

- ❑ The company reported consolidated revenue from operations of ₹36,639 million up by 14.0% year-on-year. Nutrients and Allied business contributed to 83% share and the remaining 17% came from crop protection businesses. In terms of subsidy and non-subsidy share, it came to 76% and 24%, respectively during the quarter.
- ❑ Nutrition segment revenue grew by 9%, performance of the segment was held by smart sourcing, economies of backward integration, cost sufficiency during the quarter. New product launches by the fertilizer business, especially are moved from to brand like GroShakti, GroSmart, GroPlus, are doing well in the market and helping the farmers to improve their productivity. On the Crop Protection side, the crop protection registered a very impressive growth of 49% in revenue in the quarter, supported by strong performance by export and B2B market. Crop protection continues to work on new product launches.
- ❑ On profitability front, the EBITDA from operations for the quarter was up by 17.1% year-on-year at ₹4,830 million with a operating margin of 13.2%. The company reported PAT of ₹3,380 million for the quarter, up by 34.8% year-on-year with a net margin of 9.2% translating into EPS of ₹11.49 per share for the quarter.
- ❑ The company has become Debt free, balance sheet continues to remain strong. Company continues to maintain the deposits, which are year marked for specific growth related investment. CRISIL has revised the company's credit rating outlook from stable to positive.
- ❑ With the forecast of normal monsoon for first consecutive year, good reservoir levels in the company's key markets and increased subsidy on phosphorous, the company expects good traction in the ongoing Kharif season.
- ❑ 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)	Q1-FY22	Q1-FY21	Chg	3M-FY22	3M-FY21	Chg
Net Sales	36,639	32,132	14.0%	36,639	32,132	14.0%
Operating Expense	31,808	28,007	13.6%	31,808	28,007	13.6%
EBITDA	4,831	4,125	17.1%	4,831	4,125	17.1%
Other Income	218	107	103.5%	218	107	103.5%
Depreciation	423	421	0.3%	423	421	0.3%
EBIT	4,626	3,811	21.4%	4,626	3,811	21.4%
Interest	171	434	-60.7%	171	434	-60.7%
PBT	4,455	3,376	31.9%	4,455	3,376	31.9%
Tax	1,104	896	23.2%	1,104	896	23.2%
Exceptional Items	-	-		-	-	
PAT	3,351	2,480	35.1%	3,351	2,480	35.1%
Minority /Other Adj.	27	26		27	26	
Consolidated PAT	3,378	2,506	34.8%	3,378	2,506	34.8%

Margins	Q1-FY22	Q1-FY21	Chg BPS	3M-FY22	3M-FY21	Chg BPS
Operating Margin %	9.1%	13.6%	-448	14.2%	13.2%	101
Net Margin %	5.5%	8.1%	-268	9.3%	8.1%	121

Consolidated Financials:

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	131,367	142,135	157,770	175,124
Operating Expense	114,057	121,977	135,395	150,288
EBITDA	17,310	20,158	22,375	24,836
Other Income	400	435	483	536
Depreciation	1,580	1,731	1,887	2,094
EBIT	16,130	18,862	20,972	23,278
Interest	2,353	1,057	1,057	1,058
Misc. items	-	-	-	-
PBT	13,777	17,806	19,914	22,221
Tax	3,135	4,568	5,109	5,701
Minority Interest	8	54	-	-
PAT	10,650	13,292	14,805	16,520

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	-0.7%	8.2%	11.0%	11.0%
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	65,908	82,428
Total Shareholder's Funds	43,177	51,506	66,311	82,831
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	36,651	40,682
Total	101,488	88,957	107,394	127,945
Assets				
Net Fixed Assets	20,977	21,052	22,341	24,474
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	82,361	100,780
Total	101,488	88,957	107,394	127,945

Key Ratios	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	36.3	45.3	50.5	56.3
P/E (x)	22.8	18.3	16.4	14.7
P/B (x)	5.6	4.7	3.7	2.9
ROE	24.7%	25.8%	22.3%	19.9%

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

Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 10 August 2021 close.

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