



Management Discussion & Analysis

ECONOMIC OVERVIEW

Global Economy - Inflation peaking amid low growth

Global economy has experienced three major events since 2020:

- Pandemic leading to contraction of global output
- Geo-political development in Eastern Europe resulting in a worldwide surge of inflation
- Action by Central banks across economies to curb inflation through interest rate hikes

All these have impacted the global economy in the last three years and will continue in the near future as well. In its January 2023 report, IMF forecasted that against an estimated global growth of 3.4% for 2022, growth will fall to 2.9% in 2023 followed by 3.1% in 2024 - three consecutive years of growth lower than the historical average of 3.8%.

Signs are apparent that monetary policy tightening is starting to cool demand and inflation, but the full impact is unlikely to be realised before 2024. Global headline inflation appears to have peaked in the third quarter of 2022. Prices of fuel and non-fuel commodities have declined, lowering headline inflation. As the central banks are hinting at future rate hikes to further stabilise inflation, the downside risks to the global economic outlook appear elevated. Global forex exchanges were in a highly volatile environment in 2022.

Domestic Economy - India will continue as the fastest-growing major economy

The Indian economy, however, appears to have moved on after its encounter with the pandemic, staging recovery in FY 2022-23 ahead of many nations. RBI in its Monetary Policy announcement during February 2023 projected 7% GDP growth for FY 2022-23. These optimistic growth forecasts stem in part from the resilience of the Indian economy seen in the rebound of private consumption seamlessly replacing the export stimuli as the leading driver of growth. The uptick in private consumption has also given a boost to production activity resulting in an increase in capacity utilisation across sectors. The rebound in consumption was facilitated by the near-universal vaccination coverage overseen by the government that brought people back to the streets.

The growth rate reflects the strong fundamentals of our economy as it has emerged as the fastest-growing major economy in spite of the fact that India has also faced the challenge of reining in inflation as the Central Bank has taken measures on the policy fronts to manage the inflationary pressure. The RBI also projected the economic growth to slow down to 6.4% in FY 2023-24, citing risks from geo-political tension and tightening global financial conditions.

AGRICULTURE SECTOR

Transforming global agriculture

Agriculture and allied activities remain an important component of the global economy in spite of the fact that its share of the global gross domestic product has remained around 4% and the share of the global workforce employed in agriculture has come down to 27% (866 million) in the last two decades. This trend is a reflection of the transformation of economies, especially in developing countries. Agri value chain partners have been playing an important role in this transformation across the world facilitating the intensification of agriculture leveraging irrigation, inputs such as seeds, fertiliser and pesticides supported by farm mechanisation and other agriculture practices.

Agri value chain partners will continue to play a pivotal role in the further transformation of agriculture as it faces challenges and opportunities like climate change, declining soil health, increasing pest pressure, safer food, biofuels, evolving new technologies, etc. To speed up the transformation, global value chain players are collaborating with each other leveraging their respective strengths and tapping the disruptive startup ecosystem.



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The year was significant for agri biotechnology as Argentina started cultivation of Genetically Modified (GM) wheat with HB4 drought tolerant technology and China started large-scale pilot trials of indigenous GM events in Maize and Soybean paving the way for full-scale commercialisation going forward. The Philippines carried out the cultivation of Golden Rice which is capable of addressing Vitamin A deficiency. Many African countries also took important steps toward embracing biotechnology solutions going forward.

Aligning agriculture with Indian economic prosperity

The Indian agri ecosystem is rich with 15 prominent Agro Climatic Zones, 20 Agro-Ecological Regions and 46 out of 60 soil types that exist on the earth. The success we achieved in the last 75 years is the testimony of the hard work of farmers, the proficiency of scientists and farmers' friendly policies supported by the whole agri value chain partners. Currently, India is the leading producer of rice, wheat, cotton, pulses, jute, sugarcane, spices, plantation crops, fruits and vegetables apart from the achievements in poultry, dairy, marine and aqua sector.

Agriculture having an 18% share of GDP engaging 42% labour force plays a critical role in providing national food security and stimulus to the Indian rural economy. Growth of other economic sectors in the last two decades reduced the GDP share of agriculture from 28% and employment share from 60% to its current level. The vision of a technology-driven and knowledge-based economy, as we march towards India@100, is expected to fuel the rapid transformation of agriculture.

Agri value chain partners will drive this transformation collectively by embracing technology like never before. These elements are reflected in the policy initiatives and in the union budget announcements.

- Regulatory guidelines on gene editing
- Deregulation of drones usage in agriculture
- Environmental release of GM Mustard
- Digital Public Infrastructure for Agriculture
- Horticulture Clean Plant Program
- Making India Global Hub of Millet
- Agriculture Accelerator Fund
- 10 million farmers to be covered under natural farming in next three years
- Establishment of 10,000 bio inputs service centres
- Public Private Partnership (PPP) approach for enhancement of productivity of extra-long staple cotton

Agricultural Inputs

The Indian agri-input industry includes a range of products and services that are used to support agricultural production, including fertilisers, seeds, pesticides, farm machinery and irrigation equipment. The industry plays a crucial role in the growth of the agriculture sector in India, which employs around half of the country's workforce. The industry has experienced significant growth in recent years, driven by increasing demand for food, rising incomes and government support for agriculture.

Indian agriculture needs to address challenges associated with climate change, monsoon-dependent farming, fragmented land holding, food wastages due to lack of storage infrastructure, soil degradation, access to credit, price volatility and low farmer income, etc. through sustained and collaborative actions among the government, private sector, farmers, trade channel and the civil society at large.

Overall, the industry is an important sector of the Indian economy and its continued growth and development will be critical for sustaining food security and promoting sustainable agriculture in the country.

Agricultural Production and Exports

The performance of the agriculture sector has been buoyant over the past several years supported by measures undertaken by the government to augment crop productivity, ensure certainty of returns to the farmers through price support, promote crop diversification, improve market infrastructure through the impetus provided for the setting up of farmer-producer organisations and promotion of investment in infrastructure facilities through the Agriculture Infrastructure Fund. The Indian agriculture sector is projected to grow by 3.5% in FY 2022-23.

As per the second advance estimate released by the Ministry of Agriculture and Farmers Welfare, foodgrain production for 2022-23 is estimated at 324 million Tonnes, 2.5% higher than in 2021-22 which includes cereals 288 million Tonnes (up by 2.6%) and 28 million Tonnes (up by 1.9%) of pulses. The oil seeds are expected to grow by 5.4% to reach 40 million Tonnes and Sugar cane by 6.7% to reach 469 million Tonnes. Cotton at 34 million Bales to grow by 8.4%.

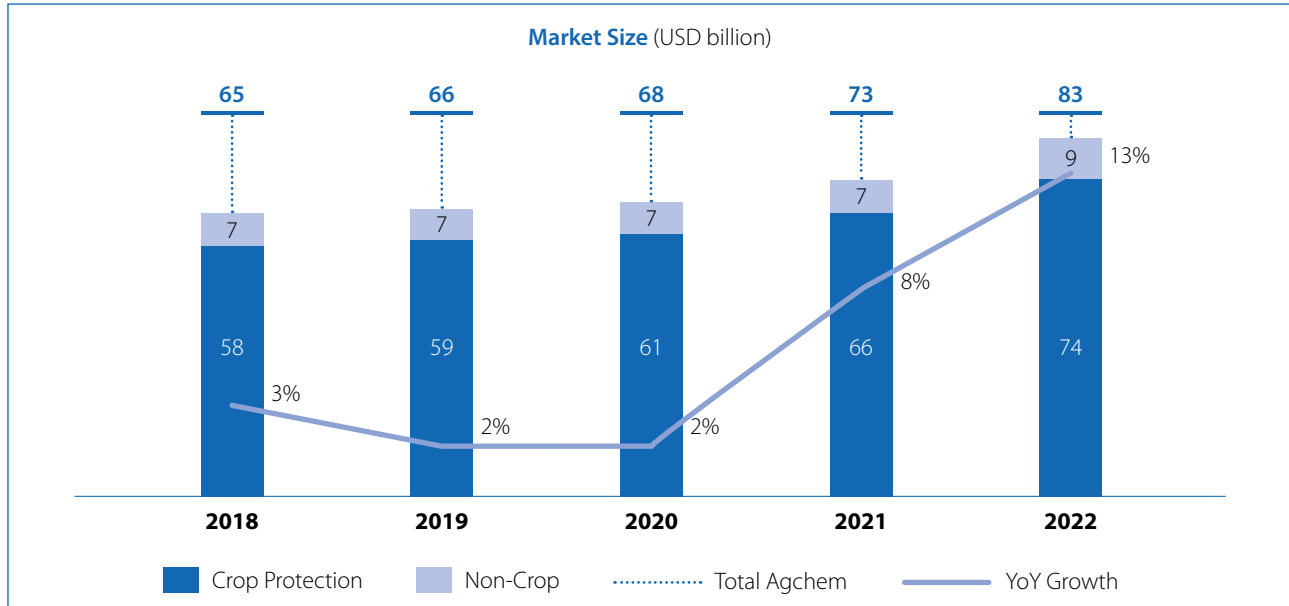
Agriculture exports remained buoyant in FY 2022-23 in spite of the restriction of some commodities supported by global demand and food prices. India continued to be a net exporter of agricultural products and expects the total agriculture exports to cross the USD 50 billion mark recorded in FY 2021-22.



MARKET OVERVIEW

Global agrochemical market

Amidst record growth in 2022, Industry outlook muted growth for 2023



Global agrochemical industry reported the second year of record growth. Preliminary view indicates the industry recorded 12.6% growth to reach USD 83 billion including USD 9 billion non-crop usage for the year ended December 31, 2022. The growth for the year was fuelled by demand driven by elevated agri commodity prices and the price increase to offset cost inflation. Significant growth contribution of 22% is from the South and North American regions.

The US market benefited significantly from high agrochemical prices of glyphosate and glufosinate. Continued strong agri economy in Brazil, despite the dry conditions on soybean output and recent cold conditions on maize. Significant levels of active ingredient prices led to strong value growth. The Asia Pacific region benefited from continued recovery in key markets like Australia, Thailand, Indonesia and Malaysia. However, relatively unfavourable weather limited volume growth potential in China and India. In Europe, weather supported a good performance of the agrochemical market in winter crops, whilst the summer crops, particularly in maize were adversely impacted. Extremely dry conditions impacted large parts of Africa.

Herbicide sales benefited from high prices of key non-selective herbicides, Glyphosate and Glufosinate. Herbicide, the largest segment driven by Soybean and Maize supported by large cropped areas with herbicide-tolerant GM seeds especially in North and South America. Glyphosate, the Amino Acid based

chemistry is the most cost-effective non-selective herbicide and is not only the number one herbicide but also one of the biggest agrochemicals in the world. Most herbicide-tolerant GM crops are with glyphosate-tolerant traits.

Insecticide demand was driven by insect pressure and increased crop area in Brazil. Insecticides market share is slightly above the fungicides and Asia Pacific and South America represent nearly 70% of the global market with major consumption in Fruits and Vegetables followed by soybeans and paddy. The diamide chemistry-based Chlorantraniliprole is the leading insecticide active ingredient, which has gone off-patent recently and is expected to grow in volume terms going forward.

Whereas weather adversely impacted sales of fungicides in key markets of the US and Europe, though the demand was relatively high in Asian markets. Asia Pacific, South America and Europe contribute close to 30% each. Fruits and Vegetables followed by Cereals and Soybeans are the major crops. Azoxystrobin, strobilurin fungicide, is the leading active ingredient.

Most of the local currencies weakened against the dollar resulting in higher import costs of agricultural inputs and allied costs to farmers. There was also a severe shortage of foreign exchange in many Asian and African countries resulting in an inability to import agricultural inputs in line with the requirements.

Against the backdrop of two years of record growth, Global Agrochemical Industry is out looking at a muted performance for CY 2023 as agri commodity prices normalise, limiting markets' ability to absorb pesticide price increases.

Industry strategising to address short-term and long-term challenges

European agrochemical manufacturers are strategising to overcome the energy crisis which is expected to persist longer on top of other operational challenges of high labour costs, rigid employment rules, stringent environmental regulations, etc. Leading agrochemical majors are also looking for restructuring their operations including pruning of product and geographic portfolios to overcome the inflationary pressure, especially in advanced economies. Global majors continue to increase their focus on biologicals and digital agri through collaboration, acquisition and investments.

Indian agrochemical exports continued to grow faster than the domestic market. The cost competitiveness and the supply diversification strategy of global peers provide opportunities for further expansion of agrochemical manufacturing activities in India. The industry is closely working with the government to tap this opportunity to the fullest extent.

Agrochemical Market - India

The agrochemical market has been growing at a CAGR of 6% between 2018 and 2022 and is estimated around ₹ 22,300 crore in 2022. The market is highly competitive with participation from domestic and global agrochemical majors. It is estimated that India consumes around 400 agrochemical formulations using around 200 active ingredients compared to 600 odd active ingredients used globally. In line with global development, India is witnessing an increasing trend of combination products with two or more active ingredients. New formulation technologies are supporting this trend which not only increases the effectiveness of agrochemical applications but also addresses the resistance development challenges.

The growth of the crop protection market in India can be attributed to various factors, such as the increasing demand for food for the growing population, the need to improve crop yields and quality and the rising adoption of modern agricultural practices. Additionally, the increasing awareness of the benefits of crop protection products and the growing trend of integrated pest management practices are also driving the growth of the market. Indian Agrochemical market is projected to sustain 6-7% growth trend of the recent past.

In value terms, Paddy consumes around 28% of the agrochemicals sold in India followed by Cotton, Soybean, Chili, Sugarcane, Grapes, etc. and the top 6 crops represent just over 60% of the domestic agrochemicals market. Maharashtra (20%) and Southern states (33%) followed by Madhya Pradesh and Uttar Pradesh are the key geographies and represent 70% of the Indian agrochemical market. Insecticide with a 50% share is the major segment followed by herbicide and fungicide having almost equal shares.

The demand for insecticides is driven by the need to control the increasing incidence of pests across crops. Major crop pest segments are Paddy - stem borer and brown plant hopper; Cotton - thrips and whitefly and Vegetables - borer, thrips and sucking pests. The industry uses around 75 active ingredients for 165 formulations sold in the country. Active ingredients from Organophosphate, Diamides, Nicotinamides and Pyrethroids form the major chemicals class.

Herbicides are the fastest growing segment driven by cost and availability challenges of labour used for manual weeding. Paddy, Soybean, Sugarcane, Maize and Wheat are the major crops for the herbicide segment. Amino Acids, Triazines and Fop are the major chemical classes. There are 60 active ingredients used in 100 odd herbicide formulations sold in India.

Fungicide usage is increasing due to the higher incidence of diseases impacting crop outputs significantly caused by hot and humid weather conditions. Blast, blight, powdery and downy mildew are the major fungal diseases found in paddy, fruits and vegetable crops in India. Active ingredients from Strobilurins, Triazoles and EBDC are the most popular chemistries in India. There are 65 active ingredients used in 135 odd fungicide formulations sold in India.

Like the global trend Chlorantraniliprole, Azoxystrobin and Glyphosate are the leading active ingredients in insecticides, fungicides and herbicides segments respectively in India.

Crop Nutrition Market – India

Indian Crop Nutrition market can be characterised mainly into two, bulk fertilisers and non-bulk fertilisers businesses. The Crop nutrition business of non-bulk fertiliser comprises different categories within it like Organic, Biofertiliser, Biostimulants, Secondary and Micronutrients and Water Soluble Fertilisers being operated by most of the small players having regional/national level presence in few categories or all the categories. Most of the agrochemical companies are exploring and strengthening the product basket.



The Crop Nutrition (non-bulk fertilisers) market is growing at a faster pace by unfolding the immense hidden potential across crop segments and geographies. Growth is seen in all the categories including Organic category. Business growth is attributed to increased awareness of soil health management, stressed productivity, the increased area under micro irrigation, focus on export-oriented high-value fruits and vegetable crops and new production technology/new age products. Overall Crop Nutrition business in the mentioned categories is expected to grow at 11%. The growth in this category is boosting the industry businesses of existing players and also attracting new players across the globe with innovative technology and products.

Biopesticides is a promising and futuristic business. Biopesticides are an integral part of integrated pest management and play an important role in resistance management and residue management.

Seeds Market – India

The organised Indian seed industry is estimated around ₹16,000 crore and will continue to grow in the range of 5-6%.

Cotton, maize, paddy, mustard, millet and vegetable are the major crops where hybridisation has picked up though it varies from crop to crop. It is almost 100% in cotton compared to around 5% penetration in paddy. Other large-area crops like wheat, soybean pulses and other oil seeds are cultivated with open-pollinated varieties wherein private sector players have limited scope for value capturing of the innovation.

Within cotton, the only bio-technology-aided crop approved for cultivation, the technology adoption is limited to two insect-resistant traits. The industry also witnessed a proliferation of illegal cotton which is not only posing a significant risk to farmers but also to the industry players who have been investing in the development of newer biotech solutions awaiting regulatory support for commercialisation. As a country, we have to adopt a science-based approach in developing and adopting modern technologies which need significant investment in resources and time.

Some of the recent actions such as guidelines on gene editing, Environmental release of GM Mustard are positive and seed industry players are looking forward to further regulatory support in developing an ecosystem that promotes innovation for the benefit of our farming community and the nation at large.

COMPANY OVERVIEW

About Rallis

Rallis India Limited, a Tata Enterprise, has been engaged with Indian farmers for decades and is a pioneer in the agricultural inputs industry. The Company has created a distinct identity for itself with its extensive research and development capabilities, delivering innovative products that positively impact the livelihood of millions of farmers in India. Moreover, the sales are spread across 80% of districts in India and products recognised in over 61 countries.

The Company has expanded from being a pesticide manufacturer to a more diversified player with a relevant presence in the agricultural value chain. It has widened its product portfolio and caters to critical agri-inputs like Soil conditioners, Hybrid seeds, Plant growth nutrients and Plant protection chemicals. It has established five state-of-the-art manufacturing facilities at Ankleshwar and Dahej (two units) in Gujarat and Lote and Akola in Maharashtra. The Company has also built adequate Seed processing and packaging facilities through its own capacity as well as exclusive partnerships in Telangana.

It has also set up the Rallis Innovation Chemistry Hub (RICH) facility in Bengaluru. Additionally, the Company has intensified its drive toward digitalisation in the manufacturing process, sales and marketing.

BUSINESS OVERVIEW

Domestic Crop Care

The domestic business portfolio of Rallis is crafted to empower farmers through sustainable solutions in its core area of crop care solutions. These include insecticides, herbicides, fungicides, organic fertilisers and plant growth nutrients. The offerings are designed to ensure optimal farm productivity and enrich Indian farmers. Field force spread across the country, works closely with the farmers supported by an extensive distribution network consisting of distributors and retailers spanning 80% of India's districts.

Exports

Rallis serves select global farming communities directly, besides reaching out to them through global agrochemicals peers by engaging in exports of technical grade agrochemicals, as well bulk and small pack formulations. Rallis also partners with multiple customers to offer them contract manufacturing services.

Manufacturing and R&D

The Rallis Innovation and Chemical Hub at Bengaluru carries out research activities related to its crop care business supported by the field-level R&D team for trials and product development

activities. The five state-of-the-art manufacturing facilities of Rallis enable the production of technical-grade agrochemicals and formulations.

Seeds

Research Stations spread across diverse agro-climatic geographies and Agri Bio-Technology Lab at Bengaluru drive innovation in seeds. The Seed business is well supported by processing facilities based at Hyderabad and seed production activities in multiple states of India. The front-line sales team carries out product differentiation and pre-season activities to steer demand generation for key crops like paddy, maize, millet, cotton, mustard and select vegetable crops.

BUSINESS PERFORMANCE

The revenue of Crop Care business stood at ₹ 2,622 crore in FY 2022-23, compared with ₹ 2,255 crore recorded in FY 2021-22

Domestic Agrochemicals

Segment	FY 2022-23 Revenue (₹ crore)	Growth over previous year (%)
Insecticide	611	8.8
Fungicide	407	-3.0
Herbicide	292	23.2
Total	1,310	7.5

Domestic agro chemical business continued to grow in a challenging business environment with wider crop and geographic footprint supported by enhanced portfolio, dynamic pricing and liquidation focus.

Insecticides:

Insecticide achieved 8.8% growth driven by paddy brown plant hopper and cotton-sucking pest segments. In general, pest, incidents were relatively low and missed sprays due to adverse weather conditions further impacted the insecticide business for the industry and Rallis. During the year, the Company successfully launched Clasto for Cotton white fly, which is also the carrier of the dreaded cotton leaf curl virus. The Paddy portfolio was further strengthened with the launch of Clue for brown plant hopper menace and Dext for the borer segment which can also be applied to sugarcane. The Company also launched Onto for control of sucking pests in tea and also has wider application in multiple crops.

Fungicides:

Fungicide demand was relatively low in paddy and plantation crops due to weather conditions and low disease incidence in

potatoes. The Company recorded de-growth in this challenging environment leveraging its strong portfolio including the scale-up of recently launched Zaafu and Ayaan. The fungicide portfolio was further strengthened with the introduction of Capstone to address the increasing leaf and neck blast challenges in Paddy and Castello, a broad-spectrum fungicide for Fruits and Vegetable segments.

Herbicides

Herbicide as an effective alternative to manual weeding is getting increasing acceptance in India as farmers are trying to mitigate the cost and labour availability challenges. This trend is expected to continue and to tap the opportunity, Rallis has been strengthening its portfolio across crops like paddy, sugarcane, maize, wheat and soybean which has supported 23.2% growth of the herbicide segment during the year. Apart from successfully scaling up Prodim for weed control in soybean and Pepe and Preetplus in paddy, the Company launched Daksh Plus, a highly differentiated wheat herbicide during Rabi 2022.

Exports

Overall Exports registered a record growth of 24.5% to reach ₹ 979 crore driven by price as well as volume growth. Significant growth was recorded in Latin America, the Middle East and Europe followed by Africa. Low demand due to inventory overhang in the global market and pricing pressure impacted export momentum, especially during the second half of the year. The weakening of local currencies against the US dollar in many South East Asian and African countries has resulted in higher costs of treatment for the farmers adversely impacting the demand. Normalisation of demand for key contract manufacturing products also contributed to the growth of exports. The Company continued its efforts to enhance its portfolio, international registration and customer base for both supply and contract manufacturing services which is expected to drive export growth going forward.

Crop Nutrition

Company continued to leverage the strength of its portfolios like Ralli Gold, Surplus, Tata Bahaar and Geo Green apart from newly launched customised and crop-specific water soluble fertilisers. Company strategy of portfolio and micro-level marketing has driven crop and geographic penetration supported the sustained growth of 21.8% reported during the year. The Company was also successful in establishing its bio-pesticide sub-segment which is categorised under the overall umbrella of the crop nutrition business apart from the water-soluble fertilisers, micronutrients, biostimulants, biofertiliser and organic soil conditioner segments. During the year, the company launched Rallizin, a micronutrient and Paclo, a biostimulant. A differentiated approach for tapping large-area crops is expected to drive further growth of the crop nutrition business going forward.



Seeds

The Seed business established a strong presence with a well-accepted portfolio in the northern cotton segment. Despite market headwinds, the Company was able to sustain the revenue of the previous year. Company has recognised provisions on inventory and impairment of intangible assets. A greater focus on liquidation and spending aligned with revenue is expected to bring back the business into profitability in the short term and stable growth in the long run.

FARMER AND CHANNEL ENGAGEMENT

Farmer Engagement

The Company has a strong farmer connection and strives for a customer-centric approach by providing them with necessary advisory services for enhancing farm prosperity. During the year under review, through its Farmer Engagement Programme in both Crop Care as well as Seeds, the Company undertook the following initiatives:

Crop Care

- **Rallis Samrudh Krishi® (RSK):** The Company continued to follow a refreshed approach to RSK. A bottom-up planning was done to align the Company's Customer Connect activities with the season's progress. During the year, we focussed on further strengthening the Planning and Implementation efforts in synchronisation among the Field Marketing, Product Marketing & Distance Marketing teams. Campaign planning is made one month ahead and is fine-tuned at the Crop x Geography x Brand level.
- This initiative is complemented by Dr. Vishwas, (Company's farmer advisory helpline), Rallis Krishi Samadhan (a mobile app) and various digital interventions such as social media presence through Facebook, YouTube and Instagram. Progress on field-level activities was monitored through Sampark and E-Sparsh digital platforms.
- Enhancements were made in the Sampark mobile application to capture detailed inputs with respect to demand creation activities. Leads received through this were re-targeted through distance marketing activities to improve brand recall.
- For a deeper understanding of farmers' needs every year, Rallis conducts Focussed Group Discussions (FGDs) and also conducts need-based farmer surveys.
- Rallis crossed the milestone of 50k Facebook followers and 5k Instagram followers. By end of March 2023, registered 51k+ Facebook followers, 6.7k Instagram followers and 9.7k YouTube Subscribers.

- Successfully launched 13 New Products including 3 Crop Nutrition products. Launched 3 Crop protection products under 9(3) sections viz. Daksh Plus: Wheat Herbicide; Clasto: Cotton white fly Insecticide; Capstone: Paddy Blast Fungicide. Rallizin (FCO), Paclor, GeoGreen P Plus GR are launched under Crop Nutrition portfolio.

Seeds

- Farmer engagement for Seeds business is done broadly in two means viz. i) Pre-season activity, mainly through farmer meetings and campaign-based farmer interactions to convert the efforts into sales, and ii) Product differentiation activity, wherein standing crop performance are showcased to the farmers.
- Key farmers are part of our Dhaanya Progressive Farmers (DPF) initiative and are also engaged in testing and promoting new products.
- **Seeds Production Programme:** As part of the hybrid seed production programme, the Company is engaged with about 14,000 growers from more than 1,300 villages. During the hybrid seed production cycle, the field team regularly guides the farmers in various regions of Andhra Pradesh, Telangana, Gujarat, Odisha, Maharashtra and Karnataka with better agronomic practices as well as effective and efficient use of agricultural input for better profitability. The seed production programme is carried out in many tribal areas as well, which helps the community to improve and uplift their skills and income.
- Launched 5 hybrid seeds in the year. Paddy DR8101, DR8375 and vegetables Revathi (Ridge gourd), Anvita (Sponge gourd) and Shambhu (Tomato).

CHANNEL ENGAGEMENT

The Company has a strong loyal Channel partner base. We are working to create long-term relationships, mutual growth and sustainable success in the marketplace through various engagement programmes. The Company undertook the following initiatives under Crop Care and Seeds businesses:

Crop Care

Many of the Channel partners are associated with Rallis for a very long time, helping to reach our products to the final customers. Rallis has various engagement activities viz.

- i) MD Elite & COO Club for key distributors, ii) Anubandh Retailer club is for select retailers.

Also, we conduct Focussed Group Discussions (FGDs) and Bhagidhari Sabha on annual basis to understand the concerns of key channel partners

Seeds

Engagement activities to encourage business support and infuse product knowledge.

i) Regal for Elite Distributors for specific business targets, ii) Milap for Key distributors meet, iii) Milan for Retailers. Also, we conduct Crop tours for Key Retailers and Distributors on annual basis to demonstrate our product performance.

DIGITAL INTEGRATION

Rallis, one of the leading ecosystem players, continued to embrace digital technologies as one of the enablers to accelerate its growth sustainably and improve the livelihood of farmers.

Enhancing the efficiency of existing digital Customer Relationship Management (CRM) platforms such as e-Bandhan, e-Sparsh, Sampark and advanced analytics platforms such as DRISHTI, SeedSure and SeedSay were the key focus areas to drive excellence in operations.

The implementation of the supply chains solutions like Integrated Business Planning (IBP) and Transportation Management System (TMS) at Rallis is leading to improved supply chain resilience and efficiency with respect to planning and execution with better visibility and transparency in the operations.

Rallis' flagship customer care initiative Dr. Vishwas is a digital platform that enables farmers to connect with Rallis' call centre and get advice on crop management and other related issues. With Dr. Vishwas, Rallis could improve its engagement with farmers and provide them with timely advice and support.

Key digital projects in FY 2022-23:

In the heart of India's agricultural belt, Rallis, has been innovating with technology to optimise its operations and help its customers. Rallis' digital team has developed several digital platforms to improve their sales operations, increase demand forecasting accuracy and reduce sales returns.

To strengthen sales operations further, Rallis has implemented a CRM platform called e-Sparsh, which provided our domestic sales teams with actionable insights and improved data visibility. With e-Sparsh, Rallis' sales teams could make quick decisions and take action to improve sales performance. Another key product is e-Bandhan, a digitally-enabled distributor management system that allows Rallis to manage its vast network of distributors effectively.

Rallis had also partnered with TCS to develop DRISHTI 2.0, a state-of-the-art decision intelligence system that utilised spaceborne remote sensing and AI to monitor farms and optimise crop

management. This system had won Rallis the prestigious CII-DX award for innovation and had been featured in the AWS Sustainability Partner Innovator Stories.

To improve the engagement with retailers in the Seeds Division, Rallis developed Dhaanya Edge, a digital platform that enabled retailers to interact with Rallis' sales teams and place orders. Additionally, Rallis had developed SAMPARK, a mobility solution that help them monitor and manage the day-to-day operations of crop advisors.

Overall, Rallis' digital initiatives have been instrumental in driving innovation and improving efficiency across the Company's operations. With its suite of digital platforms and innovative solutions, Rallis is well-positioned to continue leading the way in India's agrochemical industry.

FINANCIAL OVERVIEW

Performance for the year ended March 31, 2023

Analysis of Performance – Statement of Profit & Loss

Particulars	FY 2022-23	FY 2021-22	Change
	₹ in crore	₹ in crore	in %
Revenue from operations (Net)	2,967	2,604	13.9%
Other income	13	27	-53.7%
Cost of materials consumed	1,943	1,624	19.7%
Power and fuel	95	71	34.3%
Freight, handling and packing	98	113	-12.9%
Employee benefits expenses	256	239	6.9%
Depreciation and amortisation expenses	91	74	22.9%
Finance costs	12	5	155.6%
EBITDA	218	274	-20.4%
Profit after tax	92	164	-44.0%

Note: Figures are rounded off to the nearest crore

Income

During FY 2022-23, total income of the Company increased 13.2% from ₹ 2,631 crore in FY 2021-22 to ₹ 2,980 crore in FY 2022-23. This comprises revenue from operations and other income.

Revenue from operations increased by 13.9% during the year, from ₹ 2,604 crore in FY 2021-22 to ₹ 2,967 crore in FY 2022-23, driven by growth across business. Other income decreased by



53.7% from ₹ 27 crore in FY 2021-22 to ₹ 13 crore in FY 2022-23, which was due to lower yield from current investments and lower export benefits.

Expenses

The Company's total expenses increased by 18.4% from ₹ 2,409 crore in FY 2021-22 to ₹ 2,852 crore in FY 2022-23. 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 19.7% from ₹ 1,624 crore in FY 2021-22 to ₹ 1,943 crore in FY 2022-23, due to steep cost inflation in key raw material prices and provision for inventory.

Power and fuel expenses increased 34.3% from ₹ 71 crore in FY 2021-22 to ₹ 95 crore in FY 2022-23, mainly due to the higher production coupled with increase in the prices of natural gas.

Freight, handling and packing expenses decreased 12.9% from ₹ 113 crore in FY 2021-22 to ₹ 98 crore in FY 2022-23 due to stabilisation of global supply chain during FY 2023.

Employee benefit expenses increased 6.9% from ₹ 239 crore in FY 2021-22 to ₹ 256 crore in FY 2022-23. This increase was on account of regular increments.

Depreciation and amortisation expenses increased by 22.9% from ₹ 74 crore in FY 2021-22 to ₹ 91 crore in FY 2022-23. This is on account of commercialisation of projects in line with the capacity expansion strategy.



Revenue from operations increased by 13.9% during the year, from ₹ 2,604 crore in FY 2021-22 to ₹ 2,967 crore in FY 2022-23, driven by growth across business



Profitability

EBITDA margins decreased by 317 basis points (bps) from 10.5% in FY 2021-22 to 7.4% during the year under review. The decrease in EBITDA margin was on account of price increases not fully absorbing input cost inflation. The increase in other expenses was mainly due to higher power & fuel.

The Company's performance in FY 2022-23 was also impacted due to the reassessment of intangible assets under development which has resulted in impairment of technical know-how of seed development technology amounting to ₹ 30.41 crore. Also, reassessment of future sales potential has resulted in the Company recognising the provision for slow-moving inventory in seeds amounting to ₹ 52.81 crore.

Profit After Tax (PAT) decreased 44% from ₹ 164 crore in FY 2021-22 to ₹ 92 crore in FY 2022-23. PAT was reflective of the EBITDA trend. It was also impacted by higher cost of goods sold and lower other income due to reasons stated earlier.

Analysis of Performance – Balance Sheet

Non-Current Assets

Particulars	FY 2022-23	FY 2021-22	Change
	₹ in crore	₹ in crore	in %
Property, plant and equipment	520	531	-2.2%
Right-of-use asset	30	32	-6.1%
Capital work-in-progress	179	56	221.9%
Investment property*	-	-	-
Goodwill on amalgamation	196	196	-
Other intangible assets	12	11	7.3%
Intangible assets under development	57	74	-22.9%
Financial assets			
I. Investments	3	3	-
II. Other financial assets	20	19	4.3%
Income tax assets (net)	98	93	5.1%
Other non-current assets	38	48	-21.1%
	1153	1064	8.4%

Note: Figures are rounded off to the nearest crore

*Value is less than ₹ 1 crore

The decrease of 2.2% in property, plant and equipment was on account of higher depreciation as against capitalisation done during the year. Capital work in progress has increased by 221.9% due to capital expenditure incurred towards setting up of the new Multi-Purpose Plant (MPP) at Dahej.

Decrease in IAUD by 22.9% was on account of impairment of technical know-how of seed development technology amounting to ₹ 30.41 crore during the year.

Working Capital

Particulars	FY 2022-23	FY 2021-22	Change in %
	₹ in crore	₹ in crore	
Current assets			
Inventories	793	938	-15.5%
Financial assets			
I. Investments	219	209	5.1%
II. Trade receivables	499	446	11.8%
III. Cash and cash equivalents	44	11	314.6%
IV. Bank balances other than (iii) above	2	53	-96.4%
V. Other financial assets	6	7	-20.9%
Other current assets	78	127	-38.7%
Assets classified as held for sale	4	4	-1.9%
Total current assets	1,644	1,794	-8.3%
Current liabilities			
Financial liabilities			
I. Borrowings	101	54	86.7%
II. Trade payables	588	753	-21.8%
III. Other financial liabilities	156	106	47.9%
IV. Lease liabilities	12	13	-9.4%
Provisions	7	8	-6.4%
Income tax liabilities (net)	3	3	14.8%
Other current liabilities	121	140	-14.2%
Total current liabilities	989	1,077	-8.2%
Working capital (Net Current Assets)	656	717	-8.6%

Note: Figures are rounded off to the nearest crore

Working capital (net current assets) of the Company decreased by 8.6% from ₹ 717 crore as on March 31, 2022 to ₹ 656 crore as on March 31, 2023. The working capital cycle improved to 84 days this year as against 102 days in the previous year. The current ratio was at a comfortable level of 1.66.

Key elements of current assets comprise investment, inventory, trade receivables, cash and cash equivalents and bank balances. Current investments stood at ₹ 219 crore as on March 31, 2023, compared to ₹ 209 crore as on March 31, 2022.

Inventory

Inventory decreased by 15.5% from ₹ 938 crore as on March 31, 2022 to ₹ 793 crore as on March 31, 2023. Inventory cycle was at 163 days vis-à-vis 191 days in the previous year.

Trade Receivables

Trade receivables increased by 11.8% compared to the previous year and debtor turnover improved from 60 days as on March 31, 2022 to 58 days on March 31, 2023. Increase in debtors was mainly reported in Domestic Crop Care business on account of an increased turnover.

Trade Payables

Creditors decreased by 21.8% during the year mainly due to increased share of purchase from domestic markets having lower credit period and lower purchases at the end of the year. Creditor turnover ratio decreased from 152 days to 126 days.

Net Cash flows

Net cash flows from operating activities in FY 2022-23 were ₹ 217 crore against ₹ 166 crore in FY 2021-22.



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Capital Employed

Particulars	FY 2022-23	FY 2021-22	Change in %
	₹ in crore	₹ in crore	
Equity			
Equity share capital	19	19	
Other equity	1,711	1,677	2.0%
Total equity	1,730	1,697	2.0%
Financial liabilities			
I. Non-Current Borrowings	3	4	-29.8%
II. Non-Current Lease Liabilities	21	22	-3.0%
III. Current Borrowings	101	54	86.7%
IV. Current Lease Liabilities	12	13	-9.4%
Total Debt	137	93	47.4%
Deferred Tax Liabilities	12	21	-42.4%
Total	1,879	1,811	3.8%

Capital employed increased by 3.8% to ₹ 1,879 crore as on March 31, 2023. Return on Capital Employed (ROCE) stood at 7.5% as on March 31, 2023 as against 12.6% as on March 31, 2022. Capital employed comprises net worth and non-current liabilities.

Net worth increased by 2% from ₹ 1,697 crore as on March 31, 2022 to ₹ 1,730 crore as on March 31, 2023. It comprises equity share capital divided into 19,44,68,890 equity shares of ₹ 1 each and reserves and surplus of ₹ 1,711 crore. Return on Equity as on March 31, 2023 decreased to 5.4% from 10% as on March 31, 2022 due to drop in profitability during the year.

The Company's debt increased by 47.4% as on March 31, 2023. This includes non-current borrowings, current borrowing, non-current lease liabilities and current lease liabilities. The Company's Debt-Equity ratio as on March 31, 2023 stood at 0.08 as compared to 0.05 as on March 31, 2022.

Key Financial Ratios

Type of Ratio	FY 2022-23	FY 2021-22	% Variance	Reason for variance greater than 25%
Current ratio	1.66	1.7	-0.2%	NA
Debt Equity Ratio	0.08	0.05	44.5%	Variance on account of increase in current borrowings to meet short term working capital requirement.
Debt Service Coverage Ratio	0.61	8.44	-92.7%	Variance on account of increase in current borrowings to meet short term working capital requirement & repayment of the same during the year.
Return on Equity (%)	5.4%	10.0%	-46.3%	Decline due to drop in profitability during the current year
Inventory Turnover	2.25	1.9	17.6%	NA
Debtors Turnover	6.26	6.1	2.9%	NA
Trade Payables Turnover	2.90	2.4	20.4%	NA
Net capital turnover ratio	4.30	3.6	21.0%	NA
Interest Coverage ratio	11.41	47.46	-76.0%	Decrease due to interest on borrowings and lower profitability
Operating Profit Margin (%)	7.4%	10.5%	-30.1%	Decline due to steep cost inflation in key raw material prices and on account of impairment of technical know-how of seed development technology and provision for slow-moving inventory in seeds
Net Profit Margin (%)	3.1%	6.3%	-50.6%	Decline due to steep cost inflation in key raw material prices and on account of impairment of technical know-how of seed development technology and provision for slow-moving inventory in seeds
Return on Capital employed (%)	7.5%	12.6%	-40.7%	Decline due to drop in profitability during the current year as mentioned above
Return on investment (%)	5.4%	10.0%	-46.3%	Decline due to drop in profitability during the current year as mentioned above

OPPORTUNITIES AND OUTLOOK

Vision of technology-driven and knowledge-based economy as we march towards India@100 is expected to fuel rapid transformation of agriculture. Cotton, Soybean, Maize and Sugarcane are emerging as major export opportunities and also important input to the industries to support India's economic prosperity. India needs to sustain the production of foodgrains, fruits and vegetables which can also be leveraged for exports. Self reliance in highly import-dependent oil seeds and pulses will be critical as we move forward. Fast-emerging climate change and sustainability challenges are expected to make agriculture more vulnerable and may cause severe hardship to the fragmented farmer base of India and the rural economy.

Leveraging technology across the agri value chain is critical for the sustainability of agriculture to support India's march to further economic prosperity. Government policies are focussed on transforming the agriculture value chain for increasing farmer income to balance the growth and also address the emerging challenges in agriculture. Agri value chain partners like Rallis have an important role to play in this transformation and Rallis will be focussing on strengthening its core in the near term to tap the longer-term opportunities.

India is the leading exporter of agrochemicals and has the potential to emerge as the global agrochemical supply chain hub as global peers are faced with multiple supply chain challenges and are strategising for supply chain diversification including India. Government is keen to support this emerging manufacturing opportunity with appropriate policy support. Rallis with its proven track record in manufacturing, research & development is rightly placed to tap this opportunity.

Domestic Agrochemicals

Rallis will continue to leverage its strong presence in paddy, cotton, fruits and vegetable crops with new launches and scaling up recently launched products. The Company has also launched and plans to launch new products in crops like soy, sugarcane, maize, wheat, pulses and oil seeds. The recently launched and pipeline consists of patented and highly differentiated combination products aligned with the emerging needs of the farmers.

Portfolio enhancement will be further supported by the market penetration strategy through increasing its distribution and retail network. Digitalisation initiatives such as e-Bandhan, e-Sparsh, Sampark and advanced analytics platforms such as DRISHTI to support the efficiency and effectiveness of the field force who closely work with the farmers across the country to drive demand generation. The overall plan is to sustain double-digit growth and improve the market share in the medium term.

Crop Nutrition

Sustained high growth of the crop nutrition segment was achieved through crop-specific and differentiated products supported by grassroot level farmer engagement for demand generation. The Company's strategy is to increase its revenue from large area crops, which are underpenetrated through a crop life cycle management approach and affordability. The Company will continue to leverage its strong presence in fruit and vegetable crops. In the soil conditioner segment, the Company will be launching new variants of the Geo Green portfolio to tap the niche crop segments.

Exports

Rallis has a leadership position in four of its existing products and this will be further leveraged through capacity expansion and registration in key markets to increase the share of wallet from its existing partners and build new partnerships.

The research and development teams have been working on adding new active ingredients for a multi-fold increase of the addressable market. This initiative will be supported by investment in registration in key markets of Europe, South and North America. The Company has also engaged with existing and new partners for scaling up the active ingredients pipeline.

To tap supply diversification strategies emerging from global agrochemical peers, the Company has engaged with multiple partners for contract manufacturing services, leveraging its proven manufacturing capabilities, EHS assurance and ethical business practices. The Research & Development team is undertaking process trials for some of the contract manufacturing pipeline projects which are expected to be commercialised and scaled up in a phased manner in the coming years. The existing and planned multi-purpose plant capacity will be fully leveraged for providing contract manufacturing services and committed for further manufacturing investments based on emerging customer needs.

Manufacturing

Company will continue to focus on its EHS philosophy aligned with the ambitious "30 by 30" initiative, targeting a 30% absolute reduction of carbon emissions by the year 2030. The focus will be on backward integration for cost leadership in its existing and pipeline active ingredients. The capacity expansion of existing products and multi-purpose plants will be fully leveraged to drive growth from in-house active ingredients. The state-of-the-art formulation facility will be fully utilised to serve its domestic and export customers including formulation contract manufacturing services. The Company will further undertake calibrated manufacturing investments to support the growth plan of domestic as well as export business leveraging its surplus land available in the chemical industrial hubs of Gujarat.



Seeds

Near term priority of the seed business will be stabilising revenue growth for profitable growth with calibrated fixed costs and operational efficiency. The focus will be on increasing the efficiency of market spending by focussing on high-potential geographies and products and de-focussing on value drainers.

Scaling up the promising and well-accepted North Cotton portfolio is the key priority. The Company will continue to leverage its differentiated products in other geography and crop segments including recently launched products with market-relevant traits. Aligning and scaling of hybrid seed production will be supported by digital initiatives such as SeedSure and SeedSay by leveraging the rolled-out DRISHTI platform.

Promising biotechnology events which are undergoing regulatory and internal trials are expected to provide value-capturing opportunities and the Company will work with industry peers in addressing the regulatory challenges for commercialising these technologies in the medium to long term.

RISKS AND CONCERNS

A robust risk management policy and framework is in place. The major risks and concerns are periodically reviewed and mitigation strategies are formulated along with the identification of opportunities. Our risk assessment process considers the impact and likelihood of risks and the time horizon over which a risk could occur. Mitigation plans are periodically tracked with key monitoring elements like measures and milestones to assess the progress and measure if the residual risks are within defined risk appetite/tolerances.

We consider both current and emerging risks that could affect our ability to achieve our objectives.

RESEARCH & DEVELOPMENT

In line with its mission of "Serving Farmers through Science", the Company leverages science in its R&D activities with the set system of identifying farmer needs. Both Crop Care and Seeds business has DSIR-recognised state-of-the-art R&D facilities and a NABL accreditation laboratory.

R&D

Company is increasing its investments in R&D and will be constructing a larger facility for an Integrated Sciences and Technology centre to house synthesis, analytical, formulation, crop nutrition and biotechnology labs in Bengaluru. The Company has commissioned a modern pilot plant facility at Dahej to support the scale-up of products.

Crop Care

By bringing and implementing recent and cutting-edge technologies, RICH provides potential solutions across domestic and exports, including contract manufacturing. It caters to the needs of farmers through Innovative solutions in Crop Protection and Crop Nutrition segments.

The Company's Research and Development efforts, through its New Solution Development and Introduction (NSDI) process, helps the Company to launch new products. R&D is focussed on developing and improving efficient and robust processes for molecules in the areas of crop protection segment having relevant market potential.

R&D has a strong and sustainable portfolio for the next 5-10 years for various crop care segments like insecticides, fungicides, herbicides and nutrition. The products are identified based on the need gap and market attractiveness for various geographies in India and overseas. R&D has a robust process for the evaluation and screening of products passing through different stage gates considering various criteria. We have collaborated with external expertise for novel formulation development and strengthened our strategic alliance partnerships new product developments.

Seeds

Rallis leverages its strength in conventional breeding as well as the modern biotechnological tools to bring out products suitable for Indian farmers. Conventional breeding work is spread in various locations across the country, Biotechnology activities are carried out at the Bengaluru R&D facility. GM traits such as insect resistance as well as herbicide tolerance in maize have been demonstrated for their efficacy at field conditions during the BRL-1 trial. Similar trials for cotton will be laid out during 2023 Kharif season. The major focus is through conventional breeding approaches for the crops such as Paddy, Maize, Cotton, Millet, Mustard and select Vegetables crops. Extensive application of



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molecular breeding complementing conventional breeding programs from marker-assisted breeding to genomic selection will continue.

SAFETY, HEALTH AND ENVIRONMENT

Rallis is committed to achieving Zero harm in all operations and processes. The Safety Management System is built on the foundations of leadership commitment and continuously improved processes. The Company has implemented various measures to ensure that its products are safe for use, including regulatory compliance, product development, labelling and packaging, training and education and handling, storage and disposal. The Company has adopted a risk-based Process Safety & Risk Management (PSRM) covering manufacturing sites that handle hazardous chemicals, its implementation has strengthened our EHS system and is enabling better operational safety. The Company has a Board-level Safety, Health, Environment and Sustainability Committee, chaired by an Independent Director. The Committee reviews and monitors the sustainability, safety, health and environmental policies and activities of Rallis India Limited on behalf of the Board to ensure that the Company is in compliance with appropriate laws and legislation.

Rallis is leading the way in promoting sustainable practices and minimising its environmental impact. The Company is committed to reducing hazardous waste and effluents, as well as reducing fresh water consumption in order to promote a circular economy. Our green energy initiatives like biomass-based boilers and harnessing solar energy help us achieve our goals of conserving resources. The Company is promoting biodiversity through the development of green belts and the conservation of natural habitats.

Rallis has been recognised for their excellence in safety and sustainability practices. Rallis won the prestigious National Safety Council of India (NSCI) for its safety record in Lote and Akola sites. The Company was recognised under Category 1A – Integrated Reporting - Manufacturing Sector of "ICAI Sustainability Reporting Awards 2021-22".

HUMAN RESOURCES

Rallis is known by its people who are the biggest assets. Their collective knowledge and skills combined with the right attitude to win, sets us apart. We continue to evolve as an organisation with a conducive workplace environment and people-oriented policies having a relentless focus on health and safety.

Our people strategy is guided by our core values, high performance, collaboration, continuous improvement and passion to win. To ensure that our people have a rewarding

experience, we focus on areas like talent acquisition, workplace culture and honing the skills & competencies in line with our business needs. We ensure that we have a talent pool who have been nurtured to tackle the challenges of tomorrow while helping deliver on organisational goals today. Adding to this is our diversity policy, which ensures that our workforce is balanced on various measures of diversity.

The Company has established robust people processes and initiatives that nurture a high-performing, conducive and inclusive work culture.

The Company believes in people-friendly workplace policies and constantly updates and refines them based on feedback received from employees. The Company has well-documented employee-friendly policies to enhance transparency, create a sense of teamwork, oneness and trust among employees and align employees' interests with the organisation's strategic goals. All the policies, benefits and guidelines are disseminated periodically. These policies assist in providing a holistic workplace environment and play a key role in the right talent onboarding, talent retention and leadership development.

As part of the Tata Group, the Company has also developed well-designed and documented corporate policies such as the Whistleblower Policy and POSH ('Prevention of Sexual Harassment') Policy, Guidelines on Human Rights, 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 believes in the TATA credo of doing business ethically and excellently. Adherence to the Tata Code of Conduct helps nurture the value of ethical business across the stakeholders. Rallis has adopted the Business & Human Rights Policy. It has charted the people's approach to the diversity and inclusion agenda.

In recent years, Rallis has stepped up the Learning and Development (L&D) programs to enhance the competencies and skills relevant for today and the future. In the current year, the flagship programs like "Arjun", Leadership Development Programme (LDP), Assessment & Development Centre (ADC), Management Development Program (MDP) for First Time Managers, Achievement Motivation Training (AMT), Practicing Business Excellence (BE) Training continued with more refinement in the course content. These programmes were designed and executed to sharpen and enhance the functional, techno-commercial and leadership capabilities of the workforce.



Along with classroom learning, we have successfully created a Digital Learning ecosystem for self-paced learning applications through Oracle Learning Management System (MyDarpan) and Massive Open Online Courses (MOOCs) like LinkedIn Learning and Global Gyan. The digital learning adoption rate has increased significantly in the current year.

Results of Employee Engagement Survey 2023	80% (79% in 2021, external agency)
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Total employee strength	1,716 FY 2022-23	1,796 FY 2021-22
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CORPORATE SOCIAL RESPONSIBILITY

Recently, Rallis prepared its strategy of Corporate Social Responsibility (CSR) and Affirmative Action (AA) for the next 5 years. It aspires to improve the quality of life of the community (30% AA) it serves by enhancing socio-economic conditions by 25%. Rallis has adopted 3 approaches - CSR at Manufacturing sites, CSR at Farmer connect sites and CSR in aspirational districts. The CSR programmes will be relevant to the local, national and global context and address the majority of the Sustainable Development Goal (SDG) and Core principles of CSR of Tata Group.

- **Jal Dhan:** Scarcity of Water is a serious issue in rural life. Jal Dhan is implemented in water-stress regions to increase water availability for domestic and Agri use. Rallis motivates villagers to take ownership of the project by becoming the implementing partner. Villagers contribute a minimum of 10% of the Project cost via "Shramdaan". As per the topography, various methods are implemented like land treatment, drainage line treatment e.g., deepening and de-silting canal, pond, existing water storage structures, constructing small check-dams, ponds and so on and so forth. Rallis India Limited has covered 90 (82 villages in the previous year) villages so far under its Jal Dhan project from Maharashtra and Gujarat.
- **RUBY:** The status of government schools particularly those in remote and rural areas suffer from the lack of infrastructure, poor quality of teaching and poor governance. Against this backdrop, Rallis decided to support the creation of Ujjwal Bhavishya for the next generation. It was decided to initiate various educational programmes focussing on the Learn with Fun concept. Rallis has branded its educational intervention as – RUBY (Rallis Ujjwal Bhavishya Yojana).

Highlights of the year:

- o Piloted Math initiative in partnership with FIM - First in math organisation in Gujarat and Maharashtra with 708 students. Till Feb end solved more than 15,38,000 math problems. Currently, 8.4% of students covered under FIM are awarded Mathematician (solved more than 9,000 problems) and 0.8% are awarded Grand Champions (solved more than 30,000 problems)
- o Replicated English intervention in Gujarat and supported for translation of English material into the Kannada language
- o In the current year, Partnered with FALI (Future Agriculture Leaders of India) to support 2 schools from Maharashtra and provided scholarships to 2 girl students for BSc - Agri and BSc Horti studies
- o Arranged State-level Science exhibition among RUBY schools recognised the top 3 experiments. A team of girls representing ZP Shivar School, Akola was declared Winner
- o Added 2 new Special children schools. A total of 4 special children schools are supported by Rallis

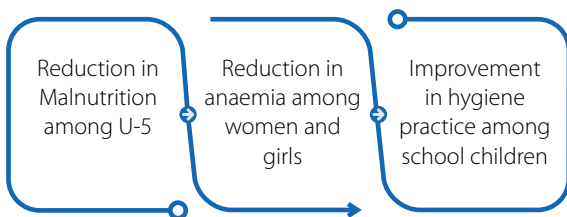
- **Unnat Gram:** Model Tribal Villages - Converting a Tribal village into a Model village in 3-5 years. The focus is on Basic infrastructure, Education, Health, Capacity building and Economic development
- **Rallis' Approach to the model village:** Participatory and Collaborative Model, wherein the Company, NGO and Tribal from the respective village will work together for development and follow scientific way to identify needs and priorities of the tribal. Developing a model which can be replicated in other locations and a program designed in a manner that addresses the majority of Sustainable Development Goals
- Saksham gram is developed on a similar line with the Unnat gram philosophy with the difference of engaging children, women and youths from all communities. Focus is on enhancing the academic performance of students, the skilling of youth and women, the health of families and livelihood interventions.

• **Highlights of the year:**

- o Partnered with Government department for skill training of women and youth
- o Developed 2,800 + kitchen gardens to address health issues. Kitchen gardens have produced more than 106 tonnes of vegetables during the Kharif season, which if sold outside 100% would have earned more than ₹ 51.32 lakhs rupees. Approximately, 60% of produced was consumed at home and 40% was sold in the market thus kitchen garden acted as a secondary income source for all these families

- Rallis has branded its skill intervention as TaRa, an acronym for Tata Rallis, secondly, Tara is a Star in Indian local language which emits bright light and can brighten the environment surrounding them. In similar ways, a skilled person especially a woman has the potential to brighten and empower her family and the society she comes from.
- Rallis has initiated skill training centres near Mumbai and Akola in partnership with Light of Life Trust (LOLT). This centre imparts various skills to students and women in Tailoring, Beautician, Backyard poultry, Goat rearing, Bike repairing, Mobile repairing, Computer, Business planning and Bamboo art.
- **Sampoorna Poshan:** Focus to promote positive health by addressing the issue of undernutrition among children and anaemia among women and girls through various activities like Nutri club, screening camps and health education.

• **Key indicators:**



- **C-Safe:** Centre for Sustainable Agriculture and Farm excellence: To advocate & introduce innovations for farmers which will add value in the entire crop cycle and improving the income of small and marginal farmers by working with the members of identified Farmer Producer Organisation (FPO) / Farmer Producer Company (FPC). Projects are underway with 8 FPCs in Maharashtra and Karnataka.

INFORMATION TECHNOLOGY

During the year, we have enhanced the functionalities in applications such as Laboratory Information and Management System (LIMS), Sales Force, Transport Management System (TMS) which are integrated with core ERP of SAP, leading to enriched data across the systems. Insightful reports are made available across the organisation which is leading to better operational control and enhanced user experience in the downstream systems.

The manufacturing plant at Dahej is now equipped with safety alerts, historical datasets for advanced diagnostic analytics and DWM (Daily Work Management) Reporting. These reports are enabling the plant to have safer and smoother operations.

There was a renewed focus on IT infrastructure where all major applications migrated to the cloud. Reduced carbon footprint by reducing rack in Internet Data Center (IDC).

Cyber security was one of the key focus areas where Operation technology (OT) network segregation was done at Dahej SEZ leading to a safer environment. Further, cybersecurity is outsourced to TCS including the setup of the Security operations center (SOC) to monitor, prevent, detect, investigate and respond to cyber threats around the clock.

All the critical servers have been integrated and networking devices under Security Information and Event Management (SIEM) are helping Rallis to recognise potential security threats and vulnerabilities before they have a chance to disrupt the operations.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has established robust internal control systems by instituting adequate policies and procedures covering all financial and operating functions. These controls have been developed and designed in a manner consistent with the maintenance of accounting records for ensuring the reliability of financial information, monitoring of operations, protecting assets from unauthorised use or losses and compliance with regulatory requirements. The Company has digitised key process controls through the ERP systems to maximise automation, enable expeditious management reporting and reduce the risk of fraudulent transactions.

The Internal audit team reviews these controls through a risk-based approach. The Company has an Audit Committee Charter which defines the internal audit plan and methodology for executing



the reviews. The plan is aligned with the major risks identified by the business and is approved by the Audit Committee of the Board. The scope of audits comprises review and reporting on key process risks, adherence to operating guidelines and statutory compliances. The progress of the audit plan along with the findings and recommendations of the reviews are placed before the Audit Committee. The Committee monitors the adequacy and reliability of financial reporting, internal controls and risk management systems.

BUSINESS EXCELLENCE

Rallis has been relentlessly pursuing the journey of excellence while focussing on its sustainable profitable growth agenda. It has embraced the Tata Business Excellence Model (TBEM) which has helped immensely to inculcate a culture of continuous improvement and excellence. The TBEM assesses the Company on its processes and results parameters to identify its level of maturity and improvement. The journey has helped build capabilities amongst the young leaders who engage with various teams to improve operational efficiency and effectiveness. Ralliites on Continuous Karma (ROCK) is one such impactful initiative that takes the excellence journey to every nook and corner of Rallis. The campaign for excellence is being done in multiple ways like "Practicing Business Excellence" and other capability-building programmes. The Company has been consistently recognised by various professional bodies. It has won several coveted awards like the prestigious Tata Group JRD QV Award, CII Exim Bank BE

Award, CII HR Excellence Award, Tata InnoVista and National Safety awards. Rallis has been part of Tata Chemicals Integrated TBEM Assessment also. In the recent past assessment, we got the Industry Leader recognition (as TCL enterprise). Rallis has charted its growth agenda through Data Excellence, Social Excellence and Safety Excellence as well. Under Data Excellence, it has embraced Data Excellence using TCS Data maturity assessment (DATOM) to understand the maturity on data centrality. Rallis has been part of Social Excellence journey using Tata Affirmative Action Programme (TAAP) framework. In the recently concluded TAAP assessment, we are in the score band of 526-550 band which marks the significant jump from the earlier assessment. We are very much on the path of Safety & Health Excellence as well using Tata Safety standards.

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.