

DUAL INSTITUTIONAL RESEARCH DOSSIER

VEDANTA LIMITED (NSE: VEDL)

— AND —

NATIONAL ALUMINIUM COMPANY (NSE: NATIONALUM)

WITH HEAD-TO-HEAD COMPARISON & FINAL VERDICT — MARCH 2026

VEDANTA LIMITED — AT A GLANCE

CMP (Mar 2026)	Market Cap	52-Wk Range	P/E
₹700–₹710	₹2,83,000 Cr	₹363 – ₹770	~18–19x
EBITDA Margin	Dividend Yield	Net Debt/EBITDA	1-Yr Return
~41%	~5–7%	1.23x (Q3FY26)	+90%+

NATIONAL ALUMINIUM CO. — AT A GLANCE

CMP (Mar 2026)	Market Cap	52-Wk Range	P/E
₹350–₹365	₹65,000–₹67,000 Cr	₹140 – ₹432	~10–12x
EBITDA Margin	Dividend Yield	Debt	1-Yr Return
~45–50%	~4.5–5%	DEBT FREE	+80%+

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PART 1: VEDANTA LIMITED (NSE: VEDL)

MODULE 1 — EQUITY SCREENING FRAMEWORK

1.1 Company Overview

Vedanta Limited is India's largest diversified natural resources company, promoted by the London-headquartered Vedanta Resources (Anil Agarwal). It operates across zinc, silver, aluminium, copper, iron ore, oil & gas, power, and steel — making it a unique multi-commodity conglomerate. Headquartered in Mumbai, it operates across India, South Africa, Namibia, Liberia, UAE, Korea, and Japan with ~117,000 employees globally.

KEY STRUCTURAL EVENT — DEMERGER: NCLT approved (Dec 16, 2025) a 5-way demerger into: Vedanta Ltd (retaining Zinc, Copper, Semiconductors), Vedanta Aluminium, Vedanta Oil & Gas, Vedanta Steel & Iron, and Malco Energy. Shareholders receive 1 share each in 4 new entities per current share held. Demerger completion targeted by March–June 2026. This is a transformative value-unlock event.

1.2 P/E Analysis vs. Sector

Metric	Vedanta	Hindalco	NALCO	Sector Comment
P/E (TTM)	~18–19x	~12x	~10–12x	Vedanta at slight premium; Hindalco cheapest
P/B Ratio	~6.07x	~1.55x	~2.5x	Vedanta trades at large P/B premium (high ROE)
EV/EBITDA	~5x	~6.3x	~5.5x	Vedanta most attractive on EV/EBITDA
ROE	~30%+	~12%	~23%	Vedanta highest ROE due to HZL contribution

Key insight: Vedanta's EV/EBITDA of ~5x is the lowest among peers despite generating record EBITDA. Kotak Securities called it 'fair value' vs peers. AlphaSpread DCF intrinsic value: ₹614; current price ₹700 suggests ~14% premium to DCF but justified by demerger value unlock.

1.3 Revenue Growth — 5-Year Trend

FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
₹88,501 Cr	₹88,000 Cr	₹1,32,000 Cr	₹1,49,000 Cr	₹1,42,000 Cr	₹1,51,000 Cr

Q3 FY26 (Dec 2025): Quarterly revenue ₹22,979 Cr (+37% YoY); Net Profit ₹5,710 Cr (+61% YoY). EBITDA ₹15,171 Cr (+34% YoY). EBITDA margin: 41% vs 34% prior year — record margins across aluminium and zinc segments. Revenue CAGR FY20–25: ~11%. Growth is re-accelerating strongly in FY26.

1.4 Debt-to-Equity Health Check

Gross Debt (Dec 2025): ₹80,709 Cr (~\$9.7B). Net Debt: ₹60,624 Cr. Net Debt/EBITDA: 1.23x (improved from 1.40x in Q3FY25). Cash & equivalents: ₹20,085 Cr. This is Vedanta's Achilles heel — it carries India's largest metals company debt load, substantially at the promoter (Vedanta Resources) level where credit rating is B+/B1 (sub-investment grade). However, at the India operating company level, credit is ICRA AA / CRISIL AA — investment grade. Demerger will distribute ₹48,000 Cr of debt across 5 entities based on each entity's cash flows.

1.5 Dividend Yield & Sustainability — THE STAR ATTRACTION

Vedanta is India's 'Dividend King'. FY2024–25: ₹46/share. FY2025–26 YTD: ₹23/share (₹7 first interim + ₹16 second interim). Citi estimates full FY26 dividend: ₹34/share. At ₹700 stock price, that's ~4.9% yield — among the highest for any large-cap in India. Payout ratio: high (>50%) — funded by massive cash generation from Hindustan Zinc, oil & gas, and aluminium. Anil Agarwal's famous line: 'Dividend is in my blood.' Dividend safety score: 7/10 (strong cash flows, but high promoter-level debt creates some tail risk). Post-demerger, each entity will pay its own dividend — income stream becomes even more diversified.

1.6 Competitive Moat Rating: MODERATE-STRONG

- Hindustan Zinc (HZL) subsidiary: World's largest integrated zinc-silver producer — monopoly-like in India. This is Vedanta's crown jewel.
- Silver production: Rising to 1,500 MT by 2030 — silver at all-time highs in 2026 is a direct tailwind
- Diversification across 8+ commodities in one stock (zinc, silver, Al, Cu, oil, steel, iron ore, power)
- Oil & Gas (OALHL): Rajasthan block produces ~1,60,000 boepd — significant cash cow
- Aluminium: Being invested with \$4B capex to reach first decile of global cost curve by FY28
- WEAKNESS: High promoter debt; governance complexity; conglomerate discount (being resolved via demerger)

1.7 Bull/Bear Price Targets (12-Month)

Scenario	Target	Upside	Key Trigger
Bull Case	₹840–₹900	+20–29%	Demerger complete, HZL at ATH, silver >\$40/oz, Al>\$2,800/t, successful BoFA target ₹840
Base Case	₹770–₹800	+10–14%	Demerger listing, steady HZL dividends, Al/Zn price normalise
Bear Case	₹550–₹600	-14 to -21%	Commodity slump, Vedanta Resources parent debt stress, demerger delays

Analysts: Citi (Overweight), BofA (Buy, target ₹840), Nuvama (Buy, target ₹633). Emkay sees FY27 EBITDA of ₹25,800 Cr (17% above consensus) — suggests meaningful earnings upgrade cycle.

1.8 Risk Rating: 7 / 10 (High)

- Promoter debt: Vedanta Resources holds ~B+/B1 rated debt — ongoing refinancing risk
- Promoter shareholding decline: Dropped 13.3% over 3 years — dilution risk
- Commodity correlation: Revenue moves with zinc, silver, aluminium, oil — all simultaneously
- Demerger execution: 5-entity split is complex; debt allocation, listing timelines could slip
- China slowdown: Would hit zinc, aluminium prices simultaneously
- Oil field maturity: Rajasthan block declining naturally unless new investments made
- Regulatory risk: Multiple sectors = multiple regulators

MODULE 2 — DCF VALUATION (VEDANTA)

Sum-of-Parts DCF Framework

Vedanta is best valued using Sum-of-Parts (SOTP) rather than a single DCF, given its multi-segment structure. This is exactly how institutional desks model it:

Business Segment	FY26E EBITDA	EV Multiple	Enterprise Value	Key Driver
Hindustan Zinc (HZL)	₹15,500 Cr	8x	₹1,24,000 Cr	Silver at ATH; 64.9% stake
Aluminium	₹10,000 Cr	6x	₹60,000 Cr	LME Al recovery + Bay Minette type expansion
Oil & Gas (OALHL)	₹8,500 Cr	4x	₹34,000 Cr	Declining production; needs capex
Copper	₹3,200 Cr	5x	₹16,000 Cr	India electrification demand
Iron Ore + Power	₹2,500 Cr	4x	₹10,000 Cr	Goa + Karnataka mines; power PSU
Total EV	~₹39,700 Cr	~6x blended	₹2,44,000 Cr	Less net debt: ₹60,000 Cr → Eq. ~₹1,84,000 Cr

Implied equity value: ~₹1,84,000 Cr. Shares: ~393 Cr. Intrinsic value per share: ~₹468 (SOTP base). However, post-demerger the 5 new entities will trade at PURE-PLAY multiples which are historically higher. Adjusted for demerger unlock: SOTP fair value ₹650–₹850. At CMP ~₹700, stock is roughly fairly valued with upside dependent on demerger execution.

WACC: ~11.5–12.5% (higher than Hindalco due to promoter debt risk premium). FY27 EBITDA consensus: ₹22,000 Cr; Emkay estimate: ₹25,800 Cr (bullish on silver, zinc, aluminium simultaneously). Verdict: FAIRLY VALUED with meaningful upside from demerger value unlock.

MODULE 3 — RISK ASSESSMENT (VEDANTA)

Risk Factor	Probability	Impact	Mitigation / Comment
Promoter (VRL) debt stress	Medium	VERY HIGH	VRL rated B+/Stable by S&P; improved from CCC+ in 2024. Demerger will improve each entity's credit profile
Demerger delay / complexity	Low-Med	High	NCLT approved; lender/shareholder approval done. Listing still pending. Target: June 2026
Zinc / Silver price decline	Low	Very High	HZL generates >40% of group EBITDA; silver at ATH creates mean-reversion risk
Promoter stake dilution	Medium	Medium	Promoter holding fell 13.3% over 3 years; further dilution possible to manage VRL debt
China commodity demand slump	Medium	High	Zinc + Al + Cu all China-exposed; India domestic growing but not a full offset
Oil field natural decline	High	Medium	Rajasthan block (OALHL) declining without aggressive drilling capex investment
Governance / ESG concerns	Medium	Medium	Complex group structure and related-party transactions historically a concern for ESG investors

Recession stress test: In a global recession (zinc -30%, aluminium -25%, oil -40%): EBITDA would drop ~45-50%. Estimated peak stock drawdown: -40 to -55% (Vedanta stock dropped ~70% in 2015-16 commodity crash). HIGH BETA STOCK — reward/risk highly commodity-cycle dependent.

MODULE 4 — EARNINGS ANALYSIS (VEDANTA)**Q3 FY26 (Dec 2025) — Record Performance**

Quarter	Revenue (Qtrly)	Net Profit	YoY Rev	Key Notes
Q1 FY26	~₹22,000 Cr	~₹1,790 Cr	+~10%	Al/Zn recovery; high dividend payout
Q2 FY26	₹22,060 Cr	~₹5,000 Cr	+6% YoY	EBITDA +12% YoY, margins 34%
Q3 FY26 ★	₹22,979 Cr	₹5,710 Cr	+37% YoY	RECORD: EBITDA ₹15,171 Cr (+34%), margin 41%. Net profit +61% YoY. BEAT expectations.

Q4 FY26 earnings call expected May 2026. Key things to watch: (1) Demerger listing timeline confirmation; (2) Aluminium segment cost trajectory (targeting first decile by FY28); (3) HZL silver volumes as silver prices hit ATH; (4) Oil & Gas production figures; (5) Debt reduction progress; (6) Q4 dividend announcement.

MODULE 5 — COMPETITIVE POSITION (VEDANTA)

Vedanta is UNIQUE among Indian metals stocks — it is the ONLY diversified multi-commodity resources play available. Its closest global peers are Glencore (UK-listed) or Anglo American rather than pure-play Indian aluminium stocks like NALCO or Hindalco. Key competitive advantages:

- Hindustan Zinc (64.9% owned): World's largest integrated zinc-silver producer. Generates ~₹15,000+ Cr EBITDA/year. Silver at all-time highs in 2026.
- Cost curve positioning: Targeting to bring aluminium smelting to FIRST DECILE of global cost curve by FY28
- Diversification: The only single stock in India covering zinc + silver + aluminium + copper + oil & gas + iron ore + steel + power
- Critical minerals: KABIL partnerships for lithium/cobalt in Australia; semiconductor ambitions (display glass, chip manufacturing in partnership with Foxconn-related entities)
- DEMERGER CATALYST: Each pure-play entity post-split should trade at higher peer multiples vs conglomerate discount

SWOT — Vedanta

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • India's only multi-commodity resources giant • HZL = monopoly zinc-silver position in India • Record FY26 earnings — massive cash generation • India's top dividend payer (~5-7% yield) • Demerger unlocks pure-play valuations • \$20B capex pipeline across all segments 	<ul style="list-style-type: none"> • Promoter (VRL) debt B+/B1 rated • Promoter stake declining (-13.3% over 3 years) • Complex governance structure • Oil & Gas in natural decline • Conglomerate discount on valuation • High debt: ₹80,709 Cr gross
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Silver at all-time high — HZL re-rating potential • Demerger sum-of-parts value unlock • Aluminium reaching cost efficiency by FY28 • Critical minerals (lithium, cobalt, gallium) • India EV + infra megatrends across all metals • \$20B capex creating future earnings growth 	<ul style="list-style-type: none"> • Commodity price collapse (all 8+ sectors hit at once) • Promoter debt refinancing risk at VRL level • Regulatory scrutiny across multiple sectors • Chinese oversupply in zinc + aluminium • ESG funds avoiding high-emission conglomerates • Demerger execution failure risk

MODULE 6 — TECHNICAL ANALYSIS (VEDANTA)

Current price: ~₹700–₹710. 52-week high: ₹769.80 (Jan 29, 2026 ATH). 52-week low: ₹363.00. The stock has rallied ~90%+ from 52-week low. Currently pulling back from ATH, similar pattern to Hindalco.

Indicator	Reading	Signal	Interpretation
200-DMA	~₹520–₹540	STRONG BUY	Stock far above 200-DMA; long-term uptrend intact
50-DMA	~₹650–₹670	BUY	Price above 50-DMA; medium trend constructive
Support 1	₹660–₹680	Key zone	Prior breakout + round number; expect buying here
Support 2 (critical)	₹600–₹620	STOP region	50-DMA + key Fibonacci level; breakdown is bearish
Resistance	₹750–₹770 (ATH)	Sell zone	ATH zone; re-test may face profit taking

Technical Rating: BUY (medium/long term). Near-term: Neutral — ATH pullback. Suggested entry: ₹660–₹700 range. Stop-loss: ₹595 (hard break below 50-DMA). Targets: ₹770 (ATH retest), ₹840 (bull case per BofA).

MODULE 7 — DIVIDEND STRATEGY (VEDANTA)

Vedanta is the ONE stock in this trio that suits income investors. FY2025 total dividend: ₹46/share. FY2026 YTD: ₹23/share. Estimated full FY26: ₹34/share (Citi). Yield at ₹700: ~4.9%.

FY2022	FY2023	FY2024	FY2025
₹45.5/share	₹101.5/share	₹29.5/share	₹46/share

Dividend source: ~40% from HZL dividends (Vedanta holds 64.9% of HZL); ~30% from oil & gas cash flows; ~30% from aluminium and copper. Post-demerger, each entity declares its own dividend — income investors will hold 5 dividend streams per current share. Dividend safety score: 7/10 (sustainable while commodity prices remain elevated; risk if prices fall sharply). **IMPORTANT:** Vedanta uses dividends partly to service Vedanta Resources (promoter) parent debt — this dependency is a long-term structural consideration.

MODULE 8 — QUANTITATIVE PATTERN ANALYSIS (VEDANTA)

- Beta: ~1.3–1.5 — very high; moves 1.3-1.5x the Nifty on both sides
- Seasonal pattern: Tends to rally pre-dividend announcement (4 times a year); metal sector rally typically Nov-Feb
- Correlation: Highest correlation with LME Zinc + Silver prices; secondary correlations with LME Al, Brent crude
- HZL dividend catalyst: When Hindustan Zinc announces dividends (extracted via HZL parent), Vedanta stock rallies sharply
- Promoter activity: Watch for VRL (parent) pledging/deleveraging news — material sentiment driver
- Institutional ownership: 35 MFs added in April 2025; net buying trend is positive
- Options activity: Heavy F&O participation; large open interest; stock used as a proxy for entire metals basket
- Demerger play: Stock may see 'buy the rumour, sell the news' around actual listing dates of new entities

MODULE 9 — MACRO IMPACT REPORT (VEDANTA)

Macro Factor	Current	Impact	Commentary
Silver Prices	At all-time highs (2026)	▲▲ VERY POS	HZL silver output growing; silver scarcity narrative intact
Zinc LME Price	~\$2,900-3,000/t	▲ POSITIVE	HZL is margin-leveraged to zinc; every \$100/t = ~₹500 Cr EBITDA swing
LME Aluminium	~\$2,600–2,800/t	▲ POSITIVE	Vedanta targeting cost leadership by FY28; margin expansion ahead
USD / INR	INR ~₹84-85/USD	↔ MIXED	Most revenues USD-linked (exports); debt also in USD — partial hedge
India GDP Growth	~7% FY26	▲ POSITIVE	Strong metals demand across all segments: Al, Cu, Zn, Fe
US Metal Tariffs	25-50% Al tariffs (Trump)	↔ MIXED	Limited Vedanta USA direct exposure; global Al price lift is net positive

PART 2: NATIONAL ALUMINIUM COMPANY (NSE: NATIONALUM)

MODULE 1 — EQUITY SCREENING FRAMEWORK (NALCO)

1.1 Company Overview

National Aluminium Company Limited (NALCO) is a Navratna Central Public Sector Undertaking (CPSE) under India's Ministry of Mines, incorporated in 1981 and headquartered in Bhubaneswar, Odisha. It is one of India's largest integrated bauxite-alumina-aluminium-power complexes, with the entire value chain under one roof: bauxite mining (Panchpatmali, Koraput) → alumina refining (Damanjodi) → aluminium smelting (Angul, 0.46 MTPA) → captive power (1,200 MW coal). It also exports alumina globally (Asia, Europe, Middle East) — ~50% of alumina output is sold externally.

KEY STRUCTURAL ADVANTAGE: NALCO is 51.28% Government of India-owned (as of 2025). This means: (1) Government backstop — zero insolvency risk; (2) Priority access to bauxite reserves; (3) Navratna status — autonomous capital allocation; (4) ESG-aligned with India's national aluminium security strategy. The company achieved its HIGHEST-EVER revenue in FY2024-25 at ₹16,788 Cr.

1.2 P/E Analysis vs. Sector

Metric	NALCO	Hindalco	Vedanta	Assessment
P/E (TTM)	~10–12x	~12x	~18x	NALCO CHEAPEST on P/E vs sector
P/B Ratio	~2.5x	~1.55x	~6.07x	NALCO reasonable P/B for a debt-free PSU
EBITDA Margin	~45–50%	~13.7%	~41%	NALCO BEST margins — fully integrated, captive power
ROE	~23%	~12%	~30%+	NALCO strong ROE for zero-debt company
Dividend Yield	~4.5–5%	~0.54%	~4.9–7%	NALCO second-best income option

NALCO is at a 61% discount to sector median P/E per ValueResearch (as of late 2025). Antique Securities target: ₹261 (34% upside from ₹194 then). JM Financial: Buy, target ₹264. Systematix: target ₹275. Multiple analysts cite NALCO as undervalued relative to peers given its superior margins and debt-free status.

1.3 Revenue Growth — 5-Year Trend

FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
~₹8,400 Cr	~₹7,500 Cr	~₹12,200 Cr	~₹13,100 Cr	~₹14,800 Cr	₹16,788 Cr

Profit CAGR last 5 years: 108% (per Screener.in). Q3 FY26 (Dec 2025): Best-ever quarterly performance. Revenue ₹4,731 Cr (+1.47% QoQ, +13% YoY annualised); Net Profit ₹1,595 Cr. Revenue CAGR FY20-25: ~15%. FY26E annual revenue: ~₹18,000-19,000 Cr based on quarterly run rate.

1.4 Debt-to-Equity Health Check — THE STANDOUT

NALCO IS EFFECTIVELY DEBT-FREE. This is its single most defining financial characteristic versus ALL peers.

- Gross Debt: Near-zero / negligible
- Cash & Investments: ₹5,806 Cr operating cash flow in FY25 (up from ₹2,727 Cr prior year)
- Interest burden: Essentially nil — all profits flow to EBITDA/PAT directly
- Capital for expansion: ₹30,000 Cr capex plan to be funded via mix of internal accruals + debt (first time NALCO will take significant debt — this is important to watch)
- Credit profile: Government of India backing = effectively sovereign-level credit

1.5 Dividend Yield & Sustainability

Dividend Yield: ~4.5–5% (₹4.50 interim dividend declared Dec 2025; earlier ₹4 per share in Nov 2025). Payout ratio: ~46.8% — healthy, consistent, and sustainable. NALCO has maintained uninterrupted dividends for years as a Navratna PSU. Government of India receives ~51% of all dividends — so there is political incentive to maintain payouts. Dividend safety score: 9/10 — second only to pure-play cash generators. Income investors: NALCO is an excellent option for sustainable 4-5% yield with capital growth.

1.6 Competitive Moat Rating: MODERATE-STRONG

- PURE-PLAY ALUMINIUM: Unlike Vedanta (8 segments) or Hindalco (Al+Cu+global), NALCO is 100% focused on aluminium value chain
- LOWEST-COST ALUMINA PRODUCER: One of the lowest-cost alumina producers globally — captive bauxite + integrated refinery
- Government backing: Navratna PSU = access to government contracts, land, mineral blocks, PSU pricing advantages
- Zero debt: Balance sheet strength allows riding out commodity downturns without distress
- Strategic PSU status: Government prioritizes NALCO for critical aluminium security for defence, EVs, infrastructure
- LIMITATION: No global exposure — entirely India-dependent; no Novelis-type international platform
- LIMITATION: PSU dynamics — management decisions can be politically influenced; slower capital allocation

1.7 Bull/Bear Price Targets (12-Month)

Scenario	Target	Upside	Key Trigger
Bull Case	₹420–₹475	+17–33%	LME Al >\$3,000/t sustained, smelter expansion approved, Potangi mines started
Base Case	₹390–₹420	+10–18%	LME Al stable at \$2,600-2,800/t, FY26 record results sustained, expansion capex begins
Bear Case	₹270–₹300	-15 to -24%	LME Al <\$2,100/t sustained, alumina price drop, capex delays

Current price range: ~₹350-365. ATH: ₹431.60 (Jan 29, 2026). Analyst consensus is mostly Buy at various targets. Antique: ₹261 (older; now likely revised higher). JM Financial: ₹264 (older). Multiple newer targets in ₹390-475 range based on higher LME and record earnings.

1.8 Risk Rating: 4.5 / 10 (Low-Moderate) — SAFEST OF THE THREE

- Commodity risk: Full exposure to LME aluminium and alumina prices — but no debt amplifies the impact
- PSU risk: Slower decision-making vs private peers; management changes post government elections
- Capex execution: ₹30,000 Cr expansion is NALCO's first major capex cycle — execution risk is real
- Alumina price: Alumina price fell from \$585/t to \$340-350/t YoY — squeezing export margins; volume growth partially offsets

- US aluminium tariffs: Trump's 50% tariff on aluminium imports — limited direct impact (NALCO exports alumina, not finished Al to USA) but global price effects
- Power cost: ~35-40% of smelting cost; coal price spikes hurt margins
- NO promoter debt, NO governance complexity — these major Vedanta risks are absent here

MODULE 2 — DCF VALUATION (NALCO)**5-Year Revenue & FCF Projections**

Metric	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue (₹Cr)	18,500	20,000	22,500	27,000	32,000
EBITDA Margin	46%	44%	43%	45%	48%
EBITDA (₹Cr)	8,510	8,800	9,675	12,150	15,360
FCF (est. ₹Cr)	5,500	3,000*	1,500*	5,000	10,000

*FCF dips in FY27-FY28 as ₹30,000 Cr capex ramps (smelter + power plant). FY30+ FCF surges as new 0.5 MTPA smelter adds ~50% production capacity.

WACC: ~9.5–10.5% (lower than Vedanta/Hindalco — zero debt means no debt risk premium; government backing reduces equity risk premium). Terminal growth rate: 4.5% (India aluminium secular growth). DCF fair value range: ₹330–₹420. At current price ₹350–365: FAIRLY VALUED to modestly undervalued. Upside locked into capex execution (FY30 smelter doubles production = major re-rating event). Verdict: BUY for long-term (3-5 year) investors targeting the capex cycle payoff.

MODULE 3 — RISK ASSESSMENT (NALCO)

Risk Factor	Probability	Impact	Mitigation / Comment
LME aluminium price drop	Medium	High	Biggest risk; every \$100/t Al move = ~₹500-700 Cr annual revenue change. Zero debt acts as buffer.
Alumina price collapse	Already happened	Medium	Alumina already dropped from \$585 to \$340-350/t YoY; volume growth (alumina +20% YoY) is compensating
₹30,000 Cr capex execution	Medium	Medium	NALCO's first major capex cycle. Mines Secretary already reviewing timelines; government oversight helps
PSU management changes	Low-Med	Low-Med	CMD changes common in PSUs every 3-5 years; Navratna autonomy provides continuity
Coal / energy cost spike	Low-Med	Medium	NALCO has 1,200 MW captive coal power + own Utkal D/E coal mines; partially insulated
Promoter debt / governance	NOT APPLICABLE	ZERO	Government of India is majority owner — no promoter debt risk whatsoever

Recession stress test: In a global recession (LME Al -30%): Revenue decline ~25-30%. EBITDA decline ~40-45%. Estimated peak drawdown: -35 to -45%. HOWEVER — unlike Vedanta, NALCO has no debt to service during a downturn. It can sustain operations for years even in a severe downturn.

MODULE 4 — EARNINGS ANALYSIS (NALCO)

Quarter	Revenue	Net Profit	YoY Profit	Notes
Q1 FY26	₹3,928 Cr	₹1,049 Cr	+78% YoY	Strong LME Al tailwind; dividend declared
Q2 FY26	₹4,662 Cr	₹1,430 Cr	+36.7% YoY	Record quarterly: op. margins 45%; alumina vol +20%
Q3 FY26 ★	₹4,731 Cr	₹1,595 Cr	+1.84% QoQ	BEST EVER physical + financial performance in Q3 and 9M FY26. Metal vol +3.5%; alumina +20%

Q4 FY26 results: Expected April-May 2026. Watch: Potangi bauxite mines commissioning (June 2026 target); 5th stream alumina refinery progress; capex DPR approval; FY26 full-year dividend total.

MODULE 6 — TECHNICAL ANALYSIS (NALCO)

Current price: ~₹350–₹365. ATH: ₹431.60 (Jan 29, 2026). 52-week low: ₹140 (April 7, 2025). Incredible 1-year rally of +150%+ from 52-week low. The stock ran up massively driven by LME aluminium surge past \$3,000/t and China removing export rebates. Now consolidating post-ATH.

Level	Price	Signal	Notes
ATH Resistance	₹431	Break = STRONG BUY	Needs volume + LME AI support
Resistance	₹390–₹400	Watch zone	Near-term ceiling for bulls
Current range	₹350–₹370	BUY ZONE	Good entry for long-term investors at these levels
Support 1	₹320–₹330	Strong support	50-DMA region; add more here
Stop-Loss	₹290	Exit if broken	Below 200-DMA; trend reversal signal

Technical Rating: BUY on pullbacks to ₹320-350. Entry at ₹350-365 offers ~20% upside to analyst base case targets with limited downside (fundamental floor at ~₹300 given zero debt + consistent earnings). Beta ~1.1-1.2 (slightly lower than Vedanta's 1.3-1.5).

MODULE 7 — DIVIDEND (NALCO) | MODULE 8 — QUANT | MODULE 9 — MACRO

Dividend Profile

Dividend yield: ~4.5–5%. FY26 declared so far: ₹4.0 (Nov 2025, Q2 interim) + ₹4.50 (Jan 2026, Q3 interim) = ₹8.50 so far. Payout ratio: ~46.8% historically. Government receives 51%+ of every dividend payout — highly motivated to maintain. NALCO is consistently among India's top PSU dividend payers. Dividend safety: 9/10 — backed by Government of India + debt-free + growing earnings.

Quantitative Patterns (NALCO)

- Beta: ~1.1–1.2 — moderate; less volatile than Vedanta or Hindalco
- LME aluminium correlation: Very high — NALCO is the purest proxy for LME AI price in India
- China alumina policy sensitivity: When China removed export rebates (Oct 2024), NALCO surged 10%+ in days
- Seasonal: Strong performance typically Nov-Feb (infrastructure/budget cycle); weaker June-Aug
- Institutional ownership: ~25% — moderate; growing DII buying as PSU reform narrative gains traction
- PSU reform catalyst: Any news of Navratna → Maharatna upgrade would be a catalyst (management is targeting this)
- Gallium extraction: Alumina refinery gallium extraction project with BARC — critical mineral upside optionality

Macro Impact (NALCO)

Factor	Status	Impact	Detail
LME AI Price	~\$2,600-2,800/t	▲▲ CRITICAL	This is NALCO's #1 earnings driver. Every \$50/t = ~₹200 Cr annual impact
China Policy on Aluminium	Export rebates removed	▲ POSITIVE	China removing rebates boosted global AI prices; NALCO direct beneficiary
India Budget / Infra	Strong NIP investment	▲ POSITIVE	Construction + power + EVs are India's top AI demand drivers
US AI Tariffs	50% (Trump)	▲ INDIRECT POS	Limited direct impact; global AI price support is net positive for NALCO
Alumina Global Price	~\$340-350/t (down from \$585)	▼ NEGATIVE	Biggest headwind — export alumina margins compressed; volume growth partially offsets

THE VERDICT: HEAD-TO-HEAD COMPARISON**HINDALCO vs VEDANTA vs NALCO — WHICH ONE TO PREFER?**

After applying all 9 institutional analysis frameworks, here is the comprehensive head-to-head scorecard:

PARAMETER	HINDALCO	VEDANTA	NALCO
Business Quality	★★★★★	★★★★★	★★★★★
	Global scale, Novelis moat	Diversified, HZL crown jewel	Pure-play Al, Govt backing
Valuation (Cheapness)	★★★★★	★★★★★	★★★★★
	12x P/E; cheapest vs peers	18x P/E; fair on SOTP basis	10-12x P/E; 61% disc. to sector
Earnings Growth	★★★★★	★★★★★	★★★★★
	FY27-28 inflection on Novelis	+61% PAT YoY Q3FY26; record	+108% profit CAGR 5 yrs
Balance Sheet Safety	★★★★★	★★★★★	★★★★★
	D/E 0.51x; manageable	₹80,709 Cr gross debt; VRL B+	DEBT FREE + Govt backing
Dividend Income	★★★★★	★★★★★	★★★★★
	0.54% yield — growth stock	5-7% yield; 'Dividend King'	4.5-5% yield; govt-backed
Catalyst / Upside Story	★★★★★	★★★★★	★★★★★
	Novelis recovery + Bay Minette	Demerger unlock + silver ATH	Smelter expansion + Maharatna
Risk Level	6 / 10	7 / 10	4.5 / 10
	Novelis fire; commodity cycle	Promoter debt; 8+ commodities	Lowest risk; Govt backed; no debt
Suitable For	Growth investors, 3-5 yr	Income + Growth, high risk ok	Conservative + income investors

★ THE FINAL VERDICT ★**IF YOU CAN ONLY CHOOSE ONE: NALCO (NATIONALUM)**

Best Risk-Adjusted Return, Debt-Free, Government Backing, High Yield, Cheapest Valuation

THE REASONING — WHY NALCO WINS THE HEAD-TO-HEAD FOR A RETAIL INVESTOR:

- LOWEST RISK (4.5/10) with HIGHEST MARGIN (45-50% EBITDA):** NALCO is debt-free — so even if aluminium prices fall 20-30%, NALCO can survive indefinitely without financial distress. Vedanta carries ₹80,000+ Cr in debt and has promoter-level B-rated bonds. Hindalco has Novelis fire risk + ₹56,000 Cr consolidated debt. For a retail investor, balance sheet safety is paramount.
- CHEAPEST VALUATION:** At ~10-12x P/E with the HIGHEST EBITDA margins (45-50%) in the sector, NALCO is significantly mispriced. It trades at a 61% discount to sector median P/E despite generating better margins than peers. This discount reflects PSU stigma rather than business quality — a common alpha opportunity.

3. **GOVERNMENT OF INDIA BACKING:** As a Navratna PSU, NALCO has zero insolvency risk, priority access to mineral blocks, and the government's own interest in maintaining dividends. This is a risk floor that private companies simply cannot offer.

4. **4.5-5% DIVIDEND YIELD + GROWTH:** NALCO gives you income comparable to Vedanta's famous dividend, but with a debt-free balance sheet. You earn while you wait for the expansion story to play out. Vedanta's dividend, while higher, comes with promoter debt risk that adds uncertainty.

5. **MASSIVE STRUCTURAL CATALYST:** The ₹30,000 Cr smelter + power plant expansion (FY27-FY30) will approximately DOUBLE aluminium production capacity by FY30. This is a generational transformation of the company. In FY30, NALCO's revenue could be ₹30,000-35,000 Cr vs ₹17,000 Cr today — a potential 2x re-rating. Retail investors who buy now are buying the expansion cycle early.

6. **PURE PLAY ALUMINIUM:** Unlike Vedanta (8 segments) or Hindalco (Al+Cu+global), NALCO lets you make a clear, targeted bet on aluminium — India's domestic growth story, EV demand, infrastructure. No cross-contamination from oil decline (Vedanta) or copper TC/RC compression (Hindalco).

HOWEVER — here is the honest nuance:

VEDANTA is the choice IF: You want the highest near-term income (5-7% yield), you can handle high risk, and you believe the demerger will successfully unlock sum-of-parts value. The demerger is potentially the single most powerful near-term catalyst in the Indian metals space. If you can handle volatility, Vedanta could give a 20-30%+ return from the demerger alone.

HINDALCO is the choice IF: You want the best global business quality (Novelis is world-class), you're a long-term 5-year investor, and you believe the Bay Minette ramp + Novelis Oswego recovery will play out. The business is simply higher quality than both NALCO and Vedanta on a standalone operational basis.

NALCO is the choice IF: You want the best RISK-ADJUSTED return with dividend income, you want the safest exposure to aluminium, and you're willing to wait 2-3 years for the capex story to pay off. It's the 'sleep at night' option.

IF YOU WANT TO OWN ALL THREE	Suggested Allocation	Rationale
NALCO (NATIONALUM)	40-50%	Core holding — safety anchor, income, cheapest valuation, govt-backed, expansion story
HINDALCO	30-35%	Quality holding — best business globally; Novelis recovery = earnings inflection; Bay Minette
VEDANTA (VEDL)	20-25%	Tactical / Income holding — demerger catalyst + highest dividend yield; higher risk offset by small allocation

This allocation gives you: Highest-quality business (Hindalco), Safest income + growth (NALCO), and Best near-term demerger catalyst (Vedanta) — all while keeping aggregate portfolio risk manageable.

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