

# HOLD

Sector: Mining

28<sup>th</sup> August, 2025

Key Changes		Target		Rating		Earnings		Target	Rs. 405
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame			CMP	Rs. 373
Large Cap	COAL:IN	80,787	COALINDIA	533278	12 Months			Return	+9%

Data as of: 26-08-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	229,142		
52 Week High — Low (Rs.)	542- 349		
Enterprise Value (Rs. cr)	204,751		
Outstanding Shares (cr)	616.3		
Free Float (%)	36.8		
Dividend Yield (%)	8.6		
6m average volume (lacs)	67.8		
Beta	1.0		
Face value (Rs. )	10.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	63.1	63.1	63.1
FII's	8.6	7.7	8.2
MFs/Institutions	22.6	23.4	22.7
Public	4.8	4.9	5.0
Others	0.9	0.9	1.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-5.7%	4.6%	-26.6%
Absolute Sensex	0.8%	8.1%	1.3%
Relative Return	-6.6%	-3.5%	-27.9%

\*over or under performance to benchmark index



Y.E March (Rs. cr)	FY25A	FY26E	FY27E
Sales	143,369	148,110	156,996
Growth (%)	-1.0	3.3	6.0
EBITDA	47,063	46,801	49,747
EBITDA Margin (%)	32.8	31.6	31.7
Adj. PAT	35,358	34,605	36,018
Growth (%)	-5.5	-2.1	4.1
Adj. EPS	57.4	56.2	58.4
Growth (%)	-5.5	-2.1	4.1
P/E	8.7	6.9	6.6
P/B	3.1	2.0	1.7
EV/EBITDA	6.1	4.5	4.1
ROE (%)	35.7	29.5	26.3
D/E	0.1	0.1	0.1

## Subdued Results, Outlook Intact

Coal India Ltd (CIL) is one of the largest coal producer in the world, with its output totalling 781 million tonnes (MT) in FY2025. It aims to increase coal production to 1 billion tonnes by FY2028-29. The company has 14 fully owned subsidiary companies and operates 310 working mines across 8 Indian states.

- Coal India's consolidated revenue fell 4.4% YoY to Rs. 35,842cr in Q1FY26 due to a reduction in Fuel Supply Agreement (FSA) quantity and a decrease in e-auction quantity, despite an increase in per tonne realisation.
- FSA sales fell 3.9% YoY to 165.73 MT, while realisation rose 1.7% YoY to Rs. 1,550 per tonne. Similarly, e-auction sales declined 8.1% to 21.31 MT, with prices falling 3.3% to Rs. 2,332 per tonne. In contrast, washed coal sales increased 20.3% to 3.55 MT, although prices decreased 21.3% to Rs. 3,465 per tonne.
- Other operating income fell 8.6% YoY to Rs. 3,962cr in Q1FY26, due to lower strip-ping activity provision and evacuation charges, partially offset by higher CMPDI sales and miscellaneous income.
- EBITDA declined 12.7% YoY to Rs. 12,521cr, with margin narrowing to 34.9% (down 330bps YoY) due to lower topline and higher other expenses (+6.8% YoY).
- India's coal production has crossed 1 billion tonnes (BT) in 2024-25, with a target of reaching 1.5 BT by 2029-30 through increased domestic production and reduced imports, while Coal India aims to achieve 1 BT by 2026-27.

## Outlook & Valuation

Coal India reported moderate Q1FY26 results, characterized by reduced sales quantity and a slight increase in average price realisation. Its strategic partnerships for solar projects and the establishment of a renewable energy subsidiary highlight its commitment to sustainable growth. Management aims to enhance efficiency, adopt advanced mining technologies, and diversify into non-coal minerals to reduce sectoral dependence. These initiatives, combined with supply chain optimisation, are expected to support long-term resilience, although near-term growth is not satisfactory due to reduced margins. Therefore, **we reiterate our HOLD rating on the stock, with a revised target price of Rs. 405, based on 4.5x FY27E EV/EBITDA.**

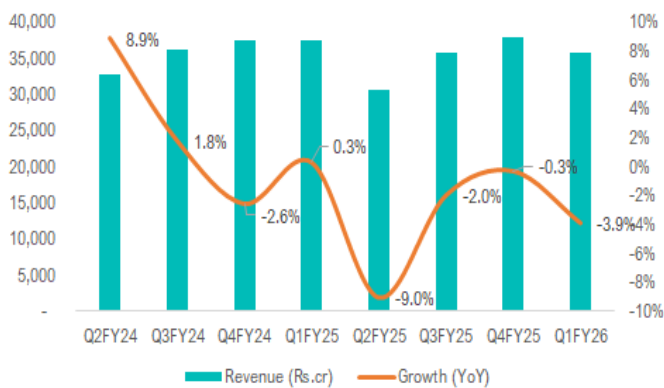
## Quarterly Finance Consolidated

Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	35,842	37,504	-4.4	37,825	-5.2
EBITDA	12,521	14,339	-12.7	11,790	6.2
Margin (%)	34.9	38.2	-330bps	31.2	370bps
EBIT	10,214	12,386	-17.5	9,008	13.4
PBT	11,709	14,147	-17.2	12,873	-9.0
Rep. PAT	8,734	10,944	-20.2	9,593	-8.9
Adj. PAT	8,743	10,959	-20.2	9,604	-9.0
Adj. EPS (Rs)	14.2	17.8	-20.2	15.6	-9.0

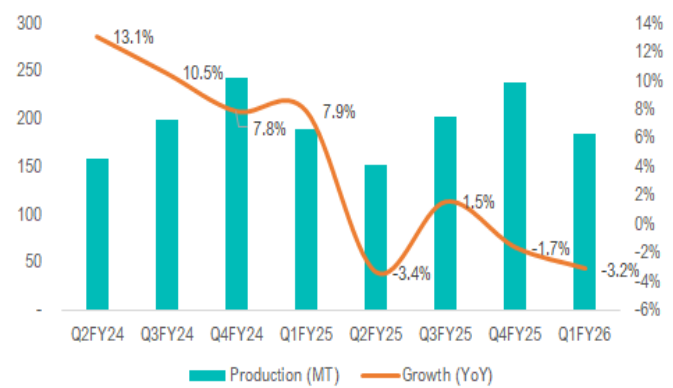
## Key highlights

- Total coal production in Q1FY26 stood at 183.32 MT, down 3.15% from 189.28 MT in Q1FY25. The decrease in production was led by subsidiaries Eastern Coalfields Limited (ECL), Bharat Coking Coal Ltd (BCCL), Central Coalfields Limited (CCL), Western Coalfields Ltd (WCL), South Eastern Coalfields Ltd (SECL) and Mahanadi Coalfields Limited (MCL). However, production increased at Northern Coalfields Ltd (NCL) and North Eastern Coalfields (NEC)
- The company signed a memorandum of understanding (MoU) with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) in May 2025 to develop a 500 MW solar power project in Uttar Pradesh, reinforcing its commitment to renewable energy transition.
- Coal India signed a MoU with Hindustan Copper Ltd. to collaborate in the copper and critical minerals sectors, thus expanding its footprint beyond coal into other strategic raw materials.
- Commenced operations at the Kotre-Basant Pur mine in CCL under MDO mode from April 2025, with an annual capacity of 5 MT.
- India's coal production has crossed 1 billion tonnes (BT) in 2024-25, with Coal India Limited aiming for 1 BT by 2026-27. The government has initiated steps to increase domestic production and reduce imports, including single window clearance and auction of coal blocks. The goal is to reach 1.5 BT of domestic coal production by 2029-30.

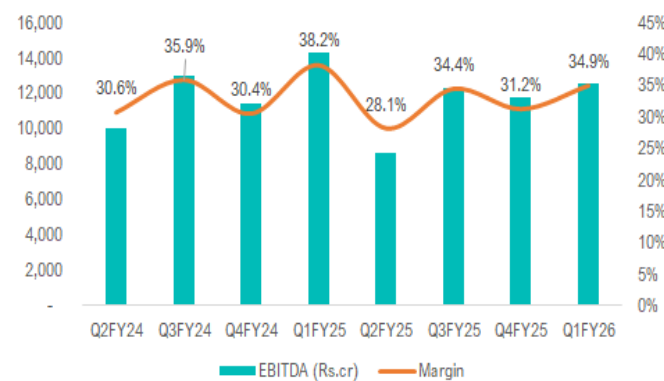
## Revenue



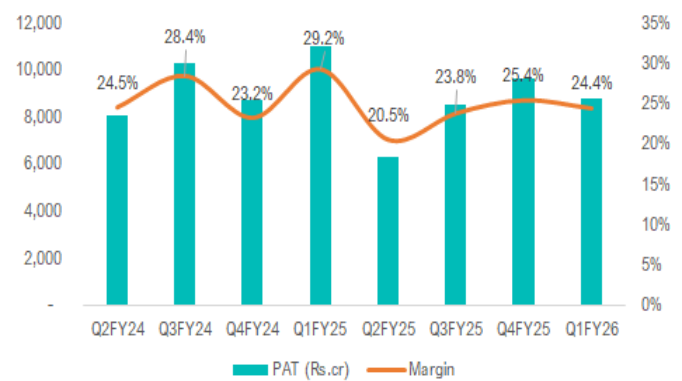
## Production



## EBITDA



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	150,755	160,768	148,110	156,996	-1.8	-2.3
EBITDA	47,643	50,982	46,801	49,747	-1.8	-2.4
Margins (%)	31.6	31.7	31.6	31.7	0bps	0bps
Adj. PAT	35,353	37,735	34,605	36,018	-2.1	-4.5
EPS	57.4	61.2	56.2	58.4	-2.1	-4.5



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>138,252</b>	<b>144,762</b>	<b>143,369</b>	<b>148,110</b>	<b>156,996</b>
% change	26.0	4.7	-1.0	3.3	6.0
<b>EBITDA</b>	<b>44,240</b>	<b>47,971</b>	<b>47,063</b>	<b>46,801</b>	<b>49,747</b>
% change	79.0	8.4	-1.9	-0.6	6.3
Depreciation	6,833	6,735	9,145	9,262	9,872
<b>EBIT</b>	<b>37,407</b>	<b>41,236</b>	<b>37,918</b>	<b>37,539</b>	<b>39,876</b>
Interest	684	819	884	941	1,088
Other Income	6,552	8,396	9,932	9,625	9,328
<b>PBT</b>	<b>43,275</b>	<b>48,813</b>	<b>46,966</b>	<b>46,223</b>	<b>48,115</b>
% change	83.2	12.8	-3.8	-1.6	4.1
Tax	11,552	11,443	11,664	11,556	12,029
Tax Rate (%)	26.7	23.4	24.8	25.0	25.0
<b>Reported PAT</b>	<b>31,723</b>	<b>37,369</b>	<b>35,302</b>	<b>34,667</b>	<b>36,086</b>
PAT att. to common shareholders	31,763	37,402	35,358	34,605	36,018
Adj.*	-	-	-	-	-
<b>Adj. PAT</b>	<b>31,763</b>	<b>37,402</b>	<b>35,358</b>	<b>34,605</b>	<b>36,018</b>
% change	83.0	17.8	-5.5	-2.1	4.1
No. of shares (cr)	616.3	616.3	616.3	616.3	616.3
<b>Adj. EPS (Rs.)</b>	<b>51.5</b>	<b>60.7</b>	<b>57.4</b>	<b>56.2</b>	<b>58.4</b>
% change	83.0	17.8	-5.5	-2.1	4.1
DPS (Rs.)	24.3	25.5	26.5	26.4	27.2

### Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	38,596	44,138	44,504	43,867	45,889
Non-cash adj.	298	-22,657	-16,017	-8,463	-5,132
Other adjustments	-	-	-	-	-
Changes in W.C	-3,160	-3,377	713	232	-405
<b>C.F. Operation</b>	<b>35,734</b>	<b>18,103</b>	<b>29,200</b>	<b>35,636</b>	<b>40,352</b>
Capital exp.	-15,211	-16,750	-13,239	-16,702	-17,995
Change in inv.	-10,938	9,317	-99	201	126
Other invest.CF	2,684	2,947	3,262	3,559	3,737
<b>C.F - Investment</b>	<b>-23,465</b>	<b>-4,486</b>	<b>-10,076</b>	<b>-12,942</b>	<b>-14,132</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	762	1,423	3,155	500	490
Dividends paid	-14,328	-15,098	-16,239	-16,264	-16,748
Other finance.CF	-138	-224	-225	-941	-1,088
<b>C.F - Finance</b>	<b>-13,704</b>	<b>-13,899</b>	<b>-13,309</b>	<b>-16,705</b>	<b>-17,346</b>
Chg. in cash	-1,436	-282	5,815	5,989	8,874
Closing Cash	39,922	30,235	34,215	40,204	49,078

### Balance Sheet

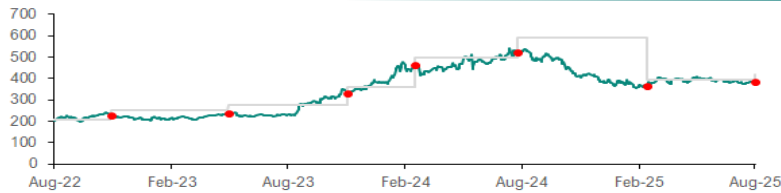
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	39,922	30,235	34,215	40,204	49,078
Accts. Receivable	13,060	13,256	12,728	13,038	13,683
Inventories	8,155	10,177	12,614	13,383	13,760
Other Cur. Assets	46,947	50,215	36,637	39,863	43,497
Investments	3,085	3,859	4,416	4,215	4,089
Gross Fixed Assets	84,886	101,636	114,875	131,578	149,572
Net Fixed Assets	61,959	72,950	80,285	84,093	88,021
CWIP	15,263	14,739	15,889	19,066	22,880
Intangible Assets	4,947	6,940	9,076	9,530	9,911
Def. Tax -Net	2,815	3,212	2,695	2,889	3,007
Other Assets	26,278	32,089	51,644	54,640	57,774
<b>Total Assets</b>	<b>222,431</b>	<b>237,672</b>	<b>260,198</b>	<b>280,921</b>	<b>305,700</b>
Current Liabilities	68,705	60,523	63,128	64,799	69,600
Provisions	76,141	74,311	74,532	74,681	74,830
Debt Funds	9,183	11,814	14,405	14,905	15,395
Other Liabilities	6,788	7,442	8,183	8,183	8,183
Equity Capital	6,163	6,163	6,163	6,163	6,163
Res. & Surplus	54,680	76,567	92,942	111,283	130,552
Shareholder Funds	60,843	82,730	99,105	117,445	136,715
Minority Interest	771	852	846	908	977
<b>Total Liabilities</b>	<b>222,431</b>	<b>237,672</b>	<b>260,198</b>	<b>280,921</b>	<b>305,700</b>
BVPS	99	134	161	191	222

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	32.0	33.1	32.8	31.6	31.7
EBIT margin (%)	27.1	28.5	26.4	25.3	25.4
Net profit mgn.(%)	23.0	25.8	24.7	23.4	22.9
ROE (%)	52.2	45.2	35.7	29.5	26.3
ROCE (%)	52.8	43.2	33.2	28.2	26.0
<b>W.C &amp; Liquidity</b>					
Receivables (days)	34.0	33.0	32.0	31.7	31.4
Inventory (days)	219.8	364.2	507.7	479.9	471.6
Payables (days)	230.4	300.1	410.8	413.0	415.9
Current ratio (x)	1.6	1.7	1.5	1.6	1.7
Quick ratio (x)	0.8	0.8	0.8	0.8	0.9
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	1.8	1.6	1.3	1.2	1.1
Total asset T.O (x)	0.7	0.6	0.6	0.5	0.5
Int. covge. ratio (x)	54.7	50.3	42.9	39.9	36.7
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
<b>Valuation</b>					
EV/Sales (x)	0.7	1.7	2.0	1.4	1.3
EV/EBITDA (x)	2.3	5.2	6.1	4.5	4.1
P/E (x)	4.1	7.1	8.7	6.9	6.6
P/B (x)	2.2	3.2	3.1	2.0	1.7



## Recommendation Summary - last 3 years



Dates	Rating	Target
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
28-Aug-25	HOLD	405


## 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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