

CMP: INR 291

Target Price: INR 335

Rating: Hold

Stock Info

BSE	500355
NSE	RALLIS
Bloomberg	RALLIS:IN
Reuters	RALLIS.BO
Sector	Agrochemicals
Face Value (INR)	1
Equity Capital (INR Mn)	195
Mkt Cap (INR Mn)	46,118
52w H/L (INR)	378 / 196
Avg. Yearly Volume (in 000')	911

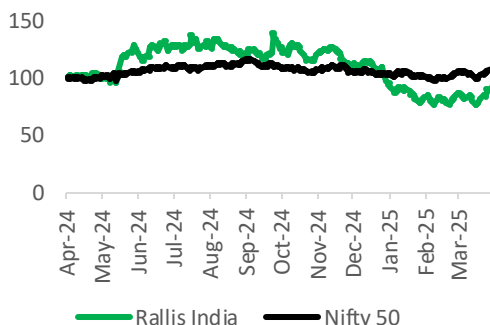
Shareholding Pattern %

(As on Mar, 2025)

Promoters	55.08
DIs	13.78
FIs	11.41
Others	19.71

Stock Performance (%)	1M	6M	1Y
Rallis India	10.12	-23.04	-4.34
Nifty 50	2.83	-0.29	8.60

Rallis India Vs Nifty



Abhishek Jain

abhishek.jain@arihantcapital.com

Rallis India announced its Q4FY25 earnings, with results reflecting a gradual stabilization in the domestic agrochemical market while export markets remained subdued. The domestic Crop Care B2C business maintained volume growth of 3% during the quarter, though revenues declined by 2% YoY due to continued pricing pressures. Exports saw a modest recovery with a 6% growth in B2B exports, while CSM business remained soft due to deferred customer orders. The company is actively addressing portfolio gaps in herbicides and insecticides, with positive early response to the newly launched non-selective herbicide 'Lafa'. Reservoir levels across India remained healthy at 16.5% above last year and 1% above the normal average as of March-end, coupled with an above-normal monsoon forecast for 2025, providing optimism for a strong Kharif season. While the domestic market outpaced exports, international business faces uncertainties amidst geopolitical disruptions and potential Chinese dumping. However, management remains positive on medium-term export opportunities, with current global pricing dynamics seen as unsustainable for Chinese suppliers. We expect both domestic and international markets to gradually normalize in FY26, supported by new product launches and improved market conditions.

Q4FY25 Result Highlights:

- Revenues came at INR 4,300 Mn (-17.62% QoQ/-1.38% YoY) below our estimates of INR 4,492 Mn.
- The company reported a significant EBITDA loss of INR 200 Mn, against a profit of INR 440 Mn in Q3FY25, against our estimates of INR 95 Mn. Margins plunged to -4.65% from 8.43% QoQ against 2.11% estimate, reflecting sharp cost pressures or revenue de-growth impact.
- It posted a loss of INR 320 Mn, widening from a loss of INR 210 Mn in Q4FY24 and profit of INR 110 Mn in Q3FY25 against our estimates of INR 162.8 Mn.
- Cost of Materials came down by 2.58% QoQ / up by 1.5% YoY. Export revenues in Q4 stood at INR 1,500 Mn, a 9% decline from INR 1,650 Mn in Q4FY24, largely due to softer CSM business and customer order deferrals.

Outlook & Valuations: Rallis India remains focused on improving profitability and operational efficiencies in FY26, with a clear emphasis on strengthening its seeds business, which delivered a healthy profit before tax of INR 180 Mn in FY25. The company expects continued improvement in the seed segment, led by new cotton hybrids and better inventory placement strategies. Pricing pressures in the domestic market have largely bottomed out, though future trends will depend on global supply dynamics, particularly any aggressive pricing moves by Chinese players. The company has identified herbicides as a major growth area and aims to address its weaker presence in cotton, soybean, and maize herbicides through targeted portfolio additions. Rallis also plans a moderate capex of INR 750–1000 Mn in FY26, primarily for R&D infrastructure, solar power projects, and sustenance investments. Furthermore, management reaffirmed its intent to grow faster than the industry average by expanding market share in key product categories and enhancing cost competitiveness across the value chain. We value the company at 24x times its FY28E EPS of INR 14.0 and revise our rating to “HOLD” with a target price of INR 335.

Financial Snapshot:

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	2,967	2,648	2,663	3,062	3,675	4,483
EBITDA	218	311	286	341	424	535
PAT	92	148	125	167	212	272
EPS	4.73	7.60	6.43	8.61	10.89	13.96
EBIDTA Margin	7.36%	11.75%	10.74%	11.14%	11.54%	11.94%
ROCE	6.80%	10.77%	8.72%	9.81%	11.68%	13.79%

Source: Company, Arihant Research

Quarterly Result

Particulars (INR Mn)	Q4FY25	Q3FY25	Q4FY24	QoQ	YoY
Revenue from operations	4,300	5,220	4,360	-17.62%	-1.38%
Cost of material consumed	2,640	2,710	2,600	-2.58%	1.54%
Purchase of stock-in-trade	530	230	280	130.43%	89.29%
Changes in inventories	-580	-120	-440	Na	Na
Gross Profit	1,710	2,400	1,920	-28.75%	-10.94%
<i>Gross Profit Margin</i>	39.8%	46.0%	44.0%	-621bps	-427bps
Employee Cost	680	710	660	-4.23%	3.03%
Other Expenses	1,230	1,250	1,200	-1.60%	2.50%
EBITDA	-200	440	60	-145.45%	-433.33%
<i>EBITDA Margin</i>	-4.7%	8.4%	1.4%	Na	-603bps
Depreciation	300	290	330	3.45%	-9.09%
EBIT	-500	150	-270	-433.33%	85.19%
Finance Cost	20	20	80	0.00%	-75.00%
EBT before Other Income	-520	130	-350	Na	Na
Other Income	110	60	60	83.33%	83.33%
Exceptional items	10	0	0	Na	Na
Profit Before Tax	-400	190	-290	Na	Na
Tax Expenses	-80	80	-80	Na	0.00%
<i>Effective Tax Rate</i>	20.0%	42.1%	27.6%	-2211bps	-759bps
Profit After Tax	-320	110	-210	-390.91%	52.38%
<i>Net Profit Margin</i>	-7.4%	2.1%	-4.8%	Na	Na
Number of Shares (Cr)	19.5	19.5	19.5	Na	Na
EPS (INR per share)	-1.67	0.56	-1.07	Na	Na

Source: Company, Arihant Research

Concall Takeaways:**Domestic Industry Outlook**

- Domestic agrochemical demand improved in H2, weak in H1. Pricing pressures persisted through Q4.
- Rainfall projections: June (-4%), July (+2%), August (+8%) vs. normal averages. The outlook for the Kharif crop is optimistic.
- Rabi sowing for 2024–25 covered 661 lakh hectares, marking a 1.4% YoY increase, driven by higher acreage in wheat, rice, and pulses.
- Summer crop sowing reached 60 lakh hectares, showing a 13% YoY increase, with notable gains in paddy (up 14.5%) and pulses (up 20.7%).

Export and CSM Business

- Export revenues in Q4 stood at INR 1,500 Mn, a 9% YoY decline, largely due to softer CSM business and customer order deferrals.
- The company reported a 6% growth in B2B exports, with a 15–20% contribution coming from formulations.
- Top Export Molecules - 1. Asataf - Positive outlook, benefits from US tariffs. 2. Metribuzin & Pendimethalin - Neutral, Metribuzin banned in EU. 3. Metalaxyl-M- New product launched; decent potential across domestic and export markets.
- US Tariffs on Chinese Products expected to drive medium-term opportunity for Indian manufacturers as global supply chains diversify.

Other Highlights

- Several new insecticides and cotton seed hybrids have been introduced for the FY26 season, which are expected to contribute meaningfully to growth.
- Non-selective Herbicide 'Lafa' — introduced late Q4; positive early response. Targeting 1 Mn liters annually.
- Significant operational turnaround with better forecast accuracy, reduced returns, and stable costs in seed business. Cotton seed inventory well-positioned for both North and South India.
- The rice seed segment is facing some delays in supply due to constraints in drying capacity, even though field production has been adequate.
- The maize segment is experiencing industry-wide overproduction, leading to supply bottlenecks and slower movement into the market.
- FY25 Actual CAPEX - Lower than planned INR 1,000–1,600 Mn
- FY26 CAPEX: INR 750–1000 Mn, with focus areas including solar power installation at the CGEP site and enhanced R&D capabilities.
- No major greenfield or brownfield expansions are planned for FY26, with most investments directed towards sustenance CAPEX and cost efficiency improvements.
- The company expects to grow faster than the agrochemical industry average of 5–7% in key segments by addressing portfolio gaps and expanding into new segments like non-selective herbicides.
- Supply risks from China, including potential dumping of technicals into Indian and Asian markets, remain a concern but no significant disruptions have been observed yet.

Financials

P&L (INR Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	2,967	2,648	2,663	3,062	3,675	4,483
<i>Change (%)</i>	13.9%	-10.7%	6.0%	15.0%	20.0%	22.0%
Cost of Goods Sold	1,943	1,578	1,581	1,812	2,167	2,635
Employee costs	256	262	275	313	372	450
Other expenses	550	498	521	596	712	864
Total operating Expense	2,749	2,337	2,377	2,721	3,251	3,948
EBITDA	218	311	286	341	424	535
Other Income	13	16	32	37	44	54
Depreciation	91	114	120	138	166	202
Interest	12	18	12	14	17	20
PBT	127	195	186	226	286	367
Extra-ordinary	1	1	1	0	0	0
PBT after ext-ord.	128	196	187	226	286	367
Tax	36	48	62	59	74	95
<i>Rate (%)</i>	28.2%	24.4%	33.2%	26.0%	26.0%	26.0%
PAT	92	148	125	167	212	272
<i>Change (%)</i>	-44.0%	60.8%	-15.5%	33.9%	26.5%	28.3%

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	1,947	2,090	2,294
Net Worth	1,730	1,829	1,904	1,966	2,109	2,313
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	67	58	50
Current liabilities	865	1,007	941	1,266	1,441	1,670
Provisions	11	52	12	12	12	12
Total Liabilities	2,798	3,003	2,974	3,414	3,734	4,169
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	529	634	774
Inventories	793	808	751	755	805	983
Cash & bank balance	46	32	31	445	414	283
Loans & advances & other CA	87	114	134	134	134	134
Total current assets	1,644	1,780	1,865	2,251	2,576	3,012
Total Assets	2,798	3,003	2,974	3,414	3,734	4,169

Cash Flow Statement (INR Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax (PBT)	92	148	125	167	212	272
Depreciation	91	114	120	138	166	202
Chg in working cap	55	(115)	31	385	8	(97)
Tax Paid	20	(39)	6	2	2	3
Other Operating cash flow	12	18	12	14	17	20
Others	(0)	2	(20)	(23)	(28)	(34)
Net Operating Cash Flow	200	42	194	601	292	278
Capital Expenditure	(80)	(255)	(82)	(200)	(200)	(238)
Free Cash Flow	280	298	276	801	492	516
Investments	(11)	(28)	(161)	19	(200)	(250)
Other Investing cash flows	(88)	87	108	45	85	90
Cash Flow from Investing	(179)	(196)	(135)	(136)	(315)	(398)
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)	(14)	(17)	(20)
Cash Flow from Financing	(39)	139	(60)	(51)	(7)	(11)
Net change in cash	(17)	(14)	(1)	414	(31)	(131)
Opening cash	63	46	32	31	445	414
Closing Cash	46	32	31	445	414	283

Key Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E
Per share (Rs)						
EPS	4.7	7.6	6.4	8.6	10.9	14.0
CEPS	9.4	13.5	12.6	15.7	19.4	24.4
BVPS	89.0	94.1	97.9	101.1	108.5	118.9
Valuation (x)						
P/E	61.5	38.3	45.3	33.8	26.7	20.8
P/CEPS	30.9	21.6	23.1	18.5	15.0	11.9
P/BV	3.3	3.1	3.0	2.9	2.7	2.4
EV/EBITDA	26.3	18.1	19.7	15.6	12.6	10.2
Return Ratios (%)						
Gross Margin	34.5%	40.4%	40.6%	40.8%	41.0%	41.2%
EBIDTA Margin	7.4%	11.7%	10.7%	11.1%	11.5%	11.9%
PAT Margin	3.1%	5.6%	4.7%	5.5%	5.8%	6.1%
ROE	5.3%	8.1%	6.6%	8.5%	10.0%	11.7%
ROCE	6.8%	10.8%	8.7%	9.8%	11.7%	13.8%
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

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