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Sub: Transcript of the Q1FY26 Earnings Conference Call of Hindalco Industries Limited ["Company"] for the quarter ended June 30, 2025.

Ref: a. Regulation 30 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
b. ISIN: INE038A01020 and
c. Our Intimation dated August 5, 2025.

Pursuant to the above referred, the transcript of the Q1FY26 Earnings Conference Call held on August 12, 2025, for the quarter ended June 30, 2025, is enclosed herewith.

The same is also available on the website of the Company i.e. www.hindalco.com.

This is for your information and record.

Sincerely,

for **Hindalco Industries Limited**

Geetika Anand
Company Secretary & Compliance Officer

Encl: a/a

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Hindalco Industries Limited
“Q1 FY26 Earnings Results Conference Call”
August 12, 2025



MANAGEMENT: **MR. SATISH PAI – MANAGING DIRECTOR – HINDALCO INDUSTRIES LIMITED**
MR. BHARAT GOENKA -- CHIEF FINANCIAL OFFICER – HINDALCO INDUSTRIES LIMITED
MR. STEVE FISHER – PRESIDENT AND CHIEF EXECUTIVE OFFICER – NOVELIS
MR. DEV AHUJA – CHIEF FINANCIAL OFFICER – NOVELIS
MR. SUBIR SEN -- HEAD OF INVESTOR RELATIONS – HINDALCO INDUSTRIES LIMITED

Moderator:

Ladies and gentlemen, good day, and welcome to the Earnings Conference call of Hindalco Industries Limited First Quarter Results for FY '26. 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 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. Over to you, sir.

Subir Sen:

Thank you, and very good afternoon, morning, everyone. On behalf of Hindalco Industries, I welcome you all to the earnings call for the first quarter of financial year 2026. In this call, we will refer to the first quarter financial year '26 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 number two of the said presentation.

In this presentation, we have covered the key highlights of our consolidated performance for the first quarter of this financial year versus the corresponding period of the prior year. A segment-wide comparative analysis of Novelis and Indian aluminum and copper business is also provided. The corresponding segment information of prior periods have also been restated accordingly for a comparative analysis.

Today, we have with us in this call from Hindalco's management, Mr. Satish Pai, Managing Director; and Mr. Bharat Goenka, Chief Financial Officer. From Novelis' management, we have 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 our company's website.

Now let me turn this call to Mr. Pai to take you through our company's performance and key highlights for the first quarter.

Satish Pai:

Yes. Thank you, Subir. Good afternoon, and morning, everyone. Thank you for joining Hindalco's earnings call today. On Slides 5 to 9 of this presentation, you can see our achievements and progress across quarterly metrics of ESG for this year versus prior periods. I will now take you through the key highlights of these initiatives.

At Hindalco, safety is always the highest priority. During the quarter, we unfortunately recorded one fatality across our Indian operations. We deeply regret this incident and are committed to taking all necessary corrective actions to prevent such occurrences in the future. Our LTIFR for this quarter stands at 0.25, showing significant improvement over the previous year.

At Hindalco, we continue to make strong progress on circularity and responsible waste management. In this quarter, 98% of the total waste generated was recycled or reused. We achieved 135% recycling of bauxite residue, excluding Utkal, 98% recycling of ash and 113% recycling of copper slag this quarter. In Q1 of FY '26, we recycled and reused 26.4% of the 19.37 million cubic meters of water consumed across our operations, reflecting our continued commitment to water circularity. To further enhance water efficiency, we are installing a 100

kiloliters per day tertiary water recycling unit at our Hirakud facility, which shall reduce our freshwater usage. Additionally, our Belagavi unit is developing an 80,000 cubic meter rainwater harvesting system that is expected to meet nearly 13% of our total freshwater demand in this region.

We remain deeply committed to preserving and enhancing our biodiversity in and around our areas of operations. In this quarter, biodiversity management plans have been implemented at 39 out of the 41 manufacturing and mining locations, demonstrating our systematic approach to ecosystem restoration and conservation. As a part of our ongoing afforestation efforts, 28,380 trees were planted during this quarter.

Our total renewable energy capacity, primarily solar and wind, stands at 189 megawatts, and we are aligned towards our target of reaching 300 megawatts of renewable capacity by Q3 FY '26. Our aluminum-specific GHG emissions in this quarter were recorded at 19.4 tons of CO₂ per ton of aluminum. This was flat compared to the same period of the last fiscal.

Let me now give you a glimpse of our quarterly consolidated performance this quarter versus the same quarter of last year on Slide 11. Our consolidated business segment EBITDA was flat year-on-year at INR8,539 crores this quarter. The consolidated net profit after tax was up 30% on a year-on-year basis at INR4,004 crores this quarter that underscores the resilience of our integrated business model.

At Hindalco India business level, our business segment EBITDA was up 13% year-on-year at INR4,982 crores this quarter. The net profit after tax was up 45% on a year-on-year basis at INR2,847 crores this quarter.

In our Indian aluminum business, we are currently hedged around 20% of the commodity at a price of \$2,666 per ton and hedged 18% of the currency at INR87 per dollar for the second quarter of FY '26.

On the balance sheet side, our consolidated net debt stands at INR34,257 crores. In the India operations, we have a net cash of INR18,657 crores, while Novelis' net debt stands at INR46,923 crores at the end of June 2025. Hindalco at the consolidated level continues to maintain a strong balance sheet with net debt-to-EBITDA well below 2x at 1.02x at the end of June 2025, which is much lower compared to the corresponding period of last year. All our strategic capexes in India are mapped with cash flow generation in the business and are in line with our capital allocation policy.

Coming to our business-wise performance this quarter, Novelis shipments at 963 Kt versus 951 Kt in the prior year was up 1% year-on-year. Novelis delivered a quarterly EBITDA of \$416 million, down 17% year-on-year due to elevated scrap prices and net negative tariff impact.

The resultant EBITDA per ton stood at \$432 versus \$525 in the prior year same quarter, down 18% year-on-year. While Novelis' adjusted EBITDA in this quarter was impacted by higher aluminum scrap prices and tariff, strong beverage packaging demand, improving scrap spreads and accelerated cost reduction benefits to flow through the second half of FY '26 will help address the impacts of tariff and hence improve margins.

We have completed the first round of organizational redesign, footprint optimization and process improvements and are on track to exceed over \$100 million of cost savings target for this year. All our expansion projects, including Novelis' Bay Minette project, are progressing well and as planned.

On Hindalco's India upstream aluminum performance this quarter, while shipments were down by 1% year-on-year and revenues were up 6% year-on-year, our quarterly EBITDA was up 17% year-on-year at INR4,080 crores, primarily driven by lower input costs. The result in EBITDA per ton stood at \$1,467 per ton, which was higher by 15% year-on-year with the cost of production this quarter being the lowest for the company in the last 15 quarters, as benefits from operational excellence flow through the value chain.

EBITDA margins were at 44% this quarter and continue to be the best in the global industry. This quarter, the Indian downstream aluminum business delivered a record performance. Quarterly shipments were up 6% year-on-year at 101 Kt. Aluminum downstream delivered an all-time high quarterly EBITDA of INR229 crores, up 108% year-on-year this quarter versus INR110 crores in the prior period, driven by higher value additions on innovations like battery enclosures and premiumization. The result in EBITDA per ton stood at a record \$264 a ton, higher by 92% year-on-year.

On Hindalco's copper business performance this quarter, our overall metal shipments were at 124 kt, up 4% year-on-year, of which CCR volumes were at 104 Kt, up 4% year-on-year. Our quarterly copper EBITDA stood at INR673 crores, down 16% year-on-year on account of lower TC/RCs, offset by better realizations in byproducts and operational efficiencies.

Now let me give you a glimpse of the current broader economic environment on Slide 13 and 14. As per IMF's July 2025 update, global GDP is projected to moderate to 3% in 2025 from 3.3% in 2024.

Growth in both advanced and emerging economies is expected to moderate in 2025 to 1.5% versus 1.8% in 2024, and 4.1% in 2025 versus 4.3% in 2024, respectively. Growth in the U.S. is expected to moderate to 1.9% in 2025 from 2.8% in 2024, weighed down by rising trade policy uncertainty and weakening private demand, while target fiscal incentives are expected to provide a partial cushion.

China is projected to grow at 4.8%, driven by robust exports and supportive fiscal measures. Global trade developments will continue to play a crucial role in shaping the economic outlook.

Despite some deescalation, tariffs remain at historically elevated levels. Trade policy uncertainty is likely to persist as only a limited number of countries have secured bilateral agreements with the U.S. Global headline inflation is expected to ease further from 5.7% in 2024 to 4.2% in 2025, with core inflation showing signs of moderation. However, inflation in the U.S. is expected to remain elevated due to tariff pass-through and fiscal expansion.

Amidst a fluid global environment, India continues to maintain economic stability. Real GDP growth held strong at 6.5% in FY '25. The growth is expected to be further supported by strong agricultural output, healthy rural demand and a revival in urban consumption. High frequency

indicators point to a broad-based recovery with services activity remaining robust, recovery in manufacturing and investment activity gaining traction.

Looking ahead, the RBI projects GDP growth to remain at 6.5% for FY '26. Headline inflation is expected to moderate further to 3.7% in FY '26, down from 4.6% in FY '25, driven by easing food and fuel prices and benign core inflation. However, geopolitical tensions along with global trade and weather-related uncertainties remain key downside risk.

In response to the evolving growth inflation dynamics, RBI reduced the repo rate by 50 bps to 5.5% in June. The monetary policy stance has now shifted from accommodative to neutral with the RBI committed to supporting growth while maintaining price stability.

Moving on to the aluminum industry outlook on Slides 15 and 16. Starting with Slide 15. In China, production in Q2 calendar year '25 reached 11 million tons with consumption increasing to 12 million tons, resulting in a deficit of 1 million tons. The production in China in the first half of calendar year '25 saw 2% growth to 22 million tons, led by growth in production in Yunnan, Sichuan and Inner Mongolia, resulting in a deficit of 1 million tons. And consumption grew by 4% to 23 million tons, primarily driven by sharp rise in solar installations and a 50% increase in new energy vehicle production. However, the construction sector continued to face challenges with declining investments.

In the rest of the world, production grew marginally in Q2 calendar year '25 to 7.5 million tons, while consumption was flattish at 7 million tons, leading to a surplus of 0.5 million tons. With the surplus in the rest of the world that is offset by deficit in China, the overall global aluminum market had a marginal deficit in Q2 calendar year '25.

In the first half of calendar year '25, production remained flat at 15 million tons, while consumption grew marginally by 1% to 14 million tons, driven by strong demand in India and Brazil, but offset by weaker demand in Europe and North America, resulting in a surplus of 1 million tons.

Turning to the demand of aluminum in India on Slide 16. Q1 FY '26 demand is expected to reach 1.44 million tons, reflecting a 10% year-on-year growth. The key drivers of this demand are due to strong growth in the electrical and solar panel segments. The global FRP demand continues to be resilient, supported by long-term sustainability trends and structural demand drivers across key markets.

In beverage packaging, sustainability preferences are clearly influencing packaging choices, driving a steady shift towards aluminum. Demand remains strong across regions, underscoring aluminum's growing relevance as a preferred sustainable solution. In the automotive sector, the focus on lightweighting and innovation to enhance vehicle performance remains a key growth lever.

While macroeconomic weakness in China and Europe is leading to slower growth in build rates, North America continues to benefit from a favorable vehicle mix, particularly SUVs and trucks, which typically use a higher share of aluminum. However, ongoing tariff-related uncertainties are impacting near-term demand momentum.

The specialty segment remains mixed, whilst the structurally undersupplied U.S. housing market provides a long-term tailwind. Demand in building and construction remains stable but somewhat subdued. Broader macroeconomic and policy uncertainties, including tariffs, and a slower-than-expected EV rollout are also muting demand in specific segments like batteries, truck and trailer and light gauge products.

Aerospace demand remains strong with persistent orders and multiyear OEM backlogs continuing to support sectoral growth. Sustainability is also gaining prominence in aerospace material selection. However, high inventory levels and global tariffs are impacting parts of the supply chain, adding to complexity in ramping up production.

Overall, while near-term challenges persist in some geographies and segments, the medium- to long-term outlook for global FRP demand remains positive, underpinned by secular trends in sustainability, lightweighting and innovation across industries. The India FRP demand in financial year 2026 is supposed to grow by around 6% to 7% on a year-on-year basis, led by a strong demand from the construction, packaging and consumer durables section.

Turning to the copper industry on Slides 18 and 19. In quarter 2 calendar year '25, Chinese production reflected a growth of around 8% year-on-year, reaching 3.2 million tons, while consumption increased by around 8% year-on-year at 4.4 million tons, resulting in a deficit of around 1.2 million tons.

In the rest of the world, production grew by around 2% year-on-year at 3.7 million tons, while consumption increased by around 1% year-on-year at 2.9 million tons, leading to a surplus of 0.7 million tons this quarter. As a result, the overall global production of copper grew by around 5% year-on-year at 6.8 million tons and consumption increased by around 5% year-on-year at 7.3 million tons, leading to a deficit of 0.5 million tons this quarter.

On the domestic copper market, this quarter demand, including domestic supplies and scrap, increased by 19% year-on-year at 423 Kt versus 356 Kt in the prior period. The annual benchmark TC/RCs for 2025 was finalized at \$0.054 a pound, reflecting a steep decline of 73% from 2024 levels of \$0.205 per pound.

The global concentrate market remains under significant supply pressures with spot TC/RCs dropping to record lows, driven by intense competition and aggressive bidding by traders. That said, spot smelters buying terms now appear to have stabilized around the negative \$0.10 per pound.

Details of the operational and financial performance in each of our business segments this quarter compared to the corresponding period of last year as well as the previous quarters are covered in further slides and annexures to this presentation. Let me conclude today's presentations with some key takeaways.

Hindalco is future-ready aligned to its core philosophy of engineering better futures. Our strategic focuses to scale up capacities across both aluminum and copper upstream and to quadruple downstream EBITDA by FY '30 from the 2024 baseline remains intact.

In quarter 1 FY '26, we delivered a global industry-leading aluminum upstream EBITDA per ton, reaffirming our position in the first quartile of the global cost curve. This performance reflects our strong operational efficiency, cost discipline and consistent execution. Our key upstream expansion projects like Chakla and Meenakshi Coal Mine, Aditya Alumina Refinery, Aditya aluminum smelter and copper smelter are progressing well and remain on schedule.

On the downstream front, Hindalco reported its highest ever quarterly aluminum downstream EBITDA and EBITDA per ton. Aluminum downstream EBITDA grew by 108% year-on-year in Q1, supported by strong volumes and better product mix. We have begun the commissioning of key projects, including the Aditya FRP facility and the copper tube plant with inner group tube capabilities.

In line with our strategy to build high-margin differentiated platforms, we announced the acquisition of 100% equity stake in U.S.-based alumina chemicals manufacturer, AluChem, at an enterprise value of \$125 million that is subject to statutory approvals. This marks an important step towards strengthening our global specialty alumina portfolio. Our copper e-waste and recycling projects also remain on track for FY '27 commissioning, reinforcing our commitment to sustainability-driven growth.

In Novelis, despite a tough macroeconomic environment, our business continues to hold steady, delivering a 1% growth in shipments this quarter. Beverage packaging, our largest end-use segment, remains a key growth driver, registering a solid growth of 8% year-on-year. Other end markets have remained relatively stable even amid mounting economic pressures.

To mitigate margin pressure and drive long-term profitability, we are moving swiftly on our 3-year \$300 million structural cost reduction program. The early actions include organization restructuring, streamlining our manufacturing footprint and process enhancements are already delivering results.

Based on accelerated progress, we have now raised our FY '26 exit savings target to over \$100 million, up from the earlier estimate of \$75 million. Moreover, improving scrap spreads, accelerated cost reduction benefits in FY '26 will help address the impact of tariffs leading to improved margins going forward.

On the investment front, we are staying ahead by building capacity aligned with long-term growth in sustainable aluminum demand. Our Bay Minette greenfield rolling and recycling facility in the U.S. is progressing on schedule. At the same time, we are ramping up operations at Guthrie, Kentucky, and Ulsan, South Korea, both of which were commissioned late last fiscal year.

Additionally, this quarter, we started commissioning a hot mill debottlenecking project at our Logan JV plant in the U.S., which will unlock an incremental 80 Kt of hot mill capacity once fully ramped. Our disciplined capital allocation, superior execution and the focus on high-value segments will drive sustainable growth regardless of near-term market volatility. Hindalco isn't just prepared for the future, but is advancing into its next phase with scale, purpose and confidence.

Thank you very much for your attention, and we will now open the forum up for any questions you have.

- Moderator:** The first question is from the line of Mr. Amit Kumar Murarka from Axis Capital.
- Amit Murarka:** So on the downstream aluminum business, you have like posted a strong margin yet again at \$264 a ton. Just wanted to understand what is driving that? And also with Aditya FRP starting, what can we expect the margin to be in the coming quarter and year?
- Satish Pai:** So what is driving the downstream EBITDA improvement is we are moving up the value chain. So we, instead of just selling extrusions, are now selling battery enclosures to EV manufacturers. So that gives us a margin on the extrusion as well as a further margin on the end product, which is fabricated. So we have a number of examples like that where we are starting to move up the value chain and hence, the EBITDA per ton is increasing.
- Now the other point to note is we are roughly shipping about 100 Kt on the aluminum downstream in India. And once the FRP 2A comes in and the Silvassa plant reaches capacity, we should be shipping 150 Kt because our capacity then goes to 600 Kt. So over the next quarters, you're going to steadily see the volumes going up and the EBITDA per ton improving.
- Amit Murarka:** Okay. So in that case, can we expect like a \$300-plus number kind of coming through maybe sometime by end of this year or next year?
- Satish Pai:** I think that's our target. I think that it will be between \$250 and \$300.
- Amit Murarka:** Sure. And on FRP now, what is the scheduled commissioning status? And what is the volume that we can expect this year and next year?
- Satish Pai:** So this year, we are targeting roughly 70 Kt. So we have started selling commercial from June, July months already, and the ramp-up is going well. We planned for about 70 Kt, but I'm hoping we can do a bit more if the ramp-up goes smoothly.
- Amit Murarka:** Got it. And also on the aluminum COP, could you give guidance for Q1 -- sorry, Q2 and like how was it in Q1?
- Satish Pai:** So Q1, we were pleasantly happy that the cost was down 3% versus Q4, and the reason was because we got a much higher amount of linkage coal. Some of it was due in NCL region, which is our most difficult area. So linkage coal was around 63%, and we got the linkage coal. So our cost was down 3% versus Q4.
- I think Q2 is traditionally our most difficult quarter for coal because it's the monsoon. So I think that our costs will go up by about 3% in Q2 versus Q1 because of the monsoon and the coal impact. Also, CP coke prices have gone a little bit higher. So Q1 was a very pleasant surprise for us with the cost coming down by 3%, but Q2 probably will go back to Q4 levels of pricing - cost.
- Amit Murarka:** Sure. And just lastly, could you provide the alumina sales volume in the quarter as well?

Satish Pai: So the alumina sales in Q1 was 170 Kt and in Q2 should be more like 190 Kt to 200 Kt.

Moderator: The next question is from the line of Mr. Ritesh Shah from Investec India.

Ritesh Shah: Sir, my first question is, earlier on the call yesterday, we gave a number of \$60 million specific to the tariff impact. I wanted to understand what is the underlying Midwest and LME assumption that we are baking in over here? And if you can provide any sensitivity around that would be great.

Satish Pai: Steve? Dev?

Steven Fisher: Yes, I'm here. So the \$60 million takes in all factors that we talked about yesterday on a per quarter basis with the tariff rate of 50% today. So that includes coils coming from Korea, Brazil, its implications on our China business itself. The underlying aluminum assumption is not the most sensitive part of the equation.

You can roughly think about it at current LME prices. The more sensitive is the premium, the Midwest premium associated in the North America marketplace and then some of the offset drop in premiums in the other regions. But the underlying aluminum assumption itself isn't the most sensitive piece of the equation.

Ritesh Shah: So what is the Midwest premium that we have assumed over here? Is it closer to \$1,500 when we give this number of \$60 million negative impact?

Steven Fisher: It is. It is close to \$1,500.

Ritesh Shah: Okay. And would you like to give some sensitivity around the Midwest premium?

Steven Fisher: The Midwest premium, I mean, historically trades in the \$400 true basis premium. As you think about the setting of the 232 tariffs going from 25% up to 50%, most of the flow of aluminum comes from Canada down into the U.S. And so in essence, the majority now of the 50% 232 tariff is embedded into the Midwest premium plus the logistics premium.

Ritesh Shah: Sure. And just a follow-up over here. When we give this number of \$60 million, are we also factoring in the adverse impact of price elasticity of demand and the product mix will be definitely less desirable than what we would have anticipated?

Steven Fisher: No, that is not part of the \$60 million. So demand destruction, as we've talked about in the overall consumer demand to date. North America markets, beverage packaging stayed strong. We do continue to see a healthy auto business, especially with what we're selling into with larger vehicles. Ford had a very positive quarter itself, our largest customer. The specialties markets are kind of stable and going sideways. So this is not factoring in any potential inflationary factors that could cause economic headwinds and demand destruction in the second half of the year.

Ritesh Shah: Sure. That's helpful. My second question is for Mr. Pai. Sir, you indicated on copper-based recycling. Is it possible to indicate what sort of cash flows can we expect from this particular business given it's not very far now?

- Satish Pai:** Yes, the ROCE -- I mean, most of the IRRs on these projects are higher than mid-teens in the copper recycling. And the margins are 2x to 3x of the smelting business. Of course, fair to say TC/RCs are fairly low now. But because it's a scrap-based copper production, the margins, let's say, are going to be very, very healthy.
- Moderator:** The next question is from the line of Mr. Sumangal from Kotak Securities.
- Sumangal:** Sir, first question is on the captive coal mines. So given that now we are nearing, is it possible to share what is the commercial -- what is the volumes we are looking at in FY '27, '28, '29 from captive coal mines, all the 3 put together, Chakla, Meenakshi and Bandha.
- Satish Pai:** Right. What's the 3-year projection. So let me tell you, the box cut is going to be this year for both Chakla and Bandha. So commercial coal will start somewhere February, March, April of next year. And I think that Chakla in the first year should be producing, we are hoping around 0.5 million tons to 1 million tons. Bandha, because the stripping ratio is so very high, the first coal will only come towards the end of FY '27. Meenakshi, of course, because we just got it, there the production is more like late FY '28. The 3 mines put together...
- Satish Pai:** I was just saying the 3 mines put together roughly will give us around 20 million tons of coal when they are running fully.
- Sumangal:** Okay. So '27 is just maybe 1 million ton, 1.5 million tons. And then FY '28 is when we actually see an increase in coal?
- Satish Pai:** Yes.
- Sumangal:** Okay. Understood. Sir, how should we look at capex increasing over the next 2, 3 years? If you could just give some ballpark annual capex sense to us for the India business?
- Satish Pai:** Yes, I'll give you -- so this year, we are at INR7,500 crores to INR8,000 crores. Next year, we'll be around INR15,000 crores.
- Sumangal:** Okay. And FY '28 would be the peak, somewhere higher?
- Satish Pai:** I don't think so. I think between FY '27, '28, '29, because we'll try to make sure that we phase the capex a little bit. Because -- next year will be the peak because Aditya refinery, copper recycling would be largely complete. And then the first part of the aluminum smelter expansion will be coming in. So the second smelter expansion and all that, which we have announced in our INR50,000 crores, we will phase it a little bit. So not ready to give you exact numbers for '28, '29, but next year will be INR15,000 crores.
- Sumangal:** Understood. And just, sir, one last question...
- Moderator:** Sorry to intervene, sir. Could you please rejoin the queue.
- The next question is from the line of Mr. Prateek Singh from DAM Capital Advisors Limited.

- Prateek Singh:** Sir, if you could elaborate a bit more on the -- so when we say copper and e-waste recycling, can we assume that the bulk of it would be e-waste? Or would we also be procuring scrap like used motors, mulberry scrap and things like that, given that e-waste still is something which is in nascent stages in India, procuring other kinds of scrap might be a bit easier. So that's the first question, to elaborate a bit more on the copper recycling part.
- Satish Pai:** Yes. I think that, first, by the way, e-waste is quite well available in India. And in fact, it gets exported to Belgium, Umicore, and all that. But to your specific question, yes, we will start with a lot more copper scrap and slowly build up the e-waste.
- Prateek Singh:** Understood. And the second one is on the copper business. What kind of hedging gains or losses we booked this quarter? And does the guidance of INR600 crores a quarter still stand?
- Satish Pai:** So copper is largely an offset hedging model. So there is not much gain or loss on copper hedging. Aluminum is the forward where we have that. And yes, the INR600 crore guidance still holds.
- Moderator:** The next question is from the line of Mr. Rajesh Majumdar from B&K Securities.
- Rajesh Majumdar:** I had a question on the acquisition of AluChem. Can you give us some color on the EBITDA of this company last year? And what is the scalability of this business? Because I understand specialty alumina is a high-margin business. So some color on that acquisition, please?
- Satish Pai:** Yes. So we bought this company, as we said, \$125 million EV valuation. The EBITDA is roughly \$25 million. But we made this acquisition more to get access to technology like tabular alumina, low soda, high purity, because these are the products that actually today are imported into India.
- So we want to bring that technology to India very quickly as well. So if you remember from the April investor call, we are roughly selling 500,000 tons of specialty alumina, and we want to get to about 1 million tons over the next 3 to 4 years. So it's a part of that broader strategy to sell more specialty alumina, but we need to get access to technology.
- So we are actively looking to make technology acquisitions as well. So this was not really an acquisition to gain large volumes in the U.S., but more to gain access to technology that we can then deploy in India.
- Rajesh Majumdar:** Just a follow-up question. Are we looking at incremental capex in this area? And any kind of numbers on that, or even acquisitions?
- Satish Pai:** So we are actively looking, but I can tell you the capex in this type of businesses is more like the INR200 crores, INR300 crore type of deal. So it's not large numbers. It's a high-tech business, so that technology is very critical. It's not a capital intensive, it's more a technology-intensive business.
- Rajesh Majumdar:** Right, sir. My second question is for Novelis team. So I was in the call yesterday to ask this question. We've seen a number of your U.S. peers repeatedly giving strong guidance for 1Q, 2Q

and for calendar 2025 as well. And since a large part of our business is in the U.S., we have, for the last 2 quarters, refrained from doing so. Is there any great difference in our business and say, your peers in the U.S., more who have been like Constellation, who've been repeatedly increasing their guidance and giving a better picture of 2025? Yes.

Devinder Ahuja:

I think that we have already indicated that we are bottoming out at this EBITDA level, and this is despite all the headwinds that are coming at us, whether it is tariff or whether it is the continued scrap situation, which is better, but still elevated.

Now what is specifically impacting us is the fact that given the constrained capacities in the U.S. -- so this is something important for you to understand. At this moment, we are capacity constrained in the U.S., which is forcing us to have more inter-region movement of products in a tariff regime. And that is what is muting things. And that is exactly what we are working on right now with tariff mitigation actions.

And I want to be very clear because I think there was some confusion from the notes that came out from yesterday's call that our tariff mitigation actions are absolutely distinct and over and above the cost takeout plan. So this is a separate set of actions to be able to have some more access to manufacturing capacity in the U.S., which will be a tariff mitigation plan.

Now to your question, why are we not giving guidance? We simply see moving parts and therefore, we want to refrain getting too much ahead of ourselves, does not mean that we will not have all the improvement actions playing in. We are very confident about our execution. And from here, things will look up to the point about EBITDA bottoming out.

So just because we're not giving guidance, given the number of variables, we want to be a bit prudent, does not mean that we don't have a plan of action. In fact, we have a very robust plan of action in progress in order to defend margins and improve margins. So that's really the plan. And we have always said that our anchor is \$600 per ton, and our confidence level that we have all the actions in place to get there is very high.

Satish Pai:

So just to add to that, remember that the other people don't have a shipment coming in from other countries into the U.S. We have coming from Korea and Canada, and that is actually the negative impact that we are dealing with. The others don't have that point.

Rajesh Majumdar:

Can I just ask a follow-up on the total volume that we ship in from Korea and Canada?

Devinder Ahuja:

Yes. So altogether, from Korea and a little bit from South America, altogether, it is about 170 Kt approximately that we bring in into the U.S., which just shows how we are addressing the volume of demand supply gap that we are addressing ourselves. And from Canada, it is of the order of about 90 kilotons annual.

Moderator:

The next question is from the line of Mr. Parthiv from Anand Rathi.

Parthiv:

This is pertaining to the captive coal blocks, especially Chakla and Bandha. I believe a couple of quarters back it was indicated that some cost savings from Chakla would be around \$7, right?

I just wanted to understand if you can quantify what would be the cost savings from Chakla, Bandha and Meenakshi when all ramps up on a per ton basis?

Satish Pai: So actually, just to be on record, we have never given exact number of how much the saving will be. So I think that the way to look at it is that today, the cheapest coal that we have is on the linkage side. And we have said that when all our captive mines come on, we should get about a 30% reduction in the cost level. But specific mine by mine, we have not given any guidance.

Parthiv: Sure. And sir, my second question is pertaining to the copper. Considering the crunch globally, can you help us understand by when can we get back to that -- surpass that INR600 and INR700 levels and go back to that INR800 EBITDA level per quarter?

Satish Pai: So I think that it will be fair to say that TC/RCs are going to remain quite subdued even next year because supply/demand is not balanced. But I think the way we are trying to mitigate that is by getting into copper scrap. So we are putting 50 Kt of copper scrap that will come online by December of next year. That 50 kt, then we will expand up to 200 Kt in modules of 50 Kt. So that is one way that we are going to get a sustainable increase in the EBITDA of copper.

The second is we are getting into more value add. So even if we don't make much money from copper, TC/RC and cathodes, we are expanding downstream of copper, to copper IGT, to copper foil, to copper alloy rods. So that is a more downstream of copper that gives us the additional EBITDA per ton coming in. TC/RCs themselves difficult to predict till more new mines come in. But I think that the next couple of years, TC/RCs are going to remain subdued.

Moderator: The next question is from the line of Mr. Satyadeep Jain from AMBIT Capital.

Satyadeep Jain: First question on the smelter. We understand you've already placed an EPC order for the alumina refinery to L&T. Just there's no news flow around the smelter. Just you're talking about phasing of the smelter also. Maybe can you talk about the plan, the contracting and all, what's the update there?

Satish Pai: So alumina refinery, copper recycling, all orders placed, construction started. These are the 2 projects that are ongoing at peak right now. The aluminum 180-pot expansion, we are now starting to place orders and we will move fast ahead.

I think that the next pot addition that we had already put in and the copper smelter that we are doing in -- copper smelter, we still have to go to the public hearing and EC process there. Those are the ones that are going to be FY '28 onwards. The alumina refinery and the copper recycling is FY '26, '27 peak spend.

Satyadeep Jain: Okay. But you expect both refinery and smelter to get commissioned in FY '28?

Satish Pai: The 180-pot will come in more or less with the refinery, yes. Because the refinery project, we already got the EC, and we have started to place the orders. So the peak spend of that smelter will probably happen in FY '28. The copper smelter is the one that we will probably -- we'll give you the timing when that comes in.

- Satyadeep Jain:** Okay. And the other one was the RERTC. I just want to check, I think it was earlier expected to commission earlier this year. What is the update there? And would that be ready by the time the smelter comes online?
- Satish Pai:** So unfortunately, all these renewable power projects in India are running late. So we had expected June that we would start to get 100 megawatts of RTC. Now we expect it to be more like October, November. So I think that the renewable power mix is going to take some time to come in, because in India what is happening is that grid connectivity approvals are becoming quite slow.
- Now I think that what we will do is that as long as we have thermal power, we will not slow down our expansion projects. We will continue to strive towards the 30% renewable target. But it would be fair to say that as long as we have coal and thermal power, we will not slow down our projects because of that.
- Satyadeep Jain:** Okay. Because in the cost -- earlier you had indicated that given RPO obligations and coal cost increase, generally, you don't expect any meaningful change in cost. Is that stand still there in terms of cost for power from this?
- Satish Pai:** So if two years out we look at, and with our own coal mines coming in, we expect our coal cost to be about 30% lower than linkage prices.
- Satyadeep Jain:** So this would be higher versus captive power, right?
- Moderator:** Participants, please give us a moment while we reconnect the management.
- Satish Pai:** All right. So Satyadeep, I don't know if I -- I'm just going to repeat the answer -- sorry, your question. You were saying what power is cheaper than captive power?
- Satyadeep Jain:** The new RERTC coming in, that would be captive power using captive coal using captive mines, they would be materially cheaper versus the RERTC power coming in even after you factor in RPO and...
- Satish Pai:** It is true that the power from the captive sources will be cheaper than RTC power, yes. But the advantage of RTC over 10 or 15 years is that it does not inflate. So when we do the math over a 5- or 10-year period, then the RTC power is also attractive.
- Moderator:** The next question is from the line of Mr. Pallav Agarwal from Antique Stock Broking Limited.
- Pallav Agarwal:** So the first question was on the copper business. So you mentioned that probably spot TC/RCs were somewhere in the negative region. So how much exposure do we have in our business to the spot TC/RCs, or none at all?
- Satish Pai:** Very little. Very little, because more than 85% to 90% is long-term contracts. And when we go on the spot, we are looking for specific cargoes that are heavy on gold, et cetera. So we have not got a single supply on negative TC/RC is what I can tell you.

- Pallav Agarwal:** Sure, sir. And have most of the lower contract TC/RCs, are they already flown into the business or probably some of them will still flow through in the next quarter?
- Satish Pai:** It will still flow through, because if you look at the effective TC/RC this quarter, it was about \$0.11, whereas the benchmark is \$0.05. So we are also taking concentrates of different qualities and trying to maximize our return. So we sometimes look -- because it's in India, we look for more gold-heavy concentrate. So we try to do different things to mitigate, but it has not all flown in yet.
- Pallav Agarwal:** Yes. But we're still maintaining a INR600 crore guidance factoring all this.
- Satish Pai:** Yes, because we have the sulfuric acid and the downstream chain that is actually providing the bulk of our profits.
- Pallav Agarwal:** Sure, sir. Lastly, in the accounts, we mentioned we've taken an impairment loss of INR160 crores for certain coal mines. So which coal business, if you can share...
- Satish Pai:** Kathautia. We are in the process of returning Kathautia. So for that, we had to write off some of the mining rights, et cetera.
- Pallav Agarwal:** So out of the earlier coal blocks that we had won, so are we running any of those mines or most of them have already been surrendered?
- Satish Pai:** So out of 4, 3 have been -- 2 have been surrendered. The third one is going to be surrendered, Kathautia. So we are running only IV/4 right now. That too at a limited amount based on need.
- Pallav Agarwal:** Sure. So obviously, the linkage coal probably is more beneficial compared to those captive coal, right?
- Satish Pai:** Correct. But sometimes in the monsoons and all that, then IV/4 for the last 4 monsoons has come useful, because the quality of coal is much better. And normally, Coal India coal during monsoons, the GCB drops a lot. So then rather than get imported coal to mix, we use IV/4.
- Moderator:** The next question is from the line of Somaiah from Avendus Spark Institutional Equities.
- Somaiah:** Sir, my first question is on Novelis. So if you see, quarter-on-quarter amongst the regions in terms of drop in EBITDA, LatAm and Asia lately has been better compared to Europe and U.S. So are we relatively insulated in terms of scrap spread decline here? That's the first part of the question.
- Second, if you could just help us understand a bit on the sourcing of scrap within these regions in terms of contracts. I mean, typically, what is the span for a contract? And what is the price lag at which it comes?
- Devinder Ahuja:** So your first question was whether Asia and South America are relatively insulated. Is that your question?
- Somaiah:** Yes.

Devinder Ahuja:

Yes. So let's talk about Asia. So Asia, the markets are doing very well. And also Asia is getting the benefit of the demand in North America because, as I already alluded to earlier, we are using Asian capacities to meet North American demand. Now you see that volumes sequentially are up in Asia, 201 Kt to 215 Kt.

So you know by now that in our case, operating leverage works very well on incremental volumes. And between the 2 quarters, the overall situation on recycling is stable to positive. So basically, because of better scale, better volumes, we have got the benefit of that. And so you see a steady EBITDA performance sequentially.

As far as South America goes, well, I mean, I would say that the market is doing pretty well. It is like steady. I mean, seasonality apart, because fourth quarter is seasonally the best quarter in South America. It is slightly lower in this quarter. So it's basically steady performance, and that just shows up in the steady EBITDA. The overall scrap situation, again, is stable to positive between the 2 quarters. So these are all the factors to understand for Asia and South America.

Somaiah:

Sir, just a clarification there. So one, in terms of volume and operating leverage, I get that part. But in terms of, let's say, absolute increase in scrap prices quarter-on-quarter across these 4 regions, where LatAm and Asia are relatively, I mean, lower in terms of increase compared to Europe and North America, does that also play a part?

Devinder Ahuja:

You are saying, on scrap prices?

Somaiah:

Yes, yes, correct.

Devinder Ahuja:

I mean, I would say that between the 2 -- overall, globally, I would say that it has been kind of steady between the 2 quarters, steady to improving. The one which has benefited for some part of the quarter, the full benefit will come in the current ongoing quarter from the much higher premiums.

We will see a more distinct benefit of that in the current quarter. But let's say that between the 2 quarters, the overall scrap availability, spreads, et cetera, have been kind of steady to positive.

So that has not played a major negative role for sure between the 2 quarters. And I can make this comment across geographies. Now in Europe, we have been impacted by the drop in the local market premium, ECDP. There is a bit of an impact of that. But largely, I would say, stable situation to a bit positive is the way to think about scrap between the 2 quarters.

Somaiah:

Got it, sir. Sir, in terms of U.S. scrap sourcing, if you could just help us in terms of roughly what level of sourcing is contracted? And how much do we buy on spot? And I mean, how much is kind of getting imported for us and how much is domestically sourced?

Devinder Ahuja:

Yes. So before the start of the year, in the U.S., we have contracted well over 50%. And the reason for that is very clear. We don't want to take volume risks. We want to make sure that we have access to scrap. And just given the situations we have been seeing, it is always prudent to make sure that we have secured supplies and some certainty in the spread. So by implication, the rest of the scrap is procured in the spot market.

- Somaiah:** And this 50% what we have contracted, the pricing for this will be a 3-month average, 6-month average? I mean, how does it work for pricing?
- Devinder Ahuja:** Look, we are getting into details that we normally don't. But indicatively, what I can tell you is that we contract spread percentage in most of the cases. And in some cases, we link it to external indexes, not too many of those cases. But in some cases, we do link it to external indexes. So there are different kinds of contracting. But these are the 2 ways in which we do it.
- Somaiah:** Helpful, sir. One clarification. So we did speak about this \$60 million impact. But otherwise, let's keep aside taking quantities from other regions, but left alone, the U.S. operations for someone who's procuring scrap in the domestic market and getting the benefits of higher Midwest premium, we should have seen a Q-o-Q increase in backward integration profitability. That's the right way to understand?
- Devinder Ahuja:** So you are saying that we should have had a lot more improvement because of the higher Midwest. Is that the implication of your question?
- Somaiah:** Yes, yes. So I mean, compared to scrap price increase, the Midwest has kind of done well. So we should have ideally flown. So is this part of the reported EBITDA or because we are getting via the metal price lag, it's not actually getting reflected?
- Devinder Ahuja:** Yes. So metal price lag is a completely different matter, and I can quickly explain that to you. But coming to your underlying question or concern, Midwest basically went up much later in the quarter. The increase to levels of \$1,500 that we have seen came towards the later end of the quarter. So we are yet to see the full benefit of that. That would be sitting in the scrap inventories and will get unlocked as we get into this quarter. Yes, so that's what it is.
- And metal price lag, we should not mix -- and all that is in EBITDA. To your point, does the scrap benefit and all the benefit of the Midwest going up, widening spreads, does it get captured in EBITDA? Yes, it does. There is a bit of a timing element to that. And metal price lag is a very different thing.
- Metal price lag and the benefit that you see there is because the Midwest goes up, we see the benefit of the inventory which we have bought at lower Midwest and we sell at higher Midwest, that is what creates metal price lag. So that's really what it is.
- Somaiah:** This is basically for the non-integrated part, which we have bought at the lower end...
- Moderator:** Sorry to interrupt, sir...
- Somaiah:** Yes, no problem. I'll take it later.
- Moderator:** The next question is from the line of Ms. Raashi from Citigroup.
- Raashi:** Could you please just repeat the India cash number?
- Satish Pai:** You mean how much cash we have in the treasury?

Raashi: Yes, please.

Satish Pai: Yes, it's about INR18,000 crores.

Unknown Executive Net INR11,000 crores.

Satish Pai: Net is INR11,000 crores of the debt. The treasury has about INR18,000 crores.

Raashi: Okay. So this is just at the India level, right, INR11,000 crores net?

Satish Pai: Yes. Long-term debt is about INR7,000-odd crores. Treasury is about INR18,000 crores.

Raashi: Okay. And the capex in India in the first quarter?

Satish Pai: INR1,273 crores. Guidance for the full year is about INR7,500 crores to INR8,000 crores.

Raashi: Got it. And for the hedges, you said 20% of the commodity is hedged at \$2,666 per ton and 18% is at INR87 for the second quarter, right?

Satish Pai: Yes. Correct.

Moderator: Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments.

Satish Pai: So thank you for your attention. I think that on one hand, the India business is doing very well. On the other hand, I think Novelis has a clearly outlined plan of how they're going to handle the headwinds with the measures that they are taking. And I think that based on that, I think second half of this year, you're going to see an improvement in the Novelis performance. So with that, I thank you for your attention, everyone. Thank you.

Moderator: Thank you, sir. In case of any questions, we request you to connect with the Investor Relations team at Hindalco. On behalf of Hindalco Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.