

NEAPS/BSE ONLINE

27th January, 2025

The Corporate Relationship Department
BSE Limited
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(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 21st January, 2025

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 Tuesday, 21st January, 2025 for discussion on the financial results of the Company for the third quarter and nine months ended 31st December, 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

(Ompal)
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“AGI Greenpac Limited
Q3 FY '25 Conference Call”

January 21, 2025



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. AKHILESH KUMAR – EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the AGI Greenpac Limited Q3 FY '25 Conference Call hosted by Emkay Global Financial Services Limited. 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 on your touch-tone phones. Please note that this conference is being recorded.

I now hand the conference over to Mr. Akhilesh Kumar from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Akhilesh Kumar: Thank you. Good evening, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today, Rajesh Khosla, President and 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, gentlemen.

Om Prakash Pandey: Good evening, everyone and welcome to AGI Greenpac Q3 FY25 Earnings Call.

We have already uploaded our “Earnings Presentation Q3 FY25” on the Stock Exchange and our company website.

We are happy to report a strong performance this quarter, demonstrating the effectiveness of our strategic initiatives. This quarter, we achieved a total income of ₹674 crore. More importantly, our focus on profitability has yielded significant results, with EBITDA increasing 20.3% year-on-year to ₹185 crore, achieving a 27.4% margin. Profit after Tax also saw robust growth, increasing 35% year-on-year to ₹91 crore.

In the first nine months of FY25, the company reported a total income of ₹1,862 crore. EBITDA grew by 15.1% year-on-year to ₹497 crore, with an EBITDA margin of 26.7%. Profit after tax increased by 20.9% year-on-year to ₹226 crore.

Looking ahead, we are confident in our ability to deliver continued strong financial performance.

I will now hand over the call to Mr. Khosla.

Rajesh Khosla: Thank you, Mr. Pandey. We are happy to report continued growth momentum this quarter, maintaining strong glass container capacity utilization, which is over 95%. The results validate our core strategic priorities, disciplined cost management, optimizing our product portfolio and cultivating strong and long-term customer relationships. By focusing on these key areas, we are building a more resilient and profitable business.

We continue to actively participate in exhibitions across UAE, U.S.A. and Europe, strategically building visibility and forging connection with the potential clients and partners in key markets. Sustainability is a core pillar of our long-term strategy, and we are proud to have received several awards this quarter recognizing our commitment.

We are honoured with Bronze at the 2024 International Green Apple Environmental Awards in U.K., recognizing our dedication to sustainable packaging. We were also named the fastest

Decarbonizing Packaging Product Company of the Year 2024 at the SuryaCon Hyderabad, Telangana and AP Annual Solar Awards, acknowledging our progress in reducing carbon emission.

Our commitment to sustainability, innovation, community engagement and brand building is not just about awards, it is about creating a long-term value for our stakeholders, and building a stronger, more responsible business. Our holistic strategy underpins our confidence in achieving continued growth and long-term success.

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

Moderator: Thank you. We will now begin with the question-and-answer session. The first question is from the line of Zaki Nasser, an Individual Investor.

Zaki Nasser: Sir, congratulations to the management for a fantastic set of Q3 numbers. As indicated in Q2, where you had said that one furnace will get better in Q3. Sir, would we consider this as the new normal, the INR 650 crores kind of top line?

And how do you think the tailwind in the industry will pan out because as we read and as declared on the exchanges, another furnace of HNG is shut down. So, do you think this will add further to your margins?

Rajesh Khosla: Okay. Number one, INR 650 crores, whatever we have achieved in this quarter is a normalized normal. It means that because the prices of the glass are also dependent on a lot of inputs material prices like soda ash, sand and other commodities. So, if those prices are taken in account, so it is going to become a normalized normal.

Number two, since we are running with the full capacity, which is 95% plus capacity. So probably any furnace which is getting down or coming up, it may not get affect to us much because we are already running full capacities.

Third, we are having a long-term association understanding with our customers, where we do not exploit our customers with any demand and supply gap. Rather we are in a long-term sustainable and permanent partnership with our customers. So, our strategy has nothing to do with exploiting the temporary situations.

Zaki Nasser: What about any kind of fundraising plans the Company has set. I mean, are you looking at something in the near future, sir?

Rajesh Khosla: You mean to say organic or inorganic growth?

Sandeep Sikka: No, the question is, Rajesh, on the fundraising. So, I'll take that question.

Rajesh Khosla: Yes, yes.

Sandeep Sikka: If you see, we closed the quarter with a net debt of somewhere around INR 390 crores and EBITDA for the 9 months is there. And if we try to analyse, we are less than half time of the EBITDA on the debt side. Once we acquired the HNG, which is right now under the court

processes, and based on the timing when we acquire and all those things, based on the court orders, we'll start the acquisition with the debt.

However, we have an enabling resolution with the shareholders that we can potentially raise equity to deleverage immediately after that. But nothing concrete as such, but there is a plan basis on which the resolutions have been proposed to the shareholders.

- Moderator:** The next question is from the line of Pranay Roop Chatterjee from Burman Capital.
- Pranay Chatterjee:** Sir, my first question is on your gross margin. So, 71.5% is the highest recorded in a while. Is there any one-off here? And if you could comment on what has driven this margin and how we should expect it to move ahead?
- Rajesh Khosla:** Mr. Sandeep, would you reply this?
- Sandeep Sikka:** We do our analysis not on the gross margin here. It's more on the EBITDA level. If I understand your question, is the question of the sustenance of EBITDA?
- Pranay Chatterjee:** Yes.
- Moderator:** Sorry to interrupt you. This is the operator. We're not able to hear you. Could you please come closer to the microphone?
- Sandeep Sikka:** There is an echo from somebody's side. We can't hear you properly. Maybe we can take the next question in the queue. Maybe we can test the system with that and then come back.
- Moderator:** Sure. The next question is from the line of Anil Shah, Insightful Investment Manager.
- Anil Shah:** So, while I understand that the Hindusthan National Glass acquisition is yet under the Supreme Court judgment. What I really want to know is what's the plan B if it doesn't go through. Can the management share some insights in terms of what is the plan B as far as volume growth in the next couple of years is concerned? And how do we move ahead with the next 2 years in case the acquisition doesn't go through for some reason?
- Sandeep Sikka:** If for any reason acquisition doesn't go through, there is a natural evolutionary process in the Company to grow organically. But that's plan B. But that plan has not yet approved by the Board. It's very difficult for us, any of us to make a firm commitment what is plan B or plan C. Any organization do have a number of plans in place.
- But we can talk about the same to the market only once it is approved by the Board. But definitely, then other way route should be on the organic growth.
- Anil Shah:** So, let me rephrase, okay, the question in the sense, how do we get volumes over the next 2, 2.5 years? Because I believe even if the acquisition doesn't happen, we will probably start a new furnace, which itself could take about 2.5 to 3 years, if my understanding is right. In the interim period of 2.5 to 3 years, is there a possibility?

And a plan B and that's the reason in terms of where we could get some kind of growth more on the volume side because again, pricing is actually depending on the industry and multiple other factors?

Rajesh Khosla:

Mr. Sikka, let me reply on this. Number one, yes, now you are talking if there is an HNG, then the plan is very different. You are talking about plan B. In plan B, there are 2 types of growth we are expecting, one is the volume growth and second is the value growth.

Volume growth, certainly, we have to debottleneck a few more things by which we will be able to add up some more or debottleneck the volume. But there will be a reasonable level of the value growth where we may like to enter into all upcoming segments where we can increase our value of the goods which we are selling.

Secondly, in case there is a plan B, probably we will be in a position to open up the facilities or to start the facilities much ahead than you are indicating to us. You are indicating around 3 years, it can be much, much earlier than the 3 years. Plan B, it is not advisable unless until it is approved by the Board.

We cannot disclose to the public, but yes, at the right time, we will take the approval from the Board and open up to the public about our plan B part also.

Anil Shah:

Just for my understanding is right, what you're saying, I understand that you don't want to obviously disclose your plan B. But what you've just said, just for my understanding and to clarification, that it does not take 2.5 to 3 years, even if we lose the bid or for some reason, the acquisition with Hindusthan National Glass does not go through.

We will still have some volume growth, and we will definitely have some value growth as we move forward in the next 2 to 2.5 years. Is that understanding, correct?

Rajesh Khosla:

Strong and mature organizations does not depend only on one plan. They have all alternate plans. So, there can be a plan C also in that case. So that is what maximum I can say at this point of time.

Moderator:

The next question is from the line of Garvita from Seven Island PMS.

Garvita:

Sir I'm asking if you could please give guidance on the volume growth and the sales growth. Looking at the peak current utilization level, what is the sales growth we can expect and volume growth because currently, the growth which we have is because of the high value which we are attaining?

Rajesh Khosla:

Mr. Sikka, please reply on this?

Sandeep Sikka:

If I can interpret as I couldn't hear that properly. Your question is, going forward, how much can be the volume growth and how much can be the value growth? Is that the question?

Garvita:

Yes, sir. My question is on the same line, how much could be the sales growth in total and volume growth?

- Sandeep Sikka:** Sorry. Rajesh?
- Rajesh Khosla:** Okay. Shall I say. Just before you, I have already answered the question because the Hindusthan National Glass verdict is with the Supreme Court. So, if it all happens so there will be a big volume growth. In case it is not there so there is a plan B, in which both the volume and the value growth are there.
- We may not be able to open up these numbers because these numbers are yet for the internal discussion not approved by our Board of Directors. So those numbers once approved with the Board, we have to follow the regulation of SEBI, and then only we'll be able to declare it.
- Garvita:** Okay. So, numbers you cannot give.
- Moderator:** The next question is from the line of Dhaval Shah from Girik Capital.
- Dhaval Shah:** Sir, my question is on understanding the cyclicity of the business. We are at the best EBITDA margin levels right now. And there is some sort of demand supply scenario playing out and which is helping us the margins along with our own operational efficiencies. Now going forward, irrespective of the acquisition, how do you see the profitability scenario for this current business over the next 1-year period?
- Rajesh Khosla:** We have been replying to this question for the last many quarters, and we have been consistently telling that we will be able to maintain a reasonable level of our growth as well as profitability. And if you take in consideration all of our last few quarters, we are able to maintain our commitment level. So, our commitment level or I can say, indicative levels remain the same. So, whatever it has been happening for the last few quarters, we will be able to maintain the same part.
- Dhaval Shah:** Okay. So, if I were to ask you from a product mix perspective, is the richer product mix which we are doing it right now, which is helping our gross margin improve quarter-on-quarter. So, is this product mix sustainable? I mean, of course, it is driven by your end customer, what your customer is demanding and your customers must be demanding a better premium category of glass containers, which is giving you this growth.
- So how much is dependent upon customers' demand versus how much is driven by your own market share gain and your own efforts rather than, because it's the customer's premium product, which are selling more, that's why the demand is coming versus you have gained some market share and customer is selling the same volumes what it was doing 2 years back. So, from that perspective, any thoughts you can share?
- Rajesh Khosla:** Indian economy is already close to \$4 trillion. It is strongly moving towards \$5 trillion and towards the \$6 trillion. So obviously, then the per capita income, which is less than \$3,000 as today will grow to \$5,000 in the times to come. So obviously, all this per capita income is going to go into the lifestyle products. And lifestyle products certainly going to attract a premium quality of glass and premium quality of products, which are packed in glass.

So, we hope so that with the Indian demographic term as well as the demand cycle in the economy, things will be progressively moving towards premiumization. And there certainly, we are going, being the largest player in the market today. So, it is going to be our field to tap all those potential markets. So, we expect to grow accordingly.

Dhaval Shah: Got it. Sir, what is the scenario with regards to imports of the similar category of products?

Rajesh Khosla: Imports are there. It's not liked that imports are not there, imports are there. And whatever are the imports, these are the low-hanging potential fruits for us in the times to come.

Dhaval Shah: Okay. So, to replace the imports?

Rajesh Khosla: Yes. So, if the import numbers are high, we are more than happy because replacing the import numbers is quite easy or quite low hanging for us.

Dhaval Shah: Okay. So, it also means that the cost of production is similar to what the cost of production is there in the exporting country?

Rajesh Khosla: Glass is a very geographic-sensitive product. So, I don't think so it can much affect whether the material is coming from China or Vietnam or anywhere. The local players always have an edge, and we are going to use this edge all the time.

Dhaval Shah: Okay. Has in the past, imports has come and disturbed our market?

Rajesh Khosla: No.

Dhaval Shah: Okay. Not in the category where AGI is present?

Rajesh Khosla: Yes.

Dhaval Shah: Okay. And if I'm correct, then did we mention around a 10% kind of volume growth outlook in one of the previous calls?

Rajesh Khosla: Mr. Sikka, can you reply this?

Sandeep Sikka: This guidance was given a few quarters back, depending on certain internal options for de-bottlenecking, which are available with us. As an organization, we also keep innovating as we have done if you see our profitability numbers over the last many years. A lot of innovation has been done internally related with the fuel mix.

Let it be our ability to use and produce higher efficiency in the system. We have options built in, but there are some costs involved with the incremental volumes, which can be there. But if required at a time, we can actually use those options and do a volume expansion also.

Dhaval Shah: Okay. So, this 10% outlook was given for which year. Was it for the FY '25 or?

Sandeep Sikka: No, you can't be so perfect like because this is not a projections call, this is sort of a guidance call, which we are giving to you.

- Dhaval Shah:** Okay. So, it was overall from that whichever quarter you gave the guidance basis, the capacity utilization you must have said that another 10% is possible?
- Sandeep Sikka:** Yes.
- Dhaval Shah:** Okay. So, it was from a utilization perspective?
- Sandeep Sikka:** Yes. It's not that generally, we don't come up to the market and say, next year, our volumes will be this, and our sales will be this. We give a guidance in terms of directionality rather than numbers.
- Dhaval Shah:** Understood. So, it holds true as of today also in terms of utilization levels.
- Sandeep Sikka:** As I told you, like options keep coming through. We are a dynamic organization and we are on a cusp of although this litigation has taken a lot of time. But rightfully, we are also waiting on the edge so that the decision comes through and we walk the path. I'll request you to wait for another quarter, I think things will be more clear.
- Dhaval Shah:** Sure, sir. And sir, just last question. In the last quarter, we had some litigation-related expenses as a part of other expenses and that's the reason it was a bit on a higher side. Was it also there for the current quarter?
- Sandeep Sikka:** Yes, we had a very long hearing at Supreme Court. Definitely, all those costs are part and are already built in into the P&L, which has been disclosed.
- Dhaval Shah:** Okay. For the December quarter, got it. Got it. Okay. And so then once that is out, then your actual margin could be a little bit higher than what's reported?
- Sandeep Sikka:** Yes.
- Moderator:** The next question is from the line of Ronak Ostwal from Arihant Capital Markets Limited.
- Ronak Ostwal:** Yes, sir. So, sir, my first question is regarding HNG court case. Sir, what is the current status of the case? And can we expect the results up to 31st March?
- Sandeep Sikka:** Your question is relating to litigation?
- Ronak Ostwal:** Yes. HNG court case?
- Sandeep Sikka:** HNG proceedings, the matter has already been heard and reserved by Honourable Judges and Honourable Bench of the Supreme Court, in November 2024. We are awaiting the outcome of the order. And if the proceedings is in our favour, then NCLT can start the proceedings for the hearing the matter for approval of the resolution plan, which may take another few 1 or 2 months or 3 months depending on how NCLT works.
- We are hopeful, we are positive. I think that since the matter is already sub judice, that's the max what we can say from the Company side.

- Ronak Osthwai:** So, up to how much time we can expect the proceedings from Supreme Court?
- Sandeep Sikka:** Very difficult. As I told you, we are very positive, and we are very hopeful, but I cannot make any commitment on the timelines here.
- Ronak Osthwai:** Sir, my next question is regarding, can you throw some light on volume bifurcation?
- Sandeep Sikka:** Volumes and values over the medium to long term, short to medium-term range, we have already taken 3 questions on this today. Maybe I would request to pass on this because already thrice we have answered this.
- Ronak Osthwai:** Sir, bifurcation. Regarding what bifurcation on normal glass and specialized glass?
- Sandeep Sikka:** Normal and specialized glass, yes. Rajesh, please.
- Rajesh Khosla:** Mr. Sikka, honestly, I think I have not understood. Can you repeat the last question, please so that I can answer?
- Sandeep Sikka:** Question is what percentage of volumes is specialized glass and what percentage is the commercial glass in the 9 months?
- Rajesh Khosla:** Okay. I can say approximately 15% to 20% is normally the special glass and balance 85% to 80% is around commercial glass.
- Ronak Osthwai:** Okay, sir. Sir, my next question is regarding raw material prices. So, what are the fluctuations in prices and how it has impacted us?
- Rajesh Khosla:** Raw material is fluctuating. It's a normal like major soda ash. And there is MIP also, (minimum import price), which has not impacted us any way. And there are challenges, we are taking remedial action. There are more challenges, we are taking more remedial action. So that is how we are able to produce the results, which is in front of you.
- Moderator:** The next question is from the line of Miraj from CJ Family Office.
- Miraj Shah:** Congratulations on a great set of numbers, sir. Just a couple of questions to start with. So, if we look at the industry size purely for the alco-bev segment in terms of demand because obviously, capacity, there's a lot of capacity, some capacities we can't account for. But purely from the standpoint of demand, could you quantify what would it be. Is it 9,000 tons per day or lower than that also?
- Rajesh Khosla:** See, to say it has a lot of fragmented market also. It's very difficult to point out the number. I think so, the number what you are indicating is reasonably close to what we also expect.
- Miraj Shah:** Okay. So, for alco-bev segment, 9,000 is reasonably close. And if I were to include F&B also, food and beverages, basically everything except for the specialty segment that we do. So, what would that figure be close to?

- Rajesh Khosla:** Difficult to say, but maybe hopefully 12,000 tons, something like that should be total market size.
- Miraj Shah:** 12,000, but including wellness as well, specialty as well?
- Rajesh Khosla:** Maybe a little bit here and there more, because a lot of material is exported, a lot of material that's import also, a lot of segments are also there. So, we do not have the exact number as such, but what number you are indicating, it is more or less close to that.
- Miraj Shah:** Understood. Okay. Now the second question, when we say we have improved the product mix, product mix is improving. Are we alluding to the specialty segment that we have? Is that what we are trying to point to? Or within the normal glass also, we have developed some other products as well?
- Rajesh Khosla:** No, within the normal glass also, there is a lot of special segments, a lot of value-added segments and specialty, of course, is always there.
- Miraj Shah:** Got it. So, when we are seeing that our specialty segment has 154 tons per day capacity. Based on this nameplate capacity, what would be your utilization over here because we've not reached 90% in the specialty segment, right?
- Rajesh Khosla:** We are not giving furnace wise details to the market. So, we may like to limit to the overall numbers what we have indicated.
- Miraj Shah:** Okay. But are we progressing as per our expectations in that segment?
- Rajesh Khosla:** Of course, of course.
- Miraj Shah:** Got it. And recently, there was one verdict that came out from CCI regarding Bhagyanagar Gas, there was one petition that we put against Bhagyanagar Gas, I believe it was for a pricing issue that we had because we were procuring LNG from them. Just want to understand that are we still procuring LNG from them? And if we have moved to another raw material, the power sourcing that we've moved to, is it more expensive? Or is it cheaper? I just wanted to have a sense on this?
- Rajesh Khosla:** Bhagyanagar Gas is a city gas distribution agency. So, our Hyderabad plant belongs to that. As per the norms of the government, we are supposed to buy everything from this Bhagyanagar gas only, can give us a better price for the gas. And since it is in monopolistic situation, we have referred the case to CCI so that they can have a verdict on the same. So, this is the way we like to address to reduce our cost on the fuel side.
- Miraj Shah:** Okay. But since they are monopolistic, was it the cheapest in terms of availing gas?
- Rajesh Khosla:** If they would have been cheapest, we would not have gone to CCI.
- Moderator:** The next question is from the line of Niharika Jain from Aequitas Investments.
- Niharika Jain:** Just 2 quick questions. How has soda ash prices been quarter-on-quarter and currently? And how has the realization for us being like quarter-on-quarter and currently, the glass realization?

- Rajesh Khosla:** You mean to say glass realization?
- Niharika Jain:** Basically soda ash prices quarter-on-quarter and current. And glass realization again quarter-on-quarter and current?
- Rajesh Khosla:** Madam, to calculate the glass realization, we have to divide our income by the volume. And in this call, we are not indicating any volume to the market. So, I'll be sorry to say that price per ton indication, we are not giving it to the market.
- Niharika Jain:** You can provide that would also like, is it increased, stable? That will also do.
- Rajesh Khosla:** It's stable, so 3% to 4% plus/minus, I always call it stable. Now coming back to soda ash, ma'am, there 3 types of costs of the soda ash that is called CMP, RMP and ITP. CMP means current market prices. RMP means raw material consumption prices. And ITP means in transit prices. So, what happens is whatever balance sheet is being given to you, it is on the consumption basis. But the market indications are on CMP.
- So, my numbers of CMP will not be directly translated to the numbers of our balance sheet. But as such, the price of soda ash with respect to last year on CMP basis has come down. And now it is quite stable.
- Moderator:** The next question is from the line of Meet Katrodiya from Niveshaay.
- Meet Katrodiya:** I have one quick question. Is my understanding right that we would use the fund to pay the debt?
- Sandeep Sikka:** Which fund is being referred here?
- Meet Katrodiya:** If we do any QIP or?
- Sandeep Sikka:** Yes, definitely. Because if you see today, we don't have much debt. And once the acquisition happens, which is subject to the approvals of the court, we'll have to leverage for the time being to do this acquisition and bring it back. And simultaneously, we can raise equity also then we can prune down the debt in the Company.
- Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital.
- Deepak Poddar:** Sir, you mentioned in one of your remarks that we are looking to increase our mix of specialized glasses going more towards premium product. So can you throw some light, I mean, in the next 1 to 2 years, which is currently 10% to 12% kind of a revenue mix. How do you see that, the percentage?
- Rajesh Khosla:** Mr. Sikka, can I understand it little more on this question?
- Sandeep Sikka:** The question is that right now, in terms of volume, the premium is around 15% to 20% of the volume. So where is the vision of the company in the next 3, 4 years that how much more premium glass we can sell?

Rajesh Khosla: Let me first answer on political level. As a Company, we have a vision and aspiration to make 100% of our glass as a value-added and premium glass. So, this is just a small statement, okay. Now coming back to the realistic part, specialized glass is a very subjective term. Within our commercial glass, there are a lot of special categories, and we are developing the same more and more.

For example, like we are having a coloured glass. So coloured glass is a special category within the commercial glass. Then there are some more premium glasses, which are coming on the liquor side, where the bottles are acquired in the fully decorated stage. So, we are also tapping the same. Then there is a retail segment of the market.

So, within the commercial, there are also some special segments. And we are moving ahead to capturing all those special segments, which are helping us to grow our top line and bottom line, both simultaneously.

Deepak Poddar: So, what sort of percent we are looking at? I mean currently, which is 10% to 12%, how do we see that panning out? I mean, in the next 3 years, can it be 20%, 25%?

Rajesh Khosla: We have a vision and aspiration both for this number.

Deepak Poddar: Come again?

Rajesh Khosla: We have a vision and aspiration for this number.

Deepak Poddar: For this 20%, 25%, right?

Sandeep Sikka: That's in our target. That's what Rajesh is trying to say that we aspire towards that, and we are moving directionally towards that. But the specialized glass doesn't mean only the specialized glass coming from the specialized furnace, even in other furnaces we are doing a lot of specialized glass.

Deepak Poddar: Okay. I got it. I think that would be it from my side. All the very best.

Sandeep Sikka: Yes. Apologies, I think there is some background noise, which at least I am hearing so I'm just trying to make the question correct.

Moderator: The next question is from the line of Parikshit Gupta from Fair Value Capital.

Parikshit Gupta: Congratulations on a successful quarter. Actually, most of my questions have been answered, but I would like to get a little more colour on the Specialty Glass segment, please. We understand that numbers cannot be shared from the Company supply side. But can you talk a little bit about demand in specific subsectors such as perfumery?

And I believe in the FMCG sector, you would provide specialty glass to cold press products and the likes. Can you share how much ever is possible, please?

Rajesh Khosla: See, as far as Indian cosmetic market is concerned, cosmetic is a very generic product and it includes perfumery and a lot of other products. This market is growing very, very fast. Last

estimate, the market was close to INR 1 lakh crores or something like that. It was there and it is growing. And second what's happening, there is a lot of shuffling from a traditional, where plastic and other products were use, they are entering into the glass segments.

Even in the glass segments, new entrants are coming. For example, there is a serum bottle & other product. And if I tell you correctly, the Indian cosmetic market is approximately \$15 billion in the year 2024 and it is projected to grow almost to \$25 billion by 2033. So almost in 7, 8 years, it is expected to almost double.

So obviously, when this is going to double so glass is going to play a very, very important role. And we expect that there is going to be a big growth in the segment.

Parikshit Gupta: I understand, sir. That's very helpful. But from the company standpoint, would you be able to share, top line share to the cosmetic market on a year-on-year basis or if that's possible?

Rajesh Khosla: We do not declare on a furnace wise and segment wise share and other things. And I may request you, you can send your particular request to our Company, and we may like to share with you the best possible way of within the norms to you. But publicly, we cannot be able to pronounce the numbers.

Parikshit Gupta: I understand, sir. One question on the export share. It was previously articulated that the Company would want to keep the share of export at about 5% of total top line. Is there any further change in that? And among those contracts.

Rajesh Khosla: We want to grow the exports a little higher. Our aspiration is around 15% now.

Parikshit Gupta: Mostly it would be specialty products, right?

Rajesh Khosla: 15% is in total. Specialty will be much, much more and commercial will be a little less.

Parikshit Gupta: Understood, sir. Just one last question on the retail business, which was put as a subsidiary in October. I've seen the products on Amazon and the basket there. What's the medium to long-term plan in terms of sustainable share in top line as well as channels.

Rajesh Khosla: This is one business which is very close to our heart and we want to grow significantly our presence in this business. Mr. Sikka, anything more you want to add in retail.

Sandeep Sikka: If you see on the retail side, there have been a number of questions, which have been asked on the volume-value expansion. This initiative is very rightful from our side, and we are very gung-ho internally. Basically, you made a mention that on an e-commerce portal, you have seen what is the cost of those bottles. And what clue I can give you is that the weight of each bottle is around 350 grams to 400 grams.

And definitely there are costs involved on the e-commerce and they are also packaging costs. But once this volume is built up, there can be a substantial incremental earnings potential here with the small delta on the volumes change. While you just try to do an inverse mathematics here, start with the sales realization on the e-commerce portal.

And have an estimate of, let's say, 30% - 40%, whatever is the marketing cost on those e-commerce portals plus the packaging cost plus the supply chain cost. But you will start seeing a number which is a very healthy number. But it will take time to build those things because internally, we have been a B2B organization and this is a B2C initiative, which will give us the headway towards the value expansion more with a very little bit of volume.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing comments.

Sandeep Sikka: Just I think this has been very interactive, very helpful, but a little bit of a noise in the background. Maybe if we have missed anything, we can take it next time. But thank you, everybody, for coming to the call and making it such an interactive session. Thank you very much.

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

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