

# Dalmia Cement plans to split biz into four

## May List Cement, Power, Sugar & Refractory Units Separately

Mithun Roy  
MUMBAI

**D**ALMIA Cement (Bharat) will split its business into four as it seeks to raise funds for various businesses and expand them, said a person familiar with the development. The company's four businesses cement, power, sugar and refractory would be under four different entities leaving investors the choice to own whichever they want to, said the person who did not want to be identified before making the plans public later this week. Puneet Dalmia, managing director of the company declined to comment. The company's board meets on Thursday to consider the restructuring plan.

The details of the listing plan will be available after formation of separate legal entities. But logically, there are several ways in which Dalmia Cement can list its power, sugar and refractory businesses.

Dalmia Cement could demerge these verticals as its wholly-owned subsidiaries and list them through initial public offers in which new shares could be issued, or the owners could divest their stake, or it could be a combination of both. The other option is to issue new shares to existing shareholders of Dalmia Cement on a proportionate basis by valuing the contribution of the sugar, power and refractory businesses. Shareholders, other than the owners, have to own 10% in all listed Indian companies, and that number will go up to 25% in the new fiscal starting April 1.

Cement is the main money spinner of Dalmia Cement with a 70% share in revenue. Sugar and refractory businesses generate 20% and 10%, respectively. The Rs 2,000-crore Dalmia Cement does not show power as a separate business. It generates 79 MW power. Shares of Dalmia Cement ended up 1.73% at Rs 244.40 on BSE, putting the market capitalisation of the company at Rs 1,977 crore. Sectoral analysts said the demerger will not only enhance shareholders' value, but also sharpen focus on each business.

Dalmia is poised to outperform the industry with projected sales growth of 21% over the next two years, against the industry growth of 10%, analysts

### MONEY SPINNER



- **Dalmia Cement could demerge its verticals as its wholly-owned arms**
- **The owners could also explore the option of divesting their stake**
- **The other option is to issue new shares to existing shareholders of Dalmia Cement on a proportionate basis**

said. Set up in 1935, Dalmia Cement is one of the oldest cement manufacturers with an installed capacity of 9 million tonnes. It has grown rapidly in the recent past six times in seven years. Simultaneously, it has rapidly scaled up its market share in a short span of time. During 2004 to 2009, its market share grew from 8% to 14% in Tamil Nadu and from 7% to 13% in Kerala. It plans to add 5 MT by 2012.

The company is planning to raise Rs 1,200 crore by equity sale to part finance its expansion plans. The fund-raising plan included selling shares of Dalmia Cement as well as its wholly-owned subsidiary Dalmia Cement Ventures, the investment vehicle for new capacity addition. With the boost given by the government to infrastructure projects, road networks and housing facilities, growth in cement consumption has been anticipated. India's cement industry, which is likely to grow 10% a year, will go up to 250 MT this fiscal. Globally, India is the second-largest cement maker after China, which produces 1,400 MT a year.