

Estimate changes



TP change



Rating change



Bloomberg	NACL IN
Equity Shares (m)	1837
M.Cap.(INRb)/(USDb)	344.2 / 3.9
52-Week Range (INR)	263 / 138
1, 6, 12 Rel. Per (%)	3/-10/8
12M Avg Val (INR M)	3094

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	168	155	175
EBITDA	76	52	59
Adj. PAT	53	35	38
EBITDA Margin (%)	45	33	33
Cons. Adj. EPS (INR)	28.7	19.1	20.5
EPS Gr. (%)	216	-33	7
BV/Sh. (INR)	97	113	129

Ratios

Net D:E	-0.3	-0.4	-0.4
RoE (%)	33	18	17
RoCE (%)	42	24	23
Payout (%)	28	21	20

Valuations

P/E (x)	6.6	9.8	9.2
P/BV (x)	1.9	1.7	1.5
EV/EBITDA(x)	3.8	5.2	4.3
Div. Yield (%)	4.3	2.1	2.1
FCF Yield (%)	15.8	6.7	7.2

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	51.3	51.3	51.3
DII	15.8	15.7	19.1
FII	15.1	15.8	10.4
Others	17.9	17.2	19.2

FII includes depository receipts

CMP: INR187

TP: INR190 (+1%)

Neutral

Soft metal prices and muted volume drag down operational performance

- 1QFY26 revenue stood at INR38.1b (+33% YoY and -28% QoQ) against our est. of INR43.2b, driven by a softening in alumina prices and muted volumes.
- Consol. EBITDA came in at INR14.9b (+60% YoY and -46% QoQ) against our est. of INR16.8b amid muted NSR and sustained costs. EBITDA margin stood at 39.2% vs. 32.7% in 1QFY25 and 52.3% in 4QFY25.
- APAT was INR10.5b (+78% YoY and -49% QoQ), in line with our est. of INR10.9b, supported by lower finance costs and higher other income.
- The board recommended a final dividend of INR2.5 per share (~50% of the face value) in FY25.

Aluminum business

- Revenue from the aluminum business stood at INR27.2b, rising 7% YoY but declining 14% QoQ during the quarter.
- Metal production stood at 115kt (+3% YoY and -3% QoQ), while sales volume was at 113kt (+9% YoY and -10% QoQ) during the quarter.
- EBIT for the vertical stood at INR9b, up 11% YoY but down 37% QoQ.

Chemical (Alumina) business

- Revenue from the chemical business stood at INR16.3b, up 91% YoY but down 36% QoQ, led by a softening in alumina prices and muted volume.
- Alumina Hydrate production declined 1% QoQ to 578kt (+28% YoY), while alumina sales volume fell 12% QoQ to 304kt (+49% YoY) due to muted export volume.
- Export volume declined by 17% QoQ to 275kt (vs. 334/90kt in 4Q/1QFY25), and domestic volume stood at 29kt (vs. 12.4/9.8kt in 4Q/1QFY25).
- EBIT declined 62% QoQ to INR5b (vs. INR311m in 1QFY25).

Key highlights from the management commentary

- Management guided that alumina export volume is expected to increase to ~1,200-1,280kt in FY26 vs. 1,064kt in FY25, as the company plans to grow alumina shipments from 36 in FY25 to over 40 in FY26.
- Export share is likely to remain 80% of total alumina sales, while the remaining 20% will be supplied in domestic market.
- In 1QFY26, NACL achieved an average alumina realization of USD416/t, despite spot prices moderating to ~USD400/t. Management expects spot prices to remain in the range of USD400-450/t in the coming quarters.
- NACL expects the alumina CoP to remain stable or slightly improve in FY26 on account of continued optimization efforts.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- NACL reported sequential weak performance during the quarter, led by softened alumina/aluminum prices and muted volume. With limited production headroom, alumina prices are vital for near-term operating performance.
- In the long run, NACL's planned an expansion with a total capex of INR300b could significantly enhance production capacity. However, with the completion timeline of FY30, execution risks and cost escalations remain key concerns.
- Despite strong fundamentals, zero debt, and a robust demand outlook for aluminum in India, the near-term upside is capped by potential price corrections in alumina, limited production headroom, US trade tension, on-time execution challenges, and regulatory risks.
- **At CMP, NACL trades at 4.3x on EV/EBITDA and 2.1x on P/B. We reiterate our Neutral rating on the stock with a TP of INR190, valuing it at 4.5x EV/EBITDA on FY27E.**

Consolidated Quarterly performance (INR m)

Y/E March	FY25				FY26				FY25	FY26E	FY26E	Vs
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		Est %
Net Sales	28,561	40,015	46,622	52,678	38,069	37,113	38,082	41,675	1,67,876	1,54,939	43,175	-11.8
Change (YoY %)	(10.1)	31.5	39.3	47.2	33.3	(7.3)	(18.3)	(20.9)	27.7	(7.7)		
Change (QoQ %)	(20.2)	40.1	16.5	13.0	(27.7)	(2.5)	2.6	9.4				
Total Expenditure	19,219	24,525	23,347	25,140	23,148	25,575	25,748	28,724	92,230	1,03,196		
EBITDA	9,342	15,490	23,275	27,539	14,921	11,537	12,334	12,951	75,646	51,744	16,807	-11.2
Change (YoY %)	57.2	290.7	201.1	148.7	59.7	(25.5)	(47.0)	(53.0)	163.4	(31.6)		
Change (QoQ %)	(15.6)	65.8	50.3	18.3	(45.8)	(22.7)	6.9	5.0				
Interest	34	44	191	321	80	104	109	111	590	405		
Depreciation	1,743	1,798	2,857	878	1,783	1,802	1,802	1,821	7,276	7,209		
Other Income	605	718	991	1,256	1,235	1,188	1,188	1,140	3,570	4,750		
PBT (after EO)	8,170	14,366	21,219	27,596	14,293	10,819	11,610	12,159	71,351	48,880		
Total Tax	2,158	3,744	5,390	6,813	3,654	2,867	3,077	3,356	18,104	12,953		
% Tax	26.4	26.1	25.4	24.7	25.6	26.5	26.5	27.6	25.4	26.5		
PAT before MI and Asso.	6,012	10,622	15,829	20,784	10,639	7,952	8,534	8,803	53,247	35,927		
Sh. of Associate	(128)	(162)	(166)	(111)	(144)	(194)	(194)	(244)	(567)	(775)		
Reported PAT after MI and Asso.	5,884	10,460	15,663	20,672	10,495	7,758	8,340	8,560	52,679	35,152		
Adjusted PAT	5,884	10,460	15,663	20,672	10,495	7,758	8,340	8,560	52,679	35,152	10,923	-3.9
Change (YoY %)	76.3	458.3	232.8	205.5	78.4	(25.8)	(46.8)	(58.6)	164.9	(33.3)		
Change (QoQ %)	(13.0)	77.8	49.7	32.0	(49.2)	(26.1)	7.5	2.6				

E: MOFSL Estimates

Exhibit 1: Proposed key expansion projects & timeline

Project	Est. CapEx (INR b)	Capacity Expansion	Expected Completion
5th Stream Alumina Refinery	56.77	+1MTPA Alumina	FY 2025-26
Pottangi Bauxite Mines	19.61	+3.5MTPA Bauxite	FY 2025-26
New Aluminum Smelter	171.63	+0.5MTPA Aluminium	FY 2029-30
New Captive Power Plant (CPP)	130.00	+1,200MW	FY 2029-30
Existing Refinery Modifications	N/A	+5-10% output	FY 2025-26
Coal Block Development (Utkal D & E)	N/A	+4MTPA coal	FY 2024-25
Renewable Energy Projects	N/A	+7MW solar & wind	FY 2025-27
Value-Added Product Expansion	TBD	Extrusions & rolled products	FY 2026-27

Source: MOFSL, Company



Highlights from management commentary

Capex and capacity update/timeline

- NACL's 5th stream alumina refinery of 1mtpa is on track (~74-75% physical progress completed) for the mechanical completion target by Mar'26 (delayed from Sep'25 due to local issues).
- Commercial production is expected to start by May-Jun'26 with an expected output of 500-600kt in FY27E and will get ramped up to 1mt in FY28E.
- Brownfield aluminum smelter expansion of 0.5mtpa is progressing on track. The revised DPR is under preparation (expected DPR completion by FY26-end) and land acquisitions are underway.
- NACL plans to enhance value-added product offerings via a new wire rod mill (INR2.5-3b capex) for converting ingots and aluminum foil plant (INR500-600m capex). It is also planning to add annealing furnace for rolled products expected by Mar'26, increasing output from 2-3ktpm.
- For the Pottangi bauxite mines expansion plan (capex outlay of INR20b), the company has already floated MDO tender, and groundwork is underway. Management expects the mining operations to commence by 4QFY26 end.
- The Pottangi mine will add 3.5mtpa of bauxite production capacity and will directly feed the new 1mtpa refinery.
- NACL operates 198MW of wind power spread across Rajasthan, Maharashtra and Andhra Pradesh. The company plans to add 7MW (current capacity 1MW) of rooftop solar, which is currently in the tendering phase. Also, a 10MW wind power project in Tamil Nadu is in the final stages of clearance and will be commissioned by Sep-Oct'25.

Volume and demand guidance

- Management guided that alumina export volume is expected to increase to ~1,200-1,280kt in FY26 vs. 1064kt in FY25, as the company plans to increase alumina shipments from 36 in FY25 to over 40 in FY26.
- Export share is expected to remain 80% of total alumina sales, while the remaining 20% to be supplied in the domestic market.

Pricing and cost guidance

- In 1QFY26, NACL achieved an average alumina realization of USD416/t, although spot prices moderated to ~USD400/t. Management expects alumina spot prices to remain in the range of USD400-450/t in the coming quarters.
- The cost of production (CoP) for alumina in 1QFY26 was in the range of INR20,000-21,000/t, of which ~60% was variable cost and the rest was fixed. NACL aims to reduce CoP further via better control over caustic soda consumption and operational efficiency.
- NACL expects alumina CoP to remain stable or slightly improve in FY26 on account of continued optimization efforts.
- The landed cost of caustic soda increased to INR44,301/t in 1QFY26 from INR36,300/t in 1QFY25.
- Average aluminium CoP stood in the range of INR155,000-161,000/t in 1QFY26.
- NACL aims to achieve ~15-20% green power penetration in its energy mix by 2030, aligning with its rising renewable purchase obligations (RPOs).
- Other expenses rose to INR7.1b, mainly due to RPO costs (~INR0.75m), increased transportation, and maintenance costs.

Coal outlook

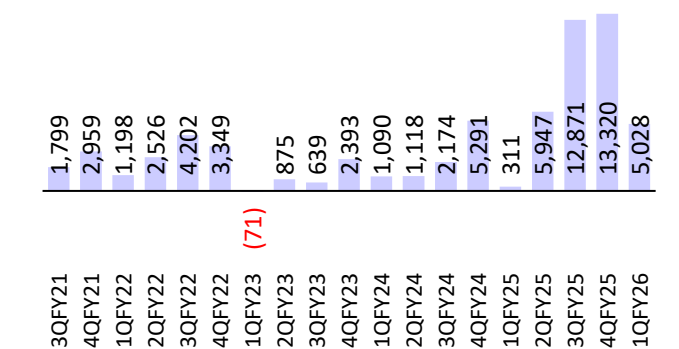
- NACL commenced its captive coal mines (Utkal D&E blocks) operations in Jan'25 and currently operating at a run rate of 100% (~4mt).
- NACL's annual coal requirement is ~7.2mt, of which ~4mt (~55%) is met through captive sources and the remaining ~3.2mt through linkage agreements with Coal India (subsidiaries - Mahanadi Coalfields).
- Captive coal has cost benefits of INR400/t, along with lower transportation costs due to proximity between coal mines and power plants.

Industry outlook

- LME aluminum prices fell to USD2,380/t in Apr'25 but rebounded to USD2,560/t, influenced by US tariff announcements.
- Global alumina supply has improved, resulting in a slight surplus, and the aluminum remains in a mild deficit.
- Aluminum capacity in China is capped at 45mt, limiting future supply increases.

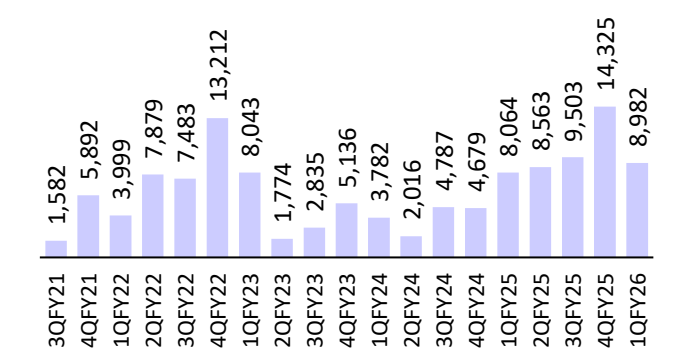
Story in charts

Exhibit 2: Alumina EBIT (INR m) declined QoQ



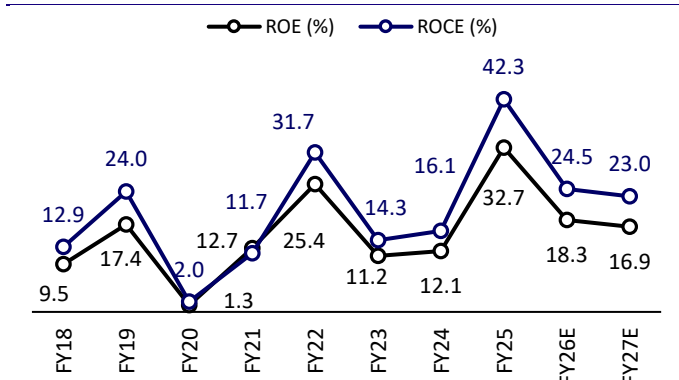
Source: MOFSL, Company

Exhibit 3: Aluminum EBIT (INR m) fell QoQ



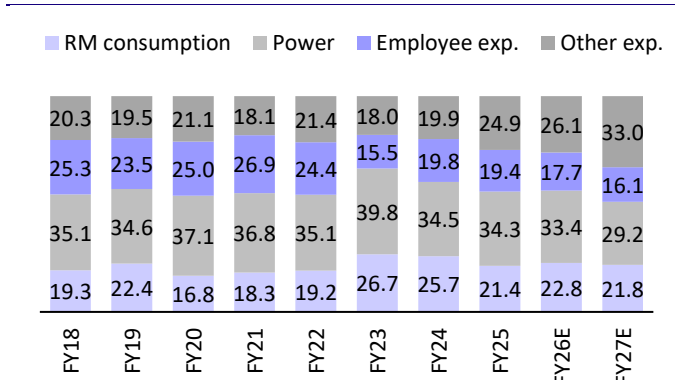
Source: MOFSL, Company

Exhibit 4: ROE and ROCE likely to remain buoyant



Source: MOFSL, Company

Exhibit 5: Power and employee cost likely to reduce



Source: MOFSL, Company

Exhibit 6: Valuation and TP

TP calculations	UoM	FY27E
NACL EBITDA	INR m	58,554
EV/EBITDA (x)	x	4.5
Target EV	INR m	2,63,494
add: cash surplus	INR m	92,595
Equity Value	INR m	3,56,089
No of Shares o/s	m	1,837
Target Price	INR/share	190

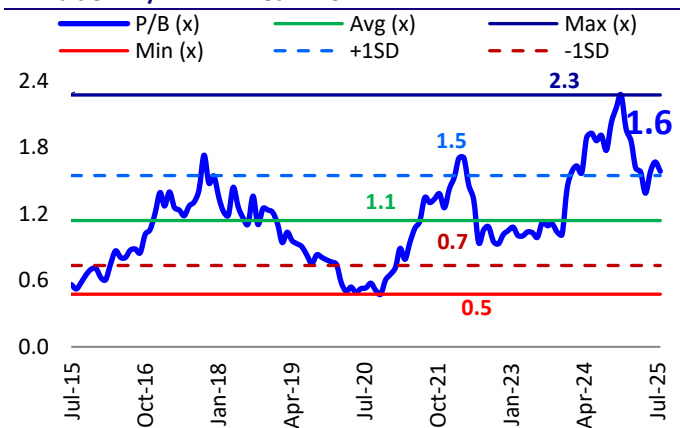
Source: MOFSL

Exhibit 7: Summary of the key changes to our estimates

	UoM	FY26E			FY27E		
		New	Old	% change	New	Old	% change
Revenue	INRb	155	166	-6.4%	175	175	0.0%
EBITDA	"	52	51	0.6%	59	59	-0.1%
PAT	"	35.2	32.8	7.2%	38	37	0.6%

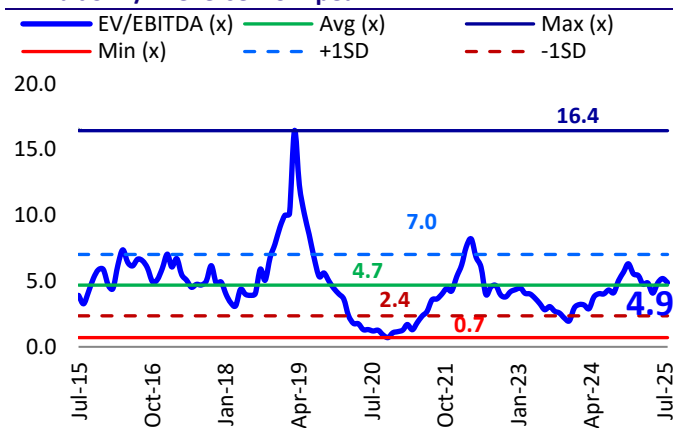
Source: MOFSL, Company

Exhibit 8: EV/EBITDA near +1SD



Source: MOFSL, Company Data

Exhibit 9: P/B reverse from peak



Source: MOFSL, Company Data

Financials and valuations

Income Statement										INR m
Y/E March	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Net Sales	95,094	1,14,993	84,718	89,558	1,41,808	1,42,337	1,31,477	1,67,876	1,54,939	1,75,445
Change (%)	26.1	20.9	(26.3)	5.7	58.3	0.4	(7.6)	27.7	(7.7)	13.2
Total Expenses	78,311	85,432	79,826	71,730	96,637	1,18,044	1,02,762	92,230	1,03,196	1,16,890
EBITDA	16,783	29,561	4,892	17,828	45,172	24,293	28,715	75,646	51,744	58,554
% of Net Sales	17.6	25.7	5.8	19.9	31.9	17.1	21.8	45.1	33.4	33.4
Depn. & Amortization	4,804	4,761	5,298	6,058	8,366	7,158	7,497	7,276	7,209	9,789
EBIT	11,979	24,800	(406)	11,770	36,806	17,135	21,218	68,371	44,535	48,766
Net Interest	20	24	57	71	231	129	172	590	405	860
Other income	3,008	3,259	2,726	1,466	2,974	2,544	2,521	3,570	4,750	4,500
PBT before EO	14,968	28,035	2,262	13,165	39,549	19,550	23,568	71,351	48,880	52,406
EO income	5,423	(649)	-	-	-	-	4,268	-	-	-
PBT after EO	20,391	27,386	2,262	13,165	39,549	19,550	27,836	71,351	48,880	52,406
Current tax	6,964	10,075	880	170	10,029	4,105	7,236	18,104	12,953	13,888
Deferred tax	-	-	-	-	-	-	-	-	-	-
Tax	6,964	10,075	880	170	10,029	4,105	7,236	18,104	12,953	13,888
Rate (%)	34.2	36.8	38.9	1.3	25.4	21.0	26.0	25.4	26.5	26.5
PAT before MI/sh. of Asso.	13,426	17,311	1,382	12,995	29,520	15,445	20,600	53,247	35,927	38,518
MI	-	-	-	-	-	-	-	-	-	-
Sh. of Associates	(2)	13	(2)	(1)	1	(1,098)	(715)	(567)	(775)	(877)
RPAT post MI/sh. of Asso.	13,424	17,324	1,380	12,994	29,521	14,347	19,885	52,679	35,152	37,641
Adjusted PAT	9,855	17,973	1,380	12,994	29,521	14,347	16,684	52,679	35,152	37,641
Change (%)	37.0	82.4	(92.3)	841.4	127.2	(51.4)	16.3	215.8	(33.3)	7.1

Balance Sheet										INR m
Y/E March	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Share Capital	9,665	9,328	9,328	9,183	9,183	9,183	9,183	9,183	9,183	9,183
Reserves	95,384	95,517	90,553	97,624	1,16,341	1,22,081	1,34,698	1,68,871	1,97,452	2,28,623
Net Worth	1,05,048	1,04,845	99,881	1,06,807	1,25,524	1,31,264	1,43,881	1,78,054	2,06,635	2,37,807
Total Loans	450	668	123	461	207	478	392	1,242	1,242	1,242
Deferred Tax Liability	11,515	11,307	10,606	8,937	8,682	9,578	8,414	7,911	7,911	7,911
Capital Employed	1,17,013	1,16,820	1,10,610	1,16,205	1,34,412	1,41,319	1,52,687	1,87,208	2,15,789	2,46,960
Gross Block	85,022	91,154	98,160	1,05,504	1,10,486	1,16,918	1,25,213	1,36,144	1,54,144	1,72,144
Less: Accum. Depn.	13,627	18,297	23,312	28,900	37,054	43,889	51,386	58,662	65,870	75,659
Net Fixed Assets	71,395	72,857	74,848	76,605	73,432	73,028	73,827	77,482	88,274	96,485
Capital WIP	9,152	8,827	14,267	15,755	22,348	32,689	45,731	49,362	51,362	53,362
Investments	1,176	1,758	2,773	3,133	3,110	2,132	1,687	2,593	2,593	2,593
Curr. Assets	64,415	68,028	53,609	51,614	73,865	68,417	71,105	99,384	1,25,529	1,48,852
Inventories	11,941	12,100	16,969	14,763	16,462	18,402	18,297	19,088	21,562	24,416
Account Receivables	2,581	2,406	1,401	1,474	753	913	1,535	1,864	1,273	1,442
Cash and Bank Balance	33,619	35,772	20,355	19,982	37,701	22,631	27,481	59,417	74,655	91,245
Others	16,274	17,750	14,884	15,396	18,950	26,471	23,793	19,016	28,038	31,749
Curr. Liability & Prov.	29,126	34,650	34,886	30,900	38,343	34,947	39,664	41,614	51,970	54,332
Account Payables	9,774	13,069	7,956	9,772	14,807	12,743	15,146	7,492	17,848	20,210
Provisions & Others	19,352	21,581	26,930	21,128	23,536	22,204	24,518	34,121	34,121	34,121
Net Curr. Assets	35,290	33,378	18,723	20,714	35,522	33,470	31,442	57,771	73,560	94,520
Appl. of Funds	1,17,013	1,16,820	1,10,610	1,16,206	1,34,412	1,41,319	1,52,687	1,87,208	2,15,789	2,46,960

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Basic (INR)										
EPS	5.1	9.6	0.7	7.1	16.1	7.8	9.1	28.7	19.1	20.5
Cash EPS	9.4	11.8	3.6	10.4	20.6	11.7	14.9	32.6	23.1	25.8
BV/Share	54.3	56.2	53.5	58.2	68.3	71.5	78.3	96.9	112.5	129.5
DPS	5.7	5.8	1.5	3.5	6.5	4.5	4.0	8.0	4.0	4.0
Payout (%)	111.8	59.7	202.7	49.5	40.4	57.6	44.0	27.9	20.9	19.5
Valuation (x)										
P/E	36.9	19.5	254.3	26.6	11.7	24.1	20.7	6.6	9.8	9.2
Cash P/E	20.0	15.9	52.6	18.1	9.1	16.1	12.6	5.8	8.2	7.3
P/BV	3.5	3.3	3.5	3.2	2.8	2.6	2.4	1.9	1.7	1.5
EV/Sales	3.5	2.7	3.9	3.6	2.2	2.3	2.4	1.7	1.7	1.4
EV/EBITDA	19.6	10.6	67.0	18.1	6.8	13.2	11.0	3.8	5.2	4.3
Dividend Yield (%)	3.0	3.1	0.8	1.9	3.5	2.4	2.1	4.3	2.1	2.1
Return Ratios (%)										
EBITDA Margins (%)	17.6	25.7	5.8	19.9	31.9	17.1	21.8	45.1	33.4	33.4
Net Profit Margins (%)	10.4	15.6	1.6	14.5	20.8	10.1	12.7	31.4	22.7	21.5
RoE	9.5	17.4	1.3	12.7	25.4	11.2	12.1	32.7	18.3	16.9
RoCE (pre-tax)	12.9	24.0	2.0	11.7	31.7	14.3	16.1	42.3	24.5	23.0
RoIC (pre-tax)	16.3	34.6	-0.6	15.6	49.5	22.1	26.3	89.0	54.6	52.2
Working Capital Ratios										
Fixed Asset Turnover (x)	1.1	1.3	0.9	0.8	1.3	1.2	1.1	1.2	1.0	1.0
Asset Turnover (x)	0.8	1.0	0.8	0.8	1.1	1.0	0.9	0.9	0.7	0.7
Debtor (Days)	10	8	6	6	2	2	4	3	3	3
Inventory (Days)	46	38	73	60	42	47	51	51	51	51
Payable (Days)	38	41	34	40	38	33	42	42	42	42
Leverage Ratio (x)										
Current Ratio	2.2	2.0	1.5	1.7	1.9	2.0	1.8	2.4	2.4	2.7

Cashflow Statement

Y/E March	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Pre-tax profit	20,388	27,399	2,262	12,995	29,514	14,347	19,885	52,679	48,880	52,406
Depreciation	4,804	4,761	5,298	6,058	8,366	7,158	7,236	18,104	7,209	9,789
(Inc)/Dec in Wkg. Cap.	(178)	3,274	(9,071)	3,819	3,942	(4,169)	1,781	(3,489)	(550)	(4,371)
Tax paid	(4,825)	(10,209)	(1,005)	(975)	(7,555)	(7,467)	(6,348)	(17,191)	(12,953)	(13,888)
Others (incl Fin. Cost)	(5,524)	(1,137)	(971)	93	5,316	(786)	4,639	7,957	405	860
CF from Op. Activity	14,666	24,089	(3,486)	21,990	39,584	9,083	27,193	58,061	42,990	44,796
(Inc)/Dec in FA + CWIP	(8,374)	(7,680)	(8,578)	(12,188)	(12,829)	(12,962)	(15,482)	(3,460)	(20,000)	(20,000)
Free Cash Flow to firm	6,292	16,409	(12,064)	9,802	26,755	(3,880)	11,712	54,601	22,990	24,796
(Pur)/Sale of Investments	3,188	1,272	15,953	(2,511)	(15,700)	11,189	(5,579)	(26,930)		
Interest & div	1,522	1,089	1,353	662	2,336	(1,569)	1,056	(9,315)		
CF from Inv. Activity	(3,664)	(5,319)	8,727	(14,037)	(26,192)	(3,343)	(20,005)	(39,705)	(20,000)	(20,000)
Equity raised/(repaid)	-	(5,074)	-	(1,701)	-	-	-	851	-	-
Int. Paid	(1)	-	(9)	(33)	(124)	(15)	(3)	(23)	(405)	(860)
Debt raised/(repaid)	(61)	218	(579)	338	(254)	(37)	(37)	(38)	-	-
Dividend (incl. tax)	(10,934)	(12,451)	(6,185)	(4,606)	(11,020)	(9,183)	(7,347)	(18,366)	(7,347)	(7,347)
CF from Fin. Activity	(10,997)	(17,308)	(6,773)	(6,002)	(11,398)	(9,235)	(7,387)	(17,577)	(7,751)	(8,206)
(Inc)/Dec in Cash	5	1,463	(1,531)	1,951	1,993	(3,495)	(198)	779	15,239	16,590
Add: opening Balance	248	254	1,716	185	2,135	4,128	633	435	1,214	16,453
Closing cash balance	254	1,716	185	2,135	4,128	633	435	1,214	16,453	33,042
Bank Balance	33,366	34,056	20,171	17,846	33,573	21,998	27,046	58,203	58,203	58,203
Closing Balance (incl. bank balance)	33,619	35,772	20,355	19,982	37,701	22,631	27,481	59,417	74,655	91,245

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NOTES

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UNDER REVIEW	Rating may undergo a change
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