

# Adanis to step up aluminium play, may go for production

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Kolkata/Mumbai, 16 August

Adani Group's plans in the base metals space may be bigger than just setting up a mega alumina refinery. If the ongoing talks between the conglomerate and the Odisha government are any indication, the group is exploring an entry into the production of aluminium.

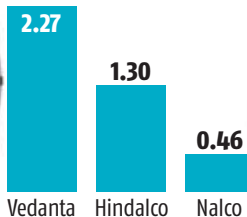
The group on Thursday announced that the High-Level Clearance Authority (HLCA) of the Government of Odisha headed by Chief Minister Naveen Patnaik had approved its proposal for two projects, including a 4-million-tonnes-per-annum (mtpa) integrated alumina refinery.

The proposed project — entailing an investment of ₹41,653 crore — would come up in Kashipur, Rayagada district. The plans for aluminium production may take shape at a different location.



## CONCENTRATED INDUSTRY

Top aluminium players in terms of output (mtpa)



Mtpa: Million tonnes per annum Source: Industry/companies

**4.1 mtpa**  
TOTAL  
PRIMARY  
ALUMINIUM  
CAPACITY

▶ STAKES RISE FOR ODISHA BAUXITE ON ADANI ENTRY **PAGE 8**

Hemant Sharma, principal secretary, the Odisha industries department, told *Business Standard* that forward integration into aluminium from alumina was under discussion with Adani Group.

“Aluminium production is highly power-intensive and needs to be located close to coal and water

resources. This will be at a different location,” said Sharma. Adani Group did not respond to an email sent by *Business Standard*.

The ₹41,653-crore investment that has been announced, however, includes just the 4-mtpa alumina refinery and a 175-megawatt (MW) captive power plant. Turn to Page 8 ▶

growth of less than 9 per cent would pose funding challenges during the festival season, when there is generally firm loan demand.

Two private lenders on Tuesday increased their marginal cost of funds-based lending rates (MCLR).

From Tuesday, Kotak Mahindra Bank's MCLR for loans ranging from overnight to three-year tenures are 7.35-8.60 per cent.

Federal Bank has announced its MCLR for overnight to one-year loans in the range of 8.25-8.50 per cent.

DCB Bank announced an offer to transfer funds abroad before August 31 and receive up to 15 paise off per rupee.

Local residents can use the 'DCB Remit' online service to transfer money through net banking to designated countries, the private bank said.

"Funds can be transferred in six currencies – US\$, AU\$, GBP, Singapore dollar, Canadian dollar and the Euro. The DCB Remit service can be availed of by registering and transferring up to US\$100,000 for DCB Bank customers and US\$25,000 for non-DCB Bank customers in each financial year," the bank said.

## Adani Group...

Alumina, it may be mentioned, is an intermediate product in the aluminium production process. While announcing the project, a statement from the group mentioned that the integrated alumina refinery – to be set up in the vicinity of potential bauxite reserves or operational mines – would produce smelter-grade (metallurgical grade) alumina, which would help India move towards



import substitution.

India is a net importer of alumina. But the Adani refinery is likely to make the country a net exporter. According to Hetal Gandhi, director, CRI-SIL Research, total alumina capacity would be 12-13 mtpa by 2027, against the domestic requirement of 10.5-11 mtpa. "With the foray of Adani Group into the alumina business, the surplus is expected to further widen by an incremental 4 mtpa, leading to India becoming a net exporter of alumina."

If the group ventures into aluminium production, it would increase competition in a highly concentrated industry, controlled by just three players – Vedanta, Hindalco, and state-run Nalco.

The league table in aluminium, in terms of output, is somewhat like this: Vedanta at 2.27 mtpa, Hindalco at 1.3 mtpa, and Nalco at 460,000 tonnes.

To produce 1 tonne of aluminium, producers require 2 tonnes of alumina. With a mtpa alumina refinery, the group may emerge as a large player in the aluminium space, mirroring its rapid rise in cement. But the routes are different. In cement, the group became the second-largest player in one shot via the acquisition of Holcim's businesses in India recently. In aluminium, the plans right now are about building from scratch and this may take time. Part of land for the refinery has to be acquired by the government. "Land is partially with the government. About 800 acre – of total 2,122-acre requirement – will have to be acquired," said Sharma.

Meanwhile, existing players have lined up expansion. According to Gandhi, total primary aluminium capacity stands at 4.1 mt and is expected to reach 5.2 mt over the next five years.

