



Research Report

Coal India Ltd.



Prepared by
Ashima Jain

About

Coal India Ltd is mainly engaged in mining and production of Coal and also operates Coal washeries. The major consumers of the company are power and steel sectors. Consumers from other sectors included cement, fertilizers, brick kilns etc.

Product Portfolio

Coking Coal, Semi – Coking Coal, Non – Coking Coal, Washed and beneficiated coal, Middlings, Rejects, CIL coke, Tar, Heavy Oil, Light oil, soft pitch, and other value-added products.

Network

The operations of CIL are spread across 8 states in India. It also has a fully owned mining company in Mozambique known as Coal India Africana Limitada which is yet to commence operations.

Synopsis of Financials

- Sales has increased due to increase in due to loading and additional Transportaion charges,
- Moreover, Subsidy for Sand Stowing and Protective Works.
- Profit of the company has grown majorly due to revenue from services.

Stock data (as on 21st Dec 2023)

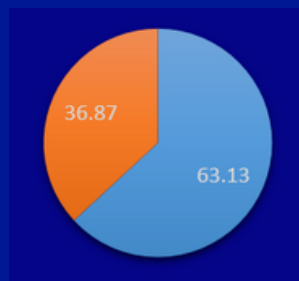
Nifty Price	: 21140
52 week High (in Rs.)	: 372
52 week Low (in Rs.)	: 208
Market Cap. (in Crore)	: 216836Cr.
NSE Code	: COALINDIA

Stock data (2009-2023)



-NIFTY50
- COALINDIA

Shareholding Pattern (Sep_2023)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2023	March 2022	March 2021
Sales	138,252	109,715	90,026
Sales Growth %	26.01%	21.87%	-6.30%
Operating Profit	36,810	24,721	18,628
OPM %	27%	23%	21%
Profit before tax	38,001	23,616	18,009
YOY Growth	-	7%	7%
EPS in Rs	45.70	28.17	20.61

Synopsis Quater Results

Con-Call Q1FY23: Key Highlights

Capex:

- Land acquisition and infrastructure development are major components of the company's capex plans.

New products/diversification:

- Coal India is exploring opportunities in solar energy and other diversification projects.
- The company is actively exploring opportunities in other minerals and non-coal sectors.

Efficiency and cost reduction:

- The company is focused on increasing efficiency and reducing costs in its operations.
- Employee costs are being managed effectively, and the company does not anticipate any major revisions in the near future.

Production and dispatch targets:

- The company reported encouraging results in terms of coal production, dispatches, and overburden removal in H1 FY24.
- Coal India is on track to achieve its target of 780 million tons of coal production for the year.
- The company expects to achieve its target of 1 billion tons of coal production per year.
- The management is confident in achieving its production and dispatch targets for FY25 and beyond.

E-auction volumes:

- The company expects a 15% increase in e-auction volumes for the second half of the year.

Demand and supply:

- There is a strong demand for coal in the power sector, and Coal India is working to ensure adequate supply.
- Coal India is focused on meeting the demand for coal and ensuring a steady supply to power plants and other sectors.

Evacuation facilities:

- The company is investing in First Mile Connectivity projects to improve evacuation facilities.
- The company is continuously working on improving its evacuation capabilities through railway projects and infrastructure development.

Overall outlook:

- The company expects to achieve its target of 1 billion tons of coal production per year.
- The management is confident in achieving its production and dispatch targets for FY25 and beyond.

Quarterly Results

Particular	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
Sales	32,709	35,092	29,838	35,169	38,152	35,983	32,776
Expenses	23,607	22,865	22,700	24,781	31,254	25,492	24,639
Operating Profit	9,102	12,227	7,139	10,389	6,898	10,491	8,137
OPM %	28%	35%	24%	30%	18%	29%	25%
Other Income	1,767	995	1,761	1,671	2,282	1,538	2,074
Interest	21	150	135	204	195	178	182
Depreciation	1,412	994	1,077	1,262	1,342	1,138	1,178
Profit before tax	9,335	12,077	7,687	10,594	7,642	10,712	8,850
Tax %	28%	27%	21%	27%	28%	26%	23%
Net Profit	6,715	8,834	6,044	7,719	5,528	7,941	6,814

Source: Screener

Key Ratios

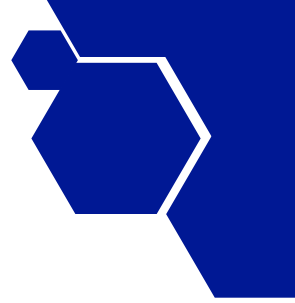
Ratios	2023	2022	2021	2020	2019	2018	2017	2016
Debt Equity Ratio								
- Total Debt to Equity	0.07	0.08	0.16	0.20	0.08	0.08	0.12	0.03
- Long Term Debt to Equity	0.07	0.08	0.07	0.06	0.06	0.05	0.02	0.01
Current Ratio	1.57	1.62	1.68	1.71	1.51	1.37	1.59	2.31
Return on Average Net Worth	56.05%	43.65%	37.01%	57.02%	74.96%	31.50%	31.29%	37.59%
Return on Average Capital Employed	26.83%	19.25%	16.14%	22.60%	29.53%	10.96%	14.58%	20.65%
Debtor Turnover Ratio (as no. of months) of Gross Sales	0.78	1.22	1.61	0.88	0.50	0.71	1.17	1.11
Inventory Turnover Ratio (as no. of months) of Cost of Goods Sold	0.68	0.92	1.07	0.79	0.76	0.80	1.29	1.14
EBITDA Margin on Net Sales	31.57%	26.82%	25.22%	27.65%	29.79%	14.17%	18.81%	26.31%
Net Profit Margin on Net Sales	22.04%	17.28%	15.36%	18.69%	18.80%	8.68%	12.27%	18.86%
Earning Per Share (₹)	45.70	28.17	20.61	27.12	28.14	11.34	14.80	22.59
Book Value Per Share (₹)	92.89	70.01	59.26	52.18	42.93	32.51	39.50	55.15
Market Price Per Share (NSE) (H)	213.65	183.05	130.35	140.05	237.20	283.30	292.65	291.95
Price Earning Ratio (P/E Ratio)	4.68	6.50	6.32	5.16	8.43	24.98	19.77	12.92

Source: Annual Report

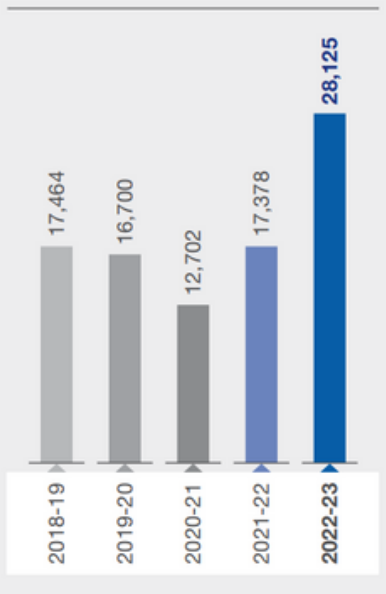
Yearly Results

Particulars	Mar 2023	Mar 2022	Mar 2021
Share Capital	6,163	6,163	6,163
Reserves	30,355	36,980	51,082
Borrowings	5,884	3,514	4,331
Other Liabilities	118,649	132,780	148,300
Total Liabilities	161,051	179,436	209,876
Fixed Assets	42,405	46,677	51,961
CWIP	10,490	12,897	17,622
Investments	5,950	8,921	7,139
Other Assets	102,206	110,942	133,154
Total Assets	161,051	179,436	209,876

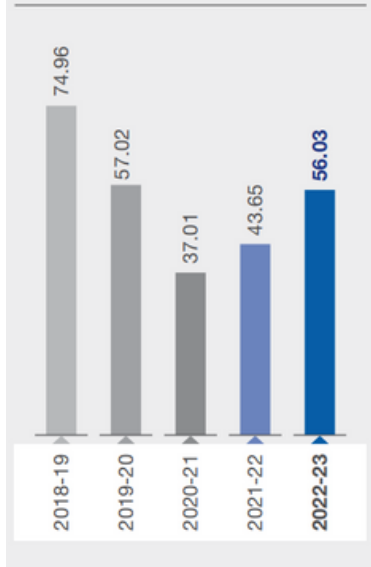
Financial Performance



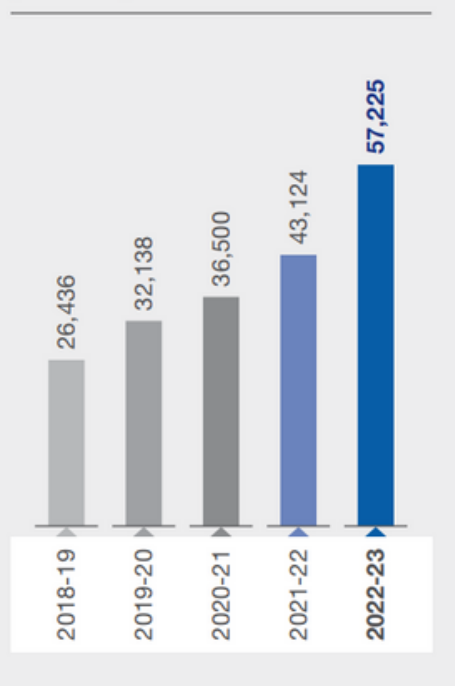
Net profit
(₹ in crore)



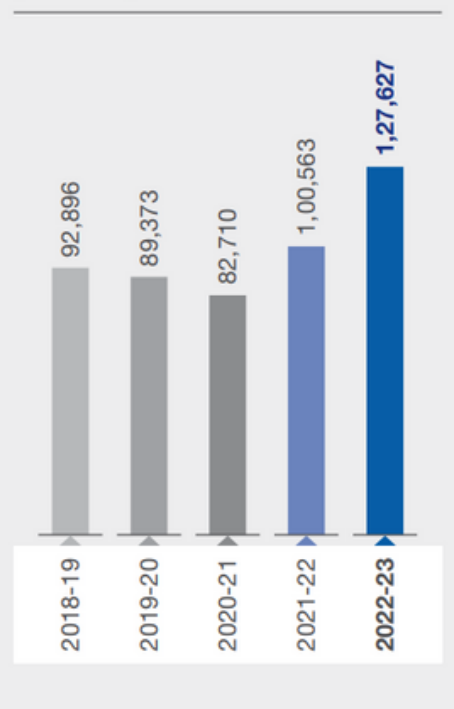
Return on average net worth
(%)



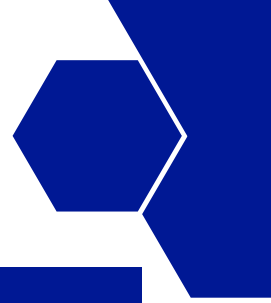
Net worth
(₹ in crore)



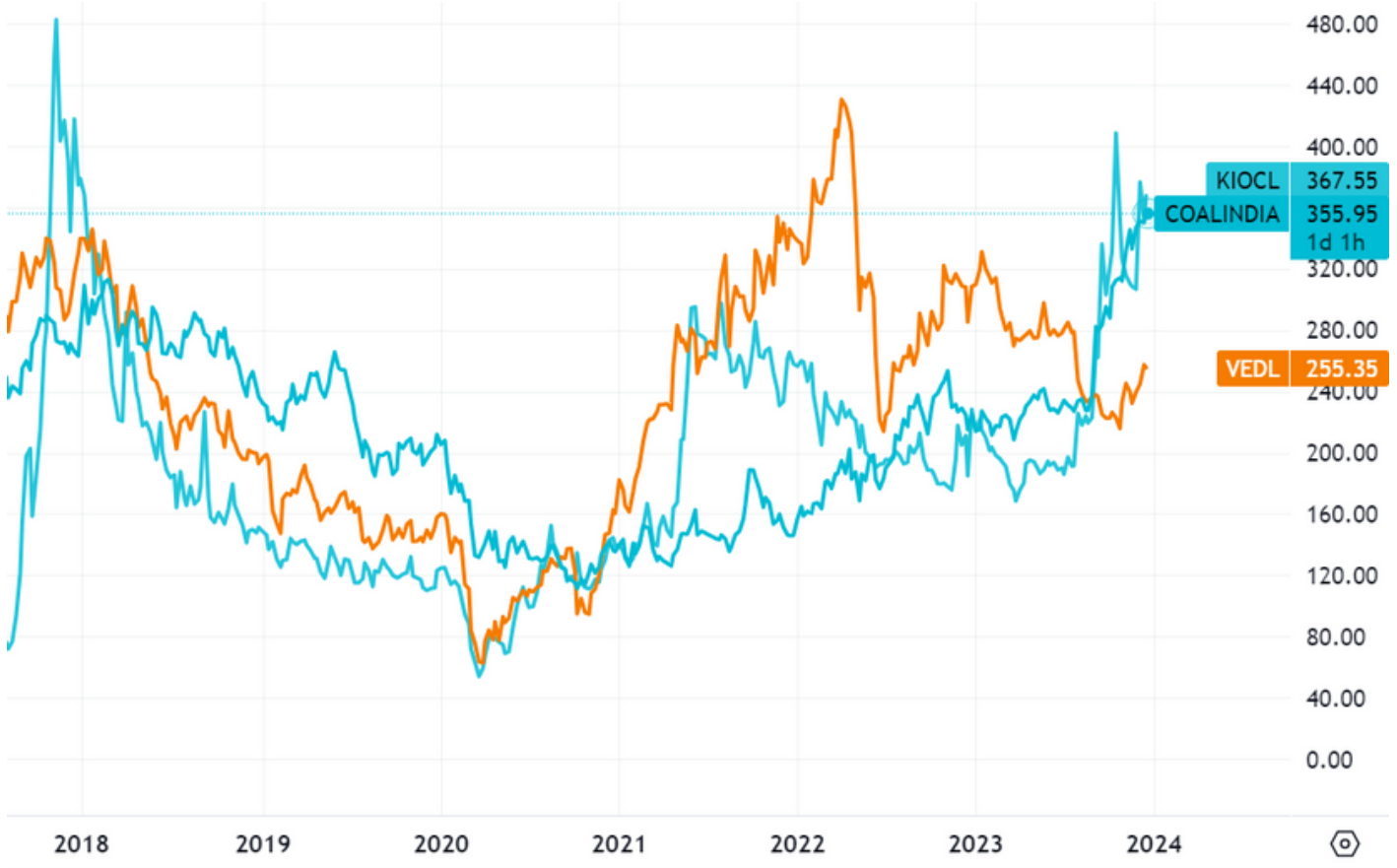
Net sales
(₹ in crore)



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Coal India	351.85	7.74	216835.62	6.90	6813.50	12.51	32776.41	9.85	70.49
2.	Vedanta	254.00	19.00	94417.04	39.95	-915.00	-145.13	38945.00	6.25	21.18
3.	NMDC	188.45	11.06	55227.26	3.53	1025.99	5.57	4013.98	20.60	30.22
4.	Lloyds Metals	620.75	27.66	31363.64	0.00	231.26	62.05	1091.31	61.97	81.99
5.	KIOCL	363.45		22088.71	0.00	-21.39	79.07	431.24	179.17	-4.54

Source: Screener

Final Outlook

COALINDIA: Buy | LTP: 352

Coal India's (CIL) Nov'23 operating performance remains robust. Key points: 1) Supplies to regulated and non-regulated sectors rose 5.8% YoY and 7.4% YoY, respectively; 2) during 8MFY24, both BCCL and NCL achieved their respective progressive targets, while SECL has accounted for 42% of incremental coal supply; and 3) pithead inventory stands at comfortable 45mt, up 58% YoY. Going ahead, we expect firm international coal prices to have a trickle-down effect on e-auction prices, resulting in better profitability. This is quite possible in a pre-election year as CIL is likely to generate free cash flow of Rs 22,000 crore/Rs 19,500 crore in FY24E/FY25E