
Falling cement prices may to hit bottom line of cement companies

Saturday, 14 Nov, 2009

In the past couple of weeks cement prices have fallen sharply in southern and western regions. Southern region witnessed sharp price correction on increased supply and poor regional demand. Western region also faced a similar situation on account of slowdown in exports and increasing supply from southern region.

Hyderabad saw the sharpest fall the steepest in the last 15 years with price quoting in the range of INR 130 to INR 140 a bag while, average cement price in Gujarat has declined by INR 15 to INR 20 a bag in the last couple of weeks.

Brokerage house Sharekhan has raised concerned that any further fall in cement prices will lead cement makers to see loss at EBDITA level. He notes that “We expect cement prices in the western region to remain under pressure, as supply increases from new capacity addition.”

In Q2 FY 2010 the revenues of the cement companies in the Sharekhan's universe grew by 14.9% YoY to INR 76.57 billion. The revenue growth was driven by a 15.3% rise in volumes and a 3.6% increase in realization. The cumulative realization for the companies under the brokerage house's coverage grew by 3.6% YoY in the quarter.

(Sourced from iris.com)

For more news visit at www.steelguru.com