Performance Review FY 2002

Mumbai
3rd May 2002

Q4 FY02 Results

✓ FY 02 Results

Aluminium Industry Outlook

Growth Initiatives and Future Direction

FY 2002 - Highlights

- Sales grew 2.5 % to Rs. 2,331 Cr.
  - Exports down by 10.7 % to Rs. 342 Cr.
- Operating Profits decreased by 5.6 % to Rs. 994 Cr.
- Operating Margins down by 3.6% to 42.6 %
- Profit before Deferred Tax up by 10.3% to Rs.748 Cr.
- Net Profit up by 1.2% to Rs.686 Cr.
- EPS at Rs.92.1
- Higher Dividend of Rs 13.5 per share

FY 2002 Results

(Rs. in Crores)

Particulars	FY2002	FY2001	Change (%)
Net Sales	2,331	2,275	2.5
Total Expenditure	1,337	1,223	9.4
Operating Profit	994	1,053	(5.6)
Other Income	211	131	60.4
Interest Payment *	46	62	(26.3)
Depreciation	154	142	8.4
Profit Before Tax	1,005	980	2.5
Provision for Current Tax	257	302	(14.9)
Profit Before Deferred Tax	748	678	10.3
Provision for Deferred Tax	62		-
Net Profit	686	678	1.2
EPS (Rs.)	92.1	91.1	1.2
Cash EPS (Rs.)	112.8	110.2	2.4
* Net of Interest Capitalised	44	18	

Results reflect ....

A Challenging Environment

- Weakness in the Economy and slowing Industrial growth
- Lower LME prices and Reduction in Domestic Prices
- Poor quality and higher cost of coal
- Steep increase in prices of main inputs namely CP Coke, Caustic Soda etc.

and Hindalco's Response by way of

- Increased Sales Volumes
- Increasing share of value added products
- Continuous improvement in Efficiencies
- Cost Reduction Drive

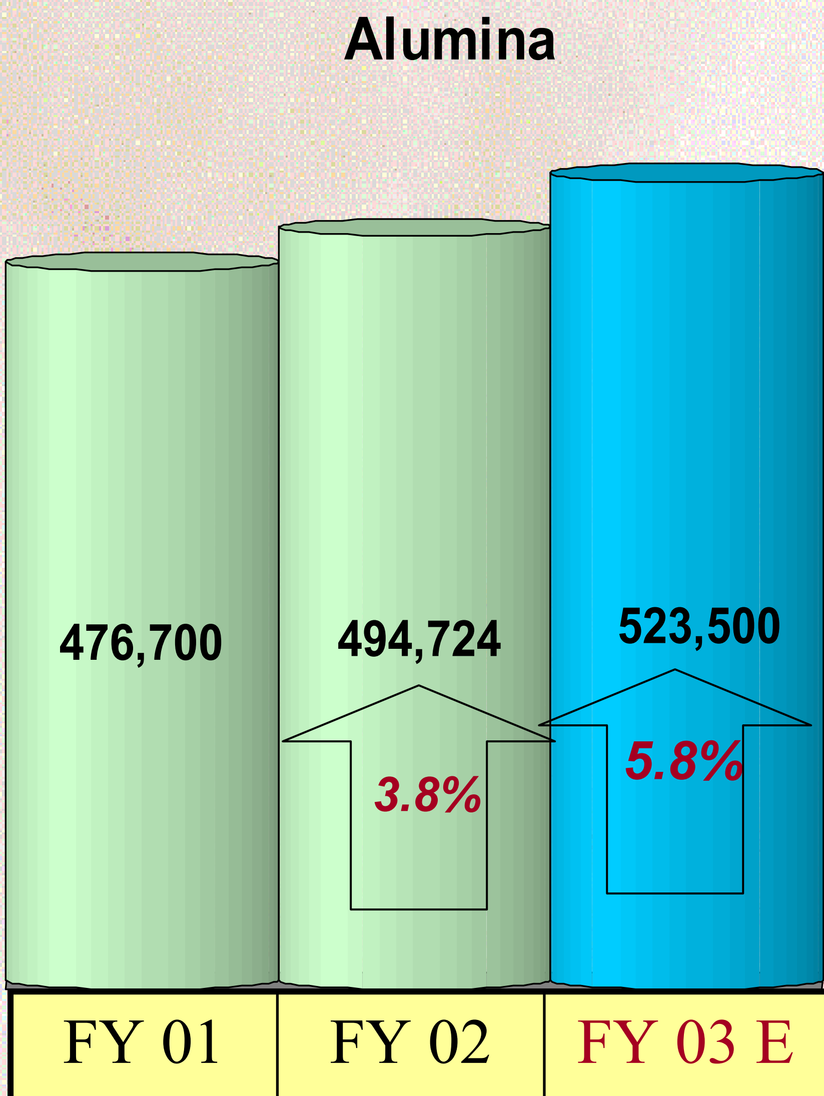
Brownfield Expansion provides optimistic view for future growth

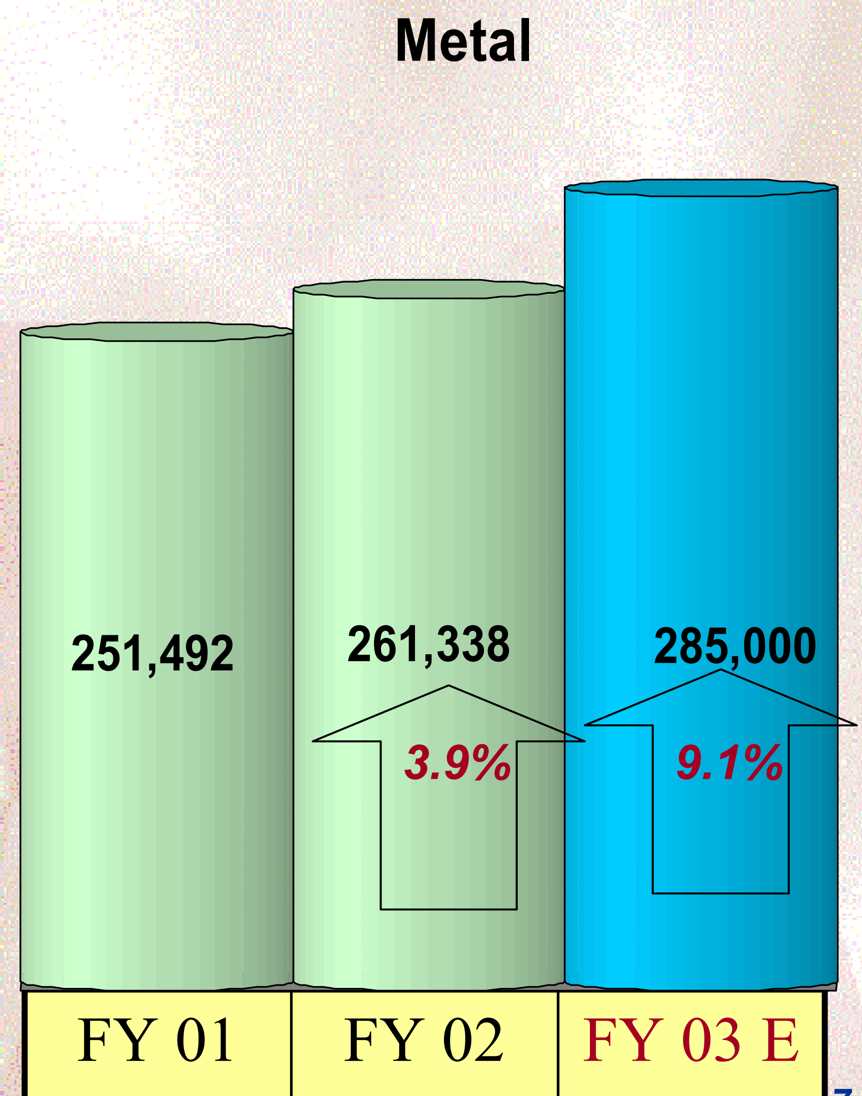
Ratios and Statistics

Particulars	FY 1999	FY 2000	FY 2001	FY 2002
Operating Margin (%)	44.0	46.3	46.3	42.6
Gross Margin (%)	47.4	50.2	49.3	49.7
Net Margin (%)	32.1	30.1	29.8	29.4
ROACE (%)	21.4	22.7	22.0	19.0
ROAE (%)	18.9	17.4	16.6	15.9
Debts/Equity Ratio (Times)	0.20	0.14	0.16	0.19
DPS (Rs.)	6.5	8.0	12.0	13.5

Production : Performance and Target

(In MT)





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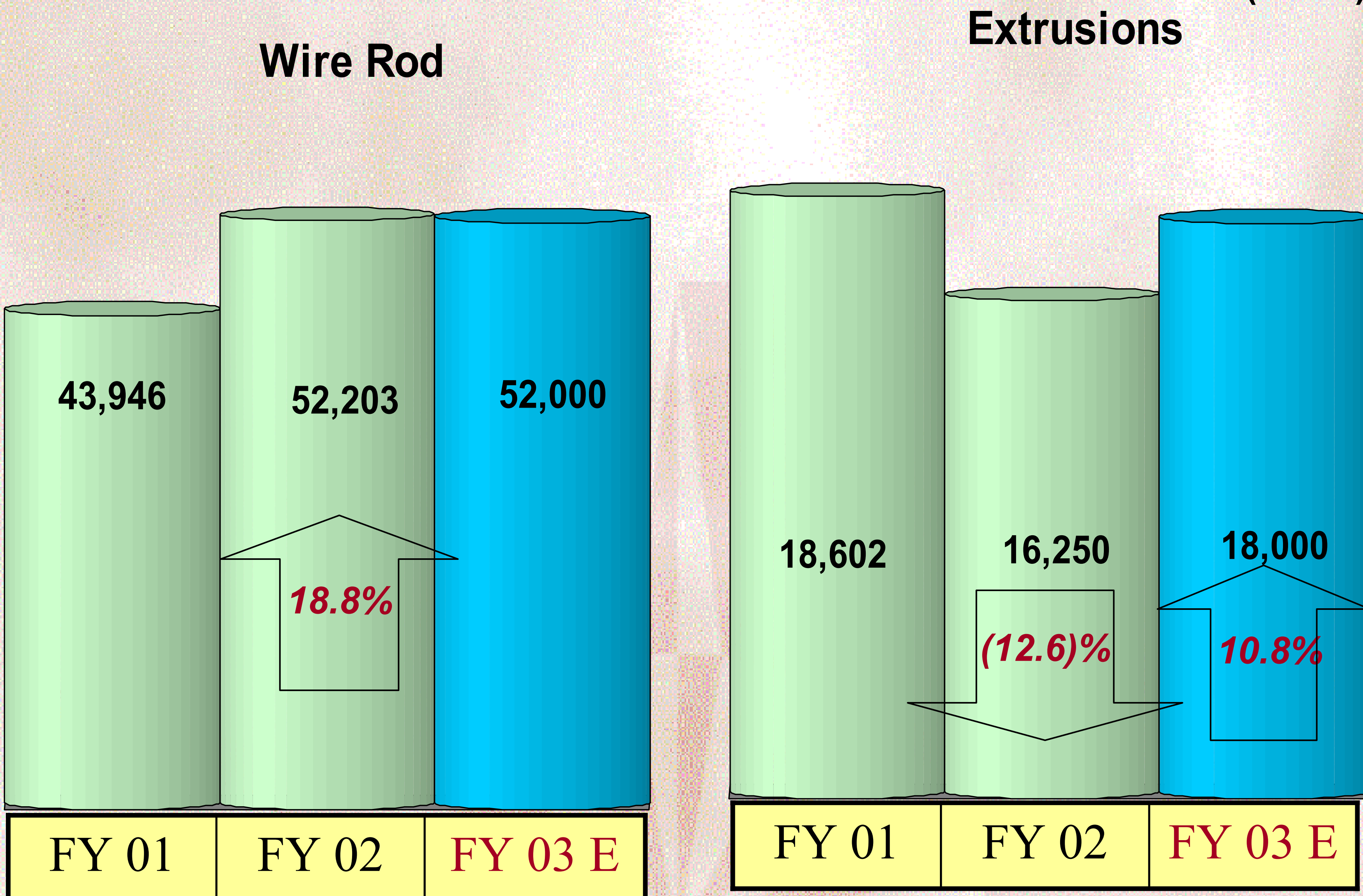

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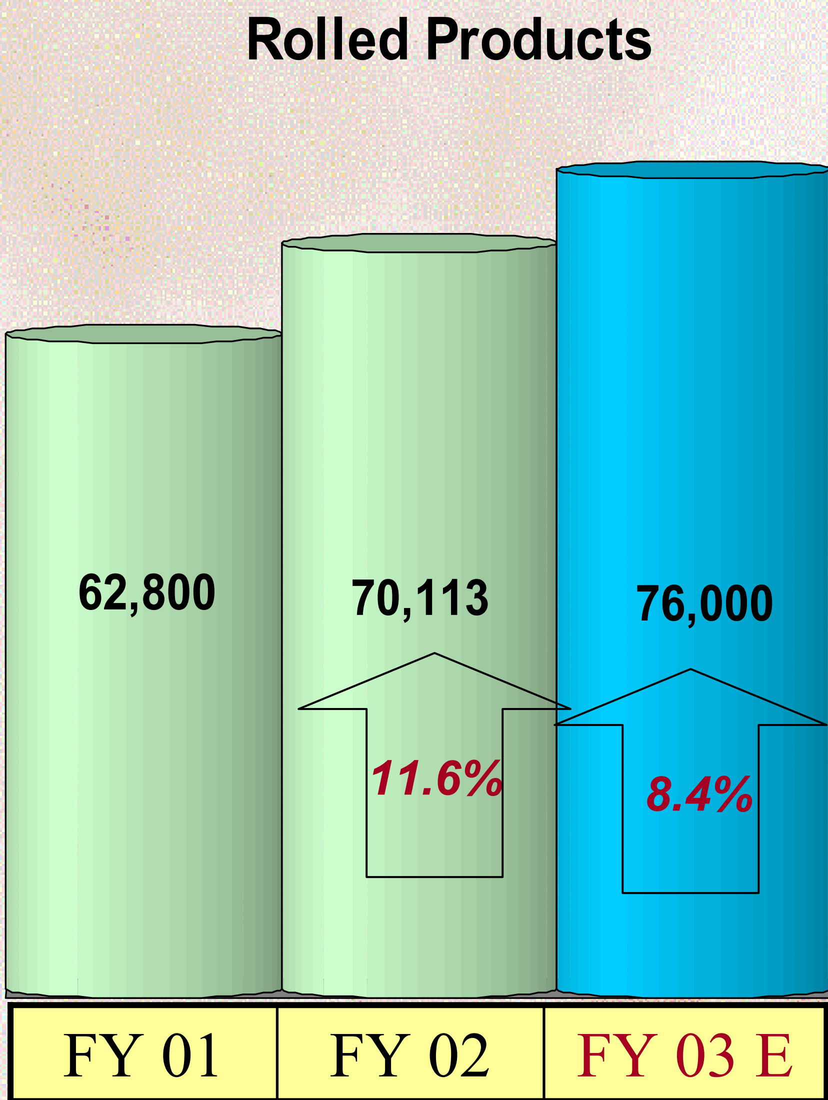
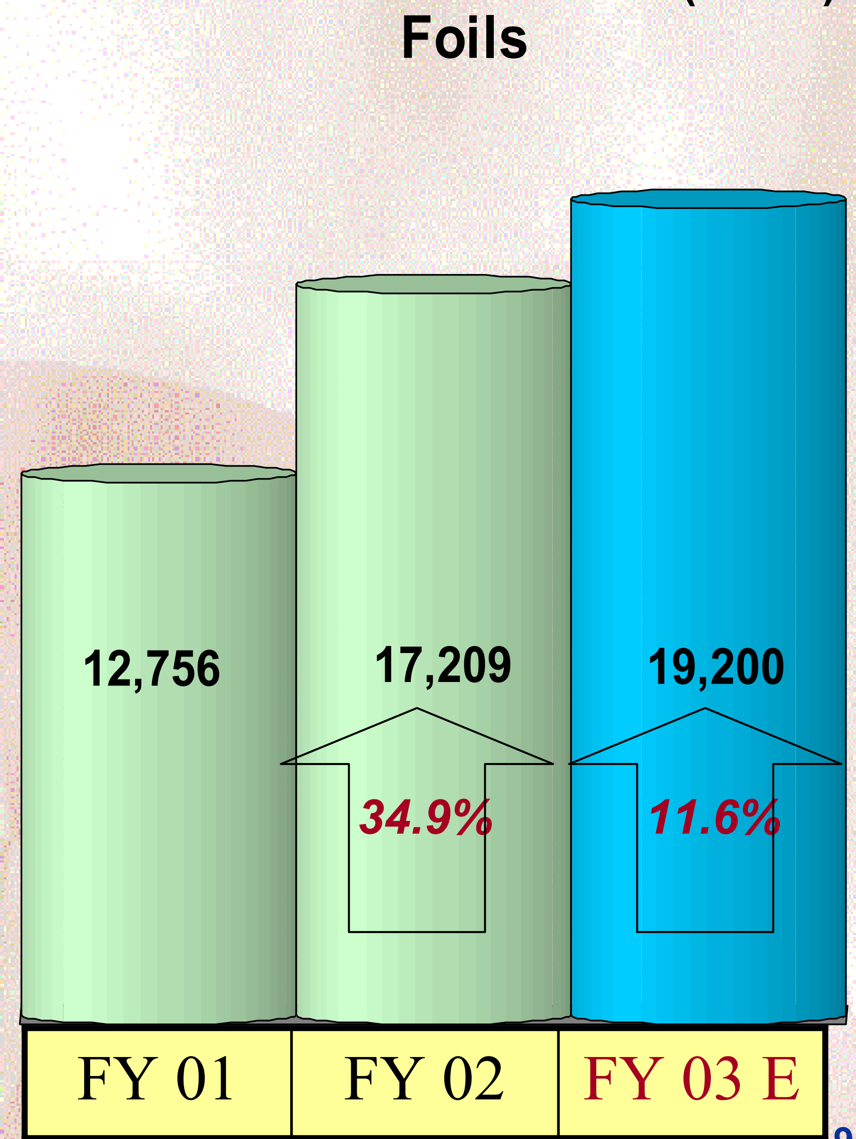
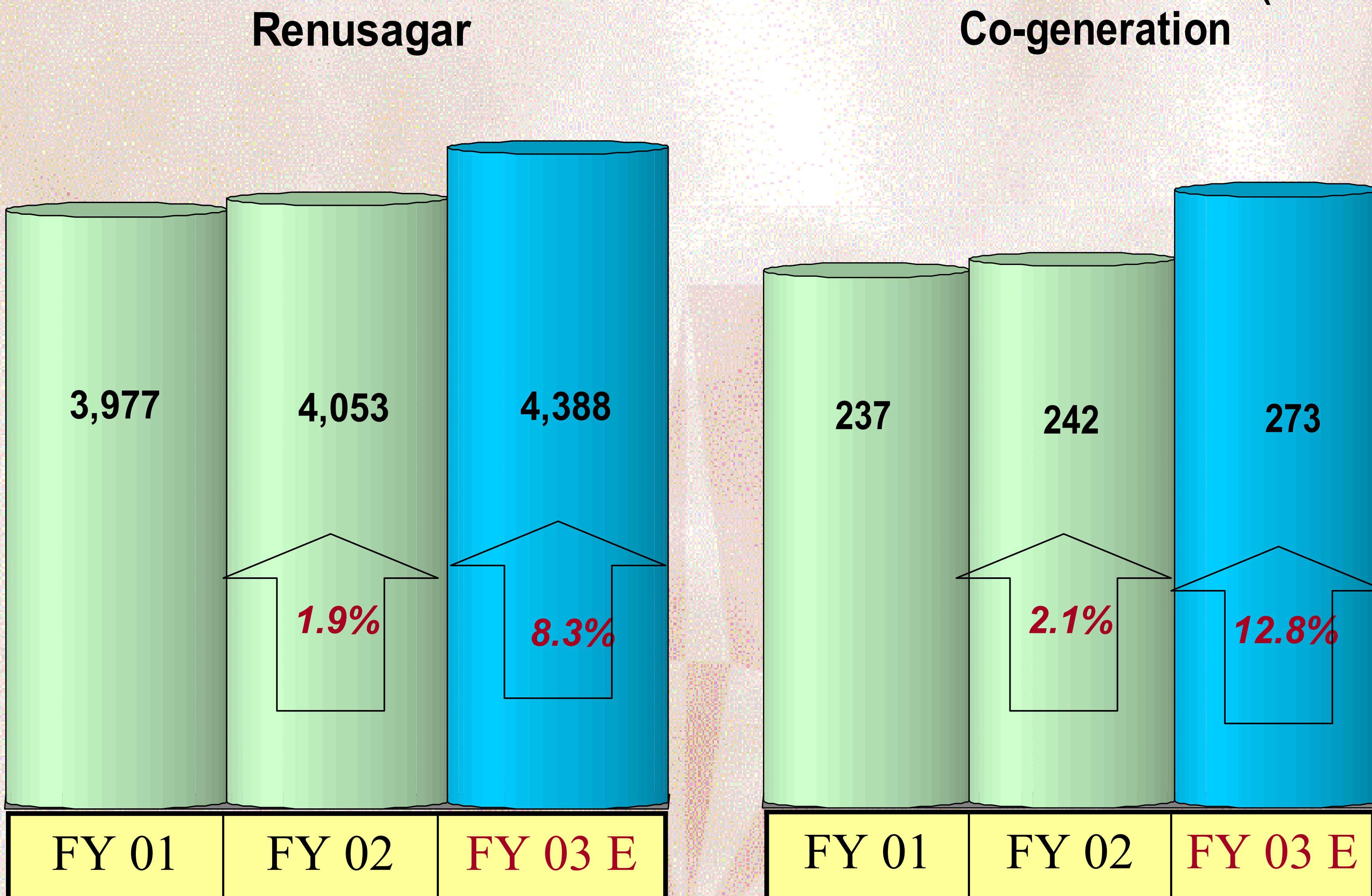




Power : Availability and Target

(In MU)



Presentation Structure

✓ Q4 FY02 Results
FY 02 Results
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Q4 FY 2002 : Results at a glance

Sales Rs. 648 Cr.	↑	8.3%
Operating Profit Rs.246 Cr.	↓	5.4%
Operating Margins 38.0%	↓	5.5%
Other Income Rs.80 Cr.	↑	180.1%
Profit before deferred tax Rs.214 Cr.	↑	36.6%
Net Profit Rs.192 Cr.	↑	26.5%
EPS Rs. 25.8	↑	26.5%

Q4 FY 2002 Results

(Rs. in Crores)

Particulars	Q4 FY2002	Q4 FY2001	Change (%)
Net Sales	647.6	598.3	8.3
Total Expenditure	401.4	337.9	18.8
Operating Profit	246.2	260.3	(5.4)
Other Income	80.2	28.6	180.1
Interest Payment *	11.1	12.6	(11.8)
Depreciation	40.6	36.0	12.7
Profit before Tax	274.7	240.3	14.3
Provision for Current Tax	60.5	83.5	(27.5)
Profit before Deferred Tax	214.2	156.8	36.6
Provision for Deferred Tax	22.0	4.9	349.0
Net Profit	192.2	151.9	26.5
EPS (Rs.)	25.8	20.4	26.5
Cash EPS (Rs.)	31.3	25.2	23.9
* Net of Interest Capitalised	12.0	6.4	

Q4 FY 2002: Production Performance

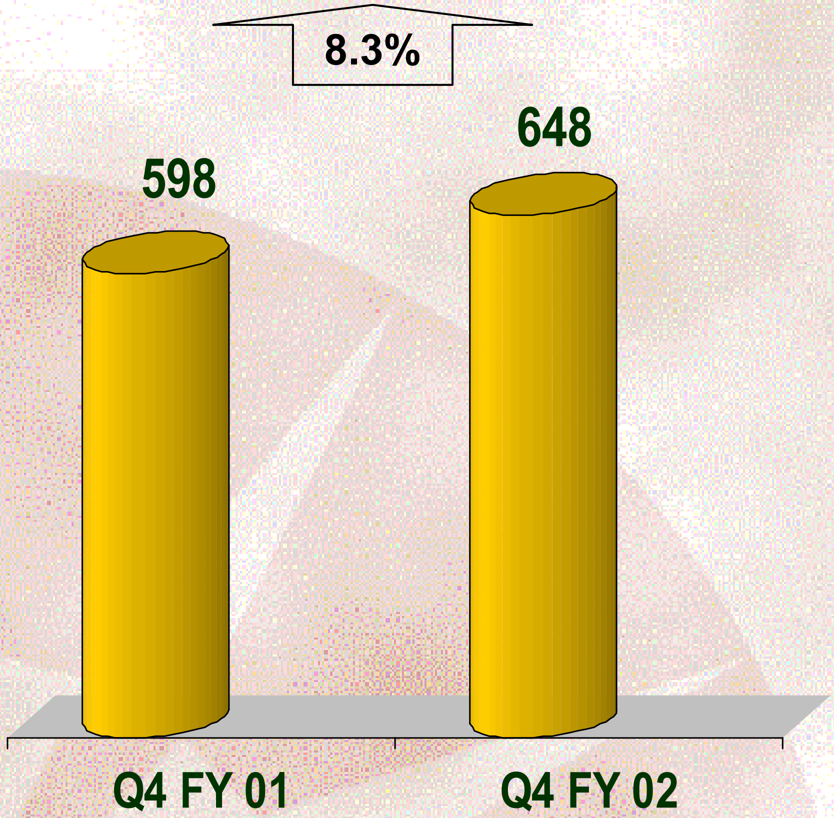
Production	Unit	Q4 FY 2002	Q4 FY 2001	% Change
Alumina	MT	130,780	130,781	-
Aluminium Metal	MT	70,529	63,667	10.8
Wire Rod	MT	13,766	12,551	9.7
Rolled Products	MT	17,916	15,328	16.9
Extruded Products	MT	4,002	4,291	(6.7)
Aluminium Foils	MT	4,760	3,510	35.6
Alloy Wheels	No.	5,818	5,634	3.3
Net Power Availability Renusagar	MU	1,085	990	9.6
Co-generation	MU	68	59	13.8

Turnover

% Change	Volumes	Realisation
Domestic	3.2	(1.7)
Exports	56.1	(7.6)
Total	12.1	(3.4)

Quantity MT	Q4 FY 2002	Q4 FY 2001
Domestic	57,314	55,539
Exports	17,469	11,190
Total	74,783	66,729

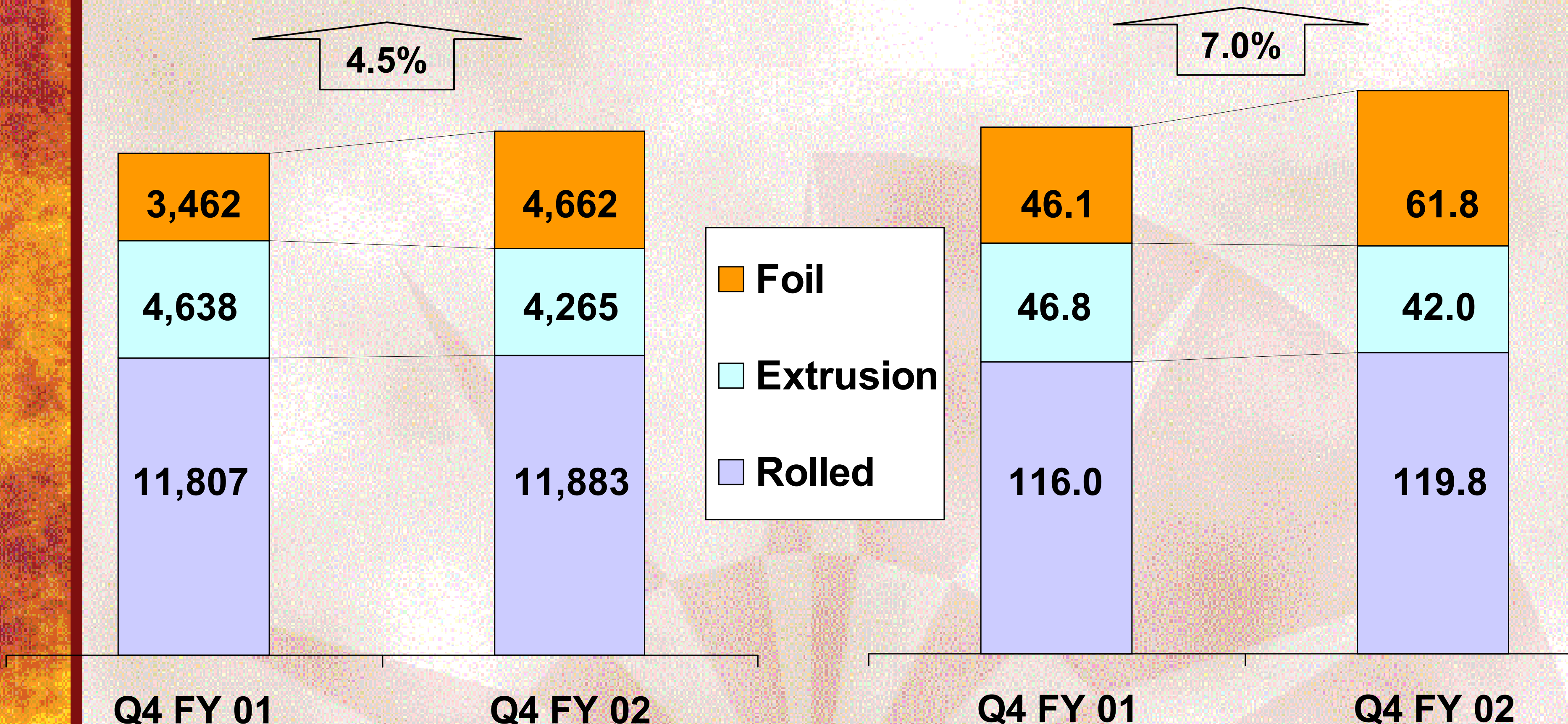
Net Sales (Rs. Crore)



Higher Share of Value Added Products

Volume (MT)	
19,907	20,810

Sales (Rs. Crore)	
208.9	223.6



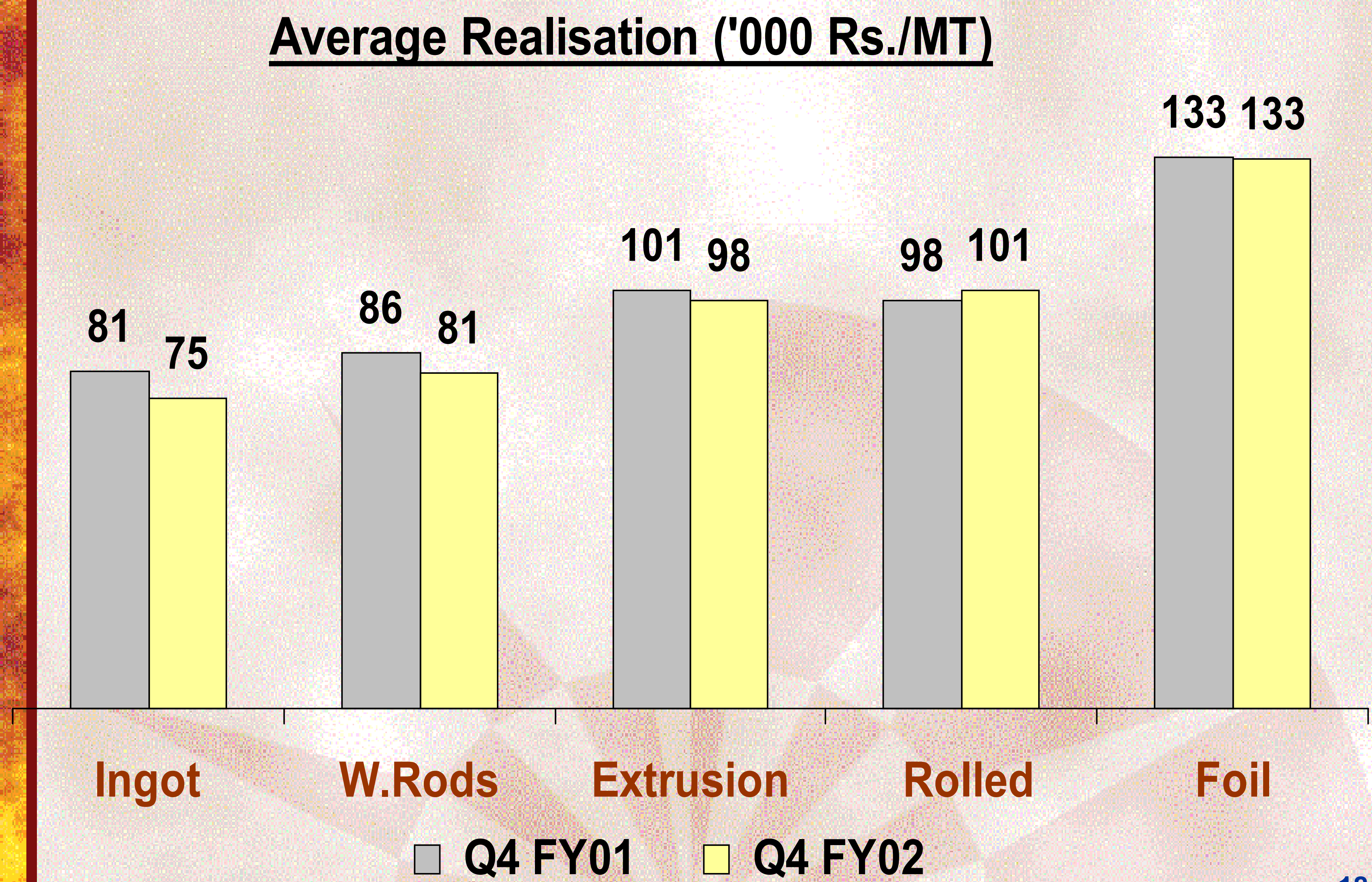
Better product mix contributing to Revenue Growth

Product Wise Sales

(Rs. in Crores)

Particulars	Q4 FY 2002	Q4 FY 2001	% Change
Ingot	270.8	251.0	7.9
Rolled	119.8	116.0	3.3
Rods	120.5	105.4	14.3
Foils	61.8	46.1	34.2
Extrusion	42.0	46.8	(10.4)
Billets	16.2	17.3	(6.4)
Wheels	0.85	0.93	(8.7)
Others	15.7	14.7	6.9
Total	647.6	598.3	8.3

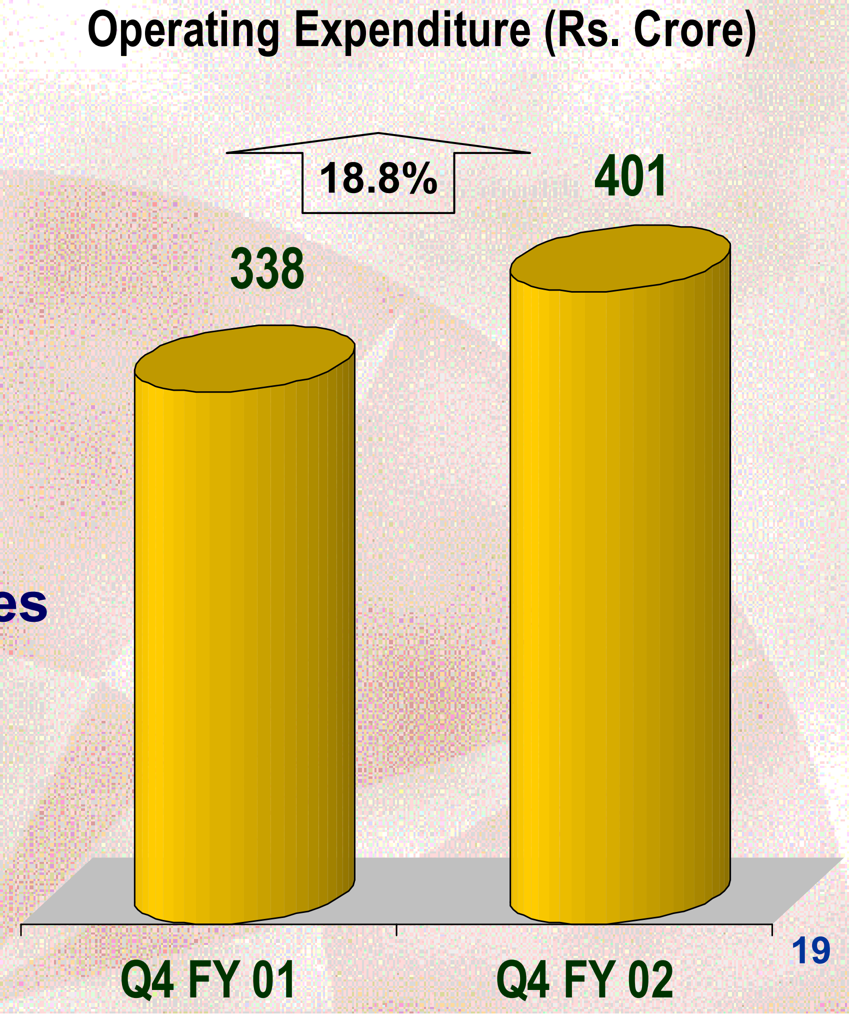
Realisation reflects Impact of Price Reduction



Operating Expenditure

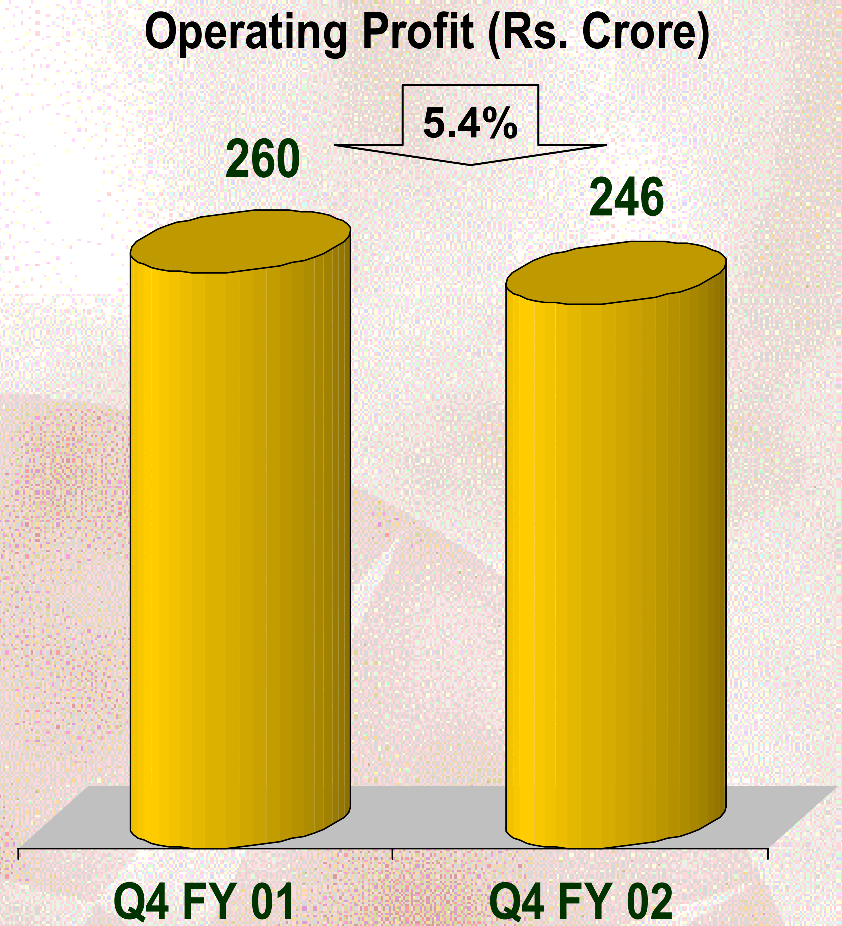
Operating Expenses increased by 18.8%

- Increase in Sales volume by 12.1%
- Higher Input prices
- Higher Power cost due to
  - Poor coal quality
  - Increase in coal prices
- Higher maintenance expenses



Operating Profits

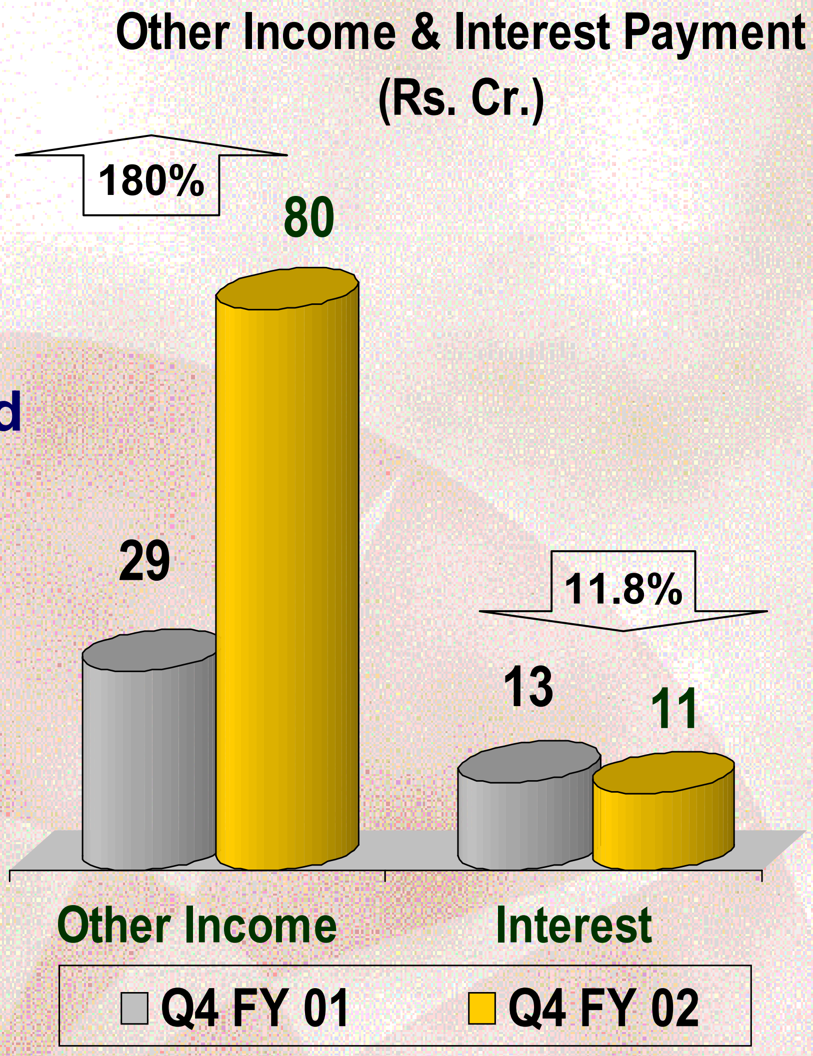
- Operating Profits down by 5.4%
- Operating Margins at 38.0%,
- Fall contained by
  - Higher Sales Volume
  - Higher Domestic Sales
  - Better Product Mix and
  - Operating efficiencies



Operating Margin	
43.5 %	38.0 %

Other Income & Interest Payment

- Higher other income due to
  - Higher dividend income
  - Debt Schemes of mutual funds paid good returns
  - Liabilities no longer required written back Rs. 3.8 Cr.
  - More surplus funds
- Interest of Rs. 12.0Cr. (6.4Cr.) Capitalized as per AS-16



Taxation

- Effective tax rate reduced from 34.7% to 22.0% :

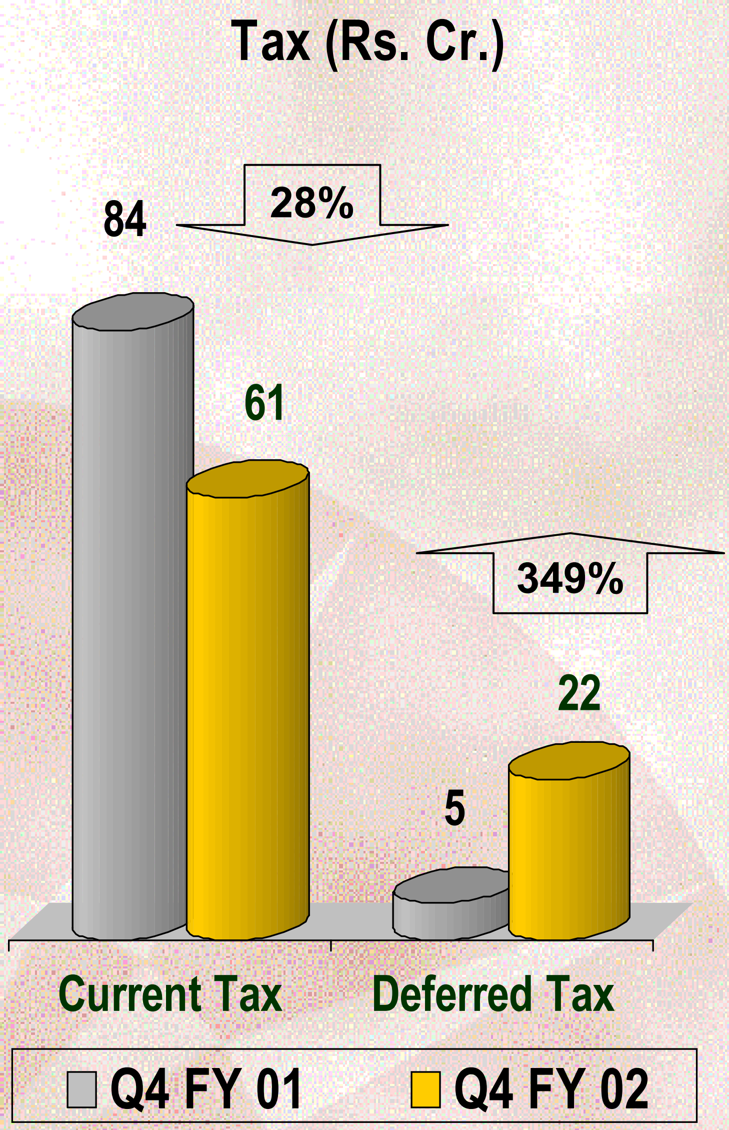
  • Decrease in tax rate from 39.55% to 35.7%

  • Higher WDV Depreciation

  • Set off of carried forward capital losses

  • Higher tax free Income through dividends

- Higher IT depreciation and increase in marginal tax rate resulted in higher deferred tax



Q4 FY02 Results
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Global Scenario

- Global consumption fell 4.1% in Calendar 2001
  - US consumption down 14.0%, Asia falls 6.7%, Japan down 9.0%
  - Strong China, CIS and Eastern Europe could not reverse weak trends
- Falling consumption overruled 2.2 million tonnes of production cutbacks
- Prices saw a 30 month low of US$ 1243 PMT in November 2001
- LME Inventory continued to accumulate and crossed 1 million tonne mark
- The weak trends have spilled over into 2002
  - Consumption has declined 1.5 % in Q1 2002
- Recovery in Demand contingent on US Economy
  - Concerns over pace of the recovery
  - US GDP forecasted to grow by 2.7% in 2002 and by 3.4% in 2003

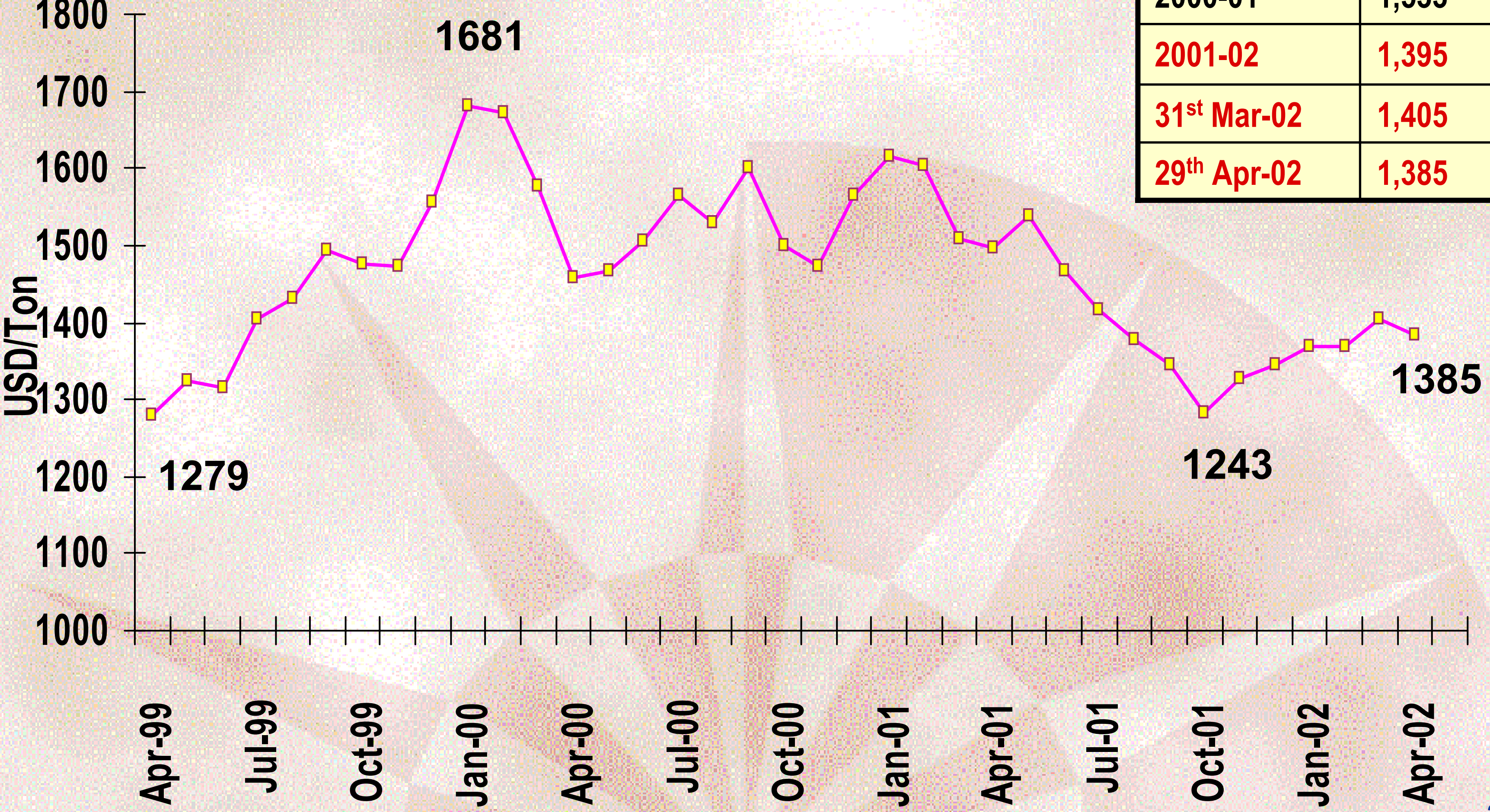
Global Growth Pattern

(in %)

Aluminium Consumption growth			
Region	**CY 2001**	**CY 2000**	**CY 1999**
North America	-14.0	-0.50	+7.1
Asia	-6.7	13.9	+14.8
Japan	-9.0	5.8	+2.3
China	10.2	15.4	+13.0
Western Europe	-0.5	4.0	+3.4
World	-4.1	6.1	+5.9
Aluminium Production Growth			
World	+0.1	+3.1	+4.3

Source: CRU Aluminium Monitor April, 2002

LME Cash Prices



Yearly Averages	
1998-99	1,291
1999-00	1,473
2000-01	1,533
2001-02	1,395
31st Mar-02	1,405
29th Apr-02	1,385

Domestic Scenario & Outlook

- Manufacturing growth slowed to 2.7% in FY 2002 vis-à-vis 5.7% last year
- The adverse impact of the slowdown on Aluminium consumption
- The Electrical & Packaging Sectors exhibited positive trends
- Q4 FY 2002 saw initial revival trends in the Auto Segment

Outlook

- Govt. intention to focus on Power Sector reforms augurs well for demand from the Electrical Sector
- Building Construction should get a fillip with lower interest rates and easy financing
- Strong agricultural sector performance is expected to drive the Consumer Durable Segment
- Outlook for aluminium in Strategic applications is better

The Scenario for Prices

International Market:

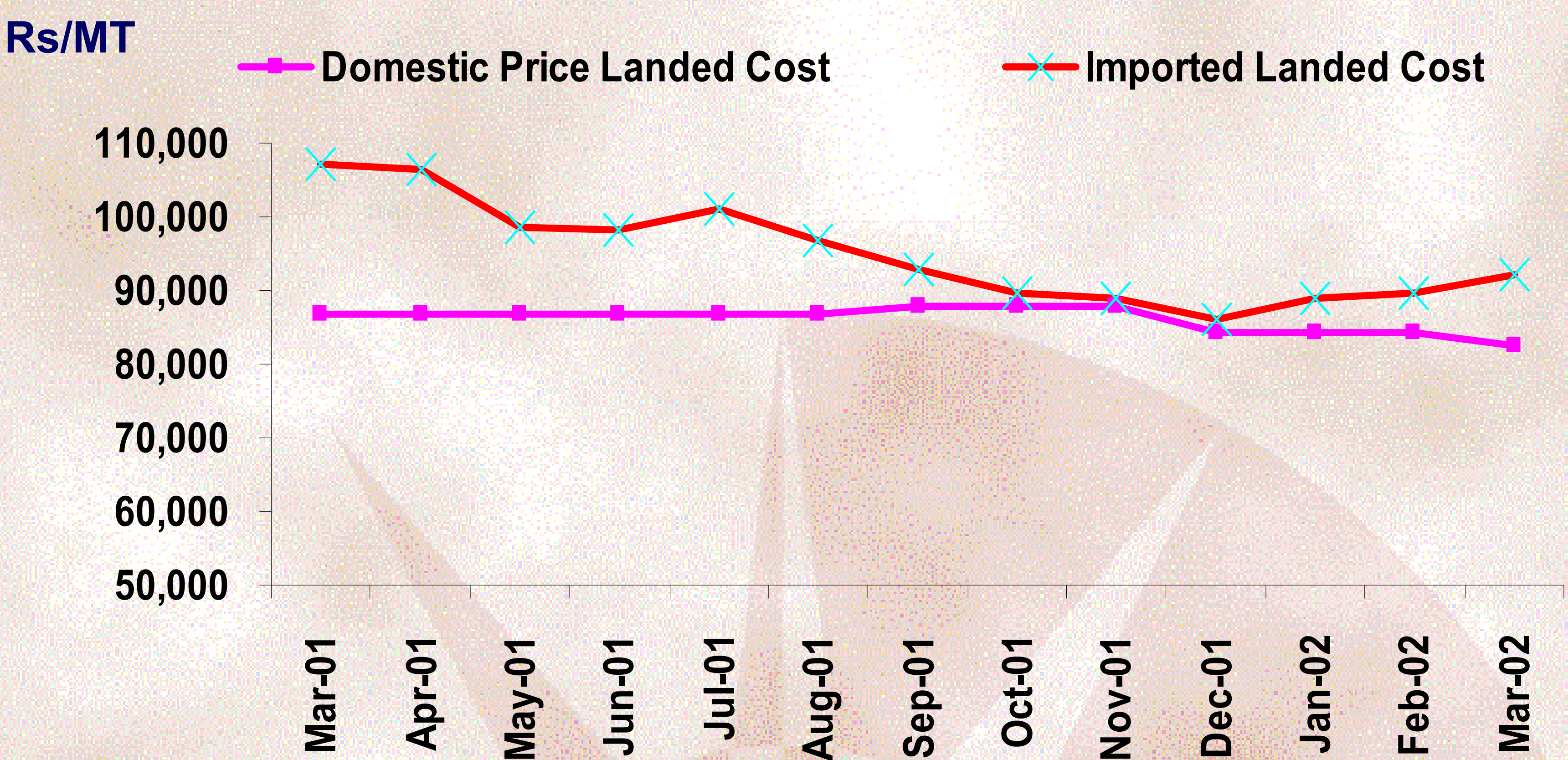
- The fundamentals are altering
- Consumption and prices will move in tandem with the progressive improvement in fundamentals

Domestic Market:

- Metal output is set to grow with Balco normalising, Nalco's expected commissioning of expanded facilities in June 2002 and Hindalco's own growing volumes
- The Rolled product segment will see increased competition with growing output from Balco & Nalco
- Extrusion to benefit with renewed focus on the infrastructure and construction sectors
- Lowering of Import tariffs will exert additional pressure
- Prices to echo global sentiments

Fiscal 2003: Better Market Conditions but not easy in respect of Pricing

Comparison of Landed Costs



Gap between Landed Costs is low

Further reduction in International Prices or Duty will increase pressure on Domestic prices

Metal Prices – Impact of LME and Duty

1 USD = Rs 48.80

LME Prices ($/T)		1,300	1,350	1,400	1,450
Premium (USD/Ton)		60	60	60	60
Clearing and other Charges (%)		2%	2%	2%	2%
Custom Duty % (including SAD and net of CENVAT)		20.3%	20.3%	20.3%	20.3%
Landed Cost of Imported Metal		81,327	84,317	87,307	90,297
Landed cost of Domestic Metal		82,729	82,729	82,729	82,729
Excess of Landed cost of imported metal over Domestic:-					
Basic Duty	Effective Duty				
15.0%	20.3%	(1,402)	1,588	4,578	7,568
15.0%	16.8%	(3,772)	(869)	2,034	4,937
10.0%	15.1%	(4,844)	(1,981)	882	3,746
5.0%	9.9%	(8,416)	(5,684)	(2,952)	(220)

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Brownfield Expansion

- Potline 9 commissioned
  - Additional production of 10,000 MT achieved in FY02
- Sweetening Process
  - Good progress in Alumina Plant - Sweetening process in Alumina plant has been commissioned and stabilised
- Procurement activities initiated for additional 37 MW Co-gen. facility at Renukoot
- Project progressing satisfactorily within budget and time schedule

Buy – Back Update

Date of Approval	30th January 2002
Maximum Price for buy-back	Rs.825.0
Investment Limit	Rs. 428.2 Crore or 10% of paid-up equity
Time period	1 year from date of approval
Status	

Period	Shares Bought	Total Amount Rs. In Lacs	Average Rate	% Bought
Upto 31st March	5,807	42	725	0.01%
Upto 26th April	738,762	5,414	733	0.99%
Total	744,569	5,456	733	1.00%

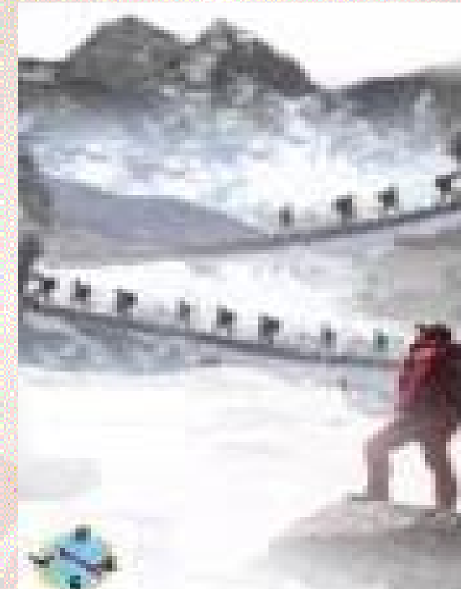
Project "Rocket –2K" - Profit Improvement Exercise

- Target benefits - Rs. 40-50 Crores to be achieved gradually in two years
  - YTD benefits achieved Rs. 22.1 Crores
  - Reverse Auction for outward transportation completed. Annualised Savings of Rs. 6 crore to accrue from May 02 onwards.
  - Study underway to reduce auxiliary power consumption
- Various initiatives to conserve Energy, optimise process, increase thruput and improving operating efficiencies are being identified by in-house teams

ROCKET 2K

Project "Everest"- Extended ERP Implementation

- A business improvement initiative aiming :
    - Cycle time improvement
    - Increased Manpower productivity
    - Customer solutions partner
    - Optimise resource utilisation
- Training on Oracle Application started
- Implementation Partner being finalised
- Project duration 25 months
    - First phase to be completed by August 2003



PROJECT EVEREST

Dimensions of Future Growth

- Timely Completion of Brown Field Expansion and Production optimisation
  - Metal production: 342,000 MTPA to 3,60,000 MTPA
  - Alumina : 660,000 MTPA to 700,000 MTPA
- Optimisation of power resources and further increase in metal production by increasing the pot amperage
- Increase in Rolling capacity from 80 KTPA to 120 KTPA
- Synergies with Indal through Convergence
- Continuous Cost Reductions
- Development of new applications and uses of Aluminium
- Participation in Nalco Dis-investment
- Acquisition of other aluminium facilities in the country and overseas

Striving to create superior value for stakeholders

HINDALCO

ADITYA BIRLA GROUP

THANK YOU

FY2002 Sales	Quantity (MT)			Value (Rs. Crore)			Realisation (Rs./Ton)		
Product	FY2002	FY2001	% Change	FY2002	FY2001	% Change	FY2002	FY2001	% Change
Total Ingots	102,890	107,826	-4.6%	807.6	873.5	-7.5%	78,612	81,076	-3.0%
Total Billets	7,797	11,613	-32.9%	60.6	93.5	-35.2%	77,676	80,499	-3.5%
Total Rods	52,538	44,151	19.0%	446.2	374.6	19.1%	84,922	84,850	0.1%
Total Rolled	49,017	47,525	3.1%	501.0	469.5	6.7%	102,218	98,801	3.5%
Total Extrusion	16,119	18,594	-13.3%	160.9	185.7	-13.3%	99,834	99,864	0.0%
Total Conversion	14,162	11,164	26.9%	82.5	60.8	35.8%	58,273	54,420	7.1%
Total Foils	16,857	12,404	35.9%	224.6	167.2	34.3%	133,222	134,757	-1.1%
Total Wheels	113	81	40.6%	2.6	2.0	30.3%	226,678	244,692	-7.4%
Others				45.4	48.7	-6.6%			
TOTAL SALES	259,492	253,358	2.4%	2,331.4	2,275.4	2.5%			