

CMP: ₹ 470

Target: ₹ 550 (17%)

Target Period: 12 months

BUY

April 28, 2026

Mineral behemoth insulated from global volatility...

About the stock: Coal India Ltd (CIL), is the largest coal producer domestically as well as globally. It is a 'Maharatna' PSU, operating under aegis of Ministry of Coal.

- Operation spanning 85 mining areas across eight states, currently owing 310 mines including 129 underground, 168 opencast and 13 mixed mines.

Q4FY26 Results: CIL reported steady performance in Q4FY26. Revenues for the quarter stood at ₹46,490 crore (up 6% YoY) with coal sales volume of 199 million tonne (MT) (down 1% YoY). Reported EBITDA in Q4'26 stood at ₹12,673 crore with margins at 27.3%, up ~12 bps YoY. EBITDA/tonne for Q4FY26 came in at ₹636 vs. ₹593 in Q4FY25. PAT for Q4'26 stood at ₹10,908 crore. It declared a final dividend of ₹5.25/share with total dividend for FY26 stands at ₹26.5/share.

Investment Rationale

- Long term growth trajectory intact despite near-term volume softness:** CIL reported a 2% YoY decline in coal offtake to 744 MT in FY26, impacted by subdued thermal power demand and elevated inventory levels. However, the medium-term outlook remains intact, with a 1 billion tonnes target by FY29E, aligned with the government's target of 1.5 billion tonnes domestic coal production by FY30. Noteworthy, despite the push toward renewables, coal continues to play a critical role in India's energy mix (~55%) and electricity generation (~72%). With a dominant ~74% share in coal output, CIL is well-positioned to benefit from structural demand. Thus, to drive growth, CIL has sanctioned 117 mining projects (979 MT capacity) with ~₹1.4 lakh crore capex, alongside investments in first-mile connectivity projects and MDO partnerships. We estimate coal offtake volume to grow at ~7% CAGR over FY26-28E, reaching ~850 MT by FY28E.
- E-Auction segment to accelerate earnings prospects for CIL:** E-Auction remains the most profitable segment at CIL, with volume and price variations, directly bearing its overall profitability. E-Auction volume contribution was steady at 11% in FY26 (vs 10% in FY25), while premium over FSA prices moderated to 57% in FY26 (vs 69% in FY25). Going ahead, the ongoing middle-east crisis resulting in supply disruption led demand and rise in international benchmark coal prices could propel earnings prospects with volume contribution expected to increase to 15% in FY28E, thereby supporting profitability at CIL going forward.
- Expanding beyond conventional coal mining:** CIL is expanding beyond traditional coal mining to strengthen its long-term growth prospects through: (i) coal gasification projects with BHEL and GAIL, supported by ~₹1,350 crore incentives per project, (ii) investments in thermal and renewable energy projects such as Mahanadi Basin Power Ltd, (iii) exploration and acquisition of critical mineral assets across domestic and global markets, and (iv) securing the Kawalapur Rare Earth Element (REE) block. These initiatives are expected to drive sustainable long-term value.

Rating and Target Price

- Coal India is positioning for steady growth, supported by volume expansion and diversification into coal gasification, critical minerals, and renewable energy. This is further aided by a robust net cash-positive B/S and a dividend yield of ~6%. Consequently, we maintained a **BUY rating** on Coal India, thereby valuing it at ₹550 i.e. 5x on FY28E EV/EBITDA.

Key Financial Summary

Key Financials (₹ crore)	FY23	FY24	FY25*	FY26P*	4 year CAGR (FY23-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Total Operating Income	1,38,252	1,44,762	1,69,177	1,68,400	NA	1,86,872	1,99,525	8.8%
EBITDA	44,240	47,971	47,205	41,242	-2.3%	45,992	53,155	13.5%
EBITDA Margins (%)	32.0	33.1	27.9	24.5		24.6	26.6	
Net Profit	31,763	37,403	35,506	31,094	-0.7%	34,976	39,814	13.2%
EPS (₹)	51.5	60.7	57.6	50.5		56.8	64.6	
P/E	9.1	7.7	8.2	9.3		8.3	7.3	
RoNW (%)	52.2	45.6	35.2	26.6		26.1	26.0	
RoCE (%)	50.3	41.5	31.3	21.3		21.7	22.8	

Source: Company, ICICI Direct Research; *Note: The company has restated its financial statements for FY25 and FY26.



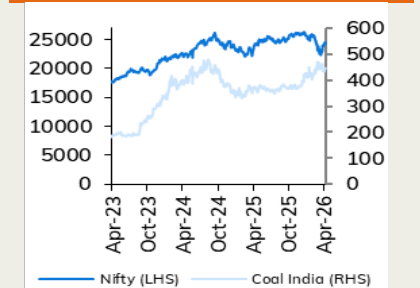
Particulars

Particulars	₹ crore
Market capitalisation	2,89,648
Total Debt (FY26P)	13,821
Cash & Investment (FY26P)	56,762
EV (₹ crore)	2,46,708
52 week H/L (₹)	476 / 369
Equity capital (₹ crore)	6,163
Face value (₹)	10.0

Shareholding pattern

	June-25	Sep-25	Dec-25	Mar-26
Promoter	63.1	63.1	63.1	63.1
FII	8.2	8.0	8.2	8.4
DII	22.7	22.8	22.5	22.8
Other	6.1	6.1	6.1	5.7

Price Chart



Recent event & key risks

- Posted steady Q4FY26 result. Revenue is expected to grow at ~9% CAGR over FY26-28E.
- Key Risk:** (i) Rise in share of renewable energy and captive coal mining to impact volumes ii) decline in global coal prices to weigh on e-auction realisations

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Key Tables and Charts

Exhibit 1: Quarterly Analysis

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comments
Total Operating Income	46,490	43,962	5.8	42,437	9.6	Topline increase by 6% YoY supported by higher e-auction volume in the quarter
Raw Material Expenses	-81	377	-121.4	2,093	-103.9	
Employee Expenses	11,526	11,802	-2.3	13,220	-12.8	Employee expenses came in lower than expected owing to reduction in mapower
Contractual Expenses	9,804	9,499	3.2	8,373	17.1	Contractual expenses came in higher than expected due to increase in Outsourcing Expenditure
Other expenses	12,910	10,910	18.3	10,881	18.7	
Stripping Adjustment Activity	-343	-559	-38.6	-1,462	-76.5	
EBITDA	12,673	11,932	6.2	9,331	35.8	Consequently, EBITDA was up by 6% YoY with EBITDA Margins increasing by 12 bps YoY to 27.3%
EBITDA Margin (%)	27.3	27.1	12 bps	22.0	527 bps	
Other Income	5,128	3,939	30.2	2,392	114.4	
Depreciation	2,947	2,728	8.0	2,218	32.8	
Interest	344	241	42.5	321	7.1	Interest cost came in higher than expected due to increase working capital loan
Share of JV Profit/Loss	116	169	-31.2	289	-59.8	
Tax	3,719	3,330	11.7	2,307	61.2	
PAT	10,908	9,740	12.0	7,166	52.2	Subsequently, PAT was up by ~12% YoY
Key Metrics						
Sales Volume (million tonne)	199	201	-1.1	189	5.6	Sales volume degrew by 1% YoY at 199 MT
EBITDA/tonne	636	593	7.4	495	28.7	EBITDA/tonne increases by 7% YoY to ₹636/tonne

Source: Company, ICICI Direct Research

Exhibit 2: Key Operational Matrix including assumptions

Particulars	Units	FY25	FY26	FY27E	FY28E
Total Production	MT	781	768	800	850
Total FSA	MT	666	646	673	707
% of total sales vol	%	87%	87%	84%	83%
Realisation	₹/tonne	1,432	1,444	1,470	1,480
Total E-Auction	MT	79	84	112	128
% of total sales vol	%	10%	11%	14%	15%
Realisation	₹/tonne	2,424	2,260	2,205	2,146
Total Washed Coal	MT	16	14	15	16
% of total sales vol	%	2%	2%	2%	2%
Realisation	₹/tonne	3,889	3,401	3,500	3,550
Total Sales Volume	MT	762	744	800	850
Blended Realisation	₹/tonne	1,584	1,570	1,611	1,619
EBITDA/tonne	₹/tonne	619	554	575	625

Source: Company, ICICI Direct Research

Exhibit 3: Change in Estimates

Change in estimates (₹ Crore)	FY27E			FY28E		
	Old	New	% Change	Old	New	% Change
Sales Volume (MT)	800	800	0.0	850	850	0.0
Blended Realization (₹/tonne)	1,656	1,611	-2.7	1,664	1,619	-2.7
EBITDA	44,340	45,992	3.7	47,912	53,155	10.9
EBITDA (₹/tonne)	554	575	3.8	564	625	10.9
PAT	32,011	34,976	9.3	34,417	39,814	15.7
EPS (₹)	51.9	56.8	9.3	55.8	64.6	15.7

Source: ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement				
	₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E
Total Operating Income	1,69,177	1,68,400	1,86,872	1,99,525
Growth (%)	16.9	-0.5	11.0	6.8
Raw Material Expenses	8,944	8,343	12,000	11,475
Employee Expenses	44,847	46,425	49,600	52,700
Other Operating Expense	68,182	72,391	79,280	82,195
Total Operating Expenditure	1,21,972	1,27,158	1,40,880	1,46,370
EBITDA	47,205	41,242	45,992	53,155
Growth (%)	-1.6	-12.6	11.5	15.6
Depreciation	9,092	10,137	10,769	11,919
Interest	884	1,216	1,154	1,005
Other Income	9,472	11,276	12,147	12,470
PBT	46,701	41,165	46,215	52,701
Profit from JV & MI	-518.3	-782.1	-748.8	-765.0
Total Tax	11,714	10,853	11,988	13,652
PAT	35,506	31,094	34,976	39,814
Growth (%)	-5.1	-12.4	12.5	13.8
EPS (₹)	57.6	50.5	56.8	64.6

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement				
	₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E
Profit after Tax	35,506	31,094	34,976	39,814
Add: Depreciation	9,092	10,137	10,769	11,919
(Inc)/dec in Current Assets	11,565	-10,464	-6,368	-4,879
Inc/(dec) in CL and Provisions	-527	1,711	14,141	10,168
Others, Sub-Other Income	-8,588	-10,060	-10,993	-11,465
CF from operating activities	47,047	22,418	42,526	45,556
(Inc)/dec in Investments	-481	-2,635	-10,100	-12,100
(Inc)/dec in Fixed Assets	-18,996	-16,269	-18,000	-20,000
Others, Add- Other income	-8,811	24,861	11,757	12,080
CF from investing activities	-28,287	5,957	-16,343	-20,020
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	2,619	4,913	-1,000	-1,000
Dividend & interest outgo	-17,122	-17,547	-19,026	-21,342
Inc/(dec) in Share Cap	0	0	0	0
Others	-277	2,618	0	0
CF from financing activities	-14,780	-10,016	-20,026	-22,342
Net Cash flow	3,980	18,359	6,156	3,195
Opening Cash	30,236	34,216	52,575	58,731
Closing Cash	34,216	52,575	58,731	61,926

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet				
	₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E
Liabilities				
Equity Capital	6,163	6,163	6,163	6,163
Reserve and Surplus	95,558	1,12,939	1,30,043	1,49,520
Total Shareholders funds	1,01,720	1,19,102	1,36,206	1,55,683
Total Debt	8,908	13,821	12,821	11,821
Deferred Tax Liability	2,095	2,434	2,434	2,434
Minority Interest / Others	12,366	14,286	14,496	14,706
Total Liabilities	1,25,089	1,49,643	1,65,957	1,84,645
Assets				
Gross Block	1,24,621	1,39,862	1,59,275	1,81,275
Less: Acc Depreciation	42,473	52,610	63,379	75,298
Net Block	82,148	87,252	95,896	1,05,977
Capital WIP	22,385	23,413	22,000	20,000
Total Fixed Assets	1,04,532	1,10,665	1,17,896	1,25,977
Investments	7,591	10,226	20,326	32,426
Inventory	12,612	15,654	16,895	18,039
Debtors	12,728	14,121	15,359	16,399
Loans and Advances	409	902	1,000	1,068
Other Current Assets	33,443	38,978	42,768	45,395
Cash	34,215	52,574	58,731	61,926
Total Current Assets	93,406	1,22,229	1,34,754	1,42,828
Current Liabilities	10,202	12,554	13,823	14,759
Provisions	80,754	77,763	85,623	91,421
Current Liabilities & Prov	1,34,307	1,36,017	1,50,158	1,60,326
Net Current Assets	-40,900	-13,788	-15,405	-17,498
Others Assets	53,866	42,541	43,141	43,741
Application of Funds	1,25,089	1,49,643	1,65,957	1,84,645

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios				
(Year-end March)	FY25	FY26P	FY27E	FY28E
Per share data (₹)				
EPS	57.6	50.5	56.8	64.6
Cash EPS	72.4	66.9	74.2	83.9
BV	165.1	193.3	221.0	252.6
DPS	26.4	26.5	29.0	33.0
Cash Per Share	55.5	85.3	95.3	100.5
Operating Ratios (%)				
EBITDA Margin	27.9	24.5	24.6	26.6
PAT Margin	21.0	18.5	18.7	20.0
Inventory days	27.2	33.9	33.0	33.0
Debtor days	27.5	30.6	30.0	30.0
Creditor days	22.0	27.2	27.0	27.0
Return Ratios (%)				
RoE	35.2	26.6	26.1	26.0
RoCE	31.3	21.3	21.7	22.8
RoIC	61.6	47.1	52.3	56.8
Valuation Ratios (x)				
P/E	8.2	9.3	8.3	7.3
EV / EBITDA	5.5	6.0	5.0	4.0
EV / Net Sales	1.5	1.5	1.2	1.1
Market Cap / Sales	1.7	1.7	1.5	1.5
Price to Book Value	2.8	2.4	2.1	1.9
Solvency Ratios				
Debt/EBITDA	0.2	0.3	0.3	0.2
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	0.5	0.7	0.7	0.7
Quick Ratio	0.4	0.5	0.5	0.5

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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