



Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR621 TP: INR750 (+21%) Buy

Performance in line with estimates

Consolidated performance

- Consolidated net sales stood at INR570b (+8 YoY/+2% QoQ), largely in line with our estimate of INR583b, aided by better realizations and efficiency in India operations.
- Consolidated EBITDA came in at INR75b (+31% YoY/+12% QoQ), largely in line with our estimate of INR70b, driven by lower input costs and higher volumes. APAT of INR34b (+38% YoY/+7% QoQ) came in line with our estimate of INR35b.
- The net debt-to-EBITDA ratio stood at 1.24x vs. 1.73x at 1QFY24.

Aluminum business

- Upstream revenue stood at INR88b (+10% YoY). Aluminum upstream EBITDA stood at INR35b (+81% YoY), driven by lower input costs.
- Upstream EBITDA margins came in at 40%.
- Downstream revenue stood at INR29b (+18% YoY). Sales of downstream aluminum stood at 96kt (+19% YoY).
- Downstream EBITDA/t was USD138 vs. USD202 in 1QFY24.

Copper business

- Copper business revenue was INR133b (+16% YoY), aided by high shipments and realization.
- EBITDA for the copper business was at an all-time high of INR8b, up 52% YoY, backed by higher average copper prices and robust operations.
- Copper metal sales stood at 119kt (flat YoY). CCR sales came in at 100kt (+2% YoY), in line with growing market demand for VAP.

Novelis: In-line operating performance

- Shipments volume stood at 951kt (+8% YoY/flat QoQ), in line with our estimate of 954kt. The growth was primarily led by normalized demand for beverage packaging sheet, which was affected by inventory reduction.
- Revenue stood at USD4.2b (+2% YoY/+3% QoQ) vs. our est. of USD4.4b, mainly driven by higher avg. aluminum prices and higher total shipments.
- Adj. EBITDA stood at USD500m (+19% YoY/-3% QoQ), in line with our estimate. This improvement was primarily driven by higher volume and favorable product pricing, which was partially offset by a less favorable product mix and higher costs.
- EBITDA/t came in at USD526/t, in line with our estimate of USD525/t.
- APAT stood at USD237m (+43% YoY/-3% QoQ), higher than our est. of USD207m, led by lower-than-expected depreciation and interest charges.
- The company reported an exceptional item of USD86mn, which included initial charges associated with flooding at Sierre plant in Switzerland in Jun'24, as well as higher restructuring and unfavorable metal price lag.
- Capex stood at USD348m, primarily attributed to strategic investments in new rolling and recycling capacity under construction.
- Novelis has a strong liquidity position of USD2.2b, with cash & cash equivalents of ~USD886m. Net debt stands at USD4.6b, with a net debt-to-adj. EBITDA ratio of 2.4x.

Bloomberg	HNDL IN
Equity Shares (m)	2247
M.Cap.(INRb)/(USDb)	1396.4 / 16.6
52-Week Range (INR)	715 / 438
1, 6, 12 Rel. Per (%)	-9/11/10
12M Avg Val (INR M)	4199
Free float (%)	65.4

Financials & Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	2,160	2,369	2,456
EBITDA	239	277	286
Adj. PAT	101	136	141
EBITDA Margin (%)	11	12	12
Cons. Adj. EPS (INR)	46	61	64
EPS Gr. (%)	1	34	4
BV/Sh. (INR)	361	414	472

Ratios

Net D:E	0.5	0.4	0.3
RoE (%)	13.6	15.8	14.4
RoCE (%)	10.8	12.3	12.0
Payout (%)	0.0	9.8	9.4

Valuations

P/E (x)	13.6	10.2	9.7
P/BV (x)	1.7	1.5	1.3
EV/EBITDA(x)	7.3	6.3	6.0
Div. Yield (%)	0.0	1.0	1.0
FCF Yield (%)	6.0	2.8	4.7

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	34.6	34.6	34.6
DII	25.8	26.0	26.3
FII	31.3	31.0	30.3
Others	8.3	8.4	8.7

FII Includes depository receipts