

ACC, Ambuja Cements bring common services under OneIndia BSC

The well thought out merger of ACC and Ambuja Cements is expected to be less disruptive on operations and employee as they have already formed a joint venture company OneIndia BSC.

The Bengaluru-based OneIndia handles the procurement, accounting, billing, hiring and data management of both the companies for the last one year.

The purpose of the Business Shared Service center (BSC) is to improve governance, controls and process harmonisation. In the long-term, BSC may provide services to other companies within the LafargeHolcim Group, said a spokesperson of ACC in a response to *BusinessLine* e-mail.

OneIndia BSC employs 350 people working on finance and human resource processes. Over 20 per cent of the staff come from the two operating companies, which helps in knowledge retention of the critical processes, said the spokesperson.

Both the companies expect to receive shareholders approval for the merger by the year-end after considering the suggestions to be made by the high-level independent committee formed to weigh the pros and cons of the merger.

Ambuja Cements owns 50.05 per cent stake in ACC. Promoter group company Holderind Investments owns 4.48 per cent in ACC and 63.62 per cent stake in Ambuja Cements.

Deals galore

The merger will combine the strength of both the companies and help them to be more competitive.

If the proposed merger goes through the combined entity will have a turnover of over ₹20,400 crore with the revenue of ₹11,150 crore of Mumbai-based ACC and ₹9,260 crore of Gujarat-headquartered Ambuja Cements. The combined production capacity of the new company will be 69 million tonnes per annum (mtpa).

The stress on high debt and general slowdown in the manufacturing sector has triggered consolidation in the cement sector. Last July, Aditya Birla Group-owned UltraTech Cement signed a deal to acquire Jaypee Group's cement assets for about ₹16,000 crore. With the completion of the deal, UltraTech's cement capacity will increase to 91 mtpa.

Dalmia Group merged its cement asset in the South and East India under Dalmia Bharat to create a company with capacity of 25 mt. Detergent maker Nirma pipped ace investors such as Ajay Piramal and Sajjan Jindal to bag 11 mt of Lafarge cement asset for ₹9,400 crore and took its total capacity to 13 mt, while JSW Cement acquired lesser known Shiva Cement asset for over ₹100 crore.