

## Agri-related stks in focus; FACT, Madras Fertilizers hit 20% upper circuit

**FACT and Madras Fertilizers shares were trading at their 52-week highs today**

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*Vibrancy of rural demand and markets has helped in improving the underlying macros for fertilizer industry, according to CARE Ratings*

Shares of agri-related companies, including agrochemicals and fertilisers, were in focus as demand for the procurement of fertilizers has been promising due to surplus reservoirs levels, record-high Kharif crop sowing and plentiful rainfall during the monsoon season.

Among individual stocks, Fertilizers & Chemicals Travancore (FACT) and Madras Fertilizers were locked at 20 per cent upper circuit limits at Rs 76.05 and Rs 25.65, respectively. These stocks are also quoting at their 52-week high levels.

That apart, Southern Petrochemicals, Zuari Global, Deepak Fertilisers & Petrochemicals Corporation and Rashtriya Chemicals & Fertilisers (RCF) from the fertilizers sector rallied up to 12 per cent on the BSE. PI

Industries, UPL and Rallies India from the agrochemicals sector jumped between 4 per cent and 6 per cent on the BSE. In comparison, the S&P BSE Sensex was up 1 per cent at 48,575 at 01:14 pm.

The country witnessed on-time arrival of Southwest monsoon, followed by a quick spread across the region, which has resulted in higher sowing, thus augmenting the sales of fertilizers. This has led to an increase in production. Furthermore, increased production can also be ascribed to restocking activities undertaken by manufacturers in order to keep up with the sharp increase in fertilizer sales witnessed during the year.

Vibrancy of rural demand and markets has been very promising despite the coronavirus pandemic and macroeconomic uncertainty which has translated in improving the underlying macros for the Indian fertilizer industry, according to CARE Ratings.

"Agriculture has grown, backed by a bumper Rabi harvest and good monsoon during the Kharif season. The rural economy continues to be a bright spot with two consecutive years of above-normal rainfall. Further, the government has announced an increase of MSP upfront on the Rabi crops with its objective to provide minimum 50 per cent returns on the cost of production to farmers," it said.

The rating agency expects production to increase in the coming months on the back of restocking activities undertaken by fertilizer manufacturers. Low raw material prices too will aid in spurring production.