

Stable quarter

2 June 2025

NLC India (NLC IN) reported an 8% YoY increase in revenue to INR 38bn in FY25, driven by a 9% rise in power generation revenue to INR 33bn, although mining revenue declined 8% YoY to INR 19.6bn. EBITDA rose 43% YoY to INR 8.6bn. However, higher depreciation, up 26% YoY, and interest expenses, up 63% YoY, led to a 79% YoY decline in PBT before regulatory income to INR 915mn. Operationally, power generation rose 2.8% YoY to 28BU while coal and lignite production grew 36.0% YoY and 1.6% YoY, respectively. NLC incurred INR 77bn in capex, up 81% YoY, commissioned 660MW Unit 1 of the Ghatampur thermal plant, and targets commissioning Units 2 & 3 by July and October 2025, respectively. Regulated equity currently stands at INR 97.1bn and is projected to double to ~INR 183.2bn by FY30. We retain **Buy** with a TP of INR 320.

Top line increases 8% YoY; PAT robust on higher regulatory income: Revenue increased 8% YoY INR 38bn. Revenue from generation rose 9% YoY to INR 33bn; however, revenue from mining declined 8% YoY to INR 19.6bn. Employee expenses went up 57% YoY to INR 11bn. EBITDA jumped 43% YoY to INR 8.6bn. Depreciation surged 26% YoY to INR 5.8bn. Interest expense increased 63% YoY to INR 3.3bn. Profit before tax and interest before adjusting for regulatory income declined 79% YoY to INR 915mn. This was on account of lower Other income and increased finance cost.

Power generation increases 2.8%; lignite production up by 1.6% in FY25: Power generation increased 2.8% YoY to 28BU in FY25. It has achieved the highest-ever coal production of 17.2mn tonne, up 36% YoY growth. Lignite production rose 1.6% YoY to 24mn tonne. NLC has incurred a capex of INR 77bn in FY25, growth of 81% YoY over the past year.

Capacity expansion plans: NLC had commissioned the 600MW Ghatampur thermal plant Unit 1 in Q3FY25. Total installed capacity currently stands at 6,731MW. The company plans to commission units 2 & 3 of the Ghatampur thermal plant by July 2025 and October 2025, respectively. South Pachwara coal block will start operations by July 2025. The first unit of Talabira thermal project will be commissioned in March 2029, and the next two units will be commissioned after a gap of six months. Current regulated equity stands at INR 97,130mn, which includes INR 62,610mn for thermal and INR 34,520mn for mines. Regulated equity is likely to reach INR 183,200mn by FY30.

Retain Buy with a TP of INR 320: We expect a revenue CAGR of 14%, an EBITDA CAGR of 25% and a PAT CAGR of 14% during FY24-27E. We introduce FY28E earnings. We reiterate **Buy** with a TP of INR 320. We value the regulated thermal business at 1.8x FY30E P/BV discounted to FY27E and the regulated mining business at 1.8x FY30E P/BV discounted to FY27E. We ascribe the RE business value of 12x FY27E EV/EBITDA and the merchant coal business of 4x FY27E EV/EBITDA.

Key financials

YE March	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	130,013	152,830	179,348	190,949	204,599
YoY (%)	(19.6)	17.5	17.4	6.5	7.1
EBITDA (INR mn)	35,358	48,402	58,899	68,468	75,590
EBITDA margin (%)	27.2	31.7	32.8	35.9	36.9
Adj PAT (INR mn)	18,676	20,193	23,687	27,968	29,209
YoY (%)	29.8	8.1	17.3	18.1	4.4
Fully DEPS (INR)	13.5	14.6	17.1	20.2	21.1
RoE (%)	10.1	9.8	10.3	11.0	10.4
RoCE (%)	4.2	6.9	8.1	8.5	8.0
P/E (x)	17.9	16.6	14.2	12.0	11.5
EV/EBITDA (x)	16.6	12.2	10.0	8.6	7.8

Note: Pricing as on 30 May 2025; Source: Company, Elara Securities Estimate

Rating: [Buy](#)

Target Price: [INR 320](#)

Upside: [32%](#)

CMP: [INR 242](#)

As on 30 May 2025

Key data

Bloomberg	NLC IN
Reuters Code	NLCI.NS
Shares outstanding (mn)	1,387
Market cap (INR bn/USD mn)	335/3,916
EV (INR bn/USD mn)	588/6,876
ADTV 3M (INR mn/USD mn)	0/0
52 week high/low	312/186
Free float (%)	23

Note: as on 30 May 2025; Source: Bloomberg

Price chart



Source: Bloomberg

	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Shareholding (%)				
Promoter	72.2	72.2	72.2	72.2
% Pledge	0.0	0.0	0.0	0.0
FII	2.2	2.5	2.9	2.9
DII	18.1	18.7	18.8	18.9
Others	7.5	6.6	6.1	6.0

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	11.9	2.0	9.9
NLC India	16.8	(6.6)	2.2
NSE Mid-cap	15.9	0.5	8.7
NSE Small-cap	21.6	(5.6)	7.7

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	130,013	152,830	179,348	190,949	204,599
Gross Profit	114,963	131,981	149,988	163,413	177,675
EBITDA	35,358	48,402	58,899	68,468	75,590
EBIT	17,109	29,560	38,461	45,842	48,824
Interest expense	8,493	9,318	9,445	11,119	12,447
Other income	20,200	16,727	2,343	2,343	2,343
PBT	28,816	36,969	31,360	37,067	38,721
Tax	10,143	9,836	7,675	9,102	9,515
Minority interest/Associates income	3	2	3	3	3
Reported PAT	18,676	27,136	23,687	27,968	29,209
Adjusted PAT	18,676	20,193	23,687	27,968	29,209
Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	165,311	187,230	208,837	234,725	261,854
Minority Interest	28,352	32,218	32,218	32,218	32,218
Trade Payables	15,200	18,980	24,568	26,157	28,027
Provisions & Other Current Liabilities	70,259	83,201	88,125	95,293	103,157
Total Borrowings	223,795	223,921	264,447	311,323	348,507
Other long term liabilities	46,503	32,965	36,277	39,972	44,098
Total liabilities & equity	549,418	578,514	654,473	739,688	817,860
Net Fixed Assets	230,632	303,891	340,641	377,091	446,091
Intangible assets	2,287	2,126	2,126	2,126	2,126
Business Investments / other NC assets	205,228	187,588	225,723	249,222	227,837
Cash, Bank Balances & treasury investments	7,456	3,197	(21,820)	(8,646)	15,148
Inventories	14,836	19,127	23,284	25,835	25,894
Sundry Debtors	37,716	31,415	48,694	51,679	51,798
Other Current Assets	51,263	31,171	35,825	42,381	48,966
Total Assets	549,418	578,514	654,473	739,688	817,860
Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	57,194	59,157	45,566	67,913	81,330
Capital expenditure	(32,478)	(48,968)	(73,147)	(59,790)	(47,428)
Acquisitions / divestitures	0	(2)	-	-	-
Other Business cashflow	965	(5,054)	(26,438)	(28,625)	(32,765)
Free Cash Flow	25,681	5,133	(54,019)	(20,503)	1,137
Cashflow from Financing	(20,740)	(9,391)	29,002	33,677	22,657
Net Change in Cash / treasury investments	4,941	(4,259)	(25,017)	13,174	23,794
Key assumptions & Ratios (%)	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share (INR)	1.5	1.5	1.8	2.1	2.2
Book value per share (INR)	119.2	135.0	150.6	169.3	188.8
RoCE (Pre-tax)	4.2	6.9	8.1	8.5	8.0
ROIC (Pre-tax)	4.2	7.0	8.0	8.2	8.0
ROE	10.1	9.8	10.3	11.0	10.4
Asset Turnover	0.6	0.6	0.6	0.5	0.5
Net Debt to Equity (x)	1.3	1.2	1.4	1.4	1.3
Net Debt to EBITDA (x)	6.1	4.6	4.9	4.7	4.4
Interest cover (x) (EBITDA/ int exp)	4.2	5.2	6.2	6.2	6.1
Total Working capital days (WC/rev)	64.6	(44.6)	(58.7)	(20.1)	19.6
Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	17.9	16.6	14.2	12.0	11.5
P/Sales (x)	2.6	2.2	1.9	1.8	1.6
EV/ EBITDA (x)	16.6	12.2	10.0	8.6	7.8
EV/ OCF (x)	10.3	9.9	12.9	8.7	7.2
FCF Yield	4.4	0.9	(9.2)	(3.5)	0.2
Price to BV (x)	2.0	1.8	1.6	1.4	1.3
Dividend yield (%)	0.6	0.6	0.7	0.9	0.9

Note: Pricing as on 30 May 2025; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly Financials

YE March (INR mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Q4FY25E	Variance (%)
Net Sales	38,360	35,406	8.3	44,115	(13.0)	36,498	5.1
Total Expenditure	29,746	29,385	1.2	25,877	15.0	25,577	16.3
Cost of fuel consumed	5,141	4,358	17.9	5,268	(2.4)	3,923	31.1
Employee Expenses	10,936	6,946	57.4	6,566	66.6	6,655	64.3
Other Expenses	16,214	20,108	(19.4)	14,149	14.6	15,000	8.1
EBITDA	8,614	6,022	43.0	18,238	(52.8)	10,921	(21.1)
EBITDA Margin (%)	22	17	0.0	41	0.0	30	
Depreciation	5,805	4,624	25.6	4,579	26.8	6,529	(11.1)
EBIT	4,167	6,337	(34.2)	18,552	(77.5)	8,892	(53.1)
EBIT Margin (%)	11	18	0.0	42	0.0	24	
Interest	3,253	1,992	63.3	2,366	37.5	3,200	1.6
Other Income	1,359	4,939	(72.5)	4,893	(72.2)	4,500	(69.8)
PBT	915	4,347	(78.9)	16,187	(94.3)	5,692	(83.9)
Movement in Reg. Def Ac	8,206	(2,691)	(404.9)	(7,889)	(204.0)	-	
Tax Expense	4,437	517	759.1	1,338	231.6	1,423	211.8
PAT	4,685	1,140	311.1	6,960	(32.7)	4,269	9.7

Source: Company, Elara Securities Estimate

Exhibit 2: Valuation

Segment	FY27E Regulated Equity (INR mn)	Stake (%)	P/BV (x)	Equity Value (INR mn)	Value/Share (INR)
Valued on P/BV					
Generation	93,018	100	1.8	167,433	120.7
Mining	49,909	100	1.8	89,836	64.8
NTPL	11,640	89	1.8	20,952	15.1
NUPPL	33,325	51	1.8	59,985	43.3
Valued on EV/EBITDA					
Valued on EV/EBITDA	FY27E EBITDA (INR mn)	EV/EBITDA (x)			
Merchant Coal	4,441		4	17,764	12.8
RE	16,801		12	88,330	63.7
Target Price					320

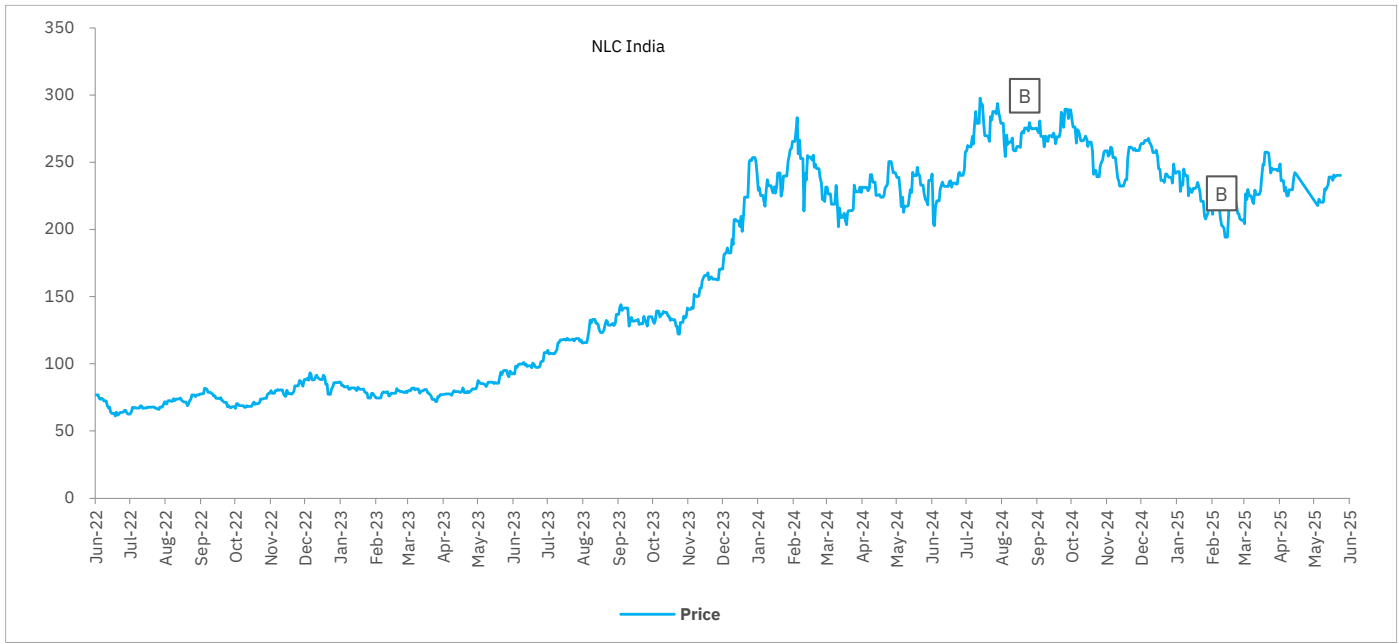
Source: Elara Securities Estimate

Exhibit 3: Change in estimates

(INR mn)	Old		New		% change		New
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY28E
Sales	174,869	188,876	179,348	190,949	2.6	1.1	204,599
EBITDA	46,862	52,751	58,899	68,468	25.7	29.8	75,590
PAT	25,978	26,928	23,687	27,968	(8.8)	3.9	29,209

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
23-Aug-2024	Buy	373	275
11-Feb-2025	Buy	320	203

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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