

CMP: INR 353

Target Price: INR 372

Rating: Hold

Stock Info

BSE	500355
NSE	RALLIS
Bloomberg	RALLIS:IN
Reuters	RALLIS.BO
Sector	Agrochemicals
Face Value (INR)	1
Equity Capital (INR Mn)	190
Mkt Cap (INR Mn)	68,657
52w H/L (INR)	386 / 196
Avg. Yearly Volume (in 000')	920.621

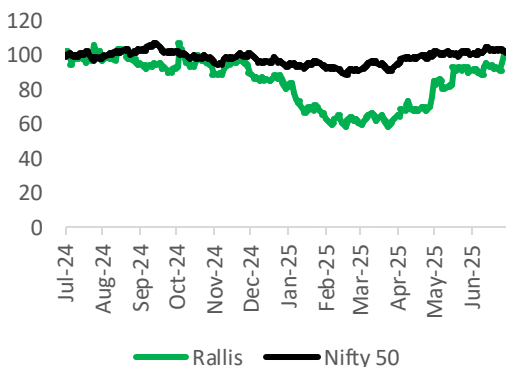
Shareholding Pattern %

(As on Jun, 2025)

Promoters	55.08
DIs	13.78
FIs	11.41
Others	19.71

Stock Performance (%)	1M	6M	1Y
Rallis India	10.98	23.52	2.18
Nifty 50	1.00	8.71	2.48

Rallis India Vs Nifty



Abhishek Jain

abhishek.jain@arihantcapital.com

Ayush Chaturvedi

ayush.chaturvedi@arihantcapital.com

Rallis India announced its Q1FY26 earnings, delivered a strong performance driven by strong volume-led growth across businesses, amidst signs of stabilization in both domestic and global agrochemical markets. The domestic Crop Care B2C business posted 13% revenue growth, supported by better crop prices, favourable monsoons, and strong demand for herbicides. During the quarter, 9 new crop protection products (including 6 herbicides) were launched, alongside a 33% YoY growth in the Soil and Plant Health (SPH) business. Export (B2B) revenues grew sharply by 23% YoY to INR 2,030 Mn, led by higher volumes in key products like Metribuzin, Thiophenate Methyl, and Hexaconazole, though the Custom Synthesis (CSM) segment remained impacted by customer order phasing, with full-year traction expected. The Seed business was a standout performer, recording a 38% YoY revenue increase to INR 3,050 Mn, with robust offtake in cotton hybrids and paddy seeds. Notably, cotton seed volumes crossed 1 Mn packets this season despite a softer North Indian market and acreage challenges. Reservoir levels across India remain healthy, 16.5% above last year and 1% above the long-term average as of June-end, with the monsoon progressing favourably. This augurs well for sustained agri input demand in H1FY26. While export markets showed sequential recovery, global agrochemical prices remain mixed across molecules, the management maintained its positive medium-term view on exports, aided by new customer additions, early buying in LATAM and US markets, and product portfolio expansion. The company continues to drive operational efficiency initiatives, portfolio optimization, and working capital management.

Q1FY26 Result Highlights:

- Revenue came at INR 9.6 bn, against consensus estimates of INR 8.7 bn, up 22% YoY/ 123% QoQ.
- EBITDA came at INR 1.5 bn, against estimates of INR 1.1 bn, up 56% YoY and an operating loss of INR 200 Mn in Q4FY25.
- EBITDA Margins came at 15.7%, against estimates of 12.5%, expanding by 340 bps YoY.
- PAT nearly doubled YoY to INR 950 Mn vs INR 480 Mn in the corresponding quarter last year. Q1 PAT led consensus estimate of INR 603 Mn by 58%.

Outlook & Valuations: Rallis India remains optimistic for FY26, expecting a healthy Kharif season on the back of favourable monsoons, improved reservoir levels, and strong farmer sentiments. It is also seeing early traction in its AI and digital tools which support better forecasting and inventory management. The Soil and Plant Health business, a long-term growth pillar, grew 33% YoY and remains a focus area for strategic investments. On the export side, while recovery was helped by low base and early orders from LATAM and US, the company is proactively deepening global customer partnerships. The company maintains a healthy balance sheet with zero external debt, prudent working capital controls, and is targeting capex of INR 1,000 Mn in FY26 primarily towards plant upkeep, R&D, and a solar plant. The management aims for double-digit revenue growth and 15–20% EBITDA margins in the medium term, supported by new product scale-up, cost control, and better operating leverage. While the near-term performance may depend on monsoon progression and pest pressure, the company remains confident of sustainable medium-term growth and margin improvement. **We value the company at 27x times its Q1FY28E EPS of INR 13.78 and revise our rating to “HOLD” with a target price of INR 372.**

Financial Snapshot:

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	2,967	2,648	2,663	3,196	3,876	4,779
EBITDA	218	311	286	367	478	630
PAT	92	148	125	183	246	334
EPS	4.73	7.60	6.43	9.41	12.66	17.16
EBIDTA Margin	7.36%	11.75%	10.74%	11.49%	12.34%	13.19%
ROCE	6.80%	10.77%	8.72%	10.70%	13.41%	16.41%

Source: Company, Arihant Research

Quarterly Result

Particulars (INR Mn)	Q1FY26	Q4FY25	Q1FY25	QoQ	YoY
Revenue from operations	9,570	4,300	7,830	122.56%	22.22%
Cost of material consumed	4,730	2,640	3,710	79.17%	27.49%
Purchase of stock-in-trade	1,330	530	920	150.94%	44.57%
Changes in inventories	40	-580	210	Na	Na
Gross Profit	3,470	1,710	2,990	102.92%	16.05%
<i>Gross Profit Margin</i>	36.3%	39.8%	38.2%	-351bps	-193bps
Employee Cost	670	680	670	-1.47%	0.00%
Other Expenses	1,300	1,230	1,360	5.69%	-4.41%
EBITDA	1,500	-200	960	-850.00%	56.25%
<i>EBITDA Margin</i>	15.7%	-4.7%	12.3%	Na	341bps
Depreciation	290	300	310	-3.33%	-6.45%
EBIT	1210	-500	650	-342.00%	86.15%
Finance Cost	40	20	50	100.00%	-20.00%
EBT before Other Income	1,170	-520	600	Na	Na
Other Income	120	110	50	9.09%	140.00%
Exceptional items	0	10	0	Na	Na
Profit Before Tax	1,290	-400	650	Na	Na
Tax Expenses	340	-80	170	Na	100.00%
<i>Effective Tax Rate</i>	26.4%	20.0%	26.2%	636bps	20bps
Profit After Tax	950	-320	480	-396.88%	97.92%
<i>Net Profit Margin</i>	9.9%	-7.4%	6.1%	Na	Na

Source: Company, Arianth Research

Q1FY26 Concall Takeaways:

The company expects good demand momentum in both domestic and export markets, with volume-led growth driving overall revenues. Management has guided for sustained improvement in operating margins, targeting a long-term EBITDA margin range of 15-20%, helped by a better product mix, new product launches, cost efficiencies, and higher capacity utilization. Export growth is expected to continue with market recovery and new customer additions, especially in the US and Latin America. The company is optimistic about its business performance in the near to medium term, supported by improved farmer sentiment, a favorable monsoon, higher crop sowing, and stable crop prices.

Domestic Crop Care (B2C)

- Growth driven by favorable monsoon, improved crop prices notably bajra, maize, oilseeds, cotton, millets. Herbicides performed strongly, driven by labor dynamics; 6 herbicides launched this quarter.
- 9 new products launched in Q1FY26 under crop protection, spanning herbicides, fungicides, and insecticides.
- Trade inventory position satisfactory; price environment stable with modest cost uptick in certain products.

Exports (B2B)

- Export revenue rose 23% YoY to INR 2,030 Mn, with improved market recovery and new customer additions. Key technical products like Metribuzine, Thiophanate Methyl, Metalaxyl, and Hexaconazole showed steady traction in US and Southeast Asian markets.
- Contract Manufacturing business impacted by order phasing but on track for full-year expectations.
- Demand outlook stabilizing with price corrections largely done; early signs of price recovery in select products.

Seed business

- Seed revenue up 38% YoY to INR 3,050 Mn in Q1FY26. Strong performance in cotton hybrids (placed 1+ Mn packets this season). Cotton contributed ~33% of seed business revenue. 14 new seed products launched in Q1FY26 across cotton, maize, paddy, bajra.
- Focus areas is strengthening maize and paddy portfolio, scaling cotton production for next 2-3 years.

Operational Highlights

- Reorganization completed for SNM teams across Crop Care B2C, B2B, and Seeds, expected to enhance operational agility.
- Focus on improving working capital efficiencies, optimizing fixed and working capital deployment.
- Capex guidance maintained at INR 1,000 Mn for FY26, majorly for plant upkeep, R&D, and solar plant initiatives.
- Healthy cash and bank balance with no external debt as of June 30, 2025.
- Digital tools like Plan Guru and real-time analytics increasingly leveraged for inventory management, demand forecasting, and SKU optimization.

Industry Highlights

- Indian agrochemical market sentiment improving on early monsoon, high reservoir levels, and supportive MSPs.
- Estimated crop production for 2024-25 stands at 354 MnMT, 6% up YoY. Crop area expansion across various crops: paddy up 7%, soybean up 4.5%, groundnut up 51%, pulses up 12.6%, and coarse cereals up 17%
- Despite the reduced cotton acreage and RRBT cotton expansion, North cotton has done very well.
- Global agrochemical industry stabilizing post 2 years of decline; destocking largely over and price declines arrested.
- No material impact yet seen from specialty fertilizer shortages from China.

Other Highlights

- Focused efforts to diversify CSM business with customers in Japan, US, India, and MNCs; pipeline healthy, but visibility confidential.
- Export sales primarily driven by US and Latin America markets in Q1FY26.
- Reaffirms 15-20% long-term steady state EBITDA margin guidance. Product mix improvement and new launches expected to aid margin expansion in coming quarters.

Financials

Income Statement						
P&L (INR Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	2,967	2,648	2,663	3,196	3,876	4,779
Change (%)	13.9%	-10.7%	0.6%	20.0%	21.3%	23.3%
Cost of Goods Sold	1,943	1,578	1,581	1,888	2,274	2,785
Employee costs	256	262	275	322	381	458
Other expenses	550	498	521	619	743	906
Total operating Expense	2,749	2,337	2,377	2,828	3,398	4,149
EBITDA	218	311	286	367	478	630
Other Income	13	16	32	38	47	57
Depreciation	91	114	120	144	175	215
Interest	12	18	12	14	17	22
PBT	127	195	186	247	333	451
Extra-ordinary	1	1	1	0	0	0
PBT after ext-ord.	128	196	187	247	333	451
Tax	36	48	62	64	87	117
Rate (%)	28.2%	24.4%	33.2%	26.0%	26.0%	26.0%
PAT	92	148	125	183	246	334
Change (%)	-44.0%	60.8%	-15.5%	46.3%	34.6%	35.5%

Balance Sheet						
Balance Sheet (INR Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	19	19	19	19	19	19
Reserves & Surplus	1,711	1,810	1,885	1,962	2,141	2,406
Net Worth	1,730	1,829	1,904	1,981	2,160	2,425
Long term debt	24	1	1	0	0	0
Short term debt	113	112	101	103	113	124
Total Debt	137	113	102	103	113	124
Deferred Tax & other liabilities	55	2	15	68	59	51
Current liabilities	865	1,007	941	1,304	1,497	1,754
Provisions	11	52	12	14	17	21
Total Liabilities	2,798	3,003	2,974	3,470	3,847	4,375
Net Block	520	661	623	685	720	756
Capital Work-in-Progress	179	19	25	50	50	51
Other Non-Current Assets	454	543	461	428	388	350
Net fixed assets	1,153	1,223	1,109	1,163	1,157	1,157
Investments	219	247	408	389	589	839
Debtors	499	579	541	552	669	825
Inventories	793	808	751	788	850	1,048
Cash & bank balance	46	32	31	445	448	373
Loans & advances & other CA	87	114	134	134	134	134
Total current assets	1,644	1,780	1,865	2,307	2,690	3,218
Total Assets	2,798	3,003	2,974	3,470	3,847	4,375

Source: Company, Arianth Research

Cash Flow Statement						
Cash Flow Statement (INR Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax (PBT)	92	148	125	183	246	334
Depreciation	91	114	120	144	175	215
Chg in working cap	55	(115)	31	367	4	(108)
Tax Paid	20	(39)	6	2	3	4
Other Operating cash flow	12	18	12	14	17	22
Others	(0)	2	(20)	(24)	(29)	(36)
Net Operating Cash Flow	200	42	194	604	331	341
Capital Expenditure	(80)	(255)	(82)	(206)	(209)	(251)
Free Cash Flow	280	298	276	810	540	593
Investments	(11)	(28)	(161)	19	(200)	(250)
Other Investing cash flows	(88)	87	108	47	87	94
Cash Flow from Investing	(179)	(196)	(135)	(140)	(322)	(408)
Equity Capital Raised / (Repaid)	0	(0)	0	0	0	0
Debt raised / (Repaid)	20	109	(70)	(0)	9	9
Dividend paid (incl tax)	58	68	68	68	68	68
Other Financing Cash Flow	(58)	11	(8)	(12)	(15)	(18)
Cash Flow from Financing	(39)	139	(60)	(50)	(5)	(9)
Net change in cash	(17)	(14)	(1)	414	4	(75)
Opening cash	63	46	32	31	445	448
Closing Cash	46	32	31	445	448	373

Key Ratios						
Key Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E
Per share (Rs)						
EPS	4.7	7.6	6.4	9.4	12.7	17.2
CEPS	9.4	13.5	12.6	16.8	21.6	28.2
BVPS	89.0	94.1	97.9	101.9	111.0	124.7
Valuation (x)						
P/E	61.5	38.3	45.3	30.9	23.0	17.0
P/CEPS	30.9	21.6	23.1	17.3	13.4	10.3
P/BV	3.3	3.1	3.0	2.9	2.6	2.3
EV/EBITDA	26.3	18.1	19.7	14.5	11.1	8.6
Return Ratios (%)						
Gross Margin	34.5%	40.4%	40.6%	40.9%	41.3%	41.7%
EBIDTA Margin	7.4%	11.7%	10.7%	11.5%	12.3%	13.2%
PAT Margin	3.1%	5.6%	4.7%	5.7%	6.4%	7.0%
ROE	5.3%	8.1%	6.6%	9.2%	11.4%	13.8%
ROCE	6.8%	10.8%	8.7%	10.7%	13.4%	16.4%
Leverage Ratio (%)						
Total D/E	0.1	0.0	0.0	0.1	0.0	0.0
Turnover Ratios						
Asset Turnover (x)	1.1	0.9	0.9	0.9	1.0	1.1
Inventory Days	125	120	100	90	80	80
Receivable Days	63	63	63	63	63	63
Payable days	103	103	103	103	103	103

Source: Company, Arianth Research

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800	6 Lad Colony, Y.N. Road, Indore - 452003, (M.P.) Tel: (91-731) 4217100/101 CIN: L66120MP1992PLC007182

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice. ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE. ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800