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IPO Report

09th Jan'26

Snapshot

Company is the largest coking coal producer in India in Fiscal 2025 in terms of coking coal production, which accounted for 58.50% of the domestic coking coal production in Fiscal 2025. Company's primary product is coking coal, with an estimated reserve of approximately 7,910 million tonnes, as of April 1, 2024, making company one of the largest coking coal reserve holder in India. Company produce various grades of coking coal, non-coking coal and washed coals for applications primarily in the steel and power industries.

VALUATION

Company is bringing the issue at price band of Rs 21-23 per share at p/e multiple of 8.6x on post issue basis.

Company is largest coking coal producer in India with access to large reserves & strategically located mines with large washeries. Company is well positioned to capitalize on demand for coking coal in India with Strong parentage of Coal India Limited. Company with Consistent track record of growth and financial performance & Experienced management team supported by committed employee base is looking decent avenue to deploy the funds in.

Hence, we recommend "Subscribe" to the issue.

Price Band (Rs./Share)	21-23
Opening date of the issue	09th Jan '2026
Closing Date of the issue	13th Jan '2026
No of shares pre issue	4,65,70,00,000 Eq Shares
Issue Size	Rs 1071 Cr
Offer For Sale	46,57,00,000 Eq Shares
Face Value (Rs/ share)	Rs 10/share
Bid Lot	600
Employee Discount	Rs 1/share
BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer (Approx 19,79,22,500 eq Shares)
Non-Institutional	15% of the offer (Approx 59376750 eq Shares)
Retail	35% of the offer (Approx 13,85,45,750 eq Shares)
Shareholder Reservation	4,65,70,000 Eq Shares
Employee Reservation	2,32,85,000 Eq Shares
Lead managers	IDBI Capital markets & Securities Ltd, ICICI Securities Ltd
Registrar to the issue	Kfin Technologies Limited

WHAT WE LIKE

Largest coking coal producer in India with access to large reserves

Company is the largest coking coal producer in India in Fiscal 2025 in terms of coking coal production, which accounted for 58.50% of the domestic coking coal production in Fiscal 2025. As of March 31, 2025, India's total coal resource is estimated to be 389.4 billion metric tonnes, with coking coal resources amounting to 36.8 billion tonnes. Company hold 7.91 billion tonnes of these coking coal resources, as of April 1, 2024, making it the only source of prime coking coal in India.

Well positioned to capitalize on demand for coking coal in India

The demand for coking coal in India stands at 67 million metric tonnes in Fiscal 2025 and is expected to reach 138 million metric tonnes by Fiscal 2035. The demand for coking coal in India is expected to rise substantially, driven by the growth of the steel and power industries.

Strong parentage of Coal India Limited

Company's relationship with Coal India Limited provides it with a solid foundation and extensive resources that are pivotal to its success. Coal India Limited is the largest coal producing company in the world. Company benefit significantly from their strategic support and vast resources. This includes access to advanced technologies, a pool of skilled professionals, and robust financial backing. These resources enable company to undertake large-scale projects with confidence, ensuring timely and efficient execution. Company's ability to leverage these assets sets it apart from its competitors and positions company for continued success.



COMPANY BACKGROUND

Company is a wholly-owned subsidiary of Coal India Limited (“CIL”) and were conferred with Mini Ratna status in 2014. Company was incorporated in 1972 to mine and supply coking coal concentrated in mines located at Jharia, Jharkhand and Raniganj, West Bengal coalfields. Company have expanded its operations significantly over the years, with its coal production increasing from 30.51 million tonnes in Fiscal 2022 to 40.50 million tonnes in Fiscal 2025, which is an increase of 32.74% over Fiscal 2022. Further, company’s coal production was 15.75 million tonnes in the six months period ended September 30, 2025, as compared to its coal production in six months period ended September 30, 2024, which was 19.09 million tonnes. In Fiscal 2024, company produced 39.11 million tonnes of coking coal and 1.99 million tonnes of non-coking coal, surpassing company’s previous records of coking coal production.

Since Fiscal 2021, company have strategically increased its production by adding capacity through incorporating heavy earth-moving machinery (“HEMM”) as part of company’s operations. This approach has been effective, as company’s production trend has been upward since then, achieving a record high in Fiscal 2024. In Fiscal 2024, company surpassed its previous records of production to produce 39.11 million tonnes of raw coal, recording company’s highest coking coal production. This highest raw coking coal production in Fiscal 2024 was 10.96% higher than the previous peak recorded in Fiscal 2017. Over the past three Fiscals, company have maintained steady growth in its coking coal production, with a CAGR of 5.80% in Fiscal 2025 compared to Fiscal 2023.

Company also recorded its highest raw coal offtake of 39.27 million tonne in Fiscal 2024, reflecting company’s commitment to operational growth and efficiency. Further, In Fiscal 2025, company achieved record overburden (“OB”) removal (or overlying rock mass to be removed to access coal seams in opencast mining) volumes while maintaining company’s second-highest coking coal production, just below the peak company reached in Fiscal 2024. Company strategically conducted advance OB removal, deploying equipment to prepare coal seams for future extraction. This approach delivers multiple benefits such as ensuring coal availability for subsequent production periods, eliminating delays between stripping and extraction phases, and optimizing utilization of HEMM and other equipment.

Company operate across a total leasehold area of 288.31 square kilometers, covering 252.88 square kilometers of the Jharia coalfield and covering 35.43 square kilometers of the Raniganj coalfield. Company’s operational portfolio includes (i) opencast and underground mining projects; (ii) coal washeries; (iii) monetisation of old and idle coal washeries through the Washery Developer and Operator (“WDO”) route; and (iv) restoration of operations in discontinued underground mines through the Mine Developer and Operator (“MDO”) model. In addition, company monetize its solar power projects through a combination of self-consumption and grid injection.

As of September 30, 2025, company operate a network of 34 operational mines, including 4 underground mines, 26 opencast mines, and 4 mixed mines.

Company supply raw coal to various industries such as power, steel and fertilizer industries, and also use its raw coal in its washeries for beneficiating the coal to produce washed coking coal and other by-products. The growth in coal demand will likely continue till Fiscal 2035. Company have diversified its operations in order to address long-term decline in coal demand, if any. While long-term coal demand for power may decrease, company’s coking coal remains essential for steel-making, and company is expanding washery capacity to increase the supply of washed, higher-grade coal and meet the anticipated growth in steel demand.

Company’s network of mines are supported by a well-developed infrastructure, including transport facilities both railways and roads, and evacuation facilities. As of September 30, 2025, company’s operations are also supported by infrastructure that includes longwall mining technology, 507 HEMMs comprising dragline, shovel, dumper, dozer and drills for the extraction, processing, and dispatch of coal. Company’s infrastructure enables timely delivery to its customers and strives to achieve maximum utilization of its resources from production to delivery. With advanced facilities in place, company ensure the provision of quality coal required for steel, power, fertilizer and other industries while maintaining cost-efficiency by various internal processes, including crushing the coal to below 100 mm in size, hence mitigating quality concerns and leading to conformity with the declared grade of coal. Further, company have recently started production at its amalgamated Block-II OCP project using highwall mining technology for the first time. This method enables cost-effective extraction of previously inaccessible coal reserves, enhances safety by reducing underground labour, and has a smaller environmental footprint.

Company’s parent company, Coal India Limited, is the largest coal producing company in the world, as of March 31, 2025 and produced over 781 million metric tons of coal in Fiscal 2025. Coal India Limited had a market share of 74% in Fiscal 2025.

OBJECTS OF OFFER

The objects of the Offer are to (i) to carry out the Offer for Sale of up to 465,700,000 Equity Shares of face value of ₹10 each of Company by the Promoter Selling Shareholder and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges.

RISKS

Company’s mines and washeries are concentrated in Jharia, Jharkhand and Raniganj, West Bengal and the eventual exhaustion of coal reserves in these areas or company’s inability to successfully exploit existing reserves may adversely affect company’s business, results of operations, financial conditions and cash flows.



Source:RHP

Consolidated Financials

(Rs in Mn)

Financials	FY23	FY24	FY25	H1FY26
Total Revenue (A)	126240.60	142458.60	138025.50	56590.20
Total Expenditure (B)	121272.60	121586.4	120455.7	58515.8
EBIDTA	4968.00	20872.20	17569.80	-1925.60
EBIDTA Margin	3.94	14.65	12.73	-3.40
Other Income	3945.10	4066.70	5990.80	6524.90
Depreciation	3054.30	3403.90	5806.80	2005.40
EBIT	5858.80	21535.00	17753.80	2593.90
Interest	556.90	618.30	724.90	600.50
PBT	5301.90	20916.70	17028.90	1993.40
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	5301.90	20916.70	17028.90	1993.40
Exceptional	0.00	0.00	0.00	0.00
PBT	5301.90	20916.70	17028.90	1993.40
Tax	-1345.90	5272.10	4627.00	754.60
PAT	6647.80	15644.60	12401.90	1238.80
NPM	5.27	10.98	8.99	2.19
ROE%	19.22	34.21	20.83	2.00
EPS	1.43	3.36	2.66	0.27
Eq Cap	46,570.00	46,570.00	46,570.00	46,570.00
Net Worth	38039.00	53,217.20	64,627.30	56,635.20

(Source: RHP)



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