CMP: ₹420 | Target ₹ 480 (14%) | Target Period: 12 months | BUY

July 30, 2026

Growth momentum is expected to remain subdued…

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.

- Operates five integrated steel plants i.e. Bhilai Steel plant, Durgapur Steel plant, Rourkela Steel plant, Bokaro Steel plant, and IISCO Steel plant.

Q1FY27 performance: Coal India reported stable performance in Q1FY27. Consolidated topline stood ₹46,255 crore (up 8% YoY) with sales volume of 198 million tonne (up 4% YoY). Reported EBITDA stood at ₹12,069 crore with corresponding EBITDA margins at ~26% (down ~320 bps YoY). EBITDA/tonne for Q1FY27 came in at ₹610/tonne vs. ₹636/tonne in Q4FY26. PAT stood at ₹8,850 crore up by 1% YoY. It declared a 1st interim dividend of ₹5.5 per share for FY27.

Investment Rationale:

- **Structural changes in the domestic energy's landscape are likely to keep volume growth muted:** CIL reported a 4% YoY increase in coal production to 198 MT in Q1FY27, driven by steady thermal power demand in the quarter. While CIL is targeting 1 billion tonnes of annual coal production through the development of 117 mining projects with a cumulative capacity of 979 MT, backed by a capex of ~₹1.2 lakh crore. In addition, the company is enhancing its coal evacuation capabilities through first-mile connectivity projects, dedicated railway infrastructure, and greater deployment of 26 Mine Developer and Operators to improve operational efficiency. However, the near-term volume outlook is likely to remain moderate with coal's share in India's electricity generation mix has declined from ~71% in FY25 to ~68% in FY26, while the contribution of renewable energy has increased from ~22% to ~26% over the same period. Furthermore, the production from captive and commercial coal mines increased ~10% YoY to ~211 MT in FY26, leading to higher competition and gradually reducing the company's market share in incremental domestic production. On that note, we estimate coal production to grow at a CAGR of ~4% over FY26-28E, reaching 825 MT by FY28E.
- **Diversification to create new growth avenues:** CIL is expanding beyond traditional coal mining to strengthen its long-term growth prospects through: (i) coal gasification projects in partnership with BHEL and GAIL, supported by government incentives. (ii) increasing investments in thermal and renewable power projects, including Mahanadi Basin Power and others (iii) exploration and acquisition of critical mineral assets across domestic and global market, and (iv) securing Rare Earth Element block mines. This is expected to strengthen its long-term value growth.

Rating and Target Price:

- While healthy capacity expansion plans, strategic diversification into coal gasification and critical minerals, a robust net-cash-positive B/S and an attractive dividend yield of ~7% remain key positives. However, the increasing share of renewable energy mix will constraint volume growth ahead. We therefore downgrade Coal India from BUY to HOLD, assigning target price of ₹480, based on 4.5x EV/EBITDA on FY28E.

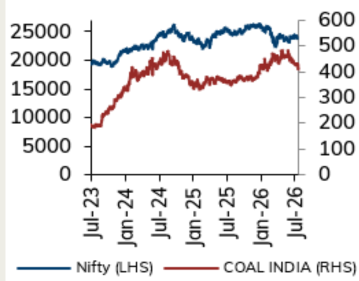
Particulars

Particulars	₹ crore
Market capitalisation	2,58,835
Total Debt (FY26P)	13,821
Cash & Investment (FY26P)	56,761
EV (₹ crore)	2,15,895
52 week H/L (₹)	491 / 369
Equity capital (₹ crore)	6,163
Face value (₹)	10.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	June-26
Promoters	63.1	63.1	63.1	61.1
FII	8.0	8.2	8.4	10.4
DIIs	22.8	22.5	22.8	22.2
Others	6.1	6.1	5.7	6.3

Price Chart



Key risks

- Reported steady Q1FY27 results. Sales/PAT is expected to grow at ~8%/11% CAGR over FY26-28E.
- **Key Risk:** i) sharp rise in share of renewable energy and captive coal mining to impact volumes (ii) higher capex overrun could impact B/S.

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Manisha Kesari
manisha.kesari@icicisecurities.com

Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ crore)	FY23	FY24	FY25*	FY26P	4-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	1,38,252	1,44,762	1,69,177	1,68,400	NA	1,87,298	1,97,507	8.3%
EBITDA	44,240	47,971	47,205	41,242	-2.3%	48,810	52,442	12.8%
EBITDA Margins (%)	32.0	33.1	27.9	24.5		26.1	26.6	
Net Profit	31,763	37,403	35,506	31,094	-0.7%	36,828	38,560	11.4%
EPS (₹)	51.5	60.7	57.6	50.5		59.8	62.6	
P/E	8.1	6.9	7.3	8.3		7.0	6.7	
RoNW (%)	52.2	45.6	35.2	26.6		27.2	25.0	

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

Key Tables and Charts

Exhibit 1: Quarterly Analysis

	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Total Operating Income	46,255	42,919	7.8	46,490	-0.5
Raw Material Expenses	4,677	2,711	72.5	-81	NA
Employee Expenses	11,023	10,978	0.4	11,526	-4.4
Contractual Expenses	8,658	7,815	10.8	9,804	-11.7
Other expenses	11,658	10,222	14.0	12,910	-9.7
Stripping Adjustment Activity	-1,830	-1,395	NA	-343	NA
EBITDA	12,069	12,588	-4.1	12,673	-4.8
EBITDA Margin (%)	26.1	29.3	-324 bps	27.3	-117 bps
Other Income	2,040	1,616	26.3	5,128	-60.2
Depreciation	2,303	2,307	-0.2	2,947	-21.9
Interest	327	265	23.4	344	-4.8
Share of JV Profit/Loss	240	144	66.6	116	107.0
Tax	2,870	2,988	-4.0	3,719	-22.8
PAT	8,850	8,788	0.7	10,908	-18.9
Key Metrics					
Sales Volume (million tonne)	198	191	3.8	199	-0.6
Blended Realisations (₹/tonne)	1,595	1,696	-5.9	1,634	-2.3
EBITDA/tonne	610	660	-7.7	636	-4.2

Source: Company, ICICI Direct Research

Exhibit 2: Key Operational Matrix including assumptions

Particulars	Units	FY25	FY26	FY27E	FY28E
Total Production	**MT**	**781**	**768**	**785**	**825**
Total FSA	MT	666	646	674	697
% of total sales vol	%	87%	87%	84%	83%
Realisation	₹/tonne	1,432	1,444	1,452	1,460
Total E-Auction	MT	79	84	111	126
% of total sales vol	%	10%	11%	14%	15%
Realisation	₹/tonne	2,424	2,260	2,307	2,263
Total Washed Coal	MT	16	14	16	17
% of total sales vol	%	2%	2%	2%	2%
Realisation	₹/tonne	3,889	3,404	3,541	3,550
Total Sales Volume	**MT**	**762**	**744**	**800**	**840**
Blended Realisation	**₹/tonne**	**1,584**	**1,570**	**1,611**	**1,622**
EBITDA/tonne	**₹/tonne**	**619**	**554**	**610**	**625**

Source: Company, ICICI Direct Research

Exhibit 3: Change in Estimates

Change in estimates		**FY27E**			**FY28E**	
(₹ Crore)	**Old**	**New**	**% Change**	**Old**	**New**	**% Change**
Sales Volume (MT)	800	800	0.0	850	825	-3.0
Blended Realization (₹/tonne)	1,611	1,611	0.0	1,619	1,622	0.2
EBITDA	45,992	48,810	6.1	53,155	52,442	-1.3
EBITDA (₹/tonne)	575	610	6.2	625	625	-0.1
PAT	34,976	36,828	5.3	39,814	38,560	-3.1
EPS (₹)	56.8	59.8	5.3	64.6	62.6	-3.1

Source: ICICI Direct Research

Financial summary

Exhibit 4: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26P	FY27E	FY28E
Total Income	1,69,177	1,68,400	1,87,298	1,97,507
Growth (%)	16.9	-0.5	11.2	5.5
Raw Material Cost	8,944	8,343	11,397	11,141
Employee Expenses	44,847	46,425	49,027	52,058
Other Expense	68,182	72,391	78,064	81,866
Total Expenditure	1,21,972	1,27,159	1,38,489	1,45,065
EBITDA	47,205	41,242	48,810	52,442
Growth (%)	-1.6	-12.6	18.4	8.0
Depreciation	9,092	10,137	10,470	11,919
Interest	884	1,216	1,154	1,005
Other Income	9,472	11,276	11,238	11,357
PBT	46,701	41,165	48,242	50,875
Profit from JV & MI	-518.3	-782.1	-846.0	-881.8
Total Tax	11,714	10,853	12,442	13,197
PAT	35,506	31,094	36,828	38,560
Growth (%)	-5.1	-12.4	18.4	5.2
EPS (₹)	57.6	50.5	59.8	62.6

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	36,828	38,560
Add: Depreciation	9,092	10,137	10,470	11,919
(Inc)/dec in Current Assets	11,565	-10,464	-6,529	-3,956
Inc/(dec) in CL and Provisions	-527	1,711	3,811	7,622
Others, Sub-Other Income	-8,588	-10,060	-10,084	-10,352
CF from operating activities	47,047	22,418	34,496	43,794
(Inc)/dec in Investments	-481	-2,635	-8,100	-12,100
(Inc)/dec in Fixed Assets	-18,996	-16,269	-18,000	-20,000
Others, Add- Other income	-8,811	24,861	10,848	10,967
CF from investing activities	-28,287	5,957	-15,252	-21,133
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	-19,642	-20,109
Inc/(dec) in Share Cap	0	0	0	0
Others	-277	2,618	0	0
CF from financing activities	-14,780	-10,016	-20,643	-21,109
Net Cash flow	3,980	18,359	-1,399	1,551
Opening Cash	30,236	34,216	52,574	51,003
Closing Cash	34,216	52,574	51,175	52,554

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	1,12,938	1,31,278	1,50,562
Total Shareholders' funds	1,01,720	1,19,101	1,37,441	1,56,725
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	1,67,193	1,85,687
Assets				
Gross Block	1,24,621	1,39,862	1,59,275	1,81,275
Less: Acc Depreciation	42,473	52,610	63,080	74,999
Net Block	82,148	87,252	96,195	1,06,276
Capital WIP	22,385	23,413	22,000	20,000
Total Fixed Assets	1,04,532	1,10,665	1,18,195	1,26,276
Investments	7,591	10,226	18,326	30,426
Inventory	12,612	15,654	16,934	17,857
Debtors	12,728	14,121	15,394	16,233
Loans and Advances	409	902	1,003	1,057
Other Current Assets	33,443	38,978	42,853	44,992
Cash	34,215	52,574	51,175	52,554
Total Current Assets	93,406	1,22,229	1,27,359	1,32,694
Current Liabilities	10,202	12,554	13,855	14,610
Provisions	80,754	77,763	78,891	83,191
Current Liabilities & Prov	1,34,307	1,36,017	1,39,828	1,47,449
Net Current Assets	-40,900	-13,789	-12,469	-14,756
Others Assets	53,866	42,541	43,141	43,741
Application of Funds	1,25,089	1,49,643	1,67,193	1,85,687

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY25	FY26P	FY27E	FY28E
Per share data (₹)				
EPS	57.6	50.5	59.8	62.6
Cash EPS	72.4	66.9	76.7	81.9
BV	165.1	193.3	223.0	254.3
DPS	26.4	26.5	30.0	31.0
Cash Per Share	55.5	85.3	83.0	85.3
Operating Ratios (%)				
EBITDA Margin	27.9	24.5	26.1	26.6
PAT Margin	21.0	18.5	19.7	19.5
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	27.2	25.0
RoCE	31.3	21.3	23.3	22.3
RoIC	61.6	47.1	48.8	47.6
Valuation Ratios (x)				
P/E	7.3	8.3	7.0	6.7
EV / EBITDA	4.9	5.2	4.3	3.7
EV / Net Sales	1.4	1.3	1.1	1.0
Market Cap / Sales	1.5	1.5	1.4	1.3
Price to Book Value	2.5	2.2	1.9	1.6
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	0.8	0.8
Quick Ratio	0.4	0.5	0.6	0.6

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey	Head – Research	pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets), Manisha Kesari (PGDM-Finance), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

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

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

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. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report