



TM

Coal India

02 August 2025

RESULT UPDATE

Sector: Metals & Mining Rating: HOLD

CMP: Rs 385 Target Price: Rs 371

Stock Info

Sensex/Nifty	80,599/24,565
Bloomberg	COAL IN
Equity shares (mn)	6,163
52-wk High/Low	Rs 543/349
Face value	Rs 10
M-Cap	Rs 2,293bn/USD 26bn

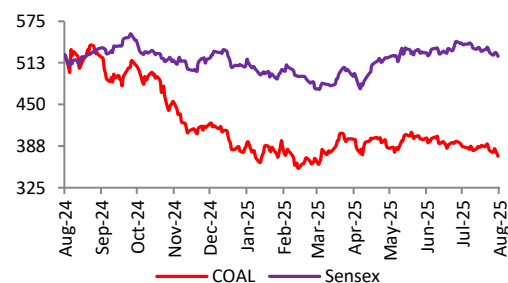
Financial Snapshot (Rs bn)

Y/E Mar	FY25	FY26E	FY27E
Sales	1,434	1,424	1,461
EBITDA	430	438	452
PAT	353	352	355
EPS (Rs)	57.3	57.0	57.7
P/E (x)	6.5	6.5	6.4
EV/EBITDA (x)	4.7	4.7	4.5
RoE (%)	49.2	38.7	33.2
RoCE (%)	28.0	25.2	21.7
Dividend yield (%)	7.1	6.9	7.0

Shareholding Pattern (%)

	Jun'25	Mar'25	Dec'24
Promoter	63.13	63.1	63.1
-Pledged			-
FII	8.16	7.7	8.6
DII	22.65	23.4	22.6
Others	5.93	5.8	5.7

Stock Performance (1-year)



Low volumes remain a concern, dampened growth visibility

Coal India's (COAL) 1QFY26 net revenue of Rs 358bn (-2%/-5% YoY/QoQ) was 3% above our estimate, with average realizations of Rs 1,876/t (+2% YoY, flat QoQ). EBITDA for the quarter at Rs 111bn (-5% YoY, flat QoQ) was 8% above our estimate, due to lower costs. EBITDA margin for the quarter was 31% fell 61bps YoY but was higher by 135bps QoQ. The company sold 191mt of coal during the quarter, which fell 4% YoY and 5% QoQ. COAL realized a 50% e-auction premium over FSA this quarter, compared to 69% in 4QFY25 and 58% in 1QFY25. FSA realizations increased by 2% YoY to Rs 1,550/t in 1QFY26 while the quarter's sales cost averaged Rs 1,294/t (+3%/-2% YoY/QoQ). The resulting EBITDA/t averaged Rs 582/t for the quarter, increasing by 4% QoQ and remained flat YoY.

Steady supplies to the power sector: COAL's dispatches to power utilities decreased by 2% YoY and QoQ to 156mt in 1QFY26. Notably, coal supplies to steel, captive power plants (CPP), and cement sectors displayed 1% decline, 6% growth, and 68% growth during the period, respectively.

India's electricity generation drops 3% YoY: India's total electricity generation fell 3% YoY 472bn units in 1QFY26, of which coal-fired generation has decreased by 7% YoY and 3% QoQ to 333bn units. Renewable energy (RE - wind + solar) generation increased by 19%/17% YoY/QoQ to 76bn units during the quarter, with a total share of 16% in India's electricity generation versus 15% in 4QFY25 and 13% in 1QFY25.

Valuation and view: Coal offtake has followed a downward trajectory over the last few quarters, preventing stock re-rating from current levels of 4.7x/4.5x FY26/FY27 EV/EBITDA. The stock traded 5-5.5x EV/EBITDA during FY22-FY24 supported by 9% volume CAGR during the period. In contrast, FY25 volumes were flat YoY followed by a 4% decline in 1QFY26. Over the April-July period this year, offtake has fallen by 6% YoY. The company remains far behind its target to reach 1-billion-ton annual production number, last guided to be achieved by FY27. Captive coal mining and rising share of RE in the power mix have most likely altered India's coal consumption dynamics, which has been negative for COAL, in our view. We lower COAL's sales volume growth assumptions, factoring in 3% YoY decline in FY26 followed by 1% growth in FY27. Basis these assumptions, we revise our FY26/FY27 EBITDA lower by 10%/9% and value COAL 4.5x FY27E EV/EBITDA, arriving at a revised target price of Rs 371/share, and downgrade stock rating to HOLD. Lower offtake and steep fall in e-auction premiums are key risks for the company. **Downgrade to HOLD.**

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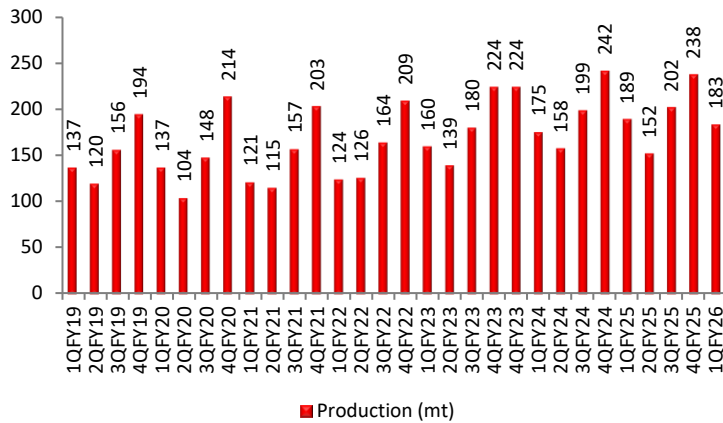
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Exhibit 1: Quarterly snapshot

(Rs bn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Net revenues	365	307	369	378	358
YoY change (%)					-2
QoQ change (%)					-5
EBITDA	115	72	115	112	111
YoY change (%)					-4
QoQ change (%)					-1
EBITDA Margin (%)	32	23	31	30	31
Net earnings (adjusted)	109	63	85	96	87
YoY change (%)					-20
QoQ change (%)					-9

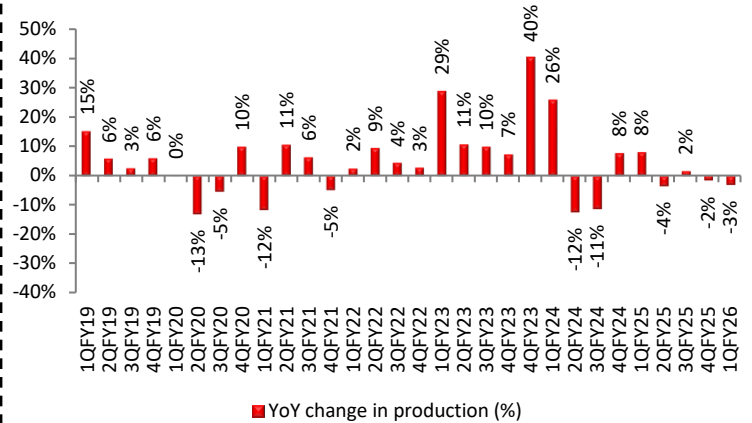
Source: Company, Systematix Institutional Research

Exhibit 2: Quarterly production declined by 23% sequentially



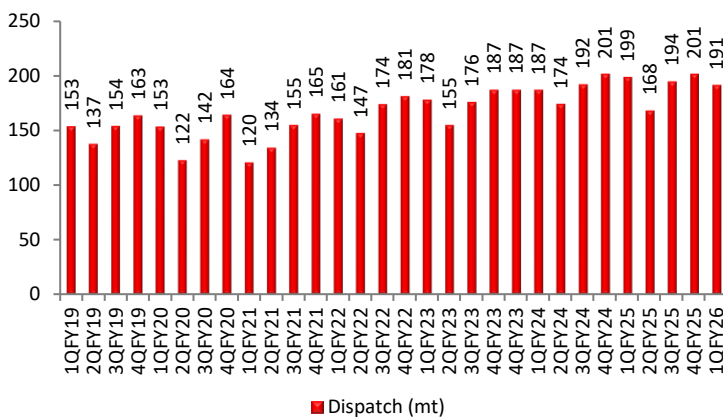
Source: Company, Systematix Institutional Research

Exhibit 3: YoY change in production



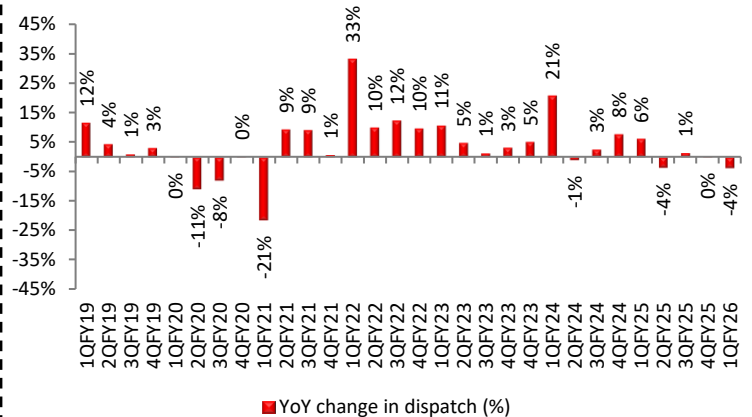
Source: Company, Systematix Institutional Research

Exhibit 4: Quarterly dispatch declined by 5% sequentially

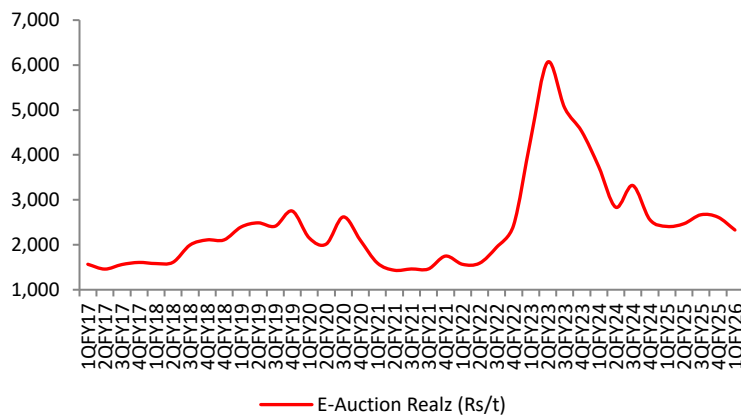


Source: Company, Systematix Institutional Research

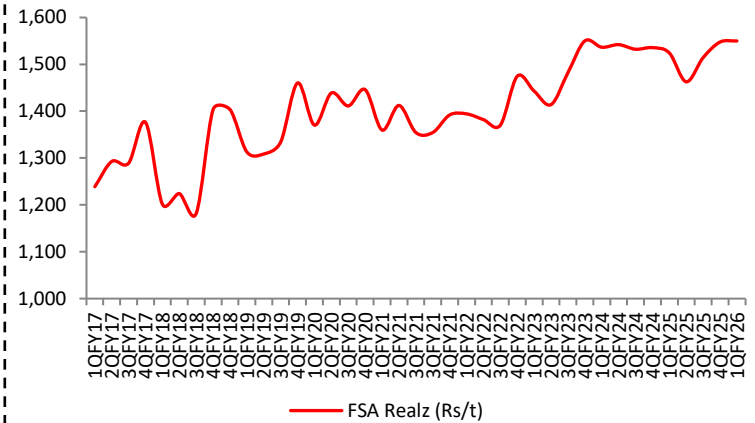
Exhibit 5: YoY change in dispatches



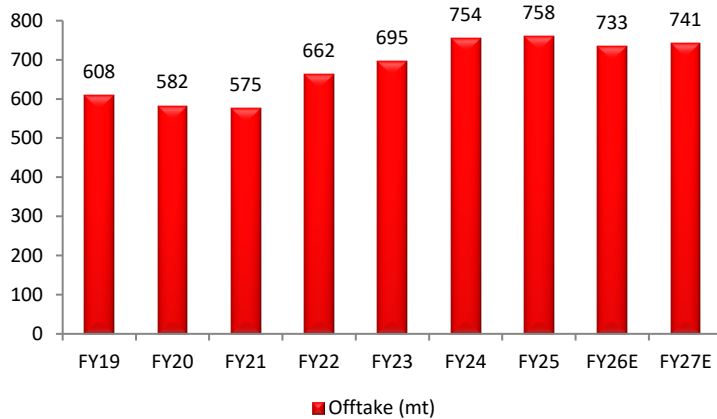
Source: Company, Systematix Institutional Research

Exhibit 6: E-auction realization at Rs 2,332/t (-3%/-11% YoY/QoQ), at a premium of 50% over FSA prices

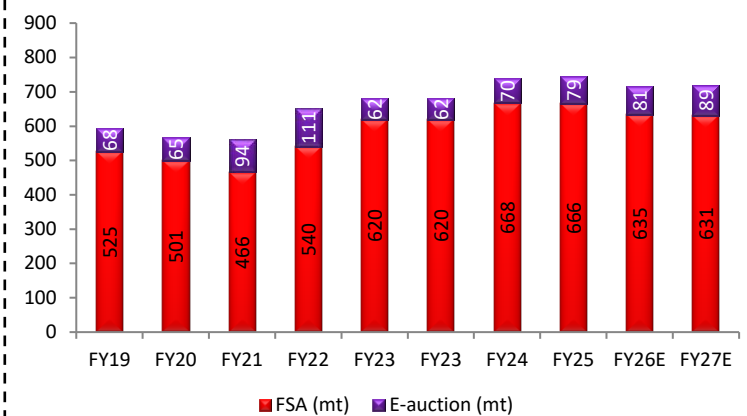
Source: Company, Systematix Institutional Research

Exhibit 7: FSA realisation at Rs 1,550 (+2% YoY/flat QoQ)

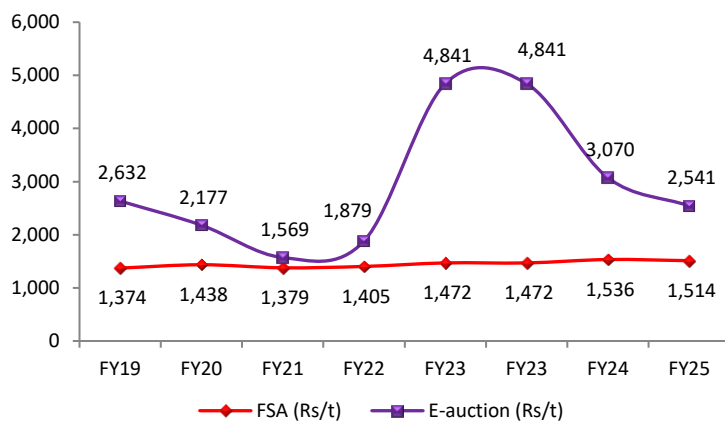
Source: Company, Systematix Institutional Research

Exhibit 8: Coal offtake

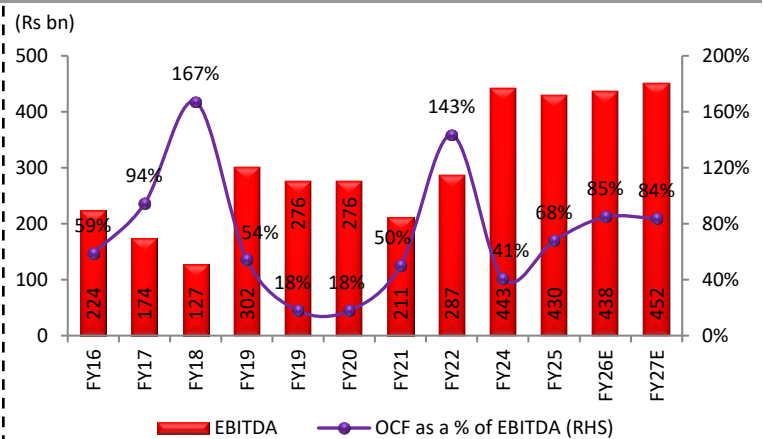
Source: Company, Systematix Institutional Research

Exhibit 9: ...with rising mix of e-auction sales

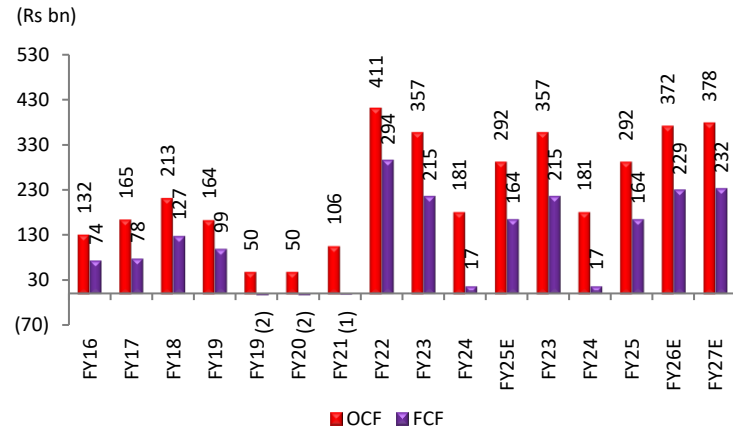
Source: Company, Systematix Institutional Research

Exhibit 10: E-auction realizations may revert to historical levels in near-term

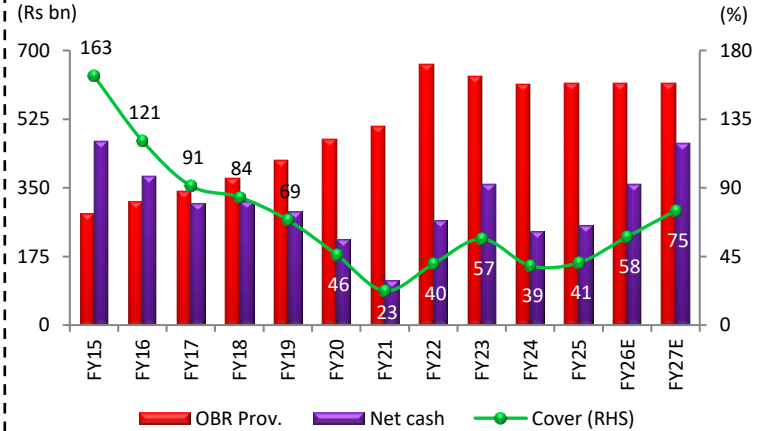
Source: Company, Systematix Institutional Research

Exhibit 11: Improving cash conversion

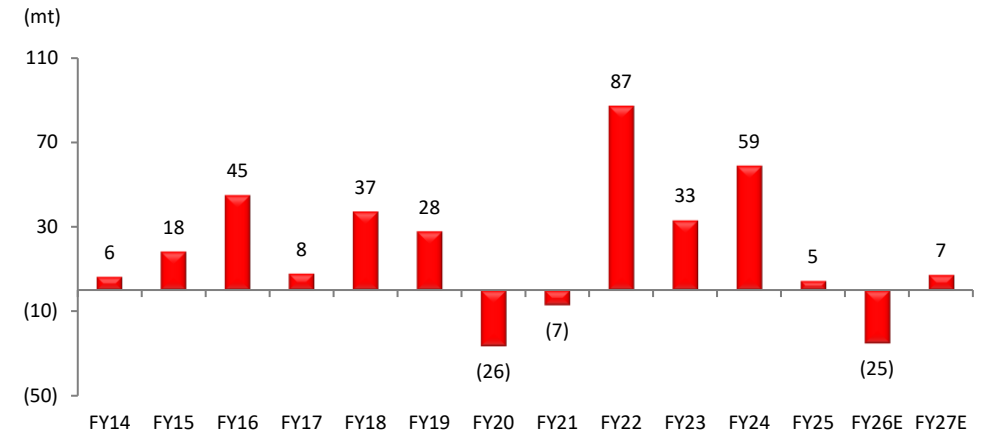
Source: Company, Systematix Institutional Research

Exhibit 12: Free cash flows expected to remain stable

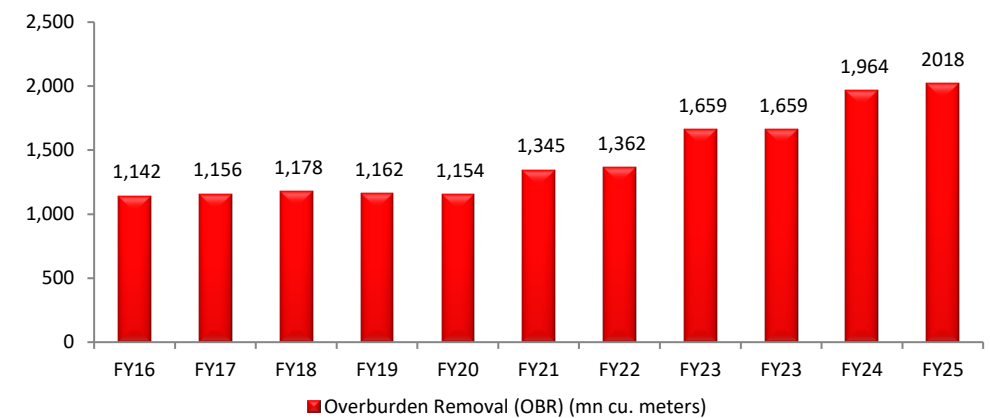
Source: Company, Systematix Institutional Research

Exhibit 13: Cash at comfortable levels for OBR provisions despite capex and dividends

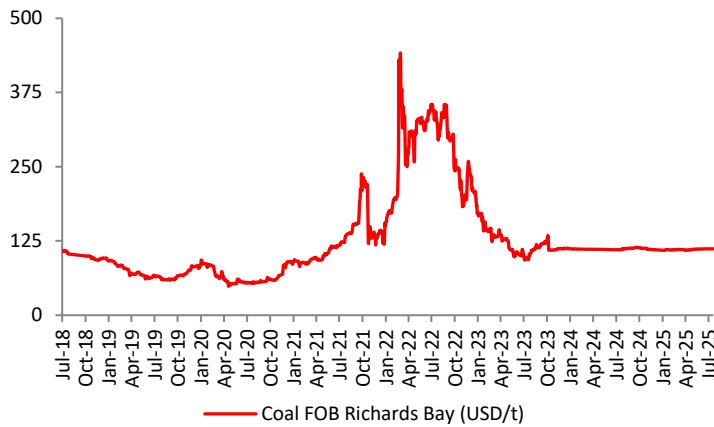
Source: Company, Systematix Institutional Research

Exhibit 14: YoY change in COAL's offtake – to decline in FY26 and slightly recover in FY27

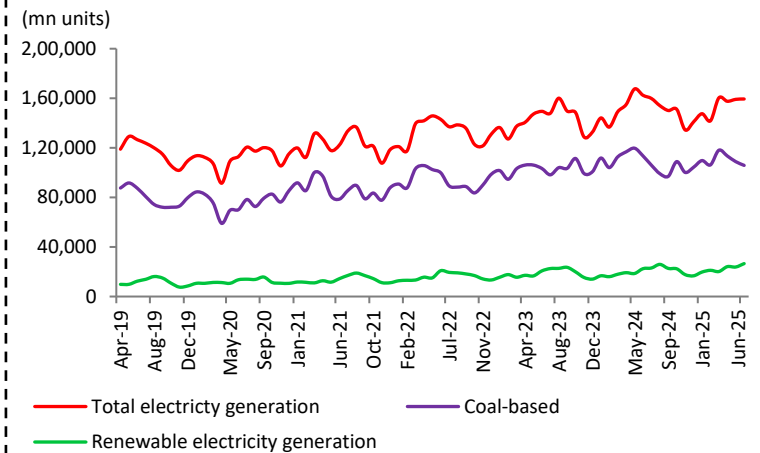
Source: Company, Systematix Institutional Research

Exhibit 15: Annual OBR reached an all-time high in FY25

Source: Company, Systematix Institutional Research

Exhibit 16: Coal prices stabilized at USD 111/t after a massive surge in Mar'22

Source Company, Systematix Institutional Research

Exhibit 17: Total electricity generation fell by 5% QoQ in 1QFY26

Source CMIE, Systematix Institutional Research

Exhibit 18: Sector-wise dispatch of coal by CIL (Jun'25)

Dispatch of Coal by CIL during June-25									
Sector	Jun-25	Jun-24	1QFY26	4QFY25	1QFY25	MoM	QoQ	YoY (1QFY26 vs 1QFY25)	YoY (YTD) (Apr'25-Jun'25)
Power Utilities	48.8	52.7	156.6	160.0	160.4	-7%	-2%	-2%	-12%
CPP	5.2	5.1	14.8	16.2	14.0	10%	-9%	6%	8%
Steel	0.3	0.4	0.9	0.9	0.9	7%	2%	-1%	-6%
Cement	0.8	0.4	1.8	1.7	1.1	23%	5%	68%	142%
Sponge Iron	0.1	0.8	1.7	2.0	1.7	-80%	-17%	-5%	-85%
Others	5.9	5.8	19.6	20.5	20.3	-11%	-4%	-4%	-16%
Total	61.2	65.1	195.3	201.3	198.5	-6%	-3%	-2%	-11%

Source: Ministry of Coal, Systematix Institutional Research

Exhibit 19: Key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E
Raw coal production (mt)	623	703	773	781	771	795
YoY growth rate (%)	4.4%	12.9%	10.0%	0.9%	-1.2%	3.0%
Raw coal off-take (mt)	662	695	754	758	733	741
YoY growth rate (%)	15.2%	5.0%	8.5%	0.6%	-3.3%	1.0%
Avg realization of all coal (Rs/t)	1,524	1,830	1,877	1,870	1,941	1,972
YoY growth rate (%)	-2.5%	20.1%	2.6%	-0.4%	3.8%	1.6%
Number of employees	248,550	239,210	228,861	223,826	208,936	201,036

Source: Systematix Institutional Research

Exhibit 20: COAL Valuation: EV/EBITDA method (FY27E)

	Discount (%)	EBITDA (Rs bn)	Multiple (x)	Enterprise Value (Rs bn)	Per Share (Rs)
EBITDA		452.2	4.5	2,035	330
Less Net Debt (cash) FY25		(253)	1.0	(253)	(41)
Equity value				2,288	371
Target price per share				371	

Source: Systematix Institutional Research

Exhibit 21: Revised estimates

(Rs bn)	Previous		New		% change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	1,484	1,518	1,424	1,461	-4%	-4%
EBITDA	487	497	438	452	-10%	-9%
PAT	390	391	352	355	-10%	-9%

Source: Systematix Institutional Research

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
Net revenues	1,383	1,448	1,434	1,424	1,461
Expenditure	976	1,005	1,004	986	1,009
EBITDA	406	443	430	438	452
Depreciation	68	67	91	78	96
Other Income	66	80	95	62	68
EBIT	338	375	338	360	356
Interest cost	7	8	9	10	9
Exceptionals	-	-	-	-	-
PBT	433	488	470	469	474
Taxes	116	114	117	117	118
Adjusted PAT	317	374	353	352	355
No of Shares (mn)	6,163	6,163	6,163	6,163	6,163
Adj. EPS (Rs/share)	51.5	60.6	57.3	57.0	57.7

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
Share capital	62	62	62	62	62
Reserves & Surplus	547	766	929	1,090	1,251
Networth	608	827	991	1,151	1,313
Minority Interest	8	9	8	8	8
Total Debt	41	63	89	79	74
Other LT Liabilities	879	872	881	881	881
Total Sources	2,224	2,377	2,602	2,718	2,871
Net Block	570	679	766	910	1,000
Net Deferred Tax	28	31	27	27	27
Other Assets	96	138	316	316	316
CWIP	153	147	159	79	40
Cash & bank balances	56	60	112	207	308
Inventories	82	102	126	81	83
Receivables	131	133	127	129	128
Other Current Assets	314	352	211	211	211
Current Assets	1,081	1,039	962	1,013	1,116
Current Liabilities	688	613	647	613	609
Net Working Capital	393	426	315	400	507
Total Assets	2,224	2,377	2,602	2,718	2,871

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
PBT	433	488	470	469	474
Add: Depreciation	68	67	91	78	96
Add: Interest	(32)	(39)	(34)	(10)	(9)
Less: Taxes Paid	(97)	(117)	(119)	(117)	(118)
Add: Other Adjustments	(41)	(56)	(97)	(67)	(68)
Less: WC changes	27	(162)	(62)	9	(5)
Total OCF	357	181	249	362	369
OCF w/o WC changes	331	343	311	352	374
Capital Expenditure	(142)	(164)	(128)	(142)	(146)
Changes in investments	(136)	82	28	-	-
Interest/ Dividends recd	27	29	-	-	-
Total ICF	(251)	(53)	(100)	(142)	(146)
Free Cash Flow	189	179	183	210	228
Share Issuances	-	-	-	-	-
Change in Borrowings	0	(0)	15	-	-
Dividends	(143)	(151)	(162)	(191)	(194)
Interest Payments	(0)	(1)	-	10	9
Others	-	-	-	-	-
Total Financing CF	(144)	(152)	(147)	(181)	(184)
Net change in cash	(37)	(23)	2	38	39
Opening Cash & CE	118	80	57	59	96
Closing Cash & CE	80	57	59	96	135

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY23	FY24	FY25	FY26E	FY27E
YoY growth in Revenue	26	5	(1)	(1)	3
YoY growth in EBITDA	42	9	(3)	2	3
YoY growth in NI	82	18	(6)	(0)	1
Effective Tax rate	27	23	25	25	25
EBITDA Margin	29	31	30	31	31
PAT Margin	23	26	25	25	24
RoCE	47.6	40.0	28.0	25.2	21.7
Net Debt/Equity (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Per Share Numbers (Rs)					
Reported Earnings	51	61	57	57	58
Dividend	20	26	27	26	26
Free Cash	35	3	27	37	38
Book Value	99	134	161	187	213
Valuations (x)					
P/E	7.2	6.1	6.5	6.5	6.4
EV/EBITDA	5.0	4.6	4.7	4.6	4.5
EV/Sales	1.5	1.4	1.4	1.4	1.4

Source: Company, Systematix Institutional Research

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Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917