



Piramal Glass Limited

Instrument	Amount	Rating Action
	In Rs. Crore	July 2014
Term Loan	50.0	[ICRA]BBB+ (Stable) Assigned
*Fund Based Limits	315.0 (Enhanced from 225.0)	[ICRA]BBB+ (Stable) Outstanding
*Fund Based Limits	315.0 (Enhanced from 225.0)	[ICRA]A2 Outstanding
Non Fund Based Limits	150.0 (Enhanced from 100.0)	[ICRA]A2 Outstanding
Short Term Loans	500.0	[ICRA]A2 Outstanding

*Fund based limits are completely interchangeable between long term & short term exposures and hence total fund based limits utilisation should not exceed Rs 315 crore.

ICRA has assigned a long term rating of [ICRA]BBB+ (pronounced as ICRA triple B plus) to the Rs. 50.0 crore term loans of Piramal Glass Limited (PGL). The outlook on the long term rating is stable.

ICRA also has a long term rating of [ICRA]BBB+ (pronounced as ICRA triple B plus) outstanding on the Rs. 315.0 crore fund based limits and a short term rating of [ICRA]A2 (pronounced ICRA A two) outstanding on the Rs. 315.0 crore fund based limits, Rs. 500 crore short term loans and Rs. 150.0 crore non-fund based limits of the company. The outlook on the long term rating is stable. Fund based limits are completely interchangeable between long term & short term exposures and hence total fund based limits utilisation should not exceed Rs 315.0 crore.

The assigned rating continues to factor in the established presence of the company in the glass bottle manufacturing business, market leadership in the pharmaceutical glass and mass C&P segments and increasing presence in the relatively high margin premium C&P segment. The ratings continue to favourable factor in the financial flexibility and management strength derived by PGL by virtue of being an Ajay Piramal group company.

The rating however remains constrained by the company's stretched capital structure as evidenced by high leverage and weak coverage indicators. Capital structure is expected to remain stretched over the near to medium term given the weakening of profit margins in FY14. There has been a decline in the company's profit margins in the last two years on account of unabsorbed overheads incurred during stabilisation of new furnace at Jambusar and increase in fuel costs. Relatively weak demand in key geographies and rising input costs have pressurised margins. Increasing penetration of plastic substitutes in the pharmaceutical glass packaging market has pressurised margins in the segment.

Company Profile

Incorporated in 1974, Piramal Glass Limited (Erstwhile Gujarat Glass Limited) was acquired by Piramal Group in 1984 and eventually in 1990 merged with Piramal Healthcare Limited (Erstwhile Nicholas Piramal India Limited). In 1998 the glass division was spun-off to a subsidiary and subsequently PE investors picked up 46% stake in this subsidiary. After restructuring operations, in July 2003, PHL demerged its 54% holding in Piramal Glass to a new subsidiary, Kojam Fininvest, which was subsequently listed. This was followed with the merger of Kojam Fininvest into PGL, resulting in de-listing of the former. The merged entity was later re-listed as Piramal Glass with effect from February 2008. PGL has five manufacturing locations with two in India, one in Sri Lanka and two in USA with a total capacity of 1,370 TPD.

PGL has six subsidiaries, of which two are operating subsidiaries, Ceylon Glass and Piramal Glass USA and own manufacturing locations in Sri Lanka and USA, respectively. The other four subsidiaries have primarily been set up to establish either to develop PGL's exports or as marketing companies in USA and UK.

While the company has been listed in BSE and NSE since Feb 2008, it is in the process of being delisted. On 07th February 2014, the company received a proposal from the promoters to acquire the entire public shareholding of the company and de-list it from the stock exchange. The indicated acquisition price was Rs. 100/share. The aforesaid proposal is expected to be executed by June 2014.



Recent Results

The company recorded a consolidated net profit of Rs. 55.9 crore on an operating income of Rs. 1,804.5 crore in FY14 as compared to a net profit of Rs. 35.8 crore on an operating income of Rs. 1,605.7 crore in FY13.

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