



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



# Accelerating Farm Prosperity

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**72nd Annual General Meeting**  
**Friday, July 3, 2020 at 3.00 p.m. (IST)**  
Through Video Conference facility

# About the Report

## Our Approach to the Adoption of Integrated Reporting

The Integrated Report <IR> 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 February 6, 2017. While <IR> is not yet statutorily mandated, Rallis India Limited (Rallis) has voluntarily commenced its <IR> journey as part of its constant endeavour towards transparency and disclosures beyond statutory norms. <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.

## Scope and Boundary of Reporting and Reporting Period

The Report covers financial and non-financial information and activities of Rallis for the period April 1, 2019 to March 31, 2020. While the financial information has been audited by B S R & Co., LLP, Chartered Accountants, the non-financial information are assured by Ernst & Young Associates LLP. The assurance certificate is available on the Company's website at <https://www.rallis.co.in/AssuranceStatement.htm>.

## Reporting Principles

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. It has been compiled with the help of internationally recognised framework and guidelines to present non-financial data in a manner that is concise, comparable and enhances the value of the Report for all the stakeholders.

## 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.



To view / download this report online and for any other information log on to <https://www.rallis.co.in/AnnualReports.htm>



# Accelerating Farm Prosperity

Our business strategy and value system keep farmers at the centre and empower them with knowledge about best practices, superior crop yield, and new ways to augment their income. For the past 7 decades, we have been meeting their composite needs across the lifecycle of crops.

As more and more farmers come under the Rallis umbrella of innovative agri-inputs and continuous learning, we continue to drive farm prosperity and maximise value creation.

Through science and technology, including digital technology, we develop new products and services that help farmers increase their yield and support India's agricultural growth. With this approach, we not only contribute to food security and improved nutrition for a rising population, but also address concerns about the sustainability of modern agriculture.

## OUR SUPPLY CHAIN



### Crop Care

3,812

Dealers

47,377

Retailers

28

Depots

12

Regional  
Offices



70\*

Export Locations



1,610\*

Number of  
Employees



8.73\*

Man-Hours/  
Employee Spent  
on Safety Training  
(Coverage is 100%)



### Seeds

2,600

Dealers

40,000

Retailers

18

Depots

16

Regional  
Offices

## OUR FINANCIAL SCORECARD

(For the year ended March 31, 2020)\*\*

₹ 2,252 crore  
Revenue

₹ 259 crore  
EBITDA

₹ 237 crore  
Operating Profit-PBT (AEI)

₹ 9.51  
Earnings Per Share

\*Aggregate for Crop Care and Seeds

\*\* Consolidated



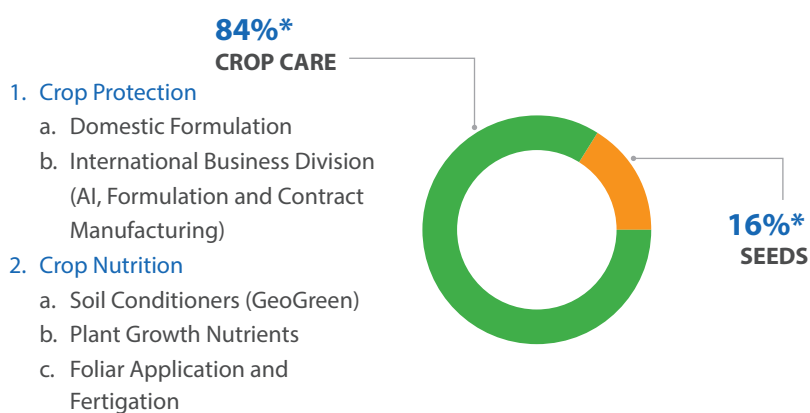


# Serving Farmers through Science

Rallis India Limited ('Rallis' or 'the Company') is a subsidiary of Tata Chemicals Limited and a part of the US\$ 113 billion Tata Group. With business presence in Agri-Sciences, we supply farmers with innovative products across the agricultural value chain and impart knowledge on the safe and optimal use of these products.

We are one of India's leading crop care companies, providing agricultural solutions to more than 5 million farmers across 80% of the nation's districts. Our products are manufactured through our in-house research and development, and in association with global innovators. We have nearly 7 decades of experience of servicing rural markets with the most comprehensive portfolio of products and solutions.

## Business Divisions



*\*Revenue % for the year ended March 31, 2020*



## Our Mission

Serving Farmers through Science



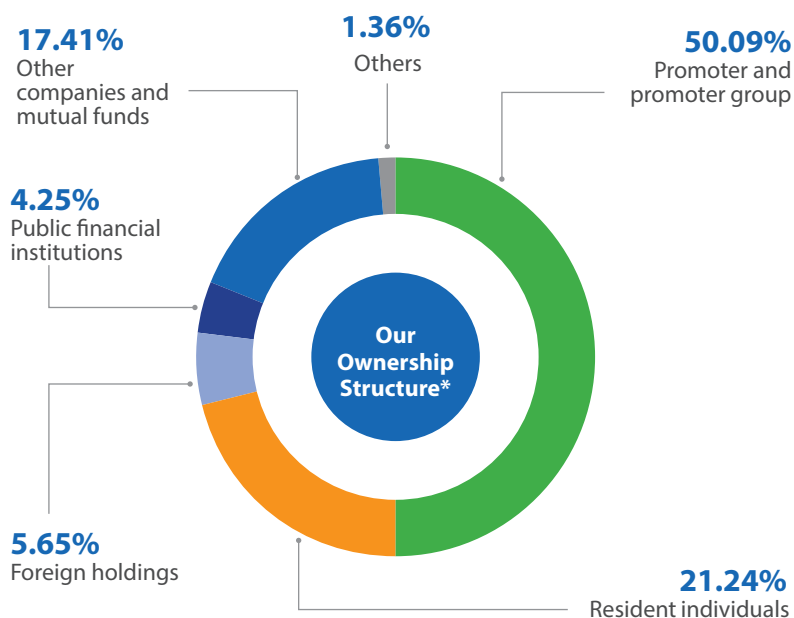
## Our Vision

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



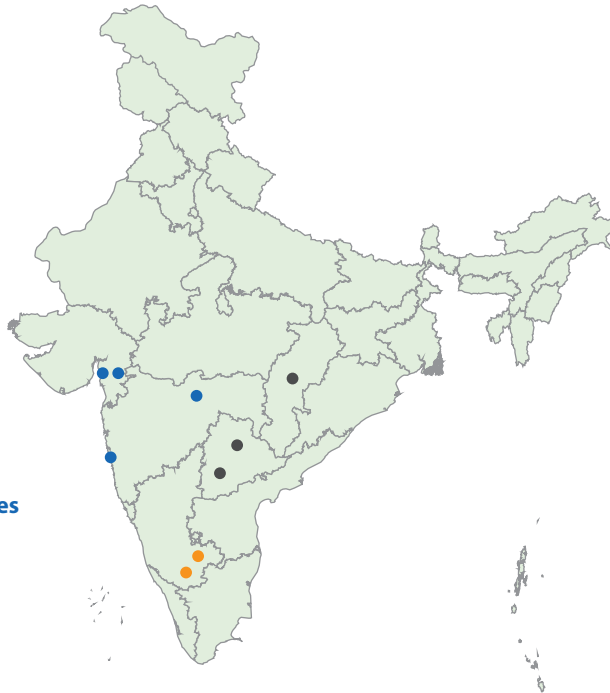
*\* as on March 31, 2020*

## OUR FACILITIES



### Manufacturing Facilities

- Ankleshwar, Gujarat
- Dahej, Gujarat
- Lote, Maharashtra
- Akola, Maharashtra



### Processing and Drying Plants (Seeds)

- Malkajgiri District, Telangana
- Medak District, Telangana
- Durg District, Chhattisgarh



### Innovation Centres

- Rallis Innovation Chemistry Hub (RICH), Bengaluru
- Agri-Biotech R&D Facility, Bengaluru

Map not to scale. For illustrative purposes only.

## OUR GLOBAL MARKETS



Map not to scale. For illustrative purposes only.



# Chairman's Message

## Dear Shareholders,

It gives me pleasure to present to you the Rallis India Limited Annual Report 2019-20. While this was a year of extreme economic challenges for the world, a situation aggravated almost beyond measure by the unprecedented Covid-19 pandemic, your Company continued to play on its strengths and posted a stable financial performance.

The macro-economic factors that caused a slowdown in FY 2019-20 will continue in FY 2020-21, with the first half of Calendar Year (CY) 2020 completely dominated by the pandemic and the consequent lockdowns, and the US-China trade war still going on, two years after it began.

China's crackdown on polluting industries and safety incidents in chemical parks impacted supplies of critical inputs, and MNCs have been redrawing their supply strategies. In this scenario, India scaled higher to become the 5th largest economy in the world. It aspires to emerge as a US\$ 5 trillion economy by CY 2024 and become the 3rd largest in the world. Although, it now appears that all national and global growth estimates may have to be revised in view of the pandemic.

During the year, delayed and unseasonal rainfall led to a flood-like situation across the country, adversely impacting the Kharif season but favourably impacting the Rabi season with good groundwater levels. The latest advance estimates for FY 2019-20 for total foodgrain production in India is estimated at record 295 million tonnes, higher by 10 million tonnes over the previous year.

Boosting agricultural growth is very important for India to achieve the US\$ 5 trillion goal and ensuring food security. The Government has initiated actions, as per recommendations of various task forces, for doubling farmers' income by 2022. The Union Budget 2020-21 provides a 16-point action plan for fundamental development in agriculture and allied sectors.

## Covid-19 developments

The Covid-19 outbreak from China was declared a pandemic by World Health Organisation in the last quarter of the financial year, causing a social and economic turbulence. We have taken actions to ensure safety, health and well-being of the larger Rallis family, our employees and their respective families. Your Company has supported the initiatives of various Central

and State Government agencies and has also manufactured sanitizers to meet the growing demand. Rallis and Rallites have also extended their full-fledged support to various Tata Group initiatives on this front.

Rallites across the country have effectively adapted to the 'work from home' culture in preparation for the upcoming Kharif season. Initially, all our units were shut down, but we resumed operations after the Government of India declared agriculture to be an essential service. We have taken necessary precautions to protect all our employees.

While the Company management does foresee certain challenges in its supply chain activities, this may not have a significant impact on its operations in the coming season. The management is well aware of the fact that the current business environment may pose challenges in the near term, but it also provides opportunities in the short, medium, and long term.

On behalf of the Board and all our stakeholders, I appreciate the spirit of Rallites in upholding their social commitments in these testing times, as always.

## Performance review

Consolidated revenue from operations at ₹ 2,252 crore reflects 13.5% year-on-year (YoY) growth over the previous year. EBITDA grew by 7.7% to reach ₹ 259 crore, and PAT at ₹ 184 crore recorded 18.7% YoY growth over the previous year. Sales spillover of the delayed Kharif and favourable Rabi crop season stoked demand and supported growth. The Company deployed several market-conducive strategies to expand the domestic business and foster strong growth in exports. Our stable performance was also backed by multiple levers, including dealer addition and planned capacity expansion.

## Future growth agenda

India has come a long way in achieving self-sufficiency in food and is emerging as an important player in global trade of agricultural commodities. This is in spite of our relatively low productivity, compared to the global benchmark. One of the major reasons for this low productivity is the gap in adopting appropriate agriculture technologies, compared to leading agricultural economies. Seeds and Crop Protection are important elements driving agricultural productivity. This headroom for growth reflects the potential for Rallis not only in India but also overseas. Keeping this in mind, Rallis has

coined its mission of 'Serving Farmers through Science'; and our Vision is that 'We aspire to be among the top 3 leading enterprises by 2025 in the chosen areas within farm inputs and chemistry led-businesses'.

The near-term priority of Rallites is 'Repositioning Rallis for Leadership' and our growth strategy has been planned accordingly. The following elements reflect our growth agenda, while serving our customer, the farmer, for many years to come.

- Sustain current business by leveraging brand and manufacturing strength
- Investment for enhancing capacities and capabilities in manufacturing and R&D
- Agility across the organisation to enhance value offering to current and potential partners

The Board and the Tata Group are fully supportive of this growth agenda. Rallites are focussed to 'synergise, simplify and scale' and drive growth across the Company's business divisions, consisting of Domestic Crop Care, Seeds, and International Crop Protection Business.

The merger of our Metahelix Life Sciences Limited with the Company, seed business migration to SAP ECC 6, investment in research, manufacturing and digital initiatives such as Sales Force Automation, Dealer Management System, e-enabled HR Systems and Laboratory Information Management Systems, are some of the actions already initiated during the year.

## Going ahead

The Covid-19 pandemic may have an extended impact, but as I mentioned earlier, this means opportunities as well as challenges. The Board, through its engagement with the management, will guide the Company in recalibrating its growth strategy to address these challenges and to make use of the new opportunities. On behalf of the Board, we seek support from each and every stakeholder to bring prosperity to one and all.

Before I conclude, I wish to thank all my Board Members, regulatory authorities, our management and employees and the larger stakeholder fraternity for their guidance and support.

Regards,

**Bhaskar Bhat**  
Chairman

# Business Review

## CROP CARE

We are an agri-science Company engaged in developing and manufacturing of products and solutions to improve farm yield, soil health and farmers' income. Our Domestic Crop Care business comprises crop protection and crop nutrition which includes soil conditioners, plant growth nutrients and foliar and fertigation applications. In the International business, we are into the manufacturing and marketing of technical grade pesticides, bulk and branded formulations and chemistry-led contract manufacturing.



### Highlights of FY 2020

- ▶ Revenue from domestic business stood at ₹ 1,167 crore in FY 2019-20 as against ₹ 998 crore in FY 2018-19
- ▶ Revenue from international business stood at ₹ 721 crore in FY 2019-20 as against ₹ 650 crore in FY 2018-19
- ▶ Registered growth in fungicides, insecticides and herbicides, driven by new launches
- ▶ Enjoyed enhanced market reach by adding a number of retailers and distributors



### Key Focus Areas

#### Domestic Business

- ▶ Manufacturing and supplying of products across each stage of the crop cycle for enhancing agricultural yield, thereby increasing farmers' income
- ▶ Filling crop pest management gap with new product launches through R&D investments and strategic alliances
- ▶ Providing crop nutrition through plant growth nutrients, soil conditioners, and foliar application

#### International Business

- ▶ Strengthening alliances/partnerships, broadening product base and branded molecules
- ▶ Leveraging formulation development track record
- ▶ Building new partnerships and tie-ups with global innovators to expand business
- ▶ Accelerating the contract manufacturing portfolio
- ▶ Focussing on registrations in Latin America, North America, and Asia to increase revenue

#### Innovation Turnover Index (ITI)

- ▶ ITI of Fungicide increased from 6% in the previous year to 13% during the year, indicating how Rallis is bringing a proper balance to its current portfolio through innovation
- ▶ ITI of Insecticide portfolio grew from 13% to 20%, with strong entry in stem borer granule segment of paddy

We are also maximising our low-cost manufacturing advantage and nurturing customer relationships to continue to be known as a reliable supplier of top quality products.

## SEEDS

Our R&D is focussed on coming up with quality hybrid seeds across a range of crops, and developing traits and technologies for better crop protection and improved productivity. The Company's hybrid seed solutions are sold under the 'Dhaanya' brand. Our agri-biotech research is currently focussed on herbicide tolerant (HT) and insect resistant (IR) traits in maize and cotton. Apart from this, the agri-biotech research team is engaged in marker assisted breeding in multiple crops to complement the conventional crop breeding research activities.



### Highlights of FY 2020

- ▶ Revenue stood at ₹ 364 crore in FY 2019-20 as against ₹ 336 crore during FY 2018-19, an increase of 8.3%
- ▶ Seed procurement prices jumped with increase in Minimum Support Price
- ▶ Launched innovative products to fill portfolio gaps and enhance presence across segments
- ▶ Minimised production failures and enhanced quality delivery with improved planning



# Performance across Six Capitals



## 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.

### Consolidated

#### Turnover

₹ **2,252** crore

#### RONW

**13.1%**

#### EBITDA

₹ **259** crore

#### PAT

₹ **184** crore

#### ROCE

**16.3%**



## MANUFACTURED CAPITAL

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

**4**

Manufacturing Plants

**9,401** MT

Technical grade crop care products manufactured

**16,833** KL/MT

Formulations manufactured

- **Gujarat:** Ankleshwar and Dahej

**5,109** MT

**6,578** MT

- **Maharashtra:** Lote and Akola

**4,293** MT

**10,255** MT

Seeds Processing and Drying Plants

**2**

Telangana

**1**

Chhattisgarh



## INTELLECTUAL CAPITAL

Intellectual capital consists of our research activities and database, proprietary processes and formulations, patented products, and any other intangible, knowledge-based asset on which we build our product development.

**2**

Innovation Centres

₹ **34** crore  
Investment in R&D

- Rallis Innovation Chemistry Hub (RICH), Bengaluru

₹ **18** crore

- Agri Biotech R&D Facility, Bengaluru

₹ **16** crore

### Innovation Index

**16%** Crop Care

**12.6%** Seeds



## Our Capitals



## HUMAN CAPITAL

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

**73**

Number of employees covered under management development programme

**90%**

Employee engagement score (Internal Survey)

₹ **1.4** crore  
Turnover per employee

Male: **1,560**

Female: **50**  
Gender diversity



## 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 remain sustainable now and in the future.

**3,24,555** KL

Fresh Water consumption

**7,324** MWH

Utilisation of renewable energy



## SOCIAL AND RELATIONSHIP CAPITAL

Social capital represents our engagement with the communities around us and investment in their progress. 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 Nations 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.

**2,45,888**

Number of beneficiaries through CSR outreach

**53/48**

Net Promoter Score (Crop Care/ Seeds)

**13** Million

Number of contacts with farmers





# Business Model

## RESOURCES (INPUT)

	Unit of Measurement	FY 2018-19	FY 2019-20	YoY Change (%)
<b>FINANCIAL CAPITAL</b>				
Total Capital Employed	₹ crore	1,348	1,498	11.13
Total Capex Incurred	₹ crore	47	79	68.09
<b>MANUFACTURED CAPITAL</b>				
Akola	KL	7,584	8,796	15.98
Ankleshwar	KL	5,879	7,377	25.48
Lote	MT	3,574	5,752	60.94
Dahej	KL	4,028	4,311	7.03
<b>INTELLECTUAL CAPITAL</b>				
Investment in Research & Development	₹ crore	33.80	34.00	0.59
R&D Expenditure (as % of Revenue)	%	1.70	1.51	↓
Technical Collaborations	Nos.	19	21	10.53
Patents Filed	Nos.	1	-	-
IT-Related Investments	₹ crore	2.90	2.98	2.75
Employees in R&D	Nos.	170	172	1.18
<b>HUMAN CAPITAL</b>				
<b>Functional diversity</b>				
Top Management and Leadership	Nos.	16	13	(18.75)
Sales and Marketing	Nos.	620	654	5.48
Manufacturing	Nos.	456	598	31.14
Corporate Functions, R&D	Nos.	382	345	(9.69)
<b>Gender diversity</b>				
Female	Nos.	46	50	8.70
Male	Nos.	1,428	1,560	9.24
<b>Total</b>		<b>1,474</b>	<b>1,610</b>	<b>9.23</b>
<b>Training, Learning and Development</b>				
Total Training	Hours	44,472	53,352	19.97
Investment Per Person	₹	8,006	9,514	18.84
<b>SOCIAL AND RELATIONSHIP CAPITAL</b>				
CSR Spend	₹ crore	4.35	4.64	6.67
Social Focus Areas	-	Water Conservation, Education, Tribal Model Village, Farmer Safety	Water Conservation, Education, Tribal Model Village, Farmer Safety	-
National Campaigns aligned with CSR	-	Farmer Safety, Water Conservation	Farmer Safety, Water Conservation	-
Number of contacts with farmers	Nos. million	13	13	-
<b>Pan-India dealer</b>				
Crop Care	Nos.	3,667	3,812	3.95
Seeds	Nos.	2,450	2,600	6.12
<b>Pan-India retailers</b>				
Crop Care	Nos.	40,432	47,377	17.18
Seeds	Nos.	42,800	40,000	(6.50)
<b>NATURAL CAPITAL</b>				
Investments in Environmental Conservation/Biodiversity	₹ lakh	300	423	41.00
Renewable Energy Capacity	KW	8,437	4,050	(52.00)

## VALUE CREATION APPROACH

GOVERNANCE	KEY ASPECTS
Mission, Vision, Values, Tata Code of Conduct, Tata Business Excellence Model, Quality Policy, Whistle Blower Policy, Policy on Prevention of Sexual Harassment at Workplace (POSH), Code of Corporate Disclosure Practices, Board of Directors and Committees	Stakeholder Engagement
	Risks and Opportunities
	Strategy and Resource Allocation

## BUSINESS VALUE CHAIN

CROP CARE	SEEDS
<p>► <b>Research and development</b> Leveraging expertise in science and knowledge of customers and the market to develop superior, viable and environmentally sustainable products.</p> <p>► <b>Raw material sourcing, processing and manufacturing</b> Procuring quality raw materials from long-term suppliers.</p> <p>► <b>Packaging</b> Making available products in multiple pack sizes to meet diverse customer requirements.</p> <p>► <b>Marketing and farmer education</b> Enabling demand generation through on-field product demonstration, campaigns, and brand promotion activities.</p> <p>► <b>Distribution and logistics</b> Reaching 80% of India's districts through our strong network of dealers and retailers to take innovative offerings to farmers.</p> <p>► <b>Farmer support services</b> Initiating services using digital technology to enable farmers to access timely information on weather, market prices and crop environment.</p>	<p>► <b>Research and development</b> Developing hybrid seeds in crops like paddy, maize, millet, cotton, and vegetables through conventional breeding. Research team also engaged in development of Genetically Modified traits in select crops.</p> <p>► <b>Seed production, processing and packaging</b> Parent seeds to be used as input in production of hybrid seeds by engaging farmers in multiple agriculture seasons under varying agro-climatic conditions. Hybrid seeds are processed and packed at Company-owned facilities and through exclusive third-party arrangements.</p> <p>► <b>Distribution and logistics</b> The 'Dhaanya' brand seeds reach farmers through depots, distributors and retailers. Surplus inventory of parent seeds and hybrid seeds are stored in leased cold storage facilities in and around the processing units.</p> <p>► <b>Marketing and farmer education</b> Demand generation initiatives focus on on-field Pre-Season Activities (PSA) and Product Differentiation Activities (PDA). Brand promotion activities undertaken through digital and conventional media.</p> <p>► <b>Farmer support services</b> Besides knowledge sharing and addressing queries through face-to-face contacts, farmers are connected through telephonic conversation, including toll-free customer care platforms.</p>

## SUPPORT FUNCTIONS

- Human Resource
- Corporate Sustainability and Corporate Social Responsibility
- Corporate Strategy
- Research and Development
- Information Technology and Digital
- Finance and Accounts
- Legal and Secretarial
- Internal Audit
- Administration
- Business Excellence