



HINDALCO INDUSTRIES LIMITED

CHAIRMAN'S ADDRESS

TO THE SHAREHOLDERS

AT THE 54th ANNUAL GENERAL MEETING

ON

TUESDAY, 10 SEPTEMBER 2013

RAVINDRA NATYA MANDIR, MUMBAI

Statements in this "Document" describing the company's objectives, projections, estimates, expectations or predictions 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.

Dear Fellow Shareholders,

It's a pleasure to share with you a roundup of the Company's performance during the last financial year, its highs and lows and the future outlook. Economically, the year 2012-13 was indeed a very trying year. Business environment both in India as well as in all major economies across the globe faced several headwinds. Even today the worst does not seem to be over yet.

Slow growth, lack of investor confidence, steep devaluation of the rupee to an all time low and power outages added to India's woes. High commodity prices and supply constraints of critical raw material, such as coal and natural gas further compounded the problem. It is not surprising then that India's GDP growth slowed markedly in 2012-13, to 5%, down from 6.2% in the previous year.

I would like to emphasize here that despite this difficult business environment, through our determined efforts and constant focus on innovation and cost control, we continued to retain our position of 'the last man standing'. Now, with various strategic initiatives and investment in technology & capacity, we also have the advantage of being 'the first man forward' that would push us into a high growth trajectory when the economic situation improves in future. As a result of all this, your Company has come to be regarded as one of India's largest and most respected metals company in the country.

Coming to the performance of the Company during the financial year 2012-13, I am pleased to report that your Company has delivered a solid performance, despite various external adversities and several one-off adverse events during the year. The consolidated revenues of Hindalco for this year stood at nearly US dollars 15 billion (Rs. 80,193 crore) and PBITDA at US dollars 1.6 billion (Rs. 8,849 crore). The adjusted EBITDA from Novelis in FY13 was USD 961 million.

Considering the current macro-economic environment, it was indeed a commendable feat. But for the subdued growth in the global economy, the depressed state of metal prices and the relatively high energy prices, your Company would have posted even better results.

As you are aware, we embarked upon several Greenfield and Brownfield Projects over the last few years. I am pleased to announce that we have made significant progress on all these projects. The milestones achieved so far include the following:

- Mahan Aluminium Smelter in Madhya Pradesh has produced its first metal
- Utkal Alumina Refinery in Odisha has gone on stream
- Aditya Aluminium Smelter in Odisha is in advanced stage of implementation and is expected to tap its first metal during this calendar year.
- Hirakud Flat Rolled Products Project and Mouda Foils Project have been commissioned. These projects are aimed at increasing the volume of value added products for the Company which will help improve profitability.
- Novelis has commissioned its new Cold Mill at its Pinda Plant in Brazil.

The total consolidated spend on capital expenditure for the Company during the year was about US dollars 2.6 billion (Rs.14,000 crore). These investments will not only propel us towards high growth planned for our Metals Business, but will also put us at the lowest end of the global cost curve enabling us to withstand any downward phase of the business cycle.

Having given you a brief overview of the performance of the Company during the year 2012-13, let me now move on to the dividend proposal. Your Directors have recommended a dividend of Rs. 1.40 per share. It entails a cash outgo of Rs. 314 crore, inclusive of tax on dividend of Rs. 46 crore.

I would now like to briefly explain the steps taken by your Company towards its sustainability related initiatives. In this regard, our thrust is on the three critical

dimensions of sustainability, viz., people, planet and profit. We have made significant progress in each of these areas.

Some of the key initiatives taken in this field include the following:

- We have started constantly measuring our carbon footprint and a program has been put in place to reduce it systematically over the years.
- Various manufacturing units of the Company have adopted zero-discharge concept, putting up state-of-the-art facilities to increase processing, reuse and recycling of waste water.
- In the area of mining, we have an established practice of reclaiming the mined-out land systematically by laying topsoil to conserve the land in its original state. The reclaimed land is, then, used for afforestation as well as for agricultural purposes.
- We take particular care to create green belts at our Greenfield Project sites. Notably, at the Mahan Aluminium Smelter site, 500 hectares of land has been earmarked for such plantation and over 15000 trees have already been planted.
- We consider our employees as our most valuable assets of our group. Accordingly, we make conscious efforts to continuously improve their competencies & skills and integrate them into the value system of the group which has been developed and nurtured with care over the years.
- Welfare of the communities surrounding our operations has always been one of the top priorities for us. This is manifest in the various CSR projects that we run, providing the less fortunate strata of the society with education, healthcare, sustainable livelihood and infrastructure support. Our CSR activities span 660 villages and 10 urban slums spread across the country. We reach out to a rural populace of about 3.2 million. These efforts are channelized through the Aditya Birla Centre for Community Initiatives and Rural Development of which, your Director Mrs. Rajashree Birla, is the Chairperson.

On the business front, let me assure you that your Company is on a strong growth path pursuing its three-pronged strategy, comprising of:

- Aggressive growth in aluminium business in India
- Robust conversion businesses (Novelis and copper)
- Thrust on Value-Added Products in each line of business.

Our indomitable strength of running low cost, highly efficient and vastly productive operations through continuous improvement and innovation will stand your Company in good stead in the currently turbulent times. On the other hand, the investment in new projects in India will provide a unique opportunity catapulting it to even greater heights in the years of economic recovery.

Finally, I would also like to take this opportunity to express on behalf of your Company's Board our deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments for their co-operation and support. We look forward to their continued backing in future.

We very warmly acknowledge the contribution made by our employees to your Company's performance and for their dedication and commitment to the Company.

Let me express our deepest gratitude to each one of you, our shareholders. I look forward to your ongoing commitment and support.

Having provided you with a snapshot of your Company, may I now come to the first resolution relating to adoption of audited accounts as of 31st March, 2013 and Directors Report, for your consideration and approval.

Thank you.

(This document does not purport to be a record of the proceedings at the Annual General Meeting)