Hindalco

Operator: Ladies and gentlemen, good day and welcome to the earnings conference call of Hindalco Industries' third quarter results for FY26. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Subir Sen, Head of Investor Relations at Hindalco. Thank you and over to you, sir.

Management: Thank you, and a very good evening, everyone. On behalf of Hindalco Industries, I welcome you all to the earnings call for the third quarter of financial year 2026. In this call, we will refer to the third quarter financial year 2026 investor presentation posted on our company's website. Some of the information on this call may be forward-looking in nature and is covered by the safe harbor language on slide 2 of the said presentation.

In this presentation, we have covered the key highlights of our consolidated performance for the third quarter for financial year 2026, versus the corresponding period of the previous year. A segment-wise comparative financial analysis of Novelis and Indian Aluminum and Copper business is also provided. The corresponding segment information of prior periods has also been restated accordingly for a comparative analysis.

Today we have with us on this call from Hindalco's management, Mr. Satish Pai, Managing Director, and Mr. Bharat Goenka, Chief Financial Officer. From Novelis's management, we have Mr. Steve Fisher, President and CEO, and Mr. Dev Ahuja, Chief Financial Officer. Following this presentation, the forum will be open for questions and answers. Post this call, an audio replay will also be available on the company's website. Now let me turn this call to Mr. Pai to take you through the company's performance and key highlights in the third quarter of fiscal 2026.

Management: Thank you for joining Hindalco's earnings conference call today. On slides 5 to 10 of this presentation, you can see our progress across quarterly metrics of safety and sustainability for this quarter versus the prior period. I will now take you through the key highlights of these initiatives.

At Hindalco, safety is always our highest priority. Our LTIFR for this quarter is at 0.22, showing significant improvement over the prior period. During the quarter, we regret to report a road safety incident that resulted in a fatality at one of our Indian operations. We deeply regret this loss and are committed to taking all necessary corrective actions to prevent such occurrences in the future. To further strengthen road safety audits, we are implementing measures to prevent man and machine interface risk across all our manufacturing units.

One piece of positive news: Hindalco has scored 89 out of 100 in the S&P; Global CSA 2025, the highest ever score achieved by the company to maintain its leadership position in the aluminum industry. This recognition emphasizes our unwavering commitment and comprehensive strategy towards our long-term ESG excellence. At Hindalco, we continue to make strong progress on circularity and responsible waste management. This quarter, 82% of the total waste generated was recycled or reused, indicating stronger waste management performance. We achieved 126%

recycling of bauxite residue excluding Utkal, 105% recycling of fly ash, and 126% recycling of copper slag this quarter.

Our specific water consumption in aluminum has further decreased, driven by the installation of an RO ZLD plant and tube settler, along with run-off recovery systems at Hirakud as well as the commissioning of a condensate polishing unit at Utkal Alumina. Additionally, the cycles of concentration optimization projects implemented across 11 cooling towers at Aditya and Mahan have contributed to higher water savings in these units. In copper, fresh water consumption intensity has also reduced compared to the prior period, supported by higher production volumes.

We remain deeply committed to preserving and enhancing our biodiversity in and around the areas of operation. During the quarter, we planted 70,000 saplings across our mines and plant locations. Of these, 32,000 saplings were planted in our mining areas, significantly higher than the 23,000 planted in the previous year. These efforts are expanding our green belt coverage, supporting local biodiversity and enhancing overall environmental quality across our operations. We are also progressing a flagship coastal ecological initiative transforming 50 hectares of barren coastal land into a thriving mangrove ecosystem. Further, we have launched the "no net loss on biodiversity" project across 350 acres in Belagavi, Karnataka. These projects are designed to deliver measurable ecological benefits while empowering local communities towards restoration.

At the end of this quarter, our renewable energy capacity was at 418 megawatts, powered by solar, wind, and hydro resources. We are on track to adding another 103 megawatts in the following quarter, and are well advanced in our round-the-clock renewable energy initiative, with 130 megawatts of storage-based power to be deployed this year, taking our renewable capacity to 522 megawatts by the end of this financial year. These achievements reflect our commitment to clean energy and reducing carbon intensity as we move towards a greener and more sustainable future. Our aluminum specific GHG footprint for the quarter was at 9.11 tons of CO_2 per ton of aluminum produced, which is lower than the same period of the last fiscal year.

Now, let me give you a glimpse of the current broader economic environment on slide 12. IMF expects the global growth to remain steady at 3.3% year-over-year across 2025 and 2026. This steady performance results from the balancing of divergent forces. Headwinds from shifting trade policies are offset by tailwinds from surging investment related to technology, as well as fiscal and monetary support and broadly accommodative financial conditions. The US is expected to grow 2.4% in 2026, assisted by fiscal stimulus, lower policy rates, and easing trade-related gaps. Meanwhile, China is projected to expand 4.5% supported by stimulus measures and easing trade tension, although structural challenges continue to weigh on medium-term performance. The risks to the global growth outlook remain tilted to the downside. The main concerns stem mainly from AI investment over-correction, renewed trade tensions, geopolitical flareups, and rising fiscal and financial vulnerabilities.

Global inflation is projected to moderate to 3.8% in 2026, from 4.1% in 2025, as softer demand and lower energy prices persist. However, the US is expected to see a more gradual return to targets. In this global environment, India's growth momentum remains strong. Real GDP rose by 8.2% in Q2 on the back of resilient domestic demand and strong industrial and services sector performance. The economy is benefiting from supportive factors like GST rationalization, softer crude oil prices, and improved financial conditions. Manufacturing activity has held up well in the past few years, supported by healthy bank credit flows to key segments. On the demand side, urban consumption is steadily improving while rural demand continues to hold firm. However, external risks in the form of geopolitical uncertainties and commodity price volatility could weigh on the growth outlook. Against this backdrop, the RBI projects FY26 growth at 7.3%, while the economic survey forecasts FY27 growth in the range of 6.8% to 7.2%. RBI also expects the inflation to remain low at 2% supported by softer food prices and easing crude oil prices with an uptick towards the 4% target in FY27. This gives RBI the room to stay supportive of growth. The monetary policy stance remains neutral, balancing growth and price stability.

Moving on to the industry outlook on slides 13 to 15. On slide 13, you can see that aluminum prices have strengthened during this quarter. Demand conditions remain steady across primary end-use segments such as packaging, electrical, machinery, and transport. On the supply front, concerns over potential smelter shutdowns and delayed capacity ramps continue to support prices. Furthermore, accommodative monetary policy, improved investor sentiment, and a broader upswing in commodity markets, most notably in copper, have collectively bolstered aluminum price levels.

In calendar year 2025, global aluminum production and consumption each grew around 2% year-over-year to nearly 74 million tons, resulting in a broadly balanced market. In China, production rose 2% year-over-year to about 44 million tons, driven by capacity additions in Yunnan, Guangxi, and Inner Mongolia, partially offset by rationalization in Shandong. Consumption increased to around 3% year-over-year to approximately 46 million tons, mainly supported by around a 30% surge in new energy vehicle production in China. Building and construction activities, however, remain subdued due to lower real estate investment. As a result, China closed the year with a deficit of roughly 2.3 million tons. In the rest of the world, production grew by around 2% to nearly 30 million tons, while consumption reached around 28 million tons, up 1% year-over-year. Stronger demand in Brazil and Indonesia helped balance softer trends in the US. Packaging, construction, and consumer durables segments showed improving momentum, whereas transport stayed subdued. This led to an overall surplus of about 2 million tons by end 2025. Overall, the global aluminum market remains balanced, ending calendar year 2025 with a modest deficit of around 240 KT, with China's deficit largely offset by a surplus in the rest of the world.

Turning to aluminum demand in India as shown on slide 14, Q3 FY26 demand is expected to reach 1.5 million tons, reflecting a robust 9% year-over-year growth. Growth remains broad-based with autos, buoyed by GST 2.0 reform, strong momentum in solar, driven by rising investment, and steady demand in packaging. Overall, India continues to outperform the global market. Turning to the Indian copper industry on slide 15, in the domestic copper market, demand this quarter, including domestic supply, scrap, and imports excluding scrap, rose by 10% year-over-year, reaching 402,000 tons compared to 364 KT in the same period last year. This strong growth was driven by infrastructure investment, increased electrical applications, and strong sectoral demand, particularly from white goods and winding wires.

On the TCRC front, Chinese smelters are finalizing the 2026 long-term copper concentrate contracts with Antofagasta Minerals at 0 cents per pound, underscoring a sharply tightening near-term structural deficit in the global concentrate market. In contrast, smelters in Japan, Korea, Europe, and India remain in negotiations, as they seek more favorable terms than those agreed in China. Notably, this year talks are being conducted separately by Chinese and non-Chinese smelters, signaling a potential shift away from a single global benchmark towards a more region-specific pricing. Meanwhile, in the spot market, buying terms are settled around minus 10 to 11 cents per pound reflecting continued supply tightness.

Management: Let me now give you a glimpse of our quarterly consolidated and business segment-wise performance this quarter versus the same quarter of last year on slide 17. Our consolidated business segment EBITDA was up 6% year-over-year at 8,762 crores this quarter. Consolidated profit after tax was down 45% on a year-over-year basis to 2,049 crores this quarter due to the impact of exceptional items, including the impact of Novelis's Oswego plant fire.

If we adjust for the impact of this exceptional item, our consolidated PAT would have been 4,051 crores this quarter, up 8% year-over-year versus the prior period. At Hindalco India business, our business segment EBITDA rose by 10% year-over-year to 5,616 crores this quarter, whereas our quarterly profit after tax was at a record 3,581 crores, up 24% on a year-over-year basis. Coming to our business-wise performance, India upstream aluminum shipments were up by 2% year-over-year, while revenues were up 6% year-over-year. Our quarterly EBITDA was up 14% year-over-year at 4,832 crores, backed by our resilient performance across the value chain, fully aligned with our philosophy of operational excellence by design. This helped us deliver an EBITDA of $1,572 per ton this quarter. EBITDA margins were at 45% and continued to be among the best in the global industry. Our hedging position for aluminum in Q4 FY26 stands at around 64% on the commodity at $2,087 per ton and 26% in the currency at 88.18 rupees per dollar.

Our Indian downstream aluminum business continued to deliver strong performance, with quarterly shipments up 9% year-over-year at 108 KT. Aluminum downstream delivered a quarterly EBITDA of 233 crores, up 55% year-over-year versus 150 crores in the prior period. This was driven by higher volumes, product mix, and premiumization. The resultant EBITDA per ton stood at $241, higher by 35% year-over-year. On Hindalco's copper business performance, our overall metal shipments were at 122 KT, up 1% year-over-year, of which CCR volumes were at 82 KT, down 14% due to a weaker domestic market on account of higher LME and higher channel inventory. Our quarterly copper EBITDA stood at 595 crores, down 23% year-over-year on account of lower TCRCs and copper concentrate mix, offset by better realization in byproducts and operational efficiency.

Novelis reported shipments of 881 KT after adjusting for 72 KT lower shipments due to the Oswego fires, reflecting a decline of 3% year-over-year compared to 904 KT in the same period last year. Adjusted EBITDA stands at 236 million, which is $495 per ton, up 22% year-over-year excluding the impact of 54 million from Oswego fires and 34 million from tariffs. Back in April 2025, we set an FY26 exit savings run rate target of 75 million, which we raised last quarter to 125 million. With another quarter of solid execution, that run rate is now 150 million as we accelerate all cost efficiency initiatives. Looking ahead, we remain committed to our 3-year goal of permanently reducing our cost structure by 300 million by the FY28 exit. Additionally, scrap prices continue to move in a positive direction, supporting margin improvement.

Coming to slide 20, Hindalco at a consolidated level continues to maintain a strong balance sheet with net debt to EBITDA well below two times at 1.73 at the end of December 31, 2025. Underlying cash generation momentum from our businesses is strong and we continue to invest in growth projects in line with our capital allocation policy. Despite the temporary impact of the Oswego fires, we remain committed to maintaining our net leverage around two times at the consolidated level. During the quarter, Hindalco's wholly-owned subsidiary AB Minerals raised 800 million at SOFR plus 105 bps. Of this amount, 750 million was infused into Novelis as equity in December 2025. Additionally, on February 10, AB Minerals upsized the facility by a further 200 million at the same pricing. This additional amount will also be infused as equity into Novelis during the current quarter.

Let me now conclude today's presentations with some key takeaways in slide 27 and 28. At Novelis, our third quarter results underscored that the fundamental drivers of our business remain strong, even as we navigate through current challenges of tariffs and the restart of the Oswego facility post-fires. In Q3 FY26, excluding these impacts, our underlying adjusted EBITDA per ton would have been nearly $500. Our Oswego Hotmill is expected to start in late Q1 FY27. The Oswego outage impact is primarily a timing issue; it is a headwind this fiscal year that will largely be recovered in the next financial year. Our long-term guidance of $600 per ton remains intact as we advance at an accelerated pace in our 300 million structural cost reduction program, driving sustained improvements in operational efficiency and margins. Our Bay Minette 600 KT greenfield rolling and recycling facility is scheduled for completion this year to meet growing customer demand for automotive beverage packaging and aluminum specialty products.

Coming to our India business, in Q3 FY26, we delivered a global industry leading aluminum upstream EBITDA per ton, reaffirming our position in the first decile of the global cost curve. This performance reflects our strong operational efficiency, cost discipline, and consistent execution. Our key upstream expansion projects of Aditya Alumina refinery and aluminum smelters are progressing well and remain on schedule as we move ahead with our objective of doubling down on our upstream capacity. Our captive coal mines of Chakla, Meenakshi, and Banda will lower upstream costs leading to higher EBITDA margins. On the downstream front, the ramp-up of our Aditya plant is now contributing meaningfully to the scale-up of overall FRP production. Our battery enclosure facility has achieved full ramp-up and is operating at optimal levels. Commissioning activities have commenced at both the Aditya battery foil unit and the Taloja AT pin facility. In our specialty alumina business, the precipitated hydrate facility is expected to be commissioned in Q1 FY27. Our copper business remains resilient with the copper smelter in Gujarat, e-waste, and recycling projects being on track.

Hindalco is future-ready and steadfast in its core philosophy. Our strategic priorities are clearly defined: accelerating capacity expansion across the aluminum and copper upstream businesses, while driving a fourfold increase in downstream EBITDA in India by FY30. Concurrently, Novelis is progressing its mid to long-term 3x30 strategy anchored on three key priorities to deliver sustainable growth and enhanced profitability by 2030. Together, these commitments position us strongly to capture emerging opportunities and create long-term sustainable value for all our stakeholders. Thank you very much for your attention and the forum is now open to any questions you may have.

Operator: Thank you very much. We will now begin with the question and answer session. Anyone who wishes to ask a question may press star and then one on their telephone keypad. Our first question comes from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.

Ashish Kejriwal – Nuvama Wealth Management: Hi, good evening. Thanks for the opportunity. Is it possible to explain the net debt bridge because we saw that net debt has increased by almost 18,000 crores on a quarter-on-quarter basis? We understand that $0.4 billion was on Novelis and then $750 million we have paid to Novelis, so roughly around $1.2 billion we can understand. But what about the other $0.8 billion extra?

Management: Let me get Bharat to take you through that. Bharat, please.

Management: If you look at the first nine months, the net debt has gone up by 24,000 crores. As we discussed in the Novelis call yesterday, the nine months free cash flow for Novelis was a negative $1.7 billion.

Ashish Kejriwal – Nuvama Wealth Management: Is it possible to share on a quarter-on-quarter basis from Q2 to Q3?

Management: Let me just give you the nine months picture and then I will delve into the three months. That $1.7 billion translates in INR terms to around 17,000 crores because there is an exchange rate difference on the opening balances as well. 17,000 crores really came from the Novelis free cash flow, which was a mix of the impact of around $485 million, the higher CapEx in Bay Minette, as well as the increase in materials price, that is the LME driven price impact on the working capital. In the India business, the net debt increased by around 7,000 crores, which came really from the copper business because of the increase in the LME as well as some increase in stocks because of the concentrate arrivals. In Q4, we are confident of liquidating or reversing that part of the copper increase, but overall this is the breakup of the 24,000 crores increase in net debt. On this 18,000 crores Q3 impact, the broad breakup is about 4,000 crores from copper working capital in the India business, which will get reversed. In case of Novelis, what happens is the opening net debt also gets reconverted from dollars into rupees because of the forex impact. 14,000 crores was the impact that came from the Novelis free cash flow for this quarter.

Ashish Kejriwal – Nuvama Wealth Management: Understood. Secondly, on hedging, what was the hedging loss in Q3 and are there any targets for FY27?

Management: In Q3, the hedging notional loss was 245 crores. For FY27, we have now hedged about 21% at $2,925. We will take it up to 25% at the current $3,100 levels. We are trying to catch it, so we will probably be around 25% at about $3,000 by the end of March.

Ashish Kejriwal – Nuvama Wealth Management: Understood. And lastly, when I look at the last three quarters' EBITDA per ton on aluminum including both upstream and downstream, we are getting something like $1,550 to $1,560 per ton, which is hardly any increase despite the fact that LME prices have increased by more than $300 per ton.

Management: You have to look at the segments. The upstream EBITDA in Q1 was $1,467, in Q2 it was $1,521, and Q3 is $1,573. You also have to remember my previous commentary because we sell specialty alumina with that, and from Q2 to Q3 there was a sharp drop in alumina prices. Also, in Q2 we had received an RPO benefit which I mentioned regarding the costs. There are a couple of moving parts. If you reconcile all this, you will see that the pure upstream part has been going up.

Ashish Kejriwal – Nuvama Wealth Management: Thank you so much and all the best.

Operator: Our next question comes from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal – Antique Stock Broking: Good evening, sir. With the significant rise in copper prices, are we seeing substitution happening from copper to aluminum?

Management: Broadly, substitution has been happening over the last few years already. Long-distance conductor cables and many wiring systems have switched to aluminum. But there are certain applications where copper still holds, such as electric vehicles, motors, and harnesses, where copper demand remains extremely strong.

Pallav Agarwal – Antique Stock Broking: With CBAM coming in, what proportion of our aluminum exports are exposed to Europe? Are our emission levels compliant with the CBAM guidelines?

Management: In aluminum CBAM, power is not included right now. The Indian aluminum carbon per ton is no different from the Middle East or elsewhere because power is not yet part of CBAM. Until that gets included, CBAM is not a restriction for any Indian aluminum exports. In fact, following the current trade unit agreement, exporting to Europe will become more attractive for us.

Pallav Agarwal – Antique Stock Broking: Lastly, could you provide guidance for the Q4 cost of production?

Management: We are expecting Q4 costs to be about 1% higher, largely driven by CP coke. CP coke prices, which go into making the anode, have risen sharply due to demand and supply dynamics in China.

Pallav Agarwal – Antique Stock Broking: Thank you, sir.

Operator: The next question comes from the line of Pinakin from HSBC. Please go ahead.

Pinakin – HSBC: Thank you, sir. A question on Novelis. There is 180 KT of volume which has not been contracted at Bay Minette for the auto segment. Given the Oswego fire and the disruption it caused to the largest customer, is there a risk that these volumes are not contracted until Oswego is fully up and running well into the next calendar year?

Management: OEMs are continuing to contract because they have already made material choices on their vehicles and have set production dates over the next several years. We are very positive on Bay Minette's progress and commissioning in the second half of this year. We feel comfortable about the overall contracting as we ramp up the plant over an 18 to 24-month timeframe. Furthermore, from a risk management standpoint, Novelis will be the only aluminum provider with three hot mills capable of providing these types of sophisticated products. Having some open capacity is actually not a bad thing right now; there could be portfolio and pricing opportunities because the North American market is in a good place regarding demand-supply balance.

Pinakin – HSBC: Do we expect to contract these volumes in calendar year 2026?

Management: It will be a combination of already contracted volumes for 2026 and 2027.

Pinakin – HSBC: My second question is for Mr. Pai. Given what is happening at Novelis, would the company look at pushing out or delaying some of the CapEx programs either at Novelis or in India during calendar year 2026?

Management: We are sticking to our commitment of a consolidated net debt to EBITDA of 2 or below. Novelis CapEx is largely for Bay Minette, after which they will go on a deleveraging cycle. India CapEx is around 10,000 crores a year. For the next two years, I do not see a problem with the cash we have. However, if we do face challenges, we will make decisions to ensure the consolidated net debt to EBITDA does not go above 2.

Pinakin – HSBC: That is very helpful. Thank you, sir.

Operator: The next question comes from the line of Vikas Singh from ICICI Securities. Please go ahead.

Vikas Singh – ICICI Securities: Thank you for the opportunity. Since we are buying slabs from outside to meet customer requirements after the Oswego fire, does the insurance cover the additional premium or cost for those external slabs?

Management: Yes, the insurance does cover the cost of the external sourcing we are doing. That is part of the policy.

Vikas Singh – ICICI Securities: Regarding the Bay Minette expansion, we have spent only 54% of the CapEx to date, and the start time is second half of calendar year 2026. Are we confident in commissioning it on time?

Management: Absolutely. The cash flows reflect exactly where they should be. We are now in a phase where you will see an acceleration of the cash outlays as we approach the commissioning date. It is an intense construction phase, so cash flows rightly tend to accelerate. Please do not assume all the 5 billion dollars will be out by the end of this year; cash outlays will lag commissioning and extend into the next calendar year. After that, we enter a deleveraging cycle. In India, the gross debt will not go up. We have taken short-term debt for the working capital Bharat mentioned, but that will reverse in Q4.

Vikas Singh – ICICI Securities: Thank you and all the best.

Operator: Next question comes from the line of Kartik Jhonsa from Anand Rathi. Please go ahead.

Kartik Jhonsa – Anand Rathi: Thank you for the opportunity. Continuing on the debt question, regarding yesterday's Novelis call, you already have net debt of about 6.2 billion dollars. Considering your spending in the next 6 to 9 months, is it possible to quantify the net debt at Novelis? Can we assume it reaches high 8 billion levels?

Management: From a net debt to EBITDA perspective, we will go into the high 4s. Our debt levels will increase from this point and, until insurance recoveries come, they could go above high 8 billion levels. That is a timing issue. As insurance recoveries start coming, we would see that falling below

8 billion dollars. By the end of FY27, our gross debt should be returning toward 8 billion dollars or below.

Kartik Jhonsa – Anand Rathi: Since insurance money could take 18 to 24 months, wouldn't the leverage threshold surpass 2 between Q4 FY27 and mid FY28?

Management: Post-Oswego startup, we will look at how this develops because the net debt to EBITDA takes into account the trailing 12-month EBITDA. There could be spikes in certain quarters, but we have a longer-term perspective. Also, insurance money does not come all at once at the end; those payments keep coming progressively. We have already started receiving some funds.

Kartik Jhonsa – Anand Rathi: When we speak about long-term EBITDA of $600 per ton, some global competitors have already surpassed a $630 number. What can be done to reach $600 as fast as possible?

Management: We are committed to the $600 per ton long-term building block. Other competitors might have a very different product mix. Our target is based on strong operational performance and $1,000 plus per ton of EBITDA coming from the Bay Minette project itself.

Kartik Jhonsa – Anand Rathi: Thank you.

Operator: Your next question comes from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah – Investec: Thanks for the opportunity. Regarding the capital structure at Novelis, there is an equity injection of 750 million plus an incremental 200 million. What is the plan to repay this 950 million? What is the confidence that there will not be a need for more?

Management: We are looking at 750 million and potentially another 200 million dollars of equity infusion. This is going toward funding the higher cost of Bay Minette, which went from 4.1 billion to around 5 billion. We agreed with our parent that it is better not to go into the debt markets for this increase. This also serves as bridging money for the short-term need until Oswego insurance money arrives. We are not planning to raise any more external debt other than the already planned 500 million. The facility raises money at SOFR plus 105 bps with a five-year tenure.

Ritesh Shah – Investec: Do we have comfort that this number will not go beyond 950 million given the 3.5 times leverage covenant on certain loans?

Management: We are fairly confident based on our modeling. We believe the next 6 to 8 months is the critical period to get Oswego back up and Bay Minette commissioned.

Ritesh Shah – Investec: What is the overall cost of debt and weighted cost of capital at Novelis?

Management: The weighted average cost of capital is in the mid-8% range and the weighted average cost of debt is approximately 5.3%. Most of our debt maturity is toward the end of the decade; we have no early maturities.

Operator: Our next question comes from the line of Rashi from Citi. Please go ahead.

Rashi – Citi: Just a couple of questions on the India CapEx. What is the target for this year and next year?

Management: This year our target is to finish at around 8,000 crores. Adding the 2,000 crores paid for the Banda mine, it is roughly 10,000 crores. Next year we will be in the same range of 10,000 to 12,000 crores as the Aditya refinery and recycling projects continue. In the first nine months, we have spent about 6,000 crores plus the 2,000 for Banda.

Rashi – Citi: And how much debt is currently on the India books?

Management: Net debt in India is actually negative 600 crores, meaning we have a net cash position of 600 crores.

Rashi – Citi: On the cost side, you mentioned a 1% increase. Last quarter had an RPO reversal benefit?

Management: Yes, last quarter I mentioned a one-time RPO write-back. If you compare Q3 to Q2, the cost is up 2%. But if you normalize for that one-time impact in Q2, the cost was effectively flat. We are expecting costs to be about 1% higher in Q4.

Rashi – Citi: Has there been any delay in the Chakla mine?

Management: We are still sorting out certain clearances. We previously thought the box cut would happen in January; it now looks more likely for April. So there has been about a quarter of a delay.

Rashi – Citi: What are the alumina sales expectations for Q4?

Management: Alumina sales for Q4 should be around 170 to 180 KT. We did 160 KT in Q3.

Rashi – Citi: Thank you.

Operator: Next question comes from the line of Prateek Singh from IISL Capital. Please go ahead.

Prateek Singh – IISL Capital: Given the record high scrap spreads in North America, when will that start reflecting in EBITDA? And what is the recycling rate specifically in North America?

Management: The scrap spreads are reflecting in our results, but our ability to use scrap in North America is currently impaired because the Oswego plant is down. Had Oswego been running, we would have seen a very positive impact from these spreads. At a company level, our recycling rate is 60-63%. North America is typically close to that company average.

Prateek Singh – IISL Capital: Regarding the cost to serve because of the Oswego fire, will those costs be lower on a per-ton basis going forward as you streamline the supply chain?

Management: We had to re-orient our supply chains and produce material in different regions. The underlying adjusted EBITDA per ton, excluding all these noise factors, is in a good place at 495 dollars. For Q4, you can assume the cost to serve or the net income impact from these issues will be on a similar run rate as Q3.

Prateek Singh – IISL Capital: Thank you.

Operator: Our next question comes from the line of Rajesh Majumdar from C61 Capital. Please go ahead.

Rajesh Majumdar – C61 Capital: We have seen an 11% volume decline in Novelis this quarter. Will we see similar declines in Q4?

Management: The volume impact from the Oswego outage was 72 KT in this quarter. You can expect a similar volume impact in Q4. However, Q4 is typically a peak quarter, so absolute volumes in Q4 will be higher than in Q3. The net EBITDA impact from the outage in Q4 could be between 60 million to 65 million dollars.

Rajesh Majumdar – C61 Capital: On the India business, you mentioned some lower volumes in copper in Q3. Given higher copper prices, could we see EBITDA falling from peak levels?

Management: I did not see any demand destruction for copper. Q3 volumes were slightly lower due to the Diwali season and people running down inventory after a sharp price run-up. We are predicting Q4 will be an extremely strong quarter for copper, and our EBITDA guidance for the segment is very comfortable.

Operator: Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to Mr. Pai for closing remarks.

Management: We expect Q4 to be a very strong quarter for the India business. For Novelis, the underlying business remains extremely strong. The next 6 months will be critical to get Oswego back up and running and to commission the hot mill at Bay Minette in the second half of this year. After that, we are confident you will see a very strong performance from Novelis going forward. Thank you very much.

Operator: Thank you members of management. On behalf of Hindalco Industries, that concludes this conference. You may now disconnect your lines.