Q2FY26 – Result Update
17th October 2025

Rallis India Ltd.

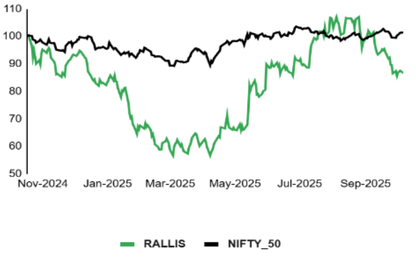
Strong Export-Led Resilience Amid Domestic Weather Challenges, Seeds Segment Stabilization in Progress

CMP: INR 280	
Target Price: INR 350	
Rating: Buy	
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)	54,960
52w H/L (INR)	386 / 196
Avg. Yearly Volume (in 000')	769

Shareholding Pattern % *(As on Jun, 2025)*	
Promoters	55.08
DIIs	13.78
FIIs	11.41
Others	19.71

Stock Performance (%)	1M	6M	1Y
Rallis India	-15.44	19.44	-19.69
Nifty 50	1.69	8.00	4.08

Rallis India Vs Nifty



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The performance during Q2 remained relatively muted as overall Revenue declined 7% YoY to INR 8.61 bn owing to 28% YoY decline in seeds segment coupled with 10% YoY decline in B2C (Domestic) which was somewhat offset by a healthy 14% YoY growth in B2B business (Exports) led by volumes. However, EBITDA stood at INR 1.54 bn (down 7% YoY), reflecting resilient margin performance aided by favorable product mix and disciplined cost management. The quarter witnessed strong B2B-export momentum with revenues surging 33% YoY, driven by higher volumes from key molecules. Management remains cautiously optimistic about demand recovery in H2FY26, supported by better agronomical conditions following the abnormal monsoon. The export business is expected to maintain growth momentum driven by volume expansion, new customer wins, and operational efficiencies, though pricing headwinds persist in certain geographies. Domestic crop protection demand is anticipated to recover sequentially aided by normalization of fertilizer supply, resumption of biostimulants sales, and traction from new product launches.

Crop Care Segment : Robust Export Growth Offsets Weather-Led Domestic Weakness

The Crop Care segment reported revenues of INR 7.60 bn in Q2FY26, down 3% YoY, with the B2C domestic business declining 10% due to excessive rainfall impacting sprays in Maharashtra, Punjab, UP, and Rajasthan. However, the B2B-export business delivered robust growth of 33% YoY, driven by volume expansion and improved capacity utilization across global markets. Approximately 85% of export business comprises technical-grade products, providing insulation from tariff volatility. Segment EBITDA declined 4% to INR 1.29 bn, with margins holding steady despite lower sales, reflecting product mix improvement and portfolio rationalization benefits. Management remains focused on expanding the herbicide portfolio with new rice and wheat herbicides slated for FY27 commercialization. Export momentum is expected to sustain in H2FY26, supported by channel inventory normalization globally and new customer acquisitions, though pricing pressure in Brazil remains a near-term overhang.

Seeds: Volume Pressure from Weather and Illegal HTBT, Margins Resilient on Portfolio Shift

The Seeds segment witnessed a sharp 29% YoY revenue decline to INR 1.01 bn in Q2FY26 versus INR 1.41 bn in Q2FY25, primarily attributable to supply chain constraints caused by weather disruptions in Tamil Nadu and neighboring states, alongside continued proliferation of illegal HTBT cotton. Despite the topline pressure, gross margins improved significantly, supported by the company's strategic shift toward in-house R&D-derived products, which now constitute over 80% of the seed portfolio. Blended seed margins remained in the 23–25% range, at par with industry leaders. Segment EBITDA stood at INR 0.25 bn vs. INR 0.31 bn in Q2FY25, reflecting margin resilience despite lower sales. New hybrids in cotton, rice, and maize received encouraging market response, and management expressed confidence in strong cotton seed availability and scale-up potential for the upcoming kharif season. The Seeds business is positioned for a stronger performance in the upcoming kharif season, backed by adequate seed availability and positive response to new hybrids.

Outlook & Valuation: We believe the recent underperformance in the domestic crop care segment is a minor blip within Rallis India's overall resilient performance, driven by a healthy volume-led recovery in exports. While the Seeds segment remains susceptible to supply chain efficiencies, the company's plan to reduce dependency on third-party supplies is likely to stabilize this segment, supported by ongoing portfolio optimization and cost efficiencies that are expected to support margin trajectory. **Given near-term headwinds, we have lowered our earnings estimates by 5-14% over FY26e-FY28e, but the outlook remains positive supported by export growth and disciplined cost management. We have revised our target price down by 8% to INR 350, as we roll-forward to Q2FY28e EPS of INR 13.1 keeping the multiple unchanged at 27x and upgrade our rating to "BUY" with an upside of 25%.**

Financial Snapshot:

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	2,648	2,663	2,983	3,519	4,294
EBITDA	311	286	347	434	547
PAT	148	125	174	224	285
EPS	7.60	6.43	8.95	11.50	14.68
EBIDTA Margin	11.75%	10.74%	11.64%	12.34%	12.74%
ROCE	10.77%	8.72%	10.78%	12.95%	15.07%

Source: Company, Arihant Research

Quarterly Result

Particulars (INR Mn)	Q2FY26	Q1FY26	Q2FY25	QoQ	YoY
Revenue from operations	**8,610**	**9,570**	**9,280**	**-10.0%**	**-7.2%**
Cost of material consumed	4,410	4,730	3,960	-6.8%	11.4%
Purchase of stock-in-trade	530	1,330	630	-60.2%	-15.9%
Changes in inventories	30	40	970	-25.0%	-96.9%
Gross Profit	**3,640**	**3,470**	**3,720**	**4.9%**	**-2.2%**
Gross Profit Margin	42.3%	36.3%	40.1%	602bps	219bps
Employee Cost	740	670	690	10.4%	7.2%
Other Expenses	1,360	1,300	1,370	4.6%	-0.7%
EBITDA	**1,540**	**1,500**	**1,660**	**2.7%**	**-7.2%**
EBITDA Margin	17.9%	15.7%	17.9%	221bps	0bps
Depreciation	300	290	300	3.4%	0.0%
EBIT	**1240**	**1210**	**1360**	**2.5%**	**-8.8%**
Finance Cost	30	40	30	-25.0%	0.0%
EBT before Other Income	1,210	1,170	1,330	3.4%	-9.0%
Other Income	100	120	100	-16.7%	0.0%
Exceptional items	60	0	0	#DIV/0!	#DIV/0!
Profit Before Tax	**1,370**	**1,290**	**1,430**	**6.2%**	**-4.2%**
Tax Expenses	350	340	450	2.9%	-22.2%
Effective Tax Rate	25.5%	26.4%	31.5%	-81bps	-592bps
Profit After Tax	**1,020**	**950**	**980**	**7.4%**	**4.1%**
Net Profit Margin	11.8%	9.9%	10.6%	192bps	129bps
EPS (INR per share)	5.02	4.9	5.0		

Change in estimates

INR Mn	Earlier			Revised			%Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	3,196	3,876	4,779	2,983	3,519	4,294	-7%	-9%	-10%
EBITDA	367	478	630	347	434	547	-5%	-9%	-13%
EBITDA Margins %	11%	12%	13%	12%	12%	13%			
PAT	183	246	334	174	224	285	-5%	-9%	-14%

Source: Company, Arihant Research

Crop Care Performance

Exhibit 1: Crop Protection B2C business segment performance declined due to weather disruptions and erratic rainfall across major markets.

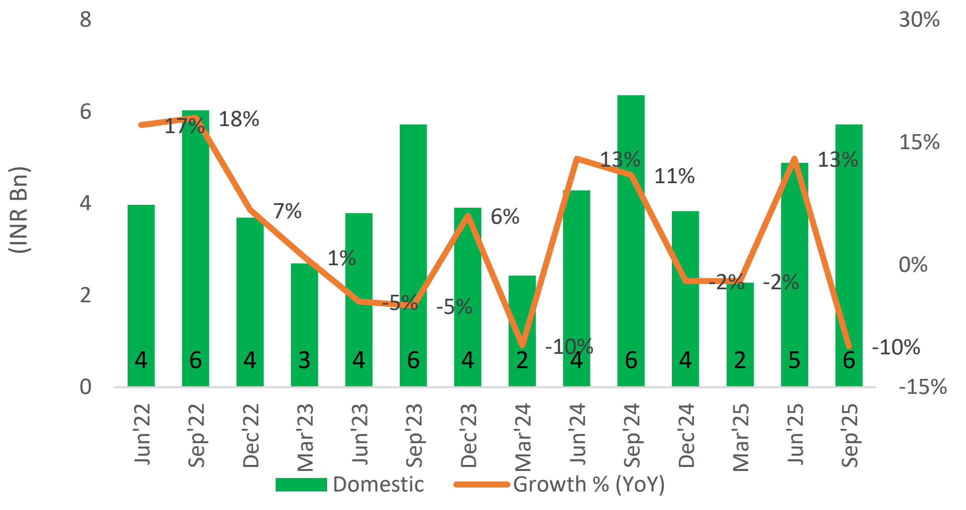


Exhibit 2: Crop Care B2B business segment grew by 14% YoY due to volume revival in key molecules and better capacity utilization.

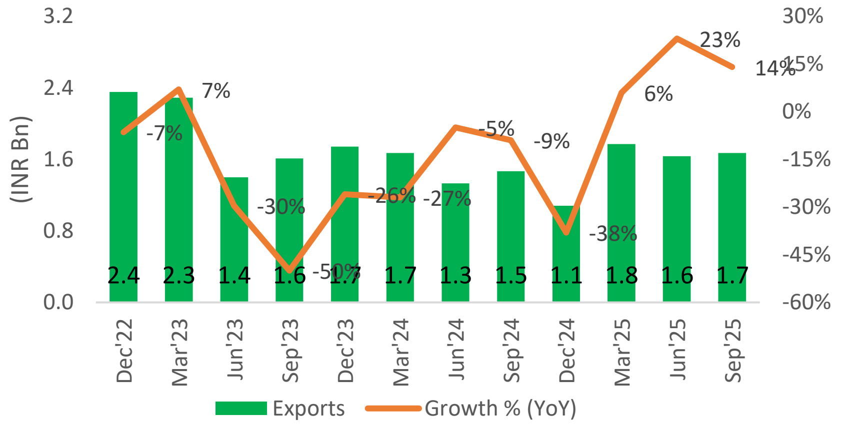
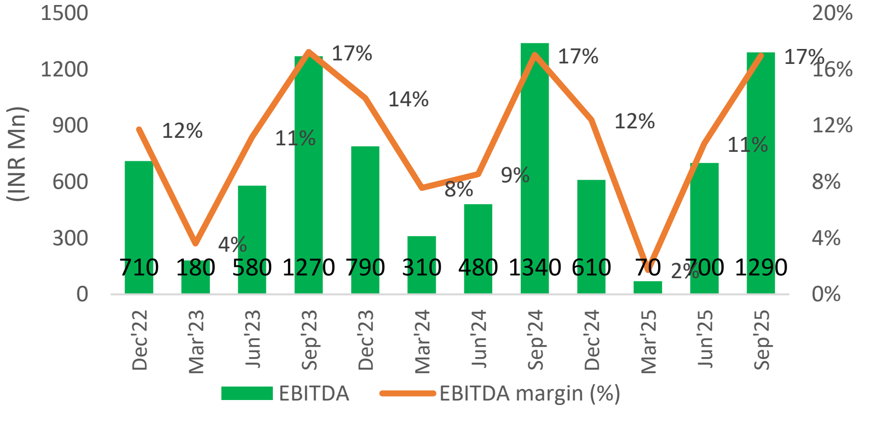


Exhibit 3: Operating Margin remain resilient YoY product mix improvement and portfolio rationalization benefits.



Source: Company, Arihant Research

Seeds Performance

Exhibit 4: Seeds business revenue declined by 28% YoY due to supply chain constraints.

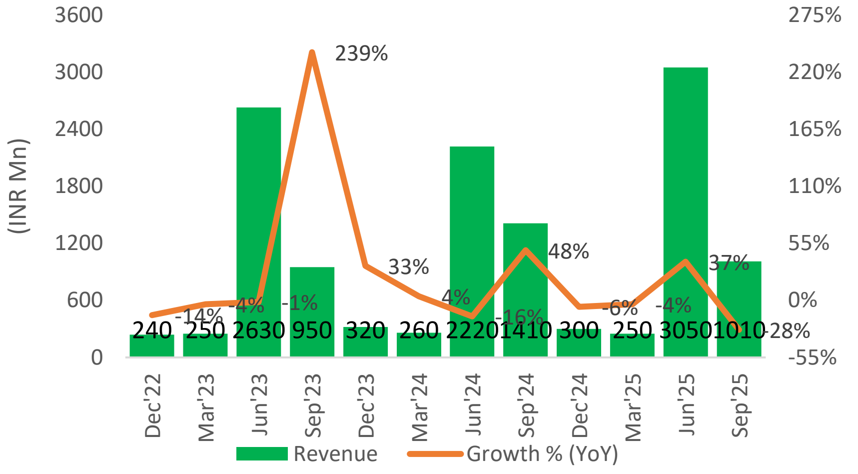


Exhibit 5: EBITDA margin resilient, supported by the company's strategic shift toward in-house R&D.

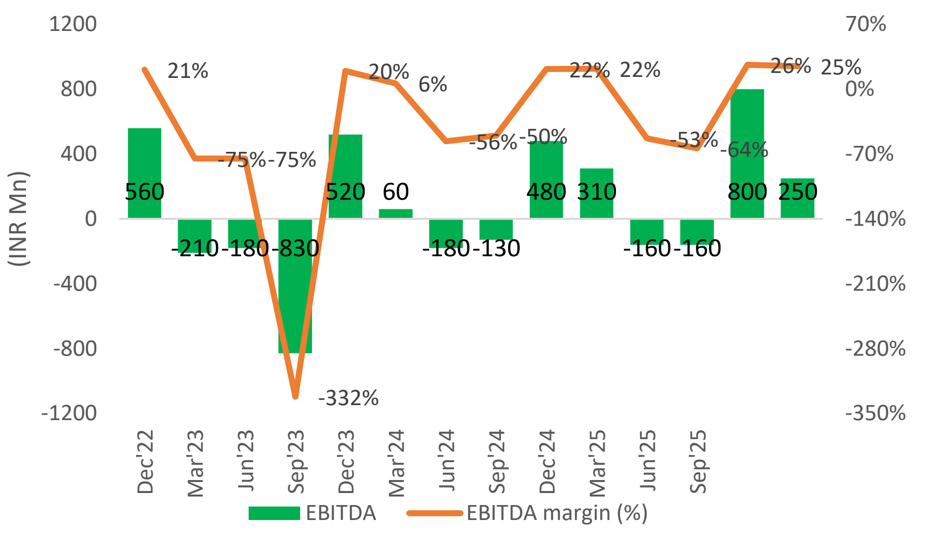
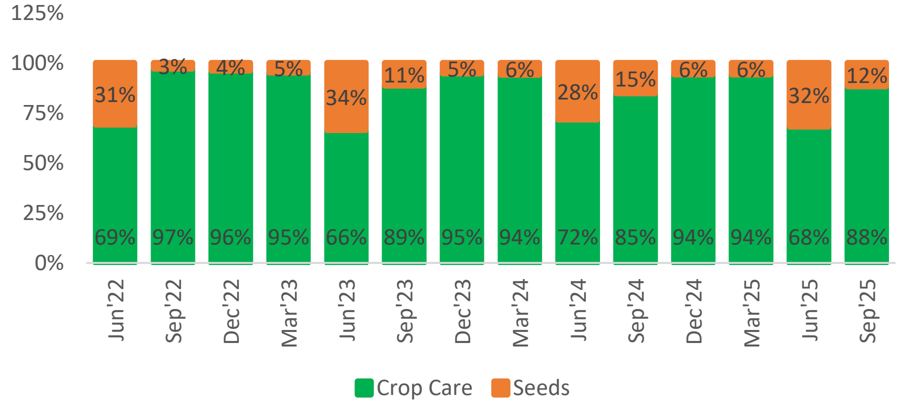


Exhibit 6: Revenue Mix of Crop Care and Seeds.



Source: Company, Arihant Research

Q2FY26 Concall Takeaways:

Rallis India expects a gradual recovery in H2FY26 driven by a favourable Rabi season, stabilizing channel inventory, and normalization in its bio and export businesses. Management anticipates low double-digit export growth, supported by increased capacity utilization and new customer additions, while domestic demand should benefit from improved soil moisture and farmer liquidity. Margins are expected to hold at 18–19% levels, aided by tighter cost control and product mix improvement. Overall, Rallis remains focused on profitable growth through strategic execution, prudent capital allocation, and strengthening its innovation-led product pipeline.

Segmental Performance
Crop Care
- Crop care revenues declined 3% YoY impacted by rainfall-led product returns and weak pest incidence.
- Domestic B2C revenue grew 8% with 3% lower volumes due to channel destocking; increased promotions pressured realizations.
- Exports grew 33% YoY; H1 export revenue at INR 3,120 mn vs INR 2,070 mn (+51% YoY). Growth led by Metribuzin, Hexaconazole, and Pendimethalin technicals.
- CSM business formed <5% of exports this half; impacted by shipment phasing, expected to normalize H2.
- Margins held up on product mix shift and disciplined procurement timing.

Seeds
- Seed revenue declined 29% YoY to INR 1,010 mn due to lower cotton acreage and illegal Hybrid BT varieties depressing organized demand.
- Product demonstrations intensified; pipeline of proprietary hybrids (cotton, maize, rice) showing strong early traction.
- Focus remains on five key crops—cotton, maize, millet, mustard, and rice—to drive profitable scale.
- Seed EBIT margin improved meaningfully H1FY26 due to 80% share from in-house hybrids. Management targets 23–25% margin on sustainable basis.

Soil & Plant Health (Bio segment)
- Revenue flat YoY at ~INR 2,250 mn for H1; growth target of 20% deferred due to supply/rain disruptions and regulatory changes in biostimulants.
- Regulatory tightening seen as long-term positive for organized players; expected normalization from Q3 onward.

Product & Pipeline Updates
- 8 new products launched YTD (5 herbicides, 1 fungicide, 2 insecticides).
- New launches "Deeweed" (herbicide) and "Dodrio" (fungicide) performing well.
- Upcoming FY27 launches: one rice herbicide and one wheat herbicide from in-house R&D.
- Rallis leveraging multinational partnerships on co-developed molecules, registrations expanding in Latin America and Europe.

Operational & Strategic Commentary
- Procurement discipline: maintained cost control by optimizing purchase timing; working capital intensity improving; collections robust.
- Inventory levels moderated sequentially; cash conversion strong.
- Portfolio optimization underway — pruning low profitability SKUs, rationalizing overlap territories.
- Digital initiatives for farm engagement and sales enablement reportedly gaining traction.

Guidance
- Expect Q3FY26 recovery on account of favourable Rabi momentum, stabilizing channel inventory, and normalization in bio portfolio.
- Export trajectory remains positive; guided low double-digit growth for H2FY26 aided by broader customer base and efficient capacity utilization.
- Focused capex (~INR 500 mn) to enhance formulations efficiency; long-term strategy aims at margin-accretive CSM ramp-up.
- Management reiterated intent to sustain EBITDA margin ~18–19%, improve capital efficiency, and expand presence across top-five crops.
- Confident of profitable growth through portfolio focus, disciplined execution, and working capital prudence.
- R&D spend: Budgeted around INR 600–700 mn per annum, maintaining focus on select molecules and modern breeding tools.

Source: Company, Arihant Research

Financials

Income Statement

P&L (INR Cr)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**2,648**	**2,663**	**2,983**	**3,519**	**4,294**
Change (%)	-10.7%	0.6%	12.0%	18.0%	22.0%
Cost of Goods Sold	1,578	1,581	1,756	2,065	2,515
Employee costs	262	275	302	346	418
Other expenses	**498**	**521**	**578**	**674**	**814**
Total operating Expense	**2,337**	**2,377**	**2,635**	**3,085**	**3,747**
EBITDA	**311**	**286**	**347**	**434**	**547**
Change (%)	**43%**	**-8%**	**21%**	**25%**	**26%**
EBITDA Margin (%)	**12%**	**11%**	**12%**	**12%**	**13%**
Other Income	16	32	36	42	52
Depreciation	114	120	134	159	193
Interest	18	12	13	16	19
PBT	**195**	**186**	**235**	**302**	**386**
Extra-ordinary	1	1	0	0	0
PBT after ext-ord.	**196**	**187**	**235**	**302**	**386**
Tax	48	62	61	79	100
Rate (%)	*24.4%*	*33.2%*	*26.0%*	*26.0%*	*26.0%*
PAT	**148**	**125**	**174**	**224**	**285**
Change (%)	*60.8%*	*-15.5%*	*39.2%*	*28.5%*	*27.7%*

Balance Sheet

Balance Sheet (INR Cr)	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	19	19	19	19	19
Reserves & Surplus	1,810	1,885	1,954	2,109	2,326
Net Worth	**1,829**	**1,904**	**1,973**	**2,128**	**2,346**
Long term debt	1	1	0	0	0
Short term debt	112	101	51	51	51
Total Debt	**113**	**102**	**51**	**51**	**51**
Deferred Tax & other liabilities	2	16	17	19	22
Current liabilities	1,006	941	1,243	1,396	1,617
Provisions	52	12	14	17	20
Total Liabilities	**3,003**	**2,974**	**3,298**	**3,612**	**4,056**
Net Block	661	623	685	719	755
Capital Work-in-Progress	19	25	50	50	51
Other Non-Current Assets	543	461	429	389	351
Net fixed assets	**1,223**	**1,109**	**1,164**	**1,158**	**1,158**
Investments	247	408	389	589	839
Debtors	579	541	515	607	741
Inventories	808	751	735	771	941
Cash & bank balance	32	31	361	353	244
Loans & advances & other CA	114	134	134	134	134
Total current assets	**1,780**	**1,866**	**2,134**	**2,454**	**2,899**
Total Assets	**3,003**	**2,975**	**3,298**	**3,612**	**4,056**

Source: Company, Arihant Research

Cash Flow Statement

Cash Flow Statement (INR Cr)	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax (PBT)	**148**	**125**	**174**	**224**	**285**
Depreciation	114	120	134	159	193
Chg in working cap	(116)	31	344	25	(83)
Tax Paid	(39)	7	2	3	4
Other Operating cash flow	**18**	**12**	**13**	**16**	**19**
Others	2	(20)	(22)	(26)	(32)
Net Operating Cash Flow	**41**	**195**	**564**	**316**	**300**
Capital Expenditure	**(255)**	**(82)**	**(197)**	**(193)**	**(229)**
Free Cash Flow	297	277	761	508	529
Investments	(28)	(161)	19	(200)	(250)
Other Investing cash flows	**87**	**108**	**43**	**83**	**88**
Cash Flow from Investing	**(196)**	**(135)**	**(134)**	**(310)**	**(392)**
Equity Capital Raised / (Repaid)	0	0	0	0	0
Debt raised / (Repaid)	110	(71)	(51)	(1)	(1)
Dividend paid (incl tax)	68	68	68	68	68
Other Financing Cash Flow	12	(9)	(11)	(13)	(16)
Cash Flow from Financing	**141**	**(61)**	**(100)**	**(14)**	**(17)**
Net change in cash	**(14)**	**(1)**	**330**	**(9)**	**(109)**
Opening cash	46	32	31	361	353
Closing Cash	**32**	**31**	**361**	**353**	**244**

Key Ratios

Key Ratios	FY24	FY25	FY26E	FY27E	FY28E
Per share (Rs)					
EPS	7.6	6.4	8.9	11.5	14.7
CEPS	13.5	12.6	15.9	19.7	24.6
BVPS	94.1	97.9	101.5	109.5	120.6
Valuation (x)					
P/E	38.3	43.6	31.3	24.4	19.1
P/CEPS	21.6	22.2	17.7	14.2	11.4
P/BV	3.1	2.9	2.8	2.6	2.3
EV/EBITDA	18.1	18.9	14.6	11.7	9.5
Return Ratios (%)					
Gross Margin	40.4%	40.6%	41.1%	41.3%	41.4%
EBIDTA Margin	11.7%	10.7%	11.6%	12.3%	12.7%
PAT Margin	5.6%	4.7%	5.8%	6.4%	6.6%
ROE	8.1%	6.6%	8.8%	10.5%	12.2%
ROCE	10.8%	8.7%	10.8%	12.9%	15.1%
Leverage Ratio (%)					
Total D/E	0.0	0.0	0.0	0.0	0.0
Turnover Ratios					
Asset Turnover (x)	0.9	0.9	0.9	1.0	1.1
Inventory Days	120	100	90	80	80
Receivable Days	63	63	63	63	63
Payable days	83	74	103	103	103

Source: Company, Arihant Research

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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%

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