

CMP: INR 644

Rating: BUY

Target Price: INR 1,497

Stock Info

BSE	500187
NSE	AGI
Bloomberg	AGIG:IN
Reuters	AGI.PS
Sector	Packaging
Face Value (INR)	2
Mkt Cap (INR Bn)	41.67
52w H/L (INR)	1,009/599
Avg yearly Vol (in 000')	202

AGI Greenpac reported muted numbers for Q3FY26 (consolidated). Revenue came in at INR 6.34 Bn, growing by +5.3% QoQ and shrinking by -3.8% YoY (-6.1% compared to our estimates). EBITDA stood at INR 1.5 Bn, remaining flat +0.5% QoQ and -11.1% YoY (-9.1% compared to our estimates). EBITDA margins were 23.72%, compared to 24.85% QoQ and 25.68% YoY (against our estimate of 24.5%). PAT came in at INR 714.5 Mn, Whereas Adj PAT Came in at INR 752.93 Mn remaining flat by -0.9% QoQ and shrinking by -16.8% YoY (-7.8% compared to our estimates). Adj PAT margins were 11.81%, compared to 12.5% QoQ and 13.4% YoY (against our estimate of 12.04%).

Capacity-driven growth visibility: The company has completed debottlenecking at existing plants and is progressing on a new 500 tpd greenfield facility, which together are expected to add ~25% capacity by Mar-27. High current utilisation (~95%) suggests incremental volumes can be absorbed efficiently. This capacity expansion strengthens supply capability and supports sustained medium-term volume growth.

Improving margin mix led by specialty glass: Specialty glass continues to outperform with double-digit volume growth and meaningful improvement in realizations. As this higher-margin segment scales up and forms a larger share of overall sales, it should structurally improve blended margins. Management's reiterated EBITDA margin target of 24–25% reflects confidence in this favorable product mix shift.

Diversification and long-term risk mitigation: Expansion into aluminium beverage cans, growing export exposure in specialty glass, and continued focus on energy efficiency and higher cullet usage broaden the company's business mix. Company is also moving downstream by offering filling/OEM and retail-facing services to brand owners, which can help capture additional value without large marketing spends. Together, these steps reduce dependence on any single product or geography, improve cost resilience, and support more stable earnings over time.

Outlook: AGI Greenpac is well-positioned to deliver sustained growth. The company's medium-term prospects remain encouraging, supported by visible capacity additions, high utilisation levels, and a strong specialty glass pipeline that should drive both volume growth and margin improvement. Ongoing diversification into aluminium cans, exports, and downstream retail/OEM services enhances business resilience and reduces cyclicity. Overall, these factors provide confidence in sustained earnings growth and stable profitability going ahead. **We maintain our BUY rating and revise our target price to INR 1,497.**

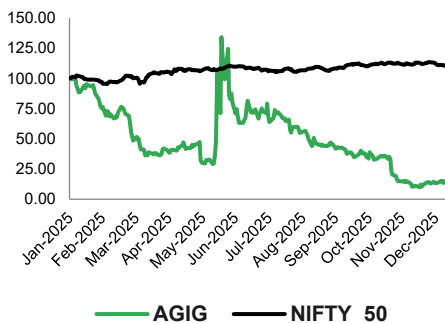
Shareholding Pattern %

(As on June, 2025)

Promoters	60.23%
Public & Others	39.77%

Stock Performance (%)	1m	6m	12m
AGIG	-11.2	-33.5	-17.2
Nifty 50	-2.0	+2.4	+9.7

AGIG Vs Nifty 50



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Valuation summary

Y/E Mar, Rs mn	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Net Sales	24,209	25,288	26,344	28,987	37,411	50,472
EBIDTA	5,641	6,139	6,193	6,912	9,733	14,382
Net Profit	2,513	3,224	3,425	3,848	5,252	9,117
Diluted EPS	38.8	49.8	52.9	59.5	81.2	140.9
PER, x	20.3	15.8	14.9	13.2	9.7	5.6
EV/EBIDTA, x	9.5	8.6	8.4	7.7	5.6	3.3
P/BV, x	2.8	2.4	2.1	1.9	1.6	1.3
ROE, %	13.9%	15.4%	14.3%	14.0%	16.5%	23.3%
Debt/Equity (x)	0.34	0.26	0.21	0.22	0.23	0.06

AGI Greenpac Q3FY26 Concall Highlights

- EBITDA margins were lower YoY in Q3 due to muted volumes in certain product categories and adjustments in average sales realizations.
- 12–18 month margin guidance (ex-non-operating income) remains 24–25%
- Container glass: Q3 sales volume rose ~10% vs Q2FY26 but were ~2% lower vs Q3FY25; capacity utilisation ~95%; debottlenecking completed, capacity increased to 1,900 tpd, finished ahead of the prior Mar-26 timeline.
- Specialty glass: volumes up >13% YoY in Q3, utilisation ~85%; capacity expansion to 200 tpd is on track for completion by Mar-26; realizations improved ~INR 900/ton vs Q2 and ~INR 6,800/ton vs Q3FY25.
- Commercial/beer segment volumes were subdued in Q3 due to extended rains/seasonality and temporary customer deferments; expecting recovery and normalization in Q4.
- Greenfield container glass plant: land acquisition done, civil works and machinery procurement underway; 500 tpd plant expected to commission by Mar-27 and should increase capacity by ~25%, strengthening northern footprint.
- Aluminium beverage can entry: Equipment procurement in final stages for annual capacity of 1.6 billion cans; land identified and government land release in progress; equipment lead time noted around 11–12 months.
- Capex & timing: Major chunk of capex next year (FY27) ~INR 11,000-12,000 Mn next year, with remaining in FY28; ~INR 600-700 Mn spent so far on land/groundwork.
- Volume guidance: for FY27 management expects ~3–4% volume growth in container glass and ~7–10% in specialty glass; overall FY27 volumetric growth ~8–9% (commodities may affect value growth).
- Longer-term capacity / growth view: commissionings across FY27–28 expected to add ~25% capacity and management expects 15–17% growth in FY27-28 driven by the new plant.
- EBITDA per tonne guidance ~INR 9,500–INR 10,500 (excluding non-operating income); specialty segment EBITDA percentage referenced around 25–26%.
- Retail / downstream move: Company will offer end-to-end filling/OEM services (outsourced) to brand owners to help place its glass directly (not building own brands today); minimal incremental marketing capex envisaged, aim is channel control and higher value capture.
- Pricing discipline remained intact across segments, with no aggressive price cuts despite temporary demand softness in select categories.
- Export contribution in specialty glass continues to improve, supported by higher-value pharma and cosmetic applications, helping offset domestic volatility.
- Furnace life across existing container glass units remains healthy, and no major cold repairs are planned in the near term, aiding operational stability.
- Energy cost optimization initiatives, including fuel mix optimization and efficiency improvements, are ongoing and expected to support margins over the medium term.
- Working capital increased sequentially due to higher inventory and receivables, which is attributed to volume timing and seasonality rather than structural issues.
- Glass substitution trends (plastic to glass) remain a long-term structural tailwind, particularly in food, beverages, and pharma packaging.
- Customer diversification efforts continue, with no single customer accounting for an outsized share of revenues, reducing concentration risk.

Outlook: The company is well positioned for growth, supported by completed debottlenecking and planned capacity additions, including a ~25% increase by Mar-27, which should drive higher volumes over the medium term. Specialty glass continues to show strong traction with healthy volume growth and improved realizations, aiding margin expansion. Management’s guidance of sustaining 24–25% EBITDA margins over the next 12–18 months highlights continued pricing discipline and operational efficiency. Further diversification into aluminium cans and ongoing energy-efficiency and sustainability initiatives add to long-term earnings stability. **We maintain our BUY rating and revise our target to INR 1,497.**

Exhibit: Income Statement (Consol)

Income Statement						
Y/E Mar, Rs mn	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Net sales	24,209	25,288	26,344	28,987	37,411	50,472
Growth, %	6.1%	4.5%	4.2%	10.0%	29.1%	34.9%
Other income	242	748	561	617	679	747
Raw material expenses	7,398	7,540	7,148	7,759	11,080	16,228
Gross Margin %	69.44%	70.18%	72.87%	73.23%	70.38%	67.85%
Employee expenses	1,974	2,175	2,496	2,750	3,390	4,341
Power and Fuel	4,630	4,678	5,276	5,812	7,165	9,176
Other expenses	4,566	4,756	5,232	5,755	6,043	6,345
EBITDA (Core)	5,641	6,139	6,193	6,912	9,733	14,382
Growth, %	22.2%	8.8%	0.9%	11.6%	40.8%	47.8%
Margin, %	23.30%	24.28%	23.51%	23.85%	26.01%	28.49%
Depreciation	1,613	1,772	1,706	1,852	2,934	3,263
Interest paid	870	847	497	547	664	214
Other Income	242	748	561	617	679	747
Non-recurring Items						
Pre-tax profit	3,399	4,268	4,550	5,131	6,813	11,651
Tax provided	886	1,044	1,125	1,283	1,561	2,534
Profit after tax	2,513	3,224	3,425	3,848	5,252	9,117
Growth, %	1.0%	28.3%	6.2%	12.4%	36.5%	73.6%
Wtd avg shares (m)	65	65	65	65	65	65

Exhibit: Balance Sheet (Consol)

Balance Sheet						
As at 31st Mar, Rs mn	FY24	FY25	FY26E	FY27E	FY28E	FY29E
PPE	14,859	15,527	14,221	12,769	23,379	20,962
CWIP	524	1,032	4,532	11,032	3,032	5,032
Financial Assets	333	336	320	305	291	277
Other Non Current Assets	5,765	5,321	5,321	5,321	5,321	5,321
Total Non current Assets	21,503	22,242	24,420	29,453	32,023	31,592
Inventories	3,967	3,990	4,042	4,368	7,230	8,541
Receivables	3,207	3,964	4,114	4,368	5,205	6,467
Cash & CE	3,610	3,637	4,221	3,751	3,889	6,026
Other Current Assets	1,238	1,086	1,258	1,497	1,824	2,270
Total Current Assets	12,023	12,677	13,635	13,983	18,148	23,303
Total assets	33,570	34,962	38,098	43,480	50,215	54,939
Total Equities	18,146	20,978	24,028	27,553	31,914	39,193
Non current borrowings	4,975	3,785	3,785	5,285	6,785	1,985
Other Non current liabilities	2,681	2,767	2,768	2,770	2,772	2,774
Total Non current liabilities	7,657	6,552	6,554	8,055	9,557	4,759
Current borrowings	1,186	1,743	1,195	797	599	402
Trade Payables	4,006	3,544	3,825	4,368	4,820	6,345
Other Current Liabilities	2,575	2,146	2,496	2,707	3,325	4,241
Total Current Liabilities	7,767	7,433	7,516	7,872	8,744	10,987
Total equity & liabilities	33,570	34,962	38,098	43,480	50,215	54,939

Exhibit: Cash Flow (Consol)

Cash Flow						
Y/E Mar, Rs mn	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Pre-tax profit	3,158	3,520	3,989	4,514	6,134	10,905
Depre & Other Items	969	1,476	1,143	1,186	2,052	1,475
Chg in working capital	102	-881	257	-65	-2,957	-577
Cash flow from operating activities	4,228	4,115	5,389	5,635	5,229	11,803
Capital expenditure	-1,854	-2,948	-3,900	-6,900	-5,545	-2,845
Other investing activities	39	39	16	15	40	13
Cash flow from investing activities	-1,815	-2,908	-3,884	-6,885	-5,504	-2,832
Free cash flow	3,166	1,766	1,331	-1,238	39	8,940
Equity raised/(repaid)	0	0	0	0	0	0
Debt raised/(repaid)	-1,154	-634	-548	1,102	1,302	-4,998
Other financing activities	-525	-622	-373	-322	-890	-1,836
Cash flow from financing activities	-1,597	-1,179	-921	780	413	-6,833
Net chg in cash	817	27	584	-470	138	2,137
Opening cash balance	2,792	3,610	3,637	4,221	3,751	3,889
Closing cash balance	3,610	3,637	4,221	3,751	3,889	6,026

Exhibit: Ratios (Consol)

Ratios	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Per Share data						
EPS (INR)	38.8	49.8	52.9	59.5	81.2	140.9
Growth, %	1.03%	28.29%	6.23%	12.36%	36.47%	73.60%
Book NAV/share (INR)	280.5	324.2	371.4	425.9	493.3	605.8
DPS (INR)	6.0	6.0	7.5	7.5	7.5	7.5
Return ratios						
Return on assets (%)	7.49%	9.22%	8.99%	8.85%	10.46%	16.59%
Return on equity (%)	13.85%	15.37%	14.25%	13.97%	16.46%	23.26%
Return on capital employed (%)	16.55%	18.58%	16.50%	15.95%	18.03%	27.00%
Turnover ratios						
Asset turnover (x)	0.7	0.7	0.7	0.7	0.7	0.9
Sales/Working Capital (x)	37.5	15.7	13.9	12.3	6.8	8.0
Receivable days (on Sales)	48.4	57.2	57.0	55.0	50.8	46.8
Inventory days (On Sales)	59.8	57.6	56.0	55.0	70.5	61.8
Payable days (On Sales)	60.4	51.2	53.0	55.0	47.0	45.9
Working capital days	47.8	63.6	60.0	55.0	74.3	62.6
Receivable days (on Sales)	48.4	57.2	57.0	55.0	50.8	46.8
Inventory days (On COGS)	195.7	193.1	206.4	205.5	238.2	192.1
Payable days (On COGS)	197.6	171.6	195.3	205.5	158.8	142.7
Working capital days	46.5	78.8	68.1	55.0	130.2	96.2
Liquidity ratios						
Current ratio (x)	1.5	1.7	1.8	1.8	2.1	2.1
Quick ratio (x) (excl. c&ce)	1.1	1.2	1.3	1.3	1.6	1.6
Interest cover (x)	4.9	6.0	10.2	10.4	11.3	55.4
Dividend cover (x)	6.5	8.3	7.1	7.9	10.8	18.8
Total debt/Equity (%)	0.3	0.3	0.2	0.2	0.2	0.1
Net debt/Equity (%)	0.1	0.1	0.0	0.1	0.1	(0.1)
Valuation						
PER (x)	20.3	15.8	14.9	13.2	9.7	5.6
PEG (x) - y-o-y growth	1.03%	28.29%	6.23%	12.36%	36.47%	73.60%
Price/Book (x)	2.8	2.4	2.1	1.9	1.6	1.3
EV/Net sales (x)	0.1	2.1	0.0	0.1	0.1	(0.1)
EV/EBITDA (x)	9.5	8.6	8.4	7.7	5.6	3.3
EV/EBIT (x)	12.5	10.3	10.3	9.4	7.3	4.0

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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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