

Urea Offtake decreased by 35.3% YoY in Sep-24

Friday, 18 October, 2024



UREA Price Per Bag (Rs.)

Sep/24	Aug/24	Change	% Change
4,644	4,742	▼ -98	▼ -2.1%

DAP Price Per Bag (Rs.)

Sep/24	Aug/24	Change	% Change
11,820	11,798	▲ 22	▲ 0%

NP Price Per Bag (Rs.)

Sep/24	Aug/24	Change	% Change
7,572	7,520	▲ 52	▲ 1%

CAN Price Per Bag (Rs.)

Sep/24	Aug/24	Change	% Change
4,272	4,340	▼ -68	▼ -2%

Urea offtake experienced a decrease of 35.3% YoY in Sep-24 and clocked at 365K tons compared to 564K tons in SPLY. Cumulatively Urea offtake recorded a decline of 34.7% MoM. Furthermore, DAP offtake in Sep 2024 saw an increase of 26.6% YoY, reaching 134k tons. Meanwhile, cumulative DAP offtake has declined by 19.8% in 3MFY25.

Company-wise, EFERT, FFC and FATIMA witnessed a decline of 71.2%, 18.0% & 0.2% respectively in Urea offtake in Sep-24 as compared to SPLY, whereas FFBL observed a surge of 103.6% YoY. Cumulatively, FFBL and FATIMA showed a significant growth of 98.1% and 14.3%, while FFC and EFERT witnessed a decline of 12% and 32.6%, respectively, in Urea offtake in 3MFY25. Furthermore, cumulative DAP offtake for FFC, FFBL, and EFERT saw a decrease of 58.2%, 37.1%, and 13.9%, respectively, in 3MFY25.

The agriculture sector is facing numerous challenges, such as climate change, declining crop prices, and rising production costs. Extreme heatwaves and recent heavy rainfall have significantly impacted crop yields, causing major losses, especially in cotton, sesame, and other crops. These factors are expected to put pressure on fertilizer demand in the short term.

Industry (000' Tons)	Sep/24	Sep/23	YoY	Aug/24	MoM	3MFY25	3MFY24	YoY
Urea	365	564	35.3% ▼	559	34.7% ▼	1,536	1,844	16.7% ▼
DAP	134	106	26.6% ▲	89	50.5% ▲	386	481	19.8% ▼
NP	41	67	39.5% ▼	39	5.8% ▲	182	393	53.6% ▼
CAN	28	76	63.4% ▼	32	13.0% ▼	110	227	51.4% ▼
Urea (000' Tons)								
FFC	187	228	18.0% ▼	202	7.1% ▼	584	664	12.0% ▼
FFBL	43	21	103.6% ▲	49	12.1% ▼	145	73	98.1% ▲
EFERT	56	195	71.2% ▼	163	65.5% ▼	466	692	32.6% ▼
FATIMA Group	59	59	0.2% ▼	72	17.6% ▼	170	149	14.3% ▲
DAP (000' Tons)								
FFC	7.2	0	1822.9% ▲	2.92	147.3% ▲	12	28	58.2% ▼
FFBL	78	76	3.6% ▲	51	54.1% ▲	217	345	37.1% ▼
EFERT	15	22	31.4% ▼	12	33.8% ▲	70	81	13.9% ▼

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

Ratings are updated to account for any development impacting the economy/sector/company, changes in analysts' assumptions or a combination of these factors.

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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