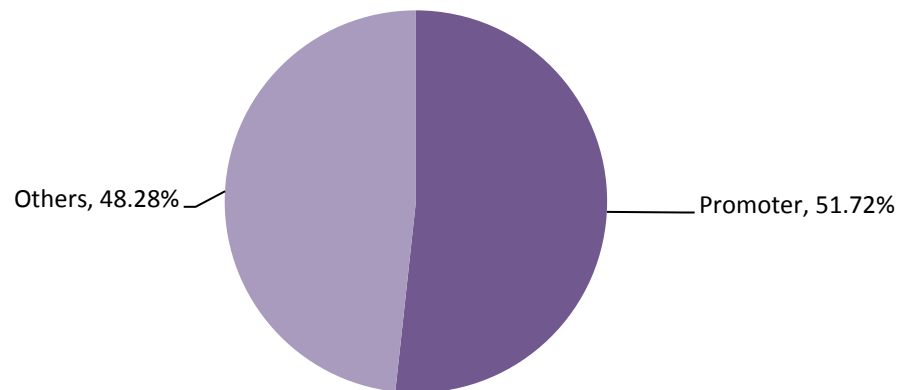




<b>BSE Group</b>	T
<b>BSE Code</b>	526747
<b>Market Capitalization</b>	Rs. 86 Cr
<b>Face Value</b>	Rs.10
<b>52 Wk High (BSE)</b>	Rs.134.00 ( 16 Aug, 2011 )
<b>52 Wk Low (BSE)</b>	Rs.58.95 (10 Dec, 2010)
<b>CMP</b>	Rs.108.25

**Shareholding Pattern (as of Sept 30, 2011)****Public holding more than 1% of the Total No. of Shares (as of Sept 30, 2011)**

Sl. No.	Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
1	Tirumala Irons Pvt Ltd	695,309	8.57
2	Thunderbird Ind Inc	375,000	4.62
3	Inventure Finance Pvt Ltd	131,900	1.63
4	Synchem Chemicals India Pvt Ltd	100,000	1.23
5	Param Capital Research Pvt Ltd	100,000	1.23
	<b>Total</b>	<b>1,402,209</b>	<b>17.29</b>



## Q2 FY12 – Result Highlights

Particulars (Rs. Cr)	Q2 FY12	Q2 FY11	YoY (%)	Q1 FY12	QoQ (%)	H1 FY12	H1 FY11	YoY (%)
<b>Net Sales</b>	<b>44.62</b>	<b>33.11</b>	<b>34.76%</b>	<b>53.17</b>	<b>-16.08%</b>	<b>97.79</b>	<b>64.31</b>	<b>52.06%</b>
<b>Expenditure</b>								
a) (Inc)/dec in stock-in-trade	-4.19	0.44	-1052.27%	-1.13	270.80%	-5.33	-1.53	248.37%
b) Consumption of raw materials	25.77	28.15	-8.45%	41.20	-37.45%	66.97	53.57	25.01%
c) Purchase of traded goods	11.88	0.00		2.53	369.57%	14.41	0.00	
d) Employee cost	1.28	1.15	11.30%	1.32	-3.03%	2.60	2.32	12.07%
e) Other expenditure	2.78	2.28	21.93%	3.00	-7.33%	5.78	4.95	16.77%
<b>Total</b>	<b>37.52</b>	<b>32.02</b>	<b>17.18%</b>	<b>46.92</b>	<b>-20.03%</b>	<b>84.43</b>	<b>59.31</b>	<b>42.35%</b>
<b>EBIDTA</b>	<b>7.10</b>	<b>1.09</b>	<b>551.38%</b>	<b>6.25</b>	<b>13.60%</b>	<b>13.36</b>	<b>5.00</b>	<b>167.20%</b>
Depreciation	0.99	0.70	41.43%	0.89	11.24%	1.88	1.35	39.26%
Interest	1.30	0.50	160.00%	0.89	46.07%	2.19	1.09	100.92%
Other Income	1.24	2.15	-42.33%	1.41	-12.06%	2.64	2.59	1.93%
Exceptional items	0.00	0.63	-100.00%	0.00		0.00	1.25	-100.00%
<b>PBT</b>	<b>6.05</b>	<b>1.41</b>	<b>329.08%</b>	<b>5.88</b>	<b>2.89%</b>	<b>11.93</b>	<b>3.90</b>	<b>205.90%</b>
Tax	1.50	0.57	163.16%	0.50	200.00%	2.00	0.57	250.88%
<b>PAT</b>	<b>4.55</b>	<b>0.84</b>	<b>441.67%</b>	<b>5.38</b>	<b>-15.43%</b>	<b>9.93</b>	<b>3.33</b>	<b>198.20%</b>
Equity share capital (FV-Rs.10)	8.11	8.11		8.11		8.11	8.11	
<b>EPS (Rs.)</b>	<b>5.61</b>	<b>1.04</b>		<b>6.63</b>		<b>12.24</b>	<b>4.11</b>	
EBIDTA Margin (%)	15.91%	3.29%		11.75%		13.66%	7.77%	
PAT Margin (%)	10.20%	2.54%		10.12%		10.15%	5.18%	

**Strong Sales Growth**

In Q2 FY12, the company reported a strong 34.76% YoY growth in net sales to Rs.44.62Cr on the back of improved sales realization.

**EBIDTA & PAT Margins improve significantly**

EBIDTA margins improved by 1262 bps from 3.29% to 15.91% YoY in Q2 FY12. EBIDTA margins were improved due to increased sales & controlled expenditures. PAT margins increased by 766bps from 2.54% to 10.20% YoY in Q2 FY12.

**Gutka booster in packaging**

In March 2011 Supreme Court banned use of plastic in gutka packaging thus substituting the same by aluminium foils. The current demand from the gutka industry for aluminum foils is about 36000 tns per month whereas the supply is only about 8000 to 9000 tns per month. This has led to the shortage of aluminium foils which lead to the improvement in margins.

**Warrants**

Promoter to issue 20 lacs warrant at Rs. 150/-share soon which is 40% higher than current market price. (BSE Announcement 04<sup>th</sup> Oct, 2011)

**Industry catered & revenue breakup**

PG foils cater to ~75% Pharmaceutical & ~25% FMCG & others companies. PG foils is exposed to all good pharma & FMCG companies. Company gets revenue mainly from domestic market that accounts to ~ 90 - 95% and exports are ~ 5 – 10%.Hence recession proof.

**Market Share**

PGFL commands the highest market share in the Pharmaceutical industry (~35-40%) in aluminum foils packaging. The Indian packaging industry is expected to grow by 27%. PG foils has 3rd largest aluminum foil capacity in India which is a great advantage looking at the future prospects of the industry.



## Capacity Increase

In FY 13 the top line can see a significant improvement since the capacity is expected to be ramped up from 5000 mtpa to 11000 mtpa by January 2012.

## Income Statement

Particulars (Rs.Cr)	FY10	FY11	FY12 (E)
<b>Net Sales</b>	<b>142.27</b>	<b>139.77</b>	<b>188.68</b>
Other Operating Income	0	0	0
<b>Total Income</b>	<b>142.27</b>	<b>139.77</b>	<b>188.68</b>
Expenditure			
a) (Inc)/dec in stock-in-trade	2.39	(1.48)	-6.04
b) RMC	100.05	108.28	141.51
c) Purchase of traded goods	3.83	4.50	5.25
d) Employees cost	4.33	4.68	6.04
e) Other expenditure	13.07	10.37	14.10
<b>Total</b>	<b>123.67</b>	<b>126.35</b>	<b>160.86</b>
<b>EBIDTA</b>	<b>18.60</b>	<b>13.41</b>	<b>27.82</b>
Depreciation	2.09	3.35	5.50
<b>EBIT</b>	<b>16.51</b>	<b>10.06</b>	<b>22.32</b>
Interest	2.26	3.03	4.40
Other Income	(1.92)	6.78	6.40
<b>EBT before exceptional item</b>	<b>12.33</b>	<b>13.82</b>	<b>24.32</b>
Exceptional Item	7.00	2.50	1.50
<b>PBT</b>	<b>5.33</b>	<b>11.32</b>	<b>22.82</b>
Tax	0.76	1.35	2.97
<b>PAT</b>	<b>4.57</b>	<b>9.97</b>	<b>19.86</b>
Extraordinary Item	(1.71)	0.09	0.42
<b>PAT</b>	<b>2.86</b>	<b>10.05</b>	<b>20.28</b>
<b>EPS (Rs.)</b>	<b>3.53</b>	<b>12.41</b>	<b>25.03</b>



### **Recommendation**

Given the capacity expansion due in next few months time and also the maturity amount to be received from Keyman insurance policy, PG foils is very much undervalued and expected to grow in the future.

**At CMP of Rs. 108.25 the stock is trading at 8.64x FY11 EPS of Rs. 12.41 and 4.28x FY12(E) EPS of Rs. 25.03. We maintain our BUY rating & advise buying the stock at current levels for a possible upside of Rs.180 (7.19x FY 12[E] EPS) within 12 months.**



**Disclaimer:**

**Analyst Holding: Yes**  
**Recommended to Clients: Yes**  
**Relationship with Management: Yes**

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