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India | Equity Research | Company Update

Coal India

Metals & Mining

Volume woes against price resilience

We see CIL's FY25 performance to be impacted by possibly stagnant volumes, though e-auction price remains relatively stable. Key points: 1) Production and offtake volumes until Feb'25–YTD was impacted by rake unavailability, inclement monsoons and ongoing production issues at SECL. 2) Additional revenue from the additional levy at NCL mines likely at INR 38bn for FY26E. 3) Pithead inventory at 94mt as on end-Feb'25. 4) Relatively firm Indonesian prices (compared to South Africa) likely to aid e-auction prices in the near-term. We have pruned our sales volume growth estimate for FY25/FY26 to 1%/4% (earlier 3%/5%). Our revised TP works out to INR 440 (earlier INR 455) on an unchanged 7.5x FY27E EPS. Maintain **BUY**.

Operating performance remains subdued

Contrary to our expectations of CIL's operating performance having bottomed out in Dec'24, volume growth thus far in Q4FY25 has been subdued. Key points: 1) Offtake for Feb'25 was at 2.22mt/day (down 4.8% YoY) owing to non-availability of rakes, presumably due to the Mahakumbh celebrations at Prayagraj. 2) Production for Feb'25 was at 2.65mt/day (down 0.8% YoY), mainly due to continued low production at SECL and WCL mines. 3) Operating performance in FY25 has been clouded by the delays in getting statutory clearances and low rake availability (still at mega projects in Odisha, Chhattisgarh and MP). 4) Pit head inventory is at its highest-ever 94mt. Going ahead, we expect offtake in Mar'25 to remain soft as well, though our channel checks indicate that rake availability is better at ECL, BCCL and CCL. We have revised our offtake for FY25E/FY26E to 760mt/785mt (earlier 775mt/815mt).

Sharpened focus on realisation

On the realisation front, CIL has announced the implementation of Singrauli Punarasthapan charge of INR 300/te above the notified price of coal shall be levied uniformly across all mines of NCL from May'25. The expected additional revenue is likely at INR 38bn. Furthermore, Indonesian coal (the most imported variety) prices have remained firm, following the government's recent announcement on HBA pricing effective 1 Mar'25. As a result, we expect e-auction prices to remain stable at least for Q4FY25.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	14,23,240	13,83,608	14,35,250	14,90,957
EBITDA	4,79,715	4,42,031	4,76,905	5,27,990
EBITDA Margin (%)	33.7	31.9	33.2	35.4
Net Profit	3,74,023	3,30,503	3,42,877	3,72,191
EPS (INR)	60.7	53.6	55.6	60.4
EPS % Chg YoY	16.4	(10.5)	3.7	8.5
P/E (x)	6.0	6.7	6.5	6.0
EV/EBITDA (x)	4.0	4.3	4.0	3.6
RoCE (%)	46.5	32.0	28.4	27.1
RoE (%)	59.4	40.7	34.8	32.4

Amit Dixit

amit.dixit@icicisecurities.com
+91 22 6807 7289

Mohit Lohia

mohit.lohia@icicisecurities.com

Prithish Urumkar

Prithish.urumkar@icicisecurities.com

Market Data

Market Cap (INR)	2,221bn
Market Cap (USD)	25,442mn
Bloomberg Code	COAL IN
Reuters Code	COAL.BO
52-week Range (INR)	545 /349
Free Float (%)	37.0
ADTV-3M (mn) (USD)	33.0

Price Performance (%)	3m	6m	12m
Absolute	(14.6)	(30.6)	(19.7)
Relative to Sensex	(4.9)	(19.4)	(18.6)

ESG Score	2022	2023	Change
ESG score	50.3	64.6	14.3
Environment	22.3	46.4	24.1
Social	41.8	61.3	19.5
Governance	73.2	76.5	3.3

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E
Revenue	(2.5)	(1.9)
EBITDA	(5.5)	(3.4)
EPS	(6.0)	(4.6)

Previous Reports

28-01-2025: [Q3FY25 results review](#)

26-10-2024: [Q2FY25 results review](#)

Outlook and valuation: Volume growth remains a concern

Despite soft volume growth estimated in FY26, we expect the additional levy at NCL to mitigate the financial impact to a large extent. Taking cognizance of lower-than-expected Feb'25–YTD volumes, we lower our volume growth estimate for FY25/FY26 to 1%/4% (earlier 3%/5%). Our revised offtake estimates for FY25E/FY26E work out to 760mt/785mt (earlier 775mt/815mt). We maintain **BUY** with a revised TP of INR 440 (earlier INR 455) on an unchanged 7.5x FY27E EPS.

Exhibit 1: Earnings revision

(INR mn)	FY25E			FY26E		
	New	Old	% chg.	New	Old	% chg.
Sales	13,83,607	14,19,404	(2.5)	14,35,250	14,62,508	(1.9)
EBITDA	4,42,031	4,67,863	(5.5)	4,76,905	4,93,679	(3.4)
PAT	3,30,503	3,51,608	(6.0)	3,42,877	3,59,335	(4.6)

Source: I-Sec research

Key risks

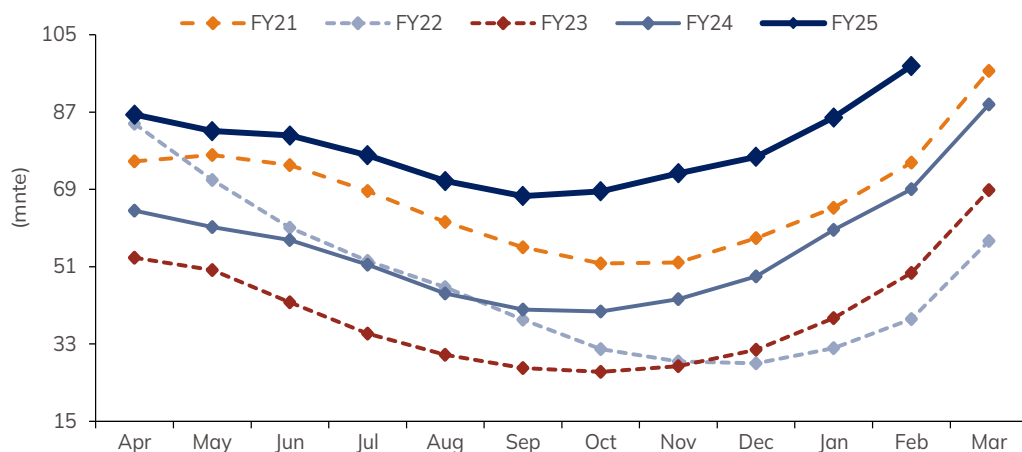
- Higher-than-expected decline in e-auction price/volume.
- Lower-than-expected volume uptick.
- Subdued demand from power sector.

Exhibit 2: Volume snapshot

(mnte)	Feb-25	Feb-24	Jan-25	YoY (%)	MoM (%)	FY25-YTD	FY24-YTD	% growth (YoY)
Production volume	74.1	74.8	77.8	(0.9)	(4.8)	695.3	685.2	1.5
Despatch volume	62.1	65.3	68.6	(4.9)	(9.5)	693.4	684.8	1.3

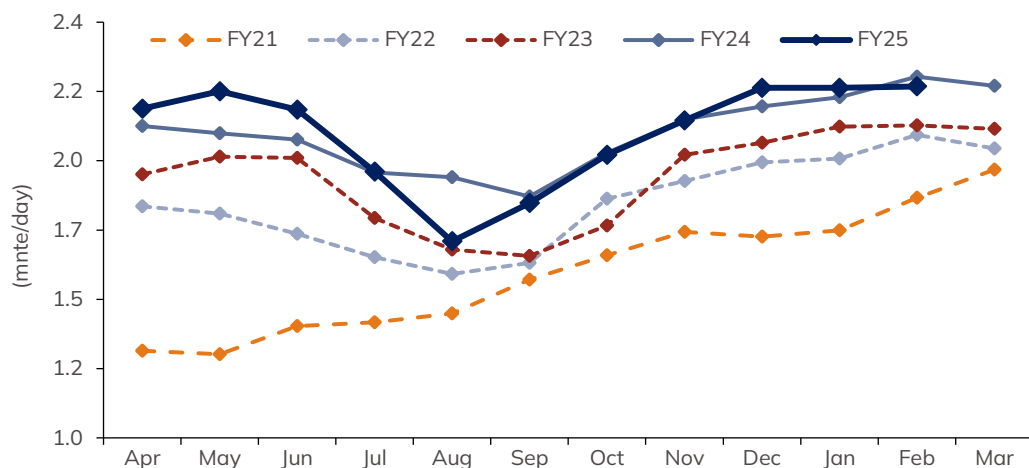
Source: I-Sec research, Company data

Exhibit 3: Inventory at one of the highest-ever levels



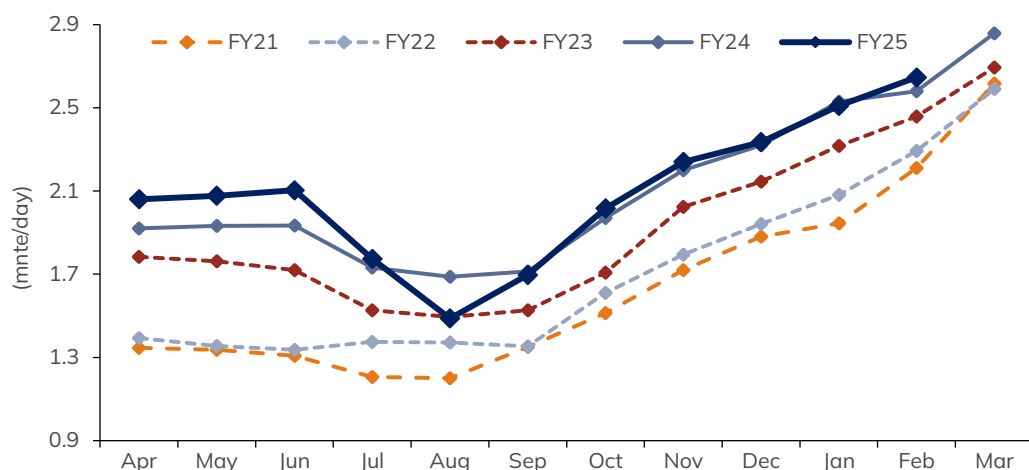
Source: I-Sec research, Company data

Exhibit 4: Sales volume/day



Source: I-Sec research, Company data

Exhibit 5: Production volume/day



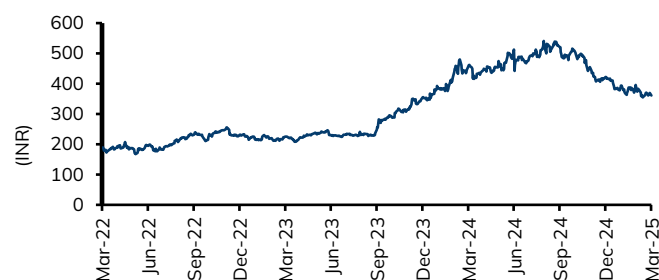
Source: I-Sec research, Company data

Exhibit 6: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	63.1	63.1	63.1
Institutional investors	30.9	32.0	30.7
MFs and others	10.7	10.5	10.8
FIs/Banks	0.3	0.6	0.2
Insurance	11.5	11.5	11.1
FIIIs	8.4	9.4	8.6
Others	6.0	4.9	6.2

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	14,23,240	13,83,608	14,35,250	14,90,957
Operating Expenses	9,43,525	9,41,577	9,58,345	9,62,967
EBITDA	4,79,715	4,42,031	4,76,905	5,27,990
EBITDA Margin (%)	33.7	31.9	33.2	35.4
Depreciation & Amortization	67,354	78,473	86,329	97,498
EBIT	4,12,361	3,63,558	3,90,576	4,30,492
Interest expenditure	-	-	-	-
Other Non-operating Income	79,691	77,517	66,706	65,185
Recurring PBT	4,83,858	4,32,881	4,49,089	4,87,483
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	1,14,435	1,02,379	1,06,212	1,15,292
PAT	3,69,423	3,30,503	3,42,877	3,72,191
Less: Minority Interest	332	-	-	-
Extraordinaries (Net)	4,268	-	-	-
Net Income (Reported)	3,73,691	3,30,503	3,42,877	3,72,191
Net Income (Adjusted)	3,74,023	3,30,503	3,42,877	3,72,191

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	10,06,323	10,02,804	9,99,925	10,05,161
of which cash & cash eqv.	3,02,352	3,06,688	2,95,355	2,91,473
Total Current Liabilities & Provisions	6,22,217	6,41,058	6,47,294	6,47,387
Net Current Assets	3,84,106	3,61,746	3,52,630	3,57,774
Investments	71,104	71,104	71,104	71,104
Net Fixed Assets	6,79,509	7,49,536	8,11,708	8,94,210
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,47,387	1,63,887	1,80,387	2,00,387
Total Intangible Assets	69,399	69,399	69,399	69,399
Other assets	3,49,424	3,49,424	3,49,424	3,49,424
Deferred Tax Assets	-	-	-	-
Total Assets	17,04,515	17,68,682	18,38,238	19,45,884
Liabilities				
Borrowings	63,667	63,667	63,667	63,667
Deferred Tax Liability	18,222	18,222	18,222	18,222
provisions	7,86,808	7,05,354	6,16,914	5,37,251
other Liabilities	-	-	-	-
Equity Share Capital	61,627	61,627	61,627	61,627
Reserves & Surplus	7,65,671	9,11,291	10,69,287	12,56,596
Total Net Worth	8,27,298	9,72,919	11,30,914	13,18,223
Minority Interest	8,521	8,521	8,521	8,521
Total Liabilities	17,04,516	17,68,682	18,38,238	19,45,885

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	1,81,031	3,54,218	3,38,549	3,81,000
Working Capital Changes	(1,61,835)	26,696	(2,217)	(9,026)
Capital Commitments	(1,63,085)	(1,65,000)	(1,65,000)	(2,00,000)
Free Cashflow	17,946	1,89,218	1,73,549	1,81,000
Other investing cashflow	1,18,227	-	-	-
Cashflow from Investing Activities	(44,858)	(1,65,000)	(1,65,000)	(2,00,000)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	14,229	-	-	-
Dividend paid	(1,50,979)	(1,84,882)	(1,84,882)	(1,84,882)
Others	(2,243)	-	-	-
Cash flow from Financing Activities	(1,38,993)	(1,84,882)	(1,84,882)	(1,84,882)
Chg. in Cash & Bank balance	(2,820)	4,336	(11,333)	(3,882)
Closing cash & balance	3,96,397	3,06,688	2,95,355	2,91,473

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	59.9	53.6	55.6	60.4
Adjusted EPS (Diluted)	60.7	53.6	55.6	60.4
Cash EPS	71.6	66.4	69.6	76.2
Dividend per share (DPS)	25.5	30.0	30.0	30.0
Book Value per share (BV)	134.2	157.9	183.5	213.9
Dividend Payout (%)	42.5	55.9	53.9	49.7
Growth (%)				
Net Sales	2.9	(2.8)	3.7	3.9
EBITDA	8.4	(7.9)	7.9	10.7
EPS (INR)	16.4	(10.5)	3.7	8.5
Valuation Ratios (x)				
P/E	6.0	6.7	6.5	6.0
P/CEPS	5.0	5.4	5.2	4.7
P/BV	2.7	2.3	2.0	1.7
EV / EBITDA	4.0	4.3	4.0	3.6
P / Sales	1.6	1.6	1.5	1.5
Dividend Yield (%)	7.1	8.3	8.3	8.3
Operating Ratios				
Gross Profit Margins (%)	92.9	91.7	91.5	91.8
EBITDA Margins (%)	33.7	31.9	33.2	35.4
Effective Tax Rate (%)	23.7	23.7	23.7	23.7
Net Profit Margins (%)	26.0	23.9	23.9	25.0
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	(0.4)	(0.3)	(0.3)	(0.2)
Net Debt / EBITDA (x)	(0.6)	(0.7)	(0.6)	(0.6)
Profitability Ratios				
RoCE (%)	46.5	32.0	28.4	27.1
RoE (%)	59.4	40.7	34.8	32.4
RoIC (%)	118.9	60.3	44.1	38.9
Fixed Asset Turnover (x)	2.4	2.0	1.9	1.8
Inventory Turnover Days	29	26	26	27
Receivables Days	37	33	34	35
Payables Days	24	27	28	28

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: headsservicequality@icicidirect.com Contact Number: 18601231122
