's the area we are going to look at and to taking more parts on to that.



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- Moderator:** Thank you. The next question is from the line of Amit Sawant, who is an Individual Investor. Please go ahead.
- Amit Sawant:** Wanted to ask you one question, what are the prospects looking forward for into a semiconductor or into a new mobile manufacturer?
- Parakram G. Jadeja:** Thank you. We are already into machines manufacturing which are used in mobile manufacturing. In terms of semiconductors, as I have discussed in my last presentation, our design team is already working on that, and we are working very closely with one or two semiconductor manufacturers, and we want to be a global player. We are designing and developing a new product, and that is going to be ready in the next 18 to 24 months. So, we are expecting it to be a large in 26 and 27. It will be our third revenue generation, number one is aerospace and defense. The second growth we are looking to be EMS. And third, we are working for the future on EMS, and particularly in the semiconductor industry, a very high precision machines are required, and our R&D teams are already working on that.
- Moderator:** Thank you. Next is a follow up question from line of Mohit Motwani from Tara Capital Partners. Please go ahead.
- Mohit Motwani:** In terms of margins, you have maintained that you will have a 25% to 27% margin range in a sustainable basis. Now, when you spoke about how the portfolio, the order book contribution from EMS will shift from 7% to about 20% to 25% in the coming years. Do you expect the margin profile to remain similar even with this shift in the EMS contribution?
- Parakram G. Jadeja:** Yes, basically we are targeting the aerospace and defense and EMS combination. And with this large number of executions, we will be able to maintain similar numbers. After this, even the EMS numbers will be higher.
- Mohit Motwani:** Okay. And for your the incremental, 5000 machines that you spoke about, what will be the CAPEX that you will need to incur for that particular expansion?
- Parakram G. Jadeja:** So, it depends. Today what where we are talking in terms of a 5000 to 10,000. So, there is a big difference. We are planning to have around 200 crores to 250 crores of a CAPEX to reach 10,000.
- Mohit Motwani:** Okay. And this will be funded via internal accrual itself or you plan to raise any debt for that?
- Parakram G. Jadeja:** Most probably from the internal accruals.
- Moderator:** Thank you. The next question is from the line of Ishita Lodha from Svan Investments. Please go ahead.



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- Ishita Lodha:** My question is with respect to the EMS segment, so in the 1st Quarter we couldn't see any execution. So, is it because the technical round did not require any dispatches in the 1st Quarter, or we can cater to those technical rounds only once the newer capacities come online?
- Parakram G. Jadeja:** So, right now, there was a different qualification round. So, we have supplied the first batch of the machine in December, and there was a trigger for a six month that is over, and all the performance and criteria were matched with that line. So, we got the execution confirmation for this quarter, as well as the next quarter also and parallel to that the factories are under construction as well. So, the order for one of the companies has already been completed dispatch of the machines is going to start from September onwards.
- Moderator:** Thank you. Next is a follow up question from line of Kamlesh Jain from Lotus Asset Managers. Please go ahead.
- Kamlesh Jain:** Jadeja would you please provide the number of machines sold in this quarter, and you have three buckets of realization segregation for the high range and middle and entry level, correct?
- Parakram G. Jadeja:** So, basically, in this quarter in total we have made 788 machines. Out of that, entry level machines were 718, mid-level machines were 29, and high-end machines were 41.
- Kamlesh Jain:** Okay. And what were the realizations for 718, and 29, and 41?
- Parakram G. Jadeja:** So, in terms of entry level machines, the average realization was 20.5 lakhs. In terms of mid-level machines, it was 89.78 lakhs. And for the high-level machine, the average was 4 crore 7 lakh.
- Kamlesh Jain:** Okay. And lastly, sir for the current capacity, which is 6000 so for that particular capacity, our realizations would be at 45 lakh, assuming the current mix of the sectors continue to be there or industry, and for the upcoming capacity that would be entirely dedicated to the EMS segment. So, there we see a realizations of 30, 35 lakh, is that understanding, correct?
- Parakram G. Jadeja:** Yes, it's correct.
- Kamlesh Jain:** And the margins would be at the similar levels in percentage terms over there as well?
- Parakram G. Jadeja:** In entry level product A I told you that our gross margin is going to be around 37% to 40%.
- Kamlesh Jain:** Okay, and in the high level, say the higher bucket?
- Parakram G. Jadeja:** In mid-level machines, the margin is close to 40% to 45% and in high level we have a 55% margin.



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Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Parakram G. Jadeja: So, thank you everyone for putting your trust in us and we will do our best to deliver similar numbers again in the next quarters and going forward. Thank you everyone. Thank you very much.

Moderator: On behalf of Jyoti CNC Automation at Equirus Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.