



Coal India Limited
A Maharatna Company

RESEARCH REPORT COAL INDIA LTD



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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 include cement, fertilizers, brick kilns etc.

Key Business

Mining And Production of coal
Operating coal washeries

Synopsis of Financials

- Highest ever 9 months profit with PBT of INR31,937 crores and PAT of INR23,849 crores
- Market capitalization stood at INR2,31,719 crores on 31st December 2023
- Approved a second interim dividend of INR5.25 per share
- Employee cost expected to be less this year and remain flat or less in FY '25
- Company will be able to supply more if demand goes beyond the target of 838 million tons.

Stock data (as 01st Aug 2024)

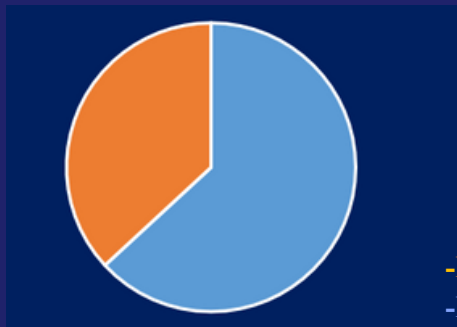
Nifty Price : 24,227.70
52 week High (in Rs.) : 542
52 week Low (in Rs.) : 226
Market Cap. (in Crore) : ₹ 3,18,706 Cr.
NSE Code : COALINDIA

Stock data



-NIFTY50
-COALINDIA

Shareholding Pattern (March 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	142,324	138,252	109,715
Sales Growth %	2.95%	26.01%	21.87%
Expenses	94,352	94,020	84,995
Operating Profit	47,971	44,232	24,721
OPM %	34%	32%	23%
Net Profit	37,369	31,723	17,378
EPS in Rs	60.69	51.54	28.17

Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	29,838	35,169	38,152	35,983	32,776	36,154	37,410
Expenses	22,700	24,781	28,819	22,431	24,639	23,133	26,073
Operating Profit	7,139	10,389	9,333	13,552	8,137	13,021	11,338
OPM %	24%	30%	24%	38%	25%	36%	30%
Other Income	1,761	1,671	2,291	1,538	2,074	2,489	2,318
Interest	135	204	195	178	182	227	232
Depreciation	1,077	1,262	1,860	1,527	1,178	1,649	1,993
Profit before tax	7,687	10,594	9,569	13,385	8,850	13,634	11,430
Tax %	21%	27%	28%	22%	23%	26%	24%
Net Profit	6,044	7,719	6,869	10,498	6,814	10,155	8,640

Source: Screener

Key Ratios

Sl. No.	Ratios	2024	2023
1	Debt Equity Ratio		
1.i	- Total Debt to Equity	0.08	0.07
1.ii	- Long Term Debt to Equity	0.07	0.07
2	Current Ratio	1.70	1.57
3	Return on Average Net Worth	52.07%	61.04%
4	Return on Average Capital Employed	27.30%	28.21%
5	Debtor Turnover Ratio (as no. of months) of Gross Sales	0.81	0.78
6	Inventory Turnover Ratio (as no. of months) of Cost of Goods Sold	0.78	0.67
7	EBITDA Margin on Net Sales	39.74%	37.39%
8	Net Profit Margin on Net Sales	28.67%	24.86%
9	Earning Per Share (₹)	60.69	51.54
10	Book Value Per Share (₹)	134.24	98.73
11	Market Price Per Share (NSE) (₹)	434.10	213.65
12	Price Earning Ratio (P/E Ratio)	7.15	4.15
13	Dividend per Share (₹) *	25.50	24.25
14	Dividend Payout Ratio	42.02%	47.05%
15	Market Capitalisation (₹ in Crore)	267524.04	131666.69

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	6,163	6,163	6,163
Reserves	76,567	54,680	36,980
Borrowings	6,523	4,331	3,514
Other Liabilities	147,217	156,222	132,780
Total Liabilities	236,470	221,396	179,436
Fixed Assets	75,668	64,547	46,677
CWIP	18,960	17,622	12,897
Investments	7,110	7,139	8,921
Other Assets	134,731	132,087	110,942
Total Assets	236,470	221,396	179,436

Synopsis Quater Results

Con-Call May 24: Key Highlights

Production and Offtake:

- Highest ever 9 months coal production of 531.90 million tons
- 11% growth in coal production and 22% growth in overburden
- 8% growth in offtake with highest ever 9 months power dispatches of 454.03 million tons

Capex and Investments:

- Achieved a capex of INR5,702 crores compared to the previous year
- Backed around 300-megawatt of solar projects in Gujarat through e-auction
- Capex target for FY '25 is INR17,500 crores, with plans to increase to INR18,000 crores in FY '26
- Capex includes solar projects, railway lines, and coal gasification projects

Future Targets and Plans:

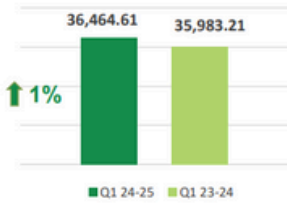
- Expect to achieve a target of 780 million tons this year and 838 million tons next year
- Pursuing clearances and logistics to meet demands beyond the target of 838 million tons
- Focus on increasing washery capacities to beneficiate coal and meet demands
- Management optimistic about maintaining double-digit growth in production and dispatches

E-Auction and Pricing:

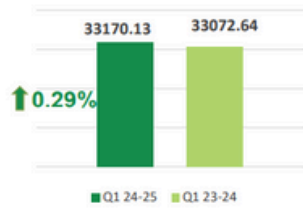
- E-auction volume saw a sharp jump in the third quarter due to increased demand and low power plant stock
- E-auction premium varies based on demand and supply
- No plans to increase FSA coal prices
- Focus on offering all grades in the e-auction

Revenue Highlights

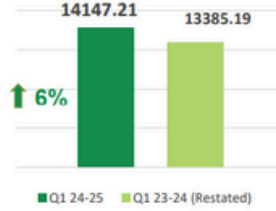
Revenue from Operations
(₹ Crore)



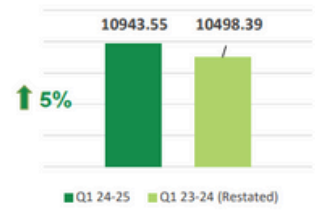
Net Sales
(₹ Crore)



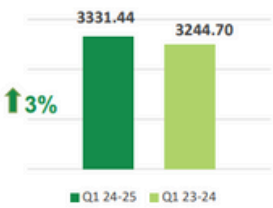
Profit Before Tax
(₹ Crore)



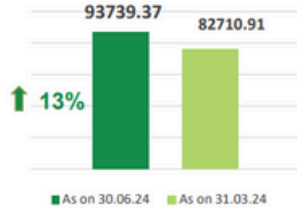
Profit After Tax
(₹ Crore)



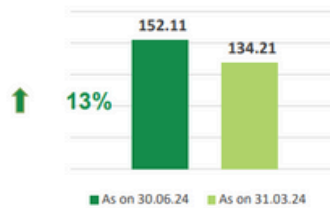
CAPEX
(₹ Crore)



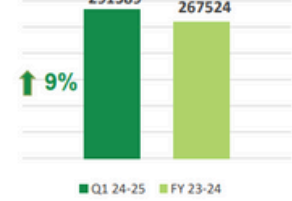
Net Worth
(₹ Crore)



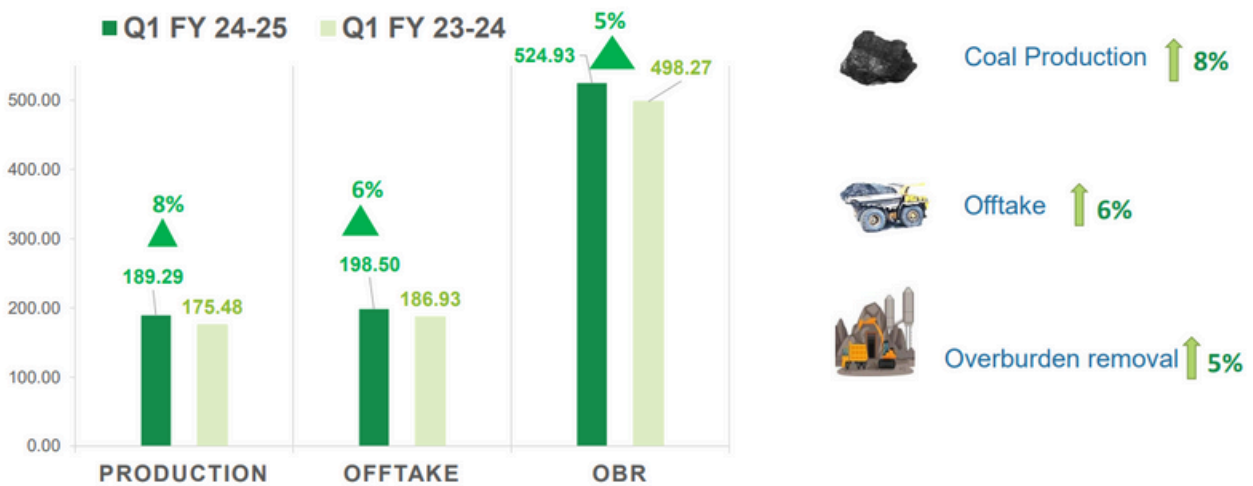
Book Value / Share
(₹)



Market Cap
(₹ Crore)



Production, Offtake and Overburden removal for Q1 of FY 24-25 vis a vis Q1 of FY 23-24



Final Outlook

COALINDIA : BUY | LTP: 523.20

In FY24, CIL achieved coal production of 774 MT (largely in line with its target of 770 MT). FY25 target is at 838 MT, out of which, ~661 MT will be for the regulated power sector. For FY26, CIL has a coal production target of 1 BT.

CIL revenue is at Rs 37,410 Cr (down 2% YoY, up 3% QoQ) stood largely in line with our and consensus estimates. Reported EBITDA at Rs 11,338 Cr (up 21% YoY, down 13% QoQ), beat the consensus by 11%, led by lower RM costs (due to inventory build-up ahead of the peak summer which drove the cost of RM down) and change in the accounting policy for the stripping activity

We value the stock at 5.5x (vs. 5.0x) 1-year forward EV/EBITDA multiple on FY26E Adj. EBITDA (unchanged). Based on this, we arrive at our target price of Rs 505/share (from Rs 510/share), implying an upside of 12% from the CMP.

I will give Buy recommendation For this stock.