RATING BUY | CMP INR 958 | TP INR 1,141

Hindalco Industries (HNDL IN)

Q2FY27 Result Update

November 07, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	Buy		Buy	
Target Price	1,141		1,113	
Sales (INR bn)	3,525	3,709	3,558	3,777
% Chng.	*(0.9)*	*(1.8)*		
EBITDA (INR bn)	468	490	491	516
% Chng.	*(4.7)*	*(5.0)*		
EPS (INR)	111.8	117.9	119.0	125.5
% Chng.	*(6.1)*	*(6.1)*		

Key Data	HALC.BO | HNDL IN
BSE Code	500440
NSE Code	HINDALCO
52-W High / Low	INR 1,179 / INR 770
Face Value	1
Sensex / Nifty	81,028 / 25,030
Market Cap	INR 2,152 bn / $ 22,917 mn
Shares Outstanding	2247.23 mn
3M Avg. Daily Value	INR 4,059.48 mn

Shareholding Pattern (%)

Promoters	34.66
FIIs	34.43
Mutual Funds	10.94
Domestic Institutions	10.03
Public & Others	9.94
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	1.8	(6.7)	(8.4)	21.5
Relative	(8.2)	(9.1)	(11.9)	24.9

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR bn)	2,749	3,552	3,525	3,709
EBITDA (INR bn)	352	479	468	490
Margin (%)	*12.8*	*13.5*	*13.3*	*13.2*
PAT (INR bn)	204	267	248	262
EV (INR bn)	2,867	2,932	2,845	2,706
Total Debt (INR bn)	967	971	871	721
C&C Eq. (INR bn)	148	88	75	65
EPS (INR)	91.7	120.2	111.8	117.9
Gr. (%)	*20.6*	*31.1*	*(7.0)*	*5.4*
DPS (INR)	5.0	5.0	5.5	6.1
Yield (%)	*0.5*	*0.5*	*0.6*	*0.6*
RoE (%)	*15.6*	*17.9*	*14.3*	*13.2*
RoCE (%)	*13.8*	*16.2*	*14.4*	*14.6*
EV/Sales (x)	1.0	0.8	0.8	0.7
EV/EBITDA (x)	8.1	6.1	6.1	5.5
PE (x)	10.5	8.0	8.6	8.1
P/BV (x)	1.6	1.3	1.1	1.0

India delivers, Novelis yet to regain lost ground

Quick Pointers

- Hedging: FY28 metal at 26% US$3,168/t. FY27E capex: INR120-130bn for India, spent INR60bn in H1.
- Novelis volumes were softer (flat QoQ) as Oswego ramped up gradually, tariff impact to normalise by Q4FY27.

Hindalco (HNDL) delivered a strong Q2FY27, with cons. EBITDA up 43% YoY and 6% ahead of PLe, led by robust India performance and a gradual improvement at Novelis. Aluminum upstream EBITDA grew 55% on higher NSR/premiums, better volumes and strong operating performance, while downstream EBITDA rose 26% on higher shipments and improved product mix. Copper reported record EBITDA, up 164%, mainly aided by higher sulphuric and other by-product prices, along with one-off gains worth ~INR4bn. Novelis' performance improved gradually, with Oswego operations normalized recently and favorable metal benefits supporting profitability; however, shipments remained soft, with adj. EBITDA/t at US$510 ex. the Oswego insurance recovery. With customer supply chains expected to normalize and Bay Minette moving towards commissioning, volume recovery should gather pace from Q4FY27E, while tariff-related pressure is expected to normalise by same time.

Going ahead, LME prices and Novelis volume ramp up remains two key monitorables, as anticipated resolution of the Middle East conflict and new Indonesian capacities can potentially ease the current supply-side overhang. While elevated copper by-product prices should continue to provide near-term support, softer aluminium prices could moderate earnings momentum in the India business. Scaling up VASP and timely execution of the Aditya smelter and captive coal mines will be important to sustain growth and improve cost competitiveness. At Novelis, the key priority is to regain US customers from the temporary loss of market share during the Oswego disruption and translate production normalization into a sustained volume recovery. As Q3 is seasonally weak quarter for Novelis, we expect LME to remain key driver of HNDL's near term earnings. We cut our FY28/29E EBITDA by 5%/4% assuming LME of USD3,050/t and tweak capex estimates. We expect ~15% EBITDA CAGR over FY26-29E as we have not yet incorporated any benefit of INR500bn capex in India which would be visible post FY29E only. HNDL is focusing on expanding its non-LME-linked business while selectively adding LME-linked capacities over the LT to mitigate earnings cyclicality. However, timely execution of these plans remains key. At CMP, the stock is trading at EV of 6.1x/5.5x FY28/29E EBITDA. Maintain 'Buy' with revised TP of INR 1,141 (earlier INR 1,113) valuing at same 7x/6.5x India/Novelis biz respectively.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
Net Sales (INR bn)	865.2	913.1	*5.5*	660.6	*38.2*
EBITDA (INR bn)	120.5	124.1	*3.0*	89.7	*38.5*
Margin (%)	*13.9*	*13.6*	*(33.5)bps*	*13.6*	*2.3*
PAT (INR bn)	57.6	71.2	*23.7*	47.4	*50.3*

Source: Company, PL

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Higher NSR and operating perf. drive earnings growth: Standalone AL revenue grew 35% YoY while copper revenue grew 47% YoY. Upstream AL revenue is up 33% YoY on better realization (volumes were up 1% YoY) and EBITDA was up 55% on strong operating performance. CoP inched up slightly YoY (3%) to US$1,927/t (+2% QoQ). Upstream EBITDA/t came at $2,125/t. Export mix was tad lower at 21% (23% in Q1 and 25% in Q2FY26). Downstream revenue is up 45% YoY on account of better NSR while shipments were up 5% YoY at 119kt. EBITDA is up 26% YoY on higher shipments and further value addition. Downstream EBITDA/t stood at $289/t. Copper revenue is up 47% YoY to INR213bn on higher LME (up 44% YoY), flat CCR volumes and higher sulphuric prices. EBITDA was up 164% YoY to INR 16.73bn. Copper EBITDA/t was higher on healthy domestic demand across segments despite elevated prices and higher NSR of by-products and one-time gains (INR4bn). AL upstream sales volumes grew 1% YoY to 345kt, downstream sales volumes grew 5% YoY to 119kt. Blended realization for AL business was up 1% QoQ to ~INR 318k/t (up 32% YoY) while copper business realization was up 12% QoQ to INR 1,842k/t (up 43% YoY).

Broad-based earnings growth led by strong India ops: Standalone EBITDA doubled YoY to INR 75.9bn (+9% QoQ), supported by strong operational performance across both businesses, higher LME and copper business (higher by-products prices and one-time gains). Cons. EBITDA grew 43% YoY at INR 128bn (-8% QoQ; PLe INR 120.5bn) on strong India performance and inline Novelis. EBITDA from non-LME-linked businesses at INR68.6bn, up 50%. Cons. reported PAT up 47% YoY to INR 75.33bn. Exceptional items of INR2.84bn in Q2FY27 was on net insurance recovery at Novelis. Other income also includes Business Interruption recoveries worth ~INR3.7bn related to Oswego fire.

Higher AL prices and premiums drive revenue growth: Novelis's revenue increased 25% YoY to US$5.94bn (+3% QoQ; PLe US$5.54bn), primarily driven by a 21% YoY increase in average LME aluminum prices, partially offset by lower shipments. Average realization improved 28.3% YoY and 2% QoQ to US$6,466/t (PLe US$5,984/t), supported by higher LME aluminum prices and better premiums over LME.

S.A. leads regional perf., N.A. faces tariff and fire-related headwinds: FRP shipments declined 2.3% YoY to 919kt (flat QoQ; PLe 926kt). Higher beverage packaging and aerospace shipments were offset by lower automotive and specialty shipments. **North America**: FRP shipments increased 0.5% YoY to 371kt. Adj. EBITDA increased 8.4% YoY to US$146mn, translating into EBITDA/t of US$394. Higher beverage packaging shipments were offset by lower automotive and specialty shipments. Performance was also impacted by the net negative tariff impact of US$78mn, partly offset by favorable metal benefits. N.A. EBITDA includes US$39mn of business interruption insurance recovery related to the Oswego fires. Ex. this recovery, EBITDA stood at US$107mn, down 20% YoY, while EBITDA/t was ~US$288. **Europe**: FRP shipments declined 1.5% YoY to 257kt. Adj. EBITDA increased 26.6% YoY to US$101mn, EBITDA/t stood at US$393. Lower beverage packaging and specialty shipments were partially offset by higher automotive shipments. Favorable product mix and metal benefits supported performance, while forex remained a headwind. **Asia**: FRP shipments declined 7% YoY to 206kt. Adj. EBITDA increased 2% YoY to US$101mn, with EBITDA/t at US$490. Production and shipments were affected by the labor strike at the Yeongju plant in South Korea, with an est. negative impact of US$20mn on Adj. EBITDA. Lower beverage packaging and automotive shipments were partially offset by higher specialty and aerospace shipments, along with favorable metal benefits and forex. **South America**: FRP shipments remained flat YoY at 159kt. Adj. EBITDA increased 48% YoY to US$160mn, translating into EBITDA/t of US$1,006. Higher beverage packaging shipments were offset by lower specialty shipments, while favorable metal benefits and product mix supported profitability.

Exhibit 1: Quarterly Estimates

(INR bn)	Q1FY27A	*YoY gr. (%)*	Q2FY27A	*YoY gr. (%)*	Q3FY27E	*YoY gr. (%)*	Q4FY27E	*YoY gr. (%)*
Revenue from Operations	848.25	*32.1%*	913.08	*38.2%*	874.25	*31.4%*	916.50	*17.3%*
EBITDA	139.32	*76.2%*	124.14	*38.5%*	116.73	*46.0%*	98.70	*-1.5%*
Margin (%)	*16.4%*	-	*13.6%*	-	*13.4%*	-	*10.8%*	-
Adjusted PAT	70.13	*75.1%*	71.33	*50.5%*	65.76	*220.9%*	59.62	*129.6%*

Source: Company, PL

HNDL Q2FY27 Concall Highlights:

Aluminum- Upstream

- **Higher premiums supported EBITDA/t**: Despite lower LME prices and a 5% QoQ increase in costs, EBITDA/t was supported by higher net premiums. Exports were in higher-premium markets, while VASP upstream products such as conductor cables also realized better pricing.
- **Premium sustainability**: Mgmt. indicated that the contribution from VASP would sustain. However, the premium benefit may moderate as MJP has already declined > US$100/t in Q3.
- **Cost increase**: Aluminum production costs increased approximately 5% QoQ in Q2, primarily due to coal-related issues and higher CPC coke costs. Heavy monsoon rainfall affected the northern operations at Renusagar, Renukoot and Mahan, resulting in lower linkage coal availability and greater dependence on spot auctions. Odisha operations were not materially affected.
- **Cost outlook**: Management expects a further approximately 5% QoQ increase in Q3, as coal availability in the northern region has not fully stabilized. Costs are expected to decline in Q4 as coal availability improves and prices soften. Coal remains the key cost variable, which is ~40% of the cost curve impact.
- **Captive coal mines**: Bandha has completed its box-cut activity, given the high stripping ratio, coal production is expected to commence in 2HFY28. Chakla is expected to start producing coal in the middle of CY27. Mgmt. expects these mines to improve RM security and reduce the impact of external coal-market volatility.
- **Alumina**: Alumina sales stood at 194kt in Q2, with Q3 sales expected to remain at 190-200kt. The alumina index currently is ~US$350/t, with mgmt. expecting it to ~US$400/t in CY27. Third-party alumina demand was affected by the shutdown of the ME smelting capacity.
- **Aluminum hedging**: For H2FY27, ~29% is hedged at US$3,000/t. For FY28, ~26% is hedged at US$3,168/t. FY27 currency hedge: ~21% at INR93/US$.
- **Regional premiums**: MJP for Q3 was ~US$270/t, while mgmt. Q4 expectations at US$200-250/t.
- **LME outlook**: If ME supply normalizes and the expected 1.5mt of Indonesian capacity comes on stream, LME could come down to US$2,600-2,800/t in CY27 as per industry experts. However any disruption aids pricing.
- **Pot relining accounting**: HNDL has started capitalizing pot relining costs. This adds ~INR1.3bn to qtrly EBITDA and a corresponding INR1.3bn to depreciation.

Aluminium- Downstream

- **Aditya FRP ramp-up:** The Aditya FRP facility is operating at ~50% loading. Several products are currently undergoing customer qualification, including battery foil, ULG foil and canbody stock. As these products are qualified and volumes ramp up over the next two quarters, mgmt. expects downstream EBITDA/t to move > US$300.
- **Other downstream facilities**: Aluminium battery foil and the FRP plant at Aditya, along with the coated AC fins plant at Taloja, are scaling up towards optimal production levels.
- **Brownfield expansion:** Hindalco has the option to add another 170kt of rolling capacity at Aditya, taking capacity beyond the existing 600kt. On the extrusion side, HNDL is evaluating opportunities at Kuppam and Silvassa, supported by demand from auto and consumer electronics.

- **Downstream capacity ambition**: Mgmt. indicated that if upstream aluminium capacity reaches 2mt, HNDL could build downstream capacity of ~1mt in India through brownfield opportunities.
- **Long-term target**: HNDL reiterated its goal of achieving a fourfold increase in AL downstream EBITDA by FY30E. Growth is expected to be driven by new products, premiumization, innovation, recycling and stronger customer relationships.

Copper

- **Normalized EBITDA run-rate**: Mgmt. expects qtrly copper EBITDA of ~INR12-13bn on a normalized basis. This assumes sulphuric acid prices of ~ INR14,000-15,000/t, which mgmt. expects to prevail through Q3 and Q4.
- **Q2 one-offs**: ~INR3.5-4bn of non-recurring benefits. Included better-than-expected NSR on copper slag sales against earlier accruals, derivative-related gains and additional precious metal sales.
- **Sulphuric acid NSR**: Sulphuric acid NSR ~INR16,000/t in Q2, vs ~INR7,000/t in FY26 vs normal historical range of INR3,000-4,000/t. Sales volumes were ~300kt/qtr.
- **EBITDA mix**: 40-50% of copper EBITDA came from copper products, with the balance from sulphuric acid, precious metals and other by-products.
- **Concentrate availability**: Although the global copper concentrate market remains tight and spot TC/RCs are -ve, HNDL is placed well with its own concentrate supply due to long-term relationships and contracts with large miners.
- **Copper downstream**: Copper tubes and Inner Grooved Tubes are scaling up.
- **Copper recycling**: The Pakhajan copper recycling facility is expected to be commissioned in Dec'26, with an initial capacity of 50kt, with long-term plan to expand recycling capacity to 150kt.
- **Copper smelter**: The next copper smelter project is expected to be commissioned in Dec'28.

Growth Projects and Expansion Plans

- **Capex**: >INR500bn of growth projects under execution across its businesses in India, with another INR50bn of opportunities under evaluation.
- Mgmt. indicated that it intends to start one additional large project every 1.5 years.
- **Aditya alumina refinery**: 1st phase of the Aditya alumina refinery expansion is expected to be commissioned in Dec'27. 2nd phase is expected to follow as part of the ongoing expansion programme.
- **Aditya smelter**: The first 180kt line is expected to commence production in Dec'27, followed by the next line in Dec'28.
- **Mahan expansion**: Working through environmental clearance and licensing requirements. 370kt expansion under evaluation. Brownfield optionality of another 360kt at Mahan, with land available for a potential further 720kt expansion.
- **Specialty alumina**: Plan to build a specialty alumina business of ~1mt remains unchanged despite the termination of the AluChem arrangement. Commissioned its PPT hydrate plant using indigenously developed tech, is evaluating other partners to accelerate tabular alumina development and intends to launch a white fused alumina project.

- **Project returns**: Project IRRs are being evaluated at an aluminium LME assumption of ~US$2,600/t, with a target return in the teens despite capex inflation and execution-cost increases.

Capex, costs and balance sheet

- Cons. net debt increased by INR29bn QoQ to INR804bn. Net debt to EBITDA decreased to 1.8 vs (1.95 in Q1FY27). Target of maintaining consolidated net debt/EBITDA at around 2x.
- **Novelis leverage**: Expected to reach ~4x in Q4FY27, before declining over the following two years towards 2.5-2.8x as FCF improves.
- **India balance sheet**: India business had treasury of ~INR160bn and long-term loans of ~INR67bn. India net debt/EBITDA was ~ -0.35x. As India growth capex ramps up, mgmt. expects India leverage to move to 1-1.5x.
- **Capex outlook**: FY27 capex is expected at INR120-130bn for India. India capex in H1FY27 was INR60bn. Consl. capex is expected to be higher in FY28 and remain at similar levels in FY29, although the increase in India capex will be partly offset by Novelis returning to normal maintenance capex and smaller projects of US$500-600mn.
- ~INR200bn of the INR500bn India growth capex programme would have been spent by the end of FY27.
- **Renewable energy**: Installed RE capacity reached 643MW at the end of Q2, following the addition of 173MW during the quarter, comprising 53MW solar and 120MW wind. The portfolio comprised 379MW solar, 260MW wind and 4MW hydel. Capacity is expected to reach 884MW by FY27-end, including 501MW solar, 379MW wind and 4MW hydel.
- **Royalty payments**: Novelis' royalty payment: ~US$11mn. HNDL's royalty payment was at a similar level, with the arrangement linked to revenue and subject to an annual cap of INR2.25bn.

Novelis Q2FY27 Concall Highlights:

Operating performance and demand

- Q2FY27 was inline, supported by favorable market conditions and resilient underlying demand.
- Globally, higher beverage packaging and aerospace shipments compensated for lower specialty and automotive shipments.
- Market demand remains stable and resilient. North America continues to see strong demand in beverage packaging.
- In Asia, aluminum demand from the automotive segment was affected by market-share gains by Chinese EV manufacturers.
- Novelis continues to see strong demand in beverage cans. Aerospace demand remains healthy, supported by ongoing aircraft demand and multi-year OEM order backlogs.

North America, Oswego recovery and tariff impact

- Decline in underlying EBITDA was due to the lingering impact of the Oswego fires, which was not present in the base quarter, along with a higher tariff impact of US$78mn during Q2.
- Oswego is now producing at normal levels. Following the Oswego fires, some customers faced supply shortages. Novelis initially met these requirements through its Kingston facility in Canada, increasing production there to serve US customers.
- With Oswego now stabilized, production is gradually shifting back to the US and Novelis is reducing production in Canada to mitigate tariff exposure and shifting more production onshore in the US.
- Kingston is a cold-mill facility focused on automotive finishing. It did not face a material tariff impact in the previous few quarters as there was no feed into the facility due to the Oswego disruption.
- Going forward, Kingston will primarily serve the Canadian market and supply Mexico from Canada, rather than shipping material from Canada into the US.
- Production at Kingston is expected to reduce in Q3FY27, with a significantly lower tariff impact in Q4FY27.
- As Bay Minette gets commissioned and Novelis increases its US manufacturing presence, the tariff impact is expected to move closer to zero.

Metal benefits, tariffs and price lag

- US$78mn net tariff impact in North America was partly offset by favorable metal benefits of US$39mn at overall company level, driven by higher scrap consumption and lower scrap aluminum prices.
- Increased scrap consumption and other favorable metal benefits more than offset the tariff impact at the overall level.
- Although the decline in LME aluminum prices has some impact, overall scrap-to-LME spreads remain strong.
- Mgmt. expects the metal price lag benefit to moderate in Q3FY27.
- Novelis has a hedging strategy around local market premiums and scrap spreads, including selling forwards and hedging local market premiums.

- Metal price lag is driven by the timing difference between changes in aluminum prices and the prices at which metal is purchased and sold. When premiums increase, the company can see a positive impact; when prices subsequently decline, the impact can turn negative.

Asia and South Korea labor strike

- Production at the Yeongju facility in South Korea was disrupted due to a labor strike that had been ongoing since September.
- The strike affected the facility which is primarily engaged in beverage can packaging. The strike was settled during this week.
- Novelis lost approximately one month of production in Q2, resulting in an estimated negative Adj. EBITDA impact of US$20mn. A similar negative impact of ~US$20mn is expected in Q3FY27 due to the production loss in the month of Oct'26.

Oswego insurance recoveries

- Novelis has received cumulative net insurance recoveries of US$519mn related to the 2025 Oswego fires, incl. US$219mn received in Q2FY27.
- Total insurance recovery is expected to be approximately US$1.3bn. Mgmt. expects cumulative insurance recoveries to reach ~US$900mn by the end of FY27.

Bay Minette project update

- Bay Minette has an est. total capex of ~US$5bn, with US$4.4bn already spent a the end of Q2FY27.
- The cold mill produced its first coil in Sept'26, and commissioning is currently underway.
- The first cast ingot is targeted for Q3FY27, while production of coils on the hot mill is expected to begin in Q4FY27. Commercial shipments are expected to commence in Q1FY28.
- Initially, the focus will be on stabilizing operations and producing can-body coils. Automotive products will be introduced subsequently.
- Bay Minette start-up costs stood at US$23mn in Q2FY27. These costs relate to employee training, oversight of machinery and activities during the construction and commissioning phase. Total start-up costs in the first year are expected to be ~US$200mn.

Cost efficiency programme

- Cost efficiencies remain on track, with > US$240mn in annualized run-rate savings achieved through Q2FY27.
- Novelis is targeting ~US$300mn in run-rate savings by the end of FY27.
- It is targeting total savings of ~US$350-400mn by the end of FY28, vs its initial est. of US$300mn+.

Cash flow and working capital

- US$1.8bn adjusted free cash flow outflow during H1FY27 was primarily due to higher capex at Bay Minette, increased metal prices and working capital outflows.
- Mgmt. expects to return to +ve free cash flow by Q4FY27.

- A significant part of the working capital outflow was driven by higher inventory levels. Some inventory also remained stranded due to the production disruption at the South Korean facility.
- Mgmt. expects a working capital release of ~US$300mn from inventory reduction by the end of FY27.
- As inventory levels normalize and the Bay Minette project transitions from construction to start-up, cash flow is expected to improve.
- Annual pension-related cash outflows are expected to remain in the range of US$90-110mn, with no material change anticipated going forward.

Capex

- FY27 capex is expected to be at the higher end of the guided range of US$2.1-2.4bn. This includes approximately US$350mn of maintenance capex.
- H1FY27 capex stood at US$1.54bn, with US$768mn incurred in Q2.

Leverage and liquidity

- Net leverage stood at 4.7x at the end of Q2FY27 and mgmt indicated that leverage is close to its peak. Net leverage reduction to begin in Q4FY27 as free cash flow turns positive.
- By the end of FY27, net leverage is expected to move closer to 4.0x.
- ~ 50bps of leverage reduction is expected in FY28, with a longer-term target of reducing leverage to around 3.5x.
- In Jul'26, Novelis entered into a US$500mn unsecured two-year term loan facility, maturing in Jul'28.

Management change

- CFO Dev Ahuja will step down from Novelis in mid-Jan'27 to pursue an external opportunity.

Exhibit 2: India capex plans

HINDALCO ENGINEERING BETTER FUTURES

Upstream
Aluminium
Copper

Double Down

Downstream
Aluminium
Copper
Specialty Alumina
Recycling

4x by FY30

Business Segments	Key Projects Under Execution (FY26-29)	Expected Commissioning	Key Projects Under Evaluation	Total Capacity (KTPA) post expansions
Aluminium Upstream	Aditya Smelter Expansion: 181 KT (Ph1) Aditya Smelter Expansion: 193 KT (Ph2)	FY28 FY29	Mahan Expansion: 370 KT	>2,000
Coal Mines	Chakla & Bandha (5 MTPA Each) Meenakshi (12 MTPA)	FY27 FY29		
Alumina	Aditya Refinery (Ph 1): 850 KT	FY28	Aditya Refinery (Ph2): 850 KT	>5,500
Aluminium Downstream	Aditya FRP Phase 2A: 170 KT AC Fins: 26 KT & Battery Foils: 20 KT Smartphone casings: 8 KT	Scaling up Scaling up FY29	FRP Expansion: 170 KT Extrusion and Others: 33 KT	>800
Copper	Copper Smelter: 300 KT Inner Grove Tubes: 25 KT Copper & E-Wate Recycling: 50 KT Continuous Cast Rods: 300 KT	FY29 Scaling up FY27 FY29	Copper Smelter: 300 KT Inner Grove Tubes: 50 KT Copper & E waste Recycling: 150 KT	>1,200
Specialty Alumina	Precipitate Hydrate: 20 KT (Comm) White Fused Alumina: 90 KT	Scaling up FY28	Various Value-added products (White Fused, Precipitate Hydrate, Tabular and Others)	>1,000
Capex	**~₹ 52,000 Crore**		~ ₹ 50,000 Crore+	

Source: Company

Exhibit 3: Novelis capex and operational plans

Novelis 3x30

Advancing Aluminium as the material of choice with circular solutions

By 2030

HINDALCO

Highly Circular

Reach 75% average recycled content across our products

Low Carbon

Reduce emissions to less than 3 tonnes of CO_2e per Tonne of FRP shipped

Leader in ROIC

Grow profitability to continue to fuel first-mover investments

Guidance and Updates

- **Over $240 million in run-rate cost savings though Q2 FY27;** continue to target $350-400 million in total savings by FY28 exit
- Oswego hot mill : **Production normalised;** Received **$519 million in cumulative insurance recoveries** until Sept. 2026
- 600 Kt Bay Minette : Produced First Cold Rolled coil in September **Commercial shipments to begin in the first quarter of FY28**
- Long-term **$600+/ton EBITDA guidance intact;** Strong business fundamentals are expected to drive positive free cash flow and start deleveraging by FY27 exit.



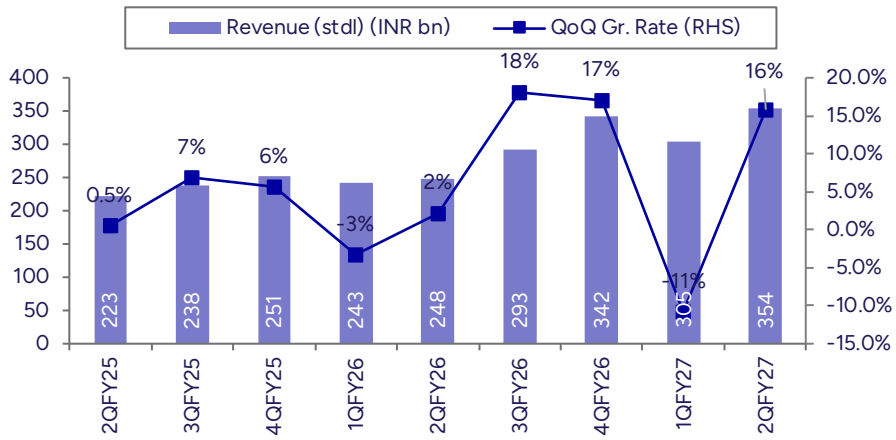
Source: Company

Exhibit 4: Q2FY27 Result Overview - Consolidated

Y/e March	2QFY27	2QFY26	YoY Gr.(%)	2QFY27E	% Var.	1QFY27	QoQ Gr. (%)	H1FY27	H1FY26	YoY Gr.(%)
Net Sales	913.1	660.6	38.2	865.2	5.5	848.3	7.6	1761.3	1302.9	35.2
Raw material	611.9	415.9	47.1	564.3	8.4	537.2	13.9	1149.0	825.4	39.2
% of Net Sales	67.0%	63.0%		65.2%		63.3%		65.2%	63.3%	
Staff Cost	46.0	41.2	11.6	49.6	-7.3	47.3	-2.6	93.3	83.7	11.4
% of Net Sales	5.0%	6.2%		5.7%		5.6%		5.3%	6.4%	
Other expenses	131.1	113.8	15.1	130.8	0.2	124.5	5.3	255.6	225.1	13.6
% of Net Sales	14.4%	17.2%		15.1%		14.7%		14.5%	17.3%	
Total expenditure	788.9	570.9	38.2	744.7	5.9	708.9	11.3	1497.9	1134.2	32.1
EBITDA	124.1	89.7	38.5	120.5	3.0	139.3	-10.9	263.5	168.7	56.2
Margin (%)	13.6%	13.6%		13.9%		16.4%		15.0%	12.9%	
Depreciation	25.2	21.6	17.1	23.5	7.4	23.4	8.0	48.6	42.4	14.8
EBIT	98.9	68.1	45.2	97.0	1.9	116.0	-14.7	214.9	126.4	70.0
Other income	9.4	7.1	32.3	8.0	18.3	10.6	-10.8	20.0	13.2	52.1
Interest	9.3	8.0	16.2	9.4	-0.7	9.7	-3.4	19.0	15.6	22.0
PBT	99.0	67.2	47.3	95.6	3.6	116.9	-15.3	215.9	124.0	74.2
Extraordinary income/(expense)	2.8	-1.8	NA	-15.1	NA	-23.0	NA	-20.2	-27.9	NA
PBT (after EO)	101.8	65.4	55.7	80.5	26.5	93.9	8.5	195.7	96.0	103.8
Tax	30.6	18.0	70.2	22.9	33.7	23.8	28.6	54.4	42.5	28.0
Reported PAT	71.2	47.4	50.3	57.6	23.7	70.1	1.7	141.3	53.5	164.0
Minority interest	0.0	0.0	NA	0.0	NA	0.0	NA	0.0	0.0	NA
Share of profit/(losses) in Associates	0.1	0.0	NA	0.0	NA	0.1	NA	0.2	0.0	NA
Net Profit attributable to shareholders	71.3	47.4	50.5	57.6	23.8	70.1	1.7	141.5	53.5	164.3

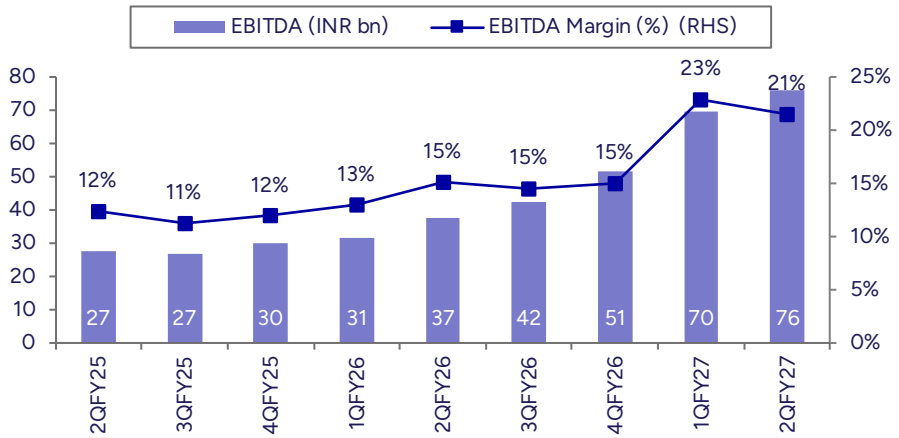
Source: Company, PL

Exhibit 5: Revenue increased to INR354bn (up 43% YoY)



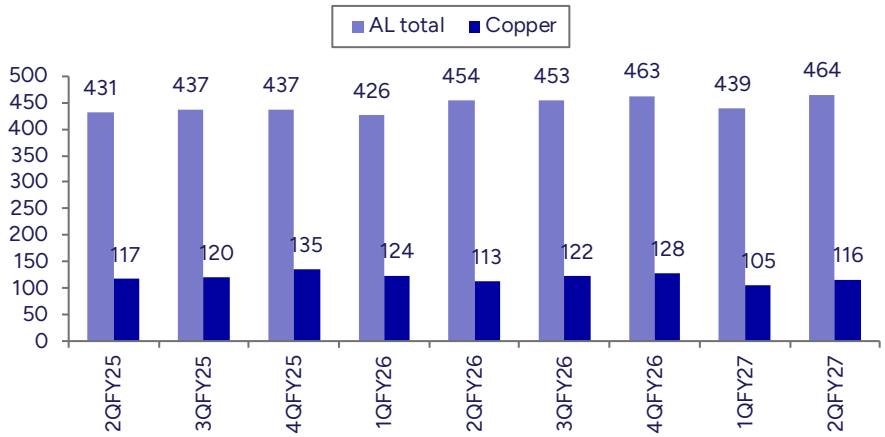
Source: Company, PL

Exhibit 6: Stdl. EBITDA doubled YoY on higher LME and increased share of VASP



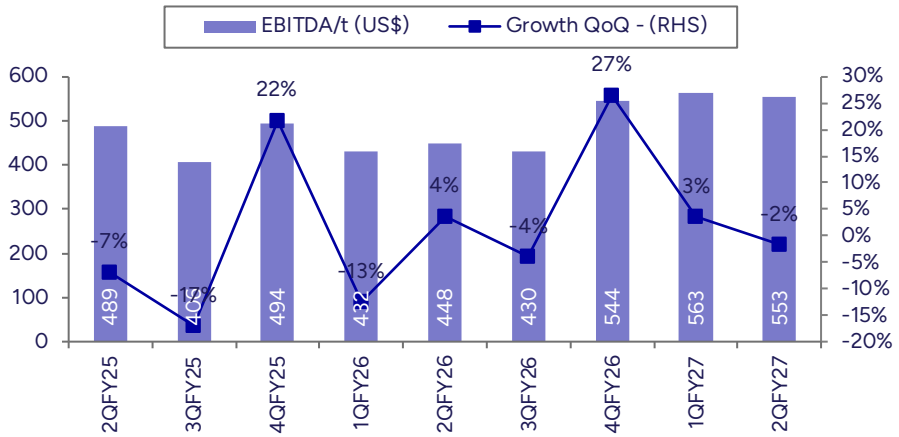
Source: Company, PL

Exhibit 7: AL volumes increased ~2% YoY while CU volumes increased ~3% YoY



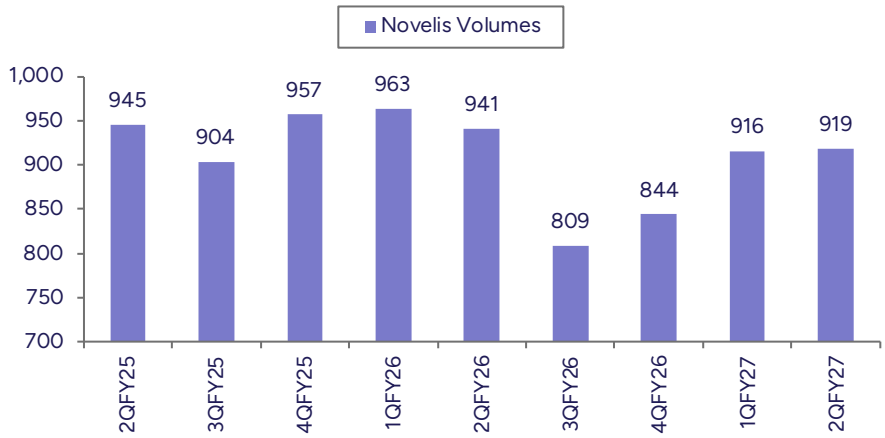
Source: Company, PL

Exhibit 8: Novelis Adj EBITDA/t up 23% YoY to US$553/t as per mgmt.



Source: Company, PL

Exhibit 9: Shipments declined 2% YoY to 919kt as Oswego stabilizes slowly



Source: Company, PL

Exhibit 10: Target Price calculation

(In INR bn)	Sep'28 PLe	EV/EBITDA (x)	EV
Novelis EBITDA	209	6.5	1,361
HNDL India EBITDA	267	7	1,872
Net debt			668
Equity value			2,565
Per share equity value			**1,141**

Source: PL

Financials

Income Statement (INR bn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	**2,749**	**3,552**	**3,525**	**3,709**
YoY gr. (%)	*15.3*	*29.2*	*-*	*5.2*
Cost of Goods Sold	1,770	2,578	2,573	2,713
Gross Profit	979	974	952	996
Margin (%)	*35.6*	*27.4*	*27.0*	*26.9*
Employee Cost	171	191	195	207
Other Expenses	456	304	289	299
EBITDA	**352**	**479**	**468**	**490**
YoY gr. (%)	*7.2*	*36.0*	*(2.4)*	*4.9*
Margin (%)	*12.8*	*13.5*	*13.3*	*13.2*
Depreciation and Amortization	91	89	93	94
EBIT	**261**	**390**	**375**	**396**
Margin (%)	*9.5*	*11.0*	*10.6*	*10.7*
Net Interest	35	37	40	44
Other Income	29	9	10	10
Profit Before Tax	**185**	**362**	**344**	**362**
Margin (%)	*6.7*	*10.2*	*9.8*	*9.8*
Total Tax	51	95	96	101
Effective Tax Rate (%)	*27.6*	*26.3*	*27.8*	*27.8*
Profit After Tax	**134**	**267**	**248**	**262**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**204**	**267**	**248**	**262**
YoY gr. (%)	*20.6*	*31.1*	*(7.0)*	*5.4*
Margin (%)	*7.4*	*7.5*	*7.0*	*7.1*
Extra Ord. Income / (Exp)	(70)	-	-	-
Reported PAT	**134**	**267**	**248**	**262**
YoY gr. (%)	*(16.3)*	*99.3*	*(7.0)*	*5.4*
Margin (%)	*4.9*	*7.5*	*7.0*	*7.1*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	134	267	248	262
Equity Shares O/s (bn)	**2**	**2**	**2**	**2**
EPS (INR)	**91.7**	**120.2**	**111.8**	**117.9**

Source: Company, PL

Balance Sheet (INR bn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	**1,995**	**2,282**	**2,523**	**2,715**
Tangibles	1,796	2,082	2,323	2,516
Intangibles	199	199	199	199
Acc: Dep / Amortization	**988**	**1,078**	**1,171**	**1,265**
Tangibles	853	943	1,036	1,130
Intangibles	135	135	135	135
Net Fixed Assets	**1,007**	**1,204**	**1,352**	**1,450**
Tangibles	943	1,140	1,288	1,386
Intangibles	64	64	64	64
Capital Work In Progress	495	529	535	521
Goodwill	296	296	296	296
Non-Current Investments	191	191	191	191
Net Deferred Tax Assets	(46)	(46)	(46)	(46)
Other Non-Current Assets	48	48	48	48
Current Assets				
Investments	79	79	79	79
Inventories	755	976	968	1,019
Trade Receivables	272	352	349	367
Cash & Bank Balance	148	88	75	65
Other Current Assets	75	75	75	75
Total Assets	**3,478**	**3,949**	**4,079**	**4,223**
Equity				
Equity Share Capital	2	2	2	2
Other Equity	1,364	1,619	1,856	2,102
Total Networth	**1,366**	**1,622**	**1,859**	**2,104**
Non-Current Liabilities				
Long Term Borrowings	756	761	661	511
Provisions	8	8	8	8
Other Non Current Liabilities	79	79	79	79
Current Liabilities				
ST Debt / Current of LT Debt	211	211	211	211
Trade Payables	616	796	790	831
Other Current Liabilities	338	369	368	375
Total Equity & Liabilities	**3,478**	**3,949**	**4,079**	**4,223**

Source: Company, PL

Cash Flow (INR bn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	185	362	344	358
Add. Depreciation	88	89	93	94
Add. Interest	35	37	40	44
Less Financial Other Income	29	9	10	10
Add. Other	2	(9)	(10)	(10)
Op. Profit before WC Changes	310	479	468	486
Net Changes-WC	(142)	(89)	3	(21)
Direct Tax	(65)	(95)	(96)	(101)
Net Cash from Op. Activities	**103**	**294**	**375**	**365**
Capital Expenditures	(298)	(320)	(246)	(179)
Interest / Dividend Income	12	9	10	10
Others	21	-	-	-
Net Cash from Invt. Activities	**(266)**	**(311)**	**(237)**	**(169)**
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	282	5	(100)	(150)
Dividend Paid	(11)	(11)	(11)	(12)
Interest Paid	(48)	(37)	(40)	(44)
Others	(14)	-	-	-
Net Cash from Fin. Activities	**209**	**(43)**	**(151)**	**(206)**
Net Change in Cash	**46**	**(60)**	**(13)**	**(10)**
Free Cash Flow	(198)	(26)	129	186

Source: Company, PL

Quarterly Financials (INR bn)

Y/e Mar	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Net Revenues	**665**	**781**	**848**	**913**
YoY gr. (%)	*13.9*	*20.4*	*32.1*	*38.2*
Raw Material Expenses	425	520	537	612
Gross Profit	240	261	311	301
Margin (%)	*36.1*	*33.4*	*36.7*	*33.0*
EBITDA	**80**	**100**	**139**	**124**
YoY gr. (%)	*5.4*	*13.4*	*76.2*	*38.5*
Margin (%)	*12.0*	*12.8*	*16.4*	*13.6*
Depreciation / Depletion	22	24	23	25
EBIT	**58**	**76**	**116**	**99**
Margin (%)	*8.7*	*9.8*	*13.7*	*10.8*
Net Interest	9	10	10	9
Other Income	5	10	11	9
Profit before Tax	**28**	**35**	**94**	**102**
Margin (%)	*4.3*	*4.4*	*11.1*	*11.2*
Total Tax	8	9	24	31
Effective Tax Rate (%)	*27.5*	*24.7*	*25.4*	*30.1*
Profit After Tax	**21**	**26**	**70**	**71**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**21**	**26**	**70**	**71**
YoY gr. (%)	*(45.0)*	*(50.8)*	*75.1*	*50.3*
Margin (%)	*3.1*	*3.3*	*8.3*	*7.8*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**21**	**26**	**70**	**71**
YoY gr. (%)	*(45.0)*	*(50.8)*	*75.1*	*50.3*
Margin (%)	*3.1*	*3.3*	*8.3*	*7.8*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**21**	**26**	**70**	**71**
Avg. Shares O/s (bn)	2	2	2	2
EPS (INR)	**9.1**	**11.6**	**31.2**	**31.7**

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	91.7	120.2	111.8	117.9
CEPS	132.9	160.5	153.7	160.3
BVPS	615.2	730.4	837.2	947.7
FCF	(89.4)	(11.7)	57.9	83.7
DPS	5.0	5.0	5.5	6.1
Return Ratio (%)				
RoCE	13.8	16.2	14.4	14.6
ROIC	10.1	12.5	10.8	10.9
RoE	15.6	17.9	14.3	13.2
Balance Sheet				
Net Debt : Equity (x)	0.5	0.5	0.4	0.3
Net Working Capital (Days)	55	55	55	55
Valuation (x)				
PER	10.5	8.0	8.6	8.1
P/B	1.6	1.3	1.1	1.0
P/CEPS	7.2	6.0	6.2	6.0
EV/EBITDA	8.1	6.1	6.1	5.5
EV/Sales	1.0	0.8	0.8	0.7
Dividend Yield (%)	0.5	0.5	0.6	0.6
FCFF Yield (%)	(9.3)	(1.2)	6.0	8.7
PEG Ratio	0.5	0.3	(1.2)	1.5

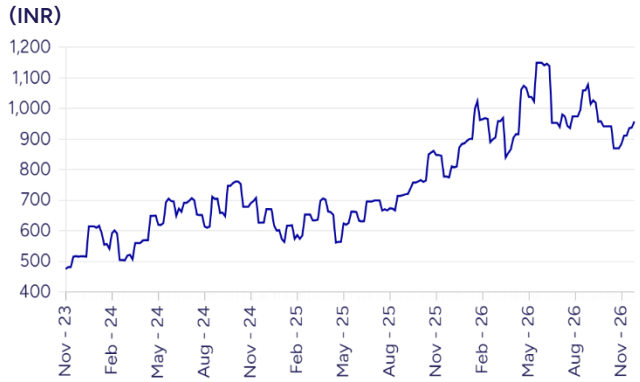
Source: Company, PL

Key Operating Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Novelis volumes (mt)	4	4	4	4
Novelis EBITDA/t	561	540	570	570
Aluminum Price (US$/t)	2,702	3,159	3,050	3,081

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	08-Oct-26	BUY	1113	911
2	08-Aug-26	Accumulate	1162	1060
3	08-Jul-26	Accumulate	1050	972
4	23-May-26	HOLD	1126	1109
5	09-Apr-26	Accumulate	1043	986
6	13-Feb-26	Hold	907	964
7	09-Jan-26	Accumulate	962	904
8	08-Nov-25	Accumulate	846	790
9	08-Oct-25	BUY	883	768
10	13-Aug-25	Accumulate	762	667

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Adani Port & SEZ	BUY	2248	1761
2	Aegis Vopak Terminals	BUY	323	240
3	Ambuja Cement	BUY	474	355
4	Dalmia Bharat	BUY	1970	1625
5	Hindalco Industries	BUY	1113	911
6	Jindal Stainless	BUY	829	687
7	Jindal Steel	BUY	1245	1016
8	JK Cement	BUY	6064	4889
9	JK Lakshmi Cement	BUY	665	470
10	JSW Cement	BUY	133	115
11	JSW Infrastructure	BUY	380	317
12	JSW Steel	BUY	1377	1186
13	National Aluminium Co.	BUY	385	318
14	NMDC	HOLD	83	73
15	Nuvoco Vistas Corporation	BUY	560	331
16	Shree Cement	BUY	28379	22375
17	Steel Authority of India	Accumulate	180	162
18	Tata Steel	Accumulate	209	176
19	Ultratech Cement	BUY	14623	10650
20	Usha Martin	BUY	596	518

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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