# Board's Report

## To the Members of Rallis India Limited

The Board of Directors is pleased to present the Seventy-Third (73rd) Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ('FY') ended March 31, 2021.

## Financial Results

(₹ in crore)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Revenue from operations | 2,429.43 | 2,251.50 | 2,429.44 | 2,251.82 |
| Other Income | 40.44 | 34.33 | 40.45 | 34.33 |
| **Total Income** | **2,469.87** | **2,285.83** | **2,469.89** | **2,286.15** |
| Profit before finance cost, depreciation and tax | 363.43 | 295.47 | 363.33 | 293.69 |
| Finance costs | 5.21 | 6.11 | 5.21 | 6.11 |
| Depreciation | 64.07 | 61.51 | 64.07 | 61.51 |
| Profit before exceptional items and tax | 294.15 | 227.85 | 294.05 | 226.07 |
| Exceptional items | 9.45 | 11.42 | 9.45 | 11.42 |
| **Profit before tax** | **303.60** | **239.27** | **303.50** | **237.49** |
| Provision for tax | 77.03 | 69.07 | 77.04 | 69.07 |
| Deferred tax | (2.10) | (15.26) | (2.11) | (15.26) |
| **Profit for the year** | **228.67** | **185.47** | **228.57** | **183.69** |
| Profit for the year attributable to: | | | | |
| - Owners of the Company | 228.67 | 185.47 | 128.58 | 184.85 |
| - Non-controlling interests | - | - | 0.00 | (1.16) |
| Other comprehensive income ('OCI') | 1.32 | (1.84) | 1.40 | (1.88) |
| Total comprehensive income | 229.99 | 183.63 | 229.97 | 181.81 |
| **Profit for the year** | **229.99** | **183.63** | **229.97** | **182.97** |
| Balance of Profit brought forward from previous year | 947.14 | 822.96 | 1,031.77 | 908.22 |
| | **1,177.13** | **1,006.59** | **1,261.75** | **1,091.19** |
| **Appropriations** | | | | |
| Others | 0.00 | 0.28 | 0.00 | 0.28 |
| Leases (Ind AS 116) transition effect | 0.00 | (1.11) | 0.00 | (1.11) |
| Dividend on equity shares# | (48.62) | (48.62) | (48.62) | (48.62) |
| Dividend distribution tax | 0.00 | (9.99) | 0.00 | (9.99) |
| Transfer to reserve for equity instruments through OCI | (0.01) | (0.01) | (0.08) | 0.02 |
| **Balance Profit carried forward to balance sheet** | **1,128.50** | **947.14** | **1,213.03** | **1,031.77** |

# *Dividend declared in the previous year and paid during the respective reporting year*

## Dividend

The Directors are pleased to recommend a dividend of ₹ 3.00 per share (i.e. 300%) on the Equity Shares of the Company of ₹ 1 each for the year ended March 31, 2021 (previous year ₹ 2.50 per share). If the dividend, as recommended above, is declared by the Members at the ensuing Annual General Meeting ('AGM'), the total outflow towards dividend on Equity Shares for the year would be ₹ 58.34 crore (previous year ₹ 48.62 crore).

## Dividend Distribution Policy

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board of Directors of the Company has adopted a Dividend Distribution Policy ('Policy') which aims to maintain a balance between profit retention and a fair, sustainable and consistent distribution of profits among its Members. The Policy is attached as **Annexure A** to this Report and is also available on the website of the Company under the 'Investor Relations' section at https://www.rallis.co.in/DDPolicy.htm.

## Transfer to Reserves

The Board of Directors have decided to retain the entire amount of profits for FY 2020-21 in the profit and loss account.

## Share Capital

The paid-up Equity Share Capital as on March 31, 2021 was ₹ 19.45 crore.

Pursuant to the Scheme of Arrangement between Zero Waste Agro-Organics Limited, a wholly owned subsidiary and the Company and pursuant to the Scheme of Merger by Absorption of Metahelix Life Sciences Limited, a wholly owned subsidiary, with the Company, the authorised capital of the Company increased from ₹ 200 crore to ₹ 228.89 crore.

During the year under review, the Company has not issued any shares.

## Organisational Resilience & Combating Covid-19

In these difficult times of the Covid-19 pandemic, resilience for an organisation is paramount. During the year, the Company focussed on achieving its business goals hand-in-hand with improving cash from operations and cutting costs. Necessary efforts were made towards business continuity and resilience.

The Company has endeavoured to expand in areas of research & development, innovation, digital technology and upskill its employees during the year. Efforts were made to support the work, workforce and workplace experiences by an ecosystem of virtual resources, digital technology and behaviour that has defined work as a thing we do, not a place we go to, resulting in quality performance and output.

The Company continued extending its support to the Central and State Governments and the community at large, by manufacturing and supplying hand sanitisers, dry food kits, etc. The office based employees sustained the practice of remote working/working from home with the help of adequate digital and other assistance and those working from plants and other locations ensured undertaking utmost care and precaution at all times.

## Scheme of Arrangement of Zero Waste Agro-Organics Limited, a wholly owned subsidiary, ('ZWAOL') with the Company ('the Scheme of Arrangement')

The National Company Law Tribunal, Mumbai Bench ('NCLT') had sanctioned the Scheme of Arrangement in FY 2019-20. The certified copy of its Order was received on June 22, 2020 and the same was filed with the respective jurisdictional Registrar of Companies by ZWAOL on July 8, 2020 and by the Company on July 9, 2020. Accordingly, ZWAOL has merged with the Company and ceased to be a subsidiary effective July 9, 2020. The Company had already given effect of the merger in its standalone audited results for the year ended March 31, 2020.

## Company's Performance

The Company's consolidated revenue from operations for FY 2020-21 was ₹ 2,429.44 crore compared to ₹ 2,251.82 crore in the previous year, an increase of 7.9% over the previous year. The Company's profit before exceptional items and tax on a consolidated basis was ₹ 294.05 crore during the year compared to ₹ 226.07 crore in the previous year, an increase of 30.1% over the previous year. The Company earned a net profit after tax of ₹ 228.57 crore, higher by 24.4% as against a net profit after tax of ₹ 183.69 crore in the previous year.

The Company's standalone revenue from operations for FY 2020-21 was ₹ 2,429.43 crore, an increase of 7.9% over the previous year's revenue of ₹ 2,251.50 crore. The Company earned a net profit after tax of ₹ 228.67 crore, higher by 23.3%, as against a net profit after tax of ₹ 185.47 crore in the previous year.

## Business Operations

### A. Crop Care

During the year under review, the Domestic Crop Care business achieved a revenue of ₹ 1,287 crore as against ₹ 1,165 crore during FY 2019-20, a growth of 10%. The International business achieved revenue of ₹ 741 crore during the year as against ₹ 722 crore during FY 2019-20, a growth of 3%.

## 1. Crop Protection

### Domestic Formulation:

Agriculture is the primary source of livelihood for about 58% of India's population. Gross Value Added ('GVA') by agriculture, forestry and fishing were estimated at ₹ 32.57 lakh crore (current prices) in FY 2019-20. The share of agriculture and allied sectors in the GVA of the country at current prices has increased from 16.5% in FY 2018-19 to 17.7% in FY 2019-20. During FY 2020-21, while the GVA for the entire economy contracted by 7.2%, growth in GVA for agriculture maintained a growth of 3.4%. The share of agriculture in Gross Domestic Product ('GDP') has reached almost 20% for the first time in the last 17 years, making it the sole bright spot in GDP performance during FY 2020-21. The 2nd advance estimates released by the Department of Agriculture Co-operation and Farmers Welfare estimated total foodgrain production in India of 303.34 Metric Tonne ('MT') in FY 2020-21 as against 296.65 MT in the previous fiscal year (as per 4th advance estimate), according to the Economic Survey 2020-21.

The 2020 annual rainfall over the country as a whole was 109% of its Long Period Average ('LPA') value for the period 1961-2010. The monthly rainfall across the country as a whole was 118% of LPA in June, 90% of LPA in July, 127% of LPA in August and 104% of LPA in September. The seasonal rainfall during the North East ('NE') monsoon season i.e. October to December over the NE Monsoon core region of the south peninsula was 109% of its LPA.

During this season, among the four large geographical regions of the country, the highest rainfall (130% of LPA) was received by the South Peninsula and lowest rainfall (84% of LPA) was received by Northwest India. The Central India and East & Northeast India received season rainfall of 115% of LPA and 106% of LPA respectively.

Further, the total live storage in 130 important reservoirs in different parts of the country during the week ended March 18, 2021 was 80.127 Billion Cubic Meter ('BCM') (46% of the storage capacity at full reservoir level) against 92.393 BCM during the corresponding date of the previous year and 65.421 BCM which is the average storage of the last 10 years. Storage during the year was nearly 87% of the last year's storage and 122% of the average of the last 10 years. There are 108 reservoirs having storage of over 80% across the country.

India is a vast nation with high growth potential for the crop protection industry on the back of its diverse agro-climatic conditions as well as the country's increasing impetus on improvements in agricultural productivity and doubling the farmer's income initiatives. India's capability in low cost manufacturing, availability of technically trained resources, seasonal domestic demand, overcapacity, better price realisation and a strong presence in generic pesticide manufacturing are the major factors boosting the crop care chemicals growth.

During FY 2020-21, Indian agriculture experienced a normal monsoon which resulted in normal crop acreage in Kharif and increased acreage in Rabi due to better water availability.

The availability of products in the right pack at the right time to the right location was a key challenge during the Covid-19 restrictions. The cost of raw materials, packaging materials and intermediaries were fluctuating as long-term visibility regarding the supply and price was not available.

The transportation was limited to remote places during the pandemic which led to non-availability of products in some locations. The demand generation and promotional activities were impacted due to restricted physical movement which led to preference for previously known products with farmers as companies were unable to communicate the benefits of newly introduced products.

The lack of visibility for output prices also drove the farmers to use the available generic molecules. Due to Covid-19, there was labour shortage which in turn increased the demand for herbicide. Digital marketing has played an important role in communicating with farmers, channel partners and field staff.

Insecticides remain the most used crop protection chemical with around 51% share followed by herbicides and fungicides contributing 25% and 24% share respectively of the crop protection market in India. The demand for agri inputs is set to rise in the long term due to low penetration levels currently, changing pest dynamics, rising labour cost, increased irrigation facility, credit availability and higher farmer income.

Incessant rainfall during the peak consumption time of cotton and low pest load in Brown Planthopper segment of paddy impacted growth. Overall pest infestation for the category was low to medium. Growth of insecticides portfolio is impacted due to limitation in promotional activities, low infestation on segments like sucking pest, Fall Armyworm ('FAW'), Brown Planthopper, etc. However, stem borer infestation in paddy was very high in both the seasons.

The Company's Insecticides portfolio has grown by 4% over the previous year. Brands like Takumi, Asataf, Zygant, Cameo, Tafgor, Tata Summit, Tata Mida, Koranda, Nagata, Manik, Rilon and Jashn Super are the major contributors to the portfolio. The Company's Insecticides portfolio has performed satisfactorily and grown in almost all the crops. Key crops which have shown major growth are Paddy, Cotton, Soybean, Pulses, Chilli, Tea, Tomato and Grapes.

In Paddy, the Company grew in the stem borer segment through Zygant and Takumi and also witnessed significant growth in Leaf folder segment through Takumi. Business in crops like Pulses, Soybean was driven by Lepidopteran molecules like Takumi and Rilon. Business in Chilli has resulted in growth through the Thrips & Lepidopteran segment. The Vegetables segment has grown in the borer segment. Takumi has performed well in the Tea segment for Semilooper. Tata Summit started getting acceptance in the Grape crop. In Maize, FAW incidence was low to medium. However, products like Tata Summit, Takumi and Rilon did well.

The Fungicides portfolio recorded an excellent growth of 24% over the previous year. Major growth was witnessed from the flagship brands like Blitox, Contaf, Contaf Plus, Ergon and Captaf. The performance of newly launched products like Ayaan, Sarthak and Kriman was also reasonable. These brands are envisaged to be the Company's promising brands which will drive future growth.

The Fungicides portfolio grew in almost all crops like Paddy, Cotton, Pulses, Soybean and Groundnut. However, usage of fungicides in Chilli, Grapes and Potato was low due to low disease pressure of downy mildew, late blight and powdery mildew. Consumption of high-end molecules reduced in key geographies while the consumption of generics increased.

The Herbicide portfolio grew strongly at 24% over the previous year. The flagship brands like Tata Panida and Panida Grande in the pre-emergence segment registered a sturdy growth of more than 55% over the previous year. The new product Enzip has strengthened the business in Soybean crop and growth was also registered in the Wheat herbicides segment with brands like Impeder, Tata Metri and Sartaj. The Company's herbicides performance in Paddy crop was also further strengthened by robust growth in brands like Taarak and Riceup. Increase in DSR paddy acreage in the north facilitated usage of pre-emergence herbicide and an overall usage of herbicide in Paddy crop increased due to high Rabi acreage in South India. Due to Covid-19 and labour shortage, the demand for pre-emergent herbicide products increased and with increase in acreage of Sugarcane and Groundnut, the demand for herbicide also increased.

### International business:

The preliminary view of the crop protection market is estimated to have increased by 1.9% to reach a total value of USD 60.51 billion during calendar year 2020 compared to USD 59.28 billion during calendar year 2019, wherein the overall agrochemical market has grown to USD 67.70 billion in 2020 from USD 66.41 billion in 2019.

The market in North American Free Trade Agreement ('NAFTA') states improved in comparison to the previous year when heavy rainfall and flooding in the key crop growing regions of the USA had a strongly negative impact. Whilst volume usage increased in the USA, this was offset somewhat by generally lower prices due to high inventories at the beginning of the year. In South East Asia, conditions were more suitable where rainfall was more favourable, notably in Vietnam, Thailand and Philippines. In terms of South Africa, crop prospects were boosted by widespread rainfall which improved soil moisture.

China continues to remain under pressure owing to environmental stringencies leading to price increase of intermediates and active ingredients. It also experienced selling pressure in the USA owing to increased tariff for import of Chinese goods.

At the global level, the planted area of key crops generally increased in 2020, with only Oilseed rape and Cotton being cultivated on smaller areas. The most significant increase was seen in Soybean and Maize, which were up by 3.7% and 2.5% respectively. Planted areas in 2020 benefitted from the recovery in North America following poor weather at the beginning of 2019. In terms of crop acreages, Soybean has shown significant increase in acreages up to 127 million hectares (3.7%) and corresponding global production was up by 7.7% over 2019. While Wheat acreages marginally increased to 250 million hectares (1.7%), on the contrary, a decrease in the Oilseed rape planting area of up to 40 million hectares was observed and the global production was down by 0.1%.

In terms of market performance, 4.3% growth was witnessed in NAFTA. A growth of 4.2% was reported by Central and South America and 3.8% by the Middle East/Africa. However, a negative growth of 0.8% was seen in Europe.

During the year, in International business, significant growth was recorded in North America, Europe, Latin America, particularly USA and Brazil. The Company gained new registrations in strategic overseas markets and the partnership models with strategic customers that were adopted during the year helped the Company in its growth journey through leveraging each other's strengths. The Company continues its focus on developmental activities in key geographies in Latin America, South East Asia, Europe and African markets.

2. Crop Nutrition

As a strategic business plan for FY 2020-21, the Company consolidated its Plant Growth Nutrition, Foliar Application & Fertigation and Soil Conditioners (GeoGreen) portfolios under one vertical - Crop Nutrition. Additionally, a new business category - Biopesticides was also introduced during the year.

Crop Nutrition business of the Company consists of Bio fertilisers, Bio stimulants, Secondary & micronutrients, Water soluble fertilisers, Organic fertilisers and Biopesticides.

The organic fertilisers business once formed a part of the wholly owned subsidiary of the Company, Zero Waste Agro-Organics Limited, which was merged with the Company and its business was integrated with the Company's crop nutrition portfolio.

Crop Nutrition business achieved a growth of 22% over FY 2019-20. 4 new products were launched during the year in the water soluble fertilisers category, Aquafert FNP – Potato, Onion, Vegetables and Aquafert Fertigation – Grapes grades, Grosmart in Bio stimulants category, Flowbor in secondary and micronutrients category. Simultaneously, 3 new SKUs - 100 ml Surplus, 10 litre Rallis Bahaar & 25 kg GeoGreen were also introduced. The customer feedback received on the performance of these new products has been encouraging.

Category, segment and product portfolio gaps were identified for product development and more than 20 product segments across categories were chosen for development and commercialisation. Crop nutrition research and development activities have also been geared up to launch the new products over a period of 5 years.

Furthermore, agreements were entered into with 3 new strategic partners, resulting in a strong support of 14 strategic partners in the supply chain. While Akola unit is manufacturing few of the products, there are investment plans to manufacture additional products.

Crop calendar and crop life cycle based product promotion approach at territory level, demonstrations by field visits, distance marketing and promotion of integrated nutrition management was successfully implemented during the year.

Biopesticides:

The Company successfully launched and promoted 2 botanical biopesticides through strategic partnerships. The promotion of biopesticides reflects the Company's commitment to integrated pest management.

## B. Seeds

The Seeds business consists of field crops of Paddy, Maize, Pearl Millet, Cotton, Mustard and select vegetable crops.

The opportunities for growth in India continue to be immense across the field and vegetable seeds categories. The fact is also reflected in high levels of competitive intensity in the market place involving multinationals, Indian corporates, proprietary Indian companies as well as small players. It is believed that growing market shares in all the core categories and exploring opportunities to build new categories for future is critical for sustained profitable growth and long-term value creation.

In a highly competitive scenario, during the year under review amid Covid-19 related challenges in supply and demand generation, the Seeds division delivered a revenue of ₹ 401 crore as against ₹ 364 crore during FY 2019-20, an increase of 10% driven by volume growth in Maize, Vegetables and price increase across the categories. The division also significantly stepped up digital transformation in its supply chain and marketing activities which is expected to be a routine in the future. The Company continued to leverage and benefit from across various aspects of HR policies, technology, process management, governance and employee communication. While the Company continued its focus in cotton, the category witnessed very high competitive intensity from proprietary Indian companies, multinationals as well as local players. Restructuring of Vegetable business and planned portfolio consolidation led to a 20% growth. Focus on partnerships for germplasm licensing and effective implementation of commercial programmes helped the Vegetable line of business grow during the year.

The Pearl Millet category recorded a successful Kharif season led by volume and value growth through new hybrids in the key segments where the Company had lost share in the last couple of years. Maize category recorded robust volume growth of 19% and value growth of 28% during the year through focussed value addition in key segments.

Two of the Company's hybrids continue to delight the rain fed farmers in the states of Rajasthan, Madhya Pradesh, Tamil Nadu and Maharashtra. Focus remains on innovations in demand generation activities which helped the Company to successfully enter into new segments. In order to improve the business during the second half of the year, the division successfully grew its new category 'Hybrid Mustard', which is envisaged to help drive growth in an attractive market opportunity.

The Seeds division also made significant improvements in branding to extend its portfolio to premium segments across the core categories. During the year, the Company ensured to continue building on its reputation amongst the channel partners. Dhaanya Edge - an exclusive retailer loyalty programme was launched during the year which is expected to help engage the retailers and capture useful insights for the future.

During the year, the supply chain agenda was focussed on strengthening five key areas: certainty in production & supply of projected seeds volumes, enhanced focus on seed quality, digitisation of supply chain process, process improvement and teaming and collaboration.

## Farmer Engagement

The Company believes in empowering the farmers and providing them with necessary knowledge. During the year, through its Farmer Engagement Programme in both Crop Care as well as the Seeds division, the Company undertook the following initiatives:

- **Rallis Samrudh Krishi® ('RSK'):** During the year, there was a fresh approach to RSK which included suitable digital mechanisms, promotion of distance marketing and Net Promoter Score Surveys. Customers were diligently segmented into Rallis Margapradarshak Farmers (RMF), Rallis Pragatisheel Farmers (RPF) and others. In view of limited physical access, regular calls throughout the crop cycle for suggestions were made. Other distance marketing means such as Crop Advisor based telecalling and advisory through voice blasts and text messages were also used. Additionally, regular feedback was sought from the farmers on product performance through Net Promoter Score Surveys.

- **Samrudh Krishi ('SK'):** In FY 2020-21, the Company modified its SK app providing weather-based advisory in collaboration with National Research Centre for Grapes, Pune ('NRCG') and added Water & Nutrition Management guidelines. 'AQUAFERT' Crop Specific Nutrition - Water Soluble Fertiliser (CSN-WSF) for fertigation was also introduced with encouraging outcomes. Despite pandemic-led movement restrictions, continuous connect with the customers was maintained through digital platforms. Facebook Live seminars with active participation of Scientists from NRCG on Pest, Disease, Nutrition and Canopy Management were also conducted.

- **Drishti:** During the year, the Company deepened the deployment of Drishti for its Seeds division to enhance the productivity of seed production. During Kharif 2020, all paddy plots were under Drishti surveillance. In Rabi 2020, 100% paddy parent seed production and 32% hybrid seed production plots were also monitored. During FY 2020-21, the Company provided Drishti based advisory to 450 and 1,100 paddy seed growers in the Kharif and Rabi seasons respectively. The newly developed app has helped to expedite the farm registration and geofencing with better accuracy.

- **Seeds Production Programme:** The Company's parent and hybrid seed production team engages with about 28,000 hybrid seed producer farmers through a network of supervisors and field staff in the states of Telangana, Andhra Pradesh, Gujarat, Karnataka and Odisha whereby technical training is imparted. These skills have helped the farmers to increase their income ranging from 30%-100% higher than what they would make from conventional commercial cultivation. Choosing tribal and backward areas to expand its production footprint, the Company's presence in around 1,000 villages in tribal areas of Gujarat, Rajasthan, Odisha and Chhattisgarh has helped in uplifting skills and income.

## Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiary is prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'). The Audited Consolidated Financial Statements together with the Auditor's Report thereon forms part of this Annual Report.

The Annual Financial Statements of the subsidiary and related detailed information will be made available to Members seeking information till the date of the AGM. They are also available on the website of the Company at https://www.rallis.co.in/SFS.htm.

The Consolidated Financial Statements reflect the operations of PT Metahelix Lifesciences Indonesia only.

The Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16(1)(c) of the SEBI Listing

Regulations. The Policy, as approved by the Board, is uploaded on the Company's website at the weblink: https://www.rallis.co.in/Material_SubsidiariesPolicy.htm.

During the year under review, ZWAOL, a wholly owned subsidiary of the Company, merged with the Company effective July 9, 2020 with Appointed Date as April 1, 2017. The Company does not have any associate or joint venture companies as on March 31, 2021.

A report on the financial position of PT Metahelix Lifesciences Indonesia as per the Companies Act, 2013 ('the Act') is provided in Form AOC-1 which is attached to the financial statements.

## Status of Subsidiaries

**(1) PT Metahelix Lifesciences Indonesia ('PT Metahelix')**

PT Metahelix had become a direct subsidiary of the Company during FY 2019-20 in view of the merger of Metahelix Life Sciences Limited with the Company.

The Company holds 65.77% of the equity capital of PT Metahelix and balance is held by the Joint Venture Partner in Indonesia.

All commercial operations of PT Metahelix have been stopped and there are no employees on the rolls of PT Metahelix. During the year, PT Metahelix has received approval for cancellation of its Company Registration Number and revocation of its business licence with effect from March 19, 2021. Further, an application for cancellation of its Tax Identification Number has been made and the approval for the same is awaited.

**(2) Rallis Chemistry Exports Limited ('RCEL')**

As RCEL, a wholly owned subsidiary of the Company, had not commenced any commercial activities, it had, in March 2019, made an application to the Registrar of Companies, Maharashtra, Mumbai under Section 248(2) of the Act read with the Companies (Removal of Name of Companies from the Register of Companies) Rules, 2016 for removal of its name from the register of companies. Consequently, the Ministry of Corporate Affairs has issued a certificate for striking off thereby removing RCEL's name from the register of companies with effect from March 29, 2021. Accordingly, RCEL has ceased to be a subsidiary of the Company effective the said date.

## Credit Ratings

There were no changes in the credit ratings of the Company. As on March 31, 2021, the Company had a short-term credit rating of CRISIL A1+ and a long-term rating of CRISIL AA+/Stable by CRISIL Limited for bank loan facilities aggregating to ₹ 400 crore.

## Particulars of Loans, Guarantees or Investments

During the year under review, the Company has not made any investment. Further, the Company has not given any loan or corporate guarantee or provided any security during the year.

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements.

## Fixed Deposits

The Company has not accepted any deposits from the public during the year under review. No amount on account of principal or interest on deposits from the public was outstanding as on March 31, 2021.

## Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the SEBI Listing Regulations.

No material related party transactions were entered into during the financial year by the Company. Therefore, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form No. AOC-2 is not applicable to the Company and hence the same is not provided.

All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for the transactions which are planned/repetitive in nature and omnibus approvals are taken as per the policy laid down for unforeseen transactions. Related party transactions entered pursuant to the omnibus approval so granted are placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. All the related party transactions under Ind AS-24 have been disclosed at note no. 39 to the standalone financial statements forming part of this Annual Report. An assessment by an independent firm is carried out from time to time on all the related party transactions entered into by the Company.

The Company has a Policy on Related Party Transactions in place which is in line with the Act and the SEBI Listing Regulations and the same is also available on the Company's website at https://www.rallis.co.in/Related_Party_TransactionsPolicy.htm.

## Risk Management

The Board has formed a Risk Management Committee ('RMC') to frame, implement and monitor the risk management plan for the Company and ensure its effectiveness and to develop a policy for actions associated to mitigate the risks as well as identify new and emergent risks. The RMC seeks to minimise the adverse impact of risks on business objectives and capitalise on opportunities. The RMC is chaired by an Independent Director. The Audit Committee has an additional oversight in the areas of financial controls. The Chairperson of the Audit Committee is also a member of the RMC.

The Company has a well defined risk management framework in place to ensure appropriate identification, measurement, mitigation and monitoring of business risks and challenges across the Company. The Company's success as an organisation largely depends on its ability to identify opportunities and leverage them while mitigating the risks that arise while conducting its business. Further, the Board is apprised of any procedure that may threaten the long term plans of the Company.

The Risk Register is refreshed periodically to ensure that the risks remain relevant at any point in time and corresponding mitigation measures are timely and effective so that the risk profile is within identified tolerance levels.

## Internal Financial Controls

The Company has laid down Internal Financial Controls that include a risk-based framework to ensure orderly and efficient conduct of its business, safeguarding of its assets, accuracy and completeness of the accounting records and assurance on reliability of financial information. The Company maintains adequate and effective internal control systems commensurate with its size and complexity.

An independent internal audit function is an important element of the Company's internal control systems. This is executed through an extensive internal audit programme and periodic review by the management and the Audit Committee.

During the year, two external firms viz. Ernst & Young LLP and Mahajan & Aibara LLP, were engaged to assist the Internal Auditor of the Company with the audit processes and procedures. Independence of the Internal Auditor is ensured by way of direct reporting to the Audit Committee.

The Audit Committee has satisfied itself on the adequacy and effectiveness of the internal financial control systems laid down by the management. The Statutory Auditors have confirmed the adequacy of the internal financial control systems over financial reporting.

Further, details of the internal control systems are given in the Management Discussion and Analysis which forms part of this Annual Report.

## Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors, including audit of the internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2020-21.

Accordingly, pursuant to Sections 134(3)(c) and 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that for the year ended March 31, 2021:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis;

(v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## Governance, Compliance and Ethics

The Governance, Corporate Secretarial and Legal functions of the Company ensure maintenance of good governance within the organisation. They assist the business in functioning smoothly by being compliant at all times and providing strategic business partnership in the areas including legislative expertise, corporate restructuring, regulatory changes and governance.

The Company has also adopted the governance guidelines on Board effectiveness to fulfill its corporate governance responsibility towards its stakeholders, the details of which form part of the Corporate Governance Report. In 2020, policies on Anti-Money Laundering and Anti-Bribery & Anti-Corruption were adopted to operate businesses in conformity with the highest moral and ethical standards.

In compliance with the SEBI Listing Regulations, the Corporate Governance Report and the Auditor's Certificate form part of this Annual Report.

## Management Discussion & Analysis and Business Responsibility Report

The Management Discussion and Analysis and the Business Responsibility Report as required under the SEBI Listing Regulations form part of this Annual Report.

## Directors and Key Managerial Personnel

### Re-appointment:

In accordance with the provisions of Section 152 of the Act and in terms of Article 112(2) of the Articles of Association of the Company, Mr. Bhaskar Bhat, Non-Executive Director of the Company, retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The Members had appointed Dr. C. V. Natraj and Ms. Padmini Khare Kaicker as Independent Directors of the Company to hold office for 5 (five) consecutive years from July 22, 2016 up to July 21, 2021. Pursuant to the provisions of the Act and based on the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board recommends for the approval of the Members through a Special Resolution, the re-appointment of Dr. C. V. Natraj and Ms. Padmini Khare Kaicker as Independent Directors of the Company for a second term of 5 (five) consecutive years from July 22, 2021 up to July 21, 2026.

Relevant details including profiles of Directors seeking re-appointment are included separately in the Notice of AGM.

### Independent Directors:

Dr. Punita Kumar Sinha, Dr. C. V. Natraj and Ms. Padmini Khare Kaicker, Independent Directors of the Company, have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Board of Directors of the Company has taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made thereunder and are independent of the management. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of science and technology, industry experience, strategy, finance and governance, IT and digitalisation, human resources, safety and sustainability, etc. and that they hold the highest standards of integrity.

The Independent Directors of the Company have confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs ('IICA') in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended. They are exempt from the requirement to undertake the online proficiency self-assessment test conducted by IICA.

Details of Familiarisation Programme for the Independent Directors are provided separately in the Corporate Governance Report.

### Key Managerial Personnel ('KMP'):

In terms of the provisions of Sections 2(51) and 203 of the Act, the following are the KMP of the Company:

- Mr. Sanjiv Lal, Managing Director & CEO
- Mr. Ashish Mehta, Chief Financial Officer
- Mr. Yashaswin Sheth, Company Secretary

### Procedure for Nomination and Appointment of Directors:

The NRC is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. The Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The NRC conducts a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The Committee is also responsible for reviewing the profiles of potential candidates vis-à-vis the required competencies and meeting potential candidates, prior to making recommendations of their nomination to the Board.

At the time of appointment, specific requirements for the position including expert knowledge expected is communicated to the appointee.

During the year under review, the Board has also reviewed the list of core skills, expertise and competencies of the Board of Directors as are required in the context of the businesses and sectors applicable to the Company which were mapped with each of the Directors on the Board. The same is disclosed in the Corporate Governance Report forming part of the Annual Report.

### Criteria for Determining Qualifications, Positive Attributes and Independence of a Director:

The NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations.

**Independence:** In accordance with the above criteria, a Director will be considered as an 'Independent Director' if he/she meets the criteria for Independence as laid down in the Act and Rules framed thereunder, as amended and Regulation 16(1)(b) of the SEBI Listing Regulations.

**Qualifications:** A transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender. It is also ensured that the Board has an appropriate blend of functional and industry expertise. While recommending the appointment of a Director, the NRC considers the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

**Positive Attributes:** In addition to the duties as prescribed under the Act, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behaviour, strong interpersonal and communication skills and soundness of judgement. Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

### Annual Evaluation of Board Performance and Performance of its Committees and of Directors:

Pursuant to the applicable provisions of the Act and SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The NRC has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members. The criteria for performance evaluation of the Board included aspects such as Board composition and structure, effectiveness of Board processes, contribution in the long-term strategic planning, etc. The criteria for performance evaluation of the Committees included aspects such as structure and composition of Committees, effectiveness of Committee Meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate Meeting, the Independent Directors evaluated the performance of Non-Independent Directors and performance of the Board as a whole. They also evaluated the performance of the Chairperson taking into account the views of Executive Directors and Non-Executive Directors. The NRC reviewed the performance of the Board, its Committees and of the Directors. The same was discussed in the Board Meeting that followed the Meeting of the Independent Directors and the NRC, at which the feedback received from the Directors on the performance of the Board and its Committees was also discussed. The Company follows a practice of implementing each of the observations from the annual evaluation by calendarising its implementation through the Action Taken Report which is reviewed by the Board of Directors from time to time.

The Annual Performance Evaluation is conducted in a paperless manner with documents being securely uploaded and accessed electronically. This has resulted in saving paper, reducing the cycle time of the process and increasing confidentiality of the information.

## Remuneration Policy

The Company has adopted a Remuneration Policy for the Directors, KMP and other employees, pursuant to the provisions of the Act and the SEBI Listing Regulations. The Remuneration Policy is attached as **Annexure B** which forms part of this Annual Report.

## Board and Committee Meetings

A calendar of Board and Committee Meetings to be held during the year was circulated in advance to the Directors.

### a. Details of Board Meetings

During the year under review, 7 (seven) Board Meetings were held, details of which are provided in the Corporate Governance Report.

### b. Composition of Audit Committee

As on March 31, 2021, the Audit Committee comprised 4 (four) Members out of which 3 (three) were Independent Directors and 1 (one) was a Non-Independent, Non-Executive Director. During the year, 7 (seven) Audit Committee Meetings were held, details of which are provided in the Corporate Governance Report. Dr. Punita Kumar Sinha, Independent Director, was appointed as a Member of the Audit Committee effective September 1, 2020.

There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

**c. Composition of Corporate Social Responsibility ('CSR') Committee**

During the year, the Committee comprised 3 (three) Members out of which 1 (one) was Independent Director and 2 (two) were Non-Independent, Non-Executive Directors. During the year under review, 2 (two) CSR Committee Meetings were held, details of which are provided in the Corporate Governance Report.

Details on other committees including their composition, number of meetings held and terms of reference are included in the Corporate Governance Report.

## Corporate Social Responsibility

Corporate Social Responsibility ('CSR') and Affirmative Action ('AA') continued to be an integral part of the business journey of the Company. The Company has aligned its CSR and AA strategy and operations with Tata Chemicals Limited and Tata Chemicals Society for Rural Development ('TCSRD'). The CSR framework of TCSRD as followed by the Company addresses a majority of the Sustainability goals. The leadership team at the Company has been very supportive, sensitive and encourages the team to work for inclusive growth through its CSR and AA initiatives.

During FY 2020-21, due to the outbreak of the pandemic, the Company also carried out various CSR activities towards Covid-19 relief work, over and above its usual CSR commitments.

Employees are one of the key stakeholders and they extend great support to the CSR and AA initiatives by their active participation through volunteering. During the year under review, the Company has achieved more than 5,500 volunteering hours through various activities in which 459 employees actively participated.

Under Natural Resource Management, the Company has focussed on water conservation through rainwater harvesting ('Jal Dhan'), recharging ground water and soil conservation. Jal Dhan benefits have reached more than 2.21 lakh villagers and harvested 3.08 million cubic meter water during FY 2020-21.

In Education, the Company has focussed on Science, English, Information Technology and support for educational infrastructure. The Company has been engaged in capacity building of school teachers and has provided necessary training to teachers. The Company has also supported schools by providing teachers, especially in the stream of Science, English and Special teachers for Special children. The Company has branded its educational interventions as 'RUBY' (Rallis Ujjwal Bhavishya Yojana).

The Company has also initiated scholarship support to students from economically weaker sections through Vidyasaarathi portal managed by the CSR wing of National Securities Depository Limited.

In 'You are Safe' intervention, focus is on educating farmers and students from the Agri background on safety during usage of Pesticides. During the year under review, due to pandemic the Company was unable to run the said campaign.

The Company, under its AA Programme, focussed on converting a backward Tribal Village into a Model Tribal Village. This initiative is focussed on tribal areas around Mumbai in Maharashtra. During the year under review, the Company reached 8 Tribal villages catering to more than 3,300 Tribals.

The above projects are in accordance with Schedule VII to the Act. The Annual Report on CSR activities is attached as **Annexure C** which is forming part of this Report.

During the year, the Company has revised the CSR Policy and the terms of reference pursuant to the Companies (Corporate Social Responsibility) Amendment Rules, 2021. The revised CSR Policy is available on the website of the Company at https://www.rallis.co.in/CSR_Policy.htm.

## Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder.

With the objective of providing a safe working environment, the Company has constituted Internal Committee at all its locations to redress complaints received regarding sexual harassment. All employees - permanent, contractual, temporary and trainees are covered under this Policy. The said Policy is available on the website of the Company at https://www.rallis.co.in/POSH.htm.

As an endeavour to educate and empower the women employees within the organisation regarding POSH and their rights, a virtual awareness session was also conducted during FY 2020-21.

No complaints were pending at the beginning of the year. Further, the Company did not receive any complaints of sexual harassment during the year and accordingly, no complaints were pending as at the end of the financial year.

## Vigil Mechanism/Whistleblower Policy

The Company has adopted a Whistleblower Policy as a part of its vigil mechanism. The purpose of this Policy is to enable any person including the directors, employees, other stakeholders, etc. to raise concerns regarding unacceptable and improper practices and/or any unethical practices in the organisation without the knowledge of the management.

All employees shall be protected from any adverse action for reporting any unacceptable or improper practice and/or any unethical practice, fraud or violation of any law, rule or regulation.

The Chief Ethics Counsellor's contact details have been mentioned in the Policy for easy access. Furthermore, employees are free to communicate their complaints directly to the Chairperson/Members of the Audit Committee, as stated in the Policy. The Audit Committee reviews reports made under this Policy and implements corrective actions wherever necessary.

The Company believes in the conduct of its affairs and its constituents by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in line with the Tata Code of Conduct ('Code'). All the stakeholders are encouraged to raise their concerns or make disclosures on being aware of any potential or actual violation of the Code, policies or the law. Periodic awareness sessions are also conducted for the same.

Additionally, the Company provides access to 'Integrity Matters', an independent third party operated free phone and web-based facility for its Directors and employees across all the locations.

Details of the Vigil Mechanism and Whistleblower policy are made available on the Company's website at https://www.rallis.co.in/WBPolicy.htm.

## Significant and Material Orders passed by the Regulators or Courts

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

## Audit and Auditors

### (1) Statutory Auditors:

At the AGM of the Company held on June 23, 2017, pursuant to the provisions of the Act and the Rules made thereunder, B S R & Co. LLP, Chartered Accountants ('BSR') (Firm Registration No. 101248W/W-100022), were appointed as Statutory Auditors of the Company from the conclusion of the 69th AGM held on June 23, 2017 till the conclusion of the 74th AGM to be held in the year 2022.

The Audit Report of BSR on the Financial Statements of the Company for FY 2020-21 forms part of the Annual Report. The Report does not contain any qualification, reservation, adverse remark or disclaimer.

### (2) Cost Auditors:

The Company is required to maintain cost records as specified by the Central Government as per Section 148(1) of the Act and the rules framed thereunder, and accordingly, the Company has made and maintained such cost accounts and records.

In terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Audit Committee recommended and the Board of Directors appointed M/s. D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), being eligible, to conduct Cost Audits relating to Insecticides (Liquid, Solid and Technical Grade), Fertilisers, Chemicals (Plastics and Polymers) and Drugs and Pharmaceuticals of the Company for the year ending March 31, 2022. The Company has received their written consent and confirmation that the appointment will be in accordance with the applicable provisions of the Act and rules framed thereunder.

The remuneration payable to Cost Auditors has been approved by the Board of Directors on the recommendation of the Audit Committee and in terms of the Act and Rules therein. The Members are therefore requested to ratify the remuneration payable to M/s. D. C. Dave & Co. as set out in the Notice of the 73rd AGM of the Company.

### (3) Secretarial Auditors:

In terms of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Parikh & Associates (Firm Registration No. P1988MH009800), a firm of Company Secretaries in Practice, have been appointed as Secretarial Auditors of the Company. The Report of the Secretarial Auditors is enclosed as **Annexure D**. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditors in their Report.

## Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees, to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in this Report.

## Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the Company's website at https://www.rallis.co.in/MGT2021.htm.

## Secretarial Standards of ICSI

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached as **Annexure E**.

## Particulars of Employees and Remuneration

The information required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure F**.

The information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. In terms of the first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid information. Any Members interested in obtaining the same may write to the Company Secretary at investor_relations@rallis.com. None of the employees listed in the said Annexure is related to any Director of the Company.

## Acknowledgements

The Directors hereby acknowledge the dedication, loyalty, hard work, solidarity and commitment rendered by the employees of the Company during the year. They would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from bankers, financial institutions, government authorities, business partners, shareholders, customers and other stakeholders without whom the overall satisfactory performance would not have been possible.

The Directors deeply regret the losses suffered due to the Covid-19 pandemic and place on record their sincere appreciation to all the front-line workers and those who have gone beyond their duties in battling against the pandemic.

**On behalf of the Board of Directors**

**Bhaskar Bhat**
**Chairman**
DIN: 00148778

Bengaluru, April 22, 2021

**Annexure A to the Board's Report**

# Dividend Distribution Policy

## 1. About the Company

Rallis India Limited (hereinafter referred to as 'the Company' or 'Rallis') is a Company incorporated under the Indian Companies Act, 1913. It has its Registered Office at Mumbai and is a Tata Enterprise, engaged in the business of providing crop care solutions and agri services to the farming community. It is a subsidiary of Tata Chemicals Limited and is listed on BSE Ltd. and The National Stock Exchange of India Ltd.

## 2. Objectives of the Policy

**2.1** Securities and Exchange Board of India (hereinafter referred to as 'SEBI') has, by its Notification dated July 8, 2016, inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the Listing Regulations').

**2.2** Regulation 43A of the Listing Regulations requires the Company to formulate a Dividend Distribution Policy which shall be disclosed in the Annual Report and on the website of the Company.

**2.3** In view of the above, the Company has framed this Dividend Distribution Policy (hereinafter referred to as 'the Policy') to determine the parameters on the basis of which the Company may or may not declare dividend.

**2.4** The Policy seeks to balance the objectives of rewarding the shareholders through dividends and retaining capital to invest in the growth of the Company, while ensuring fairness, sustainability and consistency in distributing profits to the shareholders.

## 3. Payment Frequency

The dividend shall, subject to the parameters hereinafter described, be payable annually and shall be declared at the Annual General Meeting of the Company, based on the recommendation of the Board of Directors of the Company (hereinafter referred to as 'the Board'). The Board may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which the interim dividend is sought to be declared. The Board may recommend special dividend in years of exceptional gains or on occasions of significance.

## 4. Declaration of Dividend

It is the intention of the Board of Directors, subject to applicable laws, to pay dividend on the Company's outstanding Equity Shares. The Company does not have any class of Shares other than Equity Shares.

## 5. Parameters for Distribution of Dividend

**5.1** The Company has a track record of steady dividend declaration and payment over its history. The Board considers the yearly dividend based on the Net Profit After Tax ('PAT') available for distribution. In addition, the Board reviews the capital expenditure needs, cash requirements for investments in capability enhancements and future non organic growth initiatives.

**5.2** As in the past, subject to the provisions of the applicable law, the Company's dividend pay-out will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Based on the above, the Company will endeavour to maintain the steady level of dividend per share over the medium term.

### 5.3 Circumstances under which the shareholders of the Company may or may not expect dividend:

The Shareholders may ordinarily expect dividend if the Company has made profits during the current year. Recommending dividend out of profits of previous financial years or out of retained earnings shall be at the discretion of the Board, subject to the compliance with the Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time. The Board may not recommend a dividend if:

- Proposed expansion plans require higher allocation of capital; or
- Significantly higher working capital requirements adversely impact free cash flow; or
- The Company undertakes any acquisitions or investments including in joint ventures, new product launches, etc., requiring significant capital outflow; or
- In case of proposal for buyback of shares; or
- In the event of inadequacy of profits.

If the Board proposes not to distribute profit, the grounds thereof and information on utilisation of undistributed profit, if any, shall be disclosed to the shareholders in the Annual Report of the Company.

### 5.4 Financial Parameters for declaring dividend:

The Board shall consider the following financial parameters while declaring dividend:

- the Company's Financial results of operations and earnings;
- working capital requirements for the operations and growth of the Company and its subsidiaries;
- quantum of profits and liquidity position;
- future fund requirements, including for brand building, business acquisitions, business expansion, modernisation of existing business;
- level of debt;
- providing for unforeseen events and contingencies;
- any other financial factor as the Board may deem fit.

### 5.5 Internal and External Factors for declaring dividend:

The Board may consider the following internal and external factors while declaring dividend:

Internal Factors:

- the level of dividends paid historically;
- contractual restrictions and financing agreement covenants;
- likelihood of crystallisation of contingent liabilities, if any.

External Factors:

- general business conditions, risk and uncertainties;
- industry outlook and business cycles for underlying businesses;
- prevailing economic, competitive and regulatory environment;
- tax law and the Company's taxpayer status;
- capital market.

This is not intended to be an all-inclusive list, but rather a representative list of factors which may be considered while declaring dividend.

### 5.6 Manner in which the retained earnings shall be utilised:

Retained earnings are the sum of the Company's profits after dividend payments, since the Company's inception. The retained earnings of the Company will be utilised in one or more of the following manner:

- for expansion and growth of business;
- for contributing towards the fixed as well as working capital needs of the Company;
- major repairs and maintenance, including replacement of old assets which have become obsolete;
- renovation/modernisation for improving working efficiency of plants and equipments and for capacity enhancements;
- to make the Company self dependent of finance from external sources;
- for redemption of loans and debentures (if any);
- for upgradation of technical knowhow;
- non organic growth initiatives, including acquisition of brands/businesses;
- for issuing fully paid-up bonus shares to the Shareholders.

### 5.7 Dividend Range:

As in the past, subject to the provisions of applicable laws, the Company's dividend payout will be determined based on availability of financial resources, investment requirements and also take into account optimal shareholder return. The Company would endeavour to target a total dividend payout ratio in the range of 30% to 50% of the Annual Standalone Profits after Tax (PAT) of the Company.

## 6. Review of Policy

This Policy has been adopted by the Board of Directors of the Company and the Board may review and amend the Policy from time to time, pursuant to any change in law or otherwise.

## 7. Disclosures

Rallis shall disclose the Dividend Distribution Policy in the Board's Report forming part of the Annual Report. This Policy shall also be disclosed on the website of the Company at www.rallis.co.in. Any changes in the Policy, along with the rationale for the same, shall also be disclosed in the Annual Report and on the website of the Company.

**On behalf of the Board of Directors**

**Bhaskar Bhat**
**Chairman**
Bengaluru, April 22, 2021 DIN: 00148778

**Annexure B to the Board's Report**

# Remuneration Policy for Directors, Key Managerial Personnel and Other Employees

The philosophy for remuneration of Directors, Key Managerial Personnel ('KMP') and all other employees of Rallis India Limited ('Company') is based on the commitment of fostering a culture of Leadership with Trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ('Act') and Regulation 19(4) read with Para A (1) of Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee ('NRC') has considered the factors laid down under Section 178(4) of the Act, which are as under:

"(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals."

Key principles governing this remuneration policy are as follows:

### Remuneration for Independent directors and Non-Independent Non-Executive directors

- Independent directors ('ID') and Non-Independent Non-Executive directors ('NED') may be paid sitting fees (for attending the meetings of the Board and of Committees of which they may be members) and commission within regulatory limits
- Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board
- Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives)
- Overall remuneration should be reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay the remuneration
- Overall remuneration practices should be consistent with recognised best practices
- Quantum of sitting fees may be subject to review on a periodic basis, as required
- The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board
- The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings
- In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board/Board Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organised by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director

### Remuneration for Managing Director ('MD')/ Executive Directors ('ED')/KMP/rest of the employees

- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:
  - o Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent)

- o Driven by the role played by the individual
- o Reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay
- o Consistent with recognised best practices and
- o Aligned to any regulatory requirements

- In terms of remuneration mix or composition:
  - o The remuneration mix for the MD/EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders
  - o Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience
  - o In addition to the basic/fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance
  - o The Company provides retirement benefits as applicable
  - o In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/EDs such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board
  - o The Company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company

### Remuneration payable to Director for services rendered in other capacity

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

a) The services rendered are of a professional nature; and

b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

### Policy Implementation

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

**On behalf of the Board of Directors**

**Bhaskar Bhat**
**Chairman**
DIN: 00148778

Bengaluru, April 22, 2021

Annexure C to the Board's Report

# Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 ('the Act') & Rules made thereunder]

## 1. Brief outline on CSR Policy of the Company

The Company is committed to improving the quality of lives of people in the community it serves through long term stakeholder value creation. It pledges itself to care for and serve the community by designing sustainable development model that leads to socio-economic development and ecological development in its area of influence. The Company focusses its CSR on Natural Resource Management, Rural Development, Skill and Education Enhancement, Farmer Safety, etc. The Company also plays a significant role in promotion of inclusive growth through empowerment of farmers, women and socially and economically weaker sections of society. Partnerships with government development agencies, corporate bodies and NGOs are entered into for community development programmes. Active involvement of the Company's employees in volunteering towards CSR activities is always ensured.

The Company has framed a CSR Policy in compliance with the provisions of the Act, which is available on the Company's website and the weblink for the same is provided in this report.

## 2. Composition of CSR Committee as on March 31, 2021:

| Sl. No. | Name of Director | Designation/Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1. | Mr. R. Mukundan | Chairman | 2 | 2 |
| 2. | Dr. Punita Kumar Sinha | Member | 2 | 2 |
| 3. | Mr. Sanjiv Lal | Member | 2 | 2 |

## 3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

https://www.rallis.co.in/CSR.htm

## 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

In terms of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, the requirement of conducting an impact assessment of its CSR Projects is not applicable to the Company.

However, the Company had voluntarily conducted an Impact Assessment in FY 2020-21 for its flagship watershed programme "Jal Dhan" in Latur Tehsil covering 10 villages which were identified based on year-on-year work implementation in the said villages. The beneficiaries had expressed gratitude and shared a positive impact about the work done. Sharing few excerpts as below:

- Jal Dhan has ensured water availability throughout the year for domestic and agricultural use
- Farmers are being able to cultivate crop for all 12 months and many of them have also opted for horticulture plantation like mango, lemon, sapodilla, etc.
- Women are now having more free time which they are utilising for themselves. While some have purchased cattle, some are helping their husbands in farming
- Many villagers have purchased livestock
- A visible increase in family income was observed due to water availability throughout the year

The summary of the Impact Assessment Report can be accessed on the website of the Company at https://www.rallis.co.in/CSR.htm.

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|---|---|---|---|
| N.A. | | | |

## 6. Average net profit of the Company as per Section 135(5) - ₹ **23,545.87 lakh**

**7.** (a) Two percent of average net profit of the Company as per Section 135(5) - ₹ **470.92 lakh**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – **N.A.**

(c) Amount required to be set off for the financial year, if any - **N.A.**

(d) Total CSR obligation for the financial year (7a+7b-7c) - ₹ **470.92 lakh**

**8.** (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (₹ in lakh) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 483.26 | Nil | - | - | Nil | - |

(b) Details of CSR amount spent against ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Project duration (in years) | Amount allocated for the project (₹ in lakh) | Amount spent in the current financial year (₹ in lakh) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in lakh) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| 1. | Jal Dhan - Rain Water Harvesting | 1. Rural development 2. Ensuring environment sustainability | No | Maharashtra | Latur, Beed, Raigad | 4 | 12.80 | 68.65 | Nil | No | TCSRD | CSR00002564 |
| 2. | Rallis Ujjwal Bhavishya Yojana ('RUBY') Project - Education | Promoting education including special education | Yes | Maharashtra | Ratnagiri, Akola, Raigad, Palghar | 4 | 75.21 | 55.95 | Nil | No | TCSRD | CSR00002564 |
| | | | | Gujarat | Bharuch | | | | | | | |
| | | | | Karnataka | Bagalkot, Bengaluru | | | | | | | |
| | | | | Andhra Pradesh | West Godavari | | | | | | | |
| | | | | Telangana | Siddipet, Jangaon | | | | | | | |
| | | | | Chhattisgarh | Mahasamund | | | | | | | |
| 3. | Tata Rallis ('TaRa') Project - Skill Development | 1. Enhancing vocational skills 2. Promoting gender equality 3. Rural development | No | Maharashtra | Thane, Akola | 4 | 20.00 | 38.68 | Nil | No | LOLT | CSR00000156 |
| | | | | Gujarat | Bharuch | | | | | | | |
| 4. | Model Tribal Village | Addresses majority of Sustainable Development Goals | No | Maharashtra | Raigad, Palghar | 4 | 37.00 | 32.33 | Nil | No | AIILSG | CSR00000373 |
| 5. | Centre for Sustainable Agriculture and Farm Excellence ('C-SAFE') | Rural development | No | Pan India | | 4 | 90.00 | 50.25 | Nil | No | TCSRD | CSR00002564 |
| | Total | | | | | | 235.01 | 245.86 | | | | |

*TCSRD- Tata Chemicals Society for Rural Development*

*LOLT- Light of Life Trust*

*AIILSG- All India Institute of Local Self Government*

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | | Amount spent for the project (₹ in lakh) | Mode of implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | Name | CSR registration number |
| 1. | Covid - 19 Relief work | Rural development, Health | No | Pan India | | 204.49 | Yes | - | - |
| 2. | Rural Development, Healthcare and Sanitation | Rural development | No | Telangana | Warangal | 2.85 | Yes | - | - |
| 3. | Farmer Safety | Education, Rural development | No | Maharashtra | Nagpur | 0.14 | Yes | - | - |
| 4. | Greening Project (Afforestation) | Ensuring environment sustainability | No | Uttar Pradesh | Lucknow | 1.13 | Yes | - | - |
| | | | | Maharashtra | Ratnagiri, Akola, Raigad, Thane | | | | |
| | | | | Jharkhand | Gumla | | | | |
| | | | | Bihar | Patna | | | | |
| 5. | Volunteering | - | No | Pan India | | 1.45 | Yes | - | - |
| | **Total** | | | | | **210.06** | | | |

(d) Amount spent in Administrative Overheads – ₹ **23.54 lakh**

(e) Amount spent on Impact Assessment – ₹ **3.80 lakh**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ **483.26 lakh**

(g) Excess amount for set off, if any – ₹ **12.33 lakh**

| Sl. No. | Particulars | Amount (₹ in lakh) |
|---|---|---|
| i. | Two percent of average net profit of the Company as per Section 135(5) | **470.92** |
| ii. | Total amount spent for the financial year | **483.26** |
| iii. | Excess amount spent for the financial year [(ii)-(i)] | **12.33** |
| iv. | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | **N.A.** |
| v. | Amount available for set off in succeeding financial years [(iii)-(iv)] | **12.33** |

**9.** (a) Details of Unspent CSR amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under Section 135(6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any | | | Amount remaining to be spent in succeeding Financial Years (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| N.A. | | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration (in years) | Total amount allocated for the project (in ₹) | Amount spent on the project in the reporting Financial Year (in ₹) | Cumulative amount spent at the end of reporting Financial Year (in ₹) | Status of the project - Completed/ Ongoing |
| N.A. | | | | | | | | |

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:**

(a) Date of creation or acquisition of the capital asset(s) – **N.A.**

(b) Amount of CSR spent for creation or acquisition of capital asset – **N.A.**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – **N.A.**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) – **N.A.**

**11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) – N.A.**

**Sanjiv Lal**
**Managing Director & CEO**
DIN: 08376952

**R. Mukundan**
**Chairman - CSR Committee**
DIN: 00778253

Mumbai, April 22, 2021

Annexure D to the Board's Report

FORM No. MR-3

# Secretarial Audit Report for the financial year ended March 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

**Rallis India Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Rallis India Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; **(Not applicable to the Company during the audit period)**

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the audit period)**

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client; **(Not applicable to the Company during the audit period)**

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the audit period)**

(vi) Other laws specifically applicable to the Company namely:

1. The Insecticides Act, 1968 and Rules, 1971;
2. The Seeds Act, 1966 and Rules, 1968;
3. The Fertilizers (Control) Order, 1985;
4. Biological Diversity Act, 2002;
5. Essential Commodities Act, 1955

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. The Company merged its wholly owned subsidiary, Zero Waste Agro-Organics Limited with the Company with effect from July 9, 2020 upon filing of the Orders of the National Company Law Tribunal, Mumbai Bench with the jurisdictional Registrar of Companies.

2. Rallis Chemistry Exports Limited, a wholly-owned subsidiary of the Company, has been struck-off from the Register of Companies with effect from March 29, 2021 consequent to striking-off application filed with the Registrar of Companies, Mumbai.

3. During the year, PT Metahelix Lifesciences Indonesia, a subsidiary of the Company, received approval for the cancellation of its company registration number and revocation of its business licence with effect from March 19, 2021. Further, an application for cancellation of its Tax Identification Number has been made and the approval for the same is awaited.

**For Parikh & Associates**
**Practising Company Secretaries**

**Jigyasa Ved**
**Partner**
**FCS No:** 6488 **CP No:** 6018
**UDIN:** F006488C000153074

**Place:** Mumbai
**Date:** April 22, 2021

*This Report is to be read with our below letter of even date which is annexed as Annexure A and forms an integral part of this report.*

'Annexure A'

To,

The Members,

**Rallis India Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**
**Practising Company Secretaries**

**Jigyasa Ved**
**Partner**
**FCS No:** 6488 **CP No:** 6018
**UDIN:** F006488C000153074

**Place:** Mumbai
**Date:** April 22, 2021

### Annexure E to the Board's Report

# Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

## (A) Conservation of Energy

### (i) Steps taken or Impact on Conservation of Energy:

During the year, the Company continued its effort towards conservation of energy and took the following steps for the said purpose:

Ankleshwar:

- Installation of an energy efficient Screw Compressor (150 HP) for air application at Jet mill in formulation plant
- All motors under new procurement were purchased with IE-3 standard and 5 old non-efficient motors were replaced with high efficient IE-3 motor
- Conventional light replacement with LED light for street light, plant light and vessel lamp. Boundary flood light was also replaced by LED flood light
- Energy bill reduction initiative by maintaining unity power factor and low distribution losses by introducing shunt capacitor bank in the high rated Kilo Watt ('kW') motors
- Energy bill reduced by effective usage of power in night hours to avail benefit of night hours rebate
- Energy losses reduced by replacing aluminium cable by copper cable from Motor Control Centre to Motor
- High rated kW motors have been connected with Variable Frequency Drive ('VFD') in closed loops for the compressors
- Energy bill reduced by purchasing units at lower rate under open access facility through power exchange

Lote:

- 70 TR Screw Compressor installed

Dahej:

- Plant and office light replacement
- Lower efficiency motor replacement
- Capacitor bank installation at load side

Akola:

- VFD drive agitators were installed for new products

During the year, the Company's efforts on energy management were acknowledged by the International Certification ISO 50001 for two of its units, Dahej and Ankleshwar. This is an exceptional achievement as far as the chemical industry is concerned.

### (ii) Steps taken by the Company for utilising alternate sources of Energy:

As a part of its long-term sustainability plan, the Company has initiated various steps towards utilising alternate sources/renewable sources of energy. One of the key initiatives undertaken by the Company is:

Under OPEX model (Operation, Maintenance & Expenditure by third party), a 309 KV Roof top Solar panel was installed at the Akola unit. More than 3 lakh KWh/year energy will be utilised from solar energy and $CO_2$ emission of 250 Metric Tonne ('MT') is envisaged to be reduced per year. Expected life of solar panel is 20 years and ₹ 4.6 lakh will be saved per year.

### (iii) Capital Investment on Energy Conservation Equipments:

Renewable energy and energy efficiency are seen as the 'twin pillars' of a sustainable energy policy. The Company recognises that investment in energy conservation offers significant economic benefits in addition to climate change benefits. In the last few years, the Company has tried to improve energy efficiency significantly by investing in energy conservation equipment.

During the year, the Company has invested ₹ 163 lakh as capital investment on energy conservation equipment including air compressor and IE-3 series energy efficient motors, LED lamps, etc.

## (B) Technology Absorption

### (i) Efforts made towards Technology Absorption:

(a) Successfully transferred technology for manufacturing of four formulations developed by way of R&D

(b) Efforts were made towards more progress on digital transformation journey of the R&D initiatives for lab activities

(c) Two unique water soluble fertilisers - Aquafert Foliar and Aquafert Fertigation and a micronutrient - Flobor have been launched

(d) Further, efforts were made to develop crop specific crop nutrients viz. Aquafert foliar apple & Aquafert foliar cotton

(e) Significant progress has been made in molecular breeding leading to deployment of reliable molecular markers to accelerate genetic male sterility breeding in cotton and hot pepper. Pilot implementation of genomic selection for rabi north maize segment is also expected to be commenced.

### (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

(a) Technology transfer of one Active Ingredient ('AI') process from laboratory phase is in advanced stage

(b) Efforts have been made to identify critical steps for synthesis using flow chemistry

(c) Label claim endorsement was obtained for three formulations on fourteen crops

(d) During the year, 18 dossiers have been submitted to the Central Insecticides Board and Registration Committee under various categories of new registration

(e) During FY 2020-21, following products were developed and commercialised:

i) **Kriman:** (Kresoxim-methyl 18% + Mancozeb 54% WP) - a fungicidal combination product for control of fungus in grapes and tomato

ii) **Eevee:** (Flubendiamide 7.5% + Kresoxim-methyl 37.5% SC) - a fungicide cum insecticide combination formulation for control of disease and insect pest in paddy and tomato crops

iii) **Flowbor:** (Crop nutrition product) A concentrated liquid boron formulation for the use in various crops like apple, banana, chilli and other vegetables

iv) **Two water soluble Fertilisers were developed and launched:** AquaFert Foliar for vegetables and AquaFert Fertigation for grapes which can help the farmers with quality produce and yield enhancement

All the above formulations have been well accepted by the farmers

v) 13 products were registered in India for the domestic/export market

vi) Nine International registration approvals obtained during the year

(f) A rice hybrid was introduced for Northwestern states with the best-in-class standability. A maize hybrid was also launched for the rabi south segment. Mustard hybrids from internal pipeline and a tomato hybrid have been tested at pre-commercial stage.

### (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a) **the details of technology imported:** The Company imported one formulation development technology for weed management in wheat crop

(b) **the year of import:** FY 2020-21

(c) **whether the technology has been fully absorbed:** No, it is not fully absorbed

(d) **if not fully absorbed, areas where absorption has not taken place, and the reason thereof:** The Company witnessed some instability in the formulation imported and its optimisation is currently under progress.

### (iv) Expenditure on R&D:

(₹ in crore)

| | 2020-21 | 2019-20 |
|---|---|---|
| Capital Expenditure | 4.02 | 1.30 |
| Revenue Expenditure | 37.41 | 32.70* |
| Total R&D Expenditure | 41.43 | 34.00 |
| Total R&D Expenditure as a percentage of net sales (excluding excise duty) | 1.71% | 1.51% |

** Includes an amount of ₹ 0.10 crore paid to an external agency*

## (C) Foreign Exchange Earnings and Outgo

Foreign Exchange earned in terms of actual inflows during the year and Foreign Exchange outgo during the year in terms of actual outflows:

(₹ in crore)

| | 2020-21 | 2019-20 |
|---|---|---|
| Foreign Exchange Earned | 730.19 | 678.28 |
| Foreign Exchange Outgo | 573.30 | 517.75 |

**On behalf of the Board of Directors**

**Bhaskar Bhat**
**Chairman**
DIN: 00148778

Bengaluru, April 22, 2021

Annexure F to the Board's Report

# Disclosure of Managerial Remuneration

[Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

## Disclosure of Managerial Remuneration

**A. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for FY 2020-21 as well as the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary is as under:**

| Name of Director/ Key Managerial Personnel | Ratio to median remuneration | % increase in remuneration over previous year |
|---|---|---|
| **Non-Executive Directors** | | |
| Mr. Bhaskar Bhat | 4.61:1 | 34.57 |
| Dr. Punita Kumar Sinha | 5.12:1 | 49.19 |
| Dr. C. V. Natraj | 7.02:1 | 32.30 |
| Ms. Padmini Khare Kaicker | 6.78:1 | 28.45 |
| Mr. R. Mukundan* | - | - |
| **Executive Director** | | |
| Mr. Sanjiv Lal, Managing Director & CEO | 47.11:1 | 19.13 |
| **Key Managerial Personnel** | | |
| Mr. Ashish Mehta, Chief Financial Officer | - | 13.81 |
| Mr. Yashaswin Sheth, Company Secretary | - | (0.45) |

** Mr. R. Mukundan, Non-Executive Director, being in the whole-time employment of Tata Chemicals Limited, the Holding Company, draws remuneration from it and hence the above details are not applicable to him.*

***Note:***

*Remuneration includes sitting fees and commission for Non-Executive Directors. Commission relates to FY 2020-21, which will be paid during FY 2021-22.*

**B. Percentage increase in the median remuneration of employees in FY 2020-21:** 5.05%

**C. Number of permanent employees on the rolls of the Company as on March 31, 2021:** 1,700

**D. Comparison of average percentile increase in salary of employees other than the managerial personnel and the percentile increase in the managerial remuneration:**

| Particulars | % change in Remuneration |
|---|---|
| Average increase in salary of employees (other than managerial personnel) | 4.86 |
| Average increase in remuneration of managerial personnel | 19.13 |

**E. Affirmation:**

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and other employees is as per the Remuneration Policy of the Company.

**On behalf of the Board of Directors**

**Bhaskar Bhat**
**Chairman**
DIN: 00148778

Bengaluru, April 22, 2021