

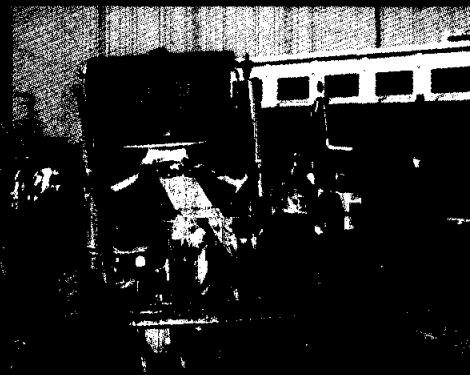


# RALLIS

A **TATA** Enterprise



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**53<sup>rd</sup> Annual Report**  
**2000-01**



# RALLIS

**A TATA Enterprise**

Fifty-third annual report 2000-2001

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**Rallis India Limited**



### Board of Directors

**F. A. Mehta**

*Chairman*

**Mr. R. Gopalakrishnan**

*Vice Chairman*

**Ram S. Tarneja**

**V. N. Nadkarni**

**J. K. Setna**

**Russi Jal Taraporevala**

**R. K. Krishna Kumar**

**M. K. Vadgama**

**B. D. Banerjee**

*Nominee Director*

**Rajeev Dubey**

*CEO & Executive Director*

### Management Team

**Rajeev Dubey**

**Shirish V. Balsara**

**S. Chandrasekhar**

**B. S. Uberoi**

**H. C. Ahuja**

**M. S. Mithyantha**

**Soumen Mitra**

**J. S. Oberoi**

**A. K. Shetty**

**S. V. Sohoni**

**Keki Pardhiwalla**

**Anil Mehta**

*CEO & Executive Director*

*Director - Legal & Company Secretary*

*Executive Vice President - Finance & CFO*

*Executive Vice President - FCM & Corp. Affairs*

*Vice President - Supply Chain and Manufacturing*

*Vice President - Research & Development*

*Vice President - Finance*

*Vice President - Agri Business*

*Vice President - Pesticides*

*Vice President - International Business*

*Chief Internal Auditor*

*Chief - Human Resources Management*

### Registered Office

Ralli House

21 D S Marg

Mumbai 400 001

Tel. No. 207 8221

Fax No. 200 4753

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

Website: www.rallis.co.in

### Auditors

S.B. Billimoria & Co.

### Solicitors & Advocates

Crawford Bayley & Company

### Share Registrars and Transfer Agents

Tata Share Registry Ltd.

Army & Navy Building

148, M. G. Road

Mumbai 400 001.

Tel. No.: 287 3831

Fax No.: 284 4160

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

website: www.tatashare.com

### Bankers

State Bank of India

Union Bank of India

Deutsche Bank

Citibank N.A.

Credit Agricole Indosuez

Corporation Bank

BNP Paribas

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.

Exchange Plaza, 5th Floor

Plot No. C/1, G Block

Bandra-Kurla Complex

Bandra (E), Mumbai 400 051

The Calcutta Stock

Exchange Association Ltd.

7, Lyons Range

Kolkata 700 001.

The Madras Stock

Exchange Ltd.

Post Box 183

11, Second Line

Beach

Chennai 600 001.

**RALLIS****Fifty-third annual report 2000-2001****Rallis India Limited****RALLIS INDIA LIMITED****NOTICE OF MEETING**

NOTICE is hereby given that the 53rd Annual General Meeting of the Company will be held at Bombay House Auditorium, Horni Mody Street, Mumbai 400 023, on Monday, the 10th September, 2001 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, 2001 and the Balance Sheet as at that date.
2. To declare a dividend on the 11% Cumulative Redeemable Preference Shares.
3. To appoint a Director in place of Dr. F. A. Mehta who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr. Ram S. Tarneja who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Russi Jal Taraporevala who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and to fix their remuneration.
7. **Appointment of Mr. Rajeev Dubey as CEO and Executive Director 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, 311 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if necessary, the Company hereby approves of the appointment and terms of remuneration of Mr. Rajeev Dubey as CEO and Executive Director for a period of 5 years with effect from 1st September, 2000 upon the terms and conditions, including the remuneration to be paid in the event of inadequacy of profits in any financial year, set out in the draft Agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors or a Committee thereof, 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 Directors and Mr. Rajeev Dubey."

**Notes:**

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No.7 above and the relevant details in respect of Item Nos.3 to 5 and 7 above, pursuant to Clause 49 of the Listing Agreement are annexed hereto.
2. The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 1st August, 2001 to Thursday, 30th August, 2001 (both days inclusive).
3. 11th September, 2001 has been fixed as the Record Date for payment of dividend on the 11% Cumulative Redeemable Preference Shares.
4. **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 &amp; Company Secretary

**Registered Office:**

Ralli House  
21 D S Marg  
Mumbai 400 001

Dated: 31st July, 2001.



## 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 No.7 of the business set out in the attached Notice of the Annual General Meeting, the following facts are stated:

### Item No.7:

Consequent upon the approval of the Members at the Annual General Meeting of the Company held on 29th August, 2000, the Company entered into an Agreement dated 14th September, 2000 with Mr. Rajeev Dubey, CEO and Executive Director for his appointment for a period of 5 years effective 1st September, 2000 as also for the payment of remuneration to him.

The Remuneration Committee and the Board of Directors at their Meetings held on 31st July, 2001 have approved of entering into a fresh Agreement with Mr. Rajeev Dubey for a period of 5 years from 1st September, 2000. The present Agreement is accordingly being terminated by mutual consent.

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 (which expression shall include a Committee thereof) to fix the salary within the scale from time to time. The annual increments which will be effective 1st April each year, will be merit-based and take into account the Company's performance.

##### b) **Incentive Remuneration:**

Upto twice the annual salary to be paid at the discretion of the Board annually, based on certain performance criteria.

##### c) **Commission:**

Such remuneration by way of commission, in addition to the salary, incentive remuneration, if any, 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 Companies Act, 1956. The specific amount payable to the CEO and Executive Director 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 Members.

##### d) **Perquisites and Allowances:**

(i) In addition to the salary and commission payable, the CEO and Executive Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent and house maintenance allowance in lieu thereof; reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries; medical reimbursement, medical/ accident insurance, leave travel concession for himself and his family; club fees 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 shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

**RALLIS****Fifty-third annual report 2000-2001****Rallis India Limited**

- (iii) Company's contribution to Provident Fund and Superannuation Fund 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.

e) **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Dubey, the profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration, 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, carry out such duties as may be entrusted to him.
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 CEO and Executive Director. 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.
7. Mr. Dubey is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(i) of the Act.
8. 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.
9. 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.
10. The Agreement also provides for the obligation by Mr. Dubey to maintain secrecy.

In compliance with the provisions of Sections 269 and 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.

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.

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: 31st July, 2001.



## Details of Directors seeking appointment/re-appointment in forthcoming Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Dr. F. A. Mehta	Dr. Ram S. Tarneja	Mr. Russi Jal Taraporevala	Mr. Rajeev Dubey
Date of Birth	31.07.1928	07.12.1931	08.09.1932	03.04.1954
Date of Appointment	23.08.1972 and on 28.12.94 appointed as Chairman	30.05.1985	22.09.1988	11.07.2000 and on 01.09.2000 appointed as CEO & Executive Director.
Expertise in specific functional areas	Renowned Economist with wide business experience	Renowned Management Professional	Renowned Economist and is an authority on Industrial Economics, Business Management, Finance and Taxation	Mr. Dubey joined the Tata Administrative Service in 1975. He 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 held until his appointment in the Company.
Qualifications	Master of Arts in Politics and History, Master of Science in Economics and Doctorate in International Economics from the London School of Economics	Ph. D From Cornell University, U. S. A	B.Com. (Bombay), M.Sc. (Economics) (London) and M. B. A. (Berkeley - California)	Mr. Dubey studied Economics at St. Stephen College and the Delhi School of Economics. He holds an MBA degree from Yale School of Management, Yale University, USA.
List of the Companies in which Directorship held as on 31 <sup>st</sup> July, 2001	<b>PUBLIC COMPANIES</b> 1. Rallis India Ltd. (Chairman) 2. Forbes Gokak Ltd. (Chairman) 3. Goodlas Nerolac Paints Ltd. (Chairman) 4. Eureka Forbes Ltd. (Chairman) 5. Tata Investment Corporation Ltd. (Chairman) 6. Ewart Investments Ltd. (Chairman) 7. Tata Finance Limited (Chairman) 8. Tata Asset Management Ltd. (Chairman) 9. Siemens Ltd. (Chairman)	<b>PUBLIC COMPANIES</b> 1. Jolly Board Ltd. (Chairman) 2. S. I. Property Development Ltd. (Chairman) 3. Rallis India Limited 4. New Standard Engineering Co. Ltd. 5. Bharat Gears Ltd. 6. Bennett Coleman & Co. Ltd. 7. Ballarpur Industries Ltd. 8. Philips Carbon Black Ltd. 9. Kapoors Siam Vidhya Finance Ltd. 10. Housing Development Finance Corporation Ltd.	<b>PUBLIC COMPANIES</b> 1. Rallis India Limited 2. Standard Industries Ltd. 3. Gabriel India Ltd. 4. Stanrose Mafatlal Investments & Finance Ltd. 5. Mafatlal Lubricants Ltd. 6. Virat Industries Ltd. <b>PRIVATE COMPANIES</b> 1. Vista Travels Pvt. Ltd. 2. D. B. Taraporavala Sons & Co. Pvt. Ltd. <b>FOREIGN COMPANIES</b> 1. Caps Rallis (Private) Ltd.	<b>PUBLIC COMPANIES</b> 1. Ralchem Limited (Chairman) 2. Rallis Finance and Investments Company Limited (Chairman) 3. Rallis Farm Management Services Limited (Chairman) 4. Rallis Hybrid Seeds Limited (Chairman) 5. Sankhya Garments Limited (Chairman) 6. Siris India Limited (Chairman) 7. Akola Chemicals (India) Limited (Chairman)



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<b>Name of Director</b>	<b>Dr. F. A. Mehta</b>	<b>Dr. Ram S. Tarneja</b>	<b>Mr. Russi Jal Taraporevala</b>	<b>Mr. Rajeev Dubey</b>
	10. SKF Bearings (India) Ltd.(Chairman)	11. GATI Ltd.		8. Watsol Organics Limited (Chairman)
	11. Tata McGraw Hill Publishing Co.Ltd. (Chairman)	12. I.T.C. Ltd.		9. Rallis India Limited (CEO & Executive Director)
	12. Tata Sons Ltd.	13. Otis Elevator Company (I) Ltd		10. Aich Aar Chemicals Limited
	13. Tata Industries Ltd.	<b>PRIVATE COMPANIES</b>		11. Amba Trading & Manufacturing Company Limited
	14. IVP Ltd.	1. Tarneja Farming Pvt. Ltd.(Chairman)		12. Oriental Seritech Limited
	15. Escorts Ltd.	2. Nissin ABC Logistics Pvt. Limited (Chairman)		<b>FOREIGN COMPANIES</b>
	<b>PRIVATE COMPANIES</b>	3. Arim Metal Industries Private Limited (Vice Chairman)		1. Pazchem Limited
	1. Tata Precision Industries Pvt. Ltd.(Vice Chairman)	4. Inter Active Learning Solutions Pvt. Ltd.		2. Caps Rallis (Private) Limited
	<b>FOREIGN COMPANIES</b>	<b>ALTERNATE DIRECTOR</b>		
	1. Pazchem Limited (Chairman)	1. GIVO Ltd.		
	2. Caps Rallis (Private) Ltd.	2. Phoneix Township Ltd.		
		3. Bhoruka Textiles Ltd.		
		4. Sir Owen Williams Innovestment Ltd.		

<b>Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on 31<sup>st</sup> July, 2001.</b>	<b>Dr. F. A. Mehta</b>	<b>Dr. Ram S. Tarneja</b>	<b>Mr. Russi Jal Taraporevala</b>	<b>Mr. Rajeev Dubey</b>
	1. Forbes Gokak Ltd.	1. I.T.C Ltd.	1. Standard Industries Ltd.	1. Rallis India Limited
	- Remuneration Committee (Chairman)	- Remuneration Committee	- Audit Committee (Chairman)	- Shareholders'/ Investors' Grievance Committee
	2. SKF Bearings (India) Ltd.	2. Housing Development Finance Corporation Ltd.	- Shareholders'/ Investors' Grievance Committee	
	- Investors' Grievance Redressal/ Share Transfer Committee (Chairman)	- Shareholders'/ Investors' Grievance Committee (Chairman)	2. Stanrose Mafatlal Investments and Finance Ltd.	
	3. Escorts Ltd.	3. Ballarpur Industries Ltd.	- Investors' Grievance Committee (Chairman)	
	- Remuneration Committee (Chairman)	- Shareholders'/ Investors' Grievance Committee (Chairman)	3. Rallis India Ltd.	
	4. IVP Ltd.	4. GATI Ltd.	- Shareholders'/ Investors' Grievance Committee (Chairman)	
	- Audit Committee (Chairman)	- Remuneration Committee	- Remuneration Committee (Chairman)	
	5. Tata Investment Corporation Ltd.	5. Rallis India Limited	- Audit Committee	
	- Remuneration Committee (Chairman)	- Remuneration Committee	4. Gabriel India Ltd.	
	6. Siemens Ltd.	- Audit Committee	- Investors'/ Shareholders' Grievance Committee	
	- Audit Committee	- Shareholders'/ Investors' Grievance Committee		
	7. Goodlass Nerolac Paints Ltd.	6. Bharat Gears Ltd.		
	- Audit Committee	- Audit Committee		
	8. Tata Finance Ltd.			
	- Audit Committee			
	9. Rallis India Ltd.			
	- Remuneration Committee			





## DIRECTORS' REPORT

### TO THE MEMBERS OF RALLIS INDIA LIMITED

The Directors hereby present their Fifty-third Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2001.

#### Financial Results

	2000-2001	Rs. lacs 1999-2000
Sales	108,890	143,251
Other Income	2,085	2,590
	<u>110,975</u>	<u>145,841</u>
Profit for the year before charging interest, Depreciation and other extraordinary items	5,410	9,909
Profit on Sale of Pharmaceutical Trade Marks	800	—
Profit on Sale of Assets/Investments/Rights (net)	537	2
Voluntary Retirement Compensation	(295)	(524)
	<u>6,452</u>	<u>9,387</u>
Interest	(6,162)	(5,518)
	<u>290</u>	<u>3,869</u>
Depreciation	(1,564)	(1,365)
	<u>(1,274)</u>	<u>2,504</u>
Prior Period and Extraordinary Items	(1,297)	—
	<u>(2,571)</u>	<u>2,504</u>
Provision for Contingencies	(500)	—
Profit/(Loss) Before Tax	<u>(3,071)</u>	<u>2,504</u>
Provision for Tax	—	(300)
Prior Year Tax Provision no longer required	513	253
Profit/(Loss) after Tax	<u>(2,558)</u>	<u>2,457</u>

**RALLIS****Fifty-third annual report 2000-2001****Rallis India Limited****DIVIDEND**

The extremely poor performance of the Indian agricultural sector over two successive years, overcapacity within the agrochemicals industry and a number of one time corrections in the Company's accounts, have resulted in a net loss for the Company. For the first time since 1992, the Board is unable to recommend a dividend for the year 2000-01, on equity shares.

Dividend on Preference Shares, however, has been recommended out of past profits.

**COMPANY PERFORMANCE**

Your Directors regret to state that during the year 2000-01, the Company reported a loss of Rs. 25.58 crores compared to a profit of Rs. 24.58 crores in the previous year. While there was a downturn in the Company's performance due to lower sales and high cost of operations, the loss shown also takes into consideration an extensive restructuring exercise on the Company's accounts carried out during the year with a view to provide an up-to-date and correct picture of its operations now and for the future. Your Board took a conscious decision to write off expenses and provisions of more than Rs. 12.96 crores. A contingency provision of Rs. 5 crores was also made towards accounts as a matter of abundant caution and prudence.

Further, the Company had to absorb a loss of over Rs. 6.66 crores during the year on Oriental Seritech, Garments and Bulk Drugs operations discontinued during the year. In addition, as a result of overcapacity within the industry, the Fine Chemicals operations of your Company suffered a loss of Rs. 6.42 crores.

The downturn in the global agrochemicals industry also affected the Company's Joint Venture in Israel very badly, resulting in its complete cessation of operations. As a conservative measure, your Board decided to provide for the possible non-recovery of over Rs. 7.75 crores of receivables from the Joint Venture. A diminution in value of the investments of Rs. 0.81 crores in the share capital of the Joint Venture has also been provided for.

The adverse effects of these changes were partly compensated by certain credits of Rs. 19.32 crores comprising the profit from sale of Pharmaceutical Trade Marks (Rs. 8 crores), Property (Rs. 6.20 crores) and write back of excess provisions towards tax made in earlier years (Rs. 5.12 crores).

**OPERATIONS****Agri business***Pesticides :*

Depressed agricultural production resulting in low purchasing power of the farmers, combined with severe competitive pressure across the country, caused the prices of generic products to be depressed by about 5%. Added to this, an erratic monsoon in several parts of India, floods in India's largest market, Andhra Pradesh, and an earthquake in Gujarat led to a huge pile-up of stocks and an adverse debtor position for the entire agrochemicals industry. The profitability of most companies in the industry, especially those relying on generics, was thus badly hit.

*Fertilisers :*

Restriction in the ECA allocation for urea sales placed by the Government of India led to a decrease in Urea sales as compared to the previous year. Due to uncertainty in the fixation of subsidy relating to imported fertilisers and the adverse impact on profits owing to Foreign Exchange fluctuations, the Company took a conscious decision to reduce its exposure to imported fertilizers, in particular, DAP. While this prevented further erosion of profits, it resulted in a turnover drop of Rs. 189 crores.

*Seeds :*

A substantial growth was observed in hybrid vegetable seeds during the current year. The Company has decided to strengthen this activity through selective grain crops, vegetable hybrid and OP seeds.

**Pharmaceuticals**

The Pharmaceutical business maintained its status as the most profitable business of the Company in terms of Return on Investment. Several new products were introduced during the year to strengthen the position in therapeutic segments where the Division has intrinsic strengths. However, having taken a conscious decision to focus on Agri Business, the area in which your Company has a leadership status and core competence, the decision was taken to divest this business activity.