



RALLIS INDIA LIMITED

October 28, 2026

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: **500355**

National Stock Exchange of India Limited
Exchange Plaza
Bandra-Kurla Complex Bandra (E)
Mumbai – 400 051
Symbol: **RALLIS**

Dear Sir/Madam,

Sub: Transcript of Analysts/Investors Call pertaining to the Financial Results for the second quarter and half year ended September 30, 2026

Further to our letter dated October 9, 2026, we enclose herewith a copy of the transcript of the Analyst/Investors Call on the Unaudited Financial Results of the Company for the second quarter and half year ended September 30, 2026, held on October 23, 2026.

The same is also being made available on the Company's website at:
<https://www.rallis.com/investors/Financial-Performance>.

You are requested to take the same on record.

Thanking You,

Yours faithfully,

For Rallis India Limited

SARIGA P
GOKUL

Digitally signed by
SARIGA P GOKUL
Date: 2026.10.28
12:01:45 +05'30'

Sariga P Gokul
Company Secretary & Compliance Officer
Membership No. ACS 39637

Encl.: as above



Rallis India Limited

Q2 and H1 FY '27 Earnings Conference Call

October 23rd, 2026



MANAGEMENT: **DR. GYANENDRA SHUKLA**
 (Managing Director and Chief Executive Officer)
 MR. BHASKAR SWAMINATHAN
 (Chief Financial Officer)

Moderator:

Ladies and gentlemen, good day, and welcome to Rallis India Limited Q2 and H1 FY '27 Earnings Conference Call. We have with us today Dr. Gyanendra Shukla, Managing Director and CEO; and Mr. Bhaskar Swaminathan, Chief Financial Officer.

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

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Dr. Gyanendra Shukla. Thank you, and over to you, Dr. Shukla.

Gyanendra Shukla:

Good morning, and thank you, everyone, for joining us today for Rallis India Limited Q2 and H1FY27 Earnings Call. As mentioned, I have alongside with me our CFO, Mr. Bhaskar Swaminathan.

Let me begin the discussion by pitching into the industry landscape initially, post which I will discuss Rallis' specific developments.

Domestic Market: India's agri-input sector faced significant headwinds during the 2026 Kharif season amid deficient and erratic rainfall, crop-mix changes, subdued farm economics and heightened competitive intensity. Moisture stress across key agricultural states like Maharashtra, Andhra Pradesh, Karnataka, Telangana, parts of Punjab and Haryana affected crop prospects for paddy, soybean, maize, cotton and pulses, weighing on demand for herbicides, fungicides, insecticides and seed-treatment products. Softer product prices, higher trade discounts and channel inventory pressures further constrained fresh purchases. Consequently, domestic demand recovery is likely to remain uneven, contingent on crop conditions, irrigation availability and a revival in farmer profitability.

Global Markets, Commodity Prices & Industry Margins: Since April 2026, global agricultural markets have experienced firmer commodity prices amid weather-related supply risks and geopolitical disruptions. In September, the FAO Food Price Index rose 1.5% month-on-month, while its cereal price index increased 5.1%, driven by higher wheat and maize prices amid Black Sea logistical disruptions and adverse weather conditions. Vegetable oil and sugar prices also strengthened on the back of import demand, weather concerns and production uncertainties across key producing regions. Although global cereal production is forecasted to decline 2.1% in 2026, the projected harvest remains the second largest on record, indicating tighter supply conditions rather than a widespread shortage. The Middle East crisis has heightened energy and freight costs, increasing pressure on agrochemical manufacturers' input costs and margins. The firmer crop prices could support farm economics and agrochemical demand, the benefits may be offset by affordability constraints, competitive pricing and cautious channel replenishment, keeping the sector's recovery uneven.

The global agricultural sector is expected to expand over the medium term, supported by rising food demand, productivity improvements and agricultural intensification. The OECD-FAO projects global agricultural production value to increase by ~13% by 2035, with Asia, Sub-Saharan Africa and Latin America emerging as key growth regions. Latin America remains strategically important given its substantial soybean, maize and cotton acreage, while North America and Europe are mature, input-intensive markets. The global crop-protection market is estimated at ~US\$70.4 billion in 2026, although growth will remain sensitive to farm economics, weather, regulation and product affordability.

For Indian exporters, favourable currency movements may support rupee realizations, but sustained volume recovery remains critical. International sales may also face pressure from subdued channel demand, distributor resistance, weather-related disruptions and heatwaves in Europe, which have affected crop conditions and input application patterns. For Indian companies, the key indicators to monitor are active-ingredient and intermediate prices, freight rates, rupee movements, export order volumes, channel inventories and farmer affordability. Recent UN and international-agency assessments also warn that prolonged shipping disruptions could affect crop yields and food prices into 2027.

For the agrochemical industry, broadly firmer crop prices can improve farm economics and support demand for herbicides, insecticides and fungicides, particularly in export-oriented agricultural regions. However, higher crude oil, energy, freight and input costs may put pressure on manufacturers' margins, while elevated fertilizer costs could constrain farmers' overall input spending. The outlook is therefore cautiously constructive: companies with strong distribution networks, differentiated products, efficient manufacturing and disciplined cost management are better positioned to benefit. A sustained recovery in agrochemical demand will ultimately depend on the persistence of higher crop prices, improved farm incomes and a recovery in channel inventory and purchasing activity.

Rabi 2026–27 Outlook: The outlook remains sensitive to winter rainfall, soil moisture and irrigation availability. IMD's northeast monsoon forecast of 88–112% of the long-period average is relevant to southern peninsular India but does not guarantee adequate rainfall across the country. Major reservoirs held approximately 70% of capacity, below the 10-year average of 76.6%, with the southern region facing relatively greater irrigation concerns. These conditions could influence Rabi acreage, crop yields and farmer spending, particularly in water-stressed areas. The Government's Rabi MSP increases for 2027–28 range from 0.97% for wheat to 10.32% for safflower, with mustard rising 6.66% and lentil 5.57%. While higher MSPs provide a measure of price support, actual farm returns will depend on yields, market prices and procurement.

Moving to Rallis-specific developments: We had a muted Q2FY27 performance on the back of in-sufficient rainfall in the key agrochemical consuming states like Punjab, Haryana, Maharashtra, Andhra Pradesh, Karnataka, Telangana, etc. Our quarterly revenue stood at ₹ 858 cr versus ₹ 861 cr of Q2FY26. Overall, EBITDA for Q2FY27 stood at ₹ 126 cr, lower by 18% compared to Q2 of the previous year. Profit after tax at ₹ 85 cr versus ₹ 102 cr of Q2FY26, which is 17% lower.

Approximately 43% of India received ~19% deficient rains in comparison to the long period average this monsoon season, which delayed the kharif sowing. It resulted in slower liquidation and high carry-forward inventory. Due to prolonged geo-political situation, channel/farmers prioritized stocking for fertilizers rather than agro-chemicals. Fertilizers availability had been a concern due to logistics challenges.

New Initiatives & Launches:

During the quarter we launched 4 new crop care products Silentra (Insecticide), Marcellus (Fungicide), Blitox Super (Fungicide), Trynage (Herbicide). We have altogether launched 9 new products during FY27 across categories.

In Seeds business we launched 6 new products across vegetables, cotton, maize in Q2FY27, which takes the overall tally to 15 new products in FY27 which includes cotton hybrids for North India, herbicide tolerant direct seed rice introduced under Dhaanya Brand.

Digital marketing interventions continue to promote products through Anubandh Edge Schemes, Farmers QR Code/Reward Schemes, enhancement in Sampark+ and SeedSure application.

Anubandh Edge initiative is a retailer level digital platform to support retailer engagement & benefit schemes and enabling tighter integration between dealers & retailers. Retailer's registration as of Sept'26 end crossed 60,000 (including Seeds and common retailers).

Farmers QR Code project helps in better product knowledge sharing with farmers. This helps in strengthening retailer/farmer loyalty program, sales traceability & Returns tracking.

Our initiative Sampark+ continues to capture farmer-level demand signals to generate actionable insights and improve sales conversion. We have reached 4.23 Lac farmers in Sampark+ through regular engagement and social media posts.

We had launched Idea2Impact innovation platform in Q4 of FY26 to establish an open innovation ecosystem to source, validate and commercialize agri-innovations. Till now we have received encouraging participation of ~42 applications, out of which 2 are in pilot stage and 28 under review.

SeedSure application enhances visibility & traceability of farm-level operations and improves data availability for decision making. We are developing SeedSure 2.0 application which will be high-performing, future ready and cost effective.

We are also coming up with new R&D centre in Navi Mumbai, for which onboarding of various consultant on project as well as government liasoning has been completed. The project is running as per the plan, and likely commissioning is in Apr27.

We are accelerating the launch pipeline for proprietary, research-led varieties with high yield potential. Our long-term priorities include strengthening customer centricity, sharpening portfolio choices, accelerating new product launches, expanding strategic alliances and farmer reach, and leveraging digitalization to enhance operational efficiency and drive sustainable growth.

That concludes my opening remarks. I will now hand over to Mr 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 Q2 and H1 FY'27 earnings call. I will walk you through our financial performance for the quarter & half-year, post which we shall commence the Q&A session.

Starting with the top line for the quarter – Our Q2FY27 revenue stood at ₹ 858 cr as against ₹ 861 cr for the same period last year resulting in an overall flat growth. Pricing growth of 5% was offset by similar volume de-growth.

Overall EBITDA for Q2FY27 stood at ₹ 126 cr, lower by 18% compared to ₹ 154 cr in Q2 of the previous year. Profit after tax stood at ₹ 85 cr versus ₹ 102 cr of Q2FY26, which is 17% lower than the same quarter of previous year.

Crop Care revenue grew by 4% to ₹ 788 cr in Q2FY27 from ₹ 760 cr in Q2FY26 due to 6% price growth. EBITDA decreased by 2% to ₹ 126 cr in Q2FY27 from ₹ 129 cr in Q2FY26. PAT increased by 1% to ₹ 88 cr in Q2FY27 from ₹ 86 cr in Q2FY26.

Within the Crop Care, the **Domestic (B2C) category** witnessed a 1% de-growth in Q2FY27 registering ₹ 556 cr revenue vis-a-vis ₹ 562 cr in Q2FY26, mainly driven by price growth of 5% and volume decline of 6%.

Within Domestic (B2C), **Crop Protection sub-category** de-grew by 3% & registered Q2FY27 revenue of ₹ 457 cr vis-a-vis ₹ 474 cr in Q2FY26, which was dragged by volume de-growth of 7%.

Soil & Plant Health (SPH) sub-category grew by 22% to ₹ 74 cr in Q2FY27 from ₹ 61 cr in Q2FY26, driven by price growth of 15% and volume growth of 7%. Demand for the inorganic manure increased due to short availability of traditional fertilizers and import dependent raw materials.

Talking about **Institutional (B2B) category**-Total B2B revenue stood at ₹ 232 cr vis-à-vis ₹ 198 cr in Q2FY26, a growth of 17%, primarily due to 8% volume growth and 9% price growth.

Exports (sub-category of B2B) topline grew by ~2.5% to ₹ 165 cr from ₹ 161 cr due to 10% growth in price. There was lower demand for Pendimethalin AI in Europe, coupled with pricing challenges from China market. We also witnessed constrained availability of raw material, partly due to supply chain disruption & prioritized allocation to India B2C crop protection business, which impacted volumes of select products e.g. Acephate, Hexaconazole. There were also delays & uncertainty in shipping timelines due to port congestion/logistical challenges.

CSM (sub-category of B2B) Q2FY27 revenue displayed promising growth by lodging ~12x growth by registering revenue of ₹ 27 cr from ₹ 2 cr in Q2FY26, driven by rebound in PEKK sales volumes. Domestic B2B grew by 11% to ₹ 39 cr in Q2FY27 on a base of ₹ 35 cr of Q2 of previous year.

Moving to Seeds Business – Seed's Revenue de-grew by 31% to ₹ 70 cr in Q2FY27 from ₹ 101 cr in Q2FY26 due to 26% volume decline. EBITDA decreased to ₹ (0) cr in Q2FY27 from ₹ 25 cr in Q2FY26. PAT decreased to ₹ (4) cr in Q2FY27 from ₹ 16 cr in Q2FY26.

Placement of Millet, Mustard, Maize & Vegetables seeds were as per plan, but the Paddy & Cotton acreage declined due to lack of water leading to lower placement. On a positive note, North Cotton farmers reported higher productivity coupled with healthy prices strengthening confidence for future seed adoption and cotton cultivation. For the Rabi seed production cycle, active planning & organizer engagements are underway for Pearl Millet, Paddy, Maize, Sunflower.

H1FY27 Performance: Total H1FY27 revenue stood at ₹ 1880 cr vs ₹ 1818 cr of H1FY26, resulting in growth of 3%. Crop Care segment's H1FY27 revenue clocked ₹ 1485 cr vs ₹ 1412 cr of H1FY26, resulting in growth of 5% primarily led by price growth. Seed's segment H1FY27 revenue stood at ₹ 395 cr vs ₹ 406 cr of H1FY26, resulting in de-growth of 3% occurring due to volume decline of 6%.

H1FY27 EBITDA stood at ₹ 311 cr vs ₹ 304 cr of H1FY26, resulting in growth of 2%. H1FY27 PAT stood at ₹ 210 cr vs ₹ 197 cr of H1FY26, resulting in growth of 6%.

We are focused on accelerating priority brand growth through sharper market execution, targeted product promotion and enhanced phygital (physical+digital) engagement with farmers and channel partners. In the Crop Care segment, key priorities include strengthening the go-to-market strategy, expanding customer reach, optimizing the product portfolio and improving sales productivity through territory rationalization and cost efficiencies. Digital engagement, customer feedback and data-led market development will further strengthen channel effectiveness, deepen market penetration and drive sustainable revenue growth and profitability.

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 elevated in comparison

to the same quarter of last year. We expect capacity utilisation to remain broadly stable, with growth driven by improved product mix, operational efficiencies and higher-value product offerings. We have cash and liquid balance of ~₹ 211 cr as of 30th Sept '26.

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

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Rohit Nagraj from 360 ONE Capital Limited.

Rohit Nagraj: First question is in terms of the sales returns. So have we accounted for the entire sales returns during the quarter? Or will there be some sales returns will be coming in Q3? And an allied question in terms of your perspective on how the channel inventories are currently? And will that have any repercussions on the rabi as well?

Gyanendra Shukla: So as far as sales return are concerned, all the kharif-related sales return for majority of the market are completed. There might be instances in certain crops where kharif crop does not terminate by September based on the numbers we follow. So for example, crops like cotton, or in south where rice planting was delayed even to August. Barring those areas, wherever kharif season is over, it is over for us, and we have accounted for the returns, and we have taken provisions for the remainder of the market as well.

Rohit Nagraj: Right. And any thoughts on channel inventory, sir?

Gyanendra Shukla: So channel inventory, I think -- so first of all, we are not flooding the channel. We have taken a very conscious effort this year because this year, given there was a highly uneven rainfall distribution, we have gone with a more market-based approach, only place the product in the markets, where there's a demand water situation is certain. So it's not a uniform placement everywhere. I think channel inventory is only there to the extent it is needed to either conclude kharif season or beginning of the rabi season. So there's no extra channel inventory.

Rohit Nagraj: Perfect. Second question is on the seeds part. So given that monsoon has been lower, how are we placed for seeds availability for the 2027 kharif season? And will there be any possibility of pricing improvement for next year on the seeds part?

Gyanendra Shukla: So seed, I think last year, if some of you remember, last year, there was a very good production of the seed because rains have terminated on time and seed production season starts from October all the way to March. And because this year, seed season has been soft, I think we have a decent amount of inventory to carry forward and cater to the oncoming season. Now ability to increase prices will depend on how the monsoon forecast and sentiments build up for the next year.

I think based on what I see today, India has never seen 2 consecutive monsoon failure. So I wish and I hope that monsoon will be returning to the normal. Of course, there's a subdued what you call, rainfall forecast for January, February months, which means in the areas where water scarcity is there and rainfall was expected that area will continue to suffer.

But wherever there's an opportunity and commodity prices are high and product competitiveness there from our side, we'll certainly try to see price increases can happen. The only crop price increases are not possible is cotton because it is capped by the government.

Moderator: The next question is from the line of Prashant Biyani from Elara Securities Private Limited.

Prashant Biyani: Sir, what explains the inflated inventory this time versus at the end of H1 last year? If you can explain that, it is more relating to raw material or finished products.

Gyanendra Shukla: So it is a combination of things. I think one thing is that when the war began, everybody was trying to get the inventory so that when if season turns out to be normal, we are in the position to supply. So it need not necessarily be volume. It could be the higher price at which we would have procured the inventory, and it is a combination of inventory of seed as well as crop protection. I think seed inventory this year is more elevated compared to crop protection.

But I think all the seed which we have in our inventory is fresh seed, which was harvested in the March, April of 2026. So it's all good inventory. But yes, because season did not turn out the way, for example, cotton. North India did not get planted. The other thing happened is that cotton areas shrank. On the top of that, there's a lot of illegal seed which proliferated. But for other crops, I think inventory is normal.

Prashant Biyani: And sir, a portion of higher inventory would also be leading to higher price of raw material? Is that so?

Gyanendra Shukla: So on chemical side, yes, some of the inventory we are procuring comes at a higher price. Now this year, in the beginning of the season, we did try to pass on some of the cost increases to the customer, but season did not take off as expected. In fact, demand went down. As a result, it became unrealistic to hold on to the cost increase which we are trying to pass on.

Prashant Biyani: Sir, how are your initial estimate of demand patterns for Q3?

Gyanendra Shukla: So Q3, I think if you say North and East, if you go Indo-Gangetic belt all the way to the East. East-potato there's a challenge right now because see earlier, we were able to

export a lot of potatoes and all to Bangladesh, that has stopped. As a result, potato prices are low, but wheat is going to be normal given that commodity prices are up.

Rice, I think certain areas in South, probably in Telangana and all where water is not available, rice may go down. Maize area is expected to be normal. But there are a lot of maize area in the central part of India where it used to be dependent on water storage, I think that is going to be challenging.

I think the silver line, I would say, is that while area will remain challenging, but because commodity prices are higher, wherever crop is there, farmers will try to use input to protect and maximize their income and return. What has not turned out well this year is chilli crop because chilli prices are very high. But unfortunately, in the chilli growing areas, water situation, particularly in Andhra is not that good.

Prashant Biyani: Sir, for North, in particular, how is the herbicide demand pre-emergent? And how do you anticipate fungicide demand to be?

Gyanendra Shukla: So fungicide, we will come to know later. I mean maybe it's a story for December, January, February, quarter 4. At this point of time, herbicide demand is strong, but there is a pressure on prices.

Prashant Biyani: Okay. And sir, just lastly, what kind of liquidation growth or decline would you say you saw for your portfolio in kharif, and how much would be the same for the industry?

Gyanendra Shukla: So difficult to say as a unit for the industry. But all I can tell you, we had a very strong growth in insecticide. We also had a good growth in herbicide. Fungicide segment, which suffered when there's low moisture, fungal diseases are low. We had a good margin uptick in soil and plant health business. We have been able to improve our margin on the seed business, while the volumes are lower.

So overall, I think it depends on the company and portfolio. The products we launched as new product this year, they have contributed well. New product launches have done quite well, both particularly on insecticide, fungicide and herbicides.

So from a strategy perspective, what we are saying, our strategy seems to be working and on track. Obviously, we're in agriculture and when this war, and it's kind of a double event happening in a very short period. The war has started and within 3 months, we had a bad news on the rain. And that turned out to be actually worse than what people expected.

Moderator: The next question is from the line of Siddharth Gadekar from Equirus Capital Private Limited.

Siddharth Gadekar: Sir, first, just on the cotton market. Can you give us a sense of what is the kind of illegal seeds that have come into the market this year? And how much of that overall market size for this year?

Gyanendra Shukla: So we do a very simple math. I think cotton at the peak had reached to almost 13 million hectare. It has come down to about 10-10.5 million hectare. So progressively, cotton area has come down by 20%, 25%. On the top of that, on the area which is getting planted and industry estimate is that roughly 25% to 30% of the seed. So if you say 10 million hectare is where seed gets planted, and on an average, farmers were using 2 packets equivalent, that amounts roughly 5 crores packets.

Out of 5 crores, if you take 25% to 30% out as an illegal, then you are left with roughly 3.5 crores packets. So that's a big shrinkage where legal packages used to be sold on 5.25 crores packets is down to 3.5 crores. Now 2 things will happen. So I think what we have to see how illegal will perform and whether that area will continue to grow this year or it will shrink and then again will be recovery of the legal product. And the cotton acreages.

I think cotton acreages, in my view, will rebound because cotton prices are very attractive. But again, at the time of planting, farmer makes the season based on the relative pricing of soybean, cotton and maize. So that is very too early to forecast. But yes, cotton has been one of the most challenging crop from a seed perspective.

For us, challenge came from North India planting had actually significantly reduced, and it was very, very difficult to say why it happened. But later on, it turned out that because farmers were not able to get good harvest because of pink bollworm control and the top of that, government was not able to release water on time for the cotton planting because all the North Indian cotton is dependent on release of canal water by the government. So, cotton, I think if you say from a peak illegal packets, it is down to almost 30%, 35%.

Siddharth Gadekar: And what would be our market share in cotton currently versus maybe last 2, 3 years? Have we lost any market share because of illegal seeds?

Gyanendra Shukla: So I would say we have actually held on because our volumes are marginally down compared to last year and market has shrunk so much, even in North India, in spite of our number of packets sold would have got reduced, but we have gained market share, in North particularly.

Siddharth Gadekar: Got it. Sir, secondly, in terms of the seeds sowing. So this year, we would be going for a crop holiday given that we have inventory, or we will build up some further inventory?

Gyanendra Shukla: So some production will need to take place because if you say last 2-3 years, I was saying I didn't have enough seed because when planting happens, by the time harvest happens, planting demand already starts in the planting area, so we were not able to supply. This year when we went for production, we had deliberately planned for some surplus inventory to bring it to a level where at least when you start the season, you're not waiting for the fresh crop harvest.

You are producing about 30% to 50% of inventory of the following year in advance, right? So we are back to normal inventory cycle, I think while it looks elevated, but it's not the right comparison because last 2 years, we had a bad inventory situation.

I think going forward, our aim would be to carry forward, particularly in crops like maize, rice, bajra and all, 150% of the requirement because when you start the following season, you have your opening inventory. And now I think in some crops, we might have more than 150% because production also was very high.

As a result, we will slow down. But new launches, you'd have to produce. Some of the new product launches we made last year where we did not produce a lot of inventory because you want to see the initial farmer response. So at a gross level, we'll still produce something, but it may not be the same product. But it will not be same as previous years. There is significantly reduced area.

Moderator: The next question is from the line of Riju from Antique Stock Broking Limited.

Riju: Just wanted to get a sense that how much of our revenue is coming from the Southern states like Maharashtra, Karnataka and Tamil Nadu?

Gyanendra Shukla: So I will not be able to give you state by breakup right away, but we will get back to you. We have divided the country into something called India 1 and India 2. I will get back to you with a detailed breakup.

Riju: Okay, sir. No problem. And in terms of the exports revenue, so if we exclude the CSM segment and if we look at our export business purely in the B2B segment for PCP, so in the H1 number versus the last year H1, so the growth has been in the negative side. So what explains that apart from the issues that are facing in the Europe market and the LATAM market. So if you could explain that?

Gyanendra Shukla: So 2 things happened, and it's very, very complicated because you're running the business, you're always not trying to see what is right for the company and for the customer. So when war had started, nobody was sure of whether any company will be able to provide enough product to domestic market because by then, this El Nino situation was not clear that how bad or good it will be.

So when it came to making a decision export versus domestic, I think we were trying to balance between making sure enough product is available for domestic market, at the same time, optimizing margins and keeping customers outside also very happy. So, part of the degrowth in the export market was deliberate, and we use that as an opportunity to improve the margin.

As a result, our margins have not shrunk as much in export market as much as volumes. So, it was more of trying to manage the situation then. I don't think we have lost significant customers. In fact, we have added customers, and we have added new products also in the export market.

Riju:

Understood, sir. So sir, my follow-up question related to the exports only. So how do you see the H2 is panning given the higher freight costs and the challenging environment in the Europe specifically. So how do you see the growth there in the exports market?

Gyanendra Shukla:

So I think a lot will depend on how this war plays out because I can tell you, all of us now compete with China. And China supply chain to America is much closer and much more straight-forward than us supplying from India because our products cannot now pass through Red Sea and all. So they have to go around.

As a result, our cost of freight, cost of insurance, time taken, availability of container, everything is a challenge. So, I think to your question, how do we see going forward? I think there are dedicated customers. We will continue to serve them. We're also trying to follow with them more aggressively to get orders early so that we can bridge some of the extra lead time we need.

Having said that, it's a very dynamic environment. Not only for export, even importing raw material, container availability, delayed shipment. So, a lot of things are linked. For some certain export product, I also need a critical raw material, which might be coming from import. So, I think overall, I would say there's a 2-3 weeks, sometimes 4 weeks cumulative delay in the supply chain.

Riju:

Understood, sir. And one last thing, I think in the Q4 con call you had mentioned that we had deliberately procured some of the RM at the lower cost in the month of Feb and March. But if we look at it in terms of H1 number, the numbers is not reflecting the low-cost inventory benefit. So, if you could explain that?

And along with that, I can understand that there was an issue in terms of the domestic demand, which impacted the pricing of the domestic CP business. So if you could explain these things and if we didn't have the low-cost inventory benefit, then in that case, how our margin would have been impacted?

Bhaskar Swaminathan: Yes. So, if I may just take this question. See, the low-cost inventory benefit was already taken in Q1 because that's where the mix of inventory of last year versus this year was there. But as we proceed to Q2, then that weighted average benefit is already lost.

And this is the period when the Q2 was much more challenging than Q1 because market has already realized, but that time the rain is going to come late, and it was a reality by that time. So that's where you have to compete with everyone in terms of price.

Riju: Understood. But yes, if I can look at your Q1 gross margin, the margins were roughly at around 38%, while the last year Q1 margins that were roughly around 36%. But this year, we had a higher growth in terms CSM business and the seeds business. So I'm not being able to understand this equation, if you could explain.

Bhaskar Swaminathan: See, when you see margin at a total level, the mix of products also make a lot of difference actually. And each of them have a different margin profile. So, depending on which of this material has gone in excess, that's how it's going to decide.

And it applies for abroad plus domestic, both the cases. The mix of product is always different. And in our case, if you see fungicide is supposed to be the best of products for us, and that's taken a beating.

Riju: Understood. And sir, if you could break down your seeds revenue by the key crops that will be very much helpful.

Gyanendra Shukla: So what breakup you want?

Riju: Seeds revenue by the key crops.

Gyanendra Shukla: So seed, I think now, I would say corn is as big as cotton. Cotton is still the largest, but corn is pretty close to that followed by, obviously, rice and millets.

Moderator: The next question is from the line of Vijay Sharma from Prescient Equity Fund.

Vijay Sharma: Sir, my question was regarding your earlier comments, in the starting comments, you told that the exports have increased. Can you give the volume breakup and which have increased our exports?

Gyanendra Shukla: Sorry, your line wasn't very clear. Bhaskar, did you follow?

Bhaskar Swaminathan: Yes, yes. I followed. See, if you are specifically asking about Q2, we have done well on the CSM side of it where we have -- that's an export actually. The PEKK is an export item.

- Gyanendra Shukla:** So on exports, CSM has done well, and that also helped us protect our margins.
- Vijay Sharma:** No, sir. Basically, which continents we have done exports to?
- Gyanendra Shukla:** Okay. Majority of our exports are basically to Americas, and now we are trying to -- in fact, we have added resources in ASEAN as well as Africa, and we have started signing new contracts. So, we expect besides Americas also some volume and revenue to start coming from other world areas. But right now, I would say it is bulk of it is to U.S., Brazil and those countries.
- Vijay Sharma:** Sir, despite El Nino, have the acreage has gone up?
- Gyanendra Shukla:** In India, no, they have significantly reduced.
- Vijay Sharma:** Not in India, in the exports market?
- Gyanendra Shukla:** In exports market, yes, I mean, many countries have suffered. U.S. probably had one of the driest planting season this year. Now Latin America season is just beginning. There have been challenges in many markets, and that's why commodity prices are trending up.
- Vijay Sharma:** So the acreage have also gone up, sir?
- Gyanendra Shukla:** So nowhere in the world, I have seen acreages going up. Acreages have generally reduced and crop have suffered from moisture stress in many parts of the world, including Europe had one of the hottest summer.
- Vijay Sharma:** So compared to the quarter 1, quarter 2 is better or worst?
- Gyanendra Shukla:** In India or globally?
- Vijay Sharma:** Globally, sir.
- Gyanendra Shukla:** So globally, if you say, in Northern Hemisphere, quarter 2 is the time when crop is standing in the field. Quarter 1 is the time when it gets planted. India planting started towards end of quarter 1, middle of quarter 1 and then goes up quarter 2. So globally, I'm saying you look at from a season perspective, don't see from a quarter perspective.
- So Northern Hemisphere season from a planting perspective as well as crop growing condition has been very challenging, and that has led to overall reduction in use of imports, including fertilizers. In fact, fertilizers have been worst sufferer relative to our other categories.
- Vijay Sharma:** And sir, we don't have any exports in the seeds, right?

- Gyanendra Shukla:** We don't have any export in the seed. Seed is all domestic.
- Moderator:** The next question is from the line of Rajat Setiya from ithought PMS.
- Rajat Setiya:** Sir, you mentioned, I think perhaps in fungicides, you are seeing good demand, but there is price pressure. So pressure on pricing. So wondering in an inflationary raw material scenario and with good demand, why are we not able to pass on the prices.
- Gyanendra Shukla:** Because of excessive supply. So as I said, our insecticide business did well. Herbicide did well. Fungicide, a, there was a low disease pressure. Low disease pressure happens, demand goes down and supply is excess in the market. As a result, it became very difficult. Not only consumption reduced, and when consumption goes down, obviously, it has an impact on the prices in the market.
- Rajat Setiya:** So this excess supply is just from domestic players or there is Chinese dumping as well?
- Gyanendra Shukla:** Well, so if you see a direct participation in India is only by Indian players. Many of them, they import from China. And China continues to remain very aggressive by being a very competitive supplier. Sometimes it is very puzzling, Sometimes you think your cost of production doesn't seem to justify and people sell at that price. So yes, China is a supplier, but they're not in direct participation in form of brand in Indian market.
- Rajat Setiya:** Got it. Got it. And sir, this El Nino's impact on the next upcoming crop season as well as the next full year, do you see that playing out in the next upcoming crop season.
- Gyanendra Shukla:** Let's say this will impact rabi season, which gets concluded by February or early March. And then kharif season starts in the May. So, at this point of time, there's no adverse weather forecast. And I don't think global climatologists have the ability to forecast even that far. Majority of the time is almost like tossing a coin.
- Even I can say weather is going to be good or bad. I think we would only know by March and April, how the next season is likely to be there. But what I know historically, if you look at the data trend, there has not been 2 consecutive, failures.
- Rajat Setiya:** The impact of El Nino in this season, could it be so worse that it ends up affecting next year despite next year being a good monsoon year? Could that be a case as well?
- Gyanendra Shukla:** So I think it's a very interesting question you asked. Last year, same time, when we were discussing the number, insecticide consumption has gone down, and we were saying because there was too much of rain, farmers could not get inside the field and

spray the insecticide. Now this year, we're talking differently. This year, in spite of dry weather insecticide uses have gone up.

So I think a lot of what happens during that period of active field operations also matters. To me, it's not the quantum of rain. It is always the distribution of rain and timeliness matters more than the actual quantum of rain. This year, quantum has been less as well as distribution has been very erratic. So I mean, I would expect that normal season to return next year with the elevated commodity prices. I would expect next season to be significantly better than what we just concluding.

Moderator: The next question is from the line of Darshita from DSP Asset Managers Pvt Ltd.

Darshita: My first question was regarding the comment that you made that the next season is expected to be much better due to elevated prices. Usually, does that result in higher consumption of agrochemicals? Or does that result in a better consumption or a higher consumption of the specialty chemicals or specialty molecules? How does that impact pan out, both in India as well as any comments on global countries, how would that pan out?

Gyanendra Shukla: So there's always what we call when we put the farmers hierarchy in our mind, we say there are always innovator farmers, and they are always a very small single-digit percentage where they want to try and experiment new things, which could be coming from innovators. The bulk of the farmers will be follower category where they tend to follow what new farmers have done and then there's a laggard.

So I don't think there's a clear cut to say if there's a good season only innovators will sell. Farmers are very smart about their economics. They still tend to use products which will work for their farm. And that's where opportunity lies for a company like ours to keep educating them. It is what works is more important rather than what is most expensive and most new in the marketplace.

So I don't think that they follow the math -- they follow economics. They're only 5% farmer, maybe slightly less than that, they will try new product irrespective of -- even if they don't know what the benefit is going to be. Bulk of them will follow standard crop economics.

Darshita: Got it. So when we say that the next season would be better, it would largely be just because we're assuming normal rainfall and better farm economics. So just you know the normalcy finally playing through after 2 years of down cycle. Having better food grain inflation doesn't necessarily mean into anything.

Gyanendra Shukla: No, it does mean. No, it does mean if there's enough moisture available, crop acreages go up. As a result, when overall crop acreages go up, overall consumption also grows.

So it does mean something. I mean, as acreages shrink, it means something. When acreages grow, that also means positive.

Darshita: And secondly, given the current landscape of import being difficult, freight container costs being high and overall demand being poor, maybe second year of active demand being poor, are you seeing any difference in the competition? Has that come down? A lot of these smaller players that had come up, are they shutting down their shops? Any change in the intensity whatsoever, competition intensity?

Gyanendra Shukla: So I haven't seen many people shutting their shop, but I have seen a lot of people facing stress on their working capital for sure.

Darshita: So would that -- what's your sense on it? Would that result in them having a...

Gyanendra Shukla: In a normal situation that should help companies which are very well capitalized. That would be a common thinking. But I mean, I have seen sometimes these people, smaller players in spite of working capital constraints, they're able to thrive, they somehow figure out. I think what it does though put pressure on them, their ability to grow. So they probably contain their ambition because they have working capital constraints.

Darshita: Correct. Okay. But I mean, not a very major change in maybe competition coming down or consolidation happening.

Gyanendra Shukla: This is something I'm sure you would hear from the market. There are a lot of players who would like to get out of the business and maybe exit. But at this point of time, nobody is willing to relook at their valuations. I think it's a question of valuation, if right valuations come between buyer and seller, I think consolidation can begin. That has not triggered yet. I think.

Darshita: And what would the trigger be, you think, I mean just a better environment?

Gyanendra Shukla: Well, that is something I don't wish, right? I always wish farmers well. I think farmers should continue to do well. I guess what has to be seen is that, look, this industry has seen post COVID in between there was a good year and constant challenges. It's more structural than season driven. And I think this is something for this industry to structurally change, obviously, companies have to do different things.

Well-capitalized companies will continue to thrive and gain market share, companies with new products and good R&D setup. For a smaller player, it's going to remain a challenging place. And government can do a lot of things, which we keep talking to it, talking to government about it.

Moderator: The next question is from the line of Rajkumar Vaidyanathan from RK Investments.

Rajkumar Vaidyanathan: Sir, my question is on the maize crop. Given that the government has banned sugar ethanol, I just want to know what is the prospects for the maize for the grain for ethanol and also the crop prospects because it's a multi season crop.

Gyanendra Shukla: Yes. So I think maize to me, the tailwind still exist because of the food, what I call, feed story continues, animal and poultry feed story continues. Now when government is saying, don't divert sugar to ethanol, will all -- suddenly will it give a boost to maize? I think prices are very high, but I think they have caveated that with something and they said, look, you cannot make more than so much of, so they're trying to cap the price of ethanol made through maize. So that on one side, they're saying, I'm not telling maize farmer not to plant, but I'm going to tell marketing companies that you cannot buy maize-based ethanol for more than that price.

So is that a dampener? I don't think it's a dampener, but it is not that suddenly all sugarcane-based ethanol capacity will shift to maize because maize suddenly then will start competing with poultry, meat and all. So I think the way announcement has come, we have to see how it will play out. But more important factor is the water reservoir availability is low. So the prospects for maize are only good in 2 areas.

One is Bihar where irrigation is there, and Coastal Andhra, where it rains well. Other areas, crop acres will remain challenging. So availability will remain a constraint. So if prices shoot up too much, the current policy will restrict maize being diverted to ethanol.

So I think it will be a normal season for maize. Then there's a spring season that happens after the harvest of potato. So that's a later discussion. I think the way things are so dynamic right now for me to say something what will happen in February, March is also becoming very difficult.

Rajkumar Vaidyanathan: And the second question is on the sugar, how much of contribution we get from sugar as a crop? And also what is your outlook?

Gyanendra Shukla: So sugarcane, I think we are a decent player. We can actually have a separate discussion on which crops contribute to us mostly. But for us, rice, some plantation crops, some rabi season crop, all of them contribute.

One of the things we were expecting this year, chilli to play out well, but looks like chilli prices are very high. But the area where chilli gets planted primarily in South, water situation is not that good. So if it rains a couple of times in the area, chilli is planted, I think, fortune might come back. But at this point of time, I think water is the biggest worry for rabi.

Moderator: The next question is from the line of Abhijit Akella from Kotak Securities.

- Abhijit Akella:** First one was just to clarify for myself. So you mentioned early on that whatever sales returns had to be taken as well as whatever rebating might have to be -- might have had to be done with the channel partners. That's already done in 1H, right? So for 2H, we don't really expect any lingering impact from the kharif season?
- Gyanendra Shukla:** Yes. So I think it's different for different crops. Now if you say rabi, rabi is primarily a wheat herbicide, a big crop. Now wheat crop, you can already see pressure on the prices of herbicides. So obviously, we are not a large player, so it may not impact me. And that's why I said. So in every season, every crop, it depends on what your portfolio is, but there's a significant pressure on the prices of herbicide in Northern India already.
- I mean season has not even begun. Farmers are just about to start planting a wheat crop in the Patiala region. And the prices have already started crashing. Is it too much of trading going on? I don't know. What looks like this industry continues to suffer from excess supply, right, of every key ingredient when it comes to the real market operations, particularly on key crops and key segments.
- Bhaskar Swaminathan:** But having said that, as per our present view, whatever provisions have to be made for returns and rebates, they've already been made, and that's our hope that there won't be any in lingering impact.
- Abhijit Akella:** So at least from your company standpoint, you feel you're relatively safe heading into 2H.
- Gyanendra Shukla:** Yes, that way, we have been very disciplined even on returns and on also what we tell you and what we have.
- Abhijit Akella:** Got it. No, that's helpful, sir. Then just a couple of data points. I wanted to clarify. One is the capex amount for 1H seems really low again, not even INR20 crores for the first half. What should we work with from a full year standpoint?
- Second thing is this net working capital, which has elongated in 1H. Should we expect that we'll be able to collect all of this by the end of the year, so we will generate cash as usual for the full year?
- Gyanendra Shukla:** Yes. So I think I don't see that as a challenge because if you see, for example, we have seed inventory, which we never used to have in the last 2, 3 years because of shortage of the seed. Now this year, we have a production, which is good news because then I'm able to supply on time in the next season.
- So from a business perspective, that's a good thing. On the top of that, now I'll be producing less in the coming season. So, when you come to March, so I would not be paying for the fresh inventory as much as we would have paid in the past. So I think

some of it will start normalizing as we move March because kharif supplies will also start by then.

Now receivables, I think, at this point of time, we don't see any red flag. I think it's all under control. So all the net working capital is a combination of seed inventory, which we should have even built in the past. And the combination of, obviously, delayed season also means delayed recoveries from the market. So some of the elevated inventory of raw material of the crop protection. So it's a combination of that. What happened is that we will probably moderate purchase now. And as a result, I think end of the year, we would still continue to generate free cash flow.

Bhaskar Swaminathan: Also, we think capex part, yes, like we have been going a bit slow on capex, just being prudent from the time we have all the bad news. H1, we may have a little bit higher number than that to prioritize some of the growth initiatives as well as some of the important sustenance capex initiatives. So I can say that broadly H2 will be more than H1, that way.

Abhijit Akella: Okay. But about, say, INR50 crores from a full year standpoint is fair?

Bhaskar Swaminathan: A little bit more than that, you can say.

Abhijit Akella: Just two last quick ones for me. One is the other expenses are up about 12%, 13%, both for this quarter and from a 1H standpoint also. So is that primarily freight? Or is there something else over there? And the other one was just despite a very challenging 1H, we seem to have done fairly well by holding revenues and earnings as well from a full 1H perspective.

So which seems to suggest we might have actually done a little bit better than the overall industry. What would you attribute this to, especially on the B2C side of things? Is it more prudence? Or what are the key aspects that drive this?

Gyanendra Shukla: So a couple of things. I think we said look, we want to complement our portfolio when we did analysis, 2 years ago, we said, look, we don't participate in 50% of the market. So our participation in the segments we were absent, we have started significantly increasing by launching new products in those categories. So that is helping.

For example, this year, of the what you call launches, which I made in '27 in the kharif season, they have already significantly contributed to the extent of about INR100 crores. So, the products which got launched this year, they have given us additional revenue of INR100 crores.

Now this is happening in spite of the fact that we have also in a systematic manner in last 3 years, taken out products which we used to sell 3, 4 years ago, they were

contributing to the revenue, but they were not making much sense from a profit perspective.

So for example, if you say last 4 years, we have dropped roughly INR100 crores of revenue of old products along that probably 28, 30 products. And then we have added about INR300 crores of revenue, so INR200 crores plus. If you take INR100 crores out, incremental INR200 crores has been added by adding some 58 products. So a lot of product churn is taking place. So a lot of that is a combination of being very focused though in what we do in the marketplace and also launching new products.

Abhijit Akella: Just the other expense question, if you could clarify.

Bhaskar Swaminathan: Okay. So on the other expense side, of course, we can separately give you details. But one colour, which I can say is that we do keep looking at right M&A opportunities. So, there would be fees related to those actually. So that also comes in.

Moderator: Ladies and gentlemen, we take that as the last question and conclude 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.

Gyanendra Shukla: Thank you very much. Thanks, everybody. Bye.

Bhaskar Swaminathan: Thank you.