AGI Greenpac Limited (Revised)

April 8, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	954.00 (Reduced from 1,077.00)	CARE AA-; Stable	Upgraded from CARE A+ and removed from Rating Watch with Developing Implications; Stable outlook assigned
Short Term Bank Facilities	280.00	CARE A1+	Reaffirmed and removed from Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has removed ratings for bank loan facilities of AGI Greenpac Limited (AGI) from 'Rating Watch with Developing Implications (RWD)' and upgraded the long-term ratings to 'CARE AA-; Stable' from 'CARE A+' while reaffirming the short-term rating to 'CARE A1+'.

CARE Ratings had kept AGI's ratings on RWD considering approval from the Competition Commission of India (CCI) for acquisition of Hindusthan National Glass and Industries Limited (HNG) in Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code 2016 and the subsequent litigations regarding the acquisition. However, following the recent ruling of Supreme Court against AGI's resolution plan for HNG, the Committee of Creditors appointed for HNG rejected the bid of AGI. Subsequently, the bank guarantee which was submitted for the bid of HNG has been released. In light of these developments, CARE Ratings has removed its RWD from the ratings of AGI. However, CARE Ratings notes that AGI has filed review petition against this Supreme Court order and; the outcome as well as subsequent impact if any will be monitorable.

The upgrade in the long-term ratings factors in the sustained improvement in the business and financial risk profiles of the company which is expected to continue over the medium term. The company has over the past three fiscal years demonstrated a sustained improvement in its competitive position enabling it to cater healthy demand from the alcoholic and non-alcoholic beverages apart from its other end-user industries. This has led to optimum utilisation of its container glass capacities, at least 95%, and healthy ramp up in specialities glass segment. Accordingly, revenue grew from ₹1,437 crore in FY22 to ₹2,300-2,500 crore in FY23-FY25 (Estimated). The specialities glass segment had capacities of 154 tonnes per day (TPD) commenced operations from Q4FY23 and witnessed healthy ramp up in its capacity utilisation in the range of 65%-70% over the past two fiscal years through FY25. Addition of specialities glass segment not only helped the company foray into higher value-added product but also will help it to further diversify customer profile and end-user industry. AGI is currently largely reliant on liquor industry. The company had been able to debottleneck its capacities over the recent past and accordingly the current capacities stand at 2000 TPD helping AGI to push more volumes. Apart from this, higher realisations have also contributed to rise in revenue. The rise in realisations in FY23 and FY24 were partly to offset the rise in input costs, particularly soda ash cost helping the company post profit before interest, lease rentals, depreciation and taxation (PBILDT) margins of 19% in FY23 and 22% in FY24. However, the continued demand and reduced supply of the container glass in Indian market has kept the realisations steady for AGI even in 9MFY25. This and softening in soda ash prices have resulted in significant improvement in the operating margin to 27% in 9MFY25. Other factors which drove improvement in operating margins are effective capacity utilisation leading to better operational efficiencies and focus on increasing high value-added products and thus increasing premium mix. However, CARE Ratings expects the annual sustainable operating margins in the range of 22%-24% as and when the industry capacity normalises. The rise in scale of operations and strong operating margins have led to healthy generation of gross cash accruals (GCA) which has helped reduce reliance on debt. This is reflected in its net debt (including LC acceptances) to PBILDT strengthening from 1.28x in FY23 to an estimated 0.45x-0.50x in FY25 and thus allowing the company enough headroom to undertake its next phase of capital expenditure. The company has recently announced greenfield project in Madhya Pradesh with planned daily production capacity of 500 tonnes, at an estimated cost of ₹700 crore. Despite this capex, the company's capital structure and debt coverage metrics are expected to remain robust over the medium term considering expected PBILDT between ₹600 crore and ₹650 crore and adequate cash and cash equivalents.

These ratings are partly tempered considering volatile input costs, which is partially covered by pass-through mechanism with 60% of its customers, and its working capital intensive operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations, turnover above ₹4,000 crore with healthy operating margins, PBILDT margins of at least 20% on a sustained basis.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Negative factors

- Sustained adverse impact in business risk profile, turnover below ₹2,000 crore and/or operating margins (PBILDT) below 15%.
- Any significant debt programme or moderation in operating margins leading to expectation of net debt to PBILDT above 2.5x on a sustained basis.
- Significant fund outflow to group companies, thus impacting its liquidity profile.

Analytical approach: CARE Ratings has taken a consolidated view of the parent (AGI) and its subsidiaries owing to business, operational, and financial linkages. Details of subsidiaries consolidated as on December 31, 2024, are listed as provided in Annexure-6.
Earlier the analytical approach was standalone. The change in approach is due to incorporation of subsidiaries, which are in selling packaging products business. These are trading entities.

Outlook: Stable
The 'Stable' rating outlook indicates the expected sustenance of its strong competitive position and operating efficiency in the packaging industry, particularly glass packaging, and healthy financial risk profile. Despite the recently announced capex plan, CARE Ratings expects the financial risk profile to remain comfortable over the medium term.

Detailed description of key rating drivers:

Key strengths

Large scale of operations supported by strong market position in container glass
AGI Greenpac is the second-largest player in container glass segment in terms of installed capacity in the Indian organised glass packaging industry. However, over the recent few quarters, the company has been reporting higher revenue compared to the HNG which has the highest stated installed capacities for container glass. Resultantly, the company's total operating income (TOI) is large having recorded TOI of ₹2,396 crore in FY23 and estimated at ₹2,450-₹2,500 crore in FY25. This is supported by its total installed glass capacity of 2000 TPD including specialty glass capacity of 154 tonnes TPD.

Healthy profitability margins, expected to be sustained
Over the past few years, the company has reported improvement in its operating margins driven by high capacity utilisation, effective fuel mix, among others, leading to operational efficiencies and better demand-supply dynamics. The company reported increase in PBILDT margin from 19% in FY23 to 22% in FY24. Despite, the rise in input prices, particularly soda ash, the company was able to effectively pass on the increased raw material prices to its customers. In 9MFY25, the company continued the upswing and has posted superior operating margins of 27%. This was largely driven by continued healthy demand from alcoholic and non-alcoholic beverages against receding market supply of container glass from the Indian glass container manufacturing industry. Accordingly, despite the reduction in input prices, the company is seeing steady realisations and thus a boost to its operating margins. However, once, the supply of container glass normalises, the company's normalised PBILDT margin is expected to be in the range of 22%-24%. CARE Ratings notes that this is despite legal expenses of ₹44 crore in FY24 (1.8% of TOI). The company is working to establish customer base for its speciality glass, which once happens, may provide further fillip to normalised operating margins.

Robust capital structure and debt coverage indicators
The net worth of the company stood at ₹1,814 crore as on March 31, 2024 against ₹1,606 crore as on March 31, 2023. The company has significantly deleveraged itself in FY23 post divesting its building product division. Post that, the overall gearing (including letter of credit (LC)) strengthened gradually from 0.49x as on March 31, 2023 to 0. 40x as on March 31, 2024 and is estimated just below 0.25x-0.30x as on March 31, 2025 supported by healthy accretion to reserves.
With comfortable debt position and healthy profitability, the company's debt coverage metrics also remained healthy. The interest coverage ratio was 6.18x (7.86x) in FY24 (FY23) and net debt (including LC) to PBILDT was 0.88x (1.28x) in FY24 (FY23). Net debt to PBILDT is estimated near to 0.45x-0.50x for FY25. Limited capex and scheduled repayment of term debt has led to improvement in leverage ratios over the years. The company has recently announced greenfield project in Madhya Pradesh with planned daily production capacity of 500 tonnes, at an estimated cost of ₹700 crore. Despite this capex, the company's capital structure and debt coverage metrics are expected to remain robust over the medium term considering expected PBILDT between ₹600 crore and ₹650 crore and adequate cash and cash equivalents.

Diversified customer profile
The company's products cater to a large reputed diversified customer base (which includes names like United Breweries Limited, SABMiller India Limited, United Spirits Ltd, Coca-Coal, among others) with a product range covering flint, amber and green containers. The top 10 customers contribute ~64% of the net sales, reflecting moderate customer diversification considering business-to-business transactions. The company's plants are equipped to manufacture 5 ml to 4,000 ml of glass bottles and 10 ml to 10 ltrs of PET bottles in various shapes, sizes, and colours. The company is selling packaging products as a brand portfolio; under AGI Brand for Glass Containers, GP Brand for PET bottles and plastic products and AGI Clozures for security Caps and Closures. Most of the revenue is derived from domestic market. However, the company is trying to increase its export markets. The specialty glass segment is also allowing to focus on exports because of its niche product and high realisation covering the freight costs. However, developing customer base for specialised glass packaging requires time.

Key weaknesses

Volatile input costs partially covered by pass-through mechanism with customers

Soda ash, which is a major raw material for manufacturing container glass, has been the key contributor to the raw material cost. The soda ash cost has been volatile over the recent past with significant gains in FY23 and partial moderation observed in FY24. In FY25, the soda ash continued its downward trajectory and reached pre-FY23 levels. Power and fuel cost is another significant cost-item for the company which shot up in FY22-FY23. The company in the past had undertaken capex to reduce the fuel cost by allowing multi-fuel usage. The company reviews its fuel mixture regularly to optimise fuel cost such as increasing pet-coke sourcing in FY24.

The company has a pass-through mechanism with ~60% of its clientele allowing it to increase the realisations of its products in case of rise in input costs and vice-versa, though coming with some lag. While the rest of its sales are market driven, which partially exposes it to the vagaries of volatile input costs and product pricing.

Working capital intensive operations driven largely by moderate inventory cycle and receivable cycle

The company's operating cycle is ~60-70 days, largely considering inventory cycle of ~60-75 days and receivable cycles of 50-60 days. Since furnace in glass manufacturing needs to be continuously operated for better economies of production, the company needs to maintain raw material inventory. However, despite this, the company modestly utilises its fund-based working capital limits.

Liquidity: Strong

AGI's strong liquidity is supported by healthy cash and cash equivalents and significant generation of gross cash accruals (GCA) and negligible bank limit utilisation. The company had generated GCA of ₹421 crore in FY24 and is estimated to generate GCA of ₹490-₹510 crore in FY25. The company's repayment obligations in FY26-FY27 are ~₹100-130 crore annually. These are expected to comfortably be covered through its GCA. The company had free cash and cash equivalents of ₹319 crore as on March 31, 2024 and ₹211 crore as on December 31, 2024. Over the past 12 months through January 2024, the average fund-based working capital utilisation is 2%, signifying significant cushion with total fund-based working capital limits of ₹450 crore. AGI has robust capital structure which provides headroom for incremental debt whenever required.

Environment, social, and governance (ESG) risks

CARE Ratings believes the ESG profile of AGI supports the company's strong credit risk profile. AGI has continuously focused on mitigating its environmental and social impact.

Environment risks: Packaging has become pervasive in our daily life. Increasingly, there has been scrutiny by the people regarding impact on environment from different types of packaging. Currently, packaging, particularly liquid products are done either through glass bottles or PET bottles/recycled PET Bottles. Glass bottles are more recyclable than PET in their lifetime. The glass bottles also do not lead to harmful carcinogens or pollutes water. However, the heating involved in manufacturing per unit of glass bottle and transportation of glass bottle adversely impacts the environment. Some of the measures undertaken to mitigate the impact was –

- Across four sites, as on March 31, 2024, the company has an installed capacity of 16.76 MW of rooftop and ground-mounted solar power.
- 1062 KLD RO units are installed at manufacturing facilities to treat and use wastewater as on March 31, 2024. Further, they have six rainwater storage ponds of 36,450 m3 capacity at Bhongir Glass plant.
- In FY23, the company has tied up for procurement of environmentally friendly natural gas in its production process as a substitute for petroleum-based inputs. The usage of the same was 17% in FY24.

Social risks:

Effective manpower management is crucial for smooth operations, and AGI has launched several initiatives to support this. The company has created a platform for continuous learning and introduced a 360-degree feedback program, 'Reflection,' to gather input from peers, supervisors, and subordinates. It also launched the Wall R&R portal to recognise and reward high-performing employees.

Maintaining strong community relations is vital for smooth operations. AGI has implemented initiatives to support the local community, including helping nearby farmers, opening a skill training centre in Bhongir, and providing healthcare to over 600 villagers through onsite dispensaries. The company also invested in upgrading infrastructure at five local government schools, enhancing sanitation and classroom facilities.

Governance: The company has complied with statutory conditions of corporate governance as required.

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Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Glass - Consumer

AGI, formerly known as HSIL Limited and incorporated in February 1960, currently manufactures packaging products. The promoter, Sandip Somany, is the chairman and managing director of the company. The company has two glass container facilities at Sanathnagar and Bhongir in Telangana, one speciality glass manufacturing plant at Bhongir in Telangana, three PET bottles and products facilities at Selaqui in Uttarakhand, Dharwad in Karnataka, Sangareddy in Telangana, and one security caps and closures facility at Sangareddy in Telangana. The installed capacity of the company currently stands at 2,000 TPD for its glass packaging division, 11,892 TPA for its plastic packaging division, 852 million of small cap pieces per annum and 205 million of large cap pieces per annum.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
	Standalone		Consolidated*
Total operating income	2,357	2,396	1862
PBILDT	449	538	497
PAT#	262	251	226
Overall gearing (times)	0.49	0.40	-
Interest coverage (times)	7.86	6.18	7.85

A: Audited UA: Unaudited; Note: these are latest available financial results
*Incorporated subsidiaries in FY25 and accordingly changed the analytical approach.
#Includes profit from discontinued operations.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	450.00	CARE AA-; Stable
Fund-based - LT-Term Loan		-	-	30-09-2029	504.00	CARE AA-; Stable
Non-fund-based - ST-BG/LC		-	-	-	280.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	504.00	CARE AA-; Stable	-	1)CARE A+ (RWD) (02-Apr-24)	-	1)CARE A+ (RWN) (27-Mar-23) 2)CARE A+; Stable (28-Feb-23)
2	Fund-based - LT-Cash Credit	LT	450.00	CARE AA-; Stable	-	1)CARE A+ (RWD) (02-Apr-24)	-	1)CARE A+ (RWN) (27-Mar-23) 2)CARE A+; Stable (28-Feb-23)
3	Non-fund-based - ST-BG/LC	ST	280.00	CARE A1+	-	1)CARE A1+ (RWD) (02-Apr-24)	-	1)CARE A1+ (RWN) (27-Mar-23) 2)CARE A1+ (28-Feb-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	AGI Retail Private Limited (on August 27, 2024)	Full	Subsidiary
2.	SUN REACH PACK (FZE) (on October 28, 2024)	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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