Coal India Ltd — 26 Sep 2024 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	**Reaffirmed at AAA / A1+** (and subsequently Withdrawn at company's request)
Outlook	**Stable** (Current) vs **Stable** (Previous)
Key Drivers of Change	1. **Volume Growth:** Record production of 774 MT in FY24 (up from 703 MT) secures 75% of India's domestic output. 2. **Profitability:** Healthy EBITDA of ₹37,369 Cr (30.3% margin) despite lower e-auction premiums, supported by employee cost reduction. 3. **Zero Net Debt:** Net Cash & Cash Equivalents (C&CE) at ₹43,090 Cr as of March 2024. 4. **Strategic Monopoly:** Controls 48% of India's proven coal reserves; commercial mining by private players still in nascent stages.
Rated Instruments	1. **Fund-Based Facilities:** ₹4,194.30 Cr (AAA/Stable - Withdrawn) 2. **Non-Fund Based (LC/BG):** ₹5,720.00 Cr (A1+ - Withdrawn) 3. **Short Term Debt:** ₹150.00 Cr (A1+ - Withdrawn)
Key Observations	• **Strengths:** Dominant role in India's energy security; favorable geological conditions for low-cost mining. • **Cash Cow Status:** Robust liquidity allows for both high Capex (₹23,475 Cr in FY24) and high dividend payouts. • **Efficiency:** 75 First-mile connectivity projects underway to resolve historical rail evacuation bottlenecks. • **Risks:** Vulnerable to socio-political pricing pressures (domestic coal sold at discount to global prices). • **Regulatory:** Potential delays in land acquisition/forest clearances for greenfield projects. • **Diversification:** Massive ₹15,000–20,000 Cr annual Capex planned for solar and thermal power expansion.
Investor Impact	• **Dividends/Buybacks:** Extremely high; ₹43k Cr net cash supports continued aggressive shareholder returns. • **Growth:** Linked to rail infrastructure completion; volume growth offsets softening e-auction prices. • **Leverage:** Nil; no dilution risk as expansion is entirely funded through internal accruals.
Agency / Cross Analysis	**Same Agency:** Rating reaffirmed based on the second consecutive year of record production and "Superior" liquidity. Financial risk profile remained identical to the previous review despite massive ₹23k Cr Capex. **Withdrawal Note:** Ratings were withdrawn following CIL's request (common for debt-free PSUs to reduce compliance costs). **Conclusion: Improvement.** The withdrawal is a signal of financial self-sufficiency rather than credit deterioration.
Final Inference	**Real Fundamental Improvement.** CIL has transitioned to a self-funding powerhouse with record volumes. While e-auction premiums are cooling, operational efficiency and zero-debt status make it a low-risk, high-cash-flow equity play.