

Madras Cements Ltd

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Madras Cements Q3 net up 8.79%

Sanjay Vijayakumar, ET Bureau Feb 13, 2013, 02.24PM IST

CHENNAI: South India's number two cement maker [Madras Cements](#) posted a marginal rise in third-quarter net profit, as higher expenses and finance costs offset a 17% growth in sales.

Cement demand in the south is expected to be subdued due to the build of excess capacity. There has been a capacity of 105-107 million tonne, versus demand for 65-70 million tonne.

The company posted third-quarter net profit of Rs 83.6 crore, up 8.79% from Rs 76.84 crore in the same period last year. Net sales grew to Rs 872.45 crore from Rs 741.04 crore. Brokerage [ICICI](#) Securities had expected the company to post a 16% decline in net profit to Rs 64.6 crore and net sales to rise 17% to Rs 870 crore from last year.

In the October-December quarter, Madras Cements total expenditure grew nearly 25% to Rs 739.71 crore from Rs 594.92 crore, while finance costs grew 14.5% to Rs 42.85 crore.

Sequentially, the company's net profit was down 37% from Rs 132.89 crore, while net sales were down 12.7% from Rs 999.46 crore in the second quarter.

In a footnote to earnings, the company said sales volumes were impacted by a 16-day strike by cement dealers in Kerala during November 2012. The company has a 22% exposure to Kerala.

"The increase in a net profit is a big positive, because December quarter are always a weak quarter for South based companies. The sequential decline was expected," Rajesh Kumar Ravi, Institutional Research (Cement & Logistics) at Karvy said.

India's biggest cement maker [UltraTech Cement](#) had posted a 2.6% decline in net profit to Rs 601 crore on sales of Rs 4,857 crore.