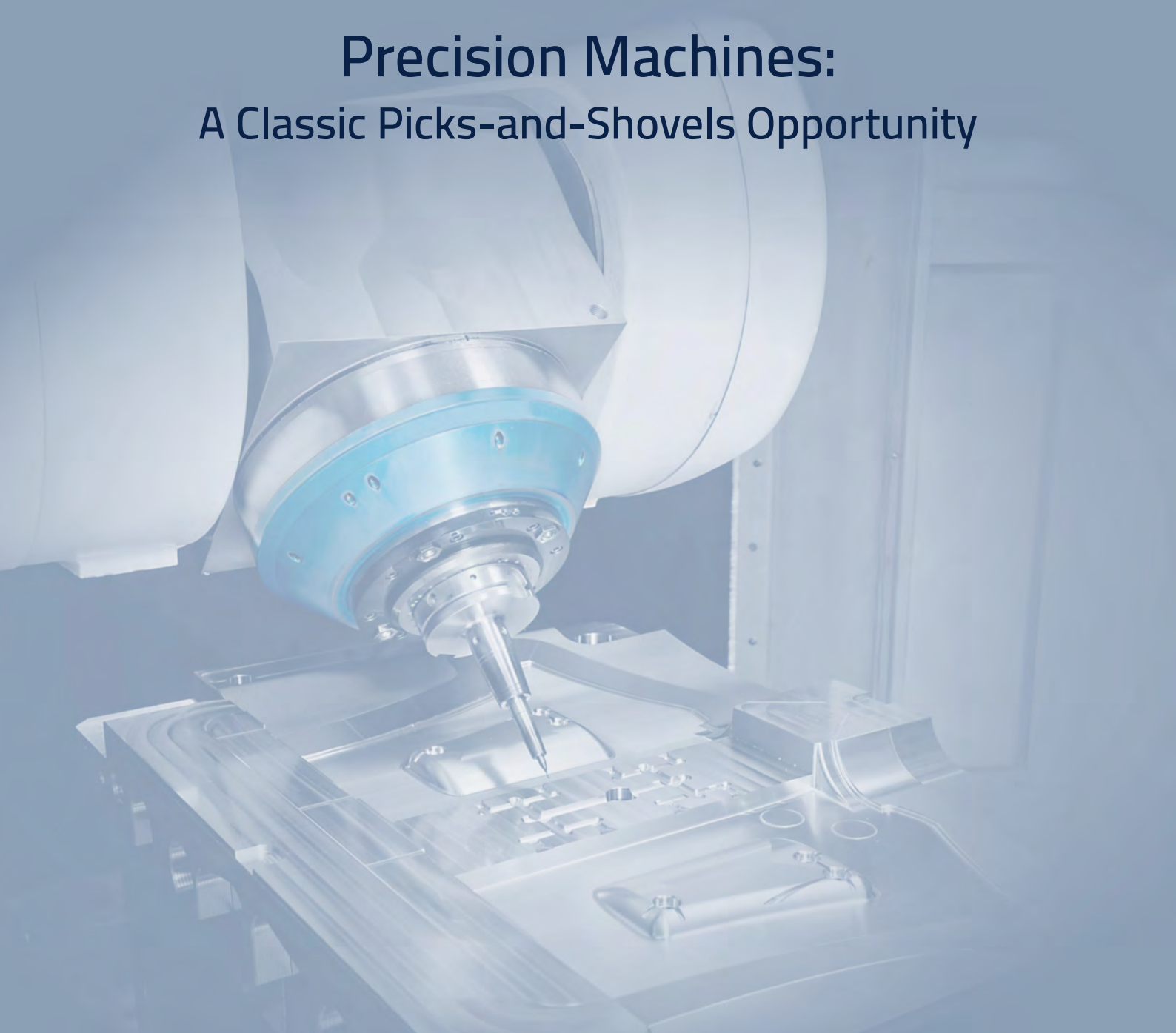


JYOTI CNC

Precision Machines:
A Classic Picks-and-Shovels Opportunity



Jyoti CNC Automation Ltd.

Precision Machines: A Classic Picks-and-Shovels Opportunity; Initiate "BUY" with TP of Rs. 1,090

We initiate coverage on Jyoti CNC Automation with "Buy" rating and target price of Rs. 1,090. Jyoti CNC is the third largest CNC machine supplier in India with a market share of c10%. It specializes in production of high-precision CNC lathes, vertical machining centers, horizontal machining centers and custom automation solutions. It serves various end markets including aerospace and defense, EMS, General Engineering, Autos.

Strong industrial tailwinds in A&D, EMS

Indigenization in A&D sector, increase in EV adoption, higher value addition in mobile phone manufacturing, investments into semiconductor production, testing and packing as well as pickup in component manufacturing are some of the most important industrial tailwinds in India. As per reports, the EMS industry has huge potential – requiring about 1 lakh machines over the next 5 years. Furthermore, the A&D opportunity remains very strong in Europe with significant increase in defense spending and continued increase in aircraft production.

Production of high-end machines to support import substitution theme

India's machine tools production is expected to grow at LDD during FY23-27 and CNC machining centers production is expected to grow at L-MDD rate. Due to lack of mid-high-end indigenous CNC machines, more than 50% of consumption is reliant on imports. However, manufacturers like Jyoti CNC are focusing on manufacturing of mid-high-end machines, effectively filling up the demand-supply gap. This is likely to help increase the share of domestic CNC machines to c60% by 2027 from 54% in 2023.

Production capacity to expand to 2.5x by Jun'26

To cater to the growing demand for EMS and Aerospace and Defense, Jyoti CNC is expanding its capacity by 10,000 units to 16,000 units at a capex of Rs. 4.5bn – to be funded by debt and internal accruals. The expansion is expected to complete by Jun'26. This comes after a capacity addition of 1,600 units in Sep'24 that increased the capacity to 6,000 units.

Strengthening financials – high backlog, sustainable margins, FCF generation from FY27

Current order backlog of Rs. 44.1bn provides revenue visibility for the next 18-24 months. The financials have improved materially over the past 2 years with EBITDA margin at c27% in FY25 (FY23: 8.3%) and is likely to sustain in 25-26% range over FY26-28, with moderation in gross margins offset by operating leverage. We expect revenues to grow at CAGR of c30% through FY25-28 driven by orderbook and solid growth in EMS and A&D revenues. EPS is expected to grow at >30% CAGR during FY25-28. Positive FCF is likely to start from FY27 after completion of capacity expansion plan at a capex of Rs. 4.5bn. ROCE will further improve to c25% from FY26.

Initiate at "Buy" with target price of Rs. 1,090

We initiate on Jyoti CNC with a "Buy" recommendation and a target price of Rs. 1,090 based FY28 PE multiple of 35x. The stock currently trades at FY26/FY27/FY28 PE multiple of 46x/36x/27x. TP of Rs. 1090 implies FY26/FY27/FY28 PE multiple of 60x/46x/35x.

Reco	: BUY
CMP	: Rs 850
Target Price	: Rs 1,090
Potential Return	: +28%

Stock data (as on Sep 30, 2025)

Nifty	24,611
52 Week h/l (Rs)	1504 / 750
Market cap (Rs/USD mn)	197619 / 2226
Outstanding Shares (mn)	227
6m Avg t/o (Rs mn):	446
Div yield (%):	-
Bloomberg code:	JYOTICNC IN
NSE code:	JYOTICNC

Stock performance



Shareholding pattern (As of Jun'25)

Promoter	62.6%
FII+DII	17.8%
Others	19.7%

Financial Summary

(Rs mn)	FY25A	FY26E	FY27E
Net Revenue	18,177	24,697	31,227
YoY Growth	36%	36%	26%
EBIDTA	4,909	6,298	8,119
EBIDTA (%)	27.0%	25.5%	26.0%
PAT	3,160	4,168	5,420
YoY Growth	76%	32%	30%
ROE	21%	22%	23%
EPS	13.9	18.3	23.8
P/E	76.1	46.4	35.7
BV/Share	74.1	92.5	116.3
P/BV	14.3	9.2	7.3
EV/EBITDA	50.0	31.6	24.3

ANIKET JAIN

Lead Analyst

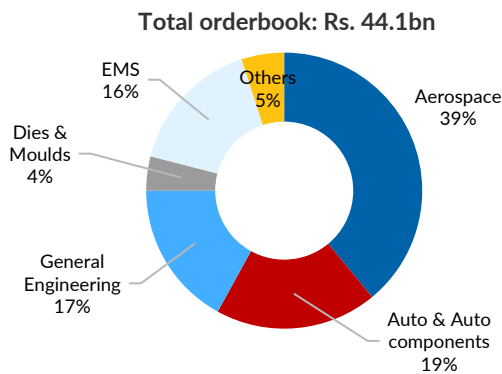
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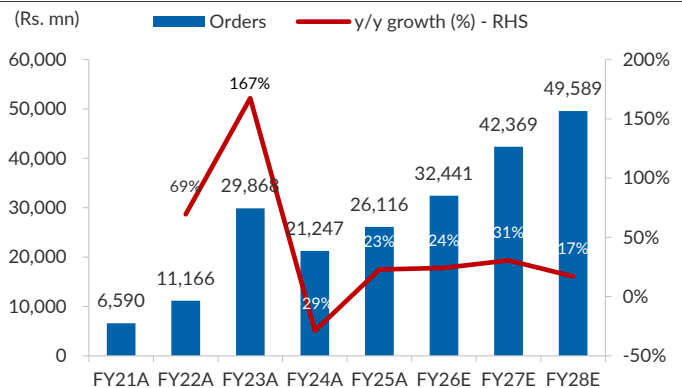
STORY IN CHARTS

Exhibit 1: A&D, EMS and Auto & Auto components is c75% of total order book (Q1'26)



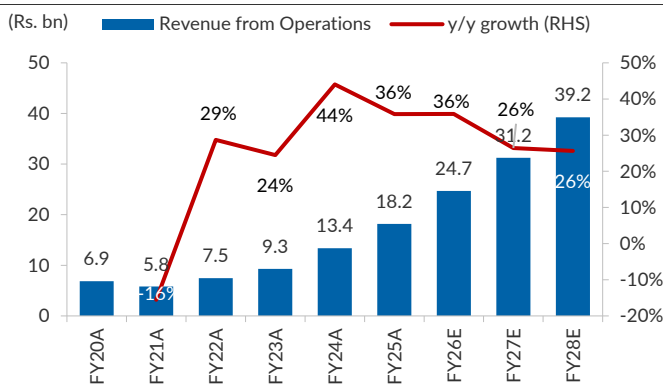
Source: Company, YES Sec

Exhibit 2: order intake is expected to grow at >20% CAGR during FY25-28



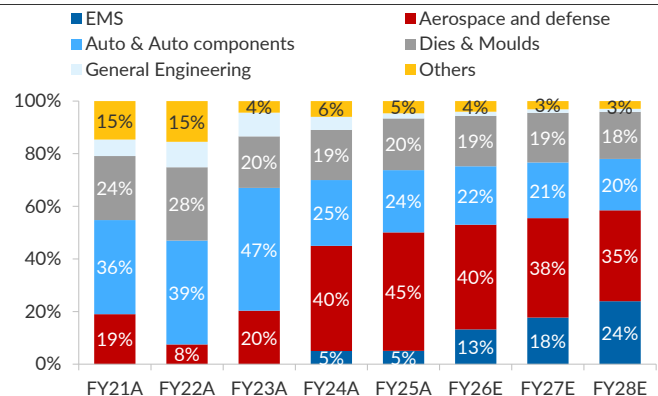
Source: Company, YES Sec

Exhibit 3: c30% revenue growth seen through FY25-28...



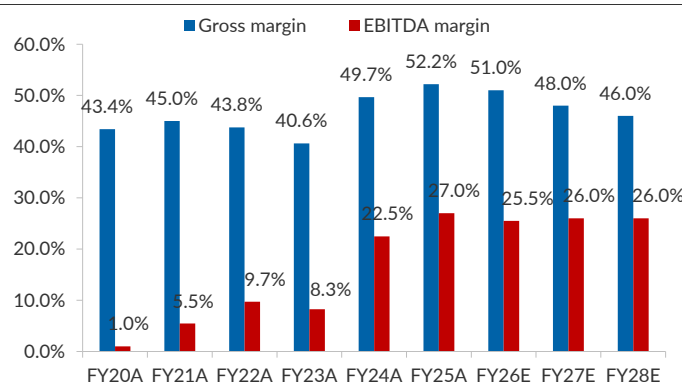
Source: Company, YES Sec

Exhibit 4: ...with share of EMS revenues increasing to c25% by FY28E



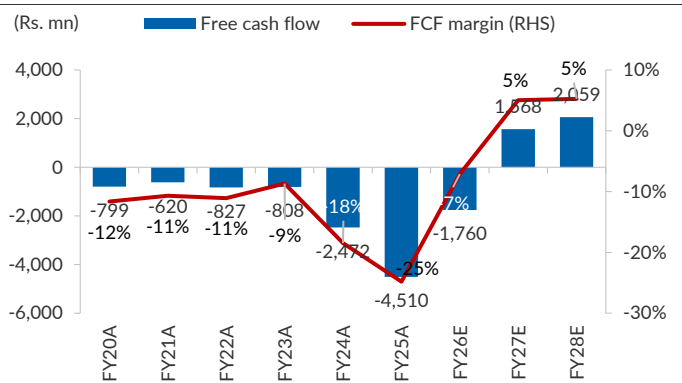
Source: Company, YES Sec

Exhibit 5: GM to moderate but EBITDA margins to stabilize in 25-26% range led by operating margins



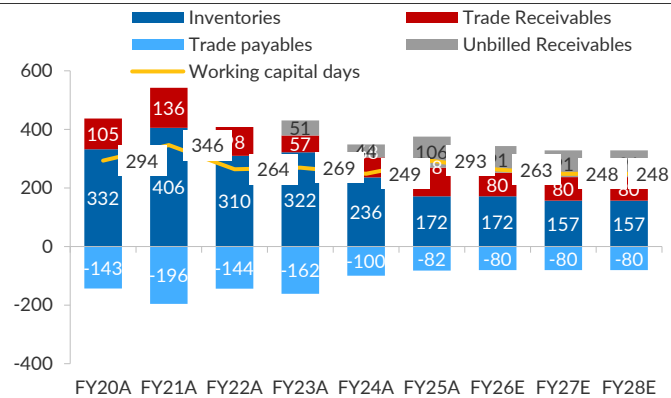
Source: Company, YES Sec

Exhibit 6: FCF generation to turn positive in FY27...



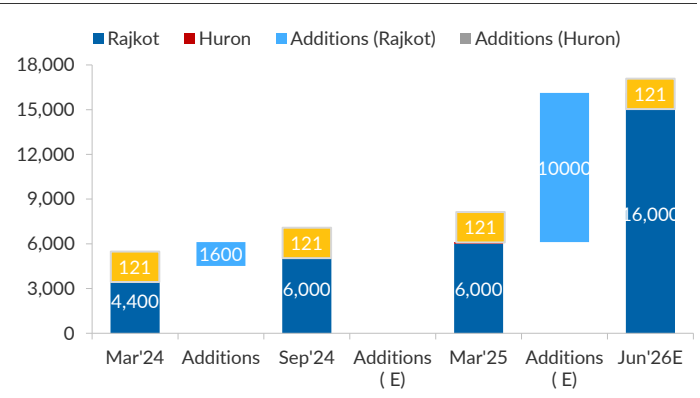
Source: Company, YES Sec

Exhibit 7: ...in part helped by reduction in working capital days



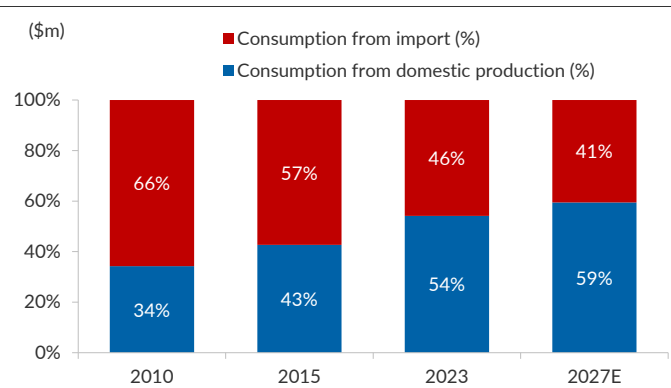
Source: Company, YES Sec

Exhibit 8: capacity at Rajkot to increase to 16,000 machines by Jun'26



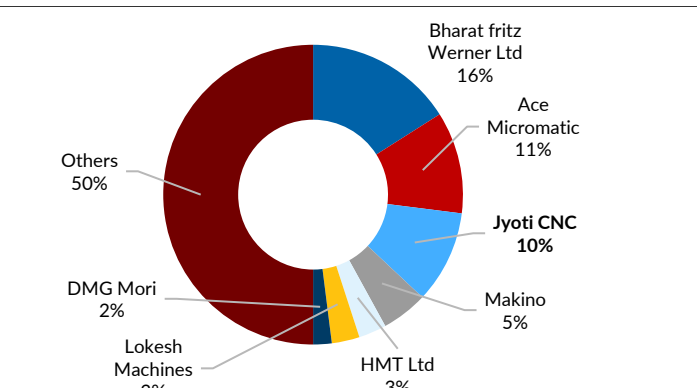
Source: Company, YES Sec

Exhibit 9: share of domestic production of CNC machines to increase by 5pp during 2023-27 to 59%



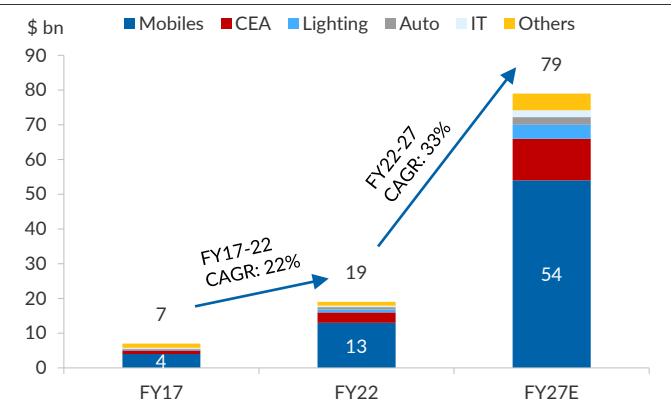
Source: Company prospectus, YES Sec

Exhibit 10: third largest CNC machine manufacturer in India



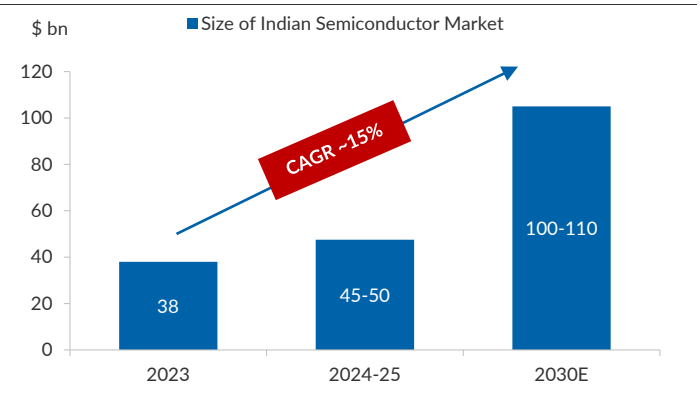
Source: Company prospectus, YES Sec

Exhibit 11: EMS production: Mobile phones and consumer electronics appliances expected to grow in 30-35% range through FY22-27



Source: EY, YES Sec

Exhibit 12: Indian Semiconductor market to reach \$100-110bn by 2030 from \$45-50bn in 2024-25



Source: PIB, YES Sec

Exhibit 13: Indian defense production to become 2x by 2029

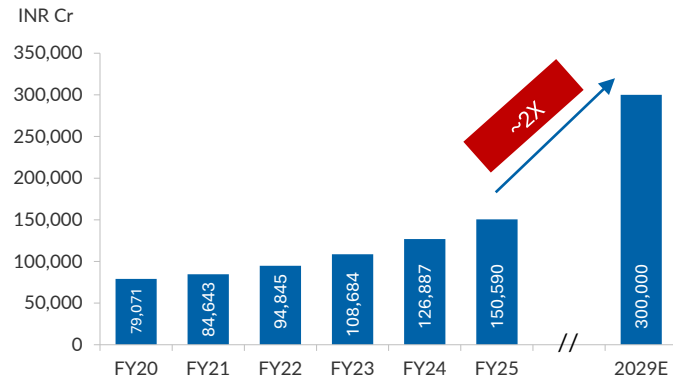
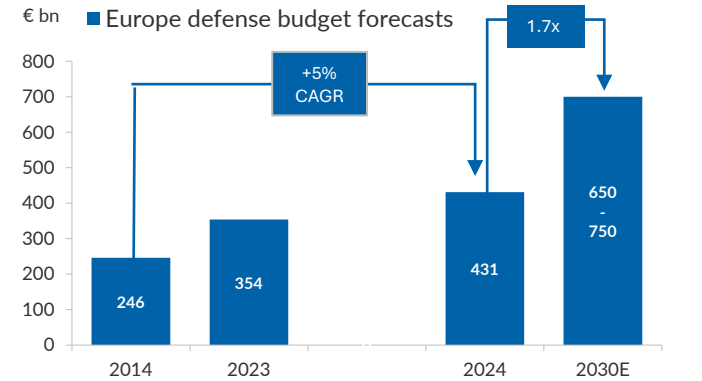


Exhibit 14: European defense budgets to increase 70% by 2030



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WHAT ARE CNC MACHINES

Basics

CNC (Computer Numerical Control) machines are automated manufacturing tools that use programmed instructions to precisely perform operations like cutting, drilling, milling, and turning on metals, plastics, and other materials. By replacing manual control with computer programming, CNC machines deliver high accuracy, speed, and repeatability, enabling the production of complex parts with minimal errors. They are widely used across industries such as automotive, aerospace, defense, and electronics, making them a cornerstone of modern manufacturing.



Uses

CNC machines are seeing increased adoption across industries owing to:

- **High precision & accuracy:** the machines produce parts with tight tolerance and consistent quality
- **Repeatability:** identical parts can be reproduced with minimal variation
- **Complex designs:** Capable of making intricate shapes and 3D geometrics that are difficult manually
- **Reduced human error:** automation minimizes mistakes and ensures reliability
- **Scalability:** suitable for both small batch and mass production

INVESTMENT THESIS

We initiate on Jyoti CNC with a “Buy” recommendation and TP of 1,090

We initiate on Jyoti CNC with a “BUY” rating and TP of Rs. 1,090 based on FY28 PE multiple of 35x. The stock currently trades at FY26/FY27/FY28 PE multiple of 46x/36x/27x.

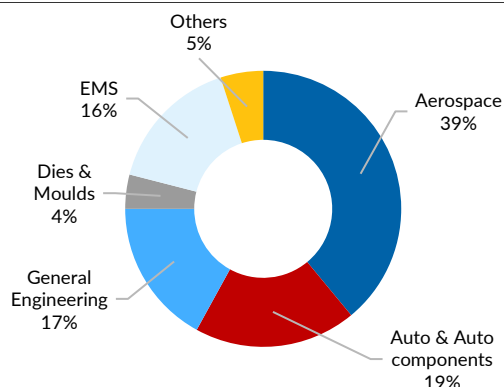
Orderbook provides solid revenue visibility for the next 2 years

A&D, Auto & Auto components and EMS accounts for c75% of total orderbook: A&D accounts for c40% of total orderbook, followed by Auto & Auto components (19%). General Engineering and EMS are 16-17% each of total orderbook.

Solid orderbook of Rs. 44.1bn is c2.5x of TTM revenues: Current orderbook of Rs. 44.1bn is due for execution in the next 18-24 months, providing solid revenue visibility over the next 2 years.

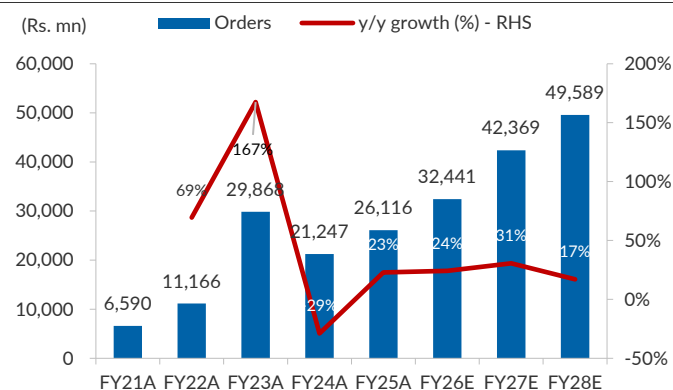
Orders to grow at >20% CAGR during FY25-28: Jyoti CNC’s order intake has more than doubled during FY22-25, implying a CAGR growth of 33% - amidst post-Covid demand recovery across the globe. We expect orders to grow a >20% CAGR led by significant pickup in EMS orders, and continued traction in A&D and Autos.

Exhibit 15: A&D, EMS and Auto & Auto components is c75% of total order book (Q1'26)



Source: Company, YES Sec

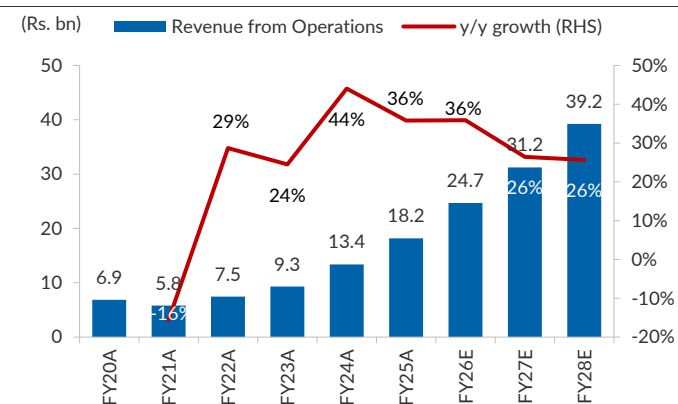
Exhibit 16: orders to grow at >20% CAGR during FY25-28



Source: Company, YES Sec

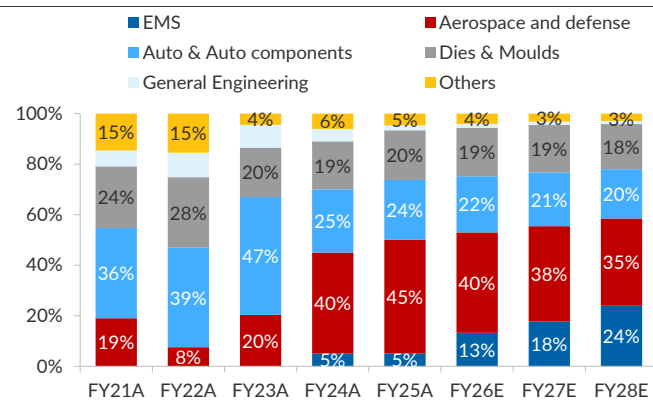
Revenues to grow at c30% CAGR through FY25-28: Jyoti CNC will see solid sales growth across all the end-markets particularly EMS, A&D and Autos – led by strong demand both domestically and internationally. We see EMS sales to accelerate from FY27 onwards as the overall EMS industry goes into expansion mode – this will be complemented by additional capacity of 10,000 machines which will be primarily used for entry-level/EMS machines. The company’s revenues have grown by 19% CAGR during FY22-25.

Exhibit 17: C30% revenue growth seen through FY25-28



Source: Company, YES Sec

Exhibit 18: share of EMS to increase to c25% by FY28



Source: Company, YES Sec

EBITDA margins to remain stable at 25-26% despite moderation in gross margins

Higher share of entry-mid level machines to dilute gross margins ...: We expect gross margins to moderate by 300-500bps as the share of low-margin entry-level/EMS machines increase. We expect share of high margin A&D revenues to decline by about 10 percentage points over the next 3 years – mainly due to higher revenues from EMS machines.

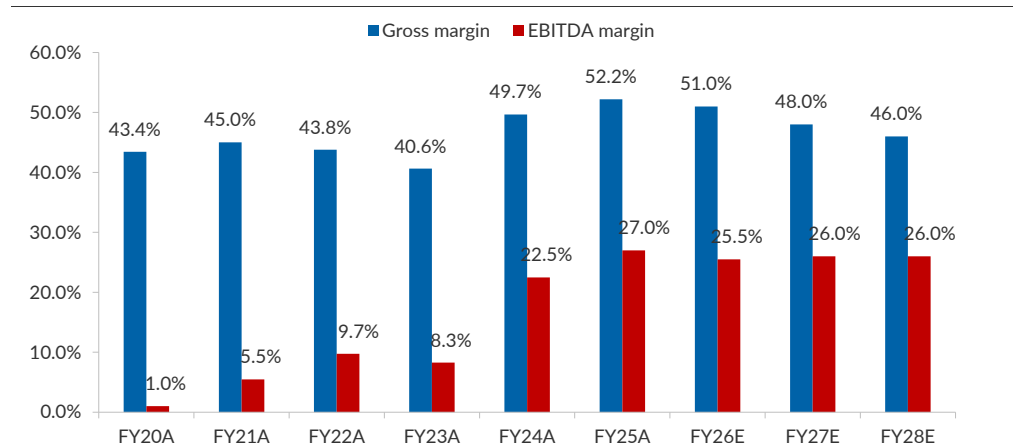
Exhibit 19: Gross margin as per type of machine

Type of machines	Gross margins
High-end	c55%
Mid-range	40-45%
Entry-level	35-40%

Source: Company, YES Sec

...however, operating leverage to help maintain EBITDA margins in 25-26% range: Jyoti CNC is undergoing sharp capacity expansion and expects to see significant pickup in volumes. We believe that the operating leverage will help the company offset moderation in gross margins and maintain the EBITDA margin in 25-26% range. We expect EBITDA margins to improve from FY27 onwards when capacity-expansion related expenses subside.

Exhibit 20: Gross margins to moderate slightly but EBITDA margins will remain in 25-26% range

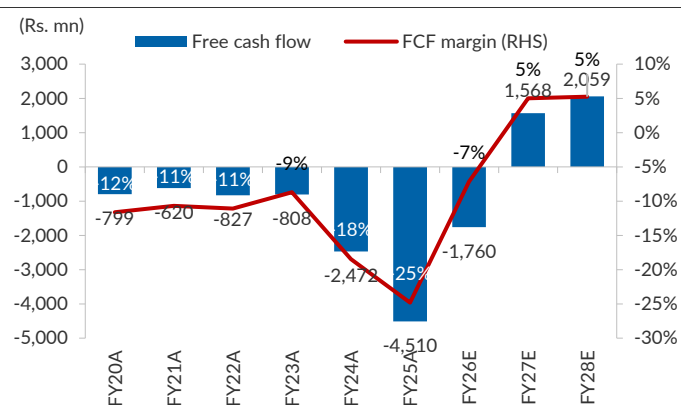


Source: Company data, YES Sec

Positive FCF from FY27

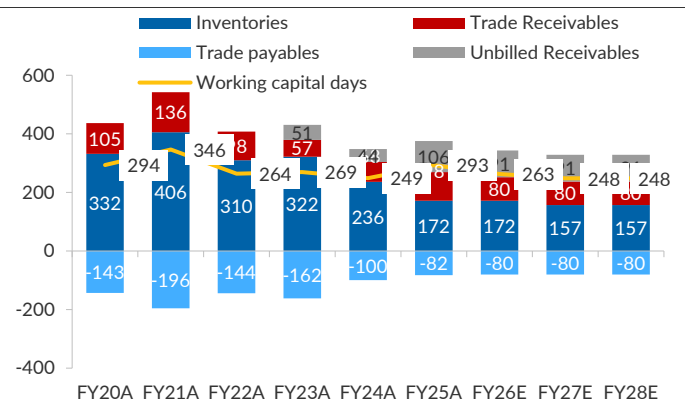
Free cash to become positive from FY27: We expect Jyoti CNC to start generating positive FCF from FY27, after completion of capacity expansion plan on a capex of Rs. 4.5bn along with some working capital improvement. FCF has been negative for FY20-25 due to losses/muted earnings, high working capital additions and finance costs. As the machines can typically take about 3 to 15 months to create, we believe it would be difficult to reduce the inventory days below 150. Furthermore, the working capital days is impacted by higher unbilled receivables which we expect to stabilize at 90 days considering the company would be raising quarterly bills for the WIP products. The management noted that it tries to match trade receivable and payable days to optimize the working capital.

Exhibit 21: Positive FCF generation from FY27 onwards...



Source: Company, YES Sec

Exhibit 22: ...led by completion of capex plan and improvement in working capital days

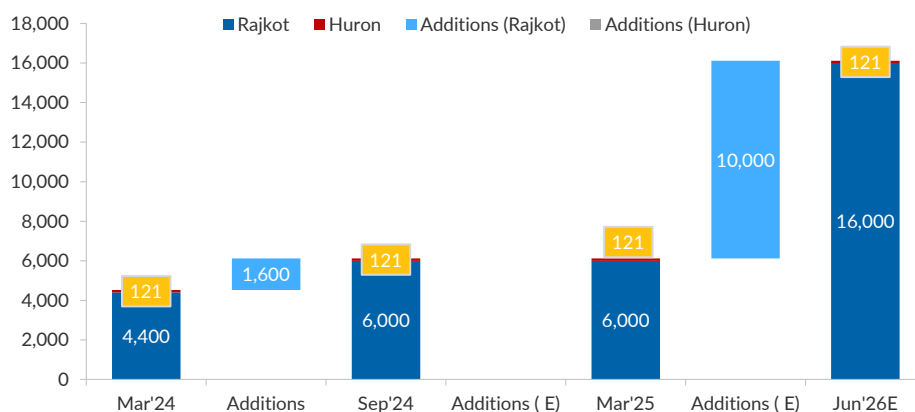


Source: Company, YES Sec

Capacity to more than double over the next 12 months; 70-80% capacity to be used for EMS and entry-level machines

Capacity addition of 10,000 units by Jun'26: Jyoti CNC is adding capacity of another 10,000 units at its Rajkot facility, thus taking the total capacity to 16,000 machines by Jun'26. The total expansion cost is expected at Rs. 4.5bn. About 70-80% of this additional capacity will be dedicated to entry-level and EMS machines – that will provide the strongest growth opportunities. The management has repeatedly noted that the EMS sector will need 1 lakh machines over the next 5 years

Exhibit 23: Capacity to increase by 10,000 machines by Jun'26

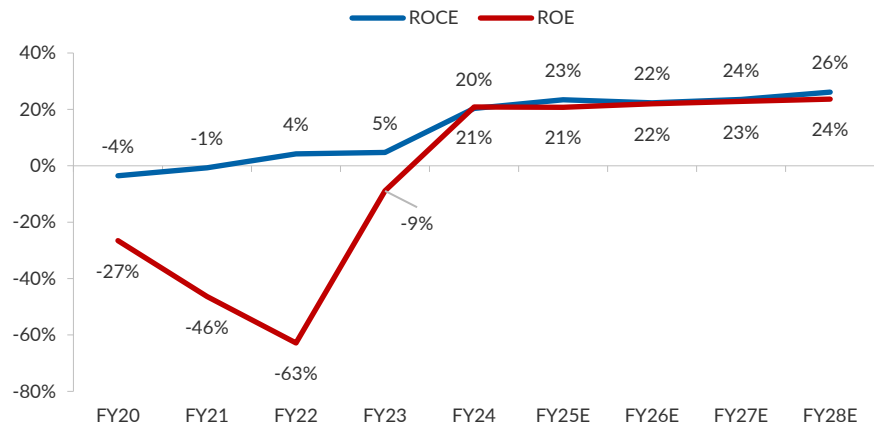


Source: Company data, YES Sec

ROCE to improve to c25% in FY27-28

ROCEs to improve further: ROCE and ROE have improved notably over the past two years led by growth in profitability and IPO proceeds, resulting in significant reduction in finance costs. We see further improvement in both ROCE and ROE, with ROCE reaching c25% during FY27-28 while ROE is likely to improve to 23-24% in FY27-28.

Exhibit 24: ROCE to improve to >25% during FY27-28



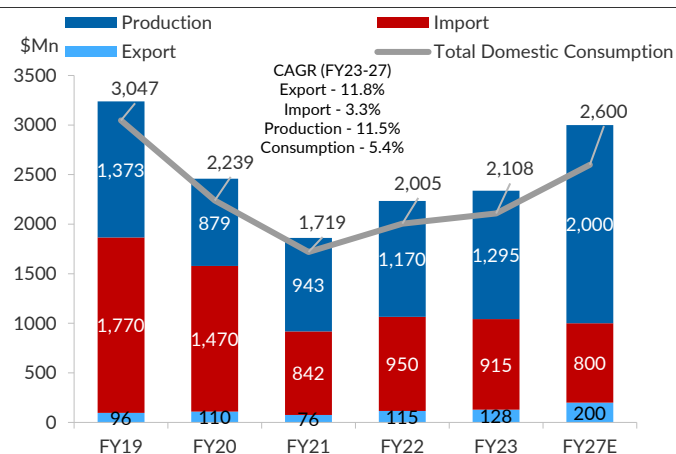
Source: Company, YES Sec

MDD growth seen in production of CNC machining centers in India

LDD growth in machine tools production....: India's machine tools production market is expected to grow at a CAGR of 11.5% during FY23-27 amidst growth in domestic consumption and decline in imports.

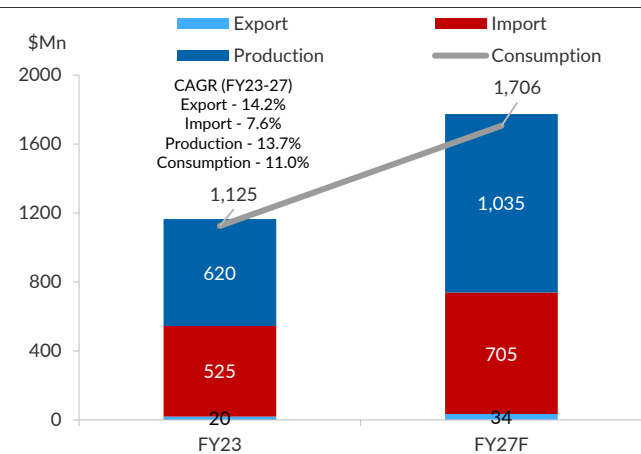
...to result in MDD growth in CNC machining centers production: CNC machining centers' production market is expected to grow at CAGR of c14% during FY23-27. The consumption is expected to grow at 11% CAGR while exports growth is expected at c14%.

Exhibit 25: India's machine tools production, consumption, import and exports



Source: Company prospectus, YES Sec

Exhibit 26: India's CNC machining centers production, consumption, imports and exports

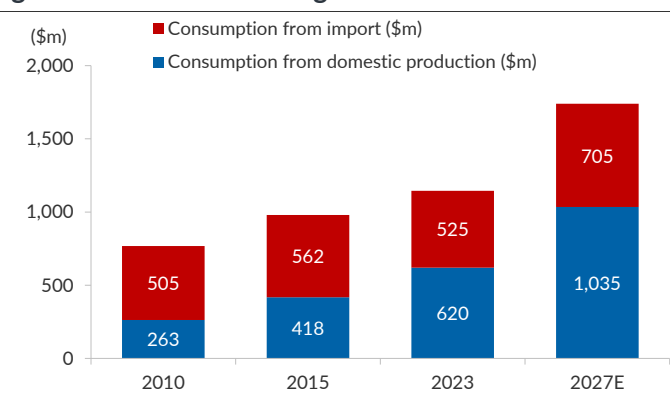


Source: Company prospectus, YES Sec

Import substitution presents huge opportunities for domestic suppliers

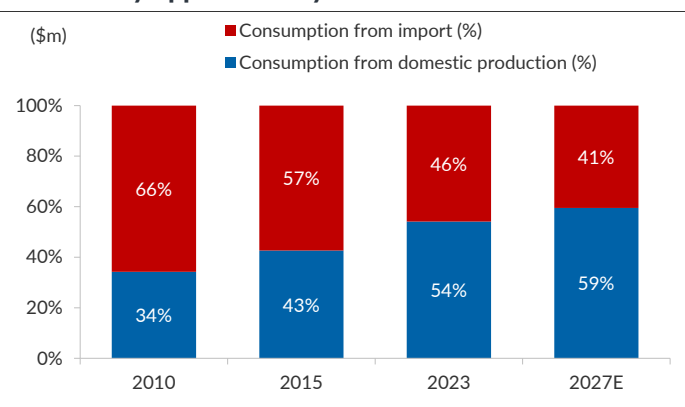
As per Frost & Sullivan, more than 50% of CNC machines were being imported over the last 4 years, primarily due to 1) lack of availability of high-end machines, 2) non-availability of machines for users other than autos. This provides significant opportunities for domestic players to take market share by upgrading their machines and expanding the end-markets. Jyoti CNC claim that its products are now able to complete with global suppliers; we think this will help the company in taking the market share, particularly from the international players.

Exhibit 27: Domestic production of CNC machines to grow at 14% CAGR through FY23-27...



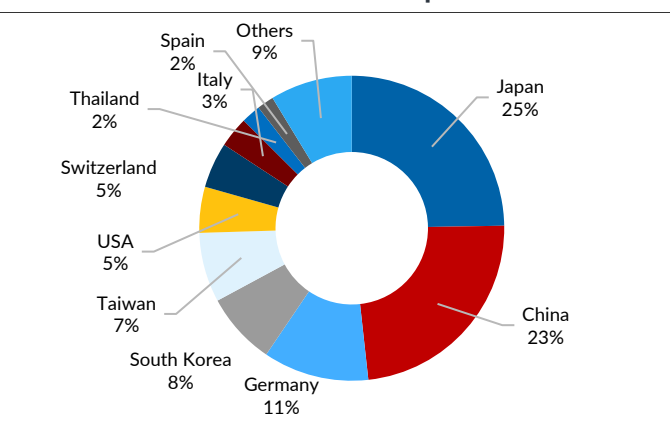
Source: Jyoti CNC prospectus, YES Sec

Exhibit 28: ...resulting in share of domestic production to increase by 5pp to 59% by 2027



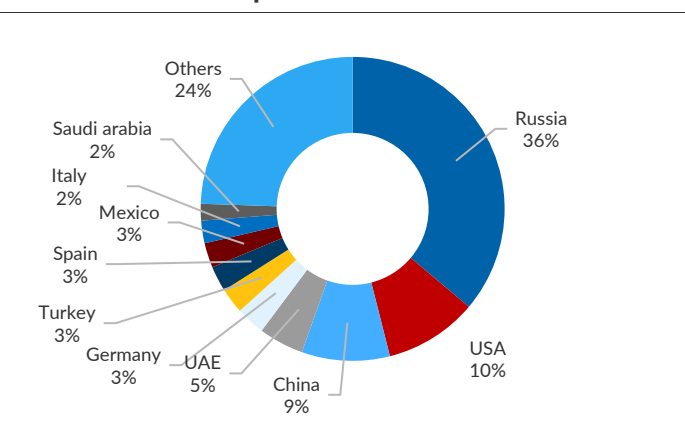
Source: Jyoti CNC prospectus, YES Sec

Exhibit 29: Imports by country: Japan and China accounts for about 50% of total imports



Source: IMTMA 2025, YES Sec

Exhibit 30: Exports: Russia, USA and China accounts for over 50% of total exports



Source: IMTMA 2025, YES Sec

Continued investments into technology

Acquired Huron; developed Preci-protect: Jyoti CNC has made continued investments into technology and innovations over the past years. It acquired Huron Graffenstaden, France in 2007 and inaugurated its R&D center "Leonardo da Vinci R&D Centre" in 2008. In 2016, it made a multitasking 5-axis machine in collaboration with IIT Chennai and the Government of India. In 2017, it developed industry 4.0 tool called 7th sense and launched an AI system named "Preci Protect". The company is now working on machines for semiconductor sector which is likely to see increase in demand from 2026-27.

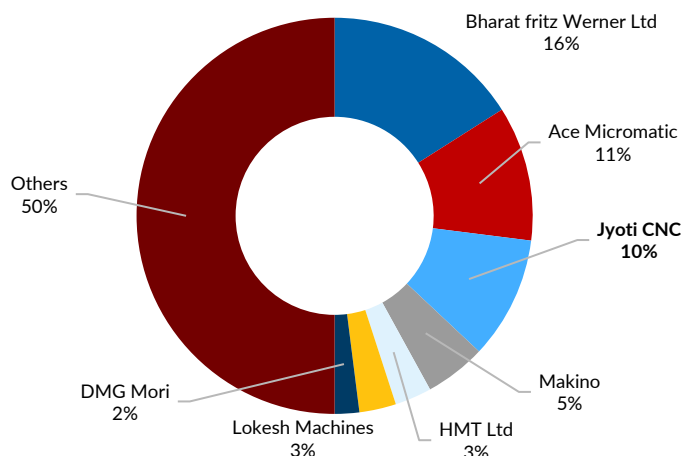
HUMA: The company has also developed a human machine interface "HUMA" – which an intuitive panel designed to enhance efficiency, performance and deliver user-friendly CNC operation.

Jyoti CNC Automation Ltd.

Jyoti CNC is the third largest manufacturer in India with market share of c10%

The global CNC machine market is highly fragmented with no manufacturer having over 5% market share. Top 13 manufacturers contribute c38% of the global CNC machine market share. In India, top 7 players have a market share of 50% with Jyoti CNC being the third largest player with a market share of about 10% and about 0.4% globally.

Exhibit 31: India's CNC machine manufacturers market share



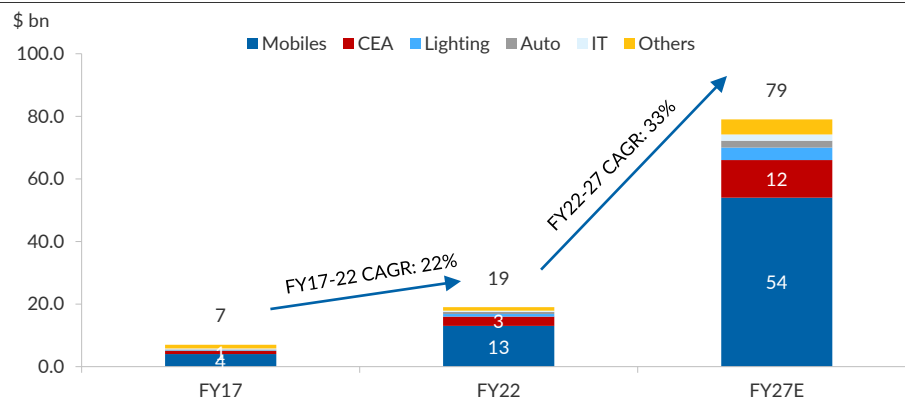
Source: Prospectus, YES Sec

EMS industry to need over 1 lakh machines over the next 5 years implying market potential of Rs. 300-350bn

Market potential of Rs. 300-350bn over the next 5 years: Industry reports suggest that EMS industry in India will need over 1 lakh CNC machines over the next 5 years, driven by rising demand from mobile phone manufacturers, electronic component manufacturers, semiconductor sector. This provides a cumulative market of Rs. 300-350bn over the next 5 years or 60-70bn p.a.

>30% CAGR growth seen in EMS market: Mobile phone, consumer Electronics will see continued solid growth (34-35% CAGR each) led by development of domestic ecosystem, China+1 strategy and increase in share of outsourcing. As of now, EMS service providers have mainly focused on assembly operations, however, the biggest potential for CNC machines comes from component manufacturing services. Jyoti CNC already offers machines for mobile phones and is currently working on manufacturing machines for semiconductor market.

Exhibit 32: EMS production: Mobile phones and consumer electronics appliances expected to grow in 30-35% range through FY22-27

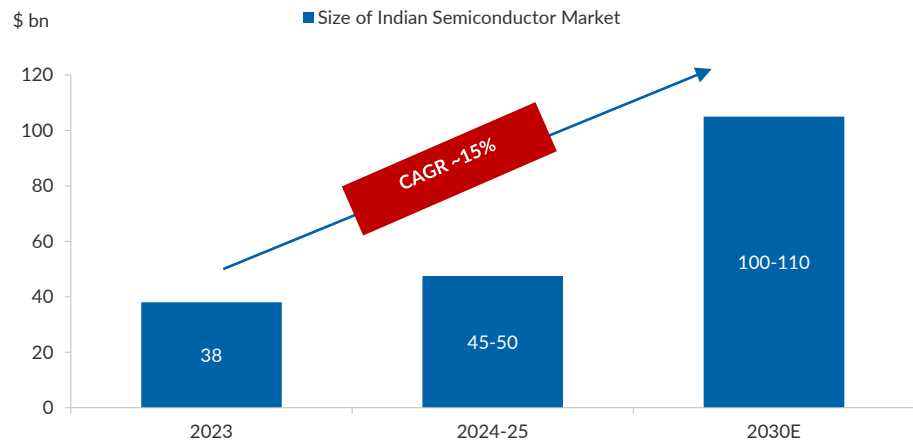


Source: EY, YES Sec

Jyoti CNC Automation Ltd.

Semis is potential source of income: The government has launched SEMICON India Program with a budgetary outlay of Rs. 76,000 crores to setup semiconductor and display ecosystem in India. Domestic semiconductor market is expected to grow at 13% CAGR from current \$45-50bn to \$100-110bn by 2030.

Exhibit 33: Indian Semiconductor market to reach \$100-110bn by 2030 from \$45-50bn in 2024-25

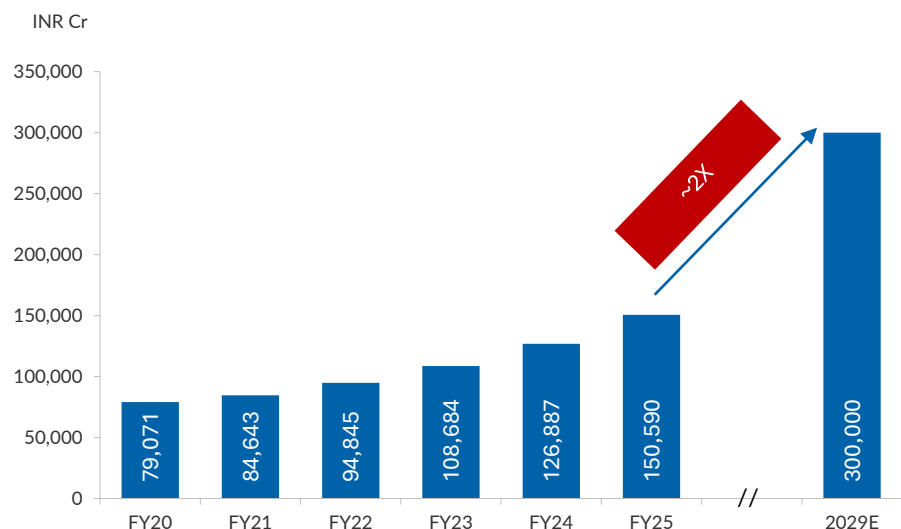


Source: PIB, YES Sec

Sharp pickup in Defense spending in India and Europe

India: Domestic manufacturing now accounts for c65% of total defense equipment needs, as opposed to 30-35% a decade back. This significant increase has been driven by government's push for indigenization of equipment. The domestic manufacturing is expected to accelerate further as the sector has been opened for private players now. The government targets annual defence production of Rs. 3 lakh crores by 2029 (vs FY25: Rs. 1.5 lakh crores). The government is undertaking various measures including placing import embargo, import substitution of defence items are being undertaken to encourage indigenisation.

Exhibit 34: Indian defense production to become 2x by 2029

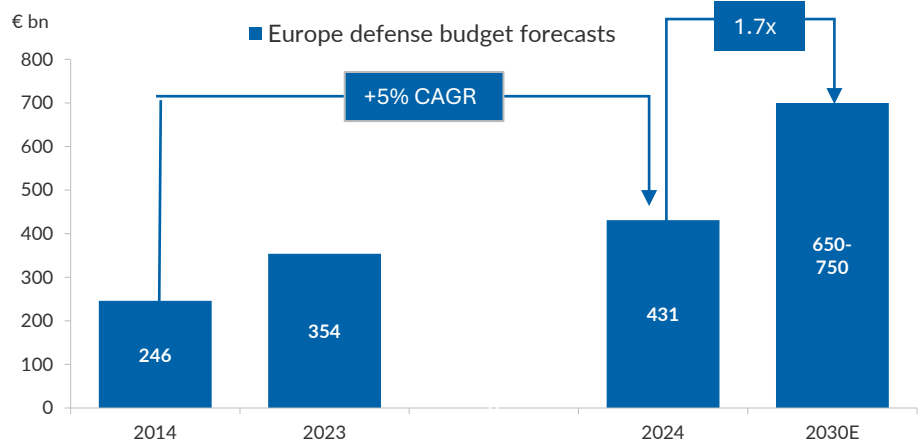


Source: Govt., YES Sec

Jyoti CNC Automation Ltd.

Europe's defense spending to grow by 60-70% by 2030: European NATO members have committed to increase defense spending to 5% of respective GDP of which 3.5% is expected to go into core defense while 1.5% will go into national security and infrastructure. This represents almost doubling of spending by the members from currently 1.5-3.5%. The commitment will increase the defense spending from €431bn currently to €650-750bn by 2030. We believe this provides significant boost to development of equipment manufacturing ecosystem in Europe – which in-turn will be beneficial for machine tool manufacturers like Jyoti CNC.

Exhibit 35: European defense budgets to increase 70% by 2030



Source: OliverWyman, YES Sec

VALUATION AND VIEW

Initiate “BUY” with TP of Rs. 1,090: We couldn't find any direct listed peer of Jyoti CNC, thus making it difficult to assign a valuation multiple. However, we value Jyoti CNC at a 35x FY28 PE ratio considering 1) sales growth potential in 25-35% range over the next 3 years; 2) significant demand potential from A&D and EMS sector, 3) sustainable margins in mid-20% range, 4) cash flow generation from FY27. Our multiple implies a target price of Rs. 1,090, indicating an upside of 28% (CMP: Rs. 850).

RISKS TO INVESTMENT THESIS

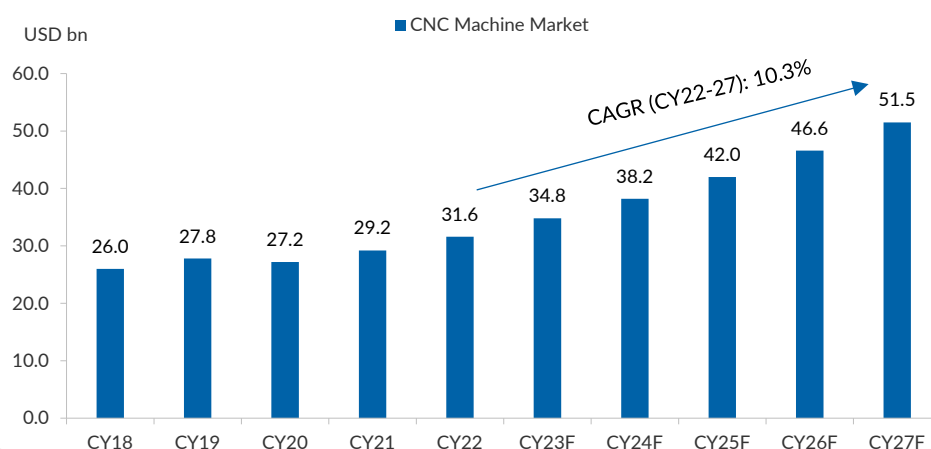
- Slowdown in industrial growth
- Slower than expected progress on import substitution
- Global players may continue to dominate the market
- Restrictions on import of large technical machines from China can cause unexpected delays

GLOBAL CNC MARKET OVERVIEW

Global CNC market to grow at c10% CAGR during CY2022-27...

Frost & Sullivan expects global CNC machining centers market to grow at c10% CAGR from \$31.6bn to \$51.5bn during 2022-27, mostly driven by global automotive and heavy industry manufacturers. Demand for CNC machines will be driven by growing demand for autos and auto ancillaries, industrial manufacturing, medical devices, replacement of low precision/manual machines, A&D.

Exhibit 36: Machining centers market, global 2017-27E



Source: Company prospectus, YES Sec

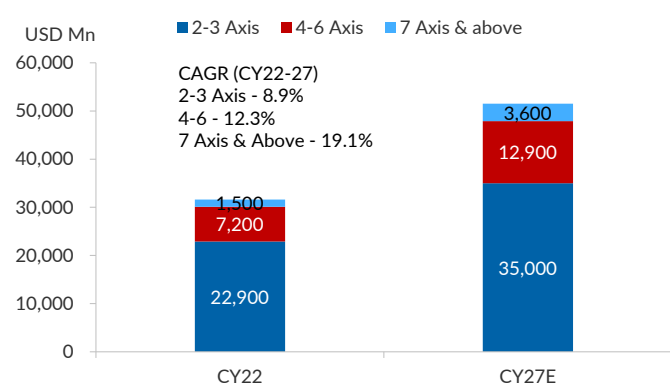
...with HSD/LDD/HDD growth in 2-3 axis/4-6 axis/7 and above axis machines

2-3 axis machining centers to grow at c9% CAGR during 2022-27: 2-3 axis machining centers have the highest market share and is expected to grow c9% CAGR from \$22.9bn to \$35bn during 2022-27, while the market share will reduce from 72% in 2022 to 68% in 2027, mainly due to increasing preference for 4+ axis machines across different user segments.

4-6 axis machines market to grow at c12% CAGR during 2022-27: 4-6 axis machines have the second highest market share and is expected to grow by c12% CAGR from \$7.2bn to \$12.9bn during 2022-27, while market share is expected to expand c2pp to 25% by 2027. The demand is primarily driven by high precision manufacturing in the automotive, defense and aerospace industry.

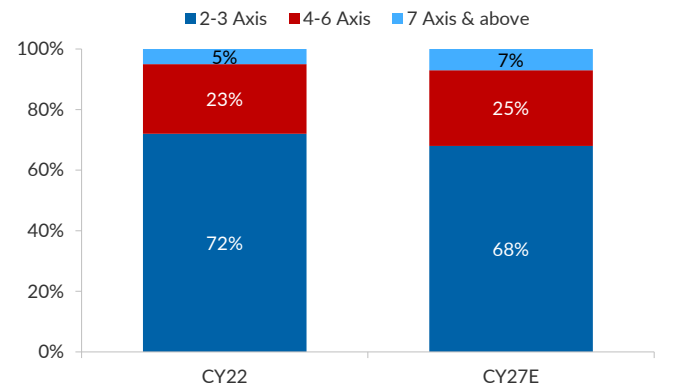
7 axis and above machines market to grow at c19% CAGR: 7 axis and above machines have the smallest market share but is expected to grow at c19% CAGR from \$1.5bn to \$3.6bn between 2022-27; the market share is likely to expand by 2pp to 7%. The demand is primarily driven by medical and aerospace industry.

Exhibit 37: Growth 4-6 axis and 7+ axis machines to exceed 2-3 axis machines



Source: Company prospectus, YES Sec

Exhibit 38: ...leading to market share expansion by 2pp each

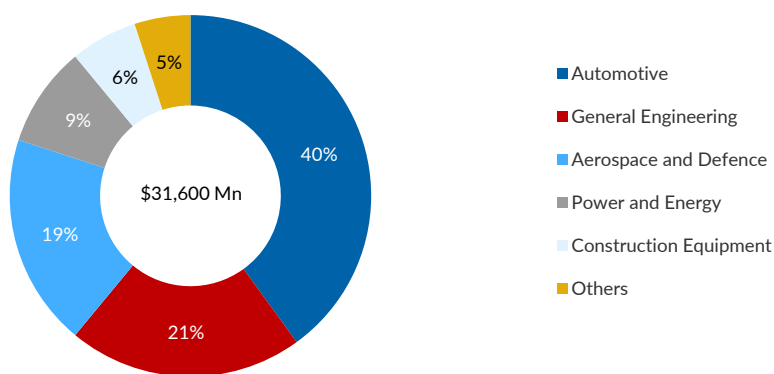


Source: Company prospectus, YES Sec

Automotive, General Engineering and A&D forms c80% of total CNC Machining Center production

Automotive, General engineering and A&D accounts for 80% of total CNC Machining Center production with Automotive being 40%, followed by General Engineering at 21% and A&D at 19%.

Exhibit 39: CNC Machining Center Production Share, by End User CY22



Source: Company prospectus, YES Sec

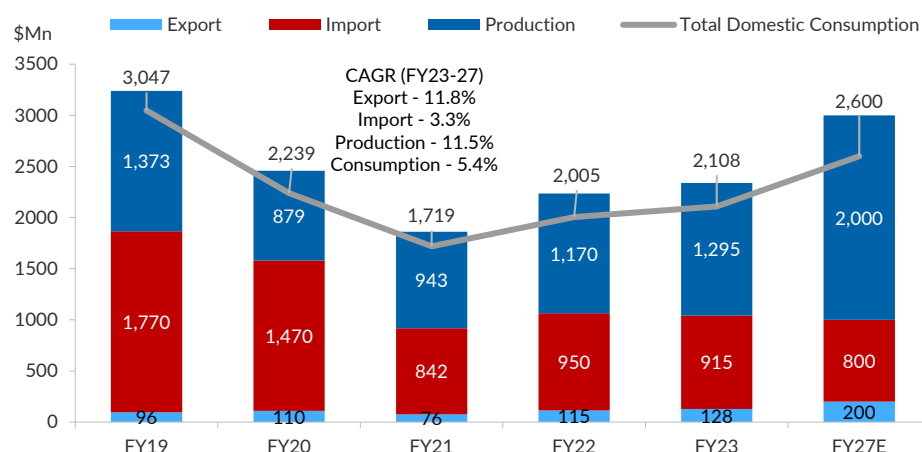
INDIAN MACHINE TOOLS AND CNC MARKET OVERVIEW

India is at the cusp of industrial revolution and machine tool industry is a fundamental pillar of the Indian engineering's industrial sector. According to Gardner's World Machine Tools Output survey, India's machine tool industry ranks at 10th place in terms of output and 8th in terms of consumption. The industry accounts for 12% of the manufacturing sector.

Machine tools production market to grow LDD during FY23-27

The machine tools production market is expected to grow at 11.5% CAGR during FY23-27. India is seeing a gradual shift from conventional machines to CNC machines owing to increased need for better productivity, improved precision and accuracy along with low-cost manufacturing. Over the last 4-5 years, imports of machines have almost halved and has been replaced by domestic production.

Exhibit 40: India's machine tools production, consumption, import and exports

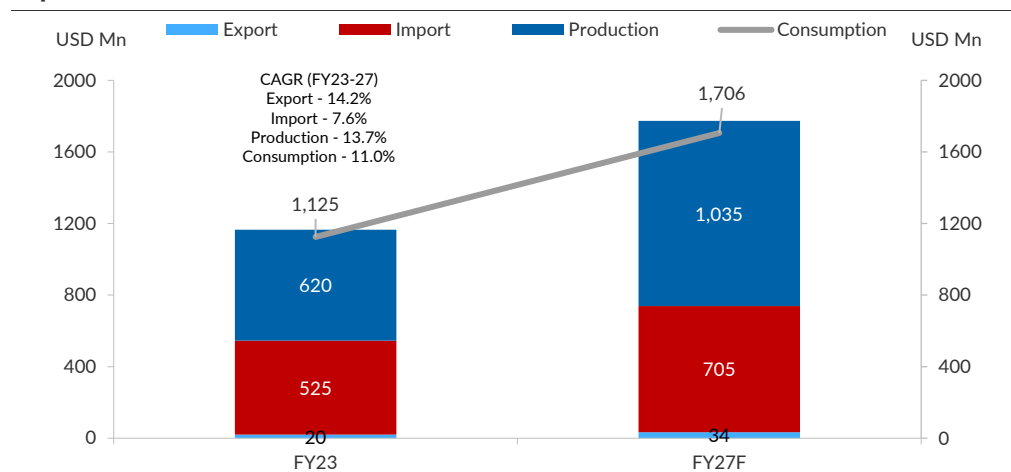


Source: Company prospectus, YES Sec

MDD growth seen in CNC machining centers market revenues during FY23-27

CNC machining centers had a revenue of \$1.1bn in FY23 which is expected to grow at a CAGR of c14% to \$1.7bn in FY27.

Exhibit 41: India's CNC machining centers production, consumption, imports and exports

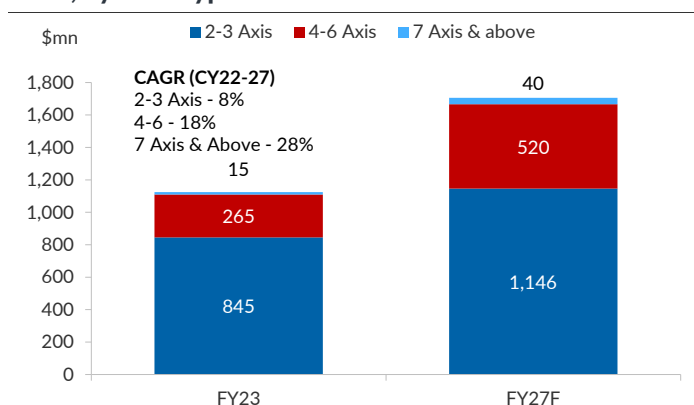


Source: Company prospectus, YES Sec

Over the last 4-5 years, more than 50% of India's total CNC metal cutting machines demand was met by imports, with Japan and China contributing to c50% of total imports in FY24. Demand-supply gap of CNC machines is one of the major factors for higher imports; about 60% of domestic CNC machines are catering to the Indian automotive sectors resulting in demand-supply gap for other end-users. Furthermore, Indian manufacturers are focused on production of low-medium range machine tools, thus end-users of high-end machines have to rely on imports.

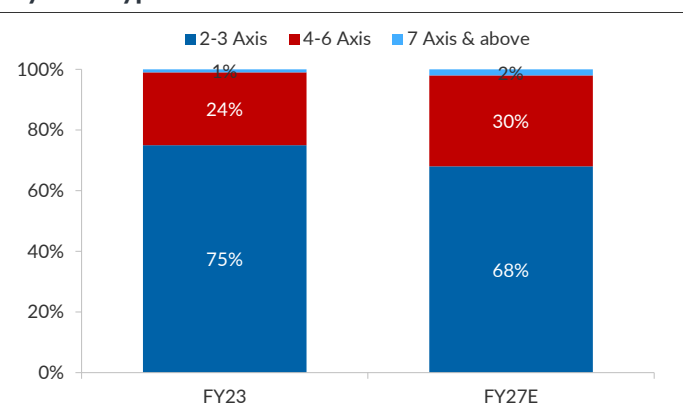
2-3 axis CNC machines had a market size of \$845m in FY23 (75% market share) and it is expected to grow at c8% CAGR to \$1,146m by FY27. 4-6 axis CNC machines had a market size of \$265m in FY23 (24% market share). 7 and above axis CNC machines are expected to grow c28% from \$15m to \$40m during FY23-27.

Exhibit 42: Indian CNC Machine Consumption Market Size, by Axis Type FY23-27F



Source: Company prospectus, YES Sec

Exhibit 43: CNC Machines Consumption Market Share, by Axis Type

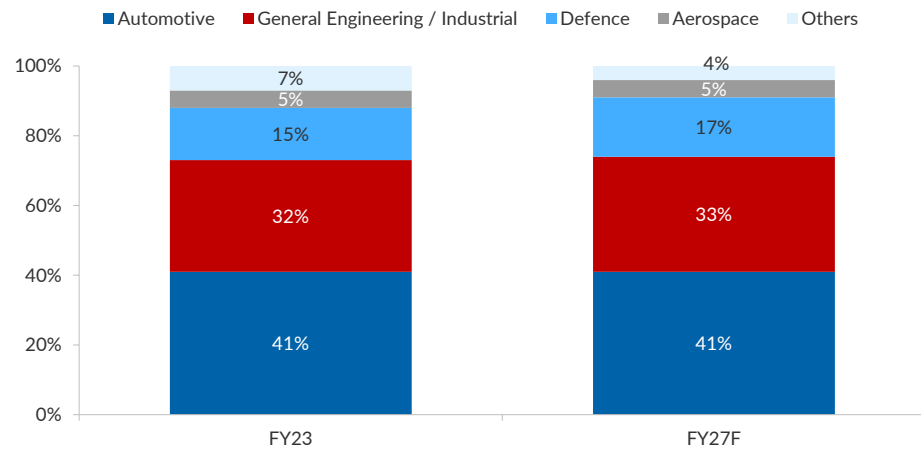


Source: Company prospectus, YES Sec

Share of A&D to increase by 2pp by FY27

A&D will see an increase of 2pp from 20% in FY23 to 22% in FY27E while share Automotive and General Engineering sector will remain at c75%.

Exhibit 44: Share of A&D to grow 2pp by FY27



Source: Company prospectus, YES Sec

IMPORT SUBSTITUTION

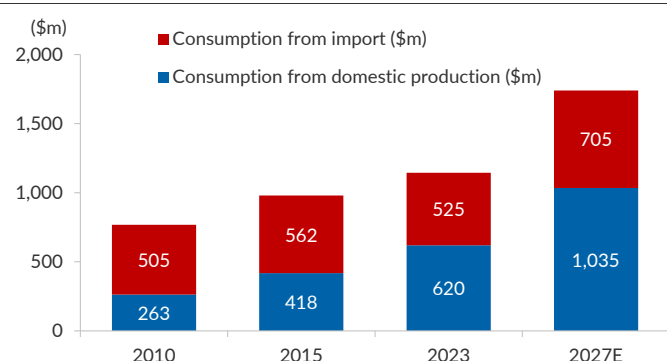
Share of domestic CNC machines to increase another 5pp to 59% by FY27

Demand-supply gap in high-end machine production in India: The domestic CNC machine manufacturers have historically focused on low-to-medium end CNC machines, with over 60% of those machines being used in the automotive industry – this led to a demand-supply gap in high-end machines as well as machines used by non-auto users.

Policy-push and domestic competitiveness to increase domestic production: Over the past 15 years, the share of imported CNC machines reduced by 20pp to 46% in 2023 from c66% in 2010, as the domestic manufacturers started upgrading their machines to have more speed and accuracy along with Industry 4.0 features. According to Frost & Sullivan and IMTMA, the share of imported CNC machines is expected to decline by another 5pp to 41% over the next 3 years due to increasing competitiveness of the local players, push from manufacturing associations as well as government initiatives such as Atmanirbhar Bharat and Make in India campaigns.

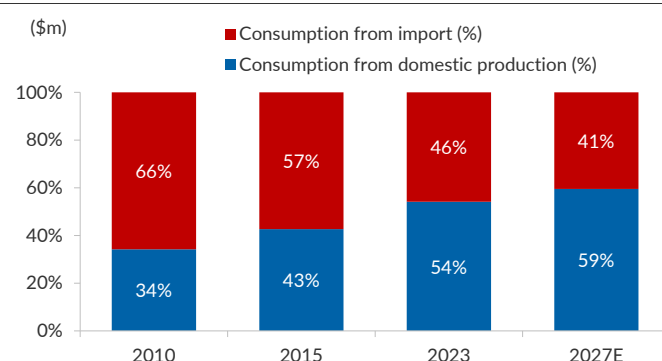
Jyoti CNC is one of the first domestic CNC machine suppliers to EMS sector through its high-speed Tachyon series milling machines. It had received orders of over Rs. 8.5bn in the last couple of years.

Exhibit 45: Domestic production of CNC machines to grow at 14% CAGR through FY23-27...



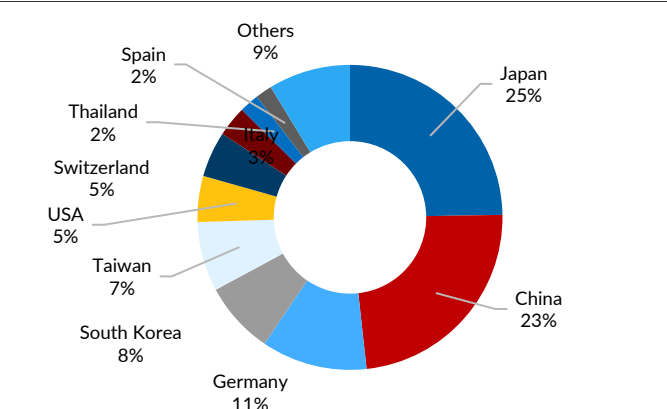
Source: Jyoti CNC prospectus, YES Sec

Exhibit 46: ...resulting in share of domestic production to increase by 5pp to 59%



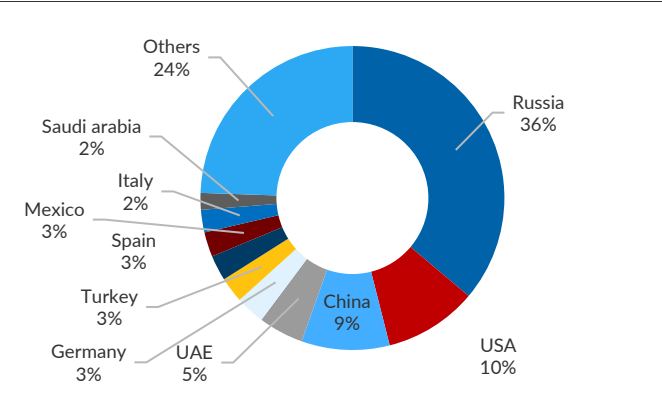
Source: Jyoti CNC prospectus, YES Sec

Exhibit 47: Imports from other countries: Japan and China accounts for about 50% of total imports



Source: IMTMA 2025, YES Sec

Exhibit 48: Exports: Russia, USA and China account for over 50% of total exports



Source: IMTMA 2025, YES Sec

END MARKETS

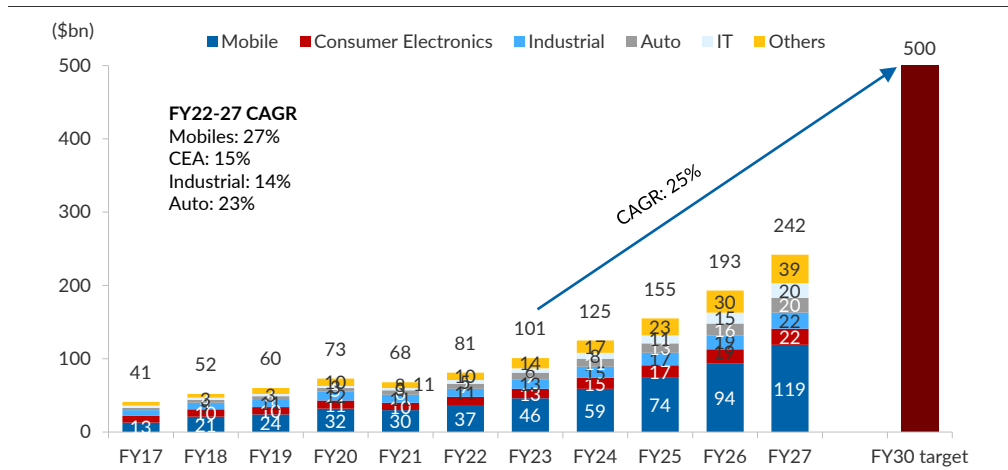
EMS industry to need over 1 lakh machines over the next 5 years implying market potential of Rs. 300-350bn

Market potential of Rs. 300-350bn over the next 5 years: Industry reports suggests that EMS industry in India will need over 1 lakh CNC machines over the next 5 years, driven by rising demand from mobile phone manufacturers, electronic component manufactures, semiconductors sector. This provides a cumulative market of Rs. 300-350bn over the next 5 years or 60-70bn p.a.

Over the last decade, the government has undertaken various measures to increase the attractiveness of electronics manufacturing in India. The measures include PLI scheme, "Make in India" initiative, Digital India, enhancement in Ease of Doing Business, Electronics Manufacturing clusters, Scheme for Promotion of Manufacturing of Electronics Components and Semiconductors (SPECS).

Electronic production to grow at c25% CAGR through 2023-30: The government is targeting the electronics production to increase to \$500bn by 2030 (FY23: \$101bn) representing a FY23-30 CAGR of 25%. 2030 target entails \$350bn from finished goods production and remaining \$150bn from manufacturing of components.

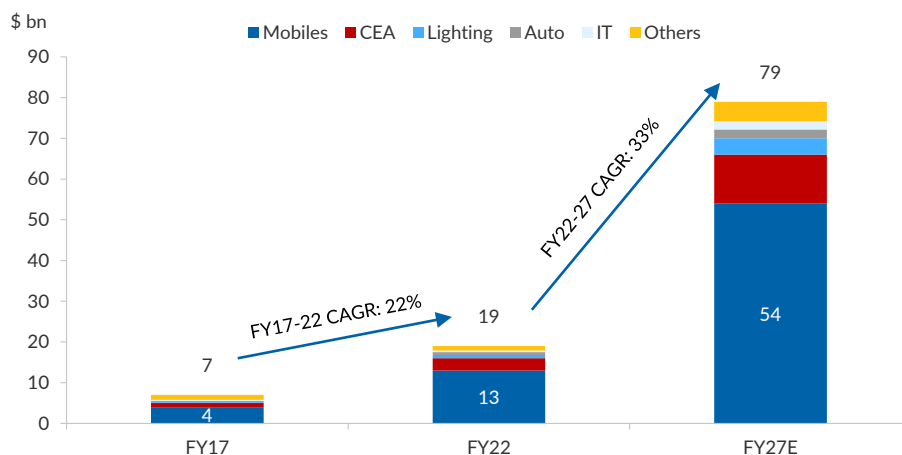
Exhibit 49: India's Electronics production to grow at 25% CAGR from FY23-30



Source: MeitY, YES Sec

>30% CAGR growth seen in EMS market: Mobile phone, consumer Electronics will see continued solid growth (34-35% CAGR each) led by development of domestic ecosystem, China+1 strategy and increase in share of outsourcing. As of now, EMS service providers have mainly focused on assembly operations, however, the biggest potential for CNC machines comes from component manufacturing services. Jyoti CNC already offers machines for mobile phones and is currently working on manufacturing machines for semiconductor market.

Exhibit 50: EMS production: Mobile phones and CEA expected to grow in 30-35% range through FY22-27



Source: EY, YES Sec

Budgetary outlay of Rs. 76,000 crores to setup semiconductor and display ecosystem in India

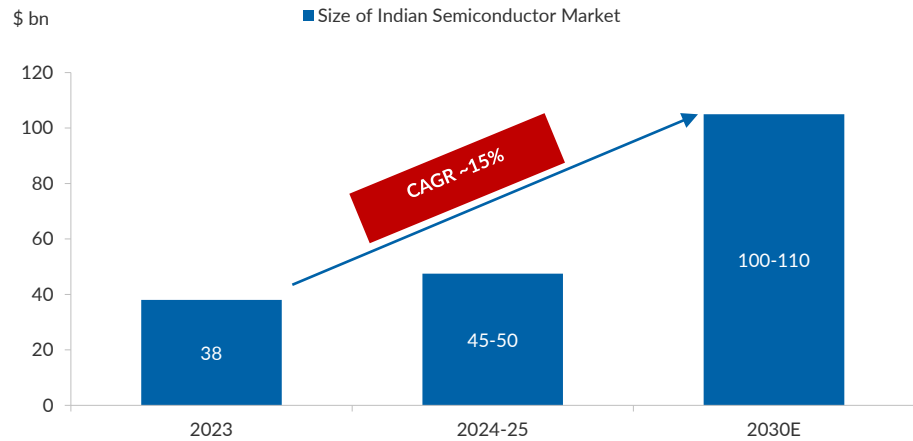
Semis is potential source of income: Indian government has recognized semiconductors as an area of strategic importance and has rolled out various initiatives to encourage setup of chip manufacturing facilities in India. The government launched SEMICON India Program with a budgetary outlay of Rs. 76,000 crores to setup semiconductor and display ecosystem in India. Domestic semiconductor market is expected to grow at 13% CAGR from current \$45-50bn to \$100-110bn by 2030.

Exhibit 51: Semiconductor plants in India

Date	Company	Location	Status	Investment (INR Cr)	Output capacity
Jun-23	Micron Technology	Sanand, Gujarat	Ongoing	22,516	ATMP facility, with phased ramp-up
Feb-24	Tata electronics (TEPL) in partnership with powerchip semiconductor manufacturing corporation (PSMC) of Taiwan	Dholera, Gujarat	Ongoing	~91,000	Fab: 50,000 wafers/month
Feb-24	CG Power and Industrial Pvt Ltd in partnership with Renesas and Stars Microelectronics	Sanand, Gujarat	Launched one of the country's first end-to-end OSAT pilot line facilities. First 'Made in India' chip expected to be rolled out from this pilot facility	~7,600	ATMP - 15 million chips/day
Feb-24	Tata semiconductor Assembly and Test Pvt. Ltd (TSAT)	Mizoram, Assam	Phase 1 expected to be commissioned by April 2026	27,000	ATMP - 48 million chips/day
Sep-24	Kaynes Semicon Pvt Ltd	Sanand, Gujarat	Pilot facility operational	3,307	OSAT - 6.33 million chips/day
May-25	HCL - Foxconn JV	Jewar, Uttar Pradesh	Ongoing	3,700	20,000 wafers/month (36M units/year)
Aug-25	SicSem Private Limited	Bhubaneshwar, Odisha	Recently approved	2,066	60 thousand wafers per year, ATMP capacity: 96 million units/year
Aug-25	3D Glass Solutions Inc.	Bhubaneshwar, Odisha	Recently approved	1,943	Glass panels: 70 thousand units/year. ATMP 50 million units/year

Source: PIB, YES Sec

Exhibit 52: Indian Semiconductor market to reach \$100-110bn by 2030 from \$45-50bn in 2024-25

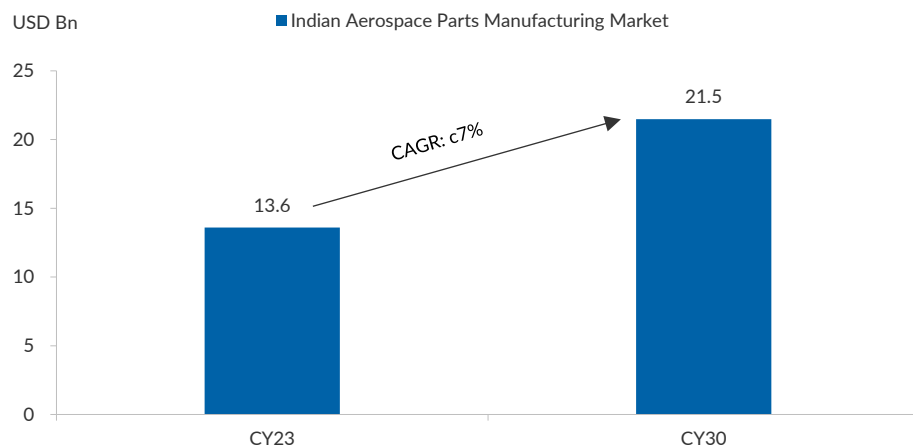


Source: PIB, YES Sec

Aerospace

C7% CAGR growth in aerospace parts manufacturing: India is emerging as an attractive destination for manufacturing of parts and components for aerospace industry and major players like Airbus, Boeing and GE are expanding their operations in India by setting up engineering centers, manufacturing plants and supply chain operations. As per Research and Markets report, India's aerospace parts manufacturing market size was estimated at \$13.6bn in 2023 and is expected to grow at CAGR of c7% to \$21.5bn by FY30.

Exhibit 53: Indian Aerospace Parts Manufacturing Market



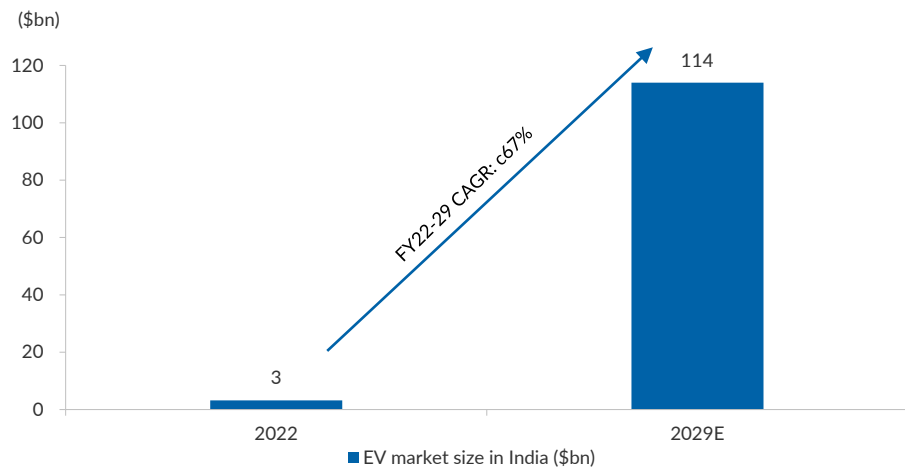
Source: Research and Markets, YES Sec

CNC machines are extensively used in aerospace industry due to the complex shapes and sizes of aircraft parts that require high precision machining.

Autos

India is on track to become the largest EV market by 2030, with a total investment opportunity of over \$200bn over the next 8-10 years, as per IBEF. As per the Economic Survey 2023-24, the PLI scheme for auto and auto parts has so far attracted a proposed investment of Rs. 67,690 crores. The center also launched PM E-DRIVE scheme to promote mass mobility through the support of public transportation systems – the scheme has a financial outlay of Rs. 10,900 crores.

Exhibit 54: EV market is expected to grow at 67% CAGR through FY22-29



Source: IBEF, YES Sec

COMPANY OVERVIEW

About the company

Jyoti CNC is one of the leading manufacturers of CNC machines in India. It specializes in production of high-precision CNC lathes, vertical machining centers, horizontal machining centers and custom automation solutions. It sells its products to Automotive sector, A&D, Electronics, General Engineering Die & Moulds, Railways, Power, Healthcare etc. It has a wide range of products with over 200 variants and has installed over 1.3 lac machines worldwide. It has a manufacturing capacity of c6,000 machines. The company has 9 sales and service centers and 2 dealer/distributors in India and has 11 dealers/distributors outside India.

The company was incorporated in 1989 and has vertically integrated manufacturing facilities – including foundry, machine shop building, sheet metal, paint shop and assembly. It has a wide client base including Airbus, HAL, General Electric, Boeing, Rolls Royce, Tata Motors, MBW, ArcelorMittal, Bosch, Harsha Engineering, Godrej, Indian Railways etc.

Management

Jyoti CNC has a very experienced management team with most people associated for more than 20 years now.

Exhibit 55: Management overview

Parakramsinh Ghanshyamsinh Jadeja <i>Promoter, CMD</i>	<ul style="list-style-type: none"> Associated with Jyoti Enterprise as a partner since 1989 Director on the board of Indian Machine Tool Manufacturers Association since 2015
Kamlesh Sureshbhai Solanki <i>CFO</i>	<ul style="list-style-type: none"> Serving as the CFO since 2015. Joined the company as Manager-Finance in 2004 Holds a bachelor's degree in commerce
Alay M. Dave <i>COO</i>	<ul style="list-style-type: none"> Appointed as COO in August 2025 Holds BE in Mechanical Engineering from University of Mumbai
Marc Paul Troia <i>Director General of Huron</i>	<ul style="list-style-type: none"> Prior experience includes ABB, Renault Automation, Amada, forest Line Graduate Engineer in Mechanics; BAC E (degree in Mechanical Engineering)
Vijaysinh Pravinsinh Zala <i>Executive Head - Design</i>	<ul style="list-style-type: none"> Associated with the company since 2004 Education include B.E. (Mechanical)
Hitesh Chhaganbhai Patel <i>General Manager - Assembly</i>	<ul style="list-style-type: none"> Associated with the company since 2004 Education include B.E. (Electronics & Telecom) and MBA (Newport University, CA)
Hiren Mahipatsinh Jadeja <i>General Manager - Assembly</i>	<ul style="list-style-type: none"> Associated with the company since 2004 Education include B.E. (Electronics & Telecom) and MBA (Newport University, CA)
Vikas Raj Taneja <i>President - Marketing</i>	<ul style="list-style-type: none"> Associated with the company since 2008 Education include B.E. (Engineering Production) and Master's Diploma in Business Administration

End user industry and products

Exhibit 56: End users and product profile



200+ product variants across industry segments



Source: Company data, YES Sec

Exhibit 57: Key milestones

1991	<ul style="list-style-type: none"> Originally incorporated as AMB Engineering company PVT LTD in 1991
2007	<ul style="list-style-type: none"> Acquired Huron Graffenstaden SAS Increased the installed capacity to 1,500 machines p.a.
2008	<ul style="list-style-type: none"> Inaugrated a R&D facility at Rajkot, Gujarat
2016	<ul style="list-style-type: none"> Entered into an MOU with a research institution incorporated by the Govt. of India for development of 5 axis CNC Multi-Tasking Machines
2017	<ul style="list-style-type: none"> Launched 7th SENSE - an industry 4.0 initiative geared towards automating sophisticated and repetitive functions Launched KX300 to cater to Aerospace and Defense segments
2019	<ul style="list-style-type: none"> Launched an AI system called "PreciProtect" which is used as collision prevention technology
2022	<ul style="list-style-type: none"> Developed VST 160 with integrated auto loading and unloading systems to cater Electric Vehicles
2024	<ul style="list-style-type: none"> Consolidated order book crossed Rs. 34 billion Listed on NSE/BSE exchanges Capacity expanded to 6,000 machines

Source: Company, YES Sec

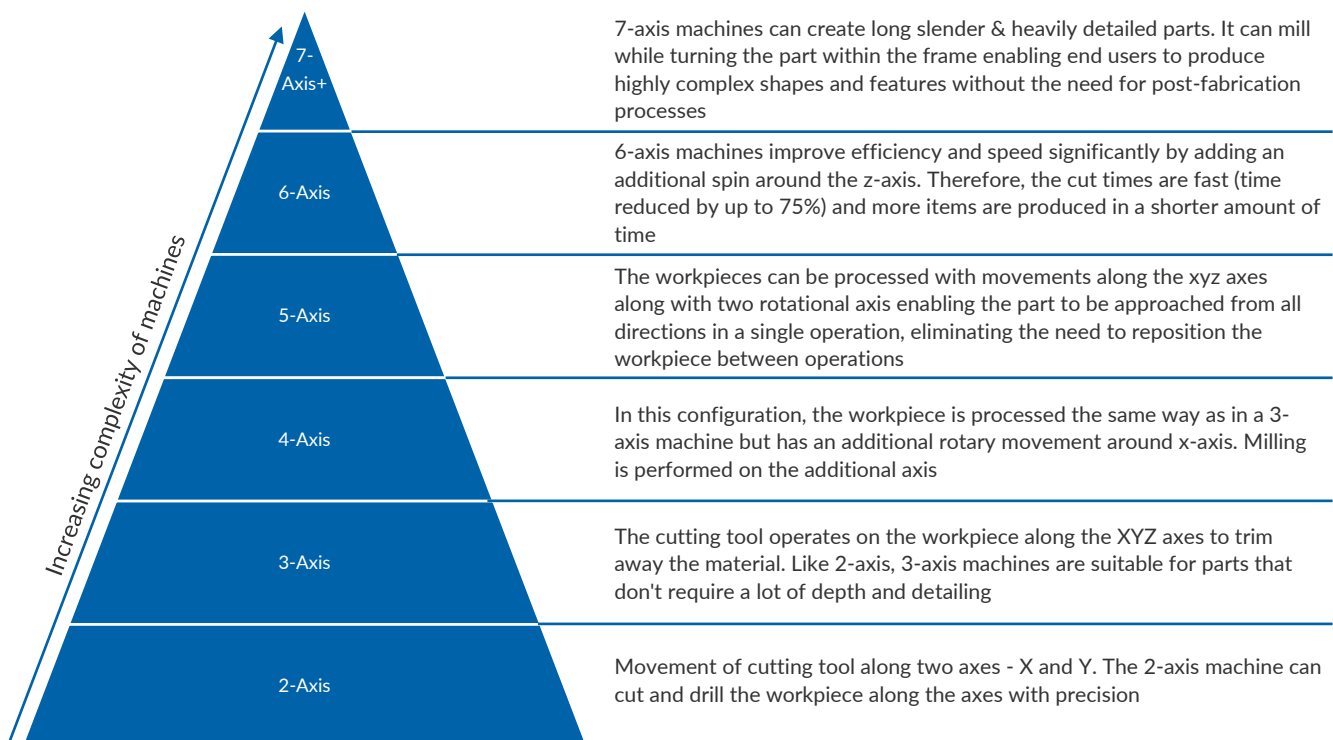
Exhibit 58: Global customer base

Global Customer Base



Source: Company, YES Sec

Exhibit 59: Types of CNC machines



Source: Company data, YES Sec

FINANCIALS

Exhibit 60: Valuation multiples and ratios

Valuation multiples and ratios (Rs. Mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Valuation multiples							
Price at period end			821	1,058	850	850	850
Market capitalisation			156,997	240,614	193,287	193,287	193,287
Net debt			14	4,835	5,595	4,027	1,968
Minorities			0	0	0	0	0
EV			157,012	245,449	198,882	197,314	195,255
EV/Sales			11.7x	13.5x	8.1x	6.3x	5.0x
EV/EBITDA			52.2x	50.0x	31.6x	24.3x	19.1x
EV/EBIT			58.5x	54.0x	34.8x	26.9x	20.8x
P/E			104.1x	76.1x	46.4x	35.7x	27.2x
FCF Yield			-2%	-2%	-1%	1%	1%
Ratios							
Profitability ratios							
Gross margin	43.8%	40.6%	49.7%	52.2%	51.0%	48.0%	46.0%
Adj. EBITDA margin	9.7%	8.3%	22.5%	27.0%	25.5%	26.0%	26.0%
Adj. EBIT margin	4.9%	4.7%	20.0%	25.0%	23.2%	23.5%	23.9%
PAT margin	-6.5%	-0.6%	11.3%	17.4%	16.9%	17.4%	18.1%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Leverage ratios							
Net debt/Equity	19.2x	10.0x	0.0x	0.3x	0.3x	0.2x	0.1x
Net debt/EBITDA (adj.)	10.9x	10.7x	0.0x	1.0x	0.9x	0.5x	0.2x
Interest coverage ratio	0.4x	0.5x	3.0x	10.8x	11.8x	18.7x	33.3x
Return ratios							
ROCE	4%	5%	20%	23%	22%	24%	26%
ROE	-63%	-9%	21%	21%	22%	23%	24%
FCF margin	-11.1%	-8.7%	-18.5%	-24.8%	-7.1%	5.0%	5.2%
NWC days							
Receivable days	98	57	68	98	80	80	80
Unbilled Receivables	0	51	44	106	91	91	91
Inventory days	310	322	236	172	172	157	157
Payables days	144	162	100	82	80	80	80
NWC days	264	269	249	293	263	248	248

Source: Company, YES Sec

Exhibit 61: Income Statement

Profit and Loss (Rs. Mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue from operations	7,465	9,293	13,385	18,177	24,697	31,227	39,240
y/y growth (%)	29%	24%	44%	36%	36%	26%	26%
Gross profit	3,268	3,777	6,648	9,489	12,596	14,989	18,051
Margin (%)	43.8%	40.6%	49.7%	52.2%	51.0%	48.0%	46.0%
Adj. EBITDA	727	768	3,009	4,909	6,298	8,119	10,202
Margin (%)	9.7%	8.3%	22.5%	27.0%	25.5%	26.0%	26.0%
Adj. EBIT	369	432	2,682	4,544	5,721	7,335	9,380
Margin (%)	4.9%	4.7%	20.0%	25.0%	23.2%	23.5%	23.9%
EBIT	369	737	2,682	4,453	5,721	7,335	9,380
Margin (%)	4.9%	7.9%	20.0%	24.5%	23.2%	23.5%	23.9%
Interest	-822	-897	-897	-421	-484	-392	-282
PBT	-417	73	1,849	4,177	5,485	7,131	9,334
Tax	-66	-128	-341	-1,017	-1,316	-1,711	-2,240
Net profit	-483	-55	1,509	3,160	4,168	5,420	7,094
Margin (%)	-6.5%	-0.6%	11.3%	17.4%	16.9%	17.4%	18.1%
EPS	-3.28	-0.37	7.89	13.90	18.33	23.83	31.19
y/y growth (%)	-31%	-89%	n.a.	76%	32%	30%	31%
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company, YES Sec

Exhibit 62: Cash Flow

Cash Flow Statement (Rs. Mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Net profit before tax	-417	73	1,849	4,177	5,485	7,131	9,334
D&A	358	336	328	365	577	784	822
Others	1,117	835	842	497	484	392	282
Changes to working capital	-666	-752	-2,998	-5,225	-2,929	-3,256	-5,209
Direct tax paid	-6	-71	-503	-868	-1,316	-1,711	-2,240
Cash flow from operations	385	421	-483	-1,054	2,300	3,339	2,989
PPE	-406	-341	-1,143	-3,098	-3,576	-1,378	-648
Interest & commission received	15	9	51	58	0	0	0
Others	80	16	-613	-250	1,000	0	0
Cash flow from investing activities	-311	-316	-1,705	-3,290	-2,576	-1,378	-648
Increase/(decrease) in borrowings	670	428	-5,312	1,871	3,000	-1,500	-1,500
Share issuance	0	500	11,259	0	0	0	0
Finance cost paid	-822	-897	-897	-416	-484	-392	-282
Others							
Cash flow from financing activities	-152	31	5,050	1,454	2,517	-1,892	-1,782
Net increase/(decrease) in cash and cash equivalents	-77	136	2,862	-2,890	2,240	68	559
Cash at the beginning of the year	101	24	161	3,023	134	2,373	2,442
Cash at the end of the year	24	161	3,023	134	2,373	2,442	3,001

Source: Company, YES Sec

Exhibit 63: Balance Sheet

Balance Sheet (Rs. Mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Non-current assets							
PPE	2,746	2,689	3,086	4,564	7,495	8,013	7,754
CWIP	9	83	478	1,677	1,677	1,677	1,677
Right of use assets	0	0	0	0	0	0	0
Intangibles	179	142	137	123	173	229	294
Intangible assets under development	46	71	98	162	182	202	222
Others	313	375	361	195	195	195	195
Current assets							
Inventories	6,340	8,199	8,660	9,005	11,608	13,428	16,873
Trade receivables	2,002	1,459	2,491	4,865	5,433	6,870	8,633
Cash and cash equivalents	24	161	3,023	134	2,373	2,442	3,001
Other balances with bank	201	122	833	1,119	119	119	119
Others	1,001	1,853	2,616	6,075	7,644	9,603	12,007
Total assets	12,862	15,153	21,783	27,920	36,900	42,779	50,777
Equity							
Equity share capital	295	329	455	455	455	455	455
Other equity	117	491	13,191	16,407	20,575	25,995	33,088
Non-current liabilities							
Borrowings	1,403	1,275	845	1,026	4,026	2,526	1,026
Others	329	330	153	185	185	185	185
Current liabilities							
Borrowings	6,519	7,075	2,193	3,943	3,943	3,943	3,943
Trade payables	2,954	4,130	3,715	4,101	5,433	6,870	8,633
Others	1,246	1,524	1,231	1,803	2,283	2,805	3,446
Total equity and liabilities	12,862	15,154	21,783	27,920	36,900	42,779	50,776

Source: Company, YES Sec

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