Coal India:
Short-term Report

ambal SHARES & STOCKS PRIVATE LIMITED

Coal India	CMP 363	BUY	Target: 380/400

Performance Highlight:

- Total operating income for Q3FY15 came in at ₹ 17762.9 crore, up 13.3% QoQ and 4.9% YoY and above our estimate of ₹ 17041.6 crore. Total sales volume at 124.6 million tonnes (MT) was in line with our estimate of 124 MT while blended realisation was at ₹ 1426/tonne (up 0.5% QoQ).
- E-auction volume for the quarter came in at ~5.6 MT (down 47.3% QoQ). E-auction realisation came in at ₹ 3134/tonne (up 25.6% QoQ)
- FSA volume for the quarter stood at 114.7 MT while FSA realisation came in at ₹ 1298/tonne (up 3.0% QoQ) and better than our estimate of ₹ 1285/tonne
- On account of healthy FSA and e-auction realisation coupled with in line total sales volume, EBITDA margin for the quarter came in at 19.6%, higher than our estimate of 17.8%. The ensuing EBITDA came in at ₹ 3480 crore, down 15.2% YoY but higher than our estimate of ₹ 3039.8 crore
- The consequent PAT came in at ₹ 3262.5 cr, declining 16.2% YoY. It was lower than our estimate of ₹2927.8 cr.

Company Details:

Coal India (CIL), the mining major, is the largest coal producer in the world with coal production of 462 MT in FY14. The company supplies coal to sectors like power, steel, cement, defence, fertiliser, etc. As of March 31, 2013, CIL operated 462 mines in 81 mining areas across eight states in India, including 169 open cast mines, 270 underground mines and 23 mixed mines (which include both open cast as well as underground mines). CIL has seven wholly-owned coal producing subsidiaries and one mine planning and Consultancy Company. The company produces ~81% of India's total coal production and has a domestic market share of ~65%.

Quarterly Performance

	Q3FY15	Q3FY14	YoY (%)	Q2FY15	QoQ (%)
Revenue	17,763	16,928	4.9	15,678	13.3
EBITDA	3,480	4,104	-15.2	2,070	68.10
EBITDA(%)	19.6	24.2	-465bps	13.2	639bps
PAT	3262	3894	-16.2	2192	48.8

Stock Data

Particular	Amount
Market Capitalization	232505 Cr
Total Debt (FY14)	171.5 Cr
Cash and Investments (FY14)	52389.5 Cr
EV	182750.7 Cr
52 week H/L	423.85/256.30
Equity capital	6316.4 Cr
Face value	10

Financials & Valuation:

Y/E MAR	2015E	2016E	2017E
Sales	72.5	89.5	107.5
EBITDA	18.7	26.6	35.5
NP	8	13.5	22
EPS (INR)	229.3	386.4	631.9
EPS Gr. (%)	3.2	68.5	63.6
BV/Sh.(INR)	1,553	1,904	2,495
RoE (%)	15.8	22.4	28.7
RoCE (%)	17	25.7	33.9
Payout (%)	12.7	9	6.4
Valuation			
P/E (x)	40.3	23.9	14.6
P/BV (x)	6	4.9	3.7
EV/EBITDA (x)	16.8	11.1	7.6
EV/Ton (USD)	233	202	185

Recent Dividend Declared:

EX Date	Amount (₹)
3-Mar-15	20.7
17-Jan-14	29
6-Sep-13	4.3
18-Mar-13	9.7

Research Team

M.Vijayababu

Ambalal Shares & Stocks Pvt Ltd

Plot No.2, Kewal Chand Plaza,

Brindavan Street,

Ambalal Green City, Old Bye Pass Road,

Vellore- 632 004

Email ID: vijayababum@ambalalshares.com

Contact No: 0416-2227751-55. Ext- 320,321,322

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