

Healthy performance driven by broad based volume growth

CMP: INR 236

Target Price: INR 330

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)	68,657
52w H/L (INR)	386 / 196
Avg. Yearly Volume (in 000')	920.621

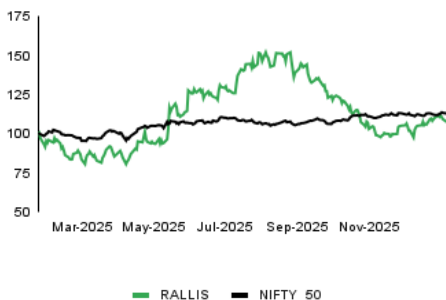
Shareholding Pattern %

(As on Jun, 2025)

Promoters	55.08
DIs	13.78
FIs	11.41
Others	19.71

Stock Performance (%)	1M	6M	1Y
Rallis India	-14.03	-35	-5.90
Nifty 50	-3.88	0.39	8.65

Rallis India Vs Nifty



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Rallis delivered a resilient Q3 performance amid weak industry backdrop (stressed demand from weather/crop prices, elevated channel stocks), driven by volume-led growth across segments and early signs of rabi acreage tailwinds. Management remains focused on double-digit revenue growth over 5 years with 500 bps blended EBITDA margin expansion. Near-term export pricing pressure from China persists but China VAT rebate cut from Apr-26 is expected to augur well for realisations. We remain positive about the volume driven growth despite tepid industry scenario, however, have trimmed our target multiple from 27x to 25x give near term industry headwinds. We roll forward our EPS to Q3FY28 and assign a “BUY” rating with a target price of INR 330.

Volume-Led Revenue Resilience: Rallis India’s Q3FY26 topline grew 19% YoY to INR 6.2 bn, driven by 28% volume expansion offset by 8% pricing decline amid weak industry demand due to adverse agronomical conditions, low crop prices, and elevated channel stocks. Crop care grew 13% YoY to INR 5.6 bn (domestic B2C +18% on fungicide volumes/new launches like Fateh Next, B2B exports/CSM +73% to INR 1.3 bn on acephate/metribuzin), Seeds delivered 46% YoY to INR 430 mn driven by paddy/mustard/wheat, while soil health grew 16% to INR 730 mn. Management outlook remains constructive with rabi acreage up 3% YoY, Q4 inventory liquidation, and healthy placements despite Oct rains, targeting double-digit revenue CAGR over five years.

EBITDA Expansion Amid One-Offs: Q3FY26 EBITDA was up 29% YoY to INR 580 mn on improving operating leverage on robust volume growth coupled with cost optimisation, though PAT declined 81% YoY to INR 20 mn due to INR 400 mn exceptional gratuity provision from wage code adjustments, Adj. PAT stood at INR 268 mn (up 144% YoY). Blended B2B EBITDA was around 30% (exports high-20s, domestic mid-teens on the back of RM/new customers); seeds margins is expected to improve with volume growth and R&D efficiency. 9MFY26 profitability supported healthy cash at INR 4.6 bn despite slightly elevated inventories.

Outlook & Valuations: Management strategy emphasises double-digit revenue growth and 500 bps blended EBITDA margin expansion over five years driven supported by new product launches (9 in 9M), digital initiatives (Sampark Plus app, Idea-to-Impact platform), regulatory compliance (soil health migration), and inorganic opportunities using INR 4.55 bn cash. Exports face near-term China pricing pressure but benefit from Apr-26 VAT rebate cut; focus on LatAm registrations/partners amid FY27 tariff uncertainties. We believe the strategic initiatives will augur well for long term margin accretive growth in B2C business while volume growth in Exports business is likely to bring operating leverage gains, however near term demand look tepid and **trimmed our target multiple from 27x to 25x give near term industry headwinds. We roll forward our EPS to Q3FY28 and assign a “BUY” rating with a target price of INR 330.**

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E	FY24
Revenues	2,648	2,663	2,881	3,227	3,711	2,648
EBITDA	311	286	339	410	501	311
PAT	148	125	170	214	268	148
EPS	7.60	6.43	8.76	10.98	13.76	7.60
EBIDTA Margin	11.75%	10.74%	11.75%	12.70%	13.50%	11.75%
ROCE	10.77%	8.72%	10.59%	12.50%	14.42%	10.77%

Source: Company, Arihant Research

Quarterly Result

Particulars (INR Mn)	Q3FY26	Q2FY26	Q3FY25	YoY	QoQ
Revenue from operations	6,230	8,610	5,220	19.3%	-27.6%
Cost of material consumed	3,230	4,410	2,710	19.2%	-26.8%
Purchase of stock-in-trade	270	530	230	17.4%	-49.1%
Changes in inventories	120	30	-120	-200.0%	300.0%
Gross Profit	2,610	3,640	2,400	8.7%	-28.3%
<i>Gross Profit Margin</i>	41.9%	42.3%	46.0%	-408bps	-38bps
Employee Cost	700	740	710	-1.4%	-5.4%
Other Expenses	1,330	1,360	1,250	6.4%	-2.2%
EBITDA	580	1,540	440	31.8%	-62.3%
<i>EBITDA Margin</i>	9.3%	17.9%	8.4%	88bps	-858bps
Depreciation	290	300	290	0.0%	-3.3%
EBIT	290	1,240	150	93.3%	-76.6%
Finance Cost	20	30	20	0.0%	-33.3%
EBT before Other Income	270	1,210	130	107.7%	-77.7%
Other Income	90	100	60	50.0%	-10.0%
Exceptional items	-350	60	0	#DIV/0!	-683.3%
Profit Before Tax	10	1,370	190	-94.7%	-99.3%
Tax Expenses	-10	350	80	-112.5%	-102.9%
<i>Effective Tax Rate</i>	-100.0%	25.5%	42.1%	-14211bps	-12555bps
Profit After Tax	20	1,020	110	-81.8%	-98.0%
<i>Net Profit Margin</i>	0.3%	11.8%	2.1%	-179bps	-1153bps

Source: Company, Arianth Research

Q3FY26 Concall Takeaways:

Rallis delivered resilient Q3 performance amid weak industry backdrop (stressed demand from weather/crop prices, elevated channel stocks), driven by volume-led growth across segments and early signs of rabi acreage tailwinds. Management remains focused on double-digit revenue growth aspiration over 5 years with 500 bps blended EBITDA margin expansion, supported by new product launches (9 in 9M), digital initiatives (Sampark Plus app, Idea-to-Impact platform), regulatory compliance (soil health migration), and inorganic opportunities using INR 4.55 bn cash pile; near-term export pricing pressure from China persists but China VAT rebate cut from Apr-26 seen as positive.

Domestic Crop Care (B2C)

- +18% YoY to INR 560 mn (Q3), led by volume expansion (fungicides strong on potato/cumin), new launches, digital engagement.
- Key technicals: metribuzin/pendimethalin volumes > Q3 FY25; hexaconazole/acephate constrained.
- Q3 launch: Fateh Next (wheat herbicide); 9M: 9 launches (7 herbicides, 2 fungicides).
- Placement healthy despite unseasonal Oct rains/crop damage; Q4 inventory liquidation expected as rabi season progresses (sprays through Jan-Mar).
- Domestic volume +12%, price -32%, cost +12% (Q3 B2C).

Exports (B2B)

- Exports +73% to INR 129 mn (Q3; volume-led, customer base expansion, plant utilisation up); 9M B2B +22% to INR 590 mn.
- Key AIs: acephate, metribuzin, hexaconazole, metalaxy; CSM +26% to INR 46 mn (Q3).
- Blended B2B EBITDA >30% (>20% exports catalog, mid-teens domestic institutional); technical margins improving via RM optimisation/new customers.
- China VAT rebate discontinuation (Apr-26) positive (consolidation, potential pricing up); China technical production up YoY signals capacity glut.
- FY27 uncertain (tariffs, LatAm crop prices softening); focus: registrations/partners/on-ground presence.

Seed business

- Q3 revenue +46% to INR 43 mn (paddy/mustard/wheat volumes); 9M cotton/maize/licensed products strong.
- Rabi acreage +3% YoY (wheat/oilseeds/pulses as of early Jan-26) supportive for Q4/kharif placement.
- Strategic focus: 5 crops (cotton, maize, millet, mustard, rice) for scale/efficiency; digital-led penetration.
- Margin expansion via operating leverage (RD/fixed costs stable); aspiration: INR 1 bn revenue in 5 years.
- Sufficient inventory planned for upcoming season (Digvijay/all crops); supply challenges (kharif FY25) addressed.

Industry Highlights

- Domestic: Weak kharif (kharif crops 9-30% below MSP); rabi supportive; industry FY26 +3-4% to USD 25-26 bn.
- Exports: China dominant (99% non-US glyphosate); global crop protection USD 75 bn (+5% CAGR); Indian exports +5-6% (US/Brazil).
- Positives: Draft pesticide/seed bills (quality control, traceability) favour organised players.
- Weather: Neutral ENSO/negative IOD reduces extremes.
- Risks: Chinese pricing/dumping, rapid technical resets (glyphosate etc.), channel inventory liquidation in Q4

Other Highlights

- Digital: Sampark Plus app (unified field ops/demand creation); Idea-to-Impact (open innovation with startups/researchers).
- Partnerships: Pariyan Alliance (herbicide-tolerant rice tech).
- IP: Indian patent (3-way wheat herbicide); US patent (mesotrione).
- Operations: Portfolio rationalisation, territory optimisation, cost simplification; plant utilisation improved YoY.
- M&A: Cash hoard eyed for inorganic growth in crop care/seeds/soil health.

Financials

Income Statement						
P&L (INR Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	2,967	2,648	2,663	2,881	3,227	3,711
<i>Change (%)</i>	13.9%	-10.7%	0.6%	8.2%	12.0%	15.0%
Cost of Goods Sold	1,943	1,578	1,581	1,740	1,936	2,208
Employee costs	256	262	275	284	307	349
Other expenses	550	498	521	519	574	653
Total operating Expense	2,749	2,337	2,377	2,543	2,817	3,210
EBITDA	218	311	286	339	410	501
Other Income	13	43%	-8%	18%	21%	22%
Depreciation	91	12%	11%	12%	13%	14%
Interest	12	16	32	35	39	45
PBT	127	114	120	130	145	167
Extra-ordinary	1	18	12	13	15	17
PBT after ext-ord.	128	195	186	230	289	362
Tax	36	1	1	0	0	0
<i>Rate (%)</i>	28.2%	196	187	230	289	362
PAT	92	48	62	60	75	94
<i>Change (%)</i>	-44.0%	24.4%	33.2%	26.0%	26.0%	26.0%

Balance Sheet						
Balance Sheet (INR Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	19	19	19	19	19	19
Reserves & Surplus	1,711	1,810	1,885	1,950	2,095	2,295
Net Worth	1,730	1,829	1,904	1,969	2,115	2,314
Long term debt	24	1	1	0	0	0
Short term debt	113	112	101	51	51	51
Total Debt	137	113	102	51	51	51
Deferred Tax & other liabilities	55	2	16	17	19	22
Current liabilities	865	1,006	941	1,215	1,314	1,452
Provisions	11	52	12	14	17	20
Total Liabilities	2,798	3,003	2,974	3,266	3,516	3,861
Net Block	520	661	623	685	719	755
Capital Work-in-Progress	179	19	25	50	50	51
Other Non-Current Assets	454	543	461	429	389	351
Net fixed assets	1,153	1,223	1,109	1,164	1,158	1,158
Investments	219	247	408	389	589	839
Debtors	499	579	541	497	557	641
Inventories	793	808	751	710	707	813
Cash & bank balance	46	32	31	372	371	276
Loans & advances & other CA	87	114	134	134	134	134
Total current assets	1,644	1,780	1,866	2,102	2,358	2,703
Total Assets	2,798	3,003	2,975	3,266	3,516	3,861

Source: Company, Arianth Research

Cash Flow Statement						
Cash Flow Statement (INR Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax (PBT)	92	148	125	170	214	268
Depreciation	91	114	120	130	145	167
Chg in working cap	55	(116)	31	358	43	(51)
Tax Paid	20	(39)	7	2	3	4
Other Operating cash flow	12	18	12	13	15	17
Others	(0)	2	(20)	(22)	(24)	(28)
Net Operating Cash Flow	200	41	195	571	313	292
Capital Expenditure	(80)	(255)	(82)	(192)	(180)	(203)
Free Cash Flow	280	297	277	763	492	495
Investments	(11)	(28)	(161)	19	(200)	(250)
Other Investing cash flows	(88)	87	108	42	79	81
Cash Flow from Investing	(179)	(196)	(135)	(131)	(301)	(373)
Equity Capital Raised / (Repaid)	0	0	0	0	0	0
Debt raised / (Repaid)	20	110	(71)	(51)	(1)	(1)
Dividend paid (incl tax)	58	68	68	68	68	68
Other Financing Cash Flow	(58)	12	(9)	(11)	(12)	(13)
Cash Flow from Financing	(39)	141	(61)	(99)	(13)	(14)
Net change in cash	(17)	(14)	(1)	341	(1)	(95)
Opening cash	63	46	32	31	372	371
Closing Cash	46	32	31	372	371	276

Key Ratios						
Key Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E
Per share (Rs)						
EPS	4.7	7.6	6.4	8.8	11.0	13.8
CEPS	9.4	13.5	12.6	15.4	18.5	22.4
BVPS	89.0	94.1	97.9	101.3	108.8	119.0
Valuation (x)						
P/E	61.5	38.3	43.6	31.9	25.5	20.3
P/CEPS	30.9	21.6	22.2	18.1	15.2	12.5
P/BV	3.3	3.1	2.9	2.8	2.6	2.4
EV/EBITDA	26.3	18.1	18.9	15.0	12.4	10.3
Return Ratios (%)						
Gross Margin	34.5%	40.4%	40.6%	39.6%	40.0%	40.5%
EBIDTA Margin	7.4%	11.7%	10.7%	11.7%	12.7%	13.5%
PAT Margin	3.1%	5.6%	4.7%	5.9%	6.6%	7.2%
ROE	5.3%	8.1%	6.6%	8.7%	10.1%	11.6%
ROCE	6.8%	10.8%	8.7%	10.6%	12.5%	14.4%
Leverage Ratio (%)						
Total D/E	0.1	0.0	0.0	0.0	0.0	0.0
Turnover Ratios						
Asset Turnover (x)	1.1	0.9	0.9	0.9	0.9	1.0
Inventory Days	125	120	100	90	80	80
Receivable Days	63	63	63	63	63	63
Payable days	103	83	74	103	103	103

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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