



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

# Accelerating Farm Prosperity

71st Annual Report 2018-19



# Basis of Reporting

## OUR APPROACH TO THE ADOPTION OF INTEGRATED REPORTING <IR>

Integrated Report <IR> is fast emerging as a new corporate reporting platform and practice. <IR> enhances and enriches reporting primarily due to its (i) wider focus on creating value for all stakeholders and (ii) utilisation and interlinkages of multiple capitals in the value creation process.

While <IR> is not yet statutorily mandated we, at Rallis India Limited (Rallis), have voluntarily commenced our <IR> journey as part of our constant endeavour towards transparency and disclosures beyond statutory norms.

The Report embraces the holistic reporting approach as suggested by the International Integrated Reporting Council (IIRC) and the Securities and Exchange Board of India's (SEBI) circular dated 6th February, 2017.

## REPORTING PRINCIPLE

The Report is prepared in line with the Companies Act, 2013 (and the Rules made thereunder), Indian Accounting Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards and IIRC's <IR> framework. The Report is compiled with the help of various internationally recognised framework and guidelines especially to present the non-financial data in a manner that is concise, comparable and enhances the value of the Report for the shareholders as well as other stakeholders.

## REPORTING PERIOD, SCOPE AND BOUNDARY

The Report covers financial and non-financial information and activities of Rallis and subsidiaries - Metahelix Life Sciences Limited and Zero Waste Agro Organics Limited for the period 1st April, 2018 to 31st March, 2019. While the financial information has been audited by B S R & Co., LLP, Chartered Accountants, the non-financial information are management estimates.

## APPROACH TO MATERIALITY

The Report covers key material aspects that have been identified through various stakeholder engagements, their impact on the Company's value-creation process and how these are being addressed with a measurable target. This will assist stakeholders to take informed decisions regarding their engagement with the Company.



To view or download this report, please log on to  
[www.rallis.co.in/investor\\_relations.aspx?InvestorRelationSectionID=2&menuID=57](http://www.rallis.co.in/investor_relations.aspx?InvestorRelationSectionID=2&menuID=57)



# What's Inside?



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| <b>Annual General Meeting</b> | Friday, 28th June, 2019   |
| <b>Time</b>                   | 3.00 p.m.   |
| <b>Venue</b>                  | Walchand Hirachand Hall,<br>4th Floor, Indian Merchants'<br>Chamber Building, IMC Marg,<br>Churchgate, Mumbai 400 020 |
| <b>Book Closure Dates</b>     | 21st June, 2019 to 28th June, 2019<br>(Both days inclusive)   |

### FORWARD-LOOKING STATEMENTS

Certain statements in this Report relating to our business operations and prospects may be forward-looking statements. These statements can be identified by usage of words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

These forward-looking statements are dependent on assumptions, data or methods that may be incorrect or imprecise and hence may be incapable of being realised. Such statements are not guaranteed of future operating, financial and other results, but constitute our current expectations based on reasonable assumptions. The Company's actual results could materially differ from those projected in any forward-looking statements due to various future events, risks and uncertainties some of which are beyond our control. We do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.







Agriculture which contributes to 16% of the GDP and provides employment to nearly half of the country's population, plays an important role in the Indian economy. India is a leading farm producer as well as an exporter of many agro commodities. Its agro economy faces multiple challenges which is reflected in the relatively lower productivity compared to the advanced economies of the world. Science provides solutions to address some of these challenges and in turn, these provide opportunities for businesses involved in agriculture inputs.

By virtue of our long association with farmers we, at Rallis, leverage our deep understanding of their needs to develop and deliver innovative inputs to enhance farm productivity.

Our product offerings include crop protection, seeds, plant growth nutrients and organic compost. We partner with global agro-chem players by offering crop protection chemicals as well as contract manufacturing services by leveraging our expertise in chemistry.

We are focused on,

**Accelerating  
Farm  
Prosperity**





## OUR MISSION

Serving Farmers Through Science



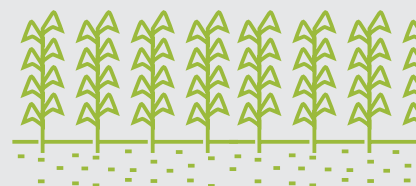
## OUR VISION

We aspire to be amongst the top 3 leading enterprises by 2025 in the chosen areas within farm inputs and chemistry-led businesses



## OUR VALUES

- Safety
- Passion
- Integrity
- Customer-Centricity
- Excellence



# Rallis: Serving Three Generations of the Farming Community with the Best of Science

At Rallis India Limited (Rallis), we are a part of the USD 110 billion Tata group and are associated with the farming community for 168 years. Trust built over long years reflects the strength of pioneering offerings, which helped farmers in addressing challenges of crop care from time to time.

We reach about 80% of the districts of India with our innovative and safe products developed through in-house Research and Development as well as in partnership with global innovators.

We remain committed to “Serving Farmers through Science” for sustainable farm prosperity.

## OUR PRESENCE IN THE AGRICULTURAL VALUE CHAIN



Seeds



Crop Protection



Soil Conditioners



Plant Growth Nutrients

## ORGANISATIONAL STRUCTURE – OUR BUSINESSES

### DOMESTIC BUSINESS

**Development, manufacturing and distribution of agri inputs:**

- Seeds: Paddy, Millet, Maize, BT Cotton, Mustard, Vegetables
- Crop Protection: Herbicides, Fungicides, Insecticides, Seed Treatment Chemicals, Household Pesticides
- Soil Conditioners
- Plant Growth Nutrients

### INTERNATIONAL BUSINESS

**Alliances and direct partnership**

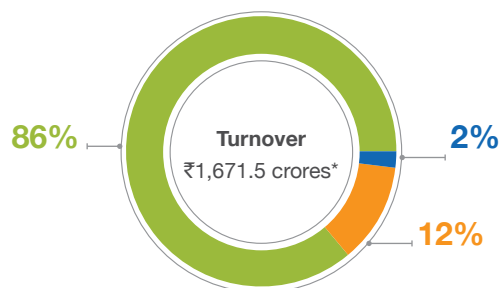
- Distribution of technical-grade crop care and branded formulations in international markets

**Contract manufacturing**

- Manufacturing molecules for global agro chemical companies



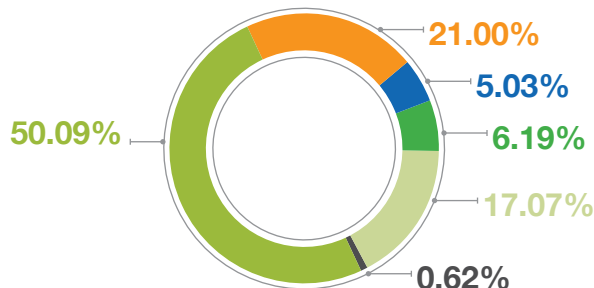
## PRINCIPAL BUSINESS ACTIVITIES



- Agri inputs
- Contract manufacturing (Including chemicals)
- Miscellaneous (other than agri inputs)

\* As on 31st March, 2019

## OWNERSHIP STRUCTURE



- Promoter and promoter group
- Resident individuals
- Foreign holdings
- Public financial institutions
- Other companies, mutual funds
- Others

## OUR FOOTPRINT



### MANUFACTURING FACILITIES

1. Ankleshwar, Gujarat
2. Dahej, Gujarat
3. Lote, Maharashtra
4. Akola, Maharashtra



### INNOVATION CENTRES

5. Rallis Innovation Chemistry Hub (RICH), Bengaluru
  6. Metahelix Life Sciences R&D facility, Bengaluru
- Seed Research farms, across India



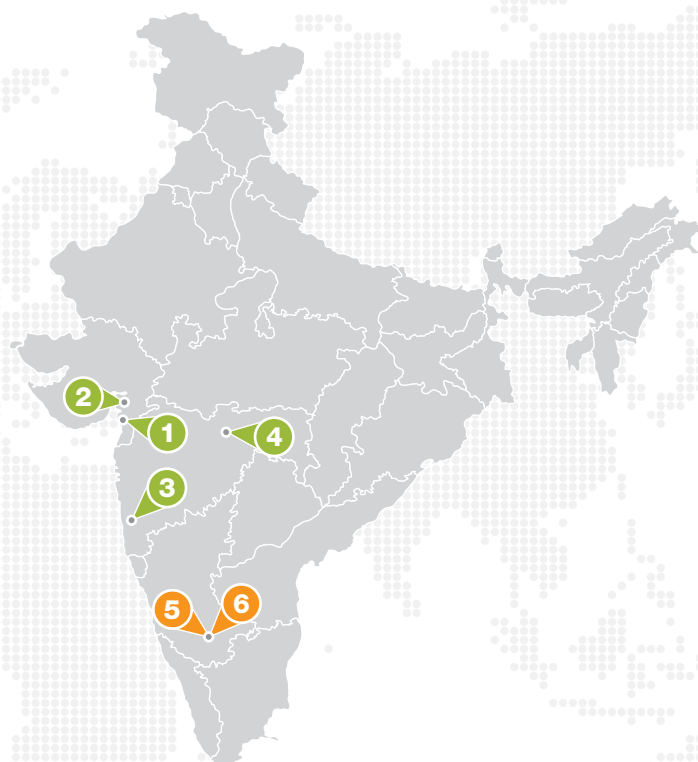
### EXPORT LOCATIONS

**50** countries across Europe, Asia, Middle East, Americas, Africa and Oceania



### SUPPLY CHAIN

**28** Depots                      **3,667** Dealers  
**1** Hub Warehouse           **40,432** Retailers  
**12** Regional Offices



Map not to scale. For illustrative purposes only.



# Performance Highlights



## FINANCIAL CAPITAL

Financial capital represents funds available and utilised for investment in manufacturing and other forms of capitals. We generate funds from surplus arising out of business operations and financing activities in the form of equity and debt. We leverage our expertise to source funds from various channels to strengthen our balance sheet.

### Standalone

| Turnover  | EBITDA   | PAT   | ROCE   | RONW  |
|---|--|---|--|---|
| <b>₹ 1,671.5 crores</b>   | <b>₹ 206.3 crores</b>  | <b>₹ 128.98 crores</b>                                      | <b>15%</b>   | <b>10%</b>  |
| Increased by 10% from ₹ 1,515.94 crores recorded in FY 2017-18 owing to the strong performance of the international business and increase in product realisation. | Declined by 9% from ₹ 226.19 crores recorded in FY 2017-18 owing to increase in import costs of raw materials from China and higher exceptional charges. | Declined by 9% from ₹ 141.49 crores recorded in FY 2017-18. | Declined by 96 basis points from 16% recorded in FY 2017-18. | Declined by 167 basis points from 12% recorded in FY 2017-18. |

### Consolidated

| Turnover  | EBITDA   | PAT   | ROCE  | RONW  |
|---|--|---|---|---|
| <b>₹ 1,983.96 crores</b>  | <b>₹ 240.94 crores</b>   | <b>₹ 154.78 crores</b>                                      | <b>16%</b>  | <b>12%</b>  |
| Increased by 10% from ₹ 1,808.46 crores recorded in FY 2017-18 owing to the strong performance of international business and increase in product realisation. | Declined by 9% from ₹ 264.47 crores recorded in FY 2017-18 owing to increase in import costs of raw materials from China and higher exceptional charges. | Declined by 7% from ₹ 167.02 crores recorded in FY 2017-18. | Declined by 170 basis points from 18% recorded in FY 2017-18. | Declined by 199 basis points from 14% recorded in FY 2017-18. |



## MANUFACTURED CAPITAL

Manufactured capital represents our plants, physical assets, warehouses and logistics facilities. We use these for production and distribution of our formulations and chemicals. We continually invest in these to enhance production, safety and reliability of operations and ensure efficient distribution.

| Manufacturing plants   | Technical grade crop care products manufactured           | Formulations manufactured                                |
|--|---|--|
| <b>4</b>   | <b>8,440 MT</b>   | <b>16,192 KL/MT</b>                                      |
| Gujarat: Ankleshwar and Dahej<br>Maharashtra: Lote and Akola | Decreased by 12% in FY 2018-19 compared to previous year. | Decreased by 6% in FY 2018-19 compared to previous year. |





## INTELLECTUAL CAPITAL

Intellectual capital represents our scientific knowledge and research skills which form the backbone of our business. It enables us to develop superior products, improve process efficiency and drive resource optimisation. We collaborate with global experts, institutions, innovators and start-ups to strengthen our capabilities and innovation quotient.

### Investment in R&D

**₹ 19.80 crores**

We have stepped up our R&D efforts and have new molecules and seeds in pipeline.

### Patents filed

**29**

Cumulative no. of patents filed between FY 1994-95 and FY 2018-19.

### Innovation turnover index

**10%**



## SOCIAL AND RELATIONSHIP CAPITAL

Social capital represents our engagement with the communities and investment in their development. We continue to build on the ethos of the Tata group by going beyond the regulations and maximising our impact. We have mapped our social interventions with the United Nation's Sustainable Development Goals (SDGs).

Relationship capital represents our focus on building long-term and trust-based relations with our business partners. We work closely with them to build their capacities, share knowledge and invest in product innovation to match their requirements.

### CSR outreach (no. of beneficiaries)

**1,55,205**

### Farmers and their families supported (nos.)

**33,758**

### Customer satisfaction index (Net Promoter Score for farmers)

**35**



## HUMAN CAPITAL

Human capital represents the collective knowledge, skills and experience of our workforce that facilitates in value creation. We invest in their skill building, engagement and welfare to maximise the outcomes and provide them with a safe and healthy work environment.

### Employees covered under talent development programme (nos.)

**39**

Through Tata Management Training Centre

### Employee engagement score

**79%**

### Turnover per employee

**₹ 1.67 crores**

### Diversity (nos.)

**Male - 968**

**Female - 33**



## NATURAL CAPITAL

Natural capital represents all the renewable and non-renewable resources that we utilise for our operations, including raw materials, land and water. We make these investments to ensure that our operations are sustainable.

### Fresh Water Consumption (m³)

**3,45,123**

### Utilisation of Renewable Energy in FY 2018-19 (Mwh)

**5,400**

## Chairman's Message



### *Dear Shareholders,*

In FY 2018-19, we continued our efforts to drive farmer prosperity with our innovation driven products, agronomic services and digital technology. Farmers continue to remain at the core of our strategy and we remain motivated to serve their composite needs. The theme of this Annual Report 'Accelerating Farm Prosperity' aptly captures this message.

This report marks the beginning of our Integrated Reporting <IR> journey. The reporting format is in line with our efforts to present a fair, transparent and holistic view of our value creation process to our stakeholders.

### PERFORMANCE REVIEW

FY 2018-19 was a challenging year, attributed to external and internal factors. Externally, environmental crackdowns in China continued and disrupted operations of several upstream suppliers, some of whom even shut down. This triggered a raw material scarcity and led to price hikes. Closer home, erratic monsoon, uneven rainfall distribution and its prolonged withdrawal in certain locations led to a drastic shifting in crop and pest load, along with rural distress. While crops such as paddy and cotton experienced a bad season, soybean and groundnut, despite undergoing a good season, witnessed low output price. Further, restrictions on co-marketing of products in certain States impacted sales. Consequently, greater levels of credit and sales returns together with expenses towards new technology absorption, impacted cash flows.

Amidst a challenging scenario, our strong portfolio, distribution network and brand equity enabled us to deliver a steady performance. In the domestic business, although volumes were largely flat with margins being under pressure, an encouraging sign has been the growing acceptance of our Rallis Samrudh Krishi® (RSK) package. Through RSK, we provide holistic solutions to the farmers – right from seeds to harvest, digital technology-enabled agronomy and weather information services. Increasing number of farmers for RSK validates its effectiveness in enhancing their yield and income. This is a big positive for our future growth.

Our international business performed well. Disruptions in China led to customers looking for better avenues for consistent and reliable supply of agro chemical products. A proven track record, along with the advantage of being a Tata group company, worked in our favour. We added new customers, achieved new product registrations and also retained existing customers through strong customer relations management. This led to an improved demand in the key markets of Brazil, the US, Europe and South East

₹ **1,984**  
crores

Consolidated  
Revenues

₹ **155**  
crores

Consolidated  
Profit After Tax

**Amidst a challenging scenario, our strong portfolio, distribution network and brand equity enabled us to deliver a steady performance.**