EKVITY RESEARCH • STRATEGIC RESEARCH NOTE

Mahanadi Coalfields Limited

India's Largest Coal Producer at the Heart of Energy Security

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Report by
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Executive Summary & Agenda

1. Core Industry Context

Coal carries a 10.33% weight in the Index of Eight Core Industries; the coal index grew at a 7.83% CAGR (2021–26P) but dipped 0.5% in FY26

2. Power Demand Headroom

India is the 3rd-largest electricity consumer (2,054 TWh), yet per-capita use is ~37% of the global average; ~72% of coal demand comes from power

3. Scale Leader

Largest coal producer in India: 218.31 MT in FY26, ~22.4% of national non-coking output and 28.3% of Coal India's production

4. Financials & Risks

EBITDA margin above 50%, but revenue declined at a ~1.7% CAGR (FY24–FY26); concentration in raw coal, top customers and contractors

Coal Within India's Core Industries

Sector	Weight in IIP	2021	2026P	CAGR 21–26
Cement	2.16%	130.0	214.6	10.54%
Coal	4.16%	131.1	191.1	7.83%
Crude oil	3.62%	80.1	73.3	(1.76%)
Electricity	8.00%	157.6	210.7	5.98%
Fertilizers	1.06%	111.6	133.4	3.63%
Natural gas	2.77%	59.8	73.8	4.30%
Petroleum refinery products	11.29%	114.9	139.6	3.97%
Steel	7.22%	139.4	234.5	10.96%
Combined index	40.27%	123.2	169.4	6.58%

10.33%

COAL'S WEIGHT IN THE EIGHT CORE INDUSTRIES INDEX

+5.1% → (0.5%)

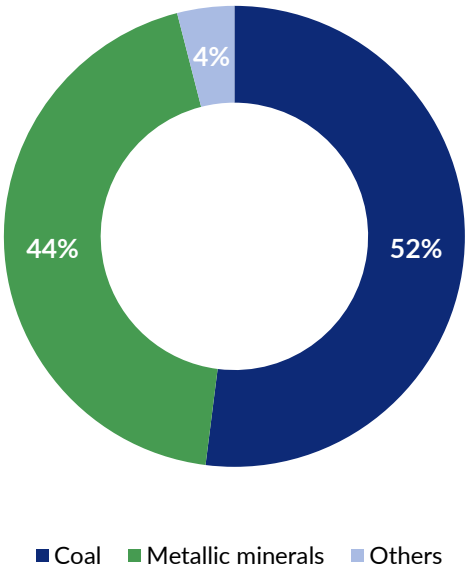
COAL INDEX GROWTH, FY25 → FY26

Coal is the input fuel behind thermal power, clinker and blast furnaces, so its supply and pricing ripple through electricity, cement and steel

Index values, base year 2011-12

Coal Dominates India's Mineral Value

Value of Minerals Mined, FY25 (₹3.11 Tn)



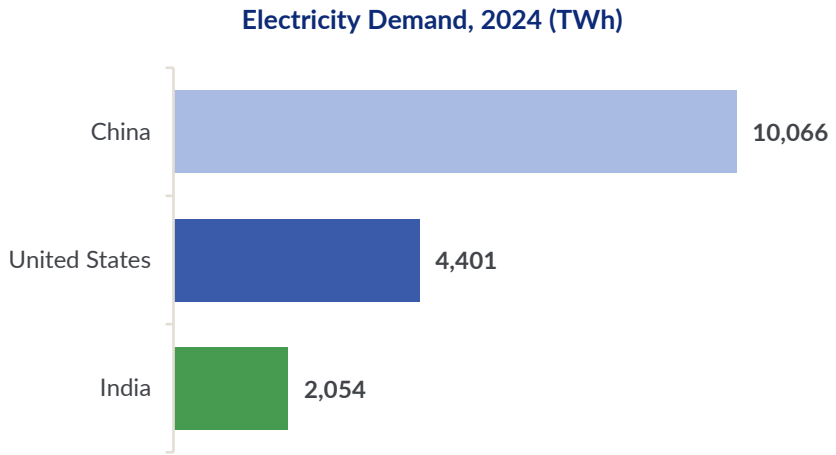
₹1.63 Tn
VALUE OF COAL MINED, FY25 (~52%)

~72%
OF COAL DEMAND FROM POWER (INCL. CAPTIVE)

- **Mining GVA:** ₹3.37 Tn in FY26 (AE, constant prices), ~2.0% of India's GVA, up from ₹3.17 Tn in FY20
- **FY26 dip:** GVA eased 0.7% as long, unseasonal monsoons disrupted open-cast mining in H1
- **Coal + iron ore:** Together about 85% of mining's GVA contribution; iron ore alone is ~33% of mineral value

'Others' derived as the residual after coal (~52%) and metallic minerals (~44%).

Large Power Market, Low Per-Capita Use



India is the third-largest consumer with ~6.7% of global demand, behind China (~32.6%) and the US (~14.3%)

PER-CAPITA ELECTRICITY CONSUMPTION

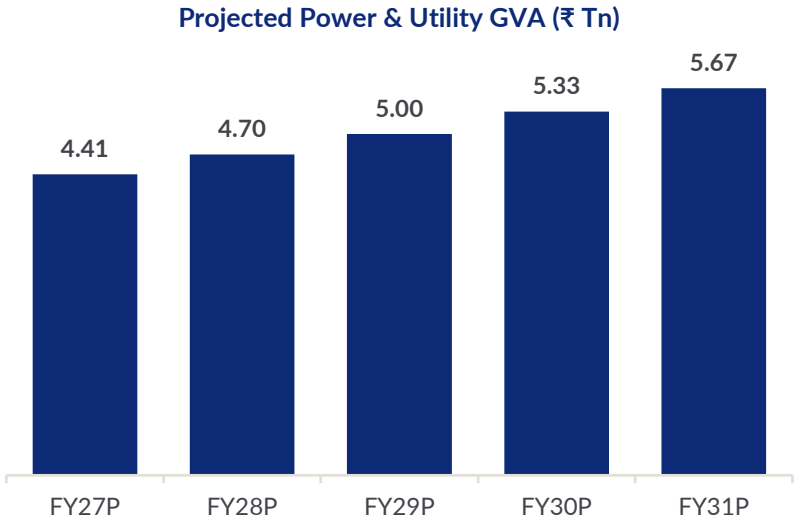
1,395 kWh India, FY24

~36.7% of the 3,800-kWh global average

Up from 1,331 kWh in FY23 (CEA)

KEY TAKEAWAY Closing even part of the per-capita gap implies sustained growth in power demand — and in the coal that fires India's baseload

Power Sector Outlook, FY27–FY31



6.32%
10-YR CAGR, FY16–FY26

6.5% p.a.
PROJECTED GROWTH, ~2.2% OF GVA

₹17 Tn+ capex

Expected power-sector investment over 5–7 years (~US$205 Bn) across generation, transmission and grid

80 GW new thermal

Baseload additions planned by FY32 to stabilise the grid alongside renewables, attracting ₹2.3 Tn

EV charging boom

Market projected to grow from US$129 Mn (2026) to US$824 Mn (2031), a ~45% CAGR

VALUE CHAIN

Coal's Value Chain & Where MCL Plays

UPSTREAM

Exploration
Surveys, drilling and sampling to locate deposits

Mining
Opencast and underground extraction

Beneficiation
Washing to cut impurities, raise quality

DELIVERY

Rail
Cost-effective long-haul bulk movement

Ship
Coastal and inland waterway transport

Conveyor belt
Short haul from mine to plant or port

DOWNSTREAM

Coking coal
Steel making

Thermal coal: power
Utilities, IPPs, captive plants

Thermal coal: industry
Cement, sponge iron, fertilisers, bricks

India's Largest Coal Producer

218.31 MT
COAL PRODUCED IN FY26

~22.4%
OF INDIA'S NON-COKING COAL

28.3%
OF COAL INDIA'S PRODUCTION

106.76 Bn Tonne
TALCHER & IB VALLEY Coalfields

Parentage & Status

Wholly owned subsidiary of Coal India Limited and its largest producer. Conferred Miniratna Category I status in December 2019

Products

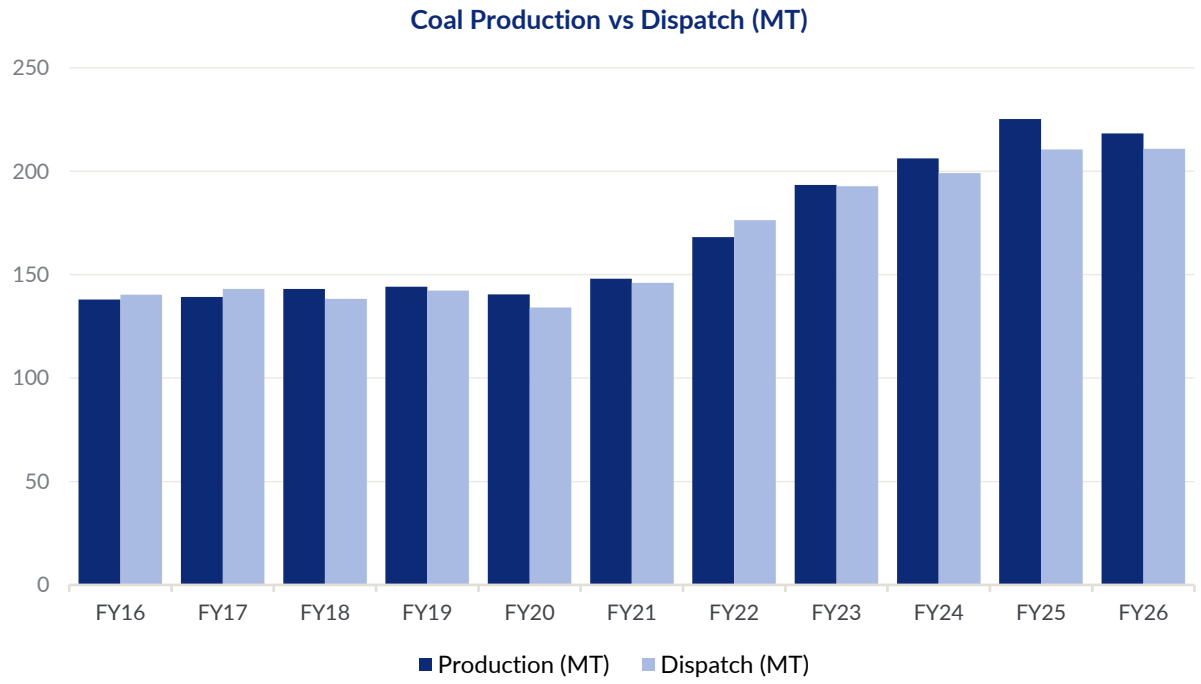
Non-coking coal across grades, including washed / beneficiated coal. Resource estimate as at 1 April 2026

Customers

Power: state and private utilities, captive plants and IPPs. Non-power: cement and sponge iron

OPERATIONS

A Decade of Production & Dispatch Growth



4.70%

PRODUCTION CAGR, FY16–FY26

4.16%

DISPATCH CAGR, FY16–FY26

(3.0%)

FY26 PRODUCTION VS FY25 PEAK OF 225.17 MT

CAPACITY

Capacity Additions Outpaced Production in FY26

Particulars	FY2024	FY2025	FY2026
Normative capacity (MTPA)	204.00	225.00	239.00
Actual production (MT)	206.10	225.17	218.31
Utilisation — total	101.03%	100.08%	91.34%
Utilisation — opencast	101.03%	100.09%	91.40%
Utilisation — underground	99.20%	95.80%	64.35%

Normative capacity: planned annual output per approved mining plan. Utilisation = actual production ÷ normative capacity. Opencast accounts for >99% of output.

+35 MT

NORMATIVE CAPACITY ADDED, FY24–FY26

~9 pts

DROP IN UTILISATION, FY25 → FY26

WATCH POINT Mines ran above rated capacity in FY24–FY25; FY26 output fell even as capacity grew, leaving ~21 MT of headroom

STRATEGY

Diversifying Beyond Coal Mining

Coal gasification

Converting coal to syngas for chemicals, fertilisers and synthetic fuels, in line with the national gasification mission

Renewable energy

Solar projects to offset emissions and use existing energy resources more efficiently

Other minerals

Mining of non-coal minerals to build complementary revenue streams

Rare earths

Supporting India's energy-transition and self-sufficiency goals

NET-ZERO ENERGY TARGET: 182 MW OF RENEWABLES



57.21 MW commissioned (~31%) **+10.5 MW under execution** ~114 MW still to be planned or built

Financial Performance (₹ Crores)

Particulars	FY2024	FY2025	FY2026	Q1 FY27*
Revenue from Operations	31,634	31,353	30,550	8,034
EBITDA	16,637	15,331	16,085	3,641
EBITDA Margin	52.6%	48.9%	52.7%	45.3%
Profit Before Tax (PBT)	15,590	14,162	14,361	3,226
Profit After Tax (PAT)	11,842	10,825	10,698	2,399
PAT Margin	37.4%	34.5%	35.0%	29.9%

Three months ended 30 June 2026. Margins computed on revenue from operations.

~53%

EBITDA MARGIN, FY26

(1.7%)

REVENUE CAGR, FY24–FY26

WATCH POINT Highly profitable at scale, but revenue and PAT have drifted lower for two years; Q1 FY27 margins are below the FY26 run-rate

Concentration Risks

Single-product revenue

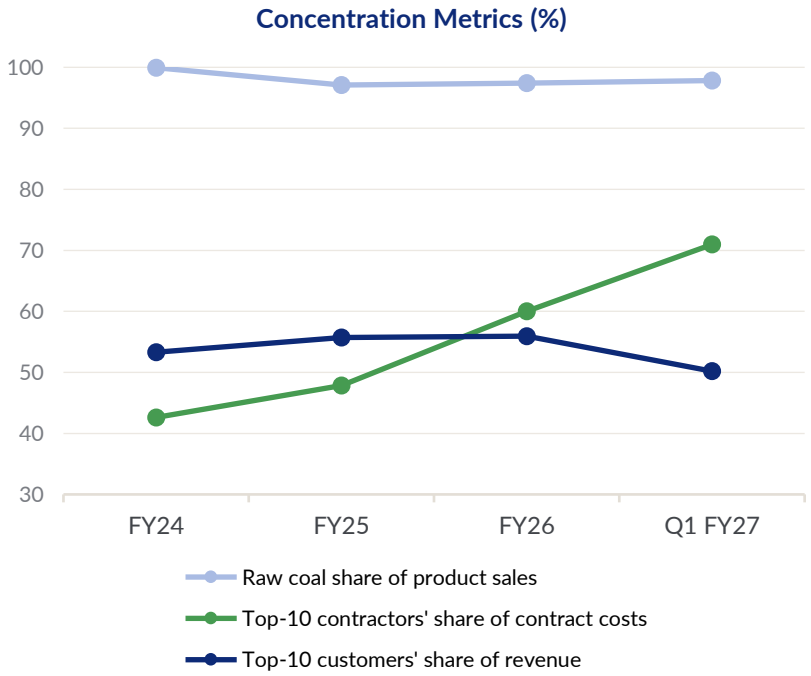
Raw non-coking coal was 97.85% of product sales in Q1 FY27 (99.94% in FY24), leaving little diversification today

Customer concentration

Top-10 customers made up 50.20% of revenue in Q1 FY27 and 55.94% in FY26

Contractor dependence

Top-10 contractors were 70.97% of contract expenses in Q1 FY27, up from 42.62% in FY24



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Questions & Discussion

Thank you for reviewing Ekvity's pre-IPO analytical coverage of Mahanadi Coalfields Limited.

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