Coal India Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Weak Miss **One-line:** The volume growth thesis is officially broken as Q3 offtake continues to contract (-3% YoY), making the 875 MT annual target a mathematical impossibility and shifting the narrative entirely toward protecting margins via FSA price hikes and cost-cutting.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Weak Miss	Offtake of 188.17 MT is a 3% YoY decline; 9M total (544.75 MT) is down 3% YoY.	□
Earnings Quality	Low (Accounting driven)	PAT (-16%) buffered by □1,462 Cr stripping reversal; weighed by □2,201 Cr one-time employee provision.	□
Guidance Confidence	Weak	875 MT target requires 330 MT in Q4; 75% higher than the Q3 run-rate.	□
Management Credibility	Deteriorating	Third consecutive quarter of volume contraction despite repeated "demand surplus" claims.	□
Business Quality Signal	Deteriorating	Rising debt (D/E 0.14) and higher working capital needs in loss-making subsidiaries (ECL/BCCL).	□
Key Q&A Exchange	N/A — PPT_ONLY	No concall conducted or available.	□
The Street's Primary Anxiety	Terminal Volume	Can CIL ever reach 1 BT if it cannot grow beyond ~700-750 MT annually?	□
Capital Cycle Stage	Harvesting	High D&A (□7,190 Cr in 9M) suggests the investment phase is not yet yielding volume growth.	□
Margin / Return Ratio Trajectory	Deteriorating	EBITDA margin on net sales fell from 43% (Q3 FY25) to 33% (Q3 FY26).	□
Pricing Power	Stable	FSA realizations rose 5% YoY to □1,504/Te; partially offsetting volume and e-auction price drops.	□
FCF Conversion & Quality	Weak	Trade receivables increased to 0.89 months; net worth growth driven by retained earnings, not cash.	□
Competitive Moat Signals	Stable	Monopoly intact, but "extraction efficiency" is declining as stripping costs rise.	□
Balance Sheet Strength	Adequate	Net worth up 7% YTD, but Debt/Equity increased from 0.09 to 0.14 due to WC loans.	□
Working Capital Efficiency	Deteriorating	Debtor and Inventory turnover ratios both slowed versus March 2025 levels.	□
Mgmt Guidance Track Record	Unreliable	Sustained volume misses render long-term targets (1 Billion Tonne) non-credible.	□
Key Vulnerability / Red Flag	Subsidiary Solvency	ECL and BCCL remain PBT negative in Q3; requiring parent/ external funding (WC loans).	□
Management Tone	N/A	Based on PPT only.	□

Sentiment: □Negative

Key Takeaways (Positives & Negatives): * **Positives:** FSA pricing remains the sole structural defense, with realizations up 5% YoY to ₹1,504/Te. Management successfully reduced core salary and wages by 2% (excl. provisions) via a 4% headcount reduction (9,553 net reduction YoY). SECL showed a recovery from Q2 losses to a PBT of ₹1,795 Cr. * **Negatives:** The volume engine is in reverse. 9M offtake is down 16 MT YoY. E-auction realizations are in a steady slide, dropping 9% YoY to ₹2,434/Te. Earnings quality is muddied by a massive ₹2,201 Cr one-time employee provision, though this was partially "hidden" by a ₹1,462 Cr stripping activity reversal (non-cash). Debt is creeping up to fund working capital at struggling subsidiaries. * **The Street's Concern:** Analysts will likely concede that the 875 MT FY26 target is dead. The focus has shifted to whether the dividend floor can be maintained as EBITDA margins compress from the 40%+ levels of FY25 to the current ~33-35% range. * **Watchpoint:** Look for an official "re-basing" of the 1 Billion Tonne target in the next annual cycle. If Q4 does not see a massive (20%+) volume surge, the stock will likely be de-rated to a pure yield play with no growth premium.

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q3 25-26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Production Volume (MT)	209.39*	↑ 5.2%	↑ 37.3%	↑	*Estimated based on 9M total 591.91 MT minus H1.
Sales Volume (MT)	188.17	↓ 3.1%	↑ 13.4%	↓	Reduction in FSA and Washed Coal qty.
FSA Realization (₹/Te)	1,504.60	↑ 4.9%	↑ 1.8%	↑	Realization increase despite volume drop.
E-Auction Realization (₹/Te)	2,434.56	↓ 9.3%	↑ 6.2%	↓	Premiums cooling YoY; slight QoQ recovery.
Opex per unit (₹/Te)*	1,495.03	↑ 6.3%	↓ 6.1%	↓	*Derived: Total Exp / Sales Qty.
Revenue from Ops (₹ Cr)	34,924	↓ 5.2%	↑ 15.7%	↓	Volume contraction + E-auction price drop.
Net Sales (₹Cr)	30,818	↓ 4.8%	↑ 14.5%	↓	Core coal sales down.
EBITDA (₹Cr)	9,473	↓ 19.7%	↑ 20.7%	↓	Impacted by ₹2,201 Cr employee provision.
EBITDA Margin %	33.0%	↓ 1000bps	↑ 400bps	↓	Significant YoY compression.
PAT (₹Cr)	7,166	↓ 15.6%	↑ 68.1%	↓	Buffered by tax and JV share vs Q2.
ROCE (%)	12.0%*	↓ 600bps	→	↓	*Not annualised; reflects EBIT/Cap Emp.
Net Debt / (Cash)	(Cash Rich)	→	→	→	D/E ratio increased to 0.14 from 0.09.
Working Capital (DSO)	0.89 months	↓	↓	↓	Deteriorated from 0.81 in March.

2B. SEGMENT BREAKDOWN (Subsidiary PBT)

Subsidiary	PBT (□Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
MCL	4,176	↑ 19.0%	High	↑	Better	The primary profit driver this quarter.
NCL	3,524	↑ 9.4%	High	↑	Better	Consistent outperformer.
SECL	1,795	↑ 20.6%	Moderate	↑	Average	Significant recovery from Q2 safety hit.
CCL	1,183	↓ 16.5%	Moderate	↓	Worse	Underperforming vs prior year.
BCCL	(69)	↓ Loss	Negative	↑	Worse	Significant improvement from Q3-24 loss.
ECL	(326)	↓ Loss	Negative	↑	Worse	Narrower loss YoY but still a drag.
WCL	1,255	↑ 318.6%	Moderate	↑	Better	Surprising turnaround in profitability.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume	875 MT for FY26.	**Needs 330.25 MT in Q4.** Current 9M avg is 181.6 MT. **Mathematically impossible.**	Miss (9M is -3% YoY).	High
Guidance	Capex	Modernization / FMC.	□7,190 Cr 9M D&A suggests high asset capitalization.	On Track.	Low
Strategy	Cost Control	Manpower reduction.	9,553 headcount reduction (4% YoY).	Delivered.	Low
Strategy	Receivables	Collection discipline.	Receivables at 0.89 months vs 0.81 in March.	Underperforming.	Moderate
Strategy	Pricing	FSA stability.	Q3 realization up 5% YoY.	Delivered.	Low
Balance	Leverage	Working Capital mgmt.	Debt Equity rose to 0.14 from 0.09.	Deteriorating.	Moderate

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

Trajectory Signal (vs Q2 25-26): While Q2 was defined by the structural shock of the SECL safety-zone impairment, Q3 shows a desperate attempt to stabilize the P&L through accounting buffers. The headline recovery in PAT (7,166 Cr vs 4,263 Cr in Q2) is deceptive, as it relies on a 1,462 Cr stripping reversal to offset the 2,201 Cr employee provision. The most alarming trend is the persistent volume contraction despite entering the seasonally stronger H2, which suggests the 875 MT target is now a legacy figure rather than a live goal.

What Changed	Prior Quarter (Q2 25-26)	This Quarter (Q3 25-26)	Direction
Volume Performance	-1.3% YoY	-3.1% YoY	↓ Deteriorating
EBITDA Margin	29%	33%	↑ Improving (QoQ)
FSA Realization	₹1,478 / Te	₹1,504 / Te	↑ Improving
E-Auction Price	₹2,292 / Te	₹2,434 / Te	↑ Improving (QoQ)
Leverage (D/E)	0.13	0.14	↓ Deteriorating
One-time Items	₹386 Cr Impairment	₹2,201 Cr Employee Provision	↓ Negative
SECL Health	₹100 Cr PBT Loss	₹1,795 Cr PBT Profit	↑ Improving
Stripping Buffer	₹871 Cr reversal	₹1,462 Cr reversal	↑ Increasing P&L Support
Debtor Turnover	0.91 months	0.89 months	↑ Improving (QoQ)

STOP HERE.