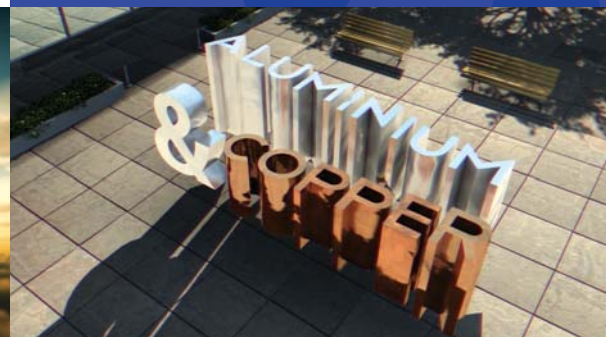


ANNUAL REPORT

2010 - 2011



Leadership through Consolidation



Mr. G. D. Birla and Mr. Aditya Birla, our founding fathers.
We live by their values.
Integrity, Commitment, Passion, Seamlessness and Speed.



Dear Shareholder,

The global economy has withstood the recession though its recovery has been rather sluggish. World growth decelerated to nearly 3.8% during the second half of 2010 from 5.3% during the first half. The IMF forecasts a 4.3% global growth in 2011. The US economy grew at 3% last year. Growth in the Euro zone was muted at around 2%. In sharp contrast emerging economies have grown briskly - in excess of 7%. China and India are the clear standouts, peaking at over 10% and 9% growth respectively.

With the global economic growth slowing, growth levels in India are likely to be impacted. Nevertheless, as we know, the fundamentals of the Indian economy remain strong. Over the past few years India's track record has been impressive. The country recorded almost twice the global growth rate. Whilst the country does face roadblocks in the short term, the medium to long term growth prospects for India are bright. These have a bearing on your Company's growth and performance.

Your Company has truly excelled. Its consolidated revenue at US \$ 15.85 billion, has been the highest ever. This is a growth of 24%. Its adjusted EBITDA stands at US \$ 1.93 billion (Rs.8,724 crores). Its performance reflects four inherent strengths. First, its low cost business model. Second, its operational excellence.

Third, its superior product mix. And fourth, a balanced and de-risked portfolio.

Your Company's Copper production, both in India and Australia, has been impressive. One sees a marked improvement in operational efficiencies. Your Company's Copper Smelter in India and Nifty mines in Australia have recorded the highest copper production.

Novelis achieved outstanding results as well. A net income of US \$ 116 million, an EBITDA of \$1.1 billion and a solid free cash flow of US \$ 310 million. They reflect a number of ongoing initiatives, geared to strengthen the business. Among these are: optimizing the Company's footprint; reducing its cost base by closing underperforming and non-core plants, investing in recycling initiatives. Furthermore, the expansion of the Company's Pinda mill in Brazil and global debottlenecking projects designed to increase capacity, have been growth propellers.

"All of your Company's Greenfield projects are on course. Of these projects, two aluminum smelters and one large alumina refinery viz. Mahan Aluminium, Aditya Aluminium and Utkal Alumina are in advance stage of execution with a capital outlay of US \$ 5 billion."

Your Company has embarked on an aspirational growth path. Several projects are on the ground. I will touch upon a few, as in the Management Discussion and Analysis (MDA), these have been dealt in great depth. The Hirakud Flat Rolled Products project is underway. As perhaps you may be aware, the FRP production from the Novelis Plant at Rogerstone in UK is being moved to India. The project will be completed by end 2011. It will give your Company an edge in the local and export markets.

All of your Company's Greenfield projects are on course. Of these projects, two aluminum smelters and one large alumina refinery viz. Mahan Aluminium, Aditya Aluminium and Utkal Alumina are in advance stage of execution with a capital outlay of US \$ 5 billion. Let me reiterate that when these projects, along with those which are currently on the drawing board, are commissioned, your Company would be a 1.7 million ton aluminum company with a 6 million ton alumina refining

capacity. There is great going for Hindalco in the coming years.

Outlook

I believe, your Company is well poised to emerge as "Global Metal Business" comprising India Centric Upstream business and Global Value Added Downstream business. As I mentioned earlier, your Company has embarked on an ambitious growth path with an announced investment plan of over US \$ 6.5 billion in India and globally in the next three years. In my view, your Company is all set for a quantum growth leap.

To our teams

I would like to say a big thank you to all of our teams for their consistent high performance. I take great pride in the performance of our people.

The Aditya Birla Group in perspective

Today, we are a multi ethnic, multi dimensional Group with a bench strength of 133,000 passionate and committed people, belonging to 42 nationalities across 6 continents. For the year 2010-11, our consolidated revenues stand at US \$ 35 billion, compared to US \$ 29 billion in the preceding year, recording a 22% growth. Our leadership, regardless of levels, has a penchant for collaborative and innovative solutions, for new ways of working that keep our Companies and our products on our clients and customers radar all the time. This is what drives our performance.

I believe that purposive actions in the people area can be huge differentiators to our growth plans. For us, it is very important to know what our people think of us. So we recourse to a biannual Organizational Health Survey (OHS) conducted by Gallup as the barometer of the engagement at work index in our Group. Over 28,000 executives spanning 31 countries participated in OHS 7 (2010). The participation level at 97%, in Gallup's opinion, sets a

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new benchmark. Given its objectivity and rigor of its process, there is immense value in its findings.

It is a matter of great satisfaction for me that the key strength of the Group, as identified in the OHS, continues to be the great sense of pride that our employees experience and express in working for the Aditya Birla Group. More importantly, this pride stems from our employees' belief and conviction that we are a good corporate citizen. Given the decline in ethics we see in business today, that is a huge validation of our insistence on value-based leadership. Pride, in turn is a great driver of positive energy and performance.

To capitalize on this positivity and to grow and hone the talent resident in the Group, we have launched several initiatives that further our Employee Value Proposition – a World of Opportunities. We have launched the 'Career Management Services' – a pioneering effort which is an integrated end-to-end career service aimed at all employees. This is already afoot in the cement business. Over the coming years it will be extended across other businesses in the Group.

On the issue of grooming talent, collectively our Business Directors and Business Heads, along with me, have invested over 500 man-hours in discussing, reviewing and working through the development plans of each of our talent pool members at the Group level. Their development plans include engagement with special projects, coaching and mentoring by the top leadership team, besides attending cutting-edge functional and behavioural programmes globally that open the frontiers of their mind and goad them to defy limitations. That 60% of the total leadership positions were filled in from our existing talent in 2010-11 validates the talent honing processes which have laid a robust leadership pipeline within our Group.

Our commitment to employee learning and development at all levels, is unrelenting. In 2010-11, there were 30,000 touch points with our learners

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through multiple formats of learning. More than 25,000 employees enlisted in e-learning programmes at Gyanodaya, our Institute of Management Learning. This year, at Gyanodaya, 200 colleagues at very senior levels attended specially designed programmes. They had the opportunity to interact with professors from leading Universities and B-Schools. They were a great faculty, drawn from Universities such as Stanford, RICE, Michigan and Duke at the global level along with professors from the IIMs and ISB (Hyderabad). Our senior managers also derived immense value from training and learning sessions conducted by leading consultancies such as The Centre for Creativity Leadership (CCL), The Hay Group and The Works Partnership (TWP), among others.

Finally, I am delighted to share with you that our employees have given a thumping vote of confidence to our Group as the 'Best Employers' in India and in Asia Pacific. Aditya Birla Group, of which your Company is an integral member, has been declared as one of the 'Best Employers' in India in the Aon Hewitt Survey conducted recently. We ranked 2nd from among 200 other Indian organizations, who participated in the survey. In Asia Pacific, we have been ranked among the top companies as well. Soon we hope to attain this stature in the rest of the world too – wherever we operate.

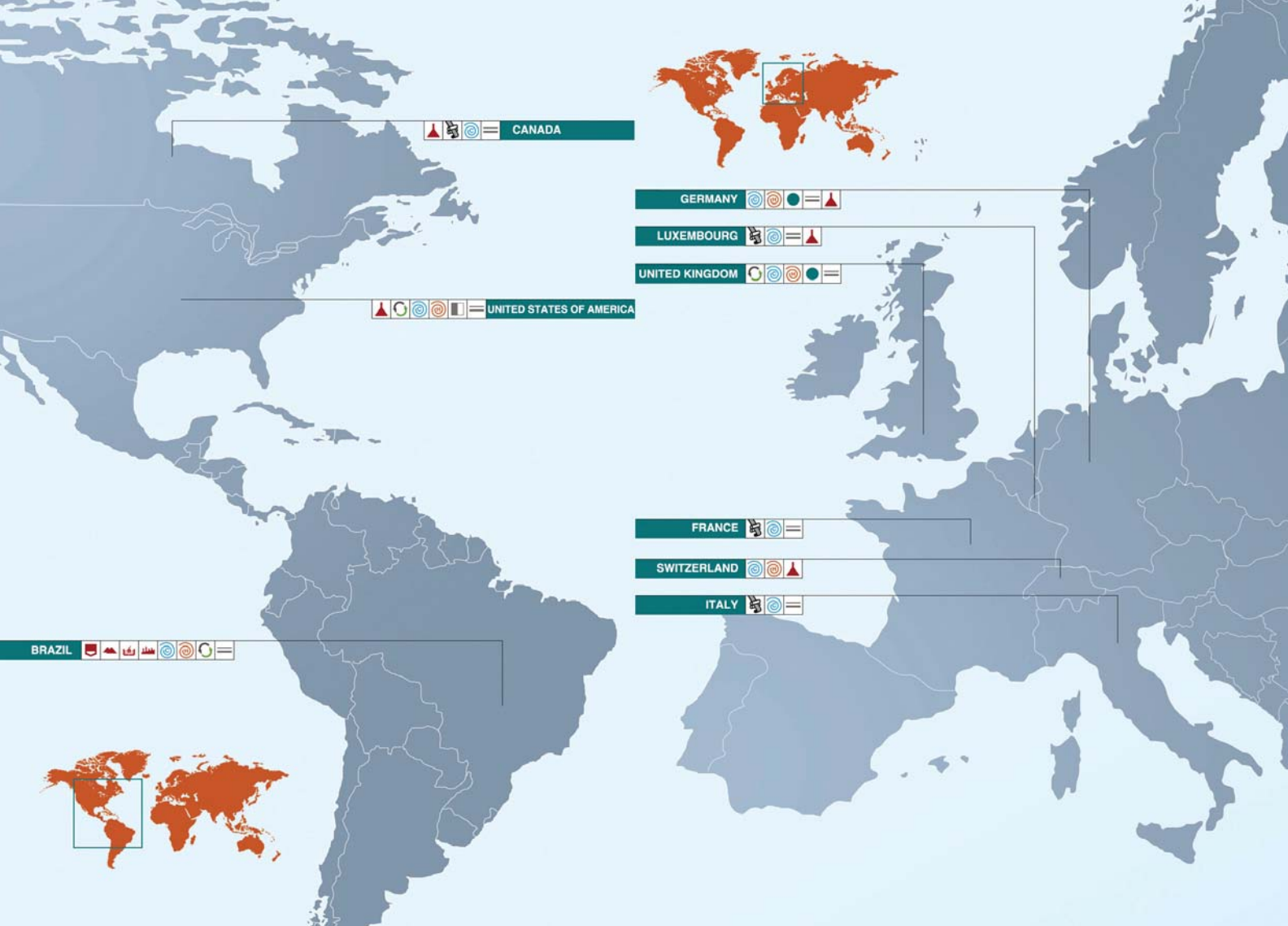
Our people are our future. With them and the wind in our sails, we feel buoyant about achieving our stretch goal of becoming a 65 billion dollar Group by 2015. Your Company will play a important role in reaching this destination.

Yours sincerely,



Kumar Mangalam Birla

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...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 • Copper Concentrate



WIDE OPERATIONS

• 34000 workforce • 15 + nationalities

	Alumina Refinery		Coating		Integrated Aluminium Complex
	Aluminium Extrusion Plant		Cold Rolled		Integrated Copper Complex
	Aluminium Foil Plant		Continuous Casting		Power Plant
	Aluminium Rolled Product Plant		Converting		R & D / Technology Centre
	Aluminium Smelter		Copper Mines		Recycling
	Bauxite Mines		Finishing		
	Coal Mines		Hot Rolled		

Hindalco Industries Limited, the metals flagship company of the Aditya Birla Group, is an industry leader in aluminium and copper. A metals powerhouse with a consolidated turnover of Rs. 72,078 crore (US\$ 15.85 billion), Hindalco is the world's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia. Its Copper smelter is the world's largest custom smelter at a single location.



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