PL Capital
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August 13, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

**Change in Estimates**

| | Current | | Previous | |
|---|---|---|---|---|
| | FY26E | FY27E | FY26E | FY27E |
| **Rating** | **ACCUMULATE** | | **ACCUMULATE** | |
| **Target Price** | **762** | | **738** | |
| Sales (Rs bn) | 2,562 | 2,614 | 2,502 | 2,638 |
| *% Chng.* | *2.4* | *(0.9)* | | |
| EBITDA (Rs bn) | 322 | 347 | 304 | 333 |
| *% Chng.* | *6.1* | *4.1* | | |
| EPS (Rs.) | 72.8 | 79.4 | 65.8 | 74.2 |
| *% Chng.* | *10.7* | *7.0* | | |

**Key Financials - Consolidated**

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|
| Sales (Rs. bn) | 2,160 | 2,385 | 2,562 | 2,614 |
| EBITDA (Rs. bn) | 243 | 328 | 322 | 347 |
| *Margin (%)* | *11.2* | *13.8* | *12.6* | *13.3* |
| PAT (Rs. bn) | 102 | 160 | 162 | 176 |
| EPS (Rs.) | 45.7 | 72.1 | 72.8 | 79.4 |
| *Gr. (%)* | *0.6* | *57.6* | *1.0* | *9.1* |
| DPS (Rs.) | 3.5 | 5.0 | 5.5 | 6.1 |
| *Yield (%)* | *0.5* | *0.7* | *0.8* | *0.9* |
| *RoE (%)* | *10.1* | *13.9* | *12.3* | *12.0* |
| *RoCE (%)* | *11.4* | *15.4* | *13.1* | *13.5* |
| EV/Sales (x) | 0.9 | 0.8 | 0.7 | 0.7 |
| EV/EBITDA (x) | 7.6 | 5.7 | 5.6 | 5.2 |
| PE (x) | 14.6 | 9.3 | 9.2 | 8.4 |
| P/BV (x) | 1.4 | 1.2 | 1.1 | 1.0 |

| **Key Data** | **HALC.BO \| HNDL IN** |
|---|---|
| 52-W High / Low | Rs.773 / Rs.546 |
| Sensex / Nifty | 80,236 / 24,487 |
| Market Cap | Rs.1,499bn/ $ 17,090m |
| Shares Outstanding | 2,247m |
| 3M Avg. Daily Value | Rs.3250.63m |

**Shareholding Pattern (%)**

| | |
|---|---|
| Promoter's | 34.64 |
| Foreign | 31.54 |
| Domestic Institution | 25.17 |
| Public & Others | 8.65 |
| Promoter Pledge (Rs bn) | - |

**Stock Performance (%)**

| | 1M | 6M | 12M |
|---|---|---|---|
| Absolute | (0.6) | 11.4 | 6.0 |
| Relative | 2.2 | 5.7 | 5.2 |

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# Hindalco Industries (HNDL IN)

## Rating: ACCUMULATE | CMP: Rs667 | TP: Rs762

## *Strong India negates Novelis softness*

**Quick Pointers:**

- HNDL began commercial sales from Aditya FRP in Jun'25, with the ramp up progressing well and FY26 volume target of 70kt.
- Novelis EBITDA is expected to improve on higher MJP, stable scrap prices and mitigation efforts taken by mgmt.

***Hindalco Industries (HNDL) delivered in-line cons operating performance aided by lower operating costs in India aluminium business and copper. Aluminium cost of production declined 3% QoQ on higher linkage coal from NCL while improving product mix at downstream business aided EBITDA/t. Mgmt. guided similar inch up in Q2 costs and consistent improvement in downstream volumes aided by commercial commencement of Aditya FRP. Coal supply from captive Chakla/Bandha mines is expected to start from Mar'26/Mar'27 respectively. Novelis Q1 was weak on higher scrap prices, unfavorable product mix and tariff impact despite stable volumes. Adverse impact of ~USD60m/quarter is expected due to inter-region movement, as Novelis imports Can sheet from S. Korea/ Brazil (~170kt, 50% tariff as per section 232 Vs 10% earlier which used to get exempted). Also, Canada supports US (90kt) for Auto sheets. We believe Novelis' 9MFY26 to be impacted due to the tariffs and weak macro, however as mgmt. is taking mitigation initiatives along with higher MJP and stable scrap prices, EBITDA should improve gradually.***

***We maintain our Novelis EBITDA/t assumption for FY26/27E at USD440/480 & ~1% volume growth till there is some visibility on benefits of efficient scrap sourcing by Novelis. We increase our FY26/27E cons EBITDA estimates by 6%/4% respectively as we factor in tad higher AL prices of USD2,487/USD2,537 and strong by-product prices for FY26E/27E. At CMP, the stock is trading at EV of 5.6x/5.2x FY26/27E EBITDA. Maintain 'Accumulate' rating with revised TP of Rs762 (earlier Rs738), valuing Novelis at 6.5x & standalone ops at 5.5x EV of Mar'27E EBITDA.***

**India Aluminium performance improves on lower coal and better product mix:** Stdl. AL revenue grew 6% YoY while copper revenue grew 12% YoY. AL upstream revenue grew 6% YoY on higher realisation and EBITDA was up 17% due to lower input cost. Downstream revenue grew 17% YoY on account of higher shipments/ realization; while EBITDA was up 108% YoY on account of favourable product mix. Copper revenue increased 12% YoY, on account of higher realization. AL upstream sales volumes declined 2% YoY to 325kt, downstream sales volumes declined 4% YoY to 101kt. Copper volumes declined 8% YoY to 124kt. Blended realisation for AL business declined 11% QoQ to Rs235k/t (up 7% YoY) while copper business realisation improved 11% QoQ to Rs1,200k/t (up 7% YoY). Upstream EBITDA/t improved 15% YoY to USD1,467 while downstream EBITDA/t improved 92% YoY to USD264.

**Strong India ops offset Novelis weakness:** Std. EBITDA grew 14% YoY to Rs31.4bn (+5% QoQ; PLe of Rs26bn) on lower operating costs at aluminium business. Copper EBITDA started getting impacted due to weak TcRc and its contribution would remain weak for next two years till incremental global mine supply comes. Cons. EBITDA grew 5% YoY at Rs79.1bn (-11% QoQ; PLe Rs80bn) on better Utkal and metal performance. Novelis' performance was a miss on PLe this quarter which was largely compensated by stronger Hindalco India performance.

**Novelis segment wise demand:** Beverage packaging (Cans; ~60% volumes) witnessed robust 8% YoY volume growth during Q1FY26. While there is significant pressure on rest of the segments due to uncertain macro-economic environment, mgmt.'s 3-year USD300m structural cost reduction program would aid. We believe uncertain macros to impact overall demand of FRP in FY26 and have assumed just 1% volume growth for FY26/27E.

**Region wise volumes & EBITDA/t:** Shipments of flat rolled products (FRP) grew 1.3% YoY to 963kt (0.6% QoQ, PLe 970kt) on higher demand for beverage packaging shipments which were partially offset by lower Auto and specialty shipments. Novelis's adj. EBITDA/t declined 18% YoY to USD 432/t driven by higher aluminum scrap prices, unfavorable product mix, and a net negative tariff impact, partially offset by higher product pricing, lower SG&A costs and favorable forex.

FRP Shipments grew 4% QoQ in N.A. to 389kt (higher cans, lower auto & specialties, lower metal benefit); Europe volumes de-grew 1% QoQ to 262kt on better cans negated by lower Autos, higher scarp prices and lower local market premiums. Asia volumes grew 7% QoQ to 215kt (higher cans & Aero offsetting lower specialties & auto) and S.A de-grew 5% QoQ to 156kt. EBITDA/t declined 15% QoQ in N. A. to USD342/t; declined sharp 32% QoQ to USD267/t in Europe. While in Asia EBITDA/t declined 2% QoQ to USD 433/t and -3% QoQ to USD 763/t in S. A..

**Higher premiums and stable scrap pricing should aid:** Novelis expects a USD60mn negative tariff impact per quarter (without mitigation) due to doubling of duties under Sec232 by US President. Mitigation efforts undertaken are tariff pass-throughs, strategies to open up more US mfg/scrap sourcing, and cost-takeout actions (USD100m in FY26). Q2 performance should be better than Q1. Most mitigation benefits will be visible in Q3 (seasonally weak) and fully in Q4. Higher premiums and stable scrap pricing should aid in next few quarters along with mitigation benefits.

## HNDL Q1FY26 Concall Highlights:

- 18% of the currency is hedged at an exchange rate of Rs87/USD and 20% of metal is hedged at USD2,666/t for Q2FY26.
- Alumina sales stood at 170kt in Q1FY26 and would be ~190-200kt in Q2FY26.
- HNDL incurred a capex of Rs12.73bn in Q1FY26. For FY26, capex is projected at Rs75-80bn, with FY27 expected to see peak spending of ~Rs150bn.
- In HNDL India, total cash is Rs186bn and Rs70bn of long-term debt. Cons net debt is Rs342bn. Net debt-to-EBITDA stood at 1.02 at the end of Q1FY26.

- In its downstream business, HNDL is moving up the value chain by expanding beyond extrusions to offer premium products, e.g. adding battery enclosures for EV manufacturers, which is further enhancing margins.
- Commercial coal production from Chakla to start from Mar'26. In the first year, production is estimated at 0.5-1mt. The Bandha coal mine, having high stripping ratio, is expected to produce coal by the end of FY27. Meenakshi is expected to begin production only in FY28.
- HNDL has guided for a 30% reduction in coal costs compared to linkage once all captive mines are operational at 20mtpa full capacity.
- HNDL sourced 63% of its coal supplies in Q1 through linkage as prices were down 3% in Q1 QoQ. Q2 costs expected to rise by ~3% QoQ. CP coke prices have also increased.
- HNDL began commercial sales from Aditya-FRP in Jun'25, with the ramp up progressing well and a full-year volume target of 70kt.
- FRP demand in India is projected to grow 6-7% YoY, driven by strong uptick from the construction, packaging, and consumer durables sectors.
- HNDL has guided Rs6bn quarterly EBITDA run rate for the copper business.
- HNDL incurred an impairment loss of Rs1.6bn in Q1FY26 related to the return of the Kathautia mines.
- HNDL is setting up a 50kt copper scrap facility, expected by Dec'27, with phased expansions of 50kt each up to 200kt. This will sustainably enhance copper business EBITDA, as scrap-based production yields 2-3x the margins of the smelting business.
- Aditya alumina refinery (FY28) and copper e-waste & recycling project (FY27) all orders placed, with construction underway. For the copper smelter (FY29), the company is yet to go for the public hearing and obtain approvals.

## Novelis Q1FY26 Concall Highlights:

- **Cost Takeout Action:** Of the USD300mn cost reduction target by end FY28, Novelis expects cost savings of over USD100mn by FY26-end (Vs earlier target of USD75mn). Measures include shutting down one of two automotive finishing lines in China, ceasing operations at Richmond and Fairmont, and streamlining SG&A.
- Novelis imports ~170kt annually from South Korea and South America, and 90kt of scrap from Canada.

- **Tariffs & outlook:** Novelis expects a USD60mn negative tariff impact per quarter (without mitigation) due to doubling of duties under Sec232 by US President. Mitigation measures are in place (like tariff pass-through, strategies to open up more US mfg/scrap sourcing, and cost-takeout actions). Q2 performance should be better than Q1. Most mitigation benefits will be visible in Q3 (seasonally weak) and fully in Q4.

- **EBITDA trend:** Absolute adj. EBITDA has bottomed out as per mgmt. The long-term journey towards USD 600/t EBITDA remains on track.

- **Tariff impact:** Novelis margins declined from USD 525/t YoY to USD 432/t, driven by higher scrap prices and tariffs. Net tariff effect depends on local market premiums and MJP. With improved MJP, negative tariff impact is declined to USD60mn (at 50% duties) from USD40mn (at 25% duty as per Sec 232).

- **Product Mix & Margins:** QoQ margin decline was due to a strong Q4 base and an unfavourable product mix, with higher auto/specialties share in Q1. The mix is expected to improve under current stable market conditions, but price actions remain impacted by the mix.

- **Recycling content:** Current recycling content is ~63% (flat YoY) targeted to reach 75% within next two years.

- **Capex:** Novelis is planning to spend in the range of USD1.9-2.2bn for FY26E; spent USD386m in Q1 while spent USD1.8bn on Bay Minnette till date. The USD 4.1 capex for Bay Minnette is on track to begin commissioning in 2HCY26.

- **Financing & leverage:** In June, Novelis issued USD400mn in tax-exempt bonds and returned USD35mn to shareholders in Q1FY26. Net leverage stood at 3.2x with liquidity of USD3.03bn. With max capex in FY26/27, Novelis targets to keep peak leverage at 3.5x.

- **Market & Supply Chain:** Novelis relies on Asia to supply the N.A. market due to shortages, incurring tariffs and higher Midwest premiums. Arbitrage benefits come from selling at high Midwest prices in US, which are higher than Asia premiums.

- **Scrap Market:** The most significant scrap impact was on UBCs (used beverage cans), with lesser effects on other grades. Novelis is diversifying sourcing, reducing UBC dependence, and expanding scrap access through technology. Spot scrap prices in the US have declined sharply, benefiting Novelis, while MJP is worsening.

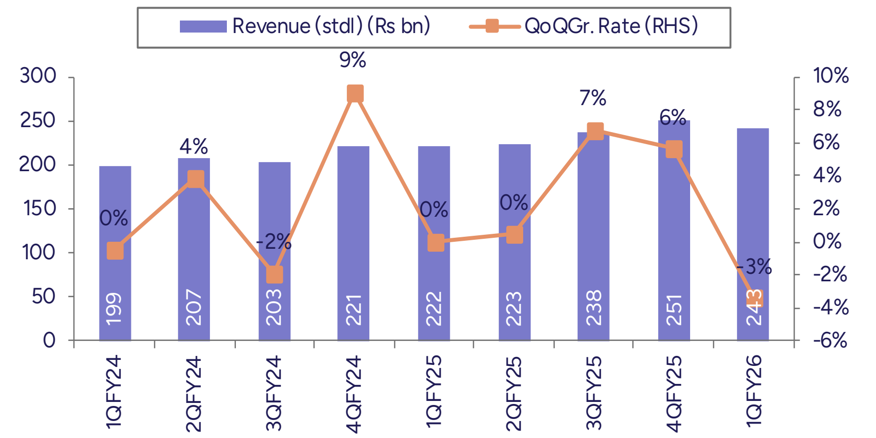
- **Metal Price lag:** Midwest premium increased from USD450 in Jan'25 to ~USD1,500/t, with metal price lag largely driven by this change. MJP is expected to reverse from peak.

**Exhibit 1: Q1FY26 Result Overview - Consolidated (Rs bn)**

| Y/e March | 1QFY26 | 1QFY25 | YoY gr. (%) | 1QFY26E | % Var. | 4QFY25 | QoQ gr. (%) | FY26E | FY25 | YoY gr. (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net Sales** | **642.3** | **570.1** | ***12.7*** | **598.4** | ***7.3*** | **648.9** | ***-1.0*** | **2561.8** | **2385.0** | ***7.4*** |
| Raw material | 409.5 | 341.0 | *20.1* | 366.2 | *11.8* | 396.0 | *3.4* | 1829.0 | 1449.5 | *26.2* |
| *% of Net Sales* | *63.8* | *59.8* | | *61.2* | | *61.0* | | *0.7* | *0.6* | |
| Staff Cost | 42.5 | 38.8 | *9.7* | 36.3 | *17.0* | 39.3 | *8.2* | 155.3 | 154.1 | *0.8* |
| *% of Net Sales* | *6.6* | *6.8* | | *6.1* | | *6.1* | | *0.1* | *0.1* | |
| Other expenses | 111.2 | 115.4 | *-3.6* | 115.8 | *-4.0* | 125.2 | *-11.2* | 255.4 | 453.2 | *-43.6* |
| *% of Net Sales* | *17.3* | *20.2* | | *19.4* | | *19.3* | | *0.1* | *0.2* | |
| Total expenditure | 563.3 | 495.1 | *13.8* | 518.4 | *8.7* | 560.5 | *0.5* | 2239.7 | 2056.7 | *8.9* |
| **EBITDA** | **79.1** | **75.0** | ***5.4*** | **80.0** | ***-1.2*** | **88.4** | ***-10.5*** | **322.1** | **328.2** | ***-1.9*** |
| *Margin (%)* | *12.3* | *13.2* | | *13.4* | | *13.6* | | *0.1* | *0.1* | |
| Depreciation | 20.8 | 18.9 | *9.9* | 22.8 | *-8.8* | 21.2 | *-1.8* | 96.2 | 89.0 | *8.1* |
| **EBIT** | **58.3** | **56.1** | ***3.8*** | **57.2** | ***1.9*** | **67.2** | ***-13.3*** | **225.9** | **239.2** | ***-5.6*** |
| Other income | 6.0 | 4.2 | *42.0* | 4.4 | *35.5* | 7.0 | *-14.0* | 22.9 | 27.1 | *-15.4* |
| Interest | 7.5 | 8.6 | *-12.2* | 8.9 | *-15.7* | 8.7 | *-13.7* | 36.8 | 34.2 | *7.5* |
| **PBT** | **56.7** | **51.8** | ***9.6*** | **52.7** | ***7.7*** | **65.4** | ***-13.3*** | **212.1** | **232.1** | ***-8.6*** |
| Extraordinary income/(expense) | 0.0 | -3.3 | | 0.0 | | 0.1 | *-100.0* | 0.0 | -8.8 | |
| PBT (afer EO) | 56.7 | 48.5 | *17.1* | 52.7 | *7.7* | 65.5 | *-13.4* | 212.1 | 223.3 | *-5.0* |
| Tax | 16.7 | 17.7 | *NA* | 13.4 | *24.4* | 12.7 | *32.1* | 50.5 | 63.4 | *NA* |
| **Reported PAT** | **40.0** | **30.7** | ***30.3*** | **39.2** | ***2.0*** | **52.8** | ***-24.3*** | **161.6** | **160.0** | ***1.0*** |
| Minority interest | 0.0 | 0.0 | *NA* | 0.0 | *NA* | 0.0 | *NA* | 0.0 | 0.0 | *NA* |
| Share of profit/(losses) in Associates | 0.0 | 0.0 | *NA* | 0.0 | *NA* | 0.0 | *NA* | 0.0 | 0.0 | *NA* |
| **Net Profit attributable to shareholders** | **40.0** | **30.7** | ***30.3*** | **39.2** | ***2.0*** | **52.8** | ***-24.2*** | **161.6** | **160.0** | ***1.0*** |
| **Adjusted PAT** | **40.0** | **34.0** | ***17.6*** | **39.2** | ***2.0*** | **47.0** | ***-14.8*** | **161.6** | **160.0** | ***1.0*** |

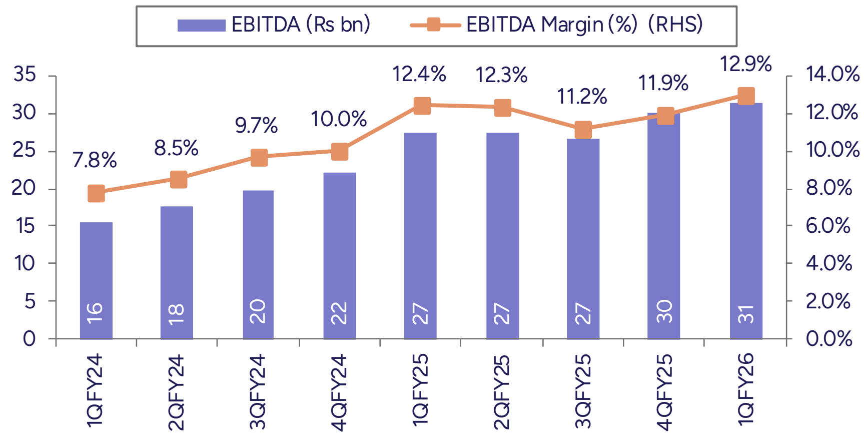
*Source: Company, PL*

**Exhibit 2: Std. revenue grew 10% YoY on higher AL and copper pricing**



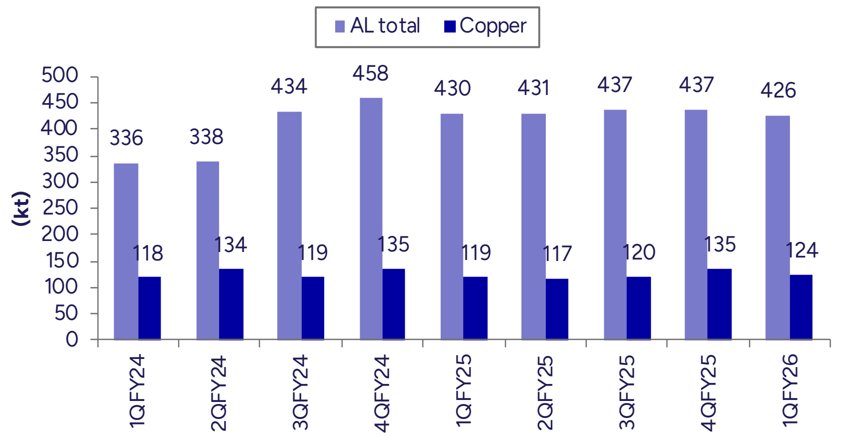

*Source: Company, PL*

**Exhibit 3: Std. EBITDA margins up YoY on lower op costs and better product mix**



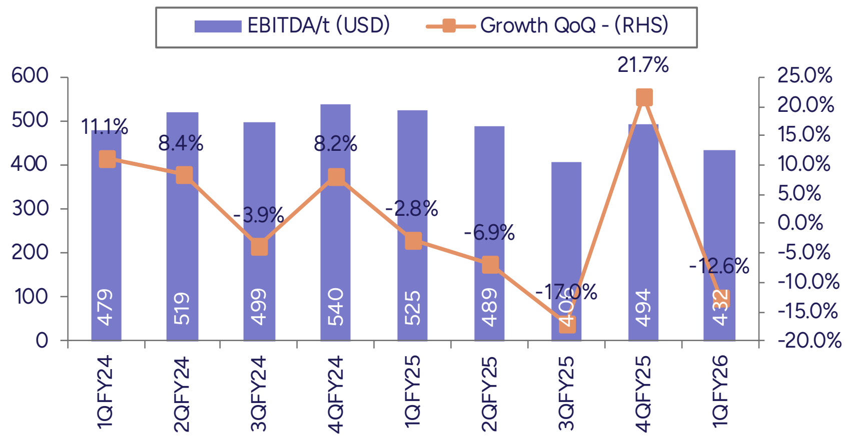

*Source: Company, PL*

**Exhibit 4: AL vol. declined 1% YoY and CU vol increased 4% YoY**



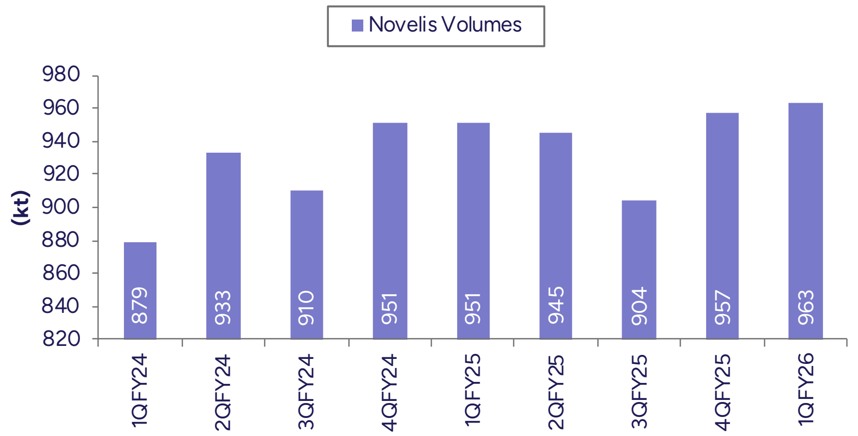

*Source: Company, PL*

**Exhibit 5: Novelis adj. EBITDA/t declined 12% QoQ on higher scrap**




*Source: Company, PL*

**Exhibit 6: Novelis volumes increased 1.3% YoY on strong 8% beverage can**




*Source: Company, PL*

**Exhibit 7: Target Price Calculation**

| (In Rs bn) | Mar'27 PLe | EV/EBITDA (x) | EV |
|---|---|---|---|
| Novelis EBITDA | 219 | 6.5 | 1,425 |
| HNDL Standalone EBITDA | 128 | 5.5 | 703 |
| Net debt | | | 415 |
| Equity value | | | 1,713 |
| **Per share equity value** | | | **762** |

*Source: PL*

# Financials

**Income Statement (Rs bn)**

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|
| **Net Revenues** | **2,160** | **2,385** | **2,562** | **2,614** |
| *YoY gr. (%)* | *(3.2)* | *10.4* | *7.4* | *2.0* |
| Cost of Goods Sold | 1,339 | 1,449 | 1,829 | 1,866 |
| Gross Profit | 821 | 935 | 733 | 748 |
| *Margin (%)* | *38.0* | *39.2* | *28.6* | *28.6* |
| Employee Cost | 148 | 154 | 155 | 158 |
| Other Expenses | 431 | 453 | 255 | 243 |
| | | | | |
| **EBITDA** | **243** | **328** | **322** | **347** |
| *YoY gr. (%)* | *6.0* | *35.3* | *(1.9)* | *7.7* |
| *Margin (%)* | *11.2* | *13.8* | *12.6* | *13.3* |
| | | | | |
| Depreciation and Amortization | 79 | 89 | 96 | 99 |
| | | | | |
| **EBIT** | **164** | **239** | **226** | **248** |
| *Margin (%)* | *7.6* | *10.0* | *8.8* | *9.5* |
| | | | | |
| Net Interest | 39 | 34 | 37 | 39 |
| Other Income | 15 | 27 | 23 | 23 |
| | | | | |
| **Profit Before Tax** | **140** | **223** | **212** | **232** |
| *Margin (%)* | *6.5* | *9.4* | *8.3* | *8.9* |
| | | | | |
| Total Tax | 39 | 63 | 50 | 56 |
| *Effective tax rate (%)* | *27.5* | *28.4* | *23.8* | *24.1* |
| | | | | |
| **Profit after tax** | **102** | **160** | **162** | **176** |
| Minority interest | - | 0 | 0 | 0 |
| Share Profit from Associate | 0 | 0 | 0 | 0 |
| | | | | |
| **Adjusted PAT** | **102** | **160** | **162** | **176** |
| *YoY gr. (%)* | *0.6* | *57.6* | *1.0* | *9.1* |
| *Margin (%)* | *4.7* | *6.7* | *6.3* | *6.7* |
| Extra Ord. Income / (Exp) | - | 0 | - | - |
| | | | | |
| **Reported PAT** | **102** | **160** | **162** | **176** |
| *YoY gr. (%)* | *0.6* | *57.6* | *1.0* | *9.1* |
| *Margin (%)* | *4.7* | *6.7* | *6.3* | *6.7* |
| | | | | |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 102 | 160 | 162 | 176 |
| **Equity Shares O/s (bn)** | **2** | **2** | **2** | **2** |
| **EPS (Rs)** | **45.7** | **72.1** | **72.8** | **79.4** |

*Source: Company Data, PL Research*

**Balance Sheet Abstract (Rs bn)**

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| | | | | |
| **Gross Block** | **1,644** | **1,761** | **1,885** | **2,017** |
| Tangibles | 1,481 | 1,592 | 1,715 | 1,847 |
| Intangibles | 163 | 169 | 169 | 169 |
| | | | | |
| **Acc: Dep / Amortization** | **787** | **862** | **958** | **1,058** |
| Tangibles | 684 | 749 | 845 | 944 |
| Intangibles | 103 | 113 | 113 | 113 |
| | | | | |
| **Net fixed assets** | **857** | **899** | **926** | **959** |
| Tangibles | 797 | 843 | 870 | 903 |
| Intangibles | 60 | 56 | 56 | 56 |
| | | | | |
| Capital Work In Progress | 149 | 274 | 398 | 504 |
| Goodwill | 261 | 267 | 267 | 267 |
| Non-Current Investments | 160 | 149 | 149 | 149 |
| Net Deferred tax assets | (82) | (88) | (88) | (88) |
| Other Non-Current Assets | 57 | 35 | 35 | 35 |
| | | | | |
| **Current Assets** | | | | |
| Investments | 33 | 105 | 105 | 105 |
| Inventories | 408 | 488 | 491 | 501 |
| Trade receivables | 164 | 198 | 175 | 179 |
| Cash & Bank Balance | 144 | 108 | 132 | 104 |
| Other Current Assets | 48 | 51 | 51 | 51 |
| **Total Assets** | **2,319** | **2,660** | **2,815** | **2,940** |
| | | | | |
| **Equity** | | | | |
| Equity Share Capital | 2 | 2 | 2 | 2 |
| Other Equity | 1,059 | 1,235 | 1,385 | 1,549 |
| **Total Networth** | **1,061** | **1,237** | **1,388** | **1,552** |
| | | | | |
| **Non-Current Liabilities** | | | | |
| Long Term borrowings | 474 | 562 | 512 | 462 |
| Provisions | 6 | 7 | 7 | 7 |
| Other non current liabilities | 73 | 72 | 72 | 72 |
| | | | | |
| **Current Liabilities** | | | | |
| ST Debt / Current of LT Debt | 71 | 57 | 57 | 57 |
| Trade payables | 344 | 406 | 456 | 466 |
| Other current liabilities | 178 | 192 | 196 | 198 |
| **Total Equity & Liabilities** | **2,319** | **2,660** | **2,815** | **2,940** |

*Source: Company Data, PL Research*

### Cash Flow (Rs bn)

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|
| PBT | 140 | 223 | 212 | 232 |
| Add. Depreciation | 75 | 79 | 96 | 99 |
| Add. Interest | 39 | 34 | 37 | 39 |
| Less Financial Other Income | 15 | 27 | 23 | 23 |
| Add. Other | (6) | (14) | (23) | (23) |
| Op. profit before WC changes | 248 | 322 | 322 | 347 |
| Net Changes-WC | 19 | (23) | 74 | (3) |
| Direct tax | (27) | (55) | (50) | (56) |
| **Net cash from Op. activities** | **241** | **244** | **346** | **288** |
| Capital expenditures | (157) | (204) | (248) | (238) |
| Interest / Dividend Income | 6 | 9 | 23 | 23 |
| Others | 8 | (52) | - | - |
| **Net Cash from Invt. activities** | **(143)** | **(247)** | **(225)** | **(215)** |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | (44) | 62 | (50) | (50) |
| Dividend paid | (7) | (8) | (11) | (12) |
| Interest paid | (39) | (40) | (37) | (39) |
| Others | (18) | (31) | - | - |
| **Net cash from Fin. activities** | **(108)** | **(17)** | **(98)** | **(101)** |
| **Net change in cash** | **(10)** | **(20)** | **23** | **(28)** |
| Free Cash Flow | 83 | 38 | 98 | 50 |

*Source: Company Data, PL Research*

### Quarterly Financials (Rs bn)

| Y/e Mar | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 |
|---|---|---|---|---|
| **Net Revenue** | **582** | **584** | **649** | **642** |
| *YoY gr. (%)* | *7.4* | *10.6* | *15.9* | *12.7* |
| Raw Material Expenses | 358 | 355 | 396 | 409 |
| Gross Profit | 224 | 229 | 253 | 233 |
| *Margin (%)* | *38.5* | *39.3* | *39.0* | *36.2* |
| **EBITDA** | **79** | **76** | **88** | **79** |
| *YoY gr. (%)* | *40.5* | *29.3* | *32.3* | *5.4* |
| *Margin (%)* | *13.5* | *13.0* | *13.6* | *12.3* |
| Depreciation / Depletion | 19 | 19 | 21 | 21 |
| **EBIT** | **60** | **56** | **67** | **58** |
| *Margin (%)* | *10.2* | *9.7* | *10.4* | *9.1* |
| Net Interest | 9 | 8 | 9 | 8 |
| Other Income | 11 | 5 | 7 | 6 |
| **Profit before Tax** | **67** | **54** | **65** | **57** |
| *Margin (%)* | *11.5* | *9.2* | *10.1* | *8.8* |
| Total Tax | 17 | 16 | 13 | 17 |
| *Effective tax rate (%)* | *26.0* | *29.0* | *19.4* | *29.5* |
| **Profit after Tax** | **49** | **38** | **53** | **40** |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| **Adjusted PAT** | **49** | **38** | **53** | **40** |
| *YoY gr. (%)* | *131.8* | *63.8* | *66.0* | *7.2* |
| *Margin (%)* | *8.5* | *6.5* | *8.1* | *6.2* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| **Reported PAT** | **49** | **38** | **53** | **40** |
| *YoY gr. (%)* | *131.8* | *63.8* | *66.0* | *7.2* |
| *Margin (%)* | *8.5* | *6.5* | *8.1* | *6.2* |
| Other Comprehensive Income | - | - | - | - |
| **Total Comprehensive Income** | **49** | **38** | **53** | **40** |
| Avg. Shares O/s (bn) | 2 | 2 | 2 | 2 |
| **EPS (Rs)** | **22.0** | **17.0** | **23.5** | **17.8** |

*Source: Company Data, PL Research*

### Key Financial Metrics

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|
| **Per Share(Rs)** | | | | |
| EPS | 45.7 | 72.1 | 72.8 | 79.4 |
| CEPS | 81.4 | 112.2 | 116.1 | 124.0 |
| BVPS | 478.1 | 557.2 | 625.1 | 698.9 |
| FCF | 37.5 | 16.9 | 44.2 | 22.6 |
| DPS | 3.5 | 5.0 | 5.5 | 6.1 |
| **Return Ratio(%)** | | | | |
| RoCE | 11.4 | 15.4 | 13.1 | 13.5 |
| ROIC | 8.5 | 11.3 | 10.3 | 10.4 |
| RoE | 10.1 | 13.9 | 12.3 | 12.0 |
| **Balance Sheet** | | | | |
| Net Debt : Equity (x) | 0.3 | 0.3 | 0.2 | 0.2 |
| Net Working Capital (Days) | 38 | 43 | 30 | 30 |
| **Valuation(x)** | | | | |
| PER | 14.6 | 9.3 | 9.2 | 8.4 |
| P/B | 1.4 | 1.2 | 1.1 | 1.0 |
| P/CEPS | 8.2 | 5.9 | 5.7 | 5.4 |
| EV/EBITDA | 7.6 | 5.7 | 5.6 | 5.2 |
| EV/Sales | 0.9 | 0.8 | 0.7 | 0.7 |
| Dividend Yield (%) | 0.5 | 0.7 | 0.8 | 0.9 |

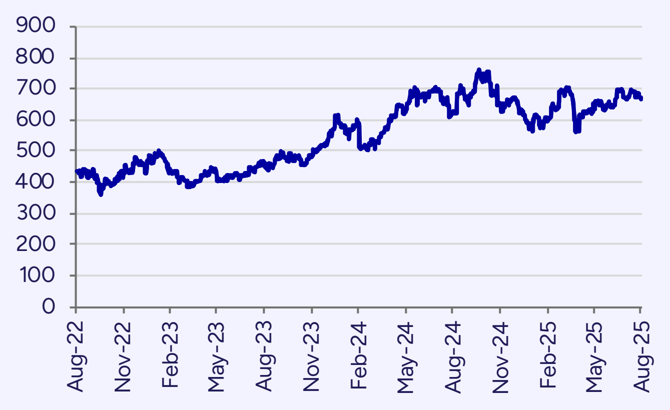
*Source: Company Data, PL Research*

### Key Operating Metrics

| Y/e Mar | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|
| Novelis volumes (mt) | 3.7 | 3.8 | 3.8 | 3.8 |
| Novelis EBITDA/t | 460 | 501 | 440 | 480 |
| Aluminium Price (USD/t) | 2,204 | 2,523 | 2,487 | 2,537 |

*Source: Company Data, PL Research*

**Price Chart**




**Recommendation History**

| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|---|---|---|---|---|
| 1 | 08-Jul-25 | Accumulate | 738 | 692 |
| 2 | 21-May-25 | Accumulate | 724 | 663 |
| 3 | 23-Apr-25 | BUY | 736 | 620 |
| 4 | 08-Apr-25 | BUY | 736 | 562 |
| 5 | 03-Apr-25 | BUY | 773 | 661 |
| 6 | 25-Mar-25 | BUY | 804 | 702 |
| 7 | 17-Feb-25 | BUY | 696 | 604 |
| 8 | 09-Jan-25 | BUY | 682 | 589 |
| 9 | 13-Nov-24 | BUY | 741 | 652 |
| 10 | 07-Oct-24 | BUY | 847 | 748 |

**Analyst Coverage Universe**

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---|---|---|---|---|
| 1 | ACC | BUY | 2,543 | 1,890 |
| 2 | Adani Port & SEZ | BUY | 1,777 | 1,358 |
| 3 | Ambuja Cement | BUY | 685 | 593 |
| 4 | Dalmia Bharat | Accumulate | 2,395 | 2,270 |
| 5 | Hindalco Industries | Accumulate | 738 | 692 |
| 6 | Jindal Stainless | Hold | 678 | 683 |
| 7 | Jindal Steel & Power | Accumulate | 1,008 | 954 |
| 8 | JSW Infrastructure | Accumulate | 344 | 322 |
| 9 | JSW Steel | Hold | 1,068 | 1,034 |
| 10 | National Aluminium Co. | BUY | 228 | 187 |
| 11 | NMDC | Accumulate | 73 | 68 |
| 12 | Nuvoco Vistas Corporation | Accumulate | 422 | 390 |
| 13 | Shree Cement | Hold | 30,001 | 30,205 |
| 14 | Steel Authority of India | Hold | 133 | 126 |
| 15 | Tata Steel | Accumulate | 177 | 158 |
| 16 | Ultratech Cement | Accumulate | 13,634 | 12,561 |

**PL's Recommendation Nomenclature (Absolute Performance)**

| | | |
|---|---|---|
| **Buy** | : | > 15% |
| **Accumulate** | : | 5% to 15% |
| **Hold** | : | +5% to -5% |
| **Reduce** | : | -5% to -15% |
| **Sell** | : | < -15% |
| **Not Rated (NR)** | : | No specific call on the stock |
| **Under Review (UR)** | : | Rating likely to change shortly |

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