

## United Phosphorus

### Performance Highlights

Y/E March (₹ cr)	1QFY2017	4QFY2016	% chg (QoQ)	1QFY2016	% chg (yoy)
<b>Net sales</b>	<b>3,452</b>	<b>4292</b>	<b>(19.6)</b>	<b>3206</b>	<b>7.7</b>
Other income	66	120	(44.8)	48	38.1
Gross profit	1852	2143	(13.6)	1666	11.1
Operating profit	640	927	(30.9)	534	19.8
<b>Adj. net profit</b>	<b>430</b>	<b>574</b>	<b>(25.2)</b>	<b>340</b>	<b>26.4</b>

Source: Company, Angel Research

For 1QFY2017, United Phosphorus (UPL) posted sales of ₹3,452cr V/s ₹3,205cr in 1QFY2016, ie a growth of 7.7% yoy. All markets posted double digit growth except for India and the USA, which posted growth of 1% and 5% respectively. Growth was on the back of 8% volume growth, while price dip contributed 2%, and exchange rate accounted for 2%. On the operating front, the OPM came in at 18.6% V/s 16.7% in 1QFY2016. This led to an Adj. net profit of ₹430cr V/s ₹340cr in 1QFY2016, ie a growth of 26.4% yoy. The Management maintains its guidance of 12-15% revenue growth and 60-100bp margin expansion. **We maintain our Buy rating on the stock.**

**Quarterly highlights:** For 1QFY2017, the company posted sales of ₹3,452cr V/s ₹3,205cr in 1QFY2016, ie a growth of 7.7% yoy. All markets posted double digit growth except for India and the USA, which posted growth of 1% and 5% respectively. Growth was on the back of 8% volume growth, while price dip contributed 2%, and exchange rate accounted for 2% gain. On the operating front, the OPM came in at 18.6% V/s 16.7% in 1QFY2016. The improvement in the OPM was on back of higher gross margins, which came in at 53.6% V/s 52.0% in 1QFY2016. This led the company to post a net-profit of ₹430cr V/s ₹340cr in 1QFY2016, a growth of 26.4% yoy.

**Outlook and valuation:** We expect UPL to post a CAGR of 16.0% and 18.9% in sales and PAT, respectively, over FY2016-18E. The Management has given its guidance of 12-15% volume growth with 60-100bp margin expansion in FY2017.

**We recommend a Buy rating on the stock.**

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E
<b>Total revenue</b>	<b>11,911</b>	<b>13,083</b>	<b>15,176</b>	<b>17,604</b>
% chg	12.6	9.8	16.0	16.0
<b>Adj. profit</b>	<b>1,147</b>	<b>1,352</b>	<b>1,601</b>	<b>1,912</b>
% chg	10.2	17.9	18.5	19.4
EBITDA (%)	18.3	18.5	18.5	18.5
<b>EPS (₹)</b>	<b>26.7</b>	<b>31.5</b>	<b>37.4</b>	<b>44.6</b>
P/E (x)	21.8	18.5	15.6	13.1
P/BV (x)	4.3	3.7	3.1	2.5
RoE (%)	20.6	21.4	21.4	21.2
RoCE (%)	19.9	20.8	20.6	21.1
EV/Sales (x)	2.1	2.0	1.7	1.4
EV/EBITDA (x)	11.6	10.8	9.1	7.6

Source: Company, Angel Research; Note: CMP as of August 3, 2016

## BUY

CMP	₹584
Target Price	₹684

Investment Period	12 Months
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#### Stock Info

Sector	Agrichemical
Market Cap (₹ cr)	25,026
Net Debt (₹ cr)	1,113
Beta	1.0
52 Week High / Low	635/342
Avg. Daily Volume	126,828
Face Value (₹)	2
BSE Sensex	27,698
Nifty	8,545
Reuters Code	UNPO.BO
Bloomberg Code	UNTP@IN

#### Shareholding Pattern (%)

Promoters	29.7
MF / Banks / Indian Fls	15.0
FII / NRIs / OCBs	47.8
Indian Public / Others	7.5

Abs. (%)	3m	1yr	3yr
Sensex	9.8	(1.7)	44.5
UPL	0.9	8.0	368.4

#### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 1QFY2017 Performance (Consolidated)**

Y/E March (₹ cr)	1QFY2017	4QFY2016	% chg (qoq)	1QFY2016	% chg (yoy)	FY2016	FY2015	% chg
<b>Net sales</b>	<b>3,452</b>	<b>4,292</b>	<b>(19.6)</b>	<b>3,206</b>	<b>7.7</b>	<b>13,083</b>	<b>11,911</b>	<b>9.8</b>
Other income	66	120	(44.8)	48	38.1	383	177	117.0
<b>Total income</b>	<b>3,518</b>	<b>4,413</b>	<b>(20.3)</b>	<b>3,254</b>	<b>8.1</b>	<b>13,466</b>	<b>12,088</b>	<b>11.4</b>
Gross profit	1852	2143	(13.6)	1666	11.1	6671	5895	13.2
<b>Gross margin (%)</b>	<b>53.6</b>	<b>49.9</b>		<b>52.0</b>		<b>51.0</b>	<b>49.5</b>	
Operating profit	640	927	(30.9)	534	19.8	2419	2175	11.2
<b>Operating margin (%)</b>	<b>18.6</b>	<b>21.6</b>		<b>16.7</b>		<b>18.5</b>	<b>18.3</b>	
Financial cost	106	203	(47.9)	68	56.9	622	517	
Depreciation	169	159	6.3	155	9.2	502	425	18.2
PBT	432	684	(36.9)	360	19.9	1679	1410	19.0
Provision for taxation	3	64	(95.9)	34	(92.4)	283	244	16.0
<b>PAT Before Exc. And MI</b>	<b>429</b>	<b>620</b>	<b>(30.8)</b>	<b>326</b>	<b>31.7</b>	<b>1396</b>	<b>1166</b>	<b>19.7</b>
Minority Income/ (Exp.)	(16)	(8)		(2)		(13)	(43)	
Income from Associate/ (Exp)	23	(35)		(3)		(31)	21	
Extra ordinary Income/(Exp.)	(28)	(25)		(15)		(53)	(2)	
<b>Reported PAT</b>	<b>402</b>	<b>552</b>	<b>(27.2)</b>	<b>325</b>	<b>23.7</b>	<b>1299</b>	<b>1144</b>	<b>13.5</b>
<b>Adjusted PAT</b>	<b>430</b>	<b>574</b>	<b>(25.2)</b>	<b>340</b>	<b>26.4</b>	<b>1343</b>	<b>1147</b>	<b>17.1</b>
<b>EPS (₹)</b>	<b>10.0</b>	<b>13.4</b>		<b>7.9</b>		<b>31.3</b>	<b>26.7</b>	

Source: Company, Angel Research

### Top-line growth mainly led by Latin America, Europe & RoW

UPL posted a 7.7% yoy growth in sales for the quarter to ₹3,452cr, mainly on the back of 13%, 12%, and 13% yoy growth in Latin America, Europe, and RoW respectively. Other key markets like India and the USA posted a growth of 1% and 5% yoy, respectively. Overall growth breakup was- price and volume dip and 2% and gain of 8% respectively, while exchange enhanced growth by 2%.

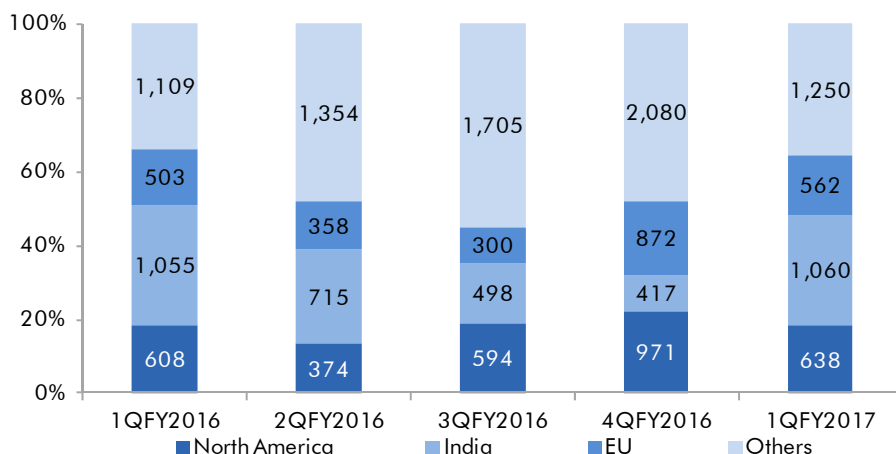
India (₹1,060cr) posted a 1% yoy rise on back of delayed monsoon and high opening inventory from last year. However, widespread rains across India starting from late June 2016 are expected to perk up demand and performance in subsequent quarters should stand to benefit.

Europe (₹562cr) posted a 12% yoy rise, benefitting from good rains. However, the company noted that registration guidelines are becoming much more stringent for agrochemicals.

Latin America (₹697cr) posted a strong 13% yoy growth. The company has an excellent fungicide portfolio to manage Asian rust diseases. However, the market is sensitive to existing and future peso devaluation in Mexico. On the positive side, the license requirement for agrochemical import in Argentina has been removed.

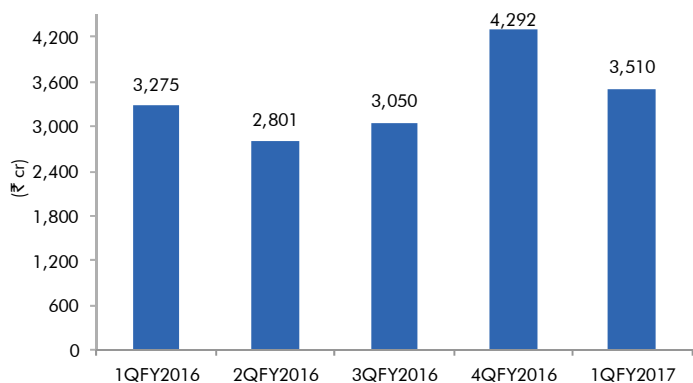
ROW (₹553cr) posted a 13% yoy growth. Overall, the season is recovering in Asia and Australia after a prolonged drought. The company had geographic expansion of its non-selective herbicides portfolio in Asia and good growth in Turkey due to institutional business despite a slow season. Business is recovering in selected countries in Africa with new products.

**Exhibit 2: Sales Break-up (Marketwise)**



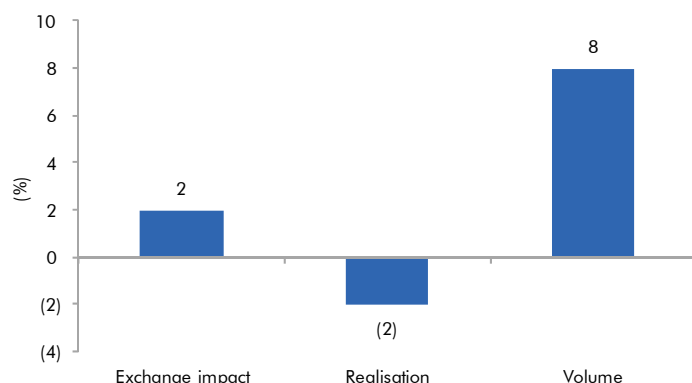
Source: Company

**Exhibit 3: Sales performance (including export incentives)**



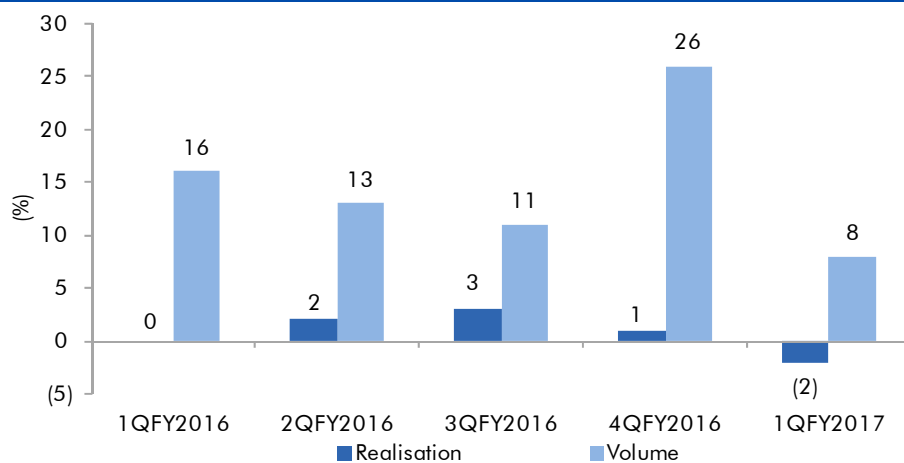
Source: Company, Angel Research

**Exhibit 4: Growth break-up**



Source: Company, Angel Research

**Exhibit 5: Volume and realisation break-up (yoy)**

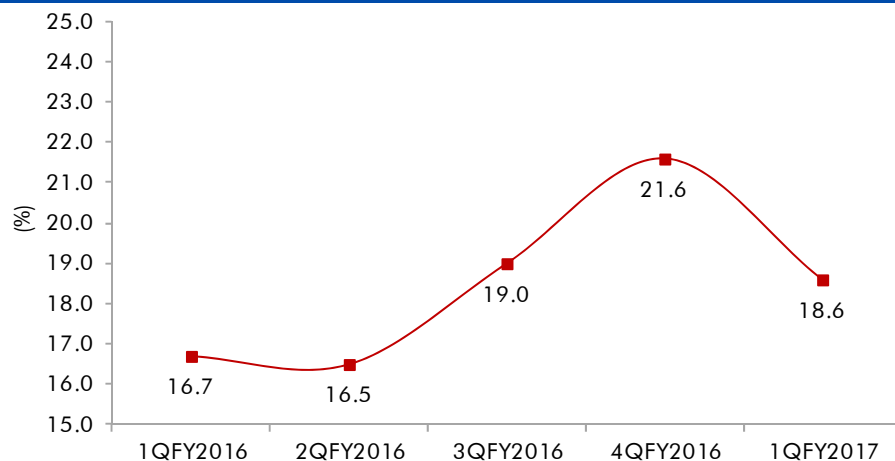


Source: Company, Angel Research

### EBITDA margin improves

On the operating front, strong sales growth (supported by healthy volume growth and price rise) led the gross margin to come in at 53.6% V/s (52.0% in 1QFY2016) and the OPM to come in at 18.6% (V/s 16.7% in 1QFY2016).

#### Exhibit 6: EBITDA margin trend

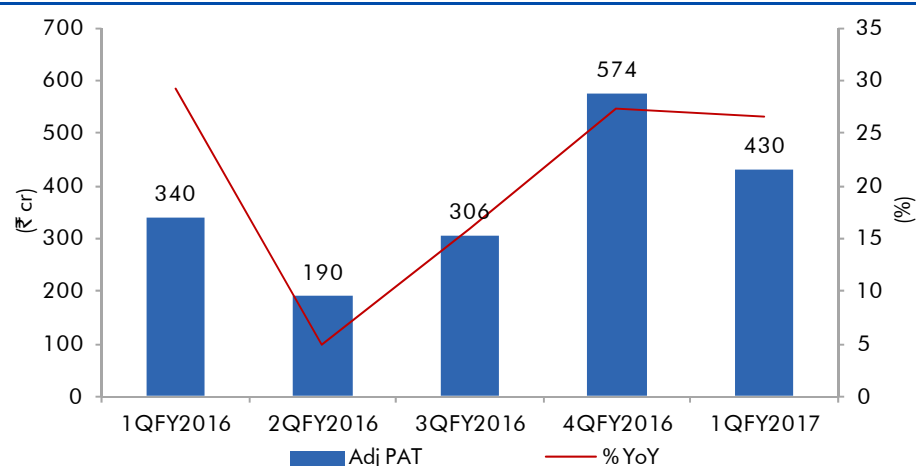


Source: Company, Angel Research

### Adj net profit grew 26.4% yoy

Top-line and operating performance aided the Adj. net profit to come in at ₹430cr V/s ₹340cr in 1QFY2016, a growth of 26.4% yoy. Other income during the quarter came in at ₹66cr V/s ₹48cr in 1QFY2016, a yoy growth of 38.1%.

#### Exhibit 7: Adjusted PAT trend



Source: Company, Angel Research

## Concall highlights

- The company targets a revenue growth of 12-15% (at constant currency) for FY2017 on the back of volumes. It expects EBITDA margin to improve 60-100bp, driven by improvement in gross margins.
- The company is targeting a RoCE of 23-25% over the next 3-5 years. It plans to invest ₹850cr including on product registrations.
- The Management has indicated that the integration of Advanta with UPL has been progressing as per plan and synergistic benefits will be availed over the next two years.
- The Management also sounded confident of achieving 10-11% growth in Advanta for the next two years despite a challenging demand environment for some of its key crops like canola and sorghum.

## Investment arguments

### Innovators dominant in the off-patent space; Generic firms in a sweet spot

The global agrichem industry, valued at US\$53bn (CY2014), is dominated by the top six innovators, viz Bayer, Syngenta, Monsanto, BASF, DuPont and Dow, which enjoy a large market share of the patented (28%) and off-patent (32%) market. The top six innovators enjoy a large share of the off-patent market due to high entry barriers for pure generic players. Thus, one-third of the total pie worth US\$18bn, which is controlled by the top six innovators through proprietary off-patent products, provides a high-growth opportunity for larger integrated generic players like UPL.

### Generic segment's market share to increase

Generic players have been garnering a high market share; their share has increased from 32% levels in 1998 to 40% by 2006-end. The industry registered a CAGR of 3% over 1998-2006, while generic players outpaced the industry with a CAGR of 6%. Going ahead, given the opportunities and a drop in the rate of new molecule introduction by innovators, we expect generic players to continue to outpace the industry's growth rate and augment their market share in the overall pie. Historically, global agrichem players have been logging in-line growth with global GDP. Going ahead, over CY2016-17, the global economy is expected to grow by 2-3%. Assuming this trend plays out in terms of growth for the agrichem industry, and the same rate of genericisation occurs, then the agrichemical generic industry could log in 6-8% yoy growth during the period and garner a market share of 44-45%.

### A global generic play

UPL figures among the top five global generic agrichemical players with presence across major markets including the US, EU, Latin America, and India. Given the high entry barriers by way of high investments, entry of new players is restricted. Thus, amidst this scenario and on account of having a low-cost base, we believe UPL enjoys an edge over competition and is placed in a sweet spot to leverage the upcoming opportunities in the global generic space.

## Outlook and valuation

Over the last few years, the global agriculture sector has been reviving on the back of rising food prices. Food security is also a top priority for most governments; reducing food loss is one of the easiest ways to boost food inventory. Hence, we believe agrichemical companies would continue to do well in the wake of heightened food security risks, and strong demand is likely to be witnessed across the world. Overall, we expect the global agrichemical industry to perform well from here on. Generics are expected to register a healthy growth due to a) increasing penetration and wresting market share from innovators and b) patent expiries worth US\$3bn–4bn during the next five years.

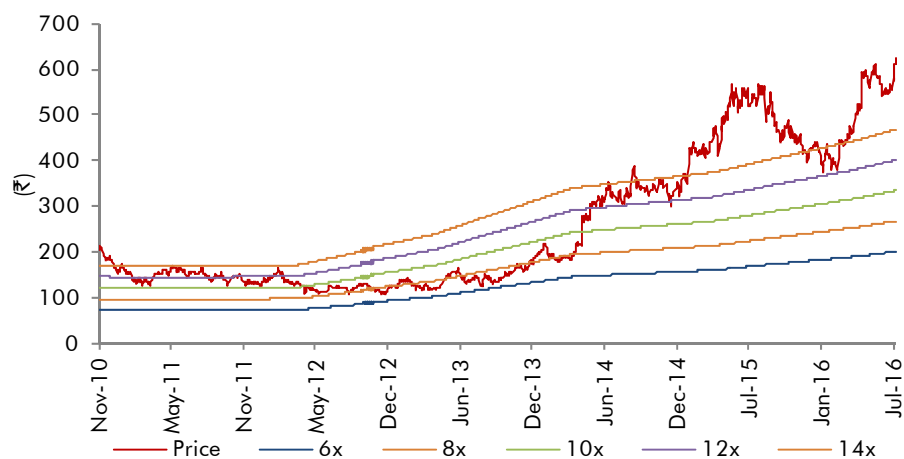
We estimate UPL to post a 16.0% and 18.9% CAGR in sales and PAT, respectively, over FY2016-18E. We believe at the current market price the stock provides decent upsides (13.3x FY2018E EPS). Hence we recommend a Buy rating on the stock.

### Exhibit 8: Key assumption

	FY2017E	FY2018E
Sales growth	16.0	16.0
EBITDA margin	18.5	19.4
Tax rate	20.0	20.0

Source: Company, Angel Research

### Exhibit 9: P/E band



Source: Company, Angel Research

### Exhibit 10: Peer valuation

Company	Reco	Mcap (₹ cr)	CMP (₹)	TP (₹)	Upside (%)	P/E (x)		EV/Sales (x)		EV/EBITDA (x)		RoE (%)		CAGR (%)	
						FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	Sales	PAT
Rallis	Neutral	4,237	218	-	-	24.1	19.8	2.2	1.9	16.4	13.3	18.4	19.8	15.0	22.3
UPL	Buy	25,026	584	684	17.1	15.6	13.1	1.7	1.4	9.3	7.8	21.4	21.2	16.0	18.9

Source: Company, Angel Research, Bloomberg

## Company background

United Phosphorus (UPL) is a global generic crop protection, chemicals and seeds company. The company is fully backward and forward integrated by taking advantage of the consolidation opportunities within the agrochemical industry. UPL is the largest Indian agrochemical company and had revenue of about ₹13,083cr for the year ended March 2016.

### Profit & Loss Statement (Consolidated)

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Net Sales</b>	<b>9,010</b>	<b>10,580</b>	<b>11,911</b>	<b>13,083</b>	<b>15,176</b>	<b>17,604</b>
Other operating income	184	191	45	219	219	219
<b>Total operating income</b>	<b>9,195</b>	<b>10,771</b>	<b>11,956</b>	<b>13,302</b>	<b>15,395</b>	<b>17,823</b>
% chg	19.9	17.1	11.0	11.3	15.7	15.8
Total Expenditure	7,568	8,751	9,736	10,663	12,369	14,349
Net Raw Materials	4,687	5,441	6,016	6,411	7,437	8,627
Other Mfg costs	741	942	980	1,164	1,351	1,567
Personnel	853	946	1,043	1,224	1,420	1,647
Other	1,287	1,422	1,697	1,864	2,162	2,508
<b>EBITDA</b>	<b>1,442</b>	<b>1,829</b>	<b>2,175</b>	<b>2,419</b>	<b>2,806</b>	<b>3,255</b>
% chg	19.6	26.8	19.0	11.2	16.0	16.0
(% of Net Sales)	16.0	17.3	18.3	18.5	18.5	18.5
Depreciation & Amortisation	354	407	425	502	573	629
<b>EBIT</b>	<b>1,273</b>	<b>1,613</b>	<b>1,796</b>	<b>2,137</b>	<b>2,452</b>	<b>2,845</b>
% chg	21.1	26.7	11.4	19.0	14.8	16.0
(% of Net Sales)	13.8	15.0	15.0	16.1	15.9	16.0
Interest & other Charges	429	487	517	622	502	502
Other Income	73	131	131	112	112	112
(% of PBT)	8	10	9	7	5	5
<b>Recurring PBT</b>	<b>917</b>	<b>1,257</b>	<b>1,410</b>	<b>1,626</b>	<b>2,062</b>	<b>2,455</b>
% chg	25.0	37.1	12.2	15.3	26.8	19.1
Extraordinary Expense/(Inc.)	27	85	(2)	(53)	-	-
<b>PBT (reported)</b>	<b>944</b>	<b>1,172</b>	<b>1,413</b>	<b>1,679</b>	<b>2,062</b>	<b>2,455</b>
Tax	203	222	244	283	412	491
(% of PBT)	21.5	18.9	17.3	16.9	20.0	20.0
<b>PAT (reported)</b>	<b>741</b>	<b>950</b>	<b>1,169</b>	<b>1,396</b>	<b>1,649</b>	<b>1,964</b>
Add: Share of earnings of asso.	32	30	21	(31)	(35)	(39)
Less: Minority interest (MI)	(2)	7	43	13	13	13
Prior period items	-	24	-	-	-	-
<b>PAT after MI (reported)</b>	<b>775</b>	<b>950</b>	<b>1,144</b>	<b>1,299</b>	<b>1,601</b>	<b>1,912</b>
<b>ADJ. PAT</b>	<b>754</b>	<b>1,040</b>	<b>1,147</b>	<b>1,352</b>	<b>1,601</b>	<b>1,912</b>
% chg	34.3	38.0	10.2	17.9	18.5	19.4
(% of Net Sales)	8.4	9.8	9.6	10.3	10.6	10.9
<b>Basic EPS (₹)</b>	<b>17.0</b>	<b>24.3</b>	<b>26.7</b>	<b>31.5</b>	<b>37.4</b>	<b>44.6</b>
<b>Fully Diluted EPS (₹)</b>	<b>17.0</b>	<b>24.3</b>	<b>26.7</b>	<b>31.5</b>	<b>37.4</b>	<b>44.6</b>
% chg	40.1	42.5	10.2	17.9	18.5	19.4

**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	89	86	86	86	86	86
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	4,557	5,162	5,775	6,705	8,092	9,790
<b>Shareholders' Funds</b>	<b>4,645</b>	<b>5,247</b>	<b>5,860</b>	<b>6,791</b>	<b>8,178</b>	<b>9,875</b>
<b>Minority Interest</b>	<b>234</b>	<b>172</b>	<b>44</b>	<b>42</b>	<b>55</b>	<b>68</b>
Total Loans	4,203	2,873	2,781	3,860	3,860	3,860
Other Long term liab.	395	311	594	464	464	464
Long Term Provisions	51	53	53	53	53	53
Deferred Tax Liability	(13)	57	45	(5)	(5)	(5)
<b>Total Liabilities</b>	<b>9,516</b>	<b>8,714</b>	<b>9,378</b>	<b>11,205</b>	<b>12,605</b>	<b>14,315</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	5,386	6,039	6,792	7,791	8,591	9,391
Less: Acc. Depreciation	3,173	3,580	4,005	4,507	5,080	5,709
<b>Net Block</b>	<b>2,213</b>	<b>2,459</b>	<b>2,787</b>	<b>3,285</b>	<b>3,511</b>	<b>3,682</b>
Capital Work-in-Progress	378	378	378	378	378	378
Goodwill / Intangibles	1,277	1,212	1,449	1,463	1,463	1,463
<b>Investments</b>	<b>1,025</b>	<b>737</b>	<b>764</b>	<b>1,066</b>	<b>1,066</b>	<b>1,066</b>
<b>Long Term Loan &amp; Adv.</b>	<b>277</b>	<b>389</b>	<b>418</b>	<b>537</b>	<b>532</b>	<b>618</b>
Current Assets	7,154	7,572	8,372	10,069	11,756	14,187
Cash	1,548	1,023	1,010	1,068	1,688	2,508
Loans & Advances	852	771	586	840	1,435	1,664
Other	4,754	5,779	6,776	8,162	8,633	10,015
Current liabilities	2,807	4,033	4,789	5,593	6,102	7,078
<b>Net Current Assets</b>	<b>4,346</b>	<b>3,539</b>	<b>3,582</b>	<b>4,476</b>	<b>5,654</b>	<b>7,109</b>
Others	-	-	-	-	-	-
<b>Total Assets</b>	<b>9,516</b>	<b>8,714</b>	<b>9,378</b>	<b>11,205</b>	<b>12,605</b>	<b>14,315</b>



**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profit before tax	944	1,172	1,413	1,679	2,062	2,455
Depreciation	354	407	425	502	573	629
Change in Working Capital	(806)	171	(86)	(955)	(553)	(720)
Less: Other income	-	-	-	-	-	-
Direct taxes paid	(203)	(222)	(244)	(283)	(412)	(491)
<b>Cash Flow from Operations</b>	<b>288</b>	<b>1,528</b>	<b>1,508</b>	<b>942</b>	<b>1,670</b>	<b>1,873</b>
(Inc.)/ Dec. in Fixed Assets	(771)	(653)	(753)	(1,000)	(800)	(800)
(Inc.)/ Dec. in Investments	(231)	-	-	-	-	-
Inc./ (Dec.) in loans and adv.	-	-	-	-	-	-
Other income	-	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>(1,002)</b>	<b>(653)</b>	<b>(753)</b>	<b>(1,000)</b>	<b>(800)</b>	<b>(800)</b>
Issue of Equity	-	(3)	-	-	-	-
Inc./ (Dec.) in loans	(908)	1,413	(192)	(949)	0	0
Dividend Paid (Incl. Tax)	(129)	(201)	(214)	(214)	(214)	(214)
Others	1,733	(2,612)	(362)	1,278	(35)	(39)
<b>Cash Flow from Financing</b>	<b>696</b>	<b>(1,403)</b>	<b>(768)</b>	<b>115</b>	<b>(249)</b>	<b>(253)</b>
Inc./ (Dec.) in Cash	(18)	(525)	(13)	58	620	820
<b>Opening Cash balances</b>	<b>1,566</b>	<b>1,548</b>	<b>1,023</b>	<b>1,010</b>	<b>1,068</b>	<b>1,688</b>
<b>Closing Cash balances</b>	<b>1,548</b>	<b>1,023</b>	<b>1,010</b>	<b>1,068</b>	<b>1,688</b>	<b>2,508</b>

**Key Ratios**

Y/E March	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	34.3	24.1	21.8	18.5	15.6	13.1
P/CEPS	23.3	17.3	15.9	13.5	11.5	9.8
P/BV	5.6	4.8	4.3	3.7	3.1	2.5
Dividend yield (%)	0.4	0.4	0.4	0.4	0.4	0.4
EV/Sales	3.0	2.5	2.2	2.0	1.7	1.4
EV/EBITDA	18.5	14.3	12.0	11.1	9.3	7.8
EV / Total Assets	2.8	3.0	2.8	2.4	2.1	1.8
<b>Per Share Data (₹)</b>						
EPS (Basic)	17.0	24.3	26.7	31.5	37.4	44.6
EPS (fully diluted)	17.0	24.3	26.7	31.5	37.4	44.6
Cash EPS	25.0	33.8	36.7	43.2	50.7	59.3
DPS	2.5	2.5	2.5	2.5	2.5	2.5
Book Value	105.0	122.4	136.7	158.4	190.8	230.4
<b>DuPont Analysis</b>						
EBIT margin	13.8	15.0	15.0	16.1	15.9	16.0
Tax retention ratio	78.5	81.1	82.7	83.1	80.0	80.0
Asset turnover (x)	1.4	1.5	1.6	1.6	1.6	1.7
ROIC (Post-tax)	15.4	18.5	20.3	21.0	20.4	21.8
Cost of Debt (Post Tax)	8.9	11.2	15.1	15.6	10.4	10.4
Leverage (x)	0.5	0.5	0.3	0.4	0.3	0.2
Operating ROE	18.6	21.9	22.0	22.9	23.8	24.1
<b>Returns (%)</b>						
ROCE (Pre-tax)	14.4	17.7	19.9	20.8	20.6	21.1
Angel ROIC (Pre-tax)	20.0	23.2	24.7	25.6	25.9	27.6
ROE	17.1	21.0	20.6	21.4	21.4	21.2
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.8	1.9	1.9	1.8	1.9	2.0
Inventory / Sales (days)	78	83	86	86	84	84
Receivables (days)	102	83	86	86	84	84
Payables (days)	108	69	72	73	71	71
WCcycle (ex-cash) (days)	96	92	78	83	89	89
<b>Solvency ratios (x)</b>						
Net debt to equity	0.4	0.6	0.4	0.3	0.4	0.3
Net debt to EBITDA	1.5	1.8	1.0	0.8	1.2	0.8
Interest Coverage (EBIT / Int.)	3.0	3.3	3.5	3.4	4.9	5.7

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### Disclosure of Interest Statement

### United Phosphorus

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)