

Urea Offtake decreased by 19.7% YoY in Apr-24

Monday, 20 May, 2024



UREA Price Per Bag (Rs.)

Apr/24	Mar/24	Change	% Change
4,757	4,731	▲ 26	▲ 0.5%

DAP Price Per Bag (Rs.)

Apr/24	Mar/24	Change	% Change
12,174	12,347	▼ -173	▼ -1%

NP Price Per Bag (Rs.)

Apr/24	Mar/24	Change	% Change
7,875	7,958	▼ -83	▼ -1%

CAN Price Per Bag (Rs.)

Apr/24	Mar/24	Change	% Change
4,292	4,217	▲ 75	▲ 2%

Urea offtake has experienced a decrease of 19.7% YoY in Apr-24 and clocked at 328K tons as compared to 408K tons in SPLY. Cumulatively Urea offtake recorded a growth of 5.5% YoY. Furthermore, DAP offtake in April 2024 saw an increase of 82.5% YoY, reaching 93k tons. Meanwhile, cumulative DAP offtake has soared by 58% in 10MFY24.

Company-wise, EFERT & FFBL witnessed a decline of 51.9% & 5.1% respectively in Urea offtake in Apr-24 as compared to SPLY, whereas FFC and FATIMA observed a surge of 40% & 2.9%, respectively, YoY. Cumulatively, FFC and EFERT showed a significant growth of 10.1% and 24.0%, while FFBL and FATIMA witnessed a decline of 33.8% and 36.6%, respectively, in Urea offtake in 10MFY24. Furthermore, cumulative DAP offtake for FFC, FFBL, and EFERT saw a staggering increase of 128.2%, 57%, and 39.3%, respectively, in 10MFY24.

Looking ahead to CY24, we project Urea and DAP demand to reach approximately 6.6 million tons and 1.6 million tons, respectively. Furthermore, due to a recent hike in gas prices, it is anticipated that it will lead to an increase in the cost of urea production. This additional cost is expected to be passed on to the end consumer, resulting in a rise in fertilizer prices.

Industry (000' Tons)	Apr/24	Apr/23	YoY	Mar/24	MoM	10MFY24	10MFY24	YoY
Urea	328	408	19.7% ▼	671	51.1% ▼	5,696	5,401	5.5% ▲
DAP	93	51	82.5% ▲	107	13.1% ▼	1,448	917	58.0% ▲
NP	49	48	1.1% ▲	54	9.9% ▼	863	639	35.0% ▲
CAN	35	62	43.9% ▼	83	58.0% ▼	688	693	0.7% ▼
Urea (000' Tons)								
FFC	187	134	40.0% ▲	232	19.3% ▼	2,106	1,913	10.1% ▲
FFBL	35	37	5.1% ▼	21	70.8% ▲	256	387	33.8% ▼
EFERT	75	157	51.9% ▼	148	49.0% ▼	1,916	1,545	24.0% ▲
FATIMA Group	26	25	2.9% ▲	55	53.1% ▼	474	747	36.6% ▼
DAP (000' Tons)								
FFC	28.9	1	2890.2% ▲	0.40	7154.4% ▲	103	45	128.2% ▲
FFBL	52	28	88.7% ▲	78	33.3% ▼	793	505	57.0% ▲
EFERT	10	11	7.7% ▼	21	52.9% ▼	291	209	39.3% ▲

Source: NFDC

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DEFINITION OF TERMS

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings Ratio	PB	Price to Book Ratio	BVPS	Book Value Per Share
EPS	Earnings Per Share	DPS	Dividend Per Share	ROE	Return of Equity
ROA	Return on Assets	SOTP	Sum of the Parts	JPB	Justified Price to Book

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VALUATION METHODOLOGY

To arrive at our Target Price, Abbasi & Company (Private) Limited uses different valuation methods which include:

- I. Discounted Cash Flow Model
- II. Dividend Discount Model
- III. Relative Valuation Model
- IV. Sum of Parts Valuation

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Stock Rating	Expected Total Return
BUY	Greater than 15%
HOLD	Between -5% to 15%
SELL	Less than and equal to -5%

Sector Rating	Sector Outlook
Overweight	Positive
Market Weight	Neutral
Underweight	Negative

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