

DAP Offtake increased by 122.3% YoY in Oct-23

Tuesday, 14 November, 2023



UREA Price Per Bag (Rs.)

Oct/23	Sep/23	Change	% Change
3,747	3,755	▼ -8	▼ -0.2%

DAP Price Per Bag (Rs.)

Oct/23	Sep/23	Change	% Change
12,183	12,054	▲ 129	▲ 1%

NP Price Per Bag (Rs.)

Oct/23	Sep/23	Change	% Change
6,944	6,811	▲ 133	▲ 2%

CAN Price Per Bag (Rs.)

Oct/23	Sep/23	Change	% Change
3,362	3,342	▲ 20	▲ 1%

Urea offtake has experienced an increase of 6.8% YoY in Oct-23 and clocked at 459K tons as compared to 430K tons in SPLY. Cumulatively Urea offtake recorded a substantial growth of 17.9% YoY. Furthermore, DAP offtake in October 2023 saw a staggering increase of 122.3% YoY, reaching 159K tons. Meanwhile, cumulative DAP offtake has soared by 181.7% in 4MFY24.

Company-wise, EFERT witnessed a surge of 77.1%, in Urea offtake in Oct-23 as compared to SPLY, whereas FFC, FFBL, and FATIMA observed a decline of 11.6%, 66.3%, and 18.7%, respectively, YoY. Cumulatively, FFC and EFERT showed a significant growth of 17.2% and 65.7%, while FFBL and FATIMA witnessed a decline of 42% and 35.3%, respectively, in Urea offtake in 1QFY24. Furthermore, cumulative DAP offtake for FFC, FFBL, EFERT, and FATIMA saw a staggering increase of 298.1%, 302.8%, 52.4% and 1080%, respectively, in 4MFY24.

Looking ahead to the Rabi season 2023-2024, it is anticipated that there will be sustained high demand for Urea fertilizer due to increasing demand for food items. 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)	Oct/23	Oct/22	YoY	Sep/23	MoM	4MFY23	4MFY22	YoY
Urea	459	430	6.8% ▲	564	18.7% ▼	2,303	1,953	17.9% ▲
DAP	159	71	122.3% ▲	106	50.3% ▲	640	227	181.7% ▲
NP	42	38	9.2% ▲	67	37.7% ▼	435	159	172.9% ▲
CAN	42	57	26.5% ▼	76	45.0% ▼	268	251	6.9% ▲
Urea (000' Tons)								
FFC	164	185	11.6% ▼	228	28.3% ▼	827	706	17.2% ▲
FFBL	16	48	66.3% ▼	21	23.5% ▼	89	154	42.0% ▼
EFERT	172	97	77.1% ▲	195	11.8% ▼	864	522	65.7% ▲
FATIMA Group	56	69	18.7% ▼	59	4.7% ▼	205	317	35.3% ▼
DAP (000' Tons)								
FFC	22.7	5	316.5% ▲	0	5946.5% ▲	51	13	298.1% ▲
FFBL	69	33	108.2% ▲	76	9.0% ▼	414	103	302.8% ▲
EFERT	26	19	35.9% ▲	22	16.0% ▲	107	71	52.4% ▲

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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