



“Our goal is to become a
US \$65 billion Group by 2015
from US \$30 billion today.
We expect your company
to contribute significantly
to this growth and earnings.”

KUMAR MANGALAM BIRLA



Mr. G. D. Birla and Mr. Aditya Birla, our founding fathers.

We live by their values.

Integrity, Commitment, Passion, Seamlessness and Speed

THE CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Shareholder,

The global economy is gradually emerging from the throes of the meltdown of 2008. While growth rates have picked up, it will still be a while to get back to the pre-crisis path. However, the fundamentals of the global economy appear to be reasonably good. The IMF has forecasted a growth of 2.3% for the advanced countries and 6.3% for the emerging economies for 2010. Of all the countries, China's growth has been most impressive. Its economy has recorded a double-digit growth for several quarters. And it continues to surge.

India also is on a strong growth trajectory. Our economy is slated to grow in excess of 8%. Consumer spending is gaining momentum. Private investment is picking up steam. Globally and in India, the trend is encouraging. These impact your Company's growth and performance.

For the Financial Year 2009-10, your Company's performance has been phenomenal both at the standalone and consolidated level. Your Company's Net Revenue on consolidated basis stood at

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US \$ 12.8 billion (Rs. 60,722.1 crores). Significantly, Net Profit at US \$ 829.2 million (Rs. 3,925.5 crores) soared by 712%, in comparison to previous year.

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A number of strategic initiatives have been taken by your Management in the interest of its multiple stakeholders. As these have been detailed in the 'Management Discussion and Analysis', I will give you a helicopter view.

Your Company is today a premium metals major, global in size and reach. Today 76% of its US \$ 12.8 billion sales at the consolidated level are from outside India. Likewise, 61% of its assets are spread across the world.

Despite the extremely challenging macro-environment, your Company has outperformed its peers. And I have every reason to believe that this trend will continue.

The integrated nature of aluminium and copper, have been the major performance drivers. For instance, in the aluminium business bauxite mining to value added

downstream products and in the copper business, copper mining to value added products along with the fertilizer stream and precious metal refinery bolstered growth.

Your Company's strategy of building a portfolio of an extremely volatile yet high profit upstream business and a relatively low margin but stable downstream businesses of Novelis as well as Copper, has worked well in a time of low aluminium prices. Your Company's operational performance at your Company has been the best ever. Both Aluminium and Copper production have reached new highs.

Having said that, I must add that for Novelis too, your Company's subsidiary it has been an unprecedented year. The high point has been the turnaround of Novelis. This was accomplished through a slew of initiatives. Strategic measures, realignment of the product line to the revised demand scenario, closure of some capacities, pruning of overhead costs and prudent inventory management altogether have generated measurable returns across Novelis's global operations.

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Novelis has been rejuvenated. Its focus shifted. Novelis' paradigm changed from being volume driven to profit driven. The Company also went for higher pricing. Its adjusted EBITDA at US \$ 754 million represents a 55% increase over the preceding year. Novelis now has free cash flows of US \$ 355 million and a liquidity available of almost US \$ 1 billion. This is a great accomplishment for a company that was written off by investors not so long ago. Novelis is now set to grow on a strong base.

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The process of marrying Novelis' high end technology with Hindalco's cost focus is also progressing well. The high-cost assets of Rogerstone in UK are being moved to Hirakud in Orissa, close to our smelter. This will act as a hub for Can body stock. In turn it will help us grow the highly potential beverage Can market in India.

I am also pleased to record that Aditya Birla Minerals Ltd., your Company's Australian subsidiary, also witnessed a turnaround in its financial performance, largely due to sustained cost management processes. It has reported a PAT of AUD 61.4 million, as against a loss of AUD 76 million in the earlier year.

All of your Company's Greenfield projects – Utkal Alumina, Mahan Aluminium, Aditya Aluminium and Jharkhand Aluminium are on course. Regardless of the tough financial markets, your Company has made considerable progress on each of them. Let me reiterate that when these projects go on stream, your Company would be a 1.8 million tons Aluminium Company.

Outlook

It is apparent that the volatile financial and commodity markets in the last two financial years have severely tested the resilience of your Company's business model. It has been baptism by fire and your Company has emerged much stronger. Your Company's ongoing focus on cost optimization, operational excellence and the integrated business approach will ensure its long term success. The outlook is cautiously optimistic in the near future, before the impending quantum growth leap.

To our teams

I very warmly want to thank all of our colleagues in Hindalco for their immense contribution to your Company's praiseworthy performance. I look forward to their continued commitment to your Company's reaching greater heights and enhancing shareholder value.

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Today, we are a multicultural, multinational, multidimensional Group anchored by over 1,30,000 employees, belonging to 30 nationalities, across 6 continents. Our Group turnover is a little over US \$ 29 billion.

Our leadership across several levels is fleet of foot, flexible enough to adapt to the ever changing environment, and ambitious enough to dream

The Aditya Birla Group in perspective

Today, we are a multicultural, multinational, multidimensional Group anchored by over 1,30,000 employees, belonging to 30 nationalities, across 6 continents. Our Group turnover is a little over US \$ 29 billion. Our leadership across several levels is fleet of foot, flexible enough to adapt to the ever changing environment, and ambitious enough to dream audaciously.

Our goal is to become a US \$ 65 billion Group by 2015 from US \$ 30 billion today. We expect your Company to contribute significantly to this growth and earnings.

To attain this bold and ambitious vision, we have launched a series of people centered strategies. I believe, the best of goals can only fruition if we have the best of people and harness people potential, irrespective of positions.

As the Group continues to expand globally, exploring and seizing opportunities, we have accelerated the pace of offerings to our intellectual capital. Our endeavour is to provide them with unparalleled opportunities, dynamic challenges, a rewarding professional career and a sense of fulfillment on the personal front. This is a priority area. To take this forward, we launched our employee value proposition. Simply put, it is **"a world of opportunities"**. It entails the reinforcement of a four pronged approach.

Firstly, offering exciting career prospects that give employees a leeway to chart their own growth trajectory.

Secondly, intensifying learning processes that hone existing skills. Transcending it, we have taken the learning to a higher stage where talented employees are able to convert knowledge into action through exposure to the best global minds. For example, this year at **Gyanodaya**, our benchmarkable Institute of Management Learning, more than 500 colleagues at senior levels participated in specially designed, intellectually stimulating, innovative focused programmes. These related to globalization, leadership, innovation and getting far beyond the mind of the customer. These were

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conducted in collaboration with the best in class faculty from International Business Schools and consulting organizations. Among these feature, The Ross School of Business, The Duke University, UCLA (all from USA), ISB (Hyderabad), The Hay Group and Mercer Consulting.

It might interest you to learn that this year as well over a 1,000 executives enlisted for different learning sessions. Gyanodaya's virtual campuses reached out to more than 13,500 learners through its e-learning courses and webinars.

Thirdly, as part of our concerted efforts towards a sharp organizational focus and alignment in the talent management processes, across the businesses, we put in place critical differentiators. Besides linking rewards to performance, special performance incentives, international assignments, and Group-wide recognition programmes have been set in motion.

Fourthly, promoting enriched living by encouraging talent to look beyond just professional enhancement and to work toward building a wholesome, balanced life.

I believe, our Employee Value Proposition also helps to create an enabling environment that sets people up for success, enthuses in them the drive to excel, achieve and push back the frontiers of excellence.

Finally, I am delighted to share with you that in a comprehensive global study of organizational leadership across the world, conducted by The Hewitt Associates, in partnership with The RBL Group and Fortune Magazine (2009) on "Top Companies for Leaders to engage in", our Group, was adjudged "The 6th great place for leaders in the Asia pacific Region". That of 177 companies who participated in this study, we should have been chosen is indeed a great achievement. Their critical assessment criteria included strength and depth of leadership practices, culture, examples of developing world class leaders, business performance and company reputation. On all counts, we are on course.

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Yours sincerely,



Kumar Mangalam Birla



...DIVERSE WORLD

51 units • 13 countries

SUBSIDIARIES	UNIT LOCATED AT	
Novelis Inc	North America	<ul style="list-style-type: none"> • Rolled Product • Foil • Recycled Product
	Europe	<ul style="list-style-type: none"> • Rolled Product • Recycled Product
	Asia	<ul style="list-style-type: none"> • Rolled Product • Recycled Product
	South America	<ul style="list-style-type: none"> • Rolled Product • Alumina • Aluminium • Recycled Product
Aditya Birla Minerals Limited	Nifty Mines Mt Gordon Mines Australia	<ul style="list-style-type: none"> • Copper Cathode • Copper Concentrate • Power • Copper Concentrate



SUPER POWER IN PREMIUM METALS

Hindalco's well-crafted growth and integration hinges on the three cornerstones of



COST COMPETITIVENESS

Reflected through its strong manufacturing base and operational efficiencies across the value chain



QUALITY

Through its versatile range of products serving core applications for diverse industries; and



GLOBAL REACH

Operations in 5 continents. Reaching Customers across more than 50 countries

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