

CMP: Rs 672

Outlook: Positive (Not Rated)

Technical TP: Rs 796-830

Stock Info

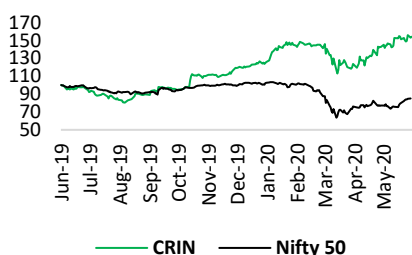
BSE	506395
NSE	COROMANDEL
Bloomberg	CRIN IN
Reuters	CORF.BO
Sector	Fertilisers
Face Value (Rs)	1
Equity Capital (Rs Cr)	29
Mkt Cap (Rs Cr)	19,676
52w H/L (Rs)	699 / 337
Avg Yearly Vol (in 000')	259

Shareholding Pattern %

(As on March, 2020)

Promoters	61.63
FII	3.50
DII	19.71
Public & Others	15.16

Coromandel Vs Nifty



Peer Group Comparison (as on FY20)

in Cr.	CRIN	Chambal	UPL
Revenue	13137	12206	35756
EBITDA	1731	1902	7103
EBITDAM (%)	13.2	15.6	19.9
PAT	1065	1226	2178
PATM (%)	8.1	10.0	6.1
EPS (Rs)	36.4	29.5	23.2
PE(x)	18.5	4.6	18.3
ROE(%)	24.7	35.7	9.6
D/E(x)	0.38	2.65	1.49

Coromandel International (CRIN), is India's leading fertilizer producer company operating its business in the segments of Fertilizers, Specialty Nutrients, Crop Protection and Retail. The Company manufactures a wide range of fertilizers and markets around 4.5 million tons making it a leader in its addressable markets. Company has strong presence in South India. CRIL has ventured into the retail business setting up around 800 rural retail centers in the States of Andhra Pradesh, Telangana, Karnataka and Maharashtra.

Key Highlights of Q4FY20:

Healthy revenue growth led by crop & nutrient business: CRIN has reported revenue growth of 9% YoY to Rs 2,869 cr, led by 7% growth in nutrient and 22% growth in crop protection business (CPC). Company's manufactured fertilisers volume growth was at 21.4% YoY to 6.8 lk tn. Company's sales volume growth was not much impacted due to the recent lockdown because Agriculture was classified as under essential services. Revenue share between nutrient and CPC business stood at 85% & 15% respectively.

Sharp Expansion seen on margin front: EBITDA during the quarter grew sharply by 51% YoY while EBITDA margin expanded by 380bps YoY to 13.6%. The margin expansion was mainly because of falling material cost and higher sales volume. EBIT margin in nutrient segment rose by 401bps YoY to 12.8% while Crop protection business margin dipped by 53bps YoY to 13.5%.

Profit growth was higher: Company's profitability grew sharply by 112% YoY to Rs 234 cr. Higher profit growth was due to surge in volume growth, higher operating profit growth coupled with margin expansion.

Q4FY20 Result Snapshot:

in Cr.	Q4FY20	Q4FY19	YoY	Q3FY20	QoQ
Revenue	2869	2638	9%	3279	-12%
EBITDA	391	259	51%	432	-10%
EBITDAM (%)	13.6	9.8	380bps	13.2	44bps
PAT	234	110	112%	265	-11%
PATM (%)	8.2	4.2	398 bps	8.1	9bps
EPS	8.0	3.8	112%	9.0	-11%

Valuation & View: The recent agricultural reforms announced by the government, combined with good reservoir levels and IMD's forecast of a normal monsoon will see a uptick in fertilizers demand. We believe, company's continuous focus on R&D, new product launches and healthy agricultural growth in the upcoming Kharif crops will aid into the company's growth. At CMP of Rs 672, CRIN is trading at PE of 17.5x/15.x to its FY21/22E Bloomberg consensus estimates. We have a positive outlook on the stock.

Key Risk: Any substantial change in RM prices

in Cr.	FY19	FY20	FY21E	FY22E
Revenue	13225	13137	14222	15271
EBITDA	1443	1731	1838	2011
EBITDAM (%)	10.9	13.2	12.9	13.2
PAT	720	1065	1121	1251
PATM (%)	5.4	8.1	7.9	8.2
EPS	24.6	36.4	38.4	43.0
PE	27.3	18.5	17.5	15.6

Source: Arihant Research, Company Filings, Bloomberg Consensus

Technical Chart & View



Technical View : The stock has formed a shakeout pattern which suggests upside momentum. On the upside it may test 796 - 830 levels.

Note: On 2nd June 2020, CRIN’s holding company EID parry (India) Ltd holding 60.47% stake in the company had sold 58,50,000 shares in the company through open market at a price of Rs 629 per share. Consequent to the share sale, EID Parry holds 17,13,05,580 shares of Rs 1/- each representing 58.48% of the paid-up equity capital of the Company.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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