

## COROMANDEL INTERNATIONAL (CRIN)

**BUY**

<b>CMP</b>	Rs. 979
<b>Target Price</b>	Rs. 1061 and then at 1109
<b>Time Frame</b>	9-12 months
<b>Risk</b>	Low
<b>Sector</b>	Agri and agri inputs.



### Price & Volume Analysis

% Change from previous Day	<b>2.07%</b>
% Change from previous Month	<b>4.06%</b>
52 Week High	<b>1003</b>
52 Week Low	<b>710</b>
Weekly H/L	<b>1000/924</b>
Deliverable	<b>30.35%</b>
Book Value / Share	<b>215</b>
EPS	<b>48.09</b>
Market Cap (Rs. CR)	<b>28,855</b>

CRIN was incorporated in 1961 by strong parentage of Murugappa group now has a market cap of Rs. 28,855 crores. 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 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.

### Momentum Analysis

RSI (14, E9) Monthly	<b>53.25</b>
Smoothed RSI	<b>55.05</b>
Stochastic oscillator monthly (1,3,3)	<b>59.08</b>

The technical landscape of momentum oscillators is enticing as the 14-period RSI witnessed a positive reverse double bottom pattern when the prices were making lower lows suggesting a strength in upmove. RSI also gave a positive crossover after reversing from the Double bottom levels.

### Support & Resistance Analysis

Support 1	<b>872</b>
Support 2	<b>809</b>
Resistance 1	<b>1013</b>
Resistance 2	<b>1151</b>

The stock price is witnessing an uninterrupted up move from the panic lows made in March 2020 at 443. The ongoing upsurge is crystal clear that the stock is in strong uptrend and is now aiming to move above its all-time-high at 1000 mark. A classic breakout play on cards on monthly charts with the sequence of higher high/low intact on all time frames.

### Trend Analysis

Moving Average - 50 Days	<b>923</b>
Moving Average - 200 Days	<b>823</b>
ADX (14d)	<b>10.89</b>
Bollinger Band Weekly	<b>1013/735</b>
MACD Weekly	<b>43.2</b>

Considering the daily time frame, the stock took support at 200 days EMA line and bounced back to trade in green. The bounce is now resulting into a massive breakout on the upside on the monthly/weekly charts. ADX indicator too suggesting robust positive bias.

### CONCLUSION

COROMANDEL INTERNATIONAL (CRIN) is India's second-largest phosphatic fertiliser producer, the leading producers of NPK and SSP grade fertilizers, primarily operates in

A. Specialty nutrients and other allied business

B. Crop protection.

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'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.

CRIN is the fifth-largest manufacturer of crop protection products with 10,000 dealers and over 60 brands.

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.

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.

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### Msearch's Recommendation (Absolute Performance)

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < 20% within the next 12 Months**

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