COMPANY UPDATE

HINDALCO INDUSTRIES

Novelis Q4FY17: EBITDA momentum sustained

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India Equity Research| Metals and Mining

Novelis reported >USD250mn EBITDA for the fifth consecutive quarter and sustained spread and EBITDA margin of >USD500/t and 11%, respectively, in Q4FY17. We believe, the company will maintain the high spread and 10-11% EBITDA margin in ensuing quarters due to: (1) higher auto shipments in the product mix; (2) sustained operating cost efficiencies; and (3) benign LME aluminium prices. We perceive, anchored by Novelis' performance, a high probability of Hindalco meeting Q4FY17 consensus estimates. Taking cognizance of Novelis' Q4FY17 numbers, we revise FY18E and FY19E EBITDA by 3% and 1%, respectively. Retain 'BUY' with revised target price of INR236 (earlier INR229) implying an exit multiple of 6.4x on FY19E, which is at a discount to global peer average.

EBITDA driven by 8-year high spread of USD556/t

Novelis' Q4FY17 adjusted EBITDA grew 5% YoY to USD292mn. Price-cost spread at USD556/t (8-year high; up 20% YoY), EBITDA/t at USD370 (up 5% YoY) and sustained EBITDA margin at 11% continued to remain in positive terrain. This was on account of ramp up of auto capacity (auto shipments up 26% YoY) despite stagnant volume growth YoY. Operating efficiencies, primarily due to rising use of recycled material (55% compared to 53% earlier), resulted in EBITDA gain of USD17mn YoY.

Higher free cash flow to aid further deleveraging

The company achieved net debt:EBITDA of 4x, a year ahead of schedule. We estimate free cash flow at USD370-380mn owing to stable EBITDA/t of ~USD350 on an average over the next 2 years, volume spurt and reduced capital expenditure & interest payment, facilitating further deleveraging.

Outlook and valuations: Strong margin sustains; maintain 'BUY'

We are upbeat on sustained level of high spreads and EBITDA margin above 10% and perceive further upside with auto lines ramping up. Free cash flow sustenance at high level and improvement in leverage metrics are additional sweeteners. The stock is trading at a discount to global peers at 5.7x on FY19E EBITDA. We maintain **'BUY/SO'.**

Financials **(INR mn)**

Year to March	FY16	FY17E	FY18E	FY19E
Net revenue	1,000,538	1,068,590	1,111,912	1,133,188
EBITDA	87,240	129,672	143,933	150,146
Adjusted Profit	2,446	35,581	51,548	56,153
Diluted equity shares (mn)	2,067	2,067	2,067	2,067
Adjusted diluted EPS (INR)	1.2	17.2	24.9	27.2
EPS Growth (%)	*(81.6)*	*1,354.5*	*44.9*	*8.9*
Diluted P/E (x)	158.1	10.9	7.5	6.9
EV/EBITDA (x)	11.7	7.4	6.4	5.7
ROAE (%)	-	8.7	11.4	11.1

EDELWEISS 4D RATINGS

Absolute Rating	**BUY**
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

MARKET DATA *(R: HALC.BO, B: HNDL IN)*

CMP	: INR 187
Target Price	: INR 236
52-week range (INR)	: 204 / 84
Share in issue (mn)	: 2,243.3
M cap (INR bn/USD mn)	: 420 / 6,489
Avg. Daily Vol.BSE/NSE('000)	: 13,341.1

SHARE HOLDING PATTERN (%)

	Current	Q3FY17	Q2FY17
Promoters *	34.7	37.7	37.7
MF's, FI's & BK's	17.8	15.9	15.8
FII's	27.5	25.5	25.4
Others	20.0	20.9	21.2

** Promoters pledged shares (% of share in issue) : NIL*

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Metals and Mining Index
1 month	(4.1)	2.5	(8.0)
3 months	2.8	7.0	(5.9)
12 months	108.2	19.3	44.4

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Table 1: Good performance on all counts

Year to March	Q4FY17	Q4FY16	*% change*	Q3FY17	*% change*
Net revenues	2,621	2,402	*9.1*	2,313	*13.3*
Total expenses	2,329	2,132	*9.2*	2,062	*12.9*
Adjusted EBITDA	**292**	**270**	***8.1***	**251**	***16.3***
Metal price lag	-	(7)	*NA*	(4)	*NA*
Adjusted EBITDA excluding metal price lag	**292**	**277**	***5.4***	**255**	***14.5***
PBT and minority interest	88	47	*87.2*	111	*(20.7)*
Provision for taxes	41	18	*127.8*	47	*(12.8)*
Profit before minority interest	47	29	*62.1*	64	*(26.6)*
Adjusted Profit	47	29	*62.1*	63	*(25.4)*

Source: Company data, Edelweiss research

Table 2: Latin America and Asia continue doing well

	North America			Europe			South America			Asia			Eliminations			Total		
	Q4'17	Q4'16	Q3'17	Q4'17	Q4'16	Q3'17	Q4'17	Q4'16	Q3'17	Q4'17	Q4'16	Q3'17	Q4'17	Q4'16	Q3'17	Q4'17	Q4'16	Q3'17
Shipments (kt)																		
Rolled Products	269	249	247	235	244	226	125	134	125	174	187	162	(14)	(26)		789	788	760
EBITDA (USD mn)	105	95	92	58	47	39	101	92	83	31	35	37	(3)	1		292	270	251
EBITDA (USD/t)	390	382	372	247	193	173	808	687	664	178	187	228				370	352	336

Source: Company data, Edelweiss research

Other update:

The company has announced the sale of 50% ownership interest in its Ulsan, South Korea, facility to Kobe Steel for USD315mn. In the earnings call, management stated that net consideration paid will be USD260mn. The transaction is expected to be completed by September 2017.

We believe, the transaction is beneficial to the company on following counts:

1. EBITDA and production volume are unlikely to be impacted as the company will endeavour to utilise the idle capacity at the plant.
2. Further, it will lower the fixed cost/t due to operating leverage benefits.
3. Deepen the company’s presence in the growing auto aluminium market in Asia, thus improving the region’s overall EBITDA.
4. Provide cash proceeds, thus strengthening the balance sheet further.

Novelis Q4FY17 results

Year to March	Q4FY17	Q4FY16	*% change*	Q3FY17	*% change*
Net revenues	2,621	2,402	*9.1*	2,313	*13.3*
COGS	2,182	2,035	*7.2*	1,924	*13.4*
Selling, general and admin. expenses	118	103	*14.6*	103	*14.6*
R&D expenses	17	15	*13.3*	14	*21.4*
Other charges	20	(12)	*NA*	24	*(16.7)*
(Gain)/Loss on derivatives - realized	-	-	*NA*	1	*NA*
Proportional consolidation	(8)	(9)	*NA*	(4)	*NA*
Total expenses	2,329	2,132	*9.2*	2,062	*12.9*
EBITDA	292	270	*8.1*	251	*16.3*
Provision of dep. and amortization	93	89	*4.5*	88	*5.7*
EBIT	199	181	*9.9*	163	*22.1*
Interest expense of debt issuance costs	59	79	*(25.3)*	65	*(9.2)*
(Gain)/Loss on derivatives - unrealized	13	22	*(40.9)*	(21)	*NA*
(Gain)/Loss on derivatives - realized	(3)	-	*NA*	1	*NA*
Gain (loss) on Extinguishment of debt	22	-		-	
Restructuring charges	6	19	*(68.4)*	1	*NA*
Other (income) / expenses — net	14	11	*27.3*	6	*133.3*
Equity in net income of non-cons. affiliates	-	3	*NA*	-	*NA*
Profit before tax and minority interest	88	47	*87.2*	111	*(20.7)*
Provision for taxes	41	18	*127.8*	47	*(12.8)*
Profit before minority interest	47	29	*62.1*	64	*(26.6)*
Minority interest	-	-	*NA*	(1)	*NA*
Adjusted Net profit / (loss)	47	29	*62.1*	63	*(25.4)*
Exceptional item: Loss on sale of asset	-	-	*NA*	-	*NA*
Net profit (loss)	47	29	*62.1*	63	*(25.4)*
As a % net revenues					
COGS (excl. of dep. and amortisation)	83.3	84.7		83.2	
Selling, general and adm. expenses	4.5	4.3		4.5	
R&D expenses	0.6	0.6		0.6	
EBITDA margin	11.1	11.2		10.9	
EBITDA margin (adj for Metal price lag)	11.1	11.5		11.0	
Net margin	1.8	1.2		2.7	

Key takeaways from conference call:

Q4FY17 key highlights:

Strategic

- Management's outlook on North American market in auto and can segments is benign.
- Competition in Asia, particularly in the commoditised beverage can segment, has intensified. Hence, the company is making efforts to increase value-added sales in the region.
- Increased shipments of value-added products, particularly auto, will help Novelis to tide over the headwinds in the beverage can segment.

Financials:

- Revenue was up 9% YoY to USD2.6bn mainly led by higher average LME aluminium prices (up 22% YoY) and shipments of auto products (up 26% YoY), though sales volume was flat YoY.
- Contribution of auto shipments has increased to 18% of product portfolio in FY17. Exit rate of auto shipments in Q4FY17 is 20%. Management expects auto shipments to ramp up to 25% of overall in FY19.
- Adjusted EBITDA was up 5% YoY to USD292mn in Q4FY17. There was no impact of metal price lag in Q4FY17 driven by relative stability in local market premiums in the past several months.
- South American EBITDA at USD808/t was boosted by USD20mn hedging gains in Brazilian Real in Q4FY17. The total gain on this account in FY17 was USD50mn.
- Management mentioned that operating cost efficiencies, particularly improved metal mix, is expected to result in sustainable benefit going ahead as well.
- Flat Rolled Product (FRP) shipments were broadly flat with only US showing higher volumes as the company took the strategic decision to reduce beverage can shipments due to pricing pressure and free capacity for producing value-added products.
- Reported net profit stood at USD47mn in Q4FY17, up 62% YoY.
- Interest cost for the quarter further slid by 9% to USD59mn as a result of refinancing the existing term debt.
- Liquidity position was at USD1.3bn as of Q4FY17.
- Free cash flows (FCF) in FY17 were at USD361mn, ahead of the company's guidance of USD350mn.
- Novelis has achieved net debt/adjusted EBITDA ratio of 4x in Q4FY17, a year ahead of schedule.

Other updates

- The sale of 50% ownership interest to Kobe in Ulsan facility is not expected to impact EBITDA or volumes as the JV with Kobe is expected to increase capacity utilisation of the plant. Currently, the run-rate from the plant is 220kt, which is expected to rise in profitable auto segment post Kobe Steel comes on board.

- The consideration of USD260mn (net of tax) will be utilised for reducing the short-term working capital loans.
- There is no intention to pay dividend to the parent company despite positive free cash flow generation as the intent is to strengthen the balance sheet.
- Management mentioned that there is no plan currently to pre-pay debt. Post restructuring the earliest repayment is expected only in CY22.

Guidance:

- Management mentioned that auto lines are expected to be fully ramped up by FY19E with focus on contracts with new OEMs in China.
- EBITDA in FY18 is expected to be higher compared to FY17 in the current market condition.
- Capital expenditure is expected to be at USD250mn for 1-2 years.
- Interest cost is expected to be in the USD240-250mn range in ensuing years, further down from current level.
- Management expects cash flow generation to be higher in FY18 compared to FY17.

Q3FY17 key highlights:

Strategic

- Management mentioned that the focus is on improving the share of value added products even at reduced overall shipments.
- Management mentioned that the company is on course to achieve Net debt: EBITDA ratio of 4.0x by FY18E.
- Management mentioned that increased shipments of auto division will help the company to tide over the headwinds in beverage can segment.

Financials:

- Revenue was down 2% YoY to USD2.3bn led by lower shipments, partially offset by higher average aluminium prices and shipments of value added products.
- Contribution of Auto shipments has increased to 17% of product portfolio in TTMFY17 period compared to 15% in FY16 and 9% in FY14. It was 19% in Q3FY17.
- Excluding the effect of metal price lag, adjusted EBITDA was up 7% YoY to USD255mn in Q3FY17. Including metal price lag, EBITDA stood at USD251mn, up 18% YoY. The impact of metal price lag has been minimal during Q3FY17 driven by relative stability in local market premiums in the past several months. Metal price lag stood at only USD4mn during the quarter compared to USD26mn in Q3FY16.
- Flat Rolled Product (FRP) shipments declined 4% due to strategic decision to reduce beverage can shipments in China due to pricing pressure and free capacity for producing value added products..
- Reported net profit stood at USD63mn in Q3FY17. Excluding special items, the adjusted PAT stood at USD67mn, a growth of 2x from USD32mn, a year ago. This was also supported by an interest cost reduction of USD14mn.

- In Q2FY17, the company refinanced USD1.1bn 8.375% Senior Notes (SN) due in 2017 with USD1.15bn 6.25% SN due Aug-2024 and USD1.4bn 8.75% SN due 2020 with USD1.5 5.875% SN due Sep-2026. These together aid Novelis in reducing annual interest expenses by USD55mn.
- Further, in Jan-17, Novelis has refinanced USD1.8bn Floating Rate Term Loan Facility due to 2022 with USD1.8bn Asian Term Loan, which further is expected to reduce the interest expenses for the company.
- Overall, these refinancing arrangements together are expected to save ~USD80mn in annual interest expenses for the company from FY18E onwards with benefit of USD 33nm coming in FY17 itself.
- Liquidity position remained above USD1bn as of Q3FY17.
- Free cash flows (FCF) before capex was USD179mn compared to USD66mn in Q3FY16, while capex was USD48mn during the quarter. Ergo, FCF post capex surged to USD131mn compared to negative USD12mn in Q3FY16.

Guidance:

- Management mentioned that auto lines are expected to be fully ramped up by FY19E with focus on contracts with new OEMs in China.
- Management mentioned that the company is on track to achieve record level of EBITDA in FY17.
- Novelis targets to achieve net debt/adjusted EBITDA ratio of 4x by FY17.
- Overall, the company now expects to achieve FCF for FY17 to be at the higher end of previous guidance range of USD300-350mn.
- The company expects a total capex of ~USD250mn for FY17.

Company Description

Hindalco is one of the largest aluminium producers in India with 0.5mtpa of upstream aluminium facility/capacity and backward linkage in alumina (1.5 mtpa) and bauxite (reserves of 65 mn tonnes). It also operates India's largest copper smelter with a capacity of 500,000 tonnes at Dahej with a captive power plant, jetty, and ~15% backward linkage in copper concentrate through Aditya Birla Mineral (a 51% subsidiary). In February 2007, Hindalco acquired Novelis, a 3.0 mtpa aluminium rolled-products producer, for enterprise value of USD 6.1 bn. Novelis has 33 operating plants and 3 research facilities in 11 countries, across 4 continents. The company has increased its alumina capacity to 3.0 mtpa (from 1.5 mtpa currently) and aluminium capacity to 1.3 mtpa, with total capital outlay of INR300bn. These green field projects have been ramped up in FY16.

Investment Theme

We have a cautious outlook on aluminium due the possibility of supply discipline getting routed. Hindalco's standalone business is robust with competitive cost of producing aluminium (~USD 1,500/tonne at ingot level currently) and value-added aluminium products, which constitute over 50% of the volume mix. The company manufactures special grade alumina that commands a premium of up to ~USD 250/tonne over the regular variety. We expect EBITDA growth in Novelis led by ramp up of auto-lines in USA and improved product-mix.

Key Risks

Aluminium LME prices sustaining below USD1,500/t with no increase in premiums

Higher- than- expected increase in input costs

Lower –than- expected margin expansion at Novelis

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.8	5.0	5.2
Repo rate (exit rate)	6.8	6.0	5.8	5.8
USD/INR (Avg)	65.0	67.5	69.0	69.0
Sector				
Aluminium LME (USD/t)	1,600.0	1,600.0	1,675.0	1,625.0
Copper Tc/Rc (USD/t)	22.0	22.0	22.0	22.0
Company				
Alumina prodn	2,520,000	2,756,600	2,756,600	2,756,600
Alumina sales	113,495	296,652	296,652	296,652
Aluminium sales	1,146,600	1,305,000	1,305,000	1,305,000
Copper Sales	388,300	388,300	388,300	388,300
Cost per tonne (INR)	-	-	1	-
Bauxite	2,588	2,831	2,972	3,121
Caustic soda	25,000	29,000	29,000	29,580
Calcined Petroleum Coke	23,000	23,000	23,000	23,460
Staff costs (INR mn)	16,981	17,490	18,015	18,555
Novelis	-	-	1	-
Total shipments (ktpa)	3,325	3,303	3,390	3,525
Blended Realisation(USD)	2,969	2,929	3,076	2,983
EBITDA (USD mn)	791	1,034	1,053	1,090
Blended EBITDA/t (USD)	238	313	311	309
Avg. Interest rate (%)	7.4	7.4	7.4	7.4
Depreciation rate (%)	4.8	4.4	4.4	4.4
Tax rate (%)	30.0	30.0	30.0	30.0
Dividend payout (%)	-	9.3	6.0	5.8
Net borrowings (INR mn)	565,552	508,910	478,329	417,515
Capex (INR mn)	39,891	31,210	29,772	26,310
Debtor days	31	31	31	31
Inventory days	109	85	85	85
Payable days	70	70	70	70
Cash conversion cycle	70	46	46	46

Income statement (INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Net revenue	1,000,538	1,068,590	1,111,912	1,133,188
Materials costs	586,392	616,200	638,943	651,355
Accretion to stock	12,543	-	-	-
Employee costs	81,381	82,276	83,189	84,120
Total SG&A expenses	140,107	155,895	168,825	173,338
Other Expenses	105,417	84,546	77,022	74,229
Power and Freight	92,874	84,546	77,022	74,229
EBITDA	87,240	129,672	143,933	150,146
Depreciation	41,961	40,507	42,239	43,684
EBIT	45,279	89,165	101,694	106,461
Add: Other income	12,112.8	12,510.21	13,576.26	15,062.85
Less: Interest Expense	50,467	46,757	45,010	44,498
Add: Exceptional items	(1,711)	(6,750)	-	-
Profit Before Tax	5,214	48,169	70,260	77,027
Less: Provision for Tax	5,148	16,902	18,712	20,874
Less: Minority Interest	(2,378)	68	-	-
Profit- Discontinued Ops	(20)	-	-	-
Profit- Discontinued Ops	-	-	-	-
Reported Profit	2,424	31,200	51,548	56,153
Exceptional Items	(22)	(4,382)	-	-
Adjusted Profit	2,446	35,581	51,548	56,153
Shares o /s (mn)	2,065	2,065	2,065	2,065
Adjusted Basic EPS	1.2	17.2	25.0	27.2
Diluted shares o/s (mn)	2,067	2,067	2,067	2,067
Adjusted Diluted EPS	1.2	17.2	24.9	27.2
Adjusted Cash EPS	21.5	36.8	45.4	48.3
Dividend per share (DPS)	1.5	1.5	1.5	1.5
Dividend Payout Ratio(%)	428.7	9.9	5.7	5.4

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating expenses	91.3	87.9	87.1	86.8
Depreciation	4.2	3.8	3.8	3.9
Interest Expense	5.0	4.4	4.0	3.9
EBITDA margins	8.7	12.1	12.9	13.2
Net Profit margins	-	3.3	4.6	5.0

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	(4.1)	6.8	4.1	1.9
EBITDA	(2.5)	48.6	11.0	4.3
PBT	53.3	823.8	45.9	9.6
Adjusted Profit	(81.6)	1,354.5	44.9	8.9
EPS	(81.6)	1,354.5	44.9	8.9

Balance sheet (INR mn)

As on 31st March	FY16	FY17	FY18E	FY19E
Share capital	2,065	2,065	2,065	2,065
Reserves & Surplus	382,073	422,429	473,442	527,973
Shareholders' funds	384,138	424,494	475,507	530,038
Minority Interest	3,888	3,956	3,956	3,956
Short term borrowings	87,686	87,686	87,686	87,686
Long term borrowings	581,762	540,151	529,525	521,117
Total Borrowings	669,448	627,837	617,211	608,803
Long Term Liabilities	81,527	81,527	81,527	81,527
Def. Tax Liability (net)	33,303	33,303	33,303	33,303
Sources of funds	**1,172,304**	**1,171,117**	**1,211,504**	**1,257,627**
Gross Block	923,493	960,012	986,272	1,012,295
Net Block	631,247	630,868	618,570	604,661
Capital work in progress	40,576	29,178	28,914	29,340
Intangible Assets	176,787	179,986	178,187	176,317
Total Fixed Assets	848,611	840,032	825,672	810,318
Non current investments	86,595	86,595	86,595	86,595
Cash and Equivalents	43,120	61,347	92,048	137,528
Inventories	167,310	162,866	184,373	195,419
Sundry Debtors	79,414	91,447	86,697	104,101
Loans & Advances	63,533	63,533	63,533	63,533
Other Current Assets	113,033	113,033	113,033	113,033
Current Assets (ex cash)	423,289	430,879	447,635	476,085
Trade payable	141,221	159,647	152,357	164,810
Other Current Liab	88,089	88,089	88,089	88,089
Total Current Liab	229,310	247,736	240,446	252,899
Net Curr Assets-ex cash	193,978	183,143	207,189	223,186
Uses of funds	**1,172,304**	**1,171,117**	**1,211,504**	**1,257,627**
BVPS (INR)	186.0	205.5	230.2	256.6

Free cash flow (INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Reported Profit	2,424	31,200	51,548	56,153
Add: Depreciation	41,961	40,507	42,239	43,684
Interest (Net of Tax)	637	30,350	33,023	32,439
Others	73,555	38,201	(33,542)	(18,457)
Less: Changes in WC	15,868	10,835	(24,047)	(15,997)
Operating cash flow	102,710	129,423	117,316	129,816
Less: Capex	39,891	25,120	25,997	26,448
Free Cash Flow	**62,818**	**104,303**	**91,319**	**103,368**

Cash flow metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating cash flow	102,710	129,423	117,316	129,816
Investing cash flow	(32,812)	(27,002)	(27,879)	(28,330)
Financing cash flow	(72,594)	(91,467)	(58,736)	(56,006)
Net cash Flow	(2,696)	10,953	30,701	45,480
Capex	(39,891)	(25,120)	(25,997)	(26,448)
Dividend paid	(3,100)	(3,100)	(3,100)	(3,100)

Profitability and efficiency ratios

Year to March	FY16	FY17	FY18E	FY19E
ROAE (%)	-	8.7	11.4	11.1
ROACE (%)	5.4	9.6	10.7	10.9
Inventory Days	107	98	99	106
Debtors Days	31	29	29	31
Payable Days	70	70	71	71
Cash Conversion Cycle	69	57	57	66
Current Ratio	2.0	2.0	2.2	2.4
Gross Debt/EBITDA	7.7	4.8	4.3	4.1
Gross Debt/Equity	1.7	1.5	1.3	1.1
Adjusted Debt/Equity	1.7	1.5	1.3	1.1
Net Debt/Equity	1.6	1.3	1.1	0.9
Interest Coverage Ratio	0.9	1.9	2.3	2.4

Operating ratios

Year to March	FY16	FY17	FY18E	FY19E
Total Asset Turnover	0.9	0.9	0.9	0.9
Fixed Asset Turnover	1.3	1.3	1.4	1.4
Equity Turnover	2.6	2.6	2.4	2.2

Valuation parameters

Year to March	FY16	FY17	FY18E	FY19E
Adj. Diluted EPS (INR)	1.2	17.2	24.9	27.2
Y-o-Y growth (%)	*(81.6)*	*1,354.5*	*44.9*	*8.9*
Adjusted Cash EPS (INR)	21.5	36.8	45.4	48.3
Diluted P/E (x)	158.1	10.9	7.5	6.9
P/B (x)	1.0	0.9	0.8	0.7
EV / Sales (x)	1.0	1.0	0.9	0.8
EV / EBITDA (x)	11.7	7.4	6.4	5.7
Dividend Yield (%)	0.8	0.8	0.8	0.8

Peer comparison valuation

	Market cap	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
Name	(USD mn)	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Hindalco Industries	6,489	7.5	6.9	6.4	5.7	11.4	11.1
National Aluminium Co Ltd	2,023	19.9	19.9	6.7	6.4	6.2	5.9
Vedanta	10,478	9.7	7.5	5.2	4.4	12.5	13.6
Median	-	9.7	7.5	6.4	5.7	11.4	11.1
AVERAGE	-	12.4	11.4	6.1	5.5	10.0	10.2

Source: Edelweiss research

Additional Data

Directors Data

Kumar Mangalam Birla	Chairman	Rajashree Birla	Director
M M Bhagat	Director	K N Bhandari	Director
N J Jhaveri	Director	AK Agarwala	Director
Ram Charan	Director	Jagdish Khattar	Director
Satish Pai	Managing Director	D. Bhattacharya	Vice Chairman

Auditors - Singhi & Co

**as per last annual report*

Holding – Top 10

	Perc. Holding		Perc. Holding
Life Insurance Corp of India	10.39	ICICI Prudential Asset Mgmt Co	2.40
Blackrock	1.74	Birla Sun Life Asset Management	1.74
Dimensional Fund Advisors LP	1.33	Vanguard Group	1.28
Bajaj Allianz Life Insurance Co	1.19	SBI Funds Management	0.99
DSP Blackrock Investment Manager	0.82	HDFC Asset Management Co Ltd	0.69

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
29 Mar 2017	DEVOTOSH KUMAR DAS	Sell	17552.00
24 Mar 2017	D. Bhattacharya	Sell	25000.00
23 Mar 2017	D. Bhattacharya	Sell	25000.00
06 Sep 2016	D. Bhattacharya	Sell	138265.00

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Coal India	BUY	SO	M	Hindalco Industries	BUY	SO	M
Hindustan Zinc	BUY	SO	L	Jindal Steel & Power	BUY	SO	M
JSW Steel	REDUCE	SP	H	NMDC	HOLD	SP	M
Steel Authority of India	REDUCE	SU	M	Tata Steel	BUY	SU	M
Vedanta	BUY	SO	M				

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

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Date: 2017.05.10 21:41:47 +05'30'

Coverage group(s) of stocks by primary analyst(s): Metals and Mining

Coal India, Hindalco Industries, Hindustan Zinc, Jindal Steel & Power, JSW Steel, NMDC, Steel Authority of India, Tata Steel, Vedanta

Recent Research

Date	Company	Title	Price (INR)	Recos
08-May-17	**NMDC**	Volumes spurt in April; headwinds on horizon; *Company Update*	124	Hold
04-May-17	**Metals & Mining**	Zinc demand-supply balance to remain benign; *Sector Update*		
02-May-17	**Coal India**	Volume cheer in April; *Company Update*	275	Buy

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

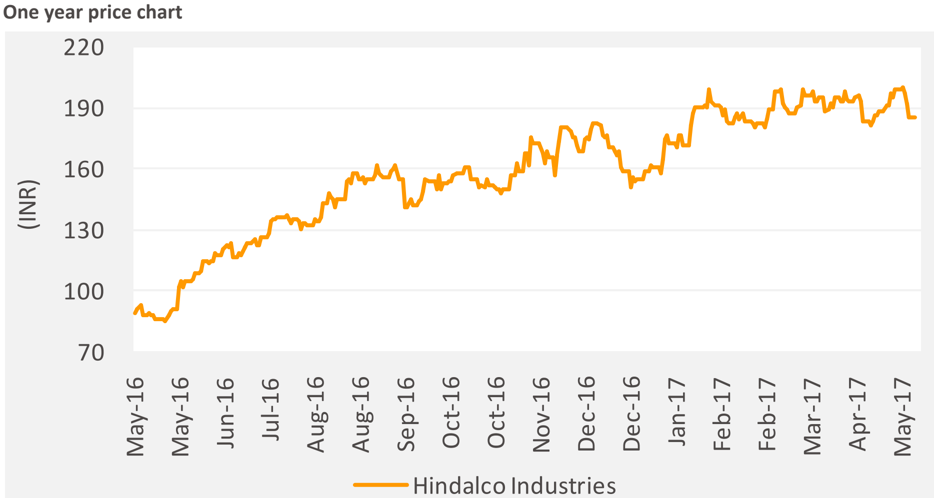
	Buy	Hold	Reduce	Total
Rating Distribution* * 1stocks under review	161	67	11	240

	> 50bn	Between 10bn and 50 bn	< 10bn
Market Cap (INR)	156	62	11

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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