

**CMP: INR 972**

**Rating: BUY**

**Target Price: INR 1,760**

**Stock Info**

BSE	500187
NSE	AGI
Bloomberg	AGIG:IN
Reuters	AGI.PS
Sector	Packaging
Face Value (INR)	2
Mkt Cap (INR Bn)	62.98
52w H/L (INR)	1308/610
Avg yearly Vol (in 000')	247

**Shareholding Pattern %**

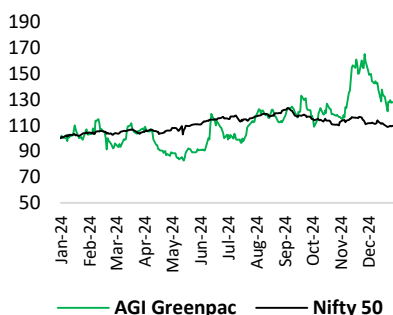
(As on Dec, 2024)

Promoters	60.23%
Public & Others	39.77%

**Stock Performance (%)**

	1m	6m	12m
AGIG	-16.7	+23.7	+26.9
Nifty 50	-2.5	-5.6	+9.0

**AGIG Vs Nifty 50**



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AGI Greenpac reported strong numbers for Q3FY25 (consolidated). Revenue came in at INR 6.59 billion, growing by +9.9% QoQ and +5.75% YoY (-9.13% compared to our estimates). EBITDA stood at INR 1.69 billion, growing by +9.62% QoQ and +12.24% YoY (+6.07% compared to our estimates). EBITDA margins were 25.67%, compared to 25.74% QoQ and 24.19% YoY (against our estimate of 22.00%). PAT came in at INR 905.1 million, growing by +25.59% QoQ and +34.84% YoY (+24.5% compared to our estimates). PAT margins were 13.43%, compared to 11.79% QoQ and 10.73% YoY (against our estimate of 10.03%).

**Acquisition led growth:** The company has indicated that the verdict of the HNG case should be announced soon. We remain optimistic about the acquisition going through, as it would drive strong volume growth. In case it does not, there is a Plan B that focuses on both volume and value growth.

**Strong Financial Performance with Record Gross Margin:** The company has reported robust numbers both quarter-over-quarter and year-over-year, reaching its highest-ever gross margin of 71.5%. These EBITDA margins are expected to increase once the legal expenses related to the HNG case are resolved.

**Volume driven by debottlenecked:** Specialty unit has debottlenecked facility which will drive more volumes in specialty unit which ideally should also bring in higher EBITDA per tonne.

**Outlook:** The company reported a strong Q3FY25, with a beat on EBITDA and PAT margins. The company continue to look forward to debottlenecking, improving the product mix, and identifying other areas for improvement. We expect the company to deliver strong performance in the upcoming quarters, driven by a shift in the business model and volume growth from debottlenecking. Company maintain its guidance of 10% volume growth for FY25. Court hearings for the HNG acquisition have been completed, and the verdict is expected soon. **We maintain our BUY rating and revise our target price to INR 1,760 (previous target price: INR 1,784).**

**Valuation summary**

Y/E Mar, Rs mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	14,303	22,815	24,209	25,815	57,826	67,895
EBIDTA	2,641	4,616	5,641	5,656	10,252	13,990
Net Profit	1,170	2,488	2,513	2,497	3,885	6,351
Diluted EPS	18.1	38.5	38.8	38.6	60.1	98.2
PER, x	52.6	24.8	24.5	24.7	15.9	9.7
EV/EBIDTA, x	27.5	14.3	11.4	10.8	6.8	4.6
P/BV, x	4.4	3.8	3.4	3.0	2.4	1.9
ROE, %	8.4%	15.5%	13.9%	12.0%	14.8%	19.7%
Debt/Equity (x)	0.84	0.46	0.34	0.30	1.08	1.00

**AGI Greenpac Q3FY25 Concall Highlights**

- The company's glass container capacity utilization stood above 95% and it expects limited impact from any furnace shutdowns in the industry, as they are already operating at full capacity
- The company's net debt stands at INR 3.50 billion. Once the approval for the acquisition of HNG is confirmed, which is currently under litigation, the company will proceed with the acquisition using debt
- Runrate of 650 Crs per quarter topline is normalized runrate. Can add some debottlenecking and improvement in realisations (not at the moment)
- The company has delivered its highest gross margins of 71.5% in the current quarter and currently are at the best EBITDA margin levels, 170 bps YoY GP improvement, 70 bps YoY Power and Fuel improvement
- The management is able to maintain its commitment to maintain a reasonable level of growth as well as profitability
- The company is optimistic about the Supreme Court's order regarding the HNG case and expects the NCLT to take approximately 3 months if the order is in their favor
- Greenfield capex will take lesser than 3 years to commercialize (if HNG is not acquired and company does greenfield capex)
- The volume of specialized glass in the company's revenue accounts for ~ 10-12%, with the balance coming from commercial glass
- Post litigation (hopefully from Q4) margins will improve (because legal costs will not be present)
- The industry size for the Alco-beverages including Food beverages in terms of demand is ~12,000 tons per day
- 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 seven, eight years it is expected to almost double
- The price of soda ash (RM) with respect to last year on CMP basis has come down and now it is quite stable.
- Company aspires to keep exports at 15% of the total revenue from earlier aspiration of 5%
- The company has been expanding its business in B2C segments and has already launched the products on ecommerce platforms.

**Outlook:** Continue to look forward to debottleneck, improve product mix and other spots for improvement. Company expects to deliver similar performance in future as well. Maintain guidance of 10% volume growth for FY25. Court hearings going on for HNG acquisition, the company expects verdict to be out soon. **We maintain our BUY rating and revise our target to INR 1,760.**

**Exhibit: Income Statement (Consol)**

Income Statement						
Y/E Mar, Rs mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Net sales</b>	<b>14,303</b>	<b>22,815</b>	<b>24,209</b>	<b>25,815</b>	<b>57,826</b>	<b>67,895</b>
Growth, %	<b>-22.8%</b>	<b>59.5%</b>	<b>6.1%</b>	<b>6.6%</b>	<b>124.0%</b>	<b>17.4%</b>
Other income	429	259	242	462	1,309	1,440
Raw material expenses	3,944	7,621	7,398	7,756	18,592	20,779
Employee expenses	1,408	1,729	1,974	2,287	5,179	5,872
Power and Fuel	3,278	4,711	4,630	4,735	14,488	16,535
Other expenses	3,032	4,138	4,566	5,380	9,316	10,718
<b>EBITDA (Core)</b>	<b>2,641</b>	<b>4,616</b>	<b>5,641</b>	<b>5,656</b>	<b>10,252</b>	<b>13,990</b>
Growth, %	<b>-5.7%</b>	<b>74.7%</b>	<b>22.2%</b>	<b>0.3%</b>	<b>81.3%</b>	<b>36.5%</b>
Margin, %	18.47%	20.23%	23.30%	21.91%	17.73%	20.61%
Depreciation	997	1,263	1,613	1,730	3,634	3,812
Interest paid	281	571	870	862	2,674	3,035
Other Income	429	259	242	462	1,309	1,440
Non-recurring Items						
<b>Pre-tax profit</b>	<b>1,793</b>	<b>3,042</b>	<b>3,399</b>	<b>3,525</b>	<b>5,253</b>	<b>8,584</b>
Tax provided	622	554	886	1,028	1,368	2,234
<b>Profit after tax</b>	<b>1,170</b>	<b>2,488</b>	<b>2,513</b>	<b>2,497</b>	<b>3,885</b>	<b>6,351</b>
Growth, %	<b>41.5%</b>	<b>112.5%</b>	<b>1.0%</b>	<b>-0.6%</b>	<b>55.6%</b>	<b>63.5%</b>
Wtd avg shares (m)	65	65	65	65	65	65

**Exhibit: Balance Sheet (Consol)**

Balance Sheet						
As at 31st Mar, Rs mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
PPE	11,142	13,727	14,859	14,629	23,233	22,821
CWIP	3,040	1,415	524	524	810	810
Financial Assets	370	319	333	318	1,079	1,027
Other Non Current Assets	4,411	5,138	5,765	5,701	5,774	5,782
<b>Total Non current Assets</b>	<b>18,995</b>	<b>20,620</b>	<b>21,503</b>	<b>21,193</b>	<b>31,384</b>	<b>30,927</b>
Inventories	3,016	3,276	3,967	3,890	9,974	11,634
Receivables	3,064	3,426	3,207	3,748	8,155	9,213
Cash & CE	586	2,792	3,610	6,634	20,184	29,464
Other Current Assets	7,089	1,037	1,238	1,018	2,475	2,982
<b>Total Current Assets</b>	<b>13,755</b>	<b>10,530</b>	<b>12,023</b>	<b>15,291</b>	<b>40,788</b>	<b>53,293</b>
<b>Total assets</b>	<b>32,795</b>	<b>31,195</b>	<b>33,570</b>	<b>36,529</b>	<b>72,216</b>	<b>84,265</b>
<b>Total Equities</b>	<b>13,921</b>	<b>16,066</b>	<b>18,146</b>	<b>20,872</b>	<b>26,194</b>	<b>32,221</b>
Non current borrowings	8,636	5,623	4,975	4,975	26,976	30,976
Other Non current liabilities	2,753	2,625	2,681	2,683	2,844	2,846
<b>Total Non current liabilities</b>	<b>11,390</b>	<b>8,248</b>	<b>7,657</b>	<b>7,658</b>	<b>29,820</b>	<b>33,822</b>
Current borrowings	2,997	1,692	1,186	1,187	1,188	1,188
Trade Payables	2,174	2,597	4,006	4,031	9,861	11,566
Other Current Liabilities	2,314	2,592	2,575	2,781	5,153	5,467
<b>Total Current Liabilities</b>	<b>7,484</b>	<b>6,881</b>	<b>7,767</b>	<b>7,999</b>	<b>16,202</b>	<b>18,222</b>
<b>Total equity &amp; liabilities</b>	<b>32,795</b>	<b>31,195</b>	<b>33,570</b>	<b>36,529</b>	<b>72,216</b>	<b>84,265</b>

**Exhibit: Cash Flow (Consol)**

Cash Flow						
Y/E Mar, Rs mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
Pre-tax profit	1,363	2,782	3,158	3,064	3,943	7,144
Depre & Other Items	804	968	969	1,163	3,576	3,019
Chg in working capital	-4,477	6,371	102	-17	-3,619	-1,215
<b>Cash flow from operating activities</b>	<b>-2,310</b>	<b>10,121</b>	<b>4,228</b>	<b>4,210</b>	<b>3,900</b>	<b>8,947</b>
Capital expenditure	4,222	-960	-241	-1,500	-12,523	-3,400
Other investing activities	-4,020	-693	39	15	-1,228	52
<b>Cash flow from investing activities</b>	<b>202</b>	<b>-1,653</b>	<b>-202</b>	<b>-1,485</b>	<b>-13,751</b>	<b>-3,348</b>
Free cash flow	-1,135	7,392	4,779	3,341	-7,998	7,853
Equity raised/(repaid)	0	0	0	0	0	0
Debt raised/(repaid)	2,656	-4,318	-1,154	1	22,001	4,001
Other financing activities	826	-549	-525	298	1,401	-320
<b>Cash flow from financing activities</b>	<b>3,457</b>	<b>-4,999</b>	<b>-1,597</b>	<b>299</b>	<b>23,402</b>	<b>3,681</b>
Net chg in cash	1,349	3,469	2,430	3,025	13,550	9,280
Opening cash balance	234	586	2,792	3,610	6,634	20,184
Closing cash balance	1,583	4,055	5,223	6,634	20,184	29,464

**Exhibit: Ratios (Consol)**

Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Per Share data</b>						
EPS (INR)	18.1	38.5	38.8	38.6	60.1	98.2
Growth, %	41.47%	112.54%	1.03%	-0.64%	55.58%	63.46%
Book NAV/share (INR)	215.2	248.3	280.5	322.6	404.9	498.0
DPS (INR)	5.0	5.0	6.0	5.0	5.0	5.0
<b>Return ratios</b>						
Return on assets (%)	3.57%	7.97%	7.49%	6.84%	5.38%	7.54%
Return on equity (%)	8.41%	15.49%	13.85%	11.96%	14.83%	19.71%
Return on capital employed (%)	8.19%	14.86%	16.55%	15.38%	14.15%	17.59%
<b>Turnover ratios</b>						
Asset turnover (x)	0.4	0.7	0.7	0.7	0.8	0.8
Sales/Working Capital (x)	2.5	26.6	37.5	39.2	13.1	12.1
Receivable days (on Sales)	78.2	54.8	48.4	53.0	51.5	49.5
Inventory days (On Sales)	77.0	52.4	59.8	55.0	63.0	62.5
Payable days (On Sales)	55.5	41.5	60.4	57.0	62.2	62.2
Working capital days	99.7	65.7	47.8	51.0	52.2	49.9
Receivable days (on Sales)	78.2	54.8	48.4	53.0	51.5	49.5
Inventory days (On COGS)	279.2	156.9	195.7	183.1	195.8	204.4
Payable days (On COGS)	201.2	124.4	197.6	189.7	193.6	203.2
Working capital days	156.1	87.3	46.5	46.3	53.7	50.7
<b>Liquidity ratios</b>						
Current ratio (x)	1.8	1.5	1.5	1.9	2.5	2.9
Quick ratio (x) (excl. c&ce)	1.8	1.1	1.1	1.1	1.3	1.3
Interest cover (x)	7.4	6.3	4.9	5.1	3.0	3.8
Dividend cover (x)	3.6	7.7	6.5	7.7	12.0	19.6
Total debt/Equity (%)	0.8	0.5	0.3	0.3	1.1	1.0
Net debt/Equity (%)	0.8	0.3	0.1	(0.0)	0.3	0.1
<b>Valuation</b>						
PER (x)	52.6	24.8	24.5	24.7	15.9	9.7
PEG (x) - y-o-y growth	41.47%	112.54%	1.03%	-0.64%	55.58%	63.46%
Price/Book (x)	4.4	3.8	3.4	3.0	2.4	1.9
EV/Net sales (x)	0.8	0.2	0.1	2.4	0.1	0.0
EV/EBITDA (x)	27.5	14.3	11.4	10.8	6.8	4.6
EV/EBIT (x)	35.0	18.3	15.0	13.9	8.8	5.5

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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