

June 04, 2026

## Daeseung Autoparts 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 – Working capital demand loan	199.20	199.20	[ICRA]A-(Stable); reaffirmed
<b>Total</b>	<b>199.20</b>	<b>199.20</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating considers Daeseung Autoparts India Private Limited's (DAIPL/company) well-entrenched presence in the auto component industry and its healthy operational profile on the back of established relationships with key customers, Hyundai Motor India Limited (HMIL) and KIA Motors Private Limited (KMIPL). It is the sole supplier of certain engine and transmission parts to its clients. HMIL is DAIPL's largest customer, which accounted for 43% of its revenues in FY2026 with additional sales of around 7% to Hyundai's Pune facility, followed by KMIPL, which accounted for 39% of its revenues during the year. The company is a wholly-owned subsidiary of Daeseung Company Limited, Korea (DCL), a prominent supplier of auto components to Hyundai Motor Company (HMC) and Kia Corporation (KC). DCL has provided operational support to DAIPL over the years in the form of technical expertise, supply of parts, robots, spares, etc. Moreover, DAIPL enjoys strong financial flexibility as it is a part of the reputed DCL Group.

DAIPL recorded a healthy revenue growth at a CAGR of around 23% over the five-year period ending FY2026, supported by the sustained demand from key OEMs and addition of new products. The growth in FY2026 was driven by a strong domestic demand from HMIL, KMIPL, and Hyundai Pune. Moreover, the company is setting up a new manufacturing facility at an estimated cost of Rs. 330 crore, which is expected to be operational by April 2027. This facility would focus on components for electric vehicles. A scale-up of this facility is expected to support revenue growth over the medium term. DAIPL's margins improved in FY2026 with a diversified product mix (products supplied for new models, which command better margins) and are expected to be stable in FY2027, continuing to be aided by scale benefits and cost-control mechanisms. The rating also considers the company's comfortable debt metrics, indicated by Total Debt/OPBITDA of 2.0 times and DSCR of 3.7 times in FY2026. However, its debt metrics are likely to moderate in FY2027, with expected Total Debt/OPBDITA of over 2.3 times owing to debt-funded capex plans for the year. Nevertheless, its debt protection metrics are expected to improve from FY2028 with scale-up of revenue and earnings from the new plant.

The rating is, however, constrained by DAIPL's geographical and segmental concentration risks, with a high dependence on the passenger vehicle (PV) segment and significant exposure to a limited set of domestic OEMs and tier-I suppliers. Further, a sizeable portion of the company's revenue continues to be derived from engine components for internal combustion engine (ICE) vehicles. However, the associated transition risk is partly mitigated by the company's ongoing investments towards EV-related components and capacity expansion, along with initial traction in supplies to EV platforms, which is expected to support gradual diversification over the medium term.

The rating also considers the susceptibility of margins to fluctuations in input prices and foreign currency movements, particularly in the absence of a formal hedging mechanism at the standalone level. Nevertheless, ICRA notes that forex exposure is managed at the parent level, which provides some comfort. Further, while the company has extended loans to its Group entity, Ilgahng Automotive India Private Limited (IAIPL), this is partly offset by the continued financial and operational support from the parent, including an extended credit support for capex.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that growth in DA IPL's revenues and earnings will be supported by the increasing production requirements from its customers, increase in wallet share and scale-up of revenue from new products and capacity.

## Key rating drivers and their description

### Credit strengths

**Sole supplier of certain engine and transmission components for HMIL and KMPL** - DA IPL has established relationships with its clients, HMIL and KMIPL, both domestically and internationally, through its parent DCL, Korea (supplier of engine, and transmission components/assemblies to HMC, Korea), ensuring stable order flows and healthy revenue visibility for DA IPL. DA IPL caters to HMIL's requirements of engine and transmission components across various models like Hyundai i20, Verna, Venue, Xcent, Creta, Exter and KIA India's Seltos, Carens, Sonet, and Syros among others.

**Comfortable financial risk profile** – The company has a healthy scale of operations and reported an operating income of Rs. 765.2 crore in FY2026 (provisional), representing a CAGR of 23% for FY2022 to FY2026. The revenue growth was supported by healthy increase in supplies to HMIL (including supplies to Hyundai Pune facility) and Kia India, reflecting a strong domestic demand. The OPM increased to 14.5% in FY2026 from 11.5% in FY2025, supported by operating leverage and a favourable product mix (higher margins in new models of HMIL and KIA for which DA IPL supplied components). However, forex losses impacted its net profit in FY2026. Despite the moderation in net profit, the capital structure and coverage metrics were healthy, with a gearing of 1.1 times and total debt/OPBDITA of 2.0 times and interest coverage of over 5.4 times in FY2026 (provisional). ICRA expects the company's capital structure and coverage indicators to moderate in FY2027, owing to sizeable debt-funded capex plans. However, its debt metrics are expected to improve from FY2028 with a scale up in revenues and earnings from the new capacity.

**Strong financial flexibility** – DA IPL's parent entity, DCL, is based in South Korea and is a global component supplier to Hyundai Motor Company (HMC). HA IPL has an established track record of manufacturing high-precision engine components, transmission and body parts and receives operational support and technical expertise from its parent. DCL supports DA IPL through the supply of parts, machinery, robots, spares, etc. In addition to incorporating strong process-oriented systems, the company also employs state-of-the-art automated production lines used by its parent entity. Besides technical support, DA IPL receives need-based funding support for any capacity expansions with flexible payment terms. The parent also extended corporate guarantee for loans taken by DA IPL, enabling better financial flexibility with lenders for any requirements.

### Credit challenges

**High segment and geographical concentration risks** – The PV segment accounts for the company's entire revenues, and most of its sales are to domestic OEMs and tier-I suppliers. This exposes its growth to fluctuations in the performance of the domestic PV segment. Despite the high revenue concentration risks, the strong relationship with its parent company (Hyundai Motor Company and DCL) provides comfort to DA IPL's revenue visibility.

**Impending electrification of automotive industry may impact revenues** – DA IPL derives over 50% of its revenues from the sale of engine and transmission components used in ICE vehicles. It is susceptible to risks arising from electrification of the automotive industry. However, the company started manufacturing chassis parts for electric vehicles. Moreover, it is setting up a new plant at an estimated capex of around Rs. 330 core, which would focus on manufacturing components for electric vehicles. The scale-up of the same is expected to mitigate this risk in the long term.

**Vulnerability of earnings to input costs and forex rates** - The company's earnings remain vulnerable to the movement in input prices and foreign exchange rates, as it does not hedge its foreign current exposure (imports and foreign currency loans). Thus, any movement in the foreign exchange rates will have an impact on the company's profitability. However, ICRA notes that the Group's forex exposure is hedged at the parent level and the parent entity is likely to support DA IPL, if required.

## Liquidity position: Adequate

DAIPL's liquidity position is Adequate, supported by expected retained cash flows of Rs. 115–120 crore over the next 12 months. Against these sources, the company has a capex outlay of Rs. 250-260 crore over the same period, which is expected to be funded through term loans of Rs. 135 crore, of which Rs. 35 crore has been sanctioned, support from its parent, Daeseung Precision Co. Ltd., Korea, and internal accruals.

## Rating sensitivities

**Positive factors** - ICRA could upgrade the company's rating if the financial profile improves on the back of ramp-up in revenues and earnings from the ongoing debt-funded capex, particularly driven by traction in the EV segment, leading to stronger debt protection metrics and liquidity.

**Negative factors** - Pressure on the rating could arise if there is a sharp deterioration in the earnings or significant rise in debt levels, resulting in moderation of debt coverage metrics. A specific credit metric which could lead to a downgrade includes TD/OPBITDA more than 2.3 times on a sustained basis. The rating may also be impacted if incremental financial support extended to Group entities materially weakens DAIPL's liquidity position, or if there is any delay or moderation in the timely support from the parent, Daeseung Precision Co. Ltd., affecting financial flexibility on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Auto Components</a>
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

Daeseung Autoparts India Private Limited (DAIPL), incorporated in India in 2007, is a wholly-owned subsidiary of Daeseung Company Limited, Korea, and is involved in the manufacture and supply of high-precision engine parts, transmissions, axle, and body components to automobile OEMs, namely Hyundai and KIA. The company primarily specialises in production of connecting rod, bed plate, cylinder block, clutch housing and TA case. DAIPL has two manufacturing plants in Sriperumbudur, Tamil Nadu.

## Key financial indicators (audited)

DAIPL	FY2024	FY2025	FY2026*
Operating income	608.4	691.5	765.2
PAT	22.5	36.1	3.3
OPBDIT/OI	11.5%	11.5%	14.5%
PAT/OI	3.7%	5.2%	0.4%
Total outside liabilities/Tangible net worth (times)	2.6	2.3	2.5
Total debt/OPBDIT (times)	2.7	2.5	2.0
Interest coverage (times)	4.3	3.7	5.4

Source: Company; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; \*Provisional financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	June 04, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund based – Working capital demand loan</b>	Long-term	199.20	[ICRA]A- (Stable)	May 08, 2025	[ICRA]A- (Stable)	-	-	-	-

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)

8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-Term – Fund Based – Working Capital demand loan	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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term – Fund-based – Working capital demand loan	NA	NA	NA	199.20	[ICRA]A- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure III: List of entities considered for consolidated analysis - Not Applicable

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For more information, visit [www.icra.in](http://www.icra.in)

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### Branches



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