

# WEALTH WEEKLY

## Weekly Alerts You Can Use!

### Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	15752	15367	16121	16214	17160	15401-16121	Buy only above 15901. Targets at 16121/16201/16351. Stop at 15701.
BANK NIFTY	33539	31851	35001	34458	36597	32001-35001	Buy only above 33851 mark. Targets at 34501/35001/35501. Stop at 31851.

### Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
COROMANDEL INTERNATIONAL	965	809	1100	920	823	Positive	<b>Coromandel International (CRIN)</b> is India's leading Agri solutions provider in the business of Fertilisers, Crop Protection, Bio pesticides, Specialty Nutrients, Organic Fertiliser and Retail. CRIN reported a better than expected operating performance amidst backward integration, diversified portfolio of Phosphatic Fertilizer, Single Super Phosphate, Crop Protection, Bio Pesticide, Specialized Nutrition including Organic fertiliser promoted balanced nutrition and integrated pest management with the help of its strong dealer network, nutrclinics and rural Retail centres. Higher fertilizer margin drives operating performance. <b>A potential entrance exists at CMP, and on dips between 825-850 zone, targeting psychological 1000 mark. Stop at 809. Holding period 3-5 Months. Aggressive 1-year targets seen at 1100-1150 zone.</b>

**Coromandel International (CRIN)** was incorporated in 1961 by strong parentage of Murugappa group now has a market cap of Rs. 28,3171 crores. CRIN is India's second-largest phosphatic fertiliser producer, primarily operates in

- A. Specialty nutrients and other allied business
- B. Crop protection.

CRIN is one of the leading private sector fertilizer producers especially, the leading producers of NPK and SSP grade fertilizers in the country with significant presence in South India. CRIN's domestic phosphatic fertiliser market commands a share of 15%, while it has a significant presence in South India with a market share of 55-60%. CRIN is the fifth-largest manufacturer of crop protection products with 10,000 dealers and over 60 brands. The company has also ventured into the retail business by setting up around 750+ rural retail centers in Andhra Pradesh, Telangana, Karnataka and Maharashtra.

The key positive catalyst in favor of CRIN is the government's drive to double farm incomes. The parliament passing the three agricultural reform bills should improve price discovery, better storage infrastructure, and most importantly, provide farmers the opportunity to sell directly to companies.

CRIN reported an overall revenue of Rs. 4,294 Cr compared with Rs. 2,860 Cr of same period previous year in Q4, registering a growth of 50% over previous year. PAT for Q4 was Rs. 183 Cr vs Rs. 156 Cr in Q4 of previous year registering a y/y growth of 17%. The Crop Protection segment grew 8% YoY to INR5.6b, with utilizations higher at 70% v/s 63% YoY and better growth in exports and B2C. The Nutrient and Other Allied business segment grew 56% YoY to INR36.8b. Adjusted PAT stood at INR2.9b (est. INR2.0b), up 86% YoY.

Robust earning quite likely on hope of normal southwest monsoon in the current year as that augurs well for the consumption of fertilizers and agrochemicals. Also, the increasing share of unique-grade fertilizers and crop protection products should help tremendously in profit growth with long term perspective. CRIN is also in the process of de-bottlenecking its fertilizer plants, which will further increase its manufacturing capacities.

The strong fundamental story remains intact amidst increasing farmers' awareness about having balanced nutrients in crops, shift from urea to complex fertilizers and higher crop protection revenue.

CRIN's Market share improved to 18.9% in H1FY22 compared to 15.8% in H1FY21. The company has a lean balance sheet with a debt/equity of 0.4x; net cash of INR 7.2 bn, minimal working capital (@ 20 days in FY21) and has generated return ratios of above 20% in the last three years.

Technically, brace yourselves with a probable 'higher consolidation pattern' breakout play on the monthly time frames. The sequence of higher high/low is intact on all time-frame. An impulse uptrend is seen forming on the weekly time scale too, with positive SAR series.

Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 825-831 zone. The level of 825-831 zone will act as a support and any sharp corrective declines to these levels offer opportunities to initiate aggressive long positions.

**A potential entrance exists at CMP, and on dips between 825-850 zone, targeting psychological 1000 mark and then at 1061 mark. Stop at 809. Holding period 3-5 Months. Aggressive 1-year targets seen at 1125-1150 zone.**

Daily Chart of COROMANDEL INTERNATIONAL:



### Mehta Equities

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