

HOLD

TP: Rs 1,134 | ▲ 2%

HINDALCO INDUSTRIES

Metals & Mining

22 May 2026

Results beat expectations on better Novelis performance

- Revenue grew by 20.4%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 FY27-FY29E
- Reduce to HOLD from BUY, considering the sharp stock performance in recent times. We raise TP to Rs1,134, based on Mar'28E EBITDA

Sukhwinder Singh
Research Analyst
research@bobcaps.in

Results above expectations: Hindalco Industries (HNDL) reported revenue at Rs781bn, (+20.4%YoY, +17.5%QoQ) in Q4FY26 — 9% above our estimates. EBITDA came at Rs100bn (+13.4%YoY, +25.3%QoQ) and was 16% above our estimates. The outperformance came primarily on the back of higher-than-expected operational performance by Novelis. EBITDA/t was USD544 for the quarter — higher by 10.0%YoY.

Volumes performance: Aluminium upstream volumes stood at 339kt in Q4FY26 (+2.1% YoY, -1.7% QoQ), while FY26 upstream volumes increased 1.7% YoY to 1,350kt. Aluminium downstream volumes remained strong at 124kt in Q4FY26 (+18.1% YoY, +14.8% QoQ). FY26 downstream volumes grew 10.7% YoY to 446kt, reflecting healthy demand across value-added products. Copper volumes declined 5.2% YoY to 128kt in Q4FY26, though sequentially improved 4.9% QoQ. FY26 copper volumes were broadly flat at 487kt (-0.8% YoY). Novelis shipments stood at 844kt in Q4FY26 (-11.8% YoY, +4.3% QoQ), while FY26 shipments declined 5.3% YoY to 3,557kt.

Outlook on growth: Demand for AI & Copper remains strong in domestic market: In the domestic business, capex projects are focused on AI upstream, and 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, while the Novelis business will produce incremental volumes with a ramp-up in FY27E, FY28E and beyond.

Reduce to HOLD; revise TP: We reduce to HOLD from BUY, considering the sharp stock outperformance over the last quarter that has largely captured the near-term upside. We raise TP to Rs1,134 from Rs1,050, based on Mar'28E EBITDA, given the improved performance in FY26 based on India at 6.0x and Novelis at 6.5x Mar'28E EBITDA.

Key changes

Target	Rating
▲	▼

Ticker/Price	HNDL IN/Rs 1,109
Market cap	US\$ 26.4bn
Free float	65%
3M ADV	US\$ 64.1mn
52wk high/low	Rs 1,115/Rs 618
Promoter/FPI/DII	35%/32%/24%

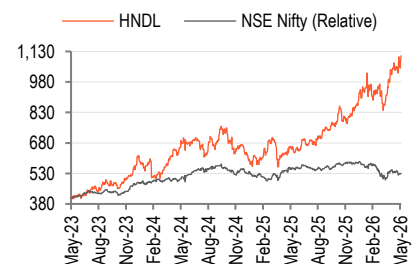
Source: NSE | Price as of 22 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	2,749,440	3,184,090	3,318,422
EBITDA (Rs mn)	348,840	414,202	462,044
Adj. net profit (Rs mn)	203,540	206,697	218,915
Adj. EPS (Rs)	29.0	93.1	98.6
Adj. ROAE (%)	4.9	14.1	13.2
Adj. P/E (x)	38.3	11.9	11.2
EV/EBITDA (x)	8.8	7.7	6.8
Adj. EPS growth (%)	(61.9)	221.6	5.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Revenue	781,330	665,210	17.5	648,900	20.4	2,749,440	2,384,960	15.3
EBITDA	100,180	79,940	25.3	88,360	13.4	348,840	318,050	9.7
EBITDA margin (%)	12.82	12.02	80bps	13.62	(80bps)	12.69	13.34	(65bps)
Depreciation	23,750	22,200	7.0	21,180	12.1	88,300	78,810	12.0
Interest	10,420	8,810	18.3	8,740	19.2	34,800	34,190	1.8
Other income	10,250	5,490	86.7	7,000	46.4	28,890	27,080	6.7
PBT	76,260	54,420	40.1	65,440	16.5	254,630	232,130	9.7
Tax	8,540	7,800	9.5	12,660	(32.5)	51,050	63,350	(19.4)
Reported PAT	25,970	20,490	26.7	52,840	(50.9)	133,910	160,020	(16.3)
Exceptional item	(41,710)	(26,100)	(59.8)	60	(69616.7)	(69,630)	(8,790)	(692.2)
Adjusted PAT	67,680	46,590	45.3	52,780	28.2	203,540	168,810	20.6
Adj. PATM (%)	8.66	7.00	166bps	8.13	53bps	7.40	7.08	32bps
Adjusted EPS (Rs)	30.49	20.99	45.3	23.77	28.2	91.68	76.04	20.6
Reported EPS (Rs)	11.70	9.23	26.7	23.80	(50.9)	60.32	72.08	(16.3)

Source: Company

Fig 2 – Business parameters

Business parameters	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
India business								
Aluminium upstream (kt)	339	345	(1.7)	332	2.1	1,350	1,327	1.7
Realization (\$/t)	3,742	3,420	9.4	3,570	4.8	3,409	3,313	2.9
Aluminium downstream (kt)	124.00	108.0	14.8	105.0	18.1	446	403	10.7
Realization (\$/t)	4,361	4,022	8.4	3,935	10.8	3,954	3,652	8.3
Copper (kt)	128	122	4.9	135	(5.2)	487	491	(0.8)
Novelis (kt)	844	809	4.3	957	(11.8)	3,557	3,757	(5.3)
Realization (\$/t)	5,672	5,174	9.6	4,793	18.3	5,196	4,564	13.9
EBITDA (\$/t)	544	430	26.4	494	10.0	462	480	(3.8)

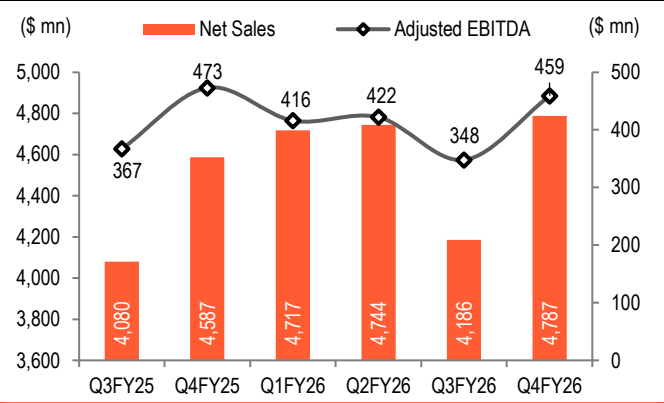
Source: Company, BOBCAPS Research

Fig 3 – Q4FY26 Actual v/s estimates

Particulars	Actual	Estimate	VAR(%)
Revenue (Rs mn)	781,330	716,423	9.1
EBITDA (Rs mn)	100,180	86,432	15.9
EBITDA margin (%)	12.8	12.1	76 bps
PAT (Rs mn)	67,680	45,618	48.4
EPS (Rs.)	30.5	20.5	48.4

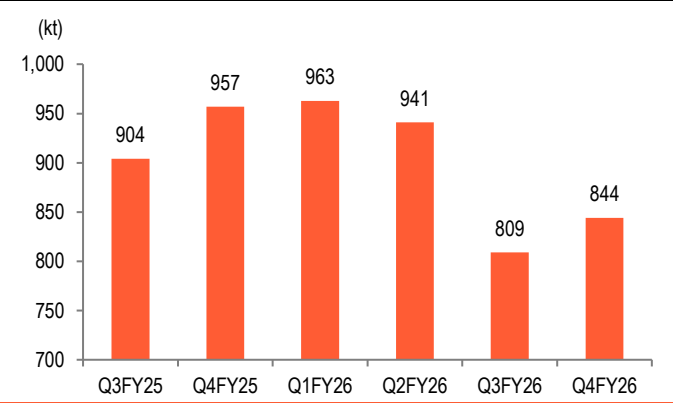
Source: Company, BOBCAPS Research

Fig 4 – Novelis revenue & EBITDA



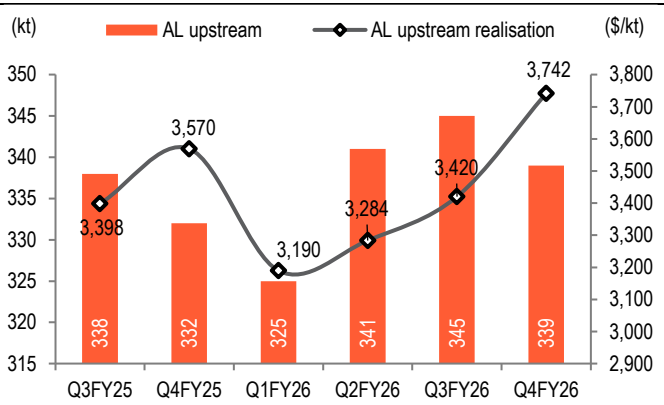
Source: Company, BOBCAPS Research

Fig 5 – Novelis volumes (kt)



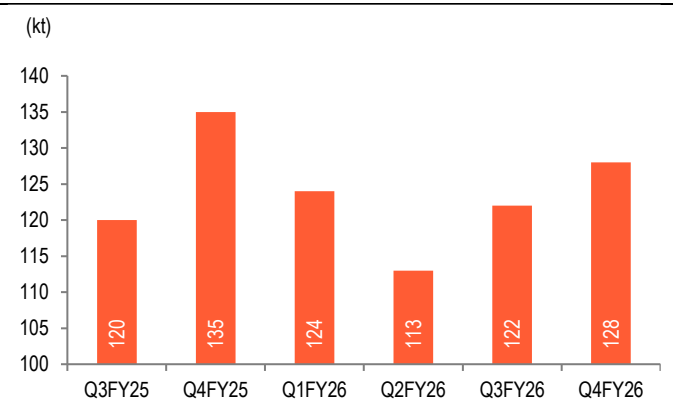
Source: Company, BOBCAPS Research

Fig 6 – Aluminium upstream & realization



Source: Company, BOBCAPS Research

Fig 7 – Copper volumes



Source: Company, BOBCAPS Research

Other Highlights

- **Domestic demand:** Global demand-supply environment for Aluminium remains balanced, which augurs well for the stability in Aluminium (Al) pricing. For Q4FY26, domestic demand was 9%YoY to 1,561kt; primarily led by a strong demand in the automotive, electrical and packaging sectors.
- **Copper business environment:** Copper demand in the domestic market remains strong, driven by key sectors – Electrical, building and Construction. Demand was strong and grew by 10%YoY to 402kt in Q4FY26.
- **Novelis business:** Demand remains strong. Q4FY26 revenue increased by 4%YoY to USD4.8bn on the back of higher average Al prices partially offset by a 12% decline in sales volumes. A net loss of USD84mn was reported in Q4FY26 vs net profit of USD294mn in Q4FY25, due to the impact of Oswego US plant fires in Sept'25 & Nov'25.
 - Volumes were down 12%YoY to 844Kt on account of Oswego production disruption and softness in some specialties markets. Oswego production interruptions resulted in volumes of around 73Kt lower vs expectation. Management expects hot mill to restart in the next few weeks.
 - Reported EBITDA per tonne of USD544; up 10%YoY.
 - For full year FY26, volumes declined by 5%YoY to 3,557Kt. EBITDA/t decreased by 4%YoY to USD462.
 - Capex was USD2.3bn in FY26.
 - Novelis has begun commissioning the cold mill at the new US greenfield plant in Bay Minette in Mar'26; on track for full plant commissioning in H2CY2026.
 - Achieved USD200mn cost savings on exit FY26 and targets USD350-400mn total savings by end of FY28E.
- **Captive coal:** Hindalco has acquired new mines – Chakala, Meenakshi and Bandha mines. Post commissioning of these mines by the end of FY28E, power cost will likely fall significantly. Chakala mine to get operational in Q4FY27.
- **Capex and capacity projects:** The company incurred a capex of Rs316bn in FY26 vs Rs206bn in FY25. Guided for a capex of Rs338bn in FY27E. India capex guided at Rs120bn Projects:
 - Al upstream expansion of 181KTPA to be commissioned by FY28E and 193KTPA by FY29E. Copper upstream expansion to be commissioned by FY29E.
 - Novelis - greenfield rolling and recycling mill 600Kt at Bay Minette, Alabama likely to be commissioned in H2CY2026.
- **Net debt:** Net debt increased to Rs818bn in Mar'26 from a net debt of Rs510bn in Mar'25. Net D/E stood at 0.6x. Novelis net debt is 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 Aluminium upstream, Copper business, and Novelis business segments.

Numbers are revised upwards to account for the improved performance in FY26. Thus, growth trajectory remains intact.

- AI business:
 - Volumes are kept unchanged at a growth of 0.5% for FY27E, at 1.0% growth for FY28E and kept unchanged at 5.0% growth for FY29E.
 - AI price was revised, based on the current spot price of USD3,630.
- Copper business – Volumes are estimated at 0.5% vs earlier 1.3% growth for FY27E, unchanged at 1.5% growth for FY28E and at 1.0% growth for FY29E.
- Novelis business:
 - EBITDA per tonne – Expect EBITDA at USD475 vs the earlier USD450/t for FY27E; at USD495 vs the earlier USD465/t for FY28E and at USD525 vs the earlier USD475 for FY29. EBITDA in FY26 came at USD464 vs the estimated USD440.
- USD-INR assumption was revised to Rs 95.0 from Rs92 for FY27E & FY28E. FY29 assumption introduced with USD95.

Fig 8 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	2,749,440	3,184,090	3,318,422	3,582,694	2,891,830	3,108,982	3,274,761	10.1	6.7	9.4
EBITDA	348,840	414,202	462,044	484,419	400,975	433,900	434,129	3.3	6.5	11.6
EBITDA % margin	12.7	13.0	13.9	13.5	13.9	14.0	13.3	(86bps)	(3bps)	26bps
PAT	203,540	206,697	218,915	229,150	188,874	206,224	206,574	9.4	6.2	10.9
EPS (Rs)	91.7	93.1	98.6	103.2	85.1	92.9	93.1	9.4	6.2	10.9

Source: Company, BOBCAPS Research

Fig 9 – 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	3,600	3,650	3,680
%YoY growth	11.9	12.2	22.0	1.4	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	5,234	5,287	5,392
%YoY growth	3.4	13.5	1.0	1.0	2.0
EBITDA (USD/tonne)	480	462	475	495	525
USD-INR	87.0	90.0	95.0	95.0	95.0

Source: Company, BOBCAPS Research

EV/EBITDA based Valuation Rationale

We reduce to HOLD from BUY following the strong stock performance over the last two months. Considering the improved FY26 performance, we raise TP to Rs1,134 from Rs1,050, based on 6.0x EV/EBITDA for India and 6.5x for Novelis on Mar'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. We also revise the India business multiple upward from 5.5x to 6.0x to factor in the improved operational performance.

Fig 10 – Valuation summary

Details	Mar. 2028E EBITDA (Rs mn)	Multiple (x)	Value (Rs mn)	Value (Rs/share)
India EBITDA	284,656	6.0	1,707,936	769
Novelis EBITDA	177,388	6.5	1,153,020	519
Total	462,044		2,860,955	1,289
Less - Net debt			818,510	369
CWIP			475,690	214
Target price (Rs)				1,134

Source: Company, BOBCAPS Research

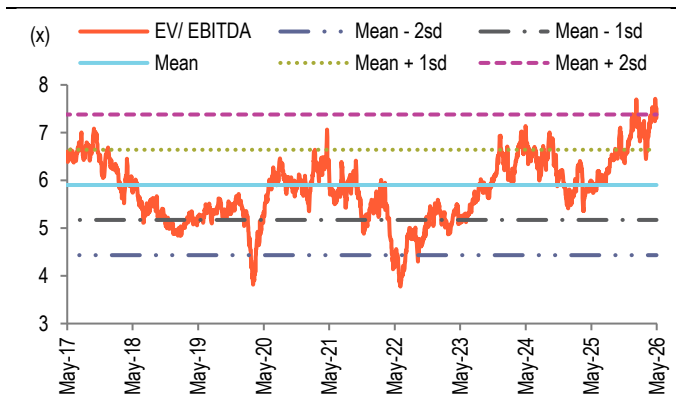
Key Risks

Key upside/downside risks to our estimates:

Delay in ongoing projects:

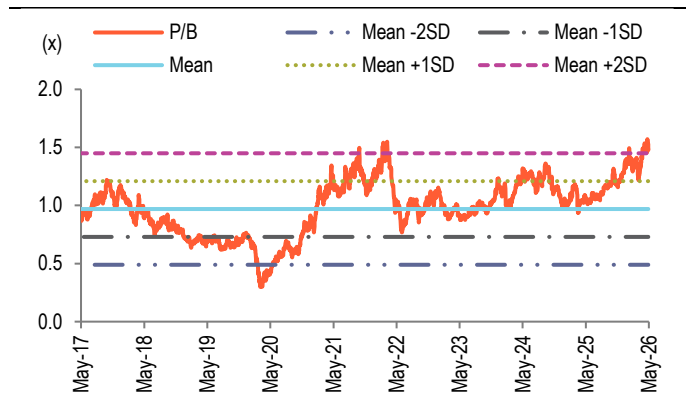
Hindalco is currently working on projects, both domestically (Al upstream, Copper) and internationally. These projects are expected to be completed over FY27E-FY29E. Any delays in the initiatives due to a downturn in demand or decline in product prices would most certainly impact the company's growth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

Fig 11 – EV/EBITDA 1YF



Source: Bloomberg

Fig 12 – 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	3,184,090	3,318,422	3,582,694
EBITDA	318,050	348,840	414,202	462,044	484,419
Depreciation	(78,810)	(88,300)	(122,079)	(152,864)	(160,202)
EBIT	239,240	260,540	292,123	309,180	324,217
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	285,530	302,407	316,545
Income taxes	(63,350)	(51,050)	(78,791)	(83,448)	(87,349)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	30	(40)	(42)	(44)	(46)
Reported net profit	160,030	133,910	206,697	218,915	229,150
Adjustments	8,790	(69,630)	0	0	0
Adjusted net profit	168,820	203,540	206,697	218,915	229,150

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	406,320	616,240	546,828	569,898	615,283
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	1,558,097	1,763,692	1,978,411
Shareholders' fund	1,237,210	1,365,950	1,560,437	1,766,032	1,980,751
Total liab. and equities	2,659,910	3,477,950	3,573,025	3,731,689	3,891,794
Cash and cash eq.	108,460	148,080	167,574	205,531	243,791
Accounts receivables	198,340	272,220	273,521	289,607	317,578
Inventories	488,010	755,170	651,528	679,015	733,090
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	3,573,025	3,731,689	3,891,794

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	218,580	208,990	397,808	388,150	391,066
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	19,494	37,956	38,261
Closing cash & cash eq.	108,460	148,080	167,574	205,531	243,791

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	72.1	60.3	93.1	98.6	103.2
Adjusted EPS	76.0	29.0	93.1	98.6	103.2
Dividend per share	5.0	5.0	5.5	6.0	6.5
Book value per share	557.2	615.2	702.8	795.5	892.2

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	9.1	8.8	7.7	6.8	6.2
Adjusted P/E	14.6	38.3	11.9	11.2	10.7
P/BV	2.0	1.8	1.6	1.4	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	9.2	9.3	9.0
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	14.1	13.2	12.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	10.4	15.3	15.8	4.2	8.0
EBITDA	31.1	9.7	18.7	11.6	4.8
Adjusted EPS	66.6	(61.9)	221.6	5.9	4.7
Profitability & Return ratios (%)					
EBITDA margin	13.3	12.7	13.0	13.9	13.5
EBIT margin	10.0	9.5	9.2	9.3	9.0
Adjusted profit margin	7.1	7.4	6.5	6.6	6.4
Adjusted ROAE	14.7	4.9	14.1	13.2	12.2
ROCE	13.8	12.6	12.3	12.3	12.3
Working capital days (days)					
Receivables	30	36	31	32	32
Inventory	75	100	75	75	75
Payables	72	94	72	73	72
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	8.1	8.4	8.5
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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Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**

SEBI Stock Broker Registration No: **INZ000159332**

SEBI Depository Participant Registration No: **IN-DP-728-2022**

SEBI Merchant Banker Registration No: **INM000009926**

Phone: +91-22-61389300

Name of the Compliance Officer: Mr. Sameer Khobrekar

Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Manoj Pawar

Email ID: head-customer@bobcaps.in; Phone no: 0+91-22-69417333

Brand Name: **BOBCAPS**

Website: <https://www.bobcaps.in/>

CIN: **U65999MH1996GOI098009**



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BUY – Expected return >+15%

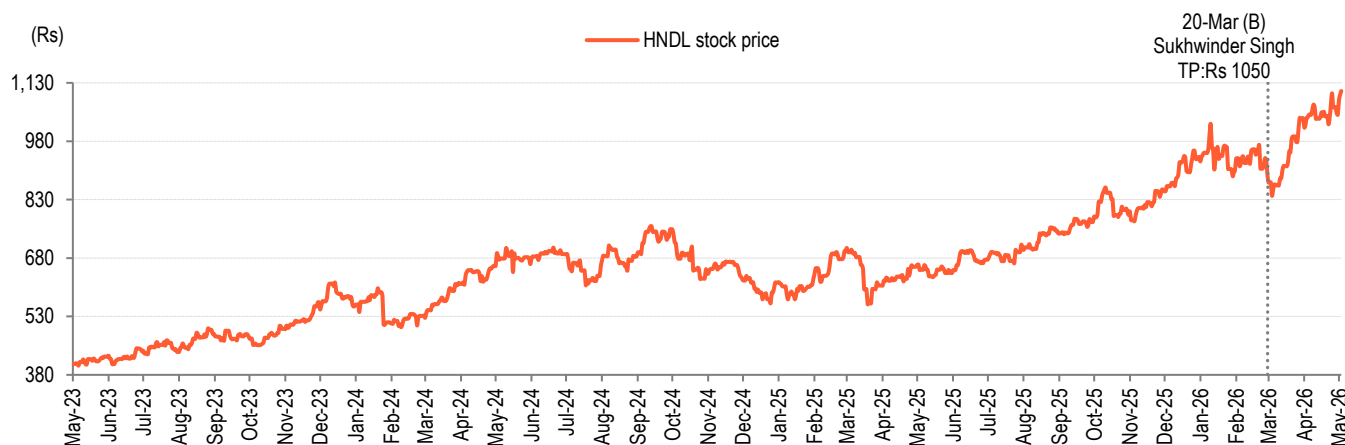
HOLD – Expected return from -6% to +15%

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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