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### 3R MATRIX

	+	=	-
Right Sector (RS)	✓	■	■
Right Quality (RQ)	✓	■	■
Right Valuation (RV)	✓	■	■

+ Positive = Neutral - Negative

### What has changed in 3R MATRIX

	Old		New
RS	■	↔	■
RQ	■	↔	■
RV	■	↔	■

### Company details

Market cap:	Rs. 47,125 cr
52-week high/low:	Rs. 1,792/1,020
NSE volume: (No of shares)	8.0 lakh
BSE code:	506395
NSE code:	COROMANDEL
Free float: (No of shares)	12.6 cr

### Shareholding (%)

Promoters	57
FII	8
DII	21
Others	14

### Price chart



### Price performance

(%)	1m	3m	6m	12m
Absolute	1.2	35.3	43.3	43.3
Relative to Sensex	1.6	26.7	18.3	18.3

Sharekhan Research, Bloomberg

## Coromandel International Ltd

### Higher sales volumes drive Q2

Fertiliser	Sharekhan code: COROMANDEL		
Reco/View: Buy	↔	CMP: Rs. 1,588	Price Target: Rs. 1,917
↑ Upgrade	↔ Maintain	↓ Downgrade	

### Summary

- Revenues reached Rs. 7,433 crore, rising by 6% y-o-y and by 57% q-o-q, primarily driven by higher volumes of primary sales.
- Operating profit stood at Rs. 975 crore, down 8% y-o-y but up 93% q-o-q, despite lower subsidy rates and rising raw material prices.
- The board's approval for establishing a new Multi-Product Plant aligns with the company's growth aspirations in the crop protection sector.
- We maintain a Buy with a revised PT of Rs. 1,917, backed by backward integration and foray in the specialty chemical/CDMO business. At CMP, the stock trades at a valuation of 24x/19x to its FY26E/FY27E EPS.

**For the quarter, revenue amounted to Rs. 7,433 crore, marking a 6% increase compared to the previous year and a significant 57% rise from the previous quarter, largely driven by higher primary sales volumes. Operating profit was reported at Rs. 975 crore, reflecting an 8% decline y-o-y but a remarkable 93% increase q-o-q, despite challenges from lower subsidy rates and rising raw material prices. The margin for the quarter was 13%, down 204 basis points y-o-y but up 243 basis points from the previous quarter. PAT for the quarter stood at Rs. 672 crore, representing an 11% decrease y-o-y but a substantial 107% increase q-o-q.**

### Key positives

- Increased sales volumes were observed.
- Fertilizer business saw a 13% increase in primary sales volumes and boosted its market share to 20%.
- Sulphuric acid (2000 TPD) and Phosphoric acid (650 TPD) plants in Kakinada are progressing as scheduled and are expected to be commissioned by early 2026.

### Key negatives

- Rising raw material prices continue to affect margins.
- Ammonia prices getting hit by production outage globally leading resulting in overall pressure over margin

### Management Commentary

- The company has taken measures to strengthen its backend supply chain and has been developing intermediate capacities over the past few years, in addition to entering the mining sector in Senegal.
- The board's approval to expand phosphatic fertilizer capacity by 750,000 tons aimed at achieving self-sufficiency in the phosphatic fertilizer sector.
- The establishment of a state-of-the-art Multi-Product Plant for the production of recently off-patented fungicides is underway in Ankleshwar, Gujarat.
- Company has launched 10 new crop protection products to enhance its domestic formulations business.

**Revision in estimates** – We have tweaked our estimates a little to factor in improvement in margins in upcoming quarter and continuous increase in volumes.

### Our Call

**Valuation – Maintain Buy on Coromandel with a revised PT of Rs. 1,917:** Emphasis on backward integration and debottlenecking, combined with investments in CDMO, specialty chemicals, and drone sectors, is expected to drive long-term growth. Additionally, a stronger-than-anticipated monsoon could further benefit the company. We have adjusted our valuation multiple to 24x FY27E EPS, reflecting the potential from CDMO and specialty chemicals, and maintain a buy rating with a revised price target of Rs 1,917. At the current market price, the stock is valued at 24x/19x FY26E/FY27E EPS.

### Key Risks

- Poor monsoons can affect the demand environment
- Unfavourable variation in raw material prices and delay in the ability to pass on price hikes
- Continuing margin pressure in the CPC business

### Valuation (Consolidated)

Particulars	Rs cr					
	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	19,111	29,628	22,058	23,602	25,491	27,530
OPM (%)	11%	10%	11%	11%	12%	13%
Adjusted Net Profit	1,525	2,037	1,667	1,761	1,989	2,455
% YoY growth	15%	34%	-18%	6%	13%	23%
EPS (Rs. )	52.09	68.51	55.81	59.78	67.55	83.35
PE (x)	30x	23x	28x	27x	24x	19x
P/BV (x)	7x	6x	5x	4x	4x	3x
EV/EBITDA	21x	16x	19x	17x	14x	11x
ROE (%)	24%	26%	18%	16%	16%	17%
ROCE (%)	31%	35%	24%	22%	22%	23%

Source: Company; Sharekhan estimates