

**“AGI Greenpac Limited”**  
*(Formerly known as HSIL Limited)*  
**Q4 FY2022 Earnings Conference Call**

May 13, 2022



**Dolat Capital**

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**Moderator:** Ladies and gentlemen, welcome to AGI Greenpac Limited formerly known as HSIL Limited Q4 FY2022 Earnings Call. 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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

Before we begin, I would like to remind all participants that some of the statements or comments made on today's call may be forward-looking in nature. These may include, but are not necessarily limited to financial projections or other statements of the company's plan, objectives, expectations or intentions. The company disclaims any obligation to update these forward-looking statements to reflect future events or developments. Kindly refer to slide #21 of the earnings presentation for a detailed disclaimer. I now hand over the conference to Mr. Rahul Jain from Dolat Capital. Thank you and over to you, Sir!

**Rahul Jain:** Good afternoon everyone and we welcome all the participants to AGI Greenpac Limited (formerly known as HSIL Limited) Q4 FY2022 Earnings Call hosted by Dolat Capital. Joining us today from the management side, Mr. Om Prakash Pandey, CFO, AGI Greenpac Limited, Mr. Rajesh Khosla - President & CEO, AGI Glaspac and Garden Polymer, Mr. Sandeep Sikka - Group CFO. Now, I will hand over the call to Mr. Om Prakash Pandey for his opening remarks. Thank you and over to you, Sir!

**Om Prakash Pandey:** Good evening everyone and welcome to AGI Greenpac Q4 and FY2022 earnings call. I hope you and your loved ones are staying safe and healthy. We have already circulated our earnings presentation, which is available on our website as well as on the stock exchange website. I am sure you all have gone through the presentation and we would be happy to take any question afterwards.

I would like to highlight that the company has changed its name from HSIL Limited to AGI Greenpac Limited. The rebranding exercise is in sync with our transformational journey, reflects our current growth strategy and product portfolio as we become a focused packaging product player. The company has undertaken a strategic restructuring program that has been implemented in the last quarter. With a clear vision to be a focused packaging product player, we have divested building product division through slump sale transactions and now the packaging business is the core business of the Company.

The transaction has been consummated from the closing hours of March 31, 2022 and the slump sale consideration, subject to closing date adjustments, is around ₹700 Crores. As of



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March 31, 2022, ₹109 Crores received as advance as a slump sale and balance slump sale consideration is being paid post March 31, 2022 which will be primarily utilized to pre-pay the borrowings.

We also started trial production at our Greenfield facility at Bhongir for Specialty Glass, which has a total capacity of 154 TPD and has one new furnace and five manufacturing lines. These initiatives are expected to augment our efforts of fulfilling our vision to remain the most profitable glass packaging company in India.

Now, I would like to present the company's performance highlights. Kindly note that the building products division has been classified as discontinued operations and the previous year financials have been restated accordingly.

In Q4 FY2022, the Company delivered revenue from operation of ₹711 Crores compared to ₹633 Crores in Q4 FY2021, a growth of 12.2% on year-on-year basis. Net profit stood at ₹128 Crores compared to ₹33 Crores in Q4 FY2021, a growth of 286.4% on year-on-year basis. If we look at continuing operations, total income was ₹453 Crores compared to ₹419 Crores as compared to Q4 FY2021, a growth of 8.2% on a year-on-year basis and 13.6% on sequential basis. The revenue growth was primarily driven by an increase in glass bottle packaging volume by 10% led by growing demand for glass bottles from the high end liquor and pharma industries. EBITDA during the quarter was ₹93 Crores a growth of 5.1% on year-on-year basis. We continued to maintain a strong EBITDA margin of 20.5% despite a sharp jump in commodity and fuel prices and inflation cost.

Profit before exceptional item was ₹57 Crores with the margin of 12.6%, Net Profit from continued operations for the quarter was ₹38 Crores with the margin of 8.4%. On a full year basis, the Company delivered a total income of ₹1,473 Crores a growth of 15.7% on year-on-year basis, EBITDA of ₹307 Crores with the margin of 20.8%. Profit before exceptional item was ₹179 Crores with the margin of 12.1%.

Now, I would like to take you through the building products division. The building products division has delivered revenue from operation of ₹279 Crores in Q4 FY2022 registering a growth of 29.2% on year-on-year basis and EBIT was ₹26 Crores with the margin of 9.2%.

Revenue growth for the period was primarily due to a revival in business, general macroeconomic environment and an uptick in a real estate sector. In light of the company's performance, the board of directors has recommended a dividend of ₹5 per share in FY 2022 subject to approvals from the shareholders. This will be equivalent to an amount of



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250% on face value. Now, I would hand over the call to Mr Khosla to talk about Packaging Product Division.

**Rajesh Khosla:**

Thank you, Mr. Pandey. The packaging products division, which now represents the core and overall business of the company saw growth in production, capacity utilization, sales volume, and revenue during the quarter.

Revenue from operation was 438 Crores in Q4 FY2022, registering a growth of 4.6% on year-on-year basis and 10% on quarter-on-quarter basis. EBIT was ₹76 Crores with margins of 17.4%. The revenue growth is supported by increasing demand from the alcohol, beer, beverages, and pharmaceutical, food & beverage industries. The period also saw margin pressure from cost inflation present in commodity and raw materials pricing but strong operational efficiencies in the manufacturing process have helped us to mitigate the same. We have begun trial production of our Greenfield speciality glass facility of 154 tons per day in the year 2022 Q4.

We will manufacture high quality speciality glass products catering to the industries such as pharmaceutical including vials, perfumery, cosmetic, high end liquor customers spreading all over the world and particularly in the USA side of the geography. Australia and the European countries also will be on our target list.

We also have successfully produced and dispatched our first consignment direct shipment to the USA market. We enter the fiscal year with the confidence in delivering a sustainable growth and creating a long-term value for our shareholders. Post the divestment, we are now a pure play packaging company and with a single focus on core business. We will be reinforcing the company's preliminary strategic plan of improving efficiency, effectiveness, and profitability. Thank you very much and we are now ready to take the questions from all the participants.

**Moderator:**

Thank you. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Zakir Hassan a retail investor. Please go ahead.

**Zakir Hassan:**

Mr. Sikka and team at AGI I think it is a good set of numbers considering the environment, Sir. Since we are now at the building products division has been hived off and as per the investor presentation the trials runs for the new 154 ton plant has started, how would you see the quarterly run rate from now on, that is my first question. Second would be the ₹600 Crores, which is pending from Somany Home, when is that amount expected and how would it be deployed and what would be the finance cost in AGI during the current year and



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I think last concall you also said that the new facility, which has been added, the EBITDA margin will be much better I mean could you also please throw some light on that? Thank you.

**Sandeep Sikka:**

Thanks, Zakir. We will start with the second question first and then I will request Mr. Khosla to give a broad guidance. Although from the confidentiality side, we generally do not give a very short term guidance, but we give an overall guidance as such.

If you see in the month of January 2022, we had a total slump sale consideration at ₹630 Crores, but this was subject to closing date adjustments and post the closing date adjustments, the slump sale consideration is now at around ₹700 Crores. Hindware Limited (formerly known as Brilloca Limited) as on March 31, 2022, had already given us an advance of ₹109 Crores and the balance money is being paid in the due course as a part of the settlement procedure.

So if you see the total debt in the balance sheet of AGI Greenpac, what we are getting is ₹1,156 Crores, so if you subtract ₹700 Crores minus ₹109 Crores balance will be reduced and the balance the debt after the settlement should be around ₹566 Crores if we give a full effect of the slump sale on the settlement of the debt.

So this will be the total debt comprising long-term and short-term loans. The weighted average cost of debt on the debt which we are carrying today, includes both pre-term loans, ECB loans and some sales tax deferral loans are there, the weighted average cost right now is working at 5.25% wherein rupee term loans are 6% to 6.5% and then ECBs and other things are much lower. As far as your question on the future growth is concerned, I will request Mr. Khosla, if you can give a broad guidance on the volume growth. Both on the new project as well as the existing operations and the value added. Thank you.

**Rajesh Khosla:**

Thank you, Mr. Sikka. As rightly told, the new project, which is 154 tons per day, so it will be producing approximately 4000 tons a month and now this plant is on a trial, fully operational, fully settled and we already have the customers. The material have started getting shipped out, so we hope so that this plant will be operating in the first half of this financial year at around 85% of the capacity utilization. The volumes can be approximately between 3000 to 3500 tons per month in addition to our normal volumes what we have been doing. Regarding our normal business, which we call a commercial glass business, we do expect a volume upside of approximately 7% to 8% in this financial year, so those numbers 7% to 8% will be higher in this year plus the new project will deliver around 3000 to 3500



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tons. So maybe 7% plus approximately 5% on additional volume term will be jointly led to 10% to 12% upside on the volume that you may see in the near future.

**Zakir Hassan:** Sir, regarding the margins in the new facility. We had discussed that it will be higher and also the realizations of this new plant I believe it is a fine glass plant what you have put, so the realization will also be higher I guess, so would you be possible to once it is fully operational, cross that magic number of ₹500 Crores in a quarter?

**Rajesh Khosla:** We wish the same that we should cross this magic number of ₹500 Crores, but every journey take its time. Regarding the margins, the realization is absolutely higher than the normal glass, it is double the margin of the normal glass, but on the other side the cost is also high when we produce specialty glass. Looking to the ongoing uncertainty everywhere in the energy sector, in the other sectors, in the commodity sector, so projecting on a static angle the margins will certainly go up, but projecting on a dynamic angle we will see the overall market it is quite difficult to say, but we are certainly and very hopeful that the margins will be better than what we have already done last year.

**Zakir Hassan:** Sir, the price of natural gas has gone up and our AGI plant has the capacity to shift into a different means of energy, so how would you try and control the energy cost from the next quarter because I think we already touching ₹100 Crores of power and fuel against our normalized ₹60 Crores to ₹65 Crores what we do, so what is your views and opinions on that front?

**Rajesh Khosla:** Something is in our hands, something is beyond our control, beyond our control is the prices of the natural gas, prices of which are quite regulated by the government, where we cannot do much, we just have to wait for the right numbers to come there. What is in our hand is we can always be on outlook, where we see that what is the right mix of the fuel, which we use and we can save some money and we are leveraging our plants capabilities which can run on multi-fuel. Secondly, we are doing a lot of exercises, we are trying to increase the effectiveness, efficiency, productivity of our material of the fuel and other things. Third in those cases the managerial decisions are being taken, we are conducting all sort of energy audits or energy efficient equipment's are being added up, even we are trying to work out with the best of the agency's globally to suggest or to implement or to guide us, what we should do to save the energy. Regarding price of energy of course it is beyond our hand, but saving the energy, using less fuel, we are doing all of our best to do that and is also one of the reason that the margins what you have seen in the last year are much ahead of the expected and the situation which was existing last year.



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**Zakir Hassan:** Last quarter, I think you did a commendable job paying the price and what about the plant shutdown, we are going to take a small break has that happened and is the plant back on track?

**Rajesh Khosla:** The overall situation in the global industry is not good so even if we would have taken a plant shut down we will not be getting the right materials to rebuild our furnaces.

**Zakir Hassan:** We had some maintenance shutdown just for 15 days, so has that happened?

**Rajesh Khosla:** These are all operational things which go on so these are nothing to special to be highlighted to the investors on that.

**Sandeep Sikka:** One question there, one of the furnaces was rebuilt last year.

**Zakir Hassan:** Yes one of the furnaces that is correct.

**Rajesh Khosla:** That is already over and they are working quite well and we are getting the full production with that, but you are talking 15 days shut down so those are the marginal shut downs. Furnace rebuild shutdown is a 3 months and if you are talking about that, it is already over.

**Zakir Hassan:** Sir, very conservatively considering what you have given 7% to 8% growth and 10% to 12% in terms of after adding, so I guess it would be very easy to cross ₹500 Crores in the second half of the year. Wishing you a fantastic year ahead and best wishes for the team AGI. Thank you, Sir.

**Rajesh Khosla:** Thank you very much and thank you for your wishes.

**Moderator:** Thank you. Next question comes from the line of Nikhil Gada with Abakkus. Please go ahead.

**Nikhil Gada:** Sir, thanks for the opportunity. Sir, a few questions from my end, firstly in the building materials segment result that is the EBIT, is there someone one off because the margins local optically quite high, we have done around 9.2%, which we generally used to do 3% to 3.5%?

**Sandeep Sikka:** If you see one exceptional item is there, if you see the notes to account you know it has a reference. We got some subsidies and grants from the government which was relating to the pipes division and based on our accounting policies, we have accounted for them as a part of other income, and just relating to the pipes segment, which is another slump sale so



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relevant amount has been shown as discontinued operations, this is stated in the notes to the accounts.

**Nikhil Gada:** So, I have referred to that, but there we have mentioned an amount of ₹38 Crores and is then that entire amount been accounted for in this particular quarter for building products?

**Sandeep Sikka:** It has been accounted, if you see the profitability is still low because of we had a shut down twice in the year and during this Covid periods whenever the key production drops, the absorption of the fixed costs goes down, so ₹38 Crores as you rightly said has been accounted in Q4 only.

**Nikhil Gada:** So, if I remove that then basically the division has done operation losses, right?

**Sandeep Sikka:** Yes.

**Nikhil Gada:** Understood.

**Sandeep Sikka:** Going forward BPD will not be the part of this company.

**Nikhil Gada:** I understand because in spite of, if you have said that you have taken some shut downs, the overall growth in building products still has been quite reasonable around 30%, so in that condition, was there any loss of production because of this?

**Sandeep Sikka:** The loss of production happened in quarter one when the COVID was there and that's the time you know we lost money.

**Nikhil Gada:** But not in quarter four, the current quarter, right?

**Sandeep Sikka:** In the current quarter, it was slightly down because Covid-19 wave 3, its impact was not that high but it was there slightly in the market.

**Nikhil Gada:** The second question is you know in comments we had mentioned in the presentation that we have done a volume growth of close to around 9% to 10% for the quarter in packaging division and when we look at the value growth it has only been around 4% to 5%, so the realization drop year-over-year has it been because of a product mix thing because you know in a rising scenario of fuel cost we were trying to pass on the higher prices right, so just wanted to understand that?

**Sandeep Sikka:** Actually, around 10% volume increase is for full year and year-on-year basis.





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- Nikhil Gada:** It is not for quarter?
- Sandeep Sikka:** It is for full year and on a year-on-year basis 10% volume increase.
- Nikhil Gada:** If you can help me with what we have done for the quarter?
- Sandeep Sikka:** I do not have a figure right now; we will get back.
- Nikhil Gada:** I think now that we have removed the building products division to SHIL through the slump sale, we have added an investment property of around ₹410 Crores in our balance sheet, so what sort of EBIT numbers will make over there in terms of the lease?
- Sandeep Sikka:** The overall rentals which will be the form of EBITDA should be around ₹20 Crores to ₹21 Crores annually.
- Nikhil Gada:** Understood and then just a few questions on the balance sheet as well as the cash flow because of the changes that we have done, the capex cost when I look at from a cash flow perspective it is around ₹430 Crores is if my number right around ₹482 Crores that we have seen the changes, but I assume that the specialty glass packaging capex was around ₹220 Crores to ₹240 Crores, the additional capex cost, can you help me on what is the additional capex cost for?
- Sandeep Sikka:** Yes, we are setting up additional decorative lines also because you know when you go into high end segment first of all we would like to give the value added service to them, so these the additions are there and then apart from that we had a full relining of furnaces, which was there, so all these accounts, the capex was about ₹482 crore.
- Nikhil Gada:** With value addition, is there additional capacity over and above this 154 TPD that you have?
- Sandeep Sikka:** No, the capacity remains at 154 TPD, Rajesh can you explain what can be the decorative lines like all opportunities?
- Rajesh Khosla:** See, in these perfumery, cosmetic, high end liquor beyond the glass there are a lot of decorations and covering and lot of other things are there, which adds a lot of value to the glass. So, all the customer they prefer not only a specialty glass, but along with that they want a decoration and all those things also, so we have also put up along with this because our customers and the market have pushed us so that we can supply them the total package rather than just a bare glass, so it is not like bare glass will not be sold, bare glass will also



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be sold, but along with that decoration will also be sold where the margins are much, much better and the total value chain will be able to address and we are able to grab that.

**Nikhil Gada:** Then in that case the asset turns which we were saying would be around 0.7x to 0.8x if my memory serves me right, with this additional ₹400 crore now that the entire capex cost is around ₹400 Crores, what sort of revenue potential we envisage from this?

**Rajesh Khosla:** See if we talk about the number of bare glass, if you talk about the only bare glass, we expect that the revenue will be close to around ₹250 Crores and if the decoration number is also added up because decoration is a very subjective and a very peculiar, it is not easy because there is no such capacity in one bottle can use the multiple type a machines, which can be there, so it depends upon the type of decoration. But we still hope that maybe depending upon our 100% capacity utilization we may add up ₹50 Crores more for the decoration part, but then it is all subjected to requirement and the type of orders at the market demand, which we are going to get it.

**Nikhil Gada:** So, basically more or less we should do ₹300 Crores on the best case scenario?

**Rajesh Khosla:** We can do.

**Nikhil Gada:** The payback would be five years which earlier we have predicted for this?

**Rajesh Khosla:** Yes.

**Nikhil Gada:** Sir, just on the cash flow statement itself when I look at the inventory changes and the overall working capital changes wanted to understand is the FY2021 numbers restated or they are like added and in FY2022 we have done only the restatements for the building products?

**Sandeep Sikka:** These are the numbers which has been post the discontinued operations, because that has been transferred. The balance sheet is net of building products division.

**Nikhil Gada:** But for FY2021 it includes building products, right?

**Sandeep Sikka:** Yes for operations.

**Nikhil Gada:** Since, when I look at the inventory changes for FY2022 and when I look at it and compare it from the balance sheet perspective maybe I should take this offline, but the gap is around ₹60 Crores to ₹70 Crores odd?



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- Sandeep Sikka:** I think that is a much high level of reconciliation which we will have to show, whenever there is a transition in the balance sheet we have to create, that we can discuss this separately.
- Nikhil Gada:** Sure, Sir. I will come back in the queue, thank you so much.
- Moderator:** Thank you. The next question comes from the line of Pravin Sharma an Individual Investor. Please go ahead.
- Pravin Sharma:** I just wanted to know after the transfer of the gross block, what will be the impact on depreciation, how much will it reduce annually?
- Sandeep Sikka:** We have given this guidance. Depreciation should be lower by ₹30 Crores to ₹35 Crores, The depreciation which is appearing now for the entire year it is around ₹100 Crores, and this is the overall depreciation which will be there.
- Pravin Sharma:** No, I did not get, it will reduce by ₹30 Crores to ₹35 Crores, correct, the aggregate depreciation has compared to this year?
- Sandeep Sikka:** Yes, our results continuing operations the depreciation is at that level is up after netting of a building products division, so this is the depreciation which will continue subject to additional capex expenditure.
- Pravin Sharma:** Sir, when do we expect this entire money to come back, come to us because advance of ₹109 crore and the balance?
- Sandeep Sikka:** Almost 85-90% money has already come in, balance is with the final settlement procedures.
- Pravin Sharma:** We have already repaid the debt or in Q1 we are expecting the interest cost to come down?
- Sandeep Sikka:** Term debt of around ₹368 Crores in the month of April and balance money as we are getting is being adjusted in the working capital. We are paying the working capital.
- Pravin Sharma:** The entire impact of ₹700 Crores will come only from Q2 onwards, the reduction and the interest cost?
- Sandeep Sikka:** By the end of quarter one you will see everything settled.
- Pravin Sharma:** But the impact of the full interest will come only in Q2, correct?



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- Sandeep Sikka:** Yes, because the majority of the money is received in the month of April itself.
- Pravin Sharma:** ₹300 Crores is paid and you saying out of this we have ₹1159 crores, so ₹300 crore is paid and the rest 400 will be paid during this quarter am I correct in my understanding?
- Sandeep Sikka:** No, I will just summarize this, the total consideration is now at around ₹700 Crores, of which we received ₹109 crores as March 31, 2022 itself and we have received a total of around ₹605 Crores as on date, so balance we will be getting as the settlement procedure are made.
- Pravin Sharma:** The entire ₹600 Crores which we have received has been paid back in terms of the payback to the loans, correct?
- Sandeep Sikka:** It is either to be paid as term loan or to reduce the working capital debt.
- Pravin Sharma:** Okay and lease rent you have already said it will be around ₹20 Crores and this lease rent impact is not there in the current March 2022 result, correct, this will happen only in this year?
- Sandeep Sikka:** Yes, because we have seen the slump sale has been effective on the closing hours so the rental started from that particular time.
- Pravin Sharma:** Sir, my last question is, do we see the impact of, you know there were a lot of talks about the single use plastic and the guidelines extended producer responsibility guidelines and things like that supposed to come in June-July of this year, so are we seeing any traction on that or it is also like previous time the bubble will burst out and do we see the additional demand which is coming up moving up from the plastic bottle or pet bottles and food and pharma segment coming to the glass segment, how do you see it?
- Sandeep Sikka:** May I request Rajesh can you take this?
- Rajesh Khosla:** There is a lot of hype and in the hype there is little bit of scale and little bit of content regarding the shifting of plastic to the alternate material, and glass has the possibility to capture that part. Globally there is a lot of pressure on a sustainability and a lot of companies are doing it and there is a chance, but unfortunately we may not be able to tap the full potential of this change because our plants are already operating at a very, very high capacity utilization, so whatever the numbers we are doing today so probably on a volume wise, we will be same and maybe little few percentage here and are better than that because our capacity utilization is very high, but certainly it carries the potential for the future



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growth and as a company as a part of the strategic growth we will be certainly looking into this opportunity of hoping to tap these numbers, which may come in the near future.

**Pravin Sharma:** Sir, since you have answered it, it raises another question, how do we look at capacity expansion from here onwards because we are already at very high capacity utilization so organically or inorganically are we looking at because you rightly said there is no headroom left in capacities should the opportunities come or a normal growth also looking at the way the demands for alcohol, beer, wine and food grade glass bottles are increasing, we need to ramp up our capacity, correct? How do we see it?

**Rajesh Khosla:** We have been in the business and we have been registering quite impressive growth in the last few years. So at all times, we are quite vigilant in capturing organic and inorganic growth opportunities. From time-to-time we have been evaluating all these opportunities in front of our board and subjected to the approval of our board, so additional capacities to capture these opportunities and once the board approves we will be more than happy to share our plan and strategic steps to rest of the people.

**Sandeep Sikka:** For the 154 tons per day new furnace was initiative in this direction and we are also taking initiative to whenever the furnace is coming for relining in the next 12 months, we may invest to increase the size of the furnace, so that the capacity also goes high and on the same side there is more productive also and without incurring a major expense on all the ancillaries we would be able to increase some tonnages.

**Pravin Sharma:** Great, Sir. All the best, thank you.

**Moderator:** Thank you. The next question comes from the line of Vipul Shah with Ripple Wave Equity Advisors LLP. Please go ahead.

**Vipul Shah:** Congratulations, Sir, on an excellent set of numbers, fundamentally I had two questions, so just taking on from the earlier the participant where the company mentioned that you have a ₹20 Crores sort of lease rental, which will come on a 400 Crores block which yields us 5% whereas we know our cost of capital, rather I would say cost of debt is around 6% to 6.5% so fundamentally there is a very high level of capital inefficiency built in this model unless the rental is more than compensation for the extra borrowings which we are doing, so how does the company is trying to address that, so that first question. Second question is obviously I would say AGI is one of the best running glass packaging company in the country and if there is an opportunity probably from the insolvency loss to look at our bigger competitor, so is the company open to evaluate this opportunity. Thank you.



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**Sandeep Sikka:** I think on the second question, I cannot make a response today because we are bound by certain confidentiality. I cannot speak more than that.

**Vipul Shah:** Just wanted to check that the company is willing to look at that opportunity that is what I just wanted to understand?

**Sandeep Sikka:** I have already made a response that we are bound by certain confidentiality. We cannot make any comment on that. On the first point, all these lease rentals have been worked basis number of strategic things, these are not lease rental relating to leasing out of a small real estate, these are lease rental relating to land and building structures and this all has been worked out based on third party independent valuers, and also on arm's length basis. In the short run when you see in general the real estate market there is a subset of return which comes in the lease rentals and the majority of it comes from the revaluation of the assets over a period of time. What I can answer here is that all these rentals are at arm's length point number one, they are based on the independent evaluation report and the lease rentals have also been approved by the shareholders.

**Vipul Shah:** But, if I were to look at dispassionately the company would be better off than having this whole real estate to the user of the real estate? That would be much more capital efficient for the company.

**Sandeep Sikka:** It is not only the question of capital efficiency, there are a number of strings attached to many things because the value of the real estate, the unlocking value depends on number of conditions. I think, we took this call that we should give it on a lease so long-term interest of the land is protected and over a period of time, we will see that we should be able to unlock that value over a period of time, not in the immediate future.

**Vipul Shah:** Sir, one more question which I had is on this 154 tons per day new initiative if I may, why would we competing within India in this area because one of our other small competitors has also announced plan for the new furnace so just wanted to understand the competitive scenario here?

**Rajesh Khosla:** We may know who has announced the furnace, please?

**Vipul Shah:** Another listed companies has also announced plans in their subsidiary for new furnace.

**Rajesh Khosla:** The market of specialty glass, the cosmetic glass is very high and we are there, I think there is enough room for everybody to be there, before us Piramal is there in this line and they are doing quite well and they are one of the more successful companies in the speciality glass



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industry in the whole world. So we hope so that we are capturing this new area of growth and this will take us to the newer heights and will have a place in the world market. So we are not bothered about anybody announcing because we have our own strength of running the glass industry in a very professional way and it is not only the furnace or the other investments, which account for the success, there is a whole ecosystem, which is required and which we already have and we are building further. We have the design centers and best practices and all other things and in our 154 TPD facility, we have invested in the best of the technology which is available in the world and so we are quite comfortable and sure. We also have a very high credibility in the glass market, so we hope to be very successful in this, competition is very good, if further competition comes it keeps all the things light and this competition will make even India as a better place than the western countries will look India as the good alternate for production and export of speciality glass to those markets.

**Vipul Shah:** That was very helpful and you know I think the entire investor community recognizes the fact that AGI is one of the best run glass company, I would say not only in India, but probably much wider, so congratulations for this. Thank you so much.

**Rajesh Khosla:** Your remarks are going to motivate us and we will try to do the best for all of a stakeholders.

**Moderator:** Thank you. The next question comes from the line of Nikhil Gada from Abakkus. Please go ahead.

**Nikhil Gada:** Thanks for the follow-up. Sir, just a question on the packaging division margins definitely we understand that the fuel cost have been running very high, but in a situation where we are already running at close to peak utilizations do not we have that benefit of picking and choosing our customers than being able to pass on the prices to the customers who are willing to accept it or do you think that that level of comfort is still not there for us as a manufacturer?

**Rajesh Khosla:** Thank you very much for this question. We are in the business of making money consistently, we are always on the lookout where we can always make more money, but we should be able to make it consistently. With our marketing policies and marketing strategies we carry a high level of credibility with the customers and in the high capex industry like a glass industry where the customer backup is very, very important because if you are not running with the full capacity utilization or a very high capacity utilization it leads to a lot of problem, which we have seen in a COVID period also. So we do look into this perspective in very micro level and see that how we can increase our margins, but not at the



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cost of under utilization of our capacity or where there is a little bit of doubt in the future capacity utilization. So we will take your factor in account and we will make sure that whatever that can be done to increase our price margin, we will do it and we are already doing it also and that is the reason we are submitting our impressive growth numbers and high margin numbers to the investors.

**Nikhil Gada:** Then, are we saying that FY2023 numbers in terms of on a full year basis, the margins would be much better than what we have done in FY2022?

**Rajesh Khosla:** This is our target, efforts and consistent strategies are being deployed to deliver better numbers than what we have been already.

**Nikhil Gada:** Understood, Sir. That was very helpful, just two small questions, I think you mentioned that the term debt has reduced to 360 Crores so from FY2022, 860 Crores that has gone down to ₹360 Crores, right?

**Sandeep Sikka:** No, We have paid around ₹368 Crores from that in the month of April 2022.

**Nikhil Gada:** We have paid up ₹360 Crores so around ₹400 Crores odd or ₹500 Crores odd is still there in that point?

**Sandeep Sikka:** Yes.

**Nikhil Gada:** Understood and Sir, just lastly we also had an insurance claim benefits and when I look it, so I wanted to understand whether this was also adjusted as part of our other income?

**Sandeep Sikka:** Yes, but this is relating to the packaging products division, so that has been clarified in the notes, if you see the note 7 and note 8 of other income of the published results.

**Nikhil Gada:** Understood, Sir, but then both the adjustments done in Q4 numbers?

**Sandeep Sikka:** Yes, in Q4 numbers only.

**Nikhil Gada:** But then when I look at our numbers and there is other income ₹21 Crores, so it does not add up that is what I was trying to understand?

**Sandeep Sikka:** The other income relating to the subsidy relating to the pipes is not part of the continuing operation, so that is in the other income because of the format, which is there. The other income is not there in the continued operations.





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- Nikhil Gada:** Fair enough, understood, Sir. That would be all. Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing remarks.
- Sandeep Sikka:** Thank you everybody for joining us in the call today. I think we have been building a lot of efficiency into our business operations, Mr. Khosla has spoken about it and these strategic activities are continuing strategically at our end to increase our volumes, build efficiency, improve realization and focus on our product mix, which will give best results on both of the top and the bottomline. Look forward to joining again. Thanks a lot.
- Moderator:** Thank you. On behalf of Dolat Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Notes:

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