Hindalco announces Q4 FY 2010-2011 results [unaudited]

09 May 2011

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(http://hindalco.com/investors/downloads/Hindalco_Q4FY10-11_results.pdf)

		Rs. crore
		Vs. Q4FY10
Revenues	**6,846 crore**	**27%**
EBITDA	**1,020 crore**	**12%**
Net Profit before Tax Adjustment for earlier years.	**697 crore**	**27%**

Highest Ever Quarterly Sales.

EBITDA crosses Rs. 1,000 crore mark

Annual Sales exceeds USD 5 Billion

Standalone Financial Highlights

(In Rs. crore)	**Quarter ended 31-Mar-11**	**Quarter ended 31-Mar-10**	**Year ended 31-Mar-11**	**Year 31-Mar-10**

[illegible]ue	**6,846**	**5,397**	**23,859**	**19,522**
[illegible]	105	78	317	260
EBITDA	**1,020**	**913**	**3,502**	**3,210**
Depreciation and impairment	176	168	687	667
Interest and financing charges	56	71	220	278
Profit before tax	**787**	**674**	**2,595**	**2,265**
Provision for taxes	90	123	469	462
Net Profit before Adjustment	**697**	**551**	**2,126**	**1,803**
Tax Adjustment for earlier years (net)	11	113	11	113
Net profit	**708**	**664**	**2,137**	**1,916**
EPS (Basic) (Rs.)	3.70	3.47	11.17	10.82

Hindalco Industries Ltd, an Aditya Birla Group company, today announced its unaudited financial results for the fourth quarter ended March 31, 2011. Its performance in the quarter has been significantly better than the comparable quarter in the previous year.

Q4 FY11 Results

Net sales at Rs.6,846 crore in Q4FY11 were up 27% over Q4FY10. Better geographic and product mix along with higher LME and better copper volume have been the main performance drivers.

The adverse impact of rupee appreciation, higher coal and carbon cost and lower TcRc were largely compensated by improved operating efficiencies and higher value-added by-product credit in ...s.

...as higher by Rs. 27 crore on the back of improved ...d larger corpus, post return of capital from Novelis.

Employment cost rose by around Rs. 60 crore mainly due to one-time costs arising on actuarial provisioning of retiral funds and long term wage settlement at some plant locations.

EBITDA in excess of Rs. 1,000 crore, despite steep input cost escalations and fall in TcRc was driven by better realisation, improved mix and volume improvements from asset sweating and recent brownfield expansions.

Profit before tax is higher by 17% at Rs. 787 crore. Net profit after tax but before tax adjustment for earlier years is at Rs. 697 crore against Rs. 551 crore in Q4FY10.

Business Segment Results

Of the total quarterly revenues of Rs.6,846 crore, Aluminium Business contributed Rs.2,211 crore with an EBIT of Rs.562 crore compared to Rs. 614 crore in Q4FY10. The results would have been better, but for increased input costs (especially coal), appreciating rupee and other one-timers.

In the Copper Business, revenues for the quarter were higher at Rs.4,637 crore, up by 38% from Rs 3,361 crore in Q4FY10, mainly on account of higher volume, higher copper LME and by-product credits. The benefits of the marked improvement in operational efficiencies were partially offset by lower TcRc and energy cost. Despite these factors, EBIT of Rs.206 crore was 61% higher over corresponding quarter of the previous year.

Annual Results

Revenues for the year cross the USD 5 Billion mark

For the year ended March 31, 2011, net sales at Rs.23,859 crore grew by 22%. Highest ever copper volumes, better product and geographic mix, by-product credit and higher realisation on account of higher commodity prices impacted the company's performance in a positive way. Input cost pressure, lower TcRc and one-timers associated with

...n constrained the superior operational performance.

... Rs. 317 crore was higher on account of better ... r treasury corpus, post return of capital by Novelis.

...er due to lower working capital borrowing coupled with lower international interest rates.

Directors

Mr. Ram Charan has been appointed as an Additional Director (Independent) on the Board of the Company. Mr. Ram Charan, a Harvard Business School graduate, has also earned an engineering degree, MBA and doctorate degrees. A highly acclaimed business advisor and author of management books, he has also served on the Harvard Business School faculty. He is a globally renowned consultant to several prominent CEOs of some of the world's largest and most credible companies.

Mr. Jagdish Khattar has been appointed as an Independent Director on the Board of the Company. Mr. Khattar started his career as an IAS officer. He had been the Chief Executive Officer and Managing Director of Maruti Suzuki India Limited till December 2007.

Mahan Financial Closure

The Company is setting up a Greenfield Aluminium Smelter Project in Madhya Pradesh (Mahan Project) with a capacity of 359,000 TPA of aluminium supported by 900 MW captive power plant at a cost (including financing cost) of Rs. 10,500 crore.

The Company has successfully achieved the financial closure of Mahan Project with the signing of Common Rupee Loan Agreement for Rs. 7,875 crore on March 30, 2011. This constitutes the entire debt requirement of the Project. The facility has a door to door tenor of 12.75 years. SBI Capital Markets Ltd, Citi Bank N.A., The Royal Bank of Scotland N.V. and Kotak Mahindra Bank Ltd. acted as Mandated Lead Arrangers and thirty-one bank / insurance companies participated in the syndication.

Operations Review

Aluminium

... and Alumina production were marginally up. For the ...umina production was up by 3%. Metal production ... power outage at Hirakud in Q2FY11.

Extrusions production has been affected as production activities at Alupuram, Kerala continued to be hampered following lock-out declared on February 22, 2011.

Production (Mt)	Q4 FY11	Q4 FY10	FY11	FY10
Alumina	**344,077**	343,801	**1,352,877**	1,307,323
Metal	**138,720**	138,023	**537,935**	555,404
Wire rods	**23,152**	23,177	**94,307**	91,903
Flat Rolled products	**48,218**	47,781	**199,821**	205,265
Extrusions	**7,319**	9,751	**35,865**	38,909

Copper

Annual production of Copper Cathodes and CC Rods were the highest ever, despite cooling tower outage in November-2010.

Production (MT)	Q4 FY11	Q4 FY10	FY 11	FY 10
Copper Cathodes	**84,961**	74,734	**335,598**	333,360
CC Rods (own production)	**33,088**	36,870	**144,553**	130,540

Projects

The detailed review of the projects of the Company and its subsidiaries across geographies shall be published along with the consolidated results at a later date. Greenfield projects spend during the year was around Rs. 6,500 crore.

Industry outlook

Aluminium

Global aluminium demand remained strong in the last quarter with a y-o-y growth of 10%. North America and Europe reported a strong rebound, growing in double digits, helped also by the buoyancy in the automotive sector.

d in global demand is likely to continue. The Indian ...stry too had a good demand growth in Q4 FY11. ...ls of FY12 in India are likely to match India's GDP growth of about 8.9%.

Aluminium prices at the LME rose to above $2,600 in the recent past, which is a 31-month high. Prices have been supported by strong demand growth, intensified cost push and the overall financial market conditions. Global aluminium inventory is running close to a historical peak level. But a significant part of the inventory is believed to have been locked up in financing deals, creating shortages in the physical market. Aluminium prices are likely to hold at the elevated levels in the near-term, although subject to the risks related to unwinding of financing deals and vulnerability of investor sentiment.

Copper

The annual benchmark for Treatment and Refining charges (TcRc) for 2011 has been settled at around 20% higher level than in the previous year in the negotiations between major global miners and smelters. Spot TcRc terms improved for smelters in recent months due to a temporary market surplus – including the recent impact of the unfortunate earthquake in Japan that forced idling of some smelters there. Continuation of favourable spot TcRc terms is, however, uncertain as projections of global concentrate market balance continue to suggest tightness until 2013/14.

The price of copper on the LME has maintained its robust level, spurred by the strong investor sentiment, weaker US dollar and projected shortages in the global refined copper market. The continuation of the momentum in prices will be contingent upon the overall risk appetite as copper prices remain significantly above the marginal cost of production of mines.

High copper prices and the resultant intensification in competition from scrap-based products adversely affected refined copper demand in India in FY11 – particularly in the wire and cable segment. While these factors may continue to constrain refined

... in the coming months, the overall market growth is ...dly positive on account of the robust trend in infrastructure sectors.

...ok

The Compa... despite the many ...s and one-timers, has been remarkable. Continuous efficiency improvements and free cash flow maximisation have been the Company's key focus. Spiralling input costs, especially energy prices, pose a serious challenge until greenfield projects come on stream.

The integrated nature of operations coupled with lien over resources remains the cornerstone of the Company's strength to grow. Organic growth projects under execution have made significant progress and are adequately funded to maintain momentum.

The financial closure and the increasing visibility of the projects have further increased the confidence and optimism about a quantum leap in the growth of the Company.