

The ACC Almatís tabular alumina plant at Falta, West Bengal.  
Courtesy Almatís.

# ACC sells j-v stake to Almatís

## Indian cement major relinquishes 40% in ACC Almatís

ASSOCIATED Cement Companies Ltd's (ACC) 40% stake in ACC Almatís Ltd has been sold to majority shareholder speciality alumina leader Almatís GmbH, Germany.

Talks have been continuing for some time, and senior management at ACC Almatís had indicated that a final decision might be made by mid-June.

The deal was completed on 9 February 2007, and "ACC" is to be dropped from the company name. The plant has been reported as achieving double digit growth and expects a turnover of Rs500m.(\$11.35m.) for 2006-07. Stocks of ACC surged by 2% to Rs1,086(\$24.6) on hearing of the deal in mid-January 2007.

The Almatís ACC joint venture has been processing tabular alumina from Europe at Falta, West Bengal for the Indian refractory market since 1995.

Formerly Alcoa ACC Industrial Chemicals Ltd, the plant commenced operations in January 1994 at the Falta Industrial Growth Centre. The site is spread over 6.3 acres

of and is designed to process 10,000 tpa of tabular alumina and other speciality alumina raw materials in single shift operations.

The Indian market is characterised by various local alumina producers but they do not feature exclusive speciality alumina products as Almatís does with its premium alumina products. Almatís is also the only local tabular alumina producer in India.

The prime raw material supplier to Falta is Almatís' Rotterdam plant in the Netherlands. Since Almatís produces tabular alumina at all its major locations worldwide, the Falta operation can also be supplied from the entire global Almatís production network. Sales are by no means tied to ACC refractory operations as sales to ACC itself represent less than 10% of the total.

Through its Calcutta sales office, Almatís ACC also markets the full range of Almatís raw materials including tabular alumina, calcined and reactive aluminas, calcium aluminate cements, magnesium aluminate spinels, dispersing aluminas,

super lightweight aggregates, bonite, mixed alumina products and polishing aluminas.

Consumers are mainly in the refractory sector but products are also sold for ceramics and polishing applications.

Established in 1936, ACC is India's leading cement and concrete producer, producing 18.64m. tonnes of cement in 2006. Last year Swiss cement major Holcim picked up an equity stake for \$800m. in ACC through Ambuja Cement India (ACIL). In 2002, Gujarat Ambuja acquired Tata's 7.2% stake in ACC.

The group has been steadily divesting its non-core interests, including its refractories division ACC Refractories, which was sold for Rs.1,720.8m.(\$38.36m.) and became ACE Refractories in October 2005.

### Indian refractories growth

Almatís is clearly eyeing India as a worthwhile market within which to gain a foothold. Last month we reported on RHI AG's interest in establishing its first refractory manufacturing interest in India (see *IM February '07*, p.23).

The outlook for refractories in India remains buoyant with the steel industry aiming to almost triple output by 2020 (see *IM June '06*, p.22). Indeed, India's steel industry appears in rude health and much strengthened with recent top level mergers and acquisitions, ie. Tata Steel's recent victory over Brazil's Cia Siderúrgica Nacional in bidding £6,200m.(\$12,200m.) in an auction for Corus, following the earlier Mittal Steel-Arcelor merger which will create the world's largest steelmaker.

Refractories cost about 8%-10% of the total cost of steel production, and steelmakers are continually striving to reduced refractory specific consumption. In India over the next few years, refractory specific consumption is forecast to decline to 9kg/tonne in the steel industry and to 0.4 kg/tonne in the cement industry.

Despite this, overall refractory production is expected to increase by 16% per annum during the same period owing to major expansions and green field projects in steel, with monolithics and special products considered to fare best.

Meanwhile, in a bid to control runaway inflation that is now over 6%, late January 2007 saw the Indian government reduce customs duties on a raft of items used in manufacturing such as cement, aluminium, copper, zinc, chemicals, but also refractories and refractory raw materials.

The duty on refractories is down from 7.5% to 5% and refractory raw materials from 10%/7.5% to 5%.

*Jai. H. Dalmia, president of Dalmia Magnesite Corp., India is to present "An overview of the magnesia-based refractory products market in India - present and future" at MagMin 2007, 13-15 May 2007, Istanbul - see p.10-11 for details.*

