

Shiva Cement soars over 57% after JSW Cement increases stake by over 4% in last 4 days

The share price of Shiva Cement rocketed 20 percent intraday today and touched a fresh 52-week high of Rs 33.50 on the BSE, as the stock was stuck in an upper circuit for the second consecutive day. The scrip has gained about 57.28 per cent in the last four trading sessions after JSW Cement increased its stake in the company to over 50% through open market purchase. On 28 June, the scrip had closed at Rs 21.30.

In the last four trading sessions, JSW Cement has acquired 61,34,697 equity shares, equivalent to 4.11 percent of paid-up equity of the company, for Rs 18.11 crore through block deals. Yesterday alone JSW Cement bought 18,91,533 shares of Shiva Cement at Rs 23.86.

In January, JSW Cement had bought 35.62 percent of the promoter shareholding in Shiva Cement and followed up with an open offer for additional 32 percent equity. As at the end of March 2017, JSW Cement holding in Shiva Cement was 49.40 percent, which has now increased to 53.50 percent.

In the past one year, the stock has gained 460 per cent, rising from Rs 5.98 on 4 July 2016 to Rs 33.50 on 4 July 2017.

On 28 June, JSW Cement bought 25,00,000 equity shares of Shiva Cement at Rs 21.25 per share, on 29 June 12,34,697 equity shares at Rs 22.49 per share, on 30 June 24,00,000 equity shares at Rs 22.94 per share.

Shiva Cement Ltd was incorporated in 1985 and commercial production started in 1986. The company's manufacturing facility is located in Odisha as raw materials and ready markets, namely Odisha, West Bengal, Jharkhand & Bihar are in the vicinity.

RP Gupta, who resigned from the post of Chairman and Managing Director, Shiva Cements, on 26 June 2017, explained the rationale behind the acquisition.

"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," Gupta told ET Now.