

# ‘Aluminium is a metal of future as India usage lags China’

**Ajay Kapur**, Chief Executive Officer- Aluminium & Power, Vedanta Ltd, talks about Primary Foundry Alloy (PFA), Vedanta Aluminium’s newest product line that has been launched for the Indian automotive industry and impact of Chinese capacity cuts on aluminium prices in an interview with **Sandeep Grover**. Edited excerpts:

■ **Did shutdowns at major auto companies have any impact on the demand of aluminium, which is majorly used in the automobile sector? Let us know about the new product line, Primary Foundry Alloy, your company has launched recently?**

Our new product, Primary Foundry Alloy, on which our R&D teams have worked for many days at Jharsuguda and Balco factories is used in radial tyres. We have an objective under Make in India initiative under which India should be self-reliant in terms of industry and I feel that foundry alloy will play an important role in it. As far as the slowdown is concerned, I would like to say that such things happen at a regular interval. And, India’s intensity of usage, in every sector, is far behind the intensity of usage of China or the world’s average. I don’t think the slowdown will be there for the next five years. We have received a report that says the booking of newly launched cars like Harrier



Q&A

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CEO, Vedanta Aluminium

have reached the mark of 5,000-20,000. Thus, we will have to see the segments that are coming out and in which area. But as far as Vedanta is concerned, then we are a new

entrant, this is a big market for us, and have faith that things will bounce back soon.

■ **China may announce capacity cuts across industries to control pollution. How will this impact aluminium prices?**

Two weeks ago I was in China from where we have imported several products and smelters in the past. I was there to understand its market. But if China cuts its production then demand-supply will turn more favourable. It will increase commodity prices, which in turn will help us improve our margins. It would be good if it happens, if not then it will not have any major impact on us as our plans are not based on someone else’s production

cut. It is based on the existing demand for aluminium in India, which is around 4 million tonne. And, if we have a look at the figures of the last 10 years, then we have grown at an average rate of around 7-10%. If India doubles its per capita income from existing \$2,000 to \$4,000 in the next five years, then there will be a complete shift in the consumption basket of the country. We just don’t rest on the auto sector, but also have other sectors like electrical, construction, aircraft and space sectors. Besides, aluminium will play an important role in the packaging industry amid the ongoing talks related to single-use plastic. I believe India will start behaving as developed nations as soon as there is a

rise in the intensity of consumption and income bracket. This makes me believe that aluminium is the metal of the future.

■ **Power contributes 7% to your revenues. What are your plans to scale up this vertical?**

We have very good power assets at present. However, instead of expanding our portfolio in the power segment, we would like to integrate the existing portfolio and bring improvements that are essential for it. Besides, the future is green energy and we are studying what we can do on the front. So, we have no plans to expand on the power side but will like to participate in good power assets. **Zee Media Newsroom**