



Hindalco Industries Limited

Performance Review

Q1 FY08

31st July 2007

ADITYA BIRLA GROUP

The background features a large, semi-circular watermark of the Aditya Birla Group logo. The logo consists of a sunburst design with rays emanating from a central point at the bottom, set against a circular backdrop. The colors are muted, appearing in shades of light blue, grey, and white.

Highlights & Backdrop

ADITYA BIRLA GROUP

- Novelis acquisition completed on 15th May. New Board taken charge
 - Financing at Novelis and Hindalco completed.
- Hindalco to acquire 45% Alcan's stake in Utkal
- MOC allotted Tubed coal block for Lathehar project to be shared with Tata Power in 60:40 ratio.
 - With this captive coal mine allotted to all the three Aluminium projects.
- Aditya aluminium received the final approval for SEZ status
- Projects progressing as per schedule
 - Hirakud phase I completed, phase II to be commissioned by Mar'08, Muri to be commissioned in Q3 FY08, HAAL to be completed by H1FY09.
- All round increase in production.

Adverse macro economic conditions affected the business,

- INR appreciated 9.1% against US\$ from Rs. 45.77/\$ during Q1 FY07 to Rs. 41.49/\$ during Q1 FY08. Reached 9 year high of 40.28/US\$ on 11th May'07.
- Alumina spot price down by 36% from US\$550/Mt during Q1 FY07 to US\$352/Mt during Q1 FY08
- Aluminium Customs duty down from 7.7% to 5.7% and copper duty differential down from 4.5% to 3.1%.
- Average Aluminium prices down by 6% YoY in INR terms from Rs.121428/T to Rs 114587/T due to appreciating rupee inspite of dollar LME going up by 4%.

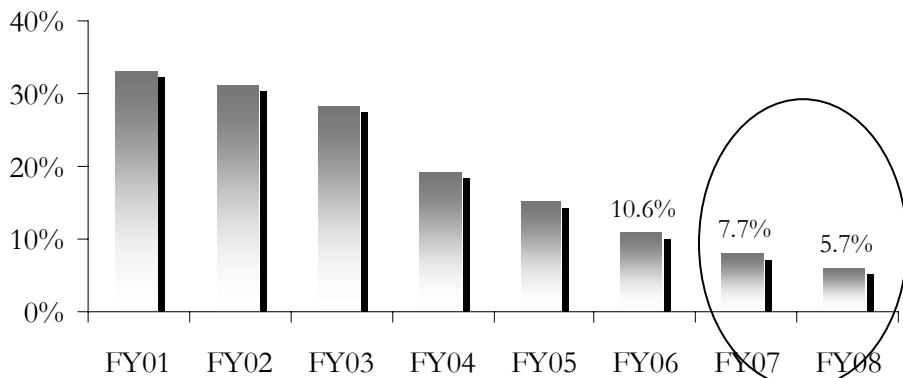
However

- Copper TC/RC up from 28.8 c/lb to 31.22 c/lb though, this is not sustainable for the balance period.
- Copper spot prices averaged 7507/T vis-à-vis 7083/T in Q1 FY06, rising 6% YoY. However, Copper LME is a pass through for us.
- Higher DEPB benefit of Rs.10 Cr during the quarter.

Backdrop : Domestic Macro Trends - FY08

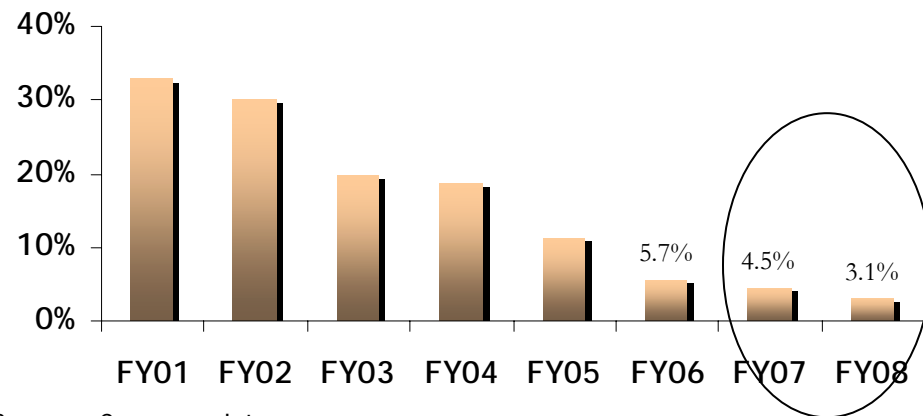


Aluminium import duty



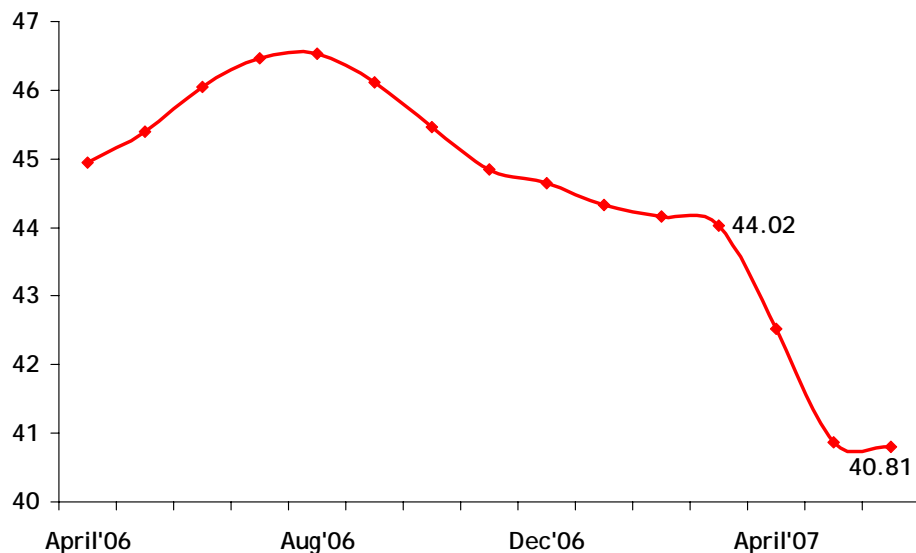
Source : Company data

Copper Duty Differential



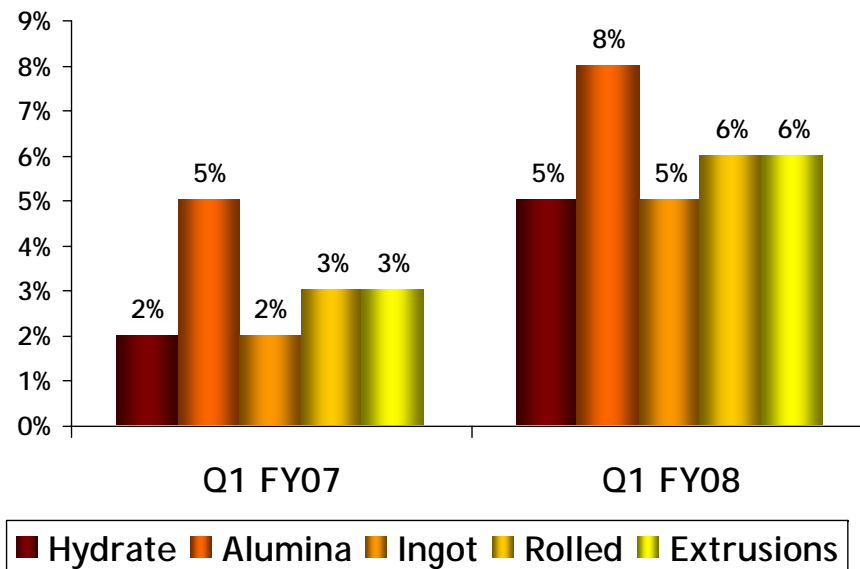
Source : Company data

Indian Rupee remains strong



Source : Company data

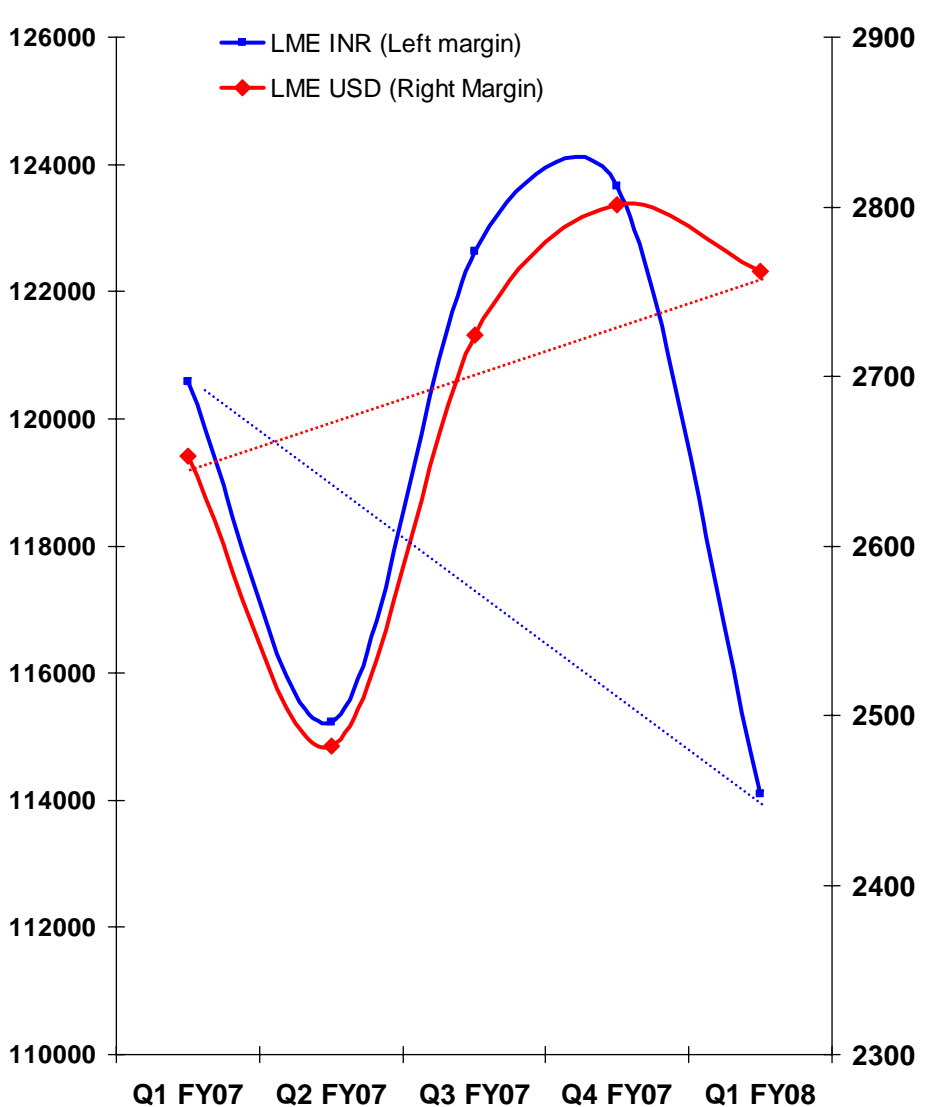
Improved DEPB



Source : Company data

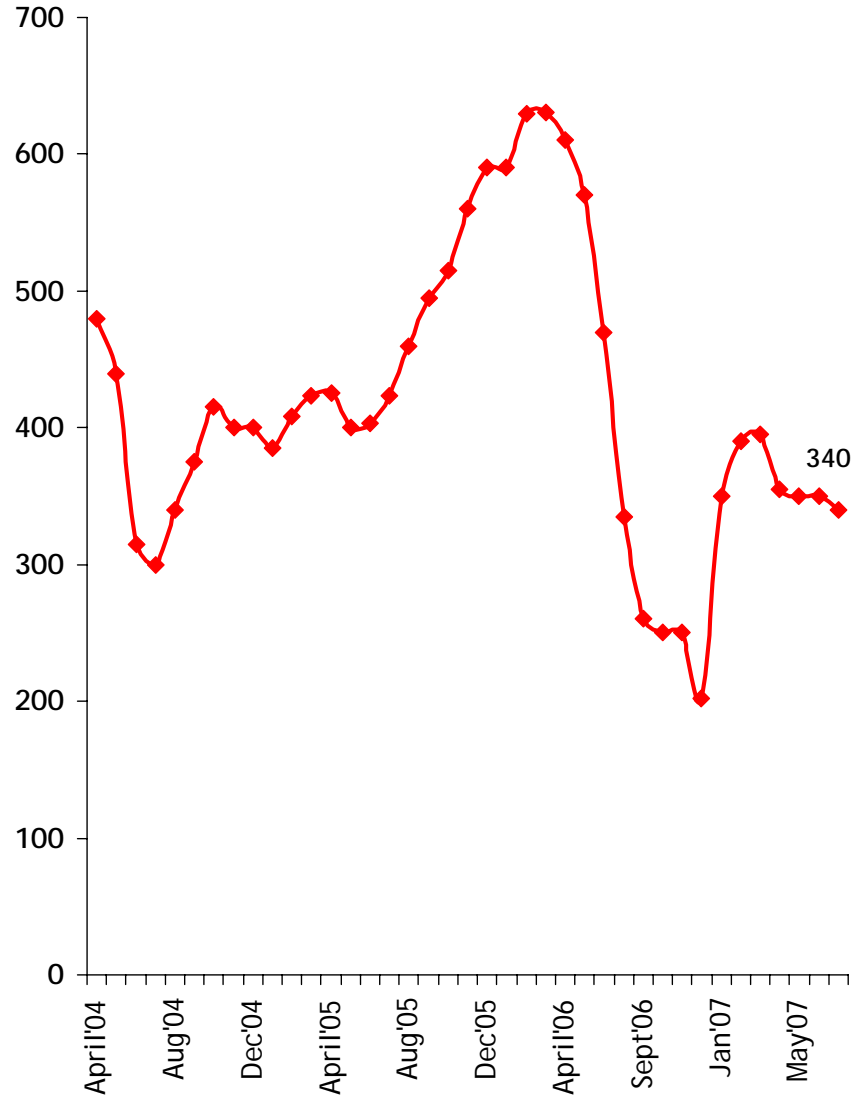
Backdrop : Global Macro Trends

Even with higher LME, Aluminium price has fallen in INR terms



Source : Company data

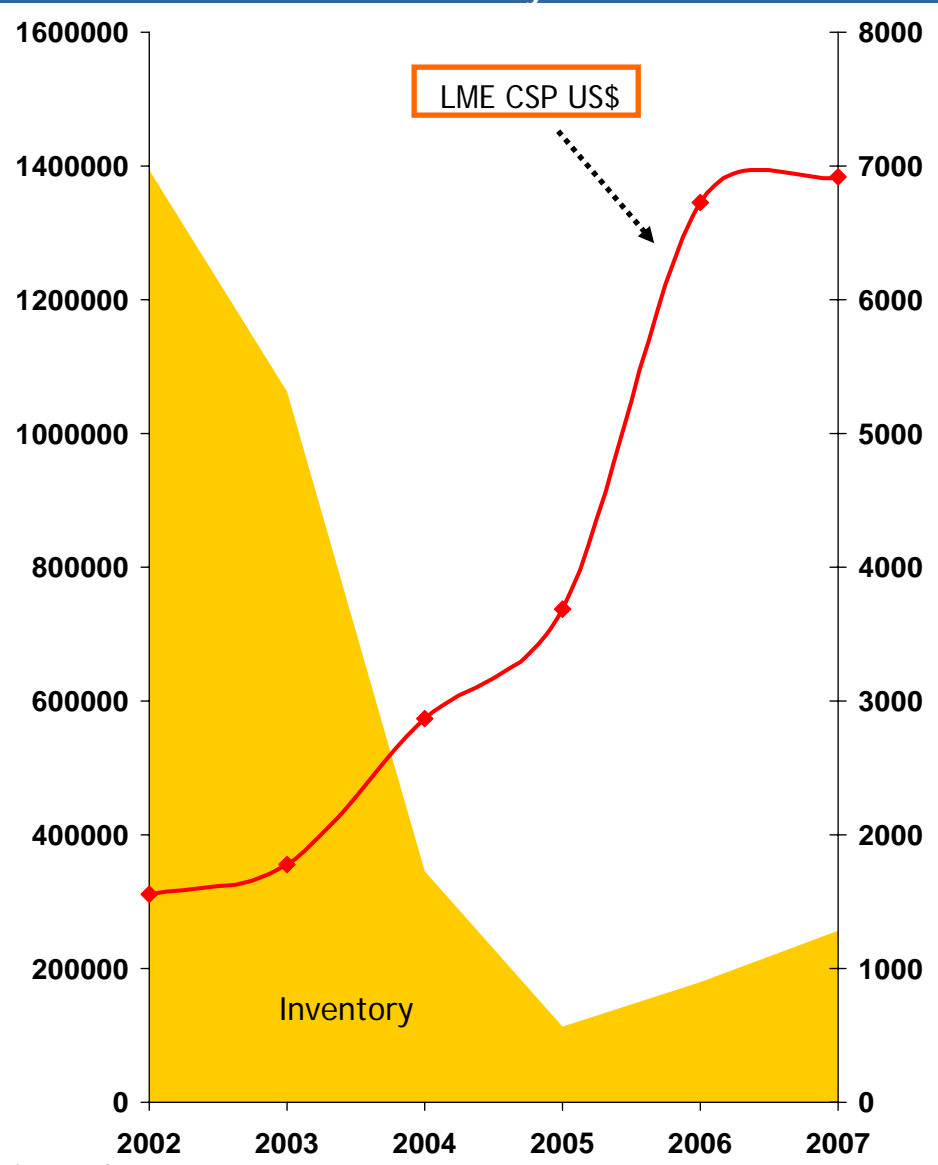
Alumina prices down significantly compared to Q1 FY07



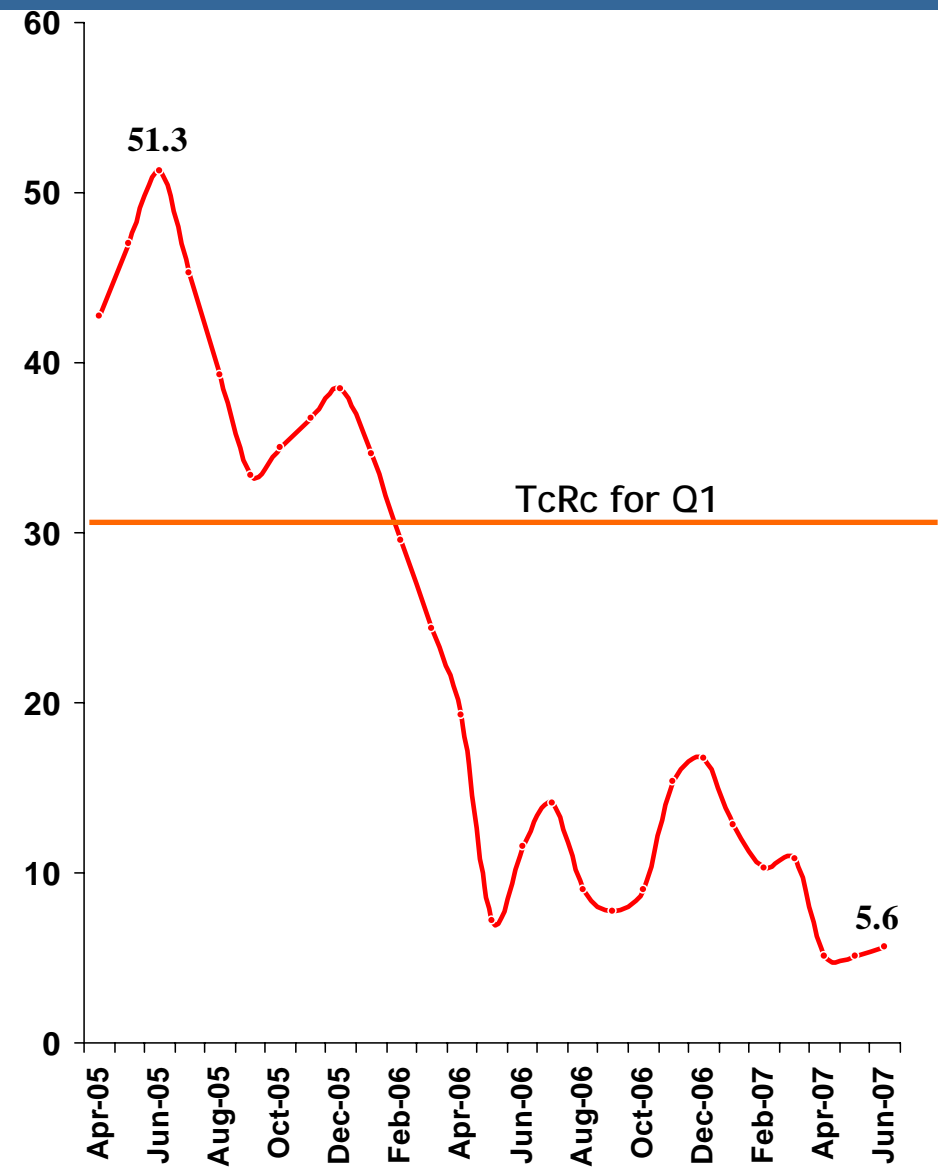
Source : CRU

Backdrop : Global Macro Trends

Copper prices remain at high levels with low inventory



Weakening Spot Tc/Rc



Source CRU

Adverse macro-economic factors were neutralised by.....



- Timely progress of Brownfield expansion resulting in availability of more metal
 - The Hirakud expansion (stage I) upto 100 Ktpa completed on time
 - Successful Cu-III ramp-up resulting in anode production increase of 21 Kt during Q1 FY08

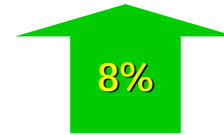
- Continuous sweating of assets without any major capex-
 - Higher metal production at Renukoot (10540 TPA) coupled with higher utilisation of newly acquired assets at Mouda and Sangam press at Renukoot .

- Controlling the Input cost -
 - Appreciable improvement in the linkage coal quality received at Renusagar.
 - Identified new source for Gibbsite Bauxite in MP for Renukoot. This has replaced Gujarat bauxite.

Q1 FY 08 at a Glance

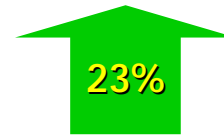


Aluminium production at 116169 T



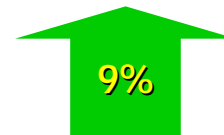
Best ever

Copper cathode Production at 79,234 T



Amongst the Best

Strong Revenue growth: Rs.4,678 Crores



Amongst the Best

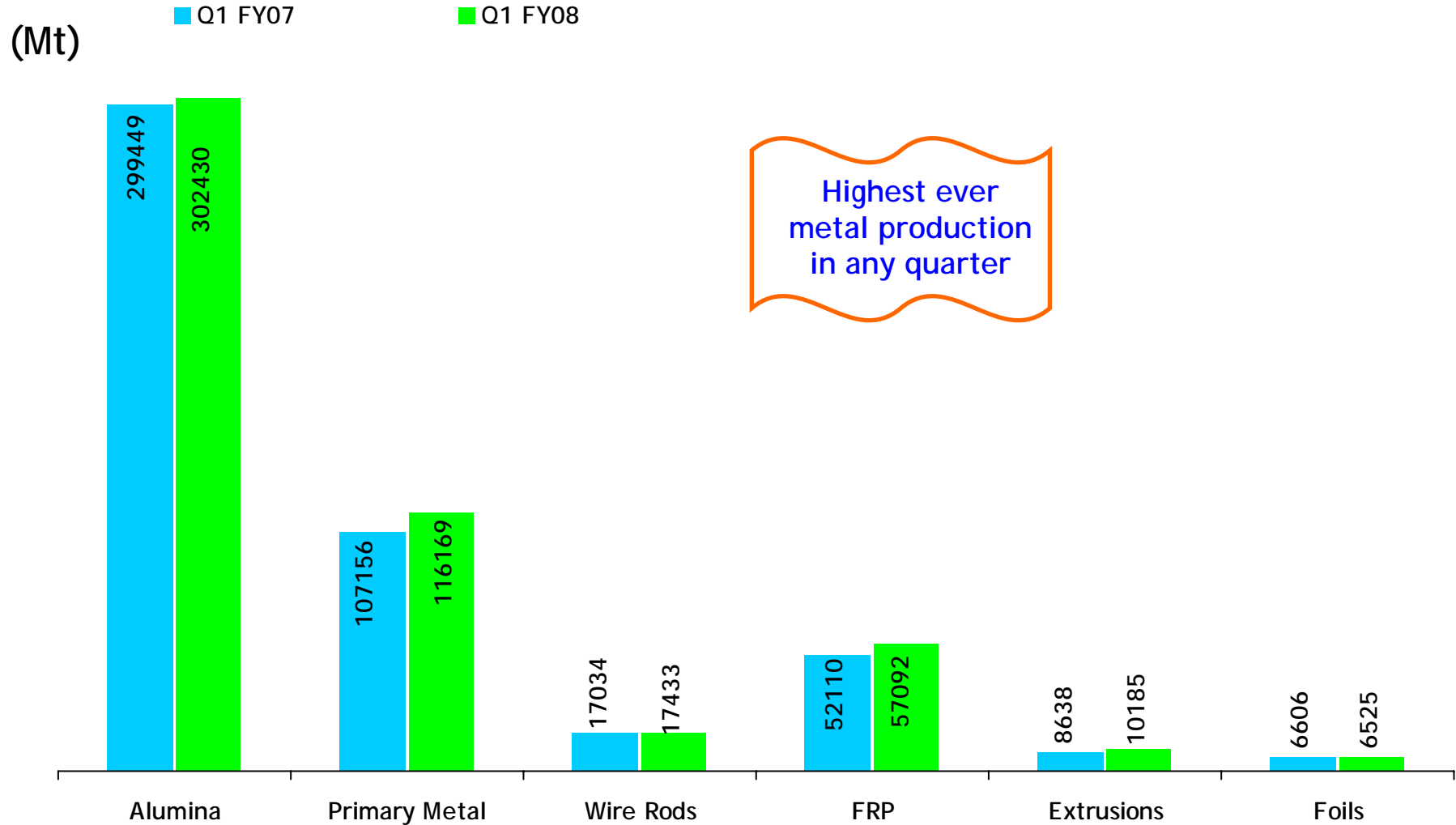
Net Profit maintained at Q1FY07 level at Rs. 603 Crores despite adverse business environment.

Financial Highlights - Q1FY08



	Q1 FY08 (Rs. Crs)	Change (%)
Net Sales & Operating Revenue	4,678	9%
Pre-tax profits	810	0%
Net Profit	603	0%
EPS (Rs/\$ Per Share)	21.8	-10%

All round increase in production.



Source: Company Data

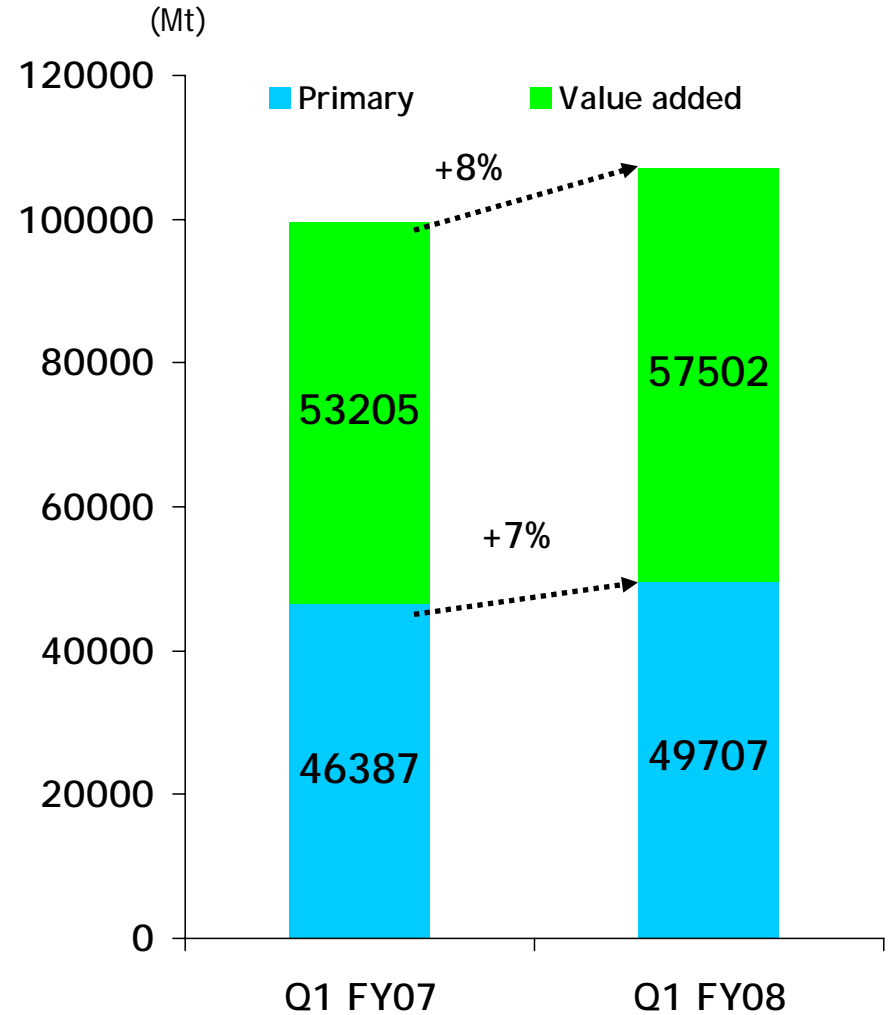
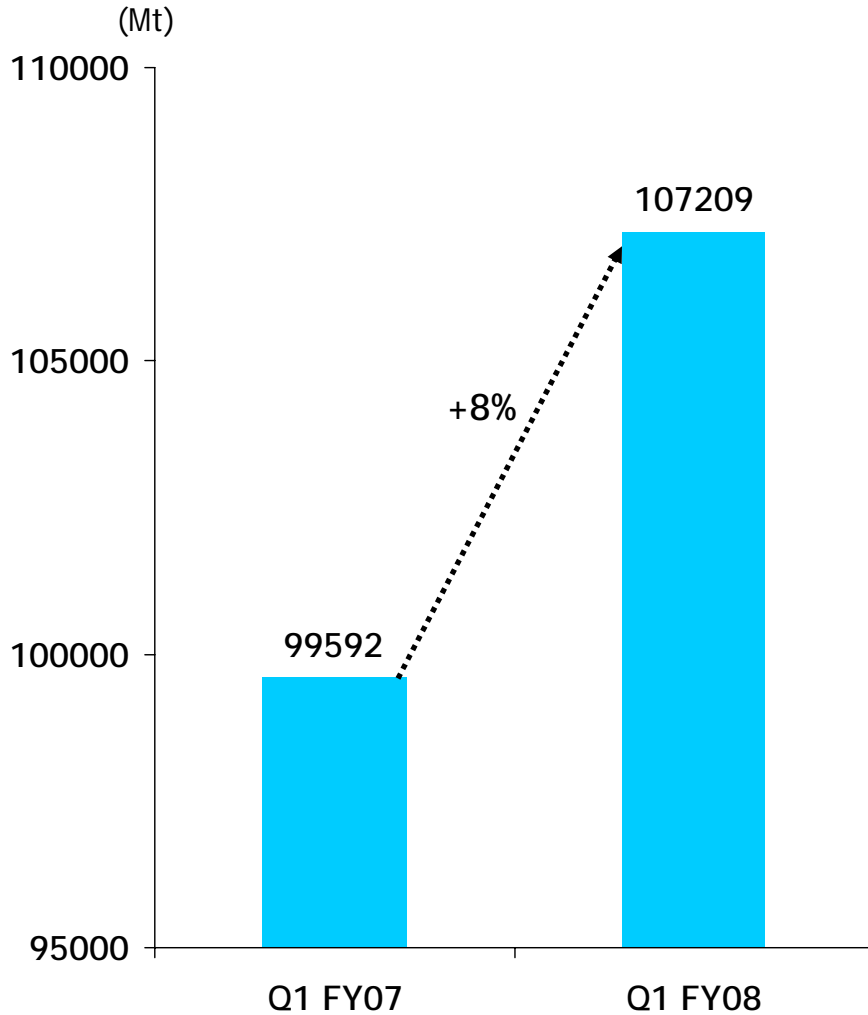
Consistently high capacity utilisation.

Sales volume



Significant improvement in Aluminium sales volume

With higher value added proportion



Copper - key levers of performance.....



- ❑ Cathode production up at 79 KT (23 % higher than Q1 FY 07)
- ❑ LME Backwardation has come down from US\$108/t to 64 \$/t in Q1 FY 08 (for 3M spread).
- ❑ Copper cathode sales was up at 78KT (19 % higher than Q1 FY 07)
 - In Q1 FY 08 Domestic market share increased to 48 % from 46 % in Q1 FY 07
- ❑ Better realization due to improved product mix.
- ❑ Benefits of Duty differential has been reduced from 4.49 % to 3.14 %

The background of the slide features a large, semi-circular logo of the Aditya Birla Group. The logo is composed of a central vertical line with multiple triangular rays extending outwards, creating a sunburst or fan-like effect. The colors of the logo are a mix of light yellow, light blue, and light red, all set against a dark red background. The text 'Detailed Financials' is centered within a dark red rectangular box that has a slight 3D effect.

Detailed Financials

ADITYA BIRLA GROUP

Drivers of Performance : Q1 FY08

Particulars	Unit	Q1 FY08A	Q1 FY07A
Al LME	\$/t	2,762	2,653
Re. / USD	Rs.	41.49	45.77
Al. Basic Customs Duty	%	5.0	7.5
Domestic Ingot Realisation	Rs/t	121,355	124,312
Std Alumina Realisation	\$/t	369	596
Copper Tc/Rc	c/lb	31.2	28.8
Cu LME	\$/t	7,507	7,083
Cu Duty Differential	%	3.14	4.49

Detailed Financial Results Q1 FY08



Rs.Crs.	Q1 FY08 A	Q1 FY07 A	% change
Net Sales	4,677.9	4,273.7	9%
Total Expenditure	3,793.6	3,340.4	14%
Other Income	124.6	77.6	61%
PBDIT	1,008.9	1,010.9	0%
Depreciation	142.8	134.1	7%
PBIT	866.1	876.8	-1%
Interest & Finance Charges	56.2	63.4	-11%
Profit Before Tax	809.9	813.5	0%
Provision for Taxes	207.0	212.0	-2%
PAT	602.9	601.5	0%
Annualised E.P.S. (Rs.)	21.8	24.4	-10%

A large, stylized sunburst logo in shades of yellow and orange, centered in the background. The sunburst consists of multiple triangular rays radiating from a central point at the bottom. A dark red horizontal bar is superimposed over the center of the sunburst.

ALUMINIUM

ADITYA BIRLA GROUP

Aluminium: Production Performance - Q1 FY08



	Unit	Q1 FY08A	Q1 FY07A	% Change
Alumina	MT	302,430	299,449	1.0%
Metal	MT	116,169	107,156	8.4%
Wire Rods	MT	17,433	17,034	2.3%
Rolled Products	MT	57,092	52,110	9.6%
Extrusions	MT	10,185	8,638	17.9%
Foil	MT	6,525	6,606	-1.2%
Alloy Wheels	Nos.	44,576	46,106	-3.3%
Power	MU	2,164	1,961	10.4%

Aluminium: Sales Revenues - Q1 FY 08

Sales Revenue	Unit	Q1 FY08A	Q1 FY07A	% Change
Alumina	Rs.Crs.	713	183	-11%
Primary Metal	Rs.Crs.	393	368	7%
Wire Rod	Rs.Crs.	219	222	-1%
Rolled Products	Rs.Crs.	610	573	7%
Extrusions	Rs.Crs.	152	129	18%
Foils	Rs.Crs.	130	134	-3%
Wheels	Rs.Crs.	10	9	4%
Others	Rs.Crs.	77	37	107%
Net Sales	Rs.Crs.	1,754	1,654	6%
<i>Of which Exports</i>	<i>Rs.Crs.</i>	<i>350</i>	<i>382</i>	<i>-8%</i>

Aluminium: Sales Volumes - Q1 FY 08



Sales Tonnage	Unit	Q1 FY08A	Q1 FY07A	% Change
Alumina	MT	76,572	68,517	12%
Primary Metal	MT	32,390	29,752	9%
Wire Rod	MT	17,317	16,635	4%
Rolled Products	MT	42,151	38,662	9%
Extrusions	MT	9,582	8,116	18%
Foils	MT	5,769	6,427	-10%
Wheels	Nos	46,473	46,582	-0.2%

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COPPER

ADITYA BIRLA GROUP

Copper : Production Performance - Q1 FY08



Production	Unit	Q1 FY08	Q1 FY07	% Change
Copper Cathodes	MT	79234	64670	22.5%
CC Rods	MT	34094	27305	24.9%
DAP/NPK	MT	36220	72502	-50.0%

Copper: Sales Revenues - Q1 FY 08 Rs. Crs.



Product	Q1 FY 08	Q1 FY 07	% Change
Copper Cathodes	1448.5	1335.3	8.48%
CC Rods	1124.0	885.2	26.97%
DAP/NPK	56.1	117.4	-52.25%
Sulphuric Acid	17.4	10.2	70.42%
Gold	152.3	243.6	-37.50%
Silver	17.3	17.1	0.82%
Others	110.6	12.8	
Total Sales	2926.2	2621.7	11.61%
(FOB)	1328.9	1198.9	10.85%

Copper : Sales Volumes

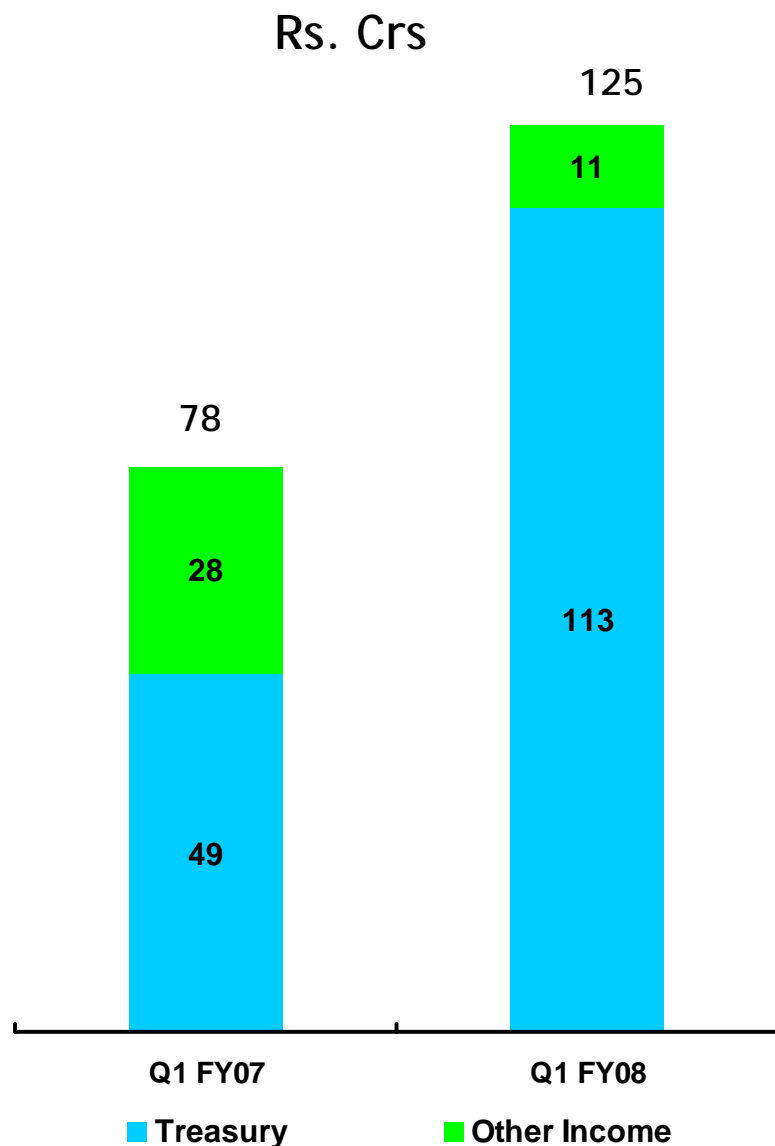
Sales Volumes	Unit	Q1 FY08	Q1 FY07	% Change
Copper Cathodes & Others	MT	44688	38013	17.56%
CC Rods	MT	33729	27571	22.34%
DAP/NPK	MT	37656	73700	-48.91%
Sulphuric Acid	MT	172653	106672	61.85%
Gold	Kg	1730	2712	-36.21%
Silver	Kg	9477	9065	4.54%

Company Results



Rs.Crs.	Segment Information		Company Information					
	AI EBIT	Cu EBIT	Interest	Other Income	Unallocable expenses	PBT	Tax	PAT
Q1 of FY07	712.5	97.8	-63.4	77.6	-11.0	813.5	-212.0	601.5
Q1 of FY08	642.3	112.3	-56.2	124.6	-13.1	809.9	-207.0	602.9
Change	-70.2	14.5	7.2	47.0	-2.1	-3.6	5.0	1.4

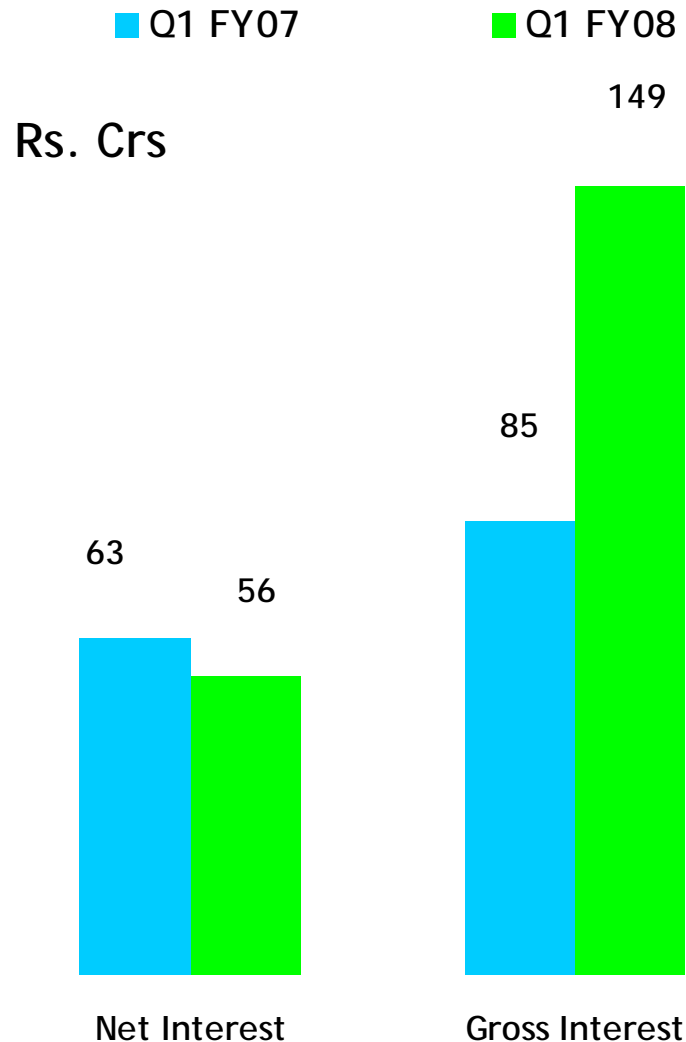
Other Income - Q1 FY08



Other Income Higher than Q1 FY07 due to

- Higher Average Treasury (due to cash profits, rights and preferential issue and net of Novelis investments) Rs.4932 Crs. vs. Rs.3455 Crs. in Q1 in last year.
- Higher pre-tax treasury yield at 11.86% against 8.70% in corresponding quarter of last year.
- Booking of carried forward gain on FMP's
- In last year other income include interest on income tax refund Rs.16.2 Crs.

Interest & Finance Charges - Q1 FY08



Net interest and finance charges lower than last year due to

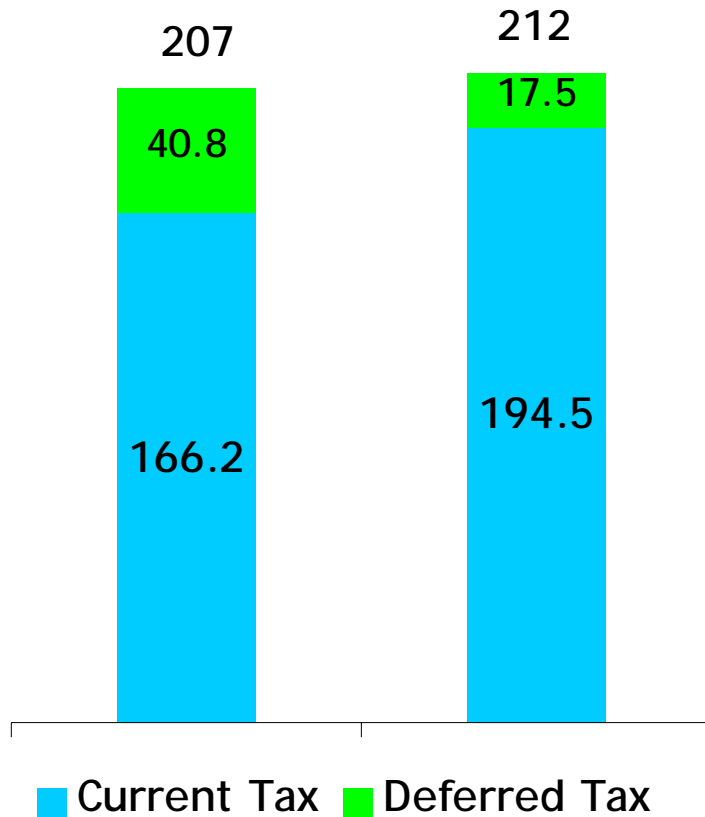
- Increase in working capital requirement of Birla Copper financed out of own funds and decrease in interest rate for foreign currency borrowing due to weak dollar.
- Capitalisation of interest on rupee syndicated loan
- Repayments of loans

Average interest rate increased from 6.56% to 7.37%

Taxes - Q1 FY08A vs. Q1 FY07A



Rs. Crs



Provision for Taxes against Q1 FY07

marginally lower mainly due to :-

- Decrease in effective tax rate due to proportionately higher exempt income.
- Current tax reduced and Deferred tax increased due to increased depreciation on major capitalization.