

Coromandel International Ltd

Coromandel International (CIL) is engaged in the business of farm inputs comprising of fertiliser, crop protection, specialty nutrients and organic compost. It is the largest privately owned phosphatic fertiliser company with 16% market share on all-India basis and 45% market share in home markets of Telangana, AP and adjacent areas. In 3QFY20, it's overall volumes increased by 5% as per the data by the Ministry of Fertilizers.

After decline in sales for 2 consecutive quarters of FY20, Coromandel reported sales growth in 3QFY20. This growth was driven by increase in sales volumes and better sales mix. The company also started backward integration which helps it reducing dependency on raw material procured. Further, during the quarter, major raw material prices were soft, this helped the company in expanding EBITDA margins by 322 bps to 13.2%. The company's management was also positive about the future growth prospects of the company.

On the financial health front, the company is reducing its debt burden over the years from 1.03x debt-equity ratio in FY13 to 0.9 in FY19. Further more the company is steadily increasing its cash flow from ₹263 in FY18 to ₹526cr in FY19. It has also been maintaining a healthy dividend payout of ~30%. On TTM earnings the stock trades at 19.1x and delivers ROCE of 22.5%. Hence BUY.

BUY

CMP ₹614

Stock Info

Sector	Fertilizers
Market Cap (₹ cr)	17,988
Beta	0.5
52 Week High / Low	642/337
Avg. Daily Volume	9,133
Face Value (₹)	1
BSE Sensex	38,144
Nifty	11,133
Reuters Code	CORF.BO
Bloomberg Code	CRIN IN

Shareholding Pattern (%)

Promoters	61.7
MF / Banks / Indian FIs	18.5
FII / NRIs / OCBs	3.5
Indian Public / Others	16.3

Abs. (%)	3m	1yr	3yr
Sensex	(6.2)	5.8	32.3
Coromandel	26.1	39.3	87.3

Jaikishan Parmar

022 – 3935 7600 Ext: 6810

jaikishan.parmar@angelbroking.com

Research Team Tel: 022 - 39357600

 E-mail: research@angelbroking.com

 Website: www.angelbroking.com

DISCLAIMER

Angel Broking Limited (hereinafter referred to as "Angel") is a registered Member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange Limited. It is also registered as a Depository Participant with CDSL and Portfolio Manager with SEBI. It also has registration with AMFI as a Mutual Fund Distributor. Angel Broking Limited is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH000000164. Angel or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities Market. Angel or its associates/analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months.

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals. Investors are advised to refer the Fundamental and Technical Research Reports available on our website to evaluate the contrary view, if any.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Limited endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Neither Angel Broking Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

Disclosure of Interest Statement

Coromandel

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)