



United Phosphorus Limited

BUY

May 23, 2007

**Current Price** : Rs287  
**Target Price** : Rs340  
**Upside** : 18%  
  
**52 Week H/L** :Rs352/Rs204  
**Avg. Daily Vol.** : 161527  
**Market Cap.** : Rs53.74bn  
**BSE Code** : 512070  
**NSE Symbol** : UNIPHOS

Shareholding pattern

Share holder	Mar 2007
Promoters	29.55%
FI/MF	18.14%
FII	33.57%
Public & Others	18.74%

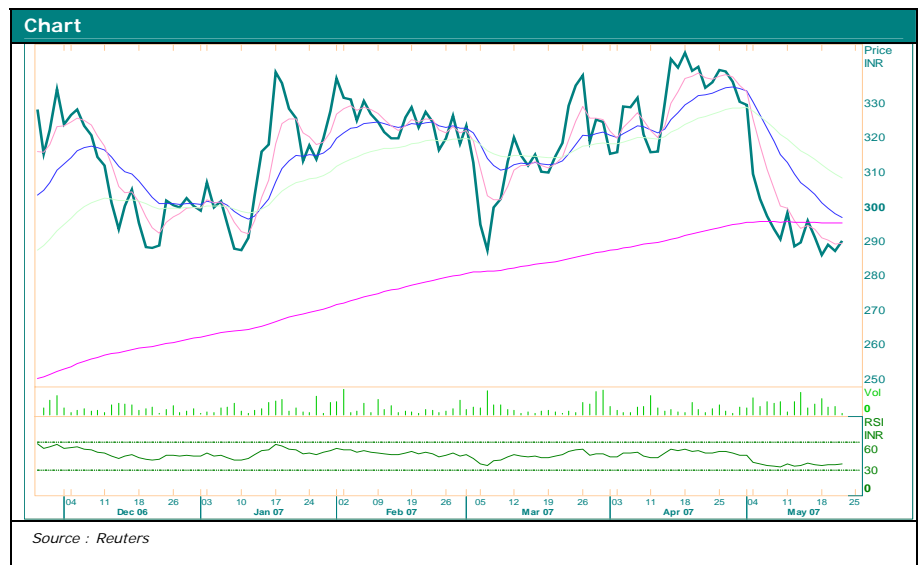
Company Profile

United Phosphorus Limited (UPL), incorporated in 1985, is the largest producer of crop protection products in India, with a wide range of products that include fumigants, fungicides, insecticides, rodenticides and herbicides. The company ranks fourth amongst the generic agrochemical companies in the world. It is the world's largest producer of Aluminum Phosphide and Napropamide. UPL has pursued a strategy of continuous expansion, backward and forward integration, branded product development, thrust on registration and aggressive marketing. Through acquisitions, strategic alliances and subsidiaries, UPL has built a network across the globe and operates across seven manufacturing sites, six in India and one in Europe, each with close support from on-site technical services and quality control.

During FY07, UPL's consolidated revenues increased by 36% yoy to Rs24.49bn and net profit increased by 29% yoy to Rs.2.82bn. OPM stood at 25%.

Key Triggers

- **Reasonable valuation:** UPL is currently trading at 19x its FY07 EPS of Rs15.06. Further, it holds 49.90% stake in newly listed Advanta India Limited, which is valued at Rs6.85bn at Advanta's CMP of Rs.816. This translates into Rs36.60 per share of UPL. Excluding this, UPL trades at 16.6x FY07 earnings.
- **Trading at strong support:** UPL is currently consolidating around 284, which is a strong support zone for the stock for the last 8 months. Traditionally it has bounced back from these levels.
- **Positive Divergence:** UPL is showing mild positive divergence on a daily basis.



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*Analyst holding in stock : Nil*