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ArcelorMittal sees India plans stalled for years

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ArcelorMittal's planned steel plant investments in India are likely to be stalled for years, the company's chief executive said on Tuesday.

"We continue to experience difficulties in India. My belief is that the Indian projects may not see the light for five to 10 years," Lakshmi Mittal told the company's annual shareholder meeting.

Asked by Reuters later to expand on this view, Mittal said he might have overstated the situation, but said that the delay was likely to be at least a couple of years.

The world's largest steelmaker plans to build steel plants in the states of Jharkhand and Odisha, formerly known as Orissa, both with large capacities of some 12 million tonnes per year, but they have been hit by local opposition and wrangles over land acquisition.

It has also signed an agreement with the state of Karnataka to build a steel plant on a greenfield site with a capacity of 6 million tonnes.

Many industrial ventures in India are mired in a bureaucratic morass that dulls the country's investment appeal and slows growth of Asia's third largest economy.

Obstacles include tardy environmental clearances and complex land acquisitions, as well as populist policies that often deter development.

The overall 30 million tonnes of capacity planned in India is a third of the 91.9 million tonnes of steel Arcelor produced globally last year, a level more than double the output of its nearest rival.

ArcelorMittal has also mothballed the construction of a steel plant in Brazil, although it did continue to invest in mining there.

"The demand did not grow... When the market situation permits us we will restart construction of this project in Brazil," Mittal said.

The company said the focus of its investment lay elsewhere, in mining and specifically of iron ore, such as its C\$590 million joint purchase of junior miner Baffinland in Canada in 2011.

Asked about ArcelorMittal's energy interests, Mittal said that the company did not intend to invest more into coal.

ArcelorMittal divested its interest in MacArthur Coal, part of a strategy to sell non-core assets which has so far brought in USD 1.6 billion, and bring down its debt.

"There may be a few more announcements in the months of May and June as we make progress," Chief Financial Officer Aditya Mittal said.

CFO Mittal told shareholders ArcelorMittal was committed to retaining its investment grade rating, a topic bankers are discussing ahead of its first quarter results on Thursday.

5/10/12

ArcelorMittal sees India plans stalled for years – Reuters –
topic brokers are discussing ahead of its first-quarter results on Thursday.

The company cut its net debt by USD 2.4 billion during the fourth quarter to USD 22.5 billion at the end of December.

"We intend to make further progress this year," he said, adding ArcelorMittal ultimately wanted to bring its net debt to core profit (EBITDA) ratio down to below two. It was about 2.2 for 2011.

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