



Company Overview

Bharat Coking Coal Ltd. (BCCL), incorporated in 1972, is India's largest producer of coking coal in FY25. The company primarily mines and supplies coking coal from the Jharia, Jharkhand, and Raniganj, West Bengal, coalfields. Its core product is coking coal, supported by estimated reserves of around 7,910 million tonnes as of April 1, 2024, making BCCL one of the largest holders of coking coal reserves in the country. BCCL is a wholly owned subsidiary of Coal India Limited (CIL) and was conferred Mini Ratna status in 2014. Since FY21, the company has strategically ramped up production by adding capacity through incorporating heavy earth-moving machinery (HEMM). BCCL operates 34 operational mines, comprising 4 underground mines, 26 opencast mines, and 4 mixed mines. Its operational portfolio includes both opencast and underground mining projects, coal washeries, monetization of old and idle washeries through the Washery Developer and Operator (WDO) route, and the revival of discontinued underground mines through the Mine Developer and Operator (MDO) model. The company supplies raw coal to various end-use industries such as power, steel, and fertilizers, while also utilizing its raw coal in washeries to produce washed coking coal and other by-products. Its large resource base and strategic presence in the Jharia and Raniganj coalfields, where major coal reserves are concentrated within a 40-kilometre radius, ensure a steady and reliable supply of high-quality coal, crucial for steel plants and other industries dependent on coking coal. Although long-term demand for coal in power generation may moderate, coking coal remains essential for steel-making. In line with this, BCCL is expanding its washery capacity to increase the supply of higher-grade washed coal and cater to the expected growth in steel demand.

Objects of the issue

The company will not receive any proceeds from the offer.

Investment Rationale

Market leadership supported by access to large coal reserves

BCCL is the largest coking coal producer in India in FY25, accounting for 58.5% of the country's domestic coking coal production during the year. As of March 31, 2025, India's total coal resources are estimated at 389.4 billion metric tonnes, with coking coal amounting to 36.8 billion tonnes. As of April 1, 2024, BCCL holds approximately 7.91 billion tonnes of these coking coal resources, making it the only source of prime coking coal in India. This ensures a consistent supply of coking coal to meet demand from key end-use industries such as steel plants, thermal power producers, cement manufacturers, and the fertilizer sector, all of which rely on coal as a critical input or fuel. As India's largest producer of coking coal, the company benefits from economies of scale, further strengthened by the strategic importance of coking coal in steel manufacturing. BCCL holds mining lease/rights over a total land area of 28,830.95 hectares. Its extensive reserves provide a strategic advantage in terms of market positioning. In an industry where resource availability is a limiting factor, BCCL's large reserve base enables long-term planning and systematic development. The ability to extract and process coal at scale lowers per-unit costs, enhancing overall cost efficiency. This cost advantage supports higher profit margins and financial strength, especially during periods of market volatility or pricing fluctuations. This flexibility allows the company to respond effectively to changing market trends, including rising demand for high-quality coking coal from the steel sector and increasing emphasis on cleaner coal for power generation. By leveraging its extensive reserves strategically, BCCL ensures long-term planning, cost-efficiency, and resilience, enabling it to optimize production, maintain profitability, and capitalize on emerging industry opportunities.

Strategically located mines with large washeries support long-term growth

BCCL's mines are strategically located in the Jharia and Raniganj coalfields, which have abundant coal reserves. The company's strategically located mines, supported by large washeries, provide a strong competitive edge by improving operational efficiency, lowering costs, and ensuring the production of high-quality coal. The presence of varying seams across its mines allows BCCL to extract different natures of coal, thereby diversifying revenue streams from its mining operations. The mines in the Jharia and Raniganj coalfields are located in areas with well-developed infrastructure and logistics networks. This geographic advantage helps reduce transportation costs and time, as many mines are often located close to major rail and road routes. In addition, the company benefits from

Issue Details

Offer Period	09 th Jan. 2025 - 13 th Jan. 2025
Price Band	Rs. 21 to Rs. 23
Bid Lot	600
Listing	BSE & NSE
Issue Size (no. of shares in Crs.)	46.6
Issue Size (Rs. in Crs.)	1,071
Face Value (Rs.)	10

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	IDBI Capital Markets & Securities Ltd., ICICI Securities Ltd.
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Registrar	KFin Technologies Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	100.0	90.0
Public	0.0	10.0
Total	100.0	100.0

(Assuming issue subscribed at higher band)

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Bharat Coking Coal Limited

access to local labour markets and resources. Together, these factors support long-term operational stability and enable BCCL to effectively meet rising market demand. BCCL's washeries play a crucial role in improving the quality and marketability of its coal. These facilities are equipped with advanced technologies, including Programmable Logic Controller controls and Variable Frequency Drive motors in pumps, which ensure efficient separation of impurities. The washeries also allow the production of coal with varying specifications to cater to diverse customer needs. To strengthen its coal beneficiation infrastructure and enhance self-reliance in coking coal, the company has undertaken the construction and modernization of several washeries. Collectively, these initiatives highlight BCCL's strategic focus on improving coal quality and advancing self-reliance in coking coal.

Valuation

Bharat Coking Coal Ltd. (BCCL) produces various grades of coking coal, non-coking coal and washed coals for applications primarily in the steel and power industries and is India's largest producer of coking coal in FY25. It primarily mines and supplies coking coal from the Jharia coalfields in Jharkhand and the Raniganj coalfields in West Bengal, which have abundant coal reserves. The company's strategically located mines, supported by large washeries, provide a strong competitive edge by improving operational efficiency, lowering costs, and ensuring the production of high-quality coal. It has expanded its operations significantly, with coal production increasing from 30.5 million tonnes in FY22 to 40.5 million tonnes in FY25, a 32.7% increase over FY22. India's demand for coking coal stood at approximately 67 MMT in FY25 and is expected to increase to around 138 MMT by FY35. This substantial growth is expected to be driven primarily by expansion in the steel and power industries. BCCL is well-positioned to capitalize on the rising demand for coking coal, particularly given the strong outlook for steel production in India. The company's large resource base strengthens its position as a key player in the domestic coking coal industry and reduces its vulnerability to resource depletion. Its association with CIL provides a strong foundation and access to extensive resources that are critical to its operations and long-term success. The company reported CAGR growth of 4.6%/88.1%/36.6% in Revenue/EBITDA/PAT between FY23 and FY25, with EBITDA margins improving from 3.6% to 12.7%, indicating benefits from scale and operational efficiencies. **At the upper price band of Rs. 23 per share, the company is trading at a P/E of 8.6x based on its FY25 earnings. We, thus, recommend a "SUBSCRIBE" rating to the issue from a medium-to long-term perspective.**

Key Risks

- ⇒ The company is dependent upon the pricing and continued supply of raw materials, the costs and supply of which can be subject to significant variation due to factors outside its control.
- ⇒ The company's business is dependent on the performance of certain industries particularly, the power and steel industries. Any adverse changes in the conditions affecting these industries can adversely impact the business, results of operations, financial condition and cash flows.
- ⇒ The company's mining operations involve activities which are inherently hazardous in nature and could result in a suspension of operations and/or the imposition of civil or criminal liabilities, which could adversely affect the business, results of operations, cash flow and financial condition.

Bharat Coking Coal Limited

Income Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Revenue				
Revenue from Operations	12,624	14,246	13,803	5,659
Total revenue	12,624	14,246	13,803	5,659
Expenses				
Cost of Materials Consumed	989	742	641	273
Changes in inventories, stock in trade and work in progress	-14	-332	-563	104
Employee Benefits Expense	7,148	6,951	6,542	3,038
Stripping Activity Adjustment	0	-185	-772	-585
Contractual Expense	2,391	3,169	4,312	2,059
Other Expenses	1,613	1,814	1,886	964
Total operating expenses	12,127	12,159	12,046	5,852
EBITDA	497	2,087	1,757	-193
Depreciation/Amortization/ Impairment	305	340	581	201
EBIT	191	1,747	1,176	-393
Finance Costs	56	62	72	60
Other Income	395	407	599	652
PBT	530	2,092	1,703	199
Tax expense	-135	527	463	75
Net Profit	665	1,564	1,240	124
Diluted EPS	1.4	3.4	2.7	0.3

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
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
Net increase/(decrease) in cash and cash equivalents	-50	-259	-118	-20
Cash and cash equivalents at the beginning of the period	595	545	286	168
Cash and cash equivalents at the end of the period	545	286	168	148*

Source: RHP, BP Equities Research

*Note : Cash and cash equivalents at the end of the period H1FY26 includes Bank Overdraft of Rs. -280.98 crores.

Bharat Coking Coal Limited

Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
ASSETS				
Non-current Assets				
Property, Plant & Equipment	2,908	3,439	4,264	4,936
Capital Work in Progress	1,300	1,368	1,617	1,842
Exploration and Evaluation Assets	155	163	228	52
Intangible Assets	16	13	9	8
Financial Assets				
(i) Loans	0	0	0	0
(ii) Other Financial Assets	706	887	1,019	1,171
Deferred Tax Assets (Net)	1,048	717	563	557
Other non-current assets	621	857	1,043	1,070
Total Non-Current Assets	6,754	7,443	8,743	9,637
Current Assets				
Inventories	1,029	1,382	1,960	1,952
Financial Assets				
(i) Investments	80	267	0	0
(ii) Trade receivables	1,251	1,333	1,848	2,203
(iii) Cash and cash equivalents	545	286	168	429
(iv) Other Bank Balances	609	659	962	650
(v) Other Financial Assets	59	74	234	391
Current Tax Assets (Net)	169	103	199	155
Other Current Assets	2,818	3,182	3,170	3,295
Total Current Assets	6,559	7,285	8,541	9,074
Total Assets	13,313	14,728	17,283	18,711
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	4,657	4,657	4,657	4,657
Other equity	-853	665	1,806	1,007
Total Equity	3,804	5,322	6,463	5,664
Liabilities				
Non-Current Liabilities				
Financial liabilities				
(i) Lease liabilities	154	153	143	166
(ii) Other Financial Liabilities	297	324	358	389
Provisions	2,089	2,018	2,325	2,388
Other Non-Current Liabilities	150	883	806	1,043
Total Non-Current Liabilities	2,689	3,377	3,632	3,984
Current Liabilities				
Financial liabilities				
(i) Borrowings	0	0	0	1,559
(ii) Lease liabilities	59	78	90	83
(iii) Trade Payables	913	1,234	2,173	2,865
(iv) Other Financial Liabilities	1,448	1,946	2,339	2,316
Other Current Liabilities	1,969	1,587	1,534	1,416
Provisions	2,431	1,185	1,052	824
Total Current Liabilities	6,820	6,029	7,189	9,063
Total Liabilities	9,509	9,406	10,821	13,048
Total Equity and Liabilities	13,313	14,728	17,283	18,711

Source: RHP, BP Equities Research

Disclaimer Appendix**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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