

CMP: ₹ 260

Target: ₹ 310 (19%)

Target Period: 12 months

BUY

January 23, 2026

Upbeat numbers driven by Crop care exports and Seeds...

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 offering includes domestic crop care, exports crop care, custom synthesis, soil and plant health and seeds.

- The company has a strong domestic channel network of more than 6,700 dealers and 95,000 retailers besides presence in +30 countries for exports.
- For Q3FY26, Crop care accounted for 93% of the revenues while the Seeds business contributed 7% to the total revenues.

Investment Rationale

- Q3FY26- Numbers driven by volumes-** The company reported revenues of ₹623 crore, up 19.3% YoY, driven by volume growth across Crop care and seeds business. The Crop care business (93% of the revenues) reported an uptick of 18% YoY, as the B2C revenue increased by 13% YoY and B2B revenue increased by 30% YoY. Soil & Plant health category grew by 16% YoY to ₹73 crore. The CSM business revenue also lodged a 26% YoY growth to ₹46 crore. On the Exports front, for the B2B business, the top line grew by 73% to ₹123 crore, driven by volume growth and expansion in customer base. The Seeds business (7% of the revenues) reported an increase of 46% to ₹43 crore. EBITDA for the quarter stood at ₹58 crore, up 32% YoY, translating into margins of 9.3%, up ~100 bps YoY. Whereas EBITDA for the crop care business came at ₹71 crore, up 16% YoY, translating into margins of 12.2% down ~20 bps YoY. PAT for the quarter stood at ₹ 2 crore, down 82% YoY which was impacted by the one-time exceptional cost of ₹35 crore by the new labour code provisions. Adjusting for this, PAT stood at ₹72 crore, up 554% YoY.
- Retained long term guidance with new product launches to the fore-** The management has reaffirmed its long-term outlook, targeting to scale the seeds business to ₹1,000 crore over the next five years while expanding overall blended margins by 500 basis points. The company also plans to quadruple (4x) its Soil & Plant Health segment to ₹800 crore from the current ₹225 crore, underscoring its focus on high-growth categories. Despite ongoing pricing pressures from intense competition, export volumes are showing signs of recovery as channel inventories normalize. To further bolster growth momentum and profitability, Rallis has launched nine new products in 9MFY26, comprising seven herbicides and two fungicides, which is expected to significantly enrich its portfolio. Quarterly gyrations notwithstanding, we believe the management is it making strides to maintain a sustainable ~10% revenue growth trajectory with margin expansion in the near future.

Rating and Target Price

- Our Target Price is ₹310 based on 12x FY28E EBITDA of ₹454 crore.

Key Financial Summary

(₹ Crore)	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Revenue	2,967.0	2,648.0	2,663.0	3.4%	2,923.6	3,215.9	3,537.5	9.9%
EBITDA	218.3	311.0	282.2	1.7%	341.3	412.8	454.1	17.2%
EBITDA Margins (%)	7.4%	11.7%	10.6%		11.7%	12.8%	12.8%	
Adj.PAT	91.5	147.2	120.5	-7.3%	181.4	230.8	257.9	28.9%
Adj. EPS (₹)	4.7	7.6	6.2		9.3	11.9	13.3	
EV/EBITDA	21.4x	15.8x	16.6x		13.2x	11.1x	9.9x	
P/E	55.0x	34.2x	41.7x		27.9x	21.9x	19.6x	
ROE (%)	5.3	8.0	6.3		9.0	10.5	10.8	
ROCE (%)	7.5	10.9	9.9		12.0	14.0	14.3	

Source: Company, ICICI Direct Research



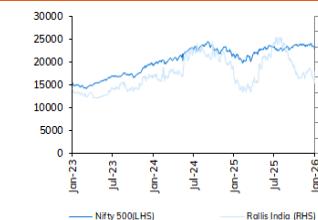
Particulars

Particular	Amount
Market cap (₹ Crore)	5,057
FY25 Total Debt (₹ Crore)	63
FY25 Cash & Inv (₹ Crore)	439
EV (₹ Crore)	4,681
52 Week H/L	386/196
Equity Capital (₹ Crore)	19.5
Face Value (₹)	1

Shareholding pattern

In %	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	55.1	55.1	55.1	55.1
FII	11.4	11.3	14.2	12.1
DII	13.8	13.8	11.2	11.3
Others	19.7	19.8	19.5	21.5

Price Chart



Key risks

- Persistent pricing pressure due to the Chinese competition.
- Adverse weather change to have negative impact on the sales.

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Q3FY26 Earnings Release / Conference call highlights

Crop care Business-

- Globally the crop protection market is valued at ~US\$75 billion in FY25 and is projected to keep growing at the CAGR of 5%
- Revenues in this segment saw an uptick driven by strong performance in fungicides, primarily supported by potato and cumin crops.
- The management highlighted that Rabi acreage has been marginally higher on a YoY basis and channel stocks are slightly elevated.
- The draft Pesticides Management Bill 2025 and Proposed Seed Bill's measures are likely to raise barriers to entry and is structurally positive for the company.
- Most Kharif crops (except paddy) traded 9–30% below MSP during Oct–Dec'25, thus impacting incomes.
- Domestic crop protection segment grew 18% YoY, supported by volume expansion and product promotional activities.
- Q4FY26 is expected to be a normal seasonal quarter, with cotton and maize placements planned as per demand.
- Margins in export business have improved, with B2B gross margins including CSM around 30%.
- Export recovery is aided by normalized global inventories, though pricing remains under pressure due to Chinese competition.
- In agrochemicals herbicides remain the largest segment, followed by insecticides and fungicides.
- Management highlighted that some small CSM opportunities at different stages and are expected to contribute in FY27.

Seeds Business-

- Seeds revenue increase of ~46% YoY was driven by volume growth in paddy, mustard, and wheat.
- The company is focusing on five strategic crops i.e. cotton, maize, millet, mustard, and rice to drive scale and profitability.
- Margin improvement is expected through operating leverage, new product launches, and expansion of the existing products.

Soil & Plant Health-

- Soil & Plant Health revenue grew 16% YoY to ₹73 crore, supported by both volume and price growth.
- The management mentioned that they have shifted the production of one of the bio stimulants internally and the Regulatory challenges around bio stimulants have largely been addressed

Guidance

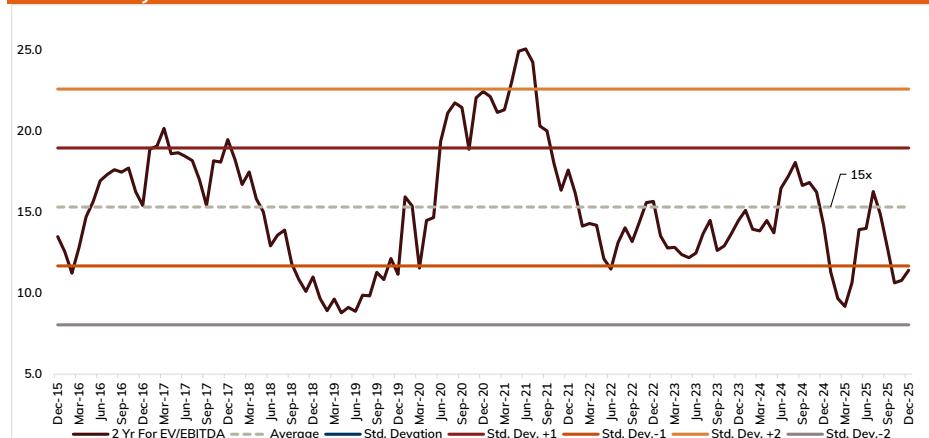
- Management reiterated long-term aspiration to scale seeds business to ₹1,000 crore in next 5 years and expand the margin on an overall blended basis to 500 basis points in the same time frame.
- Additionally, the company also aims to grow their Soil & Plant Health business by 4x to ₹800 crore from the current ₹225 crore.

Others:

- China has proposed a removal of export VAT rebates which is primarily applicable to technical products. Notably this is viewed as a potential industry positive.
- The company has introduced nine products in 9MFY26, including seven herbicides and two fungicides.
- Rallis India has Announced partnership with Paryan Alliance for herbicide-tolerant rice technology.
- Management indicated that sufficient existing manufacturing capacity is present to support near- to medium-term growth and only maintenance capex is envisaged at this stage.
- The cash in the Balance Sheet stood at ₹455 crore, providing flexibility for working capital and potential inorganic opportunities.

- PAT is impacted by ₹40 crore due to exceptional gratuity provision linked to wage code implementation.
- Overall, the volume growth was 28%, while pricing declined 8% YoY.

Exhibit 1: 2 year forward EV/EBITDA band



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 2: Profit and loss statement

	₹ crore			
Year end March	FY25	FY26E	FY27E	FY28E
Total Operating Income	2,663.0	2,923.6	3,215.9	3,537.5
Growth (%)	0.6	9.8	10.0	10.0
Raw Material Expenses	1,584.8	1,783.4	1,929.6	2,122.5
Gross Profit	1,078.2	1,140.2	1,286.4	1,415.0
Employee Cost	275.0	307.0	337.7	371.4
Other Operating Expenses	521.0	491.9	535.9	589.5
EBITDA	282.2	341.3	412.8	454.1
Growth (%)	-9.3	20.9	21.0	10.0
Other Income	32.0	32.0	32.0	32.0
EBITDA, including OI	314.2	373.3	444.8	486.1
Depreciation	120.0	124.9	133.0	139.4
Net Interest Exp.	12.0	6.5	4.0	2.8
Other exceptional items	1.0	0.0	0.0	0.0
PBT	183.2	241.9	307.8	343.9
Total Tax	62.0	60.5	76.9	86.0
Tax Rate	33.8%	25.0%	25.0%	25.0%
PAT	121.2	181.4	230.8	257.9
Adj.PAT after Minority interest	120.5	181.4	230.8	257.9
Adj. EPS (₹)	6.2	9.3	11.9	13.3
Shares Outstanding	19.5	19.5	19.5	19.5

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement

	₹ crore			
Year end March	FY25	FY26E	FY27E	FY28E
PBT & Extraordinary	187.0	241.9	307.8	343.9
Depreciation	120.0	124.9	133.0	139.4
After other adjustments				
(Inc) / Dec in Working Capital	72.0	28.7	-309.4	-172.9
Taxes	-55.0	-60.5	-76.9	-86.0
Others	-29.0	6.5	4.0	2.8
CF from operating activities	295.0	341.5	58.5	227.2
Purchase of Fixed Assets	-74.0	-100.0	-75.0	-75.0
Others	-140.0	0.0	0.0	0.0
CF from investing activities	-214.0	-100.0	-75.0	-75.0
Proceeds from issue of shares	0.0	0.0	0.0	0.0
Borrowings (Net)	0.0	-20.0	-20.0	0.0
Others	-80.0	-64.8	-62.4	-61.2
CF from financing activities	-80.0	-84.8	-82.4	-61.2
Net cash flow	1.0	156.7	-98.9	91.1
Effects of foreign currency translation	0.0	0.0	0.0	0.0
Opening Cash	32.0	31.0	187.7	88.8
Closing Cash	31.0	187.7	88.8	179.9

Source: Company, ICICI Direct Research

Exhibit 4: Balance Sheet

	₹ crore			
Year end March	FY25	FY26E	FY27E	FY28E
Liabilities				
Share Capital	19.5	19.5	19.5	19.5
Reserves	1,884.6	2,007.6	2,180.1	2,379.7
Total Shareholders Funds	1,904.0	2,027.1	2,199.6	2,399.2
Minority Interest	0.0	0.0	0.0	0.0
Long Term Borrowings	51.0	31.0	11.0	11.0
Net Deferred Tax liability	9.0	9.0	9.0	9.0
Other long term liabilities	1.0	9.8	10.8	11.9
Long term provisions	44.0	29.6	32.5	35.8
Current Liabilities and Provisions				
Short term borrowings	12.0	12.0	12.0	12.0
Trade Payables	541.0	961.2	969.2	1,066.1
Other Current Liabilities	400.0	272.8	300.0	330.1
Short Term Provisions	12.0	7.3	8.1	8.9
Total Current Liabilities	965.0	1,253.3	1,289.3	1,417.0
Total Liabilities	2,974.0	3,359.7	3,552.2	3,883.8
Assets				
Net Block	708.0	698.1	640.1	575.7
Capital Work in Progress	25.0	10.0	10.0	10.0
Intangible assets under devl.	27.0	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	98.0	98.0	98.0	98.0
Long term loans and advances	16.0	12.1	13.4	14.7
Other Non Current Assets	35.0	190.9	210.0	231.0
Current Assets, Loans & Advances				
Current Investments	408.0	408.0	408.0	408.0
Inventories	751.0	961.2	1,145.4	1,356.9
Sundry Debtors	541.0	480.6	616.8	678.4
Cash and Bank	31.0	187.7	88.8	179.9
Loans and Advances	0.0	0.0	0.0	0.0
Other Current assets	134.0	86.1	94.7	104.2
Current Assets	1,865.0	2,123.5	2,353.7	2,727.4
Total Assets	2,974.0	3,359.7	3,552.2	3,883.8

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

	FY25	FY26E	FY27E	FY28E
<u>Per share data (₹)</u>				
Adj. EPS	6.2	9.3	11.9	13.3
Adj. Cash EPS	12.4	15.7	18.7	20.4
BV	97.9	104.2	113.1	123.3
DPS	3.0	3.0	3.0	3.0
<u>Operating Ratios (%)</u>				
Gross Margin (%)	40.5	39.0	40.0	40.0
EBITDA Margin (%)	10.6	11.7	12.8	12.8
PAT Margin (%)	4.5	6.2	7.2	7.3
Debtor Days	60	60	70	70
Inventory Days	120	120	130	140
Creditor Days	120	120	110	110
Cash Conversion Cycle	60	60	90	100
<u>Return Ratios (%)</u>				
Return on Assets (%)	4.1	5.4	6.5	6.6
RoCE (%)	9.9	12.0	14.0	14.3
Core RoIC (%)	10.6	14.7	16.2	17.2
RoE (%)	6.3	9.0	10.5	10.8
<u>Solvency Ratios</u>				
Total Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	16.2	38.3	77.2	123.1
Current Ratio	1.9	1.7	1.8	1.9
Quick Ratio	1.2	0.9	0.9	1.0
Asset Turnover	1.9	1.9	2.0	2.1
<u>Valuation Ratios (x)</u>				
EV/EBITDA	16.6	13.2	11.1	9.9
P/E	41.7	27.9	21.9	19.6
P/B	2.7	2.5	2.3	2.1
EV/Sales	1.8	1.5	1.4	1.3

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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