

NOT RATED**MOIL**

| Metals & Mining

| 23 August 2024

Marathon run ahead after a sprint in FY24

- With moderation of prices, production growth is likely to be the main driver
- Post FY25, MOIL needs to deliver on Environment Clearance (EC) limit enhancements and addition of shafts to continue growth momentum
- After a sprint in FY24, MOIL still aims to deliver high single digit production growth till FY30

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Price surge duration was shorter: With a 13% increase in realisation and 15% in volume in Q1, MOIL delivered growth of 30% in revenue and 73% in EBITDA. However, Q2 is likely to demonstrate a sequential deceleration with a sharp pullback in manganese prices over past two months and seasonal slowdown in production.

Sprint in FY24, marathon ahead: MOIL delivered 35%/ 30% YoY growth in production/ sales to 1.76mt/ 1.54mt. MOIL is now targeting c15% growth in FY25 and 8% CAGR over FY25-30 with a target of 3.5mt. MOIL is still targeting a significant acceleration compared to the sales volume growth of 1% over FY17-23.

Mix of brownfield and greenfield growth: While MOIL is targeting a brownfield growth from 1.8mt in FY24 to 2.1mt in FY25 and to 3.0mt at existing mines, the company is also planning 0.5mt of greenfield growth. For brownfield growth, MOIL is working on EC enhancements and addition of shafts. For greenfield growth, MOIL has accelerated exploration efforts and expansion of business in other states.

Progressing EC enhancements: Against the existing EC limit of 2.45mt, MOIL is targeting to raise it to 3.4mt by FY25 and 5mt by FY26.

Adding shafts: MOIL has approved 2 production shafts at two existing mines—Balaghat (0.8mt capacity) and Gumgaon (0.5mt capacity). The company also plans to add one more production shaft and two more ventilation shafts to enhance capacity. Production typically reaches the full potential of shaft over 5 years

Greenfield growth: MOIL has increased focus on exploration and has accelerated pace of resources addition (8mt in FY24 with exploration of 87.7km). MOIL is targeting 3 greenfield projects towards 0.5mt of production from new mines by FY30.

Stock performance: While the stock price almost doubled over Mar-Jun'24 on a price surge, the stock has corrected c30% after easing of Manganese prices. With pull back in prices, production growth will become the key driver for the stock ahead.

Ticker/Price	MOIL IN/Rs 412
Market cap	US\$ 999.6mn
Free float	35%
3M ADV	US\$ 17.9mn
52wk high/low	Rs 588/Rs 207
Promoter/FPI/DII	65%/3%/10%

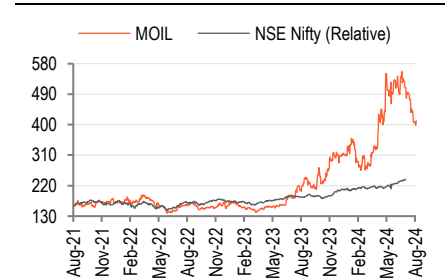
Source: NSE | Price as of 23 Aug 2024

Key financials

Y/E 31 Mar	FY22A	FY23A	FY24A
Total revenue (Rs mn)	14,363	13,416	14,494
EBITDA (Rs mn)	5,415	3,652	4,346
Adj. net profit (Rs mn)	3,770	2,467	2,902
Adj. EPS (Rs)	16.1	12.1	14.3
Adj. ROAE (%)	14.6	9.3	10.2
Adj. P/E (x)	25.5	34.0	28.9
EV/EBITDA (x)	15.0	22.2	18.8
Adj. EPS growth (%)	117.0	(24.9)	17.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Additional pointers

Capex ramp-up

MOIL has ramped-up capex spend from Rs 2.5bn in FY23 to Rs 3.2bn in FY24 and targeting to maintain elevated spend at Rs 3.3bn in FY25 and Rs 3.4bn in FY26.

Exploration pick-up

MOIL has significantly increased focus on exploration which is evident in ramp-up from 41.8km in FY23 to 87.7km in FY24. MOIL aims to manage exploration at elevated levels with target of 100km in FY25. The exploration is successful in ramping up resource addition to 5.5mt in FY22, 6.5mt in FY23 and 8.0mt in FY24.

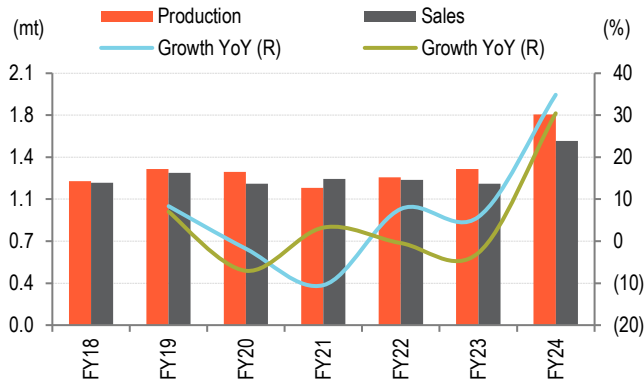
Greenfield growth

MOIL is targeting multiple JVs for greenfield growth.

- **Gujarat JV:** For the Pani project in Gujarat, MOIL is still working with GMDC to finalise the JV agreement. The company has established 0.95mt of reserves in a 270ha area and is targeting 0.2mt of production from the JV in the first year of operation. However, the JV will also need to secure the EC approval for delivering on production.
- **MP JV:** MOIL is also progressing JV with MP State Mining Corporation at Madhya Pradesh for developing Bhudkum block (300Ha area) at Chhindwara and Selva Block (100Ha) at Balaghat. While MOIL has established ore body at these blocks, exploration is still in progress to establish resources.
- **Chhattisgarh JV:** MOIL has entered into MOU with CMDC for exploring Nilkanthpur block of Balarampur District in Chhattisgarh. After getting allocation of 218sqkm area, MOIL has started exploration from Jun'24 and is targeting 25km of exploration during FY25.

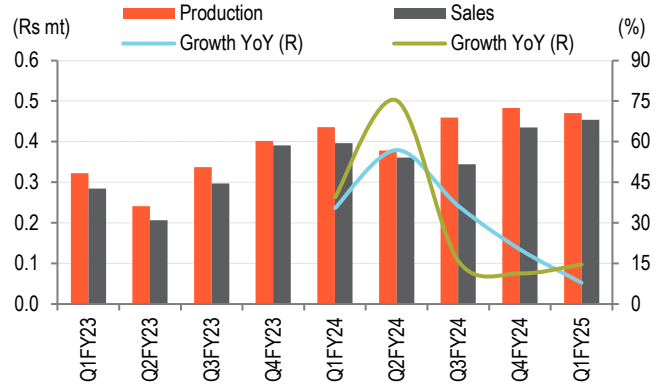
MOIL performance in charts

Fig 1 – Manganese ore production/ sales growth - Annual



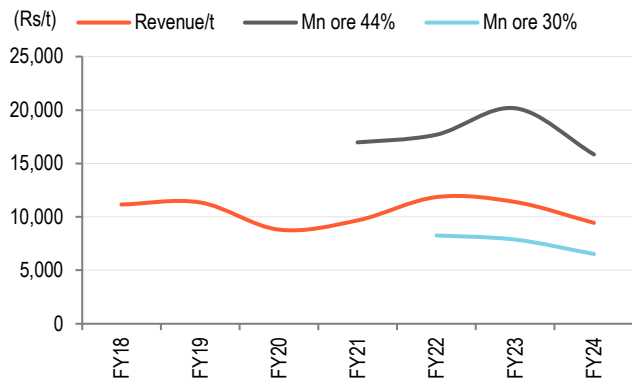
Source: Company, BOBCAPS Research

Fig 2 – ... and recent quarters



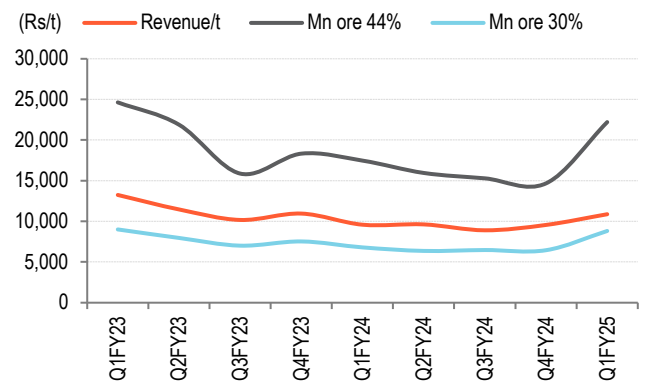
Source: Company, BOBCAPS Research

Fig 3 – Realisation – Annual



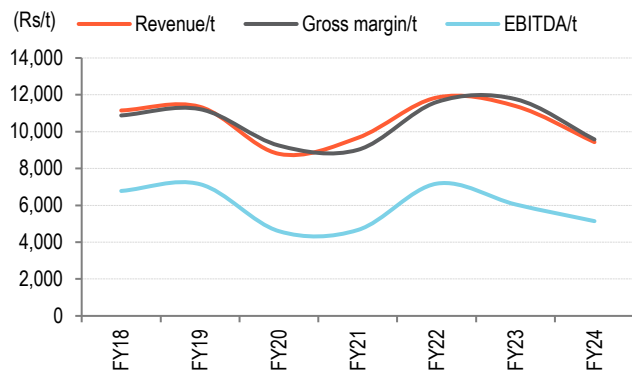
Source: Company, BOBCAPS Research

Fig 4 – ... and for recent quarters



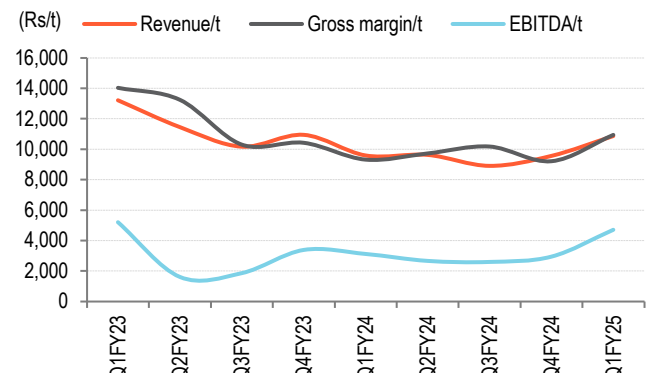
Source: Company, BOBCAPS Research

Fig 5 – Unit profitability – Annual



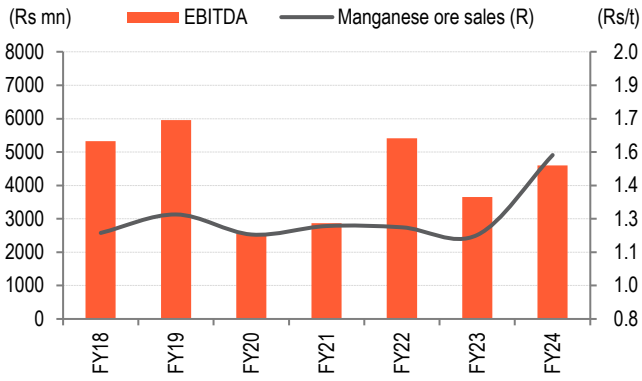
Source: Company, BOBCAPS Research

Fig 6 – ... and for recent quarters



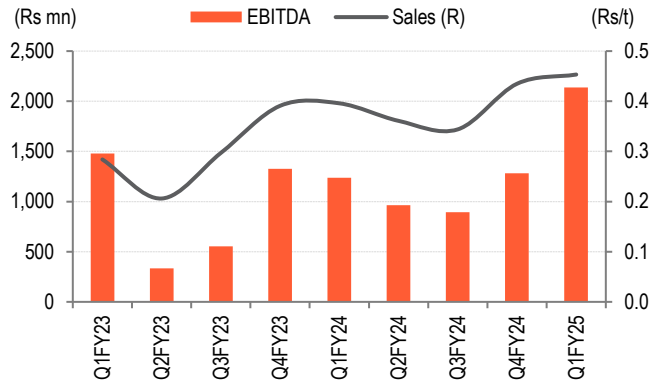
Source: Company, BOBCAPS Research

Fig 7 – EBITDA vs production growth – Annual



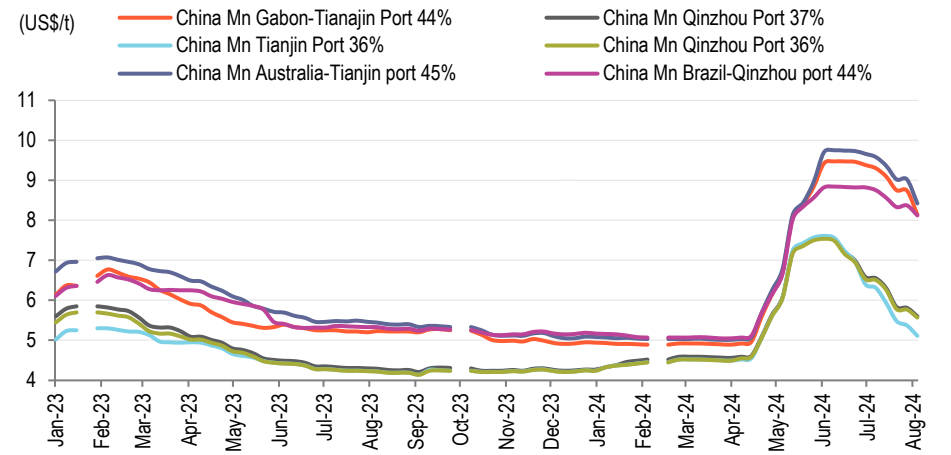
Source: Company, BOBCAPS Research

Fig 8 – ... and recent quarters



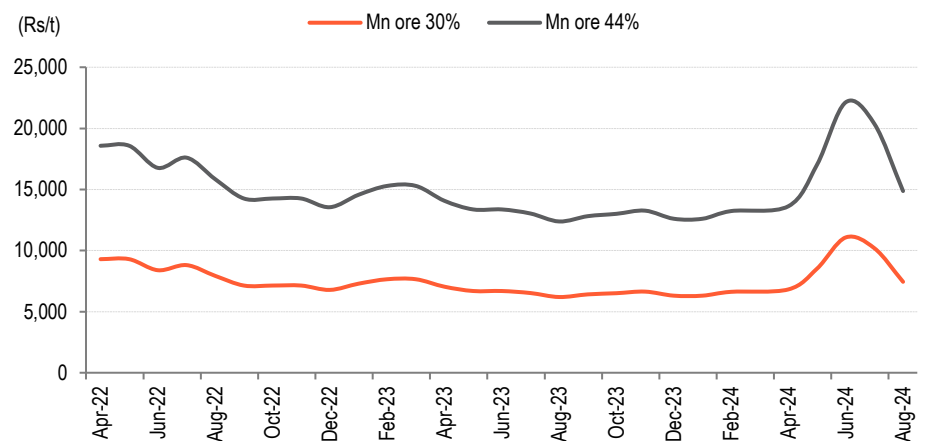
Source: Company, BOBCAPS Research

Fig 9 – Global Manganese prices have eased from the recent spike



Source: Bloomberg, BOBCAPS Research

Fig 10 – And also in India



Source: Refinitiv, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23A	FY24A
Total revenue	10,381	11,774	14,363	13,416	14,494
EBITDA	2,555	2,868	5,415	3,652	4,346
Depreciation	962	992	1,031	1,143	1,442
EBIT	1,594	1,876	4,383	2,509	2,903
Net interest inc./(exp.)	0	0	7	0	0
Other inc./(exp.)	1,811	1,025	793	769	935
Exceptional items	0	0	0	0	0
EBT	3,405	2,401	5,233	3,306	3,839
Income taxes	923	635	1,463	839	937
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	2,482	1,766	3,770	2,467	2,902
Adjustments	0	0	0	0	0
Adjusted net profit	2,482	1,766	3,770	2,467	2,902

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23A	FY24A
Accounts payables	368	290	329	306	381
Other current liabilities	3,911	4,179	2,833	2,751	2,753
Provisions	439	406	547	742	427
Debt funds	0	0	0	0	0
Other liabilities	662	696	673	675	797
Equity capital	2,373	2,373	2,035	2,035	2,035
Reserves & surplus	25,261	25,826	19,380	20,408	22,496
Shareholders' fund	27,634	28,199	21,415	22,443	24,531
Total liab. and equities	33,014	33,903	25,798	26,917	28,888
Cash and cash eq.	2,050	50	247	131	400
Accounts receivables	1,340	2,266	1,729	1,433	2,094
Inventories	1,779	1,101	1,001	1,702	2,125
Other current assets	17,875	16,729	8,868	9,184	8,781
Investments	1,155	1,396	1,073	1,142	1,090
Net fixed assets	5,802	6,563	6,715	8,125	8,666
CWIP	2,402	2,009	3,000	2,618	3,319
Intangible assets	71	66	49	397	594
Deferred tax assets, net	160	173	201	256	289
Other assets	0	0	0	0	0
Total assets	33,014	33,903	25,798	26,917	28,888

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23A	FY24A
Cash flow from operations	580	2,907	3,601	2,120	2,533
Capital expenditures	(1,999)	(1,367)	(2,156)	(2,450)	(3,058)
Change in investments	6,178	237	7,566	100	815
Other investing cash flows	1,546	660	570	478	624
Cash flow from investing	6,873	(3,601)	6,930	(1,017)	(1,413)
Equities issued/Others	(3,823)	0	(8,559)	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(1,793)	(1,306)	(1,774)	(1,221)	(852)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(5,616)	(1,306)	(10,333)	(1,221)	(852)
Chg in cash & cash eq.	1,837	(2,000)	198	(117)	269
Closing cash & cash eq.	213	2,050	50	247	131

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22A	FY23A	FY24A
Reported EPS	9.8	7.4	16.1	12.1	14.3
Adjusted EPS	9.8	7.4	16.1	12.1	14.3
Dividend per share	5.9	5.5	7.6	6.0	4.2
Book value per share	109.1	118.8	91.7	110.3	120.6

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22A	FY23A	FY24A
EV/Sales	8.0	7.0	5.7	6.0	5.6
EV/EBITDA	32.5	28.6	15.0	22.2	18.8
Adjusted P/E	42.1	55.4	25.5	34.0	28.9
P/BV	3.8	3.5	4.5	3.7	3.4

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22A	FY23A	FY24A
Tax burden (Net profit/PBT)	72.9	73.6	72.0	74.6	75.6
Interest burden (PBT/EBIT)	213.6	128.0	119.4	131.8	132.2
EBIT margin (EBIT/Revenue)	15.4	15.9	30.5	18.7	20.0
Asset turnover (Rev./Avg TA)	30.0	35.2	48.1	50.9	51.9
Leverage (Avg TA/Avg Equity)	1.2	1.2	1.2	1.2	1.2
Adjusted ROAE	7.5	5.2	14.6	9.3	10.2

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22A	FY23A	FY24A
YoY growth (%)					
Revenue	(27.9)	13.4	22.0	(6.6)	8.0
EBITDA	(57.1)	12.2	88.8	(32.5)	19.0
Adjusted EPS	(46.8)	(24.0)	117.0	(24.9)	17.6
Profitability & Return ratios (%)					
EBITDA margin	24.6	24.4	37.7	27.2	30.0
EBIT margin	15.4	15.9	30.5	18.7	20.0
Adjusted profit margin	23.9	15.0	26.2	18.4	20.0
Adjusted ROAE	8.5	6.3	15.2	11.3	12.4
ROCE	11.5	10.1	20.3	14.5	15.8
Working capital days (days)					
Receivables	47	70	44	39	53
Inventory	63	34	25	46	54
Payables	(17)	(12)	(13)	(11)	(14)
Ratios (x)					
Gross asset turnover	0.3	0.4	0.5	0.5	0.5
Current ratio	4.9	4.7	3.9	3.7	4.1
Net interest coverage ratio	0.0	0.0	0.0	0.0	0.0
Adjusted debt/equity	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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