

# Fertilizer Offtake

## Aug'23: Urea and DAP offtake swelled up by 18% and 10x YoY

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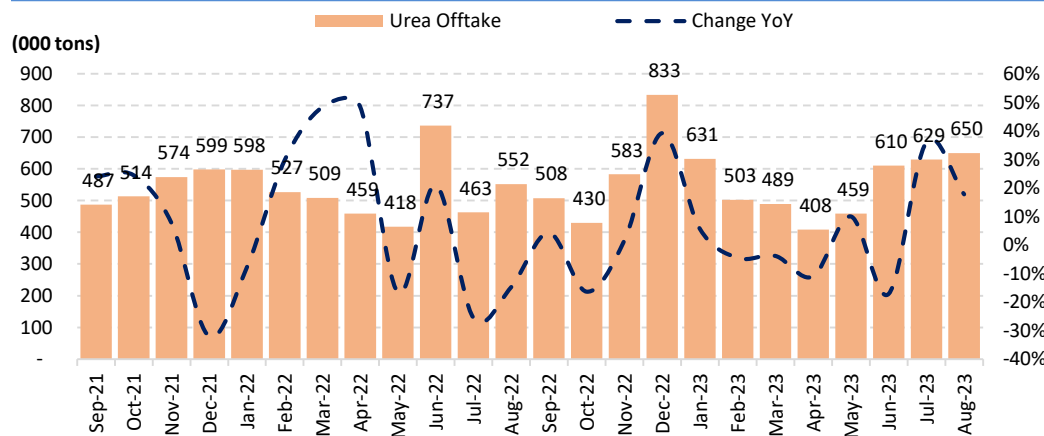
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# Fertilizer Offtake

## Aug'23: Urea sales grew by 18% YoY

As per the provisional fertilizer sales data, urea dispatches in Aug'23 displayed a jump of 18% YoY to 650k tons compared to 552k tons in SPLY. To recall, urea sales were lower last year (Aug'22) due to heavy rainfall across the country resulting in flash floods. On a company-wise basis, urea sales of FFC and FFBL combined, FATIMA and EFERT swelled up by 14%, 16% and 33% YoY, arriving at 249k tons, 121k tons and 231k tons, respectively. On a MoM basis, urea offtake depicted an uptick of 3% which is owed to the expectation of further hike in urea prices. The urea sales of FFC and FFBL combined, and FATIMA climbed up by 5%, and 33% MoM, respectively. However, EFERT reported a decline of 13% MoM. On a cumulative basis, urea sales showcased an increase of 3% YoY during 8MCY23 to 4,381k tons. Urea offtake of EFERT witnessed a growth of 13% YoY during 8MCY23 to settle at 1,532k tons. Whereas, sales of FFC and FFBL (combined), and FATIMA tumbled by 1% and 14%, respectively to 1,915k tons and 558k tons, respectively. On the flipside, the NFML's sales stood at 217k tons, ascending by 2.2x YoY in 8MCY23.

**Exhibit: Urea offtake settled at 650k tons in Aug'23**



Source (s): NFDC, AHL Research

**Exhibit: Industry offtake**

000 tons	Aug-23	Aug-22	YoY	Jul-23	MoM	8MCY23	8MCY22	YoY
Urea	650	552	18%	629	3%	4,381	4,262	3%
DAP	263	26	10x	113	2x	895	678	32%
CAN	77	77	0%	74	3%	524	554	-5%
NP	268	18	15x	58	5x	754	435	73%

**Company-wise offtake**

Urea								
FFC and FFBL	249	219	14%	238	5%	1,915	1,925	-1%
EFERT	231	175	33%	266	-13%	1,532	1,359	13%
FATIMA	121	104	16%	91	33%	558	648	-14%
NFML	-	11	nm	-	nm	217	100	2x

**DAP**

FFC and FFBL	212	13	16x	85	2x	621	413	50%
EFERT	32	9	4x	26	22%	140	143	-2%
FATIMA	18	0	68x	0	1,200x	55	16	3.5x
Private Import	1	4	-74%	1	-14%	79	105	-25%

Source (s): AHL Research

# Fertilizer Offtake

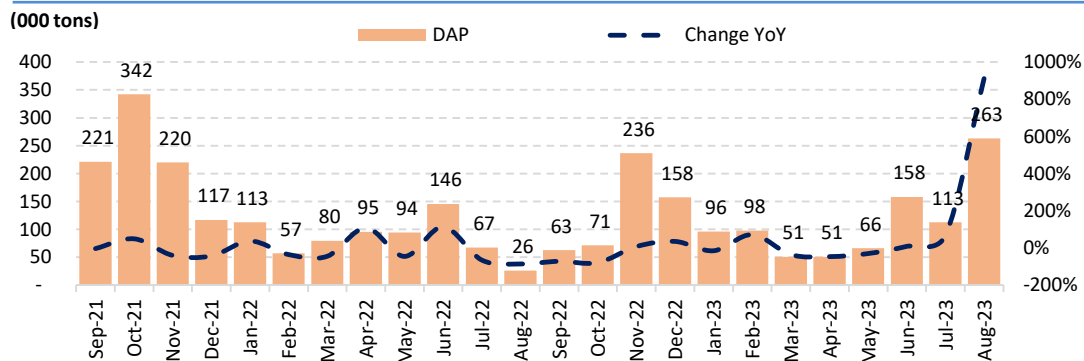
## DAP offtake surged by 10x YoY in Aug'23

DAP sales augmented by 10.1x YoY to 263k tons in Aug'23, given the absence of floods in the country as compared to last year. Similarly, DAP dispatches surged by 2.3x MoM owed to anticipation of further hike in DAP prices. Therefore, DAP offtake during 8MCY23 ascended by 32% YoY to 895k. On a company-specific basis, DAP sales of FFC and FFBL arrived at 212k tons in Aug'23, up by 16.4x YoY | 2.5x MoM. With this, FFC and FFBL's DAP offtake during 8MCY23 clocked in at 621k tons, registering a surge of 50% YoY. Likewise, EFERT's DAP dispatches in Aug'23 showed a healthy growth of 4x YoY | 22% MoM to arrive at 32k tons. Hence, EFERT's DAP offtake during 8MCY23 reached 140k tons, plummeting by 2% YoY. Meanwhile, FATIMA Group's DAP sales witnessed a massive growth of 68x YoY | 1,200x MoM to reach 18k tons in Aug'23. With this, FATIMA's DAP offtake reached 55k tons during 8MCY23, witnessing a jump of 3.5x YoY.

### Inventory position

Towards the end the month, urea inventory clocked in at 88k tons in Aug'23 vis-à-vis 175k tons in Jul'23. Whereas, DAP inventory stood at 42k tons as of Aug'23 compared to 237k tons in Jul'23.

**Exhibit: DAP offtake arrived at 263k tons in Aug'23**



Source (s): NFDC, AHL Research

**Exhibit: Inventory Position (Aug-23)**

### Fertilizer Inventory (k tons)

Urea	88
DAP	42
CAN	9
NP	143

### Company Inventory (k tons)

#### Urea

FFC and FFBL	45
EFERT	9
FATIMA	29
NFML	0
AGL	6

#### DAP

FFC and FFBL	20
EFERT	7
FATIMA	10
Private Import	5

Source (s): AHL Research

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AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

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

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