

Dalmia Cement to spin off cement, power ventures

Plans PE funding for cement capacity enhancement

Our Bureau

New Delhi, March 19

Dalmia Cement (Bharat) Ltd (DCBL) said on Thursday that its board of directors has agreed to spin off its cement, power and other business from DCBL into Dalmia Bharat Enterprises Ltd.

As part of the spin off, DCBL shareholders will receive one additional share in Dalmia Bharat Enterprises Ltd (DBEL) for every share currently held. DBEL will also be listed on the stock exchanges and DCBL will continue to exist as an integrated sugar company.

The company stated that the board decided upon the demerger to create focussed and independent entities and provide shareholders additional liquidity with the choice of ownership.

DCBL will be demerging

its Cement Undertaking, Refractory Undertaking, Thermal Power Undertaking and certain other business into Dalmia Bharat Enterprises Ltd. The cement and thermal power undertaking will also be demerged into two wholly owned subsidiaries, Avniya Properties Ltd and DCB Power Ventures Ltd respectively.

Mr Puneet Dalmia, Managing Director, DCBL, said, "We have a very strong vision for the cement, power and sugar business. The proposed realignment will give each business the right fillip for growth. Plans are already in place in our cement business to create a national presence with a particular focus on growth markets across India. We shall continue with our regular operations and initiatives under the new struc-

ture. The sugar business offers investors a sizable opportunity given the favourable macro dynamics in the sector."

"The demerger itself will create distinct corporate entities that will give our existing shareholders additional liquidity," he added.

PE FUNDING PLANNED

The company is also planning to raise funds through private equity (PE) firms for its plans to add 10 million tonnes of cement capacity at a cost of Rs 4,500 crore.

"We are in talks with private equity players to raise Rs 500-700 crore," he said.

It has already tied up debt of around Rs 3,250 crore, and has pumped in equity of Rs 250 crore, while the remaining would be raised internal accumulation.