

May 25, 2023



Current Price: ₹ 407.05

STOCK DATA

BSE Code	500440.00
NSE Symbol	HINDALCO
Reuters	HALC.BO
Bloomberg	HNDL IN

VALUE PARAMETERS

52 W H/L(Rs)	504.00/309.00
Mkt. Cap.(Rs Cr)	91472.06
Latest Equity(Subscribed)	224.72
Latest Reserve (cons.)	94584.00
Latest EPS (cons.) -Unit Curr.	44.79
Latest P/E Ratio -cons	9.09
Latest Bookvalue (cons.) -Unit Curr.	421.90
Latest P/BV - cons	0.96
Dividend Yield -%	0.00
Face Value	1.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	27.88
Institutions	30.01
Govt Holding	0.23
Non Promoter Corp. Hold.	0.39
Promoters	34.64
Public & Others	6.86

Consolidated Financial Results

In Cr.

	Qtr Ended Mar. 23	Qtr Ended Mar. 22	Var. (%)
Net Sales	55,857.00	55,764.00	0
OPM (%)	9.50	13.10	-360bps
OP	5,327.00	7,304.00	-27
Other Inc.	352.00	293.00	20
PBIDT	5,679.00	7,597.00	-25
Interest	986.00	805.00	22
PBDT	4,693.00	6,792.00	-31
Depreciation	1,856.00	1,761.00	5
PBT	2,837.00	5,031.00	-44
Share of Profit/(Loss) from Associates	2.00	1.00	100
PBT before EO	2,839.00	5,032.00	-44
EO Income	0.00	-251.00	-
PBT after EO	2,839.00	4,781.00	-41
Taxation	428.00	921.00	-54
PAT	2,411.00	3,860.00	-38
EPS (Rs)	10.86	18.28	

Hindalco Q4 FY23 Results: Lower operating profits, Cost Pressures, below estimates

Hindalco Industries consolidated net sales increased 0.17% to Rs 55857 crore in Q4FY23 compared to Q4FY22. Sales of Copper segment has gone up 14.50% to Rs 11,206.00 crore (accounting for 19.26% of total sales). Sales of Novelis segment has gone down 0.65% to Rs 36,176.00 crore (accounting for 62.19% of total sales). Sales of Aluminium Upstream segment has gone down 13.00% to Rs 8,050.00 crore (accounting for 13.84% of total sales). Sales of Aluminium Downstream segment has gone down 16.58% to Rs 2,738.00 crore (accounting for 4.71% of total sales). Inter-segment sales rose Rs -2,632.00 crore to Rs -1,551.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has slumped 17.30% to Rs 6,216.00 crore. PBIT of Copper segment rose 54.52% to Rs 598.00 crore (accounting for 9.62% of total PBIT). PBIT of Novelis segment rose 2.06% to Rs 3,314.00 crore (accounting for 53.31% of total PBIT). PBIT of Aluminium Upstream segment fell 41.42% to Rs 2,192.00 crore (accounting for 35.26% of total PBIT). PBIT of Aluminium Downstream segment fell 20.00% to Rs 112.00 crore (accounting for 1.80% of total PBIT). PBIT margin of Copper segment rose from 3.95% to 5.34%. PBIT margin of Novelis segment rose from 8.92% to 9.16%. PBIT margin of Aluminium Upstream segment fell from 40.44% to 27.23%. PBIT margin of Aluminium Downstream segment fell from 4.27% to 4.09%. Overall PBIT margin fell from 12.80% to 10.69%.

Operating profit margin has declined from 13.10% to 9.54%, leading to 27.07% decline in operating profit to Rs 5,327.00 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 61.83% to 62.66%. Purchase of finished goods cost fell from 1.66% to 0.25%. Employee cost increased from 5.10% to 6.62%. Other expenses rose from 18.92% to 20.58%. Power and Oil fuel cost rose from 5.54% to 7.16%. Other income rose 20.14% to Rs 352 crore. PBIDT fell 25.25% to Rs 5679 crore. Provision for interest rose 22.48% to Rs 986 crore. PBDT fell 30.90% to Rs 4693 crore. Provision for depreciation rose 5.39% to Rs

Hindalco Industries: Consolidated Segment Results

In Cr.

	Qtr Ending Mar. 23	Qtr Ending Mar. 22	Var.(%)	% of (Total)
Sales				
Copper	11,206	9,787	15	19
Novelis	36,176	36,411	-1	62
Aluminium Upstream	8,050	9,253	-13	14
Aluminium Downstream	2,738	3,282	-17	5
Total Reported Sales	58,170	58,733	-1	100
Less: Inter segment revenues	-1,551	-2,632	41	
Net Sales	59,721	61,365	-3	
PBIT				
Copper	598	387	55	10
Novelis	3,314	3,247	2	53
Aluminium Upstream	2,192	3,742	-41	35
Aluminium Downstream	112	140	-20	2
Total PBIT	6,216	7,516	-17	100
Less : Interest	986	805	22	
Add: Other un-allocable	-2,391	-1,930	-24	
PBT	2,839	4,781	-41	

1856 crore. Profit before tax down 43.61% to Rs 2,837.00 crore. Share of profit/loss was 100% higher at Rs 2 crore. PBT before EO was down 44% to Rs 2839 crore. The company reported nil EO items during the quarter compared to net EO expense of Rs 251 crore. PBT after EO was down 41% to Rs 2839 crore. Provision for tax was expense of Rs 428 crore, compared to Rs 921 crore. Effective tax rate was 15.08% compared to 19.26%. Minority interest was nil in both the periods. Net profit attributable to owners of the company decreased 37.54% to Rs 2,411.00 crore.

Business Segment Performance in Q4 FY23 (vs Q4FY22)

Novelis: Total shipments of flat rolled products were at 936 Kt in Q4 FY23 vs 987 Kt in Q4 FY22, down 5% YoY, and up 3% QoQ supported by higher aerospace and record automotive shipments in Q4. Novelis' revenue in Q4 FY23 stood at \$4.4 billion (vs \$4.8 billion), down 8% YoY, impacted by lower average aluminium prices and subdued sales volume YoY. Novelis reported an adjusted EBITDA of \$403 million (vs \$431 million), down 6% YoY, and up 18% QoQ supported by higher product pricing and volumes product mix. Novelis' adjusted EBITDA per ton at \$431 was down 1% YoY, and up 15% sequentially. Net income from continuing operations, excluding special items, was \$175 million in Q4 FY23, a decline of 7% YoY, and up 82% QoQ.

Aluminium (India): Quarterly Upstream revenue was Rs 8,050 crore in Q4 FY23 vs Rs 9,253 crore in the prior year period. Aluminium Upstream EBITDA stood at Rs 2,192 crore in Q4 FY23, compared with Rs 3,742 crore for Q4FY22, down 41% YoY, and up 38% QoQ supported by lower input costs. Upstream EBITDA margins were at 27% and continue to be one of the best in the global industry.

Downstream revenue was RS 2,738 crore in Q4FY23 vs Rs 3,282 crore in the prior year period. Sales of Downstream Aluminium stood at 90 Kt vs 93 Kt in Q4 FY22, down 4% YoY, and down 1% sequentially. Downstream EBITDA stood at Rs 112 crore in Q4 FY23, compared to Rs 140

crore for Q4 FY22, down 20% YoY and down 29% QoQ. Downstream EBITDA for the year was at an all-time high of Rs 627 crore, up 64% YoY, driven by better pricing and volumes.

Copper: Quarterly revenue from the Copper Business stood at Rs 11,206 crore, up 14% YoY, on account of higher global prices of copper and higher volumes. EBITDA for the Copper Business was at an all-time high of Rs 598 crore in Q4 FY23 compared to Rs 387 crore in Q4 FY22, up 55% YoY, and up 10% QoQ backed by continued stable operations, higher domestic sales, and better TC/RCS. Quarterly Copper metal sales were at a record 117 Kt (vs 105 Kt). Copper Continuous Cast Rod (CCR) sales also touched a record 95 Kt in Q4 FY23 (vs 74 Kt), up 28% YoY in line with growing market demand for value added products.

Full year results analysis

Net sales (including other operating income) of Hindalco Industries has increased 14.43% to Rs 223202 crore. Sales of Copper segment has gone up 13.56% to Rs 41,702.00 crore (accounting for 17.81% of total sales). Sales of Novelis segment has gone up 16.22% to Rs 1,48,471.00 crore (accounting for 63.40% of total sales). Sales of Aluminium Upstream segment has gone up 7.02% to Rs 33,010.00 crore (accounting for 14.10% of total sales). Sales of Aluminium Downstream segment has gone down 0.00% to Rs 11,009.00 crore (accounting for 4.70% of total sales). Inter-segment sales rose Rs -9,460.00 crore to Rs -7,151.00 crore.

Profit before interest, tax and other unallocable items (PBIT) has slumped 12.45% to Rs 25,825.00 crore. PBIT of Copper segment rose 62.09% to Rs 2,253.00 crore (accounting for 8.72% of total PBIT). PBIT of Novelis segment fell 4.50% to Rs 14,543.00 crore (accounting for 56.31% of total PBIT). PBIT of Aluminium Upstream segment fell 32.76% to Rs 8,402.00 crore (accounting for 32.53% of total PBIT). PBIT of Aluminium Downstream segment rose 64.14% to Rs 627.00 crore (accounting for 2.43% of total PBIT).

PBIT margin of Copper segment rose from 3.79% to 5.40%. PBIT margin of Novelis segment fell from 11.92% to 9.80%. PBIT margin of Aluminium Upstream segment fell from 40.51% to 25.45%. PBIT margin of Aluminium Downstream segment rose from 3.47% to 5.70%. Overall PBIT margin fell from 14.30% to 11.03%.

Operating profit margin has declined from 14.53% to 10.15%, leading to 20.04% decline in operating profit to Rs 22,666.00 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 61.20% to 61.82%. Purchase of finished goods cost fell from 0.96% to 0.71%. Employee cost increased from 5.83% to 5.94%. Other expenses rose from 18.18% to 21.23%. Power and Oil fuel cost rose from 5.44% to 7.89%. Provisions writeoffs cost fell from 0.15% to 0.10%. Other provisions fell from 0.15% to 0.10%.

Other income rose 10.65% to Rs 1257 crore. PBDT fell 18.86% to Rs 23923 crore. Provision for interest fell 3.24% to Rs 3646 crore. Loan funds declined from Rs 66,942.00 crore as of 31 March 2022 to Rs 65,926.00 crore as of 31 March 2023. Inventories declined from Rs 44,483.00 crore as of 31 March 2022 to Rs 42,958.00 crore as of 31 March 2023. Sundry debtors were lower at Rs 16,214.00 crore as of 31 March 2023 compared to Rs 21,076.00 crore as of 31 March 2022. Cash and bank balance declined from Rs 17,392.00 crore as of 31 March 2022 to Rs 15,368.00 crore as of 31 March 2023. Investments declined from Rs 14,119.00 crore as of 31 March 2022 to Rs 14,116.00 crore as of 31 March 2023.

PBDT fell 21.15% to Rs 20277 crore. Provision for depreciation rose 5.31% to Rs 7086 crore. Fixed assets declined from Rs 87,854.00 crore as of 31 March 2022 to Rs 85,890.00 crore as of 31 March 2023. Intangible assets increased from Rs 23,965.00 crore to Rs 32,436.00 crore. Profit before tax down 30.52% to Rs 13,191.00 crore. Share of profit/loss was 50% higher at Rs 9 crore. PBT before EO was down 31% to Rs 13200 crore. The company reported net EO income of Rs 41 crore during the quarter compared to net EO income of Rs 582 crore. PBT after EO was

down 32% to Rs 13241 crore. Provision for tax was expense of Rs 3144 crore, compared to Rs 5373 crore. Effective tax rate was 23.74% compared to 27.45%.

Minority interest was nil in both the periods. Net profit attributable to owners of the company decreased 28.90% to Rs 10,097.00 crore.

Management Comment

Commenting on the results, Mr. Satish Pai, Managing Director, Hindalco Industries, said, "Our diversified business model continues to drive Hindalco's resilient performance in challenging times. Our Copper Business delivered exceptional results recording its highest-ever EBITDA, driven by robust market demand, stable operations and higher value-added product sales. Our India Aluminium Downstream Business, which experienced its highest-ever EBITDA growth in FY23, reflects our strategic focus on enhancing this segment. Despite macroeconomic headwinds, Novelis has shown quarter-on-quarter recovery supported by improved product pricing and favourable product mix.

Looking ahead, a Net-Debt-Free India business and a strong balance sheet will continue to power our ambitions for organic growth. We also continue to drive our holistic ESG approach with specific targets that go beyond carbon emissions, and encompass other planet-critical aspects like waste, biodiversity, water positivity, and community inclusion."

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