

Cautious near term, confident long term

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 Q4FY26, Crop care accounted for 93% of the revenues while the Seeds business contributed 7% to the total revenues.

Investment Rationale

- Q4FY26- Numbers driven by volumes and stable pricing-** Rallis India in Q4FY26 reported revenues of ₹456 crore, up 6% YoY, driven by 5% volume growth and 1% price growth. The crop care business (93% of revenue) reported an uptick of 5% YoY, as the B2C revenue increased by 15% YoY but B2B revenue declined by 7% YoY. The Seeds business (7% of revenue) reported an increase of ~23% to ₹31 crore. The CSM business reported a growth of 59% to ₹66 crore, driven by both volume and price. The company reported an EBITDA loss of ₹1 crore, down 95% YoY, translating into margins of -0.2%, up ~450 bps YoY. Whereas EBITDA for the crop care business came at ₹23 crore, up ~230% YoY, translating into margins of 5.4% up ~370 bps YoY. For FY26 revenue stood at ₹ 2,897 crore up ~9% YoY, with EBITDA at ₹ 361 crores (highest ever) and margins at 12.5% (up 170 bps YoY). PAT stood at ₹184 crores, up 47% YoY.
- Navigating near term headwinds; diversified growth levers outlook -** Despite a weak seasonal quarter and adverse Rabi conditions, Rallis India reported a sharp YoY improvement in profitability, aided by a better mix across CSM, exports and seeds. While near-term margins remain impacted by inventory liquidation and input cost pressures, management indicated that margin stress is likely past its peak, supported by normalized channel inventories and an industry shift towards a seller's market, enabling pass-through of 15–25% cost inflation. Despite weather-related uncertainties, the company remains well positioned to benefit from farmer down-trading towards cost-effective offerings, given its strong generic's portfolio. Continued traction in seeds and Soil & Plant Health, along with improving contribution from CSM and exports, further strengthens growth visibility. **We have factored in a revenue CAGR of 9% for Crop Care and 12% for Seeds over FY26–28E in our estimates.**

Rating and Target Price

- Our Target Price is ₹310 based on 12x FY28E EBITDA of ₹437 crore.**

Key Financial Summary

(₹ Crore)	FY24	FY25	FY26	5 year CAGR (FY21-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Net Revenue	2,648.0	2,663.0	2,897.0	3.6%	3,172.1	3,473.7	9.5%
EBITDA	311.0	286.0	361.0	2.3%	399.2	437.2	10.1%
EBITDA Margins (%)	11.7%	10.7%	12.5%		12.6%	12.6%	
Adj.PAT	147.2	124.3	203.1	-1.7%	234.7	260.0	13.1%
Adj. EPS (₹)	7.6	6.4	10.7		12.4	13.7	
EV/EBITDA	15.8x	16.4x	12.3x		11.0x	9.9x	
P/E	34.2x	40.5x	26.8x		21.0x	19.0x	
ROE (%)	8.0	6.5	9.9		10.6	10.7	
ROCE (%)	10.9	10.1	13.6		14.2	14.3	

Source: Company, ICICI Direct Research



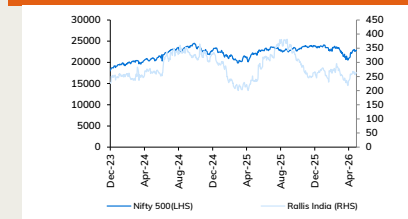
Particulars

Particular	Amount
Market cap (₹ Crore)	5,056
FY26 Total Debt (₹ Crore)	61
FY26 Cash & Inv (₹ Crore)	548
EV (₹ Crore)	4,569
52 Week H/L	386/216
Equity Capital (₹ Crore)	19.0
Face Value (₹)	1

Shareholding pattern

in %	Jun-25	Sep-25	Dec-25	Mar26
Promoter	55.1	55.1	55.1	55.1
FII	11.3	14.2	12.1	11.5
DII	13.8	11.2	11.3	11.3
Others	19.8	19.5	21.5	22.1

Price Chart



Key risks

- Slower than expected revenue in Seeds Business.
- Adverse weather change to have negative impact on the sales.

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Q4FY26 Earnings Release / Conference call highlights

Crop care Business-

- The global crop protection market, estimated at \$70B-\$75B in 2026, is projected to grow at a 5%-5.5% CAGR, driven by food demand and productivity needs
- Revenues in this segment saw an uptick driven by volume expansion, new product promotion increased digital engagement
- The management highlighted that Global recovery is uneven, with supportive US demand but weak Brazil and China-led pricing pressure.
- Consumer demand for Kharif is in a wait-and-watch mode due to rainfall, El Nino, fertilizer availability, and commodity prices. Moreover, erratic rainfall patterns could cut herbicide and insecticide demand by 5% to 10%.
- For the exports business, the company will be launching ~3 new molecules which should be introduced in the next 2-3 years.
- The B2C crop protection business reported flattish growth in the quarter.
- B2B business registered higher volumes and strong price/margin optimization for key products in international market.
- Exports revenues declined by 33% to ₹77 crore, due to de-growth in volumes and revenue from metribuzin and pendimethalin

Seeds Business-

- Seeds revenue increase of ~23% YoY was driven by 8% volume growth and 15% price growth mainly driven by cotton and millet.
- The company is focusing on five strategic crops i.e. cotton, maize, millet, mustard, and rice to drive scale and profitability.
- The management highlighted that cotton reported a growth of 35%, followed by maize and millet which reported a growth of 20% and 8% respectively. However, rice seed faced challenges.

Soil & Plant Health-

- Soil and plant health category grew by 27% to ₹47 crore, supported by volume growth.
- The management mentioned that the Soil and Plant health business would largely be protected from the current geopolitical turmoil, given that it is largely domestic.

Guidance-

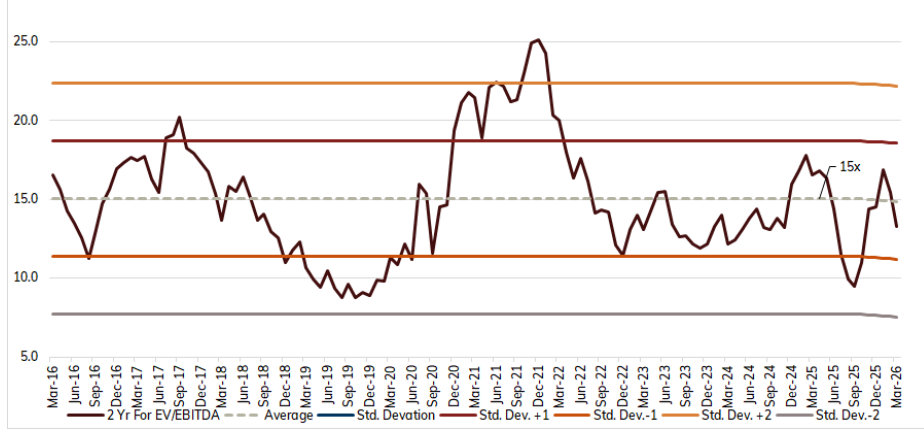
- Management reiterated long-term aspiration to scale seeds business to ₹1,000 crore in next 5 years and expand the margin on an overall blended basis to 500 basis points in the same time frame.
- Additionally, the company also aims to grow their Soil & Plant Health business by 4x to ₹800 crore from the current ₹225 crore.
- Crop care revenue growth is expected to be double-digit this year, necessitating 5-10% price increases to offset 15-25% raw material cost inflation
- The seed business is anticipated to achieve high double-digit growth this year, specifically mid teens easily, driven by a combination of volume and price increases.

Others-

- On supply side, globally, China-linked supply concentration remains a key issue, especially for active ingredients and intermediates, where export restrictions, price shifts or freight disruptions can quickly affect availability and cost.
- The company launched 11 new products during FY26 - 7 Herbicides, 2 Fungicides and 2 Insecticides.
- The industry's inventory levels have normalized from a previous hangover two years ago, with companies now holding what they need rather than excess

- The company build some raw material inventory in anticipation of war-related disruptions, ensuring coverage for the Kharif season, due to which inventory days are higher on the quarter.
- The cash in the Balance Sheet stood at ₹541 crore, providing flexibility for working capital and potential inorganic opportunities.
- The management expects cotton seed to report the highest growth followed by maize, rice, millet

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	2,897.0	3,172.1	3,473.7
Growth (%)	0.6	8.8	9.5	9.5
Raw Material Expenses	1,581.0	1,727.0	1,903.3	2,084.2
Gross Profit	1,082.0	1,170.0	1,268.9	1,389.5
Employee Cost	275.0	283.0	333.1	364.7
Other Operating Expenses	521.0	526.0	536.6	587.5
EBITDA	286.0	361.0	399.2	437.2
Growth (%)	-8.0	26.2	10.6	9.5
Other Income	32.0	42.0	42.0	42.0
EBITDA, including OI	318.0	403.0	441.2	479.2
Depreciation	120.0	117.0	120.0	125.9
Net Interest Exp.	12.0	10.0	8.2	6.6
Other exceptional items	1.0	-26.0	0.0	0.0
PBT	187.0	250.0	313.0	346.7
Total Tax	62.0	66.0	78.2	86.7
Tax Rate	33.2%	26.4%	25.0%	25.0%
PAT	125.0	184.0	234.7	260.0
Adj.PAT after Minority interest	124.3	203.1	234.7	260.0
Adj. EPS (₹)	6.4	10.7	12.4	13.7
Shares Outstanding	19.5	19.0	19.0	19.0

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement				
	₹ crore			
Year end March	FY25	FY26E	FY27E	FY28E
PBT & Extraordinary	187.0	250.0	313.0	346.7
Depreciation	120.0	117.0	120.0	125.9
After other adjustments				
(Inc) / Dec in Working Capital	72.0	-121.0	-169.3	-166.4
Taxes	-55.0	-68.0	-78.2	-86.7
Others	-29.0	-6.0	8.2	6.6
CF from operating activities	295.0	172.0	193.6	226.1
Purchase of Fixed Assets	-74.0	-45.0	-74.0	-75.0
Others	-140.0	-50.0	0.0	0.0
CF from investing activities	-214.0	-95.0	-74.0	-75.0
Proceeds from issue of shares	0.0	0.0	0.0	0.0
Borrowings (Net)	0.0	7.0	-20.0	0.0
Others	-80.0	-73.0	-65.2	-63.6
CF from financing activities	-80.0	-66.0	-85.2	-63.6
Net cash flow	1.0	11.0	34.4	87.5
Effects of foreign currency translation	0.0	0.0	0.0	0.0
Opening Cash	32.0	31.0	46.0	80.4
Closing Cash	31.0	46.0	80.4	167.9

Source: Company, ICICI Direct Research

Exhibit 4: Balance Sheet				
	₹ crore			
Year end March	FY25	FY26E	FY27E	FY28E
Liabilities				
Share Capital	19.5	19.0	19.0	19.0
Reserves	1,884.6	2,024.0	2,201.7	2,404.7
Total Shareholders Funds	1,904.0	2,043.0	2,220.7	2,423.7
Minority Interest	0.0	0.0	0.0	0.0
Long Term Borrowings	51.0	45.0	25.0	25.0
Net Deferred Tax liability	9.0	14.0	14.0	14.0
Other long term liabilities	1.0	1.0	10.6	11.7
Long term provisions	44.0	32.0	32.1	35.1
Current Liabilities and Provisions				
Short term borrowings	12.0	16.0	16.0	16.0
Trade Payables	541.0	728.0	956.0	1,046.9
Other Current Liabilities	400.0	413.0	296.0	324.1
Short Term Provisions	12.0	53.0	7.9	8.7
Total Current Liabilities	965.0	1,210.0	1,275.9	1,395.7
Total Liabilities	2,974.0	3,345.0	3,578.4	3,905.2
Assets				
Net Block	708.0	654.0	609.0	558.1
Capital Work in Progress	25.0	11.0	10.0	10.0
Intangible assets under devl.	27.0	21.0	21.0	21.0
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	104.0	104.0	104.0
Long term loans and advances	16.0	11.0	13.2	14.4
Other Non Current Assets	35.0	35.0	207.2	226.9
Current Assets, Loans & Advances				
Current Investments	408.0	502.0	502.0	502.0
Inventories	751.0	959.0	1,129.8	1,332.4
Sundry Debtors	541.0	616.0	608.4	666.2
Cash and Bank	31.0	46.0	80.4	167.9
Loans and Advances	0.0	0.0	0.0	0.0
Other Current assets	134.0	186.0	93.4	102.3
Current Assets	1,865.0	2,309.0	2,414.0	2,770.8
Total Assets	2,974.0	3,345.0	3,578.4	3,905.2

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios				
Year end March	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
Adj. EPS	6.4	9.7	12.4	13.7
Adj. Cash EPS	12.6	15.8	18.7	20.3
BV	97.9	107.5	116.9	127.6
DPS	3.0	3.0	3.0	3.0
Operating Ratios (%)				
Gross Margin (%)	40.6	40.4	40.0	40.0
EBITDA Margin (%)	10.7	12.5	12.6	12.6
PAT Margin (%)	4.7	7.0	7.4	7.5
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
Return Ratios (%)				
Return on Assets (%)	4.2	6.1	6.6	6.7
RoCE (%)	10.1	13.6	14.2	14.3
Core RoIC (%)	10.9	15.7	16.6	17.3
RoE (%)	6.5	9.9	10.6	10.7
Solvency Ratios				
Total Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	16.5	28.6	39.1	53.4
Current Ratio	1.9	1.9	1.9	2.0
Quick Ratio	1.2	1.1	1.0	1.0
Asset Turnover	1.9	2.0	2.1	2.1
Valuation Ratios (x)				
EV/EBITDA	16.4	12.3	11.0	9.9
P/E	40.5	26.8	21.0	19.0
P/B	2.7	2.4	2.2	2.0
EV/Sales	1.8	1.5	1.4	1.2

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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