

**INTERVIEW-Hindalco eyes expansion, acquisitions for growth.**By **Chaitanya Kalbag** and Rosemary Arackaparambil

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BOMBAY, Dec 9 (Reuters) - Hindalco Industries, a leading Indian maker of non-ferrous metals, aims to expand its aluminium and copper capacity through expansion and acquisitions to attain global reach, its managing director said on Tuesday.

Hindalco is the flagship of India's third-largest conglomerate by sales, the Aditya Birla group.

It is the country's top aluminium producer, with one of the world's lowest cost structures in the business, and also accounts for nearly half of India's copper output.

"We are relatively small by global standards. Therefore it is important that we look at our size very carefully. We have definite ambitions to grow and we are in the process of evolving our plans," Debu Bhattacharya told Reuters in an interview.

Hindalco's aluminium smelter in Renukoot in the northern state of Uttar Pradesh has an annual capacity of 345,000 tonnes, which is scheduled to rise to 360,000 tonnes by March 2005. Its adjacent alumina refinery has a capacity of 660,000 tonnes.

Alumina is extracted from bauxite ore and used to make metal.

Hindalco also controls India's fourth largest aluminium producer Indian Aluminium Company with an annual output of nearly 70,000 tonnes. Together the two firms have a nearly 50 percent domestic market share.

Hindalco also has a joint venture with Canada's Alcan Inc, called Utkal Alumina International Ltd, which is setting up a one million tonne alumina refinery in the bauxite-rich eastern state of Orissa.

"That will give us very significant growth possibility," Bhattacharya said. "One million tonnes of alumina will almost double our current capacity."

STALLED PRIVATISATION

Bhattacharya declined to divulge specifics of the firm's acquisition plans.

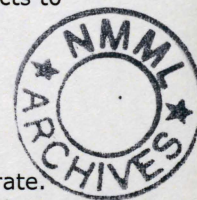
"Public sector unit disinvestment certainly will be one of them, but we can't wait for that exclusively because there are many uncertainties involved," he said.

Hindalco had expressed interest in bidding for state-run National Aluminium Company, India's second largest aluminium maker, but the government's privatisation programme has been stalled due to protests from workers unions and political pressure.

Hindalco entered the copper business four years ago with an annual capacity of 100,000 tonnes and expects to have 250,000 tonnes in capacity by next year.

"We have grown very fast even by global standards. Our objective is to grow that further. We are in the process of evaluating what that should be," he said.

This year the firm acquired two copper mines in Australia to help meet its requirement of copper concentrate. It aims to be self sufficient to the extent of 40 percent of its concentrate needs and could look for more mines



as it grows, Bhattacharya said.

"The business has done reasonably well, but it is a sub-optimal size.... We have been aided by the protection of import duty. That will not stay. It has already started getting eroded and that is why there is need for growth."

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BOMBAY, Dec 6 (Reuters) - India's largest truck and bus maker Tata, riding a dramatic return to growth fuelled by new global ambitions, expects to see explosive growth starting in 2006, a senior executive said Tuesday.

Ravi Kant, executive director of the commercial vehicle unit of Tata Motors, said robust domestic demand and Tata's new-found appetite for overseas acquisitions and joint ventures would help position it as a global brand.

Tata Motors plans to increase revenue five-fold from its overseas operations to reach at least a quarter of its total sales by fiscal 2006/2007, supported by the acquisition of a truck manufacturing plant in South Korea and an assembly partnership in China, Kant told Reuters in an interview.

"We are looking at opportunities in China in a big way," he said. A large Tata team is in China scouting for the right partner, he added.

Last month Tata, traditionally an inward-looking vehicle maker that has been content for many decades with modest exports to nearly 70 countries, marked a major shift in ambition and strategy when it announced last month a deal to buy South Korea's Daewoo Commercial Vehicle Co Ltd.

At one stroke the move will put Tata within reach of a higher horsepower range in trucks and give it access to Daewoo's brand and research and design assets - all on the doorstep of huge and growing markets in North Asia.

FIGHTING THE BOOM AND BUST CYCLE

"This is a mindset change not only in Tata Motors but the entire Indian automobile industry," said Kant.

Elsewhere, Tata will focus on a dozen core markets and build what it described as "a national" line with local partners by shipping completely knocked-down and semi-knocked-down truck and bus chassis and using local expertise to build bodies.

Under Kant, Tata is looking to break out of the usual three-year boom and bust cycle in truck demand.

That vulnerability drove Tata to a net loss of 5.8 billion rupees (\$119 million) for the year to end March 2005, one of the country's biggest ever.

The red ink was not helped by a heavy reliance on its India hatchback, India's first home-grown car launched in 1999.

Two years later, Tata made a dramatic turnaround to profitability for the year to March 2005, helped by a more popular version of the hatch and by booming truck sales. A huge central government project to build state-of-the-art highways across the country also fed demand.

The rebound has lifted shares of Tata Motors by 159 percent since January 2003, outpacing a 51.9 percent gain by the benchmark 30-share Bombay bourse.

TURNING MORE AND MORE OF A BILLION INDUSTRY

