Jyoti CNC Automation Ltd — Nov 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Mixed (Standalone Beat / Consolidated Miss) **One-line:** Standalone India is firing on all cylinders with record execution and margin expansion, but the consolidated thesis remains clouded by accounting eliminations and license-related revenue deferrals at the French subsidiary (Huron).

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Mixed (Volume Beat / Consol PAT Miss)	Consol PAT □72.6 Cr vs □85.5 Cr YoY; Revenue □602 Cr vs □680+ Cr implied run-rate.	□
Earnings Quality	Medium (Inventory build vs Standalone cash flow)	Standalone margins at 28% but Consol margins hit by Huron accounting noise.	□
Guidance Confidence	Strong (Standalone) / Neutral (Huron)	8,000 machine target maintained; Huron recovery back-ended to H2.	□
Management Credibility	Strong	Delivered record dispatches (1,911 units); transparent on Huron approvals.	□
Business Quality Signal	Improving (Mechatronics Pivot)	Approval of PLI/ECMS for in-house controllers is a structural margin lever.	□
Key Q&A Exchange	Q1, Q5 (Huron Revenue / Cash Flow)	OCF to EBITDA conversion at 47% is a major improvement from prior years.	□
The Street's Primary Anxiety	Huron "Black Box" & Inventory Levels	Mgmt: "Inventory is a safety factor for ramp-up; Huron dispatches start Q3."	□
Capital Cycle Stage	Aggressive Investment / Ramp-up	New 10,000 machine capacity buildings "put to use"; Foundry in days.	□
Margin / Return Ratio Trajectory	Volatile but Stable (Standalone)	Standalone EBITDA margin expanded to 28% (+320 bps YoY).	□
Pricing Power	Stable	ASP maintained despite massive skew toward entry-level machines.	→
FCF Conversion & Quality	Improving	H1 OCF at □111.7 Cr (vs □13.2 Cr H1FY26); 47% EBITDA conversion.	□
Competitive Moat Signals	Widening (Vertical Integration)	PLI for controllers reduces dependency on global OEMs (Fanuc/Siemens).	□
Balance Sheet Strength	Adequate	Net Debt stable; Equity base expanded post-IPO/ internal accruals.	□
Working Capital Efficiency	Deteriorating (Short-term)	Inventory up to □1,440 Cr (Sep-26) vs □1,166 Cr (Mar-26).	↓
Mgmt Guidance Track Record	Reliable on Execution	Record quarterly dispatch (1,911) validates the capacity ramp-up.	□
Key Vulnerability / Red Flag	Geopolitical/License Risk	Huron recovery dependent on French govt end-user certificates.	□
Management Tone	Highly Confident	CMD tone focused on "Mechatronics pivot" and huge domestic demand.	□
Sentiment: □Positive	□Negative	□Neutral	

Key Takeaways (Positives & Negatives): * **Positives:** The Indian core business is a powerhouse, delivering 28% adjusted EBITDA margins and record quarterly volumes. The order book (□5,082 Cr) provides over 2.5 years of revenue visibility, with Aerospace & Defense maintaining a high share (36%). The approval of the PLI/ECMS scheme (□1,020 Cr outlay with ~50% total subsidy) is a game-changer; it shifts Jyoti from a mechanical integrator to a mechatronics company, potentially unlocking significant margin expansion as they internalize the "brain" (controller) of the machine. * **Negatives:** Consolidated performance continues to be dragged by Huron SAS (France). While Huron produced EUR 6.5m in H1, only a fraction hit consolidated revenue due to "dis dispatch-based" accounting and internal eliminations, leading to a 15% YoY PAT decline. Inventory levels have ballooned to □1,440 Cr, a necessary but risky buffer for the 10,000-machine capacity ramp-up. * **The Street's Concern:** Analysts are focused on the "Huron disconnect" where dispatches don't match production due to license delays. Management countered that one or two machines were cleared last week, signaling a massive H2 ramp-up. * **Forward-looking Watchpoint:** The commissioning of the "Lost Foam" foundry this quarter. This is the final piece of the 16,000-machine capacity puzzle; any delay here will bottleneck the H2 execution target of 4,700+ machines.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Q2FY27	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (Consol)	□602.0 Cr	+18.5%	+18.4%	↑	Record volumes in India; Huron still lagging.
Gross Margin (%)	57.3%	+130 bps	-90 bps	→	Higher standalone mix helping; H1 margins at 57.7%.
EBITDA (Consol)	□131.3 Cr	+5.4%	+20.7%	↑	Hit by Huron de-leverage; Standalone EBITDA was □164 Cr.
EBITDA Margin %	21.8%	-270 bps	+40 bps	↓	Consol margins dragged by French subsidiary.
PAT (Consol)	□72.6 Cr	-15.1%	+27.0%	↓	YoY decline due to lower other income and higher tax.
Volume (Machines)	1,911 Units	+45.3%	+35.9%	↑	Highest quarterly dispatches in history.
Cash Flow (OCF)	□111.7 Cr	+746.2%	N/A	↑	H1 figure. Strong EBITDA conversion at 46.5%.
Net Debt / (Cash)	□916.2 Cr	+7.8%*	+7.8%	→	*Based on Mar-26 Borrowings; stable QoQ.
Interest Coverage	9.4x	-6.0%	+113%	↑	Improved QoQ due to lower utilization of CC limits.
Working Capital	205 Days	+20 Days	+15 Days	↓	DIO high due to inventory build for H2 ramp-up.

2B. SEGMENT BREAKDOWN (Consolidated Order Book & Sales)

Segment	Revenue Mix % (Q2)	Order Book %	Trend	vs Co Avg	Key Development
Aerospace & Defense	21%	36%	↓	Above	Tenders delayed but pipeline healthy; tech from Huron.
Auto & Components	36%	22%	↑	Above	OEMs adding capacity for EV space.
General Engineering	28%	21%	↑	Below	High volume entry-level demand across Tier 2/3.
EMS	7%	12%	↑	Below	Executing more orders now that capacity is ready.
Die & Mould	1%	4%	→	Below	Niche segment; high precision focus.
Machine Category	**Units Sold (Q2)**	**YoY Growth**	**Trend**	**vs Co Avg**	**Commentary**
Entry-Level (<□50L)	1,802	+45.7%	↑	Below	Dominant volume driver; 28% margins maintained.
Mid-Range (□0.5-2Cr)	98	+42.0%	↑	Above	Solid growth in auto-components.
High-End (>□2Cr)	11	+22.2%	→	Above	License delays at Huron impacting this mix.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	25-30% Consol Growth	Needs □1,500+ Cr in H2 (Historical H2: □1,200 Cr). Feasible with capacity.	Met FY26 targets.	Low
Guidance	Margins	25% EBITDA (Consol)	Needs ~27-28% EBITDA in H2 to average 25%. Requires Huron recovery.	Missed in H1 (21.6%).	Moderate
Guidance	Volume	8,000 Machines (FY27)	Needs 4,700 dispatches in H2 (H1: 3,317). 40% jump required.	Record Q2 (1,911).	Moderate
Guidance	Capex	□450-500 Cr (Total)	□183 Cr done in H1; □260-317 Cr pending for H2.	On track.	Low
Strategy	Mechatronics Pivot	In-house Controllers	150+ engineers by year-end; commercial in 2 years.	Approved for PLI.	Moderate
Strategy	Huron Recovery	□300 Cr Revenue (FY27)	Needs ~□240 Cr in H2 (H1: ~□60 Cr). High dependency on Q4.	Lagging in H1.	**High**
Macro	Supply Chain	CNC Controller Shortage	Lead times doubled; mgmt building 6-month safety stock.	Reflected in DIO.	Moderate
Balance	Cash Flow	50% CFO/EBITDA	H1 is already at 47%. On track to meet guidance.	Significant beat YoY.	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Harshit Patel / Equirus	Order Inflow	Management Commentary	Intake is already at □14bn vs full-year guidance of □25-30bn; can they exceed?	Management noted that Q2/ Q3 are typically high-intake months and despite hitting 50% of the target, they expect heavy orders from A&D and EV in H2. Implication: Upside risk to revenue guidance if execution keeps pace with intake.	None	4.0	Positive Signal
2	4.0	Harshit Patel / Equirus	Interest Cost	Financials	Why did interest cost fall to □14Cr while net debt increased?	Management clarified this is due to optimized working capital utilization and lower utilization of higher-cost limits. Implication: Interest burden is peaking despite capex, supporting PAT margins.	Confirmed if capitalizing interest.	3.5	Plausible
3	5.0	Bajrang Bafna / Sunidhi	Huron Licenses	Business Overview	Timeline for Huron dispatches and license approvals.	Management confirmed that 1-2 machines were cleared for dispatch last week and they are confident in reaching the □300Cr Huron target in H2. Implication: Thesis-critical; Q3 will be the "prove-it" quarter for	Specific number of licenses pending.	3.0	Back-ended

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						Huron's consolidation.			
4	4.5	Bajrang Bafna / Sunidhi	Mechatronics Strategy	Strategy	Strategy for margin expansion and R&D investment for robotics/ mechatronics.	Management explained they will invest margin gains into R&D to transition from a mechanical to a mechatronics company (in-house controllers/ robotics). Implication: Long-term structural re-rating potential as Jyoti captures more of the value chain.	None	4.5	Clear Roadmap
5	4.0	Bajrang Bafna / Sunidhi	PLI & Subsidies	Capex and Allocation	Status of central and state subsidies for the □1,020Cr investment.	Management expects ~50% total subsidy (25% Central + matching State/R&D grant), reducing the net capex burden significantly. Implication: Massive capacity/tech expansion being 50% funded by govt grants is highly value-accretive.	None	5.0	Quantified
6	3.5	Raj Shah / ENAM	Auto Demand	Business Overview	Sustainability of high auto sector order inflow (50% of Q2).	Management highlighted a broad-based domestic recovery (Tier 1/2/3) and 15,000+ customer base	None	4.0	Bullish

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						ensuring demand isn't concentrated. Implication: Demand is diversified beyond just EV/Aero; general engineering provides a solid floor.			
7	4.5	Raj Shah / ENAM	Inventory	Financials	High inventory days and path to reduction below 200 days.	Management stated DIO is already down to 190 days from 203 in March and will drop further as H2 revenue ramps up. Implication: Cash flow will spike in H2 as inventory is liquidated into record sales.	None	4.0	Improving
8	4.0	Aniket Jain / Anand Rathi	A&D De-growth	Business Overview	Why did A&D orders decline materially this quarter?	Management attributed it to government tender timing (delays in opening) rather than loss of business; they remain in the pipeline. Implication: Margin mix might be slightly softer in Q3 if these tenders don't open.	None	3.5	Lumpy Timing
9	4.0	Ajay Surya / Niveshaay	French Investigation	Governance	Current status of the French investigation into Huron.	Management reported "status quo" with no communication from	None	2.5	Hedged

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						authorities since April response; same status for other investigated EU firms. Implication: Remains a persistent regulatory overhang, though impact on operations appears contained.			
10	4.5	Ajay Surya / Niveshaay	Controller R&D	Strategy	How will Jyoti succeed where global giants like GE failed in developing controllers?	Management cited a team of 110+ young Indian engineers using AI tools to speed up code development and a captive 15,000-customer testing ground. Implication: High execution risk, but the captiv-market advantage is a significant differentiator.	None	3.0	Visionary
11	4.0	Sanjay Ladha / Bastion	Competition	Business Overview	Threat from Japanese/ Taiwanese players setting up service centers in India.	Management argued the trend is reversed: Jyoti is now the one taking market share from imports (which dropped from 80% to 62%). Implication: Local manufacturing moat is widening due	None	4.0	Confident

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						to cost/service speed.			
12	5.0	Nikhil Kanodia / Sunidhi	Cash Flow	Financials	Rationale for the massive spike in OCF to □112Cr.	Management confirmed a structural shift to 50% OCF/ EBITDA conversion, which they intend to maintain. Implication: This addresses the single largest historical criticism of Jyoti's business model (poor cash conversion).	None	5.0	Major Pivot
13	4.0	Rabindra Nayak / Nirmal	Foundry Capacity	Capex and Allocation	Details on new vs existing foundry capacity.	Management stated capacity is jumping from 1,500 tonnes/month to 5,000 tonnes/month using new "Lost Foam" technology. Implication: Backward integration will be fully online by Q3, supporting 16,000 machine p.a. run-rate.	None	5.0	Specific

PATTERN FLAGS & SENTIMENT * **The Huron Credibility Gap:** Analysts (Equirus, Sunidhi, Niveshaay) repeatedly pressed on Huron's license delays and the "disconnect" between standalone and consolidated performance. Management's posture was transparent but defensive, insisting that the back-ended H2 guidance is secured by machines already built and awaiting certificates. This remains a live "show-me" story for Q3. * **The Mechatronics Pivot:** A new theme emerged regarding the □1,020 Cr PLI investment. Analysts were skeptical but curious about Jyoti's ability to build controllers. Management was extremely bullish, framing it as the ultimate margin-expansion lever. * **Analyst Sentiment Verdict:** Analysts are structurally positive on the India Standalone growth (record volumes) and the Cash Flow turnaround (47% conversion). However, a high degree of skepticism

remains regarding the lumpy French subsidiary and the ambitious H2 targets (4,700 machines). The CMD's tone was at its most bullish, specifically regarding the mechatronics transition.

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY27)	This Quarter (Q2FY27)	Direction
OCF Conversion	Weak Historical	46.5% of EBITDA (H1)	↑
Huron Licensing	"Systematic Delays"	"First approvals received" last week	↑
Mechatronics Strategy	R&D Phase	PLI Approved; ₹1,020Cr outlay	↑
Capacity Status	Buildings Ready	"Put to Use"; 1,911 dispatches	↑
Foundry Timeline	October 2026	"Coming days" / Nov 2026	→
Inventory	₹1,166 Cr (Mar-26)	₹1,440.5 Cr (Sep-26)	↓
Interest Cost	₹24.3 Cr (Q1)	₹13.9 Cr (Q2)	↑
Order Mix	Heavy A&D (38%)	Auto/EV surge (36% of sales)	→

STOP HERE.