Yuken India Limited

September 07, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	68.50	CARE BBB+; Stable / CARE A3+	Reaffirmed
Long-term bank facilities	RBI	13.50	CARE BBB+; Stable	Reaffirmed
Long-term bank facilities	RBI	28.64	CARE BBB+; Stable	Reaffirmed
Short-term bank facilities	RBI	36.50	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings to bank facilities of Yuken India Limited (YIL) factors in the company's established track record in the domestic hydraulics industry, comfortable financial risk profile marked by moderate leverage and adequate debt coverage indicators, diversified product portfolio and customer base, and continued technical and financial support from its parent, Yuken Kogyo Co. Limited, Japan (YKC).

Ratings also draw strength from the recently completed capacity expansion programme, which increased the company's manufacturing capacity by ~20-25%. The company's ability to consistently utilise and operate the expanded capacity on a sustained basis will remain a key rating monitorable, given the demand volatility associated with its end-user industries. The enhanced capacity is expected to support YIL's growth in scale of operations, improve operating leverage, and provide greater opportunities to expand its export business.

YKC continues to demonstrate its strong commitment to YIL through sustained managerial, operational and financial support and held ~47% stake in the company as on March 31, 2026. The parent further reinforced its support through an equity infusion of ~₹60 crore in June 2025. The infusion, and the company's expected healthy internal accruals, is anticipated to adequately fund the group's planned capital expenditure programme in the next three years while maintaining a comfortable capital structure.

However, rating strengths are partially offset by the working capital intensive operations and profitability susceptible to fluctuations in raw material prices and demand conditions across key end-user industries. Ratings also remain exposed to execution and stabilisation risks associated with the group's planned capex programme and performance of group entities, including incremental support requirements towards subsidiaries.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in sales over ₹ 600 crore while maintaining a profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin over 14% on a sustained basis.

Negative factors

- Consistent subdued performance of the company, resulting in interest coverage of less than 2x and total debt (TD)/PBILDT of over 4.5x.
- Major term debt causing moderation in capital structure of over 1.5x.

Analytical approach: Consolidated

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

CARE Ratings Limited (CareEdge Ratings) has considered consolidated approach while arriving at the rating owing to financial and operational linkage, common management and similar business. Subsidiaries and associates operate in supporting functions (mainly suppliers) to YIL. The company's subsidiaries and associates have been listed under Annexure-5.

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation that the company will sustain its operational performance, aided by improvement in demand from domestic and export markets and the company's higher focus on new product development with increased share of exports.

Detailed description of key rating drivers

Key strengths

Sustained business performance though lower than estimated

The company reported a marginal increase consolidated total operating income (TOI) of ₹462.59 crore in FY26 against ₹458.08 crore in FY25. Revenue growth remained lower than earlier expectations due to weak demand conditions in Q3FY26, which resulted in lower order inflows and moderation in profitability in the year. However, YIL witnessed a strong recovery in Q4FY26 and recorded its highest-ever quarterly turnover, with the momentum continuing into Q1FY27. Supported by the recently completed capacity expansion that increased manufacturing capacity by ~20-25%, healthy order inflows of ₹45-50 crore per month and an order book exceeding ₹100 crore, CareEdge Ratings expects the company's scale of operations and business profile to improve over the medium term. Further growth is expected to be supported by healthy demand across key end-user industries, increasing export opportunities and ramp-up in utilisation of the expanded capacities.

Comfortable financial profile and moderate leverage

The company's financial risk profile remains comfortable and is marked by healthy net worth of ₹368.16 crore as on March 31, 2026, moderate leverage and adequate debt coverage indicators. Overall gearing remained similar at 0.40x as on March 31, 2026, against 0.43x as on March 31, 2025. Improvement in leverage metrics was supported by accretion to reserves and equity infusion of ~₹60 crore received from the parent company in June 2025.

Despite the planned capex programme of ~₹135 crore from FY27-FY29, CareEdge Ratings expect that the capital structure is expected to remain comfortable, supported by expectation of continuing healthy internal accruals and phased implementation of the capex programme.

Diversified customer base and end-user industries

YIL caters to diversified end-user industries including machine tools, industrial automation, steel, infrastructure, construction equipment, defence and engineering sectors. Diversified revenue profile reduces dependence on single customer or industry segment and provides stability to business operations across economic cycles.

Export growth and product development initiatives

The company has started gaining traction in exports following completion of product qualification processes with Yuken Kogyo Co. Limited, Japan (YKC). Exports are expected to improve gradually in the medium term as additional products complete qualification and commercialisation processes with YKC.

YIL continues to focus on product development initiatives, including indigenisation of piston pumps, development of modular valves and expansion into new applications such as defence, infrastructure and mobile hydraulics, which are expected to support revenue growth, enhance product diversification and strengthen the company's business profile in the medium term.

Established track record and strong parent support

YIL has an established operating track record of around five decades in the domestic hydraulics industry and benefits from long-standing relationships with customers across end-user industries. The established customer base supports revenue visibility and business stability. The company continues to derive technical, operational and financial support from its parent, Yuken Kogyo Co. Limited, Japan (YKC), which held ~47% stake as on March 31, 2026. YKC's continued support through technology transfer, product development initiatives and equity infusion has strengthened YIL's business profile and competitive position.

Continued support from YKC in the areas of technology, product development and exports is expected to support YIL's growth initiatives and strengthen its market position over the medium term.

Diversified industry wise sales and reputed clientele with established relationship
YIL has been able to diversify its sales across industries. YIL's clientele comprises leading corporates, such as Tata Steel Limited, SAIL, HMT, BHEL, Tata-Hitachi, JCB, NTPC, Toyota, Honda, Toshiba, L&T, BEML and machine tool such as BFW, Jyothi, Kennametal, LMW, Manpower, Steel Industry including Jindal, CMI, and JSW among others. Over the period, the company has developed strong relationships with customers, resulting in repeat orders and providing stability to revenues. YIL enjoys a strong network of over 50 dealers, which is a major contributor to its sales and servicing capability, differentiating it from its competitors.

Key weaknesses

Volatile raw material prices
The company has no long-term contract with suppliers of raw materials and solely depends on established relationships. Prices of YIL's major raw materials, such as steel and castings, witnessed significant price volatility in the past. Majority YIL's orders are fixed-price contracts and hence, the company is subject to risk associated with adverse movement in raw material prices.

Working capital intensive operations
The company's operations remain working capital intensive for maintaining inventory across a wide product portfolio and project-based nature of part of its business. Consequently, operating cycle remained elongated at ~130 days in FY26 against 124 days in FY25. Inventory levels also increased in Q1FY27 due to higher order inflows, logistics buffers and material in transit. Increase in inventory levels contributed to the elongation in the operating cycle in the period. While the company's working capital requirements continue to be supported by available banking lines and creditor funding, sustained increase in inventory and receivables in line with growth in operations shall remain a key monitorable.

Execution risk from planned capex and group exposure
The company has envisaged a group-wide capex programme of ~₹135 crore from FY27-FY29 towards capacity enhancement, modernisation and product development initiatives. While the expansion is largely in existing business segments and is being implemented in a phased manner, timely execution of the planned investments and achievement of the envisaged operational and financial benefits remain key monitorable. The company also remains exposed to the performance of its subsidiaries, particularly Kolben Hydraulics Limited, which continues to remain at a nascent stage and has yet to achieve sustained profitability. Accordingly, performance of group entities and incremental support requirements towards subsidiaries remain monitorable from a credit perspective.

CareEdge Ratings Limited will continue to monitor the progress of the capex programme and improvement in the operating performance of group entities in the medium term.

Liquidity: Adequate

YIL's liquidity profile is expected to remain adequate, supported by healthy cash accrual generation, average fund-based working capital utilisation of ~65.3% over the 12 months ended June 2026, and comfortable debt protection metrics. The company's expected cash accruals are likely to remain sufficient to meet its scheduled debt servicing obligations over the medium term. The company maintained cash and liquid investments of ~₹28.96 crore as on June 30, 2026.

While operations continue to be working capital intensive, as reflected in an operating cycle of ~130 days in FY26, CareEdge Ratings notes that elongation in the operating cycle is largely attributable to the company's increasing scale of operations and higher order book levels. Importantly, there has been no material deterioration in quality or recoverability of receivables, which provides comfort from a liquidity perspective.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Compressors, pumps and diesel engines

YIL was established in June 1976 with technical and financial collaboration of YKC. YIL manufactures a wide range of hydraulic equipment, such as vane pumps, piston pumps, pressure controls, flow controls, directional valves, modular valves, electro proportional valves, gear pumps, accumulators, cylinders, and hydraulic power units, which find applications in industries such as steel, machine tools, power, automobiles, and infrastructure, among others. YIL's entire product range is broadly classified as: elements (hydraulic pumps and valves), systems (assembled products), and castings (foundry division). YIL is an ISO9001:2015 company and has four manufacturing facilities for its hydraulic division, at Bahadurgarh, Haryana; Peenya, Bengaluru; Mumbai, Maharashtra; and Malur, Karnataka; one for its foundry division at Malur, one unit of tool and hydraulic spares at Mahadevapura, Bengaluru and one facility for gear pumps at Malur.

YIL is automating the production process of pumps and valves to manufacture export quality products. In a strategic shift, YIL plans to establish itself as a key supplier to its parent company in five years and likely to contribute 15-20% of its sales in the medium term. Therefore, the company has ongoing capex for enhancing its existing capacity.

Particular- Consolidated	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026(UA)
Total operating income	457.36	462.17	134.33
PBILDT	55.62	50.94	15.85
PAT	24.60	14.39	5.20
Overall gearing (times)	0.43	0.40	0.47
Interest coverage (times)	5.35	4.73	5.38

A: Audited; UA: Unaudited; Note: these are latest available financial results
PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-	-	-	-	13.50	CARE BBB+; Stable
Fund-based - LT-Term Loan	SEBI	Simple	-	-	-	30-09-2029	28.64	CARE BBB+; Stable
Fund-based - ST-Working Capital Demand loan	RBI	Simple	-	-	-	-	30.00	CARE A3+
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-	-	-	-	68.50	CARE BBB+; Stable / CARE A3+
Non-fund-based - ST-BG/LC	RBI	Simple	-	-	-	-	6.50	CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Cash Credit	LT	13.50	CARE BBB+; Stable	-	1)CARE BBB+; Stable (05-Aug-25)	1)CARE BBB+; Stable (04-Oct-24)	1)CARE BBB; Stable (04-Sep-23)
2	Non-fund-based - ST-BG/LC	ST	6.50	CARE A3+	-	1)CARE A3+ (05-Aug-25)	1)CARE A3+ (04-Oct-24)	1)CARE A3+ (04-Sep-23)
3	Fund-based - LT-Term Loan	LT	28.64	CARE BBB+; Stable	-	1)CARE BBB+; Stable (05-Aug-25)	1)CARE BBB+; Stable (04-Oct-24)	1)CARE BBB; Stable (04-Sep-23)
4	Fund-based - ST-Working Capital Demand loan	ST	30.00	CARE A3+	-	1)CARE A3+ (05-Aug-25)	1)CARE A3+ (04-Oct-24)	1)CARE A3+ (04-Sep-23)
5	Fund-based/Non-fund-based-LT/ST	LT/ST	68.50	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A3+	1)CARE BBB+; Stable / CARE A3+	1)CARE BBB; Stable / CARE A3+

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
						(05-Aug-25)	(04-Oct-24)	(04-Sep-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr. No.	Name of the Entity	Extent of Consolidation	Rationale for Consolidation
1	Coretec Engineering India Private Limited	Full	Wholly owned subsidiary
2	Grotek Enterprises Private Limited	Full	Wholly owned subsidiary
3	Kolben Hydraulics Limited	Full	Subsidiary
4	Sai India Limited	Proportionate	Associate
5	AEPL Grotek Renewable Energy Private Limited	Proportionate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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