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JK Lakshmi Cement Looking For New Growth Avenues

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JK Lakshmi Cement, part of the HS Singhanian Group, has ambitious expansion programme that will help the company achieve its aspirational cement manufacturing capacity of about 20 million tonnes per annum (mtpa) over the next five years. By end-March 2016, the company will have a total cement manufacturing capacity of 11 mtpa with units spread across Durg in Chhattisgarh, Sirohi in Rajasthan along with grinding units in Kalol (Gujarat) and in Jharli (Haryana).

Speaking to ET, JK Lakshmi Cement wholtime director Shailendra Chouksey said: "We plan to look for new growth avenues after consolidating ourselves in the current financial year 2014-15. Apart from the inorganic route, our existing units at Udaipur, Rajasthan and Durg are amenable for further expansion. We would focus on leveraging our existing capacity and then, subsequently, look at greenfield projects or buyouts."

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The company will look at increasing cement capacities the organic way if the state government of Gujarat and Madhya Pradesh allocates new mining lease in their favour, Chouksey added. Much, however,

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would depend on the outcome of the Lok Sabha election 2014 and the party in power. Incidentally, the company had entered into separate agreements with the two state governments sometime ago.

Analysts closely tracking the company claim greenfield venture would mean a capex of ₹ 6000 - 6500 crore or so, while brownfield expansion would be faster and entail an investment of few ₹ 100 crore. Company officials said no decision has been taken on further capacity additions as yet.

Apart from brownfield and greenfield expansion exercise, JK Lakshmi Cement is focussing on expanding its forward integration products. It is also manufacturing ready mix concrete, premium branded plaster of paris (POP) and autoclaved aerated concrete blocks.

“We are looking at all possible avenues to increase business and thereby, earnings from value added products. The aim is to be a meaningful player in the construction and become a single reference point for discerning customers,” Chouksey pointed out.

Presently, nearly 7-8 % of the company's total turnover of about ₹ 2500 crore by March 31, 2014, comes from sale of value added products. Going forward, the value added products is expected to contribute 10 % to the company's total turnover.