BUY
TP: Rs 1,197 | ▲ 25%

HINDALCO INDUSTRIES | Metals & Mining | 06 November 2026

India business drives the beat; record copper volumes +2.7% YoY

- **Consolidated EBITDA rose 42% YoY to Rs137.6bn, led by India business EBITDA and a record copper quarter at Rs16.7bn (+164% YoY)**
- **Near-term earnings face a cost headwind. Relief is expected from Q4 as coal availability improves**
- **Upgrade to BUY from HOLD. We roll forward to Sep-28E and raise our SOTP-based TP to Rs1,197**

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Results above expectations: Hindalco (HNDL) reported Q2FY27 revenue of Rs917bn (+38.8% YoY, +8.1% QoQ), 8.2% ahead of our estimate. EBITDA stood at Rs128bn (+42.9% YoY, -8.0% QoQ), 18.1% above our estimate, and PAT at Rs75bn (+58.9% YoY, +7.4% QoQ). The beat was driven primarily by the India business, where both aluminium and copper outperformed. PAT includes an exceptional gain of Rs2.8bn from Oswego insurance recoveries, against a Rs23.0bn charge in Q1FY27.

Volume performance: Aluminium upstream volumes stood at 345kt (+1.2% YoY, +3.0% QoQ) and downstream at 119kt (+5.3% YoY, +14.4% QoQ). Copper volumes came in at 116kt (+2.7% YoY, +10.5% QoQ). Novelis shipments were 919kt (-2.3% YoY, +0.3% QoQ), with EBITDA/t of USD553 up 23.3% YoY but marginally lower sequentially which included USD39mn of Oswego insurance recoveries.

Growth outlook: Domestic aluminium demand remains healthy, estimated to have grown 6% YoY to 1,735kt in Q2FY27. India capex is directed at upstream aluminium and alumina, copper smelting and downstream value-added capacity, and should deliver incremental volumes from FY29E. At Novelis, the 600kt greenfield facility at Bay Minette, Alabama produced its first cold-rolled coil in September; commissioning is underway and commercial shipments are expected to commence in Q1FY28.

Upgrade to BUY; TP raised: We upgrade HNDL to BUY from HOLD on improved operating performance and a rollover to Sep-28E. We raise our SOTP-based TP to Rs1,197 (from Rs1,158), valuing the India business at 6.0x and Novelis at 6.5x Sep-28E EBITDA.

Key changes

Target	Rating
▲	▲

Ticker/Price	HNDL IN/Rs 958
Market cap	US$ 22.7bn
Free float	65%
3M ADV	US$ 41.9mn
52wk high/low	Rs 1,176/Rs 772
Promoter/FPI/DII	35%/32%/24%

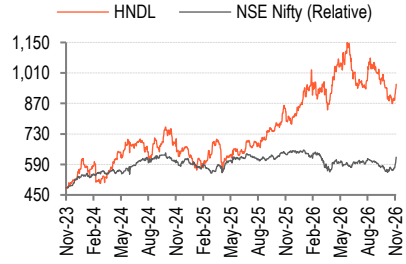
Source: NSE | Price as of 6 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	2,749,440	3,354,677	3,497,688
EBITDA (Rs mn)	348,840	445,976	468,157
Adj. net profit (Rs mn)	203,540	237,069	235,639
Adj. EPS (Rs)	29.0	106.8	106.1
Adj. ROAE (%)	4.9	16.0	13.8
Adj. P/E (x)	33.1	9.0	9.0
EV/EBITDA (x)	7.8	6.4	6.0
Adj. EPS growth (%)	(61.9)	268.8	(0.6)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance (Consol.)

(Rs Mn)	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Revenue	**917,080**	**848,250**	**8.1**	**660,580**	**38.8**	**1,765,330**	**1,302,900**	**35.5**
EBITDA	**128,140**	**139,320**	**(8.0)**	**89,660**	**42.9**	**267,460**	**168,720**	**58.5**
EBITDA margin (%)	*13.97*	*16.42*	*(245 bps)*	*13.57*	*40 bps*	*15.15*	*12.95*	*220 bps*
Depreciation	25,240	23,370	8.0	21,550	17.1	48,610	42,350	14.8
Interest	9,330	9,660	(3.4)	8,030	16.2	18,990	15,570	22.0
Other income	9,430	10,570	(10.8)	7,130	32.3	20,000	13,150	52.1
PBT	103,000	116,860	(11.9)	67,210	53.3	219,860	123,950	77.4
Tax	30,610	23,800	28.6	17,990	70.2	54,410	34,710	56.8
Reported PAT	75,320	70,130	7.4	47,410	58.9	145,450	87,450	66.3
Exceptional item	2,840	(22,990)	112.4	(1,820)	256.0	(20,150)	(1,820)	(1007.1)
Adjusted PAT	**72,480**	**93,120**	**(22.2)**	**49,230**	**47.2**	**165,600**	**89,270**	**85.5**
Adj. PATM (%)	*7.90*	*10.98*	*(307 bps)*	*7.45*	*45 bps*	*9.38*	*6.85*	*253 bps*
Adjusted EPS (Rs)	**32.6**	**41.9**	**(22.2)**	**22.2**	**47.2**	**74.59**	**40.21**	**85.5**
Reported EPS (Rs)	**33.9**	**31.6**	**7.4**	**21.4**	**58.9**	**65.52**	**39.39**	**66.3**

Source: Company

Fig 2 – Business parameters

Business parameters	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
India business								
Aluminium upstream (kt)	345	335	3.0	341	1.2	680	666	2.1
Realization ($/t)	4,035	4,168	(3.2)	3,284	22.9	4,122	3,220	28.0
EBITDA ($/t)	**2,125**	**2,331**	**(8.8)**	**1,521**	**39.7**	**2,226**	**1,495**	**48.9**
Aluminium downstream (kt)	119	104	14.4	113	5.3	223	214	4.2
Realization ($/t)	4,824	4,897	(1.5)	3,745	28.8	4,883	3,698	32.1
EBITDA ($/t)	**289**	**303**	**(4.6)**	**265**	**9.1**	**296**	**265**	**11.7**
Copper (kt)	116	105	10.5	113	2.7	221	237	(6.8)
Realization ($/t)	19,194	17,095	12.3	14,320	34.0	18,292	13,730	33.2
EBITDA ($/t)	**1,510**	**926**	**63.1**	**641**	**135.6**	**1,234**	**637**	**93.7**
Novelis (kt)	919	916	0.3	941	(2.3)	1,835	1,904	(3.6)
Realization ($/t)	6,466	6,324	2.2	5,041	28.3	6,395	4,969	28.7
EBITDA ($/t)	**553**	**563**	**(1.9)**	**448**	**23.3**	**558**	**440**	**26.8**

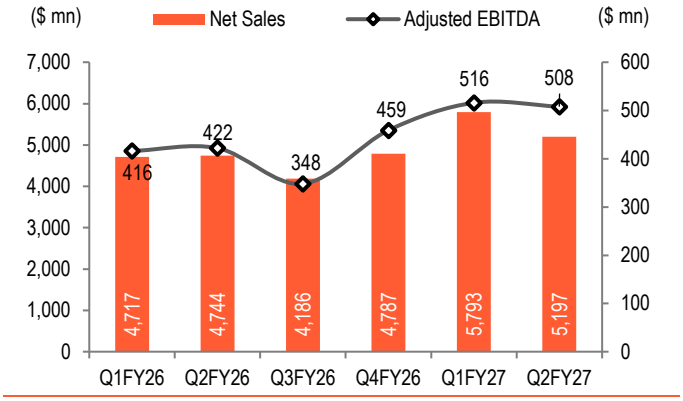
Source: Company

Fig 3 – Q2FY27 Actual v/s estimates

Particulars	Actual	Estimate	VAR(%)
Revenue (Rs Mn)	917,080	847,361	8.2
EBITDA (Rs Mn)	128,140	108,496	18.1
EBITDA margin (%)	14.0	12.8	117 bps
PAT (Rs Mn)	72,480	60,837	19.1
EPS (Rs.)	32.6	27.4	19.1

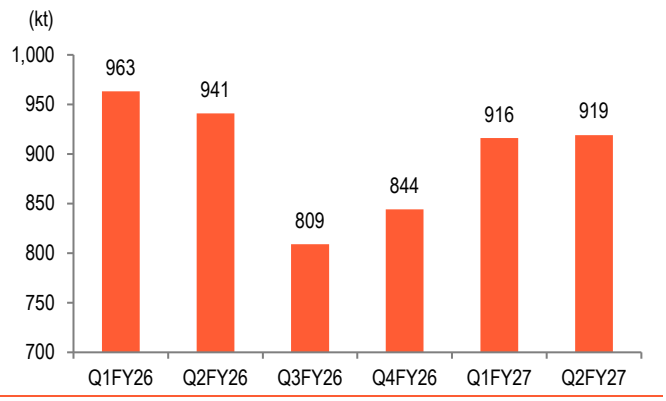
Source: Company, BOBCAPS Research

Fig 4 – Novelis revenue & EBITDA



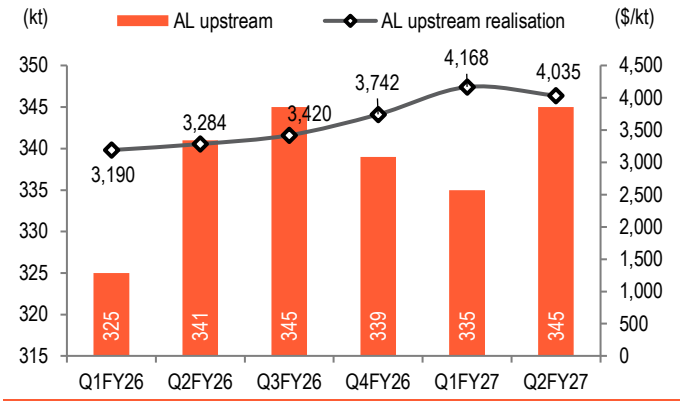
Source: Company,

Fig 5 – Novelis volumes (kt)



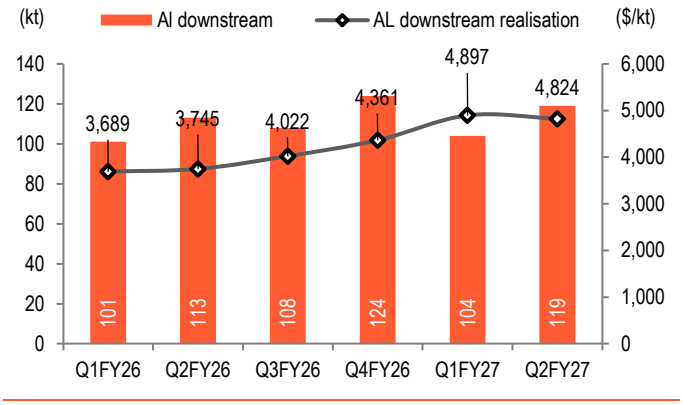
Source: Company,

Fig 6 – Aluminum upstream volumes & realization



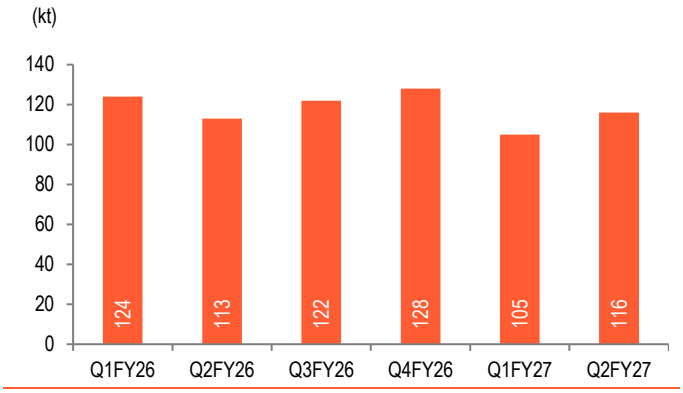
Source: Company, BOBCAPS Research

Fig 7 – Aluminum downstream volumes & realization



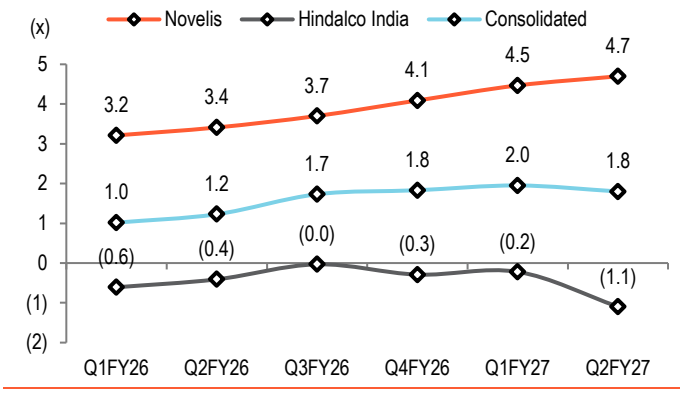
Source: Company, BOBCAPS Research

Fig 8 – Copper volumes



Source: Company

Fig 9 – Hindalco Standalone Remains Strong (Leverage)



Source: Company,

Call Highlights

- **Aluminium business:** The global demand-supply balance remains favourable for aluminium pricing. The global deficit is likely to widen to 0.8mnt in CY26, against a pre-conflict deficit of 0.3mnt. Domestic demand in Q2FY27 is estimated to have grown 6% YoY to 1,735kt, led primarily by the automotive and electricals segments. Aluminium upstream EBITDA rose 55% YoY on higher volumes and stronger operational performance. The LME price averaged USD3,227/t in Q2FY27 and USD3,071/t in Q3FY27 to date, down 4.8% sequentially.

- **Copper business:** Domestic copper demand declined 3% YoY to 388kt on weaker consumer durables and electrical equipment offtake. Copper revenue rose 47% YoY on higher metal prices and better by-product realisations, with EBITDA at a record Rs16.7bn (+164% YoY). Management guided to a normalised quarterly run-rate of Rs12-13bn, with roughly Rs3.5-4.0bn of the quarter's EBITDA attributable to one-off slag sales, derivative gains and precious metals realisations. Around half of segment EBITDA is now derived from by-products, with sulphuric acid realising Rs16,000/t against a historical Rs3,000-4,000/t.

- **Novelis business**: Demand for aluminium products remains resilient. Q2FY27 revenue rose 37% YoY to Rs568bn (+4% QoQ) on higher average metal prices, partly offset by a 2.3% YoY fall in shipments on lower automotive and specialty volumes. EBITDA grew 32% YoY.

    - Oswego hot mill production has normalised following the fires of September 2025 and November 2025; the mill resumed operations in early June 2026. Cumulative insurance recoveries stood at USD519mn to September 2026, with a further ~USD47mn expected by FY27 end.

    - Reported EBITDA/t of USD553, up 23% YoY from USD448 in Q2FY26 and marginally below USD563 in Q1FY27; the quarter included USD39mn of Oswego insurance recoveries. The long-term guidance of USD600+/t is unchanged.

    - The 600kt greenfield plant at Bay Minette produced its first cold-rolled coil in September; commissioning is underway and commercial shipments are expected to commence in Q1FY28.

    - Achieved USD240mn in run-rate cost savings to date under global efficiency programme. Targets USD350-400mn total savings by end of FY28E.

- **Cost outlook:** Aluminium cost of production rose ~5% QoQ in Q2FY27 on coal and CP coke. Management guided to a further ~5% QoQ increase in Q3FY27, with relief expected from Q4 as coal availability improves. Coal accounts for ~40% of the cost curve.

- **Captive coal:** Hindalco has acquired new mines – Chakla, Meenakshi and Bandha mines. Post commissioning of these mines by the end of FY29E, power cost will likely fall significantly. Chakla and Bandha mines (5mnt each) to get commission by end FY27, Meenakshi mine (12mnt) to get commission by FY29.

- **Capex and capacity projects**: Capex of Rs193bn was incurred in H1FY27, against FY27E guidance of Rs338bn — Rs120bn for India and USD2.1-2.4bn for Novelis.
- **Projects:**
  - Aluminium upstream expansions of 181ktpa and 193ktpa are scheduled for FY28E and FY29E respectively, alongside the 850kt Aditya alumina refinery in FY28E and a 300kt copper smelter in FY29E.
- **Net debt:** Reported Net debt increased to Rs804bn on Sept.26 from net debt of Rs774bn on June 26 due to increase in working capital requirement. Net debt was Rs648bn on Mar.26. Net D/E stood at 0.6x.

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 Q2FY27. Thus, growth trajectory remains intact.

- **Al business:**
  - Al price was revised. Estimated at USD3,200 vs earlier USD3,475 for FY27E; estimated at USD3,225 vs earlier USD3,525 for FY28E and USD3,250 vs earlier USD3,555 for FY29E. No changes in volumes.
- **Copper business**: – No changes in volumes.
- **Novelis business:** EBITDA per tonne – H1FY27 is at USD558. Expect EBITDA at USD560 vs the earlier USD500/t for FY27E; at USD580 vs earlier USD525/t for FY28E and at USD585 vs earlier USD530 for FY29.

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	3,354,677	3,497,688	3,797,246	3,239,781	3,377,310	3,658,329	3.5	3.6	3.8
EBITDA	348,840	445,976	468,157	503,009	443,221	464,587	498,874	0.6	0.8	0.8
EBITDA % margin	12.7	13.3	13.4	13.2	13.7	13.8	13.6	(39 bps)	(37 bps)	(39 bps)
PAT	203,540	237,069	235,639	242,610	227,708	220,756	239,616	4.1	6.7	1.2
EPS (Rs)	91.7	106.8	106.1	109.3	102.6	99.4	107.9	4.1	6.7	1.2

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	3,200	3,225	3,250
%YoY growth	11.9	12.2	8.5	0.8	0.8
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	5,701	5,758	5,902
%YoY growth	3.4	13.5	10.0	1.0	2.5
EBITDA (USD/tonne)	480	462	560	580	585
USD-INR	87.0	90.0	97.0	97.0	97.0

Source: Company, BOBCAPS Research

EV/EBITDA based Valuation Rationale

We upgrade HNDL to BUY from HOLD on improved operating performance and a rollover to Sep-28E, and raise our SOTP-based TP to Rs1,197 (from Rs1,158), valuing the India business at 6.0x and Novelis at 6.5x Sep-28E EBITDA. The premium ascribed to Novelis reflects its higher share of specialised downstream products serving relatively stable end-markets, principally beverage packaging.

Fig 12 – Valuation summary

Details	Sept. 2028E EBITDA (Rs mn)	Multiple (x)	Value (Rs mn)	Value (Rs/share)
India EBITDA	261,741	6.0	1,557,362	702
Novelis EBITDA	223,841	6.5	1,443,776	650
Total	485,583		3,001,138	1,352
Less - Net debt			818,510	369
CWIP			475,690	214
Target price (Rs)				**1,197**

Source: Company, BOBCAPS Research

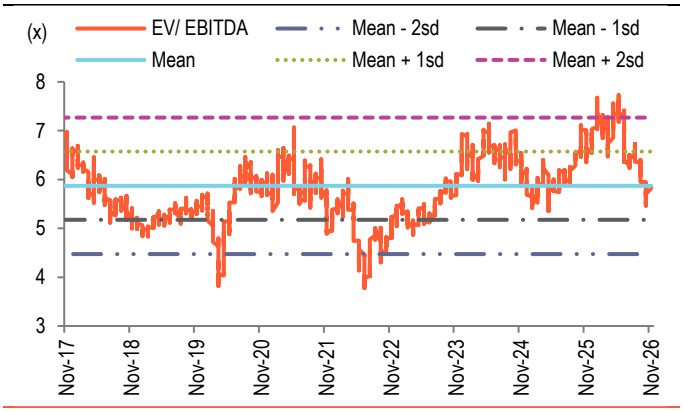
Key Risks

Key upside/downside risks to our estimates:

Delay in ongoing projects:

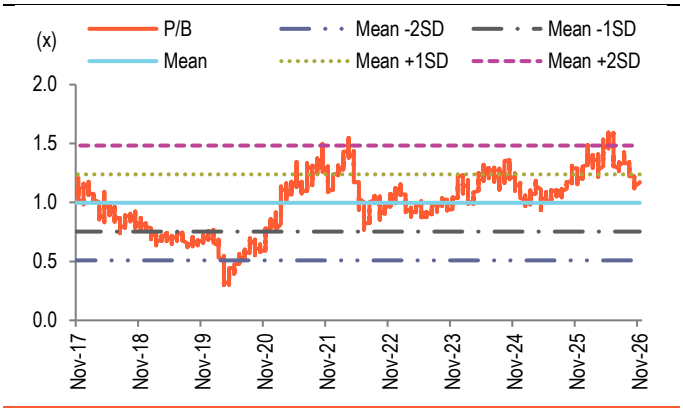
Hindalco is currently working on projects, both domestically (Al upstream, Copper) and internationally. These projects are expected to be completed over FY27E-FY29E. Any delays in the initiatives due to a downturn in demand or decline in product prices would most certainly impact the company's growth 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**	**3,354,677**	**3,497,688**	**3,797,246**
EBITDA	318,050	348,840	445,976	468,157	503,009
Depreciation	(78,810)	(88,300)	(111,906)	(135,879)	(160,202)
EBIT	239,240	260,540	334,070	332,278	342,806
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	327,477	325,505	335,135
Income taxes	(63,350)	(51,050)	(90,366)	(89,822)	(92,479)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	30	(40)	(42)	(44)	(46)
Reported net profit	**160,030**	**133,910**	**237,069**	**235,639**	**242,610**
Adjustments	8,790	(69,630)	0	0	0
Adjusted net profit	**168,820**	**203,540**	**237,069**	**235,639**	**242,610**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	406,320	616,240	576,124	600,684	652,129
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	1,588,469	1,810,788	2,038,968
Shareholders' fund	1,237,210	1,365,950	1,590,809	1,813,128	2,041,308
Total liab. and equities	**2,659,910**	**3,477,950**	**3,632,693**	**3,809,572**	**3,989,197**
Cash and cash eq.	108,460	148,080	167,510	203,929	251,116
Accounts receivables	198,340	272,220	288,175	305,252	336,596
Inventories	488,010	755,170	686,433	715,696	776,992
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	1,100,974	1,195,095	1,234,893
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**	**3,632,693**	**3,809,572**	**3,989,197**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**218,580**	**208,990**	**397,743**	**386,613**	**399,993**
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**	**19,430**	**36,419**	**47,187**
Closing cash & cash eq.	**108,460**	**148,080**	**167,510**	**203,929**	**251,116**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	72.1	60.3	106.8	106.1	109.3
Adjusted EPS	76.0	29.0	106.8	106.1	109.3
Dividend per share	5.0	5.0	5.5	6.0	6.5
Book value per share	557.2	615.2	716.5	816.7	919.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.1	1.0	0.9	0.8	0.7
EV/EBITDA	8.0	7.8	6.4	6.0	5.3
Adjusted P/E	12.6	33.1	9.0	9.0	8.8
P/BV	1.7	1.6	1.3	1.2	1.0

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	10.0	9.5	9.0
Asset turnover (Rev./Avg TA)	1.0	0.9	0.9	0.9	1.0
Leverage (Avg TA/Avg Equity)	2.2	2.4	2.4	2.2	2.0
Adjusted ROAE	14.7	4.9	16.0	13.8	12.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	10.4	15.3	22.0	4.3	8.6
EBITDA	31.1	9.7	27.8	5.0	7.4
Adjusted EPS	66.6	(61.9)	268.8	(0.6)	3.0
Profitability & Return ratios (%)					
EBITDA margin	13.3	12.7	13.3	13.4	13.2
EBIT margin	10.0	9.5	10.0	9.5	9.0
Adjusted profit margin	7.1	7.4	7.1	6.7	6.4
Adjusted ROAE	14.7	4.9	16.0	13.8	12.6
ROCE	13.8	12.6	13.9	13.0	12.7
Working capital days (days)					
Receivables	30	36	31	32	32
Inventory	75	100	75	75	75
Payables	72	94	72	72	72
Ratios (x)					
Gross asset turnover	1.0	0.9	0.9	0.9	1.0
Current ratio	1.6	1.2	1.2	1.3	1.3
Net interest coverage ratio	7.0	7.5	9.3	9.0	8.9
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%

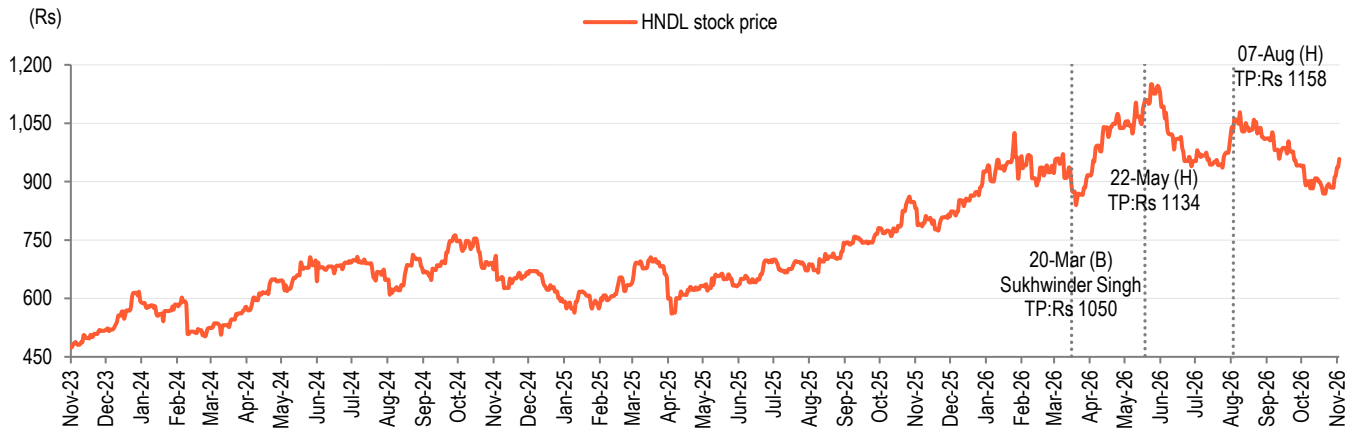
HOLD – Expected return from -6% to +15%

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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