Jet Age Securities Pvt. Ltd.
India RESEARCH
Quarterly Result Review
Market Performer
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Price: Rs. 123

S&P CNX 500: *4047*

PIRAMAL GLASS LIMITED

Sandipan Ghosh: (033) 2283 1869;sandipan@jetagesec.com

Piramal Glass (PGL) reported a topline growth of 7.4% y-o-y to Rs.3.2 bn driven mainly by an increase in Cosmetics & Perfumery (C&P), Specialty Food & Beverage (F&B) segments. C&P revenues overall grew 18% for the quarter with Premium flacon sales rising 41% (Premium ~27% of Q2FY12 C&P revenues).

Rs. in million	Q2FY12	Q2FY11	H1FY12	H1FY11	Growth y-o-y (%)
Premium C&P	*865.0*	*613.2*	*1745.0*	*1220.7*	*43.0*
Mass C&P	*865.0*	*846.8*	*1745.0*	*1592.5*	*9.6*
Pharma	*680.0*	*900.0*	*1396.0*	*1756.0*	*(20.5)*
Specialty F&B	*819.2*	*646.6*	*1515.4*	*1220.6*	*24.2*

Pharma sales declined 24% y-o-y mainly on account of realignment in capacity- 230 TPD amber glass furnace being converted to ~255 TPD. *Prudent cost management is reflected in slight improvement in Operating Margins y-o-y despite the muted revenue growth.*

The management feels *major customers in the Premium segment have not indicated any major slowdown*. Peers though (in France, Germany, etc) have been cautious on visibility in orders beyond Christmas with some hinting at temporary shutdown in production lines. *PGL's premium revenues though have not shown significant growth q-o-q- this being partly reflected in the share price. We believe PGL's low cost proposition should enable market share gains (now ~5% in US$2.3 bn industry) if the industry were to face growth headwinds.*

PAT for the quarter at Rs.230 mn translates into an EPS of Rs.3.4 (H1FY12: Rs.7.3 against H1FY11: Rs.5.1).

The ***management has yet not revised its earlier guidance*** (FY11-F13: 16-18% topline CAGR). Assuming additional capacities being made available (two relined furnaces), this could imply *revenues growing above 20% y-o-y in H2*- Q3 results though will partly reflect shutdown of 230TPD (could get over by mid-November) & another one at US subsidiary. Overruns in relining would be a key monitorable. *Remain cautiously optimistic- we would revisit our investment thesis in mid-November – relining of 230 TPD draws to a close & more clarity on growth in premium C&P revenues emerge.*

Quarterly Results (Consolidated)

Rs. in million	Q2FY11	Q3FY11	Q4FY11	Q1FY12	Q2FY12
Net Sales	**3006.6**	**3106.2**	**3288.6**	**3172.2**	**3229.2**
Other Operating Income	60.4	63.5	50.8	61.4	68.3
Increase/decrease in stock in trade	(145.3)	17.5	64.0	(45.0)	(66.9)
Raw Material Consumed	691.1	597.9	664.1	664.1	727.6
% of Net Sales	*18.2%*	*19.8%*	*22.1%*	*19.5%*	*20.5%*
Cost of traded goods	13.7	13.9	11.6	18.0	26.6
% of Net Sales	*0.5%*	*0.4%*	*0.4%*	*0.6%*	*0.8%*
Employee Cost	603.8	580.4	602.5	634.5	609.9
% of Net Sales	*20.1%*	*18.7%*	*18.3%*	*20.0%*	*18.9%*
Energy Cost	471.5	465.1	514.7	517.7	531.0
% of Net Sales	*15.7%*	*15.0%*	*15.7%*	*16.3%*	*16.4%*
Freight Cost	240.4	233.2	190.9	199.8	206.0
% of Net Sales	*8.0%*	*7.5%*	*5.8%*	*6.3%*	*6.4%*
Other Expenses	478.1	481.3	449.8	466.1	465.6
% of Net Sales	*15.9%*	*15.5%*	*13.7%*	*14.7%*	*14.4%*
PBIDT	**713.7**	**780.4**	**841.8**	**778.4**	**797.7**
Depreciation	263.8	269.5	274.0	246.5	264.3
PBIT	**449.9**	**510.9**	**567.8**	**531.9**	**533.4**
Interest	171.2	190.3	189.1	171.8	163.7
PBT & Exceptional items	**278.7**	**320.6**	**378.7**	**360.1**	**369.7**
Forex (Gain)/Loss	(24.8)	(4.4)	(62.7)	(45.7)	1.6
PBT	**303.5**	**325.0**	**441.4**	**405.8**	**368.1**
Tax	69.4	59.4	83.2	90.5	93.6
PAT	**234.1**	**265.6**	**358.2**	**315.3**	**274.5**
Minority Interest	27.4	34.3	31.1	25.2	45.0
Net Profit	**206.7**	**231.3**	**327.1**	**290.1**	**229.5**
Cash Profit	497.9	535.1	632.2	561.8	538.8
No of Shares (mn)	80.4	80.4	80.4	80.4	80.4
EPS – Basic (Rs.)	**2.9**	**3.3**	**4.5**	**3.9**	**3.4**
CEPS – Basic (Rs.)	6.2	6.7	7.9	7.0	6.7
Operating Margin	*21.7%*	*23.1%*	*24.1%*	*22.6%*	*22.6%*
Net margin	*7.8%*	*8.6%*	*10.9%*	*9.9%*	*8.5%*

Corporate Office:
804, ' Shubham',
1, Sarojini Naidu Sarani,
Kolkata – 700 017
Tel: (91-33) 2283 1865-68
Fax: (91-33) 2283 1597

India **RESEARCH**
905, ' Shubham'
1, Sarojini Naidu Sarani,
Kolkata – 700 017
Tel: (91-33) 2283 1869
Fax: (91-33) 2283 1870
E-mail: research@jetagesec.com

813, Maker Chamber V,
221, Nariman Point,
Mumbai – 400 021
Tel: (91-22) 2288 4923 – 7
Fax: (91-22) 2288 4928

Equity Dealing

Sanjay Bindal	**(91-22) 22884923-27**	sanjay@jetagesec.com
Vineet Goenka	**(91-22) 2288 4923-27**	vineetg@jetagesec.com

Equity Sales

Rajesh Varma	**(91-33) 22831603-06**	rajesh@jetagesec.com