

Hindalco Industries Limited

BUY

Sector: Metals & Mining

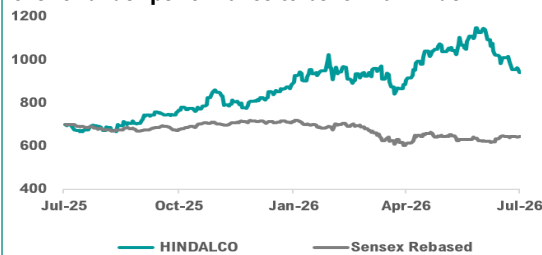
02nd July, 2026

Key Changes	Target ▲	Rating ●	Earnings ▲	Target	Rs. 1,074
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	HNDL:IN	76,923	HINDALCO	500440	12 Months
				CMP	Rs. 940
				Return	+14%

Data as of: 01-July-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	211,218		
52 Week High — Low (Rs.)	1,179 - 657		
Enterprise Value (Rs. cr)	299,295		
Outstanding Shares (cr)	224.7		
Free Float (%)	64.2		
Dividend Yield (%)	0.5		
6m average volume (cr)	0.6		
Beta	1.1		
Face value (Rs.)	1.0		
Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	34.6	34.6	34.6
FII's	31.7	32.3	34.1
MFs/Institutions	24.6	22.4	21.5
Public	6.0	5.9	5.9
Others	3.1	4.8	3.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	3.9%	6.0%	34.6%
Absolute Sensex	5.2%	-9.7%	-7.8%
Relative Return*	-1.3%	15.7%	42.3%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY26A	FY27E	FY28E
Sales	274,944	318,776	344,048
Growth (%)	15.3	15.9	7.9
EBITDA	38,091	43,709	47,565
EBITDA Margin (%)	13.9	13.7	13.8
Adj. PAT	20,354	23,718	24,217
Growth (%)	20.6	16.5	2.1
Adj. EPS	90.6	105.5	107.8
Growth (%)	20.6	16.5	2.1
P/E	10.6	9.1	8.9
P/B	1.6	1.4	1.2
EV/EBITDA	7.9	6.9	6.3
ROE (%)	9.8	14.9	13.3
D/E	0.7	0.6	0.6

Upstream capacity doubling on track

Hindalco Industries Ltd, the Aditya Birla Group's metals flagship, is an integrated aluminium and copper producer. It mines bauxite and coal, refines alumina, and smelts primary aluminium in India, backed by captive power. Its downstream aluminium business sits largely in Novelis, the world's largest aluminium roller and recycler.

- FY26 consolidated revenue rose 15% YoY to a record Rs. 2,74,944cr, supported by stronger aluminium and copper realisations and strong India business volumes.
- Q4FY26 Novelis segment revenue rose 11% YoY to Rs. 43,117cr, driven by better pricing and product mix (aided by rupee depreciation), despite a 4% YoY shipment decline to 917KT from the Oswego plant fire.
- Q4FY26 Aluminium Downstream revenue grew 35% YoY to Rs. 4,867cr, led by 18% volume growth to 124KT alongside richer product mix and premiumisation.
- FY26 EBITDA rose 7% to a record Rs. 38,097cr driven by record India aluminium upstream, downstream and copper performance.
- Q4FY26 reported PAT fell 50.9% YoY to Rs. 2,597cr on the Rs. 4,171cr Oswego-led exceptional charge; adjusting for the exceptional on a gross basis, PAT stood at Rs. 6,768cr, up 28.2% YoY.

Outlook & Valuation

Hindalco delivered a strong performance, driven by India's aluminum upstream cost leadership, robust downstream volume growth through the ramp-up of Aditya FRP, and copper segment resilience, supported by elevated byproduct realisations. Going forward, the Novelis Oswego hot mill restart and Bay Minette greenfield commissioning are expected to restore shipment volumes and drive long-term growth. The ongoing cost reduction programme, upstream aluminum capacity doubling and downstream EBITDA expansion targets are expected to strengthen earnings materially. Additionally, tight global aluminum supply, rising demand from the energy transition theme and India's infrastructure-led consumption growth position the company well for sustained value creation. Therefore, **we maintain our BUY rating on the stock, with a revised target price of Rs. 1,074, based on a SOTP valuation.**

Quarterly Financial Consolidated

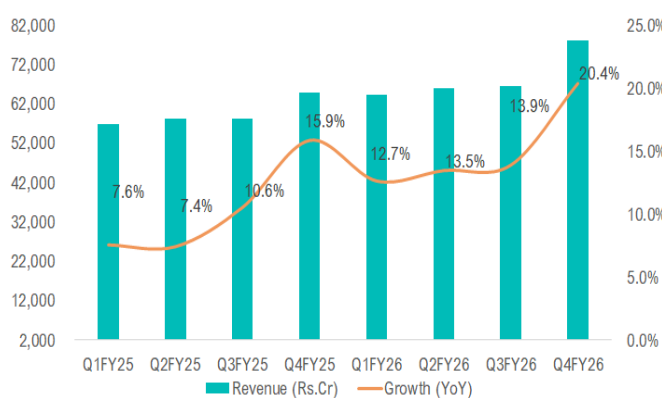
Rs.cr	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales	78,133	64,890	20.4	66,521	17.5	274,944	238,496	15.3
EBITDA	11,197	10,296	8.8	8,543	31.1	38,091	35,496	7.2
Margin (%)	14.3	15.9	-160bps	12.8	150bps	13.9	14.9	-100bps
EBIT	8,668	7,418	16.8	6,323	37.1	28,943	26,632	8.7
PBT	3,451	6,550	-47.3	2,829	22.0	18,496	22,337	-17.2
Rep. PAT	2,597	5,284	-50.9	2,049	26.7	13,391	16,002	-16.3
Adj PAT	6,768	5,278	28.2	4,659	45.3	20,354	16,881	20.6
Adj. EPS (Rs)	30.1	23.5	28.2	20.7	45.3	90.6	75.1	20.6



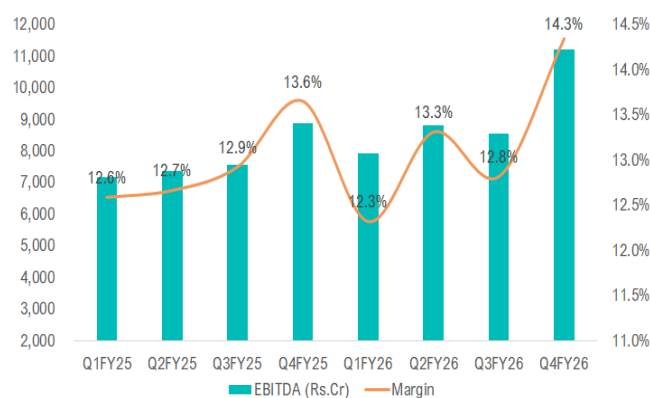
Key concall highlights

- Aluminium Upstream segment revenue rose 11% YoY to Rs. 11,418cr, driven by higher aluminium realisations and 2% volume growth backed by strong domestic demand and cost optimisation.
- Novelis Oswego hot mill is on track to restart in the coming weeks (Q1FY27), with the fire having cost 73KT of shipments in Q4FY26; full normalisation is expected to support a Novelis earnings recovery from Q2FY27 onward
- Management reaffirmed progress on doubling India's upstream aluminium capacity, Aditya Alumina Refinery and Smelter Phase 1 on track for commissioning by December 2027, with Phase 2 to follow by December 2028, alongside captive coal mine ramp-up to support the cost curve.
- The global aluminium supply deficit is expected to widen to 1.5 million tons in 2026 due to West Asia conflict disruptions, and limited new smelter additions globally.
- The management highlighted that the global concentrate market remains unprecedentedly tight in 2026, with spot TCRCs at record lows of minus \$0.21–\$0.25/lb amid structural supply-smelter mismatch.
- Management expressed confidence that Meenakshi mine will ramp up even faster than Chakla given its sub-1 strip ratio, delivering meaningful volumes from FY29.

Revenue



EBITDA



SOTP Valuation

Particulars	Basis	Multiple	Year	Value (Rs.cr)	Value/share (Rs.)
Aluminium	EV/EBITDA	8.3x	FY28E	1,88,503	839
Copper	EV/EBITDA	7.7x	FY28E	25,651	114
Novelis	EV/EBITDA	5.3x	FY28E	91,427	407
Net Debt				84,940	378
Quoted Investments @ 20% discount				20,764	92
Target SOTP				2,41,405	1,074

Change in Estimates

Year / Rs.cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	266,874	-	318,776	344,048	19.4	-
EBITDA	35,928	-	43,709	47,565	21.7	-
Margins (%)	13.5	-	13.7	13.8	20bps	-
Adj. PAT	17,605	-	23,718	24,217	34.7	-
EPS	78.3	-	105.5	107.8	34.8	-



Consolidated Financials

Profit & Loss

Y.E March (Rs.cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	215,962	238,496	274,944	318,776	344,048
% change	-3.2	10.4	15.3	15.9	7.9
EBITDA	23,920	35,496	38,091	43,709	47,565
% change	5.2	48.4	7.3	14.7	8.8
Depreciation	-7,521	-8,864	-9,154	-10,511	-11,928
EBIT	16,374	26,632	28,943	33,197	35,637
Interest	3,858	3,419	3,480	4,037	4,844
Other Income	1,496	-1,859	-7,291	2,464	1,496
PBT	14,012	22,337	18,496	31,625	32,290
% change	5.8	59.4	-17.2	71.0	2.1
Tax	3,857	6,335	5,105	7,906	8,072
Tax Rate (%)	27.5	28.4	27.6	25.0	25.0
Reported PAT	10,155	16,002	13,391	23,718	24,217
PAT att. to com-	10,155	16,002	13,391	23,718	24,217
Adj.*	-21	879	6,963	-	-
Adj. PAT	10,134	16,881	20,354	23,718	24,217
% change	0.8	66.6	20.6	16.5	2.1
No. of shares (cr)	224.7	224.7	224.7	224.7	224.7
Adj. EPS (Rs.)	45.1	75.1	90.6	105.5	107.8
% change	0.8	66.6	20.6	16.5	2.1
DPS (Rs.)	3.5	5.0	5.0	5.3	6.0

Cashflow

Y.E March (Rs.cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	17,676	23,883	22,221	34,230	36,145
Non-cash adj.	5,729	3,550	-1,463	2,815	-2,706
Other adjustments	-	-	-	-	-
Changes in W.C	651	-3,023	-10,508	-5,187	-1,659
C.F. Operation	24,056	24,410	10,250	31,858	31,780
Capital exp.	-15,678	-20,404	-29,758	-33,153	-26,664
Change in inv.	1,826	-7,290	-1,272	-415	-423
Other invest.CF	-424	2,955	4,447	-271	-377
C.F - Investment	-14,276	-24,739	-26,583	-33,839	-27,463
Issue of equity	-99	-104	-117	-	-
Issue/repay debt	-4,393	5,233	13,766	1,540	1,617
Dividends paid	-667	-778	-1,110	-1,124	-1,191
Other finance.CF	-5,658	-6,167	7,548	-	-
C.F - Finance	-10,817	-1,816	20,087	416	426
Chg. in cash	-1,037	-2,145	3,754	-1,564	4,743
Closing Cash	12,687	10,846	14,808	13,244	17,987

Balance Sheet

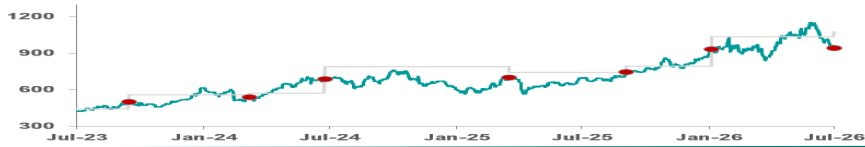
Y.E March (Rs.cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	12,687	10,846	14,808	13,244	17,987
Accts. Receivable	16,404	19,834	27,222	31,176	33,097
Inventories	40,812	48,801	75,517	87,113	93,389
Other Cur. Assets	12,440	22,478	23,483	24,190	26,661
Investments	12,218	13,671	17,135	17,471	17,814
Gross Fixed Assets	156,620	177,024	206,782	239,935	266,598
Net Fixed Assets	79,698	84,237	112,061	131,729	143,195
CWIP	14,591	27,023	29,725	32,698	35,968
Intangible Assets	32,342	32,648	37,930	37,994	38,059
Def. Tax -Net	1,184	1,691	3,114	3,321	3,633
Other Assets	9,531	4,762	6,800	6,800	6,800
Total Assets	231,907	265,991	347,795	385,737	416,603
Current Liabilities	51,821	59,427	95,014	104,542	110,448
Provisions	6,235	6,227	6,577	6,643	6,709
Debt Funds	56,712	64,460	99,770	101,310	102,927
Other Liabilities	10,982	12,156	9,839	14,053	14,303
Equity Capital	222	222	222	222	222
Res. & Surplus	105,924	123,487	136,361	158,956	181,982
Shareholder Funds	106,146	123,709	136,583	159,178	182,204
Minority Interest	11	12	12	12	12
Total Liabilities	231,907	265,991	347,795	385,737	416,603
BVPS	472	550	608	708	811

Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	11.1	14.9	13.9	13.7	13.8
EBIT margin (%)	7.6	11.6	10.6	10.4	10.4
Net profit mgn.(%)	4.7	6.7	4.9	7.4	7.0
ROE (%)	9.6	12.9	9.8	14.9	13.3
ROCE (%)	10.1	14.7	12.4	12.7	12.5
W.C & Liquidity					
Receivables (days)	27.7	30.4	36.1	35.7	35.1
Inventory (days)	100.4	110.3	144.6	143.5	142.4
Payables (days)	91.9	91.4	118.0	118.6	119.7
Current ratio (x)	1.4	1.6	1.2	1.2	1.3
Quick ratio (x)	0.5	0.6	0.4	0.4	0.4
Turnover & Leverage					
Gross asset T.O (x)	1.5	1.4	1.4	1.4	1.4
Total asset T.O (x)	0.9	1.0	0.9	0.9	0.9
Int. covge. ratio (x)	4.2	8.1	8.4	8.2	7.4
Adj. debt/equity (x)	0.5	0.5	0.7	0.6	0.6
Valuation					
EV/Sales (x)	1.2	1.1	1.1	1.0	0.9
EV/EBITDA (x)	10.8	7.6	7.9	6.9	6.3
P/E (x)	21.2	12.7	10.6	9.1	8.9
P/B (x)	2.0	1.7	1.6	1.4	1.2



Recommendation Summary (Last 3 years)



Dates	Rating	Target
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
05-Jan-26	BUY	1,034
02-Jul-26	BUY	1,074

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.

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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: customer@geojit.com

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