Company Update

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Retail Equity Research

Hindalco Industries Ltd.

BUY

Sector: Metals & Mining

05th January, 2026

Key Changes	Target ▲		Rating ▲		Earnings ▲
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	HNDL:IN	85,762	HINDALCO	500440	12 Months

Target	**Rs. 1,034**
CMP	**Rs. 926**
Return	**+12%**

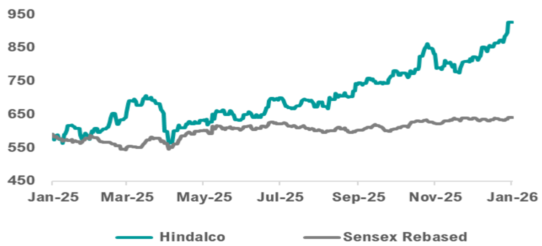
Data as of: 02-Jan-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	208,072
52 Week High — Low (Rs.)	938 - 546
Enterprise Value (Rs. cr)	266,932
Outstanding Shares (cr)	224.7
Free Float (%)	64.2
Dividend Yield (%)	0.5
6m average volume (cr)	1.0
Beta	1.0
Face value (Rs.)	1.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	34.6	34.8	34.6
FII's	31.8	31.4	31.7
MFs/Institutions	24.8	25.1	24.6
Public	5.8	6.0	6.0
Others	2.9	2.8	3.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	19%	32%	57%
Absolute Sensex	6%	3%	8%
Relative Return	13%	30%	48%

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



Y.E March (Rs. cr)	FY25A	FY26E	FY27E
Sales	238,496	257,829	266,874
Growth (%)	*10.4*	*8.1*	*3.5*
EBITDA	30,965	33,924	35,928
EBITDA Margin (%)	*13.0*	*13.2*	*13.5*
Adj. PAT	16,881	16,932	17,605
Growth (%)	*66.6*	*0.3*	*4.0*
Adj. EPS	75.1	75.3	78.3
Growth (%)	*66.6*	*0.3*	*4.0*
P/E	9.1	10.7	10.3
P/B	1.2	1.3	1.2
EV/EBITDA	6.7	7.1	6.7
ROE (%)	*12.9*	*12.0*	*11.3*
D/E	0.5	0.5	0.5

Strong Metal Prices & Domestic Demand to Drive Margin Upside

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

- Hindalco's consolidated revenue grew 13.5% YoY to Rs. 66,058cr in Q2FY26 due to double-digit revenue growth in the aluminium segment and at Novelis, a subsidiary.
- Revenue of Novelis rose 15.1% YoY to Rs. 41,418cr, driven by stable shipments, better execution and strong progress in mitigating the headwinds from the US trade tariffs through localisation and steps taken to improve efficiency.
- Revenue from the aluminium segment (upstream and downstream) increased 13.0% YoY to Rs. 13,887cr, owing to higher demand. The copper segment's revenue grew 11.0% YoY to Rs. 14,563cr, driven by better realisation in by-products.
- EBITDA increased 19.2% YoY to Rs. 8,785cr in Q2FY26, supported by improved operational efficiency and better product mix. As a result, EBITDA margin expanded 60bps YoY to 13.3%.
- Reported PAT rose 21.3% YoY to Rs. 4,741cr in Q2FY26, on account of strong performance across segments.

Outlook & Valuation

Hindalco's strong operational execution, expanded downstream capabilities, and sustainability initiatives position the company for long-term success. The company's focus on circularity, recycling, and efficiency has driven performance across all segments, and its commitment to increasing capital expenditure for growth is a positive. The growing demand for aluminium in India, driven by the electrical, solar, and automotive sectors, is expected to boost the company's performance. The reduction in GST reforms is likely to support robust growth in the automotive sector, further enhancing the company's prospects. Higher aluminium & copper prices amid the global supply constraints are expected to strengthen Hindalco's margins, providing a significant earnings tailwind across both segments. Considering these factors, **we upgrade our rating on the stock to BUY, with a revised target price of Rs. 1,034, based on SOTP valuation.**

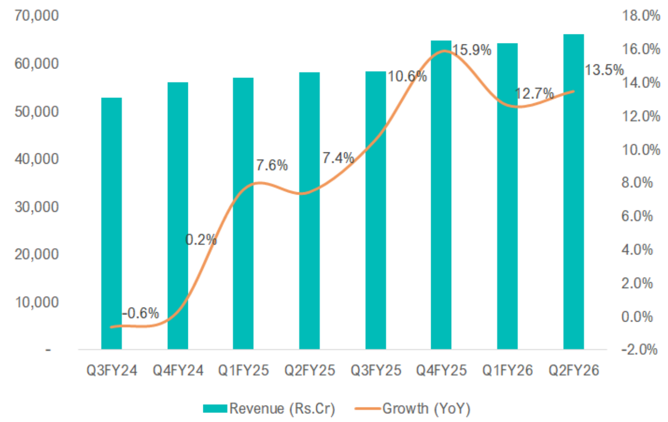
Quarterly Financials Consolidated

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	66,058	58,203	*13.5*	64,232	*2.8*	130,290	115,216	*13.1*
EBITDA	8,785	7,369	*19.2*	7,908	*11.1*	16,693	14,544	*14.8*
Margin (%)	*13.3*	*12.7*	*60bps*	*12.3*	*100bps*	*12.8*	*12.6*	*20bps*
EBIT	6,630	5,437	*21.9*	5,828	*13.8*	12,458	10,720	*16.2*
PBT	6,540	5,643	*15.9*	5,676	*15.2*	12,216	10,491	*16.4*
Rep. PAT	4,741	3,909	*21.3*	4,004	*18.4*	8,745	6,983	*25.2*
Adj. PAT	4,923	4,423	*11.3*	4,004	*23.0*	8,927	7,827	*14.1*
Adj. EPS (Rs.)	21.9	19.7	*11.3*	17.8	*23.0*	39.7	34.8	*14.1*

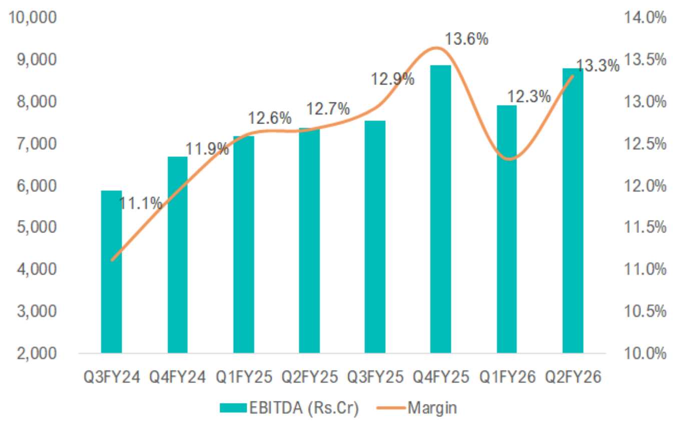
Key concall highlights

- Novelis reported shipments of 941 KT in Q2FY26 which remained steady, compared with 945 KT in the corresponding year -ago quarter. Additionally, its Oswego plant is on track to resume operations of its hot mill in December 2025.
- The company's cost reduction efforts aim to achieve over $125 million in run-rate savings by FY26 and $300 million by FY28.
- The aluminium downstream segment achieved an all-time high quarterly EBITDA of Rs. 261cr, rising 69% YoY.
- The second-phase expansion of Aditya Aluminium has been announced, with a planned capacity addition of 193 KT. The project is estimated to cost Rs. 10,225cr and expected to be commissioned in FY29.
- In the aluminium upstream segment, shipments increased to 341 KT in Q2FY26 from 328 KT in Q2FY25. The segment's EBITDA per tonne rose 13% to $1,521. The segment reported industry-leading margins of 45%.
- The copper segment maintained a healthy EBITDA of Rs. 634cr, driven by higher realisation from the sale of sulphuric acid.
- As on September 30, 2025, the company's consolidated net debt to EBITDA ratio stood at 1.23x, compared with 1.19x in the corresponding period last year.

Revenue



EBITDA



Sum of the parts (SOTP) valuation

Particulars	Basis	Multiple	Year	Value (Rs. cr)	Value/share (Rs.)
Aluminium	EV/EBITDA	7.0x	FY27E	140,253	625
Copper	EV/EBITDA	7.0x	FY27E	26,906	120
Novelis	EV/EBITDA	5.3x	FY27E	99,417	442
Net Debt				53,614	239
Quoted Investments @ 20% discount				19,373	86
Target SOTP				**232,334**	**1,034**

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs. cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	244,989	254,332	257,829	266,874	*5.2*	*4.9*
EBITDA	31,538	33,343	33,924	35,928	*7.6*	*7.8*
Margins (%)	*12.9*	*13.1*	*13.2*	*13.5*	*30bps*	*40bps*
Adj. PAT	15,484	16,309	16,932	17,605	*9.4*	*7.9*
Adj. EPS	68.9	72.6	75.3	78.3	*9.4*	*7.9*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**223,202**	**215,962**	**238,496**	**257,829**	**266,874**
% change	*14.4*	*-3.2*	*10.4*	*8.1*	*3.5*
EBITDA	**22,727**	**23,920**	**30,965**	**33,924**	**35,928**
% change	*-19.9*	*5.2*	*29.4*	*9.7*	*5.9*
Depreciation	-7,086	-7,521	-7,881	-8,733	-9,549
EBIT	**15,630**	**16,374**	**23,048**	**25,191**	**26,379**
Interest	3,646	3,858	3,419	3,619	3,823
Other Income	1,257	1,496	2,708	2,019	2,239
PBT	**13,241**	**14,012**	**22,337**	**23,591**	**24,796**
% change	*-32.4*	*5.8*	*59.4*	*5.6*	*5.1*
Tax	3,144	3,857	6,335	6,841	7,191
Tax Rate (%)	*23.7*	*27.5*	*28.4*	*29.0*	*29.0*
Reported PAT	**10,097**	**10,155**	**16,002**	**16,750**	**17,605**
PAT att. to common shareholders	**10,097**	**10,155**	**16,002**	**16,750**	**17,605**
Adj.*	-41	-21	879	182	-
Adj. PAT	**10,056**	**10,134**	**16,881**	**16,932**	**17,605**
% change	*-26.2*	*0.8*	*66.6*	*0.3*	*4.0*
No. of shares (cr)	224.7	224.7	224.7	224.7	224.7
Adj. EPS (Rs.)	**44.7**	**45.1**	**75.1**	**75.3**	**78.3**
% change	*-26.8*	*0.8*	*66.6*	*0.3*	*4.0*
DPS (Rs.)	3.0	3.5	5.0	5.6	5.9

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	15,368	12,687	10,846	12,518	14,386
Accts. Receivable	16,214	16,404	19,834	20,626	21,884
Inventories	42,958	40,812	48,801	59,430	60,973
Other Cur. Assets	14,771	12,440	22,478	22,364	23,052
Investments	8,279	12,218	13,671	15,021	15,318
Gross Fixed Assets	**140,942**	**156,620**	**177,024**	**200,229**	**224,247**
Net Fixed Assets	78,530	79,698	84,237	96,006	107,503
CWIP	7,340	14,591	27,023	29,725	32,698
Intangible Assets	32,436	32,342	32,648	33,993	34,049
Def. Tax -Net	1,328	1,184	1,691	1,710	1,798
Other Assets	7,593	9,531	4,762	4,654	4,654
Total Assets	**224,817**	**231,907**	**265,991**	**296,049**	**316,315**
Current Liabilities	53,092	51,821	59,427	66,034	68,272
Provisions	5,891	6,235	6,227	6,476	6,735
Debt Funds	60,554	56,712	64,460	71,331	72,239
Other Liabilities	10,463	10,982	12,156	12,993	13,570
Equity Capital	222	222	222	222	222
Res. & Surplus	94,584	105,924	123,487	138,980	155,265
Shareholder Funds	**94,806**	**106,146**	**123,709**	**139,202**	**155,487**
Minority Interest	11	11	12	12	12
Total Liabilities	**224,817**	**231,907**	**265,991**	**296,049**	**316,315**
BVPS	422	472	550	619	692

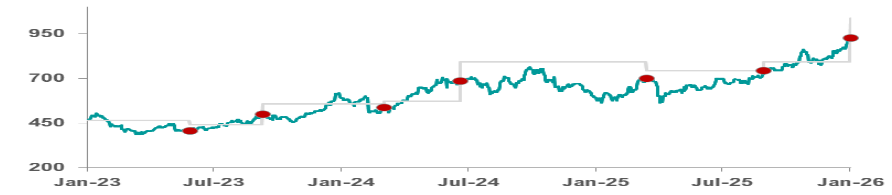
Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	**17,183**	**17,676**	**23,883**	**25,483**	**27,154**
Non-cash adj.	-38	5,729	3,352	3,587	583
Other adjustments	-	-	-	-	-
Changes in W.C	2,063	651	-2,825	-5,094	-870
C.F. Operation	**19,208**	**24,056**	**24,410**	**23,975**	**26,866**
Capital exp.	-9,637	-15,678	-20,404	-23,205	-24,019
Change in inv.	-264	1,826	-7,290	-3,457	-423
Other invest.CF	1,885	-424	2,955	-1,257	-143
C.F - Investment	**-8,016**	**-14,276**	**-24,739**	**-27,918**	**-24,585**
Issue of equity	-125	-99	-104	-	-
Issue/repay debt	-8,187	-4,393	5,233	6,871	908
Dividends paid	-890	-667	-778	-1,256	-1,320
Other finance.CF	-1,248	-5,658	-6,167	-	-
C.F - Finance	**-10,450**	**-10,817**	**-1,816**	**5,615**	**-413**
Chg. in cash	742	-1,037	-2,145	1,672	1,868
Closing Cash	**15,368**	**12,687**	**10,846**	**12,518**	**14,386**

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	10.2	11.1	13.0	13.2	13.5
EBIT margin (%)	7.0	7.6	9.7	9.8	9.9
Net profit mgn.(%)	4.5	4.7	6.7	6.5	6.6
ROE (%)	10.7	9.6	12.9	12.0	11.3
ROCE (%)	10.1	10.1	12.2	12.0	11.6
W.C & Liquidity					
Receivables (days)	26.5	27.7	30.4	29.2	29.9
Inventory (days)	99.2	100.4	111.8	125.0	124.5
Payables (days)	95.8	91.9	97.0	102.4	103.3
Current ratio (x)	1.5	1.4	1.6	1.5	1.5
Quick ratio (x)	0.6	0.5	0.6	0.6	0.6
Turnover &Leverage					
Gross asset T.O (x)	1.6	1.5	1.4	1.4	1.3
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	7.0	6.9
Adj. debt/equity (x)	0.6	0.5	0.5	0.5	0.5
Valuation					
EV/Sales (x)	0.6	0.8	0.9	0.9	0.9
EV/EBITDA (x)	6.0	7.1	6.7	7.1	6.7
P/E (x)	9.1	12.4	9.1	10.7	10.3
P/B (x)	1.0	1.2	1.2	1.3	1.2

Recommendation Summary- (Last 3 years)



Dates	Rating	Target
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
05-Jan-26	BUY	1034

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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