# Mahanadi Coalfields Limited (MAHCOA)

Price Band: ₹ 129-136

UNRATED

November 17, 2026

## India's largest coal producer at decent valuations

**About the Company:** Mahanadi Coalfields Limited (MCL), incorporated in 1992, is a wholly owned subsidiary of Coal India Limited (CIL) and India's single largest coal producer in terms of production. It has a total of 17 operational mines in Odisha.

- MCL accounts for 21% of India's total coal production as of FY26
- Industry-wise Sales as of FY26 - Power Generation: ~70% & Others: ~30%

### Key triggers/Highlights:

- MCL is the largest coal producing company in India with coal production and sales volume pegged at ~218 MT and ~211 MT respectively for FY26. It is primary into open cast mining in the Odisha region with blended realisations at ~₹ 1,416/tonne and blended EBITDA/tonne at ~₹ 604/tonne.
- MCL is also the largest coal producing subsidiary for its parent i.e., Coal India; accounting for ~28% of sales volume/~34% of PAT for Coal India
- The company operates in the Talcher and Ib Valley coalfields in Odisha and holds total mineable coal reserves of ~9 billion tonnes which can suffice production operations for ~45 years at present coal production levels.
- MCL has long-standing relationships with leading domestic power generation and metal companies, supported by customer relationship age ranging from 10 to 15 years. Its top 10 customers include NTPC, Vedanta Ltd., state-led power companies and others (majorly private power Co's)
- In terms of sales value, MCL realises ~82% of sales from coal sold through FSA (fuel supply agreement) route & rest ~18% through e-auction & others
- MCL has a dedicated mix of evacuation networks comprising of MGR rail systems, regular railways (~65% of sales volume), and dedicated roads & ports, ensuring timely delivery & efficiency in its coal supply chain network.
- Continuous coal availability at shallow depths in Talcher and Ib Valley allows the company to operate with highly favourable stripping ratios (1.5x) and maintain competitive production cost per tonne, thereby enabling operating leverage to kick in and improve overall profitability.

### Our View & Rating:

- **MCL** comes across as a coal franchise with dominant market share. However, despite robust net cash positive balance sheet with double-digit return ratios, the growth at the company has been muted in the past with **FY24-26 CAGR for Revenue/PAT standing at -1.7%/-5%, respectively primarily driven by muted coal sales volume growth CAGR of ~3% and realisation led** decline in EBITDA margin profile over the aforesaid period.
- At the upper price band of ₹136, the issue is valued at **~8.4x P/E & ~5.8x EV/EBITDA on FY26**. We assign **UNRATED** rating to the IPO issue.

### Key risk & concerns

- Client concentration risk, with top 10 clients accounting for ~56% of sales
- High reliance on Coal India Limited for strategic support and resources
- Susceptible to price volatility, e-auction premiums & power demand

### IPO Details

| Issue Details | |
|---|---|
| Issue Opens | 19th November |
| Issue Closes | 23rd November |
| Issue Size | ~₹9,000 crore |
| QIB (Institutional) Share | 50% of issue |
| Non-Institutional Share | 15% of issue |
| Retail Share | 35% of issue |
| Issue Type | Offer for Sale (100%) |
| Price Band (₹/share) | ₹129 - ₹136 |
| Market Lot | 110 shares |
| Face value (₹/share) | ₹ 2 |
| Listing Market Cap @ Upper price band | ~₹ 90,000 crore |

### Shareholding pattern

| | Pre-Issue | Post-Issue |
|---|---|---|
| Promoters | 100.0 | 90.0 |
| Public | 0.0 | 10.0 |
| Total | 100.0 | 100.0 |

### Objects of the issue

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The company will not receive any proceeds from the issue as it is pure play Offer for Sale. All the offer proceeds will be received by the selling shareholder i.e. Coal India Limited.

### Research Analyst

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### Key Financial Summary

| Financial Summary (₹ crore) | FY24 | FY25 | FY26 | H1FY27 | FY24-26 CAGR |
|---|---|---|---|---|---|
| Total Operating Income | 31,634 | 31,353 | 30,550 | 16,093 | -1.7% |
| EBITDA | 14,681 | 13,655 | 12,735 | 6,449 | -6.9% |
| EBITDA Margins (%) | 46.4 | 43.6 | 41.7 | 40.1 | |
| Net Profit | 11,842 | 10,825 | 10,698 | 4,881 | -5.0% |
| EPS (₹) | 17.9 | 16.4 | 16.2 | 7.4 | |
| P/E | 7.6 | 8.3 | 8.4 | NA | |
| RoNW (%) | 73.9 | 59.5 | 50.3 | NA | |
| RoCE (%) | 85.5 | 69.0 | 52.2 | NA | |

*Source: RHP, ICICI Direct Research*

IPO Review

ICICI Securities – Retail Equity Research

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, Subscribe for the long term, Unrated and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Unrated: No view on applying for the IPO

Subscribe only for long term: Apply for the IPO only from a long-term investment perspective (>two years)

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