

Rating: HOLD | CMP: Rs385 | TP: Rs356

February 1, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Target Price	HOLD 356		HOLD 337	
Sales (Rs. bn)	203	218	196	213
% Chng.	3.3	2.6		
EBITDA (Rs. bn)	97	102	92	98
% Chng.	5.8	3.7		
EPS (Rs.)	38.2	40.9	35.8	39.1
% Chng.	6.6	4.6		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	168	174	203	218
EBITDA (Rs. bn)	75	76	97	102
Margin (%)	44.7	43.5	48.0	46.8
PAT (Rs. bn)	53	54	70	75
EPS (Rs.)	28.7	29.3	38.2	40.9
Gr. (%)	155.8	2.3	30.3	7.0
DPS (Rs.)	10.0	10.0	11.0	12.1
Yield (%)	2.6	2.6	2.9	3.1
RoE (%)	32.3	27.2	29.1	25.7
RoCE (%)	43.8	36.5	39.2	34.5
EV/Sales (x)	3.9	3.6	2.9	2.5
EV/EBITDA (x)	8.7	8.3	6.0	5.3
PE (x)	13.4	13.1	10.1	9.4
P/BV (x)	3.9	3.3	2.7	2.2

Key Data

	NALU.BO NACL IN
52-W High / Low	Rs.432 / Rs.138
Sensex / Nifty	82,270 / 25,321
Market Cap	Rs.708bn / \$ 7,696m
Shares Outstanding	1,837m
3M Avg. Daily Value	Rs.5197.67m

Shareholding Pattern (%)

Promoter's	51.28
Foreign	19.67
Domestic Institution	12.35
Public & Others	16.70
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	22.6	108.3	90.6
Relative	27.0	104.1	79.6

Tushar Chaudhari

tusharchaudhari@plindia.com | 91-22-663222391

Satyam Kesarwani

satyamkesarwani@plindia.com | 91-22-66322218

Pranav Iyer

pranaviyer@plindia.com | 91-22-66322539

National Aluminium Co. (NACL IN)

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Strong show; higher LME to support earnings

Quick Pointers:

- Jan'26 alumina shipments were impacted by Middle East tensions; NACL expects recovery in Feb/Mar and remains on track to meet its FY26 sales target of 1.25-1.3mt.
- In 9MFY26, alumina realization stood at USD380/t; in Q3FY26, it declined to USD352/t, and Q4FY26 is expected to be lower at ~USD320/t.

National Aluminium (NACL) delivered strong operating performance in Q3FY26, on strong aluminum volume growth/ pricing, which negated weak alumina pricing. Alumina volumes grew 8% YoY to 403kt, while metal volumes grew robust 19% YoY to 126kt aided by exports, strong domestic sales and weak base. Alumina NSR declined 13% QoQ to USD352/t, in line with the fall in alumina prices of 10.5% QoQ, while average NSR for the metal increased 5% QoQ to USD3,072/t. NACL has been focusing on cost reduction, which is evident in the significant decline in P&F and employee costs, driven by higher usage of captive coal, and superannuation-led savings of ~Rs1.18bn in 9MFY26. The management reiterated that the commissioning of the 1mtpa alumina refinery (0.3mt volume in FY27) and the Pottangi bauxite mine remains on track for commissioning in Jun'26.

NACL's captive coal mines are expected to meet ~57% of its coal requirement and keep the cost structure lean. NACL continues to benefit from higher LME aluminum prices, but limited volume growth anticipated in the medium term led by weak execution restricts us from assigning higher multiples. Alumina pricing is expected to remain muted (unless any disruptions) due to upcoming global capacities, while ally prices are expected to remain stable aided by Chinese production cap and stable demand. We raise FY27/28E EBITDA by 6%/4%, assuming higher LME prices of USD3,001/2,932 (earlier USD2,918/2,851). Every USD100 increase in ally prices would lead to ~6% upgrade in our NACL EBITDA. Maintain 'HOLD' with revised TP of Rs356 (from Rs337, assigning same 5x EV/EBITDA multiple). At CMP, the stock is trading at 6x/5.3x EV of FY27/28E EBITDA.

Volume-led resilience amid weak alumina pricing: Revenue grew 1% YoY to Rs47.3bn (10% QoQ; PLe: Rs44.4bn) on strong volume growth, which negated weak alumina pricing. Metal volume grew 19% YoY to 126kt aided by exports, strong domestic sales and weak base, while alumina sales volume grew 8% YoY to 403kt, on liquidation of inventories. Alumina export volume declined 1% YoY to 363kt, while domestic volume increased 3x YoY to 40kt. Average realization for the metal increased 5% QoQ to USD3,072/t (premiums to average LME declined to 8.6% from 12.1% QoQ). Average alumina NSR declined 13% QoQ to USD352/t. Q3FY26 average LME aluminum prices increased 8% QoQ, while alumina prices were down 10.5% QoQ.

Cost efficiencies cushion margins: NACL's EBITDA declined 6.4% YoY to Rs21.79bn (+13.2% QoQ), better than PLe of Rs19.65bn, on higher alumina/metal volumes and lower operating costs. RM costs increased 19% YoY, power & fuel costs declined 20% YoY, while other manufacturing expenses increased 31% YoY. Employee costs declined 14% YoY. Metal CoP works out to be ~USD1,560/t for Q3 (-1.2% YoY/-0.9% QoQ). Reported PAT grew 1% YoY to Rs16bn (+12% QoQ, PLe: Rs16.3bn), aided by higher other income.

Segmental information: Chemicals segment (alumina) revenue declined 34% YoY to Rs16.57bn (-10% QoQ, PLe: Rs18.87bn), while aluminum segment revenue grew 33% YoY to Rs34.61bn (20% QoQ; PLe: Rs33.41bn).

Q3FY26 Concill Highlights:

- **Critical minerals' extraction from red mud at pilot stage:** NACL has initiated multiple pilot-scale projects to extract critical minerals from alumina red mud. NACL has signed an MoU with NML, Jamshedpur, focused on rare-earth extraction, with pilot facilities expected to take 1-2 years to set up. Another MoU with a Chennai-based partner involves testing red mud samples using a reactor installed at the mines. An MoU has also been signed for gallium extraction from Bayer liquid, with a pilot plant under development. All 3 initiatives remain at the pilot stage, with commercial-scale visibility expected over the next 1-2 years.
- **Alumina shipment mix in Q3:** NACL executed 4 alumina shipments per month in Q3, with 30k tons per shipment; of these, 3 were spot-linked and one was LME-linked. Spot to contracted quantities stood at 75:25.
- **New alumina refinery ramp-up:** The new 1mtpa alumina refinery is expected to produce ~0.3mt in FY27, with commissioning starting in Jun'26 and stabilization taking 3-4 months. Potential buyers from the Middle East have shown interest, and NACL plans to float tenders over the coming months.
- **Sales outlook maintained despite Jan disruption:** Jan'26 alumina volumes were impacted by Middle East tensions affecting exports. NACL expects to recover lost volumes in Feb-Mar and remains on track to achieve its annual sales target of 1.25-1.3mt for FY26.
- **Weak alumina realization to continue:** In 9MFY26, alumina realization stood at USD380/t; in Q3FY26, it declined to USD352/t, and Q4FY26 is expected to be lower at ~USD320/t.
- **Alumina margin pressure partly offset by caustic soda efficiency gains:** Fall in alumina realizations was partly offset by improved operational efficiency, with caustic soda specific consumption reduced to 99kg from 121kg last year, despite prices rising to Rs45/kg from Rs39/kg. The efficiency gains translated into cost savings of Rs1.29bn.
- **Employee costs to remain benign:** Employee costs declined by Rs1.18bn in 9MFY26 due to superannuation-related savings and accounting adjustments. ~300 employees superannuated last year, with lower replacement hiring, and a Rs0.5bn PRP provision was reversed during the quarter. With the next wage

revision effective from 1st Jan'27, no wage hike provision is required in FY26, and the impact in FY27 would be limited to Q4.

The management expects employee costs to remain stable or marginally lower next year, aided by 200-250 expected superannuations of higher wage employees and lower-level inductions, translating into savings of Rs0.7-0.8bn.

- **Captive coal cost advantage:** Captive coal from own mines costs Rs200-250/t, cheaper than external sourcing. With production ramping up to 4mt in the current fiscal, this has led to power and fuel cost savings of Rs0.4bn in 9MFY26.
- **Power and fuel cost outlook:** Power and fuel costs are expected to decline in Q4 compared to Q3, as captive power issues faced during the quarter have been resolved, reducing external grid power purchases.
- **Q4 cost pressures:** Landed cost of CP coke averaged Rs42,000/t in 9MFY26 and is expected to increase to ~Rs55,000/t in Q4 and caustic soda prices increasing by ~Rs2,000/t. CoP is expected to rise slightly, though efficiency improvements are likely to mitigate the overall impact.
- **Aluminum pricing policy:** Aluminum pricing is linked to LME with premiums added, and price adjustments are made every 3 days if LME prices breach predefined thresholds.
- **Capex guidance:** FY26 capex is guided at Rs17bn, comprising Rs6-7bn of maintenance and Rs10bn of growth capex. FY27 capex is estimated at Rs18-20bn, including Rs5-6bn for the new refinery, where cumulative spend has reached Rs50bn.
- **Capacity utilization and scrap availability:** Rated aluminum smelting capacity stands at 460ktpa, with efforts underway to reach ~472kt in FY26. Additional casting capacity of 0.05-0.1mt is available beyond hot metal production, which could support incremental output if good-quality scrap is sourced; however, scrap availability remains a constraint.
- **Smelting expansion roadmap:** Upcoming smelting capacity additions in Thailand and Indonesia could ease alumina oversupply issues and help stabilize alumina prices. NACL has initiated the DPR process and expects to finalize it by mid-FY26, with plans to add 0.5mtpa of smelting capacity over the next 3 years, targeting commissioning around early 2031.

Exhibit 1: Capex plan over FY30E

Project Segment	Capacity	Expected In	Capex (Rs bn)	Status
Pottangi Bauxite Mines	3.5mtpa	Q1FY27	22	To start by Jun'26. Tender out for MDO
Alumina Refinery	1.0mtpa	Q1FY27	55	Production to begin from Jun'26
Aluminum Smelter	0.5mtpa	CY30	170-200	On track
Captive Power Plant	1200MW	CY30	100-110	Likely commissioning by Jun'31

Source: Company, PL

Exhibit 2: Q3FY26 Result Overview - Standalone (Rs bn)

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	47.3	46.6	1.5	44.4	6.6	42.9	10.2	128.3	115.2	11.4
(Increase)/Decrease in stock	1.9	0.2	862.2	0.0		0.2		1.0	-1.2	
Raw Material Consumed	6.0	5.1	19.4	6.3		5.6		17.2	14.8	
Total RM Costs	8.0	5.3	51.3	6.3	26.9	5.9	35.2	18.2	13.7	33.2
% of Net Sales	16.8	11.3		14.1		13.7		14.2	11.9	
Employee Rem & Benefits	3.7	4.3	-14.1	4.6	-20.5	4.4	-16.2	12.5	13.7	-8.6
% of Net Sales	7.8	9.2		10.5		10.3		9.8	11.9	
Power & Fuel	6.6	8.3	-19.8	7.6	-12.5	7.3	-9.5	21.2	23.2	-8.6
% of Net Sales	14.0	17.7		17.1		17.1		16.6	20.2	
Other Manufacturing Expenses	7.2	5.5	31.0	6.3	15.6	6.0	19.6	20.3	16.5	23.5
% of Net Sales	15.3	11.8		14.1		14.1		15.9	14.3	
Total expenditure	25.5	23.3	9.3	24.7	3.1	23.7	7.8	72.3	67.1	7.8
EBITDA	21.8	23.3	-6.4	19.7	10.9	19.3	13.2	56.0	48.1	16.3
Margin (%)	46.1	49.9		44.3		44.9		43.6	41.8	
Depreciation	1.8	2.9	-36.3	1.3	40.1	1.7	4.8	5.3	6.4	-16.5
EBIT	20.0	20.4	-2.2	18.4	8.8	17.5	14.0	50.6	41.7	21.4
Other Income	1.9	1.0	95.8	2.9	-33.1	1.5	28.1	4.7	2.3	102.7
Interest	0.6	0.2	212.4	0.0	NA	0.1	613.0	0.8	0.3	182.4
PBT	21.3	21.2	0.5	21.3	0.3	19.0	12.5	54.6	43.8	24.7
Extraordinary income/(expense)	0.0	0.0	NA	0.0	NA	0.0	NA	0.0	0.0	NA
PBT (afer EO)	21.3	21.2	0.5	21.3	0.3	19.0	12.5	54.6	43.8	24.7
Tax	5.3	5.4	-1.6	5.0	6.1	4.6	14.8	13.6	11.3	20.3
Reported PAT	16.0	15.8	1.1	16.3	-1.5	14.3	11.7	41.0	32.5	26.2

Source: Company, PL

Exhibit 3: Key Operating Metrics

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Volume										
Alumina ('000 tons)	403	375	7.6	321	25.4	396	1.7	1103	759	45.4
Aluminum ('000 tons)	126	106	19.2	118	6.7	112	12.6	352	334	5.4
Realization										
Alumina (\$/ton)	352	656	-46.3	383	-8.1	404	-12.9	390	574	-32.2
Aluminum (\$/ton)	3072	2942	4.4	3196	-3.9	2938	4.6	2943	2817	4.5

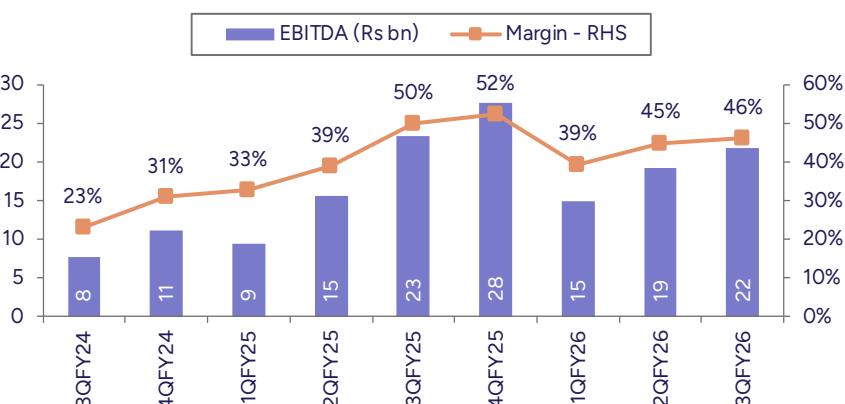
Source: Company, PL

Exhibit 4: Revenue grew 1.5% YoY on strong aluminum volume growth & pricing



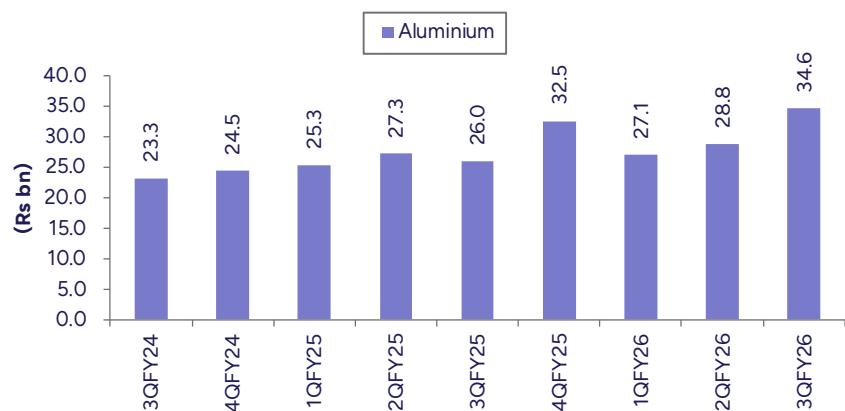
Source: Company, PL

Exhibit 5: EBITDA de-grew 6.4% YoY on weak alumina pricing



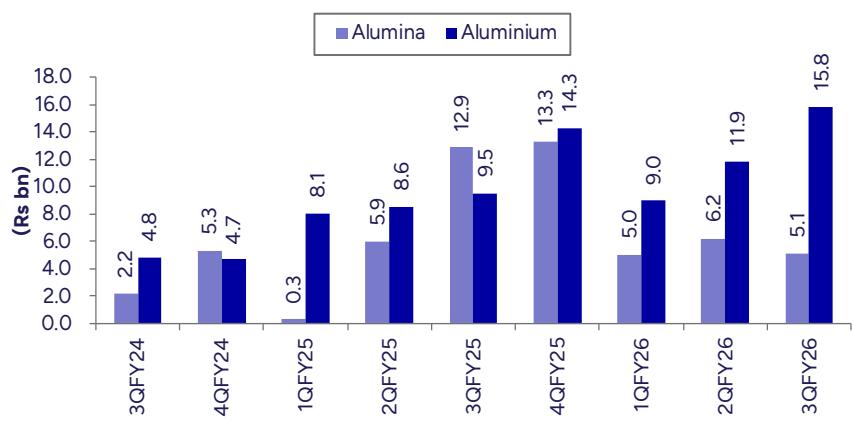
Source: Company, PL

Exhibit 6: Segmental revenue break-up – Supported by metal



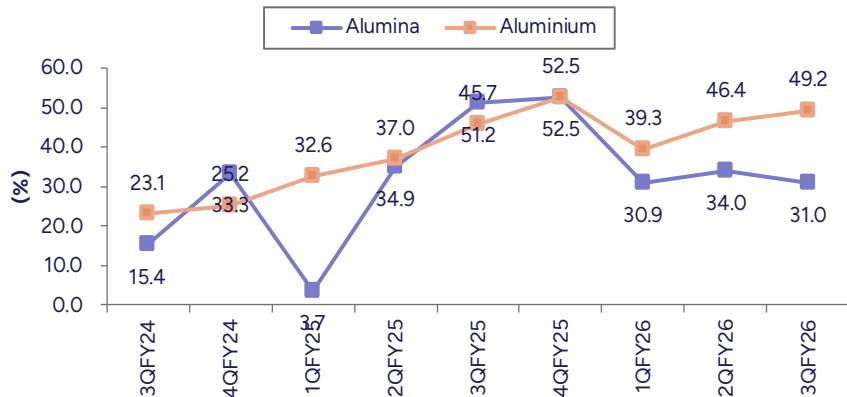
Source: Company, PL

Exhibit 7: Segmental EBIT break-up – Alumina EBIT remains weak



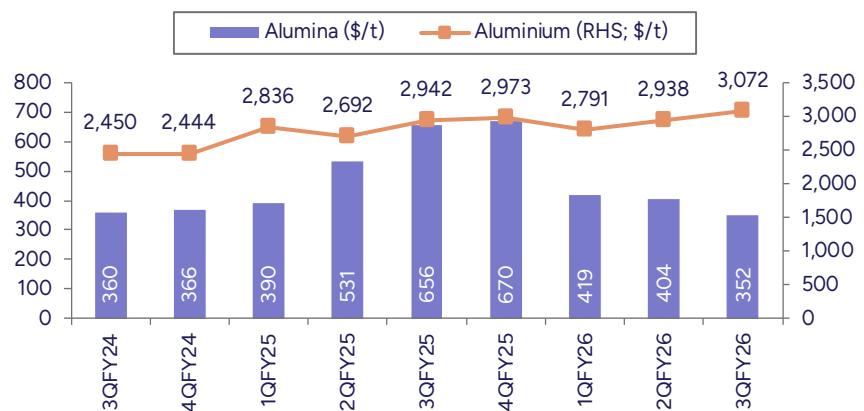
Source: Company, PL

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



Source: Company, PL

Exhibit 9: LME strength offsets alumina price weakness



Source: Company, PL

Exhibit 10: Target price calculation

Sep'27 basis	
EBITDA (Rs mn)	99,677
EV/EBITDA (x)	5
Target EV (Rs mn)	4,98,387
Net Debt (Rs mn)	-1,54,834
Residual Market Cap (Rs mn)	6,53,221
Target Price (Rs)	356

Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	168	174	203	218
YoY gr. (%)	27.7	3.7	16.5	7.7
Cost of Goods Sold	20	27	29	33
Gross Profit	148	147	173	185
Margin (%)	87.9	84.5	85.5	84.8
Employee Cost	18	17	17	18
Other Expenses	55	54	59	65
EBITDA	75	76	97	102
YoY gr. (%)	161.4	0.8	28.4	5.0
Margin (%)	44.7	43.5	48.0	46.8
Depreciation and Amortization	7	8	10	11
EBIT	68	68	87	91
Margin (%)	40.4	38.8	43.1	41.7
Net Interest	1	-	-	-
Other Income	4	5	7	10
Profit Before Tax	71	72	94	101
Margin (%)	42.2	41.6	46.5	46.2
Total Tax	18	19	24	26
Effective tax rate (%)	25.6	25.6	25.6	25.6
Profit after tax	53	54	70	75
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	53	54	70	75
YoY gr. (%)	155.8	2.3	30.3	7.0
Margin (%)	31.4	30.9	34.6	34.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	53	54	70	75
YoY gr. (%)	155.7	2.3	30.3	7.0
Margin (%)	31.4	30.9	34.6	34.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	53	54	70	75
Equity Shares O/s (bn)	2	2	2	2
EPS (Rs)	28.7	29.3	38.2	40.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	135	145	165	185
Tangibles	135	145	165	185
Intangibles	-	-	-	-
Acc: Dep / Amortization	58	66	76	87
Tangibles	58	66	76	87
Intangibles	-	-	-	-
Net fixed assets	77	79	90	99
Tangibles	77	79	90	99
Intangibles	-	-	-	-
Capital Work In Progress	49	56	56	56
Goodwill	-	-	-	-
Non-Current Investments	10	10	10	10
Net Deferred tax assets	(8)	(8)	(8)	(8)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	19	21	28	30
Trade receivables	2	2	3	3
Cash & Bank Balance	54	82	122	167
Other Current Assets	19	19	19	19
Total Assets	231	271	328	384
Equity				
Equity Share Capital	9	9	9	9
Other Equity	171	207	257	310
Total Networth	180	216	266	319
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	38	42	49	53
Other current liabilities	5	5	5	5
Total Equity & Liabilities	231	271	328	384

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	71	72	94	101
Add. Depreciation	7	8	10	11
Add. Interest	-	-	-	-
Less Financial Other Income	4	5	7	10
Add. Other	(3)	-	-	-
Op. profit before WC changes	76	81	104	112
Net Changes-WC	(1)	1	0	1
Direct tax	(17)	(19)	(24)	(26)
Net cash from Op. activities	58	63	80	88
Capital expenditures	(12)	(17)	(20)	(20)
Interest / Dividend Income	-	-	-	-
Others	(28)	-	-	-
Net Cash from Inv. activities	(40)	(17)	(20)	(20)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(18)	(18)	(20)	(22)
Interest paid	-	-	-	-
Others	0	-	-	-
Net cash from Fin. activities	(18)	(18)	(20)	(22)
Net change in cash	0	28	40	45
Free Cash Flow	46	46	60	68

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	28.7	29.3	38.2	40.9
CEPS	32.6	33.8	43.6	46.9
BVPS	98.3	117.6	144.8	173.6
FCF	25.3	25.1	32.8	36.8
DPS	10.0	10.0	11.0	12.1
Return Ratio(%)				
RoCE	43.8	36.5	39.2	34.5
ROIC	46.4	43.3	54.7	54.2
RoE	32.3	27.2	29.1	25.7
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.4)	(0.5)	(0.5)
Net Working Capital (Days)	(37)	(38)	(33)	(33)
Valuation(x)				
PER	13.4	13.1	10.1	9.4
P/B	3.9	3.3	2.7	2.2
P/CEPS	11.8	11.4	8.9	8.2
EV/EBITDA	8.7	8.3	6.0	5.3
EV/Sales	3.9	3.6	2.9	2.5
Dividend Yield (%)	2.6	2.6	2.9	3.1

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	53	38	43	47
YoY gr. (%)	-	-	-	-
Raw Material Expenses	6	4	6	8
Gross Profit	47	34	37	39
Margin (%)	88.5	88.6	86.3	83.2
EBITDA	28	15	19	22
YoY gr. (%)	-	-	-	-
Margin (%)	52.3	39.2	44.9	46.1
Depreciation / Depletion	1	2	2	2
EBIT	27	13	18	20
Margin (%)	50.6	34.5	40.8	42.2
Net Interest	-	-	-	1
Other Income	1	1	2	2
Profit before Tax	28	14	19	21
Margin (%)	52.4	37.5	44.2	45.1
Total Tax	7	4	5	5
Effective tax rate (%)	24.7	25.6	24.4	24.9
Profit after Tax	21	11	14	16
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	21	11	14	16
YoY gr. (%)	104.6	77.0	34.9	1.1
Margin (%)	39.5	27.9	33.4	33.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	21	11	14	16
YoY gr. (%)	-	-	-	-
Margin (%)	39.5	27.9	33.4	33.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	21	11	14	16
Avg. Shares O/s (m)	2	2	2	2
EPS (Rs)	11.3	5.8	7.8	8.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-26	Hold	337	334
2	08-Nov-25	BUY	281	235
3	08-Oct-25	BUY	280	217
4	08-Aug-25	BUY	228	187
5	08-Jul-25	BUY	218	189
6	22-May-25	BUY	212	185
7	23-Apr-25	BUY	181	159
8	08-Apr-25	BUY	181	145
9	12-Feb-25	Accumulate	205	183

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,163	1,755
2	Adani Port & SEZ	BUY	1,876	1,473
3	Ambuja Cement	BUY	667	562
4	Dalmia Bharat	Hold	2,302	2,232
5	Hindalco Industries	Accumulate	962	904
6	Jindal Stainless	Hold	784	756
7	Jindal Steel	Accumulate	1,100	1,010
8	JK Cement	Accumulate	6,199	5,790
9	JK Lakshmi Cement	BUY	891	775
10	JSW Cement	BUY	145	124
11	JSW Infrastructure	BUY	339	273
12	JSW Steel	Accumulate	1,292	1,170
13	National Aluminium Co.	Hold	337	334
14	NMDC	Accumulate	91	82
15	Nuvoco Vistas Corporation	BUY	443	350
16	Shree Cement	Accumulate	29,242	27,325
17	Steel Authority of India	Hold	141	146
18	Tata Steel	Accumulate	204	180
19	Ultratech Cement	BUY	14,168	12,369

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

ANALYST CERTIFICATION

(Indian Clients)

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