



“Hindalco Industries Limited Q2 FY21 Earnings Conference Call”

November 10, 2020



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Moderator: Ladies and gentlemen, good day and welcome to Hindalco Industries, Quarter Two of FY21 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Subir Sen head of Investor Relations of Hindalco. Thank you and over to you, sir.

Subir Sen: Thank you. And a very good evening or morning, everyone. I hope you all are safe and in good health. On behalf of Hindalco Industries, I welcome you all to this earnings call for the second quarter and first half of the FY21. On this call, we will refer to the Q2 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 Q2 earnings presentation. In this presentation, we have covered the key highlights of all the businesses for the second quarter of the financial year 2021 and a segment wise comparative financial analysis of India and our overseas subsidiary Novelis. All prior period numbers have been regrouped and reclassified as per the IndAS. On today’s call we have with us from Hindalco, Mr. Satish Pai – Managing Director; Mr. Praveen Maheshwari – Chief Financial Officer Hindalco and CEO of Copper Business. From Novelis’ Management, we have Mr. Steven Fisher – President and CEO, Mr. Devinder Ahuja – Chief Financial Officer. I will now hand over the call to Mr. Pai for his opening remarks. Thank you and over to you sir.

Satish Pai: Thank you Subir. Good afternoon and morning everyone. Thanks for joining today’s conference call for Hindalco Q2 earnings. So, I also hope that you and your families are safe and healthy as we continue to manage through the challenges associated with the pandemic. Our first and foremost priority is to protect the health and safety of our workforce across all our facilities. We have been taking and will continue to take several precautionary measures, which will remain in place until this pandemic crisis has some resolution.

Coming to Slide #5, here are some key highlights of our business for Q2 FY21 versus the corresponding quarter of the last year:

So Hindalco delivered an outstanding performance in Q2. Across all businesses backed by stability in operation and enriched product mix and an upward market trajectory. The results were driven by a strong performance by Novelis and the India Aluminum business supported by higher volumes, better product mix, lower input costs, stability in operations and cost savings. Novelis recorded an all-time high quarterly shipment of 923 KT, up 11% year-on-year due to the acquired business. This revival is attributed to the recovery in the automotive and the building and construction markets, operating now at mostly pre-COVID levels during the quarter, and continued resilience in the global beverage can market. Novelis achieved an all-



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time high EBITDA of \$455 million as well as an EBITDA per tonne of \$493 on the back of higher volumes, strong market demand coupled with good cost control and product mix. Net income from continuing operations at a \$144 million up 17% year-on-year while net income excluding special items stood at \$158 million in Q2 of FY21. Novelis completed the acquisition of Aleris with the divestment of Duffels in September, and over the past weekend, signed an agreement with American Industrial Partners, a private equity firm to divest the Lewisport auto body sheet business in the US, for an estimated net cash proceeds of \$171 million. The details of which are already covered in the Novelis quarterly earnings material and the concall yesterday. The net loss, net of tax on the divestiture recorded at a \$170 million.

As Steve mentioned on his call, why we are disappointed, as we did not receive value as expected for the divestment. We have to now move forward and focus on the path ahead. Novelis already realizes benefits from the acquisition in some cases, more than what we even expected and is better positioned than ever for long term sustainable growth. The integration work continues with \$38 million annualized run rate synergies, already achieved with a potential of \$120 million in these synergies.

Moving on to Hindalco's, India Aluminum Business performance in Q2 FY21. Business EBITDA for the Hindalco Aluminum was up 32% year-on-year at ₹1066 crores compared to the same quarter of the previous year. On account of favorable macros and lower input costs. Production at Utkal was at a record high of 441 KT, metal sales was lower at 303 KT in Q2 FY21, and was flat sequentially. Value-added product sales were at 63 KT in Q2 of FY21, lower on a year-to-year basis but grew sharply by 81% on sequential basis with the revival of the domestic market in Q2. Our thrust on fixed cost reduction better operational efficiency, supported by lower input costs, continues to help in keeping the cost of production low. The EBITDA margins was at the healthy 22% up 780 basis points year-on-year, which continues to be one of the best in the industry. The Utkal expansion project of 500 KT is on track and expected to start in Q4 of FY21.

Turning to the Copper Business quarterly performance on Slide #6:

Cathode production reached 73 KT from 41 KT in Q1 of FY21, after the ramp up of operations post recovery from the Q1 disruptions due to COVID. Metal sales was at 75 KT as the market recovered in Q2, the CC Rods sales were at 64 KT up 2% year-on-year as the domestic market for rods recovers. DAP sales volume was at a record high of 127 KT, up 143% year-on-year on the back of robust demand due to the good monsoon. EBITDA in Q2 FY21 recovered to ₹208 crores sequentially.

Coming to the quarterly consolidated performance



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Hindalco reported an outstanding operational and financial performance in Q2 FY21. Hindalco, consolidated business EBITDA was up 25% at ₹4672 crores compared to 3742 crores in Q2 FY20. PBT for continuing operations before exceptional and special items was at 24% year-on-year at ₹2497 crores in Q2 FY21. The consolidated PAT for continuing operations before tax affected exceptional and special items was up 42% year-on-year at ₹1784 crores in Q2 FY21 versus ₹1253 crores in the corresponding quarter of the last year. Hindalco continues to maintain its strong liquidity and cash position, with total liquidity of 2.6 billion and a cash of 1.6 billion in Novelis and a cash and cash equivalent of ₹8235 crores in India at the end of September 2020. As on 30th September 2020, the consolidated net debt to EBITDA stands at 3.52times versus 3.83 times at the end of June 2020.

Turning to the broader economic environment in Slide #8:

As per IMF latest outlook, global growth is projected to contract by 4.4% in calendar year 2020 and expected to rebound to 5.2% in calendar year 2021. Except for China, the GDP and most advanced and emerging economies is expected to contract in calendar year 2020. China is expected to expand by 1.9% year-on-year in calendar year 2020. China's recently concluded 14 five year plan targets that is GDP doubles by calendar year 2035, implying an average growth rate of 4.7% over this period. On the other hand, the US economy is expected to contract by 4.3% in calendar year 2020 affected by the pandemic. While Joe Biden presidency is expected to bring in some more policy predictability, the impact of a divided congress likely republican control in the Senate on the president elects plan of a huge fiscal stimulus package will be closely watched. Globally current trend is of economic expansion. However, large sectorial and regional divergences in the growth trajectory exist.

Strong fiscal support of around 15% of the world's GDP has prevented an economic catastrophic. However, the growth trajectory will depend on the path of the pandemic, public health response and the extent of associated domestic activity disruptions. The second wave of infection across Europe, geopolitical tensions and trade frictions, deteriorating for fiscal positions of governments are downside risk to the growth. The impact of surging COVID-19 infections and economic activity was clearly visible in Q1 of financial year 2021 with India's GDP growth, contracting by 23.9% year-on-year. However, most lead indicators like PMI, auto sales, rail freight traffic, GST collections suggests that the economic recovery is underway in Q2 of FY21 and the worst seems to be over. RBI expects growth to turn positive in Q4 FY21, by 0.5%. The recovery starting in Q2, RBI projects the FY21 GDP to contract by 9.5%. However, with growth rebounding to 10.1% in FY22. Recovery is expected to be uneven with different sectors recovering at different speeds, contact sensitive sectors suffering the most, while the COVID curve is flattening risk of a second wave could dampen economic recovery. The RBI in its latest monetary policy review kept policy rates unchanged, but continued with its



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liquidity boosting measures to support demand. RBI expects inflationary pressures to subside in H2 of 2021 as supply chain disruptions dissipate.

Now let me take you through the Aluminum industry overview on Slide #9 and #10:

The global consumption growth year to date in calendar year 2020 declined by 8%, the lowest since the global financial crisis. However, governments worldwide have announced fiscal measures to the tune of \$11 trillion or 12% of the world's GDP to limit economic damage and lift the financial sentiments. Despite a sharp drop in demand the production year to date in calendar year 2020 grew marginally by 1% as Aluminum being a continuous process makes it extremely expensive and time consuming to stop and start. Subsequently, the market was in a surplus of 3.2 million tonnes year to date in calendar year 20. China's consumption was flattish year to date as the economy picked up in Q2 and Q3 of calendar year 2020.

Coming to the world ex-China the consumption contracted by 17% year-on-year basis, year to date calendar 2020 as the lockdown restricted industrial activities severely, leading to a surplus of around 3 million tonnes. In Q3 calendar year 2020, the global consumption declined by 3%, leading to a surplus of only 0.5 million tonnes. In China, in the backdrop of recovery in auto and building and construction sector the consumption grew by 3% year-on-year in Q3 calendar year 2020. Hence, there was a marginal deficit in Q3. In respect of the world ex China, the consumption de-grew by around 10% year-on-year due to slow down, thus world ex China markets had a surplus of 0.7 million tonnes in Q3 calendar year 2020. In an environment of improvement in industrial and economic activities in China and the gradual recovery in other global markets. The Aluminum prices recovered sharply by 14% to \$1704 per tonne, from an average of \$1,497 a tonnes in Q2 calendar year 2020. In October 2020, the global Aluminum prices continued to improve to \$1803 per tonne.

Coming to Slide #11, on the domestic industry Q1 FY21 have shown signs of recovery with the sequential growth of 25% as the September 2020 demand was 90% of pre-COVID levels versus September of 2019. The demand in Q2 FY21 is estimated to decline by 25% year-on-year, while domestic producer's sales will declined by 10% year-on-year. Consequently the share of domestic producers has increased to 50% in Q2 FY21 versus 41% in Q2 of FY20. The estimated imports including scrap de-grew by 35% year-on-year to 358 KT in Q2 of FY21. The government stimulus package of 21 lakh crores and its thrust on infrastructure, housing and electrical sectors have lifted the economic sentiment and helped in the recovery of consumption. Automotive sales are picking up in the backdrop of a resilient rural economy and the changes in mobility in the post COVID period. In building and construction, there is an expectation that workers would be back after the festival. Hence, we would expect that demand should recover in Q4. Packaging demand is continued to remain robust with growth in pharma and flexible packaging. We are observing signs that the demand for electrical power is gradually reviving.



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Overall, we estimate the domestic Aluminum demand should be back to pre-COVID levels by the end of Q3.

Moving to Slide #11, the global FRP demand is expected to decline by around 7% in calendar year 2020 versus the previous year. It is expected to bounce with a growth of about 8% in calendar year 2021. From the current year on demand recovery and the base effect. Industries like beverage, food packaging, pharma will lead this demand for flat rolled products in the coming years.

Beverage Can continue to show its resiliency benefiting from higher at-home consumption. that save us a package mix shift towards increased demand for sustainable Aluminum cans in North and South America. In South America, the shift towards off premise consumption has driven the share of Aluminum can as a package type for beer to 61% up nearly 10% points in just one year. Customer demand remains generally resilient in Europe and Asia as well, but facing some challenges mainly related to the reduced tourism.

The FRP demand for the automotive market in the US and Europe saw a very sharp recovery in the second quarter after several weeks shutdown by major automakers in early spring due to COVID-19. The demand in the US is strong as most of the auto OEMs are now operating at almost full capacities and that started to build inventories. We also saw a recovery in Europe in Q2 after spring shutdown. In Asia EVs high end SUVs and luxury demand for auto sheets remains strong. The near term order book also remains strong with capacities running at the upper limits. Aerospace demand remains muted in the quarter and is expected to remain soft well into next year's as OEMs reduce billed rates due to lower consumer air travel. As travel picks up, it should drive the demand for FRP in the aerospace segment.

In India, the FRP demand in Q2 FY21 is estimated to recover by 35% sharply quarter-on-quarter, while the de-grew about 23% year-on-year in the corresponding period of the last year. This demand is recovering in the backdrop of stable uptake from pharma and food packaging, improvement in transportation demand and demand for consumer durables supported by increasing penetration of e-commerce sales across India. However, the B&C demand also is recovering and is expected to reach pre-COVID levels by Q4 FY21.

Turning to the Copper Industry on Slide #12:

Global refined copper consumption declined by 5%. Year to date calendar year 2020 compared to calendar year 19. China has fully recovered from the COVID-19 impact and grew by 1%. Whereas the world ex China's still recovering with 10% decline in consumption compared to last year. In Q3 calendar year 2020 global refined copper consumption recovered to 98% of Q3 calendar year 19 level. In China consumption saw an upturn of 6% whereas consumption in rest



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of the world contracted by 10% year-on-year in Q3 calendar year 2020. In calendar year 20, refined copper consumption is expected to recover to 97% at around 22.05 million tonnes of last year's level of around 23.03 million tonnes. China has already recovered to the pre-COVID levels and is expected to see the overall growth of 2% in refined copper consumption in calendar year 20. In contrast the world ex China is expected to see a decline of around 9% in calendar year 20. On the copper concentrate side mine output in terms of copper concentrators declined by 5% in Q3 calendar year 2020 compared to 2019. The deficit in the concentrate market has more than doubled to 170 KT in Q3 calendar year 2020 compared to 80 KT in calendar year 2019, which has led to continuous tightness on the spot Tc/Rc.

On the domestic side, the refined copper market in Q2 FY21 reached to 77% at 147 KT of the Q2 FY20 level of 190 KT. On a quarter-on-quarter basis the market jumped by 62% in Q2 FY21 compared to 91 KT, in Q1 FY21 as major copper consuming sectors recovered to the pre-COVID level. Post the CVD imposition of imports from ASEAN countries, market share of imports have continued to decrease to 25% in Q2 FY21 compared to the corresponding period of the last year.

Now, Praveen will take you through the performance highlights of each of the business segments during quarter two.

Praveen Maheshwari:

Thanks Satish. Let us review our operational performance starting with Slide #15 for Novelis. Novelis did remarkably well, in terms of its operational as well as financial performance of the combined businesses of Novelis and Aleris. The strong customer relationships and unmatched footprint, put Novelis in an excellent position to navigate their businesses through the near term uncertainty arising from pandemic. Novelis achieved an all-time high level of shipments of 923 KT in the quarter, up 11%, Y-o-Y and 19% sequentially. The beverage can sheet shipments remained very strong and resilient, and were up sequentially as well. Automotive shipments, on the other hand doubled from the preceding quarter, as the market revived with a strong pickup, particularly in China and the US. Specialties shipment figures were also up significantly on a sequential basis as a result of revival of demand, particularly in the BMC segment. Satish has already covered the update on the divestiture related to Aleris acquisition and the synergies already achieved. As these divestments are behind us. We can now focus on the integration and value captures in the continuing operations. All organic expansion projects in the US, China and Brazil are progressing well. And commercial operations are expected to commence in the next about 6 to 12 months in these projects.

Moving to Slide #16 and presenting the best ever quarterly performance by Novelis. The company had a revenue of \$3 billion, up 24% sequentially on the back of higher shipments LME and premiums. It achieved record adjusted EBITDA of \$455 million, up 80% and EBITDA per



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tonne of \$493 up 51% sequentially on the back of higher volumes, good cost control, better product mix, and EBITDA contribution from the acquired Aleris business.

Slide #18 shows the details of the performance of the Indian Aluminum business segment. Alumina production in this quarter was 705 KT versus 623 KT in the previous quarter. Utkal refinery recorded its highest ever quarterly Alumina production of 441 KT in this quarter. The Aluminum metal production was also higher by 5% sequentially at 307 KT in this quarter. VAP production was higher by 81% sequentially at 62 KT in Q2 FY21 with a sharp recovery of the market in this quarter.

Coming to Slide #19 Aluminum metal sales volumes were flat at 303 KT sequentially. The share of domestic sales however was 36% in this quarter compared to 20% in the previous quarter. VAP sales were up by 81% at 63 KT this quarter on account of sharp recovery of the domestic market compared to the last quarter.

Moving on to the financial performance of the Indian Aluminum business on Slide #20:

This segment posted a revenue of ₹4796 crores in this quarter versus ₹4436 crores in the preceding quarter, reflecting growth of 8% quarter-on-quarter on account of higher Aluminum prices. EBITDA was up 25% sequentially at ₹1066 crores versus ₹856 crores in the beginning quarter on account of favorable macros. The EBITDA margin continues to be one of the best at a healthy 22% of revenue up to 390 basis points, quarter-on-quarter.

Coming to Slide #22 – The overall copper metal production was up 76% sequentially at 73 KT in this quarter as a result of ramping up of the plants. Quarterly production of CC rods doubled to 62 KT in this quarter in-line with the revival of the domestic demand.

On Slide #23 we have given the sales volume of copper VAP and DAP. Copper metal sales were up by 28% quarter-on-quarter at 75 KT in Q2 FY21. As the demand revised in this quarter. CC rod sales were more than double sequentially at 64 KT in-line with the market demand. The company achieved highest ever sales of imported fertilizer in this quarter at 127 KT on the back of robust demand and excellent execution of deliveries. Financial performance of copper segment is given on Slide #24 revenues were up 58% sequentially at ₹4774 crores in this quarter on account of higher volumes and prices. As a result, EBITDA also bounced back to ₹208 crores compared to the last quarter.

Let's turn to our consolidated financial numbers on Slide #26:

Hindalco reported amongst its best ever consolidated performance, with a revenue of ₹31237 crore up 24%, business EBITDA of ₹4672 crores up 66%, PBT for continuing operations before



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exceptional and special items at ₹2497 crores and PAT for continuing operations before tax effective exceptional special items at ₹1784 crores in this quarter. The detailed quarterly competitive financial numbers are attached as an annexure to this presentation on Slide #30. The Hindalco India business also reported remarkable performance in this quarter with revenues of ₹9,565 crores, business EBITDA of ₹1,275, crores, and PAT of ₹327 crores in this quarter. These details are provided as an annexure to this presentation on Slide #31. Let me now hand over the callback to Satish to give you a perspective on our key focus areas.

Satish Pai:

So to conclude on Slide #26, with our key focus areas which is accelerating our value, accretive long term growth and remain well positioned for the future in all respects and continue to deliver its best across all the business segments in-line with the market. Our top and foremost priority are protecting our people, communities and their environment, with all the required health and safety measures. Our strong focus on business continuity while maintaining stable operation and optimal utilization levels to meet the market demand as it revives and continues to penetrate and further strengthen our position.

Secondly, by our relentless focus on stringent cash controls, as well as controlling the CAPEX, and aim to achieve targeted fixed cost reduction will help us to maintain positive cash flow for the operations. The cost competitiveness of Hindalco smelters continues to position itself in the first quarter of the global cost curve. The capacity expansion at Utkal Alumina refinery by the end of this year will further reduce the overall integrated cost of production and will ensure future competitive readiness. The company is focused on maintaining adequate liquidity and a strong balance sheet position in both India and Novelis while controlling the leverage. In the long term, all our strategic investments in Novelis and India downstream will provide a strong path towards creating a company with predictable and sustainable business model and generating positive cash flows.

Lastly, our resilient, reliable and sustainable business model is further strengthened with the acquisition of Aleris. Our financial strength together with our operational excellence, and the integration of Aleris with the synergies will create sustainable long term value for our stakeholders. Thank you very much for your attention and the forum is now open for questions.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Anuj Singla from Bank of America. Please go ahead.

Anuj Singla:

So first question, Mr. Pai, if you can reflect on what kind of cost savings we saw on the Aluminum cost of production and given the way the things are shaping up on the coal situation in India, what is outlook for maybe the 3Q and the second half of FY21?



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Satish Pai: Yes, so first of all on the cost of production, when we normalize it between Q1 and Q2, taking out the RPO benefits that we got except it was flat, Q1 to Q2 was flat. Q3 is going to be flat to maybe 0.5% up at the most. And in Q4, you will probably see the cost of production go up by 1% or 2% because as you said, the premiums was zero and now been raised to 10% so we expect coal cost on the auction market to go up and also furnace oil and coke and other oil related we are starting to see cost inflation coming in. But I think Q3 because of our inventory positions. We should be flattish Q4, you will start to see the cost going up, I would say about 2%.

Anuj Singla: Understood. And sir one follow up question on Lewisport divestiture, while a lot of this was discussed yesterday's call there is some sort of investor queries on that probably you can run us through the process on the bidding side was a DOJ which ran the process on the bidding side. And secondly, if we had any kind of flexibility in probably going for a rebidding for the divestiture of this asset, given that the expected the value we realized was significantly lower than what we as a company were also anticipating?

Satish Pai: Okay, so maybe I will give this an answer as Steve has probably gone through it yesterday itself. So the sequence of events, if I can remind everyone is that we lost the arbitration somewhere around the third week of March. And we were then told that we would have to divest Lewisport in April. And if you remember, at that time that was when the peak of the COVID hit. So we were working with the DOJ hoping that we would get some extra time. But the process started, there were interested people but by the time we got towards July, August, because of the status of the market, most of the bidders had dropped off. So this is where at that time, we started to work with the DOJ to see if we can get even more time beyond October, November. That for various reasons, my speculation is with the administration change happening as well. The DOJ wanted to close this off before the November and the new administration comes in. So unfortunately, the solution that has come the DOJ came up with a sale to a private equity, which we don't think actually gives you any more competition in the US. Because they I don't think have the experience to ramp up an auto plant with all the issues that are there. And, there could have been alternatives that could have done a better job. But long story short, that our hand was forced by the DOJ and we think that we were not treated fairly, but they wanted to close it in November. I don't know if that helps Anuj, but I just wanted to tell you that it's not that we had too much options, we tried all the options possible to try to get more time or a better solution.

Anuj Singla: No, that's very clear and that will clearly provide the answer for the inventory queries which I have been getting so that's very helpful. Lastly if I may sir, we recently bid in the commercial coal auction as well. If you can just highlight there and timelines and what kind of cost savings can come through?

Satish Pai: Look, this time going into the commercial coal options, we were very clear that we want to reduce the cost of coal for the overall portfolio. So we were if we put in bids for four mines and



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we were very serious about three and we won one. The one that we won was Chakala, which has got about a 4.5 to 5 million tonnes of coal capacity. So our consumption is about 16 and we won it at 14.5% revenue share. So this is going to get a substantially help to reduce our overall coal cost. It will take us three years to come out. So, 4/7 coal block, which was bid yesterday we were interested in but you saw it went at 66% revenue share, so we were not interested at that price. So, we have been disciplined and we are happy with this coal mine that we got and it can serve both the clusters, the Renukoot cluster as well as the Aditya Hirakud cluster and it will help to reduce the overall coal cost for Hindalco going forward.

Anuj Singhla:

And this will primarily be used for testing purposes, is that a fair statement sir?

Satish Pai:

Yes, 90% of captive consumption.

Moderator:

Thank you. The next question is from the line of Pinakin Parekh from JP Morgan. Please go ahead.

Pinakin Parekh:

This is just a long winded question. One of the things we have been trying to square off is that Hindalco operates the best in-line business in upstream and downstream, but trades at a substantial valuation discount to its peers. One of the constant investor issues have been on the company's capital allocation and the Aleris transaction, the divestments whether at a loss have not helped. Now, when we look at this quarter sir, if we add back the net profit plus depreciation is ₹3500 crores of operating cash flow and this number will only increase we are looking at operating cash flows in excess of ₹1617,000. Going forward, sir is there a mechanism to institutionalize shareholder returns as part of capital allocation going forward. Once the company hits a certain level of net debt to EBITDA would the company look at share buybacks as a tool to push the stock price higher, because the company will generate a lot of cash flows going forward and the complaint from investors is that higher cash flows means lower leverage, which increases the risk of capital allocation in organic or in-organic acquisitions.

Satish Pai:

Fair question Pinakin. So, let me first tell you what our sort of medium term plan is, you must have heard with quite a lot of emphasis yesterday, both Steve and Dev emphasized that as far as Novelis goes, as you quite rightfully said. If the economic conditions continue as they are now, we will be performing well and generating lot of cash. They're going to be extremely disciplined with our CAPEX and our objective that we have all agreed as a management team is that we are going to use this cash to reduce the debt of Novelis. We think that for our shareholders, that should give our equity shareholders a good boost, because we will bring the debt levels of Novelis down. Of course, Novelis is also sticking to its commitment of taking the net debt to EBITDA below 3 within the two years. So, to your point of different ways of rewarding the shareholder we are going to try to reward the equity shareholders by bringing the overall debt levels down. So, the cash generated will not be if I can use the word use to go in for another



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inorganic acquisition or big organic in the short to medium term, we will want to put this back so that the equity shareholder benefits with the share price going up. So, we are going to be extremely disciplined and as I told you in India, any CAPEX to the downstream will be with the cash flows generated, we will not be borrowing any more.

Pinakin Parekh: Sure sir, but will the company be open to consider buybacks at a later date when the leverage targets have been hit?

Satish Pai: To be fair, we will look at all options including share buy back, dividends, etc, which will be all of them will be on the table Pinakin but my focus in the next two years is to use the cash flows of Novelis to repay the gross debt of Novelis which is quite high as you know, so it's not just the net debt to EBITDA, the equity shareholder can be rewarded by paying down that debt.

Pinakin Parekh: Understood, sir my second question is when we look at the India Aluminum segment ₹1000 crores of EBITDA, the average cash Aluminum price was \$1700 in the quarter. Now spot Aluminum has gone to \$1900, now Hindalco has a variety of Hedges. So, going forward sir how much of this quarter-on-quarter increase in LME Aluminum prices we have seen should flow through to EBITDA?

Satish Pai: . So, in the Q3 and Q4, we have roughly 59% hedged at \$1716, but also at a rupee of 73. So, in Q2, the sort of hedging position was a wash. So, we got slightly lower in the LME, but we gained in the rupee, so it was the wash. So now, it depends on the position of the LME in Q3 and Q4 if it continues at the \$1900 level, at least on the LME side, you will see the upside only on 40% of the metal, but on the rupee side, we will still see the gains because we are hedged at rupee of 76.45 in Q4.

Moderator: Thank you. The next question is from the line of Indrajeet Agrawal from CLSA. Please go ahead.

Indrajeet Agrawal: I have few questions, first on Utkal expansion half nearly done, can you help us understand what would be the benefits of that, so which facility are we looking to ramp down or reduce utilization for, once the commission or expansion?

Satish Pai: Yes, so Renukoot refinery. So the Renukoot refinery is the one that will have probably the highest cost of production round to \$70 per tonne. And it is the one that has most of the problems with red mud storage, etc. So we will be ramp down capacity in Renukoot refinery as soon as Utkal expansion comes up.

Indrajeet Agrawal: Sure, and that's helpful. In terms of hedging, have we started hedging anything for FY22 or is it too....



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- Satish Pai:** No, we actually have started to hedge for FY22 and we currently have about 20% at \$1812 and the rupee at 78.5. And at these current high levels, we are catching more now though the contango is quite small or, quite flattish right now.
- Indrajeet Agrawal:** That helps. On the coal mines, so mines which you had won in the earlier phases, in phase one, phase two, do we have any production obligation, either annually or five yearly or is it open ended?
- Satish Pai:** No, it has to be fair, it has some sort of an obligation, but you have because these were the first schedule one mines we have the maximum flexibility and our game plan now is that like Garepalma 4/5 which is an underground mine, it is technically not possible to produce by deep tailoring. So we will be looking to return this mine.
- Indrajeet Agrawal:** Is any penalty involved in that if you return a coal mine?
- Satish Pai:** Not that's as per the contractual contract that we have got, for those mines. No, you are allowed to return a mine with one year notice.
- Indrajeet Agrawal:** Sure, that's helpful. My last question is on RPO benefits, is there anything on EBITDA in terms of RPO benefit this quarter or is it all below the line?
- Satish Pai:** It's in the exceptional items, we have put it in the SEBI results.
- Indrajeet Agrawal:** Yes, in the exceptional but there is nothing in the EBITDA line?
- Satish Pai:** No, the EBITDA now the ongoing RPO rate is built into the EBITDA. But the extra that we got because of nearly ₹100 crores is in the exceptional items line in the SEBI results.
- Moderator:** Thank you. The next question is from Vivek Ramakrishnan from DSP Mutual Fund. Please go ahead.
- Vivek Ramakrishnan:** My question is partly answered I am just going to slightly more detail and it's the reverse of what the JP Morgan person asked in terms of debt, there is a high level of debt in Novelis on a consolidated level it's about ₹82,000 crores and in Hindalco it's about ₹24,000 crores and in Hindalco we saw a buildup in inventory also, if that had not been there probably the debt would have actually come down this quarter. Could you give us a guidance on rather than net debt to EBITDA because EBITDA keeps going up and down with economic cycles, what is the level of debt that will bring the company down to in terms of feel comfortable and why was there an inventory increase in Hindalco. Those are my two questions sir.



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Praveen Maheshwari: So see, in India business there are two businesses Aluminum and copper and particularly in copper if the copper prices go up and the gold and silver prices go up, because that's what inventory is made up. Typically the values will go up of inventory. So between let's say, June end and September end we have seen almost ₹1000 crore because of the value going up, the price going up. This is typically funded by a very cheap debt option as buyer's credit, which is less than 1%. So this is more because of the working capital debt, there are no long term debts there, long term debt are more or less frozen.

Vivek Ramakrishnan: Okay, sir on the absolute level of debt itself is there a number that rather than a net debt to EBITDA kind of a number because, the EBITDA can be volatile there were so many downsides risk to the economy. So is there a debt level that you will be targeting?

Satish Pai: So, look at the examples in two parts, in Novelis; we will stick to our commitment to bring the net debt to EBITDA below three in two years. And that will include not just the EBITDA going up, but also debt going down. But the metric we will use is less than three in two years. On the India side, because that's an upstream business, the absolute debt level is important. So if you look at our, if you say the gross debt is ₹24000 crore, if I take out the copper working capital, it's about ₹18,000 crore, my target is to bring it down to about ₹12,000 crores.

Moderator: Thank you. The next question is from the line of Amit Murarka from Motilal Oswal. Please go ahead.

Amit Murarka: So my question was on the production level. So the volumes obviously the share of domestic sales have improved significantly, but Y-o-Y volumes have been down. So was it because we were not anticipating such a strong bounce back in domestic volumes so that the production couldn't be ramped up in time or what was the reason?

Satish Pai: No, look the volume for the sale was at 303 KT and really, it's because 6.5 KT did not, the ship did not sail on time. So really, the sales this quarter would have been 310 KT, 311KT that 6-7 KT has passed on to Q3. Now the overall volume of production if you remember during COVID times we had turned down the current and closed some of the pots. Therefore, we are slowly ramping that back up the, contract labor that is used to realigned the pots if the situation is still tight, because the COVID situation in the hinterlands is still coming under control. Therefore, we think that, the production levels will start to rise in Q3 and Q4 as we get more-and-more pots coming online.

Amit Murarka: And when can we expect the full normalization of the production level?

Satish Pai: So look, our normal production level should be at about 320318 KT levels and that we should get there, hopefully by Q4, Q3 will be higher than Q2 you will see as more pots come online.



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Amit Murarka: Sure, okay. And also on the domestic coal availability now that the general level of economic activity is improving. So do you anticipate any kind of shortfall in linkage coal again, which has been an issue in the past?

Satish Pai: See, I don't think there'll be a shortfall in coal, but I do think the e-auction prices will start to go up. But what we have taken is that we have built quite a lot of inventory when we got during this COVID times a lot of cheap coal, so that's why my coal cost is not fundamentally going to change in Q3 because it may go up very slightly depending on if we have to buy e-auction coal.

Moderator: Thank you. The next question is from the line of Sumangal Nevetia from Kotak Securities. Please go ahead.

Sumangal Nevetia: So first, just one small clarification on the Duffel divestment, the 100 million euro which is outstanding can you share the nature of the arbitration and the timeline we are expecting that to recover?

Satish Pai: So, look as Steve said yesterday, we have signed the agreement with Liberty House somewhere in December, January of this year. And it's a fairly air-tight agreement for 310 million euros. But Liberty House Of course as soon as the COVID hit tried to renegotiate. So what we have agreed is that, we took 210 million euros in cash, and the euro 100 million will be arbitrated in the German courts, now the arbitration process itself, Steve has already said could last up to two years. But, we will be trying to find a settlement for that as soon as possible.

Sumangal Nevetia: Understood. And sir with respect to the Lewisport, should we take in terms of net debt reduction as \$171 million or there is some confusion around that later on, so is it possible to clarify that?

Satish Pai: So, I didn't get the question I will ask Dev to clarify that what exactly is the question?

Sumangal Nevetia: So, sir on a net debt perspective, what is the recoveries for the reduction in net debt after Lewisport divestment is it \$170 million or should we take the enterprise value as \$330 and we are transferring some debt in the deal as well.

Satish Pai: No, the net proceeds are \$171 million.

Devinder Ahuja: That is what will be the approximate debt reduction just to clarify.

Sumangal Nevetia: Understood and one last question, sir in terms of the pecking order in deleveraging rewarding the shareholders, and the last one is a \$1 billion CAPEX which you are thinking of spending in the India Aluminum downstream, where does this Indian Aluminum downstream CAPEX fit in, in the overall pecking order of these things?



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- Satish Pai:** See the India aluminum one I have mentioned many times this is over three to five years. It is not a one shot or a one years, so we intend in India to stay within the cash flows generated and invest in the downstream business to make us more independent of the LME volatility.
- Moderator:** Thank you. The next question is from Amit Dixit from Edelweiss. Please go ahead.
- Amit Dixit:** I have a couple of questions. The first one is on the impairment charge that you have taken in this particular quarter. So if you can clarify for which mine it is, and whether there is a chance of reversing this impairment charge in future, that is the first question. The second question is with respect to if there is any gains, in offset hedge in Copper?
- Satish Pai:** The impairment we took was on Gare Palma 4/5 and if you just heard my comments, most probably we will try to see if we can return this mine because technically, it's not possible to produce a million tonnes by depillaring. So that's why we embed the assets of Gare Palma 4/5
- Praveen Maheshwari:** In offset hedge there is no real profit or loss. Sometimes you have accounting noise between quarter, this quarter we don't have much of an accounting noise.
- Amit Dixit:** So this ₹208 crore is pure cash EBITDA if you see, no accounting?
- Praveen Maheshwari:** Yes.
- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec Capital. Please go ahead.
- Ritesh Shah:** Sir my first question is, is internally there a thought process to unlock the value of what Novelis could offer. That's the first question and related question to that is when will be see that there will be dividend payouts from Novelis to the parent?
- Satish Pai:** So, look the dividend payout from Novelis to the parent is it extremely tax inefficient. So, which is why I said to Pinakin's question that what we will be focusing on is to use the cash flow generated in Novelis to pay down the Novelis debt. So that the capitalization value of Hindalco goes up as the debt comes down. That is a far more efficient way rather than dividending it back and pay all the tax on the dividend.
- Ritesh Shah:** Right. But sir any scope or any thought process on listing that entity is separately, when one looks at Novelis peers are listed in US that is definitely a differential on forward multiples. And I think that question came from Pinakin that we are trading at a bit of a discount so, sir any thoughts on that lines?



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Satish Pai: No, we prefer to educate our investors and improve our financial performance rather than trying to list to get value.

Ritesh Shah: Okay. Sir, my second question is, there has been a lot of investor focus on Green Aluminum versus black Aluminum, in the press release also you have exercised on it, but as a firm, as management, how is it that we are approaching this, how these there is something LME passport, or they are getting recommendations those sort of things are actually moving right now. So, do we see a scenario wherein there will be premium on Green Aluminum versus black Aluminum, how is it that we are looking at this entire theme going forward?

Satish Pai: Look, I am the Vice Chairman of the International Aluminum Association and I have been presenting in London and CRU on the concept of Green Aluminum. So, the first thing that we have now got everybody to accept this Green Aluminum is not classified just because of the power source of your smelting. Green Aluminum is a much broader concept that looks at all the ESG requirements, waste management, recycling content to consider yourself as green and the LME has accepted that much broader definition. Recycling gives you the biggest reduction in carbon, rather than just looking at the energy source of the smelter. So the concept of Green Aluminum, that is being proposed by the International Aluminum Association, if you go the website, and you will see the things we are telling LME and which we are now buying into is that green is a much broader concept that needs to be looked at across the whole life cycle of Aluminum, from Bauxite mining, to recycling. And you have to look at the carbon reduction and the waste management all across that chain. So some companies tried to use the concept of green by just saying the power source for the smelter. But the broader discussion in the industry now is facing up that green means you have to look at the bigger value chain. And by the way, recycling can play a much bigger part in carbon reduction.

Ritesh Shah: Right. Sir just to continue this question, is it something that we can present to investors on Hindalco standalone plus Novelis together when it comes to carbon footprint because we had to look at the sustainability report. Definitely Novelis stands out, but there are no standard benchmarks across industry for smelting operations. So, I appreciate what you indicated, but if we could have some more color on consolidated entity, it might help overall, from an investor's perspective.

Satish Pai: Yes, so you see that Hindalco by itself is a part of the Dow Jones Sustainability Index. And you will see metrics for upstream companies that are being compared by the Dow Jones Sustainability Index. And by the way if you take out my presentation for CRU London,. We actually did an interesting calculation of combining an upstream and downstream and looking at the carbon per tonne. And we showed that how effective it can be.. But the upstream companies are looking at a certain set of KPIs from mining onwards, the downstream companies are looking mostly at recycling along with energy source. And depending on where you are in



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the chain, we will have to look at a mix. What we have to avoid is that certain companies take advantage of what is their energy source and try to call it green. And that is the educational job that the International Aluminum Association is trying to do.

Moderator: Thank you. The next question is from the line of Vishal Chandak from Emkay Global. Please go ahead.

Vishal Chandak: Sir just continuing with the queries raised on what happens to the free cash flows from Novelis, given the strong cash flow generation from Novelis and once you complete your benchmark of hitting net debt EBITDA less than 3X, how do you look at in terms of utilization of the cash flows from Novelis given the fact that they're only going to be stronger going forward. So are we expecting more CAPEX in Novelis going forward or more acquisitions, the moment we come down to a sustainable leverage, basically how do we use to use the cash flows there?

Satish Pai: First, thank you for your confidence in our performance going forward. So, I would suggest that, we take the next two years as getting to that below the three and paying down the debt. Because, the point is that we are today in different sectors of the market, auto, aerospace, building and construction and can and we will have to look at the opportunities as in when they come, but for the next two years, we have put in quite a lot of organic and inorganic investment. And that we owe it to the shareholders to now integrate, and you get the synergies, give the performance and reduce the debt. So, my suggestion is give us two years to deliver on what we said and then at that point, we will, as we get closer we will try to elaborate more what we will do.

Vishal Chandak: Sure sir, thank you. Sir my next question is, again with respect to this Aleris acquisition, given the fact that a large part, in fact the entire automotive business is now out of the entire deal, which was one of the pillars of this deal, what was the most attractive asset that you were looking at, at this point in time even when you knew that the deal matrices would shoot through the roof at this point in time after loss making divestitures especially in the Lewis port ?

Satish Pai: So, look I am going to clarify a certain number of things there. If you look at the Novelis presentation that was, we have three reasons to buy Aleris one was to get into aerospace, two was to do the backward integration in China by getting the Zhenjiang plant to link it to our auto assets. And third was to get Lewisport, which would help us diversify our client portfolio in the US. So we have got two out of three. It is true that we have had to sell Lewisport at much lower than what we thought but the value of the other two, we are now seeing, including the B&C business is much more than what we thought two years ago. Two years ago, the B&C of Aleris in the US, we never thought it would be so attractive and such a high EBITDA per tonne generating, of course the market has been good. Trump has put tariffs on imports coming in from China. But we now see, that we can get to the \$368 million EBITDA that we promised, if you take the presentation two years ago, where we said that Lewisport will give us \$120 million



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EBITDA to get to \$360 million. Yesterday, Steve showed you the same slide at 368, of how we will get there with more synergies and the rest of the businesses. So, two years is a long time and we have now seen that many of the businesses that we did not give that much importance in Aleris are actually very good and performing very well. The synergies are much higher, we are disappointed that we had to sell Lewisport at a lower price, but we will deliver the \$368 million of EBITDA that we have not committed to.

Vishal Chandak: Thank you very much sir, that is really very helpful. Just lastly, if I may add on the, you mentioned that the post-tax losses, because of the divestitures is about \$171 million. What would be the pre-tax number?

Devinder Ahuja: The pre-tax number is directionally the same, there is not too much of a tax effect about \$30 million tax benefit approximately. So, there's not a very big tax impact there.

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

Satyadeep Jain: Just a couple of questions on Lewisport and one on capital allocation. On Lewisport sir what was the EBITDA contribution in the second quarter any idea on that?

Devinder Ahuja: Yes. So we are running Lewisport at arm's length. So we really don't get too much access, but as you will see, that in the numbers we have about an \$11 million loss from the operations of discontinued businesses and Duffel is already divested. So in this number, there is no Duffel, so what you see is really attributed to Lewisport, that an \$11 million number. So that's really what we have lost.

Satish Pai: Let me just clarify something, when we did the acquisition two years ago, the EBITDA for Lewisport was going to come in based on the ramp up of the auto assets. If you guys remember. The problem is in the last two years, this asset, Novelis has not been able to take over and run the asset. And hence, in those two years, Lewisport has not been able to ramp up its auto assets to the point that was expected. So in the hands of Novelis, we thought that and we still think we could have done a better job. But in the last two years it has been running, separate and, frankly the performance has not been very good.

Satyadeep Jain: Okay. The other one would be on the working cap. Just to clarify on that difference between enterprise value and the net cash proceeds, that appears to be about \$161-\$170 million, is that basically operational creditors that sprung up after the acquisition, or is it something that was already accounted for in the purchase price allocation, was there working capital built in the last few months after the acquisition closed?



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- Devinder Ahuja:** So working capital was some part of it, what I can tell you is the most major part of it was really unfunded pension benefits. So basically, what they really negotiated was that they will deduct the unfunded pension liabilities. On top of that was working capital and a few other liabilities. So that is really what it is, unfunded pension and retirement benefits was a chunk of it.
- Satyadeep Jain:** Okay. Lastly, on the capital allocation, I know a lot of questions on that front asking it in a different way. If you look at two years from now, your different capital allocation decisions, and I just given the tax inefficiency for return of capital to India, when you look at, let's say even if you look at organic investments, what would be your internal hurdle rate that you would look at for different opportunities and if you look across different product portfolios, would you look at only the highest incremental ROIC or would you be looking at strategically maintaining market share in certain markets, especially given in North America also, you are losing this **Constellium and Arconic** entry would mean lower market share in the Northern American can market for Novelis?
- Steven Fisher:** As we look at the North American marketplace, as you rightfully point out, there's a lot of opportunities, both in continued auto growth for Aluminum FRP sustainability trend as it relates to package choices, shifting towards Aluminum cans and even as Satish talked about the strong assets that we acquired promoters around building and construction and other specialty products. So this is an area that we are very focused on from a growth standpoint, we think there's many opportunities for us to first debottleneck our assets. And that will be the primary focus over the next couple of years. As we look longer term at structurally, how we potentially add more capacity into that marketplace, but as you rightly point out a lot of opportunity there is for us.
- Satyadeep Jain:** And is there internal hurdle rate also you have when you look at investments?
- Satish Pai:** Yes, absolutely our basic hurdle rate anywhere is the cost of capital. And, I can tell you that there is no project in Novelis that we will go below an IRR rate of at least 15%. By the way most of the Novelis projects are much higher than that.
- Moderator:** Thank you. The next question is from Kamlesh Barmar from Prabhudas Lilladher. Please go ahead.
- Kamlesh Barmar:** Just one question on the part of the hedging. So like, if you see over the last one and a half year, two years so we have been hedging right from \$1650, \$1700 now we have moved to around \$1800 dollars as well as the prices have moved up. So, what's the thought process on that because roughly around 70% of our cost are external in nature, so why we have been so aggressive on hedging side?



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Satish Pai:

So, I have to remind people that every time the LME has actually crashed, Hindalco has performed because of our hedge position. So our hedging position that we take is more of an insurance policy and we try to, by the October or November, December to be at least 20%, 25% hedged for next year. That's it, we have only hedged 20% to 25% for the following year, and we try to keep sort of a bottom level LME, that will give us a reasonable EBITDA per tonne. As we get closer in the quarters, then depending on what is happening, we try to increase the hedge position. So this year, in the middle of the COVID the majority of the outlook was that the LME would stay low for the rest of the year. So this is a business call that you have to make. But our longer term hedging strategy is to be about 20% to 25% hedged for the next year, that's it.

Kamlesh Barmar:

Okay, great sir. And sir secondly on the Lewisport side, like yesterday we were on the thought that the EV has been around \$330 million, and even in today's your interview in media we have realized hardly around 50% of the fair value. So, if I take at \$171 million, so it's likely say it would be much, much bigger discount to the fair value, because the \$171 million and if you see our presentation, previous let say at the time of acquisition, so \$420 million of investment was made on the finishing line alone. So like a \$330 million EV is a little bit of confusion, because unfunded liability cannot be a part of the EV because it should be kind of the debt side?

Satish Pai:

I, 100% agree with you. The issue for us, has been as we have been trying to say that we got caught in this COVID situation and the DOJ putting pressure to close this by November. And if you, and I fully agree with you that we did not get a proper value for the Lewisport asset. The only thing that we were trying to say is that what we thought two years ago to now, on the valuation of the different assets of Aleris, we have realized that some of the other assets of Aleris actually are doing much better. Whereas Lewisport was not doing as well as we thought. Now, if Novelis had brought it we could have probably got its full value. But of course, we had to take the value of what the market would pay for it. And in this COVID environment, we did not get the right value. So we don't think it was a fair thing that happened to us.. But, we have to move forward and what we have tried to present is a plan that tells you that we have gone to the granularity of these synergies. We have seen how the other businesses like the B&C and all performed. And we are trying to show you and the investors apart \$368 million of EBITDA that we are committed when we bought Aleris. And it does not take away from the fact that we did not get the fair value from Lewisport. I agree with you.

Kamlesh Barmar:

I just wanted to make a limited point that it's not 50% it's almost like 80% discount.

Satish Pai:

So, I think that at this point, all and all we will say that we did not get a fair value, but we have to move forward. And please look at our forward looking plan and if you want to ask questions on that, ask us because we are very confident with the forward plan that we have.



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Moderator: Thank you. The next question is from the line of Gopal Navander from SBI Life Insurance. Please go ahead.

Gopal Navander: I had a question on the realization front. So earlier in the last entire year, every quarter, we used to get a \$675 to \$700, better than the LME. For the last two quarter this amount has been, in the range of \$470, 4\$80. So, I assume there could be some, because of mix and all but the discount is still quarter-on-quarter also it is the similar premium?

Satish Pai: The EBITDA per tonne right now at \$470 is on the higher side, sometimes in the past, the hedge gains have been quite a lot. So, whenever the LME is lower than the hedge gains kick it. Also, the mix of export versus domestic, but let me tell that \$600 plus is in very few quarters.

Gopal Navander: No, I'm just taking a basic difference between LME price and our realization. So this is, therefore, entire year FY20.

Praveen Maheshwari: You are dividing the entire realization by the tonnage, is that what you're doing?

Gopal Navander: Right sir.

Praveen Maheshwari: You are comparing with LME. So, there are many things that come into the play. First of all, there are two, three different parts of the businesses, there is a downstream business there is a chemical business. Second is there are hedges which behave differently in different environments, in case of lower LME you will find that hedges are on top of that, and therefore we get higher realization compared to LME. And the third as we said, is export domestic play. So, this quarter, and the previous quarter exports have been higher than the usual because of the domestic demand being low in Q1 particularly, and Q2 also compared to last year it is lower. So all these things play a role, so you cannot really compare directly the LME versus realization.

Gopal Navander: And it could be a function of some Alumina, the Value-added Alumina which we sell the realization drop in that?

Praveen Maheshwari: No, because that's an internal, largely almost 95% of alumina produced is actually consumed internally. Specialty chemicals is possible.

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Gopal Navander: And when should we see this being reversed in terms of the better mix, and the exports coming down?



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Satish Pai: So already you're seen Q1 to Q2, it has improved and in Q3 to Q4 it will improve more normally we are sort of 50:50 type of exports versus domestic. The other point which have to highlight here, the export realization has got hit because the government is suspended the MEIS, we used to get a 2% MEIS benefits and the RoDTEP which is supposed to replace it has not come in yet. So the RoDTEP will come in hopefully by 1st of April, if not in Q4. So there the MEIS benefit, which used to give us roughly Rs.3000 a tonne on exports that has gone away because the government suspended the MEIS.

Gopal Navander: So, this will remain for the next quarter also?

Satish Pai: Yes, but the next quarter and the quarter after the domestic percentage is going up.

Moderator: Thank you very much. We'll take that as the last question. I would now like to hand the conference back to the management team for closing comments.

Satish Pai: If you take the general questioning that we have had, from the management side. Firstly, we want to say that the business performance, the underlying operational performance is extremely strong. The markets are coming back quite well. Yes, it's a fact that the Lewisport asset we had to take a hit. But we are moving forward and we are presenting a clear well thought of plan of how we will get to the \$368 million EBITDA in Aleris as a combination of the other businesses of Aleris along with higher synergy. So, we will let in many ways our performance speak, as you will see in the next few quarters. So with that, I thank you for your attention and wish everyone a safe time. Thank you.

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.
