01st June 2026

NLC India Ltd.

BSE: 513683 | NSE: NLCINDIA

Recommendation	Time Period	Current Price	Target Price	Potential Upside
BUY	**12 months**	**348/-**	**400/-**	**15.0%**

Established in 1956, **NLC India Ltd. (NLCIL)** – a Navratna enterprise, is engaged in lignite/coal mining and power generation. Over the years, the company has diversified into renewable energy and coal mining. As a leading Central Public Sector Enterprise (CPSE), NLCIL plays a key role in meeting the electricity demands of multiple states, including Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Telangana, Rajasthan and the Union Territory of Puducherry and Andaman.

Key Investment Rationale:

- **Vision 2030:** The company plans to double its total mining capacity from 50.1 Million Tonnes per Annum (MTPA) as of FY25 to 104.4 MTPA by FY30 with a capex of Rs 14,199 cr. Lignite mining capacity is expected to increase from 30.1 MTPA to 41.4 MTPA, while Coal Mining capacity is set to rise ~3x from 20 MTPA currently to 62 MTPA, along with establishment of a 1 MTPA Critical Minerals mining capacity. With equal focus on the energy businesses, NLCIL plans to nearly double their Thermal power capacity to 10 GW by FY30 (capex of Rs 49,981 cr), while Renewable Energy capacity is planned to increase ~6x from 1.6 GW currently to 10 GW by FY30 (capex of Rs 41,599 cr). Additionally, NLCIL has earmarked Rs 11,101 cr in capex aimed at diversification projects such as Overburden to Sand (Rs 3 cr), Lignite & Coal Gasification (Rs 8,500 cr), EV charging station (Rs 1,275 cr) and other projects (Rs 1,323 cr).

- **Focus on Renewable Energy:** NLCIL's renewable portfolio is projected to scale to around 2 GW by FY26-end, followed by a rapid expansion to 8 GW by FY28 and 10 GW by FY30. The company has formed multiple state-level joint ventures with Rajasthan, Assam, Odisha, and Mahapreit to facilitate large-scale renewable development, while approximately 3 GW of capacity is already under construction. Crucially, a majority of the forthcoming capacity is expected to be secured under PPAs through competitive bidding or JV arrangements, which should mitigate offtake risk and enhance revenue visibility.

- **Operations at Pachwara Coal block commenced:** The Pachwara South Coal Block (9 MTPA capacity) commenced mining operations during Dec'25. At peak production, the block is expected to meet Ghatampur's annual coal requirement of ~6 MTPA. For now, production from the Pachwara block is expected to scale towards ~2 MTPA by FY27, while the balance coal requirement for Ghatampur shall be met via bridge linkage from Coal India Ltd.

- **Critical Minerals push:** The company secured two mineral blocks in Chhattisgarh (phosphate and limestone) and is actively pursuing critical mineral opportunities both domestically and internationally. These efforts are being advanced through MoUs with Indian Rare Earths Ltd (IREL) and Khanij Bidesh India Ltd (KABIL). In addition, a pilot plant is being developed in collaboration with the Bhabha Atomic Research Centre (BARC) for extracting rare earth elements from fly ash and is expected to become operational by 3QFY27.

- **Attractive Valuation:** During 4QFY26, the company reported Revenue/EBITDA/PAT growth of 31.5%/106.0%/216.2% respectively. At the CMP of Rs 348, the stock trades at FY27E/FY28E Bloomberg consensus EV/EBITDA multiple of 9.9x/9.2x respectively.

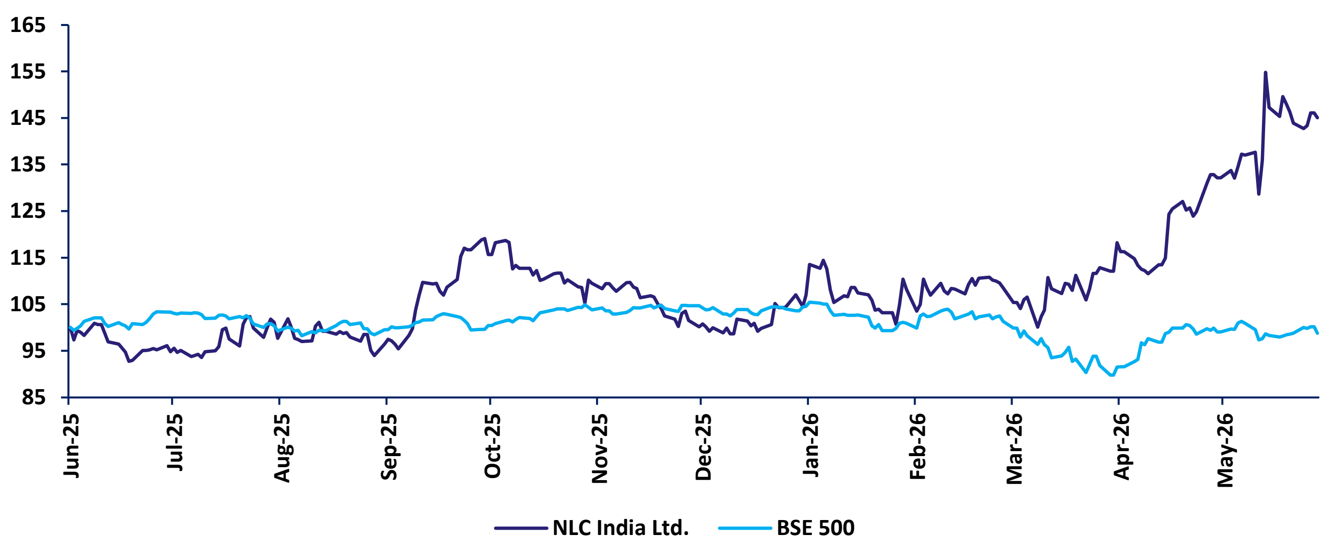
Key risks: Delay in execution and ramp-up of new capacities; Delay in recovery of dues from DISCOMS.

Financial Summary

Particulars (Rs cr)	FY25A	FY26A	FY27E	FY28E
Net Sales	15,322	17,490	21,594	22,961
EBITDA	4,747	5,588	7,944	8,584
Net Profit	2,550	3,522	3,482	3,751
EBITDA Margin (%)	31.0	31.9	36.8	37.4
EPS (Rs)	18.3	25.3	21.8	23.4
RoE (%)	13.6	16.4	12.7	12.2
P/E (x)	19.0	13.7	15.9	14.9
EV/EBITDA (x)	15.8	13.4	9.9	9.2

Source: Bloomberg Estimates

Stock Performance (1-year) – Indexed to 100



Source: Ace equity, SSL Research

Recommendation History

Date	Stock Price (Rs)	Target Price (Rs)	Recommendation	Status
04th May 2026	326.0	375.0	BUY	Booked Profit @Rs 375 on 14th May 2026

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