Investment Rationale

Lignite to Blue Hydrogen: Exploring lignite gasification and blue hydrogen, aiming to move from raw material extraction to higher-value energy products.

Entry into Copper Mining: Ambaji copper project offers exposure to rising demand from EVs, renewable energy, power transmission and data centers.

Rare Earth Opportunity: Plans to invest ~₹3,500 crore in rare earth mining and processing, targeting 12,000 TPA of rare earth oxides. Successful execution could position it within India's strategic critical minerals supply chain.

Growth Engines: Core lignite business provides operating cash flows, while new coal mines and Bhavnagar expansion offer additional volume growth opportunities.

Valuation

Our **target price** of [redacted] is based on **TTM EPS of** [redacted] and **valuation range** of [redacted] P/E. We consider core lignite business and long-term potential in rare earths, copper and blue hydrogen. Execution risks and long gestation period of new projects may limit near-term earnings visibility.

What to watch

Rare Earth Progress: Project approvals, investment and timeline for commercial production.

Copper Mining: Exploration, clearances and commissioning timelines for the Ambaji project.

Hydrogen Plans: Progress on lignite gasification, NTPC collaboration and project viability.

Core Business Growth: Bhavnagar production ramp-up and progress on Baitarani coal and Lakhpat lignite mines.

Buy



CMP: [redacted]

Target: [redacted]

Upside (%): [redacted]

Horizon: [redacted]

Key Data	
Industry	Mining
M. Cap(₹cr)	[redacted]
52wk High/Low (₹)	[redacted]
1M Return	[redacted]
3M Return	[redacted]
6M Return	[redacted]

Principal Officer Detail



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Financial Highlights

Income statement (in ₹ crores)

	Yearly Performance				Quarterly Performance		
Particular	**FY23**	**FY24**	**FY25**	**FY26**	**1Q26**	**4Q26**	**1Q27**
Revenue	**3,504**	**2,467**	**2,857**	**2,667**	**733**	**814**	**907**
Growth %	*28.0%*	*-29.6%*	*15.8%*	*-6.7%*	*-6.8%*	*40.6%*	*11.4%*
Operating Profit	**1,730**	**880**	**987**	**868**	**247**	**259**	**267**
Margin %	*49.4%*	*35.6%*	*34.6%*	*32.5%*	*33.7%*	*31.8%*	*29.5%*
PBT	**1,649**	**798**	**889**	**1,268**	**224**	**235**	**227**
Margin %	*47.1%*	*32.3%*	*31.1%*	*47.5%*	*30.6%*	*28.9%*	*25.1%*
Net Profit	**1,204**	**597**	**680**	**957**	**164**	**194**	**163**
Margin %	*34.4%*	*24.2%*	*23.8%*	*35.9%*	*22.4%*	*23.9%*	*18.0%*
Earnings Per Share	**37.9**	**18.8**	**21.4**	**30.1**	**5.2**	**6.1**	**5.1**

Source: ACE Equity, Company reports

Balance Sheet (in ₹ crores)

Particular	FY23	FY24	FY25	FY26
Total Assets	6,951	7,367	7,749	8,983
Total Debt	-	-	123	309
Net Debt	-98	-506	-434	-232
Debt to Equity	0.0x	0.0x	0.0x	0.0x
Cash & Equivalents	98	506	557	540
FCF	1,245	-152	219	328

Source: ACE Equity, Company reports

Research Methodology:

Our investment thesis is derived primarily through fundamental analysis, with limited use of technical analysis to help assess price structure and entry levels.

Risk

1. **Regulatory Risk:** Changes in mining policies, environmental clearances, land acquisition rules and critical mineral regulations.
2. **Execution Risk:** Delays in approvals, technology, infrastructure or commissioning could defer expected cash flows.
3. **Commodity Risk:** Lower lignite realizations or higher mining costs could pressure core earnings.
4. **Capex Risk:** Large investments across copper, rare earths and hydrogen may weaken cash flows if project returns fall short of expectations.

About the Company:

[redacted]

Definitions:

- **CAGR:** Compound Annual Growth Rate. The average yearly growth rate of an investment over a period, assuming profits are reinvested.
- **PBT:** Profit Before Tax. Profit earned by a company before deducting income tax expenses.
- **Debt to Equity:** A leverage ratio that compares total debt to shareholders' equity to assess financial risk.
- **FCF:** Free Cash Flow. Cash generated after operating expenses and capital expenditure, available for dividends, debt repayment or reinvestment.
- **P/E:** Price-to-Earnings Ratio. Compares a company's share price with its earnings per share to assess valuation.
- **Capex:** Capital Expenditure. Funds spent on acquiring, upgrading or expanding long-term assets and infrastructure.
- **ROCE:** Return on Capital Employed. Measures how efficiently a company generates operating profit from the capital invested in its business.

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Mr. Akashdeep Grover of TruInvest Advisors is a qualified Chartered Accountant (CA) and Chartered Financial Analyst (CFA). With a strong analytical skill set, he is skilled in identifying investment ideas and implementing effective strategies.

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