



# RALLIS

A **TATA** Enterprise



62nd Annual Report | 2009-10



## Rallis Kisan Kutumba (RKK)

Rallis has been a pioneer in relationship building, technology transfer and brand building approaches. During the late 90s, there were jeep campaigns to contact individuals at territory level. In 2002, 4S campaigns were introduced targeting particular crops and regions and having large impact. Later on, Standard Visit List (SVL) concept was introduced to make regular contact throughout the season, in the selected villages. We have recently introduced a concept called "Rallis Kisan Kutumba (RKK)" wherein farmers are enrolled

with Rallis and they are supported to achieve better yields from their farm land. RKK also leverages the advancement in information and other technologies.

By the end of FY 2009-10, more than 3 lakh farmers have

been enrolled with RKK whose data have mostly been digitized. It is planned to cover more than 5 lakh farmers under RKK by March, 2011. As of now, progressive farmers including the ones who have relatively larger land holding are being enrolled under the RKK initiative. Many activities have



Demonstrating better root development by adopting Rallis Package of Practices



Farmers visit to Rallis Demonstration Plot

been initiated or in the process to enhance farm level yield through proper education and training to farmers.

One of the activities under the RKK concept is "Prerna visits". In this, farmers from one area are taken to other locations, to show case the good crop management practices of farmers at that location. A PRERNA visit was organized, where farmers from



Prerna Visit: Karnataka Bengalgram farmers taken to Nandyal (Andhra Pradesh)

Sholapur and Latur were taken to Gurulingappa in Bidar, where farmers have produced 18Q yield of redgram / acre through unique wide spacing technique.

About 40 farmers from Gadag were taken to Bengalgram fields in Nandyal district of AP to show the mechanised cultivation. Following this we had a meeting with the farmer group from Gadag, which helped us to convince the Department and Agricultural University to provide JG 11 variety sought by Gadag farmers.



Prerna Visit: Maharashtra Redgram farmers taken to Bidar (Karnataka)



Mechanized farming of Bengalgram in Nandyal (Andhra Pradesh)



## Launching of a New Product ERGON

Rallis has developed and introduced a new product "ERGON" which is a latest generation fungicide. The Company was able to launch this novel Fungicide and Yield enhancer, ERGON in India, as a result of interaction with



Mr. V Shankar unveiling ERGON pack at launch programme

thousands of farmers and meet their expectations.



Mr. A K Shetty addressing at the launch meet

The product was launched in the market this year and in the very first year has emerged as a major brand in Rallis' portfolio. It has a high potential for market access

given its superlative cost benefit ratio delivery for the various crops.

Three mega launches and many grass root level launches along with technical training sessions



More than 1000 farmers participated in ERGON launch at Nasik



Rallis team at unveiling of ERGON pack

were organized throughout the country to educate channel partners on usage of ERGON. Senior leaders were

present as well in these programs.

The mega launch program for North held at Ludhiana (Punjab) focused on the usage of ERGON on field crops. Another mega launch was organized at Nasik (Maharashtra) where major emphasis was given to grape cultivation.



Participants at ERGON launch programme

Similarly the other big launch at Lucknow (UP) targeted technical training program for potato and field crops.

The grass root level launches were organized to create awareness and train farmers and channel partners in remote areas about the product. All these have resulted in the farmers receiving the product well in the very first year of launch. The support we have received from our channel partners and the positive farmer's response has given us tremendous encouragement to build ERGON as one of the biggest brands in the country.



Mr. S K Chaturvedi addressing the Channel Partners from potato areas during the launch



Technical training session in progress



## Project MoPu : Grow more pulses

Pulses are a major source of protein for the largely vegetarian Indian population. Our pulse output is around 15 million tons against the consumption of 17 million tons. Therefore we are heading for a severe shortage, impacting per capita consumption of pulses, pushing a large number of people towards mal-nutrition. The solution is to increase the area under pulses cultivation and/or improve the productivity to meet the demand. The Government of India is also keen to improve the productivity through various means and has allocated funds in the Budget for the purpose.



A Demonstration plot for Blackgram

Our Chairman, Mr. Gopalakrishnan initiated the idea that TATAs, with our expertise in the field of agriculture, could play a major role in improving pulse productivity in the country. An expert panel was constituted with the participation of Pulses Scientists and renowned economists. A knowledge exchange website, [www.growmorepulses.com](http://www.growmorepulses.com) was launched for the use of farmers, general public and scientists.



Line sowing of Pulses, the line sowing instrument provided by Rallis

Rallis, as a part of the team with other TATA companies has surveyed sample districts in Maharashtra and MP and met farmers growing chickpea and Tur. The Focus group discussions have brought out the key hurdles in the productivity. It consulted the scientists in ICRISAT and Tamil Nadu Agricultural University and worked out a plan to drive up pulses productivity.

Tamil Nadu Department of Agriculture approached Rallis to join hands through their IAMWARM project to work in Pudukottai district for improving the yields of blackgram. Under this project, farmers have been educated and trained to adopt better crop management practices to improve the yield. Quality seed multiplication program has been organized and farmers are being educated in other important activities like line sowing, seed treatment, foliar spray of nutrients, water management, etc. A comprehensive package of practice has been compiled and given to farmers for adoption.

Farmers have been encouraged to grow more with a proposal of a buy back. We have formed 45 commodity groups, comprising about 620 farmers to facilitate monitoring and implementing the buyback process.



A book on Package of Practices in Tamil, distributed among farmers





# RALLIS

**A TATA Enterprise**

Sixty-second annual report 2009-2010

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<b>Annual General Meeting</b>	:	Tuesday, 15th June, 2010
<b>Time</b>	:	3.30 p.m.
<b>Venue</b>	:	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020.



**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**  
**R. Mukundan**  
**Yoginder K. Alagh**  
**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*  
**Nagraj Koneripalli** *Executive Vice President – Technology & Business Development*  
**K. R. Venkatadri** *Vice President – Domestic Sales*  
**R. R. Joshi** *Vice President – Manufacturing*  
**K. Amuthan** *Vice President – Human Resources & Business Excellence*  
**Shashi Kapoor** *Chief Internal Auditor*  
**D. G. Shetty** *Head – International Business*

**Registered Office**

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 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  
 IDBI Bank Limited  
 Axis Bank Limited  
 ICICI Bank Limited  
 HDFC Bank Limited  
 Oriental Bank of Commerce  
 Kotak Mahindra Bank Limited





## CHAIRMAN'S STATEMENT

Dear Shareholders,

As is my usual practice, I will touch upon some broad issues with respect to the agricultural business space in which your company is operating. The company performance and results will be covered in detail by the Managing Director in his presentation.

Last year I had highlighted the tightening demand-supply situation in world food markets. This is likely to result in a firm pricing environment for food in the years to come essentially because of a spike in demand and without a corresponding supply increase. Specific to India, the green revolution of the 1960s resulted in a dramatic increase in the yields of food crops. Along with this, the government's procurement policy and strategy over the years played a positive role. Lately, however, concerns over food output and productivity have started creeping in. Issues of food insecurity have begun to surface. This is particularly true for certain crops like pulses which did not adequately benefit from the green revolution because pulses were viewed as marginal crops. For the future, there is an urgent need to augment food supply because India is set to cross the inflection point on the 'income curve'. The demand for goods and services, including food, is at a tipping point.

India could find itself in a delicate situation since demand is expected to outstrip supply for several food items in the coming years. A working paper by ICRIER, titled 'Demand-Supply Trends and Projections of Food in India', and authored by Surabhi Mittal in March 2008, reveals that India might face shortages of close to 24 mn tonnes in pulses, 18 mn tonnes in edible oils, and 3 mn tonnes in cereals by 2021.

(Unit: million metric tonnes)

Food Items	Gap (Supply-Demand)		
	2011	2021	2026
Rice	1.26	8.98	9.13
Wheat	21.21	27.33	32.04
Total Cereals	21.19	-2.94	-16.97
Pulses	-8.05	-24.92	-39.31
Edible oil	-6.66	-17.68	-26.99
Sugar	-4.31	-39.67	-74.13

Note: 10.2% is conversion factor of sugarcane to sugar and 33.9% is the average conversion factor of edible oilseed to edible oil. Demand scenario of GDP growth at 9% is considered here.

**Source: ICRIER/Working Paper titled 'Demand-Supply Trends and Projections of Food in India' by Surabhi Mittal (March 2008)**

The obvious response to this situation is to increase the food production and yield through a second green revolution. There is an emerging opportunity for innovative products and services in agriculture.

### The Rallis Position:

Innovation and technology led companies, like Rallis, offer branded products and services that directly influence productivity and higher food production. Companies like yours are well placed to translate this demand-supply gap into an opportunity by leveraging and enhancing their competencies. I had touched upon the following competencies that exist in Rallis, during my address last year:

1. **Branded Farm Solutions**, i.e. the ability to sell *branded farm-solutions* to farmers.
2. **Market Reach**, viz. the ability of Rallis to deliver new farm-solutions efficiently into the market, backed by a strong distribution network across the length and breadth of the country.
3. **Technical Innovative Capabilities**, i.e. a deep understanding of organic chemistry, batch processing and special chemical reactions helping to develop low-cost manufacturing solutions for generic molecules.

A key strategic advantage that integrates all the above-mentioned competencies in creating and delivering customized products and services to the end-user, is your company's close relationship with farmers, through its initiative called 'Rallis Kisan Kutumba'.



**Rallis India Limited****Rallis Kisan Kutumba: Some Experiences**

Rallis Kisan Kutumba [RKK] is the platform that your company has created to bring modern technology and practices to the farmer. Rallis officials seek to understand the concerns and needs of farmers through 'Listening and Learning' posts to enable the company to launch customer-relevant offerings.

RKK started some years ago as a small initiative to visit and understand farmers' needs. Today, three lakh farmers have enrolled in the RKK program, which seeks to enable and empower the farmer by providing information on new and improved agronomic practices and by facilitating more efficient use of agricultural inputs. Thus through RKK, your company attempts to positively influence the Indian farming community by providing them advice on appropriate products and services.

Frequent crop seminars are organized under RKK with experts from ICAR (Indian Council of Agricultural Research), state agricultural universities and 'Department of Agriculture' invited to share their expertise for the benefit of farmers. Besides these, there are regular activities like farmer meetings and maintenance of demonstration plots with key inputs to showcase the benefits of using certain products and practices for improving yields. In 2009-10, your company has conducted over 8,000 demonstrations involving 20-25 farmers each to make farmers familiar with the right practices, products and technologies.

RKK also distributes newsletters; in the name of UNNAT KISAN in local languages for the benefit of farmers. RKK is also exploring the possibilities of conserving the sub-soil moisture in rain-fed territories with the help of experts in the field.

One of the key needs of the farmers is access to improved technology. At times, even the access to existing technology is not uniform which perhaps explains why in one region productivity of a certain crop can be much higher than a neighboring area under similar agro-climatic conditions. With a view to address such disparities and facilitate knowledge transfer, RKK has introduced an initiative called 'Prerna Visits'. Under this initiative the "knowledge seeking" farmers from one area are taken to other locations, to observe and learn good crop management practices from other farmers. Other stakeholders like officials from department of agriculture and experts from agricultural universities are also involved in these programmes.

To meet the anticipated supply gaps in food production, your company intends to further leverage this existing network by expanding the base of enrolled farmers and emerge as partner and supplier of choice. It is hoped that this knowledge and service oriented initiative would enable your company to deliver its vision of making a national contribution to soil improvement and improved agricultural productivity by the honest promotion of branded productivity solutions to the farmer.

**A Vision for Agriculture in India**

Rallis believes that the concept of engaging with farmers, in collaboration with state and private players, can have a profound impact on Indian Agriculture. A farmer-centric view of our economy cannot but do good. There is a need for several players to collaborate and create an eco-system for farmers to prosper and in turn improve the agricultural situation in India.

Although state and central agencies will continue to play a major role when it comes to issues requiring policy interventions, private players can participate in empowering the farmer. I am attempting to list down a few ways in which this objective could be achieved:

1. **Creating 'Farmer-Centric' Strategies:** Partnering the progressive farmer by listening intently to his needs, grievances and desires and formulating strategies to create relevant products and services to meet his requirements.
2. **Offer suite of chosen services** to serve Indian farmers' productivity requirements. This would mean extending existing services to larger base and introducing highly relevant new services like:
  - (a) Developing a solid data base/library of soil maps, weather information, POP of agronomy best practices and making them available to farmers. This could include facilitating adoption of successful agronomic practices like water management, good seed varieties selection, integrated pest and nutrition management, irrigation, small-farm mechanization and intercropping.
  - (b) Advice on procuring inputs like drip irrigation, farm mechanization service
  - (c) Local services like soil testing services, market prices, agronomy advice, and advice on land aggregation
  - (d) Services to create effective market linkages for farmers to sell their crops
3. **Create an IT based, connected "farmer solutions service"** as the engine to empower the Indian farmer. This can greatly benefit farmers making real-time, customized and important information available to them. Your company is addressing this step in collaboration with other Tata group companies. For instance your company





has completed a pilot for 'advisory services' in Gujarat and Punjab, in collaboration with 'Tata Business Support Service Ltd'. A helpline number was given to farmers to consult experts which also enabled your company to generate a credible database of over 20,000 farmers. On similar lines Rallis had initiated a pilot with some farmers in Maharashtra in collaboration with 'Tata Consultancy Services'. 'mKRISHI' as the initiative is called, is a mobile based platform to offer personalized services to farmers. After this pilot, your company is evaluating ways and means to introduce such initiatives at a larger scale. Lack of relevant and timely information has been a major cause of low productivity and this gap can be bridged very effectively through adoption of latest Information and Communication Technologies.

4. **Creating partnerships with farmers:** Corporate partnerships would not only familiarize farmers with latest agronomic practices but would also ensure the buy-back of their crops at remunerative rates. A case in point would be the pilot in Pudukkottai where your company is assisting farmers in growing pulses like Black gram, in collaboration with various other agencies including Department of Agriculture, Tamilnadu. The objective is to familiarize farmers with best practices, improve yield and buy-back the produce for further market linkages. The programme is intended to achieve the dual purpose of empowering the farmers and augment the pulse production in India.
5. **Introduction of 'right' Seeds:** There are several avenues for partnering with research institutes and companies, both in India and abroad specifically for development and promotion of high-yielding, disease-resistant seeds through improved breeding, hybrid seed research, genetic modification and application of biotechnology. Imagine the gains if farmers are introduced to seeds which are low moisture tolerant for drought prone areas and have increased resistance to pests and diseases.
6. **Extend Relationship Programmes:** Through a strong customized farmer data base, 10 million exemplary farmers who account for perhaps 30% of cropped area, can be helped to improve productivity and financial returns. Such relationship programmes have the potential to bring in a disruptive change by making agriculture a worthwhile business.

In short, transformation in agriculture can happen in India through empowerment of the most important stakeholder in the entire agriculture chain, the farmer!

### **Company Performance and Plans**

I am sure you will be pleased to know that your company has continued to progress on the growth path, achieving Rs.164 crores PBT (before exceptional items) and a net profit of Rs. 101 Crores. The achievement gives immense satisfaction to the Directors and employees and, I am sure, it gives confidence to the investors that the company will continue to strive for higher achievements in the coming years. Your Board is pleased to reward the shareholders, at the completion of this very successful financial year, with a bonus issue of 1 equity share for every two equity shares held.

You will be happy to know that 'Total Shareholder Return' (TSR) for your company, which represents the total returns to shareholders including share price appreciation and dividends distributed, has displayed a strong positive trend over the years. TSR for the company, as on 1st April, 2010, over the last 3, 5 and 10 years has been 75, 43 and 33 percent respectively. These returns have exceeded the BSE Sensex by a multiple of 2 to 6 times, depending on which period you look at.

During the year, your company has become a subsidiary of Tata Chemicals Ltd. and with the commonness of Agri interests of both the companies, there should be new business perspectives and opportunities in the years to come.

### **Board of Directors**

Your company has inducted Mr. R. Mukundan and Dr. Yoginder K. Alagh as Additional Directors on the Board. Mr. Mukundan and Dr. Alagh come up for appointment on the Board, and I am sure that you will all find their candidature worthy of support.

### **Acknowledgement**

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

Mumbai  
May 12, 2010

Chairman



Rallis India Limited

**RALLIS INDIA LIMITED****NOTICE OF MEETING**

NOTICE is hereby given that the 62nd 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 Tuesday, the 15th June, 2010 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, 2010 and the Balance Sheet as at that date together with the Report of the Directors and that of the Auditors thereon.
2. To confirm the payment of Interim Dividend on the Equity and 7.5% Cumulative Redeemable Preference Shares for the year 2009-10 and to declare a Final Dividend for the year 2009-10 on Equity Shares.
3. To appoint a Director in place of Mr. Prakash R. Rastogi who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Bharat Vasani who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. H. R. Khusrokhhan who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and to fix their remuneration.

7. **Appointment of Mr. R. Mukundan as a Director**

To appoint a Director in the place of Mr. R. Mukundan who was appointed an Additional Director of the Company by the Board of Directors with effect from 3rd December, 2009 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.

8. **Appointment of Dr. V. S. Sohoni as a Director**

To appoint a Director in the place of Dr. V. S. Sohoni who was appointed an Additional Director of the Company by the Board of Directors with effect from 22nd April, 2010 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 Dr. Yoginder K. Alagh as a Director**

To appoint a Director in the place of Dr. Yoginder K. Alagh who was appointed an Additional Director of the Company by the Board of Directors with effect from 22nd April, 2010 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.