Retail Equity Research

Hindalco Industries Ltd.

HOLD

Sector: Metals & Mining

03rd September, 2025

Company Update

Key Changes	Target ▲	Rating ●	Earnings ▼		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	HNDL:IN	80,158	HINDALCO	500440	12 Months

Target	**Rs. 792**
CMP	**Rs. 721**
Return	**+10%**

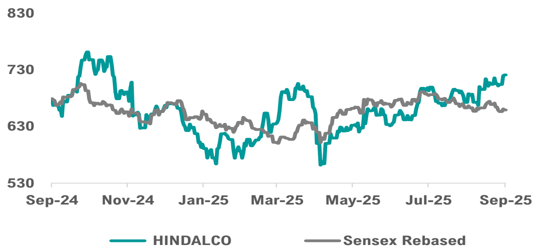
Data as of: 02-09-2025, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	162,052
52 Week High — Low (Rs.)	772 - 546
Enterprise Value (Rs. cr)	207,152
Outstanding Shares (cr)	224.7
Free Float (%)	64.3
Dividend Yield (%)	0.7
6m average volume (cr)	0.6
Beta	1.1
Face value (Rs.)	1.0

Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	34.6	34.6	34.8
FII's	31.7	31.8	31.4
MFs/Institutions	24.6	24.8	25.1
Public	6.0	5.8	6.0
Others	3.0	2.9	2.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	14%	12%	6%
Absolute Sensex	-1.0%	10%	-3.0%
Relative Return	15%	3.0%	9.0%

***over or under performance to benchmark index**



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	238,496	244,989	254,332
Growth (%)	*10.4*	*2.7*	*3.8*
EBITDA	30,965	31,538	33,343
EBITDA Margin (%)	*13.0*	*12.9*	*13.1*
Adj. PAT	16,881	15,484	16,309
Growth (%)	*66.6*	*-8.3*	*5.3*
Adj. EPS	75.1	68.9	72.6
Growth (%)	*66.6*	*-8.3*	*5.3*
P/E	9.1	10.3	9.7
P/B	1.2	1.2	1.0
EV/EBITDA	6.7	6.4	6.0
ROE (%)	*12.9*	*11.2*	*10.7*
D/E	0.5	0.5	0.4

Indian business excels, Novelis to face near-term tariff pressure

Hindalco Industries Ltd., Aditya Birla Group's metals flagship company, manufactures aluminium products and copper. Its operations include bauxite and coal mining, aluminium rolling and electricity generation through captive power plants.

- The company's consolidated total revenue from operations increased 12.7% YoY to Rs. 64,232 cr, driven by strong performances in copper, aluminium and its subsidiary Novelis.
- In Q1FY26, the copper segment grew 12.0% YoY to Rs. 14,886 cr on account of higher average prices of copper.
- Aluminium upstream business revenue jumped 5.6% YoY to Rs. 9,331 cr, supported by higher realisations, while downstream business revenue grew 16.9% YoY to Rs. 3,353 cr, driven by increased volume and realisations.
- Novelis' revenue rose 15.6% YoY to Rs. 40,362 cr, due to strong demand in beverage packaging.
- EBITDA increased 10.2% YoY to Rs. 7,908 cr, driven by higher revenue. However, EBITDA margin declined 30bps YoY to 12.3% owing to elevated scrap prices and tariff impacts, despite strong margin performance in its India Aluminium and Downstream businesses.
- The company's reported PAT surged 30.3% YoY to Rs. 4,004 cr, driven by strong performance across segments.

Outlook and valuation

Hindalco reported a double-digit revenue growth, driven by growth in all segments, and has a robust balance sheet with ample liquidity, which positions it well to capitalise on future opportunities and overcome challenges. The company's expansion and growth are underpinned by solid execution, value addition and backward integration. With favourable demand prospects for aluminum and copper, Hindalco's business is poised for growth. Despite a tough economic environment, Novelis delivered steady results. Also, to address margin pressure and drive long-term profitability, the company is implementing a cost reduction programme. However, Novelis faces tariff exposure on imports and is actively pursuing mitigation measures. Considering these factors, **we retain our HOLD rating on the stock, with a revised target price of Rs. 792 based on SOTP valuation.**

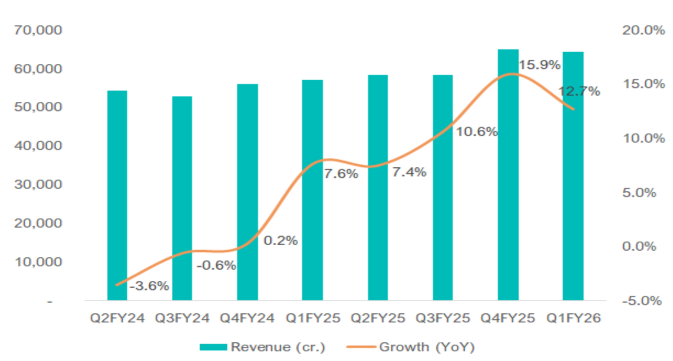
Quarterly Finance Consolidated

Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	64,232	57,013	*12.7*	64,890	*-1.0*
EBITDA	7,908	7,175	*10.2*	8,842	*-10.6*
Margin (%)	*12.3*	*12.6*	*-30bps*	*13.6*	*-130bps*
EBIT	5,828	5,283	*10.3*	6,724	*-13.3*
PBT	5,676	4,848	*17.1*	6,550	*-13.3*
Rep. PAT	4,004	3,074	*30.3*	5,284	*-24.2*
Adj. PAT	4,004	3,404	*17.6*	5,278	*-24.1*
Adj. EPS (Rs)	17.8	15.1	*17.6*	23.5	*-24.1*

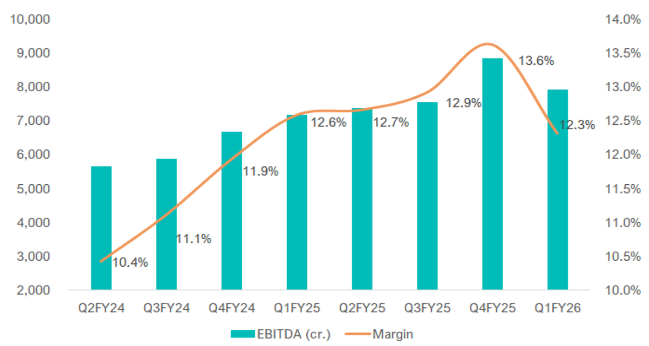
Key concall highlights

- Novelis' shipments increased by 1% YoY to 963 KT, compared with 951 KT in the previous year. However, its quarterly EBITDA declined by 17% YoY to $416 million on higher scrap prices and an unfavourable tariff impact.
- As of June 2025, Hindalco's consolidated net debt was Rs 34,257 cr. It has a net cash position of Rs 18,657 cr in its India operations, while Novelis' net debt stands at Rs. 46,923 cr. Despite this, the company's consolidated balance sheet remains strong, with a net debt-to-EBITDA ratio of 1.02x, which is significantly lower than the previous year's 1.24X, indicating a healthy financial position.
- The company's Bay Minette and India expansion projects are progressing as planned, with key growth initiatives remaining on schedule.
- Novelis aims to achieve cost savings of $100 million by the end of FY26 and $300 million by FY28 through its cost reduction initiatives.
- Hindalco has secured the Meenakshi coal mines, which have an annual production capacity of 12 million tonnes, thereby enhancing its resource securitization.

Revenue



EBITDA



Sum of the parts (SOTP) valuation

Particulars	Basis	Multiple	Year	Value (Rs.cr)	Value/share (Rs.)
Aluminium	EV/EBITDA	5.6x	FY27E	112,202	499
Copper	EV/EBITDA	5.2x	FY27E	18,655	83
Novelis	EV/EBITDA	4.5x	FY27E	81,341	362
Net Debt				53,614	239
Quoted Investments @ 20% discount				19,373	86
Target SOTP				**177,957**	**792**

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	240,689	246,702	244,989	254,332	*1.8*	*3.1*
EBITDA	31,062	33,051	31,538	33,343	*1.5*	*0.9*
Margins (%)	*12.9*	*13.4*	*12.9*	*13.1*	*0bps*	*-30bps*
Adj. PAT	15,588	16,319	15,484	16,309	*-0.7*	*-0.1*
EPS	69.4	72.6	68.9	72.6	*-0.7*	*-0.1*

Consolidated Financials

Profit & Loss

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**223,202**	**215,962**	**238,496**	**244,989**	**254,332**
% change	*14.4*	*-3.2*	*10.4*	*2.7*	*3.8*
EBITDA	**22,727**	**23,920**	**30,965**	**31,538**	**33,343**
% change	*-19.9*	*5.2*	*29.4*	*2.0*	*5.7*
Depreciation	7,086	7,521	7,881	8,733	9,468
EBIT	**15,630**	**16,374**	**23,048**	**22,805**	**23,875**
Interest	3,646	3,858	3,419	3,351	3,305
Other Income	1,257	1,496	2,708	2,201	2,239
PBT	**13,241**	**14,012**	**22,337**	**21,655**	**22,809**
% change	*-32.4*	*5.8*	*59.4*	*-3.1*	*5.3*
Tax	3,144	3,857	6,335	6,172	6,501
Tax Rate (%)	*23.7*	*27.5*	*28.4*	*28.5*	*28.5*
Reported PAT	**10,097**	**10,155**	**16,002**	**15,484**	**16,309**
PAT att. to common shareholders	**10,097**	**10,155**	**16,002**	**15,484**	**16,309**
Adj.*	-41	-21	879	-	-
Adj. PAT	**10,056**	**10,134**	**16,881**	**15,484**	**16,309**
% change	*-26.2*	*0.8*	*66.6*	*-8.3*	*5.3*
No. of shares (cr)	224.7	224.7	224.7	224.7	224.7
Adj. EPS (Rs.)	**44.7**	**45.1**	**75.1**	**68.9**	**72.6**
% change	*-26.8*	*0.8*	*66.6*	*-8.3*	*5.3*
DPS (Rs.)	3.0	3.5	5.0	5.2	5.4

Balance Sheet

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	15,368	12,687	10,846	18,348	18,711
Accts. Receivable	16,214	16,404	19,834	19,599	20,855
Inventories	42,958	40,812	48,801	49,187	51,080
Other Cur. Assets	14,771	12,440	22,478	22,646	22,734
Investments	8,279	12,218	13,671	14,346	14,630
Gross Fixed Assets	**140,942**	**156,620**	**177,024**	**199,073**	**221,963**
Net Fixed Assets	78,530	79,698	84,237	94,850	105,300
CWIP	7,340	14,591	27,023	29,725	32,698
Intangible Assets	32,436	32,342	32,648	32,704	32,760
Def. Tax -Net	1,328	1,184	1,691	1,234	1,300
Other Assets	7,593	9,531	4,762	3,706	4,075
Total Assets	**224,817**	**231,907**	**265,991**	**286,345**	**304,142**
Current Liabilities	53,092	51,821	59,427	67,230	70,889
Provisions	5,891	6,235	6,227	6,476	6,735
Debt Funds	60,554	56,712	64,460	62,710	60,960
Other Liabilities	10,463	10,982	12,156	11,886	12,430
Equity Capital	222	222	222	222	222
Res. & Surplus	94,584	105,924	123,487	137,809	152,895
Shareholder Funds	**94,806**	**106,146**	**123,709**	**138,031**	**153,117**
Minority Interest	11	11	12	12	12
Total Liabilities	**224,817**	**231,907**	**265,991**	**286,345**	**304,142**
BVPS	**422**	**472**	**550**	**614**	**681**

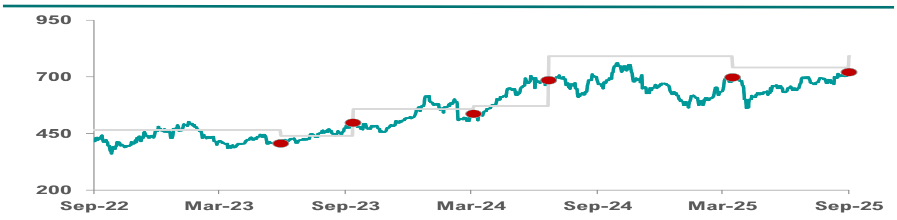
Cashflow

Y.E March (Rs.cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	17,183	17,676	23,883	24,217	25,777
Non-cash adj.	-38	5,729	3,352	460	1,416
Other adjustments					
Changes in W.C	2,063	651	-2,825	7,108	-138
C.F. Operation	**19,208**	**24,056**	**24,410**	**31,785**	**27,055**
Capital exp.	-9,637	-15,678	-20,404	-22,049	-22,890
Change in inv.	-264	1,826	-7,290	-780	-337
Other invest.CF	1,885	-424	2,955	1,457	-492
C.F - Investment	**-8,016**	**-14,276**	**-24,739**	**-21,372**	**-23,719**
Issue of equity	-125	-99	-104	-	-
Issue/repay debt	-8,187	-4,393	5,233	-1,750	-1,750
Dividends paid	-890	-667	-778	-1,161	-1,223
Other finance.CF	-1,248	-5,658	-6,167	-	
C.F - Finance	**-10,450**	**-10,817**	**-1,816**	**-2,911**	**-2,973**
Chg. in cash	742	-1,037	-2,145	7,502	363
Closing Cash	**15,368**	**12,687**	**10,846**	**18,348**	**18,711**

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	10.2	11.1	13.0	12.9	13.1
EBIT margin (%)	7.0	7.6	9.7	9.3	9.4
Net profit mgn.(%)	4.5	4.7	6.7	6.3	6.4
ROE (%)	10.7	9.6	12.9	11.2	10.7
ROCE (%)	10.1	10.1	12.2	11.4	11.2
W.C & Liquidity					
Receivables (days)	26.5	27.7	30.4	29.2	29.9
Inventory (days)	99.2	100.4	111.8	109.5	109.9
Payables (days)	95.8	91.9	97.0	110.4	113.2
Current ratio (x)	1.5	1.4	1.6	1.5	1.5
Quick ratio (x)	0.6	0.5	0.6	0.7	0.7
Turnover &Leverage					
Gross asset T.O (x)	1.6	1.5	1.4	1.3	1.2
Total asset T.O (x)	1.0	0.9	1.0	0.9	0.9
Int. covge. ratio (x)	4.3	4.2	6.7	6.8	7.2
Adj. debt/equity (x)	0.6	0.5	0.5	0.5	0.4
Valuation					
EV/Sales (x)	0.6	0.8	0.9	0.8	0.8
EV/EBITDA (x)	6.0	7.1	6.7	6.4	6.0
P/E (x)	9.1	12.4	9.1	10.3	9.7
P/B (x)	1.0	1.2	1.2	1.2	1.0

Recommendation Summary - (last 3 years)



Dates	Rating	Target
02-Jun-22	BUY	466
30-Aug-22	HOLD	465
01-Jun-23	HOLD	440
14-Sep-23	BUY	557
07-Mar-24	HOLD	571
24-Jun-24	BUY	791
18-Mar-25	HOLD	741
03-Sep-25	HOLD	792

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: ▲ Upgrade ● No Change ▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

DISCLAIMER & DISCLOSURES

Certification: I, Gopika Gopan, author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please Click here

CRISIL has provided research support in preparation of this research report and the investment rational contained herein along with financial forecast. The target price and recommendation provided in the report are strictly GIL's views and are NOT PROVIDED by CRISIL. Further, CRISIL expresses no opinion on valuation and the associated recommendations. CRISIL has no financial liability whatsoever, to the subscribers / users of this report.

Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC (a subsidiary of holding company in Oman engaged in Financial Services), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above-mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. **Disclosures regarding Ownership:**

GIL confirms that:

(i)It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.

(ii)It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

(i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

2. **Disclosures regarding Compensation:**

During the past 12 months, GIL or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

3. **Disclosure by GIL regarding the compensation paid to its Research Analyst:**

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. **Disclosure regarding the Research Analyst's connection with the subject company**: It is affirmed that I, Gopika Gopan, Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

5. **Disclosure regarding Market Making activity:** Neither GIL/its Analysts have engaged in market making activities for the subject company.

6. **Disclosure regarding conflict of interests:** GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

7. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

8. Clients are required to keep contact details, including email id and mobile number/s updated with the GIL at all times.

9. In the course of providing research services by GIL, GIL cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit GIL to execute any trade on their behalf.

10. GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

11. **Standard Warning:** "Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

12. Disclosures regarding Artificial Intelligence tools: Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

GRIEVANCES

Step 1: The client should first contact the RA using the details on its website or following

GOPIKA GOPAN Digitally signed by GOPIKA GOPAN Date: 2025.09.03 12:00:58 +05'30'

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam,; Phone: +91 484-2901367; Email: compliance@geojit.com. For Grievances:grievances@geojit.com. **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at https://smartodr.in

Corporate Identity Number: U66110KL2023PLC080586, Research Entity SEBI Reg No: INH000019567; Depository Participant : IN-DP-781-2024.