

## Coal India (COAL) - SELL

### Result Update

Current Market Price (CMP) <b>Rs.453</b>	Fair Value (FV) <b>Rs.370</b>
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### Rationale:

- Coal India continued its streak of weak performance in Q4FY26, impacted by (1) weak volumes of 199 mn tons (-1% yoy) and (2) lower realization of Rs1,598/ton (-1% yoy).
- Reported earnings were distorted by changes in accounting, which led to the inclusion of levies on coal production and sales in both the revenues and expenses and the inclusion of other operating income as part of sales.
- FY26 performance was also weak, with volumes of 745 mn tons (-2% yoy) and a 1% decline in average realization.
- CIL has highlighted that it will be absorbing part of higher fuel costs in the current war scenario, which could limit the earnings trajectory in the near term.
- Maintain SELL with a revised FV of Rs370 (Rs355 earlier).

### 👍 Positives:

- CCL, SECL and MCL led reported earnings growth for Coal India.
- Near-term volumes may see an uptick but modest medium-term trajectory.
- We expect a recovery in FY27.

### 👎 Negatives:

- Accounting changes distort reported numbers; weak volumes and realizations.
- Weak volumes impacted earnings in Q4FY26.

(Subsidiary company - CCL, SECL and MCL, EBITDA: Earnings before interest depreciation and tax, EPS: Earnings Per Share, CAGR: Compound Annual Growth Rate)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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