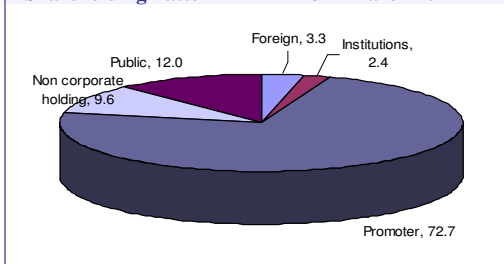


Key Share Data

Face Value (Rs.)	10.00
Equity Capital (Rs. crs)	80.43
Market Capitalization (Rs. crs)	1063.69
52-wk High / Low (Rs.)	142 / 79
Average Yearly Volume	149090
BSE code	532949
NSE code	PIRGLASS
Reuters code	PRML.BO
Bloomberg code	PIRA IN

Company Profile

PGL is a leading glass flaconage manufacturers supplying to the Cosmetics & Perfumery, Pharmaceutical and Food & Beverage industries. Company provides end-to-end solutions which include decoration (colouring, etching, finishing, lacquering etc.), designing, in-house mould design & manufacturing and have third party ancillary units for accessories like caps, cartons and brushes. PGL has its manufacturing facilities in India, US and Sri Lanka with 11 furnaces having a combined capacity of 1140 TPD.

Shareholding Pattern – 31st March 2011

Q4FY11 RESULTS UPDATE
Strong operating performance in Q4FY11

- PGL Ltd recorded total income of Rs.333.94 cr in Q4FY11, registering a growth of 15% Y-o-Y basis led by better product mix.
- EBITDA margin improved by 634 basis points to 27.1% as compared to 20.7% in same period last year largely due to company shifting its gear towards high margin premium cosmetics and perfumery business.
- Net profit grew by whopping 186% to Rs. 32.71 crore after accounting for forex gain of Rs. 6.27 crore as compared to forex loss of Rs. 12.18 crore in Q4FY10.

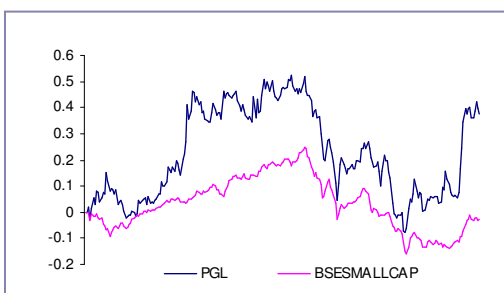
Financials (Consolidated)		(Rs. crore)			
	FY10	FY11	FY12E	FY13E	
Net Sales	1103.9	1218.5	1364.7	1611.1	
Sales Gr	9%	10%	12%	18%	
EBIDTA	182.2	285.1	324.9	407.6	
PAT	4.5	93.0	113.4	171.2	
PAT Gr	-104%	1984%	22%	51%	
EPS (Rs.)	0.6	11.6	14.1	21.3	
CEPS	11.8	24.9	28.8	37.5	

Focus on premium C&P segment continues

- Currently PGL's main focus is to shift from low end pharma segment to high margin driven premium segment which derives ROCE of approx 25-30%. Total market size of premium segment is US\$ 1632 million, mostly dominated by EU manufacturers and PGL is the only Asian player with 2% market share.
- For Q4FY11, C&P segment grew by 25%. **We expect C&P segment to grow at a CAGR of 26.6% over FY11-13E, leading to widening EBITDA margin, C&P segment is expected to contribute around 59% in company's total revenue by FY13E.**

Key Financial Ratios

	FY10	FY11E	FY12E	FY13E
Div. yield	0.8%	2.7%	1.9%	1.9%
P/E	-	11.2	9.2	6.1
P/BV	4.4	3.1	2.5	1.8
P/Cash EPS	11.0	5.2	4.5	3.5
MCap/Sales	0.9	0.8	0.7	0.6
EV/EBIDTA	11.1	6.8	5.9	4.3
ROCE	9%	15%	16%	21%
ROE	2%	28%	27%	30%
EBITDM(%)	17%	23%	24%	25%
NPM (%)	0%	8%	8%	11%
Debt-Equity	4.1	2.7	2.1	1.4

Price comparison PGL v/s BSE Smallcap

Analyst: Kamna Jain

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Email: kamna.jain@skpmoneywise.com

Capacity expansion plans- will add topline growth in next two years

- In order to support the robust demand in the C&P segment and leverage the established network with its client base, Piramal Glass is planning a strategic expansion plan with a capital outlay of Rs. 260 crore over next two years.
- PGL is setting up a Greenfield C&P facility at Jambusar, Gujarat with a capacity of 160 TPD, operational by Q4FY12. Company is also looking at the relining of furnaces to expand the capacities in C&P segment. **The aforesaid expansion plan will add 15% CAGR growth in topline for FY11-FY13E.**

Valuation

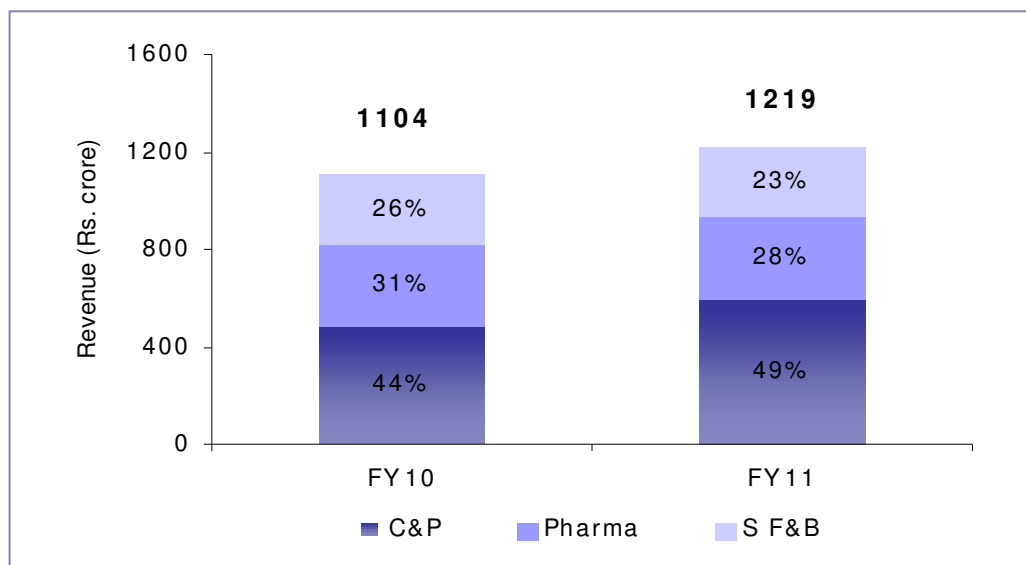
PGL's strategy of capacity expansion and elevated growth in C&P segment, we estimate revenue to grow at a CAGR of 15% over FY11-FY13E. At current market price of Rs. 130/-, PGL is trading at P/E of 9.2x and 6.1x for FY 12E and FY13E respectively. We have revised our FY12E and FY13E EPS to Rs. 14.1 and Rs. 21.3 respectively and arrived at a target price of Rs. 181 /- (39 % upside) in 15 months, implying a PE of 8.5 x to EPS of FY13E.

Q4FY11 RESULTS REVIEW

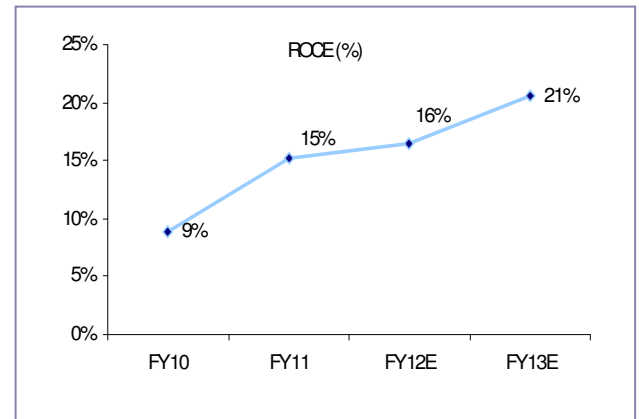
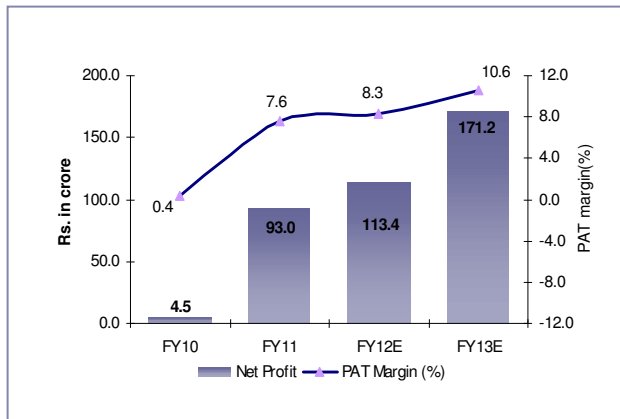
(All data in Rs. Crore unless specified, Y/e March)

Particulars	Q4 FY11	Q4 FY10	YoY(%)	Q3FY11	QoQ(%)	FY11	FY10	YoY(%)
Net Sales	333.94	289.96	15.17	316.97	5.35%	1240.00	1125.98	10.13
Raw Material Consumed	66.41	56.43	17.69	59.79	11.07%	259.99	213.82	21.59
Stock Adjustment	6.40	8.91	28.17	1.75	265.71%	-18.94	34.82	-154.39
Purchase of finished goods	1.16	1.12	3.57	1.39	-16.55%	4.66	10.17	-54.18
Employee Expenses	60.25	53.70	12.20	58.04	3.81%	236.86	214.17	10.59
Power, Oil & Fuel	70.56	62.26	13.33	46.51	51.71%	274.37	237.67	15.44
Other Expenses	38.71	47.39	-18.32	71.01	-45.49%	176.39	194.72	-9.41
Total Expenditure	243.49	229.81	5.95	238.49	2.10%	933.33	905.37	3.09
EBIDTA	90.45	60.15	50.37	78.48	15.25%	306.67	220.61	39.01
EBIDTA Margin (%)	27.09	20.74	30.57	24.76	9.40%	24.73	19.59	26.23
Interest	18.91	17.70	6.84	19.03	-0.63%	72.04	104.91	-31.33
Other Income	0.00	0.00	-	0.00	-	0.00	0.00	-
PBDT	71.54	42.45	68.53	59.45	20.34%	234.63	115.70	102.79
Depreciation	27.40	26.39	3.83	26.95	1.67%	106.90	107.05	-0.14
Tax	8.32	3.86	115.54	5.94	40.07%	24.38	5.42	349.82
Minority interest	3.11	0.75	314.67	3.43	-9.33%	10.33	-1.20	960.83
Adjusted Profit After Tax	32.71	11.45	185.68	23.13	41.42%	93.02	4.43	1999.77
PAT Margin (%)	9.80	3.95	148.05	7.30	34.23%	7.50	0.39	1806.70
EPS	4.07	1.42		2.88		11.57	0.55	

REVENUE MIX : C&P segment to be a major growth driver



Source: Company and SKP Research



Source: Company and SKP Research

Key Concerns

- Substitute threat: Glass packaging face the risk of replacement by other packaging solutions such as plastic, metal can etc.
- Changes in C&P product mix: We have forecasted the growth in revenue and margin of PGL for coming years owing to increased focus towards premium C&P business. Any changes in business mix may adversely affect company's profitability.

Valuations & Outlook

PGL is a leading player among flaconage solution provider and in C&P capacity it is 3rd largest in the world. PGL is best poised to recuperate its profitability with appropriate business mix, superior technology, inferior cost and extensive global presence. We expect by FY13E C&P will constitute about 59% of total sales; Pharma about 21% and about 19% sales will come from Speciality F&B business.

At current market price of Rs. 130/-, PGL is trading at P/E of 9.2x and 6.1x for FY 12E and FY13E respectively. We have revised our FY12E and FY13E EPS to Rs. 14.1 and Rs. 21.3 respectively and arrived at a target price of Rs. 181 /- (39 % upside) in 15 months, implying a PE of 8.5 x to EPS of FY13E.

Consolidated Financials

(All data in Rs. Crore unless specified, Y/e March)

Income Statement

Financial Year	FY10	FY11	FY12E	FY13E
Net Sales	1103.9	1218.5	1364.7	1611.1
Growth (%)	9.4%	10.4%	12.0%	18.1%
Total Expenditure	921.7	933.3	1039.9	1203.5
Operating profit	182.2	285.1	324.9	407.6
Growth (%)	146.2%	56.5%	13.9%	25.5%
Depreciation	90.7	106.9	118.5	130.8
EBIT	91.5	178.2	206.4	276.8
Interest	104.9	72.0	71.5	65.1
Interest Coverage (x)	0.9	2.5	2.9	4.3
Other Income	22.1	21.5	22.6	23.3
PBT	8.7	127.7	157.5	235.0
Tax	5.4	24.4	30.7	47.0
PAT	3.3	103.4	126.8	188.0
Less : Minority interest	-1.2	10.3	13.4	16.8
Adjusted PAT	4.5	93.0	113.4	171.2
O/S shares	8.0	8.0	8.0	8.0
EPS (Rs.)	0.6	11.6	14.1	21.3
Cash EPS (Rs.)	11.8	24.9	28.8	37.5
DPS (Rs.)	1.0	3.5	2.5	2.5

Balance Sheet

Year End March	FY10	FY11E	FY12E	FY13E
Equity capital	80.4	80.4	80.4	80.4
Reserves & Surplus	159.5	254.3	344.1	491.8
Shareholder's Fund	239.9	334.7	424.5	572.3
Total debt	982.4	920.0	893.5	794.0
Deferred tax liability	11.3	14.3	14.3	14.3
Minority interest	37.6	49.9	63.3	80.1
Sources of funds	1271.3	1318.8	1395.6	1460.6
Net Block	856.2	899.1	966.6	909.9
Investments	0.0	0.0	0.0	0.0
Total Current Assets	587.3	635.4	673.0	826.2
Inventories	254.2	250.4	269.1	297.7
Debtors	263.5	277.9	301.8	340.7
Cash & Bank Balance	7.1	13.8	12.4	96.6
Loans & Advances	62.5	93.3	89.7	91.1
Total Current Liabilities	172.3	215.7	244.0	275.4
Net Current Assets	415.0	419.7	429.0	550.7
Misc. Expenses	0.1	0.0	0.0	0.0
Uses of funds	1271.3	1318.8	1395.6	1460.6
Book value per share	29.8	41.6	52.8	71.1

Ratios

Year End March	FY10	FY11E	FY12E	FY13E
Valuation Ratios				
Price Earning (P/E)	-	11.2	9.2	6.1
Price / Book Value	4.4	3.1	2.5	1.8
Price / Cash EPS	11.0	5.2	4.5	3.5
EV / EBIDTA	11.1	6.8	5.9	4.3
Market Cap / Sales	0.9	0.8	0.7	0.6
Earning Ratios				
OPM (%)	16.5%	23.4%	23.8%	25.3%
NPM (%)	0.4%	7.6%	8.3%	10.6%
RoNW (%)	1.9%	27.8%	26.7%	29.9%
RoCE (%)	8.9%	15.1%	16.4%	20.5%
DPR	180.2%	30.3%	17.7%	11.7%
Balance Sheet Ratios				
Debt-Equity	4.1	2.7	2.1	1.4
Current Ratio	3.4	2.9	2.8	0.0
Debtors Days	86.8	80.0	76.5	71.8
Creditors days	118.6	112.9	120.6	118.1
Inventory Days	85.8	72.0	65.5	63.3
FA/Turnover	1.3	1.4	1.4	1.8

Cash Flow Statement

Year End March	FY10	FY11E	FY12E	FY13E
Profit before tax	8.7	127.7	157.5	235.0
Add: Depreciation, Int. & other expenses	196.1	185.7	190.0	195.9
Net changes in working capital	57.3	1.9	-10.7	-37.5
Direct taxes paid	-4.0	-24.4	-30.7	-47.0
Cash Flow from Operating activities	258.1	291.0	306.1	346.4
Capital expenditure	-20.8	-149.8	-186.0	-74.0
Change in Investments	0.0	0.0	0.0	0.0
Dividend, Interest & others	0.0	0.0	0.0	0.0
Cash flow from investing activities	-20.8	-149.8	-186.0	-74.0
Cash Flow from Financing activities	-235.2	-134.5	-121.5	-188.1
Cash Flow during the year	2.1	6.7	-1.4	84.2
Opening Cash	11.8	7.1	13.8	12.4
Cash & cash equivalent	7.1	13.8	12.4	96.6

The above analysis and data are based on last available prices and not official closing rates. SKP Research is also available on Bloomberg, Thomson First Call & Investext Myiris, Moneycontrol, Tickerplant and ISI Securities

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