

**NEAPS/BSE ONLINE**

5<sup>th</sup> August, 2024

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Listing Department  
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Plot No. C-1, Block-G  
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Mumbai – 400051  
(NSE Symbol: AGI)

Dear Sir/Madam,

**Sub: Transcript of the Earnings Conference Call held on 30<sup>th</sup> July, 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 Tuesday, 30<sup>th</sup> July, 2024 for discussion on the financial results of the Company for the first quarter ended 30<sup>th</sup> June, 2024.

The transcript will also be available on the website of the Company i.e. [www.agigreenpac.com](http://www.agigreenpac.com).

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

**For AGI Greenpac Limited**

**(Ompal)**

**Company Secretary & Compliance Officer**

**Name:** Ompal

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**Membership No.:** A30926

**Encl.:** As above

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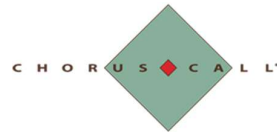
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“AGI Greenpac Limited  
Q1 FY25 Earnings Conference Call”  
July 30, 2024



**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. MIRAJ SHAH – ARIHANT CAPITAL**



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**Moderator:** Ladies and gentlemen, good day, and welcome to AGI Greenpac Limited Q1 FY25 Earnings Conference Call hosted by Arianth Capital. 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Miraj Shah. Thank you, and over to you, sir.

**Miraj Shah:** Hello, and good evening to everyone and thank you for joining into the Q1 FY25 Earnings Conference Call of AGI Greenpac. Today from the management, we have Mr. Rajesh Khosla, President and CEO; Mr. Om Prakash Pandey, CFO; and Mr. Sandeep Sikka, Group CFO.

So, without further delay, I'll hand over the call to Mr. Om Prakash Pandey for his opening remarks. Over to you, sir.

**Om Prakash Pandey:** Good evening, everyone and welcome to AGI Greenpac Q1 FY25 Earnings Call. We have already uploaded our "Earnings Presentation Q1 FY25" on the Stock Exchange website and on our website.

I am pleased to share that we started the year on a positive note. The Company's Total Income increased by 1.7% on a Y-o-Y basis, increasing from ₹567 crore in Q1FY24 to ₹577 crore in Q1FY25, despite a scheduled furnace shutdown for relining and debottlenecking. The Company's recorded an EBITDA of ₹147 crore, achieving 4.7% year-on-year growth, with stable margin of 25.4%. EBIT for the period amounted to ₹105 crore, with margin of 18.2%. The Net Profit for the period was ₹63 crore and margin of 11%.

Our consistent performance is driven by operational efficiency, a strategic product mix, and a focus on premiumization. Our ongoing furnace relining and debottlenecking project, which we initiated this quarter, is on track for completion in early August 2024. With the next scheduled relining planned for FY28, we're strategically positioned to meet the rising demand for glass containers while optimizing our operational efficiency.

Now, I would hand over the call to Mr. Khosla to discuss some of the Key Business Highlights. Over to Mr. Khosla.

**Rajesh Khosla:** Thank you, Mr. Pandey. Good evening, everyone.

We continued to build on our growth momentum this quarter, driven by strategic initiatives and a steadfast commitment to operational excellence and sustainability.

Our state of the art specialty glass plant is well-positioned to capitalize on the growing demand for high-margin products such as cosmetics and perfumery, driving overall profitability. We



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expanded our global reach through strategic participation in exhibitions across the UAE, USA, and Europe, strengthening our brand and building valuable partnerships.

Our specialty glass plant, which commenced commercial production in FY 2023-24, is performing well, capitalizing on the burgeoning demand for high-margin products in the cosmetics and perfumery sectors. This, coupled with our continued expanded global footprint through strategic exhibitions in the UAE, USA, and Europe, is strengthening our business.

Demonstrating our commitment to sustainability, we successfully commissioned a 2.8 MW solar rooftop project at our Hyderabad plant, increasing the company's overall solar capacity to 19.56 MW. This project significantly reduces our carbon footprint, lowers energy costs, and enhances operational efficiency.

AGI Greenpac's Specialty Glass state of the art plant achieved the prestigious IGBC Green Factory Building Platinum rating, further underscoring our sustainability leadership. Our R&D Center and Chemical Lab secured NABL accreditation, demonstrating our commitment to delivering high-quality, innovative solutions to our customers. Additionally, our Bhongir and Hyderabad plants were recognized with Gold and Silver awards at the CII EHS Excellence Awards 2023, highlighting our strong environmental performance.

Our achievements highlight our commitment to stakeholder value and sustainability. With a strong foundation and strategic focus, we're 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:** We will now begin the question-and-answer session. The first question is from the line of Pranay Roop Chatterjee from Burman Capital.

**Pranay Roop Chatterjee:** Sir, my first question is with respect to your unit economics over the last 3 years, FY21 to FY24. So simply, what I was looking at, in fact, your gross margin per ton basis, like if I divide all your P&L numbers by your volume numbers, gross margin per ton has grown from around INR 19,000 or INR 20,000 to about INR 30,000 per ton over FY21 to FY24. What exactly has led to this?

And connected to this, given that we are in a cyclical industry, the RM prices, gas prices, furnace oil prices seem to have peaked out and now started to come down. Now as you pass on these lower prices to your customers, how should your EBITDA per ton of about INR10,000 behave in the coming future?

**Rajesh Khosla:** Okay. If I understand your question properly, if you mean to say, the cost per ton, which used to be around INR 20,000 a ton, it has gone up to INR 30,000 a ton.

**Pranay Roop Chatterjee:** No, no, sir. So, what I mean is your Revenue minus your COGS, the Gross Profit, that when you divide it by your tonnage. So, per ton, how much are you earning, the ASP minus your RM cost per ton. That has expanded over FY21 to FY24, because we have managed to pass on more



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prices, seems like you have managed to consume more prices than the cost has increased. So, what exactly is that?

**Rajesh Khosla:**

Whatever is the gross margin we are talking about, it depends on the cost side and the selling price. You are assuming right now that whatever increase of margin has happened, it might have happened because of the increase in the prices to the customer, which may not be the right thing to say. Because a lot of efforts and de-bottlenecking has been done on the cost side and the bottom line has been high on the cost side also with the big margins. So that is the reason.

We are not opening or we are not publishing our data on a per ton basis. So, my comment on the exact number on per ton will not be right thing. We are giving on the total gross numbers.

But the real answer is the total, our gross margin, whatever has gone up, the big part is on the cost side and other part is on the selling price side. So, selling prices can be adjusted now and then, because of the change in the formula or whatever is the cost, but the real cost reduction, which has happened is with the de-bottlenecking and other synergies. Since they will certainly be always with the company, and it will be a permanent bottom line to the company.

**Pranay Roop Chatterjee:**

Just to plow on it a little further, given in gross profit, the only cost we are really talking about is your raw material and direct manufacturing costs like soda ash etc. and all direct manufacturing costs. If you could just throw some light, because I think this has been discussed in the past couple of calls as well. If you could just throw some light on what de-bottlenecking has happened, which has led to reduction of some of these manufacturing cost?

**Rajesh Khosla:**

See when you do a lot of debottlenecking in the capacity side or on a technology side, the total consumptions raw material, fuel, efficiency, productivity, everything contribute to your gross margin. So, there have been a lot and a lot of projects which has been happening to increase the productivity, even the efficiency. That is very important. The efficiency of your products.

See, if you are able to produce, say, 100 bottles, it's not like that all 100 bottles are good to go to the customer. There may be 80% or 85% or 90%. So, the economic curve will change drastically when you improve on these parameters. So, these parameters have contributed a lot in giving us the gross margin.

**Sandeep Sikka:**

Just to put forth, our efficiency on machining of the bottle 5 years back was somewhere around 83%, 84%, which year-on-year, we have been able to increase.

**Rajesh Khosla:**

That will substantially increase with the help of technology additions and defective piece reduction and our managerial commitments.

**Om Prakash Pandey:**

I Have to add just one point, that in the past also, we have mentioned that we have a options of using various fuel mix depending on the fluctuation in the market prices and to take advantage of cost, we keep on shuffling use of fuel from one fuel to the other. So, the cost optimization of



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the fuel on one side and improvement of operational efficiency on other side contributes directly to the gross profit.

**Pranay Roop Chatterjee:** My next question is on generally to industry demand and supply scenario. So, I've been starting how the industry has behaved since FY 2008. So, I think 2008 to 2014 were the up cycle in the alcohol sector and your revenues on CAGR basis for the packaging segment grew more than 20%. Now at that point of time, the industry was fully utilized. But what happened after 2013, 2014 is, lot of new capacity came in and the industry capacity is sort of more than doubled. But the demand remain flattish because of multiple reasons.

Now as we stand today, industry seems to be optimally utilized, it's basically the commentary of some of the alcohol majors. How does the manager of the second largest firm in the industry, plan for the next 5 years in such a scenario from a growth perspective. And right now, if you can please answer this without considering the acquisition as if it was not happening.

**Rajesh Khosla:** Let me answer with one of my comments, which I always give it to my people. So, the commercial war is always started by the price, and it fought by cost. So, we always focus on the cost, because it is on the defensive side of the game. So, what you have been referring in 2008 to 2014 when there was an upswing and on. So those are two types of battles and wars here. The price is fighting the war. But for the longer wars, where if you have to win, it has to be fought with the cost.

And that is exactly the answer which I've given to your earlier question. And I told that it has gone up because of the cost side. So, our efforts are there, yes to increase the price with the value addition, but we have to fortify our cost part, which we are doing with the technology and best practices. So, this is the way we are trying to. And beside that, there can be a market fluctuation up and down. We are quite resilient now to sustain those type of turbulence.

**Pranay Roop Chatterjee:** Got it. And is this for current EBITDA per ton sustainable, is there a downward dip?

**Rajesh Khosla:** I think we have been with you guys for the last so many years, and we are talking the same story. So, it is a sustainable year-on-year, on quarter-on-quarter, the numbers have been same, it is similar or what we are projecting. And market risk is always there, which is in every business. No business is insulated from the market risk. But besides that, I think from the operational side, the commitments are always there to make it sustainable.

**Moderator:** The next question is from the line of Abhishek Jain from Alfaccurate.

**Abhishek Jain:** Congrats on the decent set of numbers, despite a few hurdles on the production. The first question is on the volume and the realization side. So how was the first quarter volume and the realization? And second that, how do you see the volume growth and pricing trend there?

**Rajesh Khosla:** The first question is that you are looking for our comment on volume and realization.

**Abhishek Jain:** Yes, in the first quarter.



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**Rajesh Khosla:** Since we are not giving the volumes in any of our declarations, so exact volume or exact metric ton we are not offering in our publication. But I can just give a small view on that. First quarter was a little difficult for the sales, because of the elections. So, there have been some prohibitions and restrictions on the consumption of one of the biggest segments in our glass industry, i.e. liquor, beer segments.

So, the numbers what we could have done or we could have achieved are slightly less than what actually happened. This is the part of the market reality, and we have to face it. Realization is more or less flat. It has been more or less same as it has been the earlier one with a small adjustment on the prices because a major part of our supplies is adjusted with the formulas.

**Abhishek Jain:** And how is the pricing trend looking a lot of the increase in the pricing on the glasses, mainly because of the supply side issues. Just if you can throw some more light about this?

**Rajesh Khosla:** So, you mean to say there has been some supply issues in the market, so prices might have gone up. You mean to say like this?

**Abhishek Jain:** Yes, yes.

**Rajesh Khosla:** There is a reasonable level of capacity available in the market. And secondly, as I told you, the first quarter was during an election time where the demand was little suppressed, and supplies were normal. So, there is no such skewness towards the demand supply gap. So, it has been quite normal. And since we have a long-term contract, understanding with our customers, so we have been less impacted with such demand supply scenarios.

**Abhishek Jain:** Okay. And sir, currently you have added the capacity of around 154 tons per day in your specialty glasses. So assuming that 1,800 tons per day capacity and adding another 80 tons per day capacity recently and another 154 tons per day capacity for the special glasses, what would be the total capacity for the year?

**Rajesh Khosla:** Our capacities are same as of last, we are just de-bottlenecking to extract maximum out of those capacities.

**Abhishek Jain:** So, what is the current capacity per tons per day?

**Rajesh Khosla:** The same as we have been publishing on our website and everything, but we are extracting more glass by way of technology, productivity and other such efforts. So, we are extracting or utilizing the glass furnaces or exploiting the glass capacities much more. I can say like that, in some of the furnaces, we are running with more than 100% of the rated capacities with the debottlenecking.

**Abhishek Jain:** And how much increase in capacity because of these sort of the de-bottlenecking?



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- Rajesh Khosla:** As we explained to you by de-bottlenecking, we have done that close to 100 tons last year. And you are talking of 154 tons, which is a Cosmetic plant. Here, we have added a new line. We have added a new line and de-bottlenecked that capacity also by having around 30 metric tons more.
- Abhishek Jain:** Okay. So last year, it was around 1,700 tons per day. You have added 100 tons and again 154 tons for the special glasses?
- Rajesh Khosla:** 154 tons for the original one.
- Abhishek Jain:** Original one. So that would be around 1,950 plus something, if you add everything.
- Sandeep Sikka:** Mr. Khosla has said, the base capacity remains at a figure of somewhere around 1,600 tons, but it can get extended if we exploit the furnace. That's how it is technically configured.
- Abhishek Jain:** Okay. And my last question on HNG acquisition, what is the progress there?
- Sandeep Sikka:** The matter is sub-judiced and it's in front of Supreme Court and NCLT. Hearing is expected in middle of September. We feel that now it should be sorted out fast in our favor, at the earliest. And after that, I think we can move ahead and then complete the acquisition.
- Abhishek Jain:** And would you require any capex for this acquisition?
- Sandeep Sikka:** These are all parts of the resolution plan, which I can't disclose on the call right now.
- Moderator:** The next question is from the line of Miraj Shah from Arihant Capital.
- Miraj Shah:** Just to clarify regarding the volume part that you just mentioned. Earlier, we had 1,854 tons in which 154 tons was the specialty unit. In that, we de-bottlenecked one furnace of 270 tons per day capacity in which we are adding roughly 80 tons. Besides that, did I hear it correctly that, we've also added another 30 tons in the specialty units?
- Rajesh Khosla:** I think so, let me put the numbers in a right way. 1,600 tons is the capacity, which we had the initial capacity and 154 is for cosmetic plant., We de-bottlenecked 30 metric tons further in specialty glass, and de-bottlenecked 100 tons in the commercial glass. So, these 1,600 tons plus 100 tons, 1,700 ton plus 190 tons or 180 tons, you can call it. So it is a below 1,900 tons. So, the new furnace in commercial glass, which we are building up, we have de-bottlenecked by 70-80 tons. We expect that the furnace is going to behave and to give us the output, which is more than earlier.
- But these are all technological efforts. We hope so that when we will start taking out the glass, it is going to give us more glass than what we have been earlier taking out and as per our plan of around 70-80 tons more than the earlier capacity.
- Miraj Shah:** Okay. So current capacity would be just under 1,900 tons, right?





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- Rajesh Khosla:** Again, I'm saying the capacities are defined by the furnace supplier. And exploiting the furnace with the highest possible capacity, which is a job of the manufacturer. So capacities of these furnaces remain same as earlier, but the exploitation is much more.
- Miraj Shah:** Okay. Understood. Okay. And just one more question before I get back in the queue. Sir, if let's say, you have a land and, on that land, if you want to do a brownfield capex, starting from all the way from ordering machines. So roughly how much time will that take from the moment you order the machines do the commencement of the facility?
- Rajesh Khosla:** See, it all depends upon so many factors, but you can say anywhere between 2.5 years to 3 years should be the normal one.
- Miraj Shah:** 2.5 years to 3 years. Okay. Okay, I understood. That's it from my side. I'll get back in the queue.
- Moderator:** The next question is from the line of Darshan Jhaveri from Crown Capital.
- Darshan Jhaveri:** Lot of my questions have already been answered. So I just wanted to understand currently, like in terms of operation terms, because of the shutdown, we had some lower capacity utilization than what our norm is. So, now in the going ahead quarters, can it come back to what we used to do of near 94%, 95%? How would it pan out?
- Rajesh Khosla:** Yes, you are right. So once the furnace will start delivering the glass. So, our capacity utilization will be the normal one as we used to have.
- Darshan Jhaveri:** Okay. Perfect. And sir, just wanted to get after being at such high-capacity utilization, what kind of maybe revenue could we see right now? Because with the de-bottlenecking, we will get some benefits. So currently, like quarter or revenue growth could we expect in FY25, sir?
- Sandeep Sikka:** I think, we have given a guidance that we should be able to maintain our growth of around 10% with the current existing facilities by way of debottlenecking, enhancing productivity, enhancing product mix. We just hold on to that 10% growth with the existing facilities is a viable option.
- Moderator:** The next question is from the line of Pulkit Singhal from Dalmus Capital Management.
- Pulkit Singhal:** My first question is on the demand from the alcohol industry, again particular spirits. My understanding is that some of these MNC players have actually switched from glass to pet bottles at least for the lower end brands in their portfolio. So just wanted to get your view on what kind of risk of shift away from glass can one foresee, because alcohol is the big segment. Obviously, for beer, it is not there as much. But I'm talking about particularly spirits. And what kind of demand do you see from spirits industry over the long term, given this kind of substitution risk?
- Rajesh Khosla:** If I pick up the numbers from the public domain, and whatever is being published in the newspaper or maybe in other news items, the alcohol industry is growing by around 8%, 9%. So, this 8% to 9% and the alcohol industry has to extract the people, the different segments of the people with the new packaging ideas whatever it is possible. So, in the PET business, there are



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two types of plastics, which was being used by the alcohol industry. One is a very generic type of plastic, and one is a high-end plastic, which has been used in lieu of glass, which is even more expensive than the glass.

So, there is a novelty factor, which has attracted the glass, attracted the people and novelty factor has a timeline or they have a life and which we have to expect that. So, what we expect that these types of conversions or these type of switching and swapping is very common. It has been happening earlier also, it is happening now also. So, it is not about matter of a very big concern.

So even after the conversion and there is a growth in the liquor market, particularly everything looks to be almost the same stage as it used to be. So we are not much concerned. It's a normal thing. And as a glass industry, I think we have to bring more innovation, more novelties to make sure that more and more conversions and attraction happens towards the glass.

**Pulkit Singhal:**

Understood. Second question is from a supply side on a quantity perspective. So, at one end, obviously, HNG as a competitor has kind of gone down and they are doing what they're doing when they required. But at the other end, we've also had, the Firozabad cluster, which earlier was not well penetrated in this segment, but seems to have kind of got its share within the MNC manufacturers as well. And they seem to be doing well. Now the question is how we compete with someone in that cluster, because they have a much more favourable pricing in terms of gas, etc. So, what's your views on that?

**Rajesh Khosla:**

So now you're talking from the supply side of that. So, if I understood your question you are asking me how you are going to strategize fighting or competition with people like Firozabad?

**Pulkit Singhal:**

Yes. Sorry. Firozabad people.

**Rajesh Khosla:**

See, the market is well poised, and glass is a very freight sensitive market. So, we are towards Hyderabad side and we are catering to all the nearby or all the possible industries here. And besides that, our products are so superior technologically. So, we have been innovating, putting up the new technologies and everything. So that the right type of product goes to the customers.

We are also one of the most preferred companies on the glass side, where the people prefer to have our glass as compared to anybody's glass in the competition. So, we are giving value back to the customer, and these values are in form of the product quality in form of the freight, part in form of the commitments, in form of timely deliveries, these things. So, these things add up and give a total integrated product, which gives value to the customer. So, I think we are not concerned. We are aware, we are keeping our eyes open, but we are not much concerned on these parts because our clients, our customers, they are quite committed because we have been giving technological products to them.

**Pulkit Singhal:**

Understood. Just a last question on the longer-term export opportunity out of India for glass, and I'm not talking about the next 2, 3 years. But has there something changed in the overall I mean,



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basis your study on the overall glass sourcing market globally that allows India to be more competitive now than it was earlier?

**Rajesh Khosla:**

Okay. I can give you this answer. China Plus One policy. Number one. The average age of the people in Japan is 50 years. The average age of the people in U.S. is 38 years. The average age of the people in Europe is more than 40 years. So, the working people will be quite less and there will be more on the leisure side of the life. So obviously, the growth potential from India, with China Plus One policy is there. I'm not talking with respect to glass, but it is with respect to everything.

And secondly, that glass being a little more energy intensive, a little more industry, which is countries like India will be able to sustain better way, so the potential exists and potential will grow in the glass industry for the export purpose, in the times to come.

**Moderator:**

The next question is from the line of Divy Agrawal from Ficom Family Office.

**Divy Agrawal:**

Congratulations on a good set of numbers. In context of the previous question, how long is it takes for a brownfield capacity to set up? So, could you also just give us an idea of the cost per ton on a brownfield project versus a greenfield project? And also in terms of the timeline you may put for brownfield, how long will it take for someone like a fresh person to come into the industry and set up the capacity?

**Rajesh Khosla:**

To answer in one particular line will be too much, because it all depends upon the project management side. There are few projects which has been taking quite a long time when you are not able to finish and few people are able to do a little faster on that. I think for all practical purposes, you should take anywhere between 2.5 to 3 years is a reasonable period in which they're very standard, they're very up-to-date and very techno savvy projects can be implemented. So, this is the timeline.

Now you are talking of per ton, this is of how much is the capex cost on that? Again, very difficult because it all depends upon what type of machines you are buying, and what type of products you want to cater. So, for a product mix of A, will cost you INR 100 a product mix of B will cost of you INR 170 also. So, it all depends upon your type of products, on the type of machine, technologies and other things. So, too vague to answer to be given like that, as at this point of time.

**Divy Agrawal:**

So, sir, just to empathize the same question again. So, in 2019, we had done a greenfield capex of 100,000 tons. I think it cost you INR 275 crores, and you have done recycling investment as well of another INR 150 crores. So, if one could get an idea of the same capacity today based on commodity inflation, what would be the same cost of that capex if I wanted to do that today?

**Rajesh Khosla:**

If I understand your question, you're talking INR 130 crores of capex. Am I right?



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**Divy Agrawal:** No, no, sir. So, in 2019, we have done a greenfield capex up to INR 275 crores. And we have also done a recycling investment in technology for INR 130 crores. So cumulative around INR 400 crore investment was done for 100,000 tons per annum capacity. In that same capacity today based on some commodity price inflation, what would be the same capex that we have to do it in today's time, the cost?

**Rajesh Khosla:** I think, I have to relook to your numbers, what you have been telling me in 2018-19, I mean to say, with a capex of INR 275 crores you are talking, because most of our plant complex, they are the integrated list of furnace relining. They are the integrated list of the other technology upgradations and everything. So, to me and to the best of my knowledge, there is no such new furnace, which has been added in 2019, but there has been the furnace rebuilt which has been done.

So, I have to relook to the capex number again, and the breakup. But there are no such greenfield projects we are talking of adding. But in 2019, if you are referring to some of these technological upgradations, where we converted one furnace from our normal flint furnace to the specialty furnace to make the beers and to who we have invested in the new lines. Okay. That is a separate thing. That is just a technology upgradation on those furnaces.

**Divy Agrawal:** And one last question. So generally, cullet, in terms of pricing, how does it work? I mean percentage uses for AGI versus the broader industry as a raw material, what is the percentage usage that maybe we do versus the broader industry? And is there some price sort of parity over there or some cost comparison versus the virgin material?

**Rajesh Khosla:** I'll use the phrase, More the Merrier. So, in Europe, this percentage of cullet is 90%. In U.S.A., it is 65%, in India it is 50%. And in other countries, it ranges.. It all depends upon the collection system.

Now in India, the collection system has been quite poor, and we are restricting ourselves less than 50%. And AGI is also using close to 50%. In some furnaces, it is a little more and in some it is less. So, you can say it is 50%. We want to use more and more, but you know sustainability efforts, collection system, all are going to dictate how much cullet we can use. Furnaces are capable to use up to 90%.

**Divy Agrawal:** Got it. And sir, from a price perspective, how much more favourable would it be to use cullet versus the virgin raw material?

**Rajesh Khosla:** Practically the price of cullet and the price of virgin raw materials is almost same. But sometimes, it all depends on because using more cullet is good for sustainability. It saves a bit of energy, easy to melt also. So, all those parameters, which are non-commercial parameters, they are also important. So that is the reason cullet is always a preferable option.

**Divy Agrawal:** Okay. And sir, if I may just squeeze in one last question. So, like you mentioned, brownfield would take 2.5 years, even we go with the metric of 2.5 years for fresh capacity, but there's also



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a lot of spare furnaces in the capacity line in the industry. So, if one had to maybe touch on that, like example, you mentioned HNG does have that spare capacity? So, I wanted to realign, restructure good capacity, how much time would that take on versus setting up the brownfield more fresh capacity?

**Rajesh Khosla:** See, when you say brownfield, there are different types of brownfields we have been talking. One brownfield means you already have a land, and straight away you start constructing. So, these are modular type.

The second brownfield is basically, when you are relining your furnaces, you increase the capacity or de-bottleneck something. So, it all depends upon what type of brownfield we are talking about. If you are talking about a new furnace on the same land, then you are saving on the land hunting time. That's all, nothing else. And I have assumed the land hunting time is only for 2, 3 months only in the normal greenfield project.

**Divy Agrawal:** And just so, I wanted only to reline and restructure the furnaces, then we would assume somewhere around 6 to 8 months?

**Rajesh Khosla:** You have to plan and you have to wait till the relining comes and the relining will take you 1 to 1.5 month extra than the normal relining.

**Moderator:** The next question is from the line of Chirag Jain from Yogya Capital.

**Chirag Jain:** Sir, just two quick questions. First on the Specialty segment. So, can you give us a number what was the utilization rate for specialty segment?

**Rajesh Khosla:** Utilization rate is close to 70%.

**Chirag Jain:** 70%. Sir, are you looking to expand contract?

**Rajesh Khosla:** Yes, we are looking to expand, but it all depends upon, first, we were going to utilize this furnace from 70% to 100%. And then certainly, we will be like to go for that. So market of Cosmetics, which is again in a public domain is going up, and there is an opportunity. So obviously, we would like to tap the opportunity.

So first, we would like to utilize the furnace. Then second is, we like to de-bottleneck the furnace. That is the second step. And third then we have to rethink on any of the green or brownfield later on.

**Chirag Jain:** Peer of ours started similar segment around same time. They are expanding it by around 50% with similar capacity. So why we aren't being able to increase our capacity utilization rate?

**Rajesh Khosla:** Can you repeat again, please?



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**Chirag Jain:** Our peer started a similar facility in Cosmetics segment. Okay? With 160 tons per day, okay? And now they are expanding it by 95 tons per day in the same Cosmetics segment. So why we haven't been able to ramp up our capacity utilization? That is the main question.

**Rajesh Khosla:** Okay. If you are talking of one of the competitors say they have put up the facility of 160 tons. Can you be specific about this facility name if there is no problem because I will understand better, with the numbers.

**Chirag Jain:** Haldyn Glass.

**Rajesh Khosla:** No, I don't think so. This is right. There are two separate companies. One is a Haldyn Company and second is a Haldyn Heinz Company. In Haldyn Heinz Company, as I understand from the public domain information, their furnace was around 70, 75 tons and when they had relined the furnace, they increased it to 95 tons, sometimes, not even 95 tons, around 80 tons or something like that. So, 10 to 15 tons increase has been there in the company Heinz.

Second part is Haldyn. So Haldyn is, they are producing the normal glass. But for specific time, they convert that furnace with the raw materials to the specialty glass. So, the furnace is same as of the normal glass. But with some changes they take it for the specialty glass. So, it is not like that they have added any furnace or something like that.

**Chirag Jain:** Sir, last question, if I may squeeze in. I just wanted to know, what would be the cost to reline a furnace of 100 tons per day, for example, which is operational currently?

**Rajesh Khosla:** Too difficult a question to answer to me, it all. Again, I'll answer a bit of that to make you understand better. It again, depends upon what type of refractory you are using, what type of other jobs you are going to do during this shutdown? What are the new dimensions or the new technological things you're going to add in the furnace. Are you going to little de-bottleneck? So many things, but if you ask me very plain type of vanilla type of relining the furnace, I think 100 tons will take down INR 25 crores to reline the furnace.

**Chirag Jain:** Okay. And if we want to convert the lower the cost of fuel and power costs. So, adding that, what would be the cost?

**Rajesh Khosla:** See, I don't understand, please. Can you repeat?

**Chirag Jain:** So, for example, power and fuel cost for that furnace is around 50%, okay, for example. So, we want to reduce it to around 20%, which is our level. So, what would be the cost for that combined with the relining?

**Rajesh Khosla:** See when you reline the furnace, obviously, because when you use any type of fuel, the fuel has two parts, once it goes to the glass to melt the glass. Second, it gets reflected outside and it's wastage. So practically, when you reline the furnace, all that wastage you try to collect and your fuel consumption goes down. So, this is a very normal thing which has to happen. But if you're talking beyond the normal, then those are the different technologies, which we have to add.



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Say for example, somebody wants to oxygen control systems and other things. So then it all depends upon this type of technology, you are choosing and from where you are choosing and then it will have the value accordingly. But for the normal relining, the fuel consumption will certainly come down, because you will have the less wastage as compared to other things.

**Moderator:**

The next question is from the line of Miraj Shah from Arihant Capital.

**Miraj Shah:**

Just a couple of questions on the industry size. In the last call, you had mentioned that the industry size was roughly 11,000 tons. Was this the capacity of the industry or the demand? And does this include the perfumes and wellness segment as well or just alco-bev segment?

**Rajesh Khosla:**

Okay. Last time, when I say 11,000 tons, I'd like to put it on record that because the industry is operating with the different numbers, and there is a lot of, you can say a small-scale industry or a lot of unstructured industry is there. So those numbers are not very visible. So, these are just the estimates the industry must be operating within these numbers. So this is one clarification on that number. Can you repeat the question again, please?

**Miraj Shah:**

Yes, sir, whether this approximate figure of 11,000 tons, if it is the demand of the industry in India? Or is it the supply capacity?

**Rajesh Khosla:**

No. The capacities are much more. These are the running capacities, I mean to say, but the actual capacities are much more.

**Miraj Shah:**

Okay. So, this is the operational capacity in the industry?

**Rajesh Khosla:**

Yes. Operating capacity.

**Miraj Shah:**

Yes. And this includes for wellness and health care also, this is purely for Alco-bev segment?

**Rajesh Khosla:**

No, no, this is normal, for general, everything all put together.

**Miraj Shah:**

So, this would also include PGP glasses capacity as well in that?

**Rajesh Khosla:**

I think so. If you see the numbers from some other sources, maybe those numbers are a little different. But at a different point of time, the numbers may be different. For example, like our furnace was not working for last 3 months. If somebody catch up the number at that time, probably that number may not be there in that calculation. So that's the reason I say different numbers at a different time, and those numbers are also just the hearsay number. So somebody has to pull the data. So, there is no such organizations like automobile organization, which catches the exact number and publish it.

**Miraj Shah:**

Understood. Perfect. Okay. And sir, secondly, just wanted to understand on the Firozabad belt, the players are over the players that are in the Firozabad belt, what will be the capacity, total capacity of that area? That is one unorganized association altogether.



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- Rajesh Khosla:** Sir, it's a very million-dollar question. I think those capacities are not understood and available to us. But roughly, I can say those may have an operating capacity of around 2,500 tons a day.
- Chirag Jain:** I'm sorry, can you come again?
- Rajesh Khosla:** They may have an operating capacity of 2,500 tons a day.
- Miraj Shah:** Okay. The operating capacity of 2,500 tons. Okay. Perfect. And just lastly for in -- I think in Q4, one of the HNGs facilities were shut down because of fire. So as of today, could you just give me a rough estimation, what is the volume in HNG right now?
- Sandeep Sikka:** We don't get this information from HNG. Because the unit is still not with us. I think you have to see the website of HNG thereof to have that data.
- Moderator:** The next question is from the line of Pranay Roop Chatterjee from Burman Capital.
- Pranay Roop Chatterjee:** Yes. So, I have a couple of questions. My first question is you mentioned that the operational capacity is 11,000 tonnes. Would you have any sense on how much the total industry utilization would be like, is there spare capacity available to increase sourcing without any major capex? And any new capacity announcements that you have heard of by existing or new players because. Yes, that's it.
- Rajesh Khosla:** Sir, I'm not in a position to say what is the total capacity, but total capacities, which I can say the dormant capacities are higher than the operating capacity, it is sure. The second thing is that which we hear, here and there every time that somebody is like to put here capacity out there. I cannot comment on that, because if there is somebody who publicly announced only those capacities can be we can officially tell at such a platform. So, I say so, there is any such in a formal structure manner, it has come to the public domain information. It is all industry here and say, so which is yet to be verified. So, I don't see any very big number, which is floating in the market.
- Pranay Roop Chatterjee:** Sir, very fair point you make, I personally also could not find any large announcement, but let me ask the question differently. Right? So, you mentioned the figure, you mentioned a couple of things, right? You mentioned 2.5 years would be a good benchmark. The new guy who wants to create a brownfield or greenfield, would take this much time from in order to commissioning. And then you also said that the dormant capacity in the industry is more than the operating capacity, right? Let's say, if I sitting here right now, talking to you, I want to start a container glass furnace, what would be logical for me to do? Buy one of the dormant ones reline it, because that's faster or to wait for 2.5 years and do a brownfield and do you see a risk of overcapacity?
- Rajesh Khosla:** Let me first clarify you what is the meaning of dormant capacities. So dormant capacities are two types of capacities. One is the furnace is not working. It is shut down and already not operating, so somebody can restart the furnace, which you are talking of buying the capacity and using it. The second dormant capacities are when somebody is underutilizing the furnace, so he





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doesn't have the spare capacity available. I mean to say, spare furnace available. Within the same furnace, he is not able to utilize the 100%. Maybe because of the condition of the furnace is not good, maybe because he does not have the enough orders, maybe for any other reason or technological or de-bottlenecking has not been done.

Because sometimes the furnace is capable, but the machines are not capable. So, because of all those mismatches, those capacities remain dormant. So dormant is furnaces closed. Dormant is furnace underutilized. So, when it is restores, you can certainly buy, but if it is underutilized, nothing can happen, only that guy has to do himself to make it proper.

**Pranay Roop Chatterjee:** And hence, do you see a risk of overcapacity in the industry.

**Rajesh Khosla:** Number one, glass is a big game, where somebody has to put a lot of money to start the capacity. So, I don't think somebody will just put the money without thinking. So, it can simply have the much bigger consequences on that. So, I think so. I feel like that in the industry, the people are quite intelligent, prudent and they may not like to spend the money unless until it is backed by the demand and supply scenario.

**Moderator:** The next question is from the line of Abhishek Jain from AlfaAccurate.

**Abhishek Jain:** You had a plant shutdown in first quarter and that impacted your sales. So how much has you lost because of the shutdown in the plant?

**Rajesh Khosla:** Sir, we were not able to produce 16,000 tons of glass in this quarter. Because of this. I'm talking quarter. So my quarter ends on 30th of June. Because part of the shutdown has spilled over to the next quarter also, but we are talking till 30th of June, we lost 16,000 tons.

**Abhishek Jain:** 16,000 tons.

**Rajesh Khosla:** So it's 16,000 tons. So you may like to understand on the revenue side?

**Abhishek Jain:** Okay. And it will continue in the second quarter also or it will reduce?

**Sandeep Sikka:** The whole quantity loss doesn't mean that it's a loss of revenue, because generally there are seasonality involved in the businesses. We keep producing to meet stock for certain and then like beer or the liquor seasons are different. So what Rajesh is trying to say, we lost 16,000 tons. It's a planned one.

**Rajesh Khosla:** It's a planned shutdown. It's not like that there's something breakdown and we lost something. It's a planned properly planned. For 2 years back also, we have planned for this shutdown.

**Abhishek Jain:** Okay. And how much it was compensated by the pricing, because the last quarter pricing was very low, I think that there was 36,000, 37000 per tons basis. So, is there any improvement on the realization fund? Because in this quarter also there was a higher value-added product, as you mentioned.



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- Sandeep Sikka:** Our prices have more or less remained stable during this period because raw materials are also stabilized. We are not seeing much changes in the overall realization on quarter to quarter basis.
- Abhishek Jain:** So, as you mentioned that it is also depends on the freight rate as well, and it's quite sensitive. And freight rate has gone up for the shipping rate has gone up so it not impacting your RM prices?
- Rajesh Khosla:** Because we are not in the export market as such in a big way, we are just close to 10%. So it has not impacted us so much. On the raw material side, only one of the raw materials, which is being imported, and they are locked with the long-term contracts.
- Abhishek Jain:** Okay. And my last question on this, how much the current debt in the balance sheet? And how much increase is expected both HNG acquisition?
- Sandeep Sikka:** Your voice is not clear. Can you ask again?
- Abhishek Jain:** Sir, how much the current borrowings in the company, net debt?
- Sandeep Sikka:** INR 440 crores.
- Abhishek Jain:** It is net debt, right?
- Sandeep Sikka:** Yes.
- Moderator:** Ladies and gentlemen, that was the last question for today. We have reached the end of the question-and-answer session. I would now like to hand the conference over to Mr. Miraj Shah for closing comments.
- Miraj Shah:** Yes. Thanks a lot for the opportunity to let us host you once again. Back to the management.
- Sandeep Sikka:** I'd just like to thank everybody on the call today. I think it was very interactive. And I hope we were able to answer most of the questions. Thanks for joining.
- Moderator:** Thank you. On behalf of AGI Greenpac Limited, that concludes this conference. Thank you for joining us.

**Notes:**

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