

February 11, 2013

UNITED PHOSPHORUS LTD.

BSE Code: 512070

NSE Code: UNIPHOS

Reuters Code:

UNPO.NS

Bloomberg Code: UNTP:IN

United Phosphorus Ltd (UPL), India's largest producer of crop protection products, was founded in 1969. The company operates in three business segments, namely, agro chemical, industrial chemicals and others. The agro chemicals segment consists of agrochemicals technicals and formulations. The industrial chemicals segment consists of industrial chemicals and speciality chemicals. The others segment consists of traded products. It operates in every continent and has a customer base in 123 countries. UPL offers a range of products that includes insecticides, fungicides, herbicides, fumigants, plant growth and regulators and rodenticides. Moreover, the company has 23 manufacturing sites across the globe including nine in India, four in France and two in Spain.

Investor's Rationale

Top-line surged 20.5% YoY driven by robust international sales

UPL registered a 20.5% YoY increase in its consolidated top-line at ₹22.6 bn in Q3FY'13, driven by surge in overseas sales which comprises 80.0% of its revenues. International revenues rose 23.0% YoY to ₹19.2 bn during the quarter. North America revenue grew by 44.0% to ₹4.6 bn contributing 20.0%, India revenue grew by 5.0% to ₹4.0 bn contributing 17.0%, Europe revenue de-grew 1.0% to ₹2.6 bn contributing 11.0%, rest of world revenue grew by 20.0% to ₹3.7 bn contributing 16.0% and Latin America revenue grew by 25.0% to ₹8.4 bn contributing 36.0% to total revenue.

Bottom-line grew 54.3% on higher sales

The company posted a 54.3% YoY rise in its bottom-line at ₹1.7 bn in Q3FY'13, despite an increase in depreciation and interest charges by 22.5% and 22.6% YoY to ₹0.96 bn and ₹1.01 bn respectively, on account of higher international sales.

Witnessed significant rise in segmental revenues

Revenue from the company's agro division rose by 14.5% YoY to ₹8.2 bn. The growth was further augmented by 103.1% YoY rise in other business segment revenue to ₹1.7 bn. UPL's industrial chemical segment reported a 20.6% YoY fall in revenues in Q3FY'13 at ₹1.39 bn.

EBITDA margin rose 33bps in Q3FY'13

UPL's EBITDA grew 22.5% YoY to ₹4.0 bn led by a decline (as a percentage of sales) in raw material cost and employee expenses by 214bps and 22bps to 51.2% and 10.2% in Q3FY'13 from 53.4% and 10.4% in Q3FY'12 respectively. Consequently, OPM grew 33bps YoY to 17.6% from 17.3%.

Market Data

CMP (₹)	128.1
Target Price	144
Stop Loss	120
Duration	Short-term
52-week High-Low (₹)	170.4/101.6
Rise from 52WL (%)	26.1
Correction from 52WH (%)	(24.8)
Beta	1.3
1 year Average Volume (mn)	1.6
Stock Return (%)	3M- 12.3 6M- 6.6 1Y- 16.3
Market Cap (₹bn)	56.3
Enterprise Value (₹bn)	56.7

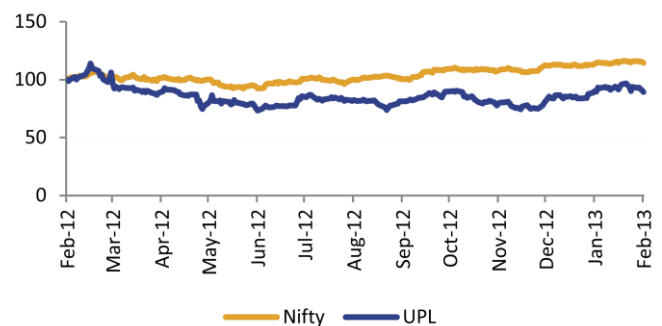
Shareholding Pattern

	Dec'12	Sep'12	Chg
Promoters (%)	28.9	28.1	0.8
FII (%)	31.5	35.6	(4.1)
DII (%)	16.6	16.2	0.4
Public & Others (%)	23.0	20.1	2.9

Quarterly Performance (Consolidated)

(₹bn)	Q3 FY'13	Q3 FY'12	Q2 FY'13	YoY Change(%)	QoQ Change(%)
Revenue	22.6	18.7	18.0	20.5	25.2
Op. exp	18.9	15.8	15.3	19.7	23.6
EBITDA	4.0	3.3	3.3	22.5	23.9
OPM (%)	17.6	17.3	17.6	33bps	4bps
Net profit	1.7	1.1	1.2	54.3	44.8
NPM (%)	7.5	5.8	6.4	167bps	110bps
EPS (₹)	3.9	2.4	2.6	57.8	46.4

One Year Price Chart





Indbank Merchant Banking Services Ltd.
I Floor, Khiviraj Complex I,
No.480, Anna Salai, Nandanam, Chennai 600035
Telephone No: 044 – 24313094 - 97
Fax No: 044 – 24313093
www.indbankonline.com

Disclaimer

@ All Rights Reserved

This report and Information contained in this report is solely for information purpose and may not be used as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. The investment as mentioned and opinions expressed in this report may not be suitable for all investors. In rendering this information, we assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available to us. The information has been obtained from the sources that we believe to be reliable as to the accuracy or completeness. While every effort is made to ensure the accuracy and completeness of information contained, Indbank Limited and its affiliates take no guarantee and assume no liability for any errors or omissions of the information. This information is given in good faith and we make no representations or warranties, express or implied as to the accuracy or completeness of the information. No one can use the information as the basis for any claim, demand or cause of action.

Indbank and its affiliates shall not be liable for any direct or indirect losses or damage of any kind arising from the use thereof. Opinion expressed is our current opinion as of the date appearing in this report only and are subject to change without any notice.

Recipients of this report must make their own investment decisions, based on their own investment objectives, financial positions and needs of the specific recipient. The recipient should independently evaluate the investment risks and should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document and should consult their advisors to determine the merits and risks of such investment.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and is not meant for public distribution. This document should not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced, duplicated or sold in any form.