

May 08, 2025

Daeseung Autoparts India Private Limited: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long Term – Fund based – Working capital facilities	199.20	[ICRA]A-(Stable); assigned
Total	199.20	

*Instrument details are provided in Annexure I

Rationale

The rating assigned to the bank lines of Daeseung Autoparts India Private Limited (DAIPL/company) considers its well-entrenched presence in the auto component industry and its healthy operational profile. This is marked by its 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, accounting for 48% of its revenues in 11M FY2025, followed by KMIPL, which accounted for 38%. The company is a wholly owned subsidiary of Daeseung Company Limited, Korea (DCL), a prominent supplier of auto components to Hyundai Motor Company and Kia Corporation. 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 witnessed a healthy sales CAGR of ~24.2% over the 5-year period ending FY2025, supported by the healthy demand for passenger vehicles following the Covid-19 pandemic and the addition of new products for its key customers. Moreover, the introduction of new products for electric vehicles is expected to support volume and revenue growth in the near term. DAIPL's margins are expected to improve in FY2026, aided by scale benefits and cost-control mechanisms. The debt metrics are also expected to remain comfortable, as indicated by the expected total debt/OPBDITA of less than 1.8 times and interest coverage of over 5.0 times for FY2026.

The rating is constrained by DAIPL's high geographical and segmental concentration risks, as its entire revenue is derived from the passenger vehicle (PV) segment, with most sales to domestic OEMs and tier-I suppliers. Further, more than two-thirds of the company's revenue comes from the sale of engine components for internal combustion engine (ICE) vehicles, making it susceptible to risks from the electrification of the automotive industry. However, the company has begun supplying chassis parts to electric vehicles and plans to scale up this segment, mitigating the risk to an extent. The rating also considers the volatility in profit margins due to fluctuations in input prices and foreign currency rates, in the absence of a hedging mechanism. However, ICRA notes that the Group's foreign currency exposure is hedged at the parent level, which is expected to support DAIPL if required. ICRA also notes that DAIPL has extended interest-bearing loans to its group entity, Ilgahng Automotive India Private Limited, but it also receives support from its parent through extended credit periods on capital creditors.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that DAIPL's revenues and earnings will be supported by the increasing production requirements from its customers and its sole-supplier status for engine and transmission components for HMIL and KMIPL.

Key rating drivers and their description

Credit strengths

Sole supplier of certain engine and transmission components for HMIL and KMPL - DA IPL enjoys established relationships with its clients, HMIL and KMIPL, both domestically and internationally, through the 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, Syros among others.

Comfortable financial risk profile – The company has a healthy scale of operations and reported an operating income of Rs. 692.0 crore in FY2025 (provisional), representing a CAGR of 24.2% for the period FY2020 to FY2025. The revenue growth was aided by healthy demand for passenger vehicles following the pandemic and the addition of new products. The OPM declined to 11.8% in FY2024 from 17.9% in FY2023. This was driven by increased overheads stemming from the shifting of the company's plant to Sriperumbudur from Mannur. However, the OPM recovered to 14.8% in FY2025 (provisional), aided by scale benefits and cost-control mechanisms. This resulted in healthy capital structure and coverage metrics, with a gearing of 0.8 times and total debt/OPBDITA of 1.9 times and interest coverage of over 7.7 times in FY2025 (provisional). ICRA expects the company's capital structure and coverage metrics to remain comfortable over the medium term in the absence of any major debt-funded capex and expected healthy earnings going forward.

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. Over the recent years, the company has added new customers, domestically and globally, such as Kia Motors Slovensko s.r.o (KIA, Slovakia) and KMIPL to mitigate concentration risks. 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 risks arising from electrification of the automotive industry. However, the company started manufacturing chassis parts for electric vehicles, which 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 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 with expected retained cash flows of ~Rs. 90-100 crore in the next 12 months, cash and liquid investments of Rs. 28.0 crore as on March 31, 2025. The company enjoys ~Rs. 220 crore sanctioned working capital lines and has undrawn working capital lines of ~Rs. 20-25 crore. In relation to these cash sources, the company has a capex outlay of ~Rs. 80-100 crore in the next 12 months. ICRA expects DAIPL to fund its capex partly through internal accruals and the balance through fund support from DCL, Korea. The company does not have any repayment obligations.

Rating sensitivities

Positive factors - ICRA could upgrade the company's rating with sustained improvement in its financial profile, reflected by stable growth in revenues and earnings leading to improved debt protection metrics and liquidity position.

Negative factors - Pressure on the ratings 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. Any support extended by DAIPL to its group entities or a lag in receiving support from its parent, Daeseung Precision Co. Ltd, impacting its liquidity position or debt metrics on a sustained basis may also result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
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 and transmission parts, axle, and body components for automobile OEMs. The company primarily specialises in the production of connecting rods, bed plates, cylinder blocks, clutch housings and TA cases. DAIPL has two manufacturing plants in Sriperumbudur, Tamil Nadu and employs ~400 employees at present.

Key financial indicators (audited)

DAIPL	FY2023	FY2024	FY2025*
Operating income	583.7	608.4	692.0
PAT	33.8	22.5	74.0
OPBDIT/OI	17.9%	11.5%	14.8%
PAT/OI	5.8%	3.7%	10.7%
Total outside liabilities/Tangible net worth (times)	2.0	2.6	1.8
Total debt/OPBDIT (times)	1.1	2.7	1.9
Interest coverage (times)	9.1	4.3	7.7

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 (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 08, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund Based – Working Capital Facilities	Long term	199.20	[ICRA]A-(Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-Term – Fund Based – Working Capital Facilities	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 – Working capital facilities	NA	NA	NA	199.20	[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

ANALYST CONTACTS

Jitin Makkar

+91 012 4454 5368

jitinm@icraindia.com

Nithya Debbadi

+91 40 6939 6416

nithya.Debbadi@icraindia.com

Srikumar K

+91 44 4596 4318

ksrikumar@icraindia.com

Nikhil Parakh

+91 44 4596 4321

nikhil.parakh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.