

October 10, 2024

A.G. Industries (Bawal) Pvt Ltd - Update on material event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long term Fund-based – Cash Credit	7.00	7.00	[ICRA]AA-(Stable)
Short term - Fund based Limits	35.00	35.00	[ICRA]A1+
Total	42.00	42.00	

Rationale

Material Event

On October 04, 2024, ICRA received the annual report of A.G. Industries (Bawal) Pvt Ltd for FY2024, wherein the auditor mentioned an instance of delay in debt servicing by the company. The delay pertained to an instance of debt servicing obligation (involving principal and interest aggregating to ~Rs. 0.3 crore) on an outstanding term loan. The same was due on May 30, 2023, but was debited on June 02, 2023.

Impact of the Material Event

ICRA understands from the company's concerned bank that the aforesaid delay was on account of technical issues, which were beyond the control of the entity. Additionally, ICRA has independently evaluated that the company had sufficient liquidity to service the debt obligations in a timely manner. Accordingly, the delay was not on account of any lack of ability or willingness on the part of the company to service its debt obligations in a timely manner. The said delay has not been treated as a default by ICRA, which is in line with ICRA's Policy on Default Recognition.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components Policy on Default Recognition
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of AGIPL. As on March 31, 2023, the company had a subsidiary, which is enlisted in Annexure-2.

About the company

A.G. Industries Private Limited (AGIPL), established in 1993, is the primary supplier of large injection moulded plastic parts to Hero MotoCorp Limited (HMCL) (accounts for ~90% share of AGIPL's business) and caters to various manufacturing facilities of the original equipment manufacturer (OEM). At present, the company operates seven manufacturing facilities—one each at Haridwar (Uttarakhand), Manesar (Haryana), Gurgaon (Haryana), Bawal (Haryana), Halol (Gujarat), Chittoor (Andhra Pradesh) and Dharuhera (Haryana). The company's product portfolio includes two-wheeler parts such as seat bases, fenders, visors, side covers, cowls, wind screens and utility boxes. Ms. Geeta Anand, the Managing Director of AGIPL, is the daughter of the Late Brij Mohan Munjal (the erstwhile chairman of HMCL). AGIPL is a part of the Hero Group and is positioned as a

captive supplier of the OEM, maintaining a strong share of business over the years. Supplies to the OEM constitute 85-90% of AGIPL's overall revenues.

In addition, the company's subsidiary – A.G. Industries (Bawal) Pvt Ltd (AGIBPL, established in 2009), has a manufacturing facility at Bawal (Haryana) for primarily supplying injection moulded components to HMCL's Dharuhera (Haryana) plant. AGIPL had a subsidiary named Gmax Auto Limited (Gmax, set up in FY2012), which primarily catered to HMCL's Neemrana (Rajasthan) plant). Gmax was merged with AGIPL in 2017 and at present operates as a business unit of AGIPL.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)			Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	FY2025		FY2024		FY2023		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
1 Term Loans	Long term	0.00	-	-	-	-	Nov 24, 2022	[ICRA]AA-(Stable)	Nov 12, 2021	[ICRA]AA-(Stable)
2 Long-term Fund-based – Cash Credit	Long-term	7.00	Oct 10, 2024	[ICRA]AA-(Stable)	Dec 13, 2023	[ICRA]AA-(Stable)	Nov 24, 2022	[ICRA]AA-(Stable)	Nov 12, 2021	[ICRA]AA-(Stable)
3 Short-term – Fund-based Limits	Short term	35.00	Oct 10, 2024	[ICRA]A1+	Dec 13, 2023	[ICRA]A1+	Nov 24, 2022	[ICRA]A1+	Nov 12, 2021	[ICRA]A1+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based – Cash Credit	Simple
Short-term – Fund-based Limits	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, is 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 Cash Credit	NA	NA	NA	7.00	[ICRA]AA-(Stable)
NA	Short-term Fund Based Limits	NA	NA	NA	35.00	[ICRA]A1+

Source: Company

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

Annexure-II: List of entities considered for consolidated analysis

Company Name	AGIPL Ownership	Consolidation Approach
A.G. Industries (Bawal) Pvt Ltd	100.00% (rated entity)	Full Consolidation
A.G. Industries Pvt. Limited	Parent Company	Full Consolidation

Source: AGIPL annual report

Note: ICRA has taken a consolidated view of the parent (AGIPL), and its subsidiary while assigning the ratings.

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