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High Conviction MTF Pick

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Jyoti CNC Automation Ltd.

About the Company

Jyoti CNC Automation is a leading manufacturer of simultaneous 5- axis CNC machines in India . The company operates across three primary product segments entry level, mid level, and high end CNC machines This broad product range enables Jyoti to address the needs of diverse end user industries such as EMS, aerospace, defense, semiconductors, automobile, healthcare, Bearings, Die and Mould etc . A key differentiator is its position as the only domestic manufacturer with 5 axis machine technology in India . This capability provides access to a wider range of applications and market opportunities compared to other Indian peers

Capacity Expansion by Q2FY27- Focus on EMS and ELM

The company has vertically integrated manufacturing facilities and R&D centers in Rajkot, Gujarat and Strasbourg, France. As of Q1FY27 the company has a cumulative manufacturing capacity of around 6000 machines per annum. Jyoti CNC is expanding its Rajkot facility by adding capacity for an additional 10,000 machines, taking the overall capacity to 16,000 units by September 2026 (foundry slightly delayed to October). Management indicated that majority of the new capacity will focus on Entry Level machine (ELM) and EMS machines, which are expected to drive the highest growth.

Huron Investigation – Revenue Recognition Deferred Pending Export Licenses

Huron is currently undergoing an investigation by French export control authorities concerning export license approvals for a limited number of machines under the (Portal / Overhead Column Milling) POCM segment. The change to dispatch-based recognition, driven by longer timelines for end-user certificates amid geopolitical scrutiny (especially for dual-use/five-axis machines destined for sensitive geographies such as China and Turkey), resulted in lower recognised revenue in Q1 despite production continuing. Management expects Q2 to improve and the second half to be stronger as machines move out of work-in-progress. While the resolution of the investigation may take several years, revenue recognition is expected once the necessary export licenses are obtained and is not contingent upon the closure of the investigation itself.

Guidance and Outlook

The order book as of June 30, 2026 stands at Rs 48.48 bn. Management reaffirmed guidance of 25–30% consolidated revenue growth for FY27 while maintaining EBITDA margins around 25%. Historically the first quarter is seasonally softer; the second half is expected to be robust once the new capacity is online. Working-capital intensity (especially inventory) is currently elevated to support the ramp-up but is expected to improve meaningfully once execution accelerates, supporting stronger operating cash-flow generation. Debt levels are expected to remain stable, with a disciplined debt-to-EBITDA ceiling of 1–2x.With nearly 50% of India's CNC demand still met through imports, the company sees a meaningful import-substitution opportunity ahead.

Q1FY27 Result update

The company delivered a strong 24% YoY revenue growth, with revenue reaching Rs. 5,085 mn, supported by healthy underlying business momentum. While reported profitability was impacted during the quarter, management highlighted that the numbers are not directly comparable owing to Huron's transition to dispatch-based revenue recognition. On an adjusted basis, consolidated revenue would have been over Rs. 300 mn higher, indicating that the core business performance remained robust and stronger than the reported figures suggest.

View - Jyoti CNC Automation Ltd. caters to a wide range of customers across sectors, ensuring broad market reach and resilience. This diversified portfolio enables it to benefit from capex cycles across multiple industries in India and overseas. Ongoing investigations, regulatory scrutiny, or any adverse findings related to Huron could result in financial liabilities, reputational damage, and operational disruptions, potentially impacting Jyoti CNC's consolidated performance and investor sentiment. We have valued the company using the P/E valuation method, applying a 39x multiple on FY28E earnings, arriving at a target price of Rs 984.

RATING : BUY

CMP	839
Upside	17%
Target Price	984
Time Horizon	1 Year
Bloomberg Code	JYOTICNC:IN
High/Low	1,056 / 580
Market Cap (in Rs)	190.99bn

Shareholding %

Particulars	Q3FY26	Q4FY26	Q1FY27
Promoter	62.5	62.5	62.5
FII	9.7	8.9	6.2
DII	13.3	13.6	12.5
Others	14.3	14.8	18.5

 # 20.9% of Promoter shares pledged as of Q1FY27

NIFTY VS JYOTICNC:IN

Returns (%)	1M	3M	6M	12M
Nifty 50	0.9	4.5	(5.3)	(0.7)
JYOTICNC	4.3	12.8	(3.9)	(11.7)

Key Matrix

Particulars (Rs Mn)	FY26	FY27E	FY28E
Revenue	20,931	26,164	34,013
EBITDA	5,268	6,541	8,503
PAT	3,360	4,354	5,733
EPS	14.8	19.2	25.2
Growth (%)			
Revenue	15.2	25.0	30.0
EBITDA	7.3	24.2	30.0
PAT	6.3	29.6	31.7
Margins (%)			
EBITDA Margin	25.2	25.0	25.0
PAT Margin	16.1	16.6	16.9
Valuation			
P/E	*56.8*	*43.8*	*33.3*
EV/EBITDA	*38.2*	*30.9*	*23.7*
ROE	16.8	17.9	19.0
ROCE	22.2	22.8	24.4
D/E	0.4	0.3	0.3

Source: Bloomberg, NSE, NSDL, BSE, Bajaj Broking Research

Income Statement			(Rs in mn)
Particulars	FY26	FY27E	FY28E
Revenue from Operation	**20,931.3**	**26,164.1**	**34,013.4**
COGS	9,392.9	11,741.1	15,263.5
% Sales	*44.9%*	*44.9%*	*44.9%*
Gross Profit	**11,538.4**	**14,423.0**	**18,749.9**
Gross margin	*55.1%*	*55.1%*	*55.1%*
Employee Benefit Exp	3,300.2	4,148.1	5,392.5
Other expenses	2,970.7	3,733.9	4,854.1
EBITDA	**5,267.5**	**6,541.0**	**8,503.3**
EBITDA Margins	*25.2%*	*25.0%*	*25.0%*
Other Income	604.8	604.8	604.8
Depreciation	502.0	642.5	766.3
EBIT	**5,370.3**	**6,503.3**	**8,341.8**
EBIT Margins	*25.7%*	*24.9%*	*24.5%*
Finance Cost	698.4	698.4	698.4
Profit before tax	**4,671.9**	**5,804.9**	**7,643.4**
Total Tax expenses	1,311.9	1,451.2	1,910.9
Tax rate	*28.1%*	*25.0%*	*25.0%*
Profit after tax	**3,360.0**	**4,353.7**	**5,732.6**
PAT Margins	*16.1%*	*16.6%*	*16.9%*
Basic EPS	***14.78***	***19.15***	***25.22***

Balance Sheet			(Rs in mn)
Particulars	FY26	FY27E	FY28E
ASSETS			
Fixed Assets	6,904	8,623	9,460
Capital WIP	*893*	*826*	*763*
Intangible Assets	525	485	449
Trade Receivable	5,991	7,489	9,735
Inventories	11,660	14,575	18,947
Financial Assets	61	61	61
Cash and cash equivalent	529	137	428
Other Assets	9,591	8,418	8,416
Total Assets	**36,153**	**40,613**	**48,259**
EQUITY			
Equity Share Capital	455	455	455
Other Equity	19,559	23,912	29,645
Total Equity	**20,013**	**24,367**	**30,100**
Long Term Borrowings	4,128	4,128	4,128
Short Term Borrowings	4,515	4,515	4,515
Trade Payables	5,098	6,372	8,284
Other Liabilities	2,399	1,231	1,233
Total Liabilities	**16,140**	**16,246**	**18,159**
Total Equity and Liabilities	**36,153**	**40,613**	**48,259**

Cash Flow Statement			(Rs in mn)
Particulars	FY26	FY27E	FY28E
Cash Flow from operating activities			
PBT	4,671.9	5,804.9	7,643.4
Depriciation	502.0	642.5	766.3
Operating Profit before WC change	5,217.0	7,145.8	9,108.1
Changes in Assets and liability	-3,090.5	-3,138.3	-4,707.4
Cash used in Operations	2,126.5	4,007.6	4,400.7
Tax	-1,582.6	-1,451.2	-1,910.9
Cash from Operating	**543.9**	**2,556.3**	**2,489.9**
Cash Flow from investing activities			
Capex	-3,232.2	-2,250.0	-1,500.0
Cash from Investing	**-3,020.5**	**-2,250.0**	**-1,500.0**
Cash Flow from financing activities			
Proceeds from Borrowings/ QIP	0.0	1.0	2.0
Dividend payout	0.0	0.0	0.0
Finance Cost	-662.2	-698.4	-698.4
Proceeds other than borrowing	3,076.7	0.0	0.0
Cash from Financing	**2,871.5**	**-698.4**	**-698.4**
Net increase/(decrease) in Cash	394.9	-392.1	291.5
Cash at the beginning of the year	133.8	528.7	136.6
Cash at the end of the year	**528.7**	**136.6**	**428.1**

Ratio Analysis			
Particulars	FY26	FY27E	FY28E
Growth (%)			
Revenue	15.2	25.0	30.0
Gross Profit	21.6	25.0	30.0
EBITDA	7.3	24.2	30.0
EBIT	14.5	21.1	28.3
PAT	6.3	29.6	31.7
% Of Revenue			
Gross Profit	55.1	55.1	55.1
EBITDA	25.2	25.0	25.0
EBIT	25.7	24.9	24.5
PAT	16.1	16.6	16.9
Return Ratios (%)			
ROCE	22.2	22.8	24.4
ROE	16.8	17.9	19.0
Valuation (x)			
P/E	56.8	43.8	33.3
P/B	9.5	7.8	6.3
EV/EBITDA	38	31	24
EV/ Sales	10	8	6
DEBT/EQUITY	0.4	0.3	0.3

Source: Bloomberg, NSE, NSDL, BSE, Bajaj Broking Research

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