



RALLIS

A **TATA** Enterprise

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52nd Annual Report
1999-2000



RALLIS

A TATA Enterprise

Fifty-second annual report 1999-2000

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Rallis India Limited



Board of Directors

F. A. Mehta

Chairman

Ram S. Tarneja

V. N. Nadkarni

J. K. Setna

Russi Jal Taraporevala

R. K. Krishna Kumar

M. K. Vadgama

R. Gopalakrishnan

B. D. Banerjee

Nominee Director

Rajeev Dubey

Executive Director and CEO

(w.e.f. 01.09.2000)

Registered Office

Ralli House

21 D S Marg

Mumbai 400 001.

Tel.: 2078221

Fax No.: 2004753

E-mail address: legal.ho@rallis.co.in

Website: www.rallis.co.in

Solicitors & Advocates

Crawford Bayley & Company

Auditors

Lovelock & Lewes

S. B. Billimoria & Co. (to be appointed
for the Financial Year 2000-01)

Share Registrars and Transfer Agents

Tata Share Registry Ltd.

Army & Navy Building

148, M. G. Road

Fort,

Mumbai 400 001.

Tel. No.: 2873831

Fax No.: 2844160

E-mail address: csg-unit@tatashare.com

website: www.tatashare.com

Management Team

Rajeev Dubey

Shirin V. Balsara

S. W. Sawant

A. K. Jain

U. M. Lad

B. S. Uberoi

J. J. Aga

K. Dorairaj

P. N. Karlekar

S. K. Mandrekar

M. S. Mithyantha

Brig. J. S. Oberoi

A. K. Shetty

S. V. Sohoni

R. Venugopal

D. M. Bhavsar

N. V. Bhide

M. M. Borhade

V. S. Datar

R. S. Deshpande

S. P. Giri

Dilip Gokhale

G. R. Goves

K. B. Jijina

Ninan Joseph

R. A. Makawana

D. C. Mansharamani

Anil Mehta

P. R. Mundkur

Sarjiwan Singh

B. Siva Prasad

Birja Shankar

T. P. Suresh

Executive Director and CEO (w.e.f. 01.09.2000)

Director - Legal & Company Secretary

Director - Agrochemicals

Executive Vice President - Technical

Executive Vice President - Finance

Executive Vice President - Personnel & Administration

Vice President - Finance

Vice President - Fertilisers

Vice President - Manufacturing

Vice President - Pharmaceuticals

Vice President - Research & Development

Vice President - Corporate Affairs

Vice President - Pesticides

Vice President - Agri. Business

Vice President - Commercial

General Manager - Manufacturing

General Manager - Corp. Development

General Manager - Seeds

General Manager - Infotech

General Manager - Quality Assurance

General Manager - Fertilisers (Sales & Marketing)

General Manager - FCM

General Manager - North

General Manager - Finance

General Manager - West

General Manager - Formulations

General Manager - Manufacturing

General Manager - Exports

General Manager - Materials

General Manager - Production

General Manager - South

General Manager - Research & Development

General Manager - Regulatory Affairs

Bankers

State Bank of India

Union Bank of India

Deutsche Bank

Citibank N.A.

Credit Agricole Indosuez

Corporation Bank

Banque Nationale de Paris

American Express Bank Ltd.

HDFC Bank Limited

Stock Exchanges where Company's Securities are listed

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai 400 001.

National Stock Exchange

of India Ltd.

Trade World

Senapati Bapat Marg

Lower Parel

Mumbai 400 013.

The Calcutta Stock

Exchange Association Ltd.

7, Lyons Range

Calcutta 700 001.

The Madras Stock

Exchange Ltd.

Post Box 183

11, Second Line

Beach

Chennai 600 001.

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Rallis India Limited**RALLIS INDIA LIMITED****NOTICE OF MEETING**

NOTICE is hereby given that the 52nd Annual General Meeting of the Company will be held at Bombay House Auditorium, Homi Mody Street, Mumbai 400 023, on Tuesday, the 29th August, 2000 at 4.00 p.m. to transact the following business:

1. To receive and adopt the audited Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. J. K. Setna who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. R. K. Krishna Kumar who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. M. K. Vadgama who retires by rotation and is eligible for re-appointment.
5. To appoint Messrs. S. B. Billimoria & Co. as Auditors of the Company and to fix their remuneration.

6. **Appointment of Mr. Rajeev Dubey as a Director**

To appoint a Director in the place of Mr. Rajeev Dubey who was appointed an Additional Director of the Company by the Board of Directors of the Company with effect from 11th July, 2000 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and Article 116 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.

7. **Appointment of Mr. Rajeev Dubey as Executive Director and CEO of the Company**

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the appointment and terms of remuneration of Mr. Rajeev Dubey as Executive Director and CEO for a period of five years with effect from 1st September, 2000 upon the terms and conditions set out in the draft Agreement submitted to this Meeting and signed by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/ or Agreement in such manner as may be agreed to between the Board of Directors and Mr. Dubey."

8. **Increase in the borrowing limits of the Company**

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the Resolution passed at the Extraordinary General Meeting of the Company held on 29th January, 1998 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, and the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board") to borrow any sum or sums of money, from time to time, which, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed, at any time, the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 400,00,00,000 (Rupees four hundred crore only) and that the Board be and is hereby empowered and authorised to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit."



9. **Creation of a charge on the property of the Company in respect of loan to be obtained from ICICI Ltd.**

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create such first charge/mortgage/hypothecation, in addition to the existing charges, mortgages and hypothecations created by the Company on all or any part of the immovable and movable properties of the Company, wherever situate, both present and future, and the whole or part of the undertaking of the Company upon such terms and conditions as the Board of Directors may deem fit and in such form and such manner as the Board of Directors may determine in favour of ICICI Ltd. to secure the repayment of a Rupee Term Loan of Rs. 50,00,00,000 (Rupees Fifty crore only) or such revised value lent and advanced by ICICI Ltd. together with interest, cost, charges and all other expenses or monies, due or payable by the Company to ICICI Ltd. as per the Loan Agreement entered into/to be entered into between the Company and ICICI Ltd. in respect of the said loan, such charge created/to be created to rank *pari passu* with the existing first chargeholders of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with ICICI Ltd., the documents for creating the charge/mortgage/hypothecation and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution"

Notes:

1. The Register of Members and the Share Transfer Books of the Company will be closed from Friday, 4th August, 2000 to Tuesday, 29th August, 2000 (both days inclusive).
2. Notice of change of address and mandates must reach the Company's Share Registrars and Transfer Agents, Tata Share Registry Ltd., Army & Navy Building, 148, M. G. Road, Mumbai 400 001 on or before 4th August, 2000.
3. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.
4. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos. 5 to 9 is annexed hereto.
5. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

By Order of the Board of Directors
SHIRIN V. BALSARA
Director - Legal & Company Secretary

Registered Office:

Ralli House
21 D S Marg
Mumbai 400 001

Dated: 11th July, 2000.

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Rallis India Limited**EXPLANATORY STATEMENT PURSUANT TO
SECTION 173 OF THE COMPANIES ACT, 1956**

Pursuant to Section 173 of the Companies Act, 1956 and in explanation of Item Nos. 5 to 9 of the business set out in the attached Notice of the Annual General Meeting, the following facts are stated:

Item No. 5:

Messrs Lovelock and Lewes were appointed the Auditors of the Company until the conclusion of the Annual General Meeting of the Company. They have given notice to the Company that they do not seek re-election as Auditors of the Company.

Messrs S. B. Billimoria & Co. have expressed their willingness to be appointed Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company. They have furnished a certificate regarding their eligibility for appointment as Auditors of the Company.

Item Nos. 6 and 7:

Mr. Rajeev Dubey was appointed an Additional Director of the Company pursuant to Article 116 of the Articles of Association of the Company, on 11th July, 2000. As such, Mr. Dubey holds office as Director upto the date of this Annual General Meeting and is eligible for appointment. A Notice under Section 257 of the Companies Act, 1956 has been received from a Member indicating his intention to propose Mr. Dubey for the office of Director at the forthcoming Annual General Meeting.

Mr. Dubey studied Economics at St. Stephen's College and the Delhi School of Economics. He holds an MBA degree from Yale School of Management, Yale University, USA. He is also credited with a 10 week General Management Programme at CEDEP-INSEAD (European Institute of Business Administration), Fontainebleau, France and a 5 week course at National Institute for Advanced studies, Bangalore.

Mr. Dubey joined the Tata Administrative Service in 1975. He has served for 21 years in Tata Steel in various important positions in Jamshedpur, Delhi and Calcutta prior to his appointment as Managing Director of Tata Metaliks Ltd. in December 1996, which position he has held until his appointment in your Company.

The Board considers it desirable to receive the benefit of his advice and guidance and, therefore, commends his appointment.

The Board of Directors have, at their Meeting held on 11th July, 2000, also appointed Mr. Rajeev Dubey as the Executive Director and CEO of the Company with effect from 1st September, 2000 for a period of five years.

The Board is of the opinion that it is in the interest of the Company that Mr. Dubey, a person of wide experience, be appointed Executive Director and CEO of the Company.

Pursuant to the provisions of Sections 269, 309 and Schedule XIII to the Companies Act, 1956, the approval of the members in General Meeting is required to be obtained to the appointment of Mr. Dubey as the Executive Director and CEO and to the remuneration as set out in Item No.7 of the Notice.

The draft Agreement between the Company and Mr. Dubey sets out the following main terms and conditions:

1. Period of Agreement:

Five years with effect from 1st September, 2000.

2. Remuneration:**a) Salary:**

In the scale of Rs. 35,000 – Rs. 1,75,000 per month, with authority to the Board to fix the salary within the scale from time to time. The annual increments which will be effective 1st April each year, will be decided by the Board and will be merit-based and take into account the Company's performance.

b) Perquisites and Allowances:

- (i) In addition to the salary and commission payable, the Executive Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of



Directors and Mr. Dubey. Such perquisites and allowances will be subject to a maximum of 125% of his annual salary.

- (ii) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- (iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(c) **Commission:**

Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Act. The specific amount payable to the Executive Director and CEO will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Shareholders.

(d) **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any year during the currency of the tenure of Mr. Dubey, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.

3. The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to managing and whole-time directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
4. Mr. Dubey shall, subject to the supervision and control of the Board of Directors, be entrusted with substantial powers of Management.
5. The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' remuneration in lieu thereof.
6. If at any time Mr. Dubey ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director and CEO.
7. If at any time Mr. Dubey ceases to be the Executive Director and CEO of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
8. Mr. Dubey is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Companies Act, 1956.
9. If at any time Mr. Dubey ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
10. Mr. Dubey shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/ or minor children in any selling agency of the Company without the prior approval of the Central Government.
11. Mr. Dubey shall not have the following powers:
 - a) the power to make calls on shareholders in respect of monies unpaid on shares in the Company;
 - b) the power to issue debentures; and
 - c) the power to invest the funds of the Company in shares, stocks and securities.

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12. The Agreement shall terminate on happening of events such as the winding up of the Company. In the event of the Agreement being terminated or in the event of the demise of Mr. Dubey during the currency of the Agreement, Mr. Dubey or his legal representative will be entitled to receive from the Company, remuneration upto the date of such termination/ death.

13. The Agreement also provides for the obligation by Mr. Dubey to maintain secrecy.

The draft of the Agreement to be entered into between the Company and Mr. Dubey is available for inspection by the Members of the Company on any working day of the Company between the hours of 10.00 a.m. and 12.00 noon at the Registered Office of the Company.

Mr. Dubey is concerned or interested in the Resolution mentioned at Item No. 7 of the Notice.

This may also be treated as an abstract of the draft Agreement between the Company and Mr. Dubey pursuant to Section 302 of the Companies Act, 1956.

Item No. 8:

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

The Company plans to replace certain short term loans and also preference shares with long term debt. Also, as on date, the majority of the Company's short term borrowings is from Banks and thus outside the purview of Section 293 (1) (d). However, in future, if the rates of Inter Corporate Deposits/other borrowings become more attractive than the short term borrowings from the Banks, the Company may switch to borrowings from Inter Corporate Deposits/ other borrowings.

At the Extraordinary General Meeting of the Company held on 29th January, 1998, the shareholders had authorised the Board of Directors to borrow moneys not exceeding in the aggregate Rs.300,00,00,000 (Rupees three hundred crore only). In order to allow the Company to make additional borrowing arrangements required by the Company from time to time as stated above, it is proposed to increase this limit to Rs.400,00,00,000 (Rupees four hundred crore only).

The sanction of the shareholders under Section 293(1)(d) of the Act is requested, to enable the Directors to borrow moneys to the extent of Rs.400,00,00,000 (Rupees four hundred crore only) in supersession of the earlier Resolution passed on 29th January, 1998.

The Resolution is commended for acceptance by the shareholders.

Item No. 9:

The Company has obtained a sanction for a Rupee Term Loan from ICICI Limited of Rs.50,00,00,000 (Rupees fifty crore only). The said term loan has to be secured by an appropriate first charge/ mortgage/hypothecation on such of the Company's immovable and movable assets as may be agreed to between the Company and ICICI Ltd. The said charge created/ to be created shall rank *pari passu* with the existing first chargeholders of the Company.

As the documents executed/ to be executed between the Company and ICICI Ltd. for the said Term Loan contain, in the event of default, certain provisions which curtail the management powers of the Company, it is necessary for the shareholders in General Meeting to pass a Resolution under Section 293(1) (a) of the Companies Act, 1956.

The Resolution is commended for acceptance by the shareholders.

By Order of the Board of Directors
SHIRIN V. BALSARA
Director - Legal & Company Secretary

Registered Office:

Ralli House
21 D S Marg
Mumbai 400 001

Dated: 11th July, 2000.



DIRECTORS' REPORT TO THE MEMBERS OF RALLIS INDIA LIMITED

FINANCIAL RESULTS

	Rs. lacs	
	1999-2000	1998-1999
Sales	14,32,51.21	12,56,19.04
Other Income	13,87.88	15,17.34
INCOME	14,46,39.09	12,71,36.38
Profit for the year before charging interest, VRS, etc. and depreciation	97,48.57	96,99.74
Interest	53,53.96	49,11.75
	43,94.61	47,87.99
VRS, etc.	5,24.25	3,46.72
Depreciation	13,65.36	12,25.56
Profit before tax	25,05.00	32,15.71
Provision for tax	47.30	4,75.00
Profit after tax	24,57.70	27,40.71
Profit brought forward from previous year	20,85.06	9,84.57
	45,42.76	37,25.28

DIVIDEND

The Board of Directors had declared an interim dividend of 60% in March 2000. No final dividend is recommended. An interim dividend of 11% was paid on 31st March, 2000 to the holders of the 11% Cumulative Redeemable Preference Shares of Rs.10/- each. No final dividend for the year is payable to them.

MANAGEMENT

Mr. Vijay Rai, the erstwhile Managing Director of our Company tendered his resignation with effect from 12th May, 2000 and the Board of Directors have accepted it with regret.

A Committee of Directors consisting of Board Members and headed by the Chairman of the Board was formed as an interim measure, to supervise the operations of the Company and to find a successor at the earliest, with the existing Management Team comprising of the Divisional Chiefs and other Senior Executives reporting to this Committee.

The Board has appointed Mr. Rajeev Dubey as an Additional Director with effect from 11th July, 2000. In accordance with Article 116(a) of the Company's Articles of Association, Mr. Dubey vacates office and is eligible for appointment.

The Board of the Company has also approved the appointment of Mr. Dubey as the Executive Director and CEO of the Company with effect from 1st September, 2000. The Shareholders are required to approve his appointment as per the Resolution at Item No. 7 of the Notice.

Mr. Dubey studied Economics at St. Stephen's College and the Delhi School of Economics. He holds an MBA degree from Yale School of Management, Yale University, USA. He is also credited with a 10 week General Management Programme at CEDEP-INSEAD (European Institute of Business Administration), Fontainebleau, France and a 5 week course at National Institute for Advanced studies, Bangalore.

Mr. Dubey joined the Tata Administrative Service in 1975. He has served for 21 years in Tata Steel in various important positions in Jamshedpur, Delhi and Calcutta prior to his appointment as Managing Director of Tata Metaliks Ltd. in December 1996, which position he has held until his appointment in your Company.

The Directors commend his appointment as Executive Director and CEO of the Company.

OPERATIONS

The Sales at Rs.14,32.51 crore were higher by 14% as compared to last year mainly on account of increase in sales of pesticides and fertilisers. The profit before tax at Rs. 25.05 crore was lower than last year by 22.10% owing to increase in interest cost which rose by Rs. 5 crore, loss in fertiliser operations and a fall in the prices of pesticides.

PESTICIDES

The Indian Pesticides Industry passed through a lean phase during 1999-2000 mainly on account of excessive production and imports, low consumption of Pesticides, low pest infestation on all crops and unremunerative prices to farmers.

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In general, during the past two years, the cost of agricultural inputs, labour, transportation and oil have increased substantially, whereas the price of the agriculture products have declined resulting in loss in farming business.

The Pesticides Industry is, therefore, faced with piled up inventory and increased debtors. Many small companies have lost the market, and many small and medium companies are on the verge of closure. Only those companies who have introduced research and monopoly products have registered a growth in the market.

Rallis have registered a growth of 16% during the year 1999-2000, mainly due to concentrated efforts on the growing crop segment such as Paddy, Horticulture Crops (Apple) and Plantation Crops, and have been able to increase profits in the domestic market.

There is steep competition for export of generic pesticides, especially from developing countries like China. Rallis' performance in export of Pesticides was marginally above last year's actuals. However, the profit was lower mainly due to the product mix.

FERTILISERS

Sales of Fertilisers have increased by 16% due to import of Fertilisers such as DAP and MOP. However, imposition of 5% import duty and reduction of subsidy on Fertilisers as also in the market price on account of excess import of DAP, has resulted in the Division incurring a loss of Rs. 5.73 crores.

Sales of Organic, Water Soluble Fertilisers, Micro Nutrients and other speciality Fertilisers continue to grow, which will improve profitability.

SEEDS

In general, the year was unfavourable for the Seed Industry owing to abundant availability of seeds and unremunerative price of agriculture products. Sales have declined by 10% compared to last year mainly due to sales of Sunflower seeds coming down. However, profitability has improved over last year due to sale of own hybrid variety seeds. The Company has also established its own Seed Processing and Research facility at Patancheru, Hyderabad.

RESEARCH AND DEVELOPMENT

The Company launched its new cost effective combination product Koranda which received overwhelming response from farming community in the country. Another star product of the Company's R&D - Nagata, will be launched during the ensuing year on its registration by the Central Insecticides Board. The Company also introduced through its R&D, a number of new products in the overseas market. During the year, a number of contract research assignments had been secured which reflect the confidence generated in the international market by the high quality research conducted in the Company's R&D centres.

The Company has a promising pipeline of products under various stages of development which will be introduced in the domestic and overseas markets in ensuing years.

The Company has also embarked on the launching of an interactive internet site rallikisan.com devoted to agriculture and farm management in line with its corporate mission of helping the farming community in the country to enhance farm productivity leading to not only food security for the country but also prosperity for the Indian farmers.

JOINT VENTURE

Pazchem Limited, in Israel, where your Company holds 40% Equity closed down its formulation Unit in Israel and shifted the entire production base to your Company's formulation facility at Akola. During the year, Pazchem Limited also registered your Company's new products in various South American, African and European markets, to enable your Company to increase its exports.

NEW BUSINESS

Rallis Farm Management Services Ltd, apart from providing Farm Advisory Services undertook trial cultivation of select crops. The results are as per plans.

The Company has developed extensive farm management techniques for commercial crops. Two Pilot projects on Cotton, Paddy in Andhra Pradesh and West Bengal have yielded good results in terms of output and enhanced farm management practices, thereby increasing the disposable income of the farmer. The two Pilot Projects were undertaken in association with Monsanto India Ltd. In addition, the PEACE (Pesticide Efficacy Advisory Centres) undertook demonstration farms in low productivity areas to boost output.

PHARMACEUTICALS

The business recorded growth in excess of 20% during the year. The growth in profit, however, was more than 37%. The new introductions were further strengthened by introducing brand extensions. In terms of volume, the new products are in the top 3 positions in each of the segments in which they compete.

The Joint Venture with Caps Holdings Ltd., in which your Company holds 30% equity, gives the Division entry into 5 countries viz., Zimbabwe, Zambia, Botswana, Malawi and South Africa. The Joint Venture Company now intends to expand its presence by entering the East African market viz., Kenya, Tanzania and Uganda.

The Division's marketing alliance with Eurodrug Laboratories, Netherlands will enable the Company to introduce 3 products of the Company in Mexico and Thailand under its brand.