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'We are sure to meet full-year profit target'

BINANI Cement, the flagship company of Braj Binani Group, recorded a stellar performance during the second quarter of FY10. ***ET NOW*** *spoke to* ***Vinod Juneja,*** *MD, Braj Binani, on the company's financial performance. Excerpts:*

What has led to the 42% rise in sales for this quarter? Has it been a price led or volume driven?

There was considerable price realisation this year due to the Commonwealth Games and metro project being undertaken in the Capital. Price realisation has gone up by almost 20%. We are sure the profit target of Rs 350 crore for the whole year that we shared with bankers will be met. The cash profit minus depreciation is Rs 250 crore up to September 30.

What about South and East African countries?

We are planning to invest in land near ports in South Africa. The soil testing is still on. Why we are targeting South Africa is because it provides good opportunity to export to the neighbouring countries. While Mauritius is connected only by sea, South Africa has a strong railways network. We are going to divide our focus between India and the overseas market.

Vinod Juneja, MD, Braj Binani

How did you save up to 20% in fuel and power costs, considering you registered high growth in both sales and profits?

Last year, oil and coal prices were rising as also logistic and shipping costs, while cement prices were stable or at the same level. The Commonwealth project hadn't picked up and the country was in the election mode. This year, the price realisation is better. We have ventured into new markets in the East for the first time like Kolkata and Shanti Niketan in West Bengal. Till last year, we were transporting cement by roads but Binani has bought two railway lines in Neem Ka Thana and Sirohi in Rajasthan. We are shifting from roads to railways where we save 20%.

You are planning to invest $15 million in coal blocks in Indonesia. Are you looking at other geographies too?

Last year, we imported a little over 100 mt of coal from Indonesia and South Africa. This is because Indian coal has lesser calories. We have been looking at investing in Indonesia for the past one year. Now with the Indonesian coal block and our own plant, 35% of our requirements will be met. The rest will depend on the open market demand and supply.