

Chairman's Address



Dear Shareholders,

It is with great pleasure that Rallis India, a Tata Enterprise celebrates the Tata Group's 150 years, with the same commitment to its customers, the community and the Earth.

Growth in Revenues - A Reason To Smile

I am pleased to report that your Company has achieved a better market performance and revenue growth over last year, driven by increase in volumes in both its domestic and international businesses, despite the environmental and business headwinds through the year. Rabi cropping acreages came down by 1 per cent as did wheat acreages. However, paddy and pulses improved, as did your Company's performance.

Rallis India recorded standalone revenues (net of excise) of ` 1,498 crores (Previous Year ` 1,386 crores) for the year ended March 31, 2018. Consolidated Revenues net of excise grew by 8 per cent at ` 1,791 crores (Previous Year ` 1,664 crores). Consolidated Profit before tax was ` 227 crores with total comprehensive income at ` 167 crores. The Company's broad-based portfolio of agriculture solutions and robust farmer relationships has driven revenue growth.

Performance Overview

The Company has come a long way, from a solo play on agrochemicals to sustained contact with farmers, research and development initiatives, branding and marketing expertise along with a strong product portfolio and environment initiatives. It has made its presence felt across the value chain of agriculture inputs-right from seeds to organic plant growth nutrients. All our products are manufactured across four state-of-the-art production facilities in Gujarat and Maharashtra, in western India.

Our new crop protection solutions, Odis, Cenator and Pulito were launched this year and having received an encouraging response from farmers, registered good growth in 2017-18. These products will be the key drivers of growth.

The national rollout of **Rallis Samrudh Krishi**® (RSK), a solution-based endeavour

to create value for farmers, supported by a slew of digital measures, has helped to enhance farmers' productivity. Our digital interventions-Drishti, Samadhan and Sampark-shall drive this expansion forward.

Our holistic approach towards the entire ecosystem within which we operate has helped farmers make constant improvements at each critical stage of the farming cycle and helped them improve their farming practices, crop yield and revenue. The Company is looking to work out synergies with start-ups to explore novel and innovative solutions to improve crop health.

Risks

Being largely dependent on imports for procurement of raw materials, the Company is vulnerable to currency fluctuations. However, we have partially mitigated this risk by growing our global business which offers a natural hedge against the rising cost of imports.

Another risk impacting the Company's agrochemicals business is the seasonality factor, which is sought to be mitigated by growing in other businesses like seeds and plant growth nutrients, besides herbicides and fungicides, which are high growth segments for export.

New Product Opportunities

An unusual opportunity has opened up in the Indian agrochemicals industry with agrochemicals products worth US\$ 2.9 billion going off patent between 2017 and 2020. We are evaluating opportunities as a consequence and are gearing up to soon launch high potential products.

Contract Manufacturing

Contract manufacturing is yet another high growth area. Globally acknowledged for developing new processes and formulations in addition to our manufacturing capability, we are a preferred contract manufacturing partner for global corporations, examining substitutes and affordable raw materials



1,498 crores

Standalone Revenues

1,791 crores

Consolidated Revenues

227 crores

Consolidated Profit Before Tax

167 crores

Consolidated Total Comprehensive Income

following the focus of global corporations to find reliable sources from India.

Partnerships

Rallis India has successfully developed marketing alliances with several multinational agrochemical companies.

Exports

Despite market challenges, increased raw material prices and pricing pressure, exports have improved due to a positive economic outlook and a strong demand for herbicides. With a presence in 50 countries, Rallis India has invested on registrations, product development, capacities and building relationships to make its mark in the global market.

Research & Development

Rallis Innovation & Chemistry Hub (RICH), the R&D centre identifies potential areas for new product development and participates in the Company's farmer connect programme, driven by its mission to increase agricultural yield. Through motivated research and development, the Company achieved 12 registrations for its international business. In fact, the Company's Innovation Turnover Index increased from 7 per cent in 2016-17 to 11 per cent in 2017-18. Rallis India will be increasing its R&D budget going forward to support development of new products over the next five years.

Environment & Climate Change

Agriculture is an industry most susceptible to weather conditions for its yield, especially water, energy and climate change. Rallis India is committed to natural resource management, conservation, industrial waste reduction and reuse.

In a leadership role, it has initiated measures for CO₂ reduction and a zero liquid discharge programme to control pollution. A safety awareness programme for farmers prepares them for protected handling of agrochemicals. Under its Jal Dhan project, the Company harvested 1.06 million cubic

meters, or 5.3 crore buckets of water. It harvested over three times more water than it utilized in its operations.

While it makes ethical and business sense to drive environmental awareness and implement best practices, Rallis India's deep connect with rural communities enables it to initiate behaviour change.

Economic Trend

Globally, the economy picked up on the cyclical recovery that started in late 2016 and gathered pace to record a growth of 3.7 per cent in 2017. More than 120 countries registered a pickup in growth in year-on-year basis. Global trade volumes also increased 4.7 per cent in 2017. The IMF expects the global economy to grow at 3.9 per cent in 2018 and 2019.

Although, economic growth in India dragged under the impact of demonetisation and the rollout of the Goods and Services Tax, it picked up from the third quarter onwards. The Indian economy is projected to have grown at 6.6 per cent in FY 2017-18. India's sovereign credit rating was also upgraded. The forecast of a normal monsoon augurs well for the Company. Today, India's crop protection industry (excluding seed and plant growth nutrients) is around ` 16,800 crores.

Shareholder Return

The Board has recommended a dividend of ` 2.50 per share.

Looking onward to a better tomorrow, I thank each shareholder for their continued support as well as Tata Group, our commercial partners, the Board of Directors and the Company management for its continued guidance and support that have made the Company successful.

Warm Regards

Chairman

