

March 09, 2026

Hwashin Automotive India Private Limited: Rating reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|--------------------------------------|--------------------------------------|-------------------------------------|-------------------------------|
| Long-term - fund based - cash credit | 95.00 | 95.00 | [ICRA]A- (Stable); reaffirmed |
| Total | 95.00 | 95.00 | |

*Instrument details are provided in Annexure-I

Rationale

The reaffirmed rating on the bank lines of Hwashin Automotive India Private Limited (HA IPL/the company) favourably factors in HA IPL's healthy operational profile, marked by its established relationship with its key customers, namely Hyundai Motor India Limited(HMIL) and Kia Motors India Private Limited(KMIPL), and its tier-I and sole supplier status with its key clients for sheet metal parts requirements. HMIL remains the company's largest customer, however, revenue concentration on HMIL reduced to 61.0% in 7M FY2026 (from 75.4% in FY2019) with the addition of KMIPL from FY2020. The company enjoys healthy financial flexibility as it is a part of Hwashin Company Limited, Korea (HCL), which has provided operational and financial support over the years. Its; operational support includes technical support, supply of parts, die castings, robots, spares etc. HCL provides financial support through equity funding, extended credit period for supplies, with corporate guarantee on most of HA IPL's loans.

The company's revenue is influenced by volume growth recorded by HMIL and KMIPL. Its revenue moderated by around 7.4% in FY2025, owing to volume decline due to the muted growth witnessed by HMIL and KMIPL. While the company's revenue was flat in 9M FY2026, planned vehicle launches by both OEMs, along with HA IPL's capacity expansion is expected to support growth going forward. The company's operating margin moderated by 150 bps to 5.4% in FY2025 due to increased manufacturing overheads. However, HA IPL's margin improved to 6.4% in 9M FY2026 on the back of moderation in input costs and cost optimisation, which is likely to sustain in the near-to-medium term. The company plans to expand its capacity to cater to new product lines in FY2027. The capex is expected to be funded through a mix of debt and internal accruals. Despite the debt-funded plans on the anvil, the company's debt metrics are expected to remain comfortable with projected total debt / OPBITDA less than 2.3 times and interest cover of over 6.0 times in FY2027.

However, the rating is constrained by HA IPL's high geographical and segmental concentration risk as its entire revenues are derived from the passenger vehicle segment (PV) and majority of the sales are to domestic OEMs and tier-I suppliers. The rating also considers the volatility in profit margins, given the vulnerability of the same to fluctuations in input prices and foreign currency rates in the absence of formal hedging mechanism and susceptibility of its earnings to the vagaries of its customer's performance.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that HA IPL's revenues and earnings will be supported by increasing production requirements and the company will continue to benefit from its strong parentage and its sole supplier status for sheet metal components for HMIL and KMIPL.

Key rating drivers and their description

Credit strengths

Sole supplier of certain sheet metal parts for HMIL and KMPL - HA IPL enjoys long relationships with its clients, HMIL and KMIPL, both domestically and internationally, through the parent HCL, Korea (supplier of sheet metal parts/assemblies to HMC, Korea), which ensures stable order flows, thus providing a healthy revenue visibility for HA IPL over the long term. HA IPL caters to HMIL's requirements of sheet metal parts and components across various models like Hyundai i20, Verna, Venue, Xcent, Creta, Exter and KIA India's Seltos, Carens, Sonet, Syros and others.

Comfortable financial risk profile – The company’s financial profile is comfortable marked by healthy capital structure and coverage metrics with expected gearing and total debt/OPBDITA of less than 1.5 times, and interest coverage of over 8.0 times for FY2026. Revenue growth is estimated to remain marginal at 2-4% in FY2026 and FY2027 as the recovery in offtake from OEMs has been gradual, following the inventory build-up and muted demand in FY2025. Margins improved in 9M FY2026 supported by easing input costs and cost optimisations, and are expected to sustain at similar levels going forward.

Robust financial flexibility owing to the company’s strong parent – HAIPL’s parent, South Korea-based HCL, is a global component supplier to Hyundai Motor Company (HMC). The company has an established track record of manufacturing sheet metal components and receives operational support and technical expertise from its parent. HCL supports HAIPL through supply of parts, die castings, robots, spares, etc. Besides the need-based technical support, HAIPL received funding support in the past for capacity expansions with flexible payment terms. The parent also extends financial support in the form of corporate guarantee for loans availed by HAIPL, thus enabling better financial flexibility with lenders for any requirements. The parent has provided support in the past in the form of equity infusions and through long credit period for its suppliers.

Credit challenges

High segment and geographical concentration risks – The PV segment continues to account for the company’s entire revenues and most of the sales pertain to domestic OEMs and their tier-I suppliers. This exposes its growth to the fluctuations in performance of the domestic PV segment. Despite the high revenue concentration risks, the long relationship with HMIL and KMIPL and support from parent HCL provides comfort to revenue visibility.

Margins exposed to input cost fluctuations; earnings and cash flows also exposed to exchange rate fluctuations given USD denominated debt – The company’s margins remain vulnerable to movement in input prices and foreign exchange rates, as it does not employ formal hedging mechanisms on imports. Moreover, it has material unhedged foreign currency loans. Thus, any adverse movement in the foreign exchange rates will have an impact on the company’s profitability. However, ICRA notes that forex exposure is hedged at the group level by the parent, which is likely to extend timely support to HAIPL as witnessed in the past.

Liquidity position: Adequate

HAIPL’s liquidity position is adequate, supported by healthy cash and liquid investments of Rs. 224.6 crore as of December 31, 2025, and expected retained cash flows of Rs. 100-120 crore in FY2026 and FY2027. In addition to these internal sources, the company is also planning to raise long term debts in FY2027 to fund its upcoming capex plans. The company does not have any major repayment obligations in FY2027. The proposed term loan is likely to have a moratorium period of 12 months.

Rating sensitivities

Positive factors - ICRA could upgrade the company’s rating with sustained improvement in its operational and financial profiles reflected in stable growth in revenues, earnings, debt protection metrics and liquidity position

Negative factors - Pressure on the rating could arise if there is a sharp deterioration in earnings or significant rise in debt levels, resulting in moderation of debt coverage metrics. A specific credit metric which could lead to a downgrade is TD/OPBITDA more than 2.3 times, on a sustained basis

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Auto Components Corporate Credit Rating Methodology |
| Parent/group Support | ICRA has considered the standalone credit profile of the company, factoring in the operational linkages and financial flexibility arising from the parent. |
| Consolidation/standalone | Standalone |

About the company

Hwashin Automotive India Private Limited (HAIPL), incorporated in India in 2002, is a wholly owned subsidiary of Hwashin Company Ltd, Korea, and is involved in the manufacture and supply of stamped sheet metal components to automobile OEMs, namely HMIL and KMIPL. The company is primarily a sheet metal component manufacturer which manufactures chassis parts (torsion beam, subframe, fuel tank, bumper rail, cowl bar, base assembly, cross member), engine parts (oil pan, heat protector), pedal parts (accelerator, brake, clutch) and body parts (apron, cowl complete, floor, hood, trunk). HAIPL also undertakes job work, mainly painting, for a few other HMIL's vendors. It has two manufacturing facilities at Sriperumbudur with a capacity to cater to 7,75,000 components for Hyundai and 3,50,000 components for KIA.

Key financial indicators (audited)

| HAIPL | FY2024 | FY2025 | 9M FY2026* |
|---|---------|--------|------------|
| Operating income | 2,486.1 | 2303.1 | 1,742.4 |
| PAT | 45.9 | 44.9 | 71.9 |
| OPBDIT/OI | 6.9% | 5.4% | 6.4% |
| PAT/OI | 1.8% | 2.0% | 4.1% |
| Total outside liabilities/Tangible net worth (times) | 1.9 | 1.7 | 1.0 |
| Total debt/OPBDIT (times) | 1.4 | 1.8 | 1.3 |
| Interest coverage (times) | 7.2 | 5.5 | 12.6 |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Provisional; 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: Not applicable

Rating history for past three years

| Instrument | Current Rating (2026) | | | Chronology of rating history for the past 3 years | | | | | |
|---|-----------------------|-----------------------------|-------------------|---|----------------------|--------|--------|-------------|---------------------|
| | Type | Amount Rated (Rs. crore) | Mar 09, 2026 | FY2025 | | FY2024 | | FY2023 | |
| | | | | Date | Rating | Date | Rating | Date | Rating |
| Long term-cash credit-fund based | Long term | 95.00 | [ICRA]A- (Stable) | 02-APR-2024 | [ICRA]A- (Stable) | - | - | 09-Mar-2023 | [ICRA]BBB+ (Stable) |
| | | | | 14-FEB-2025 | [ICRA]A- (Stable) | | | | |
| Short term-buyers credit / suppliers' credit-fund based | Short term | - | - | 02-APR-2024 | [ICRA]A2+ | - | - | 09-Mar-2023 | [ICRA]A2 |
| | | | | 14-FEB-2025 | [ICRA]A2+; withdrawn | | | | |
| Term loans | Long term | - | - | - | - | - | - | 09-Mar-2023 | [ICRA]BBB+ (Stable) |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|-------------|----------------------|
| Cash credit | 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 |
|------|-----------------|------------------|-------------|----------|--------------------------|----------------------------|
| - | Cash Credit | - | - | - | 95.00 | [ICRA]A-(Stable) |

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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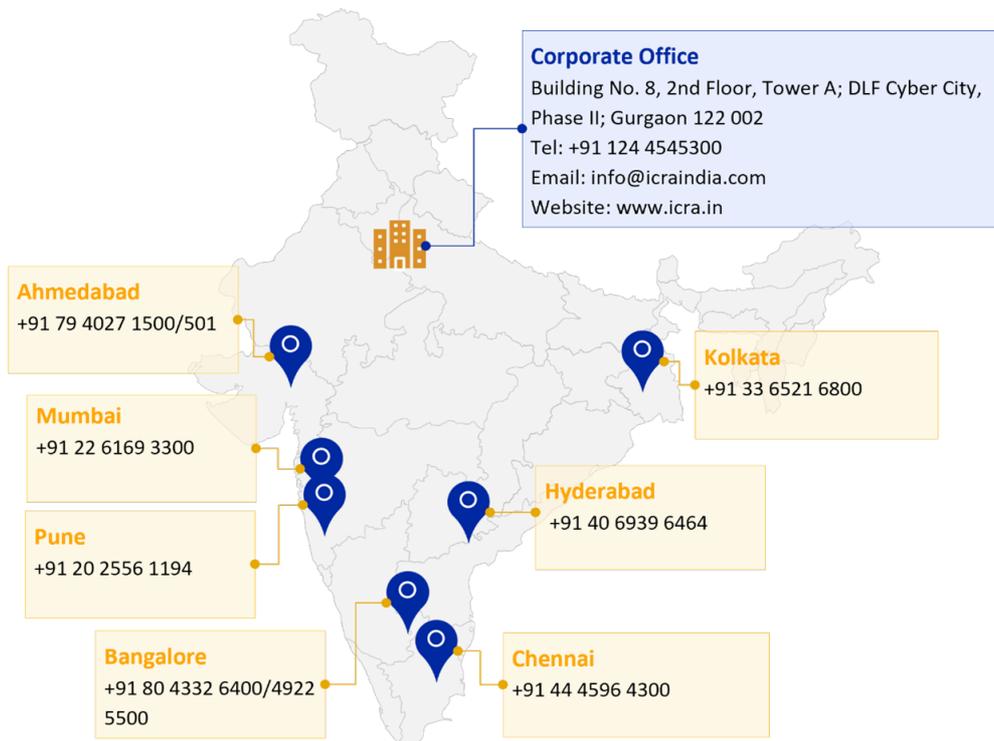


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