INVasset Corporate Insights

नालको NALCO

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National Aluminium Company Limited (NALCO) is a Navratna Central Public Sector Enterprise under the Ministry of Mines, Government of India (GoI holding: 51.28%). It operates one of the world's largest integrated Bauxite-Alumina-Aluminium-Power-Coal complexes. NALCO is a global leader in producing bauxite and alumina at the lowest cost, with operations spanning mining, refining, smelting, and captive power generation. The company is listed on both NSE (NATIONALUM) and BSE (532234).

Installed Capacities: Bauxite: 7.5 MTPA | Alumina Refinery: 2.1 MTPA | Aluminium Smelter: 0.46 MTPA | Captive Power Plant: 1,200 MW | Coal: 4.0 MTPA | Wind Power: 198 MW

Latest Developments

Record 9M FY26 Performance: Alumina hydrate production (17.27 lakh T), aluminium cast metal (3.54 lakh T), net power generation (5,205 MU), alumina sales (11.03 lakh T), and total metal sales (3.52 lakh T) — all achieved highest-ever levels in the first nine months of FY26.

5th Stream Alumina Refinery (1 MTPA): On track for commissioning by June 2026, with stabilization expected within 2–3 months thereafter. Total spend to date: ~₹5,000 Cr; remaining capex of ~₹500–600 Cr in FY27. This will take total alumina refinery capacity from 2.1 MTPA to 3.1 MTPA.

Pottangi Bauxite Mines: Set to commence operations by May 2026, unlocking reserves of ~111 MT at a mining capacity of 3.5 MTPA — ensuring long-term raw material security.

New Aluminium Smelter (0.5 MTPA): DPR to be finalized by June–August 2026; targeted commissioning by August 2030. A new 1,080 MW Captive Power Plant to support it is targeted for June 2031.

Critical Minerals Initiative: Active pilot programs underway for rare earth extraction from red mud (MoU with NML Jamshedpur), gallium extraction from Bayer's liquor (MoU with BARC), and lithium exploration in Argentina via KABIL JV (NALCO 40% stake; 5 mines being explored).

Strong Financial Momentum (9M FY26): Revenue +13% YoY, EBITDA +20%, PBT +25%, PAT +26% — despite alumina price headwinds of ~₹1,652 Cr, offset by metal price gains of ~₹781 Cr and cost efficiencies in power, fuel, and employee costs.

Competitive Advantages NALCO's integrated pit-to-port model gives it a structural cost edge over standalone alumina refiners and aluminium smelters globally. Key moats include: (1) Captive bauxite mines with one of the world's richest grades of bauxite in Odisha; (2) High captive power sourcing from a 1,200 MW CPP, insulating it from grid volatility; (3) Captive coal mines supplying fuel at ₹200–300/ton below market; (4) Dedicated port handling at Visakhapatnam for alumina exports; and (5) Zero dependence on third-party alumina for its smelter operations — a critical differentiator in a tight alumina supply environment.

Key Risks to Monitor

(1) Alumina price weakness: Global oversupply from new Indonesian refineries has pushed alumina prices from ~$562/ton to ~$349/ton in Q3 FY26; Q4 guided at ~$310–320/ton — continued softness remains the primary earnings risk.
(2) Input cost inflation: CP coke prices expected to jump ~28% QoQ in Q4; caustic soda rising ~31% QoQ — will pressure Q4 EBITDA margins.
(3) LME volatility: Management expects LME to moderate from ~$3,200 currently to ~$3,000 in Q4 and ~$2,900 average in FY27. (
4) Execution risk: Timely commissioning of the 5th stream refinery and Pottangi mines is critical to volume growth.
(5) Regulatory/policy: Any change in aluminium import duty (currently 7%) or export policy could impact realizations.

Stock Data	
CMP (09-03-2026)	Rs. 395
52 Week High/Low	Rs.432/Rs.138
Face Value (in Rs.)	Rs.5.0
Market Cap (In Cr)	Rs.72,620 Cr
Enterprise Value (In Cr)	Rs.65,090 Cr
NSE	NATIONALUM
BSE	532234
Bloomberg	NACL:IN
Sector	Metals & Mining

Shareholding Pattern (in %)

	Dec 24	Dec 25
Promoter	51.28%	51.28%
FII	14.13%	19.67%
DII	17.99%	12.35%
Public	16.60%	16.70%

Price Performance (In%)

(%)	1M	6M	1Yr
Nifty 50	-6.52%	-2.92%	7.95%
National Aluminium	4.65%	84.48%	105.08%

Q3 FY26 Result Update

Q3 FY26 Result Comparison (In Rs Cr)					
Particulars	**Q3 FY26**	**Q2 FY26**	**Q3 FY25**	**QoQ %**	**YoY %**
Net Sales	4,700	4,262	4,615	+10.3%	+1.8%
Operating Expenses	2,551	2,367	2,334	+7.8%	+9.3%
EBITDA	2,374	2,077	2,427	+14.3%	-2.2%
EBITDA Margin	50.5%	48.7%	52.6%	+180 bps	-210 bps
Other Income	194	152	99	+27.6%	+96.0%
Depreciation	182	174	286	+4.6%	-36.4%
Finance Cost	60	8	19	+650.0%	+216.0%
PBT	2,132	1,895	2,122	+12.5%	+0.5%
PAT	1,601	1,433	1,583	+11.7%	+1.1%

Result Highlights

1. Sales Growth - Net sales grew 10.3% QoQ to ₹4,700 Cr in Q3 FY26, driven by higher aluminium metal volumes (+6.2% QoQ) and improved LME prices (~$2,600–$2,700/ton range). On a YoY basis, revenue was broadly flat (+1.8%), as volume gains in metal (+12.1%) and domestic alumina (+360%) were largely offset by weaker alumina export realizations (~$349/ton in Q3 vs ~$460+/ton in Q3 FY25). The alumina price correction alone represented a headwind of ~₹1,652 Cr over 9M FY26, underscoring the magnitude of the global pricing downturn. Despite this, NALCO's integrated cost structure and captive power advantage helped protect absolute profitability. For 9M FY26, net sales grew a healthy 11% YoY to ₹12,748 Cr, with metal contributing ~₹410 Cr and alumina ~₹1,600 Cr to incremental revenues.

2. Expense Management - Operating expenses rose 7.8% QoQ to ₹2,551 Cr, reflecting higher input costs — particularly CP coke (9M average ₹42,764/ton, expected to rise to ~₹54,600/ton in Q4) and caustic soda (9M average ~₹42,000/ton, expected ~₹55,000/ton in Q4). YoY, expenses were up 9.3%, though partially cushioned by caustic soda consumption efficiency improvement (from 121 kg/ton to 99 kg/ton, saving ~₹129 Cr) and employee cost reductions of ~₹118 Cr (9M basis) through superannuations and PRP provision reversals. Over 9M, total expenses rose only 8% vs revenue growth of 11%, demonstrating operating leverage.

3. EBITDA - EBITDA came in at ₹2,374 Cr, up 14.3% QoQ — a strong sequential recovery. YoY, EBITDA was marginally lower by 2.2% (vs ₹2,427 Cr in Q3 FY25), as the alumina price decline (~$562/ton to ~$385/ton average over 9M) weighed on margins. EBITDA margin stood at 50.5%, down 210 bps YoY but up 180 bps QoQ. For 9M FY26, EBITDA surged 20% YoY to ₹6,066 Cr, reflecting the significant improvement in operational efficiency and product mix.

4. Net Profitability - PAT for Q3 FY26 was ₹1,601 Cr, up 11.7% QoQ and 1.1% YoY. PBT growth was supported by a near-doubling of other income (₹194 Cr vs ₹99 Cr in Q3 FY25) and a sharp 36.4% YoY decline in depreciation (₹182 Cr vs ₹286 Cr). Finance costs rose sharply to ₹60 Cr (vs ₹19 Cr in Q3 FY25) due to borrowings related to the ongoing 5th stream refinery capex. EPS for Q3 FY26 stood at ₹8.72 vs ₹8.62 in Q3 FY25. 9M FY26 PAT grew 26% YoY to ₹4,098 Cr.

5. Summary & Outlook - NALCO delivered a resilient Q3 FY26 with meaningful sequential improvement across all key metrics. The business has demonstrated considerable financial durability despite a ~₹1,652 Cr alumina price headwind in 9M FY26, supported by metal price tailwinds of ~₹781 Cr, record production and sales volumes, and structural cost reductions across power, fuel, and employee expenses. Near-term headwinds persist: input cost inflation in CP coke and caustic soda will pressure Q4 margins, and alumina realization is expected to soften further to ~$310–320/ton in Q4. However, medium-to-long-term catalysts are building strongly — the 5th stream alumina refinery commissioning (June 2026) adds 1 MTPA capacity, Pottangi bauxite mines (May 2026) secures raw material supply, and the new 0.5 MTPA smelter is progressing towards an August 2030 commissioning. Critical mineral initiatives (rare earth, gallium, lithium) add optionality beyond the core business. Management targets aluminium production of 472,000 tons for FY26, ahead of rated capacity of 460,000 tons, signalling continued operational outperformance.

Concall Highlights – Q3FY26

1 Record Operational Performance in 9M FY26 : NALCO achieved highest-ever 9M numbers across multiple parameters: alumina hydrate production at 17.27 lakh T (+15.83% YoY), aluminium cast metal at 3.54 lakh T (+3.51% YoY), net power generation at 5,205 MU (+6.31% YoY), alumina/hydrate sales at 11.03 lakh T (+45.32% YoY), and total metal sales at 3.52 lakh T (+5.07% YoY). Revenue grew 13% YoY, with expenditure rising only 6%, leading to EBITDA growth of 20% and PAT growth of 26%.

2. Alumina Pricing & Export Strategy: Alumina realization in Q3 FY26 was ~$349/ton (9M average: ~$380/ton), sharply lower than Q3 FY25 levels due to global oversupply from new Indonesian refineries. Management guided Q4 realization at ~$310–320/ton. The current quarterly shipment mix is 3 spot + 1 LME-linked per month (~4 shipments of ~30,000 tons each). LME-linked contracts are priced at 11.5%–12% of LME. Domestic alumina realization is only ~₹1,500–2,000/ton lower than export, making domestic sales increasingly attractive. Long-term alumina supply contracts (1–3 year tenors) are being explored with Middle East parties in anticipation of the 5th stream ramp-up.

3. 5th Stream Alumina Refinery — Commissioning on Track: The 1 MTPA fifth alumina stream is on track for commissioning by June 2026, which will lift total refinery capacity from 2.1 to 3.1 MTPA. Stabilization is expected within 2–3 months. Total project spend stands at ~₹5,000 Cr, with~₹500–600 Cr remaining capex in FY27. FY26 contribution from the new stream is expected at ~3 lakh tons (revised down from 5 lakh tons). Full run-rate capacity is expected by December 2026. NALCO is in active discussions with Middle East buyers for long-term off take arrangements.

4. Aluminium — Cost, Volumes & Pricing: Integrated cost of production (COP) using captive alumina stood at ₹1,50,000–1,60,000/ton. Q4 costs are expected to rise slightly due to CP coke (from ₹42,764/ton avg to ~₹54,600/ton) and caustic soda (from ~₹42,000/ton to ~₹55,000/ton) price increases. Metal premium over LME is ~$50/ton; 7% import duty is factored into pricing. Aluminium pricing is reviewed every 3 days on an LME-linked basis. FY26 production target is 472,000 tons (vs rated capacity of 460,000 tons).

5. Power — Near-Total Captive Dependency: NALCO sources ~96–97% of its power from captive plants. In 9M FY26, only 90 MU was imported vs 5,773 MU generated captively. Q3 had slightly higher imported power due to a boiler issue; Q4 power cost is expected to be lower than Q3. Captive coal is cheaper than external coal by ~₹200–250/ton; after the withdrawal of GST compensation, the effective differential is ~₹300/ton in NALCO's favour. Coal mine ramp-up to rated capacity of 4 MTPA is underway.

6. Employee Costs — Structural Decline: 9M FY26 saw employee cost savings of ~₹118 Cr YoY: ₹50 Cr from PRP provision reversals and the balance from ~300 superannuations during the year. An additional 200–250 superannuations are expected in FY26, implying further savings of ₹70–100 Cr. The next wage revision cycle for CPSEs is due January 1, 2027, with FY26 seeing no impact and FY27 only a 3-month impact.

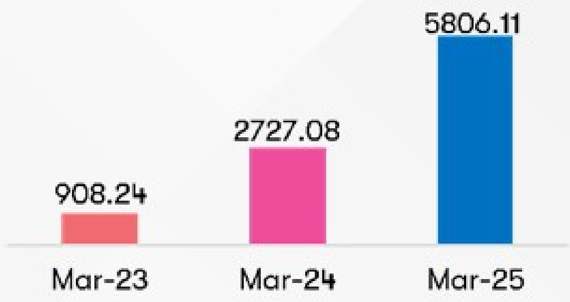
7. Capex & Expansion Roadmap: FY26 capex is ₹1,700 Cr (₹600–700 Cr maintenance/replacement; ~₹1,000 Cr growth). FY27 capex is guided at ₹1,800–2,000 Cr. Capex will increase significantly from FY27–28 as the new 0.5 MTPA smelter ordering begins. Key milestones: Pottangi Bauxite Mines (111 MT reserve, 3.5 MTPA) — May 2026; 5th Stream Refinery — June 2026; New Smelter (0.5 MTPA) — August 2030; New CPP (1,080 MW) — June 2031.

8. Critical Minerals & Diversification: NALCO is pursuing multiple critical mineral initiatives: (a) Rare earth extraction from red mud via MoU with NML Jamshedpur — pilot plant setup in 1.5–2 years; (b) Gallium extraction from Bayer's liquor via MoU with BARC — pilot plant stage; (c) Lithium exploration in Argentina via KABIL JV (NALCO 40%, HCL + MECL 30%) — 5 mines under active exploration, results expected in ~1.5 years.

9. LME & Global Alumina Outlook: Current LME aluminium is ~$3,200/ton; management expects Q4 at ~$3,000/ton and FY27 average at ~$2,900/ton. Alumina prices have weakened due to surplus supply from new Indonesian refineries and curtailment of global smelting capacity (e.g., Thailand reducing smelting from 60+ MT to 45 MT). Management expects alumina prices to gradually stabilize as supply-demand adjusts. NALCO does not currently hedge LME exposure but may consider it when FY27–28 capex commitments increase.

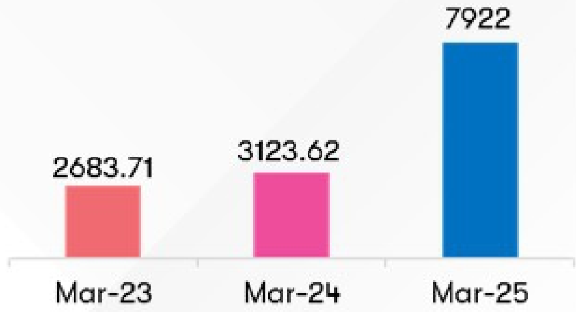
Renevue (in Crs)

Operating Cash Flows (in Crs)



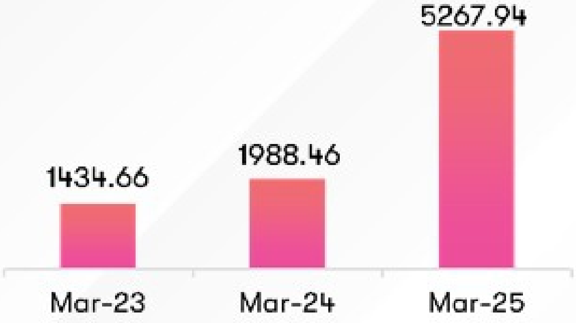
EPS

EBITDA (in Crs)

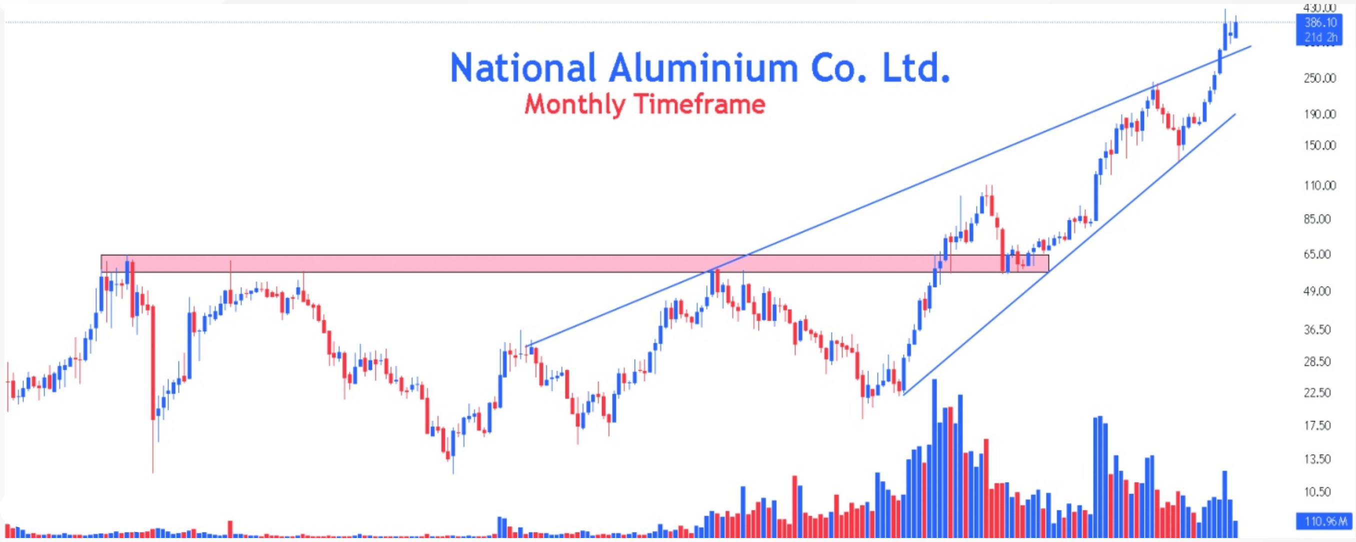


CAGR of Profit & Sales

Profit After Tax (in Crs)



Technical Outlook



National Aluminium Co. Ltd. is currently trading near ₹395, having recently made a fresh all-time high of ₹430, reflecting strong bullish momentum on the monthly timeframe. The monthly chart reveals that the stock has broken out decisively from a multi-year horizontal resistance zone around ₹65–75 — a level that capped the stock for nearly two decades. Post breakout, the stock has been moving within a rising ascending channel, supported by higher highs and higher lows, reflecting sustained institutional buying interest. The price action recently tested the upper boundary of the channel near ₹430 and has since pulled back slightly, where short-term support lies around ₹370–₹355. This corrective phase appears healthy within the broader bullish structure and may help reset momentum indicators before a potential resumption of the uptrend.

Momentum readings remain constructive. The Relative Strength Index (RSI) stands at 61.13 on the daily timeframe and 75.38 on the weekly timeframe, indicating that the stock has cooled off from overbought levels following the all-time high. The daily RSI reflects short-term consolidation, while the weekly RSI maintains a positive bias, suggesting that the medium-term trend remains firmly intact and near-term consolidation is likely before the next leg higher.

Moving averages strongly support the bullish view. The 5-day SMA at 383.31 and 10-day SMA at 367.42 highlight the immediate support zone, while the 20-day SMA at 360.47 marks the short-term trend support. The 50-day SMA at 357.29 and 100-day SMA at 306.42 provide intermediate support, whereas the 200-day SMA at 250.90 reinforces the long-term uptrend with a wide margin. Exponential moving averages across all key durations — 5 EMA at 383.37, 10 EMA at 373.65, 20 EMA at 366.17, 50 EMA at 348.11, 100 EMA at 315.16, and 200 EMA at 273.95 — remain positively stacked and aligned, confirming that broader momentum continues to favour the upside despite near-term consolidation.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	383.31	383.37
10	367.42	373.65
20	360.47	366.17
50	357.29	348.11
100	306.42	315.16
200	250.9	273.95

Pivot Levels : FIBONACCI		
R1: 400.79	Pivot: 394.97	S1: 389.14
R2: 404.39		S2: 385.54
R3: 410.22		S3: 379.72

	Daily	Weekly
Relative Strength Index (RSI)	61.13	75.38

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