

'We're open to both organic, inorganic routes for growth'

Q&A Rajasthan-based JK Lakshmi Cement, which recently ventured into Chhattisgarh and Gujarat, has earmarked a capital expenditure of Rs 1,100 crore. The company, which witnessed a decline in its bottom line in FY09, is confident of putting up a better show in FY10. Giving credence to its hopes, the cement maker has reported a robust operating margin of 34 per cent in the April-June period. **VINITA SINGHANIA** (pictured), managing director of the company and the would-be president of the Cement Manufacturers' Association, is confident about the growth of the industry. The only woman to head a firm in the domestic cement industry, Singhania, spoke to **Chandan Kishore Kant** on wide-ranging issues. Excerpts:

Which factors helped JK Lakshmi come up with robust numbers in Q1FY10?

The credit goes to increased volumes, which could come about due to an improvement in the market condition and the improved market mix that we adopted. The fall in the company's fuel and power costs, as compared to the corresponding quarter of the previous year, also helped the company significantly.

Last financial year witnessed a decline in your net profit compared with FY08. Looking at your Q1 numbers, what are your projections for sales and net profits for the current financial year?

We certainly expect the company's production and sales to be better than that in FY09. In fact, in Q1, we achieved production and sales growth of 11 per cent and 14 per cent, respectively. However, as far as profit projections are concerned, it is rather early in the day to pin any number, but we certainly would expect FY10 to end with a satisfactory performance.

Do you think the ongoing quarter could be a challenging one?

At the beginning of the current quarter, there were certain misgivings basically on account of poor rainfall in and around our factory and in our marketing regions. But things have improved now. I expect to maintain the company's growth momentum.



How would cement prices behave this year?

Going by the current trend, I would expect stability in prices for some time to come. However, much would depend on what kind of pressure would be there once the industry's capacities in the pipeline get fully commissioned.

You have already ventured into the western market with a 5.5-lakh-tonne capacity in Gujarat and are carrying out the spade work for the 2.7-million-tonne Durg project. Is the company working on new projects in other parts of the country also?

The company would look for growth options and once something is concertised, we will certainly share it with you. We are open to both organic and inorganic route to achieve growth.

What's the company's current debt and cash flow position?

At present, the company has a cash flow of about Rs 475 crore and a debt-equity ratio of 0.86:1. The total debt as per the company's books is Rs 700 crore, which includes Rs 110 crore interest-free sales tax deferment loan.

How has the induction of Om Puri as brand ambassador propelled the company? How much investment the company has lined up for advertisement and brand promotion as several firms are taking up the brand promotion route to secure markets?

The induction of Om Puri as our brand ambassador has consolidated the company's brand position as a serious cement player that contributes to the nation's growth and gives customers "Mazboot Guarantee". We are not into any number game on ad spends. However, we would take all necessary steps to consolidate the company's brand position in a competitive environment.