

COAL INDIA Limited (CIL)

BUY

| | |
|---------------------|-----------------|
| CMP | Rs. 218 |
| Target Price | Rs. 275 |
| Time Frame | 5-8 months |
| Risk | Low |
| Sector | Metals & Mining |



Price & Volume Analysis

| | |
|------------------------------|----------------------|
| % Change from previous Day | 1.99% |
| % Change from previous Month | 15.83% |
| 52 Week High | 220 |
| 52 Week Low | 132.8 |
| Weekly H/L | 220.40/205.50 |
| Deliverable | 23.86% |
| Book Value / Share | 26.54 |
| EPS | 18.17 |
| Market Cap (Rs. CR) | 1,35,488 |

Incorporated in 1975, COAL INDIA Limited (CIL) is the largest coal producer in the world and accounts for ~80% of the domestic coal production in FY22. Its raw coal production in FY22 stood at 623MT, up 4.4% YoY and functions through its subsidiaries in 84 mining areas spread over eight (8) states of India. CIL has 318 mines (as of 1st April 2022) of which 141 are underground, 158 opencast, and 19 mixed mines. CIL reported a consolidated net profit at Rs 8,834 crore for the quarter ended June, up 178.31% compared to Rs 3,174.15 crore in the same quarter last year.

Momentum Analysis

| | |
|---------------------------------------|--------------|
| RSI (14, E9) Monthly | 64 |
| Smoothed RSI | 63 |
| Stochastic oscillator monthly (1,3,3) | 76.11 |

The technical landscape of momentum oscillators is enticing as the 14-period RSI witnessed a positive reverse divergence when the prices were making higher lows suggesting a strength in up-move. The technical indicators head north almost vertically. Stochastics also gave a positive crossover after reversing from the Double bottom levels.

Support & Resistance Analysis

| | |
|--------------|------------|
| Support 1 | 201 |
| Support 2 | 171 |
| Resistance 1 | 243 |
| Resistance 2 | 315 |

A classic rebound play from oversold conditions on weekly and monthly charts with the recent sequence of higher high/low intact on all time frames.

The bullish takeaway is that CIL has touched its highest level in 3-years. The clear bullish momentum on the monthly charts hints at a bullish breakout with aggressive targets 300 mark.

Trend Analysis

| | |
|---------------------------|----------------|
| Moving Average - 50 Days | 176 |
| Moving Average - 200 Days | 194 |
| ADX (14d) | 19.5 |
| Bollinger Band Weekly | 217/168 |
| MACD Weekly | 9.39 |

The positive takeaway is that CIL is consistently taking supports at its 200-DMA and regathering momentum. The bounce is now resulting into a massive rebound on the upside on the monthly/weekly charts. ADX indicator too suggesting robust positive bias.

CONCLUSION

The key positive catalyst in favor of CIL is its robust business profile with stable and healthy operating margins. Also, higher international coal prices shall lead to higher e-auction coal prices. Dispatch of coal and coal products during 2021-22 was at 662.566 Mts and despatch to power utilities (including special forward e-Auction) was 540.571 MTs. Overall coal stock at power houses at 25.627 Mts (28 days) as of 31.3.2022.

Projects: There are 116 ongoing Mining projects having an annual capacity of 915.36 MTY which have contributed 456.28 MT in the year 2021-22. Other than this, there are 161 completed mining projects having an annual capacity of 379.25 MTY. 52 mining projects have been approved in FY 20-21 and FY 21-22. These projects are expected to contribute additional production of 102 MT in FY 24-25 to augment coal production of CIL to 1 billion tonnes by FY 2024-25.

CIL was conferred the Maharatna status by the government of India (GOI) on Apr'11. CIL has strategic importance in meeting India's energy requirement as ~51% (as of May'22) of the country's power generation capacity is derived from coal-based thermal power plants.

CIL is committed to playing a major role in achieving the Nation's energy security. Based on the demand projection in 'Vision 2024' for the coal sector in the country, a roadmap has been prepared wherein CIL has envisioned 1 Billion Tonne (Bt) production in the year 2024-25 to meet the coal demand of the country.

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