Coal India Ltd — Jul 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Weak Miss **One-line:** The "volume-led growth" thesis is under severe duress as sales quantity contracted 4% YoY in Q1, making the management's FY26 target of 875 MT mathematically improbable without a massive H2 recovery.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Weak Miss	Offtake of 190.59 MT is a 4% YoY decline; well below the ~219 MT/quarter run-rate needed.	□
Earnings Quality	Moderate	PAT buffered by □499 Cr Stripping Activity Provision Reversal, offsetting a 4% volume drop.	□
Guidance Confidence	Weak	875 MT target now requires 228 MT/qtr for the rest of FY26; historical performance suggests this is unlikely.	□
Management Credibility	Deteriorating	Repeatedly missing volume targets while maintaining optimistic long-term guidance (1 BT).	□
Business Quality Signal	Stable	Core FSA pricing power remains intact (+1.7% YoY) providing a defensive floor.	□
Key Q&A Exchange	N/A — PPT_ONLY	No concall conducted or available.	□
The Street's Primary Anxiety	Volume Stagnation	Can CIL overcome land/clearance hurdles to restore growth, or is it a "yield-only" story?	□
Capital Cycle Stage	Investment	Continued spend on FMC and evacuation; SECL impairment (□167 Cr) signals regulatory friction.	□
Margin / Return Ratio Trajectory	Stable	Flat overall realization (□1,673) and controlled employee costs (-1% YoY) protect margins.	□
Pricing Power	Stable	FSA realizations improved 1.7%; E-auction premiums are stabilizing at ~50% over FSA.	□
FCF Conversion & Quality	Weakening	Significant buildup in Gross Trade Receivables (up □3,619 Cr since March 2025).	□
Competitive Moat Signals	Stable	Monopoly position remains unchallenged despite volume slippages.	□
Balance Sheet Strength	Strong	Cash-rich, but receivable spike warrants monitoring for working capital stress.	□
Working Capital Efficiency	Deteriorating	Trade receivables jumped 26% in a single quarter to □17,356 Cr.	□
Mgmt Guidance Track Record	Unreliable	After a flat FY25, starting FY26 with a volume contraction further damages credibility.	□
Key Vulnerability / Red Flag	Receivable Spike	□3,619 Cr increase in receivables in Q1 is an unusually sharp spike for a seasonally neutral quarter.	□
Management Tone	N/A	Based on PPT only.	□

Sentiment: □**Negative**

Key Takeaways (Positives & Negatives): * **Positives:** CIL successfully held the line on realizations (₹1,673/Te overall) despite falling e-auction prices, thanks to a 1.7% uptick in FSA prices. Employee costs, the largest overhead, were kept in check (-1% YoY) through a 3% reduction in headcount (now 2,18,190), though this was partially offset by actuarial liability increases. * **Negatives:** The growth engine has stalled; Q1 volumes fell 4% YoY to 190.59 MT. This contraction was across segments, with E-auction volumes falling 8% and Washed Coal prices crashing 21% YoY. More alarmingly, gross trade receivables spiked by ₹3,619 Cr in just 90 days, primarily driven by WCL, NCL, and ECL. * **The Street's Concern:** Analysts are likely to shift from "E-auction premium" anxiety to "Volume and Working Capital" anxiety. The inability to grow volumes in a power-deficit environment suggests deep-rooted operational/regulatory bottlenecks in SECL and CCL that the FMC (First Mile Connectivity) projects haven't yet resolved. * **Watchpoint:** Monitor H1 FY26 total offtake. If the cumulative volume does not exceed 410 MT by September, the 875 MT annual target will face inevitable and sharp consensus downgrades.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column derived from PPT variance reasons.

Metric	Current Qtr (Q1 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Production Volume (MT)	Not in doc	-	-	-	PPT only provides sales (offtake) quantity.
Offtake Volume (MT)	190.59	↓ 4.0%	↓	↓	8 MT reduction YoY; E-auction qty down 1.87 MT.
FSA Realization (₹/Te)	1,549.63	↑ 1.7%	↑	↑	Driven by better grade mix/pricing.
E-Auction Realization (₹/Te)	2,331.51	↓ 3.3%	↓	↓	Normalization of premiums continues.
Opex per unit (₹/Te)	~1,418*	↑ 4.3%	↑	↓	*Derived from total costs. Impacted by lower volume leverage.
Revenue (₹Cr)	31,885**	↓ 3.9%	↓	↓	**Derived (Total Qty * Avg Realization). Volume decline led.
EBITDA (₹Cr)	Not in doc	-	-	-	PPT lacks a consolidated P&L summary.
PAT (₹Cr)	Not in doc	-	-	-	PPT focuses on variance analysis, not net profit.
Net Debt / (Cash)	(Cash Rich)	→	→	→	No new debt mentioned; internal accruals funding capex.
Gross Trade Receivables	17,356	↓ 10.7%	↑ 26.3%	↓	Compared to June '24 (19,450), but up vs March '25 (13,737).
Employee Costs (₹ Cr)	11,323	↓ 1.1%	↓	↑	12k retirements/yr helping; discount rate change (+266 Cr) hurt.
Stripping Reversal (₹ Cr)	499	↑	↑	↑	Acts as a non-cash buffer for P&L.

2B. SEGMENT BREAKDOWN (Subsidiary-wise Receivables)

Segment (Subsidiary)	Receivables (₹ Cr)	Change vs Mar '25	Trend	vs Company Avg	Key Development
WCL	4,092	+ ₹717 Cr	↓	Worse	High working capital intensity.
NCL	2,500	+ ₹589 Cr	↓	Worse	Significant buildup in a single quarter.
MCL	2,867	+ ₹403 Cr	↓	Average	Usually the strongest performer; showing collection lag.
SECL	1,655	- ₹1,154 Cr	↑	Better	Best improvement in collections (down from ₹2,809 Cr).
ECL	2,005	+ ₹654 Cr	↓	Worse	Deteriorating collection cycle.

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 228 MT/qtr.** Q1 was 190.6 MT. Highly improbable given 4% contraction.	Miss (FY25 was flat).	High
Guidance	Manpower	3% reduction per year.	On track (2.25L to 2.18L YoY). Feasible.	Delivered.	Low
Strategy	Evacuation	FMC to handle bulk volumes.	Rake loading reduction by 4% in Q1 contradicts FMC benefit claims.	Inconsistent.	Moderate
Macro	Regulatory	Safety zones for blocks.	SECL blocks (17) declared safety zones; ₹167 Cr impairment taken.	New Headwind.	Moderate
Strategy	Pricing	Stabilize E-Auction.	Q1 Premium at ~50% (₹2,331 vs ₹1,549). Consistent with 30-40% floor guidance.	Reliable.	Low

(PPT_ONLY mode: Link to Q# not applicable.)

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

Trajectory Signal (vs Q4 FY25): The business has shifted from a "stable but optimistic" stance to a "defensive and struggling" one. While Q4 showed bottom-line protection via cost control, Q1 shows the limits of that strategy when top-line volumes actually shrink. The sharp receivable buildup (3,619 Cr) is a new and concerning divergence from the cash-flow-rich profile of previous quarters.

What Changed	Prior Quarter (Q4 FY25)	This Quarter (Q1 FY26)	Direction
Volume Momentum	Flat (0% growth)	Contraction (-4% YoY)	↓ Deteriorating
Receivables	Improving (₹3,000 Cr realization)	Sharp Spike (+₹3,619 Cr vs Mar-25)	↓ Deteriorating
Operational Friction	Land/Clearance issues cited	17 SECL blocks declared safety zones (₹167 Cr loss)	↓ Deteriorating
E-Auction Trend	Premium floor found at 43%	Premium stabilized at ~50%	→ Stable
Employee Costs	5% reduction	1.1% reduction (Actuarial hits)	↓ Slower benefit
Guidance Gap	Challenging (needs 12% growth)	Extreme (needs 20%+ growth for rest of year)	↓ Deteriorating
One-off Buffers	Tax/Receivable credits	Stripping Reversal (₹499 Cr)	→ Stable (Accounting)

STOP HERE.