

# Coal India | REDUCE

## 3QFY26: Operational beat masks revenue headwinds

Coal India reported consolidated net revenue of INR 349bn (-5% YoY, 1% JMF, 3% consensus) due to moderation in offtake to 188MT (194MT in 3QFY25). Post a one-off pay scale revision adjustment of INR 22bn, adjusted EBITDA was INR 115bn (-6% YoY, 15% JMF, 14% consensus) driven by lower cost of material, which lifted EBITDA/t to 615 (JMF: 533). Adjusted PAT was INR 88bn (4% YoY, 26% JMF, 23% Consensus) due to lower depreciation (-12% YoY) and higher other income (12% YoY). E-auction realisation moderated to INR 2,435/t (-9% YoY). We revise our CIL production estimate to 770MT (820MT earlier) versus target of 875MT, given the current pace of production (-4% YoY) offtake (-1% YoY). We foresee structural and gradual decline in utilisation of thermal power plants during solar hours, constraining the growth potential for coal (Once there was a king; Downgrade to HOLD). We maintain REDUCE with a TP of INR 401 implying 4.3x EV/EBITDA FY28.

- Operational highlights:** Coal production was flat (-1% YoY) at 200MT in 3QFY26 versus target of 229MT. Production at CIL's major subsidiaries BCCL/ SECL/ MCL/ NCL/ CCL grew -11%/ 16%/ -2%/ -6%/ -3% YoY. Coal dispatches were down by 3% YoY to 189MT during 3QFY26 versus target of 235M. Blended realisation was INR 1,642/t (INR 1,664/t in 3QFY25). Average FSA realisation was INR 1,505/t (5% YoY, 2% QoQ) whereas average e-auction realisation moderated to INR 2,435/t (-9% YoY, 6% QoQ). Coal India has an aspiration to reach 1bn tonnes (BT) of production by FY27, which we believe will now happen by FY30.
- Estimated production during FY26:** Coal India has been given a target of producing 875MT during FY26. So far, it has produced 546MT (-3% YoY). Considering production of 529MT during 9MFY26 (543MT in 9MFY25), we estimate CIL will produce 770MT during FY26 versus our estimate of 820MT at the start of the year. Thermal generation grew 1.5% YoY in Jan'26.
- Moderation in coal and e-auction prices:** Global coal prices have significantly corrected due to low demand for imported coal in China and India. HBA Index was down 16% YoY at USD 106/t. Indonesian Coal (5,900 GAR) / South African Coal (6000 GAR) / Australian Coal (6000 GAR) prices stood averaged USD 79.5/t / USD 84.3/t / USD 104.7/t during 3QFY26, down 15% / 22% / 24% YoY.
- Power demand remains subdued:** During the quarter, energy requirement was flat YoY at 392BU, resulting in 1% YoY fall in generation. Due to the extended monsoon and increase in renewable capacity, hydro / RE generation rose by 14% / 21% YoY, while thermal generation fell by 5% YoY. Subdued thermal generation impacted coal PLF, which was 61% in 3QFY26 versus 64% in 3QFY25, and led to an increase in the company's coal inventory to 90MT as of Dec'25 (70MT as of Dec'24).
- GST on coal:** Prior to the recent increase in rates, coal attracted 5% GST and a compensation cess of INR 400/t. The cess is now merged with GST, effectively increasing the GST rate to 18%. This change is positive for Coal India, as the company has accumulated ITC of INR 170bn as of Mar'25, largely comprising GST paid on royalty for mining operations under the reverse charge mechanism (RCM) at 18%, against which recovery was earlier capped at 5%. With the rate hike, the inverted tax structure has been addressed, allowing Coal India to utilise this accumulated credit and improve cash flows. Elimination of inverted tax structure led to utilisation of accumulated ITC of INR 26bn in 3QFY26. (GST rate reduction: Good, but adds one more challenge)

Financial Summary						(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Sales	1,447,624	1,433,689	1,391,471	1,570,693	1,660,228	
Sales Growth (%)	4.7	-1.0	-2.9	12.9	5.7	
EBITDA	479,715	470,683	397,913	468,589	498,248	
EBITDA Margin (%)	33.1	32.8	28.6	29.8	30.0	
Adjusted Net Profit	373,691	353,074	288,019	361,825	369,757	
Diluted EPS (INR)	60.6	57.3	46.7	58.7	60.0	
Diluted EPS Growth (%)	17.8	-5.5	-18.4	25.6	2.2	
ROIC (%)	89.3	48.4	29.1	28.9	24.5	
ROE (%)	52.1	38.8	26.8	28.2	24.1	
P/E (x)	6.9	7.3	9.0	7.1	7.0	
P/B (x)	3.1	2.6	2.2	1.8	1.6	
EV/EBITDA (x)	4.7	4.8	5.7	4.9	4.5	
Dividend Yield (%)	4.5	6.3	4.5	4.5	4.5	

Source: Company data, JM Financial. Note: Valuations as of 12/Feb/2026



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### Recommendation and Price Target

Current Reco.	REDUCE
Previous Reco.	REDUCE
Current Price Target (12M)	401
Upside/(Downside)	-4.3%
Previous Price Target	398
Change	0.8%

### Key Data – COAL IN

Current Market Price	INR419
Market cap (bn)	INR2,583.1/US\$28.5
Free Float	25%
Shares in issue (mn)	6,162.7
Diluted share (mn)	6,162.7
3-mon avg daily val (mn)	INR3,213.9/US\$35.5
52-week range	462/349
Sensex/Nifty	83,675/25,807
INR/US\$	90.6

### Price Performance

%	1M	6M	12M
Absolute	-3.0	8.8	16.3
Relative*	-3.1	4.7	5.8

\* To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**■ Other highlights of the quarter**

- CIL secured the Kawalapur REE Block in Maharashtra in Jan'26, marking its foray into the critical mineral.
- Trade receivables stood at INR 161bn versus INR 166bn / INR 137bn in Sep'25 / Mar'25.
- The board of directors of CIL declared the 3<sup>rd</sup> interim dividend for the fiscal of INR 5.5 per share.

**Exhibit 1. 3QFY26 results summary**

Particulars	3QFY26	3QFY25	% YoY	2QFY26	% QoQ	JMFe	% Var
MT produced	200	202	-1%	146	37%	200	
MT Sold	188	194	-3%	166	13%	188	
<b>Net Sales</b>	<b>3,49,242</b>	<b>3,68,586</b>	<b>-5%</b>	<b>3,01,867</b>	<b>16%</b>	<b>3,46,425</b>	<b>1%</b>
Sales/MT	1,861	1,896		1,818		1,846	
Total Op. Exp.	2,55,929	2,45,414		2,34,706	9%	2,46,442	4%
EBITDA	93,313	1,23,172	-24%	67,162	39%	99,983	-7%
<b>Adj. EBITDA</b>	<b>1,15,323</b>	<b>1,23,172</b>	<b>-6%</b>	<b>67,162</b>	<b>72%</b>	<b>99,983</b>	<b>15%</b>
EBITDA/MT	497	634		405		533	
<b>EBITDA (%)</b>	<b>33.0</b>	<b>33.4</b>		<b>22.2</b>		<b>28.9</b>	
Depreciation	22,183	25,135	-12%	26,644	-17%	26,644	
EBIT	71,129	98,038		40,517		73,338	
Other Income	23,916	21,432	12%	21,405	12%	21,405	
Interest	3,207	2,255	42%	2,869	12%	2,869	
PBT	94,726	1,17,924		61,146		93,967	
Tax Exp.	23,066	33,012	-30%	18,519	25%	23,873	
Effective Tax Rate	24.4%	28.0%		30.3%		25.4%	
Profit	71,660	84,912	-16%	42,626	68%	70,095	2%
<b>Adj. Profit</b>	<b>88,167</b>	<b>84,912</b>	<b>4%</b>	<b>42,626</b>	<b>107%</b>	<b>70,095</b>	<b>26%</b>

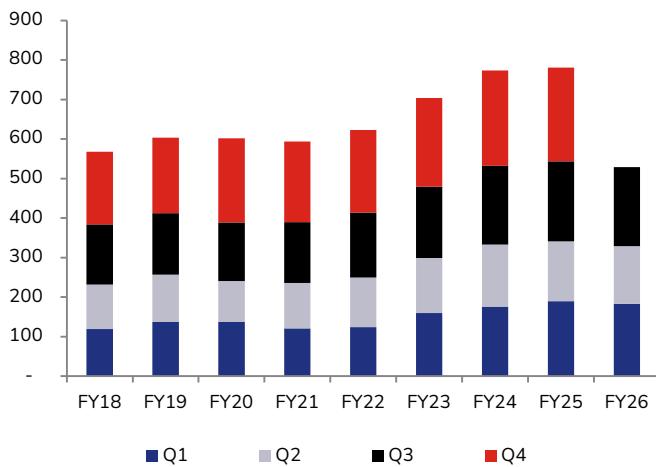
Source: Company, JM Financial

**Exhibit 2. Coal India subsidiary-wise mix of production**

Subsidiary	Target 3QFY26 (MT)	Actual 3QFY26 (MT)	Actual 3QFY25 (MT)	YoY (%)
ECL	14	13	13	1%
BCCL	11	9	10	-11%
CCL	30	21	22	-3%
NCL	39	36	38	-6%
WCL	18	15	18	-17%
SECL	52	46	40	16%
MCL	64	59	60	-2%
NEX	0	0	0	-25%
<b>Overall</b>	<b>229</b>	<b>200</b>	<b>202</b>	<b>-1%</b>

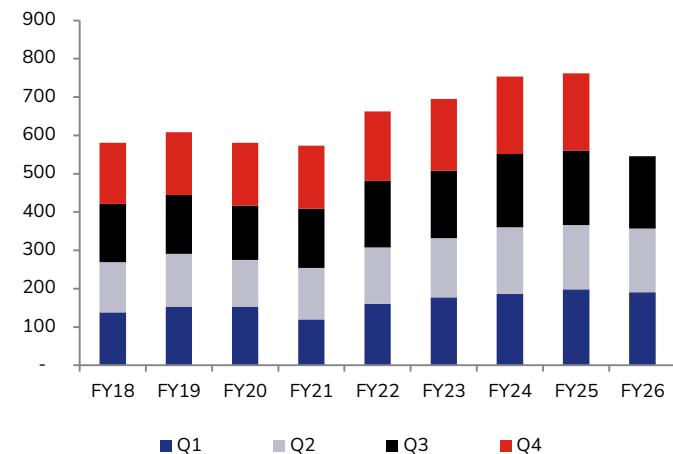
Source: Company, JM Financial

## Exhibit 3. Coal production (MT)



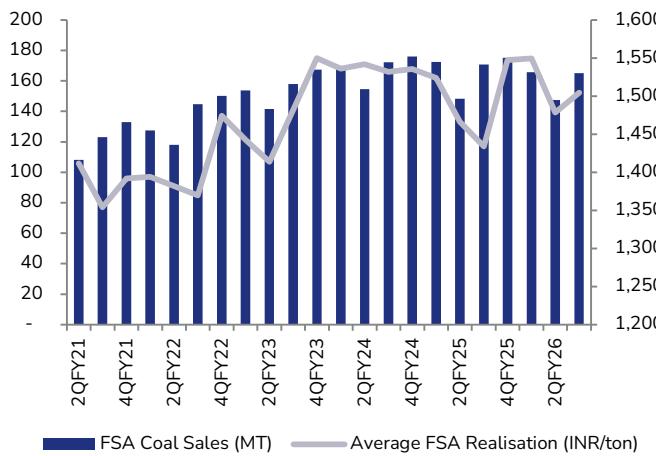
Source: Company, JM Financial

## Exhibit 4. Coal dispatch (MT)



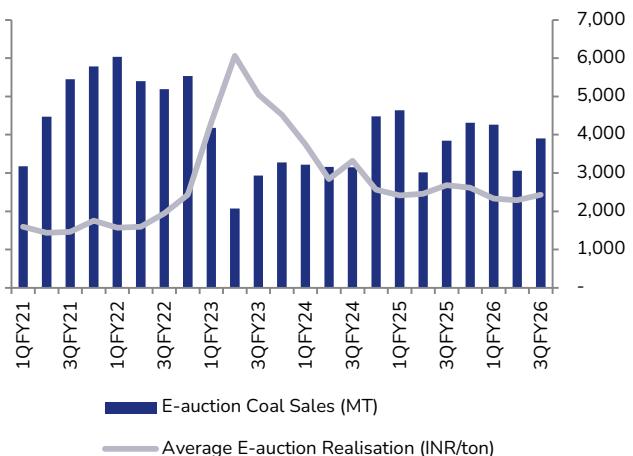
Source: Company, JM Financial

## Exhibit 5. FSA sales &amp; realisation trend



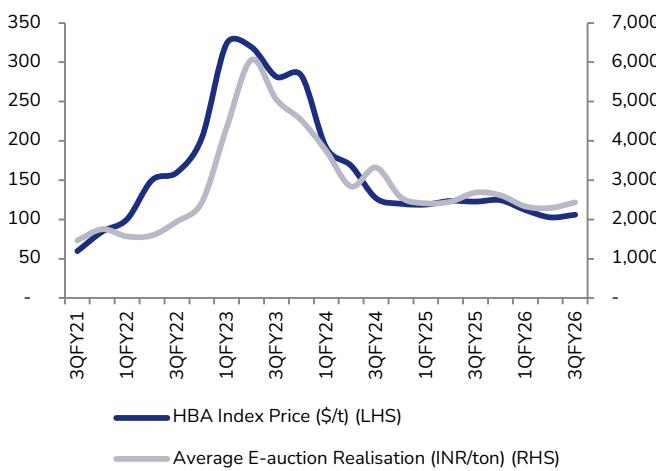
Source: Company, JM Financial

## Exhibit 6. E-auction sales &amp; realisation trend



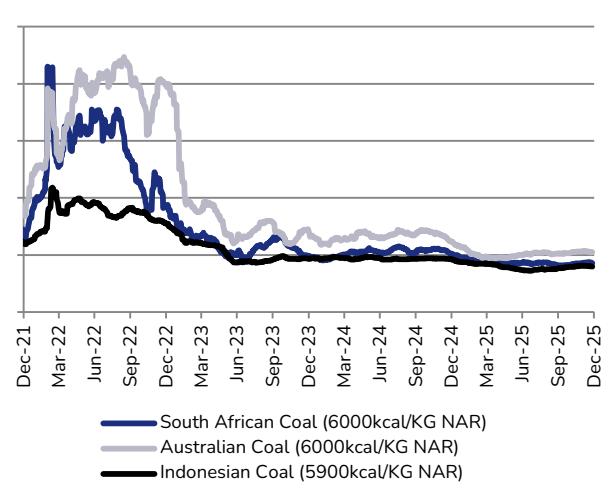
Source: Company, JM Financial

## Exhibit 7. HBA index price &amp; e-auction realisation



Source: Bloomberg, Company, JM Financial

## Exhibit 8. International coal prices (USD/t)



Source: Elekore, JM Financial

## Valuation

### Exhibit 9. DCF valuation

Particulars (INR mn)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY40
FCFE	267,819	170,107	212,949	245,010	346,022	383,891	383,891	329,485
Disc Factor		1.00	0.88	0.77	0.68	0.59	0.52	0.16
<b>PV of FCFE</b>		<b>1,63,152</b>	<b>1,78,062</b>	<b>1,80,440</b>	<b>2,26,336</b>	<b>2,20,803</b>	<b>1,93,856</b>	<b>51,570</b>

Particulars	INR mn	Assumptions
PV of Cash Flows (FY26-40)	2,101,662	Terminal Growth Rate %
PV of Terminal Cash Flow	3,71,005	Cost of Equity %
<b>Total Value of Equity</b>	<b>2,472,667</b>	
No of Shares	6,163	
<b>Value per Share</b>	<b>401</b>	

Source: JM Financial

### Exhibit 10. Change in estimates

Year-end Mar31 (INR mn)	FY26E	FY27E	FY28E
<b>Revenues</b>			
Old	14,06,132	15,87,735	16,78,293
New	13,91,471	15,70,693	16,60,228
Chg	-1.04%	-1.07%	-1.08%
<b>EBITDA</b>			
Old	4,09,495	4,82,479	5,12,970
New	3,97,913	4,68,589	4,98,248
Chg	-2.83%	-2.88%	-2.87%
<b>EBITDA Margins</b>			
Old	29.12%	30.39%	30.57%
New	28.60%	29.83%	30.01%
bps	-53bps	-55bps	-55bps
<b>PAT</b>			
Old	2,96,706	3,72,242	3,80,799
New	2,88,019	3,61,825	3,69,757
Chg	-2.93%	-2.80%	-2.90%
<b>FD EPS</b>			
Old	48.1	60.4	61.8
New	46.7	58.7	60.0
Chg	-2.93%	-2.80%	-2.90%

Source: JM Financial

## Valuation bands

Exhibit 11. P/B



Source: Bloomberg, JM Financial

Exhibit 12. EV/EBITDA



Source: Bloomberg, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,447,624	1,433,689	1,391,471	1,570,693	1,660,228
Sales Growth	4.7%	-1.0%	-2.9%	12.9%	5.7%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>1,447,624</b>	<b>1,433,689</b>	<b>1,391,471</b>	<b>1,570,693</b>	<b>1,660,228</b>
Cost of Goods Sold/Op. Exp	337,987	366,443	420,662	491,916	539,815
Personnel Cost	487,826	462,491	439,472	497,433	502,408
Other Expenses	142,097	134,072	133,424	112,755	119,757
<b>EBITDA</b>	<b>479,715</b>	<b>470,683</b>	<b>397,913</b>	<b>468,589</b>	<b>498,248</b>
EBITDA Margin	33.1%	32.8%	28.6%	29.8%	30.0%
EBITDA Growth	8.4%	-1.9%	-15.5%	17.8%	6.3%
Depn. & Amort.	67,354	91,455	100,307	84,631	97,381
EBIT	412,361	379,228	297,606	383,958	400,867
Other Income	79,691	94,701	100,000	120,000	120,000
Finance Cost	8,194	8,837	16,134	21,402	26,452
PBT before Excep. & Forex	483,858	465,092	381,472	482,556	494,415
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	483,858	465,092	381,472	482,556	494,415
Taxes	114,435	116,641	98,075	125,354	129,280
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	4,268	4,623	4,623	4,623	4,623
Reported Net Profit	373,691	353,074	288,019	361,825	369,757
<b>Adjusted Net Profit</b>	<b>373,691</b>	<b>353,074</b>	<b>288,019</b>	<b>361,825</b>	<b>369,757</b>
Net Margin	25.8%	24.6%	20.7%	23.0%	22.3%
Diluted Share Cap. (mn)	6,162.7	6,162.7	6,162.7	6,162.7	6,162.7
<b>Diluted EPS (INR)</b>	<b>60.6</b>	<b>57.3</b>	<b>46.7</b>	<b>58.7</b>	<b>60.0</b>
Diluted EPS Growth	17.8%	-5.5%	-18.4%	25.6%	2.2%
Total Dividend + Tax	117,092	163,312	117,092	117,092	117,092
Dividend Per Share (INR)	19.0	26.5	19.0	19.0	19.0

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	827,298	991,049	1,161,977	1,406,710	1,659,376
Share Capital	61,627	61,627	61,627	61,627	61,627
Reserves & Surplus	765,671	929,422	1,100,349	1,345,083	1,597,748
Preference Share Capital	0	0	0	0	0
Minority Interest	8,521	8,458	8,458	8,458	8,458
Total Loans	56,172	73,858	121,535	159,080	196,626
Def. Tax Liab. / Assets (-)	-13,903	-8,628	-8,628	-8,628	-8,628
<b>Total - Equity &amp; Liab.</b>	<b>878,088</b>	<b>1,064,736</b>	<b>1,283,341</b>	<b>1,565,620</b>	<b>1,855,832</b>
Net Fixed Assets	946,285	1,052,500	1,207,422	1,378,188	1,536,204
Gross Fixed Assets	1,005,681	1,174,679	1,429,679	1,684,679	1,939,679
Intangible Assets	69,399	90,762	90,762	90,762	90,762
Less: Depn. & Amort.	326,677	408,281	508,358	592,592	689,576
Capital WIP	197,882	195,339	195,339	195,339	195,339
Investments	71,104	75,913	75,913	75,913	75,913
Current Assets	1,327,209	1,446,624	1,474,521	1,554,088	1,644,716
Inventories	101,772	126,137	122,423	138,191	146,068
Sundry Debtors	132,558	127,277	148,678	167,828	177,394
Cash & Bank Balances	302,352	342,153	352,364	397,014	470,197
Loans & Advances	3,803	4,088	4,088	4,088	4,088
Other Current Assets	786,725	846,969	846,969	846,969	846,969
Current Liab. & Prov.	1,466,510	1,510,300	1,474,515	1,442,569	1,401,002
Current Liabilities	202,026	235,760	240,447	254,195	261,064
Provisions & Others	1,264,484	1,274,540	1,234,068	1,188,374	1,139,938
Net Current Assets	-139,301	-63,677	6	111,519	243,714
<b>Total - Assets</b>	<b>878,088</b>	<b>1,064,736</b>	<b>1,283,341</b>	<b>1,565,620</b>	<b>1,855,832</b>

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	488,126	469,714	386,095	487,179	499,038
Depn. & Amort.	67,354	91,455	100,307	84,631	97,381
Net Interest Exp. / Inc. (-)	-30,624	-25,114	16,134	21,402	26,452
Inc (-) / Dec in WCap.	-186,220	-61,921	-12,999	-21,169	-10,576
Others	-40,339	-63,283	-140,472	-165,694	-168,436
Taxes Paid	-117,267	-118,802	-98,075	-125,354	-129,280
<b>Operating Cash Flow</b>	<b>181,031</b>	<b>292,049</b>	<b>250,989</b>	<b>280,995</b>	<b>314,578</b>
Capex	-163,085	-127,500	-255,229	-255,397	-255,397
Free Cash Flow	17,946	164,549	-4,240	25,597	59,181
Inc (-) / Dec in Investments	0	0	0	0	0
Others	118,227	26,737	100,000	120,000	120,000
<b>Investing Cash Flow</b>	<b>-44,858</b>	<b>-100,764</b>	<b>-155,229</b>	<b>-135,397</b>	<b>-135,397</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-150,979	-162,385	-117,092	-117,092	-117,092
Inc / Dec (-) in Loans	15,011	17,334	47,677	37,546	37,546
Others	-3,025	11,966	-16,134	-21,402	-26,452
<b>Financing Cash Flow</b>	<b>-138,993</b>	<b>-133,085</b>	<b>-85,549</b>	<b>-100,948</b>	<b>-105,998</b>
Inc / Dec (-) in Cash	<b>-2,820</b>	<b>58,201</b>	<b>10,211</b>	<b>44,649</b>	<b>73,184</b>
Opening Cash Balance	399,222	295,724	342,153	352,364	397,014
Closing Cash Balance	295,724	342,153	352,364	397,014	470,197

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	25.8%	24.6%	20.7%	23.0%	22.3%
Asset Turnover (x)	0.6	0.6	0.5	0.5	0.5
Leverage Factor (x)	3.2	2.7	2.5	2.3	2.1
RoE	52.1%	38.8%	26.8%	28.2%	24.1%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	134.2	160.8	188.5	228.3	269.3
ROIC	89.3%	48.4%	29.1%	28.9%	24.5%
ROE	52.1%	38.8%	26.8%	28.2%	24.1%
Net Debt/Equity (x)	-0.4	-0.3	-0.3	-0.2	-0.2
P/E (x)	6.9	7.3	9.0	7.1	7.0
P/B (x)	3.1	2.6	2.2	1.8	1.6
EV/EBITDA (x)	4.7	4.8	5.7	4.9	4.5
EV/Sales (x)	1.6	1.6	1.6	1.4	1.3
Debtor days	33	32	39	39	39
Inventory days	26	32	32	32	32
Creditor days	32	39	39	40	40

Source: Company, JM Financial

## History of Recommendation and Target Price

## Recommendation History

Date	Recommendation	Target Price	% Chg.
11-Jan-23	Hold	240	
1-Feb-23	Hold	240	-0.2
7-May-23	Hold	255	6.4
9-Aug-23	Buy	255	0.0
22-Sep-23	Buy	320	25.6
10-Nov-23	Buy	360	12.5
21-Dec-23	Buy	360	0.0
13-Feb-24	Buy	500	38.8
19-Feb-24	Buy	500	-0.1
25-Jun-24	Buy	540	7.9
1-Aug-24	Buy	601	11.3
3-Sep-24	Buy	601	0.0
27-Oct-24	Buy	601	0.0
13-Jan-25	Hold	362	-39.8
27-Jan-25	Hold	362	0.2
8-May-25	Hold	376	3.8
1-Aug-25	Hold	372	-0.9
3-Sep-25	Hold	372	0.0
30-Oct-25	Reduce	398	7.0
13-Jan-26	Reduce	398	0.0



## APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

### Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq 15\%$ over the next twelve months.
ADD	Expected return $\geq 5\%$ and $< 15\%$ over the next twelve months.
REDUCE	Expected return $\geq -10\%$ and $< 5\%$ over the next twelve months.
SELL	Expected return $< -10\%$ over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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