

August 8, 2025

Q1FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	228		218	
Sales (Rs bn)	151	169	150	168
% Chng.	1.0	0.6		
EBITDA (Rs bn)	52	64	50	62
% Chng.	4.4	2.7		
EPS (Rs.)	19.7	24.2	18.8	23.3
% Chng.	4.7	3.6		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	131	168	151	169
EBITDA (Rs. bn)	29	75	52	64
Margin (%)	21.8	44.9	34.4	37.7
PAT (Rs. bn)	21	53	36	44
EPS (Rs.)	11.2	28.9	19.7	24.2
Gr. (%)	33.3	157.4	(31.7)	22.7
DPS (Rs.)	4.0	10.0	6.0	6.6
Yield (%)	2.1	5.3	3.2	3.5
RoE (%)	14.8	32.5	18.8	20.0
RoCE (%)	17.1	44.0	25.2	26.9
EV/Sales (x)	2.4	1.7	1.8	1.5
EV/EBITDA (x)	11.1	3.8	5.3	4.0
PE (x)	16.7	6.5	9.5	7.7
P/BV (x)	2.4	1.9	1.7	1.4

Key Data

NALU.BO | NACL IN

52-W High / Low	Rs.263 / Rs.138
Sensex / Nifty	79,858 / 24,363
Market Cap	Rs.344bn/ \$ 3,927m
Shares Outstanding	1,837m
3M Avg. Daily Value	Rs.1870.94m

Shareholding Pattern (%)

Promoter's	51.28
Foreign	15.06
Domestic Institution	15.76
Public & Others	17.90
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.3)	(6.5)	8.5
Relative	3.4	(8.9)	7.2

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Cost discipline to cushion pricing pressure

Quick Pointers:

- Average Q1 alumina NSR was USD416/t, expected to be ~USD400-450/t in FY26.
- Mgmt. guided FY26 alumina production/ sales volumes at 2.3mt/ 1.28mt respectively.

National Aluminum (NACL) reported weak operating performance in Q1FY26 on low pricing and higher other expenses. Alumina/metal volumes grew 3x/6% YoY to 304kt/113kt on weak base. Average Q1 alumina NSR declined 37% QoQ to USD 419/t, while that for metal declined 6% YoY to USD 2,791/t. RM costs increased led by an inch up in caustic soda prices, while other expenses were elevated on account of RPO obligation compliance costs and higher repairs/ coal transportation costs, leading to below estimate EBITDA delivery. Mgmt. reiterated FY26 alumina sales guidance at ~1.28mt, supported by higher refinery output and increased export shipments.

Ongoing 1mtpa refinery expansion is expected to commence operations by Jun'25 now and mgmt. is targeting incremental 0.5mt/1mt alumina in FY27/28E supported by Pottangi bauxite mine. Captive coal mines are ramping up well and expected to cater to ~56% of coal requirements at full capacity in FY26. NACL is also looking to expand its value-added business, which, along with other cost-saving initiatives, will support margins. However, being a pure play on alumina/metal pricing, earnings remain closely tied to price movements. We raise FY26/27E EBITDA by 4%/3% adjusting for higher alumina volume assumptions. Maintain 'Buy' with revised TP of Rs228 (from Rs218, assigning same 5x EV/EBITDA multiple). At CMP, the stock is trading at 5.4x/4.1x EV of FY26/27E EBITDA.

Volume growth offset by lower realizations: Revenue grew 33% YoY to Rs38.06bn (-28% QoQ; PLe Rs39.5bn) aided by higher volumes on lower base. Metal sales volume grew at 6% YoY to 113kt while alumina sales volume was at 304kt (domestic volume up 197% YoY and export volume up 206% YoY on low base of last year when refinery production was impacted). Average realization for metal declined 6% QoQ to USD2,791/t (premiums to average LME improved to 13.9% from 13.2% QoQ). Avg. alumina NSR declined 37% QoQ to USD419/t in line with sharp decline in alumina prices globally. Q1FY26 average LME Ally/Alumina prices were -7%/-20% QoQ.

EBITDA impacted by elevated operating costs: EBITDA grew 60% YoY to Rs14.9bn (-46% QoQ; PLe Rs18.7bn) on higher operating costs. RM costs increased 13% YoY, Power & fuel costs increased 6% YoY while other mfg expenses shot up 23% YoY due to RPO obligation and increase in transportation costs of captive coal. Employee costs, however, declined 5% YoY. As per mgmt., alumina and Metal CoP was ~Rs21k/ Rs160k for this quarter.

Segmental information: Chemicals segment (alumina) revenue grew 91% YoY to Rs16.28bn (-36% QoQ, PLe Rs16.91bn) while aluminium segment revenue grew 7% YoY to Rs27.08bn (-17% QoQ; PLe Rs27.55bn). Segmental EBIT margin for alumina was 30.9% (down 21.60pp QoQ) while segmental EBIT margin for metal fell 11pp QoQ to 33.2%.

Q1FY26 Concall Highlights:

- NACL is running at full capacity utilizations for metal and Alumina. Alumina sales volume for FY26 is expected to be 1.28mt.
- ~80% of alumina export sales are usually on spot, rest on contract. Can change depending upon prices.
- Upcoming 1mtpa refinery is expected to complete physical commissioning by Mar'26, expect production from Jun'26. FY27 volume from this line will be ~0.5mt; FY28 to reach full 1mt capacity.
- Aluminium CoP was in the range of Rs155,000–160,000/t. Alumina CoP at Rs20,000–21,000/t (60% variable); expected to decline slightly by year-end.
- Q1FY26 Alumina average realization at USD 416/t due to some higher priced contracts from previous period; currently it is USD400/t and expected FY26 range is USD 400–450/t.
- Caustic soda landed cost at Rs44,000/t (vs Rs41,000 in Q4FY25 and Rs36,600 in Q1FY25).
- Other expenses were higher on account of: a) additional cost paid worth Rs700–750mn under Renewable Purchase Obligation compliance (obligation rose to 29.3% for FY25 and ~30% for FY26), b) Rs100–120mn from higher coal transportation cost and c) increase in repair & maintenance.
- 7MW solar project under execution (commissioning in 1 year), 10MW wind project (6 turbines) to be commissioned by Sept'25; broader renewable roadmap to be finalized in 3–4 months. By FY30 NACL is expected to have 15–20% green power.
- Coal requirement for FY26 at 7.2mt; 4mt from captive sources, 3.2mt from Coal India. Utkal D & E captive coal mines are operational with 4mtpa capacity; full production targeted for FY26.
- Pottangi Bauxite mine (3.5mtpa, 111mt reserves) tender released for MDO; operations are expected to commence by Mar/Jun'26.
- Existing two Bauxite mines are operational: leases to expire by 2029/2031; NACL will initiate process for renewal soon.
- DPR preparation for smelter & CPP projects has begun; consultant to be appointed in 2–3 months; tendering to start in FY27.

Value Added Segment

- NALCO produces 0.1mt of wire rods annually, commanding a premium of Rs10,000/t with conversion costs ranging from Rs3,500/t to Rs4,000/t. The company plans to set up a new wire rod mill to process ingots currently sold directly. The estimated capex for this project is Rs2.5–3bn.
- NACL will foray into the aluminium foil segment by setting up a 0.1mt mill, with an estimated capex of Rs500–600mn for a monthly capacity of 10kt.

- Additionally, NAACL is setting up an annealing furnace, expected by Mar'26, which will increase rolled product capacity from 2kt to 3kt per month. Rolled products command premiums of Rs32,000–35,000/t..

Exhibit 1: Capex plan over FY30E

Project Segment	Capacity	Expected In	Capex (Rs bn)	Status
Pottangi Bauxite Mines	3.5mtpa	Q4FY26	22bn	To start by Jun'26. Tender out for MDO
Alumina Refinery	1.0mtpa	Q1FY27	57bn	Production to begin from Jun'26
Aluminium Smelter	0.5mtpa	FY30	171bn	On track
Captive Power Plant	1200MW	FY30	130bn	On track

Source: Company, PL

Exhibit 2: Q1FY26 Result Overview - Standalone (Rs bn)

Y/e March	1QFY26	1QFY25	YoY gr. (%)	1QFY26E	% Var.	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	38.1	28.6	33.3	39.6	-3.8	52.7	-27.7	151.2	167.9	-9.9
Raw material	4.3	1.9	123.5	4.6	-5.0	6.1	-28.6	22.9	19.7	16.2
<i>% of Net Sales</i>	<i>11.4</i>	<i>6.8</i>		<i>11.5</i>		<i>11.5</i>		<i>15.2</i>	<i>11.8</i>	
Staff Cost	4.5	4.7	-4.5	5.0	-11.6	4.1	7.8	18.8	17.9	5.3
<i>% of Net Sales</i>	<i>11.7</i>	<i>16.3</i>		<i>12.7</i>		<i>7.8</i>		<i>12.4</i>	<i>10.6</i>	
Power & fuel	7.3	6.9	6.2	6.3	15.0	8.4	-13.6	32.7	31.7	3.3
<i>% of Net Sales</i>	<i>19.1</i>	<i>24.0</i>		<i>16.0</i>		<i>16.0</i>		<i>21.6</i>	<i>18.9</i>	
Other expenses	7.1	5.8	23.0	4.9	44.7	6.5	8.8	24.7	23.0	7.6
<i>% of Net Sales</i>	<i>18.6</i>	<i>20.1</i>		<i>12.3</i>		<i>12.3</i>		<i>16.4</i>	<i>13.7</i>	
Total expenditure	23.1	19.2	20.4	20.8	11.1	25.1	-7.9	99.2	92.2	7.5
EBITDA	14.9	9.3	59.7	18.8	-20.5	27.5	-45.8	52.0	75.6	-31.2
<i>Margin (%)</i>	<i>39.2</i>	<i>32.7</i>		<i>47.4</i>		<i>52.3</i>		<i>34.4</i>	<i>45.1</i>	
Depreciation	1.8	1.7	2.3	1.8	-0.7	0.9	103.1	8.2	7.3	12.3
EBIT	13.1	7.6	72.9	17.0	-22.6	26.7	-50.7	43.8	68.4	-35.9
Other income	1.2	0.6	104.1	0.7	85.5	1.3	-1.7	4.8	3.6	35.3
Interest	0.1	0.0	135.8	0.2	-57.7	0.3	-74.9	0.0	0.6	-100.0
PBT	14.3	8.2	74.9	16.9	-15.6	27.6	-48.2	48.7	71.4	-31.8
Extraordinary income/(expense)	0.0	0.0	NA	0.0	NA	0.0	NA	0.0	0.0	NA
PBT (after EO)	14.3	8.2	74.9	16.9	-15.6	27.6	-48.2	48.7	71.4	-31.8
Tax	3.7	2.2	69.3	3.0	19.9	6.8	-46.4	12.5	18.1	-31.2
Reported PAT	10.6	6.0	77.0	13.9	-23.4	20.8	-48.8	36.2	53.2	-32.0

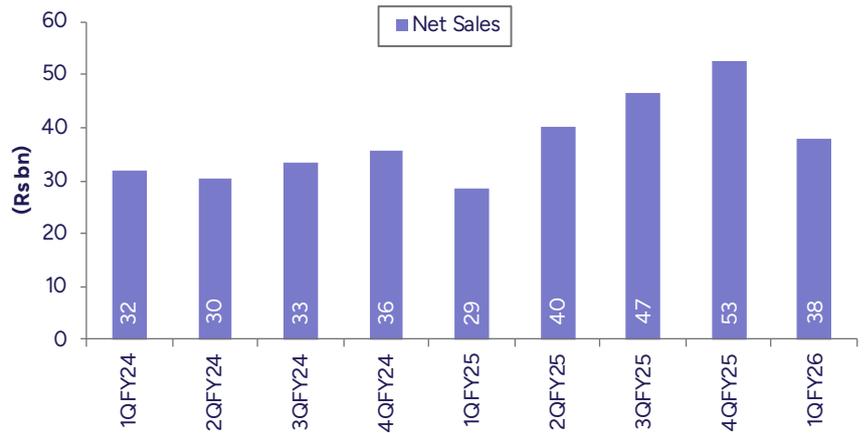
Source: Company, PL

Exhibit 3: Key Operating Metrics

Y/e March	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Volume										
Alumina ('000 tons)	304	99	205.5	319	-4.8	347	-12.4	1314	1105	18.9
Aluminium ('000 tons)	113	107	5.8	117	-2.9	126	-10.1	460	460	-0.1
Realisation										
Alumina (\$/ton)	419	390	7.6	441	-5.0	670	-37.5	398	560	-28.9
Aluminium (\$/ton)	2791	2836	-1.6	2756	1.3	2973	-6.1	2806	2852	-1.6

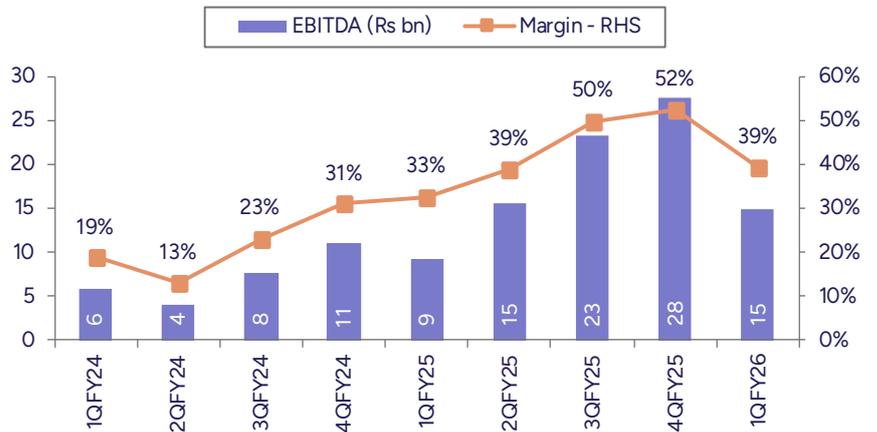
Source: Company, PL

Exhibit 4: Revenues grew 33% YoY on higher volumes and lower base



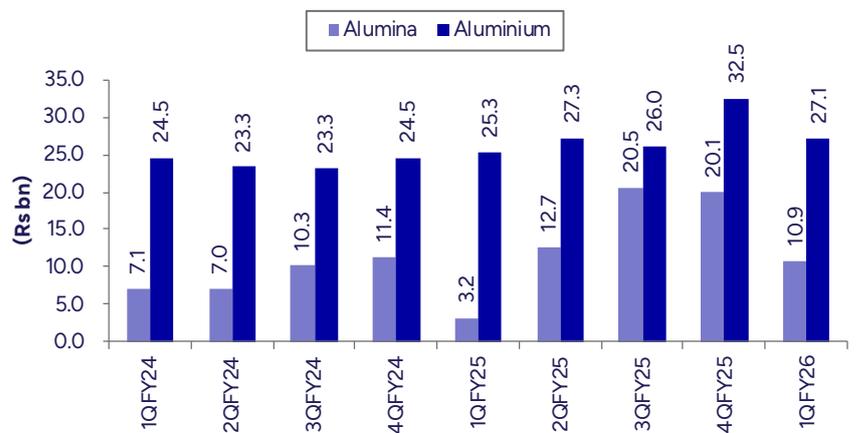
Source: Company, PL

Exhibit 5: EBITDA grew 60% YoY on lower base



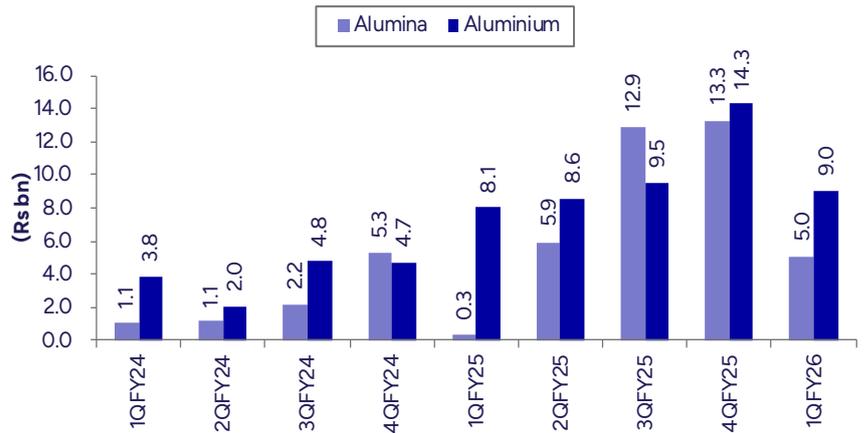
Source: Company, PL

Exhibit 6: Segmental revenue break-up



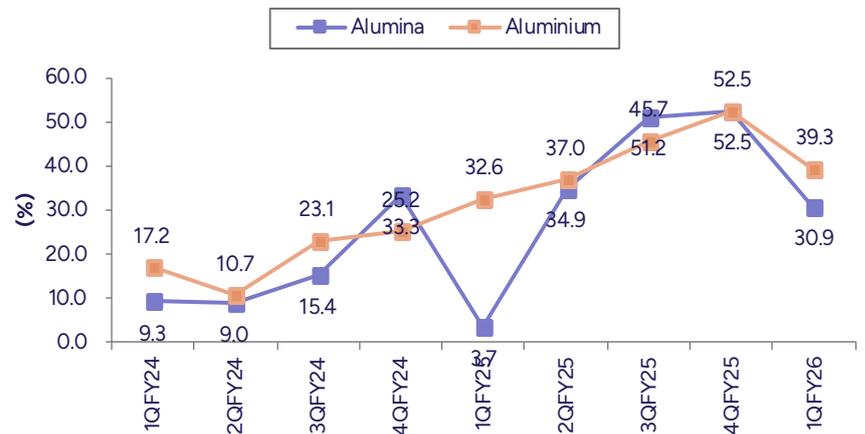
Source: Company, PL

Exhibit 7: Segmental EBIT break-up



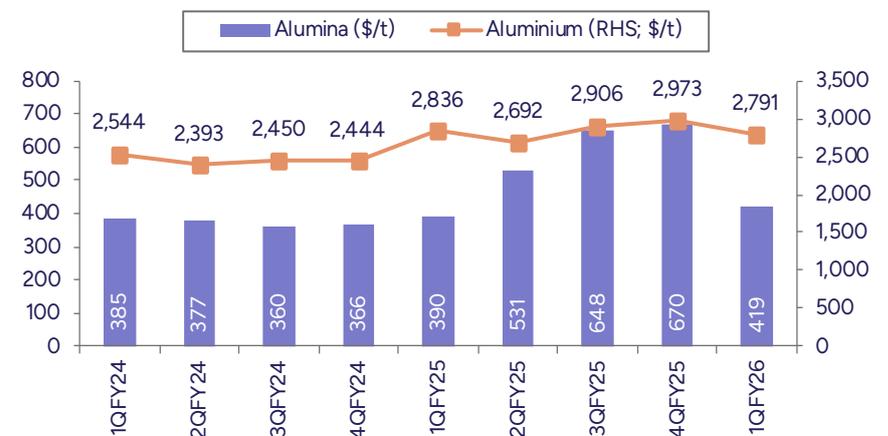
Source: Company, PL

Exhibit 8: Quarterly trend in segmental margin (ex-inter segment)



Source: Company, PL

Exhibit 9: NSRs declined sharply due to lower LME and Alumina prices



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	131	168	151	169
YoY gr. (%)	(7.8)	27.7	(9.9)	11.5
Cost of Goods Sold	26	20	23	24
Gross Profit	105	148	128	144
Margin (%)	79.9	87.9	84.8	85.5
Employee Cost	20	18	19	20
Other Expenses	56	54	57	61
EBITDA	29	75	52	64
YoY gr. (%)	17.3	162.6	(31.0)	22.2
Margin (%)	21.8	44.9	34.4	37.7
Depreciation and Amortization	7	7	8	10
EBIT	21	68	44	54
Margin (%)	16.1	40.6	29.0	31.9
Net Interest	0	1	-	-
Other Income	3	4	5	6
Profit Before Tax	28	71	49	60
Margin (%)	21.2	42.4	32.2	35.4
Total Tax	7	18	12	15
Effective tax rate (%)	26.0	25.5	25.6	25.6
Profit after tax	21	53	36	44
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	21	53	36	44
YoY gr. (%)	33.3	157.4	(31.7)	22.7
Margin (%)	15.7	31.6	23.9	26.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	21	53	36	44
YoY gr. (%)	33.4	157.4	(31.7)	22.7
Margin (%)	15.7	31.6	23.9	26.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	21	53	36	44
Equity Shares O/s (bn)	2	2	2	2
EPS (Rs)	11.2	28.9	19.7	24.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	131	136	146	166
Tangibles	131	136	146	166
Intangibles	-	-	-	-
Acc: Dep / Amortization	51	58	67	76
Tangibles	51	58	67	76
Intangibles	-	-	-	-
Net fixed assets	80	77	79	90
Tangibles	80	77	79	90
Intangibles	-	-	-	-
Capital Work In Progress	40	49	56	56
Goodwill	-	-	-	-
Non-Current Investments	5	10	10	10
Net Deferred tax assets	(8)	(8)	(8)	(8)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	18	19	19	23
Trade receivables	2	2	2	2
Cash & Bank Balance	26	54	69	91
Other Current Assets	24	19	19	19
Total Assets	194	231	255	291
Equity				
Equity Share Capital	9	9	9	9
Other Equity	137	171	196	229
Total Networkth	146	180	206	238
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	37	38	36	41
Other current liabilities	3	5	5	5
Total Equity & Liabilities	194	231	255	291

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	28	71	49	60
Add. Depreciation	7	7	8	10
Add. Interest	-	-	-	-
Less Financial Other Income	3	4	5	6
Add. Other	(2)	(3)	-	-
Op. profit before WC changes	34	76	57	70
Net Changes-WC	0	(1)	(1)	(1)
Direct tax	(6)	(17)	(12)	(15)
Net cash from Op. activities	27	58	43	54
Capital expenditures	(16)	(12)	(9)	(10)
Interest / Dividend Income	-	-	-	-
Others	(4)	(28)	-	-
Net Cash from Inv. activities	(20)	(40)	(9)	(10)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(7)	(18)	(11)	(12)
Interest paid	-	-	-	-
Others	0	0	-	-
Net cash from Fin. activities	(7)	(18)	(11)	(12)
Net change in cash	0	0	23	31
Free Cash Flow	11	46	34	44

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	11.2	28.9	19.7	24.2
CEPS	15.3	32.8	24.2	29.5
BVPS	79.3	98.3	112.0	129.6
FCF	5.9	25.3	18.7	23.7
DPS	4.0	10.0	6.0	6.6
Return Ratio(%)				
RoCE	17.1	44.0	25.2	26.9
ROIC	13.9	46.7	26.4	30.6
RoE	14.8	32.5	18.8	20.0
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.3)	(0.4)
Net Working Capital (Days)	(47)	(37)	(38)	(33)
Valuation(x)				
PER	16.7	6.5	9.5	7.7
P/B	2.4	1.9	1.7	1.4
P/CEPS	12.3	5.7	7.8	6.3
EV/EBITDA	11.1	3.8	5.3	4.0
EV/Sales	2.4	1.7	1.8	1.5
Dividend Yield (%)	2.1	5.3	3.2	3.5

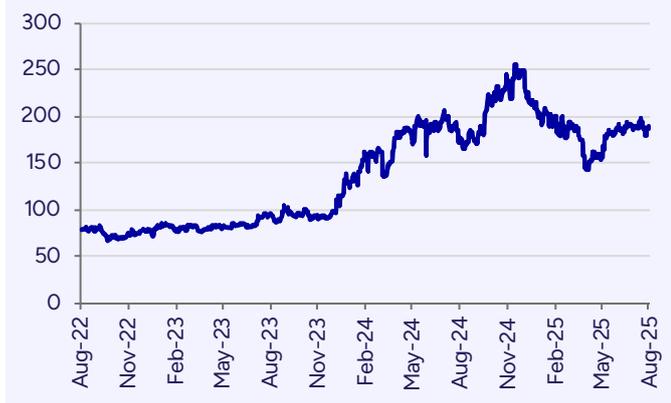
Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	40	47	53	38
YoY gr. (%)	-	-	-	-
Raw Material Expenses	6	5	6	4
Gross Profit	34	41	47	34
Margin (%)	83.9	88.7	88.5	88.6
EBITDA	15	23	28	15
YoY gr. (%)	-	-	-	-
Margin (%)	38.7	49.9	52.3	39.2
Depreciation / Depletion	2	3	1	2
EBIT	14	20	27	13
Margin (%)	34.2	43.8	50.6	34.5
Net Interest	-	-	-	-
Other Income	1	1	1	1
Profit before Tax	14	21	28	14
Margin (%)	35.9	45.5	52.4	37.5
Total Tax	4	5	7	4
Effective tax rate (%)	26.1	25.4	24.7	25.6
Profit after Tax	11	16	21	11
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	11	16	21	11
YoY gr. (%)	415.0	224.1	104.6	77.0
Margin (%)	26.5	34.0	39.5	27.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	11	16	21	11
YoY gr. (%)	-	-	-	-
Margin (%)	26.5	34.0	39.5	27.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11	16	21	11
Avg. Shares O/s (bn)	2	2	2	2
EPS (Rs)	5.8	8.6	11.3	5.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	BUY	218	189
2	22-May-25	BUY	212	185
3	23-Apr-25	BUY	181	159
4	08-Apr-25	BUY	181	145
5	12-Feb-25	Accumulate	205	183
6	09-Jan-25	Reduce	211	199
7	14-Nov-24	Reduce	201	220
8	07-Oct-24	Sell	186	220

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,543	1,890
2	Adani Port & SEZ	BUY	1,777	1,358
3	Ambuja Cement	BUY	685	593
4	Dalmia Bharat	Accumulate	2,395	2,270
5	Hindalco Industries	Accumulate	738	692
6	Jindal Stainless	Hold	678	675
7	Jindal Steel & Power	Accumulate	1,008	954
8	JSW Infrastructure	Accumulate	344	322
9	JSW Steel	Hold	1,068	1,034
10	National Aluminium Co.	BUY	218	189
11	NMDC	Accumulate	73	68
12	Nuvoco Vistas Corporation	Accumulate	422	390
13	Shree Cement	Hold	30,001	30,205
14	Steel Authority of India	Hold	133	126
15	Tata Steel	Accumulate	177	158
16	Ultratech Cement	Accumulate	13,634	12,561

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

