



ABRIDGED  
ANNUAL REPORT  
2015-16

HINDALCO INDUSTRIES LIMITED



**BIG ON GROWTH**  
BASED ON STRONG FUNDAMENTALS

The full Annual Report of the Company is available on our website [www.hindalco.com](http://www.hindalco.com)



**Mr. Aditya Vikram Birla**

We live by his values.

Integrity, Commitment, Passion, Seamlessness and Speed.

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## THE CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Shareholders,

### **Global Economy**

The global scenario continues to be trapped in a low growth trajectory, despite the steep drop in crude oil and commodity prices. Furthermore, a barrage of monetary stimulus has driven down interest rates close to zero in many of the advanced economies. With the monetary stimulus option by and large exhausted, governments are more likely to turn to fiscal and structural measures to revive growth.

The IMF projects global growth to inch up from 3.1% in 2015, to 3.2% in 2016, and increasing to 3.5% in 2017. Growth in the advanced economies is projected at 1.9% in 2016, with US growth pegged at 2.4%, Europe at 1.5% and Japan at 0.5%. Growth in the emerging markets in 2016, overall, is projected at 4.1%, much of it coming from China, India and the ASEAN region. Growth in Latin America is expected to be only 0.5%, on account of a 3.8% decline in growth in Brazil. No sustained upside is seen in oil and commodity prices in 2016.

The path ahead for the global economy remains challenging, with greater uncertainties thrown in. Concerns persist about the slowdown in China and its ability to shift smoothly from export-led to domestic-led growth. Fiscal pressures will accentuate in the oil producing countries, including the rich Middle-East countries. Financial markets remain nervous and exchange rate volatility has been pronounced. This is reinforced by the impending reversal of the interest rate cycle in the US.

### **Indian Economy**

Against the backdrop of a muted global economy, India's economy is an outperformer. For 2016-17, GDP growth is projected at 7.5%. This would make it the fastest growing among the large economies. This is particularly creditable

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***“Your Company attained a consolidated revenue of US\$ 15 billion (₹ 100,042 crore) and PBITDA of US\$ 1.5 billion (₹ 10,007 crore).”***

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in the context of two successive unfavourable monsoons and a decline in exports. Recent data indicate a 5.7% year-on-year growth in eight of the key core sector industries, against 2.3% growth registered last year.

Inflationary pressures have been contained. The rise in the consumer price index averaged 4.9% in 2015-16, down from 5.9% in the previous year. The wholesale price index declined 2.5% on an averaged basis, compared to a rise of 2.0% in the previous year. In 2015-16, merchandise exports and imports each fell over 15% over 2014-15. The trade deficit in 2015-16 was US\$ 118.5 billion, a decline of 14% over the previous year. The current account deficit narrowed sharply from US\$ 26.1 billion to US\$ 22.0 billion, representing 1.4% of GDP. India's foreign exchange reserves, as at March-end 2016 were US\$ 360.2 billion. The government is also committed to meeting the current year's fiscal target of 3.5% of GDP. Overall, the economic fundamentals are sound.

There have also been positive moves on the policy front, in areas related to ease of doing business, promoting start-ups, rationalising the tax structure and administration, and opening up more areas for foreign investment through the automatic route. The government is substantially stepping up infrastructure spending.

Having said that, some issues come to the fore. For instance, capital investment will take time to revive, given stretched corporate balance sheets, low capacity utilization, (at only 72.5% in the organized industrial sector), and competition from imports. Slow global output and trade growth will continue to impact exports. There is also the overhang of non-performing assets in the banking sector. Much more also needs to be done to “monsoon-proof” the Indian economy.

The growth in the manufacturing sector has been subdued, including a decline in the output of capital goods.

### **Your Company's Performance**

Your Company attained a consolidated revenue of US\$ 15 billion (₹ 100,042 crore) and PBITDA of US\$ 1.5 billion (₹ 10,007 crore). This was despite a sharp drop in LME and the decline in aluminium ingot premium that caused a large adverse metal price lag. Further, the interest and depreciation charges rose significantly in line with the commissioning of new facilities. However, higher volumes and a significant reduction in the cost of production enabled your Company record a robust performance.

The year 2015-16 was indeed a milestone year for your Company. Aluminium and alumina production at 1.1 million tons and 2.7 million tons respectively has been the highest ever achieved as were the shipments of flat rolled products. Your Company's three Greenfield projects – Mahan Aluminium, Aditya Aluminium and Utkal Alumina ramped up to their full capacity. Utkal, in fact, has positioned itself in the lowest decile on the global alumina cost curve on the back of very efficient logistics in a remote terrain and robust operational performance.

Of the 4 coal blocks – two in Chhatisgarh and two in Jharkhand - bagged by your Company in the auction process, both the Gare Palma mines in Chhatisgarh have become operational.

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***“The year 2015-16 was indeed a milestone year for your Company. Aluminium and alumina production at 1.1 million tons and 2.7 million tons respectively has been the highest ever achieved.”***

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## THE CHAIRMAN'S LETTER TO SHAREHOLDERS

Your Company's Copper business also put in a commendable performance. Copper production for the year was at a record level of 388 KT. The continued thrust on value addition led to a higher production of continuous cast rods.

The year also marked the culmination of Novelis' large scale investment programme, started four years ago. Novelis' Aluminium recycling center in Germany, the world's largest of its kind, is stabilizing well. Additionally, it commissioned two new automotive lines in the US and in Europe. In all, the 5 automotive finishing lines consolidate Novelis' leadership in the high growth Auto segment.

Importantly, Novelis' auto shipments increased 47% during the year, in line with the strategic portfolio shift that is underway.

### Outlook

The overall outlook for commodity markets continues to be challenging. The macroeconomic headwinds persist and the uncertain global macros pose many concerns. However, your Company's structural positioning in the markets that it serves has strengthened significantly, following the completion of its ambitious Greenfield investments in India and the ongoing enrichment of the product portfolio in Novelis.

### Our People: Our Pride

Despite yet another challenging year, we have achieved good results. This has been largely due to deft cost management, a concerted move towards on-streaming of new capacities, focus on efficiency improvement, productivity and customer centricity. Our employees have unflinchingly rallied around us. And for this, I would say a big "thank you" to all of them".

### The Aditya Birla Group: In perspective

At the Group level, we have done well both in terms of revenue and earnings. As a matter of fact, the EBIDTA attained has been the highest ever.

Having worked extensively on the people front for over a decade, I am happy to state that our leadership processes are now mature. At the management level we have built quality bench strength.

The Chairman's Series launched last year for senior leaders in the areas of business strategy, finance and personal leadership saw 150 of our senior most leaders recourse to these learning interventions.

To create a leadership pipeline to the Business Head roles within the next couple of years, we have created the Aditya Birla Fellows programme. The managers who have won this recognition are put in charge of critical Group-wide projects under my personal oversight. Up until now, we have named 14 managers who have tremendous potential to rise to the stature of Business Heads, going forward.

A slew of other initiatives have been set afoot to grow leaders from within. To do so, we have announced a hiring freeze at the middle and senior management levels for the next 3 years. It paves the way for accelerated talent growth.

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*"Your Company's structural positioning in the markets that it serves has strengthened significantly, following the completion of its ambitious Greenfield investments in India and the ongoing enrichment of the product portfolio in Novelis."*

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*"The Chairman's Series launched last year for senior leaders in the areas of business strategy, finance and personal leadership saw 150 of our senior most leaders recourse to these learning interventions."*

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***“ The Aditya Birla Group Leadership Programme aimed at securing young talent from the top tier Business Schools of India has become aspirational.”***

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In this context, I am happy to state that our accelerated leadership programme Cutting Edge, which prepares high potential leaders for P&L positions across our Group is gaining traction. It was launched last year. Up until now, 20 of the 35 graduates of this programme have already moved roles to take on higher responsibilities.

Furthermore, the 250+ youngsters who joined us over 6 years ago as Group Management Trainees, in our Leadership Associate Programmes (Lead) and Leadership Programme for Experienced youngsters (Leap), are shaping well. In the last 2 years nearly a 100 from this slot have moved across functions and businesses. Additionally, we have 25 mid-career participants who have joined us in the Group Manufacturing Leadership Programme. They too are making significant contributions in our manufacturing business units.

The first batch of 14 participants in “Spring Board”, (a programme designed specially for high calibre women) graduated commendably to higher roles. The second batch of 39 women leaders is making good progress on their way to greater responsibilities. As of now, we have nearly 5,000 women – 14 percent in the managerial cadre.

In the last 3 years, we have had more than 1100 inter-business and over 1000 intra-business transfers of employees across levels.

At Gyanodaya, the Aditya Birla Global Centre for Leadership Learning over 2000 managers enrolled for learning programmes. With a mix of academics and live case studies, these programmes enable our people to keep abreast of the developments in their area and stay contemporary. Side by side the Gyanodaya Virtual Campus hosts more than 500 e-learning modules in multiple languages. During the year, over 25,000 employees chose to access these programmes.

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***“Our Group features among the formidable Top-5 in the A C Nielsen – CRI Campus Recruitment India Index 2015.”***

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The Aditya Birla Group Leadership Programme aimed at securing young talent from the top tier Business Schools of India has become aspirational. I am happy to record that our Group’s brand attractiveness has taken a quantum leap across 35 top B-Schools in India. Our Group features among the formidable Top-5 in the A C Nielsen – CRI Campus Recruitment India Index 2015.

**In sum**

All these moves are a testament to our commitment to accord a World of Opportunity for our people and they are leveraging it. Our people are fully aware of what business needs to succeed. They are committed to contribute their best to our values based, performance driven, meritocratic culture. We are future ready.

Your sincerely



Kumar Mangalam Birla



**BOARD OF DIRECTORS****Non-Executive Directors**Mr. Kumar Mangalam Birla, *Chairman*

Mrs. Rajashree Birla

Mr. Madhukar Manilal Bhagat

Mr. Kailash Nath Bhandari

Mr. Askaran Agarwala

Mr. Yazdi Dandiwala

Mr. Ram Charan

Mr. Jagdish Khattar

Mr. Girish Dave  
(*w.e.f. 28<sup>th</sup> May, 2016*)**Executive Directors**Mr. Debnarayan Bhattacharya  
*Managing Director*  
(*Non-Executive Vice-Chairman,*  
*w.e.f. 1<sup>st</sup> August, 2016*)Mr. Satish Pai  
*Deputy Managing Director*  
(*Managing Director, w.e.f. 1<sup>st</sup> August, 2016*)Mr. Praveen Kumar Maheshwari, CFO  
(*Whole-time Director, w.e.f. 28<sup>th</sup> May, 2016*)**COMPANY SECRETARY**Mr. Anil Malik  
*President***CORPORATES**Mr. Bharat Bhushan Jha  
*Senior President*  
(*Corporate Projects & Procurement*)Mr. Samik Basu  
*Chief Human Resource Officer***BUSINESS/UNIT HEADS**Mr. Jagdish Chandra Laddha  
*Group Executive President*  
Head—Copper BusinessMr. Devotosh K. Das  
*Chief Marketing Officer (Aluminium)*Mr. Sanjay Sehgal  
*President (Chemicals)*Mr. Satish Jajoo  
*Chief Operating Officer*  
(Renukoot, Renusagar and Mahan Units)Mr. B. Arun Kumar  
*President (Operations)***SUBSIDIARIES****Novelis Inc.**Mr. Debnarayan Bhattacharya, *Vice-Chairman*  
Mr. Steve Fisher, *President & CEO***Utkal Alumina International Limited**Mr. Vijay Sapra, *President***AUDITOR**

Singhi &amp; Co., Kolkata

**COST AUDITOR**

R. Nanabhoy &amp; Co., Mumbai

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(₹ crore)

	2015-16	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>PROFITABILITY</b>	USD in Mn *										
Net Sales and Operating Revenues	5,246	34,318	34,525	27,851	26,057	26,597	23,859	19,522	18,220	19,201	18,313
Cost of Sales	4,739	31,000	31,108	25,359	23,853	23,492	20,705	16,572	15,184	15,800	14,298
Operating Profit	507	3,318	3,417	2,492	2,204	3,105	3,155	2,950	3,036	3,401	4,015
Depreciation and Impairment**	195	1,277	837	823	704	690	687	667	645	588	638
Other Income	163	1,066	882	1,124	983	616	347	260	637	493	370
Interest and Finance Charges	363	2,375	1,637	712	436	294	220	278	337	281	242
Profit before Tax and Exceptional Items	112	732	1,825	2,081	2,047	2,737	2,595	2,265	2,690	3,026	3,505
Exceptional Items (Net)	-	-	578	396	-	-	-	-	-	-	-
Profit before Tax	112	732	1,247	1,685	2,047	2,737	2,595	2,265	2,690	3,026	3,505
Tax for current year	19	125	355	298	347	500	469	462	611	705	940
Tax adjustment for earlier years (Net)	-	-	(33)	(26)	-	-	(11)	(113)	(151)	(541)	-
Net Profit	93	607	925	1,413	1,699	2,237	2,137	1,916	2,230	2,861	2,564
<b>FINANCIAL POSITION</b>											
Gross Fixed Assets (excluding CWIP)	6,634	43,955	35,434	26,804	15,073	14,478	14,287	13,793	13,393	12,608	11,253
Capital Work-in-Progress (CWIP)	466	3,083	10,744	17,277	23,605	16,257	6,030	3,703	1,390	1,120	1,476
Depreciation and Impairment	1,682	11,141	9,374	8,749	7,975	7,328	6,703	6,059	5,506	4,799	4,246
Net Fixed Assets	5,418	35,897	36,804	35,332	30,703	23,407	13,615	11,438	9,277	8,929	8,483
Investments (including Current)	3,391	22,467	21,251	21,907	20,482	18,087	18,247	21,481	19,149	14,108	8,675
Other Long term Assets/(Liabilities) - (Net)	22	148	556	1	440	1,017	3,384	-	-	-	-
Net Current Assets	1,324	8,772	9,043	7,686	8,046	5,318	4,780	2,716	5,068	4,051	3,741
Capital Employed	10,155	67,284	67,653	64,926	59,671	47,829	40,025	35,634	33,493	27,088	20,900
Loan Funds	4,307	28,537	28,649	27,020	24,508	14,572	9,038	6,357	8,324	8,329	7,359
Deferred Tax Liability (Net)	253	1,679	1,748	1,174	1,191	1,225	1,287	1,366	1,411	1,324	1,126
Net Worth	5,595	37,068	37,255	36,732	33,972	32,032	29,700	27,911	23,758	17,436	12,415
<b>Net Worth represented by:</b>											
Share Capital	31	207	207	206	191	191	191	191	170	123	104
Share Warrants/Suspense	-	-	-	-	541	541	-	-	-	140	-
Reserves and Surplus #	5,564	36,861	37,049	36,526	33,240	31,300	29,509	27,720	23,588	17,174	12,311
	5,595	37,068	37,255	36,732	33,972	32,032	29,700	27,911	23,758	17,436	12,415
<b>Business Reconstruction Reserve (BRR)</b>											
**Impairment of fixed assets adjusted against BRR	86	562	95	-	-	-	-	-	101	-	-
Other Adjustment against BRR (including deferred tax)	18	121	2	86	-	-	-	-	(34)	-	-
	104	682	97	86	-	-	-	-	67	-	-
<b>Dividend</b>											
Preference Shares (including Dividend Distribution Tax)	-	-	-	-	-	-	-	-	0.03	0.03	-
Equity Shares (including Dividend Distribution Tax)	35	228	246	207	300	335	334	301	269	265	202
<b>RATIOS AND STATISTICS</b>											
	Unit	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Operating Margin	%	9.67	9.90	8.95	8.46	11.67	13.22	15.11	16.66	17.71	21.92
Net Margin	%	1.77	2.68	5.07	6.52	8.41	8.96	9.81	12.24	14.90	14.00
Gross Interest Cover	Times	1.85	1.75	1.50	1.61	3.62	5.74	5.23	5.48	6.08	10.50
Net Interest Cover	Times	1.85	2.63	5.08	7.31	12.67	15.92	11.55	10.90	13.88	18.09
ROCE	%	4.62	5.12	4.30	4.16	6.34	7.03	7.14	9.04	12.21	17.93
ROE	%	1.64	2.48	3.85	5.00	6.98	7.19	6.86	9.39	16.41	20.66
Basic EPS	₹	2.94	4.48	7.09	8.88	11.69	11.17	10.82	14.82	22.23	25.52
Diluted EPS	₹	2.94	4.48	7.09	8.87	11.68	11.16	10.81	14.82	22.11	25.52
Cash EPS	₹	9.12	8.53	11.22	12.55	15.29	14.76	14.58	19.10	26.80	31.87
Dividend per Share	%	100	100	100	140	155	150	135	135	185	170
Capital Expenditure	₹ in Cr.	1,153	2,286	5,050	7,343	8,453	6,318	2,860	1,121	1,049	1,516
Foreign Exchange earnings on Export	₹ in Cr.	12,490	13,334	8,292	7,572	7,857	7,096	5,268	5,148	6,434	6,973
Debt Equity Ratio	Times	0.77	0.77	0.74	0.72	0.45	0.30	0.23	0.35	0.48	0.59
Book value per Share	₹	179.51	180.41	177.92	177.44	167.31	155.14	145.87	139.73	142.09	118.97
Market Capitalisation	₹ in Cr.	18,162	26,638	29,266	17,538	24,774	40,040	34,682	8,850	20,260	13,963
Number of Equity Shareholders	Nos.	392,888	338,655	361,686	441,166	383,724	320,965	339,281	435,064	335,337	520,019
Number of Employees	Nos.	24,118	21,976	20,902	20,238	19,975	19,341	19,539	19,867	19,667	20,366
Average Cash LME (Aluminium)	USD	1,592	1,888	1,773	1,976	2,317	2,257	1,868	2,234	2,623	2,663
Average Cash LME (Copper)	USD	4,852	6,556	7,103	7,855	8,485	8,140	6,112	5,885	7,521	6,985

\* Balance sheet items are translated at closing exchange rate and Profit &amp; Loss items are translated at average exchange rate.

# Including Employee Stock Options Outstanding

Figures for 2007-08 onwards include figures of Indian Aluminium Company Limited amalgamated pursuant to Scheme of Amalgamation with effect from 01.04.2007.



# FINANCIAL HIGHLIGHTS - CONSOLIDATED

A B R I D G E D  
Annual Report 2015-16

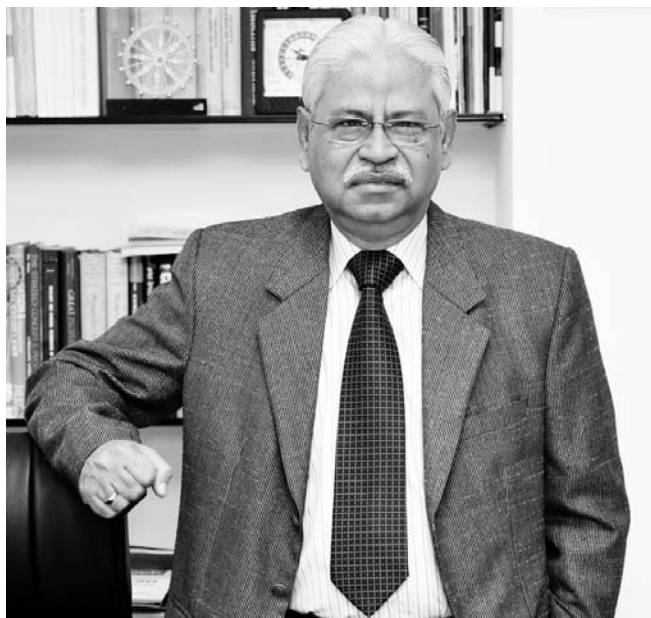
	(₹ crore)										FINANCIAL HIGHLIGHTS	
	2015-16	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	MANAGEMENT DISCUSSION AND ANALYSIS
	USD in Mn*											DIRECTORS REPORT
<b>PROFITABILITY</b>												
Net Sales and Operating Revenues	15,292	100,042	104,281	87,695	80,193	80,821	72,202	60,708	65,963	60,013	19,316	
Cost of Sales	13,948	91,250	95,337	79,409	72,356	72,637	64,274	50,962	62,993	53,378	14,886	
Operating Profit	1,344	8,792	8,944	8,286	7,837	8,184	7,929	9,746	2,970	6,635	4,431	
Depreciation and Impairment**	655	4,287	3,591	3,553	2,861	2,864	2,759	2,784	3,038	2,488	865	
Other Income	186	1,215	1,105	1,017	1,012	783	513	323	691	656	409	
Interest and Finance Charges	772	5,049	4,178	2,702	2,079	1,758	1,839	1,104	1,228	1,849	313	
Profit before Tax and Exceptional Items	103	671	2,280	3,049	3,909	4,345	3,843	6,181	(605)	2,954	3,662	
Exceptional Items (Net)	88	577	1,940	396	-	-	-	-	-	-	-	
Profit before Tax	14	94	340	2,653	3,909	4,345	3,843	6,181	(605)	2,954	3,662	
Tax for current year	79	515	289	568	903	820	974	1,932	(805)	1,189	958	
Tax adjustment for earlier years (Net)	(0)	(0)	(33)	(43)	(17)	(34)	(10)	(103)	(149)	(548)	0	
Profit/ (Loss) from Continuing Operations	(64)	(421)	84	2,128	3,023	3,559	2,879	4,352	349	2,313	2,703	
Profit/ (Loss) from Discontinuing Operations	(24)	(158)	-	-	-	-	-	-	-	-	-	
Profit/ (Loss) before Minority Interest and share in Associates	(89)	(579)	84	2,128	3,023	3,559	2,879	4,352	349	2,313	2,703	
Minority Interest	(69)	(449)	(596)	20	(20)	211	366	424	(172)	219	16	
Share in (Profit)/ Loss of Associates (Net)	(27)	(175)	(175)	(67)	16	(50)	57	3	37	(100)	1	
Net Profit	7	45	854	2,175	3,027	3,397	2,456	3,925	484	2,193	2,686	
<b>FINANCIAL POSITION</b>												
Gross Fixed Assets (excluding CWIP)	17,490	115,880	101,940	87,914	60,054	53,961	48,207	45,622	46,220	42,112	14,271	
Capital Work-in-Progress (CWIP)	634	4,201	14,111	23,059	33,834	22,798	9,253	5,801	2,949	2,457	1,917	
Depreciation and Impairment	5,316	35,221	29,981	26,750	22,126	18,661	15,802	16,622	14,404	7,405	5,035	
Net Fixed Assets	12,808	84,861	86,070	84,223	71,763	58,098	41,657	34,801	34,765	37,164	11,153	
Investments (including Current)	2,162	14,324	12,346	12,961	12,601	10,551	10,855	11,246	10,389	14,008	7,874	
Other Long term Assets /(Liabilities) - (Net)	(925)	(6,129)	(4,680)	(3,749)	(3,105)	(2,154)	618	-	-	-	-	
Net Current Assets	2,177	14,422	15,161	16,881	16,250	11,588	11,236	5,172	3,011	4,254	4,257	
Capital Employed	16,222	107,478	108,898	110,316	97,508	78,084	64,366	51,219	48,165	55,426	23,285	
Loan Funds	10,104	66,945	67,058	64,756	56,951	40,859	29,366	23,999	28,310	32,352	8,443	
Minority Interest	59	389	956	1,781	1,759	1,709	2,217	1,737	1,287	1,615	857	
Deferred Tax Liability (Net)	261	1,731	2,555	3,175	3,468	3,605	3,760	3,938	2,811	4,172	1,172	
Net Worth	5,798	38,414	38,329	40,605	35,330	31,911	29,023	21,545	15,758	17,286	12,814	
<b>Net Worth represented by:</b>												
Share Capital	31	207	207	206	191	191	191	191	170	123	104	
Share Warrants/Suspense	-	-	-	6	541	541	-	-	-	140	-	
Reserves and Surplus #	5,767	38,207	38,122	40,393	34,597	31,179	28,832	21,353	15,588	17,023	12,709	
	5,798	38,414	38,329	40,605	35,330	31,911	29,023	21,545	15,758	17,286	12,814	
<b>Business Reconstruction Reserve (BRR)</b>												
**Impairment of Fixed Assets adjusted against BRR	86	562	95	-	-	-	-	-	146	-	-	
Other Adjustments against BRR (including deferred tax)	18	120	2	86	-	500	(3,439)	304	4,471	-	-	
	104	682	97	86	-	500	(3,439)	304	4,617	-	-	
<b>Dividend</b>												
Preference Shares (including Dividend Distribution Tax)	-	-	-	-	-	-	-	-	0.03	0.03	-	
Equity Shares (including Dividend Distribution Tax)	40	259	260	244	303	359	334	303	271	268	204	
<b>RATIOS AND STATISTICS</b>												
	<b>Unit</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	
Operating Margin	%	8.79	8.58	9.45	9.77	10.13	10.98	16.05	4.50	11.06	22.94	
Net Margin	%	0.04	0.82	2.48	3.77	4.20	3.40	6.47	0.73	3.65	13.90	
Gross Interest Cover	Times	1.95	1.95	1.85	2.04	3.16	3.56	6.99	2.35	3.30	9.91	
Net Interest Cover	Times	1.98	2.41	3.44	4.26	5.10	4.59	9.12	2.98	3.94	15.44	
ROCE	%	5.32	5.93	5.21	6.14	7.82	8.83	14.22	1.29	8.67	17.07	
ROE	%	0.12	2.23	5.36	8.57	10.64	8.46	18.22	3.07	12.69	20.96	
Basic EPS	₹	0.22	4.14	10.91	15.81	17.74	12.84	22.17	3.21	17.04	26.73	
Diluted EPS	₹	0.22	4.13	10.91	15.81	17.74	12.83	22.16	3.21	16.95	26.73	
Cash EPS	₹	20.98	21.53	28.73	30.75	32.70	27.25	37.88	23.40	36.38	35.33	
Capital Expenditure	₹ in Cr	3,708	6,202	11,306	14,090	13,802	8,408	5,983	2,452	2,989	2,349	
Debt Equity Ratio	Times	1.74	1.75	1.59	1.61	1.28	1.01	1.11	1.80	1.87	0.66	
Book value per Share	₹	186.02	185.61	196.67	184.53	166.68	151.61	112.59	92.68	140.86	122.79	

\* Balance sheet items are translated at closing exchange rate and Profit & Loss items are translated at average exchange rate.

# Including Employee Stock Options Outstanding

Figures for 2007-08 onwards include the figures of Novelis Inc., a foreign subsidiary, acquired by the Company on 16.05.2007 through its wholly-owned overseas subsidiaries.

## MANAGEMENT DISCUSSION AND ANALYSIS



**D. Bhattacharya**  
*Managing Director*

### Highlights

#### Industry and Economy

The year 2015-16 was a challenging year for commodities. The energy price deflation that started late last fiscal year continued and oil prices remained low amidst sharp volatility. Sentiments remained fragile, which led to bouts of risk aversion. This manifested in a stronger USD and depressed commodity prices for a larger part of the financial year.

The global economy went through rough times and painted a mixed picture, with overall growth declining to ~2.5%. The economic activity remained subdued. Growth in emerging economies—while still accounting for around 70% of the global growth—declined for the fifth consecutive year, registering a low in post Global Financial Crisis period. On the other hand, a modest recovery continued in the US while other advanced economies, particularly Europe, continued to struggle.

The gradual slowdown and rebalancing of economic activity in China that is moving away from investment and infrastructure led economic growth to consumption and services led growth continued to impact its growth momentum. As a result, the growth rate in China declined substantially. China, the major driver of Global economic growth in the past decade, appears to be struggling with this transition and this has weighed heavily on the commodities.

Lower energy and commodity prices had a significant adverse impact on energy and commodity exporting countries such as Brazil, Chile, Russia and the Middle East, thus leading to economic slowdown and growth uncertainty.

The talks about gradual tightening of monetary policy in the United States, in the context of a resilient US economic recovery, added to uncertainty, even as several other major central banks such as ECB and BOJ continued with easy money policy. All of this had an impact on the commodity, forex and equity markets globally. The fear of possible RMB devaluation also contributed to the fragile sentiments; making investors risk averse for the larger part of 2015-16.

In the recent months, the prices of most commodities appear to have bottomed out and have rallied on the back of improved sentiments with respect to Chinese demand. This was aided by USD weakness following accommodative policies by the US Fed. During past few months, there has been a strong recovery in most commodity prices. However, the sustainability of these prices is so far uncertain in this challenging global macroeconomic scenario.

In FY 16, the Aluminium industry witnessed significant challenges as the average realisations crashed. The average aluminium LME was 16% lower than the previous year while the premiums were sharply lower by 68 % as compared with FY 15.

The aluminium demand continued to remain strong. However, the surplus attributed to overcapacity in China has been a major hurdle in recovery of commodity price for a while. During the year, a sharp decline in realisations forced Chinese producers to curtail capacity to the tune of 4.5 Mn tonnes in 2015. However, the rally in aluminium prices during the last quarter of FY 16 has put a question mark on these curtailments and some of the smelters have reportedly restarted.

The cost deflation, especially energy costs coupled with depreciation of several local currencies vis-a-vis USD resulted in a downward shift in the aluminium cost curve thus putting pressure on the LME prices. However, now the prices appear to have bottomed out.

In the Indian context, the demand scenario was encouraging. The expected economic turnaround and improving industrial activity augurs well for your company. The decline in domestic coal prices in India was a major relief. Depreciation of Indian Rupee also helped your company to some extent. However, imports of aluminium in various forms was a major

bane for the Indian producers as imports surged in FY 16.

Against this challenging backdrop, your company delivered an exceptional operational performance. The aluminium business delivered highest ever production crossing a Million tonne mark for the first time. The three Greenfield projects have now ramped up to their full capacity. The operating efficiencies are improving following the ramp up of the two world class smelters and Utkal alumina refinery. This has improved the cost efficiencies of your company. Your company's focus on Value added products is also yielding desired results and is set to contribute significantly to the profitability.

The copper business, a strategic component of our portfolio, continued to deliver robust operational and financial performance supporting the results from Indian operations.

Your Company registered a consolidated turnover of US \$15 billion (₹100,042 crore) and PBIDTA of US \$1.5 billion (₹10,007 crore).

Novelis, your company's wholly owned subsidiary, also faced significant head winds as it continued to ramp up production from the newly commissioned facilities. A sharp decline in regional premium (that unlike LME cannot be hedged) resulted in a Metal Price Lag (MPL), which impacted its financial performance throughout the year.

Operationally, however, it delivered a strong performance. This strong performance was primarily achieved on the back of sharp focus on product portfolio that resulted in pricing power. Novelis indeed has progressed remarkably well on its strategic path, and auto investments made by it has already started showing the desired results.

**Some of the highlights of FY 16 are –**

- Consolidated Revenues again crossed ₹ 1 lakh crore mark despite sharply lower aluminium and copper LME.
- Consolidated PBIDTA at USD 1.5 Bn (₹ 10,007 crore) in a challenging industry environment and after Metal Price lag (MPL) impact at Novelis.
- Stable standalone Revenue despite sharp fall in realisations.
  - ♦ Aluminium Revenues at ₹ 17,125 crore, up 21% primarily driven by higher volumes despite 16% decline in LME and ~68% drop in local market premium.
  - ♦ Copper Revenues (17,209 crore) declined 16% following 20% decline in Copper LME.
  - ♦ Standalone PBIDTA at ₹ 4,384 crore up 2%.

- Record Production
  - ♦ Aluminium (1.1 Mn tonnes); production crossed 1 Mn tonnes for the first time.
  - ♦ Alumina production at record 2.7 Mn tonnes (including Utkal).
  - ♦ Copper - 388 KT cathode production with a strong increase in value added CC rods production.
- All the Greenfield projects achieved full ramp up.
- Long distance conveyor (~21 Km), the first of its kind, commissioned at Utkal Alumina, which is considered as one of the lowest cost refineries in the world.

**Novelis:**

- Record FRP shipments, up 2% YoY to 3,123 KT.
- Revenues decreased 11% to \$9.9 billion in fiscal 2016, as higher shipments were more than offset by a fall in aluminium prices and a sharp drop in local market premiums.
- Excluding metal price lag, Adjusted EBITDA increased 7% YoY to \$963 million.
- Record automotive shipments; up 47% YoY; automotive shipments increased to 15% of FRP shipment portfolio – up from 11% the previous year.
- Completed commissioning of all 5 new automotive finishing lines to capture long term demand.

**Aditya Birla Minerals Limited**

Aditya Birla Minerals Limited (ABML), Australia, a subsidiary of the Company, has sold 100% of the shares in Birla Mt Gordon Pty Ltd to M/s Lighthouse Minerals Holdings Pty Ltd on 27<sup>th</sup> October, 2015.

Further, Metals X Ltd, a listed company in Australia, made a takeover offer for shares of ABML. As per the offer, the Shareholders of ABML will receive A\$ 0.08 per share of ABML in cash and 1 share of Metals X Ltd for every 4.5 shares of ABML. The Company has accepted the said offer on 19<sup>th</sup> July, 2016 in respect of its entire shareholding of ABML.

**Business Performance Review:**

**Aluminium Business –**

**Industry Review:**

Aluminium is a relatively new metal and has seen widespread applications across both the industrial and consumer sectors. On the industrial side, aluminium is heavily used in electrical power transmission, machinery and equipment, and construction. Housing,

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in particular, makes heavy use of the lightweight material as a substitute for steel and wood in doors, windows and siding. On the consumer side, aluminium is used in a variety of retail products, including cans, packaging, air conditioners, furniture and vehicles.

Auto makers have long faced regulatory and competitive pressure to make their vehicles both greener and safer. Many of the benefits of fuel efficient engines have been undercut by increases in weight that come with added safety and comfort. But with increasingly stringent fuel economy standards coming around the world, we believe that auto makers will be forced to increase their focus on making cars lighter, accelerating a shift to new materials and here aluminium is the preferred choice. Over the past five years, considerable progress has been made in aluminium-intensive vehicle production.

Global demand for aluminium has historically tended to outperform that for other metals, with the weak price performance more due to supply pressures than any issues with demand. In 2015, the global primary aluminium demand increased at around 4% to 56 Mn tonnes. The increase in consumption was primarily driven by China despite a sharp decline in consumption growth rate from 10% to around 6.7%. China continued to be a major consumer of aluminium accounting for almost 51% of the global consumption. Elsewhere in Asia, consumption declined in Japan but was compensated by higher demand from India and the Middle East.

Aluminium consumption in the North Americas has recovered well since the global financial crisis. In CY 2015, the consumption increased to around 6.3 Mn tonnes a rise of 2.5% over the previous year. The EU consumption growth continued to be lacklustre growing at ~1.3%.

The Indian demand increased sharply and was one of the best globally albeit on a smaller base. The Indian primary aluminium consumption increased to 1.87 Mn tonnes at 9.7%, primarily driven by robust demand from electrical, transportation, building and construction and packaging sectors.

Having said that, the Indian industry witnessed a strong surge in imports in various forms; including from the countries that subsidise their aluminium industry in some form or other. This adversely impacted the Indian aluminium industry. Perhaps in recognition of this, in the Union Budget 2016, the import duty on aluminium was increased from 5% to 7.5%.

The calendar year 2015 witnessed substantial smelter closures globally, mostly in higher-cost producing areas such as Europe, the US and China. A sharp decline in LME prices coupled with crash in premium resulted in many smelters becoming unviable. However, the costs too declined sharply, especially for certain set of players due to local currency depreciation vis-a-vis USD. This resulted in a sharp decline in USD costs for many smelters. Currency depreciation along with energy deflation has resulted in a sharp decline in operating costs and hence the Aluminium cost curve has shifted downward.

The Chinese smelters after resorting to exports of metal, including primary metal disguised as semi-finished metal, that witnessed a sharp surge in the early part of this fiscal were forced to cut production as the spread between LME & premium and SHFE narrowed. The SHFE was already depressed and had fallen to almost 10,000 RMB/T levels in November 2015 from 15,000 RMB/T in December 2014. Weak global prices led to over 4 Mn tonnes of Chinese capacity curtailments by early January 2016. Outside China, US suffered a double whammy of depressed LME and rising USD making the smelters unviable resulting in several closures.

Despite these closures, 2015 registered a surplus of around 1 Mn tonnes as most closures were back ended. This surplus is projected to be marginal (< 200 KT) in 2016 and some analysts are even projecting a deficit in 2016.

The LME prices continued to remain depressed till 2015 end. However, restocking in China after the New Year and certain stimulus measures in China led to sudden improvement in sentiments and the prices have started recovering since then. However, the average LME price for the financial year was 16% lower and premium were sharply lower by around 68% resulting in sharp decline in realisations.

### Operational Review

Against the backdrop of such volatile and challenging environment, your company's operational performance was indeed commendable. The Greenfield projects ramped up remarkably well and all 3 new factories are operating at close to their designed capacities delivering the desired operational results. They have started yielding the planned efficiency and productivity gains, improving the competitive strength of your company's core operations. This will go a long way in establishing the long term competitiveness of the aluminium business of the Company. The new facilities are amongst the best in the world with Utkal alumina

being ranked in the top handful refineries in the world. During FY 16 the company produced record aluminium and alumina as the new capacities ramped up. The full operational benefit should be evident as these capacities stabilise during FY 17.

Your company's brownfield projects in India i.e. Hirakud FRP and Mouda Foil mill are expected to contribute to your Company's strategic goal of higher VAP proportion. These world class facilities are gearing up to produce world class products, some of them for the first time in India, paving the way for newer applications in the nascent Indian aluminium market. Your company also intends to cater to the strategic requirements of defence sector in India and is looking forward to new opportunities as "Make in India" initiative gathers momentum.

Your company won 4 coal blocks namely Kathautia, Dumri and Gare Palma IV/4 & Gare Palma IV/5 in the coal block auctions conducted during the year. Two of these mines i.e. Gare palma IV/4 and IV/5 have started producing coal giving us the security with regard to long term coal sourcing.

During the year, especially in the second half, the company's operational performance was supported by falling input prices, particularly coal and crude derivatives. The coal prices in India declined following the global trend. This was primarily on account of slack demand from power sector, increased coal production by CIL and depressed global coal prices.

The coal prices are expected to remain stable both globally and locally and this augurs well for your company as aluminium smelting business is extremely power intensive and your company runs its own captive power plants. The lower crude derivative prices, which are important inputs for smelting and refining also provided some relief on the cost front.

**Alumina**

Alumina production at 2.7 Million tonnes was 19% higher than the previous year, primarily on account of increased production from Utkal. Utkal produced 1.4 Mn tonnes of alumina during the year and is amongst the lowest cost alumina producers globally. The production from other refineries also increased by over 5% during the year.

**Primary Metal**

In FY 16, Primary aluminium production increased by 36% to 1.1 Mn tonnes. This increase was primarily on account of higher production from Mahan and Aditya smelters, which together contributed 566 KT to production this year.

**Value Added Products (VAP)**

The value added downstream production including wire rods grew by 12% over last year to 423 KT. This growth was in line with your company's focussed strategy of value maximisation.

Your company's wholly owned subsidiary Novelis faced several headwinds during the financial year and yet delivered a creditable performance. Operationally it was a remarkable year for Novelis.

One of the focus areas for Novelis has been the automobile market and today it is geared to produce auto body sheet (Body-in-white or BIW) – the next big driver of aluminium rolling sheets. During the year, the total flat rolled aluminium product shipments were up 2% to 3.1 Mn tonnes. The proportion of the company's automotive shipment in its portfolio grew to 15%, up from 11% in the previous year. By the end of fiscal 2016, all five of the company's recently constructed automotive finishing lines were producing and shipping automotive sheet products to the customers. When all of these automotive finishing lines are fully utilized, automotive shipments is targeted to grow to approximately 25% of total shipments.

Novelis' thrust on sustainability and recycled aluminium is unparalleled. Your company has invested significantly in recycling initiatives and has developed high tech recycling capabilities, expanded aluminium scrap buying foot prints globally, widened scope of recycled scrap that can be used and developed close loop recycling systems with end users to improve efficiencies. Novelis today is well positioned to reap the benefits of these initiatives.

**Financial Review**

The turnover of the standalone aluminium domestic business increased by 21% to ₹ 17,125 crore vis-à-vis ₹ 14,105 crore in the previous year, despite lower realisations. This was achieved primarily on the back of higher metal volumes. Higher proportion of value added products also contributed to this revenue increase.

The standalone Aluminium EBIT declined 35% to ₹ 880 crore. The decline was primarily on account of sharp increase in depreciation even as the impact of sharp drop in realisations was partially offset by higher production. The average LME was lower by 16% and the MJP (the relevant local market premium) was lower by 68% over the previous year.

The proactive actions by your company such as faster ramp up of the projects, higher sales of Value added products and continuous improvement in efficiencies allowed to somewhat offset the impact of the sharp

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decline in realisations. The input costs also declined significantly providing relief during the year.

**Outlook:**

**Industry:**

The Indian aluminium demand is expected to remain robust following the steps taken by the government to boost the industrial production and infrastructure. The government's thrust on power sector reforms would help your company as power sector is the dominant consumer of aluminium in India. The demand is also expected to get a boost following the focus on smart cities and improving prospects of business and construction industry.

The other segments that are expected to see enhanced aluminium demand are automobile and food packaging industry. Rapid urbanization, as the country continues to develop towards a more consumer-focused economy, should augment consumer-driven demand and will help in sustaining strong growth in aluminium demand into the next decade. The per capita aluminium consumption in India is still much below the global average and thus, Indian market offers a huge potential given our demography and economic outlook.

The global demand for primary aluminium is also expected to be robust and is likely to grow around 4.5% to around 59 Mn tonnes by 2016 and to 61 Mn tonnes by 2017. China, despite slowdown in the demand, will continue to be the major driver growing around 6% in 2016 and around 5% in 2017. China is expected to account for almost 53% of the global primary metal consumption in 2017, up from around 51% in 2014. The aluminium consumption pattern in China is expected to shift from infrastructure and power to packaging and automobile following the Chinese government's growth balancing efforts with increased thrust on consumer driven growth. Besides, the power sector will continue to see rising aluminium consumption globally as more and more aluminium is expected to replace copper.

The US demand is expected to remain strong growing at a CAGR of 4-5% over the next few years, as the housing recovery gains traction, car sales continue to improve and aluminium demand benefits from its new applications, particularly in the automotive sector. Western Europe is expected to grow moderately amidst economic uncertainty. The aluminium demand is expected to grow around 2.5%.

Asia and Middle East are expected to register around 5-6% growth in consumption on a relatively smaller base.

The main issue afflicting the aluminium industry has been the oversupply. In the past, unbridled Chinese capacities have resulted in oversupply and led to high inventories. This has resulted in depressed aluminium prices despite robust demand. During 2015, smelters saw a sharp decline in realisations as both LME and the local market premium dropped significantly. The SHFE aluminium prices too continued to decline. As a result, Chinese smelter capacities to the tune of 4.5 Mn tonnes were closed in 2015. Outside China also, several smelters were shut down, especially in the US as they became unviable.

Although new smelting capacities in the Western and Central China are being added, the pace of Chinese capacity addition has declined. Besides unattractive realisations, the costs are rising for the Chinese players as the bauxite supply is getting constrained and they are now relying on the bauxite from distant places. The bauxite value chain is expected to define the cost structure going forward as energy prices have bottomed out. As a result, Chinese producers are expected to witness cost pressures going forward.

In the Middle East also, new capacity growth is expected to slow down following the sharp decline in oil prices. These are positive signs for the industry besotted with oversupply. Some industry sources predict deficit in the global markets post 2017. This should result in a price recovery.

During the first quarter of CY 2016 the LME prices recovered partially due to demand pick up from China aided by robust demand in the US. The Chinese restocking after the annual vacation resulted in a deficit and hence the LME surged over 10% in a short span. Overall the LME prices appear to have bottomed out and are expected to increase gradually. We are cautiously optimistic on the prices and expect a gradual recovery given the robust demand and slowing supply growth.

**Business:**

The outlook for your company's aluminium business is encouraging. The Greenfield projects have started delivering. The efficiency gains on account of new age technology are kicking in. The coal availability in the country has improved significantly. We have started mining our own coal from two of the four coal blocks that were won in the auction last year.

The new factories are stabilising and we remain committed to focussing on cost. Our emphasis on value added products continues and the integrated aluminium business model with strong presence



across the value chain is expected to deliver strongly as the Indian aluminium demand grows. Your company is uniquely positioned in India as it possesses the capability and feedstock to take advantage of growing alumina chemical markets. The alumina chemicals find diverse applications in several industries such as paints, ceramics, and refractory and fire retardants.

Novelis is geared to take advantage of changing trends in global aluminium consumption pattern with its premium product portfolio comprising auto, can and high-tech products. It is well on its course to leverage its vantage position as a technology leader and major supplier of automotive sheets globally.

**Copper Business -**

**Industry Review:**

2015 was a challenging year for the copper demand. The refined copper consumption growth declined sharply from 5.5% in 2013 and 4.6% in 2014 to 1.6% in 2015. The global refined copper consumption in CY 2015 was around 22 Mn tonnes. This sharp decline in consumption growth trajectory was primarily on account of slower growth in Chinese demand and de-growth in Japanese consumption. The copper demand growth in China declined from 7.3% to 3 % while Japanese growth rate fell from a healthy 6% to -2%. This was a sharp decline considering that China accounted for almost 46% of global consumption and Japan another 5%. The demand growth in the US and Europe too was lacklustre. The copper demand is facing challenging times as China is moving away from investment led economy to consumer driven economy. The lower growth in grid and property sector in China is hurting the copper demand growth.

On the supply side, in 2015, copper mine supply grew at around 3.3% vis-à-vis 2.3% growth in 2014. The supply growth outstripped the demand increase resulting in a surplus. The mine supply increased despite disruptions as some new mines came on stream.

The lower demand and ample availability of concentrate manifested in healthy TC/RC. The co- product prices especially sulphuric acid and fertilisers were also supportive as the local demand was good.

**Operational Review**

Your company’s copper business continued to deliver robust operational performance supporting the company’s overall cash flows. The copper cathode production was at 388 KT, around the same levels as last year. However, in line with your company’s focus on value addition, continuous cast rods production at 157 KT during the year was higher by almost 5% over

the previous year. The production of fertiliser too, was higher by 8% as compared with the previous year.

The Copper business revenues for the FY 2016 at ₹ 17,209 crore were 16% lower than the previous year. This decline was primarily on account of sharp fall in LME prices of copper. The average copper LME in FY 16 was 26% lower as compared with that in FY 15. However, the depreciation of rupee and higher value addition did offset some fall in copper prices.

Your company’s copper business registered an EBIT of ₹ 1419 crore, a 6% decline as compared with FY 15. This decline was primarily on account of abolition of certain export incentive by the Government.

**Outlook:**

**Industry:**

The refined copper market is expected to be in marginal surplus for another 2-3 years. The demand growth rate is expected to be low and hence despite a marginal decline in supply growth, a surplus is projected in the coming years. This could keep the copper LME prices depressed.

The demand for refined copper is expected to grow around 2.5% in 2016 and 2017. The consumption growth in China and Japan is expected to moderate in view of the economic challenges faced by these economies. Elsewhere, the demand from the US and EU is expected to remain stable. The global demand for refined copper is expected to be around 22.3 Mn tonnes in 2016, with Chinese demand projected at around 10.5 Mn tonnes. Indian demand is expected to grow at a healthy 7.5-8% in 2016 reaching 0.5 Mn tonnes in 2016-17.

Refined copper production is broadly expected to keep pace with demand. China continues to be at the forefront of global refined copper production, with around 8 Mn tonnes production in 2016. The production growth is likely to be largely in Asian region, contributing over 52% of CY 2016 production, which is estimated to be around 22.4 Mn tonnes.

Overall, industry experts are expecting a small surplus, with production marginally higher than demand. As a result, the prices are expected to remain subdued although with some positive bias from the current levels.

The mine supply of concentrate is expected to be stable around 19 Mn tonnes against expected smelter copper production of 18 Mn tonnes.

**Business:**

The benchmark TC/RC for 2016 is marginally lower than 2015 levels but still is robust around

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23 Cents/lb. The last few years have been relatively better for custom smelters due to improved concentrate availability and the trend is expected to continue in FY 17, reflecting in healthy TC/RC levels even though with some moderation in comparison to FY 16.

The expected revival in demand especially from power and housing sector, bodes well for your company. With an improvement in Indian GDP, the co-product prices are also expected to be supportive and this should help the copper business. With increasing thrust on agriculture sector, the demand for DAP and sulphuric acid is expected to increase.

### Financial Review and analysis

Hindalco's consolidated revenue in FY 16 stood at ₹ 100,042 crore as compared with ₹ 104,281 crore in FY 15. Profit before interest, tax, Depreciation and amortisation was ₹ 10,007 crore as compared with ₹ 10,049 crore in FY 15. This decline was primarily due to macroeconomic headwinds faced across the businesses that resulted in sharp decline in realisations. The Metal Price lag on account of sharp fall in local market premium impacted Novelis significantly and had an adverse impact on PBIDTA (USD 172 Mn).

Standalone revenue for the year was steady at ₹ 34,318 crore as compared with 34,525 crore in FY 15. Profit before Interest, Tax, Depreciation and Amortisation (PBITDA) for the year at ₹ 4,384 crore, was marginally higher by 2%. This was achieved on the back of higher aluminium volumes, improved operating efficiencies, aided by decline in input costs and was augmented by higher other income.

### Other Income

- Standalone other Income at ₹ 1,066 crore was 21% higher as compared with ₹ 882 crore in FY 15. This was mainly on account of dividend income from subsidiaries. Consolidated other income increased by 10% to ₹ 1215 crore during FY 16.

### Interest

- Consolidated Interest expenses increased from ₹ 4,178 crore to ₹ 5,049 crore. In standalone business, finance costs increased from ₹ 1637 crore in FY 15 to ₹ 2,375 crore in FY 16, an increase of 45% due to progressive capitalisation of the greenfield projects.

### Depreciation

- Consolidated depreciation and amortization (including impairment) increased from ₹ 3,591 crore

to ₹ 4,287 crore as several projects were capitalised.

- Standalone depreciation stood at ₹ 1,277 crore as compared to ₹ 837 crore in previous year, reflecting projects ramp up.

### Taxes

- The provision for tax was at ₹ 125 crore in standalone business and ₹ 515 crore in consolidated business.

### Profit

- Consolidated net profit for the year was lower at ₹ 45 crore v/s ₹ 854 crore in FY 15. Exceptional items, including impairment of fixed assets and write down in value of inventories of Birla Nifty Pty Limited, amounted to ₹ 577 crore for the year, which compressed net profit. Standalone net profit stood at ₹ 607 crore as compared with ₹ 925 crore in previous year.

### Risk management

Hindalco's financial performance is significantly impacted by fluctuations in prices of Aluminium, exchange rates and interest rates. The Company takes a very structured approach to the identification and quantification of each such risk and has a comprehensive risk management policy. The company has also put in place an elaborate ERM (Enterprise Risk Management) framework.

### Internal Controls

A strong internal control culture is pervasive throughout the Group. Regular internal audits at all locations are undertaken to ensure that the highest standards of internal control are maintained. The effectiveness of a business' internal control environment is a component of senior management performance appraisals. The principal aim of the system of internal control is the management of business risks, with a view to enhancing shareholder value and safeguarding Group's assets. It provides reasonable assurance on internal control environment and against material misstatement or loss.

### Sustainability

Both Aluminium and copper are widely used metals with bright consumption prospects. The recent emphasis on greenhouse emissions have brought in new game-changing concepts such as light weighting in the automobile industry further augmenting the consumption growth. Your company's business portfolio is geared to ride on these changing patterns and today boasts of a de-risked portfolio through a strong accent on conversion businesses.

By virtue of being the only integrated aluminium producer in India, your company also has a strong commitment towards product development. Your company has developed several pioneering applications in the Indian context and Novelis is the global leader in FRP space.

Sustained access and availability of resources is critical to the businesses of your company. Your company follows a holistic approach to address the multi-dimensional facets of resource sustainability throughout the value chain. As it continues to serve the increased demands of the society for sustainable metals, it recognizes the limited availability of resources and impacts of resource extraction.

Your company has identified climate, water, raw material and regulatory risks while considering its future sustainability framework. In this regard, the sustainability efforts comprise energy optimization, water conservation, social forestry, recycling of waste generated and safety amongst others.

Your company's mining practices, regeneration activities and community engagement are aimed at minimising the environmental impact with a focus on improving socio economic life. Improving operational efficiencies, adoption of technological advances are important for efficient use of raw materials. Your company believes that systems and work practices are critical in conserving resources, energy and environment and ensuring and improving health and safety standards.

Aluminium is a 100% recyclable metal and does not degrade in quality on recycling. Your Company's wholly owned subsidiary Novelis presently uses 50% of input in the form of recycled scrap – a sharp jump from 39% during the last year. Novelis has invested in major recycling initiatives, including advanced equipment and technology to process diversified scrap. The Copper business also has a focused approach on recycled materials.

Your Company continues to maintain its thrust on inclusive growth, stemming from the belief in triple bottom line accounting and trusteeship management concept encompassing economic, environmental and social wellbeing. Your company has carried out several projects aimed at development of neighbouring communities and society. The focus areas are health care, education, sustainable livelihood, infrastructure and social reform.

**Safety**

As a responsible corporate citizen, your company is dedicated to human health & safety, conservation of

natural resources & the environment. Your company's plants and mines follow the environmental, health and safety management standard that integrates environment and safety responsibilities into everyday business. The focus of these efforts is to make Hindalco the safest company and to go for "zero harm" zero harm to its employees, community & environment. Hence Safety is considered as core value all across Hindalco and initiatives to help achieve the ambition and to be the benchmark within the industry are underway. Extensive work is in progress to ensure risk control in important areas like mining activities, road traffic management and contractor management. In order to build a sustainable safe work place environment, a common health and safety management system across your company is being implemented. This includes implementation of world class safety standards, organisational safety competency and capability improvement, safety leadership development, a cross auditing activity to enhance sharing experiences and sharing best practices across Hindalco.

**Human capital**

Aditya Birla Group is one of the preferred employers in the country. It is a name to reckon with in the field of human resources. Since last few years, the Group has been able to establish the world class HR Practices and has been successful in passing the benefits of these HR Practices to the last man standing in the organisation. Due to people oriented HR Processes, the Group has been able to attract and retain the best of talent across functions. At Aditya Birla Group, all employees have opportunities to fulfil their professional and personal aspirations.

In the last few years, for its people practices, the Group has got several accolades from the global agencies like AON Hewitt, Fortune, SHRM etc. The People Oriented Best HR Practices enables the Group to attract and retain the best of available talent.

People are the most valuable resource of your company and it is ensuring that all the HR systems, processes and practices are enabling people to grow professionally and personally. Currently, your company is managing a pool of around 24,100 people in India and around 11,000 people outside India, with well laid down HR Processes like talent management, employee engagement, performance management, rewards and recognition etc. Line and HR Managers are fully equipped and are duly supported for the robust implementation of the people practices.

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## Training and Development

The Learning and Development function is well integrated with the overall HR Function and the Business Objectives. Across locations, your company has full-fledged learning infrastructure to support its learning objectives. Your company's strategy aims at equipping all our people across Units with business linked knowledge, technical and behavioural based learning events.

For the leadership development, the company works closely with 'Gyanodaya- Aditya Birla Group's Learning University' that provides relevant and current knowledge and competency based learning opportunities along with e-learning programs.

## Summing Up

Over the years and through the slowdown in the global economy after the Global Financial Crisis, your company has successfully demonstrated benefits of a de-risked portfolio comprising upstream operations that can participate in commodity cycles and downstream operations focused on value addition that have more steady cashflow irrespective of the stage of the commodity cycle. With the full ramp-up of its Greenfield and brownfield projects, your company has strengthened its assets across the portfolio. The desired scales, product capabilities and efficiency gains have been delivered, making your company ready to reap opportunities across the markets that it serves.

During FY 16, Utkal Alumina, your company's 100% subsidiary, has established itself as a world class asset producing alumina at an extremely competitive cost, which in turn is fed primarily to the two new age smelters.

The company crossed 1 Mn tonne aluminium production mark for the first time in its history as the new state-of-the-art facilities ramped up. Significant operating efficiency gains were achieved during the year and your company has delivered a robust operational performance. The lower input costs following a sharp decline in crude and energy prices were supportive last year. The coal price decline due

to increased production in India helped your company deliver respectable profits.

The reported financial performance as anticipated was significantly impacted by higher interest and depreciation charges in the Income Statement as the projects were ramped up during the year.

Even as your company's operational performance is expected to maintain its momentum next year, the outlook for the commodity prices remains somewhat uncertain. While prices appear to have bottomed out and have improved in the recent months, macroeconomic uncertainty following Brexit clouds the outlook. On the positive side, coal prices are broadly expected to remain soft in the near-term, which is likely to support your company's performance.

The Indian demand is expected to be strong on the back of improved outlook for Industrial and infrastructure growth. The government's thrust on power sector spells good news for both aluminium and copper industries. Your Company is sharpening its focus on downstream value added products in India to take advantage of the opportunities.

Aluminium usage in automobiles is rising and is expected to increase internationally. All the five new auto lines of Novelis have been commissioned and the production of automobile sheets is expected to grow substantially over coming years.

Your company has just completed a very ambitious investment program both in India and abroad that has not only increased its capacity but has also improved its competitiveness in terms of cost and product mix & quality. In the coming years, the focus will be on operational excellence and increasing the productivity of new assets. The thrust will be on cash conservation and de-leveraging.

A strong business portfolio comprising de-risked converter businesses namely copper smelting and Novelis, along with cost competitive aluminium upstream operations, would go a long way in ensuring the long term profitable sustainability of your company and strengthening its balance sheet as and when the macro headwinds ease out.

## Cautionary Statement

*Statements in this "Management's Discussion and Analysis" 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, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the 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 assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.*

Dear Shareholder,

Your Directors have pleasure in presenting the 57<sup>th</sup> Annual Report and the audited standalone and consolidated financial statements of your company for the year ended 31<sup>st</sup> March, 2016.

**FINANCIAL HIGHLIGHTS**

	Standalone		Consolidated	
	FY16	FY15	FY16	FY15
	(₹ crore)			
<b>Revenue from Operations</b>	<b>34,318</b>	<b>34,525</b>	<b>1,00,042</b>	<b>1,04,281</b>
Other Income	1,066	882	1,215	1,105
<b>Profit Before Interest, Tax and Depreciation (PBITDA)</b>	<b>4,384</b>	<b>4,299</b>	<b>10,007</b>	<b>10,049</b>
Depreciation	1,277	837	4,287	3,591
Finance Costs	2,375	1,637	5,049	4,178
<b>Profit before Exceptional Items and Tax</b>	<b>732</b>	<b>1,825</b>	<b>671</b>	<b>2,280</b>
Exceptional Items	-	578	577	1,940
<b>Profit before Tax</b>	<b>732</b>	<b>1,247</b>	<b>94</b>	<b>340</b>
Tax Expenses	125	322	515	256
Profit/ (Loss) for the period from Continuing Operations	607	925	(421)	84
Profit/ (Loss) from Discontinuing Operations	-	-	(158)	-
Share in Profit/ (Loss) of Associates (Net)	-	-	175	175
Minority Interest in Profit/ (Loss) (Net)	-	-	(449)	(596)
<b>Net Profit</b>	<b>607</b>	<b>925</b>	<b>45</b>	<b>854</b>
Basic EPS – ₹	2.94	4.48	0.22	4.14

The amounts proposed to carry to any reserves:

**Standalone Accounts :** (₹ crore)

Surplus in the Statement of Profit and Loss	As at 31/03/2016	As at 31/03/2015
Balance as at the beginning of the year	1279.35	750.00
Add: Profit for the year	607.25	925.16
Less: Transferred to Debenture Redemption Reserve	(150.00)	(150.00)
Less: Dividend on Equity Shares - (a)	(206.50)	(206.52)
Less: Dividend Distribution Tax - (a) & (b)	(21.07)	(39.29)
Balance as at the end of the year	1509.03	1279.35

- Dividend on Equity Shares and Tax on Dividend include ₹ Nil (Previous year ₹ 0.02 crore) pertaining to previous year for Equity shares issued before the record date of dividend.
- Dividend Distribution Tax is net of ₹ 20.97 crore (Previous year ₹ 0.30 crore) being dividend distribution tax paid by subsidiaries.

**Dividend:**

For the year ended 31<sup>st</sup> March, 2016, the Board of Directors of your Company have recommended dividend of ₹ 1 per share (Previous year ₹ 1 per share) to equity shareholders aggregating to ₹ 249 crore (Previous year ₹ 246 crore) including Dividend Distribution Tax.

Equity shares that may be allotted upon exercise of Options granted under the Employee Stock Option Scheme and before the Book Closure for payment of dividend will rank *pari passu* with the existing shares and shall also be entitled to receive the aforesaid dividend.

**OVERVIEW AND STATE OF THE COMPANY'S AFFAIRS**

For the year ended March 31, 2016, the Company's revenue at ₹ 34,318 crore was broadly stable at FY 15 level notwithstanding the sharp fall in both aluminium and copper realisations. The steep fall in copper revenues was offset by increased revenues from aluminium business. The aluminium higher revenues were achieved primarily on the back of higher volumes and improved product mix despite a sharp decline in realisations.

Profit before Interest, Tax, Depreciation and Amortisation (PBITDA) for the year was marginally higher by 2%. This reflects a robust operational performance in a challenging year, when average realisations were much lower. PBITDA was also augmented by higher other income.

As anticipated, depreciation and finance cost increased by ₹ 1,178 crore over FY 15 following progressive capitalisation of the projects. The PBT during FY 16 (before exceptional items) was lower by 60% at ₹ 733 crore. Net profit for the year at ₹ 607 crore was lower by 34% as compared with that delivered in FY 15.

#### Standalone Segmental Results:

	(₹ crore)	
	FY16	FY15
<b>Aluminium Segment</b>		
Net Sales	17,125	14,105
Earnings Before Interest & Tax (EBIT)	880	1,349
<b>Copper Segment</b>		
Net Sales	17,209	20,451
Earnings Before Interest & Tax (EBIT)	1,419	1,516

#### Aluminium business:

During FY 16, our primary focus was on ramping up the Greenfield projects to their designed capacities and stabilise these operations. This objective was achieved during the year and all plants are now running at their designed capacities.

For the year, Alumina production (including Utkal refinery) was 2.7 Mn tonnes, an increase of 19% over FY 15. Aluminium production for the year reached a record high. It crossed the 1 Mn tonnes mark for the first time reaching 1.13 Mn tonnes an increase of 36% or almost 300 KT over that produced during the previous financial year. In spite of higher volumes, the EBIT of Aluminium segment declined because of higher depreciation following progressive capitalisation of the projects. The standalone financials do not include Utkal's financial performance.

#### Copper Business:

Though copper production for the year was steady at 388 KT, Fertiliser production rose by 8%. Our continued thrust on Value addition led to higher production of Continuous cast (CC) rods. The production of CC rods was higher by 5%. Despite all these initiatives for value maximisation, EBIT was 6% lower as compared with that achieved in FY15. This was primarily on account of the abolition of certain export incentive scheme during the year and challenging market conditions.

#### Consolidated Results:

Consolidated revenue decreased by 4% while profit before interest, depreciation and taxes was at same level compared to the last year's corresponding figures.

Net profit was lower at ₹ 45 crore on back of adverse macroeconomic conditions, higher interest cost, depreciation and loss from discontinuing operations.

#### Novelis Inc. (A wholly owned subsidiary):

Revenues decreased 11% to \$9.9 billion in FY 2016, as higher shipments were more than offset by a 16% decrease in average base aluminium prices and a 58% decrease in local market premiums.

For fiscal year 2016, the company recorded a net loss of \$38 million. Excluding tax effected special items, net income was \$131 million for the full year.

The rapid decline in local market premiums over the early months of FY 2016 resulted in \$172 million in negative metal price lag for the full year, and was primarily responsible for the 12% decrease in EBITDA to \$791 million in FY 2016. Excluding the impact of metal price lag in both years, EBITDA was \$963 million in FY 2016, up 7% compared to \$896 million in FY 2015.

The company more than doubled its free cash flow as compared to the prior year, generating \$160 million in FY 2016 after investing \$370 million in capital expenditure. As of March 31, 2016, the company reported a strong liquidity of \$1.2 billion.

#### Utkal Alumina International Limited (UAIL) (A wholly owned subsidiary):

The alumina refinery at UAIL produced 1.4 Mn tonne of alumina in FY 16 compared to 1 Mn tonne in FY 15. Of this, 130 KT of alumina was sold outside and the balance was supplied to smelters at Hindalco. The cost of production of alumina at UAIL is comparable to the world benchmark cost of production.

UAIL reported an EBITDA of ₹ 714 crore. Its net loss stood at ₹ 93 crore after accounting for interest charge of ₹ 518 crore and depreciation of ₹ 289 crore.

#### Aditya Birla Minerals Limited:

Aditya Birla Minerals Limited (ABML), Australia, a subsidiary of the Company, has sold 100% of the shares in Birla Mt Gordon Pty Ltd to M/s Lighthouse Minerals Holdings Pty Ltd on 27<sup>th</sup> October, 2015.

Further, Metals X Ltd, a listed company in Australia, made a takeover offer for shares of ABML. As per the offer, the Shareholders of ABML will receive A\$ 0.08



per share of ABML in cash and 1 share of Metals X Limited for every 4.5 shares of ABML. The Company has accepted the said offer on 19<sup>th</sup> July, 2016 in respect of its entire shareholding of ABML.

There were no other material changes and commitments affecting the financial position of your Company between end of financial year and the date of report.

**Business Reconstruction Reserve:**

The Company had formulated a scheme of financial restructuring under Sections 391 to 394 of the Companies Act 1956 (“the Scheme”) between the Company and its equity shareholders approved by the High Court of judicature of Bombay to deal with various costs associated with its organic and inorganic growth plan. Pursuant to this, a separate reserve account titled as Business Reconstruction Reserve (“BRR”) was created during the year 2008-09 by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed in the Scheme. Accordingly, the Company had transferred ₹ 8,647.37 crore from Securities Premium Account to BRR and till 31<sup>st</sup> March, 2015, ₹ 250.33 crore and ₹ 2,165.80 crore have been adjusted against BRR in stand-alone and consolidated accounts respectively. During the year, following expenses has been adjusted with BRR in both accounts:

- (a) ₹ 279.46 crore towards expenses on exited Projects.
- (b) Impairment loss of ₹ 367.31 crore (Net of deferred tax ₹ 194.39 crore).
- (c) Provision of ₹ 35.50 crore towards diminution in value of investments.

Had the Scheme not prescribed aforesaid treatment, the impact on results and Earnings per Share (EPS) would have been as under:

- i) Standalone and Consolidated Net Profit for the year ended 31<sup>st</sup> March, 2016 lower by ₹ 682.27 crore.
- (ii) Standalone and Consolidated Basic and Diluted EPS for the year ended 31<sup>st</sup> March, 2016 lower by ₹ 3.30.

**HUMAN RESOURCES**

Several innovative people – focused initiatives have been instituted at the Group level, and these are translated into action at all of the Aditya Birla Group Companies. Our basic objective is to ensure

that a robust talent pipeline and a high-performance culture, centred around accountability is in place. We feel this is critical to enable us retain our competitive edge.

**RESEARCH AND DEVELOPMENT**

Your Company’s Research & Development (R&D) activities are focused on providing innovative, cost-effective and sustainable solutions to support consistent growth of business.

The R&D activities of your Company include process, product and application development, to develop short term as well as long term solutions to the issues faced by nonferrous sector, such as raw material quality, cost effective management of waste generated during processing, recovery of value from byproduct as well as any waste products, developing better understanding of the science of processes, reducing the specific energy consumption and carbon footprint etc. Specific programs have also been initiated to foster better understanding of the requirement of existing and prospective customers, and to provide a better service through application development, so as to increase your company’s market share in the chosen market space. Technical competencies developed by your company will go a long way in terms of quick absorption of technologies, enabling pushing boundaries of our processes, so as to increase the economic performance and improve our new product/new application pipeline to address the impending market opportunities.

Your Company already operates two Hindalco Innovation Centres (HIC), one HIC-Alumina at Belagavi working on R&D of bauxite, alumina and specialty alumina products, and one HIC-SemiFab located at Taloja, near Mumbai, working in the area of aluminium fabricated products. In addition, your company engages the Aditya Birla Group’s corporate research and development centre, Aditya Birla Science and Technology Company Private Limited (“ABSTCPL”), for conducting R&D in select areas of work through chartered R&D projects. These are based on the domain expertise and R&D facilities available in ABSTCPL. The engagement has resulted into some patent applications, which have been and will be assigned to your company on the grant of the patent. ABSTCPL’s forte of having multi-disciplinary teams of technical experts, scientists and engineers, enables your company to develop building competencies in select areas, as a long term value to business.

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## AWARDS & RECOGNITIONS

Several accolades have been conferred upon your Company, in recognition of its contribution in diverse field. A selective list:

### Hindalco Marketing:

Hindalco awarded the Top Exporter - Gold Trophy in the category of large enterprise for outstanding performance in financial year 2013–14. This was the second consecutive year that Hindalco has won the top award in this category. This recognition of excellence in exports, is an award administered by EEPCC (formerly Engineering Export Promotion Council), an export promotion council under Union Ministry of Commerce and Industry, Government of India.

The London Metal Exchange in March, 2016 approved Aluminium Ingots & Sows produced at Aditya and Mahan Smelters as good delivery brands against its high grade primary Aluminium contracts.

### Aditya Aluminium:

Aditya Aluminium wins Safety Award by the National Safety Council of India - Certificate of Appreciation in recognition of appreciable achievement in Occupational Safety and Health.

### Belagavi Alumina:

Belagavi Alumina wins the State Safety Award – Unnatha Suraksha Puraskara - by the National Safety Council of Karnataka State for outstanding work in safety performance and management systems in the manufacturing sector category.

### Belur Rolling Plant:

Belur Rolling Plant wins First Prize in Industrial Relations category, for the 16<sup>th</sup> Long Term Settlement signed at a 78 year old unit, which has contributed towards survival and profitability of the plant, presented by the National HRD Network Eastern Regional Zenith Awards & Recognition Programme held in January 2016.

### Birla Copper:

Birla Copper Dahej wins the Greentech Environment Gold Award for 2015, in the Metal & Mining sector, for continual sustainable development approach, presented by the Greentech Foundation, New Delhi.

Birla Copper Dahej awarded the Greentech Gold Safety Award 2015 in the Metal & Mining Sector for outstanding achievement in Safety Management.

Birla Copper Dahej wins the FAI Environmental Protection Award – 2015 constituted by the Fertilizer Association of India for control of pollution.

### Gare Palma Coal Mines:

Gare Palma Coal Mines wins First Prize in the HR Best Practices category, for cultural change brought about in the newly acquired mines, presented by the National HRD Network Eastern Regional Zenith Awards & Recognition Programme held in January 2016.

### Hirakud:

Hirakud Complex awarded the Greentech Safety Gold Award 2015 in Metal, Mining & CPP Sector category presented by the Greentech Foundation, New Delhi.

Hirakud Power wins the CII Odisha State Award 2015, First Prize, for Best Practices in Environment, Health & Safety.

### Utkal Alumina International Limited:

*(wholly owned subsidiary)*

Utkal Alumina awarded the OTV (Odisha Television) CSR Award 2015 in the category of Women's Empowerment.

### Individual:

Mr. D. Bhattacharya, Managing Director Hindalco and Vice Chairman, Novelis, named Global Leader of the Year by CEO India, for his multiple distinctions achieved on the world stage and leading the Aditya Birla Group's metals business in a highly volatile environment.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2016 have been prepared by your Company in accordance with the provisions of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, applicable Accounting Standards and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations" and forms part of the full Annual Report.

Consolidated Financial Statements (CFS) were approved by the Board of Directors on 28<sup>th</sup> May, 2016 which incorporated accounts of Aditya Birla Minerals Limited (ABML), Australia, a subsidiary of the Company, for six months ended 30<sup>th</sup> September, 2015, as full year accounts of ABML were not available at that time. ABML has subsequently finalized its accounts for the year ended 31<sup>st</sup> March, 2016. Accordingly, the Board of Directors in the meeting held on 21<sup>st</sup> July, 2016 approved updated CFS based on full year accounts of ABML which is a part of full Annual Report.

**EMPLOYEE STOCK OPTION SCHEMES**

**ESOS – 2006:**

During the year ended 31<sup>st</sup> March, 2016, the Company has allotted 3,185 fully paid-up equity share of ₹ 1/- each (Previous year 373,666) on exercise of options under ESOS 2006 for which the Company has realised ₹ 0.03 crore (Previous year ₹ 3.83 crore) as exercise money. The weighted average share price at the exercise date was ₹ 134.70 per share (Previous year ₹ 168.73 per share).

**ESOS – 2013:**

During the year ended 31<sup>st</sup> March, 2016, the Company has allotted 2,193 fully paid-up equity share of ₹ 1/- each (Previous year 18,848) on exercise of options under ESOS 2013 for which the Company has realised ₹ 0.03 crore (Previous year ₹ 0.22 crore) as exercise money. The weighted average share price at the exercise date was ₹ 114.30 per share (Previous year ₹ 154.54 per share).

The details of Stock Options and Restricted Stock Units granted under the above mentioned Schemes are available on your Company's website viz. [www.hindalco.com](http://www.hindalco.com).

A certificate from the statutory auditor on the implementation of your Company's Employees Stock Option Schemes will be placed at the ensuing Annual General Meeting for inspection by the members.

**CORPORATE GOVERNANCE**

Your Directors reaffirm their continued commitment to good corporate governance practices. Your Company fully adheres to the standards set out by the Securities and Exchange Board of India for Corporate Governance practices and has implemented all of its stipulations.

The entire report on Corporate Governance forms part of full Annual Report.

**ABRIDGED ANNUAL REPORT**

In terms of the provision of Section 136(1) of the Companies Act, 2013, Rule 10 of Companies (Accounts of Companies) Rules, 2014 and Regulation 36 of the Listing Regulations, the Board of Directors has decided to circulate the Abridged Annual Report containing salient features of the balance sheet and statement of profit and loss and other documents to the shareholders for the Financial Year 2015-16, under the relevant laws.

The Abridged Annual Report is being circulated to the members excluding the 'Annual Report

on CSR Activities', 'Remuneration Philosophy/Policy', 'Secretarial Audit Report', 'Extract of Annual Return', 'Full Report on Corporate Governance and Shareholders' Information'.

Members who desire to obtain the full version of the Annual Report may write to the Company Secretary at the registered office. Full version of the Annual Report is also available on the Company's website [www.hindalco.com](http://www.hindalco.com).

**DIRECTORS' RESPONSIBILITY STATEMENT**

As stipulated in Section 134(3)(c) of the Companies Act, 2013 "the Act", your Directors subscribe to the "Directors' Responsibility Statement" and confirm that:

- a) in the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) the accounting policies selected have been applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2016 and of the profit of your company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts of your Company have been prepared on a going concern basis;
- e) your Company had laid down internal financial controls and that such internal financial controls are adequate and were operating effectively;
- f) your Company has devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

The information on conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 is set out in **Annexure I** to the full and Abridged Annual Report.

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## PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 “the Act”, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are to be set out in the Directors’ Report, as an addendum thereto. However, in line with the provisions of Section 136(1) of the Act, the Report and Accounts as set out therein, are being sent to all Members of your Company excluding the aforesaid information about the employees. Any Member, who is interested in obtaining these particulars about employees, may write to the Company Secretary at the Registered Office of your Company.

Disclosures pertaining to remuneration and other details as required under section 197(12) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as **Annexure II** to the full and Abridged Annual Report.

## DIRECTORS

### Board constitution and changes:

Mr. Y.P. Dandiwala (DIN:01055000), was appointed as an Independent Director of the Company for a term of five years which was also approved by the members in the Annual General Meeting held on 16<sup>th</sup> September, 2015. At the same Annual General Meeting, Mr. Kumar Mangalam Birla and Mr. Satish Pai were reappointed as the Directors of the Company.

Mr. N. J. Jhaveri passed away, hence ceased to be a Director w.e.f. 6<sup>th</sup> June, 2015.

Mr. D. Bhattacharya (DIN:00033553) will demit the office as the Managing Director w.e.f. the close of business hours of 31<sup>st</sup> July 2016. He is appointed as the Vice Chairman of the Board.

Mr. Satish Pai (DIN:06646758) is appointed as the Managing Director for a term of 5 years w.e.f. opening hours of 1<sup>st</sup> August 2016.

Mr. Praveen Kumar Maheshwari (DIN:00174361) is appointed as the Whole-time Director for a term of 5 Years w.e.f. 28<sup>th</sup> May, 2016. He is also the Chief Financial Officer of the Company.

Mr. Girish Dave (DIN:00036455) is appointed as an Independent Director for a term of 5 years w.e.f. 28<sup>th</sup> May, 2016.

These changes are based on recommendation of the Nomination and Remuneration Committee. The Board places on record its deep appreciation for the services rendered by Mr. Bhattacharya as the Managing Director of your Company.

Notices pursuant to Section 160 of the Companies Act, 2013, have been received from members proposing Mr. Praveen Kumar Maheshwari and Mr. Girish Dave as Directors of the Company.

Smt. Rajashree Birla (DIN:00022995) and Mr. D. Bhattacharya (DIN:00033553) will retire from office by rotation at the ensuing Annual General Meeting, and being eligible, offers themselves for reappointment.

The Board recommends the appointment of Mr. Satish Pai, Mr. Praveen Kumar Maheshwari and Mr. Girish Dave and reappointment of Smt. Rajashree Birla and Mr. D. Bhattacharya. Items seeking your approval on the above are included in the Notice convening the Annual General Meeting.

Brief resume of the directors being appointed/reappointed forms part of the notice of the ensuing Annual General Meeting.

All the directors being appointed/reappointed have given required declaration under Companies Act, 2013 and Listing Regulations.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Listing Regulations.

### Policy on appointment and remuneration of Directors and Key Managerial Personnel:

The Nomination and Remuneration Committee has formulated the remuneration policy of your company which is attached as **Annexure III** to the full Annual Report.

### Meetings of the Board:

The Board of Directors of your Company met 5 times during the year details of which are given in the Corporate Governance Report forming part of the full Annual Report.

### Annual Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Directors have carried annual performance evaluation of Board, Independent Directors, Non executive Directors, Executive Directors, Committee and Chairman of the Board.

The evaluation framework focused on various aspects of the Board and Committees such as review, timely information from management etc. Also, the performance of individual directors was divided into Executive, Non Executive and Independent Directors and based on the parameters such as contribution, attendance, decision making, action oriented, external knowledge etc.

Board members have evaluated Independent Directors, Non executive Directors, Executive Directors, Committee and Chairman of the Board. The result of evaluation was satisfactory and meets the requirements of the Company. Board fully agreed and rated 100% on its functioning, skill sets and working atmosphere. Independent Directors scored well on expressing their views and in understanding the Company and its requirements. Non-Executive Directors scored well in understanding the Company and its requirement. Executive Directors are action oriented and ensures timely implementation of the Board decisions. Board is completely satisfied with the functioning of various Committees. Board has full faith in the Chairman in leading the Board effectively and ensuring contribution from all its members.

#### AUDIT COMMITTEE

The Audit Committee comprises of Mr. M.M. Bhagat, Mr. K.N. Bhandari, Mr. Y.P. Dandiwala, Independent Directors of your Company. Mr. D. Bhattacharya: Managing Director, Mr. Satish Pai: Deputy Managing Director and Mr. Praveen Kumar Maheshwari: Chief Financial Officer are the permanent invitees. Further details relating to the Audit Committee are provided in the Corporate Governance Report forming part of the full Annual Report.

#### KEY MANAGERIAL PERSONNEL

In terms of provisions of Section 203 of the Companies Act, 2013, Mr. D. Bhattacharya: Managing Director, Mr. Satish Pai: Deputy Managing Director, Mr. Praveen Kumar Maheshwari: Chief Financial Officer and Mr. Anil Malik: Company Secretary are the Key Managerial Personnel of your Company.

#### VIGIL MECHANISM

Your Company has in place a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of your Company's Code of Conduct. Adequate safeguards are provided against victimisation to those who avail of the mechanism or access to the Chairman of the Audit Committee.

The vigil mechanism is available on your Company's website viz. [www.hindalco.com](http://www.hindalco.com).

#### AUDITORS

##### Statutory Auditors:

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit

and Auditors) Rules, 2014, M/s Singhi & Co, Chartered Accountants were appointed as Statutory Auditors of the Company from the conclusion of fifty fifth Annual General Meeting held on 24<sup>th</sup> September, 2014, until the conclusion of fifty-eighth Annual General meeting to be held in the calendar year 2017, subject to ratification of their appointment at every Annual General Meeting. Resolution seeking your ratification is included in the Notice convening the Annual General Meeting. The observation made in the Auditor's Report are self explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act.

##### Cost Auditors:

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of your Company have on the recommendation of the Audit Committee, appointed M/s. Nanabhoy & Co., Cost Accountants, Mumbai as Cost Auditors, to conduct the cost audit of your Company for the financial year ending 31<sup>st</sup> March, 2017, at a remuneration as mentioned in the Notice convening the Annual General Meeting. As required under the Act, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to Cost Auditors forms part of the Notice of the ensuing Annual General Meeting.

##### Secretarial Auditor:

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed BNP & Associates, Company Secretaries, Mumbai as Secretarial Auditor for conducting the Secretarial Audit of your Company for the financial year ended 31<sup>st</sup> March, 2016. The Report of the Secretarial Auditor is annexed as **Annexure IV** to the full Annual Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### ENVIRONMENT PROTECTION AND POLLUTION CONTROL

Your Company is committed to sustainable development. A detailed report of the Company's initiatives and commitment to environment conservation is part of Sustainability & Business Responsibility Report forming part of the full and Abridged Annual Report.

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**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:**

Details of Loans, Guarantee and Investments covered under the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 are given in the notes to Financial Statements of the full Annual Report.

**CORPORATE SOCIAL RESPONSIBILITY:**

In terms of the provisions of Section 135 of the Companies Act, 2013 ("the Act") read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee which is chaired by Mrs. Rajashree Birla. The other Members of the Committee are Mr. Jagdish Khattar, Independent Director, Mr. A.K. Agarwala, Non Executive Director and Mr. D. Bhattacharya, Managing Director. Dr. Pragnya Ram, Group Executive President, Corporate Communication & CSR is a permanent invitee to the Committee. Your Company also has in place a CSR Policy and the same is available on your Company's website viz. [www.hindalco.com](http://www.hindalco.com). The Committee recommends to the Board activities to be undertaken during the year.

Your Company is a caring corporate citizen and lays significant emphasis on development of the communities around which it operates. Your Company has identified several projects relating to Social Empowerment & Welfare, Infrastructure Development, Sustainable Livelihood, Health Care and Education during the year and initiated various activities in neighbouring villages around plant locations.

During the Financial Year 2015-16 the Company has spent ₹ 34.15 crore under Section 135 of the Companies Act, 2013 on CSR Activities, which represent 2.20% of average net profits of the Company for last three Financial Years.

The Annual Report on CSR activities is attached as **Annexure V** to the full Annual Report.

**RISK MANAGEMENT**

Pursuant to the requirement of Listing Regulations, the Company has constituted Risk Management Committee, to review the risk management plan/process of your company.

Risk evaluation and management is an ongoing process within the Organization. Your Company has comprehensive risk management policy which is periodically reviewed by the Risk Management Committee.

**CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

During the financial year, your Company entered into related party transactions which were on arm's length basis and in the ordinary course of business. There are no material transactions with any related party as defined under Section 188 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 and Listing Regulations. All related party transactions have been approved by the Audit Committee of your Company.

The policy on Related Party Transactions as approved by the Audit Committee and the Board is available on your Company's website viz. [www.hindalco.com](http://www.hindalco.com).

**EXTRACT OF ANNUAL RETURN:**

In terms of the provisions of Section 92 (3) of the Companies Act, 2013 ("the Act") read with the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return of your Company for the financial year ended 31<sup>st</sup> March, 2016 is given in **Annexure VI** to the full Annual Report.

**BUSINESS RESPONSIBILITY REPORT:**

As per Listing Regulations, a separate section of Business Responsibility Report forms part of the full and Abridged Annual Report.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined by the Audit Committee.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal auditors, the process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

**INTERNAL FINANCIAL CONTROL**

Your directors confirm having laid down internal financial controls and that such internal financial controls are adequate and were operating effectively.

**SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES:**

The financial statements of your Company's subsidiaries and related information have been placed



on the website of your Company viz. www.hindalco.com and also available for inspection during business hours at the registered office of your Company. Any Member, who is interested in obtaining a copy of financial statements of your Company's subsidiaries, may write to the Company Secretary at the Registered Office of your Company.

In accordance with the provisions of the section 129 (3) of the Act, read with the Companies (Accounts) Rules, 2014, a statement on the performance and financial position of each of the subsidiaries, associates and Joint Venture is attached as **Annexure VII** to the full and Abridged Annual Report.

The names of Companies which have become or ceased to be subsidiaries, Joint Ventures and associates are also provided in the aforesaid statement.

**OTHER DISCLOSURES:**

- Your Company has not issued any shares with differential voting.
- There was no revision in the financial statements. However the Board of Directors in the meeting held on 21st July, 2016 approved Consolidated Financial Statements (updated) as disclosed in the Directors Report.
- Your Company has not issued any sweat equity shares.
- Mr. D. Bhattacharya and Mr. Satish Pai are directors on the Board of Novelis Inc, wholly owned subsidiary. They are in receipt of annual fee of US\$ 1,50,000 and US\$ 1,50,000 respectively in the calendar year 2015.
- There was no change in the nature of business.
- During the year under review, your Company has not accepted any fixed deposits from the public falling under Section 73 of the Act read with the

Companies (Acceptance of Deposits) Rules, 2014. Thus, as on 31<sup>st</sup> March, 2016, there were no deposits which were unpaid or unclaimed and due for repayment.

- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- There were no frauds reported by the Auditors u/s 143(12) of the Companies Act, 2013.

**APPRECIATION**

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Honorable Ministers, Secretaries and other officials of the Ministry of Mines, Ministry of Coal, the Ministry of Chemicals and Fertilizers and various State Governments. Your Directors thank the Financial Institutions and Banks associated with your Company for their support as well.

Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged.

Your involvement as Shareholders is greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board



Kumar Mangalam Birla  
Chairman  
(DIN: 00012813)

Mumbai  
Dated : 21<sup>st</sup> July, 2016

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**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PRESCRIBED UNDER RULE 8(3) OF OF THE COMPANIES (ACCOUNTS) RULES, 2014.**

**A. CONSERVATION OF ENERGY**

**(a) THE STEPS TAKEN ON CONSERVATION OF ENERGY**

- i. Periodic Energy audit in all units.
- ii. Replacement of Metallic Fan blade of Cooling Towers with FRP blades.
- iii. Rationalization of motor, pump & fan capacities.
- iv. Replacement of inefficient pumps & motors with high efficiency pumps & motors.
- v. Reduction in line losses through power factor improvement by capacitor installation.
- vi. Installation of translucent roofing sheet/sun pipe light to use more natural light.
- vii. Replacement of conventional light with energy efficient LED Light.
- viii. Reduction in DC Power consumption in pots by optimizing pot voltage.
- ix. Conversion loss reduction in Aluminium Smelter through Rectifier replacement.
- x. Installation of VFD in variable load application.
- xi. Combustion efficiency improvement and loss reduction in Furnaces.
- xii. Compressed Air system efficiency improvement.
- xiii. Efficiency improvement in Boilers through process optimization.
- xiv. Auxiliary power reduction through automation.

**(b) STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY**

During the year, the following projects are implemented:

- i. 1 MW Solar PV Power Plant at Alupuram, Kerala unit.
- ii. Roof top Solar PV installation at Belur, WB unit.
- iii. Use of biomass as a supplementary fuel in our boilers.
- iv. Use of translucent roofing sheet/Sun light pipe for more use of Natural light and use of turbo ventilators in place of conventional exhaust fans.

**(c) THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT & PROJECTS**

The Capital investment on Energy conservation equipment & projects for the year was ₹ 86.80 crore.

**B. TECHNOLOGY ABSORPTION**

**(a) Efforts Made Towards Technology Absorption:**

- Specialty alumina product development for ceramic, polishing and other applications like fire retardant fillers.
- Efficient use of low grade ores from Lohardaga and Kolhapur regions.
- Research on value added applications of process waste materials like bauxite residue, fly ash etc.
- Successful demonstration of “Gemini” trial pots at Renukoot operating at higher line current and lower specific energy consumption.
- Specific oil consumption reduction in anode baking furnace#6 at Renukoot.
- Improved product quality: AA2014 alloy extrusions, AA8021 Alu blister, 6082 T6 and 6061 T6 rods etc.
- Development of process for aerospace grade alloys and marine applications for HiraKud FRP.
- Development of AA5754 plates for tanker applications and AA5083 industrial cylinders for IOCL.

- Impact damage of profiled Aluminium roofing sheets and design of test methodology for correlation of impact resistance to thickness and material yield properties.
- Development of new methods and tools for Rolling Plant data analysis.
- New process developed for recovery of Copper from refinery effluent.
- Design modification in Scrap Melting Furnace at Dahej.
- Design modification in TG-4 at CPP Dahej.
- Number of initiatives implemented towards improving energy efficiency, cost reductions and emissions.

**(b) Benefits Derived Like Product Improvement, Cost Reduction, Product Development or Import Substitution:**

- Reduction in specific energy consumption and GHG emissions.
- Improved productivity and capacity utilization.
- Increase in production of value-added products.
- Increased export volume and revenue.
- Increase in market share and profitability.
- Cost reduction.
- Quality improvement for specific products for domestic and overseas market.
- Enhancement in customer satisfaction.
- Improved copper recovery.
- Conservation of natural resources – water, energy and basic raw material.

**(c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

Technology Imported for	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reason thereof and future plan of action
Pressure Filtration of bauxite residue at Muri	2014-15	Yes	NA
Aluminium smelters technology from M/s. Aluminium Pechiney for Aditya and Mahan smelters	2010-13	Yes	NA
Aluminum smelting technology from M/s. Kan-nac for Renukoot smelter	2010-14	Almost	Test pots trials were successful. Line basis trials planned.
Membrane Bio-reactor Technology for waste water treatment	2013-14	Yes	NA
Prayon MK 4 Di-hydrate Process	2014-15	Yes	NA

**(d) Expenditure incurred on Research and Development**

The Company spent ₹ 19.44 crore for Research and Development during the financial year 2015-16.

**FOREIGN EXCHANGE EARNINGS & OUTGO**

**a) Activities related to exports**

Exports during the year were ₹ 12,489.85 crore.

**b) Total Foreign Exchange Used and Earned**

Foreign Exchange used ₹ 16,402.49 crore.

Foreign Exchange Earned ₹ 12,490.68 crore.



## Annexure-II

**Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration* of Director/KMP for financial year 2015-16 (₹ in Lakhs)	% increase in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	Kumar Mangalam Birla	173.46	(50.41)	39.9	Not applicable
2	Rajashree Birla	4.27	(32.33)	1.0	Not applicable
3	A.K.Agarwala	5.32	(35.75)	1.2	Not applicable
4	M.M. Bhagat	4.66	(43.24)	1.1	Not applicable
5	Y.P. Dandiwala **	2.27	N.A.	0.5	Not applicable
6	K.N. Bhandari	5.31	(44.69)	1.2	Not applicable
7	Jagdish Khattar	2.87	(45.95)	0.7	Not applicable
8	Ram Charan	1.85	(53.75)	0.4	Not applicable
9	D.Bhattacharya <sup>#</sup>	1990.00	(7.83)	457.5	Profit before Interest Tax and Depreciation (PBITDA) has increased by 1.98% in FY 2015-16
10	Satish Pai	1396.00	14.68	320.9	
11	Praveen Kumar Maheshwari <sup>^</sup>	325.00	6.56	N.A.	
12	Anil Malik <sup>^</sup>	89.00	5.95	N.A.	

\* Remuneration includes commission payable to Non Executive Directors for the year ended 31<sup>st</sup> March, 2016 which is subject to the approval of the members of the Company. Sitting fees paid to Directors is excluded.

\*\* Was appointed as Independent Director w.e.f. 14<sup>th</sup> August 2015.

<sup>#</sup> Mr. D. Bhattacharya was provided Company accommodation in FY 2014-15. The perquisite value was ₹ 2.57 crore on this account. In FY 2015-16, he occupied the company accommodation for 2 months and the perquisite value was ₹ 24 lakhs on this account. If housing perquisite is not considered, the salary of Mr. Bhattacharya is increased by 3.36%.

<sup>^</sup> Includes Employer's Contribution to Provident Fund. Last year's remuneration is also readjusted to include Employer's Contribution to Provident Fund.

- ii. The median remuneration of employees of the Company during the financial year was ₹ 4.35 lakhs.
- iii. In the financial year, there was an increase of 4.5% in the median remuneration of employees.
- iv. There were 24,118 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2016.
- v. Relationship between average increase in remuneration and company performance: (The Profit before Interest, Tax and Depreciation (PBITDA) for the financial year ended 31<sup>st</sup> March, 2016 increased by 1.98% whereas the increase in median remuneration was 4.5%). The average increase in median remuneration was in line with industry benchmark and performance of the Company.

- vi Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company: The details of the same is provided in point no(i) above.
- vii
  - a. Variations in the market capitalisation of the Company : The market capitalisation as on 31<sup>st</sup> March, 2016 was ₹ 18,162 crore (₹ 26,638 crore as on 31<sup>st</sup> March, 2015).
  - b. Price Earnings ratio of the Company was 29.90 as at 31<sup>st</sup> March, 2016 (28.83 as at 31<sup>st</sup> March, 2015).
  - c. Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year – The Company has made Rights Offer in 2008 @ ₹ 96.00 per share. As on 31<sup>st</sup> March, 2016, the Company's shares was quoted at ₹ 87.95 per share on National Stock Exchange. The Company shares as on 31<sup>st</sup> March, 2016 were quoted 8.39% less than the Rights offer price.
- viii Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 6.91% whereas the increase in the managerial remuneration for the same financial year was 0.30%.
- ix The key parameters for the variable component of remuneration availed by the directors: Based on the Remuneration Philosophy/Policy of the Company approved by Nomination and Remuneration Committee.
- x The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – None of the employees has remuneration more than the highest paid directors.
- xi It is hereby affirmed that the remuneration paid is as per the Remuneration Philosophy/Policy of the Company.

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## Form AOC-1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures  
Part "A" - Subsidiaries

Sr.	Name of the Subsidiary Company	Country	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Investments** Shares, Debiture, Bonds & Others	Turnover/ Revenues	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend	% of Share Holding
1	Minerals & Minerals Limited	India	INR	0.05	1.11	5.35	4.19	-	19.87	0.11	0.08	0.03	-	100.00
2	Renuka Investments & Finance Limited	India	INR	9.25	23.59	33.48	0.64	27.83	7.03	6.75	0.67	6.08	-	100.00
3	Renukeshwar Investments & Finance Limited	India	INR	4.80	20.54	25.39	0.05	25.32	3.55	3.53	0.24	3.29	-	100.00
4	Suvas Holdings Limited	India	INR	7.08	(0.04)	16.75	9.70	-	0.06	0.03	0.01	0.02	-	51.00
5	Utkal Alumina International Limited	India	INR	3,971.76	(1,045.64)	8,575.72	5,649.60	0.05	2,239.70	(93.40)	(0.04)	(93.36)	-	100.00
6	Hindalco-Almex Aerospace Limited	India	INR	88.56	(12.53)	79.97	3.94	13.03	37.58	(2.59)	-	(2.59)	-	97.18
7	Lucknow Finance Company Limited	India	INR	9.90	5.67	16.41	0.83	5.88	2.45	1.56	0.52	1.04	-	100.00
8	Dahej Harbour and Infrastructure Limited	India	INR	50.00	43.18	111.22	18.04	-	90.37	64.88	13.30	51.58	72.00	100.00
9	East Coast Bauxite Mining Company Private Limited	India	INR	0.01	(0.03)	0.01	0.02	-	0.00	-	-	-	-	74.00
10	Tubed Coal Mines Limited	India	INR	45.29	(24.26)	21.25	0.21	-	-	(1.55)	0.88	(2.43)	-	60.00
11	Mauda Energy Limited	India	INR	0.18	(0.17)	0.00	0.00	-	-	(0.14)	-	(0.14)	-	100.00
12	Aditya Birla Minerals Limited *	Australia	AUD	316.95	(1,187.79)	162.02	(40.35)	-	0.00	(228.38)	(52.59)	(175.79)	-	51.00
				62.00	(234.00)	32.00	(8.00)	-	-	(47.00)	(11.00)	(36.00)	-	
13	Birla Nifty Pty Limited ^ *	Australia	AUD	443.96	517.32	650.05	273.60	-	1,001.99	(555.76)	143.19	(698.95)	-	51.00
				87.41	(102.00)	127.99	53.87	-	207.90	(115.31)	29.71	(145.02)	-	
14	Birla Maroochydore Pty Limited ^ *	Australia	AUD	50.79	(105.57)	10.17	(110.85)	-	-	(61.85)	(18.99)	(42.86)	-	51.00
				10.00	(21.00)	2.00	21.82	-	-	(12.83)	(3.83)	(9.00)	-	
15	Birla Resources Pty Limited *	Australia	AUD	3.30	0.01	3.33	0.02	-	-	0.04	0.00	0.04	-	100.00
				0.65	0.00	0.65	0.00	-	-	0.01	0.00	0.01	-	
16	A V Minerals (Netherlands) N.V. *	Netherlands	USD	10,900.92	(232.63)	10,668.29	-	10,666.58	-	(0.63)	-	(0.63)	-	100.00
				1,645.30	(35.11)	1,610.19	(0.00)	1,609.93	-	(0.10)	-	(0.10)	-	
17	A V Metals Inc # *	Canada	USD	10,365.45	(25.43)	10,360.05	0.03	10,360.08	0.01	0.00	-	0.00	-	100.00
				1,567.50	(3.84)	1,563.66	0.00	1,563.67	0.00	0.00	-	0.00	-	
18	Novellis Inc. # *	Canada	USD	10,470.65	(162.10)	66,839.78	56,631.23	4,290.17	65,477.44	306.16	303.07	3.09	-	100.00
				1,580.36	(24.47)	10,103.36	8,547.47	647.52	10,009.53	46.80	46.33	0.47	-	
19	4260848 Canada Inc. *	Canada	USD	812.57	(5.17)	822.15	14.74	-	-	(0.46)	2.39	(2.85)	-	100.00
				122.64	(0.78)	124.09	2.23	-	-	(0.07)	0.37	(0.44)	-	
20	4260856 Canada Inc. *	Canada	USD	1,218.90	(6.46)	1,218.90	6.46	-	-	-	3.56	(3.56)	-	100.00
				183.97	(0.98)	183.97	0.98	-	-	-	0.54	(0.54)	-	
21	Novellis South America Holdings LLC *	USA	USD	-	-	-	-	-	-	-	-	-	-	100.00
22	Aluminum Upstream Holdings LLC (Delaware) *	USA	USD	-	-	-	-	-	-	-	-	-	-	-
23	Novellis (India) Infotech Ltd.	India	INR	1.00	1.22	2.49	0.27	-	-	0.11	0.02	0.09	-	100.00
24	Novellis Corporation (Texas) *	USA	USD	11,137.47	(8,977.55)	16,086.71	13,926.80	-	24,066.22	124.29	19.62	104.67	-	100.00
				1,681.00	(1,355.00)	2,428.00	2,102.00	-	3,679.00	19.00	3.00	16.00	-	
25	Novellis de Mexico SA de CV *	Mexico	USD	0.05	(0.05)	-	-	-	-	-	-	-	-	99.99
				0.01	(0.01)	-	-	-	-	-	-	-	-	
26	Novellis do Brasil Ltda. *	Brazil	INR	1,767.38	3,480.09	9,830.29	4,582.82	-	10,385.52	1,582.27	630.30	951.97	-	99.99
			Reals	958.53	1,887.41	5,331.40	2,485.46	-	5,648.45	860.56	342.81	517.75	-	
27	Novellis Korea Limited *	Korea	INR	676.88	3,010.57	8,546.78	4,859.33	-	11,325.42	296.79	75.26	221.53	-	100.00
			Won	116,905.00	519,960.00	1,476,127.00	839,262.00	-	2,000,956.00	52,436.00	13,296.00	39,140.00	-	

Sr.	Name of the Subsidiary Company	Country	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Investments** Shares, Debiture, Bonds & Others	Turnover/ Revenues	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend	% of Share Holding
28	Alcom Nikkei Specialty Coatings Sdn Berhad *	Malaysia	INR	20.79	41.76	93.12	30.57	-	237.75	7.06	2.49	4.57	-	59.15
			Ringgit	12.25	24.61	54.87	18.01	-	146.60	4.35	1.53	2.82	-	
29	Aluminum Company of Malaysia Berhad *	Malaysia	INR	227.97	34.91	324.60	61.71	-	466.11	4.64	2.09	2.55	-	59.15
			Ringgit	134.33	20.57	191.27	36.36	-	287.41	2.86	1.29	1.57	-	
30	AI Dotcom Sdn. Berhad *	Malaysia	INR	-	-	-	-	-	-	-	-	-	-	-
			Ringgit	-	-	-	-	-	-	-	-	-	-	-
31	Novelis UK Ltd. *	England	INR	1,391.33	631.50	2,777.74	754.92	-	3,357.22	61.20	8.68	52.52	-	100.00
			Pounds	146.09	86.31	291.66	79.27	-	340.48	6.21	0.88	5.33	-	
32	Novelis Services Limited *	Wales	INR	1,331.79	849.97	2,192.06	10.30	-	602.45	394.62	62.74	331.88	-	100.00
			USD	201.01	128.29	330.85	1.55	-	92.10	60.33	9.59	50.74	-	
33	Novelis Deutschland GmbH *	Germany	INR	841.39	103.89	5,453.76	4,508.48	-	21,325.02	(10.35)	0.14	(10.49)	-	100.00
			Euro	111.50	13.77	722.73	597.46	-	2,951.25	(1.43)	0.02	(1.45)	-	
34	Novelis Aluminium Beteiligungs GmbH *	Germany	INR	-	-	-	-	-	-	-	-	-	-	100.00
			Euro	-	-	-	-	-	-	-	-	-	-	
35	Novelis Switzerland SA *	Switzerland	INR	34.50	2,094.43	3,118.45	989.53	-	4,516.14	578.96	93.08	485.88	-	100.00
			Francs	5.00	303.57	451.99	143.42	-	671.18	86.04	13.83	72.21	-	
36	Novelis Laminés France SAS *	France	INR	23.39	23.37	51.96	5.20	-	9.31	1.46	0.42	1.04	-	100.00
			Euro	3.10	3.10	6.89	0.69	-	1.29	0.20	0.06	0.14	-	
37	Novelis Italia SPA *	Italy	INR	724.43	(219.47)	952.70	447.74	-	1,393.04	8.87	2.44	6.43	-	100.00
			Euro	96.00	(29.08)	126.25	59.33	-	192.79	1.23	0.34	0.89	-	
38	Novelis Aluminium Holding Company *	Ireland	INR	22.64	1,246.41	6,706.84	5,437.79	-	3.62	(285.19)	12.96	(298.15)	-	100.00
			Euro	3.00	165.17	888.78	720.61	-	0.50	(39.47)	1.79	(41.26)	-	
39	Eurofoil Inc. (USA) (New York) *	USA	INR	-	-	-	-	-	-	-	-	-	-	-
			USD	-	-	-	-	-	-	-	-	-	-	
40	Novelis Global Employment Organization Inc *	USA	INR	-	1.98	1.98	-	-	-	-	-	-	-	100.00
			USD	-	0.30	0.30	-	-	-	-	-	-	-	
41	Novelis PAE SAS *	France	INR	30.49	98.76	307.41	178.16	-	105.79	8.76	0.48	8.28	-	100.00
			Euro	4.04	13.09	40.74	23.61	-	14.64	1.21	0.07	1.14	-	
42	Novelis Europe Holdings Limited *	Wales	INR	325.29	1,896.81	3,797.94	1,575.84	-	4.45	(125.81)	-	(125.81)	-	100.00
			USD	49.10	286.29	573.23	237.84	-	0.68	(19.23)	-	(19.23)	-	
43	Novelis AG (Switzerland) *	Switzerland	INR	6.90	1,356.01	4,912.53	3,549.62	-	3,831.98	(108.12)	1.96	(110.08)	-	100.00
			Francs	1.00	196.54	712.02	514.48	-	569.50	(16.07)	0.29	(16.36)	-	
44	Logan Aluminium Inc. (Delaware) *	USA	INR	0.00	(331.21)	1,529.41	1,860.62	-	2,644.09	3.27	3.02	0.25	-	40.00
			USD	0.00	(49.99)	230.84	280.83	-	404.20	0.50	0.46	0.04	-	
45	ALBRASIL - Alumínio do Brasil Indústria e Comércio Ltda *	Brazil	INR	-	-	-	-	-	-	-	-	-	-	-
			Reais	-	-	-	-	-	-	-	-	-	-	
46	Novelis Holdings Inc	USA	INR	-	1,925.21	1,925.23	0.02	-	-	21.40	(353.39)	374.79	-	100.00
			USD	-	290.58	290.58	0.00	-	-	3.27	(54.02)	57.29	-	
47	8018227 Canada Inc. *	USA	INR	-	(241.98)	2,330.53	2,572.52	-	-	(100.86)	2.79	(103.65)	-	100.00
			USD	-	(36.52)	351.75	388.28	-	-	(15.42)	0.43	(15.85)	-	
48	8018243 Canada Limited *	USA	INR	-	-	-	-	-	-	-	-	-	-	-
			USD	-	-	-	-	-	-	-	-	-	-	
49	Novelis Delaware LLC *	USA	INR	-	-	-	-	-	-	-	-	-	-	-
			USD	-	-	-	-	-	-	-	-	-	-	
50	Novelis Acquisitions LLC *	USA	INR	-	-	-	-	-	-	-	-	-	-	100.00
			USD	-	-	-	-	-	-	-	-	-	-	
51	Novelis Sheet Ingg GmbH (Germany) *	Germany	INR	150.92	-	1,696.17	1,545.25	-	414.68	(205.36)	-	(205.36)	-	100.00
			Euro	20.00	-	224.77	204.77	-	57.39	(28.42)	-	(28.42)	-	
52	Novelis MEA Ltd (Dubai) *	UAE	INR	6.04	124.62	943.79	813.12	-	2,818.09	75.34	-	75.34	-	100.00
			USD	0.91	18.81	142.45	122.73	-	430.80	11.52	-	11.52	-	

ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS | ABRIDGED STANDALONE FINANCIAL STATEMENTS | SOCIAL REPORT | SHAREHOLDER INFORMATION | CORPORATE GOVERNANCE REPORT | SUSTAINABILITY & BUSINESS RESPONSIBILITY REPORT | DIRECTORS' REPORT | MANAGEMENT DISCUSSION AND ANALYSIS | FINANCIAL HIGHLIGHTS



Sr.	Name of the Subsidiary Company	Country	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Investments** Shares, Debiture, Bonds & Others	Turnover/ Revenues	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend	% of Share Holding
53	Novelis (Shanghai) Aluminum Trading Company *	China	INR	22.72	81.74	189.27	84.80	-	394.11	39.60	9.90	29.70	-	100.00
			CNY	22.14	79.65	184.43	82.64	-	381.63	38.35	9.59	28.76	-	
54	Novelis (China) Aluminum Products Co. Ltd. *	China	INR	364.42	(90.11)	1,287.04	1,012.73	-	199.68	(69.31)	(15.82)	(53.49)	-	100.00
			CNY	355.11	(87.80)	1,254.14	986.83	-	193.36	(67.12)	(15.32)	(51.80)	-	
55	Novelis Vietnam Company Limited (Vietnam) *	Vietnam	INR	6.25	27.41	161.70	128.05	-	425.17	23.96	5.25	18.70	-	100.00
			Dong	20,820.00	91,368.31	539,010.53	426,822.22	-	1,417,226.98	79,852.14	17,513.37	62,338.77	-	
56	Novelis Asia Holdings (Singapore) *	Singapore	INR	-	-	-	-	-	-	-	-	-	-	-
			SGD	-	-	-	-	-	-	-	-	-	-	-
57	Novelis Services (North America) Inc.*	USA	INR	-	-	0.01	0.01	-	-	-	-	-	-	100.00
			USD	-	-	0.00	0.00	-	-	-	-	-	-	
58	Brecha Energetica Ltda*	Brazil	INR	0.00	-	0.00	-	-	-	-	-	-	-	99.99
			Reals	0.00	-	0.00	-	-	-	-	-	-	-	
59	Brito Energetica Ltda*	Brazil	INR	0.00	-	0.00	-	-	-	-	-	-	-	99.99
			Reals	0.00	-	0.00	-	-	-	-	-	-	-	
60	Hindalco Guinea SARL *	South Africa	INR	0.01	(0.01)	0.01	0.00	-	-	0.00	-	0.00	-	100.00
			USD	0.00	(0.00)	0.00	0.00	-	-	0.00	-	0.00	-	
61	Hindalco Do Brazil Industria Comercio de Alumina LTDA - (e)*	Brasil	INR	254.98	(269.23)	223.00	237.25	-	193.11	(86.79)	-	(86.79)	-	100.00
			Reals	104.65	(112.38)	120.94	128.67	-	105.03	(47.20)	-	(47.20)	-	
62	Utkal Alumina Technical & General Services Ltd. @	India	INR	0.05	(0.01)	0.04	0.00	-	-	(0.00)	-	(0.00)	-	100.00

\* Balance sheet items are translated at closing Exchange rate and Profit/(Loss) items are translated at average exchange rate.

^ Subsidiary of Aditya Birla Minerals Limited

# Subsidiary of AV Minerals (Netherlands) N.V.

@ Subsidiary of AV Metals Inc.

© Subsidiary of Utkal Alumina International Limited.

Details	FC to INR			FC to USD		
	Avg for the year	Closing as of 31-March-16	Details	Avg for the year	Closing as of 31-March-16	
AUD	48.1417	50.7878	CHF	1.029138	1.041341	
CAD	49.9330	51.0872	EUR	1.104614	1.138950	
CHF	67.2866	68.9941	GBP	1.508201	1.437450	
EUR	72.2575	75.4611	JPY	0.008335	0.008889	
GBP	98.6021	95.2382	CNY	0.157966	0.154892	
JPY	0.5455	0.5890	BRL	0.281763	0.278296	
NOK	7.9085	8.0124	SGD	0.721934	0.741922	
SGD	47.2037	49.1561	SEK	0.118214	0.123245	
USD	65.4151	66.2550	KRW	0.000866	0.000873	
CNY	10.3272	10.2624	MYR	0.248287	0.256148	
BRL	18.3865	18.4385	VND	0.000045	0.000045	
SEK	7.7330	8.1656				
KRW	0.0566	0.0579				
MYR	16.2177	16.9711				
VND	0.0030	0.0030				

**Name of subsidiaries which have been liquidated or sold off during FY 16**

Aditya Birla Chemicals (India) Limited	Merged with Grasim Industries Ltd. w.e.f. 1st April, 2015
Aditya Birla Chemicals (Belgium) BVBA	Merged with Grasim Industries Limited w.e.f. 1st April, 2015
Birla Mt Gordon Pty Limited	Disposed of on 27 <sup>th</sup> October, 2015
Aluminum Upstream Holdings LLC (Delaware)	Amalgamated with Novelis South America Holding LLC w.e.f 2 <sup>nd</sup> December, 2015
Al Dotcom Sdn Berhad	Dissolved w.e.f. 21 <sup>st</sup> January, 2016
Eurofoil Inc. (USA) (New York)	Amalgamated with Novelis PAE Corporation w.e.f 1st Nov,2015
Novelis Global Employment Organization Inc	Formerly known as Novelis PAE Corporation change w.e.f. 15 <sup>th</sup> December, 2015
ALBRASILIS - Alumínio do Brasil Industria e Comercio Ltda	Dissolved 18 <sup>th</sup> November, 2015
8018243 Canada Limited	Amalgamated with Novelis Inc w.e.f. 31 <sup>st</sup> March, 2016
Novelis Delaware LLC	Amalgamated with Novelis Inc w.e.f. 31 <sup>st</sup> March, 2016
Novelis Asia Holdings (Singapore)	Struck off w.e.f. 17 <sup>th</sup> March, 2016

**Name of subsidiaries which are yet to commence operations during FY 16**

1	Mauda Energy Limited
2	Tubed Coal Mines Limited
3	East Coast Bauxite Company Private Limited
4	Suvas Holdings Limited
5	Utkal Alumina Technical and General Services Ltd
6	Birla Marochydrore Pty Ltd
7	Birla Resources Pty Ltd
8	Al Dotcom Sdn. Berhad
9	Novelis South America Holdings LLC
10	Aluminum Upstream Holdings LLC (Delaware)
11	Novelis Aluminium Beteiligungs GmbH
12	Novelis PAE Corporation (Delaware)
13	ALBRASILIS - Alumínio do Brasil Industria e Comercio Ltda
14	Novelis Asia Holdings (Singapore)
15	Hindalco Guinea SARL

Part-"B" Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Name of Associates/Joint Ventures	Latest Audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end		Network Shareholding as per latest audited balance sheet (₹ in crore)	Considered in consolidation (₹ in crore)	Not considered in consolidation	Description of how there is significant influence	Base on why the associate/joint venture is not considered
			No.	Amount of investment (Carrying Value) in Associates/ Joint Venture (₹ in crore)					
<b>Associates</b>									
1	Aditya Birla Science and Technology Company Private Limited	31-Mar-16	9,800,000	9.80	11.14	(1.05)	Note A		
2	Idea Cellular Limited	31-Mar-16	228,340,226	228.34	1,634.15	195.33	Note A		
3	Associates of Novelis Inc.®	31-Mar-16	-	-	-	-	Note B		Note B
<b>Joint Ventures</b>									
1	Mahan Coal Limited®	31-Mar-16	195,750,000	195.75	172.91	(0.63)	Note A		
2	Hydromine Global Minerals (GMBH) Limited®	31-Mar-16	64,650	0.34	0.31	(0.01)	Note A		
3	MNH Shakti Limited®	31-Mar-16	12,765,000	12.77	12.69		Note A		

® Associates of Novelis Inc., includes following companies for which separate information is not available  
Aluminium Norf GmbH  
Deutsche Aluminium Verpackung Recycling GMBH  
France Aluminium Recyclage SA

® Operations not started yet.

Note A : There is significant influence due to percentage holding of share capital

Note B : Non-availability of Financial Statements

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Place : Mumbai

Dated : 21<sup>st</sup> July, 2016

For and on behalf of the Board of  
Hindalco Industries Limited

Praveen Kumar Maheshwari  
CFO

Kumar Mangalam Birla – Chairman  
DIN-00012813  
D. Bhattacharya – Managing Director  
DIN-00033553  
M.M. Bhagat – Director  
DIN-00006245

Anil Malik  
Company Secretary

## SUSTAINABILITY & BUSINESS RESPONSIBILITY REPORT

At the Aditya Birla Group, we endeavour to become the leading Indian conglomerate for sustainable business practices across our global operations by 2017.

To achieve this vision, we are innovating from the traditional sustainability models to one consistent with our vision to build sustainable businesses capable of operating in the world we hope to see emerge in 2030 and 2050. It is in our own interests, to contribute to mitigate our impact in every way we can, and also prepare for further mitigation and potential adaption to planetary changes as we go forward.

We began our quest with a question, “If everyone and every business followed the law as written today, is the planet sustainable?” We quickly concluded that around the year 2050, when the Earth’s population reaches an estimated 9 billion, climate change, water scarcity, stress plus pollution and an overload of waste, if left unchecked, would set the planet on a possibly irreversible course to un-sustainability. It is therefore intuitive that laws be tightened over time and imperative that the Aditya Birla Group remain ahead of the curve.

Our first step has been to set up a sustainability programme in our current operations, under the heading “Responsible Stewardship”. By doing so, we try to move from merely following local laws to aligning ourselves voluntarily with the international standards set by the global bodies of the International Finance Corporation (IFC), the Organisation for Economic Cooperation and Development (OECD), the International Standards Organisation (ISO), Occupational Health and Safety Advisory Services (OHSAS), the Global Reporting Initiative (GRI) and others. We are working hard to develop and improve our management systems and their performance by making sure that they conform to the Aditya Birla Group’s Sustainability Framework of Policies, Technical Standards, and Guidance Notes by giving our employees the chance to train, learn, understand, and apply improvement techniques to reach higher standards of performance. So far, we have had much success with respect to reductions in energy use, water use, and improvements in safety performance. We are working towards achieving the World Business Council for Sustainable Development’s Water and Sanitation and Hygiene pledge (WASH) to ensure that we provide safe drinking water, sanitation and hygiene in all our operations. Each of these achievements helps reduce and mitigate our impact on the planet and are hence imperative to building a platform for the future.

However, if we are to create sustainable business models and systems, “Responsible Stewardship” by itself is not enough and we need other components

to help us with a greater transformation. We need to understand how many laws will need to change in order to support a sustainable world. Our performance will need to be improved further to meet these laws, possibly by redesigning our business models. We call this “Future Proofing” our businesses. This has two components; the first, we call “Strategic Stakeholder Engagement” which involves scanning the time horizon for disruptions by discussing the global megatrends with experts in the fields of climate, water, human rights, supply chain management, biodiversity transparency and reporting, in order to understand what constraints might be placed on our businesses by 2030 and 2050. By doing so, we are able to build our capability to understand which external changes might heavily influence our value chains and business models in the future and what might be expected of our products and brands. For example, the world will need businesses that are able to mitigate and adapt to climate change, with robust and sustainable supply chains that are also impervious to all external forces that will inevitably begin to affect us in the future. The second part of our “Future Proofing” programme is to test our current business models and strategies against various scenarios designed to simulate what the world will potentially look like in 2030 and 2050. To achieve these results, sustainable businesses will take time, particularly when we consider some of our complex supply chains. By pushing to be the leader today, we are giving ourselves the best possibility of achieving long term success.

It is interesting to note that nowhere are sustainable strategies more important than in the land masses of India, China and South East Asia, because over half the population of the planet lives there. Land mass and natural resources are already feeling the strain, with often cited pollution, biodiversity loss, growing levels of water stress and the need to manage the growth of electricity production decoupled from a country’s carbon footprint. This makes sustainable development not just a business “nice to do” but has also become a central business imperative because, “Businesses cannot survive on a planet that fails”.

### **Business through Sustainability – the Hindalco Way**

Both Aluminium and copper are widely used metals with bright consumption prospects. The recent emphasis on greenhouse emissions have brought in new game changing concepts such as light weighting in the automobile industry further augmenting the consumption growth. Our business is geared to ride on these changing patterns and today boasts of a de-risked portfolio through a strong accent on conversion business.

By virtue of being the only integrated aluminium producer in India, we also have a strong commitment towards product development. We have developed several pioneering applications in the Indian context and Novelis is the global leader in FRP space.

Sustained access and availability of resources is critical to our business. Hindalco follows holistic approach to address the multi-dimensional facets of resource sustainability throughout the value chain. As we continue to serve the increased demands of the society for sustainable metals, we recognize the limited availability of resources and impacts of resource extraction. Our strategy is to have a good mix of captive sources as well as long-term sourcing arrangement based on long term cost and sustainability parameters. Our mining practices, regeneration activities and community engagement are aimed at minimizing the environmental impact with a focus on improving socio economic life.

Improving operational efficiencies, adoption of technological advances are important for efficient use of raw materials. We believe systems and work practices are critical in conserving resources, energy and environment and ensuring health and safety.

Aluminium is a 100% recyclable metal and does not degrade in quality on recycling. Our wholly owned subsidiary Novelis Inc presently uses 50% of input in the form of recycled scrap a sharp jump from 39% during the last year. It also announced the commercial debut of Evercan™ high recycled-content aluminium beverage can sheet. Novelis has invested in major recycling initiatives, including advanced equipment and technology to process diversified scrap.

Energy Conservation and its efficient use continue to be one of the focus areas of your company. Your company has an Energy policy supported by a robust Energy Management Organization structure. Energy Audits, Quality Circles, OPEX Committees, Energy Conservation month, suggestion scheme are some among many efforts at plant level towards energy conservation. Through the Suggestion Scheme employees are encouraged, recognized and suitably rewarded to come up with energy savings ideas. All these measures ensure increased participation across the hierarchy.

PAT (Perform Achieve & Trade) scheme has been enacted and launched by the Bureau of Energy Efficiency (BEE) under the aegis of Ministry of Power, Government of India. Based on the threshold energy consumption norm, five units of the company were under cycle-1 of the scheme. Your Company had made detailed plan and executed number of projects to meet the Target set under cycle-1 of the scheme. The M&V (monitoring & verification) audit were carried out during

2015-16 and the actual overall reduction achieved is higher than the target.

Your company has initiated several projects on “Value from Waste” and “Emission Control through technological innovation”. This has resulted in re-use of Wastes and improvement in quality of emission from our process.

Strengthening of Safety Management System, Involvement of People, Effective Training and Periodic assessment to correct deviations has resulted in improvement of Safety Performance of the company. Our aim is Zero Fatality.

Your company has implemented various initiatives to reduce water consumption. This has resulted in 15 % reduction in Specific Water consumption in Aluminium Sector over last year.

We continue to maintain our thrust on inclusive growth as we believe in triple bottom line accounting and trusteeship management concept. We have carried out several projects aimed at development of neighbouring communities and society. Our focus areas are health care, education, sustainable livelihood, infrastructure and social reform.

**Business Responsibility Report:**

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular dated 4th November, 2015 issued by Securities and Exchange Board of India, those listed entities which have been submitting sustainability reports to overseas regulatory agencies/ stakeholders based on internationally accepted reporting frameworks need not prepare a separate report for the purpose of the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business, but only furnish the same to their stakeholders along with the details of the framework under which their Business Responsibility Report has been prepared and a mapping of the principles contained in the aforesaid guidelines to the disclosures made in their sustainability reports.

Hindalco has been publishing its Sustainability Report since FY11 on Global Reporting Initiative (GRI) Framework. The report for 2014-15 titled ‘Business through Sustainability’ has been rated as A+ rating based on Global Reporting Initiatives (GRI G 3.1) standards by an external independent assessing agency.

The Company will also publish its Sustainability Report for FY 2015-16. This will be hosted on our website www.hindalco.com. Any shareholder interested in obtaining a physical copy of the same may write to the Company Secretary at the Registered Office of your Company.

FINANCIAL HIGHLIGHTS  
MANAGEMENT DISCUSSION AND ANALYSIS  
DIRECTORS' REPORT  
SUSTAINABILITY & BUSINESS RESPONSIBILITY REPORT  
CORPORATE GOVERNANCE REPORT  
SHAREHOLDER INFORMATION  
SOCIAL REPORT  
ABRIDGED STANDALONE FINANCIAL STATEMENTS  
ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS



## Section A : General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L27020MH1958PLC011238			
2.	Name of the Company	Hindalco Industries Limited			
3.	Registered address	3rd Floor, Century Bhavan, Dr. Annie Besant Road, Worli, Mumbai: 400030			
4.	Website	www.hindalco.com			
5.	E-mail id	anil.malik@adityabirla.com			
6.	Financial Year reported	1st April, 2015 to 31st March, 2016			
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	ITC Code	Product Description		
		7601	Aluminium Ingots		
		7606	Aluminium Rolled Products		
		7605	Aluminium Redraw Rods		
		740311	Copper Cathodes		
		740710	Continuous Cast Copper Rods		
8.	List three key products/services that the Company manufactures/provides (as in balance sheet):	(i) Aluminium Ingots / Rolled Products (ii) Copper Cathodes (iii) Concast Copper Rods			
9.	Total number of locations where business activity is undertaken by the Company	i. 5 major International Locations • USA • Germany • United Kingdom • Brazil • South Korea			
		ii. Number of National Locations: • 4 Aluminium; • 1 Copper Unit • 4 Chemical Units (including one unit of Utkal Alumina International Limited, wholly owned subsidiary of the Company) • 4 Power Units • 5 Rolled FRP • 2 Extrusions • 2 Foil • Registered Office and Zonal Marketing Offices • Bauxite and Coal Mines in the state of Jharkhand, Chhattisgarh, Maharashtra and Odisha.			
10.	Markets served by the Company	Local √	State √	National √	International √

## Section B: Financial Details of the Company (Standalone)

1.	Paid-up Capital (INR)	₹ 206.52 crore
2.	Total Turnover (INR)	₹ 34,317.66 crore
3.	Total Profits after taxes (INR)	₹ 607.25 crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company's total spending on CSR was ₹ 34.15 crore in FY 16 which is 2.2% of the average net profit for the previous three financial years.
5.	List of activities in which expenditure in 4 above has been incurred	a. Education b. Health Care c. Women empowerment d. Sustainable Livelihood e. Infrastructure Development

Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?  
Yes, as on 31<sup>st</sup> March, 2016, the Company has 55(fifty five) subsidiaries - 13 (thirteen) domestic and 42 (forty two) foreign.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):  
Hindalco’s Sustainability Report covers the India Operations including Greenfield Projects, along with overseas subsidiary Novelis Inc. Further, Novelis Inc., also publishes Sustainability Report based of Global Reporting Initiative (GRI) framework.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?  
At present, suppliers and distributors with whom the Company does business, do not participate in the Business Responsibility initiatives of the Company directly.

Section D: BR Information

1. Details of Director/Directors responsible for BR:

- a) Details of the Director/Director responsible for implementation of the BR policy/policies

DIN Number	00013496
Name	Mr. Jagdish Khattar
Designation	Independent Director

- b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	N.A.
2.	Name	Mr. Anil Malik
3.	Designation	President & Company Secretary
4.	Tel: No.	022-66626666
5.	E-mail id	anil.malik@adityabirla.com

2. The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect, and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The mapping of the these principles to the disclosures will form part of the Sustainability Report 2015-16, which will be available on our website [www.hindalco.com](http://www.hindalco.com).

## CORPORATE GOVERNANCE REPORT

### GOVERNANCE PHILOSOPHY

Hindalco Industries Ltd is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self desire reflecting the culture of the trusteeship i.e. deeply ingrained in our value system and reflected in our strategic thought process. At a macro level, our governance philosophy rests on five basic tenets viz., Board accountability to the Company and the shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosures.

In line with this philosophy, your Company strives for excellence through adoption of best governance and disclosure practices. The Company through a continuous process, strengthens the quality of disclosures, on the Board composition and its functioning, remunerations paid and level of compliance with various Corporate Governance Codes.

### COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

The Company is fully compliant with the requirements of the prevailing and applicable Corporate Governance Code. Your Company's compliance with these requirements is presented in the full annual report.

*The entire Corporate Governance Report forms part of the full Annual Report. The full Annual Report of the Company is available on our website: [www.hindalco.com](http://www.hindalco.com).*

*Any member who is interested in obtaining the physical copy of the full Annual Report may write to the Company Secretary at the Registered Office of your Company.*

The Auditors' certificate on Corporate Governance is annexed as below:

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

#### To the Members of Hindalco Industries Limited

We have examined the compliance of the conditions of Corporate Governance of M/s Hindalco Industries Limited ('the Company'), for the year ended 31<sup>st</sup> March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Regulation as applicable.

We state that such compliance is neither an assurance as the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For SINGHI & CO.  
Chartered Accountants  
Firm Registration No. 302049E

(RAJIV SINGHI)  
Partner  
Membership No. 053518

Camp : Mumbai  
Dated : 28<sup>th</sup> May, 2016

1. Annual General Meeting
  - Date and Time : 14<sup>th</sup> September, 2016 at 3.00 p.m.
  - Venue : Ravindra Natya Mandir  
P.L. Deshpande Maharashtra Kala Academy,  
Prabhadevi, Mumbai: 400025
2. Financial Year
  - Financial reporting for the quarter ending June 30, 2016 : On or before 14<sup>th</sup> September, 2016
  - Financial reporting for the half year ending September 30, 2016 : On or before 14<sup>th</sup> December, 2016
  - Financial reporting for the quarter ending December 31, 2016 : On or before 14<sup>th</sup> February, 2017
  - Financial reporting for the year ending March 31, 2017 (Audited ) : On or before 30<sup>th</sup> May, 2017
  - Annual General Meeting for the year ended March 31, 2017 : On or before 30<sup>th</sup> September, 2017
3. Dates of Book Closure : 8<sup>th</sup> September, 2016 to 14<sup>th</sup> September, 2016
4. Dividend Payment Date : On or after 14<sup>th</sup> September, 2016
5. ISIN : Fully paid up equity share: ISIN INE038A01020  
GDR: ISIN US4330641022  
CUSIP No. 433064300

6. Stock Code:

Stock Code:	Scrip Code
Bombay Stock Exchange	500440
National Stock Exchange	HINDALCO

Stock Exchange	Reuters	Bloomberg
Bombay Stock Exchange	HALC.BO	HNDL IN
National Stock Exchange	HALC.NS	NHNDL IN
Luxembourg Stock Exchange (GDRs)	(GDRs)	HDCD LI

7. Registrar and Transfer Agents : The Company has in-house Investors Service Department registered with SEBI as Category II Share Transfer Agent vide Registration no INR 000003910  
**Investors Service Department**  
Hindalco Industries Limited  
Ahura Centre, 1<sup>st</sup> floor, B Wing, Mahakali Caves Road  
Andheri (East), Mumbai - 400 093.  
Tel: (91-22) 6691 7000, Fax: (91-22) 6691 7001  
E-mail: hilinvestors@adityabirla.com

8. **OTHER USEFUL INFORMATION FOR SHAREHOLDERS**

Shareholders who have not yet encashed their dividend warrants for the years 2009-2010 to 2014-2015 may approach the Company for revalidation/issue of duplicate dividend warrant quoting reference of their Ledger Folio numbers / DP & Client ID.

The Unclaimed dividend for the financial year 2007-2008 has been transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 124(5) of the Companies Act, 2013.

Shareholders are advised that dividends for the financial year ended 2009 -2010 onwards which remains unpaid/unclaimed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 124(5) of the Companies Act, 2013. Shareholders who have not claimed the dividend for this period are requested to lodge their claim with the Company, as under the amended provisions of Section 205B of the Act, no claim shall lay for the unclaimed dividends from IEPF by the Members.

The details of Dividend paid by the Company and the respective due dates of transfer of unclaimed/un-encashed dividend to the designated fund of the Central Government is given below:

Date of Declaration	Financial Year of Dividend	Due date of transfer to the Government
18 <sup>th</sup> September, 2009	2008-09	October, 2016
3 <sup>rd</sup> September, 2010	2009-10	October, 2017
23 <sup>rd</sup> September, 2011	2010-11	October, 2018
11 <sup>th</sup> September, 2012	2011-12	October, 2019
10 <sup>th</sup> September, 2013	2012-13	October, 2020
24 <sup>th</sup> September, 2014	2013-14	October, 2021
16 <sup>th</sup> September, 2015	2014-15	October, 2022

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**Green Initiative In Corporate Governance – Service of Documents in Electronic Form**

As you are aware, Rule 11 of Companies (Accounts) Rules, 2014 provide that in case of all listed Companies the Financial Statements may be sent by electronic mode to such members whose shareholding is in dematerialised format and whose E-mail IDs are registered with depository for communication purposes and by despatch of physical copies through any recognised mode of delivery as specified under Section 20 of the Companies Act, 2013 in all other cases.

Keeping in view the aforesaid green initiative, your Company has sent E-mail to the Shareholders, the Annual Report and other documents in electronic form at the e-mail address provided by them and made available to us by the Depository.

**Unclaimed Shares in Physical Form**

Regulation 39(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides the manner of dealing with shares issued in physical form pursuant to public issue or any other issue which remains unclaimed with the Company. In compliance with the provisions of Listing Regulations, the Company has sent three reminders to the shareholders whose share certificates are lying unclaimed.

Disclosures pursuant to Regulation 39(4) of define are as below:

- Aggregate no of shareholders and outstanding shares lying in Unclaimed Suspense account lying as at 1<sup>st</sup> April, 2015:  
*4210 shareholders holding 13,09,322 equity shares.*
- Number of shareholders who approached the issuer for transfer of shares from Unclaimed Suspense Account during the year: *29 shareholders consisting 12,370 equity shares.*
- Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year: *29 shareholders consisting 12,370 equity shares.*
- Aggregate number of shareholders and outstanding shares lying in Unclaimed Suspense Account as at 31<sup>st</sup> March, 2016:  
*4,181 shareholders holding 12,96,952 equity shares.*

**9. INVESTOR SERVICES**

- i. Equity Shares of the Company are under compulsory demat trading by all investors, with effect from 5<sup>th</sup> April, 1999. Considering the advantages of scrip less trading, shareholders are requested to consider dematerialization of their shareholding so as to avoid inconvenience in future.
- ii. Shareholders/Beneficial Owners are requested to quote their Folio No./DP & Client ID Nos., as the case may be, in all correspondence with the Company. All correspondences regarding shares & debentures of the Company should be addressed to the Investor Service Department of the Company at Ahura Centre, 1st Floor, 'B' Wing, Mahakali Caves Road, Andheri (East), Mumbai - 400 093 and not to any other office(s) of the Company.
- iii. Shareholders holding shares in physical form are requested to notify to the Company, change in their address/Pin Code number and Bank Account details promptly by written request under the signatures of sole / first joint holder. Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their DP.
- iv. To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Details (if not provided earlier) to the Company (if shares are held in physical form) or to DP (if shares are held in demat form), as the case may be, for printing of the same on their dividend warrants.
- v. Non-resident members are requested to immediately notify:-
  - Change in their residential status on return to India for permanent settlement;
  - Particulars of their NRE Bank Account with a bank in India, if not furnished earlier.
- vi. In case of loss/misplacement of share certificate, investors should immediately lodge a FIR/Complaint with the police and inform to Company along with original or certified copy of FIR/acknowledged copy of the complaint.
- vii. For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed in Form SH4, wherever applicable registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.  
Further please note that Securities and Exchange Board of India (SEBI), has made it mandatory for the transferors and the transferees to furnish the copy of the PAN Card to the Company for registration of physical transfer of shares.  
Investors therefore are requested to furnish the self attested copy of PAN card at the time of sending the physical transfer of shares.
- viii. Shareholders are requested to keep record of their specimen signature before lodgment of shares with the Company to obviate possibility of difference in signature at a later date.
- ix. Shareholders(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificates in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.
- x. Shareholders are requested to give us their valuable suggestions for improvement of our investor services.
- xi. Shareholders are requested to quote their E-mail Ids, Telephone/Fax numbers for prompt reply to their communication.

*The entire Shareholder's Information forms part of the full Annual Report. The full Annual Report of the Company is available on our website: [www.hindalco.com](http://www.hindalco.com).*

*Any member who is interested in obtaining the physical copy of the full Annual Report may write to the Company Secretary at the Registered Office of your Company.*

“As a nation we have embarked on the journey of social change through inclusive growth. A shared sense of community through shared responsibilities, both by the Government and corporates, is apparent today. We have always been engaged in reaching out to communities through the spirit and culture of giving and caring, the spirit of compassion and service, which has been a legacy passed on from the Birla family, generation after generation. Our CSR activities are focused and strategic. We plough in resources, both financial and manpower where our work truly impacts the lives of the underprivileged. At the Aditya Birla Group level, through our outreach programmes, we pan out to 7.5 million people across 5,000 villages. Of this, Hindalco’s community engagement reaches out to a rural population of nearly 11.19 lakh, spread over 672 villages and 33 urban slums.”

— Mrs. Rajashree Birla

*Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development*

Our focus is on healthcare, education, sustainable livelihood, infrastructure and social reform.

**Health Care:**

This year we conducted 1,556 rural medical and awareness camps servicing 1,53,825 villagers. Among these feature family welfare camps, health check-ups for ailments such as malaria, filaria, diarrhoea, diabetes, hepatitis, arthritis, skin diseases, gynaecological disorders and cardiac related issues. Thousands of villagers in the remotest areas also availed of the facilities offered by us through our rural mobile medical van services. Those afflicted with serious ailments were referred to our hospitals.

At our Company’s 10 hospitals, 19 dispensaries/clinics housed at Renukoot, Renusagar, Singrauli, Taloja, Lapanga, Belagavi, Dahej, Muri, Lohardaga, Samri, Alupuram, Kathautia and Durgmanwadi, over 1,46,970 patients were given the necessary medical attention.

Furthermore, our support extended to the Government-run primary health centres, where 1,83,477 patients were cared for. Our Samri Unit provided an incubator to the local Primary Health Centers.

Over 1,230 patients afflicted with chronic ailments were examined and medical advise/treatment given at Renukoot, Renusagar and Singrauli. In surgical camps 148 patients underwent surgeries.

At the Eye camps, conducted by us, 3,570 persons were treated. Of these, 503 patients at Lohardaga, Renukoot, Belagavi, Dahej, Hiraakud and Belur were operated for cataract, and intra-ocular lens fitted for their vision.

For the differently abled, in 10 medical camps organised at Renukoot and Durgmanwadi 2,176 persons were tended. Among them 16 patients underwent polio corrective surgery and can now walk.

At dental check-up camps in Renukoot, Belur, Renusagar, Muri, Dahej, Mouda and Kollur 4,089 persons received treatment.

In Renukoot, Renusagar and Lohardaga, over 365 patients were diagnosed with tuberculosis and registered under the directly observed treatment programme (DOT). They were treated at the 10 designated microscopic centres (DMC). Among these were the Hindalco Family Welfare Centre, the Hindalco-run Arogyam Hospital and the Rajendra Hospital at the Lohardaga mines and the Aditya Birla Rural Technology Park, Muirpur.

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At 47 camps in Singrauli, Taloja, Belagavi, Lohardaga, Lapanga, Dahej, Kathautia, Renusagar and Renukoot on STD/RTI and AIDS awareness, 7,186 persons underwent tests and many were given treatment in line with the diagnosis.

In collaboration with the sickling cell of Rotary International, Sambalpur, we conducted 5 sickling detection and counselling camps. These benefitted 250 patients.

At Muri, 14 ambulances, for use in emergencies, have been allocated. Over 4,140 people have availed of this service.

We held 47 health check-up and blood grouping camps at schools in Samri, Lohardaga, Hirakud, Renukoot, Lapanga, Dahej, Muri, Belur, Kathautia and Belagavi. More than 6,508 school students were examined and taken care of.

At Hirakud and Renukoot 52 malnourished children are being provided nutritional support.

#### **Mother and Child Health Care:**

In collaboration with the District Health Department, over 2,24,941 children were immunised against polio. Further, more than 19,142 children were immunised against BCG, DPT and hepatitis B across your Company's units.

More than 1,00,281 expectant mothers and their children leveraged our 23 family welfare centres at Renukoot, Renusagar and Lohardaga to avail the services offered under our Safe Motherhood and Child Survival Programme.

Nearly 12,420 women participated in 372 camps on anti-natal, post-natal care, mass immunisation, nutrition and escort services for institutional delivery. These camps, organised at Renukoot, Samri and Lohardaga, form part of our reproductive and child health care programmes.

Our focused programme on adolescent health care covered 5,376 girls at Kanyashrams, Govt. Girls High Schools and Kasturba Gandhi Balika Vidyalyas.

As a result of our intensive motivational drive towards responsible family raising, 587 villagers opted for planned families at Renukoot, Lohardaga, Samri, Muri and Hirakud.

#### **Safe Drinking Water and Sanitation:**

This year we installed 89 hand pumps, repaired 901 hand pumps and dug wells. Consequently, more than 77,750 villagers have access to safe drinking water.

In the villages prone to water borne diseases, our Samri Unit provided 25 Life Straw Community Water Filters (recommended by WHO), to Anganwadis, Schools, Health Centres and common public places.

We constructed 111 toilets and repaired 10 school toilets to make them operational. Besides this, we availed of Government schemes and contributed from our own funds as well to build 4,287 toilets. We were able to act as catalysts and motivate 3,148 households to have sanitation facilities, leveraging Government schemes. Thus, we facilitated the construction of 7,546 individual toilets at Dahej, Lohardaga, Singrauli, Belagavi, Renukoot, Muri, Samri, Lapanga, Durgmanwadi and Taloja.

#### **Education:**

We run 40 Balwadis at Renukoot, Renusagar, Lohardaga, Samri, Durgmanwadi, Belagavi Kathautia and Singrauli. Through these, we have mentored 1,241 students from underprivileged families. We extend support to 75 Anganwadis at Renukoot, Singrauli, Samri, Belur, Alupuram, Lohardaga Dahej and Kollur where 3,228 children are enrolled.

At our 10 Aditya Birla Public Schools at Renukoot, Renusagar, Dahej and Muri, we have enrolled 7,338 rural students. Additionally, 1,799 students have been enlisted in our 11 Aditya Birla Vidya Mandirs at Renukoot, Lohardaga, Kathautia and Samri.

We foster the cause of the girl child through encouraging and supporting 2,546 girls at the 12 Kasturba Gandhi Balika Vidyalyas (KGBV). This project operates in Renukoot, Belur, Lohardaga, Muri, Samri, Hirakud and Kathautia.

We have tied up with 28 primary schools under the Sarva Siksha Abhiyan (SSA) initiatives at Renukoot, Lohardaga, Dahej, Kathautia and Samri. Over 3,240 students in these schools have received technical support, study materials, school bags and uniforms.

Teacher support was extended to primary schools in Bharuch (Gujarat), Lohardaga, Gumla and Latehar districts of Jharkhand.

Under the ‘Shala Praveshotsav’ programme 14,210 students from Grade 1st to 8th in 73 schools of Bharuch district in Gujarat and 25 Schools of Balrampur district in Chhattisgarh, were given notebooks, practice books, slates, school bags, etc. Additionally, school bags, uniforms, sweaters and educational kits have been provided to over 11,756 students at most of our Units.

To encourage the spirit of excellence, 2,600 students from the rural schools supported by us were awarded scholarships and 100 girl students of class XI were given “Mahan Jyoti scholarship” of ₹ 1,000 each at Singrauli.

To address the issue of school dropouts, we organised 219 ‘meet the parent’ counselling events at Renukoot, Lohardaga, Singrauli, Samri, Durgmanwadi Belagavi, Lapanga and Dahej. Through this process we managed to bring 607 students back to school. At the same time, we also began coaching classes for students weak in Maths, Science and English to enable them get through the exams.

In Lapanga, Singrauli, Alupuram, Dahej, Lohardaga, Garepalma and Samri mines, where the dropout rate among secondary level girl students is high, we provide bus services to encourage them continue their education.

Furthermore, we organised Science Exhibitions to showcase talent resident at our schools and exposure visits to similar exhibitions as a knowledge gaining platform.

“Kishore-Kishori” clubs are being run through 30 centres at 30 villages in Muri. Up until now, 1,045 village youths have received formal training on personality development, leadership, communication, etc. We are also running 3 “Sanskar Kendras” at Singrauli and Lohardaga.

We have a roster of 2,053 students at 41 Non-Formal Schools run in Singrauli, Muri and Lohardaga. At our 6 adult literacy programmes at Renusagar, Singrauli and Lapanga 326 participants evinced keen interest.

At Renukoot, Renusagar, Belur, Muri, Singrauli, Durgmanwadi and Kollur, we conducted 6-month computer literacy programmes. These benefitted 570 rural students and helped to enhance their skills on various operating systems for self-development.

Our career counselling camps at Durgmanwadi, Singrauli, Renukoot, Lohardaga, Dahej and Belur saw the active participation of 4,239 aspiring students. Subsequently, many of them joined technical and vocational training programmes.

We organised sports and cultural programmes in more than 87 schools where 21,374 students participated.

We have constructed new school buildings at Singrauli (3) and Samri (1), one additional class room at Belagavi and Renukoot each, and repaired 11 school buildings.

**Sustainable Livelihood:**

On the agricultural front, we reached out to 19,411 farmers, to enable increase their productive. Training in crop diversification, advance cropping techniques and other processes to improve yield, floriculture, integrated pest management, and the post-harvest technology has been a value addition to their skills. These agri-based programmes were at Muri, Dahej, Singrauli, Lapanga, Renukoot, Renusagar and Lohardaga. At the “Kishan Mela” at Muri 8,850 farmers were actively involved.

More than 16,309 farmers were given agricultural tools, seeds, fertilisers and insecticides during the agriculture support programmes, organised at Renukoot, Renusagar, Singrauli, Samri, Lapanga, Hirakud and Lohardaga.

To comprehend contemporary cropping pattern and techniques, 46 farmers from Dahej and surrounding four villages were taken for an exposure visit to Nasik in Maharashtra. Similarly, 43 farmers from Renusagar went on a trip to Surabhi Sodh Sansthan, Chunar, UP, to learn more about watershed, dairy and drip-irrigation projects. Over 40 farmers from Singrauli were taken to Gram Sudhar Samiti, Siddhi, Jabalpur, MP, to study multi-cropping techniques and organic farming.

To ensure cost optimization through economics of scale in the procurement of inputs, to realise better margin through collective marketing of agricultural produces, to avail all the facilities and services under different schemes and to enrich knowledge by exchanging ideas and information, we promoted 45 farmers club at Renukoot and Renusagar benefitting 1,052 farmers.

Agricultural farmland levelling, trench digging and construction of check dams at Renukoot, Renusagar, Singrauli, Samri, Belagavi and Dahej, benefitted 8,553

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farmers. Additionally, 250 farmers were supported with lift and drip-irrigation facilities in villages at Renukoot, Singrauli and Lohardaga mines.

At Renukoot, Singrauli, Samri, Hirakud and Durgmanwadi, we have developed 30 Vermi compost tank to encourage the use of waste in making manure for their land and improve crop output.

To support the movement of Green Energy, we have installed 9 biogas units at Singrauli and 1 at Renukoot. Lapanga has installed 9 solar street lights in two villages.

Under the carbon credit programme of DFID, Lapanga, we distributed 35 units of solar home light systems and smokeless wood stoves to SHG members. This programme directly benefitted 175 people.

Under the social forestry programme, we developed nurseries at Renukoot, Lohardaga, Samri and Singrauli, distributing saplings to 88,526 farmers.

Additionally, we have constituted 6 village development committees (VDCs) comprising of 70 members at Lapanga. Their function is similar to SHGs and they share the responsibility to steer the socio-economic and cultural development of the villages.

Through our farmer support initiatives, 43,413 animals were immunised in veterinary camps held at our units.

#### **Vocational Training:**

We provided vocational skills training to 7,841 people at Renukoot, Renusagar, Lohardaga, Muri, Hirakud, Lapanga, Singrauli, Belagavi, Kollur and Dahej.

We sponsored 173 students from Belagavi, Lohardaga, Renukoot and Singrauli to the ITI's/Pan ITIs for semi-skilled job-oriented training.

#### **Self Help Group (SHG):**

Across Hindalco, over 1,368 self-help groups empower 19,067 households economically and socially. Most of the SHGs have been linked with economic various centres. Women are engaged in a series of activities like tailoring, weaving, knitting, handicrafts, beauty

parlour, bamboo basket making, making pickles, spices papad, vegetable vending, cultivation, small business, etc. This year, we formed 204 new SHGs.

#### **Infrastructure Development:**

Our activities here continue. As in the past, we have helped the locals through building of check dams, bore wells, water harvesting structures, and approach roads, internal concrete roads in villages, drainage systems, river steps and maintaining bathing ghats. Alongside, we have constructed additional classrooms, repaired school buildings, and erected boundary walls, maintained play grounds and health centres, as also built community halls. Through our interventions, we have reached out to 1,95,902 people across all our units.

At Renukoot, Lohardaga and Durgmanwadi, we have facilitated the electrification to 17 villages benefitting 2,168 inhabitants. In addition, we have provided 3 solar street lights at Samri and Renukoot, 9 solar lights at Renukoot, Singrauli, Lohardaga.

#### **Espousing Social Causes:**

To bring in social reform through attitudinal changes, we work with communities. These include advocacy against child labour, illiteracy, child marriages, the marginalisation and abuse of the girl child and women, drunken behaviour, maintaining poor hygiene, and so on. We also promote rural sports, cultural programmes and celebration of national events/days in the locale. This year, our programmes reached out to 3,08,838 people.

#### **Our Investment:**

For the year 2015-16, our CSR spend was ₹ 34.15 crore, which is nearly 2.2% of the average net profit of the Company for the last 3 financial years. In addition, we mobilised ₹ 73.11 crore through various schemes of the Government, acting as catalysts for the community. This has enabled us to expand our reach.

Our Board of Directors, our Management and our colleagues, across Hindalco, are committed to inclusive growth.

**INDEPENDENT AUDITORS' REPORT ON  
ABRIDGED STANDALONE FINANCIAL STATEMENTS**

ABRIDGED  
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**To The Members of Hindalco Industries Limited**

The accompanying abridged standalone financial statements, which comprise the Abridged Balance Sheet as at 31<sup>st</sup> March 2016, the Abridged Standalone Statement of Profit and Loss, Abridged Standalone Cash Flow Statement for the year then ended, and summary of significant accounting policies and related notes, are derived from the audited standalone financial statements of Hindalco Industries Limited ('the Company') for the year ended 31<sup>st</sup> March 2016. Our opinion dated 28<sup>th</sup> May 2016 on those standalone financial statements contains a matter of emphasis. The abridged standalone financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India, applied in the preparation of the audited standalone financial statements of the Company. Reading the abridged standalone financial statements, therefore, is not a substitute for reading the audited standalone financial statements of the Company. Those standalone financial statements, and the abridged standalone financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

**Management's Responsibility for the Abridged Standalone Financial Statements**

The Company's Board of Directors is responsible for the preparation of a summary of the audited standalone financial statements in accordance with Section 136(1) read with Rule 10 of Companies (Accounts) Rules, 2014 and are based on the audited standalone financial statements for the year ended 31<sup>st</sup> March 2016, prepared in accordance with Accounting Standards referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the abridged standalone financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

**Opinion**

In our opinion, the abridged standalone financial statements, prepared in accordance with Rule 10 of the of Companies (Accounts) Rules, 2014 are derived from the audited standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2016 and are a fair summary of those standalone financial statements.

**Emphasis of Matter**

We draw attention to Note no. 15 to the abridged standalone financial statement, explaining that in compliance to scheme of arrangement under section 391 to 394 of the Companies Act, 1956 approved by the Hon'ble Bombay High Court vide order dated 29<sup>th</sup> June 2009, the management of the Company during the year has identified and adjusted following against Business Reconstruction Reserve:

- a. provision for diminution in the carrying value of Investment in one of its subsidiaries and a jointly controlled entity aggregating to ₹ 35.50 crore,
- b. impairment loss of ₹ 561.70 crore (deferred tax of ₹ 194.39 crore) related to one of its cash generating units,
- c. expenses of ₹ 279.46 crore for exited project.

Had the above impact been considered, the reported profit before tax and profit after tax of ₹ 732.61 crore and ₹ 607.25 crore respectively would have been converted into loss before tax of ₹ 144.05 crore and loss after tax of ₹ 75.02 crore.

Our report is not qualified in respect of this matter.

**For SINGHI & CO.**

Chartered Accountants  
Firm Registration No. 302049E

**(RAJIV SINGHI)**

Partner  
Membership No. 53518

Place : Mumbai  
Date : 21<sup>st</sup> July, 2016

## **INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS TO THE MEMBERS OF HINDALCO INDUSTRIES LIMITED**

We have audited the accompanying standalone financial statements of **HINDALCO INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act"), with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan, and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matters**

#### **We draw attention to –**

Note No. 43 of the Financial Statements, explaining that in compliance to the scheme of arrangement under Sections 391 to 394 of the Companies Act, 1956, approved by the Hon'ble Bombay High Court, vide order dated

**INDEPENDENT AUDITORS' REPORT ON  
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29<sup>th</sup> June, 2009, the management of the Company, during the year has identified and adjusted following against Business Reconstruction Reserve:

- a. provision for diminution in the carrying value of Investments in one of its Subsidiaries and of a Jointly Controlled Entity aggregating to ₹ 35.50 crore,
- b. impairment loss of ₹ 561.70 crore (deferred tax of ₹ 194.39 crore) related to one of its cash generating units,
- c. expenses of ₹ 279.46 crore for exited project.

Had the above impact be considered the reported profit before tax and profit after tax of ₹ 732.61 crore and ₹ 607.25 crore, respectively, would have been converted in to loss before tax of ₹ 144.05 crore and loss after tax of ₹ 75.02 crore.

Our report is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016; issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act ("the Order"), and on the basis of examination of the books and records of the Company and according to the information and explanations given to us, we give in the Annexure A statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'; and
  - g) With respect to the Other Matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer Note 50A(a), c(iii) and c(iv) to the financial statements.
    - ii. the Company has long-term contracts including derivative contracts as at 31<sup>st</sup> March, 2016 for which there were no material foreseeable losses.
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except ₹ 0.09 crore which are held in abeyance due to pending legal cases.

**For SINGHI & CO.**

Chartered Accountants  
Firm Registration No. 302049E

**(RAJIV SINGHI)**

Partner  
Membership No. 53518

Place : Mumbai  
Date : 28<sup>th</sup> May, 2016



**Annexure A referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date**

Re: Hindalco Industries Limited (the Company)

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased program designed to cover all items over a period of three years, which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. Pursuant to the program, a portion of fixed assets has been physically verified by the management during the year, and no material discrepancies between books record and physical inventory has been noticed.
- (c) According to the information and explanations given to us and on the basis of the examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company, except in the following cases:

Particulars	Total Number of Cases	Whether Leasehold/ Freehold	Gross Block (as at 31 <sup>st</sup> March, 2016) Amount	Remarks
Unit – Birla Copper Dahej Industrial Area, Lakhigam, Dahej, Taluka: Vagra, Dist: Bharuch (199.68 acre)	4	Leasehold	₹ 21.30 crore	Lease deed is pending
Unit – Birla Copper Block No: 42 Kesrol, Dist: Bharuch (6.13 acre)	1	Freehold	₹ 0.06 crore	Registration in the name of the Company is pending
Unit – Aditya Aluminium 12 Villages of Aditya Aluminium Project (253.29 acre)	1	Leasehold	₹ 57.94 crore	Lease deed is pending

- II. As per the information and explanations given to us, the inventories have been physically verified at reasonable intervals during the year by the management except materials lying with third parties, where confirmations are obtained. The discrepancies noticed on the physical verification of inventory as compared to book stock were not material.
- III. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraphs 3(III), 3(III)(a) to 3(III)(c) of the said order are not applicable.
- IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to Loans and Advances made, guarantee given and investments made.
- V. The Company has not accepted any deposit from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and Rules framed thereunder to the extent notified.
- VI. We have broadly reviewed the books of account maintained by the Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under Section 148(1) of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed records have been maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- VII. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee’s State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Provident Fund, Employee’s State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2016, for a period of more than six months from the date they became payable .

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- (b) According to the information and explanations given to us, the dues of Sales Tax, Income Tax, Duty of Custom, Wealth Tax, Duty of Excise, Service Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31<sup>st</sup> March, 2016, are as under:

Name of the Statute	Nature of Dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the disputes are pending
Central Sales Tax Act and Local Sales Tax Act	Sales Tax	3.94	2003-2004, 2012-2013 to 2015-2016	The Hon'ble Supreme Court of India
		8.87	1986-1987, 1989-1990, 1991-1992, 1992-1993, 1999-2000 to 2003-2004, 2005-2006, 2006-2007	The Hon'ble High Court
		1.37	2002-2003, 2005-2006	Tribunal
		59.70	1991-1992, 1996-1997 to 2002-2003, 2005-2006 to 2012-2013	Asst Commissioner/Commissioner/ Revisionary Authorities Level
The Central Excise Act, 1944	Excise Duty	2.45	1989-1990 to 1995-1996, 2000-2001, 2009-2010, 2011-2012	The Hon'ble High Court
		157.74	1988-1990 to 2014-2015	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		178.94	2001-2002 to 2013-2014	Asst Commissioner/Commissioner/ Revisionary Authorities Level
The Service Tax under the Finance Act, 1994	Service Tax	0.35	2009-2010	The Hon'ble High Court
		73.69	2002-2003 to 2013-2014	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		22.96	2004-2005 to 2013-2014	Asst Commissioner/Commissioner/ Revisionary Authorities Level
The Customs Act, 1962	Customs Act	22.78	2009-2010 and 2010-2011	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		5.29	2006-2007	Asst Commissioner/Commissioner/ Revisionary Authorities Level
The Income-tax Act, 1961	Income Tax	1,396.30	2008-2009 to 2011-2012	Commissioner of Income Tax (Appeals)
Adhosanrachna Vikas Evam Parayavaran Upkar Adhiniyam, 2005	Chhattisgarh Development and Environment Cess	0.27	2005-2006 to 2011-2012	The Hon'ble Supreme Court of India
Shakti Nagar Special Area Development Authority	Cess on Coal	3.98	1997-1998 to 2011-2012	The Hon'ble Supreme Court of India
The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act & Rules ("BOCW Act")	Cess	100.00	2011-2012	The Hon'ble Supreme Court of India
Green Cess	Cess	6.16	2012-2013 to 2015-2016	The Hon'ble Supreme Court of India

VIII. According to the records of the Company examined by us and the information and explanations provided to us, the Company has not defaulted in repayment of loans or borrowings to any Financial Institutions or Banks or dues to debenture holders. Further, as at the Balance Sheet date, the Company does not have any loans or borrowings from the Government.

IX. In our opinion and according to the information and explanations given to us, the money raised by way of term loans have been applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer including debt instruments during the year.

X. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees noticed or reported during year nor have been informed of any such case by the Management.

XI. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

XII. The Company is not a Nidhi Company. Accordingly, paragraph 3(XII) of the Order is not applicable.

- XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable, and details of such transactions have been disclosed in the financial statements as required under Accounting Standard (AS)-18, Related Party Transactions.
- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly converted debentures during the year. Accordingly, paragraph 3(XIV) of the Order is not applicable to the Company.
- XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(XV) of the Order is not applicable.
- XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(XVI) of the Order is not applicable to the Company.

**For SINGHI & CO.**

Chartered Accountants  
Firm Registration No. 302049E

**(RAJIV SINGHI)**

Partner

Membership No. 53518

Place : Mumbai

Date : 28<sup>th</sup> May, 2016

## **ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of HINDALCO INDUSTRIES LIMITED ("the Company") as of 31<sup>st</sup> March, 2016, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining the internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether adequate internal

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financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with the authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SINGHI & CO.**

Chartered Accountants  
Firm Registration No. 302049E

**(RAJIV SINGHI)**

Partner

Membership No. 53518

Place : Mumbai

Date : 28<sup>th</sup> May, 2016



Abridged Balance Sheet as at 31<sup>st</sup> March, 2016

	As at 31/03/2016	(₹ crore) As at 31/03/2015
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Shareholders' Funds</b>		
Paid-up Share Capital		
Equity Share Capital	206.52	206.52
Reserves and Surplus		
Capital Reserve	144.54	144.54
Capital Redemption Reserve	101.57	101.57
Business Reconstruction Reserve (refer Note No. 15)	7,714.77	8,397.04
Securities Premium Account	4,890.95	4,890.89
Debenture Redemption Reserve	600.00	450.00
Employees Stock Options Outstanding	20.38	14.08
Hedging Reserve	528.09	419.97
General Reserve	21,352.04	21,351.30
Surplus in the Statement of Profit and Loss	1,509.03	1,279.35
	<b><u>36,861.37</u></b>	<b><u>37,048.74</u></b>
	<b><u>37,067.89</u></b>	<b><u>37,255.26</u></b>
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	23,896.04	22,973.85
Deferred Tax Liabilities (Net)	1,679.25	1,748.28
Other Long-Term Liabilities	577.86	474.63
Long-Term Provisions	553.94	455.90
	<b><u>26,707.09</u></b>	<b><u>25,652.66</u></b>
<b>Current Liabilities</b>		
Short-Term Borrowings	4,640.99	5,675.53
Trade Payables	3,944.00	3,651.65
Other Current Liabilities	2,499.75	2,678.13
Short-Term Provisions	1,266.97	1,087.41
	<b><u>12,351.71</u></b>	<b><u>13,092.72</u></b>
	<b><u>76,126.69</u></b>	<b><u>76,000.64</u></b>
<b><u>ASSETS</u></b>		
<b>Non-Current Assets</b>		
Fixed Assets:		
Tangible Assets (Original Costs less Depreciation)	32,700.57	26,035.87
Intangible Assets (Original Costs less Amortization)	112.91	24.02
Capital Work-in-Progress	3,083.27	10,743.61
Intangible Assets under Development	0.33	0.02
	<b><u>35,897.08</u></b>	<b><u>36,803.52</u></b>
Non-Current Investments	14,797.33	14,781.75
Long-Term Loans and Advances	1,200.08	1,454.73
Other Non-Current Assets	80.08	31.44
	<b><u>51,974.57</u></b>	<b><u>53,071.44</u></b>
<b>Current Assets</b>		
Current Investments	7,669.53	6,468.93
Inventories	8,412.11	8,821.23
Trade Receivables	2,018.52	1,832.18
Cash and Bank Balances	217.82	984.18
Short-Term Loans and Advances	4,300.87	3,879.67
Other Current Assets	1,533.27	943.01
	<b><u>24,152.12</u></b>	<b><u>22,929.20</u></b>
	<b><u>76,126.69</u></b>	<b><u>76,000.64</u></b>

**Significant Accounting Policies** (refer Note No. 1)

The Accompanying notes are an integral part of the Abridged Financial Statements

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Praveen Kumar Maheshwari

CFO

Anil Malik

Company Secretary

For and on behalf of the Board of  
Hindalco Industries Limited

Kumar Mangalam Birla – Chairman

DIN-00012813

D. Bhattacharya – Managing Director

DIN-00033553

M.M. Bhagat – Director

DIN-00006245

Place : Mumbai

Dated : 21<sup>st</sup> July, 2016

**Abridged Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016**

	Year Ended 31/03/2016	Year Ended 31/03/2015	(₹ crore)
<b>INCOME</b>			
Revenue from Operations:			
Gross Revenue from Operations	36,759.90	36,869.21	
Less: Excise Duty	2,442.24	2,344.18	
Net Revenue from Operations	34,317.66	34,525.03	
Other Income	1,066.21	882.21	
<b>Total Income</b>	<b>35,383.87</b>	<b>35,407.24</b>	
<b>EXPENSES</b>			
Purchases of Stock-in-Trade	1.48	37.04	
Cost of Materials Consumed	19,209.45	21,056.29	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	191.70	67.81	
Employee Benefits Expenses	1,698.06	1,589.48	
Power and Fuel	6,508.06	5,200.77	
Finance Costs	2,374.76	1,637.09	
Depreciation and Amortization	1,277.00	837.03	
Impairment Loss/ (Reversal) (Net)	-	-	
Other Expenses	3,390.75	3,157.12	
<b>Total Expenses</b>	<b>34,651.26</b>	<b>33,582.63</b>	
Profit before Exceptional Items and Tax	732.61	1,824.61	
Exceptional Items (Net)	-	577.70	
<b>Profit before Tax</b>	<b>732.61</b>	<b>1,246.91</b>	
<b>Tax Expenses:</b>			
Current Tax	119.63	321.52	
MAT Credit Entitlement	(119.63)	(602.97)	
Deferred Tax	125.36	636.48	
Tax Adjustments for earlier years (Net)	-	(33.28)	
<b>Profit for the year</b>	<b>607.25</b>	<b>925.16</b>	
<b>Earnings per Share (EPS):</b>			
Basic EPS (₹)	2.94	4.48	
Diluted EPS (₹)	2.94	4.48	

**Significant Accounting Policies** (refer Note No. 1)

The Accompanying notes are an integral part of the Abridged Financial Statements

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Praveen Kumar Maheshwari  
CFO

Anil Malik  
Company Secretary

*For and on behalf of the Board of  
Hindalco Industries Limited*

Kumar Mangalam Birla – Chairman  
DIN-00012813  
D. Bhattacharya – Managing Director  
DIN-00033553  
M.M. Bhagat – Director  
DIN-00006245

Place : Mumbai  
Dated : 21<sup>st</sup> July, 2016

## Abridged Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016

	Year Ended 31/03/2016	Year Ended 31/03/2015
		(₹ crore)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Cash Generated/(Used) - Operating Activities	3,596.63	1,029.27
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Net Cash Generated/(Used) - Investing Activities	(958.42)	(318.13)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Cash Generated/(Used) - Financing Activities	(2,827.80)	(842.46)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(189.59)	(131.32)
Add: Opening Cash and Cash Equivalents	303.57	434.89
Closing Cash and Cash Equivalents	<b>113.98</b>	<b>303.57</b>

### Notes:

1. Details of Cash and Cash Equivalents are as under:

	As at 31/03/2016	As at 31/03/2015
Balance with Banks:		
Deposits with less than 3 months initial maturity	0.05	200.00
Current Accounts	60.95	88.37
Cheques and drafts on hand	52.51	14.81
Cash on hand	0.47	0.39
	<b>113.98</b>	<b>303.57</b>

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Place : Mumbai

Dated : 21<sup>st</sup> July, 2016

Praveen Kumar Maheshwari  
CFO

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*For and on behalf of the Board of  
Hindalco Industries Limited*

Kumar Mangalam Birla – Chairman  
DIN-00012813  
D. Bhattacharya – Managing Director  
DIN-00033553  
M.M. Bhagat – Director  
DIN-00006245

Notes forming part of the Abridged Financial Statements

1. Significant Accounting Policies:

A. Accounting Convention

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on an accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). All the assets and liabilities are classified as current or non-current as per the criteria set out in Schedule III to the Companies Act, 2013.

B. Use of Estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

C. Fixed Assets

- (a). Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition and any obligatory decommissioning costs for its intended use.
- (b). Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any. Cost includes any directly attributable expenditure on making the asset ready for its intended use.
- (c). Machinery spares which can be used only in connection with an item of Tangible Asset and whose use is not of regular nature are written off over the estimated useful life of the relevant asset.
- (d). Certain directly attributable pre-operative expenses during construction period are included under Capital Work-in-Progress. These expenses are allocated to the cost of Fixed Assets when the same are ready for intended use.

D. Depreciation and Amortization

- (a). Depreciation on Tangible Assets, except leasehold land, has been provided using Straight Line Method over the estimated useful life of the assets in a manner prescribed in Part C of Schedule II of the Companies Act, 2013 which is also in line with management estimated useful life. Leasehold lands are amortized over the period of lease on straight line basis.
- (b). Intangible Assets, except Mining Rights, are amortized over their estimated useful lives on straight line basis. Mining Rights are amortized over the period of lease on straight line basis or on the basis of production, proportional to mineral resources expected to be ultimately economically recoverable, whichever is higher.

E. Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

F. Leases

Lease payments under an operating lease are recognized as expense in the Statement of Profit and Loss as per terms of lease agreement.

G. Investments

- (a). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.
- (b). Current investments are stated at lower of cost and fair value.

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**H. Inventories**

- (a). Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Inventory of other items are valued 'at Cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. However, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.
- (b). Fair value hedges are mainly used to hedge the exposure to change in fair value of commodity price risks. The fair value adjustment remains part of the carrying value of inventory and enters into the determination of earnings when the inventory is sold.

**I. Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency monetary item is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise. Foreign currency monetary items which are used as hedge instruments or hedged items are accounted as per accounting policy on derivative financial instruments.

**J. Employee benefits**

Employee benefits of short term nature are recognized as expense as and when these accrue. Long term employee benefits and post employment benefits, whether funded or otherwise, are recognized as expense based on actuarial valuation at year end using the projected unit credit method. For discounting purpose, market yield of Government Bonds at the balance sheet date is used. Actuarial gains or losses are recognized immediately in the Statement of Profit and Loss.

**K. Employee Share Based Payments**

Equity settled stock options granted to employees pursuant to the Company's stock option schemes are accounted for as per the intrinsic value method prescribed by Employee Stock Option Scheme and permitted by the SEBI guidelines and the Guidance Note on Share Based Payment issued by the Institute of Chartered Accountants of India (ICAI). The intrinsic value of the option being excess of market value of the underlying share at the date of grant of option, over its exercise price is recognised as deferred employee compensation with a credit to Employees Stock Options Outstanding Account. The deferred employee compensation is amortized to Statement of Profit and Loss on straight line basis over the vesting period of the option. In case of forfeiture of option which is not vested, amortised portion is reversed by credit to employee compensation expense. In a situation where the stock option expires unexercised, the related balance standing to the credit of the employees Stock Options Outstanding Account are transferred to the General Reserve.

**L. Revenue Recognition**

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates. Dividend income on investments is accounted for when the right to receive the payment is established. Export incentive, certain insurance, railway and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

**M. Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on temporary investment of those borrowings is deducted from the borrowing costs incurred.

**N. Taxation**

- (a). Provision for current income tax is made in accordance with the Income tax Act, 1961. Deferred tax assets and deferred tax liabilities are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

- (b). Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of credit to Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**O. Derivative Financial Instruments**

- (a). The Company uses derivative financial instruments such as Forwards, Swaps, Options, futures etc. to hedge its risks associated with foreign exchange fluctuations. Risks associated with fluctuations in the price of the products (e.g. Copper, Alumina, Aluminium, Coal and precious metals) are minimized by undertaking hedging using appropriate derivative instruments. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts. In some cases, the embedded derivatives may be designated in a hedge relationship. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. All such derivative financial instruments are used as risk management tools only and not for speculative purposes.
- (b). For derivative financial instruments and foreign currency monetary items designated as Cash Flow hedges, the effective portion of the fair value of the hedge instruments are recognized in Hedging Reserve and reclassified to 'Revenue from Operations', 'Cost of Materials Consumed' or 'Other Expenses' in the period in which the Statement of Profit and Loss is impacted by the hedged items or in the period when the hedge relationship no longer qualifies as cash flow hedge. In cases where the exposure gives rise to a non-financial asset, the effective portion is reclassified from Hedging Reserve to the initial carrying amount of the non-financial asset as a 'basis adjustment' and recycled to the Statement of Profit and Loss when and the manner in which the respective non- financial asset affects the Statement of Profit and Loss in future periods. The ineffective portion of the change in fair value of such instruments is recognized in the Statement of Profit and Loss in the period in which they arise. If the hedging relationship ceases to be effective or it becomes probable that the expected forecast transaction will no longer occur, hedge accounting is discontinued and the fair value changes arising from the derivative financial instruments are recognized in 'Other Expenses' in the Statement of Profit and Loss.
- (c). For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized in 'Revenue from Operations', 'Cost of Materials Consumed' or 'Other Expenses' in the Statement of Profit and Loss till the period the relationship is found to be effective. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in 'Other Expenses' in the Statement of Profit and Loss.
- (d). If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through Statement of Profit and Loss and included in 'Other Expenses'.

**P. Research and Development**

Expenditure incurred during research and development phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.

**Q. Government Grants**

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Statement of Profit and Loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

**R. Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but

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probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

2. This Abridged Financial Statements has been compiled from Audited Standalone Financial Statements of the Company and containing the salient features of Balance Sheet and Statement of Profit and Loss as per first proviso to sub-section 1 of section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014. Complete set of Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and notes thereto prepared as per the requirements of Schedule III of the Companies Act, 2013 are available at the Company's website at link [www.hindalco.com](http://www.hindalco.com).

3. **Details of Revenue from Operations are as under:**

	(₹ crore)	
	Year ended	
	<u>31/03/2016</u>	<u>31/03/2015</u>
Sale of Products	36,364.28	36,438.59
Other Operating Revenues	395.62	430.62
Gross Revenue from Operations	36,759.90	36,869.21
Less: Excise Duty	2,442.24	2,344.18
Net Revenue from Operations	<u>34,317.66</u>	<u>34,525.03</u>

4. Aggregate book value of Quoted and Unquoted Investments, market value of Quoted Investments and aggregate provision for diminution in value of Investments are given below:

	(₹ crore)			
	As at 31/03/2016		As at 31/03/2015	
	Non-Current	Current	Non-Current	Current
Aggregate amount of Unquoted Investments	14,028.01	7,395.51	13,953.63	6,192.17
Aggregate amount of Quoted Investments	769.32	274.02	828.12	276.76
Aggregate market value of Quoted Investments	5,758.96	283.04	7,463.87	287.75
Aggregate provision for diminution in value of Investments	415.00	7.57	380.32	7.19

5. **Note No. 5 of Audited Standalone Financial Statements**

**Deferred Tax Liabilities (Net):**

Major components of Deferred Tax arising on account of temporary timing differences are given below:

	(₹ crore)	
	As at	
	<u>31/03/2016</u>	<u>31/03/2015</u>
<b>Deferred Tax Liabilities</b>		
Depreciation and Amortization Expenses	4,557.75	3,544.57
	<u>4,557.75</u>	<u>3,544.57</u>
<b>Less: Deferred Tax Assets</b>		
Unabsorbed Depreciation	2,549.63	1,457.26
Employee's Separation and Retirement Expenses	120.92	111.04
Expenses/ Provisions Allowable	207.95	227.99
	<u>2,878.50</u>	<u>1,796.29</u>
	<u>1,679.25</u>	<u>1,748.28</u>

**6. Note No. 9 (a) of Audited Standalone Financial Statements**

Information related to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company:

	As at	
	31/03/2016	31/03/2015
(i) Principal amount outstanding	4.28	2.40
(ii) Interest on Principal amount due	Nil	Nil
(iii) Interest and Principal amount paid beyond appointment day	Nil	Nil
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act.	Nil	Nil
(v) The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSME Development Act.	Nil	Nil

**7. Note No. 14 (c), (d) and (e) of Audited Standalone Financial Statements**

- (c). During the year, pursuant a Scheme of Amalgamation of Aditya Birla Chemicals (India) Limited (ABCIL), a subsidiary of the Company, with Grasim Industries Limited (Grasim) formulated under Sections 391 to 394 of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (Scheme), the Company has acquired 750,311 equity shares of ₹ 10/- each fully paid-up of Grasim in exchange for shares of ABCIL as per the terms of the Scheme. The carrying cost of investments in ABCIL has been assigned as acquisition cost of investments in Grasim.
- (d). During the year, pursuant to the Composite Scheme of Arrangements between Aditya Birla Nuvo Limited (ABNL) and Madura Garments Lifestyle Retail Company Limited (MGLRCL) formulated under Sections 391 to 394 of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 2013 (Composite Scheme), the branded apparel retailing division of ABNL and Madura Lifestyle, a luxury branded apparel retailing division of MGLRCL has de-merged from respective companies' and collectively forms a division of another company, Aditya Birla Fashion and Retail Limited (ABFRL). As per provisions of the Composite Scheme, the Company, in addition to its existing holding in ABNL, has received 44,982,142 equity share ₹ 10/- each fully paid-up of ABFRL. The carrying cost of equity shares of ABNL has been apportioned to equity shares of ABFRL as acquisition cost on the basis of decrease in market value of shares of ABNL as the effect of said Composite Scheme.
- (e). Metals X Ltd, a listed company in Australia, has made take over offer for shares of Aditya Birla Mineral Ltd (ABML). The Company has communicated on 20th April, 2016 to ABML its intention to accept the said offer subject to the Reserve Bank of India's approvals. Based on the terms of the offer, no further diminution in carrying value of investments is expected.

**8. Note No. 32 of Audited Standalone Financial Statements**

**Impairment Loss/ (Reversal) (Net):**

	Year ended	
	31/03/2016	31/03/2015
Impairment Loss - (a)	561.70	95.26
Adjusted with Business Reconstruction Reserve (refer Note No. 43 (b) of Audited Financial Statements)	561.70	95.26
	-	-



- (a). The Company has recognised impairment loss of ₹ 561.70 crore arising on declining commodity prices relating to Muri Alumina Unit, one of its cash generating unit of Aluminium Business, using value in use basis for recoverable amount.

#### 9. Note No. 36 of Audited Standalone Financial Statements

##### Earnings per Share (EPS):

	Year ended	
	31/03/2016	31/03/2015
Profit for the period (₹ crore)	607.25	925.16
Weighted average number of shares used in the calculation of EPS:		
Weighted average number of equity shares for computing basic EPS	2,064,985,267	2,064,821,218
Dilutive impact of Employee Stock Options Scheme	1,298,140	1,834,285
Weighted average number of equity shares for computing diluted EPS	2,066,283,407	2,066,655,503
Face value of per share (₹)	1.00	1.00
Basic EPS (₹)	2.94	4.48
Diluted EPS (₹)	2.94	4.48

#### 10. Note No. 37 of Audited Standalone Financial Statements

For the year ended 31st March, 2016, the Board of Directors of the Company have recommended dividend of ₹ 1.00 per share (Previous year ₹ 1.00 per share) to equity shareholders aggregating to ₹ 248.54 crore (Previous year ₹ 246.09 crore) including Dividend Distribution Tax.

#### 11. Note No. 38 of Audited Standalone Financial Statements

The Company has furnished bank guarantees to Nominated Authority of Ministry of Coal towards fulfilment of certain conditions of the agreements signed by it in respect of the four coal blocks awarded to it through auction. Some of the conditions could not be fulfilled despite best efforts for reasons beyond its control as certain approvals/clearances that are under the purview of the concerned State Governments have been delayed. The Company has made representation with the Nominated Authority in this regard and is confident that its request will be considered favourably. Accordingly, no provision has been made for this.

#### 12. Note No. 39 of Audited Standalone Financial Statements

The Company is one of the promoter members of Aditya Birla Management Corporation Private Limited (ABMCPL), a Company limited by guarantee which has been formed to provide common facilities and resources to its members, with a view to optimize the benefits of specialization and minimize cost for each member. The Company is one of the participants in the common pool and shares the expenses incurred by ABMCPL and accounted for under appropriate heads.

#### 13. Note No. 40 of Audited Standalone Financial Statements

##### Interests in Joint Ventures:

The Company's interest, as a venturer, in jointly controlled entities is given below:

Name of Entities	Country of Incorporation	Proportion of Ownership interests as at	
		31/03/2016	31/03/2015
Mahan Coal Limited	India	50%	50%
MNH Shakti Limited	India	15%	15%
Hydromine Global Minerals (GmbH) Limited	British Virgin Islands	45%	45%

The Company's interest in these Joint Ventures is reported as Long-term Investments and stated at cost. However, aggregate amount of the Company's share of each of the assets, liabilities, income, expenses, contingent liabilities and commitment related to its interests in these jointly controlled entities are given below:

(₹ crore)

	Year Ended/As at	
	31/03/2016	31/03/2015
Income	0.06	0.03
Expenses	(0.33)	6.60
Assets	217.25	216.86
Liabilities	0.73	0.85

**Contingent Liabilities and Commitments:**

Claims against the Company not acknowledge as Debts	0.37	0.27
Guarantees Outstanding	-	16.71
Capital Commitments (Net of Advance)	-	0.47

**14. Note No. 41 of Audited Standalone Financial Statements**

**Segment Reporting:**

**A. Primary Segment Reporting (by Business Segment):**

- (a). The Company has two reportable segments viz. Aluminium and Copper which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into account the organizational structure as well as differential risk and return of these segments. Details of products included in each segments are as under:
  - (i). Aluminium : Hydrate & Alumina, Aluminium and Aluminium Product
  - (ii). Copper : Continuous Cast Copper Rods, Copper Cathode, Sulphuric Acid, DAP & Complexes, Gold and Silver
- (b). Inter-segment transfers are based on market rates.
- (c). The details of the revenue, results, assets, liabilities and other information from operations by reportable business segments are under:

(₹ crore)

	Year Ended 31/03/2016			Year Ended 31/03/2015		
	Aluminium	Copper	Total	Aluminium	Copper	Total
<b>REVENUE</b>						
External	17,120.95	17,196.71	34,317.66	14,097.10	20,427.93	34,525.03
Inter-Segment	3.76	11.84	15.60	7.59	23.03	30.62
<b>Total</b>	<b>17,124.71</b>	<b>17,208.55</b>	<b>34,333.26</b>	<b>14,104.69</b>	<b>20,450.96</b>	<b>34,555.65</b>
<b>RESULTS</b>						
Segment Results	880.48	1,418.96	2,299.44	1,349.10	1,516.04	2,865.14
Unallocated Corporate Income			1,028.46			830.26
Unallocated Corporate Expenses			(220.53)			(233.70)
Finance Costs			(2,374.76)			(1,637.09)
Profit Before Exceptional Items and Tax			732.61			1,824.61
Exceptional Items (Net)			-			(577.70)
Tax Expenses			(125.36)			(321.75)
Profit for the Period			<b>607.25</b>			<b>925.16</b>

(₹ crore)

	Year Ended 31/03/2016			Year Ended 31/03/2015		
	Aluminium	Copper	Total	Aluminium	Copper	Total
<b>OTHER INFORMATION</b>						
<b>Assets:</b>						
Segment Assets	41,633.62	8,540.25	50,173.87	43,014.31	8,067.58	51,081.89
Unallocated Corporate Assets			25,952.82			24,918.75
<b>Total Assets</b>			<b>76,126.69</b>			<b>76,000.64</b>
<b>Liabilities:</b>						
Segment Liabilities	4,222.73	2,484.33	6,707.06	3,601.04	2,559.54	6,160.58
Unallocated Corporate Liabilities			32,351.74			32,584.80
<b>Total Liabilities</b>			<b>39,058.80</b>			<b>38,745.38</b>
Capital Expenditure	1,034.30	119.04		2,236.14	49.60	
Depreciation and Amortization	1,147.38	112.09		734.83	84.43	
Impairment Loss/(Reversal) (Net)	-	-		-	-	
Other Non-Cash Expenses	15.84	(0.14)		47.47	4.06	

**B. Secondary Segment Reporting (by Geographical demarcation):**

- (a). The secondary segment is based on geographical demarcation i.e. India and Rest of the World.  
(b). The Company's revenue from external customers and information about its assets and others by geographical location are as under:

(₹ crore)

	Year Ended 31/03/2016			Year Ended 31/03/2015		
	India	Rest of World	Total	India	Rest of World	Total
Revenue	21,651.57	12,681.69	34,333.26	20,936.29	13,619.36	34,555.65
Assets	49,168.73	1,005.14	50,173.87	50,354.12	727.77	51,081.89
Capital Expenditure	1,153.34	-	1,153.34	2,285.74	-	2,285.74

**15. Note No. 43 of Audited Standalone Financial Statements**

The Company had formulated a scheme of financial restructuring under sections 391 to 394 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders approved by the High Court of Judicature of Bombay to deal with various costs associated with its organic and inorganic growth plan. Pursuant to this, a separate reserve account titled as Business Reconstruction Reserve ("BRR") was created during the year 2008-09 by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed in the Scheme. Accordingly, the Company had transferred ₹ 8,647.37 crore from Securities Premium Account to BRR and till 31st March, 2015, ₹ 250.33 crore have been adjusted against BRR. During the year, following expenses has been adjusted with BRR:

- (a). ₹ 279.46 crore towards expenses on exited Projects  
(b). Impairment loss of ₹ 367.31 crore (Net of deferred tax ₹ 194.39 crore)  
(c). Provision of ₹ 35.50 crore towards diminution in value of investments

Had the Scheme not prescribed aforesaid treatment, the impact on results and Earnings per Share (EPS) would have been as under:

Profit for the year lower by ₹ 682.27 crore  
Basic EPS lower by ₹ 3.30  
Diluted EPS lower by ₹ 3.30

16. Note No. 45 of Audited Standalone Financial Statements

Disclosure as required by Accounting Standard (AS) 15 (Revised) on “Employee Benefits”:

A. In respect of Gratuity, a defined Benefit Scheme (based on actuarial valuation):

	Year Ended		
	31/03/2016	31/03/2015	
	(₹ crore)		
<b>(a) Change in Obligations over the year ended 31<sup>st</sup> March, 2016</b>			
Present value of Defined Benefit Obligations at the beginning of the year	747.85	595.05	
Current Service Cost	50.18	38.40	
Past Service Cost	-	-	
Interest Cost	55.49	52.52	
Curtailement Cost/ (Credit)	-	-	
Settlement Cost/ (Credit)	-	-	
Plan Amendments	1.01	-	
Acquisitions Cost	3.22	-	
Actuarial (Gain) or Loss	10.60	84.84	
Benefits Paid	<u>(22.29)</u>	<u>(22.96)</u>	
Present value of Defined Benefit Obligations at the end of the year	<b>846.06</b>	<b>747.85</b>	
<b>(b) Change in Plan Assets (Reconciliation of Opening and Closing Balances)</b>			
Fair value of Plan Assets at the beginning of the year	462.51	388.54	
Expected return on Plan assets	38.20	39.52	
Actuarial Gain or (Loss)	(2.92)	-	
Contributions	52.33	57.41	
Benefits Paid	<u>(22.29)</u>	<u>(22.96)</u>	
Fair value of Plan Assets at the end of the year	<b>527.83</b>	<b>462.51</b>	
<b>(c) Reconciliation of Fair Value of Assets and Obligations</b>			
Fair value of Plan Assets at the end of the year	527.83	462.51	
Present value of Defined Benefit Obligations at the end of the year	<u>(846.06)</u>	<u>(747.85)</u>	
Amount recognised in Balance Sheet	<b>(318.23)</b>	<b>(285.34)</b>	
<b>(d) Expenses Recognised during the year</b>			
Current Service Cost	50.18	38.40	
Past Service Cost	1.01	-	
Interest Cost	55.49	52.52	
Curtailement Cost/ (Credit)	-	-	
Settlement Cost/ (Credit)	-	-	
Actuarial (Gain) or Loss	13.52	77.78	
Expected return on Plan assets	<u>(38.20)</u>	<u>(32.46)</u>	
	<b>82.00</b>	<b>136.24</b>	
<b>(e) Investments Details of Plan Assets:</b>			
Insurer Managed Funds	96.35%	96.38%	
Government Securities	0.00%	0.00%	
Corporate Bonds	0.00%	0.00%	
Others	3.65%	3.62%	
<b>(f) Principal Actuarial Assumptions:</b>			
Discount Rate (based on the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities)	7.50%	7.50%	
Expected Rate of Return on Assets	8.00%	8.00%	
Salary increases taking into account inflation, seniority, promotion and other relevant factors	8.00%	7.50%	

The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specified number of days (ranging from 15 days to 1 month) of last drawn salary depending upon the tenure of service for each year of completed service subject to minimum service of five years payable at the time of separation upon superannuation or on exit otherwise.



B. In respect of defined Contribution Schemes:

- (a). As required under Guidance Note on Implementation of Accounting Standard 15 (revised) issued by the ICAI in respect of exempted Provident Fund, the Company has carried out actuarial valuation to ascertain shortfall in interest if any, payable to the members of Provident Fund and has made appropriate provision in the books. The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government and debited to statement of Profit & Loss. In view of typical nature of such Provident fund scheme involving defined benefit underpin in respect of interest payable to members as declared by the Employees Provident Fund Organisation, the defined benefit obligation relating to interest shortfall is considered to be Other Long Term Employee Benefits. The amount debited to Statement of Profit and Loss during the year was ₹88.63 crore (previous year ₹ 87.29 crore).
- (b). The Company contributes a certain percentage of salary for all eligible employees in managerial cadre towards Superannuation Funds with option to put certain portion in NPS and/or in Funds managed by approved trusts or by Life Insurance Corporation of India. The amount debited to Statement of Profit and Loss during the year was ₹ 14.80 crore (previous year ₹ 13.27 crore).

**17. Note No. 46 of Audited Standalone Financial Statements**

**Provisions:**

The details of other provisions and its movement included in Note No. 7 & Note No. 11 of Audited Financial Statements are as under:

	(₹ crore)				
	As at 31/3/2015	Additions	Utilised	Unused Reversed	As at 31/3/2016
(a) Provision for Claims against the Company	28.39	1.55	-	-	29.94
(b) Assets Retirement Obligation	-	25.34	-	-	25.34
(c) Environment Obligation	-	16.62	-	-	16.62
(d) Others	3.25	-	-	3.25	-
	<b>31.64</b>	<b>43.51</b>	<b>-</b>	<b>3.25</b>	<b>71.90</b>
Previous Year	27.02	4.62	-	-	31.64

	As at	
	31/03/2016	31/03/2015
Non-Current Portion	38.13	-
Current Portion	33.77	31.64

Provision for claims against the Company represents provision for claims of suppliers, contractors, customers, revenue authorities and others, where the Company anticipates probable outflow. Asset retirement and environment obligations represent decommissioning and site cleaning costs. The amount of provision is estimated by the Company considering the facts and circumstances of each case for which cash flow will be determined on settlement of these matters.

**18. Note No. 47 of Audited Standalone Financial Statements**

Gain or (loss) on foreign currency transaction and translation has been accounted for under respective head of accounts depending upon the nature of transaction. The details of net gain or (loss) included in various head of accounts are as under:

	(₹ crore)	
	Year ended	
	31/03/2016	31/03/2015
Revenue from Operations	57.59	131.39
Cost of Materials Consumed	(18.19)	(78.60)
Power and Fuel	(2.49)	2.03
Other Expenses	(55.95)	(11.72)
Interest	(29.14)	(20.39)
	<b>(48.18)</b>	<b>22.71</b>

19. Note No. 48 of Audited Standalone Financial Statements

**Operating Lease:**

The total of future minimum lease payment commitments under non-cancellable operating lease agreement for a period of twenty years expiring in 2022 to use railway tracks along with locomotives for transportation of materials are as under:

	(₹ crore)	
	As at	
	<u>31/03/2016</u>	<u>31/03/2015</u>
Not later than one year	0.40	0.40
Later than one year and not later than five years	1.60	1.60
Later than five years	0.47	0.87

20. Note No. 50 of Audited Standalone Financial Statements

**Contingent Liabilities and Commitments:**

	(₹ crore)	
	As at	
	<u>31/03/2016</u>	<u>31/03/2015</u>

**A. Contingent Liabilities**

- |  |          |          |
|--|----------|----------|
| (a). Claims against the Company not acknowledged as debt:  | 391.07   | 520.22   |
| (b). Corporate Guarantees Outstanding<br>(₹ 5,075.99 crore* (previous year ₹ 5,229.70 crore *) given on behalf of subsidiary companies)<br>* Includes ₹ 5,044.61 crore ( Previous year ₹ 5,181.28 crore) given to lenders against loan provided to various subsidiaries , amount of loan outstanding as on 31st March'16 is ₹ 4952.10 crore (Previous Year ₹ 4,887.43 crore).  | 5,075.99 | 5,270.76 |
| (c). Other money for which the Company is contingently liable:   |          |          |
| (i) Bill discounted with Banks   | -        | 0.87     |
| (ii) Customs duty on Capital Goods and Raw Materials imported under EPCG Scheme/ Advance License, against which export obligation is to be fulfilled (excluding cenvatable portion).   | 325.81   | 328.03   |
| (iii) The Company has received a notice dated 24th March, 2007 from Collector (Stamp) Kanpur, Uttar Pradesh alleging that stamp duty of ₹ 252.96 crore is payable in view of order dated 18th November, 2002 of Hon'ble High Court of Allahabad approving scheme of arrangement for merger of Copper business of Indo Gulf Corporation Limited with the Company. The Company is of the opinion that it has a very strong case as there is no substantive/computation provision for levy/calculation of stamp duty on court order approving scheme of arrangement under Companies Act, 1956 within the provisions of Uttar Pradesh Stamp Act, moreover the properties in question are located in the State of Gujarat and thus the Collector (Stamp) Kanpur has no territorial jurisdiction to make such a demand. It is pertinent to note that the Company in 2003-04 has already paid stamp duty which has been accepted as per the provisions of the Bombay Stamp Act 1958 with regard to transfer of shareholding of Indo Gulf Corporation Limited as per the Scheme of Arrangement. Furthermore, the demand made is on an incorrect assumption. The Company's contention amongst the various other grounds made is that the demand is illegal, against the principles of natural justice, incorrect, bad in law and malafide. The Company has filed a writ petition before the Hon'ble High Court of Allahabad, inter alia, on the above said grounds, which is pending determination. |          |          |
| (iv) The Company has an agreement with Uttar Pradesh Power Corporation Limited (UPPCL) under which banking of surplus energy with UPPCL is permitted and such banked energy may be drawn as and when required at free of cost. However, UPPCL has raised demand of ₹ 55.32   |          |          |

crore with retrospective effect from 1.4.2009 on the alleged ground that drawal of energy against the banked energy is not permissible during peak hours. The UPPCL has also included ₹32.15 crore in the bill as late payment surcharge upto 31.3.2016. Thus total amount outstanding till 31.3.2016 is ₹ 87.47 crore. However, if the case is decided against the company, 107.4 million units valuing ₹ 22.97 crore will be treated as energy banked with UPPCL and accordingly net liability will be ₹ 64.50 crore. The Company has challenged the demand by filing a petition on 27.12.2013 under section 86(i) (f) read with other relevant provisions of Electricity Act, 2003 seeking quashing/setting aside the demand. The matter has been heard on 12.2.2014 and the Hon'ble Uttar Pradesh Electricity Regulatory Commission (UPERC) vide its order dated 24.2.2014 has directed the UPPCL to restrain from taking any coercive action till final order of UPERC. The Company believes that it has a strong case and no provision towards this is required.

(₹ crore)

	As at	
	31/03/2016	31/03/2015
<b>B. Commitments</b>		
(a). Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	235.98	574.76
(b). The Company, along with Aditya Birla Nuvo Limited, Grasim Industries Limited and Birla TMT Holdings Pvt. Limited (the Sponsors), being promoters of Idea Cellular Limited (Idea) has given the following undertakings to the Facility Agent:		
i. The Sponsors shall collectively continue to hold at least 33% of the equity capital of Idea till the end of FY 2015-16 and shall not without prior written approval of the Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 33% of shareholdings in Idea. Consequent upon the infusion of fresh equity capital of Idea, if the Sponsors' stake gets diluted from 40% to 33% in the equity capital of Idea, the Sponsors agree and undertake to obtain the prior consent of the Rupee Facility Agent and in other circumstances, the Sponsors agree and undertake to obtain the prior consent of the secured lenders representing 51% of the aggregate outstanding secured loans.		
ii. The Sponsors shall collectively continue to hold 26% of the equity capital of Idea after FY 2015-16 and shall not without the prior written approval of the Rupee Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 26% shareholdings in the capital of Idea.		
iii. Not without prior approval of the Facility Agent in writing divest shareholdings in the equity capital of Idea that may result in a single investor along with its affiliates holding more than 25% of the equity capital of Idea.		
(c). The Company, has given following undertakings in connection with loan of Utkal Aluminium International Limited (UAIL), a wholly owned subsidiary:		
i. To hold minimum 51% equity shares in UAIL.		
ii. To ensure to meet the Financial Covenants, except Fixed Asset Coverage Ratio, as provided in the loan agreements.		

## 21. Note No. 51 of Audited Standalone Financial Statements

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed. The company has incurred expenses amounting to ₹ 34.15 crore (previous year ₹ 32.42 crore), in alignment with the CSR Policy which is in conformity with the activities specified in Schedule VII of the Companies Act, 2013.

## 22. Note No. 52 of Audited Standalone Financial Statements

- (a). Details of Loans given, Investments made and Guarantee given covered under Section 186 (4) of the Companies Act, 2013:
- Details of Investments made given as part of Note No. 14 (Non Current Investments) and Note No. 17 (Current Investments) of Audited Financial Statements.

ii. Loans and Corporate Guarantees given below:

Name of the Company	Relationship	Nature of Transactions	As at	
			31/03/2016	31/03/2015
(₹ crore)				
<b>Details of Loan</b>				
Hydromine Global Minerals GMBH	Joint Venture	Advance against Equity	0.50	0.13
Mahan Coal Ltd	Joint Venture	Advance against Equity	0.50	0.00
Tube Coal Mines Limited	Subsidiary	Advance against Equity	0.21	0.33
Aditya Birla Science and Technology Company Private Limited	Associate	Inter Corporate Deposit	57.94	57.94
			<b>59.15</b>	<b>58.40</b>
<b>Details of Guarantee</b>				
Hindalco Do Brasil Industria e Comercio de Alumina Ltda	Subsidiary	Corporate Guarantee	182.20	171.37
Suvas Holdings Limited	Subsidiary	Corporate Guarantee	9.91	9.91
Utkal Alumina International Limited	Subsidiary	Corporate Guarantee	4,852.50	5,000.00
			<b>5,044.61</b>	<b>5,181.28</b>

- (b). Disclosure relating to amount outstanding at year end and maximum outstanding during the year of loans and advances, in nature of loan, required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given below:

Particulars	As at			
	31/03/2016	Maximum Outstanding during FY 2016	31/03/2015	Maximum Outstanding during FY 2015
(₹ crore)				
Associate: Aditya Birla Science & Technology Company Private Limited	57.94	57.94	57.94	57.94

23. Note No. 53 of Audited Standalone Financial Statements

Related Party Disclosures as per Accounting Standard (AS) 18:

A. List of Related Parties:

(a). Enterprises where control exists:

i. Subsidiaries:

- 1 Hindalco Guinea SARL
- 2 Minerals & Minerals Limited
- 3 Utkal Alumina Technical and General Services Limited
- 4 Suvas Holdings Limited
- 5 Utkal Alumina International Limited
- 6 Aditya Birla Chemicals (India) Limited (Merged with Grasim Industries Limited w.e.f. 1<sup>st</sup> April, 2015)
- 7 Aditya Birla Chemicals (Belgium) BVBA (Merged with Grasim Industries Limited w.e.f. 1<sup>st</sup> April, 2015)
- 8 Renukeshwar Investments & Finance Limited
- 9 Renuka Investments & Finance Limited
- 10 Dahej Harbour and Infrastructure Limited
- 11 Lucknow Finance Company Limited
- 12 Hindalco-Almex Aerospace Limited
- 13 Hindalco do Brasil Indústria e Comércio de Alumina Ltda
- 14 Tube Coal Mines Limited
- 15 East Coast Bauxite Mining Company Private Limited
- 16 Mauda Energy Limited
- 17 Birla Resources Pty Limited
- 18 Aditya Birla Minerals Limited
- 19 Birla Maroochydore Pty Limited
- 20 Birla Nifty Pty Limited
- 21 Birla Mt. Gordon Pty Limited (Disposed of on 27th October, 2015)
- 22 AV Minerals (Netherlands) N.V.
- 23 AV Metals Inc.



- 24 Novelis Inc.
- 25 Novelis (India) Infotech Ltd.
- 26 4260848 Canada Inc.
- 27 4260856 Canada Inc.
- 28 8018227 Canada Inc.
- 29 8018243 Canada Limited (Amalgamated with Novelis Inc w.e.f. 31<sup>st</sup> March, 2016)
- 30 Novelis Corporation
- 31 Aluminum Upstream Holdings LLC (Amalgamated with Novelis South America Holding LLC w.e.f. 2<sup>nd</sup> December, 2015)
- 32 Eurofoil Inc. (USA)(Amalgamated with Novelis PAE Corporation w.e.f. 1<sup>st</sup> November, 2015)
- 33 Logan Aluminium Inc.
- 34 Novelis Acquisitions LLC
- 35 Novelis Global Employment Organization Inc (Formerly known as Novelis PAE Corporation change w.e.f. 15<sup>th</sup> December, 2015)
- 36 Novelis Holdings Inc
- 37 Novelis South America Holdings LLC
- 38 Novelis Delaware LLC (Amalgamated with Novelis Inc w.e.f. 31<sup>st</sup> March, 2016)
- 39 Albrasilis - Alumínio do Brasil Indústria e Comércio Ltda (Dissolved 18<sup>th</sup> November, 2015)
- 40 Novelis do Brasil Ltda.
- 41 Novelis Laminés France SAS
- 42 Novelis PAE SAS
- 43 Novelis Aluminium Beteiligungs GmbH
- 44 Novelis Deutschland GmbH
- 45 Novelis Sheet Ingot GmbH
- 46 Novelis Aluminium Holding Company
- 47 Novelis Italia SpA
- 48 Al Dotcom Sdn Berhad (Dissolved w.e.f. 21<sup>st</sup> January, 2016)
- 49 Alcom Nikkei Specialty Coatings Sdn Berhad
- 50 Aluminum Company of Malaysia Berhad
- 51 Novelis de Mexico SA de CV
- 52 Novelis Korea Limited
- 53 Novelis AG
- 54 Novelis Switzerland SA
- 55 Novelis UK Ltd.
- 56 Novelis Europe Holdings Limited
- 57 Novelis Services Limited
- 58 Novelis (Shanghai) Aluminum Trading Company
- 59 Novelis (China) Aluminum Products Co., Ltd.
- 60 Novelis MEA Ltd
- 61 Novelis Vietnam Company Limited
- 62 Novelis Asia Holdings (Singapore) Pte. Ltd. (struck off w.e.f. 17<sup>th</sup> March, 2016)
- 63 Brecha Energetica Ltda
- 64 Brito Energetica Ltda
- 65 Novelis Services(North America)Inc

**(b). Other Related Parties:**

i. **Associates:**

- 1 Aditya Birla Science and Technology Company Private Ltd.
- 2 Idea Cellular Limited
- 3 Aluminium Norf GmbH
- 4 Deutsche Aluminium Verpackung Recycling GMBH
- 5 France Aluminium Recyclage SA

ii. **Joint Ventures:**

- 1 Mahan Coal Limited
- 2 Hydromine Global Minerals (GMBH) Limited
- 3 MNH Shakti Limited

iii. **Trust of the Company:**

- 1 Trident Trust

iv. **Key Managerial Personnel:**

- Mr. D. Bhattacharya - Managing Director  
Mr Satish Pai - Deputy Managing Director

- B. The following transactions were carried out with the Related Parties in the ordinary course of business:  
(a). **Subsidiaries, Associates and Joint Ventures:**

Sl. No.	Transaction during the year	2015-16			2014-15		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
		(₹ crore)					
1	<b>Sales and Conversion</b>	<b>34.93</b>	-	-	<b>153.83</b>	-	-
	(a) Aditya Birla Chemicals (India) Limited	-	-	-	101.72	-	-
	(b) Hindalco - Almex Aerospace Limited	10.49	-	-	15.04	-	-
	(c) Novelis Inc.	24.44	-	-	-	-	-
	(d) Utkal Alumina International Limited	-	-	-	37.07	-	-
2	<b>Services rendered</b>	<b>0.04</b>	-	<b>0.00</b>	<b>7.94</b>	<b>0.02</b>	<b>0.06</b>
	(a) Dahej Harbour and Infrastructure Limited	0.03	-	-	0.11	-	-
	(b) Novelis Inc.	-	-	-	0.01	-	-
	(c) Utkal Alumina International Limited	0.01	-	-	7.57	-	-
	(d) Others	0.00	-	0.00	0.25	0.02	0.06
3	<b>Interest and dividend received</b>	<b>117.05</b>	<b>19.79</b>	-	<b>13.87</b>	<b>15.27</b>	-
	(a) Aditya Birla Science and Technology Company Pvt Ltd.	-	5.14	-	-	5.14	-
	(b) Aditya Birla Chemicals (India) Limited	-	-	-	1.80	-	-
	(c) Hindalco - Almex Aerospace Limited	0.05	-	-	0.06	-	-
	(d) Dahej Harbour and Infrastructure Limited	72.00	-	-	-	-	-
	(e) Idea Cellular Limited	-	14.65	-	-	10.08	-
	(f) Renuka Investments and Finance Limited	30.00	-	-	-	-	-
	(g) Renukeswar Investments and Finance Limited	15.00	-	-	-	-	-
	(h) Lucknow Finance Company Limited	-	-	-	12.00	-	-
	(i) Others	-	-	-	0.01	0.05	-
4	<b>Purchase of materials ,Capital Equipments &amp; Others</b>	<b>3,135.77</b>	-	<b>0.01</b>	<b>2,044.29</b>	-	-
4.1	<b>Purchase of materials</b>	<b>3,135.21</b>	-	-	<b>2,042.68</b>	-	-
	(a) Aditya Birla Chemicals (India) Limited	-	-	-	393.55	-	-
	(b) Birla (Nifty) Pty Limited	968.57	-	-	328.31	-	-
	(c) Birla Mt Gordon Pty Limited	-	-	-	-	-	-
	(d) Minerals and Minerals Limited	19.87	-	-	18.38	-	-
	(e) Novelis Inc.	2.59	-	-	2.71	-	-
	(f) Utkal Alumina International Limited	2,141.59	-	-	1,299.71	-	-
	(g) Hindalco - Almex Aerospace Limited	2.59	-	-	0.02	-	-
4.2	<b>Purchase of Capital Equipments</b>	<b>0.56</b>	-	-	<b>1.61</b>	-	-
	(a) Novelis Inc.	-	-	-	1.61	-	-
	(b) Tubed Coal Mines Limited	0.56	-	-	-	-	-
4.3	<b>"Purchase of Investment (Includes accrued dividend)"</b>	-	-	-	-	-	-
	(a) Dahej Harbour and Infrastructure Limited	-	-	-	-	-	-
4.4	<b>Interest paid</b>	-	-	<b>0.01</b>	-	-	-
	(a) Mahan Coal Limited	-	-	0.01	-	-	-
5	<b>Services received</b>	<b>44.53</b>	<b>14.66</b>	-	<b>36.66</b>	<b>32.99</b>	-
	(a) Aditya Birla Science and Technology Company Pvt Ltd.	-	11.39	-	-	15.22	-
	(b) Dahej Harbour and Infrastructure Limited	40.85	-	-	35.73	-	-
	(c) Idea Cellular Limited	-	3.27	-	-	3.06	-
	(d) Novelis Inc.	2.94	-	-	0.35	-	-
	(e) Utkal Alumina International Limited	0.15	-	-	-	-	-
	(f) Others	0.59	-	-	0.58	14.71	-
6	<b>Investments, Deposits, Loans and Advances made during the year</b>	<b>109.17</b>	-	<b>1.06</b>	<b>785.63</b>	-	<b>2.75</b>
6.1	<b>Deposits, Loans &amp; Advances given during the year</b>	<b>0.12</b>	-	<b>0.56</b>	<b>0.33</b>	-	<b>0.13</b>
	(a) Mahan Coal Limited	-	-	0.06	-	-	-
	(b) Tubed Coal Mines Limited	0.12	-	-	0.33	-	-
	(c) Hydromine Global Minerals GmbH Limited	-	-	0.50	-	-	0.13

(₹ crore)

Sl. No.	Transaction during the year	2015-16			2014-15		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
6.2	<b>Investments made during the year</b>	<b>109.05</b>	-	<b>0.50</b>	<b>785.31</b>	-	<b>2.62</b>
	(a) Mahan Coal Limited	-	-	0.50	-	-	2.50
	(b) Hydromine Global Minerals GmbH Limited	-	-	-	-	-	0.12
	(c) A V Minerals (Netherlands) N.V.	48.96	-	-	-	-	-
	(d) Utkal Alumina International Limited	60.00	-	-	784.50	-	-
	(e) Idea Cellular Limited	-	-	-	-	-	-
	(f) Tubed Coal Mines Limited	0.09	-	-	0.39	-	-
	(g) Others	-	-	-	0.42	-	-
7	<b>Advances given in previous year converted in Equity this year</b>	<b>0.33</b>	-	-	<b>8.40</b>	-	<b>31.43</b>
	(a) Tubed Coal Mines Limited	0.33	-	-	8.40	-	-
	(b) Hydromine Global Minerals GMBH Limited	-	-	-	-	-	31.43
8	<b>Investments, Deposits, Loans and Advances received back during the year</b>	-	-	<b>0.06</b>	<b>1,094.35</b>	-	-
	<b>8.1 Deposits, Loans &amp; advance received back during the year</b>	-	-	-	-	-	-
	(a) Mahan Coal Limited	-	-	0.06	-	-	-
	<b>8.2 Investments received back during the year</b>	-	-	-	-	-	-
	(a) A V Minerals (Netherlands) N.V.	-	-	-	1092.25 #	-	-
	(b) Others	-	-	-	2.10	-	-
9	<b>Loans and Advances received during the year</b>	-	-	<b>101.50</b>	-	-	-
	(a) Mahan Coal Limited	-	-	101.50	-	-	-
10	<b>Loans and Advances paid during the year</b>	-	-	<b>1.00</b>	-	-	-
	(a) Mahan Coal Limited	-	-	1.00	-	-	-
11	<b>Guarantees and Collateral securities given</b>	<b>4,863.33</b>	-	-	<b>9.91</b>	-	-
	(a) Utkal Alumina International Limited	4,852.50	-	-	-	-	-
	(b) Hindalco do Brasil Indústria e Comércio de Alumina Ltda	10.83	-	-	-	-	-
	(c) Suvas Holdings Limited	-	-	-	9.91	-	-
12	<b>Guarantees and Collateral securities taken back during the year</b>	<b>5,017.04</b>	-	<b>40.56</b>	<b>26.68</b>	-	-
	(a) Utkal Alumina International Limited	5,000.00	-	-	-	-	-
	(b) Hindalco do Brasil Indústria e Comércio de Alumina Ltda	-	-	-	26.68	-	-
	(c) Mahan Coal Limited	-	-	16.71	-	-	-
	(d) Others	17.04	-	23.85	-	-	-
13	<b>Licence and Lease arrangements</b>	-	-	-	-	-	-
	<b>13.1 Licence Fees :</b>	<b>0.01</b>	-	-	<b>0.01</b>	-	-
	(a) Dahej Harbour and Infrastructure Limited	0.01	-	-	0.01	-	-
14	<b>Outstanding balance as at 31st March</b>	-	-	-	-	-	-
	<b>14.1 Debit Balances</b>	<b>3.70</b>	<b>0.39</b>	<b>0.03</b>	<b>19.26</b>	<b>0.44</b>	<b>0.03</b>
	(a) Idea Cellular Limited	-	0.39	-	-	0.40	-
	(b) Aditya Birla Chemicals (India) Limited	-	-	-	4.21	-	-
	(c) Aditya Birla Minerals Limited	-	-	-	0.10	-	-
	(d) Minerals & Minerals Limited	3.04	-	-	2.65	-	-
	(e) Lucknow Finance Company Limited	-	-	-	12.00	-	-
	(f) Novelis Inc.	0.59	-	-	-	-	-
	(g) Others	0.07	-	0.03	0.30	0.04	0.03
	<b>14.2 Credit Balances</b>	<b>348.72</b>	<b>0.10</b>	-	<b>52.20</b>	<b>0.11</b>	<b>0.05</b>
	(a) Idea Cellular Limited	-	0.10	-	-	0.11	-
	(b) Aditya Birla Chemicals (India) Limited	-	-	-	8.23	-	-
	(c) Birla (Nifty) Pty Limited	149.21	-	-	1.90	-	-
	(d) Novelis Inc.	1.24	-	-	0.33	-	-
	(e) Dahej Harbour and Infrastructure Limited	1.80	-	-	5.54	-	-
	(f) Utkal Alumina International Limited	196.46	-	-	36.20	-	-
	(g) Others	0.01	-	-	-	-	0.05

Sl. No.	Transaction during the year	2015-16			2014-15		
		Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
		(₹ crore)					
14.3	<b>Investments</b>	<b>14,011.68</b>	<b>248.27</b>	<b>186.59</b>	<b>13,918.85</b>	<b>251.30</b>	<b>217.60</b>
	(a) Aditya Birla Science and Technology Company Pvt Ltd.	-	9.80	-	-	9.80	-
	(b) Idea Cellular Limited	-	238.47	-	-	238.38	-
	(c) A V Minerals (Netherlands) N.V.	9,534.17	-	-	9,485.21	-	-
	(d) Aditya Birla Chemicals (India) Limited	-	-	-	12.46	-	-
	(e) Aditya Birla Minerals Limited	222.35*	-	-	222.35*	-	-
	(f) Utkal Alumina International Limited	4,082.03	-	-	4,022.03	-	-
	(g) Mahan Coal Limited	-	-	173.75*	-	-	173.25*
	(h) Hydromine Global Minerals GMBH Limited	-	-	0.07*	-	-	31.58
	(i) Others	173.13*	-	12.77	176.80*	3.12	12.77
14.4	<b>Deposits, Loans and Advances</b>	<b>0.30</b>	<b>57.94</b>	<b>0.63</b>	<b>0.41</b>	<b>58.69</b>	<b>0.12</b>
	(a) Aditya Birla Science and Technology Company Pvt Ltd.	-	57.94	-	-	57.94	-
	(b) Hydromine Global Minerals GMBH Limited	-	-	0.63	-	-	0.12
	(c) Others	0.30	-	-	0.41	0.75	-
14.5	<b>Loans &amp; Advance received</b>	-	-	<b>100.50</b>	-	-	-
	(a) Mahan Coal Limited	-	-	100.50	-	-	-
14.6	<b>Guarantees and Collateral securities given</b>	<b>5,075.99</b>	-	-	<b>5,229.70</b>	-	<b>40.56</b>
	(a) "Hindalco do Brasil Indústria e Comércio de Alumina Ltda"	182.20	-	-	171.37	-	-
	(b) Dahej Harbour and Infrastructure Limited	4.50	-	-	4.50	-	-
	(c) Utkal Alumina International Limited	4,879.38	-	-	5,026.88	-	-
	(d) Mahan Coal Limited	-	-	-	-	-	16.71
	(e) Others	9.91	-	-	26.95	-	23.85

\* Net of provision for diminution in carrying value of investment.

# Net of foreign currency exchange gain of ₹ 361.11 crore.

	(₹ crore)	
	As at	
	<u>31/03/2016</u>	<u>31/03/2015</u>
(b). <b>Trident Trust:</b>	34.46	34.46
Beneficiary Interest in the Trust		
(c). <b>Key Managerial Personnel:</b>		
Managerial Remuneration (including perquisites) *		
Mr. D. Bhattacharya - Managing Director	19.90	21.59
Mr Satish Pai - Deputy Managing Director	13.96	12.17

\* Excluding gratuity, leave encashment provisions and compensation under Employee Stock Option Scheme

## 24. Note No. 55 of Audited Standalone Financial Statements

Previous year figures have been reclassified/regrouped to conform to this year's classification.

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Praveen Kumar Maheshwari

CFO

For and on behalf of the Board of  
Hindalco Industries Limited

Kumar Mangalam Birla – Chairman

DIN-00012813

D. Bhattacharya – Managing Director

DIN-00033553

M.M. Bhagat – Director

DIN-00006245

Place : Mumbai

Dated : 21<sup>st</sup> July, 2016

Anil Malik  
Company Secretary



## INDEPENDENT AUDITORS' REPORT ON ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

### To the Members of Hindalco Industries Limited

The accompanying abridged consolidated financial statements, which comprise the Abridged Consolidated Balance Sheet as at 31<sup>st</sup> March 2016, the Abridged Consolidated Statement of Profit and Loss and Abridged Consolidated Cash Flow Statement for the year then ended, and summary of significant accounting policies and related notes, are derived from the audited consolidated financial statements of Hindalco Industries Limited ('the Holding Company') for the year ended 31<sup>st</sup> March, 2016. Our opinion dated 21<sup>st</sup> July 2016 on those consolidated financial statements contains matter of emphasis. The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India, applied in the preparation of the audited consolidated financial statements of the Holding Company. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Holding Company.

### Management's Responsibility for the Abridged consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with Section 136(1) read with Rule 10 of Companies (Accounts) Rules, 2014 and are based on the audited financial statements for the year ended 31<sup>st</sup> March 2016, prepared in accordance the requirements of Accounting Standard 21- Consolidated Financial Statements, Accounting Standard 23 - Accounting for Investments in Associates and Accounting Standard 27 - Financial Reporting of interests in Joint Ventures in consolidated financial statements and accounting principles generally accepted in India.

### Auditors' Responsibility

Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

### Opinion

In our opinion, the abridged consolidated financial statements, prepared in accordance with Rule 10 of the of Companies (Accounts) Rules, 2014 are derived from the audited consolidated financial statements of the Holding Company for the year ended 31<sup>st</sup> March, 2016 and are a fair summary of those consolidated financial statements.

### Emphasis of Matter -

We draw attention to

1. Note no. 16 to the abridged consolidated financial statement regarding accounting policy of Novelis Inc., a wholly owned subsidiary, with respect to recognition of actuarial losses (net of deferred tax) relating to pension and other post retirement benefit plans in the Actuarial Gain/(Loss) Reserve. Had the Group followed the practice of recognition of actuarial gains/ losses on the aforesaid defined benefit plans in the Statement of Profit and Loss, Employee Benefits Expenses would have been higher by ₹ 253.75 crore (Previous year higher by ₹ 1,516.50 crore), Tax Expenses (Deferred Tax) would have been lower by ₹ 93.02 crore (Previous year lower by ₹ 452.80 crore), Minority Interest credit would have been lower by ₹ 71.71 crore (Previous year lower by ₹ 50.28 crore), Actuarial Gain/ (Loss) Reserve would have been ₹ Nil (Previous year ₹ Nil) and Foreign Currency Translation Reserve would have been lower by ₹ 150.74 crore (Previous year lower by ₹ 68.65 crore).
2. Note no. 22 to the abridged consolidated financial statement explaining that in compliance to scheme of arrangement under section 391 to 394 of the Companies Act, 1956 approved by the Hon'ble Bombay High Court vide order dated 29th June 2009, the management of the Holding Company during the year has identified and adjusted following against Business Reconstruction Reserve:
  - a. provision for diminution in the carrying value of Investment in one of its Subsidiaries and a Jointly Controlled Entity aggregating to ₹ 35.50 crore,
  - b. impairment loss of ₹ 561.70 crore (deferred tax of ₹ 194.39 crore) related to one of its cash generating units,
  - c. expenses of ₹ 279.46 crore for exited project.

Had the impact of paragraph 1 and 2 be considered, the reported consolidated profit before tax of ₹ 559.56 crore and profit after tax and minority interest of ₹ 44.81 crore respectively, would have been converted in to consolidated loss before tax of ₹ 642.57 crore and loss after tax and minority interest of ₹ 869.91 crore. Further, consolidated share of minority interest would have been ₹ 377.29 crore (loss) against reported minority share of ₹ 449.00 crore (loss).

Our opinion is not qualified in respect of above matters.

**INDEPENDENT AUDITORS' REPORT  
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**Other Matters**

1. We did not audit the financial statements/financial information of eleven subsidiaries and one jointly controlled entity, whose financial statements/financial information reflect total assets of ₹ 8,766.07 crore as at 31<sup>st</sup> March, 2016, total revenue of ₹ 2,314.87 crore and net cash flow amounting to ₹ 15.47 crore for the year then ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 180.58 crore for the year ended 31<sup>st</sup> March 2016, as considered in the consolidated financial statements, in respect of two associates, whose financial statements/financial information have not been audited by us. These financial statements/financial information of subsidiaries, jointly controlled entity and associates have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associates, is based solely on the report of other auditors.
2. We did not audit the consolidated financial statements/financial statements/financial information of three foreign subsidiaries whose consolidated financial statements/financial statements reflect total assets of ₹ 66,829.65 crore (net) as at 31<sup>st</sup> March, 2016, total revenue of ₹ 65,446.49 crore and net cash flow amounting to ₹ 292.34 crore for the year then ended on that date, as considered in the consolidated financial statements. These consolidated financial statements/financial statements/financial information have been prepared by the management of the Holding Company and its subsidiaries in accordance with the generally accepted accounting principles in India and other recognized accounting policies read with point no. 1 under Emphasis of Matter and principles followed by the Holding Company. These financial statements/financial information have been audited by a firm of Chartered Accountants and have been included in the consolidated financial statements of the Group on the basis of their Fit-For-Consolidation Report ("FFC") and our opinion in respect of these foreign subsidiaries are based solely on those FFC reports.
3. We did not audit the consolidated financial statements/financial statements/financial information of two foreign subsidiaries, whose consolidated financial statements/financial statements reflect total assets of ₹ 825.56 crore (net) as at 31<sup>st</sup> March, 2016, total revenue of ₹ 1,006.13 crore and net cash flow amounting to ₹ 241.99 crore for the year ended on that date, as considered in the consolidated financial statements. These consolidated financial statements/financial statements/financial information are audited as per the local law of the respective countries and have been converted by the Management of the Holding Company into Indian GAAP, and our opinion on the consolidated financial statements in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on such financial statement /financial information which have been converted into Indian GAAP by the Management to the extent possible and have been reviewed by us.
4. We did not audit the financial statements/financial information of a foreign subsidiary and a jointly controlled entity, whose financial statements/financial information reflect total assets of ₹ 264.35 crore (net) as at 31<sup>st</sup> March, 2016 (net), total revenue of ₹ 193.11 crore and net cash flow amounting to ₹ 7.33 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information are audited as per the local laws of the respective country and have been converted by the management of respective subsidiary/ jointly controlled entity into Indian GAAP and certified by the management of the respective subsidiary/ jointly controlled entity and provided to us by the management of the Holding Company. Our opinion on the consolidated financial statement in so far as it relates to amount included in respect of these subsidiary and jointly controlled entity is based solely on management certified financial statements and financial information.

Our opinion on the consolidated financial statements is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the management.

**For SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E

**(RAJIV SINGHI)**  
Partner  
Membership No. 53518

Place : Mumbai  
Date : 21<sup>st</sup> July, 2016

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## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### To the Members of Hindalco Industries Limited

**This Audit report on consolidated financial statements which, inter-alia, includes full year financial statements of Aditya Birla Minerals Limited (ABML), Australia, supersedes our earlier audit report dated 28<sup>th</sup> May 2016 issued on consolidated financial statements which was then prepared considering the half yearly consolidated financial statements of ABML.**

We have audited the accompanying consolidated financial statements of **HINDALCO INDUSTRIES LIMITED** ("hereinafter referred to as "the Holding Company") and its Subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group") and its Associates and Jointly Controlled Entities, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor's in term of their report referred to in sub paragraph 1 and 2 of the other matter paragraph is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**INDEPENDENT AUDITORS' REPORT  
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**Emphasis of Matter**

We draw attention to-

1. Note no. 42 to the consolidated financial statements regarding accounting policy of Novelis Inc., a wholly owned subsidiary, with respect to recognition of actuarial losses(net of deferred tax) relating to pension and other post retirement benefit plans in the Actuarial Gain/(Loss) Reserve. Had the Group followed the practice of recognition of actuarial gains/ losses on the aforesaid defined benefit plans in the Statement of Profit and Loss, Employee Benefits Expenses would have been higher by ₹ 253.75 crore (Previous year higher by ₹ 1,516.50 crore), Tax Expenses (Deferred Tax) would have been lower by ₹ 93.02 crore (Previous year lower by ₹ 452.80 crore), Minority Interest credit would have been lower by ₹ 71.71 crore (Previous year lower by ₹ 50.28 crore), Actuarial Gain/(Loss) Reserve would have been ₹ Nil (Previous year ₹ Nil) and Foreign Currency Translation Reserve would have been lower by ₹ 150.74 crore (Previous year lower by ₹ 68.65 crore).
2. Note no. 49 to the consolidated financial statements explaining that in compliance to scheme of arrangement under section 391 to 394 of the Companies Act, 1956 approved by the Hon'ble Bombay High Court vide order dated 29th June 2009, the management of the Holding Company during the year has identified and adjusted following against Business Reconstruction Reserve:
  - a. provision for diminution in the carrying value of Investment in one of its Subsidiaries and a Jointly Controlled Entity aggregating to ₹ 35.50 crore,
  - b. impairment loss of ₹ 561.70 crore(deferred tax of ₹ 194.39 crore) related to one of its cash generating units,
  - c. expenses of ₹ 279.46 crore for exited project.

Had the impact of paragraph 1 and 2 be considered, the reported consolidated profit before tax of ₹ 559.56 crore and profit after tax and minority interest of ₹ 44.81 crore respectively, would have been converted into consolidated loss before tax of ₹ 642.57 crore and loss after tax and minority interest of ₹ 869.91 crore. Further, consolidated share of minority interest would have been ₹ 377.29 crore (loss) against reported minority share of ₹ 449.00 crore (loss).

Our opinion is not qualified in respect of above matters.

**Other Matters**

1. We did not audit the financial statements/financial information of eleven subsidiaries and one jointly controlled entity, whose financial statements/financial information reflect total assets of ₹ 8,766.07 crore as at 31<sup>st</sup> March, 2016, total revenue of ₹ 2,314.87 crore and net cash flow amounting to ₹ 15.47 crore for the year then ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 180.58 crore for the year ended 31<sup>st</sup> March 2016, as considered in the consolidated financial statements, in respect of two associates, whose financial statements/financial information have not been audited by us. These financial statements/financial information of subsidiaries, jointly controlled entity and associates have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associates, is based solely on the report of other auditors.
2. We did not audit the consolidated financial statements/financial statements/ financial information of three foreign subsidiaries whose consolidated financial statements/financial statements reflect total assets of ₹ 66,829.65 crore (net) as at 31<sup>st</sup> March, 2016, total revenue of ₹ 65,446.49 crore and net cash flow amounting to ₹ 292.34 crore for the year then ended on that date, as considered in the consolidated financial statements. These consolidated financial statements/financial statements/financial information have been prepared by the management of the Holding Company and its subsidiaries in accordance with the generally accepted accounting principles in India and other recognized accounting policies read with point no. 1 under Emphasis of Matter and principles followed by the Holding Company. These financial statements/financial information have been audited by a firm of Chartered Accountants and have been included in the consolidated financial statements of the Group on the basis of their Fit-For-Consolidation Report ("FFC") and our opinion in respect of these foreign subsidiaries are based solely on those FFC reports.
3. We did not audit the consolidated financial statements/financial statements/financial information of two foreign subsidiaries, whose consolidated financial statements/financial statements reflect total assets of ₹ 825.56 crore (net) as at 31<sup>st</sup> March, 2016, total revenue of ₹ 1,006.13 crore and net cash flow amounting to ₹ 241.99 crore for the year ended on that date, as considered in the consolidated financial statements. These consolidated financial statements/financial statements/financial information are audited as per the local law of the respective countries and have been converted by the Management of the Holding Company into Indian GAAP, and our opinion on the consolidated financial statements in so far as it relates to the amounts included in respect of these subsidiaries,

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is based solely on such financial statement /financial information which have been converted into Indian GAAP by the management to the extent possible and have been reviewed by us.

4. We did not audit the financial statements/financial information of a foreign subsidiary and a jointly controlled entity, whose financial statements/financial information reflect total assets of ₹ 264.35 crore (net) as at 31<sup>st</sup> March, 2016 (net), total revenue of ₹ 193.11 crore and net cash flow amounting to ₹ 7.33 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information are audited as per the local laws of the respective country and have been converted by the management of respective subsidiary/jointly controlled entity into Indian GAAP and certified by the management of the respective subsidiary/jointly controlled entity and provided to us by the management of the Holding Company. Our opinion on the consolidated financial statement in so far as it relates to amount included in respect of these subsidiary and jointly controlled entity is based solely on Management certified financial statements and financial information.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below are not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the management.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143 (3) of the Act, we report that:-

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements read with the our observations made in Emphasis of Matter paragraph, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard (AS) - 30 to the extent it relates to Derivative Accounting, as prescribed by Institute of Chartered Accountants of India.
- (e) On the basis of the written representations received from the directors of the Holding Company and Subsidiary Companies as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and Subsidiary Companies incorporated in India, none of the directors of the Holding Company and Subsidiary Companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group – Refer note no. 52A(a), 52A(c)(iii) and 52A(c)(iv) to the consolidated financial statements.
  - ii. the Group has long-term contracts including derivative contracts as at 31<sup>st</sup> March, 2016 for which there were no material foreseeable losses.
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiaries, Associates and Jointly Controlled Entities incorporated in India, except a sum of ₹ 0.09 crore which are held in abeyance due to pending legal cases.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**(RAJIV SINGHI)**

Partner

Membership No. 53518

Place : Mumbai

Date : 21<sup>st</sup> July, 2016

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**Annexure - A to the Auditor's Report**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2016, we have audited the internal financial controls over financial reporting of Hindalco Industries Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place : Mumbai  
Date : 21<sup>st</sup> July, 2016

**For SINGHI & CO.**  
Chartered Accountants  
Firm Registration No. 302049E

**(RAJIV SINGHI)**  
Partner  
Membership No. 53518

Abridged Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016

	As at 31/03/2016	(₹ Crore) As at 31/03/2015
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Shareholders' Funds</b>		
Paid-up Share Capital	206.52	206.52
Equity Share Capital		
Reserves and Surplus		
Capital Reserve	503.22	509.85
Capital Redemption Reserve	103.67	103.67
Securities Premium Account	5,682.03	5,681.37
Debenture Redemption Reserve	603.06	452.17
Actuarial Gain/ (Loss) Reserve (refer Note No. 16)	(2,720.26)	(2,337.08)
Employees Stock Options Outstanding	24.89	16.82
Foreign Currency Translation Reserve	2,412.79	1,615.07
Hedging Reserve	625.99	96.24
Special Reserve	13.76	12.54
Business Reconstruction Reserve (refer Note No. 22)	5,799.30	6,481.58
General Reserve	21,388.35	21,415.28
Surplus in the Statement of Profit and Loss	3,770.48	4,074.51
	<u>38,207.28</u>	<u>38,122.02</u>
	<b>38,413.80</b>	<b>38,328.54</b>
	<b>388.80</b>	<b>956.11</b>
<b>Minority Interest</b>		
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	58,176.16	55,386.18
Deferred Tax Liabilities (Net)	3,330.34	3,948.14
Other Long-Term Liabilities	797.70	815.03
Long-Term Provisions	7,355.01	6,562.29
	<u>69,659.21</u>	<u>66,711.64</u>
<b>Current Liabilities</b>		
Short-Term Borrowings	8,768.59	11,671.98
Trade Payables	14,122.10	15,500.52
Other Current Liabilities	6,943.31	8,313.75
Short-Term Provisions	1,865.62	1,656.33
	<u>31,699.62</u>	<u>37,142.58</u>
	<b>140,161.43</b>	<b>143,138.87</b>
<b><u>ASSETS</u></b>		
<b>Non-Current Assets</b>		
Fixed Assets:		
Tangible Assets	63,124.74	54,590.71
Intangible Assets	17,534.91	17,368.05
Capital Work-in-Progress	4,057.64	13,913.97
Intangible Assets under Development	<u>143.77</u>	<u>197.30</u>
	84,861.06	86,070.03
Non-Current Investments	6,558.36	5,726.41
Deferred Tax Assets (Net)	1,599.77	1,392.96
Long-Term Loans and Advances	1,521.90	2,368.66
Other Non-Current Assets	501.36	329.01
	<u>95,042.45</u>	<u>95,887.07</u>
<b>Current Assets</b>		
Current Investments	7,765.51	6,619.93
Inventories	16,730.96	18,451.13
Trade Receivables	7,941.35	9,186.43
Cash and Bank Balances	4,312.02	5,308.99
Short-Term Loans and Advances	4,831.36	5,204.37
Other Current Assets	<u>3,537.78</u>	<u>2,480.95</u>
	<u>45,118.98</u>	<u>47,251.80</u>
	<b>140,161.43</b>	<b>143,138.87</b>

Significant Accounting Policies (refer Note No. 2)

The accompanying Notes are an integral part of the Abridged Consolidated Financial Statements

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Praveen Kumar Maheshwari  
CFO

Anil Malik  
Company Secretary

For and on behalf of the Board of  
Hindalco Industries Limited

Kumar Mangalam Birla – Chairman  
DIN-00012813

D. Bhattacharya – Managing Director  
DIN-00033553

M.M. Bhagat – Director  
DIN-00006245

Place : Mumbai  
Dated : 21<sup>st</sup> July, 2016

**Abridged Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016**

	Year Ended 31/03/2016	Year Ended 31/03/2015	(₹ Crore)
<b>INCOME</b>			
Revenue from Operations:			
Gross Revenue from Operations	102,484.77	106,695.56	
Less: Excise Duty	<b>2,442.61</b>	<b>2,414.46</b>	
Net Revenue from Operations	100,042.16	104,281.10	
Other Income	1,215.30	1,104.74	
<b>Total Income</b>	<b>101,257.46</b>	<b>105,385.84</b>	
<b>EXPENSES</b>			
Purchases of Stock-in-Trade	1.48	36.55	
Cost of Materials Consumed	58,100.95	66,133.05	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	1,285.22	(1,237.89)	
Employee Benefits Expenses	8,238.34	7,991.23	
Power and Fuel	9,316.92	8,378.56	
Finance Costs	5,048.94	4,178.42	
Depreciation and Amortization	4,126.56	3,493.38	
Impairment Loss/ (Reversal) (Net)	160.63	97.18	
Other Expenses	14,307.72	14,035.03	
<b>Total Expenses</b>	<b>100,586.76</b>	<b>103,105.51</b>	
Profit before Exceptional Items and Tax	670.70	2,280.33	
Exceptional Items (Net)	576.53	1,940.10	
<b>Profit before Tax</b>	<b>94.17</b>	<b>340.23</b>	
<b>Tax Expenses:</b>			
Current Tax	1,038.99	1,016.64	
MAT Credit Entitlement	(126.33)	(602.97)	
Deferred Tax	(397.88)	(124.64)	
Tax Adjustments for earlier years (Net)	(0.03)	(32.65)	
<b>Profit/ (Loss) for the period from Continuing Operations</b>	<b>(420.58)</b>	<b>83.85</b>	
Profit/ (Loss) from Discontinuing Operations	(158.51)	-	
<b>Profit/ (Loss) before Minority Interest and share in Associates</b>	<b>(579.09)</b>	<b>83.85</b>	
Share in Profit/ (Loss) of Associates (Net)	174.90	174.70	
<b>Profit/ (Loss) before Minority Interest</b>	<b>(404.19)</b>	<b>258.55</b>	
Minority Interest in Profit/ (Loss) (Net)	(449.00)	(595.66)	
<b>Profit/ (Loss) for the year</b>	<b>44.81</b>	<b>854.21</b>	
<b>Earnings per Share (EPS):</b>			
Basic EPS (₹)	0.22	4.14	
Diluted EPS (₹)	0.22	4.13	

The accompanying Notes are an integral part of the Abridged Consolidated Financial Statements

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Place : Mumbai

Dated : 21<sup>st</sup> July, 2016

Praveen Kumar Maheshwari  
CFO

Anil Malik  
Company Secretary

*For and on behalf of the Board of  
Hindalco Industries Limited*

Kumar Mangalam Birla – Chairman  
DIN-00012813  
D. Bhattacharya – Managing Director  
DIN-00033553  
M.M. Bhagat – Director  
DIN-00006245

## Abridged Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016

	Year Ended 31/03/2016	Year Ended 31/03/2015
(₹ Crore)		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Cash generated/ (used) - Operating Activities	10,270.98	7,143.08
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Net Cash Generated/ (Used) - Investing Activities	(3,281.15)	(3,793.09)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Cash Generated/ (Used) - Financing Activities	<b>(7,259.43)</b>	<b>(2,437.08)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	(269.60)	912.91
Add : Opening Cash and Cash Equivalents	4,370.52	3,537.17
Add : Cash and Cash Equivalents on Acquisition/ Disposal	(1.74)	-
Add : Foreign Exchange variation on Cash and Cash Equivalents	62.17	(79.56)
Closing Cash and Cash Equivalents	<b>4,161.35</b>	<b>4,370.52</b>

**Notes:**

1. Details of Cash and Cash Equivalents are as under:

	As at 31/03/2016	As at 31/03/2015
<b>Cash and Cash Equivalents</b>		
Balance with Banks:		
Deposits with less than 3 months initial maturity	1,492.91	1,237.32
Current Accounts	2,615.45	3,117.75
Cheques and drafts on hand	52.51	14.81
Cash on hand	0.48	0.64
	<b>4,161.35</b>	<b>4,370.52</b>

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants  
Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Place : Mumbai

Dated : 21<sup>st</sup> July, 2016

Praveen Kumar Maheshwari  
CFO

Anil Malik  
Company Secretary

*For and on behalf of the Board of  
Hindalco Industries Limited*

Kumar Mangalam Birla – Chairman  
DIN-00012813  
D. Bhattacharya – Managing Director  
DIN-00033553  
M.M. Bhagat – Director  
DIN-00006245



Notes forming part of the Abridged Consolidated Financial Statements

1. Principles of Consolidation

The Consolidated Financial Statements (CFS) relate to Hindalco Industries Limited (the Company) and its subsidiaries (the Company and its subsidiaries together referred to as “the Group”) and its interest in Associates and Joint Ventures. The CFS have been prepared in accordance with Accounting Standard 21 on “Consolidated Financial Statements” (AS 21), Accounting Standard 23 on “Accounting for Investments in Associates in Consolidated Financial Statements” (AS 23) and Accounting Standard 27 on “Financial reporting of interests in Joint Ventures” (AS 27) and are prepared on the following basis:

- (a) The financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating inter-group balances and inter-group transactions including unrealized profits/losses in period end assets, such as inventories, fixed assets etc. The difference between the Company’s cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve on consolidation, as the case may be. Minority Interest’s share in net profit/loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest’s share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company’s shareholders. Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration:
  - (i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
  - (ii) The minorities’ share of movement in equity since the date parent-subsidiary relationship came into existence.
  - (iii) The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
  - (iv) The excess of loss over the minority interest in the equity, is adjusted against General Reserve of the Company.
- (b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognized in the “Foreign Currency Translation Reserve”.
- (c) Investments in Associates are accounted for using equity method in accordance with AS 23. For this purpose investments are initially recorded at cost. Any Goodwill/Capital Reserve arising at the time of acquisition are identified and carrying amount of investment are adjusted thereafter for the post acquisition share of profits or losses. Adjustment for any change in equity that has not been included in the profit and loss account are directly made in the carrying amount of investments without routing it through the consolidated profit and loss account. The corresponding debit/credit are made in the relevant head of the equity interest in the Consolidated Balance Sheet.
- (d) Interests in jointly controlled entities, where the Company is a direct venturer, are accounted for using proportionate consolidation in accordance with AS 27. The difference between costs of the Company’s interests in jointly controlled entities over its share of net assets in the jointly controlled entities, at the date on which interest is acquired, is recognized in the CFS as Goodwill or Capital Reserve as the case may be.
- (e) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the CFS and are presented in the same manner as the Company’s separate financial statements except otherwise stated elsewhere in this schedule.

2. Significant Accounting Policies

A. Accounting Convention

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on an accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with

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Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). All the assets and liabilities are classified as current or non-current as per the criteria set out in Schedule III to the Companies Act, 2013. In the absence of any specific guidance being available under generally accepted accounting principles in India on accounting for business combination through purchase of shares (to the extent not covered under Accounting Standard 14 on 'Accounting for Amalgamations' and under Accounting Standard 10 on 'Accounting for Fixed Assets'), the Company has adopted the principles of International Financial Reporting Standards 3 (IFRS 3 - Accounting for Business Combinations), effective from financial year ended 31<sup>st</sup> March 2008. Accordingly, the aggregate of consideration (purchase price and transaction costs) paid by the acquirer company has been allocated to the assets acquired and liabilities assumed of the acquiree company, at their acquisition-date fair values.

#### **B. Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

#### **C. Fixed Assets**

- (a) Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition and any obligatory decommissioning costs for its intended use.
- (b) Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any. Cost includes any directly attributable expenditure on making the asset ready for its intended use.
- (c) Machinery spares which can be used only in connection with an item of Tangible Asset and whose use is not of regular nature are written off over the estimated useful life of the relevant asset.
- (d) Certain directly attributable pre-operative expenses during construction period are included under Capital Work-in-Progress. These expenses are allocated to the cost of Fixed Assets when the same are ready for intended use.

#### **D. Depreciation and Amortization**

- (a) Depreciation on Tangible Fixed Assets are provided using Straight Line Method based on estimated useful life or on the basis of depreciation rates prescribed under respective local laws.
- (b) Intangible Assets other than Mining Rights and Goodwill on Consolidation are amortized over their estimated useful lives on straight line basis. Mining Rights are amortized over the period of lease on straight line basis or on the basis of production, proportional to mineral resources expected to be ultimately economically recoverable, whichever is higher. Goodwill on Consolidation is subject to impairment testing.
- (c) Depreciation on assets acquired under finance lease is spread over the lease term.

#### **E. Impairment**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount except in the case of goodwill on consolidation for which specific external event of an exceptional nature that caused impairment loss has actually reversed the effect of that event.

#### **F. Leases**

- (a) Lease payments under an operating lease are recognized as expense in the profit and loss account as per terms of lease agreement.
- (b) Finance leases prior to 1<sup>st</sup> April, 2001: Lease rental recognized as expense in the profit and loss account as per terms of lease agreement.
- (c) Finance leases on or after 1<sup>st</sup> April, 2001: The lower of the fair value of the assets and the present value of the minimum lease rental is recorded as fixed assets with corresponding amount shown as unsecured Loan. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to profit and loss account as interest cost.

**G. Investments**

- (a) Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.
- (b) Current investments are stated at lower of cost and fair value.

**H. Inventories**

- (a) Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Inventory of other items are valued 'at Cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. However, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.
- (b) Fair value hedges are mainly used to hedge the exposure to change in fair value of commodity price risks. The fair value adjustment remains part of the carrying value of inventory and enters into the determination of earnings when the inventory is sold.

**I. Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency monetary item is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise. Foreign currency monetary items which are used as hedge instruments or hedged items are accounted as per accounting policy on Derivative Financial Instruments.

**J. Employee benefits**

Employee benefits of short term nature are recognized as expense as and when these accrue. Long term employee benefits and post employment benefits, whether funded or otherwise, are recognized as expense based on actuarial valuation at year end using the projected unit credit method. For discounting purpose, market yield of government bonds at the balance sheet date is used except in case of Novelis Inc. for which such discounting is done on the basis of high quality country-specific corporate bond yield. Actuarial gains or losses are recognized immediately in the Statement of Profit & Loss except in case of Novelis Inc. for which such gains or losses are accounted directly in Reserves and Surplus as it is not considered practicable to adopt a common accounting policy due to potential volatility caused by periodic changes in the assumptions underlying the computation of the actuarial liabilities.

**K. Employee Share Based Payments**

Equity settled stock options granted to employees pursuant to the Company's stock option schemes are accounted for as per the intrinsic value method prescribed by Employee Stock Option Scheme and permitted by the SEBI guidelines and the Guidance Note on Share Based Payment issued by the Institute of Chartered Accountants of India (ICAI). The intrinsic value of the option being excess of market value of the underlying share at the date of grant of option, over its exercise price is recognised as deferred employee compensation with a credit to Employees Stock Options Outstanding Account. The deferred employee compensation is amortized to Statement of Profit and Loss on straight line basis over the vesting period of the option. In case of forfeiture of option which is not vested, amortised portion is reversed by credit to employee compensation expense. In a situation where the stock option expires unexercised, the related balance standing to the credit of the employees Stock Options Outstanding Account are transferred to the General Reserve.

**L. Revenue Recognition**

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates. Dividend income on investments is accounted for when the right to receive the payment is established. Export incentive, certain insurance, railway and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

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**M. Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on temporary investment of those borrowings is deducted from the borrowing costs incurred.

**N. Taxation**

- (a) Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference.
- (b) Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of credit to Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**O. Derivative Financial Instruments**

- (a) The Company uses derivative financial instruments such as Forwards, Swaps, Options, Futures etc. to hedge its risks associated with foreign exchange fluctuations. Risks associated with fluctuations in the price of the products (Copper, Alumina, Aluminium, Coal and Precious metals) are minimized by undertaking hedging using appropriate derivative instruments. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts. In some cases, the embedded derivatives may be designated in a hedge relationship. The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. All such derivative financial instruments are used as risk management tools only and not for speculative purposes.
- (b) For derivative financial instruments and foreign currency monetary items designated as Cash Flow hedges, the effective portion of the fair value of the hedge instruments are recognized in Hedging Reserve and reclassified to 'Revenue from Operations', 'Cost of Materials Consumed' or 'Other Expenses' in the period in which the Statement of Profit and Loss is impacted by the hedged items or in the period when the hedge relationship no longer qualifies as cash flow hedge. In cases where the exposure gives rise to a non-financial asset, the effective portion is reclassified from Hedging Reserve to the initial carrying amount of the non-financial asset as a 'basis adjustment' and recycled to the Statement of Profit and Loss when and the manner in which the respective non-financial asset affects the Statement of Profit and Loss in future periods. The ineffective portion of the change in fair value of such instruments is recognised in the Statement of Profit and Loss in the period in which they arise. If the hedging relationship ceases to be effective or it becomes probable that the expected forecast transaction will no longer occur, hedge accounting is discontinued and the fair value changes arising from the derivative financial instruments are recognized in Other Expenses in the Statement of Profit and Loss.
- (c) For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized in 'Revenue from Operations', 'Cost of Materials Consumed' or 'Other Expenses' in the Statement of Profit and Loss till the period the relationship is found to be effective. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in 'Other Expenses' in the Statement of Profit and Loss.
- (d). If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through Statement of Profit and Loss and included in 'Other Expenses'.

**P. Research and Development**

Expenditure incurred during research and development phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.



**Q. Government Grants**

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Statement of Profit and Loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

**R. Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

3. The list of subsidiaries, joint ventures and associates which are included in the CFS of the Group and the Group's effective ownership interest therein are as under:

Name of the Company	Relationship	Country of Incorporation	Group's proportion of ownership interest	
			31/03/2016	31/03/2015
Minerals & Minerals Limited	Subsidiary	India	100.00%	100.00%
Aditya Birla Chemicals (India) Limited *	Subsidiary	India	-	54.65%
Aditya Birla Chemicals (Belgium) BVBA *	Subsidiary	Belgium	-	54.65%
Utkal Alumina International Limited	Subsidiary	India	100.00%	100.00%
Suvas Holdings Limited	Subsidiary	India	51.00%	51.00%
Renukeshwar Investments & Finance Limited	Subsidiary	India	100.00%	100.00%
Renuka Investments & Finance Limited	Subsidiary	India	100.00%	100.00%
Dahej Harbour and Infrastructure Limited	Subsidiary	India	100.00%	100.00%
Lucknow Finance Company Limited	Subsidiary	India	100.00%	100.00%
Hindalco-Almex Aerospace Limited	Subsidiary	India	97.18%	97.18%
Tubed Coal Mines Limited	Subsidiary	India	60.00%	60.00%
East Coast Bauxite Mining Company Private Limited	Subsidiary	India	74.00%	74.00%
Mauda Energy Limited	Subsidiary	India	100.00%	100.00%
Utkal Alumina Technical & General Services Limited	Subsidiary	India	100.00%	100.00%
Birla Resources Pty Limited	Subsidiary	Australia	100.00%	100.00%
Aditya Birla Minerals Limited - (a)	Subsidiary	Australia	51.00%	51.00%
AV Minerals (Netherlands) N.V.	Subsidiary	Netherland	100.00%	100.00%
AV Metals Inc.	Subsidiary	Canada	100.00%	100.00%
Novelis Inc. - (b)	Subsidiary	Canada	100.00%	100.00%
Hindalco Do Brasil Industria Comercia de Alumina Ltda - (c)	Subsidiary	Brazil	100.00%	100.00%
Hindalco Guinea SARL	Subsidiary	South Africa	100.00%	100.00%
Mahan Coal Limited	Joint Venture	India	50.00%	50.00%
MNH Shakti Limited	Joint Venture	India	15.00%	15.00%
Hydromine Global Minerals (GmbH) Limited	Joint Venture	British Virgin Islands	45.00%	45.00%
Idea Cellular Limited	Associate	India	6.34%	6.35%
Aditya Birla Science and Technology Company Private Limited	Associate	India	49.00%	49.00%

\*With effect from 1<sup>st</sup> April, 2015, ceases as subsidiary. (refer Note No. 46 of Audited CFS)

- (a). For the purpose of consolidation, the consolidated financial statements of Aditya Birla Minerals Limited reflecting consolidation for following entities as at 31<sup>st</sup> March, 2016 prepared in accordance with International Financial Reporting Standards have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.



Name of the Company	Relationship	Country of Incorporation	Group's proportion of ownership interest	
			31/03/2016	31/03/2015
Birla Maroochydore Pty Limited #	Subsidiary	Australia	51.00%	51.00%
Birla Nifty Pty Limited #	Subsidiary	Australia	51.00%	51.00%
Birla Mt. Gordon Pty Limited # *	Subsidiary	Australia	-	51.00%

# Group's proportion of voting power is 100%.

\* Disposed during FY 2015-16.

- (b). For the purpose of consolidation, the consolidated financial statements of Novelis Inc. reflecting consolidation for following entities as at 31<sup>st</sup> March, 2016 have been prepared in accordance with Generally Accepted Accounting Principles in India and other recognized accounting practices and policies followed by the Company.

Name of the Company	Relationship	Country of Incorporation	Group's proportion of ownership interest	
			31/03/2016	31/03/2015
Albrasilis - Alumínio do Brasil Industria e Comercio Ltda. *	Subsidiary	Brazil	-	99.99%
Novelis do Brasil Ltda.	Subsidiary	Brazil	99.99%	99.99%
Brecha Energetica Ltda.	Subsidiary	Brazil	99.99%	99.99%
Brito Energetica Ltda.	Subsidiary	Brazil	99.99%	99.99%
4260848 Canada Inc.	Subsidiary	Canada	100.00%	100.00%
4260856 Canada Inc.	Subsidiary	Canada	100.00%	100.00%
8018227 Canada Inc	Subsidiary	Canada	100.00%	100.00%
8018243 Canada Limited \$	Subsidiary	Canada	-	100.00%
Novelis (China) Aluminum Products Co. Limited	Subsidiary	China	100.00%	100.00%
Novelis (Sanghai) Aluminum Trading Company	Subsidiary	China	100.00%	100.00%
Novelis Lamines France SAS	Subsidiary	France	100.00%	100.00%
Novelis PAE SAS	Subsidiary	France	100.00%	100.00%
Novelis Aluminium Beteiligungs GmbH	Subsidiary	Germany	100.00%	100.00%
Novelis Deutschland GmbH	Subsidiary	Germany	100.00%	100.00%
Novelis Sheet Ingot GmbH	Subsidiary	Germany	100.00%	100.00%
Novelis Aluminium Holding Company	Subsidiary	Ireland	100.00%	100.00%
Novelis Italia SpA	Subsidiary	Italy	100.00%	100.00%
Aluminum Company of Malaysia Berhad	Subsidiary	Malaysia	59.15%	59.15%
Alcom Nikkei Specialty Coatings Sdn Berhad #	Subsidiary	Malaysia	59.15%	59.15%
Al Dotcom Sdn Berhad # *	Subsidiary	Malaysia	-	59.15%
Novelis (India) Infotech Ltd.	Subsidiary	India	100.00%	100.00%
Novelis de Mexico SA de CV	Subsidiary	Mexico	99.99%	99.99%
Novelis Korea Ltd.	Subsidiary	South Korea	100.00%	100.00%
Novelis AG	Subsidiary	Switzerland	100.00%	100.00%
Novelis Switzerland SA	Subsidiary	Switzerland	100.00%	100.00%
Novelis Europe Holdings Limited	Subsidiary	UK	100.00%	100.00%
Novelis UK Ltd.	Subsidiary	UK	100.00%	100.00%
Aluminum Upstream Holdings LLC \$	Subsidiary	USA	-	100.00%
Eurofoil, Inc. (USA) \$	Subsidiary	USA	-	100.00%

Name of the Company	Relationship	Country of Incorporation	Group's proportion of ownership interest	
			31/03/2016	31/03/2015
Logan Aluminium Inc. ##	Subsidiary	USA	40.00%	40.00%
Novelis Corporation	Subsidiary	USA	100.00%	100.00%
Novelis Services Limited	Subsidiary	UK	100.00%	100.00%
Novelis Global Employment Organization (Formerly known as PAE Corp)	Subsidiary	USA	100.00%	100.00%
Novelis South America Holdings LLC	Subsidiary	USA	100.00%	100.00%
Novelis Acquisitions LLC	Subsidiary	USA	100.00%	100.00%
Novelis Holdings Inc.	Subsidiary	USA	100.00%	100.00%
Novelis Delaware LLC \$	Subsidiary	USA	-	100.00%
Novelis Services (North America) Inc.	Subsidiary	USA	100.00%	100.00%
Novelis Vietnam Company Limited	Subsidiary	Vietnam	100.00%	100.00%
Novelis MEA Limited	Subsidiary	UAE	100.00%	100.00%
Novelis Asia Holdings (Singapore) Pte. Limited *	Subsidiary	Singapore	-	100.00%
France Aluminium Recyclage SA	Associate	France	20.00%	20.00%
Aluminium Norf GmbH	Associate	Germany	50.00%	50.00%
Deutsche Aluminium Verpackung Recycling GmbH	Associate	Germany	30.00%	30.00%

# Group's proportion of voting power is 100%.

## Subsidiary on account of management control.

\* Disposed/Dissolved during FY 2015-16.

\$ Amalgamated with Novelis Inc./Novelis Group Companies during FY 2015-16.

(c) Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016 of Hindalco Do Brasil Industria Comercia de Alumina Ltda, a subsidiary of the Company, prepared under local GAAP, has been converted in Indian GAAP by the management for incorporation in Consolidated Financial Statements.

4. Accounting Policy in respect of "Environment and Rehabilitation Expenditure" followed by the Company's Australian subsidiaries namely Aditya Birla Minerals Limited, Birla Maroochydore Pty Limited, Birla Nifty Pty Limited, Birla Mt. Gordon Pty Limited and Birla Resources Pty Limited are different from the accounting policies followed by the Company. The difference between the accounting policy followed and the amount involved is given below:

Accounting Policy		2015-16		2014-15	
Parent	Subsidiary	₹ crore	Proportion	₹ crore	Proportion
The cost of reclamation of mined out land, forestation are treated as part of "Cost of Materials Consumed" when cost incurred.	Provision for estimated future cost of environmental and rehabilitation using net present value are made and capitalized as mine properties and amortized over remaining life of the mine. Any change in net present value at Balance Sheet date is considered as finance cost.	160.55	100%	361.40	100%

Further, in view of different sets of environment in which foreign subsidiaries operate in their respective countries, provision for depreciation is made to comply with local laws and by use of management estimate. It is practically not possible to align rates of depreciation of such subsidiaries with those of the Company. However on review, the management is of the opinion that provision of such depreciation is adequate.

**5. Interests in Joint Ventures:**

The Group's interests in jointly controlled entities are accounted for using proportionate consolidation. The aggregate amount of each of the assets, liabilities, income, expenditure, contingent liabilities and commitments related to the Group's interests in its jointly controlled entities are given below:

	(₹ crore)	
	As at	
	31/03/2016	31/03/2015
<b>BALANCE SHEET</b>		
<b>Equity and Liabilities</b>		
<b>Shareholders' Funds</b>		
Share Capital	242.75	242.25
Reserves and Surplus	(26.78)	(26.35)
	<b>215.97</b>	<b>215.90</b>
<b>Share Application Money pending allotment</b>	0.55	0.11
<b>Non-Current Liabilities</b>		
Long-Term Provisions	-	-
	-	-
<b>Current Liabilities</b>		
Short-Term Borrowings	0.17	0.09
Trade Payables	0.01	0.01
Other Current Liabilities	0.54	0.60
Short-Term Provisions	0.01	0.15
	<b>0.73</b>	<b>0.85</b>
	<b>217.25</b>	<b>216.86</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	3.46	3.60
Intangible Assets	-	-
Capital Work-in-Progress	31.56	30.72
Intangible Assets under Development	3.28	3.46
Other Non-Current Assets	0.08	0.08
	<b>38.38</b>	<b>37.86</b>
<b>Current Assets</b>		
Cash and Bank Balances	6.02	5.21
Short-Term Loans and Advances	101.56	2.34
Other Current Assets	71.29	171.45
	<b>178.87</b>	<b>179.00</b>
	<b>217.25</b>	<b>216.86</b>

**STATEMENT OF PROFIT AND LOSS**

	(₹ crore)	
	Year ended	
	31/03/2016	31/03/2015
<b>Income</b>		
Other Income	0.06	0.03
Total Income	<b>0.06</b>	<b>0.03</b>
<b>Expenses</b>		
Employee Benefits Expenses	0.40	-
Power and Fuel	0.01	-
Depreciation and Amortization	0.03	0.03
Other Expenses	(0.77)	6.57
<b>Total Expenses</b>	<b>(0.33)</b>	<b>6.60</b>
Profit before Tax and	0.39	(6.57)
	-	20.72
	<b>0.39</b>	<b>(27.29)</b>
Current Tax	-	0.01
Profit/(Loss) for the year	<b>0.39</b>	<b>(27.30)</b>

	(₹ crore)	
	As at	
	31/03/2016	31/03/2015
<b>Contingent Liabilities and Commitments</b>		
Claims against the Company not acknowledged as debts	0.37	0.27
Guarantees outstanding	-	16.71
Capital Commitments (Net of Advances)	-	0.47
6. This Abridged Consolidated Financial Statements has been compiled from Audited Consolidated Financial Statements of the Company and containing the salient features of Balance Sheet and Statement of Profit and Loss as per first proviso to sub-section 1 of section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014. Complete set of Consolidated Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and notes thereto prepared as per the requirements of Schedule III of the Companies Act, 2013 are available at the Company's website at link <a href="http://www.hindalco.com">www.hindalco.com</a> .		
7. Aggregate book value of Quoted and Unquoted Investments, market value of Quoted Investments and aggregate provision for diminution in value of Investments are given below:		

	(₹ crore)			
	As at 31/03/2016		As at 31/03/2015	
	Non-Current	Current	Non-Current	Current
Aggregate amount of Unquoted Investments	4,343.61	7,408.57	3,848.35	6,278.26
Aggregate amount of Quoted Investments	2,214.75	356.94	1,878.06	341.67
Aggregate market value of Quoted Investments	5,727.66	368.20	7,199.23	354.76
Aggregate provision for diminution in value of Investments	0.03	7.57	0.85	7.19

**8. Note No. 9 of Audited Consolidated Financial Statements**

**Deferred Tax Liabilities (Net):**

Major components of Deferred Tax arising on account of temporary timing differences are given below:

	(₹ crore)	
	As at	
	31/03/2016	31/03/2015
<b>Deferred Tax Liabilities</b>		
Depreciation and Amortization Expenses	7,446.68	6,454.32
Inventory Valuation Reserves	431.43	628.39
Other Timing Differences	688.81	269.90
	<b>8,566.92</b>	<b>7,352.61</b>
<b>Less: Deferred Tax Assets</b>		
Unabsorbed Business Losses	727.99	554.86
Employee's Separation and Retirement Expenses	130.60	112.05
Provision for Doubtful Debts, Loans and Advances	1,439.53	1,324.56
Unabsorbed Depreciation	2,553.32	1,411.53
Other Timing Differences	385.14	1.47
	<b>5,236.58</b>	<b>3,404.47</b>
	<b>3,330.34</b>	<b>3,948.14</b>

**9. Note No. 18 of Audited Consolidated Financial Statements**

**Deferred Tax Assets (Net):**

Major components of Deferred Tax arising on account of temporary timing differences are given below:

	(₹ crore)	
	As at	
	31/03/2016	31/03/2015
<b>Deferred Tax Assets</b>		
Unabsorbed Business Losses	426.42	361.69
Employee's Separation and Retirement Expenses	-	6.98
Provision for Doubtful Debts, Loans and Advances	1,280.42	1,048.53
Unabsorbed Depreciation	135.89	134.59
Other Timing Differences	57.65	310.62
	<b>1,900.38</b>	<b>1,862.41</b>

	(₹ crore)	
	As at	
	<u>31/03/2016</u>	<u>31/03/2015</u>
<b>Less: Deferred Tax Liabilities</b>		
Depreciation and Amortization Expenses	159.28	404.34
Inventory Valuation Reserves	55.19	4.26
Other Timing Differences	86.14	60.85
	<u>300.61</u>	<u>469.45</u>
	<u>1,599.77</u>	<u>1,392.96</u>

**10. Note No. 27 of Audited Consolidated Financial Statements****Revenue from Operations:**

	(₹ crore)	
	Year ended	
	<u>31/03/2016</u>	<u>31/03/2015</u>
Sale of Products	101,820.30	105,913.44
Sale of Services	41.84	38.45
Other Operating Revenues	622.63	743.67
Gross Revenue from Operations	102,484.77	106,695.56
Less: Excise Duty	2,442.61	2,414.46
Net Revenue from Operations	<u>100,042.16</u>	<u>104,281.10</u>

**11. Note No. 35 of Audited Consolidated Financial Statements****Impairment Loss/(Reversal) (Net):**

Impairment Loss - (a) & (b)	722.33	192.44
Adjusted with Business Reconstruction Reserve (refer Note No. 49 (b))	561.70	95.26
	<u>160.63</u>	<u>97.18</u>

The Group has carried out impairment test of various assets and identified following impairment loss:

- (a). The Company has recognised impairment loss of ₹ 561.70 crore arising on declining commodity prices relating to Muri Alumina Unit, one of its cash generating unit of Aluminium Business, using value in use basis for recoverable amount.
- (b). ₹ 160.63 crore (including ₹ 146.92 crore towards Capital Work-in-Progress) as a result of uneconomical operation of the certain assets of Novelis Inc, subsidiary of the Company.

**12. Note No. 37 of Audited Consolidated Financial Statements****Exceptional Items (Net):**

	(₹ crore)	
	Year ended	
	<u>31/03/2016</u>	<u>31/03/2015</u>
Exceptional Expenses - (a)	576.53	2,210.32
Exceptional Income	-	(270.22)
	<u>576.53</u>	<u>1,940.10</u>

- (a). Represent impairment of Fixed Assets ₹ 450.91 crore and write down in value of inventories ₹ 125.62 crore of Birla Nifty Pty Limited, a subsidiary of the Company, as a result of potential decrease in Cu grade in the ore for remaining life of the mine, economically unviable of recovery of copper and change in macro economic conditions.

**13. Note No. 39 of Audited Consolidated Financial Statements****Discontinued Operations:**

Aditya Birla Minerals Limited, one of subsidiaries of the Company, sold Mt Gordon operation to Lighthouse Minerals Holdings Pty Limited (Lighthouse) by way of sale of its 100% shareholding in Birla Mt. Gordon Pty Limited to Lighthouse. The signing of the sale transaction occurred on 20<sup>th</sup> September, 2015 and the completion of the transaction took place on 27<sup>th</sup> October, 2015 subsequent to fulfillment of all conditions



precedent. The results of Mt Gordon have been reported as a discontinued operation which details are given below:

	(₹ crore)
<b>INCOME</b>	
Other Income	0.81
	<b>0.81</b>
<b>EXPENSES</b>	
Finance Costs	3.48
Depreciation and Amortization	1.77
Impairment Loss	141.41
Other Expenses	12.66
	<b>159.32</b>
Profit/(Loss) before Tax	(158.51)
Tax Expenses	-
Net Profit/(Loss) from Discontinuing Operations	<b>(158.51)</b>

**14. Note No. 40 of Audited Consolidated Financial Statements**

**Earnings per Share (EPS):**

	<b>Year ended</b>	
	<b>31/03/2016</b>	<b>31/03/2015</b>
Profit for the period (₹ crore)	44.81	854.21
Weighted average number of shares used in the calculation of EPS:		
Weighted average number of equity shares for computing basic EPS	2,064,985,267	2,064,821,218
Dilutive impact of Employee Stock Options Scheme	1,298,140	1,834,285
Weighted average number of equity shares for computing diluted EPS	2,066,283,407	2,066,655,503
Face value of per share (₹)	1.00	1.00
Basic EPS (₹)	0.22	4.14
Diluted EPS (₹)	0.22	4.13

**15. Note No. 41 of Audited Consolidated Financial Statements**

For the year ended 31<sup>st</sup> March, 2016, the Board of Directors of the Company in the meeting held on 28<sup>th</sup> May, 2016 have recommended dividend of ₹ 1.00 per share (Previous year ₹ 1.00 per share) to equity shareholders aggregating to ₹ 248.54 crore (Previous year ₹ 246.09 crore) including Dividend Distribution Tax.

**16. Note No. 42 of Audited Consolidated Financial Statements**

In accordance with the accounting policy for accounting of actuarial gains or losses relating to pension and other post retirement employee benefit plans of Novelis Inc., the Group has recognised actuarial gains/losses (net of deferred tax) in the 'Actuarial Gain/(Loss) Reserve' under Reserves and Surplus in its Consolidated Financial Statements. Had the Group followed the practice of recognition of actuarial gains/losses on the aforesaid defined benefit plans in the Statement of Profit and Loss, Employee Benefits Expenses would have been higher by ₹ 253.75 crore (Previous year higher by ₹ 1,516.50 crore), Tax Expenses (Deferred Tax) would have been lower by ₹ 93.02 crore (Previous year lower by ₹ 452.80 crore), Minority Interest credit would have been lower by ₹ 71.71 crore (Previous year lower by ₹ 50.28 crore), Net Profit for the year would have been lower by ₹ 232.45 crore (Previous year Profit lower by ₹ 1,063.69 crore), Actuarial Gain/(Loss) Reserve would have been ₹ Nil (Previous year ₹ Nil) and Foreign Currency Translation Reserve would have been lower by ₹ 150.74 crore (Previous year lower by ₹ 68.65 crore).

**17. Note No. 43 of Audited Consolidated Financial Statements**

The Company is one of the promoter members of Aditya Birla Management Corporation Private Limited (ABMCPL), a Company limited by guarantee which has been formed to provide common facilities and resources to its members, with a view to optimize the benefits of specialization and minimize cost for each member. The Company is one of the participants in the common pool and shares the expenses incurred by ABMCPL and accounted for under appropriate heads.

**18. Note No. 46 of Audited Consolidated Financial Statements**

Consequent to approval of Scheme of Amalgamation (Scheme) of Aditya Birla Chemicals (India) Limited (ABCIL), a subsidiary of the Company, with Grasim Industries Limited (Grasim) by the respective Hon'ble High Courts, the amalgamation has since been approved by the Board of Directors of Grasim to make it effective from 1<sup>st</sup> April, 2015. Accordingly, current year's result of ABCIL has not been included in consolidated results of the Company. However, for the year ended 31<sup>st</sup> March, 2015, group's share in ABCIL's net profit was ₹ 20.38 crore and to the extent current year's consolidated profit is not comparable. Further, the carrying amount of ABCIL's net assets in Consolidated Financial Statements of the Company as at the effective date of Scheme regarded as cost of shares of Grasim acquired.

**19. Note No. 47 of Audited Consolidated Financial Statements**

Metals X Limited, a listed company in Australia, made a takeover offer for shares of ABML. As per the offer, the shareholders of ABML will receive A\$ 0.08 per share of ABML in cash and 1 share of Metals X Limited for every 4.5 shares of ABML. The Company has accepted the said offer on 19<sup>th</sup> July, 2016 in respect of its entire shareholding of ABML.

**20. Note No. 44 of Audited Consolidated Financial Statements****Segment Reporting:****A. Primary Segment Reporting (by Business Segment):**

- (a). The Group has three reportable segments viz. Aluminium, Copper and Others which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into account the organizational structure as well as differential risk and return of these segments. Details of products included in each segments are as under:
- Aluminium : Hydrate & Alumina, Aluminium and Aluminium Product
  - Copper : Continuous Cast Copper Rods, Copper Cathode, Sulphuric Acid, DAP & Complexes, Gold and Silver
  - Others : Caustic and Others #
- (b). Inter-segment transfers are based on market rates.
- (c). The details of the revenue, results, assets, liabilities and other information from operations by reportable business segments are follows:

(₹ crore)

	Year ended 31/03/2016				Year ended 31/03/2015			
	Aluminium	Copper	Others #	Total	Aluminium	Copper	Others	Total
<b>REVENUE</b>								
External	82,808.35	17,233.81	-	100,042.16	83,044.23	20,469.31	767.56	104,281.10
Inter Segment	3.76	11.84	-	15.60	95.26	23.03	358.14	476.43
Total	82,812.11	17,245.65	-	100,057.76	83,139.49	20,492.34	1,125.70	104,757.53
<b>RESULTS</b>								
Segment Results	3,545.78	1,367.37	-	4,913.15	4,226.40	1,340.19	189.68	5,756.27
Unallocated Corporate Income				1,027.66				901.79
Unallocated Corporate Expenses				(221.17)				(199.31)
Finance Costs				(5,048.94)				(4,178.42)
Profit before Exceptional Items and Tax				670.70				2,280.33
Exceptional Items (Net)				(576.53)				(1,940.10)
Tax Expenses				(514.75)				(256.38)
Loss from Discontinuing Operations				(158.51)				-
Share in Profit/(Loss) of Associates				174.90				174.70
Minority Interest				449.00				595.66
Profit for the period				44.81				854.21

(₹ crore)

	Year ended 31/03/2016				Year ended 31/03/2015			
	Aluminium	Copper	Others #	Total	Aluminium	Copper	Others	Total
<b>OTHER INFORMATION</b>								
<b>Assets:</b>								
Segment Assets	112,963.74	9,203.86	-	122,167.60	115,462.79	9,661.80	1,805.92	126,930.51
Unallocated Corporate Assets				17,993.83				16,208.36
Total Assets				140,161.43				143,138.87
<b>Liabilities:</b>								
Segment Liabilities	26,383.78	2,665.39	-	29,049.17	26,778.09	3,059.65	193.41	30,031.15
Unallocated Corporate Liabilities				72,309.66				73,823.07
Total Liabilities				101,358.83				103,854.22
Capital Expenditure	3,544.36	163.16	-		5,892.51	167.79	141.83	
Non-Cash Expenses:								
Depreciation and Amortization	3,831.41	277.27	-		3,216.34	195.62	63.31	
Impairment Loss/(Reversal) (Net)	160.63	-	-		97.18	-	-	
Other Non-Cash Expenses	18.32	(0.14)	-		48.46	4.06	-	

# Aditya Birla Chemicals (India) Limited, a subsidiary of the Company in business of producing & selling Caustic, included as part of "Others" for Segment Reporting purpose, ceases as subsidiary from 1<sup>st</sup> April, 2015. (refer Note No. 46 of Audited Consolidated Financial Statements)

**B. Secondary Segment Reporting (by Geographical demarcation):**

- The secondary segment is based on geographical demarcation i.e. India and Rest of the World.
- The Group's revenue from external customers and information about its assets and others by geographical location are follows:

(₹ crore)

	Year ended 31/03/2016			Year ended 31/03/2015		
	India	Rest of World	Total	India	Rest of World	Total
Revenue	21,766.00	78,291.76	100,057.76	22,060.16	82,697.37	104,757.53
Assets	57,708.37	64,459.23	122,167.60	61,041.62	65,888.89	126,930.51
Capital Expenditure	1,543.59	2,163.93	3,707.52	2,724.29	3,477.84	6,202.13

**21. Note No. 48 of Audited Consolidated Financial Statements**

The Company has furnished bank guarantees to Nominated Authority of Ministry of Coal towards fulfilment of certain conditions of the agreements signed by it in respect of the four coal blocks awarded to it through auction. Some of the conditions could not be fulfilled despite best efforts for reasons beyond its control as certain approvals/clearances that are under the purview of the concerned State Governments have been delayed. The Company has made representation with the Nominated Authority in this regard and is confident that its request will be considered favourably. Accordingly, no provision has been made for this.

**22. Note No. 49 of Audited Consolidated Financial Statements**

The Company had formulated a scheme of financial restructuring under sections 391 to 394 of the Companies Act 1956 ("the Scheme") between the Company and its equity shareholders approved by the High Court of judicature of Bombay to deal with various costs associated with its organic and inorganic growth plan. Pursuant to this, a separate reserve account titled as Business Reconstruction Reserve ("BRR") was created during the year 2008-09 by transferring balance standing to the credit of Securities Premium Account of the Company for adjustment of certain expenses as prescribed in the Scheme. Accordingly, the Company had transferred ₹ 8,647.37 crore from Securities Premium Account to BRR and till 31<sup>st</sup> March, 2015, ₹ 2,165.79 crore have been adjusted against BRR. During the year, following expenses has been adjusted with BRR:

- ₹ 279.46 crore towards expenses on exited Projects.
- Impairment loss of ₹ 367.31 crore (Net of deferred tax ₹ 194.39 crore).
- Provision of ₹ 35.50 crore towards diminution in value of investments.

Had the Scheme not prescribed aforesaid treatment, the impact on Results and Earnings per Share (EPS) would have been as under:

Consolidated Net Profit for the year ended 31<sup>st</sup> March, 2016 lower by ₹ 682.27 crore.

Consolidated basic and Diluted EPS for the year ended 31<sup>st</sup> March, 2016 lower by ₹ 3.30.

**23. Note No. 50 of Audited Consolidated Financial Statements**

Gain or loss on foreign currency transaction and translation has been accounted for under respective head of accounts depending upon the nature of transaction. The detail of net gain/(loss) included in various heads of accounts are as under:

	(₹ crore)	
	As at	
	31/03/2016	31/03/2015
Revenue from Operations	57.59	131.39
Cost of Materials Consumed	(18.19)	(78.60)
Power and Fuel	(2.49)	2.03
Finance Costs	(33.91)	(20.52)
Other Expenses	(42.76)	(164.24)
	<u>(39.76)</u>	<u>(129.94)</u>

**24. Note No. 51 of Audited Consolidated Financial Statements****Leases:****A. Operating Lease**

Future obligations towards minimum lease payment commitments under non-cancellable operating leases are as under:

	(₹ crore)	
	As at	
	31/03/2016	31/03/2015
Not later than 1 year	208.09	170.94
Later than 1 year and not later than 5 years	427.85	458.56
Later than 5 years	257.11	334.36

**B. Finance Lease**

Future obligations towards minimum lease payment commitments under the finance leases taken on or after 1<sup>st</sup> April, 2001 are as under:

	(₹ crore)			
	As at 31/03/2016		As at 31/03/2015	
	Payment	Present Value	Payment	Present Value
Not later than 1 year	72.69	66.38	67.56	62.56
Later than 1 year and not later than 5 years	139.26	127.97	195.17	177.09
Later than 5 years	-	-	-	-

**25. Note No. 52 of Audited Consolidated Financial Statements****Contingent Liabilities and Commitments**

	(₹ crore)	
	As at	
	31/03/2016	31/03/2015
A. Contingent Liabilities not provided in respect of followings:		
(a) Claims against the Company not acknowledged as debt	915.31	968.25
(b). Corporate Guarantees Outstanding	-	0.50
(c). Other money for which the Company is contingently liable:		
i. Bill discounted with Banks	-	0.87
ii. Customs duty on Capital Goods and Raw Materials imported under EPCG Scheme/Advance License , against which export obligation is to be fulfilled (excluding convictable portion).	325.81	328.03
iii. The Company has received a notice dated 24 <sup>th</sup> March, 2007 from Collector (Stamp) Kanpur, Uttar Pradesh alleging that stamp duty of ₹ 252.96 crore is payable in view of order dated 18 <sup>th</sup> November, 2002 of Hon'ble High Court of Allahabad approving scheme of arrangement for merger of Copper business of Indo Gulf Corporation Limited with the Company. The Company is of the opinion that it has a very strong case as there is no substantive/computation provision for levy/calculation of stamp duty on court order approving scheme of arrangement		

under Companies Act, 1956 within the provisions of Uttar Pradesh Stamp Act, moreover the properties in question are located in the State of Gujarat and thus the Collector (Stamp) Kanpur has no territorial jurisdiction to make such a demand. It is pertinent to note that the Company in 2003-04 has already paid stamp duty which has been accepted as per the provisions of the Bombay Stamp Act, 1958 with regard to transfer of shareholding of Indo Gulf Corporation Limited as per the Scheme of Arrangement. Furthermore, the demand made is on an incorrect assumption. The Company's contention amongst the various other grounds made is that the demand is illegal, against the principles of natural justice, incorrect, bad in law and malafide. The Company has filed a writ petition before the Hon'ble High Court of Allahabad, inter alia, on the above said grounds, which is pending determination.

- iv. The Company has an agreement with Uttar Pradesh Power Corporation Limited (UPPCL) under which banking of surplus energy with UPPCL is permitted and such banked energy may be drawn as and when required at free of cost. However, UPPCL has raised demand of ₹ 55.32 crore with retrospective effect from 1.4.2009 on the alleged ground that drawl of energy against the banked energy is not permissible during peak hours. The UPPCL has also included ₹ 32.15 crore in the bill as late payment surcharge up to 31.3.2016. Thus total amount outstanding till 31.3.2016 is ₹ 87.47 crore. However, if the case is decided against the company, 107.4 million units valuing ₹ 22.97 crore will be treated as energy banked with UPPCL and accordingly net liability will be ₹ 64.50 crore. The Company has challenged the demand by filing a petition on 27.12.2013 under section 86(i) (f) read with other relevant provisions of Electricity Act, 2003 seeking quashing/setting aside the demand. The matter has been heard on 12.2.2014 and the Hon'ble Uttar Pradesh Electricity Regulatory Commission (UPERC) vide its order dated 24.2.2014 has directed the UPPCL to restrain from taking any coercive action till final order of UPERC. The Company believes that it has a strong case and no provision towards this is required.

(₹ crore)

	As at	
	31/03/2016	31/03/2015
<b>B. Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance paid)	546.84	1,362.26
(b) Purchase commitments in relation to Materials and Services	40,170.56	52,447.32
(c) In order to maintain current rights of tenure to exploration tenements and transportation of gas from port to mining place, one of the subsidiary company is required to meet the minimum expenditure requirements of ₹ 23.16 crore (Previous Year ₹ 25.74 crore).		
(d) The Company, along with Aditya Birla Nuvo Limited, Grasim Industries Limited and Birla TMT Holdings Pvt. Limited (the Sponsors), being promoters of Idea Cellular Limited (Idea) has given the following undertakings to the Facility Agent:		
i. The Sponsors shall collectively continue to hold at least 33% of the equity capital of Idea till the end of FY 2015-16 and shall not without prior written approval of the Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 33% of shareholdings in Idea. Consequent upon the infusion of fresh equity capital of Idea, if the Sponsors' stake gets diluted from 40% to 33% in the equity capital of Idea, the Sponsors agree and undertake to obtain the prior consent of the Rupee Facility Agent and in other circumstances, the Sponsors agree and undertake to obtain the prior consent of the secured lenders representing 51% of the aggregate outstanding secured loans.		
ii. The Sponsors shall collectively continue to hold 26% of the equity capital of Idea after FY 2015-16 and shall not without the prior written approval of the Rupee Facility Agent, divest, transfer, assign, dispose of, pledge, charge, create any lien or in any way encumber 26% shareholdings in the capital of Idea.		
iii. Not without prior approval of the Facility Agent in writing divest shareholdings in the equity capital of Idea that may result in a single investor along with its affiliates holding more than 25% of the equity capital of Idea.		



**26. Note No. 53 of Audited Consolidated Financial Statements****Related Party Disclosures:**

Related Party Disclosures as per Accounting Standard (AS) 18 is given below:

**A. List of Related Parties:****(a) Associates:**

Aditya Birla Science and Technology Company Private Limited  
Idea Cellular Limited  
Aluminium Norf GmbH  
Deutsche Aluminium Verpackung Recycling GmbH  
France Aluminium Recyclage SA

**(b) Joint Ventures:**

Mahan Coal Limited  
Hydromine Global Minerals (GmbH) Limited  
MNH Shakti Limited

**(c) Trust:**

Trident Trust

**(d) Key Managerial Personnel:**

Mr. D. Bhattacharya - Managing Director  
Mr. Satish Pai - Deputy Managing Director

**B. Disclosure of transactions in the ordinary course of business between the Group and its Related Parties during the year and status of outstanding balances at year end:****(a) Associates and Joint Ventures:**

	2016		2015	
	Associates	Joint Ventures	Associates	Joint Ventures
(₹ crore)				
<b>1. Transactions during the year ended 31<sup>st</sup> March:</b>				
i. <b>Service Received</b>	<b>1,533.78</b>	-	<b>1,616.78</b>	-
Aditya Birla Science and Technology Company Pvt. Limited	12.00		15.22	
Idea Cellular Limited	3.27		3.06	
Aluminium Norf GmbH	1,518.51		1,598.50	
ii. <b>Service Rendered</b>	-	-	<b>0.02</b>	<b>0.06</b>
Aditya Birla Science and Technology Company Pvt. Limited	-	-	0.02	-
Idea Cellular Limited	-	-	-	0.06
iii. <b>Interest and Dividend Received</b>	<b>24.45</b>	-	<b>19.63</b>	-
Aditya Birla Science and Technology Company Pvt. Limited	5.14	-	5.14	-
Idea Cellular Limited	14.65	-	10.08	-
Aluminium Norf GmbH	4.66	-	4.41	-
iv. <b>Interest and Dividend Paid</b>	-	-	-	-
Mahan Coal Limited	-	-	-	-
v. <b>Loans, Advances and Deposits given</b>	<b>17.47</b>	<b>0.06</b>	<b>127.16</b>	<b>0.01</b>
Hydromine Global Minerals (GMBH) Limited	-	0.06	-	0.01
Aluminium Norf GmbH	17.47	-	127.16	-
<b>2. Outstanding balances as at 31<sup>st</sup> March:</b>				
i. <b>Trade and other Receivables</b>	<b>5.71</b>	-	<b>1.95</b>	-
Aditya Birla Science and Technology Company Pvt. Limited	-		0.04	-
Idea Cellular Limited	0.39		0.40	-
Aluminium Norf GmbH	5.32		1.51	-
ii. <b>Trade and Other Payables</b>	<b>316.75</b>	-	<b>271.30</b>	-
Idea Cellular Limited	0.10		0.11	
Aluminium Norf GmbH	316.65		271.19	

	2016		2015	
	Associates	Joint Ventures	Associates	Joint Ventures
iii. <b>Loans, Advances and Deposits</b>	<b>547.23</b>	<b>0.06</b>	<b>476.75</b>	<b>0.01</b>
Hydromine Global Minerals (GMBH) Limited	-	0.06	0.75	0.01
Aditya Birla Science and Technology Company Pvt. Limited	57.94	-	57.94	-
Aluminium Norf GmbH	489.29	-	418.06	-

	As at	
	31/03/2016	31/03/2015
(b) <b>Trust:</b>		
Beneficiary Interest in Trust	34.46	34.46
(c) <b>Key Management Personal</b>		
Managerial Remuneration (including perquisites but excluding gratuity, leave encashment provisions and compensation under Employee Stock Options Scheme)		
Mr. D. Bhattacharya	20.93	22.56
Mr. Satish Pai	14.95	13.11

**27. Note No. 54 of Audited Consolidated Financial Statements**

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries, Associates and Joint Ventures.

Name of Entity	Net Assets i.e. total assets minus total liabilities as at 31 <sup>st</sup> March, 2016		Share in Profit/(Loss) for the year ended 31 <sup>st</sup> March, 2016	
	As % of Consolidated Net Assets	Amount (₹ crore)	As % of Consolidated Profit/(Loss)	Amount (₹ crore)
<b>A. Parent:</b>				
Hindalco Industries Limited	96.50%	37,067.89	1355.17%	607.25
<b>B. Subsidiaries:</b>				
<b>Indian:</b>				
Minerals & Minerals Limited	0.00%	1.16	0.07%	0.03
Utkal Alumina International Limited	7.62%	2,926.12	(208.35)%	(93.36)
Utkal Alumina Technical & General Services Limited *	0.00%	0.04	0.00%	-
Suvas Holdings Limited	0.02%	7.04	0.04%	0.02
Renuka Investments & Finance Limited	0.09%	32.84	13.57%	6.08
Renukeshwar Investments & Finance Limited	0.07%	25.34	7.34%	3.29
Dahej Harbour and Infrastructure Limited	0.24%	93.18	115.11%	51.58
Lucknow Finance Company Limited	0.04%	15.58	2.32%	1.04
Hindalco-Almex Aerospace Limited	0.20%	76.03	(5.78)%	(2.59)
Tubed Coal Mines Limited	0.06%	21.15	(5.42)%	(2.43)
East Coast Bauxite Mining Company Private Limited	0.00%	(0.02)	0.00%	-
Mauda Energy Limited	0.00%	-	(0.31)%	(0.14)
<b>Foreign:</b>				
Birla Resources Pty Limited	0.01%	3.31	0.09%	0.04
Aditya Birla Minerals Limited (Consolidated)	1.24%	478.14	(2045.48)%	(916.58)
AV Minerals (Netherlands) N.V.	27.77%	10,668.29	(1.41)%	(0.63)
AV Metals Inc. *	26.97%	10,360.03	0.00%	-
Novelis Inc. (Consolidated) * @	27.20%	10,449.06	(36.33)%	(16.28)
Hindalco Do Brasil Industria Comercia de Alumina Ltda *	(0.04)%	(14.25)	(193.68)%	(86.79)
Hindalco Guinea SARL	0.00%	-	0.00%	-
<b>Minority Interests in all Subsidiaries #</b>	<b>(1.01)%</b>	<b>(388.80)</b>	<b>1002.01%</b>	<b>449.00</b>

Name of Entity	Net Assets i.e. total assets minus total liabilities as at 31 <sup>st</sup> March, 2016		Share in Profit/(Loss) for the year ended 31 <sup>st</sup> March, 2016	
	As % of Consolidated Net Assets	Amount (₹ crore)	As % of Consolidated Profit/(Loss)	Amount (₹ crore)
<b>C. Associates (Investments as per the Equity Method)</b>				
<b>Indian:</b>				
Idea Cellular Limited (Consolidated)	4.29%	1,647.73	435.91%	195.33
Aditya Birla Science and Technology Company Private Limited	0.03%	11.14	(2.34)%	(1.05)
<b>D. Joint Ventures (as per Proportionate Consolidation Method)</b>				
<b>Indian:</b>				
Mahan Coal Limited	0.45%	172.91	(1.41)%	(0.63)
MNH Shakti Limited	0.03%	12.77	0.00%	-
<b>Foreign:</b>				
Hydromine Global Minerals (GmbH) Limited (Consolidated)	0.08%	30.85	2.28%	1.02
<b>Consolidation Adjustments</b>	191.85% (91.85)%	73,697.53 (35,283.73)	433.39% (333.39)%	194.20 (149.39)
	100.00%	38,413.80	100.00%	44.81

\* Indirect subsidiaries of the Company

# ₹ 388.80 crore and ₹ 449.00 crore represents minority share in net assets and minority share in net loss of subsidiaries respectively.

@ Includes ₹ 4,289.92 crore of Net Assets and ₹ 19.37 crore of share in net loss of associate companies of Novelis Inc.

## 28. Note No. 55 of Audited Consolidated Financial Statements

As clarified by the Ministry of Corporate Affairs vide its General Circular No. 39/2014 No. 4/2/2014-CL-I Dated: 14<sup>th</sup> October, 2014, certain information provided in stand-alone accounts of individual companies under the Group have not been consolidated and disclosed as part of Consolidated Financial Statements (CFS) keeping in mind the fact that these are repetitive in nature or not relevant to CFS. However, all such information are available as part of stand-alone accounts of the respective companies under the Group.

## 29. Note No. 56 of Audited Consolidated Financial Statements

Consolidated Financial Statements (CFS) of the Company for the year ended 31<sup>st</sup> March, 2016 were approved by the Board of Directors on 28<sup>th</sup> May, 2016 which incorporated accounts of Aditya Birla Minerals Limited (ABML), Australia, a subsidiary of the Company, for six months ended 30<sup>th</sup> September, 2015, as full year accounts of ABML were not available at that time. ABML has subsequently finalized its accounts for the year ended 31<sup>st</sup> March, 2016. Accordingly, it has been considered appropriate to update the CFS for the year ended 31<sup>st</sup> March 2016 based on full year accounts of ABML.

## 30. Note No. 57 of Audited Consolidated Financial Statements

Figures of previous year have been reclassified/regrouped wherever necessary.

As per our report annexed.

**For SINGHI & CO.**

Chartered Accountants

Firm Registration No. 302049E

**RAJIV SINGHI**

Partner

Membership No. 53518

Praveen Kumar Maheshwari

CFO

Place : Mumbai

Dated : 21<sup>st</sup> July, 2016

Anil Malik

Company Secretary

For and on behalf of the Board of  
Hindalco Industries Limited

Kumar Mangalam Birla – Chairman

DIN-00012813

D. Bhattacharya – Managing Director

DIN-00033553

M.M. Bhagat – Director

DIN-00006245



## HINDALCO INDUSTRIES LIMITED

CIN No: L27020MH1958PLC011238

Registered Office: Century Bhavan, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai- 400030  
Email: hil.investors@adityabirla.com website:www.hindalco.com Tel: (022)66626666 Fax: (022)24227586/24362516

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Fifty-Seventh** Annual General Meeting of the Shareholders of Hindalco Industries Limited will be held at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Prabhadevi, Mumbai-400025 on **Wednesday, the 14<sup>th</sup> September, 2016 at 3.00 P.M.** to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the year ended 31<sup>st</sup> March, 2016 and the Report of the Directors' and the Auditors' thereon.
2. To declare and sanction the payment of Dividend on equity shares of the Company for the financial year 2015-2016.
3. To appoint a Director in place of Smt. Rajashree Birla (DIN: 00022995), who retires from office by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. D. Bhattacharya (DIN: 00033553), who retires from office by rotation and being eligible, offers himself for reappointment.
5. To ratify the appointment of the Auditors of the Company holding office from the conclusion of the fifty-fifth Annual General Meeting until the conclusion of the fifty eighth Annual General Meeting of the Company and for the purpose, to pass the following resolution, which will be proposed as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, the appointment of Messrs Singhi & Company (Registration No. 302049E), Chartered Accountants, Kolkata, holding office from the conclusion of the fifty-fifth Annual General Meeting until the conclusion of the fifty eighth Annual General Meeting of the Company to be held in the calendar year 2017 and that the Board of Directors of the Company and the audit committee of the Company being authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties, as previously approved by the shareholders at the Fifty-Fifth Annual General Meeting, be and is hereby ratified and confirmed."

#### SPECIAL BUSINESS:

6. To ratify the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017 and in this regard to consider and if thought fit, to pass the following resolution, which will be proposed as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration not exceeding ₹ 10 Lakhs (Rupees Ten Lakhs only) plus service tax, including cess, as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending 31<sup>st</sup> March, 2017 to be paid to M/s Nanabhoy & Co., Cost Accountants, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby

authorised to fix the remuneration and to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To approve the appointment of Mr. Girish Dave (DIN: 00036455) who was appointed as an Independent Director on the Board of the Company, under Section 149, read with rules made thereunder and Schedule IV of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in that behalf, to consider and if thought fit to pass the following Resolution, which will be proposed as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 149 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules thereunder and pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any modification(s) or re-enactment thereof), the appointment of Mr. Girish Dave (DIN: 00036455), as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years, from 28<sup>th</sup> May, 2016 to 27<sup>th</sup> May, 2021 be and is hereby approved."

8. To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules prescribed thereunder, a member who requests for delivery of any document through a particular mode, may be charged a fee of ₹ 50/- (Rupees Fifty Only) per such document, over and above reimbursement of actual expenses incurred by the Company, provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to give effect to the above resolution."

9. To approve the offer or invitation to subscribe to Non-Convertible Debentures on a private placement basis and in this regard to consider and if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 42 and 71 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) to offer, invite subscription for or issue Non-Convertible

Debentures (“NCDs”), secured or unsecured, during a period of one year from the date of this Annual General Meeting until 13<sup>th</sup> September, 2017, in one or more series/tranches, aggregating upto an amount not exceeding ₹ 6,000 crore (Rupees Six Thousand Crore only), on a private placement basis, on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said NCDs be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected with or incidental thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise and execute all deeds, documents and writings as may be necessary, desirable or expedient, and to do all acts and take all such steps as may be necessary and to delegate all or any of these powers to any Director(s) or officer(s) to give effect to this resolution.”

10. To consider and if thought fit, pass the following resolution which will be proposed as a Special Resolution:

“RESOLVED THAT pursuant to Section 196, 197 and 198, read with Schedule V and all other applicable provisions of the Companies Act, 2013, (“the Act”) and the Rules made thereunder, including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), the Articles of Association of the Company and subject to the approval of the Central Government, if required, the appointment of Mr. Satish Pai (DIN: 06646758) as the Managing Director of the Company with effect from 1<sup>st</sup> August 2016, be and is hereby approved, on the terms as to remuneration and otherwise as set out hereunder and with liberty to the Board (which term shall be deemed to include the Committee, if any, constituted by the Board from time to time) to alter the said terms and conditions in such manner as may be agreed to between the Board and Mr. Satish Pai in the best interests of the Company but subject to the restrictions, if any, contained in the said Act or otherwise as may be permissible at law:

Terms and Conditions of appointment:

A. Period:

5 Years w.e.f. 1<sup>st</sup> August, 2016 with the liberty to either party to terminate the appointment on three months’ notice in writing to the other.

B. Remuneration:

- (a) Basic Salary ₹ 41,04,000/- (Rupees Forty One Lakhs Four Thousand only) per month with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 70,00,000/- (Rupees Seventy Lacs only) per month as Basic Salary.
- (b) Special Allowance ₹ 16,88,000/- (Rupees Sixteen Lakhs Eighty Eight Thousand only) per month with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 40,00,000/- (Rupees Forty Lacs only) per month. This allowance however, will not be taken into account for the calculation of benefits such as Provident Fund, Gratuity, Superannuation and Leave encashment.
- (c) Annual Incentive Pay: Linked to the achievement of targets, as may be decided by the Board from time to time, subject to a maximum of ₹ 10,00,00,000/- (Rupees Ten Crore only) per annum.
- (d) Long-term Incentive Compensation (LTIC) including Employee Stock Option, Restricted Stock Units, Stock Appreciation Rights, Phantom Restricted

Stock Units as per the Scheme applicable to the Executive Directors and/or Senior Executives of the Company and/or its Subsidiaries and/or any other Incentives applicable to Senior Executives of the Company/Aditya Birla Group, in such manner and with such provisions as may be decided by the Board, considering the above.

C. Perquisites

- (a) Housing: Company provided (furnished/unfurnished) accommodation and/or HRA in lieu of company provided accommodation as per the policy of the Company.
- (b) Reimbursement of expenses: At actuals pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation as per Company policy.
- (c) Medical Expenses Reimbursement: Reimbursement of all expenses incurred for self and family at actuals (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy as applicable), as per Company policy.
- (d) Leave Travel Expenses: Leave Travel Expenses for self and family in accordance with the policy of the Company.
- (e) Club fees: Fees of One Corporate Club in India (including admission and annual membership fee).
- (f) Car: Two cars for use on Company’s Business.
- (g) Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per policy of the Company. Travelling expenses of Spouse accompanying on any official overseas or inland trip will be governed as per the rules of the Company.
- (h) Leave and encashment of leave: As per the policy of the Company.
- (i) Personal accident Insurance Premium: As per the policy of the Company.
- (j) Contribution towards Provident Fund and Superannuation Fund or Annuity Fund, National Pension Scheme: As per the policy of the Company.
- (k) Gratuity and/or contribution to the Gratuity Fund of Company: As per the policy of the Company.
- (l) Other Allowances/benefits, perquisites: Any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and/ or which may become applicable in the future and/ or any other allowance, perquisites as the Board from time to time decide.
- (m) Any other one time/ periodic retirement allowances/benefits: As may be decided by the Board at the time of retirement.

In case the executive is elevated to the next higher level of the Company during the tenure of appointment, the allowances, perquisites and benefits applicable to the level, will also apply to the executive.

Annual remuneration review is effective July 1<sup>st</sup> each year, as per policy of the Company.

- D. Subject as aforesaid, the Managing Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.



- E. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Satish Pai, Managing Director will be considered as continuous service with the Company from the date of his joining the Aditya Birla Group.
- F. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under Sections 197, 198 and other applicable provisions of the Act read with Schedule V thereto or otherwise as may be permissible at law.
- G. Though considering the provisions of Section 188 of the Companies Act 2013, and the applicable Rules thereunder, Mr. Satish Pai would not be holding any office or place of profit by his being a mere director of the Company's subsidiaries/ Joint Ventures, approval be and is hereby granted by way of abundant caution for him to accept the sitting fees/commission paid/payable to other directors for attending meetings of Board(s) of Directors/Committee(s) of subsidiaries/Joint Ventures of the Company or companies promoted by the Aditya Birla Group.
- H. Mr. Satish Pai shall not be subject to retirement by rotation during his tenure as the Managing Director of the Company. So long as Mr. Satish Pai functions as the Managing Director, he shall not be paid any fees for attending the meetings of the Board or any Committees(s) thereof of the Company.

RESOLVED FURTHER THAT in any financial year, the Company has no profits or its profits are inadequate, the remuneration, including the perquisites as aforesaid, will be paid to Mr. Satish Pai in accordance with the applicable provisions of the Act, and subject to the approval of the Central Government, if required.

RESOLVED FURTHER THAT the Board of Directors (which term shall be deemed to include any Committee constituted/to be constituted by the Board) be and are hereby authorized to revise the remuneration and perquisites payable to Mr. Satish Pai from time to time, subject to the limits approved by the shareholders.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters as may be deemed necessary to give effect to the above resolution."

11. To consider and if thought fit, pass the following resolution, which will be proposed as a Special Resolution:

"RESOLVED THAT pursuant to the relevant provisions of the Articles of Association of the Company (hereinafter referred to as the "Articles") and the Companies Act, 2013 (hereinafter referred to as the "Act") including, Sections 160 and 161, Mr. Praveen Kumar Maheshwari (DIN No. 00174361) be and is hereby elected and appointed as a Whole-time Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to Section 196, 197, 198 and all other applicable provisions of the Companies Act, 2013, read with Schedule V thereto and the Rules made thereunder, including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), and subject to the approval of the Central Government, if required, the appointment of Mr. Praveen Kumar Maheshwari (DIN No. 00174361) as the Whole time Director of the Company with effect from 28<sup>th</sup> May, 2016, be and is hereby approved, on the terms as to remuneration and otherwise as setout hereunder and with liberty to the Board (which term shall be deemed to include the Committee, if any, constituted by the Board from time to time) to alter the said terms and conditions in such manner as may be agreed to between the Board and Mr. Praveen Kumar Maheshwari in the best interests of the Company but subject to the restrictions, if any, contained in the said Act or otherwise as may be permissible at law:

Terms and Conditions of appointment:

- A. Period:  
5 Years w.e.f. 28<sup>th</sup> May, 2016 with the liberty to either party to terminate the appointment on three months' notice in writing to the other.
- B. Remuneration:
- Basic Salary ₹ 7,14,000/- (Rupees Seven Lacs Fourteen Thousand only) per month with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 15,00,000/- (Rupees Fifteen Lacs only) per month as Basic Salary.
  - Special Allowance ₹ 8,12,750/- (Rupees Eight Lacs Twelve Thousand Seven Hundred and Fifty only) per month with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 17,00,000/- (Rupees Seventeen Lacs only) per month. This allowance however, will not be taken into account for calculation of benefits such as Provident Fund, Gratuity, Superannuation and Leave encashment.
  - Annual Incentive Pay: Performance Bonus linked to the achievement of targets, as may be decided by the Board from time to time, subject to a maximum of ₹ 2,00,00,000/- (Rupees Two Crores only) per annum.
  - Long-term Incentive Compensation (LTIC) including Employee Stock Option, Restricted Stock Units, Stock Appreciation Rights, Phantom Restricted Stock Units as per the Scheme applicable to the Executive Directors and/or Senior Executives of the Company and/or its Subsidiaries and/or any other Incentives applicable to Senior Executives of the Company/Aditya Birla Group, in such manner and with such provisions as may be decided by the Board, considering the above.
- C. Perquisites:
- Housing: Free furnished accommodation and/or HRA in lieu of Company provided accommodation.
  - Medical Expenses Reimbursement: Reimbursement of all expenses incurred for self and family (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy as applicable), as per Company policy.
  - Leave Travel Expenses: Leave Travel Expenses for self and family in accordance with the policy of the Company.
  - Two cars for use on Company's Business as per Company Car policy.
  - Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per policy of the company.
  - Leave and encashment of leave: As per the policy of the Company
  - Personal accident Insurance Premium: As per the policy of the Company.
  - Contribution towards provident Fund and Superannuation Fund or Annuity Fund: As per the policy of the Company.
  - Gratuity and/or contribution to the Gratuity Fund of Company: As per the policy of the Company.
  - Other Allowances/benefits, perquisites: Any other allowances, benefits and perquisites as per the

Rules applicable to the Senior Executives of the Company and/or which may become applicable in the future and/or any other allowance, perquisites as the Board may from time to time decide.

- (k) Any other one time/ periodic retirement allowances/ benefits: As may be decided by the Board at the time of retirement.

Annual remuneration review is effective July 1<sup>st</sup> each year, as per policy of the Company.

- D. Subject as aforesaid, the Whole-Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.
- E. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Praveen Kumar Maheshwari, will be considered as continuous service with the Company from the date of his joining the Aditya Birla Group.
- F. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under Sections 197, 198 and other applicable provisions of the Act read with Schedule V thereto or otherwise as may be permissible at law.
- G. Though considering the provisions of Section 188 of the Companies Act 2013, and the applicable Rules thereunder, Mr. Praveen Kumar Maheshwari would not be holding any office or place of profit by his being a mere director of the Company's subsidiaries/Joint Ventures, approval be and is hereby granted by way of abundant caution for him to accept the sitting fees/ commission paid/payable to other directors for attending meetings of Board(s) of Directors/Committee(s) of subsidiaries/ Joint Ventures of the Company or companies promoted by the Aditya Birla Group.
- H. So long as Mr. Praveen Kumar Maheshwari functions as the Whole Time Director of the Company he shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT in any financial year, the Company has no profits or its profits are inadequate, the remuneration, including the perquisites as aforesaid, will be paid to Mr. Praveen Kumar Maheshwari in accordance with the applicable provisions of the Act, and subject to the approval of the Central Government if required.

RESOLVED FURTHER THAT the Board of Directors (which term shall be deemed to include any Committee constituted/to be constituted by the Board) be and are hereby authorized to revise the remuneration and perquisites payable to Mr. Praveen Kumar Maheshwari from time to time, subject to the limits approved by the shareholders.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters as may be deemed necessary to give effect to the above resolution."

By Order of the Board of Directors  
For Hindalco Industries Limited

Place : Mumbai  
Date : 21<sup>st</sup> July, 2016

Anil Malik  
Company Secretary

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a

member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is enclosed.

2. Corporate Members intending to send their authorised representatives to attend and vote at the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of item Nos. 6 to 11 of the Notice set out above, is annexed hereto.
4. The Register of Members and Transfer Books in respect of Equity Shares of the Company will remain closed from Thursday, the 8<sup>th</sup> September, 2016 to Wednesday, the 14<sup>th</sup> September, 2016 (both days inclusive) for the purpose of payment of dividend.
5. The dividend as recommended by the Board, if approved at the meeting, will be paid on or after 14<sup>th</sup> September, 2016 to the members or their mandates whose names are registered in the Company's Register of Members, as under:
- a) To all Beneficial Owners in respect of shares held in dematerialized form, as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on 7<sup>th</sup> September, 2016;
- b) To all Members in respect of shares held in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 7<sup>th</sup> September, 2016.

Equity shares that may be allotted upon the exercise of stock options granted under the Employee Stock Option Scheme before the book closure date shall rank pari passu with the existing equity shares and shall be entitled to receive the dividend, if approved at the meeting.

6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company.
7. I. The Company has listed its Shares at:
- a) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
- b) The National Stock Exchange of India Limited, 5<sup>th</sup> Floor, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.
- II. The Company has listed its Debentures at:  
The National Stock Exchange of India Limited, 5<sup>th</sup> Floor, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.  
The listing fees of these Exchanges have been paid on time.

8. As per the requirement of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards, for appointment/reappointment of the Directors, a statement containing details of the concerned Directors is provided herewith as an Annexure. The Directors have furnished the requisite declarations for their appointment/re-appointment.
9. All the documents referred to in the accompanying Notice and Explanatory Statement are available for inspection at the Registered office of the Company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
10. The Notice of the Annual General Meeting along with the Annual Report 2015-16 is being sent by electronic mode to those members whose e-mail addresses are registered with the Depositories viz. NSDL/CDSL and the Company, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Such members holding shares in physical mode are requested to register their e-mail IDs with the Company and members holding shares in demat mode are requested to register their e-mail IDs with their respective Depository Participants (DPs).
11. In terms of the provisions of Section 136(1) of the Companies Act, 2013, Rule 10 of Companies (Accounts of Companies) Rules, 2014 and Regulation 36 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 "Listing Regulations", the Board of Directors has decided to circulate the Abridged Annual Report containing salient features of the balance sheet and statement of profit and loss and other documents to the shareholders for the Financial Year 2015-16 under the relevant laws.  
The Abridged Annual Report is being circulated to the members excluding the 'Annual Report on CSR Activities', 'Remuneration Philosophy/Policy', 'Secretarial Audit Report', 'Extract of Annual Return', Full Report on Corporate Governance and Shareholders' Information'.  
Members who desire to obtain the full version of the Annual Report may write to the Company Secretary at the registered office. Full version of the Annual Report is also available on the Company's website [www.hindalco.com](http://www.hindalco.com).
12. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in this Notice. The instructions for remote e-voting is enclosed.
13. Members are requested to make all correspondence in connection with the shares held by them by addressing letters directly to the Company quoting their Folio number or their Client ID number with the DP ID number, as the case may be.
14. The Ministry of Corporate Affairs (MCA), Government of India, through its circular No. 17/2012 dated 23rd July, 2012 has directed companies to upload on the Company's website information regarding unpaid/unclaimed dividend. In terms of the circular, the Company has uploaded the details of unpaid and unclaimed dividend and the same can be viewed on [www.hindalco.com](http://www.hindalco.com).
15. Shareholders are requested to read the "Shareholders' Information" Section of the full and Abridged Annual Report for useful information.
16. The route map of the venue of the meeting is given in the Notice. The prominent landmark near the venue is Siddhivinayak Temple.

## ANNEXURE TO NOTICE

### Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013.

#### Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s Nanabhoy & Co, Cost Accountants, Mumbai, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice, for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the said resolution.

#### Item No. 7

Mr. Girish Dave, a partner in M/s Dave & Girish & Co., was appointed as an Independent Director by the Board of Directors of the Company at its meeting held on 28<sup>th</sup> May, 2016, under Section 149 and Schedule IV of the Companies Act, 2013 for a term of five years till 27<sup>th</sup> May, 2021.

Mr. Girish Dave is a lawyer by profession. He has varied and extensive experience in Financial, Banking and Project Finance and has been an advisor to most Foreign Banks in India. Mr. Dave is a member of The Bombay Bar Association, The Bar Council of Maharashtra & Goa, The International Bar Association, American Bar Association, Alliance of Business Lawyers, and the International Business Law Consortium. He is also on the Board of various companies including UltraTech Cement Ltd.

Considering his vast experience, the Board is of the opinion that it will be beneficial to the Company to avail of his services as an Independent Director of the Company.

Mr. Dave, has given a separate declaration to the Board that he (i) meets the criteria of independence as provided under Section 149(6) of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) is not disqualified from becoming a director under the Companies Act, 2013. He has also consented to his appointment as an Independent Director of the Company. The Board has perused the declaration and, in the opinion of the Board, Mr. Dave fulfills the conditions specified in the Act and the Rules framed thereunder and also the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as an Independent Director and he is independent of the management.

The terms and conditions of the appointment of Mr. Dave including the aforesaid documents shall be open for inspection by the Members at the Registered Office of the Company (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of this Annual General Meeting. The terms and conditions of the appointment of Independent Directors is available on the Company's website.

The brief resume in relation to the experience, functional expertise, memberships on other Companies' Boards and Committees in respect of the appointment of Mr. Dave as the Independent Director,

as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is set out in this Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Save and except Mr. Girish Dave and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution. This Explanatory Statement may also be regarded as a disclosure under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Item No. 8**

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him/her by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed. Further, a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the company in its annual general meeting. Therefore, to enable the members to avail of this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution. Since the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting, the Board of Directors accordingly recommend the resolution for your approval.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the said resolution.

#### **Item No. 9**

Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed, inter alia, under Section 42 of the Companies Act, 2013, deals with private placement of securities by a company. Section 42 of the Companies Act, 2013 read with the aforesaid Rule 14 requires that any offer or invitation for subscription to redeemable Non-Convertible Debentures (NCDs) and issuance on a private placement basis, is to be approved by the members by way of a special resolution. Sub-rule(2) of the said Rule 14 states that in case of an offer or invitation to subscribe to NCDs on private placement basis, the company shall obtain previous approval of its shareholders by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. In order to augment resources for inter alia, the ongoing capital expenditure and/or refinancing/repayment/prepayment of existing loans/debentures and/or for general corporate purposes, the Company may offer or invite subscription for secured/unsecured redeemable NCDs, in one or more series/tranches on private placement, issuable/redeemable at par/discount/premium.

The Articles of Association of the Company is available for inspection at the Registered Office of the Company.

Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No.9 of the Notice. This resolution enables the Board of Directors of the Company (which term shall include any Committee of the Board) to offer or invite subscription to non-convertible debentures, on such terms and conditions, including the issue price of the NCDs, upto an amount not exceeding ₹ 6000 Crores (Rupees Six Thousand Crores only), from time to time until September 13, 2017. The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the said resolution, except to the extent of the NCDs that may be subscribed to by them or their relatives or companies/firms in which they are interested.

#### **Item No. 10**

Mr. Satish Pai was appointed as the Whole time Director for a term of five years by the Board in the meeting held on 13<sup>th</sup> August 2013 and was confirmed by the shareholders in the Annual General Meeting held on 10<sup>th</sup> September 2013.

Mr. Satish Pai, a Mechanical Engineer from IIT Madras, has a prior experience of 28 years with Schlumberger Limited. He has wide experience of working in many countries, including the Middle East, South East Asia, Africa, Russia, UK and USA. He has led many mergers and acquisitions, apart from holding global roles in Operations, Technology Services, IT Services, Human Resources and large manufacturing units. He was the Executive Vice President, Worldwide Operations, of Schlumberger Limited. He was appointed as the Deputy Managing Director w.e.f. 2nd February, 2015 and was responsible for the entire operations of both, the Aluminium and Copper businesses of the Company. During his tenure, the Company has done well despite very adverse domestic and international market conditions.

The Board of Directors in the meeting held on 28<sup>th</sup> May, 2016, has subject to shareholders approval, and Central Government approval, if required, appointed Mr. Satish Pai as the Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> August, 2016 for which the resolution as in this item of the Notice is proposed for your approval.

Though the possibility of such a situation is not likely to arise during any of the years comprised by the period of his office, in view of the relevant provisions of Schedule V of the Companies Act, 2013 for payment of remuneration to the Managing Director in the event of loss or inadequacy of profits, this resolution is being proposed as a special resolution.

The remuneration of the Managing Director as set out in the resolution is in line with the trend prevailing in the Corporate Sector in the Country.

The last remuneration drawn by Mr. Satish Pai is provided in the Corporate Governance Section of the full Annual Report and Annexure II to Directors' Report of the full and Abridged Annual Report.

The terms and conditions of the appointment of Mr. Pai including the aforesaid documents, shall be open for inspection by the Members at the Registered Office of the Company (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of this Annual General Meeting.

Save and except Mr. Satish Pai and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice.

#### **Item No. 11**

Mr. Praveen Kumar Maheshwari joined the Company as its Chief Financial Officer in December 2011. In this role, he is responsible for providing strategic leadership on financial matters across all operations of Hindalco with a focus on enhancing shareholder value.

He leads a 500+ strong workforce concentrating on finance functions and plays a key role in various strategic decisions of the Company and its subsidiaries. At Hindalco, in addition to all finance functions, viz., treasury, accounting, controllership and taxation, his responsibilities extend to the secretarial and information technology functions. Besides, he plays a critical role in handling investor relations and risk management.



Mr. Maheshwari, a Chartered Accountant and an MBA from IIM - Ahmedabad, has over 33 years of work experience in all areas of Finance, including mergers & acquisitions, fundraising, investor relations in India and in other global markets.

The Board of Directors in the meeting held on 28<sup>th</sup> May, 2016, has subject to shareholders, and Central Government approval, if required, appointed Mr. Praveen Kumar Maheshwari as the Whole time Director of the Company for a period of five years with effect from 28<sup>th</sup> May, 2016 for which the resolution as in this item of the Notice is proposed for your approval.

Though the possibility of such a situation is not likely to arise during any of the years comprised by the period of his office, in view of the relevant provisions of Schedule V of the Companies Act, 2013 for payment of remuneration to a Whole time Director in the event of loss or inadequacy of profits, this resolution is being proposed as a special resolution.

The remuneration of the Whole time Director as set out in the resolution is in line with the trend prevailing in the Corporate Sector in the Country. The last remuneration drawn by Mr. Maheshwari

is provided in the Annexure II to Directors' Report of the full and Abridged Annual Report.

The terms and conditions of the appointment of Mr. Maheshwari including the aforesaid documents, shall be open for inspection by the Members at the Registered Office of the Company (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of this Annual General Meeting.

Save and except Mr. Praveen Kumar Maheshwari and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of the Notice.

By Order of the Board of Directors  
For Hindalco Industries Limited

Place : Mumbai  
Date : 21<sup>st</sup> July, 2016

Anil Malik  
Company Secretary

#### Annexure

#### Disclosure relating to Directors pursuant to Regulation 26(4) of the Listing Regulations and Secretarial Standards on General Meeting.

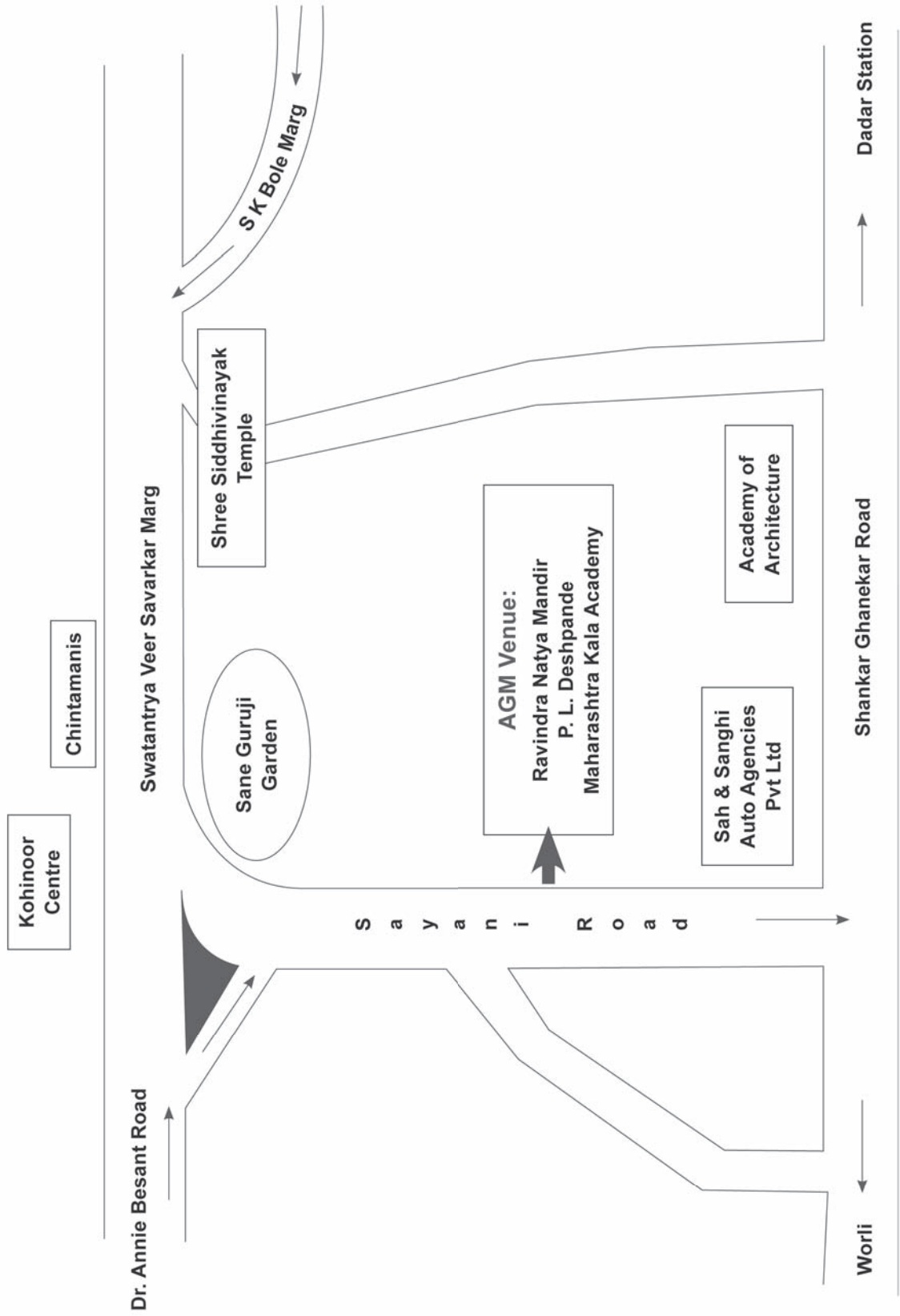
Name of Director	Mrs. Rajashree Birla	Mr. D. Bhattacharya	Mr. Satish Pai	Mr. Praveen Kumar Maheshwari	Mr. Girish Dave
Date of Birth	15/09/1945	13/09/1948	29/12/1961	18/02/1961	12/07/1938
Age (in years)	70	67	54	55	78
Date of Appointment	15/03/1996	30/04/2003	13/08/2013	28/05/2016	28/05/2016
Expertise in specific functional areas	Industrialist	Industry and Management	Industry and Management	Finance	Advocate & Corporate Advisor
Qualifications	B.A.	B.E. (Chemicals), IIT	B.E (Mech) IIT	CA, MBA (IIM-A)	M.Com, LL.B CAIIB
No. of Board meetings attended during FY 16	3	5	5	*Not Applicable	*Not Applicable
List of outside Directorships held Excluding Alternate Directorship and Private Companies	1. Grasim Industries Ltd. 2. Aditya Birla Nuvo Ltd. 3. Century Enka Ltd. 4. UltraTech Cement Ltd. 5. Aditya Birla Health Services Ltd. 6. Idea Cellular Ltd. 7. Century Textiles and Industries Ltd.	Nil	1. Hindalco- Almex Aerospace Ltd.	1. Novelis (India) Infotech Limited 2. Hindalco- Almex Aerospace Ltd. 3. Mauda Energy Ltd.	1. PCS Technology Ltd. 2. Vinati Organics Ltd. 3. UltraTech Cement Ltd. 4. Grasim Bhiwani Textiles Ltd. 5. Aditya Birla Retail Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Nil	Nil	Nil	Nil	Nil
Chairman/Member of the Committee of the Board of Directors of other companies in which he/she is a Director.					
a. Audit Committee	Nil	Nil	Nil	Nil	1. Aditya Birla Retail Ltd. - Chairman 2. UltraTech Cement Ltd. - Member 3. Vinati Organics Ltd. - Member 4. Grasim Bhiwani Textiles Ltd. - Member 5. PCS Technology Ltd. - Member
b. Stakeholders' Relationship Committee	Nil	Nil	Nil	Nil	1. UltraTech Cement Ltd. - Member
No. of Shares held in the Company	6,12,470	1,38,265	30,000	Nil	Nil

Note: Pursuant to Regulation 26 of the Listing Regulations only two Committees viz. Audit Committee and Stakeholders' Relationship Committee are considered.

\*Mr. Praveen Kumar Maheshwari and Mr. Girish Dave were appointed as Whole-time Director and Independent Director respectively w.e.f. 28<sup>th</sup> May, 2016.



Route Map for the venue of the Annual General Meeting.





## HINDALCO INDUSTRIES LIMITED

CIN No: L27020MH1958PLC011238

Registered Office: "Century Bhavan", 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai- 400030

Email: hil.investors@adityabirla.com website: www.hindalco.com Tel: (022)66626666 Fax: (022) 24227586/24362516

Form No. MGT-11

### PROXY FORM

ANNUAL GENERAL MEETING TO BE HELD ON 14<sup>TH</sup> SEPTEMBER, 2016 AT 3.00 P.M.

Name of the Member(s)			
Registered Address:			
E Mail Id :			
Folio No. /Client Id:		DP ID	

I/ We, being the member(s) holding \_\_\_\_\_ shares of the company, hereby appoint:

1. \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him/her
2. \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him/her
3. \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him/her

As my/our proxy to attend and vote(on a poll) for me/us and on our/my behalf at the 57<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 14<sup>th</sup> September, 2016 at 3.00 P.M. at Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, Prabhadevi, Mumbai- 400025, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	For*	Against*
1	Adoption of the Audited financial statements(including Audited Consolidated Financial Statements) for the financial year ended 31 <sup>st</sup> March, 2016, the Reports of Directors' and Auditors' thereon.		
2	Declaration of Dividend for the year ended 31 <sup>st</sup> March, 2016.		
3	Re-appointment of Smt. Rajashree Birla, Director retiring by rotation.		
4	Re-appointment of Mr. D. Bhattacharya, Director, retiring by rotation.		
5	Ratification of appointment of Statutory Auditors viz. M/s Singhi & Co.		
6	Ratification of the remuneration of the Cost Auditors viz. M/s Nanabhoy & Co. for the financial year ending 31 <sup>st</sup> March, 2017.		
7	Approval for appointment of Mr. Girish Dave as an Independent Director.		
8	Approval for charging fees for delivery of documents through a particular mode to members.		
9	Approval for offer or invitation to subscribe to Non-Convertible Debentures on a private placement basis.		
10	Approval for appointment of Mr. Satish Pai as the Managing Director.		
11	Approval for appointment of Mr. Praveen Kumar Maheshwari as the Whole time Director.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of shareholder: \_\_\_\_\_

Signature of Proxy holder(s): (1) \_\_\_\_\_ (2) \_\_\_\_\_ (3) \_\_\_\_\_

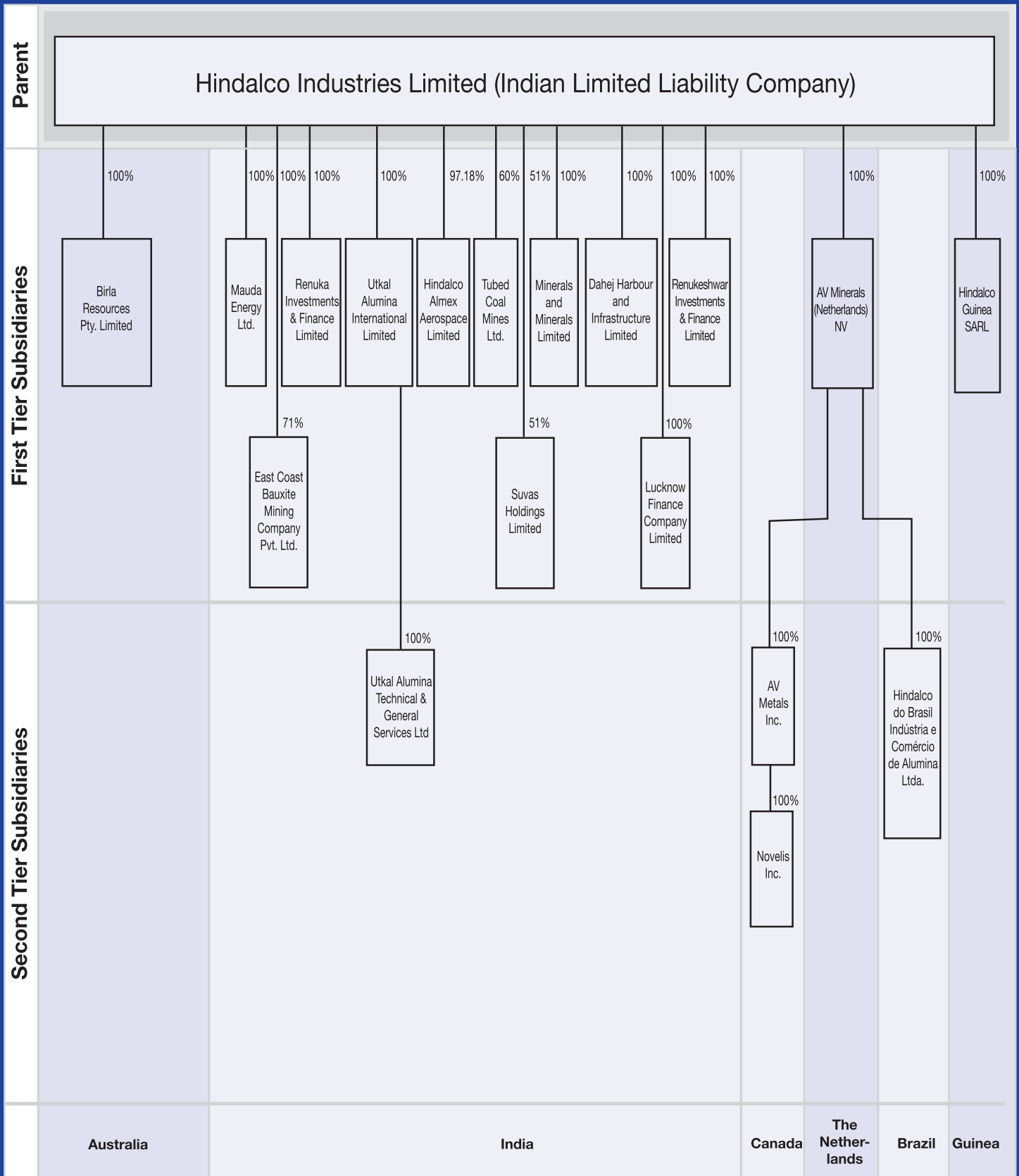
Affix  
Revenue  
Stamp

\* Please put "X" in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'against' column blank against the Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a member of the Company.
3. In case the Member appointing proxy is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorised by it and an authenticated copy of such authorisation should be attached to the proxy form.
4. A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
5. For the Resolutions, Explanatory Statement and notes please refer to the Notice of the Annual General Meeting.
6. Appointing a proxy does not prevent a Member from attending the meeting in person if he/she so wishes.
7. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
8. Please complete all details including details of member(s) in the above box before submission.

# Hindalco Corporate Structure Diagram





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**Hindalco Industries Limited**

Registered Office:

Century Bhavan, 3rd Floor,  
Dr. Annie Besant Road, Worli,  
Mumbai - 400 030.

Tel: (91-22) 6662 6666

Fax: (91-22) 2422 7586/2436 2516

E-Mail: [hilinvestors@adityabirla.com](mailto:hilinvestors@adityabirla.com)

Website: [www.hindalco.com](http://www.hindalco.com)

CIN No. L27020MH1958PLC011238

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