



RALLIS INDIA LIMITED

A **TATA** Enterprise

66th Annual Report | 2013-14

CUSTOMERS

- RKK
- APOLLO
- NSDI
- FGD
- CSS
- HELPLINES

CHANNEL PARTNERS

- BHAGIDAARI SABHA
- e-BANDHAN
- ANUBANDH
- MD Elite



PPP PROGRAMMES

- MOPU
- TRAITS
- SRI

EMPLOYEES

- SHUKRIYA
- LISTEN
- TARANG
- CEO ONLINE
- KKHD
- KDJ

NURTURING RELATIONSHIPS

Partnering for growth

Farmers and Channel Partners:



Building and sustaining relationship has been the key strength of Rallis. Rallis has been the fore runner in initiating various engagement platforms for its stakeholders such as RKK (For Farmers), Bhagidaari Sabha and Anubandh (For Channel Partners).

Innovative and scientific approach of creating Package of Practices (PoP) for key crops was stepped up during the current year to demonstrate the power of using Rallis products in increasing the productivity.



Several innovative dealer motivation platforms under Channel Partner Engagement program have contributed in increasing the sales of selected key products in all the geographies. Innovative programs like – Anubandh, Achievers Incentive and MD's Elite have played important role in strengthening the channel support. Online integrated dealer portal for the channel: e-Bandhan was started during the year.



Employees:

Customized training was provided in various areas, including Functional, Behavioral, Business Excellence, Customer orientation, Safety, Code of Ethics, Product Training and competency Assessment.

This year, the Company introduced a unique employee engagement initiative called "Karishma Dikhla Jaa", an in-house show for showcasing the latent talent and creativity of Ralliites. Employees from across all locations presented their performances depicting various messages and values with themes such as Safety, Sustainability, Green Environment, Value Systems, etc. There were three regional rounds at common locations and a final round was held at Mumbai which was attended by employees and their families. 'Karishma Dikhla Jaa' created lot of excitement, fun, bonding and camaraderie amongst Ralliites.



Productivity enhancement programs:

With the changing technologies and improved solutions available, the farming community is increasingly looking for services to support them in farm activities. The Government has also recognized this and provided for incentives for agricultural extension services. These include educating farmers on right usage of crop protection products, seeds, PGN and propagating good agricultural practices. Initiatives such as the Samrudh Krishi services started by the Company at Nasik for grape farmers and at Andhra Pradesh for Chilli farmers have received an encouraging response from the farmers. Grow More Pulses (MoPu) program of the Company, where the Company is actively engaged with the farmers in increasing the productivity of pulses, and also helping them in marketing the produce, aims at embracing the entire value chain of products and services in growing pulses.

Samrudh Krishi:

The farmers have started reporting reduction in input costs, improved yields, and better quality of produce which resulted in better prices following Rallis' advisory support. In grapes, the share of exportable produce went up giving the farmers better netbacks. Advisory services for chilli crop was launched during the year in Andhra Pradesh and the results are encouraging.



MoPu:

Pulses Productivity program of Rallis has received acclaim from Maharashtra Government, during a recent world economic forum organized meeting. This initiative was recognized for its shared customer value creation and was awarded the prestigious "Porter Prize". The MoPu (More Pulses) initiative has now been extended to Madhya Pradesh, Karnataka and Tamil Nadu and over 3.5 lakh farmers have been covered.



SRI :

Rallis is facilitating adoption of SRI (System of Rice Intensification) practice by the farmers using rice transplanters which has resulted in up to 15% higher paddy yields, besides reducing the use of irrigation water.



TRAITS:

An initiative for employability of non-graduate, rural youths from farming background by imparting them training in agri-marketing and crop advising field to enable them to take up a career in agri-marketing and crop advising. It facilitates nation competence building and helps in creating a competent team for Rallis. Two new centers for TRAITS have been opened at Bhubaneswar in Odisha and Nalanda in Bihar during the year.





Business Excellence : Celebrating our most recent accolades



Rallis won awards for Highest Registration on Tata Engage and Highest Contribution to Experience Hub as a result of the passionate participation and valuable contribution of employees during Tata Volunteering Week.



Having done well in implementing and adhering to Process Safety Management, Rallis took home the ICC Award for Best Compliant Company for Process Safety Code under Responsible Care.



Rallis emerged as a winner for the best organization for 'Creating Shared Value' and was awarded the prestigious Porter Prize.



Focusing on energy conservation not only led to ISO certification for Energy ISO-50001 but also won Rallis the National Energy Conservation Award 2013.



In recognition of good safety performance with no lost time injury for a long period, Rallis received the NSC Maharashtra Chapter-Safety Award for Meritorious performance in Industrial Safety during 2012.



RALLIS

A **TATA** Enterprise

Sixty-sixth annual report 2013-2014

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Annual General Meeting	: Monday, 30th June, 2014
Time	: 3.00 p.m.
Venue	: Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020.

BOOK CLOSURE DATES 17TH JUNE, 2014 TO 30TH JUNE, 2014
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Rallis India Limited

Rallis India Limited

Board of Directors

R. Gopalakrishnan (*Chairman*)
B. D. Banerjee
E. A. Kshirsagar
Prakash R. Rastogi
Bharat Vasani
R. Mukundan
Y. S. P. Thorat
Punita Kumar-Sinha
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 LLP

Solicitors & Advocates

Crawford Bayley & Company

Senior Leadership

V. Shankar	<i>Managing Director & CEO</i>
K. R. Venkatadri	<i>Chief Operating Officer</i>
Ashish Mehta	<i>Chief Financial Officer</i>
M. M. Tripathy	<i>Vice President - Human Resources & Business Excellence</i>
Ravindra R. Joshi	<i>Vice President - Manufacturing</i>
Subhash R. Kadam	<i>Vice President - Research & Development</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 & CRM Services</i>
N. K. Uppal	<i>Vice President - Agri Services</i>
Malik Shah	<i>Vice President - Planning & Procurement</i>
Coomie N. Kapadia	<i>Head - Internal Audit</i>
Alok Chandra	<i>Head - Corporate Sustainability</i>

Share Registrars and Transfer Agents

TSR Darashaw Pvt. 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,

Through the Chairman's statement over the last few years I have advocated a bold and balanced approach by our country with regard to adopting new agricultural technologies. There are strong indicators that suggest that additional food production is a crisis of some urgency. Alternate views urge caution in adopting emergent technologies without detailed validation. Sustainable technologies will undoubtedly play a key role in producing more food in the future. However, finding the balance between boldness in adopting new technologies and ensuring that they are sustainable is proving to be difficult - as it was in 1960s when the three S's took some imaginative risks (C. Subramaniam, M. S. Swaminathan and B. Shivaram).

Technology in Agriculture

Robert Malthus had made a dire prediction in the late 1880s, "The power of population is indefinitely greater than the power in the earth to produce subsistence for man". The simple message was that eventually mankind will be short of food. World population was less than a billion when this prediction was made. The growth in population since then has been phenomenal and the world now has 7 billion people. Yet we don't think of food as being scarce.

What has made this growth possible while mitigating the Malthus prediction? The obvious answer is that advances in agricultural technology drove significant productivity enhancements. The burgeoning population has thus been fed even while per capita land availability has reduced dramatically. Some of the noteworthy interventions have been -

- o The path-breaking ammonia - urea process by Fritz Haber and Carl Bosch in 1909 to increase crop nutrition
- o The development of synthetic organic chemistry and compounds to improve crop protection
- o Innovative water and irrigation management to rationalize water consumption
- o Farm mechanization to reduce labour intensity and drudgery
- o Hybrid seeds and GMO to enhance productivity and quality
- o Adoption of integrated nutrient and soil management techniques

India has adopted these technological advancements, though the speed of adoption is arguable. India has revolutionized cotton farming by adopting Bt. Cotton. There needs to be an urgency and openness towards adopting new technologies. Consider that India accounts for only about 2.4%¹ of the world's geographical area and 4%¹ of its water resources, but has to support about 17%¹ of the world's population. Further worth noting is the fact that about half of the population still relies on agriculture as its principal source of income. Consider also the key relevance of agriculture which consumes 80%¹ of our water resources, 70%³ of our government subsidies and 21%² of our electricity. Yet the per capita income of the farm population is significantly less than the national per capita income.

Though there is place for healthy scepticism towards new technologies, such scepticism must be matched by a genuine openness to new ideas. Very few factors are more important to our country than food security.

Government has launched various interventions to create awareness, educate farmers on best practices and cultivation techniques. However in the public sector, commercialisation of technology depends on extension systems, which is the weakest link in the chain.

RALLIS Response

Your Company has traditionally been strong in crop protection marketing and will continue to grow by providing value added solutions for farmers in this space. The branded Domestic Formulation Business registered a good

Rallis India Limited

growth during the year, despite cyclone Phailin and incessant rains and hail storm affecting crops during the latter half of the year. The International Business also showed a significant growth over last year and continues to be above 30% of the overall revenue of the Company for the past two years.

Your Company is also focusing on growing an equally compelling portfolio for non-pesticides products like Plant Growth Nutrients, Seeds, micro-nutrients, contract manufacturing, etc. and has been actively involved in promoting judicious use of technology. NPP share in the business for the year 2013-14 was 31%. I want to give you a brief overview of the work that is attempted by your Company in these areas -

A. Improving Seeds

Quality Seeds are one of the key agricultural inputs, which determine the productivity of the crops and the efficacy of other agricultural inputs like fertilizers and pesticides. Acquisition of Metahelix Life Sciences has enabled your Company to acquire the capability to develop high yielding hybrid seed varieties while improving other desirable attributes using both, conventional breeding and biotechnological approaches. Biotechnological programs include the use of Marker Aided Selection (MAS) and Genetic Modification (GM) for the development of traits like tolerance to pests and pathogens, tolerance to herbicides and tolerance to stresses like soil salinity.

The Proprietary Research Seed Category like Selection wheat, Selection paddy and Selection mustard opens up a huge opportunity and your Company has an advantage of emerging as a leader in this space, with its brand equity in the rural area, along with its strengths of reach and penetration.

B. Accelerating Plant Growth

Excessive and imbalanced usage of chemical fertiliser is leading to soil degradation. Depletion in soil organic content is responsible for various other issues as it influences soil structure, water retention, microbial activities, soil aeration and nutrient retention.

Your Company has been proactively working towards improving the quality of farm inputs (other than crop protection). We have introduced a range of Specialty Nutrient products addressing the deficiencies of secondary and micronutrients in the soil with emphasis on sustainable agriculture and greener and cleaner products such as -

- o **GeoGreen™** a scientifically prepared organic compost, derived out of wastes from sugar industry, vastly improves soil structure, is rich source of 'organic carbon' capable of supporting and enhancing biological activities in soil, increases water holding capacity, increases uptake of soil nutrients, helps fight diseases and reduces stress factors. It has been very well received by farmers who are able to see crop productivity improvement by its usage.
- o **TATA BAHAR** A Green Organic Amino acid product from vegetable source with Gluconates and Lactates fortified with micronutrients which was launched to replace Aminos, a chemically synthesized amino acid product.
- o Revolutionary New Delivery Mechanism in Plant Growth Nutrient (PGN) segment in India **TATA UPHAR -RDS** in convenient soluble pouch.
- o **Gluc Beta**, a unique blend of carbon, proteins, primary nutrients, secondary nutrients and micro nutrients in organic form is a move in a sustainable growth direction.

C. Adopting Improved PoP (Package of Practices)

Our comprehensive range of Agri products and services are spread across India through an extensive distribution network of loyal and supportive dealers and retailers. Through its extensive relationship initiatives we listen to the evolving needs of farmers and come out with new and relevant products.

A large majority of farmers still struggle to get basic information on best practices, new techniques, prices, trends and forecasts in order to take an informed decision about cultivation, crop management, harvesting, selling etc.



Our farmer relationship building initiatives such as **Rallis Kisan Kutumb (RKK)** have been very effective extension systems with significant increases in farmer contacts (over 1 million farmers) and productivity improvement. Through these programs we endeavour to deliver up-to-date information in the form of improved agronomic practices coupled with efficient use of agro-chemicals to improve productivity and lower costs using various communication means such as regular contacts throughout the crop cycle, organizing crop seminars, product demonstrations through carefully designed Package of Practices (PoP), Farmer exchange programmes (Prerna), Focused Group Discussions (FGDs) and Advisory Services.

Your Company has added a number of value added services such as sms alerts on crop prices, weather and possible disease outbreak through **Samrudh Krishi** programme (*a holistic agro-advisory program wherein customized recommendations are provided by crop-advisors who visit each farmer's plot*). Farmer helpline call centres have been strengthened and have become an important tool in servicing the farmers. Rallis currently offers helplines in fifteen vernacular languages

More Pulses (MoPu) initiative whose objective was to enhance the cultivation of pulses by providing farmers quality seeds, critical technology interventions to increase yield and creating a mechanism for buy-back of the produce at fair prices which is then sold under the brand name **"i-Shakti Dals"** by Tata Chemicals Ltd. has been a pretty success with over 3.5 lakh farmers covered and around 15,000 MT of pulses procured from farmers till date.

Even though farm mechanization is increasing in India, it is mostly region specific. Affordability of agricultural machines is a big challenge.

It might interest you to know that your Company has initiated a **System of Rice Intensification (SRI)** project on paddy in Bargarh District, Odisha using transplanters and automatic seedling machine. This has resulted in up to 15% higher paddy yields, and saving in irrigation water. Usage of hybrid paddy seeds increased the capability of the crop to withstand weather pressures.

Rallis is not the only institution in TATA that is focussing on agriculture. Tata Chemicals and the Tata Trusts also have been actively involved in improving the agriculture scene in India.

TATA Group is well placed to play a positive role in India's march towards increasing food production and productivity; by leveraging its current product portfolio and extending into other agro-inputs and services to emerge as a complete service provider to the Indian farmer.

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 19, 2014

Sources

- 1 State of Indian agriculture 2012-13, Govt of India, Ministry of Agriculture
- 2 Agricultural Statistics 2013, Ministry of Agriculture
- 3 Subsidies in form of Food & Fertilizers – Planning Commission data

Rallis India Limited

RALLIS INDIA LIMITED

(CIN: L36992MH1948PLC014083)

NOTICE OF MEETING

NOTICE is hereby given that the 66th 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 Monday, the 30th June, 2014 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statement of Profit and Loss for the year ended 31st March, 2014 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 for the year 2013-14 and to declare a Final Dividend for the year 2013-14 on Equity Shares.
3. To appoint a Director in place of Mr. R. Gopalakrishnan who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. **Appointment of Mr. B. D. Banerjee as Independent 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 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made there under, as amended from time to time, Mr. B. D. Banerjee (DIN No. 00064354), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company with effect from 30th June, 2014 up to 31st October, 2016.

6. **Appointment of Mr. E. A. Kshirsagar as Independent 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 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made there under, as amended from time to time, Mr. E. A. Kshirsagar (DIN No. 00121824), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company with effect from 30th June, 2014 up to 30th September, 2016.

7. **Appointment of Mr. Prakash R. Rastogi as Independent 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 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made there under, as amended from time to time, Mr. Prakash R. Rastogi (DIN No. 00110862), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company with effect from 30th June, 2014 up to 29th June, 2019.

8. **Appointment of Dr. Y. S. P. Thorat as Independent 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 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made there under, as amended from time to time,