



# RALLIS INDIA LIMITED

A **TATA** Enterprise

64th Annual Report | 2011-12









Environment,  
Health and  
Safety



**RALLIS INDIA LIMITED**  
A **TATA** Enterprise



LOTE Factory



AKOLA Factory



NABL accreditation of DAHEJ



AKOLA Factory



ANKLESHWAR Factory

### SAFETY AWARDS AT VARIOUS FORA

Corporate  
Sustainability



Various Initiatives such as Tree Plantation, Women Self-help Groups, Self defence training in schools.



MoPu

- More Pulses program



MoU with Govt. Of Maharashtra



A farmer meeting in Progress



Sharing the experiences



Showcasing the difference



Red gram procurement

TRAITS

- TATA Rallis Agri Input Training School



TRAITS Trainee Undertaking Demo



KVK Faculty explaining the topic to the TRAITS Trainees



Participants at the inaugural session at Bolpur

Samruddh  
Krishi



A customer education session in progress



Explaining the new techniques



Testing Soil Temperature



Addressing a group of progressive customers





# RALLIS

A **TATA** Enterprise

Sixty-fourth annual report 2011-2012

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<b>Annual General Meeting</b>	:	Wednesday, 27th June, 2012
<b>Time</b>	:	3.00 p.m.
<b>Venue</b>	:	Auditorium, Yashwant Rao Chavan Pratishthan, Chavan Centre, General Jagannath Bhosale Marg, Mumbai 400 021.

<b>BOOK CLOSURE DATES</b> <b>13TH JUNE, 2012 TO 27TH JUNE, 2012</b>
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## **Rallis India Limited**

### **Board of Directors**

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

### **Company Secretary**

P. S. Meherhomji

### **Corporate Identity Number (CIN)**

L36992MH1948PLC014083

### **Registered Office**

156/157 15th Floor Nariman Bhavan  
 227 Nariman Point  
 Mumbai 400 021  
 Tel. No. 6665 2700  
 Fax No. 6665 2827  
 E-mail address: investor\_relations@rallis.co.in  
 Website: www.rallis.co.in

### **Auditors**

Deloitte Haskins & Sells

### **Solicitors & Advocates**

Crawford Bayley & Company

### **Senior Leadership**

V. Shankar	<i>Managing Director &amp; CEO</i>
K. R. Venkatadri	<i>Chief Operating Officer - Agri Business</i>
Ashish Mehta	<i>Financial Controller</i>
K. Amuthan	<i>Vice President - Human Resources &amp; Business Excellence</i>
Ravindra R. Joshi	<i>Vice President - Manufacturing</i>
Subhash R. Kadam	<i>Vice President - Research &amp; Development</i>
K. B. Belliappa	<i>Vice President - Planning &amp; Logistics</i>
C. M. Singh	<i>Vice President - Domestic Sales</i>
D. G. Shetty	<i>Vice President - International Business</i>
P. V. Reddy	<i>Vice President - Marketing &amp; CRM Services</i>
Umesh K. Mehendale	<i>Vice President - Agri Services</i>
Coomie N. Kapadia	<i>Head - Internal Audit</i>

### **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

### **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,

Over the last few years, through the Chairman's statement, I have expressed a general concern about a global food imbalance that is emerging. After all, at the end of the Second World War, the earth supported about 2.5 billion people versus 6.5 billion today. It took thousands of years for the population to reach 2.5 billion, but within a mere 65 years since then, the population has exploded. The shift in growth from west to east, rapid urbanization and rising per capita income spur higher demand for food, both in quantity and in quality. Juxtapose this reality with the impact of climate change, land degradation, water depletion and the dwindling availability of arable land: the global food production system faces several challenges.

FY 2011-12 has been a food grain production landmark for India. However, the prices of coarse grains, pulses and vegetable have soared – something significant is happening on our farms. This reflects a simultaneous adjustment in consumption as well as crop production patterns.

Economists tend to view the farmer as a producer. However, for an agri-input Company like yours, the farmer is a consumer. We tend to develop a somewhat different perspective. Understanding the farmer's needs and minimizing his pain areas is core to our business development.

This year I would like to report on how Rallis tries to do these.

### **NEED FOR A HOLISTIC RESPONSE**

With over 100 million farmers, India has multiple segments. Farmers in the upper tier have economic-sized land-holdings and are better endowed; they are adaptive and experimental. A large number of farmers reside in the lower tier with smaller and less economic landholding. These farmers tend to be a bit risk-averse and face numerous uncertainties and constraints.

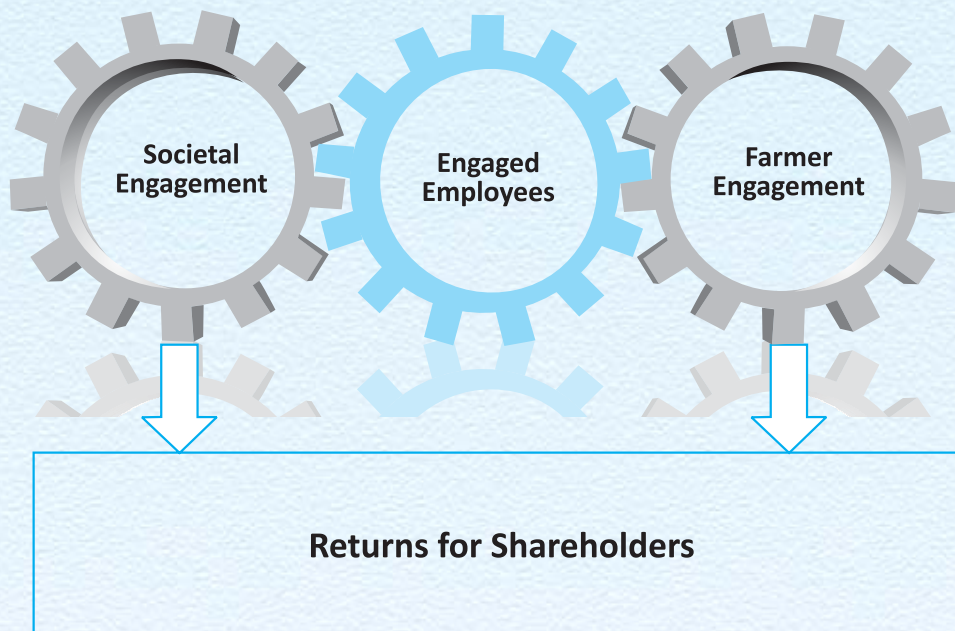
For a transformational impact, the needs of both these segments have to be addressed on priority. Over the years, in its own small way, your Company has attempted a holistic approach to serve the farmer and to raise overall farm prosperity. Sometimes by working with other Tata companies, an option is given to the farmer to sell his produce back to a Tata company. For example through the 'Grow More Pulses' programme, Rallis and Tata Chemicals have joined hands to touch very poor farmers of pulses.

Over the last seven years, your Company has conducted numerous Focused Group Discussions (FGDs) covering over 20,000 farmers across 4,000 villages across multiple crops. Our farmer-connect initiatives give us a deep understanding of farmer needs and preferences. By interpreting the farmers' needs derived through FGDs, Rallis strives to create products, services and value.

To develop top class farmer services, a company needs engaged employees. Rallis is fortunate to have close to 3,000 direct and indirect employees working across 16 locations across the country. They constantly engage with more than 2,500 dealers and approximately 37,000 retailers to take our products and services to millions of farmers. This helps us to serve the farmer distinctively. I would like to touch upon the initiatives that drive employee engagement levels in the Company.

To achieve holistic growth, the interest of society is of paramount importance. Integral to your Company's long-term growth strategy is the strong focus on sustainability with a constant pursuit to 'green' our product, process and practices. Our employees continue to drive sustainability initiatives to ensure that we create a green future for people and communities around us.





Engaged employees are central to driving the farmer engagement and the societal engagement. It is such engagement which translates into superior returns for owners. This is a transmission mechanism that Rallis will always strive to improve upon. Allow me to say a few words about each of these elements.

#### **EMPLOYEE ENGAGEMENT**

Employee engagement at Rallis is at the heart of the planning exercises. Employee engagement is assessed through an international technique of studying twelve key expectations, which when satisfied, form the foundation of strong feelings of engagement. These twelve expectations are tested through an administered survey to get what, in the jargon, is called the Q12 score.

The Q-12 grand mean for Rallis has consistently been an excellent score compared to global standards and at the very top among Indian companies. When engagement is measured, employees are classified as being 'highly engaged', 'unengaged' and 'actively disengaged'. Every organization would like to have as many employees as possible as highly engaged and as few as possible as actively disengaged.

In average organizations, the ratio of highly engaged to actively disengaged employees is about 2:1. In world-class organizations, the ratio is 5:1. For your Company the ratio is 15:1, suggesting that the Company is fortunate to enjoy a culture that motivates and energizes employees.

Our employee engagement scores have been consistently in the top quartile over the last few years. This gives us immense confidence for the future. An engaged workforce also signals complete alignment with organizational goals and is indicative of a high-performance mindset. Notwithstanding this positive trend, we continue to remain vigilant for future. We want to remain agile while meeting our growth aspirations every year.

The Company recently launched an initiative called, '*Mushkil Aasaan*' which encourages employees to bring to management's notice anything adverse that can impact the organization. It could be an unsafe practice or a delay in capital approval. This information is accessed directly by the Managing Director of the Company with a time-bound plan for resolution.





## **FARMER ENGAGEMENT**

### Rallis Kisan Kutumb (RKK)

Your Company has for long built solid customer relationships and in recent years, the activity has been formalized under the umbrella of Rallis Kisan Kutumb (RKK). We have been actively using technology to reach out to farmers in order to make our efforts truly scalable. We have compiled a digitized database of over 700,000 RKK farmer members, enabling us to communicate with them (via mobile, internet, newsletters) and offer products and services. This data gives us immense market intelligence necessary to create new offerings. We have further leveraged technology to reach out to farmers through free help lines. Farmers in some regions are given a toll free number to discuss their issues with an agri-expert. We aspire to soon reach out to one million farmer members through optimum mix of technology and physical connect. Our endeavor has been to deliver up-to-date information in form of improved agronomic practices coupled with efficient use of agro-chemicals to improve productivity and lower costs.

Crop seminars with experts, farmer meetings and demonstration plots are some initiatives integral to RKK. 'Prerna Visits' are organized to facilitate knowledge transfer: farmers from one area are taken to other locations, to observe and learn good crop management practices from other farmers.

Last year your Company carved out a separate initiative called *Samrudh Krishi* which combines the benefit of technology to personal-touch of crop advisors to meet productivity requirements of farmers.

### Samrudh Krishi (SK)

Samrudh Krishi reaches out to farmers with holistic agro-advisory through multiple touch-points. The physical connect with farmers is provided by knowledgeable crop-advisors who visit each farmer's plot and provide him with customized recommendations. This is supplemented by electronic connect – daily SMSs (text and/or voice) which provides village-specific weather information and advisory. Your Company plans to further scale up this initiative after an encouraging response from farmers in the two pilot belts in Maharashtra and Gujarat.

### Grow More Pulses

In 2009, your Company had introduced 'Grow More Pulses' in Pudukottai, Tamil Nadu. The objective of the programme was to introduce best practices, improve yields and buy back the produce with the dual purpose of empowering the farmers and augment pulse production in India.

In Tamil Nadu, it has now been extended to 5,000 farmers covering 20,000 acres. As an improvement over previous cycle, your Company undertook seed production to introduce high-quality seeds as recommended by TNAU for benefitting the farmers.

Rallis also entered into MoU with Maharashtra Govt to drive MoPu initiative in the State. The intention is to cover 1 Lakh Ha. of land under pulses over the next five years. In the current year, 50,000 acres of land has been covered with focus on Red Gram, Black Gram, Green Gram and Bengal Gram. The initiative did not only improve the yield by 10 to 50% but also fetched price premium of ₹ 100 - ₹ 250 per quintal for the farmers. In addition, Rallis procured 1,715 tonnes of pulses at Latur center thereby providing direct market access to participating farmers.

### New Products and Services

Within the crop protection business, your Company strives to introduce new products to maintain its competitive position and meet farmer requirements. During the year, your Company has launched ten new products in the crop protection space, which have been well received by the farming community.

Your Company is consciously looking to play an active role as a complete solution provider by adding to the product portfolio beyond crop protection chemicals. Over the last few years, Rallis has launched micronutrients, growth promoters and different varieties of seeds. The seed business of your Company got a fillip with acquisition of Metahelix. This year saw launch of 10 hybrid seeds through Metahelix. Your Company plans to roll out several new hybrids and market them through the 2,500 strong retail network of Rallis and 700 exclusive outlets of Tata Chemicals.

Soil health management is another opportunity to benefit millions of farmers by rectifying ever-deteriorating soil health. By acquiring stake in Zero Waste Agro Organics Pvt. Ltd., Rallis will be able to manufacture and market, scientifically prepared organic compost rich in nutrients and organic carbon, derived out of wastes from sugar industry. This acquisition gives Rallis a green product that is capable of improving the soil ecosystem, and thereby leading to optimum yield.

Although the share of revenue from non-pesticide business was only 10% of our total revenues in 2011-12, our aspiration is to build a non-pesticide, agro-inputs business which is as big and attractive as the pesticide business.



**Rallis India Limited****ENGAGEMENT WITH SOCIETY**

As part of the Company's commitment towards greening the product portfolio, we have voluntarily eliminated the more toxic red triangle products from our portfolio. Rallis continually engages with farmers, to spread education on safe, sensible and optimum usage of agro-chemicals.

Rallis is also making significant investments in its manufacturing plants to enhance standards on environment, health and safety. Your Company is heading towards a zero discharge operation. We drive continuous improvement measured through 'Greening Index' which tracks parameters like: power consumption, water consumption and waste generation.

Rallis India also touches the lives of the less fortunate through its volunteering initiative, Rallilove ACTS (Assisting Community Through Service). The Company launched RUBY (Rallis Ujjwal Bhavishya Yojana) to improve the employment prospects of rural youth. The Rallis Spoorthi campaign creates awareness about the importance of educating the girl child and drinking potable water. The Company also focuses on environment protection, tree plantation, safety awareness and HIV/AIDS awareness programmes.

**RETURNS TO SHAREHOLDERS**

Employee engagement, farmer engagement and engagement with society are all fine so long as they lead to better shareholder returns. The Company tracks Total Shareholder Return (TSR) as the yearly rate of return of an investment made, considering the capital appreciation plus dividends over time.

You would be happy to know that your Company has generated TSR of almost 50% p.a. from March 2003 till the last trading day of March 2012. Rallis' stock price has significantly out-performed the BSE Sensex during the past 10 years. Furthermore, your Company has delivered TSR of 71% and 35% (on yearly basis) for the last 3 years and 6 years respectively. These returns are among the best in the industry.

Your Company takes investors' feedback in the form of a satisfaction survey that it administers every two years. We also diligently work on the suggestions received from you and undertake changes that we believe would create value for shareholders.

We have an internal basis for running the Company: that if the management does the right things for the farmer, the employee and society, the shareholder will automatically gain. I hope you approve of our approach.

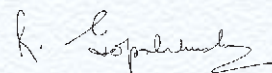
**BOARD OF DIRECTORS**

Dr. V. S. Sohoni will retire as Director of the Company on 28th May, 2012. As Managing Director of the Company, he has played an invaluable role in the turnaround story of Rallis, and subsequently, as Non-Executive Director, the Company has benefited immensely from his advice and deliberations at Board Meetings. I am sure shareholders will join me in wishing Dr. Sohoni a very happy and fruitful retired life.

Dr. Y. S. P. Thorat has joined the Company as Non-Executive, Independent Director with effect from 1st July, 2011. The Board has also approved the re-appointment of Mr. V. Shankar as the Managing Director of the Company, for a further 5 year term with effect from 13th March, 2012. Their appointments come up for shareholder approval at the Annual General Meeting, and your Board commends the same for your approval.

**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. I would also like to thank my colleagues on the Board for their support and guidance to the Company's management, which goes a long way in encouraging the management in meeting the challenges in the growth path.

  
Chairman

Mumbai  
May 17, 2012