

Hindalco Industries Ltd

Investor Presentation

Q3 FY11

FEBRUARY 2011

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Result Highlights

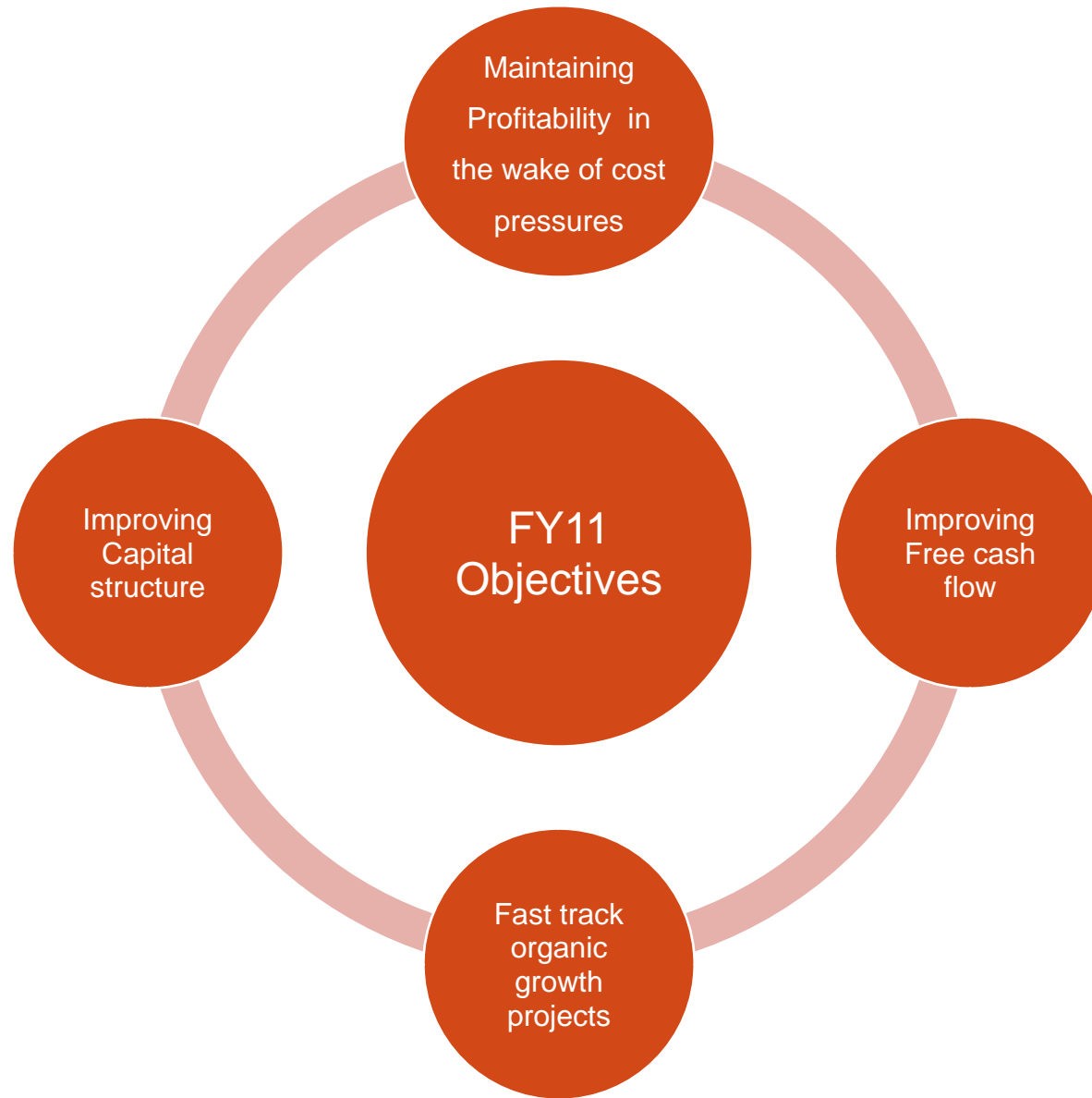
Financial Performance

₹ Cr	Q3 FY10	Q3 FY11	Change (%)
Net Sales	5,314	5,975	12.4
PBITDA	798	801	0.4
PBT	557	578	3.9
PAT	427	460	7.8
EPS (₹)	2.41	2.41	...

•EPS maintained as growth in net profit compensated for increase in outstanding shares from 177 crs to 191 crs

₹ Cr	9M FY10	9M FY11	Change (%)
Net Sales	14,125	17,013	20.4
PBITDA	2,296	2,483	8.1
PBT	1,590	1,807	13.6
PAT	1,252	1,429	14.1
EPS (₹)	7.26	7.47	2.8

Focus Areas



Highlights

- **Net profit up 8%(YoY) and 6% (QoQ) amidst cost pressures and certain operational setbacks**
- **Hirakud operations had lingering effect of July fire, almost stabilized by January**
- **Cooling tower problem in Cu-III; operations re-started in just 17 days**
- **Highest ever alumina production at Muri**
- **Improved financial strength to maintain growth momentum**

Delivered growth despite the challenges faced

Hindalco: Confluence of one-off disturbances

Hirakud

- July fire incident continued to affect production
- Q3 output higher by 11kt vs. Q2, but 9 kt lower on YOY basis
- ✓ ***Operations normalized now and Q4 volumes expected to reach pre-accident level***

Dahej

- Breakdown of cooling tower of SAP-3
- Cathode production down by about 10 kt in Q3
- ✓ ***Innovatively resumed production within 17 days***

Downstream plants

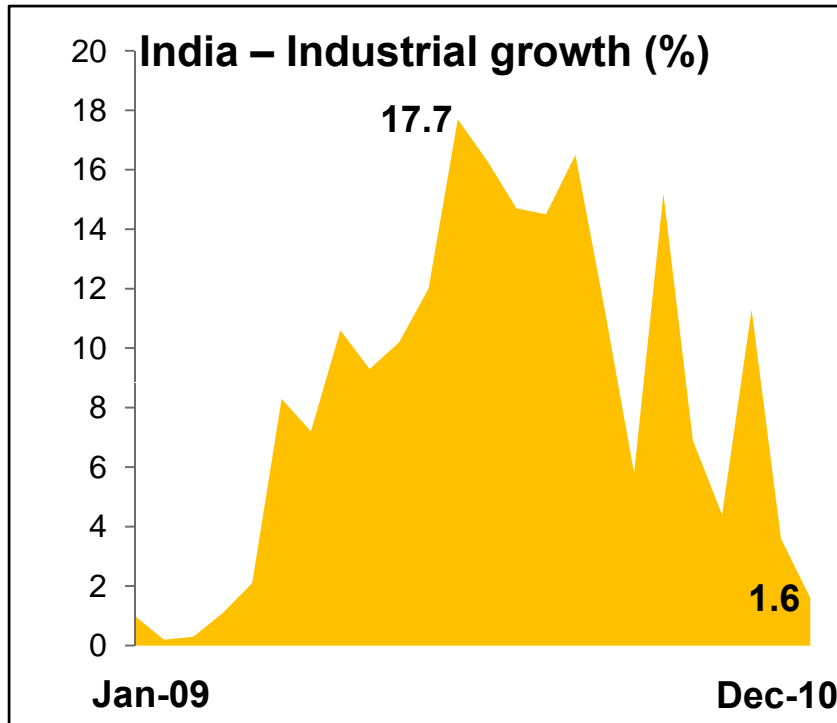
- Metal movement affected by lower availability from H'kud
- ✓ ***Downstream operations almost back to normal now***

Problems largely behind us now ...

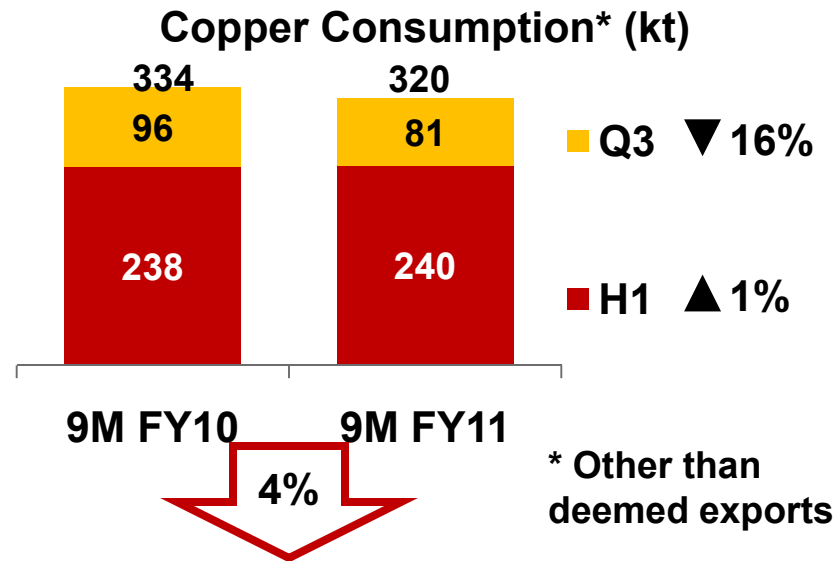
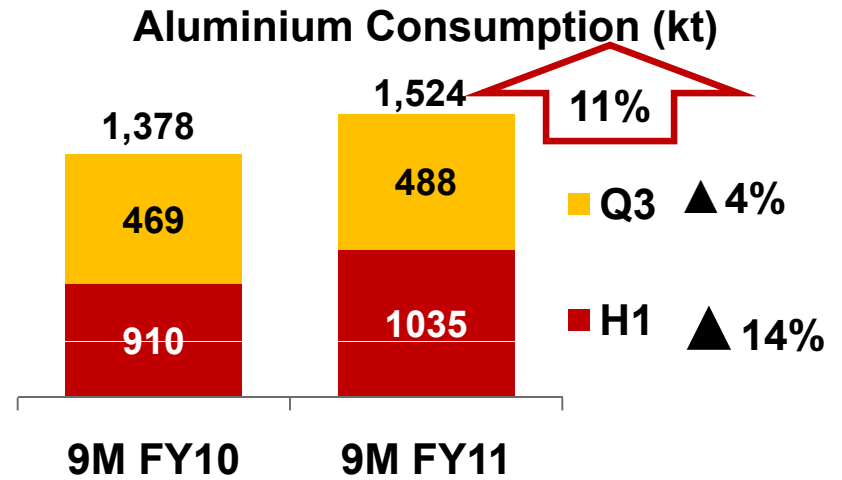
Key Business Drivers and Impact

Driver	Change (%) YOY	Impact
Aluminium LME Average	17	↑
Copper TC/RC	(26)	↓
Exchange Rate (₹/\$)	(4)	↓
Crude derivative costs	> 25%	↓

Moderation of India market growth hampering mix



Moderation in Indian market growth



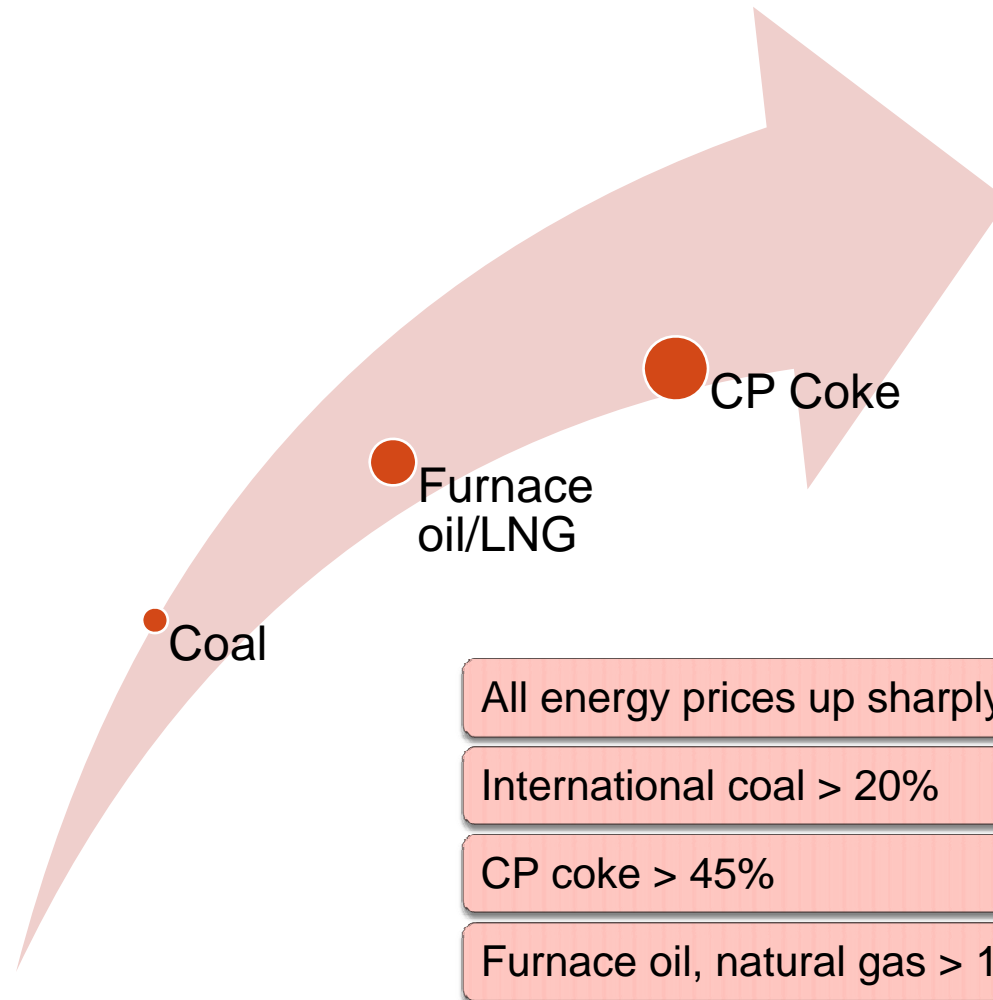
* Other than deemed exports

~ Refined Cu demand affected by high LME

Concerns stemming from –

- High inflation with possible effect on consumption
- Hardening of interest rates
- Delays in project approvals

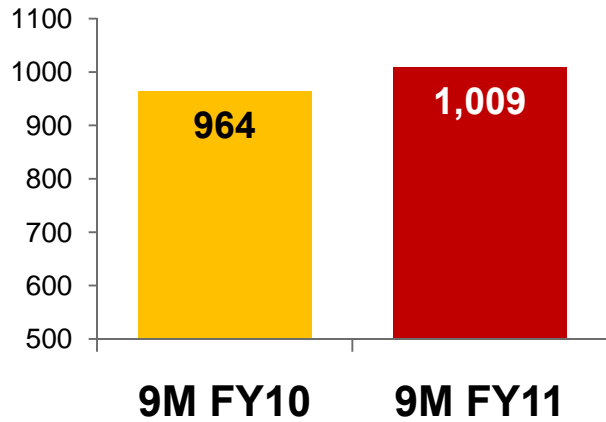
Industry reeling under Strong Cost Push



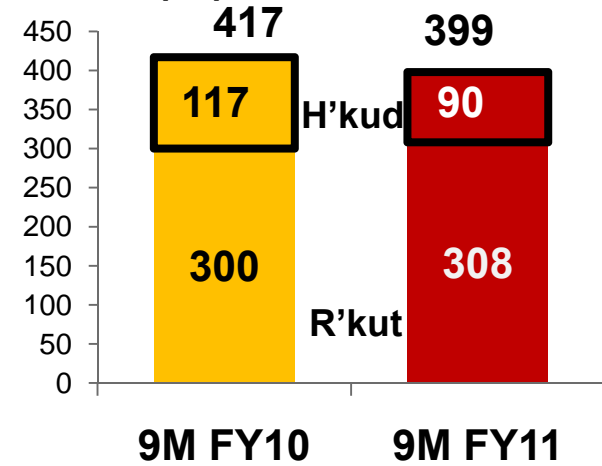
Aluminium: Performance Review

Production Performance

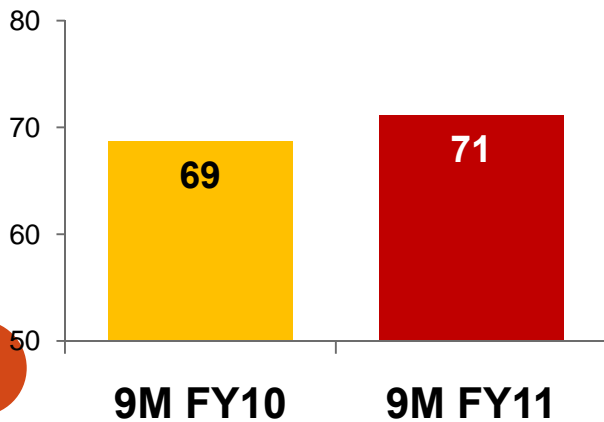
Alumina (kt)



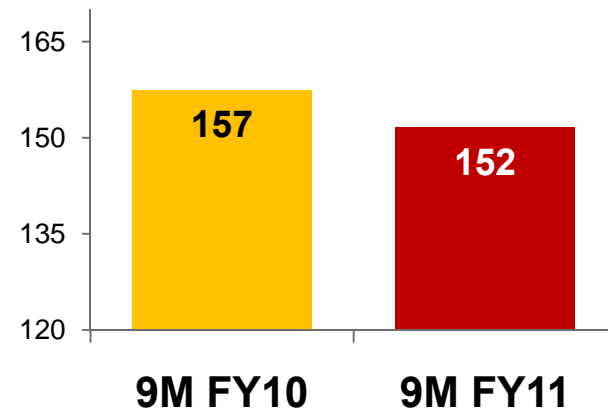
Metal (kt)



Wire Rods (kt)

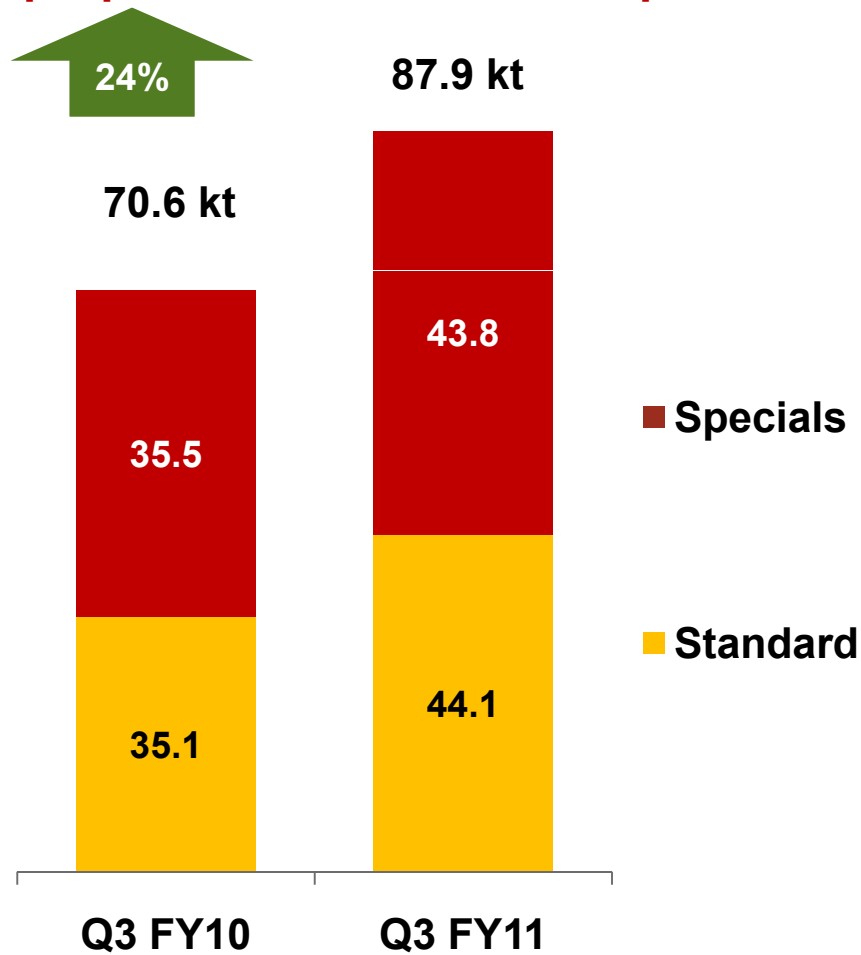


FRP (kt)

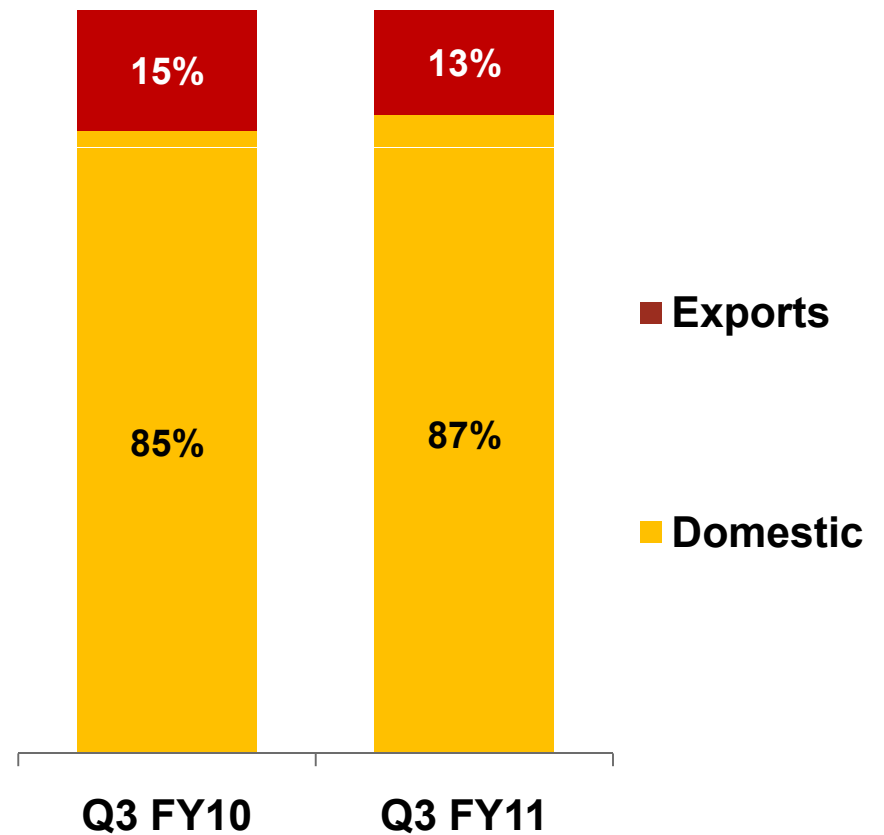


Optimised Sales Mix

Hydrate / Alumina sales jumped with proportionate increase in specials



Improved Geographic mix



Aluminium Business: Financial Performance

(₹ cr)	Q3 FY10	Q3 FY11	Change (%)
Net Sales & Operating Revenue	1,884	1,977	4.9
EBIT	438	465	6.2

(₹ cr)	9M FY10	9M FY11	Change (%)
Net Sales & Operating Revenue	4,951	5,754	16.2
EBIT	1,152	1,441	25.1

Cost pressures and volume losses have impacted Q3 result, diluting the impact of H1 performance on YTD financials

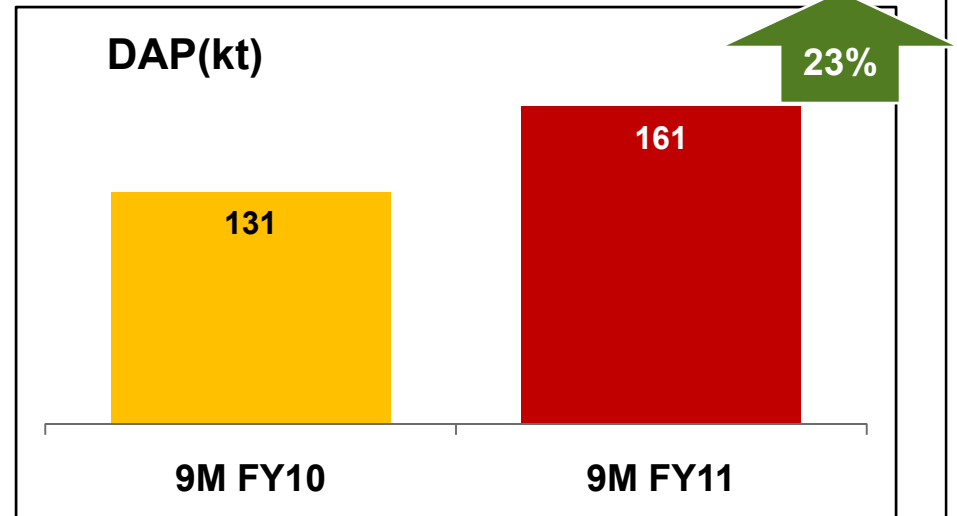
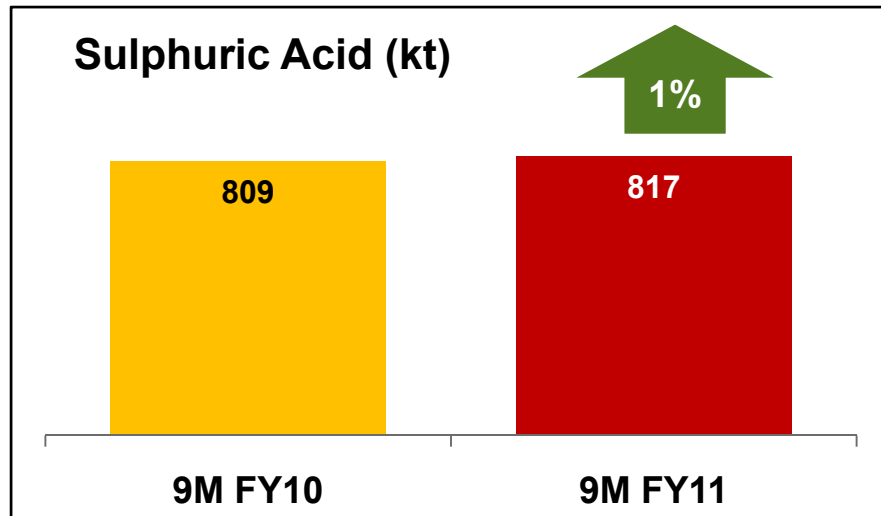
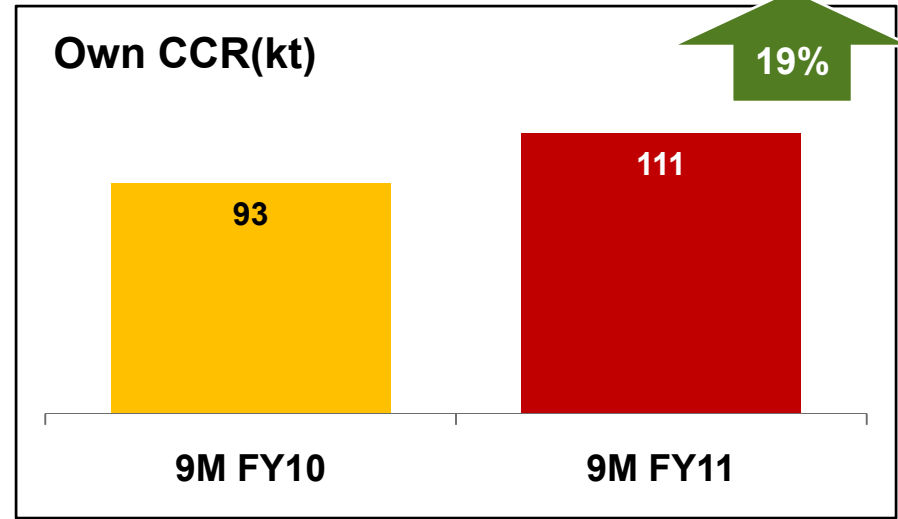
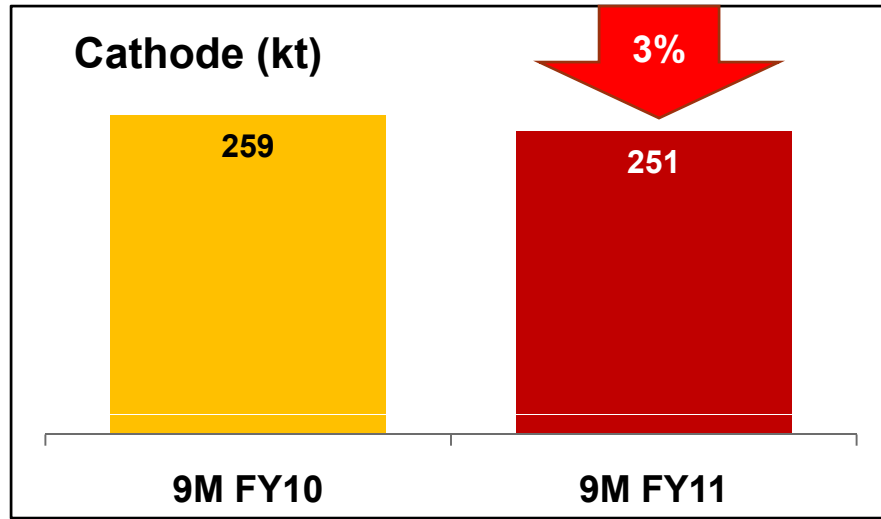
Copper: Performance Review

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	• Recently on an improving trend	↑
Energy prices	• Correlated with commodity cycle; likely to be firm	↓

Challenging times

Cu: Production Performance



Cooling tower problem affected cathode output, but fertilizer stream was optimised

Copper Business: Financial Performance

(₹ cr)	Q3 FY10	Q3 FY11	Change (%)
Net Sales & Operating Revenue	3,432	4,000	16.6
EBIT	159	143	(10.3)

	9M FY10	9M FY11	Change (%)
Net Sales & Operating Revenue	9,180	11,265	22.7
EBIT	533	396	(25.7)

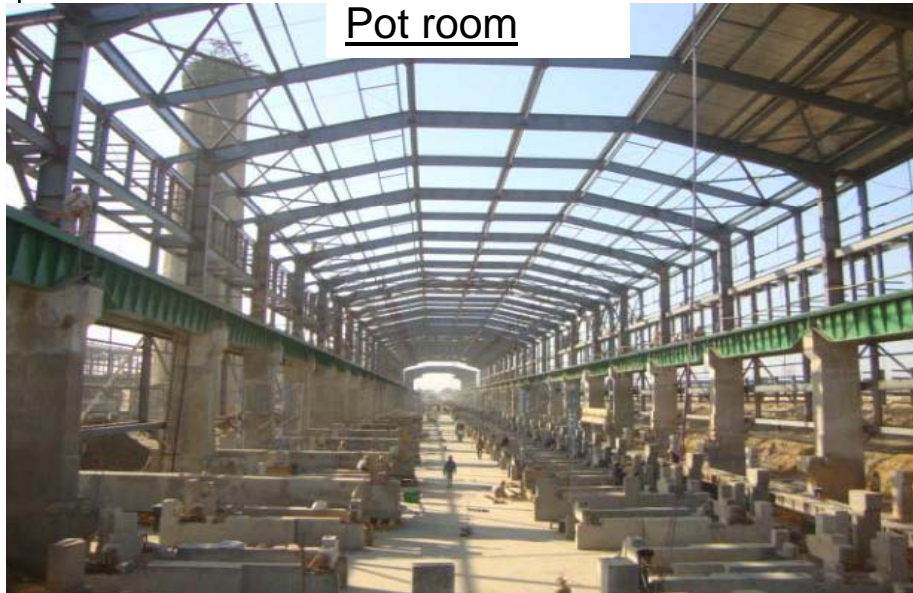
Q3: Adverse impact due to cooling tower problem

Projects Update

Greenfield Projects Update

Project	Progress	Expected completion
Mahan Aluminium, MP	Major approvals in place, orders placed, 17000 people at site, major contractors mobilized fully, 90% of project cost committed, syndication for rupee term loan launched	October 2011
Utkal Alumina, Orissa	>7,000 people at site, erection of major equipments started, 87% of project cost committed. Financial closure achieved, Rs 1,500 Cr. drawn	Early 2012
Aditya Aluminium, Orissa	All approvals in place, Orders placed, Site activities in progress, 77% project cost committed. Around 3,000 people working at site	End 2012
Aditya Refinery, Orissa	Majority land acquired, water drawl agreement in place, Construction power line energized, Railway siding clearance obtained	End 2014
Jharkhand Aluminium	Land acquisition started, DFR ready, process begun for clearances	Mid 2015
Hirakud Canstock Plant	Progressing well .Around 1,800 people working on site	Oct 2011

Mahan Smelter



Utkal Refinery

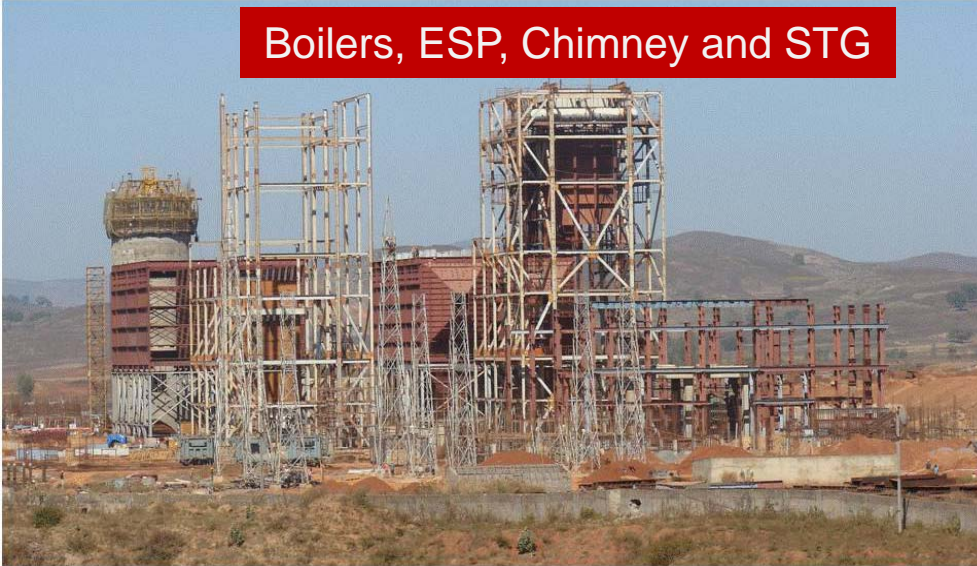
Site Overview



Precipitation tanks



Boilers, ESP, Chimney and STG



BTG Package



CPP: Erection of Boiler#1, #2, ESP #1,#2, Chimney and STG.

BTG Package: ESP#1, ESP#2: Erection under progress.

Aditya Smelter & CPP

Pot Room foundation



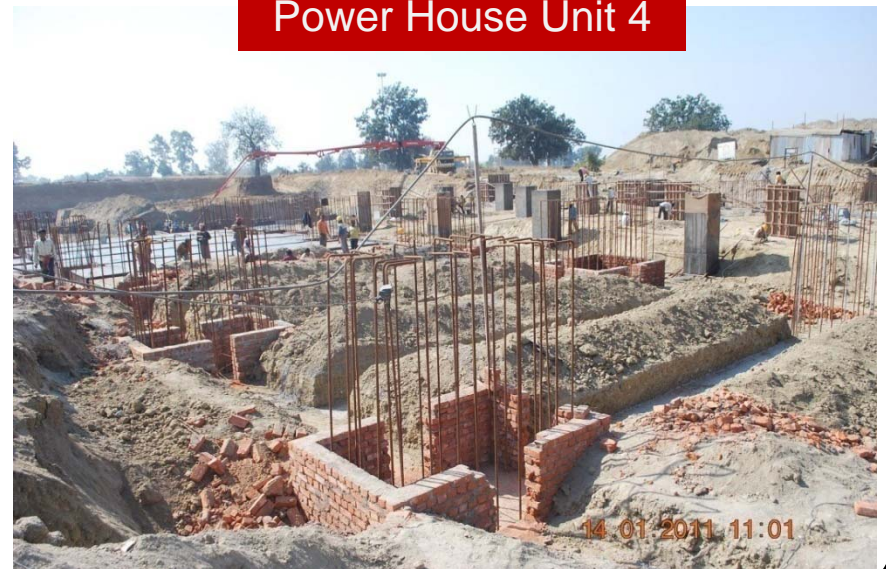
220 KV Rectifier Substation



ID Fan Foundation GTC



Power House Unit 4



Novelis Update

Novelis: Third Quarter Financial Highlights

(Q3FY11 vs. Q3FY10)

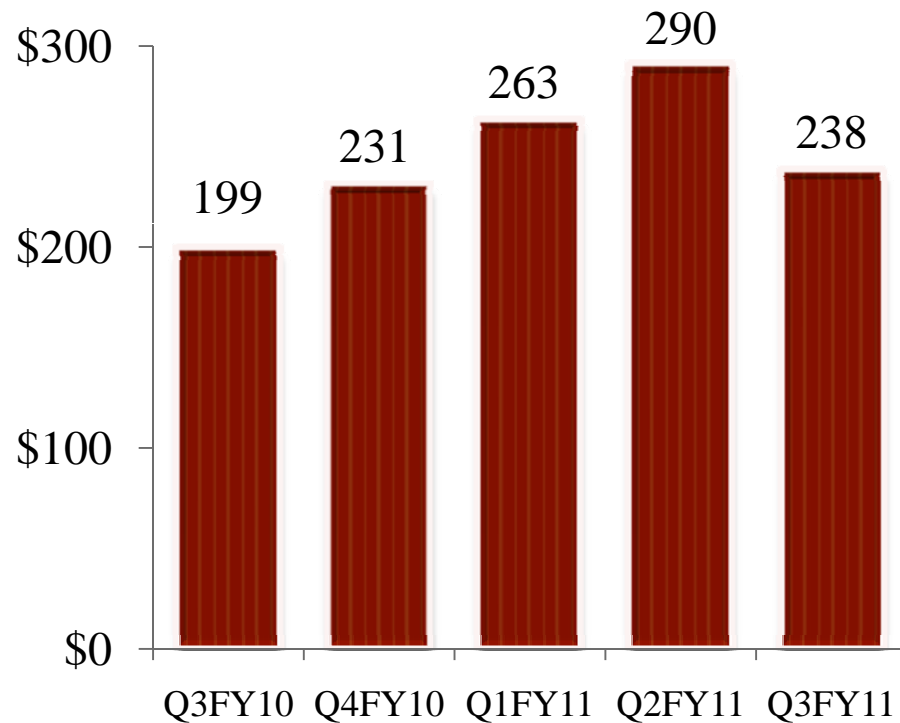
- Shipments Up 10% to 715 Kilotonnes
- Net Sales Up 21% to \$2.6 Billion
- Adjusted EBITDA Up 20% to \$238 Million
- Free Cash Flow of \$45 Million
- Liquidity of \$848 Million
- Net Loss of \$46 Million driven by refinancing & restructuring

Will Exceed \$1B in Adjusted EBITDA in FY11

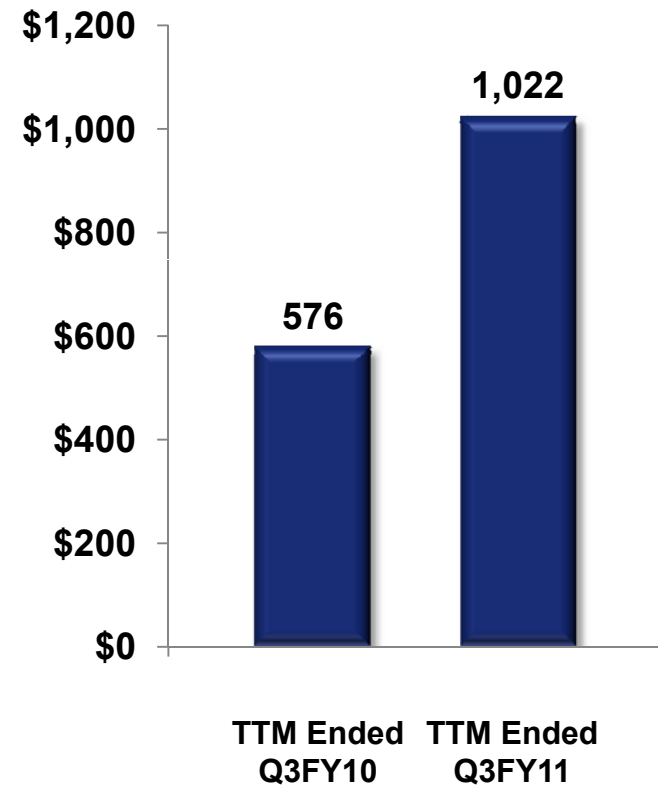
Adjusted EBITDA

(Millions)

Adjusted EBITDA Trend



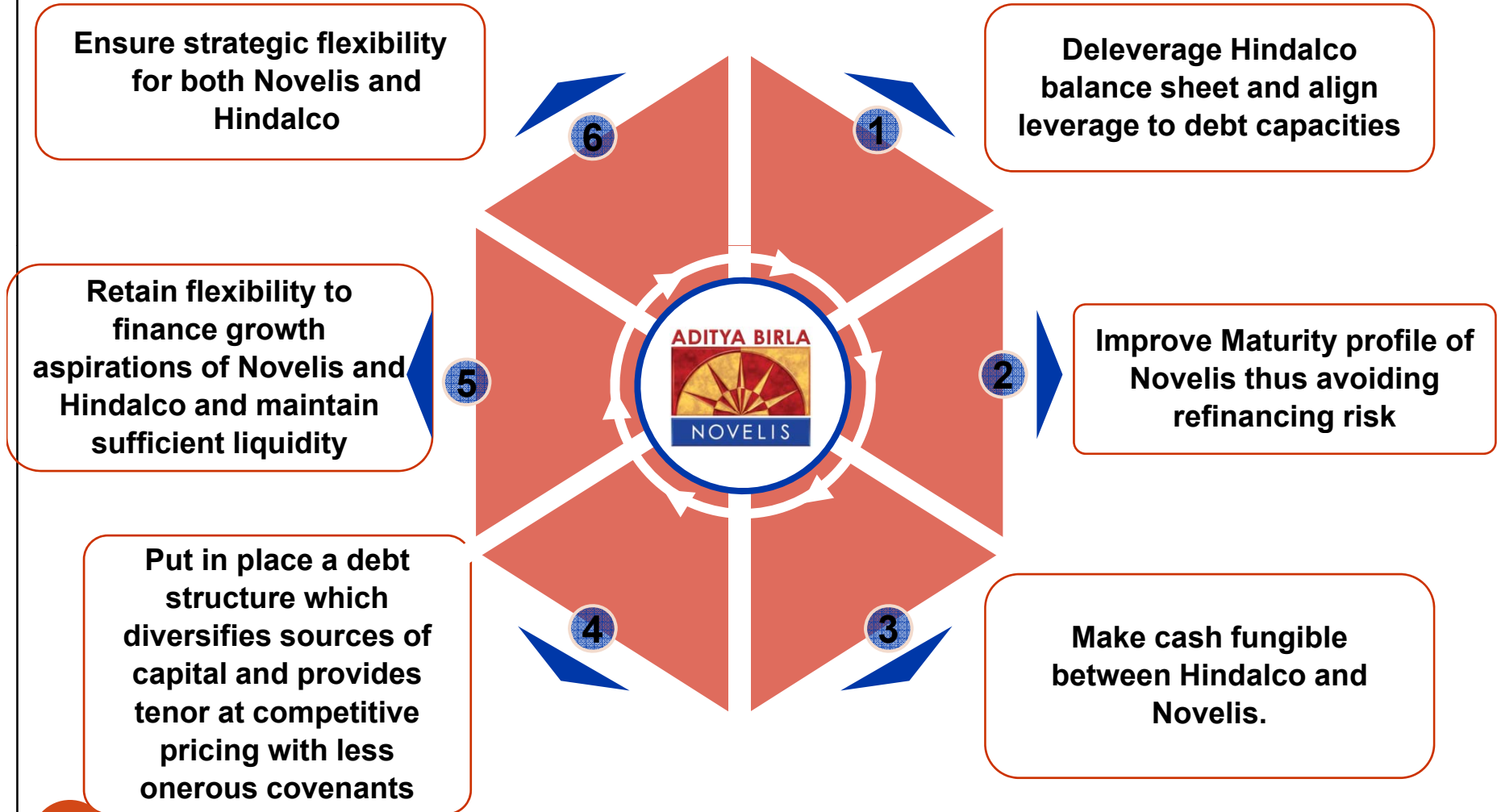
TTM Adjusted EBITDA



Trailing Twelve Months Adjusted EBITDA has Exceeded \$1B

Novelis – Refinancing

Objective



Deal Contours

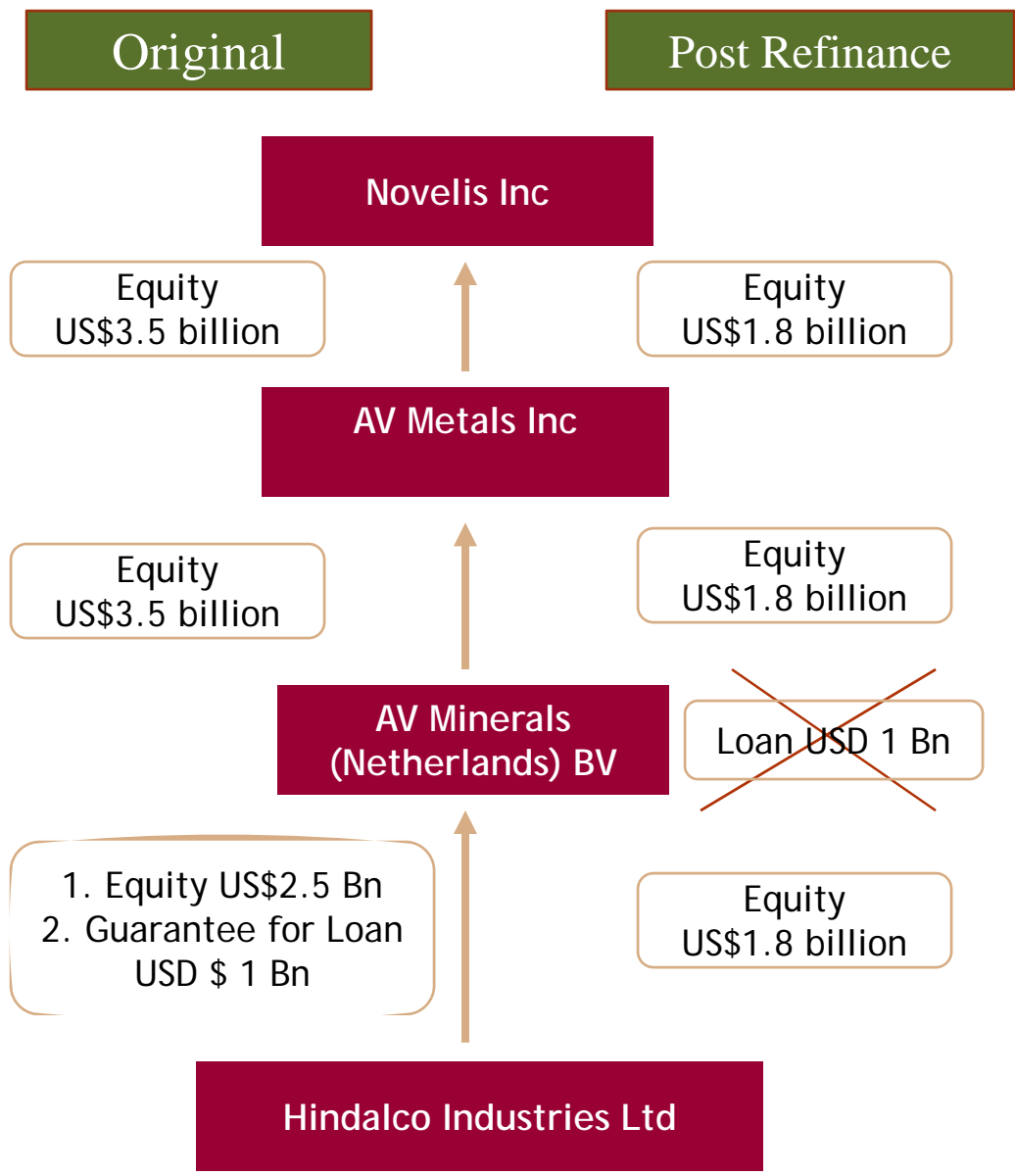
Novelis proforma capital structure US\$ Mn

Asset Based Revolving Credit Facility	800
Term Loan	1,500
Senior Notes (Dec 2017)	1,100
Senior Notes (Dec 2020)	1,400
Total borrowings	4,800
LTM EBITDA (Sep 2010)	983






Use of proceeds

- Refinance approx. US\$ 2.5 Bn of existing indebtedness
 - ABL due 2012 and Term Loan facility due 2014
 - 7.25% Senior Notes due 2015
 - 11.50% Senior Notes due 2015
- Return of capital to Hindalco – US\$ 1.7 Bn
- Transaction related expenses

Implication of Refinance



Key External Drivers - Outlook

Driver	Current Assessment	Impact
LME	<ul style="list-style-type: none"> Investor appetite is supportive, but further upside seems limited 	
INR USD	<ul style="list-style-type: none"> Uncertainty over FII flows may hold rupee appreciation, despite general USD weakness 	
Energy, Input prices	<ul style="list-style-type: none"> Upward pressure related to coal and carbon costs 	
TCRC	<ul style="list-style-type: none"> 2011 terms likely to be favourable to smelters vis-à-vis last year 	
By products	<ul style="list-style-type: none"> Acid prices have firmed up, but DAP subsidy announced for next year is lower 	

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

Sales Revenue

Aluminium

Sales	Units	9M FY10	9M FY11	% chg
Chemicals	Rs Crs	418	561	34%
Primary metal	Rs Crs	2,105	2,373	13%
Flat Rolled Products	Rs Crs	1,913	2,141	12%
Extruded products	Rs Crs	391	426	9%
Others	Rs Crs	124	252	103%

Copper

Sales	Unit	9 M FY10	9M FY11	% chg
Copper Cathodes	Rs Crs	4318	5177	20%
CC Rods	Rs Crs	3224	4107	27%
Fertilizers & Acid sales	Rs Crs	288	568	97%
Precious Metal & Others	Rs Crs	1350	1413	5%
Total	Rs Crs	9182	11265	23%