

Estimate changes



TP change

Rating change

CMP: INR194

TP: INR180 (-7%)

Neutral

Beat on EBITDA driven by lower costs

Bloomberg	NACL IN
Equity Shares (m)	1837
M.Cap.(INRb)/(USDb)	356.9 / 4.3
52-Week Range (INR)	204 / 81
1, 6, 12 Rel. Per (%)	1/98/106
12M Avg Val (INR M)	2741

Financials & Valuations (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	131	147	170
EBITDA	29	32	40
Adj. PAT	17	20	25
EBITDA Margin (%)	22	22	24
Cons. Adj. EPS (INR)	9.1	10.8	13.8
EPS Gr. (%)	16	19	28
BV/Sh. (INR)	78	86	96

Ratios

Net D:E	-0.2	-0.2	-0.3
RoE (%)	12	13	15
RoCE (%)	16	17	20
Payout (%)	44	37	29

Valuations

P/E (x)	21.4	18.0	14.1
P/BV (x)	2.5	2.3	2.0
EV/EBITDA(x)	11.4	9.8	7.7
Div. Yield (%)	2.1	2.1	2.1
FCF Yield (%)	3.3	4.4	5.5

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	51.3	51.3	51.3
DII	18.8	18.8	13.3
FII	9.0	11.6	16.0
Others	20.9	18.4	19.5

FII Includes depository receipts

- NACL consolidated revenue stood at INR36b (YoY/QoQ: -3%/+7%) against our estimate of INR39b. Consolidated EBITDA stood at INR11b (YoY/QoQ: +45% /+43%) and was higher than our est of INR8.4b. Consol EBITDA margin stood at 30.9% in 4QFY24 (20.9% in 4QFY23 and 23.1% in 3QFY24).
- During the quarter, the company recognized an exceptional item of INR4.3b due to the reversal of royalty expenses. APAT for the quarter stood at INR6.8b (YoY / QoQ: +37% /+44%) against our est of INR5.4b in 4QFY24.
- In FY24, NACL reported a revenue of INR131.5b (-8% YoY) with an EBITDA of INR28.7b (+18% YoY) and APAT of INR16.7b (+16% YoY). In FY24, the cast metal production stood at 463KT (flat YoY) and metal sales stood at 470KT (+1% YoY). The bauxite excavation grew by +2% YoY to 760KT in FY24.
- NACL declared a final dividend of INR1/- per share.

Chemical business: robust performance

- In 4QFY24, NACL's revenue for the chemicals business declined 1% YoY to INR15.9b.
- EBIT for the vertical stood at INR5.3b (INR2.4b in 4QFY23).
- For FY24, revenue stood at INR54.2b (down 3% YoY), while EBIT stood at INR9.7b (up 152% YoY).

Aluminum business

- Revenue from the aluminum business was down 4% YoY to INR24.4b (our est. of INR26.7b). Average realizations from the aluminum vertical witnessed a decline of 7% YoY to ~USD2,395/t.
- EBIT/t declined 9% YoY to INR4.7b (against our estimate of INR5.2b).
- For FY24, revenue stood at INR96b (down 7% YoY), while EBIT came in at INR15.2b (down 14% YoY).

Valuation and view

- Recently, NACL's JV KABIL (established by three CPSUs) signed its first exploration and lithium mining agreement with Argentina's CAMYEN SE. This will help NACL establish its presence, diversify product offerings, and enhance the supply chain for critical and strategic minerals, which have key applications across various sectors. Additionally, NACL's participation will provide the necessary technical and operational experience for brine-type lithium exploration, exploitation, and extraction.
- Until the fifth stream of alumina comes on stream, we expect NACL to operate at full capacity, leaving little room for capacity expansion over the next two years. The next phase of growth is anticipated to begin once the additional 1mt stream of the alumina refinery comes on stream by May'25.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

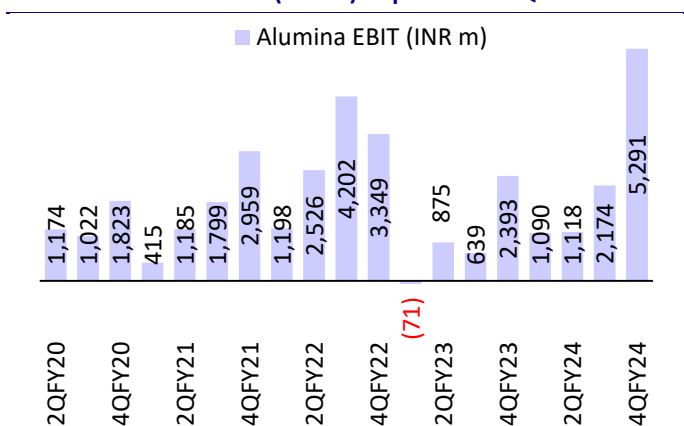
- The Utkal D coal block will fulfil ~25-28% of the coal requirements for the Angul smelter. This will enhance raw material security and boost the margins until the augmented capacity comes on stream.
- Owing to the improved outlook on input cost, we have increased our EBITDA estimate by ~6% for FY25/FY26. On FY26E, NACL trades at 7.7x on EV/EBITDA and 2x on P/B and appears to be fully pricing in the strong outlook. **We reiterate our Neutral rating on the stock with a revised TP of INR180 per share, valued at 7x on EV/EBITDA of FY26E.**

Quarterly performance

Y/E March	FY23				FY24				FY23		FY24		FY24E	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE			
Net Sales	37,833	34,896	32,900	36,709	31,784	30,434	33,469	35,791	1,42,337	1,31,477	39,237		-9	
Change (YoY %)	52.9	-2.9	-12.8	-15.4	-16.0	-12.8	1.7	-2.5	0.4	-7.6				
Change (QoQ %)	-12.8	-7.8	-5.7	11.6	-13.4	-4.2	10.0	6.9						
Total Expenditure	29,147	31,552	28,302	29,043	25,840	26,469	25,738	24,715	1,18,044	1,02,762	30,805			
EBITDA	8,687	3,344	4,598	7,665	5,943	3,965	7,731	11,075	24,293	28,715	8,433		31	
Change (YoY %)	49.6	-70.3	-61.4	-52.6	-31.6	18.6	68.2	44.5	-46.2	18.2				
Change (QoQ %)	-46.3	-61.5	37.5	66.7	-22.5	-33.3	95.0	43.3						
Interest	39	41	42	7	23	40	21	89	129	172				
Depreciation	1,497	1,537	1,571	2,554	1,697	1,862	1,538	2,400	7,158	7,497				
Other Income	629	693	663	559	485	686	510	840	2,544	2,521				
PBT (before EO)	7,781	2,459	3,648	5,663	4,709	2,750	6,682	9,427	19,550	23,568	7,382			
EO (income) /exp	0	0	0	0	0	0	0	4,268	0	4,268				
PBT (after EO)	7,781	2,459	3,648	5,663	4,709	2,750	6,682	13,695	19,550	27,836	7,382			
Total Tax	1,994	758	910	444	1,215	687	1,797	3,537	4,105	7,236				
% Tax	25.6	30.8	24.9	7.8	25.8	25.0	26.9	25.8	21.0	30.7				
PAT before MI and Asso.	5,786	1,701	2,739	5,219	3,494	2,063	4,885	10,158	15,445	20,600	5,518			
Minority interest	0	0	0	0	0	0	0	0	0	0				
Sh. of Associate	-207	-447	-175	-269	-156	-189	-179	-191	-1,098	-715				
Reported PAT after MI and Asso.	5,579	1,254	2,563	4,950	3,338	1,874	4,706	9,967	14,347	19,885	5,367			
Adjusted PAT	5,579	1,254	2,563	4,950	3,338	1,874	4,706	6,766	14,347	16,684	5,367		26	
Change (YoY %)	60.4	-83.2	-69.2	-51.7	-40.2	49.4	83.6	36.7	-51.4	16.3				
Change (QoQ %)	-45.6	-77.5	104.4	93.1	-32.6	-43.9	151.2	43.8						

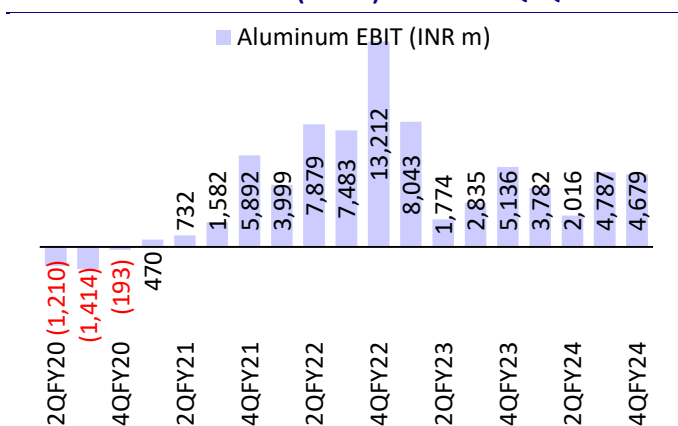
Source: MOFSL, Company

Exhibit 1: Alumina EBIT (INR m) improved in 4QFY24



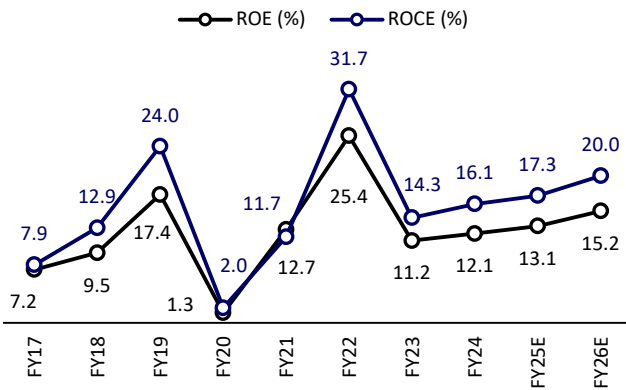
Source: MOFSL, Company

Exhibit 2: Aluminum EBIT (INR m) stands flat QoQ



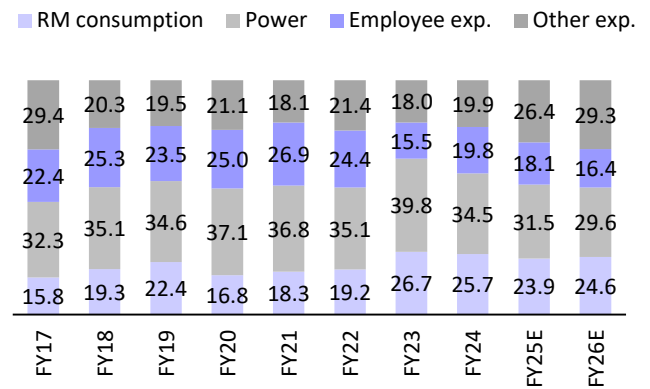
Source: MOFSL, Company

Exhibit 3: ROE and ROCE likely to improve going forward



Source: MOFSL, Company

Exhibit 4: Power as a % of total expenses expected to reduce



Source: MOFSL, Company

Exhibit 5: Valuation and target price

TP calculations	UoM	2026E
NACL EBITDA	INR m	40,071
EV/EBITDA (x)	x	7.0
Target EV	INR m	2,80,494
add: cash surplus	INR m	49,227
Equity Value	INR m	3,29,720
No of Shares o/s	m	1,837
Target Price	INR/sh	180

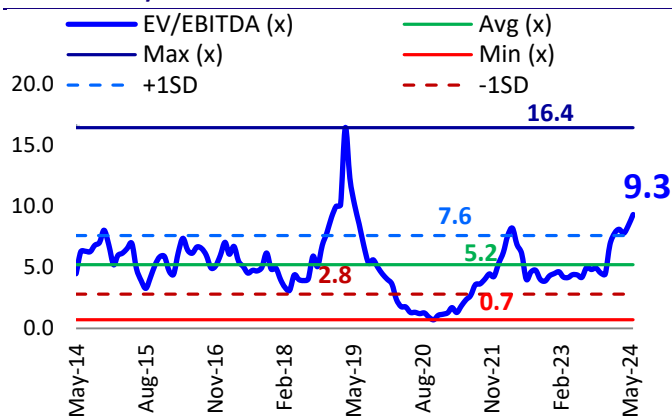
Source: MOFSL

Exhibit 6: Summary of key changes to our estimates

	UoM	FY25E			FY26E		
		New	Old	% change	New	Old	% change
Revenue	INR b	147	147	0.0%	170	170	0.0%
EBITDA	"	32	31	6.3%	40	38	6.4%
PAT	"	20	18	7.8%	25	23	9.0%

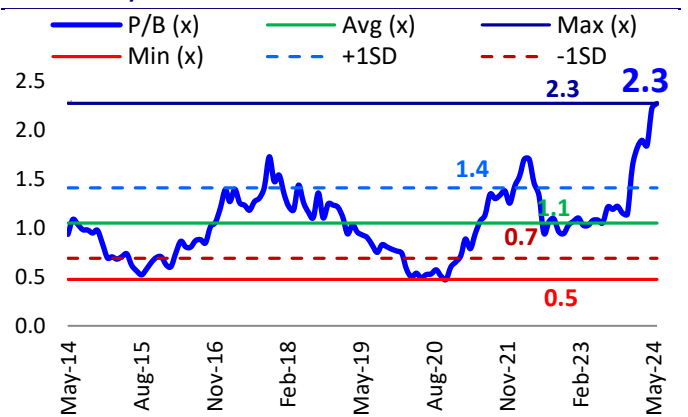
Source: MOFSL, Company

Exhibit 7: EV/EBITDA above +1SD



Source: MOFSL, Company Data

Exhibit 8: P/B near to max



Source: MOFSL, Company Data

Financials and valuations

Income Statement										INR m
Y/E March	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Net Sales	75,430	95,094	1,14,993	84,718	89,558	1,41,808	1,42,337	1,31,477	1,47,385	1,70,211
Change (%)	10.7	26.1	20.9	-26.3	5.7	58.3	0.4	-7.6	12.1	15.5
Total Expenses	64,634	78,311	85,432	79,826	71,730	96,637	1,18,044	1,02,762	1,14,914	1,30,141
EBITDA	10,797	16,783	29,561	4,892	17,828	45,172	24,293	28,715	32,471	40,071
% of Net Sales	14.3	17.6	25.7	5.8	19.9	31.9	17.1	21.8	22.0	23.5
Deprn. & Amortization	4,804	4,804	4,761	5,298	6,058	8,366	7,158	7,497	7,977	8,323
EBIT	5,993	11,979	24,800	-406	11,770	36,806	17,135	21,218	24,493	31,748
Net Interest	27	20	24	57	71	231	129	172	102	67
Other income	4,075	3,008	3,259	2,726	1,466	2,974	2,544	2,521	3,011	3,211
PBT before EO	10,041	14,968	28,035	2,262	13,165	39,549	19,550	23,568	27,402	34,892
EO income	410	5,423	-649	0	0	0	0	4,268	0	0
PBT after EO	10,450	20,391	27,386	2,262	13,165	39,549	19,550	27,836	27,402	34,892
Current tax	2,195	6,964	10,075	880	170	10,029	4,105	7,236	6,883	8,765
Deferred tax	767	0	0	0	0	0	0	0	0	0
Tax	2,962	6,964	10,075	880	170	10,029	4,105	7,236	6,883	8,765
Rate (%)	28.3	34.2	36.8	38.9	1.3	25.4	21.0	26.0	25.1	25.1
PAT before MI and sh. of Asso.	7,488	13,426	17,311	1,382	12,995	29,520	15,445	20,600	20,519	26,127
MI	0	0	0	0	0	0	0	0	0	0
Sh. of Associates	-8.1	-2.2	12.9	-2.0	-1.2	1.0	-1,098.3	-714.9	-736.9	-851.1
Reported PAT after MI and sh. of Asso.	7,480	13,424	17,324	1,380	12,994	29,521	14,347	19,885	19,782	25,276
Adjusted PAT	7,195	9,855	17,973	1,380	12,994	29,521	14,347	16,684	19,782	25,276
Change (%)	0.8	37.0	82.4	-92.3	841.4	127.2	-51.4	16.3	18.6	27.8

Balance Sheet										INR m
Y/E March	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Share Capital	9,665	9,665	9,328	9,328	9,183	9,183	9,183	9,183	9,183	9,183
Reserves	92,387	95,384	95,517	90,553	97,624	1,16,341	1,22,081	1,34,698	1,47,870	1,66,650
Net Worth	1,02,052	1,05,048	1,04,845	99,881	1,06,807	1,25,524	1,31,264	1,43,881	1,57,053	1,75,834
Minority Interest										
Total Loans	511	450	668	123	461	207	478	392	192	192
Deferred Tax Liability	12,456	11,515	11,307	10,606	8,937	8,682	9,578	8,414	8,414	8,414
Capital Employed	1,15,018	1,17,013	1,16,820	1,10,610	1,16,205	1,34,412	1,41,319	1,52,687	1,65,659	1,84,440
Gross Block	80,489	85,022	91,154	98,160	1,05,504	1,10,486	1,16,918	1,25,213	1,34,213	1,43,213
Less: Accum. Deprn.	9,044	13,627	18,297	23,312	28,900	37,054	43,889	51,386	59,363	67,686
Net Fixed Assets	71,444	71,395	72,857	74,848	76,605	73,432	73,028	73,827	74,850	75,527
Capital WIP	5,660	9,152	8,827	14,267	15,755	22,348	32,689	45,731	46,731	47,731
Investments	389	1,176	1,758	2,773	3,133	3,110	2,132	1,687	1,687	1,687
Curr. Assets	67,517	64,415	68,028	53,609	51,614	73,865	68,417	71,105	83,888	1,03,620
Inventories	11,559	11,941	12,100	16,969	14,763	16,462	18,402	18,297	20,511	23,688
Account Receivables	1,843	2,581	2,406	1,401	1,474	753	913	1,535	1,211	1,399
Cash and Bank Balance	35,084	33,619	35,772	20,355	19,982	37,701	22,631	27,481	35,494	47,732
Others	19,031	16,274	17,750	14,884	15,396	18,950	26,471	23,793	26,671	30,802
Curr. Liability & Prov.	29,992	29,126	34,650	34,886	30,900	38,343	34,947	39,664	41,496	44,125
Account Payables	8,641	9,774	13,069	7,956	9,772	14,807	12,743	15,146	16,978	19,608
Provisions & Others	21,351	19,352	21,581	26,930	21,128	23,536	22,204	24,518	24,518	24,518
Net Curr. Assets	37,525	35,290	33,378	18,723	20,714	35,522	33,470	31,442	42,392	59,495
Appl. of Funds	1,15,018	1,17,013	1,16,820	1,10,610	1,16,206	1,34,412	1,41,319	1,52,687	1,65,659	1,84,440

Financials and valuations

Ratios

Y/E March	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Basic (INR)										
EPS	3.7	5.1	9.6	0.7	7.1	16.1	7.8	9.1	10.8	13.8
Cash EPS	6.4	9.4	11.8	3.6	10.4	20.6	11.7	14.9	15.1	18.3
BV/Share	52.8	54.3	56.2	53.5	58.2	68.3	71.5	78.3	85.5	95.7
DPS	2.8	5.7	5.8	1.5	3.5	6.5	4.5	4.0	4.0	4.0
Payout (%)	75.2	111.8	59.7	202.7	49.5	40.4	57.6	44.0	37.1	29.1
Valuation (x)										
P/E	52.2	38.1	20.2	262.5	27.5	12.1	24.9	21.4	18.0	14.1
Cash P/E	30.6	20.6	16.4	54.3	18.7	9.4	16.6	13.0	12.9	10.6
P/BV	3.7	3.6	3.5	3.6	3.3	2.8	2.7	2.5	2.3	2.0
EV/Sales	4.5	3.6	2.8	4.0	3.7	2.2	2.3	2.5	2.2	1.8
EV/EBITDA	31.5	20.3	11.0	69.4	18.7	7.0	13.7	11.4	9.8	7.7
Dividend Yield (%)	1.4	2.9	3.0	0.8	1.8	3.3	2.3	2.1	2.1	2.1
Return Ratios (%)										
EBITDA Margins (%)	14.3	17.6	25.7	5.8	19.9	31.9	17.1	21.8	22.0	23.5
Net Profit Margins (%)	9.5	10.4	15.6	1.6	14.5	20.8	10.1	12.7	13.4	14.8
RoE	7.2	9.5	17.4	1.3	12.7	25.4	11.2	12.1	13.1	15.2
RoCE (pre-tax)	7.9	12.9	24.0	2.0	11.7	31.7	14.3	16.1	17.3	20.0
RoIC (pre-tax)	8.0	16.3	34.6	-0.6	15.6	49.5	22.1	26.3	30.7	37.6
Working Capital Ratios										
Fixed Asset Turnover (x)	0.9	1.1	1.3	0.9	0.8	1.3	1.2	1.1	1.1	1.2
Asset Turnover (x)	0.7	0.8	1.0	0.8	0.8	1.1	1.0	0.9	0.9	0.9
Debtor (Days)	9	10	8	6	6	2	2	4	3	3
Inventory (Days)	56	46	38	73	60	42	47	51	51	51
Payable (Days)	42	38	41	34	40	38	33	42	42	42
Leverage Ratio (x)										
Current Ratio	2.3	2.2	2.0	1.5	1.7	1.9	2.0	1.8	2.0	2.3

Cashflow Statement

Y/E March	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
INR m										
Pre-tax profit	9,639	20,388	27,399	2,262	12,995	29,514	14,347	19,885	27,402	34,892
Depreciation	4,804	4,804	4,761	5,298	6,058	8,366	7,158	7,236	7,977	8,323
(Inc)/Dec in Wkg. Cap.	1,217	-178	3,274	-9,071	3,819	3,942	-4,169	1,781	-2,936	-4,866
Tax paid	-2,184	-4,825	-10,209	-1,005	-975	-7,555	-7,467	-6,348	-6,883	-8,765
Others (incl Fin. Cost)	884	-5,524	-1,137	-971	93	5,316	-786	4,639	102	67
CF from Op. Activity	14,359	14,666	24,089	-3,486	21,990	39,584	9,083	27,193	25,662	29,651
(Inc)/Dec in FA + CWIP	-7,781	-8,374	-7,680	-8,578	-12,188	-12,829	-12,962	-15,482	-10,000	-10,000
Free Cash Flow to firm	6,578	6,292	16,409	-12,064	9,802	26,755	-3,880	11,712	15,662	19,651
(Pur)/Sale of Investments	20,490	3,188	1,272	15,953	-2,511	-15,700	11,189	-5,579	0	0
Interest & div	2,795	1,522	1,089	1,353	662	2,336	-1,569	1,056	0	0
CF from Inv. Activity	15,503	-3,664	-5,319	8,727	-14,037	-26,192	-3,343	-20,005	-10,000	-10,000
Equity raised/(repaid)	-28,407	0	-5,074	0	-1,701	0	0	0	0	0
Int. Paid	-4	-1	0	-9	-33	-124	-15	-3	-102	-67
Debt raised/(repaid)	511	-61	218	-579	338	-254	-37	-37	-200	0
Dividend (incl. tax)	-8,259	-10,934	-12,451	-6,185	-4,606	-11,020	-9,183	-7,347	-7,347	-7,347
CF from Fin. Activity	-36,159	-10,997	-17,308	-6,773	-6,002	-11,398	-9,235	-7,387	-7,649	-7,414
(Inc)/Dec in Cash	-6,296	5	1,463	-1,531	1,951	1,993	-3,495	-198	8,013	12,238
Add: opening Balance	6,544	248	254	1,716	185	2,135	4,128	633	435	8,448
Closing cash balance	248	254	1,716	185	2,135	4,128	633	435	8,448	20,686
Bank Balance	34,835	33,366	34,056	20,171	17,846	33,573	21,998	27,046	27,046	27,046
Closing Balance (incl. bank balance)	35,084	33,619	35,772	20,355	19,982	37,701	22,631	27,481	35,494	47,732

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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