


'JSW cement looking to consolidate stake in Shiva Cement'

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As JSW Cement hiked stake in the company, RP Gupta, Shiva Cement, spoke to ET NOW on the rationale behind these acquisitions

Edited Excerpts :

ET Now: JSW Cement has further upped its stake after hiking stake in January to about 49.4%. Can you take us through the rationales of these acquisitions in Shiva Cement?

First I would like to clarify that I am not the Managing Director. I have resigned on 26th, and I am continuing in the board only for handholding purpose. Now your query about the increasing stake, I think that 5% limit is there for acquisition. I will not be able to comment on this further. I know that in public offer the share tendered were practically negligible so probably they might be thinking to consolidate their shareholding. This answer can be better given by the current promoter JSW Cement.

ET Now: What kind of synergy benefits in terms of access to limestone reserves does JSW Cement stand to gain from associating with your company Shiva Cement?

Yes, it is tremendous because Shiva Cement has about 120 million tonnes geological reserves of limestone cement grade. This sort of reserves is not available with any virgin limestone mine in the entire Odisha, Bengal, Bihar. We also have 175 acres of land which gives us the opportunity to expand through them. The eastern zone is mostly importing clinker from Chhattisgarh, because there are no limestone reserves in this eastern zone making the clinker at Shiva Cement very important. Transporting it gives itself substantial benefits of Rs 350 to 400 per tonne in terms of freight charges. Besides the cement capacity, whatever is built here in Shiva Cement is ideally located having Jharkhand nearby. Coal mines are also nearby so whatever cement capacity is created in the Shiva Cement, that EBITDA per tonne will be certainly higher in comparison to industry average.

ET Now: So do you know JSW Cement is actually looking for reverse merging their operations with those of Shiva Cement, by which they will get access to new markets?

RP Gupta: This is because cement is localised, it will only be fitting for eastern markets only. when I say eastern-markets, I mean Orissa, Bihar, Jamshedpur and Bengal.

ET Now: What is the current capacity utilisation trends for both JSW as well as Shiva Cement?

RP Gupta: Current capacity utilisation is irrelevant because it was 0.2 million tonne within a span of one and a half to two years. In their first phase they will be upgrading to another 1.2 million tonne. They can better authenticate and can further plan to aid cement and clinker capacity.

ET Now: For increasing capacity are there any targets set in place?

RP Gupta: I understand from the discussions that the first phase should be over anywhere between October to December 2018.