



# RALLIS

A **TATA** Enterprise



62nd Annual Report | 2009-10





## Rallis Kisan Kutumba (RKK)

Rallis has been a pioneer in relationship building, technology transfer and brand building approaches. During the late 90s, there were jeep campaigns to contact individuals at territory level. In 2002, 4S campaigns were introduced targeting particular crops and regions and having large impact. Later on, Standard Visit List (SVL) concept was introduced to make regular contact throughout the season, in the selected villages. We have recently introduced a concept called “Rallis Kisan Kutumba (RKK)” wherein farmers are enrolled with Rallis and they are supported to achieve better



Demonstrating better root development by adopting Rallis Package of Practices



Farmers visit to Rallis Demonstration Plot

yields from their farm land. RKK also leverages the advancement in information and other technologies.

By the end of FY 2009-10, more than 3 lakh farmers have

been enrolled with RKK whose data have mostly been digitized. It is planned to cover more than 5 lakh farmers under RKK by March, 2011. As of now, progressive farmers including the ones who have relatively larger land holding are being enrolled under the RKK initiative. Many activities have



Prerna Visit: Maharashtra Redgram farmers taken to Bidar (Karnataka)

been initiated or in the process to enhance farm level yield through proper education and training to farmers.

One of the activities under the RKK concept is “Prerna visits”. In this, farmers from one area are taken to other locations, to show case the good crop management practices of farmers at that location. A PRERNA visit was organized, where farmers from



Prerna Visit: Karnataka Bengalgram farmers taken to Nandyal (Andhra Pradesh)

Sholapur and Latur were taken to Gurulingappa in Bidar, where farmers have produced 18Q yield of redgram / acre through unique wide spacing technique.

About 40 farmers from Gadag were taken to Bengalgram fields in Nandyal district of AP to show the mechanised cultivation. Following this we had a meeting with the farmer group from Gadag, which helped us to convince the Department and Agricultural University to provide JG 11 variety sought by Gadag farmers.



Mechanized farming of Bengalgram in Nandyal (Andhra Pradesh)



## Launching of a New Product ERGON

Rallis has developed and introduced a new product "ERGON" which is a latest generation fungicide. The Company was able to launch this novel Fungicide and Yield enhancer, ERGON in India, as a result of interaction with



Mr. V Shankar unveiling ERGON pack at launch programme

thousands of farmers and meet their expectations.



Mr. A K Shetty addressing at the launch meet

The product was launched in the market this year and in the very first year has emerged as a major brand in Rallis' portfolio. It has a high potential for market access

given its superlative cost benefit ratio delivery for the various crops.

Three mega launches and many grass root level launches along with technical training sessions



More than 1000 farmers participated in ERGON launch at Nasik



Rallis team at unveiling of ERGON pack

were organized throughout the country to educate channel partners on usage of ERGON. Senior leaders were

present as well in these programs.

The mega launch program for North held at Ludhiana (Punjab) focused on the usage of ERGON on field crops. Another mega launch was organized at Nasik (Maharashtra) where major emphasis was given to grape cultivation.



Participants at ERGON launch programme

Similarly the other big launch at Lucknow (UP) targeted technical training program for potato and field crops.

The grass root level launches were organized to create awareness and train farmers and channel partners in remote areas about the product. All these have resulted in the farmers receiving the product well in the very first year of launch. The support we have received from our channel partners and the positive farmer's response has given us tremendous encouragement to build ERGON as one of the biggest brands in the country.



Mr. S K Chaturvedi addressing the Channel Partners from potato areas during the launch



Technical training session in progress





## Project MoPu : Grow more pulses

Pulses are a major source of protein for the largely vegetarian Indian population. Our pulse output is around 15 million tons against the consumption of 17 million tons. Therefore we are heading for a severe shortage, impacting per capita consumption of pulses, pushing a large number of people towards malnutrition. The solution is to increase the area under pulses cultivation and/or improve the productivity to meet the demand. The Government of India is also keen to improve the productivity through various means and has allocated funds in the Budget for the purpose.



A Demonstration plot for Blackgram

Our Chairman, Mr. Gopalakrishnan initiated the idea that TATAs, with our expertise in the field of agriculture, could play a major role in improving pulse productivity in the country. An expert panel was constituted with the participation of Pulses Scientists and renowned economists. A knowledge exchange website, [www.growmorepulses.com](http://www.growmorepulses.com) was launched for the use of farmers, general public and scientists.



Line sowing of Pulses, the line sowing instrument provided by Rallis

Rallis, as a part of the team with other TATA companies has surveyed sample districts in Maharashtra and MP and met farmers growing chickpea and Tur. The Focus group discussions have brought out the key hurdles in the productivity. It consulted the scientists in ICRISAT and Tamil Nadu Agricultural University and worked out a plan to drive up pulses productivity.

Tamil Nadu Department of Agriculture approached Rallis to join hands through their IAMWARM project to work in Pudukottai district for improving the yields of blackgram. Under this project, farmers have been educated and trained to adopt better crop management practices to improve the yield. Quality seed multiplication program has been organized and farmers are being educated in other important activities like line sowing, seed treatment, foliar spray of nutrients, water management, etc. A comprehensive package of practice has been compiled and given to farmers for adoption.

Farmers have been encouraged to grow more with a proposal of a buy back. We have formed 45 commodity groups, comprising about 620 farmers to facilitate monitoring and implementing the buyback process.



A book on Package of Practices in Tamil, distributed among farmers





# RALLIS

**A TATA Enterprise**

Sixty-second annual report 2009-2010

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<b>Annual General Meeting</b>	:	Tuesday, 15th June, 2010
<b>Time</b>	:	3.30 p.m.
<b>Venue</b>	:	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020.



**Rallis India Limited**

**Board of Directors**

**R. Gopalakrishnan** (*Chairman*)  
**Homi R. Khusrokhhan**  
**B. D. Banerjee**  
**E. A. Kshirsagar**  
**S. Ramanathan**  
**Prakash R. Rastogi**  
**Bharat Vasani**  
**Venkatrao S. Sohoni**  
**K. P. Prabhakaran Nair**  
**R. Mukundan**  
**Yoginder K. Alagh**  
**V. Shankar** (*Managing Director & CEO*)

**Executive Team**

V. Shankar *Managing Director & CEO*  
A. K. Shetty *Chief Operating Officer – Agri Business*  
D. K. Sundar *Executive Vice President – Finance & Legal*  
Nagraj Koneripalli *Executive Vice President – Technology & Business Development*  
K. R. Venkatadri *Vice President – Domestic Sales*  
R. R. Joshi *Vice President – Manufacturing*  
K. Amuthan *Vice President – Human Resources & Business Excellence*  
Shashi Kapoor *Chief Internal Auditor*  
D. G. Shetty *Head – International Business*

**Registered Office**

156/157 15th Floor Nariman Bhavan  
227 Nariman Point  
Mumbai 400 021  
Tel. No. 6665 2700  
Fax No. 6665 2827  
E-mail address: investor\_relations@rallis.co.in  
Website: www.rallis.co.in

**Share Registrars and Transfer Agents**

TSR Darashaw Ltd.  
6-10 Haji Moosa Patrawala Industrial Estate,  
20 Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai 400 011.  
Tel. No. 6656 8484  
Fax No. 6656 8494  
E-mail address: csg-unit@tsrdarashaw.com  
Website: www.tsrdarashaw.com

**GM – Legal & Company Secretary**

P. S. Meherhomji

**Auditors**

Deloitte Haskins & Sells

**Solicitors & Advocates**

Crawford Bayley & Company

**Bankers**

State Bank of India  
Citibank N.A.  
Corporation Bank  
BNP Paribas  
IDBI Bank Limited  
Axis Bank Limited  
ICICI Bank Limited  
HDFC Bank Limited  
Oriental Bank of Commerce  
Kotak Mahindra Bank Limited





## CHAIRMAN'S STATEMENT

Dear Shareholders,

As is my usual practice, I will touch upon some broad issues with respect to the agricultural business space in which your company is operating. The company performance and results will be covered in detail by the Managing Director in his presentation.

Last year I had highlighted the tightening demand-supply situation in world food markets. This is likely to result in a firm pricing environment for food in the years to come essentially because of a spike in demand and without a corresponding supply increase. Specific to India, the green revolution of the 1960s resulted in a dramatic increase in the yields of food crops. Along with this, the government's procurement policy and strategy over the years played a positive role. Lately, however, concerns over food output and productivity have started creeping in. Issues of food insecurity have begun to surface. This is particularly true for certain crops like pulses which did not adequately benefit from the green revolution because pulses were viewed as marginal crops. For the future, there is an urgent need to augment food supply because India is set to cross the inflection point on the 'income curve'. The demand for goods and services, including food, is at a tipping point.

India could find itself in a delicate situation since demand is expected to outstrip supply for several food items in the coming years. A working paper by ICRIER, titled 'Demand-Supply Trends and Projections of Food in India', and authored by Surabhi Mittal in March 2008, reveals that India might face shortages of close to 24 mn tonnes in pulses, 18 mn tonnes in edible oils, and 3 mn tonnes in cereals by 2021.

(Unit: million metric tonnes)

Food Items	Gap (Supply-Demand)		
	2011	2021	2026
Rice	1.26	8.98	9.13
Wheat	21.21	27.33	32.04
Total Cereals	21.19	-2.94	-16.97
Pulses	-8.05	-24.92	-39.31
Edible oil	-6.66	-17.68	-26.99
Sugar	-4.31	-39.67	-74.13

Note: 10.2% is conversion factor of sugarcane to sugar and 33.9% is the average conversion factor of edible oilseed to edible oil. Demand scenario of GDP growth at 9% is considered here.

**Source: ICRIER/Working Paper titled 'Demand-Supply Trends and Projections of Food in India' by Surabhi Mittal (March 2008)**

The obvious response to this situation is to increase the food production and yield through a second green revolution. There is an emerging opportunity for innovative products and services in agriculture.

### The Rallis Position:

Innovation and technology led companies, like Rallis, offer branded products and services that directly influence productivity and higher food production. Companies like yours are well placed to translate this demand-supply gap into an opportunity by leveraging and enhancing their competencies. I had touched upon the following competencies that exist in Rallis, during my address last year:

1. **Branded Farm Solutions**, i.e. the ability to sell *branded farm-solutions* to farmers.
2. **Market Reach**, viz. the ability of Rallis to deliver new farm-solutions efficiently into the market, backed by a strong distribution network across the length and breadth of the country.
3. **Technical Innovative Capabilities**, i.e. a deep understanding of organic chemistry, batch processing and special chemical reactions helping to develop low-cost manufacturing solutions for generic molecules.

A key strategic advantage that integrates all the above-mentioned competencies in creating and delivering customized products and services to the end-user, is your company's close relationship with farmers, through its initiative called 'Rallis Kisan Kutumba'.



## Rallis India Limited

### Rallis Kisan Kutumba: Some Experiences

Rallis Kisan Kutumba [RKK] is the platform that your company has created to bring modern technology and practices to the farmer. Rallis officials seek to understand the concerns and needs of farmers through 'Listening and Learning' posts to enable the company to launch customer-relevant offerings.

RKK started some years ago as a small initiative to visit and understand farmers' needs. Today, three lakh farmers have enrolled in the RKK program, which seeks to enable and empower the farmer by providing information on new and improved agronomic practices and by facilitating more efficient use of agricultural inputs. Thus through RKK, your company attempts to positively influence the Indian farming community by providing them advice on appropriate products and services.

Frequent crop seminars are organized under RKK with experts from ICAR (Indian Council of Agricultural Research), state agricultural universities and 'Department of Agriculture' invited to share their expertise for the benefit of farmers. Besides these, there are regular activities like farmer meetings and maintenance of demonstration plots with key inputs to showcase the benefits of using certain products and practices for improving yields. In 2009-10, your company has conducted over 8,000 demonstrations involving 20-25 farmers each to make farmers familiar with the right practices, products and technologies.

RKK also distributes newsletters; in the name of UNNAT KISAN in local languages for the benefit of farmers. RKK is also exploring the possibilities of conserving the sub-soil moisture in rain-fed territories with the help of experts in the field.

One of the key needs of the farmers is access to improved technology. At times, even the access to existing technology is not uniform which perhaps explains why in one region productivity of a certain crop can be much higher than a neighboring area under similar agro-climatic conditions. With a view to address such disparities and facilitate knowledge transfer, RKK has introduced an initiative called 'Prerna Visits'. Under this initiative the "knowledge seeking" farmers from one area are taken to other locations, to observe and learn good crop management practices from other farmers. Other stakeholders like officials from department of agriculture and experts from agricultural universities are also involved in these programmes.

To meet the anticipated supply gaps in food production, your company intends to further leverage this existing network by expanding the base of enrolled farmers and emerge as partner and supplier of choice. It is hoped that this knowledge and service oriented initiative would enable your company to deliver its vision of making a national contribution to soil improvement and improved agricultural productivity by the honest promotion of branded productivity solutions to the farmer.

### A Vision for Agriculture in India

Rallis believes that the concept of engaging with farmers, in collaboration with state and private players, can have a profound impact on Indian Agriculture. A farmer-centric view of our economy cannot but do good. There is a need for several players to collaborate and create an eco-system for farmers to prosper and in turn improve the agricultural situation in India.

Although state and central agencies will continue to play a major role when it comes to issues requiring policy interventions, private players can participate in empowering the farmer. I am attempting to list down a few ways in which this objective could be achieved:

1. **Creating 'Farmer-Centric' Strategies:** Partnering the progressive farmer by listening intently to his needs, grievances and desires and formulating strategies to create relevant products and services to meet his requirements.
2. **Offer suite of chosen services** to serve Indian farmers' productivity requirements. This would mean extending existing services to larger base and introducing highly relevant new services like:
  - (a) Developing a solid data base/library of soil maps, weather information, POP of agronomy best practices and making them available to farmers. This could include facilitating adoption of successful agronomic practices like water management, good seed varieties selection, integrated pest and nutrition management, irrigation, small-farm mechanization and intercropping.
  - (b) Advice on procuring inputs like drip irrigation, farm mechanization service
  - (c) Local services like soil testing services, market prices, agronomy advice, and advice on land aggregation
  - (d) Services to create effective market linkages for farmers to sell their crops
3. **Create an IT based, connected "farmer solutions service"** as the engine to empower the Indian farmer. This can greatly benefit farmers making real-time, customized and important information available to them. Your company is addressing this step in collaboration with other Tata group companies. For instance your company





has completed a pilot for 'advisory services' in Gujarat and Punjab, in collaboration with 'Tata Business Support Service Ltd'. A helpline number was given to farmers to consult experts which also enabled your company to generate a credible database of over 20,000 farmers. On similar lines Rallis had initiated a pilot with some farmers in Maharashtra in collaboration with 'Tata Consultancy Services'. 'mKRISHI' as the initiative is called, is a mobile based platform to offer personalized services to farmers. After this pilot, your company is evaluating ways and means to introduce such initiatives at a larger scale. Lack of relevant and timely information has been a major cause of low productivity and this gap can be bridged very effectively through adoption of latest Information and Communication Technologies.

4. **Creating partnerships with farmers:** Corporate partnerships would not only familiarize farmers with latest agronomic practices but would also ensure the buy-back of their crops at remunerative rates. A case in point would be the pilot in Pudukkottai where your company is assisting farmers in growing pulses like Black gram, in collaboration with various other agencies including Department of Agriculture, Tamilnadu. The objective is to familiarize farmers with best practices, improve yield and buy-back the produce for further market linkages. The programme is intended to achieve the dual purpose of empowering the farmers and augment the pulse production in India.
5. **Introduction of 'right' Seeds:** There are several avenues for partnering with research institutes and companies, both in India and abroad specifically for development and promotion of high-yielding, disease-resistant seeds through improved breeding, hybrid seed research, genetic modification and application of biotechnology. Imagine the gains if farmers are introduced to seeds which are low moisture tolerant for drought prone areas and have increased resistance to pests and diseases.
6. **Extend Relationship Programmes:** Through a strong customized farmer data base, 10 million exemplary farmers who account for perhaps 30% of cropped area, can be helped to improve productivity and financial returns. Such relationship programmes have the potential to bring in a disruptive change by making agriculture a worthwhile business.

In short, transformation in agriculture can happen in India through empowerment of the most important stakeholder in the entire agriculture chain, the farmer!

#### **Company Performance and Plans**

I am sure you will be pleased to know that your company has continued to progress on the growth path, achieving Rs.164 crores PBT (before exceptional items) and a net profit of Rs. 101 Crores. The achievement gives immense satisfaction to the Directors and employees and, I am sure, it gives confidence to the investors that the company will continue to strive for higher achievements in the coming years. Your Board is pleased to reward the shareholders, at the completion of this very successful financial year, with a bonus issue of 1 equity share for every two equity shares held.

You will be happy to know that 'Total Shareholder Return' (TSR) for your company, which represents the total returns to shareholders including share price appreciation and dividends distributed, has displayed a strong positive trend over the years. TSR for the company, as on 1st April, 2010, over the last 3, 5 and 10 years has been 75, 43 and 33 percent respectively. These returns have exceeded the BSE Sensex by a multiple of 2 to 6 times, depending on which period you look at.

During the year, your company has become a subsidiary of Tata Chemicals Ltd. and with the commonness of Agri interests of both the companies, there should be new business perspectives and opportunities in the years to come.

#### **Board of Directors**

Your company has inducted Mr. R. Mukundan and Dr. Yoginder K. Alagh as Additional Directors on the Board. Mr. Mukundan and Dr. Alagh come up for appointment on the Board, and I am sure that you will all find their candidature worthy of support.

#### **Acknowledgement**

I would like to end by expressing my sincere appreciation for the continued support of the shareholders, employees, Tata Group, suppliers and commercial partners during the year.

Chairman

Mumbai  
May 12, 2010



Rallis India Limited

**RALLIS INDIA LIMITED****NOTICE OF MEETING**

NOTICE is hereby given that the 62nd Annual General Meeting of Rallis India Limited will be held at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020, on Tuesday, the 15th June, 2010 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date together with the Report of the Directors and that of the Auditors thereon.
2. To confirm the payment of Interim Dividend on the Equity and 7.5% Cumulative Redeemable Preference Shares for the year 2009-10 and to declare a Final Dividend for the year 2009-10 on Equity Shares.
3. To appoint a Director in place of Mr. Prakash R. Rastogi who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Bharat Vasani who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. H. R. Khusrokhani who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and to fix their remuneration.
7. **Appointment of Mr. R. Mukundan as a Director**

To appoint a Director in the place of Mr. R. Mukundan who was appointed an Additional Director of the Company by the Board of Directors with effect from 3rd December, 2009 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 ('the Act') and Article 116 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.

8. **Appointment of Dr. V. S. Sohoni as a Director**

To appoint a Director in the place of Dr. V. S. Sohoni who was appointed an Additional Director of the Company by the Board of Directors with effect from 22nd April, 2010 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 ('the Act') and Article 116 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.

9. **Appointment of Dr. Yoginder K. Alagh as a Director**

To appoint a Director in the place of Dr. Yoginder K. Alagh who was appointed an Additional Director of the Company by the Board of Directors with effect from 22nd April, 2010 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 ('the Act') and Article 116 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder proposing his candidature for the office of Director.





#### 10. Creation of Charge on the assets of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company ('the Board') to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations, if any, created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, in favour of Banks, Financial Institutions, Insurance Companies, other lending/investing agencies or bodies/trustees for holders of debentures/bonds which may be issued to or subscribed to by all or any of the Banks, Financial Institutions, Insurance Companies, other lending/investing agencies or any other person(s)/bodies corporate by way of private placement or otherwise (hereinafter collectively referred to as 'Lenders'), provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said loans, for which such charges, mortgages or hypothecations are created, shall not, at any time exceed the limit of Rs. 600 Crores (Rupees six hundred Crores).

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to a Committee constituted by the Board and/or any member of such Committee with power to the said Committee to sub-delegate its powers to any of its members.

#### Notes:

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos.7 to 10 is annexed hereto. The relevant details of Directors seeking re-appointment/ appointment under Item Nos. 3 to 5 and 7 to 9, pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges are also annexed.
2. The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 5th May, 2010 to Friday, 7th May, 2010 (both days inclusive).
3. If dividend on Equity Shares, as recommended by the Directors, is approved at the Meeting, the payment of such dividend will be made on or after 16th June, 2010 as under:
  - (a) To all Beneficial Owners in respect of shares held in electronic form, as per details furnished by the Depositories for this purpose as on beginning of 5th May, 2010.
  - (b) To all Members in respect of shares held in physical form, whose names are on the Company's Register of Members on 5th May, 2010.
4. To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided National Electronic Clearing Service (NECS) facility to the Members for remittance of dividend. NECS facility is available at locations identified by Reserve Bank of India from time to time. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Share Registrars and Transfer Agents, TSR Darashaw Ltd. Members holding shares in electronic form are requested to contact their respective Depository Participants.
5. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.



**Rallis India Limited**

6. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Share Registrars and Transfer Agents. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Share Registrars and Transfer Agents.
7. As per the provisions of the Companies Act, 1956 facility for making nomination is available for the Members in respect of the shares held by them. Nomination forms can be obtained from the Company's Share Registrars and Transfer Agents.
8. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/ unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not yet encashed their dividend warrants for the said period are requested to forward their claims in Form No. II prescribed under The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to –

Office of the Registrar of Companies,  
CGO Complex, A Wing, 2nd Floor,  
Next to Reserve Bank of India,  
CBD, BELAPUR 400 614.

Members are hereby informed that after the amendment of the Companies Act, 1956, w.e.f. 31st October, 1998, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ('the Fund') established by the Central Government. In accordance with Section 205C of the Companies Act, 1956, no claim shall lie against the Company or Fund in respect of the amounts transferred to the Fund.

As per the above provisions, unpaid dividend for the years upto the financial year ended 31st March, 2002 has been transferred by the Company to the Fund. Members, who have not yet encashed their dividend warrant(s) for any subsequent financial years, are requested to make their claims to the Company, without any delay.

9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
10. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.

By Order of the Board of Directors

P. S. MEHERHOMJI

GM – Legal & Company Secretary

Dated: 22nd April, 2010

*Registered Office:*

Rallis India Limited  
156/157 15th Floor  
Nariman Bhavan  
227 Nariman Point  
Mumbai 400 021





## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Pursuant to Section 173 of the Companies Act, 1956 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.7 to 10 of the accompanying Notice dated 22nd April, 2010.

### **Item No. 7:**

Mr. R. Mukundan was appointed Additional Director of the Company by the Board of Directors with effect from 3rd December, 2009 pursuant to Section 260 of the Act and Article 116 of the Articles of Association of the Company. As such, he holds office as Director upto the date of this Annual General Meeting and is eligible for appointment. Notice under Section 257 of the Act has been received from a Member indicating his intention to propose Mr. R. Mukundan for the office of Director at the forthcoming Annual General Meeting.

Mr. R. Mukundan joined the Tata Administrative Services in 1990. He is an MBA from FMS, Delhi University and BE - Electrical Engineering from IIT, Roorkee. He attended the Advanced Management Programme at Harvard Business School in 2008. He joined Tata Chemicals Limited in 2001 and has led various functions like Strategy & Business Development, Corporate Quality & Business Excellence, Corporate Planning and Manufacturing. He was the Executive Vice President of the Global Chemicals Business and the Consumer Products in Tata Chemicals from 2007 and is currently its Managing Director. Prior to joining Tata Chemicals, he worked in the Tata Group's Automotive and Hospitality businesses.

The Board considers it desirable to continue to receive the benefit of Mr. R. Mukundan's advice and guidance and, therefore, commends his appointment.

Mr. R. Mukundan is interested and concerned in the Resolution mentioned in Item No. 7 of the Notice.

### **Item No. 8:**

Dr. V. S. Sohoni was the Director of the Company upto 21.03.2010. He had thereafter stepped down from the Board due to certain unavoidable commitments. However, he has subsequently expressed his ability to rejoin the Board of the Company.

The Board of Directors has, pursuant to Section 260 of the Act and Article 116 of the Articles of Association of the Company, resolved to appoint Dr. Sohoni as Additional Director of the Company with effect from 22nd April, 2010. As such, he holds office as Director upto the date of this Annual General Meeting and is eligible for appointment. Notice under Section 257 of the Act has been received from a Member indicating her intention to propose Dr. Sohoni for the office of Director at the forthcoming Annual General Meeting.

Dr. Sohoni is a B. Tech (Hons.) from IIT, Kharagpur and Ph.D. in Information Systems from IIT, Mumbai. He has over 40 years' experience in the Corporate Sector, which includes over 30 years' experience as General Manager/ Managing Director/CEO of Agrochemicals and Pharmaceutical Companies. He has had experience in driving growth, building businesses and rejuvenating organisations. As Managing Director of your Company from August 2003 to May 2007, Dr. Sohoni was instrumental in the turnaround and growth of the Company.

The Board considers it desirable to continue to receive the benefit of Dr. Sohoni's advice and guidance and, therefore, commends his appointment.

Dr. V. S. Sohoni is interested and concerned in the Resolution mentioned in Item No. 8.



**Rallis India Limited****Item No. 9:**

Dr. Yoginder K. Alagh was appointed Additional Director of the Company by the Board of Directors with effect from 22nd April, 2010 pursuant to Section 260 of the Act and Article 116 of the Articles of Association of the Company. As such, he holds office as Director upto the date of this Annual General Meeting and is eligible for appointment. Notice under Section 257 of the Act has been received from a Member indicating his intention to propose Dr. Alagh for the office of Director at the forthcoming Annual General Meeting.

Dr. Yoginder K. Alagh is currently Chancellor, Nagaland University, Chairman IRMA and Vice Chairman of Sardar Patel Institute of Economic and Social Research, Ahmedabad. He is a Trustee of the Rajiv Gandhi Foundation. He is a former Minister of Power & Planning, Science & Technology – Government of India, Chairman of BICP and has held various positions of power with the Government. Dr. Alagh holds a Doctoral Degree in Economics from the University of Pennsylvania and Master's Degree in the same subject from that University and from the University of Rajasthan.

Your Directors are of the view that the Company would be immensely benefited by the wealth of experience and expert guidance of Dr. Yoginder K. Alagh.

Dr. Yoginder K. Alagh is interested and concerned in the Resolution mentioned in Item No. 9 of the Notice.

**Item No. 10:**

In order to meet the requirement of funds for the future expansion/growth plans/any other corporate purpose, the Company proposes to obtain financial assistance from Financial Institutions, Insurance Companies, other lending/investing agencies by way of loans or issue of debentures/bonds on private placement or otherwise as set out in the Resolution.

The proposed borrowings of the Company (including the temporary loans obtained from the Company's bankers in the ordinary course of business) may, if necessary, be secured by way of charge/mortgage/hypothecation on the Company's assets, both present and future, in favour of the lenders/trustees for the holders of debentures/bonds. As the documents to be executed between the Company and the lenders/trustees for the holders of debentures/bonds may contain the power to take over the management of the Company in certain events, it is necessary to obtain Members' approval under Section 293(1)(a) of the Companies Act, 1956.

The Resolution proposed under Item No. 10 of the Notice is in the interests of the Company and the Board commends the same for acceptance by the Members.

None of the Directors is in any way interested or concerned in the Resolution contained at Item No. 10 of the Notice.

By Order of the Board of Directors

P. S. MEHERHOMJI

GM – Legal & Company Secretary

Dated: 22nd April, 2010

*Registered Office:*

Rallis India Limited  
156/157 15th Floor  
Nariman Bhavan  
227 Nariman Point  
Mumbai 400 021





## Details of Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Mr. Prakash R. Rastogi	Mr. Bharat Vasani	Mr. H. R. Khushrokan	Mr. R. Mukundan	Dr. V.S. Sohani	Dr. Yoginder K. Alagh
Date of Birth	31.07.1944	24.08.1958	15.12.1943	19.09.1966	28.05.1942	14.02.1939
Date of Appointment	13.03.2007	13.03.2007	24.03.2003	03.12.2009	22.04.2010	22.04.2010
Expertise in specific functional areas	Mr. Rastogi worked with Sandoz India from 1974 till 1994, when he was Vice President and Head of the Chemicals Division before it was de-merged to become Clariant India Ltd. He was then appointed the Vice Chairman and Managing Director of Clariant till his retirement from the Company.	Mr. Vasani is the Chief, Legal and Group General Counsel for the Tata Group and has been with Tata Sons Ltd since December 2000. With over 30 years experience as a corporate lawyer, he has worked with Phillips India Ltd., NOCIL and Dow Chemical International Ltd.	Mr. Khushrokan has wide experience and knowledge in modern management and accounting techniques. He was the Managing Director of Glaxo India Ltd. from May 1996 to December 2000 and of Burroughs Wellcome (India) Ltd. from September 1995 to December 2000. He was also the Managing Director of Tata Tea Ltd. from 2001 to 2004 as well as of Tata Chemicals Ltd., from where he retired in December, 2008.	Mr. Mukundan has wide experience in the field of Strategy & Business Development, Corporate Quality & Business Excellence, Corporate Planning and Manufacturing, ensuring growth, building business and rejuvenating organizations.	Wide experience in Agro-chemical and Pharmaceutical businesses. Proven record for business and rejuvenating organizations.	Eminent Economist with wide experience in policy making and planning.
Qualifications	M.Sc. Tech from Bombay University and PG Diploma in Business Management.	B. Com., LL.B. and Member of the Institute of Company Secretaries of India.	B.Com. (Hons.), Chartered Accountant and M.Sc (Econ.) from London School of Economics & Political Science.	BE (Electrical Engineering) from IIT, Roorkee and MBA from FMS, Delhi University. Also attended the Advanced Management Programme at Harvard Business School in 2008.	B.Tech. (Hons) IIT (Kharagpur) Ph.D. IIT Mumbai	Ph.D. in Economics from the University of Pennsylvania, USA
No. of shares held in the Company	NIL	NIL	NIL	NIL	NIL	NIL
List of companies in which Directorship held as on 31.03.2010	<p><b>PUBLIC COMPANIES</b></p> <ol style="list-style-type: none"> <li>Rallis India Ltd.</li> <li>Ishita Pharmaceuticals Ltd.</li> </ol>	<p><b>PUBLIC COMPANIES</b></p> <ol style="list-style-type: none"> <li>Rallis India Ltd.</li> <li>Tata Sky Ltd.</li> <li>Tata Securities Ltd.</li> <li>Tata Motors Finance Ltd.</li> <li>T5 Investments Ltd.</li> <li>Tata Capital Markets Ltd.</li> </ol> <p><b>PRIVATE COMPANIES</b></p> <ol style="list-style-type: none"> <li>Khet-Ese Agri Produce (India) Pvt. Ltd. – Chairman</li> <li>Advinus Therapeutics Pvt. Ltd.</li> </ol> <p><b>OVERSEAS COMPANIES</b></p> <ol style="list-style-type: none"> <li>Indigene Pharmaceuticals Inc.</li> </ol>	<p><b>PUBLIC COMPANIES</b></p> <ol style="list-style-type: none"> <li>Rallis India Ltd.</li> <li>Samson Maritime Ltd.</li> <li>Fulford (India) Ltd.</li> <li>Tata AIG Life Insurance Company Ltd.</li> <li>ICICI Bank Ltd.</li> </ol> <p><b>PRIVATE COMPANIES</b></p> <ol style="list-style-type: none"> <li>Khet-Ese Agri Produce (India) Pvt. Ltd. – Chairman</li> <li>Advinus Therapeutics Pvt. Ltd.</li> </ol> <p><b>OVERSEAS COMPANIES</b></p> <ol style="list-style-type: none"> <li>Indigene Pharmaceuticals Inc.</li> </ol>	<p><b>PUBLIC COMPANIES</b></p> <ol style="list-style-type: none"> <li>Rallis India Ltd.</li> <li>Tata Chemicals Ltd. – Managing Director</li> </ol> <p><b>OVERSEAS COMPANIES</b></p> <ol style="list-style-type: none"> <li>Homefield International Pvt. Ltd., Mauritius</li> <li>Homefield Pvt. UK Ltd., UK</li> <li>Brunner Mond Group Ltd.</li> <li>The Magadi Soda Company Ltd., Kenya</li> <li>Wyoming 1 (Mauritius) Pvt. Ltd., Mauritius</li> <li>Wyoming 2 (Mauritius) Pvt. Ltd., Mauritius</li> <li>Gusuite Holding (U.K.) Ltd.</li> <li>Valley Holding Inc.</li> <li>General Chemical Industrial Product Inc.</li> <li>General Chemical International Inc.</li> <li>NHO Canada Holdings Inc.</li> <li>General Chemical (Soda Ash) Inc.</li> <li>Bayberry Management Corporation</li> <li>General Chemicals (Soda Ash) Partners, LLC (GCSAP, LLC)</li> <li>General Chemicals (Great Britain) Ltd.</li> <li>General Chemical Canada Holdings Inc.</li> <li>Tata Chemicals Asia Pacific Pte. Ltd., Singapore</li> <li>Bio Energy/Venture - 1 (Mauritius) Pvt. Ltd., Mauritius</li> <li>Bio Energy/Venture - 2 (Mauritius) Pvt. Ltd., Mauritius</li> <li>GCSAP Canada Inc.</li> <li>Grown Energy Zambia Holdings Pvt. Ltd.</li> <li>Indo Maroc Phosphate SA</li> </ol>	<p><b>PUBLIC COMPANIES</b></p> <ol style="list-style-type: none"> <li>Fulford (India) Ltd.</li> <li>Organo (India) Ltd. – Chairman</li> </ol> <p><b>PRIVATE COMPANIES</b></p> <ol style="list-style-type: none"> <li>Advinus Therapeutics Pvt. Ltd.</li> </ol>	<p><b>PUBLIC COMPANIES</b></p> <ol style="list-style-type: none"> <li>Tata Chemicals Ltd.</li> <li>Shree Cement Ltd.</li> <li>Somany Ceramics Ltd.</li> </ol>
Chairman/ Member of the Mandatory Committees of the Board of the companies on which he is a Director as on 31.03.2010	<ol style="list-style-type: none"> <li>Rallis India Ltd. – Audit Committee</li> </ol>	<ol style="list-style-type: none"> <li>Tata Motors Finance Ltd. – Audit Committee</li> </ol>	<ol style="list-style-type: none"> <li>Rallis India Ltd. – Audit Committee</li> <li>Samson Maritime Ltd. – Audit Committee</li> <li>Fulford (India) Ltd. – Audit Committee</li> <li>Tata AIG Life Insurance Company Ltd. – Audit Committee</li> </ol>	<ol style="list-style-type: none"> <li>Tata Chemicals Ltd. – Shareholders' Investors' Grievance Committee</li> </ol>	<ol style="list-style-type: none"> <li>Organo (India) Ltd. – Audit Committee</li> </ol>	<ol style="list-style-type: none"> <li>Tata Chemicals Ltd. – Audit Committee</li> <li>Shareholders'/Investors' Grievance Committee (Chairman)</li> <li>Shree Cement Ltd. – Audit Committee</li> <li>Shareholders'/Investors' Grievance Committee</li> </ol>



Rallis India Limited

**DIRECTORS' REPORT****TO THE MEMBERS OF RALLIS INDIA LIMITED**

The Directors hereby present their Sixty-second Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 2010.

**FINANCIAL RESULTS**

	Rs. Crores	
	<b>2009-10</b>	2008-09
Gross Sales	<b>933.48</b>	906.84
Excise Duty	<b>(58.35)</b>	(73.99)
Net Sales	<b>875.13</b>	832.85
Other Income	<b>28.82</b>	22.62
	<b>903.95</b>	855.47
Profit/(-) Loss before Interest, Depreciation and Tax	<b>173.17</b>	132.22
Interest	<b>(2.67)</b>	(3.26)
Depreciation	<b>(18.31)</b>	(22.95)
Profit/(-) Loss before Tax	<b>152.19</b>	106.01
Provision for Tax	<b>(45.07)</b>	(29.34)
Fringe Benefit Tax	-	(1.72)
For Prior Years	<b>(1.82)</b>	(0.59)
Deferred Tax	<b>(4.26)</b>	(3.07)
Profit/(-) Loss after Tax	<b>101.04</b>	71.29
Balance of Profit brought forward from previous year	<b>183.21</b>	149.20
	<b>284.25</b>	220.49
<b>Appropriations</b>		
Capital Redemption Reserve	<b>(88.00)</b>	-
Preference Dividend paid on Redemption	<b>(2.24)</b>	-
Income Tax on Preference Dividend paid	<b>(0.38)</b>	-
Transfer from/(to) General Reserve	<b>(10.10)</b>	(7.13)
Proposed Preference Dividend	-	(6.60)
Income tax on Preference Dividend	-	(1.12)
Interim Dividend	<b>(9.59)</b>	-
Income tax on Interim Dividend	<b>(1.63)</b>	-
Proposed Equity Dividend	<b>(12.97)</b>	(19.17)
Income tax on Equity Dividend	<b>(2.15)</b>	(3.26)
Balance Profit/(-) Loss carried forward to Balance Sheet	<b>157.19</b>	183.21





## **DIVIDEND**

The Board of Directors had declared an interim dividend of Rs. 8/- per share (80%) on the Equity Shares of the Company, in October 2009. The Directors are pleased to recommend a final dividend of Rs. 10/- per share (100%) on the Equity Shares. This will take the total dividend for the year to Rs. 18/- per share (180%) (*Previous Year Rs. 16/- per share, i.e. 160%*). If the final dividend, as recommended above, is declared by the Members at the Annual General Meeting, the total outflow towards dividend on Equity Shares for the year would be Rs. 26.34 Crores (including dividend tax).

The Company also paid pro-rata dividend of Rs. 0.75 per share on the 7.5%, Cumulative Redeemable Preference Shares of the Company, upto the date of their redemption on 3rd August, 2009. The total outflow towards dividend on the Preference Shares for the year was Rs. 2.62 Crores (including dividend tax).

## **COMPANY PERFORMANCE**

The Company's profit from operations on a consolidated basis, increased to Rs. 164.04 Crores during the year, as compared to Rs. 119.53 Crores in the previous year, a growth of 37% over the last year. The Company earned a net profit of Rs. 101.49 Crores, as against a net profit of Rs. 72.02 Crores in the previous year on a consolidated basis.

## **OPERATIONS**

### **Crop Protection Chemicals**

The industry experienced a tough period during the year due to weak monsoons, both in terms of geographic and temporal spread. Overall, there was a shortage of 23% rains as compared to normal, the deficiency being more pronounced in the northern and western parts of India, where the rains were short by 36% as compared to normal. This led to a drastic fall in the cultivated area of major crops, particularly that of paddy. Severe moisture stress has resulted in reduced yields in most crops. Late season floods during August, though, has resulted in replenishment of reservoirs and thus led to better prospects of late sown and long duration crops like pulses and rabi crops.

The Domestic Formulation Business registered a growth of 21% during the year over the previous year despite the poor first season. A planned approach with contingencies in place in all the regions has helped us achieve this growth. Sustained activities in paddy, where your Company has a strong presence and aggressive planning and implementation in crops like pulses, cotton, soya and chilli, resulted in improving our volumes of Contaf, Contaf Plus, Applaud and Takumi. Ergon, a new block buster product with yield enhancement and fungicidal benefits has become a big success in all the markets in which it has been launched.

The relationship building activities that we have embarked on in the form of Rallis Kisan Kutumba (RKK) and Bhagidari Sabhas have taken new strides this year, with many more value adding activities initiated. Coverage of customers under these activities has also gone up manifold. The RKK today services over three lakh farmers.

The International Business Division registered a decrease of 34% in sales, as compared to 2008-09. The drop in sales was due to high level of inventory in key markets like USA and Latin America and also a sharp drop in agrochemical prices compared to 2008-09. Adverse weather conditions in Africa and Australia also contributed to the overall decrease in sales. The International Business comprised 22% of the total revenues of the Company.

The Domestic Institutional Business continued with its sales to major customers and products during the year and has recorded a growth of 31% over the last year.

### **Seeds and Plant Growth Nutrients**

Your Company has progressed its seeds business through distribution of Bt II Cotton, Hybrid Paddy and Hybrid Maize seeds.



**Rallis India Limited**

During the coming year, the Company plans to improve its position in the hybrid paddy and hybrid maize portfolio.

In the Plant Growth Nutrient segment, your Company's initiative of product rationalization and focusing on high value creating products has yielded good results. The performance of the Plant Growth Nutrient business improved during the year. The Company launched RALLIZYME and RALLI GOLD addressing the growing demand for improving plant health and quality of produce. RALLI GOLD was extremely well received by farmers as a differentiated and premium product in the category.

**Leather Chemicals**

The Company discontinued its Leather Chemicals operations during the year.

**RESEARCH & DEVELOPMENT**

There was continued progress in the NMITLI (New Millennium Indian Technology Leadership Initiative) project. Four lead molecules have exhibited bioactivity on crop diseases and are being evaluated under field conditions for further development. Provisional patents for jointly owned patents, have been granted for India, for five NMITLI molecules.

Research and Development efforts are focused on developing new formulations for better efficacy, improved value for the farmer including combination products and facile handling and delivery and sustainable product solutions. Number of new formulations and combinations are at various stages of development. A number of registration dossiers have been submitted during the year.

**ADDITIONAL MANUFACTURING FACILITY**

The Company's plans to set up additional manufacturing facilities are on track. Work is progressing satisfactorily at the new facility at the PCPIR (Petroleum, Chemicals and Petrochemical Investment Region), at Dahej in Gujarat and the Company expects to commence commercial production from this facility by June 2010. The Dahej plant will be a multi-purpose technical manufacturing facility for a number of crop protection products.

**FINANCE**

During the year, the Company allotted 9,80,000 Equity Shares of Rs. 10/- each, at a premium of Rs. 898.51 per share on a preferential basis to Tata Chemicals Limited, in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Consequently, the Company has become a subsidiary of Tata Chemicals Limited, with effect from 9th November, 2009.

During the year, the Company has redeemed the 7.5% Cumulative Redeemable Preference Shares of Rs. 10/- each, aggregating to Rs. 88 Crores, on 3rd August, 2009. As required under the Companies Act, an amount equal to the nominal amount of the shares redeemed, i.e. Rs. 88 Crores has been transferred to the Capital Redemption Reserve Account.

The Board of your Company has, at its Meeting held on 22nd April, 2010, recommended, subject to shareholders' approval, a Bonus issue of equity shares in the ratio of one equity share of Rs. 10/- each for every two equity shares held in the Company, as on the Record Date to be fixed by the Board for this purpose.

**INDUSTRIAL RELATIONS**

The overall relations with bargainable employees at all Units of the Company were cordial and harmonious during the year 2009-10. The overall manpower of the Company reduced from 891 to 846 during the year.





## **SUBSIDIARIES**

The Company has been granted exemption, for the year ended 31st March, 2010, by the Ministry of Corporate Affairs, from attaching with its accounts, the individual accounts of its subsidiaries, Rallis Australasia Pty Ltd. and Rallis Chemistry Exports Ltd. However, the Consolidated Financial Statements of the subsidiaries (prepared in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India), form part of the Annual Report and are reflected in the Consolidated Accounts of the Company. Further, as directed by the Ministry of Corporate Affairs, the financial data of the subsidiaries have been furnished under "Summary of Financial Information of Subsidiary Companies" and forms part of this Annual Report. The annual accounts of the subsidiaries and related detailed information will be kept at the Registered Office of the Company, as also at the head offices of the respective subsidiary companies and will be available to investors seeking information at any time. The details of the accounts of the subsidiaries are also available on the website of the Company.

## **DIRECTORS**

Mr. R. Mukundan has been appointed as Additional Director of the Company with effect from 3rd December, 2009. Pursuant to Section 260 of the Companies Act, 1956 and Article 116 of the Articles of Association of the Company, Mr. Mukundan vacates office and is eligible for appointment.

Dr. V. S. Sohoni, Director of the Company, stepped down from the Board with effect from 22nd March, 2010, due to certain unavoidable commitments. However, he has subsequently expressed his ability to rejoin the Board of the Company. The Board of Directors has, pursuant to Section 260 of the Act and Article 116 of the Articles of Association of the Company, appointed Dr. Sohoni as Additional Director of the Company with effect from 22nd April, 2010. As such, he holds office as Director upto the date of this Annual General Meeting and is eligible for appointment.

Dr. Yoginder K. Alagh has been appointed as Additional Director of the Company with effect from 22nd April, 2010. Pursuant to Section 260 of the Companies Act, 1956 and Article 116 of the Articles of Association of the Company, Dr. Alagh vacates office and is eligible for appointment.

In accordance with Article 112(2) of the Articles of Association of the Company, Mr. Prakash R. Rastogi, Mr. Bharat Vasani and Mr. H. R. Khusrokhani retire and are eligible for re-appointment.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently, and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.



**Rallis India Limited****CORPORATE GOVERNANCE AND INTERNAL AUDIT**

Besides continuing the usage of expertise of a single firm of Internal Auditors, the Internal Audit Department, under the direction of the Chief Internal Auditor, also undertook a substantial number of internal audits by using internal resources, with a view to encompassing a larger universe. The benefits through this twin-pronged approach resulted in providing more assurance on compliance and sustenance in internal controls. Besides, this approach has also helped in establishing and evolving partnership with the various Function Owners.

The Enterprise Risk Management framework, as well as the CEO/CFO Certification framework as required under Clause 49 of the Listing Agreement with Stock Exchanges, for controls testing pertaining to financial reporting, were well established.

A Report on Corporate Governance, as required under Clause 49 of the Listing Agreement is annexed.

**AUDITORS**

At the Annual General Meeting, Members will be required to appoint Auditors for the current year and fix their remuneration. M/s. Deloitte Haskins & Sells, the existing Auditors have furnished a certificate regarding their eligibility for re-appointment. The Directors recommend that they be re-appointed as Auditors of the Company for the current year.

**COST AUDITORS**

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956 qualified Cost Auditors have been appointed to conduct Cost Audits relating to Insecticides (Technical Grade and Formulations) and Fertilizers of the Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed.

**PARTICULARS OF EMPLOYEES**

The information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is provided in the Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining the same may write to the General Manager – Legal & Company Secretary at the registered office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

**ACKNOWLEDGEMENT**

Your Directors wish to thank all the employees of the Company for their dedicated service during the year. They would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from bankers, financial institutions, business partners and other stakeholders.

On behalf of the Board of Directors

R. GOPALAKRISHNAN  
Chairman

Mumbai, 22nd April, 2010.





## ANNEXURE TO THE DIRECTORS' REPORT

(Under Section 217(1)(e) of the Companies Act, 1956)

### Disclosures

#### A. CONSERVATION OF ENERGY

##### (a) Energy Conservation Measures Taken:

Energy conservation is the practice of decreasing the quantity of energy used per kg of goods produced. It is achieved through efficient energy use. Energy consumption increases cost, creates impact on the environment, reduces non-renewable sources which are available at a cost and are fast depleting. In many cases, it contributes to global warming. As an organization, therefore, the Company constantly attempts to conserve energy, with a view to reduce these impacts.

The Company has imbibed conservation in its working culture. Our focus is to conserve energy by eliminating waste and improving efficiencies. During the year under review, focus was towards eliminating wastages by every consumer of energy.

Boiler fuel was changed from furnace oil to bio mass. Utilization of heat from flue gas to concentrate high TDS effluents helped in reducing the use of fuel and hence reduced overall cost. Usage of gas based power plant instead of fuel and usage of VFDs (Variable Frequency Drive) for high powered motors and energy efficient pumps helped in maintaining the power cost. To reduce power consumption, solar street lights were installed on trial basis.

Despite this, since the overall trend in prices of all sources of energy continued to be on the higher side compared to the previous year, there was a negative variance. However, the conservation programme implemented by the Company helped to control the cost effectively.

##### (b) Additional Investments and Proposals, if any, being implemented for reduction of Energy Consumption:

Projects identified through initiatives such as DISHA (the Company's Enterprise value creation programme) and LASER (Learn, Apply, Share, Enjoy & Reflect) were implemented, resulting in reduced energy consumption in a few cases. Such projects involved harnessing new ideas for improvements and investments which gave adequate returns and secured the future energy needs of the Company. Capital investment proposals for modernization of the manufacturing plants for process improvement, capacity enhancement and automation for reducing variability in operation also gave favorable cost impacts of our products, making them competitive. The second Captive Power Plant (Cogeneration model) at Ankleshwar Unit became operational during the year.

##### (c) Impact of the measures at (a) and (b) for reduction of Energy Consumption and consequent impact on the Cost of Production:

Captive Power Plants and energy conservation measures driven across the manufacturing locations resulted in sustaining energy consumption.

##### (d) Total energy consumption and energy consumption per unit of production as per Form A:

#### FORM 'A'

#### DISCLOSURE OF PARTICULARS WITH REGARD TO CONSERVATION OF ENERGY

##### (a) Power and Fuel Consumption

		2009-2010	2008-2009
1.	Electricity		
	(a) Purchased		
	Unit	In Lacs of kwh	
	Total amount	<b>1,19.18</b>	1,24.93
	Rate/Unit	<b>6,20.68</b>	6,45.12
		Rs./kwh	5.16
	(b) Own Generation		
	through Diesel generator		
	Unit	In Lacs of kwh	
	Unit per litre of Diesel oil	<b>4.15</b>	11.40
	Total amount	<b>2.79</b>	2.87
	Cost/Unit	<b>50.86</b>	1,51.80
		Rs./kwh	13.31



**Rallis India Limited**

		<b>2009-2010</b>	<i>2008-2009</i>	
(c)	Own Generation through CPP			
	Unit	In Lacs of kwh	<b>74.60</b>	56.44
	Unit per M <sup>3</sup> of Gas	Kwh/M <sup>3</sup>	<b>3.49</b>	3.48
	Total amount	Rs. Lacs	<b>3,63.20</b>	2,31.02
	Cost/Unit	Rs./kwh	<b>4.87</b>	4.09
2.	Furnace Oil			
	Quantity	Kl	<b>1,387.90</b>	1,904.93
	Total Amount	Rs. Lacs	<b>3,10.19</b>	4,72.32
	Rate/Unit	Rs./Litre	<b>22.35</b>	24.79
3.	Others/Internal Consumption (High Speed Diesel)			
	Quantity	Kl	<b>16.67</b>	113.61
	Total Cost	Rs. Lacs	<b>5.97</b>	35.07
	Rate/Unit (Bio Mass)	Rs./Litre	<b>35.80</b>	30.87
	Quantity	MT	<b>1,703.17</b>	1,272.19
	Total Cost	Rs. Lacs	<b>70.68</b>	52.08
	Rate/Unit	Rs./Kg	<b>4.15</b>	4.09
4.	Gas			
	Quantity	M <sup>3</sup>	<b>24,05,292</b>	17,70,725
	Total Cost	Rs. Lacs	<b>3,31.53</b>	2,04.43
	Rate/M <sup>3</sup>	Rs.	<b>13.78</b>	11.55

**(b) Consumption per unit of production**

Focused drives at all Units contributed to sustain the energy consumption per unit of production, compared to that of the previous year. However, increase in cost was observed because of steep increase in fuel costs.

**B. TECHNOLOGY ABSORPTION****FORM 'B'****Research and Development (R & D)****1. Specific areas in which R & D is carried out by the Company:**

Process development of new molecules in the areas of crop protection was carried out. Process improvement projects were undertaken for improving product quality and productivity of the manufacturing process. Environment, Health and Safety (EHS) considerations were given special emphasis in the process development work.

New formulation development work was undertaken with specific objective of commercializing products with enhanced bio-efficacy and increased safety characteristics to end-user. These are under various stages of development.





2. **Benefits derived as a result of above R & D:**

- (i) Two new product registrations were obtained and three products were launched in the market.
- (ii) Process development work has resulted in cost reduction in existing products as well as in waste reduction.
- (iii) Strobilurin group of fungicide, Ergon 50 SC (Kresoxim-methyl) was launched for rice and grapes.

3. **Future Plan of Action:**

The Company's initiative of New Product Development (NPD) process had identified several new products to be developed during the next 10 years. Several products are at various stages of development. Improvement plans for existing products are also underway with an objective of cost reduction and being competitive in the market.

4. **Expenditure on R & D:**

	Rs. Crores	
	2009-10	2008-09
Capital expenditure	<b>0.90</b>	0.18
Revenue expenditure*	<b>3.05</b>	2.32
	<b>3.95</b>	2.50
Total R & D expenditure as a percentage of total turnover	<b>0.45%</b>	0.30%

\* includes amount of Rs. 1.29 Crores (*Previous Year Rs. 0.51 Crores*) paid to an external agency.

During the year, the Company has also incurred an expenditure of Rs. 2.71 Crores (*Previous year Rs. 7.62 Crores*) towards product development and registration, which is included under Capital Work In Progress (CWIP). Total amount included in CWIP is Rs. 7.16 Crores (*Previous Year Rs. 9.10 Crores*). Out of the CWIP amount, a sum of Rs. 3.98 Crores has been written off during the year.

5. **Technology Absorption, Adaptation and Innovation:**

- (a) The introduction of New Product Development (NPD) activities resulted in obtaining registration for two new products, of which one product was commercialized.
- (b) Process improvements in existing products resulted in better productivity, efficiency and quality.
- (c) Product improvements will continue to result in improved productivity and cost reduction and this will result in improving the profitability of the Company.
- (d) The New Millennium Indian Technology Leadership Initiative (NMITLI) is being actively pursued to find new molecules.
- (e) Special focus has been given to develop controlled release formulations, non-solvent based formulations instead of solvent based formulations and formulations for seed treatments.
- (f) There is no import of technology during the last 5 years.
- (g) The Innovation Turnover Index (revenues from products newly introduced in last four years to total turnover) at 31% for the year continued to exceed our target and was in line with the previous year.
- (h) Recommendations obtained from State Agricultural University/ICAR for 7 products on different crops to include in the Package of Practices to participate in Government subsidy business.

C. **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Total Foreign Exchange used and earned

	Rs. Crores	
	2009-10	2008-09
1. Foreign Exchange Earned	<b>192.46</b>	294.74
2. Outgo of Foreign Exchange	<b>228.52</b>	265.51
3. Remittances of Dividends (Net)	-	0.15



Rallis India Limited

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Globally the crop protection industry did not have a good year in 2009. The overall global market dropped by 6.5%, estimated to come down to 37.8 Billion USD. This, after an excellent year in 2008, when the industry had grown by over 21%. Most of the global corporations registered a drop in their sales during the year. In terms of markets, Europe had the major drop, followed by NAFTA and LATAM.

The global economic crisis impacted many of the global markets. This was further fueled by a sharp drop in Glyphosate and Organophosphate prices. The high priced stocks at the beginning of 2009 led to a hit in the profits of several enterprises. In certain countries, access to credit due to the global economic crises curbed the ability of the farmers and distributors to purchase the product. This had the impact of the entire chain delaying their purchases closer to consumption.

The Indian Pesticide industry, however, is estimated to have grown by about 10%. During the year under review, the Kharif season was severely hit due to poor monsoon. Paddy acreage and yield have been impacted. Cotton was relatively pest free. Pulses, particularly red gram saw a higher usage of new chemistry insecticides. Rabi season was characterized by low pest and disease occurrence in key crops, especially paddy. Lower water levels in Godavari basin led to an unprecedented drop in acreages under paddy in Andhra Pradesh during Rabi. Overall, fungicides have grown at a faster rate propelled by higher usage of new molecules in grape, chilli and potato. Herbicides category continued their growth path.

Area under key crops remained lower than last year in both Kharif and Rabi. Potato crop has seen an increased acreage due to encouraging economics in the last season. In cotton, BT II is estimated to take 70% of the total acreage under BT cotton. BPH (Brown Plant Hopper) incidence has been low in both the seasons all across the country. Use of Buprofezin remained stagnant. Chinese imports have put pressure on the margins in this category. Blast incidence has spread to unconventional areas like north, while incidence in Kharif has increased in the traditional belts.

Downy Mildew incidence has been severe in grape and resulted in heavy usage of new type of fungicides (new chemistry). Potato late blight incidence has been very low leading to low usage of fungicides.

Prices of all the agricultural commodities in India have been very remunerative and have encouraged the farmers to invest in crop protection. Globally, the average crop prices (wheat, rice, maize, cotton) during 2009 came down.

### Rallis' overall performance

The total consolidated revenues at Rs. 937 Crores, registered a growth of 3% during the financial year 2009-10. The Company's profit from operations during the year on a consolidated basis, at Rs. 164.04 Crores, is the highest operational profit ever for the Company. This is a growth of 37% as compared to the previous year's operational profit of Rs. 119.53 Crores. The net profit, at Rs. 101.49 Crores, crossed the Rs. 100 Crores mark for the first time. The net profit was Rs. 72.02 Crores in the previous year, on a consolidated basis.

During the year, your Company focused on improving the working capital efficiency as a key focus activity of DISHA. As a result, the net cash generated from operating activities was Rs. 215.15 Crores during the year, another highest in the history of the organization.





## REVIEW OF OPERATIONS

### Agro Inputs

#### (1) Crop Protection Chemicals:

##### (a) Domestic Formulations Business:

The Domestic Formulation Business registered a growth of 21% over the previous year, driven by robust performance of the key brands. The focus on branding and market development has been sustained, leading to a three-fold increase in sale of brands like Takumi. Renewed focus on traditional brands like Asataf has led to your Company regaining the lost ground in the category. The Company has launched Ergon, a fungicide developed by the Company's R&D. Ergon has been accepted very well by the market and is going to be one of the key growth areas for the Company in the years to come.

In line with the core competence of your Company viz., customer intimacy and relationships, we have taken up several new initiatives under the Rallis Kisan Kutumba (RKK) to further foster and strengthen the relationship with the customers. Focus Group Discussions are being extensively used as the key listening mechanism to identify the fast changing needs and expectations of the farmers. Farmer help lines have been strengthened and have become an important tool in servicing the farmers. Your Company has launched a news letter by the name "Unnat Kisan" which brings information on latest developments in agriculture and timely information on farming practices to the farmers' door steps in his own language.

Bhagidari Sabhas are being organized in all the regions and have become an important platform for capturing the channel partner voice and building and enduring relationship with the farmers.

Your Company has started a new initiative called PRERNA, where farmers from one area are taken to another area where the same crop is cultivated with better practices. This helps the farmers see and learn better ways of farming through their peers and results in improved productivity.

The MOPU (More Pulses) programmes started by your Company to improve the productivity of pulses in India has started giving good results in the pilot areas of Pudukkottai and Gadag and we intend to spread this to more areas in the coming season.

##### (b) Institutional Business:

The Domestic Institutional Business consisting of Technicals, Bulk Formulations, Seed Treatment Chemicals and Household Products, has grown by 31% as compared to the previous year. The Domestic Institutional Business continued with its sales to major customers and products during the year.

The Company focused on strengthening its relationship with key institutional customers and retaining its presence in the major products. Suitable co-marketing arrangements put in place helped your Company to sustain market presence in key areas.

##### (c) International Business:

The International Business Division registered a decrease of 34% in sales, as compared to the sales during 2008-09. It comprised 22% of the total revenues of the Company. The drop in sales was due to high level of inventory in key markets like USA and Latin America and also a sharp drop in agrochemical prices compared to 2008-09. Adverse weather conditions in Africa and Australia also contributed to the overall decrease in sales. The Asian and Middle East region performed relatively better posting a growth of about 18% over the last year. Demand stabilization was evident only in the last quarter of 2009-10, as the marketing channels opened up after depletion of their high priced inventory from 2008-09.



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During the year 2009-10, the International Business Division continued its focus on sustainable business for the long term through exploring new contract manufacturing opportunities and increasing the base of registration led sales. In the course of the year, the Company has also built up its registration data support as most international markets have moved towards stringent regulations.

**(2) Seeds:**

The Company has continued its seeds business through distribution of Bt Cotton, Hybrid paddy and Hybrid maize seeds. Poor monsoon resulted in lower than expected volumes of Hybrid Paddy business.

**(3) Plant Growth Nutrients:**

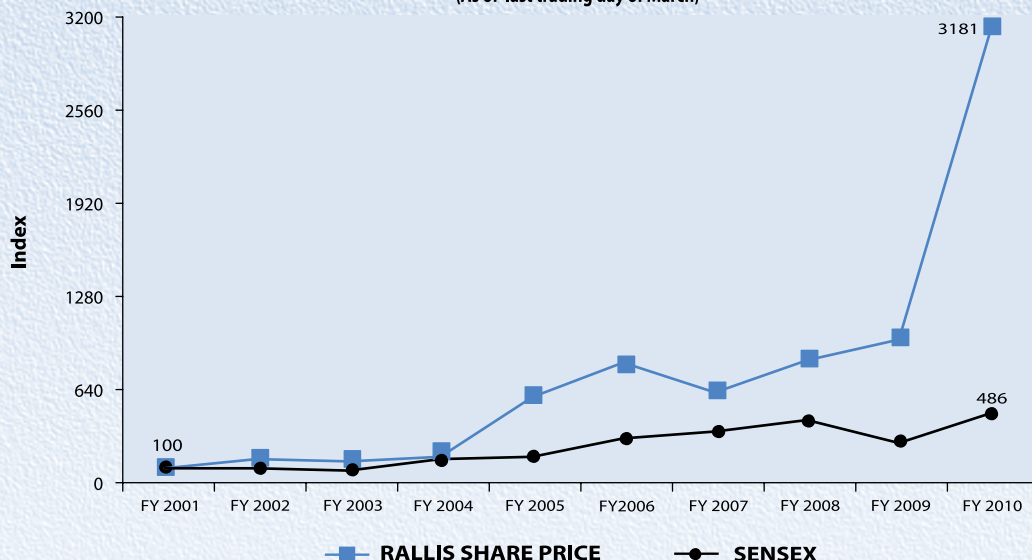
The Company is consolidating its Plant Growth Nutrient (PGN) business with focus on launch of key products, viz. RALLI GOLD and RALLIZYME. As a result, performance of the PGN business improved during the year with a significant improvement in profitability.

**TOTAL SHAREHOLDER RETURN**

The Total Shareholder Return (TSR) represents the yearly rate of return of an investment made considering the capital appreciation plus dividends over time. The TSR of an investment made in your Company in March 2003 kept till the last trading day of March 2010 works out to be extremely attractive at 57% per annum. This means that if one had invested Rs.100 in Rallis stock in March 2003, the total value that the investment would have earned would be Rs. 3,181, if one had sold the stock on the last trading day of March, 2010.

These are reflected in the price of the Company's shares. Rallis' stock price has significantly out-performed the BSE Sensex during the years after 2001. If both the Rallis stock price and Sensex were indexed to 100 as on the last trading day of March 2001, the y-o-y performance of the Rallis stock and Sensex till FY2010 is shown in the chart.

**The Performance of the Company's Stock Price vis-à-vis Sensex  
(As of last trading day of March)**



	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
● SENSEX	3604	3469	3049	5591	6493	11280	13072	15644	9709	17528
■ RALLIS SHARE PRICE	39	65	56	71	233	330	248	335	392	1255





## **OPPORTUNITIES AND OUTLOOK**

The fundamentals of the Agriculture sector continue to be robust and will drive growth in the years to come. With the economy showing signs of recovery, demand for food, fodder and fuel will further go up and should lead to robust growth in agriculture. The encouraging prices of agricultural commodities are expected to continue and will lead to increased investment by the farmers to protect his crop as well as to improve his productivity. New generation products like Ergon, which enhances yield and controls diseases and Ralligold, which is a biological product which improves growth and crop yield will drive business growth. With labour shortage increasing in rural areas, farmers are looking for labour saving options and this will lead to a higher demand for herbicides in the coming days.

The enterprise value creation programme DISHA (**Drive Innovative Solutions with Hyper Achievements**) which aims at re-engineering various processes and activities across the Company to generate value and the International business growth programme APOLLO are also expected to contribute well to the overall growth agenda of the organization. The EAGLE (**Expansion & Aggressive Growth through Leadership & Excellence**) initiative, which is intended to improve the market share and propel the Company to leadership position, has taken off well in the last year. This is being rolled out to all regions in the coming year and we expect to see results from the initiative by the end of the coming year.

## **RISKS, CONCERNS AND THREATS**

The dependence of our business on monsoon has been evident in the first half of last year, where poor rainfall has resulted in drop in planned sales in some of the regions. Farmers' willingness and ability to spend will be an important driver to demand generation. Strong support produce prices and better availability of credit will ease the pressure on the farming community.

Exchange rate fluctuations between Dollar and Rupee could also impact revenues as well as costs in the foreseeable future.

## **INITIATIVES TAKEN DURING 2009-10**

Your Company has, during the year, launched an initiative called EAGLE (**Expansion & Aggressive Growth through Leadership & Excellence**). This programme is intended to enhance the market share of the Company and take it to leadership position. Launched in a limited way during the year, it will be extended to all regions of the country in the coming year. The Company expects to see results from the initiative by the end of the coming year.

The enterprise value creation programme DISHA and the International Business growth programme APOLLO are expected to continue to contribute well to the overall growth of your Company.

## **RESEARCH & DEVELOPMENT (R&D)**

During the year 2009-10, the Company's Research and Development efforts, through its New Product Development (NPD) process, helped the Company to launch a new product, Ergon 50 SC (Kresoxim-methyl). The product was well received by the farmers on rice and grapes.

Field evaluation of lead molecules identified under New Millennium Indian Technology Leadership Initiative (NMITLI) project is in progress on key commercial crops.

## **ENVIRONMENT, HEALTH & SAFETY (EHS)**

Your Company places great emphasis on achieving the highest standards of safety and environment protection at all Units across the Organization.



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In keeping up with the strategic goal for 'zero accidents at the work place', the Company maintained the status of zero reportable accidents across the organization, besides achieving seventy five percent reductions in the number of first aid injuries. There has not been any case of occupational health illness at the work place. Besides improvement to the existing systems and adaptation of best practices, capturing of near misses to identify and eliminate unsafe acts and unsafe conditions was promoted across all levels of the workforce.

On the environment protection front, the Company focused on waste reduction at source. Thermal Oxidation system was upgraded to ensure compliance to the revised emission standards. As a part of continual improvement, additional waste water management system was installed and stabilized at the Lote Unit to meet the pollution load on account of capacity enhancement. Concept of Zero discharge, by way of total reuse and recycle, has been initiated at Lote.

Our endeavour to honour the Kyoto Protocol, by way of contribution to Climate Change aspect, focused on green house gas (GHG) reduction at source by adopting green chemistry, low carbon intensity fuel switch over, cultural and attitudinal change among the workforce and waste reduction. Two numbers of CNG gas based captive co-gen power plants synchronized for round the clock operation at Ankleshwar Unit resulted in carbon economy compared to relative draw from the grid power. Besides, the heat recovery system attached to the captive power plant generates steam and chilled water as well. Energy conservation initiatives continued, as in the previous years, across the manufacturing units resulting in savings in energy consumption.

The Occupational Health & Safety (OH&S) Management System and Environment Management System of all manufacturing units underwent recertification to the up-graded version of OHSAS 18001:2007 specification and ISO 14001:2004 standard respectively.

Safety systems and procedures at warehouses spread across the country continued to improve with additional safety resources put in place and by continuous training for safe storage, handling and transportation of our products.

The Company continued to win external laurels by way of awards for its excellence in Environment, Health & Safety performance across the manufacturing locations during the year:

National Safety Award from Ministry of Labour & Employment, Government of India

— Winner in category VII and VIII for Lote Unit for the fifth consecutive year

— Winner in category VI and Runner up in category VII for Akola Unit

National Safety Council of India - 'Prashamsa Puraskar' for Lote Unit.

National Safety Council (Maharashtra Chapter) - Merit certificate for Akola and Lote Units

Gujarat Safety Council - Special Appreciation Certificate for Ankleshwar Unit.

**INTERNAL CONTROLS SYSTEMS AND ADEQUACY**

Resources of the Internal Audit Department were augmented through personnel from Operations who conducted internal audits along with the auditors, as part of cross-functional teams. While continuing to reap the benefits of working through a single large outsourced Internal Audit firm, the Department also took a major initiative of doing in-house internal audits.

The extent of improvement in internal controls was quantified through a rating mechanism called the Rallis Internal Control Review (RICR) rating. Audit recommendations were followed up with the Function Owners to help ensure their implementation and sustenance. The end result was a positive assurance on sustenance as well as improvement in the level of the internal controls across locations and functions.

Cost savings and profit/ process improvement ideas also formed an important part of the responsibilities of the Internal Audit Department.





All internal audits were conducted in a SAP environment. Regular reviews were conducted by the Management Executive Committee and the Audit Committee and directions were given for appropriate actions. These actions are followed up till completion and reported to the Audit Committee.

The Enterprise Risk Management framework including monitoring of the Risk Mitigation Plans and CEO/ CFO Certification framework as required under Clause 49 of the Listing Agreement with Stock Exchanges for controls testing pertaining to financial reporting, resulted in continuing improvement in internal controls.

## **HUMAN RESOURCES**

The Company, in its journey to enhance Employee Satisfaction, Retention and Skills undertook several initiatives during this year.

Employee Engagement Survey undertaken with the help of Gallup Organization indicated that employees continue to perceive your Company as one of the top 20% organizations to work for in Gallup's global database. The Company was also recognized by Gallup as the No.1 Company among the Tata Companies on Employee Engagement with a Grand Mean of 4.32 and employee engagement ratio of 33:1.

The Company also carried out an Internal Customer Satisfaction Survey to look for opportunities to enhance the employee satisfaction index.

Deployment of Strategy Deployment Matrix, which is a tool for measuring employee contribution towards Company growth, was successfully carried out across the organization.

During the year, the Company has organized training programmes for all categories of employees in different areas such as technical, behavioral, practicing Business Excellence through Enterprise Process Model (EPM) and Performance Development Discussions.

As on 31st March, 2010, the employee strength was 846, down from 891 as on 31st March, 2009.

## **BUSINESS EXCELLENCE**

The Company strengthened its position in the 550+ band as Emerging Industry Leader as per the TBEM (Tata Business Excellence Model) External Assessment. TBEM 2009 assessment score for Rallis was 577, indicating further improvement of 24 points over the previous score and is preparing this year to aim for the JRDQV award.

The Company's focus on process orientation by making EPM a way of day to day work has strengthened its customer driven process approach. LASER workshops are continuing in all factories by in-house teams and focus area is to improve the work place conditions. 224 people have been given the PBE (Practicing Business Excellence) training by the Business Excellence team and another 100 people will be covered by May 2010.

## **INFORMATION TECHNOLOGY**

In line with the overall growth objective and strengthening of our infrastructure base, the Company continues to invest significantly in Information Technology (IT) and leverage it for business value.

Significant progress has been made in the utilization of MySAP Enterprise Resource Planning system and the Business Warehouse package BIW (Business Intelligence Warehouse) from SAP. This has also helped in re-engineering and simplification of business processes, particularly in the areas of logistics management comprising sales distribution and materials management, along with production planning and financial control; to improve agility and customer service. BIW is providing analytical reports and key business MIS at the right time through the system.

The Company continues to invest in IT infrastructure to support its business applications. A robust virtual private network using MPLS technology is in place. The Company has leveraged the growing telecom network in the country to provide high bandwidth terrestrial links to all its operating units. This has enabled effective



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coordination of activities across geographically dispersed locations. The Company has also implemented video conferencing facilities at 4 of its major offices to have instant meetings, reduce travelling time and costs and improve the quality of communication.

Tarang – The intranet for Company employees has emerged as a strong medium for knowledge sharing and employee self service.

Information Security and reliable disaster recovery management continue to be a critical focus area, especially as most business processes become fully IT-enabled.

The Company views IT as a strategic tool to enhance business value and enable new ways of doing business.

**CORPORATE SUSTAINABILITY**

Sustainable business, in Rallis, is founded on Corporate Governance (business principles), with three pillars of economic, environmental and social performance together creating sustainable shareholder value through business processes and continued growth. Business risk assessment with risk mitigation plan in full compliance ensures sustainability from internal and external business hazards. The Company prepares its Sustainability Report as a means for stakeholder engagement, based on the guidelines of the Global Reporting Initiative (GRI) which comprehensively covers its performance on the triple bottom line of economic, environment and social performance.

Participatory Sustainable Development, an integral part of Community Development Policy, focuses on involvement of all in the community development process. Our partners in development are a diverse group that includes the community, government bodies, non-Governmental organizations, professional associations, research institutes and volunteers.

In keeping with the above principles, your Company concluded another year of undivided commitment to improve the Quality of Life of members of the Community, especially the underprivileged.

The Theme for this year was “Empowerment through Education.” To implement various programmes under the said Theme, Volunteer Champions were selected at all locations. The Champions organized various programmes throughout the year to achieve the aspirations set by them. These programmes included:

- Teaching Mathematics, English speaking, Basic Computer literacy and distribution of note books and compass boxes to needy children.
- Raising awareness of the importance of educating the girl child.
- Adopting a girl child for entire year’s education.
- Personality development programmes for students of 7th to 9th standard.

Under Project RUBY (Rallis Ujjwal Bhavishya Yojana), BPO training is imparted to underprivileged youth. This is done through partnering with Tata Business Service Solutions (TBSS), who provides the professional training based on NASSCOM curriculum, which includes both job skill and life skill training. This programme is administered and funded by your Company and is managed by TBSS. Qualified participants of this programme are awarded a certificate which makes them eligible to obtain employment in the fast growing IT Enabled Services industry.

Under SEWA programme of the Company, in-plant training is provided to underprivileged youth.

Your Company has also taken various initiatives for Women Empowerment, including:

- Training on safe use of pesticides to women farm labourers and female members of farmers’ families, to enhance farm management capabilities of women.
- Training on self defense to women employees of Turbhe Unit and Head Office.





- Self defense training for girls of tribal and rural areas in Thane, Pune and Ratnagiri Districts.
- Civil defense training to women employees on the occasion of Women's Day, at Turbhe, with the help of Civil Defense Department of Maharashtra.

Programmes were also conducted for improving health and health awareness among communities, including:

- Provision of drinking water to 200 families.
- Health check-up, blood donation and dental and eye check-up camps.
- Awareness programmes on swine flu, AIDS and thalassemia.
- Drug de-addiction programmes.

Environment protection remains an issue that is close to your Company's heart. Initiatives taken in this area included:

- Tree plantations at various locations.
- Campaign against use of plastic/polythene bags.
- Flood relief work.
- World Wetland Day was celebrated across India as 'Caring for Wetland: An Answer to Climate Change'. The programme was targeted mainly at farmers and students, as also employees of the Company, with participants taking an Oath to conserve wetlands and pass the knowledge to others.
- Training to farmers on best practices in agriculture was imparted in Sanand in collaboration with Tata Motors.

The Company achieved the above through active employee volunteering initiatives across the country. This year, Rallites volunteered for around 5,000 hours throughout India and 430 employees participated in various activities during the year.

Rallis fully supports the need for growth and development of Scheduled Castes and Scheduled Tribes (SC/ ST) in a spirit of Affirmative Action through its adoption of the Code of Conduct for Affirmative Action. Several persons belonging to the SC/ ST have been covered and benefited under the various Community Development initiatives undertaken during the year. The RUBY programme has also greatly supported Affirmative Action.

Being a signatory to Global Compact Principles, the Company files a Communication on Progress (COP) to the Global Compact Society every year on the Company's efforts in protecting human rights and promoting the conservation of environment.

### **Cautionary Statement**

*Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward- looking statements" within the meaning of applicable securities 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 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.*



## Rallis India Limited

## REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance involves a code of behaviour that defines guidelines for transparent management and control of the Company. The Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in the organization, such as the Board, management, shareholders. It creates transparency, accountability and integrity in functioning, thus strengthening confidence in the Company's management. It seeks to focus on enhancement of long term value for all stakeholders. Corporate Governance is concerned with having a balance between economic and social goals and between individual and community goals.

As a Tata Enterprise, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted the Tata Code of Conduct for its employees, including the Managing Director. The Company has also adopted a Code of Conduct for its Non-Executive Directors. The Company's corporate governance philosophy is also strengthened through adoption of the Tata Code of Conduct for Prevention of Insider Trading and the Tata Business Excellence Model. The Company has also adopted a Whistle Blower Policy to provide a mechanism to enable the employees to approach the Audit Committee of the Board of Directors while reporting the instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy, which may come to their knowledge.

Your Company has complied with the guidelines on corporate governance stipulated in Clause 49 of the Listing Agreements executed with the Stock Exchanges, the disclosure requirements of which are given below:

## 2. BOARD OF DIRECTORS

**Composition**

The Board of Directors, alongwith its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected.

The Board of Directors, as on 31.03.2010, comprised 10 Directors, of which 9 were Non-Executive Directors. The Company has a non-executive Chairman and the 5 Independent Directors as on 31.03.2010, comprised one-half of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49 I (C) (ii) of the Listing Agreement), across all the companies in which he is a Director. The necessary disclosures regarding committee positions have been made by all the Directors. None of the Directors hold office in more than 15 companies.

**Category and Attendance of Directors**

The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them in public limited companies are given below:

Director	Category	No. of Board Meetings attended during 2009-10	Attendance at AGM held on 29th May, 2009	No. of Directorships* (As on 31.03.2010)			No. of committee positions in Mandatory Committees* (As on 31.03.2010)		
				Chairman	Member	Total	Chairman	Member	Total
Mr. R. Gopalakrishnan (Chairman)	Non-Independent Non-Executive	11	Yes	2	7	9	-	4	4
Mr. Homi R. Khusrokhhan	Non-Independent Non-Executive	11	Yes	-	5	5	-	4	4
Mr. B. D. Banerjee	Independent Non-Executive	11	Yes	-	3	3	-	2	2
Mr. E. A. Kshirsagar	Independent Non-Executive	11	Yes	-	6	6	3	5	8
Dr. S. Ramanathan	Independent Non-Executive	7	Yes	-	1	1	-	-	-
Mr. Prakash R. Rastogi	Independent Non-Executive	11	Yes	-	2	2	-	1	1
Mr. Bharat Vasani	Non-Independent Non-Executive	11	Yes	-	6	6	-	1	1
Dr. Venkatrao S. Sohoni (upto 21.03.2010)	Non-Independent Non-Executive	4	No	1	1	2	-	1	1
Dr. K. P. Prabhakaran Nair	Independent Non-Executive	8	Yes	-	1	1	-	2	2
Mr. R. Mukundan (w.e.f. 03.12.2009)	Non-Independent Non-Executive	2	NA	-	2	2	-	1	1
Mr. V. Shankar (Managing Director & CEO)	Non-Independent Executive	11	Yes	-	2	2	-	1	1

\* Excludes Directorships in Private Limited Companies, Foreign Companies and Government Bodies and Alternate Directorships. Only Audit Committee and Shareholders'/ Investors' Grievance Committee have been considered for committee positions.





The Company held 11 Board Meetings during 2009-10 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were as follows: 15th April, 2009; 29th May, 2009; 14th July, 2009; 14th August, 2009; 16th September, 2009; 22nd September, 2009; 14th October, 2009; 20th October, 2009; 24th November, 2009; 14th January, 2010 and 22nd March, 2010.

#### **Board Procedure**

The annual calendar of Board Meetings is agreed upon at the beginning of the year. The agenda is circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to arrive at appropriate decisions. The information as required under Annexure IA to Clause 49 is made available to the Board. The Board also reviews the declaration made by the Managing Director regarding compliance with all applicable laws on a quarterly basis.

#### **Code of Conduct**

The Company has adopted the Tata Code of Conduct for the senior management, including the Managing Director of the Company. The Board has also laid down a Code of Conduct for the Non-Executive Directors of the Company. Both the Codes are posted on the Company's website.

All Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed compliance with the applicable Code of Conduct. A declaration to this effect, signed by the Managing Director & CEO forms part of this report.

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year.

### **3. AUDIT COMMITTEE**

#### **Terms of reference**

The Audit Committee functions according to its Charter that defines its powers, scope and role in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are as follows:

- To overview the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- To review with the management the quarterly and annual financial statements before submission to the Board for approval.
- To recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- To review with the management, performance of the statutory and internal auditors.
- To review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems.
- To review the findings of any internal investigations by the internal auditors.
- To look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- To review the statement of significant related party transactions submitted by the management.
- To review the functioning of the Whistle Blower mechanism.
- And, generally, all items listed in Clause 49 II D of the Listing Agreement.

#### **Composition and Attendance during the year**

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.



## Sixty-second annual report 2009-2010

**Rallis India Limited**

The composition of the Audit Committee and the details of Meetings attended by the Directors during the year are given below:

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Meetings attended during 2009-10</b>
Mr. E. A. Kshirsagar, Chairman (Chartered Accountant)	Independent Non-Executive	8
Mr. Homi R. Khusrokhhan, Member (Chartered Accountant)	Non-Independent Non-Executive	8
Mr. B. D. Banerjee, Member	Independent Non-Executive	8
Mr. Prakash R. Rastogi, Member	Independent Non-Executive	7
Dr. Venkatrao S. Sohoni, Member (upto 21.03.2010)	Non-Independent Non-Executive	4
Dr. K. P. Prabhakaran Nair, Member	Independent Non-Executive	7

The Audit Committee met 8 times during the year and the gap between two meetings did not exceed four months. The dates on which the Audit Committee Meetings were held were as follows: 15th April, 2009; 5th May, 2009; 14th July, 2009; 16th September, 2009; 14th October, 2009; 23rd November, 2009; 14th January, 2010 and 22nd March, 2010.

Necessary quorum was present at the above Meetings.

The meetings of the Audit Committee are generally held at the Registered Office of the Company. They are usually attended by the Chairman, Managing Director & CEO, the EVP – Finance & Legal, the Chief Internal Auditor, the GM – Legal & Company Secretary and a representative of the Statutory Auditors. The Business and Operation Heads are invited to the Meetings, when required. The GM – Legal & Company Secretary acts as the secretary to the Committee.

The Chairman of the Audit Committee, Mr. E. A. Kshirsagar was present at the Annual General Meeting of the Company held on 29th May, 2009.

#### 4. **NOMINATIONS & REMUNERATION COMMITTEE**

##### **Terms of reference**

The Committee is responsible for considering and approving the remuneration and commission of the Managing Director and recommending the commission payable, if any, to the Non-Executive Directors. The Committee has also been given the mandate to consider and approve appointment of and the remuneration payable to Executives at the Vice President level and above and also matters relating to Voluntary Retirement Schemes and Early Separation Schemes of the Company. The Committee also reviews HR policy matters and issues such as senior management succession planning and incentive schemes for senior management. In addition, the Committee is also responsible for making recommendations regarding the composition of the Board, identifying Independent Directors to be inducted to the Board from time to time and taking steps to refresh the composition of the Board from time to time.

##### **Composition and Attendance during the year**

The composition of the Committee and the details of Meetings attended by the Directors during the year are given below:

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Meetings attended during 2009-10</b>
Mr. B. D. Banerjee, Chairman	Independent Non-Executive	3
Mr. R. Gopalakrishnan, Member	Non-Independent Non-Executive	3
Mr. E. A. Kshirsagar, Member	Independent Non-Executive	3
Mr. Prakash R. Rastogi, Member	Independent Non-Executive	2





The Committee met 3 times during the year, on 15th April, 2009; 4th May, 2009 and 18th December, 2009.

The Chairman of the Nominations & Remuneration Committee, Mr. B. D. Banerjee was present at the Annual General Meeting of the Company held on 29th May, 2009.

### **Remuneration Policy**

The remuneration of senior management is decided taking into consideration the employment scenario, remuneration package of the industry and remuneration package of managerial talent in other industries. The annual variable pay of senior managers is linked to the performance of the Company in general and their individual performance for the relevant year, measured against specific Key Result Areas, which are aligned to the Company's objectives.

The Non-Executive Directors are paid remuneration by way of commission and sitting fees. In terms of the shareholders' approval obtained at the Annual General Meeting held on 30th May, 2008, commission is paid at a rate not exceeding 1% per annum of the profits of the Company, computed in accordance with the provisions of the Companies Act, 1956. The distribution of commission among the Non-Executive Directors is recommended by the Nominations & Remuneration Committee and approved by the Board. The commission is distributed on the basis of their attendance and contribution at the Board and Committee Meetings as well as guidance provided to senior management other than at meetings.

The Company paid sitting fees of Rs. 20,000/- per meeting to the Non-Executive Directors for attending meetings of the Board, Executive Committee of the Board, the Audit Committee and the Nominations & Remuneration Committee, Rs. 10,000/- per meeting for attending the meetings of the Property Committee and Rs. 5,000/- per meeting for attending meetings of the Shareholders'/Investors' Grievance Committee.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing Director. Salary is paid within the range approved by the shareholders. Annual increments, effective 1st April each year, are approved by the Board, as per the recommendations of the Nominations & Remuneration Committee. Perquisites and allowances are subject to such overall ceiling as may be fixed by the Board from time to time. Within the prescribed ceiling, the perquisites are approved by the Nominations & Remuneration Committee. Commission is calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year, based on the recommendations of the Nominations & Remuneration Committee, subject to the overall ceilings stipulated in the Companies Act, 1956. Specific amount payable as commission is based on the performance criteria laid down by the Board, which broadly takes into account the profits earned by the Company for the year.

### **Details of remuneration for 2009-10**

The aggregate value of salary and perquisites paid to Mr. V. Shankar, Managing Director & CEO, during the year 2009-10 is Rs. 1,10,15,608/-, comprising:

Salary	:	Rs. 31,20,000/-
Perquisites and allowances	:	Rs. 38,95,608/-
Commission for the financial year 2008-09, paid during 2009-10	:	Rs. 40,00,000/-
Period of Agreement	:	upto 12th March, 2012
Notice period	:	The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' remuneration in lieu thereof.
Severance fees	:	Nil



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**Rallis India Limited**

The Sitting fees paid during the financial year 2009-10 to the Non-Executive Directors for attending the Board and Committee Meetings for the year 2009-10 and the commission paid to them during 2009-10 for the year 2008-09, are as follows:

<b>Name of Director</b>	<b>Fees paid (Rs.)</b>	<b>Commission for the financial year 2008-09, paid during 2009-10 (Rs.)</b>
Mr. R. Gopalakrishnan	3,60,000/-	6,15,000/-
Mr. Homi R. Khurokhan	4,60,000/-	4,35,000/-
Mr. B. D. Banerjee	4,80,000/-	5,20,000/-
Mr. E. A. Kshirsagar	5,70,000/-	6,70,000/-
Dr. S. Ramanathan	2,00,000/-	4,50,000/-
Mr. Prakash R. Rastogi	5,10,000/-	4,95,000/-
Mr. Bharat Vasani	2,60,000/-	3,95,000/-
Dr. Venkatrao S. Sohoni (upto 21.03.2010)	1,70,000/-	2,55,000/-
Dr. K. P. Prabhakaran Nair	3,10,000/-	1,65,000/-
Mr. R. Mukundan (w.e.f.03.12.2009)	40,000	-

None of the Non-Executive Directors hold any shares in the Company.

#### 5. **SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

##### **Terms of reference**

The Shareholders'/Investors' Grievance Committee looks into the redressal of investors' complaints, such as transfer of shares, non-receipt of annual report and non-receipt of declared dividends. In addition, the Committee has also been mandated to set forth the policies relating to and to oversee the implementation of the Code of Conduct for Prevention of Insider Trading and to review the concerns received under the Tata Code of Conduct.

The Company has adopted the Code of Conduct for Prevention of Insider Trading, under the SEBI (Prohibition of Insider Trading) Regulations. Mr. D. K. Sundar, EVP – Finance & Legal has been appointed as the Compliance Officer for the implementation of and overseeing compliance with the Regulations and the Code across the Company.

The Company has also adopted the Code of Corporate Disclosure Practices for ensuring timely and adequate disclosure of Price Sensitive Information, as required under the Regulations. The Managing Director & CEO is the Public Spokesperson for this purpose.

##### **Composition and Attendance during the year**

The Shareholders'/Investors' Grievance Committee met twice during the year, on 15th April, 2009 and 14th October, 2009.

The composition of the Shareholders'/Investors' Grievance Committee and the details of the Meetings attended by the Directors during the year are given below:

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Meetings attended during 2009-10</b>
Mr. E. A. Kshirsagar, Chairman	Independent Non-Executive	2
Dr. V. S. Sohoni, Member (upto 21.03.2010)	Non-Independent Non-Executive	2
Dr. K. P. Prabhakaran Nair, Member	Independent Non-Executive	2
Mr. V. Shankar, Member	Non-Independent Executive	2





**Name, designation and address of Compliance Officer**

P. S. Meherhomji  
GM – Legal & Company Secretary  
15 MIDC Industrial Estate  
Thane Belapur Road  
Turbhe  
Navi Mumbai 400 703  
Phone: 022 - 6793 1530  
Fax: 022 - 6793 1515  
Email: pmeherhomji@rallis.co.in

Shareholders may also correspond with the Company on the email address: investor\_relations@rallis.co.in

The number of investor complaints/requests/queries received and addressed during 2009-10 was 815. One query remained pending as on 31st March, 2010. This was received during the last week of March 2010 and hence was pending on 31st March, 2010, but has been subsequently replied to.

Two requests for transfer of 100 shares and two requests for dematerialization of 40 shares were pending as on 31st March, 2010. These requests were received during the last week of March 2010 and hence were pending on 31st March, 2010, but have been subsequently processed, as certified by TSR Darashaw Limited (Registrars).

**6. OTHER COMMITTEES**

**Executive Committee of the Board**

The Executive Committee of the Board is responsible for reviewing, before presentation to the full Board, items such as Business and strategy review, long-term financial projections and cash flows, capital and revenue budgets, acquisitions, divestments and business restructuring proposals, etc. The Committee is also responsible for advising the management on development of business plans and future strategies for the Company.

The composition of the Executive Committee of the Board and the details of the Meetings attended by the Directors during the year are given below:

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Meetings attended during 2009-10</b>
Mr. R. Gopalakrishnan, Chairman	Non-Independent Non-Executive	4
Mr. Homi R. Khusrokhhan, Member	Non-Independent Non-Executive	4
Mr. E. A. Kshirsagar, Member	Independent Non-Executive	4
Dr. S. Ramanathan, Member	Independent Non-Executive	3
Mr. Prakash R. Rastogi, Member	Independent Non-Executive	4
Mr. R. Mukundan, Member (w.e.f. 25.02.2010)	Non-Independent Non-Executive	-
Mr. V. Shankar, Member	Non-Independent Executive	4

The Executive Committee of the Board met 4 times during the year, on 17th June, 2009; 26th November, 2009; 14th January, 2010 and 24th February, 2010.

The EVP – Finance & Legal is the permanent invitee to the Committee.

**Property Committee**

The Property Committee has been constituted to advise the management on unlocking the value of the surplus assets of the Company.



## Sixty-second annual report 2009-2010

**Rallis India Limited**

The composition of the Property Committee and the details of the Meetings attended by the Directors during the year are given below:

Name of the Member	Category	No. of Meetings attended during 2009-10
Mr. B. D. Banerjee, Chairman	Independent Non-Executive	4
Mr. E. A. Kshirsagar, Member	Independent Non-Executive	4
Mr. Prakash R. Rastogi, Member	Independent Non-Executive	3
Mr. Bharat Vasani, Member	Non-Independent Non-Executive	4

The Property Committee met 4 times during the year, on 4th May, 2009; 23rd June, 2009; 2nd September, 2009 and 7th October, 2009.

**7. GENERAL BODY MEETINGS**

- (a) Location, date and time of Annual General Meetings held during the last 3 years and special resolutions passed:

Day and Date	Location	Time	Special Resolutions
Friday, 29th May, 2009	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020.	3.30 p.m.	There was no matter that required passing of special resolution.
Friday, 30th May, 2008	Bombay House Auditorium, Bombay House, Homi Mody Street, Mumbai 400 001.	4.00 p.m.	Payment of commission to Directors.
Friday, 25th May, 2007	Bombay House Auditorium, Bombay House, Homi Mody Street, Mumbai 400 001.	4.00 p.m.	1. Appointment of Mr. V. Shankar as Executive Director. 2. Change in place of keeping registers and records.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of shareholders present at the meeting.

- (b) No Extra-ordinary General Meeting of the shareholders was held during the year.  
(c) **Postal Ballot:** During the year under review, the following resolution was put through by Postal Ballot:

**Raising additional long term funds** by allotment of 9,80,000 Equity Shares of Rs. 10/- each to the main promoter of the Company, Tata Chemicals Limited on preferential basis.

The Board appointed Mr. P. N. Parikh, Practicing Company Secretary as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner. The result of the postal ballot was declared on 28th October, 2009 and the resolution was passed by a majority of 99.89% of the total votes.

**8. DISCLOSURES**

- (a) There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.  
(b) During the year, there were no materially significant related party transactions, i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that





may have potential conflict with the interests of the Company at large. Declarations have been received from the senior management personnel to this effect.

- (c) The Company has complied with the requirements of the Stock Exchanges/SEBI and statutory authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by these authorities.
- (d) The Managing Director (CEO) and the EVP – Finance & Legal (CFO) have certified to the Board in accordance with Clause 49 V of the Listing Agreement pertaining to CEO/CFO certification for the Financial Year ended 31st March, 2010.
- (e) The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
- (f) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance. Further, the Company has adopted the following non-mandatory requirements of the Clause:
  - The Company has set up the Remuneration Committee as per the provisions of Clause 49.
  - Half yearly performance of the Company is sent to all shareholders.
  - The financial statements of the Company are unqualified.
  - The Company has adopted a Whistle Blower Policy, which has been widely disseminated to all employees in the Company.
  - The Company has adopted the guidelines for the composition of the Board of Directors, which provides for the tenure and retirement age for the Managing and Non-Executive Directors.

Remaining non-mandatory requirements of Clause 49 are expected to be addressed in due course.

#### 9. **MEANS OF COMMUNICATION**

- (i) The quarterly and the half yearly results, published in the proforma prescribed by the Listing Agreement, are approved and taken on record by the Board of Directors of the Company within one month of the close of the relevant quarter. The approved results are forthwith sent to the Stock Exchanges where the Company's shares are listed. The results are also published within 48 hours in one English language and one Marathi language newspaper having wide circulation. The results are displayed on the Company's website, [www.rallis.co.in](http://www.rallis.co.in) and on the SEBI's Corpfilng website, [www.corpfilng.co.in](http://www.corpfilng.co.in).
- (ii) The Company publishes the audited annual results within the stipulated period of three months from the close of the financial year as required by the Listing Agreement and hence the unaudited results for the last quarter of the financial year are not published.
- (iii) The annual audited results are also communicated to the Stock Exchanges where the Company is listed, published in the newspapers and displayed on the Company's and Corpfilng website.
- (iv) Official news releases and presentations made to Institutional Investors and Analysts are posted on the Company's website.
- (v) The Company sends an annual reminder to shareholders who have not claimed their dividends. Circulars are also sent periodically to shareholders urging them to opt for NECS as the mode for receiving dividends.
- (vi) Management Discussion and Analysis Report forms a part of the Annual Report.

#### 10. **GENERAL SHAREHOLDER INFORMATION**

##### **Annual General Meeting date, time and venue:**

15th June, 2010 at 3.30 p.m. at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 020.



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As required under Clause 49 IV G (i), particulars of Directors seeking appointment/re-appointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 15th June, 2010.

- Financial Calendar** : April to March.
- Date of book closure** : 5th May, 2010 to 7th May, 2010 (both days inclusive)
- Dividend payment date** : Within 30 days of 15th June, 2010
- Listing on Stock Exchanges** : The Company's Equity Shares are listed on the following Stock Exchanges:
- |  |  |
|--|--|
| Bombay Stock Exchange Ltd.<br>Phiroze Jeejeebhoy Towers<br>Dalal Street<br>Mumbai 400 001. | National Stock Exchange of India Ltd.<br>Exchange Plaza, 5th Floor<br>Plot No. C/1, G Block<br>Bandra-Kurla Complex<br>Bandra (E)<br>Mumbai 400 051. |
|--|--|

The Company has paid the listing fees to these Stock Exchanges for the year 2009-10.

- Stock Code on the Bombay Stock Exchange Ltd. : 500355
- Stock Code on the National Stock Exchange of India Ltd. : RALLIS EQ
- Demat International Security Identification Number (ISIN) in NSDL and CDSL for Equity Shares : INE613A01012

**Market Information:**

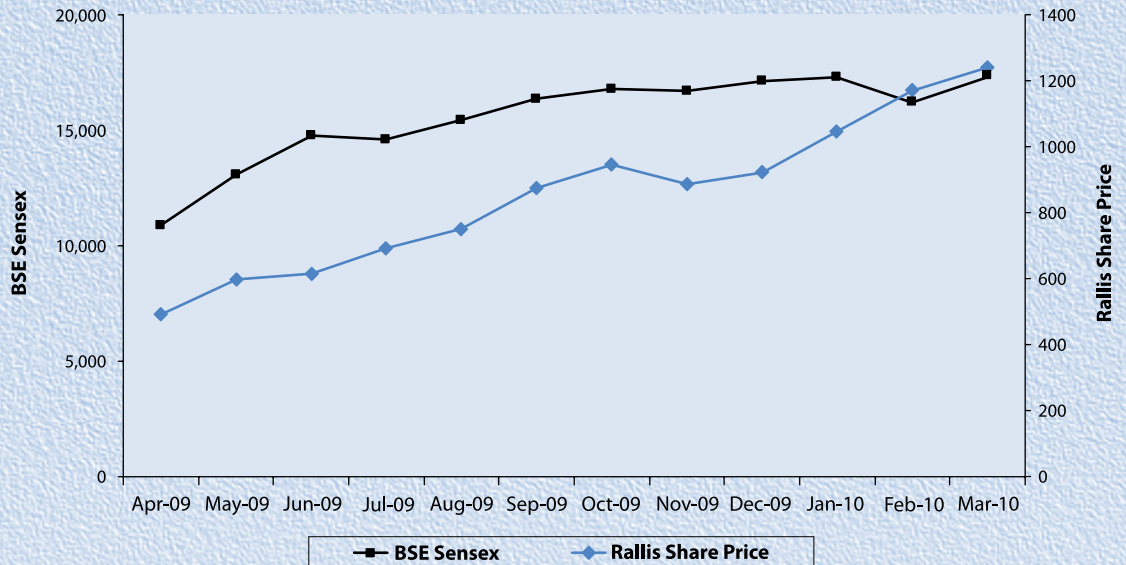
Market price data: High/low, Number and Value of shares traded during each month in the last financial year:

Month	Bombay Stock Exchange Ltd.					The National Stock Exchange of India Ltd.				
	High (Rs.)	Low (Rs.)	No. of Shares Traded	Value of Shares Traded (Rs. Lacs)	No. of Trades	High (Rs.)	Low (Rs.)	No. of Shares Traded	Value of Shares Traded (Rs. Lacs)	No. of Trades
April 2009	563.30	365.00	1,82,931	948.74	3,670	565.00	395.00	2,96,427	1,530.84	6,545
May 2009	705.00	529.00	1,30,236	805.61	4,035	715.00	524.00	1,76,056	1,087.68	8,086
June 2009	693.00	536.10	4,46,090	2,759.26	8,048	688.95	535.00	6,08,933	3,805.69	17,227
July 2009	809.00	590.55	3,57,491	2,517.07	12,513	795.00	592.00	5,55,424	3,934.95	24,014
August 2009	821.00	672.00	5,08,821	3,832.11	14,774	829.95	662.45	9,42,829	7,146.51	33,594
September 2009	960.00	773.85	4,37,242	3,874.93	18,031	964.10	790.00	8,23,660	7,328.34	41,585
October 2009	1,024.00	882.00	3,36,070	3,229.80	11,859	1,025.00	885.00	5,54,339	5,304.62	27,496
November 2009	944.00	825.00	1,50,099	1,339.95	6,590	944.00	882.65	2,38,287	2,126.26	13,740
December 2009	974.20	880.00	1,51,584	1,410.13	7,218	973.00	881.00	3,06,502	2,836.06	16,296
January 2010	1,147.70	940.00	4,12,299	4,306.50	12,493	1,148.80	935.00	6,18,189	6,492.72	33,880
February 2010	1,414.00	1,060.00	3,08,432	3,899.74	13,686	1,414.00	1,027.00	5,42,394	6,763.83	28,015
March 2010	1,355.90	1,141.00	1,87,335	2,346.89	7,704	1,359.00	1,155.00	2,79,573	3,504.16	18,084

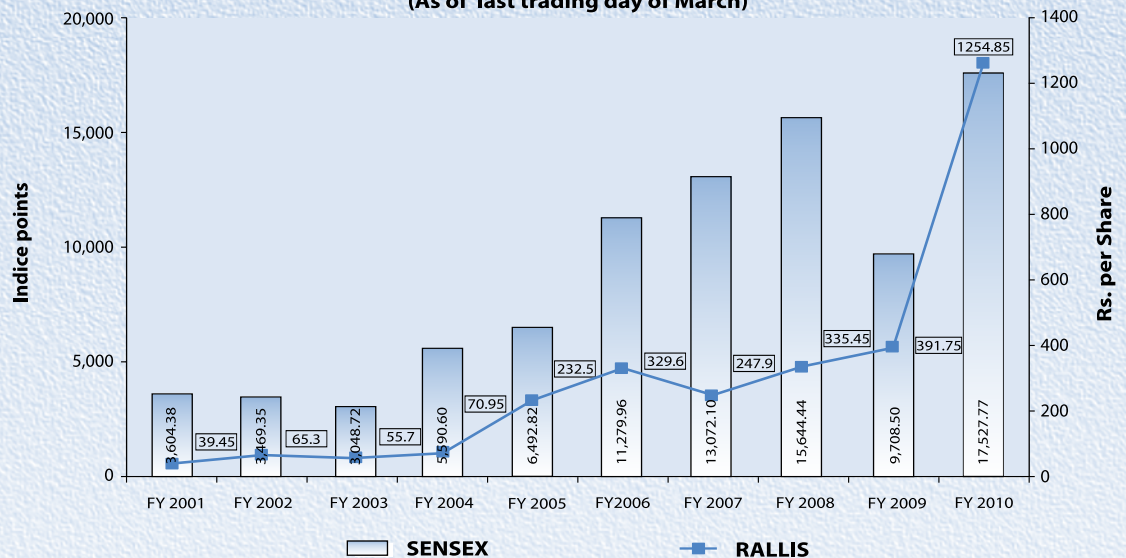




**Performance of Rallis Share Price in comparison with BSE Sensex**



**Rallis Share Price against BSE Sensex  
(As of last trading day of March)**



**Registrar and Transfer Agents:**

TSR DARASHAW LTD.  
 6-10 Haji Moosa Patrawala Industrial Estate,  
 20 Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.  
 Tel. No.: 022-6656 8484  
 Fax No.: 022-6656 8494  
 E-mail: csg-unit@tsrdarashaw.com  
 Website: www.tsrdarashaw.com  
 Business Hours: 10.00 a.m. to 3.30 p.m. (Monday to Friday)



**Rallis India Limited**

For the convenience of shareholders based in the following cities, transfer documents and letters will also be accepted at the following Branch Offices/agencies of TSR Darashaw Ltd. (TSRDL):

**Branches of TSRDL:**

TSR Darashaw Ltd.,  
503, Barton Centre, (5th Floor),  
84, Mahatma Gandhi Road,  
Bangalore 560 001.  
Tel.: 080-2532 0321  
Fax: 080-2558 0019  
Email: tsrdlbg@tsrdarashaw.com

TSR Darashaw Ltd.,  
Tata Centre, 1st Floor,  
43, J. L. Nehru Road,  
Kolkata 700 071.  
Tel.: 033-2288 3087  
Fax: 033-2288 3062  
Email: tsrdlcal@tsrdarashaw.com

TSR Darashaw Ltd.,  
2/42, Sant Vihar, Ansari Road,  
Daryaganj,  
New Delhi 110 002  
Tel.: 011-2327 1805  
Fax: 011-2327 1802  
Email: tsrdldel@tsrdarashaw.com

TSR Darashaw Ltd.,  
Bungalow No.1, "E" Road,  
Northern Town,  
Bistupur,  
Jamshedpur 831 001.  
Tel.: 0657-242 6616  
Fax: 0657-242 6937  
Email: tsrdljsr@tsrdarashaw.com

**Agent of TSRDL:**

Shah Consultancy Services Ltd.,  
3, Sumatinath Complex, Pritam Nagar,  
Akhada Road, Ellisbridge,  
Ahmedabad 380 006.  
Telefax: 079-2657 6038  
Email: shahconsultancy@hotmail.com

**Share Transfer System:**

Documents for transfer of shares in physical form can be lodged with TSR Darashaw Limited at the registered address or at any of the above mentioned branch offices or at office of Agent of TSRDL. The transfers are normally processed within 10-12 days from the date of receipt, if the documents are complete in all respects.

**Distribution of shareholding as on 31st March, 2010:**

Holding of Nominal Value: Rs. 10/-

Sr. No.	Range	Holding	Amount (Rs.)	% to Capital	No. of Holders	% to Total Holders
1	1 to 500	6,87,109	68,71,090	5.30	9,990	93.92
2	501 to 1000	2,30,859	23,08,590	1.78	299	2.81
3	1001 to 2000	2,24,035	22,40,350	1.73	148	1.39
4	2001 to 3000	1,28,515	12,85,150	0.99	50	0.47
5	3001 to 4000	82,794	8,27,940	0.64	24	0.23
6	4001 to 5000	1,30,975	13,09,750	1.01	28	0.26
7	5001 to 10000	2,10,996	21,09,960	1.63	28	0.26
8	Greater than 10000	1,12,69,310	11,26,93,100	86.92	70	0.66
	<b>Total</b>	<b>1,29,64,593</b>	<b>12,96,45,930</b>	<b>100.00</b>	<b>10,637</b>	<b>100.00</b>



**Shareholding pattern as on 31st March, 2010:**

Sr. No.	Category of Shareholders	Total Holding	Percentage
1	Tata Companies	65,04,441	50.17
2	Government/Other Public Financial Institutions and Insurance Companies	4,20,038	3.24
3	Foreign Institutional Investors and Foreign Companies	2,09,879	1.62
4	Non-Resident Individuals	55,282	0.43
5	Other Bodies Corporate & Trust	5,44,118	4.20
6	Nationalized Banks and Mutual Funds	26,27,816	20.26
7	Foreign Banks and Other Banks	3,444	0.03
8	Individuals	25,99,575	20.05
	<b>Total</b>	<b>1,29,64,593</b>	<b>100.00</b>

**Dematerialization of shares and liquidity**

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories, viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Percentage of shares held in physical and dematerialized form as on 31st March, 2010:

Physical form	:	2.10
Electronic form with NSDL	:	95.13
Electronic form with CDSL	:	2.77

**Plant locations**Agrochemicals factories

- (i) 15A, MIDC, Turbhe, Thane-Belapur Road, New Mumbai 400 703, Maharashtra.
- (ii) GIDC Estate, Plot No. 3301, Ankleshwar 393 002, Dist. Bharuch, Gujarat.
- (iii) GIDC Estate, Plot No. 2808, Ankleshwar 393 002, Dist. Bharuch, Gujarat.
- (iv) GIDC Estate, Plot No. 3000, Ankleshwar 393 002, Dist. Bharuch, Gujarat.
- (v) C 5/6, MIDC Industrial Area, Phase III, Shivani, Akola 444 104, Maharashtra.
- (vi) Plot No. D-26, Lote Parashuram, MIDC, Near Hotel Vakratunda, Taluka Khed, Dist. Ratnagiri 415 722, Maharashtra.

Fine Chemical factory

A-14/A Sipcot Industrial Complex, Cuddalore 607 005, Tamilnadu.

**Investor correspondence address:**

Rallis India Ltd.  
Secretarial & Legal Division  
15 MIDC Industrial Estate  
Thane Belapur Road  
Turbhe  
Navi Mumbai 400 703

OR

TSR Darashaw Ltd.  
Unit: Rallis India Ltd.  
6-10 Haji Moosa Patrawala Industrial Estate,  
20 Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai 400 011.



**Rallis India Limited**

To,  
The Members of Rallis India Limited.

**Declaration by the Managing Director under  
Clause 49 of the Listing Agreement**

I, V. Shankar, Managing Director & CEO of Rallis India Limited hereby declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March, 2010.

V. Shankar  
Managing Director & CEO

Mumbai, 22nd April, 2010

**CERTIFICATE****TO THE MEMBERS OF  
RALLIS INDIA LIMITED**

We have examined the compliance of conditions of Corporate Governance by Rallis India Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DELOITTE HASKINS AND SELLS  
*Chartered Accountants*  
(Firm Registration No. : 117366W)

Sanjiv V. Pilgaonkar  
*Partner*

Membership No. 39826

Mumbai, April 22, 2010





## AUDITORS' REPORT TO THE MEMBERS OF RALLIS INDIA LIMITED

1. We have audited the attached Balance Sheet of RALLIS INDIA LIMITED (the "Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("CARO"/the "Order") issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117366W)

Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Mumbai, 22nd April, 2010

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### ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (xiii) of CARO is not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of most of its fixed assets.
  - (b) Most of the Company's fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.



## Sixty-second annual report 2009-2010

**Rallis India Limited**

- (iii) In respect of its inventory:
- (a) As explained to us, the inventories, excluding materials in transit and materials lying with third parties, were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct any major weaknesses in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of Rs.5 lacs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) According to the information and explanations given to us during the year the Company has not accepted any deposits from the public.
- According to the information and explanations given to us, no Order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this respect.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of fertilisers and insecticides business and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lacs)
Sales Tax Laws	Sales Tax (including interest and penalty)	Joint Commissioner (Appeals)	1998-99, 1999-00, 2000-01, 2001-02, 2005-06, 2006-07 and 2009-10	499.24
		Additional Commissioner	1990-91, 1998-99, 2000-01 and 2001-02	332.98
		Deputy Commissioner	1983-84, 1992-93, 1994-95, 1996-97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06	643.57





Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lacs)
		Assistant Commissioner	1993-94, 1998-99, 1999-00, 2001-02, 2003-04, 2004-05, 2005-06 and 2007-08	151.48
		Tribunal	1992-93, 1997-98, 1998-99, 1999-00, 2000-01 and 2001-02	134.83
		Commercial Tax Officer	1990-91, 1996-97 and 1997-98	12.13
Finance Act, 1994	Service Tax	Assistant Commissioner	2001-02 and 2006-07	1.50
Customs Act, 1962	Custom Duty	High Court	1990-91	144.10
Central Excise Act, 1944	Excise duty (including Interest and Penalty)	Commissioner	1988 to 1992, 2001-02 and 2005-06	65.66
		Joint Commissioner	1999-2001	62.80
		Deputy Commissioner	1999-00	8.48
		Tribunal	1986-87, 1990-91 and 1996 to 2002	910.46
Income Tax Act, 1961	Income tax (including interest)	Income Tax Appellant Tribunal, Mumbai	Asst. Yr. 2006-07	84.76
		Commissioner of Income Tax (Appeals)	Asst. Yr. 2007-08	592.26

- (xi) The Company does not have any accumulated losses as at the year end. The Company has not incurred cash losses during the financial year covered by our audit and in immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and/or financial institutions. There are no amounts outstanding on account of debentures during the year.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given a guarantee for a loan taken by its Subsidiary from a bank. Having regard to the explanation that the subsidiary is wholly owned, in our opinion, the terms and conditions of the guarantee are not *prima facie* prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is *prima facie* not prejudicial to the interests of the Company.
- (xix) According to the information and explanations given to us, there are no amounts outstanding in respect of secured debentures as at the year end. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) According to the information and explanation given to us, the Company has not raised any money by public issue, during the period covered by our audit.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117366W)

Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Mumbai, 22nd April, 2010



**BALANCE SHEET AS AT 31ST MARCH, 2010**

		Rs. lacs	
	Schedule No.	<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	<b>1,296.48</b>	9,998.48
Reserves and Surplus	2	<b>40,982.73</b>	24,869.21
		<b>42,279.21</b>	34,867.69
<b>LOAN FUNDS</b>			
Secured Loans	3	<b>161.18</b>	2,481.09
Unsecured Loans	4	<b>650.07</b>	5,573.99
		<b>811.25</b>	8,055.08
<b>TOTAL</b>		<b>43,090.46</b>	42,922.77
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block		<b>30,909.69</b>	33,765.65
Less: Depreciation/Amortisation		<b>15,635.01</b>	17,906.82
Net Block	5	<b>15,274.68</b>	15,858.83
Capital Work-in-Progress at cost, including capital advances		<b>11,202.91</b>	2,907.05
		<b>26,477.59</b>	18,765.88
<b>INVESTMENTS</b>	6	<b>14,028.32</b>	13,615.68
DEFERRED TAX ASSETS (NET) (Refer Note No.15 in Schedule 20)		<b>534.77</b>	1,015.80
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	<b>14,824.85</b>	14,727.22
Sundry Debtors	8	<b>7,550.55</b>	11,436.56
Cash and Bank Balances	9	<b>1,117.27</b>	715.19
Other Current Assets	10	<b>145.91</b>	112.59
Loans and Advances	11	<b>8,811.23</b>	7,735.74
		<b>32,449.81</b>	34,727.30
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	12	<b>25,945.52</b>	19,511.43
Provisions	13	<b>4,454.51</b>	6,402.97
		<b>30,400.03</b>	25,914.40
<b>NET CURRENT ASSETS</b>		<b>2,049.78</b>	8,812.90
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)	14	-	712.51
<b>TOTAL</b>		<b>43,090.46</b>	42,922.77
Notes to the Accounts	20		

Schedules referred to above form an integral part of the Balance Sheet and should be read in conjunction therewith.  
In terms of our Report of even date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner

Mumbai, 22nd April, 2010

HOMI R. KHUSROKHAN  
B. D. BANERJEE  
E. A. KSHIRSAGAR  
S. RAMANATHAN  
PRAKASH R. RASTOGI  
BHARAT VASANI  
VENKATRAO S. SOHONI  
K. P. PRABHAKARAN NAIR  
R. MUKUNDAN

Directors

R. GOPALAKRISHNAN *Chairman*

V. SHANKAR *Managing Director & CEO*

P. S. MEHERHOMJI *GM – Legal &  
Company Secretary*





## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Rs. lacs

	Schedule No.	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>INCOME</b>			
Turnover (Gross)		93,348.66	90,683.33
Less : Excise Duty		5,835.30	7,398.81
Turnover (Net) - (Refer Note No.17 in Schedule 20)		87,513.36	83,284.52
Other Income	15	2,881.94	2,262.38
		<u>90,395.30</u>	<u>85,546.90</u>
<b>EXPENDITURE</b>			
Materials Consumed	16	45,157.84	44,867.35
Purchase of Finished Goods (Refer Note No. 20(b) in Schedule 20)		6,181.03	5,977.86
(Increase)/Decrease in Closing Stock of Finished Goods and Work in Process	17	(1,000.14)	(288.40)
Operating Expenses	18	22,738.95	21,768.71
Interest Charges	19	267.16	325.58
Depreciation/Amortisation		1,831.03	2,294.93
		<u>75,175.87</u>	<u>74,946.03</u>
		<u>15,219.43</u>	<u>10,600.87</u>
<b>PROFIT BEFORE TAXATION</b>			
Provision for Taxation			
— Current Tax		(4,507.38)	(2,934.00)
— For prior years		(182.57)	(59.00)
— Deferred Tax - charge (Net) (Refer Note No. 15 in Schedule 20)		(425.55)	(307.00)
— Fringe Benefits Tax		-	(171.50)
		<u>(5,115.50)</u>	<u>(3,471.50)</u>
<b>PROFIT AFTER TAXATION</b>			
Balance brought forward from previous year		10,103.93	7,129.37
		<u>18,320.81</u>	<u>14,919.97</u>
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>			
		<u>28,424.74</u>	<u>22,049.34</u>
<b>APPROPRIATIONS</b>			
Transfer to/(from):			
Capital Redemption Reserve		8,800.00	-
Preference Dividend		224.22	660.00
Distribution Tax on Preference Dividend		38.11	112.17
Interim Dividend on Equity Shares		958.77	-
Distribution Tax on Interim Dividend		162.94	-
Proposed Equity Dividend		1,296.46	1,917.53
Distribution Tax on Proposed Equity Dividend		215.33	325.89
General Reserve		1,010.39	712.94
Balance carried to Balance Sheet		15,718.52	18,320.81
		<u>28,424.74</u>	<u>22,049.34</u>
Basic and Diluted Earnings per share Rs.(Refer Note No. 24 in Schedule 20)		79.57	53.04
Nominal value per share in Rs.		10.00	10.00
Notes to the Accounts	20		

Schedules referred to above form an integral part of the Profit and Loss Account and should be read in conjunction therewith. In terms of our Report of even date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner

Mumbai, 22nd April, 2010

HOMI R. KHUSROKHAN  
B. D. BANERJEE  
E. A. KSHIRSAGAR  
S. RAMANATHAN  
PRAKASH R. RASTOGI  
BHARAT VASANI  
VENKATRAO S. SOHONI  
K. P. PRABHAKARAN NAIR  
R. MUKUNDAN

} Directors

R. GOPALAKRISHNAN *Chairman*

V. SHANKAR *Managing Director & CEO*

P. S. MEHERHOMJI *GM – Legal & Company Secretary*



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Rs. lacs

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before Taxation</b>	<b>15,219.43</b>	10,600.87
<u>Adjustments for :</u>		
Depreciation/Amortisation	<b>1,831.03</b>	2,294.93
Capital work in progress written off	<b>398.44</b>	-
Interest (Net)	<b>227.16</b>	299.69
Voluntary Retirement Compensation - Amortised	<b>824.86</b>	397.48
Voluntary Retirement Compensation - Paid	<b>(112.35)</b>	(1037.24)
Income from Investments	<b>(516.44)</b>	(254.32)
Provision for Compensated Absences	<b>23.11</b>	86.38
Provision for Supplemental Payments & Pension	<b>2.21</b>	(2.46)
Provision for Gratuity	<b>(473.18)</b>	355.54
Waiver of Loan under Sales Tax Deferral Scheme	-	(95.62)
(Profit)/Loss on Sale of Assets (net) (includes assets w/off)	<b>(110.89)</b>	168.59
Unrealised foreign exchange translation loss/(gain) on Borrowings	-	21.46
Unrealised foreign exchange translation loss/(gain) on Hedge Reserve	<b>14.13</b>	-
(Profit)/Loss on Sale of Investments (net)	- <b>2,108.08</b>	(3.30) 2,231.13
<b>Operating Profit before working capital changes</b>	<b>17,327.51</b>	12,832.00
<u>Adjustments for:</u>		
Trade and other Receivables	<b>4,848.15</b>	(1,169.04)
Inventories	<b>(97.63)</b>	(181.83)
Trade Payables	<b>5,851.51</b> <b>10,602.03</b>	5,408.31 4,057.44
<b>CASH GENERATED FROM OPERATIONS</b>	<b>27,929.54</b>	16,889.44
Direct Taxes paid (Net of refund received)	<b>(6,571.48)</b>	(3,077.48)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>21,358.06</b>	13,811.96
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(10,297.88)</b>	(6,563.75)
Proceeds on sale of Fixed Assets	<b>811.12</b>	115.53
Purchase of Investments	<b>(73,184.70)</b>	(19,551.74)
Proceeds on sale of Investments	<b>73,216.36</b>	11,672.18
Deposits pledged with Banks and Government Authorities	<b>(12.11)</b>	17.78
Advance received against sale of assets	<b>241.00</b>	-
Interest/Dividend received	<b>78.82</b>	65.25
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES (B)</b>	<b>(9,147.39)</b>	(14,244.75)





	Rs. lacs	
	<b>For the year ended 31st March, 2010</b>	<i>For the year ended 31st March, 2009</i>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of Equity Share Capital	<b>8,903.40</b>	-
Share issue expenses	<b>(11.52)</b>	-
Redemption of Preference Share Capital	<b>(8,800.00)</b>	-
Long Term Borrowing repaid	<b>(60.47)</b>	(182.58)
Long Term Borrowing taken	<b>110.38</b>	93.02
(Repayment) of /Proceeds from Short Term Borrowings (Net)	<b>(7,293.74)</b>	3,829.57
Interest paid	<b>(278.62)</b>	(323.33)
Dividend and taxes thereon paid	<b>(4,399.63)</b>	(3,015.59)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES (C)</b>	<b>(11,830.20)</b>	401.09
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>380.47</b>	(31.70)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
Cash in Hand	<b>34.82</b>	5.47
Balances with Scheduled Banks on Current Account	<b>547.08</b>	608.13
	<b>581.90</b>	613.60
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
Cash in Hand	<b>2.31</b>	34.82
Balances with Scheduled Banks on Current Account	<b>960.06</b>	547.08
	<b>962.37</b>	581.90
Notes to the Accounts - see Schedule No. 20		
Footnotes :		
Cash and cash equivalents as above	<b>962.37</b>	581.90
Restricted Bank Balance	<b>40.09</b>	30.59
Balances with Scheduled Banks;		
On Fixed Deposit Accounts (over three months maturity)	<b>9.71</b>	9.22
On Fixed Deposit as Margin Money against Bank Guarantees	<b>105.10</b>	93.48
	<b>114.81</b>	102.70
<b>CASH AND BANK BALANCES AS PER SCHEDULE 9</b>	<b>1,117.27</b>	715.19

Schedules referred to above form an integral part of the Cash Flow Statement and should be read in conjunction therewith. In terms of our Report of even date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner

Mumbai, 22nd April, 2010

HOMI R. KHUSROKHAN  
B. D. BANERJEE  
E. A. KSHIRSAGAR  
S. RAMANATHAN  
PRAKASH R. RASTOGI  
BHARAT VASANI  
VENKATRAO S. SOHONI  
K. P. PRABHAKARAN NAIR  
R. MUKUNDAN

Directors

R. GOPALAKRISHNAN *Chairman*

V. SHANKAR *Managing Director & CEO*

P. S. MEHERHOMJI *GM - Legal & Company Secretary*



## SCHEDULES 1 TO 20 FORMING PART OF THE ACCOUNTS

		Rs. lacs	
		As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE 1. CAPITAL :-</b>			
Authorised :			
50,000,000	Equity Shares of Rs. 10/- each	5,000.00	5,000.00
150,000,000	Cumulative Redeemable Preference Shares of Rs. 10/- each	15,000.00	15,000.00
		<b>20,000.00</b>	<b>20,000.00</b>
Issued and Subscribed :			
12,964,593	Equity Shares of Rs. 10/- each fully paid-up	1,296.46	1,198.46
(11,984,593)	paid-up	0.02	0.02
	Add: Amount paid-up on forfeited shares	<b>1,296.48</b>	1,198.48
	– 7.5% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid-up	–	8,800.00
(88,000,000)		<b>1,296.48</b>	<b>9,998.48</b>

- Notes: (1) Of the above equity shares, 2,604,140 shares of Rs. 10/- each were allotted as fully paid-up pursuant to contracts without payment being received in cash and 1,144,700 shares of Rs. 10/- each were issued as fully paid up Bonus Shares by capitalisation from General Reserve.
- (2) Of the above issued and subscribed capital, 6,489,441 equity shares (including 980,000 equity shares issued by the Company on a preferential basis on 9th November, 2009) are held by Tata Chemicals Limited (TCL). Consequently, TCL has become the holding company with effect from 9th November' 2009.
- (3) 88,000,000 7.5% Cumulative Redeemable Preference Shares of Rs. 10/- each, of an aggregate value of Rs. 880,000,000/- were allotted on a "Private Placement" basis on 3rd February, 2004 and were redeemed on 3rd August, 2009.

## SCHEDULE 2. RESERVES AND SURPLUS :-

		Rs. lacs							
		As at 31st March, 2009	Additions	Deductions	As at 31st March, 2010	As at 31st March, 2008	Additions	Deductions	As at 31st March, 2009
Capital Reserve		1,680.93	–	–	1,680.93	1,680.93	–	–	1,680.93
Capital Redemption Reserve		–	8,800.00 *	–	8,800.00	–	–	–	–
Securities Premium		–	8,793.88 !	–	8,793.88	–	–	–	–
Capital Subsidy		63.58	–	–	63.58	63.58	–	–	63.58
Investment Allowance Reserve		17.80	–	–	17.80	17.80	–	–	17.80
Reserve under Sec. 45IC of the RBI Act, 1934		10.39	–	–	10.39	10.39	–	–	10.39
Hedging Reserve Account		–	111.54 #	–	111.54	–	–	–	–
General Reserve		4,775.70	1,010.39	–	5,786.09	4,062.76	712.94	–	4,775.70
Profit & Loss Account		6,548.40	18,715.81	12,706.22	25,264.21	5,835.46	712.94	–	6,548.40
		18,320.81	10,103.93	12,706.22	15,718.52	14,919.97	7,129.37	3,728.53	18,320.81
		24,869.21	28,819.74	12,706.22	40,982.73	20,755.43	7,842.31	3,728.53	24,869.21

\* Represents Capital Redemption Reserve created out of profit at the time of redemption of Cumulative Redeemable Preference Shares of Rs. 8,800.00 lacs.

! Represents premium (net of share issue expenses of Rs. 11.52 lacs) received on issuance of 9,80,000 equity shares of Rs.10 each at a premium of Rs. 898.51 per share.

# Refer Note No. 28 in Schedule 20.





### SCHEDULE 3. SECURED LOANS :-

(Refer Note Nos. 6, 7 and 8 in Schedule 20)

Loans from Banks :

Bank overdrafts and temporary loans

Loans from entities other than Banks and Financial Institutions

(Note : Amount repayable within one year in respect of loans other than bank overdrafts

**Rs. 0.33 lacs ; Previous Year Rs. 26.17 lacs)**

### SCHEDULE 4. UNSECURED LOANS :-

Short Term Loan From Banks

Other Loans and advances

Payable under Sales Tax Deferral Scheme

(Note : Amount repayable within one year **Rs. 21.67 lacs ; Previous Year Rs. 35.21 lacs)**

Rs. lacs	
As at 31st March, 2010	As at 31st March, 2009
<b>160.85</b>	2,454.59
<b>0.33</b>	26.50
<b>161.18</b>	2,481.09
–	5,000.00
<b>145.55</b>	169.46
<b>504.52</b>	404.53
<b>650.07</b>	5,573.99

### Schedule 5. FIXED ASSETS :-

(Refer Note Nos. 4, 7(b), 8 and 12 in Schedule No. 20)

	Gross Block (at cost)			Depreciation/Amortisation				Net Block		
	As at 31st March, 2009	Additions	Deductions	As at 31st March, 2010	As at 31st March, 2009	For the year	Deductions during the year	31st March, 2010	31st March, 2010	31st March, 2009
<b>Intangible Assets</b>										
Software	948.23	–	–	<b>948.23</b>	745.48	<b>52.00</b>	–	<b>797.48</b>	<b>150.75</b>	202.75
Goodwill	163.63	–	–	<b>163.63</b>	163.63	–	–	<b>163.63</b>	–	–
Studies for registration approvals	493.25	–	–	<b>493.25</b>	123.31	<b>369.94</b>	–	<b>493.25</b>	–	369.94
Total Intangible Assets	1,605.11	–	–	<b>1,605.11</b>	1,032.42	<b>421.94</b>	–	<b>1,454.36</b>	<b>150.75</b>	572.69
<b>Tangible Assets</b>										
Freehold Land	1,960.70	–	<b>1.01</b>	<b>1,959.69</b>	–	–	–	–	<b>1,959.69</b>	1,960.70
Leasehold Land	596.25	–	–	<b>596.25</b>	80.75	<b>5.96</b>	<b>0.02</b>	<b>86.69</b>	<b>509.56</b>	515.50
Buildings (see footnote 1 and 2)	6,377.03	<b>129.93</b>	<b>836.52</b>	<b>5,670.44</b>	2,338.40	<b>169.93</b>	<b>594.29</b>	<b>1,914.04</b>	<b>3,756.40</b>	4,038.63
Plant and Machinery	21,392.62	<b>1,628.48</b>	<b>3,849.91</b>	<b>19,171.19</b>	13,759.08	<b>1,085.34</b>	<b>3,418.78</b>	<b>11,425.64</b>	<b>7,745.55</b>	7,633.54
Furniture, Fixtures and Office Equipments	751.86	<b>21.56</b>	<b>59.42</b>	<b>714.00</b>	384.60	<b>44.08</b>	<b>57.11</b>	<b>371.57</b>	<b>342.43</b>	367.26
Vehicles (see footnote 3)	1,082.08	<b>167.14</b>	<b>56.21</b>	<b>1,193.01</b>	311.57	<b>103.78</b>	<b>32.64</b>	<b>382.71</b>	<b>810.30</b>	770.51
Total Tangible Assets	32,160.54	<b>1,947.11</b>	<b>4,803.07</b>	<b>29,304.58</b>	16,874.40	<b>1,409.09</b>	<b>4,102.84</b>	<b>14,180.65</b>	<b>15,123.93</b>	15,286.14
Total	33,765.65	<b>1,947.11</b>	<b>4,803.07</b>	<b>30,909.69</b>	17,906.82	<b>1,831.03</b>	<b>4,102.84</b>	<b>15,635.01</b>	<b>15,274.68</b>	15,858.83
Previous Year	29,603.96	4,975.16	813.47	33,765.65	16,141.24	2,294.93	529.35	17,906.82	15,858.83	

Footnote :

- Cost of buildings include cost of **50 shares** (Previous year 50 shares) of Rs. 50/- each fully paid and cost of **5 shares** (Previous Year 5 Shares) of Rs. 100/- each fully paid in respect of ownership flats in **7** (Previous Year 7) Co-operative Societies.
- Buildings include an asset having a gross block of **Rs. 181.63 lacs** (Previous Year Rs. 181.63 lacs) and net block of **Rs. 130.06 lacs** (Previous Year Rs. 133.02 lacs) being cost of share in Co-operative Housing Society.
- Vehicles include assets taken under hire purchase agreements costing **Rs. 707.46 lacs** (Previous Year Rs. 707.46 lacs) and having written down value aggregating **Rs. 406.10 lacs** (Previous year Rs. 476.26 lacs).



				Rs. lacs	
		Nos.	Nominal Value Rs.	<b>As at 31st March, 2010</b>	<i>As at 31st March, 2009</i>
<b>SCHEDULE 6. INVESTMENTS :-</b>					
<b>LONG TERM</b>					
(at cost less provision for diminution in value)					
<b>(I) Investment in Subsidiary Company</b>					
Rallis Australasia Pty. Ltd. (wholly owned subsidiary)					
(Nominal value of AUD 1 each)					
	1,000			<b>0.35</b>	0.35
Rallis Chemistry Exports Ltd. (wholly owned subsidiary - shares subscribed during the year.)					
	50,000	10		<b>5.00</b>	-
	A			<b>5.35</b>	0.35
<b>(II) Trade Investments</b>					
(Unquoted-Fully paid):					
Aich Aar Chemicals Pvt. Ltd. – Equity Shares					
	124,002	10		<b>9.31</b>	9.31
Biotech Consortium India Ltd. – Equity Shares					
	50,000	10		<b>5.00</b>	5.00
Indian Potash Ltd. – Equity Shares					
	54,000	10		<b>0.90</b>	0.90
6.50% Bengal Chamber of Commerce & Industry – Debentures (Re. 1)					
	6	1,000		-	-
Bharuch Enviro Infrastructure Ltd. – Equity Shares					
	36,750	10		<b>3.68</b>	3.68
Bharuch Eco-Acqua Infrastructure Ltd. – Equity Shares					
	181,814	10		<b>18.17</b>	18.17
Sipcot Industries Common Utilities Ltd. – Equity Shares (Re. 1)					
	113	100		-	-
Patancheru Enviro-Tech Ltd.- Equity Shares					
	10,822	10		<b>1.08</b>	1.08
Advinus Therapeutics Pvt. Ltd. - Equity Shares					
	18,286,000	10		<b>1,828.60</b>	1,828.60
4.25% Advinus Therapeutics Pvt. Ltd. - Non Convertible Debentures (Refer Note No.27 in Schedule 20)					
	88,000	1,000		<b>880.00</b>	880.00
	B			<b>2,746.74</b>	2,746.74
(Unquoted-Partly paid):					
(Refer Note No.2 (c) in Schedule 20)					
Bharuch Eco-Acqua Infrastructure Ltd. - Equity Shares (Rs.6.34 paid up)					
	118,550	10		<b>7.52</b>	7.52
	C			<b>7.52</b>	7.52
	D=B+C			<b>2,754.26</b>	2,754.26





			Rs. lacs	
			<b>As at 31st March, 2010</b>	<i>As at 31st March, 2009</i>
	Nos.	Nominal Value Rs.		
<b>SCHEDULE 6. INVESTMENTS :- (Contd.)</b>				
<b>(III) Non-Trade Investments</b>				
(Quoted-Fully paid): (see footnote 1)				
Spartek Ceramics India Ltd. – Equity Shares (Re. 1)	7,226	10	–	–
Nagarjuna Finance Ltd. – Equity Shares (Re. 1)	400	10	–	–
Pharmaceuticals Products of India Limited – Equity Shares (Re. 1)	10,000	10	–	–
14% Spartek Ceramics India Limited-Debentures – Redeemable Partly Convertible (Re. 1)	560	60	–	–
Ispat Alloys Ltd. – Equity Shares (Re. 1)	504	10	–	–
J.K. Cement Ltd. – Equity Shares (Re. 1)	44	10	–	–
Uniscans & Sonics Ltd. – Equity Shares (Re. 1)	96	10	–	–
	E		–	–
(Unquoted-Fully paid):				
Amba Trading Company Limited – Equity Shares	130,000	10	<b>53.32</b>	53.32
Associated Inds. (Assam) Ltd. – Equity Shares (Re 1)	30,000	10	–	–
Caps Rallis (Private) Ltd. (Nominal value of Zim. \$ 2 each) – Equity Shares	2,100,000		<b>146.30</b>	146.30
	F		<b>199.62</b>	199.62
	G = E+F		<b>199.62</b>	199.62
<b>TOTAL LONG TERM INVESTMENTS</b>	<b>H = A+D+G</b>		<b>2,959.23</b>	2,954.23
<b>CURRENT INVESTMENTS</b>				
(Lower of the cost and fair value)				
(Refer Note No. 26 in Schedule 20)				
Units of Mutual Funds (see footnote 2)				
Tata Floater Fund – Daily Dividend	15,426,471	10	<b>1,548.14</b>	4,309.70
ICICI Prudential Flexi Income Plan Premium – Daily Dividend	–	–	–	4,259.15
Reliance Money Manager Fund - IP – Daily Dividend	443,463	1,001	<b>4,440.56</b>	–
HDFC Cash Management Fund – Treasury Advantage WP – Daily Dividend	38,270,983	10	<b>3,839.15</b>	–
Tata Liquid Super High Investment Fund – Daily Dividend	130,115	1,115	<b>1,450.16</b>	2,301.52
<b>TOTAL CURRENT INVESTMENTS</b>	<b>I</b>		<b>11,278.01</b>	10,870.37
<b>TOTAL</b>	<b>J = H+I</b>		<b>14,237.24</b>	13,824.60
Less: Provision for diminution in value			<b>208.92</b>	208.92
<b>GRAND TOTAL</b>			<b>14,028.32</b>	13,615.68
<b>Aggregate Book Value of Investments :</b>				
Unquoted – At cost less Provision for diminution in value			<b>14,028.32</b>	13,615.68
Quoted – At cost less Provision for diminution in value			–	–
			<b>14,028.32</b>	13,615.68

Footnotes:

1. Market value of quoted investments **Rs. 0.19 lacs** (Previous Year Rs. 0.08 lacs)
2. Net assets value of units of mutual funds **Rs. 11,278.01 lacs** (Previous Year Rs. 10,870.37 lacs)



	Rs. lacs			
	As at 31st March, 2010		As at 31st March, 2009	
<b>SCHEDULE 7. INVENTORIES :-</b>				
(Refer Note Nos. 6, 7(a), 20(a) and 20(b) in Schedule 20)				
(Valued at lower of the cost and net realisable value)				
Stores and Spare Parts		57.23		92.19
Stock-in-trade:				
Raw Materials (including goods in transit of <b>Rs. 614.89 lacs</b> <i>Previous Year Rs. 762.28 lacs</i> )		4,271.29		5,163.10
Packing Material		659.66		635.40
Work-in-Process		704.78		800.40
Finished Goods		9,131.89	14,767.62	8,036.13
		<u>14,824.85</u>		<u>14,635.03</u>
				<u>14,727.22</u>
<b>SCHEDULE 8. SUNDRY DEBTORS :-</b>				
(Considered good, unless otherwise stated)				
(Refer Note Nos. 2(b), 6, 7(a) and 10 in Schedule 20)				
(a) Debts outstanding for a period exceeding six months:				
(i) Considered Good				
Secured		19.55		32.24
Unsecured		1,291.63		1,214.02
(ii) Considered Doubtful				
Unsecured		1,740.17	3,051.35	3,296.80
(b) Other Debts: Considered Good				
Secured		281.84		361.67
Unsecured		5,957.53		9,828.63
		<u>6,239.37</u>		<u>10,190.30</u>
Gross Debtors		9,290.72		14,733.36
Less: Provision for doubtful debts		1,740.17		3,296.80
		<u>7,550.55</u>		<u>11,436.56</u>
<b>SCHEDULE 9. CASH AND BANK BALANCES :-</b>				
Cash in Hand (including Cheques in Hand of <b>Rs. Nil</b> ; <i>Previous Year Rs. 29.76 lacs</i> )		2.31		34.82
Balances with Scheduled Banks:				
On Current Accounts		1,000.15		577.67
On Fixed Deposit Accounts		9.71		9.22
On Fixed Deposit as Margin Money against Bank Guarantees		105.10	1,114.96	93.48
		<u>1,117.27</u>		<u>680.37</u>
				<u>715.19</u>
<b>SCHEDULE 10. OTHER CURRENT ASSETS :-</b>				
Interest Accrued on Investments		145.91		112.59
		<u>145.91</u>		<u>112.59</u>





	Rs. lacs	
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE 11. LOANS AND ADVANCES :-</b>		
(Unsecured, considered good unless otherwise stated) (Refer Note No. 10 in Schedule 20)		
Advances recoverable in cash or in kind or for value to be received	<b>2,707.81</b>	2,972.71
Advances/Deposits considered doubtful of recovery	<b>4,523.03</b>	4,327.96
Less: Provision for doubtful advances/deposits (Includes Rs. 18.61 lacs due from Rallis Chemistry Exports Ltd.)	<b>4,523.03</b> -	4,327.96      -
Balances with Customs, Port Trust and Central Excise	<b>1,324.32</b>	1,868.66
Advance Income Tax (net of provision)	<b>4,771.58</b>	2,891.12
Advance Fringe Benefit Tax (net of provision)	<b>7.52</b>	3.25
	<b>8,811.23</b>	7,735.74
<b>SCHEDULE 12. CURRENT LIABILITIES :-</b>		
Sundry Creditors (Refer Note No. 5 in Schedule 20)		
Dues to Micro Small and Medium Enterprises (including interest <b>Rs. 28.49 lacs</b> ; Previous Year Rs. 26.96 lacs)	<b>415.69</b>	127.85
Other Creditors	<b>20,165.07</b>	16,300.19
Liability towards Investor Education and Protection Fund (not due):		
Unclaimed Dividends	<b>38.40</b>	27.00
Unclaimed Interest on Debentures	<b>1.69</b>	1.69
Unclaimed Fixed Deposits	-	0.87
Unclaimed Interest on Fixed Deposits	- <b>40.09</b>	1.03      30.59
Customers' security deposits, credit balances and advance against supplies and services to be rendered	<b>4,763.68</b>	2,498.15
Interest accrued but not due on loans	<b>8.64</b>	20.10
Other Liabilities (Refer Note No. 31 in Schedule 20)	<b>552.35</b>	534.55
	<b>25,945.52</b>	19,511.43
<b>SCHEDULE 13. PROVISIONS :-</b>		
Proposed Equity Dividend	<b>1,296.46</b>	1,917.53
Distribution Tax on Proposed Equity Dividend	<b>215.33</b>	325.89
Proposed Preference Dividend	-	660.00
Distribution Tax on Proposed Preference Dividend	-	112.17
Provision for Fringe Benefit Tax (Net of advance tax)	<b>11.29</b>	13.97
Provision for Income Tax (Net of advance tax)	<b>702.75</b>	696.87
Provision for Gratuity (Refer Note No. 30 in Schedule 20)	<b>159.64</b>	632.82
Provision for Leave Encashment	<b>496.36</b>	473.25
Provision for Pension under Voluntary Retirement Schemes	-	3.30
Provision for Supplemental Payments on Retirement (Refer Note No. 30 in Schedule 20)	<b>1,572.68</b>	1,567.17
	<b>4,454.51</b>	6,402.97
<b>SCHEDULE 14. MISCELLANEOUS EXPENDITURE :-</b>		
(to the extent not written off or adjusted)		
Voluntary Retirement Compensation	-	712.51
	-	712.51



	Rs. lacs			
	<b>For the year ended 31st March, 2010</b>		<i>For the year ended 31st March, 2009</i>	
<b>SCHEDULE 15. OTHER INCOME :-</b>				
<b>From Operations</b>				
Excise and Duty Drawback Claims	<b>344.16</b>		651.11	
Scrap and Sundry Sales	<b>536.82</b>		516.36	
Commission	<b>30.50</b>		105.01	
Cash Discount	<b>93.77</b>		148.29	
Sundry Income (Refer Note No.14 in Schedule 20)	<b>1,178.91</b>	<b>2,184.16</b>	524.31	1,945.08
<b>Others</b>				
Profit on Sale of Investments (net)		-		3.30
Profit on Sale of Fixed Assets (net)		<b>110.89</b>		-
Rent		<b>30.45</b>		33.79
Interest Income :				
Trade Accounts	-		0.88	
Interest on term and fixed deposits (Amount is gross of TDS of <b>Rs. 1.29 lacs</b> ; Previous Year Rs. 3.55 lacs)	<b>40.00</b>	<b>40.00</b>	25.01	25.89
Income from Investments :				
Dividend from Long Term Trade Investments	<b>1.42</b>		1.96	
Dividend from Other Current Investments	<b>444.30</b>		181.64	
Interest from Long Term Trade Investments (Amount is gross of TDS of <b>Rs. 6.09 lacs</b> ; Previous Year Rs. 8.47 lacs)	<b>70.72</b>	<b>516.44</b>	70.72	254.32
		<b>697.78</b>		317.30
		<b>2,881.94</b>		2,262.38
<b>SCHEDULE 16. MATERIALS CONSUMED :-</b>				
(Refer Note Nos.11,19 and 23 in Schedule 20)				
Raw Materials Consumed				
Opening Stock	<b>5,163.10</b>		5,282.65	
Add: Purchases	<b>40,738.37</b>		41,903.66	
Less: Closing Stock	<b>4,271.29</b>	<b>41,630.18</b>	5,163.10	42,023.21
Packing Materials Consumed		<b>3,527.66</b>		2,844.14
		<b>45,157.84</b>		44,867.35
<b>SCHEDULE 17. (INCREASE)/DECREASE IN CLOSING STOCKS OF FINISHED GOODS AND WORK-IN-PROCESS :-</b>				
(Refer Note No.20 (a) and 20 (b) in Schedule 20)				
Opening Stock				
Finished Goods	<b>8,036.13</b>		7,823.54	
Work in Process	<b>800.40</b>	<b>8,836.53</b>	724.59	8,548.13
Closing Stock				
Finished Goods	<b>9,131.89</b>		8,036.13	
Work in Process	<b>704.78</b>	<b>9,836.67</b>	800.40	8,836.53
		<b>(1,000.14)</b>		(288.40)





	Rs. lacs			
	<b>For the year ended 31st March, 2010</b>		<i>For the year ended 31st March, 2009</i>	
<b>SCHEDULE 18. OPERATING EXPENSES :-</b>				
(Refer Note No. 8, 9, 11, 13 (a), 13 (b), 14, 23 and 30 in Schedule 20)				
Personnel Cost :				
Salaries, Wages, Commission, Bonus etc.	<b>5,475.47</b>		5,426.70	
Gratuity	<b>342.53</b>		486.60	
Voluntary Retirement Compensation Amortised	<b>824.86</b>		397.48	
Staff Provident, Superannuation and Other Funds	<b>383.96</b>		382.31	
Staff Welfare	<b>471.20</b>	<b>7,498.02</b>	580.76	7,273.85
Freight, Handling and Packing		<b>1,951.01</b>		1,918.35
Processing		<b>902.38</b>		565.95
Changes in Excise Duty on Inventory of Finished Goods		<b>164.75</b>		(107.84)
Travelling		<b>498.16</b>		512.19
Power and Fuel		<b>1,937.72</b>		1,960.10
Brand Equity Contribution		<b>119.81</b>		111.97
Repairs :				
to Machinery	<b>326.15</b>		289.95	
to Buildings	<b>75.29</b>		61.03	
Others	<b>327.33</b>	<b>728.77</b>	289.38	640.36
Stores and Spares Consumed		<b>402.80</b>		354.07
Rates and Taxes		<b>215.07</b>		196.27
Bad Debts		<b>1,556.63</b>		2,003.51
Cash Discount		<b>1,496.69</b>		1,412.80
Commission		<b>124.42</b>		341.31
Insurance		<b>162.66</b>		109.86
Rent		<b>354.08</b>		632.92
Bank Charges		<b>369.27</b>		530.93
Directors' Fees & Commission		<b>193.60</b>		96.80
Provision for Doubtful Debts/Advances for the year	<b>195.07</b>		198.34	
Less: Provision for doubtful debts written back	<b>1,556.63</b>	<b>(1,361.56)</b>	2,003.51	(1,805.17)
Selling Expenses		<b>1,549.57</b>		1,129.28
Legal and Professional Expenses		<b>858.68</b>		574.35
Loss on Sale of Fixed Assets (net)		-		168.59
Other Expenses		<b>3,016.42</b>		3,148.26
		<b>22,738.95</b>		21,768.71
<b>SCHEDULE 19. INTEREST CHARGE :-</b>				
Loans for fixed term		<b>240.67</b>		35.25
Other interest		<b>26.49</b>		290.33
		<b>267.16</b>		325.58



**Schedule 20: NOTES TO THE ACCOUNTS :-****1. Significant Accounting Policies :-****(a) Basis of Accounting**

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956. All income and expenditure having material bearing on the financial statements are recognised on accrual basis.

**(b) Use of Estimates**

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

**(c) Fixed Assets and Depreciation/Amortisation****(i) Tangible fixed assets and depreciation**

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition cost are delivery and handling costs, installation, legal services and consultancy services.

Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation is provided on a straight line basis at rates and in the manner specified in Schedule XIV to the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates. Fixed assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. Extra shift depreciation is applied to applicable items of plant and machinery for days additional shifts are worked. Freehold land is not depreciated since it is deemed to have an indefinite economic life. The premium paid for acquiring leasehold land is amortised over the period of lease on a straight line basis.

**(ii) Intangible assets and amortisation**

Intangible assets other than goodwill are valued at cost less amortisation. These generally comprise of costs incurred to acquire computer software licences and implement the software for internal use (including software coding, installation, testing and certain data conversion) as well as costs paid to acquire studies for obtaining approvals from registration authorities of products having proven technical feasibility.

Research costs are charged to earnings as they arise.

Costs incurred for applying research results or other knowledge to develop new products, are capitalised to the extent that these products or registrations are expected to generate future financial benefits. Other development costs are expensed as and when they arise.

Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities, calculated on the date of acquisition, on the share in the acquired company's assets acquired by the Company.

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

Amortisation takes place on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Profit and Loss Account.

**(d) Impairment of assets**

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts





of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**(e) Investments**

Long term investments are valued at cost, less provision for diminution other than temporary, in value, if any. Current investments are valued at the lower of cost and fair value.

**(f) Inventory**

Inventories are valued at the lower of cost and net realisable value.

In the case of raw materials, packing materials, stores and spare parts and traded finished goods, cost are determined in accordance with the continuous moving weighted average principle. Costs include the purchase price, non-refundable taxes and delivery and handling costs.

Cost of finished goods and work-in-progress are determined using the absorption costing principles. Cost includes cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of finished goods.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

**(g) Revenue Recognition**

Sales include products and services, net off trade discounts and exclude sales tax, state value added tax and service tax.

With regard to sale of products, income is reported when practically all obligations connected with the transaction risks and rights to the buyer have been fulfilled. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

Income recognition for services takes place as and when the services are performed.

Amounts received from customers specifically towards setting up/expansion of manufacturing facilities, linked to a contractual arrangement for supply of specified quantities of product manufactured from the said facilities at pre-determined prices, are treated as current liabilities and recognised as revenue in the Profit and Loss Account over the contracted period of supply in proportion to the quantities dispatched from the increased capacity.

**(h) Financial Income and Borrowing Cost**

Financial income and borrowing cost include interest income on bank deposits and interest expense on loans.

Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield. The effective interest is determined on the basis of the terms of the cash flows under the contract including related fees, premiums, discounts or debt issuance costs, if any.

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

**(i) Foreign Currency Transactions**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are valued at year end rates, and unrealised translation differences are included in the Profit and Loss Account.

Investments in foreign currency (non-monetary items) are reported using the exchange rate at the date of the transaction.

The Company's forward exchange contracts are not held for trading or speculation. The premium/discount arising on entering into such contract is amortised over the life of such contracts and exchange differences arising on such contracts are recognised in the Profit and Loss Account.

**Hedge Accounting**

The Company uses currency option contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such currency option contracts in a cash flow



hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30 – Financial Instruments: Recognition and Measurement.

These contracts are stated at fair value at each reporting date. Changes in the intrinsic value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in Hedging Reserve Account under Reserves and Surplus, net of applicable deferred income taxes. The ineffective portion and the time value is recognised immediately in the profit and loss account.

Amounts accumulated in Hedging Reserve Account are reclassified to Profit and Loss Account in the same periods during which the forecasted transaction affects the Profit and Loss Account.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Profit and Loss Account for the period.

**(j) Employee Benefits**

**(i) Short Term**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

**(ii) Long Term**

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

- **Defined-contribution plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

- **Defined-benefits plans**

Expenses for defined-benefit gratuity and supplemental payment plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

**(iii) Other Employee Benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**(k) Deferred Revenue Expenditure**

Expenditure incurred on voluntary retirement schemes are amortised on a straight line basis over the estimated period of payback which does not exceed five years. The period of deferral does not extend beyond 31st March, 2010.

**(l) Taxes on Income**

The Company's income taxes include taxes on the Company's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.





Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

**(m) Lease Accounting**

**(i) Operating Leases**

Lease of an asset whereby the lessor essentially remains the owner of the asset is classified as operating lease. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

**(ii) Finance Leases**

Assets taken on finance lease after 1st April, 2001, are capitalised at fair value or net present value of the minimum lease payments, whichever is lower.

Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per the Company's accounting policy on depreciation as stated above. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged in accordance with the Company's depreciation policy as stated above or in a straight line basis over the lease period, whichever is shorter.

Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

**(n) Segment Reporting**

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated Revenue/Expenses/Assets/Liabilities".

**(o) Provisions and Contingencies**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

**(p) Cash Flow Statements**

Cash flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard (AS) 3 – Cash Flow Statements as prescribed under section 211(3C) of the Indian Companies Act, 1956.

**(q) Cash and Cash Equivalents**

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

**(r) Earnings per Share**

Basic Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.



	Rs. lacs	
	As at 31st March, 2010	As at 31st March, 2009
<b>2. Contingent Liabilities :-</b>		
(a) Demand contested by the Company		
– Sales tax	1,917.82	1,651.18
– Excise duty	378.77	378.77
– Customs Duty	144.10	144.10
– Income Tax	3,754.60	1,455.55
– Service tax	1.85	1.85
– Property cases	47.36	63.56
– Labour cases	156.71	197.86
– Other Cases	449.82	536.87
– Number of cases where amount is not quantifiable 31 Nos.; (Previous Year 26 Nos.)		
(b) Bills discounted	Nil	987.36
(c) Uncalled partly paid shares held as Investments	4.34	4.34
(d) The Company has given a guarantee to a bank against the borrowings of its subsidiary. As at 31st March, 2010, the amount outstanding in respect of the borrowing in the financial statements of the subsidiary amounts to Rs. Nil (AUD Nil) (Previous Year Rs. 192.38 lacs) (AUD 0.55 million).		
(e) Other guarantees given to Government authorities for which the Company is contingently liable to Rs. 2.00 lacs (Previous Year Rs. 41.60 lacs).		
The Company does not expect any liability in respect of item (a), (b), (d) and (e) to devolve in respect of its exposure and therefore no provision has been made in respect thereof.		
3. Estimated amount of contracts remaining to be executed on capital account is Rs. 8,550.75 lacs (Previous Year Rs. 1,703.28 lacs) including advances paid aggregating Rs. 3,145.49 lacs (Previous Year Rs. 1,083.94 lacs).		
4. Fixed assets include Rs. 720.14 lacs (Previous Year Rs. 769.52 lacs) representing the book value of assets held for disposal. The Management expects to recover amounts higher than the carrying value of these assets.		
5. Amount payable to Micro, Small and Medium Enterprises are as follows:		
a. The total amount of delayed payments during the year aggregated to Rs. 1,174.14 lacs in respect of 106 parties (Previous Year Rs. 514.02 lacs in respect of 117 parties with amounts ranging from Rs. 0.01 lac to Rs. 61.74 lacs) with amounts ranging from Rs. 0.01 lac to Rs. 34.61 lacs.		
b. The amount of principal outstanding in respect of the above as at Balance Sheet date is Rs. 387.20 lacs in respect of 90 parties (Previous Year Rs. 100.89 lacs in respect of 30 parties with amounts ranging from Rs. 0.06 lacs to Rs. 17.66 lacs) with amounts ranging from Rs. 0.01 lac to Rs. 171.41 lacs.		
c. The total interest payable on account of delayed payment aggregates to Rs. 28.49 lacs (Previous Year Rs. 26.96 lacs) and this entire amount was outstanding as at the year end.		
6. The charge in favour of the Company's bankers by way of hypothecation of stocks and receivables has been created to secure facilities granted by the bankers in the normal course of business including guarantees executed, bank overdrafts and temporary loans.		
<b>7. Secured Loans :-</b>		
a. Bank overdrafts and temporary loans have been secured by a first charge by way of hypothecation of stocks and receivables.		
b. Loans from others on account of purchase of vehicles have been secured by way of hypothecation of vehicles.		
8. The Company has procured certain equipments under a non-cancellable operating lease which has expired last year. There are no future lease rentals payable by the Company against the operating lease arrangements as at the year end. Lease rent charged to Profit and Loss Account during the year is Rs. Nil (Previous Year Rs. 234.47 lacs).		





Premises are taken by the Company on operating leases that are cancellable.

The Company has acquired certain vehicles under hire purchase arrangements. These arrangements are non-cancellable. The fair value of such assets aggregates Rs. 406.10 lacs (*Previous Year Rs. 476.26 lacs*). The total minimum lease payments (MLP) in respect thereof and present value of future lease payments, discounted at the interest rates implicit in the lease are as follows:

Due	Rs. lacs					
	31.03.2010			31.03.2009		
	MLP			MLP		
	Principal	Interest	Total	Principal	Interest	Total
Within 1 Year	0.33	0.01	0.34	26.17	0.79	26.96
Over 1 year but less than 5 years	-	-	-	0.33	0.01	0.34

The legal title, in the said vehicle remains with the Company. The hire purchase arrangements provide for revision of hire purchase instalments in the event of changes in taxes, if any, leviable on hire purchase instalments.

The terms of hire purchases do not contain any exceptional/restrictive covenants.

**9. Other Expenses include :-**

	Rs. lacs	
	2009-10	2008-09
Auditors' Remuneration		
Audit Fees	46.98	46.98
Tax Audit	10.00	10.00
Fees for Company Law Matters	0.25	0.25
Fees for other services	49.90	53.56
Reimbursement of out-of-pocket expenses	0.61	-

Service tax which is being claimed for set-off as input credit has not been included in the expenditure above.

10. "Sundry Debtors" include Rs. Nil (*Previous Year Rs. 1,062.87 lacs*), being amount receivable from a company under the same management, Rallis Australasia Pty. Ltd. (RAPL) (wholly owned subsidiary). The maximum amount outstanding during the year was Rs. 1,101.46 lacs (*Previous Year Rs. 1,062.87 lacs*).

Also, included in "Loans and Advances" is a sum of Rs. 18.61 lacs (*Previous Year Rs. Nil*) being amount due from Rallis Chemistry Exports Ltd. The maximum amount outstanding during the year was Rs. 18.61 lacs (*Previous Year Rs. Nil*).

11. Consumption of raw materials, packing materials and stores and spare parts includes provisions of Rs. 340.92 lacs (*Previous Year Rs. 280.95 lacs*) for slow, non-moving and damaged stocks.
12. The Company has incurred the following expenses on research and development activity:

	Rs. lacs	
	2009-10	2008-09
On tangible fixed assets	90.35	18.59
On items which have been expensed during the year *	305.14	231.69
Total	395.49	250.28

\* includes amount of Rs. 129.37 lacs (*Previous Year Rs. 51.02 lacs*) paid to an external agency.

During the year the Company has also incurred Rs. 271.31 lacs (*Previous year Rs. 762.22 lacs*) towards product development and registration which is included under Capital Work In Progress (CWIP). Total amount included in CWIP as on 31st March, 2010 is Rs. 715.57 lacs (*Previous year Rs. 910.22 lacs*). Out of the CWIP a sum of Rs. 398.44 lacs was written off during the year. As the write off did not involve the use of Cash and Cash Equivalents, the same has been excluded from "Investing Activities" in the Cash Flow Statement.



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13. (a) **Computation of net profit in accordance with Section 198 of the Companies Act, 1956 :-**

	Rs. lacs			
	2009-10		2008-09	
Profit for the year before taxation	15,219.43		10,600.87	
<b>Add:</b>				
Provision for doubtful debts and advances	195.07		198.34	
Managerial remuneration	263.75	458.82	157.77	356.11
	<b>15,678.25</b>		<b>10,956.98</b>	
<b>Less:</b>				
Bad debts and advances	1,556.63	1,556.63	2,003.51	2,003.51
Net Profit/(Loss) under section 198 of the Companies Act, 1956	<b>14,121.62</b>		<b>8,953.47</b>	

Commission	2009-10	2008-09
(i) Managing Director*	Rs. 60.00 lacs	Rs. 35.00 lacs
(ii) Non-Whole Time Directors*	Rs. 90.00 lacs	Rs. 35.00 lacs

\* Commission payable to Managing Director and Non-Whole Time Directors for the year 2009-10 does not include short provision of Rs. 5 lacs respectively for Previous Year (Previous Year short provision – Nil).

(b) **Directors' remuneration :-**

	Rs. lacs	
	2009-10	2008-09
Salary	31.20	27.60
Contribution to Provident & Superannuation fund	8.42	7.46
Other benefits in cash and kind	30.53	25.91
	70.15	60.97
Commission provided for 2009-10	60.00	35.00
Commission paid for 2008-09	5.00	–
	135.15	95.97
Commission provided to Non-Whole Time Directors 2009-10	90.00	35.00
Commission paid for 2008-09	5.00	–
Directors' Fees	33.60	26.80
	<b>263.75</b>	<b>157.77</b>

The remuneration reported above excludes contributions to gratuity fund and provision for leave encashment since the same are ascertained on an aggregated basis for the Company as a whole by way of actuarial valuation and separate values attributable to the Managing Director are not available.

14. "Other Income" includes net gain of Rs. 134.34 lacs (Previous Year net loss Rs. 452.87 lacs grouped under "Other Expenses") on account of foreign currency translation differences.





15. **Deferred tax assets and liabilities :-**

(a) The components of deferred tax assets and liabilities are as under:

Components	Rs. lacs	
	As at 31st March, 2010	As at 31st March, 2009
<b>Deferred Tax Assets</b>		
On Provision against debts and advances	2,080.55	2,592.49
On other items	445.68	210.62
<b>Total</b>	<b>2,526.23</b>	<b>2,803.11</b>
<b>Deferred Tax Liabilities</b>		
On fiscal allowance on fixed assets	1,847.63	1,787.31
On other items	143.83	–
<b>Total</b>	<b>1,991.46</b>	<b>1,787.31</b>
<b>Net Deferred Tax Asset Recognised</b>	<b>534.77</b>	<b>1,015.80</b>

(b) Deferred tax charge for the year:

Year ended	Rs. lacs	
	As at 31st March, 2010	As at 31st March, 2009
Opening Net Deferred Tax Asset	1,015.80	1,322.80
Less: Closing Deferred Tax Asset	534.77	1,015.80
Less: Debited to hedging reserve account	55.48	–
Deferred Tax charge for the year	425.55	307.00

16. **Segment Reporting :-**

The Company has determined its business segment as “Agri - Inputs” comprising of Pesticides, Plant Growth Nutrients and Seeds. The other business segment comprises “Fine Chemicals” and is non-reportable.

a. **Primary Segment Information**

	Business Segments		Total
	Agri-Inputs	Others (non-reportable)	
<b>REVENUE</b>			
<b>Total External Revenue</b>	89,498.12	340.74	89,838.86
	84,659.73	603.66	85,263.39
Total Inter-Segment Revenue	–	–	–
	–	–	–
<b>Segment Revenue</b>	89,498.12	340.74	89,838.86
	84,659.73	603.66	85,263.39
Unallocable Revenue			556.44
			283.51
<b>Total Revenue (A)</b>			90,395.30
			85,546.90



	Business Segments		Rs. lacs
	Agri-Inputs	Others (non-reportable)	Total
<b>RESULTS</b>			
<b>Segment Results (B)</b>	15,084.14	(18.03)	15,066.11
	10,774.32	(9.86)	10,764.46
Unallocable Income (Net of unallocable expenses)			420.48
			161.99
<b>Operating Profit/(Loss)</b>			15,486.59
			10,926.45
Interest Expenses			267.16
			325.58
<b>Profit/(Loss) before taxation</b>			15,219.43
			10,600.87
Taxation			(5,115.50)
			(3,471.50)
<b>Profit/(Loss) after taxation</b>			10,103.93
			7,129.37
<b>OTHER INFORMATION</b>			
<b>ASSETS</b>			
<b>Segment Assets (C)</b>	53,601.70	285.88	53,887.58
	49,811.66	572.06	50,383.72
<b>Unallocated assets</b>			19,602.91
			17,741.14
<b>Total Assets</b>			73,490.49
			68,124.66
<b>LIABILITIES</b>			
<b>Segment Liabilities (D)</b>	26,518.71	34.08	26,552.79
	20,499.19	67.62	20,566.81
Unallocated Liabilities			4,658.49
			13,402.67
<b>Total Liabilities</b>			31,211.28
			33,969.48
<b>CAPITAL EXPENDITURE</b>			
<b>Total Cost incurred during the year to acquire Segment Assets (E)</b>	10,641.51	–	10,641.51
	6,569.99	–	6,569.99
Unallocated Capital Expenditure			–
			–
<b>Total Cost incurred during the year to acquire assets</b>			10,641.51
			6,569.99





	Business Segments		Rs. lacs
	Agri-Inputs	Others (non-reportable)	Total
<b>DEPRECIATION</b>			
<b>Segment Depreciation (F)</b>	1,791.24	39.79	1,831.03
	<i>2,265.95</i>	<i>28.98</i>	<i>2,294.93</i>
Unallocated Depreciation			-
			-
<b>Total Depreciation</b>			1,831.03
			<i>2,294.93</i>
<b>NON-CASH EXPENSES</b>			
<b>Segment Non-Cash expenses other than Depreciation/ Amortisation (G)</b>	1,150.40	-	1,150.40
	<i>631.97</i>	-	<i>631.97</i>
<b>Total Non-Cash expenses</b>			1,150.40
			<i>631.97</i>

Figures in italics relate to the previous year.

**b. Secondary Segment Information**

	Rs. lacs	
	2009-10	2008-09
1. Segment Revenue		
(a) India	70,592.66	55,789.28
(b) Outside India	19,246.20	29,474.11
<b>Total</b>	<b>89,838.86</b>	<b>85,263.39</b>
2. Segment Assets		
(a) India	48,453.72	42,095.92
(b) Outside India	5,433.86	8,287.80
<b>Total</b>	<b>53,887.58</b>	<b>50,383.72</b>
3. Cost incurred during the Year to acquire Segment Assets		
(a) India	10,641.51	6,569.99
(b) Outside India	-	-
<b>Total</b>	<b>10,641.51</b>	<b>6,569.99</b>

Figures in italics relate to the previous year.

All tangible and intangible fixed assets of the Company are situated in India and therefore cost incurred during the year for acquisition of such assets under different geographic segments is not furnished.

Footnotes:

- (i) Unallocable assets include Deferred Tax Assets, Investments, Advance Income Tax, Advance Fringe Benefits Tax, Interest Accrued on Investments.
- (ii) Unallocable liabilities includes Secured Loans, Unsecured Loans, Provisions for Equity Dividend and tax thereon, Provisions for Preference Dividend and tax thereon, Provision for Supplemental Payments on Retirement, Provision for Pension under Voluntary Retirement Schemes, and Provision for Income and Fringe Benefit Tax.
- (iii) Unallocable income includes income from investment activities.
- (iv) Unallocable expenditure includes charge in respect of Supplemental Payments on Retirement valued on actuarial basis.



17. Turnover :-

	Units	Rs. lacs			
		2009-10		2008-09	
		Quantity	Value	Quantity	Value
Pesticides	Tonnes	14,916	91,315.49	13,452	88,159.63
	KL	11,115		8,606	
Plant Growth Nutrients	Tonnes	1,105	1,322.91	755	1,142.15
	KL	84		95	
Seeds	Tonnes	115	499.55	205	884.38
Tanning Materials	Tonnes	377	210.71	684	497.17
			<b>93,348.66</b>		<b>90,683.33</b>
Less: Excise Duty			<b>5,835.30</b>		<b>7,398.81</b>
Net Turnover			<b>87,513.36</b>		<b>83,284.52</b>

18. Related Party Disclosures :-

Disclosure as required by Accounting Standard (AS) – 18 “Related Party Disclosures” as prescribed under Section 211(3C) of the Companies Act, 1956.

(a) Names of the related parties and description of relationship :

- |                                |   |
|--------------------------------|---|
| (i) Promoters:                 | Tata Tea Limited – up to 18/08/2009<br>Tata Sons Limited – up to 18/08/2009<br>Tata Chemicals Limited<br>Tata Investment Corporation Limited<br>Ewart Investments Limited |
| (ii) Holding Company:          | Tata Chemicals Limited on and from 09/11/2009   |
| (iii) Subsidiary Companies:    | Rallis Australasia Pty. Ltd.<br>Rallis Chemistry Exports Ltd. as and from 07/07/2009  |
| (iv) Key Management Personnel: | Mr. V. Shankar – Managing Director & CEO  |

(b) Details of Transactions :

Nature of Transactions	Holding Company	Subsidiary Companies	Promoters	Key Management Personnel	Rs. lacs
					Total
Purchase of Goods	134.93	–	112.21	–	247.14
	–	–	287.93	–	287.93
Sale of Goods	133.63	183.00	582.63	–	899.26
	–	1,052.84	583.48	–	1,636.32
Brand Equity	–	–	39.81	–	39.81
	–	–	111.97	–	111.97
Services Received	–	–	8.79	–	8.79
	–	–	27.19	–	27.19





Rs. lacs

Nature of Transactions	Holding Company	Subsidiary Companies	Promoters	Key Management Personnel	Total
Loans given to Subsidiary	–	18.61	–	–	18.61
	–	–	–	–	–
Provision for loans given to subsidiary	–	18.61	–	–	18.61
	–	–	–	–	–
Investment in Subsidiary	–	5.00	–	–	5.00
	–	–	–	–	–
Other Expenses	0.71	–	0.02	–	0.73
	–	–	2.70	–	2.70
Preferential Allotment of Equity Shares incl. premium	8,903.40	–	–	–	8,903.40
	–	–	–	–	–
Redemption of Cumulative Redeemable Preference Shares	–	–	4,100.00	–	4,100.00
	–	–	–	–	–
Dividend Paid (Equity)	–	–	1,235.30	–	1,235.30
	–	–	866.78	–	866.78
Dividend Paid (Preference)	–	–	411.97	–	411.97
	–	–	307.50	–	307.50
<b>Debit Balance outstanding as at year end</b>					
– Other Receivables	9.94	–	–	–	9.94
	–	1,062.87	6.18	–	1,069.05
<b>Credit Balance outstanding as at year end</b>					
– Other Payables	34.18	–	–	–	34.18
	–	–	53.34	–	53.34
<b>Amount outstanding as at year end against which guarantee is provided by the Company</b>					
	–	–	–	–	–
	–	192.38	–	–	192.38
<b>Investment as at year end</b>					
	–	5.35	–	–	5.35
	–	0.35	–	–	0.35
<b>Remuneration Paid</b>					
Mr.V.Shankar	–	–	–	135.15	135.15
	–	–	–	95.97	95.97

Figures in italics relate to the previous year.



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Transactions included in (b) above which are in excess of 10% of the total related party transactions of the same type are given below :

Rs. lacs

Nature of Transactions	Rallis Australasia Pty. Ltd.	Rallis Chemistry Exports Ltd.	Tata Chemicals Ltd. up to 08/11/09	Tata Tea Ltd.	Tata Sons Ltd.
Purchase of Goods	-	-	112.23	-	-
	-	-	287.93	-	-
Sale of Goods	183.00	-	580.23	-	-
	1,052.84	-	583.48	-	-
Brand Equity	-	-	-	-	39.81
	-	-	-	-	111.97
Services Received	-	-	-	-	8.79
	-	-	-	-	27.19
Other Expenses	-	-	0.02	-	-
	-	-	-	-	2.70
Redemption of Cumulative Redeemable Preference Shares	-	-	4,100.00	-	-
	-	-	-	-	-
Investments in Subsidiary	-	5.00	-	-	-
	-	-	-	-	-
Loans given	-	18.61	-	-	-
	-	-	-	-	-
Provisions for Loans given to subsidiary	-	18.61	-	-	-
	-	-	-	-	-
Dividend Paid (Equity)	-	-	620.98	470.20	144.12
	-	-	180.24	470.20	144.12
Dividend Paid (Preference)	-	-	291.39	120.58	-
	-	-	217.50	90.00	-

Figures in italics relate to the previous year.





19. **Quantitative and value analysis of materials consumed :-**

	Units	2009-10		2008-09	
		Quantity	Value Rs. lacs	Quantity	Value Rs. lacs
Active Ingredients for pesticides	Tonnes	3,161	15,979.36	2,343	14,410.65
	KL	-	-	-	-
Other Chemicals	Tonnes	41,774	25,191.79	35,171	25,776.54
	KL	423	459.03	519	1,836.02
			<b>41,630.18</b>		<b>42,023.21</b>

20. (a) **Licensed/installed capacities, production and stocks of goods manufactured :-**

	Units	Installed Capacity	Production Quantity	Opening Stocks		Closing Stocks	
				Quantity	Value Rs. lacs	Quantity	Value Rs. lacs
Pesticides							
Solids	Tonnes	16,720	10,916	1,731	6,132.81	2,353	6,029.61
	<i>Tonnes</i>	<i>15,590</i>	<i>9,834</i>	<i>2,068</i>	<i>5,196.48</i>	<i>1,731</i>	<i>6,132.81</i>
Liquids	KL	12,500	11,120	655	1,470.90	959	2,454.72
	<i>KL</i>	<i>11,100</i>	<i>8,368</i>	<i>677</i>	<i>1,451.10</i>	<i>655</i>	<i>1,470.90</i>
Plant Growth Nutrients	Tonnes	N.A.	489	304	91.76	202	159.16
	<i>Tonnes</i>	<i>N.A.</i>	<i>726</i>	<i>288</i>	<i>104.80</i>	<i>304</i>	<i>91.76</i>
Total					<b>7,695.47</b>		<b>8,643.49</b>
					<b>6,752.38</b>		<b>7,695.47</b>

Footnotes :

- Licensed Capacity – Delicensed vide Gazette Notification No.S.O.477 (E) dated 25.07.1991.
- Figures in italics are in respect of the previous year.
- Production figures are net of free issues, free replacements made against breakage, time expiry stocks, sample issues and captive consumption.
- Production includes quantities manufactured at sub-contracting plants. Installed capacity represents Company's in-house facilities.
- N.A. = Not Applicable.

(b) **Purchase and stock of goods traded :-**

	Units	Purchases		Opening Stocks		Closing Stocks	
		Quantity	Value Rs. lacs	Quantity	Value Rs. lacs	Quantity	Value Rs. lacs
a. Pesticides	Tonnes	3,643	3,250.22	145	85.68	120	236.58
	KL	350	2,059.08	17	123.60	29	198.30
	<i>Tonnes</i>	<i>2,962</i>	<i>2,959.87</i>	<i>390</i>	<i>239.51</i>	<i>145</i>	<i>85.68</i>
	<i>KL</i>	<i>243</i>	<i>1,665.67</i>	<i>55</i>	<i>446.16</i>	<i>17</i>	<i>123.60</i>
b. Plant Growth Nutrients	Tonnes	592	99.28	374	4.43	105	19.14
	KL	83	169.52	15	28.05	14	32.64
	<i>Tonnes</i>	<i>-</i>	<i>-</i>	<i>452</i>	<i>30.51</i>	<i>374</i>	<i>4.43</i>
	<i>KL</i>	<i>82</i>	<i>180.69</i>	<i>35</i>	<i>64.21</i>	<i>15</i>	<i>28.05</i>
c. Seeds	Tonnes	94	416.37	40	5.17	6	1.74
	<i>Tonnes</i>	<i>242</i>	<i>760.60</i>	<i>525</i>	<i>110.96</i>	<i>40</i>	<i>5.17</i>
d. Tanning Materials	Tonnes	226	186.56	151	93.73	-	-
	<i>Tonnes</i>	<i>653</i>	<i>411.03</i>	<i>183</i>	<i>179.80</i>	<i>151</i>	<i>93.73</i>
Total			<b>6,181.03</b>		<b>340.66</b>		<b>488.40</b>
			<b>5,977.86</b>		<b>1,071.15</b>		<b>340.66</b>

Footnotes :

- Figures in italics are in respect of the previous year.
- Purchases are net of free issues, free replacements made against breakage, time expiry stocks, sample issues and captive consumption.



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## 21. Value of imports on C.I.F. basis :-

	Rs. lacs	
	2009-10	2008-09
Raw Materials	22,427.90	24,277.88
Components, stores and spare parts	2.76	28.30
Capital Goods	64.26	229.02
Trading Goods	-	1,615.83
<b>Total</b>	<b>22,494.92</b>	<b>26,151.03</b>

## 22. Expenditure in foreign currency :-

	Rs. lacs	
	2009-10	2008-09
Interest	35.30	11.44
Professional Consultancy Charges	0.39	16.82
Other Matters	321.50	372.11
	<b>357.19</b>	<b>400.37</b>

## 23. Value of Imported and Indigenous Materials consumed :-

	Rs. lacs			
	2009-10		2008-09	
	Amount	%	Amount	%
<b>Raw Materials</b>				
Imported (Including Customs Duty)	22,382.66	54%	24,016.98	57%
Indigenous	19,247.52	46%	18,006.23	43%
<b>Total</b>	<b>41,630.18</b>	<b>100%</b>	<b>42,023.21</b>	<b>100%</b>
<b>Packing Materials</b>				
Imported (Including Customs Duty)	2.89	0 %	-	-
Indigenous	3,524.77	100 %	2,844.14	100%
<b>Total</b>	<b>3,527.65</b>	<b>100%</b>	<b>2,844.14</b>	<b>100%</b>
<b>Spare Parts &amp; Components</b>				
Imported (Including Customs Duty)	6.54	2%	56.77	16%
Indigenous	396.26	98%	297.30	84%
<b>Total</b>	<b>402.80</b>	<b>100%</b>	<b>354.07</b>	<b>100%</b>

## 24. Earnings per Share :-

		Rs. lacs	
		2009-10	2008-09
(i)	Net Profit After Tax	10,103.93	7,129.37
	Less: Preference dividend including tax thereon	262.33	772.17
	Profit attributable to Equity Shareholders	9,841.60	6,357.20
(ii)	Weighted average No. of Equity Share for Basic/Diluted EPS (Nos.)*	12,368,538	11,984,593
(iii)	Nominal Value of Equity Per Share	10.00	10.00
(iv)	Basic/Diluted Earning Per Share (in Rs.)	79.57	53.04

\* Weighted average No. of Equity Shares includes 9,80,000 shares issued on 09/11/2009.





25. **Earnings in foreign exchange :-**

	Rs. lacs	
	2009-10	2008-09
Export of Goods on F.O.B. Basis	19,040.84	28,905.81
Commission	30.50	105.01
Freight, insurance and other matters	174.86	463.29
	<b>19,246.20</b>	<b>29,474.11</b>

26. **Statement of purchase and sales of units of mutual funds :-**

Particulars of Investment	Rs. lacs			
	2009-10		2008-09	
	No. of Units	Cost	No. of Units	Cost
<b>(a) Acquired and disposed off during the year</b>				
ICICI Prudential Institutional Liquid Plan Super Institutional Daily Dividend – FV Rs. 10.0220	12,49,87,159	12,526.21	2,85,03,588	2,850.50
ICICI Prudential Institutional Liquid Plan Super Institutional Daily Dividend – FV Rs. 10.0220	1,99,975	200.42	-	-
Reliance Money Manager – IP – Dividend	4,74,461	4,750.00	-	-
Reliance Liquid Fund – Treasury	6,44,39,077	9,850.93	-	-
HDFC Cash Management Fund – Treasury Advantage WP – Daily Dividend	5,78,13,684	5,799.58	-	-
HDFC Cash Management Fund – Saving Plan – Daily Dividend Re-investment	9,68,47,198	10,301.05	-	-
Tata Floater Fund – Dividend	22,88,88,126	22,970.30	2,64,85,457	2,657.97
Prudential ICICI FIP – Dividend – NAV Rs. 10.5735	9,16,47,505	9,690.35	37,83,043	400.00
Prudential ICICI FIP– Dividend – NAV Rs. 105.7350	56,62,755	5,987.51	-	-
Tata Liquid SHIP Fund – Dividend	43,23,330	48,184.37	2,60,313	2,901.24
<b>(b) Acquired during the year and retained as at the year end</b>				
Reliance Money Manager – Dividend	4,43,463	4,440.56	-	-
HDFC Cash Mngt – Treasury	3,82,70,983	3,839.15	-	-
Tata Floater Fund – Dividend	1,54,26,471	1,548.14	4,29,44,151	4,309.70
Prudential ICICI Flexi Inc. Plan – Dividend	-	-	4,02,81,243	4,259.14
Tata Liquid SHIP Fund – Dividend	1,30,115	1,450.16	2,06,504	2,301.53
<b>(c) Sold out of Acquisition of an earlier year</b>				
Tata Floating Fund – Dividend	4,29,44,151	4,309.70	-	-
Tata Liquid SHIP Fund – Dividend	2,06,504	2,301.53	-	-
Prudential ICICI Flexi Inc. Plan – Dividend	4,02,81,243	4,259.14	-	-
Tata Floater Fund – Growth	-	-	2,82,72,105	2,862.47

Out of investments made during the year disclosed above, Rs. 444.30 lacs (Previous Year 181.64 lacs) were on account of dividend reinvestment and Rs. 67,914.74 lacs (Previous Year 5,751.74) were on account of switches not requiring the use of Cash and Cash Equivalents. Therefore, these amounts are not included under “Investing Activities” in the Cash Flow Statement.

27. The Company has invested Rs. 880.00 lacs in Non-Convertible Debentures (NCDs) of Advinus Therapeutics Pvt. Ltd. having a coupon rate of 4.25% and will be redeemed in three equal instalments in the years 2011, 2012 and 2013 at a premium of 25%. Income recognised during the year includes Rs. 33.32 lacs (Previous Year Rs. 33.32 lacs) in respect of redemption premium determined on the basis of the internal rate of return.



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**28. Foreign Currency Exposures :-**

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and currency option contracts to manage its exposure in foreign exchange rate variations. The counter party is generally a bank. These contracts are for a period between one day and four years.

**Derivative Instruments:**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

(a) The following derivative instruments are outstanding as at balance sheet date:

(i) Outstanding Forward Exchange Contracts entered into by the Company

Particulars	As at					
	31/03/2010			31/03/2009		
	No of Contracts	Amount in Millions	Rs. lacs	No of Contracts	Amount in Millions	Rs. lacs
Receivables	6	USD 3.60	1,623.24	3	USD 2.00	1,013.69
	2	AUD 0.88	364.58	Nil	-	-
Payables	5	USD 1.92	865.50	3	USD 2.28	1,155.60
	9	JPY 341.00	1,649.04	9	JPY 267.90	1,373.07

Note: USD = US Dollar; EUR = Euro; JPY = Japanese Yen; AUD = Australian Dollar.

(ii) The following is the outstanding currency option contract, which has been designated as Cash Flow Hedges:

Foreign Currency	31/03/2010			31/03/2009		
	No of Contracts	Notional amount of currency option contracts	Fair Value Gain/ (Loss) Rs. lacs	No of Contracts	Notional amount of currency option contracts	Fair Value Gain/ (Loss) Rs. lacs
	USD	1	8.85 Million	152.90	-	-

USD = U.S. Dollar

The net gain on the derivative instrument of Rs. 111.54 lacs (net of Deferred Tax liability of Rs. 55.48 lacs) is recognised in the Hedging Reserve Account as at 31st March, 2010 of which Rs. 64.49 lacs is expected to be reclassified in the Profit and Loss Account by 31st March, 2011.

(b) The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below.

(i) Amounts receivable in foreign currency on account of the following:-

Particulars	As at			
	31/03/2010		31/03/2009	
	Rs. lacs	Amount in Millions	Rs. lacs	Amount in Millions
Export of goods and services	3,794.15	USD 8.37	7,273.40	USD 12.18
		AUD -		AUD 3.06
		EUR 0.03		EUR 0.03
Investment in subsidiary company	0.35	AUD 0.001	0.35	AUD 0.001





(ii) Amounts payable in foreign currency on account of the following: -

Particulars	As at			
	31/03/2010		31/03/2009	
	Rs. lacs	Amount in Millions	Rs. lacs	Amount in Millions
ECB Loans	-	-	750.66	USD 1.48
Imports of goods and services	5,647.77	USD 12.31	5253.97	USD 8.98
		JPY -		JPY 136.64
		EUR 0.16		EUR -
Customer Advances	130.74	USD 0.29	183.61	USD 0.36

Note: USD = US Dollar; EUR = Euro; JPY = Japanese Yen; AUD = Australian Dollar.

29. **Remittance in foreign currency on account of dividends :-**

	2009-10	2008-09
Year to which it relates to	-	2007-08
Number of non-resident shareholders	-	1
Number of shares of Rs. 10/- each	-	93,816
Amount remitted (Rs. lacs)	-	15.01

30. **Employee Benefit Obligations :-**

**Defined-Contribution Plans**

The Company makes contributions towards provident fund, family pension fund and superannuation fund to defined-contribution retirement benefit plans for qualifying employees. The provident fund is administered by the Trustees of Rallis India Limited Provident Fund Trust, the family pension fund is administered by the Government of India and the superannuation fund is administered by the Life Insurance Corporation of India and HDFC Standard Life Insurance Company Ltd. Under the schemes, the Company is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit. The rules of the Company's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared by the Employees' Provident Fund by the Government under paragraph 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

A sum of Rs. 383.96 lacs (*Previous Year Rs. 382.31 lacs*) has been charged to the revenue account in this respect.

**Defined-Benefits Plans**

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount) and a supplemental pay scheme (a life long pension). Benefits under the defined-benefit plans are typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees, while supplemental pay plan covers certain executives. In the case of the gratuity scheme, the Company contributes funds to Gratuity Trust, which is irrevocable, while the supplemental pay scheme is not funded. Commitments are actuarially determined at year-end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Profit and Loss Account.

The net value of the defined-benefit commitment is detailed below :

Rs. lacs

	Gratuity (Funded Plan)	Supplemental Pay (Unfunded Plan)	Total	Gratuity (Funded Plan)	Supplemental Pay (Unfunded Plan)	Total
	2009-10			2008-09		
Present Value of Commitments	1,501.24	1,572.68	3,073.92	1,238.59	1,567.17	2,805.76
Fair Value of Plans	1,341.60	-	1,341.60	605.77	-	605.77
Net liability in the balance sheet	159.64	1,572.68	1,732.32	632.82	1,567.17	2,199.99



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Defined benefit commitments :						Rs. lacs
	Gratuity (Funded Plan)	Supple- mental Pay (Unfunded Plan)	Total	Gratuity (Funded Plan)	Supple- mental Pay (Unfunded Plan)	Total
	2009-10			2008-09		
Opening balance as at 1st April, 2009	1,238.59	1,567.17	2,805.76	1,138.26	1,569.63	2,707.89
Benefits earned during the year	-	-	-	-	-	-
Current Service Cost	119.46	17.20	136.66	66.84	14.14	80.98
Interest expenses	102.53	106.15	208.68	87.19	129.62	216.81
Paid benefits	(152.94)	(135.96)	(288.90)	(302.73)	(117.63)	(420.36)
Actuarial (gain)/loss	193.60	18.12	211.72	249.03	(28.59)	220.44
Closing balance as at 31st March, 2010	1,501.24	1,572.68	3,073.92	1,238.59	1,567.17	2,805.76

Plan assets : Gratuity		Rs. lacs
	2009-10	2008-09
Opening balance as at 1st April, 2009	605.77	860.98
Expected return on scheme assets	107.60	62.54
Contributions by the Company	815.71	131.06
Paid funds	(152.94)	(302.72)
Actuarial gain/(loss)	(34.54)	(146.09)
Balance with the Trust as at 31st March, 2010	1,341.60	605.77
Closing balance as at 31st March, 2010	1,341.60	605.77

Investment Details:		Rs. lacs
	31.03.2010	31.03.2009
(a) Debentures	545.08	79.89
(b) Equity	174.83	43.59
(c) Government Securities	122.98	19.47
(d) Deposits, Money market Securities & Other Assets	89.51	12.33
(e) Other – Fund managed by other insurer whose pattern of investment is not available with the Company	314.53	366.28
(f) Others	94.67	84.21
Total Asset	1,341.60	605.77

The plan assets are managed by the Gratuity Trust formed by the Company. The management of funds is entrusted with the Life Insurance Corporation of India and HDFC Standard Life Insurance Company Limited.





Return on plan assets : Gratuity

Rs. lacs

	2009-10	2008-09
Expected return on plan assets	107.60	62.54
Actuarial gain/(loss)	(34.54)	(146.07)
Actual return on plan assets	73.06	(83.54)

Expenses on defined benefit plan :

Rs. lacs

	Gratuity (Funded Plan)	Supple- mental Pay (Unfunded Plan)	Total	Gratuity (Funded Plan)	Supple- mental Pay (Unfunded Plan)	Total
	2009-10			2008-09		
Current service costs	119.46	17.20	136.66	66.84	14.14	80.98
Past service cost	-	-	-	-	-	-
Interest expense	102.53	106.15	208.68	87.19	129.62	216.81
Expected return on investment	(107.60)	-	(107.60)	(62.54)	-	(62.54)
Net actuarial (gain)/loss	228.14	18.12	246.26	395.11	(28.59)	366.52
Expenses charged to the profit and loss account	342.53	141.47	484.00	486.60	115.17	601.77

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

	2009-10	2008-09
Rate for discounting liabilities	7.75% p.a.	8.00% p.a.
Expected salary increase rate	8.00% p.a.	6.00% p.a.
Expected return on scheme assets	8.00% p.a.	8.00% p.a.
Mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table

The estimates of future salary increases, considered in the actuarial valuation, take into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

Experience adjustment :

(a) Gratuity

Rs. lacs

	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	1,501.24	1,238.59	1,138.26	806.41
Plan asset	1,341.60	605.77	860.98	558.15
Experience adjustment on plan assets	(34.54)	(146.08)	*	*
Experience adjustment on plan liabilities	(19.50)	25.81	*	*



## Sixty-second annual report 2009-2010

## (b) Supplemental Pay

	Rs. lacs			
	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	1,572.68	1,567.17	1,569.63	1,506.25
Plan assets	-	-	-	-
Experience adjustment on plan assets	-	-	-	-
Experience adjustment on plan liabilities	63.94	(79.49)	*	*

\*The figures in respect of previous two periods are not available.

The contributions expected to be made by the Company during the financial year 2010-11 amount to Rs. 159.64 lacs.

31. **Other Liabilities include Provision held in respect of indirect tax matters in dispute:**

Rs. lacs

Particulars	2009-10	2008-09
Opening Balance as at 1st April, 2009	185.21	25.21
Additional Provisions made during the year	161.27	274.33
Total	346.48	299.54
Payments made adjusted against above sum	(161.27)	(114.33)
Closing Balance as at 31st March, 2010	185.21	185.21

32. Previous year's figures have been regrouped/restated wherever necessary to conform to the classification of the current year.

Signature to Schedules 1 to 20

HOMI R. KHUSROKHAN  
B. D. BANERJEE  
E. A. KSHIRSAGAR  
S. RAMANATHAN  
PRAKASH R. RASTOGI  
BHARAT VASANI  
VENKATRAO S. SOHONI  
K. P. PRABHAKARAN NAIR  
R. MUKUNDAN

Directors

R. GOPALAKRISHNAN *Chairman*  
V. SHANKAR *Managing Director & CEO*  
P. S. MEHERHOMJI *GM - Legal & Company Secretary*

Mumbai, 22nd April, 2010







Sixty-second annual report 2009-2010

**Rallis India Limited**

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies**

Rs. lacs

Name of the subsidiary company	Financial year of the subsidiary company	Number of Shares held by Rallis India Limited	Net aggregate of profits/(losses) thereof for the financial year as concerning the members of Rallis India Limited		Net aggregate of profits/(losses) thereof for previous years as concerning the members of Rallis India Limited	
			Dealt with in the accounts for the year ended 31/03/10	Not dealt with in the accounts for the year ended 31/03/10	Dealt with in the accounts for the year ended 31/03/10	Not dealt with in the accounts for the year ended 31/03/10
1	2	3	4	5	6	7
Rallis Australasia Pty Ltd.	1/4/2009 to 31/03/2010	1,000	-	19.51	-	105.73
Rallis* Chemistry Exports Ltd.	1/4/2009 to 31/03/2010	50,000	-	(3.83)	-	-

\*Date of incorporation-7th July, 2009

On behalf of the Board

R. GOPALAKRISHNAN *Chairman*  
V. SHANKAR *Managing Director & CEO*  
P. S. MEHERHOMJI *GM – Legal & Company Secretary*

Mumbai, 22nd April, 2010

**Summary of Financial Information of Wholly Owned Subsidiaries**

Rs. lacs

Particulars	Rallis Chemistry Exports Ltd.	Rallis Australasia Pty Ltd.
Capital	5.00	0.35
Reserves	(3.83)	174.17
Total Assets	19.89	187.58
Total Liabilities	18.72	13.06
Investments	-	-
Turnover/Total Income	-	542.96
Profit Before Tax	(3.83)	26.23
Provision for Taxation	-	(6.72)
Profit After Tax	(3.83)	19.51
Proposed Dividend	-	-

The financial statements of subsidiaries are converted into Indian Rupees on the basis of appropriate exchange rate.





## **AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF RALLIS INDIA LIMITED**

1. We have audited the attached Consolidated Balance Sheet of RALLIS INDIA LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries whose financial statements reflect total assets (net of current liabilities) of Rs. 194.41 lacs as at 31st March, 2010, total revenues of Rs. 542.96 lacs and net cash outflows amounting to Rs. 30.99 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No. 117366W)

Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 39826)

Mumbai, 22nd April, 2010



### CONSOLIDATED BALANCE SHEET AS AT 31ST March, 2010

		Rs. lacs	
	Schedule No.	As at 31st March, 2010	As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Capital	1	1,296.48	9,998.48
Reserves and Surplus	2	41,149.14	24,975.41
		<b>42,445.62</b>	34,973.89
<b>LOAN FUNDS</b>			
Secured Loans	3	161.18	2,481.09
Unsecured Loans	4	650.07	5,766.37
		<b>811.25</b>	8,247.46
<b>TOTAL</b>		<b>43,256.87</b>	<b>43,221.35</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block		30,909.69	33,765.65
Less: Accumulated Depreciation/Amortisation		15,635.01	17,906.82
Net Block	5	15,274.68	15,858.83
Capital Work-in-Progress at cost, including capital advances		11,202.91	2,907.05
		<b>26,477.59</b>	18,765.88
<b>INVESTMENTS</b>	6	<b>14,022.97</b>	13,615.33
<b>DEFERRED TAX ASSETS</b> (Refer Note No. 7 in Schedule 20)		<b>534.77</b>	1,015.80
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	14,886.95	14,925.08
Sundry Debtors	8	7,550.55	11,599.09
Cash and Bank Balances	9	1,189.66	818.57
Other Current Assets	10	145.91	112.59
Loans and Advances	11	8,861.67	7,735.74
		<b>32,634.74</b>	35,191.07
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	12	25,953.76	19,633.66
Provisions	13	4,459.44	6,445.58
		<b>30,413.20</b>	26,079.24
<b>NET CURRENT ASSETS</b>		<b>2,221.54</b>	9,111.83
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)	14	-	712.51
<b>TOTAL</b>		<b>43,256.87</b>	<b>43,221.35</b>
Notes to the Accounts	20		

Schedules referred to above form an integral part of the Consolidated Balance Sheet and should be read in conjunction therewith.

In terms of our Report of even date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner

Mumbai, 22nd April, 2010

HOMI R. KHUSROKHAN  
B. D. BANERJEE  
E. A. KSHIRSAGAR  
S. RAMANATHAN  
PRAKASH R. RASTOGI  
BHARAT VASANI  
VENKATRAO S. SOHONI  
K. P. PRABHAKARAN NAIR  
R. MUKUNDAN

Directors

R. GOPALAKRISHNAN *Chairman*

V. SHANKAR *Managing Director & CEO*

P. S. MEHERHOMJI *GM – Legal & Company Secretary*





## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Rs. lacs

	Schedule No.	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>INCOME</b>			
Turnover (Gross)		93,703.04	91,067.68
Less: Excise Duty		5,835.30	7,398.81
Turnover (Net)		87,867.74	83,668.87
Other Income	15	2,887.52	2,273.88
		<u>90,755.26</u>	<u>85,942.75</u>
<b>EXPENDITURE</b>			
Materials Consumed	16	45,272.38	45,084.72
Purchase of Finished Goods		6,181.03	5,977.86
(Increase)/Decrease in Closing Stock of Finished Goods and Work in Process	17	(901.68)	(343.98)
Operating Expenses	18	22,828.59	21,862.25
Interest Charges	19	272.85	343.05
Depreciation/Amortisation		1,831.03	2,294.93
		<u>75,484.20</u>	<u>75,218.83</u>
		<b>15,271.06</b>	<b>10,723.92</b>
<b>PROFIT BEFORE TAXATION</b>			
Provision for Taxation			
— Current Tax		(4,514.10)	(2,984.48)
— For prior years		(182.57)	(59.00)
— Deferred Tax – charge (net) (Refer Note No. 7 in Schedule 20)		(425.55)	(307.00)
— Fringe Benefits Tax		–	(171.50)
		<u>(5,122.22)</u>	<u>(3,521.98)</u>
		<b>10,148.84</b>	<b>7,201.94</b>
Balance brought forward from previous year		18,450.98	14,977.57
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>		<u>28,599.82</u>	<u>22,179.51</u>
<b>APPROPRIATIONS</b>			
Transfer to/(from):			
Capital Redemption Reserve		8,800.00	–
Preference Dividend		224.22	660.00
Distribution Tax on Proposed Preference Dividend		38.11	112.17
Interim Dividend on Equity Shares		958.77	–
Distribution Tax on Interim Dividend		162.94	–
Proposed Equity Dividend		1,296.46	1,917.53
Distribution Tax on Proposed Equity Dividend		215.33	325.89
General Reserve		1,010.39	712.94
Balance carried to Balance Sheet		15,893.60	18,450.98
		<u>28,599.82</u>	<u>22,179.51</u>
Basic and Diluted Earnings per share Rs. (Refer Note No.10 in Schedule 20)		<b>79.93</b>	53.65
Nominal value per share in Rs.		<b>10.00</b>	10.00
Notes to the Accounts	20		

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account and should be read in conjunction therewith.

In terms of our Report of even date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner

Mumbai, 22nd April, 2010

HOMI R. KHUSROKHAN  
B. D. BANERJEE  
E. A. KSHIRSAGAR  
S. RAMANATHAN  
PRAKASH R. RASTOGI  
BHARAT VASANI  
VENKATRAO S. SOHONI  
K. P. PRABHAKARAN NAIR  
R. MUKUNDAN

} Directors

R. GOPALAKRISHNAN *Chairman*

V. SHANKAR *Managing Director & CEO*

P. S. MEHERHOMJI *GM – Legal & Company Secretary*



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

Rs. lacs

	<b>For the year ended 31st March, 2010</b>	<i>For the year ended 31st March, 2009</i>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before Taxation</b>	<b>15,271.06</b>	10,723.92
Adjustments for :		
(Profit)/Loss on Foreign Exchange	<b>15.30</b>	7.92
Depreciation/Amortisation	<b>1,831.03</b>	2,294.93
Capital Work-in-progress written off	<b>398.44</b>	-
Interest (Net)	<b>227.27</b>	307.29
Preliminary Expenses – Amortised	<b>18.61</b>	-
Voluntary Retirement Compensation – Amortised	<b>824.86</b>	397.48
Voluntary Retirement Compensation Paid	<b>(112.35)</b>	(1,037.24)
Income from Investments	<b>(516.44)</b>	(254.32)
Provision for Compensated absences	<b>25.22</b>	89.20
Provision for Supplemental Payments & Pension	<b>2.21</b>	(2.46)
Provision for Gratuity	<b>(473.18)</b>	355.54
Waiver of Loan under Sales Tax Deferral Scheme	-	(95.62)
(Profit)/Loss on Sale of Assets (net) (includes assets w/off)	<b>(110.89)</b>	168.59
Unrealised foreign exchange translation gain on borrowings	-	21.46
Unrealised foreign exchange translation loss/(gain) on Hedge Reserve	<b>14.13</b>	-
(Profit)/Loss on Sale of Investments (net)	-	(3.30)
	<b>2,144.21</b>	2,249.47
<b>Operating Profit before working capital changes</b>	<b>17,415.27</b>	12,973.39
Adjustments for :		
Trade and other Receivables	<b>5,010.68</b>	(1,261.45)
Inventories	<b>38.13</b>	(155.47)
Trade Payables	<b>5,737.52</b>	5,457.45
	<b>10,786.33</b>	4,040.53
<b>CASH GENERATED FROM OPERATIONS</b>	<b>28,201.60</b>	17,013.92
Direct Taxes paid (Net of refund received)	<b>(6,668.43)</b>	(3,099.19)
Pre-operative Expenses	<b>(18.61)</b>	-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>21,514.56</b>	13,914.73
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(10,297.88)</b>	(6,563.75)
Proceeds on Sale of Fixed Assets	<b>811.12</b>	115.53
Purchase of Investments	<b>(73,179.70)</b>	(19,551.73)
Proceeds on Sale of Investments	<b>73,216.36</b>	11,672.18
Deposits pledged with Banks and Government Authorities	<b>(12.11)</b>	17.78
Advance received against sale of Fixed assets	<b>241.00</b>	-
Interest/Dividend received	<b>84.40</b>	75.11
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES (B)</b>	<b>(9,136.81)</b>	(14,234.88)





	Rs. lacs	
	<b>For the year ended 31st March, 2010</b>	<i>For the year ended 31st March, 2009</i>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of Equity Share Capital	<b>8,903.40</b>	-
Share issue expenses	<b>(11.52)</b>	-
Redemption of Preference Share Capital	<b>(8,800.00)</b>	-
Long Term Borrowing repaid	<b>(60.47)</b>	(182.58)
Long Term Borrowing taken	<b>110.38</b>	93.02
(Repayment) of/Proceeds from Short Term Borrowings (Net)	<b>(7,486.12)</b>	3,748.83
Interest paid	<b>(284.31)</b>	(340.79)
Dividend and taxes thereon paid	<b>(4,399.63)</b>	(3,015.59)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES (C)</b>	<b>(12,028.27)</b>	302.89
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>349.48</b>	(17.26)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
Cash in Hand	<b>34.82</b>	5.47
Balances with Scheduled Banks on Current Account	<b>650.46</b>	697.07
	<b>685.28</b>	702.54
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
Cash in Hand	<b>2.31</b>	34.82
Balances with Scheduled Banks on Current Account	<b>1,032.45</b>	650.46
	<b>1,034.76</b>	685.28
Notes to the Accounts – see Schedule No. 20		
Footnote :		
Cash and cash equivalents as above	<b>1,034.76</b>	685.28
Restricted Bank Balance	<b>40.09</b>	30.59
Balances with Scheduled Banks:		
On Fixed Deposit Accounts (more than three months maturity)	<b>9.71</b>	9.22
On Fixed Deposit as Margin Money against Bank Guarantees	<b>105.10</b>	93.48
	<b>114.81</b>	102.70
<b>CASH AND BANK BALANCES AS PER SCHEDULE 9</b>	<b>1,189.66</b>	818.57

Schedules referred to above form an integral part of the Consolidated Cash Flow Statement and should be read in conjunction therewith.

In terms of our Report of even date.

For DELOITTE HASKINS & SELLS  
Chartered Accountants

SANJIV V. PILGAONKAR  
Partner

Mumbai, 22nd April, 2010

HOMI R. KHUSROKHAN  
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Directors

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V. SHANKAR *Managing Director & CEO*

P. S. MEHERHOMJI *GM – Legal &  
Company Secretary*



## SCHEDULES 1 TO 20 FORMING PART OF THE CONSOLIDATED ACCOUNTS

		Rs. lacs	
		As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE 1. CAPITAL :-</b>			
Authorised :			
50,000,000	Equity Shares of Rs. 10/- each	<b>5,000.00</b>	5,000.00
150,000,000	Cumulative Redeemable Preference Shares of Rs. 10/- each	<b>15,000.00</b>	15,000.00
		<b>20,000.00</b>	20,000.00
Issued and Subscribed :			
12,964,593	Equity Shares of Rs. 10/- each fully paid-up (11,984,593)	<b>1,296.46</b>	1,198.46
	Add: Amount paid-up on forfeited shares	<b>0.02</b>	0.02
		<b>1,296.48</b>	1,198.48
	- 7.5% Cumulative Redeemable Preference Shares of Rs. 10/- each (88,000,000)	-	8,800.00
		<b>1,296.48</b>	9,998.48

- Notes: (1) Of the above Equity Shares, 2,604,140 shares of Rs. 10/- each were allotted as fully paid-up pursuant to contracts without payment being received in cash and 1,144,700 shares of Rs. 10/- each were issued as fully paid up Bonus Shares by capitalisation from General Reserve.
- (2) Of the above issued and subscribed capital, 6,489,441 equity shares (including 980,000 equity shares issued by the Company on a preferential basis on 9th November, 2009) are held by Tata Chemicals Limited (TCL). Consequently, TCL has become the holding company with effect from 9th November, 2009.
- (3) 88,000,000 7.5% Cumulative Redeemable Preference Shares of Rs. 10/- each, of an aggregate value of Rs. 880,000,000/- were allotted on a "Private Placement" basis on 3rd February, 2004 and redeemed during the year on 3rd August, 2009.

## SCHEDULE 2. RESERVES AND SURPLUS :-

		Rs. lacs							
		As at 31st March, 2009	Additions	Deductions	As at 31st March, 2010	As at 31st March, 2008	Additions	Deductions	As at 31st March, 2009
Capital Reserve		1,680.93	-	-	1,680.93	1,680.93	-	-	1,680.93
Capital Redemption Reserve		-	<b>8,800.00*</b>	-	<b>8,800.00</b>	-	-	-	-
Share Premium		-	<b>8,793.88!</b>	-	<b>8,793.88</b>	-	-	-	-
Capital Subsidy		63.58	-	-	63.58	63.58	-	-	63.58
Investment Allowance Reserve		17.80	-	-	17.80	17.80	-	-	17.80
Foreign Currency Translation Reserve		(23.97)	<b>15.30</b>	-	<b>(8.67)</b>	(31.89)	7.92	-	(23.97)
Reserve under Sec. 45IC of the RBI Act, 1934		10.39	-	-	10.39	10.39	-	-	10.39
Hedge Accounting Reserve		-	<b>111.54#</b>	-	<b>111.54</b>	-	-	-	-
General Reserve		4,775.70	<b>1,010.39</b>	-	<b>5,786.09</b>	4,062.76	712.94	-	4,775.70
		6,524.43	<b>18,731.11</b>	-	<b>25,255.54</b>	5,803.57	720.86	-	6,524.43
Profit & Loss Account		18,450.98	<b>10,148.84</b>	<b>12,706.22</b>	<b>15,893.60</b>	14,977.57	7,201.94	3,728.53	18,450.98
		24,975.41	<b>28,879.95</b>	<b>12,706.22</b>	<b>41,149.14</b>	20,781.14	7,922.80	3,728.53	24,975.41

\* Represents creation of additional Capital Redemption Reserve on redemption of Cumulative Redeemable Preference Shares of Rs. 8,800.00 lacs.

! Represents share premium (Net of cost of issuance of Rs. 11.52 lacs) received on issuance of 9,80,000 Equity Shares of Rs. 10 each at a premium of Rs. 898.51 per share.

# Refer Note no. 13 in Schedule 20.





### SCHEDULE 3. SECURED LOANS :-

(Refer Note Nos. 5 & 6 in Schedule 20)

Loans from Banks :

Bank overdrafts and temporary loans

Loans from entities other than Banks and Financial Institutions

### SCHEDULE 4. UNSECURED LOANS :-

Short Term Loans from Bank

Other Loans and Advances

Payable under Sales Tax Deferral Scheme

Rs. lacs	
As at 31st March, 2010	As at 31st March, 2009
<b>160.85</b>	2,454.59
<b>0.33</b>	26.50
<b>161.18</b>	2,481.09
-	5,192.38
<b>145.55</b>	169.46
<b>504.52</b>	404.53
<b>650.07</b>	5,766.37

### Schedule 5. FIXED ASSETS

(Refer Note Nos. 4, 5 & 6 in Schedule No. 20)

	Gross Block (at cost)				Depreciation/Amortisation				Net Block	
	As at 31st March, 2009	Additions	Deductions	As at 31st March, 2010	As at 31st March, 2009	For the year	Deductions during the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
	Intangible Assets									
Software	948.23	-	-	948.23	745.48	52.00	-	797.48	150.75	202.75
Goodwill	163.63	-	-	163.63	163.63	-	-	163.63	-	-
Studies for Registration Approvals	493.25	-	-	493.25	123.31	369.94	-	493.25	-	369.94
Total Intangible Assets	1,605.11	-	-	1,605.11	1,032.42	421.94	-	1,454.36	150.75	572.69
Tangible Assets										
Freehold Land	1,960.70	-	1.01	1,959.69	-	-	-	-	1,959.69	1,960.70
Leasehold Land	596.25	-	-	596.25	80.75	5.96	0.02	86.69	509.56	515.50
Buildings (see footnote 1 and 2)	6,377.03	129.93	836.52	5,670.44	2,338.40	169.93	594.29	1,914.04	3,756.40	4,038.63
Plant and Machinery	21,392.62	1,628.48	3,849.91	19,171.19	13,759.08	1,085.34	3,418.78	11,425.64	7,745.55	7,633.54
Furniture, Fixtures and Office Equipments	751.86	21.56	59.42	714.00	384.60	44.08	57.11	371.57	342.43	367.26
Vehicles (see footnote 3)	1,082.08	167.14	56.21	1,193.01	311.57	103.78	32.64	382.71	810.30	770.51
Total Tangible Assets	32,160.54	1,947.11	4,803.07	29,304.58	16,874.40	1,409.09	4,102.84	14,180.65	15,123.95	15,286.14
Total	33,765.65	1,947.11	4,803.07	30,909.69	17,906.82	1,831.03	4,102.84	15,635.01	15,274.68	15,858.83
Previous Year	29,603.96	4,975.16	813.47	33,765.65	16,141.24	2,294.93	529.35	17,906.82	15,858.83	

Footnote :

1. Cost of buildings include cost of **50 Shares** (Previous year 50 Shares) of Rs. 50/- each fully paid and cost of **5 Shares** (Previous Year 5 Shares) of Rs. 100/- each fully paid in respect of ownership flats in **7** (Previous Year 7) Co-operative Societies.
2. Buildings include an asset having a gross block of **Rs. 181.63 lacs** (Previous Year Rs. 181.63 lacs) and net block of **Rs. 130.06 lacs** (Previous Year Rs. 133.02 lacs) being cost of share in Co-operative Housing Society.
3. Vehicles include assets taken under hire purchase agreements costing **Rs. 707.46 lacs** (Previous Year Rs. 707.46 lacs) and having written down value aggregating **Rs. 406.10 lacs** (Previous Year Rs. 476.26 lacs).



	No. of Shares	Nominal Value	Rs. lacs	
			As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE 6. INVESTMENTS :-</b>				
<b>LONG TERM</b>				
(at cost less provision for diminution in value)				
<b>(i) Trade Investments</b>				
(Unquoted-Fully paid):				
Aich Aar Chemicals Pvt. Ltd. – Equity Shares	124,002	10	<b>9.31</b>	9.31
Biotech Consortium India Ltd. – Equity Shares	50,000	10	<b>5.00</b>	5.00
Indian Potash Ltd. – Equity Shares	54,000	10	<b>0.90</b>	0.90
6.50% Bengal Chamber of Commerce & Industry – Debentures (Re. 1)	6	1,000	–	–
Bharuch Enviro Infrastructure Ltd. – Equity Shares	36,750	10	<b>3.68</b>	3.68
Bharuch Eco-Acqua Infrastructure Ltd. – Equity Shares	181,814	10	<b>18.17</b>	18.17
Sipcot Industries Common Utilities Ltd. – Equity Shares (Re. 1)	113	100	–	–
Patancheru Enviro-Tech Ltd. – Equity Shares	10,822	10	<b>1.08</b>	1.08
Advinus Therapeutics Pvt. Ltd. – Equity Shares	18,286,000	10	<b>1,828.60</b>	1,828.60
4.25% Advinus Therapeutics Pvt. Ltd. – Non Convertible Debentures (Refer Note No. 11 in Schedule 20)	88,000	1,000	<b>880.00</b>	880.00
	A		<b>2,746.74</b>	2,746.74
(Unquoted-Partly paid):				
(Refer Note No.2 (c) in Schedule 20)				
Bharuch Eco-Acqua Infrastructure Ltd. – Equity Shares (Rs. 6.34 paid-up)	118,550	10	<b>7.52</b>	7.52
	B		<b>7.52</b>	7.52
	C = A + B		<b>2,754.26</b>	2,754.26





				Rs. lacs	
		No. of Shares	Nominal Value	<b>As at 31st March, 2010</b>	<i>As at 31st March, 2009</i>
<b>SCHEDULE 6. INVESTMENTS :- (Contd.)</b>					
<b>(ii) Non-Trade Investments</b>					
(Quoted-Fully paid): (see footnote 1)					
Spartek Ceramics India Ltd. – Equity Shares (Re. 1)	7,226	10	–	–	
Nagarjuna Finance Ltd. - Equity Shares (Re. 1)	400	10	–	–	
Pharmaceuticals Products of India Limited – Equity Shares (Re. 1)	10,000	10	–	–	
14% Spartek Ceramics India Limited – Debentures – Redeemable Partly Convertible (Re. 1)	560	60	–	–	
Ispat Alloys Ltd. – Equity Shares (Re. 1)	504	10	–	–	
J. K.Cement Ltd. – Equity Shares (Re. 1)	44	10	–	–	
Uniscans & Sonics Ltd. – Equity Shares (Re. 1)	96	10	–	–	
	D		–	–	
(Unquoted – Fully paid):					
Amba Trading Company Limited – Equity Shares	130,000	10	<b>53.32</b>	53.32	
Associated Inds. (Assam) Ltd. – Equity Shares (Re. 1)	30,000	10	–	–	
Caps Rallis (Private) Ltd. (Nominal value of Zim. \$ 2 each) – Equity Shares	2,100,000		<b>146.30</b>	146.30	
	E		<b>199.62</b>	199.62	
	F = D + E		<b>199.62</b>	199.62	
<b>TOTAL LONG TERM INVESTMENTS</b>	G = C + F		<b>2,953.88</b>	2,953.88	
<b>CURRENT INVESTMENTS</b>					
(Lower of the cost and fair value)					
Units of Mutual Funds (see footnote 2)					
Tata Floater Fund - Daily Dividend	15,426,471	10	<b>1,548.14</b>	4,309.70	
ICICI Prudential Flexi Income Plan Premium – Daily Dividend	–	–	–	4,259.15	
Reliance Money Manager Fund – IP – Daily Dividend	443,463	1,001	<b>4,440.56</b>	–	
HDFC Cash Management Fund – Treasury Advantage WP – Daily Dividend	38,270,983	10	<b>3,839.15</b>	–	
Tata Liquid Super High Investment Fund – Daily Dividend	130,115	1,115	<b>1,450.16</b>	2,301.52	
<b>TOTAL CURRENT INVESTMENTS</b>	H		<b>11,278.01</b>	10,870.37	
<b>TOTAL</b>	I = G + H		<b>14,231.89</b>	13,824.25	
Less: Provision for diminution in value			<b>208.92</b>	208.92	
<b>GRAND TOTAL</b>			<b>14,022.97</b>	13,615.33	
<b>Aggregate Book Value of Investments :</b>					
Unquoted – At cost less Provision for diminution in value			<b>14,022.97</b>	13,615.33	
Quoted – At cost less Provision for diminution in value			–	–	
			<b>14,022.97</b>	13,615.33	

Footnotes:

1. Market value of quoted investments **Rs. 0.19 lacs** (Previous Year Rs. 0.08 lacs).
2. Net assets value of units of mutual funds **Rs. 11,278.01 lacs** (Previous Year Rs. 10,870.37 lacs).



	Rs. lacs	
	<b>As at 31st March, 2010</b>	<i>As at 31st March, 2009</i>
<b>SCHEDULE 7. INVENTORIES :-</b>		
(Valued at lower of the cost and net realisable value)		
Stores and Spare Parts	<b>57.23</b>	92.19
Stock-in-trade:		
Raw Materials	<b>4,308.08</b>	5,237.19
Packing Material	<b>659.66</b>	635.40
Work-in-Progress	<b>730.09</b>	824.65
Finished Goods	<b>9,131.89</b>	8,135.65
	<b>14,829.72</b>	14,832.89
	<b>14,886.95</b>	14,925.08
 <b>SCHEDULE 8. SUNDRY DEBTORS :-</b>		
(Considered good, unless otherwise stated)		
(Refer Note Nos. 2 (b) in Schedule 20)		
Gross Debtors	<b>9,290.72</b>	14,895.89
Less: Provision for doubtful debts	<b>1,740.17</b>	3,296.80
	<b>7,550.55</b>	11,599.09
 <b>SCHEDULE 9. CASH AND BANK BALANCES :-</b>		
Cash and Cheques in Hand (Including cheques in hand of <b>NIL</b> ; <i>Previous Year Rs. 29.76 lacs</i> )	<b>2.36</b>	34.82
Balances with Scheduled Banks:		
On Current Accounts	<b>1,005.15</b>	577.67
On Fixed Deposit Accounts	<b>9.71</b>	9.22
On Fixed Deposit as Margin Money against Bank Guarantees	<b>105.10</b>	93.48
	<b>1,119.96</b>	680.37
Balances with Foreign Bank:		
On Current Accounts	<b>67.34</b>	103.38
	<b>1,189.66</b>	818.57
 <b>SCHEDULE 10. OTHER CURRENT ASSETS :-</b>		
Interest Accrued on Investments	<b>145.91</b>	112.59
	<b>145.91</b>	112.59





	Rs. lacs	
	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE 11. LOANS AND ADVANCES :-</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	2,707.81	2,972.71
Advances/Deposits considered doubtful of recovery	4,504.42	4,327.96
Less: Provision for doubtful advances/deposits	4,504.52	4,327.96
Balances with Customs, Port Trust and Central Excise	1,324.32	1,868.66
Advance Income Tax (net of provision)	4,822.02	2,891.12
Advance Fringe Benefit Tax (net of provision)	7.52	3.25
	<u>8,861.67</u>	<u>7,735.74</u>
<b>SCHEDULE 12. CURRENT LIABILITIES :-</b>		
Sundry Creditors		
Dues to Micro Small and Medium Enterprises (Including interest <b>Rs. 28.49 lacs</b> ; Previous Year Rs. 26.96 lacs)	415.69	127.85
Other Creditors	20,173.31	16,422.42
Liability towards Investor Education and Protection Fund:		
Unclaimed Dividends	38.40	27.00
Unclaimed Interest on Debentures	1.69	1.69
Unclaimed Fixed Deposits	-	0.87
Unclaimed Interest on Fixed Deposits	-	1.03
	<u>40.09</u>	<u>30.59</u>
Customers' security deposits, credit balances and advance against supplies and services to be rendered	4,763.68	2,498.15
Interest accrued but not due on loans	8.64	20.10
Other Liabilities (Refer note No. 14 in Schedule 20)	552.35	534.55
	<u>25,953.76</u>	<u>19,633.66</u>
<b>SCHEDULE 13. PROVISIONS :-</b>		
Proposed Equity Dividend	1,296.46	1,917.53
Distribution Tax on Proposed Equity Dividend	215.33	325.89
Proposed Preference Dividend	-	660.00
Distribution Tax on Proposed Preference Dividend	-	112.17
Provision for Fringe Benefit Tax (Net of advance tax)	11.29	13.97
Provision for Income Tax (Net of advance tax)	702.75	736.66
Provision for Gratuity	159.64	632.82
Provision for Leave Encashment	501.29	476.07
Provision for Pension under Voluntary Retirement Schemes	-	3.30
Provision for Supplemental Payments on Retirement	1,572.68	1,567.17
	<u>4,459.44</u>	<u>6,445.58</u>
<b>SCHEDULE 14. MISCELLANEOUS EXPENDITURE :-</b>		
(to the extent not written off or adjusted)		
Voluntary Retirement Compensation	-	712.51
	<u>-</u>	<u>712.51</u>



	Rs. lacs	
	<b>For the year ended 31st March, 2010</b>	<i>For the year ended 31st March, 2009</i>
<b>SCHEDULE 15. OTHER INCOME :-</b>		
<b>From Operations</b>		
Excise and Duty Drawback Claims	<b>344.16</b>	651.11
Scrap and Sundry Sales	<b>536.82</b>	516.36
Commission	<b>30.50</b>	105.01
Cash Discount	<b>93.77</b>	148.29
Sundry Income	<b>1,178.91</b>	525.94
	<b>2,184.16</b>	1,946.71
<b>Others</b>		
Profit/(Loss) on Sale of Investments (net)	-	3.30
Profit/(Loss) on Sale of Fixed Assets (net)	<b>110.89</b>	-
Rent	<b>30.45</b>	33.79
Interest Income :		
Trade Accounts	<b>5.58</b>	0.88
Interest on term and fixed deposits	<b>40.00</b>	34.88
	<b>45.58</b>	35.76
Income from Investments :		
Dividend from Trade Investments Long Term	<b>1.42</b>	1.96
Dividend from Other Current Investments	<b>444.30</b>	181.64
Interest from Trade Investments – Long Term	<b>70.72</b>	70.72
	<b>516.44</b>	254.32
	<b>2,887.52</b>	2,273.88
<b>SCHEDULE 16. MATERIALS CONSUMED :-</b>		
Raw Materials Consumed		
Opening Stock	<b>5,237.19</b>	5,438.68
Add: Purchases	<b>40,815.61</b>	42,039.09
Less: Closing Stock	<b>4,308.08</b>	5,237.19
Packing Materials Consumed	<b>3,527.66</b>	2,844.14
	<b>45,272.38</b>	45,084.72
<b>SCHEDULE 17. (INCREASE)/DECREASE IN CLOSING STOCKS OF FINISHED GOODS AND WORK-IN-PROGRESS :-</b>		
Opening Stock		
Finished Goods	<b>8,135.65</b>	7,866.12
Work in Process	<b>824.65</b>	750.20
	<b>8,960.30</b>	8,616.32
Closing Stock		
Finished Goods	<b>9,131.89</b>	8,135.65
Work in Process	<b>730.09</b>	824.65
	<b>9,861.98</b>	8,960.30
	<b>(901.68)</b>	(343.98)





Rs. lacs

**SCHEDULE 18. OPERATING EXPENSES :-**

(Refer Note No.6 & 12 in Schedule 20)

Personnel Cost :

	<b>For the year ended 31st March, 2010</b>	<i>For the year ended 31st March, 2009</i>
Salaries, Wages, Commission, Bonus etc.	<b>5,529.06</b>	5,467.65
Gratuity	<b>342.53</b>	486.60
Voluntary Retirement Compensation Amortised	<b>824.86</b>	397.48
Staff Provident and Superannuation Funds	<b>383.96</b>	382.31
Staff Welfare	<b>471.20</b>	584.14
	<b>7,551.61</b>	7,318.18
Freight, Handling and Packing	<b>1,951.01</b>	1,918.35
Processing	<b>902.38</b>	565.95
Changes in Excise Duty on Inventory of Finished Goods	<b>164.75</b>	(107.84)
Traveling	<b>501.04</b>	515.90
Power and Fuel	<b>1,937.72</b>	1,960.10
Brand Equity Contribution	<b>119.81</b>	111.97
Repairs :		
to Machinery	<b>326.15</b>	289.95
to Buildings	<b>75.29</b>	61.03
to Others	<b>327.33</b>	289.38
	<b>728.77</b>	640.36
Stores and Spares Consumed	<b>402.80</b>	354.07
Rates and Taxes	<b>215.07</b>	196.27
Bad Debts	<b>1,556.63</b>	2,003.51
Cash Discount	<b>1,496.69</b>	1,412.80
Commission	<b>124.42</b>	341.31
Insurance	<b>162.66</b>	110.06
Rent	<b>354.79</b>	633.34
Bank Charges	<b>369.49</b>	531.11
Directors' Fees & Commission	<b>193.60</b>	96.80
Provision for Doubtful Debts/Advances for the year	<b>176.46</b>	198.34
Less: Provision Written Back against doubtful debts	<b>1,556.63</b>	2,003.51
	<b>(1,380.17)</b>	(1,805.17)
Selling Expenses	<b>1,549.57</b>	1,129.28
Legal and Professional Expenses	<b>863.85</b>	589.09
Loss on Sale of Fixed Assets (net)	-	168.59
Other Expenses	<b>3,062.10</b>	3,178.22
	<b>22,828.59</b>	21,862.25

**SCHEDULE 19. INTEREST CHARGE :-**

Loans for Fixed term	<b>240.67</b>	5.37
Other interest	<b>32.18</b>	337.68
	<b>272.85</b>	343.05



**SCHEDULE 20: - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR 2009-10****1. Significant Accounting Policies:-****(a) Principles of Consolidation:**

The Consolidated Financial Statements relate to Rallis India Limited ("the Company") and its subsidiaries. The Company and its subsidiaries constitute the "Group". The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard (AS) 21 "Consolidated Financial Statements" referred to in section 211 (3C) of the Companies Act, 1956.

- The foreign subsidiary's revenue items are consolidated at the average foreign currency exchange rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gains / (losses) arising on conversion are recognised under Foreign Currency Translation Reserve.
- As the cost of investment in the subsidiaries to the Company is equal to the paid up capital of the subsidiaries, no goodwill or capital reserve has arisen.
- As the subsidiary are wholly owned by the Company, no share of minority interest in the net assets and in the net Profits/(Losses) of the subsidiaries has been recognised.

Details of the subsidiaries whose assets, liabilities, income and expenses are included in the consolidation and the Company's holdings therein are as under:

Entity	Incorporated in	Proportion of Groups interest (%)	Date of acquisition of control*
Rallis Australasia Pty Ltd.	Australia	100%	May 4th, 2006
Rallis Chemistry Exports Ltd.	India	100%	July 7th, 2009

\* Date of incorporation

**(b) Basis of Accounting**

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956, and the applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956. All income and expenditure having material bearing on the financial statements are recognised on accrual basis.

**(c) Use of Estimates**

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

**(d) Fixed Assets and Depreciation / Amortisation****(i) Tangible fixed assets and depreciation**

Tangible fixed assets acquired by the Group are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition cost are delivery and handling costs, installation, legal services and consultancy services.

Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation is provided on a straight line basis at rates and in the manner specified in Schedule XIV to the Companies Act, 1956, unless the use of a higher rate or an accelerated charge is justified through technical estimates. Fixed assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. Extra shift depreciation is applied to applicable items of plant and machinery for days additional shifts are worked. Freehold land is not depreciated since it is deemed to have an indefinite economic life. The premium paid for acquiring leasehold land is amortised over the period of lease on a straight line basis.





(ii) **Intangible assets and amortisation**

Intangible assets other than goodwill are valued at cost less amortisation. These generally comprise of costs incurred to acquire computer software licences and implement the software for internal use (including software coding, installation, testing and certain data conversion) as well as costs paid to acquire studies for obtaining approvals from registration authorities of products having proven technical feasibility.

Research costs are charged to earnings as they arise.

Costs incurred for applying research results or other knowledge to develop new products, are capitalised to the extent that these products or registrations are expected to generate future financial benefits. Other development costs are expensed as and when they arise.

Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities, calculated on the date of acquisition, on the share in the acquired company's assets acquired by the Company.

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

Amortisation takes place on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Profit and Loss Account.

(e) **Impairment of Assets**

The carrying values of assets of the Group's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

(f) **Investments**

Long term investments are valued at cost, less provision for diminution other than temporary, in value, if any. Current investments are valued at the lower of cost and fair value.

(g) **Inventory**

Inventories are valued at the lower of the cost and the net realisable value.

In the case of raw materials, packing materials, stores and spare parts and traded finished goods, cost are determined in accordance with the continuous moving weighted average principle. Cost includes the purchase price, non-refundable taxes and delivery and handling costs.

Cost of finished goods and work-in-progress are determined using the absorption costing principles. Cost includes the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of finished goods.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

(h) **Revenue Recognition**

Sales include products and services, net off trade discounts and exclude sales tax, state value added tax and service tax.

With regard to sale of products, income is reported when practically all obligations connected with the transaction risks and rights to the buyer have been fulfilled. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

Income recognition for services takes place as and when the services are performed.

Amounts received from customers specifically towards setting up / expansion of manufacturing facilities, linked to a contractual arrangement for supply of specified quantities of product manufactured from the said facilities at pre-determined prices, are treated as current liabilities and recognized as revenue in the Profit and Loss Account over the contracted period of supply in proportion to the quantities dispatched from the increased capacity.

(i) **Financial Income and Borrowing Cost**

Financial income and borrowing cost include interest income on bank deposits and interest expense on loans.

Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield. The effective interest is determined on the basis of the terms of the cash flows under the contract including related fees, premiums, discounts or debt issuance costs, if any.

Borrowing costs are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use.



The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

**(j) Foreign Currency Transactions**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are valued at year end rates, and unrealised translation differences are included in the Profit and Loss Account.

Investments in foreign currency (non monetary items) are reported using the exchange rate at the date of the transaction.

The Group's forward exchange contracts are not held for trading or speculation. The premium/discount arising on entering into such contract is amortised over the life of such contracts and exchange differences arising on such contracts are recognised in the Profit and Loss Account.

**Hedge Accounting**

The Group uses currency option contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates such currency option contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30- Financial Instruments: Recognition and Measurement.

These contracts are stated at fair value at each reporting date. Changes in the intrinsic value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in Hedging Reserve Account under Reserves and Surplus, net of applicable deferred income taxes. The ineffective portion and the time value is recognised immediately in the Profit and Loss Account.

Amounts accumulated in Hedging Reserve Account are reclassified to Profit and Loss Account in the same periods during which the forecasted transaction affects the Profit and Loss Account.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in Hedging Reserve Account is immediately transferred to the Profit and Loss Account for the period.

**(k) Employee Benefits**

**(i) Short Term**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

**(ii) Long Term**

The Group has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Group and in the case of some defined contribution plans by the Group along with its employees.

• **Defined-contribution plans**

These are plans in which the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Group's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

• **Defined-benefits plans**

Expenses for defined-benefit gratuity and supplemental payment plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

**(iii) Other Employee Benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise





not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**(l) Deferred Revenue Expenditure**

Expenditure incurred on voluntary retirement schemes is amortised on a straight line basis over the estimated period of payback which does not exceed five years. The period of deferral does not extend beyond 31st March, 2010.

**(m) Taxes on Income**

The Group's income taxes include taxes on the Group's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities / receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Group carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

**(n) Lease Accounting**

**(i) Operating Leases**

Lease of an asset whereby the lessor essentially remains the owner of the asset is classified as operating lease. The payments made by the Group as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

**(ii) Finance Leases**

Assets taken on finance lease after 1st April, 2001, are capitalised at fair value or net present value of the minimum lease payments, whichever is lower.

Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per the Group's accounting policy on depreciation as stated above. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged in accordance with the Group's depreciation policy as stated above or in a straight line basis over the lease period, whichever is shorter.

Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

**(o) Segment Reporting**

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated Revenue / Expenses / Assets / Liabilities".

**(p) Provisions and Contingencies**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

**(q) Cash Flow Statements**

Cash Flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) as prescribed under section 211(3C) of the Indian Companies Act, 1956.

**(r) Cash and Cash Equivalents**

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Group's cash and cash equivalents in the Cash Flow Statement.



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**(s) Earnings per Share**

Basic Earnings per Share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares in issue during the year.

**2. Contingent Liabilities:-**

	Rs. lacs	
	As at 31st March 2010	As at 31st March 2009
(a) Demands contested by the Group		
— Sales tax	1,917.82	1,651.18
— Excise duty	378.77	378.77
— Customs Duty	144.10	144.10
— Income Tax	3,754.60	1,455.55
— Service tax	1.85	1.85
— Property cases	47.36	63.56
— Labour cases	156.71	197.86
— Other Cases	449.82	536.87
— Number of cases where amount is not quantifiable 31 Nos.; (Previous Year 26 Nos.)		
(b) Bills discounted	Nil	987.36
(c) Uncalled partly paid shares held as Investments	4.34	4.34
(d) Other guarantees given to Government authorities for which the Group is contingently liable to Rs. 2.00 lacs (Previous Year Rs. 41.60 lacs).		

The Group does not expect any liability in respect of items (a), (b) and (d) to devolve in respect of its exposure and therefore no provision has been made in respect thereof.

- Estimated amount of contracts remaining to be executed on capital account is Rs. 8,550.75 lacs (Previous Year Rs. 1,703.28 lacs) including advances paid aggregating Rs. 3,145.49 lacs (Previous Year Rs. 1,083.94 lacs).
- Fixed assets include Rs. 720.14 lacs (Previous Year Rs. 769.52 lacs) representing the book value of assets held for disposal. The Management expects to recover amounts higher than the carrying value of these assets.
- Secured Loans :-**
  - Bank overdrafts, temporary loans and guarantees have been secured by a first charge by way of hypothecation of stocks and receivables.
  - Loans from others on account of purchase of vehicles have been secured by way of hypothecation of vehicles.
- The Group has procured certain equipments under a non-cancellable operating lease which has expired last year. There are no future lease rentals payable by the Group against the operating lease arrangements as at the year end. Lease rent charged to Profit and Loss Account during the year is Rs. Nil (Previous Year Rs. 234.47 lacs).

Premises are taken by the Group on operating leases that are cancellable.

The Group has acquired certain vehicles under hire purchase arrangements. These arrangements are non-cancellable. The fair value of such assets aggregates Rs. 406.10 lacs (Previous Year Rs. 476.26 lacs). The total minimum lease payments (MLP) in respect thereof and present value of future lease payments, discounted at the interest rates implicit in the lease are as follows:

Due	Rs. lacs					
	31.03.2010			31.03.2009		
	MLP			MLP		
	Principal	Interest	Total	Principal	Interest	Total
Within 1 Year	0.33	0.01	0.34	26.17	0.79	26.96
Over 1 year but less than 5 years	-	-	-	0.33	0.01	0.34

The legal title in the said vehicles remains with the Group. The hire purchase arrangements provide for revision of hire purchase instalments in the event of changes in taxes, if any, leviable on hire purchase instalments.

The terms of hire purchases do not contain any exceptional/restrictive covenants.





7. **Deferred tax assets and liabilities:-**

a) The components of deferred tax assets and liabilities are as under

Rs. lacs

Components	As at 31st March,	
	2010	2009
<b>Deferred Tax Assets</b>		
On Provision against debts and advances	2,080.55	2,592.49
On other items	445.68	210.62
<b>Total</b>	<b>2,526.23</b>	<b>2,803.11</b>
<b>Deferred Tax Liabilities</b>		
On fiscal allowance on fixed assets	1,847.63	1,787.31
On other items	143.83	-
<b>Total</b>	<b>1,991.46</b>	<b>1,787.31</b>
<b>Net Deferred tax Asset Recognised</b>	<b>534.77</b>	<b>1,015.80</b>

b) Deferred tax charge for the year:

Rs. lacs

Year ended	31st March,	
	2010	2009
Opening Net Deferred Tax Asset	1,015.80	1,322.80
Less: Closing Net Deferred Tax Asset	534.77	1,015.80
Less: Debited to hedging Reserve Account	55.48	-
Deferred Tax charge for the year	425.55	307.00

8. **Segment Reporting**

The Group has determined its business segment as "Agri Inputs" comprising of Pesticides, Plant Growth Nutrients and Seeds. The other business segment comprises "Fine Chemicals" and is non reportable.

a. **Primary Segment Information**

Rs. lacs

	Business Segments		Consolidated Total
	Agri-Inputs	Others (non - reportable)	
<b>REVENUE</b>			
Total External Revenue	89,852.50	340.74	90,193.24
	85,045.71	603.66	85,649.37
Total Inter-Segment Revenue	-	-	-
	-	-	-
<b>Segment Revenue</b>	89,852.50	340.74	90,193.24
	85,045.71	603.66	85,649.37
Unallocable Revenue			562.02
			293.38
<b>Total Revenue (A)</b>			90,755.26
			85,942.75
<b>RESULTS</b>			
<b>Segment Results (B)</b>	15,135.88	(18.03)	15,117.85
	10,904.97	(9.86)	10,895.11
Un-allocable Income			426.06
(Net of un-allocable expenses)			171.86
<b>Operating Profit/(Loss)</b>			15,543.91
			11,066.97



	Business Segments		Consolidated Total
	Agri-Inputs	Others (non - reportable)	
Interest Expenses			272.85
<b>Profit/(Loss) before taxation</b>			<i>343.05</i>
			15,271.06
Taxation			<i>10,723.92</i>
			(5,122.22)
<b>Profit/(Loss) after taxation</b>			<i>(3,521.98)</i>
			10,148.84
<b>OTHER INFORMATION</b>			<i>7,201.94</i>
<b>ASSETS</b>			
<b>Segment Assets (C)</b>	53,736.20	285.88	54,022.08
	<i>50,275.23</i>	<i>572.06</i>	<i>50,847.29</i>
<b>Unallocated assets</b>			19,647.99
			<i>17,740.79</i>
<b>Total Assets</b>			<i>73,670.07</i>
			68,588.08
<b>LIABILITIES</b>			
<b>Segment Liabilities (D)</b>	26,531.88	34.08	26,565.96
	<i>20,624.24</i>	<i>67.62</i>	<i>20,691.86</i>
Unallocated Liabilities			4,658.49
			<i>13,634.84</i>
<b>Total Segmental Liability</b>			<i>31,224.45</i>
			34,326.70
<b>CAPITAL EXPENDITURE</b>			
Total Cost incurred during the Year to acquire Assets (E)	10,641.51	–	10,641.51
	<i>6,569.99</i>	–	<i>6,569.99</i>
Unallocated Capital Expenditure			–
			–
<b>Total Cost incurred during the Year to acquire assets</b>			10,641.51
			<i>6,569.99</i>
<b>DEPRECIATION</b>			
<b>Segment Depreciation (F)</b>	1,791.24	39.79	1,831.03
	<i>2,265.95</i>	<i>28.98</i>	<i>2,294.93</i>
Unallocated Depreciation			–
			–
Total Depreciation			1,831.03
			<i>2,294.93</i>
<b>NON CASH EXPENSES</b>			
<b>Segment Non Cash expenses other than Depreciation/ Amortisation (G)</b>	1,152.51	–	1,152.51
	<i>634.78</i>	–	<i>634.78</i>
			–
			–
<b>Total Non Cash Expenses</b>			1,152.51
			<i>634.78</i>

Figures in italics relate to the previous year.





**b. Secondary Segment Information**

Rs. lacs

	2009-10	2008-09
1. Segment Revenue		
(a) India	70,592.66	<i>55,779.41</i>
(b) Outside India	19,600.58	<i>29,869.96</i>
<b>Total</b>	<b>90,193.24</b>	<b>85,649.37</b>
2. Segment Assets (excluding Deferred Tax Assets)		
(a) India	48,458.72	<i>42,405.29</i>
(b) Outside India	5,563.35	<i>8,442.00</i>
<b>Total</b>	<b>54,022.07</b>	<b>50,847.29</b>
3. Cost incurred during the year to acquire Segment Assets		
(a) India	10,641.51	<i>6,569.99</i>
(b) Outside India	-	-
<b>Total</b>	<b>10,641.51</b>	<b>6,569.99</b>

*Figures in italics relate to the previous year.*

All the tangible and intangible fixed assets of the Group are situated in India and therefore cost incurred during the year for acquisition of such assets under different geographic segments is not furnished.

Footnotes:

- (i) Un-allocable assets include Deferred Tax Assets, Investments, Advance Income Tax, Advance Fringe Benefits Tax and Interest Accrued on Investments.
- (ii) Unallocable liabilities includes Secured Loans, Unsecured Loans, Provisions for Equity Dividend and tax thereon, Provisions for Preference Dividend and tax thereon, Provision for Supplemental Payments on Retirement, Provision for Pension under Voluntary Retirement Schemes and Provision for Income and Fringe Benefit Tax.
- (iii) Unallocable income includes income from investment activities.
- (iv) Unallocable expenditure includes charge in respect of Supplemental Payments on retirement valued on actuarial basis.

**9. Related Party Disclosures:**

Disclosure as required by Accounting Standard (AS) - 18 "Related Party Disclosures" as prescribed under section 211 (3C) of the Companies Act, 1956.

(a) Names of the related parties and description of relationship:

- (i) Promoters:
  - Tata Tea Limited-up to 18/08/2009
  - Tata Sons Limited-up to 18/08/2009
  - Tata Chemicals Limited
  - Tata Investment Corporation Limited
  - Ewart Investments Limited
- (ii) Holding Company:
  - Tata Chemicals Limited on and from 09/11/2009
- (iii) Key Management Personnel:
  - Mr.V.Shankar – Managing Director & CEO

(b) Details of Transactions:

Rs. lacs

Nature of Transactions	Holding Company	Promoters	Key Management Personnel	Total
Purchase of Goods	134.93	112.21	-	247.14
	-	287.93	-	287.93
Sale of Goods	133.63	582.63	-	716.26
	-	583.48	-	583.48



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Nature of Transactions	Holding Company	Promoters	Key Management Personnel	Total
Brand Equity	-	39.81	-	39.81
	-	<i>111.97</i>	-	<i>111.97</i>
Services Received	-	8.79	-	8.79
	-	<i>27.19</i>	-	<i>27.19</i>
Other Expenses	0.71	0.02	-	0.73
	-	<i>2.70</i>	-	<i>2.70</i>
Preferential Allotment of Equity Shares including premium	8,903.40	-	-	8903.40
	-	-	-	-
Redemption of Cumulative Redeemable Preference Shares	-	4,100.00	-	4,100.00
	-	-	-	-
Dividend Paid (Equity)	-	1,235.30	-	1,235.30
	-	<i>866.78</i>	-	<i>866.78</i>
Dividend Paid (Preference)	-	411.97	-	411.97
	-	<i>307.50</i>	-	<i>307.50</i>
<b>Debit Balance outstanding as at year end</b>	9.94	-	-	9.94
— Other Receivables	-	<i>27.89</i>	-	<i>27.89</i>
<b>Credit Balance outstanding as at year end</b>	34.18	-	-	34.18
— Other Payables	-	<i>19.27</i>	-	<i>19.27</i>
<b>Remuneration Paid</b>	-	-	135.15	135.15
Mr.V Shankar	-	-	<i>95.97</i>	<i>95.97</i>

Figures in italics relate to the previous year.

Transactions included in (b) above which are in excess of 10% of the total related party transactions of the same type are given below:

Nature of Transactions	Rs. lacs		
	Tata Chemicals Ltd. up to 08/11/09	Tata Tea Ltd.	Tata Sons Ltd.
Purchase of Goods	112.21	-	-
	<i>287.93</i>	-	-
Sale of Goods	580.23	-	-
	<i>583.48</i>	-	-
Brand Equity	-	-	39.81
	-	-	<i>111.97</i>
Services Received	-	-	8.79
	-	-	<i>27.19</i>
Other Expenses	0.02	-	-
	-	-	<i>2.70</i>
Redemption of Cumulative Redeemable Preference Shares	4,100.00	-	-
	-	-	-
Dividend Paid(Equity)	620.98	470.20	144.12
	<i>180.24</i>	<i>470.20</i>	<i>144.12</i>
Dividend Paid (Preference)	291.39	120.58	-
	<i>217.50</i>	<i>90.00</i>	-

Figures in italics relate to the previous year.





## 10. Earnings per Share:-

Rs. lacs

		2009-10	2008-09
(i)	Net Profit After Tax	10,148.84	7,201.94
	Less: Preference dividend including tax thereon	262.33	772.17
	Profit attributable to Equity Shareholders	9,886.51	6,429.76
(ii)	Weighted average No. of Equity Share for Basic/Diluted EPS (Nos)*	12,368,538	11,984,593
(iii)	Nominal Value of Equity Per Share	10.00	10.00
(iv)	Basic/Diluted Earning Per Share (in Rs.)	79.93	53.65

\*Weighted average No. of Equity Shares include 9,80,000 shares issued on 09/11/2009.

11. The Group has invested Rs. 880.00 lacs in Non - Convertible Debentures of Advinus Therapeutics Pvt. Ltd., having a coupon rate of 4.25% and will be redeemed in three equal instalments in the years 2011, 2012 and 2013 at a premium of 25%. Income recognised during the year includes Rs. 33.32 lacs (*Previous Year Rs. 33.32 lacs*) in respect of redemption premium determined on the basis of the Internal Rate of Return.

## 12. Employee Benefit Obligations:-

### Defined-Contribution Plans

The Group makes contributions towards provident fund, family pension fund and superannuation fund to defined contribution retirement benefit plans for qualifying employees. The provident fund is administered by the Trustees of Rallis India Limited Provident Fund Trust, the family pension fund is administered by the Government of India and the superannuation fund is administered by the Life Insurance Corporation of India and HDFC Standard Life Insurance Company Ltd. Under the schemes, the Group is required to contribute a specified percentage of salary to the retirement benefit schemes to fund the benefit. The rules of the Group's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared by the Employees' Provident Fund by the Government under paragraph 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Group. Having regard to the assets of the Fund and the return on the investments, the Group does not expect any deficiency in the foreseeable future.

A sum of Rs. 383.96 lacs (*Previous Year Rs. 382.31 lacs*) has been charged to the revenue account in this respect.

### Defined-Benefits Plans

The Group offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount) and a supplemental pay scheme (a life long pension). Benefits under the defined benefit plans are typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees, while supplemental pay plan covers certain executives. In the case of the gratuity scheme, the Group contributes funds to Gratuity Trust, which is irrevocable, while the supplemental pay scheme is not funded. Commitments are actuarially determined at year-end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Profit and Loss Account.

The net value of the defined-benefit commitment is detailed below:

Rs. lacs

	Gratuity (Funded Plan)	Supplemental Pay (Unfunded Plan)	Total	Gratuity (Funded Plan)	Supplemental Pay (Unfunded Plan)	Total
	2009-10			2008-09		
Present Value of Commitments	1,501.24	1,572.68	3,073.92	1,238.59	1,567.17	2,805.76
Fair Value of Plans	1,341.60	-	1,341.60	605.77	-	605.77
Net liability in the balance sheet	159.64	1,572.68	1,732.32	632.82	1,567.17	2,199.99



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Defined benefit commitments:						Rs. lacs
	Gratuity (Funded Plan)	Supplemental Pay (Unfunded Plan)	Total	Gratuity (Funded Plan)	Supplemental Pay (Unfunded Plan)	Total
	2009-10			2008-09		
Opening balance as at 1st April, 2009	1,238.59	1,567.17	2,805.76	1,138.26	1,569.63	2,707.89
Benefits earned during the year	-	-	-	-	-	-
Current Service Cost	119.46	17.20	136.66	66.84	14.14	80.98
Interest expenses	102.53	106.15	208.68	87.19	129.62	216.81
Paid benefits	(152.94)	(135.96)	(288.90)	(302.73)	(117.63)	(420.36)
Actuarial (gain)/loss	193.60	18.12	211.72	249.03	(28.59)	220.44
Closing balance as at 31st March, 2010	1,501.24	1,572.68	3,073.92	1,238.59	1,567.17	2,805.76

Plan assets: Gratuity		Rs. lacs	
		2009-10	2008-09
Opening balance as at 1st April, 2009		605.77	860.98
Expected return on scheme assets		107.60	62.54
Contributions by the Group		815.71	131.06
Paid funds		(152.94)	(302.72)
Actuarial gain / (loss)		(34.54)	(146.09)
Balance with the Trust as at 31st March, 2010		1,341.60	605.77
Closing balance as at 31st March, 2010		1,341.60	605.77

Investment Details:			Rs. lacs	
			31.03.2010	31.03.2009
(a)	Debentures		545.08	79.89
(b)	Equity		174.83	43.59
(c)	Government Securities		122.98	19.47
(d)	Deposits, Money market Securities & Other Assets		89.51	12.33
(e)	Other – Fund managed by other insurer whose pattern of investment is not available with the Company		314.53	366.28
(f)	Others		94.67	84.21
	Total Asset		1,341.60	605.77

The plan assets are managed by the Gratuity Trust formed by the Company. The management of funds is entrusted with the Life Insurance Corporation of India and HDFC Standard Life Insurance Company Limited.

Return on plan assets:- Gratuity		Rs. lacs	
		2009-10	2008-09
Expected return on plan assets		107.60	62.54
Actuarial gain / (loss)		(34.54)	(146.07)
Actual return on plan assets		73.06	(83.54)





Expenses on defined benefit plan:

Rs. lacs

	Gratuity (Funded Plan)	Supplemental Pay (Unfunded Plan)	Total	Gratuity (Funded Plan)	Supplemental Pay (Unfunded Plan)	Total
	2009-10			2008-09		
Current service costs	119.46	17.20	136.66	66.84	14.14	80.98
Past service cost	-	-	-	-	-	-
Interest expense	102.53	106.15	208.68	87.19	129.62	216.81
Expected return on investment	(107.60)	-	(107.60)	(62.54)	-	(62.54)
Net actuarial (gain) / loss	228.14	18.12	246.26	395.11	(28.59)	366.52
Expenses charged to the profit and loss account	342.53	141.47	484.00	486.60	115.17	601.77

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

	2009-10	2008-09
Rate for discounting liabilities	7.75% p.a.	8.00% p.a.
Expected salary increase rate	8.00% p.a.	6.00% p.a.
Expected return on scheme assets	8.00% p.a.	8.00% p.a.
Mortality rates	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table

The estimates of future salary increases, considered in the actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

Experience adjustment:

(a) Gratuity:

Rs. lacs

	2009-10	2008-09	2007-08	2006-07
Defined benefit obligations	1,501.24	1,238.59	1,138.26	806.41
Plan assets	1,341.60	605.77	860.98	558.15
Experience adjustment on plan assets	(34.54)	(146.09)	*	*
Experience adjustment on plan liabilities	(19.50)	25.81	*	*

(b) Supplemented Pay:

Rs. lacs

	2009-10	2008-09	2007-08	2006-07
Defined benefit obligations	1,572.68	1,567.17	1,569.63	1,506.25
Plan assets	-	-	-	-
Experience adjustment on plan assets	-	-	-	-
Experience adjustment on plan liabilities	63.94	(79.49)	*	*

\* The figures in respect of previous two periods are not available.

The contributions expected to be made by the Group during the financial year 2010-11 amounts to Rs. 159.64 lacs.



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**13. Foreign Currency Exposures:-**

The Group, in accordance with its risk management policies and procedures, enters into foreign currency forward contracts and currency option contracts to manage its exposure in foreign exchange rate variations. The counter party is generally a bank. These contracts are for a period between one day and four years.

**Derivative Instruments:**

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Group's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Group's Risk Management Policy. The Group does not use forward contracts for speculative purposes.

(a) The following derivative instruments are outstanding as at balance sheet date:

i) Outstanding Forward Exchange Contracts entered into by the Group: -

Particulars	As at					
	31/03/2010			31/03/2009		
	No. of Contracts	Amount in Millions	(Rs. lacs)	No. of Contracts	Amount in Millions	(Rs. lacs)
Receivables	6	USD 3.60	1,623.24	3	USD 2.00	1,013.69
	2	AUD 0.88	364.58	Nil	-	-
Payables	5	USD 1.92	865.50	3	USD 2.28	1,155.60
	9	JPY 341.00	1,649.04	9	JPY 267.90	1,373.07

Note: USD = US Dollar; EUR = Euro; JPY = Japanese Yen; AUD = Australian Dollar.

ii) The following is the outstanding currency option contract, which has been designated as Cash Flow Hedges:-

Foreign Currency	31/03/2010			31/03/2009		
	No. of Contracts	Notional amount of currency option contracts	Fair Value Gain / (Loss)	No. of Contracts	Notional amount of currency option contracts	Fair Value Gain / (Loss)
USD	1	8.85 Million	152.90	-	-	-

USD = US Dollar

The gain on the derivative instrument of Rs. 111.54 lacs (net of Deferred Tax Liability of Rs. 55.48 lacs) is recognised in the Hedging Reserve Account as at 31st March, 2010 of which Rs. 64.49 lacs is expected to be reclassified in the profit and loss account by 31st March, 2011.

(b) The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below.

Amounts receivable in foreign currency on account of the following:

Particulars	As at			
	31/03/2010		31/03/2009	
	Rs. lacs	Amount in Millions	Rs. lacs	Amount in Millions
Exports of goods and services		USD 8.37		USD 12.18
	3,844.58	AUD 0.12	7,427.60	AUD 3.52
		EUR 0.03		EUR 0.03





Amounts payable in foreign currency on account of the following: -

Particulars	As at			
	31/03/2010		31/03/2009	
	Rs. lacs	Amount in Millions	Rs. lacs	Amount in Millions
ECB Loans		USD -	943.04	USD 1.48
		AUD -		AUD 0.55
Import of goods and services	5,655.90	USD 12.31	5,374.71	USD 8.98
		JPY -		JPY 136.64
		EUR 0.16		EUR -
		AUD 0.02		AUD 0.34
Customer Advances	130.74	USD 0.29	183.61	USD 0.36

Note: USD = US Dollar; EUR = Euro; JPY = Japanese Yen; AUD = Australian Dollar.

14. **Other Liabilities include Provision held in respect of indirect tax matters in dispute:**

Particulars	Rs. lacs	
	2009-10	2008-09
Opening Balance as at 1st April, 2009	185.21	25.21
Additional provisions made during the year	161.27	274.33
Total	346.48	299.54
Payments made adjusted against above sum	(161.27)	(114.33)
Closing Balance as at 31st March, 2010	185.21	185.21

15. **The Group has incurred the following expenses on research and development activity:**

	Rs. lacs	
	2009-10	2008-09
On tangible fixed assets	90.35	18.59
On items which have been expensed during the year *	312.31	235.04
Total	402.66	253.63

\* includes amount of Rs. 129.37 lacs (Previous Year Rs. 51.02 lacs) paid to an external agency.

During the year the Group has also incurred Rs. 271.31 lacs (Previous year Rs. 762.22 lacs) towards product development and registration which is included under Capital Work In Progress (CWIP). The total amount included in CWIP as on 31st March, 2010 is Rs. 715.57 lacs (Previous year Rs. 910.22 lacs). Out of the CWIP a sum of Rs. 398.44 lacs was written off during the year. As the write off did not involve the use of Cash and Cash Equivalents, the same has been excluded from "Investing Activities" in the Cash Flow Statement.

16. "Other Income" includes net gain of Rs. 134.34 lacs (Previous Year net loss Rs. 452.87 lacs grouped under "Other Expenses") on account of foreign currency translation differences.
17. Investments made by the Group during the year includes Rs. 444.30 lacs (Previous Year Rs. 181.64 lacs) on account of dividend reinvestment and Rs. 67,914.74 lacs (Previous Year 5,751.74 lacs) on account of switches not requiring the use of Cash and Cash Equivalents. Therefore, these amounts are not included under "Investing Activities" in the Cash Flow Statement.
18. Previous year's figures have been regrouped/restated wherever necessary to conform to the classification of the current year.

Signature to Schedules 1 to 20

HOMI R. KHUSROKHAN  
B. D. BANERJEE  
E. A. KSHIRSAGAR  
S. RAMANATHAN  
PRAKASH R. RASTOGI  
BHARAT VASANI  
VENKATRAO S. SOHONI  
K. P. PRABHAKARAN NAIR  
R. MUKUNDAN

Directors

R. GOPALAKRISHNAN *Chairman*

V. SHANKAR *Managing Director & CEO*

P. S. MEHERHOMJI *GM - Legal & Company Secretary*

Mumbai, 22nd April, 2010



## Rallis India Limited

## FINANCIAL STATISTICS

## Year-end Financial Position

Rs. lacs

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net Fixed Assets	26,477	18,766	14,787	14,411	16,528	18,186	17,665	15,608	16,079	17,440
Deferred Tax Assets	535	1,016	1,323	1,222	336	-	-	-	-	-
Investments	14,028	13,615	5,551	3,173	4,948	46	309	2,663	2,383	3,165
<b>Total</b>	<b>41,040</b>	<b>33,397</b>	<b>21,661</b>	<b>18,805</b>	<b>21,812</b>	<b>18,231</b>	<b>17,973</b>	<b>18,270</b>	<b>18,462</b>	<b>20,605</b>
Current Assets	32,450	34,727	33,431	31,551	30,420	26,979	38,055	54,402	63,606	58,569
Current Liabilities	30,400	25,914	20,022	25,913	23,650	17,747	20,374	33,265	35,742	25,043
Net Current Assets	2,050	8,813	13,409	5,637	6,770	9,232	17,681	21,137	27,864	33,526
<b>TOTAL CAPITAL EMPLOYED</b>	<b>43,090</b>	<b>42,210</b>	<b>35,070</b>	<b>24,443</b>	<b>28,582</b>	<b>27,463</b>	<b>35,654</b>	<b>39,408</b>	<b>46,326</b>	<b>54,131</b>
Capital										
- Preference	-	8,800	8,800	8,800	8,800	8,800	8,800	-	-	1,800
- Equity	1,296	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198
<b>Total</b>	<b>1,296</b>	<b>9,998</b>	<b>9,998</b>	<b>9,998</b>	<b>9,998</b>	<b>9,998</b>	<b>9,998</b>	<b>1,198</b>	<b>1,198</b>	<b>2,998</b>
Reserves	40,983	24,869	20,755	11,179	7,563	4,618	7,255	6,707	12,338	9,726
Less: Debit Balance in Profit & Loss A/c.	-	-	-	-	-	-	4,969	2,155	-	-
Less: Miscellaneous Expenditure	-	713	73	214	544	1,006	1,551	1,653	1,223	1,153
<b>Net Worth</b>	<b>42,279</b>	<b>34,155</b>	<b>30,681</b>	<b>20,963</b>	<b>17,017</b>	<b>13,610</b>	<b>10,733</b>	<b>4,098</b>	<b>12,314</b>	<b>11,571</b>
Borrowings										
- Short term	161	2,455	3,604	2,541	2,901	5,607	16,236	30,513	28,239	25,923
- Long term	650	5,600	786	938	8,664	8,246	8,686	4,797	5,773	16,637
<b>Total</b>	<b>811</b>	<b>8,055</b>	<b>4,389</b>	<b>3,479</b>	<b>11,565</b>	<b>13,853</b>	<b>24,921#</b>	<b>35,310</b>	<b>34,012</b>	<b>42,560</b>
<b>TOTAL SOURCES</b>	<b>43,090</b>	<b>42,210</b>	<b>35,070</b>	<b>24,443</b>	<b>28,582</b>	<b>27,463</b>	<b>35,654</b>	<b>39,408</b>	<b>46,326</b>	<b>54,131</b>
<b>Summary of Operations</b>										
Sales (including Excise)	93,349	90,683	73,966	67,680	65,275	60,350	54,586.62	88,508	103,768	108,890
Other Income	2,882	2,262	11,163	8,378	3,900	5,332	11,752.68	3,921	16,884	3,504
<b>Total Income</b>	<b>96,231</b>	<b>92,946</b>	<b>85,129</b>	<b>76,058</b>	<b>69,175</b>	<b>65,682</b>	<b>66,339</b>	<b>92,429</b>	<b>120,652</b>	<b>112,394</b>
<b>Expenses</b>										
Materials consumed	50,339	50,557	40,844	40,339	37,025	33,420	30,202	67,112	78,054	79,412
Personnel cost	7,498	7,274	6,135	5,520	5,165	5,281	5,631	5,654	4,988	5,054
Excise duty	6,000	7,291	6,847	5,475	6,140	6,241	5,667	3,919	5,185	6,073
Interest	267	326	409	1,089	841	1,449	3,956	4,152	4,222	6,258
Depreciation	1,831	2,295	2,007	3,100	1,675	1,611	1,703	1,522	1,415	1,564
Other expenses	15,076	14,603	14,270	15,034	13,874	14,264	16,562	17,784	20,442	15,807
<b>Total</b>	<b>81,011</b>	<b>82,345</b>	<b>70,512</b>	<b>70,556</b>	<b>64,721</b>	<b>62,266</b>	<b>63,721</b>	<b>100,142</b>	<b>114,307</b>	<b>114,168</b>
Profit before tax and prior year adjustment	15,219	10,601	14,617	5,502	4,454	3,416	2,619	(7,714)	6,345	(1,774)
Tax	5,116	3,472	2,098	(309)	201	67	64	(342)	(1,349)	(512)
Profit after tax before prior year adjustment	10,104	7,129	12,519	5,811	4,252	3,350	2,555	(7,372)	7,694	(1,262)
Prior year's adjustment	-	-	-	-	-	-	-	355	1,820	1,296
<b>Profit after tax</b>	<b>10,104</b>	<b>7,129</b>	<b>12,519</b>	<b>5,811</b>	<b>4,252</b>	<b>3,350</b>	<b>2,555</b>	<b>(7,727)</b>	<b>5,874</b>	<b>(2,558)</b>
<b>IMPORTANT RATIOS</b>										
Current Assets: Liabilities	1.1	1.3	1.7	1.2	1.3	1.5	1.9	1.6	1.8	2.3
Debt: Equity	0.0	0.2	0.1	0.2	0.7	1.0	2.3	8.6	2.8	3.7
PBT/Turnover %	16.3	11.7	19.8	8.1	6.8	5.6	4.8	(8.7)	6.1	(1.6)
Return (PBIT) on Capital Employed %	35.9	25.9	42.8	27.0	18.5	17.7	18.4	(9.0)	22.8	8.3
Dividend (per share)	18.0	16.0	1.0	8.0	4.0	1.0	-	-	10.0	-
Earnings (per share)	80	53	22	42	29	22	20	(64)	47	(23)
Net Worth (per share)	326	212	183	101	69	40	16	34	103	82

Previous years figures have been regrouped, wherever necessary.



# RALLIS INDIA LIMITED

Registered Office 156/157 15TH FLOOR NARIMAN BHAVAN 227 NARIMAN POINT MUMBAI 400 021

## Attendance Slip

I hereby record my presence at the SIXTY-SECOND ANNUAL GENERAL MEETING of the Company at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai 400 021, on Tuesday, the 15th June, 2010 at 3.30 p.m.

SIGNATURE OF THE ATTENDING MEMBER/PROXY

- NOTES:**
1. Shareholder/Proxyholder wishing to attend the meeting must bring this Attendance Slip to the meeting and hand it over at the entrance duly signed.
  2. Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

# RALLIS INDIA LIMITED

Registered Office 156/157 15TH FLOOR NARIMAN BHAVAN 227 NARIMAN POINT MUMBAI 400 021

## Proxy

I/We .....  
of .....in the district of ..... being  
a Member/Members of the abovenamed Company, hereby appoint .....  
..... of ..... in the district of  
.....or failing him ..... of ..... in the district of  
..... as my/our Proxy to attend and vote for me/us and on my/our behalf  
at the Sixty-second Annual General Meeting of the Company, to be held on Tuesday, the 15th June, 2010 at 3.30 p.m. or at any  
adjournment thereof.

Signed this ..... day of ..... 2010

Reference Folio No.:

DP ID/BEN ID

Signature

Affix  
30 Paise  
Revenue  
Stamp

No. of Shares held

This form is to be used     \* in favour of     the resolution. Unless otherwise instructed, the Proxy will vote as he thinks fit.  
    \* against    

\* Strike out whichever is not desired.

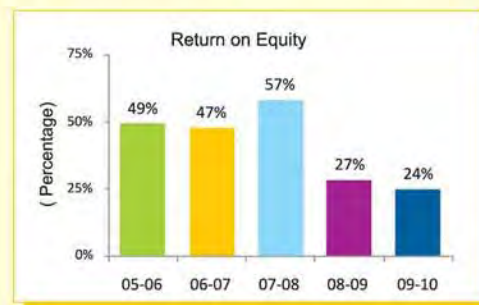
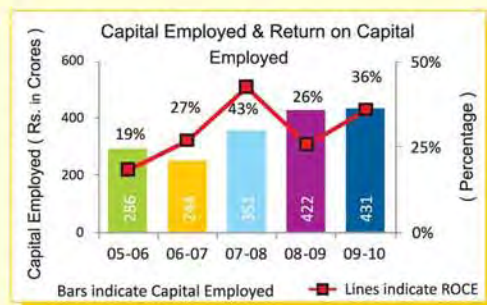
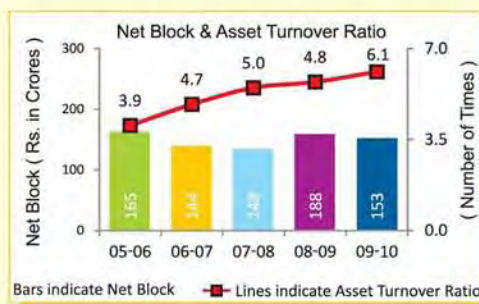
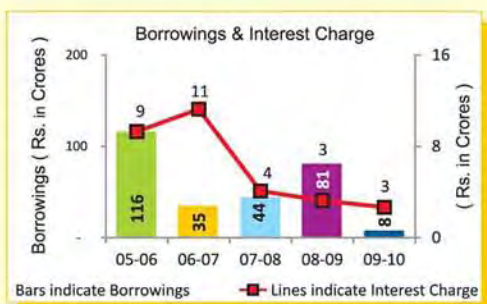
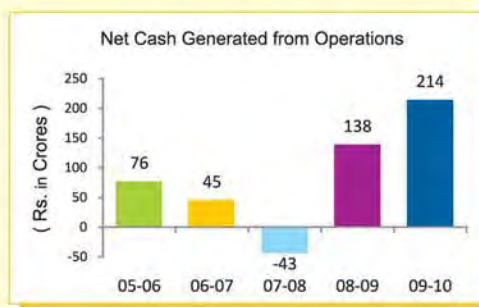
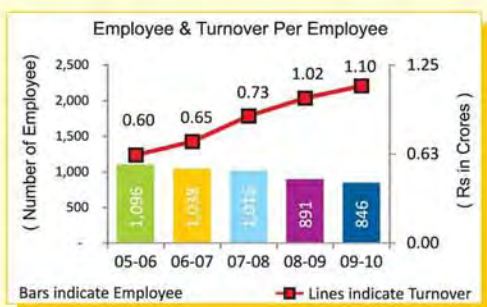
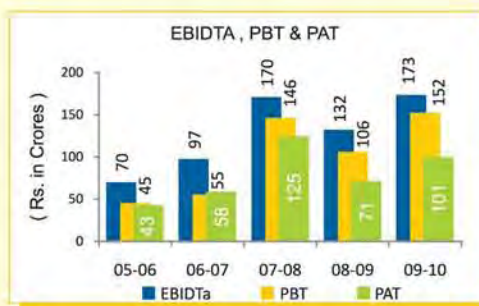
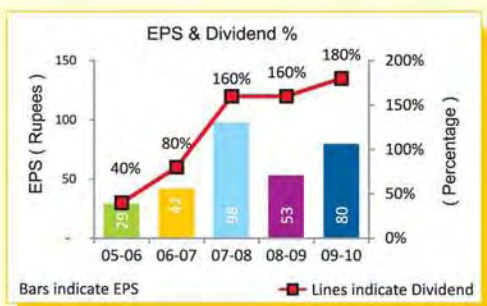
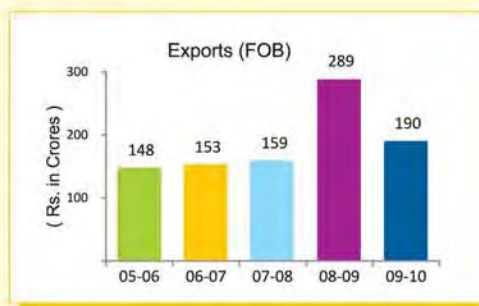
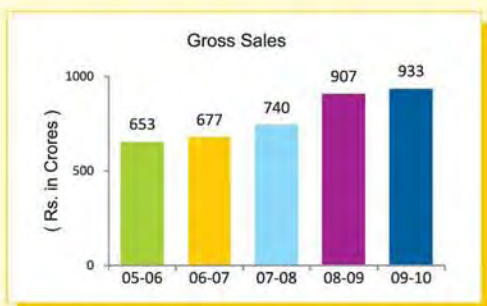
**NOTE :** The Proxy must be returned so as to reach the Registered Office of the Company, at 156/157, 15th Floor, Nariman Bhavan, 227, Nariman Point, Mumbai 400 021, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.



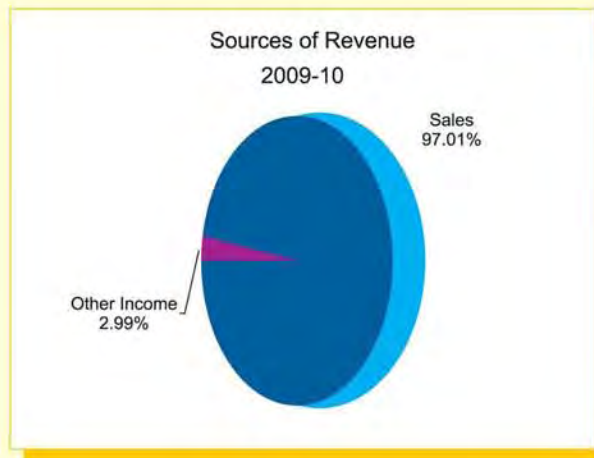
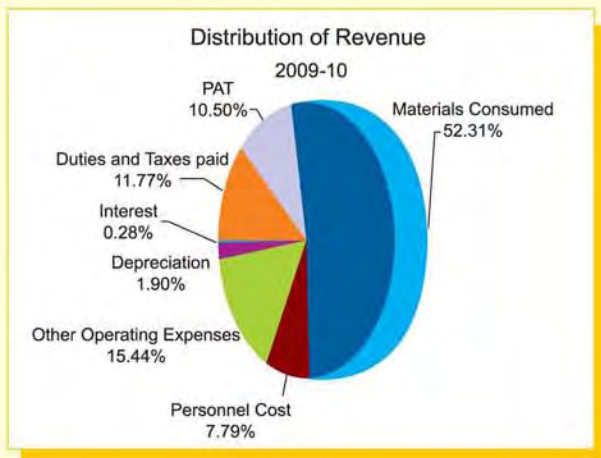
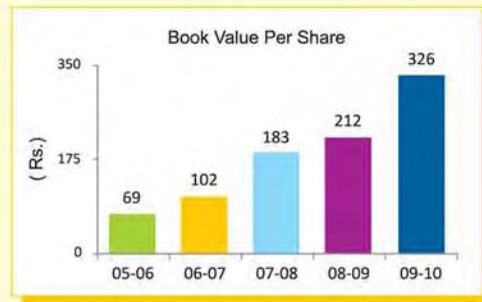
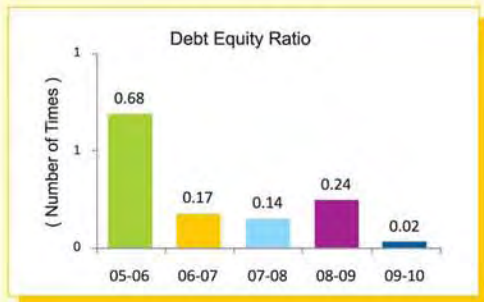
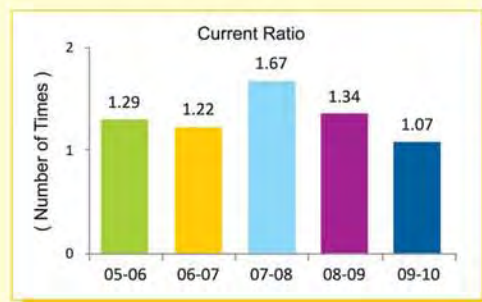
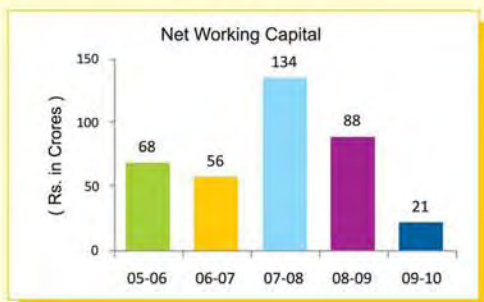
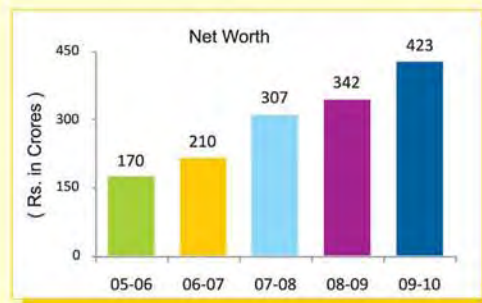




# Rallis India Limited - Performance Summary









## Dahej: New Manufacturing Facility

The Company is setting up new manufacturing facilities at Dahej in Gujarat to augment its manufacturing capacities and to drive the Rallis Poised agenda of profitable and sustainable growth. The Dahej plant will be a multi-purpose technical manufacturing facility for a number of agrochemical products.

The foundation stone was laid on 28th January, 2009 and with the concerted efforts of the committed team, commercial production is expected to commence from mid 2010. The Company plans to establish its facilities in phases and the investment for the first phase, is estimated to be about Rs 150 crores. The capacity planned is 5000 MT/KL and the facility is expected to grow revenue of over Rs 500 Crores over a three year period. The project is being executed in partnership with leading organizations such as Larson & Toubro, Cushman & Wakefield, Sijcon Consultants Pvt. Ltd., Voltas, etc.

The Directors of the Company visited the project site in December, 2009 and in April, 2010 to assess the progress of the project. They were pleased to see the effective execution of novel design concepts along with high safety standards being adhered to in the project implementation.





# RALLIS INDIA LIMITED

Registered Office 156/157 15th Floor 227 Nariman Bhavan Nariman Point Mumbai 400 021

