

Coal India

Estimate change



TP change



Rating change



Bloomberg	COAL IN
Equity Shares (m)	6163
M.Cap.(INRb)/(USDb)	2354.2 / 26.7
52-Week Range (INR)	460 / 349
1, 6, 12 Rel. Per (%)	-7/-9/-21
12M Avg Val (INR M)	2682

Financials & Valuations (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	1,451	1,590	1,677
Adj. EBITDA	412	474	513
Adj. PAT	316	355	372
EBITDA Margin (%)	28.4	29.8	30.6
Cons. Adj. EPS (INR)	51.3	57.7	60.3
EPS Gr. (%)	(10.6)	12.4	4.6
BV/Sh. (INR)	185.8	213.9	243.2

Ratios

Net D:E	(0.3)	(0.3)	(0.3)
RoE (%)	27.6	27.0	24.8
RoCE (%)	28.1	27.8	25.6
Payout (%)	50.0	50.0	50.0

Valuations

P/E (x)	7.5	6.6	6.3
P/BV (x)	2.1	1.8	1.6
EV/EBITDA(x)	4.9	4.2	3.7
Div. Yield (%)	6.7	7.5	7.9
FCF Yield (%)	6.7	7.5	8.3

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	63.1	63.1	63.1
DII	22.9	22.8	22.7
FII	8.0	8.2	9.2
Others	6.0	5.9	5.0

CMP: INR383

TP: INR440 (+15%)

Buy

Big miss on earnings due to high costs; cutting estimates

- Revenue for 2QFY26 came at INR302b (-2% YoY and -16% QoQ), against our estimate of INR299b. The decline was mainly led by muted volume.
- Adj. EBITDA (excluding OBR exp) stood at INR58.5b (-18% YoY and -48% QoQ), against our estimate of INR85b during the quarter. EBITDA was impacted primarily by higher other costs (+22% YoY).
- EBITDA/t declined to INR357 (-16% YoY and -39% QoQ) vs our estimate of INR518/t.
- APAT came in at INR43.5b (-31% YoY and -50% QoQ), against our estimate of INR63b during the quarter.
- Production for 2QFY26 stood at 145.8mt (-4 YoY and -21% QoQ) and offtake stood at 164mt (-2% YoY and -14% QoQ), driven by prolonged monsoon.
- FSA revenue stood at INR218b (flat YoY and -15% QoQ), with a volume of 147.5mt (flat YoY and -11% QoQ) and an ASP of INR1,470/t (flat YoY and -5% QoQ) during the quarter.
- E-auction revenue came in at INR35b (-6% YoY and -29% QoQ) with volumes of 15.3mt (+1% YoY and -28% QoQ) and realizations of INR2,292/t (-7% YoY and -2% QoQ), translating into a premium of 55% during the quarter (vs. 69% in 2QFY25).
- In 1HFY26, the production and offtake volume stood at 329mt (-4% YoY) and 357mt (-3% YoY). Revenue and EBITDA declined 2% (INR660b) and 9% YoY (INR170b), respectively, in 1HFY26. Similarly, adjusted PAT declined 24% YoY to INR131b in 1HFY26.
- The company declared a second interim dividend of INR10.25/share in 2QFY26.

Valuation and view

- Coal India (COAL) delivered muted performance, mainly due to weak volumes, where e-auction volumes accounted for ~10% of total volumes and premium stood at 55% in 2QFY26.
- For FY26, we trimmed our Revenue/EBITDA/APAT estimates by 4%/8%/6%, respectively, as we incorporate the muted volumes of 1HFY26 and subdued near-term outlook. We expect e-auction volume and premium to recover in 2HFY26, supported by demand recovery from the non-FSA sector.
- We expect COAL to clock a 3% volume CAGR over FY25-28. This is expected to translate into a CAGR of 5% in revenue and 7% in EBITDA. The company's focus on increasing coal-washer capacity will improve its market share in domestic coking/non-coking coal. Further, management remains focused on expanding its coal mining operations, which will be funded through internal accruals. COAL may, however, consider raising debt to undertake strategic diversification projects such as RE facilities and coal gasification.
- At CMP, the stock is trading at 4.2x EV/EBITDA and 1.8x P/BV on FY27E. We reiterate our BUY rating with a TP of INR440 (premised on 4.5x EV/EBITDA on Sep'27 estimate).**

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidated quarterly performance

(INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Sales	364.6	306.7	368.6	378.2	358.4	301.9	376.2	414.2	1,433.7	1,450.7	299	1.0
Change YoY (%)	1.3	(6.4)	1.9	(1.0)	(1.7)	(1.6)	2.1	9.5	(1.0)	1.2		
Change QoQ (%)	(4.6)	(15.9)	20.2	2.6	(5.2)	(15.8)	24.6	10.1				
Adj. EBITDA	115.4	71.5	114.8	112.3	111.3	58.5	117.9	124.9	429.6	412.5	85	-31.1
Change YoY (%)	3.4	(19.6)	(3.8)	5.5	(3.6)	(18.3)	2.6	11.2	(3.0)	(4.0)		
Change QoQ (%)	8.4	(38.0)	60.5	(2.2)	(0.9)	(47.5)	101.6	6.0				
EBITDA per ton	581.5	425.6	591.5	557.6	582.4	352.1	582.0	641.6	563.7	547.2	518	-32.0
Depreciation	19.5	19.0	25.1	27.8	23.1	26.6	24.5	22.5	91.5	96.7		
OBR	(28.0)	(14.6)	(8.3)	(5.6)	(14.0)	(8.7)	(9.9)	(9.7)	(41.1)	(42.3)		
Interest	2.1	2.1	2.3	2.4	2.7	2.9	3.2	3.5	8.8	12.3		
Other Income	18.8	15.1	21.4	39.4	16.2	21.4	15.0	17.4	94.7	70.0		
EO Inc/(Exp)	-	-	-	-	-	-	-	-	-	-		
PBT after EO	140.6	80.2	117.2	127.0	115.6	59.1	115.1	126.0	465.0	415.8	82	-27.8
Tax	32.0	18.8	33.0	32.8	29.7	18.5	28.8	27.7	116.6	104.8		
Tax Rate (%)	22.8	23.4	28.2	25.8	25.7	31.4	25.0	22.0	25.1	25.2		
PAT before MI & Asso.	108.6	61.4	84.2	94.2	85.9	40.5	86.3	98.3	348.4	311.0		
MI	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.9)	-	-	(0.6)	(1.0)		
Sh. of Assoc.	0.9	1.4	0.7	1.7	1.4	2.1	1.0	(0.4)	4.6	4.2		
PAT After MI & Asso.	109.6	62.9	85.1	96.0	87.4	43.5	87.3	97.9	353.6	316.2		
Adjusted PAT	109.6	62.9	85.1	96.0	87.4	43.5	87.3	97.9	353.6	316.2	63	-30.4
Change YoY (%)	4.1	(21.9)	(17.0)	12.0	(20.2)	(30.8)	2.6	1.9	(5.5)	(10.6)		
Change QoQ (%)	27.8	(42.6)	35.2	12.9	(9.0)	(50.2)	100.5	12.1				

Source: MOFSL, Company

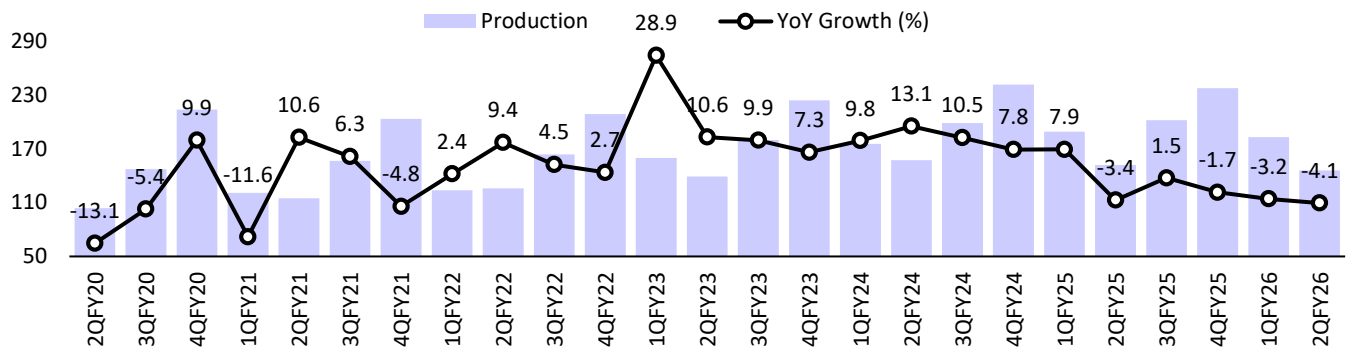
Note – Due to restatements mainly related to OBR accounting, the quarter financials may not add to the annual financials for FY25

Key operational metrics

Y/E March	FY25				FY26		FY25	FY26E	FY26	var.
	1Q	2Q	3Q	4Q	1Q	2Q			2QE	(%)
Volume (m tons)										
Production	189.3	152.0	202.0	237.7	183.3	145.8	781.0	769.6	145.8	0.0
Sales/Offtake	198.5	168.1	194.1	200.7	190.6	166.0	761.5	753.7	164.0	1.2
- FSA	172.4	148.2	170.8	175.1	165.7	147.5	666.5	653.4	144.0	2.4
- E-auction	23.2	15.1	19.2	21.6	21.3	15.3	79.1	87.3	17.0	-9.9
- Washed Coal	1.4	3.4	2.6	2.5	3.6	3.2	9.9	13.0	3.0	7.0
Realisation (INR/t)										
- FSA	1,524	1,462	1,514	1,547	1,550	1,478	1,514	1,612	1,500	-1.4
- E-auction	2,412	2,472	2,671	2,615	2,332	2,292	2,542	2,741	2,549	-10.1
- E-Auction premium (%)	58	69	76	69	50	55	68	70	70	-21.3
Per ton (INR)										
Revenue	1,671	1,622	1,667	1,696	1,669	1,621	1,881	1,925	1,639	-1.1
Adj. EBITDA	581	426	592	558	582	352	564	547	518	-32.0
Adj. PAT	552	374	438	477	458	262	464	419	381	-31.2
Costs	1,090	1,197	1,075	1,139	1,086	1,269	1,318	1,377	1,122	13.1

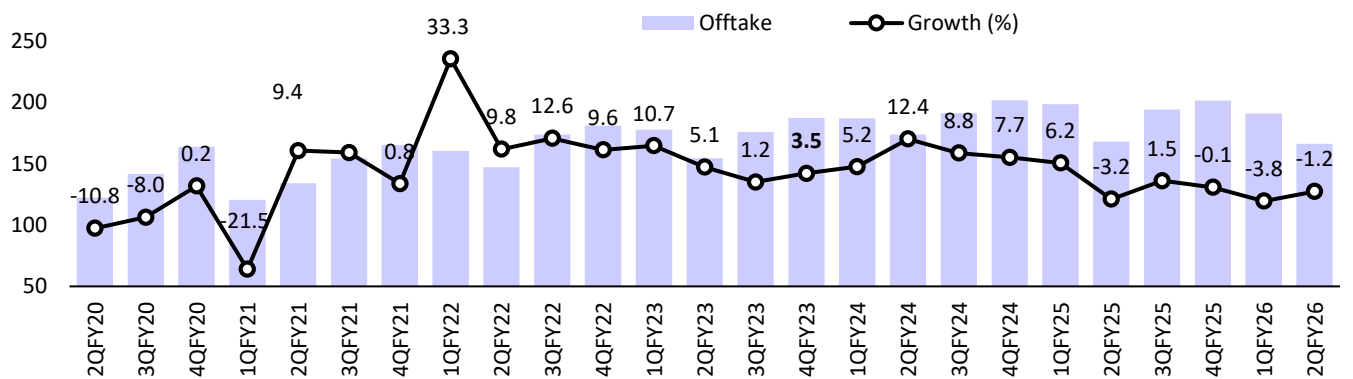
Story in charts

Exhibit 1: Production volume (mt)



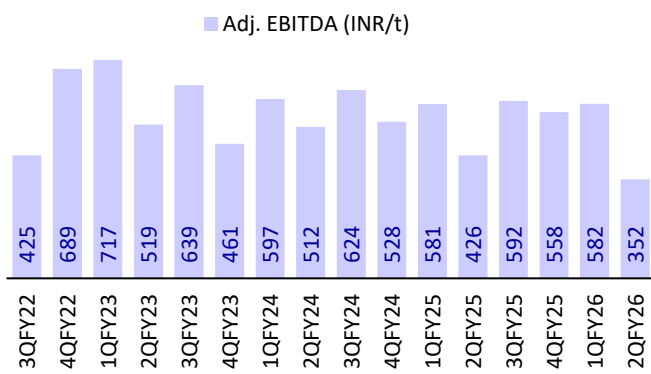
Source: MOFSL, Company

Exhibit 2: Volume offtake (mt)



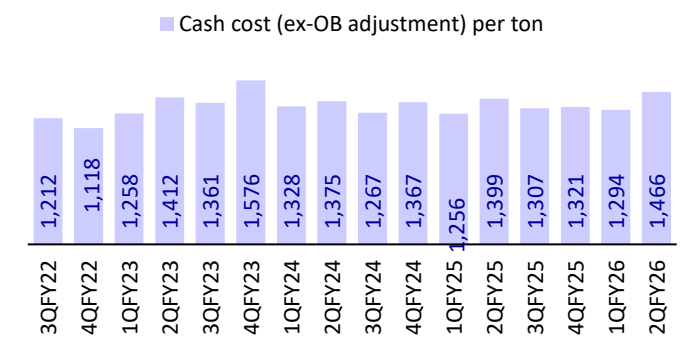
Source: MOFSL, Company

Exhibit 3: Adj. EBITDA/t dipped QoQ



Source: MOFSL, Company

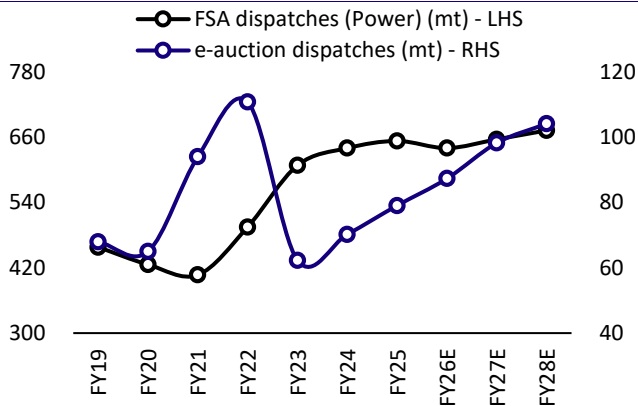
Exhibit 4: Adjusted cash cost increased QoQ



Source: MOFSL, Company

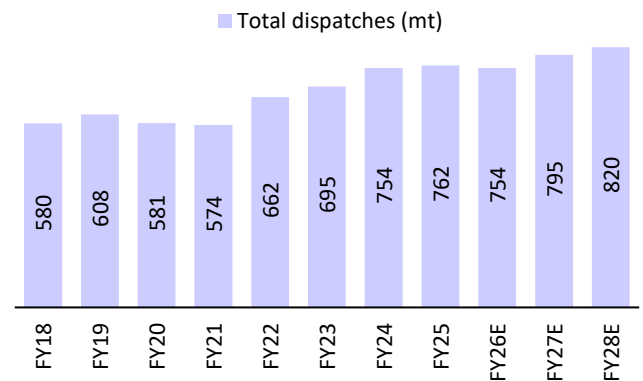
Story in charts

Exhibit 5: Dispatches (mt) trend - E-auction and FSA



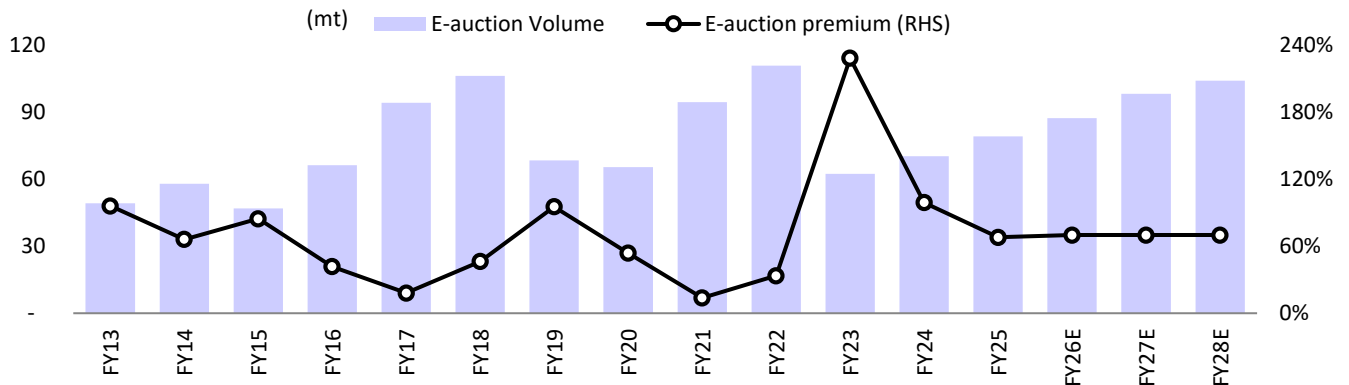
Source: MOFSL, Company

Exhibit 6: Total dispatches (mt) to clock 3% CAGR



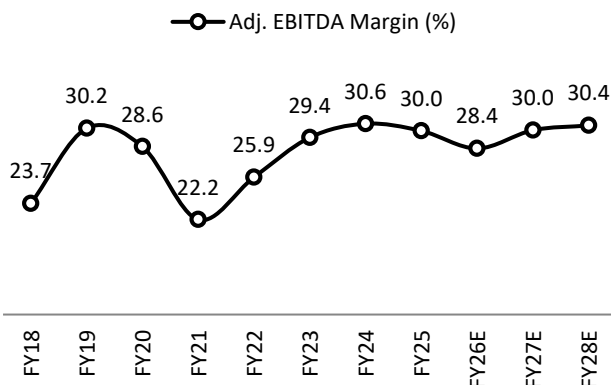
Source: MOFSL, Company

Exhibit 7: E-auction premium expected to remain ~60-70% amid increasing e-auction volume share



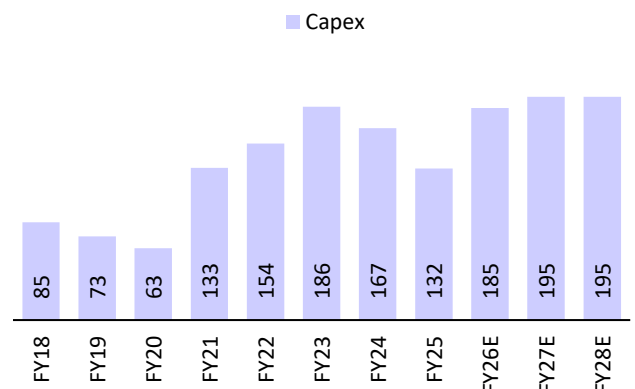
Source: MOFSL, Company

Exhibit 8: Adjusted margin expected to expand due to the rising share of non-FSA volumes



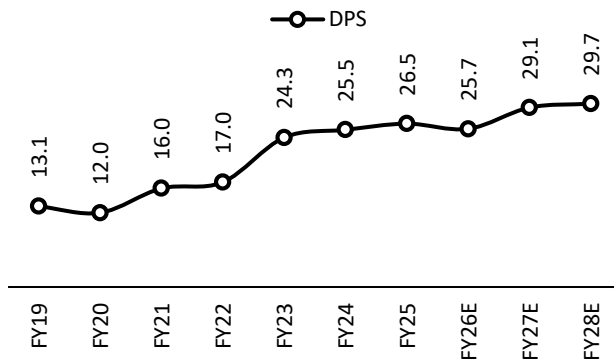
Source: MOFSL, Company

Exhibit 9: Strong focus on capex (INR b) will lead to higher production capacity in the near future



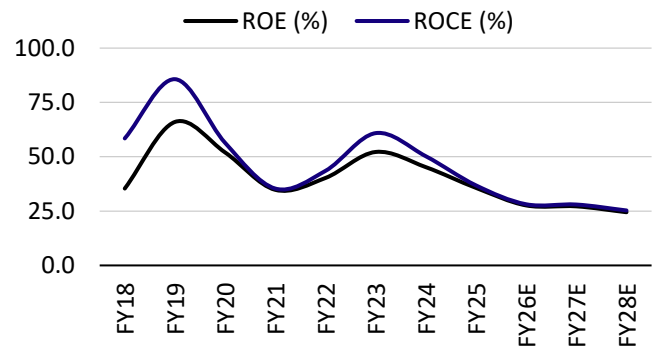
Source: MOFSL, Company

Exhibit 10: Healthy dividend payout



Source: MOFSL, Company

Exhibit 11: ROE vs ROCE (%)

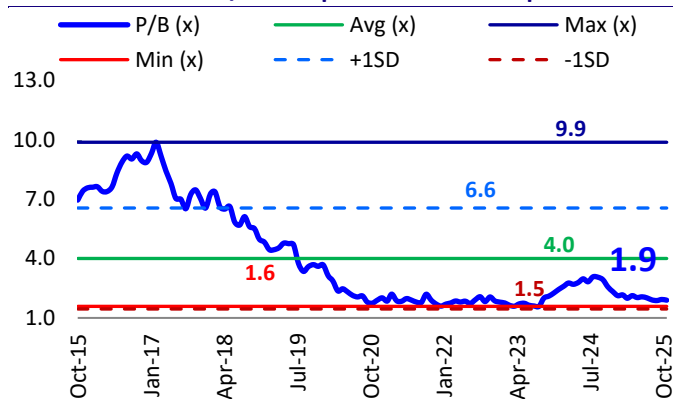


Source: MOFSL, Company

Exhibit 12: Change in estimate

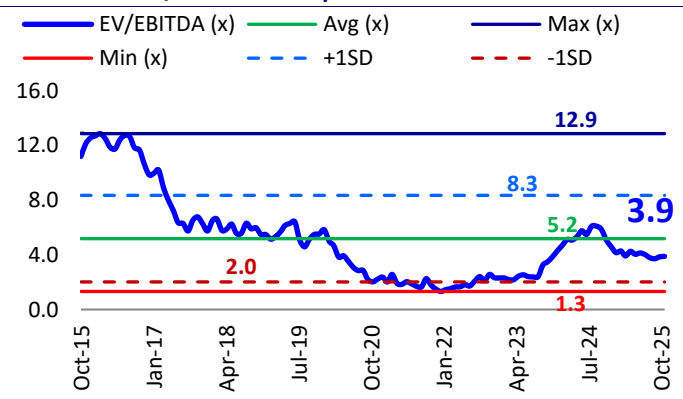
	UoM	FY26E			FY27E		
		New	Old	% change	New	Old	% change
Production	mt	770	797	-3.4%	812	831	-2.3%
Dispatch	mt	754	780	-3.4%	796	815	-2.3%
- FSA	mt	653	673	-2.9%	676	693	-2.4%
- E-auction	mt	87	87	0.0%	98	98	0.0%
ASP							
- Blended	INR/t	1,772	1,777	-0.3%	1,851	1,853	-0.1%
- FSA	INR/t	1,612	1,612	0.0%	1,650	1,650	0.0%
- E-auction	INR/t	2,741	2,741	0.0%	2,805	2,805	0.0%
- E-auction premium	INR/t	70%	70%		70%	70%	
Revenue	INR b	1,451	1,506	-3.7%	1,590	1,629	-2.4%
Adj EBITDA	INR b	412	448	-7.9%	474	498	-4.9%
PAT	INR b	316	337	-6.3%	355	369	-3.7%

Exhibit 13: COAL's P/B multiple remained cheap



Source: MOFSL, Company

Exhibit 14: EV/EBITDA multiple below its historical LTA



Source: MOFSL, Company

Exhibit 15: Change in estimate

Target Price calculations		UoM	Sep'27E
Adjusted EBITDA		INR b	493
Target EV/EBITDA (x)		x	4.5
Target EV		INR b	2,221
Net debt		INR b	(417)
Equity value		INR b	2,638
No. of Shares		Nos. b	6.2
Target Price		INR/share	440

Financials and valuations

Income Statement										(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	995	961	900	1,097	1,383	1,448	1,434	1,451	1,590	1,677
Change (%)	15.9	(3.5)	(6.3)	21.9	26.0	4.7	(1.0)	1.2	9.6	5.5
Operating Expenses	746	742	715	850	940	968	963	996	1,061	1,107
EBITDA	250	219	186	247	442	480	471	455	529	570
Adjusted EBITDA	300	275	200	285	406	443	430	412	474	513
adj. EBITDA/ton	494	473	349	430	584	588	564	547	595	621
Depreciation	35	35	37	44	68	67	91	97	113	131
Interest	3	5	6	5	7	8	9	12	14	16
Other Income	59	61	38	39	66	80	95	70	70	70
Extra Ordinary exp (inc)	0	-	-	-	-	-	-	-	-	-
PBT after EO	271	241	180	236	433	484	465	416	471	493
Tax	97	74	53	62	116	114	117	105	120	126
Rate (%)	35.6	30.6	29.5	26.4	26.7	23.7	25.1	25.2	25.5	25.5
PAT (before MI and Sh. of Asso.)	175	167	127	174	317	369	348	311	351	367
Minority Interest	0	(0)	0	0	(0)	(0)	(1)	(1)	-	-
Reported PAT (after MI and Sh. of Asso.)	175	167	127	174	318	374	354	316	355	372
Change (%)	148.8	(4.3)	(24.0)	36.7	83.0	17.8	(5.5)	(10.6)	12.4	4.6
Adjusted PAT	175	167	127	174	318	374	354	316	355	372
Change (%)	46.8	(4.3)	(24.0)	36.7	83.0	17.8	(5.5)	(10.6)	12.4	4.6

Balance Sheet										(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	62	62	62	62	62	62	62	62	62	62
Reserves	203	260	304	370	547	766	929	1,083	1,256	1,437
Net Worth	265	322	365	431	608	827	991	1,145	1,318	1,499
Minority Interest	4	4	4	7	8	9	8	7	7	7
Loans	22	64	59	33	41	63	89	89	89	89
Deferred tax Liability	-43	(33)	(41)	(41)	(28)	(32)	(27)	(27)	(27)	(27)
Capital Employed	248	357	388	430	629	867	1,062	1,215	1,388	1,569
Gross Fixed Assets	402	474	565	792	896	1,074	1,251	1,436	1,631	1,826
Less: Depreciation	116	150	187	232	300	367	459	556	669	801
Net Fixed Assets	286	323	378	561	596	706	792	880	962	1,026
Capital Work in Progress	137	128	151	168	225	240	260	260	260	260
Investments	5	9	23	24	31	39	44	49	54	59
Current Assets	857	1,007	1,025	1,141	1,344	1,360	1,478	1,465	1,616	1,736
Inventory	56	66	89	71	82	102	126	106	116	123
Debtors	55	144	196	114	131	133	127	141	154	163
Other Current Assets	392	490	524	589	688	787	847	788	864	911
Loans and Advances	16	11	6	4	4	4	4	4	4	4
Cash (incl. bank balance)	338	295	209	365	440	335	374	426	477	535
Current Liabilities	1,037	1,110	1,189	1,464	1,567	1,478	1,513	1,441	1,504	1,513
Payables	68	101	76	86	85	84	102	84	92	97
Other current liabilities	968	1,009	1,113	1,378	1,482	1,394	1,411	1,357	1,412	1,416
Net Curr. Assets	-179	(104)	(164)	(322)	(223)	(118)	(35)	25	111	224
Application of Funds	248	357	388	430	629	867	1,062	1,215	1,388	1,569

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic										
Adjusted EPS	28.3	27.1	20.6	28.2	51.5	60.7	57.4	51.3	57.7	60.3
Cash EPS	33.9	32.7	26.6	35.4	62.6	71.6	72.2	67.0	76.1	81.7
Book Value	42.9	52.2	59.3	70.0	98.7	134.2	160.8	185.8	213.9	243.2
DPS	13.1	12.0	16.0	17.0	24.3	25.5	26.5	25.7	28.8	30.2
Payout (incl. Div. Tax.)	46.2	44.4	77.6	60.4	47.1	42.0	46.2	50.0	50.0	50.0
Valuation (x)										
P/E	13.4	14.0	18.4	13.5	7.4	6.3	6.6	7.5	6.6	6.3
Cash P/E	11.2	11.6	14.3	10.7	6.1	5.3	5.3	5.7	5.0	4.7
P/BV	8.9	7.3	6.4	5.4	3.8	2.8	2.4	2.1	1.8	1.6
EV/Adj. EBITDA	6.7	7.7	10.9	7.1	4.8	4.7	4.8	4.9	4.2	3.7
Dividend Yield (%)	3.4	3.2	4.2	4.5	6.4	6.7	7.0	6.7	7.5	7.9
Turnover Ratios										
Debtor (Days)	20.2	54.7	79.6	37.8	34.5	33.4	35.4	35.4	35.4	35.4
Inventory (Days)	20.5	25.1	36.3	23.5	21.5	25.7	26.7	26.7	26.7	26.7
Payables (Days)	25.0	38.4	31.0	28.6	22.6	21.1	21.1	21.1	21.1	21.1
Asset turnover(x)	4.0	2.7	2.3	2.6	2.2	1.7	1.4	1.2	1.1	1.1
Profitability Ratios (%)										
RoE	66.0	52.0	34.8	40.2	52.2	45.2	35.7	27.6	27.0	24.8
RoCE (post-tax)	85.7	56.4	35.4	43.5	60.9	50.2	36.8	28.1	27.8	25.6
Leverage Ratio										
Net Debt/Equity (x)	-1.2	(0.7)	(0.4)	(0.8)	(0.7)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)

Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Adj EBITDA*										
(Inc)/Dec in WC	-49	(123)	(56)	175	27	(162)	(62)	(7)	(35)	(54)
Taxes paid	-95	(119)	(57)	(63)	(97)	(117)	(119)	(105)	(120)	(126)
Others	11	10	19	15	22	17	43	42	55	57
CF from Operations	167	41	106	411	357	181	292	343	373	390
Capex	-73	(56)	(109)	(120)	(152)	(167)	(132)	(185)	(195)	(195)
Free Cash Flow	94	(15)	(3)	291	205	14	160	158	178	195
(Pur)/Sale of Investments	-1	(5)	(8)	(8)	(7)	(3)	(1)	(5)	(5)	(5)
Interest/dividend	31	35	22	11	27	29	33	70	70	70
Other investing activity	-39	29	96	(140)	(103)	97	(0)	-	-	-
CF from Investments	-83	3	2	(257)	(235)	(45)	(101)	(120)	(130)	(130)
Equity raised/(repaid)	0	-	-	-	-	-	-	-	-	-
Debt raised/(repaid)	7	23	(6)	(26)	8	15	17	-	-	-
Interest paid	0	(1)	(2)	(1)	(2)	(3)	15	(12)	(14)	(16)
Dividend (incl. tax)	-112	(97)	(77)	(108)	(143)	(151)	(166)	(158)	(178)	(186)
Other financing	4	5	-	-	-	-	-	-	-	-
CF from Fin. Activity	-102	(70)	(85)	(134)	(137)	(139)	(133)	(170)	(192)	(202)
Inc/Dec of Cash	-17	(25)	23	20	(14)	(3)	58	52	51	58
Add: Beginning Cash Balance	70	53	28	51	71	56	53	112	164	215
Closing cash Balance	53	28	51	71	56	53	112	164	215	273
Bank Balance	286	267	158	294	383	281	262	262	262	262
Closing Balance (incl. bank bal.)	338	295	209	365	440	335	374	426	477	535

E: MOFSL Estimates

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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