



“Everybody is going to die, but I am going to die last”



He started out as a scrap trader in Patna. Today, with a personal fortune of \$3.5 billion, **ANIL AGARWAL** is one of the richest men in the world. Over the last three decades, he has transformed the Vedanta Group into a \$14-billion minerals and metals conglomerate. He is now overseeing a mega merger of all its subsidiaries. However, his companies face challenges on a number of fronts in India, from scarce raw material to environmental hurdles. **CHAITANYA KALBAG** and **SUMAN LAYAK** spoke to him about these and many other issues. Edited excerpts:

The Sesa and Sterlite merger is about to be consummated. How will this help you face the global commodities downturn?

India has one-fifth of the world's population. Each large country has its own natural resources company. BHP is from Australia, Vale is from Brazil... It is very important to show the world as Indians we can create a natural resource company. It is amazing. You have oil and gas, you have copper, zinc, iron ore – all the metals. It is just the tip of the iceberg.

There has been quite a controversy over the merger. Is it going to help shareholders?

The promoters have not gained anything. We have appointed the best of agencies to decide (valuations). Whenever large companies merge,

there is always this question. But we have all the approvals of the majority to go ahead and merge the two companies. That is what we are doing.

Why did you go into so many areas that cause so much stress? Do you feel you made the right decisions?

It is how you look at it. Our business was mostly in the hands of the government. Now, it is moving forward. Twenty years back our sales were \$1 million and today our EBITDA will be \$10 billion.

Is the Indian government giving you enough support?

I think our democracy is under threat. We import 80 per cent of our oil. Only one company produces coal, that is Coal India. Energy security is again under threat. You know our geology is the same as Brazil and Australia and we produce about 30

per cent of the iron ore they produce. Fifty per cent of whatever iron ore we produce goes to the government. We import so much gold, we have to put in as much effort for the exploration of gold. We have tremendous phosphates in the country. We have to produce our own fertiliser. At Vedanta we are focusing on exploration so we can produce more.

You based your parent company in London several years ago. Is that helping in India?

It was a well-thought-out decision. When we listed abroad, we instantly got, in today's terms, ₹5,000 crore. From then till now we have raised almost \$20 billion, brought it back to India, put it in this country.

What are your plans for Africa?

We have a huge brand in Africa because of what we did in Zambia. We have the largest copper ore body in Zambia, and at one time 25 to 30 per cent of GDP was from our company. In Zambia, we established ourselves and put half a billion dollars in our company. We also got the opportunity to be the largest company in Namibia, which is a beautiful country. We have a zinc company there, and in South Africa again we have a zinc company. Then we are going to Liberia, where the government has invited us in iron ore. I think 25 per cent of our business will be in Africa.

Will oil and gas dominate your businesses in the next three to four years?

No, it will be balancing. We will have aluminium, copper, zinc, and oil and gas. May be oil and gas will be 10 per cent more than the others.

What is your reading of the commodities market?

The market has moved down by 25 to 30 per cent and the biggest advantage we have is that we are the lowest-cost producer – we produce the lowest-cost copper, we produce the lowest-cost aluminium, we produce the lowest-cost iron ore, we produce oil and gas at the lowest cost. I always use this phrase that everybody is going to die, but I am going to die last. We are supplying our metal mostly to Indian consumers. We are the lowest-cost producers and going forward it shows that in India, without any support of duty or anything, we can produce at the lowest cost.

Mining is becoming a problem in Goa. Ecological issues are going to be very important...

Again, what we are doing is only 10 per cent of what (you will find is being done) if you go to Brazil and Australia. Australia is a green country, Canada is a green country. Everywhere you go, you can see the beach and water and they produce the largest amount of iron ore. You know it's a question mark again for our democracy. We have to move on, we can't remain poor forever, we can't keep on importing forever. Today we have all the technology to produce these metals in the most

environmentally friendly manner.

You started very long ago in Patna. Do you still feel an emotional link to Bihar?

You see, the mindset has not changed. We still remain the same. But I belong to Bihar, I come from Bihar, I am very proud of my back-



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ground. It is a beautiful state that is coming up very well. When I was there, Jharkhand and Bihar were one state. We always look at Bihar – where we can add value in terms of education. How can we serve the children, give them education and food? I am absolutely from Bihar and am proud to be a Bihari.

What about your family? Your daughter has recently joined the board of Cairn India...

It is an institution that is being created. Vedanta is not going to remain

a family (managed) company. I do not think my children are going to run this company. It is an amazing company. The seed has been sown. Very powerful, oil and gas company, metals...this is an institution. We will make sure we get the best CEO, who has the vision, who has the technical aptitude.

What is your stretch target for your team by 2020?

Again, I am definitely not looking (at things) like that. Our business is a little different. You know it's like when you hand over to a geologist, he is like an artist. He goes and finds oil and he finds more and more oil. But we do not do it for greed. I am sure numbers are important, but numbers are by-products for this company. If we successfully discover more oil, it is a win-win for everybody. If we discover the gas well, why should we set a stretch target and make a mistake? It is better to leave it, and have competent people. I may be answering wrong but this is how I look at it.

Rajasthan had no oil and now it is suddenly producing so much oil.

And the fantastic part is that, when we took over the company, we were producing 125,000 barrels and with a plan to produce 175,000 barrels by 2014. The same people, we gave them a hug, we gave them passion and said you can do more. In no time – in three months – they started producing 175,000 barrels, reducing our import bill. When we can produce at \$3 (a barrel) and we buy at \$110 – and our hard-earned money is being sent out – it is not acceptable. So, let us put more effort.

Why did you decide to call this company Vedanta?

My mother's name is Ved. So, that was out of respect. Vedanta is not just an Indian name. It is ultimate knowledge.♦