

Bharat Coking Coal IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127

Reviewed on 7 January 2026

- The company is largest and leading coking coal producing PSU in India.
- It posted average static top lines and marked inconsistency in its bottom lines for the reported period.
- Considering bright prospects for coking coal ahead, it is worth purely for long term.
- Cash surplus/well informed investors may park funds long term rewards.

About the Company

Bharat Coking Coal Ltd. (BCCL) 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. (Source: CRISIL Report, Industry Overview). Its primary product is coking coal, with an estimated reserve of approximately 7,910 million tons, as of April 1, 2024, making us one of the largest coking coal reserve holders in India. (Source: CRISIL Report, Industry Overview) It produces various grades of coking coal, non-coking coal and washed coals for applications primarily in the steel and power industries.

It is a wholly-owned subsidiary of Coal India Limited ("CIL") and were conferred with Mini Ratna status in 2014. The company was incorporated in 1972 to mine and supply coking coal concentrated in mines located at Jharia, Jharkhand and Raniganj, West Bengal coalfields. It has expanded operations significantly over the years, with coal production increasing from 30.51 million tons in Fiscal 2022 to 40.50 million tons in Fiscal 2025, which is an increase of 32.74% over Fiscal 2022. Further, coal production was 15.75 million tons in the six months period ended September 30, 2025, as compared to corresponding previous period, which was 19.09 million tons.

Since Fiscal 2021, it has strategically increased production by adding capacity through incorporating heavy earth-moving machinery ("HEMM") as part of its operations. This approach has been effective, as production trend has been upward since then, achieving a record high in Fiscal 2024. In Fiscal 2024, it surpassed its previous records of production to produce 39.11 million tons of raw coal, recording 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, it has maintained steady growth in coking coal production, with a CAGR of 5.80% in Fiscal 2025 compared to Fiscal 2023.

The company also recorded highest raw coal offtake of 39.27 million tons in Fiscal 2024, reflecting its commitment to operational growth and efficiency. Further, In Fiscal 2025, the company achieved record overburden ("OB") removal (or overlying rock mass to be removed to access coal seams in

opencast mining) volumes while maintaining second-highest coking coal production, just below the peak it reached in Fiscal 2024. The 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.

BCCL operates 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. Its operational portfolio includes (i) opencast and underground mining projects, (ii) coal washeries; (iii) monetization 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, it monetizes solar power projects through a combination of self-consumption and grid injection. As of September 30, 2025, it operates a network of 34 operational mines, including 4 underground mines, 26 opencast mines, and 4 mixed mines. As of the said date, it had 31389 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden IPO of 465700000 equity shares of Rs. 10 each to mobilize Rs. 1071.10 cr., at the upper band. The issue is a totally secondary issue for providing exit to its existing stakeholder and unlock the listing benefits. The company has announced a price band of Rs. 21 – Rs. 23 per share. The IPO opens for subscription on January 09, 2026 and will close on January 13, 2026. This being a pure secondary issue, no funds are going to the company. The minimum application to be made is for 600 equity shares and in multiple of 600 shares thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The offer constitutes 10% of the post-IPO paid-up capital of the company.

The company has reserved 23285000 equity shares (worth Rs53.56 cr.) for its eligible employees and 46570000 equity shares (worth Rs. 107.11 cr.) for the shareholders of the parent company Coal India Ltd. The company is offering a discount of Re. 1 per share to its employees. From the rest, it has allocated not more than 50% for QIBs, not less than 15% for HNIs and not less than 35% for Retail Investors. The company has issued/converted entire equity capital at par value so far.

The joint Book Running Lead Managers (BRLMs) to this IPO are IDBI Capital Ltd., and ICICI Securities Ltd., while KFin Technologies Ltd. is the registrar to the issue.

Post-IPO, the paid-up capital of the company remains same at Rs. 4657.00 as this is a pure Offer for Sale (OFS). Based on the IPO pricing, the company is looking for a market cap of Rs. 10711.10 cr., At the upper cap of the price band.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 13018.57 cr. / Rs. 664.78 cr. (FY23), Rs. 14652.53 cr. / Rs. 1564.46 cr. (FY24), and Rs. 14401.63 cr. / Rs. 1240.19 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it posted a net profit of Rs. 123.88 cr. on a total income of Rs. 6311.51 cr. The company marked almost stagnant top line with declining bottom lines for the last two fiscals.

For the last three fiscals, the company has posted an average EPS of Rs. 2.69 and an average RoNW of 25.02%. The issue is priced at a P/BV of 1.84 based on its NAV of Rs. 12.52 as of September 30, 2025, as well as post-IPO NAV.

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at negative P/E of 43.40. Based on FY25 earnings the P/E stands at 8.65. Lower profits for H1-FY26 are attributed to inventory adjustments and higher finance cost, thus, the issue appears fully priced on FY25 earnings and aggressively priced on annualized FY26 earnings.

The company has posted PAT margins of 5.11% (FY23), 10.68% (FY24), 8.61% (FY25), and 1.96% (H1-FY26), and RoCE margins of 16.56%, 47.20%, 30.13%, and 4.28% respectively for the referred periods.

Dividend Policy

The company has not paid any dividends for the referred periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and the future prospects.

Comparison with Listed Peers

As per the offer document, the company has no domestic listed or unlisted peers. However, it has referred Alpha Metallurgical and Worrier Met, as its international peers.

Merchant Banker's Track Record

The two BRLMs associated with the offer have handled 73 public issues in the past three fiscals, out of which 19 issues closed below the offer price on the listing date.

Conclusion / Investment Strategy

BCCL is largest and leading coking coal producing PSU in India. It posted average static top lines and marked inconsistency in its bottom lines for the reported period. Considering bright prospects for coking coal ahead, it is worth purely for long term. Cash surplus/well informed investors may park funds long term rewards.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

Disclaimer: The information provided herein is solely for educational and informational purposes and does not constitute an offer, solicitation, or recommendation to buy or sell any securities. Readers are advised to consult a qualified financial advisor before making any investment decisions. Investments in the securities market are subject to market risks. The author does not intend to invest in the securities discussed.