

INTERVIEW - Piramal Glass plans to sell land in S'Lanka

Kaustubh Kulkarni | 2010-07-28 16:50:00

Glass container maker Piramal Glass Ltd plans to sell its land in Sri Lanka for 300-400 million rupees, its managing director said on Wednesday.

"The market conditions in Sri Lanka are improving and we are waiting for the right time to dispose of the land," Vijay Shah told Reuters in an interview.

Piramal Glass' Sri Lanka unit owns about 21 acres of land, he added.

Part of the Ajay Piramal group, which also runs Piramal Healthcare, Piramal Glass makes flaconnage and glass bottles for pharmaceuticals, food, beverages, cosmetics and perfumes.

It runs fully-owned units in the U.S., Sri Lanka and France and has operations in 54 countries, and has Hindustan Unilever and L'Oreal among its clients.

"As a business strategy, we are concentrating on the cosmetics and perfumes segment, which have better margins than pharmaceuticals," he added. "The growth will come from cosmetics while pharma would shrink."

In FY10, the cosmetics segment generated about 48 percent of Piramal Glass' total sales.

Earlier in the day, Piramal Glass reported a consolidated net profit of 165.1 million rupees on net sales of 2.78 billion rupees.

MARGINS TO IMPROVE FURTHER

Piramal Glass, which clocked EDITDA margins of 21.6 percent in the April-June period, expects to improve it further in the current financial year, Shah added.

During FY10, the EBITDA margins for Piramal Glass stood at 14.5 percent.

"We have decided to concentrate on the premium range products in the cosmetics segment, which would improve our margins in the current year," he said.

The firm during the April-June period entered into a supply agreement with French perfumes maker Coty, he added without disclosing the deal value.

"A lot of cosmetics firms are sourcing more and more products from Piramal Glass," he said pointing at the low-cost advantage.

"With 33 percent market share, we are the top supplier of nail polish bottles globally," he said.

Shares of Piramal Glass, after hitting its 52-week high of 115.45 rupees, closed at 111.05 rupees on Wednesday, up 2.15 percent in a Mumbai market that ended down 0.67 percent.

(Editing by Sunil Nair)

Website: <http://sify.com/finance/interview-piramal-glass-plans-to-sell-land-in-s-lanka-news-corporate-results-kh2qOoffbce.html>