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COAL

20 August 2026

Rising power demand to sustain coal demand

- **Coal demand growth to continue on back of healthy power demand with power sector ~70% offtake mix of India coal volumes**
- **Power demand is est. to grow at CAGR 9.0% over FY26 – FY30E. Per capita consumption to increase to 2,000KWh by 2030 from 1,460KWh**
- **Sector outlook - Positive driven by increased urbanization, industrial activity and uptick in Global thermal prices; benefiting Coal producers**

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Industry – demand primarily served by Coal India (CIL) & Singareni Collieries company Ltd. (SCCL): Coal India (CIL) is a largest player meeting 74% of coal demand in India. In FY26, the combined coal supply of Coal India (CIL) (74%) and SCCL (5%) accounted for approximately 79% of the total domestic coal supply by volume, with the remaining 21% supply is met via captive /other commercial blocks. India coal production reported a CAGR of 7.5% over FY22-FY26.

Coal demand primarily driven by offtake from power sector, to benefit from high correlation of power demand with GDP growth: Demand for coal is primarily driven by consumption from power plants (70% share) followed by steel (6%), Cement (1%) and others (Fertilisers, Paper, Brick etc.) – 23%. The demand growth of power and GDP growth is highly correlated, with both following a similar trend since 2018.

Power demand to grow at a CAGR of 9.0% over FY26-FY30E driven by demographic driver; Per capita consumption to increase: India power demand is expected to improve in the long term on the back of improvement in access to electricity, in terms of quality & reliability, rising per capita income, increasing EV penetration, railway electrification. Going forward, power demand is estimated to grow at CAGR 9.0% & coal based power demand is estimated to grow at CAGR of 4.2% over FY26 – FY30E. India per capita consumption stands at 1,460 KWh per person – which is lower than World average, USA and China. Under the draft National Electricity Policy, India aims to increase per capita consumption to 2,000 KWh by 2030. This will likely benefit Coal India and other coal producing companies.

Rise in global coal prices due to higher demand will likely lead to improvement in e-auction price: Prices of e-auction volumes are broadly linked to global coal prices. Post Middle East crisis, gas shortage has resulted in increased demand for Coal from Asia and Australia. Richard Bay Thermal coal price – Australia has risen from USD95/tonne in Dec.2025 to a level of USD108/tonne in August 2026. Japan and South Korea have significantly increased their thermal coal imports due to fuel switching from high priced LNG post supply disruptions from Middle East.

Going forward, improved demand outlook will likely keep global prices on higher side. Improved global prices will likely benefit e-auction prices in India and thus incremental revenues. Coal India has e-auction volumes of 11% out of total offtake volumes of 768mn tonnes in FY26.

Key risk:

- **Stricter environmental regulations can reduce demand:** Stricter environmental regulation by government for lower emissions may lead industries to shift towards more sustainable alternatives / non-fossil fuels and thus reduce demand for coal.
- **Economic downturn in consuming sector can lead to reduced demand of coal:** Economic downturn in future can impact industrial activity. This will likely lead to lower consumption of power and steel which are the major consumers of coal.

Valuation of Coal India

Coal India – at CMP- trades at a FY26 EV/EBITDA of 5.7x, implying a 30% discount to the global peer average of 7.5x.

Global peers are China Shenhua Energy (China), Shaanxi Coal Industry Co Ltd (China), Yankuang Energy Group Co Ltd (China), China Coal Energy Co Ltd (China).

Fig 1 – Valuation of Coal India vs Global peers:

	Mkt cap (USD bn)	Fiscal Year end	EV/EBITDA (x)	P/BV (x)	RoE (%)	Net D/E (x)	Dividend Yield (%, TTM)
China Shenhua Energy (China)	145.2	Dec.2025	11.4	2.4	12.98	(0.09)	4.4
Shaanxi Coal Industry Co Ltd	36.8	Dec.2025	5.92	2.13	17.88	0.01	7.1
Yankuang Energy Group Co Ltd	25.3	Dec.2025	7.86	1.22	12.6	0.61	2.3
China Coal Energy Co Ltd	25.2	Dec.2025	4.65	0.74	9.29	(0.02)	3.0
Coal India	**25.8**	**Mar.2025-26**	**5.7**	**2.3**	**28.16**	**(0.35)**	**5.9**
Average (Global peers)			**7.5**	**1.6**			

Source: Bloomberg

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Domestic Coal Industry

India coal industry demand is primarily served by Coal India (CIL) and Singareni Collieries Company Ltd (SCCL).

Coal India (CIL) is a largest player meeting 74% of coal demand in India. It has 8 subsidiaries which include Bharat Coking Coal (BCCL) – listed in January 2026.

CIL (313 operating mines) and Singareni Collieries Company Ltd (SCCL; 40 operating mines) dominate the coal production in the country with production by other captive and commercial players.

In FY26, the combined coal supply of CIL (74%) and SCCL (5%) accounted for approximately 79% of the total domestic coal supply by volume , with the remaining 21% supply is met via captive /other commercial blocks.

Fig 2 – Domestic coal production by players (FY26)

(mn tonnes)	FY26	% share
Coal India	768	73.8
SCCL	58	5.6
Captive/commercial blocks	215	20.6
Total production	**1,041**	**100.0**

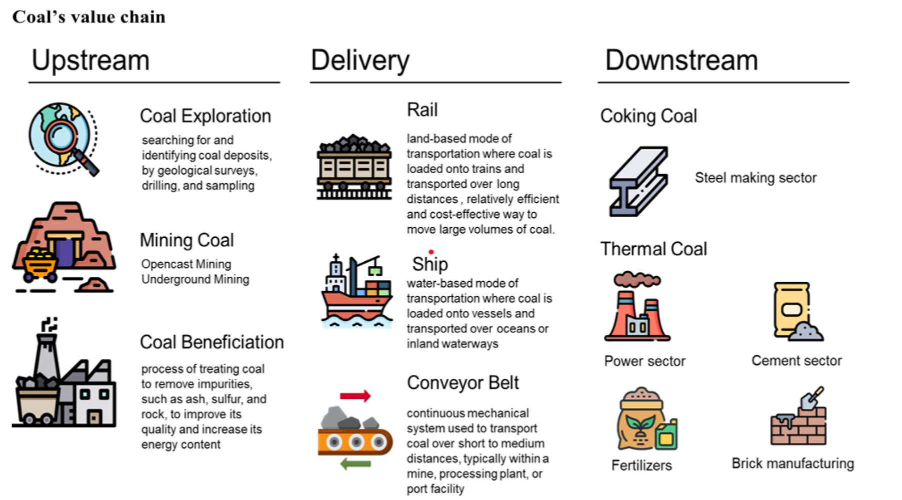
Source: Coal India, Industry reports

Private players – Tata Steel and SAIL has captive coal mines and consume it for its own purposes.

Coal value chain - consists of

- Upstream – Coal exploration, Mining coal & Coal beneficiation
- Delivery - by Rail, ship and conveyor belt
- Downstream – various grades for sectors – Thermal coal for power sector, Cement sector, Fertiliser sector; Coking coal for Steel sector.

Fig 3 – Coal value chain

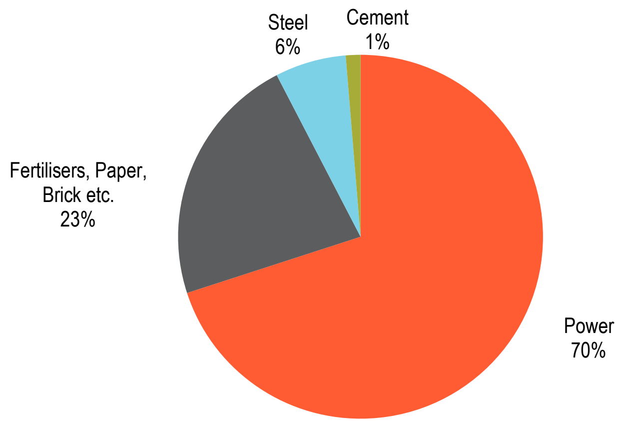


Source: Bharat coking coal – RHP, Crisil intelligence

Demand of coal

The power sector comprising power utilities and captive power plants (CPPs) accounted for approximately 70% of coal consumption and, thus, is central to the outlook for coal in the country. Power sector is followed by Steel, Cement and others.

Fig 4 – India's coal demand by end-use sectors



Source: Bharat coking coal – RHP, Ministry of Coal

Coal based Power generation capacity.

As on 31st March 2026; India's coal-based generation capacity stands at 229GW out of a total installed capacity of 533GW ie 43% share of total installed capacity. Thus coal plays an important role in providing reliable baseload power.

Coal resources as on 1st April 2025

According to the Geological Survey of India, the total geological resources of coal in the country are estimated at ~401 billion tonnes as on 1st April 2025. Resources are all the coal estimated to exist in the ground based on general geological data. Out of 400bn tonnes; 220bn tonnes are estimated to be proved resources.

Fig 5 – Total geological resources of coal in India as on 1st April 2025 (Coal-type wise break-up) in billion tonnes

(in bn tonnes)	Total	% share
Prime coking	5	1
Medium coking	29	7
Semi coking	2	1
Sub-total of coking	**36**	**9**
Non-coking	363	91
Tertiary coal	2	0
Grand total	**401**	**100**

Source: Coal India AR-FY26

Sector Outlook:

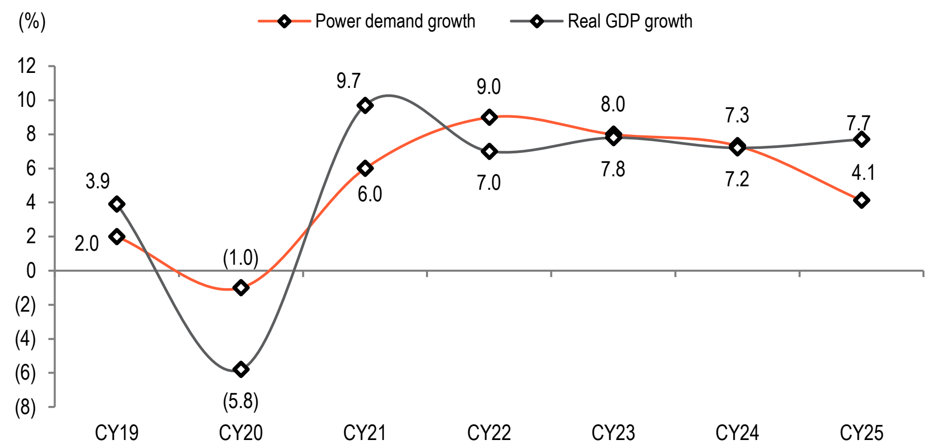
Coal demand primarily driven by offtake from power sector

Demand for coal is primarily driven by consumption from power plants followed by steel and fertilizer industry. Considering healthy electricity demand in the past and projects for future, growth for coal demand will likely remain healthy.

Demand growth of power and GDP growth of India

The demand growth of power and GDP growth is highly correlated, with both following a similar trend since 2018. During the pandemic, the demand for power as well as GDP declined till 2021, after which demand for power grew at 9.0% in 2022. In the subsequent year, demand for power grew by 8.0%. This growing multiple of GDP and power in the past years is a sign of growing power demand with GDP.

Fig 6 – Growth in power demand vs real GDP in India

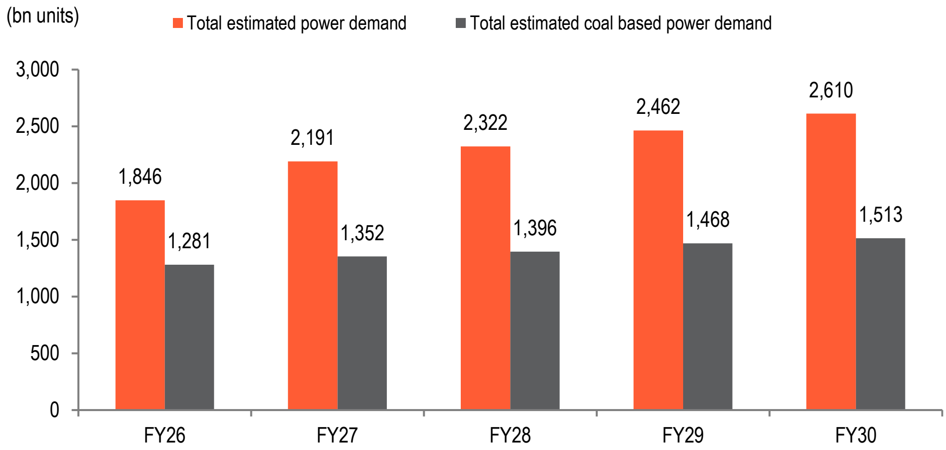


Source: Bharat coking coal – RHP, Ministry of power

Electricity demand

Electricity demand has been rising at a strong pace. In FY26; India consumed1,845bn units of electricity, an increase of 50% over FY21; thereby translating into a 5-year CAGR of 8.5%. Going forward, power demand is estimated to grow at CAGR 9.0% over FY26 – FY30E. Coal based power demand is estimated to grow at CAGR of 4.2% over FY26-FY30E.

Fig 7 – Estimated power demand in India vs Coal based power demand



Source: Coal India, May 2025; CEA and Industry

Positive demand outlook is driven by demographic drivers:

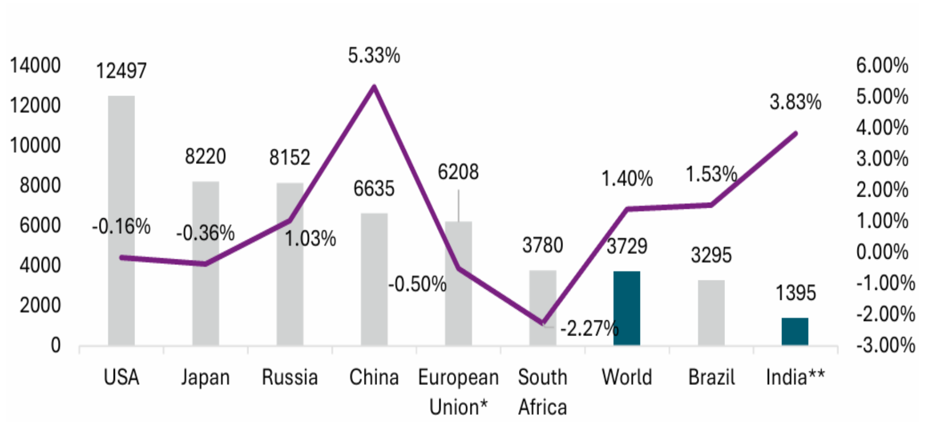
India's electricity consumption is ~ 7% of global total, making it the 3rd largest electricity consumer in the world after China (32% of global share) and USA (15% of global share)

- **India Per capita consumptions provide room for growth**

  In terms of per capita electricity consumption, India lags behind many developed countries, with an annual consumption of 1,395 kWh per person as of FY24 (Source – RHP – Bharat Coking Coal). As per latest data from Ministry of Power, India per capita consumption stands at 1,460 KWh per person as of FY25.

  This is compared to world average of 3,729KWh. United States, for instance, has a per capita electricity consumption of 12,497 kWh, which is almost ten times that of India's. China, on the other hand, has a per capita electricity consumption of 6635 kWh, which is five times that of India.

Fig 8 – Per capita electricity consumption India FY24 vs other economies



Source: Bharat Coking Coal RHP, *European Union data is for 2022, **India's data is for Fiscal 2024

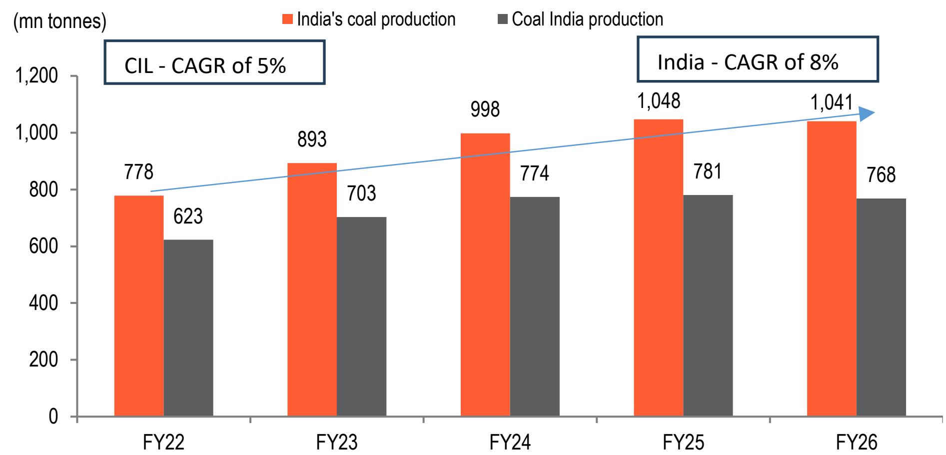
India per capita consumption is expected to increase significantly in the coming years, driven by the government's efforts to electrify all households and promote economic growth. Under the draft National Electricity Policy, India aims to increase per capita consumption to 2,000 KWh by 2030

Per capita electricity consumption is expected to increase in the long term as power demand picks up on the back of improvement in access to electricity, in terms of quality & reliability, rising per capita income, increasing EV penetration, railway electrification, on account of intensive rural electrification, which would result in realization of latent demand from the residential segment, increased penetration of consumer durables.

This auger well for companies producing coal.

Among domestic players, Coal India is a single largest producer of Coal in India and is major contributor to India coal production base over the years. Coal India is the single largest coal producer in India catering to about 74% of coal production in India. Coal India has set a sales offtake target of 850mn tonne in FY27E which is a growth of +14.3%YoY over FY26 sales offtake volumes of 744mn tonnes (based on AR-FY26). Further the company has set a long term target of ~1,000mn tonne by FY30E

Fig 9 – Coal production in India vs Coal India production (mn tonnes); CAGR% over FY22-FY26 period



Source: Coal India

- **Clientele base and long term fuel supply agreements ensure cashflow stability :** Coal producers derive a major portion of revenue from PSU power entities. Coal dispatches are normal through long term supply agreement with them. Thus this profile ensures cashflow stability barring during periods of stress of state finances when there can be increase in receivables.
    - Bharat Coking Coal (BCCL) – which is 100% subsidiary of Coal India has 89% of its revenue in FY25 from Top 10 customers which includes NTPC, Uttar Pradesh Rajya Vidyut Nigam Ltd, Punjab state power corporation, Damodar valley Corporation, SAIL etc. BCCL gets 66% of its revenues from government owned power generation companies

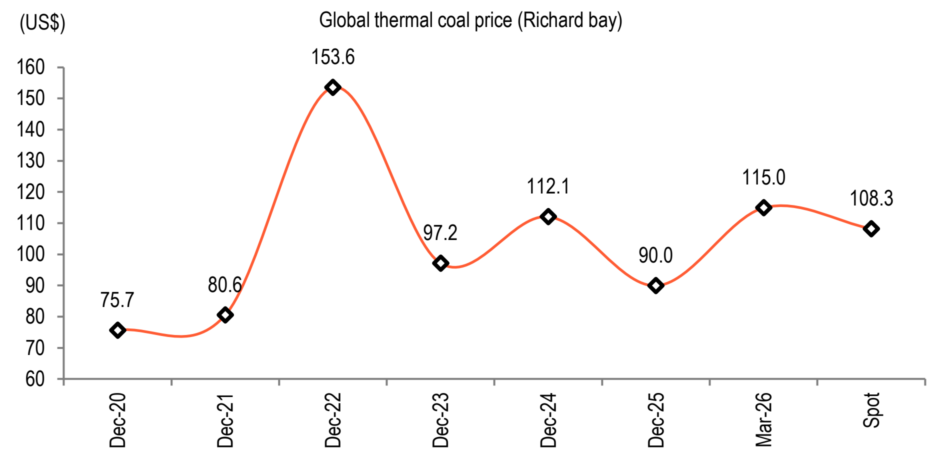
      BCCL gets 76% of revenue from Power sector; 18% from Steel sector and balance from Cement & other sectors.

      Coal India - Power sector remained the largest consumer accounting for 588mn t of coal supply in FY26 out of total offtake of 744mn tonnes, which is 79% of total volumes

- **Imported coal prices - Rise in global coal prices due to higher demand will likely lead to improvement in e-auction price:**

  Prices of e-auction volumes are broadly linked to global coal prices. Post Middle East crisis, gas shortage has resulted in increased demand for Coal from Asia and Australia. This has led to increase in thermal coal prices. Richard Bay Thermal coal price – Australia has risen from USD95/tonne in Dec.2025 to a level of USD108 in August 2026.Going forward, improved demand outlook will likely keep global prices on higher side. This will likely benefit domestic coal sector in terms of higher e-auction revenues.

Fig 10 – Coal prices trend (in USD per tonne)



Source: Bloomberg, BOBCAPS Research

Eg For Coal India - E-auction volumes contributes about 11% of total volumes for the company.

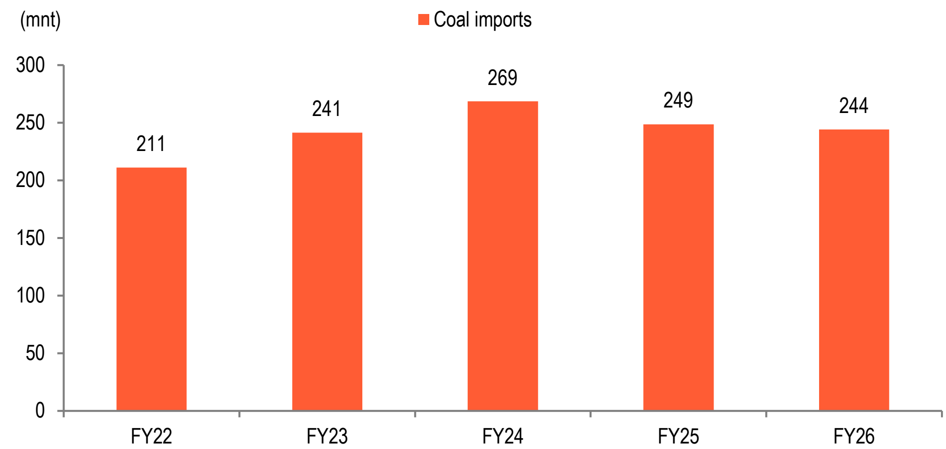
However, quality of coking coal from BCCL and Coal India is considered lower due to its high ash content. Thus, it limits its increased usage in steel and cement sector.

Coal Imports by India

Domestic supply sources are not able to sufficiently cater to the overall demand for coal in India. Domestic coal production meets average country's requirements, while approx. 24% coal is imported every year on an average.

As a result, India is the second largest importer of coal, accounting for about 18% of global non-coking coal imports. Coal is imported by both power and non-power sectors in India. There are some power plants in the coastal regions with approximately 18,000 MW cumulative capacity that cannot use domestic coal and thus are dependent on imported coal for blending purposes.

Fig 11 – Coal imports by India (in mn tonnes)



Source: Ministry of coal

Key risks for the Coal sector

Stricter environmental regulations can reduce demand: Stricter environmental regulation by government for lower emissions may lead industries to shift towards more sustainable alternatives / non-fossil fuels. This will likely reduce demand for coal from producers and thus will have an impact on demand growth for future.

Economic downturn in consuming sector can lead to reduced demand of coal: Economic downturn in future can impact industrial activity. This will likely lead to lower consumption of power and steel which are the major consumers of coal.

The power industry is subject to fluctuations in energy demand, fuel prices, regulatory policies, and technological changes, including the shift towards renewable energy sources. Economic downturns or changes in government policies can lead to reduced investment in power infrastructure and thus affect demand for coal.

Steel industry output is influenced by global prices, tariffs and level of construction activities. Thus, negative developments can affect demand for coal.

Thus, economic downturn will likely impact offtake of coal and coal sector demand.

Coal India

Largest coal producer in India – Coal India

Coal India is the largest producer of Coal in India catering to 74% of coal requirement in India.

Incorporated in 1975, the company has consistently delivered improved production year on year. It delivered coal from a level of 79mnt to a level of 745mn tonne in FY26.

Coal India consistently gave health dividends since listing in Nov 2010

Coal India sells raw coal and washed coal to consumers under fuel supply agreement (FSA) and through e-auction route. This coal is used by consumers in power thermal plants, cement manufacturers, steel manufacturers and fertilizer companies.

Coal India operates 12 coal washeries – 10 coking coal and 2 non-coking coal .

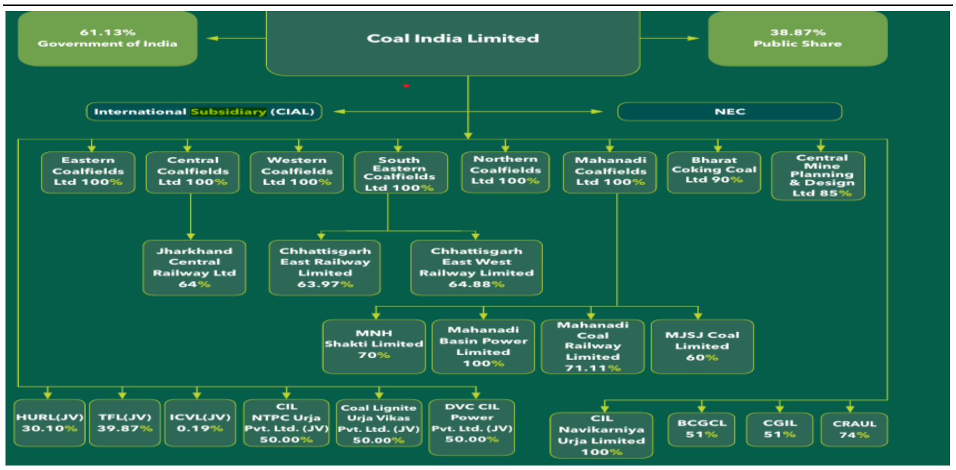
Coal India has 7 producing subsidiaries. Its 100% subsidiary Bharat Coking Coal (BCCL) got listed in January 2026. BCCL produced 36mn tonnes of coal in FY26 out of total Coal India production of 768mn tonnes.

Fig 12 – Subsidiary cos and % stake

S.no	Subsidiary name	% stake of Coal India
1	Eastern Coalfields Limited (ECL)	100.0
2	Central Coalfields Limited (CCL)	100.0
3	Western Coalfields Limited (WCL)	100.0
4	Southeastern Coalfields Limited (SECL)	100.0
5	Northern Coalfields Limited (NCL)	100.0
6	Mahanadi Coalfields Limited (MCL)	100.0
7	Bharat Coking Coal Limited (BCCL)	90.0
8	Central Mine Planning & Design Institute Limited	85.0

Source: Coal India

Fig 13 – Coal India corporate structure



Source: Coal India

Further –

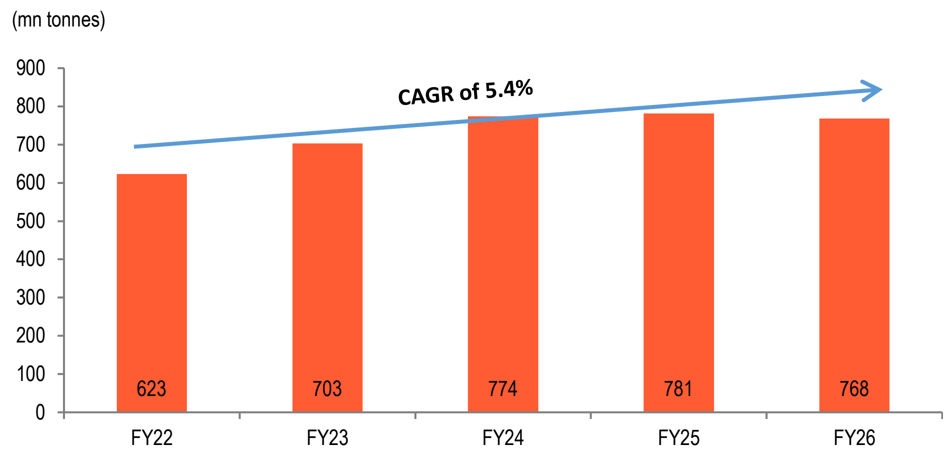
Mahanadi Coalfields Ltd has four subsidiaries – 1) MJSJ Coal Ltd. 2) MNH Shakti Ltd. 3) Mahanandi Basin Power Ltd 4) Neelachal Power Transmission Company pvt. ltd.

SECL has 2 subsidiaries 1) M/S Chhattisgarh East Railway (CERL) 2) M/S Chhattisgarh East-West Railway Ltd. (CEWRL)

CCL has one subsidiary – Jharkhand Central Railway Ltd.

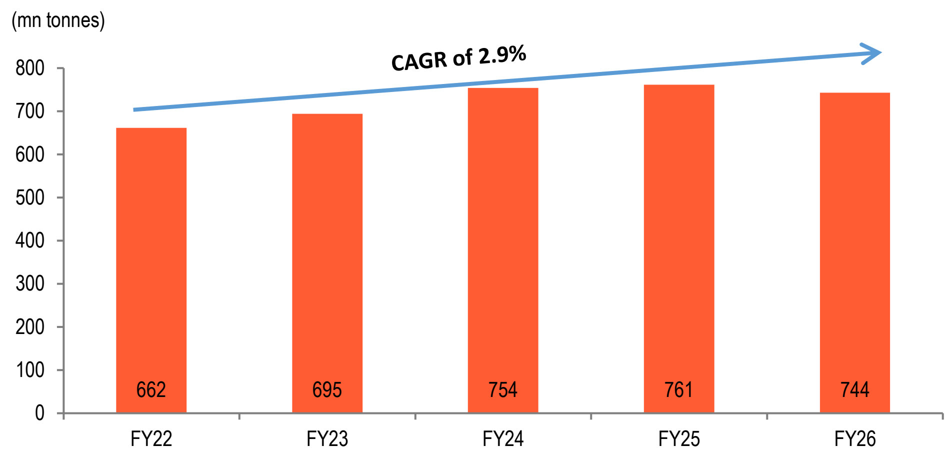
- **Coal offtake from Coal India is spread across key sectors of economy**
  - The company supplies 79% of its total coal offtake to the power sector with the remaining volume to non-power industries like steel, cement and Fertiliser through long term FSA and e-auctions

Fig 14 – Steady Coal Production Growth



Source: Coal India

Fig 15 – Sustained Coal offtake Growth



Source: Coal India

Fig 16 – Subsidiary performance of Production (in mnt)

Subsidiary	FY25	FY26	% Share of total CIL volumes (FY26)
Eastern Coalfields Limited (ECL)	52.0	52.1	6.8
Central Coalfields Limited (CCL)	87.5	82.3	10.7
Western Coalfields Limited (WCL)	69.1	63.0	8.2
Southeastern Coalfields Limited (SECL)	167.5	176.3	22.9
Northern Coalfields Limited (NCL)	139.0	140.5	18.3
Mahanadi Coalfields Limited (MCL)	225.2	218.3	28.4
Bharat Coking Coal Limited (BCCL)	40.5	35.5	4.6
NEC	0.2	0.2	0.0
TOTAL	**781.1**	**768.2**	**100.0**

Source: Coal India

Fig 17 – Subsidiary performance of offtake (in mnt)

Subsidiary	FY25	FY26	% Share of total CIL volumes (FY26)
Eastern Coalfields Limited (ECL)	49.8	48.3	6.5
Central Coalfields Limited (CCL)	85.7	76.3	10.2
Western Coalfields Limited (WCL)	68.6	60.0	8.1
Southeastern Coalfields Limited (SECL)	170.8	178.6	24.0
Northern Coalfields Limited (NCL)	137.7	137.1	18.4
Mahanadi Coalfields Limited (MCL)	212.0	211.4	28.4
Bharat Coking Coal Limited (BCCL)	38.3	33.1	4.4
NEC	0.3	0.2	0.0
TOTAL	**763.0**	**744.9**	**100.0**

Source: Coal India

- **Strong balance sheet helped by strong operating cashflow and production growth will likely aid pursue inorganic growth opportunities for Coal India:** Coal India has a strong balance sheet with Net cash as on Mar.2026. This position will help drive incremental benefits from inorganic opportunities in coming years.
  - Coal India's gross debt increased to Rs 138,210mn in Mar.26 from Rs 89,080mn in Mar.25. However, cash and bank balances rose sharply to Rs 525,740mn from Rs 342,150mn, more than offsetting the increase in debt. As a result, the company's net cash position strengthened to Rs 387,530mn in Mar.26 from Rs 253,070mn in Mar.25. Leverage remains comfortable, with Net D/E improving to -0.3x and Net Debt/EBITDA improving to -0.9x.

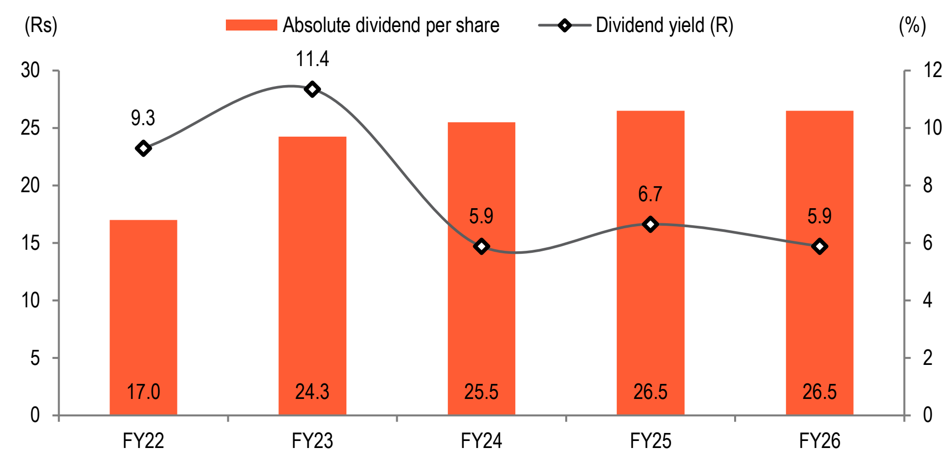
Fig 18 – Balance sheet parameters

Details	Mar.22	Mar.23	Mar.24	Mar.25	Mar.26
Long term debt	33,018	41,063	56,172	73,858	92,324
Short term debt	80	85	6,718	15,227	45,891
Total debt	**33,098**	**41,147**	**62,890**	**89,084**	**138,215**
Cash & bank balance	299,652	399,219	302,352	342,153	525,744
Net debt	**(266,555)**	**(358,071)**	**(239,462)**	**(253,069)**	**(387,529)**
Net D/E (x)	**0.0**	**(0.6)**	**(0.3)**	**(0.2)**	**(0.3)**
Net Debt/EBITDA (x)	**(1.1)**	**(1.0)**	**(0.5)**	**(0.5)**	**(0.9)**

Source: Coal India

- **Dividend yield:** Strong balance sheet and operating cashflow has helped Coal India to deliver healthy dividend in the past years.

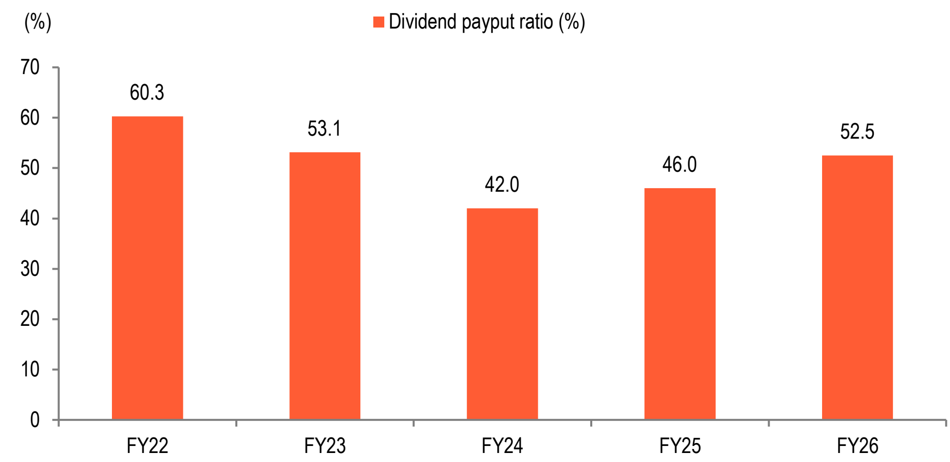
Fig 19 – Dividend Yield Remains Attractive



Source: Coal India, Note: Dividend yield (%) based on share price as on March end FY

- **Dividend payout ratio:** In last 5 years, Coal India has a dividend payout ratio (%) between 42.0% and 60.3%.

Fig 20 – Dividend payout ratio (%)



Source: Coal India

Fig 21 – Annual performance (consolidated)

(Rs mn)	FY22	FY23	FY24	FY25	FY26	CAGR (FY22-FY26)
Revenue	**1,005,626**	**1,276,275**	**1,303,257**	**1,691,774**	**1,684,003**	**13.8**
EBITDA	**247,136**	**368,179**	**479,715**	**472,050**	**412,420**	**13.7**
EBITDA margin (%)	*24.58*	*28.85*	*36.81*	*27.90*	*24.49*	-
Depreciation	44,287	46,753	67,354	90,922	101,367	-
Interest	5,415	6,843	8,194	8,837	12,163	-
Other income	38,814	65,507	79,691	94,720	112,757	-
PBT	236,249	380,090	483,858	467,012	411,647	14.9
Tax	62,379	98,759	114,435	117,137	108,525	-
Reported PAT	**173,784**	**281,249**	**374,023**	**355,058**	**310,943**	**15.7**
PATM (%)	*17.28*	*22.04*	*28.70*	*20.99*	*18.46*	-
EPS (Rs)	**28.2**	**45.6**	**60.7**	**57.6**	**50.5**	**-**

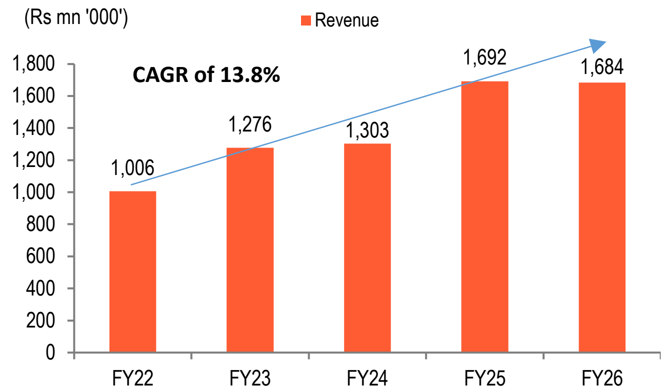
Source: Coal India

Fig 22 – Performance parameters (consolidated)

(mnt)	FY22	FY23	FY24	FY25	FY26	CAGR (FY22-FY26)
Production volumes	623	703	774	781	768	5.4
Sales volumes	662	695	754	761	744	3.0
Average realisation/tonne (Rs)	**1,519**	**1,837**	**1,727**	**2,222**	**2,265**	10.5
Average EBITDA/tonne (Rs)	**373**	**530**	**636**	**620**	**555**	10.4

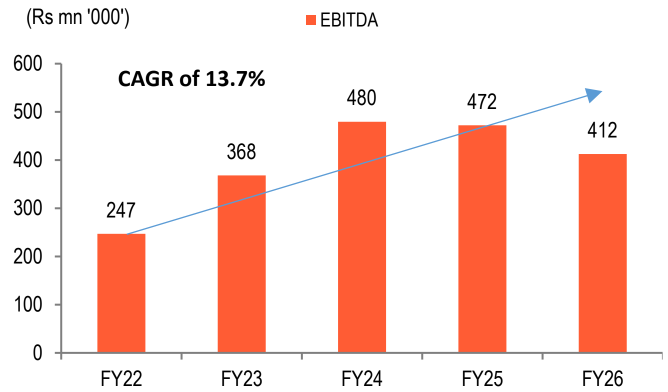
Source: Coal India, BOBCAPS Research

Fig 23 – Revenue expansion



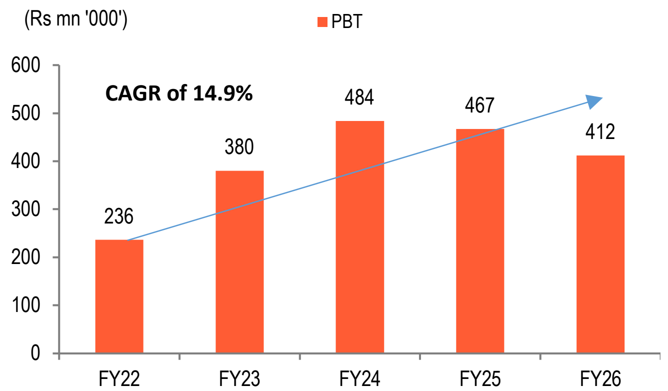
Source: Coal India

Fig 24 – EBITDA growth



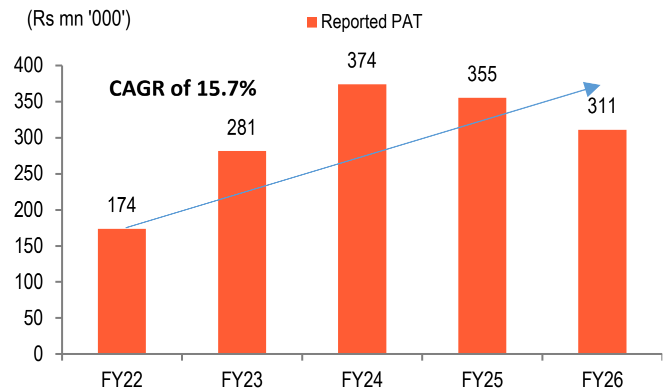
Source: Coal India

Fig 25 – Strong profit accretion



Source: Coal India

Fig 26 – Earnings Growth Outpaces Revenue



Source: Coal India

Singareni Collieries Company Ltd. (SCCL)

Singareni Collieries Company Ltd. (SCCL) is a government coal mining company, jointly owned by the Government of Telangana (51%) and the Central Gobvernment of India (49%).

SCCL is currently operating 17 opencast mines and 22 underground mines spread over 6 districts of Telangana state.

Fig 27 – Annual performance

(Rs mn)	FY21	FY22	FY23	FY24	FY25
Revenue	137,629	204,997	261,988	300,229	287,819
EBITDA	13,651	33,155	47,372	97,706	111,714
EBITDA margins (%)	*9.9*	*16.2*	*18.1*	*32.5*	*38.8*
PAT	3,674	12,289	25,985	48,298	66,133

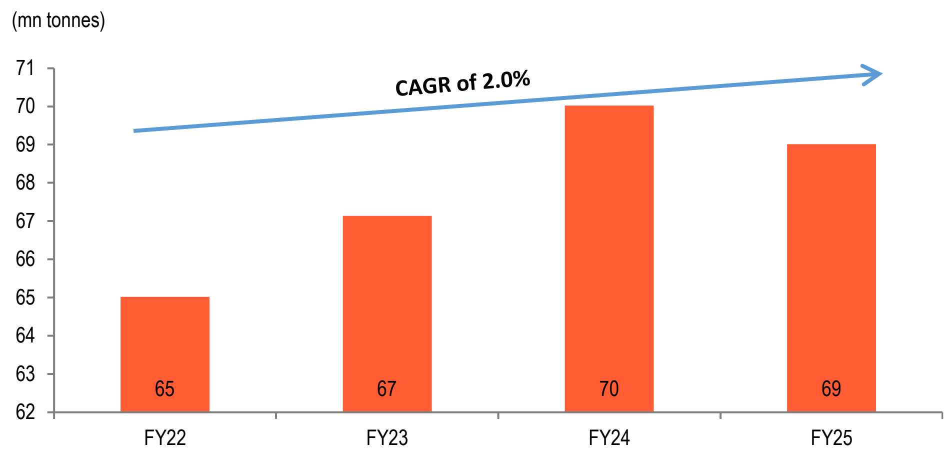
Source: SCCL | Note – FY26 financials are not released so far

Fig 28 – Performance parameters

(mnt)	FY21	FY22	FY23	FY24	FY25
Production volumes	50.6	65.0	67.1	70.0	69.0
Sales volumes	48.5	65.5	66.7	69.9	65.2
Average realisation/tonne (Rs)	**2,837**	**3,128**	**3,928**	**4,298**	**4,412**
Average EBITDA/tonne (Rs)	**281**	**506**	**710**	**1,399**	**1,713**

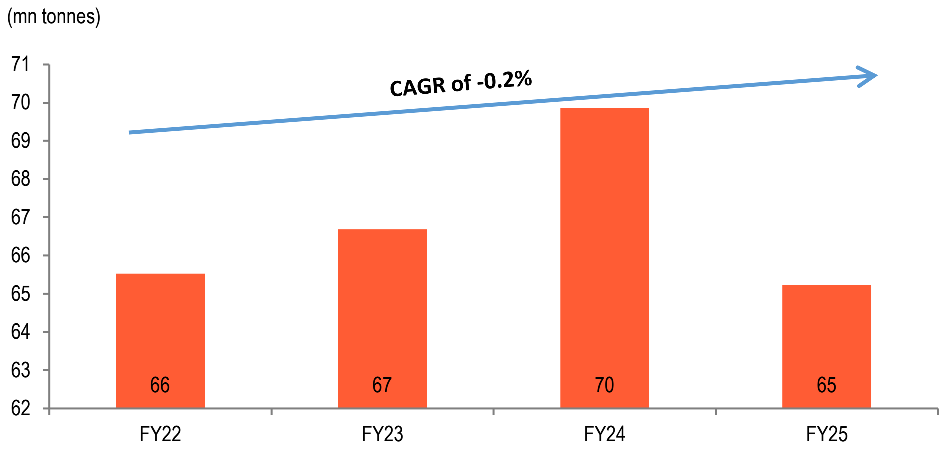
Source: SCCL, BOBCAPS Research

Fig 29 – Coal production



Source: SCCL

Fig 30 – Coal offtake



Source: SCCL

Coal India vs Peers Comparison

Coal India does not have direct comparison to any listed company. Its subsidiary Bharat Coking Coal (BCCL) got listed in January 2026.

Global peers are China Shenhua Energy (China), Shaanxi Coal Industry Co Ltd (China), Yankuang Energy Group Co Ltd (China), China Coal Energy Co Ltd (China).

Fig 31 – Valuation of Coal India vs Global peers:

	Mkt cap (USD bn)	Fiscal Year end	EV/EBITDA (x)	P/BV (x)	RoE (%)	Net D/E (x)	Dividend Yield (%, TTM)
China Shenhua Energy (China)	145.2	Dec.2025	11.4	2.4	12.98	(0.09)	4.4
Shaanxi Coal Industry Co Ltd	36.8	Dec.2025	5.92	2.13	17.88	0.01	7.1
Yankuang Energy Group Co Ltd	25.3	Dec.2025	7.86	1.22	12.6	0.61	2.3
China Coal Energy Co Ltd	25.2	Dec.2025	4.65	0.74	9.29	(0.02)	3.0
Coal India	**25.8**	**Mar.2025-26**	**5.7**	**2.3**	**28.16**	**(0.35)**	**5.9**
Average (Global peers)			**7.5**	**1.6**			

Source: Bloomberg

Despite its dominant market position and strong cash generation, Coal India trades at a FY26 EV/EBITDA of 5.7x, implying a 30% discount to the global peer average of 7.5x. Overall, Coal India's valuation appears reasonable given its leadership in the Indian coal market, resilient demand outlook driven by power sector growth.

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HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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