

July 16, 2025

Green shoots visible after two challenging years ...

About the stock: Rallis India is a leading agrochemical company with a presence across agriculture input value chain and a strong, healthy pipeline of sustainable products.

- The company has a diversified portfolio, supported by a strong channel network of more than 6,900 dealers and 93,000 retailers
- In Q1FY26, crop care constitutes (84% of total revenue) while the seeds business constitutes (16% of the total revenue).

Investment Rationale:

- Rallis India Q1FY26: Strong quarter led by the crop care and seeds business** - Rallis India for the quarter reported revenues of ₹957 crore, up 22% YoY, led by volume growth and double-digit growth across businesses. The seeds business reported a growth of 37% YoY, at ₹305 crore, led by strong growth in Diggaz (North Cotton) liquidation. However, challenges in maize and paddy due to supply constraints persists. The crop care business reported a growth of 16% YoY at ₹652 crore. EBITDA saw an uptick of 56.3% YoY to ₹150 crore, while margins came at 15.7%, (up by ~300 bps YoY) despite moderation in GPM, driven by volume led growth and moderated fixed cost. EBITDA for the crop care business stood at ₹70 crore, translating into margins of 10.7%, up ~200 bps while for the seeds business EBITDA stood at ₹80 crore and margins came at 26%.
- Early monsoon onset, recovery in exports, robust seeds growth** - Strong quarterly print was attributable to early monsoon onset, high reservoir level and supporting MSPs in the domestic market and a rebound in volumes across certain product segments in the exports space. It recorded robust, volume-driven growth: 13% in Crop Care B2C, 23% in Crop Care B2B, and an impressive 38% in the Seeds segment. As per management, global Crop care market (for some products) is showing early signs of recovery with normalised inventory levels and stabilisation in prices. The management is targeting high double-digit growth over medium to long term. The confidence stems from new and differentiated launches in the domestic Crop care and Seeds business and further recovery in exports besides traction in CSM exports. It also intends to use surplus cash for inorganic growth. The focus also remains to improve operating leverage and the target is to improve EBITDA margins by ~500 bps over the next 5 years. With the capex requirement of ~₹100 crore p.a. and improvement in margins, we expect better ROCEs going ahead. After two tough years, the company looks well poised for steady growth and margin expansion.

Rating and Target price

- Our target price is ₹ 410 based on 15x FY27E EBITDA of ₹ 481.2 crore.

Key Financial Summary

(₹ Crore)	FY23	FY24	FY25	3 year CAGR (FY23- 25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Net Revenue	2,967.0	2,648.0	2,663.0	-5.3%	2,950.2	3,318.6	11.6%
EBITDA	218.3	311.0	282.2	13.7%	368.4	481.2	30.6%
EBITDA Margins (%)	7.4%	11.7%	10.6%		12.5%	14.5%	
Adj. PAT	91.5	147.2	120.5	14.8%	201.8	281.3	52.8%
Adj. EPS (₹)	4.7	7.6	6.2		10.4	14.5	
EV/EBITDA	29.2x	21.2x	22.6x		16.8x	12.4x	
P/E	73.4x	45.6x	55.7x		33.4x	24.0x	
ROE (%)	5.3	8.0	6.3		9.9	12.4	
ROCE (%)	7.5	10.9	9.9		13.2	16.5	

Source: Company, ICICI Direct Research



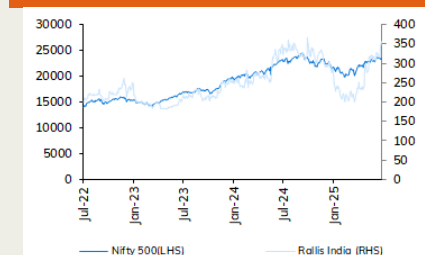
Particulars

Particular	Amount
Market cap (₹ Crore)	6,749
FY25 Total Debt (₹ Crore)	63
FY25 Cash & Inv (₹ Crore)	439
EV (₹ Crore)	6,373
52 Week H/L	385/196
Equity Capital (₹ Crore)	19.5
Face Value (₹)	1

Shareholding pattern

in %	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	55.1	55.1	55.1	55.1
FII	9.5	10.6	11.9	11.4
DII	13.3	13.8	13.3	13.8
Others	22.2	20.5	19.8	19.7

Price Chart



Key risks

- (i) Uneven rainfall pattern may impact domestic Crop care sales (ii) volatile exports scenario

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Shubh Mehta
shubh.mehta@icicisecurities.com

Vedant Nilekar
vedant.nilekar@icicisecurities.com

Q1FY26 Results / Conference call highlights

Crop Care Business-

- The management alluded that the global agrochemical market is showing early sign of recovery after two challenging years of de-growth.
- Inventory levels have normalized, and the sharp decline in prices, particularly for generic products, has largely come to a halt.
- Volumes for products such as metribuzin (**herbicide**), thiophanate methyl (fungicide) and methoxyfenox (fungicide), and hexachonazole (**fungicide**) has largely shown traction. However, Pendimethylene (**herbicide**) operated at a low capacity.
- The company has launched 9 new products** of which three are herbicides, two are fungicides, and one is insecticides.
- The company clocked in domestic crop revenues (B2C) of ₹449 crore and exports (B2B) of ₹203 crore.
- On the margins front, the management has **guided for ~15% EBITDA Margin in the long term for the crop care business.**

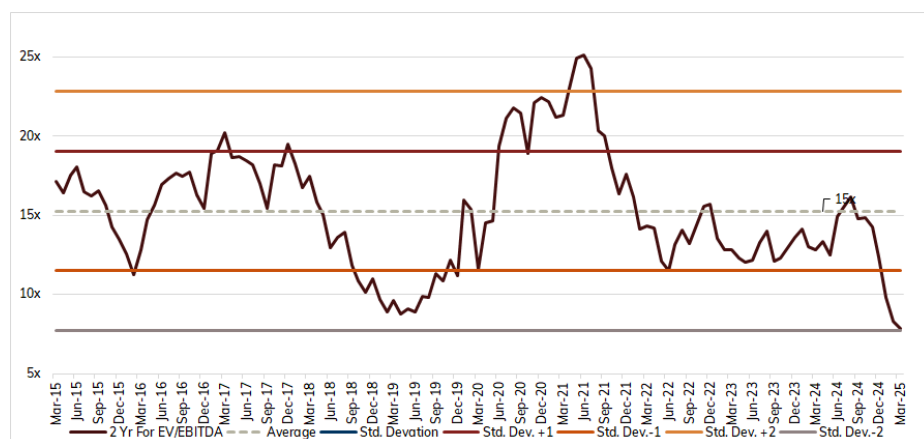
Seeds Business –

- The company has **launched 14 new products in the Seeds Business.**
- Rallis India has achieved a 20% plus volume growth in the Seeds Business.
- From the portfolio mix perspective, cotton seeds are ~33% and will remain significant for the coming 2-3 years. Moreover, paddy and maize constitute ~ 40% of the portfolio followed by mustard and bajra which is ~27%.
- AI and ML forecasting abilities is helping with optimal placement of the seed's portfolio in the market.

Other Aspects –

- The management highlighted that there have been early purchases in few of its products which might impact their Q2 revenues.
- Going ahead, the company will aim to **maintain the capex at ~₹100 crore and large part of it will go behind support and will sustenance investments.**
- The CSM business has been impacted by phasing, but it is on track for the full year. Moreover, the company is partnering with the US, Japan and India based customers.
- On the margins front, the company targets ~500 bps **EBITDA margins improvement over the next 4-5 years.**

Exhibit 2: 2-year forward EV/EBITDA band



Source: Bloomberg, Company Estimates, ICICI Direct Research

Financial Tables

Exhibit 3: Profit and loss statement ₹ crore

Year end March	FY24	FY25	FY26E	FY27E
Total Operating Income	2,648.0	2,663.0	2,950.2	3,318.6
Growth (%)	-10.8	0.6	10.8	12.5
Raw Material Expenses	1,577.0	1,584.8	1,799.6	1,991.2
Gross Profit	1,071.0	1,078.2	1,150.6	1,327.5
Employee Cost	262.0	275.0	309.8	348.5
Other Operating Expenses	498.0	521.0	472.4	497.8
EBITDA	311.0	282.2	368.4	481.2
Growth (%)	42.4	-9.3	30.6	30.6
Other Income	16.0	32.0	32.0	32.0
EBITDA, including OI	327.0	314.2	400.4	513.2
Depreciation	114.0	120.0	124.9	134.1
Net Interest Exp.	18.0	12.0	6.5	4.0
Other exceptional items	1.0	1.0	0.0	0.0
PBT	196.0	183.2	269.1	375.1
Total Tax	48.0	62.0	67.3	93.8
Tax Rate	24.5%	33.8%	25.0%	25.0%
PAT	148.0	121.2	201.8	281.3
Adj. PAT after Minority interest	147.2	120.5	201.8	281.3
Adj. EPS (₹)	7.6	6.2	10.4	14.5
Shares Outstanding	19.5	19.5	19.5	19.5

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

Year end March	FY24	FY25	FY26E	FY27E
PBT & Extraordinary	196.0	187.0	269.1	375.1
Depreciation	114.0	120.0	124.9	134.1
After other adjustments				
(Inc) / Dec in Working Capital	-10.0	72.0	24.6	-56.8
Taxes	-60.0	-55.0	-67.3	-93.8
Others	29.0	-29.0	6.5	4.0
CF from operating activities	269.0	295.0	357.8	362.7
Purchase of Fixed Assets	-82.0	-74.0	-100.0	-100.0
Others	-20.0	-140.0	0.0	0.0
CF from investing activities	-102.0	-214.0	-100.0	-100.0
Proceeds from issue of shares	0.0	0.0	0.0	0.0
Borrowings (Net)	-101.0	0.0	-20.0	-20.0
Others	-83.0	-80.0	-64.8	-62.4
CF from financing activities	-184.0	-80.0	-84.8	-82.4
Net cash flow	-17.0	1.0	172.9	180.3
Effects of foreign currency translati	0.0	0.0	0.0	0.0
Opening Cash	46.1	32.0	31.0	203.9
Closing Cash	32.0	31.0	203.9	384.2

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet ₹ crore

Year end March	FY24	FY25	FY26E	FY27E
Liabilities				
Share Capital	19.5	19.5	19.5	19.5
Reserves	1,810.2	1,884.6	2,028.0	2,251.0
Total Shareholders Funds	1,829.7	1,904.0	2,047.4	2,270.4
Minority Interest	0.0	0.0	0.0	0.0
Long Term Borrowings	113.0	51.0	31.0	11.0
Net Deferred Tax liability	3.0	9.0	9.0	9.0
Other long term liabilities	1.0	1.0	9.9	11.1
Long term provisions	41.0	44.0	29.8	33.6
Current Liabilities and Provisions				
Short term borrowings	20.0	12.0	12.0	12.0
Trade Payables	600.0	541.0	969.9	1,091.1
Other Current Liabilities	385.0	400.0	275.3	309.6
Short Term Provisions	11.0	12.0	7.4	8.3
Total Current Liabilities	1,016.0	965.0	1,264.6	1,421.0
Total Liabilities	3,003.7	2,974.0	3,391.8	3,756.1
Assets				
Net Block	811.7	708.0	698.1	664.0
Capital Work in Progress	19.0	25.0	10.0	10.0
Intangible assets under devl.	42.0	27.0	27.0	27.0
Goodwill on Consolidation	196.0	196.0	196.0	196.0
Non-current investments	4.0	4.0	4.0	4.0
Deferred tax assets	96.0	98.0	98.0	98.0
Long term loans and advances	16.0	16.0	12.3	13.8
Other Non Current Assets	39.0	35.0	192.7	216.8
Current Assets, Loans & Advances				
Current Investments	247.0	408.0	408.0	408.0
Inventories	808.0	751.0	969.9	1,091.1
Sundry Debtors	579.0	541.0	485.0	545.5
Cash and Bank	32.0	31.0	203.9	384.2
Loans and Advances	0.0	0.0	0.0	0.0
Other Current assets	114.0	134.0	86.9	97.8
Current Assets	1,780.0	1,865.0	2,153.7	2,526.5
Total Assets	3,003.7	2,974.0	3,391.8	3,756.1

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

Year end March	FY24	FY25	FY26E	FY27E
Per share data (₹)				
Adj. EPS	7.6	6.2	10.4	14.5
Adj. Cash EPS	13.5	12.4	16.8	21.4
BV	94.1	97.9	105.3	116.7
DPS	3.0	3.0	3.0	3.0
Operating Ratios (%)				
Gross Margin (%)	40.4	40.5	39.0	40.0
EBITDA Margin (%)	11.7	10.6	12.5	14.5
PAT Margin (%)	5.6	4.5	6.8	8.5
Debtor Days	65	60	60	60
Inventory Days	130	120	120	120
Creditor Days	105	120	120	120
Cash Conversion Cycle	90	60	60	60
Return Ratios (%)				
Return on Assets (%)	4.9	4.1	5.9	7.5
RoCE (%)	10.9	9.9	13.2	16.5
Core RoIC (%)	11.7	10.6	16.5	23.1
RoE (%)	8.0	6.3	9.9	12.4
Solvency Ratios				
Total Debt / Equity	0.1	0.0	0.0	0.0
Interest Coverage	11.8	16.2	42.5	93.8
Current Ratio	1.8	1.9	1.7	1.8
Quick Ratio	1.0	1.2	0.9	1.0
Asset Turnover	1.9	1.9	1.9	2.0
Valuation Ratios (x)				
EV/EBITDA	21.2	22.6	16.8	12.4
P/E	45.6	55.7	33.4	24.0
P/B	3.7	3.5	3.3	3.0
EV/Sales	2.5	2.4	2.1	1.8

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

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Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 **E-mail Address:** complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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