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Trade View Report-



Published Date	April 24th, 2026
Rating	BUY
Trade Type	Medium Term
Stock Name	COALINDIA
Entry Price	455
Target	500
Stop Loss Price	430
Target%	10%
SL%	5%

Rationale-

Coal India Limited (CIL) remains the backbone of India’s energy security, currently producing over **80%** of the country’s domestic coal. As of early 2026, the company is balancing its traditional mining dominance with a strategic shift toward renewable energy and critical minerals.

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## 1. Investment Rationale

- **Energy Security Bedrock:** Coal still accounts for over **70%** of India's power generation. With power demand hitting record highs in 2025–26, CIL's role as the primary supplier is indispensable.
- **Dividend Yield & Cash Rich:** CIL is a consistent "dividend aristocrat." For FY26, it has already declared multiple interim dividends (e.g., ₹15.75 and ₹5.50 per share), supported by a robust cash balance.
- **Improving Realizations:** The elimination of the inverted tax structure (GST on coal increased from 5% to 18% in late 2025) has allowed CIL to utilize accumulated Input Tax Credit (ITC), boosting cash flows.
- **Monetization of Subsidiaries:** The successful listing of its subsidiary **BCCL** (Bharat Coking Coal Ltd) in January 2026 has helped unlock significant shareholder value.

## 2. Financial Growth & Metrics (FY25–FY26)

- **Revenue Performance:** In H1 FY26 (Apr–Sept 2025), CIL achieved **Gross Sales of ₹89,921 crore**.
- **Profitability (Q3 FY26):**
  - **PAT:** ₹6,877 crore.
  - **EBITDA:** ₹9,504 crore.
- **Production Volume:** CIL ended FY26 (Mar 2026) with a total annual production of **768.1 Million Tonnes (MT)**. While this was a slight 1.7% dip YoY due to operational adjustments, the "off-take" (dispatches) remained high at **744.8 MT**.
- **Contribution to Exchequer:** CIL remains one of the highest tax contributors, paying over **₹37,500 crore** in royalties and levies in just the first eight months of FY26.

### 3. Product Mix (Segment Wise)

CIL's revenue is primarily derived from the sale of raw coal, categorized by its end-use and grade:

- **Thermal Coal (FSA):** The bulk of production (approx. **80%**) is sold to Thermal Power Plants under Fuel Supply Agreements (FSA) at regulated prices.
- **E-Auction Coal:** High-margin segment where coal is sold at market-determined prices to non-power sectors (Sponge iron, Cement, Steel).
- **Coking Coal:** Produced mainly by BCCL; critical for the steel industry to reduce dependence on expensive imports.
- **New Energy Mix (Emerging):**
  - **Solar Power:** Aiming for **3,000 MW** capacity; signed MoUs for 500 MW projects in UP and Rajasthan in 2025.
  - **Critical Minerals:** Forayed into **Rare Earth Elements (REE)** by securing the Kawalapur block in Maharashtra (Jan 2026).

### 4. Expansion & Future Outlook

- **Production Targets:** The government has set an ambitious target for CIL to hit **1 Billion Tonnes** of production in FY27 to achieve "Aatmanirbharta" in coal.
- **Infrastructure (First Mile Connectivity):** CIL is investing heavily in mechanized coal transportation (conveyor belts) to replace road transport, aiming to reduce logistics costs and environmental impact.
- **Thermal Power Diversification:** Formed a 50:50 JV with DVC to develop a **1,600 MW supercritical thermal plant** at Chandrapura, Jharkhand.
- **Coal Gasification:** Pursuing projects to convert coal into chemicals/syn-gas to diversify revenue streams away from direct combustion, aligning with long-term "Net Zero" goals.

## 5. Risk Factors

- **ESG Pressures:** Increasing global and domestic pressure to transition away from fossil fuels may impact long-term institutional investment.
- **Operational Costs:** Rising manpower costs (pension/wage revisions) and deep-mining complexities can squeeze margins if FSA prices aren't hiked periodically.

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Investment in securities market is subject to market risks. Read all the related documents carefully before investing. Trading in Futures & Options (F&O) carries high risk as it depends on market momentum. "Registration granted by SEBI & Certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to Investors." Past performance is no guarantee of future results.

Intraday- Not more than one day

Short term – 0-15 days

Medium term – 1- 3 months

Long term – more than a Year

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