

- ❑ The company reported consolidated revenue from operations of ₹61,480 million up by 33.3% year-on-year. Nutrients and Allied business contributed to 89% share and the remaining 11% came from crop protection businesses. In terms of subsidy and non-subsidy share, it came to 84% and 16%, respectively during the quarter.
- ❑ The nutrient and allied business segment revenue grew by 38% over the same period last year. The business has launched a new product GroShakti Plus, a fortified NPK with EnPhos technology coming first towards providing specialized fertilizer and a greener solution to farmers, has gained further momentum in the market. Company registered a good growth in both our specialized nutrition fertilizer and organic products. The main product Gro Plus has gained further traction in the market and is now nearly almost one-third of the sales.
- ❑ On profitability front, the EBITDA from operations for the quarter was up by 11.8% year-on-year at ₹7,430 million with a operating margin of 12.1%. The company reported PAT of ₹5,190 million for the quarter, up by 11.8% year-on-year with a net margin of 8.4% translating into EPS of ₹17.70 per share for the quarter.
- ❑ Company's balance sheet continues to remain strong. Company has maintained its surplus funds in Board approved securities and these are earmarked for specific growth related investments and initiatives.
- ❑ With healthy reservoir levels and soil moisture conditions, the company expects good traction in the upcoming Rabi season. The Company has embarked on a digitalization transformation journey and is working on several digital initiatives across the organization, including digital marketing and customer connect.
- ❑ We continue to remain positive on the company on back of its strong business model, high operating cash flows, strong balance sheet, new product launches, fast growing organic nutrients business & agriculture reforms. We maintain our **BUY** rating on the stock with a target price of **₹1012 per share**.

Financials:

(In ₹ mn)	Q2-FY22	Q2-FY21	Chg	6M-FY22	6M-FY21	Chg
Net Sales	61,475	46,113	33.3%	98,114	78,245	25.4%
Operating Expense	54,043	37,682	43.4%	85,851	65,689	30.7%
EBITDA	7,432	8,431	-11.8%	12,263	12,556	-2.3%
Other Income	189	82	129.3%	406	189	114.7%
Depreciation	421	420	0.4%	844	841	0.4%
EBIT	7,200	8,094	-11.0%	11,825	11,904	-0.7%
Interest	192	253	-24.1%	363	687	-47.2%
PBT	7,008	7,841	-10.6%	11,463	11,217	2.2%
Tax	1,819	1,967	-7.5%	2,923	2,863	2.1%
Exceptional Items	-	-		-	-	
PAT	5,189	5,874	-11.7%	8,539	8,354	2.2%
Minority /Other Adj.	4	15		32	104	
Consolidated PAT	5,193	5,889	-11.8%	8,571	8,458	1.3%

Margins	Q2-FY22	Q2-FY21	Chg BPS	6M-FY22	6M-FY21	Chg BPS
Operating Margin %	12.1%	18.3%	-619	12.5%	16.0%	-355
Net Margin %	8.4%	12.7%	-430	8.7%	10.7%	-197

Consolidated Financials:

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	131,367	142,135	163,455	179,801
Operating Expense	114,057	121,977	140,274	154,301
EBITDA	17,310	20,158	23,181	25,499
Other Income	400	435	501	551
Depreciation	1,580	1,731	1,955	2,150
EBIT	16,130	18,862	21,727	23,900
Interest	2,353	1,057	1,057	1,058
Misc. items	-	-	-	-
PBT	13,777	17,806	20,670	22,842
Tax	3,135	4,568	5,303	5,860
Minority Interest	8	54	-	-
PAT	10,650	13,292	15,367	16,982

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	-0.7%	8.2%	15.0%	10.0%
Operating Margin %	13.2%	14.2%	14.2%	14.2%
Net Margin %	8.1%	9.4%	9.4%	9.4%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Liabilities				
Equity Share Capital	417	404	404	404
Reserves & Surplus	42,760	51,102	66,469	83,451
Total Shareholder's Funds	43,177	51,506	66,873	83,855
Minority Interest	-	-	-	-
Long-Term Liabilities	-	-	-	-
Other Long-term Liabilities	4,067	3,857	3,857	3,857
Deferred Tax Liability	578	576	576	576
Short-term Liabilities	53,665	33,019	37,971	41,768
Total	101,488	88,957	109,276	130,055
Assets				
Net Fixed Assets	20,977	21,052	23,658	25,490
Long-Term L&A	442	539	539	539
Non Current Investments	2,113	2,138	2,138	2,138
Other Non-Current Assets	18	15	15	15
Current Asset	77,938	65,213	82,927	101,875
Total	101,488	88,957	109,276	130,055

Key Ratios	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	36.3	45.3	52.4	57.9
P/E (x)	21.0	16.8	14.5	13.2
P/B (x)	5.2	4.3	3.3	2.7
ROE	24.7%	25.8%	23.0%	20.3%

Source: Company, Anand Rathi Research

Key Risks:

- Environmental Risks.
- Regulatory Risks.



Rating and Target Price history:

COROMANDEL's rating history & price chart



COROMANDEL's rating details

Date	Rating	Target Price (₹)	Share Price (₹)
17-Dec-2020	Buy	1012	805
14-May-2021	Buy	1012	770
10-Aug-2021	Buy	1012	827
23-Nov-2021	Buy	1012	762

Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 23 November 2021 close.

Disclaimer:

Analyst Certification

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- ❑ Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>₹300 Billion) and Mid/Small Caps (<₹300 Billion) or SEBI definition vide its circular SEBI/HO/IMD/DF3/CIR/P/2017/114 dated 6th October 2017, whichever is higher and as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

Disclaimer:

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX), United stock exchange and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

General Disclaimer: - This Research Report (hereinafter called “**Report**”) is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Continued...

Disclaimer:

Contd.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i. e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Copyright: - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Contd.

Disclaimer:

Contd.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO