

HINDALCO

HINDALCO



Hindalco Industries Limited

An Emerging Non-Ferrous Metal Powerhouse

FY03 Performance Review

April 2003

ADITYA BIRLA GROUP

Presentation structure

Backdrop

FY03 Highlights

Business Performance Review

Hindalco Finance Performance

Indal Performance Review

Business Outlook

Growth Strategy for Future

Backdrop

- Challenging year for the global metal sector
 - Economic environment not conducive
 - *Global economic recovery failed to materialise*
 - *Consumer confidence and buying behaviour affected*
 - *Demand growth modest; Supplies outstripped*
 - LME prices remained volatile and tested new lows
 - *Spot TCRC at its historical low*
 - Domestic environment not so buoyant as well
 - *Drought like conditions affected GDP growth*
 - *Industrial growth remained sluggish*
- Aluminium operations suffered due to adverse developments
 - Smelter affected by power disruptions
 - Poor quality and insufficient availability of coal

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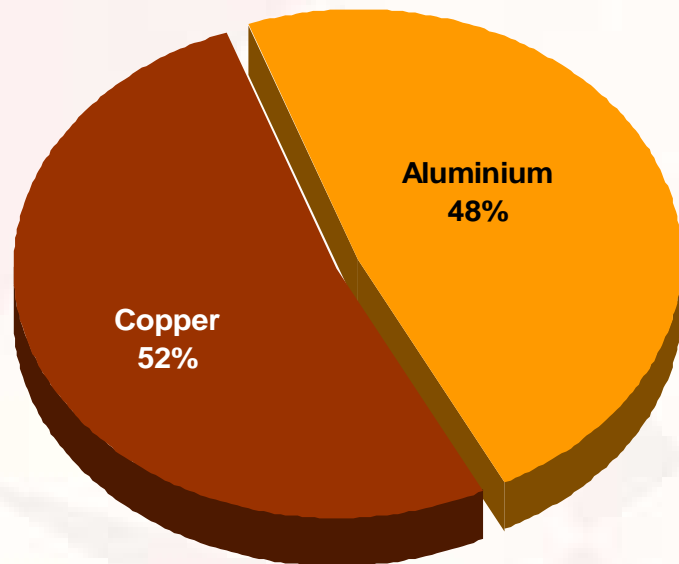
FY03 highlights

- **Landmark year strategically**
 - Copper business acquired
 - Indal shareholding increased from 74% to 96%
 - Copper mine acquired
- **Aluminum Business**
 - Record volumes notwithstanding Smelter interruptions
 - Smelter operating at 3.1 lac TPA capacity by Mar-03; Brownfield nearing completion
 - Market share sustained amidst intensified competition
 - Margins suffered, but demonstrated smart recovery in Q4
- **Copper Business**
 - Production at record high levels of 1.8 lac MT
 - Refined copper sales up 19%; Exports doubled
 - Brownfield nearing completion, to be operational during H1-FY04
- **Financial highlights**
 - Net sales higher at Rs. 4,975.5 Crores
 - EBIDTA improved to Rs. 1,212.5 Crores
 - Net profit before extra-ordinaries up 8.7% to Rs. 745.5 Crores

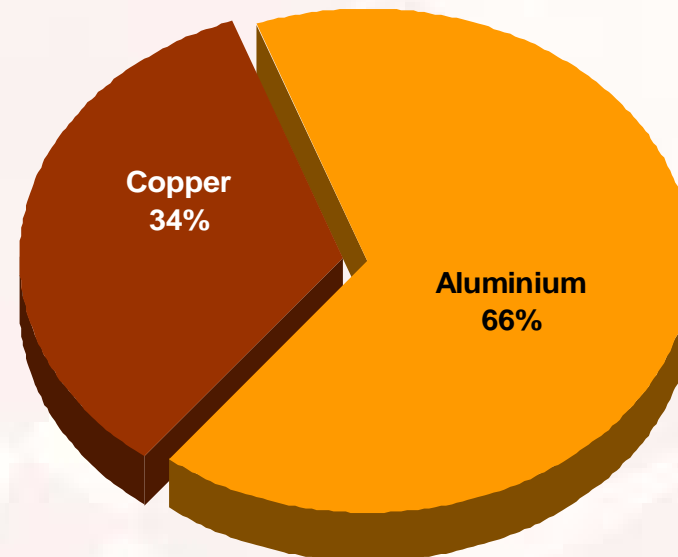
Segmental highlights



Net Revenues



Operating Profits (PBDIT)



(In Rs. Crores)	Net Sales	PBDIT	Capital Employed	ROCE
Aluminium	2,374	801	3,849	20.82%
Copper	2,602	411	2,403	17.11%
HINDALCO	4,976	1,212	6,252	19.39%

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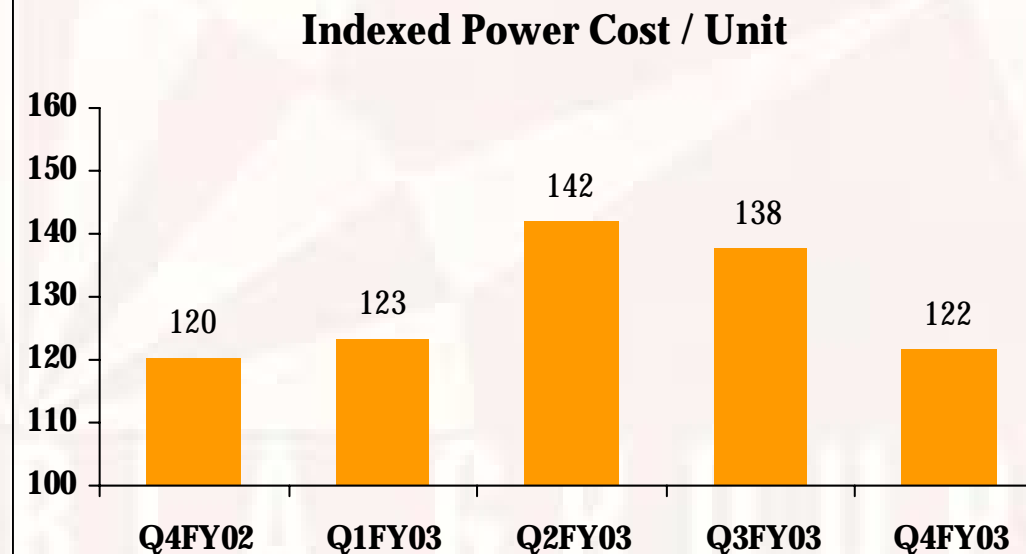
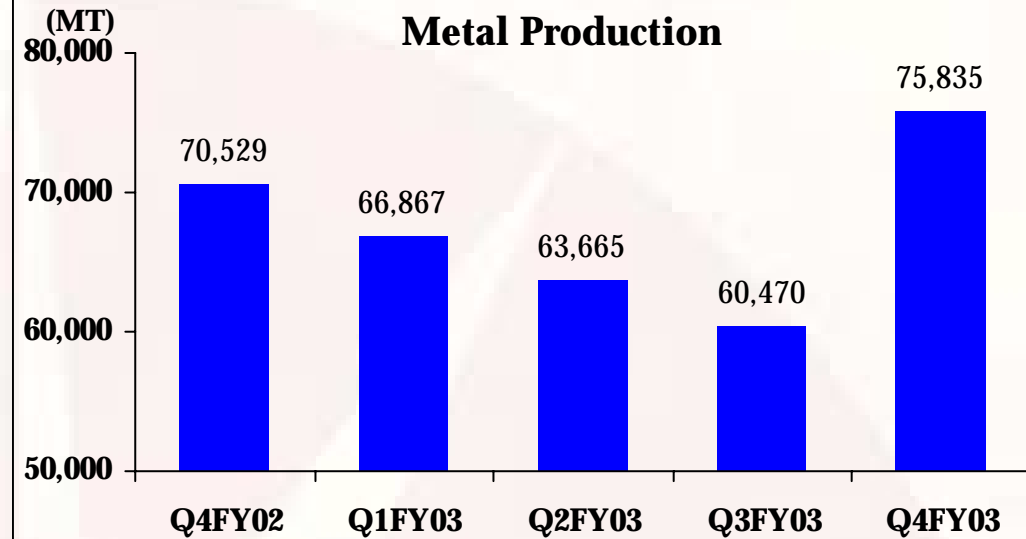
Business Outlook

Growth Strategy for Future

Aluminium: Operations recovered smartly in Q4



- Metal production up 25% QoQ in Q4
 - Pots relined/restarted in record time
 - New pot lines, part of the Brownfield, commissioned ahead of schedule
- Power costs declined sharply
 - Coal problems resolved largely
 - New linkages approved by Govt.
 - Efficiencies being regained
- Focus on Value Added Products continued
 - Ensured higher volumes across value chain notwithstanding Smelter interruptions





Aluminium:

Satisfactory production performance for FY03

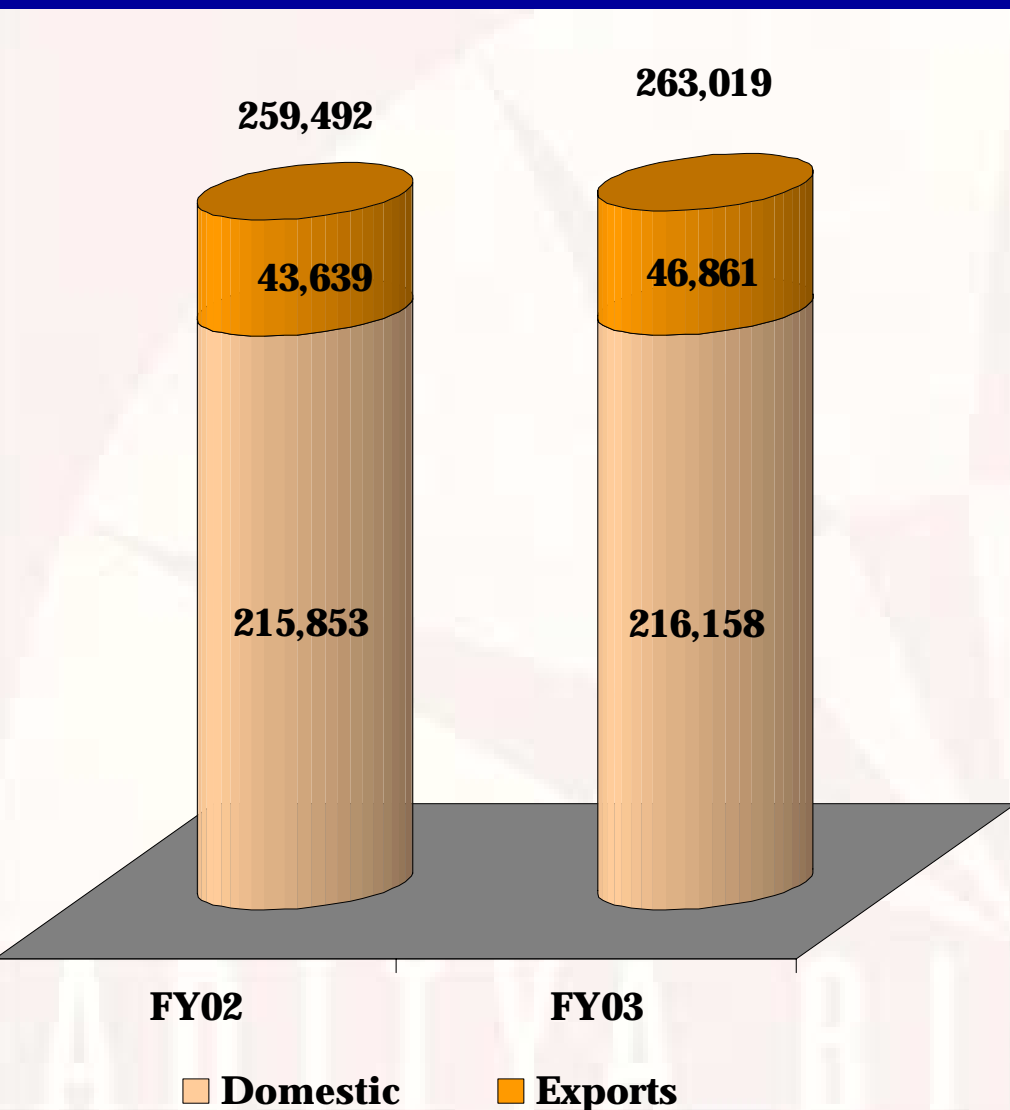
- Metal production maintained despite setback at the Smelter
- Value Added Product segments grow smartly
- Brownfield Expansion to drive volume growth in FY 2004.

Production	Unit	FY 02	FY 03	% Chg	FY 04 Target	% Chg
Alumina	MT	494,724	501,270	1.3	648,000	29.3
Metal	MT	261,338	266,837	2.1	337,200	26.4
Wire Rod	MT	52,204	50,790	(2.7)	53,600	5.5
Rolled	MT	70,113	73,171	4.4	76,000	3.9
Extrusions	MT	16,251	18,822	15.8	20,000	6.8
Foils	MT	17,209	19,234	11.8	21,100	9.8
Alloy Wheels	No.	22,889	56,117	145.2	200,000	-
Renusagar Power	MU	4,053	4,360	7.6	5,300	21.7
Co-generation	MU	242	254	5.1	260	1.6

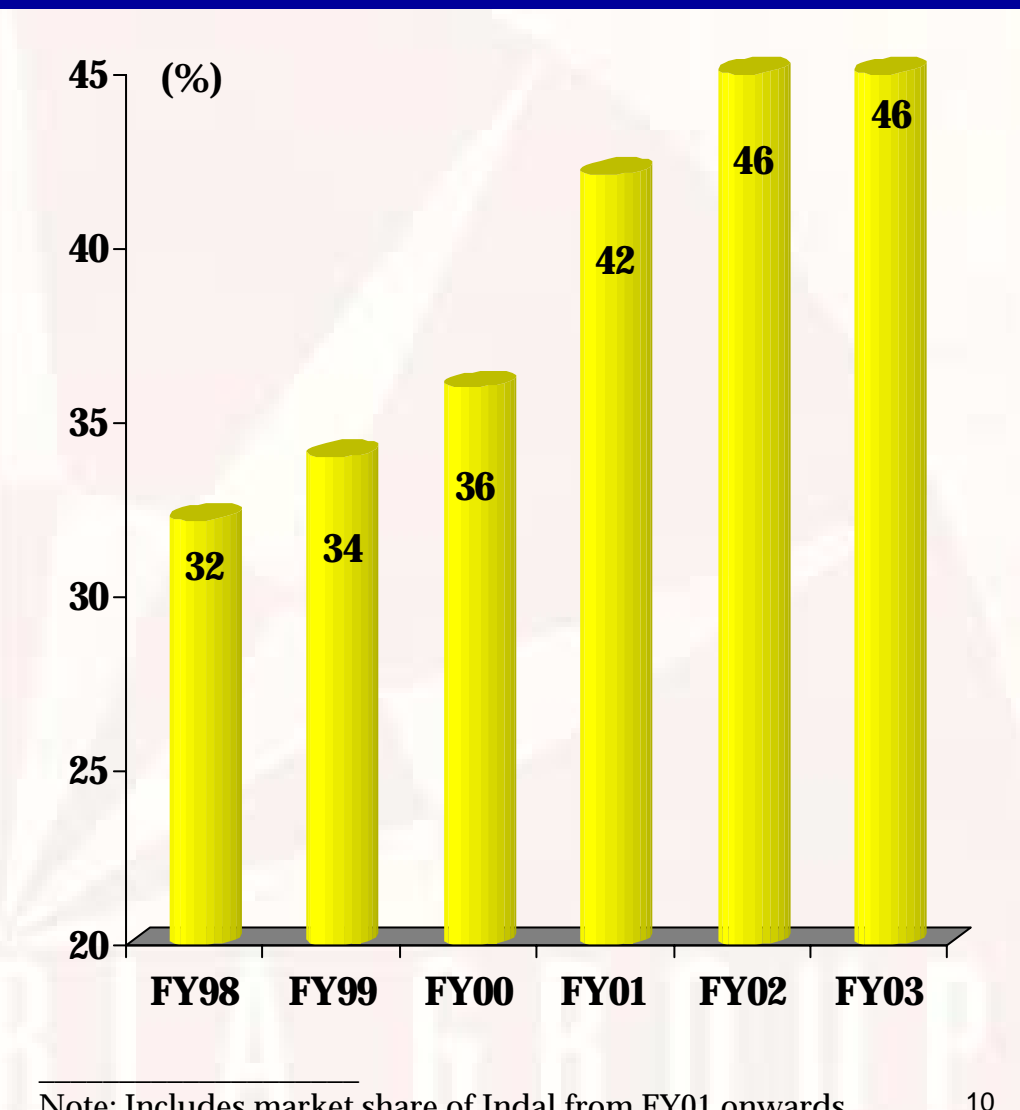
Volumes to grow 26% in FY04

Aluminium: Market share sustained amidst intense competition

Sales Volumes (MT)



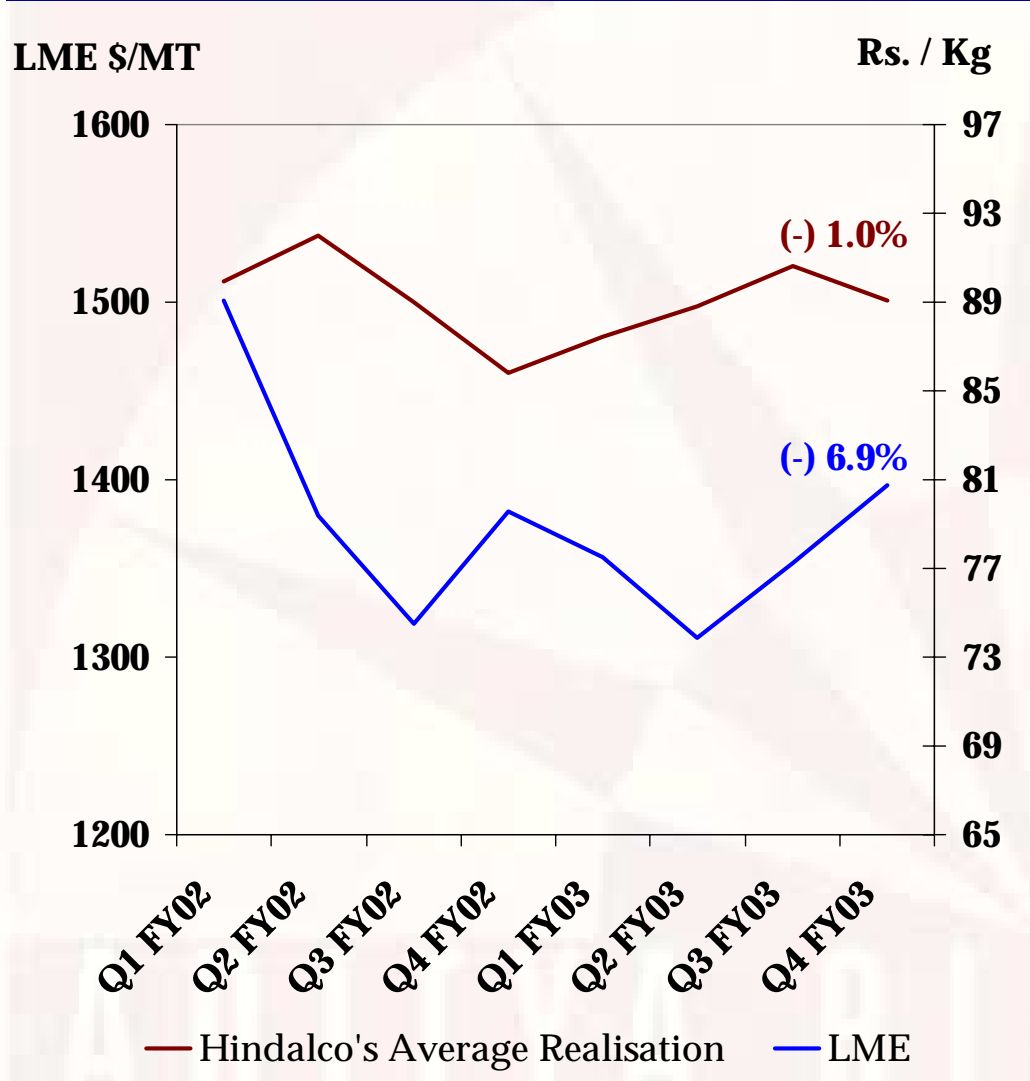
Market Share



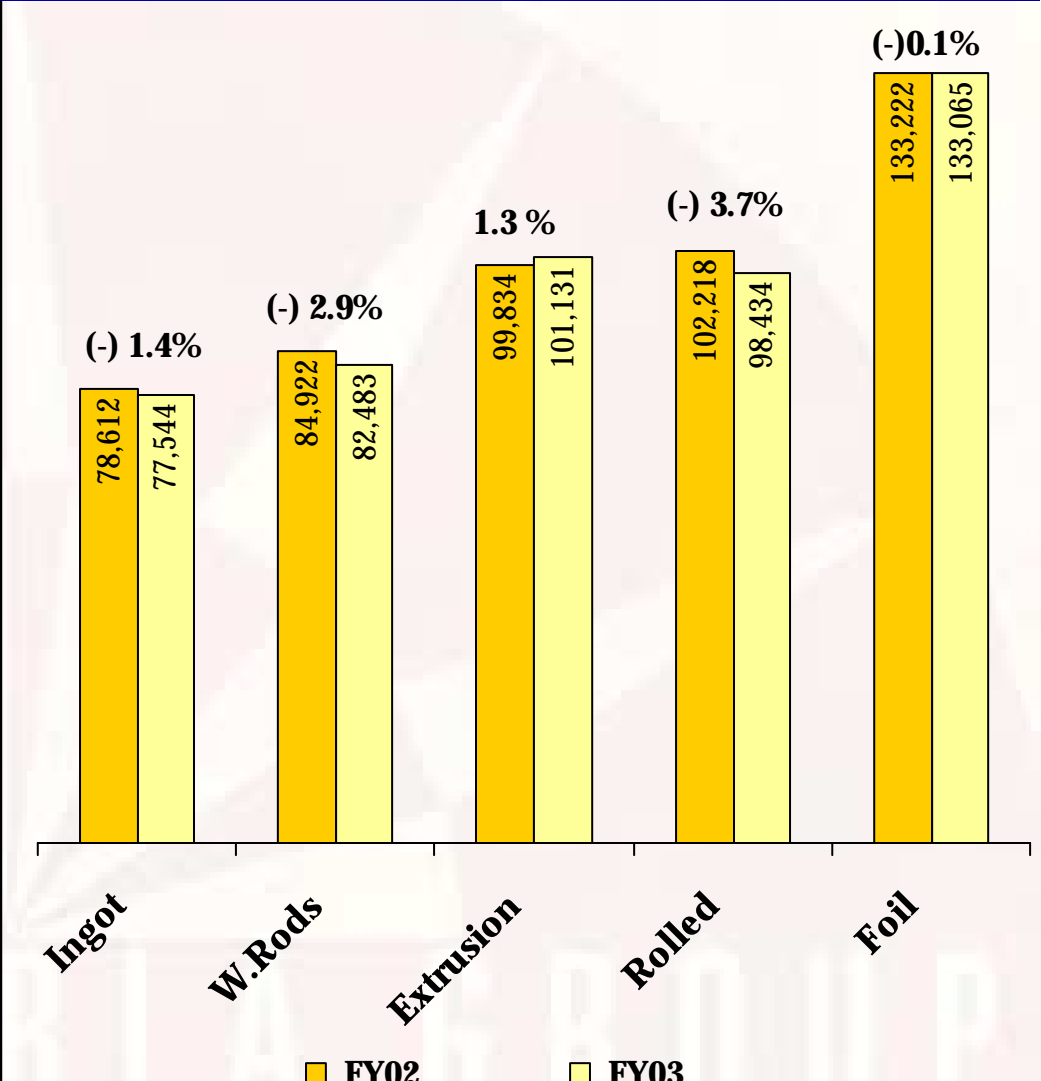
Note: Includes market share of Indal from FY01 onwards

Aluminium: Realisation suffered, but outperformed LME trends

LME vs. Hindalco Avg. Realisation



Product-wise Realisation (Rs./MT)



Aluminium:

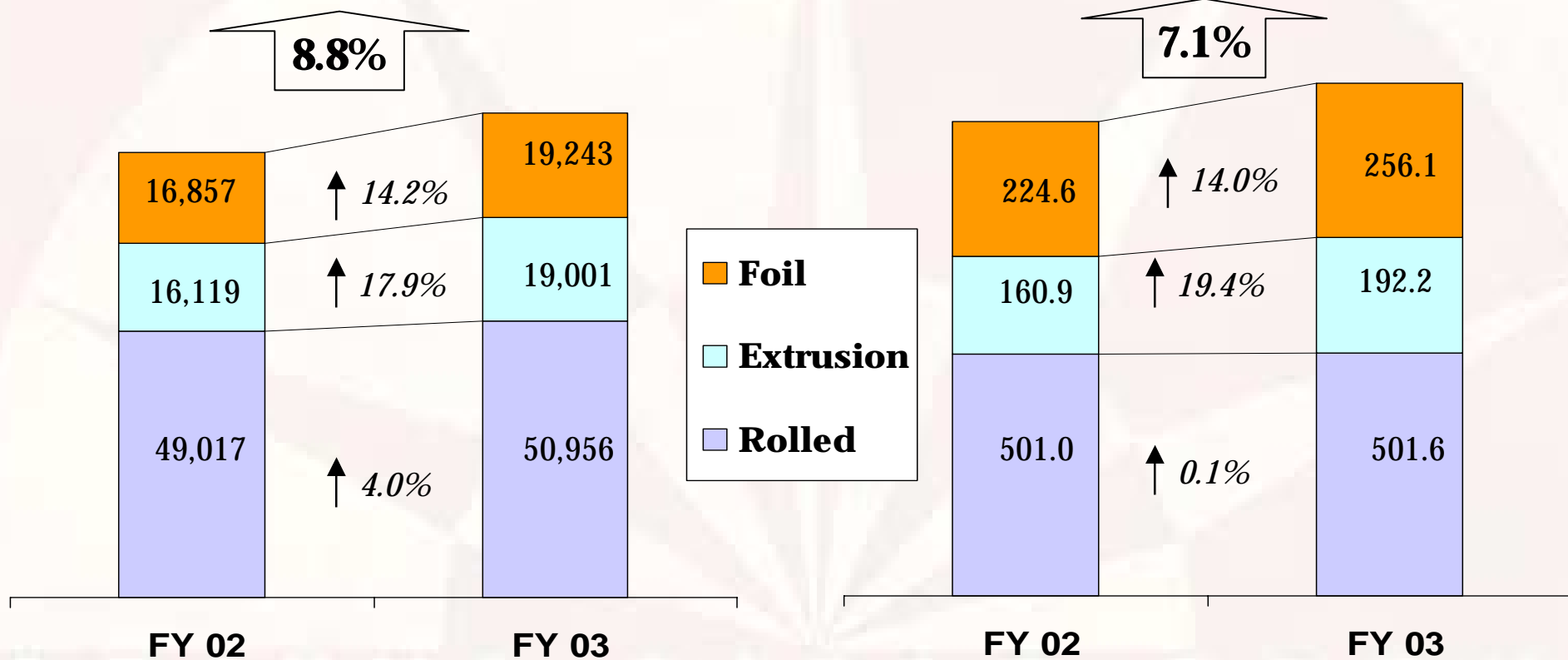
Value Added Products behind LME outperformance



Volume (MT)	
81,993	89,200
31.6%	33.9%

Sales (Rs. Crore)	
886.5	949.8
38.0%	40.0%

of total sales

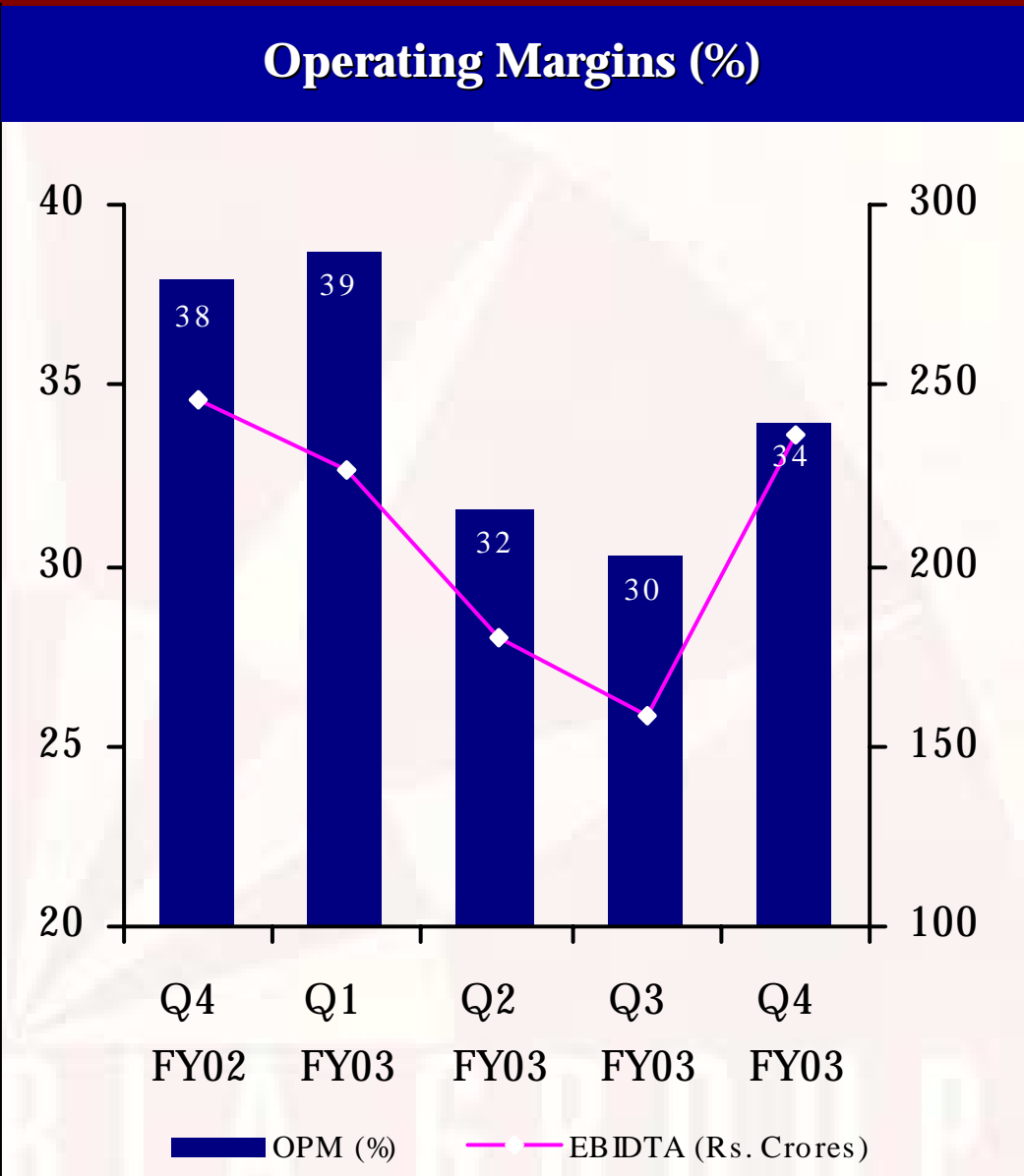


***Extrusions show a strong performance
Higher exports capped Rolled Products realisation***

Aluminium: Smart recovery in margin sustainable

- Operating margins recovered smartly
 - Margins recovered to 33.9% in Q4
 - Smart recovery helped by
 - **Resolution to coal problems**
 - **Full stabilisation of Smelters**
 - **Regaining of efficiencies underway**

- Margins recovery to continue in FY04
 - Plant efficiencies to be regained fully
 - Brownfield to lower cash cost by \$50/T
 - **Impact on entire volumes**
 - On-going cost reduction exercises to add further strength
 - **Project “Rocket-2K” to help cost savings**
 - **Project “Everest” under implementation**
 - Integrated operations remain a strength

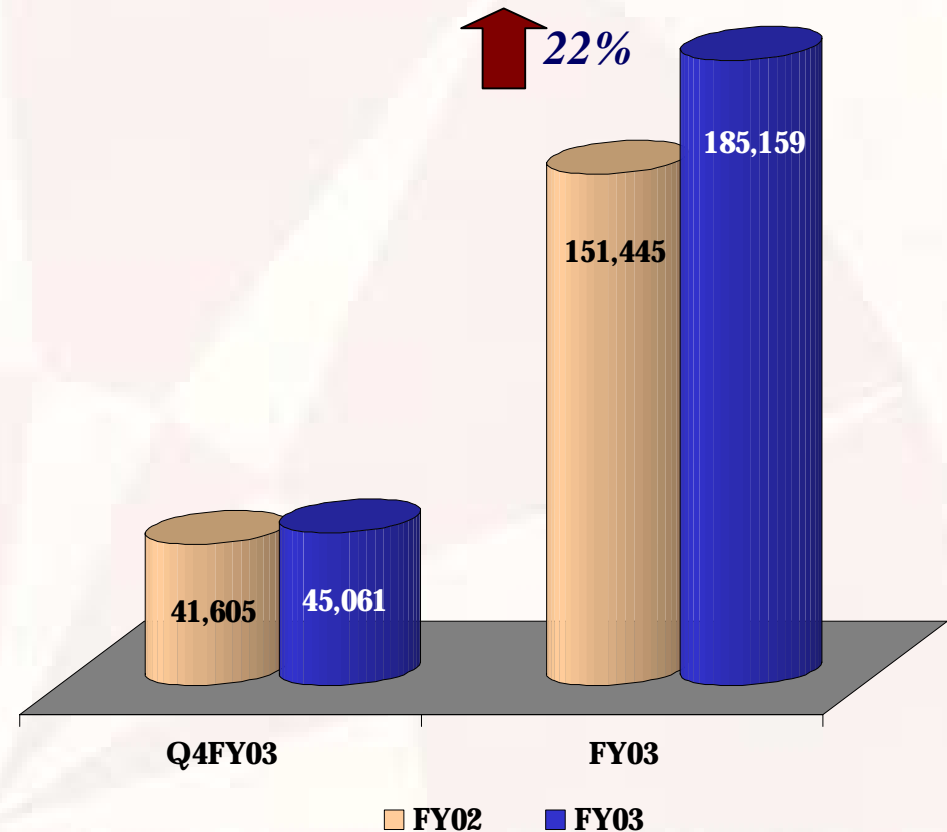


Copper: Smelter utilisation at record high levels



Products	Volumes (in Tonnes)		
	FY03	FY02	% Chg.
Copper Cathode	185,159	151,445	22.3
Sulphuric Acid	495,703	403,903	22.7
DAP / NPK	315,785	299,878	5.3
Gold	5.451	7.493	(27.3)
Silver	30.5	27.6	10.3

Copper Cathode Production (MT)



Operating consistently above rated capacity for 1.5 lac TPA

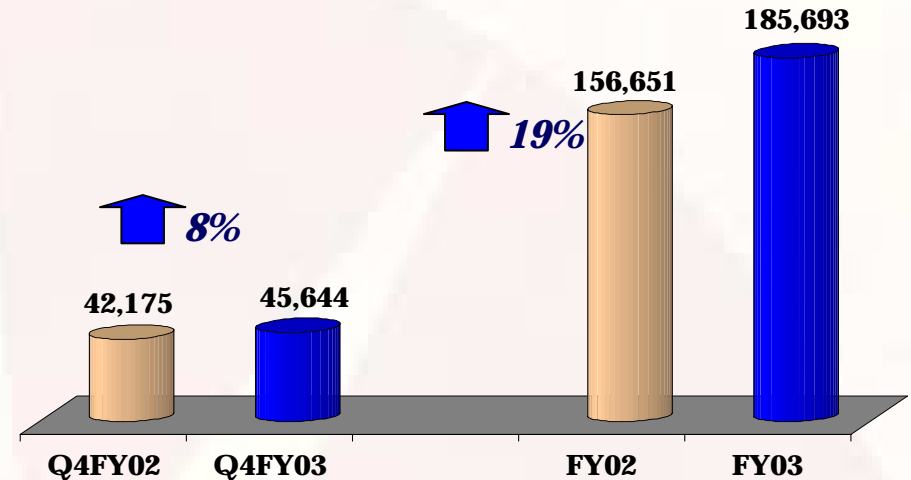
Copper:

Impressive sales performance continued

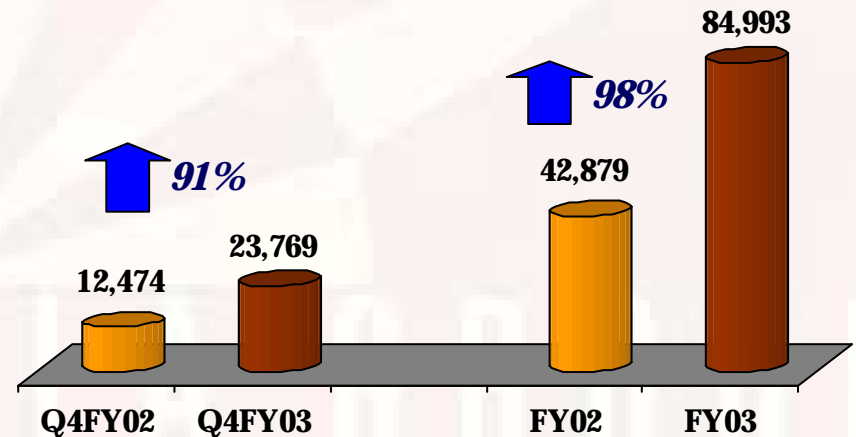


- Sales grew by 16%, helped by exports
- Export growth impressive at 114%, backed by 98% higher quantities
 - Deeper penetration of existing markets
 - Entry into new export markets of Asia and Middle East
 - CC Rod exports grew from 1,160 MT to 16,646 MT in FY03
- Domestic sales volumes suffered
 - Reduced demand from JFTC sector
 - Duty free imports from Sri Lanka

Refined Copper Sales



Copper Exports

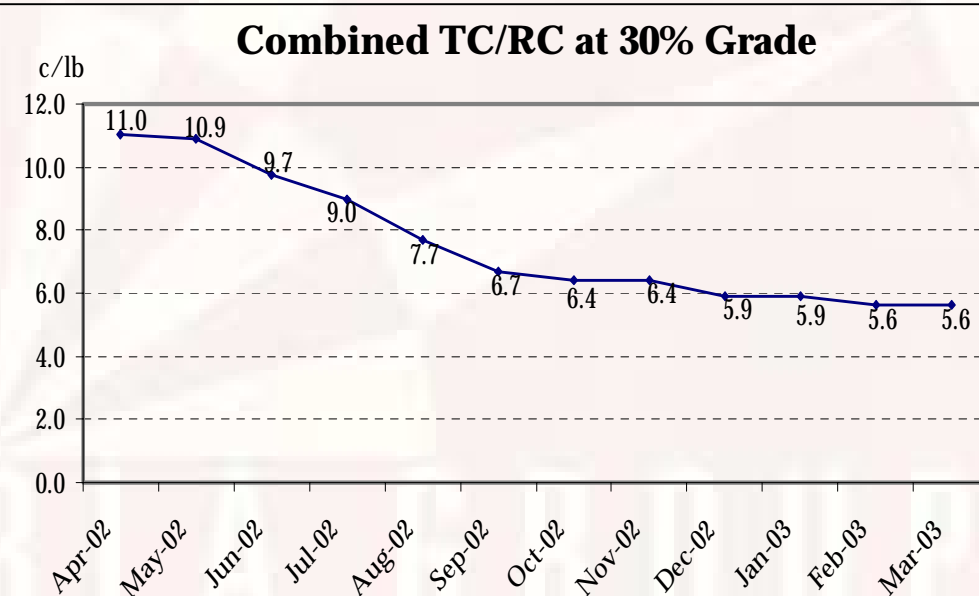
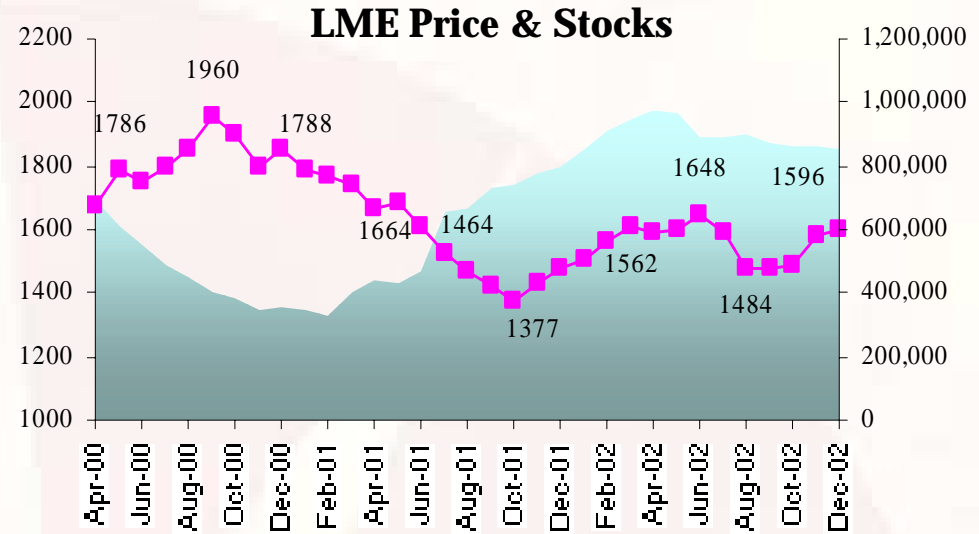


Copper:

Business profitability maintained



- **Business margins maintained**
 - Notwithstanding duty cut impact, introduction of SAD, declining TCRC, and reduced DAP subsidies
- **LME higher marginally**
 - Quarterly average LME up from \$ 1,544/MT to \$1,658/MT in Q4
 - Full year average up 4% YoY at \$1583
- **Spot TCRC tumbled to historical lows**
 - Declined from 11.0 c/lb to 5.6 c/lb in FY03 as major producers scaled down production
 - Impact minimised at Birla Copper through
 - **Higher tonnage under long term contracts**
 - **Spot purchases advanced in a falling spot market**



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Hindalco: FY03 Results

(Rs. Crores)	FY 03	FY 02#	% Change
Net Sales	4,975.5	2,331.4	113.4
Total Expenditure	3,763.1	1,337.3	181.4
Operating Profit	1,212.5	994.0	22.0
Other Income	234.5	210.9	11.2
Interest Payment	120.1	45.6	163.4
Depreciation	264.2	154.3	71.2
Profit before Tax	1,062.7	1,005.0	5.7
Current Tax	252.0	257.0	(1.9)
Deferred Tax	65.3	62.0	5.2
Net Profit before Extraordinaries	745.5	686.0	8.7
Extraordinaries	163.3	-	-
Net Profit after Extraordinaries	582.1	686.0	(15.1)
EPS (before Extraordinaries) (Rs.)	80.6	92.1	(12.5)
* Interest Capitalisation	58.5	43.6	34.0

Hindalco: Restated FY03 Results

(Rs. Crores)	FY 03	FY 02#	% Change
Net Sales	4,975.5	4,569.4	8.9
Total Expenditure	3,763.1	3,068.3	22.6
Operating Profit	1,212.5	1,501.0	(19.2)
Other Income	234.5	220.9	6.2
Interest Payment	120.1	182.6	(34.2)
Depreciation	264.2	238.3	10.9
Profit before Tax	1,062.7	1,301.0	(18.3)
Current Tax	252.0	313.0	(19.5)
Deferred Tax	65.3	62.0	5.2
Net Profit before Extraordinaries	745.5	926.0	(19.5)
Extraordinaries	163.3	-	-
Net Profit after Extraordinaries	582.1	926.0	(37.1)
EPS (before Extraordinaries) (Rs.)	80.6	124.3	(35.2)
* Interest Capitalisation	58.5	43.6	34.0

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Indal: FY03 highlights

- Business resilience tested
 - Cyclonic storm disrupted Hirakud smelter
 - Power tariff hiked in Kerala
- Highest ever production at Smelters, Refineries and extrusion plants
- Record high sales and profits
 - Notwithstanding weak alumina prices
 - De-growth in sheet and weak foils market
- Consolidation of operations focused
 - Metal back up thru Hirakud expansion
 - Hirakud power expn. to de-risk metal costs
 - AFL Merger to provide low cost foil base
- Revenues and profitability maintained
 - Sales up 0.2% to Rs.1371 crores
 - Net profit up 1.3% to Rs.119 crores

<i>(In Tonnes)</i>	<i>FY03</i>	<i>FY02</i>	<i>Chg.</i>
<i>Chemicals</i>			
- Alumina	468,000	451,850	3.5%
- Of which, Special Alumina	93,125	82,806	12.5%
<i>Aluminium</i>			
- Metal	51,233	44,379	15.5%
- Sheet	64,620	68,971	(-) 6.3%
- Foils	8,453	8,767	(-) 3.6%
- Extrusions	9,808	8,134	20.6%

Indal: Performance highlights

- **Chemicals: Overall strong performance**
 - Helped by 14% higher Specials volumes
 - **Better domestic demand and new applications**
 - Global alumina prices recovered only in Q4
 - Business profitability improved
- **Sheet business suffered on weak market**
 - Sales volumes lower by 6.7% YoY
 - **Market de-growth and intense competition**
 - Soft prices and high tariff hit profitability
- **Foil performance improves**
 - Product mix enriched; Led to higher average realisation despite lower pharma pricing
 - Business profitability better; AFL too helped
- **Stellar performance at Extrusions**
 - Market share increased
 - Pricing pressures continued, but focus on value added products helped significantly
 - Business profitability improved

<i>(In Rs. Crores)</i>	<i>FY03</i>	<i>FY02</i>	<i>Chg.</i>
Chemicals	390.4	380.4	2.6%
Aluminium	941.6	944.1	-0.3%
- Metal & Power	77.5	84.9	-8.7%
- Sheet	545.7	605.1	-9.8%
- Foils	209.5	169.1	23.9%
- Extrusion	109.0	85.0	28.3%
Net Turnover	1332.0	1324.5	0.6%

Indal: FY03 Results

Particulars	FY 03	FY 02	% Change
Net Sales & Op. Rev	1371.0	1368.4	0.2%
Total Expenditure	1182.0	1144.9	3.2%
Operating Profit	189.0	223.5	-15.4%
Other Income	49.3	33.6	46.7%
Interest Payment	26.6	35.1	-24.2%
Depreciation	70.2	62.2	12.9%
Profit before Extraordinaries	141.5	159.8	-11.5%
Extraordinaries	2.4	7.2	-66.5%
Profit Before Tax	139.1	152.6	-8.8%
Current Tax	12.5	27.0	-53.7%
Deferred Tax	8.0	8.5	-5.9%
Net Profit	118.6	117.1	1.3%
EPS (Rs.)	16.7	16.5	1.2%
CEPS (Rs.)	26.5	25.2	5.2%

Proforma consolidated financials for FY03

Rs. Crores	Hindalco	Hindal + Indal	% Impact
Net Sales	4,975.5	6,346.6	27.6
Operating Profit	1,212.5	1,401.6	15.6
Other Income	234.5	283.8	21.0
Interest Payment	120.1	146.7	22.1
Depreciation	264.2	334.4	26.6
Profit before Tax	1,062.7	1,204.2	13.3
Current Tax	252.0	264.5	5.0
Deferred Tax	65.3	73.3	12.3
Net Profit before Extraordinaries	745.5	866.5	16.2
Extraordinaries	163.3	165.7	1.5
Minorities	-	4.5	-
Net Profit after Extraordinaries	582.1	696.3	19.6
EPS (before EL - Rs.)	80.6	93.2	15.6

Note: Proforma consolidation includes results of Hindalco and Indal only and no other subsidiaries are included.

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Aluminum: Global outlook

- Promising long-term fundamentals, weakness in the near term
- Global economic recovery being deferred
 - Iraq out of the way, but there is SARS
 - US, Europe and Japan sending mixed signals
 - World Bank growth forecast revised to 2.3%
- China will remain a strong performer
 - Forecast to grow by 13% in 2003; To boost regional demand
- Supply side concerns exaggerated
 - BPA capacity restart appear unlikely
 - Supply growth from China may ease
 - *Emerging concerns on inadequate power and environmental impact*
 - *Impact of recent spike in Alumina prices*
- Even a moderate, but sustained, global recovery will result in deficit

Aluminium Consumption growth (%)			
Region	CY 2002	CY 2001	CY 2000
North America	8.1	-15.1	-0.5
Asia	7.0	-5.5	13.9
Japan	-3.0	-9.0	5.8
China	17.1	9.0	15.4
Western Europe	2.1	-0.5	3.9
World	5.7	-4.6	6.1
Aluminium Production Growth			
World	6.6	0.2	+3.1

Source: CRU Aluminium Monitor, March, 2003

Aluminium: Domestic outlook

- GDP forecast to grow 6 % in FY04; to support improved consumption
 - Sustained domestic industrial growth with a strong manufacturing sector and hopes of a normal Monsoon 2003 prompt a positive economic outlook
- Aluminium consumption growth to strengthen in FY04
 - **Electrical**: Encouraging outlook. The Electricity Bill has made good progress and there is a Rs 400 billion allocation for improvement in Power Generation and Distribution over next 5 Years
 - **Transport** : Autos have performed well in FY 2003 and should do better in FY 2004 with expectations of better times for the Farm Sector.
 - **Building Construction** : Should accelerate with Budget 2003 maintaining tax breaks, supported by lower Encouraging trends in Construction
 - **Packaging** : Has done well and likely to strengthen further in FY04
 - **Consumer Durables** : revival hinges on a stronger performance from Agriculture
 - **Strategic Applications** : Strong FY 2003, medium term outlook is positive
- Competitive pressures to remain intense
 - Metal Production grew about 50 KT in FY 2003 and set to grow 140 KT in FY 2004
 - Impact of capacity overhang in downstream segments pronounced in weak market
 - Lower LME implies increased imports
 - Scrap and cheaper substitutes add to competition

Aluminium growth to ride on better economic fundamentals

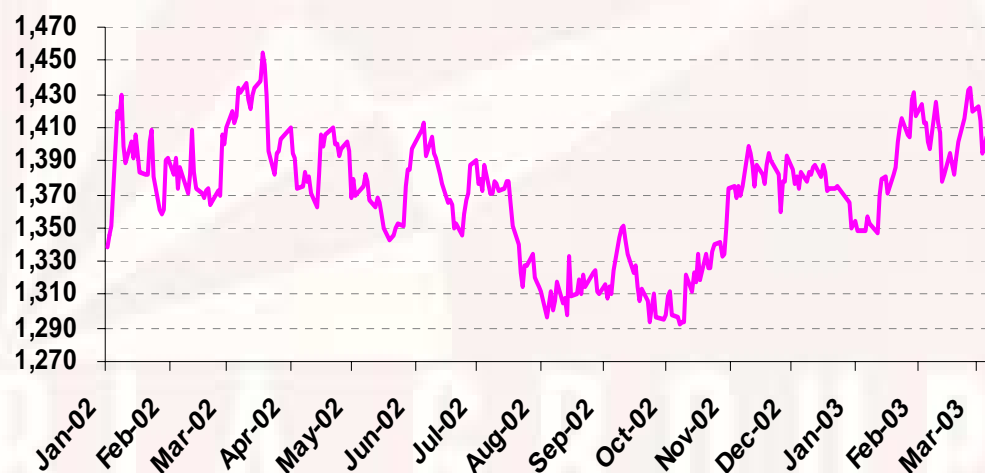
Aluminium: Price outlook

- Global Prices to track economic revival
 - Global inventories and a delayed global recovery assure supplies
 - Consequently, consumers are buying for immediate needs
 - Alumina prices have spiked but there are questions about sustainability
 - Prices to move in US\$ 1350 -1400/MT range
- Domestic prices to remain under pressure
 - Rising supplies and weak LME will exert pressure on realisations
 - Phasing out of export subsidies under WTO obligations to make exports unattractive

LME Projections Source: Reuters Poll - January 2003

	CY-2003	CY-2004
High	1587	1587
Low	1235	1190
Average	1370	1407

LME Aluminium Prices January 2002 – March 2003



Source: Bloomberg



Copper: Industry outlook stable

- Copper fundamentals in tact, but short term outlook dependent on US recovery
 - Global demand up 4.4% in 2002
 - Experts forecast growth to be 4%, subject to recovery in global economic activity
 - Plant closures and deferred commissioning will be key to restricting supplies
- Price stability dependent on producers' ability to maintain supply discipline
 - Finished copper inventories peaked in April
- Asian demand supply gap remains attractive, augurs well for Hindalco
- Domestic outlook is disappointing
 - Negative Growth in JFTC segment.
 - Surge in imports from Sri Lanka

Asia Demand Supply Gap				
<i>In '000 Tons</i>	<i>2000</i>	<i>2001</i>	<i>2002 (E)</i>	<i>2003 (E)</i>
Asia	2,758	2,639	2,790	3,039
China	1,800	2,190	2,562	2,818
Sub-Total	4,558	4,829	5,364	5,750
Japan	1,349	1,145	1,116	1,127
Demand	5,907	5,974	6,468	6,984
Growth (%)		1.1	8.3	8.0
Production	4,169	4,343	4,390	4,755
D-S Gap	1,738	1,631	2,078	2,229

Source: CRU Monitor, October 2002

Birla Copper will leverage locational benefits to strengthen export presence

Copper: Price outlook

- Global price outlook
 - Copper prices could not be sustained at higher levels; hovering around \$1600 levels
 - Further recovery contingent on improvement in global economic activity
 - Spot TC tumbled to the lowest ever in response to tightening concentrate markets

- Domestic prices to move in line with LME movements

LME Projections *Source: Reuters Poll - January 2003*

	CY-2003	CY-2004
High	1808	1984
Low	1543	1675
Average	1693	1856

LME Copper Prices January 2002 – February 2003



Source: Bloomberg

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Immediate growth drivers

- Full impact of Brownfield Aluminium Expansion
 - Commissioned ahead of schedule; to boost volumes by significantly
 - ***Smelter to be fully operational and enable 26% growth in metal production in FY04***
 - Expansion to lower cash cost of production by US\$50/MT on entire capacity of 3.52 lac TPA
- Aluminium margin recovery to gain further momentum
 - Coal supply problems resolved and Smelter operations fully stabilised now
 - On-going cost reduction exercises to add further strength
- Indal synergies to be realised fully and faster now
 - Minority conflicts eliminated
 - Well-crafted strategy under implementation
 - ***Integration of logistics***
 - ***Rationalisation of products and marketing strategies that enhance customer reach***
 - ***Strengthening of production processes for higher efficiencies***
 - ***Optimal and economical usage of intermediate products across locations***

Immediate growth drivers (Contd.)

- **Copper Brownfield nearing completion, to accelerate growth further**
 - Smelter capacity being raised to 2.5 Lac TPA by H1-FY04
 - Low cost expansion to push Birla Copper amongst top 20% of global cost structure
 - Export positioning further strengthened by LME Grade 'A' distinction
- **Nifty Mine acquisition will boost growth in the long run**
 - Tap copper value chain optimally
 - Secure assured supply of concentrates in a tight spot market
 - Especially, in the context of expanding operations of Birla Copper
 - To result in freight cost advantage of around US\$30-45/Ton of Copper
- **Evaluating possibilities of further Brownfield expansion**
 - Low cost Brownfield expansion to make Hindalco Copper business globally competitive

Growth momentum likely to be sustained

Aluminium

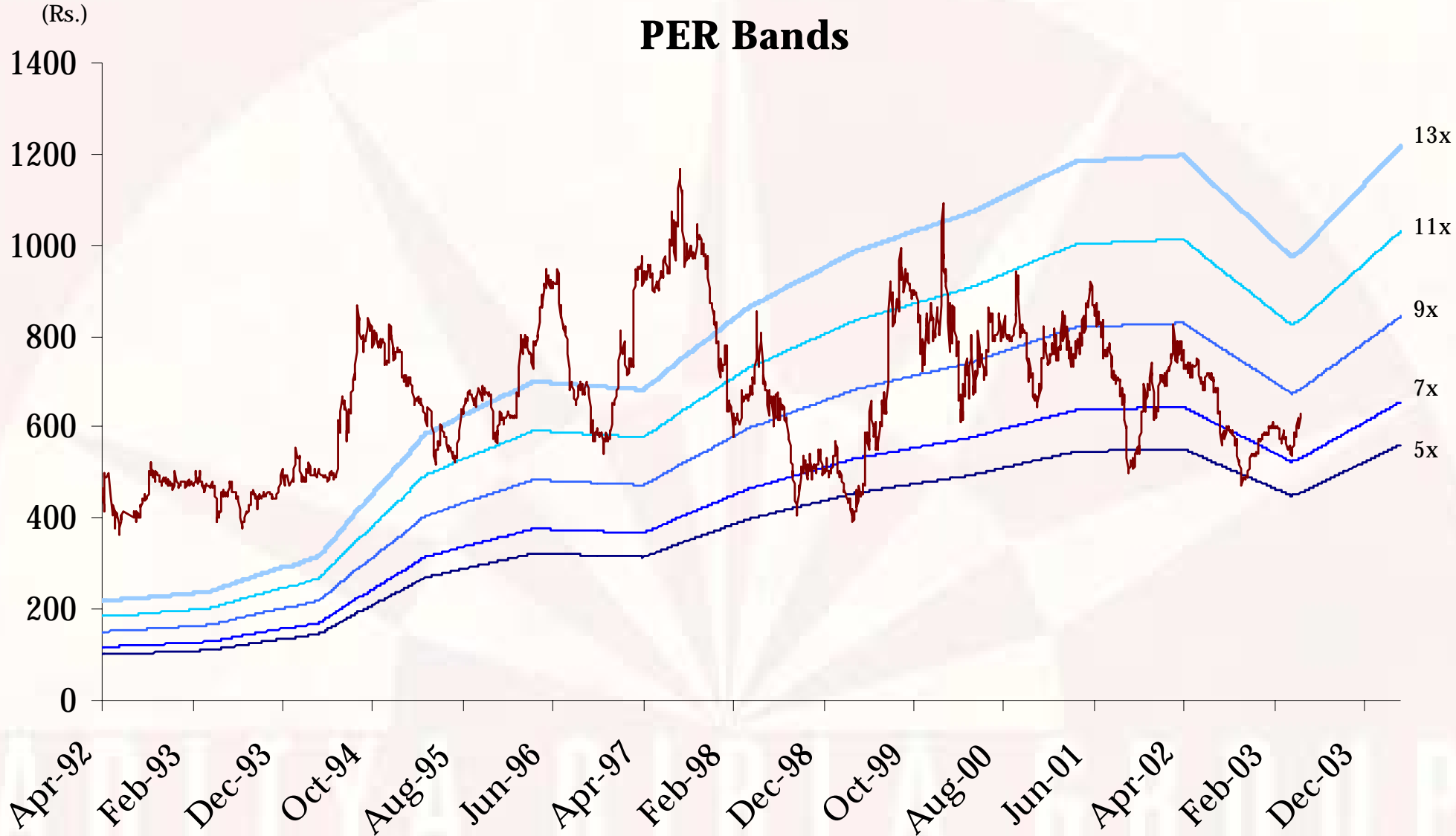
- Nalco
- Greenfield Alumina / Smelter
- Low Cost Brownfield Expansion
- Opportunities in Downstream Aluminium

Copper

- Mine Acquisitions
- Domestic Acquisition Opportunities, including PSU disinvestments



Stock PER at historical low; yet to reflect positive change in growth outlook



Peer group valuations highlight significant re-rating potential

	Curr. Price	M.Cap	PER	EV/EBIDTA	Price to Growth	Price to Bookvalue
		US\$ mn	(X)	(X)	(X)	(X)
Alcoa	US\$ 22.5	18,993	24.4	6.7	1.7	1.9
Alcan	CAS 42.3	9,366	17.3	5.4	0.7	1.1
Pechiney	EUR 25.7	2,330	N.A	4.5	N.A	0.7
Chalco	HK\$ 1.4	1,902	11.3	3.8	0.9	1.1
Nalco	INR 82.9	1,128	13.1	5.2	0.7	1.7
BHP Billiton	AUS 9.1	21,063	20.6	5.1	1.6	1.6
Rio Tinto	AUS 31.2	9,627	35.8	4.3	2.5	1.2
<i>HINDALCO</i>	<i>INR 628.0</i>	<i>1,226</i>	<i>6.8</i>	<i>4.7</i>	<i>0.5</i>	<i>0.8</i>

HINDALCO

Thank You

ADITYA BIRLA GROUP



PRESS RELEASE

Date:30.04.2003

**HINDALCO
THE ADITYA BIRLA GROUP'S FLAGSHIP COMPANY
Q4, FY 2002-03**

CONSOLIDATING PERFORMANCE

	For the Quarter ending 31.03.2003	For the Year ending 31.03.2003
Turnover	Rs. 1,321.5 Crores	Rs. 4,975.5 Crores
Operating Profit	Rs. 263.1 Crores	Rs. 1,212.5 Crores
Net Profit before Extraordinary items	Rs. 182.9 Crores	Rs. 745.5 Crores
Dividend declared 135 %.		Payout increased by 40 %

Hindalco, the flagship Company of the Aditya Birla Group, has consolidated its performance during the 4th Quarter.

The figures for this year are not comparable to that of the previous year, due to the inclusion of the Copper division's performance.

During the 4th Quarter the Company attained a turnover of Rs. 1,321.5 Crores despite a weak economic environment and difficult market conditions. Aggressive marketing of larger volumes with a successful emphasis on growing share of value added products has been the major growth driver. Even as escalating input costs and intense competition have pressurized operating margins, Hindalco's profits, excluding extraordinary items of a one-time nature, have grown. Given the prevailing environment this is a noteworthy achievement.

The Aluminium division has witnessed a smart recovery on the back of enhanced volumes and higher realisations, which has partly offset the production losses suffered in the earlier quarters. The Quarter 4 performance has contributed substantially to the satisfactory results for the full year.

Sales

Net Sales stand at Rs. 1,321.5 Crores, inclusive of the Copper division's contribution.

The Aluminium division has recorded sales of Rs. 696.8 Crores which is a 7.6% increase over Rs. 647.6 Crores in the corresponding quarter of last year. This is mainly on account of higher volumes and greater proportion of value added products.

The Copper division's Net Sales at Rs. 624.7 in 4th Quarter reflects an 8.9% rise over that of Rs. 573.4 Crores in the comparable quarter of previous year.

Profits

Profits before Tax and extraordinary items is lower by 17.4% at Rs. 227.0 Crores vis-à-vis Rs. 274.7 Crores in the corresponding quarter of the earlier year.

Profits after Tax but before extraordinary items decreased 4.8% to Rs. 182.9 Crores as compared to the corresponding quarter of the previous year.

The Company sold its entire holding in MRPL to ONGC, incurring a one time loss of Rs. 146.7 Crores. Further, the acquisition of the Copper business entailed a cost of Rs. 16.6 Crores.

Consequently the Company's Net Profit after extraordinary items and Tax is Rs. 19.6 Crores. As stated earlier, this is not comparable to the profit of the previous year.

Financial Performance

The Company's financial performance both for the Quarter ended 31st March 2003 as well as the full year is as indicated.

Particulars	Quarter ended 31 st March 2003	Quarter ended 31 st March 2002	Year ended 31 st March 2003	Year ended 31 st March 2002
Net Sales	1,321.5	647.6	4,975.5	2,331.4
PBDIT	336.1	326.5	1,447.0	1,204.9
Interest *	37.7	11.1	120.1	45.6
Depreciation	71.5	40.6	264.2	154.3
Profit before Extraordinary items & Tax	227.0	274.7	1,062.7	1,005.0
Provision for Taxes	44.1	82.5	317.3	319.0
Net Profit before Extraordinary items	182.9	192.2	745.5	686.0
Extraordinary items	163.3	-	163.3	-
Net Profit	19.6	192.2	582.1	686.0

Equity Capital	92.45	74.46	92.45	74.46
EPS (Rs) before Extraordinary items	19.8	25.8	80.6	92.1
Gross Interest *	51.4	23.1	178.6	89.2

Dividend

The Directors have recommended a dividend of Rs. 13.5 per equity which will be paid in line with the applicable regulations. The total outgo on account of dividend payments, including Tax on dividend would be Rs. 140.8 Crores.

Operational Review

Aluminium

(Qty in MT)

	Q4 FY 2003	Q4 FY 2002	% Change	FY 2002-03	FY 2001-02	% Change
Aluminium Metal	75,835	70,529	7.5	266,837	261,338	2.1
Alumina Calcined	140,697	130,780	7.6	501,270	494,724	1.3
Redraw Rods	14,401	13,766	4.6	50,790	52,204	(2.7)
Extrusions	4,298	4,002	7.4	18,729	16,251	15.2
Rolled Products	17,950	17,916	0.2	73,171	70,113	4.4
Foils	5,502	4,760	15.6	19,235	17,209	11.8
Alloy Wheels (No.)	12,738	5,818	118.9	56,117	22,889	145.2

Power Availability:

M.U.

Power Sent Out :						%
Renusagar	1,211	1,085	11.7	4,360	4,053	7.6
Co-generation	70	68	3.7	254	242	5.1

The Aluminium division has recorded an all round improvement in production. Metal volumes have increased by 7.5% mainly on the back of production from the new Potlines No. 10 and 11. Extrusions and Foils have demonstrated robust growth, both in terms of quarter-on-quarter as well as year-on-year. Production of wire rods during the year is marginally lower on account of constraints on metal availability caused by a temporary disruption of smelting operations in September 2002.

Copper

(Qty in MT)

	Q4 FY 2003	Q4 FY 2002	% Change	FY 2002-03	FY 2001-02	% Change
Copper Cathode	45,061	41,605	8.3	185,159	151,445	22.3
Sulphuric Acid	119,434	126,977	(5.9)	495,703	403,903	22.7
DAP/NPK	61,583	89,455	(31.2)	315,785	299,878	5.3
Gold	1.64	2.39	(31.4)	5.45	7.49	(27.3)
Silver	8.31	7.89	5.3	30.50	27.65	10.3

During the 4th Quarter the Copper division's Cathode production at 45,061 MT is up by 8.3% over 41,605 MT in the corresponding quarter of the previous year. In Sulphuric Acid there was a marginal decline of 5.9% at 119,434 MT. Production of Diammonium Phosphate and NPK was regulated given that the subsidy reduction was not conducive to manufacture the products with imported phosphoric acid. Likewise the gold content in the copper concentrate was kept consciously lower in view of the adverse duty structure vis-à-vis finished gold imports.

However, for the full year the Copper division turned in an impressive performance registering an over 22% increase both in Copper Cathode at 185,159 MT and Sulphuric Acid at 495,703 MT. DAP / NPK at 315,785 MT is higher by 5.3% over the last year. The overall increase in Copper production has contributed significantly to enhancing exports and in offsetting the negative impact of the economy.

Brownfield Expansion

Hindalco's Aluminium division is in the final leg of a Rs. 1,800 Crore Brownfield expansion at Renukoot. In line with the original expansion plan Aluminium Smelting Capacity was to be increased by 100,000 MTPA to 342,000 MTPA, Alumina Refining Capacity was to be augmented by 210,000 MTPA to reach 660,000 MTPA (450,000 MTPA) and Power Generation Capacity was to be enhanced to 779 MW (619 MW).

Even as the expansion is nearing completion through modification, debottlenecking and marginal plan changes the company is further enhancing the Smelter capacity to 360,000 MTPA and Alumina Refinery capacity to 700,000 MTPA. This will facilitate optimisation of expanded facilities and importantly, will be implemented within the original budget.

To become globally competitive in terms of its cost structure the Copper division has undertaken a Brownfield expansion to raise the Smelter capacity from 150,000 TPA to 250,000 TPA. When accomplished this low cost expansion will position Birla Copper amongst the top 20% producers. The expansion of the plant capacity is progressing well and is expected to be commissioned in the first half 2003-04.

The Copper division is evaluating a further expansion as well, so as to be among the top 10% cost competitive producers globally.

Increasing stake in Indal through an Open offer

To overcome the perceived conflict of minority interest and achieve full realisation of potential synergies, Hindalco further increased its stake in Indian Aluminium Company Ltd. (Indal) from 74.48% to 96.%. The additional acquisition was through an open offer to the remaining shareholders at a price of Rs. 120 per share. It entailed an additional investment of Rs 184.5 Crores.

Outlook

Aluminium

Going forward, the domestic outlook is positive with expectations of stronger economic fundamentals supported by a normal monsoon 2003. The outlook for individual segments remains encouraging. The recently introduced Electricity Bill and substantial allocations by the Government of India for Power Generation and Transmission & Distribution should strengthen the demand from the Electrical Sector.

The Building Construction segment continues to be supported by lower interest rates and easy availability of financing while Budget 2003 has retained tax breaks for housing. The Auto Sector continues to be buoyant and should perform better with expectations of a stronger performance from the farm sector. Both Packaging and Consumer durables should also receive impetus from a stronger agricultural performance. The mid term outlook for Strategic Applications is positive. Hindalco's Aluminium division looks forward to a successful year ahead.

Additionally, the long-term fundamentals for aluminium are firmly intact. Given past trends amongst commodities, aluminium can be expected to lead the way in terms of stronger consumption trends as well as firmer price trends, no sooner firm indications of an economic revival emerge.

Copper

The world wide demand of Copper had a negative growth of -1.7% for 2002 and the forecast for 2003 is a growth of 2%. Although Metal exchange stocks are subsiding slowly, the demand picture in USA and Europe is yet to pick up. However, Asian demand driven by China continues to be healthy. Consumption in the domestic market is expected to grow at 3-5% maximum with JFTC continuing to have demand problems.

Constraints in Concentrate supply continue. The tight market position is reflected in lower Long Term TcRc and continuing decline of Spot TcRc. World wide Smelters face ongoing lower Benchmark Treatment charges / Refining Charges (TCRC) for 2003-04 as mines continued with production cuts and smelter production remained unaltered. Spot market also continued to be under pressure and numbers and historically low numbers are seen. Average spot terms dropped sharply. However, Hindalco's Copper division has been able to secure substantial quantity of Long Term contracts for increased production.

Overall Outlook

Hindalco is poised to grow well, driven by

- i) The full impact of its Brownfield Aluminium expansion.
- ii) Recovery of Margins in the Aluminium business.
- iii) Leveraging the synergies with Indal.
- iv) The completion of the Copper Brownfield project.
- v) The acquisition of the Nifty Mines which will fuel further growth and finally,
- vi) The prospects of a further low cost expansion at its Dahej plant.



HINDALCO INDUSTRIES LIMITED

Regd. Office: "Century Bhavan", 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai-400 025

**AUDITED FINANCIAL RESULTS FOR THE
YEAR ENDED 31ST MARCH, 2003**

(Rupees in Million)

Particulars	Nine Months ended	Quarter ended	Quarter ended	Accounting Year ended	Previous Accounting Year ended
	31/12/2002 (Unaudited)	31/03/2003 (Unaudited)	31/03/2002 (Unaudited)	31/03/2003 (Audited)	31/03/2002 (Audited)
1 Net Sales	36,540	13,215	6,477	49,755	23,314
2 Other Income	1,599	730	802	2,329	2,109
3 Total Expenditure	27,030	10,584	4,015	37,614	13,374
(a). (Increase)/Decrease in Stock in Trade	(902)	665	215	(237)	(193)
(b). Consumption of Raw Materials	17,078	6,202	1,246	23,280	4,756
(c). Staff Cost	1,630	598	473	2,228	1,672
(d). Manufacturing Expenses	6,772	2,353	1,618	9,125	5,549
(e). Other Expenditure	2,452	766	463	3,218	1,590
4 Interest	824	377	111	1,201	456
5 Gross Profit	10,285	2,984	3,153	13,269	11,593
6 Depreciation	1,927	715	406	2,642	1,543
7 Profit before Tax & Extraordinary Items	8,358	2,269	2,747	10,627	10,050
8 Extraordinary Items	-	1,633	-	1,633	-
Profit before Tax	8,358	636	2,747	8,994	10,050
9 (a). Provision for Current Tax	1,926	594	605	2,520	2,570
Profit before Deferred Tax	6,432	42	2,142	6,474	7,480
9 (b). Provision for Deferred Tax	807	(154)	220	653	620
10 Net Profit	5,625	196	1,922	5,821	6,860
11 Paid-up Equity Share Capital (Face Value : Rs.10/- per Share)	737	925	745	925	745
12 Reserves (excluding revaluation reserve)				60,986	45,071
13 Basic & Diluted EPS (Rs.)	76	2	26	63	92
14 Aggregate of non-promoter shareholding					
(a). Number of shares				69,941,682	57,498,321
(b). Percentage of shareholding				75.63%	77.22%

**SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED
UNDER CLAUSE 41 OF THE LISTING AGREEMENT**

(Rupees in Million)

Particulars	Accounting Year ended	Previous Accounting Year ended
	31/03/2003 (Audited)	31/03/2002 (Audited)
1. Segment Revenue		
(a). Aluminium Business	23,740	23,314
(b). Copper Business	26,015	-
	49,755	23,314
Less: Inter Segment Revenue	-	-
Net Sales/Income from operations	49,755	23,314
2. Segment Results (Profit/Loss before Tax and interest from each Segment)		
(a). Aluminium Business	6,605	8,518
(b). Copper Business	3,839	-
	10,444	8,518
Less: Interest Paid	(1,201)	(456)
	9,243	8,062
Add: Other un-allocable Income net off un-allocable expenses	1,384	1,988
Profit before Tax & Extraordinary Items	10,627	10,050
3. Capital Employed (Segment assets- Segment liabilities)		
(a). Aluminium Business	38,491	33,148
(b). Copper Business	24,026	-
	62,517	33,148

Notes:

- The above results have been taken on record at the meeting of the Board of Directors of the Company held on Wednesday, 30th April, 2003.
- The board of directors have recommended a dividend of Rs. 13.50 per share subject to approval of the shareholders at the Annual General Meeting. The cash outgo on account of dividend would be Rs. 1,408.34 Million (including dividend tax).
- With gradual commissioning of pots in its new potline, the Company has attained a metal production capacity of 3,10,000 MT as on 31st March, 2003.
- A scheme of arrangement (The Scheme) between the Company, Indo Gulf Corporation Limited (IGCL) and Indo Gulf Fertilisers Limited (IGFL) and their respective shareholders and creditors which envisages the demerger of the fertiliser business of IGCL to IGFL and the subsequent amalgamation of the "remaining business of IGCL" (Copper and certain Precious Metals etc) with the Company, has been approved with effect from 1st April, 2002. In consideration thereof, the Company has issued 1,87,67,835 equity shares to the shareholders of IGCL. The scheme has accordingly been given effect to in these accounts and operational results for the year of the remaining business of IGCL has been incorporated in the Company's results. The subsidiaries of the then IGCL, Dahej Harbour and Infrastructure Limited, Lucknow Finance Company Limited and Birla Resources Pty Limited became the subsidiaries of the Company.
- The extraordinary items include:
 - Rs. 1467 Million towards loss on sale of 10,57,62,034 shares, being its entire holding in Mangalore Refinery and Petrochemicals Limited (MRPL) to ONGC.
 - Rs. 166 Million towards merger expenses.
- In January 2003, the Company has raised debts of Rs. 500 million at 6.20% and Rs. 500 million at 5.95% through issuance of secured non convertible debentures of 5 years maturity for general corporate purposes.
- After the completion of open offer, the Company has made a final offer to acquire remaining 36,25,919 equity shares of Indal in February, 2003 as per SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Till 31st March, 2003 total hold
- The Company has acquired Copper Mines in Australia through investment in wholly owned subsidiary Birla Minerals Resources Pty Limited by way of equity participation of AUS\$ 89.92 million.
- During the year under consideration, the Company has reinstated its Fixed Assets at Original Cost instead of revalued amount due to which the gross value of fixed assets has been reduced by Rs. 25809.29 million. Revaluation amount included in the value of
- Due to amalgamation of the remaining business of Indo Gulf Corporation Limited with the company during the year, current year figures are not comparable with those of the previous year. Figures of the previous year have been regrouped

By and on behalf of the Board

Place: Mumbai
Dated: 30th April, 2003

A.K. Agarwala
Whole-time Director