July 04, 2025

JTEKT India Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term-term loan-fund based	152.75	267.96	[ICRA]AA (Stable); Reaffirmed/Assigned for enhanced amount
Short term-cash credit-fund based	12.50	12.50	[ICRA]A1+; Reaffirmed
Long term-cash credit-fund based	58.35	58.35	[ICRA]AA (Stable); Reaffirmed
Long term / short term-others-fund based/non fund based	89.00	89.00	[ICRA]AA (Stable)/[ICRA]A1+; Reaffirmed
Short term-others-non fund based	20.00	20.00	[ICRA]A1+; Reaffirmed
Total	**332.60**	**447.81**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings action continues to factor in the steady operational performance of JTEKT India Limited (JIL), a prominent supplier of steering systems to passenger vehicle (PV) original equipment manufacturers (OEM) in India. The ratings reaffirmation also continues to consider the company's healthy financial risk profile, characterised by low leverage and healthy cash accruals, as well as operational and technical support enjoyed by it from its parent company, JTEKT Corporation (JTEKT), Japan.

JIL enjoys a leading position in the steering system segment in India with a strong presence in manual steering gears (MSG), electronic power steering (EPS) and hydraulic power steering systems (HPS). Besides the steering systems division, the company has a driveline division for manufacturing axle assemblies, case differentials and propellant shafts, resulting in a diversified product profile for the entity. The company is also gradually gaining market share in Constant Velocity Joints (CVJ), to expand its driveline division, which would support its revenue growth over the medium term, besides aiding in further diversification of its product portfolio. JIL continues to maintain a robust share of business (SoB) with some of the leading PV OEMs in India, including Maruti Suzuki India Limited (MSIL), Mahindra & Mahindra Limited (M&M), Honda Cars India Limited (HCIL) and Toyota Kirloskar Motor Private Limited (TKML), which provides healthy revenue visibility. The revenue growth prospects of the company remain healthy, aided by the strong share of business with various OEMs and business gained for new model launches.

The ratings continue to factor in the marketing and technical support received by JIL from JTEKT, a leading global manufacturer of steering systems and driveline products. In addition, its strong parentage lends the company healthy financial flexibility, in terms of access to unsecured debt from Japanese banks (backed by corporate guarantee from the parent entity).

JIL reported a modest revenue growth of 6.9% on a YoY basis to Rs. 2,399 crore due to subdued underlying demand in the PV industry (constrained by high base effect). The company's profitability declined materially (an OPM of 7.7% in FY2025 vis-à-vis 9.6% in FY2024) on account of multiple factors, which included lower export revenues, product recall associated costs, and higher freight costs, among others. ICRA expects the company's profitability to improve in FY2026 (expected to be in the range of 8.5-9%), aided by the absence of these one-time costs and other cost efficiency measures being undertaken by the management.

Notwithstanding the moderation in profitability, the company's credit metrics remained healthy with Total Debt/ OPBITDA of 0.8 times and interest cover of ~17.9 times in FY2025, aided by low debt levels. Going forward, JIL has material capex plans of Rs. 300-350 crore in FY2026 and around Rs. 700-750 crore over FY2026-FY2028 towards capacity expansion. The funding mix for the capex plans and its impact on the credit profile would be closely monitored. ICRA expects the company's management to adopt a prudent financial policy while pursuing its growth plans.

The ratings remain constrained by the intense competition in the steering system space and JIL's segment concentration risks. JIL's business profile is characterised by high concentration in the domestic PV industry and its dependence on select OEMs.

The Stable outlook on the long-term rating reflects ICRA's belief that despite expectation of an increase in borrowings to fund the capex plans, JIL will continue to maintain a strong credit profile, aided by the likely strong cash accruals and technological support from its parent entity.

Key rating drivers and their description

Credit strengths

Leading manufacturer of steering systems in India with strong SoB with PV OEMs – JIL is a leading manufacturer of steering systems in the domestic market, with a high SoB with several PV OEMs such as MSIL, M&M, HCIL and TKML. The company enjoys a SoB of around 55% with the market leader, MSIL, and nearly 100% for its product supplies to TKML (benefitting for being a part of the Toyota Group). The strong SoB with various OEMs provides healthy revenue visibility for the company.

Strong parentage provides technical support and aids JIL in securing business from Japanese OEMs in India – JIL receives business and technical support from JTEKT, a leading global manufacturer of steering systems and driveline products. In addition, its strong parentage lends the company healthy financial flexibility, in the form of access to unsecured debt from Japanese banks (backed by corporate guarantee from the parent entity for some sanctions).

Well-diversified product offerings of steering system and driveline products – The company has diverse product offerings, including Column-EPS, HPS, MSG and driveline products such as axle assemblies, case differentials, and propellant shafts. JIL has also developed CVJs, which helped it to enhance its product profile and diversify its business profile for the driveline division.

Healthy financial risk profile, characterised by low leverage and healthy cash accruals – JIL has a healthy financial risk profile, characterised by a conservative capital structure and strong debt coverage indicators. Its financial risk profile is also supported by its adequate liquidity position, characterised by the availability of unutilised working capital limits and surplus cash and liquid balances (approximately Rs. 16 crore as of March 2025). Going forward, although the company has capex plans of Rs. 300-350 crore in FY2025, its reliance on debt is expected to remain low, aided by its healthy cash accruals.

Credit challenges

Exposed to high PV segment concentration risk– JIL generates around 95% of its revenues from PV OEMs, resulting in significant segment concentration risk and making it susceptible to the cyclicality in the PV industry. Nevertheless, the company's favourable ownership pattern, coupled with the healthy SoB enjoyed with various OEMs, mitigates the segment concentration risk to an extent.

Increasing competition in the steering systems market– JIL encounters stiff competition from other steering system manufacturers, which resulted in loss of business for a few key models in the past. Nevertheless, the company maintains a strong SoB with various OEMs and has been able to gain business for recent product launches of various OEMs. Going forward, the company's access to technological know-how from its parent entity is expected to help it maintain its strong market position.

Significant capex plans over the medium term to constrain improvement in return indicators – JIL has material capex plans over the next three fiscals towards capacity expansion and new plant addition. The funding mix for the capex plans and its impact on the credit profile would be monitored.

Environmental and Social Risks

Environmental considerations: Even though JIL is not directly exposed to the climate transition risks from the likelihood of tightening emission control requirements, its automotive manufacturing customers remain highly exposed to the same because its products are used across different fuel powertrains. Accordingly, JIL's prospects are linked to its customers' ability to meet tightening emission requirements. The company's exposure to litigation/penalties from issues related to waste and water management remains relatively lower.

Social considerations: JIL, like most automotive component suppliers, has healthy dependence on human capital. Retaining human capital and maintaining healthy relationships with employees and suppliers remain essential for disruption free operations of the entity. Moreover, JIL encounters product safety and quality-related social risks, wherein instances of product recall and high warranty costs may result in financial implications and affect its reputation, creating a more long-lasting adverse impact. In this regard, JIL's strong track record in catering to leading automotive manufacturers underscores its ability to mitigate these risks to an extent. The company's strong technological capabilities, aided by support from JTEKT Corporation (Japan), are likely to help it align its products with any changes in customer preferences.

Liquidity position: Adequate

JIL's liquidity position is adequate, supported by healthy cash flow generation, availability of unutilised working capital limits (average unutilised limit of around Rs. 123.8 crore against the sanctioned limits during the 12-month period ended in March 2025), access to undrawn term loans of around Rs. 41 crore as of April 2025 and surplus cash and liquid balances (approximately Rs. 16 crore as of March 2025). Against the aforementioned liquidity position, the company has debt repayment of Rs. 46 crore and capex plans of Rs. 300 crore, approximately, in FY2026. In addition, the parentage of JTEKT provides the entity with strong financial flexibility and gives it access to unsecured sanctions from Japanese banks at competitive interest rates.

Rating sensitivities

Positive factors – A sustained diversification of the company's segmental, product and customer mix would be favourably considered for a long-term rating upgrade. A significant improvement in the company's return indicators and debt coverage indicators, on a sustained basis, would also augur well for a rating upgrade.

Negative factors – The ratings may be revised downward in case of the company's inability to improve profitability or weakness in credit metrics on account of subdued demand across the domestic automotive industry, or due to any large debt-funded capex. Any weakening of technical and operational linkages with the parent company could also trigger negative ratings action. Specific credit metrics that could result in ratings downgrade include Net debt/ OPBDITA above 1.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financials of the company

About the company

JTEKT India Limited (JIL; erstwhile Sona Koyo Steering Systems Limited) is a leading manufacturer of steering systems and driveline products for passenger vehicle OEMs in India. The company commands a market leadership position in the steering system segment in India with a strong SoB with OEMs, including Maruti Suzuki India Limited, Mahindra & Mahindra, Honda Cars India Limited, Toyota Kirloskar Motor Private Limited and Tata Motors Limited. JIL is a domestic market-focused auto component manufacturer and generates 95-96% of its revenues from PV OEMs.

The company manufactures the entire range of steering systems and driveline products. The key manufactured components include manual and power steering systems, which comprise steering gears and columns. The driveline product portfolio includes case differentials, axle components, rear axle assemblies, propeller shafts and constant velocity joints (CVJ, new product). JIL supplies these products to various passenger vehicle OEMs. The company's manufacturing facilities are located in Gurgaon, Dharuhera (Haryana) and Chennai (Tamil Nadu).

The entity was incorporated in 1984 by the Sona Group, in technical and financial collaboration with JTEKT Corporation, Japan. In Q4 FY2017, JIL's technology partner, JTEKT, bought a 25.12% stake from its exiting Indian partner, Sona Autocomp Holding Limited, and increased its shareholding in the company to 45.4% from 20.1%. It acquired a further 25% stake in JIL via a public open offer in Q1 FY2018. At present, JTEKT's stake in the company stands at 69.55% with two entities (JTEKT Corporation and JTEKT Column Systems Corporation) combined.

The company amalgamated its subsidiary, JTEKT Sona Automotive India (JSAI), with effect from Q4 FY2019. This amalgamation helped in streamlining the manufacturing operations and reducing the overall production turnaround time. Moreover, it provides a unified interface to customers, including access to an entire steering assembly offering from a single source, besides improving efficiencies and reducing costs.

The company has amalgamated its subsidiary company, JTEKT Fuji Kiko Automotive Limited with and into JIL (effective from January 01, 2024), which has helped the company rationalise the overhead expenses and optimally utilise its available resources.

Key financial indicators (audited)

JIL Standalone	FY2024	FY2025*
Operating income	2,245.5	2,399.3
PAT	106.9	75.3
OPBDIT/OI	9.6%	7.7%
PAT/OI	4.8%	3.1%
Total outside liabilities/Tangible net worth (times)	0.5	0.6
Total debt/OPBDIT (times)	0.5	0.8
Interest coverage (times)	35.2	17.9

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

*Source: Company, ICRA Research; *Limited results; All calculations are as per ICRA Research*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	July 04, 2025	Date	Rating	Date	Rating	Date	Rating
Long term-cash credit-fund based	Long Term	58.35	[ICRA]AA (Stable)	7-May-24	[ICRA]AA (Stable)	19-Apr-23	[ICRA]AA (Stable)	22-Apr-22	[ICRA]AA (Stable)
Long term / short term-others-fund based/non fund based	Long Term/Short Term	89	[ICRA]AA (Stable)/[ICRA]A1+	7-May-24	[ICRA]AA (Stable)/[ICRA]A1+	19-Apr-23	[ICRA]AA (Stable)/[ICRA]A1+	22-Apr-22	[ICRA]AA (Stable)/[ICRA]A1+
Long term-term loan-fund based	Long Term	267.96	[ICRA]AA (Stable)	7-May-24	[ICRA]AA (Stable)	19-Apr-23	[ICRA]AA (Stable)	22-Apr-22	[ICRA]AA (Stable)
Short term-cash credit-fund based	Short Term	12.5	[ICRA]A1+	7-May-24	[ICRA]A1+	19-Apr-23	[ICRA]A1+	22-Apr-22	[ICRA]A1+
Short term-others-non fund based	Short Term	20	[ICRA]A1+	7-May-24	[ICRA]A1+	19-Apr-23	[ICRA]A1+	22-Apr-22	[ICRA]A1+
Long term-unallocated-unallocated	Long Term	-	-	7-May-24	[ICRA]AA (Stable)	19-Apr-23	[ICRA]AA (Stable)	22-Apr-22	[ICRA]AA (Stable)
Commercial paper	Short Term	-	-	-	-	-	-	22-Apr-22	[ICRA]A1+ *; withdrawn

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term-Term Loan-Fund Based	Simple
Short Term-Cash Credit-Fund Based	Simple
Long Term-Cash Credit-Fund Based	Simple
Long Term / Short Term-Others-Fund Based/Non-Fund Based	Simple
Short Term-Others-Non-Fund Based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA’s website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan-I	FY2021	NA	FY2026	8.32	[ICRA]AA (Stable)
NA	Term Loan-II	FY2021	NA	FY2027	26.40	[ICRA]AA (Stable)
NA	Term Loan-III	FY2024	NA	FY2030	45.00	[ICRA]AA (Stable)
NA	Term Loan-IV	FY2024	NA	FY2029	38.24	[ICRA]AA (Stable)
NA	Proposed Term Loans	Yet to be sanctioned			150.00	[ICRA]AA (Stable)
NA	Fund Based-Cash Credit	NA	NA	NA	58.35	[ICRA]AA (Stable)
NA	Fund/Non Fund-based Limits	NA	NA	NA	89.00	[ICRA]AA (Stable)/ [ICRA]A1+
NA	Fund Based Limits	NA	NA	NA	12.50	[ICRA]A1+
NA	Non Fund-Based Facilities	NA	NA	NA	20.00	[ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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