

# JSW Cement to buy Shiva Cement; open offer likely

JSW Cement is close to buying out the entire 37.15 per cent promoters' stake, including that of ACC which owns 12.65 per cent equity in the Odisha-based Shiva Cement.

Part of the \$11-billion JSW Group, JSW Cement will make an open offer to acquire 20 per cent after acquiring majority stake.

An announcement is expected after the Shiva Cement's board meeting ends late Tuesday evening or Wednesday morning, said informed sources.

Shiva Cement has annual production capacity of 1.32 lakh tonnes with plans to expand to 2.6 million tonnes in phases.

The company's plant is spread over 70 acres and is adjacent to the State highway connecting Rourkela and Sambalpur.

## Pips Shree Cement

Spearheaded by Parth Jindal, son of JSW Group promoter Sajjan Jindal, JSW Cement has pipped Shree Cement, which has also shown interest to acquire stake in the Shiva Cement.

The deal, which will be the first in the cement industry for this year, comes at a time when the valuations are depressed due to weak demand.

Though Shiva Cement is not a distress sale, it may not command a big premium due to its low production capacity.

## Other deals

Last year, Nirma acquired 11 mt of Lafarge plants in the eastern region at \$125 per tonne, a price almost equivalent to setting up of a new cement plant of similar capacity.

Debt-ridden Jaypee Group sold its 17.3 mt cement business to UltraTech at \$113 per tonne. However, Shiva Cement has ample captive limestone mines with surplus reserve to ensure uninterrupted availability of quality raw material. The company can also source fly ash from nearby power plants.

Besides Odisha, Shiva Cement taps into supply deficit markets in West Bengal, Jharkhand and Bihar.

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).

It sources clinker from open market and uses slag from JSW Steel plants to produce green cement and sells its products in Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Maharashtra, Odish and Goa.

The company plans to expand capacity from 8.76 mt to 17 mt by April 2018 with an investment of ₹2,700 crore.