

JSW Cement buys 37% stake in Shiva Cement for ₹97 crore

JSW Cement has acquired 37.16 per cent stake from the promoters of Shiva Cement for Rs. 97 crore. The company has also made an open offer to buy out another 32 per cent through open offer at Rs. 14 a share leading to a total outgo of Rs. 87.36 crore.

Anil Kumar Pillai, Chief Executive Officer, JSW Cement told Business Line that the company intends to invest Rs. 450 crore to enhance the clinker capacity at the newly acquired plant to one million tonne from one lakh tonne currently.

The clinker from Shiva Cement unit will be used by JSW at its upcoming 2.4 million tonne grinding unit at Salboni in West Bengal and another grinding unit planned at Jajpur in Odisha, he said.

If not for the deal, he said these grinding units would have used imported clinker. The fresh investment will be funded through debt and equity in the ratio of 70:30. JSW Cement will also take over Shiva Cement's debt of Rs. 65 crore.

At present, Shiva Cement has 1.32 lakh tonne of cement making capacity and one lakh tonne of clinker making capacity.

On the 12 per cent stake held by ACC, Pillai said the company has informed ACC about the deal to acquire the promoters' stake and it is up to them to decide whether to hold on or liquidate in the open offer.

"Going ahead, we have no intention to delist the company from the stock exchange," he said.

Earlier, JSW Cement had plans to list the company after it reaches a sizeable capacity of 30 million tonnes by 2020. At present, JSW Cement has annual production capacity of 8.76 mt at its three plants in Vijayanagar (Karnataka), Nandyal (Andhra Pradesh) and Dolvi (Maharashtra).

As per the share purchase agreement signed on Tuesday, Shiva Cement promoters will offload their entire holding of 69,453,817 equity shares to JSW Cement, Sun Investments Pvt and Reynolds Traders Pvt. At Rs. 14 per share, JSW Cement and the two group companies will pay Rs. 97.24 crore for the stake