

Hindalco Q2 net up 78% on lower cost, better realisation

Our Bureau
Mumbai

Hindalco Industries, an Aditya Birla Group company, has reported that its net profit in the September quarter was up 78 per cent at ₹3,909 crore against ₹2,196 crore logged in the same period last year, largely due to lower cost and higher realisation.

Revenue of the company increased 7 per cent to ₹58,203 crore (₹54,169 crore). EBITDA jumped 49 per cent to ₹9,100 crore (₹6,096 crore).

INVESTMENT PLANS

Hindalco plans to invest \$4-5 billion in the next three fiscals in new projects including aluminium and copper smelters, greenfield alumina

refinery and copper recycling plant. The company will spend about 90 per cent of the fresh capex in upstream projects.

Satish Pai, Managing Director, Hindalco Industries, said the company currently is net debt free and would add about ₹7,000-8,000 crore debt to fund the new projects over the next three years. It will spend ₹6,000 crore in ongoing projects this fiscal, he added.

The diversified nature of business, both in terms of presence in different countries and products, has helped the company withstand any unexpected shocks in different regions, said Pai.

Hindalco expects Novelis to face challenges for the next few quarters as the spread between sourcing aluminium scrap and produ-

Shining bright (₹ cr)

	Q2FY24	Q2FY25
Revenue	54,169	58,203
Net profit	2,196	3,909
EPS (₹) (diluted)	9.87	17.59

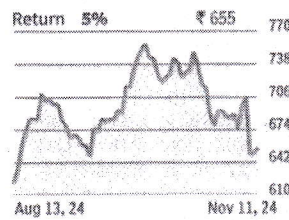
cing final product is shrinking.

Pai said the demand for scrap in China has gone up substantially after the country lifted the restriction on sourcing scrap and this has pushed up scrap prices even while the final products remained stable.

NOVELIS IPO

On the revival of Novelis IPO plans in the US, he said the company is not tapping the primary market for funding but for getting a premium valuation of \$18-21 a share.

Hindalco



Novelis was not able to get the premium valuation as investors were concerned over the company's ability to finish the Bay Minette project in the US with the projected capex of \$4.1 billion; besides, the shrinking aluminium spread remains a worry, said Pai

"We will reconsider the Novelis IPO after the Bay Minette project is completed 75 per cent by the second or third quarter of next year

and by that time scrap spreads will also improve. Both these will address investor concerns leading to premium valuation," he added.

The new administration in the US under Donald Trump is good for Hindalco, as the proposed trade barriers on imports into the US will help Novelis as it puts up a huge investment in a large aluminium plant after 40 years in that country, said Pai.