Coal India Ltd — 27 Apr 2026 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**Reaffirmed** (No Change: CARE AAA / CARE A1+)
Outlook (Current vs Previous)	**Stable** vs Stable
Key Drivers of Change	1. **Strategic Sovereign Linkage:** 63.13% GoI ownership and 74% contribution to India's coal production; essential for energy security. 2. **Robust Financial Buffer:** Unencumbered cash of **₹45,000 Cr** (Dec-25) and ultra-low gearing of **0.11x**. 3. **Tax Asset Monetization:** GST hike to 18% (from 5%) allows CIL to offset **₹17,006 Cr** in previously trapped Input Tax Credit (ITC), boosting cash flows. 4. **Revenue Visibility:** Long-term Fuel Supply Agreements (FSAs) for **~617.70 MTPA** ensure steady off-take despite commercial mining entry.
Rated Instruments	• **LT Cash Credit:** ₹6,925 Cr | CARE AAA; Stable • **ST-BG/LC:** ₹5,565 Cr | CARE A1+ • **Term Loan (LT):** ₹1,680.38 Cr | CARE AAA; Stable
Key Observations	• **Production Target:** Set at **815 MT** for FY27 (vs 768 MT in FY26) to maintain market dominance. • **Legal Headwinds:** Retrospective mineral tax liability estimated at **₹31,591 Cr** (Gross); management expects net impact of **₹6,000 Cr** after customer recoveries. • **Contingent Liabilities:** High at **₹56,471 Cr** (as of March 2025), a significant portion of net worth. • **Operational Headwinds:** 9MFY26 TOI dropped ~5% due to elongated monsoons and a **₹2,201 Cr** pay-scale provision. • **Capex Plan:** Large outlay of **₹16,000–16,500 Cr/year** for FY27-29, focus on evacuation (rail/FMC) and diversification. • **ESG Risk:** High environmental impact; however, carbon sink potential and massive CSR spend (**₹740 Cr**) mitigate social risks.
Investor Impact	• **Growth:** Stable 5-7% production growth; diversification into critical minerals (Graphite) adds long-term optionality. • **Margins:** Healthy PBILDT at **28.94%**; e-auction premiums remain the primary swing factor for profitability. • **Leverage/Dilution:** Zero dilution risk; internal accruals comfortably cover massive capex and high dividend payouts. • **Liquidity:** Strong; retrospective tax payments spread over 12 years prevents any immediate cash crunch.
Agency / Cross Analysis	**Same Agency:** CARE maintains its stance from Oct-25. **Key Update:** The inclusion of the Supreme Court's retrospective tax verdict and the GST structure change. While the tax ruling is a negative "Event Risk," CARE offsets this with the **₹17,006 Cr ITC unlock** and the **12-year payment window** granted by the court. Conclusion: **Improvement** in liquidity visibility despite legal setbacks.
Final Inference	CIL remains a "Sovereign Proxy." The key insight for equity is the **GST-ITC unlock (~₹17k Cr)**, which effectively acts as a hedge against the **SC retrospective tax ruling**. The balance sheet is bulletproof, supporting continued high dividend yields.