



Chairman's Message to Shareholders

Dear Shareholders,

Let me start by thanking each one of you for your continued trust and confidence in the Company.

Your Company recently celebrated its 75th Anniversary wherein the commitment towards the Mission of "Serving Farmers through Science" was reiterated. The Company continually strives to enhance its offerings to improve farmer income.

Market Context

The baseline forecast for the world economy is to grow at 3.2%¹ during 2024, at the same pace as in 2023. India is acknowledged as one of the fastest growing economies with an estimated GDP (Gross Domestic Product) growth of 7.6%² in FY 2023-24. However, the outlook is cautiously optimistic in the wake of continuing geo-political crisis.

In agrochemicals industry, geo-political disruptions over the last 2 years has led to inventory build-up and price disruptions. This started waning with supply chain normalcy but increase in production and oversupply from China led to downward pricing pressure. In the Calendar Year

2023, global agrochemicals industry is estimated to have de-grown by more than 10%. Indian agrochemical exports declined by 22%³ during FY 2023-24. Adverse climatic conditions and uneven spatial distribution of rainfall further impacted domestic agrochemical demand.

Rallis' Performance

Your Company had a resilient performance during these turbulent times. Agile teamwork coupled with efficient operations and flexibility in supply chain ensured seamless supplies to the end customers. Domestic branded business delivered positive volume growth. Measures undertaken in the last few years towards delivering profitable growth of seeds business have helped in delivering strong volume-led growth of 21% and profit breakeven. Exports had a challenging year with both price and volume coming under pressure, but the business is confident of the long-term prospects. Your Company's focus on improving higher price realisation and cost optimisation helped in enhancing the EPS (Earnings Per Share) from ₹ 4.7 per share in FY 2022-23 to ₹ 7.6 per share in FY 2023-24. Performance in FY 2022-23 was impacted due to impairment of technical know-how and provision for slow-moving inventory. Board is also pleased to recommend a dividend of ₹ 2.5 per share.

Opportunities Ahead

The Tata Group and Rallis believes that we have a pioneering role to play in improving farm income and providing better market access to farmers. Quality of agricultural inputs including crop protection, crop nutrition, seeds and the right agronomical knowledge are critical for improving agricultural productivity in a sustained manner for serving the demand of the growing population with rising income and aspiration. Rallis with its long association and deep connect with the diverse farming community is well poised to drive this agenda. Keeping the customer as the focal point and leveraging digital connect will enable us to reach a larger number of farmers effectively.

The recent above-normal monsoon forecast by IMD, bodes well for the upcoming Kharif season and may translate into increased usage of agriculture inputs.

There is a large opportunity to participate and grow in the Agrochemicals export which is estimated at \$4.2 Bn³ against the global industry size of ~\$75 Bn⁴. Your Company's recent investments in manufacturing including a Formulation Plant and Multipurpose Plant will support the growth agenda. The integrated "Rallis Science and Technology Center" that is under construction will further enhance our capabilities to address the portfolio gaps through unique and differentiated offerings. Digital initiatives will continue to be the backbone across all aspects of the value chain.

The sustainability initiatives adopted by your Company continue to be aligned to "Aalingana", Tata Group's flagship programme having a vision for greener, sustainable and equitable future for the planet. Your Company is embedding sustainability into its business by focussing on three interconnected pillars i.e., decarbonisation of businesses, circular economy approach and preserving the natural environment.

On behalf of the Board, I would like to sincerely appreciate Mr. Sanjiv Lal, Managing Director & Chief Executive Officer for his valuable contribution. Further, I would like to thank Dr. Punita Kumar Sinha for guiding your Company during her tenure as an Independent Director. Wishing them the best in their future endeavours.

I would also like to welcome Mr. Narain Duraiswami, Independent Director and Dr. Gyanendra Shukla, Managing Director & Chief Executive Officer of your Company.

On behalf of Rallis, I would like to thank each one of you for your continued trust, support and guidance.

Warm Regards

Bhaskar Bhat
Chairman



1 - Estimates, International Monetary Fund; 2 - 2nd Advance Estimate, Ministry of Statistics & Programme Implementation, GoI; 3 - Estimates, Ministry of Commerce, GoI; 4 - Rallis estimates.