



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗
+ Positive	= Neutral	- Negative	

What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✓	↔	✓
RV	✓	↔	✓

Company details

Market cap:	Rs. 2,30,917 cr
52-week high/low:	Rs. 545/349
NSE volume: (No of shares)	63.8 lakh
BSE code:	533278
NSE code:	COALINDIA
Free float: (No of shares)	227.2 cr

Shareholding (%)

Promoters	63.1
FII	8.2
DII	22.7
Others	6.1

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-3.0	-2.5	-2.8	-28.6
Relative to Sensex	-0.1	-3.2	-6.8	-28.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Coal India Ltd

Inline quarter; Maintain Buy

Energy & Utilities	Sharekhan code: COALINDIA		
Reco/View: Buy	↔	CMP: Rs. 375 (as on Aug 04, 2025)	Price Target: Rs. 450 ↔

Summary

- Company reported a revenue of Rs. 35,842 crore, a decline of 1.7% y-o-y. Volume offtake decreased while the realization was almost flat.
- Adj. operating profit (ex-OBR) of Rs. 11,126 crore was down 3.6% y-o-y and inline with estimate. Consolidated PAT of Rs. 8,743 crore was down 20.2% y-o-y because of lower other income and higher depreciation.
- Coal India's volume growth is expected to improve with the addition of thermal capacities. Also, IPO of its subsidiaries would help in some value unlocking.
- Valuation of 6.1x/5.8x its FY26/FY27 EPS estimates is attractive, and the stock offers a high dividend yield of ~7%. We maintain a Buy with an unchanged PT of Rs. 450.

Q1FY26 consolidated revenue of Rs. 35,842 crore was down 1.7% y-o-y. Volume saw a de-growth while the realization was almost flat y-o-y. The volume growth has been slow overall due to increase in captive consumption of coal. FSA volumes of 165.7mn tonne were down 4% y-o-y while E-auction volumes fell 8% y-o-y. FSA realization of Rs. 1,550/tonne was up 2% y-o-y. E-auction realization of Rs. 2,332/tonne (50% premium) was down 2% y-o-y. Adj. operating profit (ex-OBR) of Rs. 11,126 crore decreased 3.6% y-o-y. Operating margin of 31% decreased 61 bps y-o-y. Adj. EBITDA/tonne of Rs. 582 was flat y-o-y. Consolidated PAT at Rs. 8,743 crore decreased by 20.2% y-o-y because of lower other income and higher depreciation. Company declared an interim dividend of Rs. 5.5/share. The company is actively diversifying its business beyond its core operations. This is demonstrated by a series of key initiatives, including - A Memorandum of Understanding (MoU) with UPRVUNL to establish a 500 MW solar power project in Uttar Pradesh, an MoU with AM Green Ammonia (India) Private Limited to supply 4,500 MW of carbon-free energy for its upcoming green ammonia facilities, being named the preferred bidder for the Oranga-Revatipur Graphite & Vanadium block in Chhattisgarh and an MoU with Hindustan Copper to collaborate on copper and critical mining areas.

Key negatives

- Q1FY26 volume of 191mt was down 4% y-o-y.

Our Call

Valuation – Maintain Buy on CIL with an unchanged PT of Rs. 450: Decent volume growth in coal offtake is expected in the next few years due to thermal capacity addition and demand in the power sector. Coal India's valuation of 6.1x/5.8x its FY26E/FY27E EPS is attractive and the stock offers high dividend yield of ~7%. Hence, we maintain a Buy with an unchanged price target (PT) of Rs. 450. Also, the listing of its subsidiaries could unlock some value for the stock

Key Risks

Lower-than-expected volume offtake amid any weakness in electricity demand and realisations (especially for e-auction) could affect margins and earnings outlook.

Valuation (Consolidated)

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,38,252	1,42,324	1,43,369	1,50,971	1,60,625
OPM (%)	29.4	29.4	30.0	29.0	29.6
Adjusted PAT	31,763	37,402	35,358	37,796	39,963
% YoY growth	83.0	17.8	-5.5	6.9	5.7
Adjusted EPS (Rs.)	51.5	60.7	57.4	61.3	64.8
P/E (x)	7.3	6.2	6.5	6.1	5.8
P/B (x)	4.0	2.8	2.3	2.0	1.8
EV/EBITDA (x)	4.8	5.0	4.8	4.5	3.9
RoNW (%)	63.3	53.4	38.9	35.4	32.8
RoCE (%)	67.3	55.7	42.0	39.0	37.0

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated)

Particulars	Rs cr				
	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	35,842	36,465	-1.7	37,825	-5.2
Total Expenditure	23,321	22,126	5.4	26,034	-10.4
Reported operating profit	12,521	14,339	-12.7	11,790	6.2
Adjusted operating profit (ex-OBR)	11,126	11,542	-3.6	11,229	-0.9
Other Income	1,616	1,885	-14.3	3,937	-59.0
Interest	265	209	27.0	241	9.9
Depreciation	2,307	1,952	18.2	2,782	-17.1
Share of profit from associate	144	85		169	
PBT	11,709	14,147	-17.2	12,873	-9.0
Tax	2,975	3,204	-7.1	3,281	-9.3
PAT before share of profit from JVs and MI	8,734	10,944	-20.2	9,593	-8.9
Minority interest	-9	-16		-11	-19.8
Adjusted PAT	8,743	10,959	-20.2	9,604	-9.0
O/S Shares (cr)	616	616		616	
Adjusted EPS (Rs)	14.2	17.8	-20.2	15.6	-9.0
Margins (%)			BPS		BPS
Adjusted OPM	31.0	31.7	-61.1	29.7	135.6
Adjusted NPM	24.4	30.1	-566.1	25.4	-99.7

Source: Company; Mirae Asset Sharekhan Research

Key operating performance

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Coal production (mt)	183	189	-3.2	238	-22.9
Coal offtake (mt)	191	199	-3.8	201	-5.1
Blended realisation (Rs/tonne)	1,669	1,671	-0.1	1,696	-1.6
Adjusted EBITDA excluding OBR (Rs/tonne)	582	581	0.2	558	4.5

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – India's coal demand expected to reach 1,250-1,500 MT with increased power generation

Coal India accounts for 55% of India's total commercial energy production. Although its share in India's overall energy mix is expected to fall over the next decade, it would remain a primary energy source and absolute coal offtake is expected to improve given higher demand from sectors such as power and steel. Industry estimates suggest that India's coal demand could reach 1,250-1,500 million tonnes by FY2030, assuming a 6-8% growth in power demand and despite considering growth in renewable energy capacity to 500 GW by FY2030 (from 220 GW in FY2025).

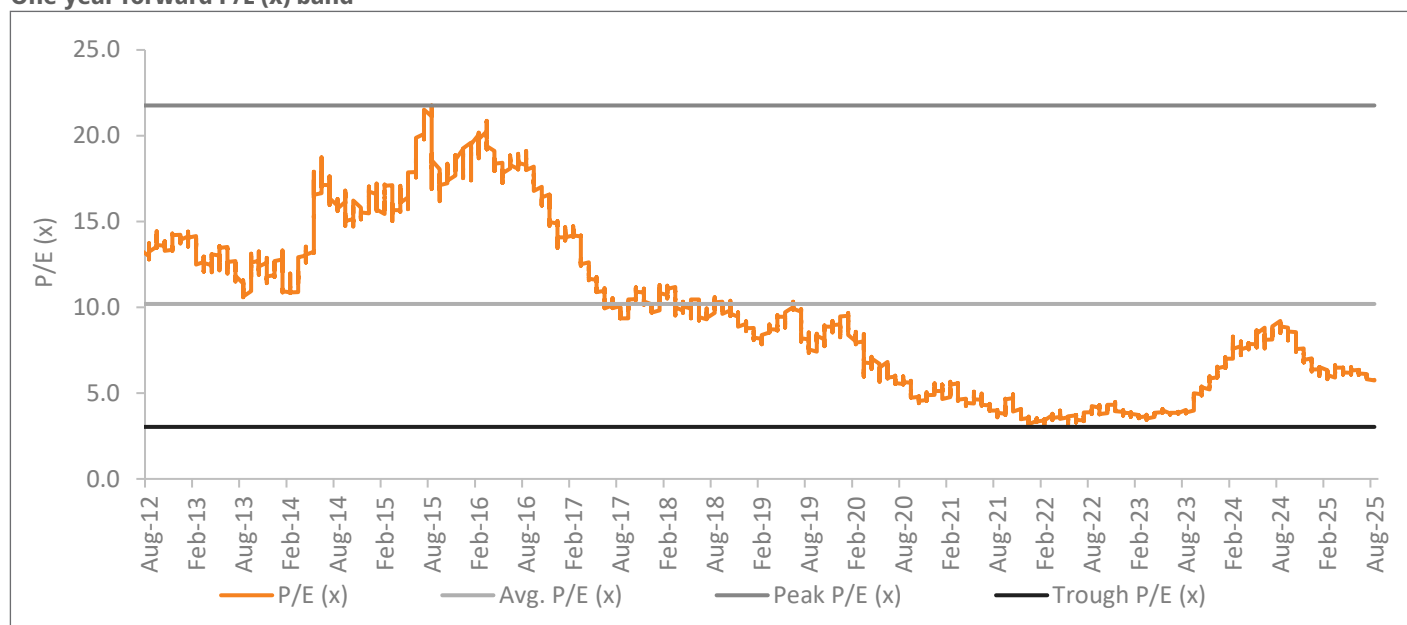
■ Company Outlook – Expect earnings to improve led by volume growth and improving coal realisation

Coal India posted a weak performance in FY25 with PAT declining by 5.5% y-o-y due to tepid volume growth and fall in realizations. But, we expect both to improve going forward given strong coal demand from thermal power plants and increase in realizations due to the additional Rs. 300/tonne levy in NCL subsidiary. Government plans to add 80GW of extra thermal capacity by FY32.

■ Valuation – Maintain Buy on CIL with an unchanged PT of Rs. 450

Decent volume growth in coal offtake is expected in the next few years due to thermal capacity addition and demand in the power sector. Coal India's valuation of 6.1x/5.8x its FY26E/FY27E EPS is attractive and the stock offers high dividend yield of ~7%. Hence, we maintain a Buy with an unchanged price target (PT) of Rs. 450. Also, the listing of its subsidiaries could unlock some value for the stock.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

CIL is engaged in the production and sale of coal. The company operates through ~82 mining areas across eight states and contributes to around 75% of India's coal production. The company's products include coking coal (used in steel making and metallurgical industries), semi-coking coal (used in steel making, merchant coke manufacturing, and other metallurgical industries), non-coking coal (mainly used in power generation; also used for cement, fertiliser, glass, ceramic, paper, and chemical), and washed and beneficiated coal (manufacturing of hard coke for steel making, power generation, cement, and sponge iron).

Investment theme

The government's plans to increase coal production to substitute imports (stands at more than 250 million tonne) and increase in power demand would help CIL to register sustainable volume growth over the next few years. Moreover, cost-control initiatives such as reduction of manpower would cushion margins. Moreover, valuations are reasonable to historical averages and the stock offers high dividend yield.

Key Risks

- ♦ Lower-than-expected volume offtake and realisation (especially e-auction) could impact margin and earnings outlook

Additional Data

Key management personnel

Name	Designation
P M Prasad	Chairman and Managing Director
Mukesh Agrawal	Director - Finance
Achyut Ghatak	Director - Technical

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	9.79
2	PPFAS Asset Management	2.68
3	Nippon Life India Asset Management	2.64
4	Vanguard Group Inc/The	1.56
5	HDFC Asset Management Co Ltd	1.22
6	ICICI Prudential Asset Management	1.20
7	Blackrock Inc	1.15
8	SBI Funds Management Ltd	0.81
9	FMR LLC	0.59
10	UTI Asset Management Co Ltd	0.50

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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