BOBCAPS
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HOLD
TP: Rs 1,158 | ⮝ 9%

HINDALCO INDUSTRIES | Metals & Mining | 07 August 2026

Results beat expectation on better Al & Novelis performance

- **Revenue grew by 32%YoY driven by India revenue and Novelis business. All segments reported improvement in EBITDA**
- **Outlook positive, given the improved domestic demand and incremental volumes from expansion projects over FY28-FY29E**
- **Maintain HOLD, considering improved performance and rollover to June 28, raise TP to Rs1,158 from Rs1,134, based on June'28E EBITDA**

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Results above expectations: Hindalco Industries (HNDL) reported revenue at Rs848bn, (+32.1%YoY, +8.6%QoQ) in Q1FY27 — 6.5% above our estimates. EBITDA came at Rs139bn (+76.2%YoY, +39.1%QoQ) and was 34.4% above our estimates. The outperformance came primarily on the back of higher-than-expected operational performance by Al upstream and Novelis. Novelis EBITDA/t was USD563 for the quarter — higher by 30.4%YoY.

Volumes performance: Aluminium upstream volumes stood at 335kt in Q1FY27 (+3.1% YoY, -1.2% QoQ), Aluminium downstream volumes came at 104kt (+3.0% YoY, -16.1% QoQ). Copper volumes declined 15.3% YoY & declined 18.0%QoQ to 105kt due to planned maintenance shutdown. Novelis shipments stood at 916kt in Q1FY27 (-4.9% YoY, +8.5% QoQ). It was estimated 33Kt lower than expected shipments due to Oswego fires.

Outlook on growth: Demand for Al is healthy in domestic market For Q1FY27, domestic demand is estimated at 3%YoY to 1,491kt; primarily led by a healthy demand in the automotive sector. In the domestic business, capex projects are focused on Al upstream & Copper upstream; whereas in the Novelis company, there is a brownfield 175Kt and greenfield 600kt project in Bay Minnete, Alabama, US. Domestic projects will result in incremental volumes in FY29E. Bay Minnete commissioning process is underway and expect to commence commercial shipments in Q1FY28.

Maintain HOLD; revise TP upwards: We maintain HOLD; considering improved performance and rollover to June 28, raise TP to Rs1,158 from Rs1,134, based on June'28E EBITDA, with India at 6.0x and Novelis at 6.5x June'28E EBITDA.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	HNDL IN/Rs 1,060
Market cap	US$ 25.1bn
Free float	65%
3M ADV	US$ 63.8mn
52wk high/low	Rs 1,176/Rs 658
Promoter/FPI/DII	35%/32%/24%

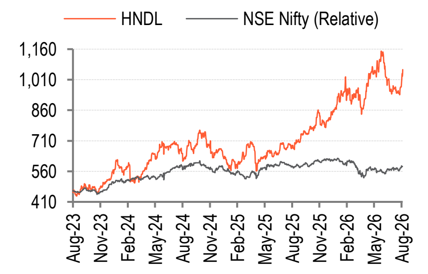
Source: NSE | Price as of 7 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	2,749,440	3,239,781	3,377,310
EBITDA (Rs mn)	348,840	443,221	464,587
Adj. net profit (Rs mn)	203,540	227,708	220,756
Adj. EPS (Rs)	29.0	102.6	99.4
Adj. ROAE (%)	4.9	15.5	13.1
Adj. P/E (x)	36.6	10.3	10.7
EV/EBITDA (x)	8.5	7.0	6.5
Adj. EPS growth (%)	(61.9)	254.2	(3.1)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance (Consol.)

(Rs Mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Revenue	**848,250**	**781,330**	**8.6**	**642,320**	**32.1**
EBITDA	**139,320**	**100,180**	**39.1**	**79,060**	**76.2**
EBITDA margin (%)	16.42	12.82	360bps	12.31	412bps
Depreciation	23,370	23,750	(1.6)	20,800	12.4
Interest	9,660	10,420	(7.3)	7,540	28.1
Other income	10,570	10,250	3.1	6,020	75.6
PBT	116,860	76,260	53.2	56,740	106.0
Tax	23,800	8,540	178.7	16,720	42.3
Reported PAT	70,130	25,970	170.0	40,040	75.1
Exceptional item	(22,990)	(41,710)	44.9	0	NA
Adjusted PAT	**93,120**	**67,680**	**37.6**	**40,040**	**132.6**
Adj. PATM (%)	10.98	8.66	232bps	6.23	474bps
Adjusted EPS (Rs)	**41.9**	**30.5**	**37.6**	**18.0**	**132.6**
Reported EPS (Rs)	**31.6**	**11.7**	**170.0**	**18.0**	**75.1**

Source: Company

Fig 2 – Business parameters

Business parameters	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
India business					
Aluminum upstream (kt)	**335**	**339**	**(1.2)**	**325**	**3.1**
Realization ($/t)	4,168	3,742	11.4	3,300	26.3
Aluminum downstream (kt)	**104**	**124**	**(16.1)**	**101**	**3.0**
Realization ($/t)	4,897	4,361	12.3	3,816	28.3
Copper (kt)	**105**	**128**	**(18.0)**	**124**	**(15.3)**
Novelis (kt)	**916**	**844**	**8.5**	**963**	**(4.9)**
Realization ($/t)	6,324	5,672	11.5	4,898	29.1
EBITDA ($/t)	563	544	3.6	432	30.4

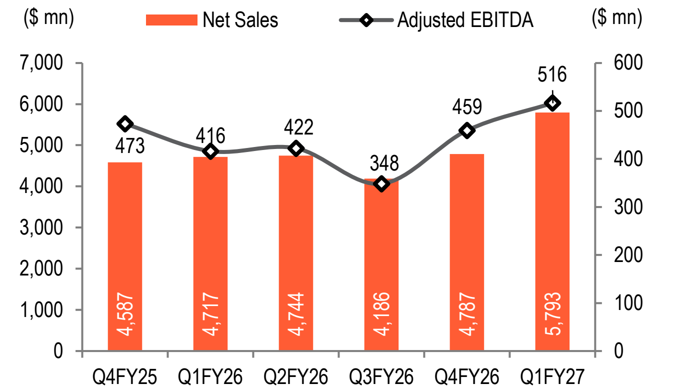
Source: Company, BOBCAPS Research

Fig 3 – Q1FY27 Actual v/s estimates

Particulars	Actual	Estimate	VAR(%)
Revenue (Rs Mn)	848,250	796,512	6.5
EBITDA (Rs Mn)	139,320	103,663	34.4
EBITDA margin (%)	16.4	13.0	341bps
PAT (Rs Mn)	93,120	58,589	58.9
EPS (Rs.)	41.9	26.4	58.9

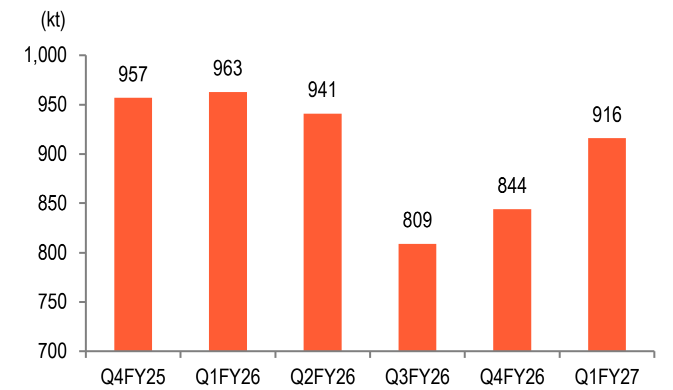
Source: Company, BOBCAPS Research

Fig 4 – Novelis revenue & EBITDA



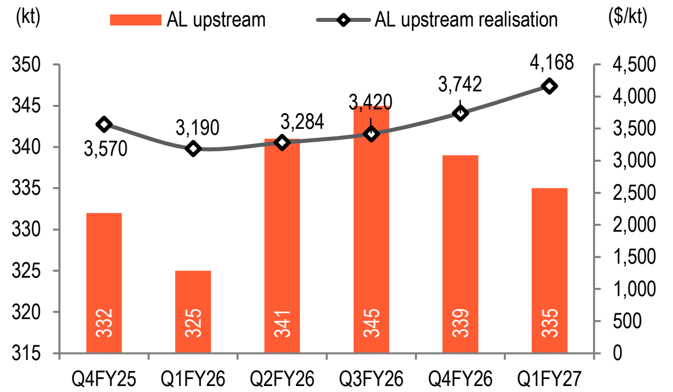
Source: Company,

Fig 5 – Novelis volumes (kt)



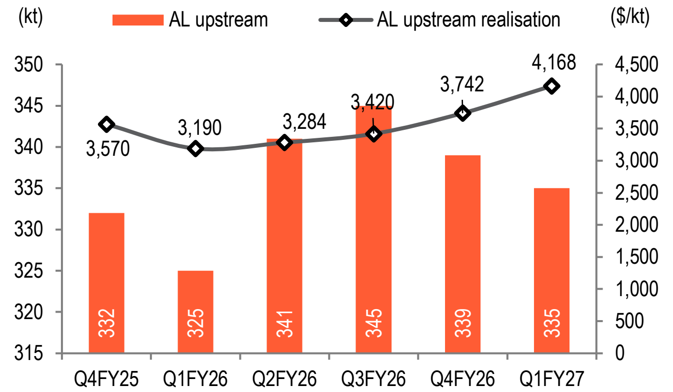
Source: Company,

Fig 6 – Aluminum upstream & realization



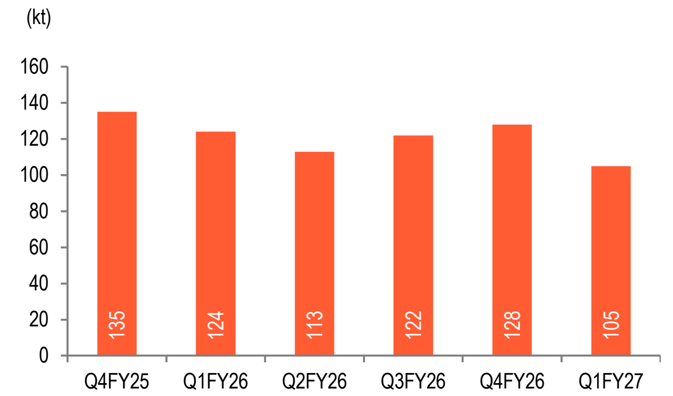
Source: Company, BOBCAPS Research

Fig 7 – Aluminum downstream & realization



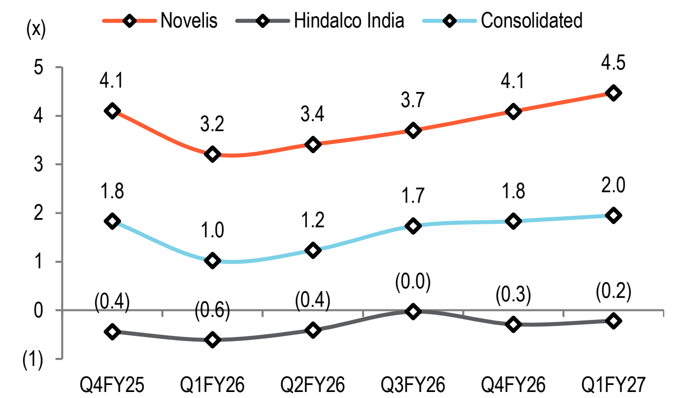
Source: Company, BOBCAPS Research

Fig 8 – Copper volumes



Source: Company

Fig 9 – Hindalco Standalone Remains Strong (Leverage)



Source: Company,

Call Highlights

- **Domestic demand:** Global demand-supply environment for Aluminum remains balanced, which augurs well for the stability in Aluminum (Al) pricing. Global deficit is likely to widen to ~1.0mnt in CY26 vs pre-conflict deficit of 0.3mnt. For Q1FY27, domestic demand was estimated at 3%YoY to 1,491kt; primarily led by a strong demand in the automotive sector and stable demand in packaging, Industrial machinery & consumer durables segments.

- **Copper business environment:** Copper demand in the domestic market declined by 9%YoY to 359Kt as elevated LME prices led to cautious behaviour and ongoing West Asia conflict impacted imports of refined copper.

- **Novelis business**: Demand for Al products remain resilient. Q1FY27 revenue increased by 23%YoY to USD5.8bn and 21%QoQ on the back of higher average Al prices partially offset by a 5%YoY decline in volumes. EBITDA increased by 24%YoY driven by topline growth supported by lower Al scrap prices & cost efficiencies.

    - Volumes were down 4.9YoYto 916Kt on account of Oswego production disruption from fire in Sept.25 and Nov.25. There was estimated 33Kt lower than expected shipments due to Oswego fires. Oswego hot mill resumed operations in early June and production activities are ramping up to support pent up demand and normalize shipments.

    - Reported EBITDA per ton of USD563; up 30%YoY from USD432 in Q1FY26. It was USD544 in Q4FY26. Excluding the impact of from Oswego fires & insurance to shipments- Q1FY27 EBITDA/t stood at USD525

    - Novelis has begun commissioning the cold mill at the new US greenfield plant 600kt in Bay Minette; expect to commence commercial shipments in Q1FY28.

    - Achieved USD225mn in run-rate cost savings to date under global efficiency programme. Anticipate USD300mn run rate savings by end FY27 and targets USD350-400mn total savings by end of FY28E.

- **Captive coal:** Hindalco has acquired new mines – Chakola, Meenakshi and Bandha mines. Post commissioning of these mines by the end of FY29E, power cost will likely fall significantly. Chakola mine to get commissioned in H1FY27, Bandha mine by FY27 end and Meenakshi by end FY29.

- **Capex and capacity projects:** Capex is estimated at Rs338bn in FY27E. India capex estimated at Rs120bn. Novelis spent USD775mn in Q1FY27 and guided a capex of USD2.1bn to USD2.4bn for FY27E.

- Projects:

    - Al upstream expansion of 181KTPA to be commissioned by FY28E and 193KTPA by FY29E. Copper upstream expansion to be commissioned by FY29E.

    - Bay Minette project - Estimated total capex is in order of USD5bn and USD3.8bn has been spent through end of Q1FY27.

- **Net debt:** Reported Net debt increased to Rs774bn on June 26 from Net debt of Rs648bn on Mar'26 due to increase in working capital requirement. Net D/E stood at 0.5x. Novelis net debt is USD7.9bn as on June 2026 vs Net debt of USD6.7bn as on Mar'26.

Valuation Methodology

We remain positive on the growth over long term, which would be driven by the expanding capacities in India Aluminum upstream, Copper business, and Novelis business segments.

Numbers are revised upwards to account for the improved operational performance in Q1FY27. Thus, growth trajectory remains intact.

- Al business:
  - Al price was revised. Estimated at USD3,475 vs earlier USD3,600 for FY27E; estimated at USD3,525 vs earlier USD3,650 for FY28E and USD3,555 vs earlier USD3,680 for FY29E
  - No changes in volumes
- Copper business – No changes in volumes.
- Novelis business:
  - EBITDA per tonne – Expect EBITDA at USD500 vs the earlier USD475/t for FY27E; at USD525 vs the earlier USD495/t for FY28E and at USD530 vs earlier USD525 for FY29**.**
- USD-INR assumption was revised to Rs 97.0 from Rs95 for FY27E, FY28E and FY29E.

Fig 10 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	2,749,440	3,239,781	3,377,310	3,658,329	3,184,090	3,318,422	3,582,694	1.7	1.8	2.1
EBITDA	348,840	443,221	464,587	498,874	414,202	462,044	484,419	7.0	0.6	3.0
EBITDA % margin	12.7	13.7	13.8	13.6	13.0	13.9	13.5	67bps	(17bps)	12bps
PAT	203,540	227,708	220,756	239,616	206,697	218,915	229,150	10.2	0.8	4.6
EPS (Rs)	91.7	102.6	99.4	107.9	93.1	98.6	103.2	10.2	0.8	4.6

Source: Company, BOBCAPS Research

Fig 11 – Key assumptions

Details	FY25	FY26	FY27E	FY28E	FY29E
Aluminium business					
Aluminium volumes ('000 tons)	1,323	1,350	1,357	1,370	1,439
%YoY growth	(0.6)	2.0	0.5	1.0	5.0
LME Al price (USD/ton)	2,630	2,950	3,475	3,525	3,555
%YoY growth	11.9	12.2	17.8	1.4	0.9
Copper business					
Cu volumes ('000 tons)	491	487	489	497	502
%YoY growth	(3.0)	(0.8)	0.5	1.5	1.0
Novelis business					
Sales volumes ('000 tons)	3,757	3,557	3,593	3,772	4,149
%YoY growth	2.3	(5.3)	1.0	5.0	10.0
Avg realization (USD/t)	4,565	5,182	5,260	5,313	5,446
%YoY growth	3.4	13.5	1.5	1.0	2.5
EBITDA (USD/tonne)	480	462	500	525	530
USD-INR	87.0	90.0	97.0	97.0	97.0

Source: Company, BOBCAPS Research

EV/EBITDA based Valuation Rationale

We maintain HOLD; considering improved performance and rollover to June 28, raise TP to Rs1,158 from Rs1,134, based on June'28E EBITDA, with India at 6.0x and Novelis at 6.5x June'28E EBITDA The premium multiple for Novelis reflects its higher share of specialised downstream products catering to relatively stable end-industries such as cans and automotive.

Fig 12 – Valuation summary

Details	June. 2028E EBITDA (Rs mn)	Multiple (x)	Value (Rs mn)	Value (Rs/share)
India EBITDA	275,754	6.0	1,640,735	739
Novelis EBITDA	197,405	6.5	1,273,261	574
Total	473,159		2,913,996	1,313
Less - Net debt			818,510	369
CWIP			475,690	214
Target price (Rs)				**1,158**

Source: Company, BOBCAPS Research

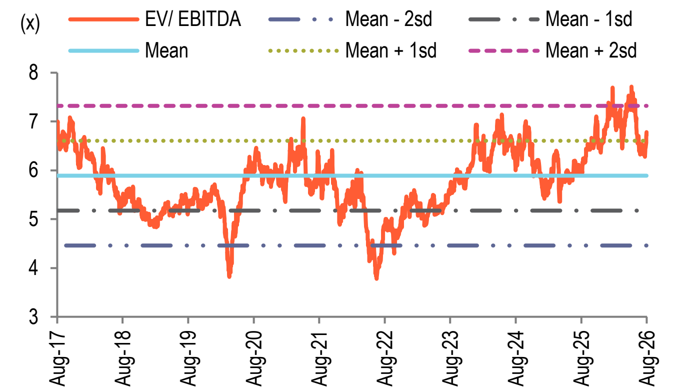
Key Risks

Key upside/downside risks to our estimates:

Delay in ongoing projects:

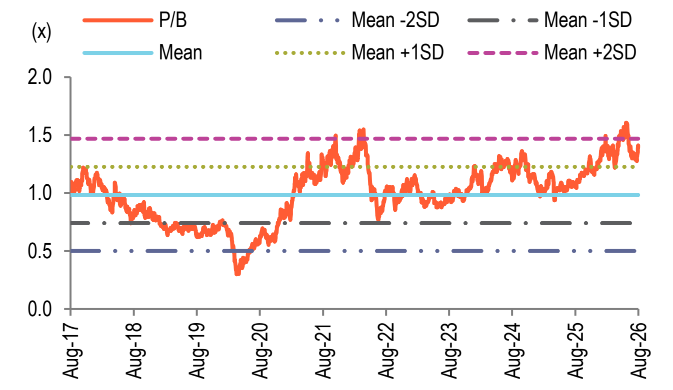
Hindalco is currently working on projects, both domestically (Al upstream, Copper) and internationally. These projects are expected to be completed over FY27E-FY29E. Any delays in the initiatives due to a downturn in demand or decline in product prices would most certainly impact the company's growth profile and valuation.

Fig 13 – EV/EBITDA 1YF



Source: Bloomberg

Fig 14 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**2,384,960**	**2,749,440**	**3,239,781**	**3,377,310**	**3,658,329**
EBITDA	318,050	348,840	443,221	464,587	498,874
Depreciation	(78,810)	(88,300)	(122,079)	(152,864)	(160,202)
EBIT	239,240	260,540	321,142	311,723	338,672
Net interest inc./(exp.)	(34,190)	(34,800)	(36,061)	(36,830)	(38,330)
Other inc./(exp.)	27,080	28,890	29,468	30,057	30,658
Exceptional items	(8,790)	(69,630)	0	0	0
EBT	223,340	185,000	314,549	304,950	331,001
Income taxes	(63,350)	(51,050)	(86,798)	(84,150)	(91,338)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	30	(40)	(42)	(44)	(46)
Reported net profit	**160,030**	**133,910**	**227,708**	**220,756**	**239,616**
Adjustments	8,790	(69,630)	0	0	0
Adjusted net profit	**168,820**	**203,540**	**227,708**	**220,756**	**239,616**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	406,320	616,240	556,392	580,011	628,272
Other current liabilities	171,780	309,400	309,400	309,400	309,400
Provisions	19,920	28,810	28,810	28,810	28,810
Debt funds	619,310	966,590	936,590	866,590	766,590
Other liabilities	205,370	190,960	190,960	190,960	190,960
Equity capital	2,220	2,220	2,220	2,220	2,220
Reserves & surplus	1,234,870	1,363,610	1,579,108	1,786,544	2,011,730
Shareholders' fund	1,237,210	1,365,950	1,581,448	1,788,884	2,014,070
Total liab. and equities	**2,659,910**	**3,477,950**	**3,603,600**	**3,764,655**	**3,938,103**
Cash and cash eq.	108,460	148,080	181,970	221,308	267,919
Accounts receivables	198,340	272,220	278,305	294,746	324,283
Inventories	488,010	755,170	662,923	691,064	748,566
Other current assets	119,390	155,910	155,910	155,910	155,910
Investments	136,710	171,350	171,350	171,350	171,350
Net fixed assets	817,390	912,880	1,090,801	1,167,937	1,207,735
CWIP	270,230	475,690	475,690	475,690	475,690
Intangible assets	55,910	64,200	64,200	64,200	64,200
Deferred tax assets, net	0	0	0	0	0
Other assets	496,790	614,880	614,880	614,880	614,880
Total assets	**2,659,910**	**3,477,950**	**3,603,600**	**3,764,655**	**3,938,103**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**218,580**	**208,990**	**412,204**	**389,531**	**399,417**
Capital expenditures	(245,500)	(417,680)	(300,000)	(230,000)	(200,000)
Change in investments	(87,130)	(8,160)	0	0	0
Other investing cash flows	42,610	(34,200)	0	0	0
Cash flow from investing	**(290,020)**	**(460,040)**	**(300,000)**	**(230,000)**	**(200,000)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	74,300	347,280	(30,000)	(70,000)	(100,000)
Interest expenses	(34,190)	(34,800)	(36,061)	(36,830)	(38,330)
Dividends paid	11,100	11,100	12,210	13,320	14,430
Other financing cash flows	1,820	(32,910)	(24,462)	(26,684)	(28,906)
Cash flow from financing	**53,030**	**290,670**	**(78,313)**	**(120,194)**	**(152,806)**
Chg in cash & cash eq.	**(18,410)**	**39,620**	**33,890**	**39,337**	**46,611**
Closing cash & cash eq.	**108,460**	**148,080**	**181,970**	**221,308**	**267,919**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	72.1	60.3	102.6	99.4	107.9
Adjusted EPS	76.0	29.0	102.6	99.4	107.9
Dividend per share	5.0	5.0	5.5	6.0	6.5
Book value per share	557.2	615.2	712.3	805.7	907.2

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.2	1.1	1.0	0.9	0.8
EV/EBITDA	8.7	8.5	7.0	6.5	5.8
Adjusted P/E	13.9	36.6	10.3	10.7	9.8
P/BV	1.9	1.7	1.5	1.3	1.2

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	0.7	0.8	0.7	0.7	0.7
Interest burden (PBT/EBIT)	1.0	1.0	1.0	1.0	1.0
EBIT margin (EBIT/Revenue)	10.0	9.5	9.9	9.2	9.3
Asset turnover (Rev./Avg TA)	1.0	0.9	0.9	0.9	0.9
Leverage (Avg TA/Avg Equity)	2.2	2.4	2.4	2.2	2.0
Adjusted ROAE	14.7	4.9	15.5	13.1	12.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	10.4	15.3	17.8	4.2	8.3
EBITDA	31.1	9.7	27.1	4.8	7.4
Adjusted EPS	66.6	(61.9)	254.2	(3.1)	8.5
Profitability & Return ratios (%)					
EBITDA margin	13.3	12.7	13.7	13.8	13.6
EBIT margin	10.0	9.5	9.9	9.2	9.3
Adjusted profit margin	7.1	7.4	7.0	6.5	6.5
Adjusted ROAE	14.7	4.9	15.5	13.1	12.6
ROCE	13.8	12.6	13.4	12.3	12.7
Working capital days (days)					
Receivables	30	36	31	32	32
Inventory	75	100	75	75	75
Payables	72	94	73	73	73
Ratios (x)					
Gross asset turnover	1.0	0.9	0.9	0.9	0.9
Current ratio	1.6	1.2	1.2	1.3	1.3
Net interest coverage ratio	7.0	7.5	8.9	8.5	8.8
Adjusted debt/equity	0.3	0.5	0.4	0.3	0.2

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

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

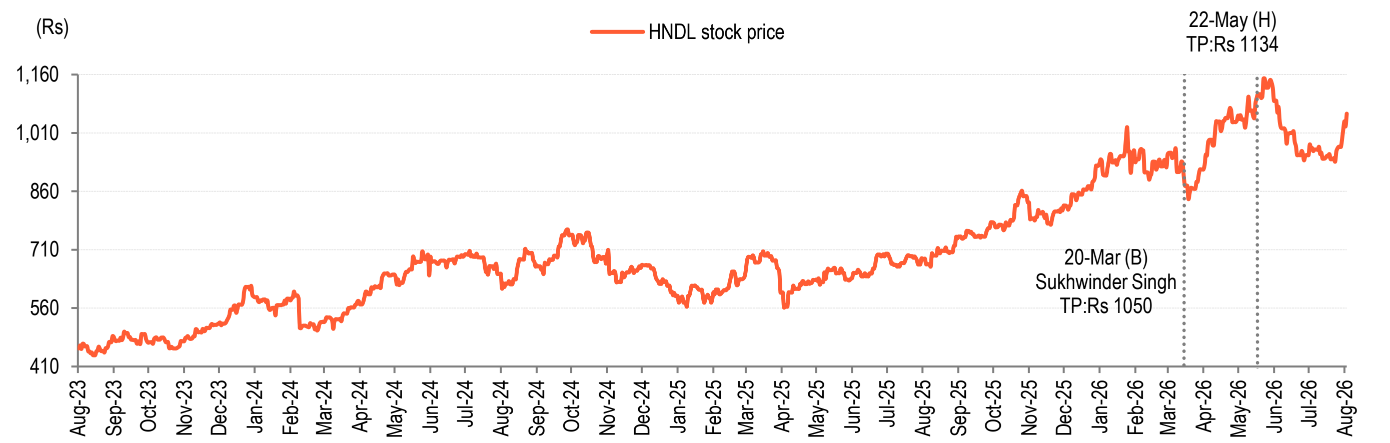
HOLD – Expected return from -6% to +15%

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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