

**Price:** 1,969

**Recommendation:** Buy

**Industry:** Fertilizers

**Sector:** Commodities

**Report Date:** 07-Apr-2025

Coromandel International Limited is enhancing its market presence through strategic initiatives. The company is expanding its product portfolio in specialty nutrients and crop protection, introducing value-added products like Gro Plus and urea SSP. Investments in new facilities and retail network expansion under the CoroCare brand are underway. Coromandel is also diversifying into new markets, focusing on operational efficiencies, and exploring global opportunities for sustained growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	22971 Cr	Operating Profit(Year)	2487 Cr	Operating Profit Margin	10.8 %
Previous Year	29610 Cr	Operating Profit(Quarter)	727 Cr	EBITDA Margin	11.63 %
Current Quarter	6926 Cr	PAT (Year)	1714 Cr	Net Profit Margin	7.78 %
Previous Quarter	7432 Cr	PAT (Quarter)	525 Cr	EPS	59.8
Revenue (QYoY)	5450 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	32.9	Sales Growth	-2.66 %	Sales Growth	-6.81 %
PEG Ratio	1.78	PAT Growth	-15.44 %	Sales Growth QYoY	27.08 %
EV/EBITDA	19.5	EPS Growth	2.4 %	PAT Growth	-24.57 %
P/B	5.66	Dividend Yield	0.30	PAT Growth QYoY	116.05 %
Capital Allocation		Holdings		Leverage	
RoE	19.8 %	Promoter	57.0 %	Debt/Equity	0.05
RoA	11.5 %	FII	8.33 %	Debt	504 Cr
RoCE	27.1 %	DII	21.0 %	Market Cap	57904 Cr
RoIC	21.7 %	Public	13.7 %	Enterprise value	55605 Cr
		No of Shares	29.5 Cr	Cash Equivalents	2803 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

Coromandel International Limited has embarked on several new initiatives and business strategies to enhance its market presence and operational efficiency. The company is focusing on expanding its product portfolio, particularly in the specialty nutrients and crop protection segments. They have introduced value-added products like Gro Plus and urea SSP, which have been well-received in the market. The company is also investing in new facilities, such as a multi-product plant at Ankleshwar and a new phosphoric acid plant, to increase production capacity and support future growth. Additionally, Coromandel is enhancing its retail network by adding new stores and launching exclusive crop protection and liquid fertilizer stores under the CoroCare brand.

In terms of diversification, Coromandel is making strategic moves to enter new markets and product categories. The company is expanding its presence in the northern markets of India, such as Madhya Pradesh, Uttar Pradesh, and Rajasthan, to position itself as a pan-India player in the fertilizer business. They are also exploring opportunities in the global market, particularly in the export of formulations and specialty nutrients. The company is collaborating with a global trading company for niche product segments, which could open up new avenues for growth. Furthermore, Coromandel is investing in research and development, with initiatives like the Gromor Drive for drone spraying and the establishment of a central soil and leaf testing lab.

Looking ahead, Coromandel is optimistic about its growth prospects and scaling potential. The company aims to double its retail centers to over 1,500 by FY '27 and increase its SSP production capacity to 1 million tons within two years. They are also focusing on improving operational efficiencies and reducing costs through initiatives like the new sulfuric acid plant, which has already contributed to significant power savings. The company expects to benefit from stable raw material prices and favorable government policies, which will support its expansion plans. Coromandel's strategic focus on value-added products and market diversification positions it well for sustained growth in the coming years.

While Coromandel's performance has been strong, there are areas for improvement. The company could enhance its supply chain management to mitigate challenges related to raw material availability and pricing fluctuations. Additionally, further investment in technology and digitalization could improve operational efficiencies and customer engagement. The company's focus on sustainability and environmental responsibility could also be strengthened to align with global trends and consumer preferences. Overall, Coromandel's strategic initiatives and growth plans are promising, but continued focus on innovation and operational excellence will be key to maintaining its competitive edge.

COROMANDEL Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Paradeep Phosph.	9312.83	22.54	3.28%	6.79%	58.18%	-30.26%	45.75%
G S F C	6784.94	12.48	4.55%	6.79%	40.16%	-55.12%	13.44%
R C F	6463.24	25.43	4.20%	5.33%	-7.85%	1.61%	615.06%
Coromandel Inter	57904.49	32.87	19.84%	-6.81%	27.07%	-24.53%	116.56%
F A C T	37853.90	452.91	29.39%	-34.46%	-13.48%	-28.51%	-73.61%

Aspect	Commentary
Revenue	The company experienced a decline in annual revenue, with a notable drop from the previous year. However, quarterly revenue shows a slight recovery, indicating potential stabilization. The year-over-year quarterly growth suggests a positive trend, possibly due to strategic initiatives and market expansion efforts.
Profit & Loss	Operating profit and PAT have decreased annually, reflecting challenges in cost management or market conditions. However, quarterly figures show resilience, with operating profit maintaining a stable level. This suggests effective short-term strategies to counteract annual declines.
Profitability Matrix	Profitability metrics indicate moderate efficiency, with operating and net profit margins reflecting competitive performance. The EPS suggests stable earnings per share, supporting investor confidence. Overall, the company maintains a balanced profitability profile.
Valuation Matrix	The valuation metrics reveal a high P/E ratio, indicating market optimism or overvaluation. The PEG ratio suggests growth potential, while EV/EBITDA and P/B ratios reflect a premium valuation. These metrics highlight investor expectations for future performance.
Growth (YoY)	Year-over-year growth metrics show a decline in sales and PAT, indicating challenges in maintaining growth momentum. However, EPS growth suggests some resilience in earnings. The dividend yield remains low, reflecting a conservative payout policy.
Growth (QoQ)	Quarter-over-quarter growth shows a decline in sales and PAT, but a significant year-over-year quarterly growth in PAT suggests recovery efforts are effective. This indicates potential for future growth if current strategies are sustained.
Capital Allocation	The company demonstrates strong capital allocation with high RoE, RoA, and RoCE, indicating efficient use of resources. RoIC further supports this, reflecting effective investment strategies. These metrics suggest robust financial health and strategic capital management.
Holdings	The holdings structure shows a strong promoter presence, indicating confidence in the company's prospects. Institutional holdings are significant, reflecting market trust. The public holding is moderate, suggesting a balanced ownership distribution.
Leverage	The company maintains a low debt-to-equity ratio, indicating prudent financial management and low leverage risk. The market cap and enterprise value suggest strong market positioning. Cash equivalents provide liquidity, supporting operational flexibility.

**Analyst viewpoint:** Coromandel International Limited presents a compelling short to mid-term investment opportunity, backed by strategic growth and expansion plans. The company's focus on expanding its product portfolio in specialty nutrients and crop protection, including value-added products like Gro Plus and urea SSP, is likely to drive sales growth. The implementation of new facilities, such as a multi-product plant at Ankleshwar, reinforces its production capacity and supports future expansion. With robust growth in quarterly performance indicators, such as a significant 116% year-over-year increase in PAT, the company is evidently executing its strategic initiatives effectively. Additionally, the company benefits from strong capital allocation with high returns on equity and assets, suggesting prudent management and a solid financial foundation to capitalize on market opportunities. These factors, along with enhanced distribution networks like the CoroCare brand, position Coromandel for sustained performance in the competitive fertilizers sector.

However, while the outlook is bullish, it's essential to acknowledge potential areas for improvement. Coromandel's supply chain management and its adaptation to raw material pricing fluctuations remain critical challenges. Addressing these aspects, in addition to enhancing technology investments, could bolster further growth and sustainability in a dynamic global market. Despite these mild concerns, Coromandel's strategic initiatives, favorable government policies, and market diversification strategies indicate a promising trajectory, making it an attractive investment proposition.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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