

Hindalco and Vedanta differ on strategy

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Hindalco Industries, the country's largest primary aluminium producer, says it is preparing to use the majority of its domestic output for the downstream segment over the next five years.

However, the Anil Agarwal-led Vedanta Ltd, its peer company, has no such plan.

Hindalco says it wishes to insulate itself from price fluctuations on the London Metal Exchange (LME). So, the Aditya Birla Group company aims to use 75 per cent of its domestic aluminium production for the downstream segment. At present, of Hindalco's aluminium production of 1.3 million tonnes (mt) in India, only 300,000 tonnes is for this segment.

"At a standalone level, LME aluminium impacts us signifi-

cantly. So, the bigger plan is to move towards consumer-facing products. We have the ability to make aluminium can-body sheets in India at our Hiralud (Odisha) plant. At present, the Indian market for cans is small at about 29,000 tonnes (yearly) and, hence, has huge growth potential," explained managing director Satish Pai.

On a consolidated basis, 60-65 per cent of Hindalco's revenue comes from the downstream segment, US-based Novelis holding the lion's share. Within the segment, Hindalco is looking at aluminium in housing, in transportation such as buses and trucks, and semi-rigid containers and foils, among other products.

"Post the plastic ban, we have seen demand for semi-rigid aluminium containers grow along with foils. Also, in

the transportation segment, Hindalco has registered a 12 per cent year-on-year growth in the March quarter, mainly in the trucks and buses category," Pai said.

The smelting operations are at Renukoot in Uttar Pradesh, Aditya Aluminium in Odisha, at Hiralud, and at Mahan Aluminium in Madhya Pradesh. Combined, these produce around 1.3 mt of primary aluminium annually.

Moving into the downstream segment from the core commodity allows the product to become a pass-through in dealing with LME price fluctuation.

Currently, only seven or eight per cent of all the aluminium consumed in India is by the packaging sector, said industry officials.

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