



Piramal Glass Limited

Instrument	Amount	Rating Action
Term Loans	50.0	[ICRA]BBB+ (Stable) <i>reaffirmed</i>
*Fund Based Limits	315.0	[ICRA]BBB+ (Stable) <i>reaffirmed</i>
*Fund Based Limits	315.0	[ICRA]A2 <i>reaffirmed</i>
Non Fund Based Limits	150.0	[ICRA]A2 <i>reaffirmed</i>
Short Term Loans	500.0	[ICRA]A2 <i>reaffirmed</i>

*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 reaffirmed the long term rating assigned to Rs. 315.0 crore fund based limits and Rs. 50.0 crore term loans of Piramal Glass Limited (PGL) at [ICRA]BBB+ (pronounced as ICRA triple B plus)[†]. ICRA has also reaffirmed the short term rating assigned to 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 at [ICRA]A2 (pronounced ICRA A two)^{*}. 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 reaffirmation of ratings continue 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 ratings however remain constrained by the moderation in revenue growth and the declining profitability levels in FY2015 brought about by the downtime at the Jambusar unit, the consequent stretched capital structure and weak coverage indicators. ICRA also notes that the operations of the company are susceptible to volatility in raw material and fuel prices, as well as foreign currency fluctuations, though the latter risk is partly mitigated by way of well-defined hedging policies. The ratings also take into account the high inventory holding requirements typical in the industry and the increasing penetration of plastic substitutes in the pharmaceutical packaging market which have 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.

^{*} For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications



While the company had been listed in the BSE and the NSE since February 2008, it has been delisted from both stock exchanges effective from July 2014. The equity shares of the company held by the public have been acquired by Sri Hari Trust[†], acting through its corporate trustee PEL Management Services Private Limited at a price of Rs. 140 per share. The acquisition process was completed by July 27, 2015, following which the promoter holding in the company has increased to ~100% as on date.

Recent Results

The company recorded a consolidated profit after tax (PAT) of Rs. 3.5 crore on an operating income of Rs. 1,924.0 crore in FY2015 as compared to a PAT of Rs. 55.8 crore on an operating income of Rs. 1,804.5 crore in FY2014.

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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91 22 6114 3406)
shivakumar@icraindia.com

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[†] Most of the promoter holdings of Mr. Ajay Piramal and his family in its listed investee entities are managed through two trusts, one of which is the Sri Hari Trust, while the other is the Sri Krishna Trust.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001

Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002

Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: 9821086490

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500