

# Piramal Glass on growth track

## Low Manufacturing Costs, Strong Client Base To Help Co Increase Market Share

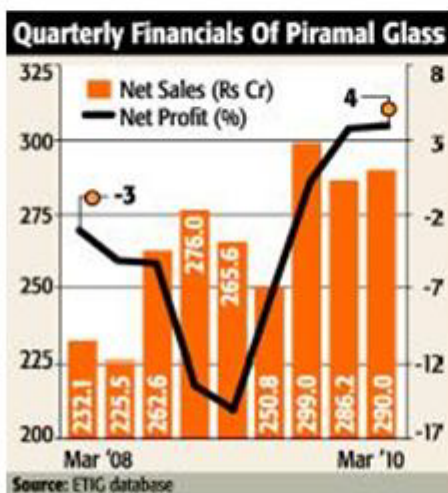
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MUMBAI-BASED Glass Company Piramal Glass operates in pharmaceuticals, cosmetics & perfumery, specialty food & beverage (SF&B) segment in India, US and Sri Lanka. In March 2010 quarter, the company's net profit turned positive on account of the turnaround of its US subsidiary, which has generated cash profit. The stock has managed buck the bearish trends in the market and gained 3% while the market was in the red in the past one week.

A couple of mutual funds have been bullish on the stock, and their shareholding in the stock in March quarter has gone up as against the December 2009 quarter.

The company's performance on the bourses over a long tenure has been improving consistently. For instance, in the past three months, the stock gave 21% returns and over six months it has been an outperformer with its stock price almost doubling

**mid-cap  
MANIA**



whereas the Sensex was flat during that same period. On an annual performance basis also, the stock outperformed the benchmark index, Sensex that gained 45% as against the 35.4% jump in Piramal Glass's stock price.

Piramal Glass's net sales increased 8% in the quarter ended March 31, 2010 at Rs 284 crore as compared to Rs

262 crore in the same quarter last year. As a conscious effort, the company is focusing on increasing the share of high-margin premium segment within the cosmetic and perfumery (C&P) segment. Its operating profit margins have also surged to 23% from 9.6%. It is also shifting capacity from pharmaceutical division to the C&P segment to further improve profitability.

As a result pharmaceutical and SF&B division degrew by 14% and 22%, respectively as against a 68% growth registered in C&P division in March quarter. The company expects to increase the overall share of C&P in total sales by 400 basis points from the existing 43% in a span of two years. Besides it also anticipates further saving in cost in its US plant.

At the current book value of Rs 31 per share and the current market price of Rs 96, it is trading at a price-to-book value of 3 times. With a net profit of Rs 12 crore for the current quarter, the company is set on a growth trajectory. Moreover, low manufacturing cost and a strong client base will help the company to further gain market share in the C&P segment.

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### STAR MATERIAL

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