National Aluminium Company Ltd — Feb 2026 Quarterly Analysis

1. VERDICT

Result: Strong Beat
One-line: Strong volume growth in alumina and aluminium production, combined with disciplined cost control and operational efficiencies, drove a 13% revenue and 26% PAT increase despite a sharp decline in alumina prices, reinforcing the long-term thesis of improving business quality and management execution.

Dimension	Rating	Evidence
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue +13%, EBITDA +20%, PAT +26% YoY; volumes up strongly; costs well controlled
Guidance Confidence	Strong	Management reaffirmed volume and capex guidance; cautious but positive on pricing outlook
Management Credibility	Strong	Transparent on price impacts, cost inflation, and project timelines; detailed on efficiencies
Tone vs Prior Quarter	More Confident	Emphasis on record physical and financial performance, proactive cost management
Business Quality Signal	Improving	Volume growth, cost efficiencies, and capacity expansions progressing as planned
Most Tense Q&A Exchange	Q on finance cost spike (Q12)	Explained as accounting settlement adjustment, no underlying cash cost increase
Topics Pressed But Absent from Opening	Critical minerals extraction and long-term alumina contracts	Management volunteered limited details, answered on probing

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Q3 FY25-26	YoY Change (%)	QoQ Change	Trend	Mgmt Commentary Summary
Revenue (□Cr)	12,830	+11%	Not stated	↑	Revenue growth driven by volume increase despite alumina price decline; alumina sales +45%, metal +5%
Operating Expenses (□Cr)	7,233	+8%	Not stated	↑	Expenses rose slower than revenue (+6% vs +13%), reflecting cost control and efficiency gains
EBITDA (□Cr)	6,066	+20%	Not stated	↑	EBITDA margin expansion of ~20% YoY due to volume growth and cost savings
Depreciation	Not stated	-17%	Not stated	↓	Decline in depreciation noted, aiding PBT growth
Finance Cost	Not stated	+181%	Not stated	↑	Spike due to accounting settlement adjustment, not cash outflow
PBT (□Cr)	5,456	+25%	Not stated	↑	Strong profit growth driven by operational leverage
PAT (□Cr)	4,098	+26%	Not stated	↑	Best-ever quarterly and 9-month PAT, driven by volume and cost efficiencies
Alumina Production (MT)	~2.25 million (9M est.)	+20% YoY	Not stated	↑	Production increase key driver of revenue and profit growth
Aluminium Production (MT)	~472,000 (target)	+3.5% YoY	Not stated	↑	Slight increase in metal production; smelter capacity expansion underway
Alumina Sales (MT)	~1.1 million (9M)	+45% YoY	Not stated	↑	Strong sales growth despite price pressure; mix of spot and LME-linked shipments
Aluminium Sales (MT)	Not stated	+5% YoY	Not stated	↑	Moderate growth in metal sales

2B. SEGMENT BREAKDOWN

Segment	Revenue (□Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
Alumina	~□1,600 Cr contribution to incremental revenue	+45% sales volume	Margin compressed due to price drop	↑ volume, ↓ price	Lower margin than metal segment	Alumina prices fell from $562 to $385/MT; volume growth offset price impact
Aluminium	~□410 Cr contribution to incremental revenue	+5% sales volume	Stable margins	↑ volume, ↑ price	Higher margin segment	Aluminium prices rose from $2,538 to $2,867/MT, supporting profitability

2C. PPT vs CONCALL ALIGNMENT

Metric	PPT Figure	Concall Figure	Match?	Delta / Note
Revenue (9M)	₹12,830 Cr	₹12,830 Cr	Yes	Perfect alignment
EBITDA (9M)	₹6,066 Cr	₹6,066 Cr	Yes	
PAT (9M)	₹4,098 Cr	₹4,098 Cr	Yes	
Alumina Price (9M avg)	$385/MT (PPT implied)	$380/MT (Mgmt)	Close	Minor rounding difference
Aluminium Cost of Production	₹150,000-160,000/MT	₹153,000-156,000/MT	Yes	Consistent range
Finance Cost	Not explicitly in PPT	+181% YoY increase explained as settlement	N/A	Management clarified spike is accounting adjustment

3. MANAGEMENT OUTLOOK

Dimension	Category	What Management Said	Status	Risk Flag	Linked Q#
Guidance	Revenue	Reaffirmed FY26 alumina sales target ~1.25-1.3 million MT; aluminium production target ~472,000 MT	Reaffirmed	None	Q4, Q6
Guidance	Margins	Expect alumina prices to average $310-$320/MT in Q4; aluminium prices to remain around $2,800-$3,000/MT	Cautious but positive	Price volatility	Q15, Q17
Guidance	Capex	FY26 capex at ₹1,700 Cr; FY27 expected ₹1,800-2,000 Cr; major refinery and smelter expansions on track	On Track	Execution risk	Q14, Q19
Strategy	Capacity / Expansion	New alumina refinery commissioning from June 2026; smelter expansion (0.5 MTPA) targeted by 2030-31	On Track	Execution risk	Q7, Q11
Industry & Macro	Demand Outlook	Indian aluminium demand growing at ~9% CAGR; global alumina oversupply expected to persist in near term	Neutral to Positive	Price risk	PPT, Q10
Industry & Macro	Input Costs / Inflation	CP coke and CT pitch costs rising 20%+; caustic soda cost up 30%; expecting cost inflation impact in Q4	Inflationary pressure	Cost risk	Q20, Q21

4. ANALYST Q&A

Q#	Theme Cluster	Underlying Concern	Management's Key Points	Evaded / Not Addressed	Credibility	Verdict
Q1	Alumina Sales Mix	Spot vs LME-linked alumina sales ratio	75% spot, 25% LME-linked shipments; similar mix expected in Q4	No	Strong	Clear, consistent
Q2	Long-term Alumina Contracts	Plans for long-term contracts for new refinery	Commissioning from June; targeting 3 lakh tons production; exploring 1-3 year contracts, especially with Middle East	No	Strong	Transparent
Q3	Critical Minerals	Extraction of rare earths from red mud	MoUs with NML (pilot plant 1.5-2 years), Chennai party (ongoing experiments), BARC for gallium extraction; commercial scale 1-1.5 years away	No	Strong	Early stage, realistic
Q4	Alumina Sales Volume	FY26 alumina sales guidance vs actual	Target 1.25-1.3 million MT reaffirmed; Jan exports affected by Middle East tensions; Feb-Mar expected to compensate	No	Strong	Realistic, cautious
Q5	Cost Inflation	Impact of caustic soda price and consumption	Consumption improved from 121 kg to 99 kg; price rise from ₹39 to ₹45/kg; net savings of ₹129 Cr offset inflation	No	Strong	Detailed, credible
Q6	Aluminium Cost of Production	Current and outlook for aluminium production cost	₹150,000-160,000/MT range; Q4 cost to rise due to CP coke and caustic soda price increases; techno-economic improvements to offset	No	Strong	Transparent
Q7	Employee Cost	Sharp QoQ decline and future wage hike timing	Superannuations (~300 employees) reduced cost; ₹50 Cr provision reversal; next wage revision effective Jan 2027	No	Strong	Clear and credible
Q8	Domestic Premiums	Aluminium premium trends and pricing mechanism	Premium linked to LME base; current premium ~$50/MT; pricing policy transparent and updated every 3 days	No	Strong	Clear
Q9	Coal Sourcing	Cost advantage of captive coal vs external coal	Captive coal cheaper by ₹200-300/ton; captive coal production ramping to 4 million tons; further mines planned	No	Strong	Clear
Q10	Alumina Price Dynamics	Why alumina prices fall despite high aluminium prices	Global alumina oversupply due to refinery expansions and smelter curtailments; expected to persist in near term	No	Strong	Realistic
Q11	Smelter Capacity Expansion	Timeline and DPR for smelter capacity increase	DPR finalization by mid-2026; 0.5 MTPA addition targeted by 2030-31	No	Strong	On track
Q12	Finance Cost Spike	Sharp increase in finance cost	Due to accounting settlement adjustment, not cash interest increase	No	Strong	Credible explanation

Q#	Theme Cluster	Underlying Concern	Management's Key Points	Evaded / Not Addressed	Credibility	Verdict
Q13	Capex Split	Maintenance vs growth capex split	FY26 capex □1,700 Cr; □600-700 Cr maintenance; balance growth projects including refinery expansion	No	Strong	Clear
Q14	Hedging Strategy	Use of hedging for aluminium or alumina prices	No hedging currently; may consider in future as capex and cash flow commitments increase	No	Strong	Clear
Q15	Power Sourcing	Dependence on grid power	Less than 5% power from grid; 95% + captive power generation	No	Strong	Clear
Q16	Input Cost Inflation	CP coke, CT pitch, caustic soda price inflation	CP coke +20% expected in Q4; CT pitch +10%; caustic soda □42,000 to □55,000/ton in Q4	No	Strong	Detailed and credible

PATTERN FLAGS

Theme Cluster	Q#s	# of Analysts	Overall Management Stance	Cluster Verdict
Alumina Sales & Pricing	Q1, Q2, Q4, Q10	4	Transparent, cautious	Realistic, volume-driven
Cost Inflation	Q5, Q6, Q16	3	Proactive on efficiencies	Inflation risk managed
Capacity Expansion	Q2, Q11, Q13	3	On track	Execution focus
Employee Costs	Q7	1	Clear timing	Manageable impact
Finance Cost	Q12	1	Explained spike	Non-recurring

5. INVESTOR NOTES — BUSINESS QUALITY ASSESSMENT

Dimension	This Quarter's Read	Trajectory Signal
Management Credibility	Strong	Improving
Margin / Return Ratio Trajectory	Expanding EBITDA margin despite price headwinds	Improving
Pricing Power	Limited in alumina due to oversupply; stronger in aluminium	Stable
Capital Allocation Quality	Disciplined capex with clear focus on refinery and smelter expansions	Improving
Competitive Moat Signals	Secured captive coal and power, raw material linkages, and capacity growth	Improving
FCF Conversion	Not explicitly stated; cost control and volume growth positive for cash flow	Stable
Red Flags (if any)	Rising input costs (CP coke, caustic soda) and alumina price pressure	Monitor inflation impact

Overall Thesis Verdict:
- Conviction Increasing
- Volume growth, cost efficiencies, and disciplined capex execution reinforce the long-term thesis despite near-term alumina price weakness
- Section 1 and Section 5 fully aligned on improving business quality and management credibility

- Watchpoint: Monitor alumina price trends and input cost inflation impact in Q4 and FY27 to assess margin sustainability

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Summary

This quarter’s results strongly support the long-term investment thesis in NALCO. Despite a significant decline in alumina prices, the company delivered record physical and financial performance driven by robust volume growth (alumina +20%, aluminium +3.5%), tight cost control, and operational efficiencies (notably in caustic soda consumption and power/fuel savings). EBITDA margin expanded 20%, and PAT grew 26% YoY. Management reaffirmed FY26 volume guidance and provided a cautiously positive outlook on aluminium prices (~$2,900 average) while acknowledging near-term alumina oversupply pressures.

Capex execution remains on track with ₹1,700 Cr expected this year and ₹1,800-2,000 Cr next year, focused on refinery commissioning and smelter expansion. The company’s competitive moat is strengthened by captive coal and power, secured raw material linkages, and ongoing capacity additions. Inflationary pressures on CP coke and caustic soda are acknowledged but are being mitigated through techno-economic improvements.

Management credibility is strong, providing transparent explanations for cost inflation, finance cost spikes, and strategic initiatives including critical minerals extraction pilot projects. The Q&A revealed no evasions, and management demonstrated a clear understanding of market dynamics and operational levers.

The key near-term risk remains alumina price weakness and input cost inflation, which will be closely watched in the next quarter. Overall, conviction in the company’s long-term fundamentals and management execution is increasing.