

# Coal India Limited

CMP : Rs 282.35

May 29, 2018

## Q4 net profit falls 52% as employee cost swells

Coal India (CIL) has posted 52% shrink in consolidated net profit at Rs 1295.34 crore despite 16% gain in total income to Rs 26909.17 crore for the fourth quarter ended March 2018. The operating margin (OPM) shrank to 0.7% from 14.9% corresponding previous quarter due to spike in Employee benefit expenses. Employee benefit expense for the quarter jumped to Rs 16,653.86 crore from Rs 9,240.67 crore in the year ago-quarter. Thus, OP dropped by 94% to Rs 195.50 crore.

Employee benefit expenses for the quarter and year ended March 2018 included a provision of Rs 646.87 crore and Rs 899.14 crore, respectively, towards pay revision of the executive employees (Pay revision is due w.e.f. 01-01-2017 as per 3<sup>rd</sup> Pay Revision Committee recommendation).

Further, employee benefit expenses for the quarter/year ended March 2018 included Rs 7384.37 crore towards increase in gratuity ceiling from Rs 10 lakh to Rs 20 lakh w.e.f. 39-03-2018 vide amendment in the Payment of Gratuity (Amendment) Act, 2018 and the notification issued thereafter.

Coal India's production inclined by 20.7% at 183.45 million tonnes (MT) during quarter, meanwhile Offtake raised by 4.2% to 158.86 MT. CIL's average realizations improved 0.3% to Rs 1581 per tonne.

## Performance for quarter ended March 2018

Coal India (CIL) total income from operation inclined 16% to Rs 26,909.17 crore for the fourth quarter ended March 2018, due to rise in sales volume and in realization. Coal India's production inclined by 20.7% at 183.45 million tonnes (MT) during quarter, meanwhile Offtake raised by 4.2% to 158.86 MT. CIL's average realizations improved 0.3% to Rs 1581 per tonne.

The operating margin (OPM) shrank to 0.7% from 14.9% corresponding previous quarter due to spike in Employee benefit expenses. Employee benefit expense for the quarter jumped to Rs 16,653.86 crore from Rs 9,240.67 crore in the year ago-quarter.

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As a %age of sales and net of stock adjustments, employee benefits cost rose to 58.9% from 37% corresponding previous quarter. Thus, OP dropped by 94% to Rs 195.50 crore.

Other income was up 12% to Rs 2,000 crore, thus, the PBIDT declined 58% to Rs 2,195.65 crore. The Company interest cost fell 2% to Rs 112.72 crore, while depreciation cost grew 10% to Rs 930.79 crore. Thus, the Profit before Tax (PBT) fell 73% to Rs 1,152.14 crore.

The company received net Tax credit of Rs 142.03 crore for the quarter as against net tax outflow of Rs 1,560.57 crore corresponding previous quarter. Thus, PAT before minority interest dropped 52% to Rs 1,294.17 crore. After accounting income of Rs 1.17 crore in shares in JV's/associates, Net Profit was down 52% to Rs 1,295.34 crore.

## Annual Financial Performance

For the financial year ended March 2018 (FY 2018), total income from operation inclined 10% to Rs 85,862.44 crore, due to rise in sales volume and in realization. Coal India's production was up 2.4% at 567.37 MT, meanwhile Offtake grew by 6.8% to 580.29 MT. CIL's average realizations declined by 4% to Rs 1,432 per tonne.

OPM contracted by 470 bps to 11.1%. As a %age of sales and net of stock adjustments, employee benefits cost rose 860 bps to 50.6%.

## INDEX DETAILS

SENSEX	34949.24
NIFTY (S&P CNX)	10633.30

## SCRIP DETAILS

Industry	Coal
Mkt Cap (Rs in Crore)	175142.05
Book Value (Rs)	22.66
Free Float (%)	21.45
Avg Vol Weekly (NSE)	3593874
52 Week H/L (NSE)	316.55 / 234.00
Dividend Yield (%)	5.85
BSE Code	533278
NSE Code	COALINDIA

## SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	78.55	78.55
FIIIs	5.48	5.79
DIIIs	12.86	12.18
Others	3.11	3.48
Totals	100	100

## Price Comparison with Sensex



As a result, the operating profit dropped 23% at Rs 9,566.29 crore.

Other income was down 13% to Rs 4,658.32 crore, thus, the PBIDT declined 20% to Rs 14,224.61 crore. The Company interest charges grew by 6% to Rs 431.79 crore, while depreciation cost inclined 5% to Rs 3066.38 crore. Thus, the Profit before Tax (PBT) dropped 26% to Rs 10,726.44 crore.

The net Tax Expense declined by 28% to Rs 3,706.66 crore. The effective tax rate decreased 120 bps to 34.6%. Thus, PAT before EO and minority interest slid 24% to Rs 7,019.78 crore. After accounting EO of Rs 0.01 crore and Minority interest inflow of Rs 0.44 crore, Net Profit dropped by 24% to Rs 7,020.21 crore.

## Coal India (CIL): Consolidated Results

Particulars	Q4FY18	Q4FY17	Var %	FY18	FY17	Var %
Income from Operations	26909.17	23242.84	16	85862.44	78411.21	10
OPM (%)	0.7	14.9		11.1	15.9	
Operating Profit	195.5	3460.46	-94	9566.29	12438.05	-23
Other income	2000.15	1782.43	12	4658.32	5324.21	-13
PBIDT	2195.65	5242.89	-58	14224.61	17762.26	-20
Interest	112.72	114.57	-2	431.79	409.18	6
PBDT	2082.93	5128.32	-59	13792.82	17353.08	-21
Depreciation	930.79	847.18	10	3066.38	2906.75	5
PBT before PPA/EO	1152.14	4281.14	-73	10726.44	14446.33	-26
PPA/EO	0	0		0	0	
PBT after PPA/EO	1152.14	4281.14	-73	10726.44	14446.33	-26
Taxation	-142.03	1560.57	-109	3706.66	5164.79	-28
PAT before EO and minority interest	1294.17	2720.57	-52	7019.78	9281.54	-24
Extraordinary items	0	0		-0.01	-0.01	
Minority Interest	1.17	-1.76		0.44	-1.76	
Net Profit	1295.34	2718.81	-52	7020.21	9279.77	-24
EPS (Rs)*	#	#		11.3	15	

## Consolidated Statement of Sales

Particulars	Q4FY18		
	QTY (MT)	NET SALES Rs in crore	Average Realization (per tonne)
FSA	126.38	17736	1403
E-AUCTION	29.27	6181	2112
TOTAL RAW COAL	155.65	23917	1537
washed coal (coking)	0.62	471	7597
washed coal (non-coking)	2.5	441	1764
Total Washed Coal	3.12	912	2923
other by-product	0.83	280	3373
Total	159.6	25109	1573

## NOTES :-

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