

Dalmia Bharat looks to Rajasthan factory for northern entry

Firm secures mining rights, to set up plant with 4 mtpa capacity

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After its failure to acquire insolvent Binani Cement, Dalmia Bharat might decide to put up a new unit in Rajasthan to enable its entry into the north Indian market.

It has, say sources, secured mining rights near Chittorgarh and is thinking of erecting a plant with capacity of four million tonnes per annum (mtpa), in two phases.

"The nitty-gritty is being worked out. If we aren't able to foray into North India via acquisition, we'll do it via a greenfield (new) project," a source in Dalmia Bharat told *Business Standard*. The idea is for a two mtpa unit, the capacity to be later doubled.

Had the Supreme Court (SC) allowed Dalmia Bharat to take over Binani Cement, it could have linked this Chittorgarh limestone mine with the Binani plant in Sirohi (also in Rajasthan) at a later stage.

This new proposal would give Dalmia Bharat exposure to Rajasthan and neighbouring Gujarat, beside opening the northern region for the company. "The region is expected to register good growth in the next 10 years, which makes this market lucrative for us. It has always been our endeavour to be present across the country," the source said.

Recently, after a series of declining prices, cement in the northern region rose by ₹2 a bag (50 kg) to ₹304 a bag. This is still ₹4 a kg lower than last year.

The estimated investment for this project is still being calculated. If the SC had consented to Dalmia Bharat's resolution plan, it would have spent nearly ₹70 billion to enter this competitive region.

UltraTech Cement has, after acquiring Binani, become the mar-



Acquisition of Binani Cement would have given the company immediate exposure to Rajasthan and Gujarat, plus substantial deposits of limestone

ket leader. Both it and Shree Cement have 24 mtpa of installed capacity each. Together, they account for 45 per cent of capacity in the north region. The other big ones here are Ambuja Cements, with 10 mtpa, followed by JK Lakshmi and JK Cement at 7.5 mtpa each.

Dalmia Bharat has been keen on a northern foray to emerge as a pan-India player. It had hotly contested the race to acquire Binani Cement, which would have given it immediate exposure to Rajasthan and Gujarat, plus substantial deposits of limestone.

The issue, originating at the Kolkata bench of the National Company Law Tribunal (NCLT), was finally settled by the SC, barring Dalmia Bharat from acquiring Binani's 6.5 mtpa in Rajasthan and another 4.5 mtpa in China and the UAE.

Rajasthan has an estimated reserve of 21,659 mt of limestone, around 12 per cent of the country's

total. This has made the state a natural preference for cement companies to set up plants, from where the entire north could be catered.

"Land availability and the ensuing acquisition is the biggest problem. At times, it often leads to overshooting the estimated cost," said a senior executive with a company having largescale operations in Rajasthan.

Dalmia Bharat is fourth largest in the segment nationally. It is in the process of acquiring the three mtpa Murli Cement for nearly ₹4 billion, which will open the Maharashtra-Telangana belt. This will mark its direct maiden foray into western India and boost its presence on the east coast. The acquisition has to first get approval from the Mumbai bench of the NCLT.

Dalmia Bharat has been supplying cement to eastern Maharashtra from 2.5 mtpa unit at Belgaum in Karnataka, set up for ₹13.4 billion.