

# HINDALCO INDUSTRIES LIMITED

February 15, 2024


**Current Price:** ₹ 508.35

## STOCK DATA

BSE Code	500440.00
NSE Symbol	HINDALCO
Reuters	HALC.BO
Bloomberg	HNDL IN

## VALUE PARAMETERS

52 W H/L(Rs)	620.60/381.00
Mkt. Cap.(Rs Cr)	114237.25
Latest Equity(Subscribed)	224.72
Latest Reserve (cons.)	99273.00
Latest EPS (cons.) -Unit Curr.	41.73
Latest P/E Ratio -cons	12.18
Latest Bookvalue (cons.) -Unit Curr.	442.76
Latest P/BV - cons	1.15
Dividend Yield -%	0.58
Face Value	1.00

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2023
Foreign	29.66
Institutions	28.92
Govt Holding	0.23
Non Promoter Corp. Hold.	0.43
Promoters	34.64
Public & Others	6.13

## Consolidated Financial Results

In Cr.

	Qtr Ended Dec. 23	Qtr Ended Dec. 22	Var. (%)
Net Sales	52,808	53,151	-1
OPM (%)	11.1	6.7	440 bps
OP	5,865	3,548	65
Other Inc.	280	366	-24
PBIDT	6,145	3,914	57
Interest	944	934	1
PBDT	5,201	2,980	75
Depreciation	1,874	1,768	6
PBT	3,327	1,212	175
Share of Profit/(Loss) from Associates	1	2	-50
PBT	3,328	1,214	174
Taxation	997	-148	PL
PAT	2,331	1,362	71
EPS (Rs)*	10.50	6.14	

### Hindalco Q3 FY24 Results: Margins improved, in line with the street estimates

Hindalco Industries consolidated net sales declined 0.65% to Rs 52808 crore in Q3FY24 compared to Q3FY223. Sales of Novelis has gone down 6% to Rs 32749 crore (accounting for 59% of total sales). Sales of Aluminium upstream fell 1% to Rs 7971 crore (accounting for 14% of total sales). Sales of Aluminium downstream has gone down 4% to Rs 2547 crore (accounting for 5% of total sales). Sales of Copper segment was up 16% to Rs 11954 crore (accounting for 22% of total sales). Inter-segment sales fell 5% to Rs Rs 2413 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 36% to Rs 6985 crore. PBIT of Novelis rose 33% to Rs 3783 crore (accounting for 54% of total PBIT). PBIT of Aluminium upstream rose 54% to Rs 2443 crore (accounting for 35% of total PBIT). PBIT of Aluminium downstream fell 34% to Rs 103 crore (accounting for 1% of total PBIT). PBIT of Copper segment rose 20% to Rs 656 crore (accounting for 9% of total PBIT).

PBIT margin of Novelis rose from 8.2% to 11.6%. PBIT margin of Aluminium upstream rose from 19.8% to 30.6%. PBIT margin of Aluminium downstream fell from 5.9% to 4%. PBIT margin of Copper segment rose from 5.3% to 5.5%. Overall PBIT margin rose from 9.2% to 12.6%.

Operating profit margin has jumped from 6.68% to 11.11%, leading to 65.30% rise in operating profit to Rs 5,865.00 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 62.29% to 59.59%. Purchase of finished goods cost fell from 1.89% to 1.34%. Employee cost increased from 6.21% to 7.30%. Other expenses fell from 22.85% to 20.63%. Power and Oil fuel cost fell from 8.53% to 6.60%. Provisions writeoffs cost rose from 0.12% to 0.35%. Other provisions rose from 0.12% to 0.35%.

Other income fell 23.50% to Rs 280 crore. PBIDT rose 57% to Rs 6145 crore. Provision for interest rose 1.07% to Rs 944 crore. PBDT rose 74.53% to Rs 5201 crore. Provision for depreciation rose 6% to Rs 1874 crore. Profit before tax grew 174.50% to Rs 3,327.00 crore. Share of profit/loss was 50% lower at Rs 1 crore. Provision for tax was debit of Rs 997 crore, compared to credit of Rs 148 crore. Effective tax rate was 29.96% compared to negative

12.19%. Minority interest was nil in both the periods. Net profit attributable to owners of the company increased 71.15% to Rs 2,331.00 crore.

### **Business Segment Performance in Q2FY24 (vs Q2FY23)**

**Novelis:** Total shipments of flat rolled products were at 910 Kt in Q3 FY24 vs 908 Kt in Q3 FY23, flat YoY. Novelis' revenue stood at \$3.9 billion (vs \$4.2 billion), down 6% YoY, impacted by lower average aluminum prices. Novelis reported an adjusted EBITDA of \$454 million (vs \$341 million), up 33% YoY driven by favourable metal benefit from recycling, higher pricing, and lower operating costs. Novelis' adjusted EBITDA per ton, at \$499, was up 33% YoY.

**Aluminium (India):** Upstream revenue was Rs 7,971 crore in Q3 FY24 vs Rs 8,046 crore in Q3 FY23. Aluminium Upstream EBITDA stood at Rs 2,443 crore in Q3 FY24, compared to Rs 1,591 crore in Q3 FY23, up 54% YoY driven by lower input costs. Upstream EBITDA margins were at 30.7% and continue to be one of the best in the global industry.

Downstream third quarter revenue was Rs 2,547 crore vs Rs 2,647 crore in Q3 FY23. Sales of Downstream Aluminium stood at 90 Kt vs 91 Kt in Q3 FY23, flat YoY. Downstream EBITDA was Rs 103 crore in Q3 FY24 compared to Rs 157 crore for Q3 FY23, down 34% YoY, majorly impacted by unfavourable product mix and lower realizations.

**Copper:** Revenue from the Copper Business stood at Rs 11,954 crore, up 16% YoY, driven by higher sales volumes and prices. EBITDA for the Copper Business was at an all-time high of Rs 656 crore in Q3 FY24 compared to Rs 546 crore in Q3 FY23, up 20% YoY backed by higher shipments and robust operations. Copper metal sales were 119 Kt (vs 109 Kt). Copper Continuous Cast Rod (CCR) sales were at 93 Kt (vs 88 Kt), up 6% YoY supported by growing market demand for value-added products and increased utilization of our rod mills.

### **Management Comment**

**Commenting on the results, Mr. Satish Pai, Managing Director, Hindalco Industries, said,** "We continue to stay on our growth track despite challenging market conditions, delivering a strong performance, driven by an enhanced product mix and lower input costs across our businesses.

The Copper Business registered a record EBITDA, up 20% YoY on the back of strong volume growth and robust operations. The Aluminium Upstream Business EBITDA rose 54% YoY, supported by stable operations and lower raw material costs, which keeps us positioned in the first quartile of the global cost curve. We continue to invest in promising growth areas both in aluminium and copper downstream. Our overseas business and global recycling leader Novelis showed 33% YoY improvement in EBITDA and EBITDA per ton, driven by favourable metal benefit from recycling, higher pricing, and lower operating costs.

Robust cash generation in India operations enables further deleveraging of our India business; Hindalco has pre-paid long-term loans of Rs 4,370 crores during the year amid a high-interest rate scenario. On the ESG front, our first-of-its-kind energy transition initiative is on course to begin ramp-up of 100 MW of round-the-clock carbon-free power for our Odisha smelter, by Q4 of CY2024."

E-mail: [researchfeedback@smcindiaonline.com](mailto:researchfeedback@smcindiaonline.com)



**Corporate Office:**  
11/6B, Shanti Chamber,  
Pusa Road, New Delhi - 110005  
Tel: +91-11-30111000  
[www.smcindiaonline.com](http://www.smcindiaonline.com)

**Mumbai Office:**  
Lotus Corporate Park , A Wing 401 / 402 ,  
4th Floor , Graham Firth Steel Compound,  
Off Western Express Highway, Jay Coach Signal,  
Goreagon (East) Mumbai - 400063  
Tel: 91-22-67341600, Fax: 91-22-28805606

**Kolkata Office:**  
18, Rabindra Sarani,  
Poddar Court, Gate No.- 4, 5th Floor, Kolkata-700001  
Tel: 91-33-39847000, Fax: 91-33-39847004

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

**Disclaimer:** This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High Court.