



Press Release

Piramal Glass Proposes 38% Dividend for FY 2014

Colombo, April 21, 2014: Piramal Glass Ceylon PLC (PGC) has announced its year end results for the Financial Year 2013-14 with a the Turnover at Rs.5,220 Million and a Profit After Tax of Rs.835 Million **including profit from sale of Rathmalana land of Rs. 652 Million**

Turnover & Profitability

FY 2014 closed with a Total Turnover of Rs. 5,220Mn as against Rs. 5,501Mn of FY 2013 which reflected **de-growth** of 5%. The Annual Turnover was contributed by Rs. 3,774 Million from the Domestic Market & Rs.1446 Million from the Export Market. These figures reflect a 6% growth in the Export Market & 9% **de growth** in the domestic market as against the previous year.

Sales

Of the total volume of the company's sale the major portion is dominated by the domestic sale. This percentage of Domestic sale dropped from 76% to 68% which was one of the major contributors's towards the reduction of company's sale and profitability. During the year under review the major segments where the company had a setback was from the sale of bottles to Beer & the Beverages segment which amounted to a drop of almost 10,000 tonnes of glass bottles. The other segments too remained static during the year.

Though the glass bottle are eco friendly and reusable our customers have experienced and observed a shift in trend from glass bottle to other forms of packaging which in the longer run may not be sustainable. To manage this temporary demand drop the company had to choose between the option of reducing its production or to shift the market base to export segment.

The export volumes bailed out the company amidst the drastic domestic sales decrease. It was motivating to achieve a growth of 28% in the export volumes during the year as compared to the previous year. Yet these additional export volumes which were mainly

done in the mass segment of the International market did not fetch realisations as high as the present niche market of exports thus affecting the profit figures as against last year. Yet these sales helped PGC to partly offset the decline in the domestic segment and ensure utilisation of capacity of the furnace which would have otherwise further increased the product cost.

The export market too had a few draw backs due to the currency fluctuation in India. The Indian Rupee depreciation made the imports to India more expensive which led to price reductions having to be taken by Piramal Glass Ceylon. This also affected the profitability of the company. Still there is uncertainty in the Indian market conditions.

The company made several strides in the export market during the year under review. Whilst it improved on both the volumes & value as against the previous year it was also successful in spreading its geographic concentration from India to other location. The Australia market grew by almost 125% in value whilst the reliance on the Indian market reduced from 76% to 65%. The stability in Australia market was gained with much endeavour as the company had to face many a hurdles & barriers in the way of Quality parameters in packaging and other hygienic conditions and to undergo stringent, time consuming approval processes.

Production

During the past 6 years of operation at the Horana plant a continuous improvement was experienced from the Production facility which contributed much to the bottom line thru its productivity improvement drives. Yet due to some repairs and maintenance work the company had to reduce its production in the 2nd half of the financial year by approximately 20% affecting the profitability. The repairs have now been successfully completed and the plant is back in 100% operation.

The above sales and production factors affected the profitability of the company drastically during the year. **The profit from the operations was Rs. 184 Million after tax as against Rs. 722 Million in F2013.**

All costs including Raw Material, Packing Material and other direct and indirect costs have seen a substantial increase during the year which is well reflected in the company's profit figures. The electricity price hike in February 2013 and the erratic fluctuations of L.P.Gas price too impacted the profitability negatively

The low demand and the adverse conditions of the domestic market refrained the company from taking a price increase on all segments during FY 2014. Thus PGC has absorbed the major portion of these costs which has affected the company's performance.

"We too are not excited on the performance of this year as the company could have performed much better if we had not faced the de-growth in the domestic market segment, the reduction in the production tonnage due to plant repairs and other inflationary impacts on the cost of production which has not been compensated or passed on to customers this year as in past years. However we would be compelled to share part of the inflation with our customers during the Financial year FY 2015.

Though the domestic environment does not seem too thrilling we are confident and hopeful that we would see better results in the coming year with the in-roads that we have made in the international markets and the strategic initiatives taken in the domestic market " said it's Managing Director & CEO Mr. Sanjay Tiwari.

About Piramal Glass:

Piramal Glass Ceylon (Formerly Ceylon Glass Company) is the only Glass Bottle Manufacturing plant in Sri Lanka. It had the opportunity of coming under the Umbrella of Piramal Group in 1999. Presently Located in Horana, it has been in existence for over 55 years. The company originally at Rathmalana was relocated at Horana in 2007 as a BOI venture under the auspices of "300 factory programme of Mahinda Chintana".

PGC at its 250 Tonne Capacity Manufacturing Facility has the capability to offer glass containers in different shapes and colours for multiple industries such as Food, Liquor, Pharmaceutical, Agro chemical & Soft drinks.

About Piramal Group:

The Piramal Group led by Ajay G. Piramal is one of India's foremost business conglomerates. Driven by the core values of Knowledge Action Care, the Piramal Group has a formidable presence in healthcare, drug discovery & research, glass, real estate and financial services. The Piramal Group also pursues sustained community activities in healthcare, education, emergency medical services, and heritage restoration.