



RALLIS

A **TATA** Enterprise





The newly setup Polymer Plant at Ankleshwar

Inauguration of Polymer Facility at Ankleshwar

The newly setup, state-of-the-art Polymer facility was inaugurated by Mr. R. Gopalakrishnan, Chairman, Rallis India Limited on 13th October 2008 at Ankleshwar, Gujarat. This is a step in the direction of developing new businesses which require deployment of Rallis' capability as an efficient organic chemicals producer.



Chairman Mr. R Gopalakrishnan, Managing Director Mr. V Shankar and GM, Ankleshwar Mr. D G Shetty at the ribbon cutting ceremony



Bhoomipujan ceremony at Dahej site

Bhoomipujan ceremony at Dahej, Gujarat

Bhoomipujan and foundation stone laying ceremony was conducted on 28th January 2009 at the site of the new plant at Dahej, Gujarat. This signifies the formal commencement of construction of the new facility at this location. The Dahej plant will be a multi-purpose technical manufacturing facility for a number of agrochemical products.

Rallis team examining the Dahej Project Plan





Relationship Building



Visit by Argentine farmer delegation



Takumi launch programme



Bhagidari Sabha with Channel Partners in progress



Tatamida launch in Sri Lanka



Farmer Safety programme



Farmer meeting in progress

Corporate Sustainability Initiatives



Inauguration of RUBY initiative



Rallis Ujjwal Bhavishya Yojana



Spoorthi – Campaign for educating the girl child



AIDS awareness programme



Ralliites volunteering at the Health Camp



Ralliites participating in the National Cancer Rose Day celebrations



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Dr. Rajashekhar, General Manager, Turbhe Unit receiving the Energy Conservation Award from Mr. Sushil Kumar Shinde



Mr. C M Singh, Mr. Sukhbir Malik and Mr. Nishant Pahuja receiving the Qimpro award from Dr. J J Irani



Mr. Mathews Mathai, General Manager, Lote Unit receiving the National Safety Award



Mr. V Shankar and Mr. K Amuthan receiving the CII EXIM Bank commendation for Significant Achievement in Business Excellence from Mr. TC Venkat Subramanian



Rallis team receiving the Frost & Sullivan Growth Strategy Excellence Award



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Sixty-first annual report 2008-2009

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Annual General Meeting	:	Friday, 29th May, 2009
Time	:	3.30 p.m.
Venue	:	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020.

BOOK CLOSURE DATES

14TH MAY, 2009 TO 29TH MAY, 2009

Rallis India Limited

Board of Directors

R. Gopalakrishnan (*Chairman*)
Homi R. Khusrokhhan
B. D. Banerjee
E. A. Kshirsagar
S. Ramanathan
Prakash R. Rastogi
Bharat Vasani
Venkatrao S. Sohoni
K. P. Prabhakaran Nair
V. Shankar (*Managing Director & CEO*)

Executive Team

V. Shankar *Managing Director & CEO*
A. K. Shetty *Chief Operating Officer – Agri Business*
D. K. Sundar *Executive Vice President – Finance & Legal*
B. S. Uberoi *Executive Vice President – Corporate Affairs*
K. Nagraj *Executive Vice President – Technology & Business Development*
K. Amuthan *Vice President – Human Resources & Business Excellence*
Shashi Kapoor *Chief Internal Auditor*
S. K. Chaturvedi *Vice President – Domestic Sales*
R. R. Joshi *Vice President – Manufacturing*
K. R. Venkatadri *Vice President – International Business*

Registered Office

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 Tel. No. 6665 2700
 Fax No. 6665 2827
 E-mail address: investor_relations@rallis.co.in
 Website: www.rallis.co.in

Share Registrars and Transfer Agents

TSR Darashaw Ltd.
 6-10 Haji Moosa Patrawala Industrial Estate,
 20 Dr. E. Moses Road,
 Mahalaxmi,
 Mumbai 400 011.
 Tel. No. 6656 8484
 Fax No. 6656 8494
 E-mail address: csg-unit@tsrdarashaw.com
 Website: www.tsrdarashaw.com

GM – Legal & Company Secretary

P. S. Meherhomji

Auditors

Deloitte Haskins & Sells

Solicitors & Advocates

Crawford Bayley & Company

Bankers

State Bank of India
 Citibank N.A.
 Corporation Bank
 BNP Paribas
 Industrial Development Bank of India Limited
 Axis Bank Limited
 ICICI Bank Limited
 Oriental Bank of Commerce



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am sure you will be pleased to know that your Company has crossed Rs. 100 Crores PBT (before exceptional items) for the first time in its history. After incurring a loss a few years ago, this achievement gives great satisfaction to all the employees. I am sure it gives confidence to investors as well for higher achievements in the coming years. Your Company, with the help of its very competent team of professionals, should continue on the path of growth in the coming years.

It would be of interest if I mention the three key competencies that exist in Rallis –

- **Branded Farm Solutions:** The ability to sell *branded farm-solutions* to farmers is a great corporate asset. Rallis has several decades of association with the Indian farmers. Rallis has pioneered a number of unique relationship-building initiatives like technical field agronomists for disseminating the latest practices for crop cultivation, using focused group discussions for understanding emerging requirements of farmers, and systematically chalked field campaigns.
- **Market Reach:** The ability of Rallis to deliver new farm-solutions efficiently into the market is regarded as a great strength within the Indian industry. Rallis has a strong distribution network and is present across the length and breadth of the country, covering all the crop geographies. Rallis' channel partners reach out to roughly 40,000 retailers across the country with presence in more than 80% of India's districts.
- **Technical Innovative Capabilities:** Rallis has a deep understanding of organic chemistry, batch processing and special chemical reactions such as Isomerisation, Azolyl Methylation and Reductive Alkylation. Further, it has invested in developing low-cost manufacturing solutions for generic molecules.

The general economic situation across the world is very tough. Long term investors will view the prospects of the Company within this general context and within the context of the Industry. I would like to address both before I speak about the Company –

a. Global Economic Situation

The year 2008-09 was a volatile year for all economies, which experienced disequilibrium across the globe. In the first half of the financial year, the trend of the previous years continued—of surging consumer demand, production increase and rising raw material prices.

However, during the second half of the year all these factors seemed to collapse. Economic recession coupled with liquidity problems emerged in many countries impacting all business sectors.

Countries like US, UK, Japan and many others continue to be in recession. The recession is expected to continue through the end of 2009 with only early signs of a turnaround by 2010.

The Indian economy has also been impacted by the global crises. However, the negative impact of the crisis has been comparatively less harsh than many other countries. The GDP growth for Apr-Dec '08 stood at 6.9% (9% for Apr-Dec '07).

b. Robust Prospects for Agriculture

Globally, between 1974 and 2005, food prices declined by about 75% in real terms (Constant \$). Since 2005, food prices rose rapidly, only to be interrupted in second half of 2008 due to the global economic downturn. However the world is expected to be in for a firm to rising food prices situation in the coming years.

If the average price forecast by OECD-FAO for 2008-2017 is compared with that of 1998-2007, prices for wheat, maize and skim milk powder could be higher by 40-60%; for raw and white sugar by 30%, for butter and oilseeds by more than 60% and for vegetable oils by over 80%.

Increasing world population, growth in developing nations and increasing urbanization are spurring the demand for food. According to a report drafted for ministers of G8 nations, the world faces “a permanent food crisis and global instability unless countries act now to feed a surging population by doubling agricultural output”.

Rallis India Limited

On the supply side, there are many challenges posed due to the impacts of climate change on agriculture, land degradation, growing uncertainty about crop yields and the intensification of floods and droughts in tropical areas. This will lead to volatility in food prices. Food and Agricultural Policy Research Institute (FAPRI), International Food Policy Research Institute (IFPRI) and Organisation for Economic Co-operation and Development (OECD) & Food and Agriculture Organization (OECD-FAO) studies identify an increase in the volatility of food commodity prices for the next 10-15 years.

In India, during the period '04-08, the agriculture growth at 4.2% per annum has been the highest since 1980. While the agri-input prices have been subsidized, the price realizations for crop output have increased in line with the global prices. The Government has helped to focus on helping the Indian farmer, placing greater emphasis on the economic well-being of farmers and rural development rather than merely on agricultural production. Improvement of rural infrastructure, expansion of irrigation area, improved water management, support for rural roads, housing, electrification, telecommunication and research have been given a high priority.

c. Crop Care Industry

Although traditionally our industry has been referred to as Pesticides or Agrochemicals, I would like to believe that we are in the business of Crop Care. Therefore, I prefer to refer to our industry as the Crop Care industry.

The Crop Care industry is a very big industry globally at USD 40 Billion. Its size is impressive compared to consumer industries like Laundry Care (USD 65 Billion) and the Bath Care (USD 30 Billion). On this large base, the global Crop Care industry has grown at a CAGR of 8% over the last five years. This reflects a good demand for Crop Care products, driven by a fairly positive agricultural outlook throughout the globe and a general price increase for most of the generic products.

The domestic Crop Care industry (USD 1 Billion or Rs. 5000 Crores) witnessed a growth of around 10% during the year. This was largely driven by price increases, especially for the generic products. Steep cost escalation in the prices of raw materials led to such increases in the prices of the finished goods. However, prices were fairly stable for the specialty products and the industry witnessed a growing preference for such products by the farmers.

While first half of the year was relatively favorable for the domestic industry, the environment turned challenging during the second half of the year. Industry grappled with issues like declining product prices, high cost inventory carried over from first half, adverse impact of volatility in foreign exchange and liquidity crisis along with poor credit availability.

Performance of Southwest monsoon remains one of the critical drivers for the domestic Crop Care industry. While overall monsoon during the Kharif season remained normal, it was marked by temporal variations with many areas not receiving rains for long periods during the months of July and August. This resulted in changes in cropping patterns and farmers had to go for re-sowing in many areas especially in west and central India. Average yields in Kharif crops like Cotton, Soybean and Pulses were also adversely impacted because of this. The Rabi season witnessed low pest and disease occurrence in some key crops, whereas cyclonic rains in November impacted standing rice in Tamil Nadu.

For the first time after 35 years, the global demand for food will outstrip supply. This comes at a time when land is not easily available. Productivity can be improved by focusing on –

- i. Better Inputs
- ii. Better Agronomic Practices
- iii. Post Harvest efficiencies

Your Company is involved in areas under (i) and (ii).

The above analysis points to a positive period ahead. Future writers may well perceive the coming period as the return of a golden period for agriculture, last seen during the green revolution half a century ago.

Company Performance and Plans

With continued focus on its key strategic drivers, your Company made significant progress during the year, inspite of the global economic slowdown.



Some of the key features of your Company's performance during the year were:

1. Focus on innovation and introduction of new products continues to be one of the key strategic pillars for the Company. While products launched in the previous years like *Applaud* and *Takumi* got strengthened further with good response from growers of key crops, the Company also launched a new blasticide in Paddy segment under the brand name of *Mantis*. Two more new products, *Ergon* and *Balwan* are ready for launch in the coming year. Revenue from new products introduced in the last four years, termed as innovation turnover remained around 30% for the year.
2. The International Business achieved record sales of Rs. 288 Crores in 2008-09, a growth of about 79% over last year's sales. This, inspite of the downturn in international markets. The Company's focus on supply contracts and registration based sales has helped in increasing revenues across geographies.
3. Your Company continued its drive towards cost reduction and productivity. An enterprise wide value creation programme has been instrumental in improving the profitability of operations. In addition to manufacturing, procurement, sales and marketing areas, the programme has also been extended to reducing fixed costs and overheads across the Company during the year.
4. The Company's plans to set up additional manufacturing facilities are on track, with work progressing satisfactorily at the new site at Dahej in Gujarat, to which I had referred in my last year's statement to the shareholders. The Rs. 150 Crores of investment in Phase 1 will go towards creating a state-of-the-art facility. The capacity of the plant will be 5000 MT/KL per year with a Rs. 500 Crores revenue potential over a three year period. Commercial production is expected to start by June 2010.
5. Your Company's focus on health and safety measures also continued to be recognized. Your Company received several recognitions at the National and State levels for excellence in Health and Safety performance at all its Units.
6. Your Company continued to enhance customer relationships through various initiatives, which include its unique *Rallis Kisan Kutumba (RKK)* initiative, *Focus Group Discussions*, *4S campaigns* and farmer helplines. RKK initiative got further strengthened during the year with its farmer base expanding to 1,30,000 farmers across the country.
7. The Company continued to progress well on its journey in Business Excellence with its thrust on process orientation. During the year, your Company was awarded the CII-EXIM Award for Significant Achievement in Performance Excellence in its first year of application. The Company was also conferred the Growth Strategy Excellence Award in the Indian Crop Protection Chemicals Market by Frost & Sullivan, a consulting organization. Your Company is the first recipient of this award in the Indian Crop Protection industry.

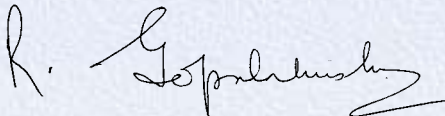
The above initiatives have resulted in strengthening the Company's core capabilities during the year.

Board of Directors

During the year, your Company has inducted Dr. K. P. Prabhakaran Nair as an Independent Director on the Board. Dr. Nair is a renowned agronomist with over three decades of significant contributions in research, teaching and developmental areas. I am sure the shareholders will join me in welcoming Dr. Nair on the Board.

Acknowledgement

I would like to end by expressing my sincere appreciation for the continued support of the Tata Group, shareholders, suppliers, commercial partners and employees during the year.


Chairman

Mumbai
April 22, 2009

Rallis India Limited

RALLIS INDIA LIMITED**NOTICE OF MEETING**

NOTICE is hereby given that the 61st Annual General Meeting of Rallis India Limited will be held at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020, on Friday, the 29th May, 2009 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date together with the Report of the Directors and that of the Auditors thereon.
2. To declare a dividend on the 7.5% Cumulative Redeemable Preference Shares.
3. To declare a dividend on Equity Shares.
4. To appoint a Director in place of Mr. R. Gopalakrishnan who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. B. D. Banerjee who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Dr. S. Ramanathan who retires by rotation and is eligible for re-appointment. He has offered himself for re-election and his term would be upto the end of June 2011.
7. To appoint Auditors and to fix their remuneration.

8. **Appointment of Dr. K. P. Prabhakaran Nair as a Director**

To appoint a Director in the place of Dr. K. P. Prabhakaran Nair who was appointed an Additional Director of the Company by the Board of Directors with effect from 1st September, 2008 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 ('the Act') 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.

9. **Appointment of Mr. V. Shankar as Managing Director**

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), the Company hereby approves of the appointment and terms of remuneration of Mr. V. Shankar as the Managing Director of the Company with effect from 15th January, 2009 upto 12th March, 2012, upon the terms and conditions as set out below and in the Explanatory Statement annexed to the Notice conveying this meeting, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Shankar.