

ACC, Ambuja Mull Merger To Create India's Second Largest Cement Maker

Ambuja Cements Ltd. and ACC Ltd. are considering a long-anticipated merger which would create India's second largest cement company by market capitalisation after the Aditya Birla Group owned UltraTech Cement Ltd.

The boards of the two companies have initiated a study to explore the possibility of a merger, two separate stock exchange filings by Ambuja and ACC said. A special committee of directors, majority of them being independent directors, has been set up to consider the matter. No decision has been taken to merge yet, the filings added.

Ambuja and ACC are both owned by LafargeHolcim, one of the world's largest manufacturers of building material. LafargeHolcim owns 66 percent stake in Ambuja through its investment arm Holderind Investments Ltd.

It holds 50.5 percent stake in ACC through Ambuja Cements, and an additional 4.5 percent through its investment arm.

India, the second largest producer of cement in the world, is expected to see its cement production capacity reach 550 million tonnes by 2025, according to Indian Brand Equity Foundation, a trust established by the ministry of commerce.

Consumption of cement though remains lower than the developed and other developing economies. Hence, there is a significant opportunity to cater to unmet and rising demand, an April report by IBEF said.

The country's cement sector has seen a wave of consolidation over the past one year. Debt-laden infrastructure company Jaiprakash Associates Ltd. agreed to sell its cement assets to UltraTech in February last year. However, pending approvals have delayed the deal.

In November, Dalmia Bharat Ltd. and OCL India Ltd. approved a plan to merge the two entities. In January this year, JSW Cement bought ACC Ltd.'s entire stake in Shiva Cement.