

May 22, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	212		181	
Sales (Rs bn)	149	166	148	160
% Chng.	1.0	4.0		
EBITDA (Rs bn)	49	60	49	55
% Chng.	(0.1)	10.0		
EPS (Rs.)	18.7	22.7	18.4	20.2
% Chng.	1.6	12.4		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	131	168	149	166
EBITDA (Rs. bn)	29	75	49	60
Margin (%)	21.8	44.9	33.1	36.3
PAT (Rs. bn)	21	53	34	42
EPS (Rs.)	11.2	28.9	18.7	22.7
Gr. (%)	33.3	157.4	(35.3)	21.5
DPS (Rs.)	4.0	10.0	8.0	8.8
Yield (%)	2.2	5.4	4.3	4.8
RoE (%)	14.8	32.5	18.0	19.6
RoCE (%)	17.1	44.0	24.2	26.3
EV/Sales (x)	2.4	1.7	1.8	1.6
EV/EBITDA (x)	10.9	3.8	5.6	4.3
PE (x)	16.5	6.4	9.9	8.2
P/BV (x)	2.3	1.9	1.7	1.5

Key Data

NALU.BO | NACL IN

52-W High / Low	Rs.263 / Rs.138
Sensex / Nifty	80,952 / 24,610
Market Cap	Rs.340bn/ \$ 3,950m
Shares Outstanding	1,837m
3M Avg. Daily Value	Rs.2380.47m

Shareholding Pattern (%)

Promoter's	51.28
Foreign	15.81
Domestic Institution	15.71
Public & Others	17.20
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	16.5	(28.0)	(6.4)
Relative	14.5	(29.6)	(14.1)

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Lean cost structure to negate weak alumina

Quick Pointers:

- Average Q4 alumina NSR was USD600/t, to decline to USD400/t in Q1.
- Mgmt. guided FY26 alumina production and sales volumes at 2.25mt and 1.27mt respectively.

National Aluminum (NACL) reported robust operating performance in Q4FY25 on strong alumina pricing, higher metal volumes and well-constrained costs. Alumina/ metal volumes grew -7%/5% YoY to 347kt/126kt. Average Q4 alumina NSR improved 83% YoY to USD670/t, while that for metal grew 22% YoY to USD2,973/t on strong LME. EBITDA grew robust 149% YoY on favorable pricing and lean cost structure supported by captive coal. Mgmt. guided for higher alumina volumes (1.27mt) and captive coal (4mt; ~56% of requirement) from Utkal D & E mines in FY26. Key raw material costs declined sharply in FY25 while employee expenses also declined significantly due to superannuation of employees. Mgmt. expects a reversal in key RM viz. CP coke and caustic soda in FY26, while lower alumina prices would impact near term EBITDA.

1mtpa refinery project is further delayed by two quarters due to local tribal resistance in Koraput district. We expect no significant capex for the next 3 years as smelter expansion project would undergo DPR process again. NACL remains a pure price play on alumina/ metal. Although alumina prices have declined 48% from Dec'24 peak, upside risks remain due to high concentration of supplies from New Guinea. Upcoming capacities in Indonesia, China and India would keep alumina prices in check. We raise FY27E EBITDA by 10% adjusting for lower alumina pricing, lower costs and better volumes. Maintain 'Buy' with revised TP of Rs212 (from Rs181, assigning same 5x EV/EBITDA multiple). At CMP, the stock is trading at 5.6x/4.3x EV of FY26E/27E EBITDA.

Revenue aided by higher alumina & LME prices: Revenue grew 47% YoY to Rs52.7bn (+13% QoQ; PLe Rs51.3bn) on strong alumina and LME pricing. Alumina and metal volumes for the quarters were 347kt (-7% YoY) and 126kt (5% YoY) respectively. Q4FY25 average LME Alloy/Alumina prices were +2%/-29% QoQ however NACL had contracted alumina quantities above USD600/t which has benefited in this quarter as alumina prices started falling from mid-January.

Robust EBITDA growth on higher pricing and lower operating costs: EBITDA grew 149% YoY to Rs27.5bn (+18% QoQ; PLe Rs24.8bn) on higher Alumina/Alloy prices and lower operating costs. RM declined 15% YoY; Power & fuel costs increased 15% YoY on higher metal production while other mfg expenses increased 24% YoY. Employee costs, however, declined 19% YoY on superannuation of older employees. Mgmt. expects ~250 employees to get retired every year which would aid keeping employee expenses lower over next two years. Reported PAT grew 105% YoY to Rs20.8bn (+31% QoQ).

Segmental information: Chemicals segment (alumina) revenue grew 60% YoY to Rs25.4bn (+1% QoQ, PLe Rs26.4bn) while aluminium segment revenue grew 33% YoY to Rs32.5bn (+25% QoQ; PLe Rs30bn). Average realization for metal improved 2% QoQ to USD2,973/t, while Alumina NSR grew 83% QoQ to USD670/t. Segmental EBIT margin for alumina was 52.5% (up 140bps QoQ) while segmental EBIT margin for metal improved sharp 750bps QoQ to 44.1% on lower alumina prices.

Q4FY25 Concall Highlights:

- NACL's Alumina average prices for Q4FY25 and FY25 were at USD600/t and USD590/t, respectively, and are expected to be ~USD400/t in Q1FY26.
- Alumina cost of production was Rs22,000/t. Expect it to decline by Rs1500-2000/t going ahead. Aluminium CoP for FY25 was Rs160,000/t.
- Alumina cost of production includes a depreciation of Rs1,000/t, while metal CoP includes a 5% depreciation component.
- The 1mtpa refinery is expected to get commissioned in Q4FY26 (February or March; delayed from Sept'25) commercial production to start from Jun'26. Mgmt. expects ~0.5-0.6mt volumes in FY27. Out of total capex 75% has been spent on this refinery project.
- Alumina production was 2.045mt in FY25 which is expected to be 2.25mt for FY26. While the sales volume was 1.1mt in FY25, which is expected to be 1.275mt for FY26.
- Capex for FY26 and FY27 are expected to be Rs17bn (Rs11bn for Pottangi, refinery and Rs6bn for addition, modification and repair projects) and Rs20bn respectively.
- Q4 Depreciation reversal due to 1) change in the estimate of threshold limit for capitalization of major spares, 2) reassessment of the lean slurry project and 3) impairment provision for wind power assets. Once the Pottangi mine is operationalized and expanded alumina capacity then the depreciation cost will increase in FY27.
- Out of the 7.2mt annual coal requirement, 4mt will be sourced from captive Utkal D and E mines in FY26, up from 2.8mt in FY25.
- Captive mines have target based EC extension of 20%. The decision to apply for an increase in EC limit will be taken after 6 months.
- The cost difference between captive coal and e-auction coal is ~Rs500-600/t. And the cost difference Linkage and captive coal Rs350-400/t.
- Pottangi bauxite mine having 111mt reserves and 3.5mtpa capacity, is expected to be commissioned by end FY26.
- Employee expenses declined due to separations; the current headcount stands at 4,800, with an expected reduction of ~250 employees annually. Some additions will be there but at lower costs.

Exhibit 1: Capex plan over FY30E

Project Segment	Capacity	Expected In	Capex (Rs bn)
Pottangi Bauxite Mines	3.5mtpa	Q4FY26	22bn
Alumina Refinery	1.0mtpa	Q1FY27	57bn
Aluminium Smelter	0.5mtpa	FY30	171bn
Captive Power Plant	1200MW	FY30	130bn

Source: Company, PL

Exhibit 2: Q4FY25 Result Overview - Standalone (Rs bn)

Y/e March	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	52.7	35.8	47.2	51.3	2.7	46.6	13.0	167.9	131.5	27.7
Raw material	6.1	7.0	-13.1	5.8	4.9	5.3	15.4	19.7	26.5	-25.4
% of Net Sales	11.5%	19.5%		11.3%		11.3%		11.8%	20.1%	
Staff Cost	4.1	5.1	-19.4	5.5	-25.3	4.3	-3.8	17.9	20.3	-12.2
% of Net Sales	7.8%	14.3%		10.8%		9.2%		10.6%	15.5%	
Power & fuel	8.4	7.3	14.7	9.1	-7.4	8.3	1.9	31.7	35.5	-10.8
% of Net Sales	16.0%	20.5%		17.7%		17.7%		18.9%	27.0%	
Other expenses	6.5	5.3	23.9	6.1	7.2	5.5	18.0	23.0	20.5	12.2
% of Net Sales	12.3%	14.7%		11.8%		11.8%		13.7%	15.6%	
Total expenditure	25.1	24.7	1.7	26.5	-5.1	23.3	7.7	92.2	102.8	-10.2
EBITDA	27.5	11.1	148.7	24.8	11.0	23.3	18.3	75.6	28.7	163.4
Margin (%)	52.3%	30.9%		48.4%		49.9%		45.1%	21.8%	
Depreciation	0.9	2.4	-63.4	2.5	-64.8	2.9	-69.3	7.3	7.5	-2.9
EBIT	26.7	8.7	207.3	22.3	19.5	20.4	30.6	68.4	21.2	222.1
Other income	1.3	0.8	49.5	0.0	#DIV/0!	1.0	26.8	3.6	2.5	42.0
Interest	0.3	0.1	261.7	0.2		0.2	68.0	0.6	0.2	242.6
PBT	27.6	9.4	192.7	22.1	24.7	21.2	30.1	71.4	23.6	202.8
Extraordinary income/(expense)	0.0	4.3	NA	0.0	NA	0.0	NA	0.0	4.3	NA
PBT (after EO)	27.6	13.7	101.5	22.1	24.7	21.2	30.1	71.4	27.8	156.3
Tax	6.8	3.5	92.6	5.8	17.4	5.4	26.4	18.1	7.2	150.2
Reported PAT	20.8	10.2	104.6	16.3	27.3	15.8	31.3	53.2	20.6	158.5
Adjusted PAT	20.8	10.2	104.6	16.3	27.3	15.8	31.3	53.2	20.6	158.5

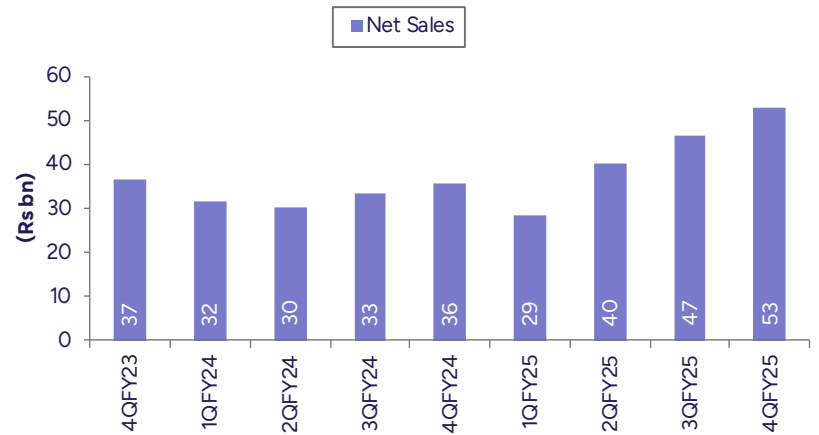
Source: Company, PL

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)	347	375	-7.4	421	-17.6	375	-7.4	1106	1168	-5.4
Aluminium ('000 tons)	126	121	4.6	116	8.5	106	19.1	460	470	-2.0
Realisation										
Alumina (\$/ton)	670	366	83.0	591	13.5	648	3.4	559	372	50.3
Aluminium (\$/ton)	2973	2444	21.6	2954	0.6	2906	2.3	2852	2458	16.0

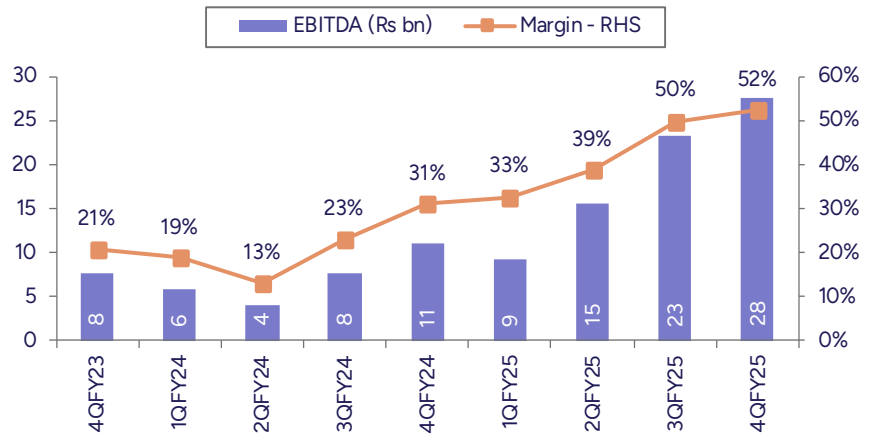
Source: Company, PL

Exhibit 4: Revenues grew 47% YoY on strong metals vol and higher pricing



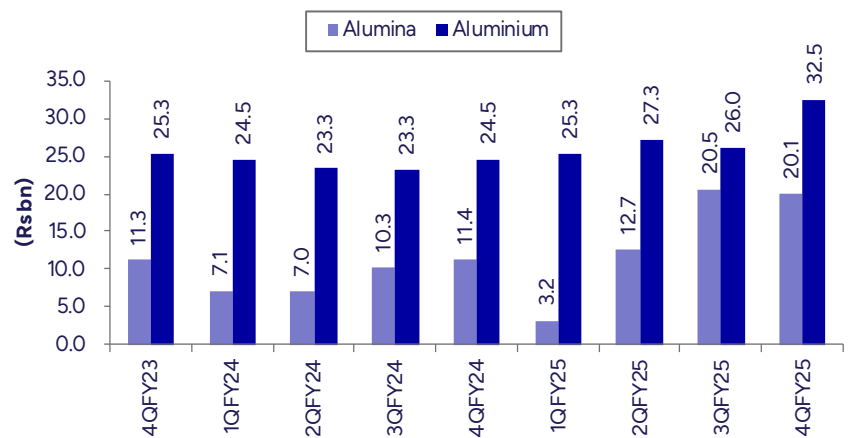
Source: Company, PL

Exhibit 5: Sharp ~2.5x YoY jump in EBITDA on higher pricing & lower costs



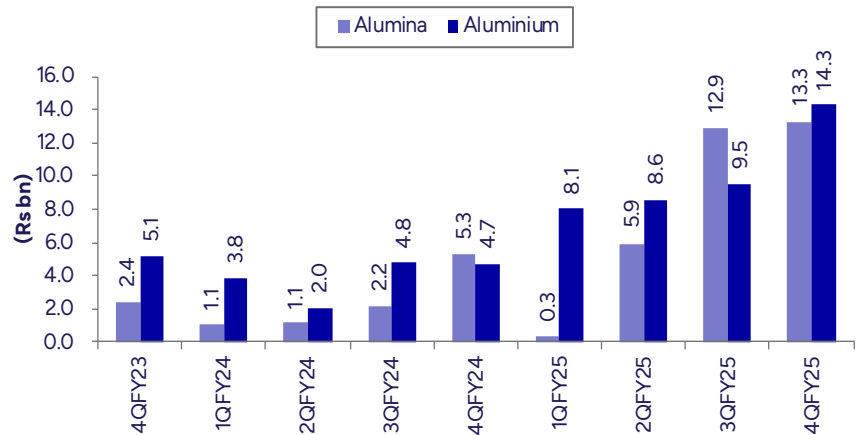
Source: Company, PL

Exhibit 6: Segmental revenue break-up



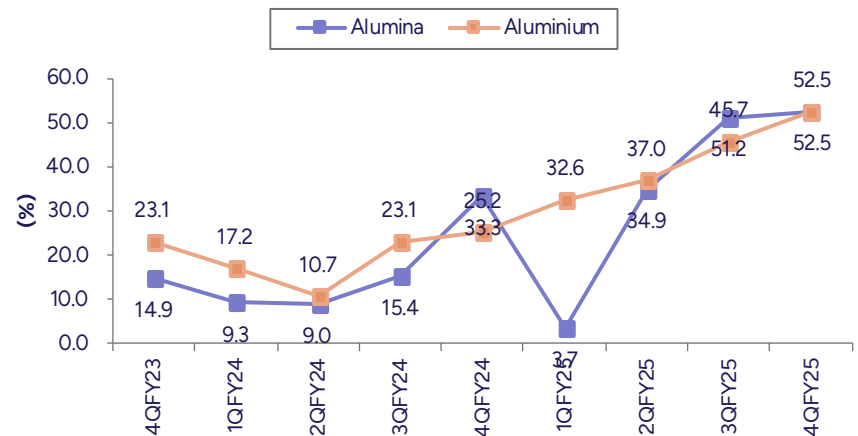
Source: Company, PL

Exhibit 7: Segmental EBIT break-up



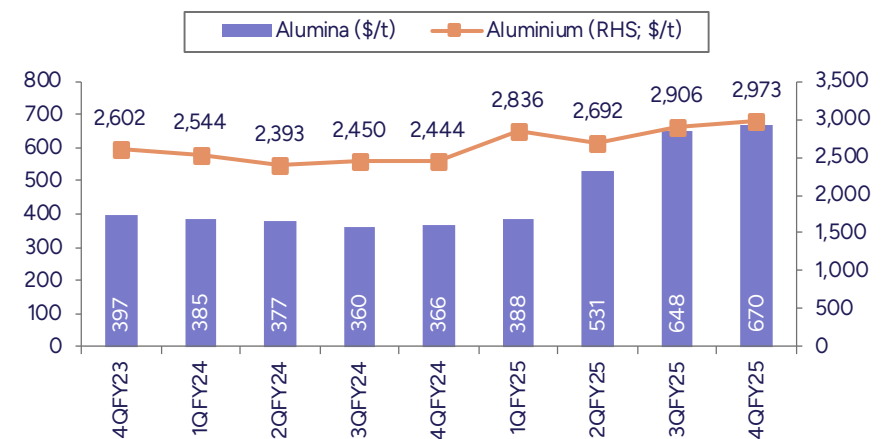
Source: Company, PL

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



Source: Company, PL

Exhibit 9: Improvement in avg realizations on prior priced contracts



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	131	168	149	166
YoY gr. (%)	(7.8)	27.7	(11.1)	11.2
Cost of Goods Sold	26	20	24	26
Gross Profit	105	148	125	140
Margin (%)	79.9	87.9	84.0	84.6
Employee Cost	20	18	19	20
Other Expenses	56	54	57	60
EBITDA	29	75	49	60
YoY gr. (%)	17.3	162.6	(34.4)	22.0
Margin (%)	21.8	44.9	33.1	36.3
Depreciation and Amortization	7	7	8	10
EBIT	21	68	41	50
Margin (%)	16.1	40.6	27.6	30.4
Net Interest	0	1	-	-
Other Income	3	4	5	6
Profit Before Tax	28	71	46	56
Margin (%)	21.2	42.4	30.9	33.7
Total Tax	7	18	12	14
Effective tax rate (%)	26.0	25.5	25.6	25.6
Profit after tax	21	53	34	42
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	21	53	34	42
YoY gr. (%)	33.3	157.4	(35.3)	21.5
Margin (%)	15.7	31.6	23.0	25.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	21	53	34	42
YoY gr. (%)	33.4	157.4	(35.3)	21.5
Margin (%)	15.7	31.6	23.0	25.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	21	53	34	42
Equity Shares O/s (bn)	2	2	2	2
EPS (Rs)	11.2	28.9	18.7	22.7

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	18	23
Trade receivables	2	2	2	2
Cash & Bank Balance	26	54	64	78
Other Current Assets	24	19	19	19
Total Assets	194	231	249	278
Equity				
Equity Share Capital	9	9	9	9
Other Equity	137	171	191	216
Total Network	146	180	200	226
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	37	38	36	40
Other current liabilities	3	5	5	5
Total Equity & Liabilities	194	231	249	278

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	28	71	46	56
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	54	66
Net Changes-WC	0	(1)	(1)	(1)
Direct tax	(6)	(17)	(12)	(14)
Net cash from Op. activities	27	58	41	51
Capital expenditures	(16)	(12)	(9)	(10)
Interest / Dividend Income	-	-	-	-
Others	(4)	(28)	-	-
Net Cash from Invt. activities	(20)	(40)	(9)	(10)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(7)	(18)	(15)	(16)
Interest paid	-	-	-	-
Others	0	0	-	-
Net cash from Fin. activities	(7)	(18)	(15)	(16)
Net change in cash	0	0	17	25
Free Cash Flow	11	46	32	41

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	11.2	28.9	18.7	22.7
CEPS	15.3	32.8	23.1	28.0
BVPS	79.3	98.3	108.9	122.8
FCF	5.9	25.3	17.5	22.2
DPS	4.0	10.0	8.0	8.8
Return Ratio(%)				
RoCE	17.1	44.0	24.2	26.3
ROIC	13.9	46.7	24.2	27.9
RoE	14.8	32.5	18.0	19.6
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	(47)	(37)	(38)	(33)
Valuation(x)				
PER	16.5	6.4	9.9	8.2
P/B	2.3	1.9	1.7	1.5
P/CEPS	12.1	5.6	8.0	6.6
EV/EBITDA	10.9	3.8	5.6	4.3
EV/Sales	2.4	1.7	1.8	1.6
Dividend Yield (%)	2.2	5.4	4.3	4.8

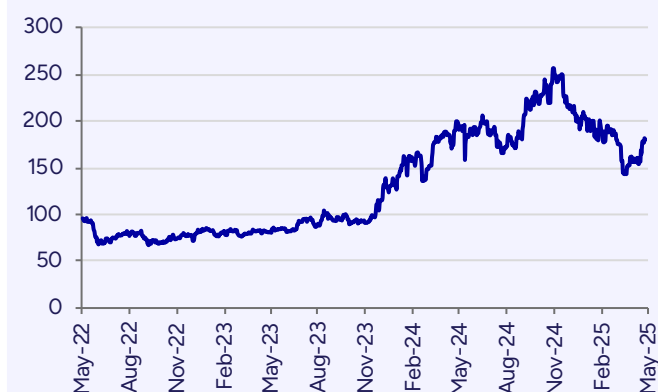
Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	29	40	47	53
YoY gr. (%)	-	-	-	-
Raw Material Expenses	2	6	5	6
Gross Profit	27	34	41	47
Margin (%)	93.2	83.9	88.7	88.5
EBITDA	9	15	23	28
YoY gr. (%)	-	-	-	-
Margin (%)	32.7	38.7	49.9	52.3
Depreciation / Depletion	2	2	3	1
EBIT	8	14	20	27
Margin (%)	26.6	34.2	43.8	50.6
Net Interest	-	-	-	-
Other Income	1	1	1	1
Profit before Tax	8	14	21	28
Margin (%)	28.6	35.9	45.5	52.4
Total Tax	2	4	5	7
Effective tax rate (%)	26.4	26.1	25.4	24.7
Profit after Tax	6	11	16	21
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	6	11	16	21
YoY gr. (%)	72.1	415.0	224.1	104.6
Margin (%)	21.1	26.5	34.0	39.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	6	11	16	21
YoY gr. (%)	-	-	-	-
Margin (%)	21.1	26.5	34.0	39.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6	11	16	21
Avg. Shares O/s (bn)	2	2	2	2
EPS (Rs)	3.3	5.8	8.6	11.3

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	23-Apr-25	BUY	181	159
2	08-Apr-25	BUY	181	145
3	12-Feb-25	Accumulate	205	183
4	09-Jan-25	Reduce	211	199
5	14-Nov-24	Reduce	201	220
6	07-Oct-24	Sell	186	220
7	07-Jul-24	Sell	142	199

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,383	1,938
2	Ambuja Cement	BUY	658	545
3	Dalmia Bharat	Accumulate	2,117	1,974
4	Hindalco Industries	Accumulate	724	663
5	Jindal Stainless	BUY	678	580
6	Jindal Steel & Power	Accumulate	978	893
7	JSW Steel	Accumulate	1,150	973
8	National Aluminium Co.	BUY	181	159
9	NMDC	Accumulate	69	68
10	Nuvoco Vistas Corporation	Accumulate	374	343
11	Shree Cement	Reduce	28,336	30,788
12	Steel Authority of India	Hold	118	116
13	Tata Steel	BUY	176	149
14	Ultratech Cement	BUY	13,668	12,114

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

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