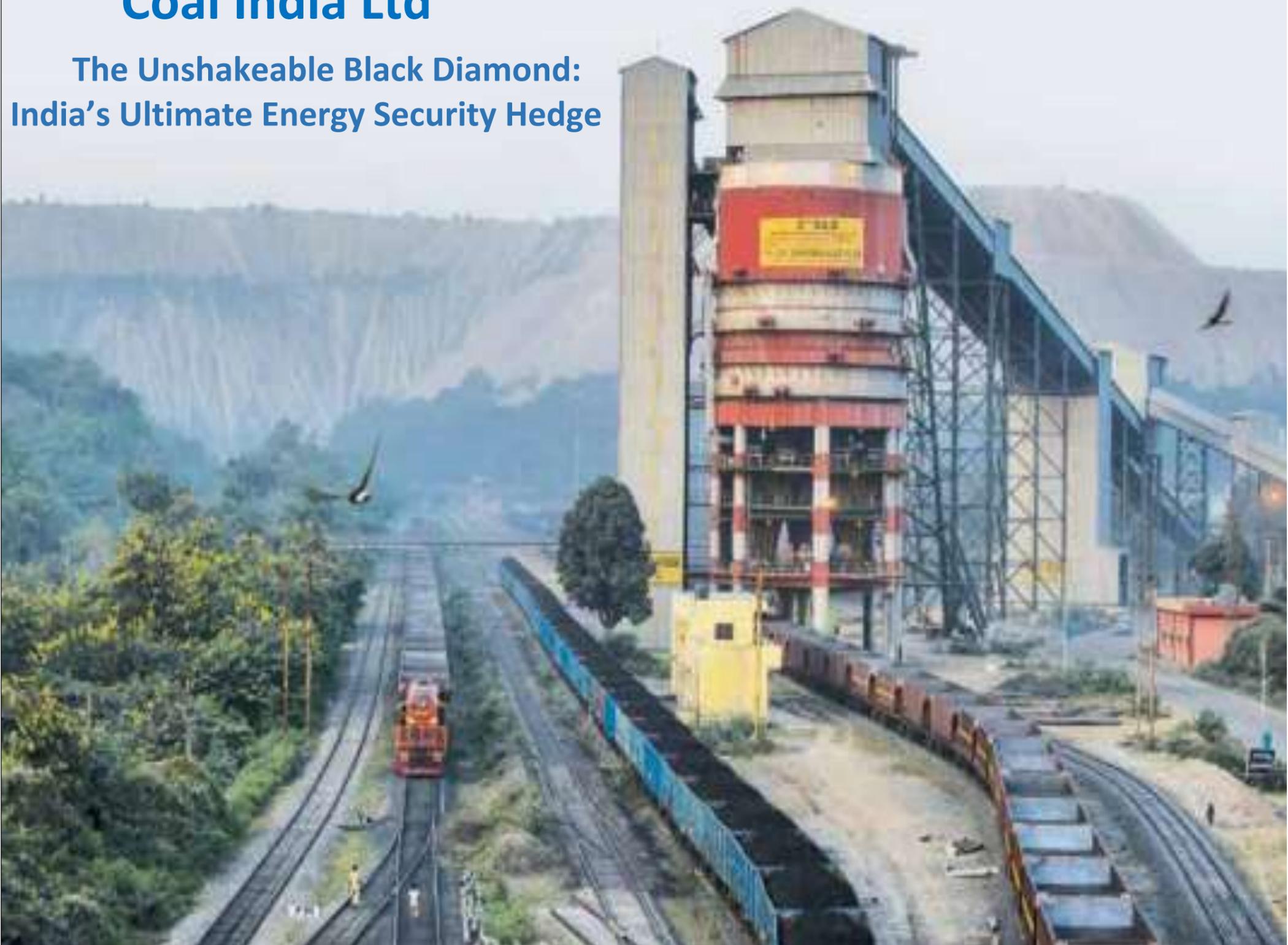




Coal India Ltd

The Unshakeable Black Diamond:
India's Ultimate Energy Security Hedge



Reco BUY

Continue to maintain its dominant position in the domestic coal mining industry.

Industry	Coal
LTP (Feb 27, 2026)	Rs. 430.65
Entry Range	Rs. 425-435
Add on Dips	Rs. 378-386
Base Case Target	Rs. 471
Bull Case Target	Rs. 500
Time Horizon	4 Quarters

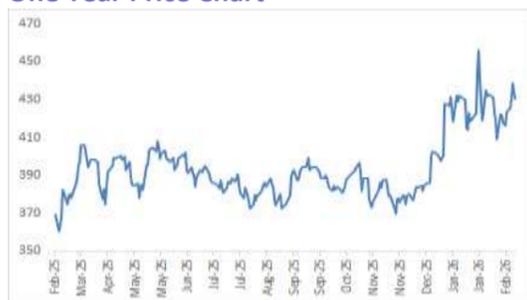
Stock Info

HDFC Scrip Code	COALTD
BSE Code	533278
NSE Code	COALINDIA
Bloomberg	COAL IN
CMP Feb 27, 2025	430.65
Equity Capital (Rs Cr)	6162.7
Face Value (Rs)	10
Equity Share O/S (Cr)	616.3
Market Cap (Rs Cr)	265,398
Book Value (Rs)	175.4
Avg. 52 Wk Volumes	74,955
52 Week High	462.0
52 Week Low	350.0

Share Holding Pattern % (Dec'25)

Promoters	63.1
Institutions	30.8
Non-Institutions	6.1
Total	100

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

Abdul Karim

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Our Take

- CIL has established a track of operations of over five decades in coal mining and holds ~49% of total proven coal reserves of India, with production accounting for 74%-80% of domestic coal production in FY22-FY25. In the absence of cost-effective and sustainable fuel sources, coal is expected to remain the dominant fuel in India's fuel mix in the medium term, as it offers reliable and stable supply. With a robust volume outlook, healthy e-auction premiums and lower costs, the outlook for CIL remains positive. CIL enjoys a monopolistic status, healthy profitability, higher dividend payout, and a strong financial profile. Coal India to maintain a strong cash balance, adjusted for high capex and dividend payouts and strong cash flow that can lead to re-rating for Coal India over the next few years.
- Investors can buy in the Rs 425-435 band and add on dips in the Rs 378-386 band (6.5x FY28E EPS). We believe the base case fair value of the stock is Rs 471 (8x FY28E EPS) and the bull case fair value of the stock is Rs 500 (8.5x FY28E EPS) over the next 4 quarters.**

Strategic role in meeting India's energy requirement,

As tensions simmer across global shipping lanes, the price and availability of imported LNG, crude, and other fuels turn volatile, making India's dependence on them a strategic vulnerability. Coal India, sitting atop the world's largest domestic coal reserves, offers something no imported fuel can — complete insulation from geopolitical shocks, currency risk, and supply chain disruptions. Ongoing conflicts in the Gulf region have introduced material upside risks to LNG spot prices, while shipping route disruptions continue to elevate India's energy import costs. Coal India's output, by contrast, is sourced and consumed entirely within domestic borders — insulated from geopolitical volatility, currency fluctuations, and supply chain uncertainty. In an environment where energy security has emerged as a critical policy priority alongside energy affordability, domestic coal remains a stable, sovereign source of baseload power. For India, Coal India is not simply a low-cost fuel producer — it is a structural hedge against the vulnerabilities inherent in import-dependent energy systems

Coal India Ltd. (CIL) is the single largest producer of coal in India. It operates through its 14 subsidiaries, including a foreign subsidiary and five joint ventures (JVs), in 85 mining areas across eight states in India. The company has a total of 310 mines, of which 129 are underground, 168 are opencast, and 13 are mixed mines. CIL is the largest coal supplier to India's power sector. CIL plays a strategic role in meeting India's energy requirement as evident from its ~74% contribution to total domestic coal production in FY25 (~78% in FY24). Under FSAs for the power and non-power sectors, the company gets penalised only if the supply is less than 75% of the committed quantity. Realisations under FSA are lower, compared to e-auction, however, FSAs provide a very good revenue visibility to CIL. Top 10 customers contribute ~80% of the company's total sales.

Sustainable volume growth with cost control initiatives

Coal India has reported production at 72.3 MT for December (+0.8% YoY) and reported 543.3 MT of production in 9MFY25, up 2.2% YoY. The company reported offtake volumes at 54.4MT for December (+2.4% YoY), adding up to 561 MT in 9MFY25, up 1.7% YoY. The company reported at 341.3 MT of production in H1FY25, up 2.5% YoY, its volumes was at 362.7 MT in H1FY25, up 1.7% YoY. CIL reported the best-ever production in FY24 at 774 MT, registering a growth of 10% YoY, the highest ever offtake was at 753 MT, 8.3% YoY growth in FY24. A strong power demand outlook for India and increased coal production could help CIL to register sustainable volume growth over the next couple of years. Moreover, cost control initiatives such as manpower reduction (employee cost accounts for 53-54% of overall cost) could expand margins.

Infrastructure overhaul set to unlock CIL's growth potentials

The government plans to increase coal production to substitute imports. Driven by the country's growing power demand and the electricity generation target, CIL has been undertaking several measures to increase the production run rate by accelerating the evacuation of coal to thermal power plants. The full benefit of this will be visible in 4-5 years when projects will be fully executed. Increased coal production could help CIL to register sustainable volume growth over the next couple of years. Besides, expansion of new washeries and monetisation of lesser productive washeries could optimise assets utilisation but ensure stronger partnerships within the industry.

Strong performance with better product margins in Q3CY26

- CIL reported marginally better performance in Q3FY26, profit impacted by a YoY increase in additional employee costs due to the pay revision. Consolidated revenue was down by 5.2% YoY to Rs 34924 crore.
- EBITDA fell 24.2% YoY and stood at Rs 9,331 crore in Q3FY26, impacted by pay scale revision with an amount of Rs 2201 crore and also volume reductions, higher contractual cost and weaker realisations impacted profitability. EBITDA margin contracted to 26.7% in Q3FY26 vs. 33.4% in Q3FY25.
- The company posted a net profit of Rs 7,157 crore, de grew by 15.8% YoY, and net profit margin stood at 20.5% in Q3FY26, vs. 23% in Q3FY25.
- Its production decreased to 200.05 MT in Q3FY26 vs. 202.02 MT in Q3FY25. Its offtake (including purchased coal) stood at 188.66 MT in Q3FY26 vs. 194.53 MT in Q3FY25. FSA sales stood at 165.14 MT vs .170.73 MT in Q3FY25 and e-auction sales stood at 19.52 MT vs. 19.25 MT in Q3FY25.

Financial Summary

Particulars (Rs Cr)	Q3FY26	Q3FY25	YoY-%	Q2FY26	QoQ-%	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	34924	36859	-5.2	30187	22.1	1,38,252	1,44,762	1,43,369	1,44,601	1,55,541	1,64,964
EBITDA	9331	12317	-24.2	6716	83.4	44,232	47,971	47,063	42,932	46,973	50,561
APAT	7157	8506	-15.8	4354	95.3	31,763	37,402	35,358	30,793	33,896	36,278
Diluted EPS (Rs)	11.6	13.8	-15.8	7.1	95.3	51.5	60.7	57.4	50.0	55.0	58.9
RoE-%						61.1	52.1	38.9	28.5	27.0	25.3
P/E (x)						8.4	7.1	7.5	8.6	7.8	7.3
EV/EBITDA (x)						5.2	5.0	5.1	6.4	5.8	5.4

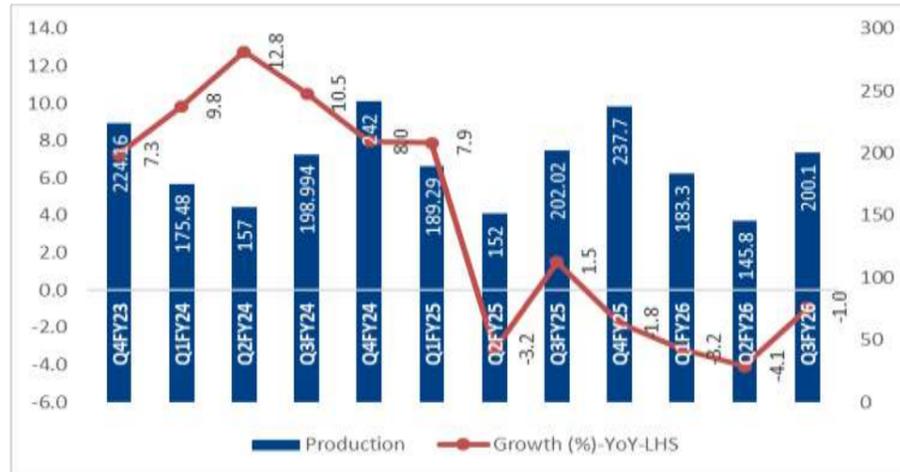
(Source: Company, HDFC sec)

Valuation & Recommendation:

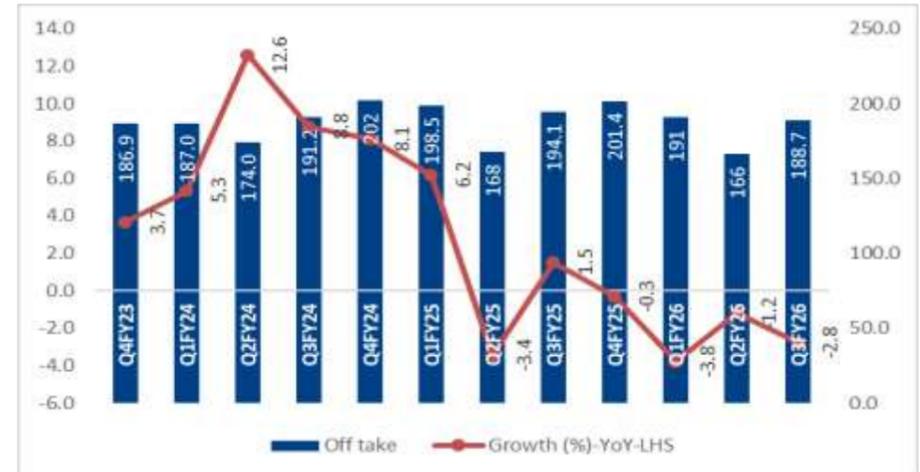
Investors can buy in the Rs 425-435 band and add on dips in the Rs 378-386 band (6.5x FY28E EPS). We believe the base case fair value of the stock is Rs 471 (8x FY28E EPS) and the bull case fair value of the stock is Rs 500 (8.5x FY28E EPS) over the next 4 quarters.

Story in Charts

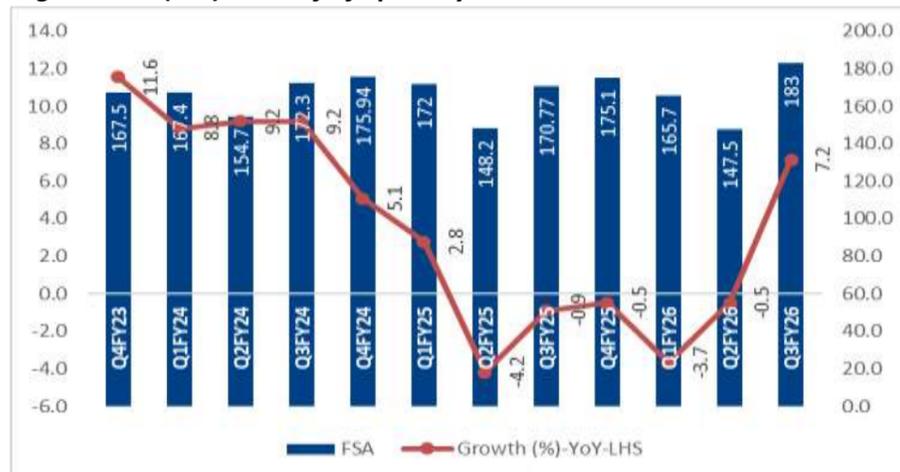
Best production volume (MT) after two consecutive weak quarters



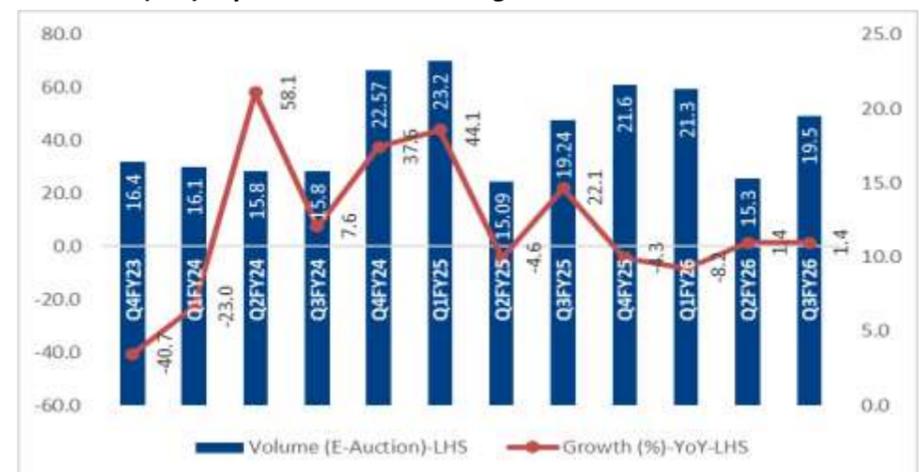
Recovering in offtake volume (MT)



Highest FSA (MT) due to fulfil priority sector demand



E-Auction (MT) reported QoQ and YoY growth



(Source: Company, HDFC sec)

Key Drivers

Coal production to grow supported by rise in demand

- Coal India has reported production at 79.8 MT in January 2026, grew 2.6% YoY. Production in Q3FY26 stood at 200.1 MT (-1 YoY and +37% QoQ), and offtake stood at 188.7 MT (-3% YoY and +14% QoQ) and reported 609 MT of production in MTY, down 2.2% YoY. The company reported offtake volumes at 66.3 MT in January 2026, down 4.7% YoY, adding up to 612.1 MT in MTY, down 3% YoY. The company reported at 529.2 MT of production and 545.74 of off take volume in 9MFY25, both were down by 3% YoY. CIL reported the best-ever production in FY25 at 781 MT vs. 774 MT in FY24, registering a growth of 1% YoY, the highest ever offtake was at 763 MT, 1.7% YoY growth in FY25.
- The company has set a production target of 875 MT for FY26. Moreover, the company has set a dispatch target of 900 MT to meet growing energy demands, representing a significant increase from its FY25 production, aiming for a record output. The company has set an ambitious domestic coal production target of about 1.5 Billion Tonne (BT) by FY 2029-30.
- To achieve this target, CIL has identified major projects and assessed other related issues like the requirement of EC/FC (Environment Clearance/Forest Clearance), land, and evacuation constraints.
- CIL is implementing the revival of certain legacy and non-operational underground mines through the Revenue Sharing Model for abandoned and discontinued coal mines. In Revenue sharing mode, CIL/its subsidiary offers to re-open, salvage, rehabilitate, develop and operate any suitable discontinued mine through a mine developer and operator (MDO) for excavation/ extraction of coal and delivery thereof

Expects growth momentum could remain volume-led,

to CIL/its subsidiary and a percentage of the revenue from the coal mined are shared with CIL/its subsidiary based on highest rate quoted in the bidding.

- The government plans to increase coal production to substitute imports. Driven by the growing power demand in the country and the electricity generation target, CIL has been undertaking several measures to increase the production run rate through faster evacuation of coal for thermal power plants. The full benefit of this will be visible in 4-5 years when projects will get fully executed. Increased coal production could help CIL to register sustainable volume growth over the next couple of years.

Volume (MT)



Capex plans to achieve the production target

- CIL has achieved a capex of Rs 21,776 crore in FY25 vs. Rs 23,475 crore in FY24 – decrease by 7.2% YoY, this This also includes Rs 4,106 crore capitalised in stripping activity assets to reflect improved overburden removal performance.
- CIL has set a capex target for FY26E is Rs 16,000 crores. Further, as per the investment plan, CIL has planned to invest substantial amount in diversification projects viz. setting up rail sidings and corridors, coal handling plants/silos; and roads (allocated 35% of capex), Heavy earth moving equipment, washeries and other plant and machinery (allocated 12% of capex) and Solar Power, Thermal Power Plant, Revival of Fertilizer Plants, Surface Coal Gasification (SCG), CBM, etc. over the year.
- Besides, CIL could pursue overseas acquisition of mines after detailed study and analysis of the blocks, especially low ash coking coal.
- CIL has plans to develop 36 new coal projects in the next five years and the total upcoming projects, including coal projects in the next four to five years stood at 75 and will be executed in four phases.

Planned to invest substantial amount in diversification projects

CIL's subsidiary SECL has identified seven mine overburden dumps for the potential extraction of rare earth elements (REEs)

Diversifying its portfolio and investing in green energy, lithium ion batteries and other sectors

Critical Mineral Mining

- Diversifying its portfolio, recently CIL ventured into critical mineral mining by securing the Khattali Chotti graphite block in Madhya Pradesh's Alirajpur district. This move positions the company to tap green energy transition and capitalise on the growing demand for graphite, a key component in the lithium-ion battery industry. With limited domestic competition, CIL aims to establish a strong foothold in this high-potential market segment. The company aims to add 5 gigawatt (GW) of renewable energy capacity by 2028 and is looking to set up pump storage projects in its exhausted open-cast mines and is in various stages of dialogue with different countries for acquisition of critical mineral assets.
- Besides this, Coal India is also working on the acquisition of critical minerals to be used in lithium ion batteries and other sectors. The company has won one of the graphite mines in Madhya Pradesh through auction route. Besides domestic exploration, CIL has also identified critical minerals assets in Argentina, Bolivia, Chile, Australia, and Africa.

Lithium

- CIL is primarily looking for exploration and production of lithium, nickel, cobalt, molybdenum, graphite, phosphates and potash. For lithium, CIL is looking for exploration in Argentina, Bolivia and Chile. In Australia, CIL is also looking for lithium and nickel and also open for minerals in Africa.
- CIL is setting up an intermediate holding company in Chile to pursue critical minerals opportunities, including lithium and copper, as both countries move closer to finalising a free trade agreement. The negotiations between India and Chile for an FTA would be concluded soon and the pact would provide greater access to critical minerals for domestic businesses. Chile has large reserves of lithium, copper, rhenium, molybdenum and cobalt, which are key inputs for sectors such as electronics, automobiles and solar energy. CIL will hold 100 per cent equity in the proposed intermediate holding company in Chile. The incorporation will be subject to regulatory approvals from the Department of Investment and Public Asset Management (DIPAM) and the Ministry of Coal. the CIL board also approved an equity infusion of Rs 3133 crore in a proposed energy joint venture with Damodar Valley Corporation (DVC). The investment forms part of the total indicative project cost of Rs 20,886.40 crore, with a debt-equity ratio of 70:30.

Coal Gasification

- Separately, the board cleared an investment of Rs 3,189.54 crore in its subsidiary Bharat Coal Gasification and Chemicals Ltd (BCGCL) to fund a coal-to-ammonium nitrate project. The approval covers Coal India's equity contribution towards its promoter stake in the joint venture. The coal-to-ammonium nitrate project, to be set up in Odisha, will have an annual capacity of 0.66 MTPA. The project is under the pre-implementation stage.

Rare Earth Elements

- CIL's subsidiary SECL has identified seven mine overburden dumps for the potential extraction of rare earth elements (REEs). Trace quantities of REEs have been detected across major coalfields, which could help reduce India's import dependence in the long term. The identified dumps are in SECL's operational areas in Chhattisgarh and Madhya Pradesh. This is positive for CIL and it could bring a potential value-unlocking opportunity from existing overburden dumps with minimal incremental mining risk. With rare earth elements being critical for electronics, renewable energy, and defense, the move also aligns with India's strategic push to reduce dependence on China-dominated global supply chains.

Ongoing transport connectivity projects could help to increase coal offtake going forward

- CIL is focused on increasing its rail connectivity to achieve a production volume of 875 MT for FY26E and 1,500 MT for FY30E. Currently, the company majorly uses railways for its dispatches as around 67% of coal dispatched is through railways, 31% is through roads and the balance through belt and rope.
- CIL identified 7 Railway Projects for coal evacuation, with 3 funded directly by CIL (1)Tori-Shivpur New BG Line: Double line (44.37 KM) (2) Jharsuguda –Barpali- Sardega New BG Line – 52.41KM (3)Rail Connectivity of Lingaraj SILO with Deulbeda Siding at Talcher Coalfields of MCL (4.8 KM), on a deposit basis and 4 funded through Joint Ventures (JVs) or Special Purpose Vehicles (SPVs) by CIL (1)Angul- Balram rail link (14.22 Km) in Talcher coalfield, (2) Shivpur - Kathautia rail connectivity (49.09 KM), (3) East Rail Corridor in the state of Chhattisgarh of 132 Km, (4) Gevra Road and Pendra Road of about 135 Km
- CIL has upgraded the mechanised coal transportation and loading system under 'First Mile Connectivity' projects to increase mechanised evacuation from 151 MTPA (as of Aug'19) to 988.5 MTPA by FY29-30.

Increasing rail connectivity to achieve a production volume of 875 MT for FY26E and 1,500 MT for FY30E

Sound financial profile led by healthy debt protection metrics and liquidity

- CIL's operating and financial performance has been robust, led by negligible debt, healthy cash generating ability and consistent dividend payment to shareholders over the past, and the company's production has been performing well over the past. Its financial flexibility is strong, supported by robust liquidity.
- CIL's revenue grew ~7% CAGR over the last decade and we expect that the company could report revenue ~5% CAGR over the FY25 to FY28E and expect EBITDA margin in the range of 29.5-31% band over the FY26E to FY28E.
- The company's debt to equity stood at 0.1x in FY25, and the company has no further plans to raise any debt going forward. Capital structure is expected to remain comfortable and debt protection metrics could also be healthy going forward.
- The liquidity position of the company is expected to remain strong owing to healthy cash accruals aided by control over receivables. CIL's total cash and cash equivalents stood at ~Rs 32,600 crore as on Sept 30, 2025. CIL has comfortable debt metrics and has the ability to raise both debt and equity capital from the capital markets.
- The inventory days has increased from 26 days to 32 days, payable days increased to 26 days from 21 days in FY24, and the receivable days remain unchanged YoY at 33 days as on March 31, 2025.
- CIL recommended total dividend at Rs 26.50 per share in FY25, implying a dividend yield of 6.1%. The company recommended an interim dividend of Rs 15.75 per share so far for FY26E. We expect Rs 25/27.5/29.5 for FY26E/FY27E/FY28E, respectively.

Robust financials led by a debt-free balance sheet, healthy cash generating ability, and consistent dividend payment

Risks & Concerns

- Economic slowdown, volatility in global coal prices, natural calamities in consuming and/or producing regions and regulatory changes in coal as well as the power industry could impact its growth story in the future.
- A captive coal block has to obtain a multitude of clearances and approvals with the environment ministry taking the maximum time (around 3-4 years). There are various state and central-level agencies involved in clearing a proposal.
- Apart from governance challenges, CIL has almost no control over the price at which it sells its product. Lack of pricing power has also impacted the performance. Coal India is unable to increase prices of its product due to the belief that its consumer -- power producers and power distribution companies cannot afford it.
- Captive coal mines of steel and power companies and other industries could reduce the dependence on CIL.
- Lower-than-expected volume offtake and realization from e-auction could impact margin and earnings outlook.
- Any material adverse impact of changes in India's coal policy, pricing policy, land acquisition could affect its operation going forward.
- Inflation-linked increase in wage costs could impact its margin going forward.

- Any divestment leading to substantial reduction of government shareholding (current 66.13%) could lead to higher float/liquidity and pressure on stock prices.
- Materialisation of its contingent liabilities could significantly impact its profitability and liquidity.

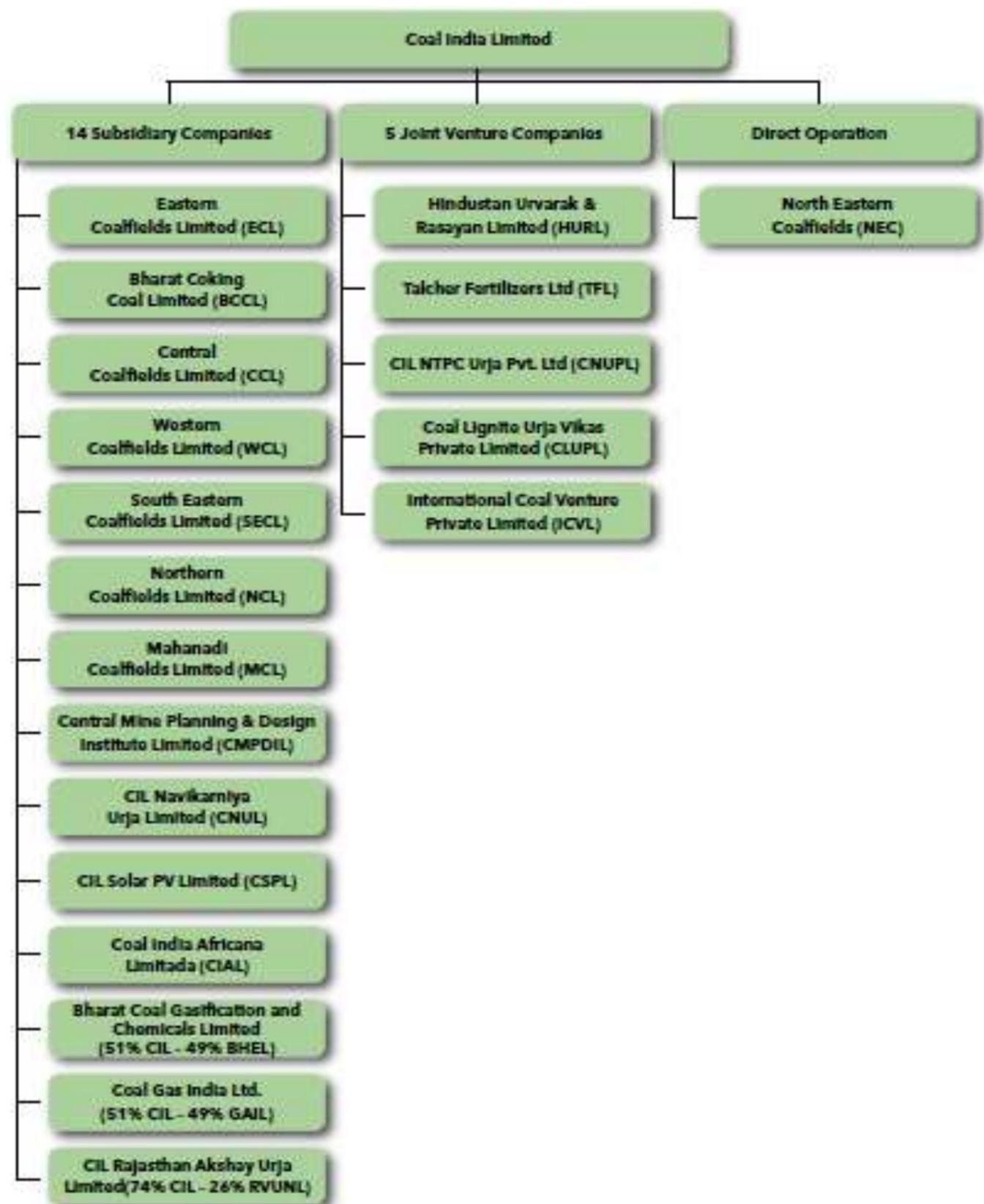
Company Description

Coal India Ltd. (CIL) is the largest producer of coal in India and it is the second largest producer in the world. CIL is engaged in the production and sale of coal. It holds around 48% of the proven coal reserves of India. The company's products include coking coal, semi-coking coal, non-coking coal and washed coal.

The company operates through 85 mining areas across eight states, managing a total of 310 working mines, consisting of 129 underground, 168 opencast, and 13 mixed mines and contributes to ~74% of India's coal production. The company has 14 wholly owned Indian subsidiaries and it has a wholly owned subsidiary in Mozambique, Coal India Africana Ltd.

CIL is a 'Maharatna' CPSE under the administrative control of Ministry of Coal, GoI. As on Dec 31, 2025, GoI held 63.13% stake in the company.

Subsidiaries



Financial Statements

Income Statements

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	138252	144762	143369	144601	155541	164964
Growth (%)	26.0	4.7	-1.0	0.9	7.6	6.1
Operating Expenses	94020	96791	96306	101669	108567	114402
EBITDA	44232	47971	47063	42932	46973	50561
Growth (%)	79.0	8.5	-1.9	-8.8	9.4	7.6
EBITDA Margin (%)	32.0	33.1	32.8	29.7	30.2	30.7
Depreciation	6833	6735	9145	9715	9781	9943
EBIT	37399	41236	37918	33217	37192	40619
Other Income	6560	8396	9932	9182	9099	8826
Interest expenses	684	819	884	1185	1137	1117
PBT	43275	48813	46966	41213	45154	48327
Tax	11552	11443	11664	10448	11289	12082
RPAT	31723	37369	35302	30766	33866	36245
Share of Asso./Minority Int.	40	33	56	28	30	33
Adj PAT	31763	37402	35358	30793	33896	36278
Growth (%)	83.0	17.8	-5.5	-12.9	10.1	7.0
EPS	51.5	60.7	57.4	50.0	55.0	58.9

(Source: Company, HDFC sec)

Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCE OF FUNDS						
Share Capital	6163	6163	6163	6163	6163	6163
Reserves	54680	76567	92942	110981	127929	146027
Shareholders' Funds	60843	82730	99105	117143	134092	152190
Long Term Debt	4263	5773	7532	7382	7232	7132
Net Deferred Taxes	-1171	-1319	-863	-281	-166	-66
Long Term Provisions & Others	86136	85222	86142	84071	81507	79083
Minority Interest	771	852	846	818	788	755
Total Source of Funds	150843	173258	192762	209134	223453	239093
APPLICATION OF FUNDS						
Net Block & Goodwill	82169	94629	101605	113952	123987	133770
Other Non-Current Assets	29363	36019	59706	55621	50078	45329
Total Non Current Assets	111532	130648	161310	169573	174065	179099
Inventories	8155	10177	12614	11885	12784	13559
Trade Receivables	13060	13256	12728	13074	14063	14915
Cash & Equivalents	43976	33486	37391	40108	41934	48803
Other Current Assets	42893	46964	33461	35135	36891	35049
Total Current Assets	108084	103883	96193	100201	105672	112325
Short-Term Borrowings	68	750	1614	1564	1514	1464
Trade Payables	8549	8386	10206	9112	9801	10395
Other Current Liab & Provisions	60156	52137	52923	49965	44969	40472
Total Current Liabilities	68773	61273	64742	60641	56283	52330
Net Current Assets	39310	42611	31452	39561	49388	59994
Total Application of Funds	150843	173258	192762	209134	223453	239093

(Source: Company, HDFC sec)

Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	43,275	48,813	46,966	41,213	45,154	48,327
Non-operating & EO items	-7,960	-7,916	-9,718	-9,182	-9,099	-8,826
Interest Expenses	684	819	878	1,185	1,137	1,117
Depreciation	6,833	6,735	9,145	9,715	9,781	9,943
Working Capital Change	2,652	-18,622	-6,192	-2,746	-4,858	-1,263
Tax Paid	-9,750	-11,727	-11,880	-10,448	-11,289	-12,082
OPERATING CASH FLOW (a)	35,734	18,103	29,200	29,739	30,827	37,216
Capex	-15,211	-16,750	-13,239	-15,000	-15,000	-15,000
Free Cash Flow	20,522	1,353	15,960	14,739	15,827	22,216
Investments	-10,938	9,317	-99	674	202	182
Non-operating income	2,684	2,947	3,262	9,182	9,099	8,826
INVESTING CASH FLOW (b)	-23,465	-4,486	-10,076	-5,144	-5,699	-5,993
Debt Issuance / (Repaid)	762	1,423	3,155	-5,285	-5,219	-5,057
Interest Expenses	-684	-819	-878	-1,185	-1,137	-1,117
FCFE	20,600	1,957	18,237	8,269	9,472	16,042
Share Capital Issuance	0	0	0	0	0	0
Dividend	-13,782	-14,503	-15,586	-15,407	-16,948	-18,180
FINANCING CASH FLOW (c)	-13,704	-13,899	-13,309	-21,877	-23,303	-24,355
NET CASH FLOW (a+b+c)	-1,436	-282	5,815	2,718	1,825	6,869

(Source: Company, HDFC sec)

Key Ratios

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profitability Ratio (%)						
EBITDA Margin	32.0	33.1	32.8	29.7	30.2	30.7
EBIT Margin	27.1	28.5	26.4	23.0	23.9	24.6
APAT Margin	23.0	25.8	24.7	21.3	21.8	22.0
RoE	61.1	52.1	38.9	28.5	27.0	25.3
RoCE	57.6	49.2	36.4	27.0	25.8	24.4
Solvency Ratio (x)						
Debt/EBITDA	0.1	0.1	0.2	0.2	0.2	0.2
D/E	0.1	0.1	0.1	0.1	0.1	0.1
PER SHARE DATA (Rs)						
EPS	51.5	60.7	57.4	50.0	55.0	58.9
CEPS	62.6	71.6	72.2	65.7	70.9	75.0
BV	98.7	134.2	160.8	190.1	217.6	247.0
Dividend	24.3	25.5	26.5	25.0	27.5	29.5
Turnover Ratios (days)						
Debtor days	34.5	33.4	32.4	33.0	33.0	33.0
Inventory days	21.5	25.7	32.1	30.0	30.0	30.0
Creditors days	22.6	21.1	26.0	23.0	23.0	23.0
VALUATION (x)						
P/E	8.4	7.1	7.5	8.6	7.8	7.3
P/BV	4.4	3.2	2.7	2.3	2.0	1.7
EV/EBITDA	5.2	5.0	5.1	6.4	5.8	5.4
EV / Revenues	1.7	1.7	1.7	1.9	1.8	1.7
Dividend Yield (%)	5.6	5.9	6.2	5.8	6.4	6.9
Dividend Payout (%)	47.1	42.0	46.2	50.0	50.0	50.1

(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

I, **(Abdul Karim)**, Research Analyst, **(MBA)**, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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