



Research Report

NLC India Ltd



Prepared By-

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About

NLC India is engaged in the business of mining of lignite and generation of power by using lignite as well as Renewable Energy Sources. The company operates 3 opencast lignite Mines at Neyveli, Tamil Nadu, and 1 opencast lignite Mine at Barsingsar, Rajasthan with a total mining capacity of 30.1 MTPA, it is also operates an open cast coal mine at Talabira in Odisha with an installed capacity of 20 MTPA. The capacity utilization of lignite mines was 87% in FY24 vs 82% in FY22.

Business Segments

- Power Generation - 86%- The company is operating 5 lignite based thermal power stations, 4 at Neyveli, Tamil Nadu and 1 at Barsingsar, Rajasthan, with an aggregate capacity of 3,640 MW.
- Mining - 19%- The company operates 3 opencast lignite Mines at Neyveli, Tamil Nadu, and 1 opencast lignite Mine at Barsingsar, Rajasthan with a total mining capacity of 30.1 MTPA

Synopsis of Financials

- Revenue from Operations: ₹7,033.32 Crore, up 12% YoY.
- Total Income: ₹8,010 Crore, up 20% YoY.
- Profit After Tax (PAT): ₹1,549 Crore, up 3% YoY.
- Market Price per share increased to ₹282.50 as of September 30, 2024, from ₹134.95 a year ago (109% growth).

Stock data (as 27th November 2024)

| | |
|------------------------|-------------------|
| Nifty Price | : 24,194 |
| 52 week High (in Rs.) | : 312 |
| 52 week Low (in Rs.) | : 160 |
| Market Cap. (in Crore) | : 35,942 |
| NSE Code | : <u>NLCINDIA</u> |

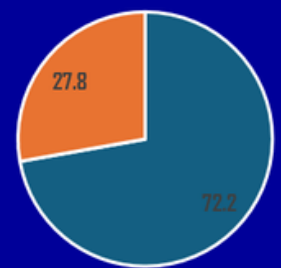
Stock data



-NIFTY50

-NLC Limited

Shareholding Pattern (September 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

| Particulars | March 2022 | March 2023 | March 2024 |
|------------------|------------|------------|------------|
| Sales | 12,070 | 16,165 | 12,999 |
| Sales Growth % | 21.48% | 33.92% | -19.59% |
| Expenses | 8,119 | 10,425 | 9,575 |
| Operating Profit | 3,951 | 5,740 | 3,424 |
| OPM % | 33% | 36% | 26% |
| Net Profit | 1,116 | 1,426 | 1,868 |
| EPS in Rs | 7.88 | 10.07 | 13.37 |

Quarterly Results



| Particular | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|
| Sales | 3,679 | 5,134 | 3,316 | 2,978 | 3,164 | 3,541 | 3,376 |
| Expenses | 3,957 | 3,898 | 2,123 | 2,143 | 2,260 | 3,208 | 2,294 |
| Operating Profit | -278 | 1,236 | 1,194 | 835 | 905 | 333 | 1,082 |
| OPM % | -8% | 24% | 36% | 28% | 29% | 9% | 32% |
| Other Income | 300 | 713 | 112 | 1,535 | 149 | 494 | 362 |
| Interest | 232 | 221 | 231 | 214 | 205 | 199 | 189 |
| Depreciation | 232 | 221 | 231 | 214 | 205 | 199 | 189 |
| Profit before tax | 616 | -670 | 1,256 | 614 | 1,701 | 402 | 165 |
| Tax % | 32% | -41% | 33% | 33% | 36% | 37% | 31% |
| Net Profit | 417 | -396 | 837 | 414 | 1,086 | 254 | 114 |

Source: Screener

Key Ratios

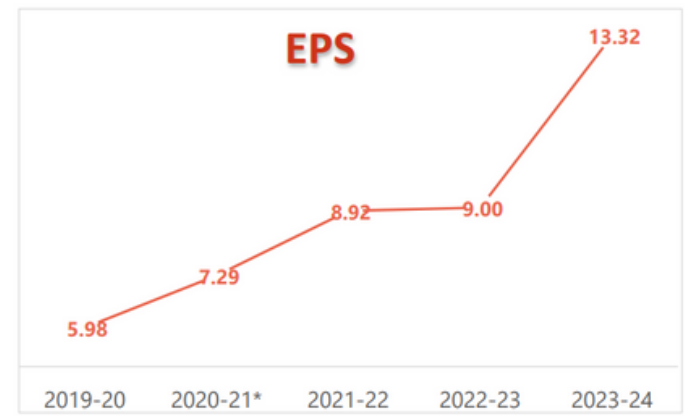
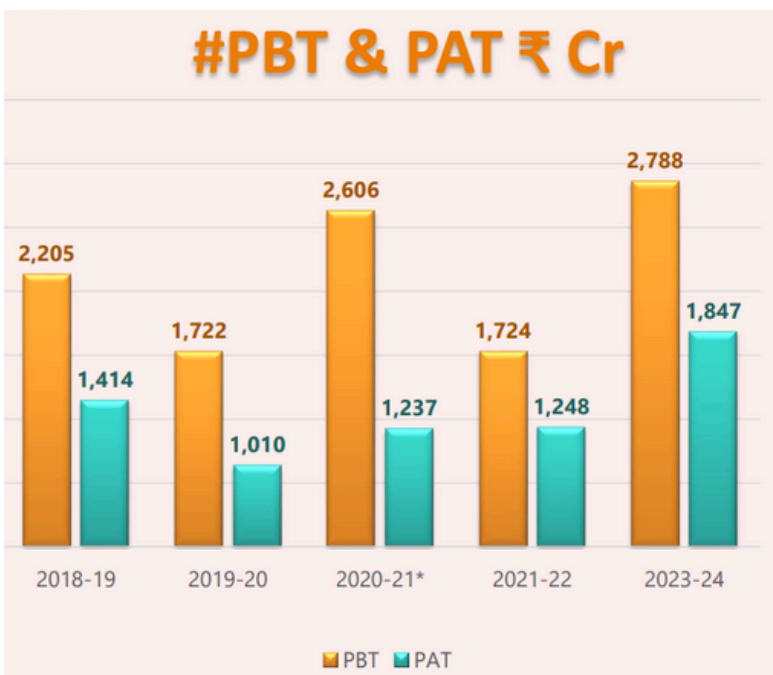
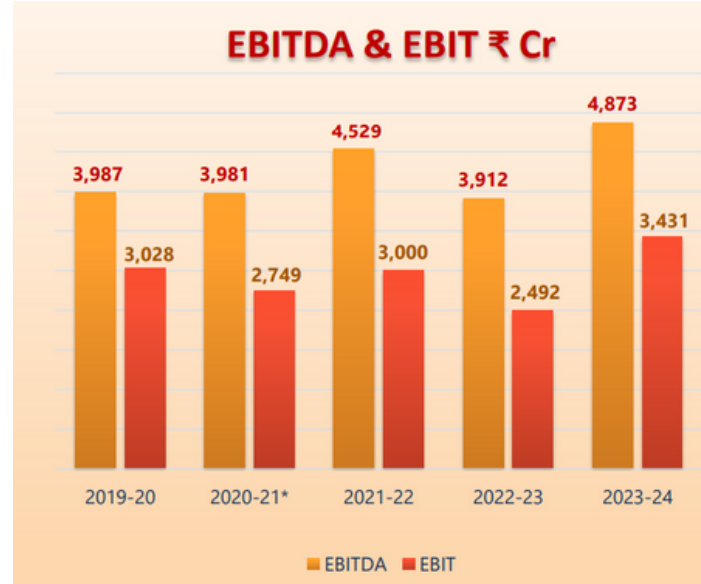
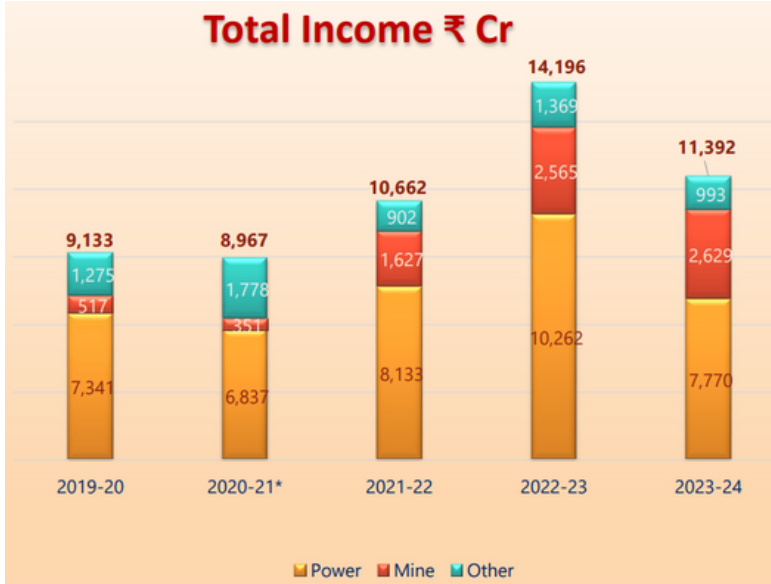
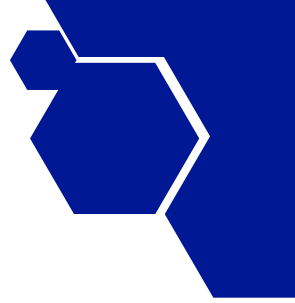
| Name of Ratio | FY 2023-24 | FY 2022-23 | Variation (%) |
|---------------------------------|------------|------------|---------------|
| Current Ratio | 1.65 | 1.92 | -14.06 |
| Debt - Equity Ratio | 0.50 | 0.64 | -21.88 |
| Interest Service Coverage Ratio | 7.58 | 5.18 | 46.33 |
| Inventory Turnover Ratio | 11.18 | 13.94 | -19.80 |
| Trade Receivable Turnover Ratio | 2.73 | 3.55 | -23.10 |
| Operating Margin | 22.30 | 11.73 | 90.11 |
| Net Profit Margin | 16.10 | 11.71 | 37.49 |

Source: Annual Report

Yearly Results

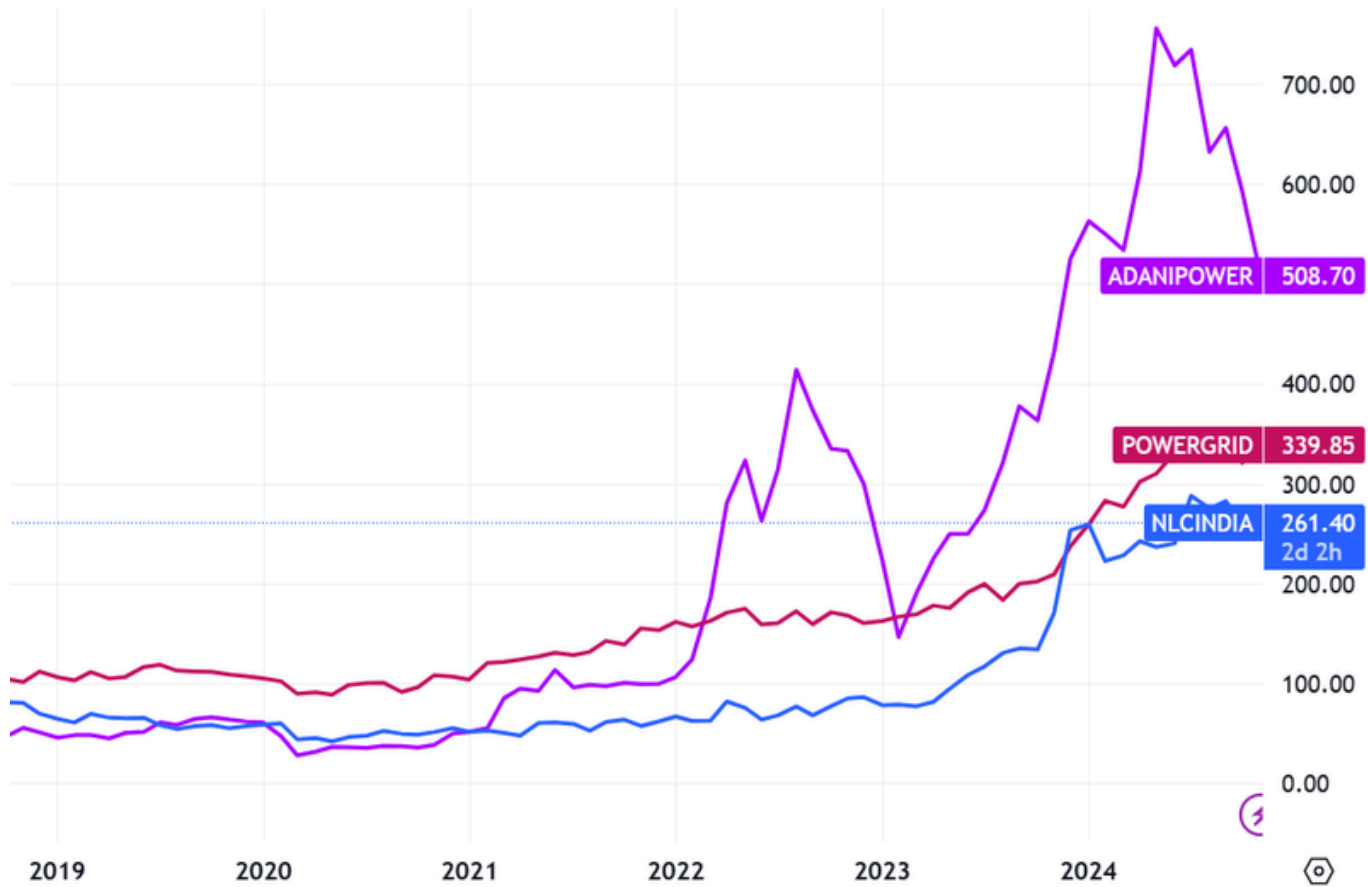
| Particulars | March 2022 | March 2023 | March2024 |
|-------------------|------------|------------|-----------|
| Equity Capital | 1,387 | 1,387 | 1,387 |
| Reserves | 12,803 | 13,782 | 15,144 |
| Borrowings | 22,086 | 22,333 | 22,415 |
| Other Liabilities | 13,542 | 15,605 | 16,043 |
| Total Liabilities | 49,818 | 53,107 | 54,989 |
| Fixed Assets | 24,875 | 24,058 | 23,391 |
| CWIP | 13,022 | 14,636 | 17,726 |
| Investments | 7 | 8 | 8 |
| Other Assets | 11,914 | 14,405 | 13,864 |
| Total Assets | 49,818 | 53,107 | 54,989 |

Revenue Highlights



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

| S.No. | Name | CMP Rs. | P/E | Mar Cap Rs.Cr. | Div Yld % | NP Qtr Rs.Cr. | Qtr Profit Var % | Sales Qtr Rs.Cr. | Qtr Sales Var % | ROCE % |
|-------|------------------|---------|--------|----------------|-----------|---------------|------------------|------------------|-----------------|--------|
| 1. | NTPC | 370.85 | 16.33 | 359600.88 | 2.12 | 5380.25 | 14.30 | 44696.30 | -0.64 | 10.47 |
| 2. | Power Grid Corpn | 339.45 | 20.06 | 315708.99 | 3.34 | 3793.02 | 0.31 | 11277.76 | 0.09 | 13.21 |
| 3. | Adani Power | 502.05 | 15.26 | 193637.68 | 0.00 | 3297.52 | -49.99 | 13338.88 | 2.68 | 32.25 |
| 4. | Adani Green | 983.55 | 120.78 | 155797.52 | 0.00 | 515.00 | -15.03 | 3055.00 | 37.61 | 9.65 |
| 5. | Tata Power Co. | 416.40 | 35.04 | 133053.89 | 0.49 | 1093.08 | 14.18 | 15697.67 | -0.26 | 11.13 |

Source: Screener

Final Outlook

NLCINDIA: Avoid | LTP: 260

Company profit after tax is increases by 31.03% from the year 2023, currently the P/E of the share is 17, which shows that the share is undervalued . ROCE of the company is 6.54% which is at a very lower side and also lower from their peers in the market, company ROE is also only 6% which also show poor financials, company is also lagging from their peers in terms of the financials number. Company majorly involved in the mining of the lignite and generate power from this which is not a very good source of power generation and also increase the expenses of the mining . Acoording to me company is showing profit but they are behind from their peers in every parameter so, i recommend to avoid buying the share for now.

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