



Chairman's Message to Shareholders

Dear Shareholders,

As I prepare to present to you Rallis India Limited's Annual Report 2020-21, the world is continuing to face the greatest threat to life and livelihood due to the Covid-19 pandemic. This is impacting the global economy and all of its citizens.



We are grateful to the frontline healthcare workers and other support teams who are selflessly and fearlessly serving humanity during these challenging times. The silver lining is the success of large-scale vaccination in a few countries in controlling the pandemic that is giving hope to humanity at large.

India was relatively successful in managing the first wave of the pandemic outbreak but unfortunately, the second wave of Covid-19 is spreading the virus much more rapidly across India, including the rural areas which were relatively less impacted in the first wave. We are cautious and hopeful that with an all-out effort, we will be able to overcome the challenging situation the country is facing.

We are proud of the resilience Rallis has shown in this challenging time to ensure personal safety and at the same time, running the operations with limited interruptions, which led to a sustained performance during the year.

As per the World Bank, the global economic output is recovering from the downturn triggered by Covid-19 but it will remain below pre-pandemic trends for a prolonged period. A well-coordinated response to the pandemic will shape the future of the global economy for years to come.

The Indian GDP, after a steep fall of 24.4% and 7.3% in Q1 and Q2 of FY 2020-21 respectively, has shown recovery with 0.4% growth in Q3. Based on this recovery trend, the GDP for 2021 is estimated to be contracting by 8% which is a clear outcome of the efforts undertaken in minimising the impact of Covid-19 on the economy. But the second wave of the Covid-19 pandemic has struck India with unforeseen fury and it will compound the misery of repeated economic disruptions and slowdowns over the past few years. The extent of economic loss will primarily

depend on how fast the chain of infections can be broken and how India manages to contain this with mass vaccination efforts.

Your Company, together with the Tata Group, has been working in several ways to help in containment of the spread of the pandemic and in alleviating human distress and suffering caused by the pandemic.

India's Agri-sector

Agricultural activities as well as a majority of those directly engaged in agriculture other than migrant labour, have had a limited negative impact due to the pandemic.

The Government took important steps to boost the agricultural sector, an important pillar of our economy, by bringing in some key reforms. These steps are expected to make the agricultural sector more organised and will attract the necessary technological interventions to improve productivity and quality of agriculture produce in the long run, thus benefiting millions of farmers and the entire agriculture value chain.

The global and Indian crop protection industry has been aiming for geographic diversification of supplies to mitigate associated risks emerging out of geopolitical developments. Your Company is partnering with industry peers and the Government for appropriate policy support in building a supportive ecosystem and making India a global agrochemicals powerhouse.

During the year, weather conditions were largely favourable and this was reflected in a record production of 303.34 million tonnes of foodgrain, as per the second advance estimates. This was an outcome of the hard work of Indian farmers, agricultural scientists and farmer-friendly policies of the Government.

India's Increasing Agricultural Production

(Million tonnes)

	2021	Average of last five years
Rice	120	112
Wheat	109	100
Nutri/Coarse Cereals	49	44
Pulses	24	22
Oil Seeds	37	33
Sugarcane	398	362
Cotton	37	32

Managing Covid-19

With the wholehearted support from all our employees, suppliers and channel partners, we managed to serve our domestic as well as international customers and ensured growth in our business. Measures on continuous engagement with our employees facilitated us in safeguarding our workforce and their family members from the Covid-19 impact. We, at the Board level, are very appreciative of the support offered by the team and their family members. Without their commitment and support, we would not have been able to adopt and successfully adapt to the newer ways of working during the year. We are intensifying our efforts in managing the Covid-19 situation in view of the intensity of the ongoing second wave. We are cautious and yet hopeful, that our efforts in this direction will help us in managing the safety of all our relevant stakeholders and serve our customers with limited disruption.

Performance Review

Our Consolidated Revenue from Operations during the year stood at ₹ 2,429 crore, reflecting 8% year-on-year (YoY) growth. EBITDA grew by 24% to reach ₹ 323 crore, while Profit After Tax stood at ₹ 229 crore, recording 24% growth over the previous year. Your Company deployed several market-conducive strategies to expand the domestic and exports businesses. Rallis' stable performance over the years has been backed by multiple levers including a rejuvenated strategy, new product launches and a significant capital expansion plan.

Going Ahead

Your Company is fully aware and well-positioned to tap both domestic and international opportunities by making the right investments in manufacturing and research & development, strengthening its brands and improving internal processes through digitalisation. We are banking on these to achieve our next leg of growth.

Your Company is embarking on an exciting journey of transformation with several initiatives for which I, on behalf of the Board, seek the support of all stakeholders. Some of these are:



Enhancing manufacturing capacities of Active Ingredients and formulations



Building a new integrated research & development centre



Launching new products in crop protection, crop nutrients and seeds



Enhancing brand visibility with new pack designs and leveraging digital media for market promotion activities



Sales Force Automation, Dealer Management System and other relevant applications to support business processes

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As I had mentioned to you in my message in the previous Annual Report, I once again reiterate that Ralli-ites have been working on the near-term priority of 'Repositioning Rallis for Leadership', and some of the above-mentioned achievements are a reflection of the action taken in that direction.

Before I conclude, I wish to thank all my fellow Board members, management team, employees, customers, suppliers, regulatory authorities and our shareholders for their unflinching guidance and continued support throughout the year.

Wishing you all a safe year ahead!

Regards,

Bhaskar Bhat

Chairman