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Q1FY27 – Result Update
21st July 2027

Rallis India Ltd.

Strong Domestic Resilience Amid Weather Challenges, Seeds Segment Improves Mix

CMP: INR 231
Target Price: INR 299
Rating: Buy

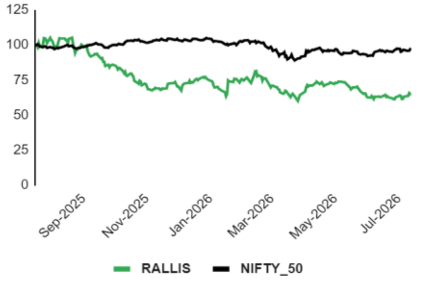
Stock Info	
BSE	500355
NSE	RALLIS
Bloomberg	RALLIS:IN
Reuters	RALLIS.BO
Sector	Agrochemicals
Face Value (INR)	1
Equity Capital (INR Mn)	190
Mkt Cap (INR Mn)	44,400
52w H/L (INR)	386 / 216
Avg. Yearly Volume (in 000')	880

Shareholding Pattern %
(As on Jun, 2025)

Promoters	55.08
DIIs	11.32
FIIs	11.55
Others	22.05

Stock Performance (%)	1M	6M	1Y
Rallis India	-1.77	-2.57	-36.68
Nifty 50	0.27	-3.93	-3.68

Rallis India Vs Nifty



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Resilient top line into Kharif; headline margin/PAT flattered by a one-off. Rallis delivered a steady operational quarter against a genuinely tough backdrop - delayed monsoon, ~15% below-normal cumulative rainfall through early July, a cash-strapped trade channel, and aggressive Chinese pricing in exports. Domestic B2C (+19% YoY, volume-led) was the clear engine, more than offsetting a sharp B2B/exports contraction. However, the optically strong +23% EBITDA / +31% PAT prints are substantially aided by INR 350mn employee-cost provision reversal; adjusted for this, EBITDA was broadly flat YoY. We view the quarter as an in-line-to-modestly-resilient operational performance rather than a genuine earnings step-up, we maintain our "BUY" rating.

Crop Care — domestic strong, exports weak: Domestic B2C grew a robust 19% YoY on 15% volume growth, led by Crop Protection (+18%, 16% volume-led). Soil & Plant Health (+10%) was largely price-driven (+13% pricing). Exports were the soft spot - management cited ~35% export volume de-growth, driven by weak Pendimethalin demand in Europe and aggressive Chinese pricing competition, which particularly hurt SFA, hexaconazole and related catalogue products. CSM revenue nearly doubled YoY to INR 240mn on a KKC volume rebound. Net, total B2B fell 19% YoY (−26% volume).

Seeds- price-led, mix-rich: Revenue grew 6% YoY, driven mainly by price. Management flagged softness in North and South cotton-seed markets amid intense competition, plus supply-chain delays (dryer/facility shortages, labour constraints) pushing full seed-liquidation visibility to end-July. Encouragingly, segment margin improved from 26% to 30%, driven by product mix — rice/maize/millet carry higher margins than government price-controlled cotton.

Tough Macro but with silver linings: Domestic crop-protection industry expected to grow 6–8% for the full year; seeds high-single-digit. Chili and sugarcane positive this year (chili recovering from a poor prior year on low commodity prices); rice, maize and millet the growth drivers; cotton-seed production subdued on reduced planting and illegal HTBt spread. Company's competitive edge to come from sharper R&D focus, portfolio diversification (seed / soil / plant health) and digital-driven outreach; deliberate exit from non-competitive areas (vegetable seeds, GM crops); structural push toward biologicals and high-margin sustainable products.

Outlook & Valuation:
Resilient top line into Kharif; headline margin/PAT flattered by a one-off-look through it. Rallis delivered a steady operational quarter against a genuinely tough backdrop- delayed monsoon, ~15% below-normal cumulative rainfall through early July. We view the quarter as an in-line-to-modestly-resilient operational performance rather than a genuine earnings step-up and would frame the valuation around underlying (ex-one-off) trends and the volume-led growth now pivoting to management's guidance. **We have reduced our target price to INR 299, as we roll-forward to FY28e EPS of INR 14.9, while we reduce the multiple to 20x and maintain "BUY" with an upside of 31%.**

Financials

Particulars (INR Mn)	FY24	FY25	FY26	FY27E	FY28E
Revenues	2,648	2,663	2,897	3,418	4,171
EBITDA	311	286	361	409	515
PAT	148	125	184	228	291
EPS	7.60	6.43	9.46	11.73	14.95
EBIDTA Margin	11.7%	10.7%	12.5%	12.0%	12.4%
ROCE	10.8%	8.7%	12.3%	12.6%	14.7%

Source: Company, Arihant Research

Quarterly Result

Rallis India Ltd Q1FY27

Particulars (INR Mn)	Q1FY27	Q4FY26	Q1FY26	QoQ	YoY
Revenue from operations	**10,220**	**4,560**	**9,570**	**124.1%**	**6.8%**
Cost of material consumed	6,180	3,420	4,730	80.7%	30.7%
Purchase of stock-in-trade	1,360	600	1,330	126.7%	2.3%
Changes in inventories	-1,170	-1,440	40	-18.8%	-3025.0%
Gross Profit	**3,850**	**1,980**	**3,470**	**94.4%**	**11.0%**
Gross Profit Margin	37.7%	43.4%	36.3%	-575bps	141bps
Employee Cost	520	720	670	-27.8%	-22.4%
Other Expenses	1,480	1,270	1,300	16.5%	13.8%
EBITDA	**1,850**	**-10**	**1,500**	**-18600.0%**	**23.3%**
EBITDA Margin	18.1%	-0.2%	15.7%	1832bps	243bps
Depreciation	300	290	290	3.4%	3.4%
EBIT	**1550**	**-300**	**1210**	**-616.7%**	**28.1%**
Finance Cost	20	10	40	100.0%	-50.0%
EBT before Other Income	1,530	-310	1,170	-593.5%	30.8%
Other Income	130	110	120	18.2%	8.3%
Exceptional items	20	30	0	-33.3%	#DIV/0!
Profit Before Tax	**1,680**	**-170**	**1,290**	**-1088.2%**	**30.2%**
Tax Expenses	430	-20	340	-2250.0%	26.5%
Effective Tax Rate	25.6%	11.8%	26.4%	1383bps	-76bps
Profit After Tax	**1,250**	**-150**	**950**	**-933.3%**	**31.6%**
Net Profit Margin	12.2%	-3.3%	9.9%	1552bps	230bps
EPS (INR per share)	6.35	-0.9	4.9		

Q1 Operating Context & Highlights

- Several factors impacted planning including war in the west Asia, which led to panic buying of commodities with significant price increases.
- Overall demand was subdued, with severe heatwave in Q1, delayed sowings due to delayed onset of monsoon, farmer crop switch, reduction in cotton acreages coupled with extensive spread of illegal HTBT cotton.
- Trade channels rushed to secure fertilizer, which resulted in cash crunch for Crop Protection causing conservative inventory stocking and slower liquidation.
- Domestic formulations: growth driven by aggressive preplacement, liquidation efforts, and drive for volume scale up
- Digital marketing interventions continue to promote products through Anubandh Edge Schemes, Farmers QR Code/ Reward Schemes, and enhancement in Sampark+.
- Launched 4 new products Balwan (H), Prodim Ultra (H) and Kengen (I) and Aquafert Ginger & Turmeric (SPH)
- Seeds business launched 2 new cotton hybrids for North India, Herbicide Tolerant Direct Seed Rice introduced in Dhaanya Brand and promoted short duration Bajra due to delayed rains. Total 9 products were launched across Cotton, Millet and Paddy.

Overall demand was subdued with driest June in last 12 years, delayed Kharif sowings, crop shifts and reduction in cotton acreages

Source: Company, Arihant Research

Q1FY27 Concall Highlights

Financial performance

Revenue for Q1 FY27 came in at INR 1,022 crore versus INR 977 crore in Q1 FY26, up 7% YoY, split roughly 2% volume growth and 5% price-led growth. EBITDA grew 23% YoY to INR 184 crore from INR 150 crore, and PAT rose 31% YoY to INR 125 crore from INR 95 crore, aided by an exceptional gain of INR 2 crore from a property sale.

Segment performance

- Crop Care revenue grew 7% YoY to INR 697 crore, with domestic B2C up a strong 19% YoY to INR 534 crore on 15% volume growth.
- Within domestic, Crop Protection grew 18% YoY to INR 455 crore (16% volume-led), while Soil & Plant Health grew 10% YoY to INR 62 crore, largely price-led (+13%).
- Exports were mixed: management cited a headline export decline (~35% volume degrowth) driven by weak Pendimethalin demand in Europe and aggressive Chinese pricing competition, particularly hurting SFA, hexaconazole and related catalogue products; CSM (contract manufacturing) revenue nearly doubled YoY to INR 24 crore on a KKC volume rebound.
- Total B2B revenue declined 19% YoY to INR 163 crore on a 26% volume decline.
- Seeds revenue grew 6% YoY to INR 325 crore, driven mainly by price; the company flagged softness in North and South cotton seed markets amid intense competition, and supply-chain delays (dryer/facility shortages, labour constraints) that pushed full seed liquidation visibility out to end-July.

Macro/demand backdrop

Management described a weak demand, high-cost environment through Q1 - delayed monsoon onset, ~15% below-normal cumulative rainfall as of early July (with signs of recovery since), aggressive pre-price-hike channel filling in March, and a cash-strapped trade channel (due to fertiliser prioritization) that constrained crop-protection stocking. Kharif sowing progress, initially ~17% behind last year, was said to be catching up. Cotton acreage is expected to decline structurally (illegal Herbicide-Tolerant Bt cotton spread, decline in Punjab/Haryana area, rain-fed South-Central weakness), while paddy, maize and millet are relative bright spots where Rallis has recently launched new products.

Pricing/margin outlook

Management indicated most of the price increases needed to offset input cost inflation have already been taken (mid-season hikes are difficult), with future growth expected to be predominantly volume-led rather than price-led. Cost pass-through has been partial in some product lines. Channel inventory, elevated a month ago, was described as now largely normalized, though soybean is seeing a shift toward post-emergence herbicide demand over pre-emergence.

Innovation/digital initiatives

The company launched 4 new crop care products (herbicide, insecticide, and a soil/plant health product for ginger and turmeric) and 9 new seed products, including herbicide-tolerant direct-seeded rice (Dhanya brand) and a short-duration Bajra variety. Digital initiatives (Anubandh Edge retailer platform with 56,000+ registrations, farmer QR code scheme, "Idea to Impact" open-innovation platform with 40 applications and 2 pilots) continue to be scaled as part of a broader push toward biologicals and high-margin, sustainable products.

Balance sheet

Inventory remained elevated YoY at quarter-end; collections were smooth; cash and liquid balance stood at INR 309 crore as of June 30, FY27.

Raw materials

Prices had cooled after an MOU between two countries, but recent developments (last 5-7 days) are being watched; significant tapering from peak levels, with clearer visibility expected once Rabi season buying starts in August.

Long-term strategy

- Competitive edge will come from sharper R&D focus, portfolio diversification (seed, soil, and plant health), and digital-driven customer outreach; company has deliberately exited non-competitive areas like vegetable seeds and GM crops.
- Crop-specific outlook: Chili and sugarcane both look positive this year (chili had a bad prior year due to low commodity prices); cotton seed production is expected to be subdued due to reduced planting and illegal HTBt cotton spread, while rice, maize, and millet are this year's growth drivers.
- Seed margins: Improved from 26% to 30%, driven mainly by product mix — rice/maize/millet carry higher margins than government price-controlled cotton.
- Financials: A INR 35 crore employee cost provision reversal this quarter included ~INR 11 crore of recurring incentive true-up and ~INR 24 crore of one-time restructuring/retirement costs; underlying cost growth is around 12-14%, in line with inflation.
- Full-year guidance: Domestic crop protection industry expected to grow 6-8%, with seeds growing in high single digits.
- Channel inventory: Normalized now, though it was worrisome a month ago; demand has shifted from pre-emergent to post-emergent services as farmers wait to confirm crop emergence before spending.
- Returns/provisioning: Management plans to be more cautious this year, erring toward higher provisions given market uncertainty, using AI-driven models plus dealer/customer feedback.

Key risks flagged by management

Below-normal monsoon/El Nino risk and its effect on Kharif acreage (especially cotton), continued Chinese pricing pressure on catalogue export products (notably SFA), Middle East conflict-driven volatility in energy/freight costs, and working-capital stress among smaller unorganized competitors - which management framed as a share-gain opportunity for organized players like Rallis.

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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