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## Hindalco announces Q3 FY 2011-12 standalone results [unaudited]

**09 February 2012**

Click here to view the results ([http://hindalconew.thdemo.com/portals/0/documents/investors/downloads/Hindalco\\_Q3FY11-12\\_Results.pdf](http://hindalconew.thdemo.com/portals/0/documents/investors/downloads/Hindalco_Q3FY11-12_Results.pdf))

**Superior results despite adverse macro-economic condition and steep inflationary cost pressure**

### Financial highlights

(In Rs. crore)	Q3FY12	Q3FY11	9MFY12	9MFY11
<b>Net sales</b>	<b>6,647</b>	<b>5,975</b>	<b>18,950</b>	<b>17,013</b>
Other income	90	61	444	212
<b>PBITDA</b>	<b>805</b>	<b>801</b>	<b>2,695</b>	<b>2,483</b>
Depreciation	175	171	524	512
Net interest	79	52	214	164
<b>Profit before tax</b>	<b>551</b>	<b>578</b>	<b>1,958</b>	<b>1,807</b>
Provision for taxes	100	118	360	379
<b>Net profit</b>	<b>451</b>	<b>460</b>	<b>1,597</b>	<b>1,429</b>
<b>Basic EPS - rupees</b>	<b>2.35</b>	<b>2.41</b>	<b>8.34</b>	<b>7.47</b>

Hindalco, the Aditya Birla Group flagship company, has announced

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its unaudited results for the third quarter (Q3) ended December 31,

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Q3FY11

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r realisation.

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EBITDA is maintained at Q3FY11 levels. The benefits of higher volume and realisation have been negated by the cost surge of over

Rs. 300 crore. Other income is higher by Rs. 29 crore due to improved treasury yield and enhanced corpus. This has been offset by higher interest and financing charges on account of higher rates.

Net profit is marginally lower at Rs. 451 crore in Q3FY12 from Rs. 460 crore in Q3FY11.

For the nine months ended December 31, 2011, revenues rose by 11 per cent, PBITDA increased by 9 per cent with an increase in net profit by 12 per cent.

Higher volumes and slightly improved realisations resulted in 13 per cent improvement in aluminium revenues. However, the EBIT is lower at Rs. 310 crore due to spiralling input cost of around Rs. 250 crore.

The capital employed for aluminium business at Rs. 21,172 crore as on December 31, 2011 includes Rs. 13,631 crore relating to Mahan, Hirakud Rolled and Aditya Aluminium projects. The balance largely relates to the existing aluminium operations.

In the copper business, revenues stood at Rs. 4,418 crore vs. Rs. 4,000 crore in Q3FY11, on the back of higher LME and by-product credits. Copper volumes also rose on account of improved efficiency. Profit before interest and taxes increased by 51 per cent to Rs. 216 crore from Rs. 143 crore due to improved efficiencies, higher Treatment and Refining Charges (TcRc) and by-product credit, offset to some extent by higher energy costs.

## Operational review

### Aluminium



Alumina production registered growth of 7 per cent  
respectively backed by improved operating  
al production rise on the back of continued focus  
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Downstream production also grew in the latter part of Q3FY12.  
Extrusion production was lower consequent to the lock-out at the  
company's Alupuram unit in Kerala. This has since been lifted  
(December 24, 2011).

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In tonne	Q3FY12	Q3FY11	9MFY12	9MFY11
Alumina	343,086	320,310	1,010,056	1,008,800
Metal	146,374	135,829	430,077	399,215
Wire rods	25,247	23,672	73,092	71,155
FRP	55,598	46,188	157,581	151,603
Extrusions	7,190	9,292	21,665	28,546

Copper

Quarterly cathode production was successfully ramped up after the planned shutdown in the last quarter. Cathode production was up by 9 per cent. Value-added CCR production was higher by 11 Kt.

In tonne	Q3 FY12	Q3 FY11	9MFY12	9MFY11
Cathode	87,748	80,224	235,528	250,637
CCR (own)	38,426	26,996	106,707	111,465

Expansion projects

All the projects are progressing well. There is no material development to report since the last quarterly press release.

Industry outlook

The sentiment in the financial markets has improved since the beginning of this calendar year. The improvement is, however, vulnerable to the looming macro-economic risks pertaining to the



and slowing global growth momentum. These risks  
cations for the commodity prices including metals  
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World aluminium consumption growth in Q3FY12 was 6 per cent over the corresponding period last year. Other than Europe, most of the economies witnessed growth in consumption with China growing in double digit. Aluminium prices on the London Metals Exchange (LME) averaged US\$2,089 in Q3FY12 – a drop of 13 per cent from the previous quarter. LME stocks were at the higher level of 4.9 million tonne, an increase of 0.4 million tonne in December, attributed to attractive warehousing deals and low interest rates.

In response to low metal price and high operating cost, some of the major producers have announced production cuts, which are expected to support and boost the metal prices in the next quarter. While the macroeconomic environment has weakened significantly, the outlook for aluminium demand appears positive and will be led by North America, China and major emerging nations.

Indian consumption is at levels similar to that of 2010 due to lower demands in the automotive and building and construction sectors in this quarter.

## Copper

Global refined copper consumption was virtually flat during the quarter, reflecting the overall weak economic conditions. Recently, copper prices on LME have hardened on account of falling trend in exchange inventories, sharp rise in Chinese imports and the improvement in the risk appetite. The continuation of the momentum of Chinese imports is, however, uncertain.

Indian refined copper market, which was earlier exhibiting weakness, improved in Q3 due to demand from the cables sector. Other user segments like winding wire, automobile and transformers were relatively flat.



In the concentrate market, supplies are encouraging after

normal production in most of the mines hit by strikes

es in Q2FY12. This year's annual negotiations for

have not been able to produce a single benefit

nts of TcRc between miners and smelters for the

next year and

The outlook on realisation of co-products like sulphuric acid and Di-Ammonium Phosphate (DAP), which were generally robust in 2011, remains softer for the coming quarters.

### Company outlook

Volatile LME and foreign exchange fluctuation along with spiralling energy cost is posing a major challenge in the short term context. Hindalco's portfolio of LME - neutral copper smelting operation and integrated aluminium operation is providing the strategic balance in the volatile commodity cycle.

Capacity expansions under implementation will enable the company to grow at a rapid pace and consolidate its leadership even further. The focus continues to be on timely completion of the projects and successful ramp-up of production.

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