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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 Q4FY26 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. 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. As a result, the company has deferred the recognition of approximately Rs670 million in revenue and around Rs400 million in EBITDA, pending receipt of the required licenses; these orders have not been cancelled. Management emphasized that the investigation has had no impact on Huron's day-to-day operations, with order execution, exports, customer servicing, and manufacturing activities continuing as normal. 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.

Structural Moats and Long-Term Customer Relationships to Fuel Market Share Momentum

By leveraging its low-cost manufacturing base and backward-integrated operations in Rajkot, the company aims to serve large European customers more competitively than peers in Japan and Germany. Management intends to build substantial capacity—through both internal expansion and strategic acquisitions—by FY30, enabling it to sustain a 35–40% growth trajectory over the next 5–6 years. With nearly 50% of India's CNC demand still met through imports, the company sees a meaningful import-substitution opportunity ahead.

View - Jyoti CNC Automation Ltd. serves a marquee global and domestic client base—including Tata, Mahindra, L&T, Rolls Royce, GE, Boeing, Airbus, BMW, and Volkswagen—highlighting its strong credibility and technical capabilities. Alongside these top-tier clients, the company also 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. Company remains exposed to cyclicalities in capital-goods spending, which could impact order inflows if industrial or export demand weakens. Additionally, any delay in executing its expansion plans or could affect margins and growth visibility. We have valued the company using the P/E valuation method, applying a 33x multiple on FY28E earnings, arriving at a target price of Rs 736.

RATING : BUY

CMP	656
Upside	12%
Target Price	736
Time Horizon	1 Year
Bloomberg Code	JYOTICNC:IN
High/Low	1,160 / 580
Market Cap (in Rs)	150.27bn

Shareholding %

Particulars	Q2FY26	Q3FY26	Q4FY26
Promoter	62.5	62.5	62.5
FII	9.9	9.7	8.9
DII	10.3	12.9	13.3
Others	17.2	14.8	15.1

15.4% Promoter shares pledged as of Q4FY26

NIFTY VS JYOTICNC:IN

Returns (%)	1M	3M	6M	12M
Nifty 50	(2.7)	(3.0)	(10.6)	(6.9)
JYOTICNC	(15.2)	(17.9)	(34.0)	(45.0)

Key Matrix

Particulars (Rs Mn)	FY26E	FY27E	FY28E
Revenue	20,931	25,118	31,397
EBITDA	5,268	6,279	7,849
PAT	3,360	3,987	5,068
EPS	14.8	17.5	22.3
Growth (%)			
Revenue	15.2	20.0	25.0
EBITDA	7.3	19.2	25.0
PAT	6.3	18.7	27.1
Margins (%)			
EBITDA Margin	25.2	25.0	25.0
PAT Margin	16.1	15.9	16.1
Valuation			
P/E	44.4	37.4	29.4
EV/EBITDA	27.1	22.8	18.2
ROE	16.8	16.6	17.4
ROCE	22.2	22.2	23.3
D/E	0.4	0.3	0.2

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

Financials & Ratio Analysis

Income Statement		(Rs in mn)	
Particulars	FY26E	FY27E	FY28E
Revenue from Operation	20,931.3	25,117.6	31,397.0
COGS	9,392.9	11,271.5	14,089.4
% Sales	44.9%	44.9%	44.9%
Gross Profit	11,538.4	13,846.1	17,307.6
Gross margin	55.1%	55.1%	55.1%
Employee Benefit Exp	3,300.2	3,982.1	4,977.7
Other expenses	2,970.7	3,584.6	4,480.7
EBITDA	5,267.5	6,279.4	7,849.2
EBITDA Margins	25.2%	25.0%	25.0%
Other Income	604.8	604.8	604.8
Depreciation	502.0	642.5	708.6
EBIT	5,370.3	6,241.7	7,745.4
EBIT Margins	25.7%	24.8%	24.7%
Finance Cost	698.4	698.4	698.4
Profit before tax	4,671.9	5,543.3	7,047.0
Total Tax expenses	1,311.9	1,556.6	1,978.8
Tax rate	28.1%	28.1%	28.1%
Profit after tax	3,360.0	3,986.7	5,068.2
PAT Margins	16.1%	15.9%	16.1%
Basic EPS	14.78	17.54	22.29

Cash Flow Statement		(Rs in mn)	
Particulars	FY26E	FY27E	FY28E
Cash Flow from operating activities			
PBT	4,671.9	5,543.3	7,047.0
Depreciation	502.0	642.5	708.6
Operating Profit before WC change	5,217.0	6,884.2	8,454.0
Changes in Assets and liability	-3,090.5	-2,510.6	-3,765.9
Cash used in Operations	2,126.5	4,373.6	4,688.1
Tax	-1,582.6	-1,556.6	-1,978.8
Cash from Operating	543.9	2,817.0	2,709.3
Cash Flow from investing activities			
Capex	-3,232.2	-1,500.0	-1,500.0
Cash from Investing	-3,020.5	-1,500.0	-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	618.6	510.9
Cash at the beginning of the year	133.8	528.7	1,147.3
Cash at the end of the year	528.7	1,147.3	1,658.2

Balance Sheet		(Rs in mn)	
Particulars	FY26E	FY27E	FY28E
ASSETS			
Fixed Assets	6,904	7,873	8,767
Capital WIP	893	826	763
Intangible Assets	525	485	449
Trade Receivable	5,991	7,189	8,987
Inventories	11,660	13,992	17,490
Financial Assets	61	61	61
Cash and cash equivalent	529	1,147	1,658
Other Assets	9,591	8,418	8,416
Total Assets	36,153	39,991	46,590
EQUITY			
Equity Share Capital	455	455	455
Other Equity	19,559	23,545	28,613
Total Equity	20,013	24,000	29,068
Long Term Borrowings	4,128	4,128	4,128
Short Term Borrowings	4,515	4,515	4,515
Trade Payables	5,098	6,117	7,646
Other Liabilities	2,399	1,231	1,233
Total Liabilities	16,140	15,991	17,522
Total Equity and Liabilities	36,153	39,991	46,590

Ratio Analysis		(Rs in mn)	
Particulars	FY26E	FY27E	FY28E
Growth (%)			
Revenue	15.2	20.0	25.0
Gross Profit	21.6	20.0	25.0
EBITDA	7.3	19.2	25.0
EBIT	14.5	16.2	24.1
PAT	6.3	18.7	27.1
% Of Revenue			
Gross Profit	55.1	55.1	55.1
EBITDA	25.2	25.0	25.0
EBIT	25.7	24.8	24.7
PAT	16.1	15.9	16.1
Return Ratios (%)			
ROCE	22.2	22.2	23.3
ROE	16.8	16.6	17.4
Valuation (x)			
P/E	44.4	37.4	29.4
P/B	7.5	6.2	5.1
EV/EBITDA	27	23	18
EV/ Sales	7	6	5
DEBT/EQUITY	0.4	0.3	0.2



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