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IPO Note:

BHARAT COKING COAL LIMITED- SUBSCRIBE

Bharat Coking Coal Ltd (BCCL) is **India's largest producer of coking coal**, accounting for **58.5% of domestic coking coal production in FY2025**. Coking coal is a critical **raw material for steelmaking**, positioning BCCL as a strategically important supplier to India's steel sector. As of April 1, 2024, the **company held 7,910 million tonnes of geological reserves**, making it one of the largest holders of coking coal reserves in the country.

BCCL produces a diversified range of **coking coal (various grades), non-coking coal, and washed coal**, primarily catering to the steel and power industries. The company operates as a **wholly owned subsidiary of Coal India Limited (CIL)** and was conferred **Mini Ratna status in 2014**, reflecting its operational scale and strategic importance. Incorporated in 1972, BCCL's mining operations are concentrated in the **Jharia coalfield (Jharkhand)** and the **Raniganj coalfield (West Bengal)**—India's most significant coking coal-bearing regions.

Over recent years, BCCL has demonstrated strong production growth driven by **capacity addition and operational modernization**. Coal production increased from 30.51 million tonnes in FY2022 to 40.50 million tonnes in FY2025, representing a **32.7% growth over three years**. Production momentum has been supported by the induction of heavy earth-moving machinery (HEMM) since FY2021, enabling higher stripping ratios and improved mine productivity. The company achieved **record raw coal production of 39.11 million tonnes in FY2024**, the highest coking coal output in its history, exceeding the previous peak recorded in FY2017 by 10.96%. Over FY2023–FY2025, coking coal production has grown at a **CAGR of 5.8%**, reflecting sustained operational improvement.

BCCL has also focused on strengthening future production visibility through advance overburden (OB) removal, achieving record OB removal volumes in FY2025 while maintaining its second-highest coking coal production. This strategy **enhances mine readiness, reduces lag between stripping and extraction, improves equipment utilization, and supports stable production** in subsequent periods. Additionally, the company recorded its highest raw coal offtake of 39.27 million tonnes in FY2024, underlining strong evacuation and demand alignment.

The company **operates across a leasehold area of 288.31 sq. km**, comprising **252.88 sq. km in Jharia and 35.43 sq. km in Raniganj**. Its operational portfolio includes opencast and underground mining, coal washeries, monetization of idle washeries under the Washery Developer and Operator (WDO) model, and revival of discontinued underground mines through the Mine Developer and Operator (MDO) route. As of September 30, 2025, **BCCL operated 34 mines**, including 26 opencast, 4 underground, and 4 mixed mines. The company has also diversified into solar power generation, monetizing output through self-consumption and grid injection.

Investment Recommendation and Rationale: -

Bharat Coking Coal Ltd. (BCCL), India's largest coking coal producer with 58.5% share of domestic coking coal production in FY2025, benefits from its strategic importance to the steel sector, dominant position in India's most valuable coking coal belts, and strong parentage of Coal India Limited. With 7,910 million tonnes of geological reserves, operations spread across 288.31 sq. km in the Jharia and Raniganj coalfields, and a steadily expanding production base (32.7% growth from FY2022 to FY2025; 5.8% CAGR over FY2023–FY2025), BCCL enjoys long-term production visibility and scale advantages. Ongoing investments in HEMM deployment, advance overburden removal, and asset monetization through WDO and MDO models are improving operational efficiency, mine readiness, and asset utilisation. Supported by structural demand tailwinds from India's steel capacity expansion, PSU stability, and policy focus on reducing coking coal imports, BCCL is well positioned to deliver sustained operational growth and strategic value for long-term investors. At the upper price band of ₹23, the issue is valued at a P/E multiple of about 8.65× on its FY25 post-IPO EPS of ₹2.66. We give a 'SUBSCRIBE' rating to the issue.

- Leadership in coking coal.**
- Strong reserve base.**
- Debt-Free & Stable.**
- Expansion Roadmap.**
- Steel Sector Tailwinds.**

Issue Opens	09th January 2026
Issue Closes	13th January 2026
Type of Issue	OFS of 46,57,00,000 shares of ₹10 (aggregating up to ₹1,071Cr)
Issue size	₹1,071 Crores
Price Band	₹21 to ₹23 per share
Bid lot/ Bid Size	600 shares/ ₹ 13,800
Issue structure	QIB - 50%, HNI - 15%, Retail - 35%
Post issue equity shares	4,65,70,00,000 shares
Promoters and Promoter Group Public	Pre Issue – 100% Post Issue – 90% Pre issue – 90% Post Issue- 10%
Post issue implied market cap	₹ 10,711.10 Crores
BRLMs	IDBI Capital Markets & Securities Limited, ICICI Securities Limited.
Registrar to the issue	KFin Technologies Limited

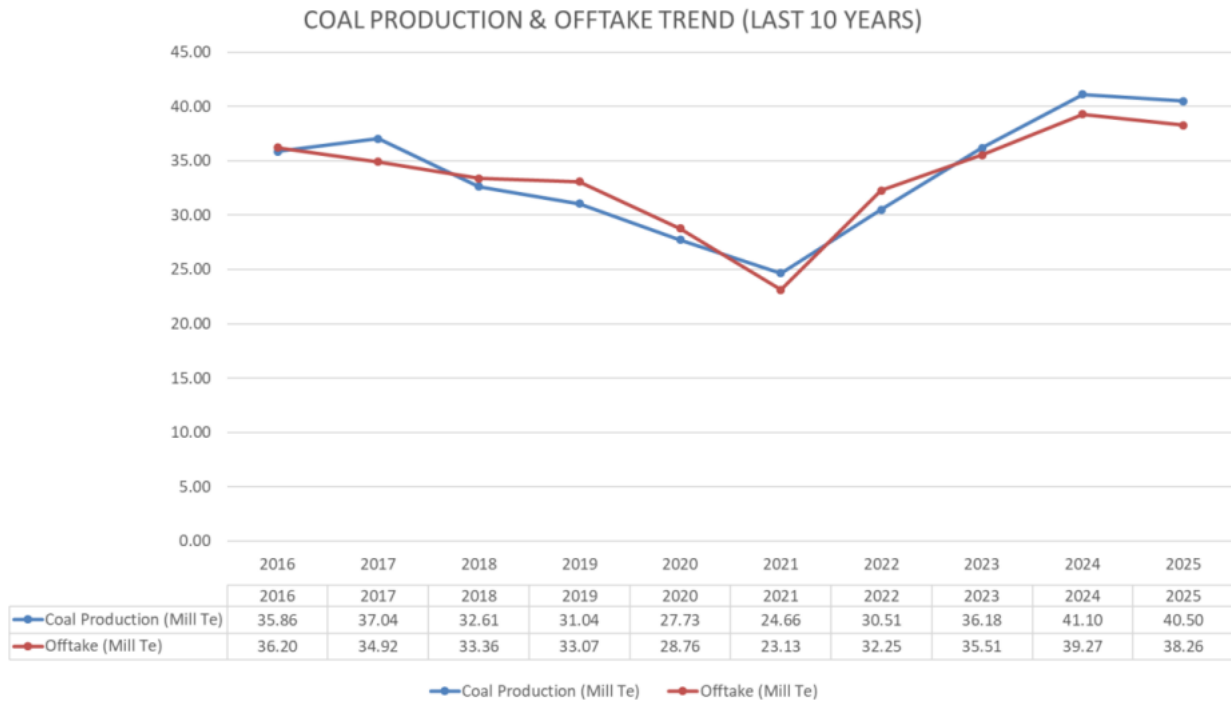
Financial Summary (in ₹ Million, unless otherwise indicated)

Particulars	H1FY26	FY2025	FY2024	FY2023
Revenue from Operations	56,590.20	1,38,025.50	1,42,458.60	1,26,240.60
Revenue CAGR	-	4.56%		
EBITDA	4,599.30	23,560.60	24,938.90	8,913.10
EBITDA Margin (%)	7.29	16.36	17.02	6.85
Profit after tax	1,238.80	12,401.90	15,644.60	6,647.80
PAT Margin (%)	1.96	8.61	10.68	5.11
ROCE	4.28*	30.13	47.20	16.56
RONW	2.00*	20.83	34.21	19.22
CAPEX	3,435.70	18,149.40	12,375.30	9,865.30
Current Ratio	1.00	1.19	1.21	0.96
NAV	12.52	14.07	11.50	8.14
EPS	0.27*	2.66	3.36	1.43

*Not Annualised

Source: RHP

The following graph explains coking coal production and offtake trend for the last ten years:



Shareholding Pattern:

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
Coal India Limited	PSS	Up to 46,57,00,000 equity shares of face value ₹ 10 each	10.00

Source: Red Herring Prospectus (RHP)

Objects of the issue

Offer for Sale of 46,57,00,000 shares (aggregating up to ₹1,071 Cr)

Peer Comparison

The Company's industry peers are Warrior Met Coal, Inc. and Alpha Metallurgical Resources, Inc., both listed on the New York Stock Exchange ("NYSE"), based on their size and nature of business, as there are no comparable Indian-listed peers.

Name of the Company	Closing Price (Dec 30, 2025)	Revenue FY25 (₹ mn)	Face Value (₹)	EPS Basic (₹)	EPS Diluted (₹)	RoNW (%)	NAV (per share) (₹)	P/E
Bharat Coking Coal Limited	NA	1,38,025.50	10.0	2.66	2.66	20.83	14.07	NA
Peer Companies								
Alpha Metallurgical Resources, Inc.	18,177.77	2,53,202.74	\$0.01	1,233.78	1,222.65	11.48	11,182.10	14.87
Warrior Met Coal, Inc	7,974.08	1,30,589.34	\$0.01	410.12	410.12	12.82	3,423.71	19.44

Source: Red Herring Prospectus (RHP)

Competitive Strengths

- India's top coking coal producer, accounting for 58.5% of domestic output in FY25 from 34 mines.
- Holds 7.91 billion tonnes of reserves (21.5% of India's total as of April 2024), ensuring long-term production visibility under JORC and ISP standards.
- Mines in Jharia (Jharkhand) and Raniganj (West Bengal) near steel plants, railways, and highways, minimizing logistics costs and aiding compliance.
- Operates 5 washeries (13.65 MTPa capacity), with 3 more adding 7 MTPa; uses advanced mining like longwall and MDO/WDO models.



5. 100% subsidiary of coal India offers scale, expertise, technical support, and synergies.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Increase coking coal production through new mine development, capacity expansion, and unblocking coal seams, targeting 70-80 MT by FY30.
2. Restore operations in discontinued underground mines via Mine Developer and Operator (MDO) model on revenue-sharing basis; 6 out of 10 mines awarded with cumulative capacity of 8.4 MTPA.
3. Monetize old/idle washeries through Washery Developer and Operator (WDO) route and develop 3 new washeries adding 7 MTpa capacity, doubling total to 20.65 MTpa..
4. Adopt advanced mining technologies including highwall mining (e.g., Block-II and Rajapur OCP), longwall (Moonidih, Muraidih), HEMM, and bolter miners for efficiency and safety.
5. Pursue R&D initiatives with CMPDIL on new mining techniques, coal beneficiation, resource extraction, and ongoing projects like chair lift system and reclamation studies.

Source: Red Herring Prospectus (RHP)

Key Risks

1. Reserve and resource estimates under ISP Guidelines are subjective and may differ materially from actual; not fully audited under international standards like JORC, affecting production/revenue projections.
2. Heavy reliance on raw coking coal (74-77% of revenue); demand decline from steel/power sectors would hurt operations.
3. Contingent liabilities of ₹35,985.90 million as of Sep 30, 2025 (tax, royalty, litigation, arbitration); materialization could strain finances.
4. Raw material costs (explosives, oil, HEMM spares) volatile due to external factors like fuel prices, duties; supply disruptions possible.
5. Top 10 customers contribute 81-89% of revenue; loss of key ones (e.g., DVC, SAIL, NTPC) would adversely affect sales.

Source: Red Herring Prospectus (RHP)

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