Jyoti CNC Automation Ltd — Aug 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Mixed (Consolidated Miss / Standalone Beat) **One-line:** The India standalone business is an execution machine operating at peak margins (28.4% adj. EBITDA), but the consolidated thesis remains hostage to geopolitical export hurdles at the French subsidiary (Huron), where a structural shift in revenue recognition has created significant quarterly lumpiness.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Mixed (Revenue Miss / Margin Beat)	Revenue □508.5 Cr vs □599.2 Cr (QoQ); Adj. EBITDA 23.4% vs 24.6% (QoQ).	□
Earnings Quality	Medium (Accounting Deferrals)	Revenue recognition at Huron moved from POCM to dispatch due to license delays.	□
Guidance Confidence	Strong (India) / Weak (France)	Standalone visibility high; Huron dependent on French Defense Ministry timelines.	□
Management Credibility	Neutral	Transparent on Huron hurdles, but structural issues in France persist.	□
Business Quality Signal	Improving (Core India)	Standalone EBITDA margin expanded to 28.4% (Adj) despite seasonal softness.	□
Key Q&A Exchange	Q1, Q5, Q12 (Huron Accounting & Licenses)	Export licenses for 5-axis machines are now the primary revenue bottleneck.	□
The Street's Primary Anxiety	Huron Revenue Volatility	Mgmt response: "Machine tool companies should be viewed annually, not quarterly."	□
Capital Cycle Stage	Aggressive Investment	Capacity expansion to 16,000 machines on track for Sept 2026.	□
Margin / Return Ratio Trajectory	Stable (Standalone) / Volatile (Consol)	Standalone 28.4% vs Consol 23.4% (Adj).	→
Pricing Power	Stable	Mix shift to larger machines and automation supporting margins.	→
FCF Conversion & Quality	Weak but Improving Target	Inventory high for ramp-up; Mgmt targeting 50% CFO/EBITDA for FY27.	□
Competitive Moat Signals	Widening (A&D tech depth)	Launch of NX series (Double Column) for Railways/Heavy Engineering.	□
Balance Sheet Strength	Adequate	Net Debt stable QoQ; Drawdown for capex largely complete.	□
Working Capital Efficiency	Deteriorating (Short-term)	Inventory up to □1,166 Cr (FY26) to fuel H2 ramp-up.	↓
Mgmt Guidance Track Record	Reliable on India execution	On track for 25-30% volume growth.	□
Key Vulnerability / Red Flag	Geopolitical Compliance (France)	Licenses for China/Turkey exports taking significantly longer.	□
Management Tone	Defensive on Huron; Very Confident on India Demand	Jadejas' tone remains bullish on the "China Plus One" opportunity.	□

Sentiment: □Positive | □Negative | □Neutral

Key Takeaways (Positives & Negatives): * **Positives:** The Indian core business is thriving, delivering 37% YoY revenue growth and industry-leading 28.4% adjusted EBITDA margins. The order book at □4,848 Cr provides nearly 24 months of revenue visibility, with a higher-margin mix (Aerospace & Defense at 38%). The launch of the NX-series marks a successful entry into heavy engineering/railways, sectors previously dominated by imports. * **Negatives:** Huron SAS (France) has become an earnings "black box" due to the French government's tightening of dual-use export licenses (5-axis machines). The move away from the Percentage of Completion Method (POCM) to a conservative dispatch-based recognition led to a □35 Cr revenue deferral in Q1. Working capital remains stretched as the company builds inventory for the 10,000-machine capacity expansion. * **Forward-looking Watchpoint:** The commissioning of the new capacity by September 30, 2026, is the binary catalyst for the FY27 thesis. Any delay in this ramp-up or further tightening of EU export controls will derail the 25-30% growth guidance.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Q1FY27	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	□508.5 Cr	+24.0%	-15.1%	□	Growth hit by □35 Cr Huron revenue deferral. Growth was volume-led (1,406 machines).
Gross Margin (%)	53.6%	+140 bps	+220 bps	↑	Higher standalone mix and A&D contribution (37% of revenue).
EBITDA (Consol)	□108.8 Cr	+8.6%	-26.2%	↓	Reported figure. Adj. EBITDA (ex-forex) was □119 Cr.
EBITDA Margin (%)	21.4%	-300 bps	-320 bps	↓	Dragged by Huron de-leverage; Standalone adj. margin was 28.4%.
PAT (Consol)	□57.1 Cr	-20.0%	-37.0%	↓	Impacted by higher finance costs (□24.3 Cr) and Huron accounting change.
EPS (□)	2.51	-20.1%	-37.1%	↓	Reflects PAT compression.
ROCE (%)	25.1% (FY26)	+360 bps	N/A	↑	(PPT Source) Full year ROCE improved significantly post-IPO.
Cash Flow (OCF)	□54.4 Cr (FY26)	+151.6%	N/A	↑	Mgmt targets 50% CFO/EBITDA conversion for FY27.
Net Debt / (Cash)	□849.7 Cr (FY26)	+70.9%	→	→	Stable QoQ as per concall; drawdown for □450 Cr total capex.
Interest Coverage	4.48x	-46.0%	↓	↓	Lower EBIT and higher debt service costs due to expansion loans.
Inventory	□1,166 Cr (FY26)	+29.5%	N/A	↓	Intentional build-up for Sept-26 capacity ramp-up.

2B. SEGMENT BREAKDOWN (Consolidated Order Book)

Segment	Revenue Mix %	Order Book %	Trend	vs Co Avg	Key Development
Aerospace & Defense	37%	38%	↑	Above	High-margin core; tech transition to India complete.
Auto & Components	35%	19%	→	Below	Strong EV demand (AWT-series) but lower in order book.
General Engineering	17%	20%	↑	Below	Mass-market traction; 1000+ machines sold in July '26.
EMS	6%	13%	↑	Below	Potential 100k machines demand over 5 years.
Die & Mould	Not stated	4%	→	Below	Niche segment; 5-axis focus.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	25-30% Volume Growth	Requires 8,000+ machines in FY27 (vs 5,550 FY26).	Delivered FY26 growth.	Low
Guidance	Margins	25% EBITDA (Consol)	Requires Huron normalization to 8-10% margins.	Missed Q1 (21.4%) due to accounting.	Moderate
Guidance	Capacity	16,000 total by Sept 2026	Must finish additional 10,000 units in 3 months.	On track; buildings ready.	Low
Guidance	Capex	₹200-250 Cr for FY27	Part of ₹450 Cr total plan.	Consistent spending.	Low
Strategy	Huron Revenue	₹300-325 Cr for FY27	Needs ~₹90 Cr/qtr run-rate (Q1 was ₹35 Cr).	High-risk due to licenses.	**High**
Strategy	CNC Controller	Commercial in 2 years	Applied for PLI (50% subsidy eligibility).	R&D ongoing (140+ staff).	Moderate

4. ANALYST Q&A

Q#	Relevance	Analyst	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	5.0	Harshit Patel / Equirus	Capex/ Foundry	Capex and Allocation	Timeline for backward integration completion.	Management confirmed that while machine and assembly shops are ready, the foundry is delayed by one month to October 2026. Implication: Minor risk to early Q3 gross margins as some castings will still be outsourced.	None	5.0	Specific timeline
5	5.0	Ravindranath Nayak / Nirmal Bang	Huron Accounting	Financials	Reconciling the 23.4% margin given the Huron de-leverage.	Mgmt explained that 35 Cr in revenue was missed due to recognition changes, but all fixed costs were absorbed, creating a 22 Cr EBITDA hole. Implication: Reconciliation confirms India core is highly profitable (28%+); consolidated numbers will "snap back" once licenses clear.	None	4.5	Quantified impact
8	4.5	Saif Gujar / ICICI Pru	Export Licenses	Business Overview	Status of export approvals for machines in inventory.	Mgmt stated they are in a "waiting mode" for EU authorities and are holding 7-8	Expected clearance date.	2.5	Hedged

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						machines pending end-user certification. Implication: Revenue from high-end 5-axis machines will remain lumpy and dependent on geopolitical environment.			
11	4.0	Aniket Jain / Anand Rathi	EMS Demand	Business Overview	Traction in EMS and potential for large orders.	Mgmt noted they are developing processes for major players (Apple/ Semicon) but are currently at 90% utilization and can only scale post-Sept expansion. Implication: EMS is a H2 growth driver, contingent on capacity rollout.	None	4.0	Capacity constrained
15	4.0	Abhishek Jain / KRIIS	CNC Controller	Capex and Allocation	Progress and PLI status for in-house controllers.	Mgmt revealed PLI application is eligible for 50% combined subsidy (Central/ State) with a 2-year commercial timeline. Implication: Long-term vertical integration will significantly	None	4.5	Clear strategy

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						expand margins and reduce dependency on Siemens/ Fanuc.			
16	4.5	Kamlesh / Lotus	Governance	Governance	Improving internal processes, audit systems, and HR perception.	Mgmt defended their processes as "world-class" and audited by global customers, but admitted they are continuously improving. Implication: No concrete move to change auditors or KMP, which remains a minor sentiment drag for institutional investors.	Specific changes to audit/HR.	2.0	Defensive
17	4.0	Kamlesh / Lotus	Huron Components	Financials	Margin profile of components sent from India to France.	Mgmt clarified that components from India carry standard margins; the consolidated 25% target assumes Huron standalone margins of 8-10%. Implication: Thesis relies on internal "transfer pricing" logic to protect consolidated profitability.	None	4.0	Logical

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21	4.0	Depesh Kashyap / Invesco	Licenses	Business Overview	Are export license issues specific to Huron or Jyoti India as well?	Mgmt confirmed all 5-axis machines globally (including those made in India with Siemens controllers) require end-user certificates. Implication: Export growth for high-end machines will always face regulatory friction.	None	4.0	Clear risk disclosure

PATTERN FLAGS & SENTIMENT * **The Huron Licensing Bottleneck:** Multiple analysts (ICICI Pru, Invesco, Nirmal Bang) pressed on the export licenses. There is a palpable anxiety that Huron's 5-axis machines, which are critical for the high-end margin profile, are becoming collateral damage in the EU-China/Turkey trade friction. Management's posture was transparent but unable to provide a fixed resolution timeline, as it depends on French Defense Ministry discretion. * **India Core Enthusiasm:** Analysts were uniformly positive about domestic demand. The disclosure of 1,000 machines sold in Rajkot alone in July '26 served as a major confidence booster for the standalone business.

Analyst Sentiment Verdict: The Street is divided. Analysts recognize Jyoti as the primary beneficiary of India's "Make in India" manufacturing boom, but they remain skeptical of the Huron subsidiary's governance and regulatory risk. Friction remains highest on the "lumpiness" of revenue recognition. Management's credibility on standalone execution is high, but the "black box" nature of French regulatory approvals for Huron prevents a full valuation re-rating.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY26)	This Quarter (Q1FY27)	Direction
Huron Rev Rec	POCM Method (Standard)	Dispatch-based (Conservative)	↓
Export Status	"Investigation" at Huron	Systematic delay in licenses	↓
India Margins	26.8% EBITDA	28.4% Adjusted EBITDA	↑
Capacity Status	Building phase	Pre-commissioning (Buildings 99% ready)	↑
New Product	Tachyon Beta / Huma	NX Series (Double Column)	↑
Interest Cost	□69.8 Cr (Annual)	□24.3 Cr (Quarterly - Annualized higher)	↓
Inventory	□900 Cr	□1,166 Cr (FY26 Carryover into Q1)	↓
Order Book Mix	39% A&D	37% A&D / 6% EMS (Rising EMS mix)	→

STOP HERE.