

**Nat Resources & Energy  
Metals & Mining  
Equity – India**

## Overweight

Target price (INR)	415.00
Share price (INR)	322.50
Potential return (%)	28.7

Note: Potential return equals the percentage difference between the current share price and the target price

Performance	1M	3M	12M
Absolute (%)	-4.6	-10.3	3.1
Relative <sup>A</sup> (%)	5.0	-12.0	22.1

Index<sup>A</sup> BOMBAY SE IDX

RIC COAL.BO  
Bloomberg COAL IN

Market cap (USDm) 39,200  
Market cap (INRm) 2,037,027

Enterprise value (INRm) 1476679  
Free float (%) 10

Note: (V) = volatile (please see disclosure appendix)

**30 November 2011**

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## Disclaimer & Disclosures

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it

# Coal India (COAL)

OW: Market is ignoring positives

- ▶ **Despite one-off 2Q production decline, we believe offtake will grow at 5% in FY12e as production and logistics improve**
- ▶ **Market ignoring strength of COAL's earnings; EPS to grow at a 24% CAGR over FY12-14e, despite our 7-8% estimates cut**
- ▶ **Even with clearer earnings visibility, stock is trading in line with Indian & ASEAN peers; reiterate our OW rating with a lower target price of INR415, down from INR469**

### 2Q production decline due to excessive rains in August-September 2011 was one-off:

After factoring in the 2Q decline (11% yoy), we still expect FY12 offtake to increase by 5% yoy to 446MT vs. our previous and company target of 454MT (Exhibit 2). This is due to: a) an improvement in production in 2H; and b) better logistics, as rake availability has increased to 181/day at end-October 2011 from an average of 156/day (YTD-FY12).

**Stock price has been disproportionately impacted by negative newsflow:** The stock price has declined c18% over last three months (against Sensex c3%), factoring in negative news (Exhibit 1). Separately, investor concerns about the government using the surplus cash (INR550bn at end-1HFY12, or INR87/share) in unrelated investments to meet its divestment target are exaggerated, in our view. Even if we assume about INR200bn (50% of the government target) is used up, it would result in a maximum TP cut of cINR32/share.

**Market has ignored most positives:** Earnings in 1H have been strong (EBIT up 49% yoy), with ASPs improving due to better e-auction prices (up c40% yoy) and margin improvement, despite flat offtake volumes. Also, the resumption of e-auctions in November 2011 went ignored. Despite reducing our FY12-13 estimates by 7-8% to factor in the decline in production and higher costs in 2Q (Exhibit 5), we still expect COAL's EPS to grow at a 24% CAGR over FY12-14 (Exhibit 6) on the back of volume growth (5%), ASP increase (9%), mainly due to higher e-auction prices and margin improvement (780bp). There could be upside to our e-auction volume and pricing assumptions, given demand pressure (Exhibit 3).

**Stock trading in line with Indian and ASEAN peers:** COAL is trading at a FY13 PE of 11x, in line with Indian utilities (11.2x – trading at all-time low band) and ASEAN peers (10.6x) (Exhibit 10-11), despite having a better return profile and greater earnings visibility. We maintain our OW rating with a reduced target price of INR415 due to EPS estimate changes and a lower target multiple. We benchmark our target PE multiple of 12.8x for COAL to large Indian utilities (like NTPC and Powergrid) who have a similar cost-plus business model and are currently trading at FY13 PE of 12.7x. Under our research model the stock is no longer considered volatile. **Downside risks** are lower-than-expected offtake from logistics constraints and implementation of the MMDR Bill, with COAL unable to pass on cost increases to its customers (Exhibit 8-9).

## Financials & valuation

### Financial statements

Year to	03/2011a	03/2012e	03/2013e	03/2014e
<b>Profit &amp; loss summary (INRm)</b>				
Revenue	520,537	636,857	711,199	776,190
EBITDA	152,992	207,740	247,724	284,563
Depreciation & amortisation	-16,729	-18,393	-19,844	-21,268
Operating profit/EBIT	136,263	189,348	227,880	263,295
Net interest	28,869	36,756	45,302	57,303
PBT	164,632	228,104	275,182	322,598
HSBC PBT	165,234	228,104	275,182	322,598
Taxation	-55,959	-75,004	-90,596	-106,299
Net profit	108,673	153,100	184,586	216,298
HSBC net profit	112,427	153,100	184,586	216,298

### Cash flow summary (INRm)

Year to	03/2011a	03/2012e	03/2013e	03/2014e
Cash flow from operations	128,225	189,180	230,978	266,117
Capex	-24,750	-40,000	-30,000	-30,605
Cash flow from investment	-22,566	-38,000	-28,000	-28,605
Dividends	-33,611	-42,230	-50,848	-59,466
Change in net debt	-73,178	-108,950	-152,130	-178,046
FCF equity	77,790	119,686	168,377	199,133

### Balance sheet summary (INRm)

Year to	03/2011a	03/2012e	03/2013e	03/2014e
Intangible fixed assets	0	0	0	0
Tangible fixed assets	150,610	172,217	182,373	191,710
Current assets	643,960	758,987	921,878	1,109,332
Cash & others	458,623	567,573	719,703	897,749
Total assets	813,973	948,607	1,119,654	1,314,445
Operating liabilities	408,178	436,942	479,250	517,209
Gross debt	15,536	15,536	15,536	15,536
Net debt	-443,087	-552,038	-704,167	-882,214
Shareholders funds	333,172	444,043	577,781	734,613
Invested capital	-72,231	-73,311	-94,702	-113,916

### Ratio, growth and per share analysis

Year to	03/2011a	03/2012e	03/2013e	03/2014e
<b>Y-o-y % change</b>				
Revenue	10.8	22.3	11.7	9.1
EBITDA	17.0	35.8	19.2	14.9
Operating profit	16.0	39.0	20.3	15.5
PBT	14.1	38.6	20.6	17.2
HSBC EPS	14.4	36.2	20.6	17.2

### Ratios (%)

Year to	03/2011a	03/2012e	03/2013e	03/2014e
Revenue/IC (x)	-8.4	-8.8	-8.5	-7.4
ROIC	-145.7	-174.6	-182.0	-169.2
ROE	38.0	39.4	36.1	33.0
ROA	14.3	17.4	17.9	17.8
EBITDA margin	29.4	32.6	34.8	36.7
Operating profit margin	26.2	29.7	32.0	33.9
EBITDA/net interest (x)				
Net debt/equity	-132.9	-124.2	-121.8	-120.0
Net debt/EBITDA (x)	-2.9	-2.7	-2.8	-3.1
CF from operations/net debt				

### Per share data (INR)

Year to	03/2011a	03/2012e	03/2013e	03/2014e
EPS reported (fully diluted)	17.21	24.24	29.22	34.24
HSBC EPS (fully diluted)	17.80	24.24	29.22	34.24
DPS	3.90	4.90	5.90	6.90
Book value	52.75	70.30	91.47	116.30

### Key forecast drivers

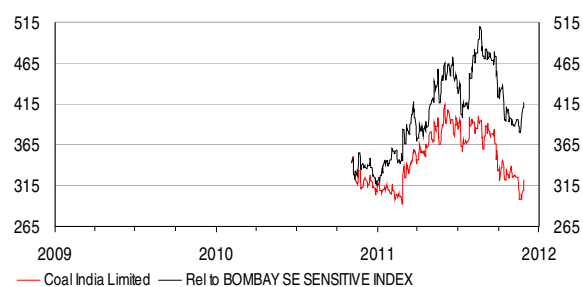
Year to	03/2011a	03/2012e	03/2013e	03/2014e
Production (MT)	431	431	457	489
Sales (MT)	424	446	459	489
ASP (INR/t)	1,178	1,371	1,487	1,523

### Valuation data

Year to	03/2011a	03/2012e	03/2013e	03/2014e
EV/sales	3.0	2.3	1.9	1.5
EV/EBITDA	10.4	7.1	5.4	4.0
EV/IC				
PE*	18.1	13.3	11.0	9.4
P/Book value	6.1	4.6	3.5	2.8
FCF yield (%)	3.8	5.9	8.3	9.8
Dividend yield (%)	1.2	1.5	1.8	2.1

Note: \* = Based on HSBC EPS (fully diluted)

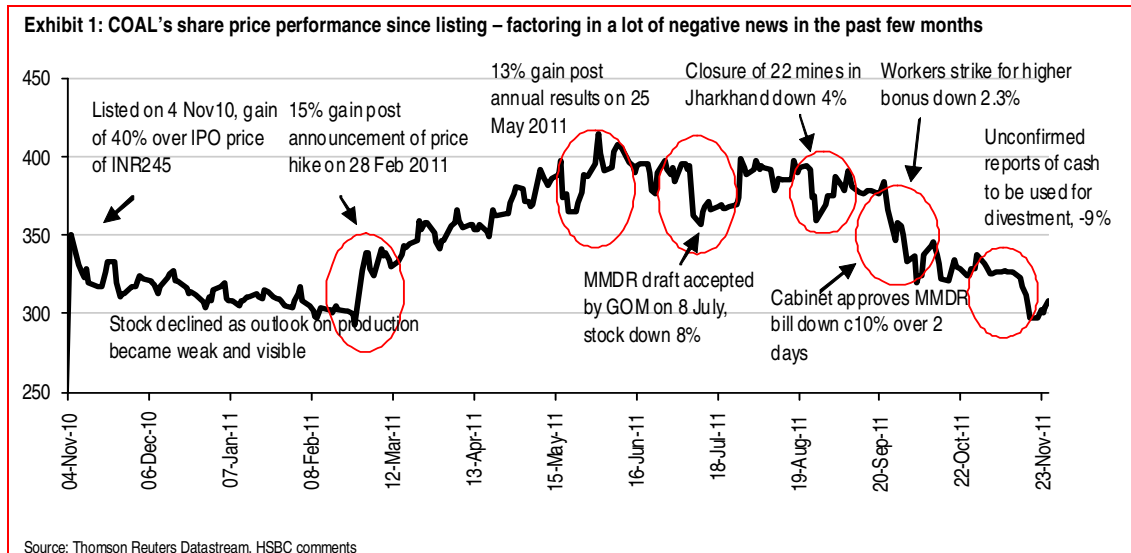
### Price relative



Source: HSBC

Note: price at close of 28 Nov 2011

## Market ignoring positives, factoring in negative news



### 2Q production decline due to excessive rains was one-off

After factoring in the 2Q decline (11% yoy), we still expect FY12 offtake to increase by 5% yoy to 446MT vs. our previous and company target of 454MT (Exhibit 2). This is due to: a) an improvement in production in 2H; and b) better logistics as rakes availability has increased. There could be upside to our e-auction volume and pricing assumptions, given demand pressure (Exhibit 3).

**Exhibit 2: Despite decline in production in 2QFY12, COAL offtake to grow by 5% in FY12, as well as in FY13-14**

In MT	FY11a	1HFY12a	2HFY12e	FY12e	FY13e	FY14e
Production	431	177	255	431	457	489
y/y	0%	-5%	4%	0%	6%	7%
Offtake	424	200	246	446	459	489
y/y	4%	0%	9%	5%	3%	7%

Source: Company data, HSBC estimates

**Exhibit 3: E-auction volume and pricing has been firm in 1HFY12, expected to increase going forward due demand pressure**

	FY10a	FY11a	1HFY12a	2HFY12e	FY12e	FY13e	FY14e
E-auction (MT)	46	48	25	25	50	51	54
% to total offtake	11.2%	11.2%	12.4%	10.2%	11.2%	11.1%	11.0%
Pricing (INR/ton)	1,583	1,846	2,331	2,885	2,610	2,897	2,992
y/y	7%	17%	40%	44%	41%	11%	3%

Source: Company data, HSBC estimates

We expect the increase in offtake volumes to be dispatched by rail and road. We expect the rail rake availability to improve to about 200 rakes/day in 2HFY12 from 162 rakes/day in FY11. Further, more volume is expected to be transported by road due to more e-auctions and increasing demand pressures.

Exhibit 4: COAL dispatch by rail and road to pick up in 2HFY12, as rake availability improves and e-auction sales increase (dispatched by road)

Dispatch mode (in MT)	FY06a	FY07a	FY08a	FY09a	FY10a	FY11a
Rail	166	181	189	192	210	216
MGR	81	79	81	83	87	84
Road	74	78	91	113	106	112
Others	13	13	13	13	13	12
<b>Total</b>	<b>333</b>	<b>350</b>	<b>375</b>	<b>401</b>	<b>415</b>	<b>423</b>
%						
Rail	50%	52%	50%	48%	51%	51%
MGR	24%	23%	22%	21%	21%	20%
Road	22%	22%	24%	28%	25%	27%
Others	4%	4%	4%	3%	3%	3%

Source: Company data

## Reduce FY12-14 EPS estimates by 4-8%

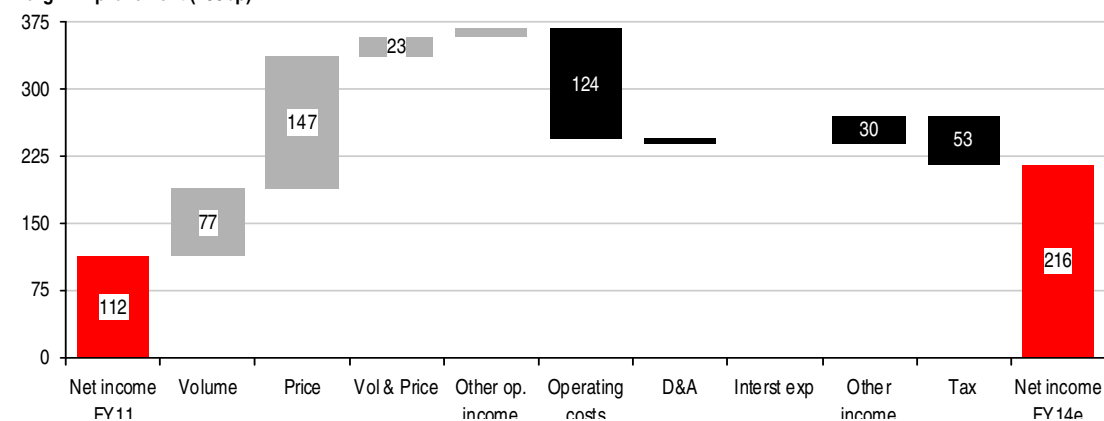
We lower our FY12-14 EPS estimates by 4-8% to account for lower production, and consequently, lower offtake in FY12-13. We also factor in higher mining costs based on 1H numbers. See Exhibit 5 for a summary of our FY12-14 estimate changes. We expect COAL EPS to grow at a 24% CAGR over FY12-14 on the back of volume growth (5%), ASP increase (9%), mainly due to higher e-auction prices and margin improvement (780bp).

Exhibit 5: Coal India – changes to HSBC estimates

INRM	New			Old			Diff		
	FY12e	FY13e	FY14e	FY12e	FY13e	FY14e	FY12e	FY13e	FY14e
Production (MT)	431	457	489	442	469	490	-2%	-2%	0%
Off take (MT)	446	459	489	453	471	490	-2%	-2%	0%
Average selling price (INR/ton)	1,371	1,487	1,523	1,371	1,487	1,524	0%	0%	0%
Revenue	636,857	711,199	776,190	656,999	740,899	790,992	-3%	-4%	-2%
EBITDA	207,740	247,724	284,563	232,705	276,098	302,580	-11%	-10%	-6%
Margin %	32.6%	34.8%	36.7%	35.4%	37.3%	38.3%	(280)	(243)	(159)
PBT	228,104	275,182	322,598	248,233	297,818	334,387	-8%	-8%	-4%
Tax	75,004	90,596	106,299	81,646	98,066	110,190	-8%	-8%	-4%
% tax rate	32.9%	32.9%	33.0%	32.9%	32.9%	33.0%	(1)	(1)	(0)
Net profit	153,100	184,586	216,298	166,586	199,752	224,198	-8%	-8%	-4%
EPS (INR)	24.2	29.2	34.2	26.4	31.6	35.5	-8%	-8%	-4%

Source: HSBC estimates

Exhibit 6: COAL's earnings bridge – net profit growth of 24% CAGR driven by volume growth (5%), price increase (9%) and EBITDA margin improvement (780bp)



Source: HSBC estimates

Our EPS estimates for FY12 are largely in line with consensus, but significantly ahead for FY13-14, by 12-17%. We believe this is largely due to our expectation of price hikes in FY13 and better prices from e-auction, resulting in better margins, as well as higher other income on surplus cash.

**COAL – HSBC estimates vs. consensus forecasts**

INRm	HSBC			Consensus			Diff		
	FY12e	FY13e	FY14e	FY12e	FY13e	FY14e	FY12e	FY13e	FY14e
Revenue	614,588	686,331	749,050	615,377	677,539	731,228	0%	1%	2%
EBITDA*	185,472	222,856	257,422	182,669	210,849	237,995	2%	6%	8%
Margin %	30.2%	32.5%	34.4%	29.7%	31.1%	32.5%	49	135	182
Net profit	153,100	184,586	216,298	148,239	165,120	184,908	3%	12%	17%
EPS (INR)	24.2	29.2	34.2	23.4	26.2	29.2	3%	12%	17%

Note: HSBC EBITDA excludes income from transportation and loading charges in order to compare with consensus  
Source: HSBC estimates, Bloomberg for consensus

## Valuation and risks

### Reiterate Overweight rating; lower target price to INR415 from INR469

We value COAL based on a combination of DCF and earnings multiple-based valuation (Exhibits 7-7C). For our DCF, we discount the cash flows assuming an unchanged WACC of 11.3% (cost of equity of 11.8%, cost of debt of 7.5%, and beta of 0.95) to arrive at a value of INR431/share. We lower our target multiple and now value COAL at a PE of 12.8x (down from 15x) on 24-month forward EPS and a 24-month EV/EBITDA of 7.7x, down from 9x. We benchmark our target PE multiple of 12.8x for COAL to large Indian utilities (like NTPC and Powergrid) who have similar cost-plus business model and are currently trading at FY13 PE of 12.7x. Our new target price of INR415, down from INR469, is based on an unchanged weighted average of DCF, PE and EV/EBITDA, to which we assign a weight of 50%, 25% and 25%, respectively. At our target price, stock implies a PE of 13.1x 24-month EPS (currently trading at PE of 12.2x 12-month forward EPS) and 8.2x EV/EBITDA (trading at 6.2x 12-month forward EBITDA).

**Exhibit 7: Calculation of 12-month target price**

Method	Weight	INR/Share
DCF	0.50	431
PE	0.25	405
EV/EBITDA	0.25	393
<b>Target price</b>		<b>415</b>

Source: HSBC estimates

**Exhibit 7A: COAL – DCF summary table**

Particulars	INRm	INR/Share
<b>Enterprise value</b>	<b>2,278,400</b>	<b>361</b>
Less: Gross Debt	15,536	2
Add: Cash & Bank excluding OBR provision	454,550	72
Add: Investments	7,637	1
Less: Minorities	326	0
<b>Equity value</b>	<b>2,724,726</b>	<b>431</b>

Source: HSBC estimates, OBR= Overburden Removal

**Exhibit 7B: COAL – PE-based valuation**

	INR
PE multiple (x)	12.8
EPS (24M fwd) – September 2013	31.8
<b>Value per share</b>	<b>405</b>

Source: HSBC estimates

**Exhibit 7C: COAL – EV/EBITDA-based valuation**

	INRm	INR/Share
EV/EBITDA multiple (x)	7.7	
EBITDA (24M fwd)	266,512	
<b>Enterprise value</b>	<b>2,038,819</b>	323
Less: Gross Debt	15,536	2
Add: Cash & bank excluding OBR provision	454,550	72
Add: Investments	7,637	1
Less: Minorities	326	0
<b>Equity value</b>	<b>2,485,144</b>	<b>393</b>

Source: HSBC estimates, OBR = Overburden Removal

Under our research model, for stocks without a volatility indicator, the Neutral band is 5ppts above and below the hurdle rate for Indian stocks of 11%. Our new target price of INR415 implies a potential return of 28.7%, above the Neutral band; therefore, we are reiterating our Overweight rating. Potential return equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated. Under our research model the stock is no longer considered volatile.

## Key risks

Key downside risks to our rating are: 1) lower-than-expected offtake because of logistics constraints; and 2) implementation of the MMDR Bill in its current form, with COAL unable to pass on additional burden to consumers. In our view, COAL would have to raise product prices by 8-8.5% to offset the costs from implementation of the MMDR Bill (Exhibit 9, INR58bn per our calculation, though management has mentioned additional costs to be about INR20-22bn – c3% of FY13 sales). Exhibit 8 sets out some of the downside risks to our forecasts and likely upside factors.

**Exhibit 8: Worst case probable scenario suggests 13% cut to our TP of INR415, still providing 12% upside from current levels**

Factor	Base case	Potential upside/ (downside)	Probability	Impact on FY13 EPS	Impact on HSBC TP
<b>Upside</b>					
Production for FY13e is higher than anticipated if classification of No-Go area is dispensed off	457 MT	Incremental 20MT	Very low	7.8%	7.9%
<b>Downside</b>					
MMDR bill clears in its current form – if the impact is assumed at INR20-22bn per company	COAL will pass the entire burden	No pass through	Low to Medium	-11.9%	-11.9%
Price hike for DEFG coal in FY13 is less than expected by us	10% hike expected in Q1FY13	Less hike at 5%	Low to Medium	-6.4%	-6.6%
Wage cost higher than expected	+30% in 2QFY12	Hiked by another 10%	Low	-7.4%	-6.9%
MoC fixes quantity of coal through E-Auction at current levels of c48MT over next 2-3 years	50 to 54MT over FY12-14	Lower by 2-6MT over FY12-14	Low	-1.9%	-1.5%
<b>Total downside</b>				<b>-27.5%</b>	<b>-26.9%</b>
Probable downside (assume at 50% of the above)				-13.8%	-13.4%

Source: HSBC estimates

**Exhibit 9: Scenario in case of the MMDR bill gets cleared in its existing form for FY13**

INRm	Pre Duty	Post Duty	% Diff
Revenue (net)	686,629	744,821	8.5%
Less: Costs before tax	-411,155	-411,155	
Profit before tax and royalty	275,474	333,665	
26% royalty (profit sharing)	0	58,192	
<b>PBT</b>	<b>275,474</b>	<b>275,473</b>	
Less: Tax	90,692	90,692	
<b>Net profit</b>	<b>184,782</b>	<b>184,781</b>	

Source: HSBC estimates

## Stock trading in line with Indian utilities & ASEAN peers, despite greater visibility

COAL is trading at a FY13 PE of 11x, in line with Indian utilities (11.2x – trading at all-time low band due to uncertainty over fuel supply) and ASEAN peers (10.6x) (Exhibit 10-11), despite having a better return profile and greater earnings visibility.

**Exhibit 10: COAL trading at a discount to Indian utilities on FY13 PE**

Company	Ticker	CMP LC	TP LC	Rec	Mcap (USDm)	PE FY12e	PE FY13e	Net profit CAGR FY12-13e	PB FY12e	PB FY13e	EV/EBITDA FY12e	EV/EBITDA FY13e
<b>Coverage Universe</b>												
Coal India	COAL IN	323	415	OW	38,934	13.3	11.0	23%	4.6	3.5	7.1	5.4
Power Grid	PWGR IN	96	130	OW	7,766	14.6	12.7	16%	1.9	1.7	10.3	9.5
Tata Power	TPWR IN	92	118	N(V)	4,193	10.6	8.9	21%	1.4	1.3	7.4	6.0
PTC India	PTCIN IN	46	90	OW	261	7.1	5.4	23%	0.5	0.5	9.0	6.7
CESC	CESC IN	275	475	OW	657	9.7	5.0	51%	0.7	0.6	10.1	6.5
NTPC	NTPC IN	157	194	N	24,763	14.1	12.7	6%	1.8	1.6	11.4	10.3
Lanco Infra	LANCI IN	12	14	N(V)	548	10.9	7.1	-5%	0.6	0.5	10.3	7.4
<b>Average – weighted</b>						<b>13.2</b>	<b>11.7</b>	<b>11%</b>	<b>1.6</b>	<b>1.5</b>	<b>10.7</b>	<b>9.5</b>
<b>Other Competitors</b>												
Adani Power	ADANI IN	73	NA	NR	3,042	7.3	6.1	110%	1.6	1.3	7.4	6.5
JPVL	JPVL IN	34	NA	NR	1,387	11.6	5.9	108%	1.3	1.1	11.0	NA
NHPC	NHPC IN	23	NA	NR	5,380	11.5	10.6	2%	0.9	0.9	9.1	7.5
Reliance Power	RPWR IN	88	NA	NR	4,730	18.3	12.9	31%	1.3	1.2	20.5	15.3
JSW Energy	JSW IN	42	NA	NR	1,326	8.5	8.6	-2%	1.0	0.9	6.3	6.2
KSK Energy	KSK IN	56	NA	NR	394	7.1	NA	27%	0.6	NA	8.8	NA
<b>Total Average – weighted</b>						<b>13.0</b>	<b>11.2</b>	<b>20%</b>	<b>1.5</b>	<b>1.4</b>	<b>11.1</b>	<b>9.6</b>

Source: HSBC estimates, Reuters for non-rate stocks, Pricing as at close of 28 November 2011

Exhibit 11: COAL trading in line with its Asian and regional peers (ASEAN) on CY12 PE

Company	Ticker	Country	Rec	Mcap (USDm)	EV/EBITDA			PE			PB		
					CY11e	CY12e	CY13e	CY11e	CY12e	CY13e	CY11e	CY12e	CY13e
<b>Coverage Universe</b>													
<b>Coal India</b>	<b>COAL IN</b>	<b>India</b>	<b>OW</b>	<b>38,934</b>	<b>7.1</b>	<b>5.4</b>	<b>4.0</b>	<b>13.3</b>	<b>11.0</b>	<b>9.4</b>	<b>4.6</b>	<b>3.5</b>	<b>2.8</b>
China Shenhua	1088 HK	China	OW(V)	80,131	4.7	3.9	3.1	11.3	9.7	8.3	2.2	1.9	1.7
China Coal Energy	1898 HK	China	N(V)	17,822	4.4	4.0	4.0	9.6	8.5	8.5	1.1	1.0	0.9
Yanzhou Coal	1171 HK	China	N(V)	16,580	6.3	6.6	6.7	7.4	8.0	8.3	1.6	1.4	1.3
Fushan Intl	639 HK	China	OW(V)	1,946	1.3	1.4	0.9	5.7	5.3	5.3	0.6	0.5	0.5
Hidili Industry	1393 HK	China	N(V)	662	5.3	4.8	4.0	5.9	5.0	4.2	0.5	0.5	0.4
<b>Average – weighted</b>					<b>5.4</b>	<b>4.5</b>	<b>3.8</b>	<b>11.1</b>	<b>9.6</b>	<b>8.6</b>	<b>2.6</b>	<b>2.1</b>	<b>1.8</b>
<b>Other Competitors</b>													
<b>Chinese Coal – A</b>													
Datong Coal	601001 CH	China	NR	3,896	5.1	4.5	3.6	16.0	14.4	14.3	2.3	1.9	2.8
Jizhong Energy	000937 CH	China	NR	6,706	6.4	5.3	4.9	12.6	10.4	9.3	2.0	NA	NA
Henan Shen Huo I	000933 CH	China	NR	3,028	7.1	5.3	4.5	12.3	8.9	7.2	2.6	2.2	1.8
Kailuan Clean Coal	600997 CH	China	NR	2,670	7.8	6.3	6.4	17.7	14.4	14.3	2.6	2.2	2.0
Pingdingshan Tianan	601666 CH	China	NR	4,685	7.0	6.5	5.0	13.4	11.9	9.6	2.6	2.2	1.8
Shanxi Guoyang	600348 CH	China	NR	7,087	6.9	6.1	5.6	14.7	13.2	11.3	4.5	3.5	NA
Shanxi Lanhua Sci-Tech	600123 CH	China	NR	3,665	8.6	7.4	NA	13.7	10.6	8.3	2.9	2.4	1.9
Shanxi Lu-An envr I	601699 CH	China	NR	8,602	7.5	6.5	5.5	14.1	12.0	9.5	3.7	3.1	2.5
Shanxi Xishan Coal	000983 CH	China	NR	9,122	6.9	5.9	5.2	14.3	11.9	10.3	3.4	3.1	2.6
<b>Regional coal companies</b>													
Banpu PCL	BANPU TB	Thailand	NR	4,747	6.5	5.1	4.7	7.8	8.2	7.8	2.0	1.7	1.5
Bumi	BUM IJ	Indonesia	NR	4,648	5.0	4.2	3.7	10.0	7.5	6.0	2.8	2.1	1.7
Aneka Tambang	ANTM IJ	Indonesia	NR	1,697	4.2	4.6	4.5	7.8	8.8	8.7	1.4	1.3	1.2
TB Bukit Asam	PTBA IJ	Indonesia	NR	4,265	7.2	5.8	5.2	11.1	9.1	8.3	4.5	3.5	2.9
Straits Asia Resources	SAR SP	Singapore	NR	1,637	6.2	4.1	3.6	9.9	6.3	5.3	2.7	2.2	1.8
Coal & Allied Industries	CAN AU	Australia	NR	10,460	13.7	11.1	10.9	22.4	18.3	18.4	5.9	4.8	4.0
Gloucester Coal	GCL AU	Australia	NR	1,426	10.8	8.1	5.9	25.6	18.0	11.4	1.2	1.2	1.1
Macarthur Coal	MCC AU	Australia	NR	4,693	13.7	11.0	10.2	22.7	18.1	16.7	2.6	2.4	2.3
<b>Avg. Asian &amp; Regional peers – weighted</b>					<b>6.2</b>	<b>5.2</b>	<b>4.4</b>	<b>12.4</b>	<b>10.6</b>	<b>9.2</b>	<b>2.9</b>	<b>2.3</b>	<b>1.8</b>
<b>US coal companies</b>													
Alpha Natural	ANR US	USA	NR	4,135	5.0	3.6	3.1	10.0	8.5	6.0	0.5	0.5	0.5
Peabody Energy	BTU US	USA	NR	8,879	5.1	3.9	3.6	8.1	6.2	5.6	1.7	1.4	1.1
Arch Coal Inc	ACI US	USA	NR	2,884	7.0	4.4	3.9	11.2	5.0	4.1	0.8	0.8	0.7
CONSOL Energy	CNX US	USA	NR	8,005	6.1	5.3	4.9	12.4	9.3	8.4	1.8	1.4	1.2
<b>Total Average – weighted</b>					<b>6.1</b>	<b>5.1</b>	<b>4.4</b>	<b>12.2</b>	<b>10.3</b>	<b>9.0</b>	<b>2.7</b>	<b>2.2</b>	<b>1.7</b>

Source: HSBC estimates, Reuters for non-rate stocks, Pricing as at close of 28 November 2011



# Disclosure appendix

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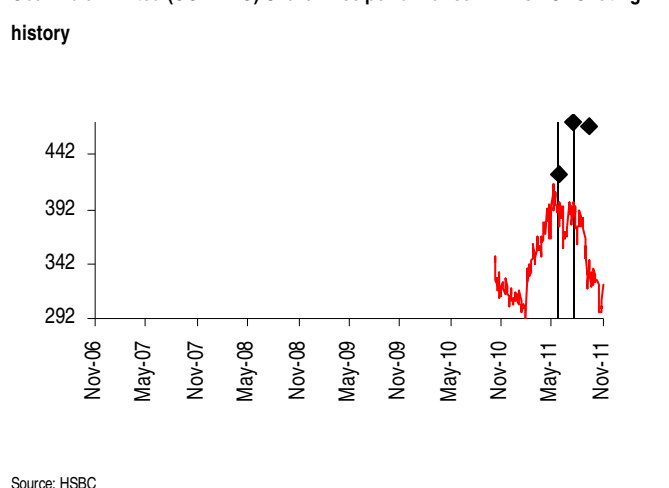
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Coal India Limited (COAL.BO) Share Price performance INR Vs HSBC rating history



Recommendation & price target history

From	To	Date
N/A	Neutral (V)	21 June 2011
Neutral (V)	Overweight (V)	16 August 2011
Target Price	Value	Date
Price 1	425.00	21 June 2011
Price 2	472.00	16 August 2011
Price 3	469.00	10 October 2011

Source: HSBC

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