FundsIndia®

Equity Research Desk

ALPHA

Coromandel
FUTURE POSITIVE

Cultivating Growth, Empowering Farmers

Founded: 1961
HQ: Chennai

Parent Group: Murugappa Group

Product Portfolio: Fertilizers, Crop Protection, Biopesticides, Specialty Nutrients, Organic & Nano Products

Manufacturing Footprint: 18 facilities across India

Rural Network: ~900 retail outlets in Andhra Pradesh, Telangana, Karnataka, Tamil Nadu & Maharashtra

Leadership: World's largest neem-based biopesticide maker & India's largest private phosphatic fertilizer producer

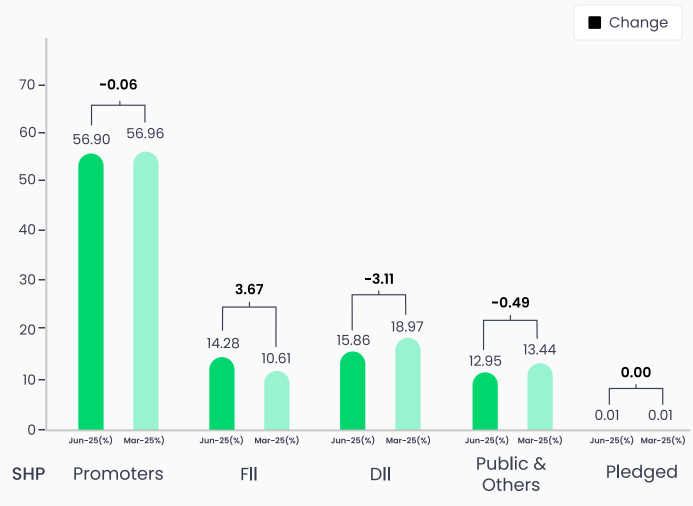
Market Data

CMP	₹2147
Date	17-Oct-25
Target Price	₹2531
Upside Potential	18%
52 Week High/Low	2719/1560
NSE Code	COROMANDEL
Market Cap	Mid
Sector	Fertilizers
Rating	BUY

Subsidiaries

Subsidiaries: 17 subsidiaries, 1 joint venture, and 1 associate company (as of FY25)

Shareholding Pattern



Growth Strategies

Strategic Acquisitions

- Acquired **53% stake in NACL Industries Ltd** → Expands crop protection footprint, adds branded formulations & R&D strength
- Increased stake in **Baobab Mining & Chemicals (Senegal)** to **71.51%** → Secures long-term rock phosphate supply
- Formed **JV with Sakarni Plaster (India)** → Gypsum-based building materials for domestic & export markets
- Signed sourcing pact with **Ma'aden (Saudi Arabia)** → Ensures steady DAP & ammonia supply for Kakinada plant

Integrated Growth & Backward Integration

- New **phosphoric acid (650 TPD) & sulfuric acid (2,000 TPD)** units at Kakinada → Commissioning by Q4FY26
- Commissioned **1,650 TPD sulfuric acid plant** at Vizag → Operating at full capacity
- Building **India's largest phosphatic fertiliser complex** at Kakinada (7.5 lakh tons + advanced bagging unit)
- Setting up **multi-product agrochemical plant in Gujarat** → Supports India's global supply chain role
- **Retail & Product Expansion:** 19 new products, 40 new territories, 73 new outlets in FY25
- Progress in **Nano DAP & bio-based innovations** → Strengthening B2C & international presence

Ratios - FY25

ROE	19%
ROCE	22%
Div. Yield	0.56%
PE Ratio (x)	28.2
Face Value	1.00
EPS	70.14

Industry Outlook

Market Size & Growth: Agriculture employs ~55% of India's population; sector grew 5.4% YoY in FY25, with exports hitting ₹4,40,000 Cr (US$51.86B)

Agri-Output: 40% growth over the past decade; surplus capacity enables strong export potential

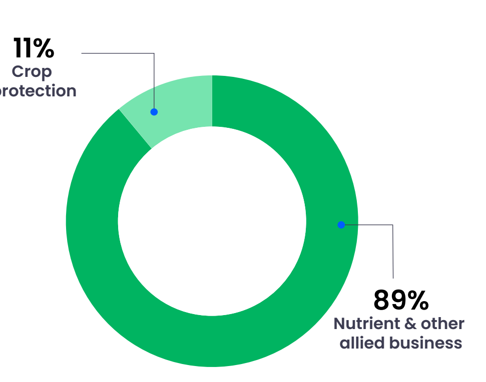
Modernization: Adoption of drones, AI, GIS, and blockchain improving productivity and transparency

Global Positioning: 4th-largest producer & 2nd-largest exporter of agrochemicals, supporting crop yields and food security

Key Drivers: Rising demand for sustainable farming, pest-resistant crops, supportive government policies, and export opportunities driving long-term growth

Revenue Breakup (FY25)

Total Revenue (FY25) - ₹24,085 crore



Growth Drivers

Budget Allocation: ₹1.52 lakh Cr (US$18.26B) for agriculture & allied sectors; ₹1.62 lakh Cr (US$18.7B) for Ministry of Chemicals & Fertilizers

Government Schemes: PM Kisan, Rythu Bharosa, Annadata Sukhibhava, Dhan-Dhaanya Krishi Yojana supporting farmers and agri growth

100%
FDI Policy: 100% FDI permitted under the automatic route in chemicals (exceptions for hazardous chemicals)

Competitive Advantage

Competitors: Fertilizers & Chemicals Travancore Ltd (FACT), Rashtriya Chemicals & Fertilizers Ltd (RCF), etc.

Performance Edge: Steady revenue growth, superior return ratios, and strong earnings potential highlight financial stability and efficient capital utilization.

Financial Highlights

Q1FY26

- **Revenue:** ₹7,042 Cr (↑49% YoY vs ₹4,729 Cr)
- **EBITDA:** ₹782 Cr (↑55% YoY vs ₹506 Cr)
- **Net Profit:** ₹502 Cr (↑62% YoY vs ₹309 Cr)

Strong growth was driven by higher subsidy rates and volume expansion across all business segments, reflecting robust performance across both core and emerging areas.

FY25

- **Revenue:** ₹24,085 Cr (↑9% YoY vs ₹22,135 Cr)
- **Operating Profit:** ₹2,628 Cr (↑10% YoY vs ₹2,389 Cr)
- **Net Profit :** ₹2,055 Cr (↑25% YoY vs ₹1,644 Cr)

Strong performance supported by record phosphatic fertiliser sales of 4 million tons, reflecting robust demand, operational efficiency, and strategic capacity utilization.

3 Year Financial Performance

- **3-Year CAGR (FY23–25):** Revenue ↑8% | Net Profit ↑4%
- **TTM Growth:** Sales ↑25% | Net Profit ↑36%
- **Avg. ROE & ROCE (FY23–25):** ~21% | ~29%
- **Debt-to-Equity Ratio:** 0 (Debt-free balance sheet)

Performance Insight: Healthy growth supported by strong profitability, robust operational performance, and a debt-free capital structure.

Peer Analysis

Company	CMP	Mcap	ROCE	ROE	3Yr Sales CAGR	P/E	EPS
Coromandel	2147	63446	23.00%	17.00%	8.00%	28	76.72
FACT	893	57780	9.00%	2.00%	-2.90%	612	1.46
RCF	149	8204	7.00%	5.00%	10.00%	29	5.19

Outlook

EBITDA Performance: Expected at ₹5,000 per metric ton in FY26, reflecting stable operating performance

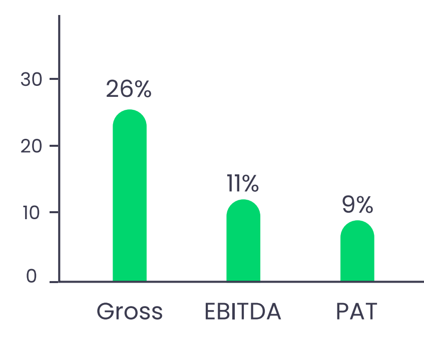
Retail Expansion: Plans to double rural retail footprint with 400 new outlets across five states, enhancing last-mile connectivity

Capex & Strategic Investments: ₹2,000 Cr committed to projects across the value chain to de-risk operations, secure inputs, and reduce import dependence

Recommendation: BUY | Target Price ₹2,531 (23× FY27E EPS)

We also encourage maintaining a stop-loss at 20% from the entry price to manage potential downside risk effectively.

Margins-FY25



SWOT Analysis

Strengths

- Pioneer and market leader in specialty nutrients in India
- Leading manufacturer and marketer of phosphatic fertilizers, capable of producing 14 different grades
- Extensive rural retail network ensuring deep market penetration

Weaknesses

- Exposure to input cost volatility due to raw material availability and pricing pressures
- Government-imposed price ceilings on certain fertilizer products limiting pricing flexibility

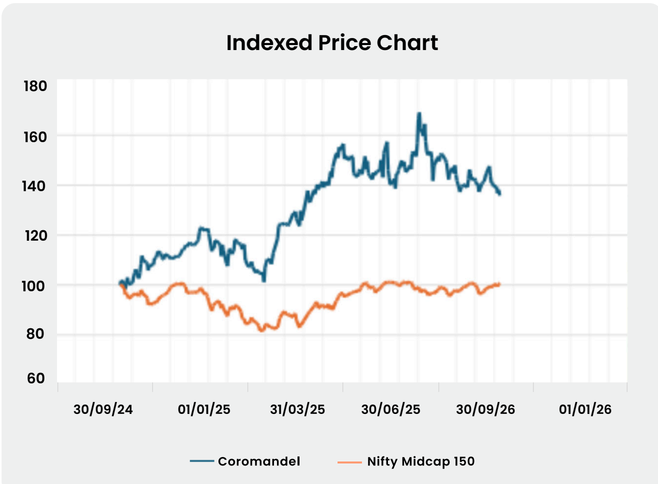
Opportunities

- Expanding footprint beyond traditional strongholds in South India into central and northern markets
- Backward integration initiatives to secure critical raw materials and improve cost efficiency
- Introduction of new products, including nano and bio-based formulations, for portfolio diversification and higher value realization

Threats

- Highly regulated fertilizer industry with policy changes impacting operations and profitability
- Environmental and sustainability challenges related to acid plant operations and emissions

Indexed Price Chart



Product Portfolio

Fertilizers & Nutrients – Phosphatic, Single Super Phosphate, Specialty & Organic products

Crop Protection – Conventional chemicals & bio-based solutions

Nano Innovations – Next-gen nutrient and protection formulations

Agri-Tech Solutions – Drone-based spraying & digital advisory tools

Retail Network – 900+ outlets offering agri-inputs, guidance & farm services