



“Rallis India Limited
Q4 & FY26 Earnings Conference Call
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MANAGEMENT: DR. GYANENDRA SHUKLA
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Chief Financial Officer



Moderator:

Ladies and gentlemen, good morning, and welcome to the Rallis India Limited Q4 and FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchstone phone. We have with us today Dr. Gyanendra Shukla, Managing Director and CEO; and Bhaskar Swaminathan, Chief Financial Officer.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. A detailed statement in this regard is available in the results presentation. Please note that this conference is being recorded.

I now invite Dr. Shukla to begin with the proceedings of the call. Thank you, and over to you, sir.

Dr. Gyanendra Shukla:

Thanks, good morning, everyone and thank you for joining us today on Rallis India Limited Q4 & FY'26 Earnings Call. As mentioned, I have alongside myself our CFO, Mr Bhaskar Swaminathan.

I will open with an overview of the industry landscape before addressing developments specific to Rallis.

The Indian agrochemical sector is currently transitioning from a buyers to a seller's market due to war-induced supply constraints and rising prices. Post Iran war, the industry shifted to a seller's market with signs of panic buying and hoarding. Supply chain disruptions persist, but inventories helped most companies avoid damage.

Agrochemicals, particularly Glyphosate (up ~25%), face rising costs from inflation-driven pass-throughs and China supply disruptions amid geopolitical tensions. The prices of other generic AIs like Glufosinate, Mancozeb, Metribuzin, Strobilin Fungicides, Pyrethroid pesticides, CTPR, etc. increased by the end of Mar'26. Overall, the trend indicates a near-term cost inflation wave, likely to compress downstream margins.

Q4 is typically slow for the domestic market for agrochemicals. In addition, the Rabi season has not gone well owing to unfavourable climate. As per official data the unseasonal rains & hailstorms have damaged rabi crops across 2.49 lakh hectares, with wheat suffering the maximum impact.

As of end of Mar'26, summer sowing is progressing at a slower pace, down 4.7% yoy, primarily driven by decline in Rice (-7.1%), Cereals (-3.8%), and Oilseeds (-6.1%). Within cereals, Bajra sowing has increased 9.2%, while Maize has declined 8.0%. In oilseeds, Groundnut sowing is significantly lower, down 12.7%. Pulses is a bright spot with total area rising by 17%.

IMD's latest 2026 monsoon forecast at 92% of Longest Period Average (LPA) signals below-normal rains, dampening agri-economy sentiment with ripple effects on inputs like agrochemicals. Rising El Niño odds drive early deficits in North, Central, and Western India, which are key sowing belts, while South & East may see relative relief. Well-distributed precipitation during key sowing windows can partly offset deficits, whereas erratic patterns such as prolonged dry spells or excessive concentration tend to be more disruptive. Erratic patterns risk 5-10% demand cuts for herbicides/insecticides.

Integrated firms with balanced portfolios (e.g. seeds + crop protection) tend to fare best amid such volatility. Expanding irrigation coverage to ~55% of arable land has notably reduced monsoon dependence for key crops, while rural income diversification into dairy, poultry, and allied sectors now contributes over 20-25% to farm household earnings, providing a structural buffer against rainfall deficits.

The MSP framework for Kharif 2025-26 is broadly supportive for oilseeds, pulses, millets and cotton, while the hike in paddy is relatively modest. From an agrochemical/seed industry perspective, this is positive for crops such as cotton, soybean, groundnut, maize, pulses and millets, provided monsoon distribution and reservoir levels remain supportive.

The sector may see 3-4% growth in FY27 to ~USD 9.6–10.0 bn. Seeds category remains a structural 5–10% CAGR story. This is subject to on-going middle eastern crisis.

Volumes might shrink due to less acreage, but margins are expected to remain stable-to-soft. The market should favour low-cost producers with export breadth and tight working-capital discipline.

The near-term outlook remains contingent on the evolution of the Middle East conflict. While healthy reservoir levels of approximately 54% are supportive for the ongoing season, reduced acreage and forecasts of below-normal rainfall could pose key risks.

India's FCO 2026 amendment will significantly modernize bio stimulant fertilizer standards by standardizing humic acid & seaweed formulations, thereby improving product reliability & regulatory clarity.

The global crop protection market, estimated at approximately USD 70–75 billion in 2026, and is projected to grow at a CAGR of around 5.0–5.5%, supported by rising food demand, limited arable land availability, and the need to improve farm productivity.

Globally, China-linked supply concentration remained a key issue, especially for active ingredients and intermediates where export restrictions, price shifts, or freight disruptions can quickly affect availability and cost. Elevated raw material and logistics costs continued to pressure manufacturers, while global weather uncertainty and changing crop patterns added demand volatility.

Global recovery in the sector is visible but uneven. US demand is supportive, Brazil is weak, and China-led pricing pressure remains a key concern. India's rice stock position remains strong, but the latest WASDE does not show any fresh increase from March to April. Global rice stocks have increased, indicating a comfortable supply situation and possible pressure on global rice prices.

Moving on to Rallis Specific Developments – We had a reasonable Q4FY26 performance despite short Rabi season and geo-political unrest.

Our Q4FY26 revenue stood at ₹ 456 cr versus ₹ 430 cr of Q4FY25. EBITDA improved by 96% to ₹ -1 cr from ₹ -19 cr in Q4FY25. Profit after tax stood at ₹ -15 cr versus ₹ -32 cr of Q4FY25. Exceptional items include profit on sale of property of Aurangabad Land ₹ 3 Cr.

Across the technical's portfolio, we are continuously broadening our customer base and securing additional registrations with global players to drive share gains. In Metribuzin, the volumes have decreased in Q4FY26 in comparison to Q4FY25 volumes. Pendimethalin, Q4FY26 volumes have increased in comparison to Q4FY25 volumes. Hexaconazole volumes have slightly increased, whereas Acephate volumes have decreased in Q4FY26 vis-a-vis Q4FY25 volumes.

Overall Annual capacity utilization has also improved in FY26 in comparison to FY25.

New Launches & Initiatives

We have currently launched ALSTOR, a dual action granular insecticide and FIPLAM, a broad-spectrum formulation designed to manage both sucking and chewing pests. We have also obtained registration for Spiro, a three-way patented herbicide for Paddy. Seeds business launched 2 new products across our core crops.

In Q4, we launched Idea2Impact platform to establish an open innovation ecosystem to source, validate and commercialize agri-innovations.

We also launched Saksham (GIS platform) which enables scientific identification of high-potential villages for targeted market expansion.

Our new initiative Sampark Plus captures farmer-level demand signals to generate actionable insights and improve sales conversion.

We are also using tech assisted marketing initiatives to promote products & generate demand, digital led field AV Van campaigns, Farmer & Retailer level digital schemes & enrolment of retailers on Anubandh Edge platform.

As a result of improved manufacturing efficiency and operational excellence, Rallis has achieved record production levels. We have enabled digital-led engagement that strengthens data-driven decision-making and enhances farmer outreach and advisor productivity. We are also shifting towards high-margin, sustainable and farmer-centric offerings including biologicals and next-generation products.

That concludes my opening remark. I will now hand it over to Bhaskar, our CFO for a detailed analysis of the financial situation.

Over to you, Bhaskar.

Bhaskar Swaminathan:

Thank you, Dr. Gyanendra. Good morning, everyone, and thank you for joining us today for our Q4 & FY'26 Earnings Call.

I will walk you through our Financial Performance for the Quarter, post which we shall commence the Q&A session.

Starting with the top line for the quarter – our Q4FY26 revenue stood at ₹ 456 cr as against ₹ 430 cr for the same period last year resulting in overall growth of ~6%. Overall volume growth has been ~5% with pricing growth by ~1%.

Overall EBITDA for Q4FY26 stood at ₹ -1 cr, higher by 96% compared to Rs. -19 cr in Q4 of the previous year. Profit after tax at ₹ -15 cr versus ₹ -32 cr of Q4FY25, which is 52% higher than the previous year, same quarter.

Crop Care Segment grew by 5% to ₹ 425 cr in Q4FY26 from ₹ 405 cr in Q4FY25 due to volume expansion, new product promotion, & increased digital engagement.

Moving into Domestic (B2C) – A 15% growth in Q4FY26 registering ₹ 255 cr revenue vis-a-vis ₹ 222 cr in Q4FY25, which was driven by volume growth of 14% primarily led by insecticides.

Soil & Plant Health category grew by 27% to ₹ 47 cr from ₹ 37 cr in Q4FY26 in comparison to Q4FY25, registering a robust volume growth of 29%. The volume impact is due to growth in Micronutrients and Biofertilizers.

Moving to Seeds Business – Seeds Revenue grew by 23% to ₹ 31 Cr in Q4FY26 from ₹ 25 Cr in Q4FY25 due to 8% volume growth and 15% price growth mainly driven by cotton and millets.

Exports topline de-grew by 33% to ₹ 77 cr from ₹ 114 cr due to de-growth in volumes and revenue from Metribuzin and Pendimethalin. CSM Q4FY26 revenue displayed promising growth by lodging 59% growth to ₹ 66 cr from ₹ 41 cr, driven both by volume and price growth. Total B2B revenue stood at ₹ 170 cr vis-à-vis Rs 182 cr, as decline of 7% primarily due to volumes.

For the full Financial Year period, topline revenue stood at ₹ 2897 cr reflecting growth of 9% year-on-year. Crop Care revenue stood at ₹ 2416 crore, reflecting 8% growth year-on-year, driven by volume expansion despite price softness. Seeds revenue increased to ₹ 481 crore, delivering 15% growth year-on-year, supported by cotton and maize along with improved contribution from In-licensed products.

The B2C business recorded growth of 5% delivering ₹ 1657 cr of revenue primarily contributed by 9% volume growth.

The B2B business recorded growth of 14% delivering ₹ 759 cr of revenue supported by both volume & price growth and expansion of the customer base.

In the Crop Care segment, expansion of our customer base and product portfolio is enhancing business resilience. We are driving focused execution across frontline and operational functions by optimizing the product portfolio, rationalizing territories, eliminating overlaps, and simplifying costs across the value chain.

In the Seeds segment, our primary focus will be on five strategic crops: Cotton, Maize, Millet, Mustard, and Rice. A selective and concentrated approach in these crops is expected to drive operational scale and efficiency.

Overall, we remain disciplined in improving capital efficiency across both fixed capital and working capital. At quarter end our inventory levels remain slightly elevated in comparison to the same quarter of last year; collection cycles remain smooth. We have healthy cash and liquid balance of ₹ 541 cr as of 31st Mar '26.

Our continuous approach towards improving digital-led initiatives is helping us reach targeted customer groups, with greater momentum. In parallel, we are undertaking portfolio rationalization and sharpening our focus on priority markets to enhance operational efficiency, strengthen market presence, and improve profitability and we remain committed to achieving consistent and profitable growth.

That concludes our opening remarks. We can now commence the Q&A session.

Moderator:

Thank you. We will now begin the Question-and-Answer session. The first question comes from the line of Prashant Biyani with Elara Capital. Please go ahead.

Prashant Biyani:

Thank you for the opportunity. Sir, the first 3 bullet points of your commentary on Slide 12 portrays a very pessimistic scenario, but your performance was contrary to that. And I just wanted to know, especially on the gross margin part, what drove healthy margin improvement at the gross margin level?

Gyanendra Shukla:

So, I think when we put a commentary, it is based on what was happening in the market, right? So, you know, last year, we started with a very heavy early rainfall that impacted the herbicide uses in crops like soybean and cotton. So that was a big impact.

Then we came to end of Kharif season, massive rain led to decline in consumption of insecticides. And as you move forward towards rabi, actually rains suddenly stopped in September. And as a result, there was an impact on pest disease pressure and all. So if you see the context of overall year development has been a little bit choppy. So it indicates that, nothing else.

Having said that, I think our focus is to, those events will continue to happen, how do we move forward and deliver better performance in an ongoing basis. Now gross margin, obviously, is a combination of our ability. So two things, you know I mean, again, it's a segment by segment. I think our contribution in seed and soil and plant health business continues to remain robust.

When we say crop protection as a category, there's always a mix of product. And if any one of you might remember, I've been talking about 2 trouble child for us, Clasto and Benzilla, right? So we are trying to actually liquidate that inventory. I think we have done with majority of it. That led to compression of margin in quarter 4 because we had to liquidate that inventory. We just cannot keep it. Otherwise, it becomes a write-off.

- Prashant Biyani:** Sir, I meant, sorry, you meant that these 2 products inventory was liquidated before Q4 or during Q4?
- Gyanendra Shukla:** No, no, during Q4.
- Prashant Biyani:** But we delivered a decent margin expansion at the gross level.
- Gyanendra Shukla:** You're looking at it, right?
- Prashant Biyani:** No, I'm looking at Q4 specifically on gross margin?
- Gyanendra Shukla:** From the perspective of crop protection or seed?
- Prashant Biyani:** Both. Seeds, I mean, is a small thing only, mainly on the Crop Care side.
- Gyanendra Shukla:** So look, I think the margin expansion, if you see from what I know, our CSM business delivered higher margin because we had a contract, though it is a smaller business, but there is a clause where we can actually get some benefit if volumes drop below certain thresholds. So that helped.
- SPH business was slightly better. Overall, B2B business, exports were better, seed was better. So that's what is reflected in overall number.
- On crop protection, stand-alone basis it was marginally down because, you know B2C business because of Benzilla and Clasto.
- Prashant Biyani:** Okay. Sir, how are you seeing the initial demand for Kharif?
- Gyanendra Shukla:** So 2 things are happening. I think right now, everybody has gone into a wait-and-watch mode. First of all, the rainfall, El Nino impact, nobody knows. The other thing, which is people are looking at how government will be able to mop up sufficient fertilizer. These 2 factors might have some, and then third one is always the commodity prices, right? So rainfall pattern, commodity prices and fertilizer, these 3 factors will determine to what extent farmer will plant what.
- When we plan our business, we plan on a normal basis because I believe each 3 of factors, you know, for example, I believe that if farmers get 10% less urea, it will not impact the yield because farmers are used to using high urea because they're highly subsidized. More than urea, phosphorus, potash are going to be more critical. When it comes to rain, there's a forecast of 8% less rain over LPA. But again, that, there have been instances where rainfall has been 8% lower or even much lower. But distribution was good and it arrived timely. So as a result, it didn't have much negative impact.
- So, I think a lot of unknowns and war-led petrochemical disruption, supply chain, solvents, energy costs, everybody increasing the prices of raw material, all of that, when you factor in, it is very, very difficult to put a finger and say, look, what will happen? What we are trying to see is that historically, you know in my agriculture lifetime experience in 40 years, there have been 2 worse droughts.

Even then area zone does not go below 85%, 95%, even 90%. So farmers will plant something. They might make different choices. They might also down-trade on the kind of seed they buy. They may not buy very premium seed. They might reduce some fertilizer consumption. And unless they expect a good income, they may opt for lower-cost crop protection product versus high-cost crop protection products. So it's too difficult to say. From our perspective, we are trying to secure as much as possible supply for Kharif. And we'll also seek opportunities to pass on at least the cost increase.

Prashant Biyani:

Sir, just lastly. Our crop B2C business growth was driven by insecticides. Sir, why would insecticide sales grow this much when this would be a herbicide placement season?

Gyanendra Shukla:

I mean, so let me tell you. Placement, I think, first of all, we have not gone for any significant placement more than what is required in quarter 4 because some of this was low-cost inventory, and we would like to sell in quarter 1 because there's an opportunity to realize higher price. And you know so, but, I mean, I keep saying that look, don't look at our business on a quarterly basis. That's not the right way.

Always look at our business on H1 basis, H2 basis. So if you say H1 story, I was telling H1, if you see our business, actually, the leading growth had come from fungicide and herbicide. And in H1, because of August, September rain, insecticide users had dropped. As a result, insecticide business had declined.

Come to H2, actually, our herbicide and insecticide have done better. Whereas fungicide has slightly gone down because there is a driver of the lesser diseases. But on a yearly basis, I would say we are slightly down on insecticide because of the impact which got created in H1. We are up on fungicide, and we are significantly higher on herbicides. So on a yearly basis, our herbicide business is up by 15%, fungicide by 5% and insecticide is down by 3%. That means the B2C business has gone up by 5% overall.

Prashant Biyani:

Okay sir. Thank you so much for your time and all the best.

Moderator:

Thank you. Next question comes from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal:

Yes, hi sir thanks for the opportunity. Now my first question on the seeds business there. So you know, if I look at not quarterly, but let's say, on an annual basis, we have done reasonably well this year, along with some sort of stability or improvement coming in the EBITDA margin as well.

Given your commentary of focusing on those key 5 crops, how do you look at growth or ramp-up in this business over the next 2 to 3 years? There have been issues of lower inventory earlier. But despite that, we are seeing some margin uptick possibly because of better pricing.

So your thoughts on volume growth, pricing growth and margin outlook for this business?

Gyanendra Shukla: Right. So I think in one statement, I can say pricing across the board will be higher because when the commodity prices go up, we have to compensate more to the growers. And that has to be, you know we have to figure out a way to continuously increase the price.

Now when it comes to yearly construct of the seed business, to me, 4 crops are more important, cotton, rice, maize and millet. And each one of those crops actually had delivered growth last year. Cotton, in fact, had grown by almost 35%. Maize had grown by 20%. Millet growth was 8%. And there was a small growth in rice because in rice seed, availability was a challenge.

Now when I look forward, I think cotton probably this year, again, will deliver highest growth followed by maize and rice and then millet, millet because of the limited area. In fact, millet might surprise us. In a less rainfall area, sometimes millet area also goes up. So that's how I see it. So I expect a combination of price and volume growth and expecting to deliver high double-digit growth again this year.

Ankur Periwal: Sir, just one follow-up. High double digit is a volumetric growth that you're looking at, or it includes the pricing also?

Gyanendra Shukla: It's a combination of volume and price.

Ankur Periwal: Okay. Sure. And on the margin front, should we expect to sustain these margins or maybe even improve given the realization improvement?

Gyanendra Shukla: I cannot predict that. But obviously, effort is when your business grows, cost would not grow in the same proportion, that should have positive impact on the margin. But in seed, for example, last year, we suffered because we had higher prices for drying and processing and all. This year, there is other phenomenon because summer crop was on time by everybody else and harvest came at the same time. As a result, there was a certain capacity constraint for dryers, which is a primarily third-party activity. As a result, companies have to pay incremental cost for drying in the paddy open field.

When you dry in the open field, what we call pad drying, it also sometimes can lead to lesser recovery. So all of those factors are not known yet. I think we are in the process of preparing for Kharif and inventory and costing and everything probably will be known towards end of the quarter. And how season fares from a consumption perspective is only known when first half is over.

Ankur Periwal: Sure, sir. Second bit on the Crop Care side, if you can share your thoughts and comments on the specific products, acephate, pendimethalin, etcetera, how is the macro behaving, especially given the supply chain volatility globally as well, both on capacity as well as on the pricing front? Thanks.

Gyanendra Shukla: So I think as far as domestic branded business is concerned, availability is not a constraint. We are okay. Now when it comes to our export business, I think there are 4 primary molecules we deal, pendimethalin, hexaconazole, acephate and metribuzin. I continue to remain positive on metribuzin and pendimethalin and hexaconazole.

There is a structural challenge on acephate side because the same people those who supply us raw material, they compete with us in the American markets. So as a result, there's always a challenge to supply those markets.

Having said that, given some supply challenges also, we are trying to prioritize domestic market for a product like acephate and trying to balance it, not lose the customer at the same time, see where we are going to be able, will be making more money. There are other products like Metalaxyl-M, and kresoxim methyl. Those are relatively smaller products.

Ankur Periwal: Sure sir that's helpful. I will get back into the queue. Thank you and all the best.

Moderator: Thank you. Next question comes from the line of Viraj with SIMPL.

Viraj: Yes. Just couple of questions. First just to clarify, you said the standalone B2C gross margin has softened in the quarter and whatever increase we've seen on a consol basis is a mix of B2B exports and seeds. Am I right?

Gyanendra Shukla: Yes.

Viraj: Okay. And also, with regards to the double? Yes, just Q4 through the healthy volume growth which you saw in B2C in the quarter gone by, that would also be largely a function of the pre-placement that we would be doing for insecticides or maybe for the bio stimulants for the upcoming quarter. Would that also be a right understanding?

Gyanendra Shukla: Actually, contrary to what we should have done, we have not done that. We have been very conservative on pre-replacing the stock, right? So we have only sold what is required because as the sentiment of change, we might have an opportunity to have a higher realization. As a result, we haven't aggressively pushed the stocks.

Viraj: Okay. Any colour you can give in terms of inventory in the system for the market?

Gyanendra Shukla: So look, at this point of time, if you go to the market, while it seems challenging environment, but every product is available, right? And we haven't seen any early sign of price increase because consumption has not begun yet, right? Except the cotton seed where probably in Northern India, we are midway in the season. So it's too early to predict. But yes, on seed, cotton prices were not increased by the government. So they remain flat. So we have to rely on volume, and cotton is going to be roughly 20%, 25% of our projected cotton seed business.

So from that perspective, no price increase. All the price increase opportunities will come in rice, maize and millet. Cotton is primarily a volume game. Same way, crop protection, I think because of rain and all, no. So yes, companies do place some, the normal inventory. We haven't done anything beyond normal inventory.

Viraj Kacharia: I meant, crop protection for the industry, not specific to us, any colour you have on the, if you can give on the inventory in the system because even Q2 was bad and rabi has not been that great. So any colour you can give in terms of the inventory in the system?

Gyanendra Shukla: So I think inventory has come to a normal level. I mean 2 years ago, this whole industry was suffering from a lot of inventory hangover. I think that has reached to a normal level now. Now obviously, I don't have company-by-company detail. I don't have insight into other companies. But there are enough indicators in the system to say people have inventory what they need. They're not carrying forward a lot of excess inventory.

Viraj Kacharia: Okay. No, because where I was coming from is, as you alluded in the earlier part of the call as well is that any cost increase which we are witnessing right now, we will be looking at opportunity to pass through. So in that sense, especially on the generic piece, just to understand the factors we are looking internally, which gives us confidence that we will be able to pass through.

Gyanendra Shukla: Yes, we are one of the first ones to announce price increase because we cannot absorb all the cost. Because season, consumption season has not yet begun. So it's very, very difficult to say how market will behave. But every company is kind of indicating they have to pass on cost increase. Otherwise, they will all become, they will face a very challenging time.

Viraj Kacharia: Okay. And last question was on the exports of the B2B field. Any update in terms of the pipeline, in terms of new molecules, which we have commercialized or looking to commercialize?

Gyanendra Shukla: So current year, so last year, we did start making, there's a molecule called pencycuron. Besides that, when that happened in the last quarter, I think we'll still rely on old molecule. There are 2, 3 new molecules. So we have narrowed down the list which used to work. Now we have got about 3 molecules, which should get introduced in the next 2 to 3 years.

We are in the advanced stages of establishing processes, working with the, what you call, buyers. And obviously, there's a registration process that has to happen parallelly.

Viraj Kacharia: Okay. Thank you good luck.

Moderator: Thank you. Next question comes from the line of Saurabh Jain with HSBC.

Saurabh Jain: Can you give us some sense on how is the trends you're looking at in April across all the 3 businesses in terms of volume growth and maybe some sense on the pricing?

Gyanendra Shukla: So, if you say April basically, some season for tea gardens starts in the North-Eastern side. That is, from a consumption perspective, is normal. Apple season seems to be normal across Himachal and Jammu. Then you have cotton season, which begins in North for seed. This is a low crop protection month and low SPH month, right? Because all of that will start with the rains when they start coming in the month of, end of May in Kerala and pre-monsoon showers, some places, it happens. So it's too early to predict that.

But as I was saying, farmers will plant the crop even in the worst monsoon years. We haven't seen acreages dropping. I think what farmers do start doing is down-trading, right? So they might use lesser priced seed. In some cases, they might go for saved seed, all of that happens.

Given the uncertainty around rain and commodity prices and everything else, seed indication, I think we'll have a fair seed indication by end of May in terms of sentiments towards crop. Crop protection, I think, is very, very difficult to predict any trend before end of May or early June.

Saurabh Jain:

And what about global trends? Because you earlier alluded to the fact that there is some sort of panic buying that is being set in. Are you seeing any trends that indicate that your trade channels are looking to fill up the products and volumes are moving early?

Gyanendra Shukla:

Not early. So North America is the biggest season where placement happens in the March. Now their purchases would have happened in the fourth quarter calendar year last year. So I think what is important for North America is their rainfall because their agriculture is highly rainfall dependent.

Brazil had a decent season, not an outstanding season. Global commodity prices continue to remain relatively soft, which means at least the word is, we are sitting on enough inventory of everything.

Saurabh Jain:

And have you also increased prices? Are you taking some price increases in the global portfolio?

Gyanendra Shukla:

Everywhere. I mean, wherever possible, we have to increase. Otherwise, we'll be paying the money from our pocket.

Saurabh Jain:

Understood. And trying to tie this with the disruption that we are currently witnessing, and you also mentioned that the margins in the B2B business has improved, would it be fair to assume that the worst of the margins are behind and with the price increases that we might undertake the margins can here onwards trend on a positive side and it can get better?

Gyanendra Shukla:

You know, in last 5, 7 years, this industry has learned a lot. So there was a COVID and there was a Ukraine war and now this is new war. And every time, new learning is coming. So during COVID period, everybody got engaged in the farming as a result, companies did very well and supply chain was disrupted, but still material was available.

Then came Ukraine war, there was a shock of petroleum prices that subsided. That, but that COVID thing also led to a lot of inventory build-up because 1, 2 year did well, third, fourth year, a lot of inventory, then war happens. That has become normal. Now we are dealing with a new thing.

So too frequent, too many things happening, and now we are also talking about El Nino. So all I know is that farmers will plant the crop. Southeast monsoon based on what it looks is going to be good. Punjab, Haryana, Western UP, part of Rajasthan and eastern Madhya Pradesh, they are all irrigated or get, the what we call, a short rainfall. So the risk is only a few pockets in the country.

So for example, Marathwada could be a challenge. There could be a challenge in Saurashtra, there could be a challenge in Rayalaseema. Other than that, their pockets are challenged. But I would say still agriculture, farmers will, that's a basic thing.

- Saurabh Jain:** Understood. My last question.
- Gyanendra Shukla:** If there is input, they will plant the seed.
- Saurabh Jain:** Sure. That's helpful. My last question, at this point in time, are you facing any disruptions in terms of your procurement of raw material or technicals or very high pricing, which you would believe that it will be difficult to pass on?
- Gyanendra Shukla:** So there was a period when every company left, right and center was issuing force majeure letter and they said, wait, right? There was a time when they will say, we are giving you a price for a quantity, confirm within 3 hours. Otherwise, after 3 hours, I cannot. I think all of that is over now. There's a bit of normalcy. So when this wars started, I mean, things looked very chaotic. But there some order is getting established. Yes, obviously, we have to pay higher for everything. And then we have to figure out a way to see how much we can increase. Obviously, it will depend on what competitive products also do.
- Saurabh Jain:** Okay. So let us see if this thing seems to continue more than what we earlier expected. Would you expect any disruptions in the manufacturing in the next few critical months, month of May and June?
- Gyanendra Shukla:** So I think as far as Kharif is concerned, we have covered ourselves quite well. Seed is all domestic, no problem. Soil and plant health is by and large covered largely domestic. Where we have a crop protection, which is a domestic side story, 5 ingredients we produce on our own. Some of the other ingredients, we have suppliers where they might want higher price, but we have secured supply. So it's not a straight answer. I would say I'm covered by and large for the Kharif.
- Saurabh Jain:** Okay Sure and that is very helpful and all the best.
- Gyanendra Shukla:** It goes beyond June. Thank you.
- Moderator:** Thank you. Next question comes from the line of Rohit Nagraj with 360 ONE Capital. Please go ahead.
- Rohit Nagraj:** Hi thanks for the opportunity. Sir, first question is in your opening remarks, you mentioned that the margins will be stable to soft. And in terms of the cost increase, we have already experienced that the raw material cost or sourcing cost has increased. We'll be passing on to the farmers by increased prices. But given that the monsoon is expected to be low, how much ability do we have in terms of increased cost completely passing on to the farmers?
- And secondly, will there be any negative impact because generally, the sentiment will be negative plus as you also explained, there will be down trading, which will also happen. So I mean the farmers may go for branded generics to the normal generics. So just a broader perspective would be helpful.
- Gyanendra Shukla:** So branded generics actually helps Rallis because this is where we operate. We are selling generic products. We are not an inventor company. As far as planting is concerned, we know

that farmers, I mean, as I said, farmers even in the worst condition will plant the crop. And if they go for lower cost seed, lower cost of, lower priced product, it does help Rallis, both on the seed and crop protection and other category side.

What we don't know is basically a fertilizer, how much government will be able to provide fertilizer will farmers be making different choices. Government has not increased any prices for the farmers. So all price increase currently, if you see is being absorbed by the government. And as I said, look, even if 10% less urea is available, it actually will not have any serious impact on the agriculture production.

It might have a sentiment. So some people think that for growing corn, you need more fertilizers. So if they don't get enough urea, they might say, okay, plant, less corn. But then there's the other side of the story where now they can easily sell that for the industrial users. So it's not a straight answer.

I would say let's assume agriculture will happen. There will be cost increase and companies will have opportunities to pass on the cost increase unless there's a total failure of agriculture. Monsoon doesn't come in at all in June and July. I mean, that has never happened in the history of human kind.

Rohit Nagraj: Sure, sure, thanks. And just second question, in terms of cost increases till now, what is the kind of cost increase that we have observed in percentage on an overall?

Gyanendra Shukla: So we have seen 15% to 25% is generally the range.

Rohit Nagraj: Sure I think that is helpful thanks a lot and all the best.

Gyanendra Shukla: Thank you.

Moderator: Thank you. Next question comes from the line of Ketan Chawla with Affirma Capital. Please go ahead.

Ketan Chawla: Hi, I just had a clarification on the earlier question. So the 15% to 25% cost increase is on account of raw materials and what proportion of this are we passing through versus what we are absorbing?

Gyanendra Shukla: So as I said in the beginning, right now, it's all placement. We have tried to pass on all. We have announced the price increase. I think everybody is working. So there's always a carryover inventory, which comes from January, February, March that was supplied at the low price. I think that will get exhausted and then new prices will start getting established in the market. That's how market start. So all the new supplies, we have been supplying at a higher price.

Ketan Chawla: Understood. And in terms of, based on where, you know how you see the market right now, how long do you expect this 15% to 25% cost increase? Are you expecting this to percolate for first half of this year?

Gyanendra Shukla: Look, most of the Kharif inventory people will build by June. So for Kharif, this cost increase, you have to assume that it has happened. It's already a reality. We cannot ignore that fact because

we are getting into May now very soon. And most companies would like to procure raw material even if something has to be sold in July, August and September because there's a lead time of shipping, bringing in processing, packing and supplying. So generally, it's a 100, 90 to 150 day cycle depending on the product and crop.

For herbicides, anyway, every company has made all the arrangements because herbicides need to be supplied in May and June for consumption in June and July. So herbicide is all done. Insecticides also start early, that's happening. Fungicides come later on. So I think you have to assume this cost increase even if, say, war settles tonight, we have a surprise announcement that war is over. Strait of Hormuz is open, life is normal.

It's going to take 3 to 4 months to unwind. To me for Kharif this is the reality we have to live with it. We will have to live with it. We don't have a choice.

- Ketan Chawla:** Understood. Thanks.
- Moderator:** Thank you. Next question comes from the line of Abhijit Akella with Kotak Securities. Please go ahead.
- Abhijit Akella:** Good morning thank you so much for taking my question.
- Gyanendra Shukla:** Hi, Abhijit.
- Abhijit Akella:** Hi, Sir. Just first of all, one clarification on the numbers, the revenue breakdown. Bhaskar had given us a number of INR255 crores for B2C sales for the quarter compared to INR222 crores last year. Just wondering if it might be possible to also give us a crop protection component within that specifically?
- Gyanendra Shukla:** Yes, he will be able to provide that.
- Swaminathan Bhaskar:** So those are micro details. But by and large, I would say it is split between SPH and Crop Protection, you know 20% and 80%, but we'll get back to you details separately because these are split.
- Abhijit Akella:** No problem.
- Abhijit Akella:** Sure, sure. And when you guided to high double-digit growth for seeds in the next year, just to clarify that, is basically referring to say something like high teens, right? Is that the range you're looking at?
- Gyanendra Shukla:** Yes, I mean, mid-teen easily.
- Abhijit Akella:** Okay. Okay. Sure. And there is one comment, sir, you made in the opening remarks that the sector may see 3% to 4% growth in FY27.
- Gyanendra Shukla:** No, that's the GDP growth.

Abhijit Akella: Okay. All right. Understood. But on the Crop Protection side as well, the margins when you mentioned stable to soft you were basically expecting?

Gyanendra Shukla: Yes. So I mean, percentage revenue growth will be higher this year because price increase you know? So revenue growth probably will be maybe double digit. I don't know what it could be because our input cost has gone up by 15% to 20%. It is going to lead to price increase for sure. It will be 5%, 8%, 10%. I don't know at this point of time because ultimately, many factors are not clear yet.

Margins, depending on how competition will react, how commodity prices will behave, generally in such situations, commodity prices tend to rise. And again, it tends to be crop specific. Other than rice, I expect commodity prices to remain firm on everything else. Rice, globe is sitting on an excess supply, including India.

Now India, for example, grows a lot of basmati. Now, if Middle East remains disrupted, then basmati demand will go down as a result, farmers may plant less basmati, so they might plant regular rice. They might plant a little bit more maize or some other crops. So I think those are the things too early to say. But again, for maize, they will say, I need more urea. Now if enough or more urea is not available, will they do something else? Too early to say.

Abhijit Akella: So, the question is that assuming the war -- assuming the price of crude comes down by some extent over the next, say, 3 to 6 months, how do we sort of manage the risk that we might be sitting on high-cost inventories at that point in time?

Gyanendra Shukla: So, I think 2 ways to look at it. One is that we do not have to become greedy in holding the inventory. So, we will go as per the business plan based on what can be sold. So, we are not going to hold the inventory. And even if war unwinds in 3 to 6 months, I am saying we are not building inventory beyond kharif. Kharif is something we want to protect.

So rabi will -- so I think I can tell you, and I do not know what other companies do. I have every call in the morning. Every day, we talk. So, we are almost back to a situation during COVID. We were doing calls since morning, 8:00 a.m. to 8:00 p.m. So, we are into that situation. We are building inventory, which we think is right. We are not building excess inventory because that could be a good opportunity and a bad opportunity.

So, we are doing -- we are very calibrated about what we buy, what we sell. We will only buy what we can sell.

Abhijit Akella: Understood, sir. That is clear. Just last quick thing. This liquidation of Plasto and Benzilla in the fourth quarter, was that one of the key contributors to this 14% volume growth that we saw in domestic formulation?

Gyanendra Shukla: So out of that Benzilla, where you can say 80% problem is solved and very little problem is left. Plasto was more dependent on the chili crop. The chili crop did not get planted, commodities were low. So, we are launching new products in those segments. At the same time, we have -- we are unwinding inventory completely.

- Abhijit Akella:** Thank you so much sir, All the best for the year ahead.
- Moderator:** Thank you, next question comes from the line of Riju with Antique Stockbroking.
- Riju Dalui:** My question is regarding the inventory. If I look at your FY26 numbers, I think inventory days a bit higher. So, this is predominantly that we are building some inventory at a lower cost, maybe your scenario, or during the year scenario, to protect our margin going forward. So how it is like -- is it RM related or low-cost inventory that we have already built?
- Gyanendra Shukla:** No, sir, it is not related to what we build for the season. It is related to preparing for -- so I mean, this war thing was almost imminent right from the month of January. So, we did not want war to happen -- wait for war to happen. We did take some risk to build some inventory.
- Riju:** Understood. So, these are predominantly RM inventory and maybe a low-cost kind of inventory that you have built?
- Gyanendra Shukla:** Absolutely.
- Riju:** Understood. And sir, second thing, if I look at in terms of in the current pricing of the few of the commodities. So, in your earlier remarks, you said that you are expecting a good crop in terms of maize and other crops? So, if I look at pricing of maize from the month of October, November, so the prices are very low compared to the industry prices.
- How do you see the impact? Are farmers going to stick to the maize crop or there will be some shift that will happen? If it happens, like what are the scenarios in terms of CP business and in terms of your CP business will get impacted?
- Gyanendra Shukla:** So, I think, look, low and high has to be seen from the perspective of farmers mix per acre of money. Do not worry about commodity prices as much. I think at the end of the day, it will be a matter of relative economics. So how much I can produce by growing a crop, how much it is going to cost and what price I can sell, to me, they have seen for a period of time. Crop is still very competitive to grow.
- Riju:** Understood. So, crop prices might not impact significantly in terms of crop shifting, right?
- Gyanendra Shukla:** Yes. I mean it is -- again, I am saying, for example, rice. So, I think a lot depends on global inventory buildup and what country allows to import and what country restricts. For example, India had a restriction on how much maize can be imported. We said we will not allow GM maize commodity, soybean, which is GM grown. So, I think a lot of other factors will play. I would say, other than rice, inventory -- global inventory is at the normal level.
- Riju:** Understood. And sir, in terms of CP business right now, we have done 15% kind of a growth -- so -- in the domestic CP business. So, if you could clarify in terms of volume and the deviation growth -- in the 15% growth that we have reported this quarter?
- Gyanendra Shukla:** 15% growth in which segment?
- Riju:** CP business that we have recorded this quarter.

- Gyanendra Shukla:** That is -- crop protection, where did we say 15%? You are saying B2C growth, right?
- Riju:** Correct.
- Gyanendra Shukla:** Yes. So, see, we have -- when we say crop protection business, we primarily have, say, the soil and plant health and there is also crop protection. And -- so these are the 2 major components.
- Now this is B2C. Within that, there is a higher growth in soil and plant health relative to crop protection. And I have been saying that, look, my focus is to sell more herbicide, more soil and plant health and more seed, right? Because disease sometimes because of moisture and all can come and go, insects come and do not come, right? So our focus segments have contributed more in terms of growth if you see from that perspective.
- Riju:** Understood. So, sir, if we remove that 27% kind of a growth in the SPH, so how much will be our B2C CP business growth for this quarter?
- Gyanendra Shukla:** It will be flat.
- Riju:** Okay. It will be flattish kind of growth.
- Gyanendra Shukla:** I mean, marginal growth. I mean you can say marginal growth, low single digit. It will not be flat; it is still marginally positive.
- Understood.** Thanks for clarifying all the questions.
- Moderator:** Thank you. Next question comes from the line of Nitin Awasthi with InCred Capital.
- Nitin Awasthi:** I just wanted to understand on your new venture, the aquafeed business, what is the current investment and the thought process behind this? And given that the Tata Group in Maharashtra does have expertise in freshwater fisheries with its hatchery business, not business, it is a social commitment perspective, so that linkage and the basic thought process behind this business where we are, what we see to invest, where we want to invest, that if you could outline?
- Gyanendra Shukla:** So, look, as part of the Tata strategy in agriculture, we did the whole mapping. And we identified this as an idea to experiment. I think it is still at the experimental stage because we believe as economies grow, per capita income grows, more animal origin protein becomes a preferred food, the consumption of fish, which can be grown in land. Even our Prime Minister keeps talking about mission so that we are not only dependent on ocean. We can also have more fish in land.
- So -- I mean, look, this still is a relatively smaller scale. It has not gone to a state or discuss in how much we want to make investment. I would like to see one more year, this year, to say where I am able to take it and then start thinking of this strategy. But yes, it is an important segment. We are trying to understand rather than trying to rush into this segment.
- Nitin Awasthi:** Understood. So, the current products in the market are completely outsourced?
- Gyanendra Shukla:** So, products are outsourced. Similar to soil and plant health business, we incubated 7, 8, 10 years ago because when we sold Tata Chemical bulk fertilizer business, we were left with some

residual micronutrients, right? So, we said, okay, what do we do with this business? So, we built this business. Now it has reached to a scale of INR50 crores plus. So now we are saying, okay, how do we invest more because this we find it very exciting.

I think aqua is probably where 5, 7 years ago, our soil and plant health business was. So probably 1 or 2 more cycles before we can say anything about it.

Nitin Awasthi: Understood, sir. Second question on.

Gyanendra Shukla: Potential-wise, it is -- but I think, see, there is so much potential in everything, right? We cannot do everything. So, it is still understanding phase.

Nitin Awasthi: Understood, sir. Sir, secondly, on the seed perspective, the whole industry has a lot of GE trials approved, including Rallis, and it is been going on for quite some time now. And given that the new policy of GE, which has come up, which differentiates itself from the GM regulation, do you see, what you call, the traction in that segment increasing exponentially going ahead? Or do you still see hurdles in this segment picking up?

Gyanendra Shukla: See, when I look at seed R&D, there are clearly 2 components. One is called genetics improvement where you keep accessing genetics and start applying tools to improve the genetics to develop product faster. I think there, we are doing everything which needs to be get done.

When it comes to GE, basically, it is not about GM crop now any longer. It is not about bringing gene from outside. The conversation is all about genetic -- gene editing. And gene editing is one space, I think, where while government has cleared the regulation, but the big global multinationals continue to hold patent rights.

So, we would rather -- initially rather than trying to do everything in-house, we would rely on outside skills to get the job work done. And there are technologies we are accessing. For example, our cotton business is built on the foundation of BT technology. Now we are actually launching, what you call, Paryan technology-led rice seed business where there will be herbicide-tolerant gene and will be sold as a bundled product along with seed and herbicide.

So, we would rather license those technologies rather than trying to invest 10 years on researching those technologies because global multinationals, they have disproportionate R&D on those areas. I think by spending a small money and for the sake of conversation, I can say I will do it, but I would rather prefer accessing those technologies.

Nitin Awasthi: Understood sir, Thank you.

Moderator: Thank you. We will move to the next. That is Rajakumar Vaidyanathan from RK Invest.

Rajakumar Vaidyanathan: Good Afternoon, my question has been answered. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, we take that as a last question and concludes the question-and-answer session. On behalf of Rallis India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.