

JK Lakshmi lines up Rs 1k cr for 5 RMC units

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Cement manufacturer JK Lakshmi is planning to set up five ready-mix concrete (RMC) plants in an attempt to augment its capacity, with an investment of around Rs 1,000 crore by the end of the current financial year.

"By March 2009, we will set up 4-5 RMC plants in four locations to add value to our business. With demand for cement growing in the country, we see a good future for RMC plants," Lakshmi Cement Managing Director Vinita Singhania said. The expansion would be funded through internal accruals, she said while declining to comment on the production capacities and the possible locations of the plants.

"Most of our existing facilities are being utilised to their optimum capacity. Hence, in order to meet extra demand, we are targeting to set up 6-7 RMC plants a year," she said. Setting up one RMC plant costs in the range of Rs 140-200 crore.

Construction work on the two plants is on and the company would launch the other projects very soon, Singhania added. During the last financial year, JK Lakshmi set up five RMC plants each with a capacity of 60 cubic million tonnes per year in Ahmedabad,

Baroda, Jaipur, Mohali and Surat, taking the total number of RMC units to 10.

Besides, the New Delhi-based cement manufacturer is also enhancing its captive power generation by adding new plants. She said the company is expecting to minimise its operating cost after its 36 megawatt captive power plant at Sirohi (Rajasthan) gets commissioned later this year.

"With rising input costs pressure, we will undertake several cost-cutting measures to ensure that the fund requirements for value addition can be met through internal accruals. The rising cost of power plants has also made it necessary to set up captive power plants for each of our cement units," Singhania said.

JK Lakshmi Cement has developed a cement plant at Sirohi with a production capacity of 5 million tonnes.

In its recently held annual general meeting, the company said it was able to reduce power consumption to 79 kwh per tonne of cement from 83 kwh per tonne in the previous year, besides reducing coal consumption to 80 kg per tonne from 84 kg per tonne.

The company is also enhancing its clinkering capacity and installing a split location grinding unit at Kalol in Gujarat to augment its capacity to



CONCRETE PLANS

- JK Lakshmi Cement is targeting to set up 6-7 RMC plants per year as its existing facilities are undergoing optimum capacity utilisation
- The cost of setting up one RMC plant is between Rs 140 crore and Rs 200 crore
- The construction work of two plants is on and the company would launch the other projects very soon
- The company will fund the cost of expansion through internal accruals

4.75 million tonnes from 3.65 million tonnes.

Last month, the company had announced an investment of Rs 1,200 crore to set up a greenfield project in Chhattisgarh with an annual capacity of 2.7 million tonnes, which is scheduled to be commission by 2011.

"With the completion of the plant at Durg in Chhattisgarh, our capacity will go up to 7.5 million tonnes per annum,"

Singhania said.

In May, Lafarge — the world's second biggest cement maker — had bought Larsen & Toubro's (L&T) ready-mix concrete (RMC) business for Rs 1,480 crore as part of its expansion plan. Lafarge bought 66 concrete plants of L&T located in key markets, including Delhi, Kolkata, Mumbai and Bangalore, with a total estimated volume of 4.1 million metric cubic capacity in 2008.