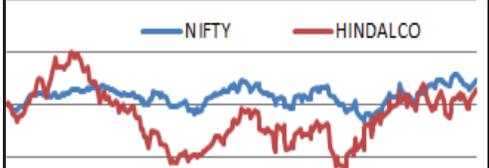


Result update		Neutral	
CMP	118		
Target Price	NA		
Previous Target Price	NA		
Upside	NA		
Change from Previous	NA		
Market Data			
BSE Code	500440		
NSE Symbol	HINDALCO		
52wk Range H/L	137/83		
Mkt Capital (Rs Crores)	24403		
Average Daily Volume (Nos.)	17082		
Nifty	5995		
Stock Performance-%			
	1M	1yr	YTD
Absolute	-1.3	11.3	8.7
Rel. to Nifty	-2.7	0.5	0.0
Share Holding Pattern-%			
	2QFY14	1QFY14	4QFY13
Promoters	37.0	37.0	32.1
FII	24.9	24.8	24.5
DII	14.4	14.3	15.5
Others	23.7	23.9	28.0
1 yr Forward Price			
			
Source - Company/EastWind Research			

Hindalco Industries, the world's largest Aluminium rolling company, disappointed with the second quarter net profit declining marginally to Rs 357Cr from Rs 358.9Cr y-o-y, dented by higher finance cost. Bottom line was largely supported by other income; otherwise profit would have much lower than currently reported. Other income, which included Rs61 Cr non-recurring income and dividend of Rs 100 Cr from subsidiaries, more than doubled to Rs 280Cr in three-month period ended September 2013 from Rs 132.4Cr in a year ago period. Net sales increased over 2 percent year-on-year to Rs 6245Cr during September quarter. EBITDA climbed 3 percent Y-o-Y to Rs 481Cr while operating profit margin improved marginally to 7.7 percent from 7.63 percent during the same period on higher inventory. Finance cost surged 6.5 times on a yearly basis to Rs 183Cr in the quarter gone by, given higher average borrowing. Revenue from Aluminium business grew 11 percent y-o-y to Rs 2,342.6Cr, driven by higher volumes, but EBIT margin of the same business declined to 7.1 percent during 2QFY14.

The company reasoned long spell of subdued LME has adversely affected the global Aluminium industry and its margins and production levels significantly. During the same period, total metal production increased to 1,32,000 ton (excluding Mahan production) from 1,28,000 ton while alumina production (excluding Utkal alumina production) rose to 3,34,000 ton from 3,28,000 ton y-o-y, but sequentially it was down from 3,48,000 ton due to a planned ramp down at one of refineries. In case of copper business, revenue slipped 2.2 percent Y-o-Y to Rs 3,974Cr in the quarter gone by, but its EBIT margin expanded to 6 percent. Cathode production declined to 77,000 ton from 78,000 ton y-o-y, but increased from 68,000 ton q-o-q.

Greenfield projects (Mahan smelter and Utkal Alumina Refinery) are ramping up as planned, however, EBITDA streams will take time to scale up with delayed access to captive coal. With improving copper business is expected to have a stable outlook despite a sharp drop in by-product realization.

#### Financials :

	3QFY2013	4QFY2013	1QFY2014	2QFY2014
Total Income	7190	7225	6266	6585
Cost Of Projects	4657	4714	3671	4007
Employee benefit Expenre	308	289	302	361
Power and fuel	755	754	806	882
Expenditure	6290	6351	5359	5765
EBITDA	582	643	478	540
PAT	434	482	474	357

# Hindalco Industries Ltd.

**Out look :** The PM's Project Monitoring Group has sorted out issues with regards to Hindalco's 7000 Cr rupees Utkal Alumina refinery among others. On a medium-term view we would still be positive on Hindalco Industries. As the improvement happens across economies whether it is US, Europe, to an extent in China also we think Hindalco is very well positioned. Aluminium has still not seen an uptick, so in this upturn of the economy we see that the aluminium prices will also start to go up and that should be positive for the outcome.

	1QFY2013	2QFY2013	3QFY2013	4QFY2013	1QFY2014	2QFY2014
Aluminium	2063	2105	2215	2396	2211	2343
Copper	3972.11	4065.67	4660.84	4606.65	3635.77	3974
<b>Segment Revenue</b>						
Aluminium	270	170	206	284	249	166
Copper	75.71	208.53	225.2	258.57	81.13	238.97
<b>Segment Results</b>						
Aluminium	25957	28850	29821	31942	33057	34284
Copper	6209.54	6198.51	5764.81	5915.78	5385.28	5372.78
Un allocated	16963	22662	23148	21813	22067	23553
<b>Capital Employed</b>	<b>49130</b>	<b>57710</b>	<b>58735</b>	<b>59671</b>	<b>60509</b>	<b>63210</b>

	FY2009	FY2010	FY2011	FY2012	FY2013
NetWorth	15854	21545	29023	31911	35330
Long-term borrowings	13025	10763	13736	37127	49857
Short-term borrowings	15285	13236	13956	3731	6442
Long-term provisions	4985	3901	4138	5289	5691
Trade payables	9410	9742	12980	11052	9613
Short-term provisions	1298	1016	1077	1377	1610
Total liabilities	64467	69235	84376	101402	120590
Intangibles	8405	7876	12272	15429	16435
Tangible assets	23411	21124	20133	19871	21490
Long-term loans and advances	1162	1983	2035	3774	3170
Inventories	8524	11275	14096	13246	14332
Trade receivables	6673	6544	8000	8017	8952
Cash and bank balances	2192	2195	2556	3296	3770
Short-term loans and advances	665	1134	1164	2159	3257
Current investments	4804	5179	5000	4860	6808
Total Assets	64467	69235	84376	101402	120590

Source-Company/East Wind Research

	FY2010	FY2011	FY2012	FY2013
NPM %	6.4	3.4	4.2	3.7
OPM %	11.4	7.2	6.5	6.1
EBITDA %	16.1	11.1	9.9	9.7
EV	56571	65080	62346	70048
P/E	8.9	16.3	7.3	5.8
EV/EBIDTA	5.8	8.2	7.8	9.0
ROCE%	255.8	230.3	265.8	294.0
ROE%	18.2	8.5	10.6	8.6
EPS	20.5	12.8	17.7	15.8
Earning Yeild'	11.3	6.1	13.7	17.3

Source-Company/East wind Research