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.
Contents

Economy and industry at glance

Key business highlights

Operational and financial review

• Aluminium (India)
• Copper
• Novelis
Economy update – Mixed signals

Global Economy – Uncertain Times, Easy money rules

- US outlook mixed, Advance Estimates for US GDP reported an increase of 2.9% (YoY) in Q3 2016. In Q2, real GDP rose 1.4%,
- Fed interest rate hike fears resurfacing, volatility increased post Presidential election
- Europe – growth continued to remain subdued
- China – Strong growth momentum, buoyed by stimulus, doubts on sustenance of the pace of the growth

India-Growth picking up

- Buoyed sentiments following good monsoon, GST progress and Global liquidity
- Expectations of stronger H2
Robust Demand

- Globally expected to grow at 5% in 2016
- US demand expected to gather momentum

- Chinese demand growth over 7%, driven by stimulus in construction sector and tax incentives in automobile sector

- Domestic demand is expected to gain pace post good monsoon, pick up in industrial activity and investments in electrical sector

Supply – lagging for now

- In 2016 - expected to lag demand

- Over medium term however, expected to increase sharply as new Chinese capacities come on stream as restarts gather pace following sharp price recovery

Over 500KT of deficit is expected in 2016
Largest deficit in the decade
LME expected to be range bound
Realisations were broadly stable as the impact of marginal rise in LME and supportive rupee was negated by sharp decline in local market premium

Industry costs continued to remain depressed
- However, both energy and alumina prices have started hardening
- In India, sharp surge in imports continued to impact domestic players

Coal availability improved, however, clean energy cess and monsoon related issues affected coal costs

<table>
<thead>
<tr>
<th>Key macro drivers</th>
<th>Q2 FY17</th>
<th>Q2 FY16</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>LME (US$ /MT)</td>
<td>1,620</td>
<td>1,589</td>
<td>2.0%</td>
</tr>
<tr>
<td>Premium (MJP)(US$/MT)</td>
<td>75</td>
<td>110</td>
<td>(31.8%)</td>
</tr>
<tr>
<td>Rs./US$</td>
<td>66.96</td>
<td>64.96</td>
<td>3.1%</td>
</tr>
</tbody>
</table>
Demand from China continues to remain lacklustre depressing the LME prices
Mine supply continues to remain robust despite lower LME
For Indian smelters
- TC/RC were stable
- LME lower by 10%
- Sulphuric acid prices dropped sharply
- DAP realisations lower

<table>
<thead>
<tr>
<th>Key macro drivers (Q2 FY 17 vs Q2 FY 16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCRC (US$c/lb)</td>
</tr>
<tr>
<td>---</td>
</tr>
</tbody>
</table>
Q2 FY17- A strong operating performance
Q2 FY 17 Highlights

Aluminium
- Aluminium EBITDA up 192% YoY on strong volumes, significant cost efficiencies achieved across operations, input prices largely supportive
- Coal security and improved power cost visibility – Locked in significant portion of annual coal requirement in recent auction at an attractive price
- All greenfield projects – Running at design capacity

Novelis
- Yet another solid quarter – Adjusted EBITDA excluding MPL at $ 270 Mn, ~ $ 350/T EBITDA for 3rd consecutive quarter
- Automotive shipments up 12% YOY
- Refinanced Senior notes – will drive annual savings of $ 55 Mn in interest cost

Copper
- Highest ever cathode Production, significant operating efficiencies achieved
- Efficiency gains offset adverse impact of sharp decline in co-product realisations
- Strong EBITDA despite some headwinds, up 38% QoQ
Q2 FY 17 – Standalone highlights

Robust financial performance on the back of strong volumes and supportive costs

**Net Sales**  
Rs. 9,562 Cr  
Flat  
- Sharply lower Cu realisations, negated impact of higher Al volumes

**PBITDA**  
Rs. 1,493 Cr  
39%  
- Strong gains in Aluminium operations on the back of higher volumes, efficiency gains & lower input costs

**Net Profit**  
Rs. 440 Cr  
256%  
- Sharply up due to robust operational performance and marginally lower finance charges, exceptional income also boosted the profits
Performance review – Aluminium India
Aluminium production trend

Alumina (KT) includes Utkal

<table>
<thead>
<tr>
<th>Production (KT)</th>
<th>Q2FY16</th>
<th>Q2FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wire Rods</td>
<td>29</td>
<td>40</td>
</tr>
<tr>
<td>FRP</td>
<td>62</td>
<td>68</td>
</tr>
<tr>
<td>Extrusions</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

Metal (KT)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY 16</th>
<th>Q2 FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>269</td>
<td>320</td>
<td></td>
</tr>
</tbody>
</table>

- Strong Production growth. Mahan and Aditya ramped up and operating at design capacities
- Efficiency gains across the plants, VAP production rising
- Significant visibility over coal availability and cost
Utkal Alumina - Update

- Cash cost of Alumina amongst the lowest cost refineries of the world
- Long distance bauxite conveyor proved its mettle during monsoon

Delivered an EBITDA of Rs 170 Cr in Q2, FY17
Performance review – Copper
Cathode production bounced back post maintenance shutdown in Q1 FY 17
Sequentially production jumped 63% registering highest ever quarterly production
CC Rods production up 12% (YoY) in line with our thrust on value addition
DAP production lower in line with market conditions
Performance review – Novelis
Aluminium Auto sheet demand continued to be robust but can market increasingly competitive.

- Significant cost reduction through productivity, asset utilisation and better metal mix
- Continued ramp up of automotive sheets and operational efficiencies to enhance the performance
- US$ 350/T EBITDA for third consecutive quarter
Financial performance review
## Financial highlights – Standalone

<table>
<thead>
<tr>
<th>(In Rs. Cr)</th>
<th>Q2FY17</th>
<th>Q2FY16</th>
<th>Q1FY17</th>
<th>H1FY17</th>
<th>H1FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from operations</td>
<td>9,562</td>
<td>9,561</td>
<td>8,159</td>
<td>17,721</td>
<td>18,734</td>
</tr>
<tr>
<td>Profit before interest, tax and depreciation (PBITDA)</td>
<td>1,493</td>
<td>1,074</td>
<td>1,351</td>
<td>2,844</td>
<td>2,079</td>
</tr>
<tr>
<td>Depreciation</td>
<td>352</td>
<td>299</td>
<td>338</td>
<td>690</td>
<td>630</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>594</td>
<td>627</td>
<td>600</td>
<td>1,194</td>
<td>1,231</td>
</tr>
<tr>
<td><strong>Profit before exceptional items and tax</strong></td>
<td>547</td>
<td>148</td>
<td>413</td>
<td>960</td>
<td>218</td>
</tr>
<tr>
<td>Exceptional income/(expense) – net</td>
<td>85</td>
<td>-</td>
<td>-</td>
<td>85</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit before tax from continuing operations</strong></td>
<td>632</td>
<td>148</td>
<td>413</td>
<td>1,045</td>
<td>218</td>
</tr>
<tr>
<td>Tax expenses</td>
<td>193</td>
<td>24</td>
<td>119</td>
<td>312</td>
<td>33</td>
</tr>
<tr>
<td>Profit from continuing operations</td>
<td>439</td>
<td>124</td>
<td>294</td>
<td>733</td>
<td>185</td>
</tr>
<tr>
<td>Profit/(loss) from discontinued operations (net of tax) *</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>440</td>
<td>123</td>
<td>294</td>
<td>734</td>
<td>185</td>
</tr>
<tr>
<td>Basic EPS from continuing operations – Rupee</td>
<td>2.14</td>
<td>0.60</td>
<td>1.44</td>
<td>3.58</td>
<td>0.90</td>
</tr>
</tbody>
</table>

*Rounded of to nearest decimal
Aluminium financial performance

Revenue (Rs Cr)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY 16</th>
<th>Q1 FY 17</th>
<th>Q2 FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,496</td>
<td>4,591</td>
<td>4,930</td>
</tr>
</tbody>
</table>

EBITDA (Rs Cr)

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY 16</th>
<th>Q1 FY 17</th>
<th>Q2 FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>277</td>
<td>871</td>
<td>808</td>
</tr>
</tbody>
</table>

Utkal EBITDA (Rs Cr)

<table>
<thead>
<tr>
<th></th>
<th>Q2FY16</th>
<th>Q1FY17</th>
<th>Q2FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>244</td>
<td>95</td>
<td>170</td>
</tr>
</tbody>
</table>

Robust operational performance on the back of efficiency gains and higher volumes
Copper financial performance

Net Sales (Rs Cr)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY 16</th>
<th>FY 17</th>
<th>FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>5,071</td>
<td>3,571</td>
<td>4,635</td>
</tr>
</tbody>
</table>

EBITDA (Rs Cr)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY 16</th>
<th>FY 17</th>
<th>FY 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>366</td>
<td>264</td>
<td>366</td>
</tr>
</tbody>
</table>

YOY – EBITDA maintained despite sharp fall in overall realisations
Sequentially – Sharp bounce back after planned maintenance shutdown
Completed refinancing of 2017 and 2020 bonds
Reduced interest expense by $55 M per year
Strong liquidity of $1 Bn
Expect FCF of $300- $350 Mn for FY 17

- Adjusted EBITDA excluding MPL at $270 Mn up 14% YOY
- MPL at negative $14 Mn sharply lower against negative $54 Mn in Q2 FY 16
- Surpassed $1.05 Bn EBITDA on TTM basis
- Net loss $89 Mn, primarily on account of $112 Mn loss on extinguishment of debt related to refinancing & $27 Mn loss of non-core assets of Alcom
- Excluding these net income more than doubled to $60 Mn from $25 Mn
1 Metals X share for every 4.5 ABML shares and A$ 0.08 cash for every ABML share – represents 32% premium based on stock prices traded on the offer date.

The transaction yielded a gain of Rs 145 crore and is included in the Hindalco quarterly accounts as exceptional items.

Total cash consideration received in the deal – Rs 367 crore
Key government initiatives to drive the growth

Enhanced capacities would require skilled / semi-skilled manpower

Domestic Industry would be self sufficient to meet the growing requirements

National Capital Goods Policy intends to boost manufacturing of capital goods to Rs 7.50Tn by 2025. A strong domestic sector can help in making this manufacturing ecosystem globally competitive

A project of this magnitude across 100 cities would need the support of this sector across various emerging applications (automotive, construction, power, electronics, etc)

The Solar Cities initiative plans a min.10% reduction in conventional energy demand. Aluminium and Copper key to the success of this project
Efficient alumina operations provides significant advantage.

Utkal amongst the best in the world.

Third consecutive quarter of strong operating performance on the back of strong operational & efficiency gains, aided by benign energy prices. Copper strong bounce back after successful maintenance shut down.

Significant amount of coal secured through linkages, and captive mines. Higher coal production by CIL augurs well for company.

Efficient alumina operations provides significant advantage. Utkal amongst the best in the world.

Continued to build momentum through focus on premium portfolio.
Thank you

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