

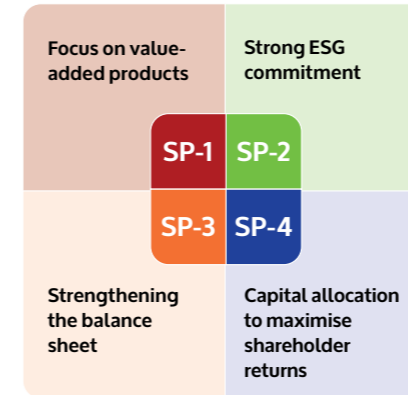
## STRATEGIC OVERVIEW AND RISKS LANDSCAPE

# Putting Strategic Priorities in Place

With a focus on transforming our future through integration of people, planet and prosperity, we have grown from India's largest leading non-ferrous metals company to become a global leader in the Aluminium business. We have transformed our business model to reduce dependence on the volatile London Metal Exchange (LME) price movement and are focusing on a stable portfolio of value-added products.



We have set out clear strategic priorities for ourselves as we embark on the next phase of our growth journey.



### Focus on Value-added Products

Our growth over the medium-term will come from our investments in the downstream business. This will continue to provide insulation from LME price movements and create stability in the overall earnings stream. Additionally, it will bring us closer to end customers and consumers.

### Aluminium

The dominant segments of Aluminium downstream viz. flat rolled products (FRP) and extrusions are under-represented in India, and per capita Aluminium consumption is significantly below the global average. Increasing aluminisation in industries, such as building and construction, transportation and packaging, offers significant market opportunity for our large and integrated operations.

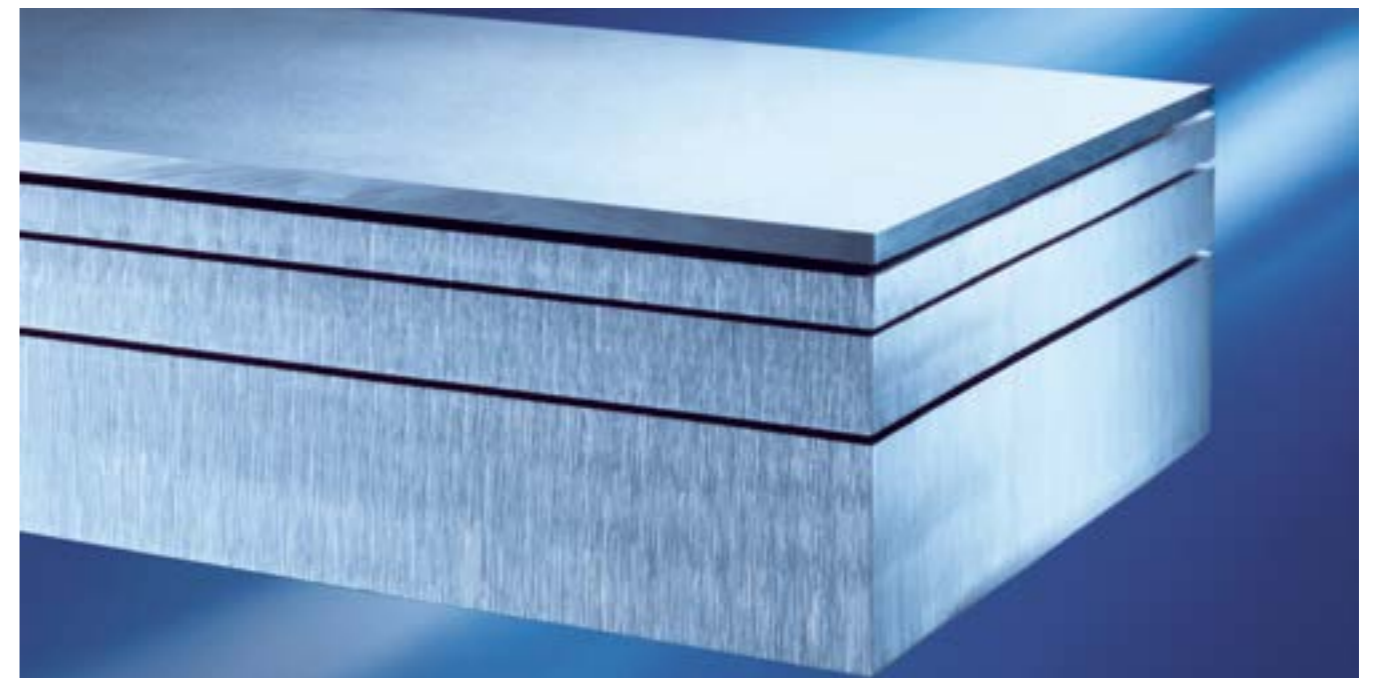
Building and construction is expected to be the third largest sector in the world by 2030. Growth in this sector will be driven by increase in urban housing demand. Applications such as doors and windows, roofing, structural glazing and so on will result in increased use of Aluminium in this segment. We have also introduced an effective way to utilise bauxite residue for cement manufacturing, as a step towards circular economy.

There is high demand for Aluminium FRP from the premium and electric vehicles segment in the transportation sector. Demand for lightweighting and

safety, including crash management system made of Aluminium to ensure safety and light weight, is expected to gain momentum. We are leveraging this opportunity to diversify our product portfolio. We are also considering low carbon products such as Aluminium buses and e-rickshaws as promising product offerings in the forthcoming years.

We have introduced innovative packaging solutions. One such example is Aluminium-foil-laminated jute bags as a substitute for plastic bags. Our other solutions in packaging include file stock, and bottle caps among others. Unique advantages of Aluminium over other forms of materials will help us grow in this segment significantly in the coming years.

In addition to the above, other areas where we are increasing our presence include electronics and electricals, consumer durables, Aluminium cookware, machinery and equipment, defence, nuclear, railways, ships and boat building among others.



High-strength Aluminium aerospace plate

**Copper**

Refined Copper consumption in India is expected to grow at 7-8% over the next 10 years, driven by electrical applications such as wires and cables, motor windings, transformer strips as well as infrastructure projects such as railways and Metro Railways. Today, we are the only large, refined Copper manufacturing plant in the country and the largest manufacturer of Copper rods. We plan to further increase the share of value-added products in our business, which will aid our margins and help us move up the value chain.



Refinery at Birla Copper, Dahej

**Specialty Materials**

We also plan to expand our value-added products portfolio in our specialty alumina business, targeting opportunities in newer and high-growth application areas for our products.

Novelis's specialties portfolio serves a diverse array of markets around the world. We produce both light and thick gauge material including container foils, electronics, commercial truck and trailers. With the acquisition of Aleris, we have expanded our heat exchangers and building and construction applications to our portfolio.



Novelis was the partner of choice for the Aluminium-intensive Ford F-150



Nursery at Utkal Alumina

**Strong ESG Commitment**

We believe that a balanced approach towards environmental, social and governance aspects of business is very critical for long-term success. We continue our focus on increasing the recycled input content in manufacturing. Further, we aim to achieve net carbon neutrality, zero waste to landfill, water positivity in all our mining locations, and no net loss on biodiversity by 2050. We have also made progress towards reducing air emissions by introducing the Flue Gas De-sulphurisation (FGD) systems at our various plant locations with an investment of ₹ 2,800 Cr. We are planning for these systems to be operational from April 2022 till 2025.

We aim at running our operations in a safe and secure manner with commitment to zero harm. Our people practices have a strong focus on diversity, inclusivity and upholding of human rights across our operations. We are committed to ensuring the well-being of communities and the larger society while creating a sustainable value.

**2.5x**

Targeted Net Debt to EBITDA ratio

**Strengthening the Balance Sheet**

Over the next two years, we plan to strengthen the balance sheet for future growth and reduce our Net Debt to EBITDA ratio to 2.5x. This will be achieved through a \$2.6 Billion debt reduction plan by Novelis and \$0.3 Billion debt reduction plan by Hindalco.

**\$1.2 BILLION**

Targeted consolidated cashflow

**Capital Allocation to Maximise Shareholder Returns**

Hindalco announced its Capital Allocation Framework for the next five years with respect to broad allocation of its consolidated operating cashflows after meeting maintenance capex and working capital requirements. The key focus of this framework is on pursuing profitable growth opportunities via organic expansions in both India downstream as well as Novelis, strengthening the Balance Sheet through deleveraging, and overall Shareholders value enhancement/distributions of returns.



**New projects in the pipeline**

We intend to create value for our stakeholders by enhancing our capabilities across the value chain.

- 500 kt alumina expansion at Utkal, which is nearing completion
- Capacity addition for FRP and recycling over next few years
- Increase of specialty alumina capacity in the Aluminium business
- Increase of continuous Copper rod production capacity
- Develop capability for inner grooved tubes, alloy rods and recycling in Copper
- Expansion in cold mill capacity, auto finishing lines, rolling and casting capacity, and recycling capacity as part of Novelis