

Management Discussion & Analysis

ECONOMIC OVERVIEW

Global Economy

The geopolitical crisis unfolded while the global economy was on a recovery path from the Covid-19 pandemic, with a significant divergence between the economic recoveries of advanced economies, emerging market and developing ones. Recent International Monetary Fund (IMF) Report projects global growth at 3.6% in 2022 and 2023, 0.8% and 0.2% lower than the January forecast, respectively. During the last two years of the pandemic, the global economy continues to be plagued by uncertainty, with resurgent waves of mutant variants, supply chain disruptions and a return of inflation in both advanced and emerging economies.

Indian Economy

Indian economy is expected to grow by 8.9% in the financial year ('FY') 2021-22 (Second Advanced Estimates), against the base of 6.6% contraction witnessed in FY 2020-21, despite inflationary pressures and uneven recovery of the labour market that has impacted private investment. Massive full-scale vaccination program covering majority of Indian population has enabled a swift recovery. India is seen to be the world's third largest economy and consumer market by 2030 with inherent strengths in Manufacturing, Digital and Information Technology.

INDIA'S AGRICULTURAL SECTOR

Agriculture is an important sector of Indian economy as it contributes about 16% to the total GDP and provides employment to around 58% of the population. Agriculture and allied sectors are projected to grow by 3.3% in FY 2021-22, same as FY 2020-21. India is the world's largest producer of farm products including milk and pulses and second largest producer of rice, wheat, sugarcane and groundnut.

Agricultural Exports

Agriculture and allied sectors exports grew by 19.9% in FY 2021-22 to attain a new milestone of USD 50 billion. This is remarkable considering it comes on the back of 17.7% growth in FY 2020-21. Agriculture exports were led by rice (USD 9.7 billion), sugar (USD 4.6 billion), wheat (USD 2.2 billion) and other cereals (USD 1.1 billion). Several measures such as online issue of certificates for exporters, 'Transport and Marketing assistance' scheme for specific products and 'Krishi Udaan' have facilitated higher realisation for farmers. With increasing exports, India is emerging as an important player in global agricultural economy trade.

Agricultural Inputs

The Government's focus on continuing agricultural activities despite Covid-19 restrictions led to a sustained demand for seeds, fertilisers and crop care inputs. Given the backdrop of good commodity prices and the expectation of a normal monsoon, demand for agri-inputs is expected to be healthy in the upcoming Kharif season.

MARKET OVERVIEW

Global Crop Care Market

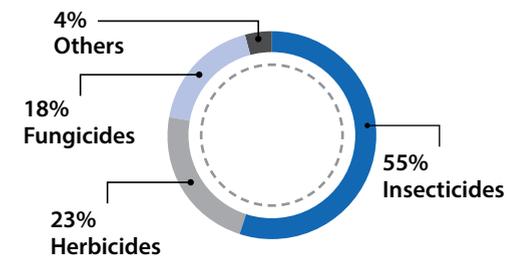
The Global Crop Protection market increased by 8% at USD 65.8 billion in 2021 vis-à-vis USD 60.8 billion in 2020 (Estimated). Market is projected to rise to USD 83.5 billion by 2025, according to a report by Fairfield Market Research, at 5.3% Compound Annual Growth Rate (CAGR) during 2020-25. Brazil, China, India and South-East Asian countries will emerge as the fastest-growing agrochemical markets. Demand will increase with ever-decreasing arable land and an urgent need to address global food security.

Indian Crop Care Market

Indian Crop Protection market is 6th globally with estimated size of ₹ 25,000 crore (~ USD 3.3 billion). There is headroom to grow with consumption levels significantly lower than advanced agricultural economies. Further, average foodgrains yield is 2.99 metric tonne per hectare against global average of 3.97 metric tonne. With limited scope for increasing arable land, there is a need for increasing crop yields thereby promoting the usage of agrochemicals to meet the food and nutrient needs of a growing population. Crop Protection market is projected to grow by CAGR of 4.2% between 2020-25.

“Agriculture and allied sectors exports grew by 19.9% in FY 2021-22 to attain a new milestone of USD 50 billion”

Indian Crop Protection Chemical Usage Pattern



The Government has adopted the Integrated Pest Management Practices (IPM) to promote the use of biopesticides. Non-bulk chemical fertiliser segment of Crop Nutrition comprises micro-nutrients, water soluble fertilisers, bio fertilisers, organic fertilisers and bio-stimulants. Their total market size is estimated to be over ₹ 10,000 crore with about 50% share of organised sector.

Reasons for increase in Biopesticides usage



Global Seeds Market

Global seeds market, estimated at USD 42 billion in 2021, is expected to sustain 1% to 2% growth. Genetically Modified (GM) crops and hybridisation in select field crops and vegetables, value addition in existing segments and price increase has promoted the industry growth. Gene editing tools and enabling regulatory mechanisms have the capability to disrupt the seed industry in the longer term.

Indian Seeds Market

Organised seeds market is estimated at ₹ 16,000 crore (~ USD 2.1 billion), led by hybridisation in crops such as Cotton,

Vegetables, Paddy and Corn. Cotton remains the only approved GM crop in India, compared to significant GM adoption at a global level in Maize, Soybean and Canola. The industry has been working closely with the Government to promote introduction of GM crops, including value-added traits in cotton. The industry has been appreciative of the Government's support in gradually increasing the Maximum Selling Price (MSP) of Cotton seed as well as the recent notification, relaxing the gene editing norms. These steps will provide the impetus to attract larger investment to drive innovation and technology advancement in the domestic seed industry.

COMPANY OVERVIEW

Rallis India Limited ('Rallis' or 'the Company') is a leading player in the agricultural inputs industry with a strong and healthy pipeline of sustainable products. A Tata Enterprise since 1964, it is a leading crop inputs company with presence across the agricultural input value chain. The Company has created a distinct identity for itself with its extensive R&D capabilities and innovative products having positively impacted Indian farmers for several decades.

The Company markets products for each step of the crop cycle to facilitate an integrated crop management system and increase agricultural yield and farm income. It has a nationwide footprint, a diversified portfolio and a strong channel network of 6,800 dealers and 93,000 retailers. Through its international business, strong R&D and execution capabilities, Rallis has become a "preferred partner of choice" for global companies.

Business Overview

1. CROP CARE

The Crop Care business of Rallis comprises a number of Active Ingredients that are either exported or formulated for the domestic branded business. With technical knowledge in process chemistry and advantage of low-cost manufacturing, our factories provide contract manufacturing services as well.

In addition to a range of Crop Protection products, the domestic business also includes Crop Nutrition solutions. Crop Nutrition solutions provide the required growth nutrients to plants and assist in enhancing crop quality and yield through integrated pest and nutrition management.

In the International business, the Company has several strategic partnerships in key geographies globally for sale of Active Ingredients. The Company has also been expanding the business through branded formulation sales in Africa and the South East Asian region. The Active Ingredients portfolio is being expanded to address the growth

opportunities that have emerged since the key customers are looking to de-risk their supply chain through diversified supply sources.

2. SEEDS

The Seeds division of Rallis has a comprehensive product portfolio of field crops. It promotes Dhaanya branded seeds through three distinct activities – pre-season, product differentiation and off-season activities. Through Dhaanya Progressive Farmers, it engages with progressive and “large acre” farmers, understands their requirements and shares domain knowledge on new technologies and products. The quality-centric production and the National Accreditation Board for Testing and Calibration Laboratories (NABL) certified quality laboratory aim to ensure superior quality of seeds.

Business Performance

The Company’s revenue stood at ₹ 2,604 crore in FY 2021-22, compared to ₹ 2,429 crore in the previous year. Satisfactory growth was recorded in the domestic business. International business growth was mainly driven by capacity expansion and extension into new geographies.

CROP CARE

The revenue of Crop Care business stood at ₹ 2,255 crore in FY 2021-22, compared with ₹ 2,028 crore recorded in FY 2020-21.

1. CROP PROTECTION

a. Domestic Business

Despite disruption in supply chain which affected logistics, manufacturing and availability of raw materials, growth was reported in the Domestic Formulations business. Restricted physical movement during Covid-19 affected field visits and impacted demand generation for newer products. The Company continues to explore expansion of its Active Ingredient portfolio to support domestic (and export business).

During FY 2021-22, the Domestic Formulations business registered 12.3% growth over the previous year. This can be primarily attributed to the introduction of new products, commercial interventions, supportive trade policies and channel expansion.

Insecticides

₹ 562 crore	9%
Revenue	YoY Growth

The Insecticides portfolio reported growth in key crops including Paddy, Cotton, Pulses, Chillies and Soybean.

In Paddy, the Company reported growth in the Leaf folder and Brown Planthopper segment. Pink bollworm spread is increasing in key cotton geographies and the Company’s products have demonstrated good acceptance. Sales in crops like Pulses and Soybean were largely driven by the Lepidopteran segment. Black Thrips segment contributed to growth in the Chilli crop. The Vegetables business grew in the borer segment. The insecticides portfolio received greater acceptance in Tea and Grape crops. The Company’s new product launches of Trot and Boris have been well accepted by the farmers.

Fungicides

₹ 420 crore	10%
Revenue	YoY Growth

Continuous rainfall during the consumption period and low-to-nil disease incidence in Paddy, Chilli crop damage and a drastic drop in Cumin acreages impacted growth in the industry. However, traditional crops such as Cotton, Pulses and Soybeans contributed to portfolio growth.

Leveraging brand strength of key fungicides, our portfolio reported growth. Positioning of Taqat as a one-stop solution for multiple disease control, crop diversification of Ayaan and fine-tuned positioning of Kriman and Sarthak are examples of growth drivers. New Product Zaafu received excellent feedback from channels and farmers during test marketing and is planned to be scaled up further in the upcoming season.

Herbicides

₹ 237 crore	26%
Revenue	YoY Growth

Revenue growth in the Herbicides portfolio was driven by the Company’s flagship brands including Panida Grande, Tata Metri and Taarak.

A key focus on inhouse Active Ingredient-based brands provided an overall boost to the Herbicides portfolio. The Company has also strengthened its presence in Soybean and Paddy crops with the newly-launched Prodim, PePe and Preet Plus. In addition, the Herbicides portfolio gained market share in crops such as Paddy, Soybean and Pulses.

b. International Business

The International business grew by 6.2% from ₹ 741 crore in FY 2020-21 to ₹ 787 crore in FY 2021-22. If adjusted for

the previous year’s revenue rolled-over to FY 2020-21 revenues (due to Covid-19 disruption) of about ₹ 45 crore, the International business growth would have been 13%. Significant growth was recorded in South East Asia, North America, Latin America and Africa. During the year under review, 17 registrations were added in the overseas markets. Continuous efforts were taken to strengthen capabilities in process development, process scale-up and commercial manufacturing. Infrastructure and people skill-sets were augmented at the Bengaluru R&D centre and chemistry platforms were expanded. The herbicide Active Ingredient capacities at Dahej were further enhanced to service the International business.

2. CROP NUTRITION

The Crop Nutrition business performed well across categories to record 20.5% growth during the year under review. GeoGreen, the soil conditioner product, recorded significant growth, led by supply chain stabilisation. Increase in area under high-value crops supported growth in specialty nutrients. Water soluble fertilisers and micro-nutrient categories faced challenges due to an increase in the prices of raw materials and their lower availability. In the past five years, the business has recorded strong double digit growth well supported by demand generation activities and new product launches.

Initiatives under GeoGreen	Other Initiatives in Crop Nutrition
<ul style="list-style-type: none"> 7.6% growth recorded, despite commodity prices of GeoGreen crops not being encouraging New production unit developed and commenced production New product GeoGain K+ launched 	<ul style="list-style-type: none"> Launched 3 products under Biopesticide category – Ralli Derma, Ralli Flomonas and Rallis Pecillio Introduced water soluble nutrient Aquafert for Apple and Cotton Demand generation activities focussed on crop lifecycle management to enhance nutrition treated area in each of the territories

SEEDS

Changing weather and climate patterns impacted hybrid seed production and market demand. Revenue declined by 13% due to reduction in hybrid crop acres in Paddy and Millet, increase in illegal Cotton seeds sales and reduced availability of our flagship hybrid in the Maize category. To stabilise and grow sustainably, a calibrated plan has been drawn which focusses on liquidation,



cost optimisation and more robust evaluation of new product pipeline advancements.

To cater to our diverse crop portfolio and to enhance our market penetration through better understanding of the farmer needs, we have launched new hybrids of Paddy, Maize and Cotton during the year. With the industry moving towards hybridisation, our focus is to develop value-added products with better yields, sustainability and shorter lifecycles. All the 6 new hybrids launched during the year have been well accepted by the farmers.

Farmer Engagement

Rallis Samrudh Krishi® ('RSK 2.0')

A refreshed approach was adopted for RSK 2.0 with a bottom up planning. Engagement activities were executed through activities led by Crop Advisors and Sales Team. The Crop Advisors visited Rallis MargaPradarshak Farmers regularly and offered them solutions based on stage and crop conditions. This was ably supported by Dr. Vishwas, the Company’s farmer advisory helpline.

Digital interventions for engagement

Social media presence through Facebook, YouTube and Instagram	Query and complaint resolution through Rallis Krishi Samadhan mobile app, e-mail, website	Capturing progress on field level activities through Sampark mobile app and e-Sparsh
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With RSK 2.0, the Company has moved to a more unified and integrated approach between field demand generation and product marketing efforts to provide the right products to farmers. We determine the stage of standing crop based on their sowing date and review possible interventions. This is corroborated with current crop conditions and suitable solutions are suggested. This helps us understand customers’ needs at every stage of the farming cycle. Further, adequate farmer connect was established through individual contact, village level meetings, social media live sessions, video and audio conferencing and seminars.



This helped educate them on advanced practices on cultivating a healthy crop.

Digital Integration

Drishti

Drishti is a Decision Intelligence and Crop Monitoring System which harnesses the power of spaceborne remote sensing and artificial intelligence. It is co-developed by Rallis and TCS Digital Farming Initiative. After four consecutive pilots (Rabi-19 to Kharif-21), the Drishti application has been enabled with the required capabilities. During the Rabi-21 season, 1,400 acres of paddy hybrid seed production area was placed under remote surveillance. The platform helps in decision-making with its key insights on pest prediction generated from remote real-time monitoring.

e-Sparsh and e-Bandhan

The digital solutions of Rallis remains focussed on enhancing partner engagement, improving employee experience, reducing cycle time and increasing productivity. The Company implemented Sales Force Automation (SFA), which has been branded as e-Sparsh. This application provides the Sales & Marketing team a comprehensive SFA functionality to manage primary sales and market development with insightful reports. This is integrated with other systems like SAP. As on date, more than 2.5 lakh customer outreach initiatives have been recorded and analysed on e-Sparsh. An extended version of the same is also made available to channel partners, which is branded as e-Bandhan. Currently, approximately 7,000 channel partners have been actively using e-Bandhan to place orders and gain real-time access to their trade accounts. The SFA platform in totality streamlines sales operations across multiple businesses, resulting in operational excellence and real-time information availability.

Sampark

The Sampark App supports crop advisors in providing information on the latest products and in reporting daily demand generation activities. During the year under review, the sales team began providing relevant information regarding daily activities of crop advisors directly on e-Sparsh. This helped assess the efficiencies of demand creation activities and make suitable course corrections.

Samrudh Krishi ('SK')

The Samrudh Krishi initiative, which was commenced a decade ago in FY 2011-12, has made continuous improvements year-on-year in advisory services. Farmers connected with this service have been earning key benefits, besides generating value. During

the year under review, Fertigation Grape schedule 'Aquafert Grapes 1st to 4th Grades' was introduced, which is a new concept and a complete solution for Grape nutrition. During FY 2021-22, more than 3,800 farmers have benefitted through the Samrudh Krishi program. Despite the pandemic-led movement restrictions, continuous connection with customers was maintained through digital platforms.

Seeds Production Programme

The Company also engages farmers from seed production geographies of Andhra Pradesh, Telangana, Gujarat, Odisha, Maharashtra, Karnataka, etc. for carrying out hybrid seed production. During the hybrid seed production cycle, the seed production team regularly guides the farmers with agronomic practices to enhance quality and yield leading to higher income to these farmers. Tribal villages are also selected for seed production activities to upskill and improve livelihood of the participating communities.

FINANCIAL OVERVIEW

Standalone performance for the year ended March 31, 2022

Analysis of the Standalone Profit and Loss Statement

Particulars	FY 2021-22	FY 2020-21	Change
	₹ in crore	₹ in crore	
Revenue from operations (Net)	2,604	2,429	7.2
Other income	27	40	(32.1)
Cost of materials consumed	1,624	1,475	10.1
Power and fuel	71	56	26.2
Freight, handling and packing	113	86	30.8
Employee benefits expenses	239	216	10.7
Depreciation and amortisation expenses	74	64	16.0
Finance costs	5	5	(8.0)
EBITDA	274	323	(15.1)
Profit after tax	164	229	(28.2)

Note: Figures are rounded off to the nearest crore

Income

During FY 2021-22, total income of the Company increased 6.5% from ₹ 2,470 crore in FY 2020-21 to ₹ 2,631 crore in FY 2021-22. This comprises revenue from operations and other income.

Revenue from operations increased by 7.2% during the year, from ₹ 2,429 crore in FY 2020-21 to ₹ 2,604 crore in FY 2021-22, driven

by growth across business. Other income decreased by 32.1% from ₹ 40 crore in FY 2020-21 to ₹ 27 crore in FY 2021-22, which was due to lower export benefits and drop in yield from current investments.

Expenses

The Company's total expenses increased by 10.7% from ₹ 2,176 crore in FY 2020-21 to ₹ 2,409 crore in FY 2021-22. Major expense items comprise the cost of materials consumed, purchase of stock-in-trade, power and fuel, freight, handling and packing, employee benefits, finance costs, depreciation and amortisation expenses.

Cost of materials consumed (including stock adjustments and purchases) increased by 10.1% from ₹ 1,475 crore in FY 2020-21 to ₹ 1,624 crore in FY 2021-22, due to steep cost inflation in key raw material prices.

Power and fuel expenses increased 26.2% from ₹ 56 crore in FY 2020-21 to ₹ 71 crore in FY 2021-22, mainly due to the higher production coupled with increase in the prices of natural gas.

Freight, handling and packing expenses increased 30.8% from ₹ 86 crore in FY 2020-21 to ₹ 113 crore in FY 2021-22 due to higher volumes and disruption in the global supply chain leading to increase in fuel prices.

Employee benefit expenses increased 10.7% from ₹ 216 crore in FY 2020-21 to ₹ 239 crore in FY 2021-22. This increase was on account of regular increments, in line with the business strategy.

Depreciation and amortisation expenses increased by 16% from ₹ 64 crore in FY 2020-21 to ₹ 74 crore in FY 2021-22. This is on account of commercialisation of projects in line with the capacity expansion strategy.

Profitability

EBITDA margins decreased by 277 basis points (bps) from 13.3% in FY 2020-21 to 10.5% during the year under review. Decrease in EBITDA margin was on account of price increase not fully absorbing input cost inflation. Increase in other expenses were mainly due to higher power & fuel and freight cost.

Profit After Tax (PAT) decreased 28.2% from ₹ 229 crore in FY 2020-21 to ₹ 164 crore in FY 2021-22. PAT was reflective of the EBITDA trend. It was also impacted by higher depreciation and lower other income due to reasons stated earlier. The previous year's PAT also included exceptional items comprising profit on the sale of assets.

Analysis of the Standalone Balance Sheet

Non-Current Assets

Particulars	FY 2021-22	FY 2020-21	Change
	₹ in crore	₹ in crore	
Property, plant and equipment	531	392	35.4
Right-of-use assets	32	32	2.2
Capital work-in-progress	56	106	(47.3)
Investment property	0*	0*	-
Goodwill on amalgamation	196	196	-
Other intangible assets	11	11	1.2
Intangible assets under development	74	59	26.5
Financial assets			
I. Investments	3	3	-
II. Other financial assets	19	11	76.7
Non-current tax assets	93	88	5.7
Other non-current assets	48	36	34.2
Total non-current assets	1,064	933	14.0

Note: Figures are rounded off to the nearest crore

*Value is less than ₹ 1 crore

Non-current assets increased by 14% from ₹ 933 crore as on March 31, 2021 to ₹ 1,064 crore as on March 31, 2022.

An increase of 35.4% in property, plant and equipment was on account of capitalisation done towards setting up of the new formulation plant at Dahej Chemical Zone and other items in line with the capacity expansion strategy. Capitalisation led to reduction in Capital work-in-progress by 47.3% year-on-year.

Working Capital

Particulars	FY 2021-22	FY 2020-21	Change
	₹ in crore	₹ in crore	
Current assets			
Inventories	938	763	22.9
Financial assets			
I. Investments	209	280	(25.5)
II. Trade receivables	446	406	9.8
III. Cash and cash equivalents	11	9	17.7



Particulars	FY 2021-22	FY 2020-21	Change in %
	₹ in crore	₹ in crore	
IV. Bank balances other than (III) above	53	45	17.1
V. Other financial assets	7	8	(7.3)
Other current assets	127	139	(8.5)
Assets classified as held for sale	4	4	-
Total current assets	1,794	1,654	8.4
Current liabilities			
Financial liabilities			
I. Borrowings	54	34	60.1
II. Trade payables	753	596	26.3
III. Other financial liabilities	106	141	(25.1)
IV. Lease liabilities	13	12	5.5
Provisions	8	14	(44.3)
Current tax liabilities	3	4	(30.9)
Other current liabilities	140	113	24.5
Total current liabilities	1,077	914	17.7
Working capital (Net Current Assets)	717	740	(3.0)

Note: Figures are rounded off to the nearest crore

Working capital (net current assets) of the Company decreased by 3% from ₹ 740 crore as on March 31, 2021 to ₹ 717 crore as on March 31, 2022. The working capital cycle improved to 101 days this year as against 111 days in the previous year. The current ratio was at a comfortable level of 1.67.

Key elements of current assets comprise investment, inventory, trade receivables, cash and cash equivalents and bank balances. Current investments stood at ₹ 209 crore as on March 31, 2022, compared to ₹ 280 crore as on March 31, 2021.

Inventory

Inventory increased by 22.9% from ₹ 763 crore as on March 31, 2021 to ₹ 938 crore as on March 31, 2022. Inventory cycle was at 191 days vis-à-vis 181 days in the previous year. Higher inventory levels were on account of the build-up of some raw materials to meet the next season's demands as a part of the strategic procurement and higher returns in Seeds.

Trade receivables

Trade receivables increased by 9.8% compared to the previous year and debtor turnover decreased from 65 days as on

March 31, 2021 to 60 days on March 31, 2022. Increase in debtors was mainly reported in Domestic Crop Care business on account of an increased turnover.

Trade payables

Creditors increased by 26.3% during the year owing to better credit terms and an increase in purchases. Creditor turnover ratio decreased from 153 days to 152 days.

Net cash flows

Net cash flows from operating activities were ₹ 166 crore against ₹ 216 crore for the mentioned period, respectively.

Capital Employed

Particulars	FY 2021-22	FY 2020-21	Change in %
	₹ in crore	₹ in crore	
Equity			
Equity share capital	19	19	0
Other equity	1,677	1,572	6.7
Total equity (A)	1,697	1,591	6.7
Financial Liabilities			
I. Non-Current Borrowings	4	8	(51.3)
II. Non-Current Lease Liabilities	22	22	0.5
III. Current Borrowing	54	34	60.1
IV. Current Lease Liabilities	13	12	5.6
Total Debt (B)	93	76	22.7
Deferred Tax Liabilities (Net) (C)	21	25	(15.6)
Total Capital Employed (A + B + C)	1,811	1,692	7.0

Capital employed increased by 7% to ₹ 1,811 crore as on March 31, 2022. Return on Capital Employed (ROCE) stood at 12.6% as on March 31, 2022 as against 17.7% as on March 31, 2021. Capital employed comprises net worth and non-current liabilities.

Net worth increased by 6.6% from ₹ 1,591 crore as on March 31, 2021 to ₹ 1,697 crore as on March 31, 2022. It comprises equity share capital divided into 19,44,68,890 equity shares of ₹ 1 each and reserves and surplus of ₹ 1,677 crore. Return on Net Worth (RONW) as on March 31, 2022 decreased to 10% from 15.2% as on March 31, 2021 due to drop in profitability during the year.

The Company's debt increased by 22.7% as on March 31, 2022. This includes non-current borrowings, current borrowing, non-current lease liabilities, current lease liabilities and deferred tax liabilities (net). Borrowings comprised a term loan of ₹ 3 crore from the bank which was availed for setting up the solar power plant at Dahej, Gujarat.

The Company's Debt-Equity ratio as on March 31, 2022 stood at 0.05, same as previous year indicating its low leverage.

Consolidated performance for the year ended March 31, 2022

Analysis of the Consolidated Profit and Loss Statement

Particulars	FY 2021-22	FY 2020-21	Change in %
	₹ in crore	₹ in crore	
Revenue from operations			
Rallis India Limited			
- Consolidated	2,604	2,429	7.2
- Standalone	2,604	2,429	7.2
PT Metahelix Lifesciences Indonesia	-	-	-
EBITDA			
Rallis India Limited			
- Consolidated	274	323	(15.1)
- Standalone	274	323	(15.1)
PT Metahelix Lifesciences Indonesia	(0)*	(0)*	(20.0)
PAT			
Rallis India Limited			
- Consolidated	164	229	(28.2)
- Standalone	164	229	(28.2)
PT Metahelix Lifesciences Indonesia	(0)*	(0)*	(22.2)

Note: Figures are rounded off to the nearest crore

* Value is less than ₹ 1 crore

Key Financial Ratios

Standalone

Type of Ratio	FY 2021-22	FY 2020-21	% Variance	Reason for Variance greater than 25%
Current Ratio	1.7	1.8	(8)	No major variance
Debt Equity Ratio	0.05	0.05	15	No major variance

Type of Ratio	FY 2021-22	FY 2020-21	% Variance	Reason for Variance greater than 25%
Debt Service Coverage Ratio	8.4	3.1	170	Variance is due to lower profit and lower repayment during the year
Return on Equity (%)	10.0%	15.2%	(34)	Decline due to drop in profitability during the year
Inventory Turnover	1.9	2.0	(5)	No major variance
Debtors Turnover	6.1	5.6	8	No major variance
Trade Payables Turnover	2.4	2.4	1	No major variance
Net Capital Turnover Ratio	3.6	3.5	3	No major variance
Interest Coverage Ratio	47.5	57.5	(17)	No major variance
Operating Profit Margin (%)	10.5%	13.3%	(21)	No major variance
Net Profit Margin (%)	6.3%	9.4%	(33)	Lower earning before interest & tax is mainly on account of increase in cost
Return on Capital Employed (%)	12.6%	17.7%	(29)	Decline in ratio is on account of drop in profitability
Return on Investment (%)	10.0%	15.2%	(34)	Decline due to drop in profitability during the year

OPPORTUNITIES AND OUTLOOK

Crop Care

At Rallis, an increased manufacturing capacity and introduction of new products will provide the growth platform for both exports and the domestic business. The portfolio expansion in the domestic business based on widening the coverage of crop and pest segments will be driven by innovative product launches. Increasing demand for crop protection and supply



chain risk mitigation strategies adopted by global crop protection players will benefit the Company's manufacturing led international business.

Rallis is in the process of augmenting its product portfolio through co-marketing and inhouse R&D. Manufacturing capacity is being expanded, marketing activities are being intensified and distribution networks are being strengthened in the key geographies. Alternate channels like Farmer Producer Organisations and e-Commerce segments are being explored to increase the outreach. A balance of digital and physical engagement will help to communicate with customers and channel partners.

Seeds

The Seeds business key priorities include establishing new hybrids and focussing on key segments to achieve sustainable and profitable growth. Market penetration in Cotton, Millet, Paddy, Maize and Vegetables through new products will help expand into northern and eastern markets. Going forward, the key triggers for the Industry growth will be an increase in hybridisation, need for value-added products and shortening product lifecycles.

(For more information on Opportunities and Outlook, refer Page 6 of the Integrated Report)

RISKS AND CONCERNS

Rallis has a robust and comprehensive framework for identification and mitigation of risks. The Risk Management Committee is responsible for reviewing the risk management processes and ensuring its effectiveness. The Committee considers risks that impact near-to-mid-to-long-term objectives including reputational risks. The Audit Committee has an additional oversight on financial risks and controls.

The recent unfortunate geopolitical crisis in Europe have directly and indirectly impacted the global economy. Even the agriculture sector which withstood the Covid-19 related challenges effectively has been impacted due to such crisis. Although it is too early to predict the risks, Rallis has been optimistic and cautious in managing the associated risks of this geopolitical situation.

(For more information on Risk Management, refer Page 20 of the Integrated Report)

RESEARCH & DEVELOPMENT

In line with its mission of "Serving Farmers through Science", the Company leverages science in its R&D activities.

RICH (Rallis Innovation and Chemistry Hub), Bengaluru, leverages its science-led differentiating activities in serving farmers through its R&D capabilities. The R&D centre is well supported by a team of highly qualified and experienced scientists. RICH follows a

systematic New Solution Development and Introduction (NSDI) process which involves identifying Active Ingredients, developing cost effective process chemistry for identified Active Ingredients, as well as identifying and developing new Crop Protection and Crop Nutrient formulations and product registrations in the domestic and international markets.

The future pipeline of Active Ingredients has been identified through a robust evaluation criterion and development work has been taken up to commercialise these in a phased manner. The prioritisation matrix and new products pipeline is identified based on its geography, crop-pest trends, price trends, raw material availability and regulatory requirements. Progress on new projects is reviewed and relevant actions are taken to introduce products according to pre-decided timelines.

Rallis is engaged in biotechnology and conventional breeding approaches to develop differentiated products. These biotechnology development activities are carried out at the Bengaluru facilities while conventional breeding activities are spread across the country. The Company has developed traits for being insect resistant and herbicide tolerant in Maize and Cotton, which has entered into the trial stage of BRL-1. Conventional breeding is focussed on Rice, Maize, Cotton, Millet, Mustard and select Vegetable crops.



SAFETY, HEALTH AND ENVIRONMENT

Safety in manufacturing is a key focus area. The Company is continuously developing and meeting higher benchmarks of using safer chemistry and processes to produce safe environment friendly products. Reducing the environmental impact by minimising generation of hazardous waste and effluents and reducing water consumption across manufacturing facilities is a key area of focus at Rallis. Considering the large mobile workforce, the Company has accorded high priority to Road Safety too. The Company has been re-certified for 'Responsible Care' by the Indian Chemical Council.

Rallis is committed to the well-being and safety of Indian farmers given the hazardous nature of crop protection products and it conducts farm-level events on their safe use. Through the 'You are Safe' campaign, the Company provides farmers with the best practices on appropriate use and safe handling of products.

(For more information on Safety Performance, refer Page 32 of the Integrated Report)

HUMAN RESOURCES

The Company has established a robust Human Resources ('HR') system that nurtures a high performing, conducive and inclusive work culture. It has well-documented and disseminated employee-friendly policies to enhance transparency, create a sense of teamwork, oneness, trust among employees and align employees' interests with the organisation's strategic goals. These policies assist in providing a holistic workplace environment and plays a key role in right talent on-boarding, talent retention and leadership development.

As part of the Tata Group, the Company has developed well-designed and documented policies such as Whistleblower Policy and POSH ('Prevention of Sexual Harassment') Policy in order to prevent discrimination and harassment and to discourage wrong practices. The Company ensures equal access to opportunities in the areas of recruitment, learning & development, career progression and advancement. This is regardless of gender, age, racial/ethnic background, religion or social status. The Company adheres to the Tata Code of Conduct to strengthen the core Tata values of doing business ethically. The Company has also adopted the Business & Human Rights Policy and is committed to Diversity & Inclusion.

The Company conducts several functional capability building programmes to upgrade employee knowledge and ensure holistic growth. During FY 2021-22, ~90% of the Company's employees underwent these learning and development programmes across operations, sales and marketing, functional skills, professional skills, data analytics, planning and logistics, procurement and digital productivity tools. Skill-based behavioural training was also provided to various departments. The flagship 'Arjun Training programme' has been revamped to assist the Company's frontline sales employees excel in selling and developing commercial skills. The virtual/online mode of training helped not only engage with the employees but also to enhance their knowledge and skills during continued challenging pandemic times.

In line with its plan to develop its capabilities and optimise its resources, Rallis has initiated 'One Rallis' as a pilot in Eastern India where Crop Care and Seeds frontline teams have been merged to create a common face for the customers. This new structure is being supported through simplification of processes and capability development.

Rallis has been certified with 'Great Place to Work' which is a testimony to its high engagement and inclusive culture. The Employee Engagement Survey 2021 score is comparable with Global Top Quartile Companies.

We recognise the need and strive to build an inclusive workplace. We believe in creating opportunities, removing barriers and implementing powerful initiatives. Total employees on the rolls of the Company during the year ended March 31, 2022 stood at 1,716 as against 1,700 as of March 31, 2021.

(For more information on Human Resources, refer Page 34 of the Integrated Report)



CORPORATE SOCIAL RESPONSIBILITY

During the year under review, the Company remained focussed on natural resource management, education, model tribal village and skill development. It remains committed to make a difference to the society by creating economic opportunities, enhancing sustainability of its operations, strengthening the local communities and helping socially and economically backward groups. During the year, the Company achieved its 5-year strategy plan of impacting around 3 lakh people through implementation of its CSR projects which was targeted for FY 2023-24.

Jal Dhan

Started in 2013, Jal Dhan is the water conservation programme of Rallis which is being implemented in Maharashtra. It has a special focus on water-stressed regions and aims at increasing water availability for domestic and agricultural use through watershed interventions. It works towards reducing run-off rainwater, increasing aquifer recharge and constructing water storage and recharge infrastructure.



Rallis motivates the villagers in participating in the project as an implementing partner by contributing 10% of the amount through 'Shramdaan'. As a part of Jal Dhan, according to the topography of the selected village, temporary and permanent structures are constructed and installed. These include loose boulders, diversion dams, check dams, recharging ground water level, trenches, deepening and desilting nalas, ponds and repairing existing water storage structures.

RUBY

Through RUBY (Rallis Ujjwal Bhavishya Yojana), the Company provides support in creating 'Ujjwal Bhavishya' of children by encouraging them to opt for formal education and leveraging the concept of learning with fun. Besides quality education, it focusses on strengthening infrastructure facilities and capacity building of teachers. It motivates students, develops interest towards learning and brings better clarity about educational concepts among students and teachers. Currently, the program has been implemented in 39 schools in Maharashtra, Gujarat, Karnataka and Telangana with a focus on primary and higher secondary students.

Model Tribal Village

Rallis strongly believes in empowerment of communities and has made it a key priority. In collaboration with its NGO partner All India Institute of Local Self Governance and Tata Chemicals Society for Rural Development, it has initiated the Model Tribal Village programme, which focusses on holistic development of tribals to overcome social disadvantages faced by them. This is a sustainable ecosystem where every individual will have access to basic amenities, government services and other essential resources to improve their level of well-being.

TaRa

The skill enhancement initiative of Rallis is termed as TaRa, which includes both approaches of partnering with an NGO and partnering with Government Industrial Training Institutes (ITIs). It has set up skill-training centres in Maharashtra, in partnership with Light of Life Trust (LOLT), which is engaged in imparting of skills to students and women, based on demands. Some of the skills imparted at these centres include tailoring, beauty courses, backyard poultry, goat rearing, bike repairing, mobile repairing, computer training, business planning, spoken English, short-term courses like jewellery making, toran making and mehendi application.

(For more information on CSR, refer Page 36 of the Integrated Report)

INFORMATION TECHNOLOGY

During the year under review, digital initiatives were implemented for factory data analytics and dashboards. These include

QR code solution for invoicing and despatches, Laboratory Information and Management System (LIMS) for R&D labs and plants, Transportation Management System (TMS) for efficient logistics execution and migration of corporate websites on a contemporary platform. Rallis has been working continually to improve current applications and adopt trending technologies. This is helping the Company drive customer centricity, reduce process cycle time, improve operational efficiencies and enhance user experience across internal and external stakeholders.

Key focus areas

Integrated Business Planning solution	To improve planning effectiveness
Analytics solution	To forecast seed demand and reduce sales returns
Hybrid seeds production management system and a Retailer app for liquidation tracking	For operating effectiveness
Drishti platform	To build resilience to climate change and improve decision-making

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The internal financial control framework is commensurate with the size and operations of the business and is in-line with requirements of the regulations. Rallis has laid down adequate procedures and policies to guide the operations of our business. Unit/functional heads are responsible for ensuring compliance with the policies and procedures laid down by the management. The Company has implemented ERP systems with the aim of maximising automated control transactions and digitising all critical control processes. The Internal Audit function conducts periodic verification of controls for smooth and accurate operations. The Head-Internal Audit reports functionally to the Chairperson of the Audit Committee which approves the internal audit plan at the beginning of each fiscal year. The audit plan is aligned with critical business risks, new business endeavours as well as key process risks.

BUSINESS EXCELLENCE

Rallis endeavours to strengthen its operational efficiency and effectiveness by pursuing a culture of continuous improvement and excellence. The Company has been consistently following the journey of excellence under TBEM ('Tata Business Excellence Model') and has won several prestigious awards, including the JRDQV Award. The TBEM assesses the Company on its processes and results parameters to identify its level of maturity and improvement.

At Rallis, business excellence is based on four pillars: Assessment, Continuous Improvement, Capability Building and Recognition. It is a journey from 'pockets of excellence' to 'excellence everywhere'. The Company has regularly moved up the maturity and excellence scale. As per the Integrated Assessment conducted in FY 2021-22, it has demonstrated its urge to continually improve and excel. It is now placed in the "Industry Leaders" category.

Rallis has been a part of its parent company, Tata Chemicals Limited's integrated assessment process, which is carried out every two years. In the recent years, continuous improvement efforts received a new dimension through a capability building programme related to Six Sigma and participation of Senior Leaders in the Subject Matter Expert Assessors' programme. "Power of 10" initiative was also taken up across Crop Care and Seeds business to drive efficiency and optimisation of opportunities. It also worked on crowd sourcing of ideas across the value chain.

Over 74 years of its existence, innovation has been central to the excellence levels achieved by the Company. It continues on its journey to accomplish further innovations across business model, products, processes and people. It regularly participates in the Tata Group's Innovation forum 'Tata Innovista'.

CAUTIONARY STATEMENT

Statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include among others, climatic conditions, economic conditions affecting demand-supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.