

ODISHA POISED TO BE A GLOBAL ALUMINIUM HUB

Abhijit Pati, CEO – Vedanta Ltd, Jharsuguda, talks about the company's decade long journey at Jharsuguda, the milestones created and the challenges faced. A trailblazer in the aluminium industry, Pati has been steering Vedanta Ltd, Jharsuguda towards the pinnacle of operational excellence since 2008.

three years alone, we have cumulatively contributed upwards of Rs 6,800 crores to the national treasury. We have not yet achieved full capacity utilization of our smelters. On one hand, we are still struggling with procurement of key raw materials like alumina and coal. On the other, we have to face the high import duties on procurement of these materials despite the country's huge resource base. We have sought support from the state and the Centre. We're also keeping a close watch on global market that is facing issues like cheap scrap imports, dumping of aluminium and so on. We're expecting a 'core sector' status for aluminium which has not been met yet.

Of all states, Vedanta chose Odisha to set up its aluminium business. What made Odisha a better proposition?

I don't think there could have been a better choice than Odisha for setting up our aluminium smelter. The state has so much to offer in terms of intellectual capital, skilled resource and its abundant natural resources. It all started with our Chairman Anil Agarwal's vision for making Odisha the global powerhouse of aluminium. This vision stems from a very simple logic. Odisha has the right combination of resources - abundant availability of the world's best quality bauxite, richness of coal, strong infrastructure potential and skill base. On the business

front, the state was welcoming industries and offered ease of conducting business backed by a forward looking government and stability. Odisha is home to Vedanta, NALCO & Hindalco and produces 60 pc of India's aluminium out of which Vedanta contributes 53 pc.

Amongst the peers, Vedanta Jharsuguda is the youngest to boast of dominant production and a market share. How do you see the prospect for Indian aluminium?

India has a long way to go if it has to match its global peers like China. It produces about 3.4 million tonnes of primary aluminium annually. Our per capita consumption of aluminium is only 22 kg. Compared to global peers, we are still a long way off from China that boasts of 10 times our production and consumption numbers. The consumption pattern in these countries spans a wide range of applications like packaging of food and beverages, automobile, electrical and electronic equipment, aviation, consumer durables, machinery parts and products, building and construction materials, and many more. There is a tremendous potential in our domestic market to tap into this. Aluminium can be infinitely recycled with minimal energy requirement and environmental footprint.

Are you satisfied with the current state of affairs at your operations, or are there any con-

cerns/issues that the company is facing?

On the operations front, we are grappling with issues like limited availability of coal and alumina. We have to depend on imports. The country is losing valuable forex. India imports about 36 pc of aluminium to meet its domestic demand of which 58 pc is scrap. We require more support from the state on allocation of crucial resources; the auctioning of bauxite mines needs to be expedited and coal allocation for CPPs needs to be more favourable. Simultaneously, import duties on procurement of these crucial raw materials need to be significantly reduced.

There's been a lot of debate for and against industrialisation, especially in Odisha. What are your views on the same?

The debate is not 'if' there should be industries, rather how in-

dustries can operate sustainably. If we pursue the former line of thought, we will arrive at a singular important question - can we survive without industries today? Given how heavily dependent we are on mechanisms and support structures for food, clothing, electricity, transportation, hospitals, defence, internet and a whole host of similar things, our existence will be impossible without industries and factories. Odisha needs industrialisation to support its global aspirations and industries have a crucial role to play here. Although the past two decades have seen significant progress on all key sectors, we are yet to rank amongst the top Indian states. Odisha has a lion's share of India's natural resources, especially minerals like chromite (98 pc), bauxite (59 pc), iron ore (28 pc), coal (24 pc and many

more. Odisha should have been India's model state for industrialization and economic prosperity. I strongly feel, we need to leverage technology in all sectors, including agriculture and similar sectors, to make Odisha a shining example of success in developing India.

According to you, what is the single differentiating factor that will go a long way in ushering in a true industrial climate in Odisha?

I firmly believe that the solution lies in establishing the right technical and academic institutions of excellence in Odisha that will nurture the best in class. If we want to attract the most promising businesses in the world to Odisha, we have to offer them the best place to be in, including the best people to work with. Our youth is bright enough for the global resource pool, the only need of the hour is to hone them for exposure and expertise with the state-of-the-art facilities.

Do you think companies like Vedanta can contribute to society, beyond economic development of a region?

Of course. Let me start with Corporate Social Responsibility. We have created one of the largest women's cooperatives in Odisha which gives financial and entrepreneurial support to more than 3,000 women in Jharsuguda. We have helped farmers learn

and utilise modern methods of agriculture. We have helped nearly 4,000 students through various interventions. The Nandghar project envisioned by our Chairman Anil Agarwal aims to transform the lives of at least 8.5 crore children and two crore women across India. Let's consider another dimension - women in manufacturing companies. A decade back, fewer women were working professionals and even lesser considered manufacturing as an option. Today, we have many smart, talented and career driven women working at our operations, and not just in softer functions like finance, HR, CSR, but in shop-floors and hard core technical operations. They run critical functions like potlines, cast house, quality assurance, power, carbon and coal.

Have you got support at Jharsuguda?

Yes, we have. Building such a mammoth operation at Jharsuguda was no small feat, and it certainly would not have been possible without the support of people. Vedanta, Jharsuguda is a fitting example of what can be achieved if companies work harmoniously with the community. We owe a lot to Jharsuguda.

What are your future plans for the company?

Our vision is very clear. We intend to contribute to making Odisha the global aluminium hub in near future. We are also looking at the potential of the metal and trying to bring world's best aluminium innovation, application, and research centres to the state, partnering the government and other primary aluminium producers. Our immediate plan is to expand our product line to include more value-added products. In the long term, we want to establish a downstream aluminium park near the mother smelter at Jharsuguda. With IIMs & IITs adding to Odisha's pool of talented professionals, our aluminium park will go a long way towards reducing brain drain from the state.



Abhijit Pati

Vedanta Ltd, Jharsuguda completed 10 years recently and you have established many milestones on the way. Looking back, how do you see your journey evolve?

I am very proud of our Jharsuguda roots. Whatever we have achieved today is because of the support we got in Odisha. We not only made aluminium, but also transformed the lives of many people in the state. We embarked on the mission to establish the world's most preferred aluminium smelting company at Jharsuguda in 2006. We tapped our first metal in March 2008 and we haven't looked back since. Within a decade, we have established Jharsuguda as home to India's only aluminium smelter, which is part of the exclusive global 'single location 1 million tonne club' of aluminium producers. We owe this success to the people of Jharsuguda and Odisha. Our SEZ smelter went into production in 2014. It was aimed at catering to the world's primary aluminium demand. Today, we have established the world's largest wire rod production facility at Jharsuguda. As of last fiscal year, we occupy a 49 per cent share in the domestic market and our global footprint spans 40 companies across 24 countries engaged in a range of applications such as automobiles, food and beverages, aviation, aerospace, electrical conductors, building and construction, among others. We employ more than 10,000 people directly and indirectly. Our CSR efforts in the fields of livelihood, health and education span 64 villages of Jharsuguda, benefiting more than 70,000 people in the district.

Has your vision of 10 years been met?

We started our operations at Jharsuguda with many hopes. If you look at how we have performed, we are still striving to be at the pinnacle of our potential. Getting a place at the coveted 1 Million Club of aluminium producers was no mean feat. We are top contributor to the state's exchequer. This is despite persistent challenges on the operational front. Over last