

OFFER BACKGROUND

The President of India, acting through and represented by the Ministry of Coal, Government of India ("Seller") proposes to sell up to 9,24,40,924 equity shares of face value of Rs. 10 each of the Company (representing 1.50% of the total paid-up equity share capital of the Company) ("Base Offer Size"), on June 1, 2023 ("T day") (for Non-Retail Investors only) and on June 2, 2023 ("T+1 day") (for Retail Investors and Non-Retail Investors, who choose to carry forward their un-allotted bids from T day) with an option to additionally sell 9,24,40,924 (1.50%) equity shares of the Company (the "Oversubscription Option") and in the event the Oversubscription Option is exercised, the equity shares forming part of the Base Offer Size and the Oversubscription Option will represent 18,48,81,848 (3.00%) equity shares of the Company, collectively, hereinafter be referred to as "Offer Shares". In case the Oversubscription Option is not exercised, the equity shares forming part of the Base Offer Size will hereinafter be referred to as "Offer Shares", through a separate, designated window of BSE Limited (the "BSE") and the National Stock Exchange of India Limited (the "NSE" and together with BSE, the "Stock Exchanges" and such offer hereinafter referred as the "Offer").

Such number of equity shares as would be equivalent to up to 5% of the Offer size may be offered to eligible and willing employees of the Company, subsequent to the completion of the Offer and subject to approval from the competent authorities in accordance with applicable laws (the "Employee Offer"). The employees will be eligible to apply for equity shares up to Rs. 5,00,000. The allotment to an employee will be up to Rs. 2,00,000 and in the event of undersubscription in the employee portion, the total allotment to an employee shall not exceed Rs. 5,00,000.

THE SYNOPSIS OF THE OFFER FOR SALE IS AS FOLLOWS:

Name of the Seller (Promoter /Promoter Group)	The President of India, acting through and represented by the Ministry of Coal, Government of India
Name of the company whose shares are proposed to be sold and ISIN	Coal India Limited
Name of the stock exchanges where orders shall be placed	BSE and NSE
Name of the designated stock exchange	BSE
Date and time of opening and closing of the sale	Date: June 1, 2023 for Non-Retail; Open: 9.15am; Close: 3.30 pm Date : June 2, 2023 for retail; Open : 9:15am; Close : 3.30pm
Total number of equity shares being offered in the Sale	Sell up to 9,24,40,924 equity shares of face value of Rs. 10 each of the Company (representing 1.50% of the total paid-up equity share capital of the Company) ("Base Offer Size"), with an option to additionally sell 9,24,40,924 (1.50%) equity shares of the Company (the "Oversubscription Option")
Name of the broker(s)	Axis Caoital Limited, ICICI Securities Limited Kotak Securities Limited, JM Financial Institutional Securities Limited SBICAP Securities Limited
Retail Discount	No discount
Floor Price	Rs. 225
Allocation Methodology	The allocation shall be at or above the Floor Price on price priority method at multiple clearing prices ("Clearing Prices") basis in accordance with the SEBI OFS Circulars.

Stock Data

Latest Data as on May 31, 2023	
Latest Equity(Subscribed)	6162.73
Latest Reserve	51082.16
Latest EPS -Unit Curr.	45.70
Latest Bookvalue -Unit Curr.	92.89
Face Value	10.00
Stock Exchange	BSE
Latest Market Price--Unit Curr.	241.20
Latest P/E Ratio	5.28
Latest P/BV	2.60
52 Week High -Unit Curr.	263.30
52 Week High-Date	09/11/2022
52 Week Low -Unit Curr.	174.60
52 Week Low-Date	20/06/2022
Market Capitalisation	148645.02
Dividend Yield -%	13.79

Price Chart



Valuation Chart (Based on Book Value)



Key Findings

- CIL is a coal mining company engaged in the production and sale of coal. As of 31 March 2023, the Government of India held 66.13% stake in the company.
- Coal India hikes non-coking coal prices by 8%. The hike is expected to generate an incremental revenue of Rs 2,703 crore for the balance period of FY24.
- The board of directors of CIL has approved price increase of 8% over the existing notified prices for high grade coal of grade G2 to G10. This will be applicable to all subsidiaries of Coal India including NEC (North Eastern Coalfields) for regulated and non-regulated sectors. Due to this revision, CIL will earn approx. incremental revenue of Rs 2703 crore for the balance period of financial year 2023-24. All add-ons would be as per the extant practice,' CIL said in a statement on 30 May 2023.
- During Q4FY23, Consolidated coal production (raw coal) rose 7.25% to 224.160 million tonnes (MT) in Q4 FY23 as against 209.001 MT posted in Q4 FY22. Meanwhile, offtake (raw coal) increased by 3.68% to 186.877 MT in Q4 FY23 as compared to 180.249 reported in the corresponding quarter previous year. The company recorded higher volume sale by 17.34 MT and better average realization under FSA resulted in a net impact of around Rs 3,879 crore in Q4 FY23. FSA sale increased to 167.45 MTs in Q4 FY23 compared to 150.11 MTs of preceding fiscal's Q4. Realization per tonne of coal under FSA category was Rs 1,550, an increase of 5%, compared to Rs 1,470 per tonne of Q4 FY22.
- Though e-auction sales at 16.40 MTs were lower by 41% in volume terms in Q4 FY23 as against 27.65 MTs posted in the similar quarter of FY22, higher premiums under the e-window helped CIL in cranking up e-auction sales by Rs 690 crore. The realization per tonne of coal of was Rs 4,526 under auction segment in Q4FY23 from Rs 2,434 recorded in the same quarter a year ago. The jump was Rs 2,092 per tonne or 86%.
- Net sales jumped 17.26% year on year to Rs 35,161.44 crore in the quarter ended 31 March 2023. Profit before tax (PBT) in Q4 FY23 stood at Rs 7,642.27 crore, down 18.14% from Rs 9,335.27 crore reported in the same period last year. PAT drops 17% YoY to Rs 5,553 cr. The decline in the net profit and PBT was primarily due to increased provision towards the wages in NCWA-XI. PAT would have been the highest ever profit in any quarter had the provision not been made, said the company. Operating profit margin has declined from 27.83% to 18.08%, leading to 24.21% decline in operating profit to Rs 6,898.14 crore
- For FY23, coal India's consolidated net profit surged 62.26% to Rs 28,165.19 crore on 26.91% increase in net sales to Rs 1,27,627.47 crore in FY23 over FY22. Earnings before interest, tax, depreciation, amortization, impairment (EBITDA) climbed 49% to Rs 40,291 crores in FY23 from Rs 26,974 crore recorded in FY22.
- The state-run coal major's said that it witnessed growth in the profit despite provisioning of Rs 8,153 crore in the accounts in 2022- 23 towards wage revision of CIL's non-executive manpower. Climbing to an all-time high, the annual PAT bested the previous high of Rs 17,464 crore recorded in 2018-19 by 61%. Higher volume sales and increased premiums in e-auction bolstered the company's profitability, it added.
- During FY23, the realization per tonne of coal under e-auction was at Rs 4,841 as against Rs 1,879 per tonne in FY22, up 157.6%. The same in case of FSA sales was Rs 1,475 as compared to Rs 1,406 of Fy22.

Conclusion

The company is doing well and strong coal demand from thermal power plants and better price discovery would aid to the financial growth to the company. We expect the stock to see a price target of Rs.272 in 8 to 10 month time frame on an expected P/Bvx 2.56 of and FY24 (BVPS) of 106.20. It may give 19% return from current market price of Rs.229.

**View : Fundamentally good for long term purpose
Size of offer for sale: Rs.2080 crores and if oversubscribed Rs.4160 crores**

Shareholding Pattern (%)

Description as on	31-03-2023	31-12-2022	30-09-2022	30-06-2022
Total Foreign	8.05	8.06	6.92	6.73
Total Institutions	21.04	21.18	22.52	22.48
Total Govt Holding	0.09	0.09	0.09	0.09
Total Non Promoter Corporate Holding	0.65	0.65	0.62	0.63
Total Promoters	66.13	66.13	66.13	66.13
Total Public & Others	4.04	3.9	3.72	3.93

Shareholding of securities of persons belonging to the category Public and holding more than 1% of the total number of shares

Description as on	31-03-2023	31-12-2022	30-09-2022	30-06-2022
Cpse Exchange Traded Scheme (cpse Etf)	3.03	2.79	2.86	2.64
Hdfc Trustee Company Ltd. A/c Hdfc Balanced Advantage Fund	2.37	2.65	3.59	3.66
Life Insurance Corporation Of India	11.00	11.00	11.00	11.00
Parag Parikh Flexi Cap Fund	1.18	1.08		1.02

Allocation methodology	<p>A minimum of 25% of the equity shares being offered in the Sale shall be reserved for allocation to mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended ("Mutual Funds") and insurance companies registered with the insurance Regulatory and Development Authority under the Insurance Regulatory and Development Authority Act, 1999, as amended ("Insurance Companies"), subject to receipt of valid bids/orders at the Clearing Prices.</p> <p>In the event of any under subscription by Mutual Funds and Insurance Companies, the unsubscribed portion shall be available to the other bidders.</p>
Oversubscription option	<p>No single bidder other than Mutual Funds and Insurance Companies shall be allocated more than 25% of the size of the Sale.</p> <p>In case the Oversubscription Option is not exercised, the equity shares of the Company forming part of the Base Offer Size will hereinafter be referred to as "Offer Shares") through a separate, designated window of the BSE Limited (the "BSE") and the National Stock Exchange of India Limited ("NSE", and together with the BSE, the "Stock Exchanges"). The Offer shall be undertaken exclusively through the Seller's Brokers named below on a separate window provided by the Stock Exchanges for this purpose.</p>
Conditions for withdrawal of the Sale	<p>The Seller reserves the right to not to proceed with the Sale at any time prior to the time of opening of the Sale on the Sale Date.</p> <p>In such a case, there shall be a cooling off period of 10 trading days from the date of withdrawal before an offer is made again. The Stock Exchanges shall suitably disseminate details of such withdrawal.</p>
Conditions for cancellation of the Sale	<p>In the event (i) the aggregate number of orders received in the Sale at or above the Floor Price is less than the total number of Sale Shares or (ii) of any default in settlement obligations, the Seller reserves the right to either conclude the Sale to the extent of valid bids / orders or cancel the Sale in full. The decision to either accept or reject the Sale shall be at the sole discretion of the Seller.</p>
Conditions for participating in the Sale	<p>Non-institutional buyers shall deposit 100% of the order value in cash up-front with the Clearing Corporation at the time of placing bids for the Sale.</p> <p>In case of institutional investors who place orders with 100% of the order value deposited upfront, custodian confirmation shall be within trading hours.</p> <p>In case of institutional investors who place orders without depositing 100% of the order value upfront, custodian confirmation shall be as per the existing rules for secondary market transactions.</p> <p>The funds collected shall neither be utilized against any other obligation of the trading member nor co-mingled with other segments.</p> <p>Modification or cancellation of orders would be allowed during the duration of the offer only for:</p> <p>(i) Orders placed by institutional investors and by non-institutional investors, with 100% of the order value deposited upfront: Such orders can be modified or canceled at any time during the trading hours.</p> <p>(ii) Orders placed by institutional investors without depositing 100 % of the order value upfront: Such orders cannot be modified or cancelled by the investors or stock brokers, except for making upward revision in the price or quantity.</p> <p>The buyer shall also be liable to pay any other fees, as may be levied by the Stock Exchanges, including Securities Transaction Tax.</p> <p>In case of any permitted modification or cancellation of the order / bid, the funds shall be released/ collected on a real-time basis by the clearing corporation.</p> <p>In case of default in pay-in by any investor, 10% of the order value shall be charged as penalty from the investor and collected from the broker. This amount shall be credited to the Investor Protection Fund of the stock exchange.</p>

QUARTERLY PERFORMANCE

	Qtr Ending Mar. 23	Qtr Ending Mar. 22	VAR %
Total Income	38152.34	32708.69	17
OPM (%)	18.08	27.83	
OP	6898.14	9101.93	-24
Other income	2281.68	1766.59	29
PBIDT	9179.82	10868.52	-16
Net Finance Charges	195.07	120.90	61
PBDT	8984.75	10747.62	-16
Depreciation	1342.48	1412.35	-5
PBT	7642.27	9335.27	-18
Tax expense	2114.65	2620.27	-19
PAT	5527.62	6715.00	-18
Minority Interest	-5.61	22.06	-125
Profit after Minority Interest and Share of profit of Associates	5533.23	6692.94	-17

E-mail: smc.care@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401 / 402, 4th Floor,
Graham Firth Steel Compound, Off Western
Express Highway, Jay Coach Signal, Goreagon
(East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-67341697

Kolkata Office:
18, Rabindra Sarani, Poddar Court, Gate No-4,
5th Floor, Kolkata - 700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance if this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.