

CMP: INR 412

Outlook: Unrated

Stock Info

BSE	539148
NSE	SHIVALIK
Bloomberg	SHVK:IN
Sector	Pesticides & Agrochemicals
Face Value (INR)	5
Equity Capital (INR cr)	7.88
Mkt Cap (INR cr)	649
52w H/L (INR)	879/404
Avg Yearly Volume (in 000')	58.57

Shareholding Pattern %

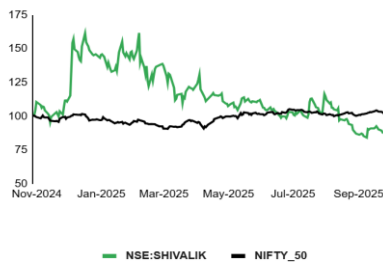
(As on Sept, 2025)

Promoters	47.37
DII	0.48
FII	4.38
Public & Others	47.76

Stock Performance (%) **1m** **6m** **12m**

SHIVALIK	-7.7%	-28.9%	-22.1%
NIFTY	5.4%	6.7%	6.7%

SHIVALIK vs Nifty



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Shivalik Rasayan Limited (SRL) is an agrochemical and pharmaceutical API manufacturer positioned at the intersection of India's specialty chemicals growth and regulated pharma exports. With India's largest Dimethoate production capacity, a USFDA-approved API facility, and a growing portfolio of oncology molecules, SRL is strategically leveraging the "China+1" supply chain shift and regulatory tailwinds. However, near-term margin pressure from capacity ramp-up and sub-optimal capital efficiency remain key overhangs through FY26-FY27.

Company Overview:

Shivalik Rasayan Limited (SRL), incorporated in 1979, is a specialized player in the Indian agrochemical and pharmaceutical ingredient industry with a growing international profile and an emerging two-pronged business model. The company operates through three primary segments: Agrochemicals, APIs (active pharmaceutical ingredients), and Pharma formulations, with revenues increasingly split between specialty agrochemicals and high-value pharmaceuticals.

Key Investment Rationales

Capacity expansion to continue supporting growth in Agrochemicals Division

Recent investments have significantly expanded SRL's manufacturing footprint - the Dahej (Gujarat) plant, with an annual capacity of 2,000 MT for insecticides and fungicides, was commissioned in September 2024, supplementing its Dehradun facility's 1,450 MT capacity. SRL's Dahej capacity expansion specifically addresses the global rise in demand for newer molecule chemistries and gives the firm the scale to pursue both domestic and export-led opportunities. The company's R&D pipeline features over 20 registered molecules and five export product registrations, with new-generation actives such as Pymetrozine and Azoxystrobin included in its future launches.

Its flagship products in the agrochemical segment are Dimethoate Technical, where SRL is India's largest producer, and Malathion Technical, of which it is the second-largest producer domestically. These technicals underpin the company's portfolio of organophosphorus-based insecticides and plant protection products, serving the domestic crop protection sector and export clients.

USFDA approval and Oncology APIs to drive growth in Pharmaceutical

SRL's second pillar, APIs and pharma business, was established via the acquisition of a majority stake in Medicamen Biotech in FY16 (43.16% in FY25). The company's orientation is toward niche, high-barrier APIs including oncology drugs like Azacitidine, Busulfan, Bortezomib, and Palbociclib. A major strategic milestone was the commissioning and USFDA approval in October 2024 of a 50,000 sqmt block at Dahej for regulated market API exports, a move set to unlock sales to the US and premium global buyers. The backward-forward integration model is supported by Medicamen Biotech's 200+ registered formulations marketed in Africa, Latin America, South East Asia, and CIS, and by partnerships such as JV with Mission Pharma. SRL's DSIR-accredited R&D facility at Bhiwadi (12,000 sq ft, 60+ scientists) is a critical enabler for regulatory filings, new contracts, and high-value molecule development.

Its fast-scaling API segment targets high-margin oncology and regulated markets. Recent capacity expansions and a USFDA-approved API block position SRL to capture export-driven growth and specialty pharma margin uplift through FY26-FY28.

Summary (Rs Mn)	FY21	FY22	FY23	FY24	FY25
Net Sales	1,956	2,070	2,340	2,715	3,096
EBIDTA	360	390	425	379	380
Net Profit	247	343	298	181	204
Diluted EPS	12.8	18.1	14.6	8.3	10.6
P/E (x)	32.0	22.7	28.1	49.4	38.7

Financial Information

Particulars (INR Mn)	FY21	FY22	FY23	FY24	FY25
Revenue from operations	1,956	2,070	2,340	2,715	3,096
Cost of material consumed	1,056	1,019	1,327	1,561	1,734
Purchase of stock-in-trade					
Changes in inventories	13	-78	-179	-162	-130
Gross Profit	887	1,129	1,193	1,317	1,491
<i>Gross Profit Margin</i>	45.4%	54.5%	51.0%	48.5%	48.2%
Employee Cost	212	298	369	467	550
Other Expenses	316	441	398	471	561
EBITDA	360	390	425	379	380
<i>EBITDA Margin</i>	18.4%	18.8%	18.2%	13.9%	12.3%
Depreciation	86	110	116	124	158
EBIT	274	280	309	255	222
Finance Cost	16	25	43	76	93
EBT before Other Income	258	255	265	179	129
Other Income	31	115	51	54	105
Exceptional items					
Profit Before Tax	289	370	317	233	234
Tax Expenses	43	27	18	52	30
<i>Effective Tax Rate</i>	14.7%	7.3%	5.8%	22.1%	12.8%
Profit After Tax	247	343	298	181	204
<i>Net Profit Margin</i>	12.6%	16.6%	12.7%	6.7%	6.6%

Segmental Information

Particulars (INR Mn)	FY21	FY22	FY23	FY24	FY25
Agrochemicals	849	964	859	885	1,417
Growth (YoY%) -RHS	40%	14%	-11%	3%	60%
Active Pharma Ingredient (API)	0	29	76	52	64
Growth (YoY%) -RHS	0%	0%	164%	-32%	23%
Pharma Formulation	1,127	1,154	1,409	1,793	1,625
Growth (YoY%) -RHS	-10.2%	2.4%	22.0%	27.3%	-9.3%

Manufacturing footprint:

Facility	Location	Capacity/Details	Status
Agro facility	Dehradun	1,450 MT annual, 95%+ utilization	Operational
Agro facility	Dahej-III	2,000 MT insecticides/fungicides	Operational (Sept 2024)
Pharma API	Dahej I/II	50,000 sq m, Onco & Non-Onco	USFDA approved (Oct 2024)
R&D Center	Bhiwadi	12,000 sq ft, 60+ scientists, DSIR approved	Operational
Formulation	Bhiwadi & Haridwar	General & oncology formulations	Operational/Expansion



R&D Facility at Bhiwadi (Rajasthan)



Agro & Specialty Chemical Facility at Dahej-III



Pharma API Facility at Dahej-II (Gujarat)



Agro-chemical Facility at Dehradun (Uttarakhand)

Business Model & Core Segments

Agrochemicals Division

Shivalik Rasayan's agrochemical business manufactures organophosphorus insecticides, led by Dimethoate Technical (India's largest) and Malathion Technical (second largest domestically). Its recent Dahej-III plant (2,000 MT/year, commercialized in Sep 2024) augments established capacity at Dehradun (1,450 MT/year, 95%+ utilization). The pipeline includes 20+ registered molecules covering newer AIs like Pymetrozine and Azoxystrobin alongside legacy intermediates. The business serves domestic and export markets, supported by five export registrations and a government-recognized DSIR R&D center. FY24 saw revenue pressure owing to global softness, but the segment remains the cashflow anchor for SRL.

- India's largest producer of international-quality Dimethoate Technical and second-largest producer of Malathion Technical.
- Manufactures organophosphorus-based insecticides and chemicals for plant protection.
- Total Dimethoate capacity expanded to 3,700 MT per annum (2,500 MT at Dahej, 1,200 MT at Dehradun) as of October 2024.
- New agrochemical facility at Dahej-III commissioned in September 2024 with 2,000 MT per annum capacity for insecticides and fungicides.
- Over 20 products registered for in-house development with 5 export registrations.

Exhibit 1: The segment delivered robust growth of 60% in FY25 on the back of new capacities

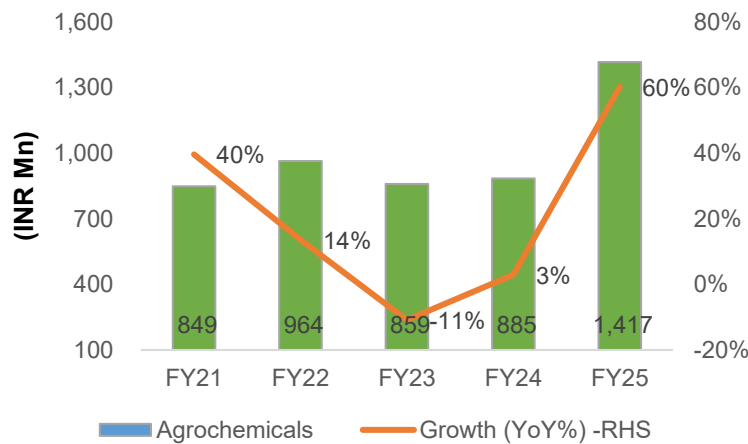


Exhibit 2: Revenue Mix – Agrochemicals has delivered strong growth in FY25

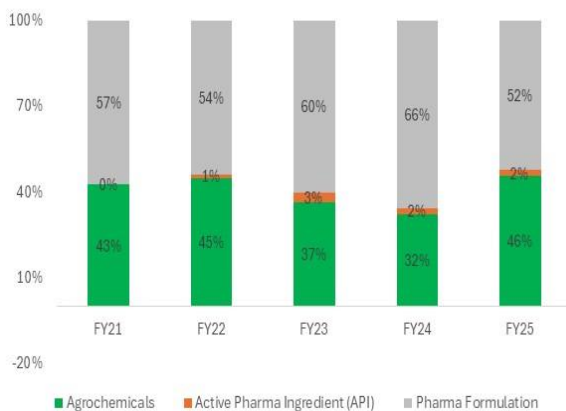
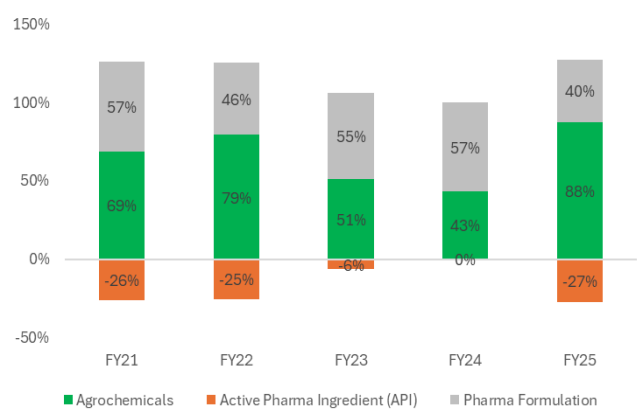


Exhibit 3: EBIT Mix – Agrochemicals growth is consistent over the period of 5 years



Product Portfolio

Insecticides

DIMETHOATE 98%
 CHLORANTRANILIPROLE 95%
 CHLOREFENAPYR 94%
 PYMETROZINE 98%
 NOVALURON 96%
 BIFENTHRIN 96%

Fungicides

AZOXYSTROBIN 98%
 TRIFLOXYSTROBIN 98%
 KRESOXIM-METHYL 98%

Formulations Business (via Medicamen Biotech)

Medicamen Biotech (subsidiary), anchors the company's formulation division with 200+ products in 30+ countries, focusing exports to Africa, LATAM, and CIS. Facilities at Bhiwadi provide oral solids/liquids and beta-lactam/non-beta-lactam manufacturing, with a new oncology plant under construction at Haridwar for USFDA/WHO compliance. The JV with Mission Pharma ensures stable orderflow and market access, creating captive demand for SRL APIs. Medicamen's turnaround has driven PAT from zero in FY16 to INR120 mn on INR 1.2 bn revenue. Approximately 80% of sales are exports; upcoming off-patent launches position the segment for sustained growth.

- Over 200 products registered across 30 countries, primarily serving African, Latin American, Far-East, and CIS markets.
- Joint venture with Mission Pharma (PharmaDanica/CFAO Toyota Group).
- Facilities at Bhiwadi (beta-lactam and non-beta-lactam) and upcoming oncology formulation facility at Haridwar

Exhibit 4: Majority of the sales are delivered by exports

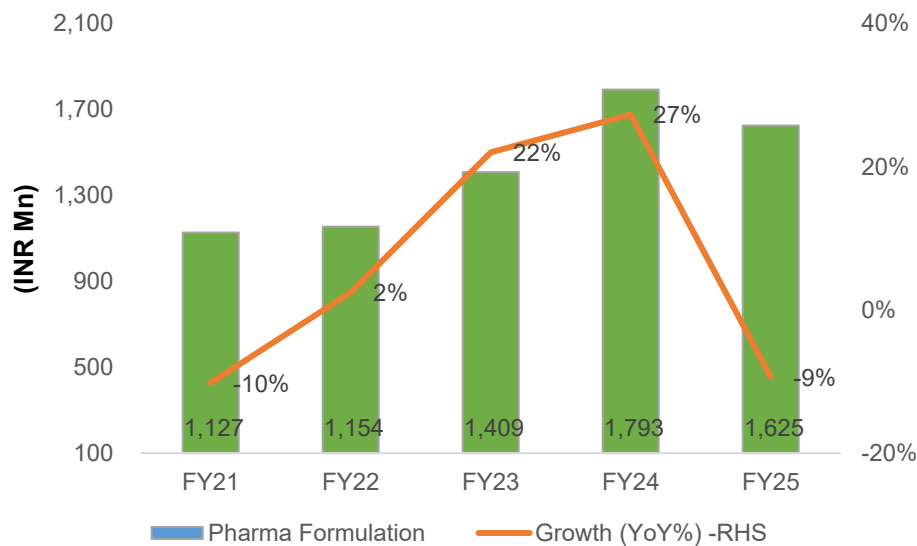


Exhibit 5: Revenue mix – Formulation delivered CAGR of 10% over FY21-FY25

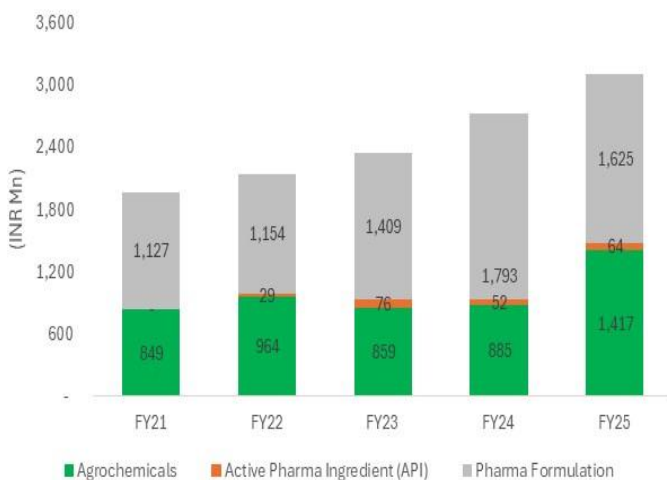
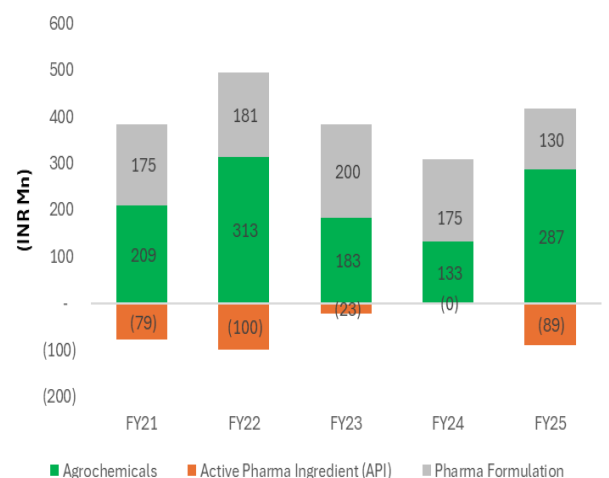


Exhibit 6 :EBIT Mix – Formulation EBIT is decreasing over FY23-FY25

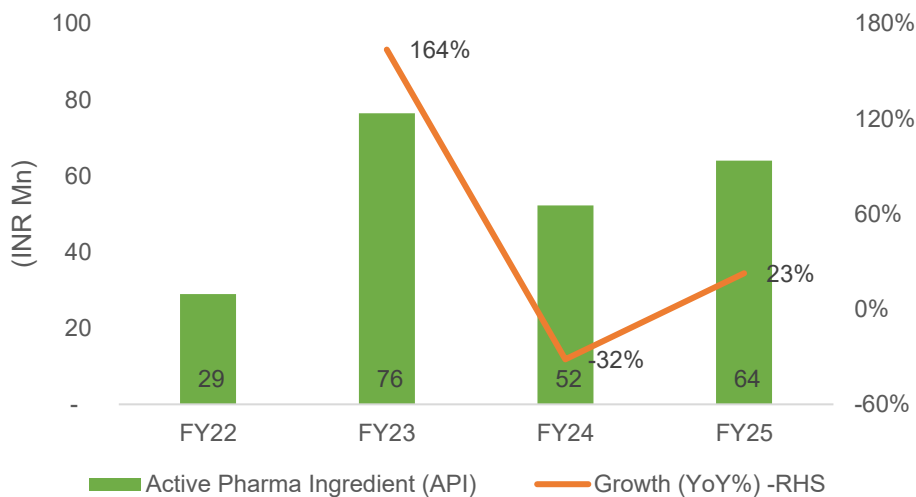


Pharmaceutical/API Division

SRL's API segment has become its core growth engine, specializing in oncology, ARV, CV, and immunology molecules for regulated markets. Its Dahej API facility (50,000 sqm, USFDA nod Oct 2024) enables the export of premium oncology APIs—Azacitidine, Busulfan, Bortezomib, Palbociclib—unlocking lucrative US market access and pricing advantages. Eight API blocks support both cytotoxic and non-oncology products, with backward integration for intermediates. SRL has filed DMFs for several molecules; R&D covers 25+ APIs under development. High margins (20%+) are projected as regulated market volumes ramp, potentially adding INR1.5 bn annually.

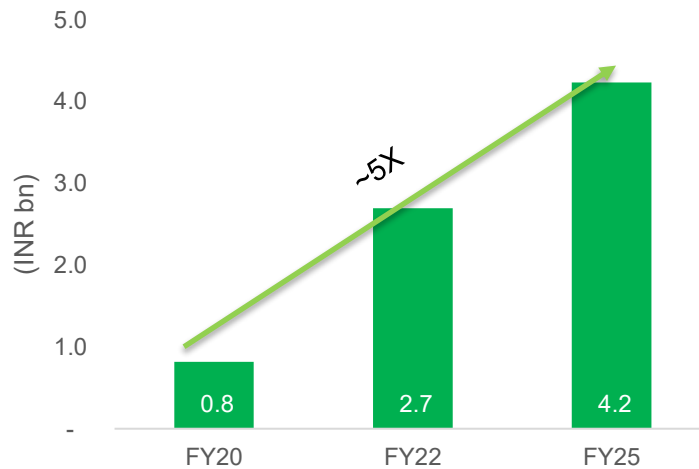
- Focus on oncology and non-oncology APIs in therapeutic areas including oncology, ARVs, cardiovascular, metabolic disorders, and immunology.
- Key oncology products: Azacitidine, Busulfan, Bortezomib, Palbociclib.
- USFDA-approved API facility at Dahej (Gujarat) – approval received October 2024 following April 2024 inspection.
- 50,000 sq meter greenfield pharma API facility at Dahej I/II operational since 2021.

Exhibit 7: API segment is becoming growth engine



Investment Argument:

Shivalik Rasayan stands at an inflection point, balancing substantial recent capital investments with the imperative to demonstrate operational and financial leverage. The USFDA approval for its API facility marks a watershed moment, potentially unlocking high-margin regulated market revenues that could meaningfully improve return ratios over the next 2-3 years. The company's position as India's largest Dimethoate producer and expanding footprint in next-generation agrochemicals provides defensive revenue stability, while the oncology API pipeline represents significant upside optionality.

Exhibit 8: Gross block has gone up ~5x over the last 5 years

The company's long-term outlook depends on successful scaling of its regulated API business, further cost control, and consolidation of new molecule launches to improve utilization and margin realization. Efficient capital allocation, higher utilization from new assets, and focused R&D commercialization are pertinent for sustainable improvement in return ratios.

Key Growth Catalysts

- USFDA approval for API facility unlocks US market access for high-margin oncology APIs.
- Dahej-III agrochemical facility ramp-up (commissioned Sept 2024) to drive volume growth.
- Filing of US Drug Master Files for Bortezomib and Palbociclib positions company for regulated market entry.
- Expansion into new-generation agrochemical molecules (Pymetrozine, Azoxystrobin).
- Integrated pharma model (API + formulations) through Medicamen synergy.

Strategic Growth Drivers

SRL's latest business strategy is anchored on three vectors: scaling regulated market oncology APIs by using USFDA-certified infrastructure, ramping up agrochemical volumes at Dahej and introducing new molecules, and driving high-value innovation through the Bhiwadi R&D center. Early DMF filings in the US for molecules such as Bortezomib and Palbociclib, and volume expansion of legacy technicals, are expected to catalyze sales and margin uplift in FY26–FY28.

- **API Focus: Oncology and non-oncology API development with USFDA compliance.**
 - USFDA-certified Dahej unit unlocks US market for oncology APS.
 - US DMF filed for Bortezomib, Palbociclib.
- **Agrochemical Expansion: Capacity expansions and new molecule development.**
 - Dahej-III 2,000MT plant commissioning, new molecule launches.
 - Pymetrozine/Azoxystrobin registration (pipeline growth).
- **Medicamen Synergy: Integrated API + formulations model model boosts margins, doubles export reach.**
 - Backward/Forward API formulation integration, higher R&D throughput.
 - Long-term partnership (Mission Pharma) ensures stable export order flow.
- **R&D-Centric Innovation: DSIR-approved R&D center driving new product pipeline.**
 - DSIR- certified centre (Bhiwadi); 60+scientists.
 - New generation molecules under development.

Exhibit 9: Revenue Mix in FY25

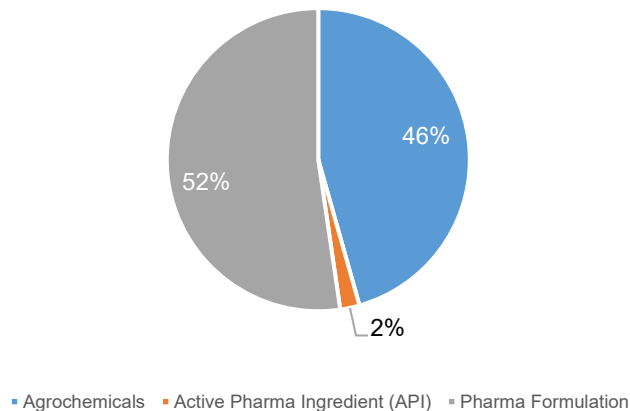


Exhibit 10: EBIT Margins of Segments

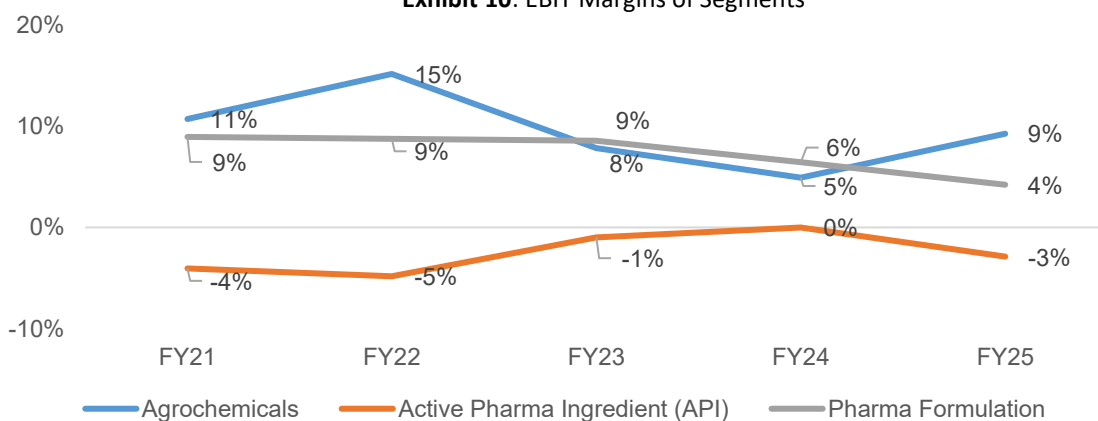


Exhibit 11: Net sales and YoY Growth(%)

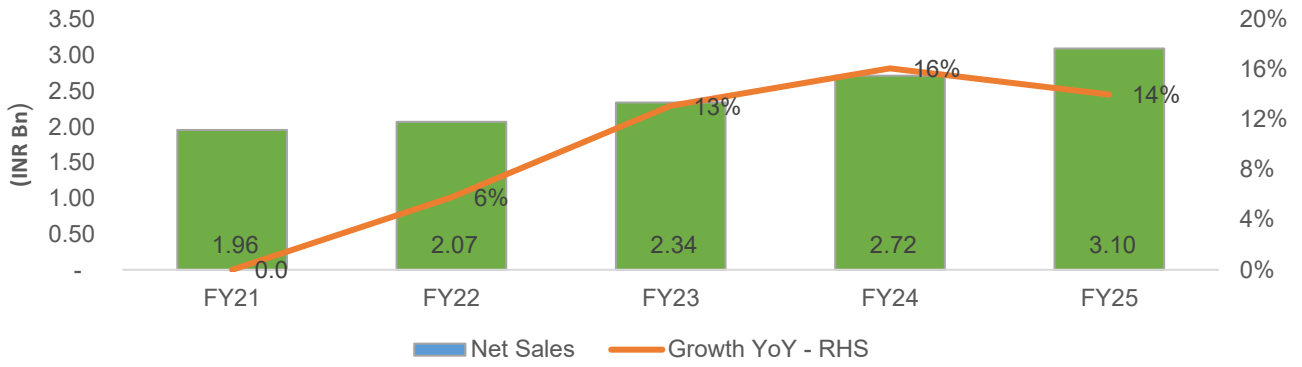


Exhibit 12: EBITDA and YoY Growth(%)

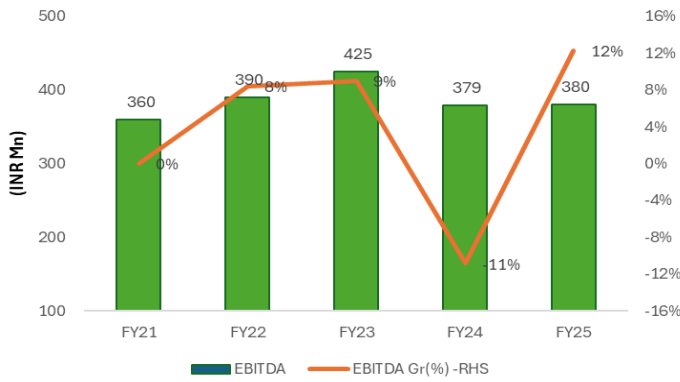


Exhibit 13: PAT and YoY Growth(%)

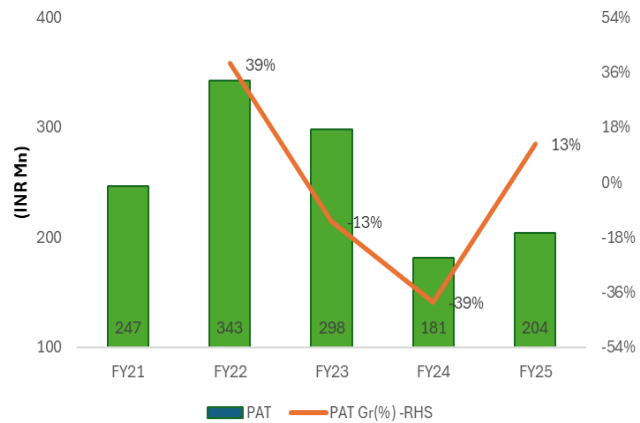


Exhibit 15: EBITDA and Margins (%)

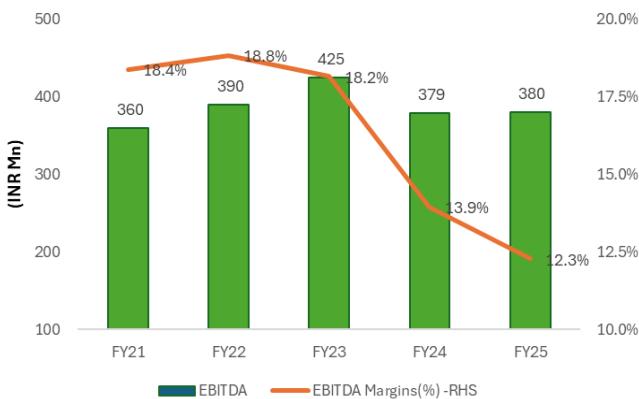
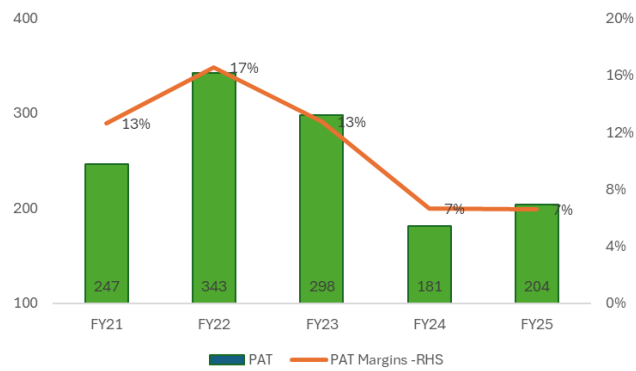


Exhibit 16: PAT and Margins (%)



Key risks:

The investment thesis hinges on SRL's ability to transition from a capacity-building phase to a value-realization phase. The next 12-24 months will be definitive: sustained revenue growth above 20%, operating margin recovery toward 12-15%, and ROE improvement toward double digits would validate the expansion strategy. Conversely, persistent single-digit returns and margin erosion would signal structural competitive disadvantages that capital deployment alone cannot overcome.

Key monitorables:

- Successful commercialization and volume ramp of USFDA-approved APIs with demonstrated margin accretion.
- Utilization trajectory and profitability improvement at the newly commissioned Dahej-III agrochemical facility.
- The company's ability to narrow the substantial ROE/ROCE gap versus industry leaders through improved capital efficiency and operating leverage.

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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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