

CMP: INR 826

Rating: BUY

Target Price: INR 1,659

Stock Info

BSE	500187
NSE	AGI
Bloomberg	AGIG:IN
Reuters	AGI.PS
Sector	Packaging
Face Value (INR)	2
Mkt Cap (INR Bn)	53.44
52w H/L (INR)	1308/599
Avg yearly Vol (in 000')	274

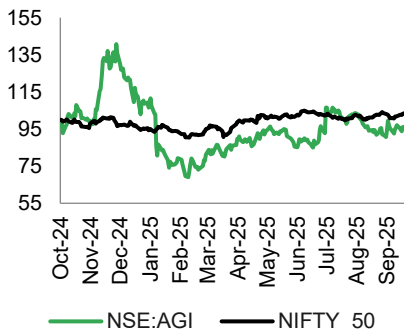
Shareholding Pattern %

(As on June, 2025)

Promoters	60.23%
Public & Others	39.77%

Stock Performance (%)	1m	6m	12m
AGIG	-4.0	+1.1	-9.3
Nifty 50	+2.9	+6.4	+5.9

AGIG Vs Nifty 50



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AGI Greenpac reported muted numbers for Q2FY26 (consolidated). Revenue came in at INR 6.02 Bn, shrinking by -12.5% QoQ and growing by +0.4% YoY (-6.31% compared to our estimates). EBITDA stood at INR 1.5 Bn, remaining flat -3.07% QoQ and -3.06% YoY (-3.97% compared to our estimates). EBITDA margins were 24.85%, compared to 22.43% QoQ and 25.74% YoY (against our estimate of 24.25%). PAT came in at INR 759.8 Mn, shrinking by -5.71% QoQ and growing by +5.43% YoY (-6.31% compared to our estimates). PAT margins were 12.5%, compared to 11.5% QoQ and 11.8% YoY (against our estimate of 12.34%).

Capacity Expansion through Debottlenecking: AGI Greenpac is strategically utilizing near-term capacity expansion through debottlenecking of existing facilities to extract maximum value from already-deployed assets, increasing container glass capacity from 1,850 to 1,900 TPD and specialty glass from 154 to 200 TPD by March FY26 with minimal production disruption. These surgical upgrades require only INR 500 Mn in capital and will deliver incremental 40-50 tonnes per day of production.

Capacity Addition with New Greenfield Plant: AGI Greenpac is executing a dual expansion strategy a greenfield 500 TPD glass plant in Madhya Pradesh (operational by March 2027) will expand core capacity by 25% and strengthen presence in northern and central India. In parallel, the company is entering the aluminum can segment with INR 10 Bn investment in Uttar Pradesh, targeting 950 Mn units by FY28 scaling to 1.6 Bn units by FY30, leveraging existing beverage and spirits client relationships to diversify revenue streams and de-risk glass-only concentration.

Focused Growth in Premium and Value-Added Segments: AGI continues to push into high-margin segments such as specialty glass for cosmetics, perfumes, and pharmaceuticals. By offering customized, innovative, and premium packaging solutions, the company enhances its value proposition to clients, which is key to sustaining higher margins and expanding its export base.

Outlook: AGI Greenpac is well-positioned to deliver sustained growth. The company's diversification into aluminum cans, coupled with a 25% capacity expansion through a new glass plant, will significantly enhance scale and market presence over the next 3-5 years. Near-term debottlenecking initiatives will provide incremental capacity expansion and drive growth in the near term. Continued focus on premium and value-added segments is expected to support margin resilience. **We maintain our BUY rating and revise our target price to INR 1,659.**

Valuation summary

Y/E Mar, Rs mn	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Net Sales	22,815	24,209	25,288	27,756	30,950	40,118	53,881
EBIDTA	4,616	5,641	6,139	6,524	7,780	10,979	15,920
Net Profit	2,488	2,513	3,224	3,753	4,648	6,341	10,404
Diluted EPS	38.5	38.8	49.8	58.0	71.8	98.0	160.8
PER, x	20.5	20.3	15.8	13.6	11.0	8.0	4.9
EV/EBIDTA, x	12.0	9.5	8.6	7.8	6.7	4.7	2.7
P/BV, x	3.2	2.8	2.4	2.1	1.8	1.5	1.2
ROE, %	15.5%	13.9%	15.4%	15.4%	16.2%	18.6%	24.3%
Debt/Equity (x)	0.46	0.34	0.26	0.20	0.21	0.22	0.06

AGI Greenpac Q2FY26 Concall Highlights

- EBITDA margins jumped 250 bps sequentially to 24.9% in Q2, with management guiding for another 100-200 bps improvement over the next 24 months driven by premiumization and operational efficiencies.
- Management prepaid INR 1,930 Mn of term loans in July 2025, bringing total term debt down to just INR 2,330 Mn and creating headroom for upcoming expansion plans.
- The 500 TPD glass plant in Madhya Pradesh (25% capacity addition) has commenced civil work with equipment contracts being finalized, targeting March 2027 commissioning.
- Container glass capacity will increase to 1,900 TPD and specialty glass to 200 TPD through debottlenecking, requiring minimal capex of around INR 500 Mn.
- Management believes only 60-70% of specialty glass value potential has been unlocked, with focus on premium international customers expected to drive 400-500 bps margin expansion over 18 months.
- Extended monsoons and flooding created quarterly volatility in beer demand, but these are temporary factors with no impact on full-year growth trajectories.
- Despite monsoon headwinds and regional flooding impacting beer sales, the company maintained 95% capacity utilization, validating the need for aggressive expansion.
- The 15-day increase in working capital is intentional inventory buildup ahead of peak H2 season and strategic supplier prepayments to capture discounts, expected to normalize in 1-2 quarters.
- Over 40% recycled glass usage in production significantly reduces energy consumption, with further gains expected as municipal waste management improves across India.
- Exports contribute 5-7% of revenue with management targeting 10-15% overall and 40% in specialty glass, but only if margins remain attractive rather than chasing volumes.
- INR 7,000 Mn for Gwalior plant, INR 8,500 Mn for aluminum cans, and INR 1,500 Mn for debottlenecking to be funded through internal accruals and long-term debt with peak debt at INR 10,000-12,000 Mn.
- Despite Q2's muted performance, management reaffirmed 8-10% annual growth for FY26 and FY27 driven by debottlenecking benefits and premium segment market share gains.
- AGI operates at globally optimum energy usage levels combined with ongoing cullet and furnace optimization initiatives, creating a sustainable advantage competitors cannot easily replicate.
- Most production is linked to raw material prices through contractual formulas with 6-12 month review periods, providing predictability and insulation from short-term commodity volatility.
- Specialty glass production may dip 5-7% for 7-10 days during installation with recovery in 2-3 days, while container glass work on one of four furnaces ensures no material impact.
- India's growing middle class and 8-9% projected growth in beer and liquor industries provide favorable backdrop, with aluminum can diversification positioning AGI to capture growth regardless of packaging preferences.

Outlook: AGI Greenpac showed resilience and strategic intent in Q2, navigating temporary demand headwinds while laying the groundwork for a transformative multi-year growth cycle. The sharp margin expansion reveals the company's operational discipline and premiumization thesis gaining traction, with management confident in unlocking further margin gains as specialty glass penetration deepens into high-value international segments. The decisive debt reduction, coupled with aggressive capex deployment for brownfield and greenfield expansion, signals management's conviction in secular tailwinds underpinning India's beverage packaging demand. The shift toward sustainability-led competitive advantage through recycled glass deployment and globally-optimized energy consumption adds a differentiated moat to AGI's medium-term value creation story. **We maintain our BUY rating and revise our target to INR 1,659.**

Exhibit: Income Statement (Consol)

Income Statement							
Y/E Mar, Rs Mn	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Net sales	22,815	24,209	25,288	27,756	30,950	40,118	53,881
Growth, %	59.5%	6.1%	4.5%	9.8%	11.5%	29.6%	34.3%
Other income	259	242	748	823	905	995	1,095
Raw material expenses	7,621	7,398	7,540	8,387	9,065	12,749	18,365
Gross Margin %	66.60%	69.44%	70.18%	69.78%	70.71%	68.22%	65.92%
Employee expenses	1,729	1,974	2,175	2,470	2,709	3,357	4,299
Power and Fuel	4,711	4,630	4,678	5,143	5,641	6,991	8,952
Other expenses	4,138	4,566	4,756	5,232	5,755	6,043	6,345
EBITDA (Core)	4,616	5,641	6,139	6,524	7,780	10,979	15,920
Growth, %	74.7%	22.2%	8.8%	6.3%	19.2%	41.1%	45.0%
Margin, %	20.23%	23.30%	24.28%	23.51%	25.14%	27.37%	29.55%
Depreciation	1,263	1,613	1,772	1,824	1,852	2,934	3,263
Interest paid	571	870	847	447	547	664	214
Other Income	259	242	748	823	905	995	1,095
Non-recurring Items							
Pre-tax profit	3,042	3,399	4,268	5,076	6,287	8,376	13,538
Tax provided	554	886	1,044	1,323	1,638	2,035	3,133
Profit after tax	2,488	2,513	3,224	3,753	4,648	6,341	10,404
Growth, %	112.5%	1.0%	28.3%	16.4%	23.8%	36.4%	64.1%
Wtd avg shares (m)	65	65	65	65	65	65	65

Exhibit: Balance Sheet (Consol)

Balance Sheet							
As at 31st Mar, Rs mn	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
PPE	13,727	14,859	15,527	14,103	12,652	23,262	20,845
CWIP	1,415	524	1,032	4,532	11,032	3,032	5,032
Financial Assets	319	333	336	320	305	291	277
Other Non Current Assets	5,138	5,765	5,321	5,321	5,321	5,321	5,321
Total Non current Assets	20,620	21,503	22,242	24,302	29,336	31,906	31,475
Inventories	3,276	3,967	3,990	4,258	4,664	7,786	9,195
Receivables	3,426	3,207	3,964	4,335	4,664	5,606	6,962
Cash & CE	2,792	3,610	3,637	4,906	5,196	6,256	9,762
Other Current Assets	1,037	1,238	1,086	1,258	1,497	1,824	2,270
Total Current Assets	10,530	12,023	12,677	14,757	16,019	21,471	28,188
Total assets	31,195	33,570	34,962	39,103	45,399	53,421	59,707
Total Equities	16,066	18,146	20,978	24,407	28,732	34,182	42,749
Non current borrowings	5,623	4,975	3,785	3,785	5,285	6,785	1,985
Other Non current liabilities	2,625	2,681	2,767	2,768	2,770	2,772	2,774
Total Non current liabilities	8,248	7,657	6,552	6,554	8,055	9,557	4,759
Current borrowings	1,692	1,186	1,743	1,195	797	599	402
Trade Payables	2,597	4,006	3,544	4,030	4,664	5,191	6,830
Other Current Liabilities	2,592	2,575	2,146	2,917	3,151	3,892	4,968
Total Current Liabilities	6,881	7,767	7,433	8,142	8,612	9,682	12,200
Total equity & liabilities	31,195	33,570	34,962	39,103	45,399	53,421	59,707

Exhibit: Cash Flow (Consol)

Cash Flow							
Y/E Mar, Rs mn	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Pre-tax profit	2,782	3,158	3,520	4,253	5,382	7,381	12,443
Depre & Other Items	968	969	1,476	1,323	1,118	1,895	1,225
Chg in working capital	6,371	102	-881	446	-106	-3,124	-495
Cash flow from operating activities	10,121	4,228	4,115	6,023	6,394	6,152	13,172
Capital expenditure	-2,223	-1,854	-2,948	-3,900	-6,900	-5,545	-2,845
Other investing activities	-693	39	39	16	15	40	13
Cash flow from investing activities	-2,915	-1,815	-2,908	-3,884	-6,885	-5,504	-2,832
Free cash flow	6,130	3,166	1,766	1,922	-485	952	10,307
Equity raised/(repaid)	0	0	0	0	0	0	0
Debt raised/(repaid)	-4,318	-1,154	-634	-548	1,102	1,302	-4,998
Other financing activities	-549	-525	-622	-322	-322	-890	-1,836
Cash flow from financing activities	-4,999	-1,597	-1,179	-870	780	413	-6,833
Net chg in cash	2,206	817	27	1,269	289	1,060	3,507
Opening cash balance	586	2,792	3,610	3,637	4,906	5,196	6,256
Closing cash balance	2,792	3,610	3,637	4,906	5,196	6,256	9,762

Exhibit: Ratios (Consol)

Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Per Share data							
EPS (INR)	38.5	38.8	49.8	58.0	71.8	98.0	160.8
Growth, %	112.54%	1.03%	28.29%	16.41%	23.85%	36.42%	64.07%
Book NAV/share (INR)	248.3	280.5	324.2	377.3	444.1	528.3	660.8
DPS (INR)	5.0	6.0	6.0	7.5	7.5	7.5	7.5
Return ratios							
Return on assets (%)	7.97%	7.49%	9.22%	9.60%	10.24%	11.87%	17.43%
Return on equity (%)	15.49%	13.85%	15.37%	15.38%	16.18%	18.55%	24.34%
Return on capital employed (%)	14.86%	16.55%	18.58%	17.84%	18.58%	20.67%	28.95%
Turnover ratios							
Asset turnover (x)	0.7	0.7	0.7	0.7	0.7	0.8	0.9
Sales/Working Capital (x)	26.6	37.5	15.7	16.2	14.0	7.3	8.7
Receivable days (on Sales)	54.8	48.4	57.2	57.0	55.0	51.0	47.2
Inventory days (On Sales)	52.4	59.8	57.6	56.0	55.0	70.8	62.3
Payable days (On Sales)	41.5	60.4	51.2	53.0	55.0	47.2	46.3
Working capital days	65.7	47.8	63.6	60.0	55.0	74.6	63.2
Receivable days (on Sales)	54.8	48.4	57.2	57.0	55.0	51.0	47.2
Inventory days (On COGS)	156.9	195.7	193.1	185.3	187.8	222.9	182.7
Payable days (On COGS)	124.4	197.6	171.6	175.4	187.8	148.6	135.8
Working capital days	87.3	46.5	78.8	66.9	55.0	125.3	94.2
Liquidity ratios							
Current ratio (x)	1.5	1.5	1.7	1.8	1.9	2.2	2.3
Quick ratio (x) (excl. c&ce)	1.1	1.1	1.2	1.2	1.3	1.6	1.5
Interest cover (x)	6.3	4.9	6.0	12.3	12.5	13.6	64.2
Dividend cover (x)	7.7	6.5	8.3	7.7	9.6	13.1	21.4
Total debt/Equity (%)	0.5	0.3	0.3	0.2	0.2	0.2	0.1
Net debt/Equity (%)	0.3	0.1	0.1	0.0	0.0	0.0	(0.2)
Valuation							
PER (x)	20.5	20.3	15.8	13.6	11.0	8.0	4.9
PEG (x) - y-o-y growth	112.54%	1.03%	28.29%	16.41%	23.85%	36.42%	64.07%
Price/Book (x)	3.2	2.8	2.4	2.1	1.8	1.5	1.2
EV/Net sales (x)	0.2	0.1	2.1	0.0	0.0	0.0	(0.1)
EV/EBITDA (x)	12.0	9.5	8.6	7.8	6.7	4.7	2.7
EV/EBIT (x)	15.4	12.5	10.3	9.2	7.6	5.8	3.2

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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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