SECTOR STUDY . 11th JULY 2026

Together. Creating Value.

Coal Mining & Trading

Research Team

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Global | Overview

- Coal is a carbon-rich organic rock formed from vegetation compressed over millions of years under heat and pressure. It is mainly used in two forms: **Metallurgical coal (coking coal)**: Used in steel production and other furnces. **Thermal coal**: Used to generate electricity and heat.

- Global proved coal reserves stood at ~1,074.1bn MT in CY24, while production was ~9,052.7mn MT in CY25. This shows annual extraction was only ~0.8% of total reserves, indicating a large global reserve base relative to current mining levels. This is primarily on environmental concerns, especially for developed economies.

- The USA held the largest reserve share at ~23.2%, followed by Russia at ~15.1%, Australia at ~14.0%, China at ~13.3% and India at ~10.3%. However, production remained concentrated in Asia, with China producing ~4,663mn MT and India ~1,084.2mn MT in CY25.

- China's production-to-reserve ratio was higher at ~3.3%, compared to ~0.2% for the USA. This reflects China's higher domestic coal use for power and industry, while the USA has a large reserve base but lower extraction intensity.

- Going forward, global coal demand is expected to remain broadly flat, with only a gradual decline expected by 2030. However, China, India, and Southeast Asia are likely to remain important demand canters, keeping production levels intact in the near term.

	Country	Proven Reserves (bn MT) | CY24*	Share in Global Reserves (%)	Production (mn MT)| CY25	Production (% of reserves)
1	USA	248.9	23.2%	483.6	0.2%
2	Russia	162.2	15.1%	429.2	0.3%
3	Australia	150.2	14.0%	431.4	0.3%
4	China	143.2	13.3%	4,663.0	3.3%
5	India	111.0	10.3%	1,084.2	1.0%
6	Germany	35.9	3.3%	86.4	0.3%
7	Indonesia	34.8	3.2%	790.0	2.4%
8	South Africa	34.4	3.0%	235.5	0.7%
9	Poland	28.3	2.6%	80.6	0.3%
10	Kazakhstan	25.6	2.4%	120.5	0.4%
	Others	99.6	9.6%	648.3	0.9%
Total/Average		**1,074.1**	**100%**	**9,052.7**	**0.8%**

Note: **Latest Available.*
Proven Reserves depict the coal that can be mined with the mining technology currently available.

Source: Mining-Technology, EIA, IEA

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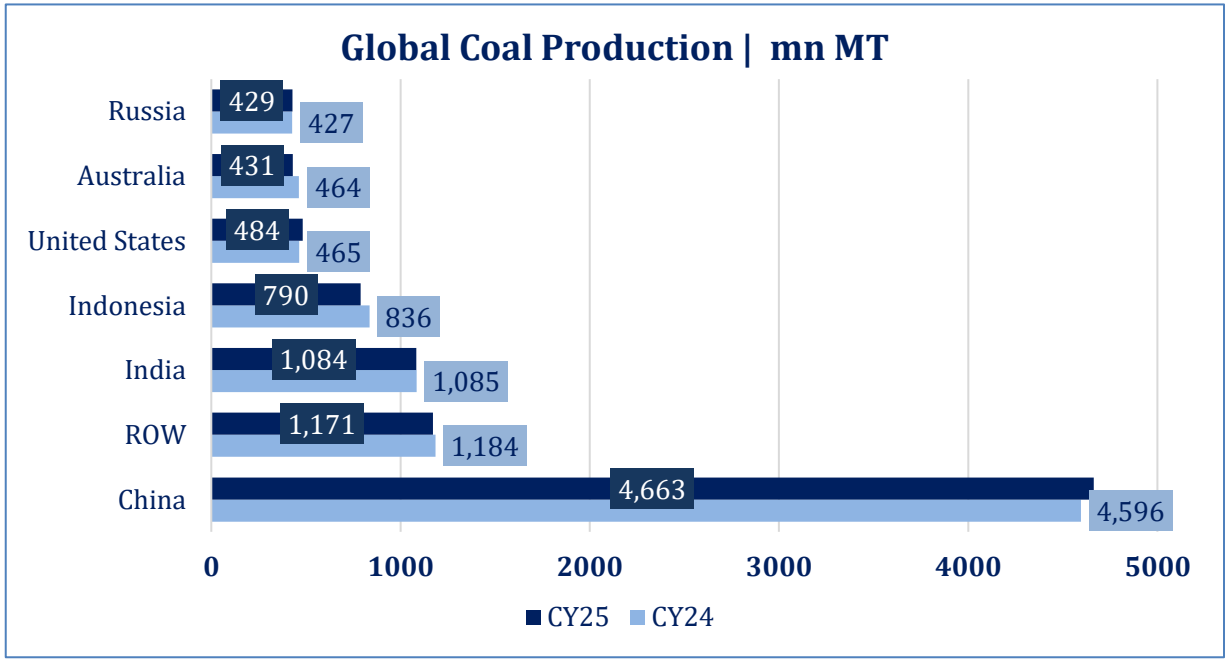
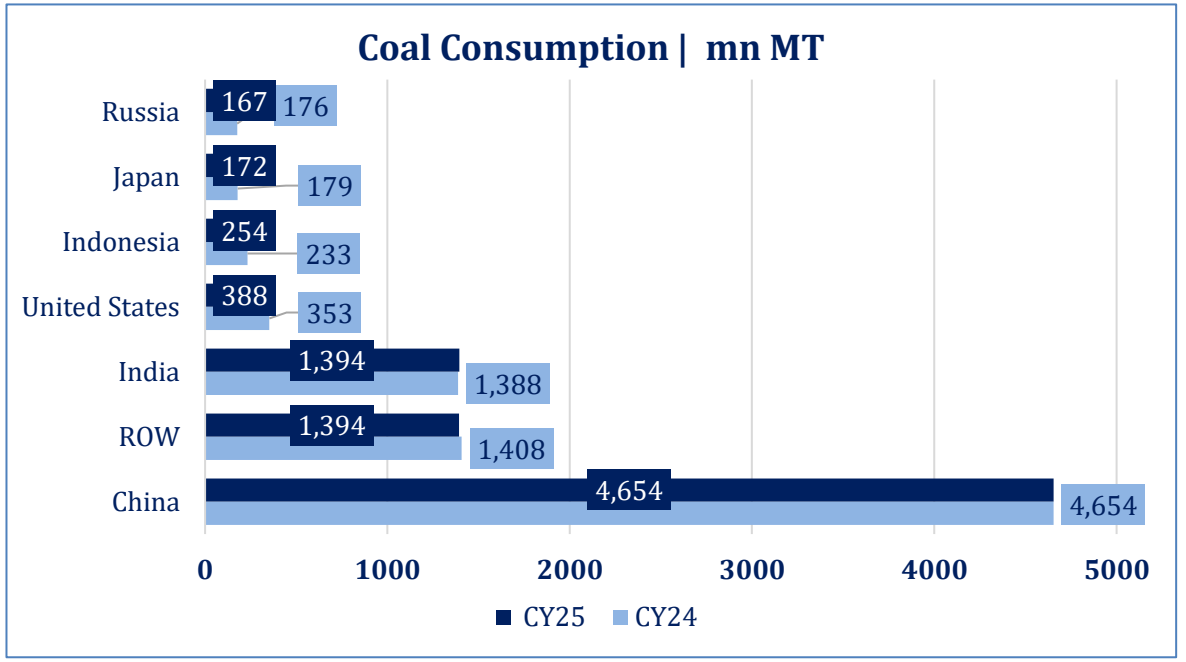
Global | Production & Consumption





- In CY25, global coal production remained broadly stable at ~9,053mn MT compared to ~9,057mn MT in CY24. China remained the largest producer at ~4,663mn MT due to its high reliance on coal for power generation and industrial use.
- Indonesia's production declined to ~790mn MT in CY25 from ~836mn MT in CY24, while Australia also fell to ~431mn MT from ~464mn MT. This indicates some softness in export-oriented coal supply, as global coal trade remained under pressure due to high inventories and slower import demand as the world demand gradual shifts towards cleaner energy sources.
- Global coal consumption remained largely unchanged in CY25. China consumed ~4,654mn MT, almost flat YoY, while India's consumption stood at ~1,394mn MT. The trend reflects that coal demand has reached a plateau globally, but Asia continues to remain the main demand hub.
- Global coal consumption is expected to decline gradually and would to ease by ~3% by CY30 compared to CY25, as renewable capacity rises. China, India and Southeast Asia are expected to continue their demand trends in the near-term.

***Note**: Coal includes both solid coal as well as Bituminous coal*

Source: IEA, BP Stats

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Global | Trade

Coal Imports | (mn MT)						
Sr.	Countries	CY21	CY22	CY23	CY24	CY25
1	China	338	295	514	588	527
2	India	282	301	323	320	319
3	Japan	192	191	174	172	168
4	Europe	401	446	321	270	272
5	South Korea	270	270	257	247	237
Rest of the World		204	139	216	258	271
Total		1,686	1,642	1,805	1,855	1,792

Coal Exports | (mn MT)						
Sr.	Countries	CY21	CY22	CY23	CY24	CY25
1	Indonesia	442	455	506	557	515
2	Australia	351	300	327	350	348
3	Russia	272	243	249	220	224
4	USA	97	100	110	118	104
5	Mongolia	26	47	101	119	127
Rest of the World		498	497	511	490	474
Total		1,686	1,642	1,805	1,855	1,792

- Global coal trade declined to ~1,792mn MT in CY25 from ~1,855mn MT in CY24. The decline was mainly driven by China, where imports fell to ~527mn MT from ~588mn MT due to slower demand, sufficient domestic production and high coal stocks.
- India's imports remained almost stable at ~319mn MT in CY25 compared to ~320mn MT in CY24. This reflects continued coal demand, but higher domestic thermal coal production limited the need for additional imports.
- On the export side, Indonesia remained the largest exporter at ~515mn MT in CY25, though exports declined from ~557mn MT in CY24. The fall was attributed to weaker import demand from China, as Indonesia remains a key supplier to Asian coal markets.
- In CY24, global coal trade had increased to ~1,855mn MT from ~1,805mn MT in CY23. However, CY25 demand remained under pressure, with lower Chinese imports, weaker thermal coal demand and subdued international prices affecting major exporters. Over the medium term, trade is expected to soften gradually as developed economies shift toward cleaner energy sources, while demand stays concentrated in Asia.

Source: IEA, Ener Data

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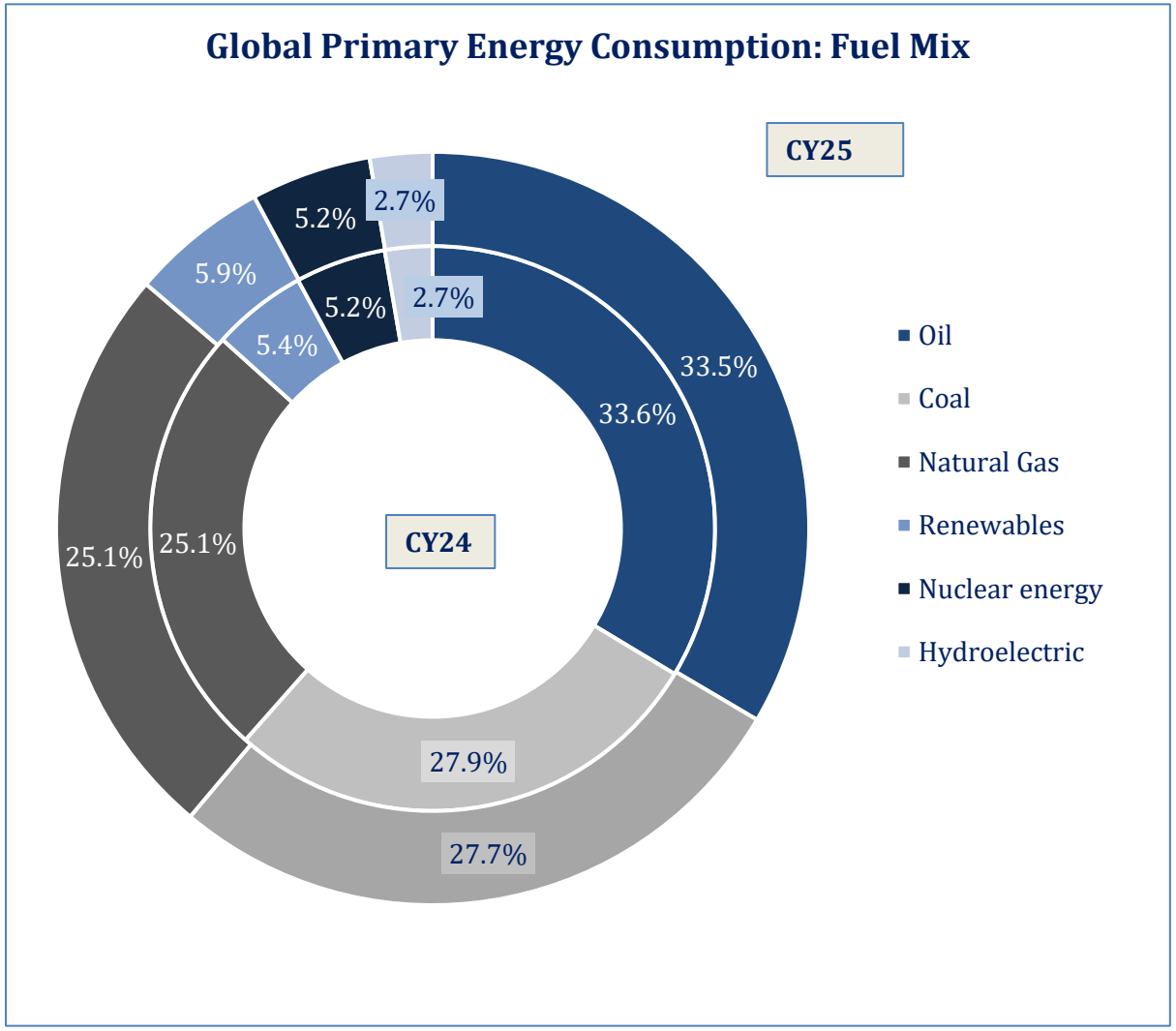
Global | Power Generation Mix

- In CY25, fossil fuels continued to dominate the global energy mix, with oil at ~33.5%, coal at ~27.7% and natural gas at ~25.1%. This shows that global energy demand is still largely met through conventional fuels despite rising renewable capacity and focus on clean energy. However, the share of renewables is gradually increasing in the global energy mix.

- Coal's share declined slightly to ~27.7% in CY25 (CY24: ~27.9%). The demand for coal largely emanates for power generation and industry, particularly in China, India and developing Asia. Coal bsed power generation accounts for around two-thirds of global coal consumption.

- Renewables increased to ~5.9% in CY25 from ~5.4% in CY24, while hydroelectric remained broadly stable at ~2.7%. The shift shows gradual clean-energy addition but not yet a sharp displacement of fossil fuels, as total energy demand continues to grow.

- Coal's share is expected to reduce gradually as solar, wind, hydro and nuclear generation expand. However, the pace of decline is likely to remain slow because coal demand in Asia and industrial Sectors continues to support overall consumption.



Source: BP Stats, IEA

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Global | Carbon Emissions

- In CY25, global CO_2 emissions stood at ~35.8bn MT, with China being the largest emitter at ~11.2bn MT, followed by the USA at ~4.8bn MT and India at ~2.9bn MT. Together, these three countries accounted for ~52.8% of global emissions.
- China's high emissions are mainly linked to its large coal-based power generation and industrial base. However, emission growth has started to ease as renewable energy additions continue to increase.
- India's emissions were relatively contained in CY25 due to stronger renewable generation and weather-related factors, including a strong monsoon that lowered temperatures and improved hydro generation.
- Global emissions growth is expected to slow as renewable capacity expands. However, coal-heavy economies, especially China and India, will continue to influence the pace of global emission reduction due to their large power and industrial demand.
- Pakistan's share in global emissions was under ~1% (~0.2 bn MT, or roughly ~0.6% of the global total). However, the country remains among those most exposed to climate-related events such as flooding, extreme temperatures, and shifting weather patterns.

Country-wise Carbon Emissions | CY25		
Sr.	**Countries**	**bn MT**
1	**China**	11.2
2	**USA**	4.8
3	**India**	2.9
4	**Russia**	1.6
5	**Japan**	1.0
	R.O.W	14.3
	Total	**35.8**

Source: IEA, EIA, wisevoter

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Global | Carbon Emissions

- In CY25, global fossil-fuel emissions increased mainly due to natural gas and oil, which added ~85mn MT CO_2 and ~62mn MT CO_2, respectively. Coal emissions were almost flat, increasing by only ~28mn MT CO_2, as decline observed in China, India and the EU largely offset increased utilization in the USA, Indonesia and other EMDEs.

- China's coal-related emissions fell by ~48mn MT CO_2 in CY25. This was mainly due to higher renewable generation (as China shifts away from coal), slower electricity demand growth, and weaker activity in energy-intensive Sectors such as cement and steel.

- India's coal emissions declined by ~17mn MT CO_2, supported by an early and strong monsoon, which reduced cooling demand and improved hydropower generation. This lowered coal-based power demand during the period.

- The USA recorded the largest increase in coal-related emissions at ~78mn MT CO_2. Higher natural gas prices and stronger electricity demand supported gas-to-coal switching, reversing the recent declining trend in coal use.

- Emissions are expected to remain contained as solar, wind, nuclear, electric vehicles and heat pumps continue to displace fossil fuel demand. However, natural gas and oil emissions may remain sticky where electricity demand, heating needs, and transport activity continue to grow.

Change in CO2 emissions by Fuel and Region CY25 (mn MT CO2)			
Countries	**Coal**	**Oil**	**Natural Gas**
China	-48	+16	+14
India	-17	+4	-4
Indonesia	+40	+4	-
Rest of EMDE	+17	+41	+22
USA	+78	-	+23
European Union	-22	-9	+18
Japan	-	-8	
Rest of AE	-20	-8	+12
Others	-	+22	-
World	**28**	**62**	**85**

Source: IEA, EIA

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Global | Outlook

- Global coal production remained broadly stable at ~9,053mn MT in CY25 compared to ~9,057mn MT in CY24. Going forward, coal demand is expected to stay near current levels in the short term, before easing gradually by CY30 as renewable and nuclear generation expand.

- China will remain the key driver of the global coal market, as it produced ~4,663mn MT and consumed ~4,654mn MT in CY25. However, its coal imports are expected to remain low due to high domestic supply, slower demand, sufficient inventories, and gradual shift towards other energy sources.

- India is expected to remain a key growth market. Its CY25 consumption stood at ~1,394mn MT, while import demand is likely to remain supported by power, steel and industrial activity. However, rising domestic production may limit growth in thermal coal imports.

- Global coal trade declined to ~1,792mn MT in CY25 from (CY24:~1,855mn MT). This pressure may continue if China's imports remain weak, affecting export-oriented suppliers such as Indonesia and Australia.

- Coal's share in the global energy mix declined slightly to ~27.7% in CY25 from ~27.9% in CY24. The decline is expected to continue gradually, but coal will remain relevant in Asia due to power reliability needs and industrial demand.

- International coal prices have recovered to ~USD110/MT FOB, around ~22% above 2025 levels, after the earlier decline that supported higher import volumes during 9MFY26. Coal prices are expected to remain sensitive to weather, gas prices, inventories, prices of other fuels and geopolitical energy-market disruptions. Any increase in oil and gas prices can support short-term coal demand through coal switching in power generation.

- Overall, the global coal sector outlook is considered Stable, though flagged for environmental and demand concerns. Demand is not expected to collapse in the near term, but weaker Chinese imports, energy-transition policies and rising renewable capacity may limit long-term growth in global coal mining and trade.

Source: IEA, Ener Data

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Local | Snapshot

- During 9MFY26, coal consumption increased to ~21.4mn MT from ~16.2mn MT in 9MFY25. The rise was broad-based, with coal-based power consumption increasing to ~12.8mn MT, cement to ~4.2mn MT and brick kilns to ~4.5mn MT.
- Local coal production rose to ~14.3mn MT in 9MFY26 from ~11.7mn MT in 9MFY25. Meanwhile, imports also increased to ~7.1mn MT from ~4.5mn MT, showing that higher demand was met through both local supply and imported coal.
- The consumption mix also shifted in 9MFY26, as power's share declined to ~59.6% from ~69.7% in 9MFY25, while cement and brick kilns increased to ~19.6% and ~20.8%, respectively. This shows that non-power demand became more important during the period, supported by higher industrial and construction-linked coal usage.
- In FY25, total coal consumption increased slightly to ~25.7mn MT from ~24.8mn MT in FY24. This was mainly supported by higher usage in cement and brick kilns, while power-Sector consumption declined to ~17.1mn MT from ~19.2mn MT.
- Lower prices improved the economics of imported coal and supported the ~60% rise in import volumes, though higher consumption also reflected stronger underlying demand from power, cement and brick kilns.
- Imported coal is priced off international benchmarks (FOB plus freight), so global price movements, such as the firming on the mid-2026 Middle East conflict, mainly affect imported-coal users; local Thar coal is sold to mine-mouth producers under long-term cost-plus contracts, largely insulated from these swings.

Figures in mn MT unless otherwise stated

Particulars	FY24	FY25	9MFY25	9MFY26
Coal Consumption (A+B)	**24.8**	**25.7**	**16.2**	**21.4**
Power	19.2	17.1	11.3	12.8
Cement	4.4	5.0	2.6	4.2
Brick Kilns	1.2	3.6	2.3	4.5
Local Production (A)	**19.3**	**18.7**	**11.7**	**14.3**
Imports (B)	5.5	7.0	4.5	7.1
Avg Coal Price (USD/ MT)[1]	**110.4**	**109.1**	**112.0**	**100.7**
Regulatory Authority	Ministry of Energy (Petroleum Division)			
Association	All Pakistan Mines & Minerals Association			

Note: *Others include "Household" as well*

Source: PBS, PES, WB

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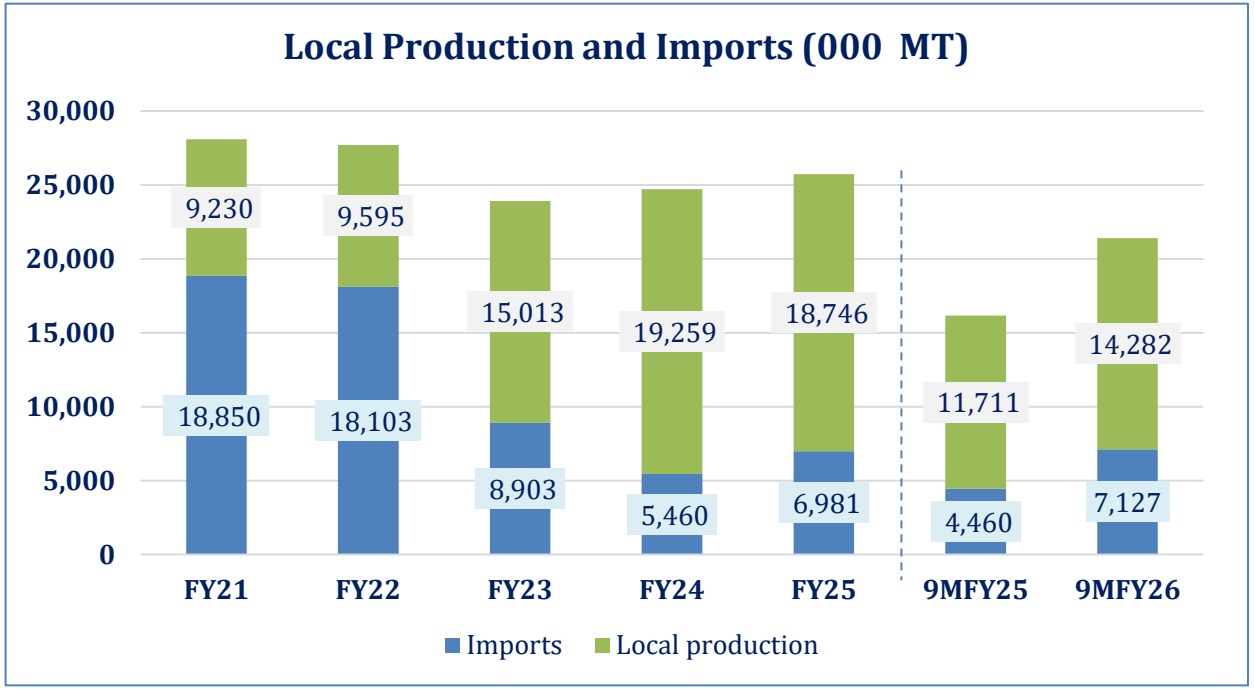
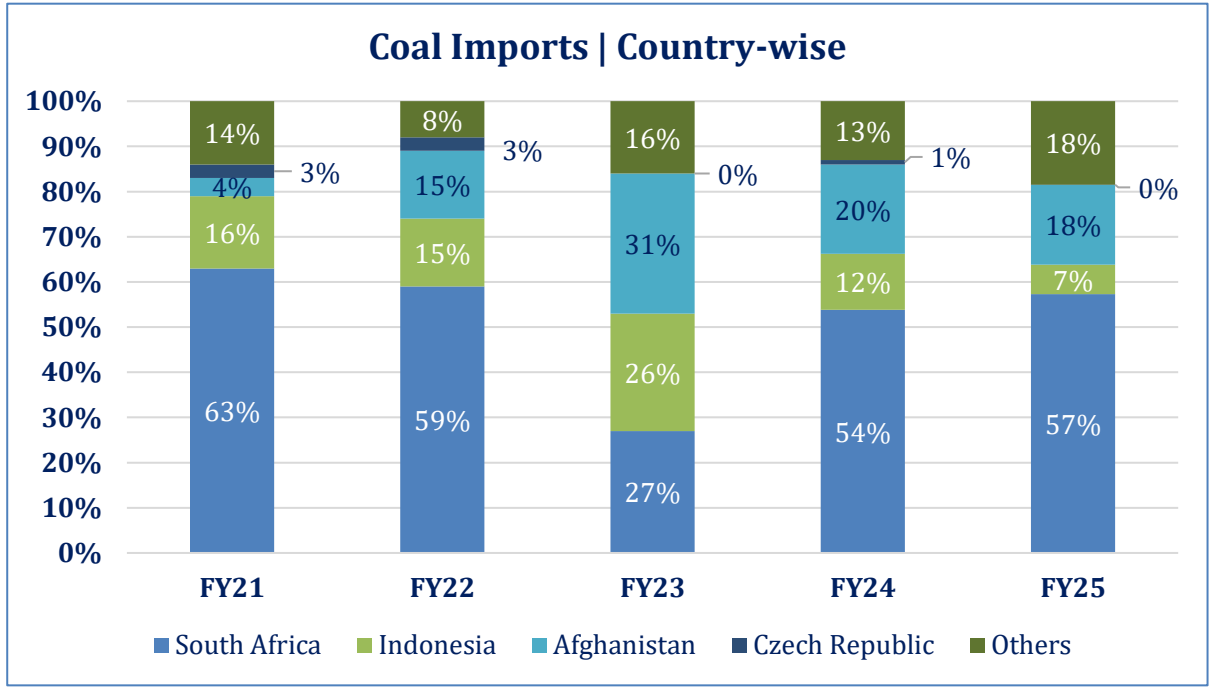
Local | Supply

- In FY25, local production eased slightly to ~18.7mn MT from ~19.3mn MT in FY24, while imports rose to ~7.0mn MT from ~5.5mn MT. Despite a large local coal base, imported coal remained relevant for power plants and industrial users.
- The import mix remained concentrated in FY25, with South Africa at ~57%, Afghanistan at ~18%, Indonesia at ~7% and others at ~18%. This indicates continued dependence on a few key supply markets.
- South Africa's share recovered from ~27% in FY23 to ~57% in FY25, while Afghanistan's declined from ~31% to ~18%. This reflects a shift back toward seaborne coal after the temporary rise in overland Afghan supply during the FY23 foreign exchange constraint. Imports from Afghanistan are expected to decline given the deteriorating relationship between the countries.
- Local production is expected to increase through the development of Thar coal reserves, including Block-I mining and Block-II expansion. Imports may continue for users requiring specific coal grades and for imported coal-based demand.





Note: *For country-level import data, figures are the latest available and are limited to three HS code, namely – 2701.1200, 2701.1900 and 2704.0010.*

Source: PES, PBS, SBP

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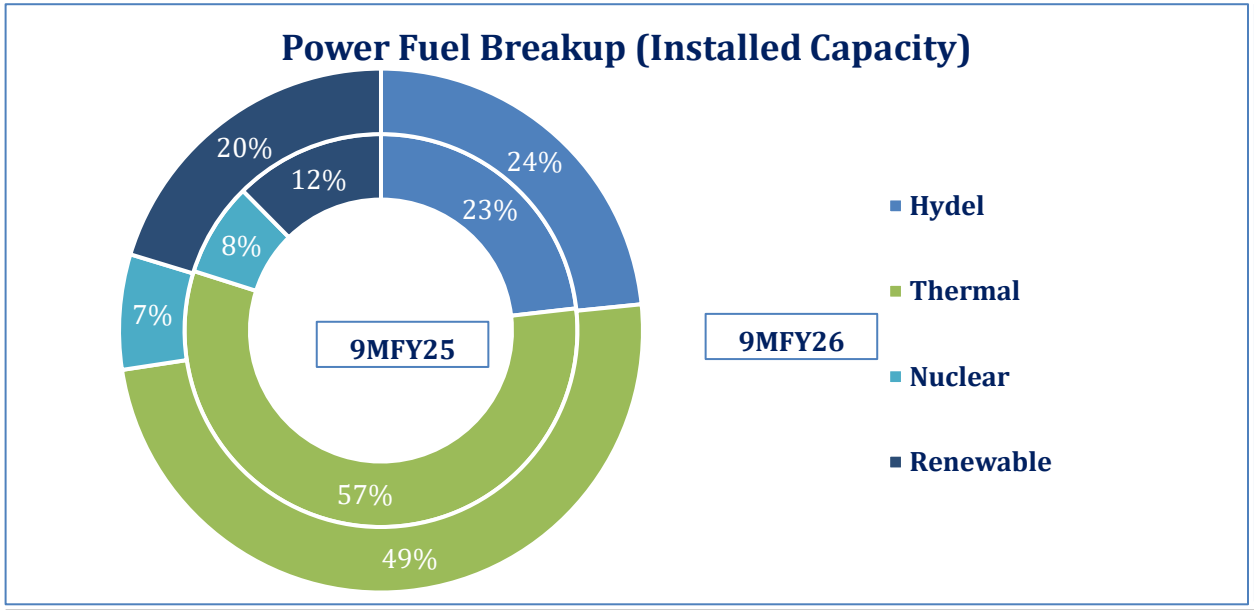
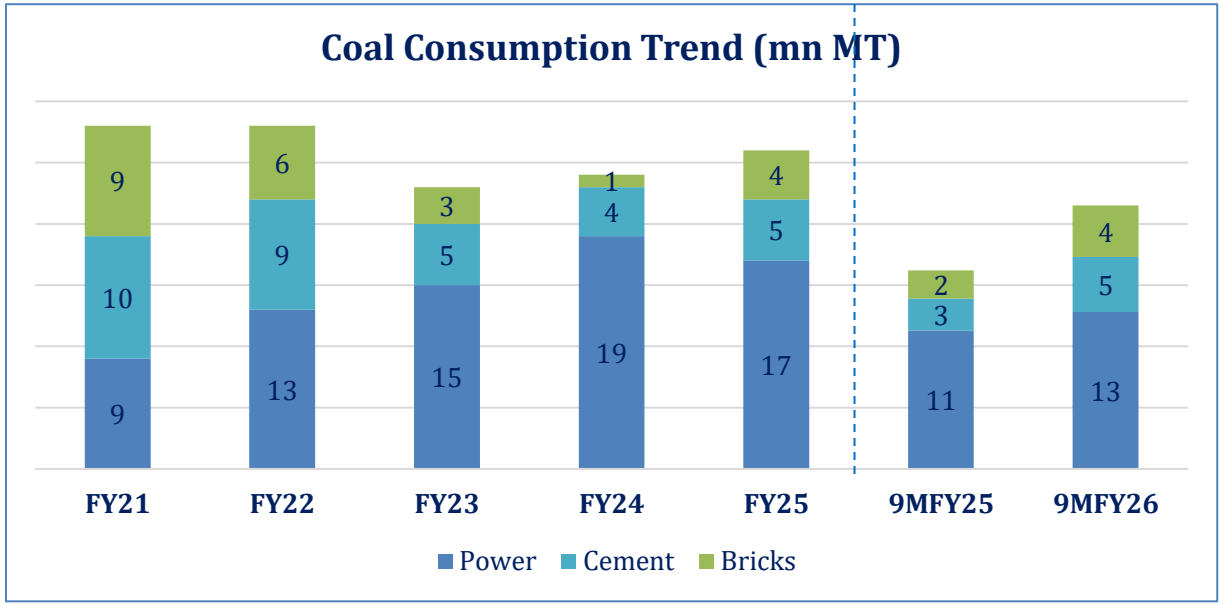
Local | Demand

- During 9MFY26, thermal's share of installed capacity declined to ~49% from ~57% in 9MFY25, while renewables rose to ~20% from ~12%, reflecting gradual diversification toward cleaner and indigenous sources. Coal is one component of thermal (alongside RLNG, RFO and gas); although not the largest share of capacity, indigenous coal runs at high utilization as a low-cost, merit-order fuel

- In recent periods, the demand mix has broadened beyond power: while power remains the largest coal-consuming segment, cement and brick-kiln demand has risen strongly in 9MFY26, driven by higher construction and industrial activity, lifting their combined share of consumption.

- In FY25, coal consumption increased slightly to ~25.7mn MT from ~24.8mn MT in FY24. Power-Sector consumption declined to ~17.1mn MT from ~19.2mn MT due to lower thermal share, but this was offset by higher cement and brick kiln usage, which increased to ~5.0mn MT and ~3.6mn MT, respectively.





Note: *Renewables include wind, solar and bagasse, Thermal includes RLNG, RFO, coal and gas.*

Source: PES

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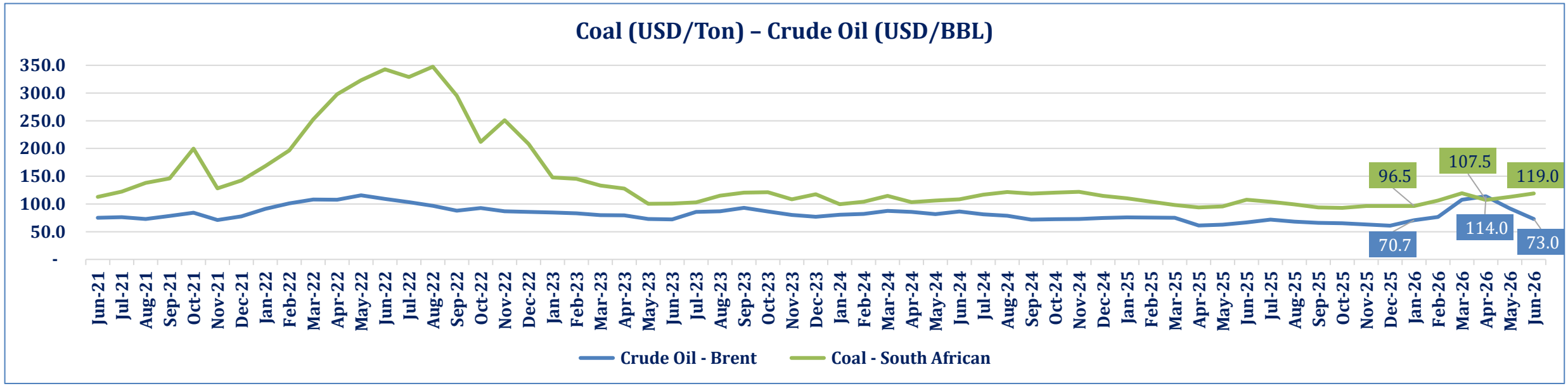
Business Risk | Pricing

- During 9MFY26, average coal prices declined to ~USD100.7/MT from ~USD112.0/MT in 9MFY25. This eased cost pressure for coal users, despite higher import volumes, as international coal prices remained far below the CY22 peak of above ~USD300/MT.
- In recent months, Brent remained more volatile than coal. Brent rose sharply during Mar-Apr/May-26 amid Middle East supply risk and US-Iran conflict, but corrected towards Jun-26 as an agreement was reached and the Strait of Hormuz opened.
- The US-Iran conflict pushed Brent prices higher. US strikes on Iran and the subsequent closure of the Strait of Hormuz briefly pushed Brent near/above ~USD120/bbl, although prices later eased to around ~USD73/bbl as the market quickly priced in de-escalation in June.
- Coal and Brent show a moderate positive correlation, having peaked together in CY22 and corrected into 2023. Recently the link has weakened, with Brent swinging sharply on the mid-2026 conflict while coal remained comparatively stable.
- Going forward, Brent prices will remain sensitive to the conflict and activity in the Strait of Hormuz as a key global oil transit chokepoint with limited alternative routes. For Pakistan's coal Sector, any prolonged rise in oil prices may increase freight and insurance costs for imported coal, while higher oil/gas prices can also support short-term coal demand through fuel switching.



Note: *For coal; coal price of South African Coal has been taken. For crude oil; oil price of Brent crude have been compiled. The prices are for period end.*

Source: WB

Coal Mining

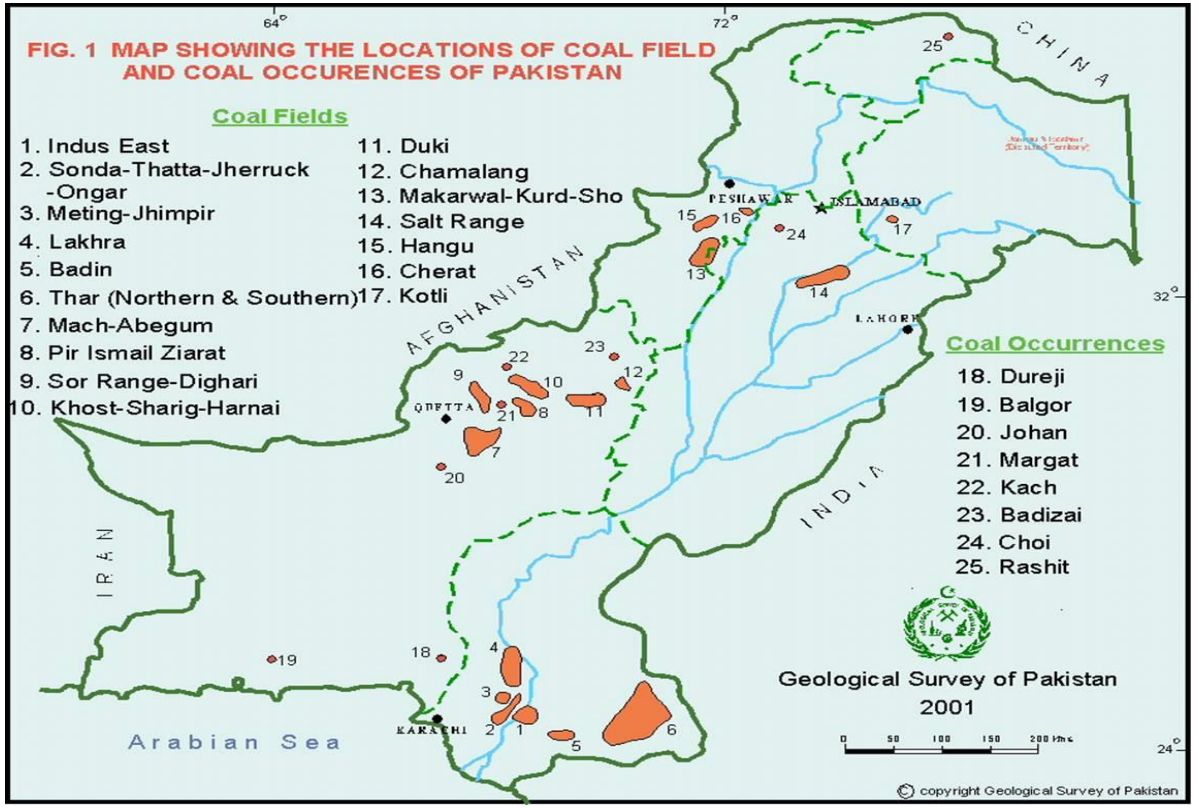
Coal Mining & Trading

Coal Mining | Overview

- Pakistan's coal reserves stand at ~186.1bn MT. Sindh accounts for ~184.8bn MT or ~99.3% of the national base, mainly in the Thar region. Balochistan (~1.0bn MT), Punjab (~0.2bn MT) and KPK (~0.1bn MT) together hold under ~1%. The concentration is driven by the Thar coalfield, which dominates the Sindh resource.
- Despite the reserve size, only a small fraction is under commercial extraction. SECMC, operating at ~7.6mn MT per annum in Thar Block-II, supplies lignite to mine-mouth power producers. The gap between reserves and output reflects the low lignite grade, which is suited to mine-mouth generation rather than transport-intensive industrial use due to higher water content.

Coalfields | Overview (FY25)

Sr.	Province & Mines	Reserves (bn MT)
1	**Sindh:** Lakhra, Sonda, Thatta, Jherruck, Thar, Haji Coal and others	184.8
2	**Balochistan:** Mach, Shahrag, Duki, Chamalang, Quetta	1.0
3	**Punjab:** Eastern Salt Range, Central Salt Range, Makerwal	0.2
4	**KPK**	0.1
Total		**186.1**



Note: *Data based on 1 PACRA-rated client.*

Source: SECMC

Coal Mining & Trading

Coal Mining | Thar Coalfield Blocks

Thar Coalfields Reserves | Operational Blocks | mn MT					
Block	**Block Name**	**Measured**	**Indicated**	**Inferred**	**Total**
I	**Sinhar Vikian Varvai**	620.4	1,918.1	1,028.4	3,566.9
III	**Saleh Jo Tar**	225.9	938.9	288.3	1,453.2
IV	**Sonalba**	684.1	1,711.3	176.1	2,571.5
VII	**Dhaklo**	572.1	1,514.5	89.2	2,175.8
VIII	**Khario Ghulam Shah**	882.8	2,131.4	21.7	3,035.9
IX	**Katan**	661.8	2,048.0	152.4	2,862.3
X	**Mithrio Sumra**	609.1	1,920.6	418.2	2,947.8
XI	**Baprana**	315.6	1,014.3	282.2	1,612.1
XII	**Janib Ali Shahjo Tar**	510.0	1,755.9	79.7	2,345.6
Total		**5,081.8**	**14,953.0**	**2,536.2**	**22,571.1**

Source: GSP, Thar Coal Energy Board – Govt of Sindh

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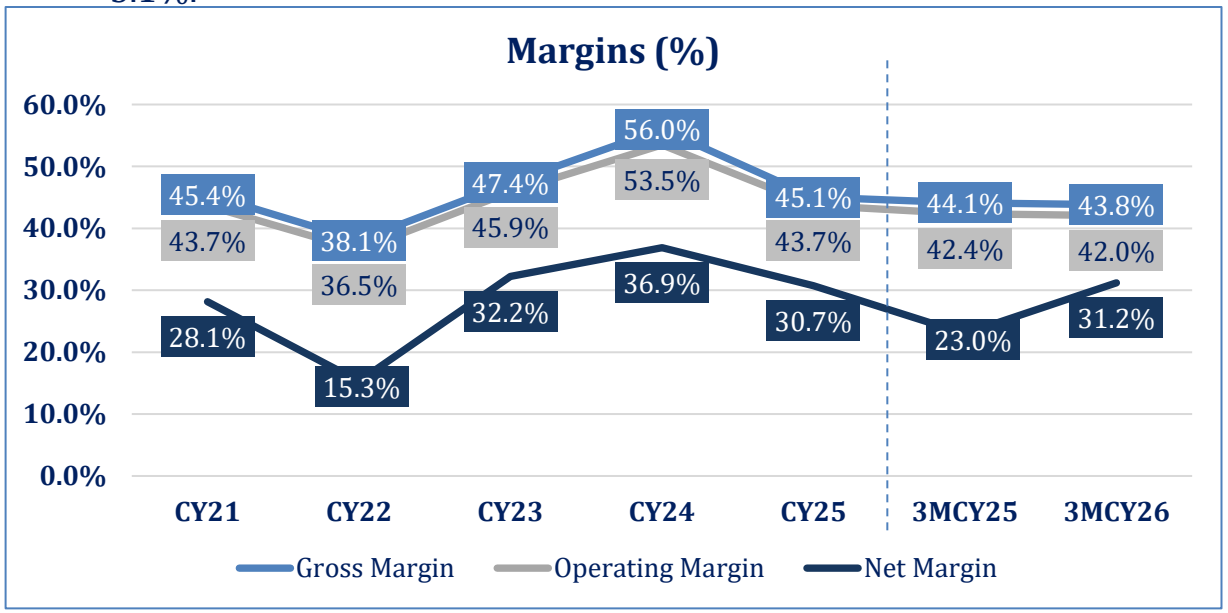
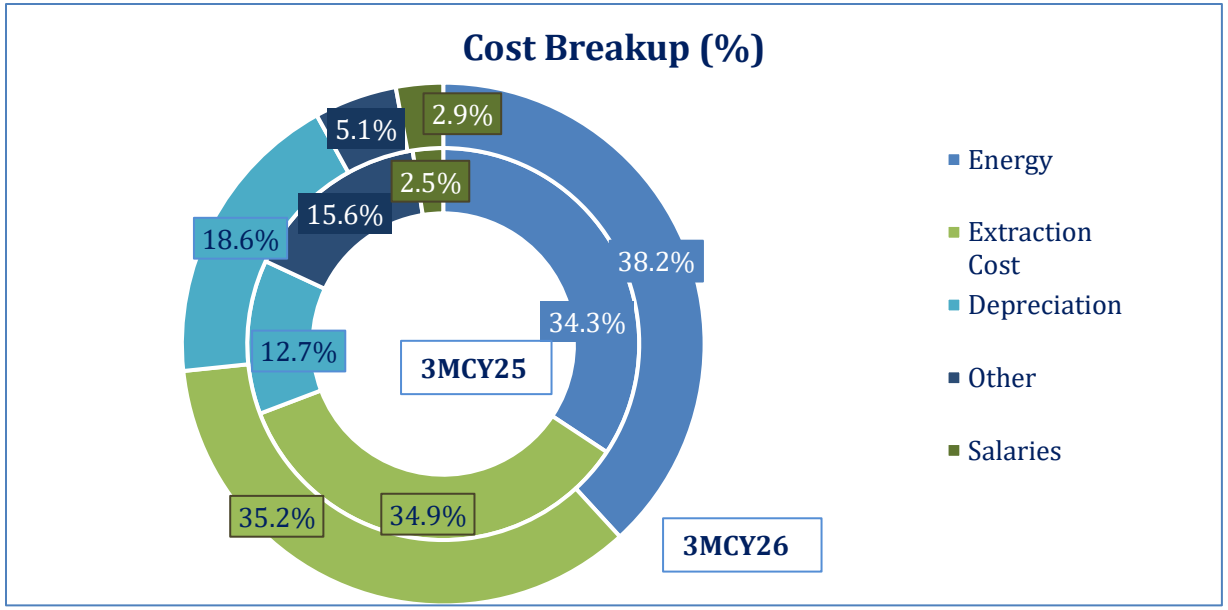
Coal Mining | Business Risk

- During 3MCY26, gross margin eased to ~43.8%, slightly from ~44.1% in 3MCY25, as costs (extraction and energy) rose faster than revenue following capitalization of expansion assets. As a mine-mouth supplier on cost-plus contracts, margins reflect cost movements rather than international coal prices.
- Operating margin declined to ~42.0% in 3MCY26 from ~42.4% in 3MCY25, tracking gross margin, while higher administrative expenses and lower other income offset part of the operational contribution.
- Net margin improved to ~31.2% in 3MCY26 from ~23.0% in 3MCY25, reflecting the absence of a regulatory deferral account charge that was included in the previous corresponding period. Adjusted for this, profitability remained broadly stable.
- During CY25, gross margin fell to ~45.1% from ~56.0% in CY24 and operating margin to ~43.7% from ~53.5%, as cost pressures built. Net margin declined to ~30.7% from ~36.9% on the same trend, compounded by higher finance cost.
- During 3MCY26, energy formed the largest cost head at ~38.2% of cost of revenue (3MCY25: ~34.3%), followed by extraction cost at ~35.2% (3MCY25: ~34.9%). Depreciation rose to ~18.6% from ~12.7% as new capacity was commissioned, while salaries stood at ~2.9% (~2.5%) and other costs at ~5.1%.





Note: *Data based on 1 PACRA-rated client. *Others includes but is not limited to transportation cost, insurance*

Source: PACRA Database

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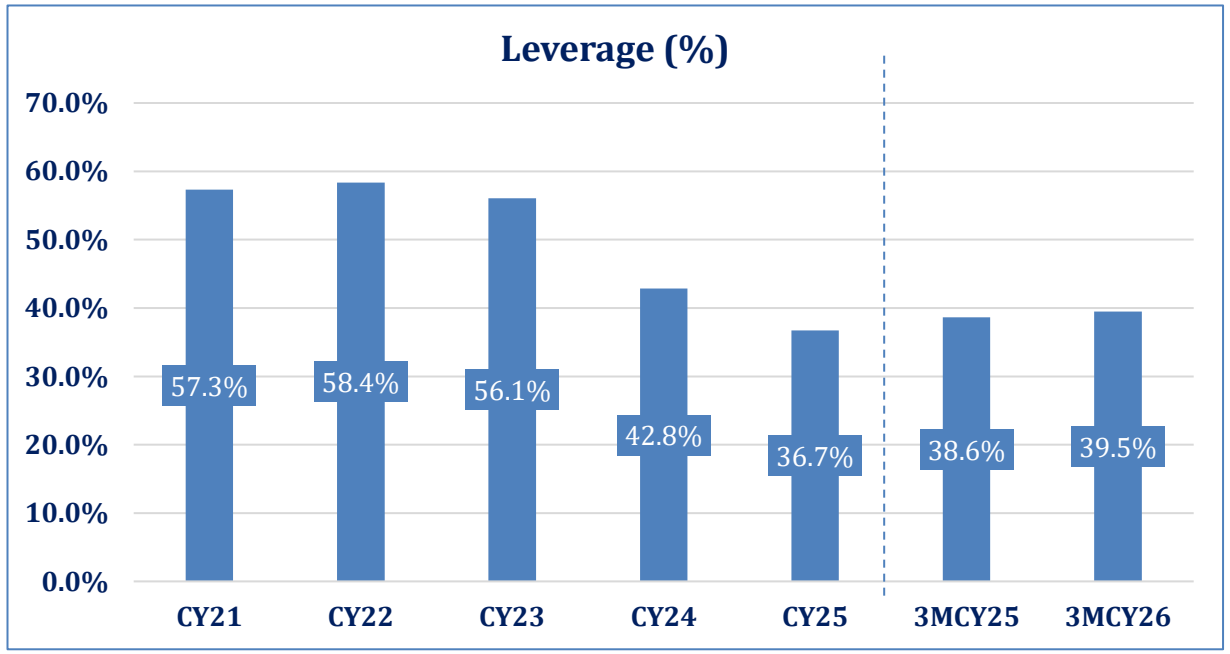
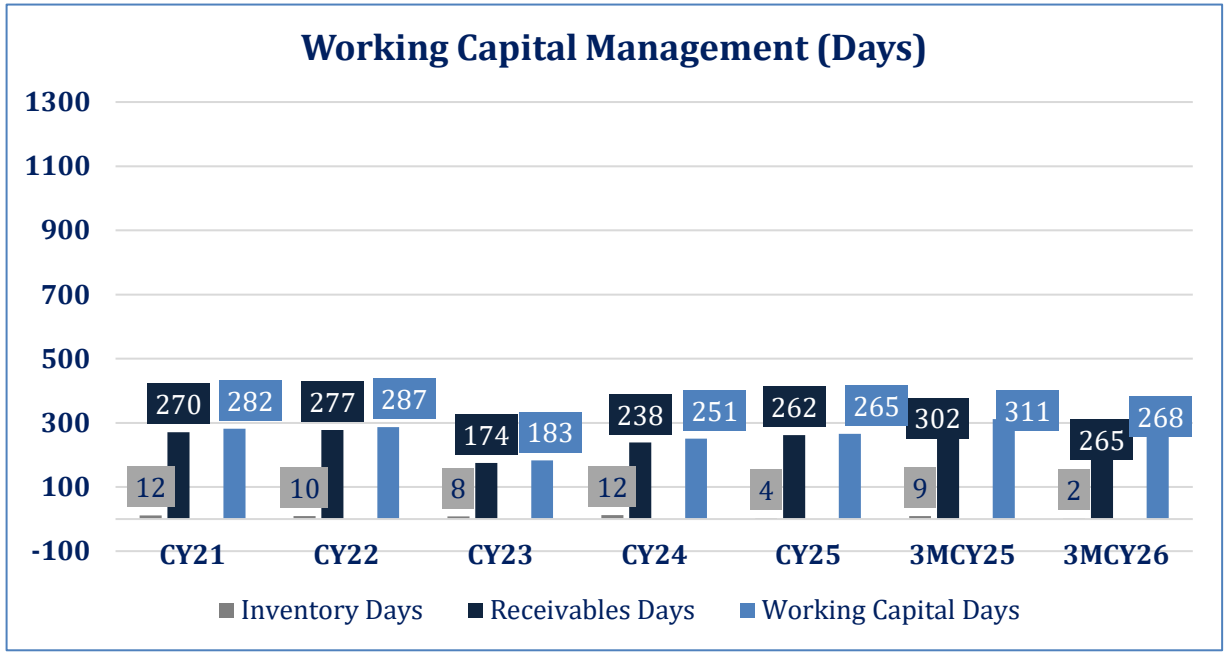
Financial Risk | Mining

- Leverage inched up to ~39.5% in 3MCY26 (3MCY25: ~38.6%). While borrowings were reduced during the period, an interim dividend announced during the quarter, lowered the equity base, lifting the ratio despite lesser quantum of debt.
- During CY25, leverage moderated to ~36.7% (CY24: ~42.8%), supported by repayment of long-term borrowings under the syndicate facility alongside profit retention. Equity accretion outpaced incremental debt drawdown, strengthening the capital structure.
- Receivable days eased to ~265 in 3MCY26 (3MCY25: ~302), broadly in line with the CY24–CY25 range (~238 and ~262). Trade debts are concentrated among a limited set of mine-mouth power offtakers and form part of the wider power-sector circular debt, carrying accrued delayed-payment interest. Improved receipts against coal supply during the period supported the recovery cycle.
- Inventory days fell to ~2 in 3MCY26 (3MCY25: ~9), remaining minimal as lignite is supplied directly to mine-mouth offtakers with little stock build-up.





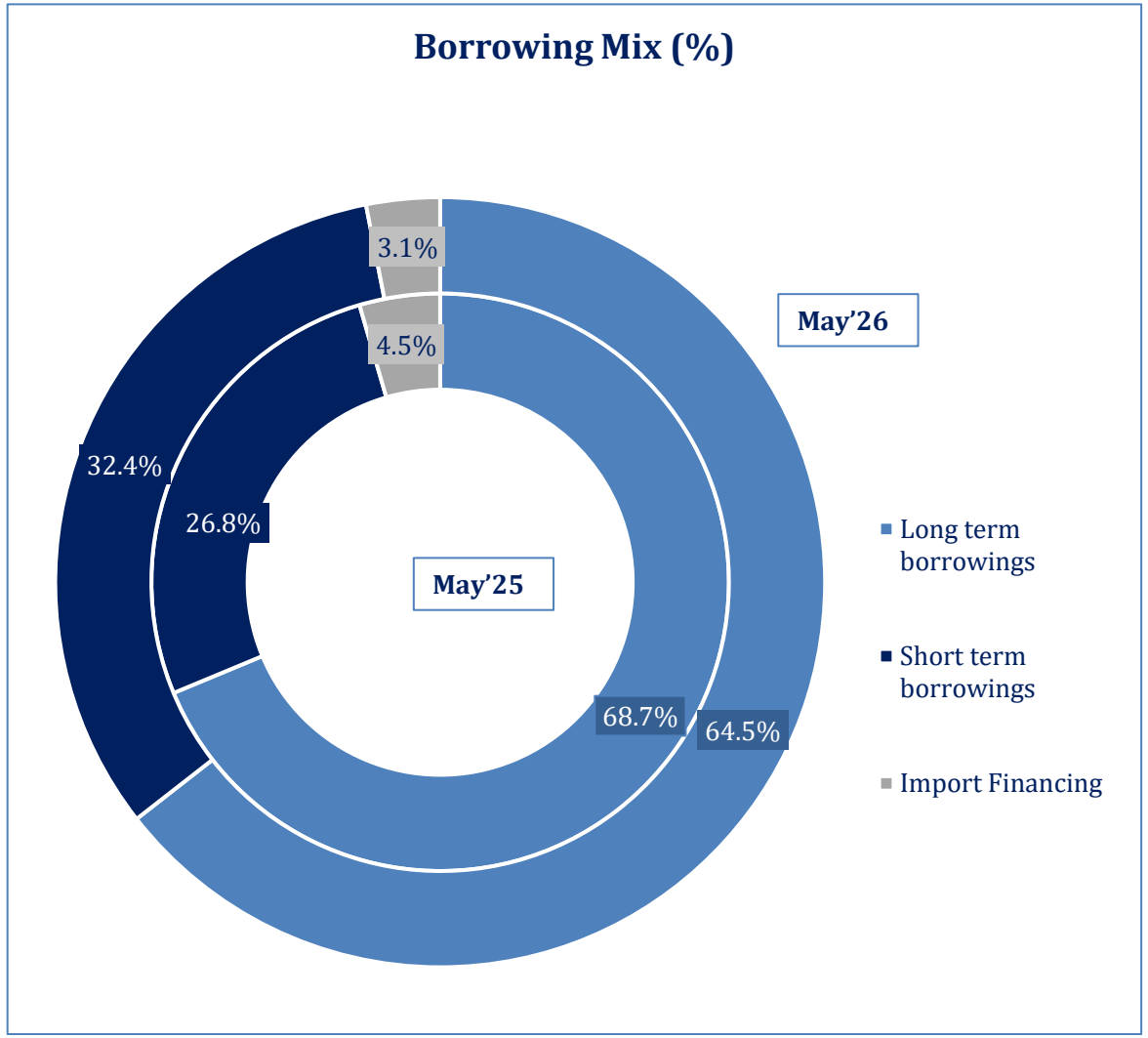
Note: *Data based on 1 PACRA-rated client.*

Source: PACRA Database

Coal Mining & Trading

Financial Risk | Mining

- As at May'26, total Sector borrowings stood at ~PKR44.6bn, slightly lower than ~PKR45.5bn in May'25. The decline was mainly due to lower long-term borrowings and import financing.
- Long-term borrowings remained the largest component at ~64.5% in May'26, though the amount declined to ~PKR28.8bn from ~PKR31.2bn in May'25. This indicates that the Sector still relies on long-tenor financing, but some repayments or lower fresh long-term drawdowns reduced the overall share.
- Short-term borrowings increased to ~PKR14.5bn in May'26 from ~PKR12.2bn in May'25, raising their share to ~32.4% from ~26.8%. This reflects higher working capital reliance, likely due to higher coal consumption, imports and inventory funding needs.
- Import financing declined to ~PKR1.4bn in May'26 from ~PKR2.1bn in May'25, with its share falling to ~3.1% from ~4.5%. This suggests that import requirements were increasingly funded through regular short-term facilities rather than dedicated import financing lines.



***Note**: Data pertains to SBP Classification of "Mining of coal and lignite".*

Source: SBP

Terminal Handling

Coal Mining & Trading

Terminal | Overview

- Pakistan International Bulk Terminal Limited (PIBTL) operates Pakistan's first dedicated mechanized terminal for coal, clinker and cement at Port Muhammad Bin Qasim under a BOT arrangement with Port Qasim Authority. The concession was signed in Nov'10 for ~30 years, extendible for another ~30 years.

- The terminal was developed as a common-user dirty bulk cargo facility, linking imported coal supply with power plants, cement manufacturers and industrial consumers. This improves Pakistan's port handling capacity and supports faster movement of imported coal into the domestic supply chain.

- PIBTL has an installed handling capacity of ~12.0mn tons for coal imports and ~4.0mn tons for clinker and cement exports. The project involved an investment of over ~USD300mn, including foreign investment through IFC-linked financing and equity participation.

- During 9MFY26, PIBTL handled ~5.5mn tons of cargo compared to ~3.5mn tons in 9MFY25. The increase reflects higher imported coal demand from cement, power, textile, chemical, and other allied industries, which directly improves terminal utilization and revenue generation.

- The terminal ensures faster coal discharge, lower cargo handling losses, reduced truck turnaround time and better commodity financing support due to its custom-bonded facility. These factors help lower logistics costs and improve supply-chain efficiency for coal users.

- Going forward, PIBTL is expected to diversify beyond coal handling through the Reko Diq copper-gold concentrate export arrangement. Commercial operations are expected to begin in CY28, which may broaden the cargo base and improve long-term earnings visibility.

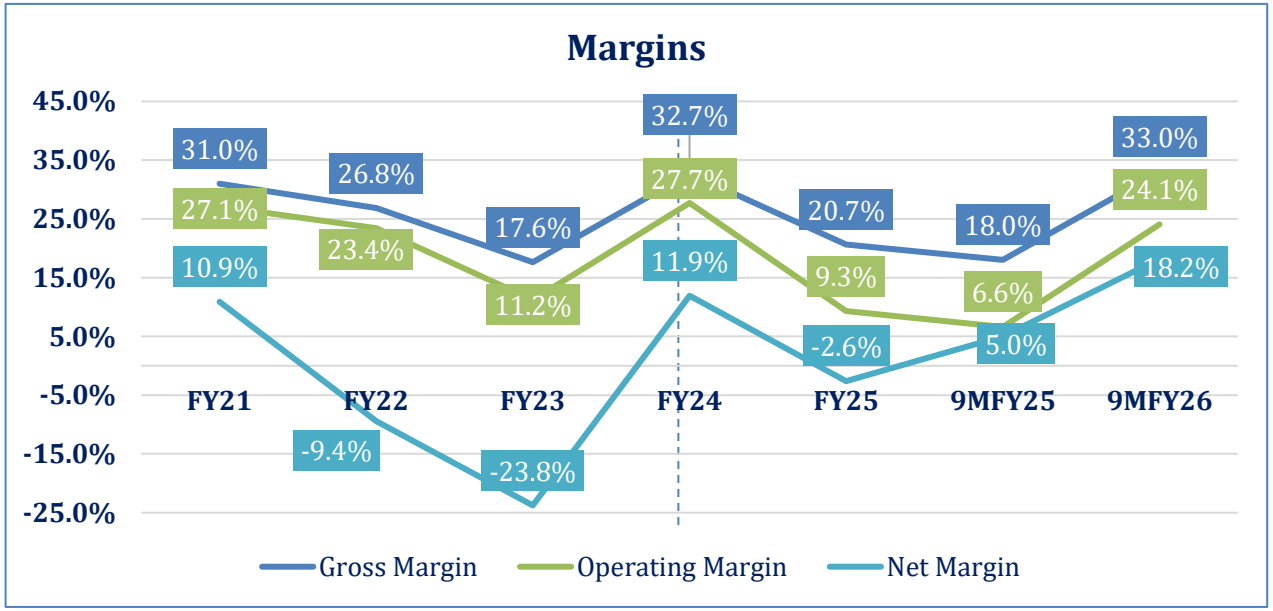
Note: *Data based on 1 PACRA rated client. Trans-shipment: The process of shipping goods or containers to an intermediate destination before forwarding them to their final destination.*

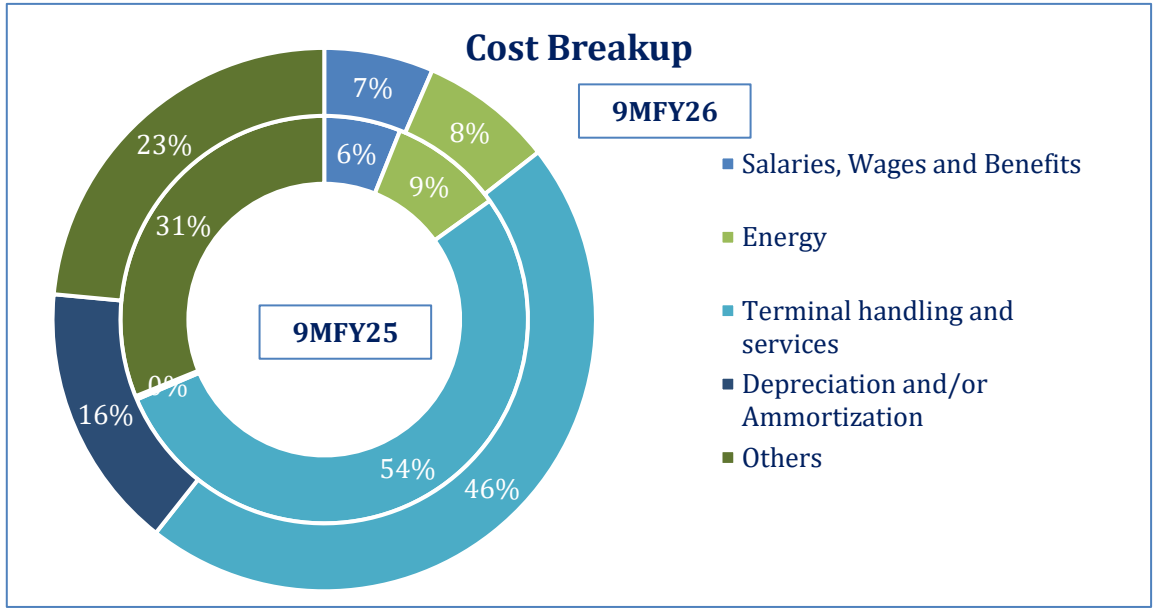
Source: PIBTL

Coal Mining & Trading

Business Risk | Terminal Handling

- During 9MFY26, gross margin improved to ~33.0% from ~18.0% in 9MFY25, while operating margin increased to ~24.1% from ~6.6%. The improvement was supported by higher cargo handling volumes, as PIBTL handled ~5.5mn tons during 9MFY26 against ~3.5mn tons in SPLY, as demand for imported coal improved from major industrial sectors.
- Net margin increased to ~18.2% in 9MFY26 from ~5.0% in 9MFY25. Higher terminal utilization improved revenue absorption against fixed costs, which supported profitability.
- In FY25, margins were weaker compared to FY24, with gross margin declining to ~20.7% from ~32.7% and operating margin falling to ~9.3% from ~27.7%. This shows that lower cargo throughput or weaker cost absorption had pressured profitability during the full year.
- The cost structure is led by terminal handling and services, which formed ~46% of cost in 9MFY26 (9MFY25: ~54%), reflecting the volume-linked nature of terminal operations. Depreciation/amortization stood at ~16% (9MFY25: ~0%), energy at ~8% (~9%), and salaries at ~7% (~6%), while other costs made up the balance, reflecting the capital-intensive mechanized terminal developed.





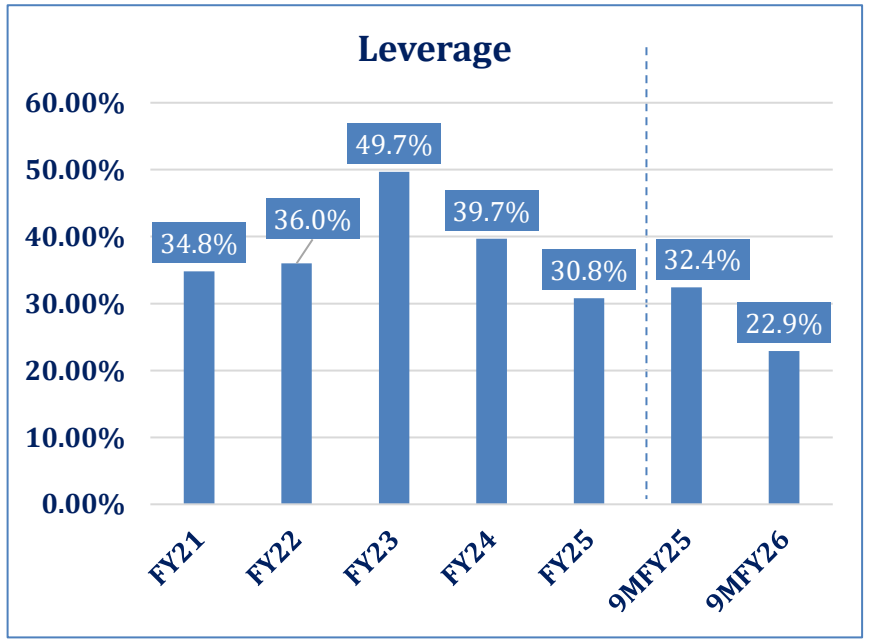
Note: *Data based on 1 PACRA rated client. Trans-shipment: The process of shipping goods or containers to an intermediate destination before forwarding them to their final destination. "Others" mainly includes: Terminal maintenance, Insurance, Travelling and conveyance, Office maintenance, Security, Rent and rates*

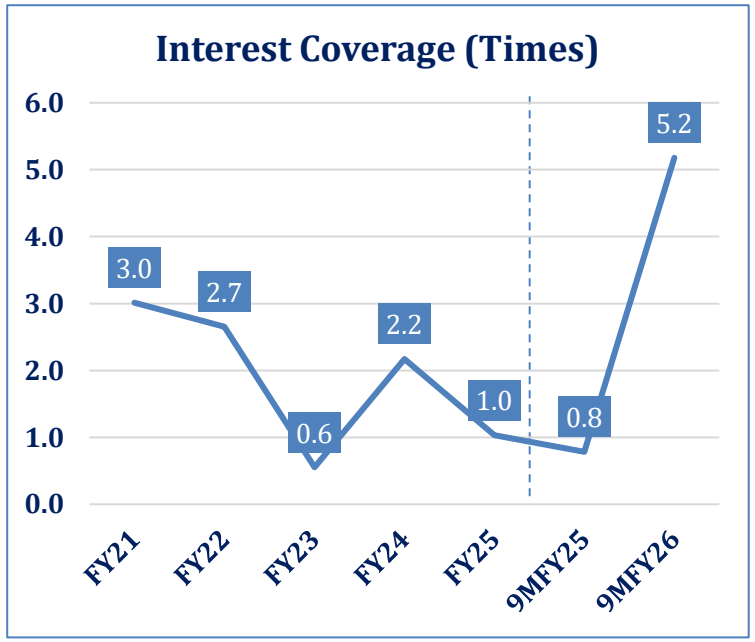
Source: PACRA Database

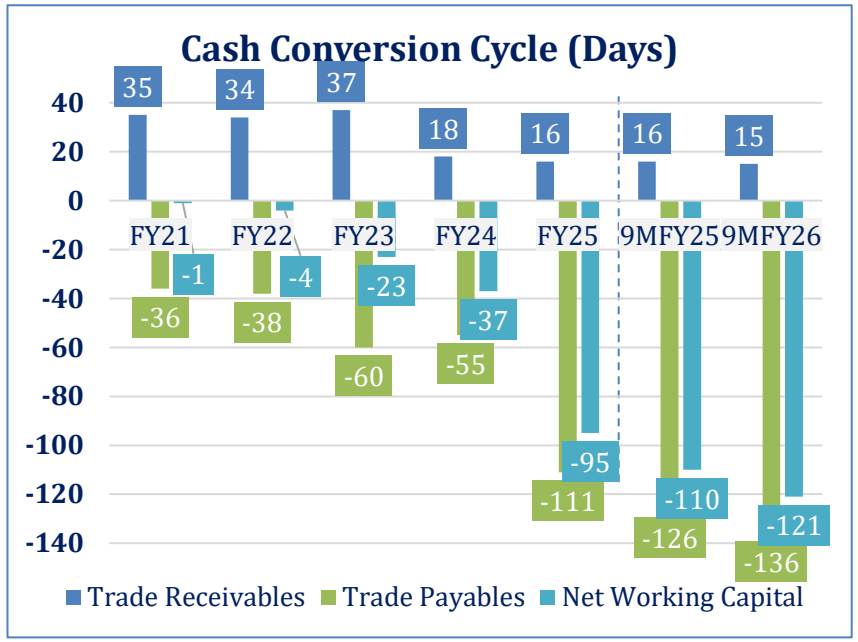
Coal Mining & Trading

Financial Risk | Terminal Handling

- During 9MFY26, leverage improved to ~22.9% from ~32.4% in 9MFY25. The decline reflects lower debt pressure, supported by repayment of long-term financing and stronger internal cash generation during the period.
- Interest coverage improved sharply to ~5.2x in 9MFY26 from ~0.8x in 9MFY25. This was mainly due to better profitability, as higher cargo volumes improved revenue and fixed-cost absorption. The terminal segment handled ~5.5mn tons of cargo during 9MFY26 compared to ~3.5mn tons in SPLY, supported by higher imported coal demand from cement, power, textile, chemical and allied industries.
- The Sector's cash conversion cycle improved to ~-121 days in 9MFY26 compared to ~-110 days in 9MFY25. This was because payable days remained high at ~136 days, while receivable days stayed low at ~15 days, showing faster cash recovery from customers compared to payments to suppliers.
- A negative working capital cycle supports liquidity, as cash is collected earlier than payments fall due. This was also reflected in stronger operating cash flows, with net cash generated from operating activities reported at ~PKR2.5bn during 9MFY26.







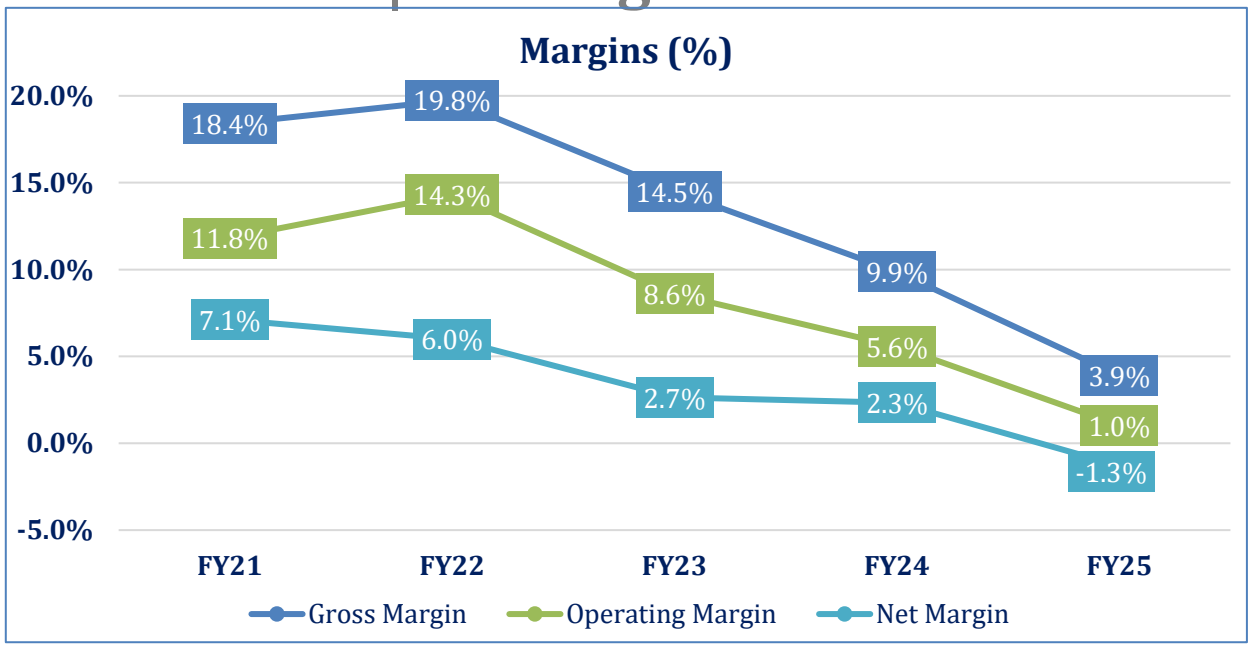
***Note**: Data based on 1 PACRA-rated client.*

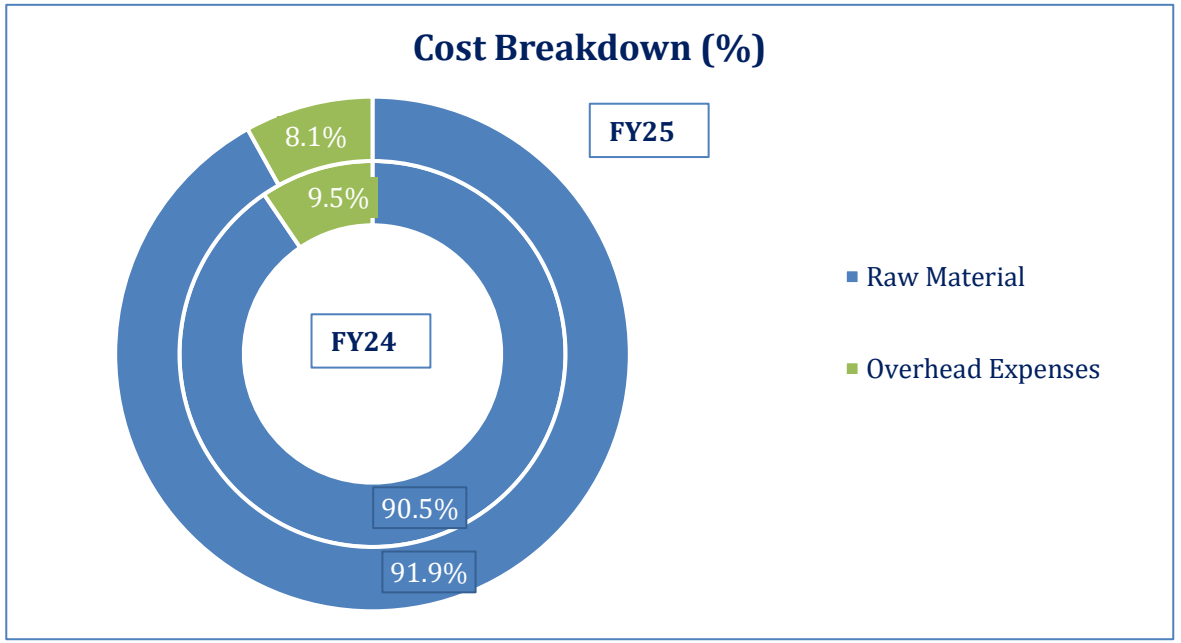
Source: PACRA Database

Trading

Coal Mining & Trading

Business Risk | Trading





- The trading segment engages in the activity of storage and supply of coal to various Sectors of the economy, mainly cement, steel, and textile.
- During FY25, the Segment's gross margin declined to ~3.9% (FY24: ~9.9%), as falling international coal prices compressed trading spreads on inventory procured at higher cost. Operating margin fell to ~1.0% (FY24: ~5.6%), while net margin turned negative at ~-1.3% (FY24: ~2.3%), reflecting sensitivity or price fluctuations of coal.
- Margins have narrowed consistently since FY22, when gross margin peaked at ~19.8% during the international price surge. The subsequent decline to ~14.5% in FY23 and ~9.9% in FY24 tracked the reversal in coal prices, which fell from ~USD 302.0/MT in Apr'22 to ~USD 109.1/MT by FY25.
- Raw material costs remained the dominant cost like any commodity trading business at ~91.9% (FY24: ~90.5%), with overheads at ~8.1% (FY24: ~9.5%). The segment's cost structure leaves limited room to absorb price movement, as procurement cost is set at import and cannot be adjusted once inventory is landed.

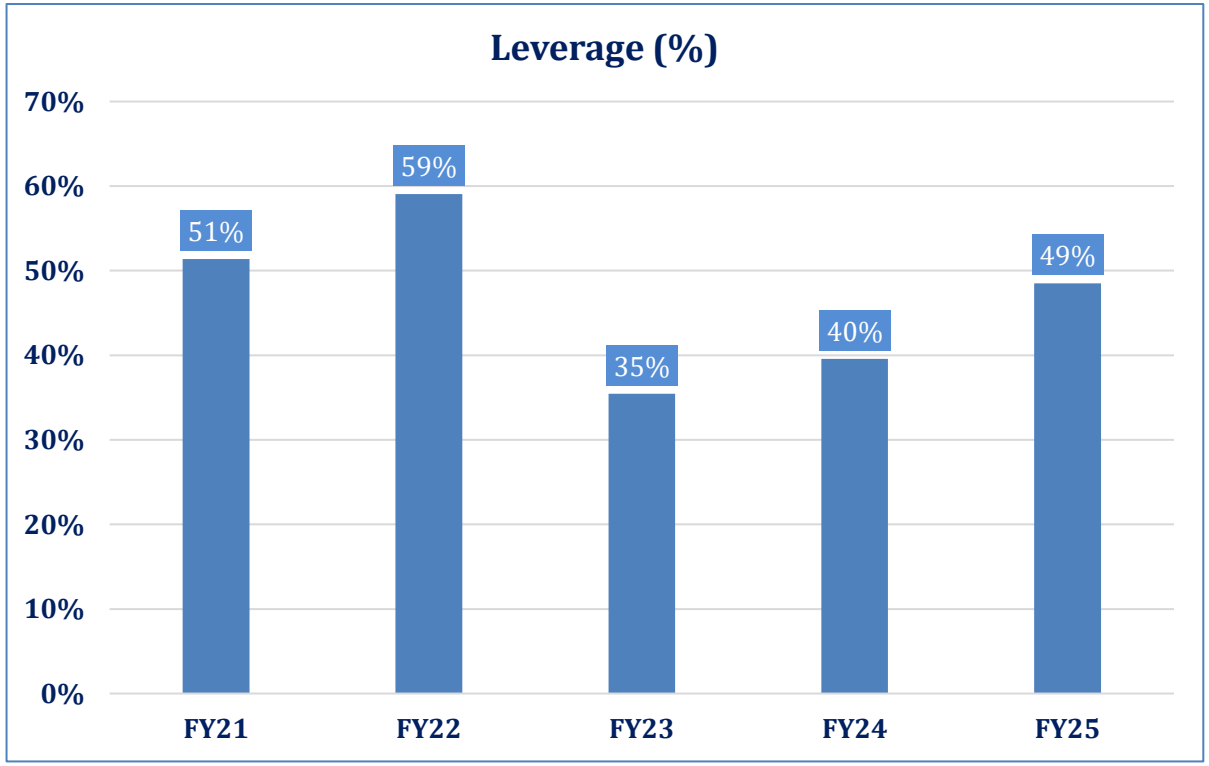
***Note**: Data based on PACRA-rated client. *Overhead expenses include: Excise & Custom Duty, Port & PIBTL handling expenses, Insurance , clearing expenses, sampling and inspection expenses. *Latest Available Data*

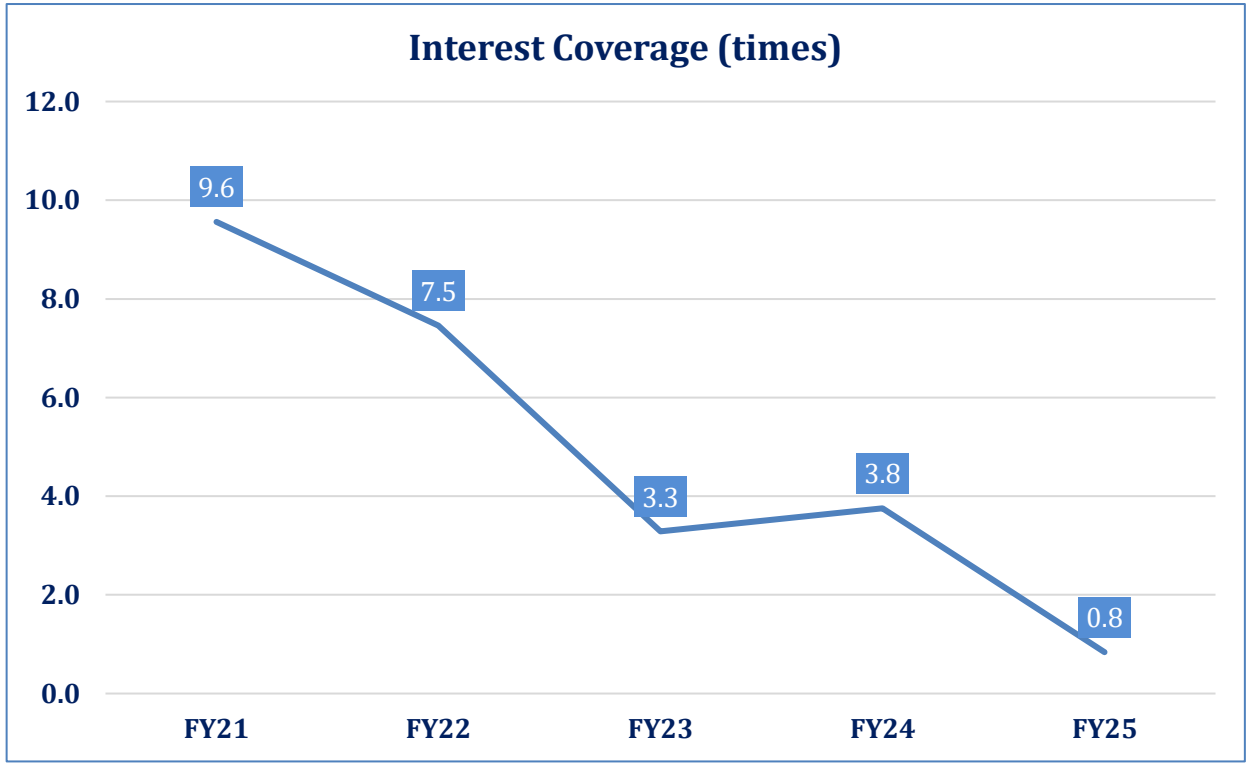
Source: PACRA Database

Coal Mining & Trading

Financial Risk | Trading

- During FY25, the segment's leverage rose to ~49% (FY24: ~40%). The increase was driven by a loss during the year, which impacted the equity base, alongside higher short-term borrowings taken to fund the working capital cycle. Leverage now sits close to the ~59% peak recorded in FY22.
- Interest coverage deteriorated sharply to ~0.8x in FY25 (FY24: ~3.8x), falling below 1.0x for the first time in the period under review. The decline followed compressed trading spreads on falling coal prices, which pressed operating cash flows while finance cost remained elevated due to double digit policy rate.





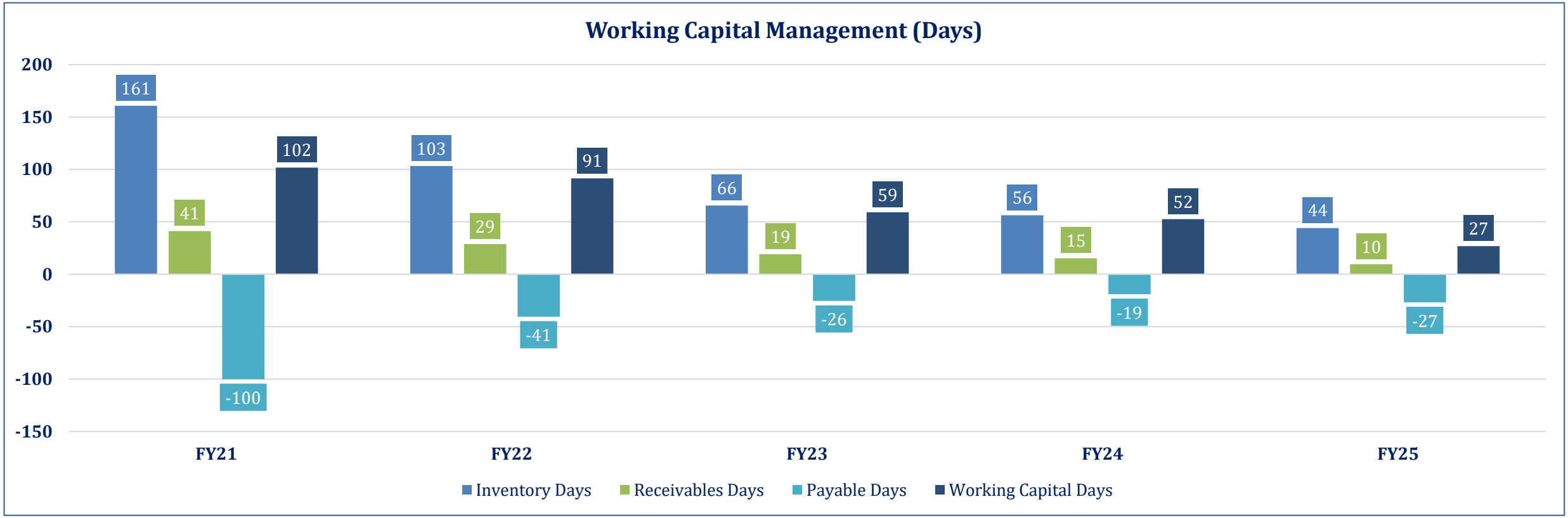
***Note**: Data based on PACRA-rated client.*

Source: PACRA Database

Coal Mining & Trading

Financial Risk | Trading

- During FY25, the segment's net working capital cycle shortened to ~27 days (FY24: ~52 days). Inventory days fell to ~44 (FY24: ~56) and receivables to ~10 (FY24: ~15), while payable days extended to ~27 (FY24: ~19).
- The lower working capital days were primarily a factor of reduced inventory levels in a falling price environment, as the segment reduced its exposure to limit losses on coal procurementt. Faster collection and extended supplier credit also supported the shorter cycle.



***Note**: Data based on PACRA-rated client.*

Source: PACRA Database

Coal Mining & Trading

Duty Structure

- The duty structure is designed to keep the cost of coal low, mainly to support the power and cement Sectors - the two main coal-consuming Sectors.

HS Code	Description	Customs Duty		Sales Tax		Income Tax		Additional Customs Duty		Regular Duty	
		FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
2701.1200	Bituminous Coal	3%	5%	18%	18%	12%	12%	2%	0%	0%	0%
2701.1900	Other Coal	3%	5%	18%	18%	12%	12%	2%	0%	0%	0%
2704.0010	Coke of Coal	3%	0%	18%	18%	12%	12%	2%	0%	0%	0%

Source: FBR

Coal Mining & Trading

Porters 5 Forces Model

POTENTIAL NEW ENTRY

- **Mining |** Low | Regulated concessions **and licensing.**
- **Terminal |** Low | High capital outlay and licensing.
- **Trading |** High | Low capital intensity.

BUYER POWER

- **Mining** | Low | Long-term contract-based offtake.
- **Terminal** | Low | Only commercial inbound bulk terminal.
- **Trading** | High | Multiple suppliers; buyers can switch.

SUBSITITUTES

- **Mining** | Moderate | Local coal favored by policy. Higher solar induction eroding demand.
- **Terminal** | High | Indigenization policy reduces imported coal throughput.
- **Trading** | High | Displacement by local coal and blending mandates.

SUPPLIER POWER

- **Mining** | Low | Self-extracted resource; contracts reduce supply uncertainty.
- **Terminal** | Low | Only commercial inbound bulk terminal.
- **Trading** | High | Reliance on local and imported coal sourcing.

COMPETITIVE RIVALRY

- **Mining** | Low | Few operators at scale.
- **Terminal** | Low | Single commercial inbound terminal.
- **Trading** | High | Multiple large and small trading companies.

PIBTL: Pakistan International Bulk Terminal

Coal Mining & Trading

SWOT Analysis

Strengths

- Large indigenous reserve base, concentrated in Thar.
- Low-cost labor.
- Contracted long-term offtake for mine-mouth supply.
- Single commercial bulk terminal.
- Falling extraction cost on diesel-to-grid conversion.

Weaknesses

- Low calorific value of local lignite limits industrial use.
- Reliance on imported coal for specific grades.
- Exposure to exchange rate volatility
- Elevated receivables from power Sector.
- Transport constraint pending rail connectivity.

Threats

- Circular debt and delayed settlement from power Sector buyers. Environmentall concern and move to cleaner sources.
- Fluctuation in international prices.
- Higher Distributed solar reducing electricity consumption of coal, eroding grid offtake.
- Regional energy supply disruption is raising freight and price volatility.
- No scheduled retirement timeline for coal plants, raising long-run stranded-asset risk.

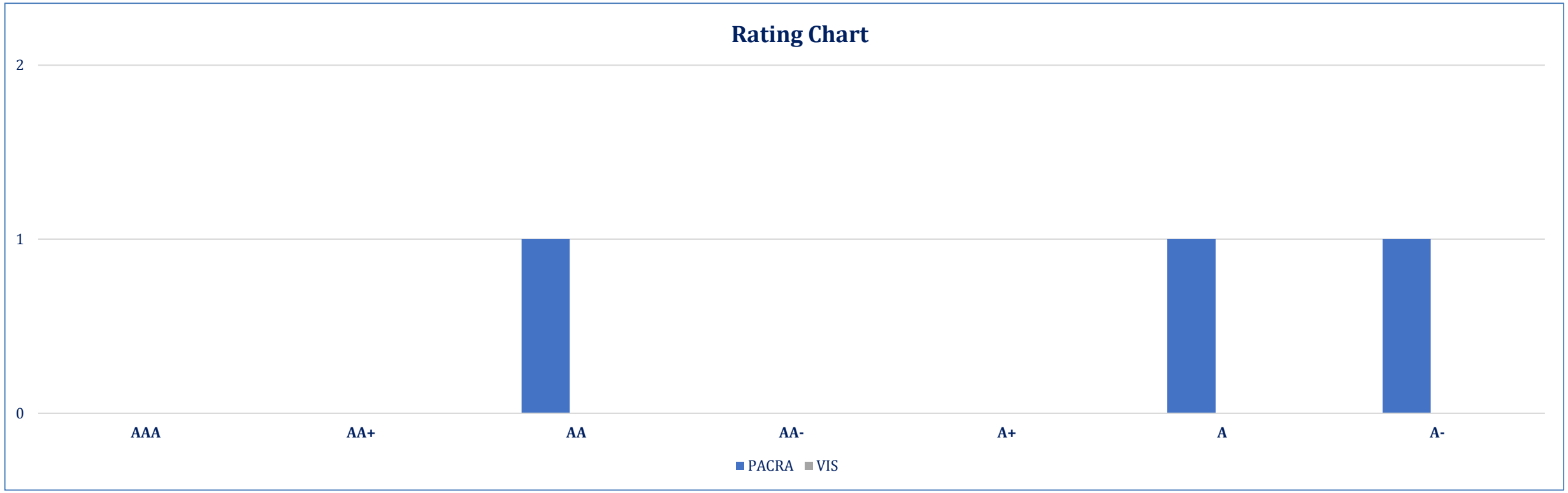
Opportunities

- Jamshoro Unit-01 conversion to Thar lignite.
- Blending programme at ~3,960 MW of imported coal-based IPPs.
- Cement Sector demand of ~5mn tonnes, with up to ~20% Thar blending trialed.
- Thar Coal Rail Connectivity Project, due late 2026.
- Coal demand is projected at ~50mn tonnes by 2030.

Coal Mining & Trading

Rating Curve

- PACRA rates three players of the Coal Mining & Trading Sector. Rating bandwidth is from AA to BBB+. PACRA rates 3 clients in the Sector, one client in the trading segment (Rating: AA), one client in the terminal segment (Rating: A) and one client in the trading segment (Rating: A-).



Source: PACRA Database

Coal Mining & Trading

Outlook: Stable

- During 9MFY26, Pakistan's coal consumption increased to ~21.4mn MT from ~16.2mn MT in 9MFY25. The rise was led by higher consumption across power, cement/other industries, and brick kilns, with power remaining the largest coal-consuming segment at ~12.8mn MT.
- Local coal production increased to ~14.3mn MT in 9MFY26 (9MFY25: Z11.7mn MT), while imports also rose to ~7.1mn MT from ~4.5mn MT. This shows that domestic supply improved, but higher demand required additional imported coal.
- The Ministry of Energy has received a detailed feasibility study confirming that Jamshoro Unit-01 can be converted from imported coal to ~100% Thar lignite, with estimated savings of ~USD3.2bn over 26 years. As a brownfield modification adding no new capacity, the project shifts existing demand from imported to local coal, supporting domestic offtake while displacing trading volumes.
- Thar Block-II is expected to expand mining capacity to ~11.2mn TPA by 2HCY26 to supply the 660MW Lucky Power Plant, while blending trials are underway at three imported coal-based IPPs totaling ~3,960MW. Mandatory blending, if introduced, would structurally reduce imported coal offtake.
- Imported coal prices have risen to ~USD 110/MT FOB in March 2026, around ~22% above 2025 levels, reversing the price decline that supported the ~60% rise in import volumes during 9MFY26. Import volumes are likely to moderate as the cost advantage of local coal widens.
- Thar mining operations are transitioning from diesel to grid electricity, expected to lower coal production cost by ~USD 0.7/ton, while the Thar Coal Rail Connectivity Project is due to become operational by late 2026. Together, these address the cost and transport constraints that have confined Thar lignite to mine-mouth generation.
- Distributed solar is estimated to have supplied ~28% of total electricity generation in FY25, up from ~10% two years earlier, eroding grid demand while coal capacity payments remain fixed.
- Going forward, local coal demand is expected to remain stable, supported by power and industrial use, while rising Thar coal output may gradually reduce dependence on imported coal. Pakistan intends to prioritize indigenous coal for energy security and lower exposure to imported fuel price volatility. However, the progress remains very slow on this front and major investment and technical expertise are required.

Coal Mining & Trading

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