MAHANADI COALFIELDS LIMITED

November 18, 2026

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	**Coal**
Offer for sale (Shares)	661,836,300
Net Offer to the Public	661,836,300
Issue Size (Rs. Cr.)	8537-9001
Price Band (Rs.)	129-136
Employee Discount	Rs. 6
Offer Date	19-Nov-26
Close Date	23-Nov-26
Face Value	2
Lot Size	110

Issue Composition

	In shares
Total Issue for Sale	**661,836,300**
QIB	330,918,150
NIB	99,275,445
Retail	231,642,705

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	100.00%	90.00%
QIB	0.00%	5.00%
NIB	0.00%	1.50%
Retail	0.00%	3.50%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Mahanadi Coalfields Ltd. IPO is a 100% Offer for Sale (OFS), so the company will not receive any funding and the entire IPO proceeds will go to the selling shareholders.

Book Running Lead Manager

- SBI Capital Markets Limited
- Axis Capital Limited
- BOB Capital Markets Limited
- IDBI Capital Markets & Securities Limited
- IIFL Capital Services Limited

Name of the registrar

- KFin Technologies Limited

About the company

Incorporated in 1992 and headquartered at Sambalpur, Odisha, Mahanadi Coalfields Limited (MCL) is a major producer of thermal-grade, non-coking coal. Its mining operations are concentrated in the Talcher and Ib Valley coalfields of Odisha, where it operates 17 mines—14 opencast and three underground. Coal is supplied mainly to state and private power utilities, captive power plants and independent power producers, alongside cement, sponge iron, steel, aluminium and other industrial users. The company produces multiple grades of raw coal and also sells washed/beneficiated coal and washery rejects. MCL is a wholly owned subsidiary of Coal India Limited and, in FY26, was India's largest single coal-producing company, accounting for 21% of domestic coal output.

Strengths

Leading production scale and long-life resource base: MCL was India's largest single coal-producing company in FY26, with 218.31 MT of production and 21% of domestic coal output. Its Talcher and Ib Valley blocks contain estimated resources of about 40.34 billion tonnes under ISP guidelines, equal to 9.80% of India's total coal resources. Audited JORC reserves stood at 9,840.31 MT as at 1 April 2026, equivalent to around 45 years of production at the FY26 output rate; at the historical 4.70% production CAGR, the RHP estimates reserve life of around 25 years. These estimates remain subject to exploration, conversion, approvals and future production.

Strong parentage and access to technical expertise: MCL benefits from being a wholly owned subsidiary of Coal India Limited, the world's largest coal producer, which produced 768.19 MT in FY26. MCL contributed 28.4% of Coal India's consolidated production in that year. The relationship provides access to technical knowledge, experienced personnel, large-project execution capability and support from CMPDIL for exploration, mine planning, mine design, environmental studies and resource assessment. The parent's market standing also supports MCL's credibility with customers. These benefits matter in a capital- and regulation-intensive business where mine development, clearances and logistics require coordinated execution.

Mechanised, predominantly opencast mining supports cost efficiency: MCL's operations are concentrated in shallow, thick coal seams in Odisha, enabling large-scale opencast mining and mechanisation. Surface miners accounted for 99.37% of production in FY26, while 99.85% of total

production came from opencast mines. The company deployed 74 surface miners as at 30 September 2026, including 22 owned and 52 contracted machines. Its scale, favourable stripping ratios and mechanised mining enabled the lowest production cost per tonne among Coal India subsidiaries in FY26. This cost position is a meaningful advantage, although it depends on geology, contractor performance and operating conditions.

Established customer relationships and multi-state reach: MCL served customers across 16 states in FY26, with long-standing relationships with large power generators and industrial consumers. Several major customers have been associated with the company for more than 10–15 years, and the top 10 customers purchased coal under long-term fuel supply agreements. Odisha, Andhra Pradesh, Chhattisgarh, Maharashtra and Tamil Nadu together contributed more than 91% of FY26 product sales. The proximity of key power plants to the mines, supported by rail, road and dedicated MGR links, helps facilitate regular deliveries. Customer concentration, however, remains significant.

Integrated evacuation, quality control and beneficiation infrastructure: MCL uses rail, road and dedicated MGR routes to move coal from its mines to customers. First-mile connectivity facilities, coal handling plants, silos and rapid-loading systems are intended to reduce handling, road movement and dispatch delays. Coal quality is supported by nine NABL-accredited laboratories and third-party sampling. The company operates a 10 MTPA washery at Ib Valley, where 4.06 MT of raw coal was processed and 3.16 MT of washed coal produced in FY26. This infrastructure supports reliable supply, product quality and the ability to serve customers with different coal specifications.

Strategy

Expand existing mines and develop new mining projects: MCL plans to increase production by expanding existing mines and developing new projects in the Talcher and Ib Valley coalfields. At 31 March 2026, its project portfolio comprised 51 projects, including 40 completed and 11 under implementation, with aggregate sanctioned capacity of 352.78 MTPA. Further projects under preparation or approval could add 37.55 MTPA. Timely environmental and forest clearances, land acquisition, rehabilitation and resettlement, contractor performance and supporting rail infrastructure are essential conditions for delivery. The project portfolio's stated capital outlay is approximately Rs. 41,120 crore; timing and actual capacity additions are not assured.

Expandcoal beneficiation and broaden the customer base: MCL intends to increase supplies of washed, lower-ash coal to existing and new customers, including power plants that require lower-ash coal and import-based plants that may blend domestic coal with imported supplies. It currently operates the 10 MTPA Ib Valley washery and plans two additional facilities: a 15 MTPA Balaram washery and a 12 MTPA Integrated Kulda-Garjanbahal washery. If completed, total washery capacity would rise to 37 MTPA. The strategy is intended to widen the product mix,

serve a broader customer pool and improve the suitability of MCL coal for higher-efficiency power stations. The RHP does not quantify a future margin or return target for these projects.

Expand and modernise coal evacuation infrastructure: MCL plans to strengthen coal handling and dispatch through first-mile connectivity facilities, silos, rapid-loading systems, rail connectivity and dedicated coal corridors. Its seven operational facilities with 96 MTY capacity and 12 upcoming facilities with 240.50 MTY capacities, targeted for commissioning by FY30. Total planned first-mile connectivity capacity is 336.50 MTY. The stated capital outlay for silos and associated rail connectivity is approximately Rs.11,143.10 crore. These investments are intended to reduce bottlenecks, shorten loading time and improve dispatch reliability and lower logistics costs for customers.

Improve operational efficiency and environmental performance: The company continues to use surface-miner technology, mechanised coal handling, pipe conveyors and washery improvements to improve productivity, safety and coal quality. MCL reports 57.21 MW of installed and commissioned solar capacity as at 30 September 2026, comprising 52.00 MW ground-mounted and 5.21 MW rooftop projects. Research and development support is obtained through CMPDIL, with stated focus areas including mining techniques, beneficiation and resource extraction. These initiatives can support operational efficiency and environmental compliance, although no specific future cost-saving target is quantified.

Key Risk Factors

- Raw non-coking coal accounted for nearly all product sales, so a sustained fall in coal demand or a faster-than-expected shift to alternative energy could materially affect MCL.
- The top 10 customers contributed 51.95% of revenue in the six months ended September 2026, making MCL vulnerable if a major customer reduces purchases, switches to captive coal or imports, or ends its relationship.
- The top 10 contractors accounted for 63.61% of contractual expenses in the six months ended September 2026, exposing operations to contractor disruption, cost escalation and service-quality risks.
- Delays in acquiring land, obtaining environmental and forest clearances, and completing rehabilitation and resettlement could delay mine openings and planned capacity expansion.
- Failure or delay in obtaining or renewing regulatory and environmental approvals could disrupt operations, increase costs and adversely affect cash flows.

Peer comparison:

Company	Total Sales	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Coal India	167741.74	33364.83	54.14	7.45	1.95	206.84	10	403.20	248481.21
NMDC	32387.40	7428.68	8.45	8.27	1.67	41.88	1	69.90	61454.80
Bharat Coking	14751.79	60.05	0.13	242.46	2.52	12.50	10	31.52	14678.86
Mahanadi Coalfields Limited	31918.09	11005.07	16.63	8.18	4.01	33.92	2	136.00	90009.74

*Peer companies financials are TTM based

***Mahanadi Coalfields Ltd. are based on FY26

Valuation:

Considering the P/E valuation, at the upper price band of ₹136, the company is valued at P/E multiple of 8.18x, on TTM EPS of 16.63 while at the lower price band of ₹129, the P/E multiple stands at 7.76x. Looking at the P/B ratio, at the upper price band of ₹136, the book value per share is ₹33.92, translating into a P/B multiple of 4.01x, while at the lower price band of ₹129, the P/B multiple stands at 3.80x. There is no change in the pre-issue and post-issue EPS or book value per share, as the company is not undertaking any fresh issue of capital.

Industry overview

India's coal industry remains central to electricity generation and energy security, with thermal power accounting for approximately 70% of electricity generation in FY26, according to CRISIL industry report. Indian non-coking coal demand was 1,112 MT in FY25 and was projected at 1,186 MT in FY26. Total levelised coal demand is projected to rise from 1,176 MT in FY25 to 1,495 MT by FY31, implying a 4.1% CAGR, and to 1,712 MT by FY36, a 3.5% CAGR; non-coking coal is expected to account for most of this demand. Growth is supported by electricity consumption, industrialisation, infrastructure, cement, sponge iron and captive power. Challenges include renewable-energy substitution over the longer term, environmental approvals, land and rehabilitation requirements, logistics constraints, import competition and policy changes.

Outlook

MCL's growth outlook is supported by its leading production position, sizeable coal reserves, low-cost mechanised mining and sustained domestic demand. Planned mine expansions, additional washeries and first-mile connectivity projects could strengthen production, widen its customer base and improve evacuation efficiency. However, execution depends on clearances, land acquisition and contractor performance. Customer concentration, regulatory obligations and the long-term shift towards renewable energy remain key risks to monitor while sustaining profitability levels.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Thu, Nov 19, 2026
IPO Close Date	Mon, Nov 23, 2026
Tentative Allotment	Wed, Nov 25, 2026
Initiation of Refunds	Thu, Nov 26, 2026
Credit of Shares to Demat	Thu, Nov 26, 2026
Tentative Listing Date	Fri, Nov 27, 2026

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Sep-26 (6 Months)	Period ended 31-Mar-26 (12 Months)	Period ended 31-Mar-25 (12 Months)
Revenue from operations	16093.04	30549.59	31353.02
Total expenditure	9643.85	17814.35	17697.54
Operating Profit	**6449.19**	**12735.24**	**13655.48**
OPM%	40.07	41.69	43.55
Other Income	1,014.79	3349.69	1675.63
Total Net Income	**7463.98**	**16084.93**	**15331.11**
Interest	50.81	91.25	71.22
PBDT	7413.17	15993.68	15259.89
Depreciation	837.97	1632.27	1098.33
PBT	**6575.20**	**14361.41**	**14161.56**
Tax	1694.54	3663.29	3336.44
PAT	**4880.66**	**10698.12**	**10825.12**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Sep-26	As on 31-Mar-26	As on 31-Mar-25
Non-current assets			
Property, plant and equipment	18308.10	18519.52	16363.71
Capital work in progress	4156.10	3712.48	4924.51
Exploration and evaluation assets	212.87	207.75	177.69
Intangible assets	236.50	243.70	254.32
Intangible assets under development	24.78	24.77	24.67
Non-current investments	0.00	0.00	0.00
Non-current loans	3.44	2.93	2.66
Other non-current financial assets	2273.41	2084.72	1852.31
Other non-current assets	2761.50	2594.58	2283.19
Total Non-Current Assets	**27976.70**	**27390.45**	**25883.06**
Current assets			
Inventories	1255.78	2239.02	1880.19
Current investments	0.20	960.26	822.73
Trade receivables	3767.78	3743.68	2676.05
Cash and cash equivalents	3560.78	1846.82	2088.49
Other bank balances	16731.15	13281.39	9682.12
Current other financial assets	1131.54	759.92	792.62
Current tax assets	652.12	1396.80	4769.83
Other current assets	2635.63	3739.93	4995.44
Total Current assets	**29734.98**	**27967.82**	**27707.47**
Total Assets	**57711.68**	**55358.27**	**53590.53**
LIABILITIES			
Non-current liabilities			
Non-current borrowings	1.95	2.35	2.67
Non-current lease liabilities	2.36	2.36	2.29
Other non-current financial liabilities	562.37	607.49	645.55
Non-current provisions	18326.72	18279.52	18945.66
Deferred tax liabilities	1741.93	1700.61	1438.98
Other non-current liabilities	77.50	84.52	98.40
Total non-current liabilities	**20712.83**	**20676.85**	**21133.55**
Current liabilities			
Financial liabilities			
Current borrowings	0.81	0.81	0.68
Current lease liabilities	0.18	0.18	0.24
MSME trade payables	74.15	69.89	4.49
Other trade payables	1586.35	1932.21	1848.05
Other current financial liabilities	5486.60	5562.47	5163.84
Other current liabilities	7154.29	5488.62	6292.26
Current provisions	250.11	196.04	795.40
Total current liabilities	**14552.49**	**13250.22**	**14104.96**
Total liabilities	**35265.32**	**33927.07**	**35238.51**
Net worth represented by:			
Equity share capital	1323.67	1323.67	1323.67
Other equity	20945.38	19932.31	16873.51
Non-controlling interests	177.31	175.22	154.84
Total Equity	**22446.36**	**21431.20**	**18352.02**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★ ★
FAIR	★ ★ ★
GOOD	★ ★ ★ ★
EXCELLENT	★ ★ ★ ★ ★

E-mail: smc.care@smcindiaonline.com

Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401 / 402 , 4th Floor , Graham Firth Steel Compound, Off Western Express Highway, Jay Coach Signal, Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-67341697

Kolkata Office:
18, Rabindra Sarani, Poddar Court, Gate No-4,
5th Floor, Kolkata - 700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s)in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance if this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.