

JK Lakshmi Cement Q2 profit rises on higher sales

Our Bureau

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JK Lakshmi Cement Ltd reported a 33 per cent increase in net sales in the second quarter of current fiscal. Total sales stood at Rs 354.13 crore against Rs 265.96 crore in the year-ago period. This pushed up its net profit by 12.67 per cent to Rs 6.49 crore from Rs 5.76 crore in the second quarter last year.

"Compared with the same period last year, the demand is better this year, mainly from rural and tier-II cities. We didn't find very good growth in the metros," said Mr Shailendra Chouksey, Whole-Time Director, JK Lakshmi Cement.

The company registered a 19 per cent growth in volumes compared with the all-India growth of 6.5 per cent.

Owing to the hikes in petroleum prices, the company's logistics cost and the total cost of production has also gone up. The total expenditure stood at Rs 338.54 crore, up 31.8 per cent from Rs 256.88 crore in the corresponding quarter last year.

SCORECARD

	Quarter ended Sept 30		%
	2011	2010	
	(in Rs crore)		
Net sales	354.13	265.96	33
Net profit	6.49	5.76	12.67
EPS (Rs.) (not annualised)	0.53	0.47	12.76
Sales volume (lakh tonnes)	11.27	9.45	19

EXPANSION PLAN

The company has put aside a total capital expenditure of Rs 1,500 crore for expansion over the next three years.

"We are, at present, working on our grinding unit in Haryana, which will come up by March 2012 and increase our production capacity from 4.7 million tonnes to 5.3 mt. This is to consolidate our position in Haryana and neighbouring markets. The company is also working on a Greenfield project at Durg, Chhattisgarh, which will be ready by October 2013. This will increase our production from 5.3 mt to 8 mt," said Mr Chouksey.

JK Lakshmi plans to consolidate its footprints in the

eastern markets, where its growth prospects seem better than in other zones. For the Durg plant, it plans to invest a total of Rs 1,250 crore, for which it will raise a debt of Rs 850 crore and the remaining Rs 400 crore through internal accruals.

Investment in Haryana's grinding plant is pegged at Rs 100 crore, for which it plans to raise a debt of Rs 70 crore. The rest, Rs 30 crore, will be internally funded, Mr Chouksey said.

The company also plans to set up four more ready mix concrete plants at Kota, Ahmedabad, Chandigarh and Mumbai, by this year-end. The investment for this is pegged at Rs 7-8 crore a plant.