



**JTEKT INDIA LIMITED**

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2<sup>nd</sup> June, 2025

**BSE Limited**

The Corporate Relationship Department  
Mumbai 400 001.

**Scrip Code - 520057**

**National Stock Exchange of India Ltd.**

Department of Listing Compliances  
Mumbai 400 051.

**Symbol – JTEKTINDIA; Series – EQ.**

**Sub : Transcript of Analysts' and Investors' Call.**

Dear Sir,

Pursuant to regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcript of the Analyst and Investors' call held on 29<sup>th</sup> May, 2025 on the audited financial results for the quarter and year ended 31<sup>st</sup> March, 2025. The said Transcript has been uploaded on the Company's website also, the link of the same is given below:

<https://jtekt.co.in/Menu/OpenFile?fileId=ab079f51-dc5f-4cc2-9047-dccc66f7687e&fileName=Transcript.pdf&fileType=pdf>

This is for your information and record.

Thanking you,

Yours faithfully,

For **JTEKT India Limited**

**Saurabh Agrawal**

**Company Secretary**

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**“JTEKT India Limited Q4 FY2024-'25 Earnings  
Conference Call”**

**May 29, 2025**



**MANAGEMENT: MR. MINORU SUGISAWA—CHAIRMAN & MANAGING  
DIRECTOR, JTEKT INDIA LIMITED  
MR. RAJIV CHANANA - DIRECTOR AND CFO, JTEKT  
INDIA LIMITED  
MR. YOSUKE FUJIWARA – DIRECTOR, JTEKT INDIA  
LIMITED  
MR. A. D. RAO – ADVISOR (TECHNICAL), JTEKT  
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MR. ASHISH SINGH – DIVISIONAL HEAD (STRATEGIC  
DIVISION), JTEKT INDIA LIMITED  
MR. TERUMITSU KUWANA – HEAD (SALES &  
MARKETING)**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY2024-'25 earnings conference call of JTEKT India Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to the Management of JTEKT India Limited. Thank you and over to the management team of JTEKT India Limited.

**Rajiv Chanana:** Good afternoon everyone. My name is Rajiv Chanana. I am Director and CFO at JTEKT India Limited. I would like to introduce the team here. Sugisawa San is our Chairman and Managing Director. Then we have Fujiwara San – our Director. Mr. A. D. Rao is our Advisor, Technical. Mr. Ashish Singh is Divisional Head, Strategic Division. Kuwana San is heading the Department of Sales and Marketing. So these are the team members present here and I would like to request Sugisawa San to deliver the inaugural speech. Thank you.

**Minoru Sugisawa:** Thank you, Chanana San. Good afternoon. My name is Minoru Sugisawa. Welcome to the JTEKT India Limited Annual Earning Call. I would like to thank all participants for joining this call and the organizers.

For the Financial Year 2024-'25, passenger vehicle segment achieved sales of 5.1 million units compared to 4.9 million units sold in 2023-'24, thereby achieving an annual growth of 3.7%. As per SIAM, high base effort of Financial Year 2023-'24 resulted in moderate growth in 2024-'25. Several initiatives such as attractive discounts and promotional offers help the industry to sustain volumes and maintain growth momentum. Another positive news in the passenger vehicle saw their highest ever export in 2024-'25 of 0.8 million units registering a growth of 14.6% as compared to FY'23-'24. Growth in exports have been driven by demand of global models being manufactured from India and supplied in Latin America and Africa. While '24-'25 marks the fourth consecutive year of year-on-year growth for the industry, the growth rate is the lowest in the past 4 years.

In the first half of '24-'25, we observed events like elections, heat waves, and heavy rains in certain regions, and called these events contributed to slow growth and all sectors in the first half of 2024-'25. However, the industry recovered in a third financial quarter due to feasible sales and promotional offers by OEMs. Well, looking ahead, SIAM expects the auto sector to continue its growth in 2025-2026. Stable economic conditions, proactive government policies, and infrastructure spending are likely to support this growth. A normal motion as forecasted is also expected to boost the demand, particularly in rural and semi-urban areas.

Now, let's review the Company's Financial Results:

The financial results for FY'24-'25 are now available with you. During the Financial Year 2024-'25, JTEKT achieved sales growth of 7% compared to passenger vehicle market growth of 3.7% during this period. Margins were, however, under the pressure due to several external uncontrollable factors. EBITDA margins have dropped down from 9.5% achieved last year FY'23-'24 to 7.6% in the current FY'24-'25. Due to lower than budgeted sales growth, we could not absorb the increases in employees cost, which is a percent of sales increased to 10.4% in FY'24-'25 compared to 10.1% level last year. However, we were able to contain administration cost at Rs. 455 million in FY'24-'25 compared to Rs. 494 million incurred during the last Financial Year, 2023-'24. Therefore, at the fixed cost level, management assured that there was no negative impact on profitability.

On the variable cost front:

We faced several external challenges. In our presentation uploaded on the Stock Exchange yesterday, we explained these external factors which resulted in increase in variable cost. I would share a few major factors with you. One, export sales to our US customers declined reducing share of export sales in our overall sales from 4% to 2.4% in the previous year. In a current period, the export volume has now come back to its normal level. This decline in export last year resulted in a reduction in margin by 0.6%.

The second, we faced quality defects in manual gear supplied to one of our customers and had to jointly decide for product recall for a total quantity of around 2,500 units. Most of the replacement jobs have been completed. This factor impacted our margin by 0.3%. Third point, due to increase in process costs converting employee wages, power costs, consumables, and so on. And the company has received the results from the vendors for the price increase for which the company has made certain provisions in books at the year end. We have started communication with our customers for recovery for this additional cost. As per accounting policy, the company has then taken the expense provision which has impacted margin by 0.4%. As I started out here, most of these cost impacts are exceptional and at one time.

With this, I would like to thank you for your participation and open the conference for the questions. And I would like to share that I have to dismiss meeting shortly for my personal occasion. Thank you very much.

**Moderator:**

Thank you. We will now begin the question and answer session. We will take our first question from the line of Aman Vora from Premier Capital. Please go ahead.

**Aman Vora:**

Hi. Good evening to the management and thanks for the opportunity. My first question is on our CAPEX. So we've done about Rs. 275 crores of CAPEX this year. While our parent company, JTEKT Corp, in its Investor Presentation has highlighted 30 billion Yen which is Rs. 1800 crores of CAPEX in India till FY'28. So I just wanted to understand what segments would this large CAPEX entail and what is the thoughts of the Management and the typical asset turnover that we see on the CAPEX?

**Rajiv Chanana:**

Thank you. I will start with the answer. I will first explain you the CAPEX which has been incurred during the current financial year. Then I will give you the picture about the last year, current year, and the next year, about 3 years period. So for '24-'25, the company incurred a total CAPEX of Rs. 287 crores, primarily towards expanding production capacity. So when we look at the total expenditure on creating new capacity out of this Rs. 287 crores, Rs. 191 crore was deployed towards that. Then we had some maintenance CAPEX of Rs. 39 crores, IT expenditure of Rs. 7 crores and dyes which are used in the manufacturing about Rs. 50 crores. So this was a broad breakup of Rs. 287 crores. Just to explain you where this money has gone, so at present the company is working on the third CPS line. We got two lines at our Bawal plant. We are setting up a third line and this will help us to increase our production capacity from 10 lakhs to 15 lakhs units. About Rs. 100 crores kind of a CAPEX is the total requirement for this expansion. Then we are working on the fifth manual gear line, the Dharuhera facility, where we have most of the manual gear production capacity and this will increase the setting of the fifth line will increase our capacity from 24 lakhs to 29 lakhs units. Again this will involve about a CAPEX of about Rs. 35 to Rs. 40 crores. Then we announced to stock exchange in December 23 and February 24, you must have seen our announcements about setting 2 more manual gear lines. The sixth line will be at the Dharuhera and there will be one additional line which will be line number four at our Chennai facility. All these when once completed will increase our production capacity from 29 lakh units to 36 lakh units. Further in February '24, we announced about setting up a new CVJ line and this will involve a CAPEX of about Rs. 90 to Rs. 100 crores and this will be happening during July '25 period. So all these CAPEX are happening as we are speaking these capital expenditures are happening. Few activities started last year, few will continue to the next financial year.

How we met this capital expenditure, just to explain that, so '24-'25 we had a cash generation of Rs. 156 crores. We had some cash available from last year. As a result, the increase in bank borrowing was pretty small, like just about Rs. 43 crore required from outside and the entire Rs. 287 crore was funded out of the internal accruals. Our debt equity is still at 0.17 level, which means that we have still more borrowing capacity available. Now I tell you about the 3 years period. So CAPEX for last year, '23-'24 was about Rs. 172 crores. Current year as I told you about Rs. 287 crores. Assuming Rs. 300 crores of capital expenditure for next year, we will end up with about Rs. 760 crores of CAPEX over the 3 years period. So out of this Rs. 760 crore, Rs. 430 crore will be utilized for our capacity expansion. Like whatever I told you, CPS line, 3 MS-Gear lines, 1 CVJ line, these will be requiring about Rs. 430 crores of CAPEX, which include plant and machinery, as well as the civil and building infrastructure. Because currently we do not have space available, so we are constructing additional space at our Bawal plant, at our Dharuhera plant etc. So together that, total expenditure will be around Rs. 430 crores. The remaining will be like maintenance CAPEX about Rs. 80 crores, dyes which are used for production Rs. 150 crores, IT about Rs. 15 crores. And then, certain about Rs. 82 crore we have kept for activities like backward integration, our pressure die casting plant which we have, so we are setting up one additional 850 ton machine. We have a technical center, we are expanding facilities there and we have for our bidding safety, certain civil expenditure will need to be incurred. So when we look at this Rs. 460 crores over the 2 years period, when we incurred about

Rs. 460 crores kind of a CAPEX, the increase in borrowing was just about Rs. 95 crores, which means that 80% of the CAPEX was met out by internal approvals.

So now coming back to your next point about JJP explanation that we will be spending about Rs. 1800 crores. So I have given you explanation about Rs. 760 crores. As we reported on 7th of October to Stock Exchange 2024 about setting up a new facility in the state of Gujarat, not Sanand, this is at Jalisana, very near to the Suzuki plant. So we expect this facility and currently the layout and other planning process is on. This is required because we do not have any facility in the western region. So this will be the first plant in western region. It currently is very difficult to cater to the requirements from Haryana. So it's a good step. It will help us meeting the quality and logistics standards. We have at this point of time we have allocated about Rs. 250 crores for this project. However, when we look at the overall plan for this project by expanding including the production capacity, which we are planning to set up there, the total project cost will be around Rs. 650 crores. So these are the broad breakup, I am not going to very specific details because there will be maintenance capital, there will be production dyes etc. So that all together, so this number which has been quoted is more or less tallies with my number, which I have just communicated to you. There is some cushion right? So maybe JJP normally keep some cushion available. They need to allocate funding for the entire world, for all the regions they allocate money. So some money has been allocated. We are happy that a good amount of money has been allocated to us. And JJP will be supporting that. So this is our answer. If you have any further thing.

**Aman Vora:**

Yes, I just have one follow-up, sir, there. What is the, like we identified Rs. 460 crores of incremental capacity that we have added. What is the typical asset turn that we would expect out of this capacity and how much time does it take for you to realize to reach full potential? So what is the typical asset turn that we should expect?

**Rajiv Chanana:**

Okay. Asset turnover that typically depends on asset to asset. It's not that it's common for all the products. If you have seen our investor presentation, which we uploaded, our current FACR is about 4x. So I think which we have been able to maintain for almost 2, 3 years. Just to give you an example, like, when we set up a new line for CPS, the asset turnover can be pretty good because it's a high value product, it requires lot of assembly operation rather than machining operations and therefore the asset turnover can be high, it can be up to 5x but when we come to a product which requires lot of machining for example CVJ where we have to do the complete setup, there the FACR may be slightly lower, say 1.5 maybe little lower than 2, but this is an average game. So on an average when we combine all the asset capitalization in our company, we are able to achieve so far for the last 2, 3 years, we've been able to achieve 4x FACR, which is considered very healthy from a component manufacturer perspective. Yes, there are opportunities, we will try to improve further, but that's the current picture.

**Aman Vora:**

Yes. So I ask that is that, so we've introduced new CVJ products, we've expanded capacity in our current portfolio. But if I see the incremental between the volume growth, which is 3.7% and our topline growth, which is 7%, the differential is very less. What I want to understand is

that how our topline growth can be, we can grow quicker because of all of these interventions that we've done in the last 2 years and we continue to do so that the differential between our revenue growth and volume growth of these players is higher because we are introducing newer products in the market.

**Rajiv Chanana:**

So I think let me answer you by giving an example of CVJ. So this particular introduction of CVJ is a step, we wanted to gain a share in the drive-line segment of the auto component market. We are not a system supplier at this point of time. Like we are system supplier for the steering side. For the drive-line, we still have a mileage to go. So we set up this facility at Dharuhera. The first line was set up. There was a total CAPEX of about Rs. 880 crores. And then we infused some more capital expenditure for this line, it got a capacity of approximately 3.7 to 4 lakh units. Currently, we are using this facility for Grand Vitara and Toyota Hyryder, which is Toyota and Maruti joint production. Currently, our line utilization is just about 65, 70 kind of a number. For example, '24-'25, we sold about 2.7 lakh units, which is about 1.35 lakh sets of CVJ and that's just about 65%-70% capacity utilization. So what's happening? We are now planning to start one additional model of Maruti Suzuki and once that starts, the capacity will be short. So that's why if you recall, we already have started working on the second line. So while currently the capacity utilization is less, we are simultaneously working on the capacity expansion. It's like when the delays which have happened, I think this particular model has been delayed by almost 6 months now. But there are no good news that this will be starting now sometime in July. Once the program, our second line will also be ready around July. So we are planning that not only the previous line will get fully utilized, but for the new line also we will have a sizable business. So we are waiting for that. I mean, this is one of the examples. Similarly, to give you another example, we got an export order from Brazil. Again, that is slightly delayed. These are normal features. There's a lot of testing and validations are required at the OEM front. So many parts goes into the car, and they need a lot of testing to be done. So we have seen these launches getting delayed in the past also. So these are the two examples. But just to give you a number is that we are moving ahead and these facilities will be fully utilized, but I have told you the capital expenditure which we have planned. We have a good visibility in terms of orders already available or in the pipeline and we will be utilizing even at this point of time our capacity utilization on say manual gear and CPS is approximately slightly more than 100% and we have a good visibility that going forward also we should be able to achieve 100% say and end of March '27 our facilities will be fully utilized.

**Aman Vora:**

Got it sir. Sir just one last question is on margins. You have highlighted in your presentation how there were so many one-offs in the margins. So if I think about next year with all those one-offs behind, should we get back to that earlier trajectory of 9.5% and you had highlighted last year that we have lot of opportunities with the merger of our subsidiary to even expand margins. So should we get back to that trajectory also like with CVJ being a better margin product than steerings. So should we get back to our original margin trajectory?

**Rajiv Chanana:**

So I don't know if you have read our disclosure to the stock exchange made yesterday in our presentation. We have tried to explain that on the fixed cost front, like even though there was an

increase in the employee cost by about 0.3%, we were able to contain that increase by improving the cost on the administration cost, so almost the same level we were able to bring about reduction. So on the fixed cost which is actually controllable at the level of management, we have made sure that we do not increase that cost. So that's one activity which has already been done.

So coming to variable cost as Sugisawa San explained in his presentation is that almost 80%-90% of these factors are external like these were uncontrollable on the part of the management. For example when we look at US exports, they declined over the second and the third quarter, started picking up again. There were many, factors. I think you people know better why, what conditions were prevailing in United States for the past few months. But we have a turnaround like this in the month of May, just to explain you, the number is exactly the same which we had in quarter one of last financial year. So we have reached to the normal situation, which means this factor will not impact us badly in the current year. Last year, it impacted 0.6%, which is a huge, against 1.9% dip in the margin when we try to analyze that. Just one reason cost it us 0.6%.

Then as Sugisawa San explained the process cost, which we have as per accounting policies, if there are claims available from your vendors, which we need to disclose to our stat auditors as a listed entity. And as per the accounting policies, we are supposed to make provision despite knowing that most of that will get recovered. But the settlement process takes lot of time while the provision started coming in the last quarter, we could not settle that with customer. But there are good opportunity, good possibility that we should be able to recover at least a significant part of that.

And then the third point which Sugisawa San told about the recall. He say it happens, it doesn't happen. We do not allow it to happen. That's our promise to you. We will be more quality conscious; our quality team is taking it as a challenge that we do not face this situation again. It was contained, it was not unlike last time, there were good traceability systems available in the company, we were able to contain it at a very-very low number otherwise this could have boomed right. Despite that, it impacted 0.3%. There are other small, small factors like the Red Sea issue resulting in higher inward freight cost. There were certain provisions which are required if certain inventories cannot be used. There are claims which are pending with our customers because there was an early EOP so about 10 million claims are also pending which are yet to be recovered, but in the books we have taken a provision for inventories. There are the actuarial valuation which is done in the employee cost. One of the reasons for employee cost going up is the actuarial valuation which we get it done at the end of the year. There are financial factors which impact the valuation. This is a future liability valuation and the discounting rate plays a very important role. This year, the discount rate was reduced from 7% last year to 6.5% considering the interest rate fall and that immediately increased our liability because the entire future liability got discounted at a lower rate and the value got up.

Another thing was that for employee motivation, we started leave encashment policy. We had so that also. There are few changes which have happened in the actuarial valuations. So these

are all these factors which I was explaining to which cost it about 1.8% to 1.9% decline are all one time exceptional and should not be happening again. Having said that, yes, there are many areas where the companies need to work to improve profitability, how we negotiate our orders with our customers, how we expand our export which we are very serious about it, how we do more localization. For example, last year we were able to localize a drive shaft XL which is the main component for our CVJ and that helped us to improve profitability of CVJ. You rightly said the merger is giving us a lot of opportunity for production rationalization. We are shifting our jacket assembly production from our old JSN plant to our main Bawal plant so that the entire CPS can be under one roof. This will help us to save inventories as well as the logistic cost. And then we will continue to work on cost optimization by involving our vendors etc. There are a lot of ideas which are available on the table and we will keep working towards that.

**Aman Vora:** Got it sir. Thank you so much, sir. Thank you.

**Moderator:** We will take our next question from the line of Tushar Khurana from Peace Wealth. Please go ahead.

**Tushar Khurana:** Yes, thank you for the opportunity. So my first question is regarding this CAPEX that we have lined up in our Gujarat facility. Like you also mentioned that while initially we mentioned that there will be a CAPEX of about Rs. 250 crore, which may go up to RS. 600 crore as well. I would assume that there will be more expansion in the product that we make that we're making there. So I just want to understand how much of this capacity would be going into exports, like exporting to the other JTEKT entities. Because if you see the presentation of JTEKT Corp, you also talk about positioning India as a global hub. So when we talk about positioning India as a global hub, what does it really entail in terms of exporting things from India to maybe other JTEKT entities or to some clients overseas? So if you could talk about this, please.

**Rajiv Chanana:** Just like you, we are also glad to see JJP presentation where it said that about global restructuring paragraph, they mentioned that they are strengthening Indian sites, which means they are promoting India as a global site. So it can have many meanings. Yes, as you are aware, the process has started. So the big order which we got from Brazil, JTEKT Brazil is a group entity of our group and they will be sourcing manual gear, which is where we are quite in terms of being cost competitive. We have in Indian market also, we got a good market share of this particular product. We have been exporting this product to US and I think this production has stabilized along with the supply chain which is required, which has to be, the one of the main factor for increasing export is a very strong supply chain. Fortunately, we have been able to manage that. We have been able to establish a very strong supply chain for us. And we are in a good position to start exporting now. This is the start and it will impact our share of export in the overall sales volume from around 2% currently to about 4%. So around 4% currently to 6%. We will move forward. I think this is one opportunity. Once we prove that, there will be more opportunities available. We feel like that. And we will gear up for that.

- Tushar Khurana:** But, if I talk about from an aspiration point of view, what kind of exports are we looking at say in the next 4 to 5 years?
- Rajiv Chanana:** Look, normally we do not have futuristic assumptions on this investor call. But I can only give you the past number. We touched 10%, 11% earlier. But I cannot. We will not like to put any futuristic number on the table at this point of time. But we know that how important this is for our profitability. Very well, the management very well understand that this can change the shape of our EBITDA margin. So we are very serious about it. That's what we can tell you.
- Tushar Khurana:** Okay, that's very helpful, sir. My second question is regarding this Maruti EV that will be coming for say the near future. I believe we have a dedicated facility where we will be manufacturing the components for that EV model. So can you please tell me when have you already commenced this production of these components? And I believe most of these vehicles will be going for the export markets, especially to Japan. So if you could talk some bit about this particular thing and what kind of volumes are we looking at initially for this EV model?
- Rajiv Chanana:** So yes, we are 100 % supplier for this model. So whatever exports and domestic production will happen, we will be supplying for that. And the good news is that we are a complete system supplier for this particular product. We will be supplying manual gear. We will be supplying CPS, and we will be supplying CVJ also. And we are very hopeful for that. Our lines are ready. We are ready with our production facilities. And as per the current information, July will be, they will start exporting and we don't know the exact thing that something which Maruti has to decide but just like you whatever information we have from the market **30:17** \_\_\_ it's like that they will be starting soon now.
- Tushar Khurana:** And which facility will we be using for this. Is it Dharuhera facility or?
- Rajiv Chanana:** Dharuhera. So Dharuhera will be for the MS gear and CVJ and Bawal facility will be for CPS.
- Tushar Khurana:** Okay. And Mr. Minoru mentioned about the promotional offers and discounting that were there because of the slow demand last year. So was that also the reason that we also provided discounting to the OEMs? Do we do that?
- Rajiv Chanana:** No. No, not like that. Promotional offers are basically for the end customer, retail customers, not..Our understanding is different. As we have told several times, we have an arrangement for back-to-back compensation for any increase in the raw material cost and foreign exchange. So those rules still apply. There has not been any change in the rules. The only shortcoming is that the process cost change needs to be negotiated. That's the only shortcoming. But that also, the customer has been very forthcoming. We have never faced any big challenge, yes, it requires to be documented and explained.
- Tushar Khurana:** Okay. And what is the current revenue mix from the different OEMs?
- Rajiv Chanana:** Yes, sure.

**Tushar Khurana:** For this quarter?

**Rajiv Chanana:** Yes. I will give you for the full year. Is that okay?

**Tushar Khurana:** Yes.

**Rajiv Chanana:** I will give you for the quarter also, but better will be a full year because that will be more representative number. So, Maruti Suzuki is 56%, Toyota is 12%, Honda is 8%, Mahindra and Mahindra is 8%, Tata is 2%, Renault Nissan is 3%, then 1% is Isuzu and 1% is Stellantis and rest is like others like including spare supplies etc. and then 3% exports, 2.4% exports.

**Tushar Khurana:** Okay. And then have we added any new models from other than Toyota or Maruti like M&M or Tata?

**Rajiv Chanana:** We are working with many customers like we are working with Tata. Coral which is a Tata ACE platform is a small commercial vehicle which will be launched sometime in as per our current information sometime in July. So we are working with that. We are working with other customers also. We keep working with Honda because almost all the supplies to Honda are from our factory. We are working with few other customers also.

**Tushar Khurana:** Okay, sir. And then my last question on the CVJ front. Now you mentioned that CVJ currently we are only providing for two models, which is Hyryder and Grand Vitara. So I just want to understand how big this can be in terms of when we provide this product to different OEMs and not just Suzuki or Toyota. How do you look at this product especially and also we announced about CVJ forging also which is backward integrated with CVJ. So how will that also help in further improving the margins for CVJ product?

**Rajiv Chanana:** So like we are hoping to increase our share of business for CVJ. We got two models now, we will be getting third model which we expect that the requirement will be large. So currently we are at around 5% market share. I think we should be expanding to within a year or so. We expect that we may touch 7.5, 10 kind of a number. We will keep increasing. This is one opportunity which is available to us because every car requires a set so there are 2 CVJs unlike manual gear which is one you need to complete two need set of CVJs, so it's a good opportunity and the price is better when we compare with manual gear because of the need to be supplied. So let's hope that we keep on expanding this. I do not want to put any number at this point of time. We will be growing in this field and let's see, there are many, many opportunities available. So far we are only talking Maruti and Toyota. We can go for the other customers also.

**Tushar Khurana:** Thank you so much. I will join back the queue. Thank you.

**Moderator:** Thank you. We will take our next question from the line of Vishal Maheshwari from Avenue Capital. Please go ahead.

- Vishal Maheshwari:** Yes, sir. Thanks for the opportunity. Follow up to the previous question on the CVJ. Can CVJ technology be used for commercial vehicles also? And are there other CVJ suppliers in India, basically? And one more question that can any point of time CVJ technology be mandatory for CV, commercial vehicles?
- Rajiv Chanana:** There is no difference between commercial vehicle and... I mean, it can be used. There is no difference. It's a compulsory use of CVJ for commercial vehicles. It's not like that. Rao, will you please explain? Mr. Rao will explain. Just a minute.
- A. D. Rao:** Good evening. My name is A.D. Rao. In the commercial vehicle, most of the times it is a rear wheel driven. The rear wheel driven means like the drive from the engine goes through propeller shaft to the rear wheel and that's how it is driven. Whereas in the passenger vehicles, it is a front wheel driven and from the engine the wheel, the driven wheels are connected through this CVJ. Of course like you know there are some light commercial vehicles where they have a different thing and this is like, I mean more for passenger vehicles than commercial vehicles. And of course..
- Vishal Maheshwari:** So you mean to say there is not much opportunity for commercial vehicles when it comes to CVJ.
- A. D. Rao:** Small vehicles we can consider but I think our focus should be more on passenger vehicles as of now, there a lot of potential in the passenger vehicles.
- Vishal Maheshwari:** Okay, great. Thanks, sir. My next question is, in FY'23 and '24, we combined Rs. 460 crore assets and then we had launched the new products. Despite that, our revenue growth was only 7% in FY'25. We would like to know your view on that?
- Rajiv Chanana:** I think I replied that there are certain productions need to be kicked in. For example, the new CVJ line which is now being set up will go into commercial production from July. Similarly, as I was replying to the previous question is that our export to Brazil will start a little later. Whereas the facilities are already in... So you need to be prepared. You need to spend... The CPS line, MS gear line, etc. need to be ready maybe 3 to 4 months in advance before the sales will kick in and then there will be a ramp up also, it doesn't matter, it doesn't happen that the production will be on day one will be equal to the day ten. So there will be gradual ramp up of these, but as I told you the current facilities which are already available, MS gear and CPS they are 100% utilized at this point of time and if you want me to be very specific, the current utilization of our CPS line is about 110% and MS gear is about 92%. So that's the current utilization and we have visibility as we will be setting up these new lines through this capital expenditure, they will start getting utilized. So we expect that by March 27, as we keep on adding more and more product, the capacity utilization will again touch to about 100%. In that period, maybe they will be as the production will be ramping up, the utilization may become slightly lower, say about 85% or something, but over a period of time, it will ramp up to 100%.

- Vishal Maheshwari:** Okay sir, can I just ask one more question?
- Rajiv Chanana:** Please, please.
- Vishal Maheshwari:** Yes, just a broad question that what revenue CAGR company has planned over the next 3 to 4 years? Is there any internal revenue target for JTEKT India entity?
- Rajiv Chanana:** Look, we do not talk futuristic. We are a component supplier and we are actually dependent on our OEM performance and the market demand situation. As I told you that we supply about 50%-55% of the total Maruti Suzuki requirement. So our growth has to be linked with the growth of Maruti Suzuki, Toyota and all other customers. We will look at market situation and the news coming from **39:53** and SIAM are very positive that anything between 3% to 5% or on a continuous basis the market can continue to grow. And one of the news which came yesterday is that India will be, within India the sale of \_\_\_\_ will be 5 million by 2030 and that will be the largest in the world. Those kind of a statement are very, very positive and I think we will grow as the industry will grow, as our OEMs will grow. And that's why our movement to Western region is because we expect that the Western region there will be more growth. There are public news about Toyota expanding in Maharashtra and Maruti setting up a new plant. We don't know the exact details, timings etc. But there are positive news about the Western region. So that's how we plan our capacity expansion in the Western region. So we are moving as we understand from our OEM, as we understand our business situation and as we understand the future, we will keep taking our actions.
- Vishal Maheshwari:** Okay, thank you.
- Moderator:** Thank you. We will take our next question from the line of Manoj Baheti from Carnelian Asset Management LLP. Please go ahead.
- Manoj Baheti:** Hi, good evening Rajivji. Two, three questions from my side. As you mentioned that our capacity for manual gear, it is starting in July and also CPS in July, CVJ also in July. So as this new capacity comes into play, I just wanted to understand whether our all fixed admin costs, it will also grow proportionately or you will see with the ramp up, good operating leverage once you commence this facility. And also is there any expenses pertaining to these facilities right now forming part of our P&L which is not revenue generating right now?
- Rajiv Chanana:** So I don't think the admin cost should go up because that's already planned in terms of our insurance cost, in terms of our rates and taxes, in terms of our indirect manpower, SG&A manpower. We don't see any change happening there. In fact, when we look at the line readiness, we are already training people for that line. So there are people who are getting trained on that line without any production happening. Second thing, a lot of activities are happening. For example, we spend a lot of money on product development. Just to give you a number, 112 million we spent on testing charges for the new product development. All these products, three, four products on which we are working, there's a huge expense which you have incurred during

that current year. So these expenses, they are one time. It will not impact your profitability for next year. So rather my understanding is that it will be a positive scenario as the production will start and the lines get start getting used. Only increase will be the depreciation because currently these lines are not capitalized. Though they are ready for production but all other expenses like employee, administration costs etc. will not change. I think at least in terms of percentage of sales this will definitely improve in future.

**Manoj Baheti:**

Second question is just extension to previous participant question. As your JTEKT Japan, they are planning for almost Rs. 1,800 crore kind of CAPEX in India. Does it mean that there will be a new product introduction also along with that CAPEX? For that CAPEX will happen on the existing products and along with that because I think on the exports generally it is long gestation like if you have to start preparing today for at least like next 12 to 18 months. So is there any discussion happening on incremental exports also along with that as well as on the new product introduction?

**Rajiv Chanana:**

So primarily, at this part of time, even though as I was explaining you, there is a limit available, like some extra money is available because my total will add up to 1500 and we got flexibility up to 1800. So there is some flexibility available because these are more like limits assigned to different reasons based on our planning for production etc. So we have some opportunity, but at this point of time, we do not have any concrete plan of launching any new product in India because CVJ need to stabilize at least for one more year. And we want to expand that to not only to Maruti and Toyota, we need to expand to other customers also. So this is where we are struggling and we are working and we want this to be a big success story for India. And this is a possibility and we are very, very hopeful about expanding CVJ. Several parts of CVJ which can be, there are possibilities that over a period of time not only the full manual gear, there is a possibility that we can start supplying some components also to overseas entities. So those opportunities are always under discussion at all point of time once the people have, the way the people have explained that they want to strengthen the Indian side and promote India as a global side which means that there will be more opportunities available. We will keep on discussing on this. So that's all I can say, but we will keep reporting to you as we get another opportunity on the table, we will definitely keep reporting to you sir.

**Manoj Baheti:**

Because I think Rajivji Rs. 1800 crore kind of CAPEX on a current base of fixed assets which we are having in the balance sheet is a big one and when your parent is making this announcement and they are also saying that they want to make JTEKT as a global hub. So in that means, is there any futuristic discussion happening at least on the export side? Because I think domestic market, whether it will be able to absorb output of Rs. 1800 crores unless it is supported by exports.

**Rajiv Chanana:**

You're right. We should be looking at exports simultaneously. It's not that we are ignoring that opportunity. We will keep on exporting. We will keep trying to explore that opportunity as well. Yes, the current expansion which I told you for which we are spending about Rs. 759 crores, that will be for orders which we have visibility. Over and above that, we will be primarily

expansion in Gujarat, which will happen, which will start from '27-'28. And there we will keep looking at what are other opportunities available. So it will be a phase one and phase two kind of a scenario. So phase one, I already explained you today because I have visibility. Phase two, I cannot explain at this part of time, but we are hopeful, yes. And that's why we have kept our resources lined up for that.

**Manoj Baheti:** Okay, got it. Now my another question is on CVJ. So CVJ, how we are seeing the margin component because right now we are just operating one line back to at a suboptimal capacity utilization and hardly we are there on the replacement side which is a higher margin. So on CVJ like how do you see the margin outlook going forward?

**Rajiv Chanana:** So as you know the new product will be a better product and we expect that from the current level of margin, the margins will improve and once we supply or start supplying for a bigger vehicle, the technology is slightly different for which we have already done all the testing and development work. The pricing will be better compared to the one which you are supplying now. So profit margin in the CVJ category will improve from the current levels.

**Manoj Baheti:** And replacement part? Replacement market, CVJ?

**Rajiv Chanana:** We will wait. We need to strengthen ourselves first with the OEMs. We are not hurrying up that because but definitely that's an opportunity. We know GKN profitability is huge because they do a lot of supplies to the aftermarket. But we are aware about that. But it's not on the table at this point of time. Let us establish for the next 1 or 2 years, 1 year or so, with OEMs first.

**Manoj Baheti:** And one last question, Rajivji, I have. See, margins have two components. I think cost part and one-off part you have explained pretty well in the presentation. The second is the competitive dynamics in the market, the kind of competitive intensity which is there, which will drive your gross margin. So when you are having the negotiation or discussion for the fresh products, new products, how do you see the margins in the new products which are getting introduced, the gross level margins, vis-a-vis your existing contracts?

**Rajiv Chanana:** We expect these to be better sir. Despite competition being there, we expect that the margins will improve. Two ways, not only through the customer negotiation but also that we are able to do our own cost reduction activities. We know that we have targets set for different cost levels. We expect that that's a very serious business here and the way we conduct our cost of ARs and other activities, we are very, very sensitive that it's not only that the customer who should improve our profitability, we are also responsible to take necessary action to improve ourselves. We expect that our employee costs will reduce next year. We have optimization plans on the table. We know that how to contain our administration expenses and ensure that we are able to fully utilize our assets up to 100%. So many, many things are on the table. Management is very, very sensitive about optimal utilization of the available resources. We will make sure the profitability will keep improving.



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**Manoj Baheti:** Great, Rajivji. Thank you for taking my questions and wish you all best.

**Rajiv Chanana:** Thank you so much.

**Moderator:** Thank you.

**Rajiv Chanana:** I think time is over. So can we close the meeting with a closing comment from Fujiwara San.

**Moderator:** Sure, sir. Please go ahead.

**Rajiv Chanana:** Thank you so much.

**Yosuke Fujiwara:** Good evening. My name is Yosuke Fujiwara, Director of JTEKT India. Nice to meet you. I would like to thank everybody, everyone for joining on this call. I hope we have been able to respond to all your questions adequately. We are really positive about growth in automotive sector and would continue with our effort to expand to meet industry requirements. Thank you very much and stay safe and stay healthy and thank you once again for joining with us.

**Moderator:** Thank you. On behalf of JTEKT India Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.