PL Capital
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Mahanadi Coalfields

IPO Note

November 17, 2026

Superior capital efficiency

Quick Pointers

- Superior operating performance and capital efficiency
- Attractive cash returns; valuation premium justified

Mahanadi Coalfields (MCL), a wholly owned subsidiary of Coal India (COAL), is coming out with an IPO. The IPO is entirely an OFS, with Coal India planning to dilute its 10% stake while retaining 90% ownership. MCL contributed 28% to COAL's coal dispatch and 33% to its EBITDA in FY26. MCL follows a relatively focused capital allocation strategy, with investments largely directed toward mine development and coalfield expansion. Investments in unrelated businesses such as fertilizers and thermal power, are undertaken at the holding company (Coal India) level. MCL reported EBITDA margin of ~42% compared with ~22% (FY26) for Coal India. This could be partly attributed to: 1) MCL's favorable strip ratio of ~1.0x, resulting in relatively lower overburden removal requirements and mining costs, and 2) employee cost being 15% of its revenue versus 28% of COAL. MCL's RoE of ~50% is significantly higher than Coal India's 30% (FY26), supported by superior operating margins and better asset turnover, reflecting stronger asset utilization and capital efficiency. At the IPO price, MCL offers a trailing dividend yield of ~8.5%, compared with ~6.6% for Coal India (FY26), making it attractive from a cash-return perspective. At the proposed IPO market capitalization of ~INR900bn, MCL is valued at 10-15% premium to Coal India's ~5x (FY26). The modest premium appears justified by MCL's superior operating profitability (EBITDA CAGR over FY20-26 at 6% vs CIL at 5%) and return ratios, and focused capital allocation. We recommend subscribe for mid to long term.

Market leadership backed by large resource base: MCL has allocated coal resources of 40.34bn t, representing 9.8% of India's total resources, with mining rights spread across 30,192ha, thus providing strong long-term production visibility. Its coal production has grown at 8.1% CAGR over FY21–26, supported by expansion of existing mines and development of new projects across the Talcher and Ib Valley coalfields.

Lowest-cost producer with strong operating efficiency: MCL benefits from highly mechanized and low-cost mining operations, with opencast mines accounting for 99.85% of total coal production and surface miners contributing to 99.37% in FY26. Additionally, favorable geological conditions, including thick coal seams at shallow depths, and employee productivity at 2.4x of the consolidated COAL average, strengthen its cost competitiveness and industry-leading profitability.

Strong demand visibility with long-term growth opportunities: India's non-coking coal demand is projected to increase from 1,186mt in FY26 to 1,564mt by FY36, providing a favorable demand outlook. To capitalize on this opportunity, MCL plans to expand washery capacity to 37mtpa, increase first mile connectivity (FMC) capacity to 336.5mty, and strengthen rail evacuation infrastructure, thus improving production, coal quality and operational efficiency

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Background of the company

Mahanadi Coalfields Ltd (MCL or the company) is a wholly-owned subsidiary of Coal India Ltd (COAL) and was conferred Miniratna Category-I status on 3rd Dec'19. MCL was incorporated on 3rd Apr 1992, carved out of South Eastern Coalfields Ltd to enhance coal production from the Talcher and Ib Valley coalfields in Odisha – in order to meet the country's growing energy requirements.

MCL is the largest coal producer in India, with coal production of 218.31mt in FY26, accounting for ~21.0% of India's domestic coal production (source: CRISIL report). It is also the largest producer among COAL's subsidiaries, contributing to 28.4% of COAL's total coal production in FY26. Production increased from 206.10mt in FY24 to a record 225.17mt in FY25, before easing to 218.31mt in FY26; over FY16 to FY26, coal production has grown at 4.70% CAGR.

MCL's primary product is non-coking thermal coal, produced in various grades, including washed and beneficiated coal. MCL primarily serves the power utilities sector – state power utilities, private power utilities, captive power plants and independent power producers – along with non-power industries such as sponge iron and steel, cement, aluminum, paper and chemicals.

The company reported strong financial performance, with revenue of INR305.5bn, EBITDA of INR160.8bn and PAT of INR107.0bn in FY26, translating into a healthy EBITDA margin of 52.6%. MCL also declared a total dividend of INR76.5bn, highlighting its strong cash-generating capabilities and attractive shareholder returns. Its operational portfolio comprises 17 mines (14 opencast and 3 underground), providing a strong production base and reinforcing its strategic importance in India's coal supply chain.

IPO details

MCL is a wholly owned subsidiary of COAL. Following the proposed IPO, COAL is expected to reduce its stake to ~90%, with ~10% equity being offered to public shareholders. The IPO will provide an opportunity for public investors to participate directly in MCL's coal production business, while COAL is expected to retain majority ownership and management control, ensuring continuity in the existing ownership structure.

Exhibit 1: Shareholding pattern

	Pre-IPO (As on 30th Jun'26)	Post-IPO
COAL	100%	~90%
Public	NIL	~10%

Source: RHP MCL

MCL has demonstrated strong volume growth over FY21–26, with coal production and dispatch registering 8.1% and 7.6% CAGR, respectively. Coal production increased significantly from 148.0mt in FY21 to 218.3mt in FY26, adding 70.3mt over the 5 years, while dispatch grew from 146.0mt to 210.7mt. However, FY26 witnessed a moderation with production declining 3.0% YoY to 218.3mt from 225.2mt in FY25, whereas dispatch remained largely stable at 210.7mt. Overall, sustained volume growth reinforces MCL's strong production capabilities and its importance in meeting India's domestic coal demand.

Exhibit 2: Offer Details

Particulars	Details
Total IPO Size	INR89,811.19 Mn (at upper end of price band)
Offer for Sale (OFS)	661,836,300 equity shares by selling shareholders
Price Band	INR129 – INR136 per equity share
Face Value	INR2 per equity share
Anchor Investor Bidding Date	Wednesday, 18 November 2026

Bid / Offer Opening Date	Thursday, 19 November 2026
Bid / Offer Closing Date	Monday, 23 November 2026
Finalisation of Basis of Allotment	On or about 26 November 2026
Commencement of Trading on Stock Exchanges	Friday, 27 November 2026

Source: RHP MCL

Exhibit 3: MCL – Coal production and dispatch trend (FY16–26)

Financial year	Coal production (mt)	Coal dispatch (mt)
FY16	137.9	140.22
FY17	139.21	143.01
FY18	143.06	138.27
FY19	144.15	142.31
FY20	140.36	134.02
FY21	148.01	146.01
FY22	168.17	176.37
FY23	193.26	192.76
FY24	206.1	199.02
FY25	225.17	210.46
FY26	218.31	210.74
CAGR (FY21–26)	**8.08%**	**7.61%**

Source: RHP MCL

MCL's coal dispatch remains largely concentrated in the power generation segment, which accounted for 155.8mt or 73.9% of total dispatch in FY26, followed by captive power at 31.6mt and other sectors at 23.4mt. Dispatch to power generation moderated marginally from 158.4mt in FY25, while supplies to other sectors increased, indicating some diversification in the customer mix. In terms of transportation, rail accounted for 66.9% of total coal sales in FY26, compared with 33.1% through road. During 6M FY27, rail's share moderated to 63.3%, while road transportation increased to 36.7%, indicating a higher contribution from road-based dispatches during the period.

Exhibit 4: Sector-wise coal dispatch

Particulars	FY24	FY25	FY26	6M FY27
Power Generation	149.96	158.4	155.75	82.76
Captive Power	29.6	32.38	31.62	14.08
Others	19.46	19.68	23.37	14.4
Total Dispatch	**199.02**	**210.46**	**210.74**	**111.24**

Source: RHP MCL

Exhibit 5: Coal dispatch – Mode-wise mix

Particulars	FY24	FY25	FY26	6M FY27
Rail	57.46%	65.53%	66.88%	63.29%
Road	42.54%	34.47%	33.12%	36.71%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: RHP MCL

Exhibit 6: **Key milestones**

Year / Period	Key milestones
1992	MCL was incorporated
1999	Commenced its first surface miner operations
2019	Conferred Miniratna Category-I status
2023	Opening of Siarmal OCP under the MDO model with a capacity of 40mtpa
2024	Commissioned the largest non-coking coal washery at Lakhanpur, Punjab
FY21–26	Recorded coal production CAGR of 8.08%
FY24–26	Achieved coal production and dispatch of over 200mt consecutively for 3 years
2025	Commissioned a 50MW ground-mounted solar power project
2026	Achieved its highest-ever coal dispatch of 210.74mt

Source: RHP MCL

MCL vs. COAL: Benchmarking scale, growth and profitability

MCL has demonstrated superior operational performance and profitability compared to COAL over FY20–26. MCL's production and offtake grew at 8% CAGR each during FY20–26, compared to 4% for COAL, reflecting stronger volume growth. This translates into a higher revenue CAGR of 14% for MCL versus 10% for COAL. While EBITDA growth was relatively comparable at 6% for MCL and 5% for COAL, MCL's PAT CAGR was marginally lower at 9% versus 11% for COAL. MCL's key differentiator remains its superior cost structure and profitability, with EBITDA/t at INR604 in FY26 compared to INR500 for COAL, supported by significantly lower operating costs of INR841/t versus INR1,072/t. Consequently, despite a lower ASP of INR1,445/t compared to INR1,572/t for COAL, MCL reported a substantially higher EBITDA margin of 40% versus 22%. MCL also delivered a superior RoE of 54% versus 27% for COAL, indicating better capital efficiency. On the cash generation front, MCL reported OCF/EBITDA of 98% and FCF of INR103bn in FY26, while its dividend payout stood at 72%, translating into an attractive dividend yield of 8.5%. At current valuations, MCL trades at 6x EV/EBITDA and 8x P/E versus 5x and 8x, respectively, for COAL, indicating a modest valuation premium, despite its stronger operating metrics and return ratios.

Exhibit 7: Comparison between COAL and MCL

	COAL								MCL							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY20-26	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY20-26
Operational Details																
Production YoY, %	-1%	-1%	4%	13%	10%	1%	-2%	4%		5%	14%	15%	7%	9%	-3%	8%
Offtake YoY, %	-4%	-1%	15%	5%	8%	1%	-2%	4%		9%	21%	9%	3%	6%	0%	8%
INR/t																
ASP	1534	1442	1519	1829	1728	1586	1572				1087	1443	1590	1490	1445	
** FSA	1416	1379	1407	1475	1536	1432	1444				1034	1120	1366	1315	1312	
** E-auction	2177	1569	1879	4841	3059	2424	2260				1349	3620	3499	2784	2281	
- Opex ex-OBR	1059	1075	1087	1236	1173	1020	1072				458	518	852	841	841	
- EBITDA ex-OBR	475	367	432	593	555	566	500		549	611	629	925	738	649	604	
E-auction vol. share %	11%	16%	17%	9%	9%	10%	11%					13%	10%	10%	11%	
Profit and Loss																
Revenue, INR bn	961	900	1097	1383	1423	1692	1684	10%	142	145	192	278	316	314	305	14%
EBITDA ex-OBR, INR bn	276	211	286	412	418	431	372	5%	84	79	108	175	143	131	122	6%
PAT, INR bn	167	127	174	281	374	354	311	11%	64	69	85	135	118	108	107	9%
EBITDA ex-OBR margin, %	29%	23%	26%	30%	29%	25%	22%		60%	54%	56%	63%	45%	42%	40%	
Balance sheet																
RoE, %	57%	37%	44%	54%	51%	38%	27%			145%	123%	125%	81%	63%	54%	
OCF / EBITDA	19%	54%	165%	96%	38%	64%	105%		43%	136%	112%	71%	43%	56%	98%	
Capex, INR bn	52	107	120	142	164	138	121		13	23	29	25	31	19	22	
FCF, INR bn	-1	7	353	252	-6	138	269		18	99	95	102	32	58	103	
Dividend																
Div Payout	44%	61%	62%	51%	40%	46%	53%						76%	79%	72%	
Div Yield	3.0%	3.1%	4.3%	5.8%	6.1%	6.6%	6.6%						10.0%	9.6%	8.5%	
Valuation																
- EV/EBITDA	10	12	9	6	5	5	5		11	9	7	4	5	6	6	
- PER	15	20	14	9	7	7	8		14	13	11	7	8	8	8	

Source: Company, PL

Key Investment Highlights

Single largest single coal producer in India with large resource base: MCL is India's largest coal-producing company, accounting for ~ 21% of domestic coal production in FY26. The company has audited coal reserves of 9,840mt, sufficient to sustain production for ~45 years at current levels, providing strong long-term production visibility and resource security.

Highest EBITDA and PAT margins among coal producers in India: MCL reported EBITDA margin of 47.45% and PAT margin of 31.56% in FY26, reflecting its strong operating efficiency and cost competitiveness. Its large-scale operations, mechanized mining practices and low production costs support superior profitability compared with peers.

Low-cost, highly mechanized mining operations: MCL operates predominantly through opencast mines, with ~99.37% of coal production extracted using surface miner technology in FY26. This reduces dependence on conventional drilling and blasting, improves productivity and supports lower extraction costs, with MCL having the lowest production cost per ton among COAL subsidiaries.

Favorable rail-led evacuation network complemented by port connectivity: MCL benefits from an established logistics network connecting its mining operations to 3 railway zones and 5 ports, supporting efficient coal transportation across key consumption markets. Railways accounted for ~65.3% of total coal dispatch in FY26, helping improve evacuation efficiency and reduce dependence on road transportation.

Well-positioned to capitalize on India's rising non-coking coal demand: MCL is favorably positioned to benefit from India's sustained thermal coal requirements, supported by its large resource base and established production infrastructure. Its customer base spans 16 states, with power utilities remaining the key demand driver, providing exposure to India's long-term electricity demand growth.

Long-standing relationship with customers: MCL has established long-term relationships with major power utilities and industrial consumers, supported by FSAs and other coal linkages. In FY26, ~82.1% of product sales revenue was generated through FSAs and other linkages, providing relatively stable demand visibility and reducing exposure to spot market volatility

Strong strategic support from parent company: As a wholly owned subsidiary of COAL, MCL benefits from its parent's technical expertise, operational capabilities, established industry relationships and access to a large talent pool. Continued strategic and technical support from COAL and Central Mine Planning & Design Institute Ltd (CMPDIL) strengthens MCL's mine planning, exploration and operational capabilities.

Experienced board and management teams: MCL is supported by an experienced management team and technically qualified workforce with extensive experience in coal mining and operations. Its established operational expertise and institutional support from COAL provide a strong foundation for executing mining expansion plans and maintaining operational efficiency.

Dominant market position led by large resource base & diversified customer presence

MCL's dominant market position is supported by its large resource base, strong production scale and diversified customer network. The company has been producing over 200mt of coal annually for the last 3 years, accounting for 21% of India's domestic coal production in FY26. MCL has allocated coal resources of 40.34bn t, representing 9.8% of India's total resources, with mining rights spread across 30,192ha, providing significant long-term production visibility. Its customer base spans 16 states, with supplies primarily catering to power utilities and captive power plants, alongside cement, sponge iron and aluminum industries. Operational efficiency remains a key competitive advantage, with 99.85% of FY26 production coming from opencast mines and 99.37% contributed by surface miners, enabling highly mechanized, low-cost mining operations, and supporting superior profitability.

MCL has established a geographically diversified customer base across 16 states, with coal dispatch largely concentrated in the eastern and southern regions. In FY26, the eastern region accounted for the largest share at 45.15% of total sales, followed by the southern region at 31.99%, central at 10.36% and western at 9.97%. Key consuming states include Odisha, West Bengal, Bihar, Jharkhand and Assam in the East, alongside Andhra Pradesh, Tamil Nadu, Karnataka and Telangana in the South. The diversified geographical presence reduces dependence on a single regional market, while strong exposure to power-consuming states provides stable demand visibility and supports MCL's long-term coal offtake prospects.

Low-cost, highly mechanized mining operations

MCL's key competitive advantage lies in its low-cost, highly mechanized mining operations, supported by favorable geological conditions and well-developed evacuation infrastructure. In FY26, opencast mines contributed to 99.85% of total coal production, while surface miner technology accounted for 99.37% of production, eliminating the need for conventional drilling, blasting and crushing, thereby improving operational efficiency and reducing mining costs. Additionally, MCL benefits from thick and continuous coal seams at relatively shallow depths, with 79.22% of its coal resources having a favorable stripping ratio under ISP guidelines at a depth of 300m, supporting lower overburden removal costs. Its evacuation infrastructure, comprising connectivity across 3 railway zones, access to 5 ports and dedicated road corridors, further strengthens logistics efficiency. MCL's employee productivity stood at 2.4x the consolidated COAL average in FY26, highlighting its superior operational efficiency and supporting its position as the lowest-cost coal producer among COAL subsidiaries.

Well-positioned to capitalize on India's non-coking coal demand

India's non-coking coal demand is projected to increase from 1,186mt in FY26 to 1,564mt by FY36, indicating sustained demand growth over the long term, supported by continued reliance on thermal power generation for reliable baseload electricity and grid stability. Despite the gradual expansion of renewable energy, intermittency and variability in renewable generation are expected to sustain the importance of coal-based power generation. MCL is favorably positioned to capitalize on this demand growth, supported by its strategic location and abundant non-coking coal reserves. Furthermore, the company has a sizable pipeline of future mining capacity, with planned expansion in environmental clearance capacity from 340.8mtpa in H1FY27 to 387.4mtpa by FY30, forest clearance coverage from 5,136ha to 7,703ha, and FMC capacity from 96mtpa to 336.5mtpa. These initiatives are expected to strengthen MCL's production and evacuation capabilities, providing headroom to support future volume growth.

Long-standing customer relationships supporting revenue visibility

MCL benefits from long-standing relationships with major power utilities and industrial customers, supporting stable demand and revenue visibility through long-term FSAs. FSA-linked sales contributed to 82.12% of total revenue in FY26, while the remaining 17.88% was generated through e-auctions and other channels. FSA contribution stood at 85.33% of revenue in H1FY26 and moderated to 82.13% in H1FY27. Under the FSA mechanism, coal is supplied through long-term linkages of up to 15 years, providing greater demand visibility, predictable cash flows and revenue stability. Additionally, e-auctions conducted under COAL's e-auction scheme provide an avenue for better price discovery and realization. MCL's established customer relationships, spanning over 15 years with major power utilities such as NTPC, APGENCO, TANGEDCO and MAHAGENCO, and over 10 years with industrial customers, including VEDL, ADANI and SEIL, further strengthen its customer retention and business stability.

Strong strategic support from parent company

MCL benefits from strong strategic and operational support from COAL, providing access to large-scale resources, advanced technologies, technical expertise, skilled manpower and established market credibility. COAL's extensive experience in coal mining, resource management and environmental sustainability supports MCL in executing large-scale mining projects efficiently. Additionally, CMPDIL provides technical assistance across geological surveys, mine planning, mine design, environmental studies and evacuation infrastructure assessment, supporting operational efficiency and resource optimization. MCL also benefits from manpower planning, recruitment, training and employee transfers across COAL and its subsidiaries, facilitating knowledge sharing and adoption of best industry practices. This institutional support strengthens MCL's project execution capabilities, operational safety, resource utilization and long-term growth prospects. As the largest coal producer in India and among COAL subsidiaries, contributing to 28.4% of COAL's total production in FY26, MCL's access to the parent company's established ecosystem provides a significant competitive advantage.

Strategies and way forward – Driving long-term production and operational growth

Expansion of existing mines and development of new ones: MCL plans to leverage its extensive coal resources by expanding existing mines and developing new projects across the Talcher and Ib Valley coalfields. As of 30th Sep'26, the company had mining rights along with surface rights over 30,192.14ha, providing a strong resource base to support future capacity expansion.

Expansion of coal beneficiation and customer base: The company plans to establish 2 additional washeries, increasing its total washery capacity to 37mtpa. This will enable MCL to supply higher grade washed coal for blending and substitution of imported coal, while diversifying its customer base to include existing and new buyers, particularly import-dependent coal-fired power plants.

Modernization of coal evacuation infrastructure: MCL plans to enhance FMC through coal handling plants, silos and rapid loading systems, with aggregate planned capacity of 336.5mty and estimated capital outlay of INR111.4bn. Additionally, investments of INR41.9bn are planned toward expanding rail connectivity with Indian Railways and developing dedicated coal corridors to reduce evacuation bottlenecks and logistics costs.

Technology-led operational efficiency and mechanization: MCL intends to strengthen operational efficiency through ERP systems, integrated command and control centers, AI-based video analytics and GPS-based vehicle tracking. Further, mechanization through surface miners, high-capacity heavy earth moving machinery and continuous miners are expected to improve productivity, operational transparency and cost efficiency.

Key Risks

High dependence on thermal coal and power sector: Raw non-coking coal contributed to 97.41% of MCL's sales in FY26, while the thermal power sector accounted for 68.62%. Any slowdown in thermal power generation, faster renewable energy adoption or substitution by alternative fuels could adversely affect coal demand and volume growth.

High customer concentration and receivables risk: MCL's top 10 customers contributed to 55.94% of revenue in FY26. Dependence on a limited number of large power utilities increases exposure to changes in procurement requirements and payment delays, which could affect cash flows and working capital.

Dependence on COAL: MCL relies on COAL for technical expertise, manpower and other operational resources. Any change in COAL's resource allocation, strategic priorities or policies could affect MCL's operational efficiency and expansion plans. Potential conflicts with other COAL subsidiaries operating in the coal sector also remain a concern.

Land acquisition and regulatory clearance delays: Mine expansion is dependent on timely land acquisition, environmental and forest clearances, and rehabilitation and resettlement of affected families. Delays or local opposition could slow project execution, restrict incremental production and increase project costs.

Contractor and coal evacuation dependence: MCL relies significantly on third-party contractors for mining-related activities, with its top 10 contractors accounting for 60.02% of contractual expenses in FY26. Further, dependence on railway infrastructure for coal transportation exposes the company to evacuation bottlenecks, logistics disruptions and higher operating costs.

Operational, safety and environmental risks: Mining operations are prone to accidents, equipment breakdowns, heavy rainfall, flooding and labor-related disruptions, which could affect production and increase costs. Stricter environmental norms and compliance requirements could also lead to additional expenditure or restrictions on mining activities.

Key Managerial Personnel

Mr. Uday Anantrao Kaole, Chairman-cum-MD: Associated with MCL since Dec'23, he holds a bachelor's degree in mining engineering from Nagpur University. Previously, he was associated with COAL, Bharat Coking Coal Ltd, Western Coalfields Ltd and South Eastern Coalfields Ltd. He brings extensive experience in the coal mining industry and is responsible for the company's overall functioning and achievement of corporate objectives.

Mr. Mohammad Anzar Alam, Director – Finance: Appointed with effect from 1st Jul'26, he holds a bachelor's degree in mechanical engineering from Bihar Institute of Technology, along with PG Diploma in Computer Applications and PG Diploma in Management for Executives from IIM Calcutta. He has previously worked with Eastern Coalfields Ltd and Visakhapatnam Steel Plant and is responsible for MCL's finance, accounts and financial policy functions.

Mr. Biranchi Das, Director – HR: Appointed with effect from 1st Jul'26, he holds a bachelor's degree in science and a master's degree in personnel management from Utkal University. Previously associated with COAL, he is also a Director at South Eastern Coalfields Ltd. He oversees HRM management, personnel and industrial relations policies, and administrative functions.

Mr. Sanjay Kumar Jha, Director – Technical: Associated with MCL since Mar'25, he holds a BTech in mining engineering from the Indian School of Mines, Dhanbad, along with a Certificate of Competency to work as a first and second class manager in coal mines. He has previously worked with Central Coalfields Ltd and COAL and is responsible for mine operations, technical functions and safety at MCL.

Mr. Soubhagya Parida, Company Secretary & Compliance Officer: Associated with MCL since Apr'22, he is a member of the Institute of Company Secretaries of India. He also holds a bachelor's degree in law from Bhadrak Law College and BCom (Hons) from Ravenshaw College, Utkal University. Previously, he was associated with West Bengal Industrial Development Corporation, GPT Infraprojects and BOC India. At MCL, he oversees the company's secretarial and compliance functions.

Financials

Exhibit 8: Income Statement (INR mn)

Rs Mn	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Net Sales							
- Sales	**1,41,620**	**1,44,741**	**1,91,655**	**2,78,246**	**3,16,344**	**3,13,530**	**3,05,496**
- Other Operating Income	16491.7	20182.5	26486.1	32523.3			
YoY Change (%)		2%	32%	45%	14%	-1%	-3%
Expenditure							
Material Consumption Cost	5,987	7,059	9,918	13,948	10,827	11,012	10,704
Employee Remuneration and Benefits	31,549	32,187	35,982	45,132	43,798	43,270	47,192
Contractual Expenses	25,947	33,707	45,205	54,200	58,617	71,417	68,236
Stripping Activity Adj	10,719	(10,592)	(2,893)	(3,596)	(4,195)	(5,878)	(5,470)
Miscellaneous Expenses	12,511	13,500	16,218	22,290	63,127	63,200	61,339
Total Expenditure	**84,514**	**75,742**	**1,07,281**	**1,32,410**	**1,69,534**	**1,76,975**	**1,78,144**
EBITDA	**73,598**	**89,181**	**1,10,860**	**1,78,358**	**1,46,809**	**1,36,555**	**1,27,352**
EBITDA ex OBR	**84,317**	**78,589**	**1,07,967**	**1,74,763**	**1,42,614**	**1,30,677**	**1,21,882**
YoY Change (%)		21%	24%	61%	-18%	-7%	-7%
Per ton sales	549	611	629	925	738	649	604
Margin %	52.0%	61.6%	57.8%	64.1%	46.4%	43.6%	41.7%
EBITDA (Adjusted for OBR)	84,317	78,589	1,07,967	1,74,763	1,42,614	1,30,677	1,21,882
YoY Change (%)		-7%	37%	62%	-18%	-8%	-7%
Per Ton of Sales	629.14	538.25	612.16	906.63	716.58	620.91	578.35
Margin %	59.5%	54.3%	56.3%	62.8%	45.1%	41.7%	39.9%
Other Income	18,608	10,397	11,614	15,992	19,560	16,756	33,497
Depreciation	4,947	5,727	7,239	8,609	9,790	10,983	16,323
Interest Cost	803	684	611	811	680	712	913
PBT	**86,455**	**93,168**	**1,14,624**	**1,84,930**	**1,55,899**	**1,41,616**	**1,43,614**
Tax	22,181	24,444	29,819	50,178	37,484	33,364	36,633
Rate (%)	25.7%	26.2%	26.0%	27.1%	24.0%	24%	26%
Reported PAT	**64,274**	**68,724**	**84,805**	**1,34,752**	**1,18,416**	**1,08,251**	**1,06,981**
YoY Change (%)		7%	23%	59%	-12%	-9%	-1%
Margin %	45.4%	47.5%	44.2%	48.4%	37.4%	34.5%	35.0%

Source: Company, PL

Exhibit 9: Balance Sheet (INR mn)

Balance Sheet	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Equity Share Capital	6,618	6,618	6,618	6,618	13,237	13,237	13,237
Other Equity	32,613	48,712	75,507	1,26,462	1,47,009	1,68,735	1,99,323
Equity attributable to equity holders of the company	39,231	55,330	82,126	1,33,080	1,60,246	1,81,972	2,12,560
Non-Controlling Interests				-	1,533	1,548	1,752
TOTAL EQUITY	**39,231**	**55,330**	**82,126**	**1,33,080**	**1,61,779**	**1,83,520**	**2,14,312**
Non-Current Liabilities							
Financial Liabilities – Borrowings	55	50	43	39	33	27	24
Financial Liabilities – Other Financial Liabilities	390	192	6,544	8,422	6,909	6,456	6,075
Provisions	2,01,521	1,90,749	1,87,645	1,84,777	1,89,545	1,89,457	1,82,795
Deferred Tax Liabilities (Net)	3,070	5,296	5,395	9,137	15,091	14,390	17,006
Other Non-Current Liabilities	1,669	1,530	1,396	1,257	1,124	984	845
TOTAL NON-CURRENT LIABILITIES	**2,06,706**	**1,97,817**	**2,01,045**	**2,03,655**	**2,12,724**	**2,11,336**	**2,06,769**
Current Liabilities							
Financial Liabilities – Borrowings	17,065	-	6	7	7	7	8
Trade Payables	-	-	-	-			
Total outstanding dues of micro, small and medium enterprises	4	2	16	22	240	45	699
Total outstanding dues of creditors other than micro, small and medium enterprises	4,090	2,579	14,648	15,891	15,473	18,481	19,322
Financial Liabilities – Other Financial Liabilities	18,886	22,122	29,307	41,821	50,661	51,638	55,625
Other Current Liabilities	33,510	40,188	72,061	76,205	58,957	62,923	54,886
Provisions	8,966	12,007	4,698	15,096	7,035	7,954	1,960
TOTAL CURRENT LIABILITIES	**82,520**	**76,899**	**1,20,736**	**1,49,042**	**1,32,375**	**1,41,050**	**1,32,502**
TOTAL EQUITY AND LIABILITIES	**3,28,457**	**3,30,046**	**4,03,906**	**4,85,777**	**5,06,878**	**5,35,905**	**5,53,583**
ASSETS							
Non-Current Assets							
Property, Plant and Equipment	72,439	82,273	99,384	1,11,748	1,37,793	1,63,637	1,85,195
Capital work in progress	14,481	20,852	32,442	43,021	48,422	49,245	37,125
Exploration and Evaluation Assets	1,247	1,378	1,019	1,321	1,518	1,777	2,078
Intangible Assets	47	48	64	228	2,598	2,543	2,437
Intangible Assets under Development	-	-	64	-	242	247	248
Financial Assets – Investments	10,754	7,667	1,457	1,457	-	-	-
Financial Assets – Loans	6,262	1,263	12	12	17	27	29
Financial Assets – Other Financial Assets	11,160	11,530	12,953	14,565	17,611	18,523	20,847
Other Non-Current Assets	3,528	6,164	9,692	16,609	29,134	22,832	25,946
TOTAL NON-CURRENT ASSETS	**1,19,918**	**1,31,175**	**1,57,085**	**1,88,960**	**2,37,334**	**2,58,831**	**2,73,905**
Current Assets							
Inventories	7,936	11,035	9,882	9,851	12,792	18,802	22,390
Financial Assets – Investments	5	30,560	34,767	10,699	12,143	8,227	9,603
Financial Assets – Trade Receivables	13,231	12,926	10,409	16,369	21,603	26,761	37,437
Financial Assets – Cash and Cash equivalents	714	10,106	9,831	715	8,672	20,885	18,468
Financial Assets – Other Bank Balances	1,23,034	72,500	1,17,765	1,80,051	1,20,342	96,821	1,32,814
Financial Assets – Other Financial Assets	6,315	4,212	7,073	6,429	8,457	7,926	7,599
Current Tax Assets (Net)	25,247	26,280	24,230	36,394	41,379	47,698	13,968
Other Current Assets	27,055	26,252	32,864	36,310	44,156	49,954	37,399
TOTAL CURRENT ASSETS	**2,08,539**	**1,98,871**	**2,46,821**	**2,96,818**	**2,69,544**	**2,77,075**	**2,79,678**
TOTAL ASSETS	**3,28,457**	**3,30,046**	**4,03,906**	**4,85,777**	**5,06,878**	**5,35,905**	**5,53,583**

Source: Company, PL

Exhibit 10: Cash Flow (INR mn)

Cash Flow Statement	FY20	FY21	FY22	FY23	FY24	FY25	FY26
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax	85,227	92,646	1,14,624	1,84,930	1,55,899	1,41,616	1,43,614
Cash flows from operating activities before changes in following assets and liabilities	87,068	84,242	1,11,117	1,78,255	1,41,756	1,27,826	1,32,555
Adjustment for:							
Trade Receivables	(8,394)	(28)	2,517	(5,960)	(5,865)	(4,535)	(10,676)
Inventories	(2,913)	(3,099)	1,153	31	(2,973)	(6,007)	(3,563)
Loans and Advances and other assets	2,534	1,995	(4,965)	(9,987)	(126)	(1,909)	(97)
Other current and non current Assets	(2,717)	53,248	-	-	(10,184)	(11,452)	5,240
Trade payables	-	-	4,521	1,250	(203)	2,812	1,496
Other financial liabilities	-	-	38,000	22,214	110	38	5,289
Other current and non current liabilities	-	-	-	-	(17,385)	3,826	(8,175)
Provisions	(1,220)	7,708	-	-	(2,406)	6,665	(1,298)
Cash Generated from Operation	**74,358**	**1,44,065**	**1,52,344**	**1,85,803**	**1,02,725**	**1,17,264**	**1,20,770**
Income Tax (Paid)/Refund	(43,037)	(22,503)	(27,667)	(58,752)	(39,469)	(40,214)	4,006
Net Cash Flow generated from Operating Activities (A)	**31,321**	**1,21,562**	**1,24,677**	**1,27,051**	**63,256**	**77,050**	**1,24,775**
CASH FLOW FROM INVESTING ACTIVITIES							
Payments for Property, Plant and Equipments and Intangible assets	(13,393)	(22,579)	(29,212)	(25,238)	(31,216)	(19,358)	(22,111)
Realisation of deposits/(Deposits) with Banks	-	-	(46,599)	(63,770)	56,940	22,511	(38,301)
Proceeds/(Investment) in Mutual Fund, Shares etc.	10,004	(27,468)	2,422	23,629	270	5,294	(470)
Interest received on Investment	11,344	5,633	5,385	11,862	8,528	12,893	10,455
Dividend received from Mutual Fund	3,852	1,698	834	1,628	-	-	-
Net Cash Flow generated / (used) in Investing Activities (B)	**11,812**	**(42,707)**	**(66,944)**	**(51,913)**	**34,365**	**21,172**	**(50,680)**
CASH FLOW FROM FINANCING ACTIVITIES							
Proceeds from /(Repayment of) non current borrowings	17,063	(17,069)	(7)	(4)	-	-	-
Dividend paid on Equity shares	(52,250)	(52,250)	(58,000)	(84,250)	(90,000)	(86,000)	(76,500)
Tax on Dividend on Equity shares	(10,740)	-	-	-	-	-	-
Buyback of Equity Share Capital	-	-	-	-	-	-	-
Tax on Buyback of Equity Share Capital	-	-	-	-	-	-	-
Net Cash Flow generated / (used) in Financing Activities (C)	**(45,939)**	**(69,439)**	**(58,008)**	**(84,254)**	**(90,020)**	**(86,008)**	**(76,512)**
Net Increase / (Decrease) in Cash and Cash equivalents	**(2,806)**	**9,417**	**(274)**	**(9,116)**	**7,601**	**12,213**	**(2,417)**
Cash and Cash equivalent as at the beginning of the year	4,321	1,515	10,106	9,831	1,071	8,672	20,885
Cash and Cash equivalent as at the end of the period/Year	**1,515**	**10,931**	**9,831**	**715**	**8,672**	**20,885**	**18,468**

Source: Company, PL

Exhibit 11: Key Ratios

Ratios	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Working Capital	1,26,019	1,21,973	1,26,086	1,47,776	1,37,169	1,36,025	1,47,176
ROE	164	145	123	125	81	63	54
BVPS	5.9	8.4	12.4	20.1	24.2	27.5	32.1
EV	7,93,474	8,17,547	7,72,556	7,19,383	7,71,128	7,82,430	7,48,852
Net Debt	(1,06,629)	(82,555)	(1,27,547)	(1,80,720)	(1,28,974)	(1,17,673)	(1,51,251)
Mcap	9,00,102	9,00,102	9,00,102	9,00,102	9,00,102	9,00,102	9,00,102
Valuation							
PER	14	13	11	7	8	8	8
PBv	22.9	16.3	11.0	6.8	5.6	4.9	4.2
EV/EBITDA	10.8	9.2	7.0	4.0	5.3	5.7	5.9
CFO/EBITDA	0.4	1.4	1.1	0.7	0.4	0.6	1.0
Capex	13,393	22,579	29,212	25,238	31,216	19,358	22,111
FCF	17,928	98,984	95,465	1,01,813	32,040	57,691	1,02,664

Source: Company, PL

Exhibit 12: COAL subsidaries PAT break up

Subsidiary	FY26 PAT INR mn	As %	PAT Rs/t
ECL	-9,660	-3%	(200)
BCCL	1,280	0%	38
CCL	29,670	10%	386
NCL	1,06,570	34%	777
WCL	15,980	5%	266
SECL	47,550	15%	266
MCL	1,06,980	34%	505
CMPDIL	6,130	2%	
CIL St (Excl. Dividend)	1,760	1%	
CIL Consolidated	3,10,710	100%	417

Source: Company, PL

Exhibit 13: Peer Valuations

Stock	CMP INR / sh	Mkt Cap INR bn	PER x			EV/EBITDA x			PBV x			FY26 Div Yield %
			FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	
COAL INDIA LTD	390	2403	8	7	7	5	4	4	2	2	2	6.5
BHARAT COKING CO	31	143	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NMDC LTD	69	602	8	7	7	6	5	5	2	2	1	5.1
GMDC	463	147	22	16	14	24	13	10	2	2	2	2.1
MOIL LTD	212	43	14	11	8	7	6	4	2	1	1	2.5
Stock			**8**	**7**	**7**	**5**	**5**	**4**	**2.0**	**1.7**	**1.5**	

Source: Bloomberg

Exhibit 14: Peer Financials

Stock	CMP INR/ sh	Mkt Cap INR b	Revenue gr yoy, %			EBITDA Margin %			EBITDA CAGR FY26-28E	EBITDA Change yoy, %			ROE %			PAT CAGR FY26-28E
			FY26	FY27E	FY28E	FY26	FY27E	FY28E		FY26	FY27E	FY28E	FY26	FY27E	FY28E	
COAL INDIA LTD	390	2403	0%	31%	4%	28%	24%	24%	7%	-12%	13%	2%	27	27	24	9%
BHARAT COKING CO	31	143	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
NMDC LTD	69	602	21%	10%	9%	33%	33%	33%	10%	7%	11%	8%	23	22	21	7%
GUJARAT MINERAL	463	147	-7%	52%	24%	14%	21%	25%	52%	-12%	82%	28%	10	12	13	27%
MOIL LTD	212	43	-4%	15%	16%	30%	33%	37%	28%	-11%	27%	28%	12	14	16	29%
Stock			**10%**	**21%**	**6%**	**30%**	**29%**	**28%**		**-2%**	**12%**	**5%**	**25**	**25**	**23**	

Source: Bloomberg

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Adani Energy Solutions	BUY	1526	1220
2	Adani Power	BUY	259	183
3	Ahluwalia Contracts (India)	BUY	708	555
4	Ashoka Buildcon	BUY	130	102
5	CESC	BUY	195	130
6	Coal India	Accumulate	465	389
7	Dilip Buildcon	Accumulate	488	405
8	H.G. Infra Engineering	Accumulate	449	382
9	Indian Energy Exchange	HOLD	112	101
10	IRCON International	HOLD	114	107
11	JSW Energy	BUY	613	483
12	KNR Constructions	Accumulate	121	107
13	NCC	BUY	201	123
14	NTPC	BUY	421	316
15	PNC Infratech	BUY	234	134
16	Power Grid Corporation of India	BUY	321	260
17	PSP Projects	BUY	1061	742
18	Rail Vikas Nigam	SELL	165	199
19	RITES	BUY	265	197
20	Tata Power Company	Accumulate	414	360

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BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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