DNA Money

Dalmia set to raise Rs 1K cr for cement

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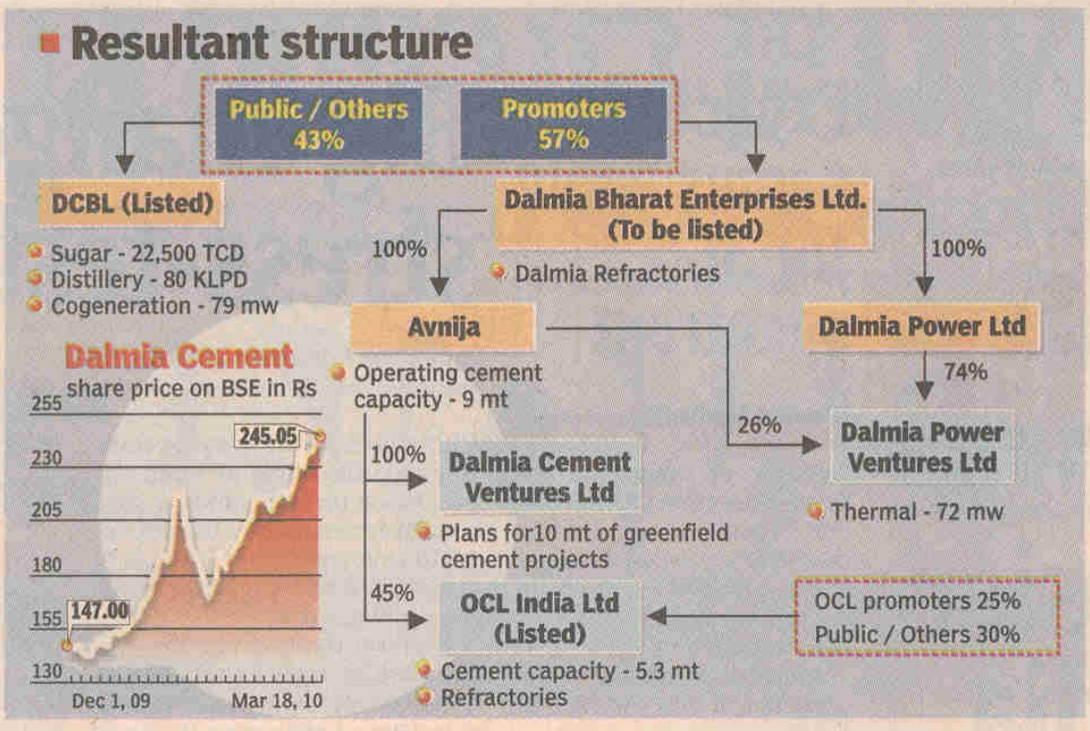

Pooja Sarkar. Mumbai

Dalmia Cement Bharat Ltd (DCBL) has restructured its business model and will raise Rs 1000 crore for its cement play through private equity (PE), Puneet Dalmia, managing director, DCBL, said.

The company will spin off its cement, power and refractory businesses into its unit Dalmia Bharat Enterprises, and list it on the stock exchanges by the end of the year.

Shareholders of DCBL will receive additional shares in Dalmia Bharat Enterprise in a 1:1 ratio.

Though there is no change in promoters' shareholding, which stands at 57%, they might look at additional dilution if required for further growth, he told an analysts conference on Thursday.

DCBL will continue as the sugar business entity and will be renamed shortly.

The cement and thermal power business will be demerged into two wholly-owned subsidiaries Avnija Properties Ltd and DCB Power Ventures Ltd, respectively.

Puneet Dalmia added, "We have some real estate properties in Delhi, Mumbai, Hyderabad, Haryana and Uttar Pradesh apart from our corporate office. Though it is not our core business this will provide additional liquidity to fund growth, which will be used for our power and cement business."

The restructuring has been done to bring private equity in its cement business, which is expected to enter in next 8 weeks, said a company spokesperson.

The power venture will install 150 mega watts (mw) capacity and will come up simultaneously with the 10 million tonne cement expansion program that DCBL has over the next three years.

The capex for the cement play is Rs 4,500 crore, of which, the company has tied up Rs 3,000 crore with IDBI and has infused Rs 450 crore as equity. It is planning to sell 10-15% stake for the infusion. Fresh equity will be issued for the infusion.

In FY11, 17 mw of excess power is expected to be generated from the plant, which would be sold on merchant basis. Dalmia said, "30 mw of surplus is available immediately, but 150 mw is potentially required by us."

The entire restructuring is expected to be completed in 6-9 months, for which approvals are expected by April 1, 2010.

A research analyst with an international brokerage tracking the company said, "The PE guys would look at 18-20%, which is after discount to equipment. They are talking to all the PE guys and it is too early to say anything, the restructuring will take another 6-9 months to complete."