



Hindalco Industries Ltd

Q4 FY 10 - Investor Presentation

Economy & Industry

Performance Highlights

Projects

Financials

Performance Highlights

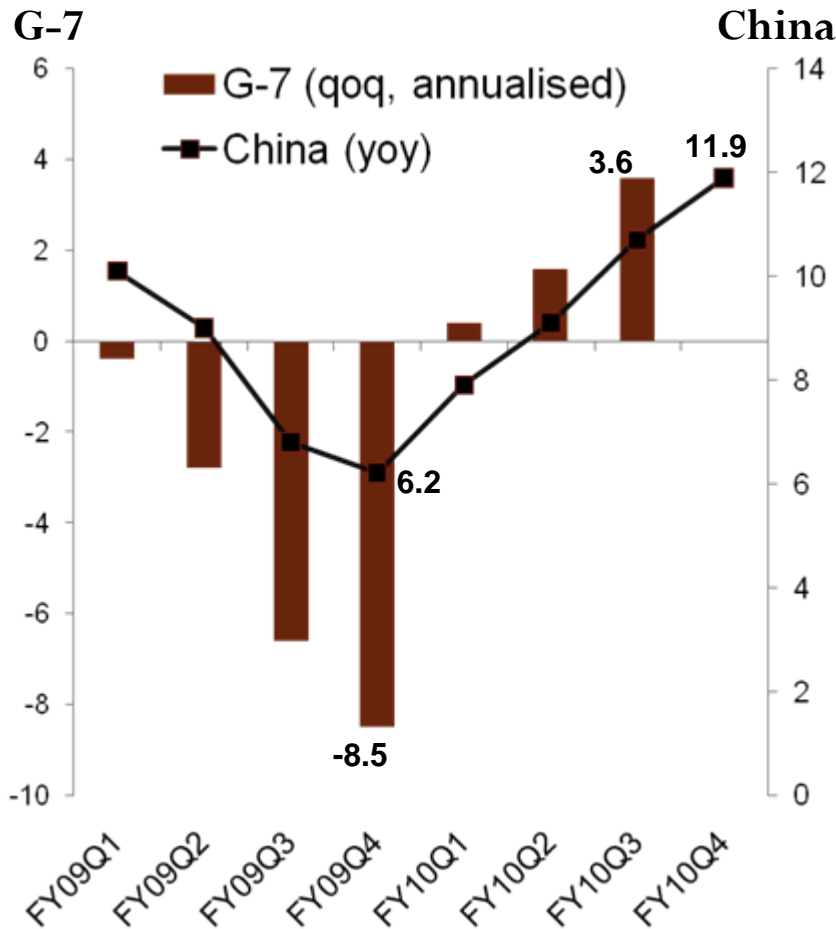
- Strong Operating Performance
 - Highest ever Production. YOY..
 - Alumina up 6%
 - Aluminium up 6%
 - Copper up 12%
 - Better geography and product-mix
 - Cost of production brought down despite input cost pressures
- Greenfield projects remain on track, facilitated by various financing initiatives
- Reduced earnings volatility through early adoption of AS 30

All-round improvement in performance

Economic Backdrop

Economic recovery gathered momentum

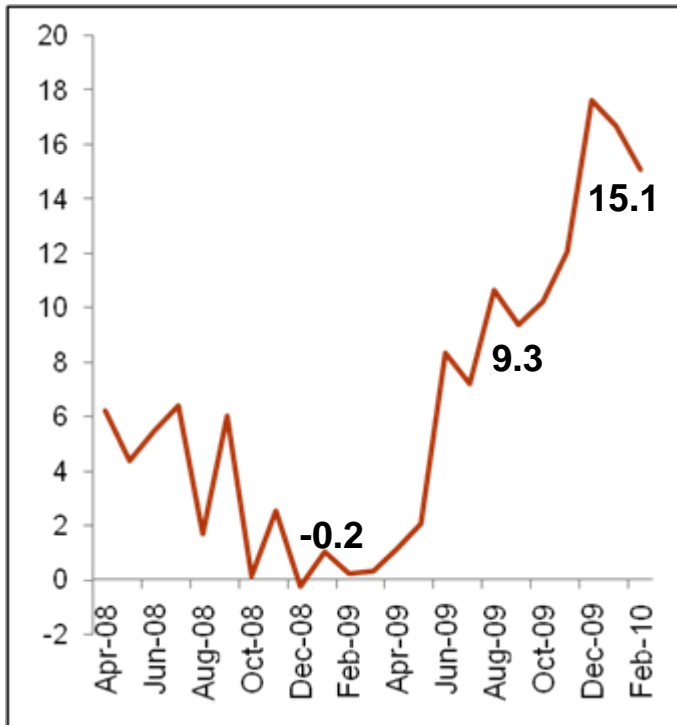
GDP Growth (%)



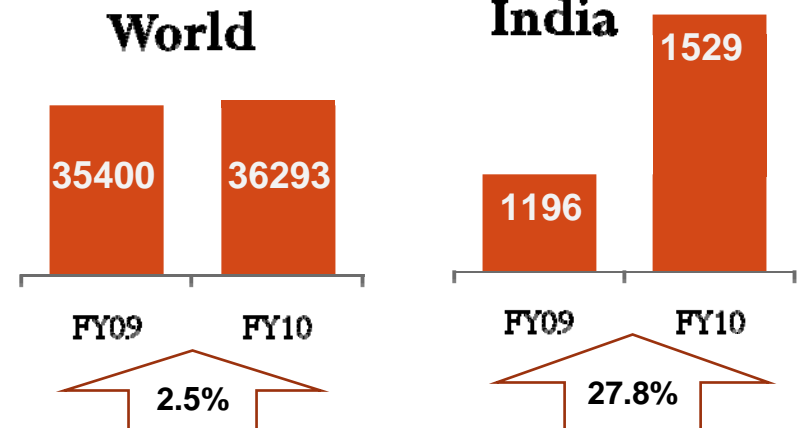
- IMF expects world GDP growth to bounce back to 4.2% in 2010 after (0.6)% in 2009
- It's a 'multi-speed' recovery
 - US returning to ~3% growth
 - Europe languishing at ~0-1%
 - China +10%, India +8%
- Concerns over fiscal deficit and public debt in developed nations, China & India worried about overheating

India : Growth has bounced back

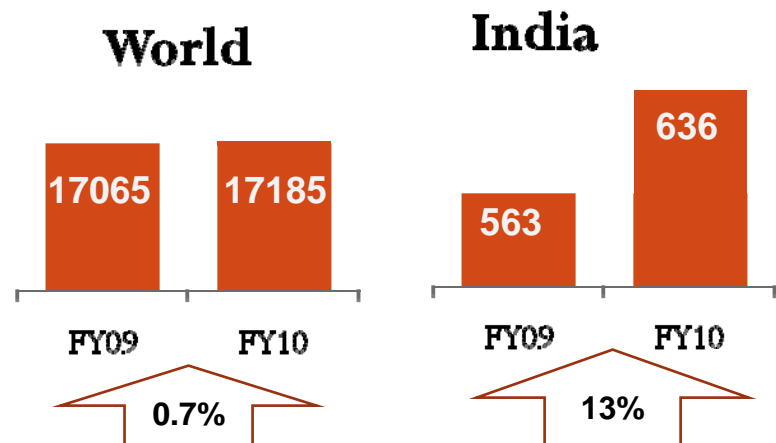
Industrial Growth (% , yoy)



Aluminium consumption (kt)

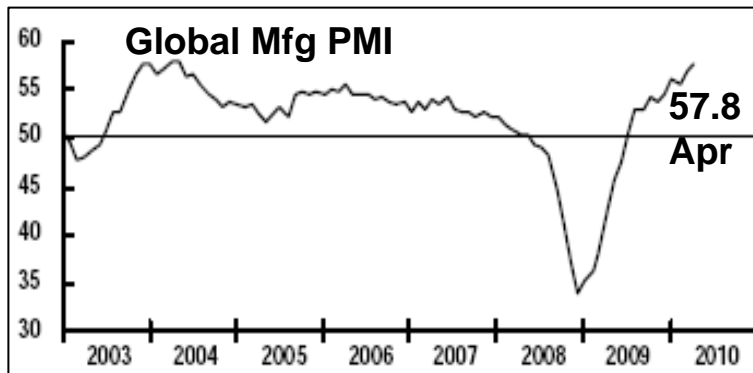
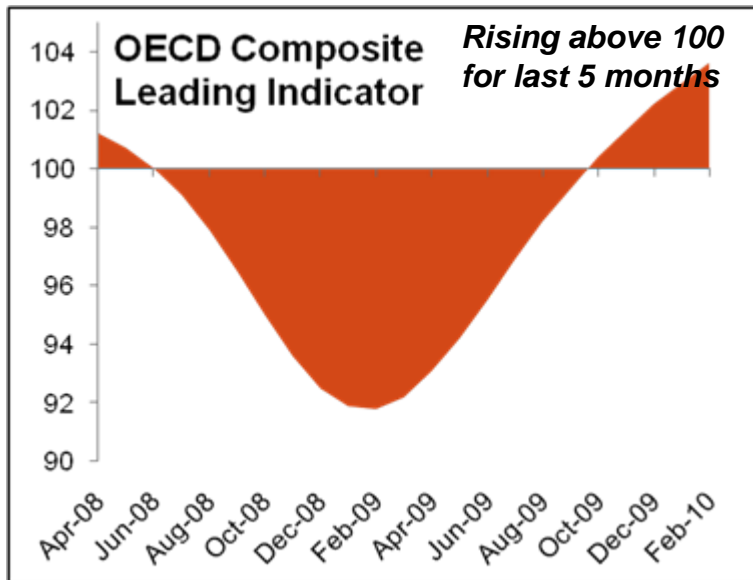


Copper consumption (kt)

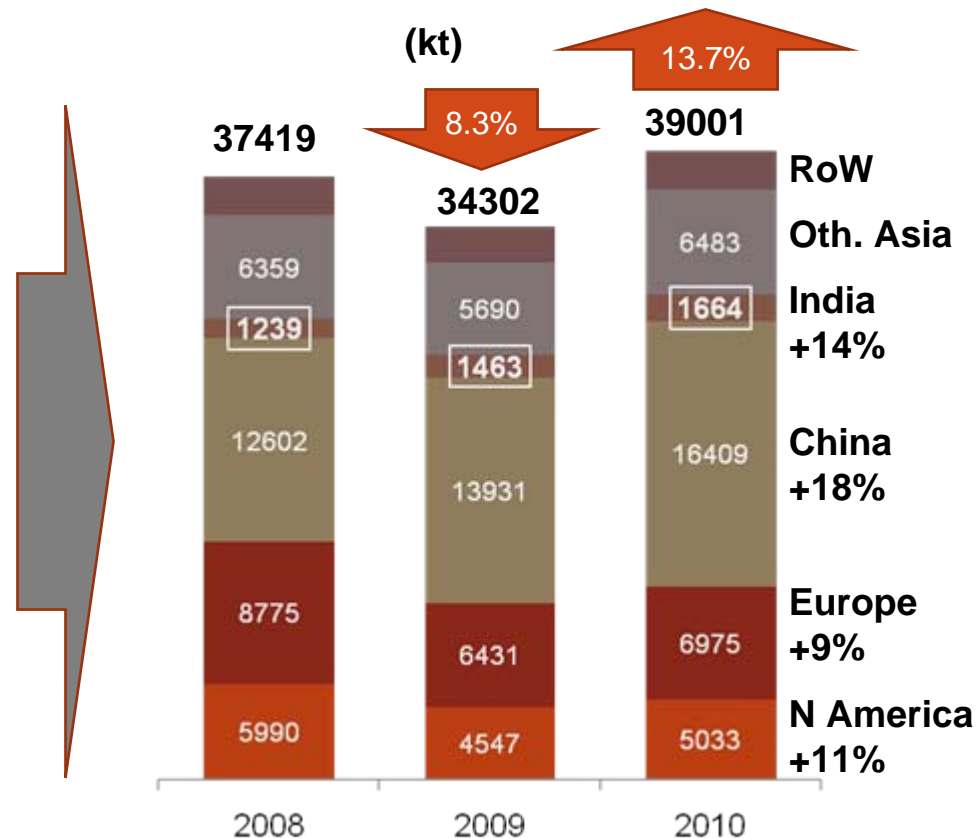


AI 2010: Rebound in world consumption

Leading Indicators Positive...



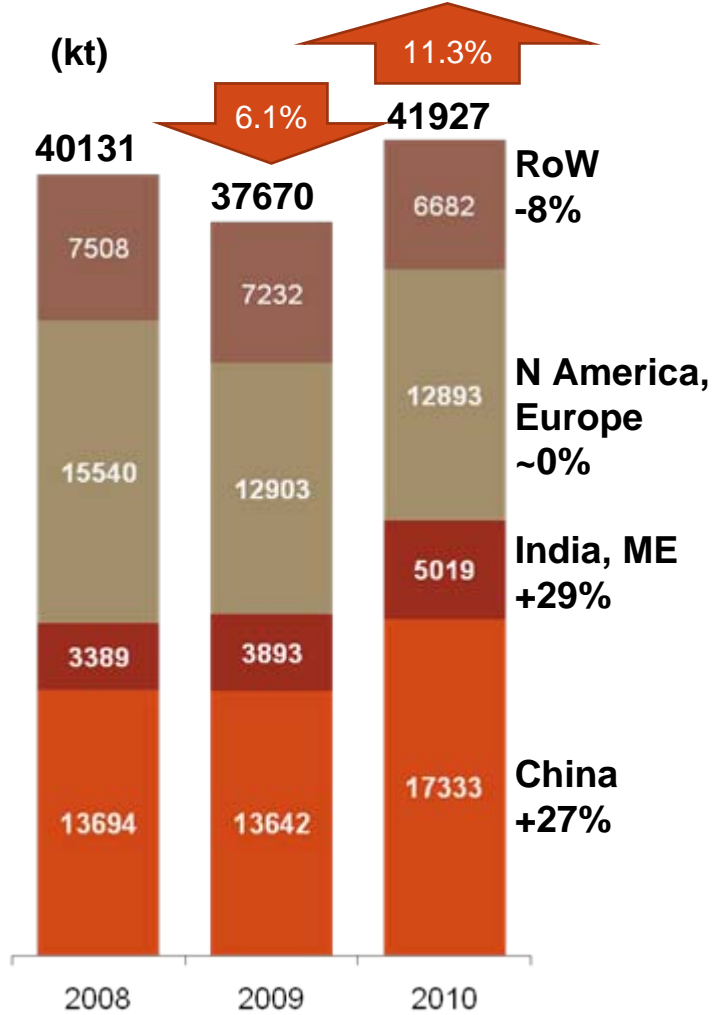
World Aluminium Consumption: Rebound from demand destruction



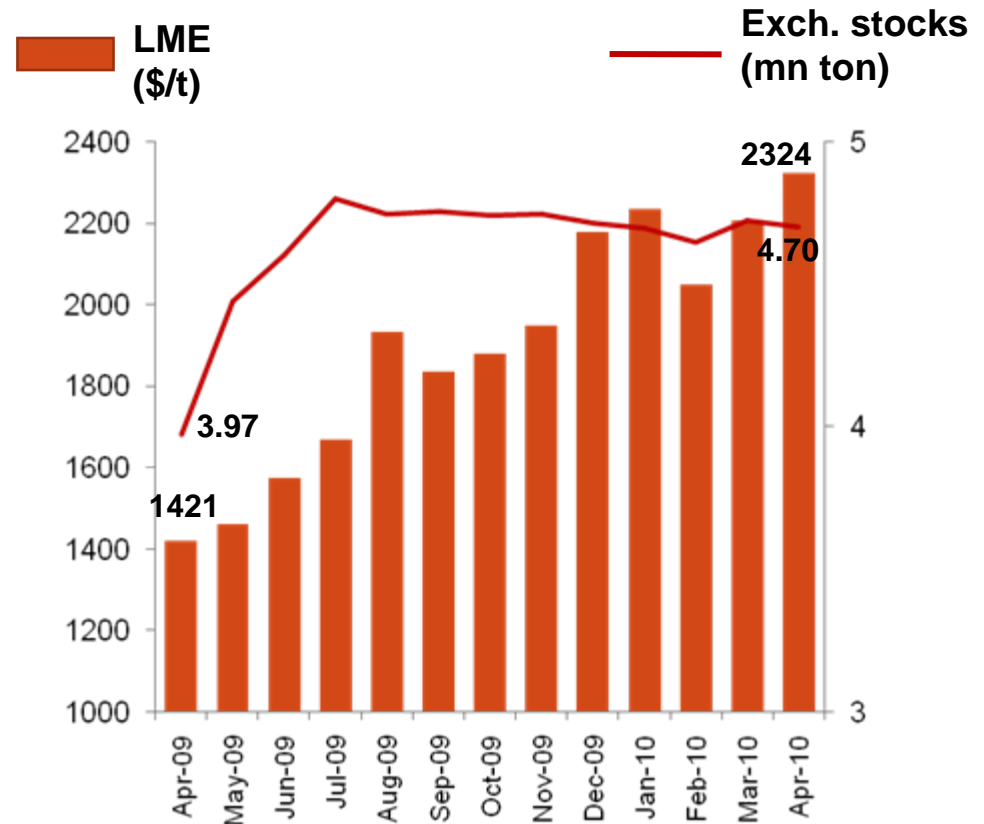
- Asia driving growth
- Western world demand witnessing recovery, still short of 2008 levels

Al: Surplus continues...

World Aluminium Production



Stocks have remained at elevated levels, though steady for last 3 qtrs ...



Al : Positive trend yet concerns remain...

Sustaining the trend

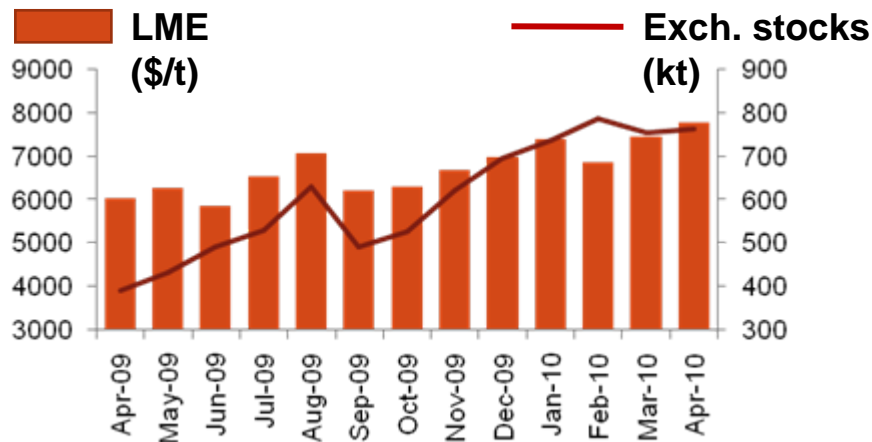
- Marginal cost estimated around \$2000/t,
- Cost push: alumina and energy prices
- Positive investor sentiment on the back of continued economic recovery

Risk factors

- Reversal of financing deals possible when interest rates rise / contango shrinks
- Risk aversion ~ sovereign credit risk
- China's efforts to cool its economy
- Ongoing substitution of high-cost capacities

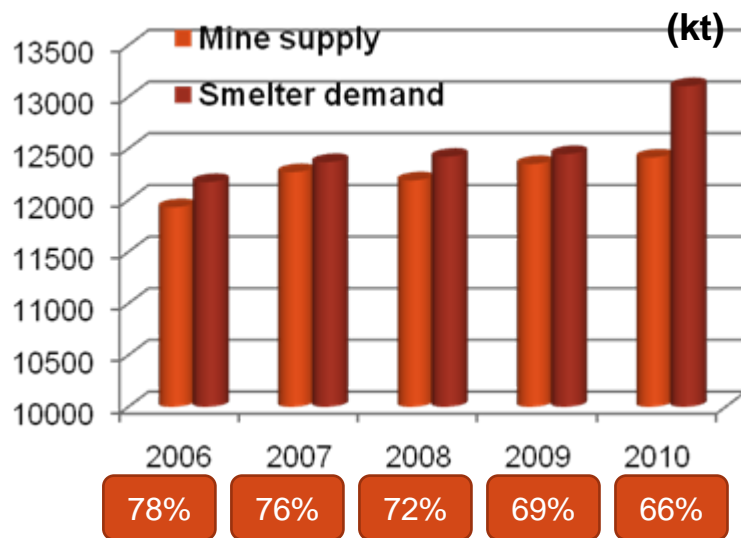
Upside and Downside factors seem fairly balanced at the moment, though risk aversion has been quite active over past few days

Copper: Still strong as mine supply lags behind



- LME driven up by investors and improving economy, despite rising stocks
- World consumption projected to rise 8% in 2010 to 18 mn ton; surplus to shrink to 162 kt from 1,404 kt in 2009 (CRU)
- Global deficit in concentrate supply continues
- Long-term TCRC for 2010 settled at 40% below 2009 level

Global Mine Supply Deficit

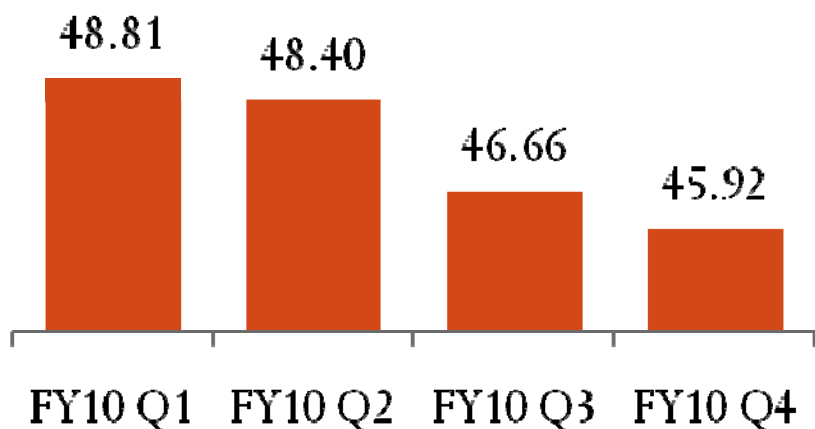


World Smelter Capacity Utilization

Domestic Industry: Stronger rupee and cost pressures

Hardening Rupee

INR / USD



Cost pressures from rupee inflation

- Inflation in India was 9.9% during FY10 vs. 0.3% in the US
 - On average, Rupee depreciated by just 3.1% (45.92 to 47.39) in FY10
- ⇒ Real appreciation of INR by >6% during FY10

| | Relative Movement | | | Relative Movement | | |
|-----------------|-------------------|---------|---|-------------------|-------|---|
| | Q4 FY09 | Q4 FY10 | | FY09 | FY10 | |
| Al LME (\$ / t) | 1,360 | 2,163 | ↑ | 2,227 | 1,865 | ↓ |
| Cu LME (\$/t) | 3,654 | 7,258 | ↑ | 6,102 | 5,908 | ↔ |
| INR/USD | 49.76 | 45.93 | ↓ | 45.99 | 47.44 | ↑ |
| Tc/Rc | | | ↔ | | | ↑ |
| By-Products | | | ↑ | | | ↓ |

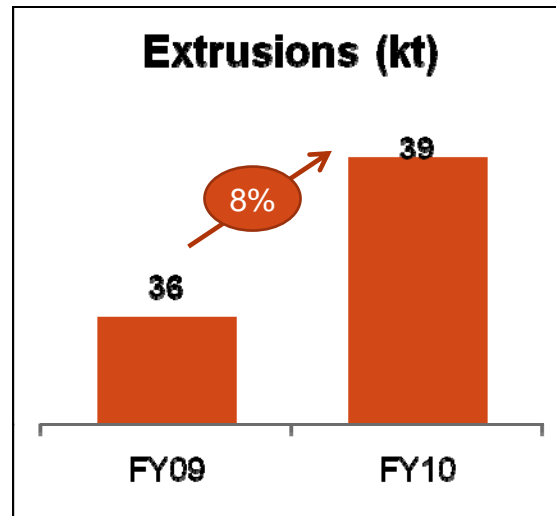
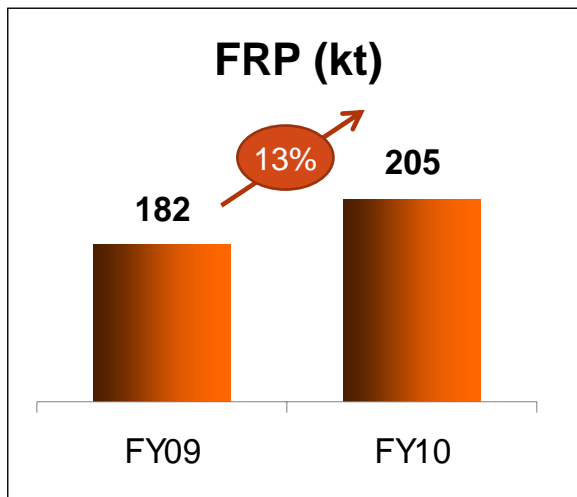
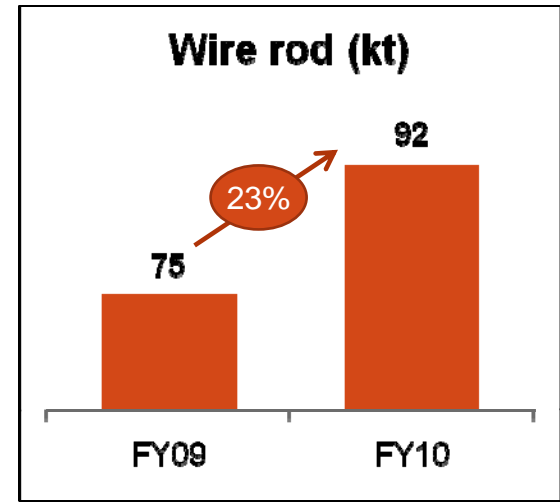
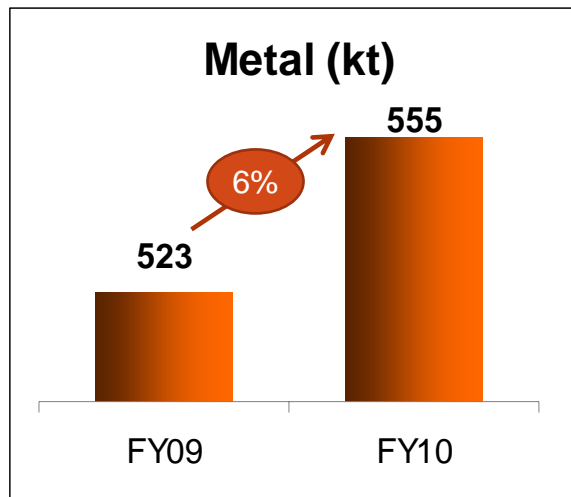
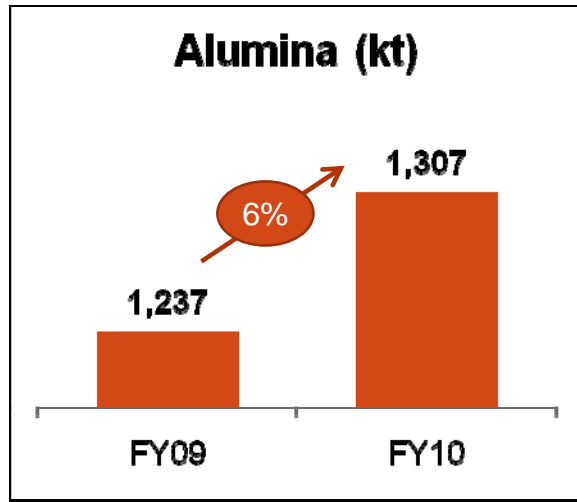
Performance Review - Aluminium



- Strong Operating Performance
 - Highest ever alumina & aluminium Production
 - Aluminium capacity Up by 8 ktpa
 - Better geography and product-mix
 - Cost of production brought down despite input cost pressures
- Greenfield projects remain on track, facilitated by various financing initiatives

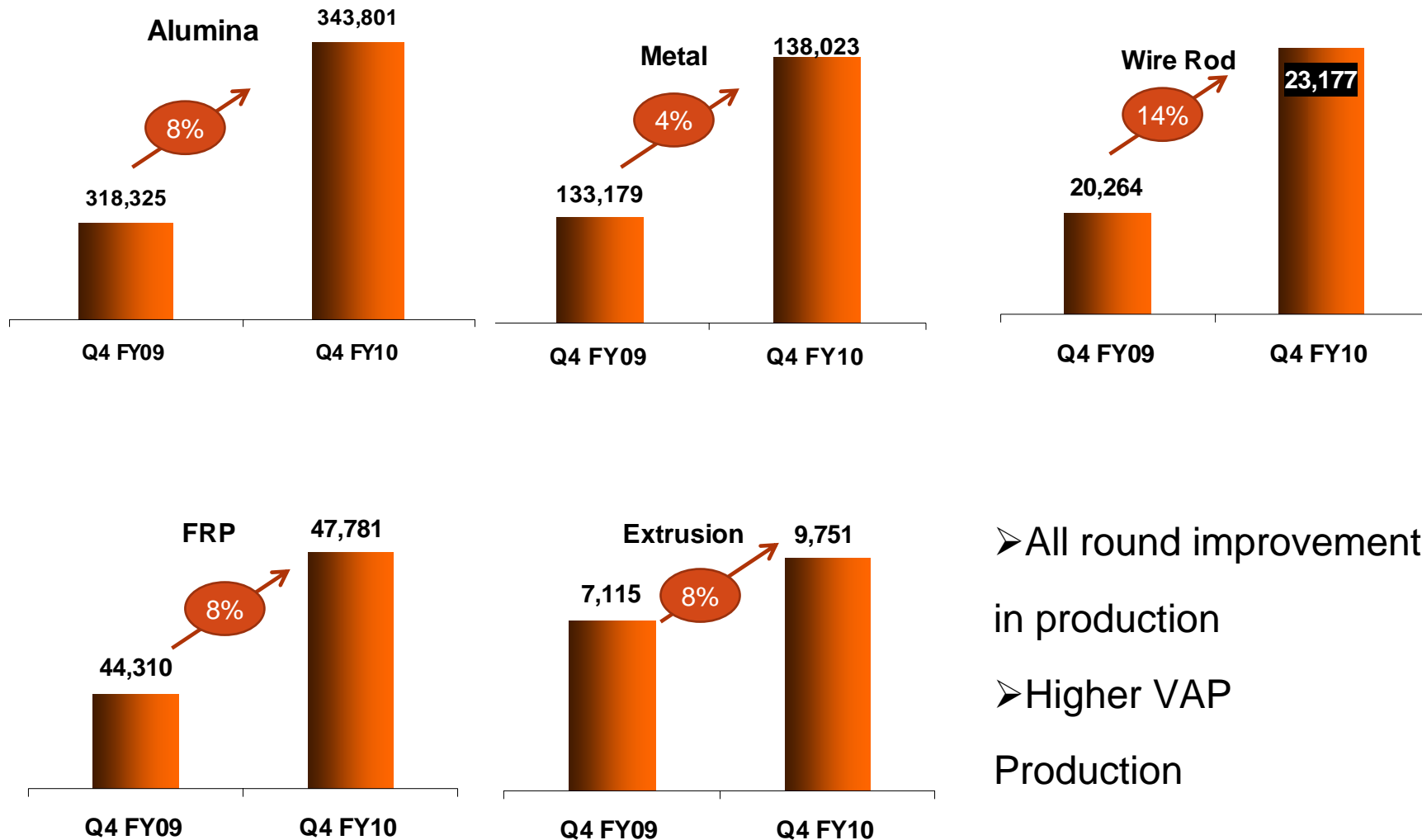
Best ever operational performance

Production Performance: FY10



- Higher Alumina and Metal Production on the back of brownfield expansions
- Increased volumes of downstream value added products

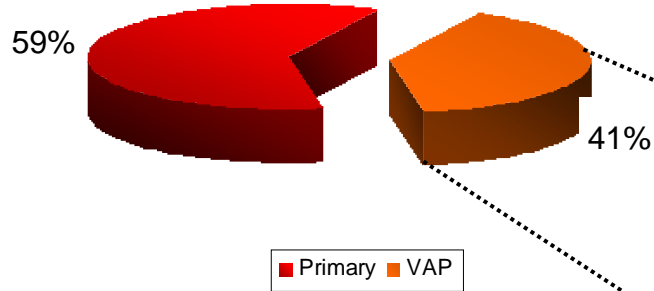
Production Performance: Q4 FY10



- All round improvement in production
- Higher VAP Production

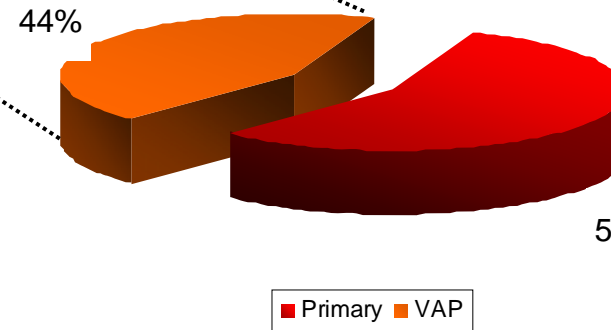
Sales : Optimizing to deliver

FY09



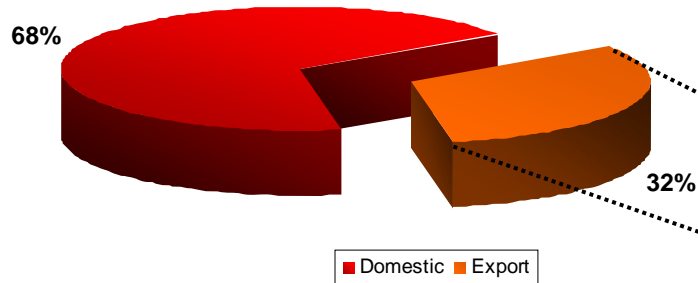
➤ Improved Product Mix

FY10

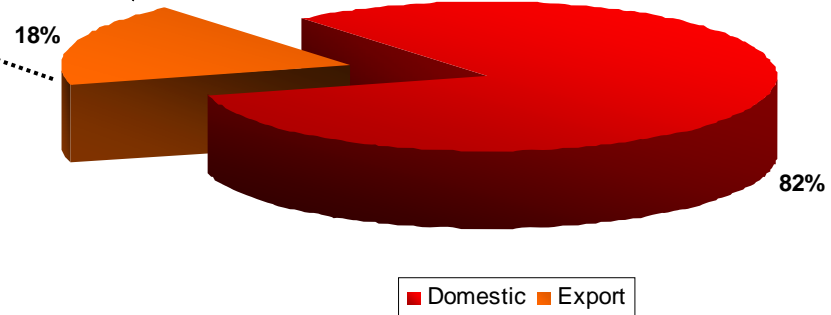


➤ Improved Market Mix

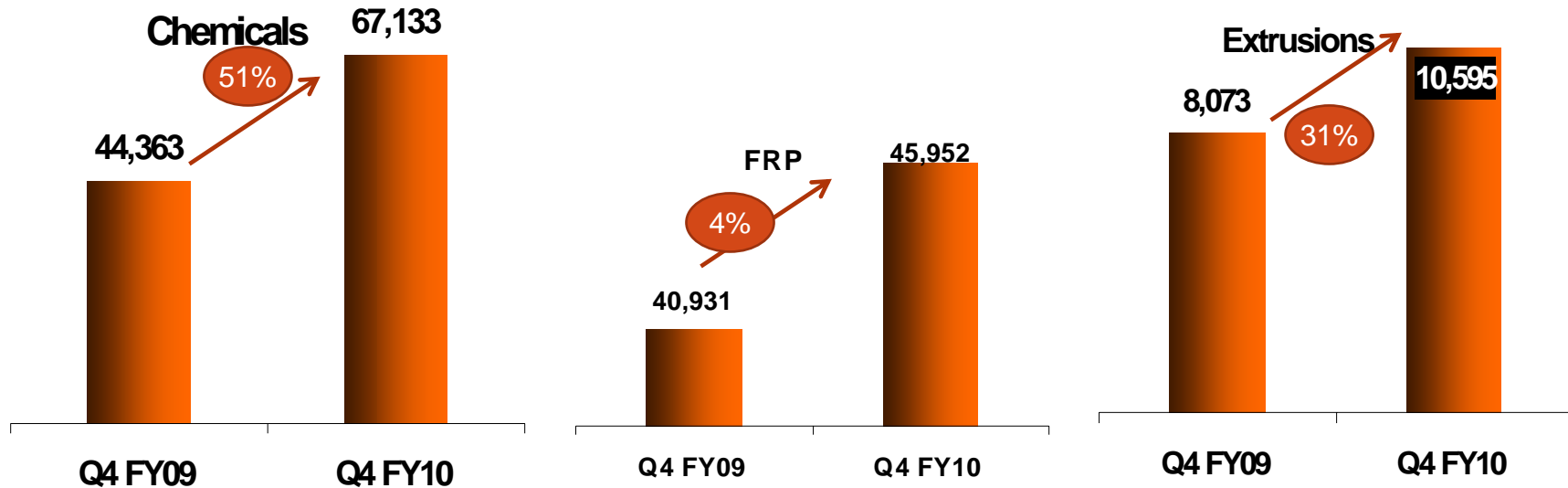
FY09



FY10



Sales Volumes: Q4 FY10



➤ Robust growth in all product segments

Aluminium Business – Financial Performance



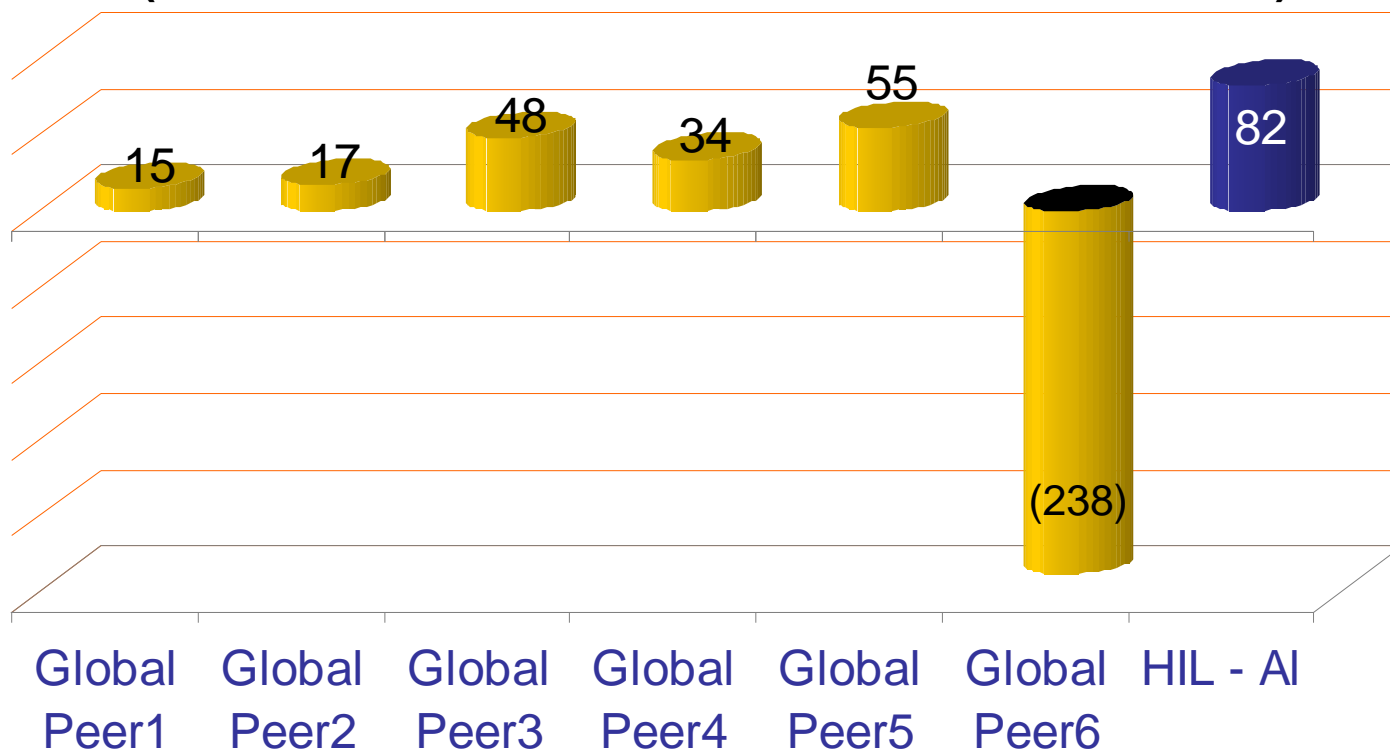
(Rs cr)

| | Q4 FY09 | Q4 FY10 | Change |
|-------------------------------|---------|---------|--------|
| Net Sales & Operating Revenue | 1,561 | 2,045 | 31% |
| EBIT | 163 | 614 | 278% |

| | FY09 | FY10 | Change |
|-------------------------------|-------|-------|--------|
| Net Sales & Operating Revenue | 7,604 | 7,001 | (8)% |
| EBIT | 2,158 | 1,767 | (18)% |

Continued to outperform Peers...

Earnings Movement
(Performance for FY10 / 2009 indexed to LY = 100)



..... 2009 vs. 2008 FY10 vs. FY09

Note: All figures in primary currency of reporting of respective companies.

Performance Review - Copper



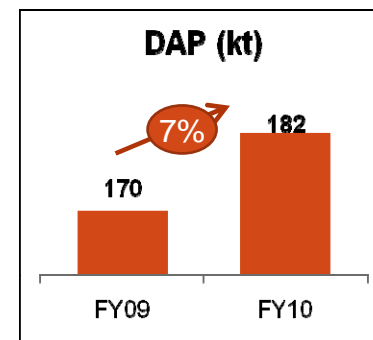
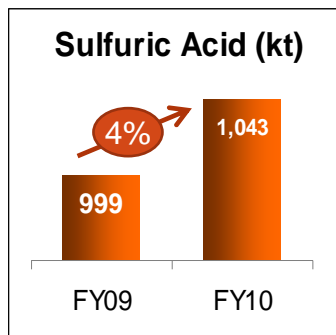
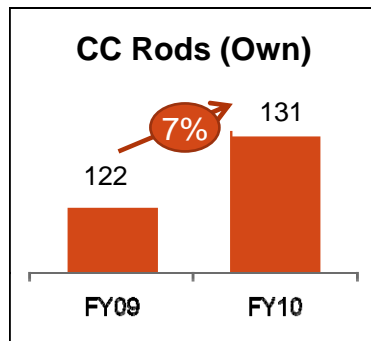
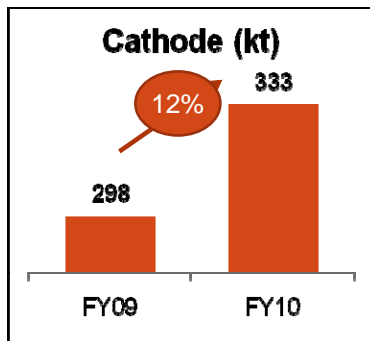
Highlights – FY10



- Highest ever copper production
- Improved operational efficiencies & continued cost reduction focus
- Strong Financial Performance despite adverse Industry dynamics
- Commissioning of CCR-II, copper rod facility
- Better geographical and product-mix

Best ever operational performance

Operational Performance: FY10



Production growth despite 16 kt copper output lost in Q4 due to annual shutdown (38 days) in Cu-

| (kt) | Q4 FY09 | Q4 FY10* |
|---------------|---------|----------|
| Cathode | 87 | 75 |
| CC Rods (Own) | 31 | 37 |
| Sulfuric acid | 295 | 233 |
| DAP | 48 | 51 |

**Q4 FY10*
Decline in
production due to
Planned shutdown**

Copper Business – Financial Performance



(Rs cr)

| | Q4 FY09 | Q4 FY10 | Change |
|-------------------------------|---------|---------|--------|
| Net Sales & Operating Revenue | 2,213 | 3,361 | 52% |
| EBIT | 51 | 127 | 150% |

| | FY09 | FY10 | Change |
|-------------------------------|--------|--------|--------|
| Net Sales & Operating Revenue | 10,625 | 12,542 | 18% |
| EBIT | 379 | 660 | 74% |

Projects

Hirakud Smelter and Power Plant Expansion

| | |
|------------------------------|--|
| Smelter Expansion | Capacity increase from 161 to 213 KTPA through addition of 80 Pots of 235 kA |
| Power Plant Expansion | Capacity to increase to 467.5 MW by Addition of 100 MW. |
| Project Schedule | 30 pots to be commissioned by Dec'2011 & balance 50 pots by Mar'2012. |
| Technology | GAMI Design |
| Progress | <ol style="list-style-type: none"> 1. Land Acquisition completed & Statutory clearances obtained 2. Technology agreement finalized with GAMI 3. BTG order placed this quarter |

Smelter expansion from 155 to 161 KTPA (addition of 28 pots) is nearing completion, 12 pots ready for commissioning.

Project commissioning by Q2FY11

Greenfield Project – Utkal Alumina



| | |
|-----------------------------|---|
| Engineering | Basic Engg-100 % Complete, Detailed Engg- 89% Completed |
| Statutory Clearances | Obtained |
| Commitment | 81% committed All major orders placed |
| Site Progress | More than 5,000 people working at site Major Contractors like L & T, Simplex, GDC mobilized fully at site 85% of Piling work completed. RCC- 35 % complete, Structural fabrication – 35 % complete. |
| Power Plant | Engineering nearing completion. Boiler unit 1 erection started. |

Greenfield Project – Utkal Alumina

Q4 FY09



Q4 FY10

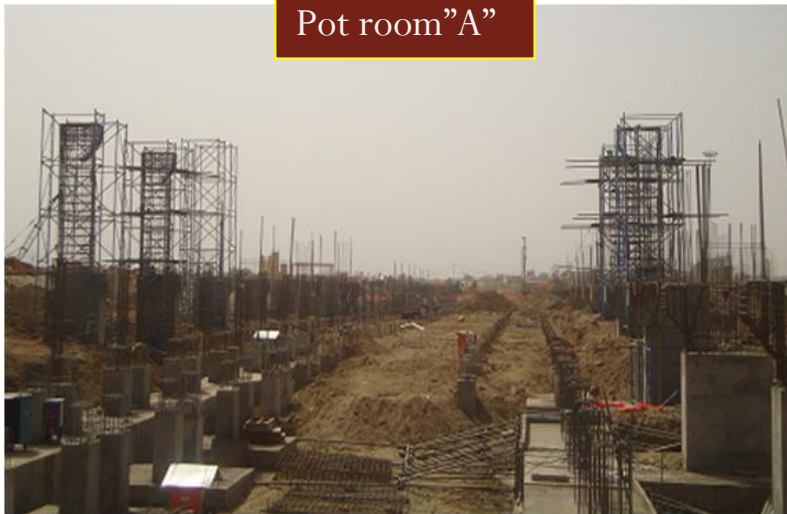


Greenfield Project – Mahan Aluminium

| | |
|----------------------------|---|
| Engineering | Basic Engineering - 94% Complete, Detailed Engineering-60% Complete |
| Statutory approvals | All Major approvals in place |
| Orders | Orders for all major, long delivery equipment placed |
| Commitment | 73% committed |
| Site Progress | Around 6500 People at site; Major Contractors like L & T, BHEL, Rohan builders etc have mobilized fully |
| | <u>Smelter</u> : Site Grading - 40% complete, Boundary wall - 50% complete ,piling - 60 % complete; Concreting 15% & structural work 15% complete |
| Power Plant | <u>Power plant</u> : Foundation for 3 boiler units, 3 ESP units, 2 power house units completed, 2 chimney rafts completed. Erection of engineering structure for boilers in progress. |

Mahan Smelter – Progress on ground

Pot room "A"



Mech. & Elect. Work shop



Sub-station east Pot line



Anode paste plant bldg.



Mahan CPP – Progress on ground

Chimey #1: RCC Shell in progress



Boiler #1: Structural erection in progress



ESP #1: Structural erection in progress



TG#1 RCC Columns: Reinforcement and shuttering in progress



Greenfield Project – Aditya Smelter



Engineering

Basic Engg-nearing completion, Detailed Engg- 52% complete.

Statutory Clearances

Major approvals received. Forest land stage I clearance received. Permission to start project site consolidation activities received. Stage II clearance is pending.

Commitment

52% committed

Site Progress

Construction of Boundary Wall at Lapanga township completed, boundary wall for core plant area in progress. Team operating from the site office at Lapanga , Sambalpur.

Power Plant

BTG order placed on BHEL.
Detailed engineering 22 % completed.

Aditya Smelter & CPP- Progress on ground

PPC Pipe Culvert: Main Entrance



Pot Room 2 site



GTC Site Office under construction



GTC Area Store under construction



Brownfield Project: Can Body stock at Hirakud (Project Blue Fox)



**Dismantling
of assets at
Rogerstone**

Dismantling more than 65 % complete. To be completed by July 2010

**Receipt of
equipments
in India**

250 containers (~20 MT each) dispatched from site(Total scope – 450 no)
& around 100 no of containers received in India.
1st Break bulk consignment , containing 4500 MT of equipments scheduled
to leave UK port in May 2nd week.

Cold Mill

Order placed on Achenback.

**Hot Mill up
gradation**

Parkegate, UK is working on this.

Civil work

Expected to start at site by mid June.

**OPCB
clearance**

Consent to establish received from OPCB to establish Blue fox on K plot in
Hirakud & Forest clearance received for tree cutting from DFO. Tree cutting
started.

Jharkhand Smelter



Land

Total land requirement of ~4000 acres for the project. Land has been identified. Briefing the villagers about the R & R scheme is going on at site, for acquiring private land. Application for acquisition of government land submitted.

Water

Water drawl clearance received for 55 MCM.

Environmental clearance

Application to be submitted after start of land acquisition

DPR

Being prepared by EIL for smelter and DCPL for power plant.

| | |
|---------------------------|---|
| Land | Land required for the project is ~ 1881 Acres. 1387 Acres of land registered in name of company, process for balance land is in progress. |
| Water | Water drawl agreement to draw upto 10.42 cusecs obtained |
| Forest clearance | Stage-I clearance recommended by the DFO, Conservator and CCF Nodal to the State Govt. |
| Construction power | 33 KV line being erected. |
| Railway | Railway siding clearance obtained. Earth work started in progress |

Financials

Financial Performance - FY10



| Rs Cr | FY09 | FY10 | Change |
|-----------|--------|--------|--------|
| Net Sales | 18,220 | 19,536 | 7% |
| EBIDTA | 3,036 | 2,950 | (3)% |
| PBT | 2,690 | 2,265 | (16)% |
| PAT* | 2,230 | 1,916 | (14)% |
| EPS | 14.82 | 10.82 | (27%) |

**Other income lower by Rs 377 Cr due to lower treasury corpus post Novelis bridge loan spending and higher project spend*

Includes tax adjustments for earlier year of Rs 151 Cr (FY09) and Rs 113 Cr FY 10

➤ Strong Performance despite:

➤ Lower aluminium realisation ~ Rs 750 Cr

➤ Sharp decline in Copper By-Product revenues ~ Rs 750 Cr

Key Financials – Q4 FY10



| Rs Cr | Q4 FY09 | Q4 FY10 | Change |
|-----------|---------|---------|--------|
| Net Sales | 3,772 | 5,404 | 43% |
| EBIDTA | 314 | 835 | 166% |
| PBT | 159 | 674 | 323% |
| PAT* | 269 | 664 | 147% |
| EPS (Rs) | 1.58 | 3.47 | 120% |

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

**PAT – After tax adjustment, corresponding figures before adjustment are Rs 118 Cr for Q4 FY09 and Rs 551 Cr for Q4 FY10*

Strong Improvement in Q4 with improved Business conditions

Thank you

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.