



HINDALCO INDUSTRIES LIMITED

Registered Office: "Century Bhavan", Third Floor, Dr. Annie Besant Road, Worli, Mumbai - 400 030.

NOTICE is hereby given that the **Fifty-Fourth** 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 **Tuesday, the 10th September, 2013 at 2.30 P.M.** to transact, with or without modification(s) as may be permissible, the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit and Loss Account for the year ended on that date, 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 2012-2013.
3. To appoint a Director in place of Mr. Kumar Mangalam Birla, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. K. Agarwala, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration 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 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Singhi & Company (Registration No. 302049E), Chartered Accountants, Kolkata, the retiring Auditors, be and is hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby 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."

6. To appoint a Director in place of Mr. Jagdish Khattar, who was appointed to fill up the casual vacancy on the Board caused by the demise of Mr. E.B. Desai, under Article 141 of the Articles of Association of the Company and who holds office under the said Article and Section 262 of the Companies Act, 1956 (hereinafter referred

to as the "Act") as a Director, only up to the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing alongwith a deposit of ₹ 500/- under Section 257 of the Act, from a member signifying her intention to propose him as a candidate for the office of Director 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 relevant provisions of the Articles of Association of the Company and the Companies Act, 1956, including inter alia, Section 257, Mr. Jagdish Khattar be and is hereby elected and appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass the following resolution, which will be proposed as a Special Resolution:

"RESOLVED that in terms of Article 162 of the Articles of Association of the Company and pursuant to the provisions of Sections 198, 269, 309, 311 and all other applicable provisions, if any of the Companies Act 1956, read with Schedule XIII and all other applicable guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves the reappointment of Mr. D. Bhattacharya as the Managing Director of the Company for a period of five years with effect from 30th September, 2013, 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. D. Bhattacharya in the best interests of the Company but subject to the restrictions, if any, contained in the Companies Act, 1956 and Schedule XIII to the said Act or otherwise as may be permissible at law.

Terms and Conditions of Appointment:

(1) Period

Five years w.e.f. 30th September, 2013

(2) Salary

Basic Salary as may be decided by the Board of Directors of the Company from time to time, subject however to a ceiling of ₹ 75,00,000/- (Rupees Seventy Five Lakhs only) per month.

- (3) All other terms and conditions as approved by the shareholders in the meeting held on 18th September, 2009 and 23rd September, 2011 will remain same.

RESOLVED FURTHER that:

- (a) in the event of loss or inadequacy of profits in any Financial Year, Mr. D. Bhattacharya, shall, subject to the approval of the Central Government, if any required, be paid remuneration by way of Salary and Perquisites as specified above, subject to the restrictions, if any, set out in Schedule XIII of the Companies Act, 1956, from time to time.
- (b) So long as Mr. D. Bhattacharya functions as Managing Director of the Company, he shall not be subject to retirement by rotation and shall not be paid any sitting fees for attending the meetings of the Board or any Committee(s) thereof.

FURTHER RESOLVED that pursuant to the provisions of Section 314(1) of the Companies Act, 1956, Mr. D. Bhattacharya may be holding any office or place of profit by his being director of the Company's subsidiaries/Joint ventures, approval be and is hereby granted to Mr. D. Bhattacharya to accept sitting fees/directors' fee or such other remuneration for attending the meetings of the Board of Directors or committees of such subsidiary companies as may be decided by the Board of such subsidiaries, wherever he is member of the Board.

For the purpose of giving effect to the above Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary or desirable and to settle any question or difficulty that may arise, in such manner as it may deem fit, from the time to time."

8. 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, 1956 (hereinafter referred to as the "Act") including, inter alia, Sections 257 and 260, Mr. Satish Pai be and is hereby elected and appointed as a Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER that in terms of Article 166 of the Articles and pursuant to the provisions of Sections 198, 269, 309, 311 and all other applicable provisions, if any of the Act, read with Schedule XIII and subject to approval of the Central Government, as may be necessary, and all other applicable guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves

the appointment of Mr. Satish Pai as the Whole time Director of the Company for a period of five years with effect from 13th August, 2013 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 Companies Act, 1956 and Schedule XIII to the said Act or otherwise as may be permissible at law:

Terms & Condition of Appointment

(1) Period

Five years w.e.f. 13th August, 2013.

(2) Salary:

- a) Basic Salary ₹ 37,50,000/- (Rupees Thirty Seven Lakhs Fifty Thousand only) per month, with such increments as may be decided by the Board of Directors of the Company from time to time, subject however to a ceiling of ₹ 58,00,000/- (Rupees Fifty Eight Lakhs only) per month.
- b) Special Allowance of ₹ 11,27,330/- (Rupees Eleven Lakhs Twenty Seven Thousand Three Hundred and Thirty only) per month, with such increments as may be decided by the Board of Directors of the Company from time to time, subject however to a ceiling of ₹ 40,00,000/- (Rupees Forty Lakhs only) per month provided that this allowance will not be taken into account for calculations of benefits such as Provident Fund, Gratuity, Superannuation and Leave Encashment.
- c) Variable Pay - Performance Bonus linked to achievement of targets, as may be decided by the Board of Directors subject to a maximum of ₹ 8,00,00,000/- (Rupees Eight Crores only) per annum.
- d) Long-term Incentive Compensation (LTIC) including Stock Option Plan, if any, from the Company or its subsidiaries as per the Scheme applicable to the Executive Directors and/or Senior Executives of the Company and/or its Subsidiaries and/or any other Incentive 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.

(3) Perquisites:

- a) Housing: Company provided (furnished/unfurnished) accommodation and reimbursement of other expenses relating to house maintenance as per the

rules of the Company or House Rent Allowance of equivalent value, in lieu of Company provided accommodation.

- b) Medical Expenses: Reimbursement of expenses incurred for self and dependant family at actuals (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy, as applicable).
- c) Leave Travel Expenses: For self and family in accordance with the Rules of the Company.
- d) Two Cars for use of Company's business.
- e) Company's contribution towards Provident Fund and Superannuation Fund and any other retiral program, on Basic salary as per the Rules of the Company or equivalent cash out wherever the laws allow it.
- f) Gratuity calculated on Basic salary as per the Rules of the Company.
- g) Club Fees: Fees of one Corporate Club in India (including admission and membership fee).
- h) Personal Accident Insurance Premium for self and family as per Rules of the Company.
- i) Leave and encashment of leave, in accordance with the Rules of the Company.
- j) Reimbursement of entertainment, travelling and all other expenses incurred for the business 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.
- k) In the event of separation, Mr. Satish Pai shall be entitled to compensation for "loss of office", equivalent to 18 months Fixed Compensation (Basic Salary, Special Allowance, Perks and benefits) as per the terms of appointment, subject to limit specified under Section 318(4) of the Companies Act, 1956. However he shall not be entitled to payment of any compensation for loss of office in the cases mentioned in Section 318 (3) of the Companies Act, 1956.
- l) Other allowances / benefits /perquisites: Any other allowances, benefits and perquisites as per the policies and rules applicable to the senior executives of the Company and/or any other allowances, perquisites as the Board may from time to time decide.

The above perquisites will be in accordance with the Schemes, policies and the rules of

the Company as applicable from time to time unless the Board decides to vary the same specifically.

(4) Other Terms:

- a) Subject as aforesaid, Mr. Satish Pai shall be governed by such other Policies and Rules as to payment or otherwise as are applicable to the Senior Executives of the Company from time to time.
- b) The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309, 310 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.
- c) For the purpose of Gratuity, Provident Fund, Superannuation and other like benefits, the service of Mr. Satish Pai will be considered as continuous service with the Company from the date of his joining the Company.
- d) All perquisites and other benefits as above, will be considered on the basis of Annual salary from July to June as per the policy of the Company.
- e) 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.
- f) The appointment may be terminated at any time by either party by giving 3 months notice of such termination in writing to the other.
- g) In the event of loss or inadequacy of profits in any Financial Year, Mr. Satish Pai shall, subject to the approval of the Central Government, if any required, be paid Remuneration by way of Salary and Perquisites as specified above, subject to the restrictions, if any, set out in Schedule XIII of the Companies Act, 1956, from time to time.
- h) So long as Mr. Satish Pai functions as Whole time Director of the Company, he shall not be subject to retirement by rotation and shall not be paid any sitting fees for attending the meetings of the Board or any Committee(s) thereof.

FURTHER RESOLVED that pursuant to the provisions of Section 314(1) of the said Act, Mr. Satish Pai may be holding any office or place of profit by his being director of the

Company's subsidiaries/Joint ventures, approval be and is hereby granted to Mr. Satish Pai to accept sitting fees/directors' fee or such other remuneration for attending the meetings of the Board of Directors or committees of such subsidiary companies as may be decided by the Board of such subsidiaries, wherever he is member of the Board."

9. (a) To consider and if thought fit, to pass the following Resolution, which will be proposed as a Special Resolution:

"RESOLVED that in accordance with the provisions contained in the Memorandum and Articles of Association of the Company, and Sections 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI Guidelines"), the Listing Agreement(s) entered into by the Company with the stock exchanges where the securities of the Company are listed, and subject to all other Rules, Guidelines and Regulations issued by the Reserve Bank of India, and under any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the ESOS Compensation Committee constituted by the Board to exercise its powers conferred by this resolution), consent of the Company be and is hereby accorded to introduce and implement the 'Hindalco Industries Limited Employee Stock Option Scheme 2013' (the "Scheme 2013"), the salient features of which are furnished in the explanatory statement to the Notice and consent be and is hereby accorded to the Board to create, grant, offer, issue and allot at any time in one or more tranches, to or for the benefit of such person(s) who are in the permanent employment of the Company in the management cadre, whether working in India or outside India, including any Managing and Whole time Director(s) of the Company (hereinafter referred to collectively as "employees") (selected on the basis of criteria decided by the Board and/or ESOS Compensation Committee thereof) under the Scheme 2013, such number of Stock Options

(comprising of options and/or restricted stock units) exercisable into not more than 54,62,000 equity shares of ₹ 1/- each, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI Guidelines or other provisions of law as may be prevailing at that time.

RESOLVED FURTHER that in case of any corporate action (s) such as rights issue, bonus issue, merger and sale of division or other reorganisation of capital structure of the Company, as applicable from time to time, if any additional equity shares are issued by the Company, for the purpose of making a fair and reasonable adjustment to the Stock Options granted earlier, the above ceiling of 54,62,000 equity shares shall be deemed to be increased to the extent of such additional equity shares to be issued.

FURTHER RESOLVED that in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be issued and allotted on the exercise of Stock Options granted under the Scheme 2013 and the exercise price of Stock Options granted under the Scheme 2013 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 1/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted Stock Options under the Scheme 2013.

RESOLVED FURTHER that without prejudice to the generality of the above but subject to the terms as may be approved by the members of the Company, the Board be and is hereby authorised to formulate, evolve, decide upon and implement the Scheme 2013 and determine the detailed terms and conditions of the aforementioned Scheme 2013, including but not limited to, the quantum of the Stock Options to be granted per employee, the number of Stock Options to be granted in each tranche, the terms or combination of terms subject to which the said Stock Options are to be granted, the exercise period, the vesting period, the vesting conditions, instances where such Stock Options shall lapse and to grant such number of Stock Options, to such employees of the Company, at par or at such other price, at such time and on such terms and conditions as set out in the Scheme 2013 and as the Board may in its absolute discretion think fit.

FURTHER RESOLVED that the Board be and is hereby authorised to issue and allot equity shares of the Company upon the

exercise of the Stock Options from time to time in the manner aforesaid and such equity shares shall rank *pari passu* in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER that the Board be and is hereby authorised to take necessary steps for listing of the equity shares allotted under the Scheme 2013 on the stock exchanges where the securities of the Company are listed, in accordance with the provisions of the Listing Agreement with the concerned stock exchanges, the SEBI Guidelines and all other applicable Laws and Regulations.

FURTHER RESOLVED that the Board be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in the Scheme 2013, as it may deem fit, from time to time or to suspend, withdraw or revive the Scheme 2013 from time to time, in conformity with the provisions of the Act, the SEBI Guidelines and other applicable laws unless such variation, amendment, modification or alteration is detrimental to the interest of the grantees who have been granted Stock Options under the Scheme 2013.

RESOLVED FURTHER that for the purpose of giving effect to the above Resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of the Scheme 2013 at any stage, including at the time of listing of the equity shares issued herein, without requiring the Board to secure any further consent or approval of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

- (b) To consider and if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

"RESOLVED that in accordance with the provisions contained in the Memorandum and Articles of Association of the Company, and Sections 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI Guidelines"), the Listing Agreements entered into by the Company with the stock exchanges where the

securities of the Company are listed, and subject to all other Rules, Guidelines and Regulations issued by the Reserve Bank of India, and under any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the ESOS Compensation Committee constituted by the Board to exercise its powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to extend the benefits and coverage of 'Hindalco Industries Limited Employee Stock Option Scheme 2013' ("the Scheme 2013") referred to in the Resolution under Item No. 9(a) of this Notice, also to such persons who are in permanent employment of any present and future holding/subsidiary companies of the Company in the management cadre, whether working in India or outside India, including any Managing and Whole time Director(s) of the holding and/or subsidiary companies of the Company (selected on the basis of criteria decided by the Board and/or the ESOS Compensation Committee thereof) under the Scheme 2013 in the manner mentioned in the Resolution under Item No. 9(a) of this Notice, on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI Guidelines or other provisions of the law as may be prevailing at that time.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in relation to formulation and implementation of the Scheme 2013 at any stage including at the time of listing of the securities, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors

Place: Mumbai
Date: 13th August, 2013

Anil Malik
Company Secretary

NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO ATTEND AND VOTE 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.

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

NOTICE is also hereby given that the Register of Members and Transfer Books in respect of Equity Shares of the Company will remain closed from Tuesday, the 3rd September, 2013 to Tuesday, the 10th September, 2013 (both days inclusive) for the purpose of payment of dividend.

2. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos 6, 7, 8,9 of the Notice set out above, is annexed hereto.
3. 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, 5th 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, 5th 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 in time.

4. As per the requirement of Clause 49 of the listing agreement on Corporate Governance for appointment/reappointment of the Directors, a statement containing details of the concerned Directors is provided herewith.
5. 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.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956.

Item No.6

Mr. Jagdish Khattar was appointed as a Director of the Company by the Board of Directors at its meeting held on 9th May, 2011, to fill up the casual vacancy on the Board caused by the demise of Mr. E.B. Desai. Pursuant to the provisions of Article 141 of the Articles of Association of the Company and Section

262 of the Companies Act, 1956, (hereinafter referred to as the "Act") he holds office as director only up to the date of this Annual General Meeting. As required under Section 257 of the Act, a Notice has been received from a member signifying her intention to propose him as a candidate for the office of Director of the Company liable to retire by rotation. Mr. Jagdish Khattar started his career as an IAS officer. He served as the Chief Executive Officer and Managing Director of Maruti Suzuki India Ltd. (Formerly Maruti Udyog Ltd.) from 1999 to 2007. With his vast experience in business and industrial circles, his presence on the Board is a great advantage and the Board feels it is beneficial for the Company to continue to avail of his services as a Director of the Company. The Resolution is accordingly commended for your acceptance.

Mr. Jagdish Khattar is interested in this resolution.

Item No.7

Mr. D. Bhattacharya was initially appointed as the Managing Director of the Company with effect from 2nd October 2003 for the period of 5 years. He was reappointed for a further period of 5 years with effect from 1st October, 2008 and his present term expires on 30th September 2013. The Board of Directors of the Company has subject to shareholders approval, approved the re-appointment of Mr. D. Bhattacharya as the Managing Director for a further period of five years with effect from 30th September 2013, for which the resolution as in this item of the Notice is proposed for your approval.

Mr. Bhattacharya as the Managing Director, has developed a compelling long term strategy for accelerated growth of the Company. Under his leadership, the Company grew significantly. He has conceptualized several green field and brown field growth projects to sustain the competitive position and strength of the Company. The acquisition of Novelis has been done under his leadership. Given Mr. Bhattacharya's track record as the Managing Director of the Company and the compelling issues before the Company, such as integration with Novelis and the timely completion of Greenfield projects, it would be in the best interest of the Company to consider the re-appointment of Mr. Bhattacharya for a further period of five years.

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 XIII of the above Act for payment of remuneration to a Managing Director in the event of loss or inadequacy of profits, this resolution is being proposed as a special resolution.

The other relevant information as required by the above Schedule is set out at one or the other place in the other documents forming part of the Annual Accounts, which are being circulated to the members. The resolution together with the explanatory statement may also be regarded as an abstract of the terms of the re-appointment of Mr. D. Bhattacharya,

as the Managing Director of the Company under Section 302 of the Companies Act, 1956.

The Board accordingly commends the Resolution for your acceptance.

Mr. D. Bhattacharya is interested in the resolution.

Item No.8

Mr. Satish Pai was appointed as an Additional Director by the Board of Directors in the meeting held on 13th August, 2013. Pursuant to Section 260 of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company, he holds office only upto the date of this Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, a Notice has been received from a member along with a deposit of ₹ 500/- signifying her intention to propose Mr. Satish Pai as a Director of the Company.

The Board of Directors in the meeting held on 13th August, 2013, has subject to shareholders and Central Government approval, appointed Mr. Satish Pai as a Whole Time Director of the Company for a period of five years with effect from 13th August, 2013 for which the resolution as in this item of the Notice is proposed for your approval.

Mr. Satish Pai, a Mechanical Engineer from IIT- Madras, joined Schlumberger Limited, a \$40 billion global leader in Oil & Gas exploration and Oilfield Services, as a field engineer in 1985. In his 28 year long career with Schlumberger Limited, Mr. Pai has held various important positions including large Profit & Loss responsibilities. He has wide experience of working in many countries, including in the Middle East, South East Asia, Africa, Russia, UK and USA, and has led many mergers and acquisitions, apart from holding global roles leading Oilfield Technology Services, IT Services, Human Resources and large manufacturing units. He was the Executive Vice President, Worldwide Operations, of Schlumberger Limited.

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 XIII of the above Act 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 resolution together with the explanatory statement may also be regarded as an abstract of the terms of appointment of Mr. Satish Pai, as the Whole Time Director of the Company under Section 302 of the Companies Act, 1956.

Mr. Satish Pai as a candidate for the office of Director and with a view to confirm his appointment as a Whole Time Director made earlier by the Board, the resolution is commended for your acceptance.

Mr. Satish Pai is interested in the resolution.

Item No.9

Stock Options in the hands of the employees have long been recognized as an effective instrument to align the interests of the employees with that of the Company providing an opportunity to the employees to share the growth of the Company. Accordingly, the Company intends to reward, attract, motivate and retain employees and Directors of the Company, its holding and subsidiary companies in the increasingly competitive environment, for their high levels of individual performance, efforts to improve the financial performance of the Company and their loyalty to the Company, by offering them equity shares by way of an employee stock options scheme. The eligible employees shall be granted employee stock options in the form of options ("Options") and/or Restricted Stock Units ("RSUs") (Options and RSUs are collectively referred to as "Stock Options") which will be exercisable into equity shares upon such terms and conditions applicable to the Stock Options, as the case may be.

The Board of Directors ("the Board") of the Company at its meeting held on 28th May, 2013 resolved to introduce the 'Hindalco Industries Limited Employee Stock Option Scheme 2013' (hereinafter referred to as the "Scheme 2013") subject to the approval of the members and provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI Guidelines").

The Company intends to offer not more than 54,62,000 equity shares of ₹ 1/- each under the Scheme 2013 by way of grant of Stock Options. The Scheme 2013 will be administered by the ESOS Compensation Committee constituted in the meeting of the Board of Directors held on 7th December, 2006.

Your approval is being sought for issue of Stock Options to eligible employees of the Company, including its Managing and Whole Time Director(s) and that employees including Managing and Whole Time Director of its holding and / or subsidiary companies.

The Scheme 2013 is being formulated in accordance with the SEBI Guidelines. The salient features of the Scheme 2013 are as under:

(1) Total number of Stock Options to be granted:-

The total number of Stock Options (comprising of Options and RSUs) that may in the aggregate be granted shall be such number that will entitle the grantees to acquire, in one or more tranches, such equity shares of the Company not exceeding 54,62,000 equity shares of ₹ 1/- each. The aggregate number of RSUs proposed to be granted under the Scheme 2013, shall not be exercisable into more than 50% of the overall ceiling of equity shares to be issued under the Scheme 2013 (which number shall be adjusted in lieu of adjustments/ reorganisation of the capital structure of the Company from time to time).

One Stock Option when exercised, entitles the grantees to one equity share (i.e. one Option will entitle the grantee to one equity share and one RSU will entitle the grantee to one equity share) of ₹ 1/- each fully paid up.

In case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split or consolidation among others, a fair and reasonable adjustment needs to be made to the Stock Options granted. Accordingly, if any additional equity shares are issued by the Company to the grantees for making such fair and reasonable adjustment, the ceiling of 54,62,000 equity shares shall be deemed to be increased to the extent of such additional equity shares to be issued.

Stock Options not vested due to non-fulfillment of the vesting conditions, vested Stock Options which the grantees expressly refuse to exercise, Stock Options (vested and not exercised and unvested) which have been surrendered and any Stock Options granted but not vested or exercised within the stipulated time due to any reasons, shall lapse and these Stock Options or the underlying equity shares will be available for grant under the present Scheme 2013 or under a new scheme, subject to compliance with the provisions of the Applicable Law, as may be prevailing at that time.

(2) Identification of classes of employees entitled to participate in the Scheme 2013:-

Persons who are permanent employees in the management cadre, working in or out of India, including Managing and Whole time director(s) of the Company, and that of the holding and/or subsidiary companies, as may be decided by the Board and/or the ESOS Compensation Committee, shall be eligible for grant of Stock Options under the Scheme 2013.

The following category of employees/Directors shall not be eligible to participate in the Scheme 2013:

- (a) a promoter or belonging to the promoter group;
- (b) an Independent Director(s) and Non Executive Director(s);
- (c) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company.

(3) Requirements of vesting and period of vesting:-

The Board and/or the ESOS Compensation Committee may, at its discretion, lay down certain criteria including but not limited to performance metrics on the achievement of which the granted Stock Options would vest. The detailed terms and conditions relating to such performance based criteria for vesting, the period over which and the proportion in which the Stock Options granted would vest would be subject to

the minimum and maximum vesting period as specified below.

• **Vesting period for Options:**

The Options would vest not earlier than one year and not later than five years from the date of grant of Options or such other period as may be determined by the Board and/or the ESOS Compensation Committee. The vesting schedule (i.e. exact proportion in which and the exact period over which the Options would vest) would be determined by the Board and/or the ESOS Compensation Committee, subject to the minimum vesting period of one year from the date of grant of Options. The Options granted under the Scheme 2013 shall vest in one or more tranches.

• **Vesting period for RSUs:**

The RSUs would vest not earlier than one year and not later than three years from the date of grant of RSUs or such other period as may be determined by the Board and/or the ESOS Compensation Committee. The vesting schedule (i.e. exact proportion in which and the exact period over which the RSUs would vest) would be determined by the Board and/or the ESOS Compensation Committee, subject to the minimum vesting period of one year from the date of grant of RSUs. The RSUs granted under the Scheme 2013 shall vest in one or more tranches.

(4) Exercise price or pricing formula:-

Exercise price for Options: The Options may be issued at such price that the Board and/or the ESOS Compensation Committee may determine on the date of the grant of Stock Options under the Scheme 2013 and specified in the relevant grant documents provided that the exercise price per Option shall not be less than the face value of the equity share of the Company.

Exercise price for RSUs: The RSUs may be issued at face value or at such higher price as may be determined by the Board and/or the ESOS Compensation Committee on the date of grant of RSUs under the Scheme 2013.

(5) Exercise period or process of exercise:-

The Exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of the Stock Options or such other period as may be determined by the Board and/or the ESOS Compensation Committee.

The Stock Options will be exercisable by the employees by a written application to the Company accompanied by payment of the exercise price, in such manner and on execution of such documents, as may be prescribed by the Board and/or the ESOS Compensation Committee from time to time. The Stock Options will lapse if not exercised within the specified exercise period.

(6) The Appraisal process for determining the eligibility of employees:-

The appraisal process for determining the eligibility of the employees will be specified by the Board and/or the ESOS Compensation Committee and will be based on criteria, such as role/criticality of the employee, length of service with the Company, work performance, technical knowledge, managerial level, future potential and such other criteria that may be determined by the Board and/or the ESOS Compensation Committee at its sole discretion.

The Board and/or the ESOS Compensation Committee may decide to extend the benefits of the Scheme to new entrants or to existing employees on such basis as it may deem fit.

(7) Disclosure and accounting policies:-

The Company shall comply with such applicable disclosure and accounting policies as may be prescribed by the SEBI Guidelines and prescribed by the concerned authorities from time to time.

(8) Maximum number of Stock Options to be issued per employee and in aggregate:-

The maximum number of Stock Options to be granted to any employee shall be decided by the Board and/or the ESOS Compensation Committee. However, the number of Stock Options that may be granted to a single employee under the Scheme 2013 shall not exceed 0.2% of the paid up equity share capital at the time of grant of Stock Options (which number shall be adjusted in lieu of adjustments/ re-organisation of the capital structure of the Company from time to time).

The aggregate of all such Stock Options under the Scheme 2013 shall not result in more than 54,62,000 equity shares of the Company which number shall be adjusted in lieu of adjustments/ re-organisation of the capital structure of the Company from time to time.

(9) Method of Stock Option valuation:-

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the Stock Options granted. The difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the Stock Options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings per share of the Company shall also be disclosed in the Directors' Report.

(10) Transferability of Stock Options:-

The Stock Options granted to an employee will not be transferable to any person and shall not be

pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of a Stock Option holder while in employment, the right to exercise all the Stock Options granted to him/her till such date shall be transferred to his/her legal heirs or nominees.

(11) Other Terms:-

The Board and/or the ESOS Compensation Committee shall have the absolute authority to vary or modify the terms of the Scheme 2013 in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India or regulations that may be issued by any other appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the employees who have been granted Stock Options under the Scheme 2013.

As the Scheme would entail the issue of further shares to persons other than the existing shareholders, in terms of Section 81(1A) of the Companies Act, 1956, as amended, consent of the Members is required by passing a special resolution in general meeting. Further, approval of the Members by passing a special resolution is required for offering Stock Options under the SEBI Guidelines. Additionally, in accordance with the SEBI Guidelines, a separate resolution is required to be passed as a special resolution by the Members of the Company, if the benefits of the Scheme 2013 as stated in Resolution No.9(a) of the accompanying Notice are being extended to the employees of the holding and/or subsidiary companies, therefore, a separate resolution as stated in Resolution No. 9(b) is proposed to extend the benefits of the Scheme 2013 to the permanent employees (in the management cadre), including Managing and Whole time director(s) of the holding and/or subsidiary companies of the Company.

The Board accordingly commends the Resolutions for your acceptance.

None of the Directors of the Company are in any way, concerned or interested in the resolutions, except to the extent of the Stock Options that may be offered to them under the Scheme 2013. The Stock Options to be granted under the Scheme 2013 shall not be treated as an offer or invitation made to the public for subscription in the securities of the Company.

By Order of the Board of Directors

Place: Mumbai
Date: 13th August, 2013

Anil Malik
Company Secretary

Details of Directors seeking appointment and re-appointment in Annual General Meeting fixed on 10th September, 2013.

Name of Director	Mr. Kumar Mangalam Birla	Mr. A.K.Agarwala	Mr. Jagdish Khattar	Mr. D. Bhattacharya	Mr. Satish Pai
Date of Birth	14.06.1967	01.07.1933	18.12.1942	13.09.1948	29.12.1961
Date of Appointment	16 th November, 1992	11 th September, 1998	9 th May, 2011	30 th April, 2003	13 th August, 2013
Expertise in specific functional areas	Industrialist	Industry and Finance	Industry and Marketing, IAS (Retired)	Industry and Management	Industry and Management
Qualifications	A.C.A,M.B.A.	B.Com, F.C.A, LLB	BA (Hons), LLB	B. E. (Chemicals), IIT	B. E (Mech) IIT
List of outside Directorships held excluding Alternate Directorship, Private Companies and Foreign Companies.	<ol style="list-style-type: none"> Grasim Industries Limited Aditya Birla Nuvo Limited Birla Sunlife Asset Mangement Company Limited. Birla Sun Life Insurance Company Limited. Essel Mining & Industries Limited. Ultratech Cement Limited Century Textiles and Industries Limited. Idea Cellular Limited Pilani Investment & Industries Corporation Limited. 	<ol style="list-style-type: none"> Aditya Birla Chemicals(India) Limited. Tanfac Industries Limited. Udyog Services Limited. Aditya Birla Insurance Brokers Limited. Aditya Birla Power Company Limited Aditya Birla Health Services Limited 	<ol style="list-style-type: none"> HDFC ERGO General Insurance Company Limited Steel Authority of India Limited 	<ol style="list-style-type: none"> Pidilite Industries Limited Mahan Coal Limited 	Nil
*Chairman/ Member of the Committee of the Board of Directors of Company	—	—	—	—	—
*Chairman/ Member of the Committee of the Board of Directors of other companies					
a. Audit Committee	—	—	Steel Authority of India Limited	—	—
b. Investor Grievances Committee					
No. of Shares Held in the Company	865,740	116,148	2,500	90,740	—

* Note: Pursuant to Clause 49 of the Listing Agreement only two Committees viz. Audit Committee and Investor Grievances Committee are considered.