Hindalco Industries Limited

Q3 FY10

Investors Presentation

25th January'10

Highlights

❖Excellent Production Performance during Q3, FY10

Aluminium at 142 Kt

Alumina at 340 Kt

Wire rod at 23 Kt

Best Ever

❖ Highest-ever 9-month production of alumina, aluminium and copper cathodes

❖YOY

- ❖ Aluminium production up 5%
- ❖ FRP production up 34%
- ❖ Copper production up 22%

❖Successfully completed the QIP for US$600 Mn

❖Advance implementation of AS-30 to reduce volatility in Cu reported results

Stock performance post QIP

Key investors

JF Asset Management

PRUDENTIAL Asset Management

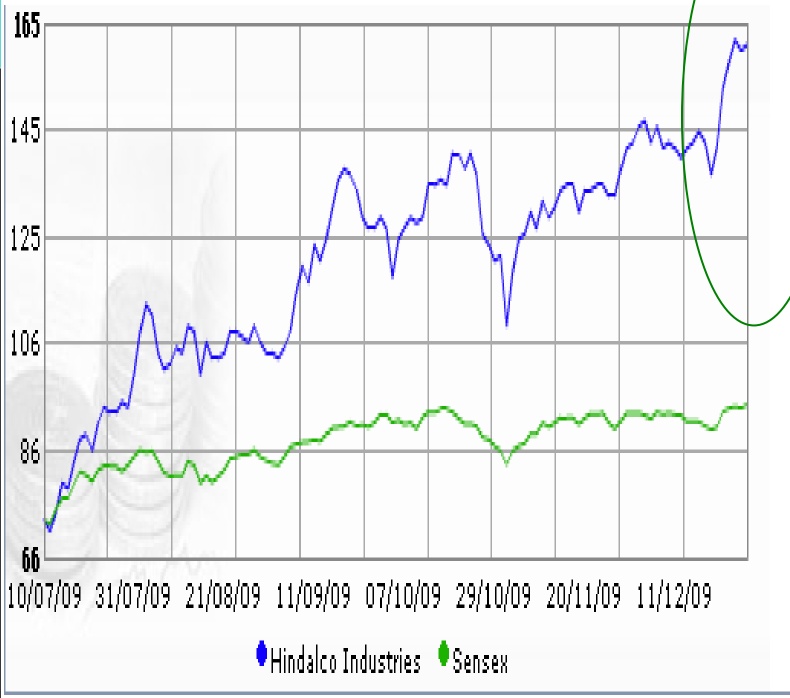
Morgan Stanley

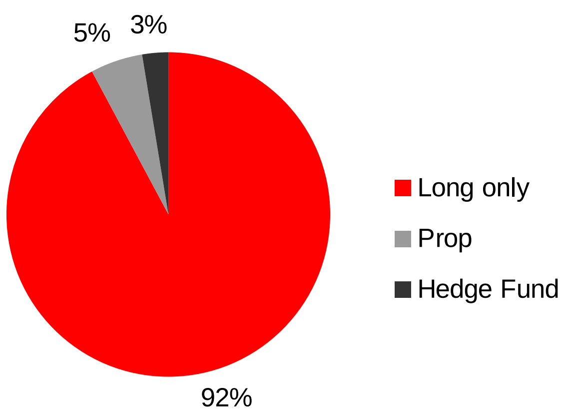
FRANKLIN TEMPLETON INVESTMENTS

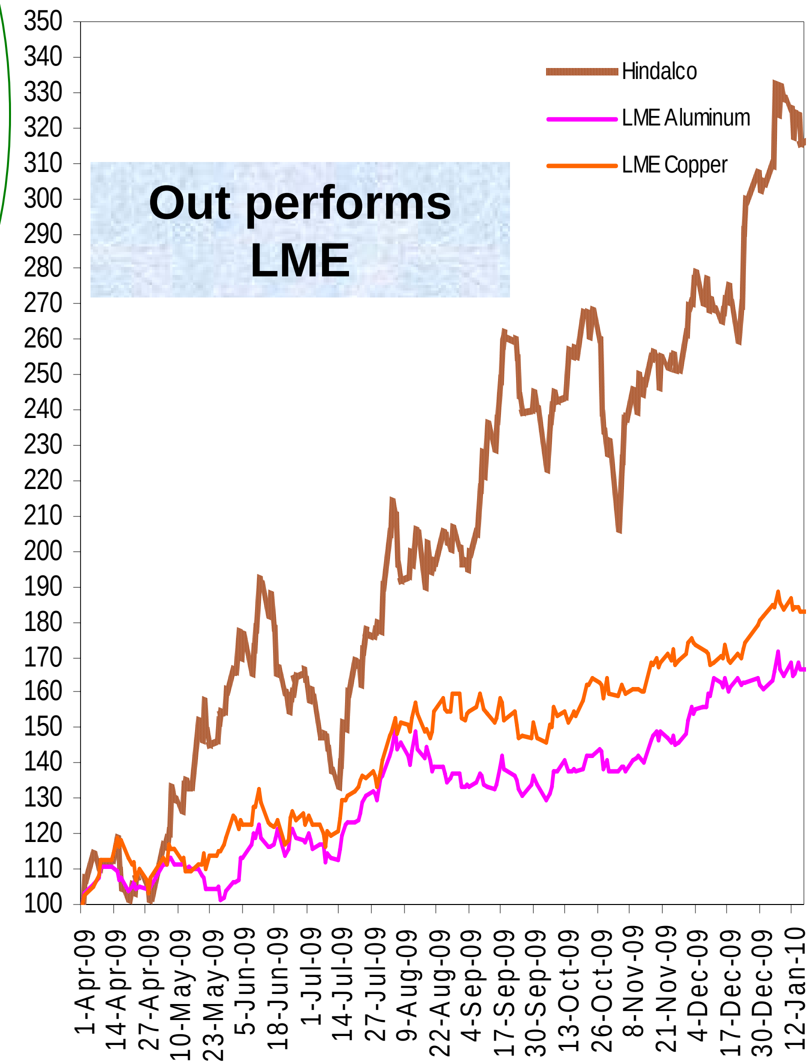
ICICI PRUDENTIAL LIFE INSURANCE

RELIANCE Mutual Fund

Colonial First State





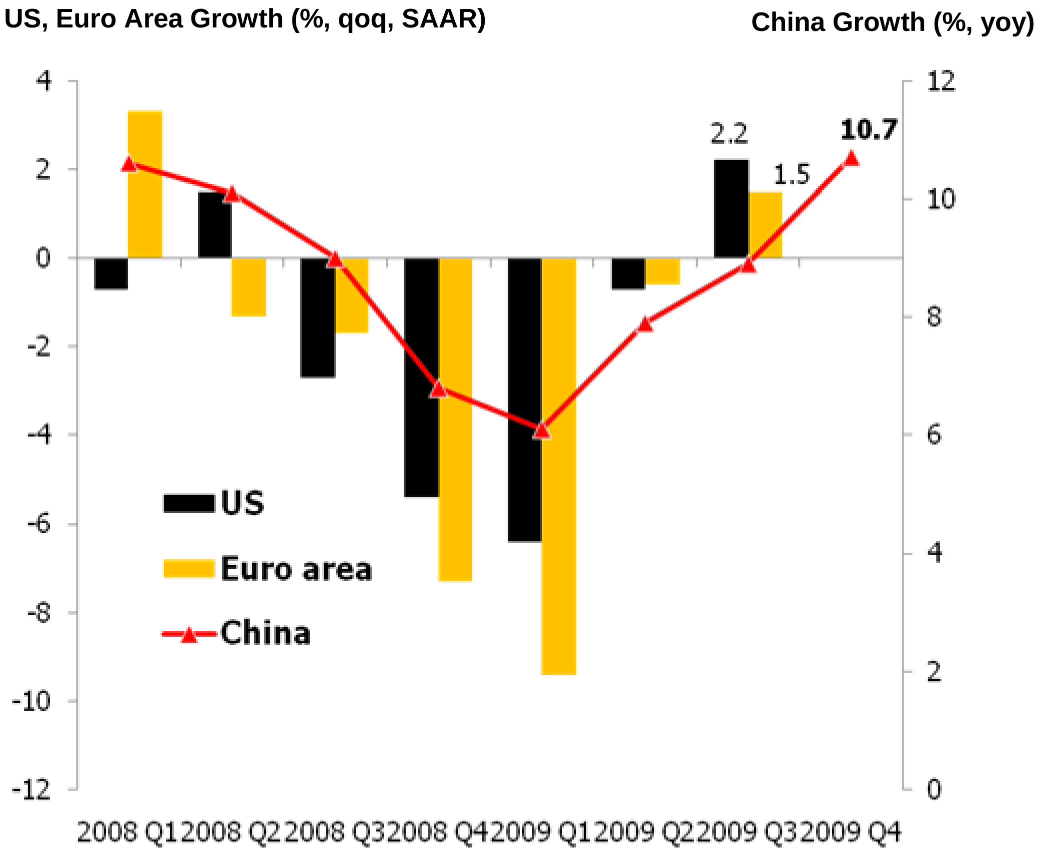


Quality Investors

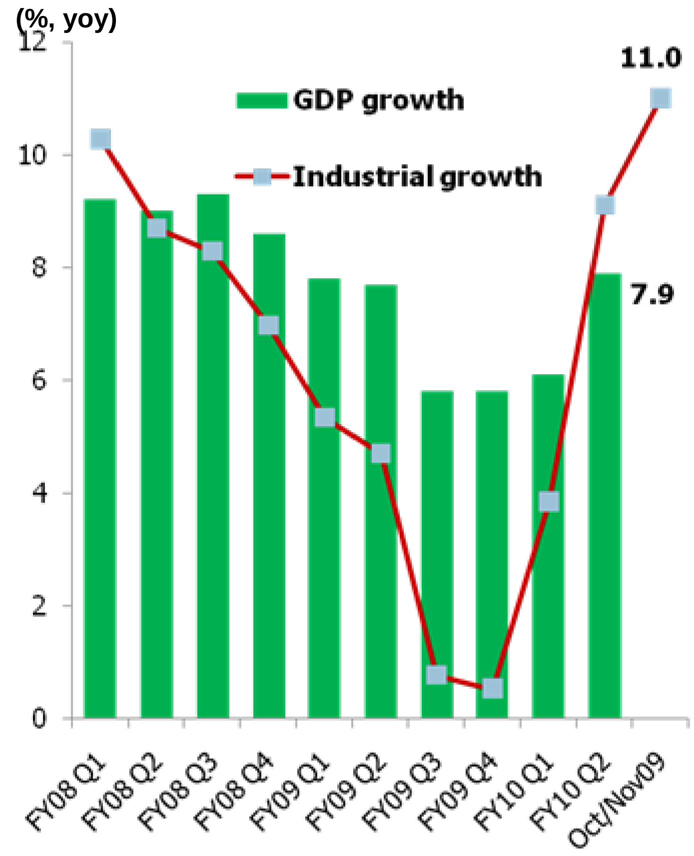
- **Fully marketed deal with well communicated Novelis Turnaround Story + Hindalco strength**

Backdrop: World Economy is gradually recovering

GDP growth- Major economies



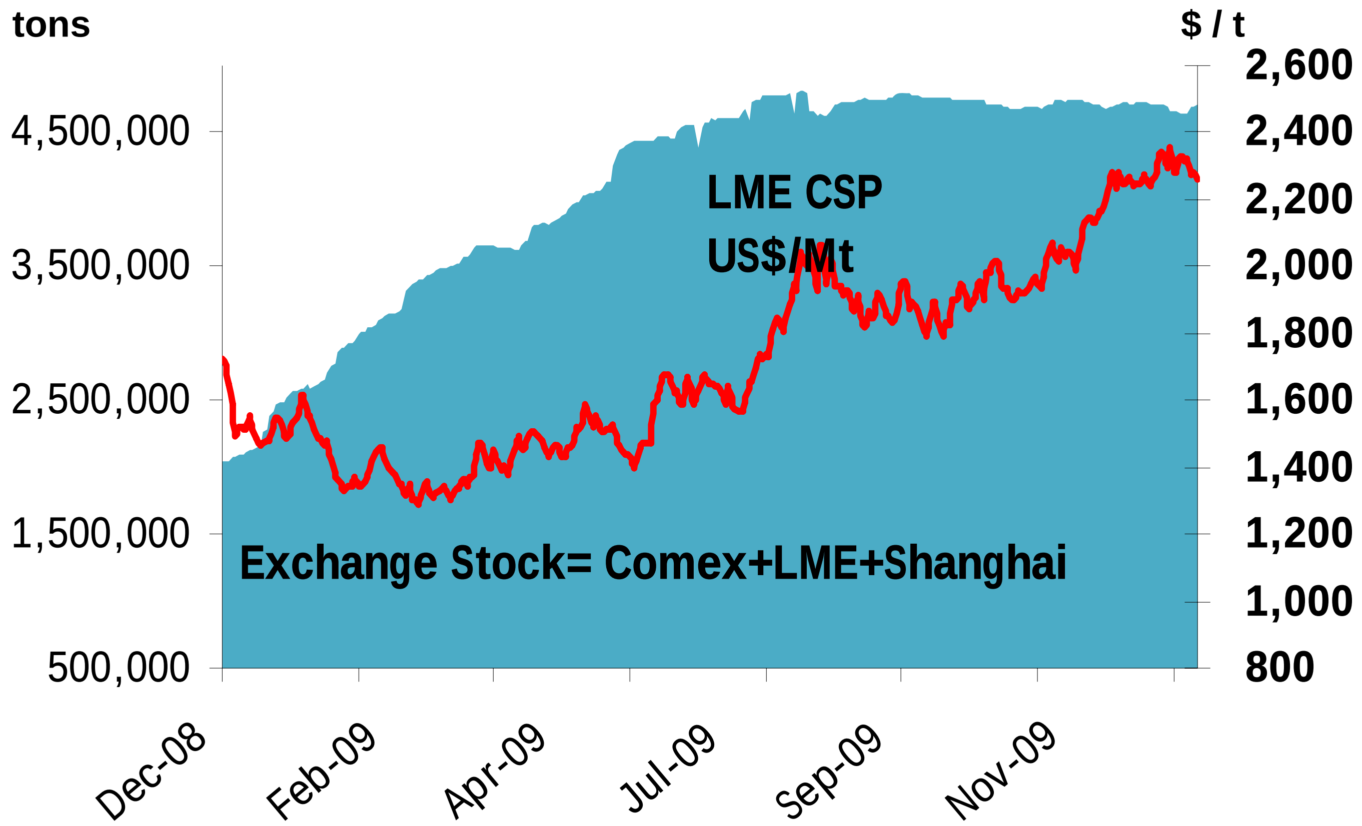
India growth



Growth in India and China is getting close to pre-crisis levels, while that of OECD countries is just turning positive

Business Conditions: Aluminium in recovery mode

Aluminium Exchange stock plateauing out, though still at high levels.



Business Conditions:

Drivers	Q3 FY 09	Q3 FY 10	Impact
LME Average Al ($/ton)	1,821	2,002	⬆
LME Average Cu ($/ton)	3,905	6,648	⬌
Re/USD	48.76	46.64	⬇
Tc/Rc (Jap benchmark) $/C	45/4.5	75/7.5	⬆

In Aluminium, LME gain partially negated by adverse currency movement

Benchmark Tc/Rc were higher but spot Tc/Rc now at historic low levels

Hindalco Strategy: Dealing with the downturn

Challenges		Actions
Cost Push	→	Sweating of Assets, Focus on Key raw materials
Low LME	→	Better product & geographical mix
Cash Generation	→	Working Capital reduction
Volatility	→	Robust Risk management practice &Early adoption of AS 30

Hindalco emerged relatively stronger from the economic downturn

Hindalco Financials -YOY

Rs Crores	Q3 FY09	Q3 FY10	Change (%)	9 M FY09	9M FY10	Change (%)
Net Sales	4,117	5,315	29%	14,448	14,132	-2%
EBIDTA	779	748	-4%	2,722	2,115	-22%
PBT	675	557	-18%	2,532	1,590	-37%
PAT	545	427	-22%	1,962	1,252	-36%
EPS	3.37	2.41	-28%	13.61	7.26	-47%

On early adoption of AS-30, the figures of the current periods are not comparable with corresponding periods in the previous year

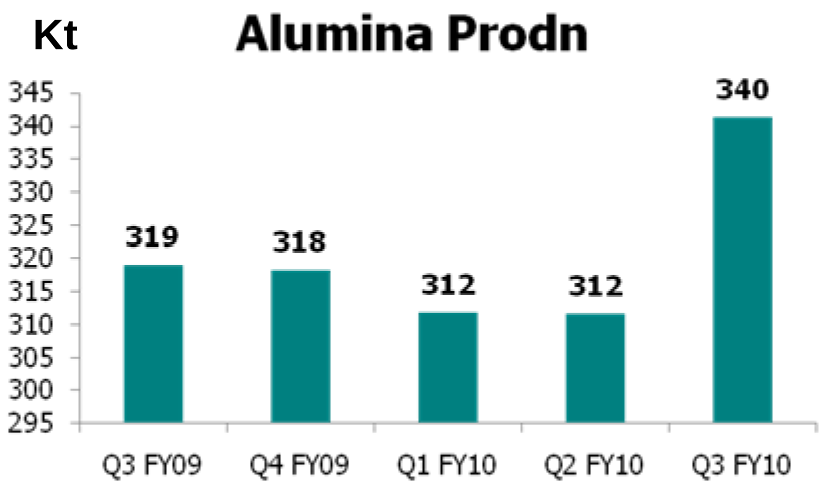
- ***For nine months ended Dec2009***
- ***Lower other income of Rs. 100 crs, primarily on account of lower treasury corpus following repayment of Novelis' bridge loan***
- ***Impact of lower primary Aluminium realisation YTD Rs.(1100) crores***
- ***Impact of lower By-product Credit YTD Rs. (700) crores***

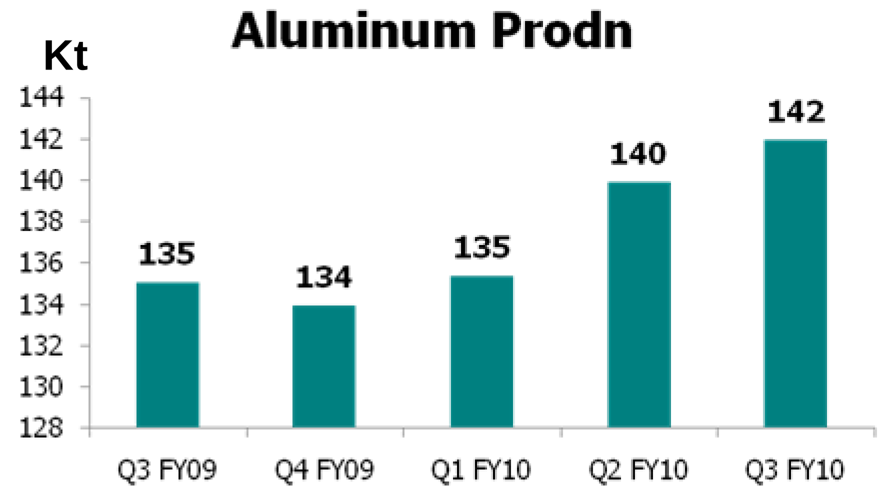
Hindalco Financials – Sequential

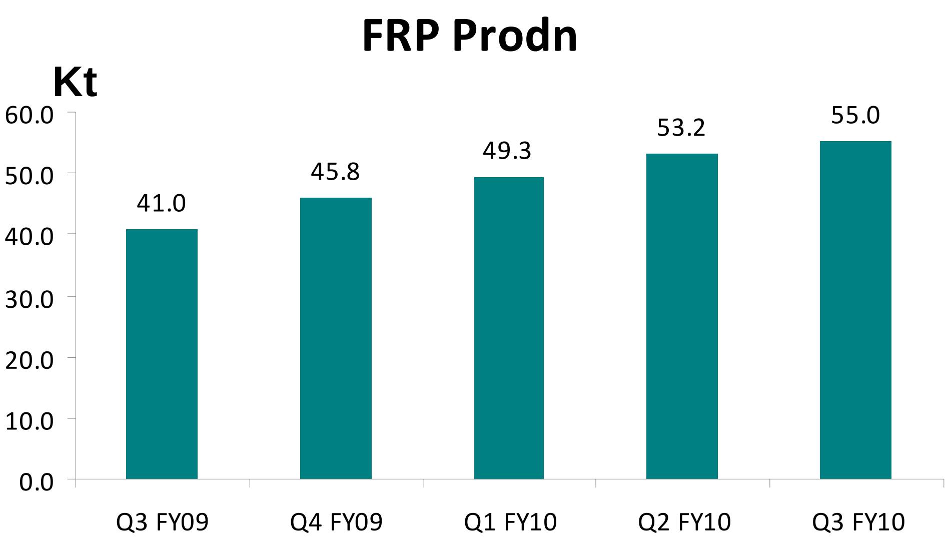
Rs Crores	Q2 FY10	Q3 FY10	Change (%)
Net Sales	4,917	5,315	8%
EBIDTA	609	748	23%
PBT	434	557	28%
PAT	345	427	24%
EPS	2.02	2.41	19%

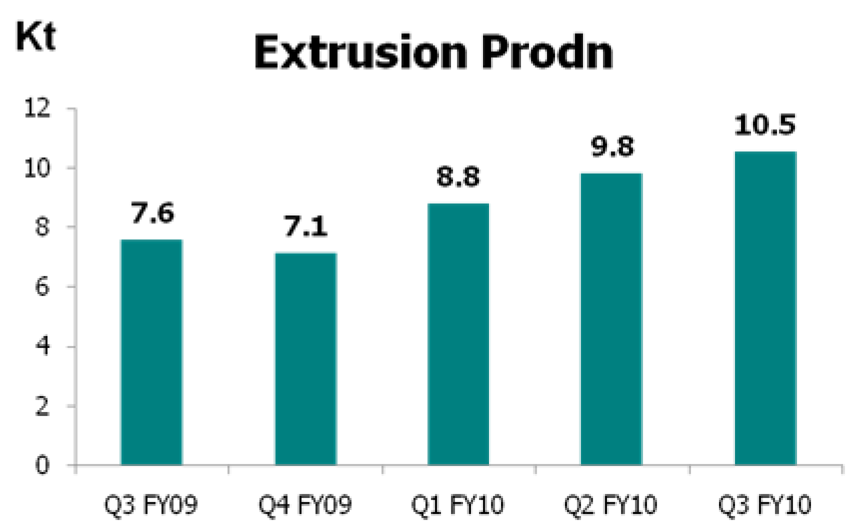
Aluminium Business Performance

Brownfield expansion and sweating of assets led to improved production volume









Aluminium: Sequential Performance

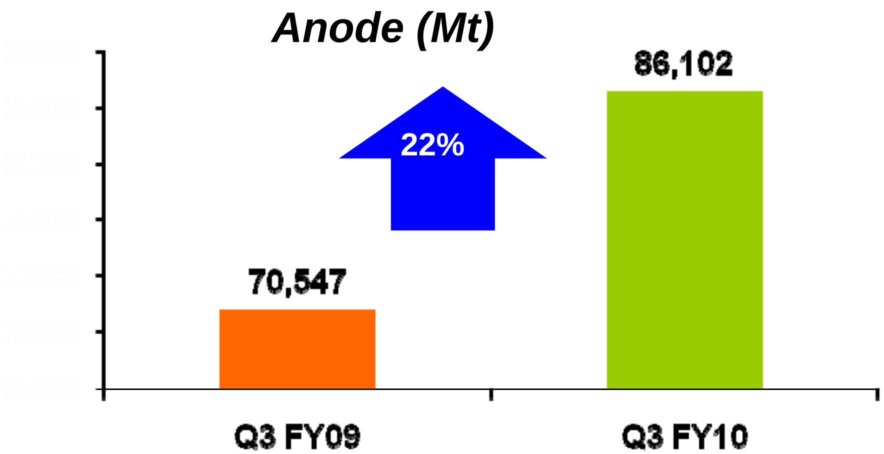
Rs Crores	Q2 FY10	Q3 FY10	Change
Net Sales & Operating Revenue	1650	1885	14%
EBIT	259	438	69%

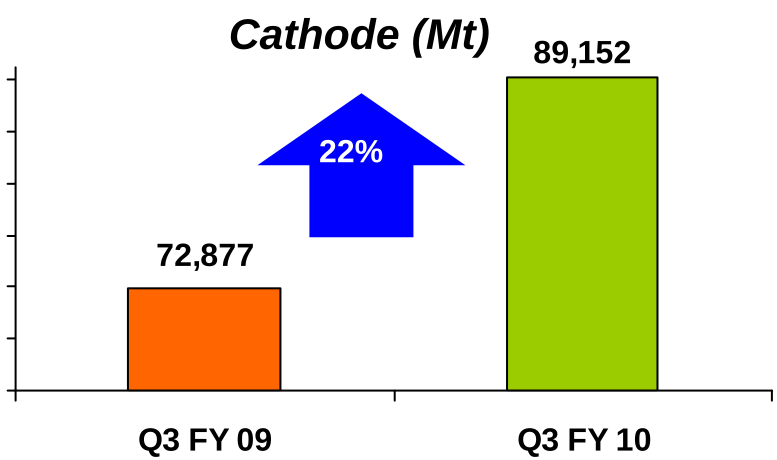
Aluminium: Y-o-Y Performance at a glance

Rs Crores	Q3 FY09	Q3 FY10	Change
Net Sales & Operating Revenue	1,980	1,885	-5%
EBIT	530	438	-17%

Copper Business Performance

Continuous improvement in operational performance





•Improved efficiency leading to lower conversion costs

&

•Value extraction from By-products

•Gypsum Sale

•Slag beneficiation

Helped in Offsetting the negative impact of sharp fall in Byproduct prices

Copper: Sequential Performance at a glance

Rs Crores	Q2 FY10	Q3 FY10	Change
Net Sales & Operating Revenue	3269	3432	5 %
EBIT	217	159	-27 %

Copper: Y-o-Y Performance at a glance

Rs Crores	Q3 FY09	Q3 FY10	Change
Net Sales & Operating Revenue	2,139	3,432	60 %
EBIT	116	159	38 %

Projects

Hirakud Smelter and Power Plant Expansion

Smelter Expansion	**Capacity increase from 155 to 213 KTPA through two projects** **1) 28 Pots – 80 KA** **2) 80 Pots – 235 kA**
Power Plant Expansion	Capacity to increase to 467.5 MW by Addition of 100 MW.
<u>80 Pots –Status Update</u>	
First Metal	Oct' 2011
Technology	GAMI Design
Progress	1.Land Acquisition completed & Statutory clearances obtained. 2. Technology agreement finalized with GAMI. 3. Project activities in progress at site.
<u>28 Pots –Status Update</u>	
First Metal	July'2010
Progress	Equipments like Pot-shells, Bus bars, crane have started arriving at site and erection started.

Greenfield Project – Mahan Aluminium

Engineering	**Basic Engineering - 90% Complete, Detailed Engineering-50% Complete**
Statutory approvals	Major approvals received.
Orders	Orders for all major long delivery equipment placed.
Commitment &Spent	Rs.5449 crores Committed and Rs 966 Crores Spent till now
Site Progress	Site Grading (24% complete), Boundary wall (25%). Around 1800 People at site. Major Contractors have mobilized fully.
Power Plant	Detailed Engineering on schedule (23% complete). Foundation for Unit 1 & 2 boiler completed. Work on ESP and Power house foundation also in progress

First Metal from Smelter- July '11

Mahan Smelter- Pot line and area grading photos

Greenfield Project – Utkal Alumina

Engineering	**Basic Engg-100 % Complete, Detailed Engg- 86% Completed, not on critical path**
Statutory Clearances	Obtained
Commitment & Spent	Rs.3877 Crs Committed & Rs 1423 Cr Spent. All major order placed.
Site Progress:	Major Contractors have fully mobilized at site. ~80% of Piling work completed. Structure fabrication and concrete work in progress.
Power Plant : Engineering nearing completion. Boiler unit 1 Erection started.	

The Project is geared up for July 2011 commissioning.

Greenfield Project – Utkal Alumina

Pipe rack- PR 022, 48 columns & beams erection completed

Digestion area – civil foundation under progress

Evaporation Package – Foundations ready for structure columns erection

PPTs – 5 tanks shell erection in various stages (TK-202, 204, 205,102 & 104)

Greenfield Project – Aditya Smelter

Engineering	**Basic Engg-nearing completion, Detailed Engg- 43 % Complete.**
Statutory approvals	Major approval received. Stage I clearance for MOEF received.
Commitment & Spent	Rs.4349 Cr. Committed and Rs 1020 Cr. spent
Site Progress	Project Office at Lapanga – Sambalpur opened on 1st Oct 09. Construction of Boundary Wall at Lapanga Township Completed and that of Core plant area in progress.
Power Plant	BTG order placed on BHEL. Detailed engineering 14 % completed.

First Metal from Smelter- Oct '11

Jharkhand Smelter

Land	Total land requirement of ~4000 Acres identified.
Water	Water drawl clearance received for 55 MCM. Route Survey and Design of water drawl scheme completed and report submitted.
Environmental clearance	TOR presentation done at MoEF.
Railway	Report for Conceptual Approval of Railway Siding has been sent to SE Railway. Clearance expected by end January.
DPR	DPR Preparation to start by DCPL.

First Metal from Smelter- Jun ’13

Aditya Refinery

Land	Land requirement is ~ 1881 Acres. Entire Private land is registered in the name of company, Process for government land in process.
Water	Agreement signed with Government of Orissa for drawl of water from Pathgarha river.
Environmental clearance	Clearance received, subject to Forest diversion.
Construction power	Clearance received, 33 KV line erected.
Railway	Railway siding clearance obtained. Earth work started.
R & R	R & R colony plan approved. Construction to start from April 2010.

Brownfield Project – Can Body Stock at Hirakud

Project Cost	Approved for 850Cr.
Dismantling at Rogerstone	The work has started from 1st week of January. Duration – 6 Months. Shipping will start from 3rd week of February.
Upgradation of Hot Mill	The order has been placed
New Cold Mill order	Technical specification frozen. Vendors finalized.
Plant layout	In final stages.
Detailed Engineering	Final commercial negotiation under progress
Organization	Five member core team operating from Mumbai.

Project Completion: July 2011

Summing Up

- All-out cost focus helped us during the downturn
- With improving economic prospects, outlook seems promising
- Energy prices and concentrate sourcing continue to be the key challenges
- Positive about coming out of the downturn with our targeted growth trajectory unchanged

Appendix

Aluminium Production

Production (MT)	Q3 FY10	Q3 FY09	9M FY10	9M FY09
Alumina	339,899	319,074	963,522	918,959
Metal	142,048	135,073	417,382	390,274
Wire Rod	23,363	18,657	68,726	54,703
Flat Rolled Products	55,030	40,968	157,484	137,474
Extrusion	10,531	7,555	29,158	28,780

Aluminium Sales Revenue

Sales	Units	Q3 FY09	Q3 FY10	9M FY09	9M FY10
Chemicals	Rs Crs	138	161	494	418
Primary metal	Rs Crs	1,025	804	2,646	2,105
Flat Rolled Products & Foil	Rs Crs	621	712	2,139	1,913
Extruded products	Rs Crs	108	151	462	391
Others	Rs Crs	88	57	302	129

Copper Production Volumes

Production (MT)	Q3 FY10	Q3 FY09	9M FY10	9M FY09
Copper Cathodes	**89,152**	**72,877**	**258,626**	**210,851**
CC Rods (Own)	**32,969**	**33,189**	**93,671**	**91,249**

Copper Sales Revenue

Sales Revenue	Unit	Q3 FY09	Q3 FY10	9M FY09	9M FY10
Copper Cathodes	Rs Crs	729	1,706	3,385	4,318
CC Rods	Rs Crs	1,016	1,114	3,351	3,222
Others	Rs Crs	394	612	1,675	1,641