Rallis India Limited (RALIND)

ICICI Direct

CMP: ₹220 | Target ₹ 265 (20%) | Target Period: 12 months | BUY

July 28, 2026

Moving towards a balanced model amid volatility…

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.
- In Q1FY27, Crop care accounted for 68% of overall revenues while the Seeds business accounted for 32% of the revenues.

Result Performance and Investment Rationale:

- **Rallis India Q1FY27: Decent print despite high base:** Revenues stood at ₹1,022 crore, up 7% YoY. Segment wise, Crop care (68% of the revenues) reported an uptick of 7% YoY to ₹697 crore. Seeds (32% of revenue) reported an uptick of 7% YoY to ₹325 crore. GPM for the quarter stood at 37.7%, up ~140 bps YoY. EBITDA for the quarter stood at ₹185 crore, up 23% YoY, translating to margins of 18.1%, up ~240 bps YoY. The growth was primarily driven by better volume growth in Crop care and optimisation of fixed costs. EBITDA for the Crop care business came in at ₹86 crore, up ~23% YoY and ₹99 crore for the Seeds business, up ~24% YoY. PAT for the quarter stood at ₹125 crore, up 32% YoY.
- **Commendable numbers under adverse circumstances:** Despite strong headwinds such as war situation, delayed monsoon and Kharif sowings, severe heatwave impacting labour productivity among others, the company delivered a decent performance supported by growth in both its Crop care and Seeds businesses. Also note that the Q1FY26 base was exceptionally high, with early monsoon onset and sowing. Crop care growth was primarily driven by a strong 19% increase in the domestic B2C segment and three new launches (2 herbicides and one pesticide). On the other hand, Seeds business growth was driven by nine new launches across Cotton, Paddy, and Millet crops, including two new Cotton hybrids for North India and an Herbicide Tolerant Direct Seed Rice product under the Dhaanya brand. B2B exports were down 16% YoY due to challenging global environment, but on the bright site, the CSM business witnessed balanced performance with volume uptick in select products, offsetting volume shortfall in few other products.
- **Long term aspirational targest depends on porduct focus and execution:** While in the near term, current stock liquidation and sowing pattern remains to be key monitorable, the management has maintained its aspirational double-digit revenues growth and~15% EBITDA margins targets. Strong traction in Seeds and Soil & Plant Health, along with improving contribution from CSM and exports is expected to strengthen growth visibility. The company may continue to witness quarterly gyrations due the vagaries of monsoon but focus on new launches and performance resilience is likely to strengthen the yearly numbers. The company offers a reasonable risk-reward proposition at the current level.

Rating and Target Price: Our Target Price is ₹265 based on 10x EV/EBITDA of ₹437.2 crore

RALLIS INDIA LIMITED
A TATA Enterprise

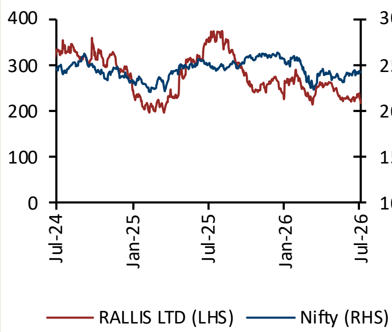
Particulars

Particular	₹ crore
Market Capitalization	4,365
Total Debt (FY26)	61
Cash & Invests (FY26)	548
EV	3,878
52-week H/L (₹)	386/216
Equity capital (₹)	19
Face value (₹)	1

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	55.1	55.1	55.1	55.1
FII	14.2	12.1	11.5	9.1
DII	11.2	11.3	11.3	11.7
Other	19.1	21.2	21.6	23.7

Price Chart



Key risks

- Adverse and unpredictable weather patterns
- Pricing pressure and de-stocking risk in the exports

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	2,648.0	2,663.0	2,897.0	4.6%	3,172.1	3,473.7	9.5%
EBITDA	311.0	286.0	361.0	7.7%	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	17.5%	234.7	260.0	13.1%
Adj. EPS (₹)	7.6	6.4	10.7		12.4	13.7	
EV/EBITDA	13.6x	14.0x	10.5x		9.4x	8.3x	
P/E	29.6x	35.0x	23.2x		18.2x	16.4x	
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

Q1FY27 Earnings Conference Call Highlights

Crop care Business-

- Domestic Crop Care delivered 19% YoY growth, driven by 15% volume growth, supported by aggressive market execution, higher channel engagement and new product introductions.
- Four new crop care products were launched during the quarter (two herbicides, one insecticide and one soil & plant health product), strengthening the product portfolio.
- Management indicated that future growth will primarily be volume-led, with limited scope for additional price hikes during the season.
- Herbicides emerged as the largest contributor in Q1FY27 and grew 12%.

Exports & CSM-

- Export business remained weak due to subdued demand in Europe, aggressive Chinese pricing and logistics disruptions, particularly impacting Pendimethalin, Acephate and Hexaconazole.
- Management highlighted that CSM remains relatively insulated owing to contractual arrangements, with shipments to a new US customer commencing during the quarter. The company is working on 3–4 additional CSM projects and plans to launch 3–4 catalogue products over the next three years, although scaling remains gradual.

Seeds Business-

- Seeds revenue grew 6% YoY, driven primarily by pricing, while cotton volumes remained under pressure due to lower acreage and proliferation of illegal HTBT cotton.
- Management expects cotton to remain subdued in FY27, with growth increasingly driven by rice, maize, millet and mustard, where the company has launched several new products.
- Seed inventory remains comfortable, with industry carrying surplus inventory in most crops except potential uncertainty around future cotton production depending on rainfall during October–November.

Herbicides-

- During Q1 FY27, herbicides emerged as the largest contributor within the crop protection portfolio and registered ~12% growth.
- Management believes the increasing adoption of Direct Seeded Rice (DSR) in North India represents a structural opportunity, as DSR cultivation requires significantly higher herbicide usage than conventional transplanted rice.
- The company has launched new rice herbicides and has also begun participating in herbicide-tolerant DSR technology through licensing partnerships.

Margins & Strategy

- Q1FY27 growth was supported by a combination of ~5–6% pricing and modest volume growth.
- Management indicated that most price hikes have already been implemented, with limited scope for further mid-season increases.
- Going forward, the focus will be on volume growth, competitiveness and market-share gains. Raw material prices have moderated from peak levels, although fresh Rabi procurement from August could see renewed pressure if geopolitical tensions persist.
- Management expects product mix and cost optimisation to support its long-term ambition of delivering 15%+ EBITDA margins consistently.

Working Capital & Channel Inventory:

- Net working capital increased by around 15-20 days YoY as farmer liquidity was diverted towards fertiliser purchases.
- However, channel inventory has largely normalised. Management remains cautious on sales returns given uncertainty around crop progression and liquidation and will adopt conservative provisioning.
- Returns are expected to remain crop- and product-specific, particularly for pre-emergence herbicides in soybean, rice and groundnut.

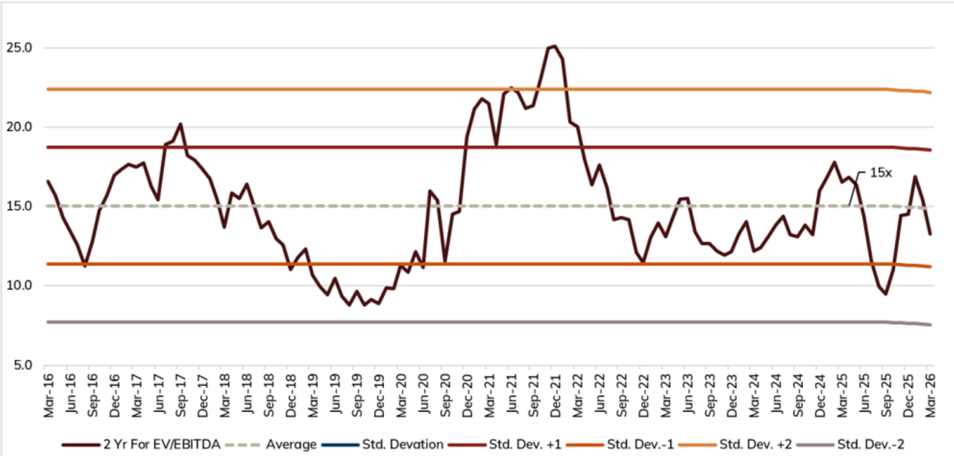
Demand & Monsoon

- Management highlighted a challenging Q1FY27 environment due to delayed monsoon, weak Kharif sowing, heatwave conditions, lower cotton acreage and channel liquidity pressure as distributors prioritised fertiliser stocking.
- Management expects the domestic agrochemical industry to grow 6–8% in FY27, while seed industry growth is expected at mid-to-high single digits, excluding the weak cotton segment.

Management Outlook

- While cotton remains a near-term headwind, management expects rice, maize, millet, chilli and biologicals to offset weakness and support domestic growth. Chilli demand is expected to recover meaningfully in Q2–Q3, aided by improved crop economics.

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	FY26	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	FY26	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	FY26	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	FY26	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	14.0	10.5	9.4	8.3
P/E	35.0	23.2	18.2	16.4
P/B	2.3	2.1	1.9	1.8
EV/Sales	1.5	1.3	1.2	1.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

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Sell: <-15%

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