

JSW Cement buys ACC's stake in Shiva Cement



JSW Cement Ltd, part of the billionaire Sajjan Jindal-led JSW Group, has bought cement maker ACC Ltd's entire stake in Shiva Cement Ltd for Rs 38.67 crore (\$5.8 million).

ACC sold 23.65 million shares, or a 12.13% stake, at Rs 16.35 apiece in an off-market transaction, the company said in a stock-exchange filing.

The deal comes after JSW agreed in January to buy a 35.6% stake in Shiva Cement from its promoters for Rs 97.24 crore and [made an open offer to acquire another 32%](#) from public shareholders in the Odisha-based company.

JSW Cement had made the open offer at Rs 14 per share of Shiva Cement, totaling as much as Rs 87.36 crore (\$13 million). Shares of Shiva Cement closed at Rs 18.80 apiece on Friday.

This is the first acquisition by JSW Group in the cement sector and comes after it struck a number of takeover deals in the power sector. The group last year [agreed to purchase a 500-megawatt](#) thermal power plant from Jaiprakash Power Ventures Ltd for Rs 2,700 crore. It had previously agreed to [acquire two hydroelectric plants](#) from Jaiprakash Power for as much as Rs 9,275 crore and a [1,000-MW thermal power plant](#) from Jindal Steel & Power Ltd for up to Rs 6,500 crore.

The latest deal will help JSW Cement increase its capacity. It has annual production capacity of 8.76 million tonnes at its three plants in Karnataka, Andhra Pradesh and Maharashtra.

Shiva Cement had been looking for a buyer for almost a year. It was facing a shortage of working capital and was hurt due to a decline in industrial investment and infrastructure spending. Shiva Cement's net profit slumped to Rs 1.02 lakh for the year through March 2016 from Rs 2.5 crore the year before. Gross revenue increased to Rs 78.34 crore from Rs 75.33 crore.

Consolidation in cement sector

The cement sector saw a number of deals last year, as consolidation activity increased after the government amended the Mines and Minerals (Development and Regulation) Act, 1957 to allow transfer of captive mining leases not granted through auction.

Last year, LafargeHolcim Ltd sold Lafarge India Pvt Ltd to Nirma Ltd for Rs 9,400 crore, including debt, in a deal that will complete the India leg of the global [merger of French cement giant Lafarge and Swiss building materials group Holcim](#). ACC as well as Ambuja Cement Ltd are part of the LafargeHolcim group.

Early last year, UltraTech Cement Ltd struck a mega deal to acquire almost the entire cement business of debt-ridden Jaiprakash Associates Ltd at an [enterprise value of Rs 15,900 crore](#).

In another attempt to reduce debt, [Jaiprakash Associates sold a 74% stake](#) in its Bhilai unit for Rs 1,450 crore to CK Birla Group company Orient Cement Ltd. Orient Cement also agreed to acquire a cement grinding unit of Jaiprakash Power Ventures for Rs 500 crore. In February last year, Reliance Infrastructure Ltd sold its cement unit to Birla Corp for Rs 4,800 crore.