

Retail Research	IPO Note
Sector: Mining	Price Band (Rs): 21 – 23
06th January 2026	Recommendation: SUBSCRIBE

Bharat Coking Coal Ltd.

Company Overview:

Incorporated in 1972 and conferred with the Mini Ratna status, **Bharat Coking Coal Ltd. (BCCL)**, is a wholly-owned subsidiary of Coal India Ltd. (CIL). The company primarily mines and supplies Coking Coal and holds an estimated reserve of ~7.91 billion tonnes (as of Apr'24), ranking it amongst the largest coking coal reserve holders in India. Additionally, BCCL produces various grades of coking coal, non-coking coal and washed coals for applications primarily in the steel and power industries.

Key Highlights:

1. India's largest Coking Coal producer: BCCL holds ~21.5% of the country's coking coal resources (7.91 billion tonnes) making it the only source of prime coking coal in India. Given the access to such large reserves, BCCL is also the largest producer of coking coal in the country, accounting for nearly 58.5% of the country's total domestic production in FY25. With a total leasehold area of 288.3 sq. kilometers, the company operates a network of 34 operational mines, which includes 4 underground, 26 opencast & 4 mixed mines located in Jharkhand and West Bengal coalfields.

2. Strategically located mines with large washeries: The company's mines are strategically located in Jharia (Jharkhand) and Raniganj (West Bengal) coalfields, which are situated in well-developed infrastructure & logistical networks along with a vast reserve of coal resources. Additionally, the company operates coking coal washeries across 5 facilities, and is a domestic leader by coking coal washery capacity, with an owned operational capacity of 13.65 million tonnes per annum (MTPA). Further, the company is in process of developing & commissioning 3 new washeries with a combined capacity of 7.0 MTPA, along with the renovation of the 1.6 MTPA Moonidih coal washery, which will enhance the existing washing capacity.

3. Exploring prospects in Coal Bed Methane (CBM) projects: Methane is inherently associated with coal as a byproduct of the coal formation process and is released during & after mining activities. If effectively recovered, CBM associated with coal reserves and emitted during coal mining operations could serve as a significant potential source of energy. To harness this opportunity, the company has identified 2 blocks in Jharia coalfield for the exploration of CBM. The Jharia CBM Block 1 encompasses an area of 26.55 sq. kilometers and contains gas reserves estimated at 25,000 million cubic meters. The block is anticipated to commence production by FY28. Meanwhile, the pre-feasibility report for the 2nd block was approved in Oct'24 and the modal tender is being prepared.

4. Strong Parentage: BCCL's parent company - Coal India Ltd. (CIL) - is the largest coal producing company in the world and commanded a market share of 74% in the domestic industry during FY25. BCCL benefits significantly from CIL's strategic support and vast resources such as access to advanced technologies, pool of skilled professionals and robust financial backing. Additionally, BCCL leverages CIL's technical expertise in coal mining & resource management and thereby, enhancing its market recognition and credibility.

Valuation: BCCL is India's largest producer of Coking Coal and accounted for 58.5% of the total domestic production in FY25. With estimated reserves of 7.91 bn tonnes and a network of 34 operational mines, the company is amongst the largest Coking Coal reserve holders in the country. Historically, the company has recorded Revenue/EBITDA/PAT CAGR of 4.6%/88.1%/36.6% respectively over the FY23-FY25 period. Going ahead, the company is expanding its Washery capacity to 20.65 MTPA from the current 13.65 MTPA through establishment of new washeries, along with the renovation of the existing Moonidih washery which shall double its operative capacity from 0.8 MTPA to 1.6 MTPA. At the upper price band of Rs 23, the issue is valued at EV/EBITDA multiple of 6.4x respectively based on post-issue capital. We recommend investors to SUBSCRIBE to the issue at the cut-off price.

Issue Details	
Date of Opening	09 th January 2026
Date of Closing	13 th January 2026
Price Band (Rs)	21 – 23
Employee Discount (Rs)	1
Offer for sale (Rs cr)	1,071 @ upper price band
Fresh Issue (Rs cr)	-
Issue Size (Rs cr)	1,071 @ upper price band
Total issue size	46,57,00,000 shares
Employee Reservation	2,32,85,000 shares
Shareholder Reservation	4,65,70,000 shares
Net Offer size	39,58,45,000 shares
Face Value (Rs)	10.0
Post Issue Market Cap (Rs cr)	10,711 @upper price band
BRLMs	IDBI Capital Markets & Securities Ltd, ICICI Securities Ltd
Registrar	KFin Technologies Ltd
Bid Lot	600 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	4,65,70,00,000	100.0
Public & Others	-	-
Total	4,65,70,00,000	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	4,19,13,00,000	90.0
Public & Others	46,57,00,000	10.0
Total	4,65,70,00,000	100.0

Selling shareholder via OFS	Classification	No. of shares
Coal India Limited	Promoter	46,57,00,000
Total	-	46,57,00,000

Source: RHP, SBICAP Securities Research

Note: The Shareholder Reservation Portion shall not exceed 10% of the Offer size. If an Eligible Shareholder is Bidding in the Shareholder Reservation Portion up to Rs 2 lakhs, application by such Eligible Shareholders in the Retail Portion or Non-Institutional Portion and Employee Reservation Portion (if eligible and subject to applicable limits) shall not be treated as multiple Bids.

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25	1HFY26
Revenue from operations	12,624.1	14,245.9	13,802.6	5,659.0
EBITDA	496.8	2,087.2	1,757.0	(192.6)
PAT	664.8	1,564.5	1,240.2	123.9
EBITDA Margin (%)	3.9	14.7	12.7	(3.4)
PAT Margin (%)	5.3	11.0	9.0	2.2
RoE (%)	17.5	29.4	19.2	-
RoCE (%)	15.4	40.5	27.5	-
P/E (x)*	16.1	6.8	8.6	-

*Note: Pre-issue P/E based on upper price band

Source: RHP, SBICAP Securities Research

Risk Factors

- A. Import parity:** If the price of imported coking coal decreases, or the effective price of BCCL's coal to its customers increases, the customers may elect to meet a larger proportion of their coal requirements from imported coal rather than the coal sourced from the company. Further, the quality or grade of the coking coal produced by the company is considered lower in comparison to coal from other countries, primarily due to its higher ash content. As a result, most of the coking coal is diverted to power plants, limiting its potential applications in the steel industry.
- B. Contractor risk:** A significant portion of the company's coal production and coal handling operations are conducted through third party contractors which exposes it to fluctuations in contractual costs and risks relating to the quality of their services. As of 1HFY26/FY25, the coal extraction conducted by third parties represented ~84%/78% of the company's total coal extraction operations. Further, certain of the vendors may be subject to litigations and regulatory actions. If such matters escalate or involve contractors performing critical work, they could result in localized delays, additional administrative oversight, and may attract public and shareholder attention and could pose reputational risks for the company.
- C. Customer concentration:** As of 1HFY26/FY25, the company's top 10 customers contributed ~84%/89% to the total revenue. Additionally, a majority of BCCL's top 10 customers are Public Sector Undertakings (PSUs), and the business is significantly reliant on them, which exposes the company to certain risks inherent to operating with PSUs. PSUs are subject to unique operational and regulatory constraints, including budgetary limitations, bureaucratic decision-making processes and potential changes in government policies or priorities. Thus, any failure by the company to maintain relationship with these customer groups or any adverse changes affecting their financial condition may adversely affect the company's business.
- D. Reliance on strategic support from Coal India:** BCCL's mining operations heavily rely on the financial, technical, and human resources allocated by Coal India Ltd – its parent company. Any changes in Coal India's resource allocation policies could impact BCCL's access to necessary resources, potentially hindering operational efficiency and growth. This dependency means that any disruptions or constraints in Coal India's operations could directly affect the company's ability to maintain consistent and effective mining activities.

Additionally, BCCL's operations are also significantly dependent on the Central Mine Planning & Design Institute Ltd (CMPDIL), another subsidiary of CIL. CMPDIL provides essential technical expertise, planning, and design services that are critical to BCCL's mining operations. This includes identifying coal reserves through drilling and seismic surveys, as well as conducting research in non-conventional energy sources such as coal bed methane. Furthermore, CMPDIL plays a crucial role in ensuring that the company's operations comply with environmental and safety regulations.

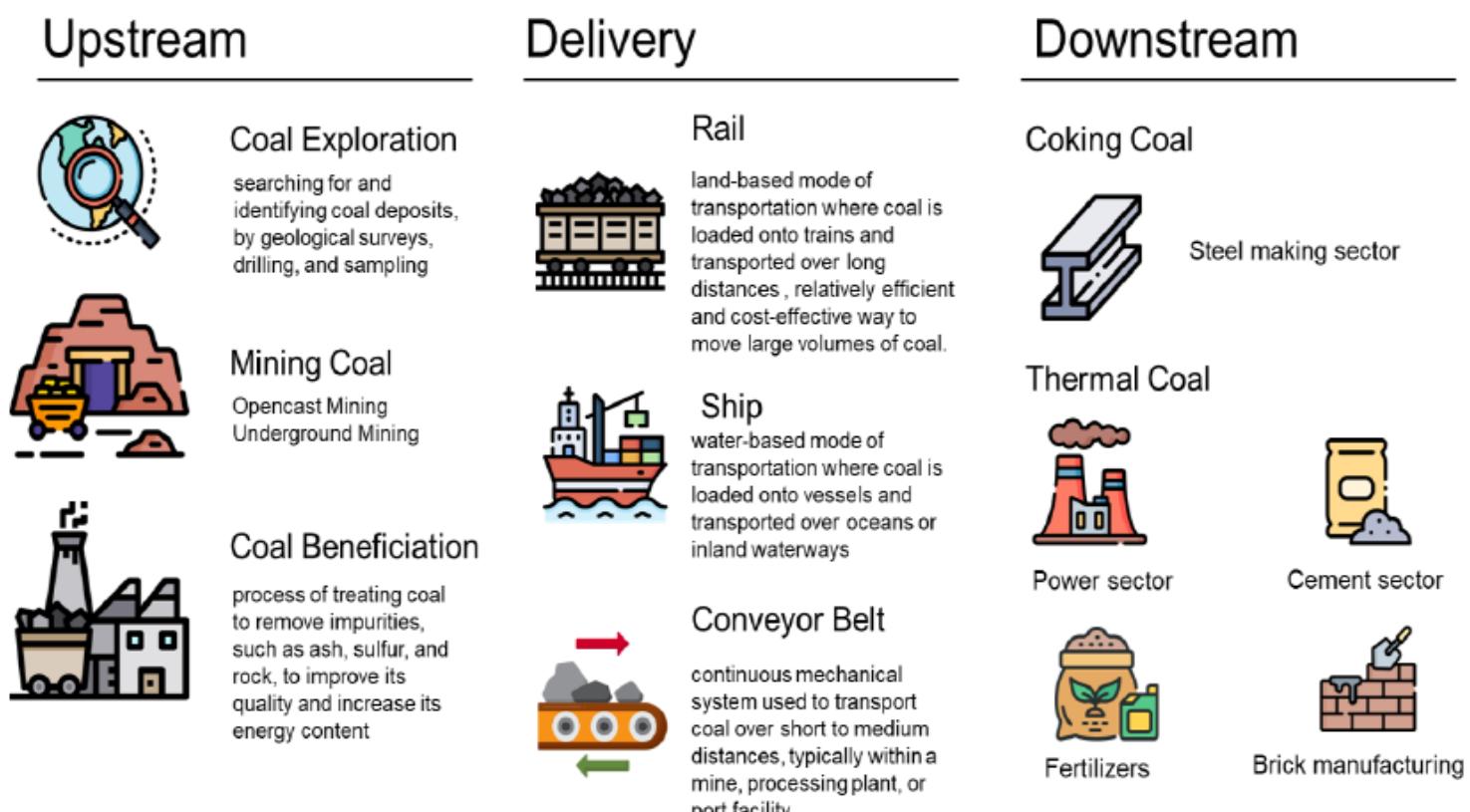
E. Operational & Regulatory risk: The company's mining operations are subject to various operating risks such as adverse weather & natural disasters, unavailability of skilled professionals & workers, unexpected equipment failures & accidents, etc. These conditions and events may materially increase the cost of mining operations and delay production at particular mines either permanently or for varying lengths of time. Additionally, the business is subject to laws and regulations relating to employee welfare and benefits such as minimum wage and maximum working hours, overtime, working conditions, etc. and hence, during 1HFY26/FY25, employee benefits expense accounted for ~50%/52% of the company's total expenses.

F. ESG Risk: BCCL's operations are inherently exposed to environmental, social and climate-related risks. India's Paris Agreement commitments, COP28 outcomes, and the 2070 net-zero target point to a long-term decline in coal use. In line with these goals, authorities may tighten carbon taxes, emission norms, mine allocation limits, and mandate carbon-capture technologies, while increasing closure liabilities. Coupled with rising environmental litigation, these measures could lead to higher compliance costs, production cuts, asset retirements, permitting delays, and financial penalties.

Growth Strategies

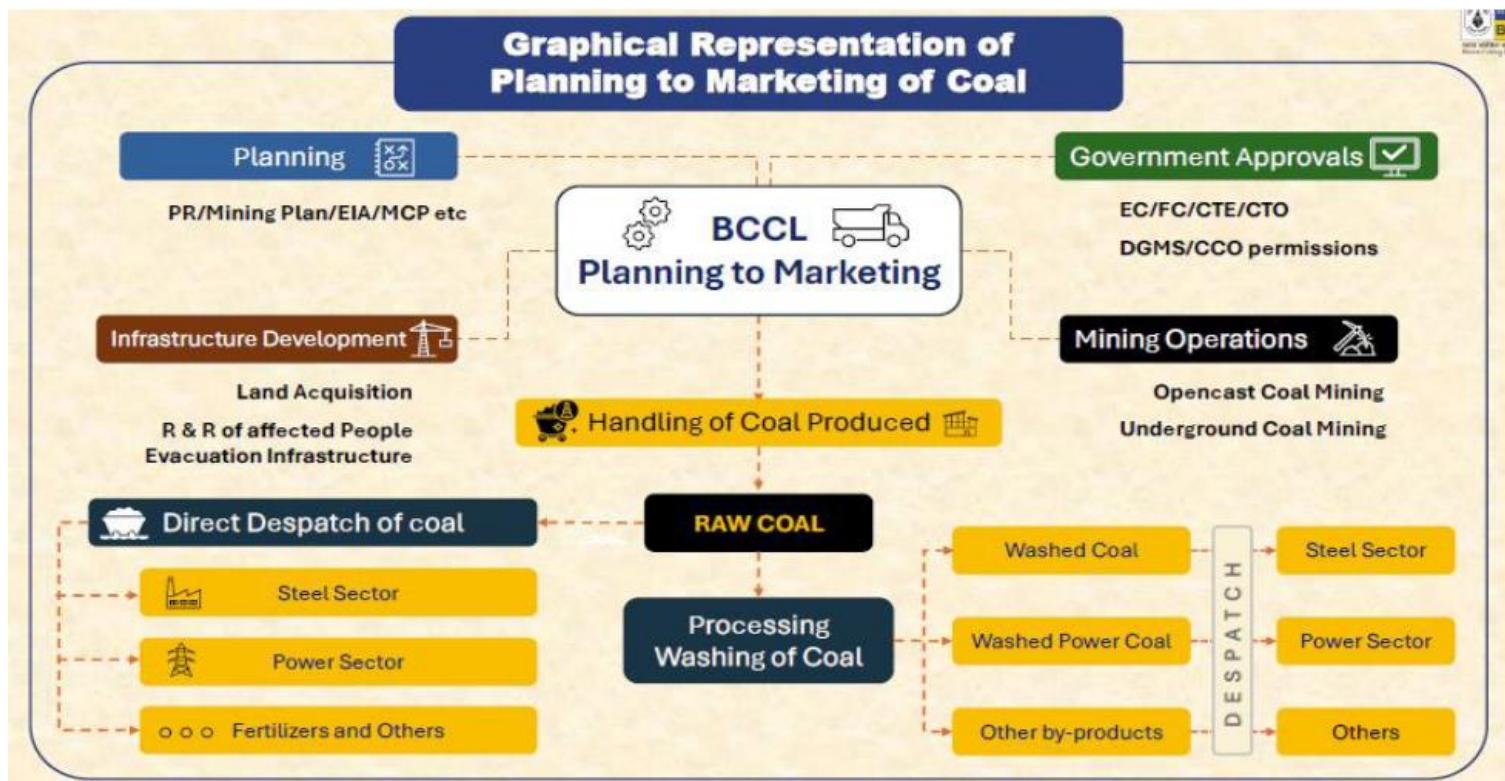
- Utilize resources effectively to sustain and expand operations.
- Transform discontinued mines into profitable ventures through resource monetization and strategic repurposing.
- Monetize, modernize and renovate washeries.
- Explore opportunities in coal bed methane projects to harness untapped energy resources.

Coal Value Chain



Source: RHP, SBICAP Securities Research

Coking Coal Production Process



Source: RHP, SBICAP Securities Research

Operational Performance (Million Metric Tonnes – Mn MT)

Particulars	FY23	FY24	FY25	1HFY26
Raw Coal	36.2	41.1	40.5	15.8
Coking Coal	33.7	39.1	38.9	15.1
Non-Coking Coal	2.5	2.0	1.6	0.7
Washed Coal*				
Washed Coking Coal	1.4	1.5	1.7	0.7
Washed Power Coal	2.5	2.8	3.2	1.5

*Washed coal is the product derived after beneficiating raw coal.

Source: RHP, SBICAP Securities Research

Revenue Split - Products

Particulars	FY23		FY24		FY25		1HFY26	
	Rs cr	% of TS	Rs cr	% of TS	Rs cr	% of TS	Rs cr	% of TS
Raw coal	9,592.6	77.7%	10,178.4	77.3%	10,169.0	77.7%	4,176.0	79.4%
Washed coal	1,689.3	13.7%	2,045.1	15.5%	1,911.1	14.6%	696.8	13.2%
Other by-products*	1,067.3	8.6%	937.6	7.1%	1,003.1	7.7%	387.5	7.4%
Total Sales (TS)**	12,349.1	100.0%	13,161.1	100.0%	13,083.3	100.0%	5,260.3	100.0%

*Includes rejects and slurry

**Total Sales excludes Other Operating Revenue.

Source: RHP, SBICAP Securities Research

Revenue Split - Industry

Particulars	FY23		FY24		FY25		1HFY26	
	Rs cr	% of TS	Rs cr	% of TS	Rs cr	% of TS	Rs cr	% of TS
Power Industry (Including CPPs)	8,018.4	64.9%	9,171.6	69.7%	9,678.7	74.0%	3,969.2	75.5%
Steel Industry	2,261.6	18.3%	2,458.5	18.7%	2,375.2	18.2%	972.1	18.5%
Fertilizer Industry	101.4	0.8%	127.5	1.0%	105.1	0.8%	68.5	1.3%
Cement industry	2.4	0.0%	19.2	0.1%	13.8	0.1%	2.3	0.0%
Other non-regulated sectors*	1,965.4	15.9%	1,384.3	10.5%	910.5	7.0%	248.3	4.7%
Total Sales (TS)	12,349.1	100.0%	13,161.1	100.0%	13,083.3	100.0%	5,260.3	100.0%

*Other non-regulated sectors include traders, cokery and other small industries.

**Total Sales excludes Other Operating Revenue.

Source: RHP, SBICAP Securities Research

Raw Coal Offtake – Industry wise (Mn MT)

Particulars	FY23		FY24		FY25		1HFY26	
	Quantity	% of total offtake						
Power Industry (Including CPPs)	27.5	77.4%	30.8	78.5%	29.7	77.6%	13.1	77.0%
Steel Industry	1.2	3.3%	1.0	2.5%	0.9	2.2%	0.5	2.9%
Fertilizer Industry	0.4	1.1%	0.5	1.2%	0.4	1.0%	0.3	1.5%
Own washery	4.4	12.4%	4.9	12.6%	5.7	15.0%	2.7	15.5%
Others*	2.1	5.8%	2.0	5.2%	1.6	4.2%	0.5	3.1%
Total Offtake	35.5	100.0%	39.3	100.0%	38.3	100.0%	17.1	100.0%

*Others include coal sold through e-auctions and other non-regulated sector.

Source: RHP, SBICAP Securities Research

Operational & Upcoming Washerries

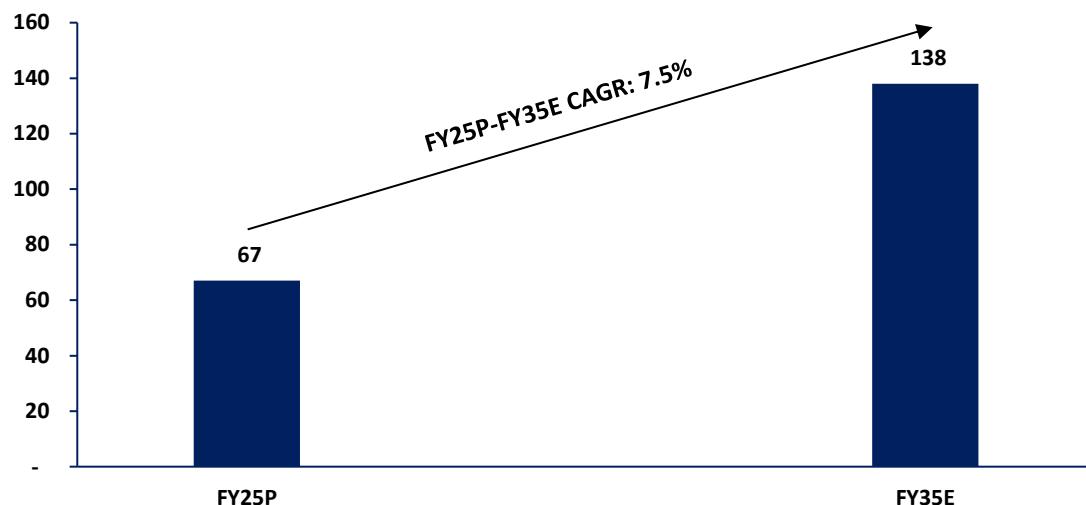
Sr. No	Name of Washery	Location	Type of Washery	Capacity (MTPA)	Status
Operational					
1	Moonidih*	Dhanbad, Jharkhand	Coking	0.8	Operational
2	Madhuband	Dhanbad, Jharkhand	Coking	1.3	Operational
3	Dahibari	Dhanbad, Jharkhand	Coking	1.6	Operational
4	Patherdih-I	Dhanbad, Jharkhand	Coking	5.0	Operational
5	Madhuband (NLW)	Dhanbad, Jharkhand	Coking	5.0	Operational
Upcoming					
1	Patherdih-II	Dhanbad, Jharkhand	Coking	2.5	Under Construction
2	Bhojudih (new)	Purulia, West Bengal	Coking	2.0	Under Construction
3	Moonidih (new)	Dhanbad, Jharkhand	Coking	2.5	Tender to be floated

*The existing Moonidih coal washery is undergoing renovation, which will double its operative capacity from 0.8 MTPA to 1.6 MTPA.

Source: RHP, SBICAP Securities Research

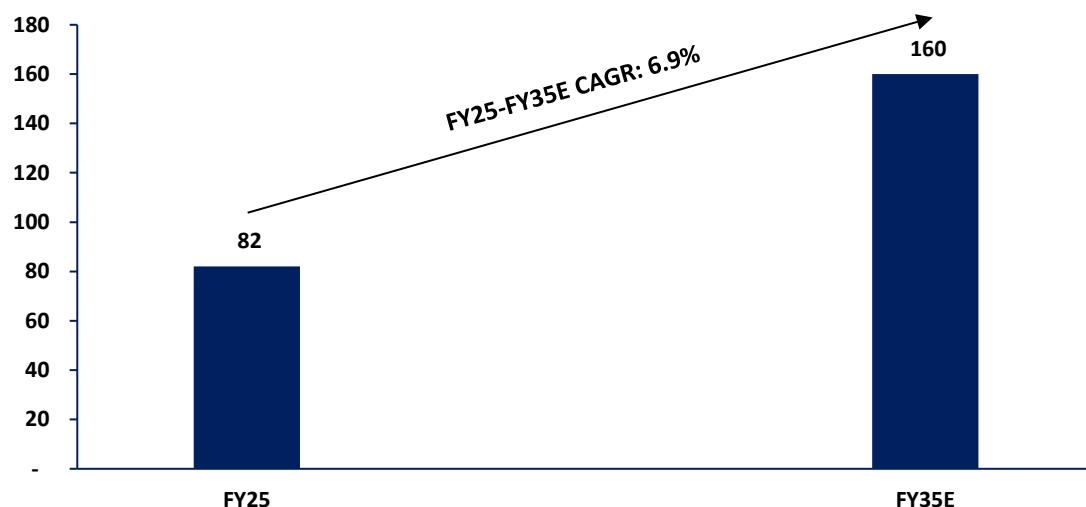
Industry Overview

India - Coking Coal Demand (Mn MT)



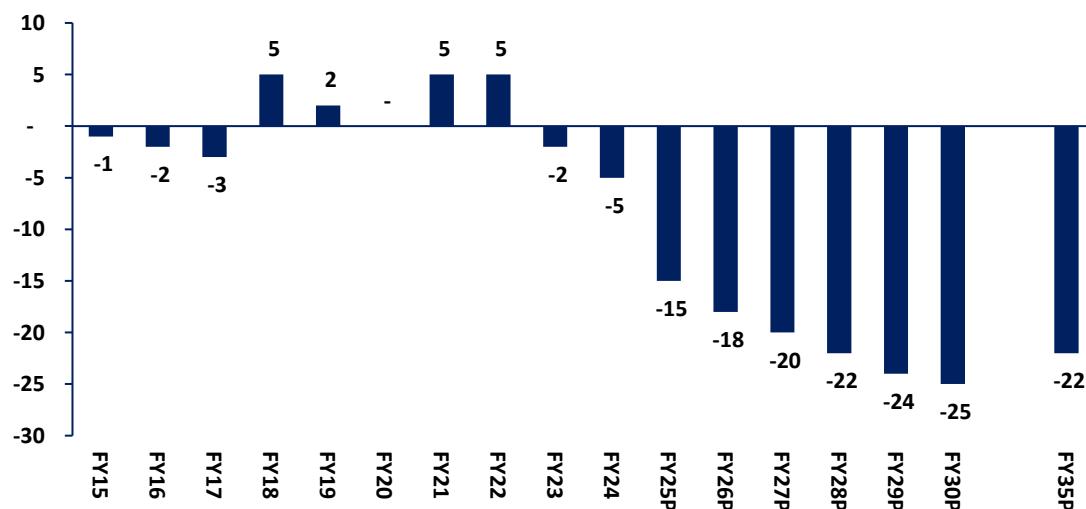
Source: RHP, SBICAP Securities Research

India - Coking Coal Production (Mn MT)



Source: RHP, SBICAP Securities Research

India - Coking Coal demand-supply gap (Mn MT)



Source: RHP, SBICAP Securities Research

Financial Snapshot

INCOME STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	1HFY26
Revenue from Operations	12,624	14,246	13,803	5,659
<i>YoY growth</i>	-	12.8%	(3.1%)	-
COGS (incl Stock Adj)	975	410	78	376
Gross Profit	11,649	13,836	13,724	5,283
Gross margin	92.3%	97.1%	99.4%	93.3%
Employee Cost	7,148	6,951	6,542	3,038
Other Operating Expenses	4,004	4,798	5,425	2,438
EBITDA	497	2,087	1,757	(193)
EBITDA margin	3.9%	14.7%	12.7%	(3.4%)
Other Income	395	407	599	652
Interest Exp.	56	62	72	60
Depreciation	305	340	581	201
PBT	530	2,092	1,703	199
Tax	(135)	527	463	75
PAT	665	1,564	1,240	124
PAT margin	5.3%	11.0%	9.0%	2.2%
EPS (Rs)	1.4	3.4	2.7	0.3
DPS (Rs)	-	-	0.1	1.8
Dividend Payout	-	-	3.6%	681.5%
Dividend Yield @ UB	-	-	0.4%	7.9%

BALANCE SHEET				
Particulars (Rs cr)	FY23	FY24	FY25	1HFY26
Assets				
Net Block	2,908	3,439	4,264	4,936
Capital WIP	1,300	1,368	1,617	1,842
Exploration and Evaluation Assets	155	163	228	52
Intangible Assets	16	13	9	8
Other Non-current Assets	2,375	2,461	2,624	2,798
Current Assets				
Inventories	1,029	1,382	1,960	1,952
Current Investment	80	267	0	-
Trade receivables	1,251	1,333	1,848	2,203
Cash and Bank Balances	1,154	945	1,130	1,079
Other Current Assets	3,045	3,359	3,602	3,841
Total Current Assets	6,559	7,285	8,541	9,074
Current Liabilities & Provisions				
Trade payables	913	1,234	2,173	2,865
Other current liabilities	3,417	3,533	3,873	3,732
Short-term provisions	2,431	1,185	1,052	824
Total Current Liabilities	6,761	5,951	7,099	7,421
Net Current Assets	(201)	1,333	1,442	1,653
Total Assets	6,552	8,776	10,184	11,290
Liabilities				
Share Capital	4,657	4,657	4,657	4,657
Reserves and Surplus	(853)	665	1,806	1,007
Total Shareholders Funds	3,804	5,322	6,463	5,664
Total Debt	-	-	-	1,559
Long Term Provisions	2,089	2,018	2,325	2,388
Lease Liabilities	213	230	233	248
Other Long Term Liabilities	446	1,207	1,164	1,431
Total Liabilities	6,552	8,776	10,184	11,290

Cash Flow Statement (Rs cr)	FY23	FY24	FY25	1HFY26
Cash flow from Operating Activities	1,699	1,299	796	(335)
Cash flow from Investing Activities	(1,706)	(1,484)	(782)	(65)
Cash flow from Financing Activities	(43)	(74)	(132)	380
Free Cash Flow	691	2,490	(33)	(624)

RATIOS			
Particulars	FY23	FY24	FY25
Profitability			
Return on Capital Employed	15.4%	40.5%	27.5%
Return on Equity	17.5%	29.4%	19.2%
Margin Analysis			
Gross Margin	92.3%	97.1%	99.4%
EBITDA Margin	3.9%	14.7%	12.7%
Net Profit Margin	5.3%	11.0%	9.0%
Short-Term Liquidity			
Current Ratio (x)	1.0	1.2	1.2
Quick Ratio (x)	0.8	1.0	0.9
Days Sales Outstanding	36	34	49
Days Inventory Outstanding**	30	35	52
Days Payables	27	37	66
Fixed asset turnover (x)	4.3	4.1	3.2
Debt-service coverage (x)	10.5	34.8	24.5
Long-Term Solvency			
Total Debt / Equity (x)	-	-	-
Interest Coverage Ratio (x)	10.5	34.8	24.5
Valuation Ratios*			
EV/EBITDA (x)	19.2	4.7	5.5
P/E (x)	16.1	6.8	8.6
P/B (x)	2.8	2.0	1.7
EV/Sales (x)	0.8	0.7	0.7
P/Sales (x)	0.8	0.8	0.8

*Valuation ratios are based on pre-issue capital at the upper price band

**Days Inventory Outstanding calculated on Revenue from Operations

Source: RHP, SBICAP Securities Research

Peer Comparison – FY25

Bharat Coking Coal Ltd. does not have any listed peers in India.

SBICAP Securities Limited

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