

Jyoti CNC Automation Ltd — Feb 2026 Quarterly Analysis

1. VERDICT

Result: Beat

One-line: Strong revenue and EBITDA growth driven by capacity expansions, robust order book, and margin improvement confirm the long-term growth thesis; ramp-up in India and France facilities along with strategic investments in proprietary technology underpin confidence in sustained value creation.

Dimension	Rating	Evidence
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue +28.1% YoY, EBITDA +37.3% YoY in Q3; margins expanded 180 bps YoY; order book healthy
Guidance Confidence	Strong	Management reaffirmed FY27/28 growth outlook, confident on margin maintenance
Management Credibility	Strong	Transparent on working capital, capacity constraints, and technology roadmap
Tone vs Prior Quarter	More Confident	Positive outlook on capacity ramp-up, market demand, and cash flow improvement
Business Quality Signal	Improving	Margin expansion, order book quality, capacity scaling, and R&D investments
Most Tense Q&A Exchange	Q3 – Order book growth and capacity utilization	Addressed supply constraints limiting new orders, clarified order book dynamics
Topics Pressed But Absent from Opening	None	Management proactively covered key issues including working capital and technology roadmap

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Q3 FY26	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (₹Cr)	575.9	+28.1%	+13.4%	↑	Strong growth driven by ramp-up in India and France facilities; Q4 expected stronger
EBITDA (₹Cr)	154.6	+37.3%	+24.1%	↑	Margin expansion to 26.8% from 25.0% YoY; cost control and higher value product mix
EBITDA Margin %	26.8%	+180 bps	+230 bps	↑	Improved operational efficiency and product mix
PAT (₹Cr)	88.5	+10.3%	+3.5%	↑	Growth moderated by higher finance costs due to capex loans
Gross Profit Margin %	57.6%	+740 bps	+160 bps	↑	Backward integration and value addition driving margin improvement
Order Intake (9M FY26)	1,661	Not comparable	Not comparable	↑	Healthy order intake with 46% aerospace & defense, 30% auto & auto components
Order Book (₹Cr)	4,585	First entry	First entry	N/A	Large, diversified order book with 41% aerospace & defense, 19% general engineering
Cash Flow from Operations (₹Cr)	Negative (not exact Q3 figure)	Negative	Improving	↑	Working capital optimization underway; positive trajectory expected in Q4

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹Cr)	YoY Growth	Margin (EBITDA)	Trend	vs Company Avg	Key Development
Aerospace & Defense	259 (45% Q3)	+18%	Higher	↑	Above	Strong order book (41% of total), capacity ramp-up at Huron France facility
Auto & Auto Components	138 (24% Q3)	-7%	In line	→	Below	Stable contribution; growth constrained by capacity and customer plant readiness
General Engineering	104 (18% Q3)	-28%	In line	↓	Below	Slight decline YoY; broad-based demand growth expected
EMS	40 (7% Q3)	Flat	Lower	→	Below	Capacity expansion in India nearing completion; order inflows expected in Q1 FY27
Die & Moulds	29 (5% Q3)	+400%	Not disclosed	↑	Below	Small but growing segment
Others	6 (1% Q3)	Not material	Not disclosed	→	Below	Minor contribution

2C. PPT vs CONCALL ALIGNMENT

Metric	PPT Figure	Concall Figure	Match?	Delta / Note
Huron Revenue Q3	₹80 Cr	₹80 Cr	Yes	Management clarified consol level inventory transfers reduce reported revenue; figures aligned
Inventory Days	Not explicit	~200-240 days	N/A	Management explained long production cycles and ongoing optimization efforts

3. MANAGEMENT OUTLOOK

Dimension	Category	What Management Said	Status	Risk Flag	Linked Q#
Guidance	Revenue	FY27 and FY28 growth expected to be similar or better than current ~20-28% YoY growth	Reaffirmed	None	Q12
Guidance	Margins	EBITDA margins expected to remain stable around 25-27%; no pressure below 25%	Reaffirmed	None	Q10
Guidance	Capex	Capacity expansion from 6,000 to 16,000 machines by Sep 2026 on track; INR 400-450 Cr capex planned	On Track	None	Q7
Strategy	Capacity / Expansion	India facility ramp-up imminent; France (Huron) capacity doubled and ramping up	On Track	None	Q6, Q14
Industry & Macro	Demand Outlook	Positive outlook driven by domestic manufacturing push, semiconductor mission, aerospace & defense	Positive	None	Q2, Q11
Industry & Macro	Input Costs / Inflation	Stable supply chain; natural hedging via pricing; no margin pressure from commodity inflation	Stable	None	Q15

4. ANALYST Q&A

Q#	Theme Cluster	Underlying Concern	Management's Key Points	Evaded / Not Addressed	Credibility	Verdict
Q3	Order Book Growth	Order book growth slower than revenue growth	Order book at 18-month delivery; capacity constraints limit new orders; customers unwilling to wait longer; capacity at 90% utilization	No	Strong	Clear explanation; credible
Q6	Capacity Expansion	Capex progress and funding	INR 200+ Cr utilized from INR 300 Cr loan; aggressive capex to complete expansion; on track for Sep 2026 completion	No	Strong	Transparent and detailed
Q10	Margin Sustainability	Margin pressure and EBITDA per machine	Margins stable at ~25-27%; no pressure expected; value addition and scale to maintain margins	No	Strong	Consistent messaging
Q13	Proprietary Controllers	Feasibility and roadmap for CNC controller development	Starting development; leveraging experienced team; aiming for Atmanirbhar Bharat; expect commercial product in 2 years	No	Strong	Realistic, cautious optimism
Q15	Working Capital & Cash Flow	Negative operating cash flow despite profits	Long production cycles and inventory; working capital optimization underway; positive cash flow expected from Q4 onwards	No	Strong	Honest and forward-looking
Q18	Huron Revenue & Consolidation	Lower Huron revenue in consol vs standalone	Inventory transfers from India to Huron reduce consol revenue; standalone revenue stable at ₹80 Cr Q3; ramp-up ongoing	No	Strong	Clear explanation
Q20	Export vs Domestic Mix	Export revenue share and growth focus	Targeting 35-40% exports, 60-65% domestic; balanced growth strategy	No	Strong	Clear guidance
Q22	Supply Chain Stability	Impact of raw material inflation and supply chain	Stable supply chains from Japan and Germany; natural hedging via pricing; inventory turnover improvements ongoing	No	Strong	Credible and consistent

PATTERN FLAGS

Theme Cluster	Q#s	# of Analysts	Overall Management Stance	Cluster Verdict
Order Book & Capacity	Q3, Q4, Q5	3	Transparent, Capacity constrained	Credible, explains growth limits
Margin Sustainability	Q10, Q11	2	Confident, stable margins	Convincing, no margin erosion
Working Capital & Cash	Q15, Q16	2	Acknowledges challenges, improving	Honest, positive outlook
Proprietary Technology	Q13, Q14	2	Cautiously optimistic	Realistic, long-term focus

5. INVESTOR NOTES — BUSINESS QUALITY ASSESSMENT

Dimension	This Quarter's Read	Trajectory Signal
Management Credibility	Strong	Improving
Margin / Return Ratio Trajectory	Improving	Improving
Pricing Power	Stable	Stable
Capital Allocation Quality	Strong	Improving (capex on track, strategic)
Competitive Moat Signals	Strengthening	Improving (technology, global footprint)
FCF Conversion	Improving	Improving (working capital optimization underway)
Red Flags (if any)	None	None

Overall Thesis Verdict:

- Conviction Increasing
- The quarter's strong revenue and margin growth, healthy order book, and capacity ramp-up reinforce the thesis of Jyoti CNC as a leading domestic precision machine tool manufacturer poised to benefit from secular manufacturing growth and import substitution.
- Section 1 and Section 5 are aligned, reflecting improving business quality and management execution.
- Forward-looking watchpoint: Monitor Q4 cash flow conversion and ramp-up of EMS orders post capacity expansion to validate working capital and growth sustainability.

Detailed Analysis

1. VERDICT

Jyoti CNC Automation delivered a strong quarter beating expectations with 28.1% YoY revenue growth and 37.3% EBITDA growth, supported by margin expansion of 180 bps. The company's capacity expansions in India and France (Huron) are progressing well, with the French facility doubling capacity and ramping up production. The order book remains robust at ₹4,585 Cr, with a healthy mix skewed towards aerospace & defense (41%) and general engineering, signaling strong demand visibility. Management's confident outlook on FY27 and FY28 growth, margin stability, and working capital improvement further supports the long-term thesis. The quarter confirms Jyoti CNC's positioning as a key beneficiary of India's manufacturing push, import substitution, and global aerospace/defense demand. The only caution remains the working capital intensity due to long production cycles, but management's transparency and ongoing optimization efforts mitigate concerns.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Revenue for Q3 FY26 stood at ₹575.9 Cr, up 28.1% YoY and 13.4% QoQ, driven by strong execution and capacity ramp-up. EBITDA grew faster at 37.3% YoY to ₹154.6 Cr, with margin expansion to 26.8% from 25.0% last year, reflecting operational leverage and improved product mix. PAT rose 10.3% YoY to ₹88.5 Cr, with growth moderated by higher finance costs linked to capex loans. Gross profit margin expanded sharply by 740 bps YoY to 57.6%, indicating successful backward integration and value addition.

The order intake for 9M FY26 was ₹1,661 Cr, with aerospace & defense contributing 46%, auto & auto components 30%, and general engineering 17%. The total order book at ₹4,585 Cr represents approximately 18 months of revenue, with customers reluctant to accept longer delivery timelines due to capacity constraints. Capacity utilization is near 90%, limiting new order intake until expansions come online.

Working capital remains elevated due to long production cycles (up to 18 months for complex machines) and inventory build-up. However, management reports ongoing optimization efforts and expects positive operating cash flow from Q4 onwards.

2B. SEGMENT BREAKDOWN

Aerospace & defense remains the largest and fastest-growing segment, contributing 45% of Q3 revenue and 41% of the order book, supported by the ramp-up of the Huron facility in France. Auto & auto components declined slightly as some customers delay orders pending capacity readiness. General engineering showed some softness but remains a key diversified base. EMS segment is poised for growth with the India capacity expansion nearing completion, with order inflows expected in Q1 FY27. Die & moulds and other segments remain small but growing.

2C. PPT vs CONCALL ALIGNMENT

Huron revenue was clarified at ₹80 Cr for Q3, higher than some analyst estimates, with inventory transfers from India to France causing consolidation-level revenue timing differences. Inventory days remain high (~200-240 days) due to long manufacturing cycles but are improving.

3. MANAGEMENT OUTLOOK

Management reaffirmed strong growth guidance for FY27 and FY28, expecting revenue growth in the 20-30% range, supported by capacity expansions and sustained demand across sectors. EBITDA margins are expected to remain stable in the 25-27% range, with no margin pressure anticipated despite inflation or competitive dynamics.

Capex of ₹400-450 Cr is on track to increase capacity from 6,000 to 16,000 machines by September 2026. The ramp-up of the Huron facility in France is underway, with meaningful revenue contribution expected from Q1 FY27.

Industry outlook is positive, driven by government initiatives like the India Semiconductor Mission 2.0, defense spending increases, and automotive sector growth, especially electric vehicles. Supply chains are stable, and commodity price inflation is managed through natural hedging and pricing mechanisms.

The company is investing in proprietary CNC controllers, drives, and motors under government schemes, targeting Atmanirbhar Bharat goals and reducing import dependencies. Commercial products for semiconductor equipment manufacturing are expected in 2 years.

4. ANALYST Q&A

- **Order Book Growth & Capacity Constraints (Q3, Q4, Q5):** Analysts pressed on why order book growth lags revenue growth. Management explained the order book is already large (~18 months), and customers are unwilling to accept longer delivery timelines. Capacity utilization is at 90%, limiting new orders until expansions complete. This is a positive constraint reflecting strong demand and validates capacity expansion plans.
- **Capex Progress & Funding (Q6):** Management confirmed ₹200+ Cr of the ₹300 Cr Union Bank loan has been utilized, with aggressive spending to complete capacity expansion by September 2026.
- **Margin Sustainability (Q10):** Management reiterated commitment to maintaining EBITDA margins around 25-27%, with no pressure expected due to scale, value addition, and operational efficiencies.
- **Proprietary Controller Development (Q13, Q14):** Management acknowledged the challenge but expressed confidence due to experienced teams and government support. Commercial launch expected in 2 years, aligning with India's semiconductor mission.
- **Working Capital & Cash Flow (Q15, Q16):** Management admitted negative operating cash flow due to inventory but highlighted ongoing optimization and expected positive cash flow from Q4 onwards.
- **Huron Revenue & Consolidation (Q18):** Clarified standalone revenue at ₹80 Cr in Q3, with inventory transfers from India to France impacting consolidated revenue timing.
- **Export vs Domestic Mix (Q20):** Targeting a balanced mix of 35-40% exports and 60-65% domestic revenue over the next few years.
- **Supply Chain Stability (Q22):** Supply chains from Japan and Germany stable; commodity price fluctuations managed via pricing adjustments and inventory management.

No evasions noted; management was transparent and consistent.

5. INVESTOR NOTES — BUSINESS QUALITY ASSESSMENT

Management credibility is strong, demonstrated by clear communication on capacity constraints, working capital, and technology roadmap. Margins are improving, supported by backward integration and product mix enhancements, indicating pricing power and operational leverage. Capital allocation is disciplined, focused on strategic capacity expansions and R&D investments aligned with market opportunities.

Competitive moat signals are strengthening with global footprint expansion (France facility), proprietary technology development, and diversified end-market exposure. Free cash flow conversion is currently negative due to working capital but is on a positive trajectory with expected improvement in Q4 and beyond.

No red flags identified.

Overall Thesis Verdict: Conviction Increasing

The quarter's strong operational and financial performance, coupled with strategic capacity expansions and technology investments, reinforce Jyoti CNC's positioning as a leading domestic precision machine tool manufacturer poised to benefit from secular manufacturing growth and import substitution. The thesis is supported by improving business quality and management execution. The key watchpoint remains working capital and cash flow conversion in the next quarter as capacity ramps up and order execution accelerates.