

HINDALCO



Hindalco Industries Limited

Performance Review

2007-08

Presentation to the Investors

30th April '08

ADITYA BIRLA GROUP

Backdrop & Highlights

Business Performance

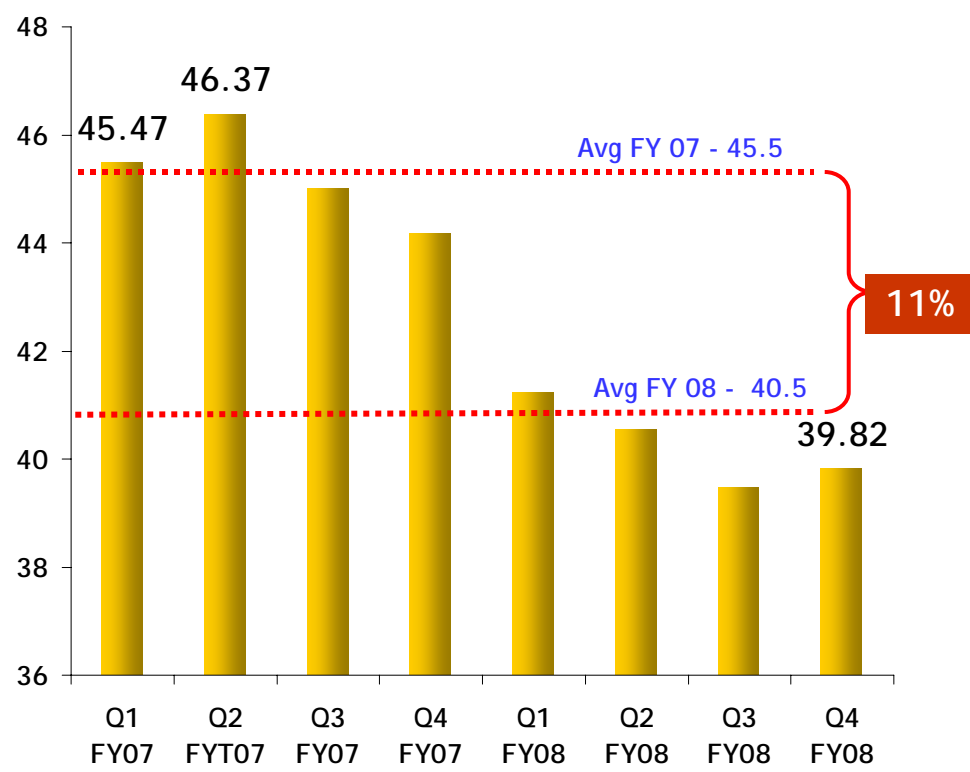
Project Highlights

Detailed Financials

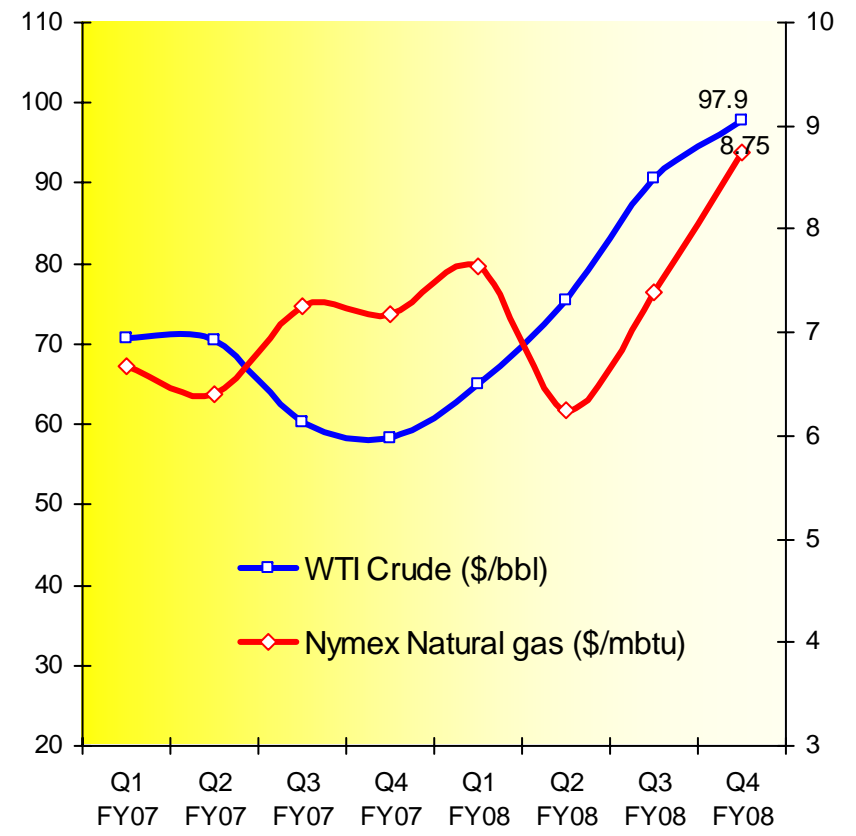
Backdrop : FY08, a Challenging year

Adverse Global Macro economic factors

Sharp appreciation of INR Vs USD



Energy prices reached all time high levels



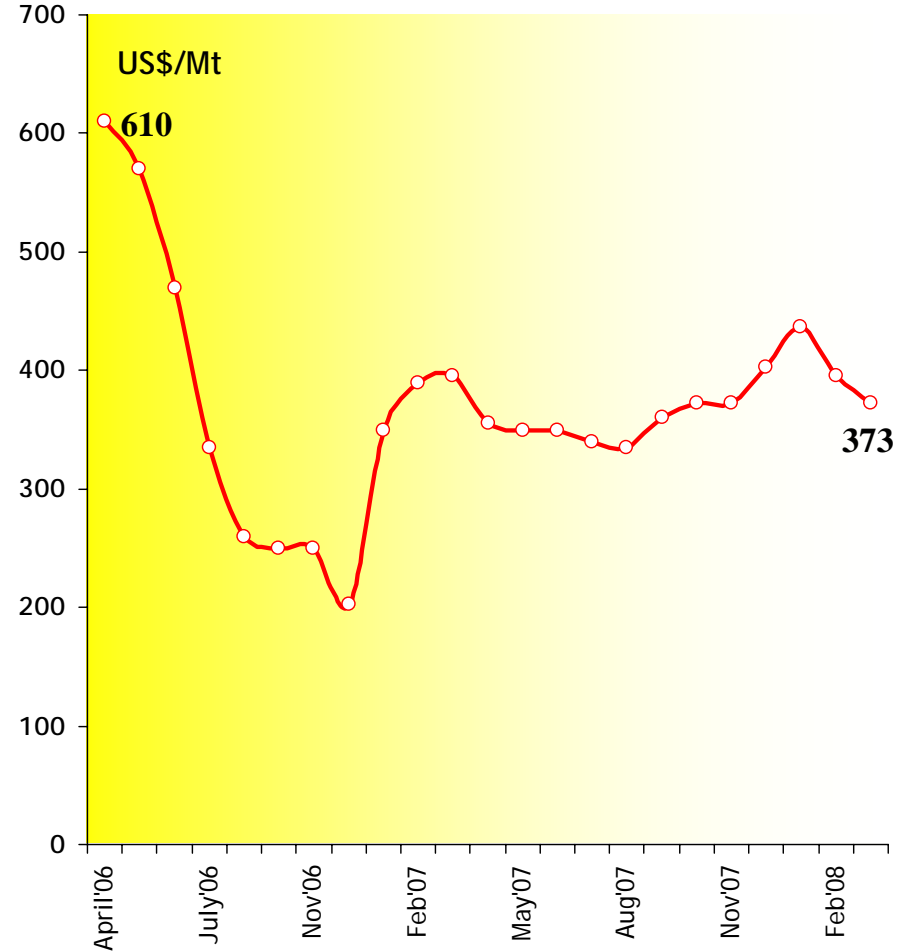
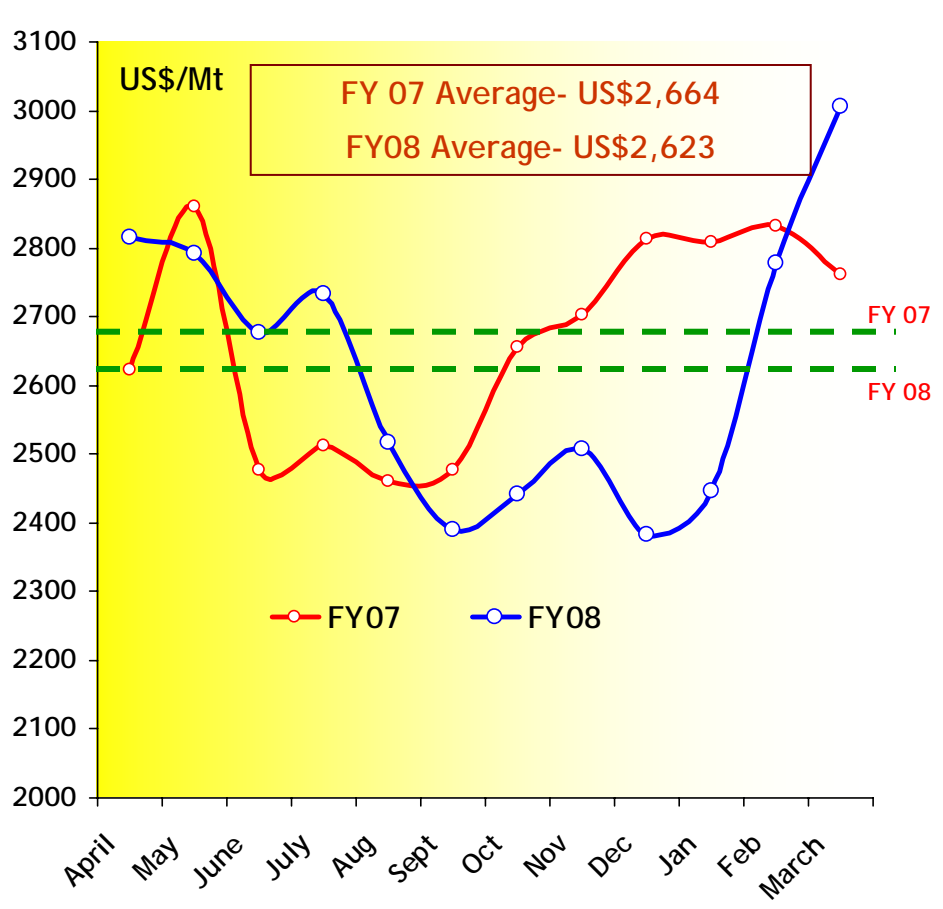
Backdrop : FY08 Challenges

Adverse Global Macro economic factors



Average AI LME lower than last year

Alumina Spot price remained subdued



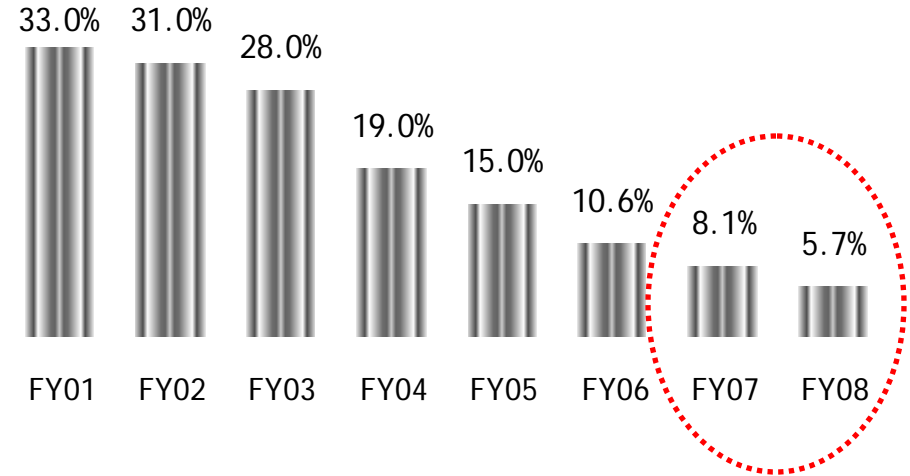
Adversities On Domestic Front Too.....



- **Reduced Import duty differential**

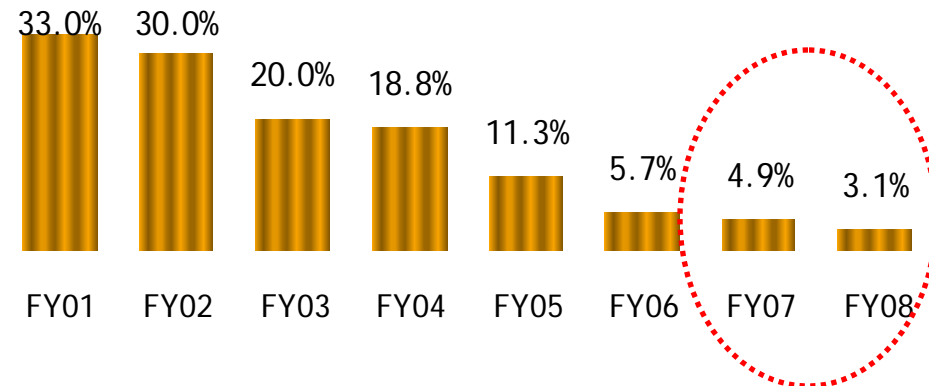
- *Aluminium Customs duty down from 8.08% to 5.72%*

Aluminium import duty



- *Copper duty differential down from 4.9 % to 3.1 %.*

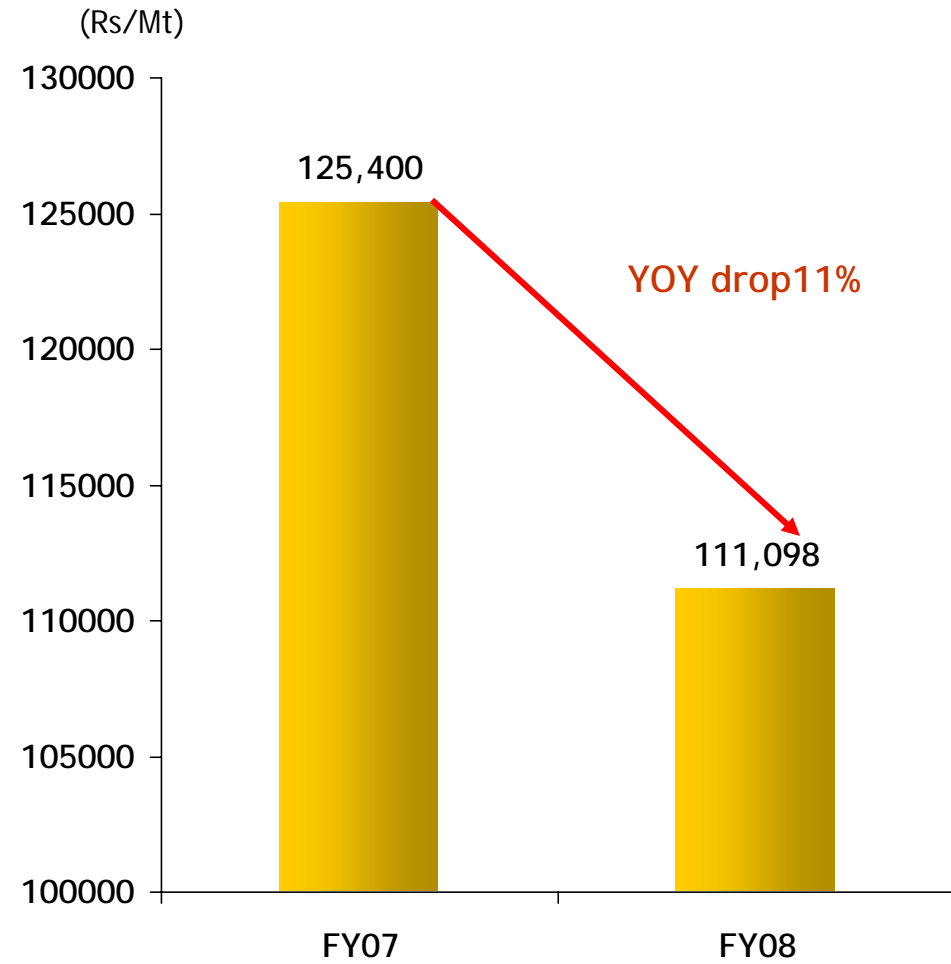
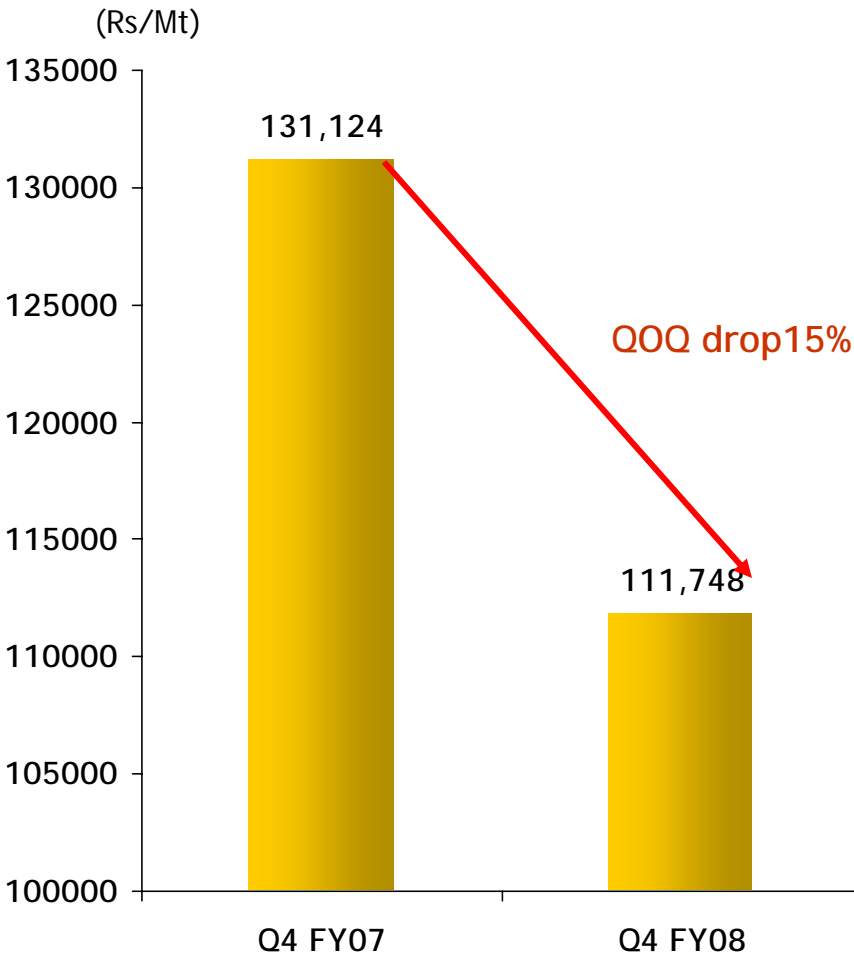
Copper Duty Differential



Impact Of Adverse Macroeconomic Trends



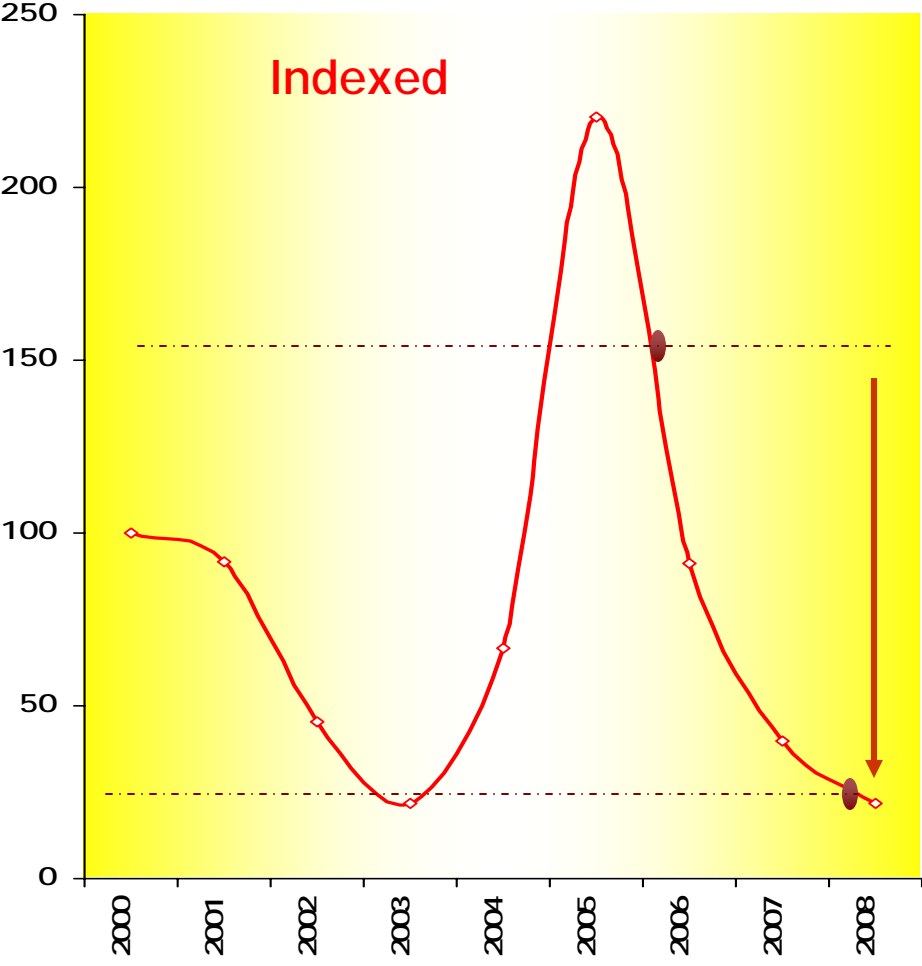
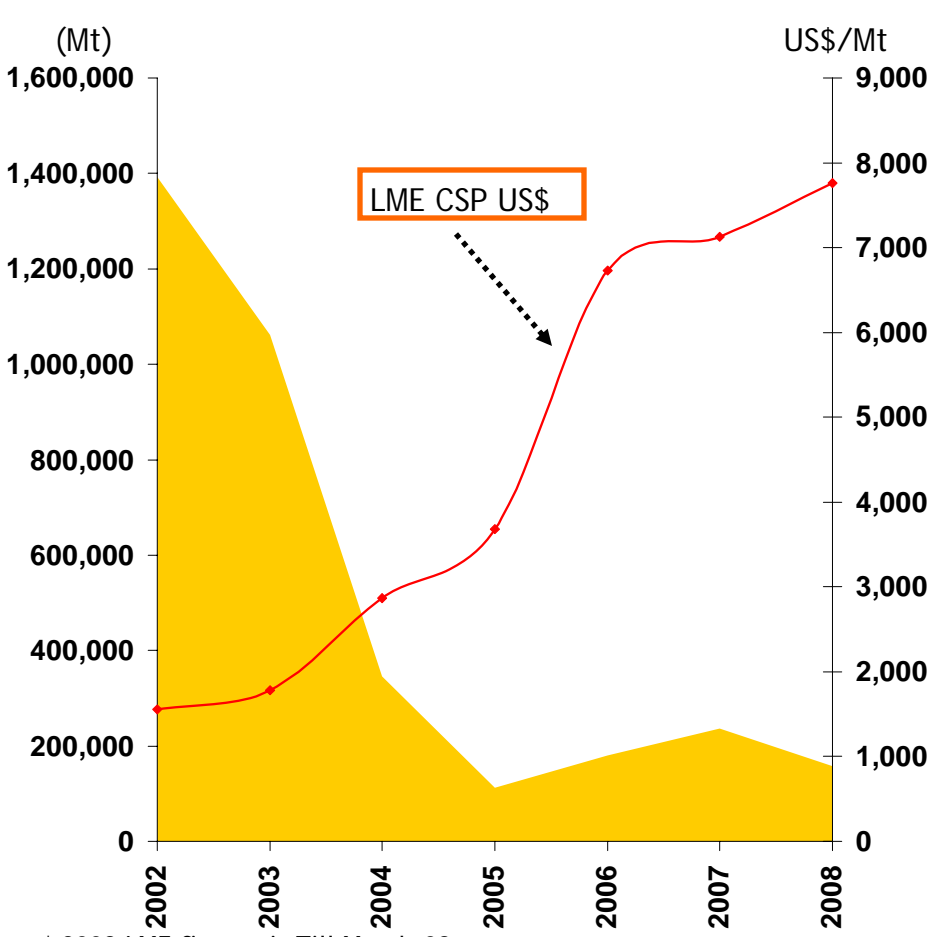
Sharp fall in Aluminium Realisations



Copper- Strong Demand & Prices

Copper LME continues to be strong with falling stock

Weakening spot TC/RC



* 2008 LME figures is Till March '08

But little to cheer for Custom smelters as TC/RC remained subdued.

Hindalco's Actions

Some of these trends were anticipated well in advance and the following steps had already been taken:

- Aluminium

- *Brownfield expansion:*

- Timely progress of Hirakud expansion led to incremental production growth of 35% compared to FY07

- *De-bottlenecking smelter assets*

- At Renukoot- Metal production enhanced by more than 9,200 Mt.

- *Continued sweating of assets in downstream businesses resulting in*

- Higher value added downstream production (FRP up 2%, extrusion up 13%)

- *Focus on improving markup of value added products*

- FRP-exports net markup grew by 7% & Extrusion exports net markup grew by 28% during FY08 through improved product mix.
- Domestic markups also improved for FRP (3%) as well as Extrusions (16%).

Hindalco's Actions contd.....

- Copper

- *Improved operating efficiency*

- Cathode production increased by 12% to 324KT (19% growth excluding production from Cu II in FY07)
 - Continuous Cast Rod production rose by 28% to 140KT
 - Conversion costs improved significantly

- *Improved geographic & product mix*

- More sales in domestic markets (up 37%)
 - Increased Continuous Cast Rod Sales (up 27%)

- Alumina

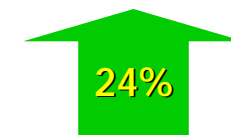
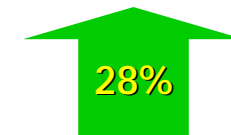
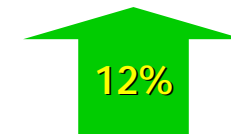
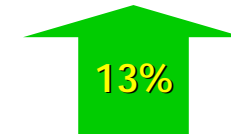
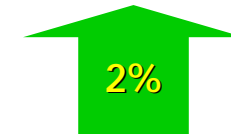
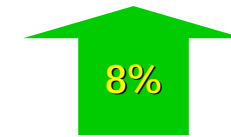
- More Specials sales in domestic market (52% of total sales as against 49% during FY07)

FY 2008 at a Glance

- **Highest ever** Aluminium production at 477,726 T
- **Highest ever** FRP production at 215,198 T
- **Highest ever** Extrusion Production at 43,315 T
- **Highest ever** Copper cathode Production at 323,883 T
- **Highest ever** Copper CC rod at 139,833 T
- **Improved** Copper conversion cost

19% growth excluding Cu II production in FY 07

Without by-product credit



Vs FY 2007

All round improvement in Operating performance

Financial Highlights -Q4 & FY08

(Rs. Cr)

	Q4 FY08	Change (%)	FY08	Change (%)
Net Sales & Op. Revenue	5010	6%	19201	5%
EBIDTA	941	-20%	3894	-11%
Pre-tax profits	690	-28%	3026	-14%
Net Profit	1077	49%	2861	12%
Basic EPS (Per Share)	8.78	19%	24.51	-3%

Note: 1. EBIDTA including other income

Backdrop & Highlights

Business Performance

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Detailed Financials

HINDALCO

Aluminium Business

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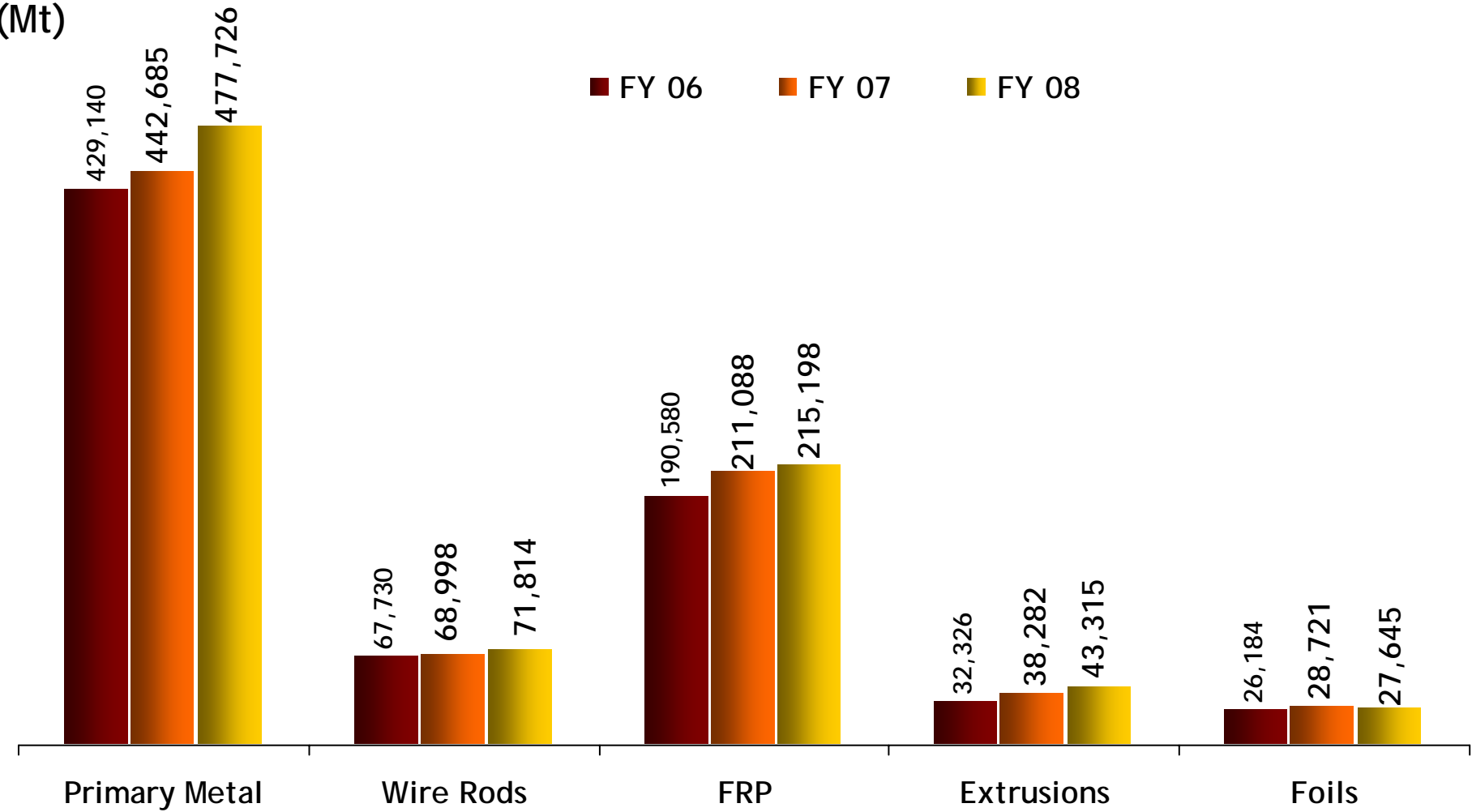
Aluminium Performance affected due to 11% drop in metal realisation & sharp increase in input costs.

(Rs.Cr)

	Q4 FY08	Change (%)	FY08	Change (%)
Net Sales & Operating Revenue	1856	-9%	7145	-3%
EBIT	545	-31%	2423	-17%

Note: As per SEBI Format

Adversity Mitigation: Consistent production growth

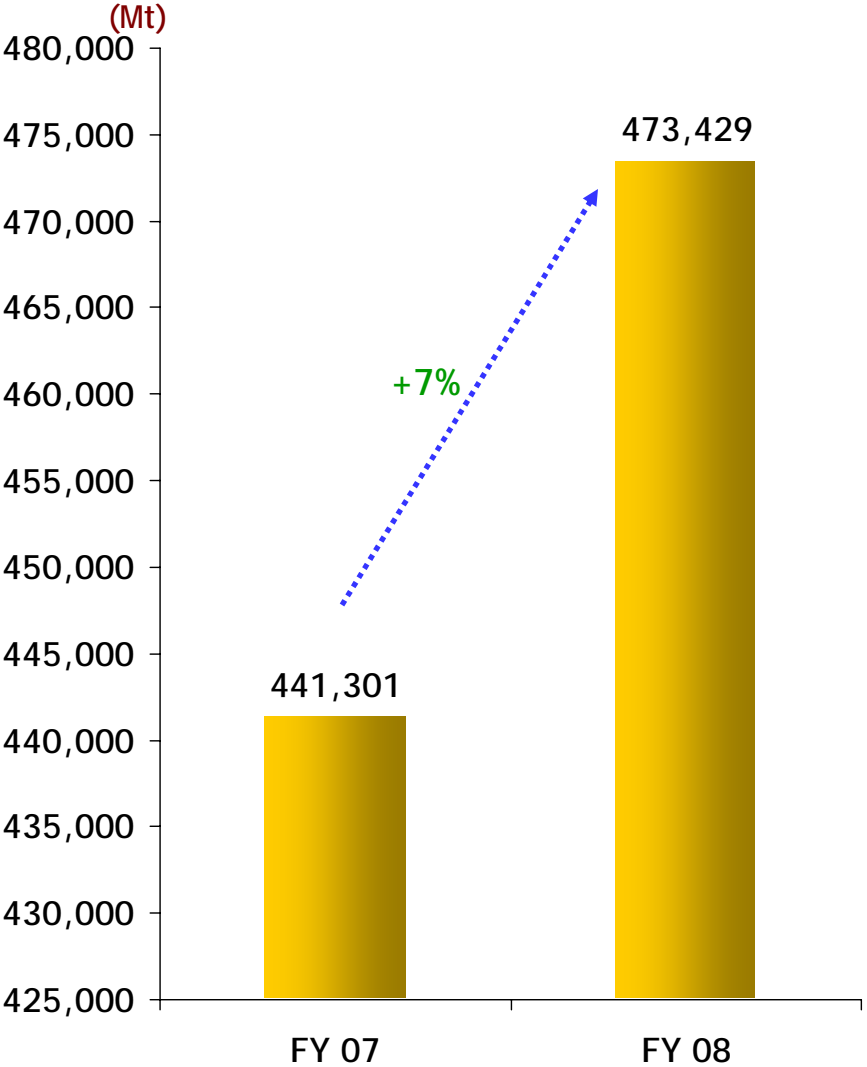


Source: Company Data

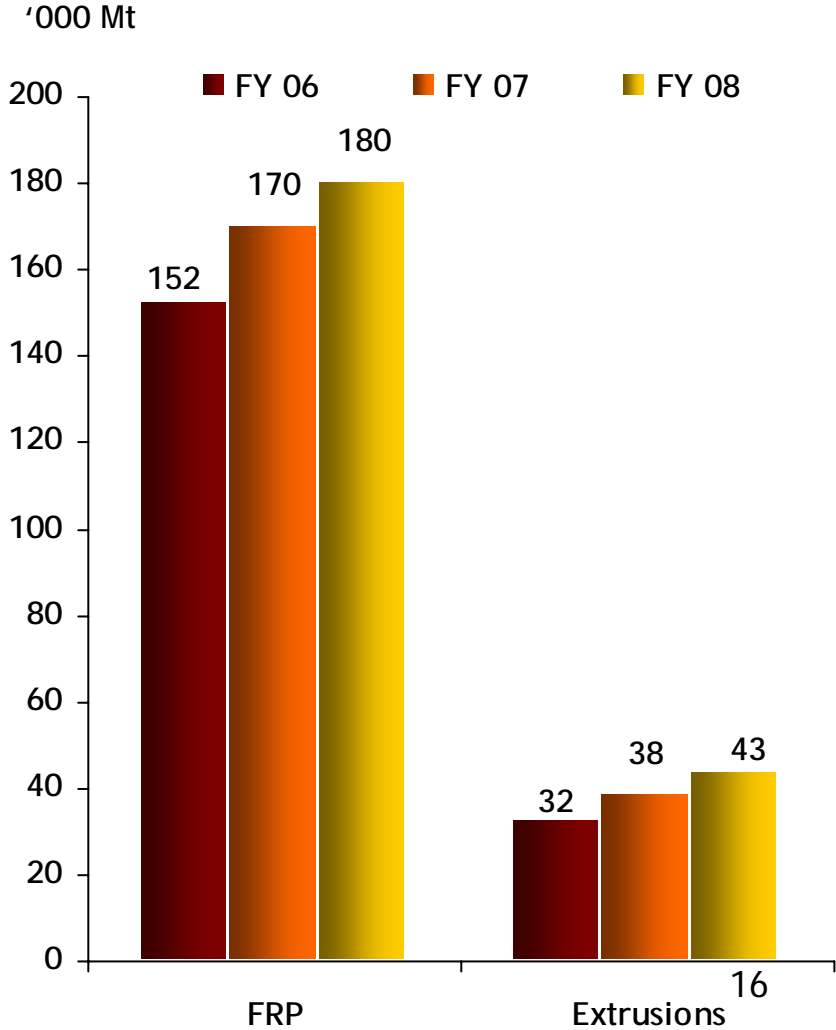
All round improvement in production

Adversity Mitigation: Maximising sales revenue through

Improved Aluminium sales volume ...



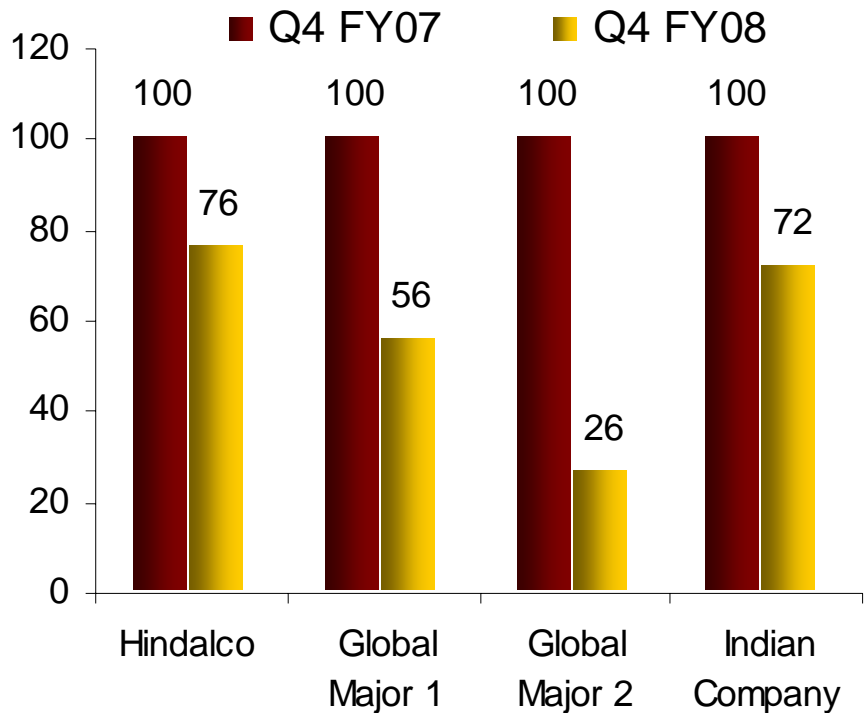
Consistent increase in value added sales volume....



High input costs & adverse macro-economic factors are affecting even the global leaders; but our margins maintained



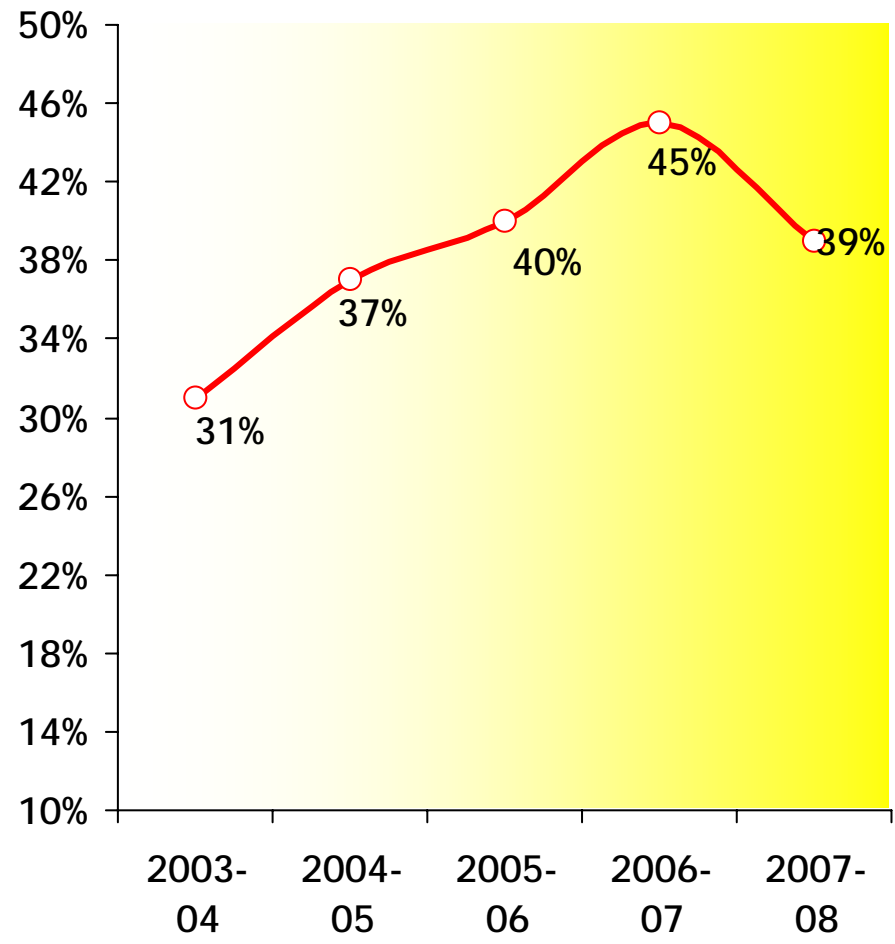
EBIT comparison



FY 07 Indexed: Base =100 (All currencies translated into US\$)

EBIT as per SEBI format for Hindalco

EBIDTA Margin fall contained



HINDALCO

Copper Business

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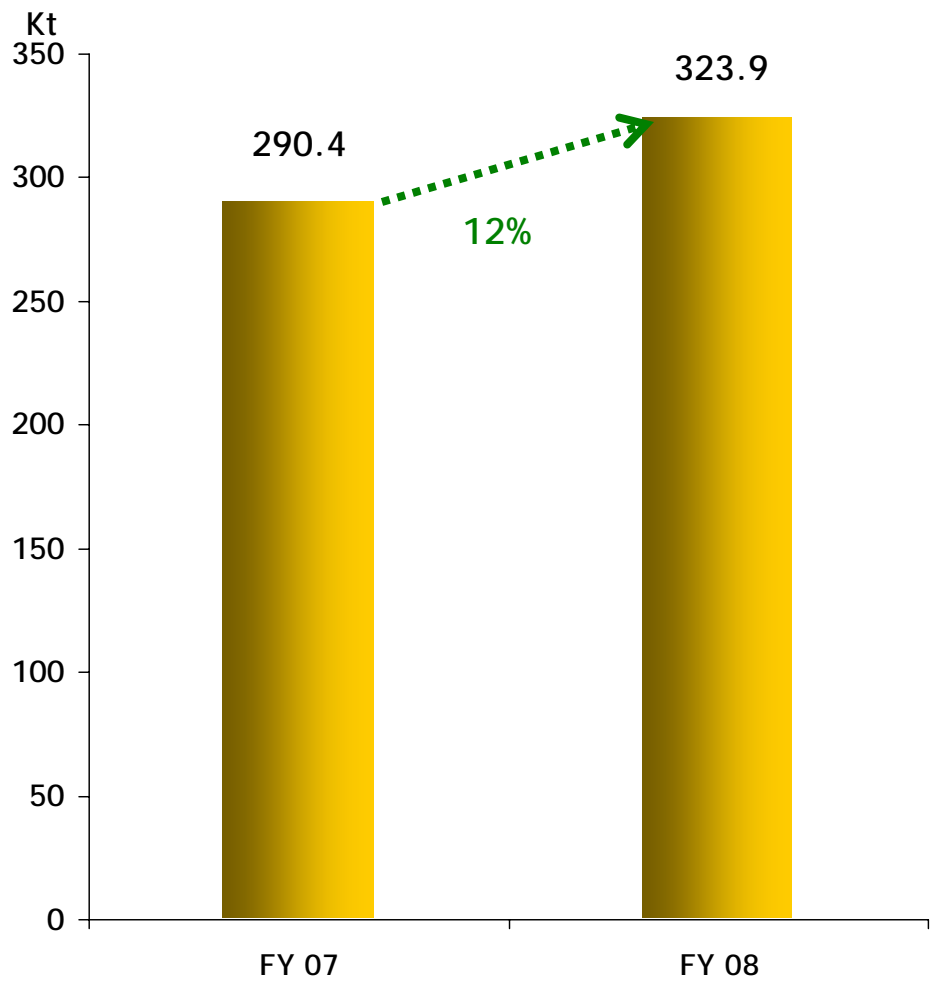
FY 08 key levers of performance

- All round improvement in performance...
 - In FY 08, compared to FY 07
 - Cathode production increased by 12% to 324KT
 - Continuous Cast Rod production rose by 28% to 140KT
 - Sulphuric Acid production increased by 15 % to 1,023KT
 - Sales volumes up 10 %, to 320KT
- Improved product & market mix (more domestic & CC rod) resulted in higher realizations
- Significantly higher by-product Realization as compared to FY07.
- Operating efficiency and Conversion cost improved.

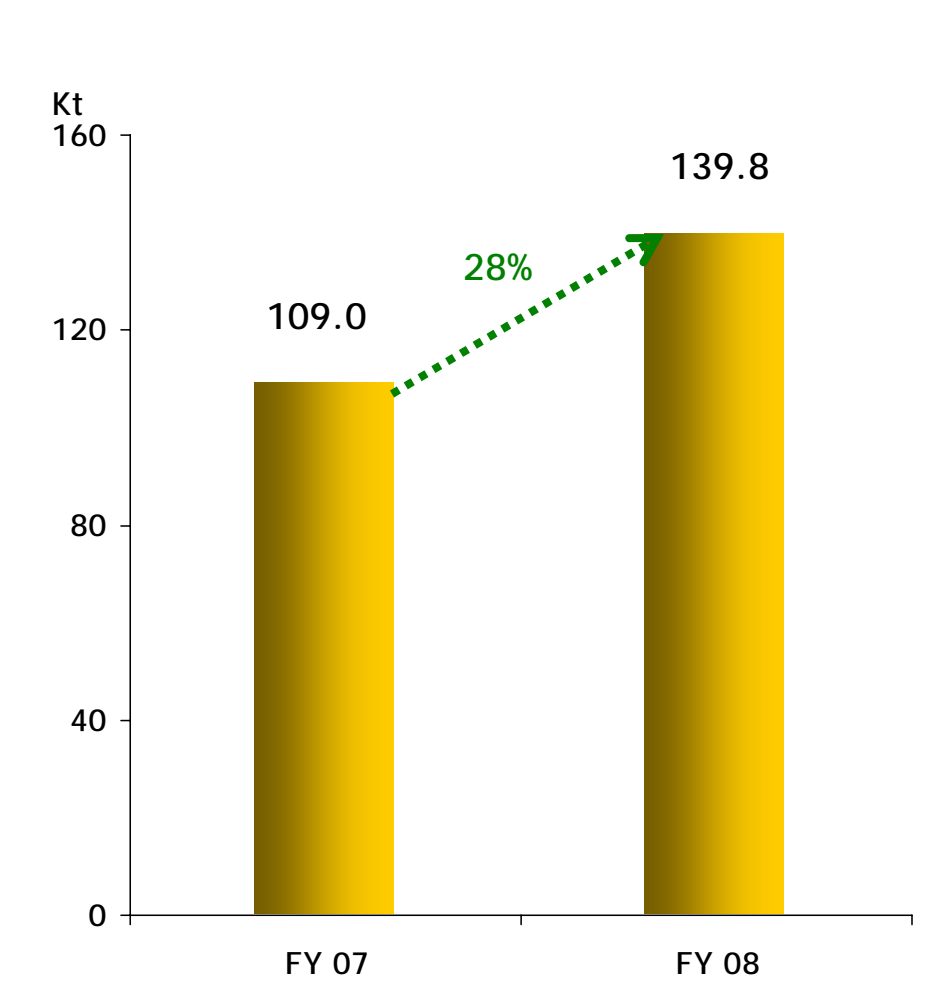
Strong production growth



Copper Cathode Production



Continuous Cast Rod



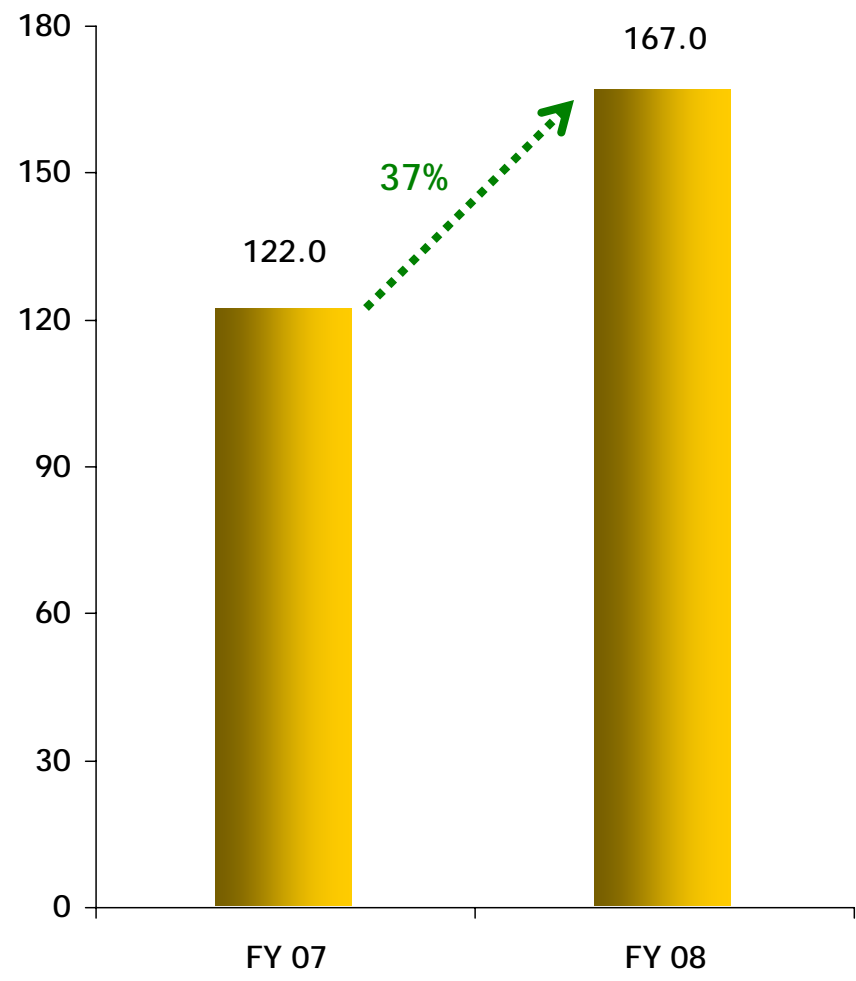
Cathode Production up 12%

CC Rod Production up 28%

Improved Market Mix - Domestic Sale



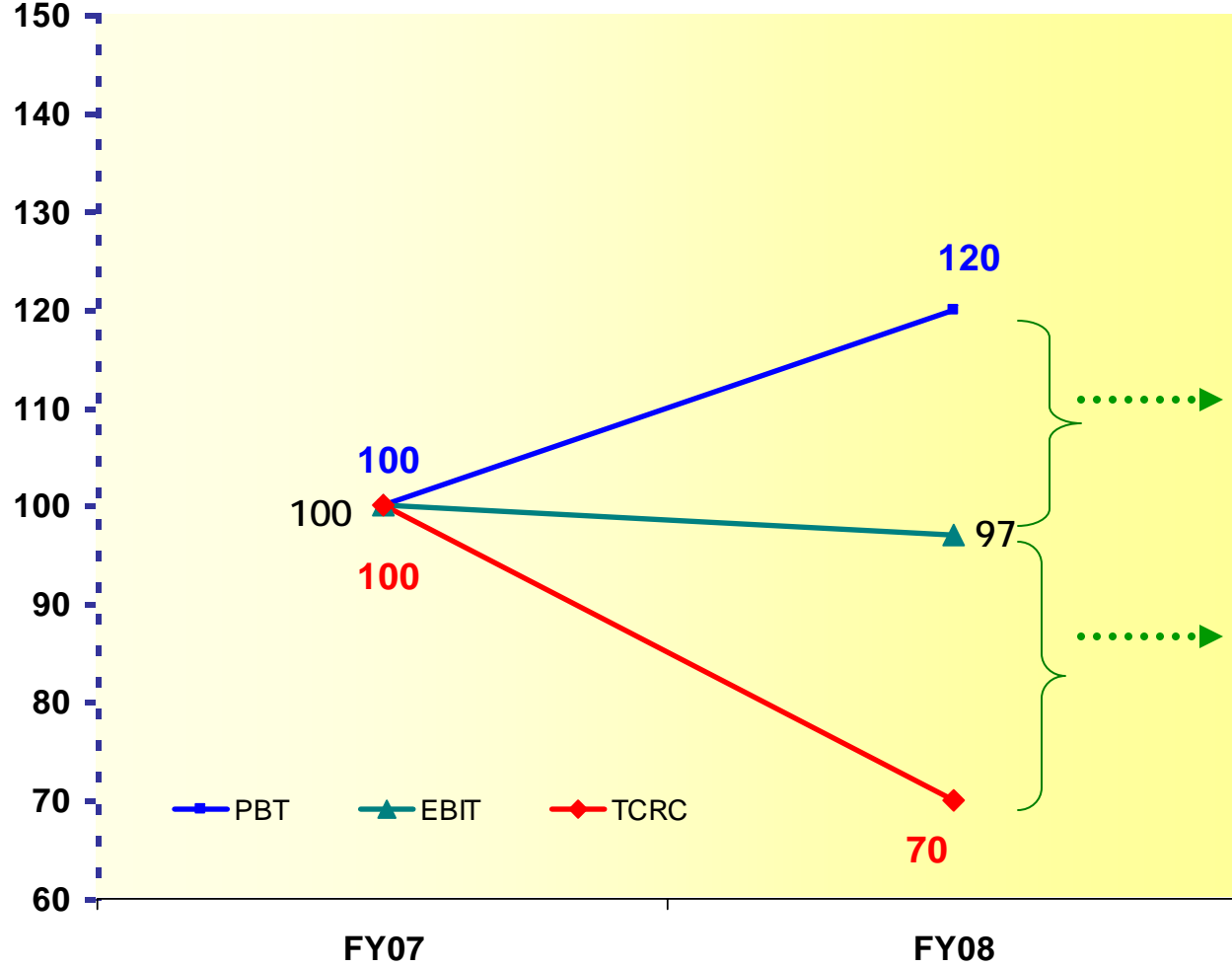
Kt



Benefits of increase in domestic sales and Market share partly negated by reduction in duty differential

Improvement in bottom line in spite of drop in the TCRC

TCRC , PBT & EBIT Indexed. Base=100



Reduction in finance cost by better working capital Management

Operational and by-product credits Improvements

Better working capital management , Operational efficiency & higher by product credit boosted the bottom line by 20% even though TCRC dropped by 30%

Copper Business performance

(Rs.Cr)

	Q4 FY08	Change (%)	FY08	Change (%)
Net Sales & Operating Revenue	3,155	16%	12,066	10%
EBIT	171	25%	503	-3%

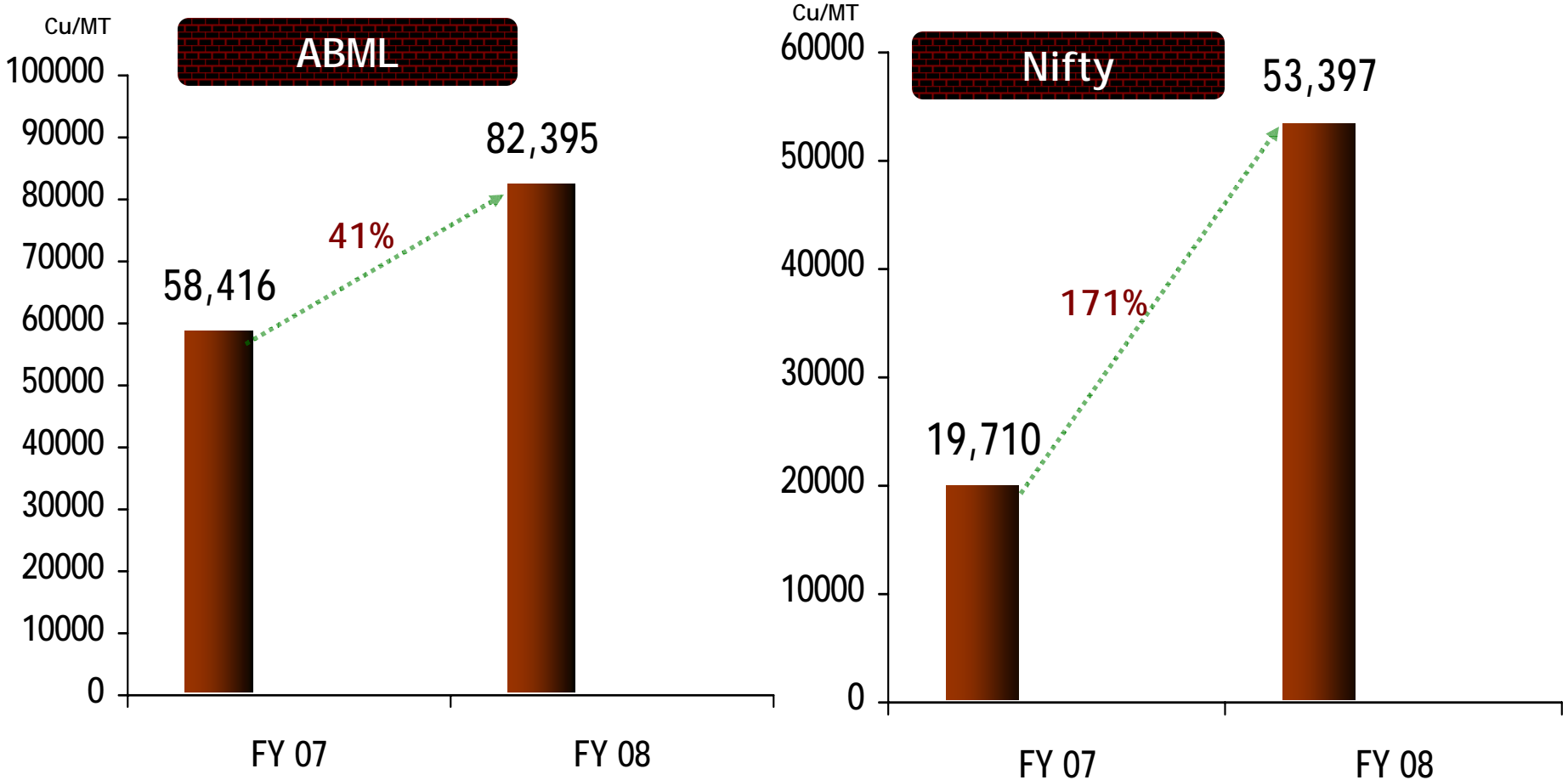
Note: As per SEBI Format

ABML - Highlights

- Highest Metal production since acquisition of mines.
- Long Hole - Stope mining has successfully been implemented in the Nifty underground mine.
- The project for Oxide Heap re-treatment has been taken forward - construction of screening and washing plant is in progress.
- Ongoing underground drilling has successfully extended mine life of MGO till 2012. Further explorations drilling is in progress in MGO.
- Development of Esperanza south UG mine is being taken up in FY09.
- Maroochydore- Scoping study is in progress.

ABML FY 08 Performance

Production Performance of ABML and Nifty Sulphide



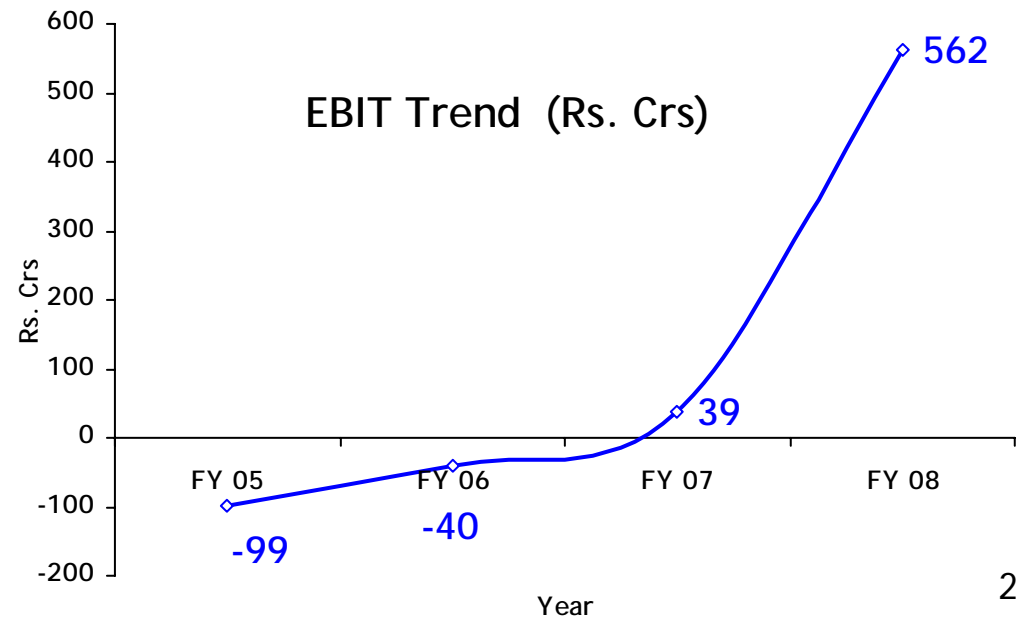
ABML production leaped as Nifty production grew by 170 %

ABML Financials - FY 08



(Rs. Crs)	FY07	FY08	Chg (%)
Net Sales	1127	2335	107%
EBIT	39	562	1342%
Operating Cash Flow*	-390	447	215%

* Operating Cash Flow is after capex and mine development expenditure



Backdrop & Highlights

Business Performance

Project Highlights

Detailed Financials

Muri Alumina Expansion



- Basic & Detailed Engineering - Completed
- Environmental Clearance - "Consent to Operate" application filed on 24.11.07.
 - *Inspection completed. Deemed consent*
- Other Statutory Clearances - Obtained
- Land for future mud disposal site - Notification & acquisition by Govt. awaited
- Construction Status -
 - *Muri expansion Overall- +99 % complete*
 - Power Plant Overall- +99% complete
 - Refinery Overall- +99 % complete
 - Evaporation(LSTK)- 100 % complete & commissioned
 - Calcination(LSTK)- 100 % complete & being commissioned
 - Bauxite Handling(LSTK)- 100 % complete & commissioned
 - Bauxite Grinding(LSTK)- 100 % complete & commissioned
 - Others(Conventional)- +99 % complete
 - Rail Network Overall- 95 % complete

Muri Expansion



Bauxite Handling



LT digester flash tanks



New HRD/Washers



New Precipitation Growth tanks

Hirakud Expansion

- Smelter - Phase-I (35 kTPA expn.)-
 - *Completed in Dec'06 & operation stabilized.*
 - *Phase-II (43 kTPA expn.)-*
 - *Conversion of 228 pots completed and operations stabilized*
 - *Conversion of balance 172 pots has commenced.*
 - *Completion Date of Phase II: Q2 'FY 08-09*
- Power - 100MW, Three boilers and single turbine
 - *Commissioned with two boilers (Boiler-10 & 11) on 8th Feb 08*
 - *75 MW generation achieved on 19th Feb 08*
 - *All systems stabilised*
 - *100 MW generation expected by 7 May 08*



Conversion of pot room #5



Power House

Greenfield Project - Utkal Alumina

- Bauxite Mining Capacity of 4,500 KTPA & Refining capacity of 1,500 KTPA.
- Detailed Engineering in progress for Non-Alcan areas as well as for Alcan areas.
- 93% of total land in possession. Boundary Wall remains to be completed.
- Mines detailed Engineering started. Mining to start by March 2009.
- Environment Clearance - MoEF Clearance received for Alumina Refinery.
Presentation to Expert Committee, MoEF completed for increase in capacity of mines to 8,500 KTPA.
- Started placing orders for major equipments.
- Imported supplies for various packages have started arriving.
- IR related issues at site since 27.2.08.
- Mechanical Completion Date - March' 2010

Utkal Alumina



Laxmipur Bridge - open for vehicle traffic



Precipitation Tanks - pile cap foundations under progress



Non-plant buildings - Piling work in progress



Datamine Software- Training in progress

Greenfield Projects - Aditya



- Refining Capacity - 1500 KTPA, Smelter Capacity - 358 KTPA & CPP Capacity - 900 MW.
- Technology agreement with Aluminium Pechiney (AP) signed. SIA clearance from Government received. Alumina Technology tie up with ALCAN signed
- EPCM contract for 900MW power plant placed; EPCM contract for Smelter under discussion.
- In-principle approval obtained for 855 ha of SEZ at Lapanga , district Sambalpur. Area measuring 115.71 ha is already notified .
- Water : Agreement signed for drawal of water.
- Environment Clearance for Kodingamali Mine cleared by expert env. committee of MoEF.
- Expected date of Project completion : March'2011 (Smelter) & May'2011 (Refinery)

Mahan Aluminium Project



- Smelter Capacity- 359 KTPA & CPP capacity - 900 MW
 - *Land: a). Deposited Rs 53 Crs. for acquisition of 3096 acres of private land. Sect(6) notification issued. b) 2nd set of application for 1730 Acres of land submitted*
- Coal: Coal block allotted in Apr'06 in JV with ESSAR. JV formed. Pre project activities in progress. Production of Coal likely to start in FY 10
- SEZ: Govt. of India extended the validity of in-principle approval of SEZ up to 31st Oct'08
- Construction Power: 132KV grid connectivity approved.
- Water: Water resource department of GOMP has allotted 45.12 cusecs
- Environmental Clearances: Application has been submitted to MOEF on 31st January 07 and TOR obtained from MoEF on 18th July 2007. Public hearing conducted on 14th Mar'08.
- Technology Agreement signed with Pechiney for Smelter. SIA clearance obtained.
- EPCM contract for 900MW power plant placed on DCPL, Kolkata
- Expected Commissioning date: Sept'2012

Latehar Aluminium Project



- Smelter Capacity- 359 kTPA & CPP capacity - 900 MW
- Tubed Coal Mine Allotted-
 - *Joint venture formed between Tata power and Hindalco. JV agreement in progress*
 - *Water Allocation - awaiting clearance from GoJ for 70 MCM water from Subernrekha basin.*
 - *Land Acquisition: Few sites have been short listed but work can start only after GoJ indicates the location of water source.*
- Technology Agreement signed with Aluminium Pechiney for Aluminium Smelter
- All other activities can start only after finalisation of location of water and land is cleared by GoJ.
- Expected Commissioning date: Sept'2013

To Sum Up

- *A Challenging year, on account of macroeconomic factors & these factors are here to stay.....*
- *Reasonably accurate anticipation of the adverse trend and the remedial steps taken to face the emerging challenges have helped in containing the adverse impact*
- *TCRC will continue to have a negative influence on Copper Business; enhanced asset productivity, containment of input costs will be key.*
- *Domestic consumption growth for both aluminium and copper augers well for Hindalco, which has embarked on the ambitious growth plan through the low cost greenfield aluminium projects*

So, inspite of major challenges in the coming volatile period, the Management feels encouraged to face them and to maintain the growth trend.

Backdrop & Highlights

Business Performance & Outlook

Project Highlights

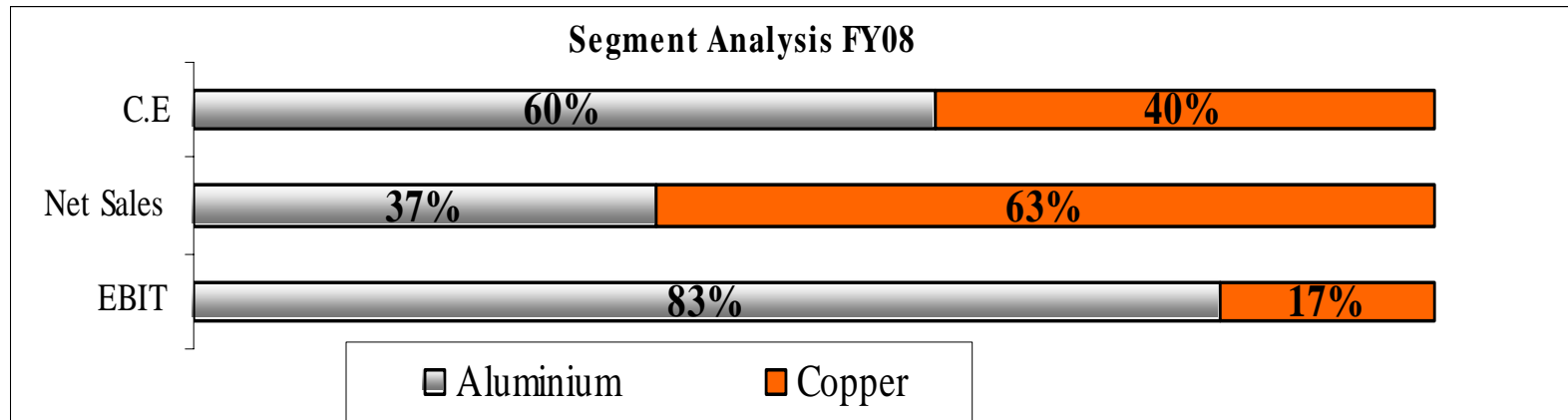
Detailed Financials

Detailed Financials

Rs.Crs.	Q4	Q4	%	FY 07	FY 08	%
	FY 07	FY 08	change			change
Net Sales	4,749	5,010	6%	18,313	19,201	5%
Total Expenditure	3,699	4,213	14%	14,298	15,800	11%
Other Income	123	144	17%	370	493	33%
PBDIT	1,173	941	-20%	4,385	3,894	-11%
Depreciation	145	152	5%	553	588	6%
Impairment	13			85		
PBIT	1,016	789	-22%	3,747	3,306	-12%
Interest & Finance Charges	58	99	71%	242	281	16%
Profit Before Tax	958	690	-28%	3,505	3,026	-14%
Provision for Taxes	237	154	-35%	940	705	-25%
PAT	721	536	-26%	2,564	2,320	-10%
Adjustment for earlier years (Net)		541			541	
PAT (Reported)	721	1,077	49%	2,564	2,861	12%

Segment Analysis

Business Mix - FY08



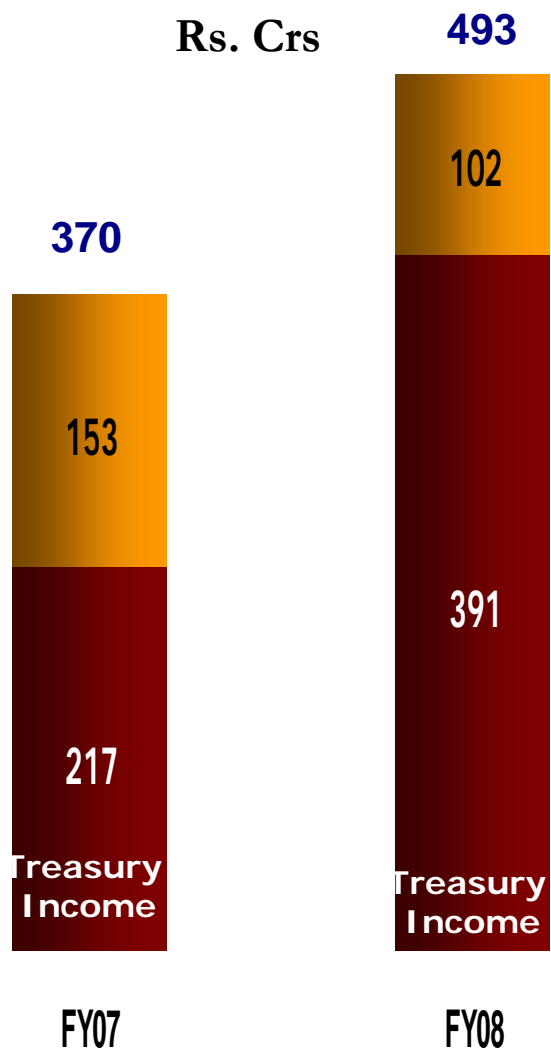
Particulars Rs Crs.	Aluminium			Copper		
	FY07	FY08	% Chg	FY07	FY08	% Chg
Net Sales	7,344	7,145	-3%	10,978	12,066	10%
EBIT	2,929	2,423	-17%	517	503	-3%
EBIT Margin	39.9%	33.9%		4.7%	4.2%	
Capital Employed	7,451	8,008	7%	4,931	5,397	9%
ROCE (%)	42%	31%		10%	10%	

Summary



Rs.Crs.	Segment Information		Company Information							
	<u>Al EBIT</u>	<u>Cu EBIT</u>	<u>Interest</u>	<u>Other Income</u>	<u>Unallocable expenses</u>	<u>PBT</u>	<u>Tax</u>	<u>PAT</u>	<u>Tax W/Back</u>	<u>Reported PAT</u>
FY 07	2929	517	(242)	370	(69)	3505	(940)	2564	0	2564
FY 08	2423	503	(281)	493	(113)	3026	(705)	2320	541	2861
Change	(506)	(14)	(38)	123	(44)	(479)	235	(244)	541	297

Other Income –FY08

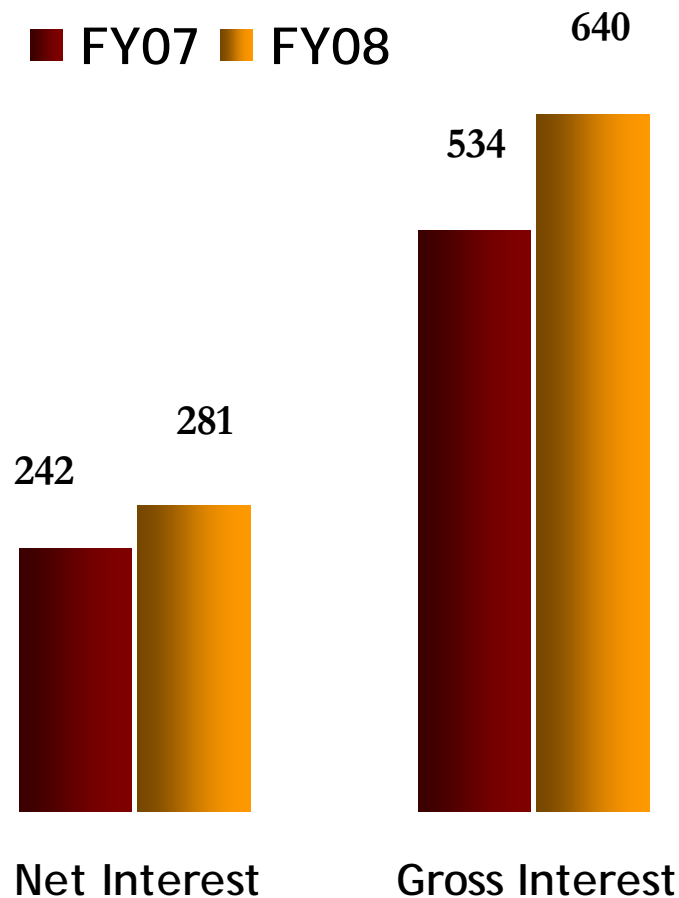


- Other Income ↑ from Rs 370 Crs to Rs 493 Crs
- Treasury income higher by Rs 174 Crs mainly due to
 - *Higher pre-tax treasury yield at 10.69% against 9.84%.*
 - *Higher average treasury at Rs.5670 Crs vs. Rs.3636 Crs.*
- Non Treasury income lower by Rs. 51 crores.

(In Rs Crs)	FY07	FY08
Interest on income tax refund	72	39
Dividend	34	7

Interest & Finance Charges – FY08

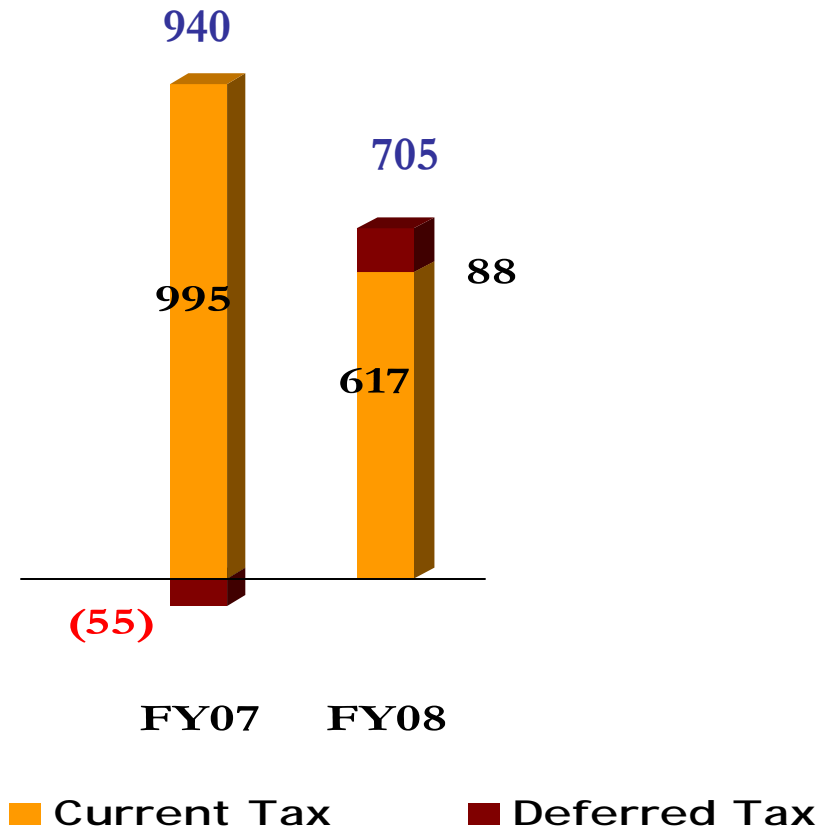
Rs. Crs



- Net and Gross interest is higher due to
 - Higher average borrowings at Rs.8102 Crs against Rs.7419 Crs
 - Higher average rate at 7.51% against 7.24%. Average Interest rate higher on account of drawal against syndicated rupee loan at an average rate of 8.35%

Taxes – FY08

Rs. Crores



- Provision for Taxes lower due to :-
 - *Lower PBT*
 - *Decrease in effective tax rate from 27% to 23 % due to proportionately higher exempt income in FY08.*
 - *Higher capitalization led to lower current tax and higher deferred tax*
 - *In FY 07 Deferred tax assets created on income from syndicated loans offered to current tax.*

Aluminium : Production = Tonnes

PRODUCTION	Q4 FY07A	Q4 FY08A	% Chg	FY07	FY08	% Chg
Alumina	296,411	303,928	3%	1,198,658	1,192,709	0%
Metal	114,334	121,329	6%	442,685	477,726	8%
Wire Rods	16,948	17,892	6%	68,998	71,814	4%
Rolled Products	48,322	40,794	-16%	211,088	215,198	2%
Extrusions	9,525	10,371	9%	38,282	43,315	13%
Foil	6,851	6,542	-5%	28,721	27,645	-4%
Alloy Wheels (Nos.)	45,193	46,549	3%	196,621	174,069	-11%
Power (MU)	2,074	2,215	7%	8,269	8,630	4%

Copper : Production

Production	Unit	Q4 FY07	Q4 FY08	% Chg	FY07	FY08	% Chg
Copper Cathodes	MT	81,460	87,134	7%	290,425	323,883	12%
CC Rods	MT	30,076	35,932	19%	109,033	139,833	28%
DAP/NPK	MT	53,794	43,187	-20%	219,333	149,590	-32%
Sulphuric Acid	MT	240,860	279,978	16%	892,597	1,023,422	15%
Gold	Kg	2,961	1,941	-34%	10,334	9,136	-12%
Silver	Kg	17,827	16,326	-8%	48,462	52,939	9%

Aluminium : Sales Revenue Rs.Crs

Sales Revenue	Q4FY07	Q4FY08	% Chg	FY07	FY08	% Chg
Alumina	197	153	-22%	732	594	-19%
Primary Metal	537	465	-13%	1,723	1,673	-3%
Wire Rod	233	219	-6%	915	845	-8%
Rolled Products	692	608	-12%	2,546	2,461	-3%
Extrusions	171	164	-4%	614	651	6%
Foils	132	157	19%	543	577	6%
Wheels	10	9	-10%	40	37	-8%
Others	70	81	16%	233	307	32%
Net Sales	2,042	1,856	-9%	7,344	7,145	-3%
<i>Of which Exports</i>	<i>522</i>	<i>381</i>	<i>-27%</i>	<i>1,683</i>	<i>1,483</i>	<i>-12%</i>

Copper : Sales Revenue Rs.Crs

Product	Q4 FY 07	Q4 FY 08	% Chg	FY 07	FY 08	% Chg
Copper Cathodes	1,391	1,535	10.3%	5,766	5,592	-3.0%
CC Rods	868	1,163	34.1%	3,572	4,616	29.2%
DAP/NPK	84	77	-9.0%	348	263	-24.4%
Sulphuric Acid	13	66	389.9%	48	160	231.0%
Gold	280	206	-26.5%	944	856	-9.3%
Silver	36	34	-4.6%	89	99	11.0%
Others	38	74	94.7%	210	479	128.1%
Total Sales	2,711	3,155	16.4%	10,978	12,066	9.9%
of which Exports (FOB)	1,207	1,216	0.7%	5,322	4,965	-6.7%

Aluminium : Sales Volume

Sales Tonnage	Q4FY07	Q4FY08	% Chg	FY07	FY08	% Chg
Alumina	86,428	62,197	-28%	299,762	259,627	-13%
Primary Metal	41,531	41,394	0%	137,975	150,649	9%
Wire Rod	17,439	18,370	5%	69,067	71,769	4%
Rolled Products	45,860	47,055	3%	170,413	180,259	6%
Extrusions	10,429	10,962	5%	38,480	42,964	12%
Foils	5,949	7,492	26%	25,366	27,788	10%
Wheels (Pcs.)	46,118	43,532	-6%	188,772	173,537	-8%

Copper : Sales Volume

Sales Volumes	Unit	Q4 FY07	Q4 FY08	% Chg	FY07	FY08	% Chg
Copper Cathodes & Others	MT	51,275	49,131	-4.2%	181,944	181,641	-0.2%
CC Rods	MT	31,039	35,179	13.3%	109,510	138,543	26.5%
DAP/NPK	MT	54,389	43,666	-19.7%	220,935	148,250	-32.9%
Sulphuric Acid	MT	153,789	203,817	32.5%	559,033	765,167	36.9%
Gold	Kg	3,041	1,941	-36.2%	10,484	9,176	-12.5%
Silver	Kg	19,227	16,326	-15.1%	48,716	53,473	9.8%



PRESS RELEASE

30 April 2008

Hindalco Industries Limited Q4 FY 2007-2008 Results

Revenues Rs. 5,010 crores
PAT Rs. 1,077 crores

(In Rs. crores)	Quarter	Quarter	Year	Year
	ended	ended	ended	ended
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Net sales and operating revenues	5010.2	4748.9	19201.0	18313.0
Other income	144.2	123.3	492.9	370.1
EBITDA	940.9	1173.2	3894.0	4385.1
Depreciation	151.6	144.6	587.8	553.1
Impairment		13.0		85.0
Interest and financing charges	98.8	57.7	280.6	242.4
Profit before tax	690.5	957.9	3025.6	3504.6
Provision for taxes	154.2	236.6	705.4	940.3
Adjustment for earlier years (Net)	540.7		540.7	
Net profit	1077.0	721.3	2860.9	2564.3
EPS	8.78	7.32	24.51	25.52

Hindalco Industries Ltd., the flagship company of the Aditya Birla Group, today announced its unaudited financial results for the quarter ended 31 March 2008 and FY08.

The company intends to publish the audited results along with consolidated results including Novelis at a later date. It may be mentioned that Novelis is SEC (Securities Exchange Commission, USA) registrant and is restrained from sharing any information with external parties before filing with SEC in USA.

The Scheme of Amalgamation between Indian Aluminium Company Ltd and Hindalco Industries Ltd has been approved by the High Courts of Judicature of Bombay and Kolkata. Further, the Scheme has been made effective by the Board of Directors of the Company on March 25, 2008. **Indian Aluminium Company, Limited, a subsidiary of the Company, has been amalgamated with the Company with effect from 1st April, 2007.**

Financials – Q4FY08

For the quarter ended March 31, 2008, the company achieved net revenues of Rs.5010 crores as compared to Rs. 4749 crores for the corresponding period in FY 07. The net profit before tax for the quarter is Rs. 691 crores vis-à-vis Rs. 958 crores in the corresponding period of the previous year.

These results need to be viewed in the perspective of a very challenging environment in which they were achieved when virtually all macro-economic factors turned adverse. Rupee appreciation, duty cut, TcRc fall and unrelenting inputs cost push squeezed margins at both ends.

The annual production was highest ever in both Aluminium and Copper businesses. However the higher production and sales volumes could not be translated into higher realizations and profit margin was marginally lower.

A 10% rupee appreciation, 2% lower Aluminium LME, 42% lower Tc/Rc in Copper and soaring international crude prices have eroded margins. This was mitigated to some extent by sweating capacities, improving realization through an enriched product/market mix, and improving plant efficiencies.

The pronounced strengthening of the Indian Rupee vis-à-vis the US dollar adversely impacted both domestic and export realizations in Q-o-Q and Y-o-Y periods. LME was very volatile and started strengthening towards end of the year; however the average cash LME for year was marginally lower than previous year. Significant higher production from our brownfield expansions of both Copper and Aluminium businesses drove increasing sales volumes in quarter on quarter in all four quarters of FY08.

Of the total revenues of Rs. 5010 crores, the aluminium business contributed Rs. 1856 crores. Aluminum metal sales volume rose by 7% along with higher proportion of value added products.

The profit before interest and tax for aluminium business was at Rs. 545 crores as against Rs. 790 crores in the corresponding quarter in the previous year.

The copper business revenues stood at Rs.3155 crores driven by higher sales volumes and an enriched product mix. The profit before interest and tax was Rs. 171 crores against Rs. 137 crores in the corresponding quarter previous year.

As mentioned earlier, a 42% lower TcRc and lower duty differential severely affected the copper business. Regardless, business managed to maintain margins on the back of a very strong performance in the fourth quarter. Higher volumes, better plant efficiencies across the board, enhanced by product/market mix were the drivers.

FY 2008 Performance

The total revenue for the year at Rs. 19201 crores reflected a growth of 5% over last year. EBITDA at Rs. 3894 crs fell by 11% inspite of higher sales volume, due to lower realization and higher cost due to inflationary pressures.

Aluminium business revenue was Rs. 7145 crores against Rs. 7344 crores in the previous year, while PBIT dropped by 17% from Rs. 2929 crores to Rs. 2423 crores. Copper revenue grew by 10% from Rs. 10978 crores to Rs. 12066 crores, while PBIT saw a marginal drop of 3% from Rs. 517 crores to Rs. 503 crores Hindalco continues to be the market leader in both Aluminium and Copper.

Adjustment for earlier year (net) under tax expenses includes write back of provision for tax resulting from change in estimation of tax liability on progress in tax assessments.

Dividend

The board shall consider recommendation of dividend for FY08 at the time of approval of audited accounts.

Operational Review

Aluminium

All the aluminium plants operated at consistently high capacity utilization leading to the highest metal production in a year. Brownfield expansions resulted in increasing metal production by 7%. The downstream assets purchased in the last two years worked to full potential, in addition to consistent production from other plants. Production of value added products (VAP) viz. Rolled products and Extrusions production increased by 2 per cent and 13 per cent respectively. Alumina production was marginally less than last year predominantly due to the hooking of existing alumina refinery with commissioning of new equipment for the brownfield Muri expansion.

Production	Units	Q4 FY08	Q4 FY07	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Alumina	MT	303,928	296,411	1,192,709	1,198,658
Primary metal	MT	121,329	114,334	477,726	442,685
Wire rods	MT	17,892	16,948	71,814	68,998
Rolled products	MT	40,794	48,322	215,198	211,088
Extruded products	MT	10,371	9,525	43,315	38,282
Foils*	MT	6,542	6,144	27,645	25,699
Wheels	Nos.	46,549	45,193	174,069	196,621
Power	MU	2,215	2,074	8,630	8,315

*Foil Production for the current year includes production from Indian Aluminium Company, Ltd, which is merged with Hindalco from April 01, 2007.

Copper

Copper cathodes and CC rods production increased by 12% and 28 % respectively on YoY basis on the back of the ramp up of the Copper-III smelter and consistent production from smelter-I. **The copper production is also highest ever.** The operations at copper smelter –II continue to be suspended.

Production	Units	Q4 FY08	Q4 FY07	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Copper Cathodes	MT	87,134	81,460	323,883	290,425
CC Rods	MT	35,932	30,076	139,833	109,033

Expansion projects

Muri

The expansion of the Muri Alumina refinery from 110,000 tpa to 450,000 tpa is under commissioning in a phased manner. The entire steam and power requirement is being met by the new captive power plant. The production from the expanded facility is being ramped up progressively and has reached 180,000 tpa now. It will reach its full capacity during the year.

Hirakud

Phase II of the expansion of the smelting capacity from 100,000 tpa to 143,000 tpa is on track. Its capacity has touched 110,000 tpa in Q4' FY08 and will scale upto 143,000 tpa by July'08. The scaling up of the power generation capacity from 267.5MW to 367.5MW is complete and all units have been commissioned.

Belgaum

The allotment of the lease for bauxite mines for expanding the alumina refinery capacity at Belgaum, Karnataka from 350 ktpa to 650 ktpa is still awaited.

Aditya Aluminium, the integrated aluminium project, encompassing 1-1.5 million tpa alumina refinery, 260,000-359,000 tpa aluminium smelter and 750-900 MW captive power plant is progressing as planned. The major portion of the total land required for the project has been acquired. Environmental clearances have been obtained for Smelter, the Captive Power Plant (CPP) and the Alumina refinery. The forest clearance for small areas of land is awaited. The water drawal agreement has also been finalized. Construction power is already in place, the regulatory clearances have been obtained for transmission lines for operation power. The Smelter is expected to be commissioned by March, 2011 and the refinery by May, 2011. The technology contracts for the Smelter and Alumina have been finalized with Aluminium Pechiney and Alcan respectively.

Mahan Aluminum project with a smelter capacity of 359 ktpa and CPP of 900 MW is on schedule. The land acquisition for the project is underway. The Company has been allotted a coal block in a JV with the Essar group for the coal requirement of the CPP. Preliminary environmental clearances have been obtained. The power connectivity for commencing construction has been approved. The Water resource department has provided the necessary facilities as well. The production of coal is likely to start by Oct'09. The technology contract for the Smelter has already been finalized with Aluminium Pechiney. The Smelter is expected to roll on by September 2012.

Latehar

For the Latehar project with a smelter capacity of 359 ktpa and CPP of 900 MW, Tubed Coal mine has been allotted jointly with Tata Power. Preliminary Environmental clearances have been obtained. Land acquisition is in progress. Power for construction activity is sanctioned. The technology contract for Smelter has already been finalized with Aluminium Pechiney. The approximate date of commissioning is September 2013.

Utkal

Construction of Utkal Alumina Refinery with a capacity of 1.5 MTPA is currently underway. The company has acquired the land for the plant and other facilities. The Basic engineering packages have already been received from Alcan (technology supplier). Most of the major packages have been ordered. Detailed Engineering for the main plant area is almost complete. The civil works for Alumina refinery and Captive Power Plant is in progress. Bauxite mining activities will start by March 2009. The commissioning of the Plant is expected by March 2010.

Hindalco Almex Aerospace Limited

This joint venture company for manufacture of high strength aluminium alloys for applications in the aerospace, sporting goods and surface transport industries is at an advanced stage of

implementation. Key equipments have arrived at site and are under installation. The project is slated to be completed by July'08

Industry outlook

Aluminium

Global primary aluminium consumption has witnessed a strong growth of 9.3 % from FY07 to FY08. China is the strongest driver of the demand as the metal grew at 30.0 %, in this period, but due to winter storms in China the last quarter had disruptions in power supply leading to a drop in production levels. Demand from Latin America is being driven by strong activity in can, transport and construction markets. In Europe, underlying demand in the automotive, aerospace and packaging markets remained firm. Power supply problems in South Africa will reduce the output by 120,000 tons in 2008.

Copper

China is still expected to grow by 11% in 2008 while prospects remain good for other countries like India, Brazil and Russia. However the concern is rising inflation. The market is expected in near balance and not significant movement in prices.

As the concentrate market is expected to remain in deficit, TC/RC may remain low. However smelters are able to absorb low TC/RC due to substantial increase in sulphuric acid prices.

Company outlook

The adverse macro-economic factors will continue to impact the business. The reasonable forecasting of these adverse trend and remedial steps taken in face of the emerging challenges would continue to help contain the adverse impact. Enhanced asset productivity and containment of input cost along with effective working capital management to maximise free cash flow will be the major growth drivers

Domestic consumption growth for both Aluminium and Copper augers well for Hindalco, which has embarked on the growth plan through low cost greenfield projects.



HINDALCO INDUSTRIES LIMITED

Regd. Office: "Century Bhavan", 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai-400 030

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH, 2008				
(Rupees in Million)				
Particulars	Quarter ended 31/03/2008 (Unaudited)	Quarter ended 31/03/2007 (Unaudited)	Year ended 31/03/2008 (Unaudited)	Year ended 31/03/2007 (Audited)
1 Net Sales & Operating Revenues	50,102	47,489	192,010	183,130
2 Other Income	1,442	1,233	4,929	3,701
3 Total Income	51,544	48,722	196,939	186,831
4 Expenditure	43,651	38,566	163,877	149,361
(a). (Increase)/Decrease in Stock	(3,054)	3,612	(1,327)	(4,425)
(b). Consumption of Raw Materials	34,455	23,423	120,474	111,119
(c). Purchase of Traded Goods	164	96	925	230
(d). Employees Cost	1,841	1,465	6,212	5,196
(e). Power and Fuel	5,370	4,297	19,108	18,486
(f). Depreciation	1,516	1,576	5,878	6,381
(g). Other Expenditure	3,359	4,097	12,607	12,374
5 Interest & Finance Charges	988	577	2,806	2,424
6 Profit before Tax	6,905	9,579	30,256	35,046
7 Tax Expenses	(3,865)	2,366	1,647	9,403
(a). Current Year	1,542	2,366	7,054	9,403
(b). Adjustment for earlier years (Net)	(5,407)	-	(5,407)	-
8 Net Profit	10,770	7,213	28,609	25,643
9 Paid-up Equity Share Capital (Face Value : Re 1/- per Share)	1,226	1,043	1,226	1,043
10 Reserves				123,137
11 Earning Per Share (EPS)				
(a). Basic EPS (Rs.)	8.78	7.32	24.51	25.52
(b). Diluted EPS (Rs.)	8.73	7.32	24.38	25.52
12 Public Shareholding				
(a). Number of shares			841,522,988	845,583,773
(b). Percentage of shareholding			68.58%	72.94%



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SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT				
(Rupees in Million)				
Particulars	Quarter ended 31/03/2008 (Unaudited)	Quarter ended 31/03/2007 (Unaudited)	Year ended 31/03/2008 (Unaudited)	Year ended 31/03/2007 (Audited)
1. Segment Revenue				
(a) Aluminium	18,557	20,424	71,449	73,444
(b) Copper	31,548	27,112	120,655	109,776
	50,105	47,536	192,104	183,220
Less: Inter Segment Revenue	(3)	(47)	(94)	(90)
Net Sales & Operating Revenues	50,102	47,489	192,010	183,130
2. Segment Results				
(a) Aluminium	5,448	7,902	24,231	29,292
(b) Copper	1,710	1,365	5,034	5,171
	7,158	9,267	29,265	34,463
Less: Interest & Finance Charges	(988)	(577)	(2,806)	(2,424)
	6,170	8,690	26,459	32,039
Add: Other un-allocable Income net of un-allocable expenses	735	889	3,797	3,007
Profit before Tax	6,905	9,579	30,256	35,046
3. Capital Employed				
(a) Aluminium	80,083	74,511	80,083	74,511
(b) Copper	53,967	49,307	53,967	49,307
	134,050	123,818	134,050	123,818
Un-allocable/ Corporate	139,485	85,181	139,485	85,181
Total Capital Employed	273,535	208,999	273,535	208,999



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Notes:

1. Upon receipt of all requisite approvals, Indian Aluminium Company, Limited, a subsidiary of the Company, has been amalgamated with the Company with effect from 1st April, 2007. Accordingly, the figures of current quarter and year ended 31st March, 2008 are not comparable with those of the corresponding previous periods.
2. The Company raised Rs.22,195 million from a rights issue in January 2006. The issue was made to part finance various brownfield and greenfield projects.

The brownfield expansions of Muri Alumina and Hirakud Aluminum are in the final stages of commissioning. However the Belgaum Alumina project could not be started due to non-allotment of bauxite mines. The greenfield projects namely Aditya Aluminum and Utkal Alumina are at various stages of implementation but have been delayed due to delay in securing regulatory approvals.

The proceeds of the rights issue aggregating to Rs.22,195 million have been utilized for the purpose of defraying issue related expenses of Rs.366 million and subscription to shares of a subsidiary company to the extent of Rs. 3,935 million while the balance amount is temporarily invested in short term liquid securities.

As per SEBI (DIP) Guidelines read with clause 43 and 43(A) of the listing agreement, the project monitoring report submitted by the Monitoring Agency has been reviewed by the Audit Committee at its meeting held on 30th April, 2008.

3. Adjustment for earlier years (net) under Tax Expenses includes write back of provision for tax resulting from change in estimation of tax liability on progress in tax assessments.
4. In pursuance of announcement dated 29th March, 2008 of the Institute of Chartered Accountants of India on Accounting for Derivatives, mark to market losses on outstanding derivative instruments as on 31st March, 2008 stood at Rs. 220 million, arising from hedging transactions undertaken by the Company for its commodities and foreign currency related exposures. The Company does not hold or issue derivative financial instruments for trading or speculative purposes and all the derivative entered into by the Company are to mitigate or offset the risks that arise from their normal business activities only. The above mark to market loss is expected to flow back through future cash flows. The Company intends to go for early adoption of AS 30 on Financial Instruments: Recognition and Measurement which will take some time on account of associated complexities and documentation requirements. Pending adoption of AS 30, the Company has not provided for the losses on mark to market basis.
5. Disclosure relating to number of complaints from investors during quarter -

Pending as on 1st January, 2008	Received	Resolved	Pending as on 31st March, 2008
0	24	24	0

6. Figures of previous periods have been regrouped wherever found necessary.
7. The above results have been reviewed by the Audit Committee and have been taken on record at the meeting of the Board of Directors held on Wednesday, 30th April, 2008. Limited Review has been carried out by the statutory auditors of the Company as per clause 41 of the listing agreement with stock exchanges.

By and on behalf of the Board

**D. Bhattacharya
Managing Director**

**Place : Mumbai
Dated: 30th April, 2008**