

Coal India

Refer to important disclosures at the end of this report

E-auction premium likely bottomed out; Maintain Buy

CMP: Rs 122
as of (November 13, 2020)

TP: Rs 180 (▼)
12 months

Rating: BUY (■)

Upside: 47.4 %

- E-auction premium at just 1.8% was below our estimates. However, a sharp jump in E-auction volumes helped mitigate the reduction in premium. In addition, the FSA price gain of 4% qoq and negative OBR helped boost EBITDA.
- We note that Coal India plans to invest Rs650bn over the next 4-5 years to reach its aspirational goal of 1bn tonne production capacity. Unless the E-auction premium rises substantially, operational cashflow will not be able to fund the steep capex.
- Receivables continued to rise as gencos delayed payments. Management highlighted incremental volumes are not leading to substantial rise in receivables. However, liquidation of old receivables is yet to be addressed. It wrote off Rs3.5bn disputed amount with NTPC.
- We reduce FSA premium by 20%/21% for FY22/23E. We also build in higher capex as management targets 1bn tonne production by FY24. This has led to a reduction in our TP to Rs180 from Rs208. Maintain Buy. Key risk is low E-auction premiums.

- Race to 1bt production capacity by FY24:** Management is taking several steps to increase production capacity to 1bt which includes the development of several large OC mines, funding railway expansion to sustain higher evacuation rate, focusing on first-mile connectivity, acquisition of rakes, and the acquisition of dumpers, excavators, surface miners to augment mechanized mining. The company is also working on coal washeries, coal gasification and coal bed methane projects to utilize coal in an environment-friendly manner.

- Demand still not clear:** We note that while the company has been able to take several steps to move toward 1bn tonne coal production, there is very little to offer how it plans to secure demand for coal beyond 800mt. With FY20 consumption at 620mt, and coal bed methan projects and gasification projects unlikely to be commissioned before FY24, we do not believe that the company will need to produce 1bt. Import substitution of 100mt, which itself is a huge target, still leave a gap of 100mt of coal supply. However, we believe that unless there is a substantial investment in nuclear capacity, renewable sources will not be able to satiate power demand of India, and Coal will continue to remain the backbone of power generation.

- Outlook and valuation:** We have reduced our FSA premium as output increases, while capex increases substantially as the company starts investing for future production. Coal India trades at an inexpensive valuation at 3.7x our FY22E EV/EBITDA with a dividend yield of 11.2%/14.4% on FY22/23E. Reiterate Buy with a TP of Rs180.

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

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	9,95,856	9,60,803	9,03,631	10,29,223	11,49,618
EBITDA	2,50,059	2,19,209	1,95,169	2,17,329	2,98,478
EBITDA Margin (%)	25.1	22.8	21.6	21.1	26.0
APAT	1,74,644	1,67,003	1,37,662	1,52,541	2,12,470
EPS (Rs)	28.3	27.1	22.3	24.8	34.5
EPS (% chg)	149.9	(4.4)	(17.6)	10.8	39.3
ROE (%)	75.4	57.0	39.1	36.6	42.3
P/E (x)	4.3	4.5	5.5	4.9	3.5
EV/EBITDA (x)	1.9	2.4	3.4	3.6	2.6
P/BV (x)	2.8	2.3	2.0	1.7	1.4

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	18/-3
Target Price change (%)	(13.5)
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	22.3	24.8
Consensus	19.0	23.2
Mean Consensus TP (12M)	Rs 174	

Stock Details

Bloomberg Code	COAL IN
Face Value (Rs)	10
Shares outstanding (mn)	6,163
52 Week H/L	216 / 110
M Cap (Rs bn/USD bn)	752 / 10.08
Daily Avg Volume (nos.)	136,47,730
Daily Avg Turnover (US\$ mn)	22.6

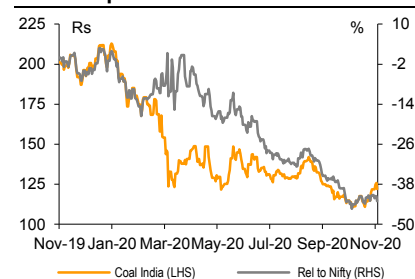
Shareholding Pattern Sep '20

Promoters	66.1%
FIIs	7.2%
DIIIs	21.9%
Public and Others	4.8%

Price Performance

(%)	1M	3M	6M	12M
Absolute	8	(5)	(4)	(42)
Rel. to Nifty	1	(15)	(30)	(45)

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:

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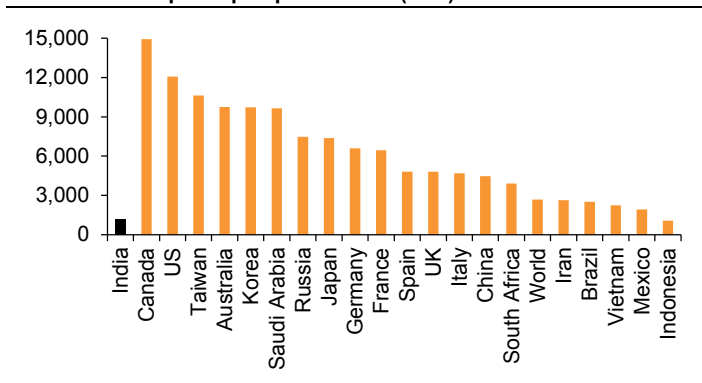
Story in Charts

Exhibit 1: Rs650bn capex to reach 1bt production capacity

Particulars	Rs bn
Land	79
Heavy Earth Moving Machinery	120
Plant & Machinery	34
First mile connectivity	130
Rail Siding	40
Rail lines & Corridors	125
Mine Development	120
Total	648

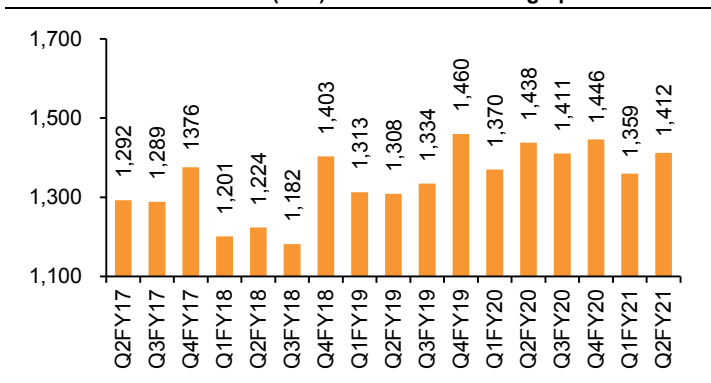
Source: Company, Emkay Research

Exhibit 2: India per capita power cons (kwh) is lower than Mexico



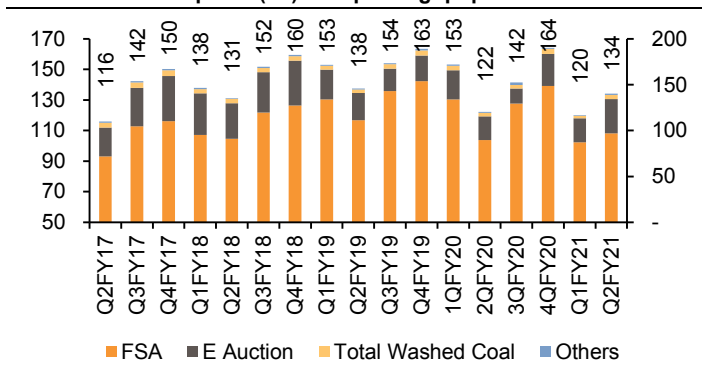
Source: Company, Emkay Research

Exhibit 3: FSA realization (Rs/t) have started inching up



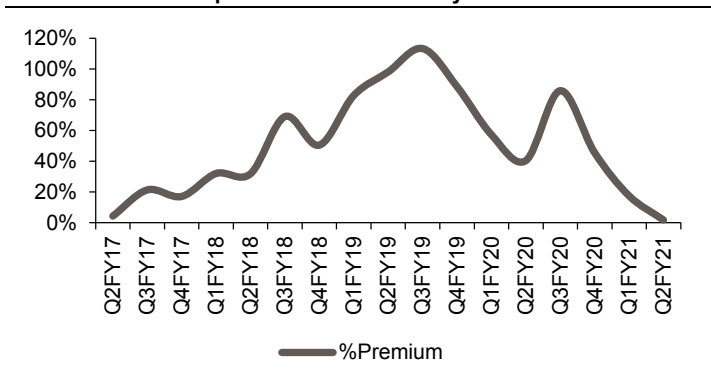
Source: Company, Emkay Research

Exhibit 4: Coal dispatch (mt) is improving qoq



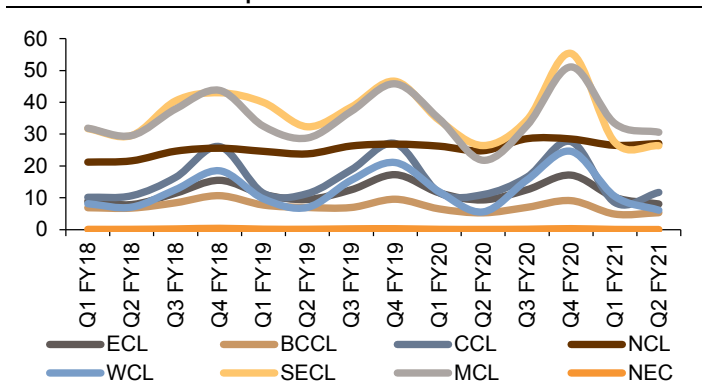
Source: Company, Emkay Research

Exhibit 5: E-auction premium has most likely bottomed out



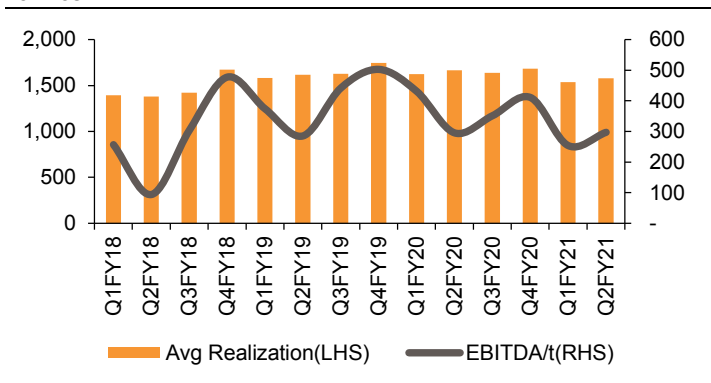
Source: Emkay Research, Company

Exhibit 6: Subsidiaries performance



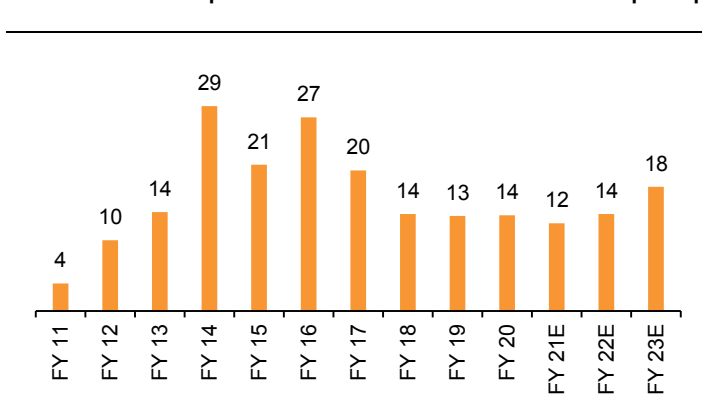
Source: Emkay Research, Company

Exhibit 7: Volumes and EBITDA/t should improve as economy revives



Source: Company, Emkay Research

Exhibit 8: Dividend per share to rise as volumes and EBITDA pick up



Source: Company, Emkay Research

Exhibit 9: Actual vs. Estimates (Q2FY21)

	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue (Rs bn)	212	197	206	8%	3%	Beat driven by higher ASP due to higher FSA.
EBITDA (Rs bn)	40	32	37	23%	9%	Beat due to higher ASP and lower OBR provision
EBITDA margin%	19%	16%	18%	238 bps	105 bps	
Net Profit (Rs bn)	30	21	28	40%	5%	EBITDA beat leading to PAT beat

Source: Emkay Research

Exhibit 10: Consolidated Quarterly Financials (Rs mn)

	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	abs YoY	YoY%	abs QoQ	QoQ%	H1FY20	H1FY21	% change
Production	104	148	214	121	115	11	11%	-6	-5%	241	236	-2%
Dispatches	122	142	164	120	134	12	9%	14	11%	276	254	-8%
Revenue	1,89,865	2,15,664	2,55,974	1,70,071	1,94,842	4,977	3%	24,771	15%	4,22,095	3,64,913	-14%
Other Op Rev.	13,961	16,241	19,708	14,797	16,689	2,728	20%	1,893	13%	31,121	31,486	1%
Total Revenue	2,03,826	2,31,905	2,75,682	1,84,868	2,11,531	7,704	4%	26,663	14%	4,53,216	3,96,398	-13%
Chg. Stock	12,037	-3,682	-24,954	-7,860	11,230	-807	-7%	19,090	NA	18,209	3,370	-81%
Stores	14,789	18,234	22,462	15,204	17,204	2,416	16%	2,001	13%	30,566	32,408	6%
Staff Exp	90,726	98,393	1,05,765	95,962	91,225	499	1%	-4,737	-5%	1,89,683	1,87,187	-1%
Power	6,302	6,479	6,196	5,986	6,812	510	8%	826	14%	12,199	12,797	5%
Social Overhead	651	474	4,307	1,027	800	149	23%	-227	-22%	1,097	1,826	66%
Repairs	2,982	3,075	5,526	2,654	2,964	-18	-1%	310	12%	5,509	5,617	2%
Contractual Exp	23,968	36,764	45,137	35,247	33,110	9,142	38%	-2,137	-6%	57,215	68,357	19%
Misc Exp	9,868	10,335	14,893	8,198	10,653	786	8%	2,455	30%	20,826	18,851	-9%
OBR	6,381	12,144	27,903	-2,526	-5,752	-12,133	NA	-3,226	128%	15,372	-8,277	NA
Provision	12	5	1,159	460	3,537	3,524	28652%	3,076	669%	304	3,997	1213%
Total Op. Exp	1,67,715	1,82,221	2,08,394	1,54,351	1,71,782	4,067	2%	17,431	11%	3,50,981	3,26,133	-7%
EBITDA	36,112	49,684	67,289	30,517	39,749	3,637	10%	9,232	30%	1,02,236	70,266	-31%
EBITDA ex-OBR	42,493	61,828	95,191	27,991	33,997	-8,496	-20%	6,006	21%	49,836	61,988	24%
Dep	7,930	8,942	10,294	8,526	8,523	593	7%	-3	0%	15,273	17,049	12%
EBIT	28,182	40,743	56,995	21,991	31,226	3,044	11%	9,235	42%	86,963	53,216	-39%
Other Income	16,303	14,117	19,132	7,851	10,848	-5,456	-33%	2,997	38%	27,805	18,698	-33%
Interest	1,700	1,513	1,651	1,830	1,473	-227	-13%	-356	-19%	1,865	3,303	77%
PBT	42,785	53,347	74,475	28,012	40,600	-2,185	-5%	12,588	45%	1,12,903	68,612	-39%
Total Tax	7,543	14,140	28,216	7,226	11,092	3,549	47%	3,866	53%	31,354	18,318	-42%
PAT	35,243	39,208	46,259	20,786	29,508	-5,734	-16%	8,722	42%	81,549	50,294	-38%
Minority Interest	-13.5	10.5	-1.1	-10.6	7.9	21	NA	19	NA	-21	-3	NA
PAT after MI	35,229	39,218	46,258	20,775	29,516	-5,713	-16%	8,741	42%	81,528	50,291	-38%

Source: Company, Emkay Research

Exhibit 11: Margins

	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY	QoQ	H1FY20	H1FY21	% change
EBITDA	18%	21%	24%	17%	19%	107 bps	228 bps	23%	18%	-483 bps
EBIT	14%	18%	21%	12%	15%	94 bps	287 bps	19%	13%	-576 bps
PBT	21%	23%	27%	15%	19%	-180 bps	404 bps	25%	17%	-760 bps
PAT	17%	17%	17%	11%	14%	-334 bps	271 bps	18%	13%	-531 bps
ETR	18%	27%	38%	26%	27%	969 bps	152 bps	28%	27%	-107 bps

Source: Emkay Research

Exhibit 12: Per Tonne Analysis (Rs/t)

	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY abs	%YoY	QoQ abs	% qoq
Total Sales Volumes	122	142	164	120	134	12	9%	14	11%
Coal Sales Revenue	1,551	1,523	1,562	1,412	1,454	-96	-6%	42	3%
Other Operating revenue	114	115	120	123	125	11	9%	2	1%
Total Revenue	1,665	1,638	1,682	1,535	1,579	-86	-5%	44	3%
Expenditure									
Accretion in Stock	98	-26	-152	-65	84	-14	-15%	149	NA
Stores & Spares	121	129	137	126	128	8	6%	2	2%
Employee Expenses	741	695	645	797	681	-60	-8%	-116	-15%
Power & Fuel	51	46	38	50	51	-1	-1%	1	2%
Social Overhead	5	3	26	9	6	1	12%	-3	-30%
Repairs	24	22	34	22	22	-2	-9%	0	0%
Contractual Expenses	196	260	275	293	247	51	26%	-46	-16%
Miscellaneous Expenses	81	73	91	68	80	-1	-1%	11	17%
Overburden Removal Adj.	52	86	170	-21	-43	-95	NA	-22	105%
Provision/Write-off	0	0	7	4	26	26	26179%	23	591%
Total Expenses	1,370	1,287	1,272	1,282	1,282	-87	-6%	1	0%
EBITDA	295	351	411	253	297	2	1%	43	17%
EBITDA ex-OBR	347	437	581	232	254	-93	-27%	21	9%
Depreciation	65	63	63	71	64	-1	-2%	-7	-10%
EBIT	230	288	348	183	233	3	1%	50	28%
Finance Cost	14	11	10	15	11	-3	-21%	-4	-28%
Other Income	133	100	117	65	81	-52	-39%	16	24%
PBT	349	377	454	233	303	-46	-13%	70	30%
Total Tax	62	100	172	60	83	21	34%	23	38%
PAT	288	277	282	173	220	-68	-23%	48	28%

Source: Emkay Research

Exhibit 13: Sales Volume Breakdown

	UoM	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
FSA	mt	116.8	135.8	142.4	130.3	103.8	127.7	139.2	102.2	108.2
MOU	mt									
E-Auction	mt	17.68	14.65	16.71	19.05	15.49	9.84	21.02	15.87	22.36
Total Raw Coal	mt	134.49	150.47	159.13	149.38	119.33	137.53	160.19	118.10	130.51
Washed Coal (Coking)	mt	0.33	0.34	0.51	0.48	0.34	0.29	0.30	0.31	0.10
Washed Coal (Non- Coking)	mt	2.11	2.58	2.82	2.57	1.94	2.04	3.00	1.40	2.63
Total Washed Coal	mt	2.44	2.92	3.33	3.05	2.28	2.33	3.30	1.71	2.73
Other By Product	mt	0.66	0.73	0.98	0.81	0.65	1.69	0.57	0.34	0.84
Total Coal dispatches	mt	137.59	154.12	163.44	153.24	122.26	141.55	164.06	120.15	134.08

Source: Company, Emkay Research

Exhibit 14: Revenue Mix

Sales Breakdown		Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
FSA	Rs mn	1,52,840	1,81,250	2,07,942	1,78,548	1,49,367	1,80,158	2,01,233	1,38,962	1,52,692
MOU										
E-Auction	Rs mn	45,830	41,710	46,026	41,058	31,279	25,811	44,256	25,355	32,134
Total Raw Coal	Rs mn	1,98,670	2,22,960	2,53,968	2,19,606	1,80,647	2,05,969	2,45,489	1,64,316	1,84,825
Washed Coal (Coking)	Rs mn	2,190	2,290	3,490	3,343	2,368	2,055	1,918	1,772	1,046
Washed Coal (Non- Coking)	Rs mn	4,160	6,080	6,097	6,329	4,360	4,160	6,491	2,791	6,694
Total Washed Coal	Rs mn	6,350	8,370	9,587	9,672	6,728	6,214	8,409	4,563	7,741
Other By Product	Rs mn	2,100	2,500	3,488	2,952	2,491	3,481	2,077	1,192	2,276
Total Coal dispatches	Rs mn	2,07,120	2,33,830	2,67,043	2,32,230	1,89,865	2,15,664	2,55,974	1,70,071	1,94,842

Source: Company, Emkay Research

Exhibit 15: Realization per tonne (Rs/t) and premium (%)

Realization/ton		Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
FSA	Rs/t	1,308	1,334	1,460	1,370	1,438	1,411	1,446	1,359	1,412
% yoy growth	(%)	6.9%	12.9%	4.0%	4.4%	9.9%	5.7%	-1.0%	-0.8%	-1.8%
% qoq growth	(%)	-0.3%	2.0%	9.4%	-6.2%	5.0%	-1.9%	2.5%	-6.0%	3.9%
E-Auction	Rs/t	2,592	2,847	2,754	2,155	2,019	2,623	2,105	1,598	1,437
Total Raw Coal	"	1,477	1,482	1,596	1,470	1,514	1,498	1,532	1,391	1,416
Washed Coal (Coking)		6,636	6,735	6,843	6,965	6,965	7,085	6,394	5,715	10,461
Washed Coal (Non- Coking)		1,972	2,357	2,162	2,463	2,247	2,039	2,164	1,993	2,545
Total Washed Coal		2,602	2,866	2,879	3,171	2,951	2,667	2,548	2,668	2,835
Other By Product		3,182	3,425	3,559	3,644	3,832	2,060	3,643	3,506	2,709
Total		1,505	1,517	1,634	1,515	1,553	1,524	1,560	1,415	1,453
% yoy growth		13.1%	11.1%	3.9%	2.6%	3.2%	0.4%	-4.5%	-6.6%	-6.4%
E-auction Price premium over FSA		98.1%	113.3%	88.7%	57.3%	40.4%	85.9%	45.6%	17.5%	1.8%

Source: Emkay Research, Company

Exhibit 16: Assumptions and Key Changes in Estimates

Key Parameters		FY21E			FY22E			FY23E		
		Old	New	%Change	Old	New	%Change	Old	New	%Change
Production	mt	532	554	4%	623	623	0%	600	654	9%
Dispatches	mt	542	577	7%	628	628	0%	596	659	11%
Blended ASP	Rs/t	1,507	1,445	-4%	1,530	1,520	-1%	1,782	1,624	-9%
-FSA	Rs/t	1,381	1,403	2%	1,439	1,408	-2%	1,467	1,436	-2%
-E-Auction Premium %	(%)	13%	11%	-2%	39%	20%	-20%	50%	29%	-21%
Total Revenue	Rs bn	879	904	3%	1,032	1,029	0%	1,130	1,150	2%
OBR provision	Rs bn	48	-22	-147%	56	28	-50%	54	32	-41%
EBITDA	Rs bn	140	195	39%	206	217	6%	278	298	7%
Net Profit	Rs bn	117	138	18%	157	153	-3%	197	212	8%
EPS	Rs/sh	19.0	22.3	18%	25.4	24.8	-3%	31.9	34.5	8%

Source: Emkay Research

Exhibit 17: Valuation

Valuation	UoM	FY22
EBITDA	Rs bn	217
Multiple	(x)	5
Enterprise Value	Rs bn	1,087
Less: Net Debt	Rs bn	24
Implied Market Cap	Rs bn	1,111
No of shares	mn	6,163
Fair Value	Rs/Share	180

Source: Emkay Research

Exhibit 18: Global Peer Comparables

	M.Cap	PE (x)			EV/EBITDA (x)			PB (x)			ROE (x)		
		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*	10.43	5.5	4.9	3.5	3.4	3.6	2.8	2.0	1.7	1.4	39.1	36.6	42.3
Banpu	1.23	NA	17.2	10.5	21.0	12.5	10.0	0.5	0.5	0.5	-0.9	2.8	4.5
Bukit	1.68	8.7	7.8	7.2	5.5	4.8	4.4	1.3	1.2	1.2	14.4	16.5	17.4
Shenhua	51.39	6.7	6.7	6.7	5.0	4.8	4.5	0.7	0.7	0.6	10.3	9.9	9.2
Adaro	2.71	9.4	8.5	7.1	3.7	3.1	2.8	0.8	0.7	0.7	7.1	8.8	8.5

Source: Emkay Research, Bloomberg; (*) denotes Emkay Estimates

Highlights of conference call

- **Floor price guidelines for E-auction removed:** Management has allowed all the subsidiaries to fix the E-auction premium and has now removed the 10% cap which was existing in November. In essence, Coal India has returned to pre-Covid-19 levels, with subsidiaries having the flexibility in pricing coal.
- **Dues from Gencos:** Management highlighted that the dues from Gencos have increased but demand is slowly returning, with incremental coal sales are being paid off on a regular basis. However, there was no clarity on the time frame for the recovery of past dues.
- **E-auction allocation to be increased to 100mt:** Management plans to raise the offering under the E-auction route to compensate lower premiums and lower FSA sales. This should boost margins for the company.
- **Capex guidance:** FY21 capex is Rs100bn and may be increased to Rs110bn. Capex shall rise every year thereafter till 1bt ta. Management plans to spend Rs650bn to reach 1bt coal production capacity. However, annual capex targets beyond FY21 are awaited.
- **Coal gasification project:** This will done on a BOO basis to: 1) reduce capex burden on the company and 2) to alleviate technological risk associated with the project.
- **Wage negotiation:** Wage negotiation should start in Apr-May 2021 and shall be applicable wef Jul-21. Annual reduction of about 5% employees should offset a part of wage revision.
- **Production and offtake guidance:** The company is confident of surpassing its FY20 production and dispatch numbers for FY21, given strong comeback it expects in H2.

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	9,95,856	9,60,803	9,03,631	10,29,223	11,49,618
Expenditure	7,45,798	7,41,595	7,08,463	8,11,894	8,51,140
EBITDA	2,50,059	2,19,209	1,95,169	2,17,329	2,98,478
Depreciation	34,504	34,508	36,435	37,656	39,539
EBIT	2,15,555	1,84,700	1,58,733	1,79,673	2,58,939
Other Income	58,371	61,054	37,552	38,234	42,203
Interest expenses	2,637	5,029	6,303	6,000	6,000
PBT	2,71,289	2,40,725	1,89,983	2,11,907	2,95,142
Tax	96,625	73,710	52,302	59,334	82,640
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	20	12	19	32	32
Reported Net Income	1,74,644	1,67,003	1,37,662	1,52,541	2,12,470
Adjusted PAT	1,74,644	1,67,003	1,37,662	1,52,541	2,12,470

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	61,627	61,627	61,627	61,627	61,627
Reserves & surplus	2,02,924	2,59,942	3,21,202	3,89,159	4,93,269
Net worth	2,64,551	3,21,569	3,82,829	4,50,786	5,54,896
Minority Interest	4,078	3,941	3,960	3,992	4,024
Loan Funds	22,027	64,260	54,260	54,260	54,260
Net deferred tax liability	(42,692)	(33,110)	(33,110)	(33,110)	(33,110)
Total Liabilities	2,47,965	3,56,660	4,07,939	4,75,928	5,80,070
Net block	2,85,464	3,23,024	3,66,588	4,18,932	4,39,394
Investment	14,198	18,732	22,478	26,974	32,368
Current Assets	6,04,689	8,35,122	7,90,246	7,58,933	7,89,027
Cash & bank balance	3,11,242	2,84,468	1,34,991	24,413	25,532
Other Current Assets	1,77,598	3,35,355	3,62,710	4,13,122	4,61,447
Current liabilities & Provision	10,39,558	11,10,445	10,81,603	10,69,141	10,60,948
Net current assets	(4,34,869)	(2,75,324)	(2,91,357)	(3,10,207)	(2,71,921)
Misc. exp	0	0	0	0	0
Total Assets	2,47,965	3,56,660	4,07,938	4,75,927	5,80,070

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	2,71,289	2,40,725	1,52,431	1,73,673	2,52,939
Other Non-Cash items	39,399	43,562	0	0	0
Chg in working cap	(49,750)	(1,23,268)	(1,08,444)	(66,728)	(12,167)
Operating Cashflow	1,63,555	41,465	34,422	91,267	2,03,671
Capital expenditure	(70,000)	(56,120)	(1,00,000)	(1,20,000)	(1,00,000)
Free Cash Flow	93,555	(14,654)	(65,578)	(28,733)	1,03,671
Investments	(40,408)	24,871	(3,746)	(4,496)	(5,395)
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(78,965)	3,324	(66,194)	(86,262)	(63,192)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(587)	22,776	(35,000)	(25,000)	(25,000)
Dividend paid (incl tax)	(1,12,110)	(96,760)	(76,403)	(84,584)	(1,08,360)
Other Financing Cash Flow	3,972	5,169	0	0	0
Financing Cashflow	(1,08,848)	(69,502)	(1,17,705)	(1,15,584)	(1,39,360)
Net chg in cash	(24,258)	(24,712)	(1,49,477)	(1,10,578)	1,119
Opening cash position	3,35,500	3,09,180	2,84,468	1,34,991	24,413
Closing cash position	3,11,242	2,84,468	1,34,991	24,413	25,532

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	25.1	22.8	21.6	21.1	26.0
EBIT Margin	21.6	19.2	17.6	17.5	22.5
Effective Tax Rate	35.6	30.6	27.5	28.0	28.0
Net Margin	17.5	17.4	15.2	14.8	18.5
ROCE	133.0	81.3	51.3	49.3	57.0
ROE	75.4	57.0	39.1	36.6	42.3
RoIC	(59.1)	(53.0)	(107.1)	1,463.5	228.9

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	28.3	27.1	22.3	24.8	34.5
CEPS	33.9	32.7	28.3	30.9	40.9
BVPS	42.9	52.2	62.1	73.1	90.0
DPS	13.5	13.5	12.4	13.7	17.6

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	4.3	4.5	5.5	4.9	3.5
P/CEPS	3.6	3.7	4.3	4.0	3.0
P/BV	2.8	2.3	2.0	1.7	1.4
EV / Sales	0.5	0.6	0.7	0.8	0.7
EV / EBITDA	1.9	2.4	3.4	3.6	2.6
Dividend Yield (%)	11.0	11.1	10.2	11.2	14.4

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	(1.1)	(0.7)	(0.2)	0.1	0.1
Net Debt/EBIDTA	(1.2)	(1.0)	(0.4)	0.1	0.1
Working Cap Cycle (days)	(273.5)	(212.7)	(172.2)	(118.7)	(94.4)

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	16.8	(3.5)	(6.0)	13.9	11.7
EBITDA	169.2	(12.3)	(11.0)	11.4	37.3
EBIT	246.2	(14.3)	(14.1)	13.2	44.1
PAT	148.1	(4.4)	(17.6)	10.8	39.3

Quarterly (Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Revenue	2,03,826	2,31,905	2,75,682	1,84,868	2,11,531
EBITDA	36,112	49,684	67,289	30,517	39,749
EBITDA Margin (%)	17.7	21.4	24.4	16.5	18.8
PAT	35,256	39,218	46,258	20,775	29,516
EPS (Rs)	5.7	6.4	7.5	3.4	4.8

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoters	69.3	69.1	66.1	66.1	66.1
FIIs	8.7	8.6	8.2	7.9	7.2
DIIs	19.2	19.5	22.0	22.2	21.9
Public and Others	2.9	2.9	3.7	3.8	4.8

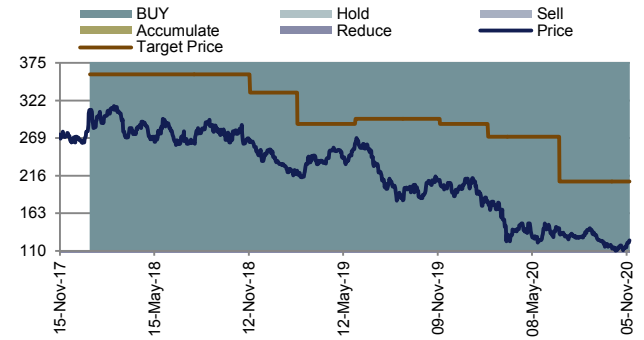
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
10-Oct-20	115	208	12m	Buy	Vishal Chandak
01-Oct-20	117	208	12m	Buy	Vishal Chandak
03-Sep-20	136	208	12m	Buy	Vishal Chandak
29-Jun-20	135	208	12m	Buy	Vishal Chandak
17-May-20	130	271	12m	Buy	Vishal Chandak
13-Feb-20	178	271	12m	Buy	Vishal Chandak
13-Nov-19	207	289	12m	Buy	Vishal Chandak
28-Aug-19	185	296	12m	Buy	Vishal Chandak
04-Jul-19	251	296	12m	Buy	Vishal Chandak
04-Jun-19	263	296	12m	Buy	Vishal Chandak
13-Feb-19	220	289	12m	Buy	Vishal Chandak
14-Nov-18	266	333	12m	Buy	Kamal Sahoo
14-Aug-18	283	359	12m	Buy	Goutam Chakraborty
30-May-18	289	359	12m	Buy	Goutam Chakraborty
08-May-18	268	359	12m	Buy	Goutam Chakraborty
01-Mar-18	313	359	12m	Buy	Goutam Chakraborty
12-Feb-18	301	359	12m	Buy	Goutam Chakraborty
11-Jan-18	308	359	12m	Buy	Goutam Chakraborty

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Metals & Mining



Analyst: Vishal Chandak

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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)
Metals & Mining	2.36	2.36	0%	0	100.00
Coal India	0.38	0.39	3%	1	16.54
Hindalco	0.43	0.45	5%	2	18.99
Hindustan Zinc	0.08	0.08	0%	0	3.46
Jindal Stainless	0.00	0.02	NA	2	0.84
Jindal Stainless Hisar	0.00	0.02	NA	2	1.00
JSW Steel	0.49	0.44	-10%	-5	18.56
MOIL	0.00	0.00	NA	0	0.00
National Aluminium Co	0.04	0.00	-100%	-4	0.00
NMDC	0.12	0.12	3%	0	5.19
SAIL	0.06	0.06	1%	0	2.51
Tata Steel	0.50	0.50	1%	1	21.32
Vedanta	0.27	0.27	3%	1	11.56
Cash	0.00	0.00	NA	0	0.03

Source: Emkay Research

* Not under coverage: Equal Weight

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

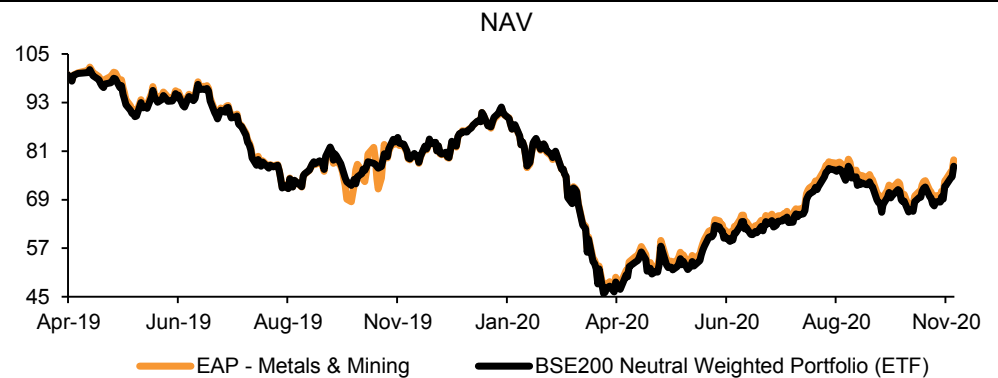
Sector portfolio NAV

	Base					Latest
	1-Apr-19	12-Feb-20	13-May-20	12-Aug-20	12-Oct-20	11-Nov-20
EAP - Metals & Mining	100.0	82.8	56.0	73.1	67.4	78.8
BSE200 Neutral Weighted Portfolio (ETF)	100.0	82.8	54.4	71.5	66.0	77.3

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

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

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

“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: 13 Nov 2020 09:44:18 (SGT)

Dissemination Date: 13 Nov 2020 09:45:18 (SGT)

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