

Coal India Limited

HOLD

Sector: Mining

04th March, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 393		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 360
Large Cap	COAL:IN	73,086	COALINDIA	533278	12 Months	Return	+9%

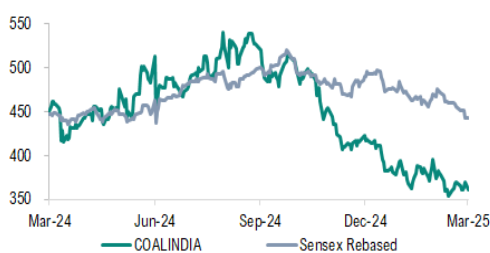
Data as of: 03-Mar-2025

Company Data	
Market Cap (Rs.cr)	222,043
52 Week High — Low (Rs.)	545 - 349
Enterprise Value (Rs. cr)	203,356
Outstanding Shares (cr)	616.3
Free Float (%)	37.0
Dividend Yield (%)	7.3
6m average volume (lacs)	82.5
Beta	0.9
Face value (Rs.)	10

Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	63.1	63.1	63.1
FII's	8.4	9.2	8.6
MFs/Institutions	23.2	22.6	22.6
Public	4.4	4.2	4.8
Others	0.9	0.9	0.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-14.6%	-30.6%	-19.6%
Absolute Sensex	-9.6%	-11.5%	-1.0%
Relative Return	-5.0%	-19.1%	-18.7%

*over or under performance to benchmark index



Y.E March (cr)	FY25E	FY26E	FY27E
Sales	143,138	150,755	160,768
Growth (%)	0.6	5.3	6.6
EBITDA	46,028	47,643	50,982
EBITDA Margin (%)	32.2	31.6	31.7
Adj. PAT	34,345	35,353	37,735
Growth (%)	-8.2	2.9	6.7
Adj. EPS	55.7	57.4	61.2
Growth (%)	-8.2	2.9	6.7
P/E	6.5	6.3	5.9
P/B	2.2	1.9	1.6
EV/EBITDA	4.4	4.2	3.9
ROE (%)	33.9	29.5	26.9
D/E	0.1	0.1	0.1

Growth mined out amid price pressures

Coal India Ltd. is the largest coal producer in the world, with output totalling 774 million tonne in fiscal 2024.

- Coal India's consolidated revenue fell 1.0% YoY in Q3FY25, to Rs. 35,780cr, mainly due to decline in coal prices and lower fuel supply agreement (FSA) volume sales.
- FSA sales fell 0.9% YoY to 170.77 MT on 1.2% YoY decline in prices to Rs. 1,514/tonne. In contrast, e-auction sales rose 22.1% to 19.24 MT, though prices declined 19.6% to Rs. 2,671/tonne, and washed coal sales rose 23.3% to 4.13 MT, though prices fell 20.3% to Rs. 3,285/tonne.
- Other operating income rose 8.8% YoY to Rs. 3,421cr, including gain of Rs. 40cr from the rail line at Mahanadi Coalfields Ltd's (MCL) Basundhara area and Central Coalfields Ltd's (CCL) reclassification of Rs. 42cr in mileage and siding user charges.
- EBITDA decreased 5.0% YoY to Rs. 12,317cr and EBITDA margin narrowed 150bps YoY to 34.4% in Q3FY25, mainly on account of lower price realisation, and increase in cost of materials consumed (+6.4% YoY) and contractual expense (+17.4% YoY), with a further rise offset by lower employee benefit expenses (-3.0% YoY).
- Stripping activity adjustment for 9MFY25 was *negative* Rs. 6,171cr, a 34% YoY increase in absolute terms, mainly owing to a favourable stripping ratio. The adjustment for Q3FY25 was *negative* Rs. 1,912cr, an 85% increase in absolute terms.

Outlook & Valuation

Coal India's Q3FY25 results were moderate, buoyed by improving stripping activity, optimisation of operations and uptick in domestic power demand. Going forward, efforts to expand operations, including exploring coal gasification projects and renewable energy, are expected to drive growth. Also, despite recent challenges, improvement in e-auction sales and rising power demand are positive indicators. The company's stock has corrected recently, pricing in weak volumes. **Therefore, we downgrade our rating to HOLD with a revised target price of Rs. 393, based on 4.4x FY27E EV/EBITDA.**

Quarterly Financials Consol.

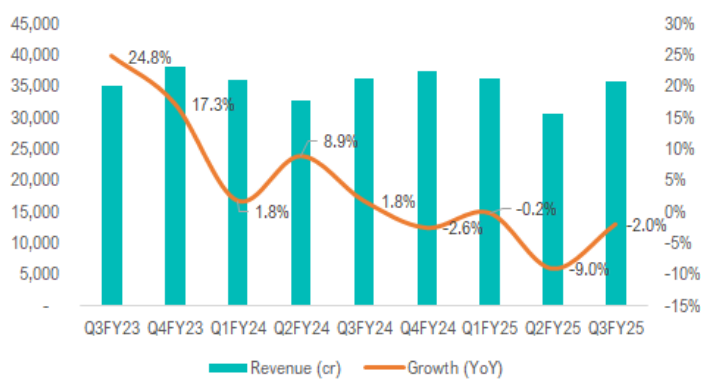
Rs.cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Sales	35,780	36,154	-1.0	30,673	16.6	102,917	104,914	-1.9
EBITDA	12,317	12,971	-5.0	8,617	42.9	35,273	36,584	-3.6
Margin (%)	34.4	35.9	-150bps	28.1	630bps	34.3	34.9	-60bps
EBIT	9,804	11,248	-12.8	6,719	45.9	28,909	31,741	-8.9
PBT	11,792	13,510	-12.7	8,153	44.6	34,093	37,231	-8.4
Rep. PAT	8,491	10,292	-17.5	6,275	35.3	25,710	28,839	-10.9
Adj. PAT	8,506	10,267	-17.2	6,289	35.2	25,048	27,595	-9.2
Adj. EPS (Rs)	13.8	16.7	-17.2	10.2	35.2	41.8	46.8	-10.7



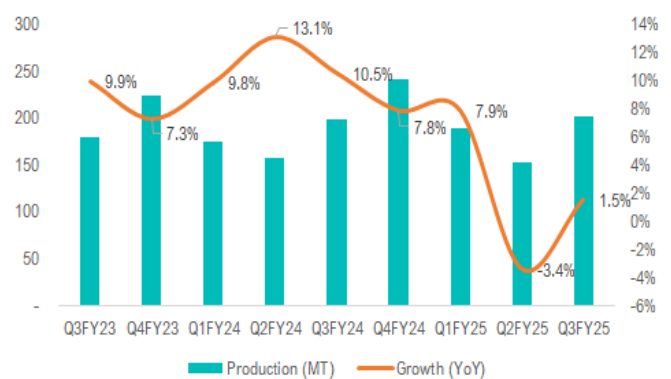
Key Highlights

- Total coal production was 202.02 MT in Q3FY25, which was a 1.5% rise from 198.99 MT in Q3FY24. The increase in production was led by subsidiaries CCL, MCL, Eastern Coalfields Ltd, Northern Coalfields Ltd (NCL) and North Eastern Coalfields, while production at Bharat Coking Coal Ltd, Western Coalfields Ltd (WCL) and South Eastern Coalfields decreased.
- FSA quantity decreased 0.6% YoY in 9MFY25 to 491.39 MT and prices fell 2.2% YoY to Rs. 1,502/tonne. In contrast, e-auction quantity increased 20.7% to 57.52 MT, though prices declined 23.9% to Rs. 2,514/tonne. Also, the quantity of washed coal and others increased 16.6% to 11.9 MT, but prices fell 10.6% to Rs. 3,803/tonne.
- A memorandum of understanding (MoU) was executed with Bharat Petroleum Corporation Ltd on December 2, 2024 to explore the setting up a coal to synthetic natural gas project at WCL through surface coal gasification. Another MoU was executed with IREL (India) Ltd on January 6, 2025 for the development of mutually-agreed assets of critical minerals.
- A 50 MW solar power plant was commissioned at NCL in Nigahi in November 2024; this is Coal India's largest solar power plant.
- Coal India received a letter of award from the Ministry of Coal for financial incentive of Rs. 1,350cr for all three coal gasification projects.

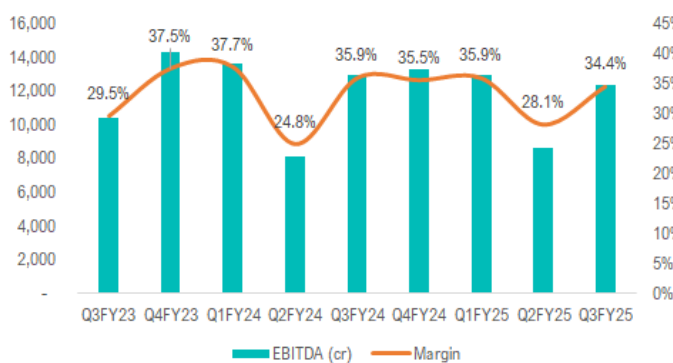
Revenue



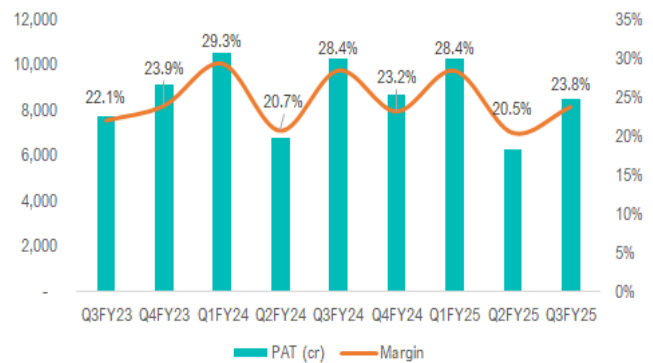
Production



EBITDA



PAT



Change in estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Revenue	158,511	171,615	143,138	150,755	160,768	-9.7	-12.2
EBITDA	48,219	53,143	46,028	47,643	50,982	-4.5	-10.3
Margins (%)	30.4	31.0	32.2	31.6	31.7	180bps	60bps
Adj. PAT	36,524	40,113	34,345	35,353	37,735	-6.0	-11.9
EPS	59.3	65.1	55.7	57.4	61.2	-6.0	-11.9



Consolidated Financials

Profit & Loss

Y. E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	138,252	142,324	143,138	150,755	160,768
% change	26.0	2.9	0.6	5.3	6.6
EBITDA	44,240	47,971	46,028	47,643	50,982
% change	79.0	8.4	-4.1	3.5	7.0
Depreciation	6,833	6,735	7,570	7,828	8,050
EBIT	37,407	41,236	38,458	39,815	42,932
Interest	684	819	866	942	954
Other Income	6,552	8,396	8,271	8,349	8,430
PBT	43,275	48,813	45,863	47,223	50,409
% change	83.2	12.8	-6.0	3.0	6.7
Tax	11,552	11,443	11,466	11,806	12,602
Tax Rate (%)	26.7	23.4	25.0	25.0	25.0
Reported PAT	31,723	37,369	34,397	35,417	37,807
PAT att. to common shareholders	31,763	37,402	34,345	35,353	37,735
Adj.*	-	-	-	-	-
Adj. PAT	31,763	37,402	34,345	35,353	37,735
% change	83.0	17.8	-8.2	2.9	6.7
No. of shares (cr)	616.3	616.3	616.3	616.3	616.3
Adj EPS (Rs.)	51.5	60.7	55.7	57.4	61.2
% change	83.0	17.8	-8.2	2.9	6.7
DPS (Rs.)	24.3	25.5	25.6	27.0	28.2

Cashflow

Y. E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	38,596	44,138	41,916	43,181	45,785
Non-cash adj.	298	-22,657	-12,007	-7,954	-8,167
Other adjustments	-	-	-	-	-
Changes in W.C	-3,160	-3,377	1,446	-132	-875
C.F. Operation	35,734	18,103	31,355	35,095	36,742
Capital exp.	-15,211	-16,750	-17,290	-18,441	-19,654
Change in inv.	-10,938	9,317	-275	-560	-883
Other invest. CF	2,684	2,947	4,076	4,280	4,494
C.F - Investment	-23,465	-4,486	-13,489	-14,721	-16,044
Issue of equity	-	-	-	-	-
Issue/repay debt	762	1,423	350	340	330
Dividends paid	-14,328	-15,098	-15,799	-16,616	-17,358
Other finance. CF	-138	-224	-866	-942	-954
C.F - Finance	-13,704	-13,899	-16,315	-17,218	-17,982
Chg. in cash	-1,436	-282	1,551	3,155	2,717
Closing Cash	39,922	30,235	31,786	34,942	37,659

Balance Sheet

Y. E March (Rs. Cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	39,922	30,235	31,786	34,942	37,659
Accts. Receivable	13,060	13,256	13,065	13,582	14,392
Inventories	8,155	10,177	9,498	9,813	10,489
Other Cur. Assets	46,947	50,215	54,633	59,733	65,388
Investments	3,085	3,859	4,134	4,694	5,577
Gross Fixed Assets	84,886	101,636	118,926	137,367	157,021
Net Fixed Assets	61,959	72,950	78,894	85,600	92,651
CWIP	15,263	14,739	17,686	21,224	25,468
Intangible Assets	4,947	6,940	7,787	8,176	8,503
Def. Tax -Net	2,815	3,212	3,038	2,951	3,025
Other Assets	26,278	32,089	34,212	36,331	38,545
Total Assets	222,431	237,672	254,734	277,046	301,697
Current Liabilities	68,705	60,523	60,048	64,531	69,657
Provisions	76,141	74,311	72,899	71,587	70,334
Debt Funds	9,183	11,814	12,164	12,504	12,834
Other Liabilities	6,788	7,442	7,442	7,442	7,442
Equity Capital	6,163	6,163	6,163	6,163	6,163
Res. & Surplus	54,680	76,567	95,114	113,851	134,228
Shareholder Funds	60,843	82,730	101,276	120,014	140,390
Minority Interest	771	852	904	967	1,039
Total Liabilities	222,431	237,672	254,734	277,046	301,697
BVPS	99	134	164	195	228

Ratio

Y. E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	32.0	33.7	32.2	31.6	31.7
EBIT margin (%)	27.1	29.0	26.9	26.4	26.7
Net profit mgn. (%)	23.0	26.3	24.0	23.5	23.5
ROE (%)	52.2	45.2	33.9	29.5	26.9
ROCE (%)	52.8	43.2	33.6	29.8	27.8
W.C & Liquidity					
Receivables (days)	34.0	33.5	32.9	32.4	32.2
Inventory (days)	219.8	364.2	320.8	310.0	310.3
Payables (days)	230.4	300.1	302.7	305.2	303.9
Current ratio (x)	1.6	1.7	1.8	1.8	1.8
Quick ratio (x)	0.8	0.8	0.8	0.8	0.8
Turnover & Leverage					
Gross asset T.O (x)	1.8	1.5	1.3	1.2	1.1
Total asset T.O (x)	0.7	0.6	0.6	0.6	0.6
Int. covge. ratio (x)	54.7	50.3	44.4	42.3	45.0
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	0.7	1.8	1.4	1.3	1.2
EV/EBITDA (x)	2.3	5.2	4.4	4.2	3.9
P/E (x)	4.1	7.1	6.5	6.3	5.9
P/B (x)	2.2	3.2	2.2	1.9	1.6






Recommendation Summary - (last 3 years)



Dates	Rating	Target
21-Feb-22	BUY	186
07-Jun-22	HOLD	208
16-Nov-22	HOLD	250
19-May-23	BUY	276
22-Nov-23	HOLD	359
06-Mar-24	HOLD	497
13-Aug-24	BUY	589
04-Mar-25	HOLD	393

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			
Definition:			
Buy: Acquire at Current Market Price -CMP, with the target mentioned in the research note; Accumulate: Partial buying or to accumulate as CMP dips in the future; Hold: Hold the stock with the expected target mentioned in the note.; Reduce: Reduce your exposure to the stock due to limited upside.; Sell: Exit from the stock; Not rated/Neutral: The analyst has no investment opinion on the stock.			
Symbols definition:			
	Upgrade		No Change
			Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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