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United Phosphorus Ltd.

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United Phosphorus Ltd (UPL), founded in 1969, is India's largest producer of crop protection products with a range of products that include fumigants and fungicides among others. The company operates in three major segments, namely, agro chemical, industrial chemicals and others. UPL has 23 manufacturing sites, which includes nine in India, four in France and two in Spain.

Investor's Rationale

Net sales, up by 30.8%, in Q4FY'13

UPL, the global generic crop protection, chemicals and seeds company, registered a growth of 30.8% YoY in its consolidated net sales at ₹27.7 bn in Q4FY'13. Sales growth was led by 16% volume growth while price increased by 4%. Top-line was further augmented by rise in gross domestic revenue by 25% YoY to ₹2.9 bn and increase in international revenue by 33% YoY to ₹25.5 bn in Q4FY'13. Moreover, a decent increase in revenue from its agro business, up by 19.9% YoY to ₹87.8 bn, also contributed to the rise.

Net profit rose 37.9% YoY on higher other income

The company witnessed a 37.9% YoY growth in its consolidated net profit at ₹2.8 bn in Q4FY'13 on account of a rise in other income by 53.7% YoY to ₹0.2 bn during the quarter. However, it was reported that financial expenses like interest, depreciation as well as taxation grew during the quarter, but they did not have any major impact on the bottom-line. Interest, depreciation and taxation charges grew 88.7%, 29.1% and 404.1% YoY to ₹1.3 bn, ₹1.0 bn and ₹0.2 bn, respectively.

EBITDA margin expanded 65bps on lower employee cost and raw material expenses

UPL's EBITDA posted a growth of 37.0% YoY to ₹5.4 crore as it was reported that employee benefit expenses as well as consumption of raw material (as a percentage of sales) declined 67bps and 44bps YoY to 8.3% and 52.3% in Q4FY'13 from 9.0% and 52.8% in Q4FY'12. Consequently, EBITDA margin grew only by 65bps YoY to 19.0% from 18.4%, during the quarter, as a fall in raw material and employee expenses was counterbalanced by a rise in other expenses by 137bps YoY to 21.7% from 20.4%.

Robust performance on international front

During Q4FY'13, revenue from North America grew by 31% to ₹18.9 bn, revenue from India rose 5% YoY to ₹18.1 bn, contributing 20% and 19%, respectively, to the total revenue. Moreover, revenue from Europe, rest of the world and Latin America increased by 21%, 12% and 28% YoY to ₹17.2 bn, ₹13.4 bn and ₹25.4 bn, contributing 18%, 14% and 27% of total revenue.

Market Data

Rating	BUY
CMP (₹)	155.0
Target Price	170
Stop Loss	146
Duration	Short-term
52-week High-Low (₹)	161.0/101.6
Rise from 52WL (%)	52.6
Correction from 52WH (%)	(3.7)
Beta	1.0
1 year Average Volume (mn)	1.4
Stock Return (%)	3M- 30.4 6M- 29.8 1Y- 36.6
Market Cap (₹bn)	68.5
Enterprise value (₹bn)	90.7

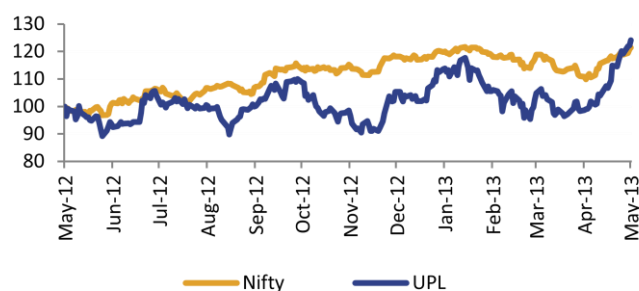
Shareholding Pattern

	Mar'13	Dec'12	Chg
Promoters (%)	28.9	28.9	-
FII (%)	32.1	31.5	0.6
DII (%)	16.2	16.6	(0.4)
Public & Others (%)	22.8	23.0	(0.2)

Quarterly Performance (Consolidated)

(₹bn)	Q4 FY'13	Q4 FY'12	Q3 FY'13	YoY Change(%)	QoQ Change(%)
Revenue	27.7	21.2	22.6	30.8	22.9
Op. exp	22.8	17.4	18.9	31.2	20.7
EBITDA	5.4	3.9	4.0	37.0	32.9
OPM (%)	19.0	18.4	17.6	65bps	144bps
Net profit	2.8	2.0	1.7	37.9	60.5
NPM (%)	9.8	9.4	7.5	39bps	234bps
EPS (₹)	6.3	4.4	3.9	43.9	63.4

One Year Price Chart





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