January 08, 2026

Yazaki India Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based - Term loan	233.3	233.3	[ICRA]A- (Stable); reaffirmed
Short-term – Non -fund based - Buyers credit limit	30.0	30.0	[ICRA]A2+; reaffirmed
Long-term – Fund-based - Working capital demand loan	54.0	54.0	[ICRA]A- (Stable); reaffirmed
Short-term – Fund-based - Bill discounting	122.7	122.7	[ICRA]A2+; reaffirmed
Total	**440.0**	**440.0**	

**Instrument details are provided in Annexure I*

Rationale

The ratings reaffirmation for Yazaki India Private Limited (YIPL) considers its healthy business profile, marked by a high market share of 26-28% in the domestic wiring harness business, its healthy share of business (SoB) with most of the leading domestic original equipment manufacturers (OEMs) and its diversified customer base. The ratings also continue to favourably factor in YIPL's strong parentage, being a wholly owned subsidiary of Yazaki Corporation, Japan (YC). YC, operating across 46 countries, is a market leader in the global wiring harness industry and has business ties with major automotive OEMs worldwide. YIPL continues to benefit from operational, financial and technological support from its parent entity.

ICRA notes that YIPL's revenues have increased over the last five years to Rs. 4,496.6 crore in FY2025 from Rs. 1,464.4 crore in FY2020, aided by the expansion of its customer base, along with a growing SoB with its existing customers. However, the same was also impacted by lower demand and the deferment of the launch of new models by a few OEMs, especially in the electric vehicles (EV) segment. With the launch of these models over FY2025 and FY2026 providing a strong order book to YIPL, new technology-based products such as HV battery Disconnect unit (BDU), augmented reality head-up display (ARHUD) and CCS2 charge inlet., continued increase in SoB with existing customers and the addition of new customers, the company is expected to report revenue growth in excess of 20% each in FY2026 and FY2027. ICRA also notes that the planned ramp-up of capacity for the high-voltage wiring harness business in FY2027 augurs well for its revenue growth over the medium term.

The ratings are constrained by modest operating profit margins (OPMs) of the company, which have also been impacted over the past two years on account of fixed costs associated with new manufacturing plants which have not been able to ramp up operations due to delayed product launches by OEMs. Notwithstanding the entry into better margin products, the OPMs are expected to remain range-bound at 9.1-9.5% over the next two years, till the capacities ramp up. The company is also undertaking a large capital expenditure (capex) towards capacity expansion for wiring harnesses, backward integration through in-house manufacturing of connectors, along with improving operating efficiency and maintenance of existing plants, with an estimated outlay of Rs. 533 crore in FY2026, which will be funded entirely through external commercial borrowings (ECBs) from the parent. This is expected to keep the external debt levels under check. ICRA expects YIPL's credit metrics to remain moderate, with total external debt/operating profits before depreciation, interest, tax and amortisation (OPBDITA) at 4.3-5.0 times as on March 31, 2026 and March 31, 2027, and interest cover at 3.0-3.3 times for FY2026 and FY2027, as against total external debt/OPBDITA and interest cover of 4.3 times and 3.2 times, respectively, in FY2025.

ICRA also notes the company's high concentration in the passenger vehicle (PV) sector, vulnerability of profitability to fluctuations in raw material prices, and stiff competition from both domestic and international players.

The Stable outlook on the long-term rating reflects ICRA's expectation that YIPL's credit profile will remain comfortable, led by the ramp-up of operations at the new plants, which will lead to an improvement in its OPM. The company will continue to benefit from its strong parentage as a subsidiary of YC.

Key rating drivers and their description

Credit strengths

Strong parentage and extensive experience of the management – YC is a leading global automotive components manufacturer and enjoys a healthy market share in the global wiring harness business. It has a presence in 46 countries with more than 450 manufacturing facilities across locations. YIPL, being a part of the Yazaki Group, enjoys strong operational linkages with the parent company, as well as benefits from superior financial flexibility, with the parent company providing corporate guarantees for all the existing debt of the company. ICRA also expects its parent, YC, to continue provide need-based funding support to YIPL, as evident in the past, where the parent infused funds in YIPL both by way of equity as well as through ECBs. The ECBs have also been rolled over by YC, depending on YIPL's funding requirements and cash flows. The company receives significant support from YC in the form of technical know-how and operational support, which has aided its revenue growth over the years by helping it gain business from various OEMs and launch new products. The company also benefits from the extensive experience of its management.

Established market position in the Indian wiring harness segment – YIPL is one of the leading manufacturers of wiring harnesses in India, with a market share of around 25%, as per management's estimates. It supplies wiring harnesses to reputed OEMs, including Maruti Suzuki India Ltd., Tata Motors Ltd., Toyota India Limited, Mahindra & Mahindra Limited and Ashok Leyland Ltd., among others. YIPL has a diversified customer portfolio, with the top five customers accounting for 74% of the company's revenues in FY2025.

Apart from manufacturing wiring harness systems for conventional internal combustion engine (ICE) vehicles, the company has started designing and developing wiring harness systems for EVs. Its capability to manufacture high-voltage (HV) wiring harnesses has helped in securing business from the EV segment and is expected to grow further with new launches from existing customers. Moreover, YIPL has undertaken capex to increase the capacity of its wiring harness systems to cater to the demand from new clients.

YIPL commenced manufacturing of high-technology products such as BDU, ARHUD and CCS2 charge inlet in FY2025. However, owing to supply chain challenges and issues related to rare earth magnet availability, a few OEMs deferred the launch of their EVs, which impacted the revenues for companies like YIPL.

Growing scale of operations with healthy order book position – The demand for auto components is directly linked to the demand for automobiles, and thus the company has witnessed growth in its revenues over the last six years to Rs. 4,496.6 crore in FY2025. The company has already booked revenues of around Rs. 3,600 crore in 8M FY2026. It has a healthy order book position of Rs. 400-500 crore per month. With the launch of EV models by OEMs over FY2025 and FY2026, continued increase in YIPL's SoB with its existing customers and the addition of new customers, the company is expected to report revenue growth in excess of 20% each in FY2026 and FY2027.

Credit challenges

Moderate financial risk profile led by the debt-funded capex – YIPL's OPM is modest at 8.6-8.8%, which have also been impacted over the past two years on account of fixed costs associated with new manufacturing plants which have not been able to ramp up operations due to delayed product launches by OEMs. Notwithstanding the entry into better margin products, the OPMs are expected to remain range-bound at 9.1-9.5% over the next two years, until the capacities ramp up. The company's capital structure is expected to remain leveraged in the near term, as it is in the middle of undertaking a large debt-funded capex of Rs. 533 crore, of which 40% is towards the wiring harness segment, around 20% towards backward integration, and the balance 40% relates to tooling, process improvement, technology-driven products and maintenance activities.

However, the entire capex will be funded through ECBs from the parent, which will keep the external debt levels under check. ICRA expects YIPL's credit metrics to remain moderate, with total external debt/OPBDITA at 4.3-5.0 times as on March 31, 2026 and March 31, 2027, and interest cover at 3.0-3.3 times for FY2026 and FY2027, as against total external debt/OPBDITA and interest cover of 4.3 times and 3.2 times, respectively, in FY2025.

Moderate OPM due to labour-intensive nature of wire-harness business; susceptible to volatility in raw material prices – YIPL's OPM remained moderate in the range of 7-9% over the last three years, given the revenue concentration towards the wiring harness segment, which is labour-intensive in nature as it involves a number of manual processes. Raw material costs accounted for 67-68% of revenues in FY2024 and FY2025. Further, the company imports 30-40% of its raw material requirement from various countries such as Japan and Vietnam. Copper is the main raw material for the company, and being a commodity, its prices are market driven. Thus, profitability remains vulnerable to fluctuations in raw material costs. The company generally imports connectors, terminals, wires and tubes from Japan and Vietnam, which exposes it to foreign exchange rate fluctuation risk. However, the risk is mitigated to an extent as it hedges exposure through forward contracts, including foreign currency borrowings.

High segment concentration in PV sector – Most of YIPL's sales are from the domestic PV segment, making its earnings susceptible to the industry's performance. However, this high segment concentration risk is partially mitigated by the company's diversified customer mix, with no single customer accounting for more than 30% of its overall revenues.

Stiff competition from domestic and international players – YIPL faces significant competition in its wiring harness business from domestic and international players. Although the EDS (Electronic Differential System) division has grown significantly over the last three years, its scale of operations remains lower than that of the market leader in the wiring harness business for the domestic PV industry, Motherson Sumi Wiring India Limited (MSWIL). Along with its group company, Kyungshi Industrial Motherson Limited (KIML), MSWIL enjoys a leadership position in the domestic PV wiring harness industry and has a healthy SoB in the domestic CV industry. Besides MSWIL and KIML, YIPL also faces competition from other domestic incumbents such as Aptiv Components India Private Limited and Furukawa Minda Electric Pvt. Ltd. Nevertheless, its established relationships with customers continue to support its business prospects and mitigate the risk to some extent.

Liquidity position: Adequate

The liquidity position of the company is adequate, supported by modest annual cash flows from operations of Rs. 25-30 crore expected in FY2026, cash and bank balances and liquid investments of Rs. 49.0 crore as of June 30, 2025, and unutilised working capital limits of Rs. 754 crore as on October 30, 2025. The repayment obligations stand at Rs. 73.3 crore and Rs. 107.0 crore in FY2026 and FY2027, respectively. The repayment of Rs. 107.0 crore in FY2027 is towards ECBs from the parent and, as indicated by the management, will be paid depending upon YIPL's cash flows or will be rolled over, as in the past. Moreover, the envisaged capex of around Rs. 533 crore will be funded entirely through ECBs from the parent.

Rating sensitivities

Positive factors – The company's ability to strengthen its business profile by securing new businesses and ramp up the new capacities, while improving its operating profit margins and debt coverage indicators, will be considered favourably for an upward revision in the rating. Equity infusion by the holding company, which leads to a material improvement in the capital structure, will also be considered positively.

Negative factors – The ratings could be downgraded in case of any material decline in revenues and profits or any additional large debt-funded capex adversely impacting YIPL's debt coverage indicators. The ratings could also be downgraded in case of a significant weakening of operational or financial linkages with the parent company or a material weakening in the credit profile of YC.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Parent Company- Yazaki Corporation, Japan. ICRA expects YC to provide need-based funding support to YIPL.
Consolidation/Standalone	Standalone

About the company

YIPL is involved in engineering, designing and manufacturing of wiring harness for various segments of the automobile industry, including passenger cars and commercial vehicles. The company has 14 manufacturing facilities.

YIPL was initially incorporated as a joint venture (JV) between Tata Autocomp Systems Limited and Yazaki Corporation and was manufacturing wiring harness predominately for Tata Motors Limited and Toyota. Subsequently, on January 1, 2013, the JV was dissolved, and the company became a 100% subsidiary of Yazaki Corporation Japan and was named Yazaki India Limited. In FY2015, the name was subsequently changed to its current form.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	4,125.2	4,496.6
PAT	116.2	61.4
OPBDIT/OI	8.6%	8.8%
PAT/OI	2.8%	1.4%
Total outside liabilities/Tangible net worth (times)	4.7	4.6
Total debt/OPBDIT (times)	4.2	4.3
Interest coverage (times)	3.5	3.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)				Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long-Term	233.3	Jan 08, 2026	[ICRA]A-(Stable)	Dec 05, 2024	[ICRA]A-(Stable)	-	-	-	-
Non-fund based - Buyers credit Limit	Short-Term	30.0	Jan 08, 2026	[ICRA]A2+	Dec 05, 2024	[ICRA]A2+	-	-	-	-
Fund based - Working capital demand loan	Long-Term	54.0	Jan 08, 2026	[ICRA]A-(Stable)	Dec 05, 2024	[ICRA]A-(Stable)	-	-	-	-
Fund- based - Bill discounting	Short-Term	122.7	Jan 08, 2026	[ICRA]A2+	Dec 05, 2024	[ICRA]A2+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – fund-based - Term loan	Simple
Short term – non-fund based - Buyers credit limit	Simple
Long term – fund-based - Working capital demand loan	Simple
Short term – fund-based - Bill discounting	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	Long-term – fund-based - Term loan	FY2025	8.5%-8.85%	FY2030	233.3	[ICRA]A- (Stable)
NA	Short-term – Non-fund based - Buyers credit Limit	NA	NA	NA	30.0	[ICRA]A2+
NA	Long-term – fund based - Working capital demand loan	NA	NA	NA	54.0	[ICRA]A- (Stable)
NA	Short-term – fund-based - Bill discounting	NA	NA	NA	122.7	[ICRA]A2+

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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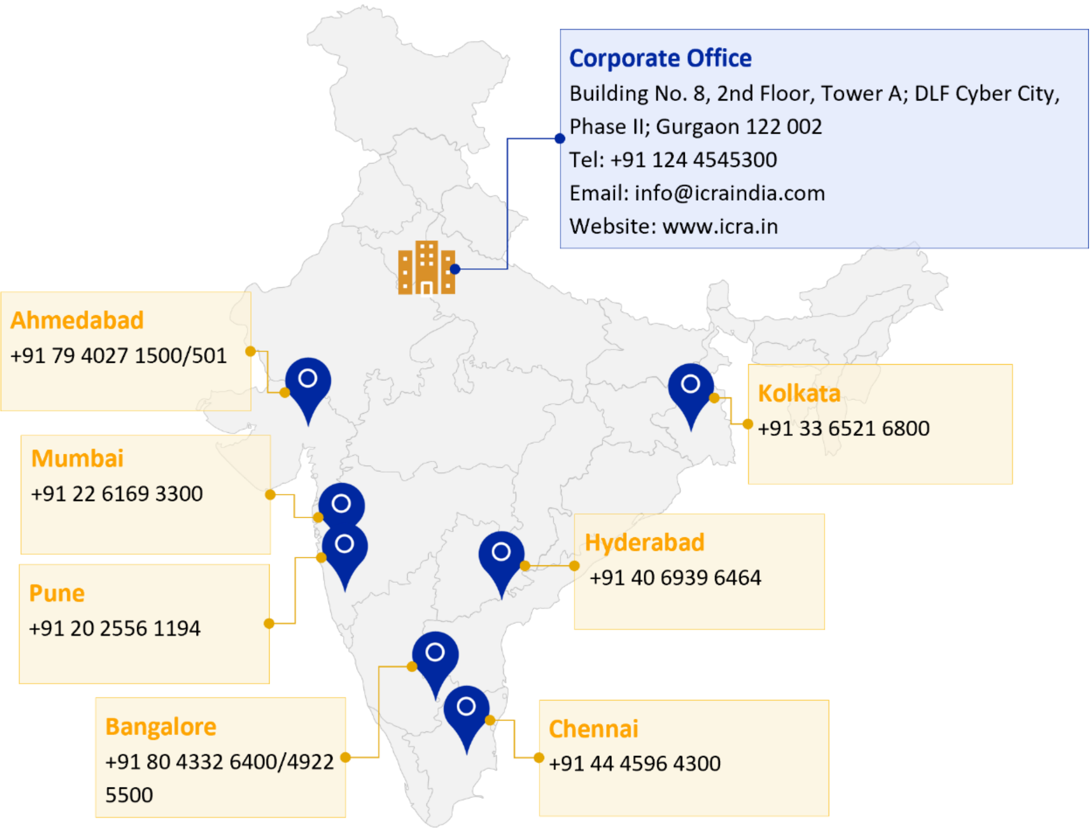

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