

Fertilizer Offtake

Dec'23: Urea and DAP offtake down by 25% and 13%YoY

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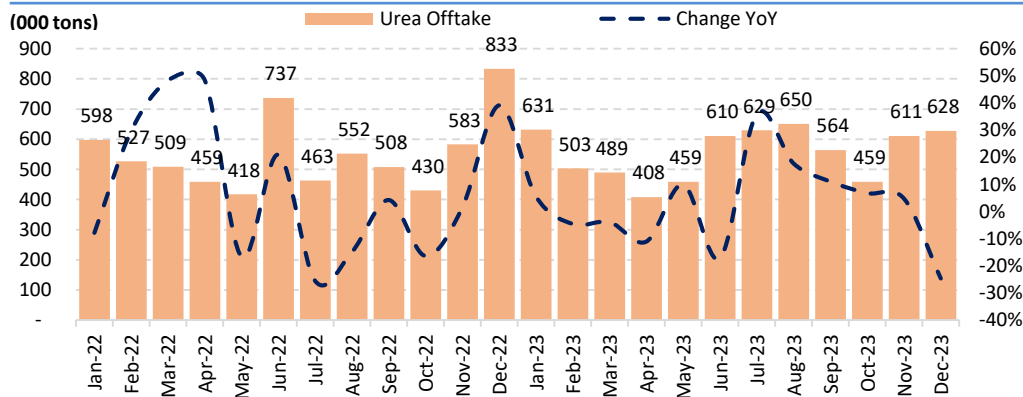
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Fertilizer Offtake

Dec'23: Urea sales decrease by 25% YoY

- The tentative fertilizer data depicts decline in urea dispatches by 25% YoY to 628k tons in Dec'23 compared to 833k tons in SPLY.
- On a company-wise basis, urea sales of EFERT, FFC and FFBL combined and FATIMA reduced by 4%, 9% and 30%, respectively, arriving at 211k, 254k tons and 109k tons, respectively.
- On a MoM basis, urea sales ascended by 3% owing to seasonality factor. FFC and FFBL combined remained an outlier, posting a 4% MoM growth in offtake. Whereas, urea dispatches of EFERT and FATIMA declined by 3% and 14% MoM, respectively.
- On a cumulative basis, urea sales remained stable at 6,642k tons in CY23. Urea offtake of EFERT increased by 20% YoY during CY23, clocking in at 2,327k tons amid the absence of extended BMR during the year. However, the offtake of FFC and FFBL combined and FATIMA plummeted by 4% and 9% YoY, respectively settling at 2,842k tons and 1,021k tons, respectively.

Exhibit: Urea offtake clocked in at 628k tons in Dec'23



Source (s): NFDC, AHL Research

Exhibit: Industry offtake

000 tons	Dec-23	Dec-22	YoY	Nov-23	MoM	CY23	CY22	YoY
Urea	628	833	-25%	611	3%	6,642	6,616	0%
DAP	137	158	-13%	278	-51%	1,575	1,206	31%
CAN	88	143	-39%	71	24%	800	868	-8%
NP	60	133	-55%	130	-54%	1,085	729	49%

Company-wise offtake

Urea								
FFC and FFBL	254	277	-9%	244	4%	2,842	2,945	-4%
EFERT	211	221	-4%	218	-3%	2,327	1,935	20%
FATIMA	109	157	-30%	126	-14%	1,021	1,126	-9%
NFML	-	148	nm	-	nm	217	282	-23%
DAP								
FFC and FFBL	74	113	-34%	88	-16%	951	731	30%
EFERT	31	31	-1%	59	-48%	279	264	6%
FATIMA	4	6	-27%	42	-90%	107	27	4x
Private Import	28	7	4x	131	-79%	335	201	67%

Source (s): AHL Research

Fertilizer Offtake

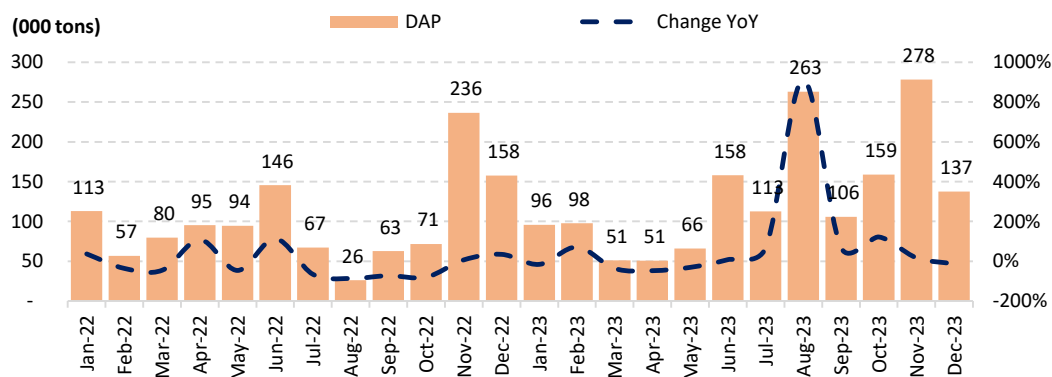
DAP offtake plummets by 13% YoY in Dec'23

- DAP sales registered a decline of 13% YoY to 137k tons in Dec'23. Likewise, DAP sales plunged by 51% MoM owing to peak demand in Nov'23 for the ongoing Rabi season.
- Albeit, DAP offtake during CY23 settled at 1,575k tons, reporting a jump of 31% YoY.
- On a company-specific basis, DAP sales of FFC and FFBL combined contracted by 34% YoY | 16% MoM to 74k tons in Dec'23. Hence, FFC and FFBL's DAP offtake during CY23 clocked in at 951k tons, showcasing a jump of 30% YoY.
- Whereas, EFERT's DAP dispatches in Dec'23 witnessed a decrease of 1% YoY | 48% MoM to arrive at 31k tons. With this, EFERT's DAP offtake in CY23 climbed up by 6% YoY, arriving at 279k tons.
- Similarly, FATIMA Group's DAP sales displayed a fall of 27% YoY | 90% MoM to reach 4k tons in Dec'23. With this, FATIMA's DAP offtake arrived at 107k tons during CY23, surging by 4x YoY.

Inventory position

- Towards the end of Dec'23, the urea inventory stood at 54k tons compared to 119k tons in Nov'23. Whereas, DAP inventory settled at 24k tons in Dec'23 against 32k tons in Nov'23.

Exhibit: DAP offtake arrived at 137k tons in Dec'23



Source (s): NFDC, AHL Research

Exhibit: Inventory Position (Dec-23)

Fertilizer Inventory (k tons)

Urea	54
DAP	24
CAN	40
NP	135

Company Inventory (k tons)

Urea

FFC and FFBL	29
EFERT	3
FATIMA	14
NFML	0
AGL	8

DAP

FFC and FFBL	0
EFERT	13
FATIMA	0
Private Import	11

Source (s): AHL Research

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- Discounted Cash Flow (DCF)
- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

Risks: The following risks may potentially impact our valuations of subject security (ies);

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- Interest Rate Risk
- Exchange Rate (Currency) Risk

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