

JTEKT India Ltd. – Investment BUY Call – 6 Months Horizon

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 16 June 2026

CMP-> 134

Upside Potential-> 14%

Investment Horizon-> 6 Months

Target price-> 153

1. Business Overview, Market Position and Strategic Transformation

JTEKT India Limited is a leading automotive component manufacturer focused on steering systems and driveline products for passenger vehicles, utility vehicles and light commercial vehicles. Established in 1984, the company operates as part of the global JTEKT Corporation ecosystem and benefits from Japanese technology capabilities, especially in steering solutions. The company manufactures products including rack and pinion manual steering gears, hydraulic power steering systems, electric power steering systems, steering columns, intermediate shafts and Constant Velocity Joints (CVJ). Its customer base includes leading OEMs such as Maruti Suzuki India Limited, Toyota Kirloskar Motor, Tata Motors, Mahindra & Mahindra, Honda Cars India and Renault Nissan Automotive India. The company has strategically expanded beyond its traditional steering business into driveline products through CVJ, positioning itself for higher content per vehicle opportunities, especially in EVs and new-generation vehicles. With seven manufacturing facilities across Gurgaon, Dharuhera, Bawal and Chennai, along with the upcoming Gujarat facility, JTEKT India is transforming from a steering-focused supplier into a broader mobility technology supplier.

2. FY26 Performance, Q4FY26 Results and Financial Strength

JTEKT India delivered a strong FY26 performance despite a weak first half environment, supported by demand recovery in the second half after GST rate reductions improved vehicle affordability. Passenger vehicle volumes increased to 5.54 million units in FY26 compared with 5.07 million units in FY25, representing approximately 9% growth, while JTEKT India outperformed the market with around 11% revenue growth. Growth was driven by increased supplies to Maruti Suzuki platforms including Alto, Jimny, Baleno, Ertiga, Brezza, e Vitara and Victoris, along with improving demand from Mahindra and Tata Motors. FY26 EBITDA margin stood at approximately 7.5%, marginally lower than 7.6% in the previous year due to higher variable costs, product mix changes and export-related challenges. However, the company demonstrated operating leverage in 2HFY26, with EBITDA margin improving to 8.48% compared with 7.71% in the previous year period. Cost efficiency initiatives helped reduce employee and administrative expenses by around 28 basis points despite rights issue-related expenses. The balance sheet remains positioned for growth after the successful rights issue, where promoters including JTEKT Corporation Japan and Maruti Suzuki fully participated, strengthening the company's ability to fund expansion.

3. EV Opportunity, CVJ Expansion and Future Growth Drivers

The biggest medium-term growth opportunity for JTEKT India is the EV transition and increasing vehicle content per platform. The company has positioned itself strongly in EV applications by supplying complete steering solutions and CVJ systems. Management highlighted that JTEKT India currently supplies 100% of Maruti Suzuki's EV steering requirements, including complete steering systems, MS gears, column power steering and CVJ components. The upcoming Maruti Suzuki Gujarat EV platform, expected around October 2026, is expected to be a major growth catalyst, with JTEKT supplying critical components. The company's CVJ business is emerging as a strategic growth engine, with CVJ Line 2 becoming operational in November 2025, adding approximately 7.54 lakh units annual capacity. FY26 CVJ

revenue was around INR130 crore, with utilization still at an early stage, providing significant operating leverage opportunity. Management expects CVJ sales to increase towards INR250 crore as utilization improves and new EV programs ramp up. CVJ also provides better margins compared with traditional manual gear products due to higher localization and potential future backward integration opportunities such as forging.

4. Export Growth, Capex Strategy and Capacity Utilization Improvement

Exports represent an important future growth opportunity, especially as global OEM sourcing shifts towards India. FY26 exports increased 20% year-on-year from INR55 crore to INR66 crore, although still below FY24 levels of approximately INR87 crore. The company has recently started exports to Stellantis Brazil, with dispatches beginning in May 2026. The Brazil program has significant long-term potential, with management indicating volumes could rise from approximately 70,000 units initially to 100,000–150,000 units annually and potentially reach 5 lakh units over the longer term. JTEKT India has already created export capability through its Chennai facility, including manual gear and rack-and-pinion capacity of approximately 4 lakh units. Over the last three years, the company invested heavily in capacity expansion, with cumulative capex of around INR800 crore and significant CWIP of approximately INR411 crore. The Gujarat plant remains the key upcoming investment, with total commitment of around INR250 crore, of which approximately INR130 crore has already been spent. FY27 capex intensity is expected to moderate, with remaining spending focused on Gujarat completion and maintenance capex. Improvement in capacity utilization across CVJ, EV programs and export lines should support margin expansion and improve return ratios over the next few quarters.

5. Near-Term Growth Outlook, Sector Tailwinds and Business Catalysts

The next 2–3 quarters are expected to be driven by improving utilization of recently commissioned capacities, EV-related programs, export ramp-up and recovery in OEM demand. The company is benefiting from structural automotive trends including electrification, higher component value per vehicle, localization and India becoming a global manufacturing hub. Government initiatives supporting electric mobility, domestic manufacturing and automotive supply chain localization provide long-term sector tailwinds. Maruti Suzuki's strong market position, rising SUV penetration and new model launches remain key demand drivers for JTEKT India. The company expects benefits from normalization of US tariffs, where reciprocal tariff impact reduced from 50% to 10%, improving export competitiveness. Additional growth opportunities include recovery in Honda business, supported by the expected Honda SUV EV launch around December 2026, which management indicated could represent a potential INR100 crore opportunity if volumes materialize. As new programs stabilize, testing and development costs should normalize, supporting margin improvement. Higher capacity utilization across Gujarat, CVJ lines and export facilities creates potential for operating leverage over the medium term.

6. Business Risks, Short-Term Headwinds and Key Monitoring Factors

The company faces near-term challenges including adverse product mix, slower recovery in certain OEM relationships, export volatility and temporary margin pressure. The decline in Honda volumes, lower Renault Nissan export volumes and shift towards Maruti models impacted profitability because Maruti programs carry slightly lower margins compared with some other customers. Export recovery remains below historical levels, keeping profitability below potential. Higher electricity costs, temporary trial-run expenses from new production lines and US tariff-related costs impacted FY26 margins. Launch delays for e Vitara and Victoris affected FY26 capacity utilization and revenue timing. The company also faces execution risks around ramp-up of Gujarat capacity, EV program scaling and CVJ utilization. Customer concentration remains a factor, with Maruti Suzuki contributing approximately 60% of revenue mix in FY26. However, increasing diversification through Tata, Mahindra, exports, EV programs and driveline products should gradually reduce dependency risk.

7. Investment View: BUY Thesis for 6 Months Horizon

JTEKT India presents a medium-term investment opportunity based on the combination of automotive cycle recovery, EV transition, export expansion and operating leverage from recently created capacities. The company has successfully invested ahead of demand through significant capex, creating capacity for future growth in steering, CVJ and EV applications. While near-term margins remain affected by mix challenges and capacity ramp-up costs, profitability has already shown improvement in the second half of FY26, indicating operating leverage potential. The upcoming Maruti EV ecosystem, CVJ expansion, Brazil export opportunity and normalization of export tariffs provide multiple growth drivers over the next 2–3 years. The company's strong OEM relationships, Japanese technology support, localization capability and strategic positioning in EV components create a sustainable growth platform. With capacity utilization expected to improve, ROCE likely to recover from current depressed levels and business transformation progressing from steering supplier to integrated mobility component provider, JTEKT India offers an attractive medium-term BUY opportunity for a 6 months investment horizon.

Q4FY26 Financial Performance:

		YoY	QoQ	Mar 2026	Dec 2025	Mar 2025
Revenue Cr		20.2%	14.7%	780	680	649
Operating Profit Cr	^	25.6%	36.0%	71	52	57
OPM %				9.1	7.7	8.7
PAT Cr	^	11.5%	35.0%	27	20	25
NPM %				3.5	3.0	3.8
EPS ₹		4.2%	35.6%	1.0	0.7	0.9

Happy Investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team