



Hindalco Industries Limited

Performance Review




Q1 FY10

Investors Presentation

Highlights

- Highest ever quarterly aluminium production-135439 Mt
- Creditable performance on QOQ basis despite sharp fall in LME
- Closure of wheel plant
- Improved sequential performance on the back of
 - higher volumes
 - higher VAP contribution &
 - improved LME
- Implementation of AS-30

Backdrop: Industry Drivers

Driver	Q1 FY09	Q1 FY10	Impact	
Aluminium LME (\$/ton)	2,940	1,485		(49%)
Copper LME (\$/ton)	8,379	4,716		(44%)
Exchange Rate(Rs/\$)	41.66	48.79		17%

Hindalco Financials – Sequential

Rs Crores	Q4 FY09	Q1 FY10	Change (%)
Net Sales	3772	3899	3%
EBIDTA	314	758	141%
PBT	159	600	277%
PAT (without tax write back)	118	481	308%
PAT (with tax write back)	268	481	79%
EPS	1.58	2.83	79%

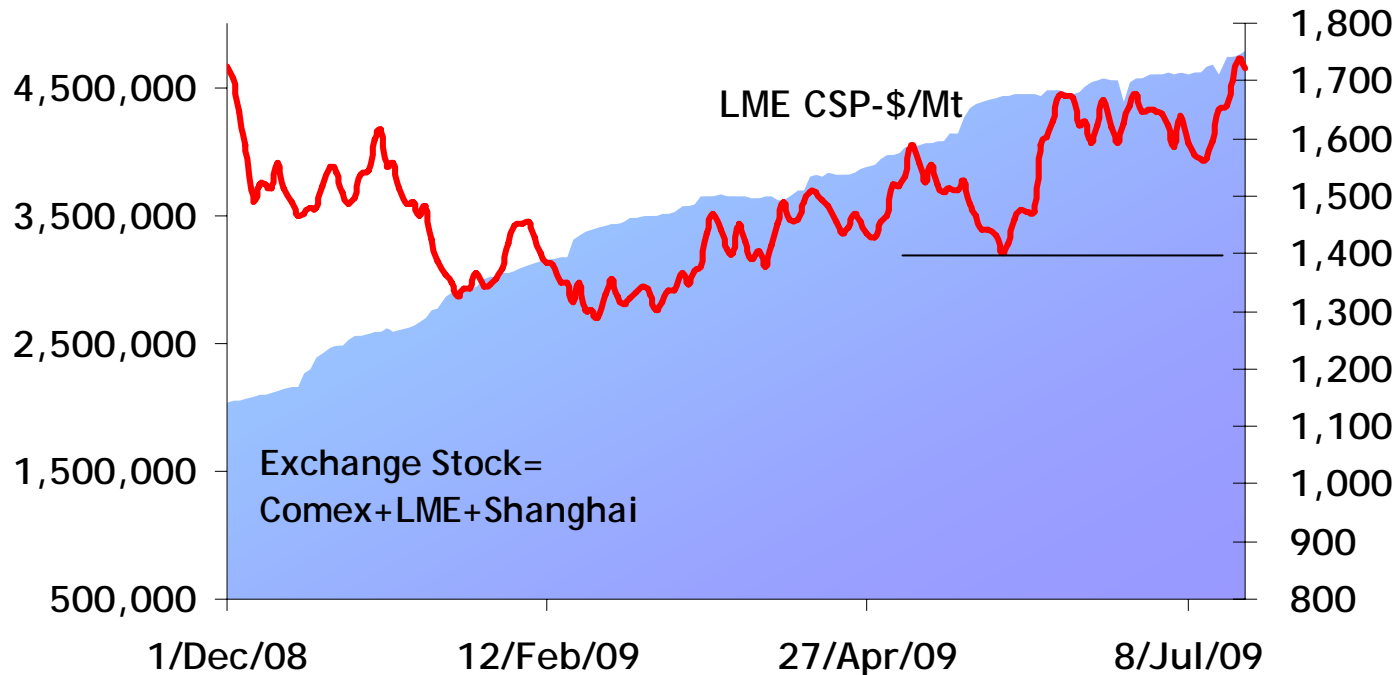
Q1 FY 10 numbers Post AS 30 Adoption

Hindalco Financials -YOY

Rs Crores	Q1 FY09	Q1 FY10	Change (%)
Net Sales	4648	3899	-16%
EBIDTA	949	758	-20%
PBT	931	600	-36%
PAT	697	481	-31%
EPS	5.15	2.83	-45%

Q1 FY 10 numbers Post AS 30 Adoption

Business Conditions



- LME Aluminium prices improved from abysmal levels despite high inventory & little change in fundamentals due to....
 - Shortage of aluminium in spot market on account of
 - Sharp inflow in China with SHFE trading at a premium over LME
 - Glencore buying a huge quantity 750KT, in cash, from cash strapped RUSAL
 - Large aluminium in warehouse being locked under financing contracts & not available for sale (~>30%)

Improving Domestic Markets



Electrical & Electronics



Building & Construction



Consumer Durable



Automobile & transport



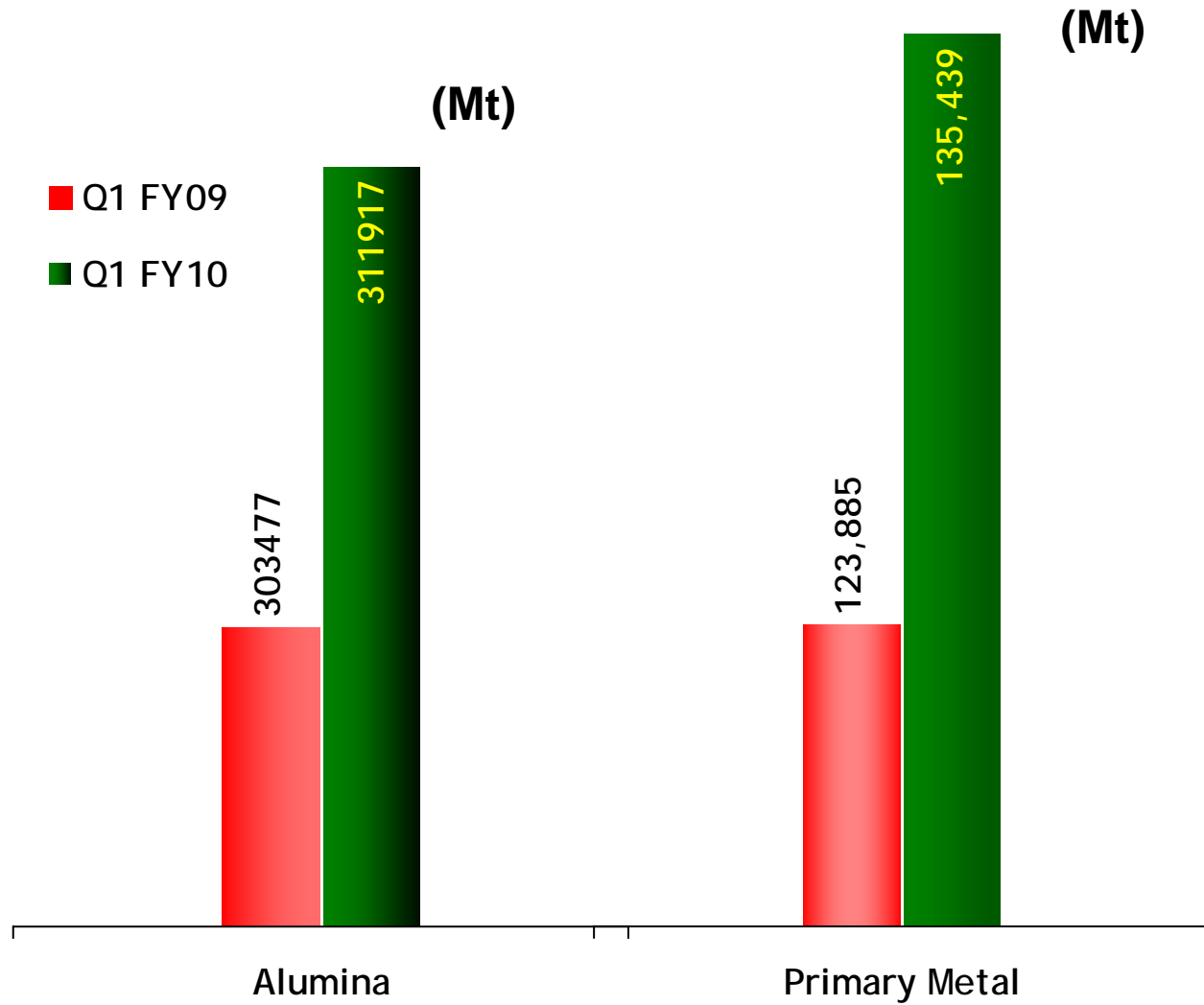
Industrial Machinery



Packaging



Production performance at a glance



Aluminium: Sequential Performance at a glance

Rs Crores	Q4 FY09	Q1 FY10	Change (%)
Net Sales & Operating Revenue	1561	1421	-9%
EBIT	163	455	179%

Q1 FY 10 numbers Post AS 30 Adoption

Aluminium: Y-O-Y Performance at a glance

Rs Crores	Q1 FY09	Q1 FY10	Change (%)
Net Sales & Operating Revenue	1943	1421	-27%
EBIT	750	455	-39%

Q1 FY 10 numbers Post AS 30 Adoption

Copper Business Performance



Business Conditions : Copper

- Prices increased despite weak fundamentals
 - Physical demand still suspect
 - *Western world demand still declining & showing no immediate signs of improvement*
 - *Emerging markets showing some signs of demand revival as various government led stimulus packages & thrust on infra spending leading to higher consumption*
- But the real differentiator is China
 - State Reserve Bureau (SRB) purchases behind the price revival
 - *Jan-May imports up 174%*
 - *SRB purchases remain an Enigma*
 - *Unlikely to be Demand driven & more like opportunity driven as Chinese growth has slowed down & power sector growth is sharply lower*
- How far China will keep on buying? However, any sharp decline in prices will result in further buying by SRB

Business Conditions: Copper

- Custom Smelters: Catch 22 situation
 - Higher prices led to increased refined copper production
 - *Higher concentrate demand from the smelters*
 - *Shortage of scrap accentuating demand for concentrate*
- Lower concentrate availability putting pressure on spot TCRC
 - No new mine supply available
 - *Uncertainty around copper prices led mines to adopt wait & watch policy*
 - *Credit conditions despite improvement, not favourable for new mine development*
 - Spot TCRC from a high of 18C/lb in January fell to around 10C/lb
- By product prices still low to make any significant impact on profitability

Copper: Sequential Performance at a glance

Rs Crores	Q4 FY09	Q1 FY10	Change (%)
Net Sales & Operating Revenue	2213	2480	12%
EBIT	51	156	207%

Q1 FY 10 numbers Post AS 30 Adoption





Copper: Y-O-Y Performance at a glance

Rs Crores	Q1 FY09	Q1 FY10	Change (%)
Net Sales & Operating Revenue	2707	2480	-8%
EBIT	74	156	110%

Q1 FY 10 numbers Post AS 30 Adoption

Operating Performance

Q1 2009 VS Q1 FY 2010

Copper Anode		24 %
Copper Cathode		32%
Copper Rod		20%
Sulphuric Acid		12%

One of the best operating performance in first quarter of any financial year

Project Highlights

Hirakud Smelter and Power Plant Expansion

- Smelter Expansion from 143 ktpa to 155 ktpa Completed
- Smelter Expansion from 155 ktpa to 206.6 ktpa under progress
 - Soil investigation and survey work completed
 - 80 % of the Boundary wall work completed
 - Contract with GAMI, Technology, license, training, technical service and software has been signed
 - Procurement of additional land required for the pot line in the advanced stage of finalization

Greenfield Project – Mahan Aluminium

- Land: Cash distribution is in progress, process for govt. land on
- Coal: Production of Coal likely to start in FY 10
- Clearances: Environmental, Rail & Water clearances obtained.
- Engineering: Basic Engineering is 100% complete & ahead of schedule
- Ordering : Major turnkey packages finalized.
- Site PUJA' conducted on 9th July Site work started. Site grading work under progress.
 - The 33 KV tower line is under progress.
 - Construction of boundary wall has been started.
- **Milestones : First Metal by July 2011**

Greenfield Project – Utkal Alumina

- Detailed engineering will be fully completed by Sep'09. On schedule
- All necessary statutory approvals are in place for construction of Project.
- Team is in place for the execution of project.
- Almost all long delivery orders have been placed.
- L & T, GDCL & other contractors had fully mobilized for civil & structural work
 - Site work affected currently due to agitation at site from 4th June.
- **Completion Date – July' 2011**

Utkal Alumina



L & T : Piling under progress for civil foundations of pipe racks



L & T Fabrication Yard : Gantry crane for fabrication – Load test under progress



RRCimney for CPP- Raft foundation



Stock pile of rolled plates for tankages

Greenfield Project – Aditya Smelter & CPP

- Engineering: Engineering is 23% complete.
- Ordering: Major turnkey packages orders finalized.
- Land acquisition is at an advance stage.
 - 1500 acres registered in the name of the company.
 - Boundary wall is under construction and R & R colony planning is going on.
- Water : Agreement signed for drawl of water
- Site office construction nearly complete. Construction power system ready.
- Railway siding scheme finalized. Rail over bridge work to be started.
- **Expected date of Smelter Project completion(first metal) : Oct -2011**

Greenfield Project – Aditya Refinery & Mines.

- Alumina Technology tie up with ALCAN signed.
 - SIA clearance for Alumina Technology received.
- Land acquisition is at an advance stage. 1250 acres out of 1881 acres registered in the name of company.
- EPCM for Co-Gen plant awarded to M/s M N Dasturco.
- Railways: Rail layout plan approved by East Coast Railways.
 - Project management consultancy job awarded to VCC, New Delhi.
- **Expected date of Refinery Project completion June – 2013.**

Greenfield Project - Jharkhand Aluminium

- Land Acquisition: 7000 acres of land earmarked till date
 - Topographic, Demographic and Socio-economic surveys completed.

 - CSR activities have been ramped up.

- Tubed Coal Mine Allotted- Joint venture formed between Tata power and Hindalco.

- Water – Clearance received from GoJ for 55 MCM water from Subarnarekha basin.

- Consultant for EIA clearance already finalized(Vimta Labs) & Consultant for Railway Siding has also been finalized(Barsyl).

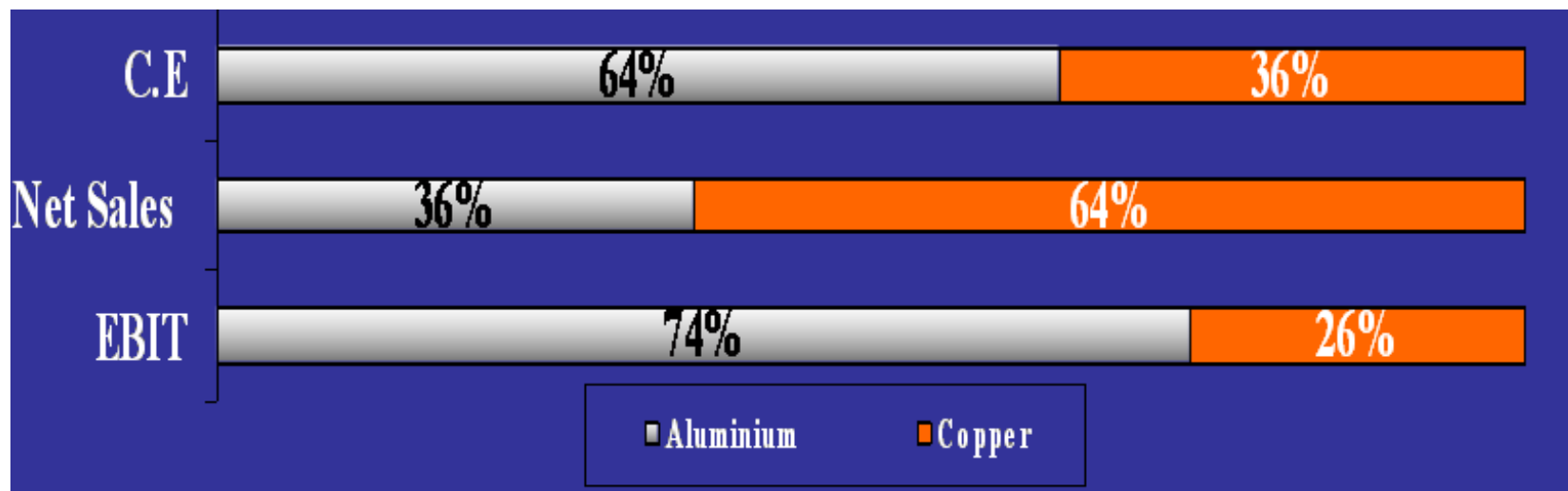
- **Expected Commissioning date: June 2013.**

Production

Production	Unit	Q1 FY09	Q1 FY10
Alumina	MT	303,477	311,917
Metal	MT	123,885	135,439
FRP	MT	58,617	52,904
Extrusion	MT	11,019	8,812

Production	Unit	Q1 FY09	Q1 FY10
Copper Cathodes	MT	60,434	79,782
CC Rods	MT	30,165	36,241

Segment Results



Rs Crores	Aluminium		Copper	
	Q1 FY09	Q1 FY10	Q1 FY09	Q1 FY10
Net Sales	1,943	1,421	2,707	2,480
EBIT	750	455	74	156
Capital Employed	8,216	8,758	5,714	4,833

Thank you