Hindalco Industries Ltd

Press Meet

FY11 Consolidated Results

May 30, 2011

Contents

FY11 - Highlights

Strong Financial & Operating Performance

Highest ever sales	$ 16 Bn	24%
Best ever Underlying EBIDTA	$1.9 Bn	31%
Strong Operational Cash flows	$ 1.4 Bn	32%
Strong overall liquidity	> $ 2.4 Bn	
Highest ever capex spend	> US $ 1.7 Bn - Accelerated growth projects	
Efficient Capital Structure	Strategic flexibility for future growth	

Best ever performance despite challenging conditions

FY11 – Highlights … Drilling Down

Aluminium India

- ❑Strong operational performance
- ❑Financial closure of Utkal & Mahan achieved under difficult market conditions

Novelis

- ❑Best ever performance, poised for transformational growth
- ❑Value accretive to Hindalco shareholders

Copper Mines in Australia

- ❑ Record production at Nifty, Robust performance, Restart of Mt. Gordon, geared for further growth

India Copper smelter

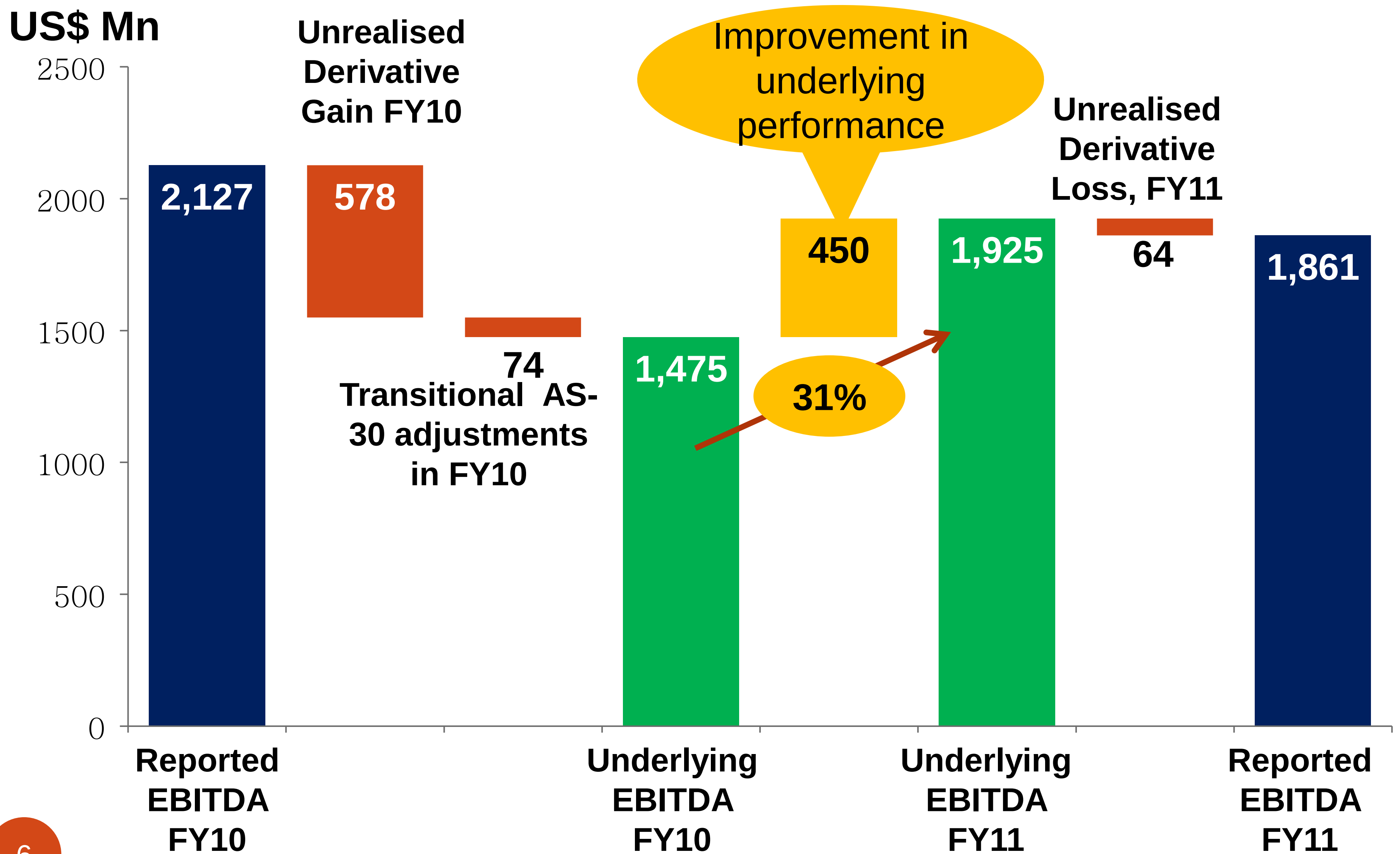
- ❑Strong performance despite lower TcRc; establishing multiple value drivers

Consolidated Financial Performance: FY11

	₹ Cr		US$ Mn		
	FY10	FY11	FY10	FY11	Change (%)
Net Sales	60,722	72,078	12,827	15,848	24%
EBITDA	10,069	8,433	2127	1,861	-13%
Adjusted EBITDA*	6,983	8,724	1475	1,925	31%
PBT	6,181	3,843	1306	845	-35%
PAT	3,926	2,456	829	540	-35%
EPS (₹)	22.17	12.84			

* Adjusted for unrealized derivative gains / losses under US GAAP and transitional AS-30 adjustments under Indian GAAP

Adjusted EBITDA vs. Reported EBITDA



Novelis: Underlying PBT

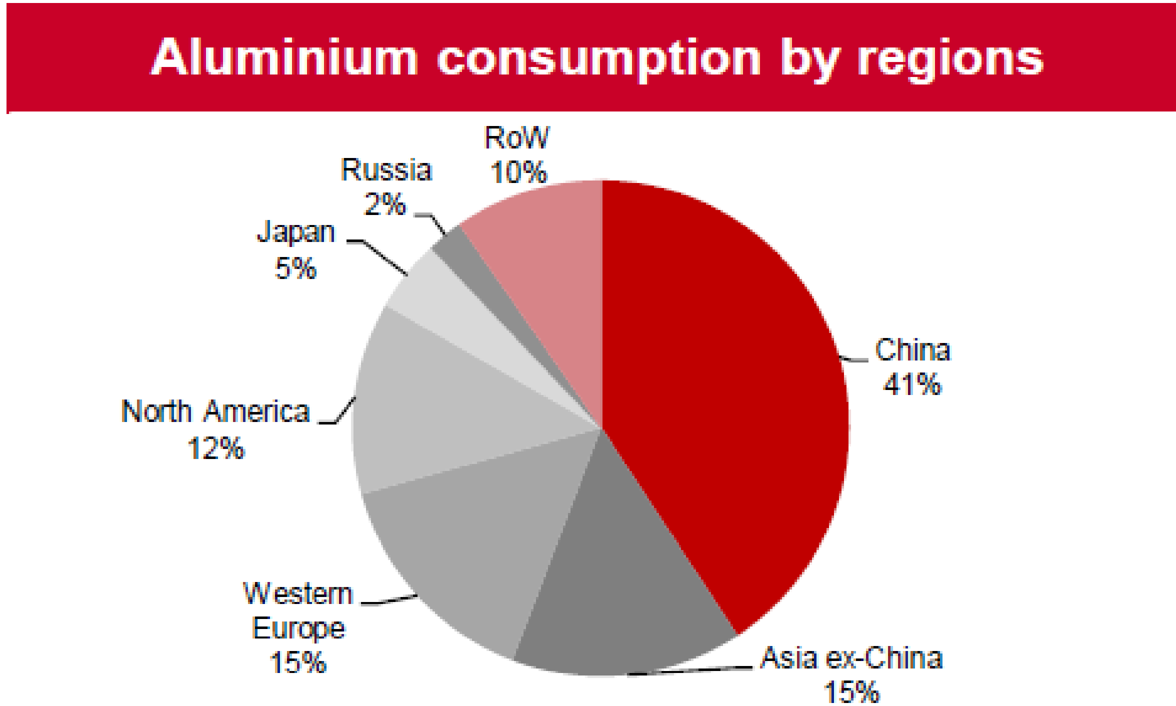
($ Mn)	FY10	FY11
Reported PBT	727	243
Unrealized gains (losses) on derivatives	578	(64)
Loss on extinguishment of debt	--	(84)
Restructuring charges	(14)	(34)
Others	5	1
Total adjustments	569	(181)
Underlying PBT	158	424

168% jump in underlying PBT

Economy and Industry

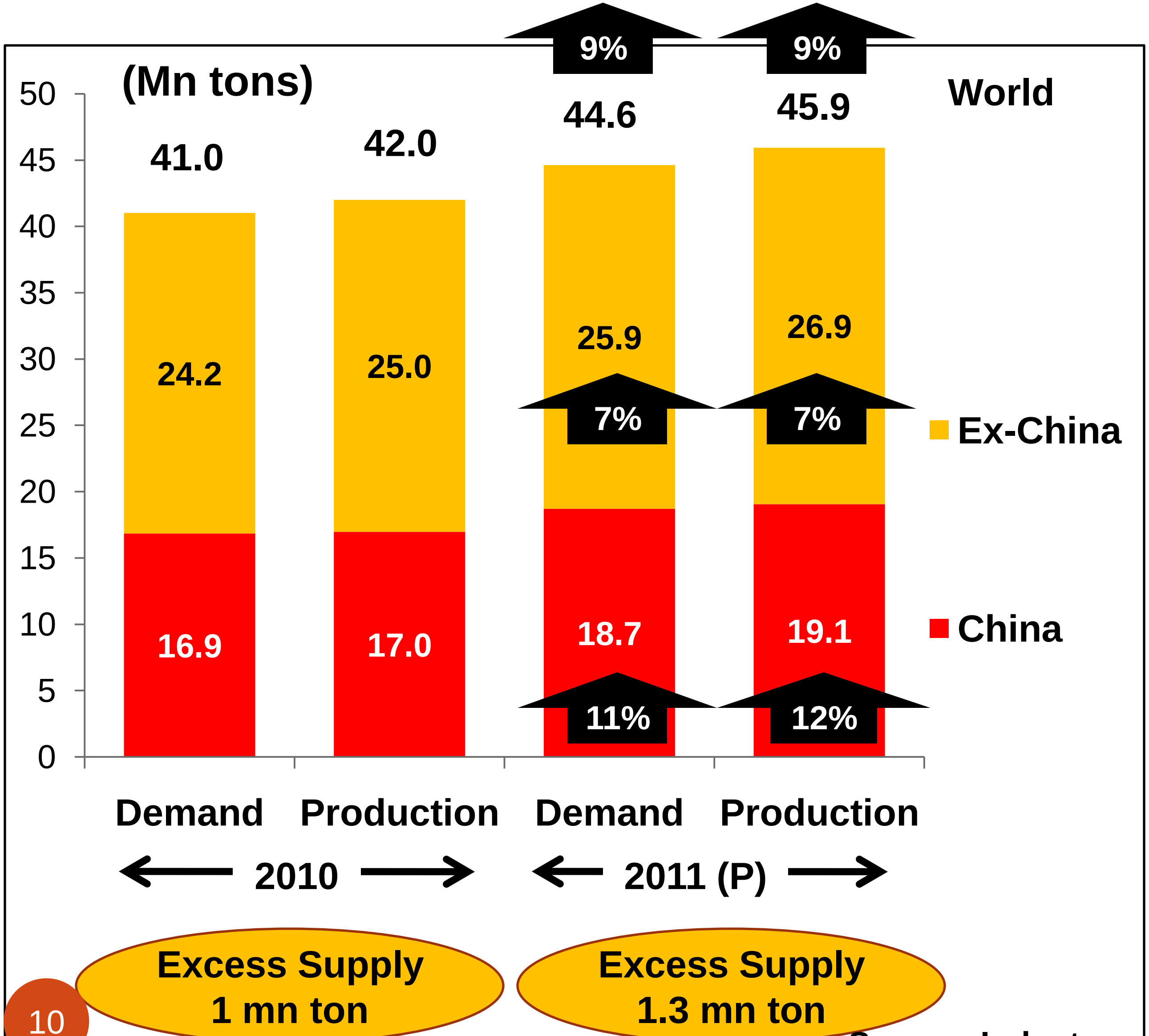
Aluminium: Strong Demand

- ❑Asia driving > 50% demand
- ❑Asia as dominant if not more than W. Europe or US



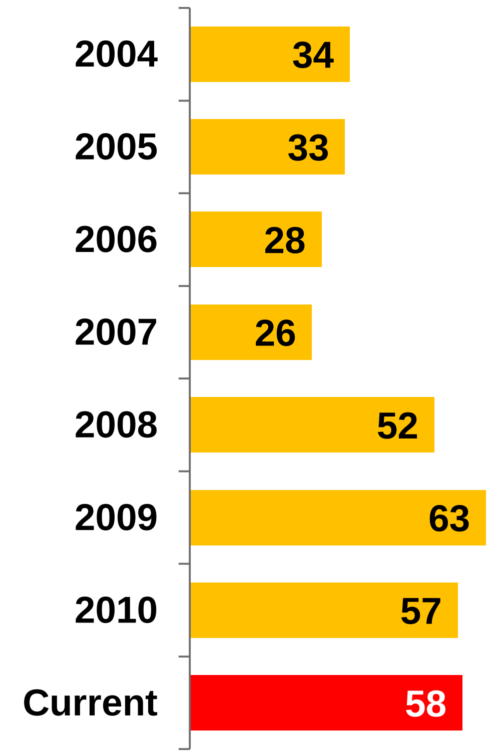
- Demand growth expected to remain strong
  - Global demand to grow at ~ 8-10%
  - Asia & China to witness strong growth despite moderation concerns
  - US & Europe demand too continue to be robust

Aluminium: Demand, Supply



Source: Industry

Reported stocks (days of consumption)



Including private stocks, global inventory ~11 mn tons or ~96 days of consumption

Incessant Cost Push

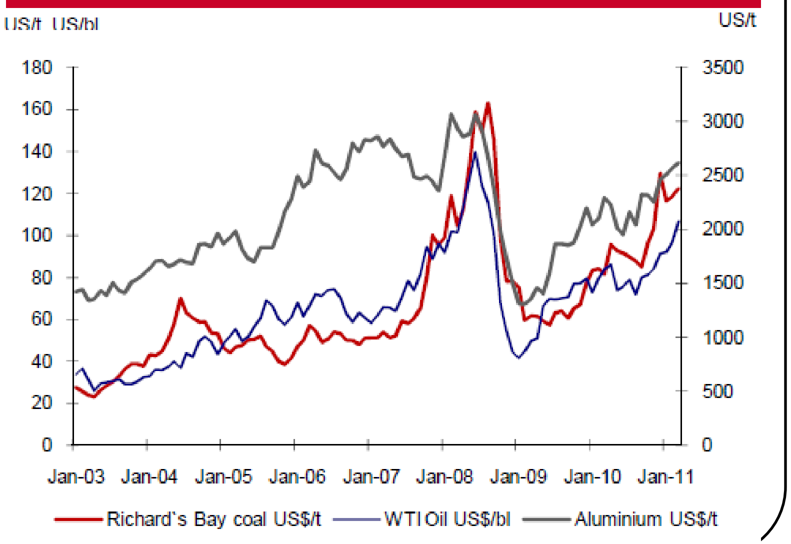
Alumina & power together constitute ~ 65-70% of aluminium cost

- **Alumina:** De coupling looks imminent…
  - Several new contracts on spot pricing basis ~ 30%
  - Moved up from ~11.5% of aluminium to >15.5%
- Fundamentals do not justify aluminium linked pricing
  - New bauxite finds in difficult terrains – Guinea, Guinea Bissau, Cameroon

Power

- Rising costs..
  - High global energy costs
  - Crude derivatives

Aluminium price versus carbons

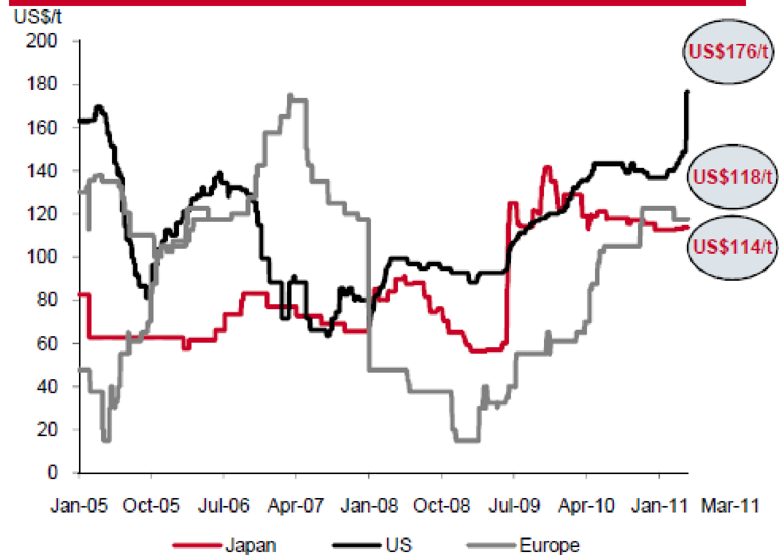


Aluminium Price Outlook

Warehousing deals have created a physical shortage

- Warehousing deals viable until - *Contango > (storage cost + carrying cost)*
- Inventory may rise further in 2011
- *Unwinding possible when global interest rates inch up*

Regional physical premiums



Key drivers of LME

Cost Push

+

Locked Inventory

→ **LME supported in the near-term**

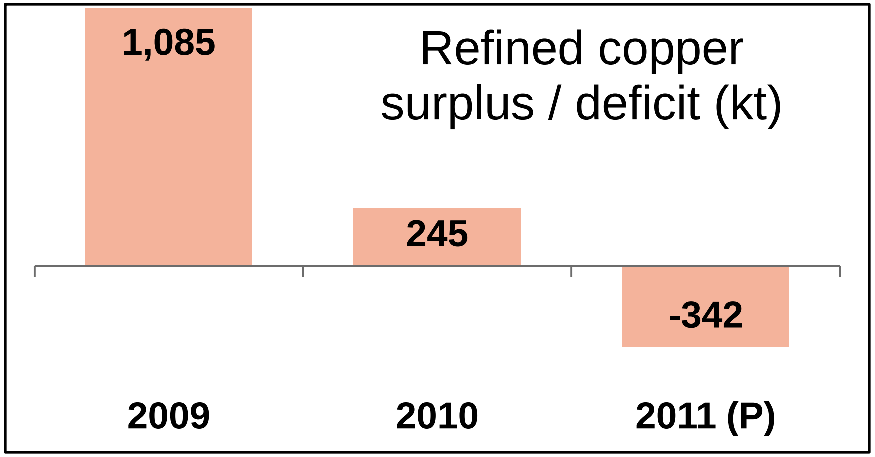
But…

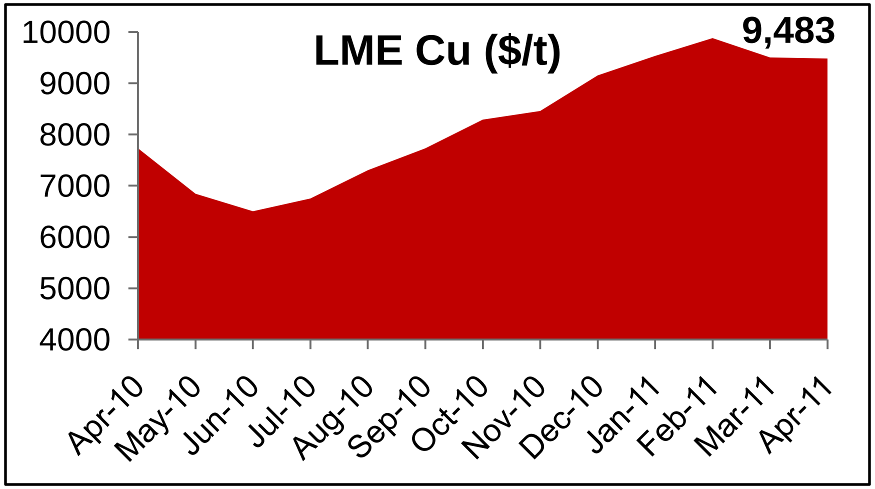
Vulnerable to …

- Change in investor sentiment due to macro themes like debt crisis, China slowdown, etc.
- Unwinding of warehousing deals

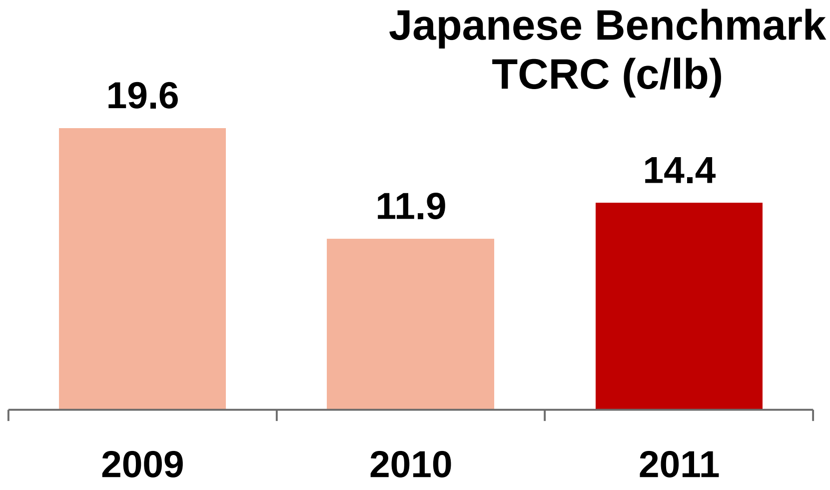
Copper: Mixed Outlook

Copper market has tightened





Concentrate terms improved for smelters in 2011



- Certain smelter disruptions and disciplined Chinese buying helped push up spot TCRCs to >25 c/lb in last two months

Prices strong yet vulnerable to changing investor sentiment

Global Demand Drivers: FRP

	CAN SHEET	AUTOMOTIVE SECTOR	CONSTRUCTION SECTOR	ALUMINUM DEMAND
ASIA	↑	↑	↑	↑
N. AMERICA	↑	↑	↓	↑
EUROPE	↑	↑	↓	↑
S. AMERICA	↑	↑	↑	↑

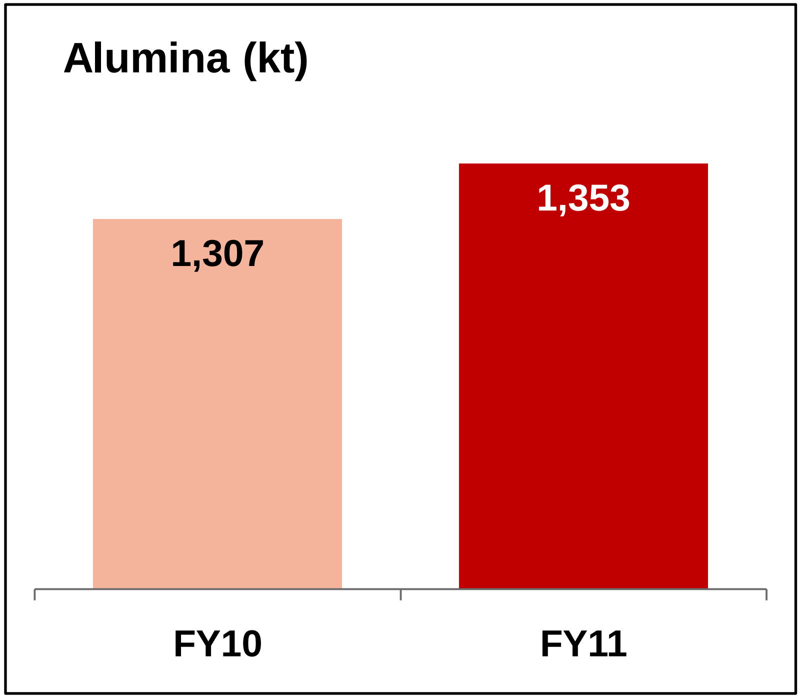
Source: Industry reports and company estimates

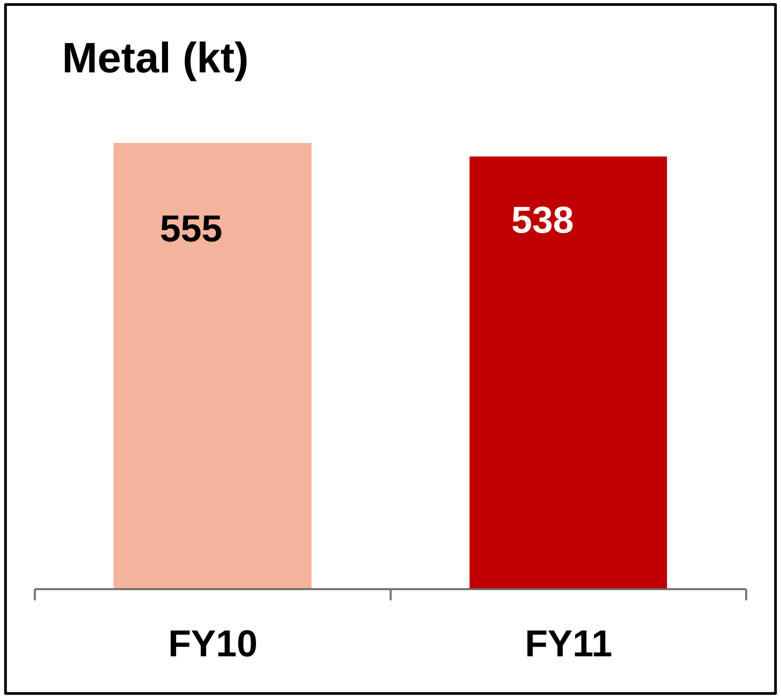
Performance Review: Indian Operations

Key Business Drivers & Impact

Driver	Change (%) FY11 over FY10	Impact
Aluminium LME Average($/ton)	21	↑
Copper TC/RC (cents/lb)	(26)	↓
Exchange Rate (₹/$)	(4)	↓
Energy Costs	>20	↓

Aluminium Operations: Production Trend

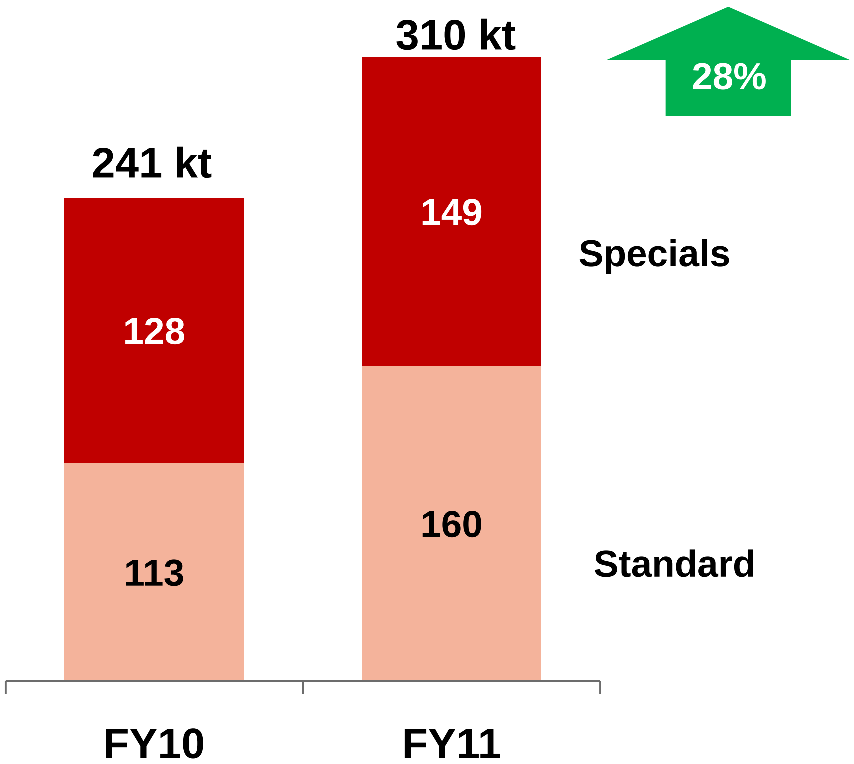




- *Alumina production increased as a result of brownfield expansion*
- *Despite Hirakud outage, metal production declined by only 17 Kt as Renukoot continued to deliver higher volumes through asset sweating*

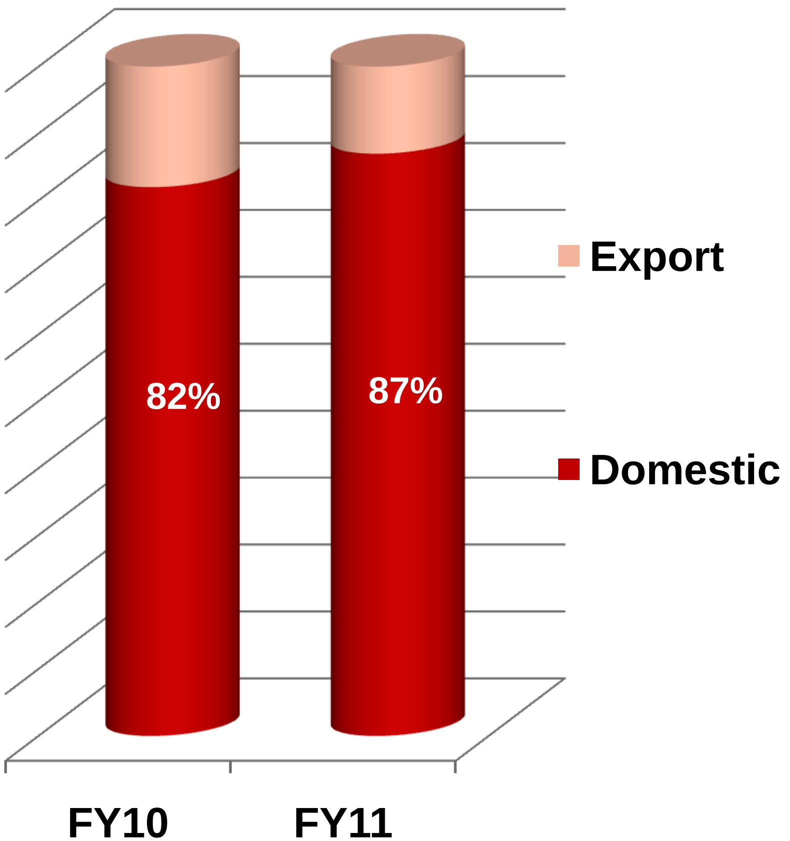
Aluminium: Improved Mix

Jump in Hydrate / Alumina sales with focus on specials

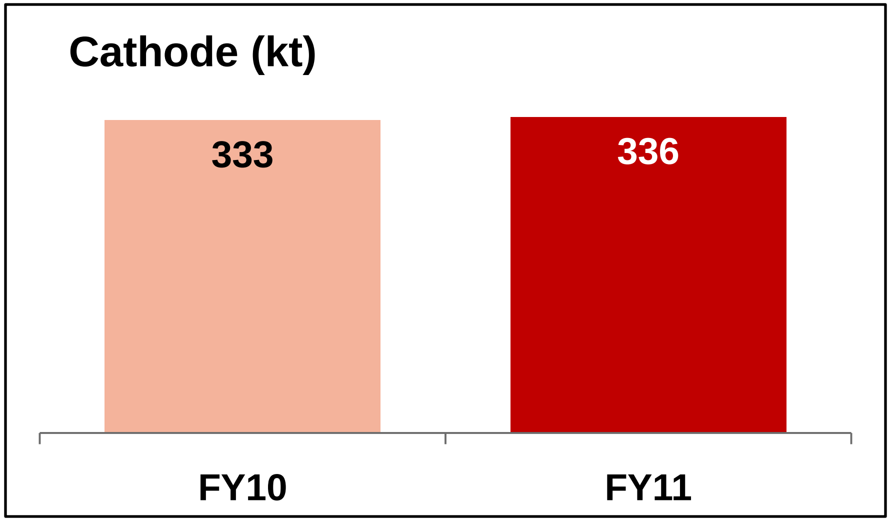


Specials market share
Domestic ~85%, Global ~6%

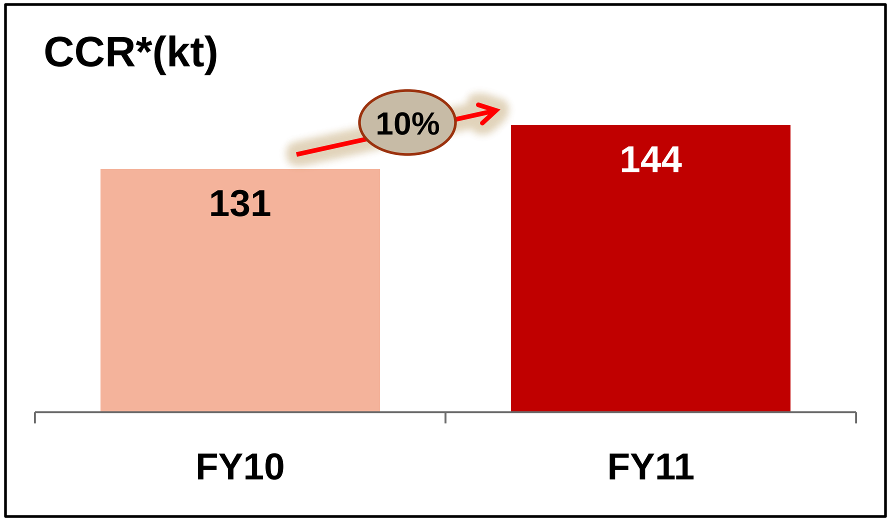
Maximized domestic sale of metal …



Copper: Production



Higher production despite outage due to cooling tower failure



* Own production

Increased production of value added continuous cast rods

Copper: Leveraging every opportunity in the book

ADITYA BIRLA
HINDALCO

Operational Excellence

- Copper output up by 3 kt despite cooling tower failure
- Fertilizer & acid streams optimized ~ 21% jump in DAP production

Focus on unlocking hidden value

- Increased recovery of copper and selenium
- New capability to use external scrap to supplement primary route
- Driving ‘waste to wealth’ initiatives

Marketing

- Sustained domestic market leadership to optimize sales mix

Standalone Financial Performance: FY11

₹ Cr	FY10	FY11	Change (%)
Net Sales	19,522	23,859	22
EBITDA	3,210	3,502	9
Adj. EBITDA*	2,861	3,502	22
PBT	2,265	2,595	15
PAT	1,916	2,137	12
EPS (₹)	10.82	11.17	3

* Adjusted for transitional AS-30 adjustments under Indian GAAP

Novelis

FY11 Highlights

- Strong Global Demand Driving Near 100% Capacity
- Closed FY11 with Record Financial Results:
  - Shipments Up 10% vs. FY10 to 2,969 Kt
  - Net Sales Up 22% vs. FY10 to $10.6 Billion
  - Record Adjusted EBITDA Up 42% vs. FY10 to $1.1 Bn
  - Net Income of $116 Million
  - Strong Liquidity of $1.1 Billion
  - Solid Free Cash Flow of $310 Million
- Successful Refinancing of entire capital structure

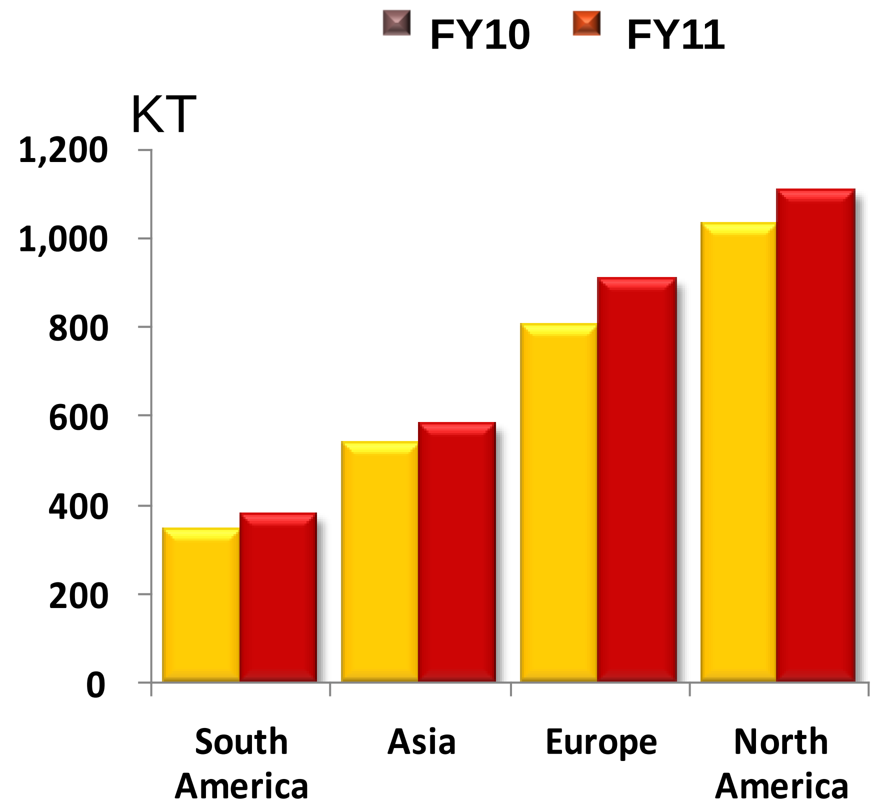
FY11 – An Outstanding Year

Novelis: Value drivers

Volumes & Pricing

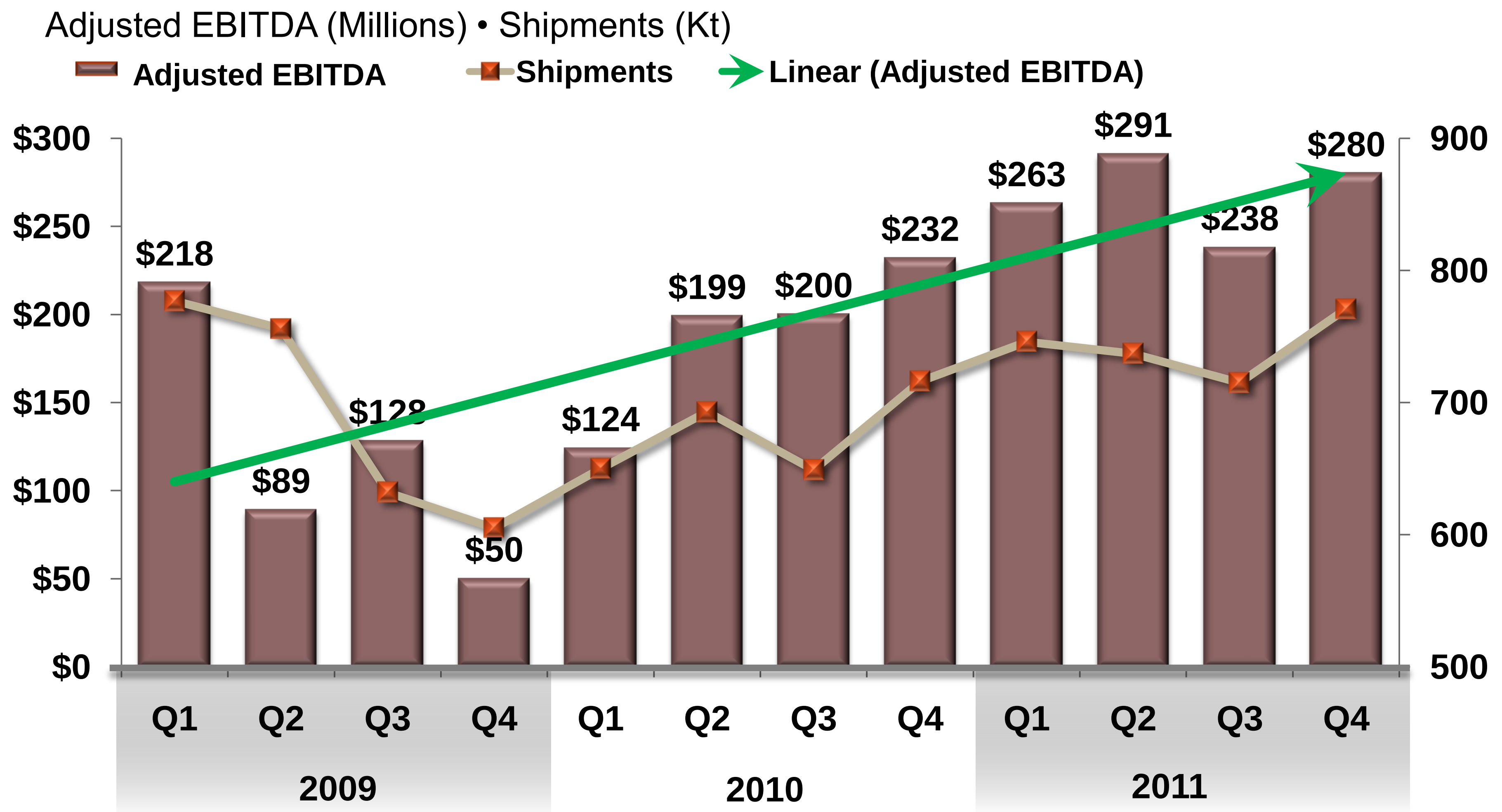
	FY10	FY11	Ch. (%)
Shipments (kt)	2,708	2,969	10
Adj. EBITDA per ton ($)	**279**	**361**	**29**

Shipments by Region – All-round growth



Footprint & Product portfolio optimization drove improved EBITDA margins

Strong Momentum



Company Actions Continuously Driving Stronger EBITDA

ABML
Copper Mines in Australia

ABML: Strong Show

Nifty Mine

- Highest Copper Production recorded at Nifty Ore
- Highest Ore Mined and Processed to date
- Stabilizing recovery at around 93%
- Full year production of copper at an all time high at 59,661 metric tonnes despite fall in copper grade.

Mt Gordon

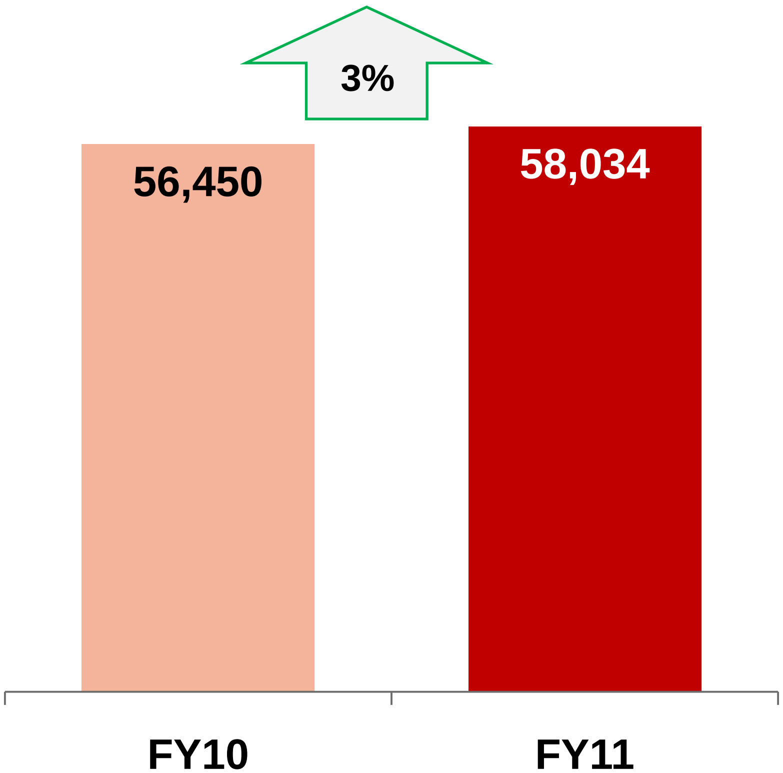
- Project received final approval
- Gradual ramp up to full scale as per mine plan commenced

Financial

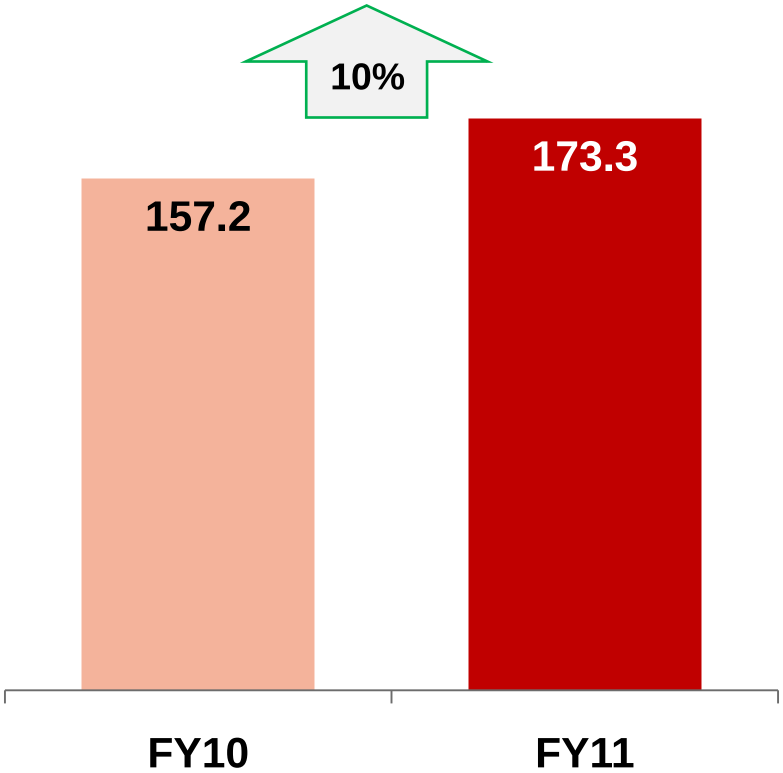
- Cash of A$144m

Robust Performance of Nifty Mine

Nifty Sulfide Production (Cu tons)



Nifty EBIDTA (A$ mn)



Highest ever Nifty production despite lower grade

Looking Ahead …

Our Strategy

Aggressive growth in Aluminium – one of our chosen metals

Strong conversion businesses to lower vulnerability to economic downturns

Sharp accent on value addition and cost leadership in each of the businesses

A High Alpha, Low Beta Portfolio

Our Goals

- ✓ **Being amongst world's most valued metals companies**
- ✓ **Maintaining our contribution in ABG's journey to $65 billion**

Strategic Pathway

ADITYA BIRLA
HINDALCO

Objective

Short term/Immediate

- Maintain cost leadership in the face of inflationary environment

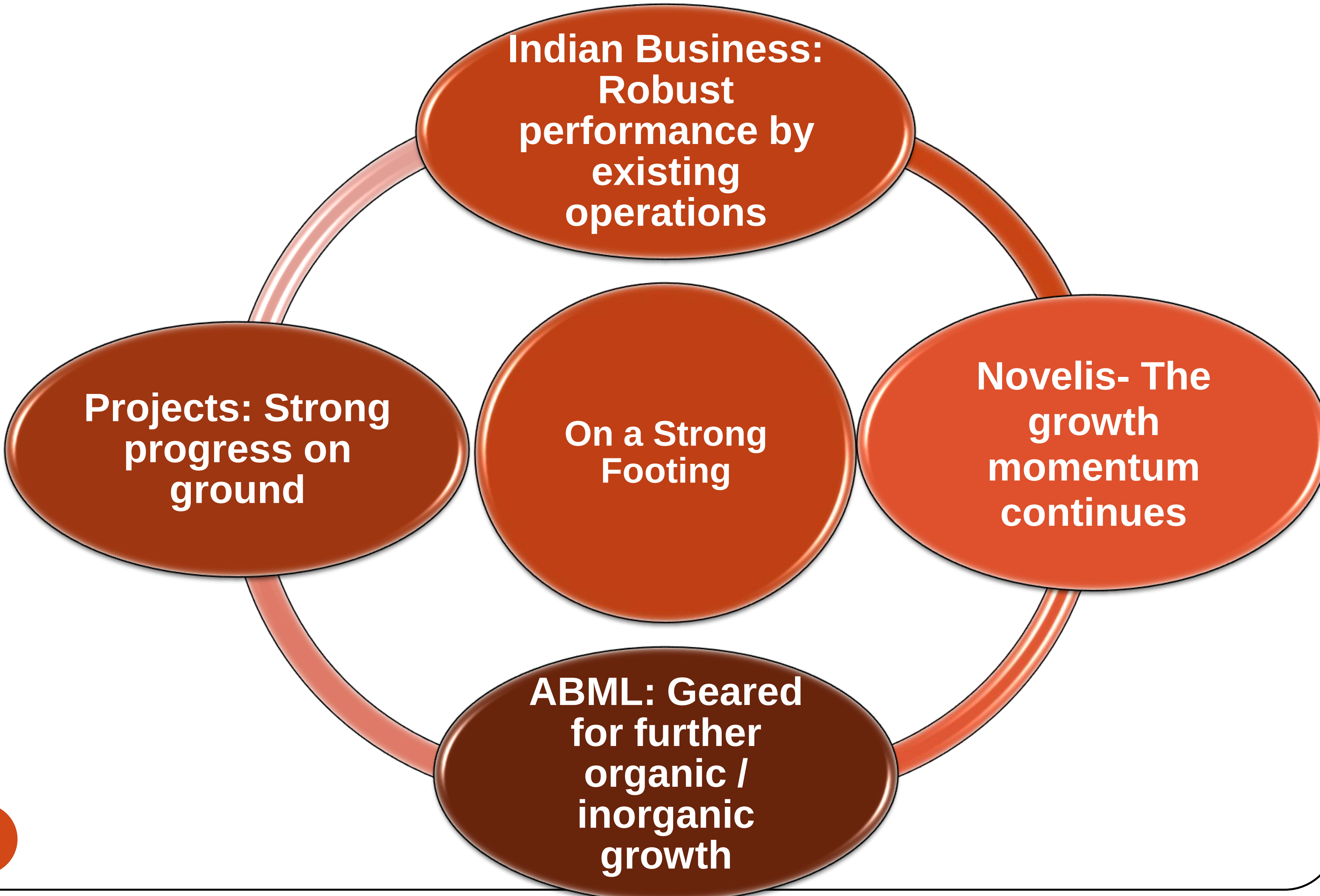
Medium term

- Re-inforce cost leadership with world class green-field projects
- Consolidate Global leadership leveraging Novelis' head start

Enablers

- H'kud brown field expansion, Improving efficiency, Asset sweating
- Significant progress in project implementation; Balance sheet strength
- Focused growth, rising volumes, new markets

FY11: Progressing well …



Attractive Project Pipeline

Well timed capacity increase	✓ Planned capacity increase may coincide with global economic recovery and ride the next commodity cycle
Lower Production Cost	✓ Hindalco's greenfield plants expected to be in global best quartile for manufacturing costs
Lower Capex cost (per ton basis)	✓ State of the art facilities with best in class capex cost per ton
Raw Material Coverage	✓ Coverage for coal resources ✓ Bauxite requirements are met internally

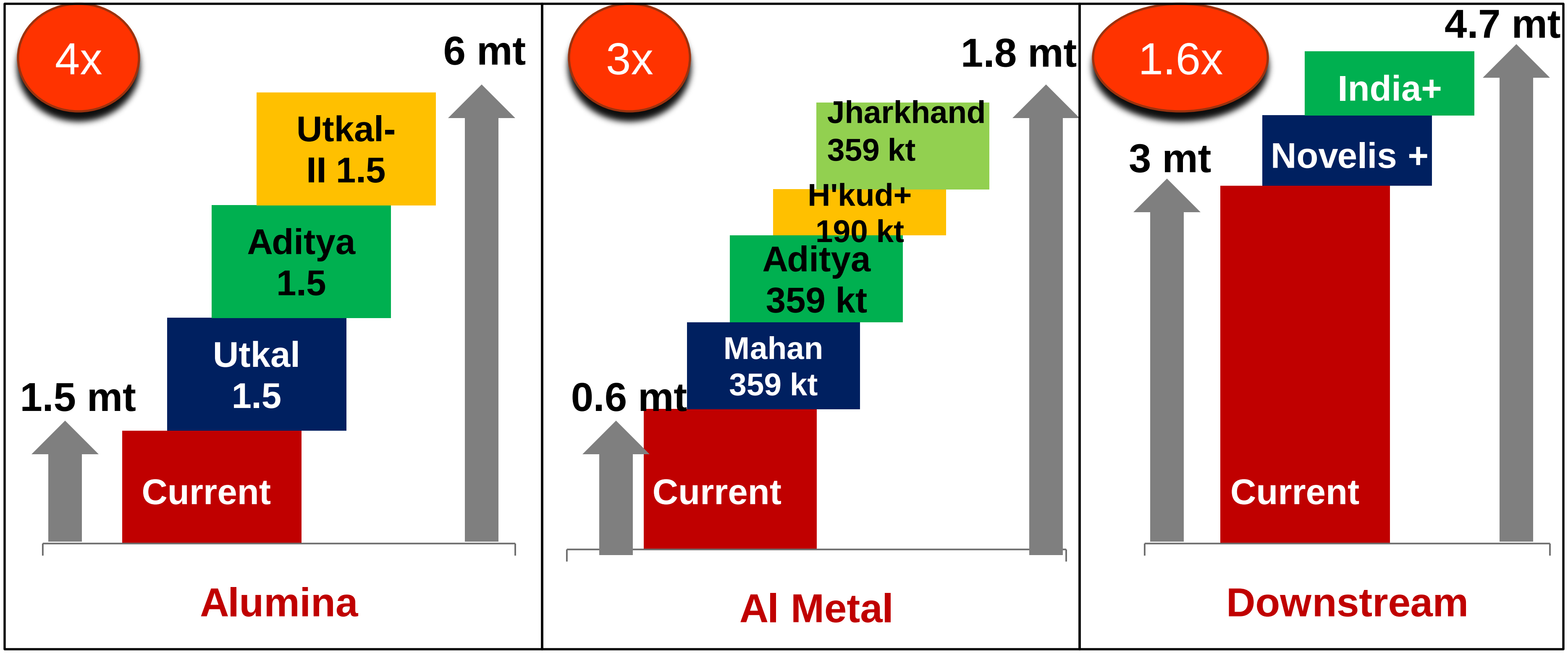
Greenfield Projects Update

Project	Progress	Expected completion
Mahan Aluminium, MP	• Strong progress on the ground & over 90% of project cost committed • Project finance completed (contracted debt Rs 7,875 Cr) • Forest clearance for coal block awaited & applied for tapering linkage for coal	***First Metal End 2011***
Utkal Alumina, Orissa	• Progressing with ~ 90% of project cost committed • Project finance completed (debt tied up Rs 4,906 Cr)	***2012***
Aditya Aluminium, Orissa	• Construction commenced till date 84% of project cost committed • Financing option under evaluation	***Early 2013***
Aditya Refinery, Orissa	• Majority land acquired • DFS underway to estimate latest cost • Financing options under evaluation	***2014***
Jharkhand Aluminium	• Land acquisition started • Coal mine allotted jointly to Tata Power & Hindalco	***2015***

Update on Projects: Brownfield

Project	Scope	Expected completion
Hirakud expansion	Smelter: 155 to 213 ktpa	2012
FRP, Hirakud	Transfer from Novelis UK plant to produce a wide product range including can body stock	End 2011
Pinda (Brazil)	Significant increase in FRP capacity to 600 ktpa	End 2012
Korea expansion	Increase in FRP capacity by 300 ktpa	2013

Planned Aluminium Portfolio



Lien over coal & bauxite to yield lowest decile cost structure

Downstream: Projects marrying Novelis quality & China-like costs

Long alumina: 0.4 mt now; 2.4 mt after all projects

Novelis: The Transformation

FY08

Constrained under-performance

FY09

Claiming the rightful share in the value chain

FY10

The Turnaround

FY11

Value accretive for HIL Shareholders

FY12…..

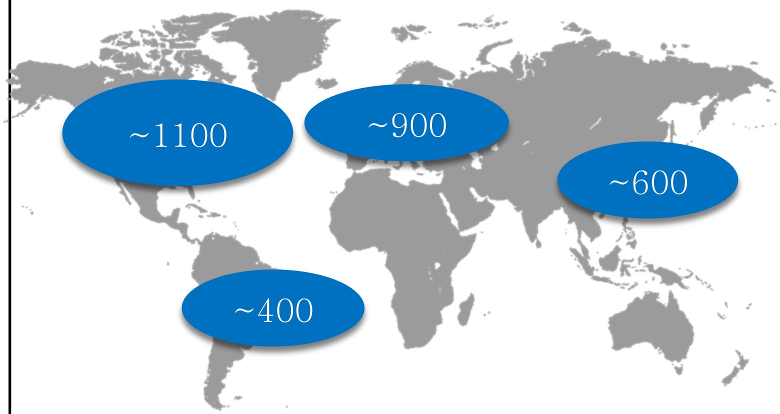
???

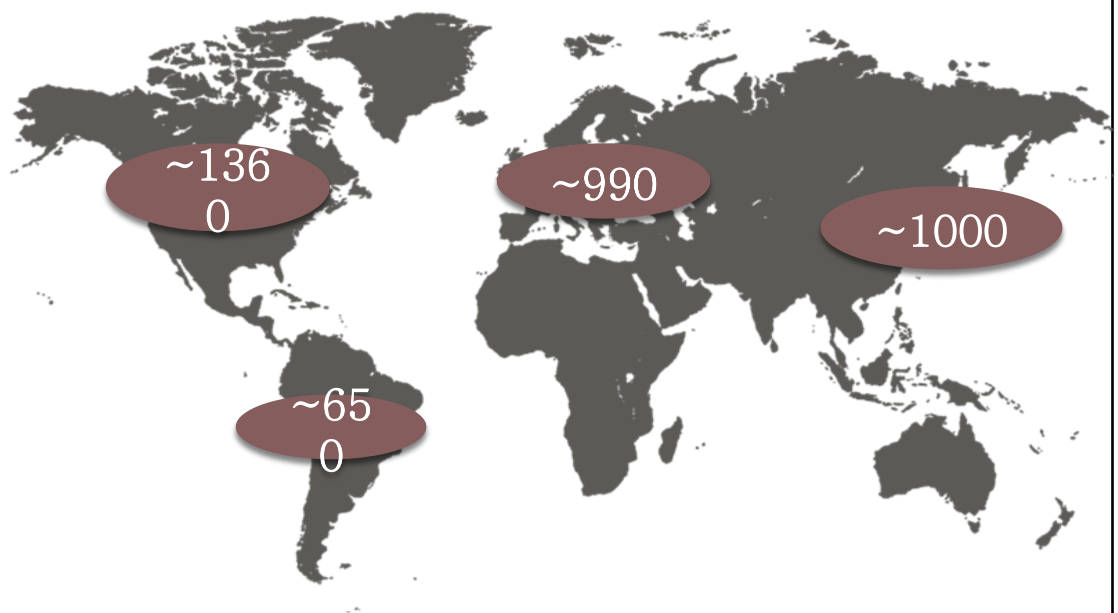
Novelis Footprint: Today & in Five Years

Shipments (Kt)

Total Novelis FY11 Capacity ~3,000

Total Novelis FY16 Capacity ~4,000





$1.5 Billion Three-Year Capital Investment

Key Medium-term Themes …

Aluminium business in India

- ❑ Dramatic growth with 'Last Man Standing' cost positions

Novelis

- ❑ Maintaining momentum – through footprint optimization & leveraging technology edge
- ❑ *Participate in the most value-accretive growth opportunities worldwide*

Copper Mines

- ❑ Growth through organic and inorganic routes

India Copper smelter

- ❑ Leveraging business model based on multiple value-drivers … acid, fertilizers, precious metals, co-products ...

A De-Risked Portfolio with 2 metals – each having two business models (upstream and conversion)

Summing Up…

ADITYA BIRLA HINDALCO

- Strong all-round performance in a challenging year on the back of continuous efficiency improvements
- Projects have gained a significant visibility – to reinforce low-cost advantage
- Novelis' technology edge and footprint optimization to drive the organization to new heights
- Robust performance of conversion businesses validates the strategy of building a de-risked portfolio

Hindalco on course to realize its ambitions

Thank you

Hindalco Industries Ltd
Investor Presentation
FY11

May 9, 2011

Performance Highlights

Business Environment

Performance Review

FY11: Highlights…

Strong Production Performance:

- ❖Record Aluminium Production at Renukoot
- ❖ Highest ever Copper output at Dahej

Financial closure for Utkal & Mahan achieved

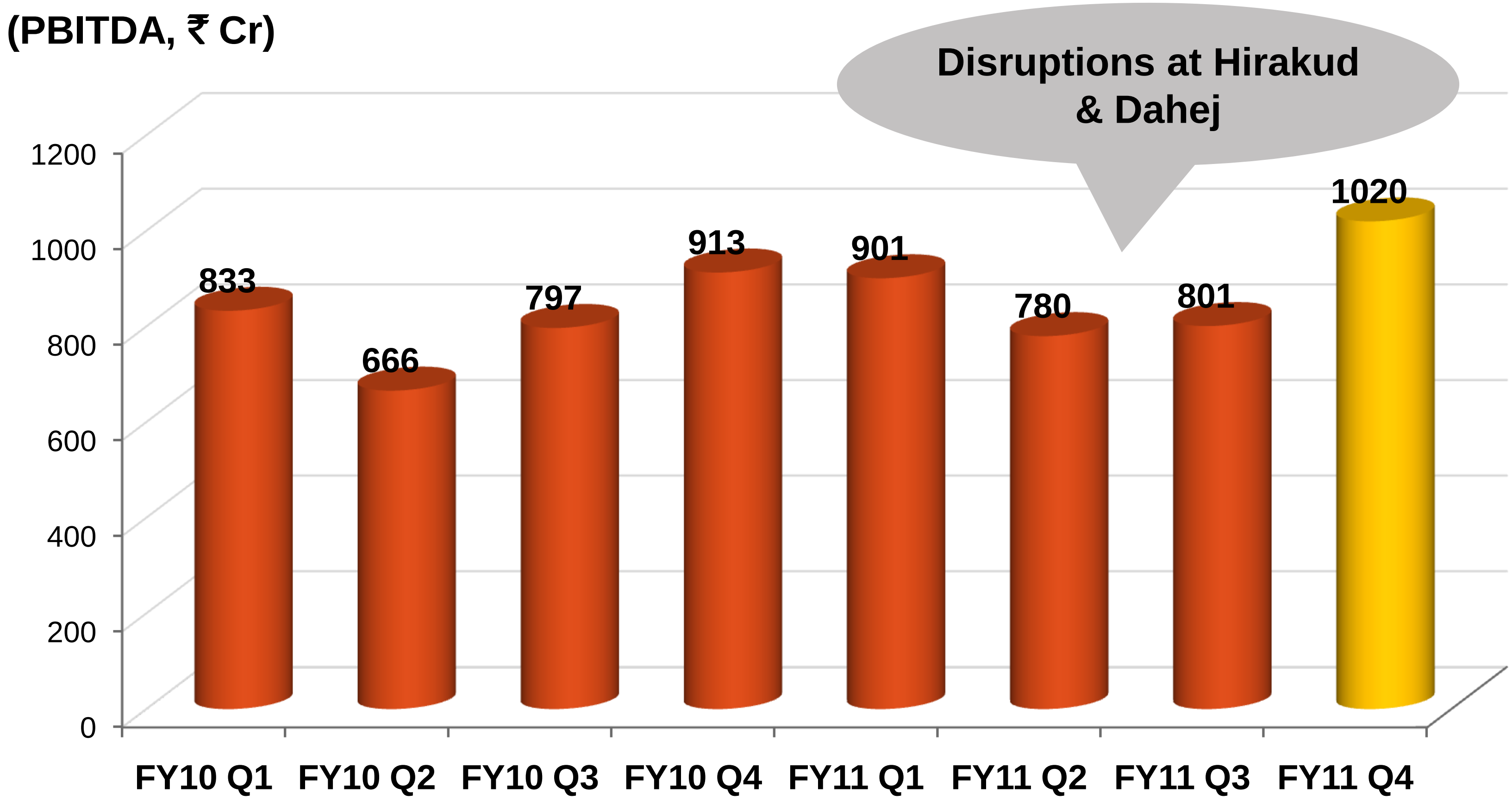
- ❖ Long Tenor, Covenant light, Attractive pricing

- ❖ **Novelis Refinancing to improve Overall capital structure**
- ❖ USD 1.7 Bn remitted as return of capital to Hindalco

Highlights – Q4 FY11

- Quarterly turnover crossed $1.5 bn for the first time ever
- Net profit up 54% sequentially as operations resumed normalcy
- 10-quarter high PBITDA despite severe cost pressures
- New precious metals refinery commissioned in Q4
- Highest-ever alumina production at Muri
- Financial closure for Mahan achieved amidst tight liquidity conditions
- Novelis refinancing enabled USD 650 Mn remittance to Hindalco after repayment of USD 1 bn SPV loan (recourse to Hindalco)

Q4: Strong PBITDA trend



Improvement despite tremendous cost pressures

Financial Performance (Standalone)

₹ Cr	FY10	FY11	Change (%)
Net Sales	19,522	23,859	22
PBITDA	3,210	3,502	9
PBT	2,265	2,595	15
PAT	1,916	2,137	12
EPS (₹)	10.8	11.2	3.2

₹ Cr	Q4 FY10	Q4 FY11	Change (%)
Net Sales	5,397	6,846	27
PBITDA	913	1020	12
PBT	674	787	17
PAT	664	708	7
EPS (₹)	3.5	3.7	6.6

- *Net profit in Q4 FY10 was inclusive of tax write-back of ₹113 cr vs. Rs 11 Cr in Q4 FY11*

Financing Highlights

Particulars	Mahan	Utkal
Project Cost (including financing cost) Rs Cr	10,500	7,009
Debt / Equity	0.75	0.70
Loan Size Rs Cr	7,875	4906
Arrangers	SBI/SBI Caps, Citi, Kotak & RBS	SBI/SBI Caps, IDBI & RBS
Tenor (Door to Door)	12.75 Yrs	12 Yrs.
Interest Rate	SBI base rate plus Margin	SBI base rate plus Margin
Date of Loan Agreement	30th March, 2011	28th July, 2010

Dec 2010 – Novelis Refinance – Returns Capital of $ 1.7 Bn

– Hindalco's balance sheet deleveraged by USD 1 Bn

- USD 650 Mn available with Hindalco

Balance sheet strength to progress on ambitious projects

Business Environment

Key Business Drivers and Impact

Driver	Change (%) FY11 over FY10	Impact
Aluminium LME Average($/ton)	21	↑
Copper Tc/Rc (c/lb)	(26)	↓
Exchange Rate (`/$)	(4)	↓
Input costs		↓

FY11 – A Challenging Year

Global recovery continued …

Weathering sovereign debt concerns and geopolitical threats …

Amidst unprecedented policy support

Favourable LME

Intense cost pressures

Depressed TC/RC

Confluence of one-off disruptions

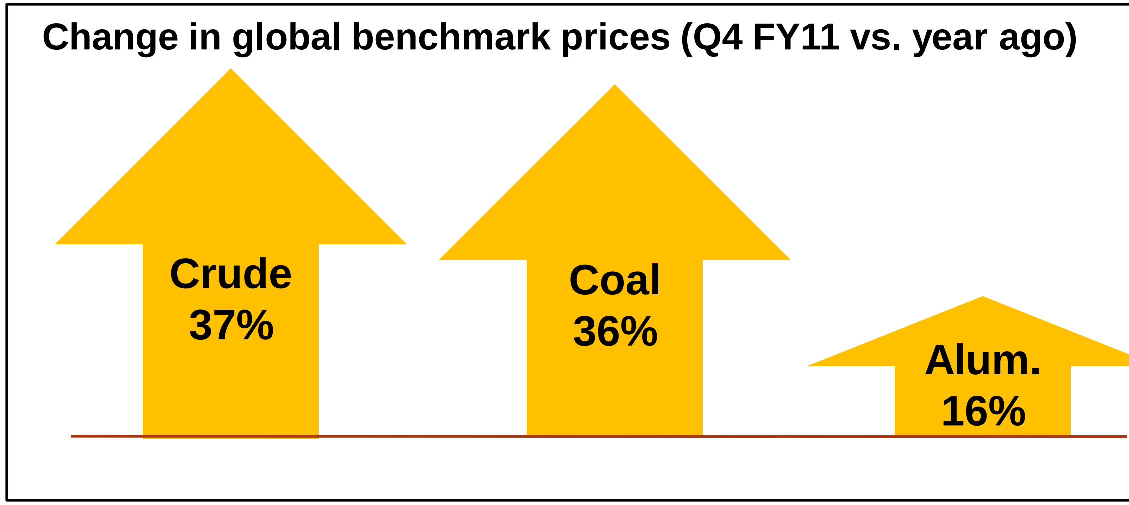
- Hirakud outage
- Dahej: Cooling tower failure

One-timers

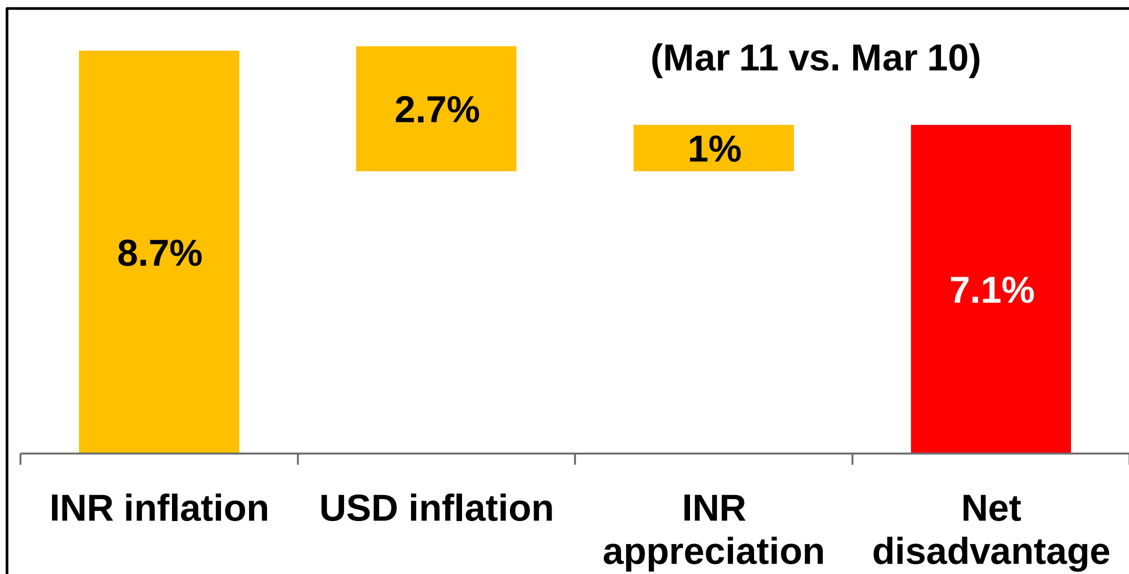
- Kalwa restructuring

Incessant Cost Pressures

#1
Relative energy inflation



#2
Appreciation of rupee in inflation-adjusted terms



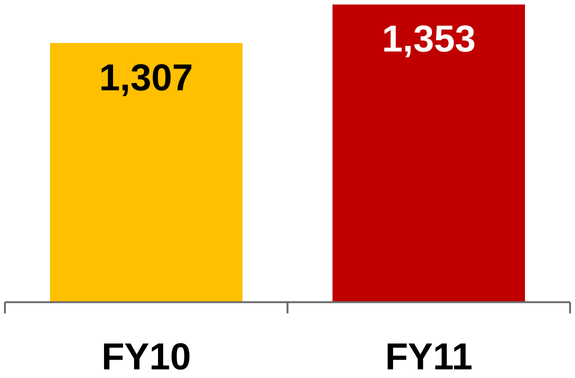
A significant part of Al metal cost is rupee-denominated

Performance Review

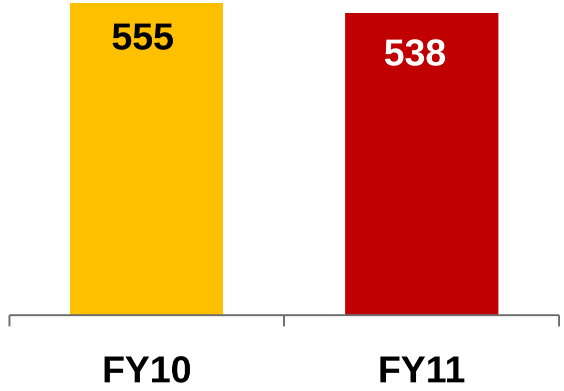
Al: Trend in production

Annual

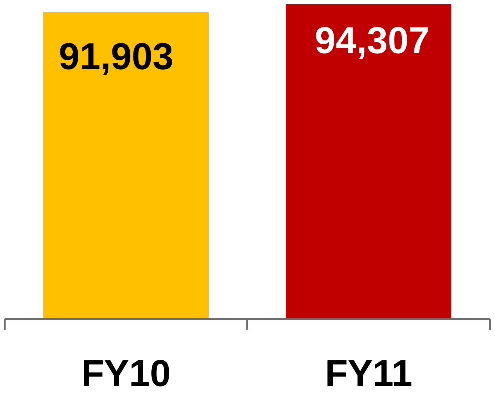
Alumina (kt)



Metal (kt)

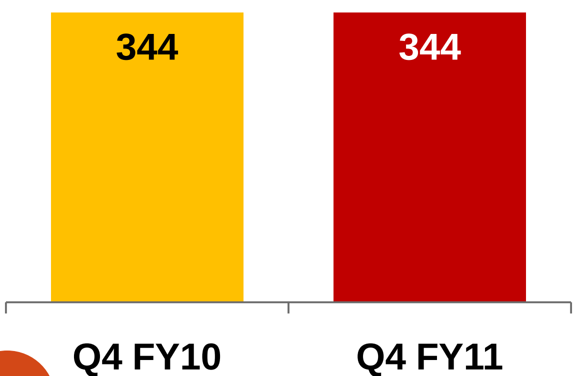


Wire rod (ton)

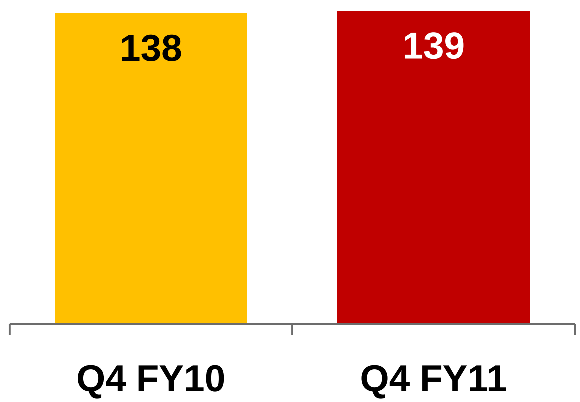


Quarterly

Alumina (kt)



Metal (kt)



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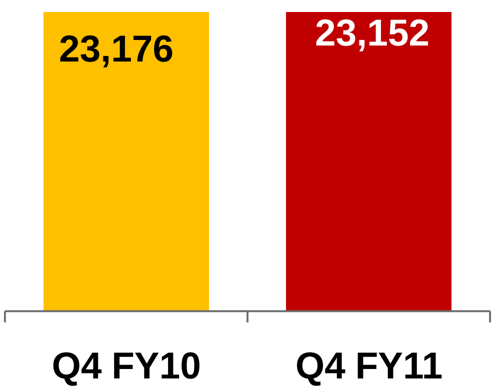
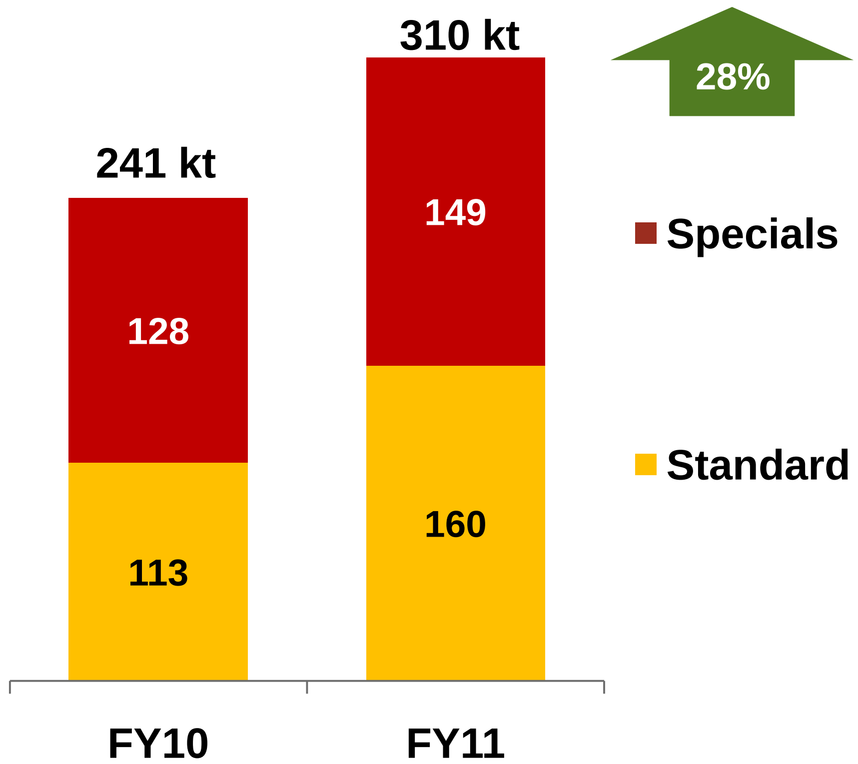


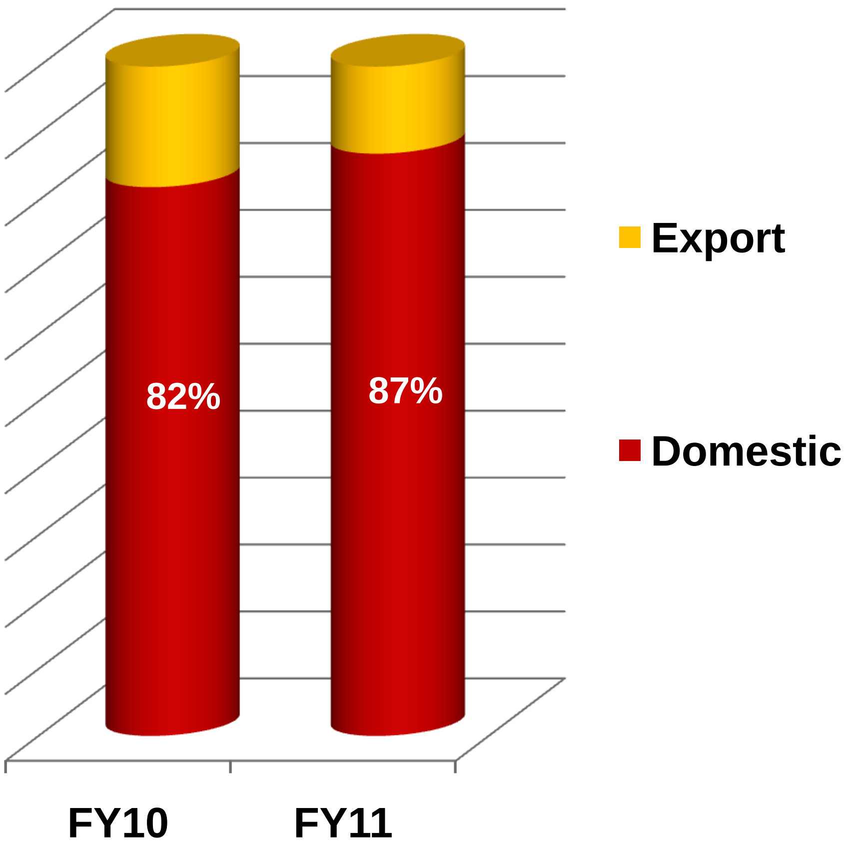
Aluminium: Enhancement of Profitability by improving Product-Mix

Jump in Hydrate / Alumina sales with focus on specials

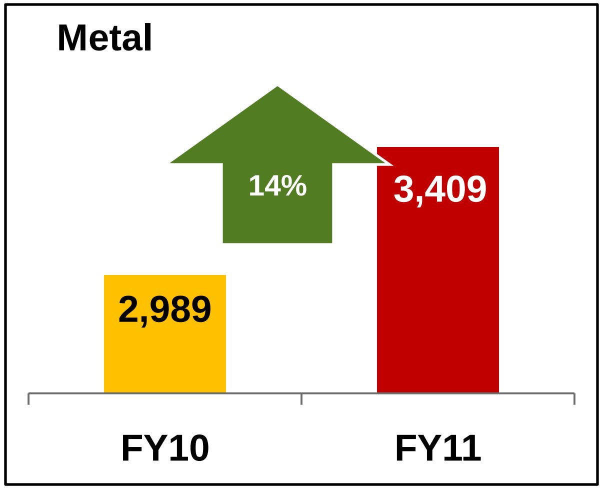


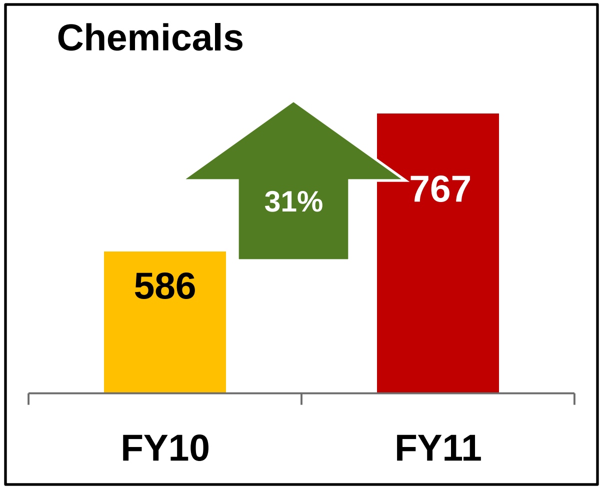
Specials market share
Domestic ~85%, Global ~6%

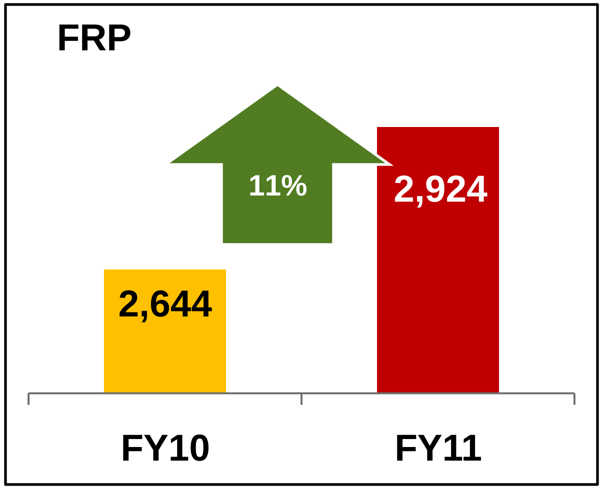
Maximized domestic sale of metal …

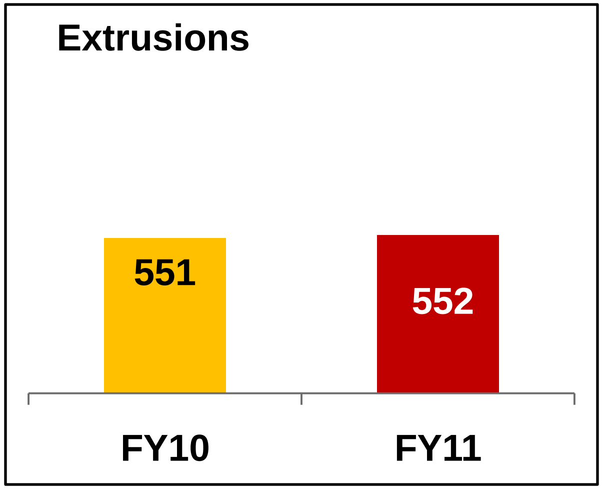


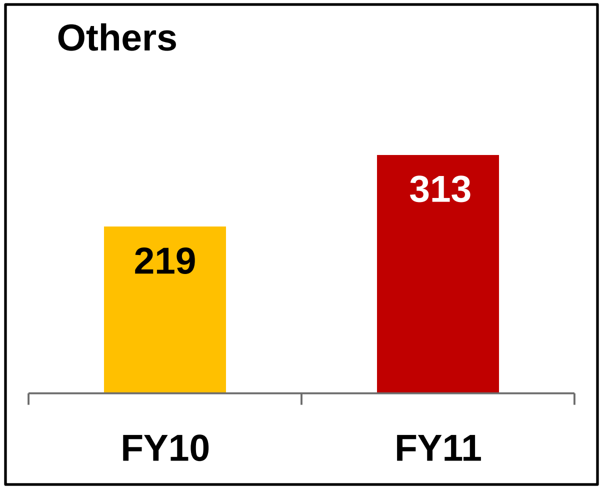
Al: Revenue break up (Rs Cr.)











All-round growth

Strong Growth despite Hirakud outage

FY11: The Aluminium story…

Challenges	Mitigation	Actions
Increasing Cost Pressure	**Improved efficiencies, asset sweating**	**1. Higher production at Renukoot** **2.Hirakud outage affected the performance, now back to normal** **3.Hirakud Brownfield expansion on track**
Margin Pressure	**Better product & market mix**	**1.Higher sales in lucrative domestic market** **2.Howver, supply chain disruption & lower tonnage affected the VAP production**
Balance sheet	**Aligning the capital structure to business requirements**	**1.Reurn of capital from Novelis improved the capital structure** **2. Financial closures of Utkal & Mahan achieved**

Aluminium Business: Financial Performance

(₹ cr)	Q4 FY10	Q4 FY11	Change (%)
Net Sales & Operating Revenue	2,037	2,211	9
EBIT	614	562	(8)

(₹ cr)	FY10	FY11	Change (%)
Net Sales & Operating Revenue	6,989	7,965	14
EBIT	1,767	2,004	13

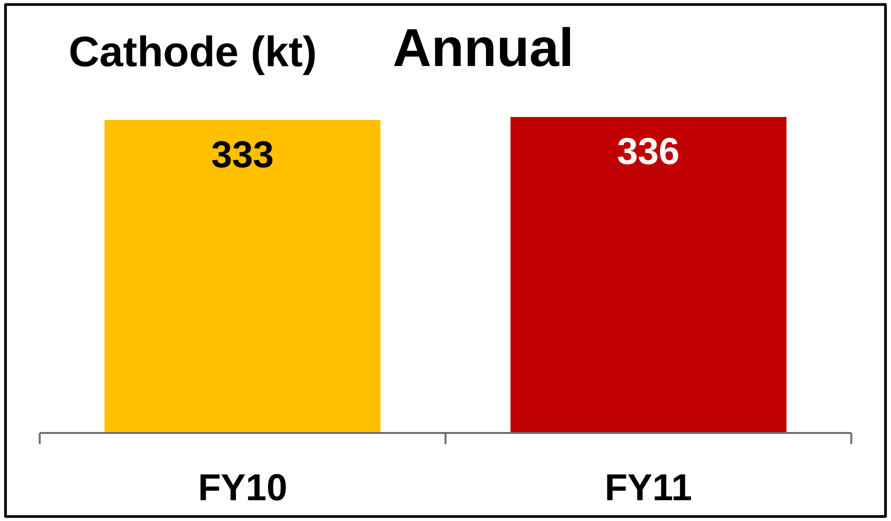
Copper: External Drivers

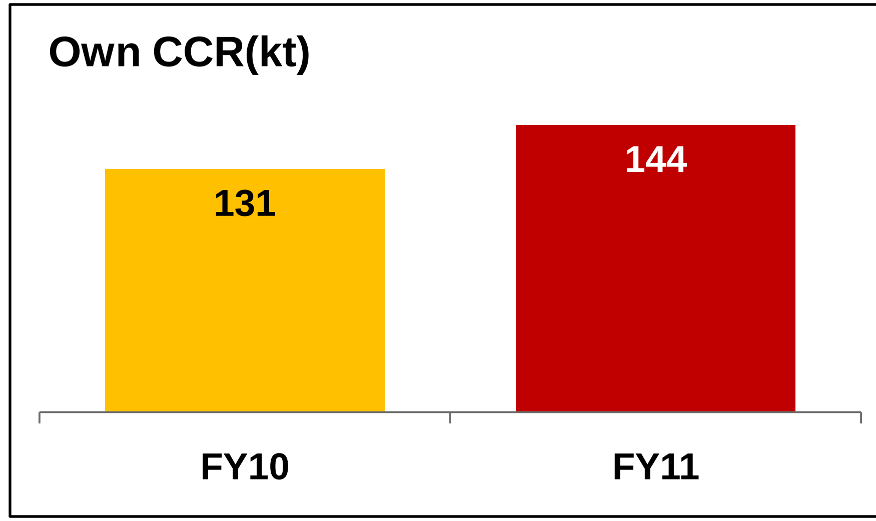
Driver	Current Assessment	Impact
TCRC	• Long term TCRC lower than last year	↓
LME/INR	• LME being supported by liquidity	↔
INR	•Appreciating rupee	↓
Acid prices	• Improving trend	↑
Energy prices	• Correlated with commodity cycle; likely to be firm	↓

Challenging times

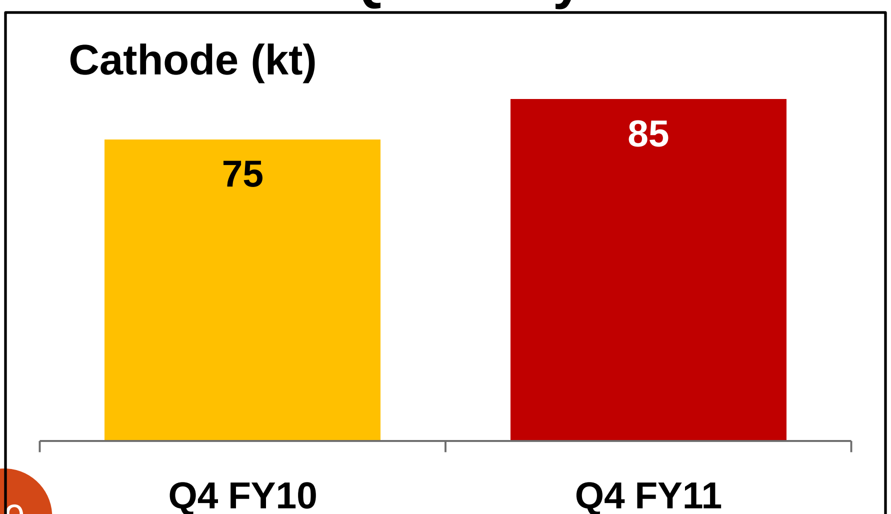
Cu: Production Performance

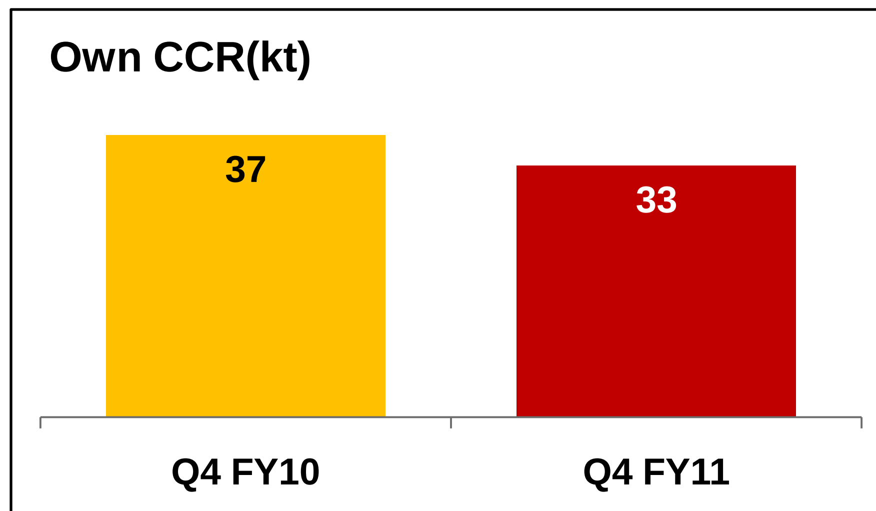
Annual



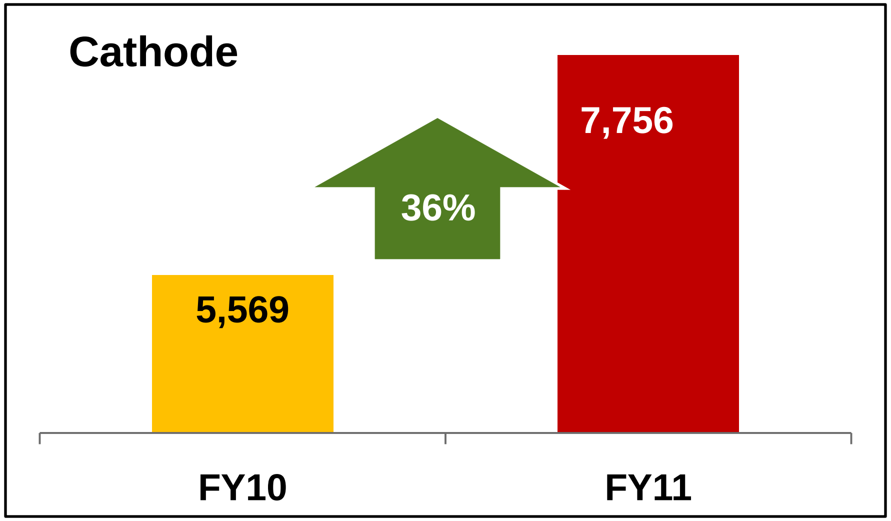


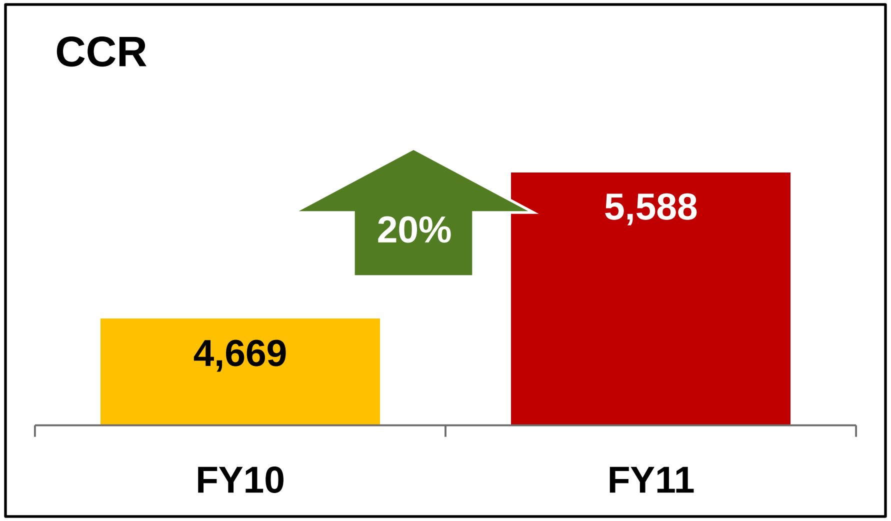
Quarterly

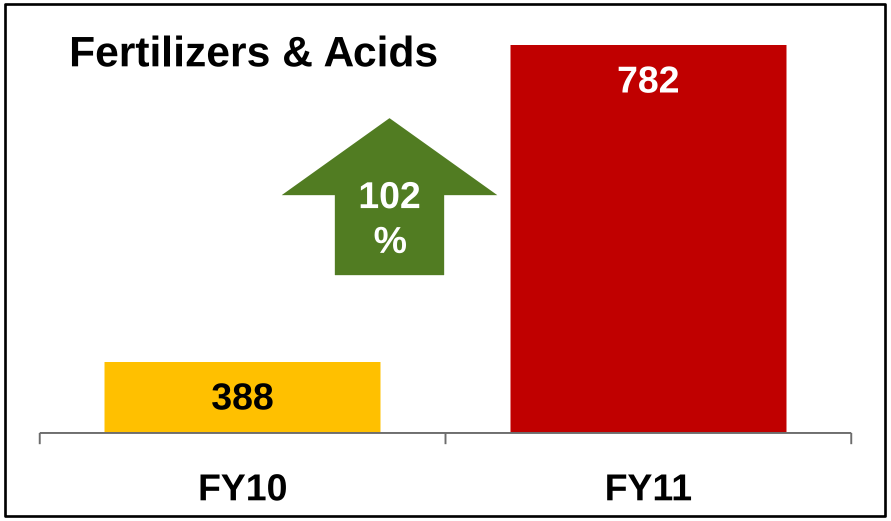


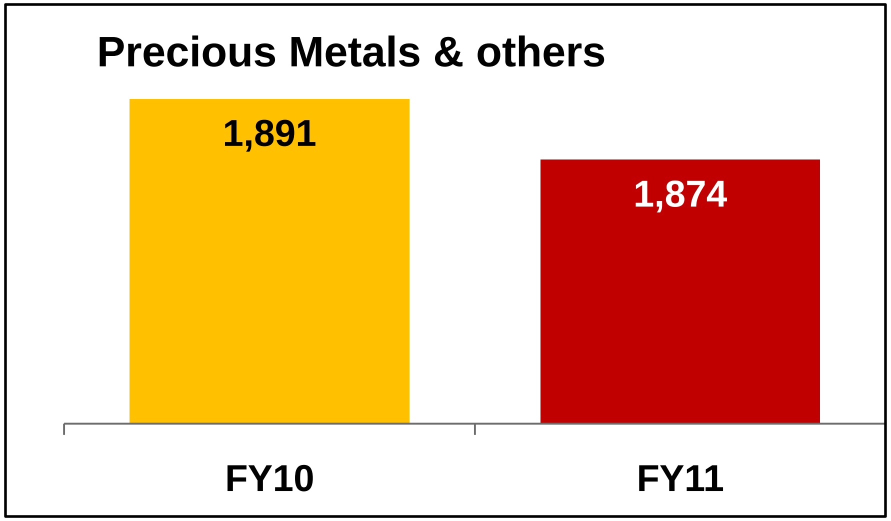


Cu: Revenue Drivers (Rs Cr.)









Strong Revenue Trend added by favourable macro factors

Cu: Leveraging every Opportunity

Multiple Value-Drivers:
Optimized fertilizer stream when TcRc was down

Focus on unlocking value:
Increased production of selenium
New initiative to use external scrap to supplement primary production

Maintained domestic market leadership to optimize sales-mix

TcRc drop had an adverse impact of ~₹150 cr; but overall business profitability fell by only ₹58 cr

Copper Business: Financial Performance

(₹ cr)	Q4 FY10	Q4 FY11	Change (%)
Net Sales & Operating Revenue	3,361	4,637	38
EBIT	127	206	61

	FY10	FY11	Change (%)
Net Sales & Operating Revenue	12,540	15,902	27
EBIT	660	602	(9)

Key External Drivers - Outlook

Driver	Current Assessment	Impact
LME	Strong momentum so far; but vulnerable to risk aversion / rate hikes	⇔
INR USD	Upward pressure on rupee, including from overall USD weakness	⇩
Input prices	Sharp rise in coal and carbon costs	⇩⇩
TCRC	2011 terms favourable to smelters vis-à-vis last year	⇧
Acid price, DAP subsidy	Acid prices currently ruling strong; Subsidy announced is higher	⇧

Projects:

Progressing well…

Detailed Review to *be published along with the Consolidated results*

FY 11 spend…. ~ Rs 6,500 Crores

Forward Looking & Cautionary Statement

Certain statements in this report may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The company assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

Thank you