February 19, 2025

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Sub: Transcript of Earnings Conference call of Hindalco Industries Limited *["the Company"]* for the financial results of quarter and nine months ended December 31, 2024.

Ref:
a. Regulation 30 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *["Listing Regulations"];*
b. ISIN: INE038A01020 and
c. Our Intimation dated February 4, 2025.

Pursuant to the above referred, the transcript of the Earnings Conference Call held on Friday, February 14, 2025, for the financial results of quarter and nine months ended December 31, 2024 is enclosed herewith.

The above details along with the audio recordings of the Earnings Call are also available on the website of the Company i.e. www.hindalco.com.

Sincerely,

for **Hindalco Industries Limited**

Geetika Anand
Digitally signed by Geetika Anand
Date: 2025.02.19 15:00:57 +05'30'

Geetika Anand
Company Secretary & Compliance Officer

Encl: a/a

"Hindalco Industries Limited Q3 & Nine Months FY '25 Earnings Conference Call"

February 14, 2025

MANAGEMENT: **MR. SATISH PAI – MANAGING DIRECTOR, HINDALCO INDUSTRIES LIMITED**
MR. PRAVEEN MAHESHWARI – CHIEF FINANCIAL OFFICER, HINDALCO INDUSTRIES LIMITED
MR. STEVE FISHER – PRESIDENT AND CHIEF EXECUTIVE OFFICER, NOVELIS INC.
MR. DEV AHUJA – CHIEF FINANCIAL OFFICER, NOVELIS INC.
MR. SUBIR SEN – HEAD (INVESTOR RELATIONS), HINDALCO INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Hindalco Industries' Financial Year 2025 3rd Quarter Earnings Conference Call.

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 call, please signal an operator by pressing "*", then "0" on your touch tone 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.

Subir Sen: Thank you and a very good afternoon/morning, everyone. On behalf of Hindalco Industries, I welcome you all to the earnings call for the 3rd Quarter of Financial Year 2025.

In this call, we will refer to the Q3 Financial Year 2025 Investor Presentation available 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 3rd Quarter of Financial Year '25 versus the corresponding period of the previous year. A segment wise comparative financial analysis of Novelis, Indian aluminum and copper business is also provided. The corresponding segment information of prior periods has also been reinstated accordingly for comparative analysis.

Today we have with us on this call from Hindalco's management, Mr. Satish Pai, Managing Director and Mr. Praveen Maheshwari – Chief Financial Officer. From Novelis' Management we have Mr. Steve Fisher – President and CEO; and Mr. Dev Ahuja – Chief Financial Officer.

Following this presentation, this forum will be open for question and answers. Post this call, an audio replay of this conference call 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 for the 3rd Quarter fiscal 2025.

Satish Pai: Thank you, Subir.

Let me start this call by giving the good news that Hindalco is the only company to achieve the top 1% ranking in the S&P Global Sustainability Yearbook 2025 with the highest ESG score in the aluminum sector. This recognition emphasizes our unwavering commitment and a comprehensive strategy towards long term ESG excellence. On Slide 4 to 8 of this presentation, you can see our achievements and progress across metrics for ESG for this year versus the prior year.

I will now take you through some of the key highlights in this quarter:

For the first nine months, 79% of the total waste generated were recycled and reused. We achieved recycling of 109% of bauxite residue, excluding Utkal, 101% of ash in this period. We are proud to share that Aditya, Mahan and Renusagar facilities have achieved Zero Waste to Landfill certification this quarter, taking Hindalco's total number of Zero Waste to Landfill certified units to six.

Water conservation remains a key focus area for us. As of date, 16 of the 19 Hindalco sites now meet Zero Liquid Discharge standards, with Kuppam facility successfully meeting the ZLD standard during this quarter. We also have made significant progress in water recycling with 14.37 million cubic meters of wastewater being recycled and reused. This is 26% of the 55.5 million cubic meters, which is the total water consumed in the first nine months.

Further, we are continuing our journey towards water positivity while working with CII, Triveni under NITI Aayog's Water Positivity Framework, for which the certification assessment for five of our manufacturing units at Aditya, Utkal, Hirakud, Alupuram and Belgavi are underway. These initiatives highlight our dedication towards efficient resource management and commitment to support sustainability in the communities where we operate.

Our biodiversity conservation efforts remain strong. In Q3 FY25, we completed a pilot project at Utkal for the removal of invasive species of non-native plants. And 20 tons of these were sent to paper mills for them to utilize. Additionally, biodiversity management plans are in progress for seven of our plants and eleven of our mine. These biodiversity management plans have already been implemented across 22 of our location, covering 10 plants and 12 mines. While we continue to expand our green cover with accumulative total of 5.4 million trees that are planted till date, spread across 6,271 acres of greenbelt development across all our operations.

Our total renewable energy capacity is 189 megawatts, primarily solar and wind. Recently, we commissioned a 6.3 megawatts floating solar capacity at Mahan. We are set to add another 9 megawatts of solar and 100 megawatts of hybrid capacity with storage in the first half of calendar year '25. Post this, we are well aligned towards our target of reaching 300 megawatts of renewable capacity in the first half of calendar year '25. We are also developing another 20 megawatts hybrid capacity of solar and wind, which is expected to be operational in the second-half of FY '26.

Our aluminum-specific GHG emissions in the first nine months of FY '25 were recorded at 19.48 tons of CO2 per ton of aluminum. This was a bit higher compared to the same period last year on account of higher power consumption at some of our smelters that were impacted by disruptions in the power plant. We expect this to settle down with improved efficiencies in the coming quarters.

Safety is a top priority at Hindalco, and I am pleased to report that there were no fatalities this quarter across all our operations. Our LTIFR in the first nine months stood at 0.28, slightly higher than the same period last year due to increased project related activities.

Let me now give you a glimpse of our quarterly consolidated performance this quarter versus the same quarter of last year on Slide 10:

Our consolidated business segment EBITDA was up 18% year-on-year at Rs. 8,246 crores, whereas our overall reported EBITDA was up 28% year-on-year at Rs. 8,100 crores this quarter. The consolidated net profit after tax was up 60% on a year-on-year basis at Rs. 3, 735 crores this quarter.

At the Hindalco India business level, our overall reported EBITDA was up 69% year-on-year at Rs. 4,776 crores this quarter. The net profit after tax was up by 134% on a year-on-year basis at Rs. 2,885 crores. In our Indian aluminum business for Q4 FY '25, we are currently hedged at around 35% of the commodity at a price of $2,600 per ton. And around 15% of the commodity at a zero collar with the bottom at $2,262 and the ceiling at $2,558 and currency is hedged at 16% at Rs. 88.

On the balance sheet side, our consolidated net debt stands at Rs. 41,818 crores. In Indian operations, we have a net cash of Rs. 1,952 crores, while Novelis' net debt stands at Rs. 44,716 crores at the end of December '24. Hindalco, at the consolidated level, continues to maintain a strong balance sheet with a net debt-to-EBITDA well below 2 times at 1.33 at the end of December 2024, which is lower than the corresponding period of the last year. All our strategic CAPEX in India are matched with cash flow generations in the business.

Coming to our business-wise performance this quarter:

Novelis shipment was at 904 Kt versus 910 Kt in the prior year, down 1% year-on-year. Novelis delivered a quarterly EBITDA of $367 million, down 19% year-on-year due to high aluminum scrap prices and unfavorable product mix. The resultant EBITDA per ton stood at $406 dollars versus $499 in the previous year same quarter , down 19% year-on-year. All our expansion projects including Novelis' Bay Minette project are progressing well and as planned. A new 100 Kt recycling center at Ulsan is being commissioned, and our automotive plant, Guthrie, is now fully operational.

On Hindalco India's upstream aluminum performance this quarter, shipments were up 1% year-on-year and revenues were up 25% year-on-year. This quarter we achieved a record quarterly EBITDA which was up 73% year-on-year at Rs. 4,222 crores, primarily driven by low input costs and favorable macros. The resultant EBITDA per ton was at $1,480, which was higher by 68% year-on-year. EBITDA margins were also at a record high of 42% this quarter, and continued to be among the best in the global industry.

This quarter, the Indian downstream aluminum quarterly shipments were up 10% year-on-year at 99 Kt on account of market recovery. EBITDA was up 36% year-on-year at Rs. 150 crores this quarter versus Rs. 110 crores in the prior period, driven by higher volumes and realization. The resultant EBITDA per ton was $179, higher by 22% year-on-year this quarter.

Our copper business continues to deliver strong performance this quarter as well. The overall metal shipment were at 120 Kt, up 1% year-on-year of which CCR volumes were at 95 Kt, up 1% year-on-year this quarter. Our quarterly copper EBITDA stood at Rs. 777 cores, up 18% year-on-year on account of higher byproduct realization and favorable macros.

Now, let me give you a glimpse of the current broader economic environment from Slide 12 and 13:

In 2024, the global economy witnessed resilient growth, with inflation moving closer to central bank targets. For FY ‘25 and ‘26, global GDP is projected to remain steady at 3.3, up slightly from 3.2 in 2024 as per IMF.

Growth prospects vary significantly across regions. Growth in the US is expected to remain resilient, with GDP growing 2.7% in 2025 versus 2.8% in 2024. And the euro area is expected to recover moderately from 0.8% in 2024 to 1% in 2025. In contrast, China's GDP growth is expected to moderate further to 4.6% in 2025 from 5% in 2024. However, the outlook is tempered by fragmented and protectionist trading environment and inward-looking policies, which may dampen economic activity and drive inflation up with repercussions for emerging economies. Monetary policy easing, therefore, will be carefully calibrated to ensure inflationary pressures are durably continued.

The extent of easing will remain data dependent and cognizant of geopolitical risk until underlying inflation fully subsides. Global headline inflation is expected to moderate from 5.8% in 2024 to 4.2% in 2025. Amidst a challenging global environment, Indian economic growth moderated to 6% in the first half of FY ‘25. Growth slowdown was led by moderation in investment in urban consumption. Recent high frequency indicators present a mixed picture with economic activity expected to moderately pick up in the second-half of ‘25, driven by festive demand.

The RBI projects FY ‘26 GDP growth at 6.7% driven by recovery in household consumption and industrial activity from an estimated GDP growth of 6.4% in FY ‘25. Headline inflation is projected to ease to 4.8% in FY ‘25 and further to 4.2% in FY ’26, gradually aligning with central bank’s target. Headwinds from adverse trade policies, financial market uncertainties and volatility in commodity prices are key downside risks to this outlook. By this, FY ’26 has been able to carefully balance consumption, CAPEX and fiscal consolidation with a clear focus on ease of doing business, which is expected to provide a positive flip to growth. Given the growing inflation dynamics, RBI reduced policy rates by 25 bps to 6.25% in its latest Monetary Policy Review.

Moving to the aluminum industry outlook on Slide 14 and 15:

Starting with Slide 14, in China, production increased to 10.9 million tons, while consumption increased to 11.6 million tons, resulting in a deficit of 0.7 million tons in Q4 of calendar year ‘24. This demand growth was driven by three key factors, surge in solar installation, strong growth in new energy vehicle production, and a 24% increase in semi fabricated products export in anticipation of the cancellation of 13% VAT rebate on exports. However, challenges persisted in the construction sector where investments continued to decline this quarter.

Moving on to the rest of the world:

The production in this quarter increased to 7.5 million tons while consumption stood at 7 million tons, resulting in a surplus of 0.5 million tons. Consumption in Western Europe remained weak, whereas markets such as India, Thailand, Vietnam, Brazil, US, Turkey and Mexico exhibited growth. As a result, the overall global aluminum market recorded a marginal deficit of 0.2 million tons in quarter four of calendar year ‘24.

Turning to India on Slide 15, aluminum demand in Q3 FY ‘25 is projected at 1,403 Kt, reflecting a robust 11% year-over-year growth. The key demands are in the electrical segment, especially cables and connectors, solar panels. Strong demand in the packaging and consumer durable segment, and a stable demand in building and construction segment. However, in the automotive sector, demand was moderate due to weaker offtake in commercial vehicle.

Imports, excluding scrap, increased primarily on account of higher imports of solar frames, and in primary aluminum in the form of alloy ingots and wire rods. The global aluminum FRP demand, excluding China, is expected to grow by 5% in Calendar Year ’25, with demand recovery across all major segments of beverage packaging, automotive, specialty and aerospace between a CAGR of 4% to 6% over the next three to four years. Beverage packaging sector showed strong growth driven by favorable consumption and sustainability trends.

Automotive growth reflects the steady to positive outlook for aluminum in North America. Electric vehicles continue to gain share globally but are growing at a more tempered pace. Specialty product is aligned with the global GDP growth supported by a strong building and construction backlog, though tempered by high interest rates and softer automotive specialty products demand. Aerospace remains strong with high orders despite OEM supply chain constraints impacting the production of new aircraft. The Indian FRP demand in financial year FY ‘25 is expected to grow by 20% on a year-on-year basis, led by strong demand from the packaging and consumer durable segments.

Turning to the copper industry on Slide 17 and in 18:

In Q4 Calendar Year ’24, Chinese production reflected a growth of 3% year-on-year reaching 3.1 million tons, while consumption increased by 6% year-on-year at 4.1 million tons, resulting in a deficit of 1 million tons. In the rest of the world, production increased by around 3% year-on-year at 3.7 million tons while consumption increased by 2.7% year-on-year at 2.8 million tons, leading to a surplus of 0.9 million tons in Q4 Calendar Year ‘24. As a result, the overall global production of copper increased by 2.8% year-on-year at 6.8 million tons, and consumption increased by around 4.8% year-on-year at 6.9 million tons, leading to a deficit of 0.1 million tons this quarter.

On the domestic front, in Q3 FY ‘25 market demand increased by 4% year-on-year at 206 Kt versus 198 Kt in Q3 of FY ‘24. The domestic producer share increased to 76% in Q3 FY ‘25 versus 67% in the same period last year. The concentrate TC/RCs remain under pressure due to continued deficits expected in 2025. Major Chinese smelters settled the 2025 annual TC/RC benchmark with large global miners at 5.45 cens per pound, representation a 73% year-on-year decline from 20.5 cents per pound in 2024. Uncertainty remains whether smelters outside China will adopt the same benchmark terms. The issuance of export permits for Indonesian copper concentrate, as and when granted, will increase the concentrate supplies in the market and shall help support the spot TC/RCs in the shops up.

Details of the operational and financial performance in each of our business segments this quarter compared to the corresponding period last year, as well as the previous quarters, are covered in further slides and annexure to this presentation.

Let me now conclude today's presentation with some key takeaways:

Our Indian operations continued to deliver strong results driven by robust market condition, better efficiencies and disciplined cost control. In this quarter, we achieved a record quarterly aluminum EBITDA, alongside consistent performance by our downstream business. To further enhance resource securitization and cost efficiency, Hindalco has successfully secured the Meenakshi coal mine with a capacity of 12 million tons per annum. This strategic move shall significantly improve our self-sufficiency, ensuring a stable and continuous supply of captive coal to our captive power plants.

On our organic expansion projects in India, the Aditya FRP project remains on track for commissioning in FY ’26, which will increase our total downstream capacity to 600 Kt per annum. We are also set to commission the 25 Kt copper inner grooved tube plant this month. This will help enhance our product portfolio and strengthen our position in the growing value added segments in both aluminum and copper.

Coming to Novelis:

Our 600 Kt greenfield Bay Minette Project remains on schedule with completion expected in the second-half of calendar year 2026. Of the 600 Kt, 420 Kt is now fully contracted to beverage packaging, and the balance 180 Kt is primarily allocated for automotive application with flexibility for other flat rolled products. Despite muted demand in the specialty and European/Chinese automotive segment, beverage packaging shipments continued to grow strongly, helping to balance our overall performance.

We remain focused on expanding our recycling capacity and leveraging new technologies and strategic partnerships to increase our recycled inputs. At the same time, we are also engaged in cost control measures and initiatives to improve operational efficiency to mitigate the ongoing pressure on scrap prices. In January 2025, Novelis successfully issued $750 million in senior unsecured notes due in 2030. This will help further strengthen our financial flexibility and support long-term growth.

Thank you very much for your attention. The forum is now open for any questions you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: Yes. Thank you for the opportunity. And congratulations on another consistent strong performance. First question, sir, is on coal. If you could share what was the coal mix? How do we see the coal cost changing in the coming quarter? And then if you could just update us with respect to our two captive coal mines' timelines?

Satish Pai: The coal cost Q2 to Q3 was flattish, linkage coal e-auction is around 50%, so more or less the same mix as Q2. We have adequate coal stocks and probably quarter four coal will also be more or less similar, maybe little bit lower than Q3. So that's on the coal cost. And if I look at the mines now, Chakla box cut still we should be doing this calendar year sometimes in Q3 to Q4. So Chakla is on track. Meenakshi, we have just got allocated, so now we have to start the environmental clearance, forest clearance, so it will be about two years. But this mine is significantly crucial to Hindalco's long term coal pricing and security.

Sumangal Nevatia: Okay. So sir, Meenakshi would be more of FY '28 volume?

Satish Pai: Yes.

Sumangal Nevatia: Okay. Understood. Sir, the second question is on the CAPEX. So we are looking to spend almost Rs. 40,000-odd crores in India, can we give some more detailed at this stage in terms of what capacities are we looking at in upstream, downstream? How do we phase out these CAPEX? And what would be the capital intensity of these smelters?

Satish Pai: Yes. So the two projects that have already got EC and broken ground are the Aditya alumina refinery for 850 Kt in Odisha and the 50 Kt copper recycling plant in Gujarat. So the refinery is about Rs. 7,500 crores to Rs. 8,000 crores, the copper recycling plant is about Rs. 2,700 crores. So these have broken ground and FY ’26-’27 you will see most of this CAPEX coming in. The two projects where we have now filed for environmental clearance is 180 Kt aluminum smelter expansion in Aditya, and the 300 Kt copper smelter expansion in Dahej. So these are the two projects. So what will happen is FY '26-'27-‘28 is where all these CAPEXs will play out. FY ‘26 CAPEX should be around Rs. 8,000 crores, FY ’27 it will go higher, ‘27-’28 will probably be at the peak.

Sumangal Nevatia: Okay. And sir, these volumes at least from the smelter would come in FY ‘29, right?

Satish Pai: Yes.

Sumangal Nevatia: Okay. So apart from then the refinery, on the aluminum side, we are not expecting any major change in the volume, earnings are largely going to be a factor of commodity prices, right, and a little bit of downstream better volumes.

Satish Pai: Yes. So downstream is, Sumangal, quite significant because we were running at 400 Kt, so with Silvassa and the Aditya we will get to 600 Kt by sort of June of next year, calendar year ‘25. So this is going to be also fairly significant. The copper inner grooved tube 25 Kt comes in. So there small, small, quite a lot of downstream coming in across aluminum and copper, which should add. But yes, upstream volumes will remain flat till the smelter expansion comes in.

Sumangal Nevatia: Got it. Alright, thank you so much sir. I have more questions, I will join back the queue. Thank you and all the best.

Satish Pai: Thank you.

Moderator: Next question is from Tarang Agarwal from Oldbridge. Please go ahead.

Tarang Agarwal: Hi. Good evening, sir. A couple of questions. The first one, sir, once Meenakshi kicks in, I mean, you get great raw material security, but how does it make the cost structure more efficient? I mean, what are the cost savings that you are expecting to do? A broad cut would be helpful. The second is on TC/RC, TC/RC is from 20.4 cents per pound to I think 5.6 cents per pound, and there are various aspects to this business, right, downstream percentage, silver, gold, sulfuric acid and TC/RC. So how should we really capture this reduction in TC/RC for your copper business going forward? I mean, would that Rs. 2,500 crores number that you are operating at, on an annualized basis, would that be maintained? Or you see a downside to it? Just wanted to get a sense of how should we look at it.

Satish Pai: So let me just take the second part first. So TC/RCs are going down, and as you said, we have a varied chain. So our guidance would be that we expect next year the quarterly copper EBITDA to be around Rs. 600 crores , so that's how we would model it. I know this year it has been much higher than Rs. 600 crores, running consistently Rs. 700 crores, Rs. 800 crores, but next year with our modeling, we would be around Rs. 600 crores of quarter. That's the guidance we can give. You have to remember that our copper tubes, copper rods, all these three premiums are fairly high and the demand is high. And sulfuric acid, like in Q3 our copper results were quite buoyed by sulfuric acid prices. So, we are confident that we will be able to maintain that around Rs. 600 crores of quarter. The first part of the question was on, I forgot.

Tarang Agarwal: Sir, Meenakshi.

Satish Pai: Yes, Meenakshi. So if you take coal prices to be at today's level, and remember that these coal prices on the auction can go up and down. Meenakshi coming in would reduce those coal prices from current levels by up to 30%.

Tarang Agarwal: Did you say 30% from the current levels?

Satish Pai: Yes.

Tarang Agarwal: Okay. Got it. And sir, last on the copper piece. So, if TC/RC were to be 5.6 cents per pound for this quarter, how would the EBITDA have moved from Rs. 775 crores that has been reported for this quarter?

Satish Pai: I have not calculated that, but I can only tell you that in Q4 you will still not see the full impact of that five, because we will be operating with the concentrate that's already in inventory. So, this impact of this 5 cents per pound you will see from the first quarter of FY '26.

Tarang Agarwal: Okay. Thank you, sir.

Satish Pai: Thank you.

Moderator: Thank you. The next question is from Ashish Jain from Macquarie, India. Please go ahead.

Ashish Jain: Hi, sir. Good evening. My first question is actually on Novelis. On the Novelis call, Dev and Steve had referred to their confidence that they will be getting exemption on the import duties in the US. So I actually missed that call, is it possible to kind of elaborate a bit more on that? And how come we are so confident about getting an exemption, what's the rationale behind that?

Steve Fisher: Yes. So first of all, it's very early stage as it relates to where these tariffs will ultimately settle out, both what the US has done to-date and what other countries might do. But the historical precedence that we have seen of getting exemptions as we have imported to support our project abatement has been positive. We think we are doing exactly what the US government wants in domesticating supply chain and in building the downstream facility in the US with employment to supply the beverage packaging and automotive markets.

As it relates to primary aluminum, which primarily comes in from Canada into the US, the US is short of aluminum. And it would take years and years and a lot of investment to bring that supply into the US. And if you go back and look at what happened back in 2018, I think rationally you understand that the flow of metal from Canada to the US is something that ultimately is needed. And we think longer term, we will see a relief associated with that. We cannot predict in the short term when that relief will occur, but we do believe that on a medium to longer term basis we will see relief associated with the import on primary as well.

Ashish Jain: Got it, Steve. Thanks. But fair to say that there is a chance that this time it is different given clearly the approach seems to be more aggressive, given the levies on pretty much any import in to US and all, is that the way to think? Or we are actually very confident about an exemption? I know it's a very tough question to answer as nobody knows the right answer to it.

Steve Fisher: Yes, nobody knows the right answer, but I think we have to take a view. And I think as we think of a rational view, our view is that the prevailing requirements of primary aluminum coming in from Canada to the US and what we are doing at Bay Minette are the right longer term solutions for the market but anything could happen, but that's our view.

Ashish Jain: Got it. Sir, coming to India, just on the aluminum and copper project, the upstream projects, where are we in terms of hitting the ground on those?

Satish Pai: So, I just described that, so the alumina refinery and the copper recycling ground broken construction started. The aluminum smelter expansion and the copper smelter, we are in the process, we have filed for environmental clearance.

Ashish Jain: Okay, okay. Got it. Thank you so much, sir. And best of luck.

Satish Pai: Thank you.

Moderator: Thank you. Next question is from Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: Hi. Thank you for the opportunity. I again have a question on Novelis. Fundamentally, what happens to scrap prices in case of tariff? And in turn, what happens to scrap spread as a result? I mean, we understand this time it could be different, but how does that flow through?

Satish Pai: Steve?

Steve Fisher: So, again, early on. But as we understand today, scrap would not be subject to the tariffs coming into the US under section 232. So therefore, the short scrap position in the US would be filled from other markets because it will become very attractive with higher overall local premiums rising, the Midwest premium. But then the other international markets will also come under pressure, whether it be Europe, Asia or South America that we do business in. Again, a complicated question, but the nearer term would be that there would be a flow of scrap into the US to fill the short position in the US, and with the capable pricing that would be there.

Indrajit Agarwal: And the pricing of scrap, is it generally as a percentage of LME or percentage of LME plus Midwest premium, how does the pricing generally work?

Steve Fisher: Yes, in the US, it trades as a percentage of LME and Midwest premium, so a combination.

Indrajit Agarwal: Sure. Thank you. That's all from me.

Steve Fisher: Yep.

Moderator: Thank you. The next question is from Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Yes. Hi. Good evening, everyone. And thanks for the opportunity, sir. And congratulations for a great set of numbers. A couple of questions from me. One is that how did the aluminum cost of production move in this quarter? And if you could highlight the prospective sense also that how it is likely to move in Q4? That is the first question.

Satish Pai: Okay. The Q3 to Q2 was flattish. I think Q3 to Q4 will be similar. I mean, there are some upward pressures coming in caustic, furnace oil, CP coke, but we think balancing around, coal prices, we may see a little bit of softening. So we think Q4 will be more or less flattish, would not be more than 1% or 2% off from where we are.

Amit Dixit: And in terms of coal sourcing, sir, when both Meenakshi and Chakla come on-stream, and assuming we are able to extract the full EC limit, so whether you will need linkage and e-auction coal then due to technical or logistical reasons? Or we will meet our entire requirement through captive, provided coal prices remain where they are?

Satish Pai: So we will still need to get coal for Dahej, which is in Gujarat. That's about it. Otherwise we should be self-sufficient.

Amit Dixit: Okay. And 30% you said is including Meenakshi and Chakla, just to be clear?

Satish Pai: Yes.

Amit Dixit: Okay. Great sir. That's it from my side. Thank you and all the best.

Satish Pai: Yes. Thank you.

Moderator: Thank you. Next question is from Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Hi, thank you. Just both questions on CAPEX. Firstly probably on US Novelis, your offline CAPEX in India for the next two years. We already have guidance for this year. If you can maybe talk about how much CAPEX could be there annually for '26-'27 in Novelis? And one of the peers, obviously, the other peer is putting up capacity during this call, say, they are putting up EAF in steel and aluminum rolling. But they said aluminum rolling, everything is known, there is Chinese suppliers, so there is hardly any room for surprises, generally in EAF where they thought there were surprises. But to me it seems to indicate that that is fairly homogeneous supply chain and all. So what has led to the supply for Novelis on that capital cost and delays which the other player is saying it's very relatively easy equipment supply chain and all? So this two-part on overall CAPEX guidance at least for next two years

Satish Pai: Yes, you are talking about the Bay Minette Novelis CAPEX, I will let Steve answer. Just to let you know, the other person is new entrant to the aluminum industry, so quite impressed with their confidence of the aluminum supply chain. But Steve, go ahead.

Dev Ahuja: I can take the CAPEX question.

Steve Fisher: Yes, go ahead, Dev. I did not catch the full question either. Please go ahead.

Dev Ahuja: Yes. So to your point about how much CAPEX to expect in '26 and '27. So the way to think about it is that over three years, FY '25, '26, '27, the average CAPEX is $2 billion a year and this year will be more around $1.8 billion, next year will be a little over $2 billion. So you should think about a cumulative CAPEX altogether, including Bay Minette, of about $6 billion over three years. So that's the answer to your specific CAPEX question. Can you just repeat exactly what was the second part of the question, so between Steve and I, we just want to be clear on that.

Satyadeep Jain: Sir, the other player, the new entrant into the industry, it's putting up two, there are two CAPEX items, one is the aluminum rolling mill, and the other one is a different kind of EAF where they use different sorting stack but the delay has actually been then there on certain, not on the aluminum. So when asked, they said the equipment supply chain comes from China, it is really standardized, so there is less room for surprise. Actually on the EAF where they are saying more surprise, because it's a kind of an proven technology. So, that seems to indicate that the room for supplies on aluminum CAPEX is worse in that supply chain. So just wanted to understand what has Novelis experienced from what they are saying?

Dev Ahuja: Steve, you want to take that?

Steve Fisher: So I guess, even I was trying to understand. So when we went from our original guidance of 2.7, 2.8 to 4.1, we had explained that because we had moved sites and our civil costs had gone up substantially compared to what we had estimated in the budget. So that was I think about one year ago, and we are now at the 4.1 and we are committed to do this project at the time and at the budget that we had put in. I think commenting on what the other person is saying and the supply chain from China and all, I am not sure that we have much more to say on that.

Satyadeep Jain: Okay. Second question would be on the India CAPEX. On the alumina one also, I think initially from what we understood was this is going to be a 2 million tons refinery and the CAPEX for 2 million tons was going to be about $1 billion was our understanding, because there's already infrastructure, the land is right next to Utkal, there is already surplus land which has been acquired over time. So now it's $1 billion for 850 Kt, is that understanding correct? And was it earlier misunderstanding on our side of estimating $1 billion for 2 million tons refinery in two different stages?

Satish Pai: We never said $1 billion for 2 million tons, because it's me who is making the comments. So I think what, let me tell you, it's about Rs. 7,000-odd crores, I rounded it off to $1 billion. But what we set in place is like Utkal, this will be built for a 3 million tons refinery. So a large part of the infrastructure, the conveyance systems, the residue handling areas, everything we will build for a 3 million tons refinery. But we put the first line in place, so that's why it's around Rs. 7,000 odd crores.

Satyadeep Jain: Okay. So when you look at three different projects, I think lastly just on execution, it's a very broad plate with three different large projects in India, and obviously Bay Minette is ongoing. How do you try to derisk execution? I mean, I am just going back in history when there were multiple projects that risk of execution. So now you are in a phase where you have multiple projects simultaneously, how do you try to derisk on that front?

Satish Pai: No, that's a very fair question. And I think, if anything, I wanted to tell you that in many ways at Hindalco, we are going to cut out all the other distraction. We are not going to look at any other new opportunities. So the whole management team is focused on these four projects. We have set up a project monitoring team, a project execution team, we have taken external help of some consulting agencies to do that. So, we are very focused that these projects we are going to bring in on time and on budget. And I think that we will be able to do it because we are extremely focused on it now. There is no other thing in the business we will be looking at besides these projects.

Satyadeep Jain: Okay. Thank you and wish you all the best.

Moderator: Thank you. Next question is from Pathanjali Srinivasan from Sundaram Mutual fund. Please go ahead.

Pathanjali Srinivasan: Sir, thank you for the opportunity. I just wanted to get a few things clarified. So you mentioned that the total CAPEX would be $6 billion, so could you give me this breakdown, what are the assets that we are talking about for the $6 billion?

Satish Pai: You are talking about the Novelis CAPEX breakdown that he gave over three years, right?

Pathanjali Srinivasan: Yes, yes.

Satish Pai: Dev?

Dev Ahuja: Yes. So, no, that's not so complicated. So basically if you consider that we have as on date spent about $1.3 billion when it comes to the Bay Minette CAPEX, we still have around $2.8 billion to go. And that is going to happen a little bit in the fourth quarter, but most of it will come in the next two years. So, let's say, it's somewhere in the range of about $1.4 billion is that itself, maybe a little less because this quarter we will spend some more. And then $300 million to $350 million is maintenance CAPEX. And then there are other ongoing improvement projects, the debottlenecking projects which are in the pipeline for which cash still has to go out. I mean, there is Logan debottlenecking, there is Oswego for which some cash has to go up. And also, some cash has to go out for some of the recycling projects like the Ulsan project which we have just commissioned, but cash kind of trails a little behind. So there are other improvement projects, debottlenecking projects, ongoing projects which is forming the rest. So that's really how the math works.

Pathanjali Srinivasan: I think you have covered all this in our presentation, it adds up to $4.5 billion, so I am not able to get the math on the remaining $1.5 billion that is being spent. And also when you say $6 billion, is it accumulative of the current year spending? Are you saying next two years and the current year together is $6 billion, or is it for ‘26, ‘27and ‘28?

Dev Ahuja: No, what I am saying is that ‘25, ‘26, ‘27, you can take it as cumulative of $6 billion.

Pathanjali Srinivasan: Okay. And the difference between $6 billion and $4.5 billion, can you tell me where the split is going?

Dev Ahuja: Yes. So once again, so we are talking about three years’ CAPEX of $6 billion, so let me try again. This is ‘25, ‘26, ‘27. We had spent only about $700 million at the end of last year. So again, I am starting from fiscal year ‘25, right? So that really means that we have to spend $3.4 billion out of the total $6 billion CAPEX in three years, right? So, that is really a big part of it, $3.4 billion. And the rest, about $2.6 billion is basically things like maintenance CAPEX, which you can take it about $1 billion, right. And the rest is other ongoing projects, which is debottlenecking expansions, which I already listed earlier. So that's how it all adds up.

Satish Pai: Sir, I think the $4.5 billion you are confusing with just the strategic CAPEX. What Dev is telling you is that the strategic CAPEX plus maintenance CAPEX plus others is roughly $6 billion, including the current year we are on and FY ‘26 and ‘27.

Pathanjali Srinivasan: Got it, sir. Thank you.

Dev Ahuja: All right.

Moderator: Thank you. Next question is from Raashi Chopra from Citigroup. Please go ahead.

Raashi Chopra: Thank you. Could you please repeat the hedge bit again, I missed that earlier on the call.

Satish Pai: So the hedge bit, this current Q4 FY '25, we have 35% of the commodity hedged at $2,600 per ton. And we had ongoing 15% zero collar with the bottom at $2,262 and a ceiling at $2,558. The currency for the quarter is 16% hedged at Rs. 88. And just to round it off, for next year we have 12% of the commodity hedge that $2,700 per ton and 13% of the currency at Rs. 87.33 per dollar.

Raashi Chopra: Thank you. Then what was the alumina volume that was sold during this quarter?

Satish Pai: Sorry?

Raashi Chopra: Alumina volume, alumina sales.

Satish Pai: Oh, the alumina sales. Alumina sales was 165 Kt in Q3, will be about 180 Kt to 190 Kt in Q4.

Raashi Chopra: On the coal you said that when both Chakla and Meenakshi start then the call cost should go down by about 30%, is that correct?

Satish Pai: From today's level, because it's always important where the baseline you are considering, yes.

Raashi Chopra: And both should start like in about two years from now, like proper coal mining?

Satish Pai: No, no, Chakla box cut is this year. Meenakshi we just got, so it take us two more years to get all the clearances and start.

Raashi Chopra: When you say this here you mean calendar '25 or like now?

Satish Pai: Calendar year '25, FY '26. So, we should be, say, in October, November we are planning for the opening of mine. So coal will start from, let's say, February, March of calendar year '26.

Raashi Chopra: Once both these mines are ramped up fully then you are pretty self sufficient, right, I mean, theoretically?

Satish Pai: That's the plan.

Raashi Chopra: Okay. And just last thing on the CAPEX, India CAPEX you mentioned would be Rs. 8,000 crores for next year. This year what would be the number and what have you done in nine months for India?

Satish Pai: It's about Rs. 6,000 crores. I think in nine months we have spent Rs. 4,400 crores.

Raashi Chopra: Okay. And the India current cash balance you said was Rs. 1,944 crores, right?

Satish Pai: Sorry?

Raashi Chopra: Net cash.

Satish Pai: Yes, net cash, yes, because we have about Rs. 14,000 crores in treasury and Rs. 12,000 crores gross debt.

Raashi Chopra: Okay. Thank you.

Satish Pai: Thank you.

Moderator: Thank you. Next question is from Parthiv Jhonsa from Anand Rathi. Please go ahead.

Parthiv Jhonsa: Thank you, sir, for the opportunity. Sir, my first question pertains to the downstream aluminum business, it has been quite a flattish Q-on-Q. By when do you expect this number to start giving over $200 or $210 kind of dollar EBITDA number, any words on that, sir?

Satish Pai: Yes, I think in Q4 we should be getting close to that number. And next year I am really bullish on the whole thing because the FRP 2A project will also commission, Silvassa will be ramping up quite well. So the $200 number we should be getting close to it in Q4, and next year we should be well into those numbers.

Parthiv Jhonsa: Okay. So my your second question pertains to alumina, it has come off quite a bit from the recent highs. Just wanted to understand your take on it, how do you expect it to go going forward?

Satish Pai: Yes, I mean, the $700 was due to sort of a post majeure type of situation that happened with the Guinea bauxite. I think currently the indexes are around $500. So, I don't know, it's going to be in that. $400 Kt to $500 range. You have to remember the sort of more traditional pricing is more like between $350 and $400. So we will have to see the tightness still remains, but currently it's at around $500.

Steve Fisher: Alright, thank you. Thank you so much.

Satish Pai: Yes. Thank you.

Moderator: Thank you. Next question is from Prateek Singh from DAM Capital. Please go ahead.

Prateek Singh: Hi, thanks. So Mr. Pai, just a question on alumina itself, did we see a flat kind of a price in this quarter on a Q-on-Q basis for sales, because the EBITDA improvement that we are seeing adjusted for the provision of Rs. 97 crores coming in business? Kind of feel like-to-like movement of the change in selling price of aluminum like $200, would have expected that because we are selling alumina and alumina prices were significantly higher in this quarter, the impact of it would have come a bit more. So, for us the transfer pricing or sales pricing for alumina was flat on Q-on-Q basis?

Satish Pai: No, I think the transfer prices in Q3 were higher on a transfer pricing basis. The consolidated or the integrated cost internally we take out any advantage of the thing, but the transfer pricing will follow the market pricing. I think the other one point that has not come up, but I think it was there in our disclosures, and I just want to highlight that for the aluminum upstream business we took Rs. 197 crores of provision related to electricity duty in Mahan on the auxiliary. So this was something that came towards this quarter and we had to take a provision. So the Rs. 197 crores is sitting in the aluminum upstream EBITDA line which you will have to take into account. Then it gives you probably a better picture. The other second thing is the RPO obligations have also gone up. So in Hindalco we take a full provision for the RPO every quarter on the metal prices. So these are the two things that are there in the aluminum upstream EBITDA.

Prateek Singh: Understood. And the second question is lastly on Novelis. So hypothetically, my understanding is that, even if the assumptions are not there, the tariffs are largely neutral for us, right, because the Midwest premium would remain high in that case. Is that the right understanding that even if there are lower tariffs are neutral for us, apart from near term disruptions or noise around it?

Satish Pai: Steve?

Steve Fisher: Yes. So when you say that even if the exemptions are not there, there will be some compensation from the higher Midwest. Yes, we would like to believe that. With the higher Midwest, it does help us widen the spread. So that is directionally the right thinking. We simply do not see a scenario where either between the countries; Canada, US, Mexico, Korea, we simply do not see a scenario that there will not be a settlement soon around reciprocal tariffs, because if you are following what's the latest discussion that is happening, it is about reciprocal tariffs. So, the door has been opened wide open between the countries to discuss reciprocity. And we feel like this is a signal that there will be a solution in the coming weeks. So, we do not see a scenario where this is not going to get resolved through some discussions and negotiations. But if you still want to believe that there will be no exemptions, we do see that the higher premiums will basically help to offset a very large part of the damage from not getting any refunds.

Prateek Singh: Thanks, Dev. Just a follow-up on this. So if you can just remind me what happened last time, so were Novelis and few other players were specifically exempted or it was a part of the entire injunction for Canada which happened later that Canada entirely was exempt, so everybody benefited and not just us? So is it like this time we are we are applying for the exemption so specifically it would be us, or it would be countrywide like thing for Canada, then we also will be benefited?

Steve Fisher: Well, so between the US and Canada there was a settlement and duties were kind of exempted for movement of products between Canada and the US entirely, as part of the broader MCA settlement. And when it comes to imports from some of our inter-regional sites like Korea, it goes through an exemption process. Whether everybody benefited from that is difficult for me to say. But basically between US and Canada, it was a broad exemption. And when it comes to countries like Korea, it was basically a specific exemption, continues to be a specific exemption on application. So that's the way it moves.

Prateek Singh: Understood. Thanks a lot for this.

Steve Fisher: You are welcome.

Moderator: Thank you. Next question is from Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Yes. Hi, good evening. Just I wanted to check what is the hedging gain in nine months of FY '25 for you and was there some hedging booked in Q3 as well?

Satish Pai: Q3 was sort of I think was a wash, it was about Rs. 26 crores negative.

Amit Murarka: Okay. And also, the alumina external sales volume, so you have 1 million ton of excess is what I understand, maybe more than that actually. So, why is that the run rate is still 150 Kt to 200 Kt quarterly?

Satish Pai: We do not have 1 million excess, we have about 700 Kt excess that we sell.

Amit Murarka: You would have what 3.73 million, 3.8 million tons of alumina capacity, right?

Satish Pai: We do have annual maintenance shutdowns in all these refineries as well. The total amount we can produce and what we sell, roughly, it's around 700 Kt.

Amit Murarka: Sure. So this is the optimal run rate what you are at then?

Satish Pai: Yes. I think that we are putting in a boiler in Utkal. So when that comes in, then we will get more closer to the 850 Kt that we will be able to sell.

Amit Murarka: And 1 million ton alumina project will commission by when?

Satish Pai: Sorry?

Amit Murarka: The first leg of the alumina expansion, that should get commissioned by when?

Satish Pai: It is somewhere in December of '27. So, on the hedging I have just been corrected. The Rs. 700 crores gain was last year, this year in the first nine months the gain has been Rs. 90 crores. So really because of the high aluminum prices, I think, we are more or less running at a wash right now.

Moderator: Thank you. Next question is from Somaiah from Avendus Spark. Please go ahead.

Somaiah V.: Thanks for the opportunity, sir. I have a few questions on Novelis. So first one in terms of Novelis margins, we had alluded three reasons which will help us to kind of revert back to somewhere close to Q2 levels. So one was on contract pricing, the other one was on higher recycling and then operating leverage. If you can give a broad sense of which of these is the largest in terms of drivers which would help us take back?

Dev Ahuja: I missed some words, but were you asking about the Q3 versus Q4, was that your question?

Satish Pai: No, no. He was asking that between scrap, operational efficiencies, the margins are down, which is the biggest impact. I think it's scrap, right, Dev?

Dev Ahuja: Scrap, yes. I mean, it is really scrap which is the most leading cause. We can attribute it entirely to scrap.

Somaiah V.: Sorry sir, my question was on our expectations for Q4 where we expect margins to kind of revise, for which we are alluded three reasons. One is the contract pricing, you also mentioned about higher recycling and then you had said about operating leverage, because we were around close to 400 and then 475, 480 Q2 levels. So just trying to understand which would help us larger in terms of quantum in getting back there.

Dev Ahuja: Yes. So clearly we get a big boost from operating leverage because the volume for Q4 are going to be meaningfully higher. As we keep saying that you can expect Q4 volumes to be more around the lines of Q2, we had 904 Kt in Q3, that will be one. Second, after that pricing is going to provide us a meaningful upside, and the rest will come from, let's say, more scrap consumption and other factors. So that is really how I would say it. So I would say that volume, operating leverage therefore, and pricing are the two big factors in Q4 versus Q3.

Somaiah V.: Got it. So this is because we are able to pass on some higher cost, because earlier we used to have this cost indexation and here we were able to pass it on. Is it cost-led take back from customers, or is it the market environment allows us to take a higher pricing at this point in time?

Dev Ahuja: We have new contracts, higher priced contracts which are taking effect from January 1, and that is what is helping us. So, I am not talking about the inflation indexation here, I am talking about the repriced contracts in particular.

Somaiah V.: So these are existing contracts that have come up for renewal of these are completely fresh contracts where we are able to have a higher price?

Dev Ahuja: No, these are the contracts that we have entered into. We have been saying that beverage contracts will continue to give us a higher pricing. So these are contracts which have become effective. And these are long-term contracts on higher pricing. So you can call it contracts which are renewed, but at a meaningfully higher price.

Somaiah V.: Understood. The reason why I am asking this that the contracts are typically three to five years, which means maybe 20%, 30% of the contracts come up for renewal in a year. Which means a similar exercise something that's possible next year when we again come for a renewal, that's the reason I want to understand this.

Dev Ahuja: Yes. So, again, what we have been saying is that the contracts that we have entered into now are much longer tenure contracts generally. So yes, I mean, generally I can only say the same thing that our contracts are now coming at higher prices in beverage packaging. And some contracts will come every year for renewal, but a big bulk of the contracts have really been renewed at higher pricing right until the end of the decade. So overall, the key message here is that, can has been repriced, will continue to get repriced. And that benefit will be seen. Has been seen, but will be seen starting again from Q4 as new contracts come in.

Somaiah V.: Understood, sir. Sir, also on the scrap outlook, so just keeping the tariff aside, so in general you see now two, three months of this change in regulation in terms of imports for China. So, how are we feeling next six months or one year? Have we seen the max impact of scrap prices going up? Or the demand for scrap will only continue to go up and the prices will only continue to go higher? I am keeping the tariff aside. So in general, I mean, is oversupply in to the market going to be more secondary than primary, and then it's going to certainly keep the market higher? Just your thoughts on that.

Satish Pai: Dev, you want to take that?

Steve Fisher: Yes, sure. So, I mean, in the short and medium term, it is hard to predict. As we said on our call earlier in the week, we do think that the overall scrap pricing in the market is starting to peak out. Now, how much it moderates back in the short term, medium term is hard for us to predict. We do think that we will be at new levels, higher levels of scrap pricing on a longer term basis. What will moderate that back down is, new technology, efficiency in collection of scrap until your scrap's being used in processes, higher recycling rates and so forth, that will take time to ultimately see the overall impact into the marketplace.

What we at Novelis are doing to protect our margins is to address this headwind that we see is more structural through looking at cost efficiencies, operating efficiencies, portfolio optimization, procurement savings. And we have a number of initiatives that we have launched and are in process. We are not in a place to talk specifically about the total impact of all those projects and the timing, but in the early April time frame we will be able to lay out in a bit more detail what some of those are, so that you can better understand how we progress back towards our longer term EBITDA per ton of $600 per ton over the next several years.

Moderator: Thank you. Next question is from Ashish Kejriwal from Nuvama Institutional Equities. Please go ahead.

Ashish Kejriwal: Yes. Hi. Good evening, everyone. So is it possible to share the revenue aluminum which we have sold?.

Satish Pai: Sorry?

Ashish Kejriwal: Is it possible to share the revenue of alumina which sold? We have given the volume, but we haven't shared the revenue, is it possible to share that?

Satish Pai: No, we do not give out that, we can only give you the volume, sorry.

Ashish Kejriwal: Okay. So to put it differently, is it possible to share how much alumina price changes for you in this quarter versus last quarter? I do not want the absolute number, but even if the change if you can give, because we sell on spot as well as on contract basis. So I was just wondering what kind of change we have seen in alumina prices for 3rd Quarter versus this quarter.

Satish Pai: You are talking about Q2 to Q3 what was the alumina price movement, is it?

Ashish Kejriwal: Yes, yes, for us.

Satish Pai: Q2 to Q3, I think it followed the index. I think the index was around $375 in Q2 and the index has been around $700 in Q3. So that broadly should tell you the pricing. And as I was saying, currently in January, February it's running at $500.

Ashish Kejriwal: Understood. But do you think that we sell everything on spot basis or there's a contract basis also?

Satish Pai: No, no. Quite a lot of it is on a contract basis, and some parts of it have even got linkage to LME. So you are absolutely right, unlike NALCO or something, we do not have the full advantage of the index.

Ashish Kejriwal: So that's what sir I was asking, is it possible to share the delta which we have witnessed in our average alumina price.

Satish Pai: No, we do not share it. We would rather not give that.

Ashish Kejriwal: No issues, sir. Sir, the second question is our alumina refinery that's coming on December 2027, and we have already signed with OMC. So this is for 1.5 million tons bauxite, how much volume, is it 2 million tons, or the entire 6 million tons we have signed MoU with them?

Satish Pai: We have signed for 3 million tons of bauxite, that is enough for 1 million tons of alumina.

Ashish Kejriwal: Okay. And any pricing also we have signed, or this will be decided on something different basis?

Satish Pai: So there is a formula for the pricing. I will get Subir maybe offline to explain that to you.

Ashish Kejriwal: Sure, sure. And thirdly, in terms of Novelis when Dev and Steve was talking about scrap prices. Is it fair to assume that the high scrap prices have already hit or will hit in our P&L in fourth quarter? And thereafter, maybe, assuming that further scrap prices do not move, that will not change on an increasing trend from first quarter onwards?

Satish Pai: I think that is what Steve just answered in the previous question. I mean, it's difficult to say, but he thinks it has peaked, the scrap prices.

Ashish Kejriwal: So, sir, pricing is different, sourcing is also getting difficult, or we are able to source it at a higher price also?

Satish Pai: Steve, you want to take that?

Steve Fisher: Yes. So we are not worried about sourcing, from a volume standpoint we are getting what we need in the marketplace, it is just more about the pricing itself. As Dev said, one of the drivers in the fourth quarter is our ability to process more scrap metal through the system in our fourth quarter, which still even at the pricing that we see today is an advantage from an overall operating cost efficiency standpoint.

Ashish Kejriwal: Understood. And sir, lastly on this only, when we are saying that normally we are recycling 61% of the volume, and we have commissioned few recycling plants also. So any guidance which we can give for FY '26 that how much we will produce it through the recycling rate?

Steve Fisher: Yes. So as you know we are commissioning our auto recycling facility at Guthrie, Kentucky, that's underway and progressing. So that will increase the overall volumes throughout 2026 as we get to full capacity of 240 Kt. And then the other one that we are commissioning is our 100% owned UAL recycling facility that started in the month of January, and again will progress over the following several quarters. So there is a good momentum in both operating efficiency at our current facilities and new capacity coming online to absorb more scrap volume.

Moderator: Thank you very much. Due to paucity of time, we will have to take that as the last question. Participants may connect with the Investor Relations team for further questions. I would now like to hand the conference back to Mr. Satish Pai for closing comments.

Satish Pai: Yes. Thank you, everyone, for your attention. I guess this quarter sort of shows the benefit of our integrated business model between upstream and downstream, because as you see the downstream has a little bit of headwind, the upstream has tailwinds. So the consolidated results come out quite well. So, with that, I thank you for your attention.

Moderator: Thank you very much. On behalf of Hindalco Industries Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.