



Investor Presentation

HINDALCO INDUSTRIES LTD ... September 2015

Aditya Birla Group



Taking India to the World

Aditya Birla Group



- A US \$ 40 billion MNC
- Operates in 36 countries
- Over 130 state-of-the-art manufacturing units
- Over 50% revenues from international operations
- Anchored by 120,000 employees belonging to 42 different nationalities
- Ranked No. 4 in the Global “Top Companies for Leaders” survey and ranked No. 1 in Asia Pacific for 2011 (Aon Hewitt, Fortune Magazine and RBL)
- Topped the Nielsen’s Corporate Image Monitor 2013-14 for the second year running emerging as the Number 1 corporate – “Best in Class”.

Group At a Glance Globally

- The largest aluminium rolling company
- One of the 3 biggest producers of primary aluminium in Asia
- The largest single location copper smelter
- The largest producer of viscose staple fibre
- The No. 1 producer of carbon black
- The 4th largest producer of insulators
- The 4th largest producer of acrylic fiber
- Among the top 10 cement producers
- Among the best energy efficient fertiliser plants



Social Responsibility | A Caring Corporate Citizen

VISION

“ To actively contribute to the social and economic development of the communities in which we operate. In so doing, build a better, sustainable way of life for the weaker sections of society and raise the country's Human Development Index.”

... **Mrs. Rajashree Birla, Chairperson**

FOCUS AREAS

- Education
- Health and family welfare
- Sustainable development & livelihood
- Water & Sanitation
- Rural infrastructure development
- Social reform



A Caring Corporate Citizen

ACTIVITIES: SELECTIVE LISTING

Works in 3000 villages, reaching out to 7 million people annually across the globe

In India

- Runs 42 schools (over 18,000 children from the underprivileged segment of society receive free education)
- Operates 18 hospitals (500,000 patients get subsidized medical care)
- Sustainable livelihood projects reach out to 80,000 people
- 4500 women Self Help Groups
- Supporting affordable homes for the homeless with Habitat for Humanity
- Creating over 300 model villages in rural India
- Partnered with the Columbia University in establishing the Columbia Global Center's Earth Institute in Mumbai
- Set up the FICCI Aditya Birla CSR Centre for excellence

Egypt

- Adopted two schools
- Tailoring Centre for Women
- Paediatric Ward at the Cancer

Hospital in collaboration with Government

- Involvement with two orphanages

Philippines

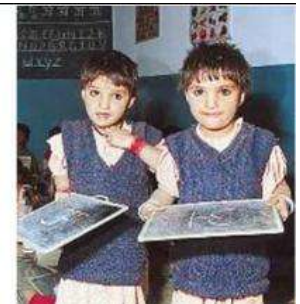
- Reaching out to the physically challenged
- Vocational training being provided to over 20,000 youngsters

Thailand

- Aditya Birla Knowledge Centre for vocational training – 3000 trained
- Teachers Training Programme in collaboration with Nation University

US

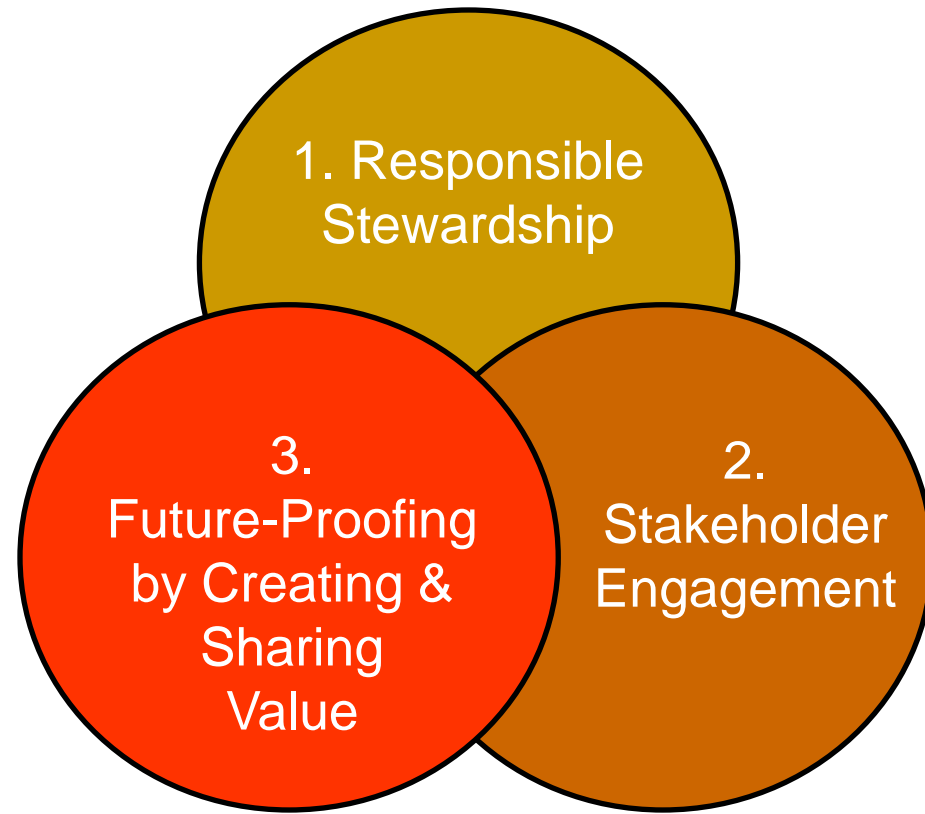
- Global Recycling Education programs
- Community Safety Programs
- Mathematics and Science scholarships



Sustainable growth ...

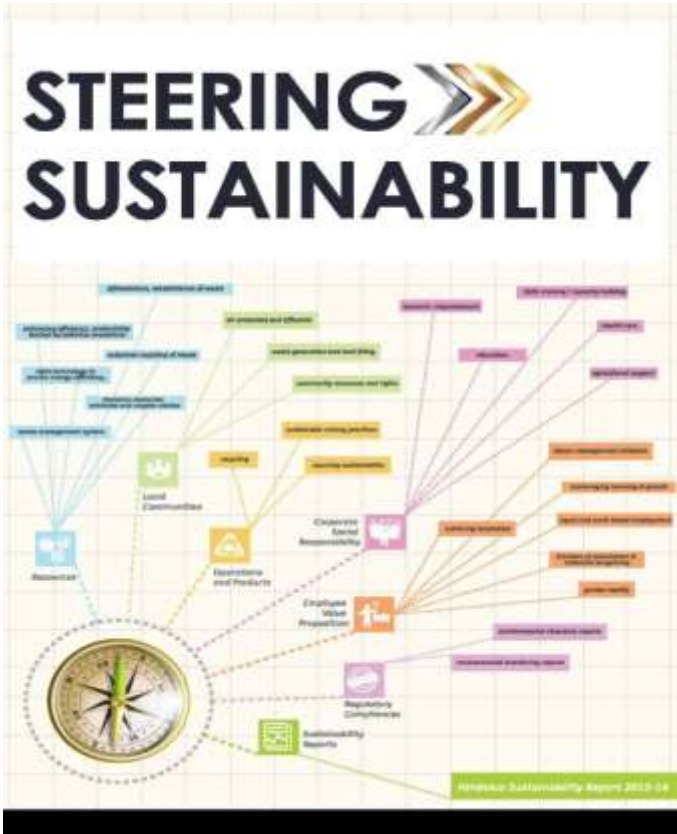
HINDALCO SUSTAINABILITY VISION

By 2017, Hindalco endeavors to become a leading metals Company for sustainable business practices across the Global Operations, balancing its economic growth with environmental and societal interests



Sustainable growth ...

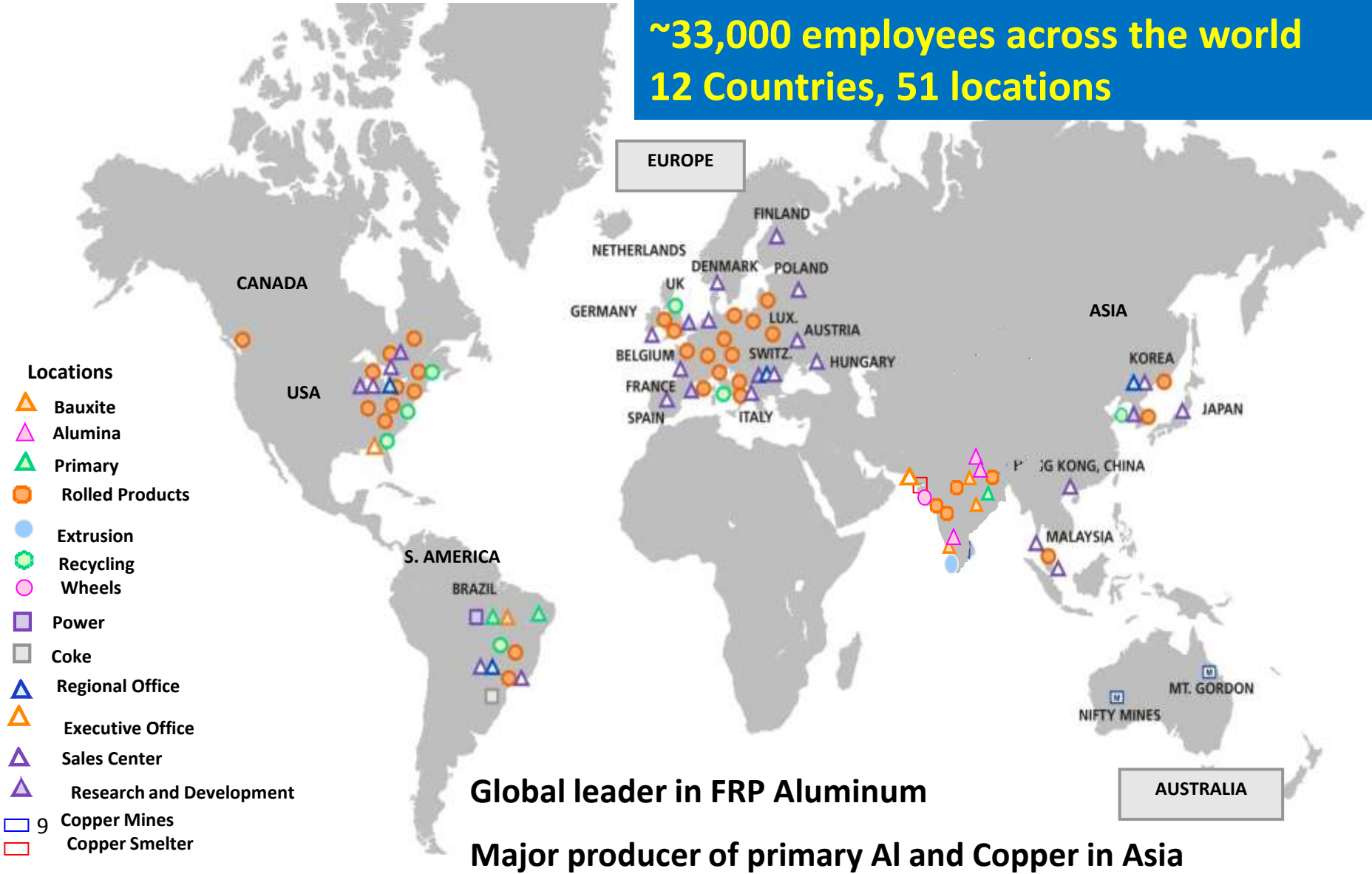
- # Annual Reporting – 4 Reports released
- # GRI 3.1 Guidelines till 2013-14 reporting; External Assured reporting
- # 2014-15 based on GRI G 4 Guidelines
- # Gap Analysis between GRI G 3.1 and GRI G 4 completed; actions initiated
- # Train the Trainer programme on GRI G 4 covering participants across Hindalco Locations
- # All aspects of GRI G 4 and relevance to Hindalco covered
- # Discussion on Materiality Issues and Stakeholder Engagement
- # Data / Information collection, Analysis and preparation of report as per GRI G4
- # GRI G4 based HSR 2014-15 to be released by November 2015 , after assurance



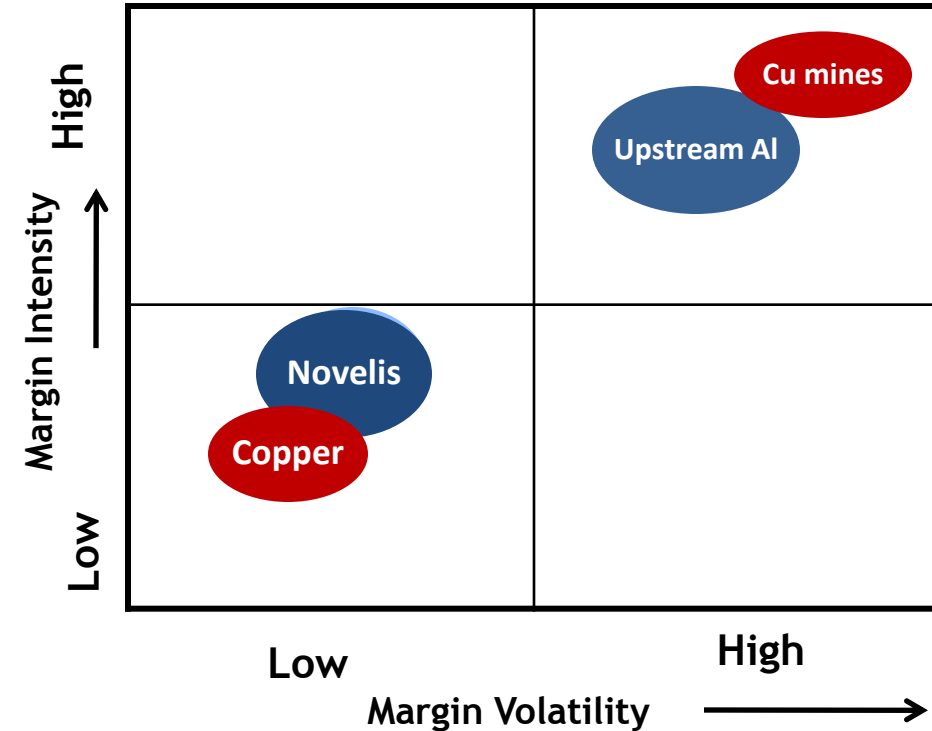
Hindalco – A Global Non Ferrous major



**~33,000 employees across the world
12 Countries, 51 locations**



A Strong Portfolio of businesses



Aluminium:

Integrated operations - Build

upstream ; Buy High end

Downstream – Global presence

Copper :

- Partial Integration

- World class operations

- Reduced volatility through development of multiple value drivers

Balanced business portfolio yielding robust cash flow

Aluminium - Integrated Business Model..



Hindalco – Strong Presence Across the Value Chain

Efficient

Economies of Scale

Environment Friendly

Lien over Resources

World Class technology

Thrust on Recycled input

Captive Bauxite
Captive Coal

Alcan for Alumina
AP-36 For Al smelting

World's largest recycler of Al
~50% input as scrap

Hindalco India...



Utkal Alumina



Mahan Aluminium



Aditya Aluminium



Hirakud FRP

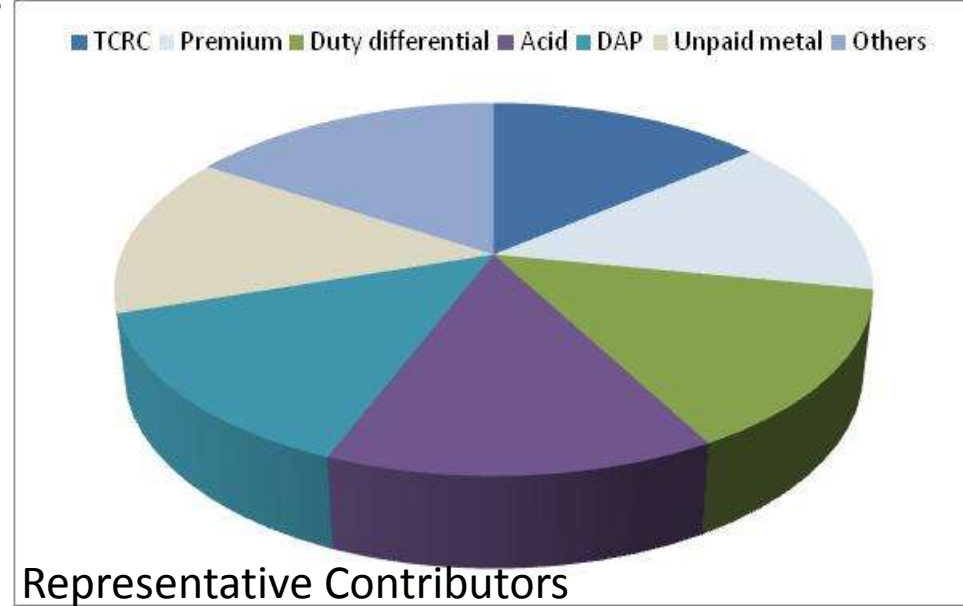
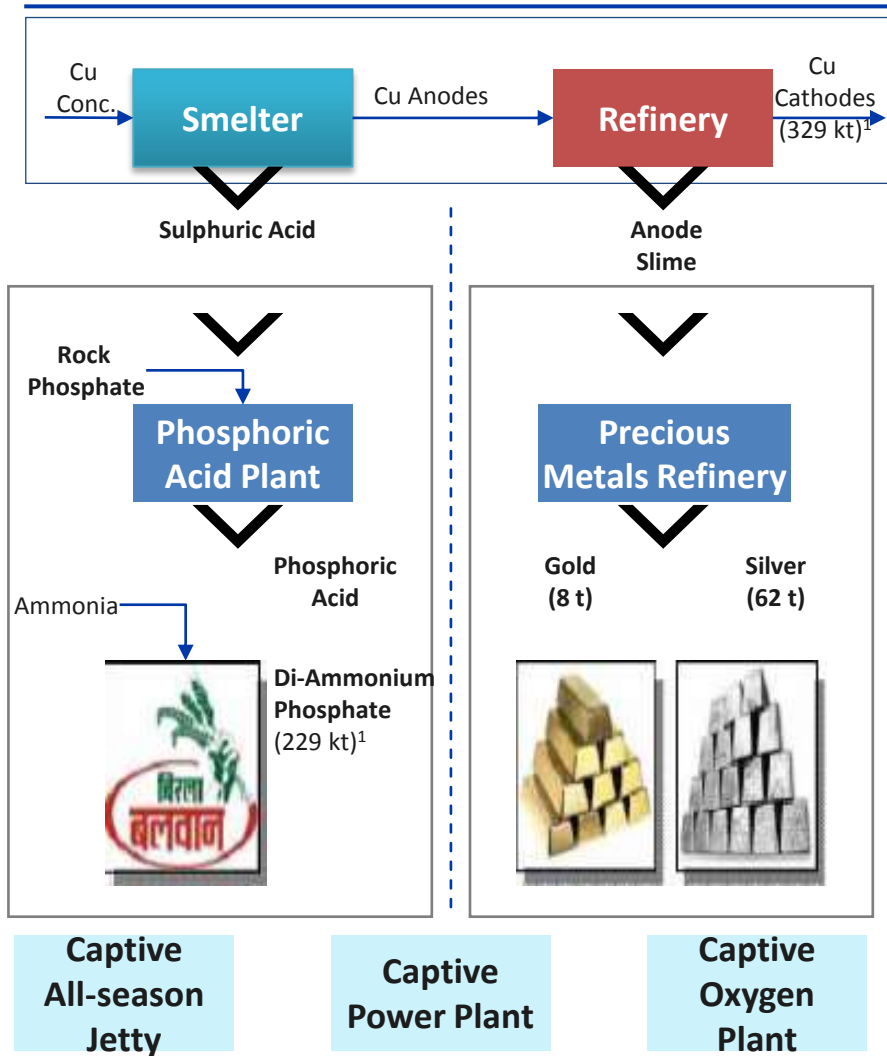


Mouda Foils

Across the Al value chain

Five new *edge world class assets*, are on stream!

Copper – Robust Business Model



- ◉ Conversion Business Model
- ◉ Multiple Value Drivers
- ◉ Efficient facilities
- ◉ Unique Integration – Jetty, CPP, Fertilizers, PMR ... ensures value

Industry Overview...

Global Economy – Uncertain times?

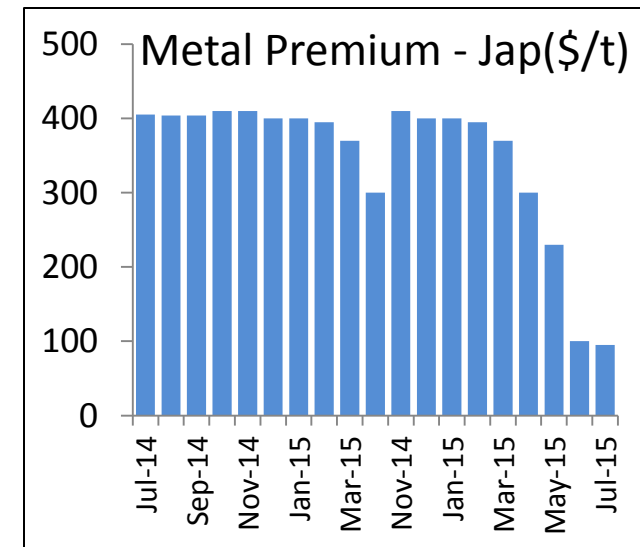
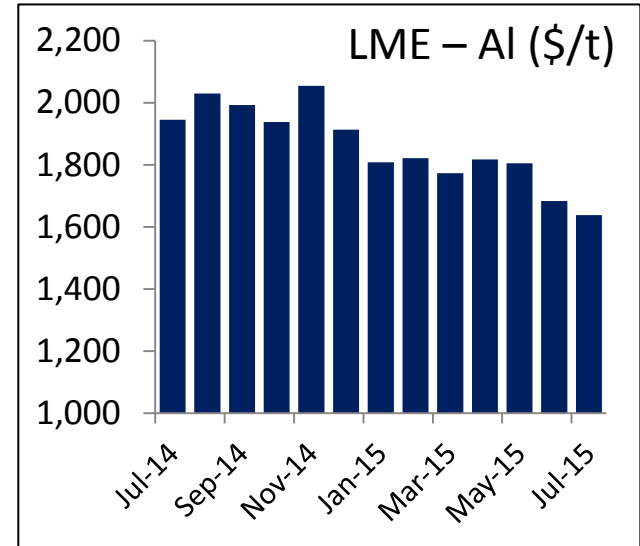


Uncertainty leading to risk averseness...

- Mixed signals: US recovering, While Europe struggling
- China slow down has resulted in sharp uncertainty around commodity consumption growth
- Strengthening dollar, impending fears about Fed increasing interest rates led to sharp decline in commodity prices
- India showing signs of early recovery....
- Crude dynamics impacting sentiments
- Global Stock markets – an uneven performance

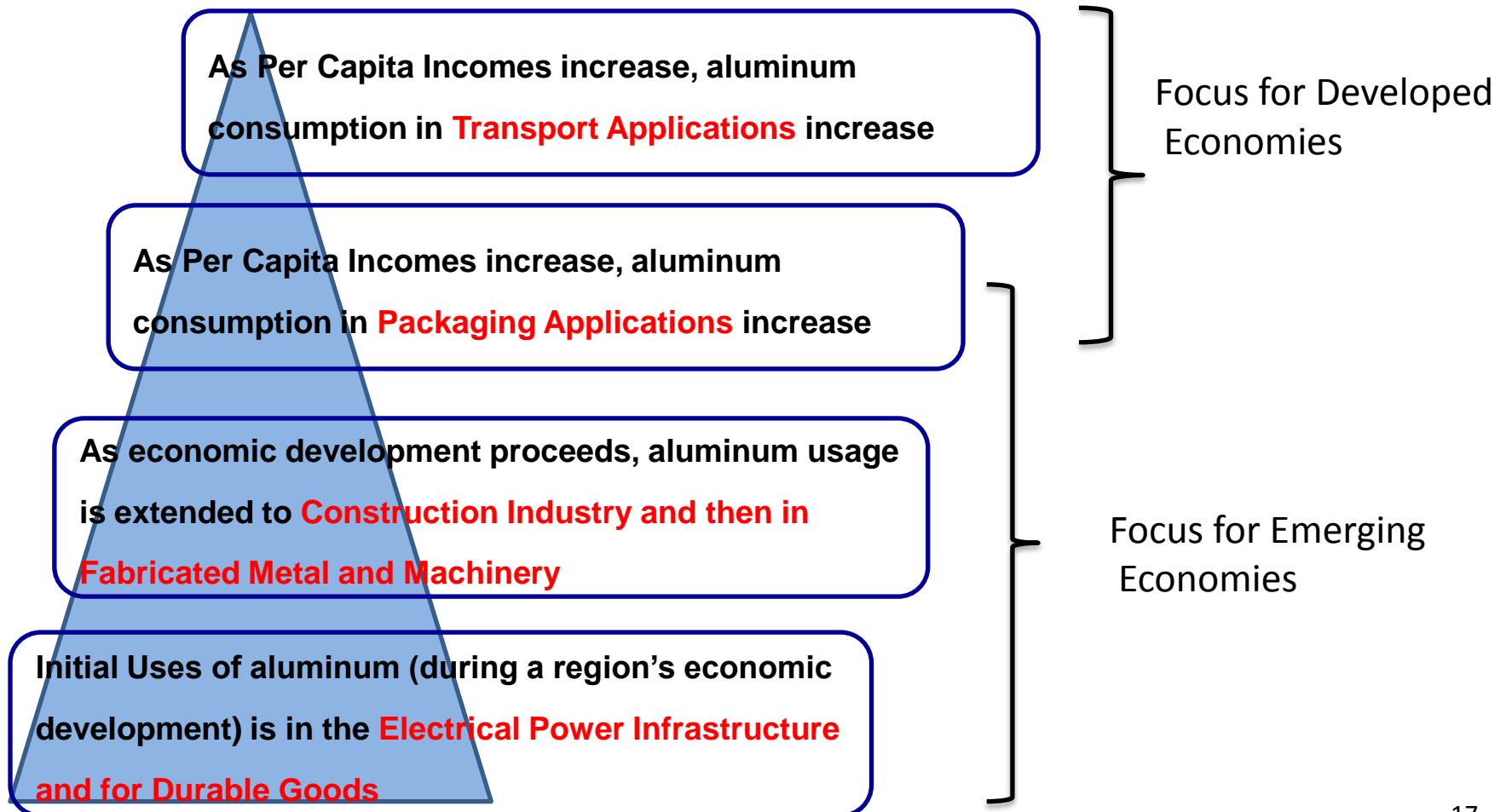
Aluminium: Realizations collapsed...

- Weakness in commodity markets, with increased concerns on Chinese economy
- Al Market balance again in excess; significant surpluses projected for 2015 and 2016
- Inadequate supply side response; China continuing to add capacities
- Softening of global cost curve due to low energy costs and currency movements
- Premium collapsed ...



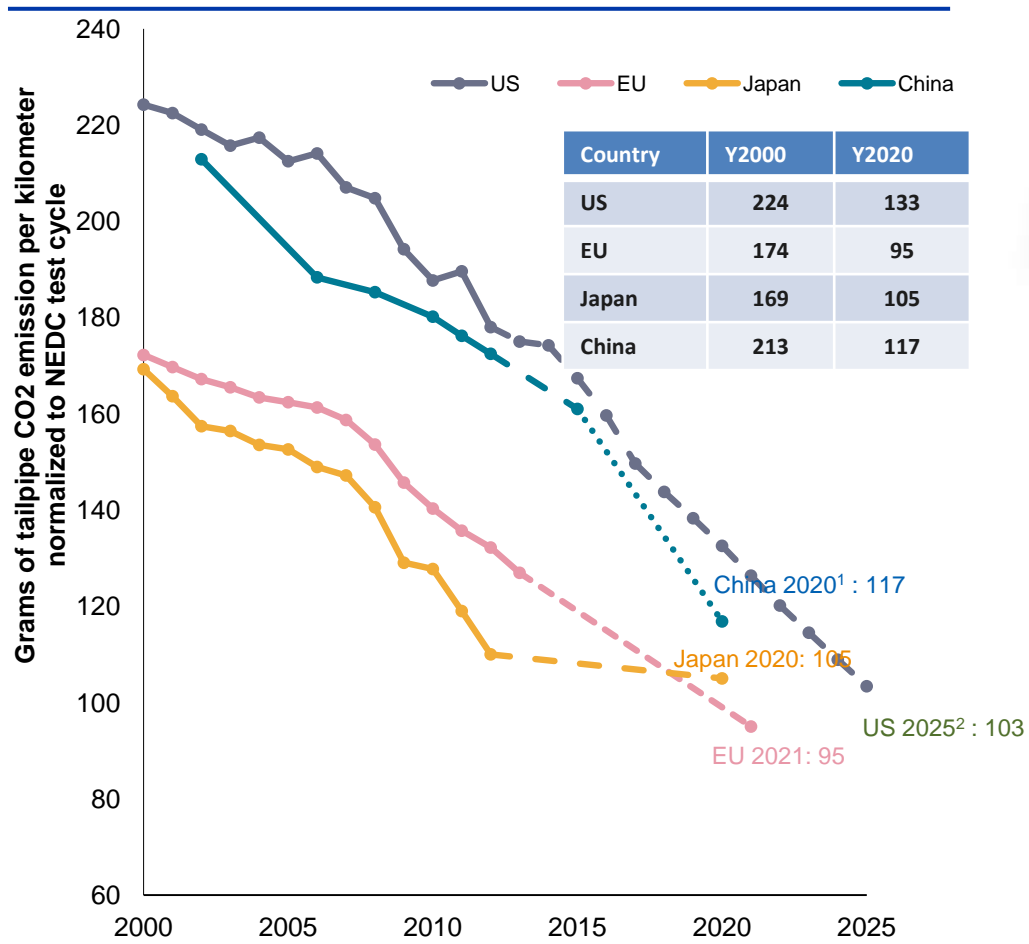
However, Key Trends reflect strong potential..

Investments in Urbanization and Power Generation/Distribution to continue dominating Emerging Market demand.



Auto is expected to be the key industry driver...

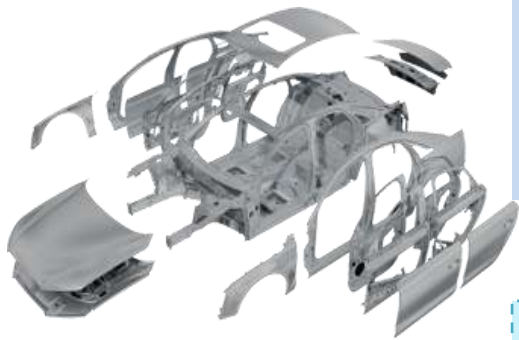
Auto CO2 Emission Trend (in g/km)



Solid lines: historical performance
 Dashed lines: enacted targets
 Dotted lines: proposed targets or targets under study



Stricter Fuel Efficiency Norms – Need to reach a level of 54.5mpg by 2025 from current level of ~25mpg (viz CAFÉ)



Need for Lighter Cars

Growing Significance of Aluminium Auto Sheets

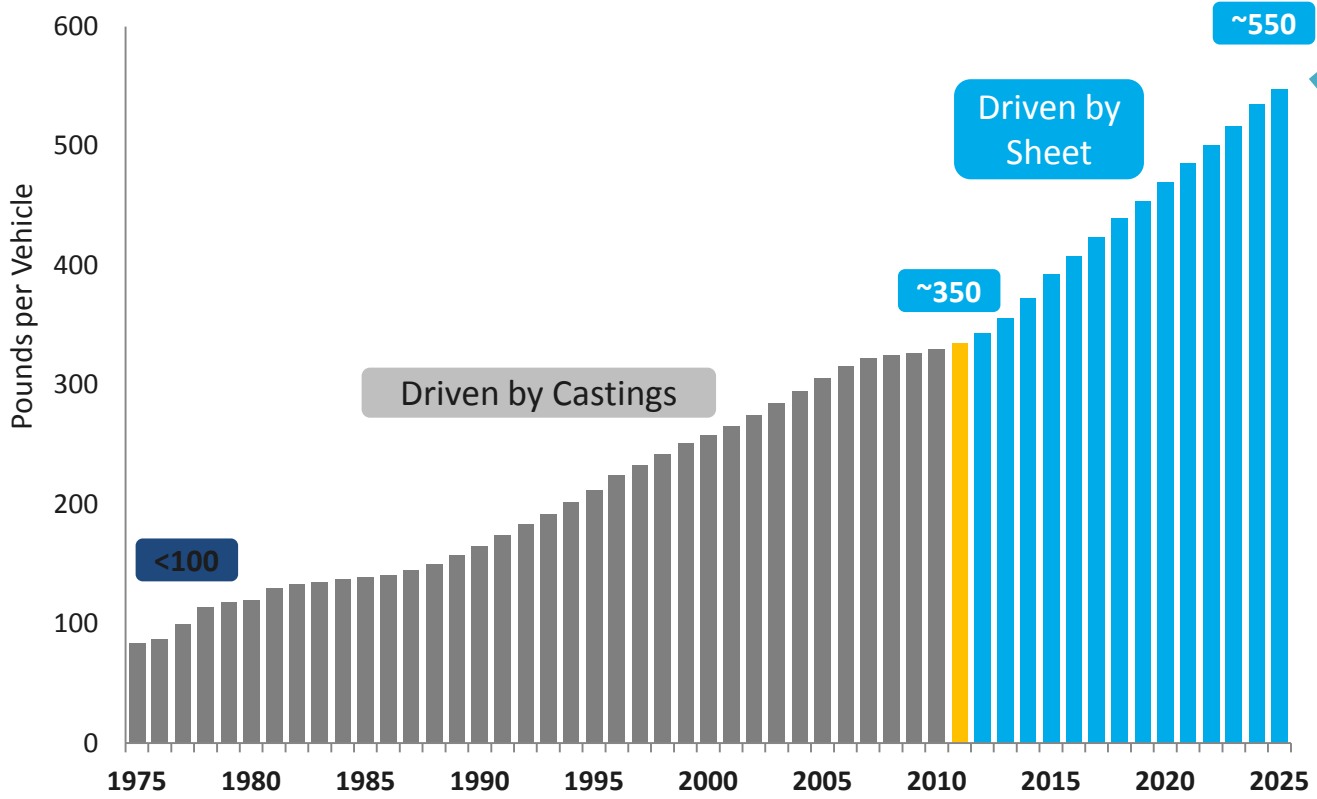
Government Regulations (viz CAFÉ) are driving auto aluminium demand

Sources: International Council on Clean Transportation, <http://creativecommons.org/licenses/by-sa/3.0/>
 NEDC: New European Driving Cycle; NHTSA: National Highway Traffic Safety Administration
 CAFÉ: Corporate Average Fuel Economy standards established by NHTSA under the Energy Policy and Conservation Act, as amended by the Energy Independence and Security Act (EISA)

Notes:
 1. China's target reflects gasoline vehicles only. The target may be higher after new energy vehicles are considered
 2. US fuel economy standards set by NHTSA reflecting tailpipe GHG (Green House Gas) emission

North America auto FRP demand growth

Aluminium net pounds per North American light vehicle: History and forecast



Average vehicle will use 200lbs more Aluminium (90% of which is FRP) in 2025

~180lbs FRP/vehicle
15M vehicles/year



>1.7M tons/year
FRP aluminium coil

7 out of 10 new pick-up trucks will be Aluminium bodied

>25% of all body & closure parts for light vehicles will be Aluminium

50 years of uninterrupted aluminium content growth for North American manufactured light vehicles is guaranteed

North America FRP demand for auto is expected to be more than 1.7 million tonnes by 2025

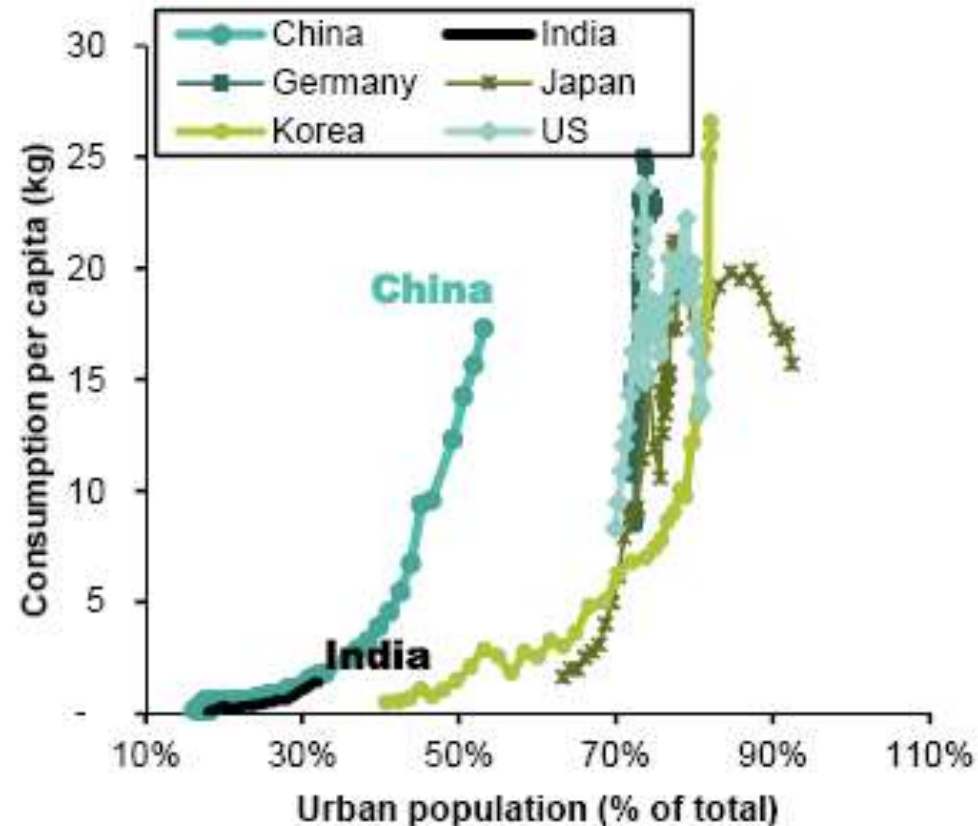
Source: 2014 Ducker Worldwide

India Demand – At an inflection point?

Fundamental demand drivers remain strong –

- Power sector: the major driver with ~ 40% domestic consumption expected to revive & grow strongly
- Rising urbanisation leading to new applications – Food, packaging
- Increasing penetration when per capita consumption is very low
- Strong auto growth

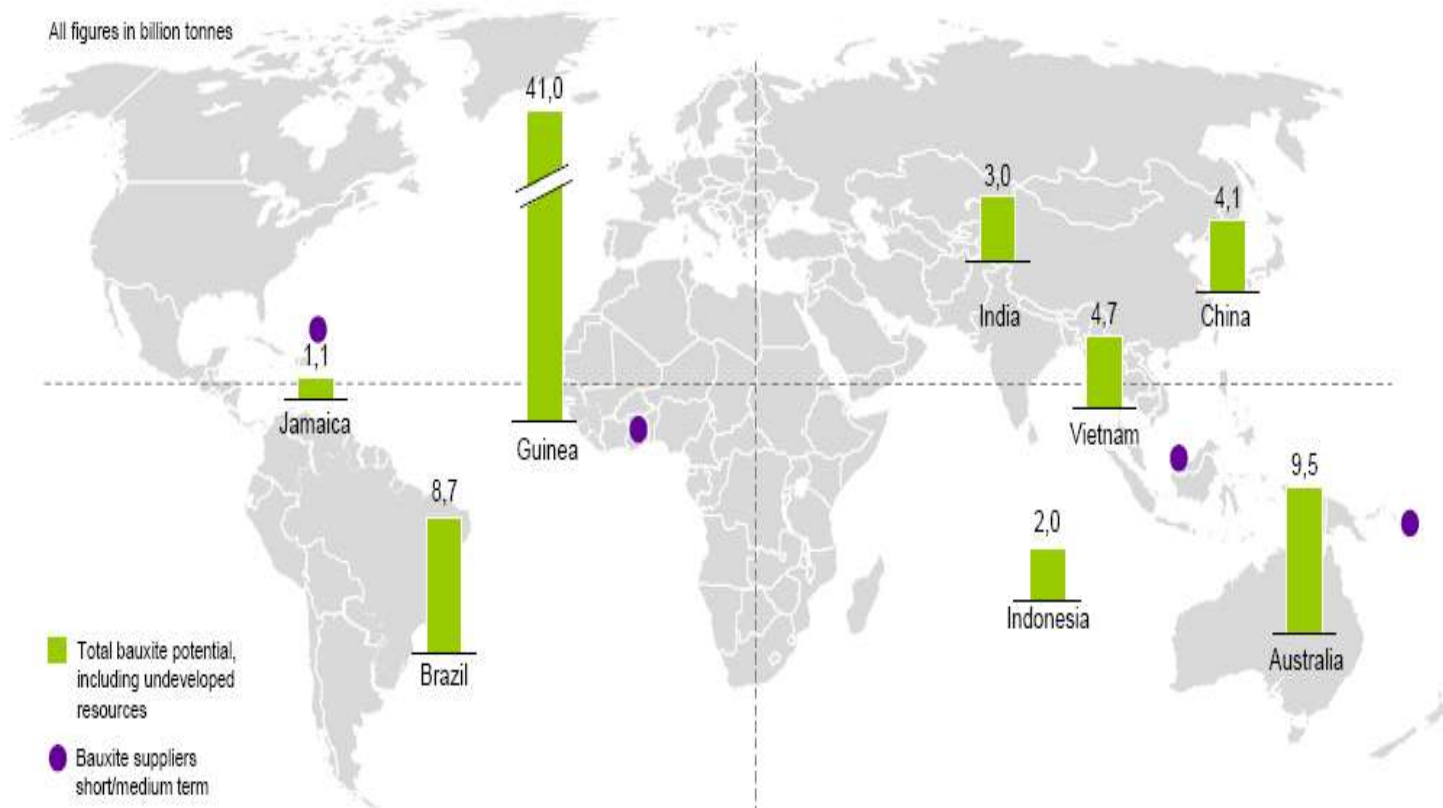
Aluminum Consumption per Capita vs. Urbanization Rate



Aluminium Business Overview



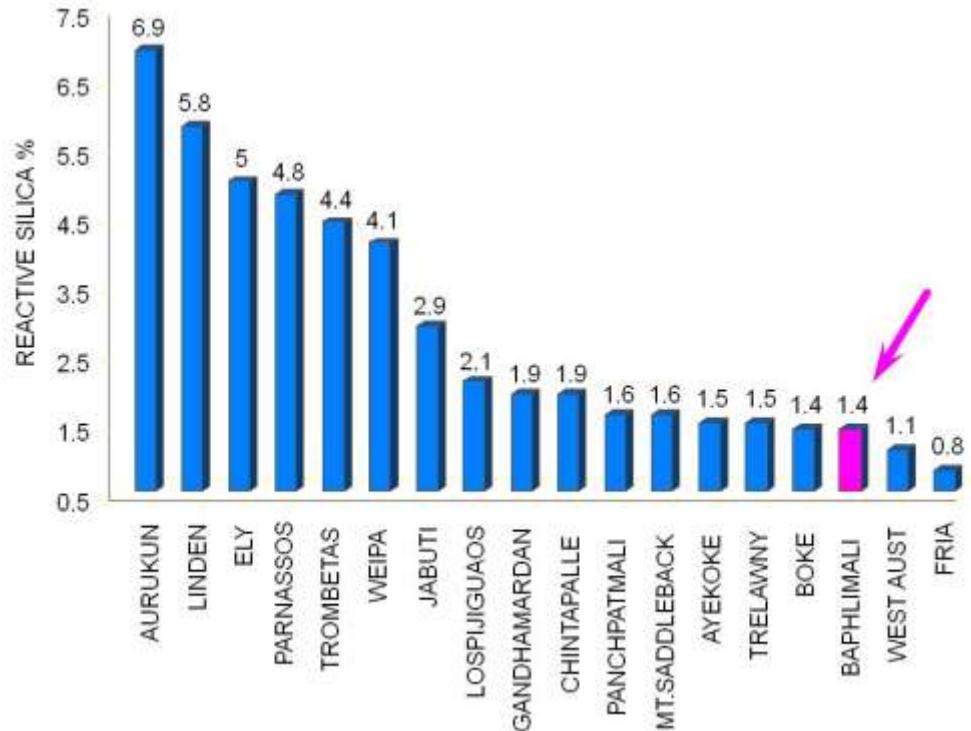
Bauxite & Alumina ... Global Scenario



- Bauxite – New discoveries in difficult terrain -- Logistics, infrastructure, Resource nationalization and regulatory challenges
- Bauxite/ Alumina travels across the continents - Bauxite/Aluminium .. Ratio ~6X
- China has been importing bauxite from
 - Australia ,Indonesia , Malaysia & Africa (Guinea) & also transatlantic regions

Utkal Alumina - Bauxite Advantage -

- Large reserves -- over 30 years of bauxite
- Bauxite – Tight supply chain logistics ... At Utkal travels only ~ 20 Km by conveyer
- Alumina from Utkal travels an average distance of around 700 Km
- Bauxite Available on single large Plateau
- High A/S ratio... one of the best..
- Low reactive silica
- Gibbsite bauxite with low bohemitic content



Utkal – Setting a new benchmark...



Baphlimali Mines

- Best Quality



**LDC -
Efficient Logistic**

Efficient Alumina Refinery...



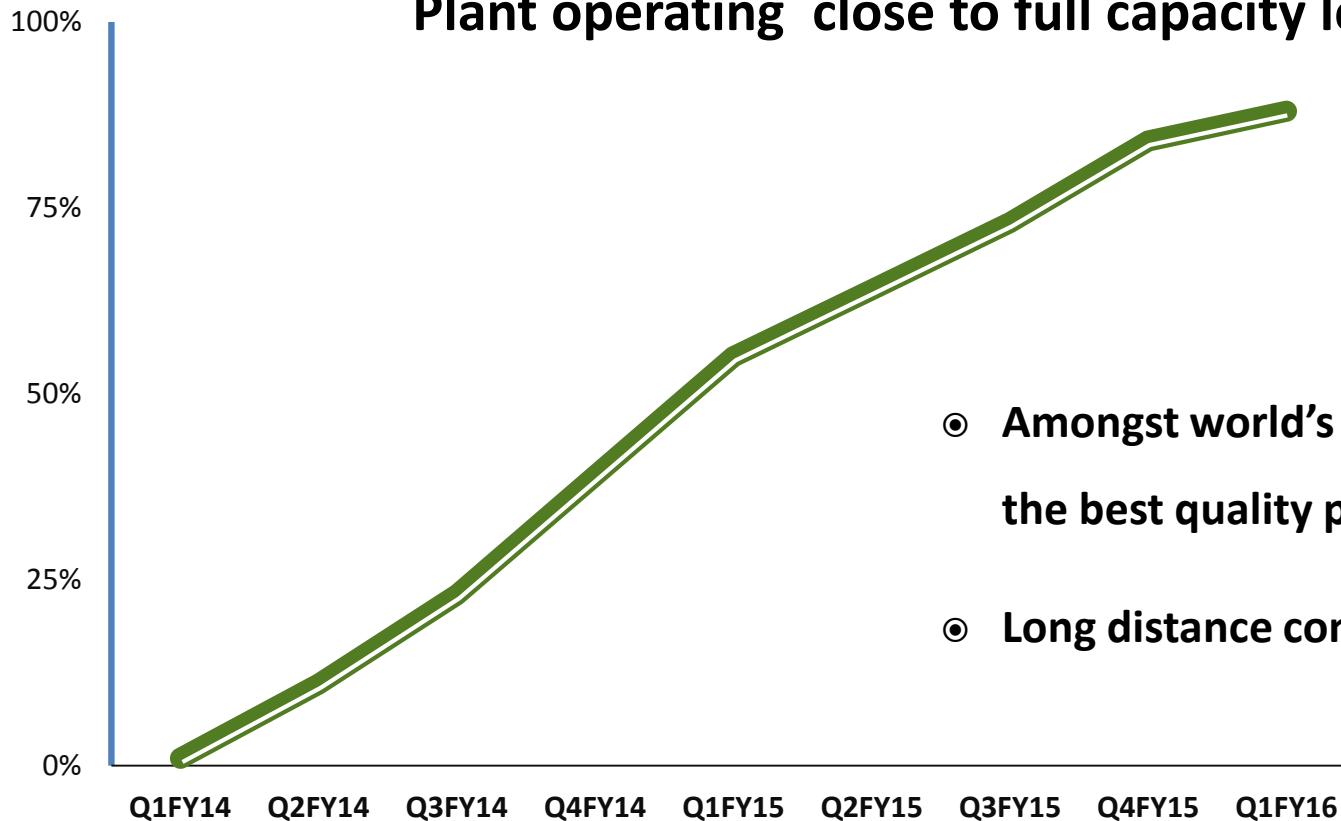
Alcan Technology

- High Rate Decanter(HRD) for Mud Separation
- Deep Cone Washer(DCW) for Mud Washing
- High Density Mud Disposal
- Advanced Precipitation Technology
- Energy efficient evaporation technology



Utkal – Efficiency gains kicking in

Plant operating close to full capacity level



- ⦿ Amongst world's lowest cost and one of the best quality producers of alumina
- ⦿ Long distance conveyor started

New Age Facilities.... Bigger Better & Greener



Proven AP -36 technology....

- **Higher Amperage, Efficient Operations, lower specific power Consumption..**
- **Improved labour productivity**
- **LME grade Metal, Value addition --- Billets, Wire rods & customer centric products**

Captive Coal : Acquired four mines, prevent from external coal shocks...

- **Optimal quantity at this stage ensuring flexibility to reduce coal cost further**

Alumina: Captive

Focus on efficiency gains

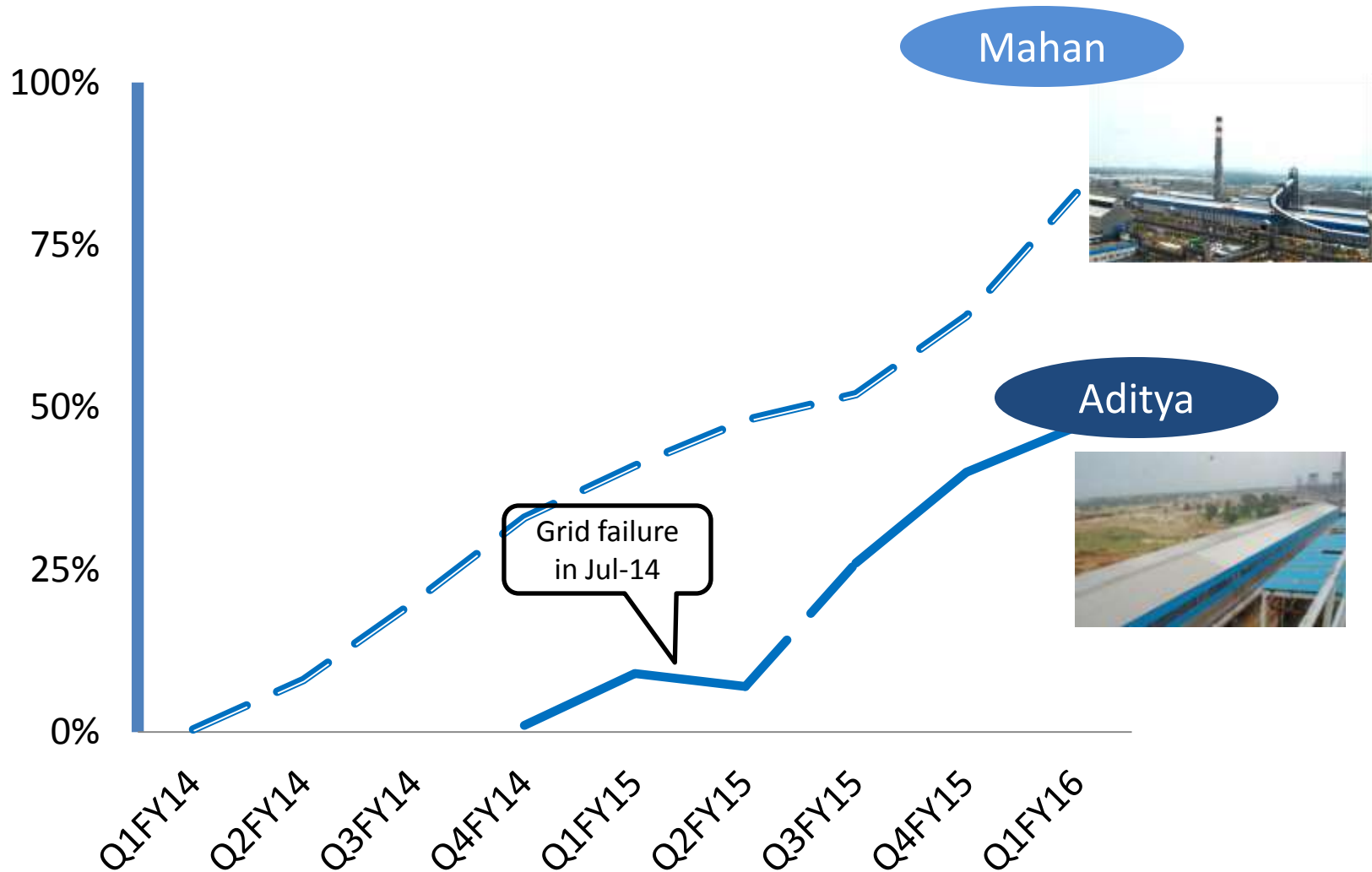
Mahan



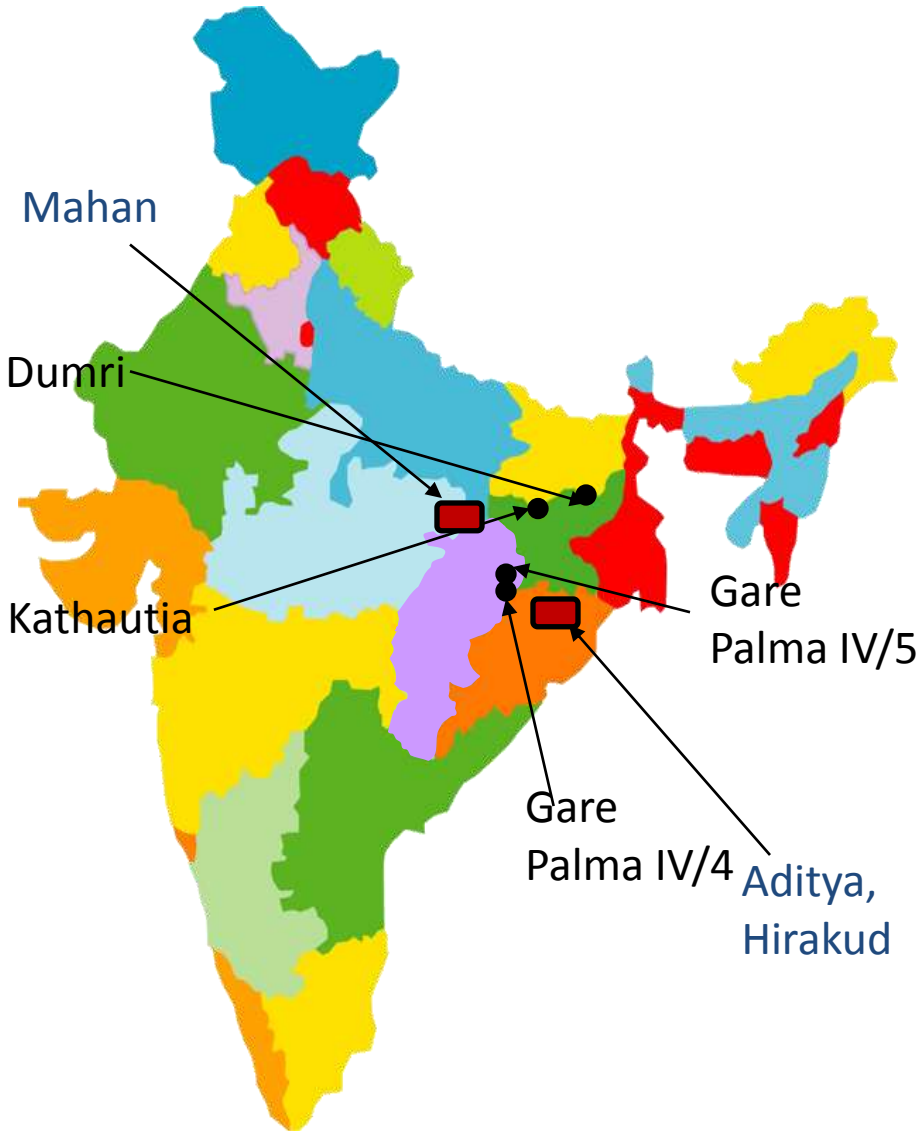
Aditya ...



New Smelters: ramping Up



Coal Security....



Coal Block	Mineable Reserves (Mn t)	Capacity (Mntpa)
Kathautia (JH)	26	0.8
Gare Palma IV/5 (CG)	41	1.0
Gare Palma IV/4 (CG)	11	1.0
Dumri (JH)	46	1.0

- Hindalco won 4 coal blocks
- Close to 30% of requirement secured, will help in the context of logistics challenges
- Land transfer and State clearances in process
- We will continue to evaluate more reserves in next round of auctions

India : Downstream VAP Focus ...

Hirakud FRP – First CBS facility in India

- ◉ Hot metal integration – Saves Reheating & Freight Cost
- ◉ State of the art Rolling Facility..
- ◉ The only facility capable of producing CBS in India
- ◉ Significant demand potential



India: Downstream VAP Focus...

Mouda Foil plant – Gearing up to roll out world class high end foils



- First Foil Hub in India – For State of the art foil production
- Ultra thin gauge foils for exports..
- Wide variety of high end applications



Specialty Alumina – A Niche Segment

- Market leader in India and amongst top global producers
- Strong Market Potential – Refractory, Ceramic, insulators, fire retardants, water purifiers
- Higher Realizations – Significantly higher realisations & stable earnings



- Belgaum & Ouro Preto facilities
- Significant market potential
- Long Alumina & market proximity provides significant opportunity...

Novelis – High end VAP Focus

➤ Three target segments...

➤ Focus on ramp up

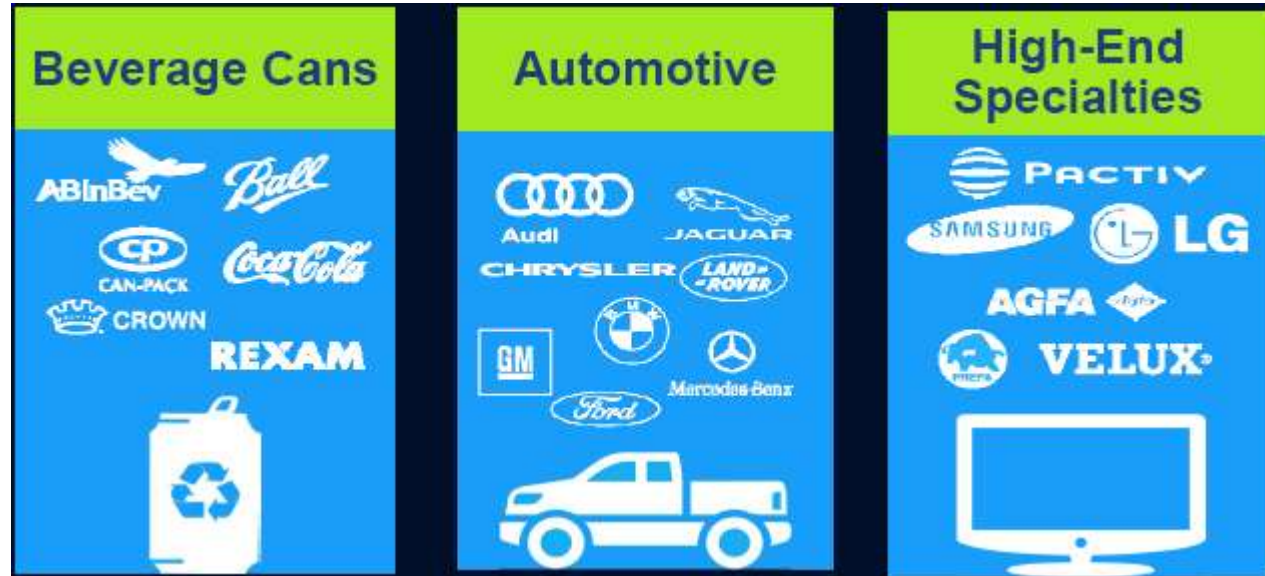
➤ Invested ~US\$2 bn to solidify global leadership position

➤ Structured cost reduction initiatives

➤ Divested non-core assets

➤ Foil assets in North America

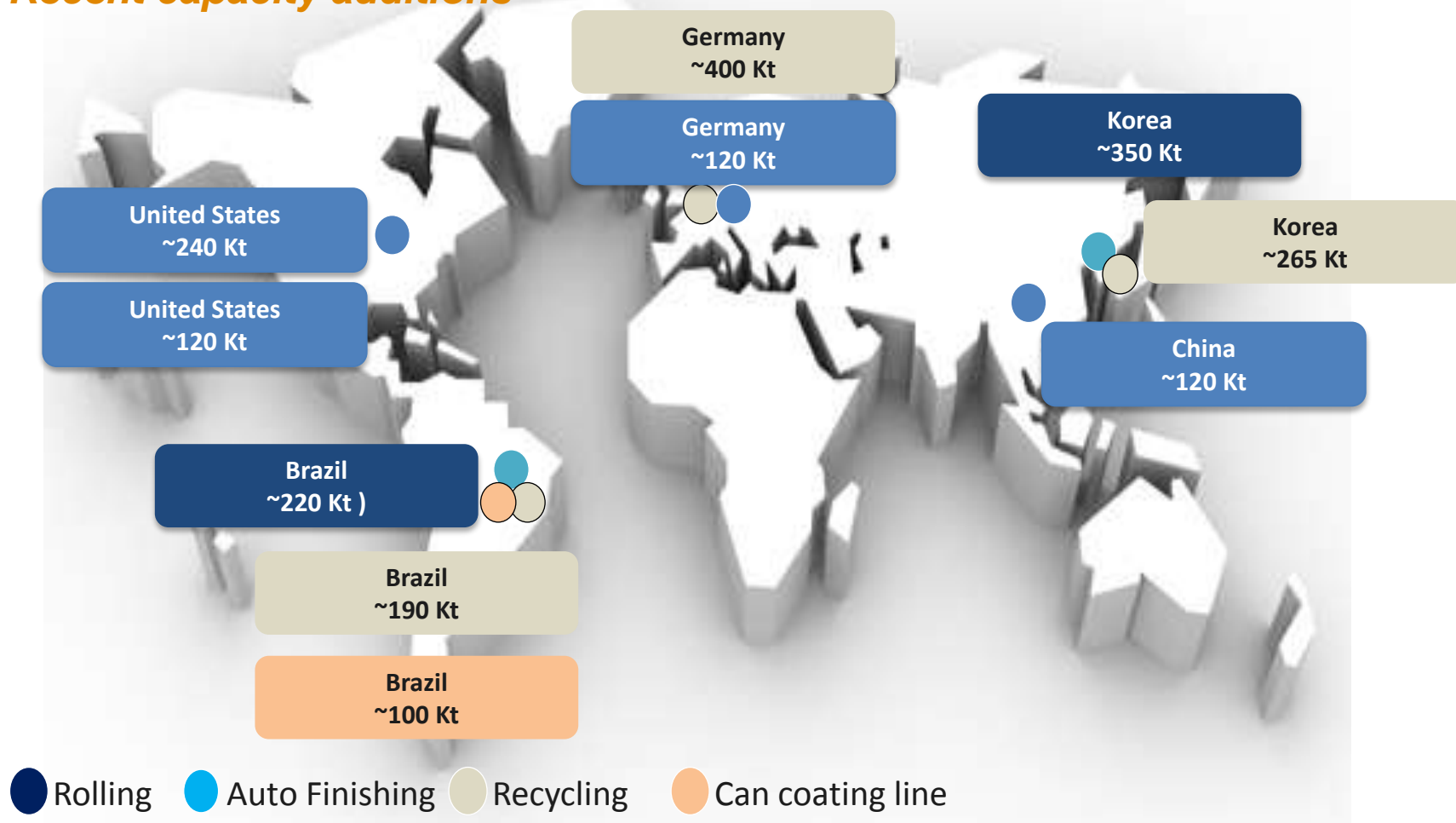
➤ Hydro assets in South America



Novelis – Geared for future

Solidifying leadership

Recent capacity additions

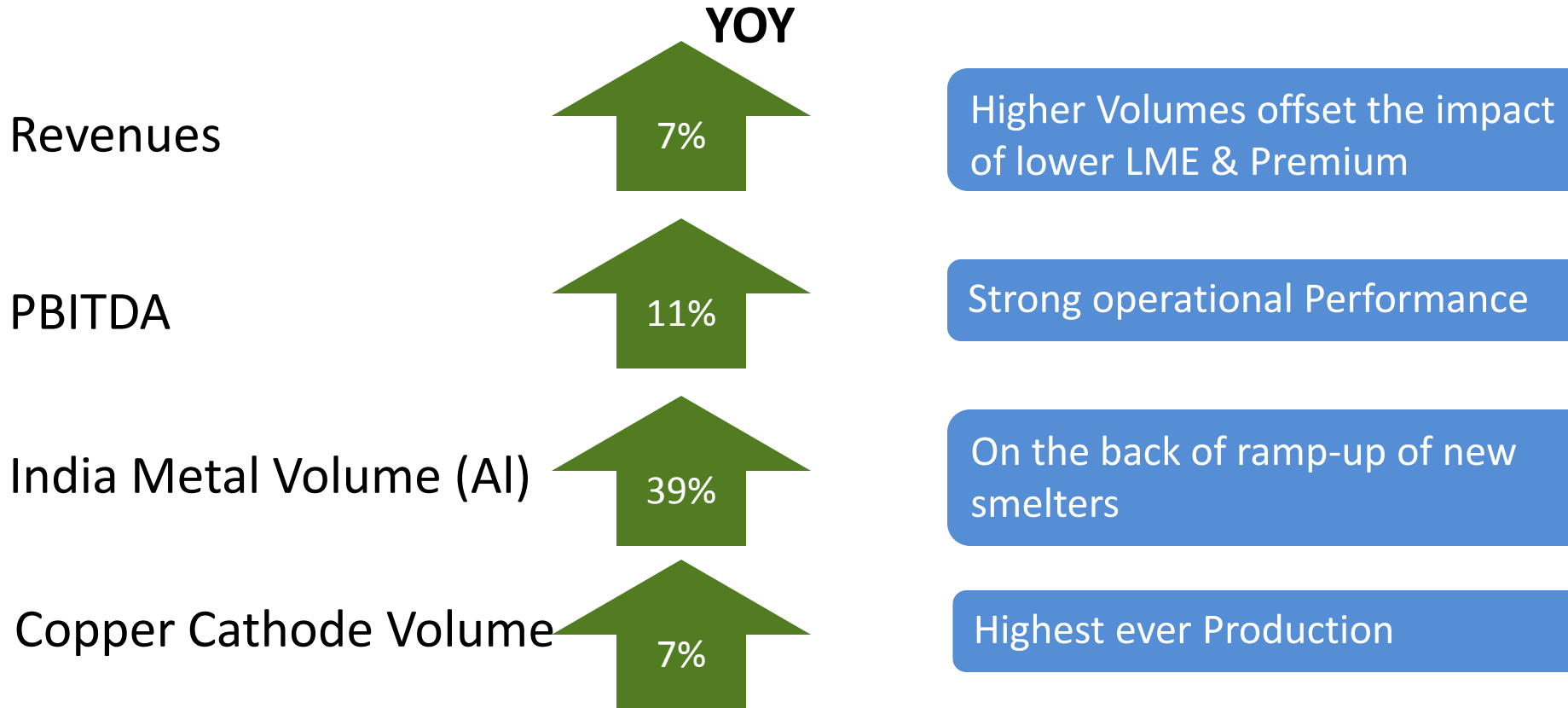


Latest Updates: Q1 FY 16

Standalone Hindalco Highlights: Q1 FY16



Highest Ever Volumes



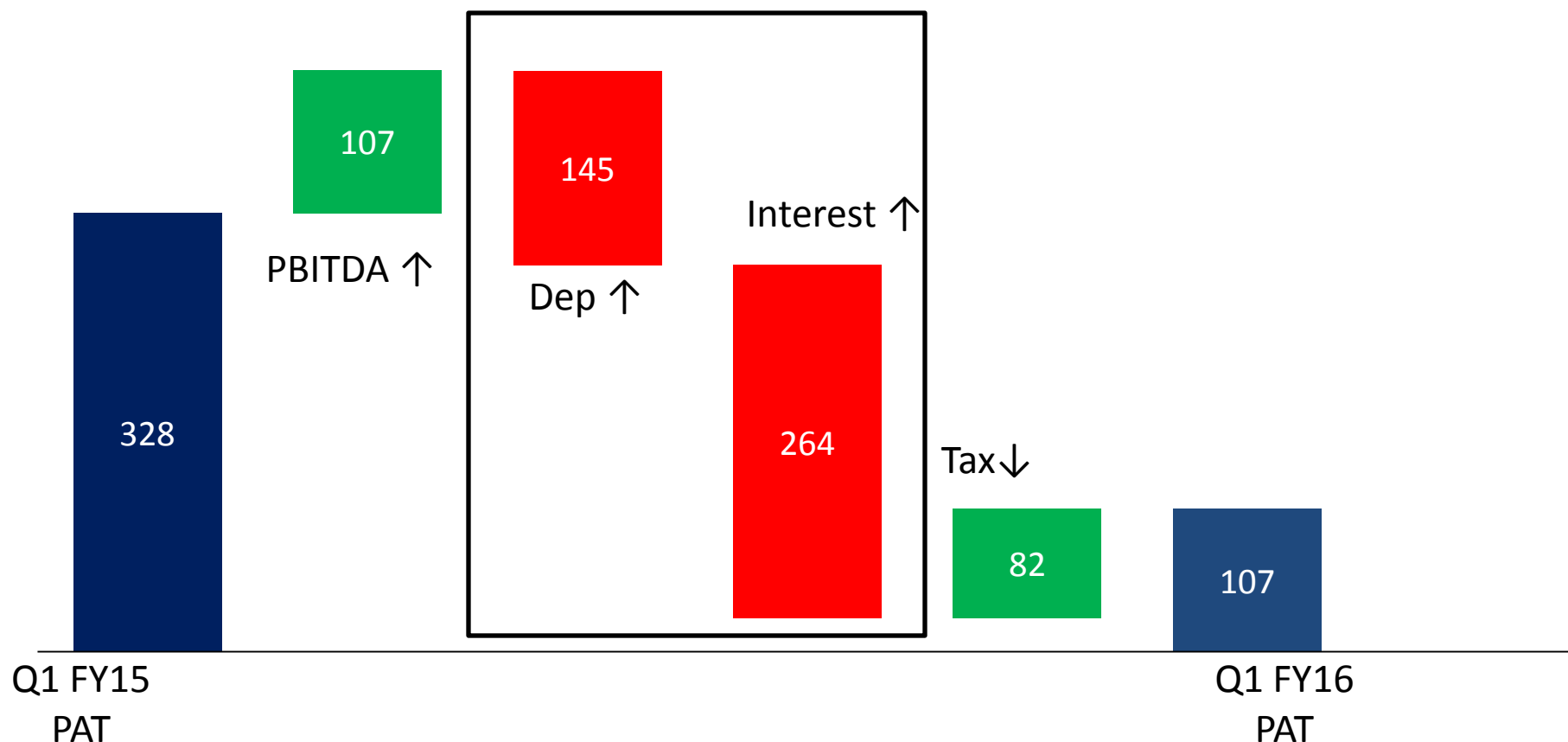
Improved operational performance

Financial Performance

(₹) Cr	Q1 FY16	Q1 FY15	Change % YoY	Q4 FY15	Change %QOQ
Net Sales	8,575	7,996	7%	9372	(9%)
Other Income	194	216	(10)%	230	(16%)
PBITDA	1,072	965	11%	1,078	(1%)
Depreciation	(332)	(187)	77%	(238)	39%
Interest	(602)	(338)	78%	(466)	29%
PBT before exceptional	138	440	(69)%	374	(63%)
Exceptional items	(146)	
PBT	138	440	(69)%	227	(39%)
PAT	107	328	(67)%	160	(67%)
EPS (₹)	0.52	1.59	(67)%	0.77	(67%)

Financial Performance

Despite challenging macro economic circumstances operating profit was higher but sharp Rise in interest & Depreciation led to lower PAT



AI: External Drivers

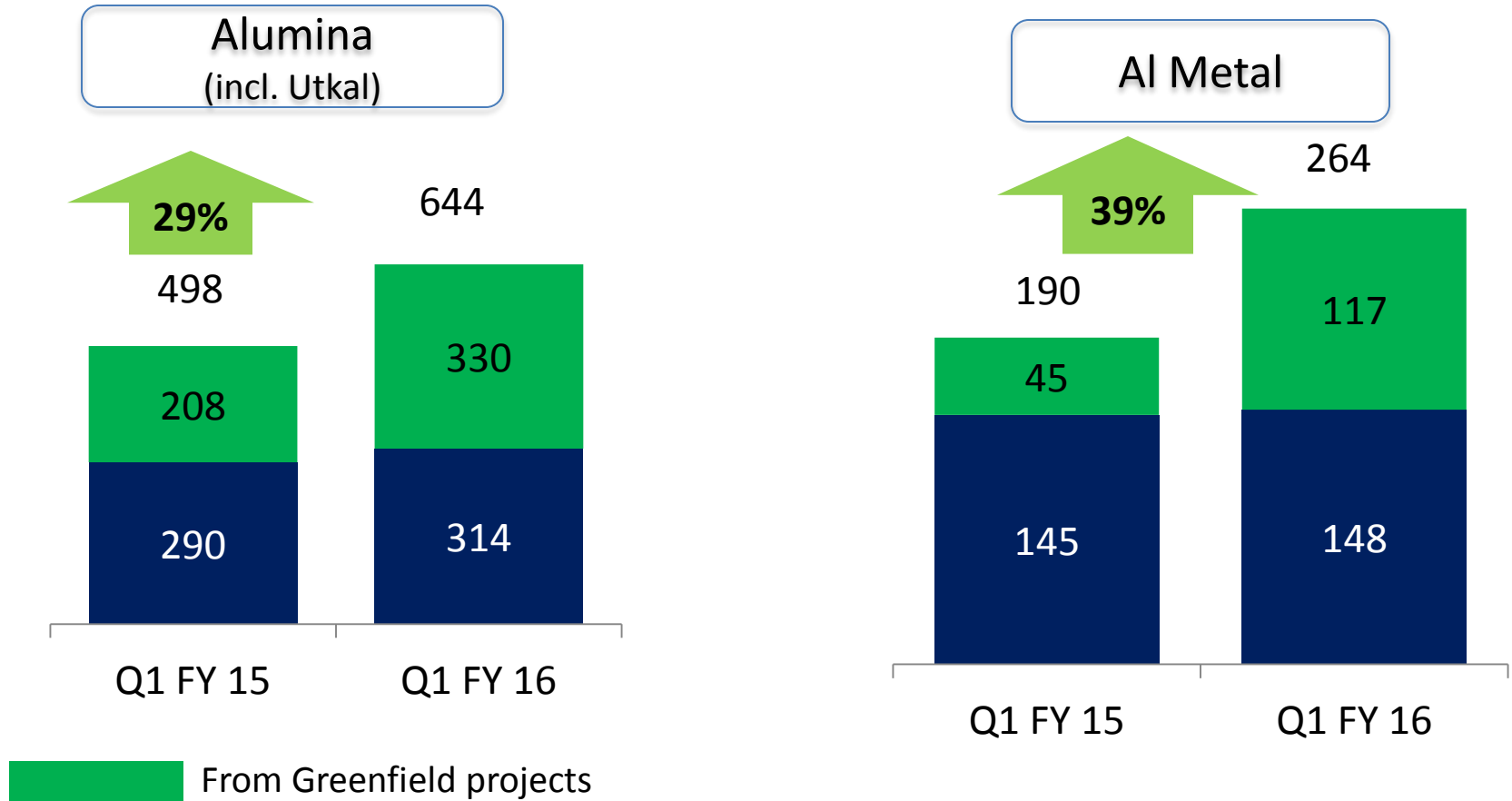
	Q1FY16	Q1 FY15	Q4 FY 16
LME (\$/t)	1,769	1,798	1801
INRUSD	63.47	59.35	62.24
MJP	198	374	377

- Realisations declined as both LME and Premium dropped
- Re mildly supportive but much higher depreciation in other currencies led to sharp fall in global cost curve.. Negating any benefit
- Coal cost at Hirakud increased sharply due to loss of Talabira 1 Mine

Al: Robust Operational Performance

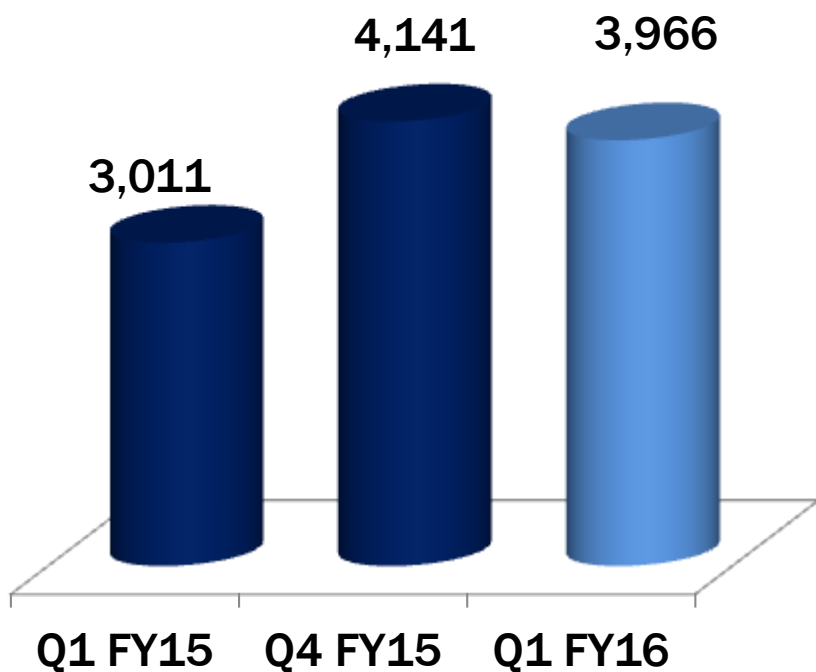
(Figures in Kt = '000 tonnes)

Record volumes on the back of ramp-up of expansion projects

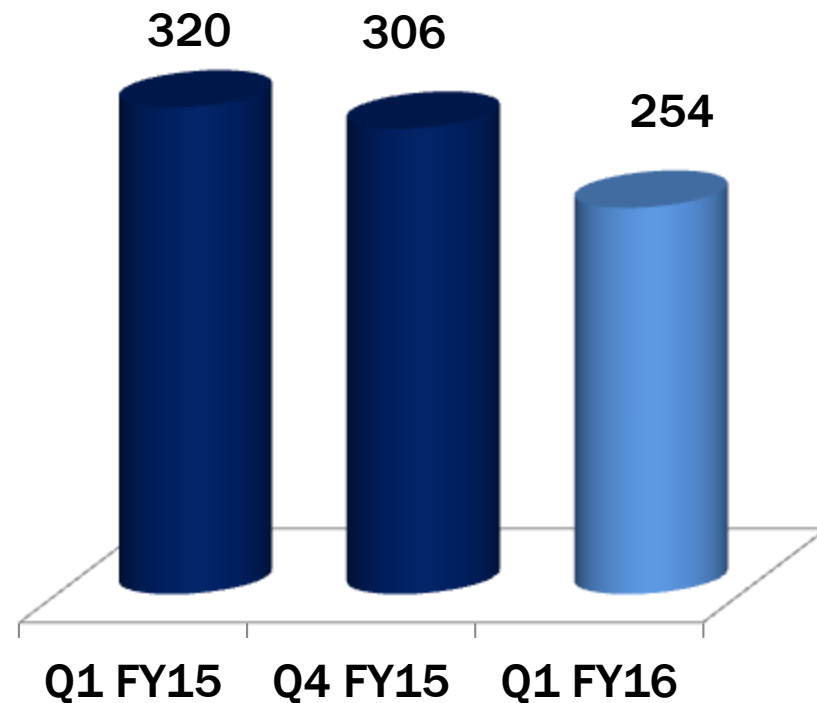


Aluminium: Financial Performance

Net Sales (₹ Cr)



EBIT (₹ Cr)



➤ YOY – Revenue up 32%

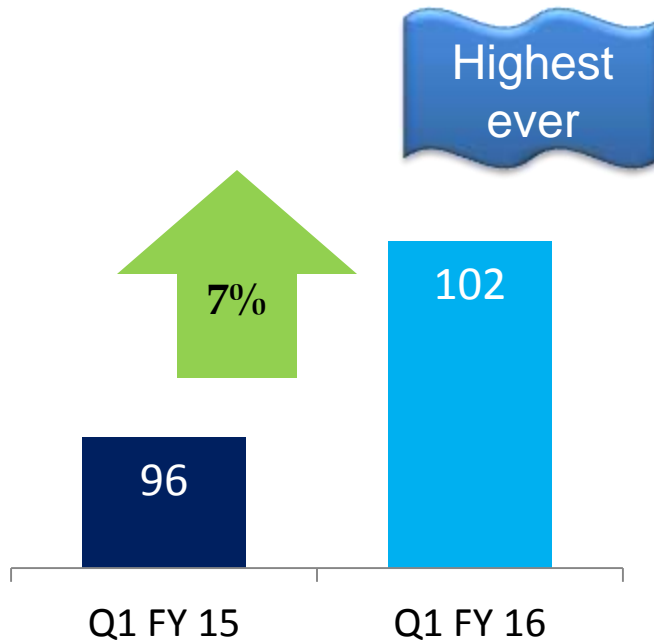
➤ EBIT declined on account of lower realisation & sharp increase in depreciation

Cu: Robust Production Performance

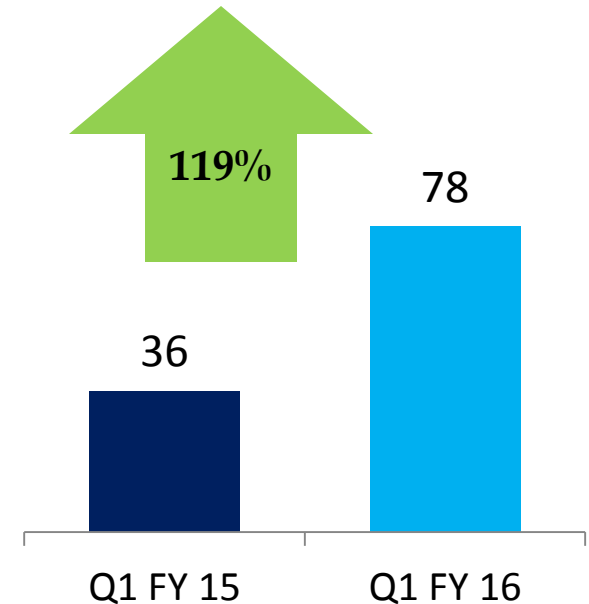


Volumes in Kt = '000 t

Cathode



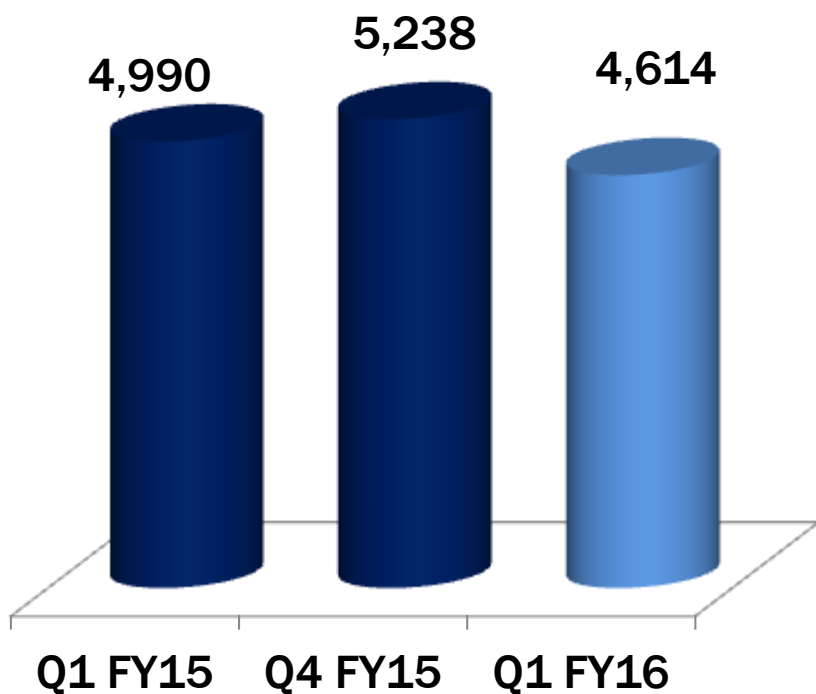
DAP



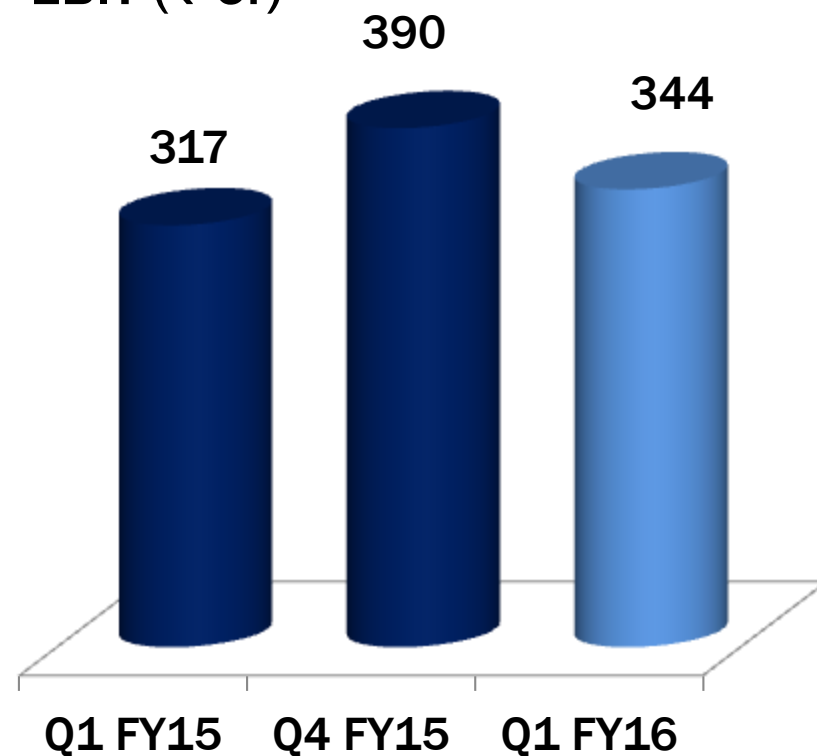
Strong Production growth

Copper: Financial Performance

Net Sales (₹ Cr)



EBIT (₹ Cr)



Consistent Performance

Novelis- Q1 FY 16 Highlights



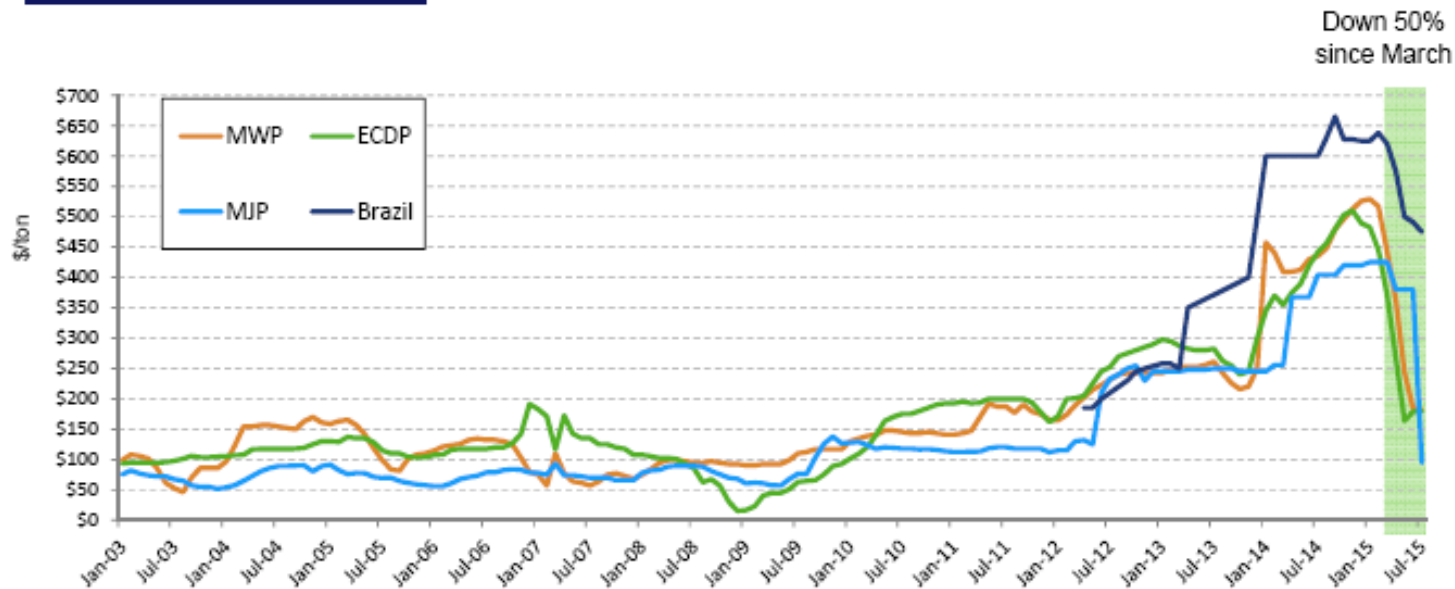
- YOY basis
- FRP Shipments at 768 KT down 2 KT
- Record Global Auto shipments Up 68%
- Revenues declined by 2% on account of lower LME and lower regional Premium
- Excluding Metal Price lag Ebidta declined 9% to \$ 212 Mn
- Ebidta including negative \$ 85 Mn metal price lag was at \$ 127 Mn

Challenging macro economic environment



Novelis- Metal Price lag...

LMP Timing Impact in our Pass-Through Business Model



- Average local market premium (LMP) unprecedented rise and rapid return to historical levels
- Average LMP has fallen 50% between March and July 2015
- Higher inventory levels today due to capacity expansions and product mix shift
- \$100/t change in LMP could impact EBITDA ~\$40M from metal price lag

Metal price lag: On certain sales contracts we experience timing differences on the pass through of changing aluminum prices from our suppliers to our customers. Additional timing differences occur in the flow of metal costs through moving average inventory cost values and cost of goods sold. This timing difference is referred to as metal price lag. Although we use derivatives contracts to minimize the price lag associated with LME base aluminum prices, we do not use derivative contracts for local market premiums, as these are not prevalent in the market.

In Summary ...

Challenging near term Outlook due to pricing headwinds; however long term demand outlook remains robust

Focus on consolidation -New factories ramping up well, Volume growth to continue

Robust Portfolio expected to partially offset pricing headwind – Novelis & Copper business expected to deliver ...

Novelis' strategic goals on track; strong growth in auto market likely to enrich product mix



Thank you

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Certain statements in this report may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company’s operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The company assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.