

November 11, 2020



Current Price: ₹ 192.30

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	221.20/85.05
Mkt. Cap.(Rs Cr)	43199.78
Latest Equity(Subscribed)	224.65
Latest Reserve (cons.)	59415
Latest EPS (cons.) -Unit Curr.	7.00
Latest P/E Ratio -cons	27.47
Latest Bookvalue (cons.) -Unit Curr.	265.48
Latest P/BV - cons	0.72
Dividend Yield -%	0.51
Face Value	1.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2020
Foreign	25.67
Institutions	25.11
Govt Holding	0.01
Non Promoter Corp. Hold.	0.00
Promoters	34.65

Consolidated Results

In Cr.

	Qtr Ended Sept. 20	Qtr Ended Sept. 19	Var. (%)
Net Sales	31237.00	29657.00	5
OPM (%)	10.73	11.38	
OP	3352.00	3375.00	-1
Other Income	362.00	288.00	26
PBIDT	3714.00	3663.00	1
Interest	982.00	922.00	7
PBDT	2732.00	2741.00	0
Depreciation	1708.00	1249.00	37
Minority Interest Before NP	0.00	0.00	0
PBT	1024.00	1492.00	-31
Tax	395.00	312.00	27
Fringe Benefit Tax	0.00	0.00	0
Deferred Tax	242.00	206.00	18
Reported Profit After Tax	387.00	974.00	-60
Minority Interest After NP	0.00	0.00	0
Profit/Loss of Associate Company	0.00	0.00	0
Net Profit after Minority Interest & P/L Asso.Co.	387.00	974.00	-60
EPS	1.51	5.14	

Hindalco Industries Ltd. operating profit surpassed expectations on higher volumes and lower costs in the second quarter even as its net profit missed estimates.

Hindalco Industries Limited, a global leader in aluminium and copper, announced consolidated results for the quarter ended September 30, 2020. Despite a one-time impact of Rs.1,398 crore on account of the divestiture of the Lewisport unit of Aleris, the Company reported a Consolidated PAT of Rs.387 crore. Consolidated PAT for the continuing business, which reflects the Company's Q2 performance, surged 83 per cent YoY, to Rs.1,785 crore.

The results were driven by a strong performance by Novelis and India Aluminium Business, supported by higher volumes and better product mix, lower input costs, stability in operations, and cost saving initiatives. The Copper Business also bounced back from the disruption in Q1 FY21 with ramped up operations in the second quarter. Novelis reported an all-time high EBITDA as well as EBITDA per ton in Q2 FY21, backed by record performance in beverage cans, and a market revival in the automotive and high-end specialty markets in the US and Asia Regions.

Hindalco reported an outstanding consolidated quarterly operational and financial performance in Q2 FY21. Business EBITDA at Rs.4,672 crore in Q2 FY21 (vs Rs.2,813 crore), was up 66 per cent QoQ, driven by the best ever quarterly performance by Novelis and a sharp recovery in India Aluminium business.

Consolidated Revenue for the second quarter of FY21 stood at Rs.31,237 crore (vs Rs.25,283 crore) up 24 per cent QoQ. Consolidated PAT from Continuing Operations stood at Rs.1,785 crore vs Rs.974 crore in Q2 FY20, up 83 per cent YoY. Consolidated PAT was Rs.387 crore after considering net loss from running and divestiture of discontinued operations of Rs.1,398 crore

in Q2FY21. The consolidated net debt to EBITDA ratio was 3.52x on September 30, 2020, vs 3.83x on June 30, 2020.

The company operating margins down by 65 bps to 10.73%. As a result operating profit was down by 1% to Rs 3352 crore. Other income of the company up 26% to Rs 352 crore. Interest cost increased 7% to Rs 982 crore. Depreciation increased by 37% to Rs 1708 crore. PBT as a result down 31% to Rs 1024 crore.

Segment performance in Q2 FY21 (vs. Q1 FY21)

Novelis (including Aleris).

Novelis recorded an all-time high quarterly adjusted EBITDA of \$455 million (vs \$253 million), up 80 per cent QoQ, on the back of higher volumes, good cost control, better product mix and EBITDA contribution from the acquired Aleris business. Adjusted EBITDA per ton was at a record high of \$493 in Q2 FY21 (vs \$327/ton), up 51 per cent sequentially. Novelis reported a Net Income (excluding tax-effected special items¹) of \$158 million in Q2 FY21. Revenue was at \$3.0 billion in Q2 FY21 (vs \$2.4 billion), up 24 per cent, on account of higher LME and premiums. Total shipments of flat rolled products (FRPs) was at an all-time high of 923 Kt in Q2 FY21 (vs 774Kt), up 19 per cent sequentially, driven by revival of demand across segments, except aerospace.

Aluminium India

EBITDA stood at a healthy Rs.1,066 crore in Q2 FY21, compared with Rs.856 crore for Q1 FY21 reflecting a jump of 25 per cent sequentially on account of favourable macros and lower input costs. The EBITDA margin of 22 per cent was one of the best in the industry. Reported revenue of Rs.4,796 crore in Q2 FY21 vs Rs.4,436 crore in Q1 FY21, was up 8 per cent QoQ supported by higher aluminium prices. With smelter utilisation at more than 90 per cent in Q2FY21, Aluminium India Business achieved aluminium metal production of 307 Kt (vs 291 Kt). Aluminium metal sales at 303 Kt in Q2 FY21, were flat sequentially. Aluminium VAP (excluding wire rods) sales volumes in the second quarter were at 63 Kt (vs 35 Kt), up 81 per cent, with sharp recovery in the domestic market compared to the last year. VAP sales as a percentage of total metal sales have improved to 21 per cent in Q2 FY21 vs 11 per cent in Q1 FY21.

Copper

Copper Cathode production reached 73 Kt from 41 Kt in Q1 FY21, up 76 per cent, as a result of ramping up of operations, post recovery from Q1 disruptions due to Covid. Total copper metal sales were up 28 per cent QoQ, at 75 Kt, as demand revived in Q2. Copper Value Added Product (CC Rod) sales more than doubled QoQ, at 64 Kt, with recovery of the domestic market. DAP (fertiliser) sales volume was the highest ever, at 127 Kt, up 25 per cent QoQ, on the back of robust demand due to good monsoons. EBITDA for the business in Q2 FY21 bounced back to Rs.208 crore compared to Rs.37 crore in Q1 FY21 primarily due to higher sales volume of copper and fertilizer. Revenue from the Copper Business stood at Rs.4,774 crore in the second quarter, up 58 per cent QoQ.

Business Updates

- Completed divestment of Duffel plant to ALVANCE, and signed an agreement for sale of Lewisport to American Industrial Partners, a private equity firm, for estimated net cash proceeds of \$171 million; the integration work continues with \$38 million run-rate acquisition cost synergies achieved to date.
- The expansion in Brazil to support Novelis' beverage can business continues to progress

with commissioning expected in FY22.

- Restarted commissioning process at Novelis' automotive finishing line expansion at Guthrie, Kentucky and Changzhou, China; shipments to begin in end-FY21 and early FY22 respectively.
- Utkal Alumina's capacity expansion of 500 Kt is expected to be commissioned in Q4 FY21. .

Management Comments

Mr. Satish Pai, Managing Director, Hindalco Industries Ltd., said, "It is heartening to see a sharp recovery of demand to near pre-Covid levels in India Aluminium and Copper businesses. Novelis too sees a similar rise across segments, except for aerospace. Operationally, we have maintained high efficiency and productivity, thus enabling us to deliver a sharp increase in PAT as compared to both last quarter and last year.

Operational performance must go hand-in-hand with sustainability. In that context, I am happy to share that Hindalco has achieved 100 per cent red mud utilisation at three of its refineries, a global benchmark. As part of our commitment to the National Clean Air Programme, we are transporting fly ash by rail from four of our plants to cement manufacturing units all across the country. In keeping with our circular economy vision, we ensure that waste products such as fly-ash, bottom ash and red mud create value in the brick-making, cement making, roads and construction sectors."

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