



## **Hindalco - The Aditya Birla Group's Flagship Company reports Excellent 9 month Performance in 2000-01**

<b>Turnover</b>	<b>Rs. 1,677 Crores</b>	<b>Up 12%</b>
<b>Operating Profit</b>	<b>Rs. 792 Crores</b>	<b>Up 17%</b>
<b>Net Profits</b>	<b>Rs. 521 Crores</b>	<b>Up 15%</b>
<b>Exports</b>	<b>Rs.292 Crores</b>	<b>Up 26%</b>

Hindalco Industries Limited, the Aditya Birla Group's Flagship Company has achieved outstanding results during the period April- December, 2000. Consistent consolidation of capacity utilisation and operational efficiencies have contributed to this rise in Sales and Profitability.

### **Sales**

Sales during the 9 month period were Rs. 1677 Crores, 12% higher over Sales in the corresponding period last year. The growth was driven by enhanced sales of value added products and facilitated further by better international prices. Exports rose 26 % in Value to a significant Rs. 292 Crores as against exports of Rs. 231 Crores in the corresponding period last year.

### **Profits**

Hindalco's Operating Profit was up by 16.7% to Rs.792 Crores as against Rs. 679 Crores during the corresponding period last year. Net Profit after Depreciation and Tax stood at Rs. 521 Crores as against Rs. 452 Crores in the comparable period of the previous year.

This improved profitability has resulted from a larger share of value added products, better realisations, consolidation of operating efficiencies and successful efforts at cost saving.

### **Q3 - Highlights**

- Sales of Rs. 561 Crores are almost 11.7% higher over sales of Q3 1999-2000.
- Operating Profit of Rs. 258 Crores is 13.2 higher ( Rs.228 Crores)
- Net Profit has grown 11.3% to Rs.170 Crores ( Rs. 153 Crores )

### **Plant/Production Overview**

- Aluminium Metal Production was 187,825 MT (186,577 MT in the corresponding period last year) reflecting a capacity utilisation in excess of 100 %.
- Alumina Production was 353,205 MT which is 6 % higher over output of 331,793 MT in the comparable period in 1999-2000.

- Output of Rolled Products at 47,472 MT is 11 % higher over 42,557 MT in the previous year.
- Extrusion Production soared substantially by 29 % to 14,311 MT vis-à-vis 11,081 MT in the corresponding period last year.
- Production of Redraw Rods was consciously scaled back to 31,394 MT due to weak demand from the Electrical Sector.
- The Company's Captive Power Generation was adequate to meet in-house needs:
  - Power sent out from the Company's Renusagar Power Plant was 2987.5 MU.
  - Power sent out from the Company's Co-generation Unit was 177.4 MU.
- The performance of the Company's Foil Plant continues to be excellent. Foil production increased over 95 % to 9,759 MT over 5,004 MT in the corresponding period last year.
- Production at the Company's Aluminium Alloy Wheel Plant has been stabilised and output will be increased gradually.

### **Fund Raising**

In January 2001, the Company raised a Debt of Rs. 1500 million for general corporate purposes through Secured Redeemable Non-convertible Debentures. The Debenture issue at an interest rate of 11.22 % for a period of 7 years, has set a benchmark in the debt market.

### **Brownfield Expansion**

In anticipation of emerging demand, Hindalco has embarked on a substantial brownfield expansion at Renukoot. Consequent to completion, Aluminium Smelting Capacity will increase to 342,000 MTPA (242,000 MTPA), Alumina Refining Capacity will be augmented to reach 660,000 MTPA ( 450,000 MTPA) and Power Generation Capacity will stand increased to 769 MW ( 619 MW).

Work on the expansion is progressing well. Orders for major equipments, including those for the power generation expansion have been placed. Efforts are on to start commissioning activities of the Company's 9<sup>th</sup> Potline in March 2001. The expansion is slated to be completed in phases by Fiscal 2003-04. Consequent to its completion, Hindalco will consolidate its domestic market leadership and ensure improved availability for a greater presence in the international markets.

### **Outlook**

Aluminium Consumption has grown substantially in the internationally market in Year 2000. Despite concerns about an economic slowdown, the fundamentals remain favourable with reduced availability on account of production cutbacks, low inventory levels and good consumption trends in major consuming areas other than North America. Hindalco's exports have grown 26 % in April - December 2000 over the corresponding period last year and the outlook for exports is encouraging. Better prices and emphasis on value added products has enabled the Company to improve realizations. Underlying the Company's exemplary performance is the continuous and successful drive for consolidating cost efficiency. Consequently, the outlook for the Company during Fiscal 2000-01 and the near term is extremely promising.

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# PURSUIT OF EXCELLENCE



**Results**  
**Q3 : FY 2001**  
**January 23, 2001**

## Q3 FY 2001 - Highlights

<input type="checkbox"/> Sales	<u>Rs. 561 Cr.</u>		11.7 %
<input type="checkbox"/> Operating Profit	<u>Rs. 258 Cr.</u>		13.2%
<input type="checkbox"/> Profit before Tax	<u>Rs. 246 Cr.</u>		15.7%
<input type="checkbox"/> Net Profit	<u>Rs. 170 Cr.</u>		11.3%
<input type="checkbox"/> EPS	<u>Rs. 22.8</u>		11.3%
<input type="checkbox"/> Cash EPS	<u>Rs. 27.6</u>		9.8%
<input type="checkbox"/> Operating margin increased to 46.0%			

...higher realization backed by higher prices

...higher contribution of improved product mix

...an outcome of continuous cost control measures



## Q3 FY 2001 - Highlights

❑ Sales up 11.7% to **Rs. 561 Cr.**

... driven by 9.4% increase in realization

❑ Sales of value added products up 11% to **318 Cr.**

❑ Exports up 25.7% to **Rs. 100 Cr.**

...backed by 16.6% increase in realization

...Export of Rolled products up 15% to 2,163 MT

...Export of Billet at 2,460 MT

❑ Metal Production at **63,768 MT**

... Smelter capacity utilization above 100%

❑ Extrusion production rises by 30% to **4,886 MT**

❑ Foil production up 52% at **3,414 MT**



## Q3 FY 2001 Results

(Rs. in Crores)

Particulars	Q3 FY 2001	Q3 FY 2000	Change (%)	FY 2000
Net Sales	561	502	↑ 11.7	2,031
Total Expenditure	303	274	↑ 10.5	1,091
Operating Profit	258	228	↑ 13.2	940
Other Income	39	35	↑ 13.9	139
Interest	16	16	↑ 3.8	60
Depreciation	36	35	↑ 2.9	135
Profit Before Tax	246	212	↑ 15.7	884
Taxation	76	60	↑ 26.9	249
Net Profit	170	153	↑ 11.3	612
EPS (Rs.)	23	21	↑ 11.3	82.2
Cash EPS (Rs.)	28	25	↑ 9.8	100.4



## 9M FY 2001 Results

(Rs. in Crores)

Particulars	9M FY 2001	9M FY 2000	Change (%)	FY 2000
Net Sales	1,677	1,496	↑ 12.1	2,031
Total Expenditure	885	818	↑ 8.2	1,091
Operating Profit	792	679	↑ 16.7	940
Other Income	103	97	↑ 5.8	139
Interest	49	48	↑ 2.9	60
Depreciation	106	101	↑ 4.9	135
Profit Before Tax	740	627	↑ 18.0	884
Taxation	219	175	↑ 24.9	249
Net Profit	521	452	↑ 15.3	612
EPS (Rs.)	70	61	↑ 15.3	82.2
Cash EPS (Rs.)	84	74	↑ 13.4	100.4



## 9M FY2001 - Production Performance

( MT )

Particulars	9M FY 2001	9M FY 2000	Change (%)	Projection FY 2001	Actual FY 2000
Alumina	353,205	331,793	↑ 6.5	475,000	453,305
Aluminium Metal	187,825	186,577	↑ 0.7	251,000	248,930
Wire Rods	31,394	37,056	↓ (15.3)	43,500	49,018
Rolled Products	47,472	42,557	↑ 11.5	63,000	58,594
Extruded Products	14,311	11,081	↑ 29.1	18,000	14,959
Aluminium Foils	9,759	5,004	↑ 95.0	13,000	7,537
<u>Net Power Availability (MU)</u>					
➤ Renusagar	2,988	3,007	↓ (0.6)	3,960	4,050
➤ Co-Generation	177	180	↓ (1.2)	240	246 <sup>6</sup>



# Industry Outlook



## Global Outlook is Positive

- ❑ **Consumption growth slowed in 2000 due to**
  - **Weakness in the US market**
  - **Slower growth in Japan**
- ❑ **Aluminium consumption set to grow**
  - **Strong growth in China**
  - **Firming Euro override concerns in the US market**
  - **Demand growth in several regions – Asia, CIS, Eastern Europe**
  - **Growth in transportation, construction and packaging sectors**
- ❑ **Steep hikes in US Power costs**
  - **Led to estimated production cutbacks of 900,000 MT**
  - **Further potential cutbacks**
- ❑ **Aluminium Inventories at historical low**



## Global Growth Pattern

### Aluminium Consumption growth

Region	CY 2000 YTD (%)	CY 1999 (%)	CY 1998 (%)
North America	+0.7	+6.9	+6.7
Asia	+11.6	+13.9	-15.0
Japan	+4.1	+5.7	-10.8
Western Europe	+3.2	+2.5	+2.1
China	+17.9	+13.0	+9.9
World	+5.6	+6.0	+1.0

### Aluminium Production Growth

World	+5.2	+4.3	+3.9
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Source: CRU Aluminium Monitor December, 2000



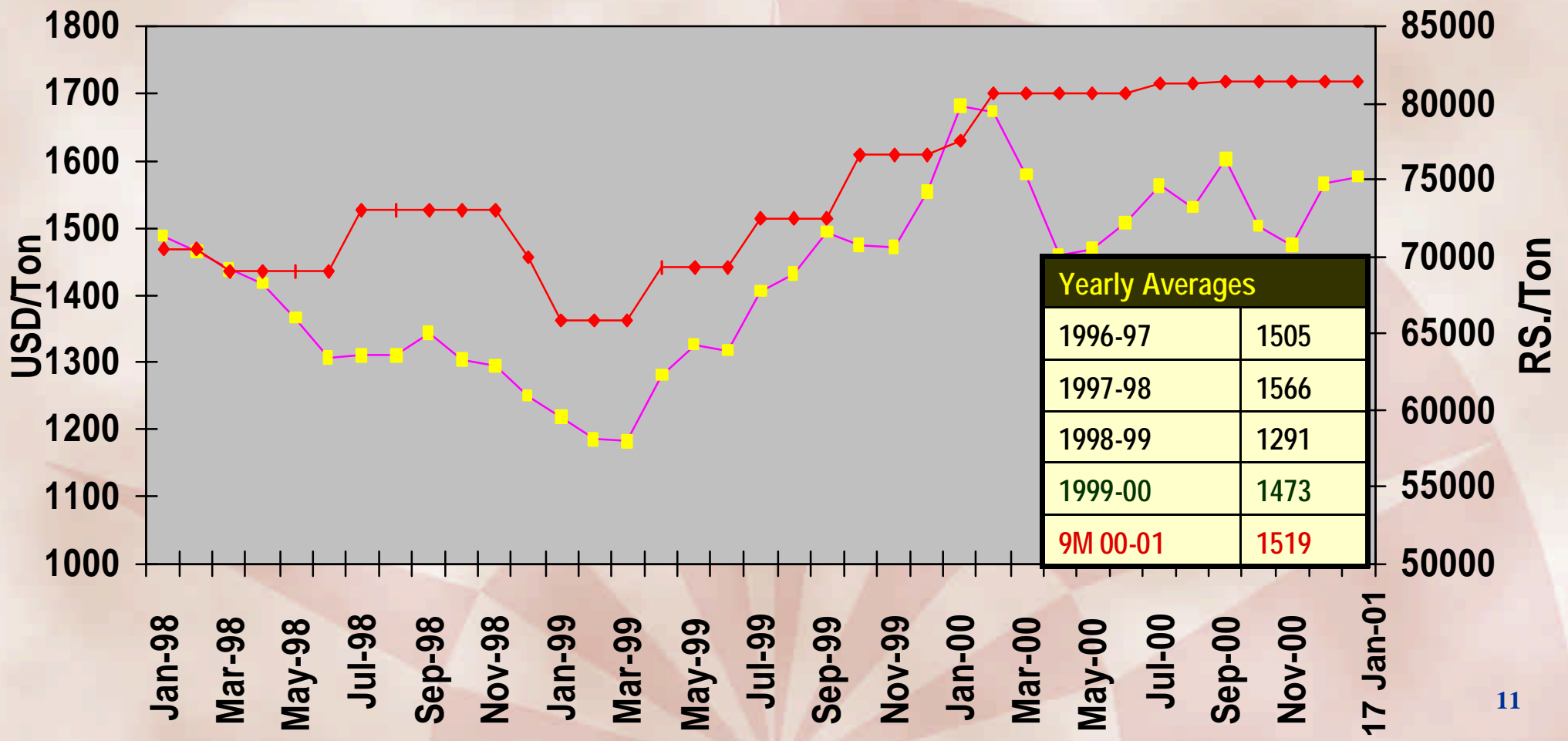
## Domestic Outlook Remains Positive

- ❑ **Weak Demand trends witnessed during the quarter**
  - **Demand from Electrical, Transportation and Consumer durable segments were weak**
  - **Domestic Prices of Wire Rods remained under pressure**
- ❑ **Good economic fundamentals, with expectations of stronger growth**
- ❑ **Encouragement to Infrastructure spending, notably in construction sector**
- ❑ **Expectations of improved demand from transportation, automobile and construction sector to drive growth**
- ❑ **Restructuring and consolidation of industry likely to accelerate**



# LME Aluminium Prices Reflect Strong Outlook

■ LME Cash    ◆ Domestic Price Ex-works





## Brownfield Expansion

- ❑ **Orders for major equipments placed for Alumina, Power and Smelter Plants**
- ❑ **Work progressing as per plan**
- ❑ **Targeting to start Commissioning of one (9th) Potline in March 2001**
  - 40 pots will be added
- ❑ **Targeting to achieve additional metal production of about 15,000 MT in Fiscal 2001-2002**
- ❑ **Completion planned in phases by first half of FY 2003-04**

**HINDALCO**



**THANK YOU**