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**JOHN SLAVEN**  
CEO, VEDANTA ALUMINIUM

## 'India's Aluminium Consumption Set to Double in 5 Yrs'

A combination of volume growth, cutting costs and a higher percentage of value-added products can help Vedanta double the operating profit made on each tonne of aluminium going ahead, said John Slaven, chief executive officer for Vedanta Aluminium. India's consumption of aluminium is likely to double in 5 years at the current growth rate and Vedanta will look at maintaining its market share while focusing on sustainability, Slaven told ET's Nikita Periwal in an interaction. Edited excerpts:

**Tell us about your growth plans as the largest producer of aluminium in the country.**

The consumption of aluminium in India has grown by an average of 14% in the last three years, when the economic growth rate was at 7%. India currently consumes around 5 million tonnes. And, if it maintains the current growth rate, in 5 years, the consumption is going to be 10 million tonnes. In another 5 years, it is going to be 20 million tonnes. We have about 50% market share currently and want to maintain that.

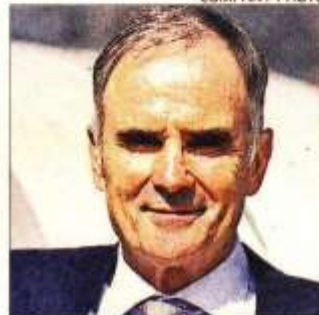
**So, will that be the pace at which the company grows?**

We have to grow at that pace and the first opportunity for us is to migrate the products that we are selling overseas to the Indian market. This will help us with price realisations, which we are already improving with more value-added products (VAP). We currently have 60% VAP in our mix and this will go to 90% once we raise production to over 3 million tonnes. So, it is higher value add in a higher price market and, at the same time, we are reducing our cost significantly through backward integration.

**What are some of your long-term targets?**

Being self-sufficient through the value chain, which is a big cost reduction opportunity. We are ramping up our bauxite mining as well as alumina refinery to meet all internal needs. We are also opening up 3 new coal mines to reduce the cost of power generation. In the last quarter, we generated an operating profit of about \$500 a tonne. If we work through the cost reduction and the increase in value added products, we will be generating \$1,000 per tonne on 3 million tonnes, which is \$3 billion in EBITDA. It becomes an incredibly powerful cash generation engine. That is the focus for a while.

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**SHIFT FROM CHINA**

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**How will the funding for growth ahead be split between internal accruals and debt?**

We need to manage our cash position carefully till our cash engine is still warming up. But once we are in a position of \$3-billion EBITDA per year, we will have sustaining capital. There will be some relatively small interest payments but we will have a huge source of operating cash flow to put to work. So, there will be plenty of opportunity to deploy in growth projects without having to resort to incremental borrowings.

**What is your take on the 'China + 1' narrative? How do you see the company benefitting?**

We are seeing a massive switch away from China, which has really fed the global demand for aluminium for the past two decades. But, with a cap on smelting capacity, all the new capacity to meet the world's growing demand for the metal needs to happen outside of China and India is the next best place from a cost perspective. We are building capacities at less than \$3,000 per tonne, compared to \$6,000 per tonne in the Middle East, Europe and North America.

**What is your outlook for prices this year?**

We are not seeing any major catalysts for prices moving up in 6-9 months. But, beyond that, we are seeing strong medium- to long-term growth in the 4-5% range.

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