

Coal India

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR419 TP: INR500 (+19%) Buy

Revenue in line; EBITDA beat over lower cost

- Revenue for 3QFY26 came at INR349b (-5% YoY and +16% QoQ) against our est. of INR345b. The decline was mainly led by muted volume during this fiscal.
- Adj. EBITDA (excluding OBR exp) stood at INR100.7b (-12% YoY and +72% QoQ) against our estimate of INR92b in 3QFY26. The EBITDA/t improved to INR534 (-10% YoY and +52% QoQ) vs our estimate of INR492/t.
- APAT came in at INR89.2b (+5% YoY and +105% QoQ) against our est. of INR65b during the quarter. Strong operational performance, higher OBR credit and lower tax outgo drove sharp jump in APAT. The Board of Directors approved the upgradation of pay scales of executives (up to mid-level] across the Company. The financial impact arising from such upgradation is payable with effect from 23rd August 2023. The total estimated financial impact of the said upgradation amounting to INR22b has been included in the consolidated financial results, for the quarter. For like-to-like comparison, we have adjusted this as exceptional item.
- Production for 3QFY26 stood at 200.1mt (-1 YoY and +37% QoQ), and offtake stood at 188.7mt (-3% YoY and +14% QoQ).
- FSA revenue stood at INR248.5b (-4% YoY and +14% QoQ), with volumes at 165.1mt (-3% YoY and +12% QoQ) and ASP at INR1,505/t (flat YoY and +2% QoQ) during the quarter.
- E-auction revenue came in at INR48b (-8% YoY and +35% QoQ), with volumes at 19.5mt (+1% YoY and +27% QoQ) and realizations at INR2,435/t (-9% YoY and +6% QoQ), translating into a premium of 62% during the quarter (vs. 76% in 3QFY25).
- In 9MFY26, production and offtake volume stood at 529mt (-3% YoY) and 546mt (-3% YoY), respectively. Revenue and EBITDA declined 3% and 10% YoY to INR1,010b and INR270b, respectively, in 9MFY26. Meanwhile, Adj. PAT declined 15% YoY to INR220b in 9MFY26.
- The company declared a third interim dividend of INR5.50/share in 3QFY26, totaling to 21.25/share in 9MFY26

Valuation and view

- Coal India (COAL) delivered decent performance, mainly supported by volume recovery, where e-auction volumes accounted for ~10% of total volumes and premium stood at 62% in 3QFY26.
- For FY26, we increased our APAT estimates by 14% to incorporate the performance beat, while we maintained our FY27/28 estimates. Going forward, we believe e-auction volume and premium will recover, supported by demand recovery and depleting inventory at both mine and power plant levels.

Bloomberg	COAL IN
Equity Shares (m)	6163
M.Cap.(INRb)/(USDb)	2583.1 / 28.5
52-Week Range (INR)	462 / 349
1, 6, 12 Rel. Per (%)	-3/3/4
12M Avg Val (INR M)	2731

Financials & Valuations (INR b)

Y/E MARCH	2026E	2027E	2028E
Sales	1,403	1,597	1,689
Adj. EBITDA	380	476	493
Adj. PAT	311	357	356
EBITDA Margin (%)	27.1	29.8	29.2
Cons. Adj. EPS (INR)	50.5	57.9	57.8
EPS Gr. (%)	(11.9)	14.7	(0.2)
BV/Sh. (INR)	182.6	210.8	238.9

Ratios

Net D:E	(0.3)	(0.3)	(0.3)
RoE (%)	26.1	27.5	24.2
RoCE (%)	27.9	28.3	25.0
Payout (%)	50.0	50.0	50.0

Valuations

P/E (x)	8.8	7.7	7.7
P/BV (x)	2.4	2.1	1.9
EV/EBITDA(x)	6.4	5.0	4.7
Div. Yield (%)	5.7	6.5	6.5
FCF Yield (%)	3.9	7.1	6.6

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	63.1	63.1	63.1
DII	22.7	22.9	22.7
FII	8.2	8.0	8.6
Others	6.0	6.0	5.6

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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.

- We expect COAL to clock a 2% volume CAGR over FY25-28. This is expected to translate into a CAGR of 6% in revenue/EBITDA, supported by the rising share of non-FSA and washed coal. 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 4.9x EV/EBITDA and 2.1x P/BV on FY27E. We reiterate our BUY rating with a TP of INR500 (premised on 5.5x EV/EBITDA on Sep'27 estimate).

Consolidated quarterly performance

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	364.6	306.7	368.6	378.2	358.4	301.9	349.2	393.2	1,433.7	1,402.7	345	1.2
Change YoY (%)	1.3	(6.4)	1.9	(1.0)	(1.7)	(1.6)	(5.2)	4.0	(1.0)	(2.2)		
Change QoQ (%)	(4.6)	(15.9)	20.2	2.6	(5.2)	(15.8)	15.7	12.6				
Adj. EBITDA	115.4	71.5	114.8	112.3	111.3	58.5	100.7	109.3	429.6	379.7	92	10.0
Change YoY (%)	3.4	(19.6)	(3.8)	5.5	(3.6)	(18.3)	(12.3)	(2.7)	(3.0)	(11.6)		
Change QoQ (%)	8.4	(38.0)	60.5	(2.2)	(0.9)	(47.5)	72.3	8.5				
EBITDA per tonne	581.5	425.6	591.5	557.6	582.4	352.1	533.8	523.8	563.7	504.0	492	8.5
Depreciation	19.5	19.0	25.1	27.8	23.1	26.6	22.2	24.8	91.5	96.7		
OBR	(28.0)	(14.6)	(8.3)	(5.6)	(14.0)	(8.7)	(14.6)	(16.0)	(41.1)	(53.3)		
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	23.9	23.5	94.7	85.0		
EO Inc/(Exp)	-	-	-	-	-	-	(22.0)	-	-	(22.0)		
PBT after EO	140.6	80.2	117.2	127.0	115.6	59.1	91.8	120.4	465.0	386.9	85	8.1
Tax	32.0	18.8	33.0	32.8	29.7	18.5	23.1	26.6	116.6	97.9		
Tax Rate (%)	22.8	23.4	28.2	25.8	25.7	31.4	20.3	22.1	25.1	25.3		
PAT before MI & Asso.	108.6	61.4	84.2	94.2	85.9	40.5	68.8	93.8	348.4	289.0		
MI	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.9)	0.1	-	(0.6)	(0.9)		
Sh. of Assoc.	0.9	1.4	0.7	1.7	1.4	2.1	2.9	(2.6)	4.6	3.9		
PAT After MI & Asso.	109.6	62.9	85.1	96.0	87.4	43.5	71.6	91.3	353.6	293.8		
Adjusted PAT	109.6	62.9	85.1	96.0	87.4	43.5	89.2	91.3	353.6	311.4	65	37.8
Change YoY (%)	4.1	(21.9)	(17.0)	12.0	(20.2)	(30.8)	4.9	(5.0)	(5.5)	(11.9)		
Change QoQ (%)	27.8	(42.6)	35.2	12.9	(9.0)	(50.2)	104.8	2.4				

Source: MOFSL, Company

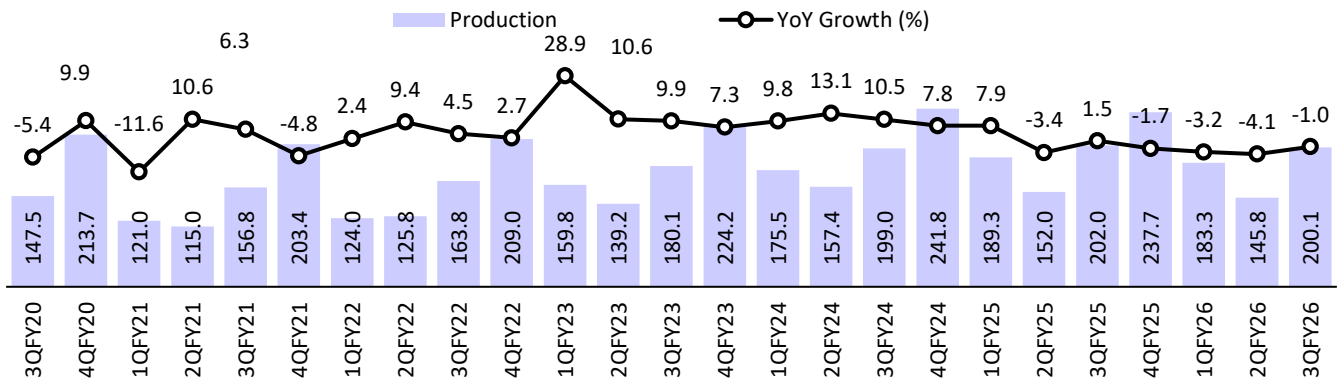
Note – Due to restatements, mainly related to OBR accounting, the quarterly financials may not add up to the annual financials for FY25

Key operational metrics

Y/E March	FY25				FY26				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volume (m tons)										
Production	189.3	152.0	202.0	237.7	183.3	145.8	200.1	231.6	781.0	760.8
Sales/Offtake	198.5	168.1	194.1	200.7	190.6	166.0	188.2	208.6	761.5	753.3
- FSA	172.4	148.2	170.8	175.1	165.7	147.5	165.1	183.0	666.5	661.3
- E-auction	23.2	15.1	19.2	21.6	21.3	15.3	19.5	18.9	79.1	75.0
- Washed Coal	1.4	3.4	2.6	2.5	3.6	3.2	3.5	6.7	9.9	17.0
Realisation (INR/t)										
- FSA	1,524	1,462	1,514	1,547	1,550	1,478	1,505	1,519	1,514	1,514
- E-auction	2,412	2,472	2,671	2,615	2,332	2,292	2,435	2,497	2,542	2,392
- E-Auction premium (%)	58	69	76	69	50	55	62	64	68	58
Per ton (INR)										
Revenue	1,671	1,622	1,667	1,696	1,669	1,621	1,634	1,707	1,881	1,862
Adj. EBITDA	581	426	592	558	582	352	534	524	564	504
Adj. PAT	552	374	438	477	458	262	473	438	464	413
Costs	1,090	1,197	1,075	1,139	1,086	1,269	1,100	1,183	1,318	1,358

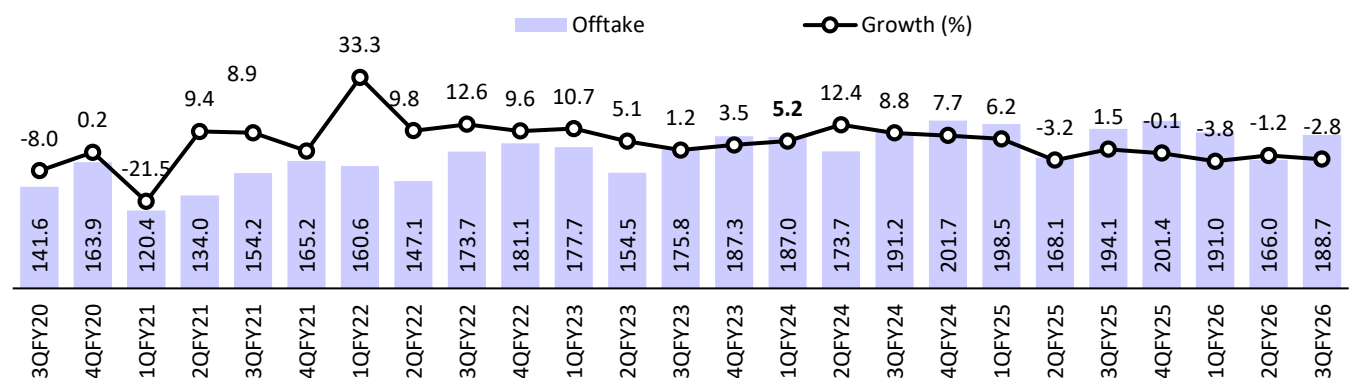
Story in charts

Exhibit 1: Production volume (mt)



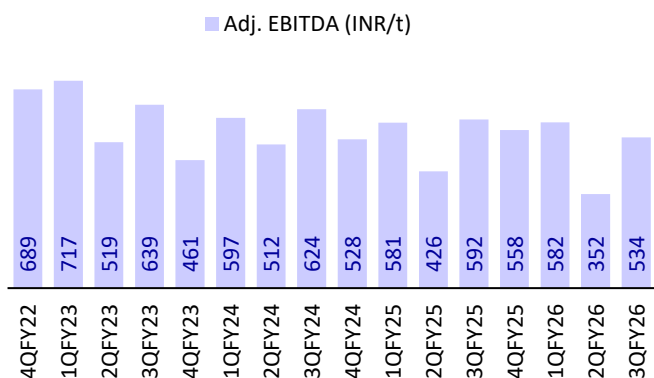
Source: MOFSL, Company

Exhibit 2: Volume offtake (mt)



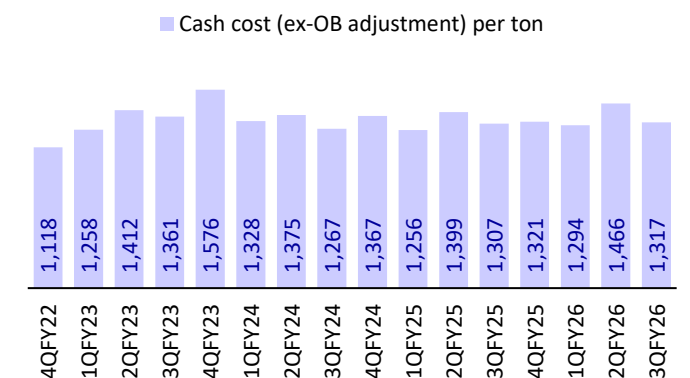
Source: MOFSL, Company

Exhibit 3: Adj. EBITDA/t improved QoQ



Source: MOFSL, Company

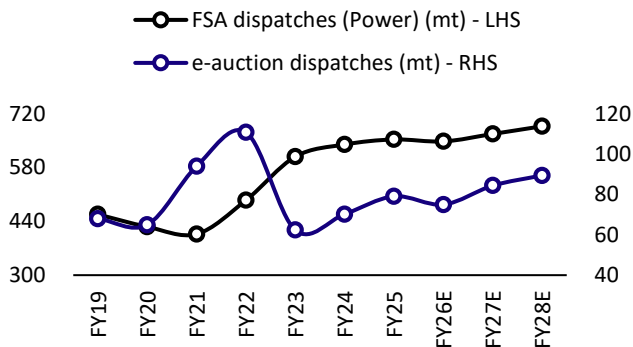
Exhibit 4: Adjusted cash cost decreased QoQ



Source: MOFSL, Company

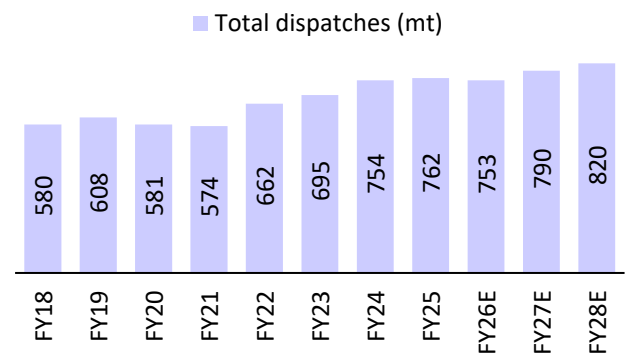
Story in charts

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



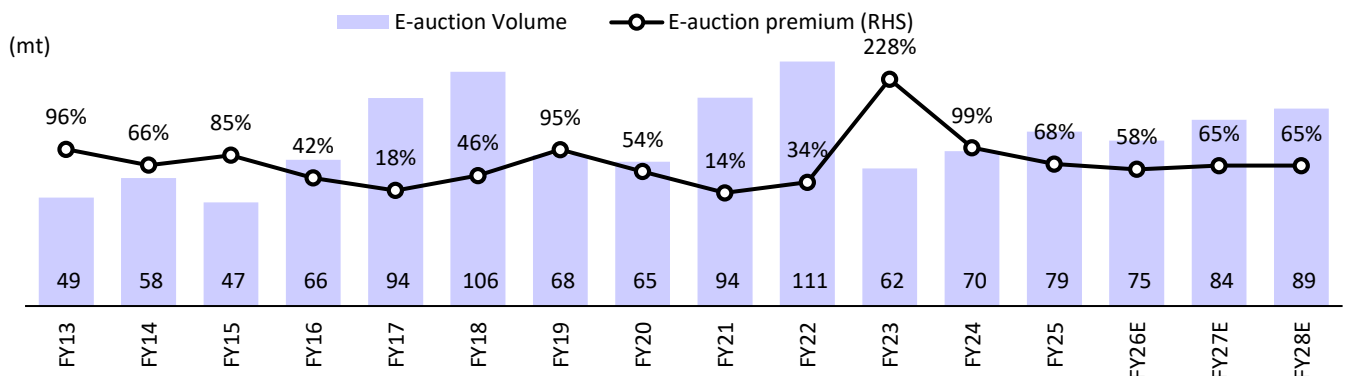
Source: MOFSL, Company

Exhibit 6: Total dispatches (mt) to clock 2% CAGR



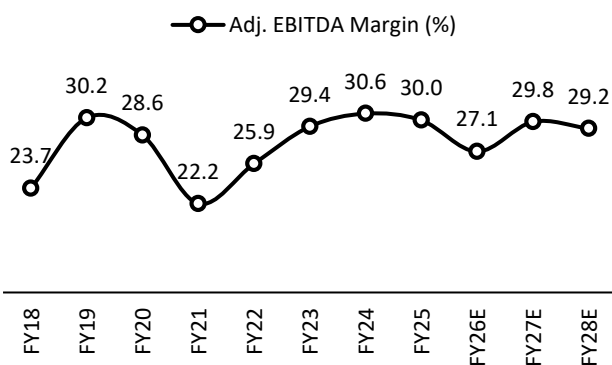
Source: MOFSL, Company

Exhibit 7: E-auction premium expected to remain ~60-65% amid increasing e-auction volume share



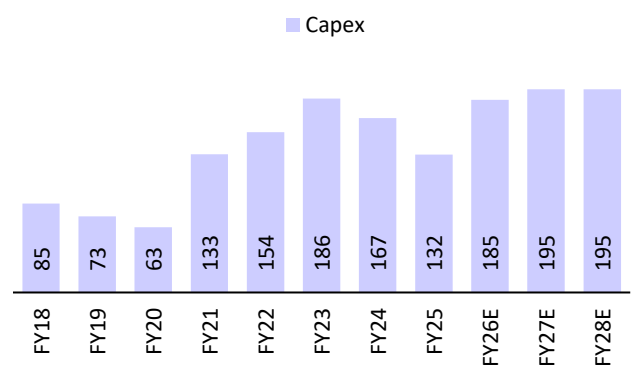
Source: MOFSL, Company

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



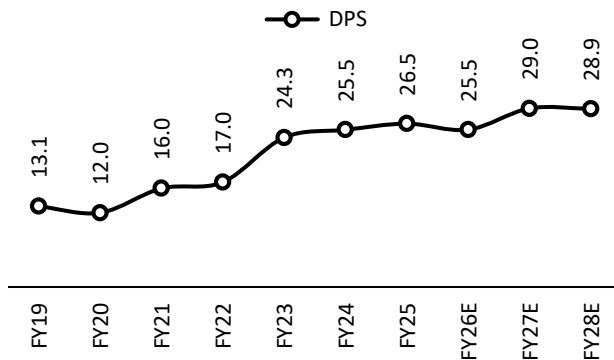
Source: MOFSL, Company

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



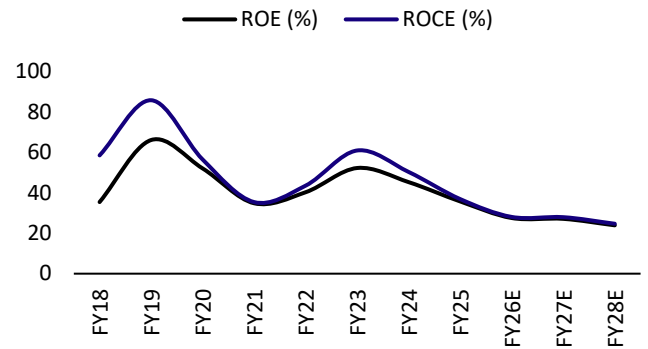
Source: MOFSL, Company

Exhibit 10: Healthy dividend payout



Source: MOFSL, Company

Exhibit 11: ROE vs ROCE (%)

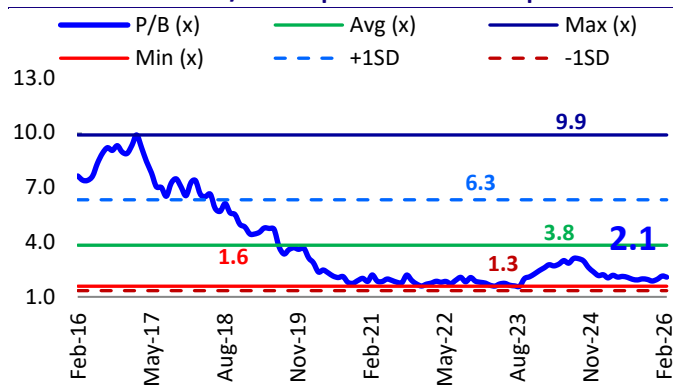


Source: MOFSL, Company

Exhibit 12: Change in estimate

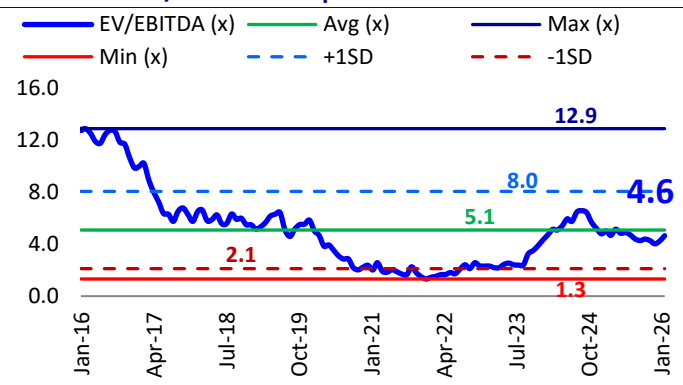
UoM		FY26E			FY27E			FY28E		
		New	Old	% change	New	Old	% change	New	Old	% change
Revenue	INR b	1,403	1,419	-1.2%	1,597	1,597	0.0%	1,689	1,689	0.0%
Adj EBITDA	INR b	380	374	1.4%	476	469	1.5%	493	498	-1.1%
PAT	INR b	315	276	13.8%	357	352	1.5%	356	360	-1.1%

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	485
Target EV/EBITDA (x)	x	5.5
Target EV	INR b	2,666
Net debt	INR b	(441)
Equity value	INR b	3,106
No. of Shares	Nos. b	6.2
Target Price	INR/share	500

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	1,403	1,597	1,689
Change (%)	15.9	(3.5)	(6.3)	21.9	26.0	4.7	(1.0)	(2.2)	13.9	5.7
Operating Expenses	746	742	715	850	940	968	963	970	1,067	1,139
EBITDA	250	219	186	247	442	480	471	433	531	550
Adjusted EBITDA	300	275	200	285	406	443	430	380	476	493
adj. EBITDA/ton	494	473	349	430	584	588	564	504	603	601
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	85	70	70
Extra Ordinary exp (inc)	0	-	-	-	-	-	-	(22)	-	-
PBT after EO	271	241	180	236	433	484	465	387	473	472
Tax	97	74	53	62	116	114	117	98	121	120
Rate (%)	35.6	30.6	29.5	26.4	26.7	23.7	25.1	25.3	25.5	25.5
PAT (before MI and Sh. of Asso.)	175	167	127	174	317	369	348	289	352	352
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	294	357	356
Change (%)	148.8	(4.3)	(24.0)	36.7	83.0	17.8	(5.5)	(16.9)	21.5	(0.2)
Adjusted PAT	175	167	127	174	318	374	354	311	357	356
Change (%)	46.8	(4.3)	(24.0)	36.7	83.0	17.8	(5.5)	(11.9)	14.7	(0.2)

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	1,064	1,237	1,411
Net Worth	265	322	365	431	608	827	991	1,125	1,299	1,473
Minority Interest	4	4	4	7	8	9	8	8	8	8
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	1,195	1,369	1,542
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	1,398	1,604	1,720
Inventory	56	66	89	71	82	102	126	102	117	123
Debtors	55	144	196	114	131	133	127	136	155	164
Other Current Assets	392	490	524	589	688	787	847	762	868	918
Loans and Advances	16	11	6	4	4	4	4	4	4	4
Cash (incl. bank balance)	338	295	209	365	440	335	374	393	460	511
Current Liabilities	1,037	1,110	1,189	1,464	1,567	1,478	1,513	1,393	1,512	1,523
Payables	68	101	76	86	85	84	102	81	93	98
Other current liabilities	968	1,009	1,113	1,378	1,482	1,394	1,411	1,312	1,419	1,425
Net Curr. Assets	-179	(104)	(164)	(322)	(223)	(118)	(35)	5	92	197
Application of Funds	248	357	388	430	629	867	1,062	1,195	1,369	1,542

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	50.5	57.9	57.8
Cash EPS	33.9	32.7	26.6	35.4	62.6	71.6	72.2	66.2	76.4	79.1
Book Value	42.9	52.2	59.3	70.0	98.7	134.2	160.8	182.6	210.8	238.9
DPS	13.1	12.0	16.0	17.0	24.3	25.5	26.5	25.3	29.0	28.9
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	15.7	16.4	21.5	15.8	8.6	7.3	7.7	8.8	7.7	7.7
Cash P/E	13.1	13.6	16.7	12.6	7.1	6.2	6.1	6.7	5.8	5.6
P/BV	10.3	8.5	7.5	6.3	4.5	3.3	2.8	2.4	2.1	1.9
EV/Adj. EBITDA	8.1	9.1	12.9	8.5	5.8	5.6	5.7	6.4	5.0	4.7
Dividend Yield (%)	3.0	2.7	3.6	3.8	5.5	5.7	6.0	5.7	6.5	6.5
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	1.2	1.1
Profitability Ratios (%)										
RoE	66.0	52.0	34.8	40.2	52.2	45.2	35.7	26.1	27.5	24.2
RoCE (post-tax)	85.7	56.4	35.4	43.5	60.9	50.2	36.8	27.9	28.3	25.0
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*	300	275	200	285	406	443	430	380	476	493
(Inc)/Dec in WC	-49	(123)	(56)	175	27	(162)	(62)	(21)	(20)	(54)
Taxes paid	-95	(119)	(57)	(63)	(97)	(117)	(119)	(98)	(121)	(120)
Others	11	10	19	15	22	17	43	31	54	56
CF from Operations	167	41	106	411	357	181	292	292	390	376
Capex	-73	(56)	(109)	(120)	(152)	(167)	(132)	(185)	(195)	(195)
Free Cash Flow	94	(15)	(3)	291	205	14	160	107	195	181
(Pur)/Sale of Investments	-1	(5)	(8)	(8)	(7)	(3)	(1)	(5)	(5)	(5)
Interest/dividend	31	35	22	11	27	29	33	85	70	70
Other investing activity	-39	29	96	(140)	(103)	97	(0)	-	-	-
CF from Investments	-83	3	2	(257)	(235)	(45)	(101)	(105)	(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)	(156)	(179)	(178)
Other financing	4	5	-	-	-	-	-	-	-	-
CF from Fin. Activity	-102	(70)	(85)	(134)	(137)	(139)	(133)	(168)	(193)	(194)
Inc/Dec of Cash	-17	(25)	23	20	(14)	(3)	58	19	67	51
Add: Beginning Cash Balance	70	53	28	51	71	56	53	112	131	198
Closing cash Balance	53	28	51	71	56	53	112	131	198	249
Bank Balance	286	267	158	294	383	281	262	262	262	262
Closing Balance (incl. bank bal.)	338	295	209	365	440	335	374	393	460	511

E: MOFSL Estimates

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NOTES

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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
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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