

November 14, 2022



**Current Price:** ₹ 429.75

## STOCK DATA

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

## VALUE PARAMETERS

52 W H/L(Rs)	636.00/309.00
Mkt. Cap.(Rs Cr)	96573.19
Latest Equity(Subscribed)	224.72
Latest Reserve (cons.)	77965
Latest EPS (cons.) -Unit Curr.	66.98
Latest P/E Ratio -cons	6.42
Latest Bookvalue (cons.) -Unit Curr.	347.94
Latest P/BV - cons	1.24
Dividend Yield -%	0.92
Face Value	1.00

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2022
Foreign	26.64
Institutions	30.55
Govt Holding	0.23
Non Promoter Corp. Hold.	0.68
Promoters	34.64
Public & Others	7.27

## Consolidated Financial Results

In Cr.

	Qtr Ended Sept. 22	Qtr Ended Sept. 21	Var. (%)
Net Sales	56,176	47,665	18
OPM (%)	10	16	
OP	5,362	7,558	-29
Other Inc.	328	395	-17
PBIDT	5,690	7,953	-28
Interest	879	1,291	-32
PBDT	4,811	6,662	-28
Depreciation	1,713	1,640	4
PBT	3,098	5,022	-38
Share of Profit/(Loss) from Associates	2	0	-
PBT	3100	5022	-38
Taxation	895	1615	-45
PAT	2205	3427	-36
EPS	10	15	

### Hindalco Industries recorded PAT down 35% YoY in Q2 FY23, below estimates

Hindalco Industries consolidated net sales increased 17.86% to Rs 56176 crore in Q2FY23 compared to Q2FY22. Sales of Copper Business segment has gone up 0.74% to Rs 9,658.00 crore (accounting for 16.35% of total sales). Sales of Novelis segment has gone up 25.59% to Rs 38,321.00 crore (accounting for 64.87% of total sales). Sales of Aluminium Upstream segment has gone up 10.70% to Rs 8,215.00 crore (accounting for 13.91% of total sales). Sales of Aluminium Downstream segment has gone up 13.14% to Rs 2,884.00 crore (accounting for 4.88% of total sales). Inter-segment sales rose Rs -2,113.00 crore to Rs -1,795.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has slumped 19.83% to Rs 6,138.00 crore. PBIT of Copper Business segment rose 54.55% to Rs 544.00 crore (accounting for 8.86% of total PBIT). PBIT of Novelis segment fell 1.29% to Rs 4,047.00 crore (accounting for 65.93% of total PBIT). PBIT of Aluminium Upstream segment fell 56.94% to Rs 1,347.00 crore (accounting for 21.95% of total PBIT). PBIT of Aluminium Downstream segment rose 163.16% to Rs 200.00 crore (accounting for 3.26% of total PBIT).

PBIT margin of Copper Business segment rose from 3.67% to 5.63%. PBIT margin of Novelis segment fell from 13.44% to 10.56%. PBIT margin of Aluminium Upstream segment fell from 42.15% to 16.40%. PBIT margin of Aluminium Downstream segment rose from 2.98% to 6.93%. Overall PBIT margin fell from 15.29% to 10.39%. Operating profit margin has declined from 15.86% to 9.55%, leading to 29.06% decline in operating profit to Rs 5,362.00 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 60.89% to 61.66%. Purchase of finished goods cost fell from 0.79% to 0.56%. Employee cost decreased from 5.91% to 5.77%. Other expenses rose from 17.12% to 22.37%. Power and Oil fuel cost rose from 5.25% to 9.00%. Provisions writeoffs cost fell from 0.20% to 0.10%. Other provisions fell from 0.20% to 0.10%.

Other income fell 16.96% to Rs 328 crore. PBIDT fell 28.45% to Rs 5690 crore. Provision for interest fell 31.91% to Rs 879 crore. PBDT fell 27.78% to Rs 4811 crore. Provision for depreciation rose 4.45% to Rs 1713 crore. Profit before EO down 38% to Rs 3100 crore. The company reported nil EO items compared to EO income of Rs 20 crore. PBT after EO was down 39% to Rs 3100 crore. Share of profit/loss were nil in both the periods. Provision for tax was

## Hindalco Industries: Consolidated Segment Results

In Cr.

	Qtr Ending Sep22	Qtr Ending Sep 21	Var.(%)	% of (Total)
<b>Sales</b>				
Novelis	38,321	30,512	26	65
Aluminium upstream	8,215	7,421	11	14
Aluminium downstream	2,884	2,549	13	5
Copper	9,658	9,587	1	16
Total Reported Sales	59,078	50,069	18	100
Less: Inter segment revenues	-1,795	-2,113	-15	
Net Sales	60,873	52,182	17	
<b>PBIT</b>				
Novelis	4,047	4,100	-1	66
Aluminium upstream	1,347	3,128	-57	22
Aluminium downstream	200	76	163	3
Copper	544	352	55	9
Total PBIT	6,138	7,656	-20	100
Less : Interest	879	1,291	-32	
Add: Other un-allocable	-2,159	-1,323	63	
<b>PBT</b>	<b>3,100</b>	<b>5,042</b>	<b>-39</b>	

expense of Rs 895 crore, compared to Rs 1615 crore. Effective tax rate was 28.87% compared to 32.03%. Minority interest was nil in both the periods. Net profit attributable to owners of the company decreased 35.66% to Rs 2,205.00 crore.

### Business Segment Performance in Q2 FY23 (vs Q2 FY22)

**Novelis:** Total shipments of flat rolled products (FRPs) were at 984 Kt in Q2 FY23 vs 968 Kt in Q2 FY22, up 2% YoY, driven by recovery in automotive and aerospace shipments. Novelis' revenue in Q2 FY23 stood at \$4.8 billion (vs \$4.1 billion), up 17% YoY, supported by higher volumes, increased product pricing, favourable mix and higher average aluminium prices.

Novelis continued to report an EBITDA of over \$500 million (\$506 million in Q2 FY23, down 8% YoY) in spite of higher inflationary pressures and other operating costs and an unfavourable foreign exchange translation, partially offset by higher product pricing, higher volumes and favourable product mix. Novelis delivered another quarter with adjusted EBITDA per ton at over \$500 (\$514 in Q2 FY23).

**Aluminium:** Upstream revenue was Rs 8,215 crore in Q2 FY23 vs Rs 7,421 crore in the prior year period up 11% YoY supported by better realisations. Aluminium Upstream EBITDA stood at Rs 1,347 crore in Q2 FY23, compared with Rs 3,128 crore for Q2 FY22, down 57% YoY, impacted by higher input costs and unfavourable macros. Upstream EBITDA margins were at 16.4% and continue to be one of the best in the global industry.

Aluminium Downstream revenue was Rs 2,884 crore in Q2 FY23 vs Rs 2,549 crore in the prior year period. Sales of Downstream Aluminium stood at 95 Kt vs 86 Kt in Q2 FY22, up 11% YoY. Aluminium Downstream EBITDA stood at a record Rs 200 crore in Q2 FY23, compared with Rs 76 crore for Q2 FY22, an increase of 163% YoY, primarily due to better pricing of downstream products. EBITDA per ton for Aluminium Downstream stood at \$264 in Q2FY23 vs \$120 in Q2 FY22, an increase of 120% YoY

**Copper:** Revenue from the Copper Business was Rs 9,658 crore this quarter, up 1% YoY, on account of higher volumes in Q2 FY23. EBITDA for the Copper Business was at Rs 544 crore in

Q2 FY23 compared to Rs 352 crore in Q2 FY22, up 55% YoY, on the back of higher domestic sales and improved by-product realizations.

Copper cathode production was at 105 Kt in Q2 FY23 (vs 100 Kt in Q2 FY22) while copper rod production was 86 Kt in Q2 FY23 (vs 70 Kt in Q2 FY22). Overall copper metal sales were at a record 112 Kt (vs 110 Kt in Q2 FY22) up 1% YoY. Copper Continuous Cast Rod (CCR) sales also touched a record 85 Kt in Q2 FY23 (vs 70 Kt in Q2 FY22), up 20% YoY supported by improved market conditions.

## Management Comment

**Commenting on the results, Mr. Satish Pai, Managing Director, Hindalco Industries, said:** "Over the years, Hindalco has transitioned to a resilient and integrated business model which supports our performance and profitability even when times are challenging. Despite a surge in input costs, the Company produced the highest-ever aluminium metal volumes.

While the Upstream Aluminium Business EBITDA was impacted due to elevated raw material and energy costs, our aluminium Downstream Business performed well with EBITDA more than doubling YoY due to better pricing and market demand. The Copper Business outperformed, reporting its highest ever metal and copper rod sales. Novelis delivered another solid quarter with higher shipments driven by a recovery in automotive and aerospace segments, and better pricing. The Company maintained a strong balance sheet and robust cash flows with consolidated Net Debt to EBITDA ratio below 2 times. Hindalco's recognition as the World's Most Sustainable Aluminium Company – for the third year in a row – by the S&P Dow Jones Sustainability Indices is an affirmation of our resilience and our future-ready approach to business."

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