



# Hindalco Industries Ltd.

**Growth with Sustainability**

*Making the World Greener, Stronger & Smarter*

**CEO Track Forum at Motilal Oswal's 17<sup>th</sup> Annual Global  
Investor Conference 2021**

*06<sup>th</sup> September, 2021*

*Presented by : Satish Pai, Managing Director*

# Safe Harbor Statement

## Forward-looking statements

Statements made in this presentation which describe the company's intentions, expectations, beliefs or predictions may be forward-looking statements within the meaning of securities laws. Forward-looking statements include statements preceded by, followed by, or including the words "believes," "expects," "anticipates," "plans," "targets," "estimates," "projects," "forecasts," or similar expressions. Forward looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and are based on our management's beliefs, as well as assumptions made by, and information currently available to our management as well as other factors that we believe are appropriate and reasonable under the circumstances. Examples of forward looking statements in this presentation are statements about our expectations about strengthening and growing the business with expansion projects or achieving synergies associated with the acquisition. The company cautions that, by their nature, forward-looking statements involve risk and uncertainty and the company's actual results could differ materially from those expressed or implied in such statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, actual performance, future events or otherwise. Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things: changes in the prices and availability of aluminum (or premiums associated with such prices) or other materials and raw materials we use; the capacity and effectiveness of our hedging activities; relationships with, and financial and operating conditions of, our customers, suppliers and other stakeholders; fluctuations in the supply of, and prices for, energy in the areas in which we maintain production facilities; our ability to access financing including in connection with potential acquisitions and investments; risks relating to, and our ability to consummate, pending and future acquisitions, investments or divestitures; changes in the relative values of various currencies and the effectiveness of our currency hedging activities; factors affecting our operations, such as litigation, environmental remediation and clean-up costs, labor relations and negotiations; breakdown of equipment and other events; economic, regulatory and political factors within the countries in which we operate or sell our products, including changes in duties or tariffs; competition from other aluminum rolled products producers as well as from substitute materials such as steel, glass, plastic and composite materials; changes in general economic conditions including deterioration in the global economy; the risks of pandemics or other public health emergencies, including the continued spread and impact of, and the governmental and third-party responses to risks arising out of our acquisition of Aleris Corporation including risks associated with related divestiture requirements and uncertainties inherent in the acquisition method of accounting; disruption to our global aluminum production and supply chain as a result of COVID-19; changes in government regulations, particularly those affecting taxes, derivative instruments, environmental, health or safety compliance; changes in interest rates that have the effect of increasing the amounts we pay under our credit facilities and other financing agreements; and our ability to generate cash. The above list of factors is not exhaustive. Other important risk factors are included under the caption "Risk Factors" in the Company's Annual Report and form 10K of FY2020-21.

# Environment, Social & Governance (ESG)



# Strong ESG Commitment

## E

### ENVIRONMENT

- Continued Emphasis On Recycled Content
- Net Carbon Neutrality By 2050
- Zero Waste To Landfill By 2050
- Water Positive In Mining Locations By 2050
- No Net Loss On Biodiversity By 2050



## S

### SOCIAL

- Zero Harm-occupational Health And Safety
- Diversity And Inclusion
- Commitment To Community And Society Along With Creation Of Sustainable Livelihood
- Affirmation To Human Rights



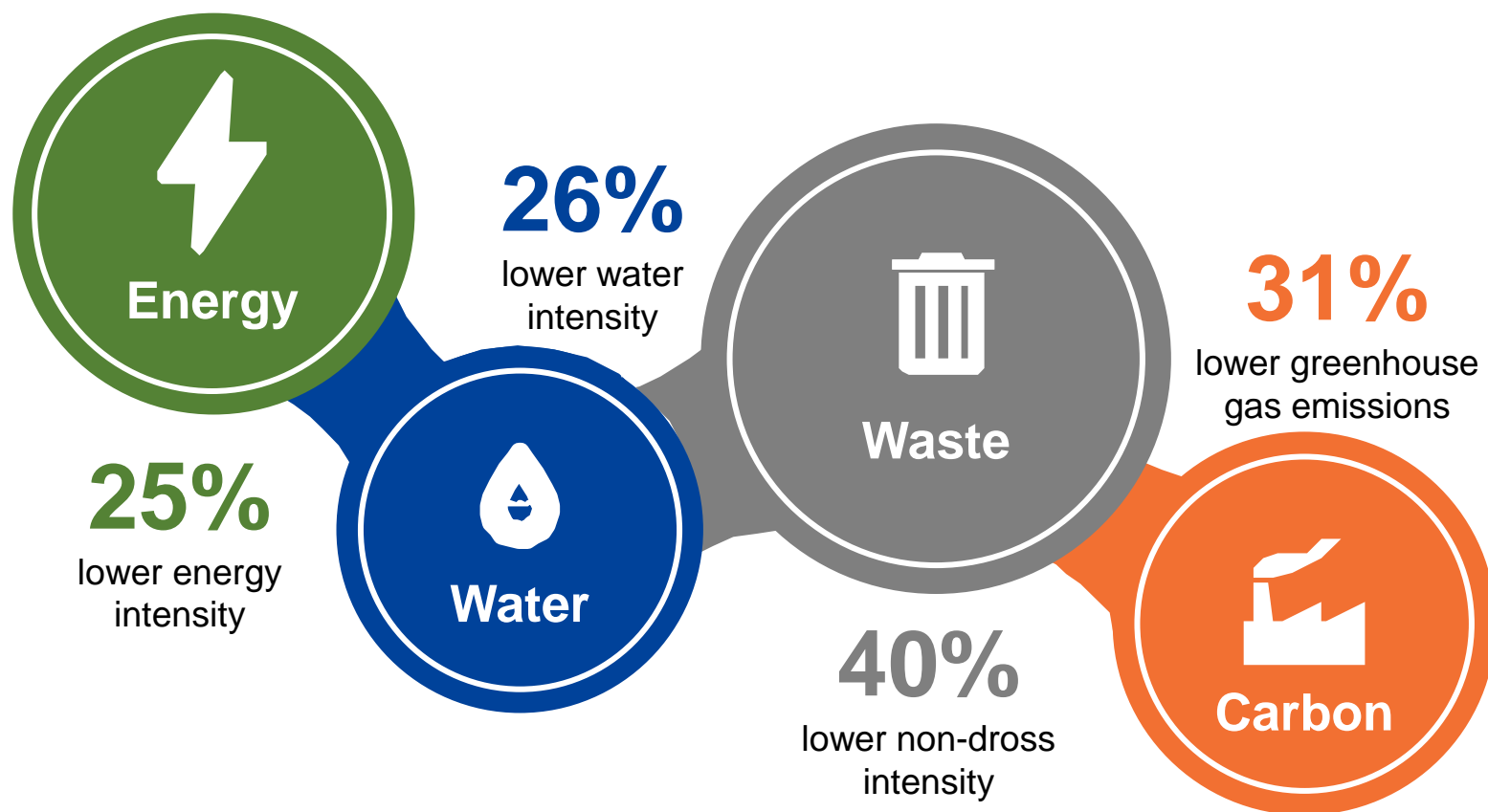
## G

### GOVERNANCE

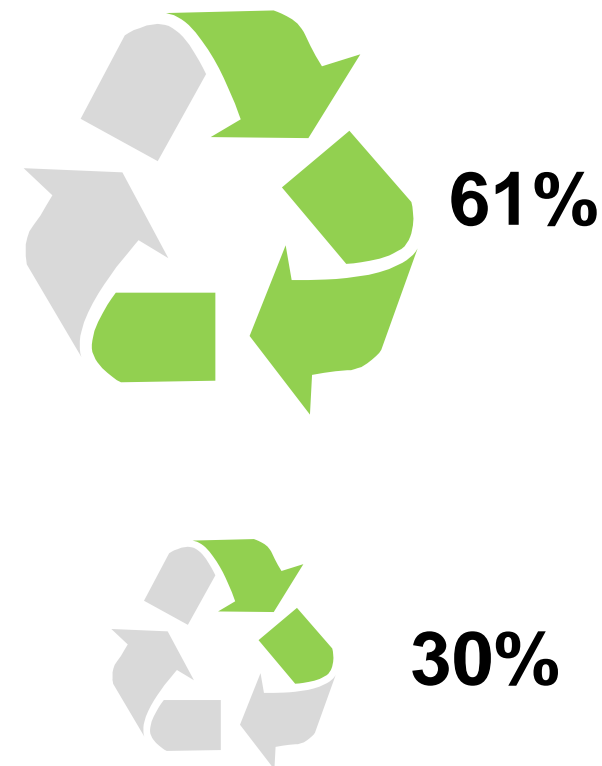
- Highest Level of Values And Transparency
- Strict Adherence of Code Of Conduct
- Best in class in Corporate Governance
- Highest Levels of Information Security/Cybersecurity
- Customer and Supplier centricity



# Novelis : Progress Since Average of FY2007-09



## Recycled Content Evolution

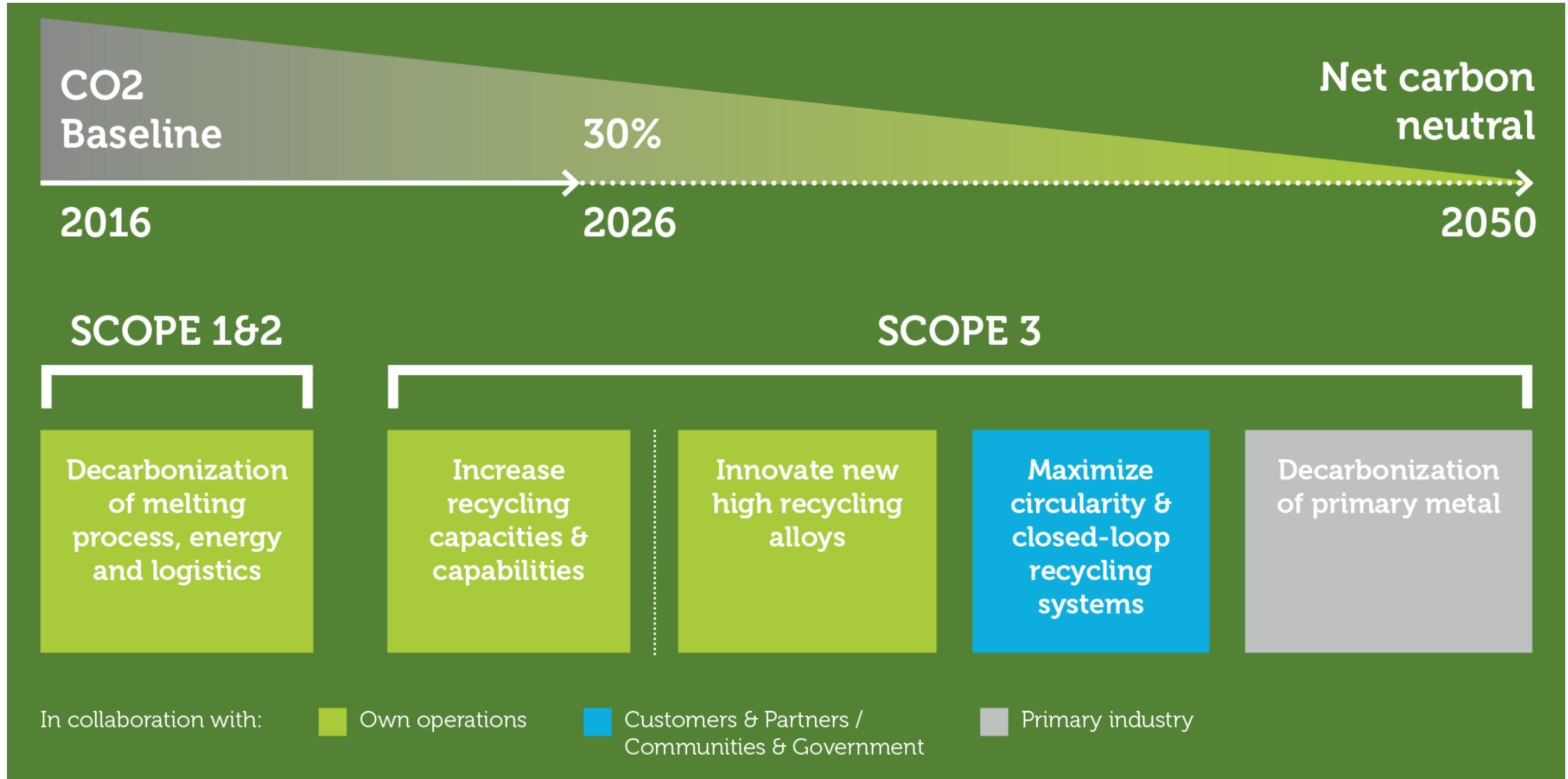


Novelis is the world's largest recycler of aluminum with a current recycling capacity of 2.5 million tons per annum

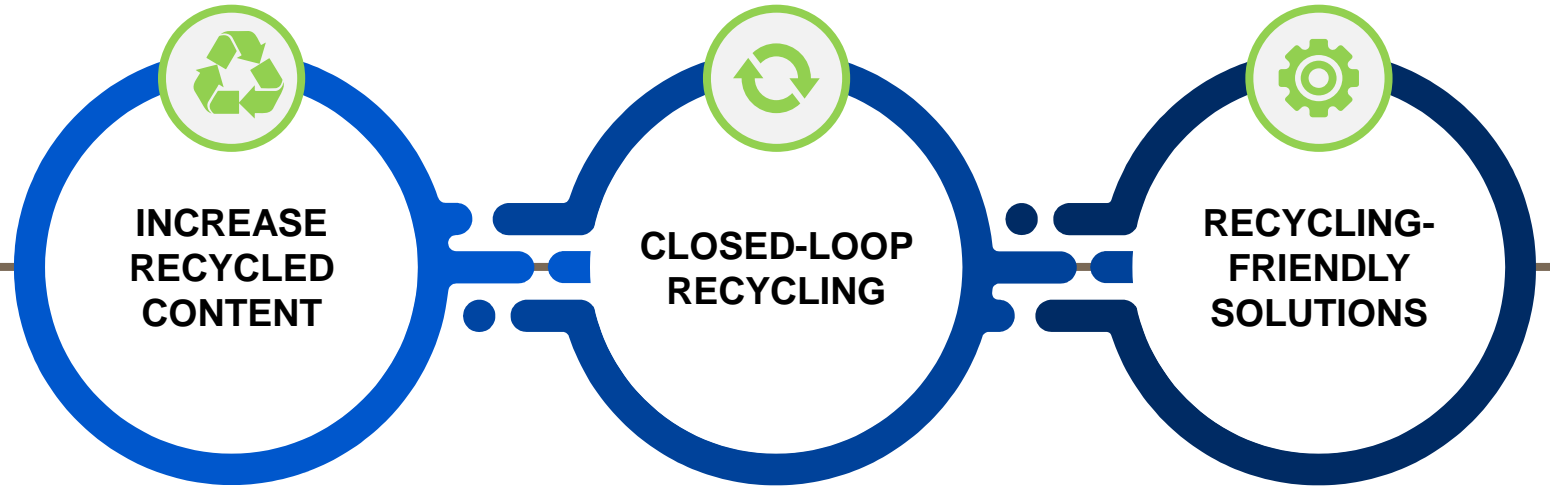
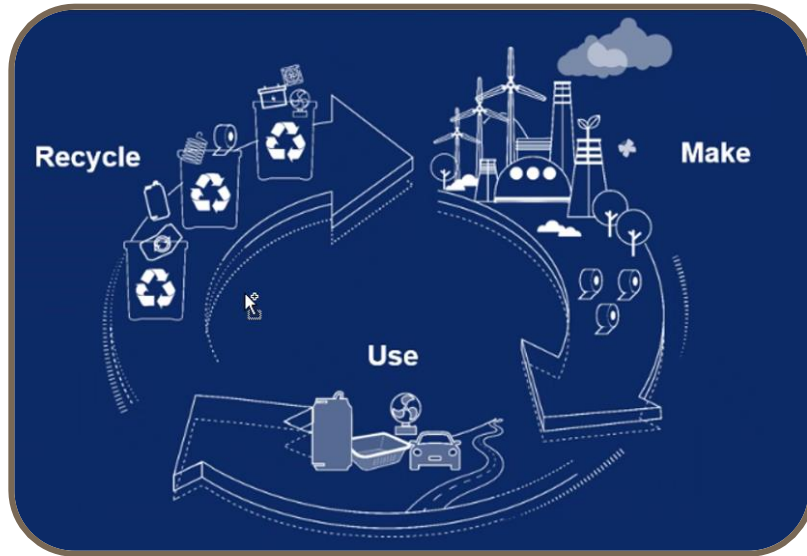
Legacy Novelis plants progress, FY21 vs baseline (average FY2007-09)



# Novelis – Decarbonization Roadmap

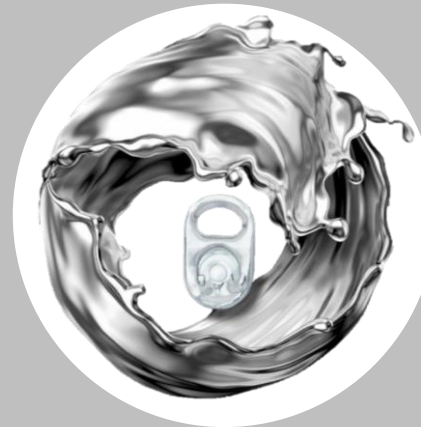


# Novelis : Progressing Towards a Circular Economy



- 75% of all aluminum ever produced is still in use today
- Invested approximately \$700 million since FY11 to grow total recycling capacity to approximately 2.5 million tonnes
- Identifying additional recycling and casting investments over next five years to improve recycling content and increase casting capacity

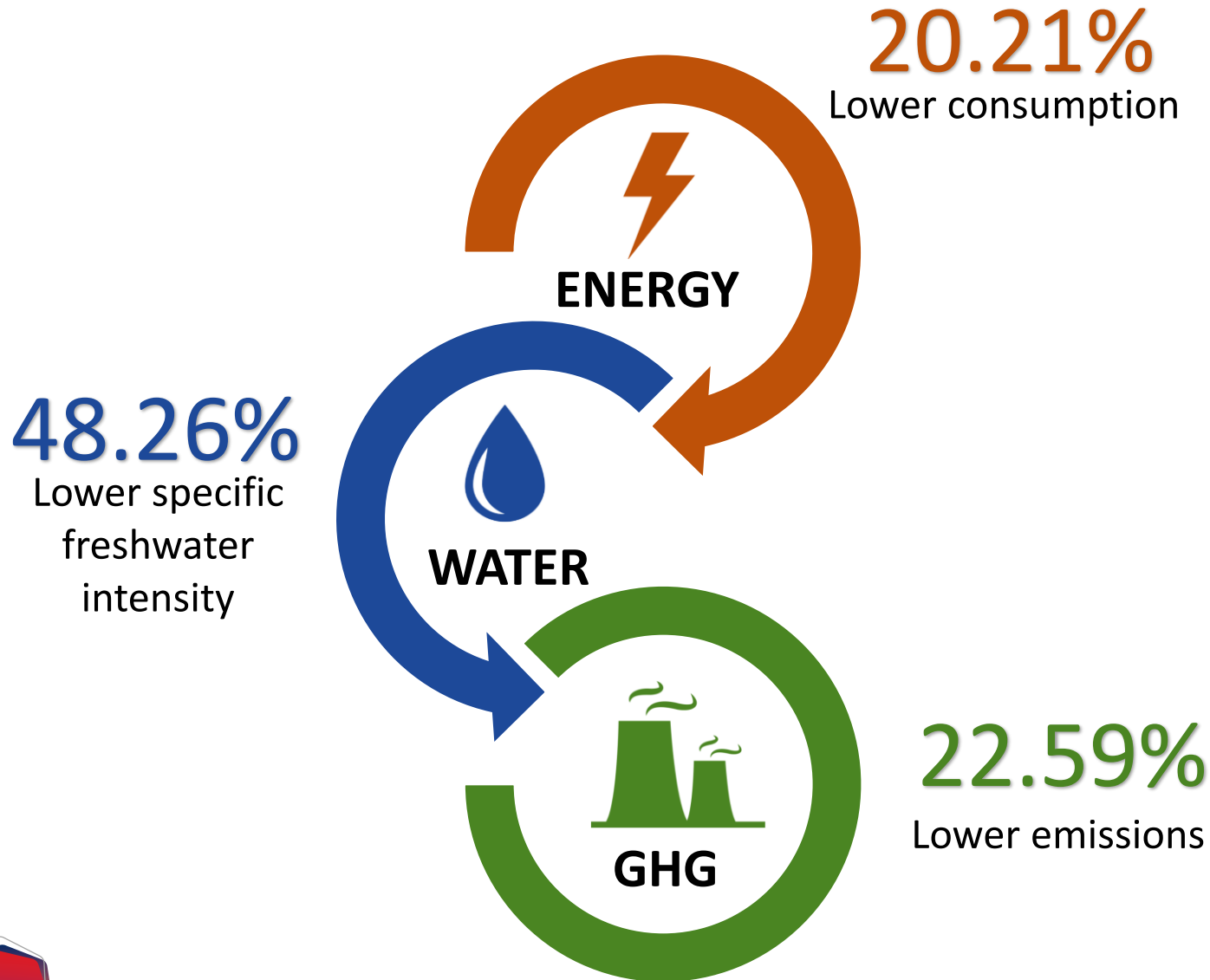
**Novelis recycles more than 74 billion cans annually  
Back on the shelf in 60 days**



**Closed loop recycling produces equivalent of 30,000 F-150 truck bodies entirely from scrap each month**



# Hindalco's Progress from FY 2010-11 till FY 2020-21



## Waste Management



**More than 80% of our wastes\* go for recycling and reusing**

*\*Includes bulk wastes, hazardous and non-hazardous*





# Hindalco : Environment Stewardship



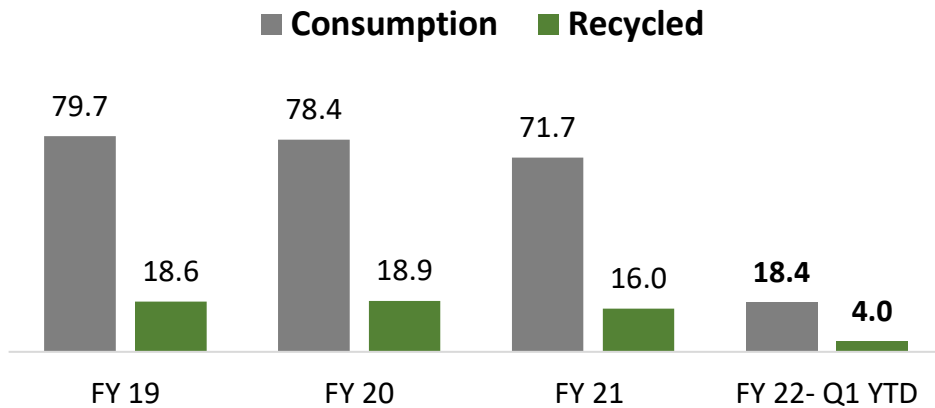
## Water Management

3rd Party assurance of Mines water inventory in progress inline with ISO 14046

Water Shed management, more conservation through mines and CSR.

Committed to ZLD at all sites by 2025, adding one site per year

## Water Consumed & Recycled (mil m<sup>3</sup>)

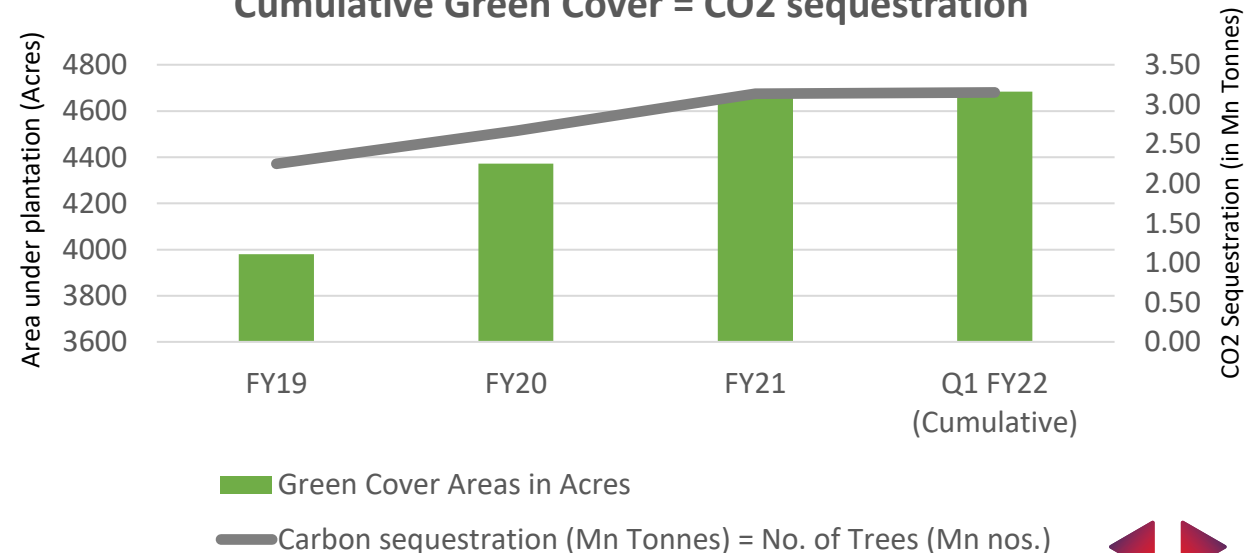


## Green Cover & Biodiversity

- 1st Miyawaki plantation (3-tier scientific afforestation) carried out in Aditya plant in the area of 400 m<sup>2</sup> as per the Biodiversity Management Plan (BMP) by International Union for conservation of Nature (IUCN)

- Enhanced the green cover by 12 acres in Q1 FY22; cumulative green cover across all sites is spread over 4684.2 acres
- Green belt enhancement plan developed for ten of the non-BMP sites based on revised Forest department's SOPs for Flora and Fauna conservation

## Cumulative Green Cover = CO<sub>2</sub> sequestration



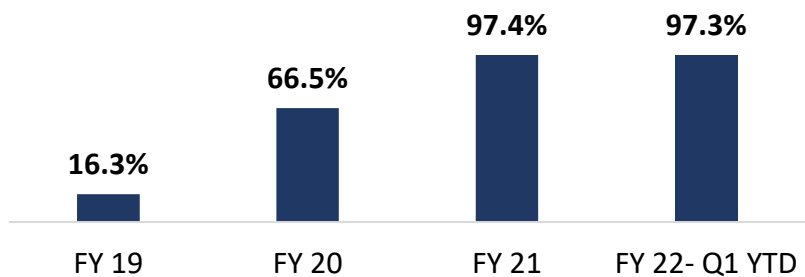
# Circular Economy - Waste Management



**Bauxite Residue**

100% of Red Mud from three out of four Alumina Refiners reused in Cement Industries. Utkal refinery is conducting pilot projects for Mine Backfilling and Roads

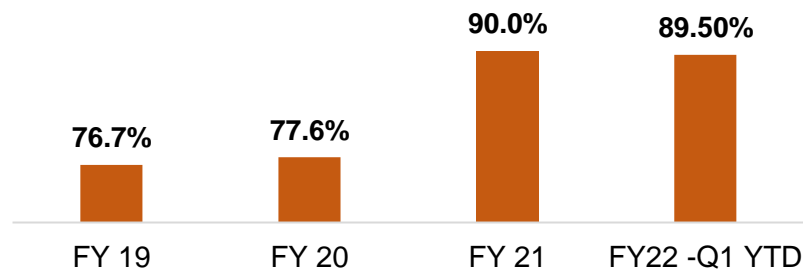
**Bauxite Residue (% Recycled)**



**Fly Ash**

89.3 % of Ash from Power Plants reused

**Fly Ash (% Recycled)**



## Hindalco – 3 sites Single Use Plastic (SUP) free



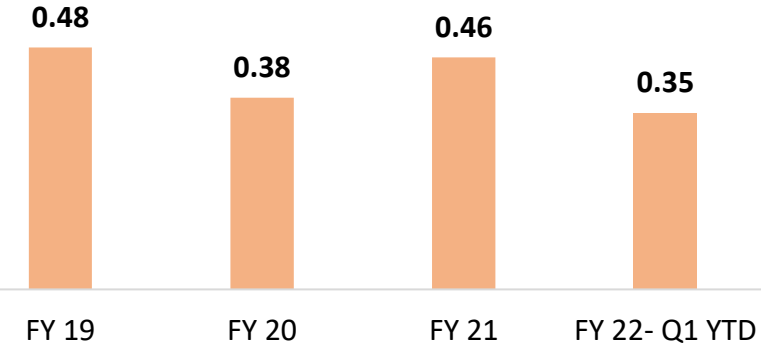
In Q1FY22, 82.7% of total wastes generated is recycled/ reused, balance 17.3% goes for secured landfill/storages/incineration  
**Targets to reduce landfill by 5% YoY**

# Journey towards Zero Harm and Renewable Energy

## Safety Program Update

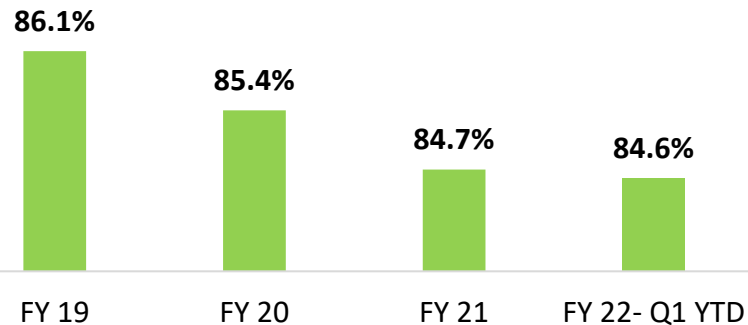
- **SIF prevention** : 461 situations having risk identified and action plan prepared
- **New Contractor Safety Management Program implementation status:** SAQ score not less than 81% at each unit ; plan to reach 90% in Q2- FY22
- **In “Line of Fire” work situations:** 1,872 situation identified and control measures for more than 90% situation is being undertaken
- **Digitization:** e-permit implemented, Drone & Video Analytics for high-risk work like Confined Space Entry and Work at height
- **Review of Risk Assessment:** 43,289 activities having human intervention rescreened

## LTIFR



## Aluminium Sp. Energy

(Indexed to FY15 Base)



## Onsite Renewable (Primarily solar) – Potential of 246 MW by FY25

- FY22 - 52 MW is under implementation across 5 locations to reach 100 MW target
- FY23 - 32 MW is identified so far including floating solar

## Other Initiatives in Renewables

- Continuously exploring & evaluating large scale
- Renewable projects with storage (Pumped Hydro) - Grid upgrade to 400 KV initiated at Aditya; timeline is 2 years.
- Evaluating emerging technologies on Carbon Capture (CCUS) - Target for Pilot in FY23.

## Renewable Energy



# Product Stewardship for Lowering Carbon Footprint through Lightweighting



**Aluminium  
Railway Wagon**



**Aluminium  
Trailer**



**Aluminium  
Bulker**



**Aluminium  
Bus**



**Aluminium Foil-  
Laminated Jute Bags**



**Aluminium LPG  
Cylinder**



## Sustainable transportation and logistics

India's first lightweight aluminium trailer and bulker which helps transporters to save

- Fuel up to 15,000 litres/ trailer and 12000 litres/ bulker
- CO2 emissions  $\approx$  38 tCO2/ trailer and 30tCO2/ bulker

### Aluminium Bus savings:

- Fuel upto 18,000 litres/ AI bus
- CO2 emissions  $\approx$  45 tCO2 / AI bus

## Sustainable packaging

A combination of aluminium and jute bags, for food items is a big step towards SUP (Single use Plastic) free INDIA



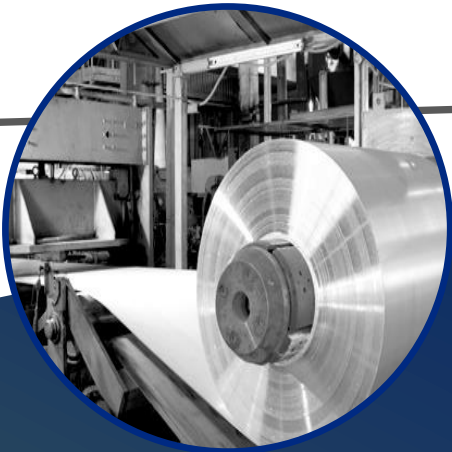
## Sustainable Aluminium Packaging / Vehicles / Building & Industrial Materials / EV Battery Boxes

An **aluminum-intensive** vehicle can achieve up to a 20% reduction in total life cycle energy consumption and up to a 17% reduction in CO2 emissions  
(Source: Aluminum Transportation Group)

**Aluminium battery enclosures** are up to 50% lighter than an equivalent steel design and extends vehicle range up to 10% further on a single charge



# Our Growth Journey So Far.....



# Novelis : Organic Capacity Expansions Largely Complete

## Guthrie, Kentucky, US

- Greenfield 200kt automotive finishing facility
- \$300 million capital investment
- Shipped first customer coil in Q3-FY21
- Customer qualifications continue into FY22



## Changzhou, China

- New 100kt automotive finishing line at existing facility
- \$180 million capital investment
- Shipped first customer coil in Q4-FY21
- Customer qualification continue into FY22



## Pinda, Brazil

- 100kt rolling expansion
- 100kt casting & recycling expansion
- \$150 million capital investment mainly complete,
- Commissioning to begin in FY22



# Novelis : Finalizing China Integration Plans

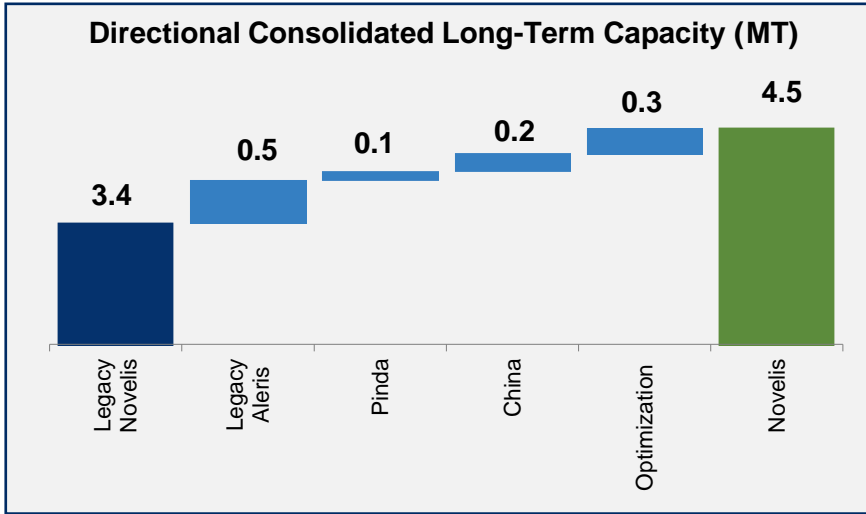
- **Maintain existing aerospace & commercial plate production capacity**
- **Capital Investment of around \$375 million, over 3-years into :**
  - Expansion of Zhenjiang mill to produce automotive cold coils to feed Novelis Changzhou auto finishing lines
  - Automotive casting house
  - Recycling capabilities
  - Existing Hot mill upgrade
  - New cold mill capacity of ~270ktpa
  - Other required buildings, facilities, etc



- **Fully integrate automotive business in Asia**
  - Access to local sourcing and structural cost advantage
  - Maintain first mover advantage & leading market position in China
  - Develop closed loop recycling in China to support our sustainability strategy
  - Unlocks capacity at UAL to serve growing Specialty and Can markets
  - At least \$100 million in synergies



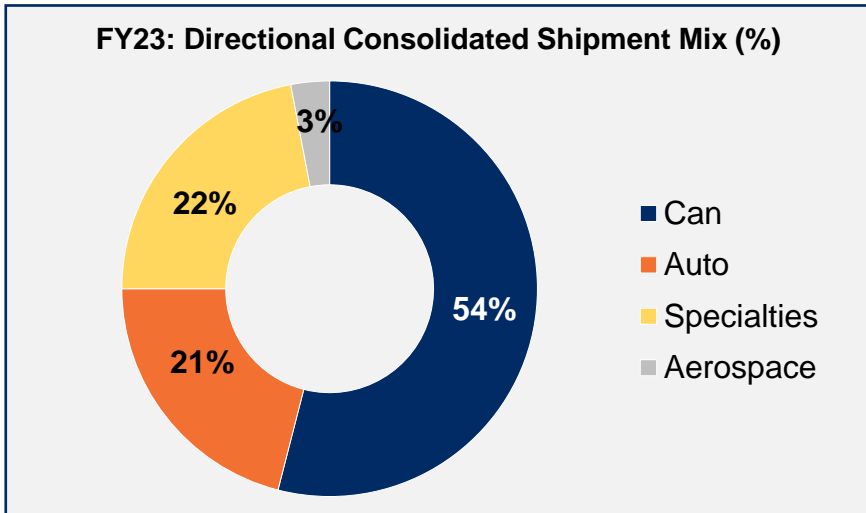
# Novelis : Growth Opportunities Abound via Capacity Optimizations



- Approximately US\$ 1.5 billion organic growth capital over next 5 years

- Investing in innovative processes, technologies and capabilities to unlock capacity, capture growth, support sustainability initiatives in line with capital allocation framework

- Zhenjiang, China expansion
- Debottlenecking and capacity expansion
- Casting & recycling
- Efficiency and productivity through digital, IT, R&D, and innovation
- Automotive finishing
- Quality & return-based capital





# Novelis : Long-Term Customer Relationships

**Beverage Cans**

**Automotive**

**Specialties**

**Aerospace**

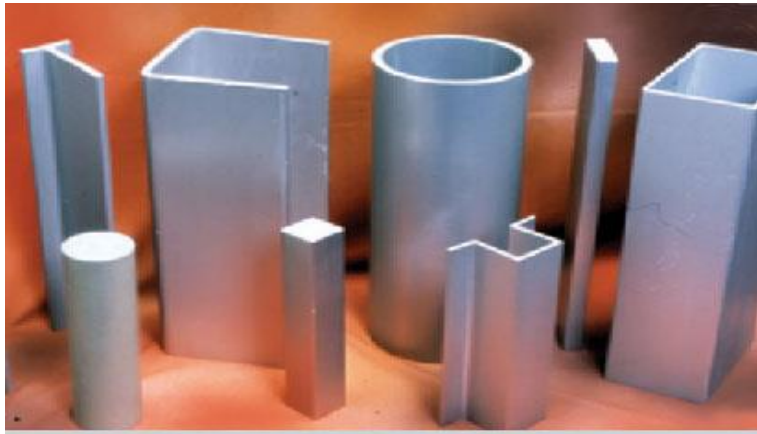
Note : The above customer names are only representative, not exhaustive



# Hindalco India : Ongoing/Announced Organic Capacity Expansions

## Silvassa, Extrusion

- 34kt Extrusion facility in Silvassa
- ₹730 crore capital investment
- Commercial production is expected to begin in Q3/Q4 of FY23
- To supply to the domestic markets in western and southern regions
- Cater to building & construction, auto & transport, electrical, consumer and industrial goods sectors



## Hirakud & Aditya – FRP

- 170kt Flat Rolled Products (FRP) Expansion at Hirakud and Aditya
- ~₹3,000 crore capital investment
- Commercial production is expected to begin by FY25
- To supply to domestic and export markets
- Cater to building & construction, transportation, consumer durables, cookware segments.

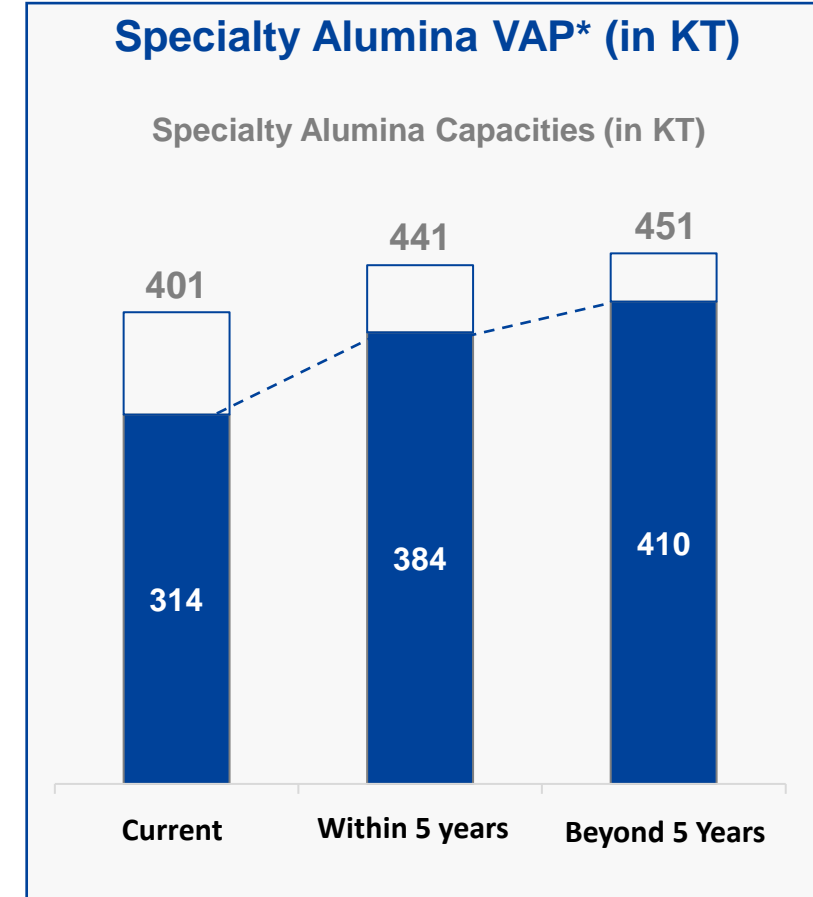
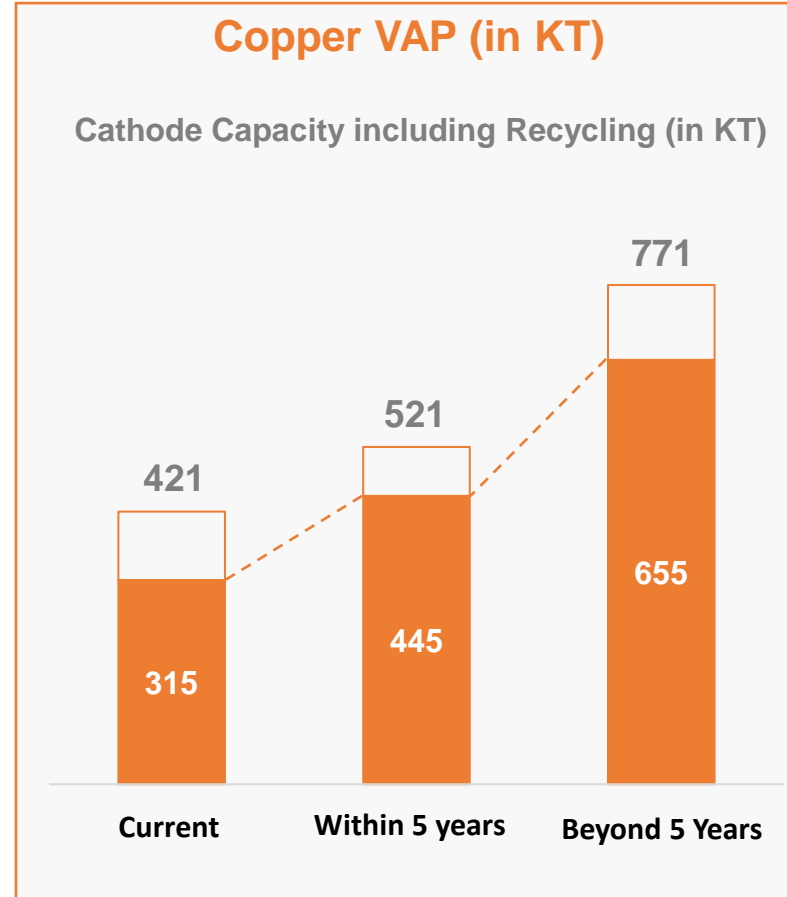
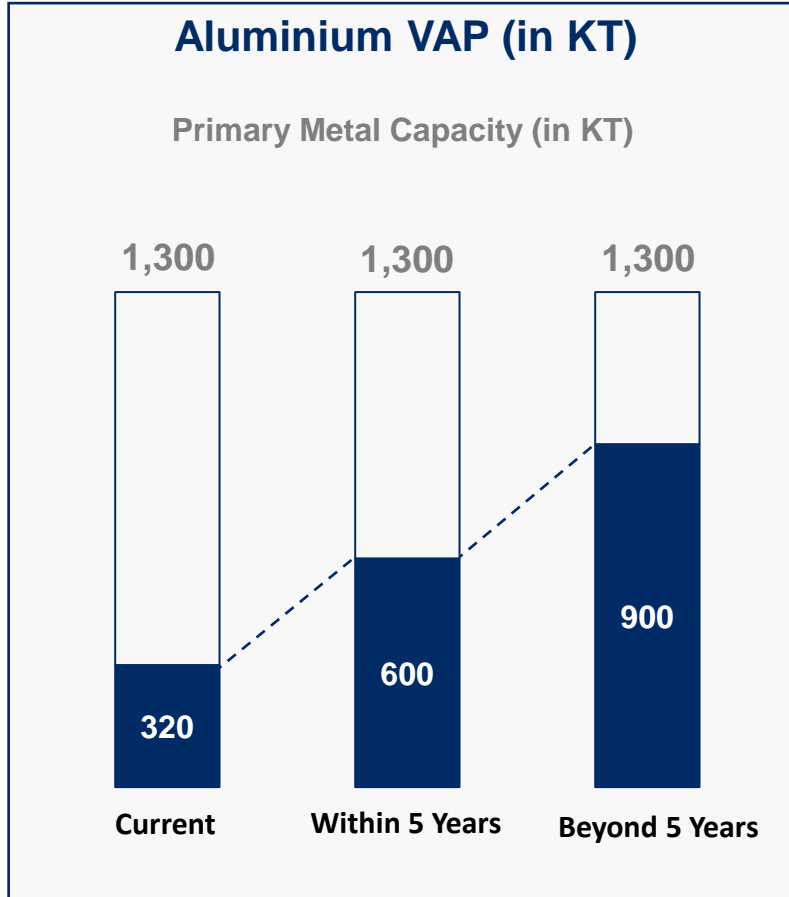


## Utkal Alumina Expansion

- 500kt Alumina expansion at Utkal to reach 2.0 million tons p.a. capacity
- ₹1,500 crore capital investment
- Commissioning to begin in Q2-FY22
- Will supply to the internal requirements of Hindalco smelters
- Utkal Alumina continues to be the most economical producer of Alumina globally in terms of COP



# Hindalco India Growth - Enhancing Value Added Products across Portfolio



\* VAP includes speciality hydrates/alumina and other variants of special alumina for non metallurgical applications

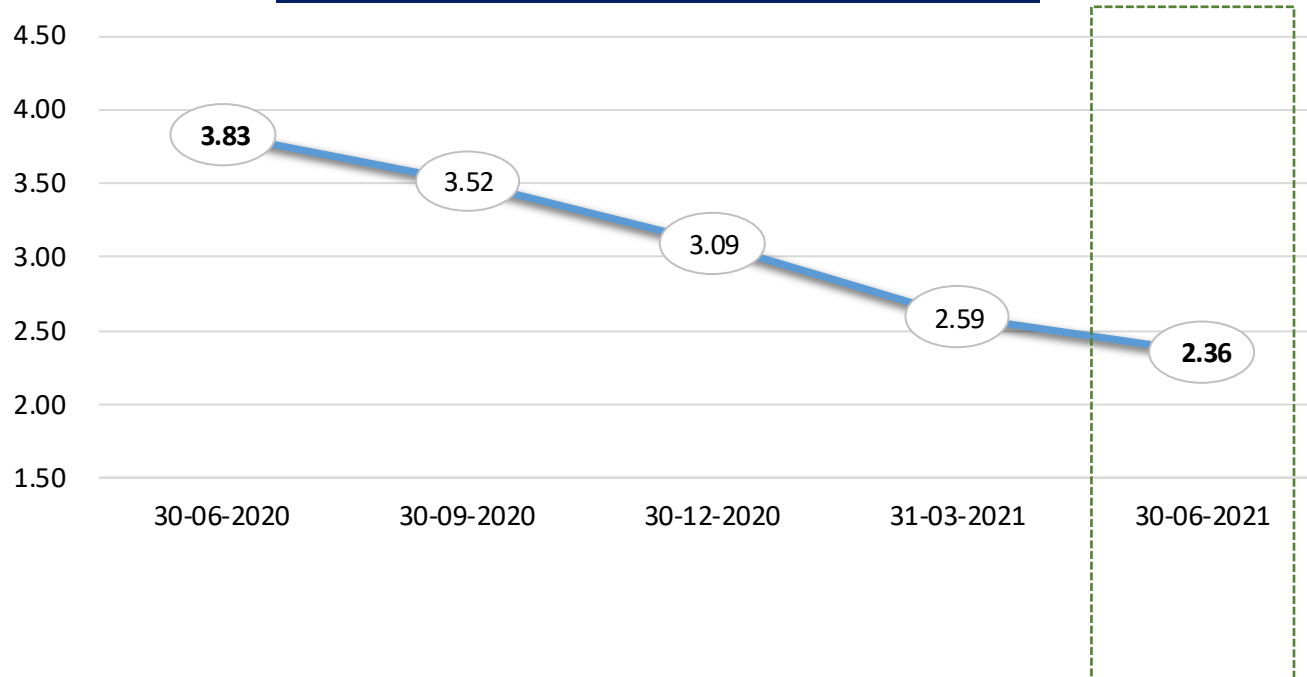


# Strengthening the Balance Sheet



# Deleveraging

## Consolidated Net Debt/EBITDA (x)



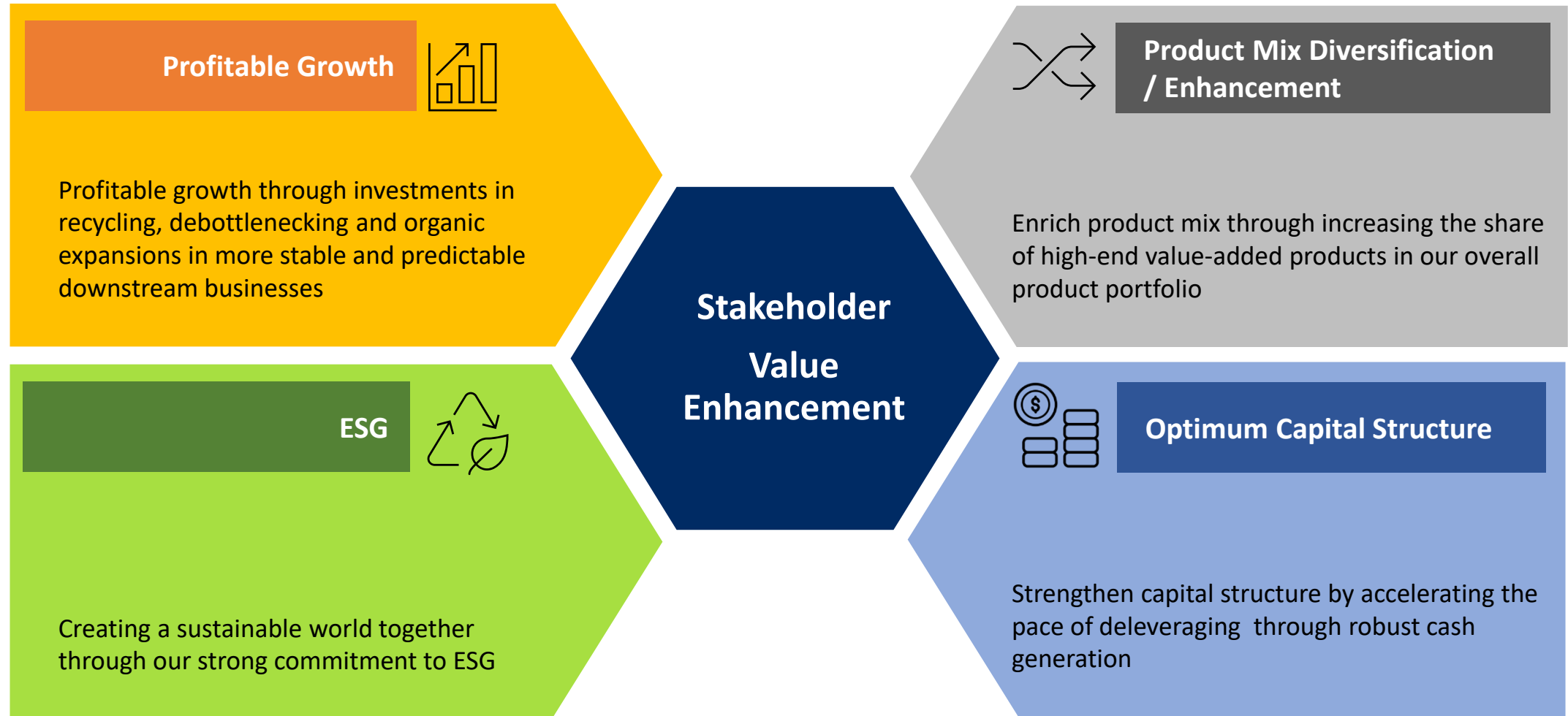
## US\$ 2.9 Billion debt reduction plan :

- **Novelis is set to reduce its gross debt by \$2.6 billion by the end of March 2022**
  - \$2.0 billion of this is repaid in fiscal 2021 and balance \$600 million will be repaid out of the Cash flows in FY22.
  
- **Hindalco is set reduce its gross debt by ₹2,000 Crore (\$0.3 billion) in 2022**
  - Out of INR bonds of ₹6,000 crore due in 2022,
    - ₹4,000 crore will be refinanced;
    - ₹2,000 crore will be repaid in 2022 out of free cash flow generation and treasury balance.

**Combined US\$ 2.9 Billion Total Debt Reduction Targeted from June 2020 through CY2022**



# To Conclude : Key Focus Areas



# Thank You

**For Further Queries Please Contact :**

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