

21<sup>st</sup> March 2025

# National Aluminium Ltd.

BSE: 532234 | NSE: NATIONALALUM



Recommendation  
**BUY**



Time Period  
**12 months**



Current Price  
**184.0/-**



Target Price  
**211.6/-**



Potential Upside  
**15.0%**

**National Aluminium Company Limited (NALCO)** is a Scheduled 'A' Navratna CPSE established on 7<sup>th</sup> January, 1981 having its registered office at Bhubaneswar. It is one of the largest integrated Bauxite-Alumina-Aluminium-Power complexes in India. The company has been operating its captive Panchpatmali Bauxite Mines for the pit head Alumina refinery at Damanjodi, in the district of Koraput in Odisha and Aluminium Smelter & Captive Power Plant at Angul. The company has regional sales offices in Delhi, Kolkata, Mumbai, Chennai and 7 operating stockyards at various locations in India to facilitate domestic consumers. In addition, it has its own bulk shipment facility for export of products.

## Five Reasons to Buy

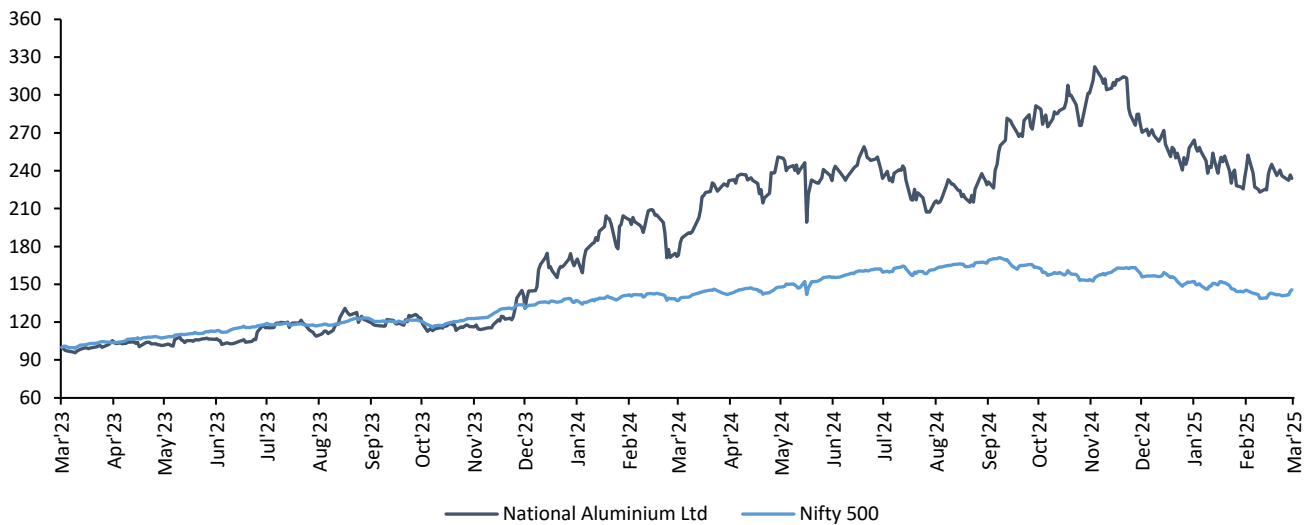
- **Fully integrated aluminium producer:** NALCO is an integrated aluminium producer encompassing mining ore to metal. It is one of the lowest-cost producers of Alumina. Capacities for respective segment is as follows: 1) Bauxite mining – 68,25,000 TPA (North & Central Block) & 31,50,000 TPA (South Block), 2) Alumina production – 22,75,000 TPA (Normative capacity at 21,00,000 TPA), 3) Power production – 1,200 MW, 4) Aluminium Metal Production – 4,60,000 TPA and 5) Wind Power – 198 MW.
- **Execution of Pottangi Bauxite Mining Lease deed with the State Govt. of Odisha:** The company has executed a mining lease deed with the State Govt. of Odisha on 13.06.2024 over an area of 697.979 hectares for Bauxite Mines in Pottangi. The mines have an annual production capacity of 3.5 million tonnes and have reserves estimated at 111 million tonnes, projecting a mine life of 32 years. This strategic move ensures a secure supply of raw materials for NALCO's existing refinery and supports future expansions.
- **NTPC, NALCO ink initial pact for power supply:** NTPC signed a non-binding MoU with NALCO to supply about 1,200 MW or more of round-the-clock uninterrupted power to cater to the requirement of NALCO for its expansion of smelter plant capacity in Angul, Odisha.
- **Captive coal consumption to further reduce cost:** The company had ramped up its Utkal block D coal mine to 2 mtpa in FY24. This resulted in lower power and fuel costs. Currently, it is in the process of commencing Utkal block E which will raise the captive coal consumption to 4 mtpa by FY25E and aid in further reducing power and fuel costs. This growth is projected to result in additional cost savings of Rs 50 cr - Rs 80 cr.
- **Alumina expansion project update:** The brownfield alumina expansion of 1 mtpa is currently on track and is expected to be commissioned in 3QFY26 with full ramp likely in FY27. The management has projected production volumes of 0.2 to 0.3 MTPA for FY26 and 1 MTPA for FY27. At CMP, the stock is trading at 5.1x/5.9x of its FY25E/FY26E EV/EBITDA based on Bloomberg consensus estimates.

**Key Risk Factors:** Lower LME Aluminium prices; Regulatory risk.

## Financial Summary

Particulars (Rs cr)	FY23A	FY24A	FY25E	FY26E
Net Sales	14,255.0	13,149.0	16,026.2	15,622.0
EBITDA	2,338.0	2,801.0	6,331.3	5,402.0
Adj. Net Profit	1,435.0	1,988.0	4,079.2	3,484.4
EBITDA Margin (%)	16.4	21.3	39.5	34.6
RoE (%)	10.9	13.8	28.0	20.6
P/E (x)	26.1	18.8	8.0	9.2
EV/EBITDA (x)	12.3	10.5	5.1	5.9

## Stock Performance (2-Years)



Source: BSE, SSL Research

## Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
09-07-2025	204.0	234.6	BUY	Booked Profit @ 241.3

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