

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	✓	↔	✓

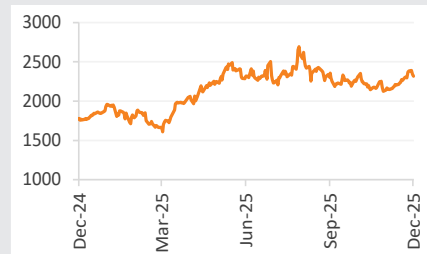
Company details

Market cap:	Rs. 68,263 cr
52-week high/low:	Rs. 2720/1590
NSE volume: (No of shares)	5.5 lakh
BSE code:	506395
NSE code:	COROMANDEL
Free float: (No of shares)	12.7 cr

Shareholding (%)

Promoters	57
FII	14
DII	16
Others	13

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	9.1	-1.6	0.0	30.5
Relative to Sensex	7.7	-7.2	-5.4	25.3

Source: Mirae Asset Sharekhan Research, Bloomberg

Coromandel International Ltd

Aggressive capex plans; Maintain Buy

Fertiliser	Sharekhan code: COROMANDEL		
Reco/View: Buy	↔	CMP: Rs. 2,317	Price Target: Rs. 2,900 ↑

Summary

- Coromandel's aggressive capex plan in across the segments and focus on backward integration with investment in CDMO segment, specialty chemicals and drone business would drive long-term growth
- Company eyes a 15% revenue growth in CP business on product launches, capacity expansion and exports strengthening.
- Retail network expansion to 2,000-2,500 outlets over next three years from existing 1000 stores.
- We maintain a Buy with a revised PT of Rs. 2,900, rolling forward the valuation to FY28 EPS. Aggressive capex plans and backward integration and increasing presence in non-fertiliser business will drive growth. At CMP, the stock trades at a valuation of 23x/20x to its FY27E/FY28E EPS.

Coromandel is aggressively committing a capex of Rs. 30-50 bn over FY25-28E. It aims to achieve this objective through the following measures: 1) **Backward integration: Commissioning of captive sulphuric and phosphoric acid plants at Kakinada (on track for Q4FY26), which it believes would raise unitary EBITDA from ~Rs 5,500/tonne to ~Rs 6,500/tonne,** 2) **Non-subsidy diversification: Coromandel is aggressively scaling its retail footprint to ~2,500 stores (with After securing leading positions in NPK, crop protection, and agri-retail, Coromandel is now nurturing multiple new growth engines. If executed well, these initiatives will be transformational for Coromandel and create significant value for all stakeholders. We believe this aggressive, multi-segment capex program provides strong medium-term growth visibility across Coromandel's portfolio.**

Key positives

- Eyeing higher margins:** To meet its raw material supply chain, the company has been investing in a) Expanding its sulphuric acid capacity by 2,000 TPD and phosphoric acid capacity by 650 TPD at a capex of Rs. 1,100 crore, b) 25 MW captive power plant (to meet the entire power demand of the Kakinada plant), and c) Acquired a 71.5% stake in Baobab Mining and Chemicals Corporation (BMCC) to secure supply of rock phosphate. With these initiatives, the management targets a EBITDA/tonne of Rs 6500 vs Rs 5,500 currently from FY27 onwards.
- Doubling crop protection business:** Company plans to double its crop protection business (including NACL) to ~Rs. 10,000 crore in five years. The company is planning an aggressive capex in the segment, which would aid product launches, diversified product mix. The company is targeting 15% topline CAGR growth led by product launches in domestic market, capacity expansion and strengthening exports. The retail footprint is expanding at a rapid pace as the company targets setting up 2,000-2,500 stores over the next 3-4 years. Within retail, e-commerce showed strong financial traction, clocking Rs 100 crore in revenue during H1FY26. Product launches in the CP segment have begun contributing significantly and now account for 26-28% of sales. The company looking to expand its reach in Latin America through an SPV/JV partner.
- Raising non-subsidy biz mix:** Coromandel wants to expand the share of the non-fertilizer business, including crop protection, specialty nutrients, bio-products, organic fertilizers, retail, specialty chemicals, and drones. The establishment of a state-of-the-art Multi-Product Plant for the production of recently off patented fungicides is underway in Ankleshwar, Gujarat. The company had outlined significant capital expenditure, including a Rs 1,000 crore investment over two years (announced in 2023) to expand operations in crop protection chemicals and establish a foothold in specialty chemicals and CDMO businesses.

Our Call

Valuation – Maintain Buy with a revised PT of Rs. 2,900: Emphasis on backward integration, investments in CDMO, specialty chemicals, and drone sectors, is expected to drive long-term growth. With aggressive capex plans towards both the segments and various initiatives towards margins improvement we assign a valuation multiple to 26x its FY28E EPS and maintain a Buy rating with a revised price target of Rs 2,900. At the current market price, the stock is valued at 23x/20x FY27E/FY28E EPS.

Key Risks

- 1) Poor monsoons can affect the demand environment 2) Unfavourable variation in raw material prices and delay in the ability to pass on price hikes 3) Margin pressure in the CPC business

Valuation (Consolidated)

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	22,058	24,085	27,620	30,806	34,089
OPM (%)	10.9	10.9	12.3	13.2	13.5
Adjusted Net Profit	1,641	1,709	2,480	3,017	3,448
% YoY growth	(18.5)	4.2	45.1	21.6	14.3
EPS (Rs.)	55.7	58.0	84.2	102.4	117.0
PE (x)	41.6	39.9	27.5	22.6	19.8
P/BV (x)	7.2	6.1	5.1	4.3	3.6
EV/EBITDA	27.0	24.4	18.5	15.0	12.7
ROE (%)	18.9	16.5	20.2	20.7	19.8
ROCE (%)	26.1	24.4	26.8	27.4	26.3

Source: Company; Mirae Asset Sharekhan estimates

Outlook and Valuation

■ Sector Outlook – Steady outlook for the fertilizer and agro-chem business

The fertilizers and agri-solutions sector in India is set for steady growth in 2025, driven by the nation's agriculture-centric economy and rising demand for enhanced farm productivity. Government support, including a Rs. 1.68 lakh crore fertilizer subsidy for FY26, underpins the sector, alongside initiatives like Kisan Drones for precision farming. Increasing adoption of crop protection and nutrient solutions reflects farmers' focus on yield optimization. Challenges such as regulatory shifts and raw material price volatility persist, but innovations and sustainable practices are expected to fuel resilience and expansion, aligning with India's goal of agricultural self-reliance. Also, the outlook of the agro-chem market is improving.

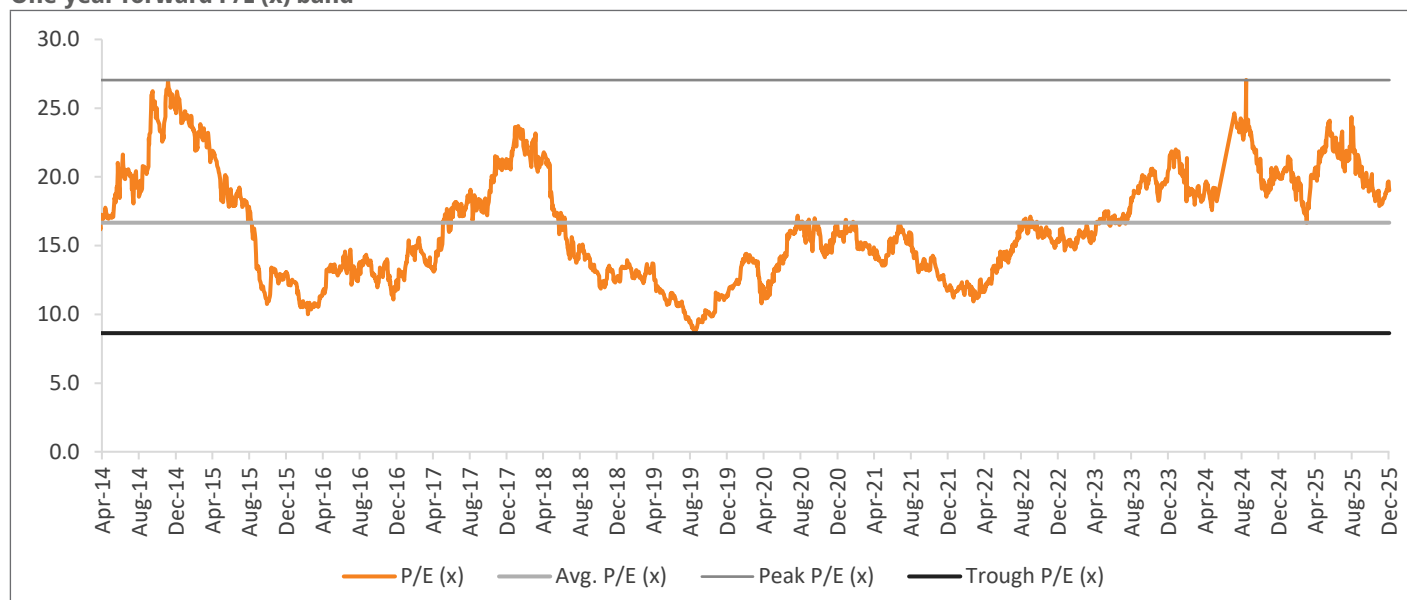
■ Company Outlook – Backward integration and focus on non-subsidy business to drive growth

We like Coromandel because of its leadership position in key businesses, strong focus on backward integration for the sourcing of key raw materials and strong distribution reach. This helps the company deliver healthy performance on a consistent and sustainable basis. The company has been generating healthy cash flows, which have helped the company to look for inorganic acquisitions at different intervals in related businesses. The company's focus to foray into CDMO and specialty chemical is a right step to diversify its business stream and the same could drive meaningful growth in the medium to long term. Also, its drone business 'Dhaksha' has an orderbook of Rs. 250 crore.

■ Valuation – Maintain Buy on Coromandel with a revised PT of Rs. 2,900

Emphasis on backward integration, investments in CDMO, specialty chemicals, and drone sectors, is expected to drive long-term growth. With aggressive capex plans towards both the segments and various initiatives towards margins improvement we assign a valuation multiple to 26x its FY28E EPS and maintain a Buy rating with a revised price target of Rs 2,900. At the current market price, the stock is valued at 23x/20x FY27E/FY28E EPS.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Coromandel was incorporated in 1961 by the synergistic efforts of EID Parry Limited, a leading business house in India associated with agriculture and two major U.S. companies, namely Chevron Chemical Company and International Minerals and Chemicals Corporation. Coromandel is part of the \$10 billion Murugappa Group. Coromandel is India's largest private-sector phosphatic fertiliser company and the largest single super phosphate (SSP) company. The company is also the pioneer and market leader in specialty nutrients. Coromandel is also the No. 1 organic manure player in India and has the largest rural retail chain across the country with 750 centres. The company's manufacturing facilities are located in 18 locations. The company is also present across 81+ countries.

Investment theme

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Key Risks

1) Poor monsoons can affect the demand environment 2) Unfavourable variation in raw material prices and delay in the ability to pass on price hikes 3) Margin pressure in the CPC business.

Additional Data

Key management personnel

Name	Designation
Mr. Arun Alagappan	Executive Chairman
Mrs. Jayashree Satagopan	President – Corporate & CFO
Mr. Sankarasubramanian S	Managing Director & CEO

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Kotak Mahindra Asset Management Co	4.31
2	Vanguard Group Inc/The	1.72
3	Groupe Chimique Tunisien SA	1.63
4	Blackrock Inc	1.52
5	HDFC Asset Management Co Ltd	1.47
6	DSP Finance Pvt Ltd	1.44
7	INVESTOR EDUCATION & PROTECTN FD	1.42
8	Axis Asset Management Co Ltd/India	1.38
9	Sundaram Asset Management Co Ltd	1.01
10	Dimensional Fund Advisors LP	0.69

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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