
Ultratech Cement Q2 profit up by 31pct YoY

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Ultratech Cement has improved its operating profit margins which rose 890 basis points YoY to 31.3% in the Q2 of FY10 largely due to lower power & fuel costs at a time when its realizations were under pressure on a YoY basis.

The report said that power & fuel costs declined by 27.7% YoY to an estimated INR 883.4 per tonne during the quarter. It added that the company's dispatches grew 10.8% YoY to 3.58 million tonne in the Q2 of FY10. But the impact of bunching of additional capacity coming on stream in the south and demand lagging behind was also visible on realizations.

As a result, UltraTech's realizations declined an estimated 0.8% YoY to INR 4,351.4 per tonne in the second quarter of FY10. Apart from the south, UltraTech also has a presence in western and eastern parts, where prices are still holding up, but that did not prevent a fall in realizations in the second quarter.

However a tight check on operating costs helped UltraTech's profit after tax rise 52.8% YoY to INR 250.9 crore in the second quarter of FY10. The company has a CAPEX plan of INR 2,000 crore over the next two years including setting up a captive power facility at its plant at Awarpur, Maharashtra, coupled with an additional grinding unit at its Gujarat facilities. UltraTech's net cash flow from operating activities was INR 1,457.6 crore in FY09.

(Sourced from Economic Times)

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