



**Current Price: ₹ 176.10**

## STOCK DATA

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

## VALUE PARAMETERS

52 W H/L(Rs)	259.70/171.70
Mkt. Cap.(Rs Cr)	39549.38
Latest Equity(Subscribed)	224.58
Latest Reserve (cons.)	57275.45
Latest EPS (cons.) -Unit Curr.	24.67
Latest P/E Ratio -cons	7.14
Latest Bookvalue (cons.) -Unit Curr.	256.03
Latest P/BV - cons	0.69
Dividend Yield -%	0.71
Face Value	1

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding (AS ON 30 Jun 2019)
Foreign	28.32
Institutions	24.29
Govt Holding	0.12
Promoters	34.66
Public & Others	12.61

## Financial Results

	Qtr Ending Jun. 2019	Qtr Ending Jun. 2018	In Cr. Var. (%)
Net Sales	29972.13	31077.53	-4
OPM (%)	11.60	13.50	
OP	3470.14	4204.62	-17
Other Income	296.07	128.08	131
PBDIT	3766.21	4332.70	-13
Interest	956.64	912.65	5
PBDT	2809.57	3420.05	-18
Depreciation	1232.97	1145.65	8
PBT before EO	1576.60	2274.40	-31
EO	21.80	0.00	
PBT after EO	1554.80	2274.40	-32
Tax	493.08	800.69	-38
PAT	1061.72	1473.71	-28
Share of profit/loss of Associate	1.17	0.98	19
Minority Interest	-0.05	0.02	
Net Profit	1062.94	1474.67	-28
EPS (Rs.)	4.78	6.62	

### Hindalco's profit slips 28% to Rs 1062.64 crore, Misses Estimates

Hindalco consolidated net sales fell 4% to Rs 29972.13 crore in Q1FY'20 compared to corresponding previous year period. Operating margins of the company fell 190 bps to 11.6% leading to 17% decrease in operating profits to Rs 3470.14 crore. Cost of material consumed as a percentage of net sales (net of stock adjustment) fell 170 bps to 59.1% while employee benefit expenses rose 50 bps to 7.2%. Power and fuel expenses were up 150 bps to 8.1% and other expenses increased 110 bps to 14%.

Other income rose 131% to Rs 296.07 crore. PBDIT decreased 13% to Rs 3766.21 crore. Interest cost rose 5% to Rs 956.64 crore in current quarters compared to Rs 912.65 core in the corresponding previous year quarter. Depreciation rose 8% to Rs 1232.97 crore. PBT before EO fell 31% to Rs 1576.6 crore.

The company had an EO expense of Rs 21.8 crore compared to nil in the corresponding previous year period. EO item includes profit on sale of aluminium foil manufacturing unit situated at Kollur, Andhrapradesh on a slump sale basis of Rs 25.26 crore and expenses of Rs 47.06 crore incurred towards restoration of Red Mud Pond and other related expenses in alumina refinery at Muri, Jharkhand. PBT after EO fell 32% to Rs 1554.8 crore.

Effective tax rate fell to 31.7% from 35.2% leading 28% decrease in PAT to Rs 1061.72 crore. Further considering profit or loss from JV and associates with minority interest net profit fell 28% to Rs 1062.64 crore.

### Business highlights – Q1 FY20

**Novelis:** Novelis delivered yet another strong operational and financial quarterly performance. Adjusted EBITDA grew 11 per cent to touch a record high of \$372 million in Q1

### Segmental results

	Qtr Ending Jun.2019	Qtr Ending Jun. 2018	Var.(%) Total	Var. (%)
<b>Net Sales</b>				
Aluminium	5472.00	5668.22	18	-3
Copper	4592.54	5011.55	15	-8
Novelis	19818.52	20326.16	66	
Other Segment	115.17	95.77	0	
Less: Inter segment revenue	-26.10	-24.17	0	8
NetSales	29972.13	31077.53	100	-4
<b>PBIT</b>				
Aluminium	889.08	1532.42	24	-42
Copper	267.36	346.51	7	-23
Novelis	2537.52	2415.99	69	5
Other Segment	-13.69	-19.35	0	-29
Total Segment Results	3680.27	4275.57	100	-14
<b>Capital Employed</b>				
Aluminium	46188.61	44308.64	79	4
Copper	7114.69	6332.29	12	12
Novelis	49084.05	47226.76	84	4
Other Segment	11261.15	11243.68	19	
Add: Net Unalloc. Assets	-55514.22	-53991.83	-95	3
Total Capital Employed	58134.28	55119.54	100	5

FY20. This performance was driven by higher shipments coupled with favourable price and product mix, partially offset by less favourable recycling benefits due to lower aluminium prices. Novelis achieved its best-ever Adjusted EBITDA per ton of \$448 in Q1 FY20, up 7 per cent YoY. The company recorded its best-ever Net Income (excluding tax-effected special items<sup>1</sup>) of \$145 million in Q1 FY20, up 26 per cent YoY. Total shipments of flat rolled products (FRP) in Q1 FY20 grew 4 per cent to 830 Kt. The revenues were at \$2.9 billion in Q1 FY20, down 6 per cent YoY; this decline was mainly due to a fall in average base aluminium price, partially offset by higher total shipments and a favourable product price and mix.

**Aluminium (Hindalco including Utkal Alumina):** Stable operations of the Indian Aluminium Business helped achieve Alumina (including Utkal) and Aluminium metal production of 686 Kt and 326 Kt in respectively, in Q1 FY20. Reported revenue of Rs.5472 crore in Q1 FY20 (Rs.5,668 crore a year ago) was lower by 3 per cent due to lower realizations. EBITDA stood at Rs.889 crore in Q1 FY20 compared to Rs.1,532 crore in Q1 FY19 due to lower realizations. EBITDA margins were at 16 per cent in Q1 FY20. Production of Aluminium Value Added Products (VAPs), excluding wire rods, was at 79 Kt in Q1 FY20 vs. 78 Kt in Q1 FY19. The impact of the Muri Alumina refinery closure was partially offset by higher volumes at Utkal Alumina.

**Copper:** The Copper Business recorded its highest quarterly Value Added Product (VAP) production at 66 Kt in Q1 FY20, up 2 per cent YoY. The VAP sales were up 3 per cent at 63 Kt in the first quarter. The overall production volumes (Copper Cathodes) were at 76 Kt in Q1 FY20, lower compared to the prior year, due to planned maintenance shutdown. The total copper metal sales remained steady at 82 Kt in Q1 FY20 vis-à-vis Q1 FY19. Revenue from the Copper

Business was at Rs.4,593 crore in Q1 FY20 vs. Rs.5,012 crore a year ago. EBITDA was lower at Rs.267 crore in Q1 FY20 compared to Rs.347 crore in Q1 FY19, due to lower by-product volumes and realisations.

### Management Comments

**Commenting on the results, Satish Pai, Managing Director, Hindalco Industries, said,** "We continued to maintain our strong position in aluminium and copper in Q1 FY20 despite headwinds. The resilient performance owes as much to our backward integration, resource security, strong balance sheet, operational capabilities and rich product portfolio. Today, 79 per cent of Hindalco's consolidated EBITDA is non-LME linked, reflecting a balanced and sustainable business model, which will serve us well in all market conditions."

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