kotak neo

Dated: 04 August 2026

National Aluminium Co. (NACL) - BUY

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.369	Rs 420

Rationale:

- NACL’s Q1FY27 EBITDA beat estimates led by aluminum margins. Pre commissioning activities for 1 mtpa alumina refinery are underway, with CoD by Q3FY27.
- In Q2FY27, management expects alumina realizations to improve and aluminum CoP to stabilize.
- Captive coal ramps up to 4.8 mtpa and continued employee rationalization should offset any cost headwinds.
- Capex for 0.5 mtpa aluminum smelter to pick up only from FY29E.
- We expect strong aluminum prices in a deficit market to keep earnings and FCF elevated.
- Upgrade to BUY (from REDUCE), with a revised FV of Rs420.

Positives:

- NALCO’s Q1FY27 standalone EBITDA, at Rs2710 cr (+81% yoy, +15.2% qoq).
- We forecast 4-5% dividend yield over FY27-29E.
- We build in growth in alumina volumes from 2HFY27E.

Negatives:

- Reversal in aluminum upcycle are key risks.

(EPS: Earnings Per Share, CAGR: Compound Annual Growth Rate, EBITDA - Earnings before Interest, Tax, Depreciation, and Amortisation, FCF - Free Cash Flow)

The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com).Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto & Auto Ancillary, Building Material, Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Analyst
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 5498

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Gaurav Bhandari
Research Analyst
bhandari.gaurav@kotak.com
+91 22 6218 6440

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider
sayed.haider@kotak.com
+91 22 62185458

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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