



CHAIRMAN'S MESSAGE



Dear Shareholders,

It gives me great pleasure to address you all as we collectively continue to navigate through the challenges posed by the pandemic. We express our gratitude to all those with whose support India managed to quickly return to the growth path.

The relentless commitment and dedication of every member of the Rallis family helped our business navigate through the many challenges of the past year. Even while we manoeuvred the challenges, our focus remained steadfast on the health and safety of our people and the adoption of appropriate COVID-19 protocols across locations. The Company encouraged all the employees to get vaccinated and to leverage the vaccination drives initiated by Tata Group companies.

As we celebrate “Azadi Ka Amrit Mahotsav” this year, we continue to be proud of our nation's past achievements and remain confident of advancing further on the path of

progress. We are proud of our association with the Indian farming community and salute the spirit as well as the conscientious and tireless efforts of millions of Indian farmers who continue to ensure India's food security.

Importance of agriculture to economy

With a 4% share of global GDP, the value addition generated by agriculture and allied sectors is estimated at USD 3.5 trillion. It is gratifying to note the dual role agriculture has been playing in providing food security to the global population and employment to large sections of the society as it continues to remain the second largest source of employment worldwide after the services sector.

Agriculture has been the primary source of livelihood for more than 50% of India's population and represent around 16% of the country's Gross Domestic Product. It is indeed worth pointing out that agriculture largely remained unaffected in India during the course of the COVID-19 pandemic and a 3.3% growth in FY 2021-22 is estimated which is similar to the previous fiscal year of FY 2020-21.

With an increased thrust on sustainability globally, we foresee further intensification of agricultural activity for biofuels, an alternative to fossil fuel. The Government of India has advanced ethanol blended petrol target timeline to 2025 from 2030 and this will increase dependency on agriculture for biofuels in India as well, leading to higher areas under cultivation of crops such as Sugarcane, Maize, etc.

With customer-centricity as one of its values, Rallis will continue playing a pioneering role in agriculture. Our single-minded aim is to help millions of farmers achieve prosperity with our diversified and innovative portfolios of Crop Protection, Crop Nutrition and Seeds.

Foodgrain production at record high in FY 2021-22

The Southwest monsoon, which is critical for agricultural activities in India, was normal for the year, being the third consecutive year of above or near normal rainfall. This provided huge benefits to agriculture aiding total foodgrain production, estimated at 316 million tonnes, as against 311 million tonnes in the fiscal year 2020-21.



In this challenging environment, the Consolidated Revenue from Operations continued to grow to ₹ 2,604 crore in FY 2021-22 compared with ₹ 2,429 crore recorded in the previous year





Crop protection market development

Strong commodity prices fuelled demand and price increase to offset input cost escalation steered growth in the global crop protection industry. Global crop protection market value (including non-crop usage) crossed USD 73 billion in the calendar year (CY) 2021 compared to USD 69 billion in CY 2020. This also benefited the export business of domestic companies including that of Rallis. Global crop protection market continues to be buoyant but growth is expected to be slightly moderated in CY 2022 with gradual softening of input prices.

The domestic crop protection industry continues to be impacted by input availability especially of material sourced from China, cost escalation and freight cost increases. Nevertheless, relevant actions by your Company and the Indian industry in general are seen addressing these challenges in the short and medium term. In 2021-22, uneven and delayed pick-up of monsoon and unseasonal rains resulted in missed spraying of crop protection inputs. There were also crop shifts in high-input-use crops such as cotton and groundnut, which impacted sales during the Kharif season. The domestic crop protection industry is expected to have registered a nominal growth in top-line in FY 2021-22, along with margin contraction.

At Rallis, we responded to the challenging environment through effective sourcing, frequent pricing decisions, an acute cash focus, agile internal and external

coordination with logistics partners and optimising operating expenses, among other strategies.

Performance review

In this challenging environment, the Consolidated Revenue from Operations continued to grow to ₹ 2,604 crore in FY 2021-22 compared with ₹ 2,429 crore recorded in the previous year. Despite of our best efforts to offset cost increases, the Profit After Tax was ₹ 164 crore compared to ₹ 229 crore achieved during FY 2020-21. Growth in the Crop Care business was buoyant at 11%, with margins coming under pressure due to steep cost inflation. We continued our strong performance in the Crop Nutrition business by registering a 20% growth over the previous year. The Seeds business had a challenging year and reported degrowth of 13%, impacted by both internal and external factors. The measures undertaken by the management are expected to address the challenges of the Seeds business and achieve sustainable profitable growth in the near and long term.

Way forward

To drive future growth, we will intensify our focus and investments towards increasing our manufacturing capacities, product portfolio expansion and digital initiatives. We will also intensify our marketing investments to improve reach and visibility of our products.

Even as we visualise a promising future, efforts are underway to align and integrate our goals with the Environment, Social and Governance (ESG) aspects to build innovative business models.

Your Company has undertaken an ambitious initiative "30 by 30", targeting 30% absolute reduction of carbon emission by the year 2030.

Recent unfortunate geopolitical developments in Europe are directly and indirectly impacting the global economy, including the agriculture sector which withstood the COVID-19 challenges to a greater extent. We are optimistic, yet cautious in managing associated risks, which are too early to predict.

I extend my sincere appreciation to my fellow Board members, the leadership team, employees, our suppliers and business partners for their continued support which has helped us serve our customers even better during these challenging times.

I would like to thank all our shareholders and look forward to your continued support and guidance, as the Company progresses towards its mission of 'Serving Farmers Through Science' in the coming years.

Regards,

Bhaskar Bhat
Chairman