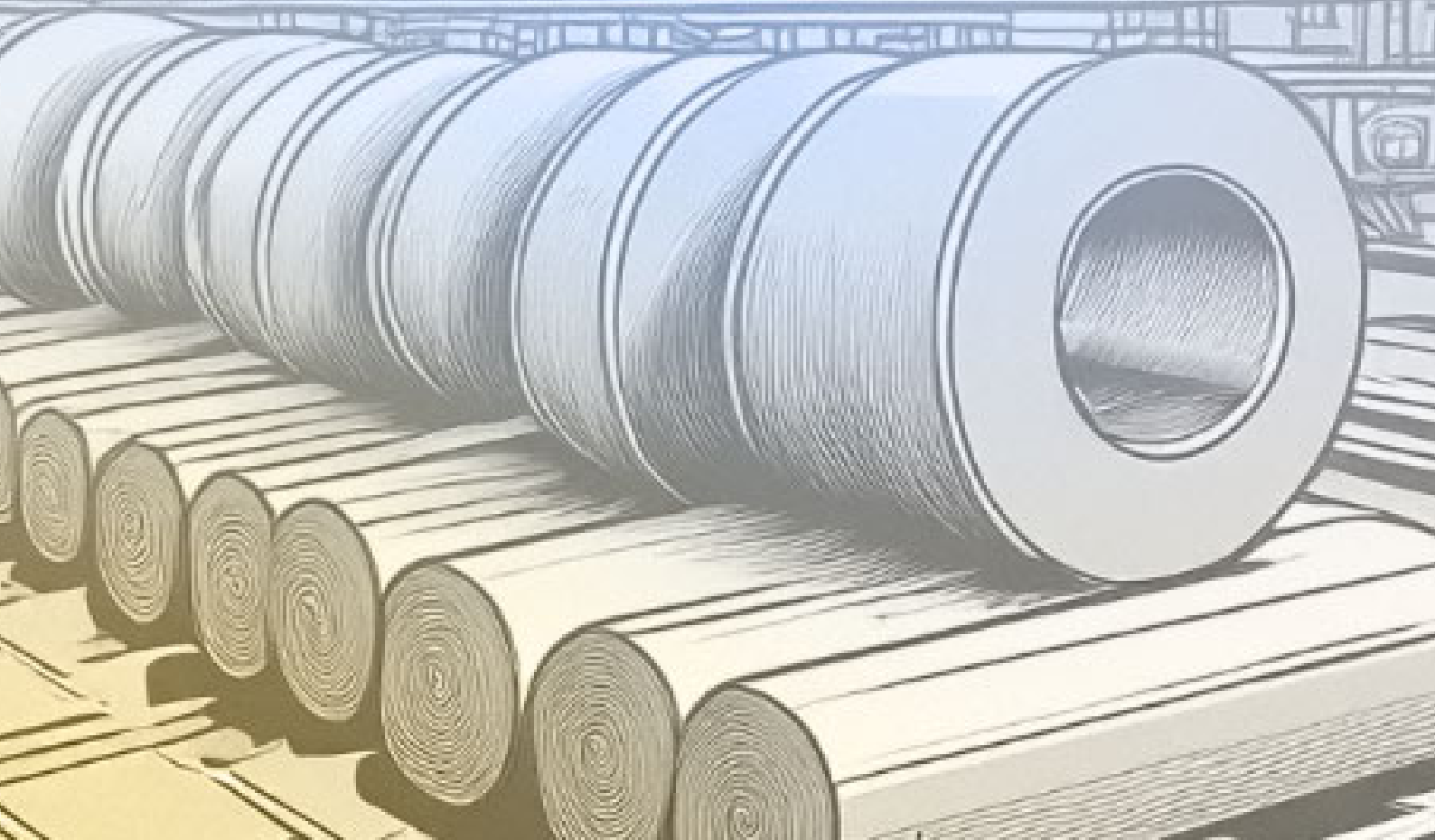


NALCO

Prudent backward integration
paves the way forward



September 17, 2025

INITIATING COVERAGE | Sector: Metals & Mining

National Aluminium Co. Ltd.

Backward-integration driving margin resilience and expansion readiness; Initiate with ADD!

We initiate coverage on National Aluminium Co. Ltd. ('NALCO' or 'the company') with an ADD rating. Our rating on NALCO is built on the following parameters: (i) Volumes to step-up from FY27E; full benefits to accrue by FY28E; (ii) Cost leadership intact as backward integration offsets input volatility; (iii) Debt-free operations provide strategic flexibility for long-term capex; and (iv) Pricing floor to remain intact amid Chinese capacity caps.

Volumes to step-up from FY27E; full benefits to accrue by FY28E

The commissioning of the 1.0 mtpa 5th stream of Damanjodi alumina refinery by FY26-end will mark NALCO's most significant capacity expansion in over a decade's span. While initial trial runs are expected in Q1FY27, a full ramp up of merchant alumina sales should happen only from FY28E. Given no corresponding rise in aluminium smelting capacity (stays put at 460 ktpa), the entire incremental output will become available for external sales, which is clearly a margin-accretive lever, more so in supportive pricing cycles, and should translate into a 25.2% CAGR in alumina sales volumes over the FY25–28E period.

Cost leadership intact as backward integration offsets input volatility

NALCO's coal and bauxite integration continues to bolster margin resilience across its alumina and aluminium businesses. With captive coal from Utkal-D & E reducing power costs and the Pottangi bauxite mine aligned to commission alongside the 5th refinery stream, the company is structurally positioned for cost advantage. While bauxite leases at Panchpatmali blocks (expiring in 2029 and 2032) will require timely renewal, the integrated supply chain significantly enhances earnings stability amid a volatile global input environment.

Debt-free operations provide strategic flexibility for long-term capex

NALCO enters its next growth cycle with a net-cash balance sheet, strong internal accruals, and aspirations of doubling the aluminium smelting capacity. With a proposed Rs 170bn smelter expansion likely to be phased through CY30–31, the company is well-poised to finance the upcoming capex through a blend of debt and equity. Annual capex guidance of Rs 17–20bn is expected to be comfortably met through internal accruals, thereby enabling optionality in phasing future projects devoid of any financial strain. We believe NALCO's balance sheet strength is a key market differentiator, particularly in a volatile commodity environment.

Pricing floor to remain intact amid Chinese capacity caps

Even as global aluminium and alumina markets look to enter a modest surplus phase, structural supply curbs lend downside support to prices. China, which accounts for 60% of global aluminium output, is already nearing its self-imposed 45.0 mtpa cap, limiting new greenfield capacity. Meanwhile, rising ESG constraints in Australia and tightening energy norms in China are capping fresh alumina expansions. Against this backdrop, our base case of \$2,500/t aluminium and \$375/t alumina over FY27–28E appears stable. For NALCO, this ensures earnings protection even in a sideways price cycle, supported by internal cost advantages.

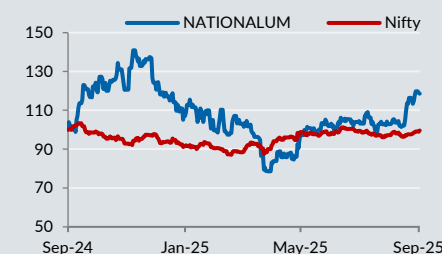
We value NALCO at 6x H1FY28E EV/EBITDA to arrive at our target price of Rs 247/share. We expect Revenue, EBITDA and PAT to grow at a CAGR of 9.6%, 15.5% and 15.0% respectively over FY26-28E.

Recommendation	: ADD
CMP	: Rs 213
Target Price	: Rs 247
Potential Return	: +16%

Stock data (as on Sep 17, 2025)

Nifty	25,336
52 Week h/l (Rs)	263 / 138
Market cap (Rs/USD mn)	398163 / 4535
Outstanding Shares (mn)	1,837
6m Avg t/o (Rs mn):	1,846
Div yield (%):	4.9
Bloomberg code:	NACL IN
NSE code:	NATIONALUM

Stock performance



	1M	3M	1Y
Absolute return	15.2%	16.7%	15.7%

Shareholding pattern (As of Jun'25)

Promoter	51.3%
FII+DII	30.8%
Others	17.9%

Financial Summary

(Rs mn)	FY26E	FY27E	FY28E
Revenue	145,638	158,744	174,883
YoY %	-13.2%	9.0%	10.2%
EBITDA	51,625	58,285	68,929
EBITDA %	35.4%	36.7%	39.4%
PAT	35,498	39,978	46,954
P/E (x)	11.1	9.9	8.4
P/B (x)	2.0	1.7	1.5

MANAV GOGIA

Research Analyst

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BRIEF OVERVIEW OF THE COMPANY

About National Aluminium Company Ltd

National Aluminium Company Ltd (NALCO), a Navratna public sector enterprise under the Ministry of Mines, has been at the core of India's aluminium story since its inception in 1981. Headquartered in Bhubaneswar, Odisha, the company has grown into one of the country's most integrated and cost-efficient players in the non-ferrous space spanning across bauxite ore mining, alumina refining, aluminium smelting, and captive power generation.

The Government of India holds a 51.28% stake in NALCO, underscoring its strategic relevance. NALCO's operations are fueled with backward integration initiatives as the company runs its own bauxite mines at Panchapatmali, which directly feed its alumina refinery at Damanjodi, both located in Odisha. The refined alumina, in turn, supports aluminium smelting operations at Angul, where the company also operates a 1,200 MW captive power plant which is a critical factor in controlling input costs.

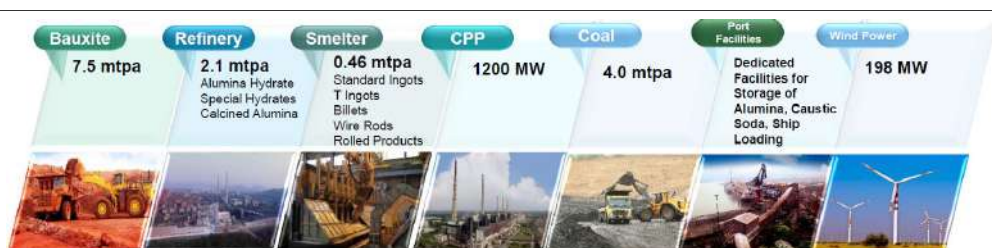
On the commercial front, NALCO has built out a broad domestic network with sales offices in key metros and stockyards spread across the country, while its in-house bulk export infrastructure supports a steady flow of alumina and aluminium exports.

With its strong balance sheet, secure resource base, and scale advantages, NALCO stands out as a key beneficiary of both global aluminium trends and India's push for greater resource security and infrastructure growth.

Business Segments

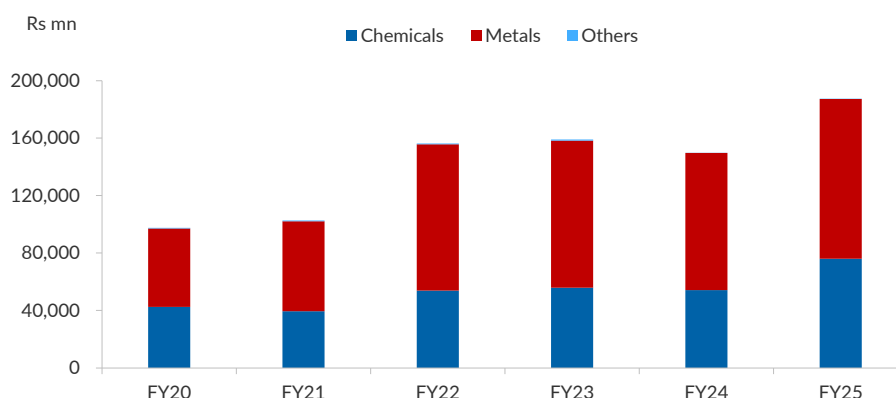
NALCO's business operations span from mining of the bauxite ore to production of alumina which becomes feedstock for its aluminium smelter to produce the base metal.

Exhibit 1: Business overview



Source: Company; YES Sec

Exhibit 2: Segmental revenue breakdown

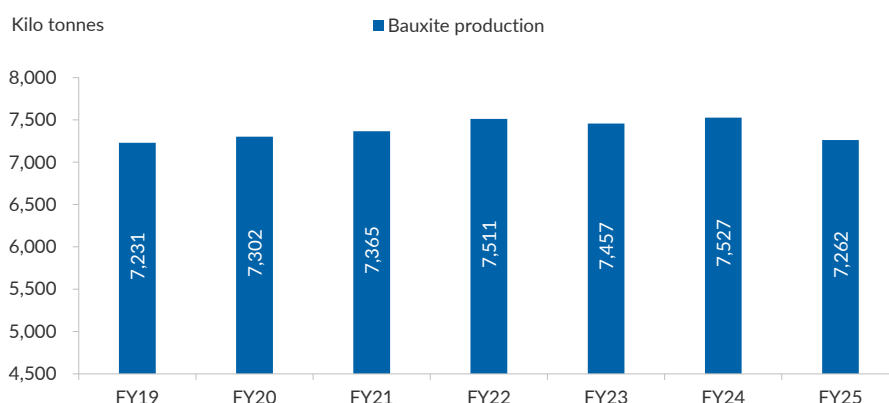


Source: Company; YES Sec

Bauxite ore mining

NALCO's operations are underpinned by its captive bauxite mines at Panchpatmali in Odisha's Koraput district. With a current capacity of 6,825 ktpa, the mine is the exclusive source of bauxite for NALCO's alumina refinery at Damanjodi, located at the base of the same hill range. The Panchpatmali plateau spans ~18 km in length and sits at an elevation of 1,154–1,366 metres above sea level, with continuous bauxite deposits along its entire stretch. This captive linkage not only ensures steady availability of high-quality ore but also offers a significant cost advantage, shielding NALCO from input price volatility and supporting long-term margin stability to be one of the lowest cost producers of Alumina and Aluminium.

Exhibit 3: Bauxite mining

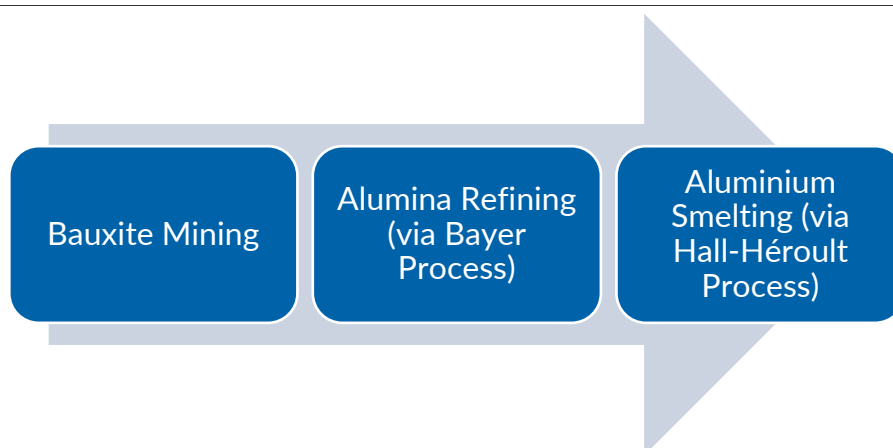


Source: Company, YES Sec

Alumina refining

Alumina forms the crucial midstream link in the aluminium value chain, acting as the intermediate chemical compound derived from bauxite ore and further processed into primary aluminium. The value chain follows a simple three-stage progression:

Exhibit 4: The process flow: Ore to Metal

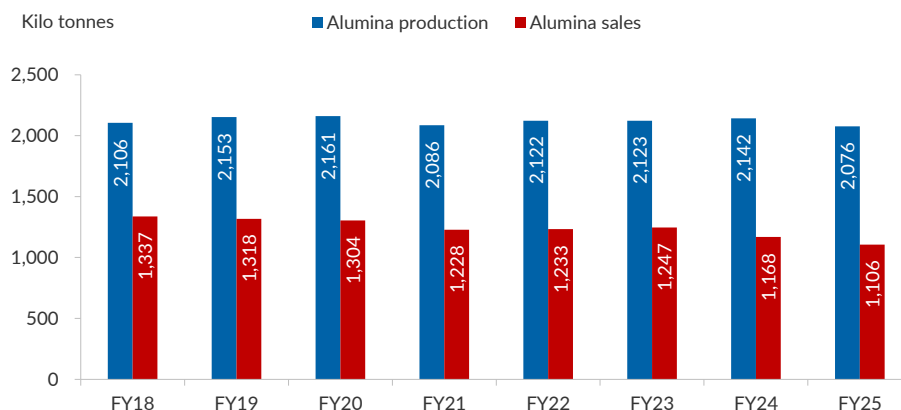


Typically, 5 to 6 tonnes of bauxite is required to produce 2 tonnes of alumina, which in turn yields 1 tonne of aluminium.

NALCO's alumina refinery is strategically located at Damanjodi, Odisha, approximately 14 kms from its captive bauxite mines. Mined bauxite is easily transported to the refinery via a 14.6 km long belt conveyor system with a rated capacity of 900-1,800 tonnes per hour, ensuring seamless feedstock availability and cost-effective operations.

The refinery has a total capacity of 2,100 ktpa and primarily caters to the company's own aluminium smelting requirements at Angul, Odisha. Surplus alumina, after meeting internal demand, is exported via the Vizag port in Andhra Pradesh, offering a steady revenue stream from international markets and supporting margin flexibility during aluminium price cycles.

Exhibit 5: Alumina Operational Performance

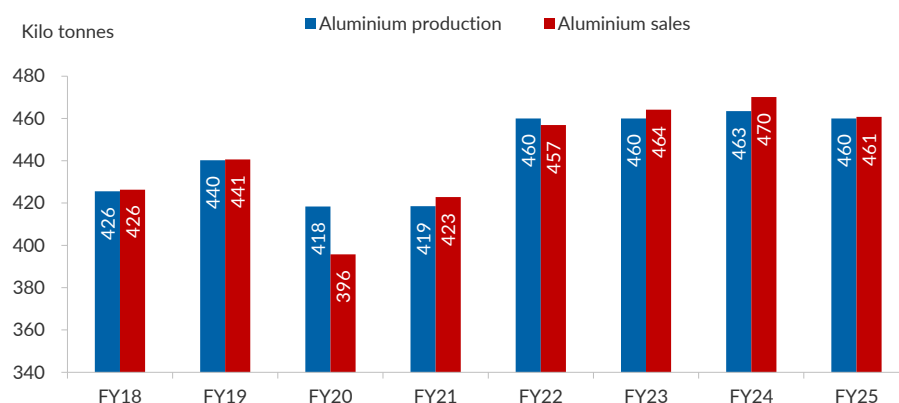


Source: Company, YES Sec

Aluminium smelting

NALCO's aluminium smelter, located at Angul, has an installed capacity of 460 ktpa. The plant converts alumina into primary aluminium through electrolytic reduction in its potlines. Molten aluminium is either directed to the casting units where it is processed into value-added forms such as standard ingots, sow ingots, tee ingots, billets, wire rods, cast strips, and alloy ingots or routed to the Rolled Product Unit, where it is rolled into cold-rolled products and aluminium strips. This diversified product mix enables NALCO to serve a wide range of end-user industries, both in the domestic market and through exports.

Exhibit 6: Aluminium Operational Performance



Source: Company, YES Sec

Current capex plans

NALCO is currently executing a series of capex initiatives aimed at volume growth and cost stability. At the core of this program is the 5th stream expansion of its alumina refinery at Damanjodi, which will add 1.0 mtpa to the current 2.1 mtpa capacity. The project has achieved over 75% physical progress as of June 2025, with commissioning expected by April 2026.

In parallel, given the likely delay in Pottangi bauxite mines becoming operational, NALCO has invested about Rs 4,830 mn to set up a crushing and overland conveying system from the Panchpatmali South Block to ensure uninterrupted bauxite feed for the new refinery stream. This alternate sourcing project is nearing completion with ~90% progress and is expected to be operational by April 2026. Meanwhile, the Pottangi bauxite mines, with all clearances in place and a mine lease executed in June 2024, is slated for commissioning in FY27 via the MDO route, tenders for which have already been floated.

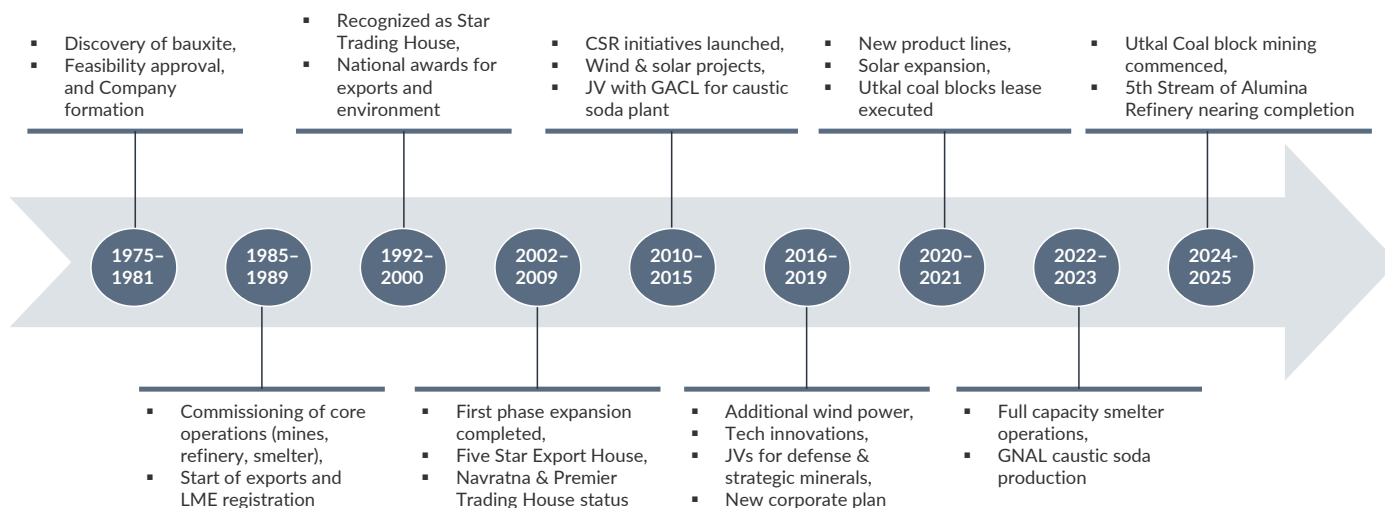
On the cost front, to improve fuel security and lower CPP operating costs, the company is ramping up production from its Utkal-D and Utkal-E coal blocks, which together produced 2.82 mt in FY25 and are targeting 4.0 mt in FY26 (full utilization levels). The coal from the Utkal blocks is expected replace the e-auction coal with the management expecting about Rs 400/tonne benefit from the FSA pricing.

Exhibit 7: Ongoing Capex Activity



Source: Company, YES Sec

Exhibit 8: Timeline of Key Events



Source: Company, YES Sec

Exhibit 9: Management Team

Mr. Brijendra Pratap Singh

Chairman-cum-Managing Director and Director (Commercial) – Addl. Charge

- Mr. Singh brings over 35 years of experience in the mining and steel industry. He began his career at Bhilai Steel Plant's iron ore mines in 1989 and has since held leadership roles across four SAIL integrated plants.
- Prior to joining NALCO, he served as Director-in-Charge of Burnpur and Durgapur Steel Plants and was a Board Member at SAIL.
- He holds a degree in Mining Machinery Engineering from IIT (ISM) Dhanbad and an MBA in Marketing.

Mr. Abhay Kumar Behuria

Director (Finance)

- Mr. Behuria, a seasoned finance leader with over 30 years at SAIL, brings deep expertise across project finance, mining, and integrated steel plant operations.
- Prior to joining NALCO on 11.06.2025, he served as Executive Director (Finance & Accounts) at Rourkela Steel Plant, where he led major financial turnarounds and digital transformation initiatives.
- A fellow member of ICAI and an alumnus of Utkal University, he has been recognized with the prestigious Jawahar Award. Known for strategic thinking and operational excellence, he played a key role in cost optimization, digital systems rollout, and resolving complex legal-financial issues.
- His leadership significantly contributed to record financial performance at RSP, while also promoting employee capability-building through structured programs.

Mr. Pankaj Kumar Sharma

Director (Production)

- Mr. Sharma joined NALCO's Board as Director (Production) on 01.02.2023. A B.Tech (Electronics) graduate from IIT (BHU), he began his career with NMDC Ltd. in 1992 and brings over 30 years of extensive experience in open cast mining operations.
- At NMDC, he held key leadership roles including Head of Global Exploration Centre, CEO – NMDC CMDC Ltd, and CEO – Bastar Railway Pvt. Ltd.
- He has played a pivotal role in both operational mining and project development, and his strategic and technical acumen is expected to significantly contribute to NALCO's growth trajectory.

Mr. Jagdish Arora

Director (Project & Technical)

- Mr. Arora brings rich experience of over 34 years in the metal and mining industry, with expertise in project execution, technology management, and operations.
- Prior to joining NALCO, he served as Executive Director at SAIL, leading major modernization and expansion projects.
- A Mechanical Engineer from NIT Warangal and a management graduate from XLRI Jamshedpur, he is known for his leadership in sustainability, digital transformation, and strategic planning.
- His diverse experience and forward-thinking approach add significant value to NALCO's growth and project vision.

Dr. Tapas Kumar Pattanayak

Director (HR)

- He has more than 3 decades of varied and rich working experience in the areas related to Human Resources and Industrial Relations. Dr. Pattanayak started his professional career from Hindustan Copper Limited in the year 1991. Before joining NALCO, he was working as Executive Director (HR) in Indian Oil Corporation Limited (IOCL).
- Post-Graduation & Doctorate in Personnel Management and Industrial Relations from Utkal University. He also holds Law degree from Utkal University.

Source: Company, YES Sec

INVESTMENT RATIONALE

We initiate with an ADD rating and a target price of Rs 247/share

We value NALCO at 6x H1FY28E EV/EBITDA multiple to arrive at our target price of Rs 247/share. The key reasons underlining our investment rationale are as follows:

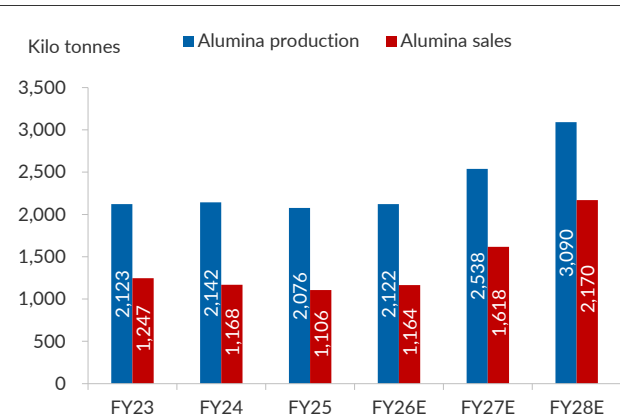
Alumina expansion to drive near-term growth with full benefits to flow from FY28E

NALCO is on the cusp of a meaningful volume-led transformation in its alumina business, anchored by the 1,000 ktpa brownfield expansion at its Damanjodi refinery. The 5th stream is now at an advanced stage of execution with over 75% physical progress achieved as of June 2025. Commissioning is targeted for April 2026 (Q1FY27), and the new stream will lift NALCO's total refining capacity by nearly 50%, from 2,100 ktpa to 3,100 ktpa marking the company's most significant capacity augmentation in over a decade.

While trial runs are expected to begin by Q1FY27, we anticipate commercial volumes to meaningfully reflect from FY27, with the full benefit of scale and utilization likely in FY28. Crucially, NALCO's smelting capacity (460 ktpa aluminium) is not being expanded in tandem, which means the entire incremental alumina output is earmarked for merchant sales. This is strategically positive, as alumina exports tend to carry higher realizations and better margin flexibility in strong pricing environments.

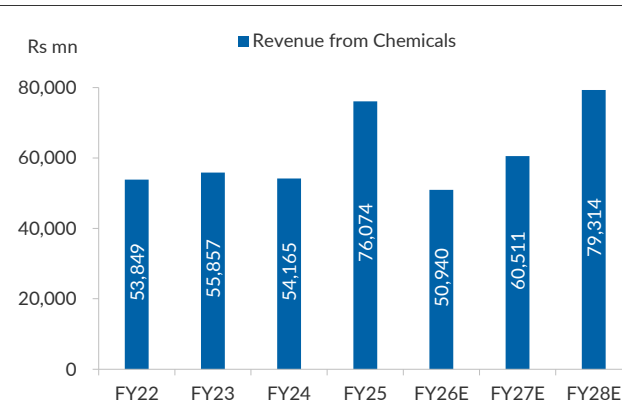
We project alumina production volumes to grow at a CAGR of 14.2% during the FY25-28E period. On the sales front, we expect a 25.2% CAGR during the same period, as the volumes from the new refinery will be sold in the open market, since the captive needs of the 460 ktpa Aluminium smelter continue to remain the same. Once commissioned, the additional capacity is expected to bring operating leverage into play, as fixed costs are spread over higher production volumes. This increase in volume will not only support topline growth but also enhance profitability through better capacity utilization and economies of scale.

Exhibit 10: Alumina volumes trajectory



Source: Company, YES Sec

Exhibit 11: Alumina business top-line projections



Source: Company, YES Sec

Cost leadership strengthens with captive integration; bauxite lease renewals to be initiated

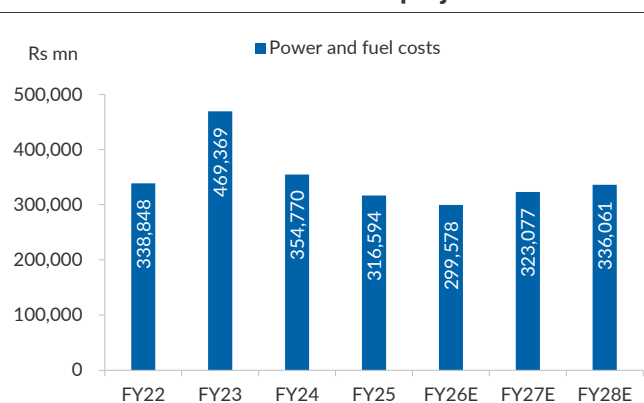
NALCO's integrated raw material strategy is now beginning to deliver cost benefits across both its alumina and aluminium value chains. The commissioning of the Utkal-D and Utkal-E coal blocks, with a combined capacity of 4.0 mtpa will reduce reliance on high-cost e-auction coal for the captive power plant. This not only brings down the energy cost of alumina refining, but also improves the cost structure of aluminium smelting, where power accounts for nearly 40% of the production cost.

Simultaneously, the development of the Pottangi bauxite mines (111 million tonnes reserves; 3.5 mtpa capacity) is being synchronized with the commissioning of the 5th stream of the alumina refinery. Once operational, this will enhance raw material security and reduce dependence on the aging Panchpatmali mines, ensuring long-term bauxite availability at controlled cost for both refining and eventual metal expansion.

While these backward linkages materially enhance margin stability and supply assurance, the company will need to navigate lease expiries over the medium term. The Panchpatmali Central & North Block lease is due for expiry in 2032, while the South Block is set to expire in 2029. NALCO is expected to initiate the renewal process for these leases well ahead of their respective expiries to ensure uninterrupted bauxite availability. While renewal is likely given the strategic nature of the assets, the associated regulatory timelines and procedural risks will remain key factors to monitor.

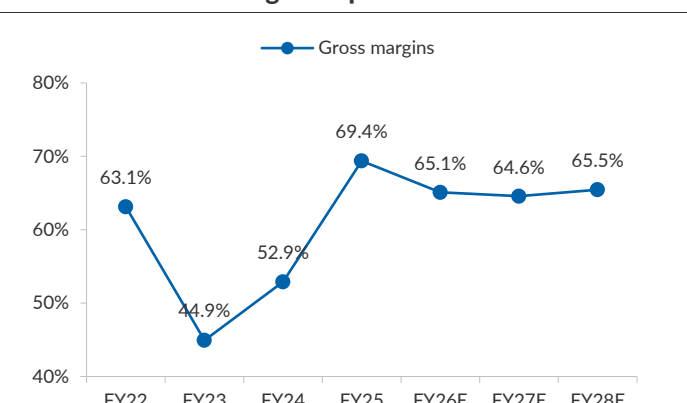
Together, these captive assets position NALCO to sustain cost leadership in a globally volatile input environment. With raw material inflation pressuring alumina and aluminium producers globally, NALCO's backward integration ensures improved gross margins, enhanced earnings stability, and better resilience across commodity cycles.

Exhibit 12: Power and fuel costs projections



Source: Company, YES Sec

Exhibit 13: Gross margins expected between FY25-28E



Source: Company, YES Sec

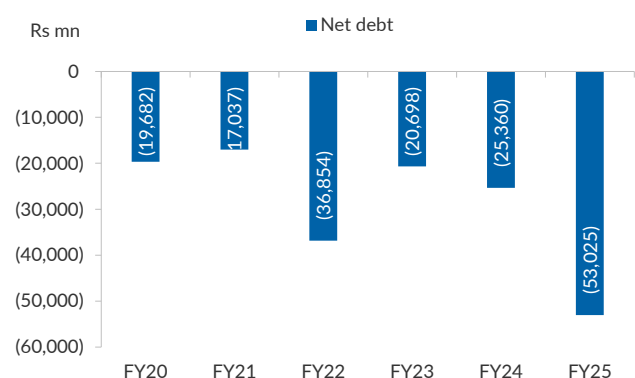
Debt-free balance sheet enables self-funded growth pipeline

NALCO's strong financial position remains a key enabler of its long-term strategic ambitions. As of FY25-end, the company maintained a net cash balance sheet with no long-term debt, backed by healthy free cash flows. EBITDA margins stood above 45% in FY25, primarily led by firm alumina realizations, backward integration into key inputs (bauxite and JV for caustic soda) supporting a structurally efficient cost base. This provides NALCO ample headroom to pursue both brownfield and greenfield projects without compromising financial stability.

Looking ahead, the company has outlined an expansion roadmap, proposing a 500 ktpa aluminium smelter expansion, with an estimated capital outlay of ~Rs 170bn. While the execution timeline is expected to stretch into CY30-31, the company's debt-free operations offer flexibility to phase investments without major on debt financing. With an annual capex run-rate of Rs 17-20bn over the next 2-3 fiscals, largely met through internal accruals, NALCO is expected to easily reinvest in growth while maintaining a conservative financial profile.

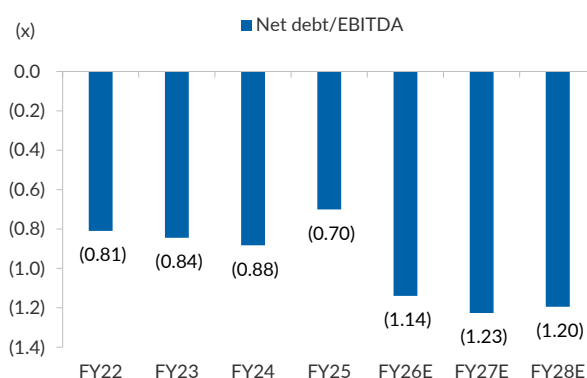
The ability to self-fund capacity expansion not only improves project return profiles but also shields shareholder value during periods of commodity volatility. With new projects like the 5th refinery stream, Pottangi bauxite mines, and Utkal coal blocks (now operational), the company is well-positioned to channel incremental cash flows into the next leg of growth with lower financing risk.

Exhibit 14: Net debt picture



Source: Company, YES Sec

Exhibit 15: Net Debt/EBITDA projections

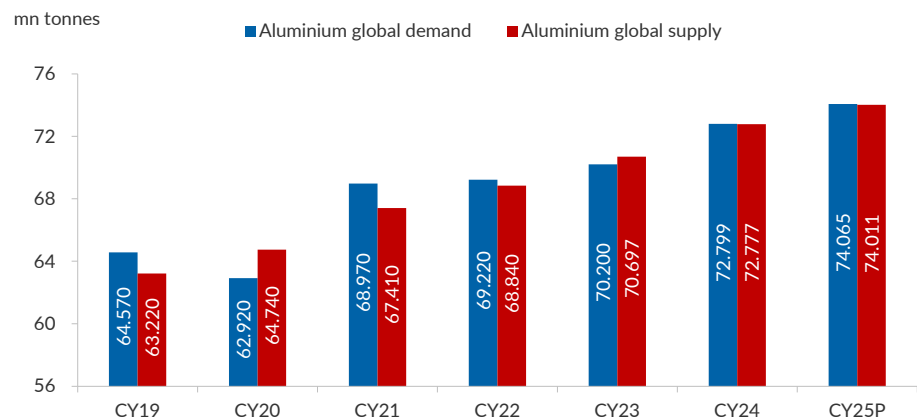


Source: Company, YES Sec

Integrated model well positioned amid price driven volatility

Despite a modest surplus building up in alumina and aluminium markets over the next 12–18 months, structural supply-side constraints continue to support pricing resilience especially in aluminium. China which accounts for ~60% of global aluminium production is now operating close to its self-imposed capacity cap of 45.0 mtpa. With current production annualizing near 44.0 mtpa, further growth is only possible through capacity swaps or closures of older smelters, a process that inherently slows supply response.

Exhibit 16: Aluminium demand-supply

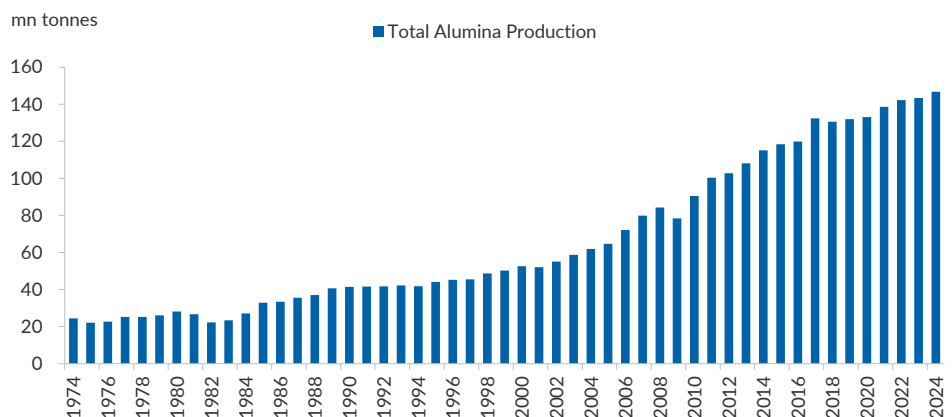


Source: Company Annual Reports, YES Sec

Over the last two decades, global alumina production has nearly tripled, rising from about 52 million tonnes in 2000 to over 146 million tonnes in 2024. This surge has been largely fueled by China, whose output jumped from just ~6 mt in 2003 to ~86 mt by 2024, now accounting for nearly 60% of the total global supply to cater to its domestic aluminium industry.

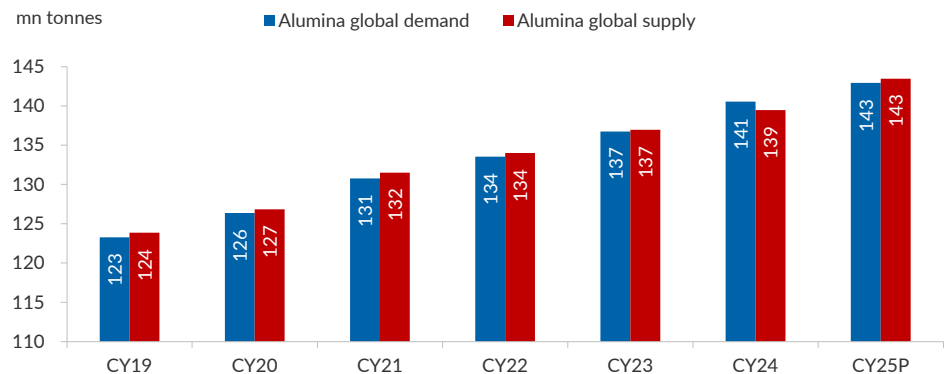
Outside China, production has remained relatively flat in regions like Oceania (Australia) and Europe, with modest growth in Africa, India, and South America. Environmental constraints, power availability, and regulatory tightening are beginning to cap capacity additions in key refining hubs, especially Australia and China.

Exhibit 17: Alumina production has come a long way



Source: International Aluminium Institute, YES Sec

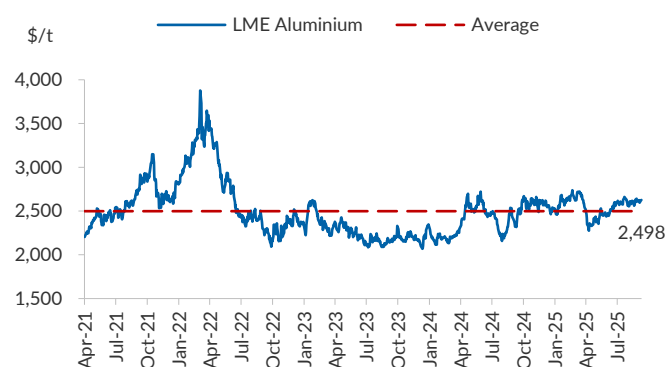
Exhibit 18: Alumina demand-supply



Source: Company Annual Reports, YES Sec

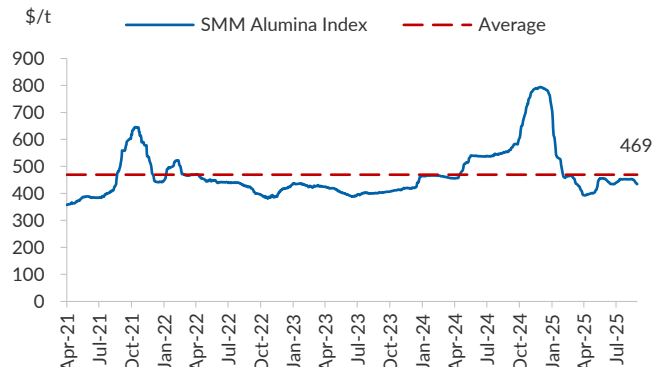
Combined with stable aluminium pricing and operating leverage from its 460 ktpa smelter, the company is well-placed to benefit from vertical integration. We are building in LME aluminium prices at \$2,550/t for FY27E and \$2,500/t FY28E, and alumina prices of \$385/t and \$375/t respectively translating to an average of 15% of LME Aluminium prices, broadly in line with historical averages. With NALCO's refining costs structurally declining due to captive coal and bauxite integration, even moderate realizations will support EBITDA for the business.

Exhibit 19: LME Aluminium pricing



Source: Bloomberg, YES Sec

Exhibit 20: SMM Alumina price index



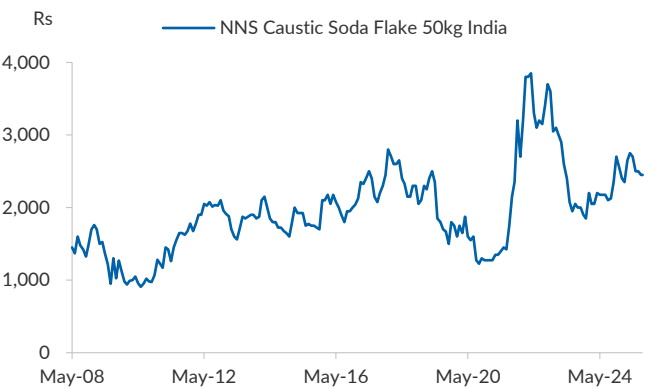
Source: Bloomberg, YES Sec

Exhibit 21: Aluminium Fluoride prices



Source: Bloomberg, YES Sec

Exhibit 22: Indian Caustic Soda prices



Source: Bloomberg, YES Sec

VALUATION ASSUMPTIONS AND SUMMARY

Exhibit 23: Operational Assumptions

Particulars	FY26E	FY27E	FY28E
Volumes (kilo tonnes)			
Aluminium production	456.6	460.0	460.0
Aluminium sales	451.5	464.6	469.2
Alumina production	2,121.5	2,537.5	3,090.0
Alumina sales	1,164.1	1,617.5	2,170.0
Pricing (\$/t)			
LME Aluminium	2,575	2,550	2,500
Alumina Prices	419	385	375
Alumina as a % of LME Aluminium	16.3%	15.1%	15.0%

Source: YES Sec

Exhibit 24: Valuation Summary

Valuation (Rs mn)	Sep-27	Per-share
EBITDA	64,754	35.26
Multiple (x)	6.0	
Enterprise Value	388,523	211.54
(-) Net Debt (H1FY27)	(65,152)	(35.47)
Equity Value	453,675	247.01
No. of shares outstanding	1,837	
Rs/share	247	
CMP	213	
Upside	16%	

Source: Company, YES Sec

Exhibit 25: EBITDA sensitivity at different price levels

Rs mn	FY28E EBITDA	Aluminium Prices (\$/t)				
		2,300	2,400	2,500	2,600	2,650
Alumina Prices (\$/t)	325	53,268	56,899	60,531	64,163	65,978
	350	57,467	61,098	64,730	68,361	70,177
	375	61,666	65,297	68,929	72,560	74,376
	400	65,865	69,496	73,128	76,759	78,575
	425	70,063	73,695	77,327	80,958	82,774

Source: YES Sec

The heatmap above illustrates NALCO's FY28E EBITDA sensitivity to changes in global aluminium and alumina prices. Our base case assumes LME Aluminium at \$2,500/t and Alumina at \$375/t, translating to an EBITDA estimate of Rs 68,929mn.

As expected, aluminium pricing has a strong bearing on earnings. A \$100/t change in aluminium prices can move EBITDA by Rs 4,000–5,000mn, owing to the company's cost-efficient smelter and high operating leverage from integrated power. On the alumina side, higher prices support

profitability through the merchant sales business. Given NALCO's smelter is fully integrated, changes in benchmark alumina pricing do not affect the cost structure of aluminium production. While some portion of alumina revenue and cost gets netted off in accounts due to inter-segment elimination, the net profit uplift from incremental merchant sales still flows through and would become more relevant post the 5th stream ramping up.

In essence, this sensitivity matrix underscores that NALCO's earnings are driven by aluminium prices, while higher alumina pricing serves as an additional margin lever especially as merchant volumes rise from FY27–28E.

Exhibit 26: Peer Comparison

Particulars*	Latest Fiscal Year	EV/EBITDA (x)		P/B (x)		P/E (x)	
		FY+1	FY+2	FY+1	FY+2	FY+1	FY+2
Domestic Peers							
National Aluminium Co Ltd	03/2025	6.56	5.60	1.98	1.71	11.20	9.95
Hindalco Industries Ltd	03/2025	6.72	6.34	1.23	1.11	11.30	10.69
Vedanta Ltd	03/2025	5.16	4.65	3.81	3.23	10.67	9.04
Global Peers							
Alcoa Corp	12/2024	5.24	5.59	1.37	1.28	10.36	13.60
Norsk Hydro ASA	12/2024	5.22	5.26	1.28	1.21	11.60	10.64
Aluminum Corp of China Ltd	12/2024	5.78	5.51	1.73	1.53	10.23	9.34
Kaiser Aluminum Corp	12/2024	8.57	7.42	1.63	1.52	16.67	12.32

Source: Bloomberg; YES Sec; *(as on 16th Sept 2025)

Exhibit 27: Dupont analysis

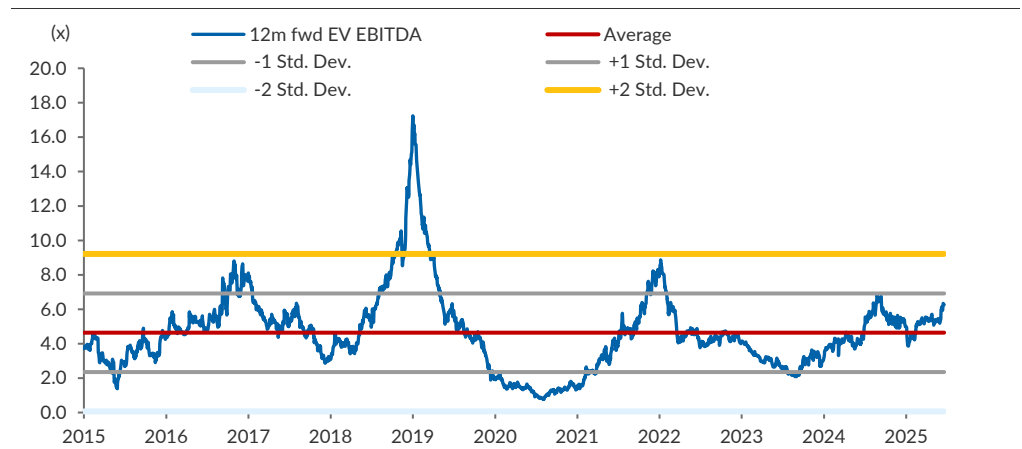
Y/e 31 Mar	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net profit margin	14.5%	20.8%	10.8%	15.7%	31.7%	24.4%	25.2%	26.8%
Asset turnover (x)	0.61	0.81	0.80	0.68	0.73	0.57	0.55	0.54
Financial leverage (x)	1.38	1.39	1.34	1.33	1.28	1.26	1.23	1.21
Return on equity	12.2%	23.5%	11.7%	14.1%	29.5%	17.6%	17.2%	17.4%

Source: YES Sec

Key risks to our investment thesis

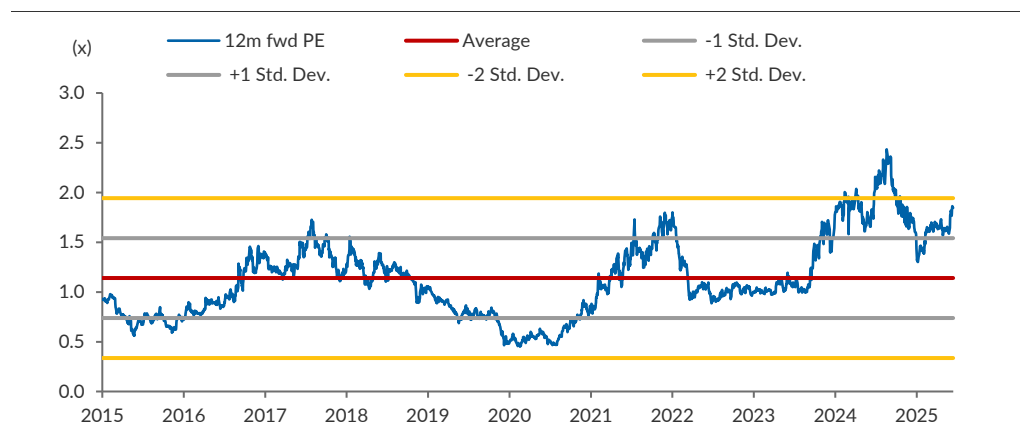
- **Potential delays in plant commissioning:** One of the most critical risks to NALCO's medium-term growth trajectory lies in the potential delay or disruption in the commissioning of the 5th stream alumina refinery expansion. Although management maintains confidence in completing mechanical work by March 2026 and initiating commercial production by June 2026, large-scale industrial projects of this nature are inherently exposed to execution risk.
- **Commodity pricing risk:** The metals industry remains prone to the commodity pricing risk. We see that the commodity pricing can cause ample shifts in the profitability of the company. NALCO operates across levels of the mining and processing of bauxite, alumina and aluminium production, thereby leaving it prone to market pricing risks which are heavily linked to the global metal demand and supply scenarios.
- **Global demand and cyclical nature of the industry:** The metals industry relies heavily on global supply-demand dynamics and future demand expectations, making it highly cyclical. China's significant influence as a major player in both supply and demand has a crucial impact on metal prices. Any global economic slowdown, particularly in China, can exert downward pressure on commodity prices, posing a risk to our investment thesis. Furthermore, geopolitical events like wars, trade disruptions, and natural disasters affecting mining operations can also contribute to price volatility in the industry.

Exhibit 28: EV/EBITDA Band – 12m fwd



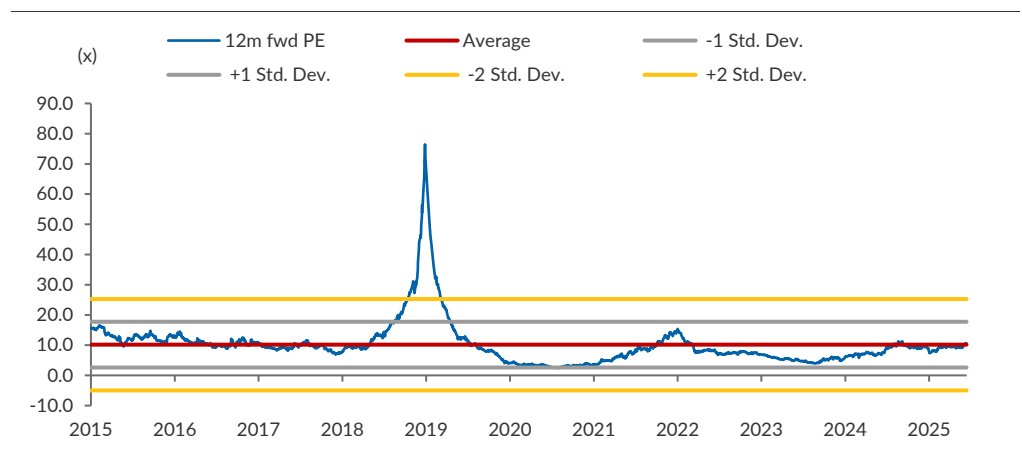
Source: YES Sec

Exhibit 29: P/B Band – 12m fwd



Source: YES Sec

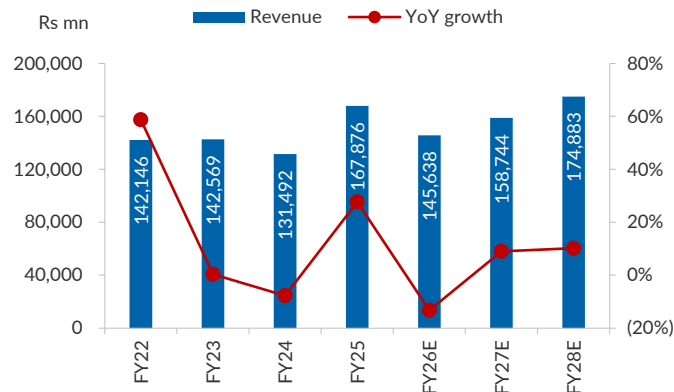
Exhibit 30: P/E Band – 12m fwd



Source: YES Sec

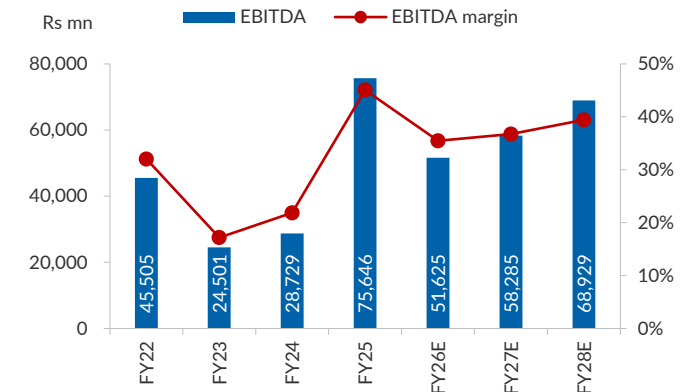
STORY IN CHARTS

Exhibit 31: Revenues



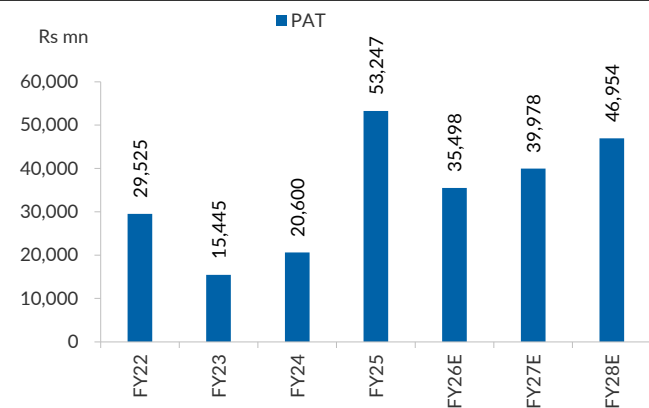
Source: Company, YES Sec

Exhibit 32: EBITDA profile



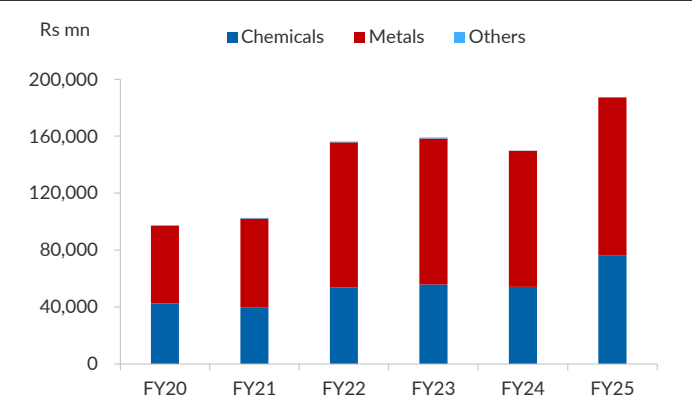
Source: Company, YES Sec

Exhibit 33: PAT trajectory



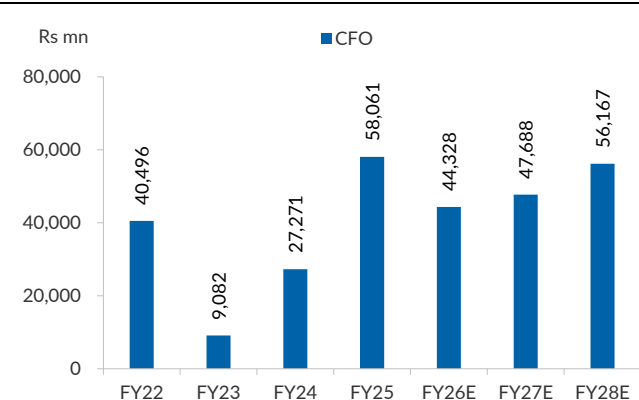
Source: Company, YES Sec

Exhibit 34: Revenue segmental breakdown



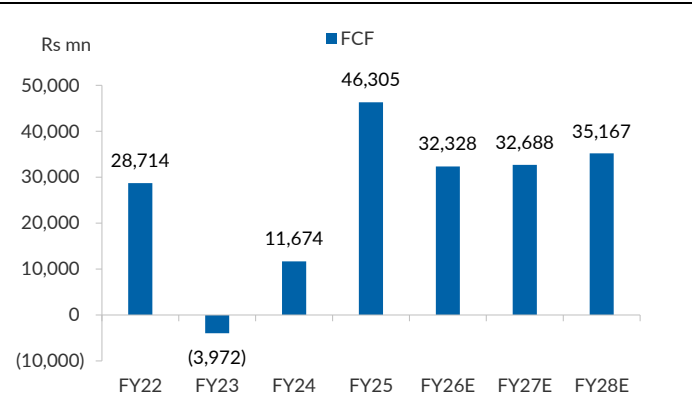
Source: Company, YES Sec

Exhibit 35: CFO over the years



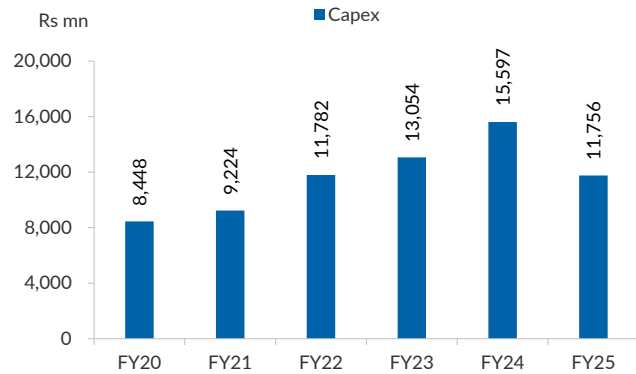
Source: Company, YES Sec

Exhibit 36: FCF trends



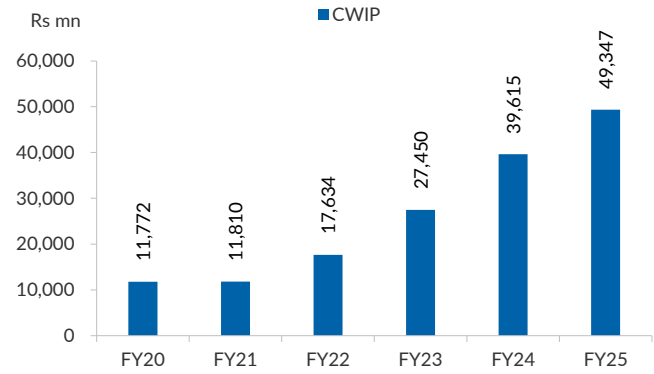
Source: Company, YES Sec

Exhibit 37: Capex history



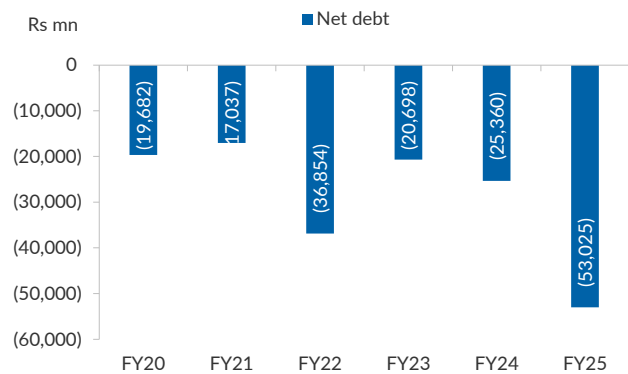
Source: Company, YES Sec

Exhibit 38: CWIP



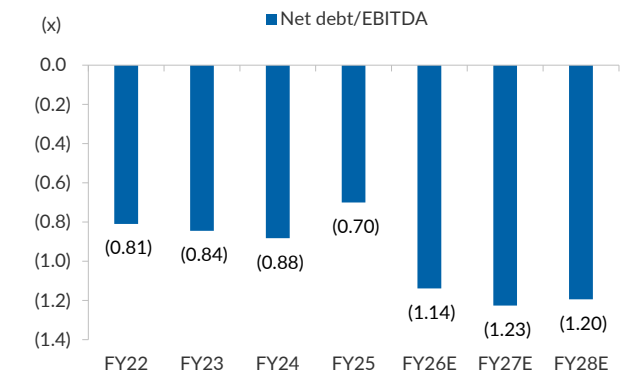
Source: Company, YES Sec

Exhibit 39: Net Debt



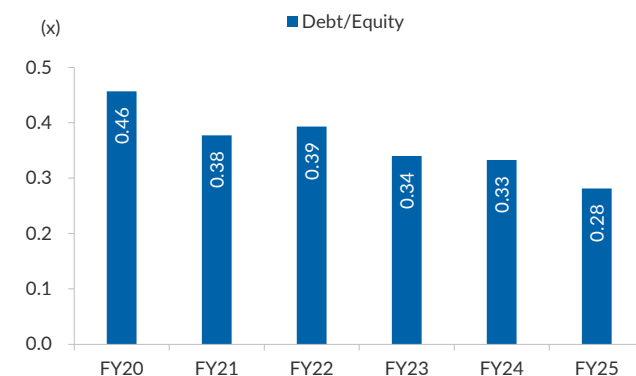
Source: Company, YES Sec

Exhibit 40: Net Debt/EBITDA



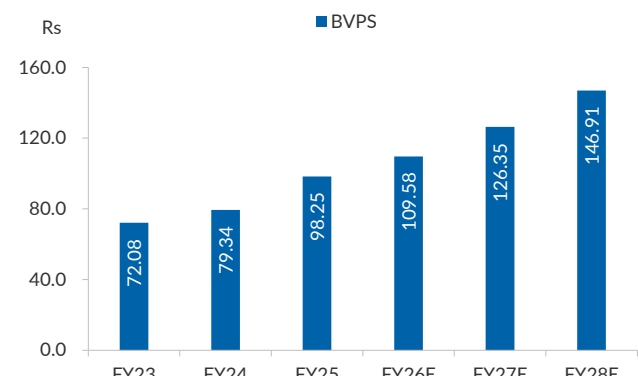
Source: Company, YES Sec

Exhibit 41: Debt/Equity



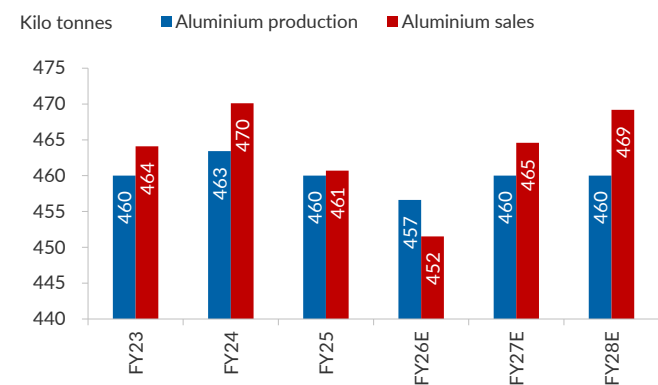
Source: Company, YES Sec

Exhibit 42: Book value per share



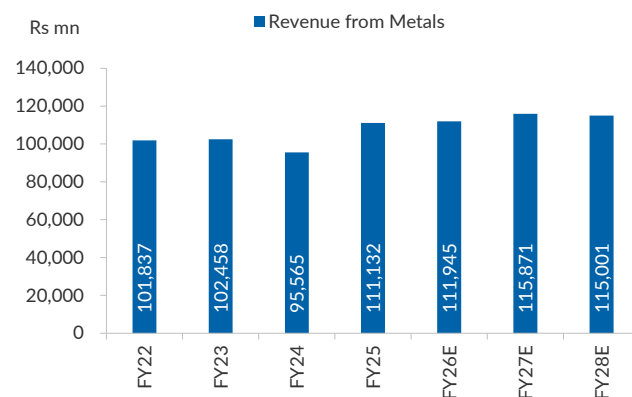
Source: Company, YES Sec

Exhibit 43: Metal business operational performance



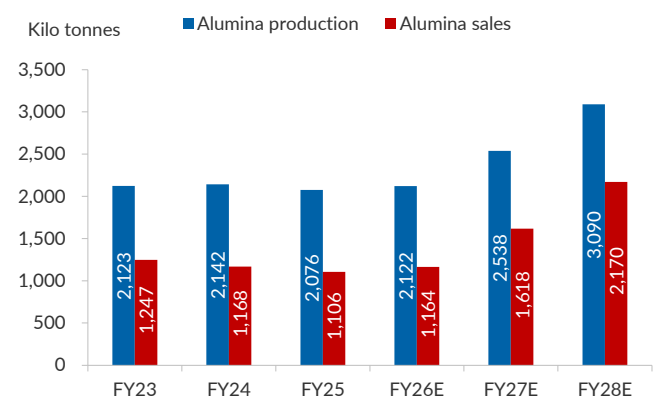
Source: Company, YES Sec

Exhibit 44: Revenues from the Metals business



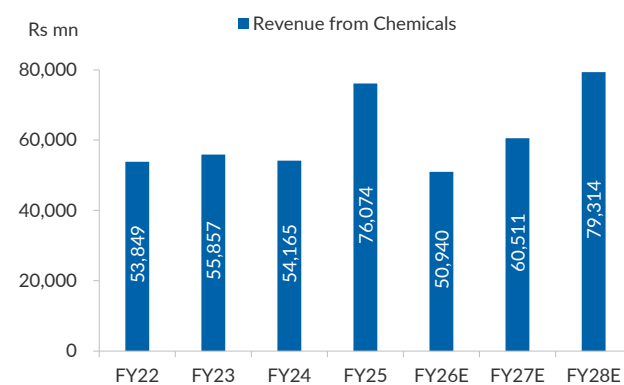
Source: Company, YES Sec

Exhibit 45: Chemical business operational performance



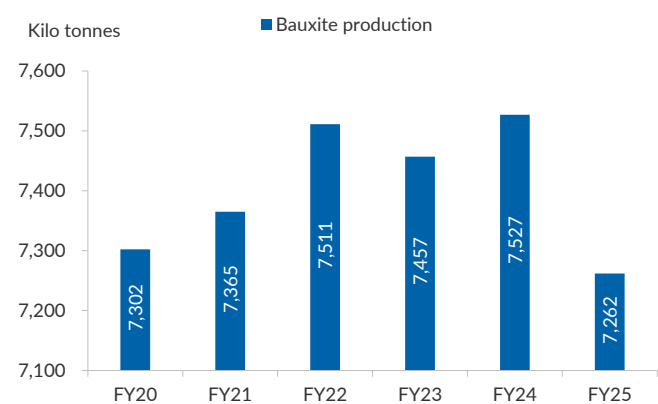
Source: Company, YES Sec

Exhibit 46: Revenues from the Chemicals business



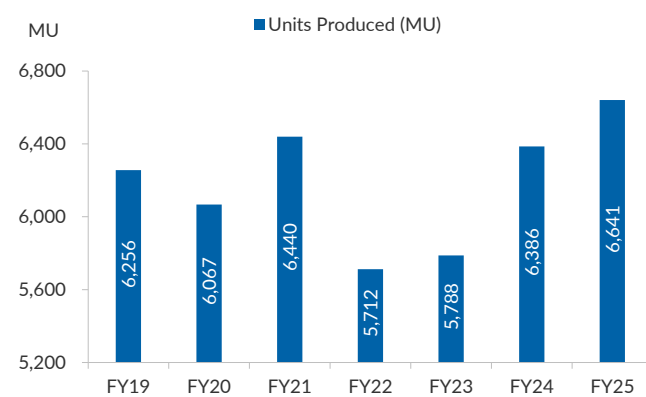
Source: Company, YES Sec

Exhibit 47: Captive bauxite production



Source: Company, YES Sec

Exhibit 48: Captive power production



Source: Company, YES Sec

STANDALONE FINANCIALS

Exhibit 49: Income Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net revenue	142,569	131,492	167,876	145,638	158,744	174,883
Cost of goods sold	78,492	61,935	51,391	50,845	56,245	60,419
Employee cost	18,321	20,341	17,865	19,734	20,311	21,154
Other expenses	21,256	20,486	22,975	23,434	23,903	24,381
EBITDA	24,501	28,729	75,646	51,625	58,285	68,929
% Margin	17.2%	21.8%	45.1%	35.4%	36.7%	39.4%
Dep. & Amort.	7,158	7,497	7,276	8,105	9,005	10,265
Other income	2,336	2,507	3,570	4,230	4,272	4,315
Finance costs	129	172	590	311	248	373
Exceptional items	-	(4,268)	-	-	-	-
Profit before tax	19,550	27,836	71,351	47,439	53,304	62,605
Taxes	4,105	7,236	18,104	11,941	13,326	15,651
Profit after tax	15,445	20,600	53,247	35,498	39,978	46,954
EPS	8.41	11.22	28.99	19.33	21.77	25.57

Source: Company; YES Sec

Exhibit 50: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Assets						
PPE	69,164	70,202	67,990	71,885	77,880	88,615
CWIP	27,450	39,615	49,347	57,347	67,347	81,347
Non-current assets	124,376	132,871	139,832	155,865	172,712	198,495
Inventories	18,402	18,313	19,088	17,413	19,262	20,691
Trade receivables	913	1,535	1,864	1,995	2,175	2,396
Cash and equivalents	633	435	1,214	3,504	7,960	9,672
Bank	20,542	25,317	53,053	56,557	64,517	74,190
Current assets	53,005	61,315	91,393	98,006	113,435	127,681
Total assets	177,387	194,186	231,225	253,871	286,147	326,176
Equity and liabilities						
Equity share capital	9,183	9,183	9,183	9,183	9,183	9,183
Other equity	123,201	136,533	171,274	192,080	222,874	260,645
Non-current liabilities	16,146	16,074	15,785	16,393	16,655	16,978
Current liabilities	28,857	32,396	34,982	36,215	37,434	39,370
Total equity and liabilities	177,387	194,186	231,225	253,871	286,147	326,176

Source: Company; YES Sec

Exhibit 51: Cash Flow Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Cash flow from operations						
Profit before taxes	19,550	27,836	71,351	47,439	53,304	62,605
Dep. & Amort.	7,158	7,497	7,276	8,105	9,005	10,265
Finance costs	129	172	590	311	248	373
CFO before WC changes	25,375	33,625	76,005	55,855	62,557	73,243
Working capital changes	(8,825)	(6)	(753)	413	(1,543)	(1,425)
Cash generated	16,549	33,618	75,252	56,268	61,014	71,818
Taxes paid	(7,467)	(6,348)	(17,191)	(11,941)	(13,326)	(15,651)
Net CFO	9,082	27,271	58,061	44,328	47,688	56,167
Cash flow from investing						
	(3,343)	(19,996)	(39,705)	(24,139)	(25,852)	(36,049)
Cash flow from financing						
	(9,235)	(7,472)	(17,577)	(14,396)	(9,419)	(8,733)
Net change in cash	(3,495)	(198)	779	5,793	12,417	11,385
Cash at beginning	4,135	633	435	1,214	3,504	7,960
Cash at end	640	435	1,214	3,504	7,960	9,672

Source: Company; YES Sec

Exhibit 52: Key Ratios

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Margins						
GP	44.9%	52.9%	69.4%	65.1%	64.6%	65.5%
EBITDA	17.2%	21.8%	45.1%	35.4%	36.7%	39.4%
EBIT	12.2%	16.1%	40.7%	29.9%	31.0%	33.5%
PAT	10.8%	15.7%	31.7%	24.4%	25.2%	26.8%
Growth						
Revenues	0.3%	(7.8%)	27.7%	(13.2%)	9.0%	10.2%
GP	(28.6%)	8.6%	67.5%	(18.6%)	8.1%	11.7%
EBITDA	(46.2%)	17.3%	163.3%	(31.8%)	12.9%	18.3%
EBIT	(53.3%)	22.4%	222.0%	(36.3%)	13.2%	19.0%
PAT	(47.7%)	33.4%	158.5%	(33.3%)	12.6%	17.4%
Return profile						
ROE	11.7%	14.1%	29.5%	17.6%	17.2%	17.4%
ROCE	11.7%	13.1%	34.8%	20.0%	19.8%	20.5%
Per share (Rs)						
EPS	8.4	11.2	29.0	19.3	21.8	25.6
BVPS	72.1	79.3	98.3	109.6	126.3	146.9
P/E (x)	9.3	13.6	6.0	11.2	9.9	8.4
P/BV (x)	1.1	1.9	1.8	2.0	1.7	1.5

Source: Company; YES Sec

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Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Upside greater than 20% over 12 months

ADD: Upside between 10% to 20% over 12 months

NEUTRAL: Upside between 0% to 10% over 12 months

REDUCE: Downside between 0% to -10% over 12 months

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

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ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a subsidiary of YES BANK LIMITED. YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL.