

February 13, 2023



Current Price: ₹ 433.15

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)	97337.23
Latest Equity(Subscribed)	224.72
Latest Reserve (cons.)	90662.00
Latest EPS (cons.) -Unit Curr.	52.10
Latest P/E Ratio -cons	8.31
Latest Bookvalue (cons.) -Unit Curr.	404.45
Latest P/BV - cons	1.07
Dividend Yield -%	0.91
Face Value	1.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2022
Foreign	27.44
Institutions	30.81
Govt Holding	0.23
Non Promoter Corp. Hold.	1.63
Promoters	34.64
Public & Others	5.26

Consolidated Financial Results

In Cr.

	Qtr Ended Dec. 22	Qtr Ended Dec. 21	Var. (%)
Net Sales	53151.00	50272.00	6
OPM (%)	6.70	14.50	-780 bps
OP	3548.00	7312.00	-51
Other Inc.	366.00	181.00	102
PBIDT	3914.00	7493.00	-48
Interest	934.00	852.00	10
PBDT	2980.00	6641.00	-55
Depreciation	1768.00	1683.00	5
PBT	1212.00	4958.00	-76
Share of Profit/(Loss) from Associates	2.00	3.00	-33
PBT before EO	1214.00	4961.00	-76
EO Income	0.00	237.00	-
PBT after EO	1214.00	5198.00	-77
Taxation	-148.00	1538.00	LP
PAT	1362.00	3660.00	-63
EPS (Rs)	6.14	15.73	

Hindalco Q3 Results: Net Profit Misses Estimates On Lower Margin, Cost Pressures

Net sales (including other operating income) of Hindalco Industries consolidated net sales increased 5.73% to Rs 53151 crore in Q3FY23 compared to Q3FY22. Sales of Novelis segment has gone up 7% to Rs 34685 crore (accounting for 62% of total sales). Sales of Aluminium Upstream segment remained flat at Rs 88046 crore (accounting for 14% of total sales). Sales of Aluminium Downstream segment has gone down 8% to Rs 2647 crore (accounting for 5% of total sales). Copper sales rose 1% to Rs 10309 crore (accounting for 19% of total sales).

Profit before interest, tax and other unallocable items (PBIT) has slumped 33% to Rs 5142 crore. PBIT of Copper Business segment rose 40% to Rs 546 crore (accounting for 11% of total PBIT). PBIT of Novelis segment fell 25% to Rs 2848 crore (accounting for 55% of total PBIT). PBIT of Aluminium Upstream segment fell 52% to Rs 1591 crore (accounting for 31% of total PBIT). PBIT of Aluminium Downstream segment rose 24% to Rs 157 crore (accounting for 3% of total PBIT).

PBIT margin of Copper Business segment rose from 3.8% to 5.3%. PBIT margin of Novelis segment fell from 11.7% to 8.2%. PBIT margin of Aluminium Upstream segment fell from 41.3% to 19.8%. PBIT margin of Aluminium Downstream segment rose from 4.4% to 5.9%. Overall PBIT margin fell from 14.2% to 9.2%.

Operating profit margin has declined from 14.54% to 6.68%, leading to 51.48% decline in operating profit to Rs 3,548.00 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 62.36% to 62.29%. Purchase of finished goods cost rose from 0.64% to 1.89%. Employee cost increased from 5.67% to 6.21%. Other expenses rose from 17.55% to 22.85%. Power and Oil fuel cost rose from 5.50% to 8.53%.

Other income rose 102.21% to Rs 366 crore. PBIDT fell 47.76% to Rs 3914 crore. Provision for interest rose 9.62% to Rs 934 crore. PBDT fell 55.13% to Rs 2980 crore. Provision for depreciation rose 5.05% to Rs 1768 crore. Profit before tax down 75.55% to Rs 1,212.00 crore. Share of profit/loss was 33.33% lower at Rs 2 crore. Provision for tax was credit of Rs 148 crore, compared to debit of Rs 1538 crore. Effective tax rate was negative 12.19% compared to

Hindalco Industries: Consolidated Segment Results

In Cr.

	Qtr Ending Dec.22	Qtr Ending Dec.21	Var.(%)	% of (Total)
Sales				
Novelis	34685.00	32396.00	7	62
Aluminium upstream	8046.00	8019.00	0	14
Aluminium downstream	2647.00	2885.00	-8	5
Copper	10309.00	10255.00	1	19
Total Reported Sales	55687.00	53555.00	4	100
Less: Inter segment revenues	2536.00	3283.00	-23	
Net Sales	53151.00	50272.00	6	
PBIT				
Novelis	2848.00	3792.00	-25	55
Aluminium upstream	1591.00	3309.00	-52	31
Aluminium downstream	157.00	127.00	24	3
Copper	546.00	390.00	40	11
Total PBIT	5142.00	7618.00	-33	100
Less : Interest	934.00	852.00	10	
Add: Other un-allocable	-2994.00	-1568.00	91	
PBT	1214.00	5198.00	-77	

29.59%. Minority interest was nil in both the periods. Net profit attributable to owners of the company decreased 62.79% to Rs 1,362.00 crore.

Business Segment Performance in Q3 FY23 (vs Q3FY22)

Novelis: Total shipments of flat rolled products (FRPs) were at 908 Kt in Q3 FY23 vs 930 Kt in Q3 FY22, down 2% YoY, on account of inventory reduction by can customers, partially offset by higher shipments of automotive and aerospace products.

Novelis' revenue in Q3 FY23 stood at \$4.2 billion (vs \$4.3 billion), down 3% YoY, driven by lower average aluminium prices and lower shipments in Q3 FY23. Novelis reported an EBITDA of \$341 million (\$506 million in Q3 FY22, down 33% YoY) primarily due to lower shipments, higher inflationary pressures, less favourable metal benefits from recycling, unfavourable foreign exchange, partially offset by higher pricing, higher cost pass through to customers and a favourable product mix. Novelis' adjusted EBITDA per ton stood at \$376 in Q3 FY23 (vs \$544 in Q3 FY22).

Aluminium: Upstream revenue was Rs 8,046 crore in Q3FY23 vs Rs 8,019 crore in the prior year period. Aluminium Upstream EBITDA stood at Rs 1,591 crore in Q3FY23, compared with Rs 3,309 crore for Q3FY22, down 52% YoY, impacted by higher input costs and unfavourable macros. Upstream EBITDA margins were at 19.8% and continue to be one of the best in the global industry.

Aluminium Downstream revenue was Rs 2,647 crore in Q3FY23 vs Rs 2,885 crore in the prior year period. Sales of Downstream Aluminium stood at 91 Kt vs 86 Kt in Q3 FY22, up 6% YoY. Aluminium Downstream EBITDA stood at a record Rs 157 crore in Q3FY23, compared with Rs 127 crore for Q3FY22, an increase of 24% YoY, primarily due to better pricing of downstream products. EBITDA per ton for Aluminium Downstream stood at \$210 in Q3FY23 vs \$196 in Q3 FY22, an increase of 7% YoY.

Copper: Revenue from the Copper Business was Rs 10,309 crore this quarter, up 1% YoY, on account of higher volumes in Q3 FY23. EBITDA for the Copper Business was at Rs 546 crore in

Q3 FY23 compared to Rs 390 crore in Q3 FY22, up 40% YoY, on the back of stable operations, higher volumes of CC rods, better TC/RCs and realisations.

Copper cathode production was at 104 Kt in Q3 FY23 (vs 102 Kt in Q3 FY22) while copper rod production was 91 Kt in Q3 FY23 (vs 77 Kt in Q3 FY22). Overall copper metal sales were at a 109 Kt (vs 110 Kt in Q3 FY22). Copper Continuous Cast Rod (CCR) sales also touched a record 88 Kt in Q3 FY23 (vs 71 Kt in Q3 FY22), up 24% YoY supported by improved market conditions

Management Comments

Mr. Satish Pai, Managing Director, Hindalco Industries, said: "We are seeing core industries worldwide being buffeted by macro-economic and inflationary cost pressures, yet we delivered a strong operational performance with higher volumes across India business segments.

Though the India Aluminium upstream business EBITDA came under pressure from the surge in input costs and lower realisations, this was partially offset by higher volumes. The India Aluminium downstream business segment delivered a higher EBITDA YoY, due to higher volumes and better pricing. The Copper business registered a 40% growth in EBITDA driven by higher volumes and better realisations, supported by a robust domestic demand. Novelis witnessed unprecedented inflationary pressures, unfavourable foreign exchange rates and lower shipments; this was partially offset by higher pricing and a favourable product mix.

Despite the hits of this quarter due to external factors, we believe the long-term story remains positive backed by our strong balance sheet and resilient business model."

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