

'Vedanta has limited exposure to the automotive sector'

As aluminium producers are disquieted by headwinds like soft LME prices and soaring imports, Vedanta is focusing on reducing costs and ramping up portfolio of value-added products. **AJAY KAPUR**, CEO (aluminium & power), Vedanta, talks to **Jayajit Dash** about Vedanta's plans. Edited excerpts:

Vedanta has set a target to contain aluminium production cost at \$1,500 per tonne. By when and how will you achieve it?

While a cost of production of \$1,500 per tonne is our mid-term vision, we have given a guidance of \$1,725 to \$1,775 per tonne for FY20, and are on course to achieving it. Costs in the aluminium industry are primarily driven by the cost of its raw materials — alumina, bauxite and coal. We are focused on unlocking operational efficiencies and controlling cost drivers to ensure lower production cost.

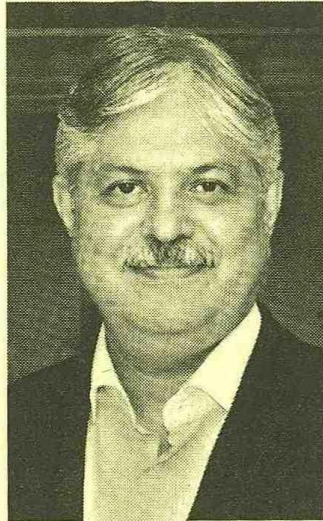
Accordingly, we have secured robust long-term contracts for bauxite with global suppliers along with the domestic ones.

LME aluminium prices are hovering around \$1,700. What does this mean for the domestic aluminium producers? Do you think global aluminium prices will strengthen in the near term?

The global economy has been volatile over the past quarters owing to several uncertainties and escalating trade wars.

LME prices reflect these global trends too. Like every commodity, we expect LME prices to rebound. It is important to remember that aluminium is the second-most important metal in the world and finds critical applications in key sectors. From that standpoint, the demand for aluminium will only surge.

How has the slump in the automotive sector and subdued economic growth affected your sales performance? Will it have any bearing on your gross revenues and profitability?
The automotive sector in India has been facing a slow-



down over the past few months, but it usually operates via long-term contracts through ancillary units.

Vedanta has limited exposure to the automotive sector and the slowdown has no decipherable impact on Vedanta's sales and performance.



Flat-rolled products in aluminium are gaining traction with a consensual forecast that it will be in the growth territory through 2025. Does Vedanta intend to branch out into this segment?

The use of aluminium flat rolled products defines the degree of sophistication of an economy.

Flat rolled products cater to a niche market in India as of now, but that is also evolving slowly.

As our economy matures, the consumption of flat rolled products will increase over the years. Vedanta already maintains a presence in the rolled products segment through its 70 kg tonne facility at its Balco smelter in Chhattisgarh.

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