



Investor Presentation

October 2014

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1

Hindalco: Evolution over the last 5 years

2

Our value proposition

3

Focus on achieving sustainable leadership

1

Hindalco: Evolution over the last 5 years

2

Our value proposition

3

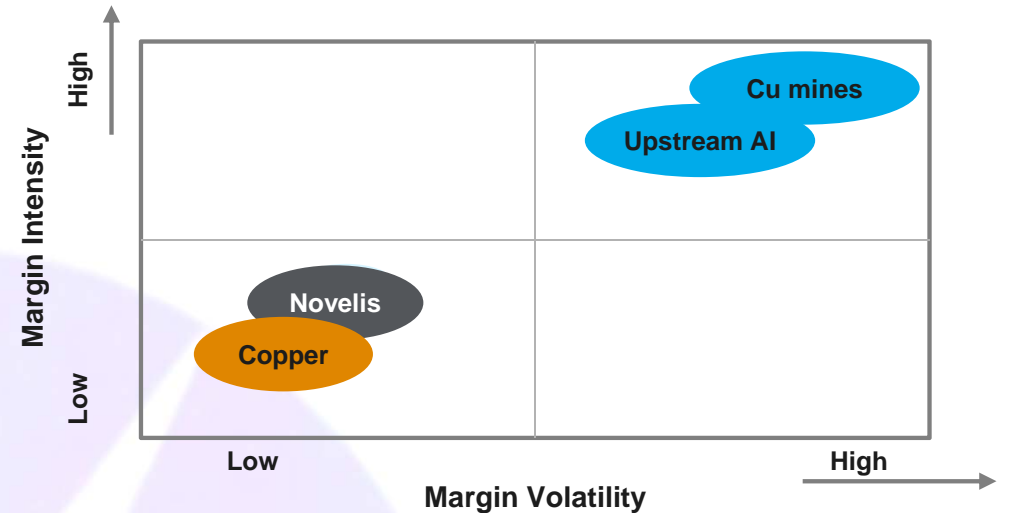
Focus on achieving sustainable leadership

Hindalco: Corporate snapshot






Global presence with significant scale



De- Risked business portfolio: two high margin- high volatility businesses and two converter businesses



Business highlights: A global leader

-  Leading aluminium FRP producer globally⁵
-  ~77% of the total sales⁶ from outside India
-  ~51% of the assets⁶ outside India
-  Global operations across 11 countries
-  33,000 employees across the world

Source: Company, Novelis - 10K

Notes:

1. FY14 consolidated financials. 1US\$= INR 60

2. Includes 277kt produced at Utkal

3. Includes 57kt at Mahan and Aditya

4. Under care and maintenance

5. Based on shipment volume in fiscal 2014

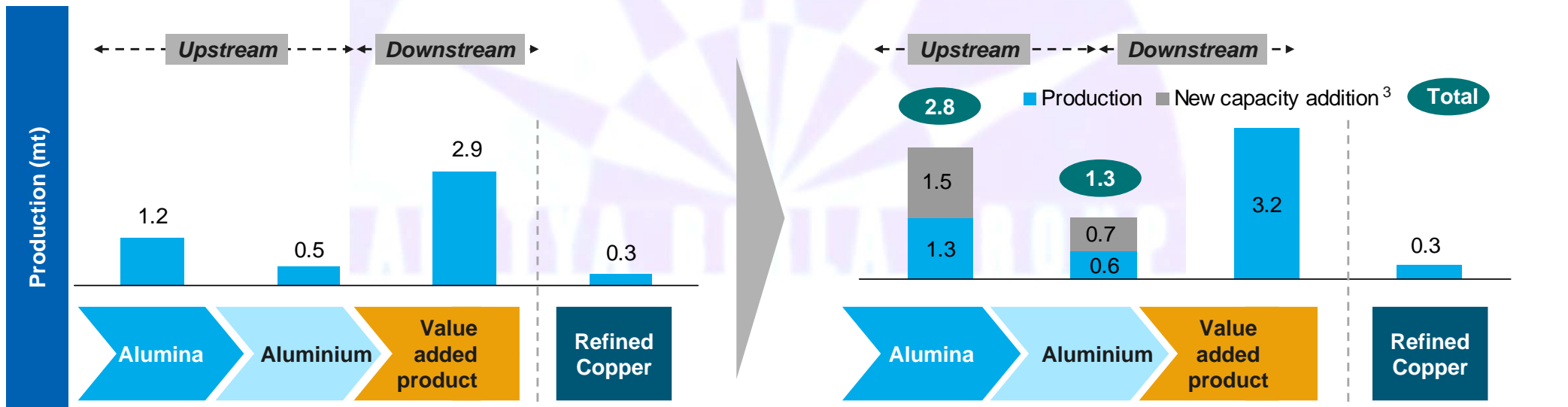
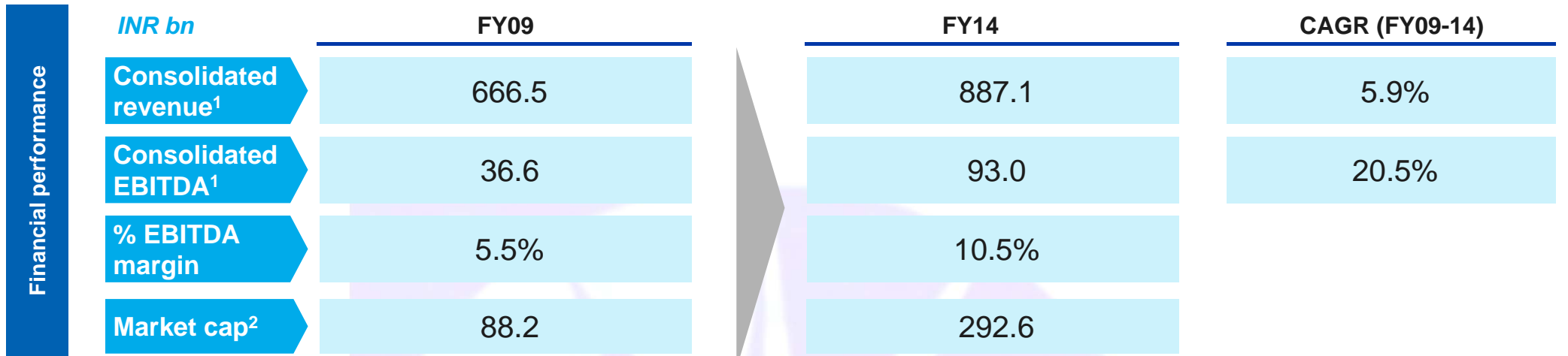
6. Based on consolidated sales and assets

Hindalco: Evolution over the last 5 years

Transformational change over the last 5 years – Increasing production capabilities with improved financial performance

Hindalco Then (2009)...

...Hindalco Now (2014)

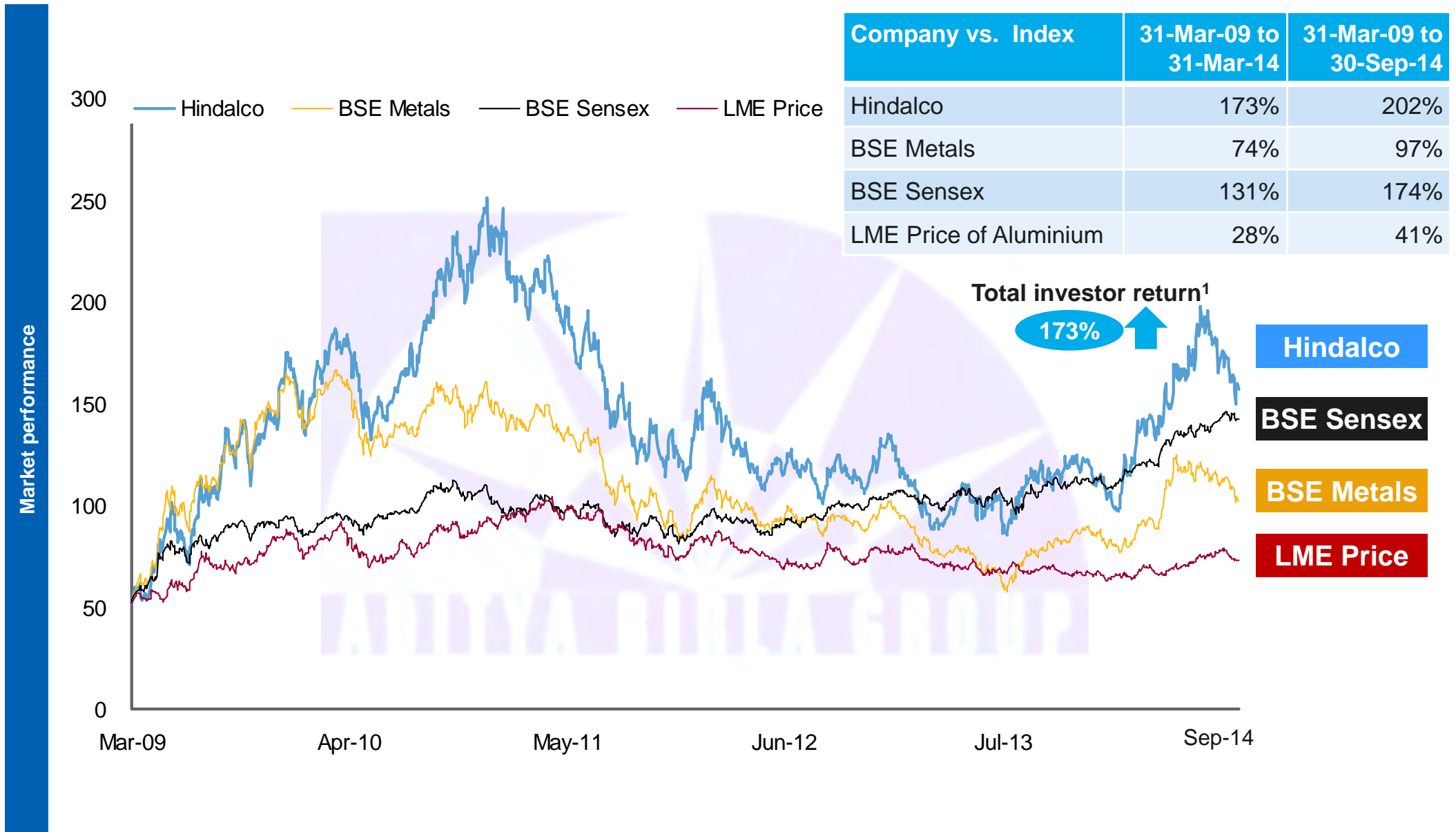


Sources: Company, Bombay Stock Exchange

- Notes:
1. Includes other income
 2. Market cap. as on 31 Mar'09 and 31 Mar'14 (INR 323.7bn as on 30 Sep'14)
 3. New capacity (In the process of achieving full capacity): Utkal alumina refinery, Mahan and Aditya smelters

Delivering value to our investors

Share price performance



Sources: Bombay Stock Exchange (as on 30 Sep'14), Bloomberg

Note:

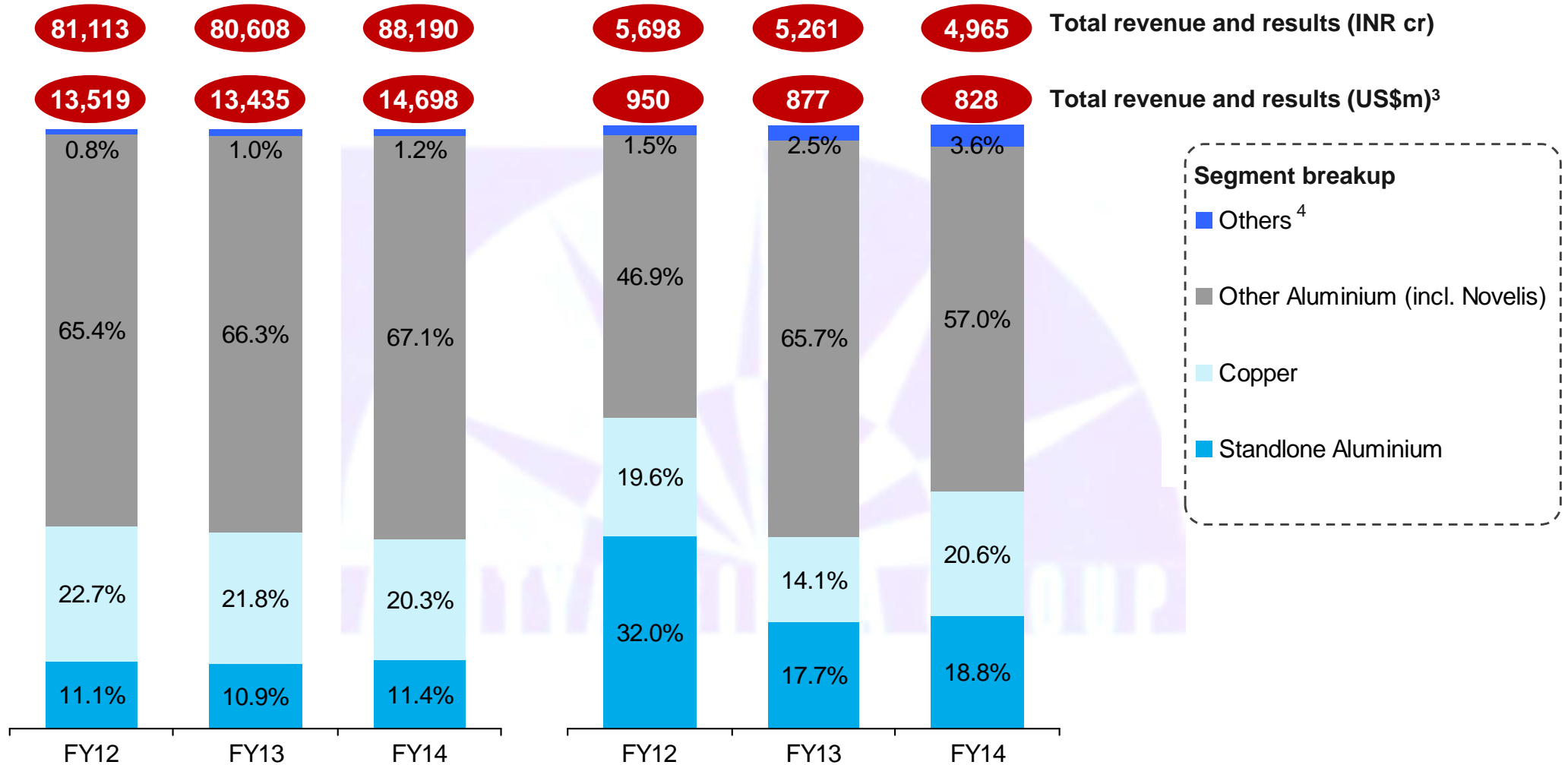
1. Based on share price; excludes dividend received from 31 Mar'09 to 31 Mar'14 (including dividend during above period would increase investor return to 187%)

De-risked business portfolio

Breakup of key consolidated financials

Segment revenue¹

Segment results²



Well diversified portfolio and strong presence across value chain

Source: Company

Notes:

1. Excluding inter segment revenue

2. Represents earnings before interest and taxes

3. 1US\$= INR 60

4. Includes revenue from Caustic and Others

Well positioned to benefit from improving fundamentals



Hindalco favorably placed for a cyclical recovery, given its diversified operations and recent capacity expansions

1

Hindalco: Evolution over the last 5 years

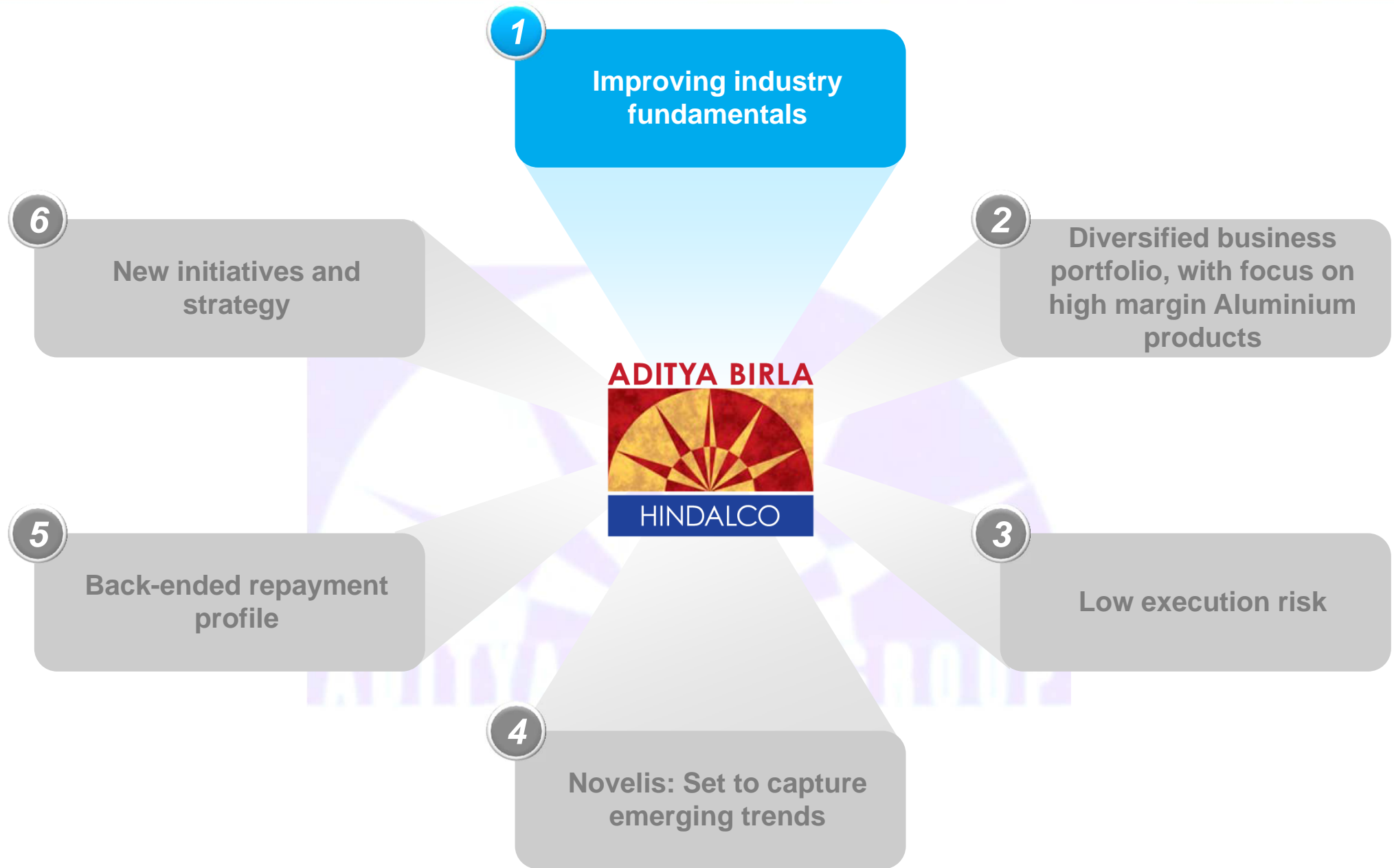
2

Our value proposition

3

Focus on achieving sustainable leadership

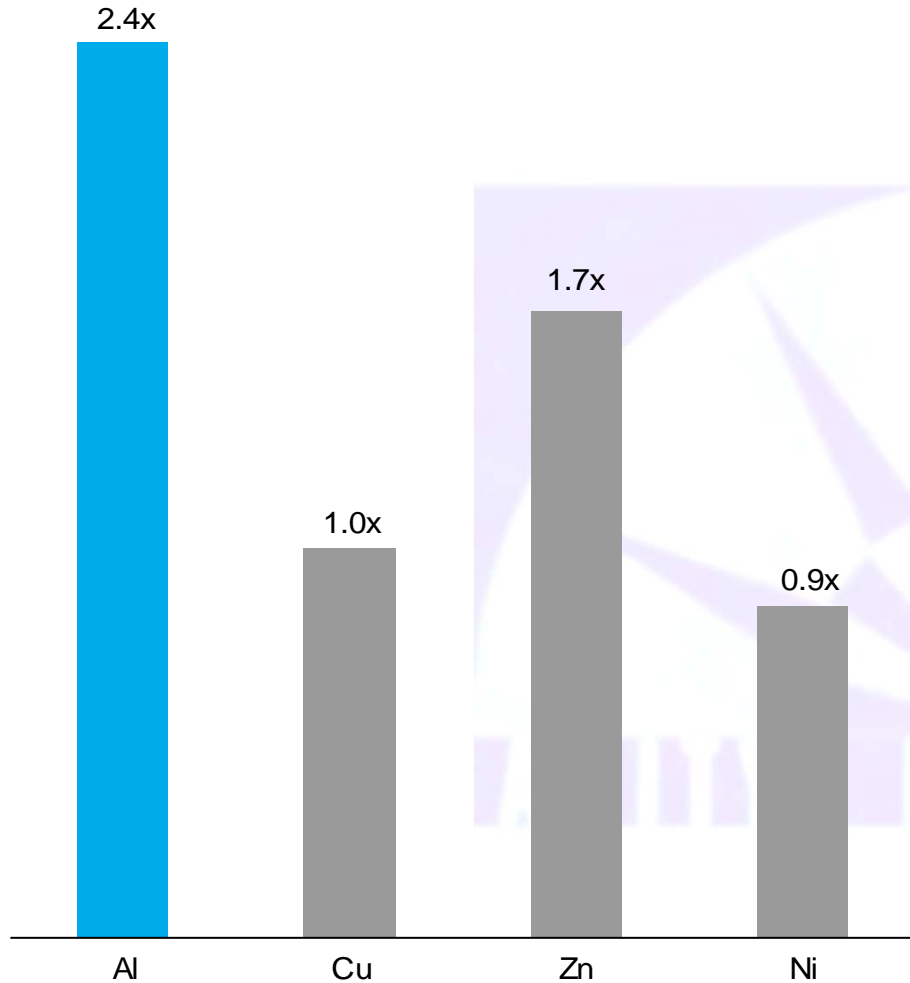
Key investment highlights



Steady economic recovery likely to drive metals consumption

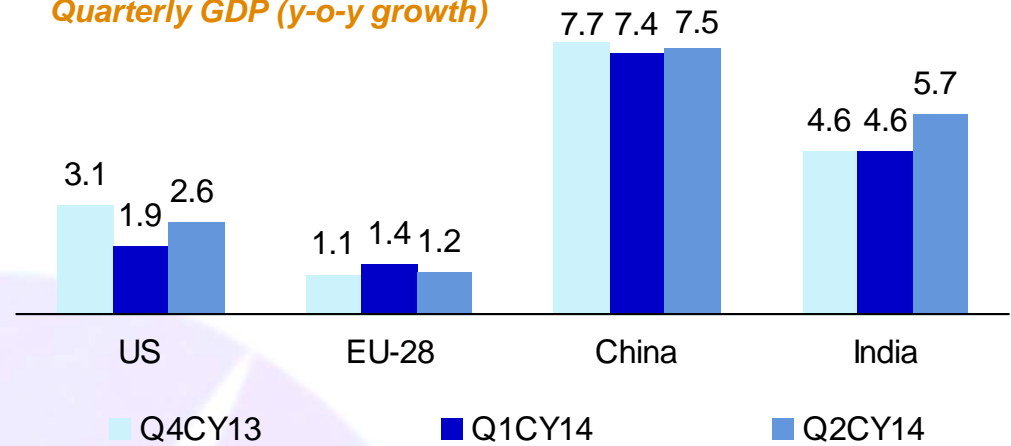
Multiplier effect of growth on metal consumption

Global Consumption growth multiple (2002–2012) vis-à-vis GDP growth



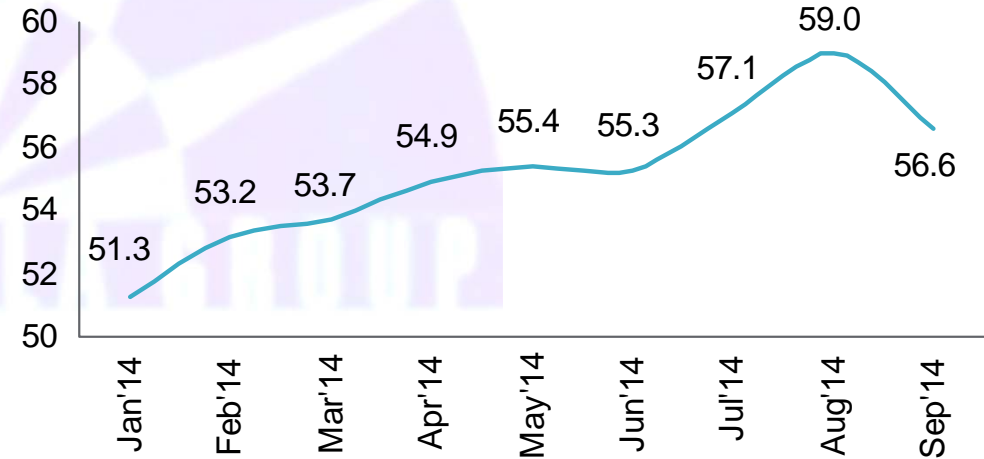
Global economic recovery continues

Quarterly GDP (y-o-y growth)



US manufacturing showing signs of a recovery

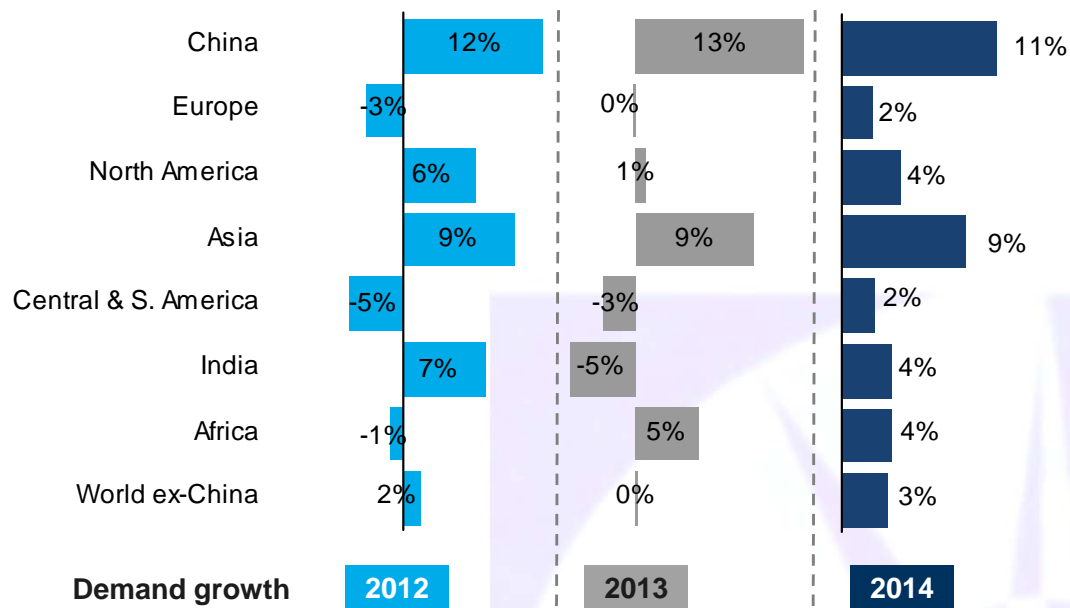
Purchasing Managers Index



Strong recovery in developed markets and steady growth in Asia to drive overall manufacturing activity

Medium-term outlook: Strategic shifts driving global demand

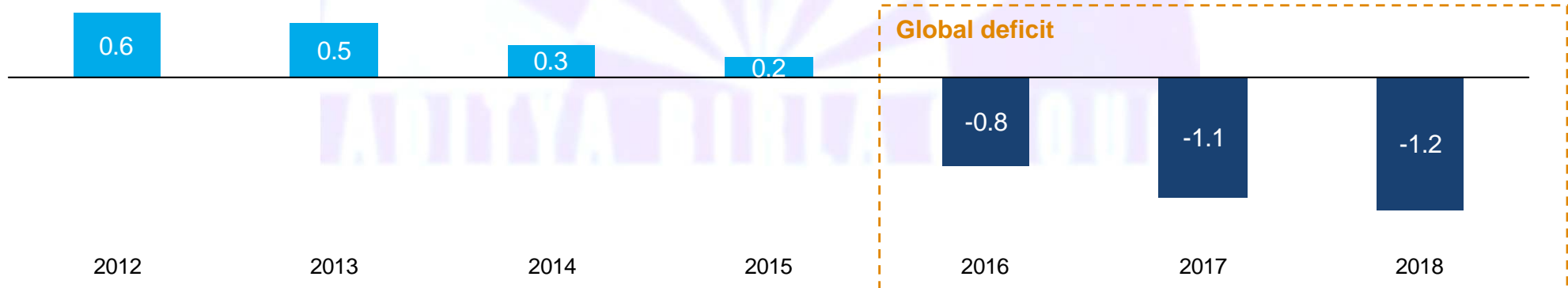
Primary aluminium consumption: Positive outlook



Positive structural changes

- Global economic recovery and emerging market growth boosting demand
- Structural shifts from other metals to Aluminium due to weight, cost and recycling benefits
- Automotive sector (~30% growth through 2020 wrt FRP demand) to lead demand growth

Primary aluminium – global market balance (Mn tonnes)



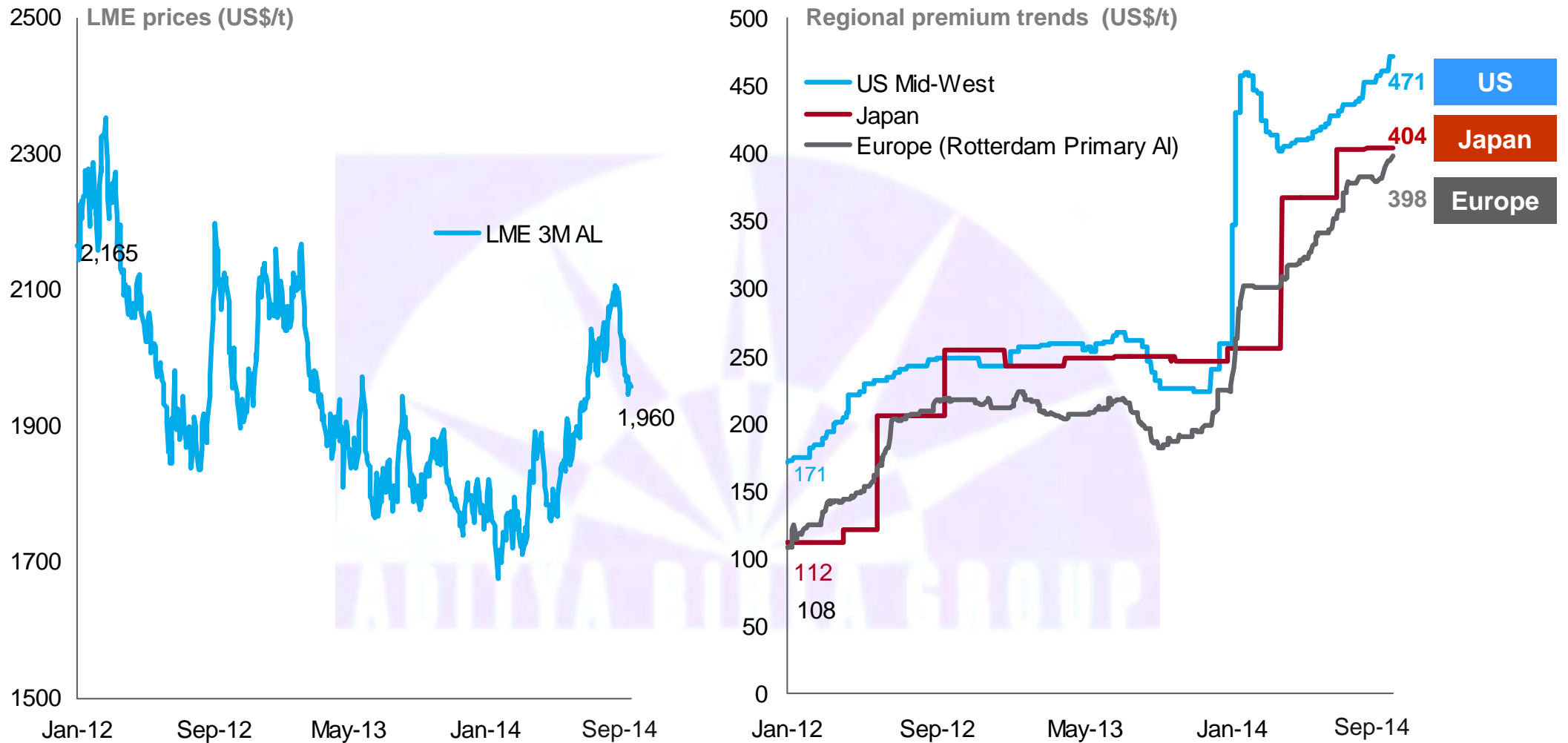
Tight supply-demand balance likely to emerge, given recovery in demand and global capacity curtailments

Source: CRU - Aluminium Market Outlook July 2014

Note:
1. Central & S. America excludes Mexico but includes Cuba; North America includes Mexico

Aluminium Prices: Premium continues to provide support

Recent rise in aluminium prices further supported by rising regional premiums (US\$/t)



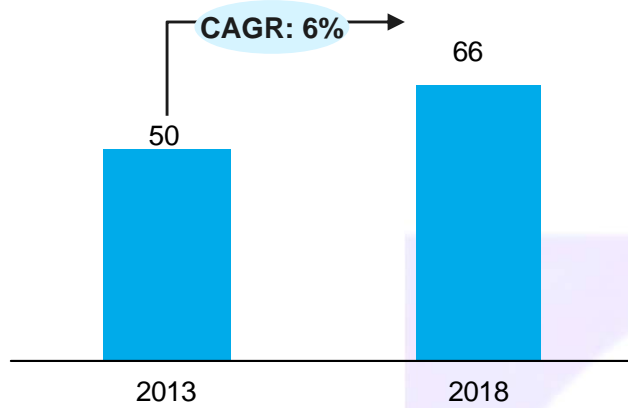
Financing deals, curtailed aluminium supply and demand recovery likely to restrict availability

Source: Bloomberg (as on 30 Sep'14)

Long-term outlook: Robust growth potential across end users

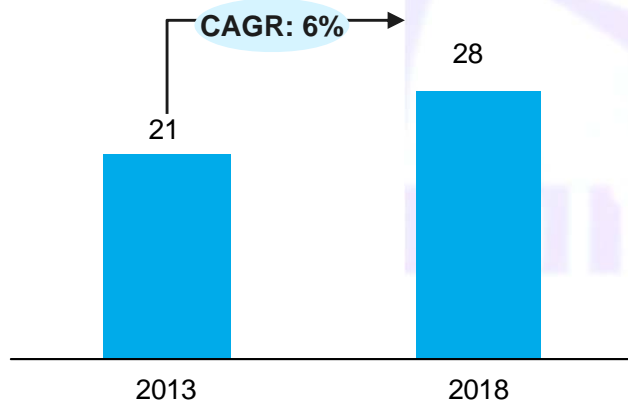
Aluminium consumption growth







Primary Al consumption (mnT)



Strong FRP consumption growth

FRP consumption (mnT)



End-Users	Demand drivers	Key considerations	CAGR (2013-18)
 Transport	<ul style="list-style-type: none"> Stringent fuel emission norms (viz. CAFE) 	<ul style="list-style-type: none"> Need for Light-weight cars → more demand for aluminium sheets 	7%
 Construction	<ul style="list-style-type: none"> Steady global recovery with strong push in Asia 	<ul style="list-style-type: none"> Construction activity historically correlated to GDP 	6%
 Packaging¹	<ul style="list-style-type: none"> Disposable incomes Penetration or organized retail in emerging economies 	<ul style="list-style-type: none"> Growing consumption, greater demand for packaging materials, especially aluminium foil 	4%
 Machinery & Equipment	<ul style="list-style-type: none"> GDP and industrial growth in emerging economies 	<ul style="list-style-type: none"> Greater industrialization and investments to spur growth 	6%
 Electrical	<ul style="list-style-type: none"> Infrastructure spends in emerging markets 	<ul style="list-style-type: none"> Developing markets, especially Asia, to sustain future growth momentum 	6%
 Consumer Durables	<ul style="list-style-type: none"> Disposable incomes Growth of middle class in emerging economies 	<ul style="list-style-type: none"> Continued growth in consumer base 	5%



Positive long-term growth prospects for end-use segments to drive aluminium consumption

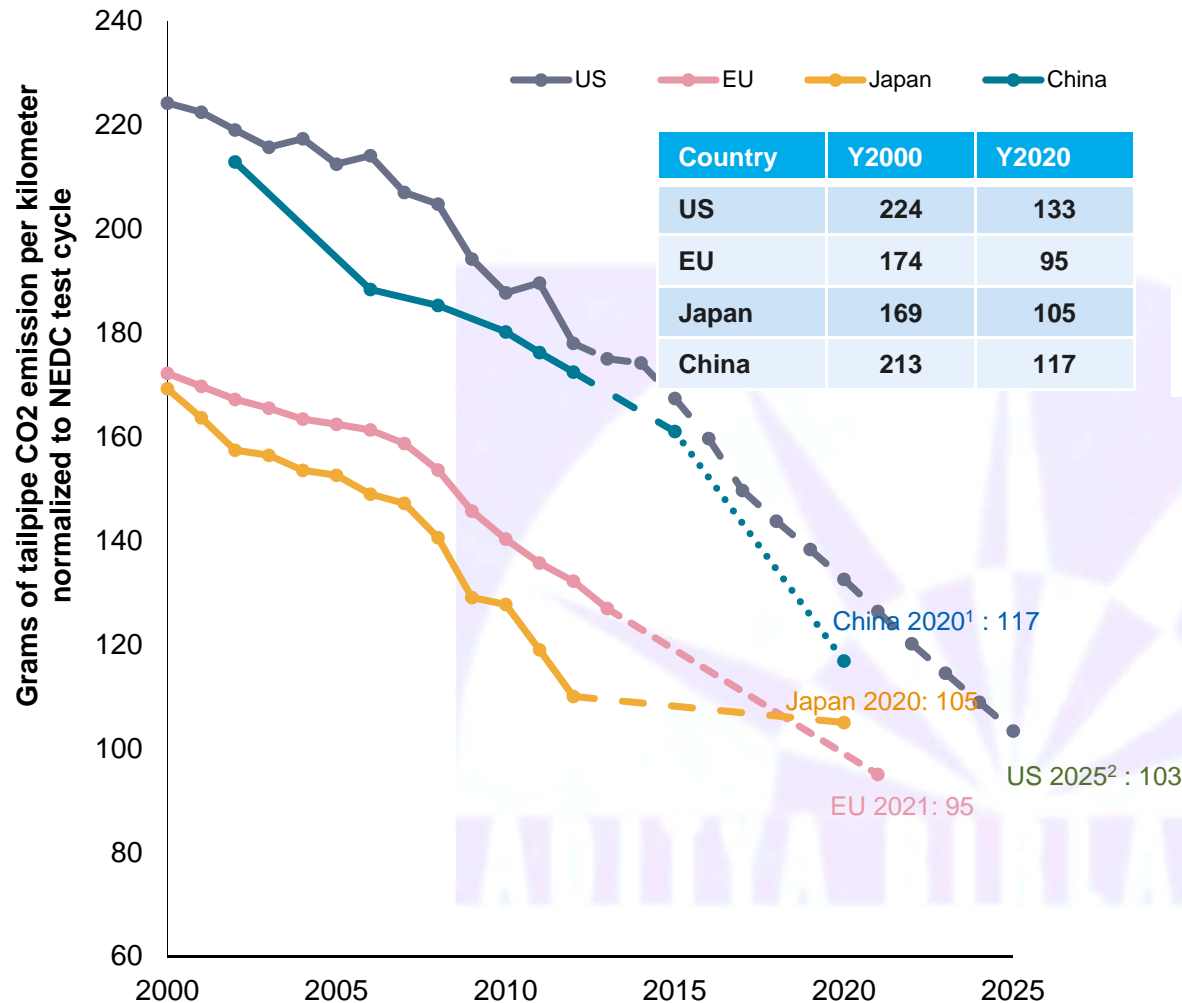
Sources: CRU - Aluminium Market Outlook July 2014, CRU - Aluminium Rolled Products Market Outlook November 2013

Note:

1. Includes Foil stock

Auto is expected to remain key industry to drive Aluminium demand

Auto CO2 Emission Trend (in g/km)



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



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

Need for Lighter Cars

Growing Significance of Aluminium Auto Sheets



Government Regulations (viz CAFÉ) are driving auto aluminium demand

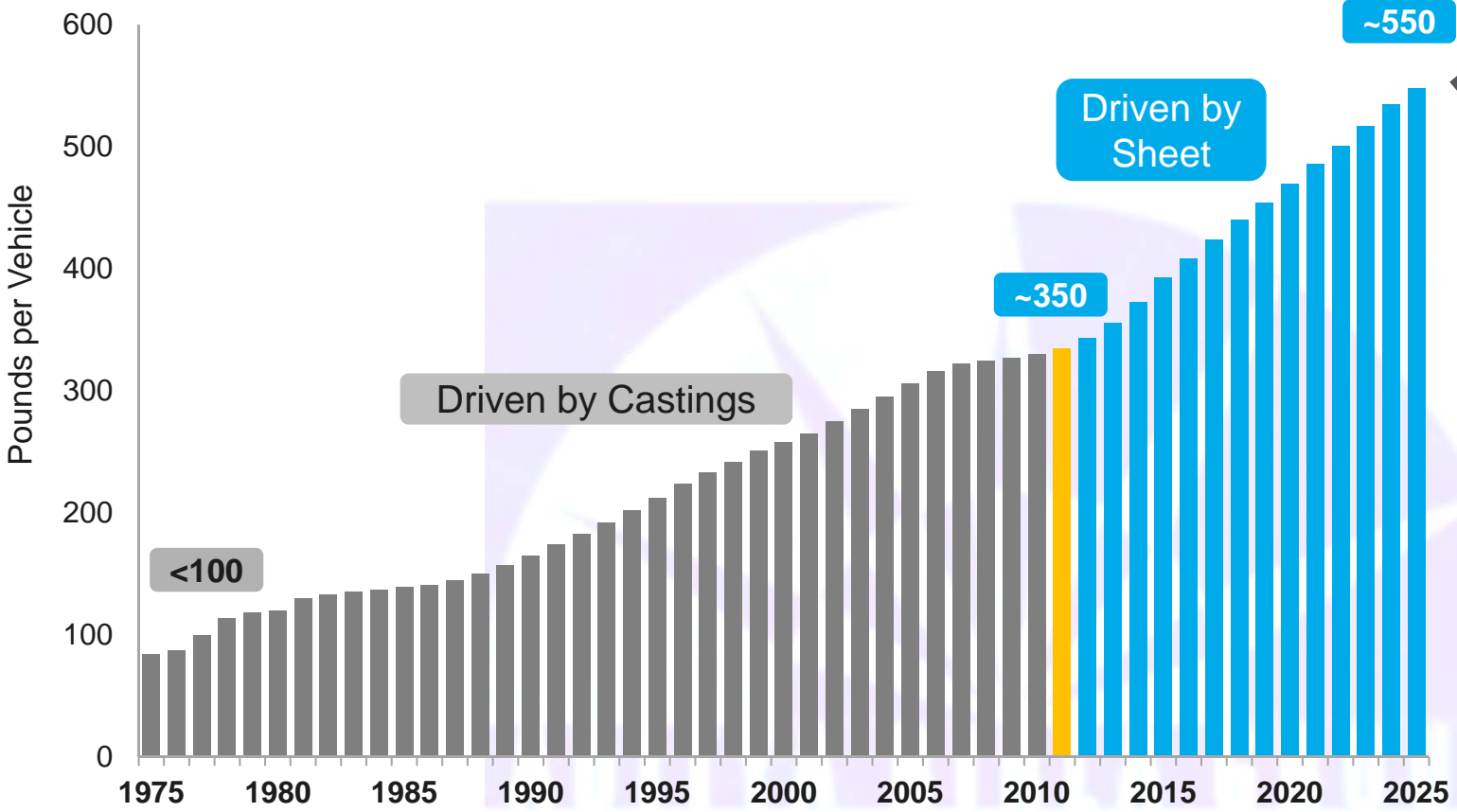
Sources: International Council on Clean Transportation, <http://creativecommons.org/licenses/by-sa/3.0/>
 NEDC: New European Driving Cycle; NHTSA: National Highway Traffic Safety Administration
 CAFÉ: Corporate Average Fuel Economy standards established by NHTSA under the Energy Policy and Conservation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

Notes:

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

North America auto FRP demand growth

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



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

**~180lbs FRP/vehicle
15M vehicles/year**



**>1.7M tons/year
FRP aluminium coil**

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

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

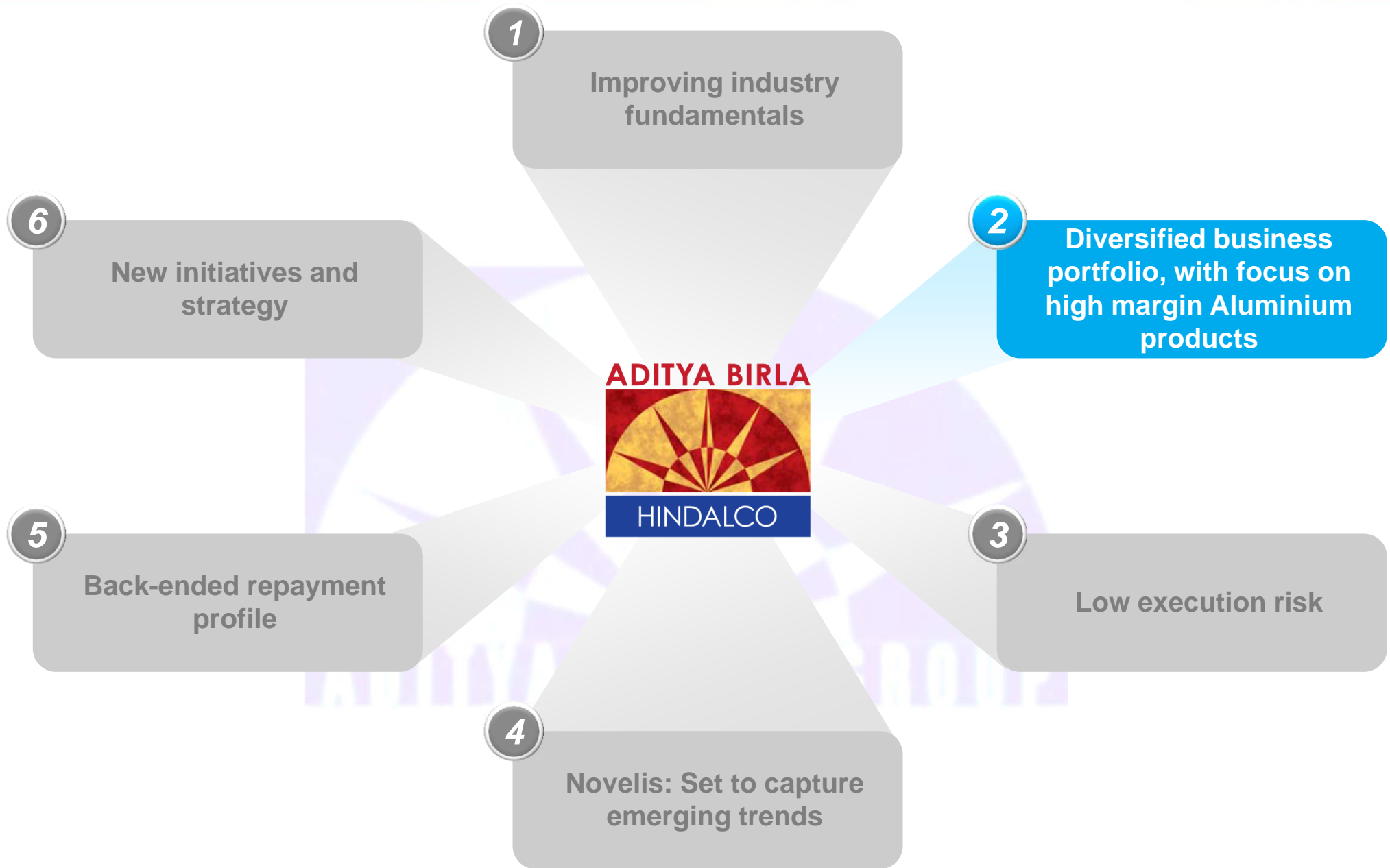
50 years of uninterrupted aluminium content growth for North American manufactured light vehicles is guaranteed

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

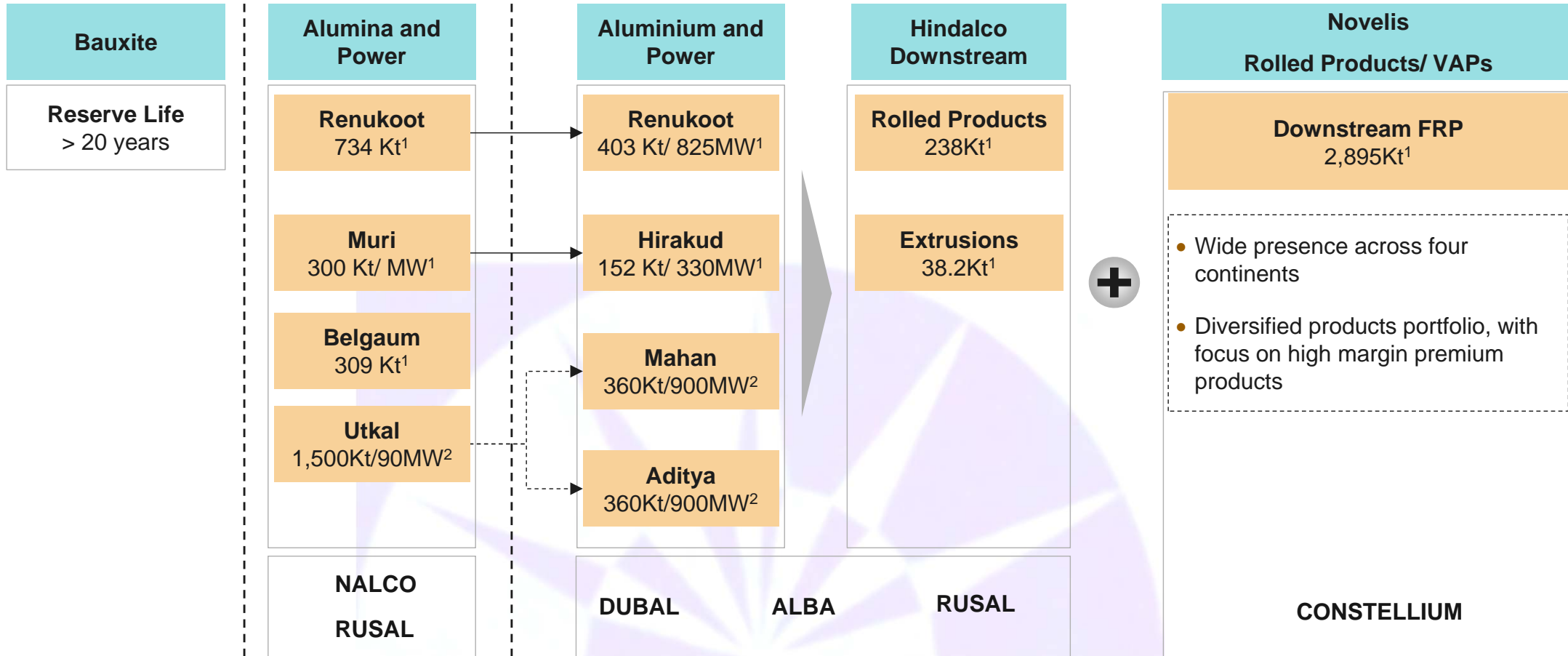
Source: 2014 Ducker Worldwide



Key investment highlights



Strong presence across the Aluminium value chain



Hindalco's vertically integrated operations enables it flexibility

Source: Company

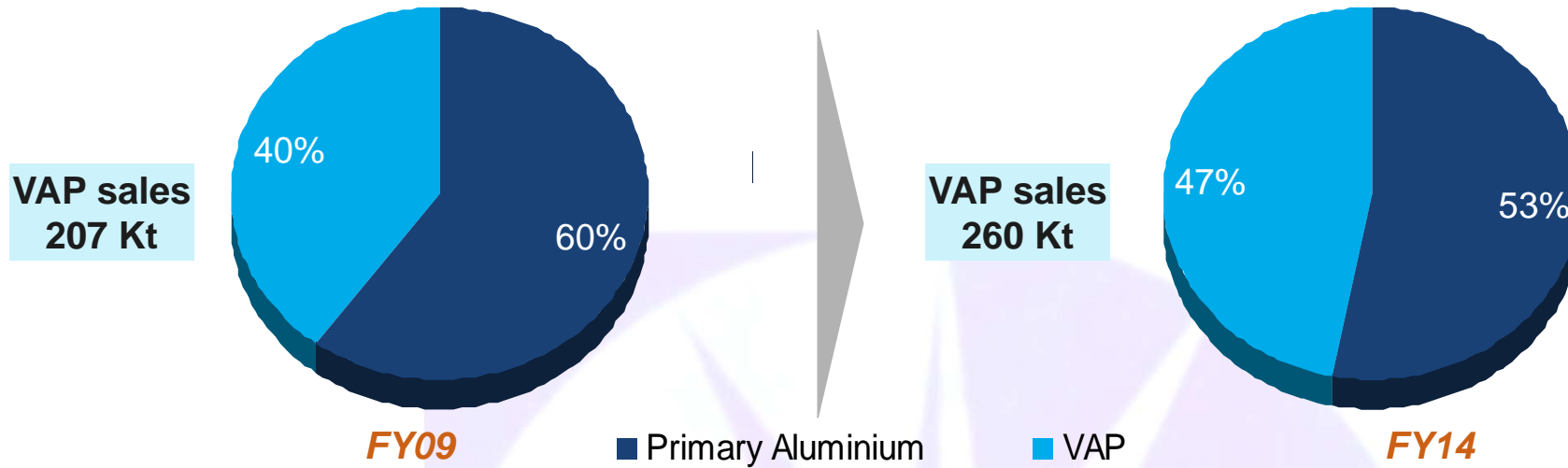
Notes:

- FY14 production / shipment
- Capacity of the projects, are currently being ramped up



The Hindalco domestic story: Focus on VAP

Focus on high margin VAP Products



One of the leading position in FRP Aluminium products



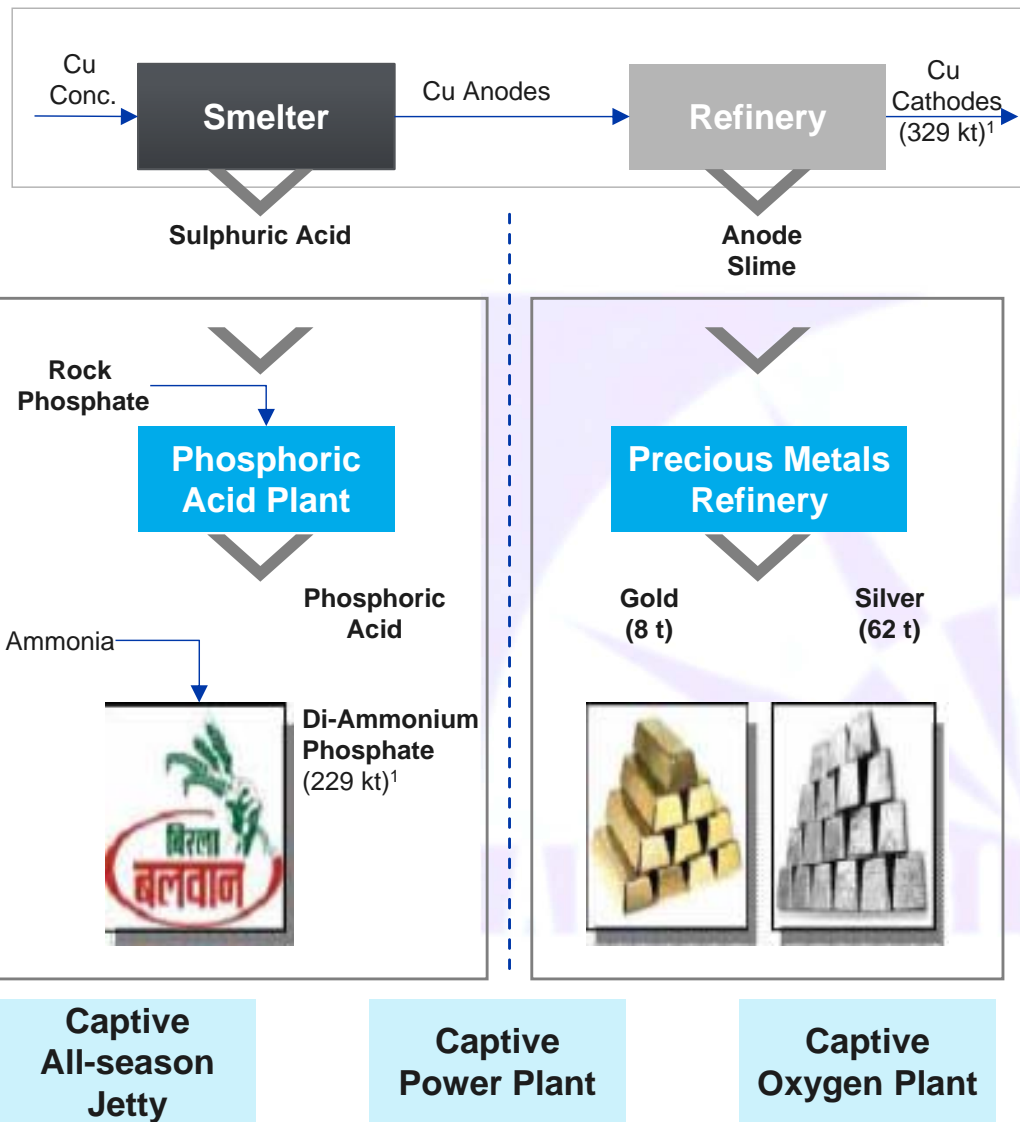
Source: Aluminium Association of India



Focus on high margin products to improve profitability

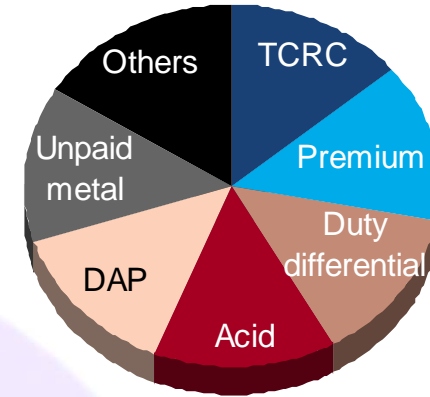
Copper: Reduces volatility for domestic operations

Brief overview



Multiple value driver model, reducing volatility further

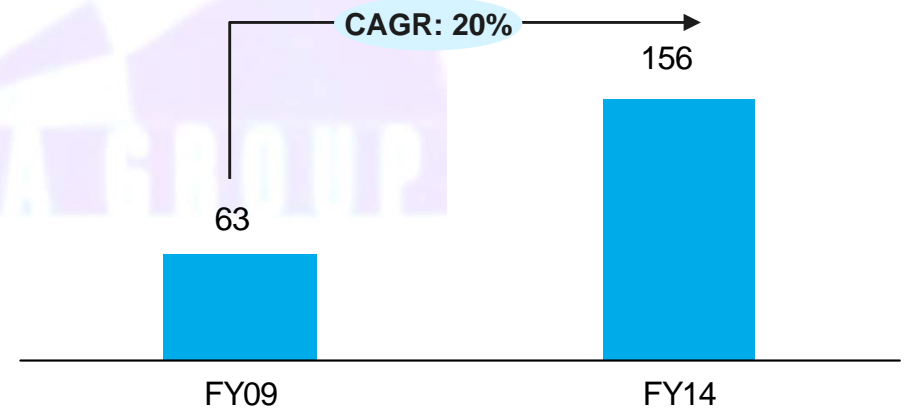
Copper Business Contribution



Above graph is illustrative and not to scale

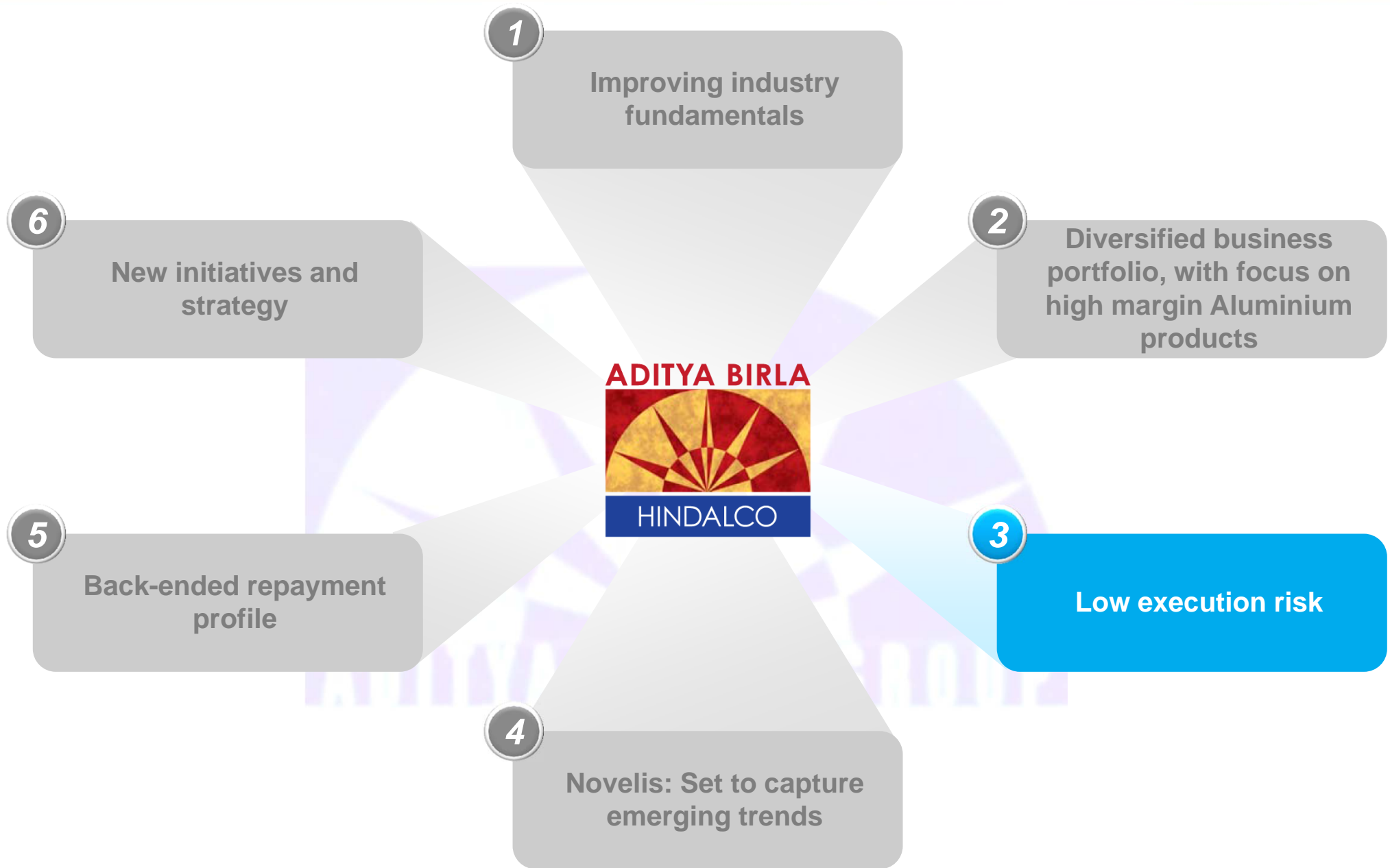
Significant contribution to standalone operations

Copper EBIT growth (US\$m)²



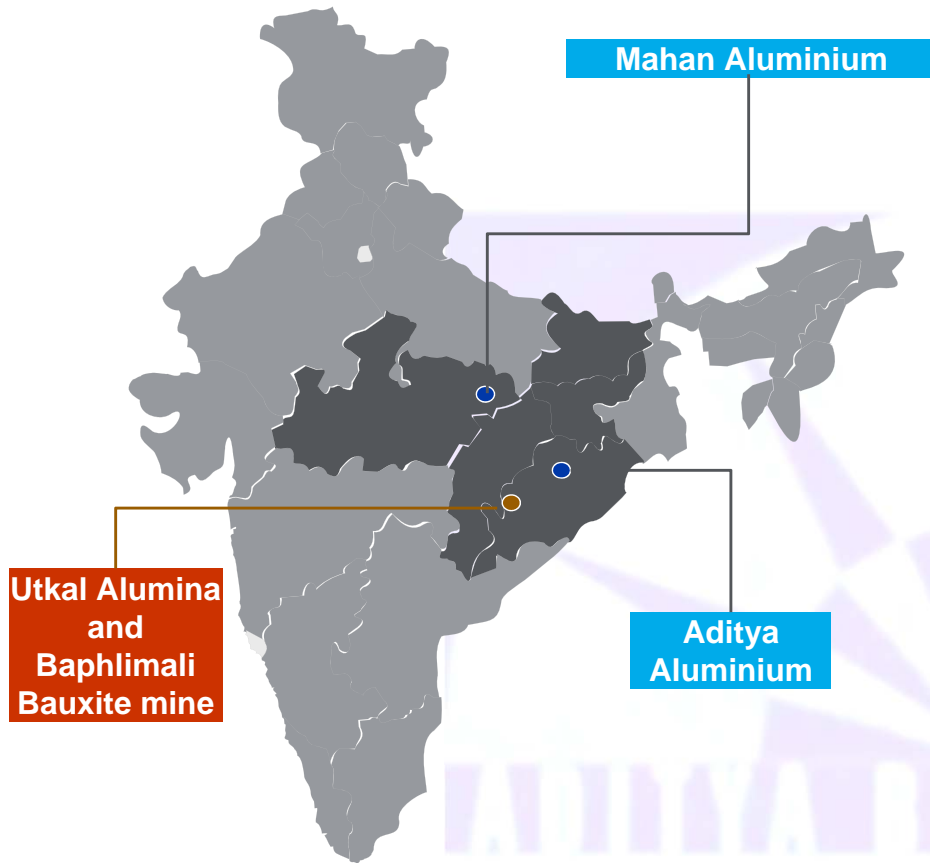
Source: Company
Notes:
1. FY14 production
2. 1US\$ = 60 INR

Key investment highlights



Gearing for the future: New projects come on stream

Expansion projects



On stream assets: Execution risk is over

	Mahan	Aditya	Utkal
Details	<ul style="list-style-type: none"> Aluminium Smelter 	<ul style="list-style-type: none"> Aluminium Smelter 	<ul style="list-style-type: none"> Alumina Refinery
Scope (name plate capacity)	<ul style="list-style-type: none"> 360 Ktpa smelter 900MW power plant 	<ul style="list-style-type: none"> 360 Ktpa smelter 900MW power plant 	<ul style="list-style-type: none"> 1,500 Ktpa
Ongoing ramp-up in new projects	<ul style="list-style-type: none"> Metal production ramped up to 37Kt in Q1FY15 	<ul style="list-style-type: none"> Metal production commenced, 8Kt in Q1FY15 	<ul style="list-style-type: none"> Alumina production ramped up to 199Kt in Q1FY15



Strategically located new projects ramping up as per plan

Source: Company

Coal blocks cancellation: Situational update

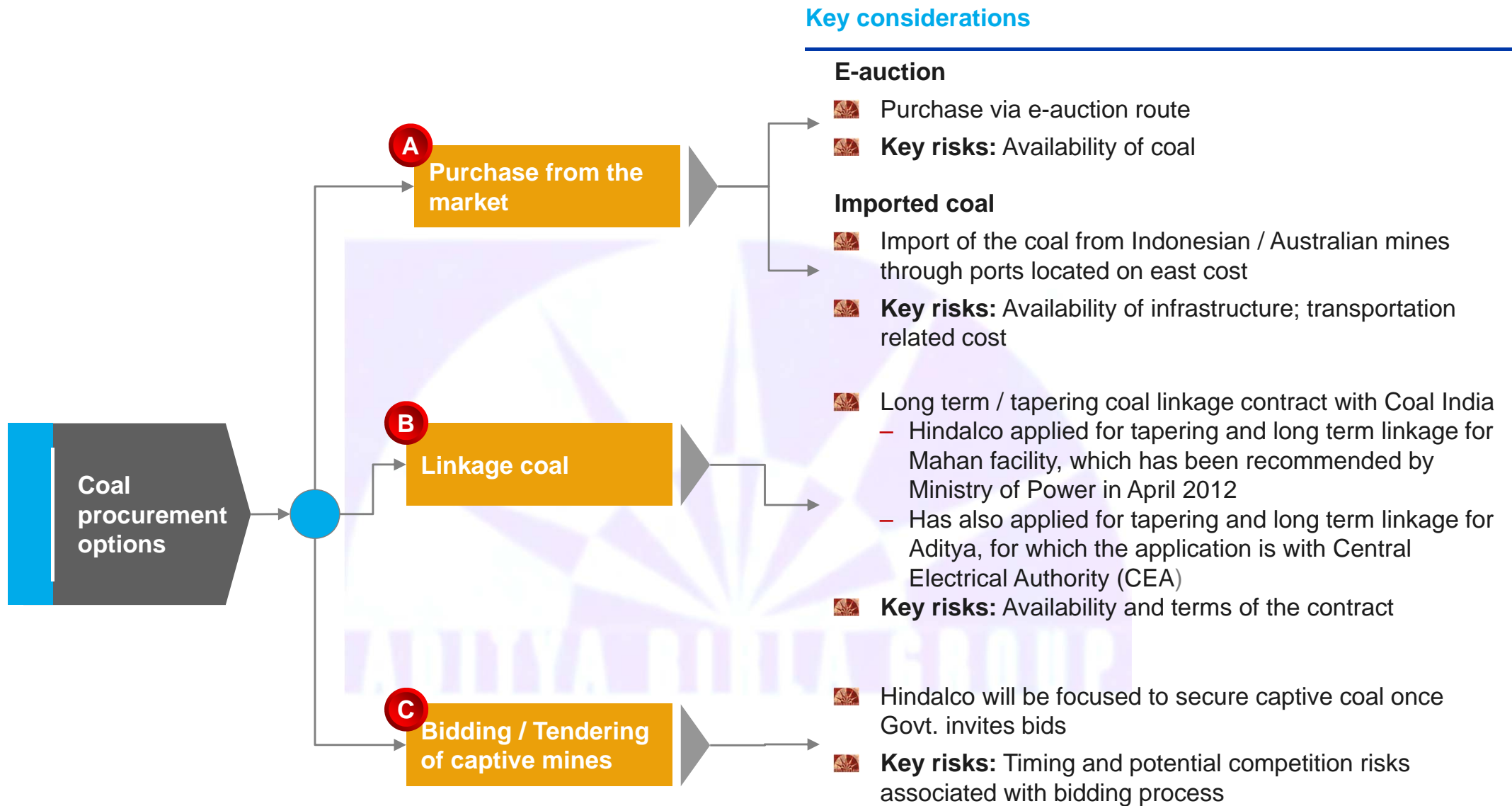
Key highlights of the Supreme Court ruling

- Supreme Court of India recently cancelled 214 coal licenses issued since 1993 to various companies for captive use
- Current owners have been allowed to continue production until 31 March 2015, post which the mines will be handed over to Coal India
- Owners of these licenses will also have to pay a levy of INR 295/t for the entire volume of coal produced since the first day of operation

Impact on Hindalco

- As per the Supreme Court ruling, Mahan, Tubed and Talabira I, II & III coal licenses have been cancelled
- At a suggested levy of INR 295/t on coal, the total one time impact on Hindalco would be ~ INR 500 cr

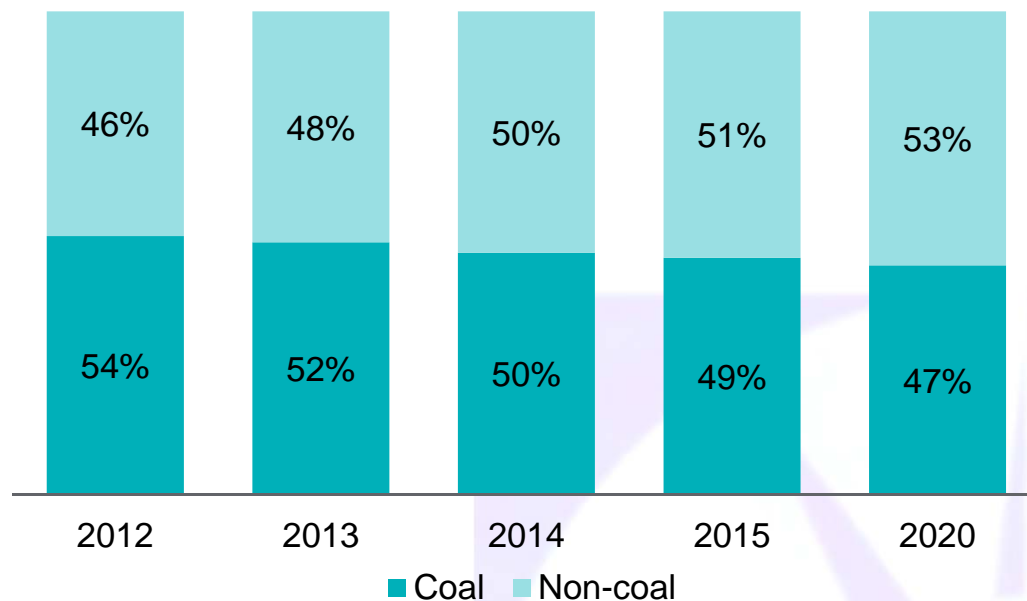
Possible procurement options for coal



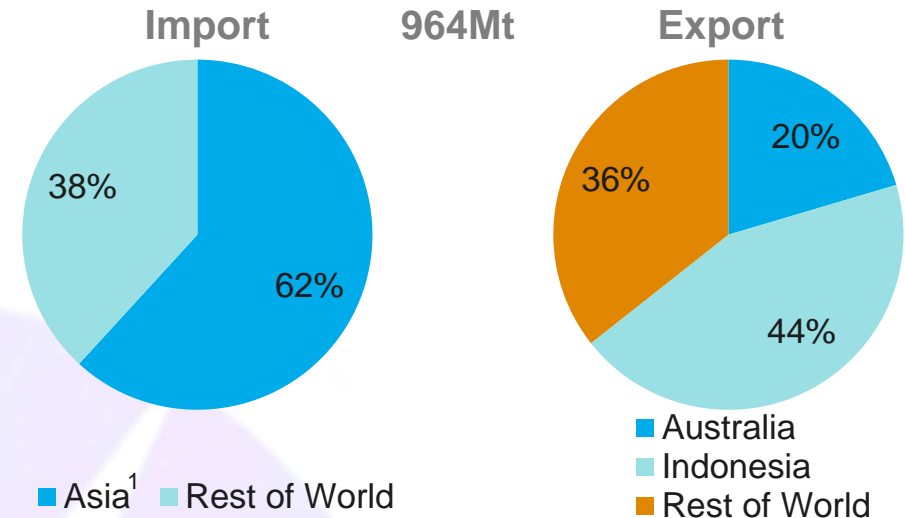
Hindalco intends to secure long term coal supply, while evaluating various short term options

Global thermal coal industry

Power generation by fuel type – Asia



Seaborne thermal coal market – 2014 (Mt)



- Thermal coal market continues to remain oversupplied due to weakening of demand and take-or-pay contracts
- Asia is the largest consumer in global seaborne thermal coal market contributing more than 60% of the total trade
- Share of thermal coal in Asia's power generation is expected to decline from 52% in 2013 to 47% in 2020 due to environmental concerns and substitution with other fuel types
- Despite geopolitical tensions, Brent crude oil price declined ~10% YTD² to US\$95/bbl due to increased US production, slower economic recovery in the EU and lower growth in China



Surplus is expected to continue, given the reduced share of coal in power generation

Sources: Wood Mackenzie, Bloomberg

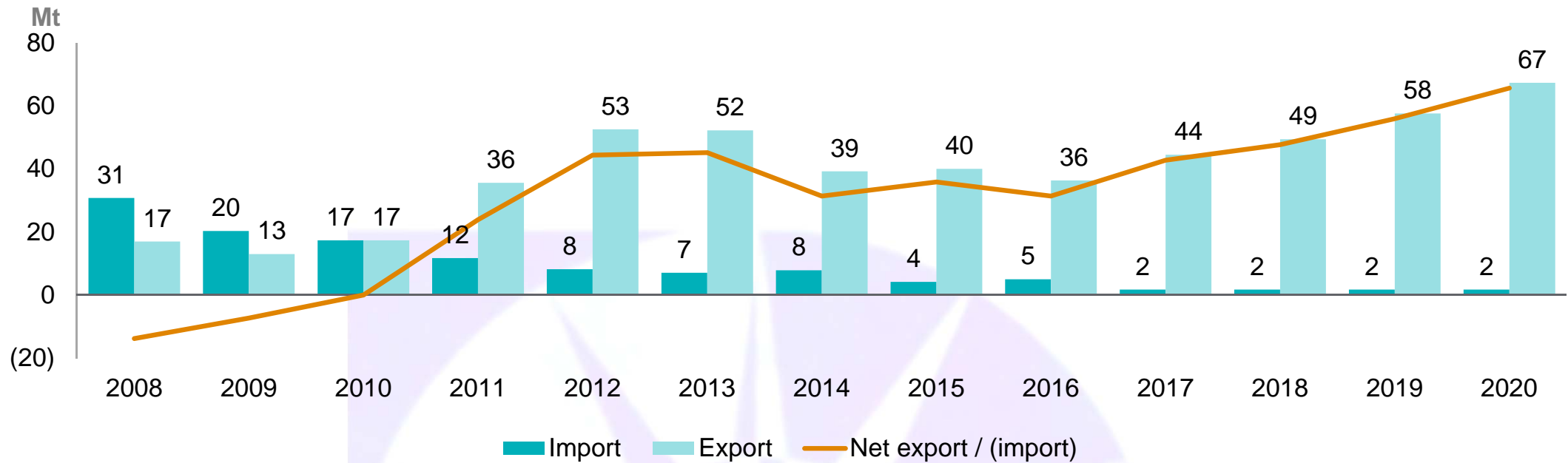
Notes:

1. Includes China, India, Japan and South Korea

2. Brent crude oil price change from 2 Jan'14 to 30 Sep'14

US shale gas impact on seaborne thermal coal market

US seaborne thermal coal trade



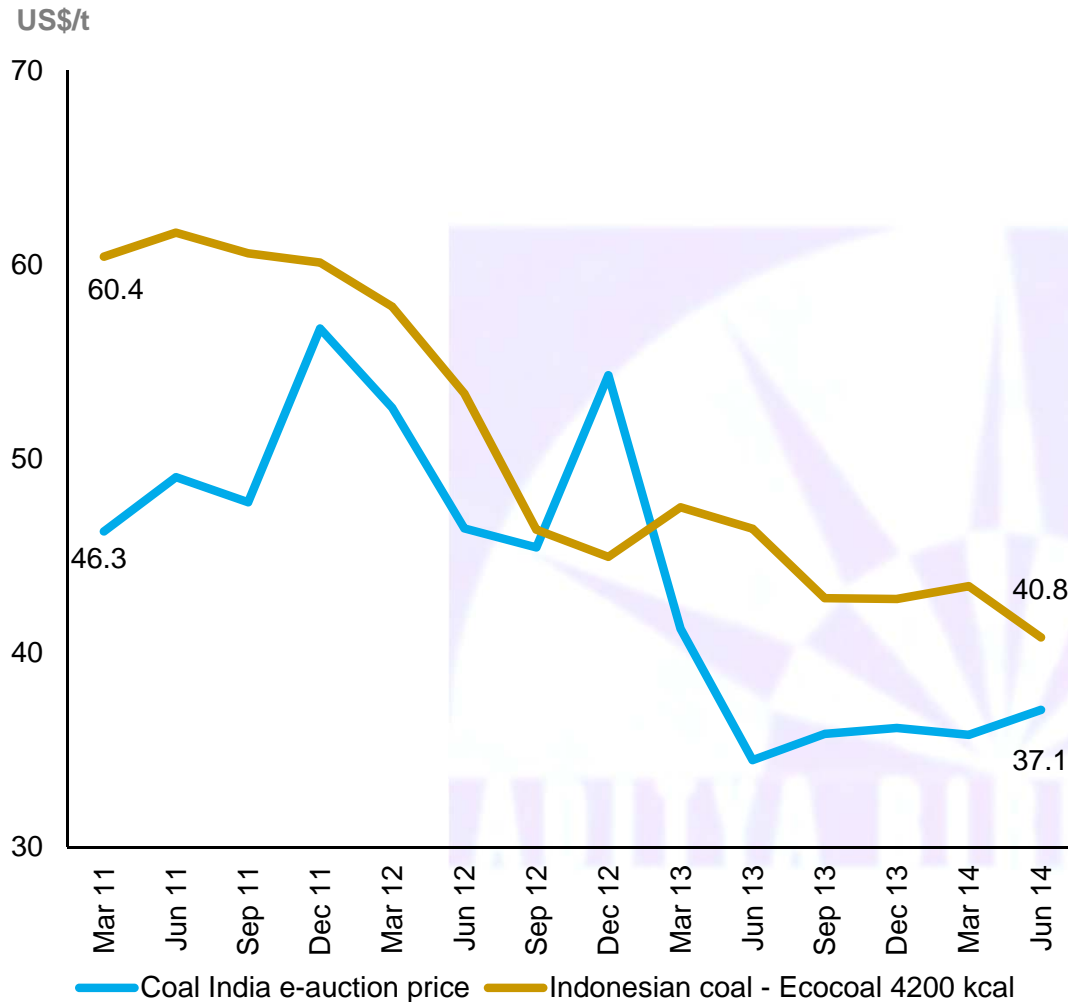
- US power producers are replacing coal with gas due to low gas prices which is further supported by environmental policies, leaving US coal industry in surplus
- US coal producers continue to increase productivity and new reserves are continually discovered, adding to the surplus coal production
- Instead of rationalizing the coal production, US coal producers are moving into the seaborne coal market to take advantages of growing demand in Asia



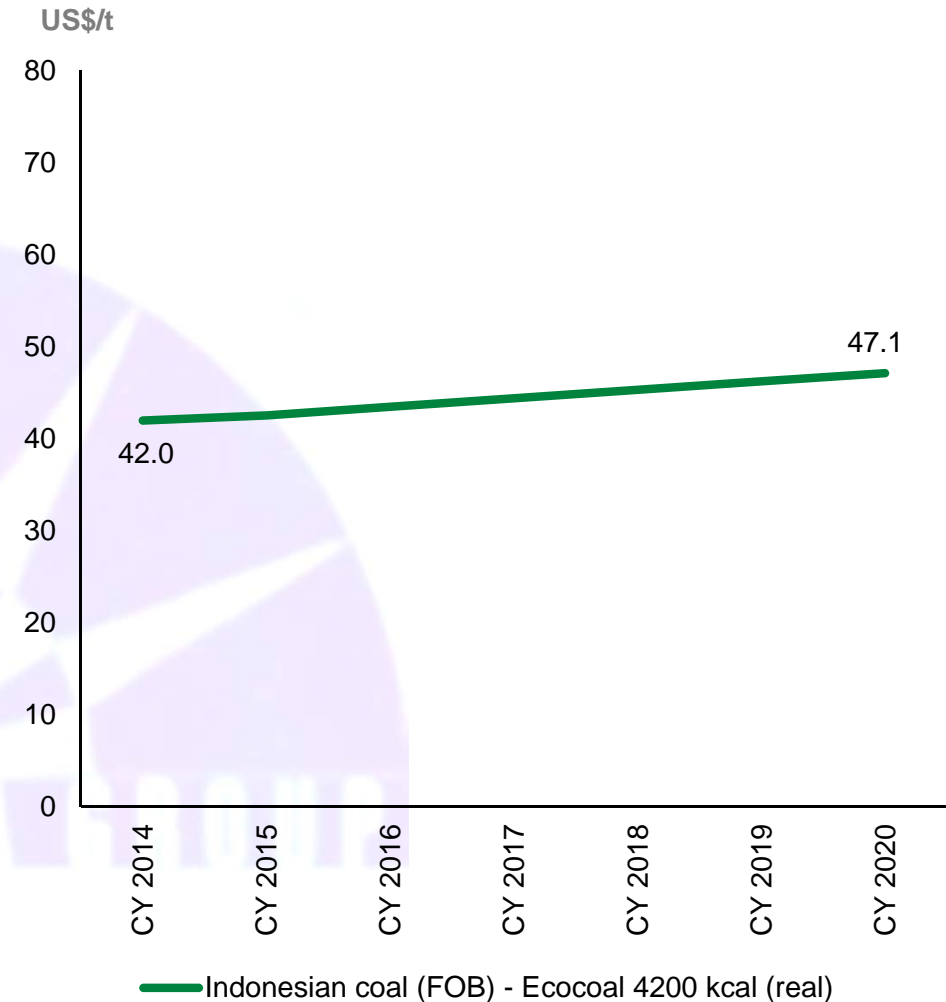
Low gas prices in US forcing US coal production to move into the global seaborne trade market

Coal Prices: Indonesia vs e-auction

Relationship between Indonesian & e-auction coal prices



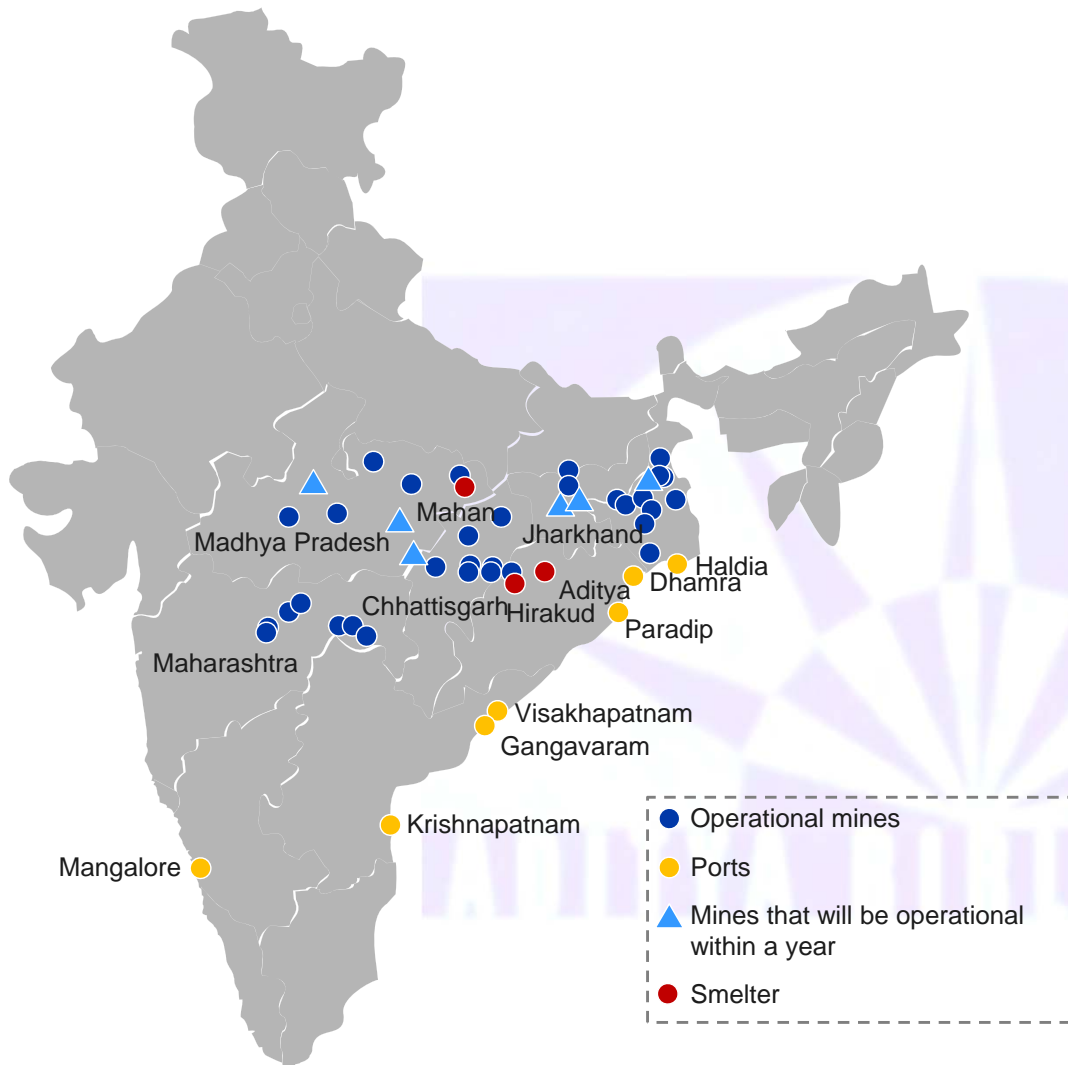
Indonesian coal price forecast



- E-auction prices generally trade at a discount to Indonesian coal price, however, the gap is narrowing down
- Indonesian coal prices expected to remain flat, driven by oversupply and reduction in coal consumption

Proximity to coal mines and ports

Locations of 46 operational / nearly operational mines and key ports



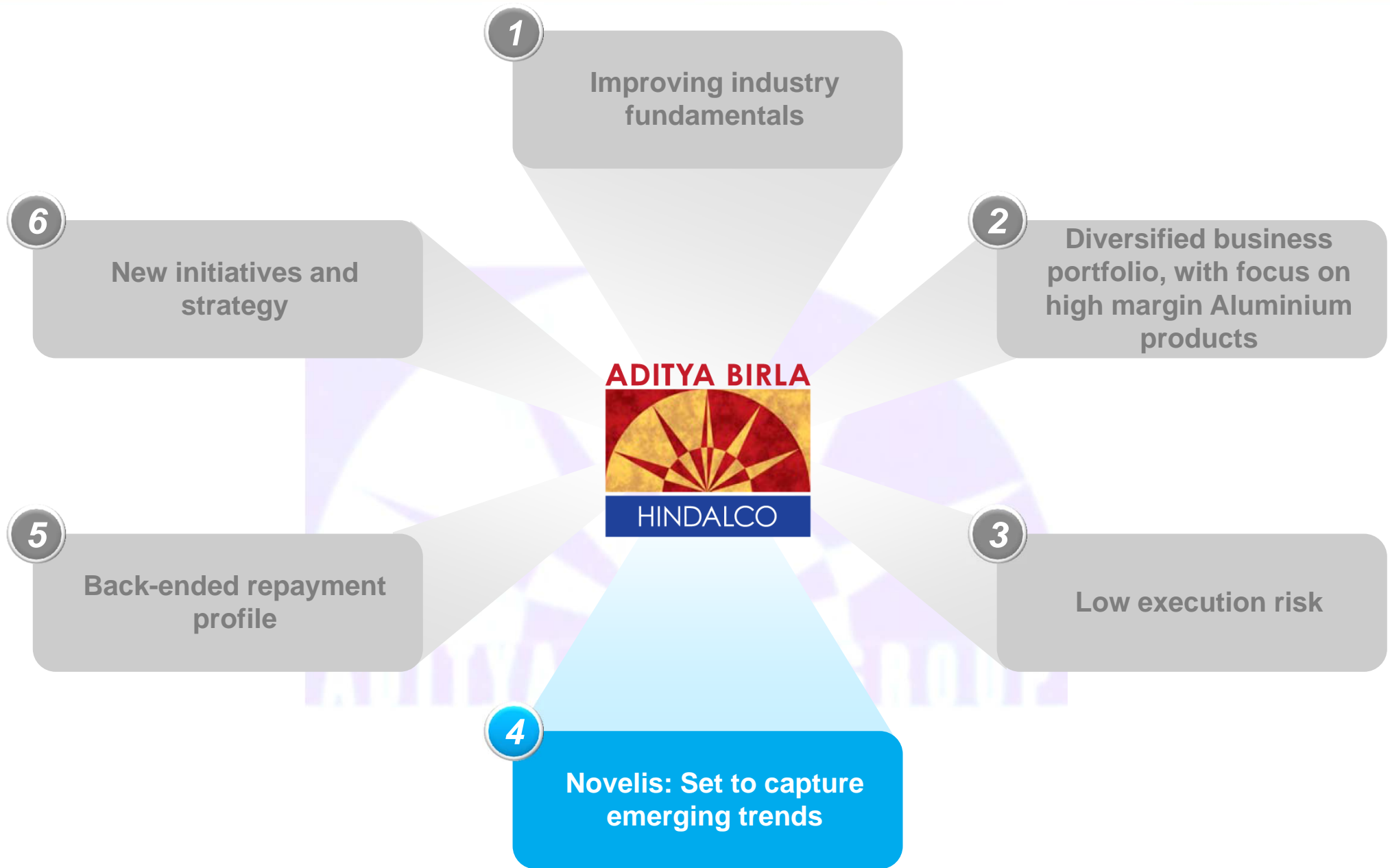
Smelter distance from key ports on east port

Ports	Distance from Hirakud (km)
Haldia	• 631
Dhamra	• 438
Paradip	• 374
Visakhapatnam	• 580

Ports	Distance from Aditya (km)
Haldia	• 561
Dhamra	• 454
Paradip	• 390
Visakhapatnam	• 593

Large number of captive mines in vicinity, ports on east coast and transport connectivity provide enough opportunity to procure coal from domestic as well as international markets

Key investment highlights



Novelis: The self sustaining story



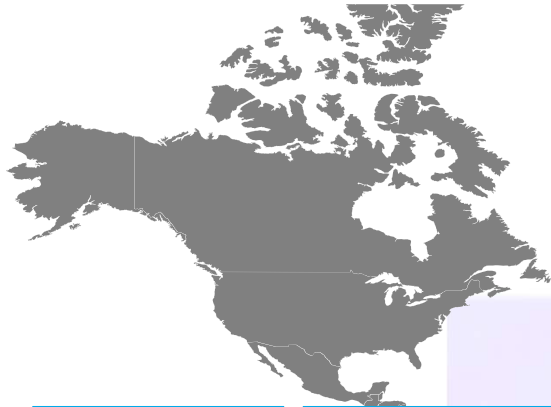
Source: Company




Note:

1. Based on shipment volume in fiscal 2014

Novelis – Well poised to benefit from recovery in end markets

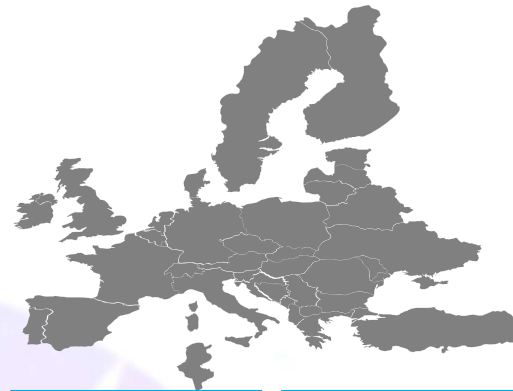
North America






Automotive 
 Construction 
 Cans 

Shipments (FY14)	Net sales (FY14)	Adjusted EBITDA ² (FY14)
• 994kt (32%) ¹	• US\$3,050m	US\$229m

Europe






Automotive 
 Construction 
 Cans 

Shipments (FY14)	Net sales (FY14)	Adjusted EBITDA ² (FY14)
• 977kt (31%) ¹	• US\$3,280m	US\$265m

South America






Automotive 
 Construction 
 Cans 

Shipments (FY14)	Net sales (FY14)	Adjusted EBITDA ² (FY14)
• 534kt (17%) ¹	• US\$1,588m	US\$231m

Asia (including China)






Automotive 
 Construction 
 Cans 

Shipments (FY14)	Net sales (FY14)	Adjusted EBITDA ² (FY14)
• 640kt (20%) ¹	• US\$1,876m	US\$160m

Source: Novelis 10K filings

Note:

1. % shipment breakup excl. eliminations
2. Adjusted EBITDA is equivalent to Segment income as defined in the Novelis 10K filings

   Current near term trend in Aluminium demand

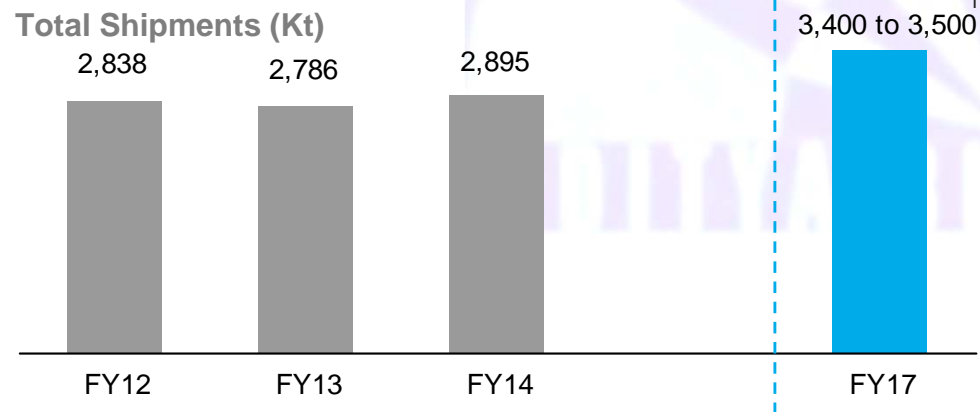
Strategy all set to deliver

Strengthen the business

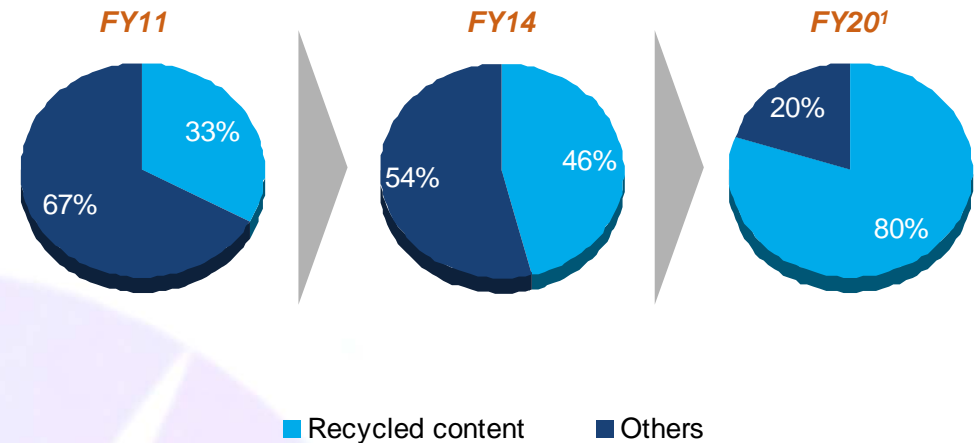
- Invested ~US\$2 bn to solidify global leadership position
- Structured cost reduction initiatives
- Divested non-core assets
 - Foil assets in North America
 - Hydro assets in South America

Capture growth in premium markets

- Steady growth in Shipments backed by Asia and Brazil production

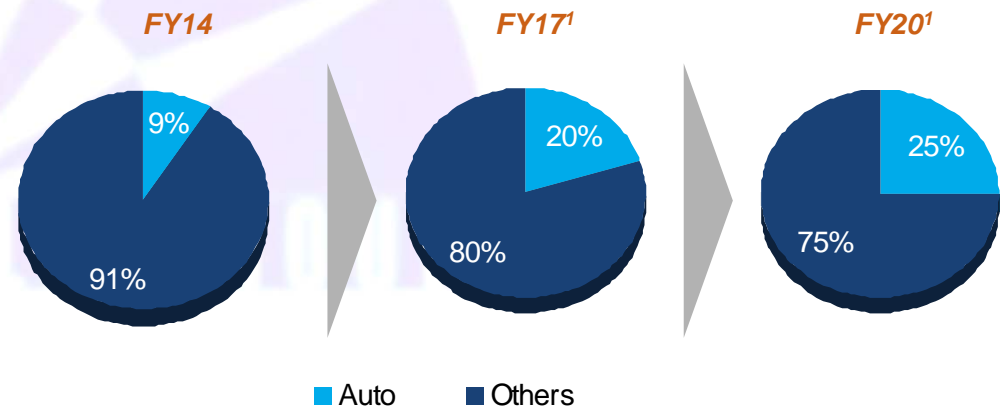


Increased recycled content in our products



Auto contribution growth to drive performance

Share of shipments



Well positioned to strengthen its leadership position in global auto, can and aluminium recycling

Sources: Novelis 10K filings, Q4 FY14 presentation (May 2014)

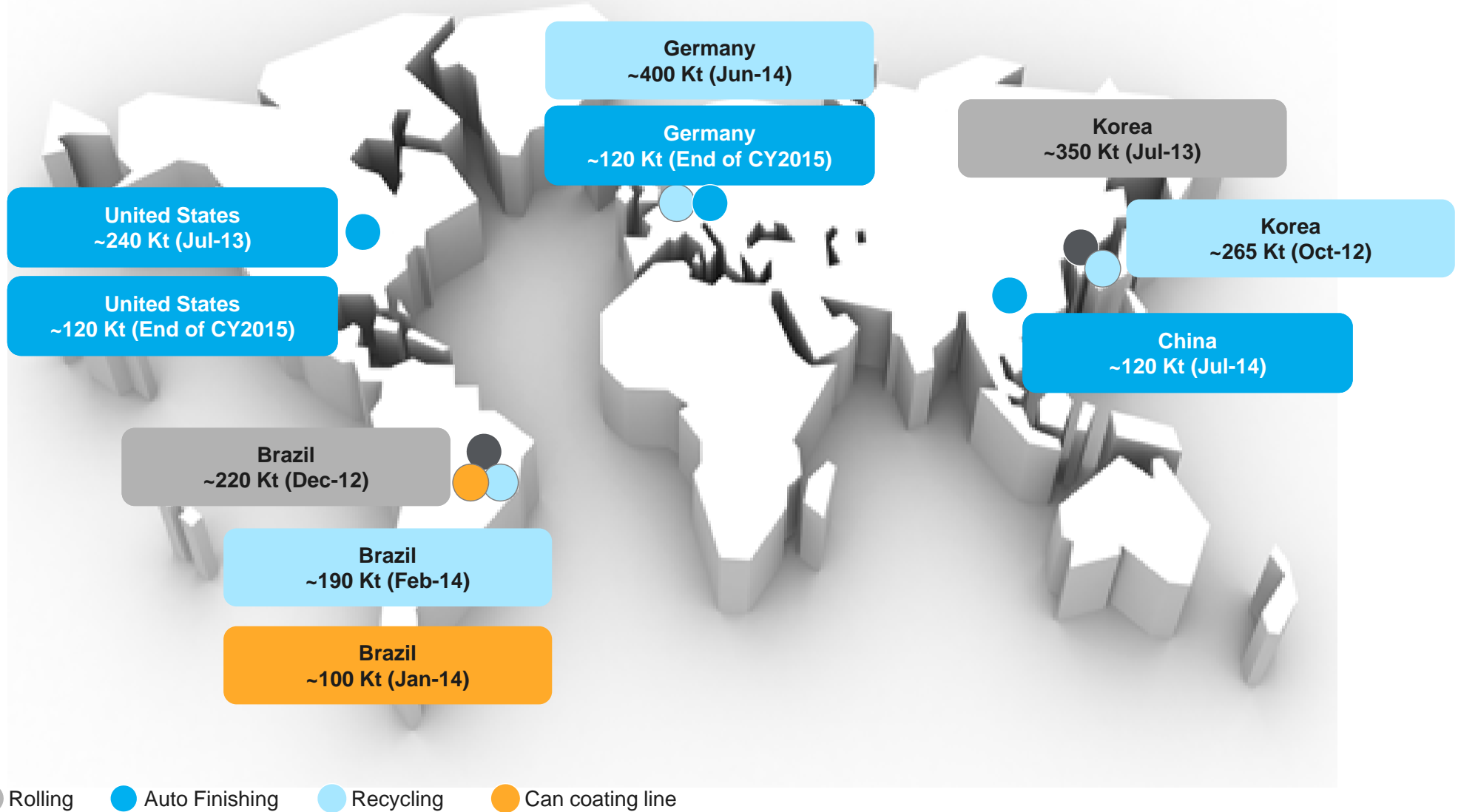
Note:

1. Company estimates

Novelis: Global projects on the cusp of delivery

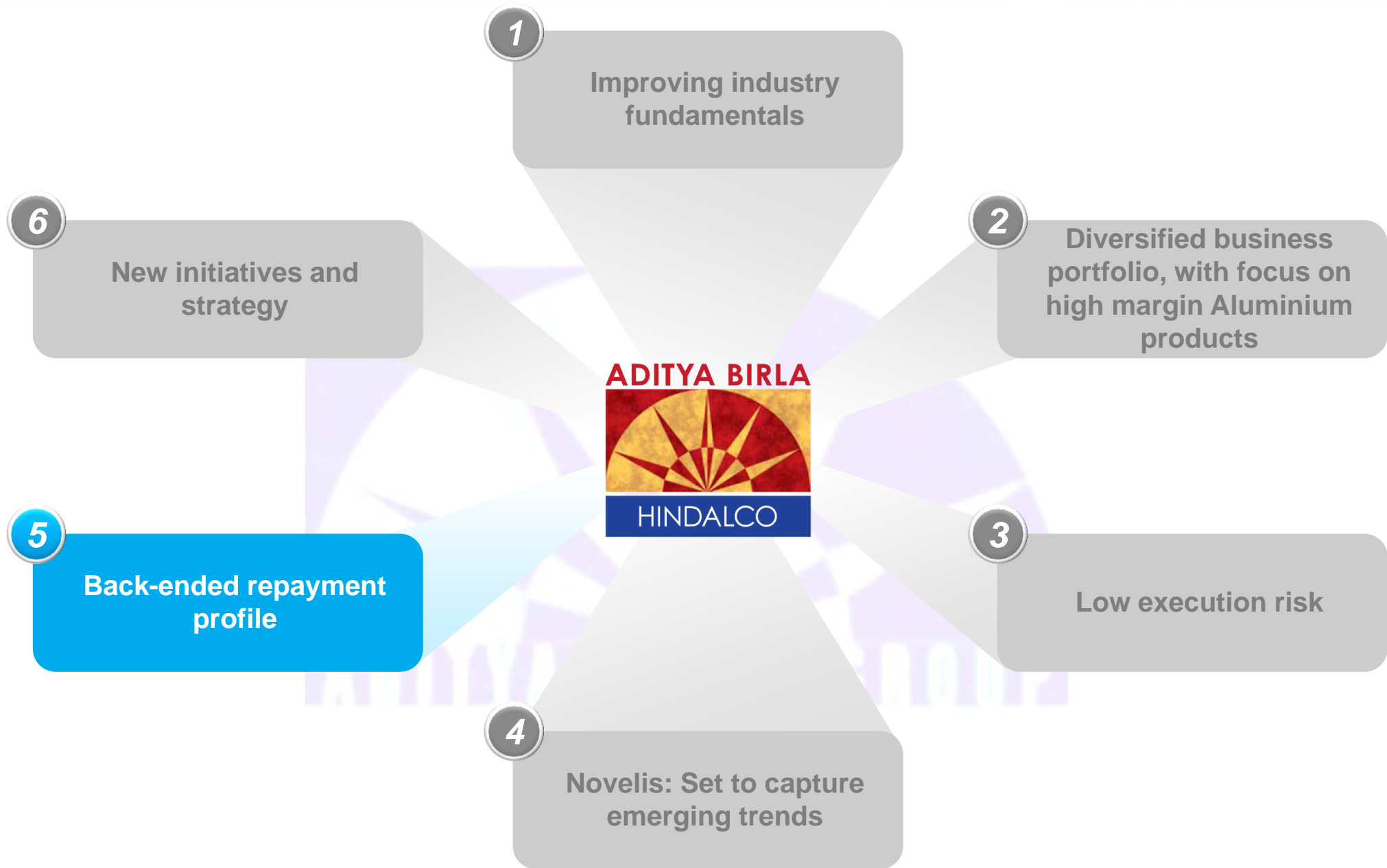
Solidifying leadership

Global capacity additions and plans



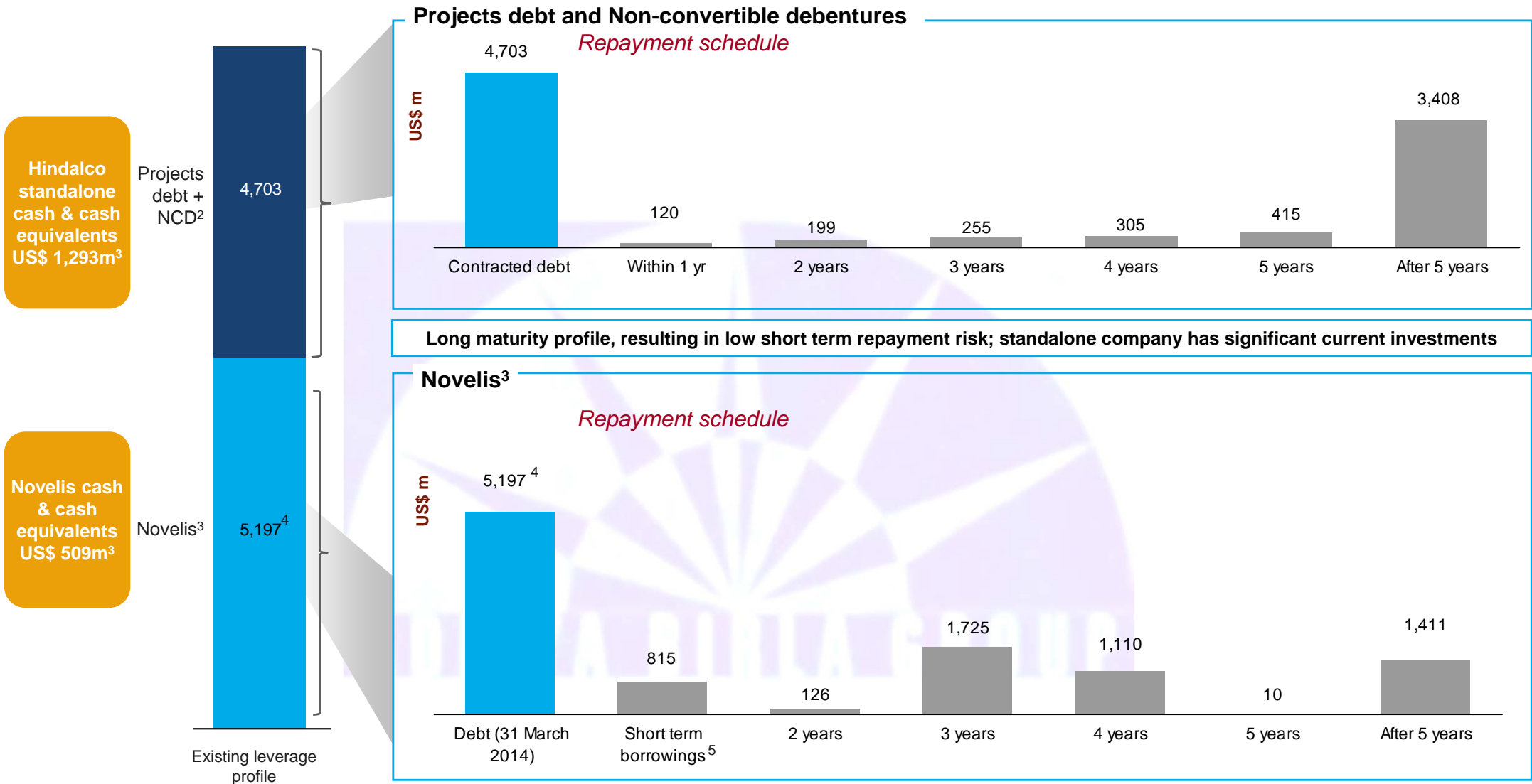
Sources: Novelis 10K filings, Q1 FY15 presentation (August 2014)

Key investment highlights



Debt profile: Project debt is significantly back-ended

Projects-related debt and Novelis debt account for significant portion of consolidated leverage position¹



No major repayments in the short-term; the Company also has significant cash and cash equivalents balance

Source: Company

Notes:

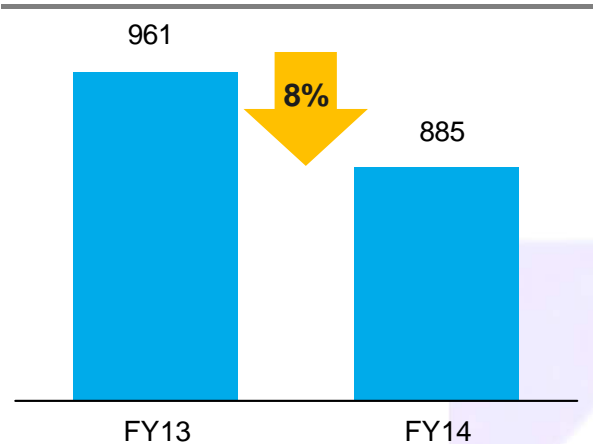
- 1US\$= INR 60
2. Debt repayment schedule as on date; includes Utkal refinery, Mahan and Aditya smelters and US\$1bn NCDs
3. As on 31 Mar'14

4. Principal value of the total debt as of 31 March 2014 was US\$5,197m compared to US\$5,174 carrying value; Principal value excludes unamortized carrying value adjustments
5. Consists of US\$546m ABL revolver, short term loans of US\$47m under Novelis Korea, US\$108m under Novelis Brazil, US\$20m under Novelis Vietnam, US\$2m of other short term borrowings and US\$92m of current portion of long term debt due within one year

Novelis continues to demonstrate strong cash management

Strategy – Mitigating market headwinds

Adj. EBITDA (US\$m)



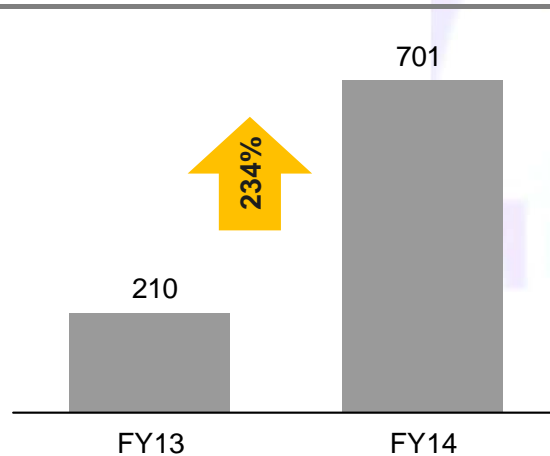
Strategic actions drove EBITDA up in FY14...

- Volume contribution from expanded rolling operations
- Portfolio mix shift with higher auto penetration
- Recycling benefits from higher usage

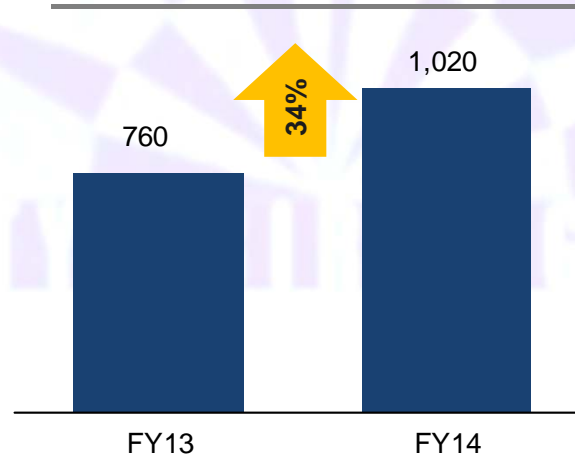
...However this has been offset by market headwinds

- Beverage Can overcapacity in North America and Asia
- Local market premium volatility

Cash flow before Capex (US\$m)



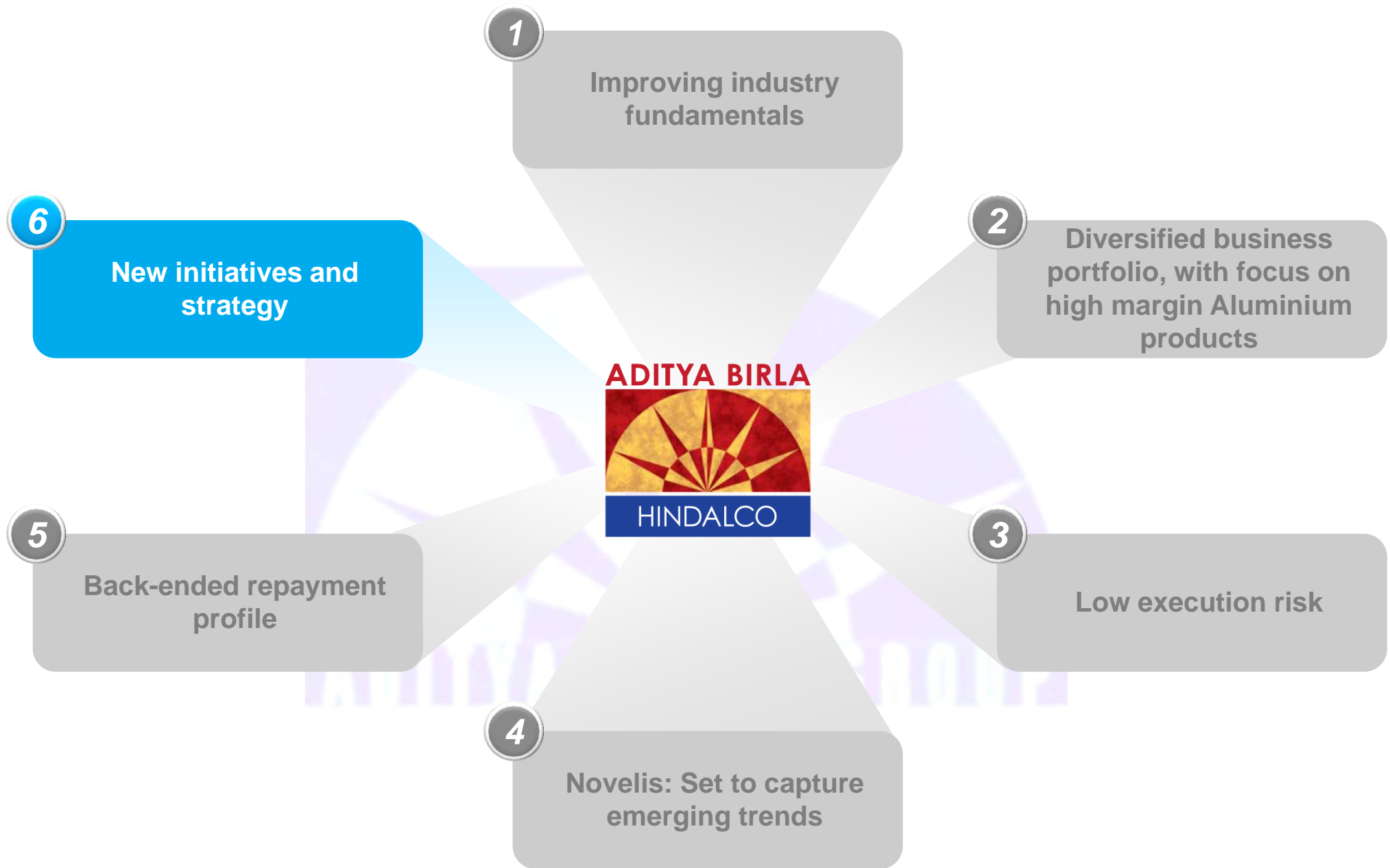
Year-end Liquidity (US\$m)



Continued focus on positive cashflows

- Increased shipments as rolling and auto capacity comes further online
- Sustainable long term working capital improvement initiatives
- Medium-term outlook remains bright on the back of strategic initiatives in recent years

Key investment highlights

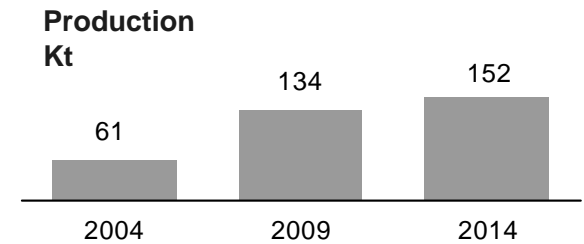


Unlocking incremental value

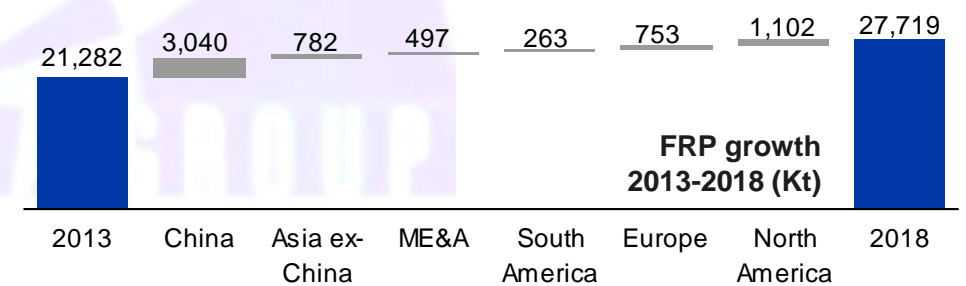
New initiatives to unlock incremental value...



...supported by proven track record and expertise



- Hirakud production increased by ~2.5x through brownfield expansion
- Relocated Novelis UK facility to India
- Well placed to capture potential of seed Can market in India and launch other high-end products



- Well placed to benefit from strong FRP growth

 **The Company is exploring various initiatives to further consolidate its market position**

Sources: Company, CRU - Aluminium Rolled Products Market Outlook November 2013

1

Hindalco: Evolution over the last 5 years

2

Our value proposition

3

Focus on achieving sustainable leadership

Hindalco: Towards sustainable leadership



Global footprint with leadership in world class businesses

- One of India's leading producer of aluminium and copper
- Novelis global leadership position in automotive, can and aluminium recycling

Exceptional lineage & track record

- Proven track record of consistent growth and profitability
- Delivering complex and large scale transformational projects

Vertically integrated with competitive advantage

- High quality captive bauxite resources
- Security of supply and the ability to minimize the impact of volatility











Transformational projects starting to bear fruit

- India - Six facilities (Greenfield and Brownfield) all "Last-Man Standing" assets on stream
- Novelis...All projects in ramp-up phase

Sustainability....a key thrust area

- Vision:** To actively contribute to the social and economic development of the communities to build sustainable way of life for the weaker sections
- Ongoing initiatives on carbon footprint, energy efficiencies, water recycling and other environmental issues

In summary...

-   Placed favourably for a cyclical recovery in the Aluminium sector, given its recently implemented expansion programme
-   Novelis is well positioned to ride the likely surge in FRP demand from the auto segment, as also to leverage its strategic investments in emerging markets and in recycling
-   Positive trend in copper expected to continue with favourable TC/RC cycle and multiple value drivers' play
-   De-risked business portfolio with robust conversion businesses (Copper & Novelis) having steady cash flows; this portfolio has delivered even during the last downturn
-   Back-ended repayment profile provides flexibility around future expansions and acquisition of resources