

NEAPS/BSE ONLINE

14th November, 2024

The Corporate Relationship Department
BSE Limited
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1st Floor, New Trading Ring
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Mumbai – 400001
(BSE Scrip Code: 500187)

Listing Department
National Stock Exchange of India Limited
Plot No. C-1, Block-G
Exchange Plaza, 5th Floor,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051
(NSE Symbol: AGI)

Dear Sir/Madam,

Sub: Transcript of the Earnings Conference Call held on 8th November, 2024

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Conference Call held on Friday, 8th November, 2024 for discussion on the financial results of the Company for the second quarter and half year ended 30th September, 2024.

The transcript will also be available on the website of the Company i.e. www.agigreenpac.com.

You are requested to take the above information on your record.

For AGI Greenpac Limited

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“AGI Greenpac Limited
Q2 FY‘25 Results Conference Call”
November 08, 2024



MANAGEMENT: **MR. RAJESH KHOSLA – PRESIDENT AND CHIEF EXECUTIVE OFFICER – AGI GREENPAC LIMITED**
MR. OM PRAKASH PANDEY – CHIEF FINANCIAL OFFICER – AGI GREENPAC LIMITED
MR. SANDEEP SIKKA – GROUP CHIEF FINANCIAL OFFICER

MODERATOR: **MR. AMIT LAHOTI – EMKAY GLOBAL FINANCIAL SERVICES**



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Moderator: Ladies and gentlemen, good day, and welcome to Q2 FY '25 Results Conference Call of AGI Greenpac Limited, hosted by Emkay Global Financial Service. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star (*) then zero (0) on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Lahoti from Emkay Global Financial Services. Thank you, and over to you, sir.

Amit Lahoti: Good evening, everyone. I would like to welcome the management of AGI Greenpac and thank them for this opportunity. We have with us today Rajesh Khosla, Chief Executive Officer; Om Prakash Pandey, Chief Financial Officer; and Sandeep Sikka, Group CFO.

I shall now hand over the call to the management for the opening remarks. Over to you, Mr. Pandey.

Om Prakash Pandey: Good evening, everyone and welcome to AGI Greenpac Q2 FY25 Earnings Call. We have already uploaded our "Earnings Presentation Q2 FY25" on the Stock Exchange website and on our website.

Despite a scheduled furnace shutdown, the Company reported Total Income of ₹611 crore while EBITDA increased 20% year-on-year to ₹166 crore, with a 27% margin. Profit after Tax grew 28% year-on-year to ₹72 crore. In H1FY25, the company reported Total income of ₹1188 crore. EBITDA grew 12% year-on-year to ₹313 crore, maintaining a 26% margin. Profit after tax increased 13% year-on-year to ₹135 crore. Our planned furnace relining project, completed in August 2024, will enhance our operational efficiency and help us to capitalize on the growing demand for glass containers.

We are confident in our ability to deliver strong financial performance in the years to come. Our positive outlook is underpinned by our robust business strategy, which Mr. Khosla will outline, along with key business highlights. Now, I would hand over the call to Mr. Khosla.

Rajesh Khosla: Thank you, Mr. Pandey and good evening to all. We continued our growth momentum this quarter. Despite a scheduled furnace relining, we maintained a strong glass container capacity utilization of approximately 93% this quarter. The furnace resumed operation in late August '24. Our focus on cost efficiency including optimizing production and supply chain management led to the improved margins.

Moreover, our strong customer relationship and tailored product offering helped us maintain a robust market presence. We continue to expand our international presence through exhibitions in UAE, USA and Europe to boost our visibility and facilitate networking with the potential clients and partners.



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In October '24, we incorporated Sun Reach Pack (FZE), a wholly owned subsidiary in the United Arab Emirates to expand our global footprint and increase exports. Sustainability is the cornerstone of our business strategy. We are proud to receive SEEM National Sustainability Award Gold 2023 for our community contribution towards our manufacturing plant, focusing on climate change, water stewardship, waste minimisation, employee well-being and empowerment.

We continue to invest in initiatives to reduce our carbon footprint and further strengthen our commitment to sustainable practices. With a strong foundation and strategic focus, we are poised for growth and long-term success.

Now we would like to open the call for any questions you may have. Thank you very much.

Moderator: First question is from the line of Dhaval Shah from Girik Capital.

Dhaval Shah: Very good set of numbers. So I have a couple of questions. So first to start with, if I look at the trend of other expenses over the last couple of quarters, it has steadily trended down and just inched up a bit in this quarter compared to the last quarter. So is there a seasonality angle to these other expenses line item? Or there are some actual reduction exercise which we are taking, which is reflective of this?

Sandeep Sikka: I will not be able to quantify the figure here of the response which I'm trying to give. As you know for the purpose of acquisition of Hindusthan National Glass, there are subset of litigations, which have been filed at various courts, i.e. NCLT, NCLAT, High Courts and Supreme Court. There was a lean period in between. And now I think since the hearing is going on in almost all the courts. In short term, you may see some trend going up. But ultimately, it will phase out once the adjudication is done. This is primarily on that account.

Dhaval Shah: Got it. So, like in December 2023 quarter, it was INR 240 crores before that it was INR 245 crores, then last quarter, INR 208 crores and now INR 223 crores. So this up and down and while the top line is almost within in the range, not being much different. So, this large variation of INR 15 crores to INR 20 crores on a quarterly basis, so one of the part is what you're mentioning. Is it that? And what else it could be.

Sandeep Sikka: It's primarily towards that.

Dhaval Shah: Okay. Understood. Yes. So then the gross profit expansion, you have been mentioning in a couple of calls regarding what efficiency enhancement we have been doing along with product mix change. So I assume the expansion of our gross profit is a resultant of that. Now moving to our outlook with respect to the current capacity and plus what debottlenecking which we keep doing on.

So over the next 2-year period, what sort of volume growth or a revenue growth visibility can you give us with the existing capacity, what sort of top line is achievable? Because I understand in running a furnace efficiency is the most important thing, and we are able to capitalize that

through our years of experience and able to utilize the asset to the maximum. So how should we read about what sort of maximum volume or output you can get from the furnaces over the next 2-year period, which would result in the top line growth?

Rajesh Khosla: Since we are operating the furnaces with a reasonably very high capacity utilization. So I don't think we can multiply the volumes like that. But we will be all the time looking ahead for debottlenecking and areas where we can increase our product mix or production.

It is only the debottlenecking, which is expected now, unless until there is some visibility on the capex side. Yes, we are looking ahead for some sort of inorganic growth. So we hope that, that thing goes right and then the volumes will be certainly going to multiply.

Moderator: I think we lost the connection from the current participants. We will move to the next question from the line of Parikshit Gupta from Fair Value Capital.

Parikshit Gupta: Congratulations on a fabulous quarter. I have a couple of questions. So my first question is on the soda ash price. I understand that you have a long-term contract with the suppliers, which help in containing volatility. But considering that the Chinese soda ash prices have reduced by almost 45% year till date. Is there any contractual benefit that you might get from that significant drop?

Rajesh Khosla: I don't think the soda ash prices have fallen drastically. The soda ash is a commodity and the prices purely depend upon demand and supply plus any other cost additions. Today, because of the Israel and Iran war, so there has been a lot of disturbance on the normal freight areas and normal freight rates. So the freight has gone up a bit because of that.

Because of the demand and supply, the soda ash, basic prices have little come down. Because of this, it is almost balanced out with, I think, small 2%, 3% here and there, it normally happens. And I think the prices are reasonably in the controlled manner. And I think your next part was about Chinese soda ash. Am I right?

Parikshit Gupta: That is correct. Yes.

Rajesh Khosla: What exactly you want to know about Chinese soda ash?

Parikshit Gupta: No, no. I meant that the exchange price, the commodity price for Chinese soda ash has fallen, but I understand the fact considering the freight increases.

Rajesh Khosla: In the case of China, there is one capacity which has come up in inner Mongolia, which has a little bit changed the scenario of demand and supply. But those exchange prices of soda ash are basically for the local soda ash or the local Chinese prices. So they are not basically applicable globally, and they have not affected much on the global scale.

Parikshit Gupta: I understand. My second question is on the FMCG segment of the business. I believe it is about 17% of the glass container revenue mix. Can you please help me understand on a high level, how much would it be mass segment and the premium FMCG segment? Because mass segment is

uncertain in terms of sustainability of using glass containers with many factors such as low viscosity liquids, cost and PET alternatives, although I remember you mentioned high-quality PET alternatives are more expensive than glass.

However, there is some sort of quartz coating on the inner surface, which helps PET bottles to be having inner surface properties equivalent to glass. So if you can just help us understand on a high level, the segment split among mass and premium FMCG product glass and the sustainability of it going forward, please?

Rajesh Khosla: Because I was not able to understand the question exactly. But whatever I understand, it means like that in the case of plastic or PET, there has been a lot of development where they can produce the better quality of the bottles. And is it affecting the glass industry or not? Is this the question, if I'm understanding you right?

Parikshit Gupta: Yes. I mean, more so just trying to understand the split between the premium versus mass in the FMCG sector and the sustainability of both the segment going forward.

Rajesh Khosla: Okay. If my understanding is right, please correct me there. See, this packaging is a typical of the Venn diagram, if you can work it out. There are the products which are only in the glass, there are the products which are only in the plastic. There are products which are only in the cans. And then there is an overlapping area where you can use either PET or glass, it can interchange.

And there is a constant, what you call transformation, which is happening from glass to plastic, plastic to glass, which is happening in country to country, product to product, company to company, area to area, time to time. So this is the reason because it works out, which is more economical as such. Sometimes because of the pressures on the sustainability, it brought change to the glass, sometimes because of the less pressure, they go back to the PET.

As such, globally, there is a clear signal that things should change to more sustainable packaging, which is a glass packaging. PET has gained a bit of points, but I don't think so on a long-term basis, they have any bright future in the times to come. So the glass will take a bit of time, maybe slow, but ultimately, the glass will take over the PET either today or tomorrow.

Parikshit Gupta: I understand. I appreciate your answer to this. And if I may just ask a final question about the Hindusthan National Glass acquisition. So we did some primary and secondary research from which we understood that the operating costs, primarily the energy requirement for the HNG furnaces are high. Please correct me if I'm wrong. This is either due to the heat loss on account of delayed maintenance or due to the infrastructure of the plants allowing only a very smaller share of cullet, which increases the temperature required to melt the entire product inside the furnace.

So if you can please talk a little bit about the entire process of the HNG acquisition. Is it to further control the share of the market in terms of North and Eastern markets of the existing premium clients or there are additional strategic reasons, please?



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Sandeep Sikka: We cannot divulge any information relating to the acquisition for two reasons. The entire proceedings are right now sub judice before the courts. And also, we have a confidentiality clause till the acquisition is done.

But generally, we can make a statement that once the furnaces are not maintained over a period of time the thickness of the refractory lining comes down. And on account of which there is radiation losses happening, which results in higher energy consumption. We won't be able to take your question specifically relating to the acquisition. But whatever public data is there on the HNG website, I think we can use that to make an assessment there.

Moderator: Next question is from the line of Zaki Naser, an individual investor.

Zaki Naser: Congratulations on a very decent set of numbers, sir. My first question is, sir, the kind of growth we had in the first half, do you think that will continue in H2? And my second question would be, sir, our plant of 156 tons per day of specialized glass, are we producing the kind of glass which we set out to produce in that plant, sir?

Rajesh Khosla: Okay. As the business leader in the glass industry and as a corporate member, we are always optimistic on the outcome of the future. And since we have done quite good in the H1, and we hope that we will continue to do the same in H2 also. Yes, there are some parameters.

There has been good amount of tailwinds, which has helped us in doing the same. But we hope that these tailwinds can be continued and consistently going to help us because we are also putting a lot of efforts on the more sustainable outcomes like productivity, efficiency, product quality and relationship. All those aspects are being geared up. So we hope to continue the same in the times to come.

Zaki Naser: And about the specialty glass, I mean, is the plant doing what it is set out to do?

Rajesh Khosla: Yes, I think we are on the track. And certainly, in these set of numbers, this specialty glass has contributed quite a lot. And still, I think there is a gap in what we expect or that we wish and aspire to do and what where we are.

So, these gaps though it's quite a benefit to us because that much of leverage we are expected to get in the future. So we are on track, we are doing good, and we hope to do much, much better in the times to come on the specialty glass. So things are working pretty well as per the plan.

Moderator: Next question is from the line of Dhaval Shah from Girik Capital.

Dhaval Shah: Sorry, my line got disconnected. So my question was regarding the volume growth expectation and what math we can do over the next 2-year period, yes, from the existing capacity and then the debottlenecking, which we have done?

Rajesh Khosla: See, as far as debottlenecking is concerned, I think all the numbers have already been out. And right now, there is no such greenfield project, which is in process or in progress. But obviously,



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the acquisition of HNG is in pipeline. So we hope that things will work out well in our favour, and we hope to add up the capacity in the very near future because of this inorganic growth.

Dhaval Shah: No, definitely, sir. And from our AGI Greenpac perspective, how much we can add in terms of the volume? How much growth we can do organically?

Rajesh Khosla: I think all the debottlenecking have already been done now. So we have to sustain that debottlenecking and more efforts are now working on fuel efficiency, productivity and product quality. So now we are trying to debottleneck on these parameters. And these are certainly going to add a lot of value in our top line and bottom line. So we are working on those now.

Dhaval Shah: Understood. Sir, if I heard it correctly, so the current quarter number, what we did like a similar kind of performance we can do in the next 2 quarters?

Rajesh Khosla: In this quarter, we were not operating one of the furnace for quite a long time because it was under relining. So obviously, those volumes are going to add up in the future.

Dhaval Shah: And sir, I mean, where is the matter stuck in terms of HNG court case. So where is the hurdle and what makes you positive about it that you in a short term?

Sandeep Sikka: The subset of litigation from Hindusthan National Glass, the prime litigation has been there in Supreme Court for now more than a year. But the good part is that the matter is continuously heard, and we feel that hearings should get completed in other 1 or 2 days whenever the next hearing is, next hearing is on coming Wednesday and after which the courts will take a decision. We are optimistic on the outcome of this. The matter is for the Supreme Court. I think we have to all wait for it to pass through. And then we feel that once this is done, and everything is in our favour, then NCLT can move very fast on this matter.

Dhaval Shah: Okay. Once the ordering is in our favour, what is the next step? So what will be the cost of acquisition for us then? And how do you plan to fund it?

Sandeep Sikka: There are some things which are right now confidential because the entire resolution plan proceedings are confidential in nature until it is approved by the adjudicating authority, which is NCLT. We'll be disclosing this upon the order from the court once the NCLT approves it. Then at that time, we'll make the appropriate disclosures as per the requirement of the laws. Till that time, I'm restrained not to talk about it.

Moderator: The next question is from the line of Anil Shah from Insightful Investments.

Anil Shah: Congratulations to the team for a good set of numbers. I have a couple of questions. One, obviously, as you said, in this quarter and even in the previous quarter, we lost some volumes because of the relining. So in the next half, that is the second half, we should be able to have better volumes. Could you put some number to that in terms of percentage increase or absolute in terms of metric tons?

- Rajesh Khosla:** Slightly difficult. The reason is when you reline the furnace, the behaviour of the furnace is a little difficult to predict. And since this furnace, we have started in the month of August and we just started our firing the furnace and September onwards, they start selling. So signals are quite good. Normally, it takes a quarter time to stabilize the furnace with the normal volume. So we are expecting that certainly we are going to get the volumes what we are expecting or what we have indicated the investors before. So we will be able to catch up those numbers, whatever we have indicated before.
- Anil Shah:** And in general, one question related to the festive season because it's almost about 5 weeks post the September results, which we are talking about. How has that season been? Some qualitative comment from you.
- Rajesh Khosla:** Sir, we are very lucky in India, we have the festive season throughout the year. So Diwali has finished and now Christmas and New Year is about to come. And after that, the Holi will be there and then Pongal. So nowadays, I think the Indian economy is doing quite well as the festive season is throughout the year.
- I don't think these very small peaks, which are affecting nowadays with the traditional festive season, what we talk about, now practically, the whole year is more or less flattened or we have the peak in practically every quarter with these small peaks in every quarter. Big and small.
- Anil Shah:** In general, you're happy with the way October has gone.
- Rajesh Khosla:** Yes sir. As long as Indian economy do well, sir, we all will do well, sir.
- Anil Shah:** Sir, third question is on power and fuel. How much of the power and fuel requirement of ours is now through renewals? And because of that, what's the kind of cost structure or cost change that has happened over the last few years? If you could just explain.
- Rajesh Khosla:** Sir, there are 2 aspects. One is the thermal energy, one is the electrical energy. On the electrical side, Mr. Pandey, you please confirm, I think we are close to 17% - 18%, something like that.
- Om Prakash Pandey:** Yes. You're right.
- Rajesh Khosla:** Okay. So we are close to 17% - 18%. And we are now trying very hard to increase this number to a much larger number, maybe close to 35% - 40%, we are in process of discussion and finalization.
- As far as thermal energy is concerned, we have started using the biofuel. The biofuel is under testing now, results are yet to be seen. I think maybe in 1st quarter or so, probably we may have better results. But, yes, as a country, as an organization and as management, we are committed to make the glass more green, as much green as possible.
- Anil Shah:** Okay. And when we shift from thermal to electrical, which is renewal 17%, 18%, it would have definitely led to a significant lower cost from our perspective as well? Very low variable cost.

- Rajesh Khosla:** No, we are not shifting thermal to electrical. We are shifting normal electrical to green electrical, we are trying to shift normal thermal to the green thermal. So that is one part. And second part is, see, the cost is not on our head to be very honest, more sustainability and to make the glass green is on our head. Yes, when you make the electrical energy green, you get the lower power tariff. But then there is a capex also, big capex also which goes for it.
- Anil Shah:** I was looking more from a variable cost perspective.
- Rajesh Khosla:** I think normal electrical and green electrical has a very small delta of the benefit, on the commercial benefit. It is more towards the environmental and sustainability commitments.
- Anil Shah:** Okay. Right. Sir, last question from my side. I think in the end of the last fiscal or in the beginning of this fiscal, we talked about a 10% kind of growth for this particular fiscal year. But first half, from a total income perspective, we are almost flat. So do you think you will be able to kind of catch up to reach those kind of numbers that we spoke about in one of the calls?
- Rajesh Khosla:** I think, Mr. Sikka, can you reply on this, please?
- Sandeep Sikka:** The responses which we have given last time was based on certain parameters. The furnaces have been relined. The available tonnages will be slightly higher now. The capacity utilization on the 154 tonnes furnace is constantly increasing. So fairly confident that although the market has been a little bit volatile on the sale side, but I think our internal efficiency has led to higher profitability. But we should be able to have that 10% overall sales. Let's see.
- Moderator:** Next question is from the line of Richa from Equitymaster.
- As there is no response from the current questioner, we will move to the next question from the line of Rishabh Gang from Sacheti Family Office.
- Rishabh Gang:** Excellent performance on EBITDA margin front. Your efforts on optimization are really commendable. I was reading your annual report on the granular initiatives you have taken for the same. Excellent. You have substantially higher margins than maybe some smaller other listed players. Can you throw some light on how you compare versus the margins of let's say players in Firozabad belt or other unorganized players? And if any other player even tries to getting to a level of efficiency, how many years ahead do you think you are versus others?
- Rajesh Khosla:** Very interesting question, sir. Thank you very much for that. And my answer maybe look a little arrogant to you, but since you have asked the question, I have to reply that. I do not think we are competing with the Firozabad cluster at all. Firozabad cluster has a different way of working.
- There product may be same, the process is different, the commitments are different and everything is different. And that is what exactly we have been talking about that the measures we take to produce the material on a sustainable manner, on what you call management principle levels when you do business.



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The results may be late, but they come ultimately in a better shape. Why I'm saying it is not comparable because the type of technology, the type of furnace they use and the type of furnaces and technology, other things we use, machines, everything is altogether different. So it is going to give us a result in a better numbers.

Rishabh Gang: So we have been doing a lot of technological advances over the years, right? So would it be correct to say that technologically-wise and SKU-wise, we can make all the products which are manufactured by, let's say, a top-class glass bottle manufacturer, container manufacturer in the world.

Rajesh Khosla: Absolutely. As a proud Indian and part of the AGI management team, I can say we can produce all the products what have been produced globally, and we are supplying to the global customers. Even the global customer present in India, and to the global customer present outside. So we are supplying, and we will continue our supplies to them. And every day, we are taking up the new challenges to produce best of the products.

Rishabh Gang: So I've been reading about your initiative on exports, right, attending this business exhibitions and all. So just wanted to ask how has the outcome been? Like, what is the typical time taken from your first interaction with an international customer onboarding product development and sale made? Also, I thought you have opened a subsidiary in UAE. So some insights on that.

Rajesh Khosla: Number one, when you go for the exhibitions and conferences where you try to sell your product. So it is a vector sum of so many factors. One is I'm trying to exhibit my products.

Number two, is you are trying to tell about your company. They are going to take a trial. They will also do all sort of confirmation about our company, about our ethical working, our old supplies, our history and everything. So it's a bit of time is being taken until the time you establish yourself with any of new customer.

And it's a good thing. So rather than we feel that about that, I feel this is a good entry point for any new suppliers to come because they have to pass all these parameters.

And regarding the UAE, it's a conduit to supply to the UAE because all these countries, they want the local presence and local services. By opening this entity, we will be locally present, we will establish the local service sector, we will see that we are next to the customer, understanding them more and start supplying from there. So it's a conduit to service them better.

Rishabh Gang: Also considering that glass bottle is a voluminous product, how efficient is exporting glass bottle abroad considering the freight cost, right? And what is the usual difference between the realization when the products are sold in India and when exported? Some insights on that sir.

Rajesh Khosla: The export potential is not visible like a steel potential globally; you have to find the pockets. The pockets are geographical pockets, the product pockets. So we continuously innovate and design the products, which are required in those countries and are not produced in those countries.



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So we have done a great study, and we understand where is the potential and where are the pockets where we can sell. So these types of pockets can easily absorb the local freight or the freight part from demand and supply part.

Rishabh Gang: So for the big player in export, the edge would be coming from a better quality product or cost and logistically being closer.

Rajesh Khosla: Absolutely, because if you are shipping a low-quality product or a commodity product, probably they may not be able to sustain the freight part. So only the value-added product, only the special product, only they will be able to sustain the freight.

Rishabh Gang: One question on the HNG front, it's a public information. So I saw in their annual report that they are carrying around INR 1,200 crores of unabsorbed depreciation, business loss and tax credits. So would it be okay to assume that this INR 1,200 crores of tax loss, if you are able to acquire them, you will also be able to use it?

Rajesh Khosla: I think Mr. Sikka will reply on this.

Sandeep Sikka: Two separate entities. And income tax doesn't work on the consolidated profitability once the acquisition is done. Post the acquisition, HNG will have its own set of profitability and AGI will have its own set of profitability in the respective tax shields. Right now, in the immediate future till both the organizations merge into one this carry-forward loss can be used only within HNG.

Rishabh Gang: Yes. Within HNG, at least they will be able to get it, right?

Sandeep Sikka: Yes.

Rishabh Gang: On the balance sheet front, right, I was seeing on the investment property side, there's a huge investment property that you have, both on land and building. So can you just give some information on the location, some idea on size and the fair market value? And what is our outlook on them? Like do we plan to retain them, especially the land?

Sandeep Sikka: These are various parcels of land. And when you see our results, part of our land parcels, land and building parcels are given on rent to the other group company, of which the approvals have been already sought from the shareholders for a span of around 10 years with the rentals also done. In the near future, right now, we don't see any opportunity to realize cash from them because most of these are being put to the productive users right now.

But we haven't done the fair valuation. I'll say the real market potential valuation for each of the parcel of the land. But since many parts of the land are very old and they should have an intrinsic value of its own. But right now, these have been restated, I think, over in 2010 or 2011 under the court scheme, some parcels of land, but most of them are appearing in the book value right now.

Rishabh Gang: But because land would not be having a lot of use case for you, right? Because you are going to do a debt acquisition, right, for HNG. So if some money is available, why not just use that then



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if the asset is not being used? And also fair market value, I guess, as per Ind AS, you are required to get, right?

Sandeep Sikka: But fair market doesn't mean revaluation of land. When I'm reading to fair valuation, so let's say, we acquired a parcel of land in 1970 at INR 100. It's not necessary that we revalue the current market value of that land. If there is an impairment, then we put it down. The upward is not done like that.

Rishabh Gang: No, that I understand. The revaluation is not needed, but fair market value, I think you are required to disclose?

Sandeep Sikka: No. Not the real current market value of parcels of land. That doesn't require a disclosure.

Rishabh Gang: Okay. So no plan of monetizing that right at the moment?

Sandeep Sikka: No, now we are not looking at it.

Rishabh Gang: If I can squeeze one more question. On PET side. So in one of the concalls, you mentioned that one is the PET bottles which are being used by alcoholic beverages players, one is a very generic type of plastic and one is a high-end plastic. And I have seen that a lot of alco-bev players actually make bottles in-house. So does the customer make both kind of bottles in house? Or do we have any scope to capture this market as well? Like we being a packaging specialized player, how do we differentiate ourselves?

Rajesh Khosla: Normally, what happens in a business if the business focus on their core product, so they are able to sustain better on a long-term basis. Yes, we understand some alcohol beverages make their own bottles. But as the technology upgrades and as the new investment comes, they may be facing a technological gap. I don't think so the high-end products in plastic are being made by the alcohol beverages brands. If at all, anything is there, you can count it on fingers. But we are talking with respect to the small market of PET, which are being incurred in the alcohol segment.

So more or less, I think people are inclined and they have moved towards the glass. And whatever things have not moved, I think the glass industry has to play their strategy. And on a long-term basis, what we have seen in the Western world, slowly things will start moving to the glass, may not be today, but tomorrow.

Rishabh Gang: All right. And just one last question. Sir, any furnace right, which will go for relining scheduled maintenance, debottlenecking in the next 6 to 12 months? Right, because that helps us in understanding whether some volume loss can come or not. So anything which you think can some maintenance happening in 6 to 12 months?

Sandeep Sikka: We don't have furnace relining for to the best of my knowledge for around 24 months now.

Rajesh Khosla: Yes. For the next 12 months, there is no relining, which is going to come now.



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- Rishabh Gang:** Sir, maybe I understand relining happens after a period of 9 to 10 years.
- Moderator:** Mr. Rishabh may we please request you to rejoin the queue for the follow-up question, sir. Next question is from the line of Richa from Equitymaster.
- Richa:** Sir, my question is post this debottlenecking exercise, if you can help me with the capacity in specialty and normal glass by the end of FY '25?
- Sandeep Sikka:** I couldn't get your question. Yes, on debottlenecking, we have already taken a question.
- Richa:** No. The question is what would be the capacity post debottlenecking by the end of FY '25? What is the capacity current capacity? Or what kind of capacities are we going to end up?
- Rajesh Khosla:** Ma'am, our capacity is same. Whatever the capacity we have indicated on our website or on our earlier reports. So the capacity will remain same. Only with the debottlenecking, some additional numbers we are able to achieve, like, for example, better efficiency, so the good product comes out.
- Richa:** So as per my understanding, it's 154 tons for specialty and a bit below 1,900 for normal.
- Rajesh Khosla:** That is an additional capacity of the specialty products which we have added. And this specialty product is different from the commercial products that we have been manufacturing earlier.
- Richa:** Okay. And sir, how big is the market in specialty glass? And if you can help me understand what kind of opportunity is there because the realizations are really high and who are the big players? And is there any vision of increasing the share in this segment?
- Rajesh Khosla:** Okay, then, in the specialty products, on a global scale, we may be less than 1%.
- Richa:** Okay. But what are the challenges? Within India, what is the opportunity size?
- Rajesh Khosla:** Ma'am, the challenges are, this market is evolving. Number two, this market is expensive, I think the growth is different. It is only in the niche segment. It is not easy to produce. A lot of technology is required and a lot of skilled manpower is required to sustain this business. This business also takes a bit of time to stabilize, but then it gives a good results once it is on track.
- Richa:** Okay. And my third question is, what is the current share of exports? And in 2 to 3 years, with the subsidiary and all the exhibitions.
- Rajesh Khosla:** You mean to say, the specialty?
- Richa:** No, regarding exports.
- Rajesh Khosla:** Total company exports?



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Richa: Yes, What is the share of exports in revenue? And in 2 to 3 years, where do you see this next heading to?

Rajesh Khosla: It's close to around 5% or less than 5%. Because as a marketing strategy, we are here to serve the domestic market on first priority basis. And only the balance quantity, we plan to export it. Since India economy is booming and growing very fast, very less volumes are available for exports for us.

But yes, as a strategy, we are expanding our footprint so that we are always ready to explore whenever we want to do that. So that's the reason we have opened our Dubai office. We are opening offices or we are opening our channels in the other countries so that we are always ready to explore whenever we have to. And the scope of export is much better in the specialized and value-added products, and we are already doing that.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question for the day. I would now like to hand the conference over to Mr. Sandeep Sikka for the closing comments.

Sandeep Sikka: Thank you, everybody, for joining the call today. I hope most of the questions which were there, we have been able to answer. If you still have questions, I will always like to have a feedback as a questionnaire from your side, and we'll be happy to make a response. Thanks again for joining the call. Thank you.

Moderator: Thank you. On behalf of Emkay Global Financial Services, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

Notes:

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