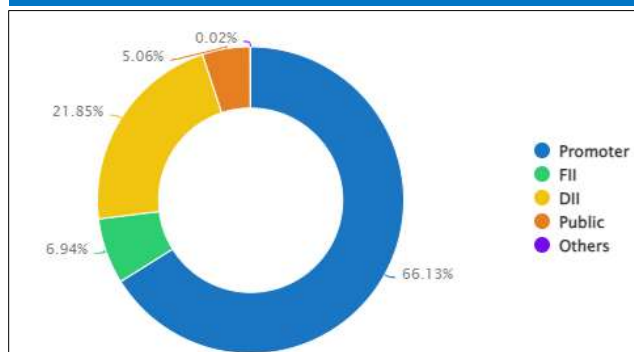


May 2022

**VALUE PARAMETERS**

Face Value (Rs.)	10.00
EPS (TTM)	24.8
52-Week High/Low	209/133
Mrk.Cap (Rs. in Cr.)	112,038
P/E Ratio (TTM)	7.28
Book Value per share (Rs)	65.5
Industry P/E	9.49
P/B Ratio (calc at CMP)	2.79
Dividend Yield (%)	8.86
Enterprise value (Rs in Cr)	95,297

**SHAREHOLDING PATTERN**



**FINANCIAL PERFORMANCE**

	ACTUAL	FORECAST	
	FY Mar-21	FY Mar-22	FY Mar-23
Sales (Rs. Cr)	90,026	1,12,100	1,24,200
Growth (%)	-6	24.6	10.8
EBITDA	18,573	26100	28,800
EBITDA margin (%)	21	23.3	23.2
Net Profit (Rs. Cr)	12,705	18100	20,000
EPS (Rs)	20.61	29.4	32.5
ROE	34.8	42.3	40.1
ROCE	35.4	44.4	42.1
P/E	6.3	5.8	5.2
EV/EBITDA	3.08	3.4	2.9

**Our Recommendation:** Coal India showed strong topline growth with improved margins and profitability in Q3FY22. The company has set a production target of 630 MT and offtake target of 660 MT. Given the present scenario of high demand of coal, higher coal prices and strong e-auction premiums, we expect the profitability will improve in the coming quarters. Thus, we recommend BUY in price range Rs. 160-180 with target price Rs 205 (upside 23%).

**Investment Rationale:**

**About Company:** Coal India Ltd is Indian government-owned corporation that primarily deals in mining and production of Coal and also operates Coal washeries. Coal India is the world's largest pure coal producer. The company produced 596 million tonnes of coal in FY21 and offtake was more than 574 million tonnes. Coal India has 151 underground mines, 172 open cast, and 22 mixed mines. The company has advanced world-class technology in open cast mining.

**Q3FY22 Results:** The company reported strong performance in Q3FY22 led by successful e-auction sales volume and realization. EBITDA/tonne for Q3FY22 was at 393/tonne. In Q3FY22, it was 335/tonne a year ago in same quarter.

- The company's consolidated revenue from operations was at Rs 28,434 Cr which is 20% up YoY and 22% up QoQ basis.
- Company's EBITDA for the quarter was at Rs 6,825 Crore which is 32% up YoY and 73% up QoQ basis.
- Consolidated EBITDA margin in Q3FY22 stood at 16.9% which is less than 21.9% in Q2FY22.
- PAT for Q3FY22 was at Rs 4,557 Cr which is up 48% YoY and 55% QoQ.

**Key Highlights from Management:**

- For FY22E, CIL has set production target of 630 MT and offtake target of 660 MT. For FY23E, CIL has set production and offtake target of 700 MT each.
- The company provided capex guidance of Rs. 15,500-16,000 Cr for FY22 and nearly Rs. 17,000 Cr for FY23.
- Ten mining projects have been approved by the company in 9MFY22 with capacity of 67.30 mtpa and sanctioned capital of Rs. 14,736 Cr.
- Board approved payment of second Interim dividend of Rs. 5 per equity share, taking the total dividend paid so far for FY22 to Rs. 14 per share.
- Debtors reduced by 10% QoQ and 32% in 9MFY22 to Rs 134.3bn with a target to reduce it below Rs100bn by FY22 end.

**Risks:**

- More than expected operating cost could reduce margins.
- Environmental concerns and delay in approvals.
- Govt's shift in focus to more sustainable energy options.

## Financials and Valuations

### Financial Summary, consolidated (Rs. Cr)

Y/E March	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)
<b>Net Revenues</b>	28,434	23,686	20.04%	23,291	22.08%
<b>EBITDA</b>	6,825	5,165	32.15%	3,942	73.15%
<b>PAT</b>	4,559.0	3,084.0	47.83%	2,938.0	55.17%
<b>EPS (INR)</b>	7.4	5.01	47.70%	4.77	55.14%

### Income Statement, consolidated (Rs. Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21
<b>Net Revenues</b>	<b>83,998.73</b>	<b>86,650.37</b>	<b>99,585.61</b>	<b>96,080.34</b>	<b>90,026.01</b>
Expenditure	71,560.68	77,362.14	74,579.76	74,499.05	71,452.57
<b>EBIDTA</b>	<b>12,438</b>	<b>9,288</b>	<b>25,006</b>	<b>21,581</b>	<b>18,573</b>
<i>EBITDA Margin (%)</i>	<i>15%</i>	<i>11%</i>	<i>25%</i>	<i>22%</i>	<i>21%</i>
Depreciation	2,907	3,063	3,450	3,451	3,709
<b>EBIT</b>	<b>9,531</b>	<b>6,225</b>	<b>21,556</b>	<b>18,130</b>	<b>14,864</b>
Other Income	5324.21	4974.88	5837.06	6444.96	3792.38
Interest	409.18	430.10	263.68	502.92	644.69
Exceptional items	0.00	0.00	0.00	0.00	0.00
<b>PBT</b>	<b>14,446.33</b>	<b>10,770.01</b>	<b>27,129.23</b>	<b>24,072.33</b>	<b>18,012.13</b>
Tax	5164.79	3732.31	9662.45	7370.98	5307.07
<b>PAT</b>	<b>9,281.54</b>	<b>7,037.70</b>	<b>17,466.78</b>	<b>16,701.35</b>	<b>12,705.06</b>
<b>Net Profit</b>	<b>9,281.53</b>	<b>7,038.00</b>	<b>17,466.42</b>	<b>16,701.51</b>	<b>12,705.14</b>
Min Int.	0.25	0.12	-1.35	13.85	-2.28
Shares associates	-1.76	0.44	-2.00	-1.17	-2.97
<b>Consolidated Net Profit</b>	<b>9,280.02</b>	<b>7,038.56</b>	<b>17,463.07</b>	<b>16,714.19</b>	<b>12,699.89</b>
<b>EPS</b>	<b>14.95</b>	<b>11.34</b>	<b>28.34</b>	<b>27.12</b>	<b>20.61</b>

### Cash Flow Statement, consolidated (Rs. Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21
CF from Op. Activity	16,461	21,115	16,356	4,977	10,560
CF from Inv. Activity	455	-7,747	-7896	1033	339
CF from Fin. Activity	-17598	-13,564	-10,885	-4,791	-8,455
Net Change	-682	-196	-2426	1,219	2,443
Cash & Cash Eqvt	4194	3998	1572	2,791	5,234

## Balance Sheet, consolidated (Rs. Cr)

Y/E March	FY17	FY18	FY19	FY20	FY21
Equity Share Capital	6207	6207	6163	6163	6163
Share Warrants	0	0	0	0	0
Reserves & Surplus	18,311	13,971	20,292	25,994	30,355
<b>Total Shareholder's Fund</b>	<b>24,518</b>	<b>20,178</b>	<b>26,455</b>	<b>32,157</b>	<b>36,518</b>
L.T. Borrowings	295	1,054	1,472	1,993	2,688
Deffered tax liability	-2,733	-5,355	-4,269	-3,311	-3,337
Other long term L&P	48,640	55,556	58,588	66,407	69,769
<b>Non-Current Liabilities</b>	<b>46,202</b>	<b>51,255</b>	<b>55,791</b>	<b>65,089</b>	<b>69,120</b>
S.T. Borrowings	2,713	477	730	4,433	3,187
S.T Trade pay	3884	6974	9418	7251	7638
Other S.T. Liab.	26,272	28,835	29,123	30,603	34,352
S.T. Provisions	11147	12033	6827	6781	6466
<b>Current Liabilities</b>	<b>44,016</b>	<b>48,319</b>	<b>46,098</b>	<b>49,068</b>	<b>51,643</b>
Minority Interest	346	362	408	394	441
<b>Total Equity &amp; Liability</b>	<b>1,15,082</b>	<b>1,20,116</b>	<b>1,28,752</b>	<b>1,46,709</b>	<b>1,57,720</b>
Fixed assets	32397	37847	42276	45112	52895
L.T. Investments	969	1,303	1,420	1,873	2,318
L.T. Loans & Adv.	2469	10493	3911	2531	2572
Other L.T. Assets	9,327	4,358	11,474	13,506	15,210
<b>Non-Current Assets</b>	<b>45,162</b>	<b>54,001</b>	<b>59,081</b>	<b>63,022</b>	<b>72,995</b>
S.T. Investments	513	401	1,750	100	3,633
Inventories	8,945	6,444	5,584	6,618	8,947
Sundry Debtors	12,476	6,258	5,499	14,408	19,623
Cash & Bank	31,149	31,280	31,124	28,449	17,310
Others	16,836	21,733	25,715	34,113	35,211
<b>Current Assets</b>	<b>69,919</b>	<b>66,116</b>	<b>69,672</b>	<b>83,688</b>	<b>84,724</b>
Misc. Exp. not W/O	0	0	0	0	0
<b>Total Assets</b>	<b>1,15,082</b>	<b>1,20,116</b>	<b>1,28,752</b>	<b>1,46,709</b>	<b>1,57,720</b>

## Key Ratios

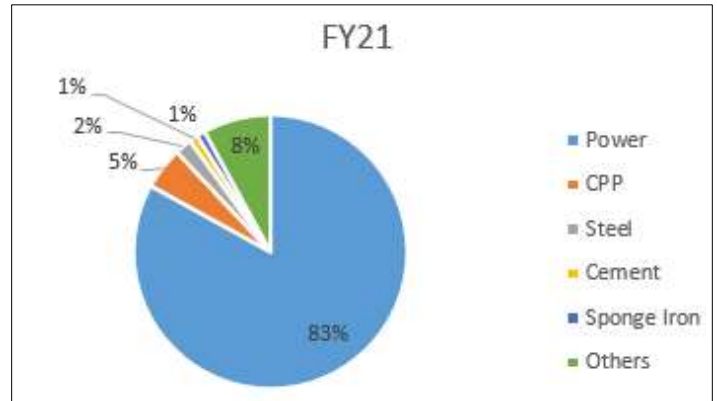
Y/E March	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Per Share Data (Rs)</b>					
EPS	14.95	11.34	28.34	27.12	20.61
BV/Share	39.5	32.51	42.93	52.18	59.26
DPS	19.9	16.5	13.1	12	16
Dividend Payout (%)	133.11	145.52	46.23	44.25	77.64
<b>Valuation Ratios</b>					
P/E	19.59	25	8.36	5.16	6.33
P/BV	7.41	8.72	5.52	2.68	2.2
EV/EBITDA	8.65	10.25	3.79	2.29	3.08
<b>Return Ratios (%)</b>					
EBITDA Margins (%)	15%	11%	25%	22%	21%
ROE (%)	37.86	34.88	66.02	51.94	34.79
ROCE (%)	32.7	58.4	85.7	56.4	35.4
<b>Leverage Ratio (x)</b>					
Current Ratio	1.59	1.37	1.51	1.71	1.64
Interest Cover Ratio	36.2	26.04	103.89	48.87	28.94
Net Debt/Equity	0.12	0.08	0.08	0.2	0.16

**Financial story in charts**

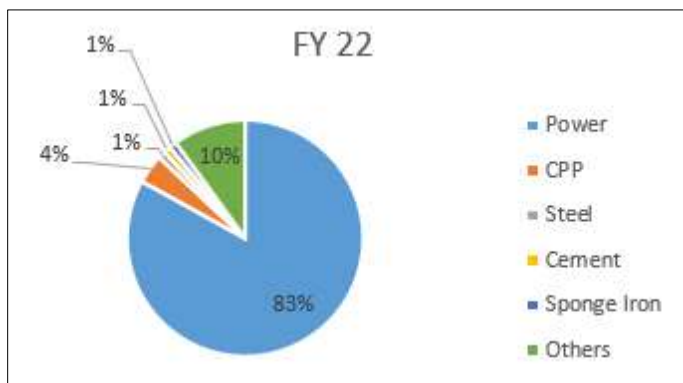
**Power Consumption by different sectors in FY20**



**Power Consumption by different sectors in FY21**

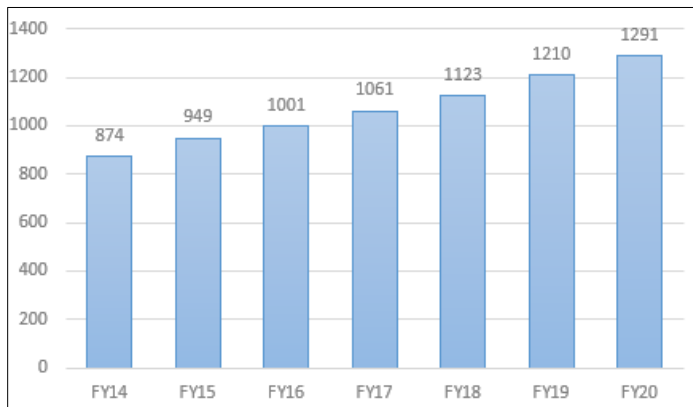


**Power Consumption by different sectors in FY22**

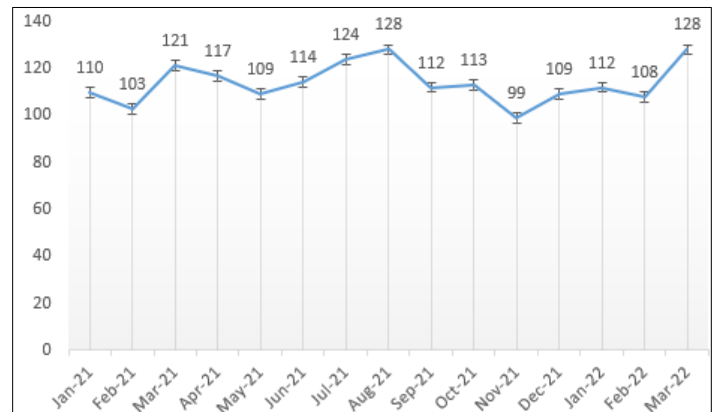


*Major demand of power comes from Power sector followed by steel and CPP. Power plants' demands of coal will continue to soar in FY23 and FY24. Being the Coal India leader supplier of coal, Revenue and EBITDA will see significant improvement.*

**Annual power demand in India (BU)**

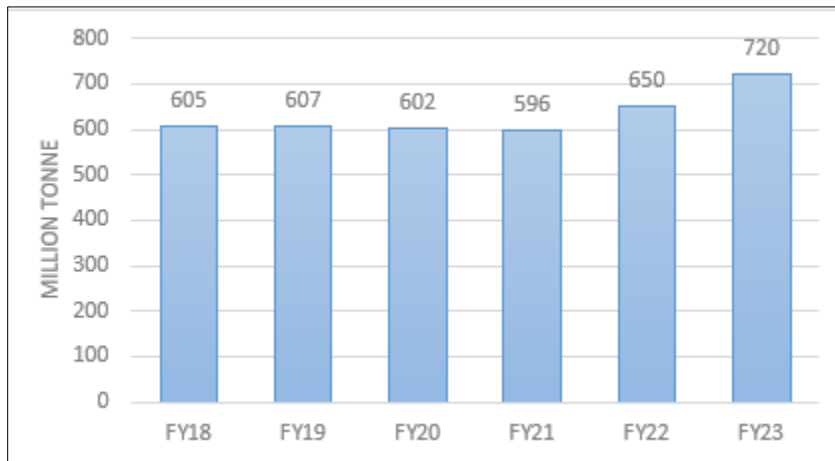


**Monthly power demand in India (BU)**



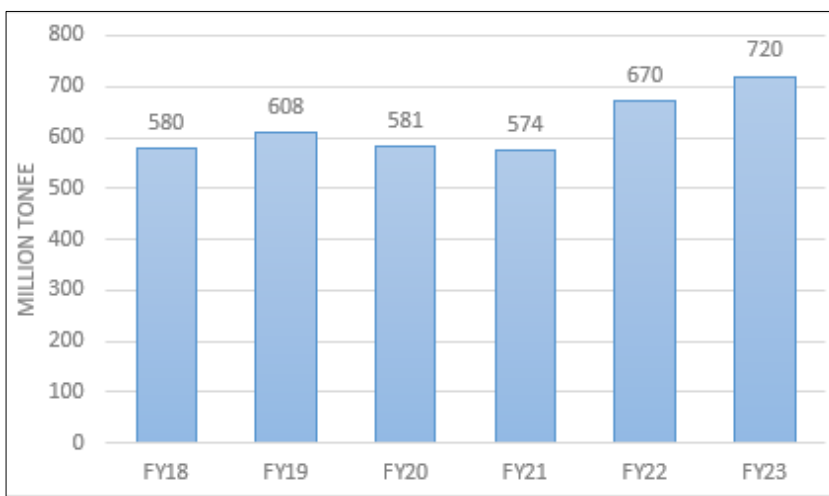
**Financial story in charts**

**TREND IN PRODUCTION IN COAL INDIA**



*Following the COVID-19 lockdown ease, coal production will see significant uptrend in FY22 and will reach to 720 million tones in FY23.*

**TREND IN OFFTAKE PRODUCTION**



*Offtake production to reach 670 MT in FY22 and 720 MT in FY23.*

**TREND IN EBITDA MARGIN (%)**



*EBITDA margin will hover around 23% over the next couple of years in FY22E and FY23E.*

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**Disclosure:**

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