

August 14, 2018



**Current Price:** ₹ 221.30

## STOCK DATA

BSE Code	500440
NSE Symbol	HINDALCO
Reuters	HALC.BO
Bloomberg	HNDL.IN

## VALUE PARAMETERS

52 W H/L(Rs)	283.95/192.50
Mkt. Cap.(Rs Cr)	49688.04
Latest Equity(Subscribed)	224.53
Latest Reserve	49227.85
Latest EPS -Unit Curr.	7.56
Latest P/E Ratio	29.27
Latest Bookvalue -Unit Curr.	220.25
Latest P/BV	1.00
Dividend Yield -%	0.54
Face Value	1

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/06/2018
Foreign	32.93
Institutions	20.00
Govt Holding	0.12
Promoters	34.67
Public & Others	12.28

## Standalone Results

In Cr.

	Qtr Ended Jun. 2018	Qtr Ended Jun. 2017	Var. (%)
Net Sales	10593.21	9775.30	8
OPM (%)	12.50	11.80	
OP	1325.28	1152.89	15
Other Income	105.47	256.33	-59
PBDIT	1430.75	1409.22	2
Interest	410.76	487.76	-16
PBDT	1019.99	921.46	11
Depreciation	404.28	384.41	5
PBT before EO	615.71	537.05	15
EO	0.00	104.40	0
PBT after EO	615.71	432.65	42
Tax	202.18	143.14	41
PAT	413.53	289.51	43
EPS (Rs)	1.86	1.61	

### Hindalco posts 43% jump in Q1 profit, misses market estimates.

Hindalco net sales rose 8% to Rs 10593.21 crore in Q1FY'19 compared to corresponding previous year period while net profit of the company rose 43% to Rs 413.53 crore. Operating margins of the company rose 70 bps to 12.5% leading to 15% rise in operating profits to Rs 1325.28 crore. Cost of material consumed as a percentage of net sales (net of stock adjustment) rose 70 bps to 58.9% while employee benefit expenses fell 20 bps to 4.2%. Power and fuel expenses were down 130 bps to 13.5% and other expenses increased 40 bps to 11.5%. Other income fell 59% to Rs 105.47 crore. PBDIT increased 2% to Rs 1430.75 crore.

Interest cost fell 16% to Rs 410.76 crore in current quarters compared to Rs 487.76 crore in the corresponding previous year quarter. Depreciation rose 5% to Rs 404.28 crore. PBT before EO a result rose 15% to Rs 615.71 crore. The company had an nil EO expense compared to of Rs 104.4 crore in the corresponding previous year period related a provision after a recent court judgment related to mining regulation (to which the company is not a party) that may have an implication on its existing litigation which is sub-judice. PBT after EO was up 42% to Rs 615.71 crore. Effective tax rate fell to 32.8% from 33.1% leading 43% rise in net profit to Rs 413.53 crore.

## Segment Results

### Aluminium (Hindalco plus Utkal)

The Aluminium revenue for Q1 FY19 stood at Rs. 5667 crore. EBITDA was Rs.1531 crore in Q1FY19, up 35 percent compared to Rs.1132 crore in Q1 FY18. This increase was on account of better realisations and stable plant operations. The company achieved consistent Aluminium metal production of 323 Kt in Q1 FY19, as its plants continued to operate at peak designed capacities. Alumina (including Utkal Alumina) production was marginally lower at 695 Kt vs 724 Kt in the corresponding period last year. Aluminium Value Added Products (VAP, including wire rod) production was at 113 Kt vs 116 kt in Q1 FY18.

## Segment Results

In Cr.

Particulars	Qtr Ending	Qtr Ending	(%) of	Var. (%)
	Jun. 18	Jun. 17	Total	
<b>Net Sales</b>				
Aluminium	5591.90	5012.98	53	
Copper	5005.73	5402.93	47	
Less: Inter segment revenue	-4.42	-3.61	0	
NetSales	10593.21	10412.30	100	
<b>PBIT</b>				
Aluminium	1011.09	880.22	75	
Copper	335.16	322.29	25	
Total Segment Results	1346.25	1202.51	100	
<b>Capital Employed</b>				
Aluminium	36114.78	36539.44	74	
Copper	6287.27	6232.31	13	
Add: Net Unalloc. Assets	6423.26	5852.86	13	
Total Capital Employed	48825.31	48624.61	100	

### Copper

The revenue from Copper segment was at Rs.5,006 crore in Q1 FY19 vs Rs.5,403 crore in Q1 FY18. This was impacted due to lower volumes on account of a planned maintenance shutdown in Q1 FY19, at one of the smelters. The realisations in the by-products viz. DAP and sulphuric acid were higher, leading a higher EBITDA of Rs.335 crore in Q1 FY19 vs Rs.322 crore in Q1 FY18. The Tc/Rc was marginally lower in Q1 FY19 vs the corresponding period of the earlier year.

The overall production in Copper Business was 81 Kt in Q1 FY19 vs 109 kt in Q1 FY18. CC Rod production was at 60 Kt in Q1 FY19 compared to 39 Kt in Q1 FY18, up 55 per cent due to ramp-up of the new CCR-3 facility. DAP production was getting back to normal at 70 kt in Q1 FY19 vs 30 kt in Q4 FY18 and 67 kt in Q1 FY18.

### Novelis Inc:

Novelis' revenues grew 16 per cent to US\$3.1 billion, on the wings of higher average aluminium prices, higher shipments and better product mix. The total shipments of flat rolled products (FRP) is up by 2 per cent to 797 Kt. It achieved the highest ever quarterly adjusted EBITDA (excluding metal price lag) of US\$332 million in Q1 FY19, up 15 per cent, compared to US\$289 million in Q1 FY18. The key growth stimulants were higher automotive sheet shipments, operating efficiencies, with higher recycled contents and better cost management. Novelis achieved its highest ever quarterly adjusted EBITDA of US\$417 per tonne in Q1 FY19 vs US\$368 in Q1 FY18, up by 13 per cent YoY.

Novelis' net income was at US\$137 million in Q1 FY19, up by 36 per cent compared to US\$101 million in Q1 FY18.



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