

BUY

TP: Rs 1,050 | ▲ 17%

HINDALCO INDUSTRIES

| Metals & Mining

| 20 March 2026

Poised to gain from capex projects in India and Novelis

- Capex programme in domestic business (Aluminium (Al) upstream and Copper) and overseas Novelis business to drive growth
- Incremental volumes from Al expansion (374Kt), Novelis brownfield & Greenfield (600Kt) and captive coal cost savings are growth drivers
- Initiate coverage with BUY and EV/EBITDA based TP of Rs1,050, based on Mar. 2028E EBITDA (India at 5.5x & Novelis at 6.5x)

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Positive demand environment to benefit Aluminium upstream and

downstream businesses: Global Supply demand environment for Aluminium (Al) remains balanced, which augers well for the stability in Al pricing. Domestic demand growth has been strong with the industry reporting 13% CAGR over FY21-FY25 period.

Novelis continues to see improved demand from various consumption

segments: Demand outlook is positive. Over the medium to long term, growth is estimated to be 3.5%-4.0% - driven by consumption gr.across segments like beverage cans, automotive and aerospace. Novelis targets reduction in cost by USD300mn by FY28E end. Over the long term, management has guided an EBITDA per tonne of +US\$600, supported by cost savings and Greenfield 600kt Bay Minette, Alabama (US) project ramp up.

Copper business remains on a steady growth trajectory: Copper demand in the domestic market remains strong, driven by key sectors - electrical/electronics, construction, and automotive. With a positive view on outlook, Hindalco plans a brownfield expansion of 300KTPA, which will ramp up capacity to 821KTPA from 521KTPA.

Capex expansion projects to drive long-term growth: In the domestic business, capex initiatives are focused on backward integration of the Alumina, Al upstream, and Copper upstream, whereas in the Novelis company, there is a brownfield 175Kt and greenfield 600kt project in Bay Minnete, Alabama, US. Domestic initiatives will result in incremental volumes in FY29E, while the Novelis business will produce incremental volumes with a ramp up in FY27E, FY28E and beyond.

Valuation & Key Risks: We initiate coverage on Hindalco with a BUY rating and TP of Rs1,050. We value the company on SoTP basis - India business at 5.5x Mar. 28E EBITDA and Novelis at 6.5x Mar.28E EBITDA. Delay in ongoing projects and hike in capex cost would impact growth.

Ticker/Price	HNDL IN/Rs 897
Market cap	US\$ 21.6bn
Free float	65%
3M ADV	US\$ 66.3mn
52wk high/low	Rs 1,030/Rs 546
Promoter/FPI/DII	35%/32%/24%

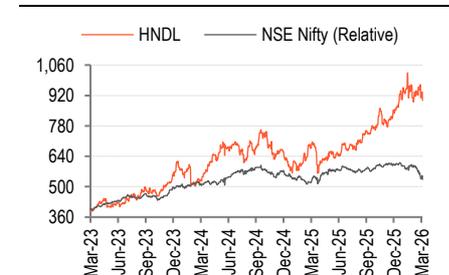
Source: NSE | Price as of 19 Mar 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,384,960	2,657,185	2,891,830
EBITDA (Rs mn)	328,240	341,885	400,975
Adj. net profit (Rs mn)	168,820	157,268	188,874
Adj. EPS (Rs)	76.0	70.8	85.1
Consensus EPS (Rs)	76.0	72.0	84.0
Adj. ROAE (%)	14.7	12.0	12.8
Adj. P/E (x)	11.8	12.7	10.5
EV/EBITDA (x)	7.3	7.1	6.1
Adj. EPS growth (%)	66.6	(6.8)	20.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



- **Cost-saving project (renewable energy and captive usage) to sustain cost efficiency in operations:** Hindalco has acquired new mines – Chakala, Meenakshi and Bandha mines. Post commissioning of the acquired three coal mines by FY28E, power cost is likely to fall significantly from the current cost structure.
- **Balance sheet parameters to remain a comfort during investment phase:** Net debt increased from Rs429,670mn on Mar'23 to Rs510,850mn on Mar'25 due to ongoing capex projects . Net D/E stands at 0.4x and Net debt/EBITDA at 1.6x on Mar.25. Net debt stood at Rs603,920mn on Sept'25 with Net D/E at 0.4x and Net debt/EBITDA at 1.8x. Post commissioning of capex projects, we estimate leverage ratios to come down in FY29E

Company Overview

Hindalco is primarily engaged in the production of Aluminium, Copper and downstream value-added products. It has a portfolio of downstream value-added products - aluminium sheet, extrusion and light gauge products for use in packaging markets like beverage and food, can and foil products, etc.

The company operates in four business segments:

- Aluminium upstream
- Aluminium downstream
- Copper
- Novelis (Flat rolled product in US)

Fig 1 – Aluminium upstream



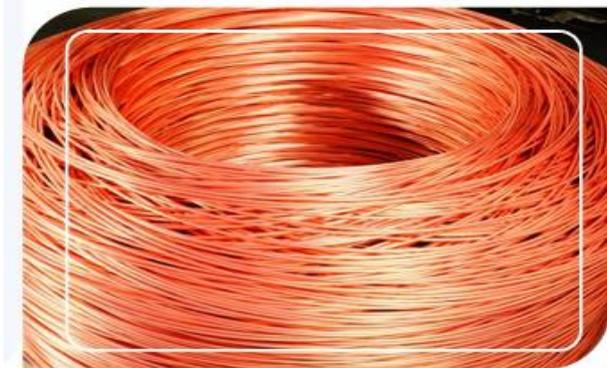
Source: Company

Fig 2 – Aluminium downstream



Source: Company

Fig 3 – Copper



Source: Company

Fig 4 – Novelis

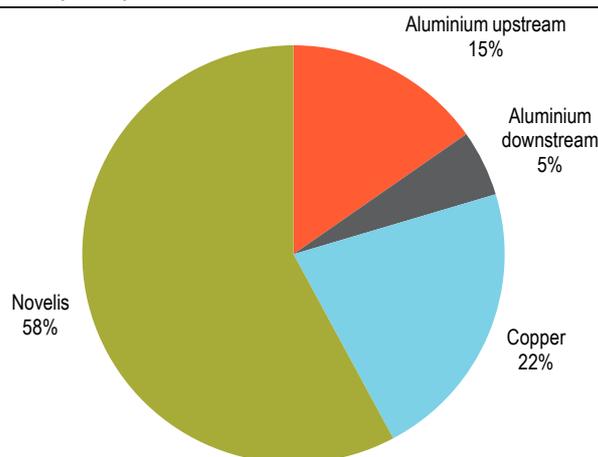


Source: Company

Fig 5 – Revenue mix (FY25)

S.no	Business	Rs mn	% Share
1	Aluminium upstream	382,680	15.3
2	Aluminium downstream	128,190	5.1
3	Copper	547,030	21.8
4	Novelis	1,450,680	57.8
Gross revenue from operations		2,508,580	100.0

Source: Company

Fig 6 – Revenue mix (FY25)

Source: Company

Fig 7 – Capacity & Products Portfolio

Business	Capacity	Product portfolio
Aluminium	<ul style="list-style-type: none"> ▪ 1.34mnt (primary aluminium) ▪ 0.43mnt (VAP aluminium) ▪ 4.2mnt (aluminium rolling). 	<ul style="list-style-type: none"> ▪ Primary aluminium is in the form of ingots, billets and wire rods, flat rolled products, including foils, extrusions, commercial plates.
Copper	<ul style="list-style-type: none"> ▪ 0.42mnt (copper cathodes) ▪ 0.54mnt (copper rods). 	<ul style="list-style-type: none"> ▪ LME grade copper cathodes, continuous cast copper rods, precious metals – gold and silver.
Specialty Alumina	<ul style="list-style-type: none"> ▪ 0.56mnt 	<ul style="list-style-type: none"> ▪ Coarse alumina hydrate, Metallurgical alumina, Calcined Alumina, Reactive Alumina, White Fused Alumina and Precipitate Hydrate.
Novelis	<ul style="list-style-type: none"> ▪ 4.2mn t 	<ul style="list-style-type: none"> ▪ Products are flat-rolled aluminum products for beverage packaging, automotive, aerospace, and specialties markets.

Source: Company

Demand growth drivers in various business segments

- Aluminium – Demand comes from construction, packaging, electrical applications, auto and aerospace industry
- Copper – Demand comes from electrical, electronics, construction, and automotive industries
- Novelis products – Demand comes from beverage packaging, automotive, aerospace industry

Novelis Business

Novelis is the overseas business of Hindalco producing flat rolled aluminium products (FRP). These products are used for beverage packaging, automotive, aerospace, and specialties markets.

- Hindalco acquired Novelis in 2007.
- It has a capacity of 4.1mnt and sales volume of 3.8mnt in FY25.

Global Footprint

Hindalco has 50 manufacturing units with 19 of Hindalco India and 31 of Novelis. Hindalco is a part of Aditya Birla Group.

Fig 8 – Global Footprint



Source: Company

Key Management

Hindalco belongs to the Aditya Birla group – a conglomerate with diverse global operations in metals, cement, financial services, fashion, and Telecom. The company is headed by Chairman – Mr. Kumar Mangalam Birla. Other key management people are:

- MD – Mr. Satish Pai
- CEO – Ms. Kopal Agrawal (Aluminium downstream business)
- CEO – Mr. Rohit Pathak (Copper business)
- CEO – Mr. Saurabh Khedekar (Alumina business)
- President and CEO (Novelis business) – Mr. Steve Fisher
- CFO – Mr. Bharat Goenka

Investment Rationale

Positive demand environment to benefit Aluminium upstream and downstream businesses:

Global supply-demand environment for Aluminium remains balanced, which augers well for the stability in Aluminium (Al) pricing. Domestic demand growth is strong with the industry reporting CAGR of 13% over FY21-FY25 period. Going forward, aluminium prices would stay fundamentally supported by the global shift to electrification EVs and infrastructure investments.

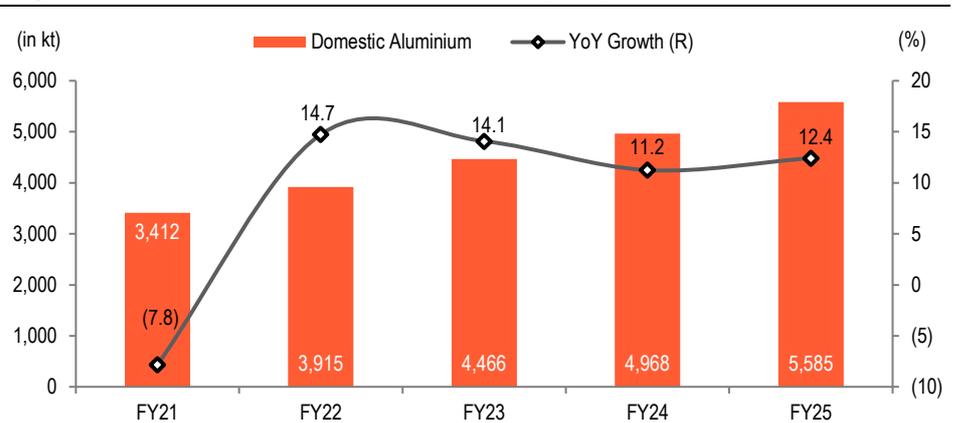
Global supply & demand

- Market supply: Incremental supply from the rest of world is expected from Indonesia and India; while China is seeing some regional closures.
- Market demand:** Demand growth is driven by China EV demand and solar demand. Rest of world sees demand from packaging, construction, durables from India, Brazil and Indonesia. This is offset by the weak demand in Europe and North America.
- Overall global supply/production growth is estimated at +/-1.0% and demand/consumption growth at +1.0%. Thus, overall market remains balanced – the surplus in the rest of world is offset by deficit in China.
- In CY2025, Al supply grew by 2%YoY and Al demand/consumption grew by 2%YoY over CY2024.
- Ongoing Middle-East conflict has resulted in Al producers – Alba (Bahrain) & Qatalum (Qatar) in the region to cut production. Middle East region accounts for 9% of global output.

Domestic demand

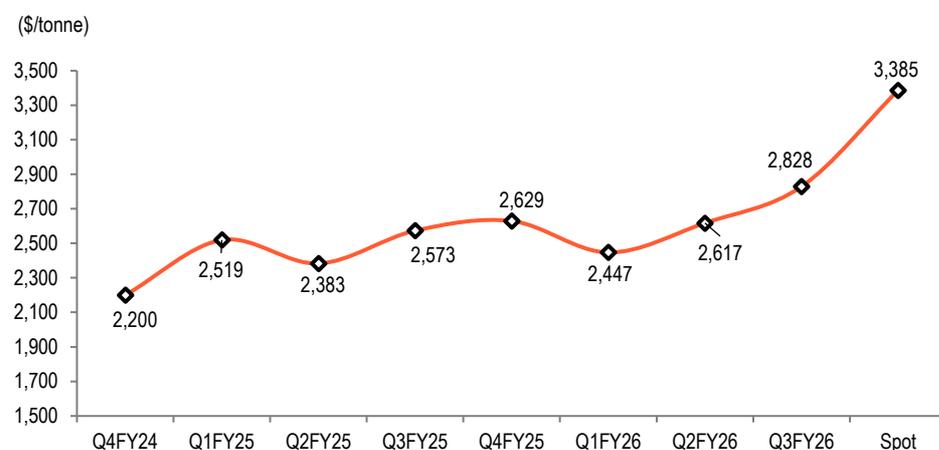
- Domestic demand growth is strong with the industry reporting CAGR of 13% over FY21-FY25 period.
- For the quarter Q3FY26, domestic demand was 9%YoY to 1,508kt; primarily led by a strong demand in the automotive sectors; supported by GST 2.0 reform.

Fig 9 – Domestic Aluminium Demand & Trend (in Kt)



Source: Company

- Thus, environment remains positive for Aluminium (Al) price outlook. Based on the fundamentals of supply & demand, management expects Al pricing to remain in a range, going forward. Currently, Al price stands around USD3,385 per tonne.

Fig 10 – LME price trend (USD/tonne)


Source: , Bloomberg

Exposure to strong domestic growth market

- Exports from the standalone business is 18% of standalone revenues, and hence, the balance 82% is catering to the high-growth of the domestic market.
- In terms of consolidated revenues, exports from the standalone business is 6.6% of the overall consolidated revenues.

Aluminium upstream and downstream sectors provide 20% of the company's total consolidated sales. Thus, a positive view on demand and pricing would help improve Al's business revenues and EBITDA.

Novelis continues to see improved demand from various consumption segments:

Novelis's products are used for beverage packaging, automotive, aerospace, and in various industries for its specialties products. Thus, business growth and the outlook of these segments are important for improved offtake of flat rolled products.

Fig 11 – Novelis business share mix

%	FY21	FY22	FY23	FY24	FY25
Beverage packaging	60.0	58.0	58.0	57.0	60.0
Automotive	16.0	17.0	19.0	21.0	19.0
Aerospace	2.0	2.0	3.0	3.0	3.0
Specialty	22.0	23.0	20.0	19.0	18.0
Total	100.0	100.0	100.0	100.0	100.0

Source: Company

Demand environment in the past:

- Volume offtake by beverage segment was negatively impacted in FY22, due to downturn in the demand in North America and South America. This negative period continued till FY23 end. Post that, it showed recovery in demand during FY24 and FY25.
- Demand in automotive and aerospace segments has been steady during this period of FY22-FY25.

EBITDA per tonne performance:

- Operationally, in the past - declining demand in the beverage market and specialty products reduced Novelis' EBITDA per tonne.
- Novelis' EBITDA per tonne fell to USD478 in FY23 from USD530 in FY22. Following that, this has experienced fluctuation ranging from USD406 to USD525 over the last six quarters due to demand and the impact of US tariffs.
- It reported EBITDA per tonne of USD437 in 9MFY26 vs USD475 in 9MFY25. Excluding net tariff impact, EBITDA per tonne was USD487 in 9MFY26.

Fig 12 – Novelis EBITDA/tonne trend (USD/tonne)



Source: Company

Demand outlook improving for Novelis:

Demand outlook is positive. Over medium to long term, growth is estimated to be 3.5%-4.0% - driven by consumption growth across segments.

- Beverage can market (60% of FY25 shipments) is estimated to grow at a CAGR of 4.0% over FY26-31E (Ex-China). Inventory reduction has been complete, and demand is strong across regions.
- Automotive segment (19% of FY25 shipments) is expected to increase at a CAGR of 3.0%-5.0% from FY26-31E.
- Aerospace segment (3% of FY25 shipments) is estimated to grow at 4.0% CAGR over FY26-31E.

- Specialty segment (18% of FY25 shipments) is estimated to see stable demand in line with GDP growth in coming years, impacted by suppressed Building & construction demand.

Fire broke out in Sept. and Nov. 2025 at Novelis plant in Oswego, Newyork. This led to production disturbance. Management expects to restart the hot mill in Q2 CY2026.

Over medium to long term, Novelis is likely to see improved offtake once operations normalize at Oswego, Newyork.

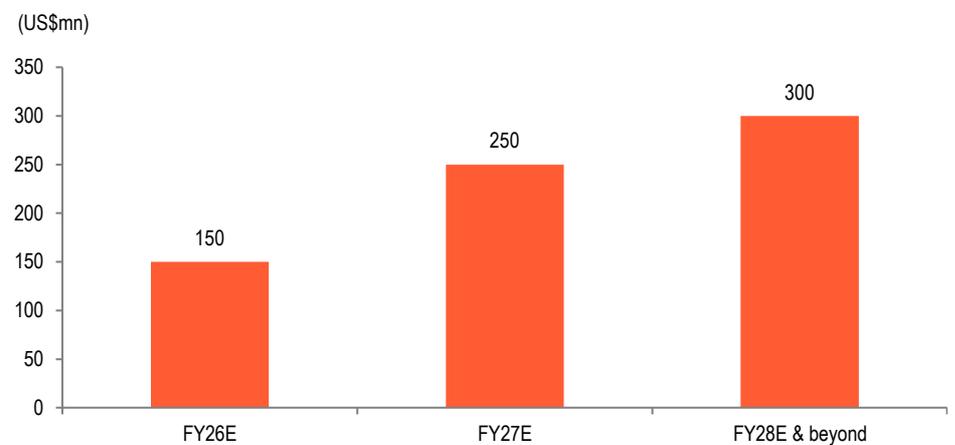
Inputs: Flat rolled metal scrap is the input for Novelis operations. In FY25, costs remain elevated due to higher pricing of China Flat rolled metals. This has led to moderation in EBITDA per tonne performance for Novelis. Further tariffs and fire in Oswego, Newyork led to lower EBITDA per tonnes of USD437 in 9MFY26 vs USD475 in 9MFY25

Cost saving programme:

Novelis targets reduction in cost by over USD300mn by FY28 exit through organization restructuring, manufacturing footprint optimisation, and process enhancements. By Q3FY26, the company has recognized USD131mn of cumulative cost savings.

Over the long term, management has guided for an EBITDA per tonne of +US\$600 supported by USD300mn cost savings and Bay Minette ramp up.

Fig 13 – Targeted cost savings (Novelis) (USDmn)



Source: Company

Copper business remains on a steady growth trajectory:

Copper demand in the domestic market remains strong, driven by key sectors – Electrical, Electronics, Construction, and Automotive. This has benefitted Hindalco with sustained demand and through the benefit of having a leading market share among the players.

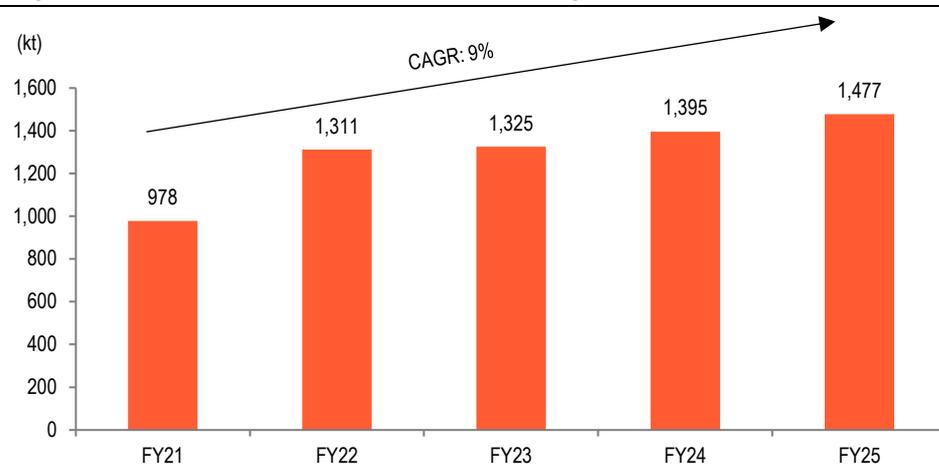
Other key players are -

- Vedanta's copper business operations have been shut due to the closure of Tamil Nadu Tuticorin unit.
- Hindustan Copper has a revenue of Rs20,710mn, whereas Hindalco's copper business generates Rs547,030mn.

Demand was strong in FY25 and it grew by 10%YoY to 401kt in Q3FY26. We expect this growth momentum to be maintained on account of continuation of growth drivers.

Strong demand in copper is driven by infrastructure investments, increased electrical application and strong demand from white goods. Demand is strong with 9% CAGR in last 5 years

Fig 14 – Domestic copper consumption (Including scrap) (in Kilo tonnes - Kt)



Source: Company

Copper business performance for Hindalco has been steady over the years. EBITDA run rate for the quarter has been in the range of Rs2,000 to 3,000mn. Management has guided for EBITDA run rate to be maintained. Due to positive momentum on global copper price, we expect EBITDA performance to sustain.

Due to positive outlook, Hindalco plans a brownfield expansion in the copper upstream. It plans brownfield expansion of 300KTPA, which will ramp up capacity to 821KTPA from 521TPA, targeted to be commissioned by FY29E.

Fig 15 – Copper business performance

Details	FY23	FY24	FY25	9MFY26
Sales volumes (kt)	439	506	491	359
Revenues (Rs mn)	417,020	493,210	547,030	476,820
EBITDA (Rs mn)	22,530	26,160	30,250	19,020
EBITDA % margin	5.4	5.3	5.5	4.0
% YoY growth				
Revenues	13.6	18.3	10.9	18.8
EBITDA	62.1	16.1	15.6	(21.1)

Source: Company

Capex expansion projects to drive long-term growth:

Hindalco has been implementing capex programme for both its domestic business (Aluminium & Copper) and overseas Novelis business. Capex is majorly focused on its Novelis business, thereby reflecting its positive outlook on demand environment for its overseas business over the long term.

Ongoing capex projects:

- **Domestic business** – Projects are focused on backward integration Alumina, Al upstream and Copper upstream business.

Fig 16 – Capex (India)

Project	Details	Target commissioning
Alumina Refinery	850KTPA greenfield	FY28
Al upstream expansion	Phase-I with 181KTPA	FY28
	Phase-II with 193KTPA -taking capacity to 1,714KT from 1,340KT	FY29
Copper upstream	Brownfield expansion of 300KTPA - will increase capacity to 7'21KTPA from 521KTPA	FY29

Source: Company

- **Novelis business** - Total capex is USD5.4bn over next 4years. This includes greenfield rolling and recycling mill 600Kt at Bay Minette, Alabama. US\$5.0bn, - likely to be commissioned in H2CY2026.
 - Out of USD5bn for Greenfield Bay Minette project, about USD2.7bn has been spent through end of Q3FY26

Fig 17 – Novelis capex projects

Projects	Location	Amount (USD mn)	Target commissioning
Greenfield rolling & recycling facility	Bay Minette, US	5,000	H2CY2026
UBC recycling & casting expansion,	Latchford, UK	80	
High-return debottlenecking investments	Oswego & Logan (USA), Pinda (Brazil)	330	
Total amount (USDmn)		5,410	

Source: Company

Thus, domestic projects will likely result in incremental volumes post FY29E and Novelis business will likely yield incremental volumes with steady ramp up in FY29E and onwards.

Fig 18 – Aerial site view of Bay Minette, Alabama



Source: Company

Fig 19 – Hot finishing mill stand installation (Bay Minette)



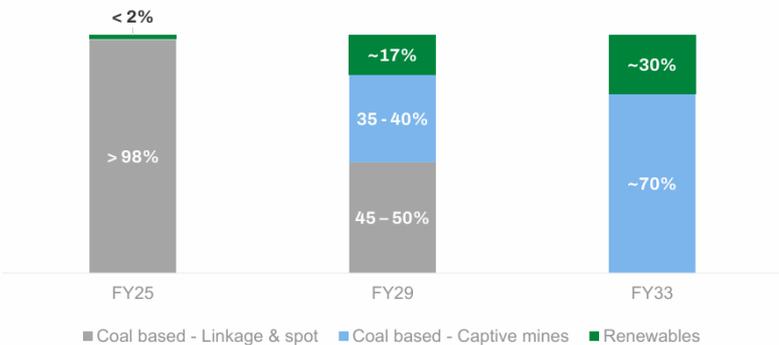
Source: Company

Cost saving project (renewable energy and captive usage) to sustain cost efficiency in operations:

Energy costs are a major part of total operating cost for the aluminium and copper businesses. Hindalco has been going through a change in energy mix. By FY29E; targets 50% shift to captive mines and renewable energy. Renewable energy stands at <2% in FY25E and would likely reach ~30% of energy mix in FY33E.

Fig 20 – Change in energy mix (%)

Change in Energy Mix (%)



Source: Company

Coal usage:

- It uses linkage coal, imported coal and captive coal.
- Hindalco has acquired new mines – Chakala, Meenakshi and Bandha mines.
- It acquired Bandha coal mine from a promoter entity for Rs11.3bn, having a capacity of 5mnt. This mine has reserves of 197mnt with 45year life of mine.
- Post commissioning of these mines by end FY28E, power cost is likely to reduce significantly from the current cost structure. Full ramp-up of Chakala and Bandha mines are expected by end FY28.

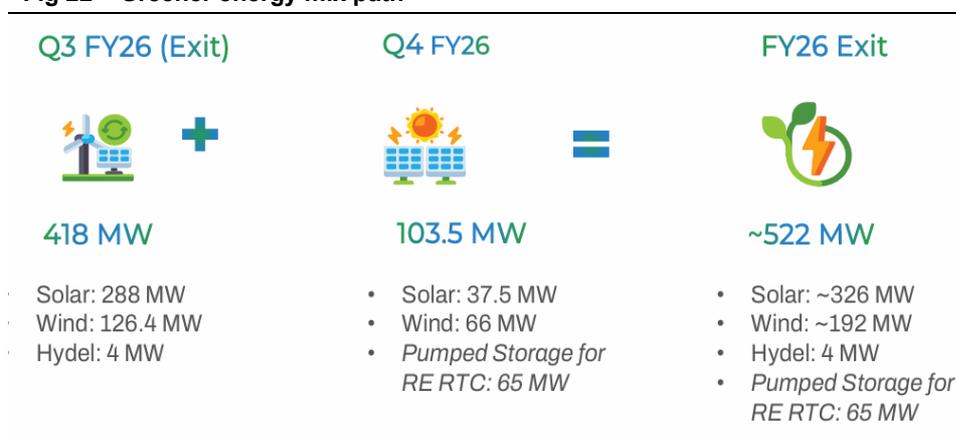
Fig 21 – Coal mines projects

Coal mines	Capacity (mnt)	Target commissioning
Chakala	4.5	H1FY27
Meenakshi	12.0	FY29
Bandha	5.0	FY27

Source: Company

Renewable energy:

- It uses 418MW of power through green energy as on end Dec'25 having combination of Solar, Wind and Hydel energy. Hindalco has been steadily increasing usage of green energy and targets to exit FY26E with 522MW of green energy.

Fig 22 – Greener energy mix path

Source: Company

Balance sheet parameters to remain a comfort during investment phase:

Net debt increased from Rs429,670mn on Mar'23 to Rs510,850mn on Mar'25 due to increased borrowing for ongoing capacity expansion programme. Gross debt was Rs619,310mn on Mar'2025.

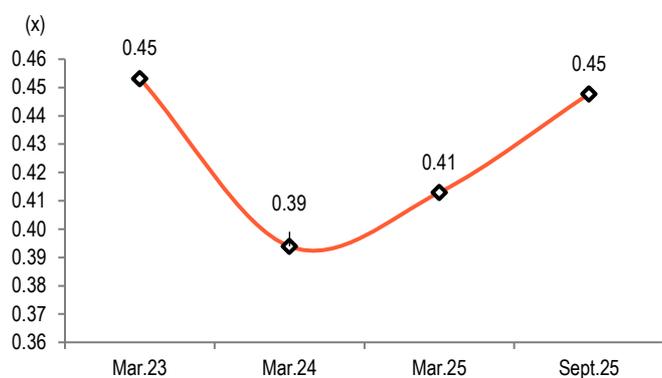
- Net D/E stands at 0.4x and Net debt/EBITDA at 1.6x on Mar.25. Net debt further increased to Rs603,920mn on Sept'25 with Net D/E at 0.4x and Net debt/EBITDA at 1.8x.
- Reported Gross debt on Dec.25 was Rs636,960mn and Net D/E at 0.3x
- Management intends to keep consolidated Net Debt/EBITDA below 2.0x over the next four years while it invests in growth capex.
- The company incurred a capex of Rs113,300mn in H1FY26 – primarily towards capacity expansion across Novelis and the India business.
- It guided for a capex of Rs75,000-80,000mn for India in FY26E, and of USD1.9-2.2bn (Rs167bn) for Novelis in FY26E.
- Expect leverage ratios to come down in FY29E post commissioning of projects

Fig 23 – Overall debt structure

Details	Mar.23	Mar.24	Mar.25	Sept.25
Long term debt	514,340	473,950	562,170	621,070
Short term debt	69,010	71,060	57,140	105,630
Current maturity	-	-	-	-
Total debt	583,350	545,010	619,310	726,700
Cash & bank balance	153,680	126,870	108,460	105,757
Net debt	429,670	418,140	510,850	620,943
Net Debt/Equity (x)	0.5	0.4	0.4	0.4
Net Debt/EBITDA (x)	1.9	1.7	1.6	1.8

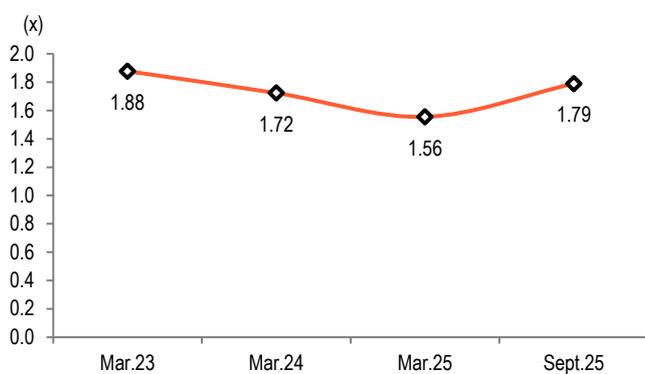
Source: Company

Fig 24 – Net D/E



Source: Company

Fig 25 – Net Debt/EBITDA



Source: Company

Outlook and Valuation

Going forward, we remain positive on growth over long term, which would be driven by expanding capacities in India Aluminium upstream, Copper business, and Novelis business segments. The growth dynamics will be supported by the decline in power cost through captive coal mines in next 3-4 years. This will lead to expansion in margins.

- Aluminium upstream Phase-I of 181Kt to be commissioned in FY28E and lead to incremental volumes in FY29E. Phase-II of 193Kt to be commissioned in FY29E and benefit with incremental volumes in FY30E.
- Novelis business will see incremental volumes post commissioning of Brownfield and greenfield project. Debottlenecking project 175Kt is likely to get commission by end FY26E and Greenfield 600Kt to get commissioned in H2CY2026 with incremental volumes in FY28E and FY29E.

Key Assumptions

Aluminium business:

- Price – LME prices are expected to average USD 3,400/t in FY27E, USD3,450 in FY28E and USD 3,500 in FY28E. Spot price is USD3,385/t
- Volumes - We estimate 1% CAGR growth over FY25-FY28E period. Volumes to increase from 1,323Kt in FY25 to 1,350Kt in FY28E and then commissioning of Phase -I to increase volumes to 1,417Kt in FY29E.

Copper business:

- We estimate 1.2% CAGR growth over FY25-FY28E period. Brownfield expansion project of 300Kt is likely to be commissioned in FY29E and would benefit with incremental volumes in FY30E

Novelis business:

- Volumes – We estimate volumes to show a degrowth of 0.2% in FY26E to 3,748kt, with 5% growth to 3,935kt in FY27E and 10% growth to 4,328kt in FY28E supported by brownfield and greenfield expansion. 9MFY26 volumes were 2,713Kt – a decline of 3.1%YoY
 - Debottlenecking project to increase capacity by 175kt by end FY26E and Greenfield 600Kt to get commissioned in H2CY2026.
 - Estimate utilization to increase on a steady basis with demand improvement as:

Fig 26 – Utilisation (%) Novelis

	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Capacity (Ktpa)	4,200	4,200	4,375	4,975	4,975	4,975
Volumes (Kt)	3,673	3,757	3,748	3,935	4,328	4,545
Utilisation (%)	87.5	89.5	85.7	79.1	87.0	91.4

Source: Company, BOB research

- EBITDA per tonne – Expect EBITDA to move from USD480/t in FY25 to USD440/t in FY26E, to USD450/t in FY27E and to USD465/t in FY28E. **9MFY26 EBITDA/t Is USD437.**

USD-INR rate is estimated at USD90 for FY26E, USD92 for FY27E and USD92 for FY28E.

Fig 27 – Key assumptions

Details	5 yr CAGR% (FY19-FY24)	FY24	FY25	FY26E	FY27E	FY28E	FY29	4 yr CAGR% (FY25-FY29E)
Aluminium business								
Aluminium volumes ('000 tons)	0.9	1,331	1,323	1,330	1,336	1,350	1,417	1.7
%YoY growth		4.3	(0.6)	0.5	0.5	1.0	5.0	
LME Al price (USD/ton)	2.8	2,350	2,630	2,950	3,400	3,450	3,500	7.4
%YoY growth		(11.3)	11.9	12.2	15.3	1.5	1.4	
Copper business								
Cu volumes ('000 tons)	7.1	506	491	496	502	510	515	1.2
%YoY growth		12.4	(3.0)	1.0	1.3	1.5	1.0	
Novelis business								
Sales volumes ('000 tons)	2.3	3,673	3,757	3,748	3,935	4,328	4,545	4.9
%YoY growth		(3.1)	2.3	(0.2)	5.0	10.0	5.0	
Avg realization (USD/t)	3.2	4,413	4,565	4,587	4,633	4,703	4,797	1.2
%YoY growth		(9.5)	3.4	0.5	1.0	1.5	2.0	
EBITDA (USD/tonne)		510	480	440	450	465	475	(0.2)
USD-INR		85.0	87.0	90.0	92.0	92.0	92.0	

Source: Company, BOBCAPS Research

Valuation

EV/EBITDA-based valuation rationale

We initiate coverage with BUY and TP of Rs1,050. We value the company on SoTP basis -

- 5.5x EV/EBITDA on March' 2028E EBITDA for India business
- 6.5x EV/EBITDA on March 2028E EBITDA for Novelis business. Relatively higher multiple due to specialized downstream products to stable industries – Cans, Automotive) than a commodity producer

Fig 28 – Valuation Summary

	Mar. 2028E EBITDA (Rs mn)	Multiple (x)	Value (Rs mn)	Value (Rs/share)
India EBITDA	248,727	5.5	1,368,000	616
Novelis EBITDA	185,173	6.5	1,203,622	542
Total	433,900		2,571,622	1,158
Less - Net debt			510,850	230
CWIP			270,230	122
Target price (Rs)				1,050

Source: BOBCAPS Research, Company

Fig 29 – BOBCAPS v/s consensus

Rs mn	FY26E			FY27E			FY28E		
	Our	Consensus	Var (%)	Our	Consensus	Var (%)	Our	Consensus	Var (%)
Revenue	2,657,185	2,625,888	1.2	2,891,830	2,885,797	0.2	3,108,982	3,076,276	1.1
EBITDA	341,885	339,087	0.8	400,975	381,189	5.2	433,900	409,657	5.9
EBITDA % margin	12.9	12.9		13.9	13.2		14.0	13.3	
PAT	157,268	159,521	-1.4	188,874	186,519	1.3	206,224	201,897	2.1
EPS (Rs)	70.8	71.9	-1.4	85.1	84.0	1.3	92.9	90.9	2.1

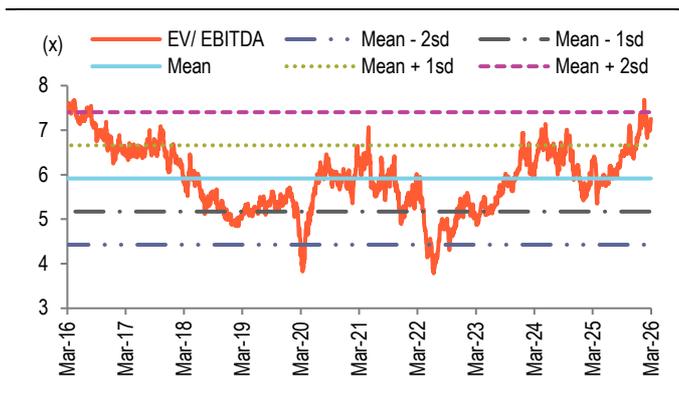
Source: BOBCAPS Research, Bloomberg

Key Risks

Delay in ongoing projects and capex cost-hike would impact growth:

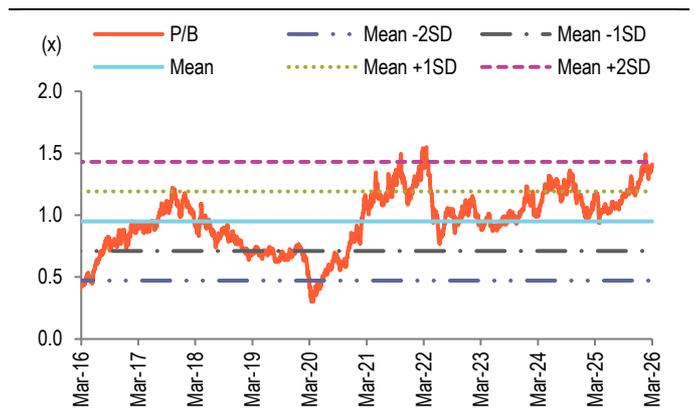
Hindalco is currently working on projects both domestically (Al upstream, Copper) and internationally. These projects are expected to be completed during period FY28E-FY29E. Any delays in these initiatives due to a downturn in demand or product price declines would most certainly have an impact on the company's growth profile and valuation.

Fig 30 – EV/EBITDA 1YF



Source: Bloomberg

Fig 31 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Total revenue	2,384,960	2,657,185	2,891,830	3,108,982	3,274,761
EBITDA	328,240	341,885	400,975	433,900	434,129
Depreciation	(89,000)	(108,652)	(122,452)	(129,999)	(134,247)
EBIT	239,240	233,234	278,523	303,900	299,881
Net interest inc./(exp.)	(34,190)	(41,359)	(43,082)	(44,805)	(40,874)
Other inc./(exp.)	27,080	27,622	28,174	28,738	29,312
Exceptional items	(8,790)	0	0	0	0
EBT	223,340	219,497	263,615	287,833	288,319
Income taxes	(63,350)	(62,260)	(74,774)	(81,643)	(81,781)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	30	32	33	35	36
Reported net profit	160,030	157,268	188,874	206,224	206,574
Adjustments	8,790	0	0	0	0
Adjusted net profit	168,820	157,268	188,874	206,224	206,574

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Accounts payables	406,320	456,338	496,636	533,929	562,399
Other current liabilities	171,780	171,780	171,780	171,780	171,780
Provisions	19,920	19,920	19,920	19,920	19,920
Debt funds	619,310	689,310	689,310	689,310	619,310
Other liabilities	205,370	205,370	205,370	205,370	205,370
Equity capital	2,220	2,220	2,220	2,220	2,220
Reserves & surplus	1,234,870	1,379,928	1,555,483	1,747,277	1,938,311
Shareholders' fund	1,237,210	1,382,268	1,557,823	1,749,617	1,940,651
Total liab. and equities	2,659,910	2,924,987	3,140,838	3,369,926	3,519,430
Cash and cash eq.	108,460	140,207	176,700	248,441	299,317
Accounts receivables	198,340	224,619	248,416	271,328	290,282
Inventories	488,010	543,713	591,726	636,159	670,081
Other current assets	119,390	119,390	119,390	119,390	119,390
Investments	136,710	136,710	136,710	136,710	136,710
Net fixed assets	817,390	968,738	1,076,287	1,166,287	1,212,040
CWIP	270,230	270,230	270,230	270,230	270,230
Intangible assets	55,910	55,910	55,910	55,910	55,910
Deferred tax assets, net	0	0	0	0	0
Other assets	496,790	496,790	496,790	496,790	496,790
Total assets	2,659,910	2,924,987	3,140,838	3,369,926	3,519,430

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Cash flow from operations	228,770	275,284	322,862	350,941	357,255
Capital expenditures	(255,690)	(260,000)	(230,000)	(220,000)	(180,000)
Change in investments	(87,130)	0	0	0	0
Other investing cash flows	42,610	0	0	0	0
Cash flow from investing	(300,210)	(260,000)	(230,000)	(220,000)	(180,000)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	74,300	70,000	0	0	(70,000)
Interest expenses	(34,190)	(41,359)	(43,082)	(44,805)	(40,874)
Dividends paid	11,100	12,210	13,320	14,430	15,540
Other financing cash flows	1,820	(24,388)	(26,607)	(28,825)	(31,044)
Cash flow from financing	53,030	16,463	(56,369)	(59,200)	(126,378)
Chg in cash & cash eq.	(18,410)	31,747	36,494	71,740	50,877
Closing cash & cash eq.	108,460	140,207	176,700	248,441	299,317

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26E	FY27E	FY28E	FY29E
Reported EPS	72.1	70.8	85.1	92.9	93.1
Adjusted EPS	76.0	70.8	85.1	92.9	93.1
Dividend per share	5.0	5.5	6.0	6.5	7.0
Book value per share	557.2	622.6	701.7	788.1	874.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26E	FY27E	FY28E	FY29E
EV/Sales	1.0	0.9	0.8	0.8	0.7
EV/EBITDA	7.3	7.1	6.1	5.5	5.3
Adjusted P/E	11.8	12.7	10.5	9.7	9.6
P/BV	1.6	1.4	1.3	1.1	1.0

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	72.7	71.6	71.6	71.6	71.6
Interest burden (PBT/EBIT)	97.0	94.1	94.6	94.7	96.1
EBIT margin (EBIT/Revenue)	10.0	8.8	9.6	9.8	9.2
Asset turnover (Rev./Avg TA)	95.8	95.2	95.3	95.5	95.1
Leverage (Avg TA/Avg Equity)	2.2	2.1	2.1	2.0	1.9
Adjusted ROAE	14.7	12.0	12.8	12.5	11.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26E	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	10.4	11.4	8.8	7.5	5.3
EBITDA	35.3	4.2	17.3	8.2	0.1
Adjusted EPS	66.6	(6.8)	20.1	9.2	0.2
Profitability & Return ratios (%)					
EBITDA margin	13.8	12.9	13.9	14.0	13.3
EBIT margin	10.0	8.8	9.6	9.8	9.2
Adjusted profit margin	7.1	5.9	6.5	6.6	6.3
Adjusted ROAE	14.7	12.0	12.8	12.5	11.2
ROCE	13.8	12.0	13.0	13.1	12.2
Working capital days (days)					
Receivables	30	31	31	32	32
Inventory	75	75	75	75	75
Payables	72	72	73	73	72
Ratios (x)					
Gross asset turnover	1.0	1.0	1.0	1.0	1.0
Current ratio	1.6	1.6	1.7	1.8	1.8
Net interest coverage ratio	7.0	5.6	6.5	6.8	7.3
Adjusted debt/equity	0.3	0.3	0.3	0.2	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

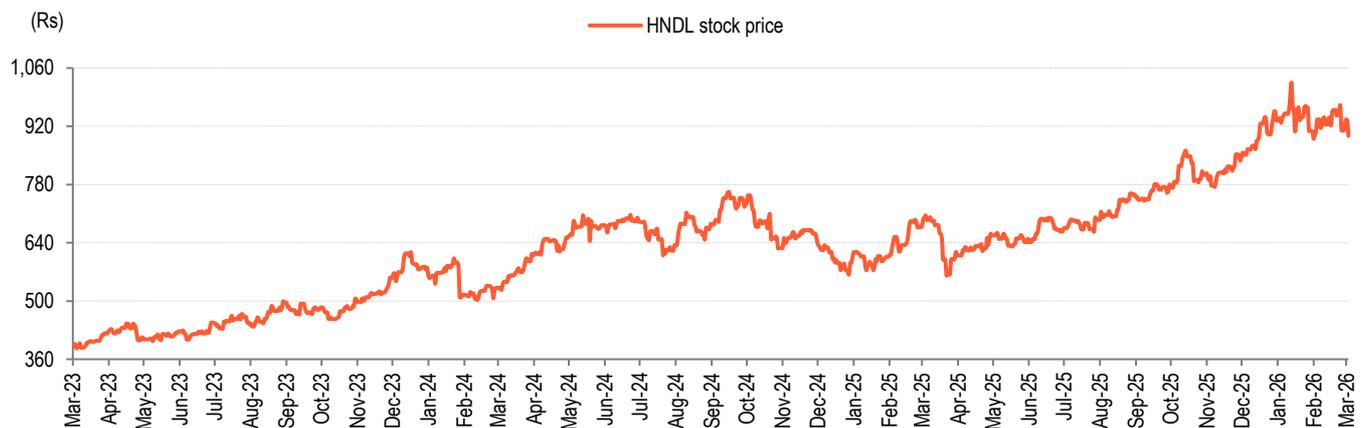
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): HINDALCO INDUSTRIES (HNDL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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