

## **BALCO begins procedure to shut down its Aluminium Rolling Mill**

- **Falling global prices, high energy costs make operations unviable**
- **BALCO has sought permission from the Government of India to close the unit by December 8, 2015.**
- **The move will result in loss of around 1,000 direct and indirect jobs.**

**Raipur, Chhattisgarh, 14th September, 2015:** Bharat Aluminium Company Limited (BALCO), a subsidiary of Vedanta Limited has begun the official procedure to close down its Sheet Rolling Division and Foundry at Korba, Chhattisgarh. The company has issued the information to the Secretary, Labour Ministry, Government of Chhattisgarh as well as the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

BALCO has sought permission from the Government of India to close the unit by December 8, 2015. The closure will be as per the provisions laid down in ‘The Industrial Disputes Act 1947’. The shutdown of the rolling division is also a part of a restructuring exercise by BALCO. This move will result in loss of around 1,000 direct and indirect jobs.

Mr. Ramesh Nair, CEO, BALCO said, “The closure of the rolling mill is in the backdrop of a crash in global aluminium prices and the prohibitive cost of coal to run our power plants. Worldwide there has been a fall in energy cost but for BALCO the absence of linkage coal and regulatory issue for starting our coal mines is making operations economically unviable.”

Although aluminium prices have plunged globally in the last few months, power costs are rising in India, a contrarian trend making the cost of production increasingly unviable for primary aluminium manufacturers. To operate at peak capacity, BALCO requires 30,000 mt of coal. While the coal auctions have benefitted the company in terms of allocation, the new block will meet only 10% of the peak capacity.

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Aluminium prices in the global market have fallen sharply from more than \$2,200 per tonne at the beginning of 2015 to \$1,600 in the current month, making exports unviable. In India, cheap aluminium from China and Middle-East has shrunk market share of domestic aluminium producers who are already struggling with rise in input cost. A staggering 55% of domestic aluminium consumption is met through imports, forcing domestic players to operate at only 50% of their installed capacity.

Due to non-availability of bauxite and coal, the two basic raw material used in the aluminium and power complex, BALCO is now sitting on idle capacity. The company's current coal requirement of 15,000 MT to operate its power plants is being met partly by auctioned coal and partly by imports.

The Chotia Coal Mines which the company bagged in the recent auction is yet to be operational due to pending Government clearances. The new 1,200 MW Power Project, which was given clearance recently, is also struggling due to paucity of coal. On Aluminium front lack of local bauxite and dependency on imported costly raw material is making the company's produce non-competitive in the market.

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Vedanta Ltd, formerly Sesa Sterlite Ltd. /Sesa Goa Ltd., is the Indian subsidiary of Vedanta Resources Plc, a London-listed company. Sustainable Development is at the core of Vedanta's strategy, with a strong focus on health, safety and environment and on enhancing the lives of local communities. Vedanta Ltd is listed on the Bombay Stock Exchange and the National Stock Exchange in India and has ADRs listed on the New York Stock Exchange.

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