

## **Expect FY12 sales to grow at 16%: Vijay Shah, Piramal Glass Ltd.**

*Vijay Shah , MD, [Piramal Glass Ltd.](#) in an interview with ET Now talks about the expected top and bottom line growth of the company.*

**Now tell us there is lots that have happened in Piramal Glass over the last one year, you have had subsidiaries which were not doing well which have started doing well, the market share I believe has also gone up. How is business shaping up currently? Are you more bullish than what you were one year ago on the top line, bottom line growth of the company?**

The business is shaping up as planned. Several years back we had made very strategic investment in our US acquisition. We knew that it will bring down the operations of the company, the profits will come down. In fact we almost went into losses. We made very large investment in assets in India and in Sri Lanka and we knew very well that this would turnaround as we doggedly go after the business. What you have seen is an upturn in the business phase and as we go forward looking into the future there is no looking back on the business.

**So the numbers kind of speak for themselves as to how business has shaped up well, I mean, Sri Lanka subsidiary I believe was a drag sometime ago when you acquired and probably now started to turnaround?**

On the Sri Lanka stock exchange it is trading at EV/EBITDA of 12 today, last rate was Rs.2 to this Rs.12 of the stock market.

**Perfectly fine. So that is the valid point as well. So how are the two subsidiaries doing per se both the US one and the Sri Lankan one?**

Both are doing exceedingly well. Both have turned around fully not only that even the Indian operations have turned around where we had made very large investments. In the last 3-4 years we made 850 crore of investment, almost 350 crore were into US funding.

**So what is the way forward in terms of the growth that you see from either of the subsidiaries?**

We were looking at 10% to 12% top line growth. We are projecting for the next 2 years a top line growth of almost 16% and we always predicted that we will move towards to north of 28% EBITDA to sales percentage and we are well in line with that.

**What about change in revenue mix, kind of reducing the focus on the pharma business and looking at more end high margin businesses?**

Cosmetic perfumery is a area of focus for the future. It keeps moving up in the portfolio today 50% of our sales. We look at close to 55% to 60% of our sales in the next 2 years but within that there is something called premium segment.

When I say 16% growth rate overall, I talking about 24% in cosmetic perfumery in fact the premium segment within that will grow at 27% and when I say premium segment I am referring

to the top end business houses which are in the perfumery like Louis Vuitton , Coty, Estee Lauder, Elizabeth Arden these are the names we are talking about supplying to them going up.

**I am surprised you are saying that it will be 16% because I was just looking at some numbers. FY09 net loss of 100 crore, if I say 107 FY10 3 crore of PAT I thought that the run rate would be much higher than the 16%?**

16% top line growth.

**How about the bottom line then?**

Bottom line I said today we are at 25% of sales around and we have committed that within 2 years or next 2 years we will be northward of 28% of sales so that arithmetic of that. The run rate on EBITDA is much higher. In fact between last year and this year top line grew by 10% to 12% but EBITDA has grown by about 30% plus.

**Just thinking out loud is the investment phase now over for you as a company I mean you have invested in two subsidiaries is that now all over...**

Major investment phase is over. We are reaping the benefits of that, however, had we continued tweaking the product mix for higher profitability would have grown top line 10% to 12%. We are making one large investment now in capacity expansion and because of that we are moving back to 16% growth rate.

**So what about the funding situation, you have debt of about almost close to 1000 crore?**

It is 900 something crore and today debt equity is still pretty high two point something is to one. Our EBITDA numbers are pretty strong so for instance in this year we will be around say 300 crore. With EBITDA's growing in the future in spite of the investments we would not be raising any further funds from the market. We will be down to 1.5:1 2 years down the road.

**On debt equity?**

On debt equity because cash generation is pretty high.

**But categorically no plans to raise any equity funds?**

No plans to raise any equity.