

# HINDALCO LIMITED

# RECOMMENDATION: BUY

**Buy Around: 203.50**

**SL: 189**

**Target: 234**

**Upside: 15%**

**Horizon: 1 Month**

## VALUE PARAMETERS

Price (Rs)	200.55
52 W H/L(Rs)	210.00/128.00
Mkt. Cap.(Rs Cr)	44992.94
Latest Equity(Subscribed)	224.35
Latest Reserve (cons.)	43215.40
Latest EPS (cons.) -Unit Curr.	8.33
Latest P/E Ratio -cons	24.07
Latest Bookvalue (cons.) -Unit Curr.	220.16
Latest P/BV - cons	0.91
Dividend Yield -%	0.54
Face Value	1.00

## STOCK DATA

BSE Code	500440
NSE Symbol	HINDALCO
Reuters	HALC.BO
Bloomberg	HNDL IN

## SHAREHOLDING PATTERN

(As on 31 Mar 2017)	% Of Holding
Foreign	34.80
Institutions	17.56
Govt Holding	0.02
Non Promoter Corp. Hold.	0.00
Promoters	34.70
Public & Others	12.93

Note: Follow Strict Stop Loss.

Operationally, the company has delivering strong performance and successfully raised USD 500 million through Qualified Institutional Placement (QIP) in March 2017. This is the largest non-bank QIP in the last two years. In line with its commitment, the company used the cash proceeds from QIP towards prepayment of Rs.4,506 crore of long term loan in April 2017 - till date the total prepayment stands at Rs.5,536 crore. The company expects capex of Rs 1000 crore in FY18 for Indian operations. Moreover, it is also looking at repayment of Rs 2200 crore of debt in the balance part of FY18 broadly through internal accruals.

### Business Profile

Hindalco Industries, metals flagship company of the Aditya Birla Group, is the industry leader in aluminium and copper.

### Investment Rationale

For the FY 2017, the company achieved record production — Aluminium metal at 1,266 kilotonne and Alumina (including Utkal Alumina) at 2,886 kilotonne. Alumina production was up 8 percent and Aluminium metal production was up 12 pe cent as compared to the previous year. VAP (including Wire Rod) production was at 481 kilotonne, up 14 percent as compared to previous year. All the three new plants viz. Aditya, Mahan and Utkal Alumina are operating at its rated capacities.

Utkal refinery during the year reported a strong performance on the back of stable operations. During FY17, lower international alumina prices were favourable for Hindalco as it results in lower input cost. The full year FY17 EBITDA of Utkal was at Rs 672 crore, down 6% YoY

During the fiscal year 2017, Novelis refinanced its USD 2.5 billion Senior Notes and USD 1.8 billion Term Loan. As a result, annual cash interest savings of USD 79 million has been achieved along with an extended debt maturity profile for the senior notes.

Further, Novelis entered in JV agreement with Kobe Steel in May 2017 to sell 50 per cent of ownership interest in Ulsan, South Korea facility for USD 315 million. This venture, named Ulsan Aluminium Limited, will provide synergies to both the high-quality partners.

During the year, the Hindalco also divested its stake in Aditya Birla Minerals Limited, Australia.



We recommend a buy in the stock of HINDALCO Ltd for a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low Rs. 128.00 and 52 week high of Rs 210.00. Buy around at 203.50 with a closing below stop loss of Rs.189 levels for the target of Rs.234.



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