

AGI Greenpac – Q4FY23 Concall KTAs
CMP: INR 496 | Market Cap: INR 32 Bn | Promoter: 60.24%

[Arihant Capital]

Operational Performance:

Revenues came in at INR 6,803 Mn (+19.9% QoQ) (+57.6% YoY)

EBITDA Margins came in at 26% (Vs 19.3% QoQ) (Vs 16.6% YoY)

PAT Margins came in at 13.7% (Vs 9.33% QoQ) (Vs 8.4% YoY)

Company posted a strong set of numbers on back of strong operational efficiencies. Volumes were driven by Alcoholic and Non Alcoholic beverages glass container segment doing good.

Bhongir Plant:

- Specialised glass unit has capacity of 154 tonnes per day and started production on 1st Jan 2023. **Utilisation** for the quarter stood at 60%. Plant will cater to pharma, cosmetics, high end liquor etc in export market (North America. Europe and South Africa). **Plant is profitable at current utilization levels.**
- Company cannot increase capacity of specialized glass significantly as the market is still small and they still have to assess the scope. Moreover, due to technicality, they cannot install a large facility yet.

Margins:

- Company expects to maintain the current margins. Strong performance was credited to better operating efficiencies, improved product mix and constant cost optimization.

Capex:

- Company has planned capex for FY24 to the tune of INR 2 Bn to debottleneck and increase capacity in 1 of its furnace. **This will increase capacity from 1,754 tonnes per day to 1,854 tonnes per day.**

Other KTAs:

- **Realizations** keep changing daily and weekly. Company operates on fixed based pricing system with price revision 3-6-12 months depending on the clients.
- **Average realizations** currently at 35,000 – 37,000 per tonne (for container glass). Aspire to have realisations of INR 50,000 per tonne with specialized glass.
- **RM** includes Furnace Oil (not correlated to crude oil prices), Silica Sand (prices gone up), Soda Ash (minor fall in prices), Coal, Gas.
- Declared INR 5 **dividend**.
- Company sold its building products segment in Q4FY22
- Glass containers contributed 92% of revenues for FY23. Alcoholic Beverages contributed 75% of glass container revenues.
- For the full year, **capacity utilization** was at 96%. Q4 Capacity Utilization was at 99%
- Liquor Vs non-liquor segment has 1-2% difference in EBITDA per tonne
- Company can't discuss on HNG acquisition due to confidentiality. Case is still pending in NCLT.

Outlook: Due to debottlenecking procedure, 1 furnace (of capacity 325 tpd) will be available in Q1FY24 and will come back online in Q2. But it is expected for the remainder capacities to run at 100% utilization with improved margins. Company still aims to grow 15-20% every year. At CMP, company trades 12.27x FY23EPS.