

INITIATING COVERAGE

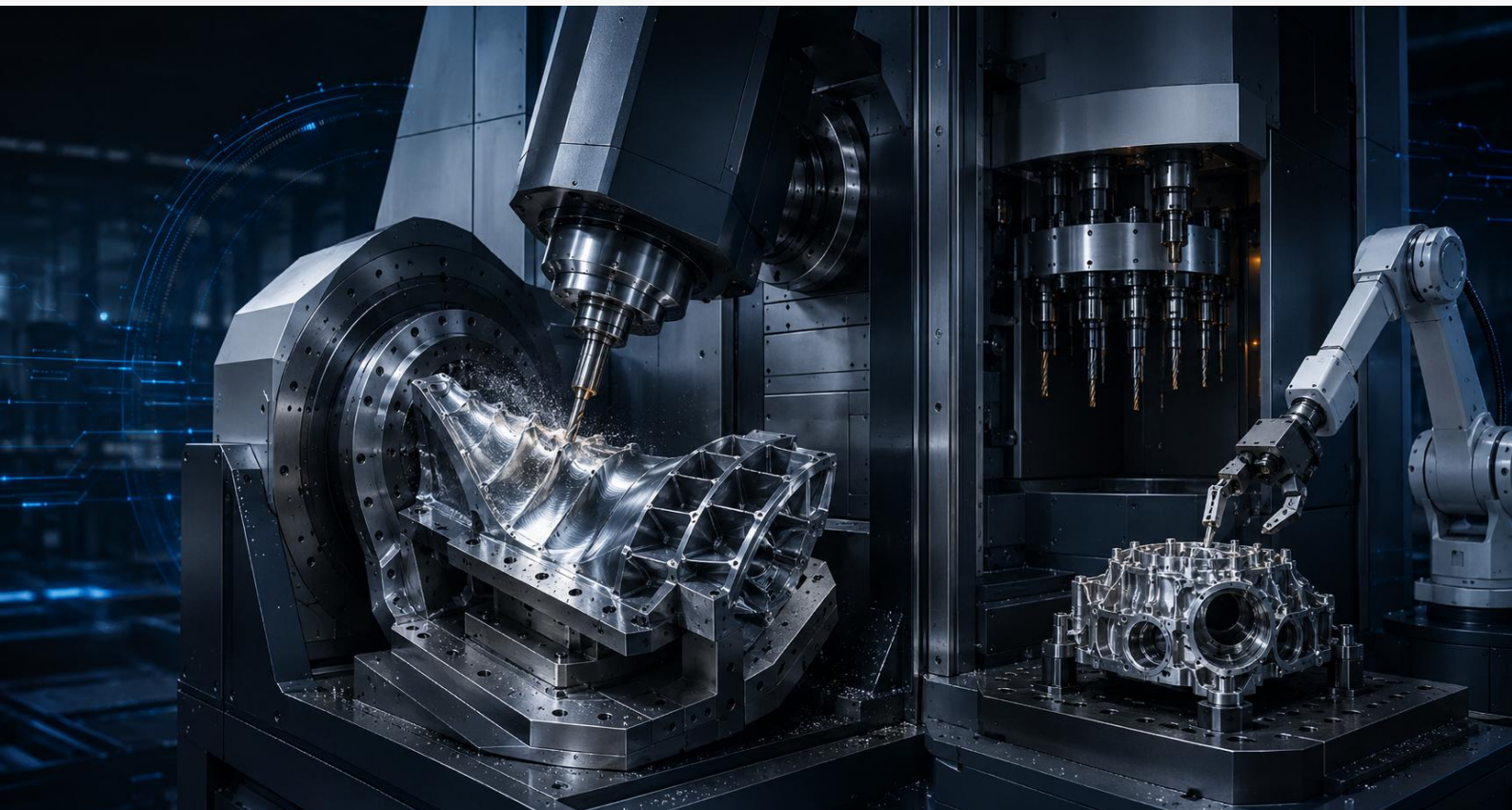
Jyoti CNC Automation Ltd.

Expanding Capacity, Indigenizing Core Technology

Buy

Current Price: Rs. 786 | Market Cap: Rs. 178 Bn

24th July 2026



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Expanding Capacity, Indigenizing Core Technology

Incorporated in 1991 by Mr Parakramsinh Jadeja, Jyoti CNC Automation Ltd (JCAL) is one of India's leading manufacturers of CNC machines, offering one of the industry's most comprehensive product portfolios with over 200 variants across 44 series serving critical sectors such as aerospace & defence, automotive, general engineering, EMS, and dies and moulds. The Company's strategy has been to move beyond assembly into deep vertical integration, with in-house foundry, spindle & tool changer manufacturing, and machine shop operations across its three facilities, two in Rajkot and one in Strasbourg, France, giving it control over quality, cost and delivery timelines that most domestic peers lack. This integration, combined with Industry 4.0 and AI-enabled offerings, has allowed JCAL to move up the value chain from a domestic machine tool maker to a global precision engineering partner, evidenced by an installed base of over 140,000 machines across 60 countries.

Capacity expansion to drive revenue growth

The Company is incurring Rs. 4.5 Bn to increase its annual manufacturing capacity from ~6,000 machines to ~16,000 machines by September 2026. The expansion addresses a key growth constraint, as the Company is currently operating at peak utilization, resulting in delivery timelines of up to 18-30 months. This additional capacity will primarily focus on entry-level and mid-range CNC machines used across automotive, general engineering and the fast-growing EMS sector, while the existing facilities will continue to serve high-end aerospace and defence applications. As the new facility becomes operational, management expects execution speed to improve by 20-30%, supporting faster order conversion, higher volumes and improved working capital efficiency. While the shift towards lower-priced machines may moderate margins in the near term, operating leverage, backward integration and better cash flow conversion should partly offset the impact.

Backward integration to unlock higher value addition

JCAL is developing its own CNC controllers, a critical component that has historically been imported from global suppliers such as Fanuc and Siemens. The controller acts as the "brain" of a CNC machine and accounts for ~15–25% of the cost of the CNC machines. Local manufacturing of this component therefore represents a meaningful value-creation opportunity for the Company. Supported by a team of 140+ R&D engineers across India and France, the Company has already developed its own operating panel and human-machine interface and plans to introduce prototypes of CNC controllers and servo motors over the next 12–18 months. The project is also eligible for support under the Government's ECMS PLI scheme. Successful commercialisation should reduce import dependence, improve control over costs and component availability, shorten delivery timelines and strengthen JCAL's position as an integrated mechatronics solutions provider.

View and Valuation

JCAL is entering its next growth phase through new capacity addition, which should ease constraints, improve execution and shorten delivery timelines. Profitability should benefit from deeper localisation, particularly the in-house development of CNC controllers, servo motors and drives. This should reduce import dependence, improve cost control and increase value addition. Supported by these drivers, we expect revenue to compound at ~30% over FY27–29. We initiate coverage with a BUY rating at 27x FY28E EV/EBITDA, implying 41% upside.

BUY

CMP Rs. 786

TARGET Rs. 1,108 (+41%)

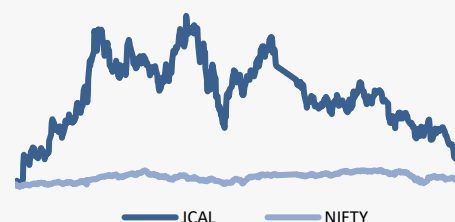
Company Data

Bloomberg Code	JYOTINC:N
MCAP (Rs. Bn)	178.4
O/S Shares (Mn)	227
52w High/Low	1,084/580
Face Value (in Rs.)	2
Liquidity (3M) (Rs. Mn)	1,102.9

Shareholding Pattern %

	Jun 26	Mar 26	Dec 25
Promoters	62.5	62.5	62.5
FII's	6.3	8.9	9.7
DII's	12.6	13.7	13.4
Non-Institutional	18.6	14.8	14.4

JCAL vs Nifty



Jan, 24 Jul, 24 Jan, 25 Jul, 25 Jan, 26 Jul, 26

Key Financial Data

(Rs. Bn)	FY26	FY27E	FY28E
Revenue	20.9	27.5	36.1
EBITDA	5.3	7.2	9.3
Net Profit	3.4	4.8	6.4
Total Assets	36.2	41.0	49.1
ROCE (%)	15%	23%	25%
ROE (%)	18%	21%	23%

Source: Company, Keynote Capitals Ltd.

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CNC Machine

CNC (Computer Numerical Control) are automated machines that operate through computer-based instructions instead of manual control. These machines follow programmed commands, commonly known as G-codes and M-codes, which guide the movement of cutting tools, spindles, and other machine parts. Based on these instructions, CNC machines can perform operations such as cutting, drilling, milling, turning, grinding, and shaping with high accuracy and consistency.

CNC machines can complete production faster, reduce material wastage, and simplify processes that earlier required multiple manual steps. They can also be adapted quickly for different production needs by changing the program, without requiring major physical adjustments to the machine. This combination of precision, consistency, flexibility, and reliability has made CNC machines an important part of modern automated manufacturing. They help industries improve productivity and meet the rising demand for high-quality, precision-engineered components.

Several key attributes of CNC machines

- Precision and accuracy – It can manufacture components with very tight tolerances, making them suitable for complex and high-precision parts.
- Consistency and repeatability - Once the program is set, the machine can produce identical parts repeatedly with minimal variation in quality.
- Flexibility - With small changes in the program, the same machine can be used to manufacture different components.
- Durability - These machines are built to operate continuously in demanding industrial environments without compromising performance.
- Scalability - CNC machines can be used for both small prototype production and large-scale manufacturing, making them useful across a wide range of industries.



Source: Company, Keynote Capitals Ltd.

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Global machine tool industry

The global machine tool industry is undergoing a structural shift, supported by rising automation, digital manufacturing, and changing global supply chains. The overall global machine tool market was valued at ~\$ 96.1 Bn in 2025 and is expected to reach \$ 183.4 Bn by 2034, implying a CAGR of ~7%.

Asia-Pacific remains the largest market, accounting for nearly half of global demand. The region is led by China, India, and Japan. China continues to be the world's largest producer and consumer of machine tools, while India is emerging as a faster-growing market, supported by increasing adoption of industrial automation and manufacturing localization.

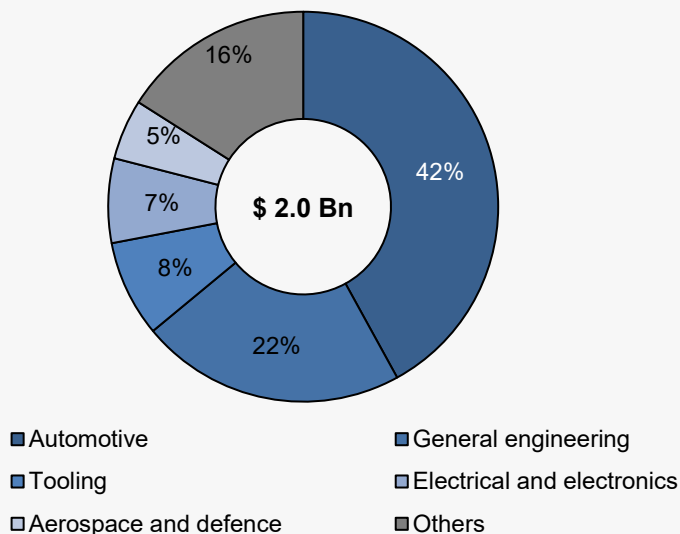
Global CNC machine market

The global CNC machine market is expected to grow from \$ 74.8 Bn in 2025 to \$ 105.7 Bn by 2031, registering a CAGR of ~6% over 2026-31.

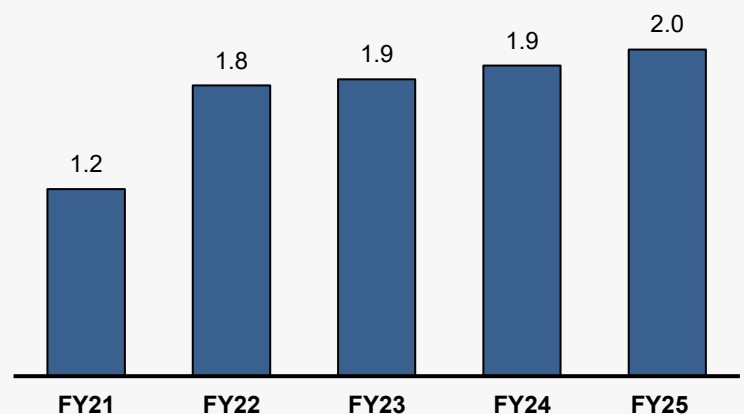
Despite the high technical requirements in precision engineering, the global CNC machine market remains fragmented. The top 13 global manufacturers together account for only 39.9% of the market. Leading players include Yamazaki Mazak, DMG Mori, HAAS, and Hurco, with market shares of 5.7%, 5.1%, 4.4%, and 4.1%, respectively. Within this global market, JCAL is ranked as the 12th largest CNC machine manufacturer globally, with a market share of ~0.4% (as of CY2022).

Indian CNC machine market and sector-wise consumption

Market share by end-user industries (FY25)



Indian CNC machine market (\$ Bn)



Source: Dun & Bradstreet, Keynote Capitals Ltd.

The Indian CNC machines market has demonstrated strong momentum, expanding from ~\$ ~1.2 Bn in FY 2021 to ~\$ 2.0 Bn in FY 2025, registering a robust CAGR of ~15% over this period. This growth trend highlights the rising adoption of automation and precision manufacturing across key sectors such as automotive, aerospace, industrial machinery, and consumer durables. Supportive government measures, including Make in India and the Production Linked Incentive (PLI) framework, have accelerated the modernization of production facilities, keeping domestic demand firmly on an upward trajectory.

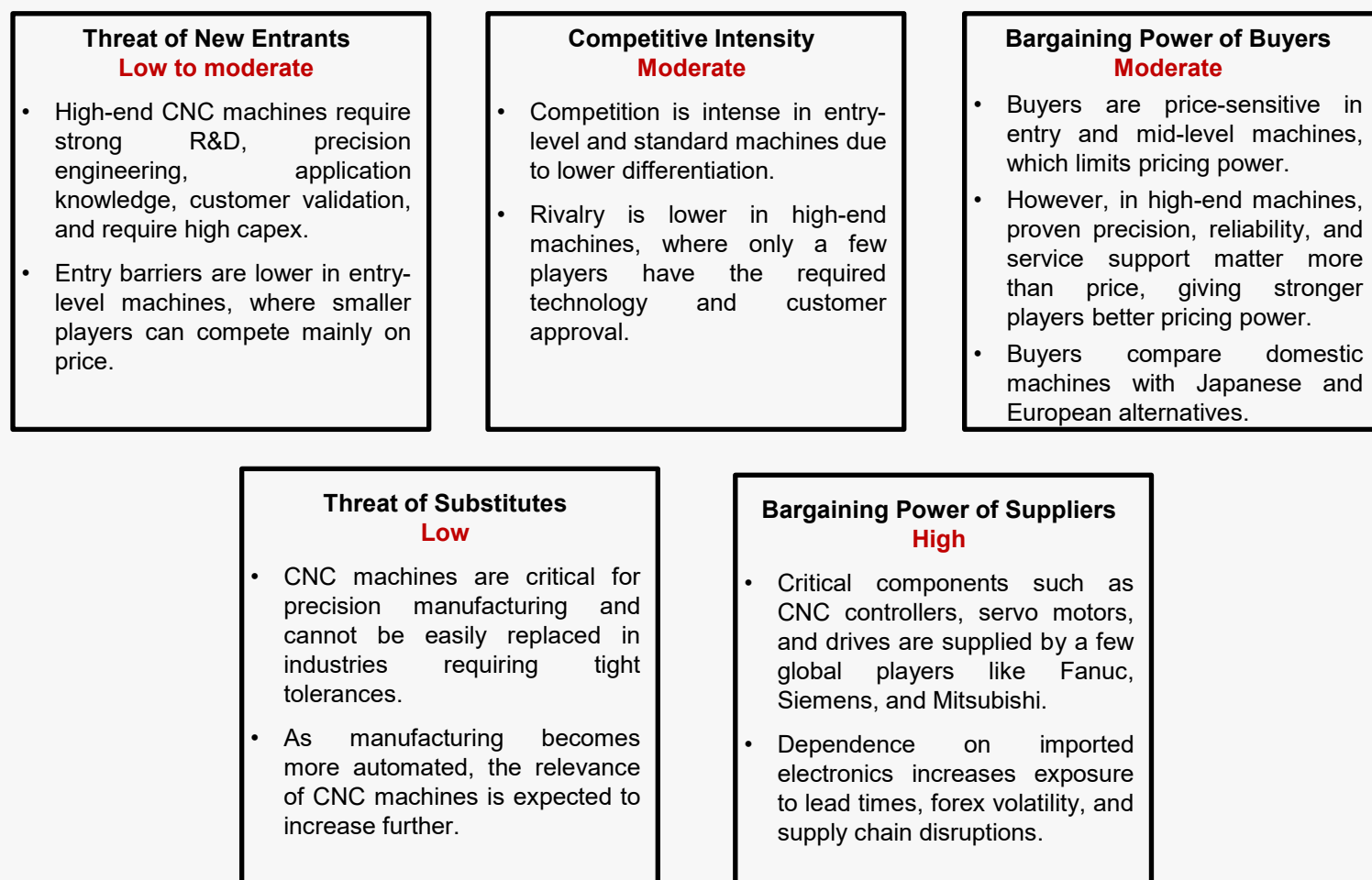
The market is projected to rise from \$ 2.0 Bn in FY25 to \$ 2.6 Bn by FY30, registering a CAGR of ~5% during the forecast period.

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Indian CNC machine market demand by end-use sector

Sector	Key demand drivers	CNC application
Automotive	Rising domestic vehicle production, export growth and high precision requirements.	Engine blocks, transmission and gear components, chassis parts.
General engineering	Expansion in industrial machinery, capital goods and heavy equipment manufacturing.	Precision components, machine parts and industrial equipment.
Tooling	Demand for moulds, dies and production tooling across industries.	Moulds, dies, jigs and fixtures.
Electrical & electronics	Component miniaturisation and rising consumer electronics production.	Small precision components, housings and connectors.
Aerospace & Defence	Defence modernisation, localisation and self-reliance initiatives.	High-precision, complex and safety-critical components.
Others	Growing adoption across power, medical devices and other emerging applications.	Power equipment parts, medical components and specialised industrial parts.

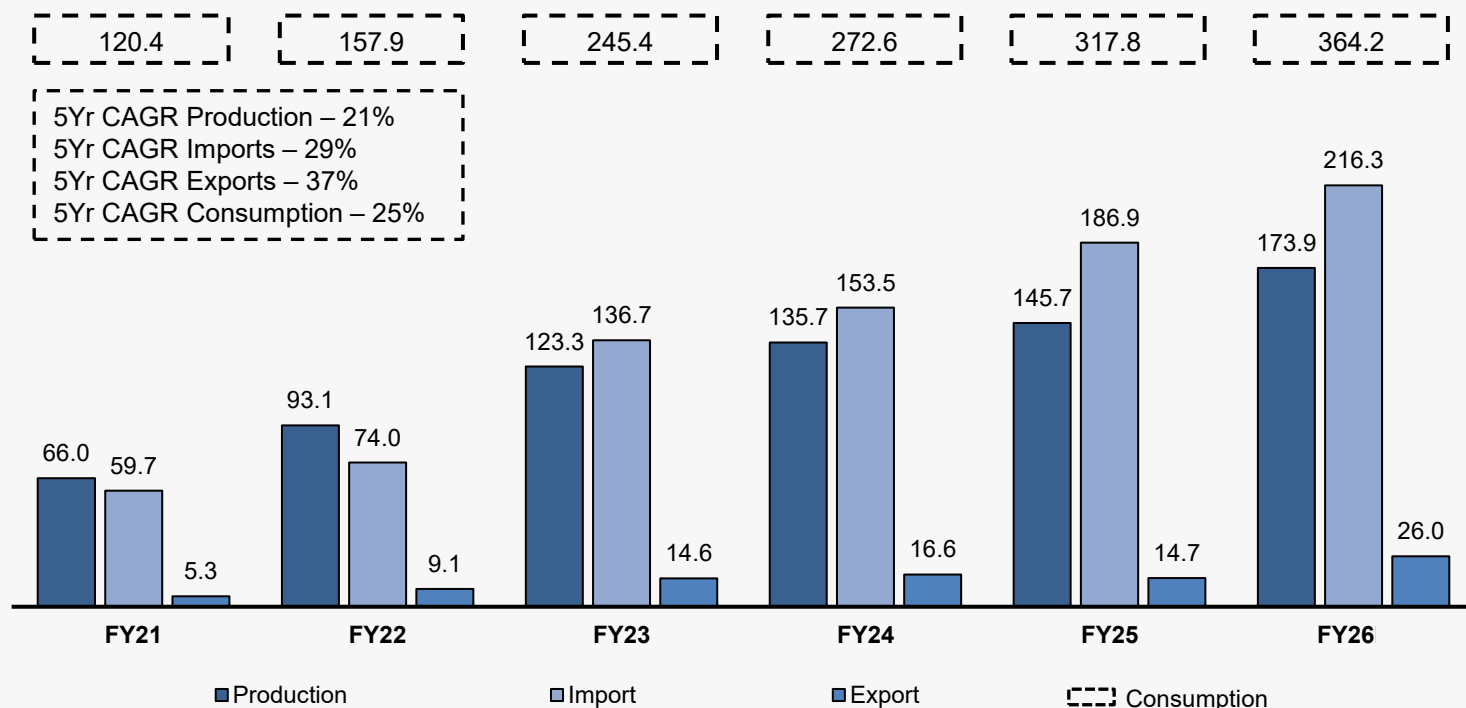
Michael Porter's Five Forces Framework (CNC machine industry)



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Indian Machine Tool Industry - strong demand, but imports still dominate

Indian machine tool market (Rs Bn)



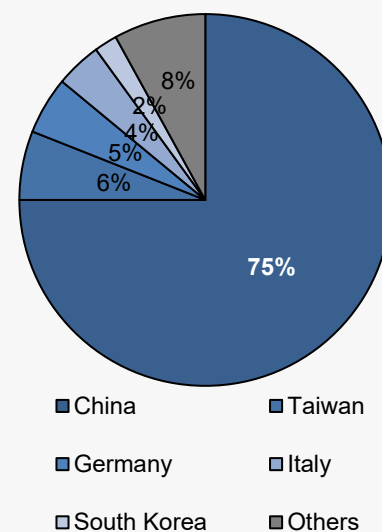
Source: IMTMA, Keynote Capitals Ltd.

India's machine tool consumption has grown sharply, increasing from ~Rs. 120 Bn in FY21 to ~Rs. 364 Bn in FY26. This growth has been driven by rising capex across key sectors such as Automotive, EMS, Aerospace & Defence. Domestic production has also grown at a healthy pace, increasing at a 21% CAGR for the last 5 years to reach Rs. 173.9 Bn in FY26. However, imports have grown even faster at a 29% CAGR, reaching Rs. 216.3 Bn over the same period. As a result, imports now meet ~59% of India's machine tool demand. This is especially true for high-precision and multi-axis machines, where domestic manufacturers are still catching up with global players. The faster growth in imports also indicates that Indian manufacturers are not just buying more machines, but are upgrading towards more advanced and technology-intensive equipment.

This gap between domestic production and consumption creates a large opportunity for Indian machine tool companies with advanced capabilities. Companies with 5-axis machining technology, in-house software capabilities, and strong backward integration are better placed to benefit from India's import substitution opportunity and the government's "Aatmanirbhar Bharat" push. As Indian players gradually close the technology gap with European and Japanese manufacturers, import substitution can become a key long-term growth driver for the sector.

Exports remain relatively small at ~Rs. 26.0 Bn in FY26E, but they are growing the fastest, at 37% 5Yr CAGR. This suggests that Indian machine tool manufacturers are slowly improving their quality, compliance standards, and ability to participate in global supply chains. Export demand is likely supported by sectors such as Aerospace, Automotive, Prototyping, and Contract Manufacturing. Indian CNC machines are also gaining traction among smaller workshops and job shops that look for lower-cost, flexible, and reliable machining solutions.

Top 5 Import destination (FY25)



Source: DGFT, Keynote Capitals Ltd.

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Growth driver of CNC machines across key industries

The CNC machine tool industry plays a critical role in building India's broader manufacturing capability. CNC machines are used across industries where precision, consistency, and automation are essential. Historically, CNC demand in India was largely driven by the automobile and general engineering sectors, making the industry closely linked to industrial and auto capex cycles. However, the demand base is now becoming broader and more structural. Policy initiatives such as Make in India, PLI schemes, and the global shift towards China + 1 supply chains are driving investment in high-precision manufacturing sectors. As a result, demand is increasingly shifting towards sectors such as Aerospace & Defence, EMS, Electric Vehicles, and Semiconductors. These industries require more advanced CNC machines, especially multi-axis machines, due to their need for tighter tolerances, higher automation, and complex component manufacturing. This shift is expected to support long-term demand for CNC machine tools in India.

Major sectors and their key drivers

Industry	Key drivers	Industry growth (CAGR)
Aerospace and defense	- Heightened geopolitical conflicts are prompting a worldwide surge in military expenditure as every nation wants to become self-reliant. - Major OEMs like Boeing and Airbus hold record backlogs, ensuring years of steady manufacturing output. - Increase in modernisation and technology advancements.	~8% (by 2030)
EMS	- Surging domestic production of mobile phones - Union Cabinet approved Mobile Phone Manufacturing Scheme (MPMS) with a budgetary outlay of Rs 6.25 Tn from FY27-31. - The potential CNC Machine demand for EMS industry in India is 1,00,000+ machines within the span of next 5 years.	~7%+ (from 2026 to 2034)
Electric vehicles (EVs)	- The GST on EVs has been lowered from 12% to 5%, and the GST on chargers and charging stations for EVs has been decreased from 18% to 5%. - In 2025, Indian automakers introduced as many as 18 new EVs. India's EV sales increased ~17% YoY to ~2.38 Mn units in CY2025, taking EV penetration to ~8% despite global headwinds. With continued policy support, the industry remains on track to achieve the government's 30% EV penetration target by 2030.	20% (from 2025 to 2034)
Semiconductor	- India's semiconductor market will nearly double from USD 52 Bn in FY25 to USD 103.4 Bn by 2030, driven largely by mobile handsets, IT, and industrial applications, which contribute 70% of sector revenues. - Significant dependence on imports from China, Taiwan, Japan, the US, and other countries leaves India exposed to supply disruptions due to natural disasters, trade disputes, etc. India has ~ USD 7 Bn in annual semiconductor demand that can be met through local production. - Union Cabinet approved the "Semicon 2.0" for the development of India's semiconductor design and manufacturing ecosystem, with a total budget outlay of Rs.12.75 Tn.	~11% (from FY26 to FY30)

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Other major drivers for CNC machines

Growing automation and Industry 4.0 integration

Manufacturing is increasingly moving towards automated and digitally connected production systems. CNC machines are central to this transition because they can be integrated with robotics, IoT platforms, and AI-based monitoring systems. This helps factories improve productivity, reduce manual intervention, and minimise errors. As more manufacturers adopt automated production lines and smart factory systems, CNC machines are likely to remain a core part of modern manufacturing setups.

Advancements in multi-axis and 5-axis machining

Demand for complex and high-precision components is driving higher adoption of multi-axis and 5-axis CNC machines. Unlike traditional 3-axis machines, turning and milling machines can work on multiple sides of a component in a single setup. This reduces the need for repeated repositioning, lowers production time, and improves accuracy. Such machines are especially important in industries like Aerospace & Defence, Medical Devices, and high-end Automotive, where components often have complex shapes and tight tolerance requirements. This trend is allowing manufacturers to produce more advanced components with better efficiency and consistency.

Adoption of advanced materials

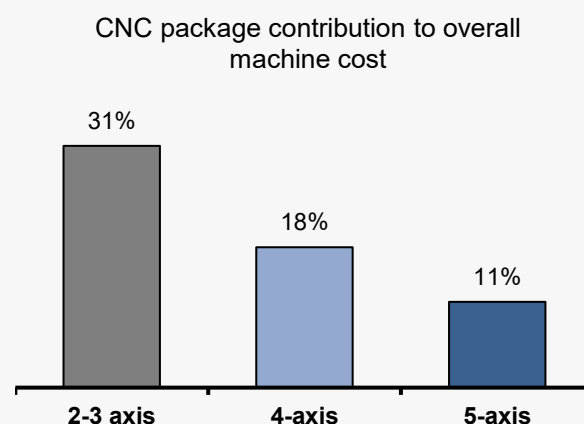
CNC machines are also becoming more important as industries increasingly use advanced materials such as titanium alloys, carbon-fibre composites, ceramics, and high-strength metals. These materials are difficult to machine and require specialised tools, higher machine rigidity, and optimised cutting methods. Demand for such capabilities is particularly strong in Aerospace & Defence, and Medical applications, where lightweight strength, durability, corrosion resistance, and biocompatibility are critical. As the use of advanced materials increases, CNC technology is becoming an important enabler of next-generation manufacturing and product innovation.

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Break-up margins across different types of machines

Machine type	Raw material cost as a % of selling price	Implied gross value addition
2-3 axis	65%	35%
4-axis	60%	40%
5-axis	45%	55%

Source: IMTMA, Keynote Capitals Ltd.



The margin difference across machine categories is mainly driven by higher value addition in complex machines. A 5-axis machine is not a larger version of a 2-3 axis machine. It contains higher precision, more complex engineering, advanced software integration, and greater customization. Because of this, 5-axis machines command significantly higher realizations compared to lower-end machines.

At the same time, certain key components, like CNC package, which includes controllers, servo motors, and drives, do not increase in the same proportion as the selling price of the machine. As a result, these costs get spread over a higher realisation base. This reduces their share in the overall machine cost and allows 5-axis machines to generate higher gross value addition.

However, these higher margins come with longer manufacturing cycles, higher customisation, and higher working capital requirement, especially in Aerospace & Defence machines.

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About Jyoti CNC Automation Ltd.

Incorporated by Mr. Parakramsinh Jadeja in 1991, Jyoti CNC Automation Ltd. (JCAL) is one of India's leading manufacturers of CNC machines. The Company offers one of the industry's most comprehensive product portfolios, with more than 200 machine variants across 44 series. Its product range includes CNC Turning Centres, CNC Turn-Mill Centres, Vertical Machining Centres (VMC), Horizontal Machining Centres (HMC), simultaneous 3-axis and 5-axis CNC Machining Centres, Multi-Tasking Machining Centres, and Industry 4.0 and AI-enabled manufacturing solutions.

Over more than two decades, JCAL has built strong engineering and research capabilities, enabling it to deliver customised machining solutions across a wide range of industries. Its key end markets include aerospace and defence, automotive and auto components, general engineering, EMS, dies and moulds, and other industrial segments.

A key milestone in the Company's growth was the acquisition of 100% stake in Huron Graffenstaden SAS in 2007. Huron is a 150-year-old French machine tool manufacturer and a pioneer in 5-axis machining technology. The acquisition provided JCAL with direct access to advanced 5-axis machining technology, strengthened its product capabilities, and enhanced its presence in international markets through Huron's established global brand.

JCAL operates three manufacturing facilities, comprising two plants in Rajkot, Gujarat, and one plant in Strasbourg, France. The Company follows a vertically integrated manufacturing model, with in-house foundry, machine shop, sheet metal shop, paint shop, sub-assembly, and final assembly facilities. It also manufactures several critical components internally, including spindles, tool changers, pallet changers, rotary tables, and universal heads. This integrated manufacturing approach reduces dependence on external suppliers, improves quality control, and enhances operational efficiency.

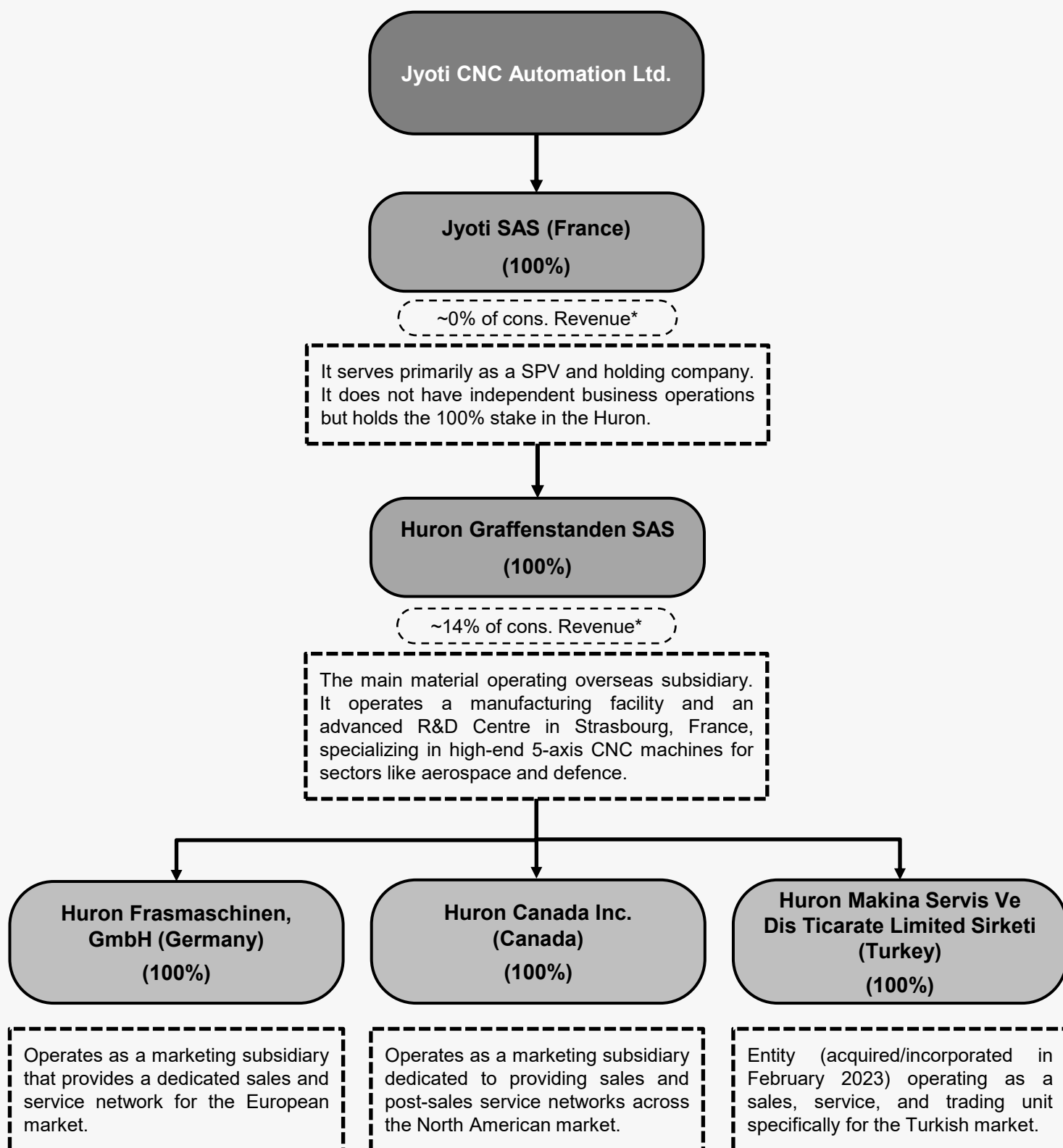
The Company's current annual production capacity stands at 6,000 machines in India and 240 machines in France. It is adding annual capacity of 10,000 machines in India, taking its total global capacity to ~16,240 machines, with commercial operations expected to commence in September 2026.

JCAL has established a strong sales and service network with 29 centres across India and exports its products to several international markets, including France, Germany, Italy, Switzerland, Belgium, Portugal, Romania, Turkey, the United Kingdom, the United States, Mexico, and Canada, along with countries across Africa, the Middle East, and Asia. The Company has an installed base of more than 140,000 machines across over 60 countries, reflecting its strong global presence.

Its diversified customer base includes leading global and domestic companies such as Airbus, HAL, General Electric, Boeing, Rolls-Royce, Tata Motors, BMW, ArcelorMittal, Bosch, Harsha Engineers, Godrej, and Indian Railways.

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Corporate structure



Source: Company, Keynote Capitals

*Revenue contribution is presented on a gross basis and is based on FY25 figures.

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Business evolution

The Conventional to CNC pivot and acquisition

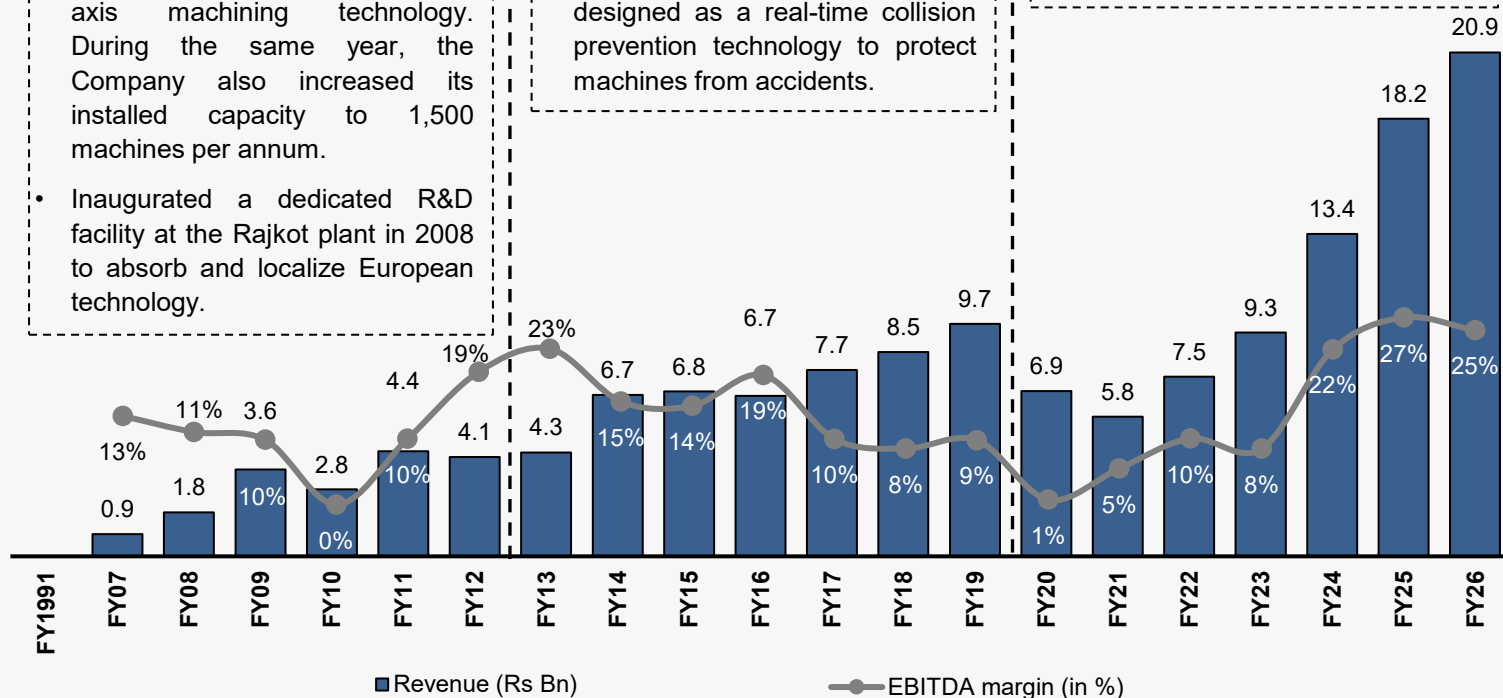
- In 1991, the Company was incorporated under the name "AMB Engineering Company Private Limited" as a machine-tool gearbox manufacturer in Rajkot.
- In 1998, recognising the shift in technology, the Company transitioned from conventional machines and jumped into the manufacturing of CNC machines.
- In 2007, JCAL acquired French company Huron Graffenstaden SAS, a 150-year-old pioneer in 5-axis machining technology. During the same year, the Company also increased its installed capacity to 1,500 machines per annum.
- Inaugurated a dedicated R&D facility at the Rajkot plant in 2008 to absorb and localize European technology.

Indigenization and R&D Phase

- JCAL entered an MoU with a research institution constituted by the GOI for the development of a 5 Axis CNC Multi-Tasking Machine in India in 2016.
- In 2017, the Company launched 7th SENSE, an "Industry 4.0" initiative, a software initiative geared towards automating repetitive functions and managing machine health.
- In 2019, the Company launched "PreciProtect," an AI system designed as a real-time collision prevention technology to protect machines from accidents.

The Aerospace & Defence and Electronics Domination

- In 2020, the Company launched the U-Mill series 5 Axis VMC targeted for aerospace and defence sector.
- In 2024, the Company was listed on the NSE and BSE. During the same year, JCAL expanded its annual manufacturing capacity from 4,400 to 6,000 machines.
- Higher contribution from the aerospace and defence segment primarily drove margin expansion from ~10% to over 25%.



Shift towards higher-value products drove margin expansion from 8% in FY23 to 25% in FY26

Automobile and general engineering



Aerospace and defense



EMS



Semiconductor



2023

2024

2025

2026

2027

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Product portfolio

JCAL maintains a highly diversified product portfolio encompassing 200+ variants across 44 distinct series. The Company's offerings span the entire value chain from volume-driven, entry-level turning centres to high-margin, technologically advanced 5-axis and multi-tasking machines tailored for the aerospace and defence sectors.

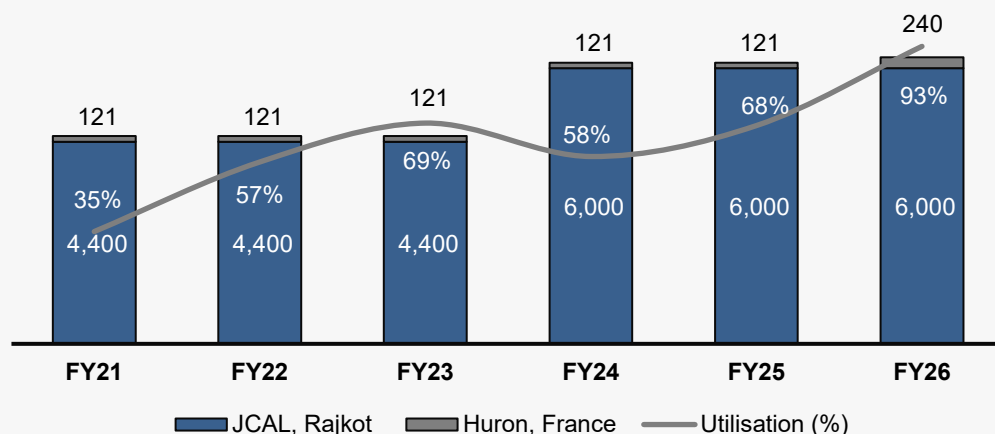
Machine type	Description	Purpose of use	Tier and price range	JCAL position in it	End-user industry
CNC turning and turn mill centre	CNC turning machine grips the metal and spins it rapidly while a stationary cutting tool shaves off material. "Turn Mill" centres add rotating drill bits to carve flat edges and drill holes while the part spins.	To manufacture precise cylindrical parts (like pistons and shafts), 3D prototypes, moulds, and cutting dies.	Entry level (up to Rs 5 Mn).	Mass volume product, widest variant range.	Automobile (incl. EVs), general engineering, agriculture, and textiles.
CNC vertical machining centre	The spindle axis and rectangular worktable are set vertically. The metal block stays stationary while a spinning cutting tool moves around to carve it.	Utilized for cutting/shaping hard materials like steel and aluminum. Capable of milling, boring, drilling, carving and engraving.	Entry to mid level (ranges between Rs 5-20 Mn).	Strong emphasis on producing highly dynamic and compact variants like the Tachyon for high-volume sectors.	Automobile, EMS, jewellery, and healthcare.
CNC horizontal machining centre	The machine performs similar operations with the spindle positioned horizontally.	Heavy-duty milling for large and heavy components that require deep cutting or multi-side work.	Primarily mid-level (ranges from Rs 5-20 Mn).	Growing share, targets heavy auto/engineering components.	Oil & gas, power, heavy infrastructure, auto and metal fabrication.
CNC 5-axis machining centre	Highly advanced machines where the cutting tool moves across 5 different axes/planes simultaneously.	Allows the metal part to be approached from all directions in a single operation. Essential for micromachining and creating highly complex curved geometries.	High-end (ranges from Rs 20 Mn to 200+ Mn).	Prominent leader via Huron IP.	Aerospace, defence, and high-end automotive.
CNC multi-tasking machine	Hybrid machines equipped with complex automatic tool changers (turrets).	Performs multiple distinct operations (milling, turning, and grinding) entirely in one go, without requiring human workpiece setup changes.	High-end (ranges from Rs 20 Mn to 200+ Mn).	Developed internally in 2016, partnering with IIT Chennai.	Aerospace, defense, and complex general engineering.

Source: Company, Keynote Capitals Ltd.

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Manufacturing and operational profile

Capacity (no. of machines) and utilization



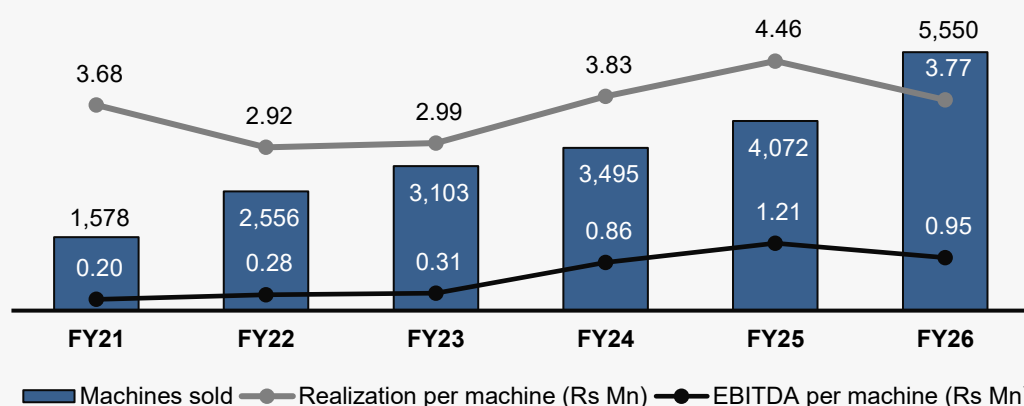
Source: Company, Keynote Capitals Ltd.

The Company has seen a sharp increase in demand since FY22, supported by healthy industrial capex and strong traction from sectors such as Aerospace & Defence and EMS. This improvement is reflected in JCAL's rising order book and higher capacity utilization. It increased from 35% in FY21 to 93% in FY26, indicating strong demand absorption across its manufacturing base. To address this demand, the Company expanded its Rajkot capacity from 4,400 machines per annum to 6,000 machines per annum in FY24. In addition, JCAL recently doubled the capacity at its Huron facility in France, which primarily caters to high-end machines in Q3 FY26. Including the Huron facility, the Company's total installed capacity now stands at 6,240 machines per annum.

With utilization again reaching near 100% levels in Q4 FY26, the Company is adding another major expansion. It intends to add 10,000 machines of capacity by September 2026, which will take total capacity to ~16,000 machines per annum. The new capacity will primarily be used for entry-level and mid-level CNC machines, while the existing Rajkot facility and Huron's capacity are expected to cater to high-end machines, particularly for Aerospace & Defence customers. High-end machines generally offer better margins, but they also involve longer manufacturing cycles. By shifting entry-level and mid-level machines to the new facility, JCAL should be able to reduce execution delays, improve order turnaround time, and gradually enhance working capital efficiency. The total capex for this expansion is estimated to be ~Rs. 4.5 Bn, which the Company is funding through a mix of internal accruals and debt.

Historically, the Company has generated a fixed asset turnover of ~3.12x (on a 5-year average basis). Based on this, we believe the upcoming capacity expansion can potentially support incremental revenue of ~Rs. 12-14 Bn, when the capacity reaches to full utilization level in the coming years.

Machines sold and realization (Rs Mn)



The decline in realization in FY26 was driven by a higher share of entry- and mid-level machines in the sales mix, which carry lower realizations than high-end machines.

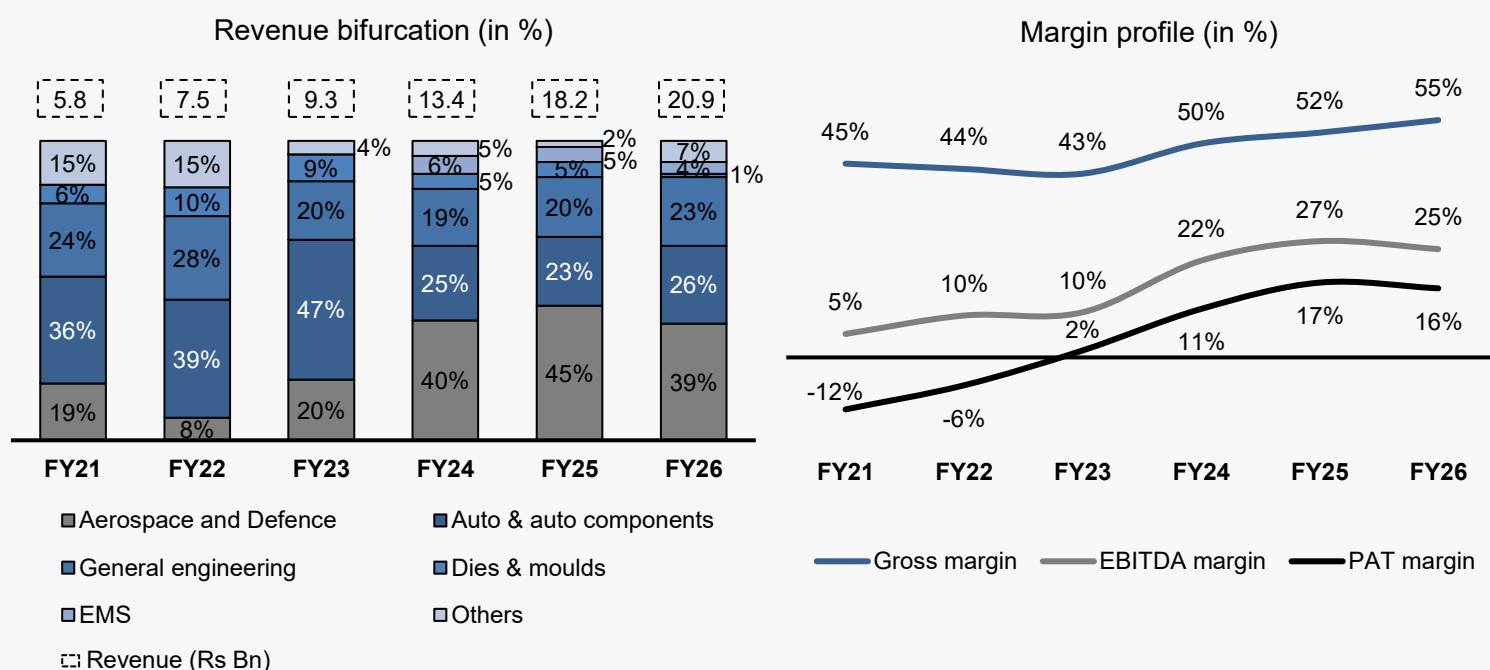
Source: Company, Keynote Capitals Ltd.

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This expansion is not only about increasing volumes, but it is also about undertaking debottlenecking, automation of machining and assembly lines, and process improvements to reduce the overall manufacturing cycle time.

JCAL's operating performance over FY21-26 reflects a clear shift from entry- to mid-level machines to higher-end machines, leading to higher realisation. Machine sales increased at a 5-year CAGR of ~28.6%, rising from 1,578 machines in FY21 to 5,550 machines in FY26. This growth was supported by strong execution and continuous expansion in manufacturing capacity. At the same time, realisation per machine improved meaningfully, moving from Rs. 2.92 Mn in FY22 to Rs. 3.77 Mn in FY26. This improvement was largely driven by a better product mix, as the Company gradually shifted capacity towards more complex and higher-value machines, including simultaneous 5-axis and multi-tasking machines used in sectors such as Aerospace and Defence. However, going forward, we expect realisation per machine to moderate, as the upcoming capacity expansion is largely focused on entry-level and mid-level CNC machines.

Revenue mix pivoting margin profile



Source: Company, Keynote Capitals Ltd.

Historically, JCAL's revenue was largely dependent on the Auto and Auto Components sector. However, over the last 5 years, the Company has consciously diversified towards higher growth. The biggest shift has been in the Aerospace & Defence segment, where the revenue contribution increased from 5% in FY21 to 39% in FY26. At the same time, the Company has also started gaining traction in the EMS segment, whose contribution increased from nil in FY21 to 4% in FY26.

This change in sector mix has also supported the Company's margin expansion. Entry-level machines typically generate gross margins of ~35-40%, while mid-level machines, mainly used in General Engineering and Auto, generate margins of around 40-47%. In comparison, high-end 5-axis machines, which are largely used in Aerospace & Defence applications, generate much higher gross margins of ~55-57%.

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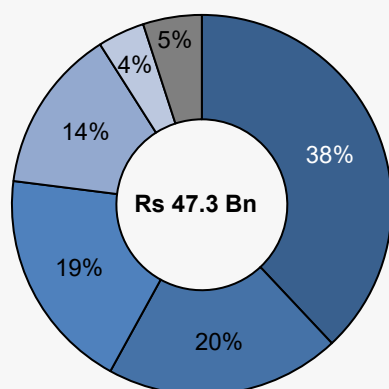
As the revenue mix shifted towards these high-end machines, the Company's blended realisation per machine improved meaningfully, while EBITDA margins expanded to more than 25%. Apart from the product mix, JCAL's margin profile is also supported by its vertically integrated manufacturing setup.

The Company has its own foundry with a capacity of 2,000 MT per month, where it casts key components including spindles, automatic tool changers, pallet changers, and rotary tables in-house. In addition, the Company has its own machine shop, sheet metal shop, and paint shop.

The machine shop is used for turning, milling, drilling, and boring of raw castings in a temperature-controlled environment. The sheet metal shop processes outer body casings and structural parts, while the paint shop supports the final finishing process. This backward integration reduces dependence on external suppliers and helps the Company maintain better control over cost, quality, and delivery timelines. Currently, JCAL manufactures ~70% of a machine's value in-house, while the remaining 30% is dependent on imports.

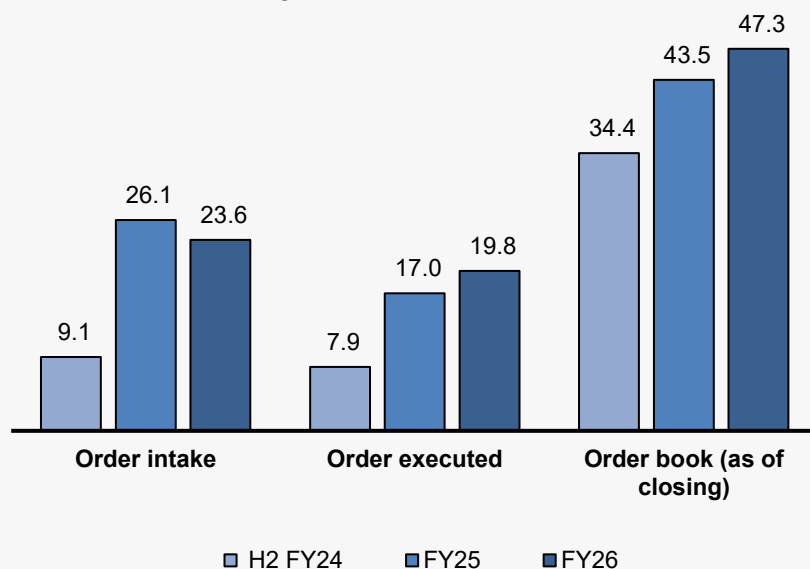
Order Book Dynamics

FY26 order book split (in %)



- Aerospace and Defence
- Auto & auto components
- General engineering
- Dies & moulds
- EMS
- Others

Order book mechanics



Source: Company, Keynote Capitals Ltd.

* Order intake and execution data for FY24 are reported on a half-yearly basis (H2).

EMS is still a small part of the total order book, its presence indicates JCAL's early entry into the electronics manufacturing value chain and the broader import-substitution opportunity in India.

Capacity constraint has limited order intake

In recent quarters, the Company has deliberately moderated new order intake. This is because customers across sectors are generally unwilling to accept delivery timelines beyond 18-20 months. Since JCAL's existing capacity is already running at 100% utilization, the Company is currently unable to commit to faster deliveries. As a result, despite strong enquiries, the Company has not been able to convert the full demand pipeline into orders. This is more of a capacity constraint than a demand constraint. In FY26, JCAL received total orders worth Rs. 23.6 Bn, of which Rs. 7.0 Bn came in Q4 FY26, the highest quarterly order intake in recent times.

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This situation is expected to improve once the planned 10,000-machine capacity expansion becomes operational by September 2026. Management expects the new facility to improve execution speed by ~20-30%. As delivery timelines reduce, JCAL should be in a better position to accept new orders and convert its existing enquiry pipeline into actual order inflows. This should support both revenue growth and working capital efficiency over the medium term.

Demand remains healthy across key segments

The Company is currently seeing strong orders and enquiries from Auto & Auto Components, General Engineering, and Aerospace & Defence. In the EMS segment, actual machine deliveries have been slower because many customers are still in the process of building their new factories. However, enquiry levels from EMS customers remain healthy. As PLI-led investments in electronics manufacturing move from planning to execution, JCAL expects stronger order conversion from this segment. To strengthen its position in this opportunity, the Company has also acquired 20 acres of land in Tumakuru, Karnataka, which brings it closer to the EMS manufacturing hubs in Southern India.

Innovation and Technology

Over the years, JCAL has evolved from being a traditional mechanical machine manufacturer into a more technology-driven CNC solutions provider. This shift has been supported by its dedicated R&D setup in Rajkot, known as the Leonardo Da Vinci R&D Centre, and its technology hub in Strasbourg, France, through Huron. Together, these facilities have 140+ R&D engineers. The Company's R&D efforts are focused on integrating software, artificial intelligence, and in-house electronics into its CNC machines. This helps customers improve machine productivity, reduce downtime, and simplify machine operations. At the same time, it also allows JCAL to improve product differentiation and strengthen its margin profile.

JCAL's key technology initiatives include the following

1. HUMA (Human Machine Interface)

HUMA is JCAL's proprietary machine operating interface, for which the Company has received a design patent under Class 15-09. In a CNC machine, the controller acts as the main operating system and is usually sourced from global suppliers such as Fanuc or Siemens. HUMA works as a user-friendly front-end layer over these controllers. It provides touchscreen controls, simple feed-rate adjustments, and remote operation features. This makes the machine easier to operate, reduces dependence on highly skilled operators, and improves daily workflow on the shop floor.

2. PreciProtect (AI-Based Collision Prevention)

It is an AI-based system developed in-house by JCAL and launched in 2019. It is designed to protect expensive CNC machines from damage during operations. In CNC machining, even a small programming error can cause the cutting tool to collide with the metal block, fixture, or machine parts. Such collisions can lead to machine damage, production loss, and high repair costs. PreciProtect continuously monitors the machine during operation and detects possible collisions in real time. If it identifies a risk, it automatically stops the machine before impact. This helps customers reduce downtime and protect their capital equipment.

3. 7th Sense (Industry 4.0 Digital Suite)

It is JCAL's proprietary digital platform that helps convert standalone CNC machines into connected machines. The platform helps automate repetitive tasks, provides virtual machine screens, and generates real-time reports on machine health, tool life, and productivity. This allows operators and plant managers to monitor machine performance more effectively and improve overall utilization.



Source: Company, Keynote Capitals Ltd.

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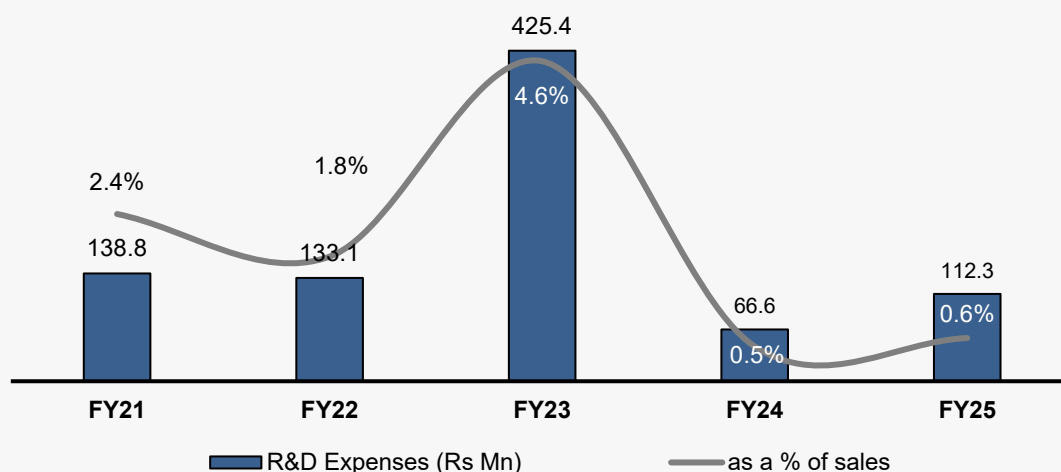
Other R&D-Led Product Initiatives

Apart from software and digital initiatives, JCAL has also developed several mechanical and hardware capabilities through its R&D efforts.

- The Company has localised European 5-axis technology acquired through Huron and has also worked with IIT Chennai and Government of India institutions to develop multi-tasking machines internally.
- JCAL has also integrated linear motor technology into its CNC machines. Unlike traditional ball-screw systems, linear motors reduce mechanical friction and help machines achieve higher speed and precision.
- In addition, the Company has developed POTS (Piston Oval Turning Software) for the automotive industry. This software is used to machine complex oval-shaped engine pistons with high accuracy.

Going forward, JCAL is also working on high-precision machines for emerging sectors such as semiconductor equipment manufacturing and solar energy. The Company expects these areas to become important growth drivers from FY27 onwards. It is also developing products for the healthcare sector, which should further expand its ability to serve industries that require complex and precision-based manufacturing solutions.

R&D Expense (Rs Mn)



During FY23, the Company focused on developing high-speed 3-axis and 5-axis CNC machining centres, capable of performing multiple operations at higher speeds. It also worked on entry-level machines to improve penetration in emerging sectors such as EV and EMS.

Source: Company, Keynote Capitals Ltd.

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Management Analysis

Key Managerial Personnel

Name	Designation	Experience (with JCAL/overall)	Description
Mr. Parakramsinh Jadeja	Promoter, Chairman & Managing Director	35+/NA	He has been associated with the Company since its inception in 1991, serving as a first-generation promoter. He was appointed as a director of the Company on March 26, 2003. He is actively involved in business operations and new product development. His continued involvement in the leadership position of the Company is critical to JCAL's success.
Mr. Sahdevsinh Jadeja	Promoter & Whole-time Director	35+/NA	He is one of the founding promoters of the Company and was appointed as a director of the Company in March 2003. He holds specific expertise in engineering and managerial functions.
Mr. Vikramsinh Rana	Promoter & Whole-time Director	35+/NA	He was appointed as a director of the Company in March 2003. His core functional expertise lies in engineering, managerial administration, and finance.
Mr. Kamlesh Solanki	CFO	26+/NA	He holds a bachelor's degree in commerce from Saurashtra University, Rajkot. He joined the company on March 1, 2004, initially serving as Manager - Finance, and was later promoted to Chief Financial Officer with effect from April 2015.
Mr. Maulik B Gandhi	CS and Compliance Officer	14+/NA	He holds a bachelor's degree in business administration from Saurashtra University, Rajkot, and is a member of the Institute of Company Secretaries of India (ICSI). He joined the Company as Company Secretary in September 2012 and was appointed as Compliance Officer in July 2023. He is responsible for managing the company's secretarial department.
Mr. Vijaysinh Zala	Executive Head – Design	22+/NA	He holds a bachelor's degree in engineering (Mechanical) from Sardar Patel University. He has been associated with the company since November 2004 and leads the core machine design architecture for the Company.
Mr. Hiren Jadeja	President – Marketing	22+/22+	He holds a bachelor's degree in engineering (Electronics and Telecommunication) from North Maharashtra University, Jalgaon, and an MBA in marketing from Newport University, California. He has been associated with the Company since January 2004.
Mr. Vikas Raj Taneja	President – Sales	24+/37+	He holds a Bachelor's degree in Production Engineering from Shivaji University and a Master's Diploma in Business Administration from the Institute of Management Development and Research, Pune. He has been associated with JCAL since December 2008 and is responsible for driving the Company's top-line sales strategy. Prior to joining JCAL, he gained relevant industry experience at Voltas Ltd. and Kirloskar Brothers Ltd.
Mr. Hitesh Patel	COO – EMS	28+/28+	He holds a bachelor's degree in engineering (Electronics and Communication) from North Maharashtra University, Jalgaon, and an MBA in marketing from Newport University, California. He has been associated with JCAL since January 2004.
Mr. Marc Paul Troia	Director General - Huron Graffenstaden SAS	7+/34+	He is a Graduate Engineer in mechanics, holds a BAC E (Mathematical and Technical), and a degree in Mechanical Engineering and Lean Manufacturing. He has an extensive prior corporate background; before joining, he served as President of AMADA SA (France), Group General Manager of FOREST-LINÉ (France), Vice President of ABB (France), Export Customer RFQ Manager of Renault Automation (France), and Site Manager of Stein Heurtey and Newelco Newport (UK).
Mr. Philippe Kapps	CEO - Huron Graffenstaden SAS	7 month/20+	He holds an MBA, is a qualified process automation engineer, and possesses an associate degree in electronics. He was recently hired at JCAL as the CEO of Huron Graffenstaden SAS. Before his current role leading Huron, he built a robust industrial and corporate background with prior experience at several European firms, including SITEK Insulation, ESTELEC Groupe, DBK France, ISRI France SAS, and Siemens SAS.

Source: Company, Keynote Capitals

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Compensation and skin in the game

Particulars	FY24	FY25	FY26
% Promoter Holding*	62.5%	62.5%	62.5%
Management Salary (Rs Mn)	27.2	25.9	NA
As a % of PAT	2%	1%	-

Source: Company, Keynote Capitals Ltd.

*14.45% is held by Mr. Anilkumar Bhikhabhai Virani, an early angel investor with no executive or operational responsibilities in the Company.

Top shareholders >1% (Public Shareholders)

Name	FY24	FY25	FY26
Kotak Mahindra Trustee Co Ltd	1.50	2.64	2.84
Paresh Mohanlal Parekh	7.52	5.41	2.39
Vijay Mohanlal Parekh	7.52	5.41	2.39
ICICI Prudential Life Insurance Company Limited	-	-	2.07
Invesco India Flexi Cap Fund	-	1.88	2.06
Hsbc Small Cap Fund	-	1.63	1.62
Axis Mutual Fund Trustee Limited	-	2.00	-
Hemant J Jhaveri	1.10	-	-
Nomura Funds Ireland Public Limited	1.05	-	-
Prudential Hong Kong Limited	1.07	-	-

Source: Company, Keynote Capitals Ltd.

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Peer Analysis

For peer comparison, we have considered Macpower CNC Machines Ltd., Lokesh Machines Ltd., Ace Designers Ltd., and Bharat Fritz Werner Ltd.

Macpower is a Rajkot-based, low-cost CNC and lathe manufacturer with more than 380 models, largely serving MSMEs and Tier-2/3 industrial customers. Its key strength is its balance sheet, as the Company operates with almost no debt, with borrowings largely limited to lease liabilities. The business is supported by customer advances and a favourable payables cycle. While Macpower is much smaller than JCAL in scale, it has delivered a strong ~24% revenue CAGR over the last five years and is now building a defence order pipeline as a potential new growth driver.

Lokesh operates across two segments, machine tools, including special and general-purpose CNC lathes, and an auto components & defence division that machines connecting rods, cylinder blocks, and cylinder heads. This gives the company a stronger component-manufacturing angle. However, Lokesh remains a smaller, turnaround-stage player, with elevated leverage of around ~4.5x Debt/EBITDA and weak return ratios.

Ace Designers (ACE) is India's largest CNC turning-centre manufacturer by installed base and volumes, but it remains unlisted and largely focused on the domestic market across 40+ locations. Unlike JCAL, it does not have the same listed, globally integrated, Aerospace & Defence heavy positioning. Ace is primarily a scale and volume leader in standard turning centres rather than high-value, complex machining. The group is targeting around \$ 1 Bn revenue by 2029 and recently received an investment of ~Rs. 4 Bn from Kotak Alternate Asset Managers, indicating institutional confidence in its growth plans. However, since it is unlisted, direct valuation comparison with JCAL remains limited.

BFW, the flagship company of the Kothari Group, is one of India's oldest machine-tool manufacturers, established in 1961 through a collaboration with Germany's Fritz Werner. It is closer to JCAL in terms of revenue scale, with around Rs 14.6 Bn revenue in FY25, and has a broad product portfolio across VMCs, HMCs, turning centres, and special-purpose machines. It also serves similar end-markets such as Auto, Aerospace & Defence. However, BFW remains unlisted and carries moderate-to-high leverage due to debt-funded capacity expansion, including its new Hosur plant. With net debt/equity of ~1.18x, its credit profile appears weaker than JCAL's, which has better access to public capital markets to fund growth.

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Metrics	JCAL	Macpower CNC	Lokesh Machine	Ace Designers	Bharat Fritz Werner
Year of incorporation	1991	2003	1983	1986	1961
Financial metrics					
Reporting year	FY26	FY26	FY26	FY25	FY25
Revenue (Rs Bn)	20.9	3.3	2.0	23.5	13.8
Gross margin (in %)	55%	39%	56%	32%	27%
EBITDA margin(%)	25%	16%	18%	8%	1%
PAT margin (%)	16%	10%	2%	9%	1%
Net profit (Rs Bn)	3.4	0.3	0.04	2.1	0.2
ROCE	15%	22%	5%	8%	6%
CFO/EBITDA	0.10	0.26	-0.35	0.93	9.58
3-year revenue CAGR	31%	15%	-8%	34%	20%
Working capital (Days)	357	157	530	49	116
Debt-to-Equity	0.42	0.00	0.79	0.05	1.18
Net fixed asset turnover	2.8	5.5	1.0	2.5	2.5
Valuation (EV/EBITDA)	32x	25x	24x	-	-
Operational metrics					
Current capacity	6,240	2,500	1,400	11,400	10,000
No. of machines sold	5,550	NA	NA	10,000+	NA
Based out of	Rajkot	Rajkot	Hyderabad	Bengaluru	Bengaluru
Type of machines	Turning and milling machines, VMC, HMC, 5-axis and multi tasking machine.	Turning centers, Turn mill centres, HMC, VMC, Double column machine (DMC), 5-axis machines.	CNC turning and milling centres, HMC, VMC, 4th Axis Automation, and highly customised standard machines.	Horizontal CNC turning centers, Vertical CNC lathes, Turn-mill centers, Sliding Head Automats.	VMC, HMC, Turning centres and lathes, 5-axis machines, and multi-tasking machines.
Industry catering to	Aerospace & Defence, Automotive and auto ancillaries, EMS, General engineering and Dies & moulds.	Automobile and auto-ancillary, Aerospace & Defence, Engineering & capital goods, Die & moulds, Agriculture and EMS.	Automotive and auto-ancillary, general engineering, Aerospace & Defence, Healthcare, Railways	Automotive and auto-ancillary, general and precision engineering, and Aerospace & Defence.	Automotive, Aerospace & Defence, Die & mould and general engineering.

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Opportunities

Capacity expansion to drive future growth

JCAL's upcoming capacity expansion is one of the most important growth triggers for the Company over the near term. The new facility is expected to commence operations by September 2026. With this expansion, JCAL's domestic manufacturing capacity will increase from 6,000 machines per annum to 16,000 machines per annum. The total capex for this expansion is estimated at Rs. 4.5 Bn, which will be funded through a mix of internal accruals and debt.

At present, the Company is operating at near peak utilization. This has created a capacity constraint and has forced management to moderate new order intake. JCAL's current order book stands at ~Rs. 47 Bn, with delivery timelines extending to almost 1.5-2.5 years in some cases. Since many customers are unwilling to accept delivery periods beyond 18 months, the Company is currently unable to convert a large part of its enquiry pipeline into confirmed orders. The new capacity is expected to address this bottleneck. Management expects the facility to improve execution speed by ~20-30%. As delivery timelines reduces, JCAL should be in a better position to accept new orders and convert pending enquiries into actual order inflows.

The earlier capacity expansion from 4,400 machines to 6,000 machines per annum, along with the recent doubling of capacity at Huron to 240, was largely focused on high-end machines, especially for Aerospace & Defence customers. In contrast, the upcoming 10,000-machine capacity addition is mainly targeted at entry-level and mid-level CNC machines. These machines have wider applications across General Engineering, Auto Components, and EMS. This is important because demand from the EMS sector is expected to grow meaningfully as India scales up local manufacturing of smartphones and electronic components. The Company believes the Indian EMS industry could require more than 100,000 CNC machines over the next five years, creating a large volume opportunity for players such as JCAL.

As the new capacity becomes operational, JCAL's overall manufacturing cycle is expected to shorten moderately. Faster execution should reduce the amount of capital blocked in inventory. Management expects inventory days to gradually move down towards 150-160 days from historically elevated levels. This can improve working capital efficiency and support better cash flow conversion over time.

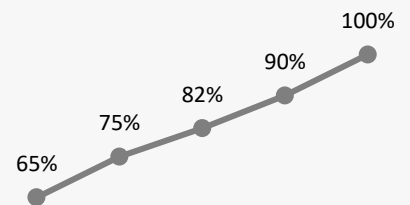
Since the new capacity will focus more on entry-level and mid-level machines, the overall product mix may shift slightly towards Auto, General Engineering, and EMS. These machines generally carry lower margins compared to high-end machines. As a result, we expect some near-term moderation in margins. However, this should be partly offset by higher volumes, better working capital efficiency, and backward integration initiative. Overall, the September 2026 expansion is not just a revenue growth driver. It is also a key step in reducing delivery timelines, improving execution, and converting the Company's strong demand pipeline into actual revenues.

Backward integration to deliver margin expansion

JCAL has already established a robust moat through mechanical backward integration; its upcoming transition from a mechanical machine builder to a fully integrated "Mechatronics" solutions provider represents a massive, non-linear margin expansion opportunity.

JCAL's elevated margins are supported by its vertically integrated manufacturing setup. The Company manufactures critical sub-assemblies such as spindles, automatic tool changers, pallet changers, rotary tables, and universal heads in-house at its Rajkot facility. This reduces import dependence, limits exposure to forex and supply chain risks, and supports higher gross margins, with high-end machines generating 50-55%+ margins.

Utilization (%)



Q4FY25 Q1FY26 Q2FY26 Q3FY26 Q4FY26

Source: Company, Keynote Capitals Ltd.

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Currently, JCAL manufactures ~70% of a machine's value in-house, while the remaining 30% is imported. The key imported components are servo motors, drives, and mainly CNC controllers, which act as the "brain" of a CNC machine. Globally, this component is largely supplied by a few players such as Fanuc and Siemens. For JCAL, controllers form a meaningful part of machine cost, accounting for around 20-25% of the cost of entry-level machines and 10-15% for high-end machines.

To reduce this dependence, JCAL is working on developing these components internally. The Company has 140+ R&D engineers across Rajkot and France, which gives it a strong base to build these capabilities. One key milestone has already been achieved through HUMA, JCAL's proprietary and patented operating panel and human-machine interface. Building on this, the Company expects to launch working prototypes of its own CNC controllers and servo motors over the next 12–18 months.

Government support through ECMS PLI

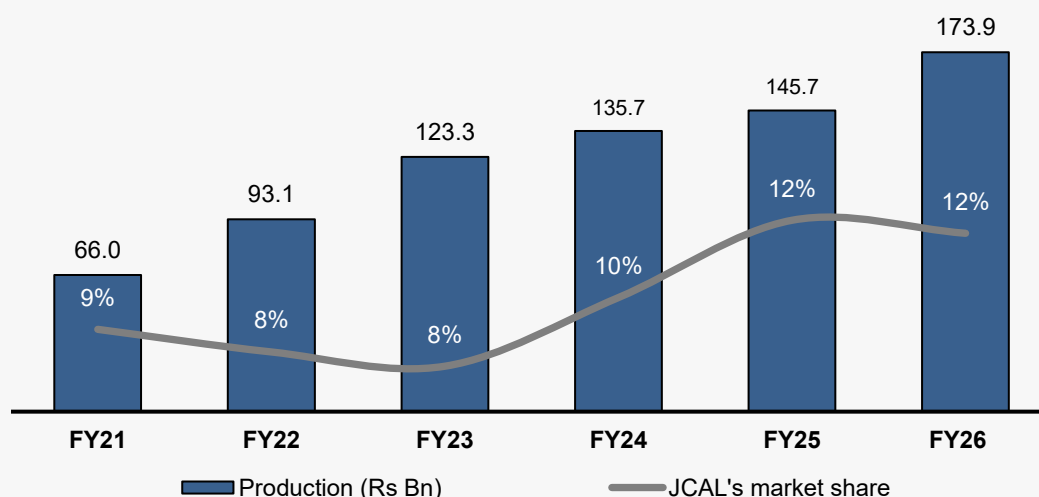
JCAL has also received eligibility under the Government of India's Electronic Component Manufacturing Scheme (ECMS) PLI, which can help fund part of this R&D and manufacturing set-up. The scheme provides two key benefits. First, the Company is eligible for a capital subsidy of around 50%, including 25% from the Central Government and another 25% from the Gujarat State Government. Second, once commercial production begins, JCAL is expected to receive a cash incentive of ~6% on the sales value of eligible domestically manufactured electronic components.

Benefits beyond cost savings

Localizing these electronics can help JCAL reduce import dependence, lower exposure to supply chain delays, and improve delivery timelines. It should also help reduce inventory days over time, as the Company will have better control over the sourcing and availability of critical components. More importantly, developing capabilities in controllers, drives, PLCs, and servo motors can open up larger opportunities beyond CNC machines. These components are also important building blocks for industrial robotics, industrial automation, and high-precision semiconductor manufacturing equipment. Therefore, this initiative is not only a cost-reduction exercise. It can also become an important long-term platform for JCAL's expansion into adjacent high-growth manufacturing technologies.

JCAL's market position supported by import substitution

Indian machine tool industry production and JCAL's market share



Source: Company, Keynote Capitals Ltd.

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India's CNC machine tool market remains heavily dependent on imports, which account for ~60% of domestic demand, particularly in high-end and precision machines. China constitutes ~75% of total machine tool imports. Against annual domestic production of ~Rs 174 Bn in FY26, JCAL holds a production-based market share of ~12%, positioning it among India's leading CNC machine manufacturers.

The Company has strengthened its presence beyond standard machines and into high-value applications through Huron's 5-axis machining technology and its in-house 7th Sense software platform. These capabilities improve machine precision, monitoring and productivity, allowing JCAL to compete with established Japanese and German manufacturers.

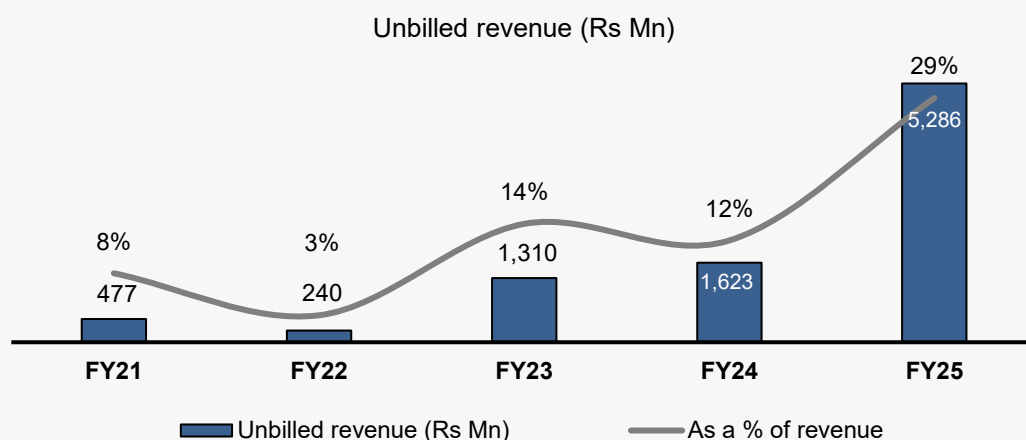
JCAL's technical capabilities are validated by its supplies to demanding Aerospace & Defence customers, including ISRO, BrahMos Aerospace, HAL and Tata Advanced Systems. This established track record should support adoption across other precision-driven sectors such as EMS, Auto and General Engineering. The Company is also developing capabilities for semiconductor manufacturing equipment, extending its import-substitution opportunity into emerging high-technology applications.

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Threats

Rise in unbilled revenue due to POCM-based revenue recognition

JCAL's shift towards the Aerospace & Defence segment has supported margins, but it has also changed the Company's revenue recognition cycle. High-end 5-axis and multi-tasking machines used in Aerospace & Defence are not standard products. They are customised and complex machines, and typically take around 18-20 months to manufacture and deliver. Since these projects run across multiple quarters, JCAL recognises revenue using the Percentage of Completion Method (POCM). Under this method, the Company recognises revenue gradually, based on the stage of completion of the machine. This means revenue is recorded in the P&L before the machine is fully completed, delivered, and invoiced to the customer. While this helps reflect the progress of long-duration projects, it also creates a gap between reported revenue and actual billing. Revenue that has been recognised but not yet invoiced is shown on the balance sheet as unbilled revenue.



Source: Company, Keynote Capitals Ltd.

As a result, JCAL's balance sheet carries two working capital pressures at the same time. First, there is higher work-in-progress inventory, as machines are still under manufacturing. Second, there is rising unbilled revenue, as revenue has been recognised but billing milestones have not yet been reached. The key risk in this model is linked to customer approvals and project milestones. If final acceptance, regulatory approval, or customer sign-off is delayed, billing and cash collection can also get delayed. In adverse cases, if approval does not come through, previously recognised revenue may need to be reversed. Therefore, while POCM is suitable for long-duration customised machines, it increases JCAL's exposure to milestone-linked billing, higher working capital, and timing mismatch between reported profits and cash flows.

Investigation regarding Huron

In April 2026, the French National Directorate of Intelligence and Customs Investigations, along with other authorities, initiated a formal judicial investigation into JCAL's French subsidiary, Huron Graffenstaden SAS, and certain other high-technology machine tool companies in Europe.

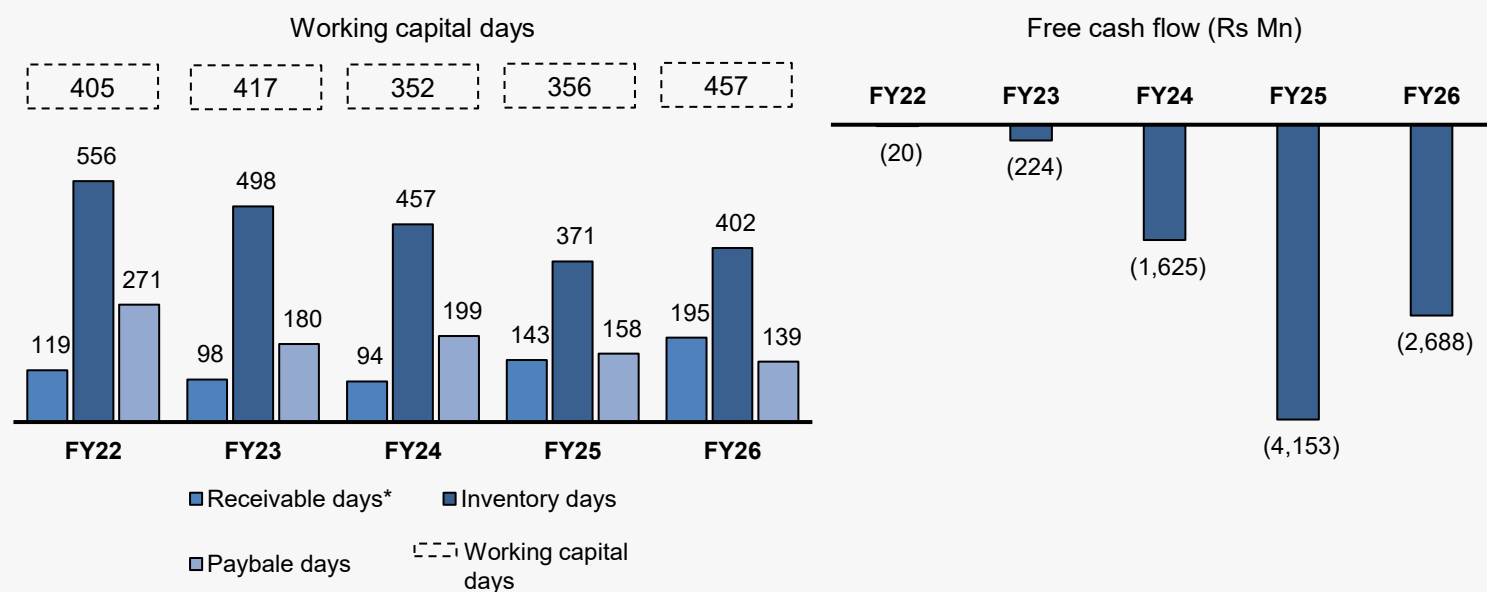
The investigation relates to export controls and documentation for Huron's high-precision 5-axis CNC machines. These machines can be used in both civilian industries, such as aircraft manufacturing, and defence applications, such as missile components. As a result, they are classified as dual-use technologies and are subject to strict export regulations. As part of the interim measures, French authorities seized €4.0 Mn (or ~Rs. 360 Mn), from Huron's bank accounts. They also seized two residential properties owned by the holding company, Jyoti SAS. In addition, Huron's Director General was temporarily restricted from carrying out his duties.

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The probe also impacted JCAL's reported financials in Q4 FY26. Due to delays in export licences, the Company had to defer revenue of ~Rs. 670 Mn. However, the related manufacturing costs had already been incurred during the quarter. This created a mismatch between revenue and costs, which negatively impacted consolidated EBITDA margins. This remains an important regulatory risk for the Company. If export approvals or documentation are delayed, Huron may not be able to legally ship completed machines, even if manufacturing has been completed. However, management has clarified that physical manufacturing and order execution at the Huron facility continue as usual. However, the timeline for resolution of the judicial investigation remains uncertain.

Working capital elevated due to product mix and long execution cycles

JCAL's elevated working capital cycle is largely linked to its recent product mix and supply chain requirements, rather than operational inefficiency. Inventory days had historically peaked at 550+ days and are currently ~400 days. This is mainly because the Company's recent growth has been driven by high-end 5-axis and multi tasking machine for the Aerospace & Defence segment. These machines are highly customised and require a long manufacturing and testing cycle of around 12–18 months. Before production even begins, JCAL needs to import critical electronic components such as CNC controllers, which can have lead times of up to 12 months. As a result, the Company has to procure and hold raw materials well in advance, leading to higher raw material inventory days. In addition, JCAL manufactures 200+ product variants, which requires it to maintain a wide range of raw materials, components, and spare parts to support its broad product portfolio.



Source: Company, Keynote Capitals Ltd.

*Receivables days include unbilled revenue days.

The upcoming 10,000 machine capacity expansion is expected to focus mainly on entry-level and mid-level machines. These machines have shorter manufacturing cycles compared to high-end Aerospace & Defence machines. As entry- and mid-level machines become a larger part of the execution mix, JCAL's blended working capital cycle should gradually improve. Management is targeting a reduction in inventory days to around 150-160 days as the new capacity ramps up. A key difference is product fungibility. Machines made for the Aerospace & Defence segment are highly customised. If there is a delay in customer approval, shipment, or supply chain execution, the related inventory or unbilled revenue can remain locked for a longer period, as the machine usually cannot be redirected to another customer.

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In contrast, entry- and mid-level machines are more standardised and can be used across sectors such as EMS, Auto, and General Engineering. For example, if one EMS customer delays shipment, the same machine can potentially be redirected to another customer in Auto or General Engineering. This higher standardisation should reduce the risk of slow-moving inventory, improve execution flexibility, and support a leaner working capital cycle over time.

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Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	18,177	20,931	27,561	36,136	46,548
Growth %		15%	32%	31%	29%
Raw Material Expenses	8,688	9,393	12,127	15,900	20,016
Employee Expenses	2,582	3,300	4,346	5,699	7,448
Other Expenses	1,998	2,971	3,911	5,240	6,749
EBITDA	4,909	5,268	7,177	9,298	12,335
Growth %		7%	36%	30%	33%
Margin%	27%	25%	26%	26%	27%
Depreciation	365	502	603	616	663
EBIT	4,544	4,766	6,574	8,682	11,672
Growth %		5%	38%	32%	34%
Margin%	25%	23%	24%	24%	25%
Interest Paid	421	698	775	795	1,000
Other Income & exceptional	54	605	605	605	605
PBT	4,177	4,672	6,404	8,492	11,277
Tax	1,017	1,312	1,601	2,123	2,819
PAT	3,160	3,360	4,803	6,369	8,457
Growth %		6%	43%	33%	33%
Shares (Mn)	227.4	227.4	227.4	227.4	227.4
EPS	13.9	14.8	21.1	28.0	37.2

Balance Sheet

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Cash, Cash equivalents & Bank	1,253	1,371	4,949	9,310	17,439
Current Investments	0	0	0	0	0
Debtors	4,865	5,991	6,064	7,950	8,844
Inventory	9,005	11,660	12,127	13,515	16,013
Short Term Loans & Advances	97	61	61	61	61
Other Current Assets	5,978	7,496	7,496	7,496	7,496
Total Current Assets	21,198	26,579	30,697	38,331	49,852
Net Block & CWIP	6,527	8,353	9,110	9,584	10,101
Long Term Investments	5	158	158	158	158
Other Non-current Assets	191	1,064	1,064	1,064	1,064
Total Assets	27,920	36,153	41,028	49,137	61,175
Creditors	4,101	5,098	5,290	6,569	7,880
Provision	31	36	36	36	36
Short Term Borrowings	3,943	4,395	4,275	4,735	7,005
Other Current Liabilities	1,772	2,255	2,255	2,255	2,255
Total Current Liabilities	9,847	11,784	11,856	13,596	17,176
Long Term Debt	1,026	4,102	4,102	4,102	4,102
Deferred Tax Liabilities	0	6	6	6	6
Other Long Term Liabilities	185	248	248	248	248
Total Non Current Liabilities	1,211	4,356	4,356	4,356	4,356
Paid-up Capital	455	455	455	455	455
Reserves & Surplus	16,407	19,559	24,362	30,731	39,188
Shareholders' Equity	16,862	20,013	24,816	31,185	39,643
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	27,920	36,153	41,028	49,137	61,175

Cash Flow

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Pre-tax profit	4,177	4,672	6,404	8,492	11,277
Adjustments	861	216	773	806	1,059
Change in Working Capital	-5,225	-3,091	-348	-1,995	-2,082
Total Tax Paid	-868	-1,254	-1,601	-2,123	-2,819
Cash flow from operating Activities	-1,054	544	5,228	5,180	7,435
Net Capital Expenditure	-3,098	-3,232	-1,360	-1,090	-1,180
Change in investments	37	-149	0	0	0
Other investing activities	95	-65	605	605	605
Cash flow from investing activities	-2,966	-3,446	-755	-485	-575
Equity raised / (repaid)	0	0	0	0	0
Debt raised / (repaid)	1,929	3,528	-120	460	2,270
Dividend (incl. tax)	0	0	0	0	0
Other financing activities	-416	-662	-775	-795	-1,000
Cash flow from financing activities	1,513	2,866	-895	-335	1,270
Net Change in cash	-2,508	-36	3,578	4,360	8,129

Valuation Ratios

Y/E Mar, Rs. Mn	FY25	FY26	FY27E	FY28E	FY29E
Per Share Data					
EPS	13.9	14.8	21.1	28.0	37.2
Growth %	109%	6%	43%	33%	33%
Book Value Per Share	74	88	109	137	174
Return Ratios					
Return on Assets (%)	13%	10%	12%	14%	15%
Return on Equity (%)	21%	18%	21%	23%	24%
Return on Capital Employed (%)	18%	15%	23%	25%	27%
Turnover Ratios					
Asset Turnover (x)	0.7	0.7	0.7	0.8	0.8
Sales / Gross Block (x)	1.8	2.0	2.7	3.1	3.6
Working Capital / Sales (%)	77%	82%	69%	60%	62%
Receivable Days	74	95	80	71	66
Inventory Days	371	402	358	294	269
Payable Days	158	139	151	125	117
Working Capital Days	287	357	287	240	218
Liquidity Ratios					
Current Ratio (x)	3.6	3.6	2.6	2.8	2.9
Interest Coverage Ratio (x)	11.1	7.7	9.3	11.7	12.3
Total Debt to Equity	0.3	0.4	0.3	0.3	0.3
Net Debt to Equity	0.2	0.4	0.1	0.0	-0.2
Valuation					
PE (x)	77.2	48.9	37.0	27.9	21.0
Earnings Yield (%)	1%	2%	3%	4%	5%
Price to Sales (x)	13.4	7.8	6.4	4.9	3.8
Price to Book (x)	14.5	8.2	7.2	5.7	4.5
EV/EBITDA (x)	50.5	32.5	25.2	19.5	14.7
EV/Sales (x)	13.6	8.2	6.6	5.0	3.9

Source: Company, Keynote Capitals Ltd. Estimates

*Receivables days do not include unbilled revenue days

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Valuation

Particulars	FY26	FY27E	FY28E
Operational data			
Capacity (no. of machines)	6,240	16,240	16,240
Machines sold	5,550	7,308	9,582
Realisation per machine (Rs Mn)	3.8	3.8	3.8
Utilization (in %)	93%	45%	59%
Financial data			
Revenue (Rs Mn)	20,931	27,561	36,136
Gross margin (in %)	55%	56%	56%
EBITDA margin (in %)	25%	26%	26%
PAT margin (in %)	16%	17%	18%
EBITDA (Rs Mn)	5,268	7,177	9,298
EV/EBITDA (x)			27
Debt (Rs Mn)			8,837
Cash & equivalents (Rs Mn)			9,310
Estimated Market Cap. (in Rs. Mn)			251,519
Outstanding Shares (in Mn)			227
Target Price (Rs.)			1,108
CMP (Rs.)			786
% Upside			41%

Source: Company, Keynote Capitals Ltd. estimates

JCAL's historical growth and profitability have been driven by a clear shift in product mix towards high-end machines, supported by strong indigenisation trends in India. In FY26, revenue growth moderated as capacity utilization moved close to peak levels. However, the Company is now entering a major capacity expansion phase. Its upcoming 10,000-machine capacity addition, expected to commence commercial operations by September 2026, will increase total installed capacity to 16,000 machines per annum. We believe this expansion will not only support the next leg of revenue growth but also help improve execution speed. Since the new capacity will largely cater to entry-level and mid-level machines, it should reduce the blended manufacturing cycle and improve order delivery timeline.

On profitability, JCAL continues to strengthen its position through deeper vertical integration. The Company has already achieved industry-leading EBITDA margins of over 25%, supported by backward integration in mechanical components. It is now moving towards a broader mechatronics-led strategy, where it is developing critical electronic components such as CNC controllers, servo motors, and drives in-house. This initiative can help JCAL reduce dependence on costly imports from Japan and Germany. Given its strong R&D base, this can become an important long-term margin and differentiation lever.

Along with these drivers, JCAL also has longer-term opportunities from the EMS sector as there is a demand of over 0.1 Mn machines in the next 5-6 years. Based on these growth triggers, we estimate revenue to compound at ~30% CAGR over FY27-29. We initiate coverage on JCAL with a BUY rating, valuing the Company at 27x FY28E EV/EBITDA, which implies an upside potential of 41%.

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**Dixon Technologies
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Ltd.**



Carysil Ltd.

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Rating	Criteria
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NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

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