

- ❑ MOIL Limited has reported a de growth of 29% in its revenues at ₹2,531 million in Q2-FY-20 as against ₹3,578 million in Q2-FY19. The de growth in sales was mainly driven by a mix of decrease in volumes and realization per ton. The volumes declined by around 19% while realizations declined 10.5% during the quarter.
- ❑ In terms of volume, the company has sold 224 thousand tons of Non-fine ore in Q2-FY20, a de growth of 19.7% as against 279 thousand tons in Q2-FY19. The Fine ore sales for the quarter stood at 29 thousand tons in Q2-FY20 as against 33 thousand tons in Q2-FY19.
- ❑ The production figures for the quarter ended Sep-19 for Non-fine ore stood at 232 thousand tons as against 241 thousand tons, a de growth of 3.7% over Q2-FY-19 while for Fines ore it stood at 29 thousand tons in Q2-FY20 as against 34 tons in Q2-FY19.
- ❑ On profitability front, the company's operating margins stood 32.8% at ₹831 million in Q2-FY20 as against 40.9% at ₹1,463 million in Q2-FY19. The decline in margins was mainly due to lower realization and operating leverage due to subdued volumes.
- ❑ The realization for the company in Non-fine ore business stood at ₹10,020 per ton in Q2-FY20, a decline of 11% over Q2-FY19 at ₹11,270/Ton (6.5% QoQ). While realization for Fine ores business stood at ₹2,890 per ton in Q2-FY20, a de-growth of 8.5% YoY while in QoQ terms registered a de growth of 8.5%.
- ❑ Its profit after tax (PAT) margins were 35% in Q2-FY20 at ₹886 million as against 29.4% at ₹1,051 million in Q2-FY19. The increase in profit margins was mainly attributable to lower tax incidence for the company in the quarter. The company has also announced for buy back with the quarterly results at a buy back price of ₹152 per share upto an aggregate amount not exceeding ₹3082.7 million.
- ❑ Going ahead, long term drivers continue to be well placed in favour of the company. The company's aggressive manganese ore volume targets of 2.5MnT till 2025 bodes well. However, the short term remains mixed as company has witnessed price cuts in ore prices and lower volume offtake amid slowdown.
- ❑ We have incorporated latest numbers in our estimates and have revised down our numbers for the company. We continue to remain positive on the stock in long term while in short term the volume offtake seems benign. We maintain our **BUY** rating on the stock with a revised target price of **₹198 per share**.

Q2-FY20 Results

| (In ₹ mn) | Q2-FY20 | Q2-FY19 | Chg | H1-FY20 | H1-FY19 | Chg |
|-------------------|------------|--------------|---------------|--------------|--------------|---------------|
| Net Sales | 2,531 | 3,578 | -29.3% | 5,332 | 6,713 | -20.6% |
| Operating Expense | 1,700 | 2,115 | -19.6% | 3,393 | 3,882 | -12.6% |
| EBITDA | 831 | 1,463 | -43.2% | 1,939 | 2,831 | -31.5% |
| Other Income | 532 | 451 | | 1,020 | 925 | |
| Depreciation | 319 | 156 | | 513 | 303 | |
| EBIT | 1,045 | 1,758 | -40.6% | 2,445 | 3,454 | -29.2% |
| Interest | - | - | | - | - | |
| PBT | 1,045 | 1,758 | -40.6% | 2,445 | 3,454 | -29.2% |
| Tax | 159 | 707 | | 653 | 1,268 | |
| Exceptional Items | - | - | | - | - | |
| PAT | 886 | 1,051 | -15.7% | 1,793 | 2,185 | -18.0% |

| Margins | Q2-FY20 | Q2-FY19 | ChgBPS | H1-FY20 | H1-FY19 | ChgBPS |
|--------------------|---------|---------|--------|---------|---------|--------|
| Operating Margin % | 32.8% | 40.9% | -805 | 36.4% | 42.2% | -580 |
| Net Margin % | 35.0% | 29.4% | 563 | 33.6% | 32.6% | 107 |

Consolidated Financials:

| (In ₹ Mn.) | FY-18 | FY-19 | FY-20E | FY-21E |
|-------------------|--------|--------|--------|--------|
| Net Sales | 13,189 | 14,407 | 12,487 | 13,709 |
| Operating Expense | 7,863 | 8,395 | 7,867 | 8,226 |
| EBITDA | 5,327 | 6,011 | 4,620 | 5,484 |
| Other Income | 1,777 | 1,908 | 2,081 | 2,253 |
| Depreciation | 625 | 668 | 814 | 857 |
| EBIT | 6,479 | 7,251 | 5,887 | 6,880 |
| Interest | - | - | 4 | 4 |
| Misc. items | - | - | - | - |
| PBT | 6,479 | 7,251 | 5,882 | 6,876 |
| Tax | 2,259 | 2,459 | 1,529 | 1,788 |
| Minority Interest | (46) | (8) | - | - |
| PAT | 4,174 | 4,785 | 4,353 | 5,088 |

| Margins | FY-18 | FY-19 | FY-20E | FY-21E |
|--------------------|-------|-------|--------|--------|
| Sales Growth % | 34.3% | 9.2% | -13.3% | 9.8% |
| Operating Margin % | 40.4% | 41.7% | 37.0% | 40.0% |
| Net Margin % | 31.6% | 33.2% | 34.9% | 37.1% |

Source: Company, Anand Rathi Research

| (In ₹ Mn.) | FY-18 | FY-19 | FY-20E | FY-21E |
|-----------------------------|---------------|---------------|---------------|---------------|
| Liabilities | | | | |
| Equity Share Capital | 2,576 | 2,576 | 2,576 | 2,576 |
| Reserves & Surplus | 25,370 | 28,251 | 32,604 | 37,692 |
| Total Shareholder's Funds | 27,946 | 30,827 | 35,180 | 40,268 |
| Minority Interest | - | - | - | - |
| Long-Term Liabilities | - | - | - | - |
| Other Long-term Liabilities | 167 | 162 | 162 | 162 |
| Deferred Tax Liability | 23 | (179) | (179) | (179) |
| Short-term Liabilities | 4,227 | 5,059 | 5,393 | 5,921 |
| Total | 32,364 | 35,869 | 40,556 | 46,172 |
| Assets | | | | |
| Net Fixed Assets | 5,863 | 7,272 | 7,796 | 7,505 |
| Long-Term L&A | 438 | 609 | 609 | 609 |
| Non Current Investments | 1 | 1 | 1 | 1 |
| Other Non-Current Assets | 13 | 15 | 15 | 15 |
| Current Asset | 26,050 | 27,972 | 32,135 | 38,042 |
| Total | 32,364 | 35,869 | 40,556 | 46,172 |

| (In ₹ mn) | FY-18 | FY-19 | FY-20E | FY-21E |
|-----------|-------|-------|--------|--------|
| EPS (₹) | 15.7 | 18.0 | 16.3 | 19.1 |
| P/E (x) | 9.2 | 8.0 | 8.8 | 7.5 |
| P/B (x) | 1.4 | 1.2 | 1.1 | 1.0 |
| ROE | 14.9% | 15.5% | 12.4% | 12.6% |

Key Risks:

- ❑ The company's business is fundamentally cyclical in nature and is exposed to metals sector.
- ❑ Any substantial delay in its new projects could impact our projections negatively.

Rating and Target Price history:

MOIL rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 22 November 2019 close.

MOIL rating details

| Date | Rating | Target Price (₹) | Share Price (₹) |
|-----------|--------|------------------|-----------------|
| 09-Oct-17 | BUY | 245 | 196 |
| 23-Oct-17 | BUY | 335 | 246 |
| 16-Nov-17 | BUY | 335 | 245 |
| 14-Feb-18 | BUY | 335 | 231 |
| 14-Nov-18 | BUY | 335 | 173 |
| 05-Mar-19 | BUY | 245 | 159 |
| 22-Nov-19 | BUY | 198 | 144 |

Source: Bloomberg, Anand Rathi Research

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