

November 17, 2025

A.G. Industries (Bawal) Pvt Ltd: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – Cash credit	7.00	7.00	[ICRA]AA- (Stable); reaffirmed
Short-term – Fund-based limits	25.00	25.00	[ICRA]A1+; reaffirmed
Total	32.00	32.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has taken a consolidated view of A.G. Industries Pvt. Ltd. (AGIPL) and its subsidiary, A.G. Industries (Bawal) Pvt. Ltd. (AGIBPL), collectively referred to as the AG Group, while assigning the credit ratings, given the common management and significant operational and financial linkages between the entities.

The ratings reaffirmation continues to factor in the expectation of a steady operational performance of the AG Group, aided by its established relationship and strong share of business (SOB) with regard to the supply of plastic-based auto components to its key customer, Hero MotoCorp Limited (HMCL; rated [ICRA]AAA (Stable)/[ICRA]A1+), the market leader in the Indian two-wheeler (2W) industry. The AG Group is a part of the Hero Group and is positioned as a captive supplier of HMCL, which accounts for 85-90% of its total revenues. Thus, the Group's business expansion has primarily tracked HMCL's volume growth over the years and it continues to maintain a strong SOB of 90-95% for relatively larger-sized plastic injection-moulded part requirements of the original equipment manufacturer (OEM). The strong SOB with HMCL provides comfort regarding the company's ability to generate healthy cash flows, going forward, which is likely to help it maintain adequate credit metrics.

Demand in the 2W industry remained weak over FY2022-FY2024 on account of a material increase in vehicle prices. However, the industry has recorded a gradual recovery in domestic sales volumes over the past few years, with the industry recording a volume growth of approximately 8% to 24.7 million units (domestic and exports combined) in FY2025. The industry is expected to grow at a steady pace of 6–9% in FY2026. This likely increase in volume will support AG Industries in scaling up its operations, given its high exposure (approximately 95%) to the 2W segment and strong linkages with OEMs, particularly with HMCL.

ICRA notes that, starting H2 FY2024, the AG Group implemented a change in its revenue recognition construct with HMCL through adoption of the bill-to-ship-to (B2S2) mechanism. Under this arrangement, certain products and raw materials are now being procured directly by HMCL and subsequently supplied to the AG Group. As a result of this shift, the company's reported revenue for FY2025 was impacted by approximately Rs. 344 crore. AGIPL, at a consolidated level, reported an operating revenue of Rs. 1,440 crore in FY2025 (without the B2S2 mechanism) and Rs. 1,096 crore (with the B2S2 mechanism). The company's revenues are strongly tied to the production volumes of HMCL. In FY2025, the company's revenue growth outperformed that of HMCL's production increase as it secured new business from OEMs like Suzuki Motors, MG Motors and Mahindra and Mahindra.

AGIPL's operating profit margin (OPM) stood at approximately 10.3% in FY2025, increasing from 7.1% in FY2024, primarily driven by the normalisation of input cost pressure that had impacted profitability in the previous year. In FY2024, the company faced a sharp rise in raw material prices resulting in compressed margins. However, with prices stabilising in FY2025 and no further major escalation in input costs, the company was able to retain the price hikes implemented earlier. As a result, the proportion of raw material expenses to revenue moderated, contributing to a healthier margin.

The ratings reaffirmation continues to favourably factor in the Group's healthy financial risk profile, characterised by a conservative capital structure (gearing of 0.4 times as on March 31, 2025) and comfortable debt coverage indicators (interest coverage of 7.0 times in FY2025). ICRA notes that the Group has been availing sales bills discounting (SBD) facilities from banks for supplies to HMCL from FY2022, which led to an increase in the company's debt levels. Nevertheless, the debt coverage indicators have improved over the past few years, aided by steady net cash accruals and limited capex spending. Over the medium term, the Group's return and credit metrics are likely to further improve, owing to expansion in scale and anticipated receipt of balance subsidy from the Government of Gujarat.

Even though the Group's dependence on HMCL exposes it to high client concentration risk, the same is mitigated by the OEM's market leadership position as well as the strong and stable SOB enjoyed by the Group over the years. With focus towards light weighting, OEMs are considering higher use of plastic-based components in segments such as fuel tanks and reflex reflectors. This has provided opportunities to the AG Group to expand its content per vehicle (CPV) with HMCL. In addition to efforts towards increasing CPV for supplies to HMCL, the Group has been trying to diversify its client and product portfolios over the past few years, which is likely to yield results over the medium term. ICRA expects the AG Group to record a moderate CAGR in revenues over the medium term, aided by the strong market position of HMCL in the 2W industry, which will translate into healthy offtakes for the Group. This will help in growing sales of value-added proprietary products and increasing penetration of electric vehicles (EVs), where the Group has higher CPV. ICRA also expects growth in the scale of the company's steering wheel business.

The Stable outlook on the long-term rating reflects ICRA's expectation that the Group's revenue and earnings growth are likely to remain at moderate-to-healthy levels over the medium term, supported by various business awards from HMCL. ICRA expects the Group to continue to maintain a conservative financial risk profile.

Key rating drivers and their description

Credit strengths

Primary supplier of plastic injection-moulded parts to HMCL – The AG Group is involved in the manufacturing of injection-moulded plastic components for the automotive industry. It is a part of the Hero Group and is positioned as a captive supplier of HMCL, which accounts for 85-90% of its total revenues (via direct and indirect supplies through various HMCL ancillaries). The Group provides various injection-moulded plastic parts to HMCL and specialises in bigger plastic components, such as seat bases, fenders, side covers, wind screens and utility boxes. The Group meets 90-95% of the plastic requirements of all 2Ws manufactured by HMCL. With focus towards light weighting, OEMs are considering greater use of plastic-based components in vehicles, which bodes well for improvement in CPV and consequently the revenue growth prospects of the Group.

Healthy financial profile, characterised by conservative capital structure – At a consolidated level, AGIPL continues to have a healthy financial risk profile, characterised by a conservative capital structure (gearing of 0.4 times as on March 31, 2025) and comfortable debt coverage indicators (interest coverage of 7.0 times in FY2025). ICRA notes that the Group availed sales bills discounting (SBD) facilities from banks for supplies to HMCL from FY2022, which led to an increase in the company's debt levels and a moderation in the total debt/operating profit before interest, tax, depreciation and amortisation (OPBITDA) ratio. Nevertheless, the same improved the company's cash flows, to some extent. Over the medium term, the Group's return and credit metrics are likely to further improve, aided by healthy improvement in earnings, receipt of subsidy and moderate capex.

Efforts to diversify product and customer profiles likely to yield results over the medium term – Even as HMCL is expected to remain the largest customer for the Group, the company has been making efforts to enter new business segments and diversify its customer base. In this regard, the company had acquired the businesses of two entities operating in the steering wheel segments in CY2016. In addition, the AG Group supplies plastic-based components for other 2W and e2W (electric two-wheeler) OEMs also.

Credit challenges

High client concentration risk with supplies to HMCL constituting significant revenue share – A large business dependence on HMCL (85-90% of overall revenues) exposes the Group to high client concentration risk. The risk is, however, mitigated to an extent by the market leadership status of HMCL in the domestic motorcycle market and the Group's established relationship and strong SOB with the OEM. The Group has remained focussed on increasing its CPV to HMCL over the years and has gained business for new products such as air filters, reflex reflectors and fuel tanks for select models.

Exposed to the inherently cyclical and competitive nature of the 2W industry – AG Industries derives a significant portion of its revenue from supplying components to 2W OEMs, primarily Hero MotoCorp. The 2W industry in India is inherently cyclical, with demand closely linked to rural income levels, fuel prices and overall economic conditions. Periods of slowdown or muted consumer sentiment can lead to production cuts by OEMs, directly impacting AGI's order volumes and capacity utilisation.

Additionally, the industry is highly competitive, with OEMs exerting strong pricing pressure on vendors to maintain cost efficiency. This limits the ability of component manufacturers like AGI to pass on cost increases promptly, exposing margins to volatility during periods of raw material inflation. While AGI's long relationship with Hero MotoCorp provides some stability, its concentration risk amplifies vulnerability to industry downturns.

Liquidity position: Adequate

The AG Group's liquidity position is adequate, characterised by an expectation of steady retained cash flow (Rs. 50-60 crore in FY2026) and availability of adequate unutilised lines of credit (average buffer of approximately Rs. 29.0 crore in the working capital limits in the 12-month period ending in September 2025). Against this, the company has capex requirements of Rs. 25-30 crore per annum (p.a.), which will be funded by internal cash reserves, and debt repayments of Rs. 25-30 crore p.a., with its cash flows likely to be adequate to help repay the same in a timely manner.

Rating sensitivities

Positive factors – A sustained improvement in the Group's operational profile through material diversification of its customer base as well as product portfolio could trigger a rating upgrade over the medium term. Further, improvement in profitability indicators with RoCE over 20%, on a sustained basis, would be favourably considered for an upward rating revision.

Negative factors – A downgrade in ratings could be triggered if there is any significant deterioration in the operational profile of the Group, led by a decline in the share of business with HMCL. Further, a deterioration in profitability or a higher-than-expected debt-funded capex, which adversely impacts the credit profile of the entity could prompt a downward revision in ratings. A specific credit metric for ratings downgrade includes total debt/OPBDITA of more than 2.0 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of AGIPL. As on March 31, 2025, 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 HMCL (~90% share of the business) and caters to various manufacturing facilities of the 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 2W 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 SOB 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 (ABGPL, 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, 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.

Key financial indicators (audited)

AGIPL (consolidated)	FY2024	FY2025
Operating income	1,094.3	1,095.9
PAT	7.7	36.3
OPBDIT/OI	7.1%	10.3%
PAT/OI	0.7%	3.3%
Total outside liabilities/Tangible net worth (times)	1.1	0.8
Total debt/OPBDIT (times)	2.8	1.4
Interest coverage (times)	4.4	7.0

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

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Nov 17, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long term	7.00	[ICRA]AA- (Stable)	Oct 10, 2024	[ICRA]AA- (Stable)	Dec 13, 2023	[ICRA]AA- (Stable)	Nov 24, 2022	[ICRA]AA- (Stable)
				Jan 03, 2025	[ICRA]AA- (Stable)	-	-	-	-
Fund-based-Bill discounting (channel financing)	Short term	25.00	[ICRA]A1+	Oct 10, 2024	[ICRA]A1+	Dec 13, 2023	[ICRA]A1 +	Nov 24, 2022	[ICRA]A1 +
				Jan 03, 2025	[ICRA]A1+	-	-	-	-
Fund-based-Term loan	Long term			-	-	Dec 13, 2023	[ICRA]AA- (Stable)	Nov 24, 2022	[ICRA]AA- (Stable)

Complexity level of the rated instruments

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 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 Cash Credit	NA	NA	NA	7.00	[ICRA]AA- (Stable)
NA	Short-term Fund-based Limits	NA	NA	NA	25.00	[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

AGIPL (consolidated)	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 AGIBPL while assigning the ratings.

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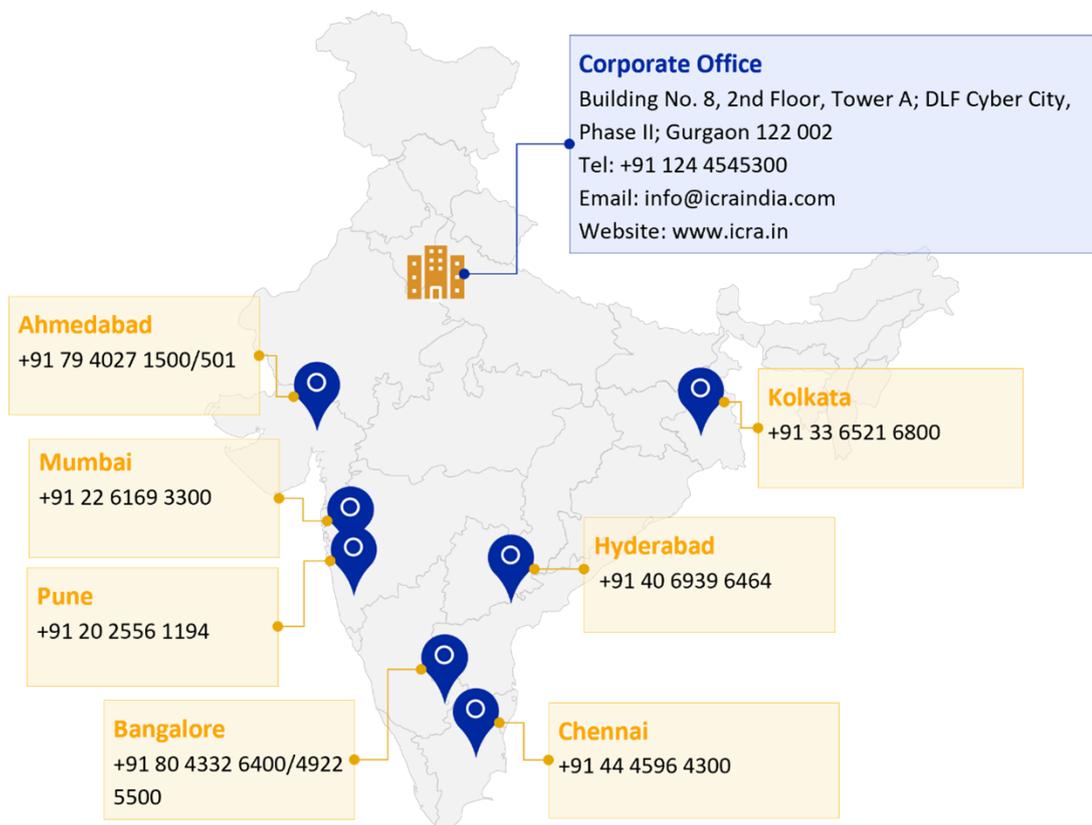
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