

## MOIL

Refer to important disclosures at the end of this report

## Results beat estimates but no near-term triggers; maintain Hold

CMP: Rs 149  
as of (August 24, 2020)TP: Rs 163 (▲)  
12 months

Rating: HOLD (■)

Upside: 9.4 %

- MOIL's expansion plans have been delayed for at least 5 to 6 months, assuming that the lockdown is over by August 31 and work resumes normally. However, in case normalcy is not restored by then, the expansion plan may be delayed further, eluding volume growth.
- Q1 beat our estimates. EBITDA/t of ₹3,330/t (yoy/qoq: -15%/+15x) was significantly ahead of our estimate of (-) 3,086/t, primarily driven by negative RM costs. Other operating expense was also low but will pick up on higher volumes going forward.
- Manganese Ore port stocks in China are still higher than the threshold of 4mt level, indicating weakness in near-term pricing. With resumption of mining operations in S. Africa, we believe that oversupply in the domestic market may continue for a while.
- We have increased our FY21E EBITDA by 27% due to strong Q1. We have tweaked our EBITDA estimates for FY22/23 marginally to reflect a small uptick in our TP from Rs160 to Rs163 at 4x FY22E EBITDA. Net cash of Rs 74/sh provides support to the stock, but the lack of near term trigger restricts upside. We maintain Hold.

**Lockdown to affect capex and volume growth:** Commissioning high speed shafts at Balaghat mines and deepening of shaft at Gumgaon mines have been delayed substantially. Balaghat was for commissioning in Jan'21 and Gumgaon was due in June'21. We believe that the revised timelines for commissioning these expansion plans could be beyond FY22. While the company continues to pursue its long term target of achieving 2.5mt production in the next 5 years, we believe that there will be time and cost overruns in achieving the target. The company has not provided any specific guidance for FY21 production/sales volumes as its operations continue to hinge on the complete removal of the lockdown. Even current growth plans are on the basis of normalcy being restored by August 31.

**Outlook and valuation:** While the Chinese steel production rate has been close to its all-time high at around 3mt per day, global Manganese ore prices are still correcting. In response, domestic prices have also corrected. The stock is trading at 3.3x/1.8x our FY22/23 Ebitda estimates and cash represents about 50% of its current market cap. However, in absence of volume growth, delayed expansion plans and weak pricing environment, the stock lacks near-term triggers. We maintain Hold on the back of inexpensive valuations and cash rich balance sheet. Weaker-than-expected Manganese ore prices and weak Chinese steel production will be negative.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Metals & Mining \(page 10\)](#)

## Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	14,407	10,381	10,429	13,521	16,635
EBITDA	6,003	2,555	2,789	4,533	7,281
EBITDA Margin (%)	41.7	24.6	26.7	33.5	43.8
APAT	4,785	2,482	2,375	3,696	5,795
EPS (Rs)	18.6	10.5	10.0	15.6	24.4
EPS (% chg)	13.4	(43.7)	(4.3)	55.6	56.8
ROE (%)	16.3	8.5	8.4	12.4	17.4
P/E (x)	8.0	14.3	14.9	9.6	6.1
EV/EBITDA (x)	2.7	6.8	6.1	3.3	1.8
P/BV (x)	1.2	1.3	1.2	1.1	1.0

Source: Company, Emkay Research



## Change in Estimates

EPS Chg FY21E/FY22E (%)	28/5
Target Price change (%)	1.9
Target Period (Months)	12
Previous Reco	HOLD

## Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	10.0	15.6
Consensus	12.5	17.4
Mean Consensus TP (12M)	Rs 171	

## Stock Details

Bloomberg Code	MOIL IN
Face Value (Rs)	10
Shares outstanding (mn)	237
52 Week H/L	170 / 86
M Cap (Rs bn/USD bn)	35 / 0.48
Daily Avg Volume (nos.)	604,439
Daily Avg Turnover (US\$ mn)	1.2

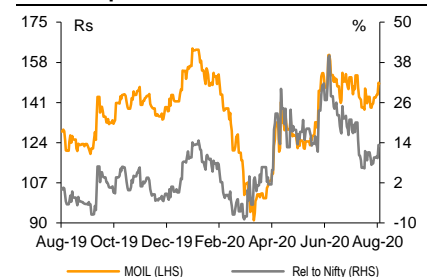
## Shareholding Pattern Jun '20

Promoters	64.4%
FIIIs	3.1%
DIIIs	15.6%
Public and Others	17.0%

## Price Performance

(%)	1M	3M	6M	12M
Absolute	7	20	11	24
Rel. to Nifty	5	(6)	15	17

## Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

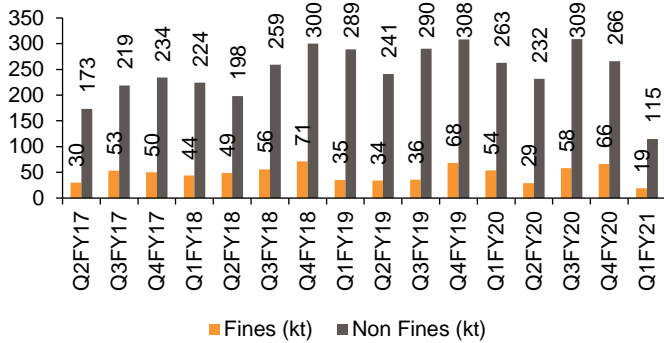
## Vishal Chandak

vishal.chandak@emkayglobal.com  
+91 22 6612 1275

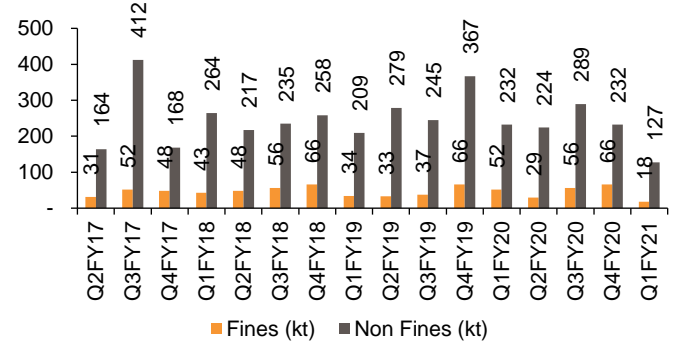
## Abhishek Mody

abhishek.mody@emkayglobal.com  
+91 22 6624 2491

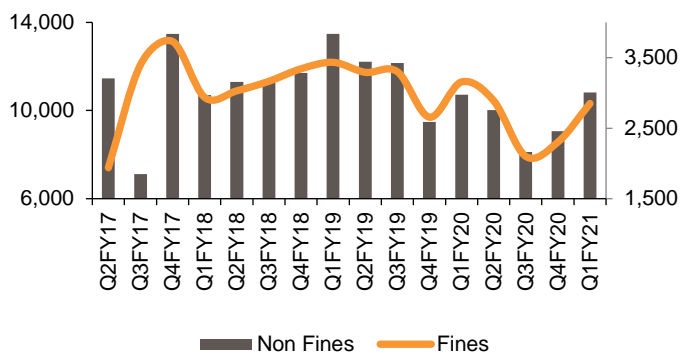
## Story in Charts

**Exhibit 1: Production affected by Covid-19**


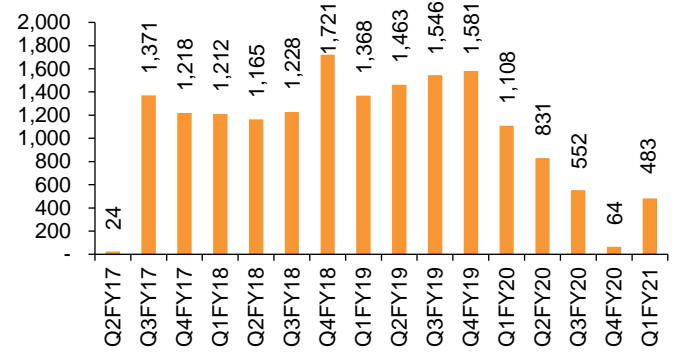
Source: Company, Emkay Research

**Exhibit 2: Sales also affected by Covid-19**


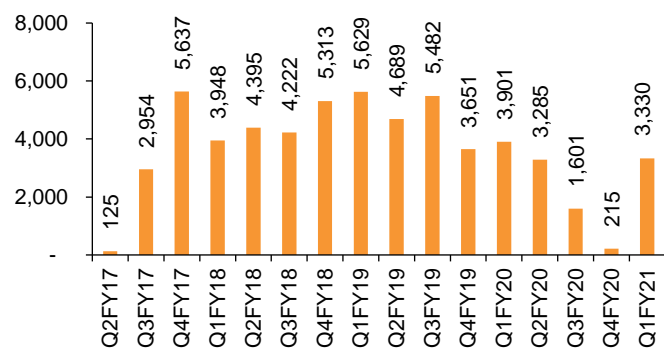
Source: Company, Emkay Research

**Exhibit 3: ASP has bounced back for fines and non-fines**


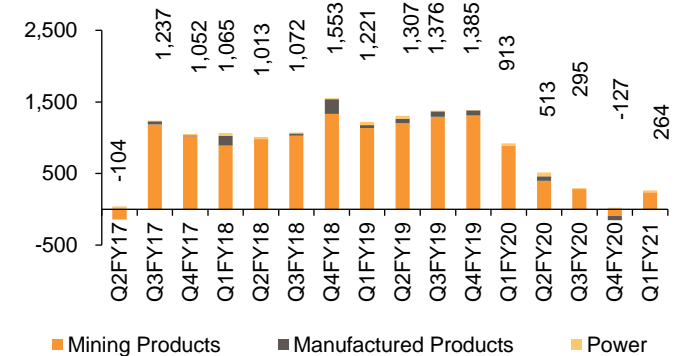
Source: Company, Emkay Research

**Exhibit 4: EBITDA (Rs mn) up due to strong price hike in May**


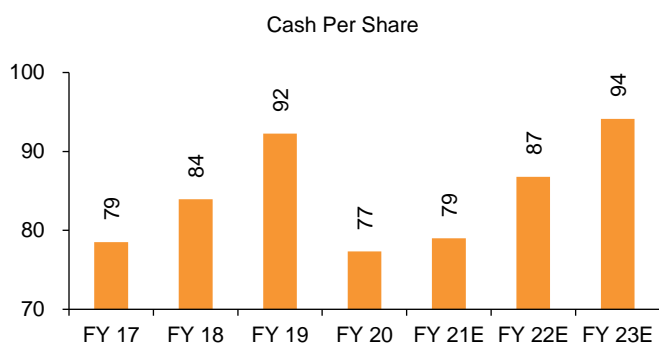
Source: Company, Emkay Research

**Exhibit 5: Higher EBITDA/t driven by ASP hike, despite low volumes**


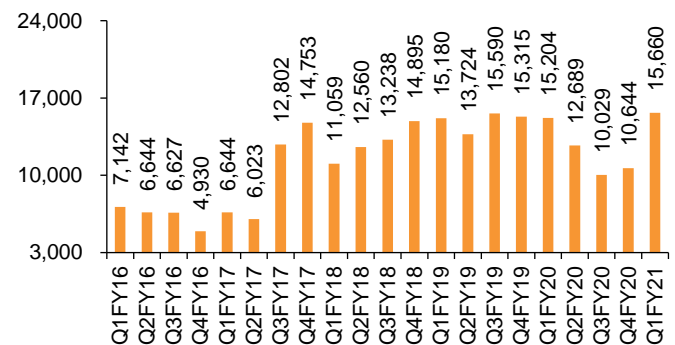
Source: Company, Emkay Research

**Exhibit 6: Segment wise EBIT (Rs mn)**


Source: Company, Emkay Research

**Exhibit 7: Cash per share not expected to improve back soon**


Source: Company, Emkay Research

**Exhibit 8: Mn Ore price (Rs/t) ex Balaghat Mn 37.5%**


Source: Steel mint, Emkay Research

**Exhibit 9: Actual vs Estimates (Q1FY21)**

Particulars	UoM	Actual	Estimates		% Variation		Comments
			Emkay	Consensus	Emkay	Consensus	
Revenue	Rs mn	1,523	1,788	N.A.	-15%	N.A.	Lower ASP leading to lower revenue
EBITDA	Rs mn	483	(411)	N.A.	-218%	N.A.	Higher due to lower operating expenses
EBITDA Margin	(%)	32%	-23%	N.A.	5,468 bps	N.A.	
PAT	Rs mn	19	(173)	N.A.	-111%	N.A.	Higher EBITDA leading to higher PAT

Source: Emkay Research

**Exhibit 10: Consolidated Financial statements (Rs mn)**

	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	abs Yoy	YoY%	abs Qoq	QoQ%
<b>Revenue</b>	<b>2,801</b>	<b>2,531</b>	<b>2,562</b>	<b>2,487</b>	<b>1,523</b>	<b>-1277</b>	<b>-46%</b>	<b>-963</b>	<b>-39%</b>
<b>Expenditure</b>									
RM Cost	110	70	95	110	1	-109	-99%	-109	-99%
Chg. in stocks	-274	-107	-99	-204	-591	-317	116%	-388	190%
Employee cost	1,036	1,004	1,061	1,526	1,087	51	5%	-439	-29%
Other expenses	822	734	952	991	544	-278	-34%	-447	-45%
Total Expenses	1,693	1,700	2,010	2,423	1,040	-652	-39%	-1382	-57%
<b>EBITDA</b>	<b>1,108</b>	<b>831</b>	<b>552</b>	<b>64</b>	<b>483</b>	<b>-625</b>	<b>-56%</b>	<b>419</b>	<b>655%</b>
Depreciation	195	319	258	191	219	24	13%	28	15%
Other Income	487	532	449	343	257	-230	-47%	-86	-25%
<b>PBT</b>	<b>1,401</b>	<b>1,045</b>	<b>743</b>	<b>216</b>	<b>521</b>	<b>-880</b>	<b>-63%</b>	<b>305</b>	<b>141%</b>
Tax expense	494	159	189	81	2	-492	-100%	-79	-97%
Exceptional	0	0	0	0	-500				
Net income	907	886	555	135	19	-888	-98%	-116	-86%
<b>EPS</b>	<b>3.52</b>	<b>3.44</b>	<b>2.15</b>	<b>0.57</b>	<b>0.08</b>	<b>-3</b>	<b>-98%</b>	<b>0</b>	<b>-86%</b>

Source: Company, Emkay Research

**Exhibit 11: Margins Consolidated**

	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY (bps)	QoQ (bps)
EBITDA	40%	33%	22%	3%	32%	-786 bps	2,913 bps
EBT	50%	41%	29%	9%	34%	-1,580 bps	2,552 bps
PAT	32%	35%	22%	5%	1%	-3,114 bps	-418 bps
Effective Tax Rate	35%	15%	25%	38%	0%	-3,481 bps	-3,722 bps

Source: Company, Emkay Research

## Highlights of the Conference Call

- **Demand:** Sales remained weak during the pandemic but progressively improved. May was better than April, and June was better than May. However, July was comparably weaker than June. Management expects August to be better than July. The mixed trends on a month of month basis has prevented management from providing any guidance for the year. However, it is hopeful that the situation will likely improve going forward.
- **International pricing:** The pricing of Manganese ore in the international market has dropped from \$6/dmu to sub \$4/dmu. However, it has in the past dropped to as low as \$3/dmu before a supply response was seen and production cuts/mine closures were implemented to control the slide in the prices. However, this time, management believes that the bottom has been hit in terms of pricing and expects reversal from here, but the timing is little difficult to pin point.
- **Inventory:** MOIL is carrying an inventory of 170kt. It has liquidated only 8kt inventory during Q1. Chinese-Manganese ore port stocks remain higher than the psychological level of 4mt, which generally determines the direction of Manganese ore prices. Inventory above 4mt typically points to weak pricing. Management indicated that the Chinese port inventory of Manganese ore is higher than 4mt.
- **EMD segment:** R&D activities continue in the Electrolytic Manganese Di-oxide (EMD) segment in which MOIL is the only producer in India. The plant capacity for production of EMD is 1,600mt of which only 925mt was produced last year as the plant is quite old.
- **Inventory valuation:** During Q1, inventory was valued on a realizable value (NRV) basis as compared to cost as the NRV had fallen below the cost. NRV for inventory was lower at Rs9,800/t against the cost of production, which was upwards of Rs10,000/t.
- **Operating Costs:** Operating costs were low during the quarter and with increasing production, the operating costs are bound to rise. Around 50% of the total costs are fixed costs. Rs500mn exceptional expense pertains to the donation given to PM Cares and CM Relief funds. The same was shown as an exceptional item.
- **Cash balance and Receivables:** Despite lower off-take, the receivables continue to hover at Rs1.3bn vs. Rs1.35bn in March. Due to weak macro environment, management expects receivables to increase as the sales volume picks up. MOIL has a cash balance of Rs17bn. However, management does not plan any buyback or a special dividend anytime in the near future. The cash will likely be deployed in the expansion program.

**Exhibit 12: Per Tonne Analysis**

	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1FY21	% yoy	% qoq
ASP	9,862	10,004	7,427	8,344	10,506	7%	26%
Total RM Cost	-579	-148	-10	-315	-4,071	603%	1194%
Employee cost	3,646	3,968	3,075	5,120	7,494	106%	46%
Other expenses	2,894	2,899	2,760	3,324	3,752	30%	13%
Total Expenses	5,961	6,719	5,825	8,130	7,176	20%	-12%
EBITDA	3,901	3,285	1,601	215	3,330	-15%	1452%
Depreciation	685	1,259	747	640	1,509	120%	136%
Other Income	1,717	2,103	1,300	1,151	1,774	3%	54%
PBT	4,932	4,129	2,154	725	3,594	-27%	395%
Tax	1,740	627	547	273	17	-99%	-94%
PAT	3,193	3,502	1,607	452	130	-96%	-71%

Source: Company, Emkay Research

**Exhibit 13: Operational Details**

	Q1FY20	Q2FY20	Q3 FY20	Q4 FY20	Q1FY21	% yoy	% qoq
<b>Sales Value (Rs mn)</b>							
Fines	164	84	118	152	51	-69%	-66%
Non Fines	2,486	2,244	2,346	2,101	1,373	-45%	-35%
<b>Total</b>	<b>2,651</b>	<b>2,328</b>	<b>2,464</b>	<b>2,253</b>	<b>1,425</b>	<b>-46%</b>	<b>-37%</b>

**Sales Volume (Lakh tons)**

Fines	0.52	0.29	0.56	0.66	0.18	-65%	-73%
Non Fines	2.32	2.24	2.89	2.32	1.27	-45%	-45%
<b>Total</b>	<b>2.84</b>	<b>2.53</b>	<b>3.45</b>	<b>2.98</b>	<b>1.45</b>	<b>-49%</b>	<b>-51%</b>

**Realization (Rs/t)**

Fines	3,156	2,890	2,100	2,303	2,850	-10%	24%
Non Fines	10,717	10,017	8,118	9,057	10,814	1%	19%
Blended	9,333	9,200	7,141	7,561	9,826	5%	30%
EBITDA/t	3,901	3,285	1,601	215	3,330	-15%	1452%
Op.Expenses/t	-5,961	-6,719	-5,825	-8,130	-7,176	20%	-12%

Source: Company, Emkay Research

**Exhibit 14: Change in Key Assumptions and Estimates**

Financials (Rs mn)	UoM	FY21E			FY22E			FY23E		
		Old	New	% change	Old	New	% change	Old	New	% change
Sales volume	mt	1.02	1.03	1.3%	1.4	1.26	-10.1%	1.26	1.31	3.3%
NSR	Rs/t	9,645	10,098	4.7%	10,504	10,745	2.3%	13,507	12,745	-5.6%
Revenue	Rs mn	9,829	10,429	6.1%	14,704	13,521	-8.0%	17,068	16,635	-2.5%
EBITDA	Rs mn	2,200	2,789	26.8%	4,547	4,533	-0.3%	7,137	7,281	2.0%
EBITDA/t	Rs/t	2,159	2,700	25.1%	3,248	3,602	10.9%	5,648	5,579	-1.2%
Net Profit	Rs mn	1,849	2,375	28.5%	3,524	3,696	4.9%	5,729	5,795	1.2%
EPS	Rs/Share	7.8	10.0	28.5%	14.9	15.6	4.9%	24.1	24.4	1.3%

Source: Emkay Research

**Exhibit 15: Valuation**

	UoM	Mar-22E
EBITDA	Rs mn	4,533
Exp EV/EBITDA Multiple	x	4
Expected EV	Rs mn	18,131
Add Cash	Rs mn	20,593
Less Debt	Rs mn	0
Mkt Cap Expected	Rs mn	38,725
<b>Weight</b>		
No. of Shares	mn	237
Fair Value	Rs/share	163
CMP	Rs/share	149
Upside %		10%

Source: Emkay Research

**Exhibit 16: Peer Comparisons**

Stock	M.Cap	PE (x)			EV/EBITDA (x)			PB (x)			ROE (x)		
	USD mn	CY20/ FY21	CY21/ FY22	CY22/ FY23	CY20/ FY21	CY21/ FY22	CY22/ FY23	CY20/ FY21	CY21/ FY22	CY22/ FY23	CY20/ FY21	CY21/ FY22	CY22/ FY23
CIL*	11,624	5.9	3.6	3.1	3.5	2.0	1.4	2.1	1.6	1.3	38.2	49.9	46.2
NMDC*	3,953	8.7	7.5	6.2	5.9	5.0	4.1	1.0	0.9	0.8	11.8	12.8	14.1
MOIL*	477	14.9	9.6	6.1	6.0	3.3	1.8	1.2	1.1	1.0	8.4	12.4	17.4

Source: Bloomberg, Emkay Research. Note: (\*) denotes Emkay Estimates, CIL: Coal India

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>14,407</b>	<b>10,381</b>	<b>10,429</b>	<b>13,521</b>	<b>16,635</b>
<b>Expenditure</b>	<b>8,403</b>	<b>7,825</b>	<b>7,640</b>	<b>8,989</b>	<b>9,354</b>
<b>EBITDA</b>	<b>6,003</b>	<b>2,555</b>	<b>2,789</b>	<b>4,533</b>	<b>7,281</b>
Depreciation	668	962	895	965	1,035
<b>EBIT</b>	<b>5,335</b>	<b>1,594</b>	<b>1,893</b>	<b>3,568</b>	<b>6,246</b>
Other Income	1,908	1,811	1,109	1,372	1,498
Interest expenses	0	0	0	0	0
<b>PBT</b>	<b>7,243</b>	<b>3,405</b>	<b>3,002</b>	<b>4,940</b>	<b>7,744</b>
Tax	2,459	923	627	1,243	1,949
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>4,785</b>	<b>2,482</b>	<b>2,375</b>	<b>3,696</b>	<b>5,795</b>
<b>Adjusted PAT</b>	<b>4,785</b>	<b>2,482</b>	<b>2,375</b>	<b>3,696</b>	<b>5,795</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	2,576	2,373	2,373	2,373	2,373
Reserves & surplus	28,251	25,261	26,331	28,722	33,211
<b>Net worth</b>	<b>30,827</b>	<b>27,634</b>	<b>28,704</b>	<b>31,095</b>	<b>35,584</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>162</b>	<b>193</b>	<b>193</b>	<b>193</b>	<b>193</b>
Net deferred tax liability	0	0	0	0	0
<b>Total Liabilities</b>	<b>30,989</b>	<b>27,827</b>	<b>28,897</b>	<b>31,288</b>	<b>35,777</b>
<b>Net block</b>	<b>4,319</b>	<b>5,893</b>	<b>5,998</b>	<b>6,032</b>	<b>5,997</b>
<b>Investment</b>	<b>24,355</b>	<b>18,465</b>	<b>15,965</b>	<b>16,565</b>	<b>17,765</b>
<b>Current Assets</b>	<b>4,421</b>	<b>6,218</b>	<b>9,257</b>	<b>11,942</b>	<b>13,942</b>
Cash & bank balance	213	1,050	3,947	5,192	5,742
Other Current Assets	1,816	2,003	1,978	2,444	2,914
<b>Current liabilities &amp; Provision</b>	<b>5,059</b>	<b>5,152</b>	<b>5,425</b>	<b>7,353</b>	<b>7,029</b>
<b>Net current assets</b>	<b>(639)</b>	<b>1,067</b>	<b>3,832</b>	<b>4,588</b>	<b>6,913</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>30,989</b>	<b>27,827</b>	<b>28,897</b>	<b>31,288</b>	<b>35,777</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>7,243</b>	<b>3,405</b>	<b>3,002</b>	<b>4,940</b>	<b>7,744</b>
Other Non-Cash items	5	0	0	0	0
Chg in working cap	721	(868)	132	488	(1,775)
<b>Operating Cashflow</b>	<b>4,284</b>	<b>2,575</b>	<b>3,402</b>	<b>5,150</b>	<b>5,055</b>
Capital expenditure	(2,083)	(2,014)	(1,700)	(2,000)	(2,000)
<b>Free Cash Flow</b>	<b>2,201</b>	<b>561</b>	<b>1,702</b>	<b>3,150</b>	<b>3,055</b>
Investments	0	5,921	2,500	(600)	(1,200)
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(2,539)</b>	<b>3,906</b>	<b>800</b>	<b>(2,600)</b>	<b>(3,200)</b>
Equity Capital Raised	0	(3,052)	0	0	0
Loans Taken / (Repaid)	0	0	0	0	0
Dividend paid (incl tax)	(1,728)	(1,569)	(1,305)	(1,305)	(1,305)
Other Financing Cash Flow	0	0	0	0	0
<b>Financing Cashflow</b>	<b>(1,728)</b>	<b>(4,621)</b>	<b>(1,305)</b>	<b>(1,305)</b>	<b>(1,305)</b>
<b>Net chg in cash</b>	<b>17</b>	<b>1,861</b>	<b>2,897</b>	<b>1,245</b>	<b>550</b>
Opening cash position	242	213	1,050	3,947	5,192
<b>Closing cash position</b>	<b>213</b>	<b>1,050</b>	<b>3,947</b>	<b>5,192</b>	<b>5,742</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	41.7	24.6	26.7	33.5	43.8
EBIT Margin	37.0	15.4	18.2	26.4	37.5
Effective Tax Rate	33.9	27.1	20.9	25.2	25.2
Net Margin	33.2	23.9	22.8	27.3	34.8
ROCE	24.5	11.6	10.6	16.4	23.1
ROE	16.3	8.5	8.4	12.4	17.4
RoIC	148.3	34.0	32.1	63.1	99.2

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	18.6	10.5	10.0	15.6	24.4
CEPS	21.2	14.5	13.8	19.6	28.8
BVPS	119.7	116.4	120.9	131.0	149.9
DPS	5.5	6.0	5.5	5.5	5.5

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	8.0	14.3	14.9	9.6	6.1
P/CEPS	7.0	10.3	10.8	7.6	5.2
P/BV	1.2	1.3	1.2	1.1	1.0
EV / Sales	1.1	1.7	1.6	1.1	0.8
EV / EBITDA	2.7	6.8	6.1	3.3	1.8
Dividend Yield (%)	3.7	4.0	3.7	3.7	3.7

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	(0.7)	(0.7)	(0.6)	(0.7)	(0.6)
Net Debt/EBITDA	(3.7)	(7.1)	(6.6)	(4.5)	(3.0)
Working Cap Cycle (days)	(21.6)	0.6	(4.0)	(16.3)	25.7

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	8.9	(27.9)	0.5	29.7	23.0
EBITDA	12.7	(57.4)	9.1	62.5	60.6
EBIT	13.5	(70.1)	18.8	88.4	75.1
PAT	13.4	(48.1)	(4.3)	55.6	56.8

<b>Quarterly (Rs mn)</b>	<b>Q1FY20</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>
Revenue	2,801	2,531	2,562	2,487	1,523
EBITDA	1,108	831	552	64	483
<b>EBITDA Margin (%)</b>	<b>39.6</b>	<b>32.8</b>	<b>21.6</b>	<b>2.6</b>	<b>31.7</b>
PAT	907	886	555	135	19
<b>EPS (Rs)</b>	<b>3.5</b>	<b>3.4</b>	<b>2.2</b>	<b>0.5</b>	<b>0.1</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Jan-20</b>	<b>Mar-20</b>	<b>Jun-20</b>
Promoters	65.7	65.7	64.4	64.4	64.4
FII	3.5	3.7	3.1	2.9	3.1
DII	13.7	13.5	14.9	14.9	15.6
Public and Others	17.0	17.1	17.7	17.9	17.0

Source: Capitaline

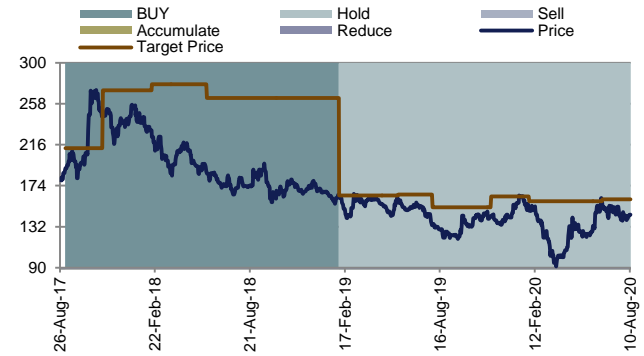


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
7-Jul-20	149	160	12m	Hold	Vishal Chandak
19-Jun-20	153	160	12m	Hold	Vishal Chandak
1-Feb-20	148	158	12m	Hold	Vishal Chandak
21-Nov-19	143	163	12m	Hold	Vishal Chandak
2-Aug-19	135	152	12m	Hold	Vishal Chandak
29-May-19	156	165	12m	Hold	Vishal Chandak
6-Feb-19	164	164	12m	Hold	Vishal Chandak
31-May-18	187	264	12m	Buy	Goutam Chakraborty
8-May-18	197	278	12m	Buy	Goutam Chakraborty
16-Feb-18	224	278	12m	Buy	Goutam Chakraborty
15-Nov-17	249	272	12m	Buy	Goutam Chakraborty
1-Nov-17	264	213	12m	Buy	Goutam Chakraborty
11-Sep-17	199	213	12m	Buy	Goutam Chakraborty
5-Sep-17	192	213	12m	Buy	Goutam Chakraborty

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Metals & Mining



### Analyst: Vishal Chandak

#### Contact Details

vishal.chandak@emkayglobal.com  
+91 22 6612 1275

#### Sector

Metals and Mining

#### Analyst bio

Vishal Chandak is a CA and MBA (Finance). He brings in over 16 years of experience, including seven years in the corporate side, with balance being on both the buy side and sell side. Currently, his team tracks 12 stocks in the Metals and Mining space.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Metals &amp; Mining</b>	<b>2.57</b>	<b>2.57</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Coal India	0.40	0.40	0%	0	15.74
Hindalco	0.46	0.46	0%	0	17.93
Hindustan Zinc	0.08	0.08	0%	0	3.01
Jindal Stainless	0.00	0.01	NA	1	0.31
Jindal Stainless Hisar	0.00	0.00	NA	0	0.00
JSW Steel	0.46	0.48	5%	2	18.82
MOIL	0.00	0.00	NA	0	0.00
National Aluminium Co	0.06	0.00	-100%	-6	0.00
NMDC	0.13	0.13	-5%	-1	4.90
SAIL	0.07	0.07	3%	0	2.83
Tata Steel	0.52	0.54	4%	2	21.10
Vedanta	0.38	0.39	3%	1	15.37
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.0</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

High Conviction/Strong Over Weight High Conviction/Strong Under Weight

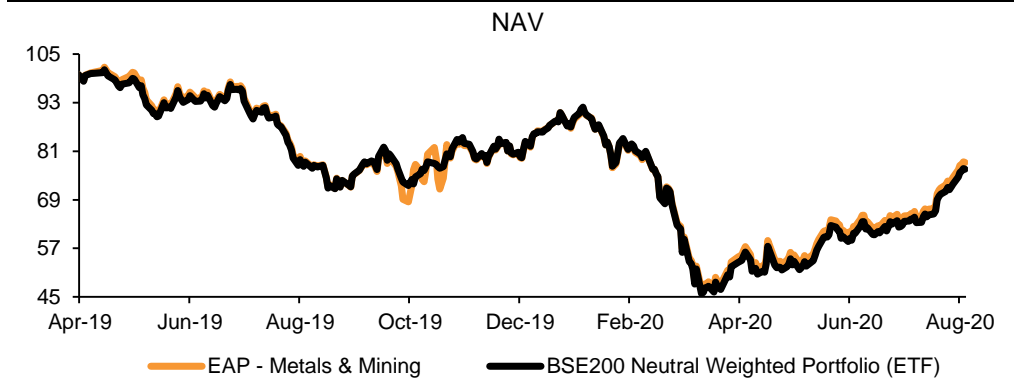
### Sector portfolio NAV

	Base					Latest
	1-Apr-19	19-Nov-19	20-Feb-20	22-May-20	22-Jul-20	21-Aug-20
EAP - Metals & Mining	100.0	79.6	80.7	54.1	65.5	78.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	79.8	81.0	52.6	64.1	76.5

\*Performance measurement base date 1<sup>st</sup> April 2019

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 25 Aug 2020 04:19:49 (SGT)

Dissemination Date: 25 Aug 2020 04:20:49 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of August 24, 2020
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of August 24, 2020.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the August 24, 2020
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the August 24, 2020

**RESTRICTIONS ON DISTRIBUTION**

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.****CIN - L67120MH1995PLC084899**

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: [www.emkayglobal.com](http://www.emkayglobal.com)