

# Welcome!



**RALLIS INDIA LIMITED**  
**A TATA Enterprise**



[tata150.com](http://tata150.com)

V Shankar  
30<sup>th</sup> April 2018

## *Performance Highlights: Q4 and 12 Months (Consolidated)*

- ❖ ***Q4 – Total income ₹ 371 Crs***
- ❖ ***Q4 – Total comprehensive income ₹ 21 Crs***
- ❖ ***FY18 – Total income ₹ 1808 Crs***
- ❖ ***FY18 - Total comprehensive income at ₹ 167 Crs.***
- ❖ ***Board recommends a Dividend of ₹ 2.50 per share***

# Q4 Financial Performance : Key Highlights vs LY

## Rallis Standalone

## Rallis Consolidated

₹ Crs

	Q 4 2016-17	Q 4 2017-18
Revenue from Operations	347	349
Net sales (adj for Excise) *	328	349
EBITDA	50.61	42.70
EBITDA %	14.6%	12.2%
Profit before tax	43.15	34.56
Total Comprehensive Income	33.19	26.48

6.3%  
over  
PY

	Q4 2016-17	Q4 2017-18
Revenue from Operations	367	371
Net sales (adj for Excise) *	348	371
EBITDA	41.7	33.63
EBITDA %	11.3%	9.1%
Profit before tax	31.52	25.19
Total Comprehensive Income	32.05	20.62

6.6%  
over  
PY

Numbers have been rounded off

\*Numbers adjusted for Sales return provision, regrouping of Excise duty and Cash discount per IND AS

# YTD Financial Performance : Key Highlights vs LY

## Rallis Standalone

	YTD 2016-17	YTD 2017-18
Revenue from operations	1490	1516
Net sales(adj for Excise) *	1386	1498
EBITDA	235.27	226.19
EBITDA %	15.8%	14.9%
Profit before tax & Exceptional items	200.93	191.26
Total Comprehensive Income**	265.56	141.33

\*\*Includes Gain from assignment of lease hold land of Rs 126.85 crs at Turbhe

## Rallis Consolidated ₹ Crs

	YTD 2016-17	YTD 2017-18
Revenue from operations	1768	1808
Net sales(adj for Excise) *	1664	1791
EBITDA	263.61	264.47
EBITDA %	14.9%	14.6%
Profit before tax & Exceptional items	221.56	227.03
Total Comprehensive Income**	296.56	166.69

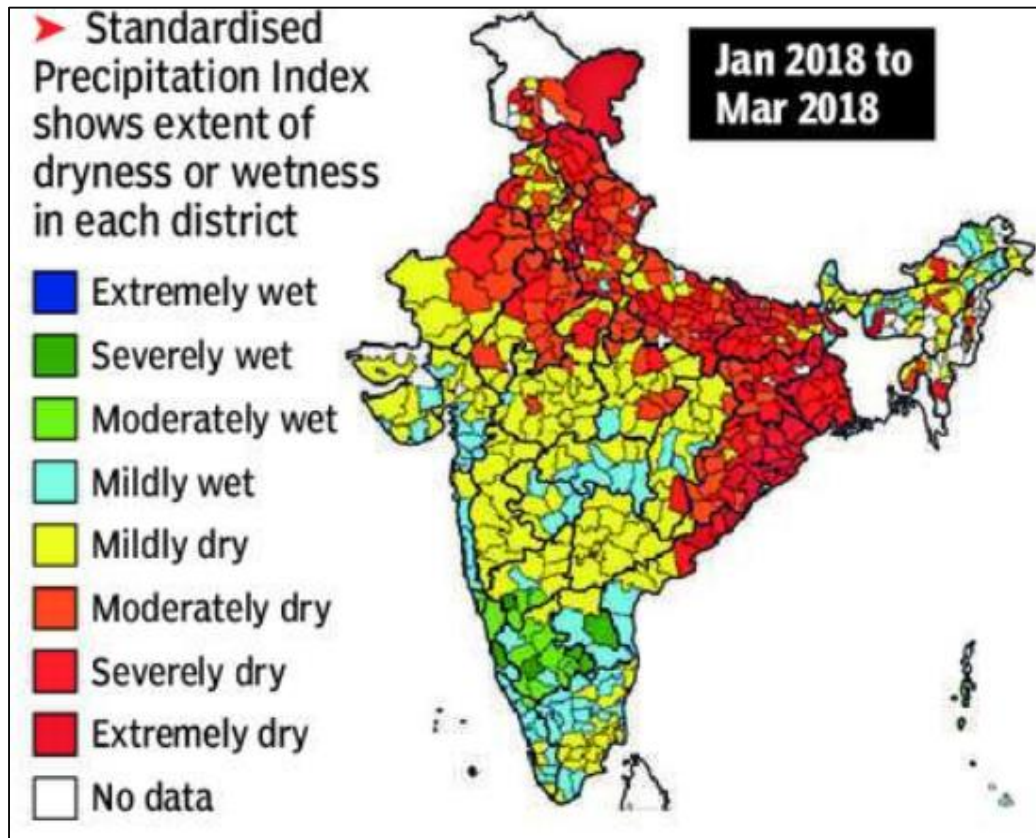
Numbers have been rounded off

\*Numbers adjusted for Sales return provision, regrouping of Excise duty and Cash discount per IND AS



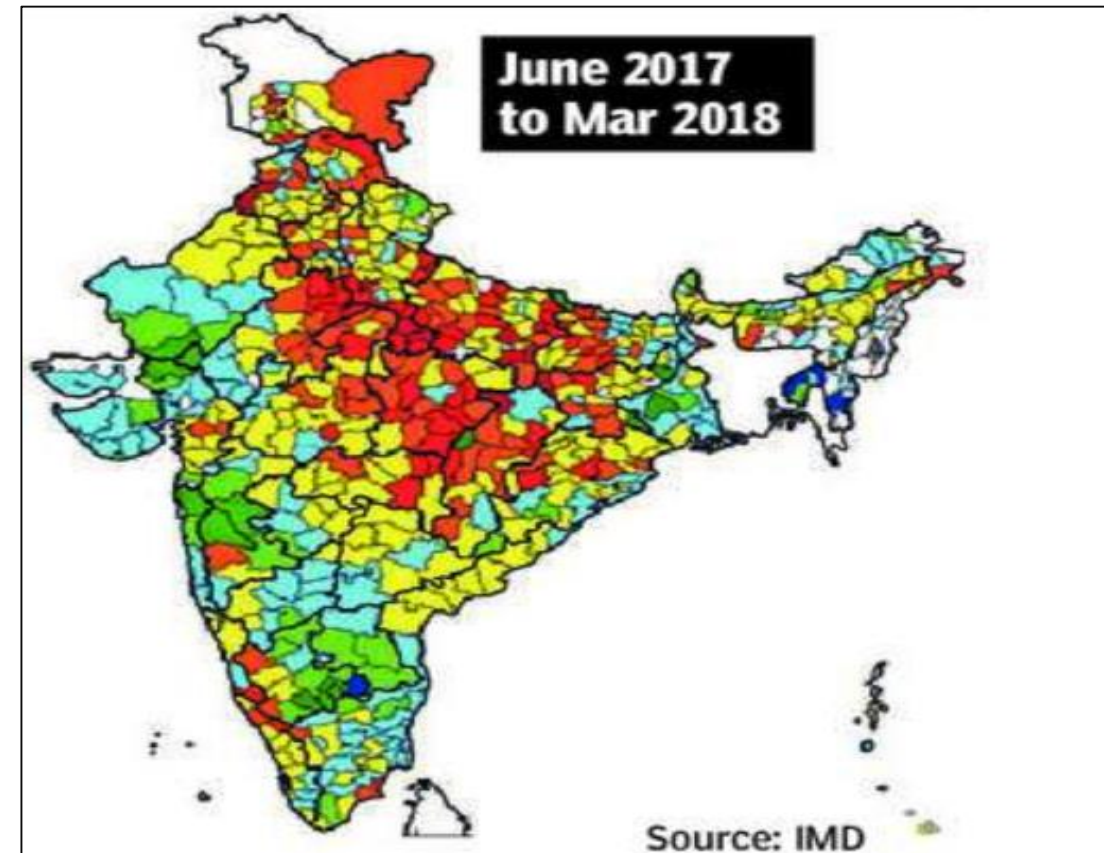
## ***Domestic Agchem Environment***

***Q4***



## ❖ SPI-Jan-Mar

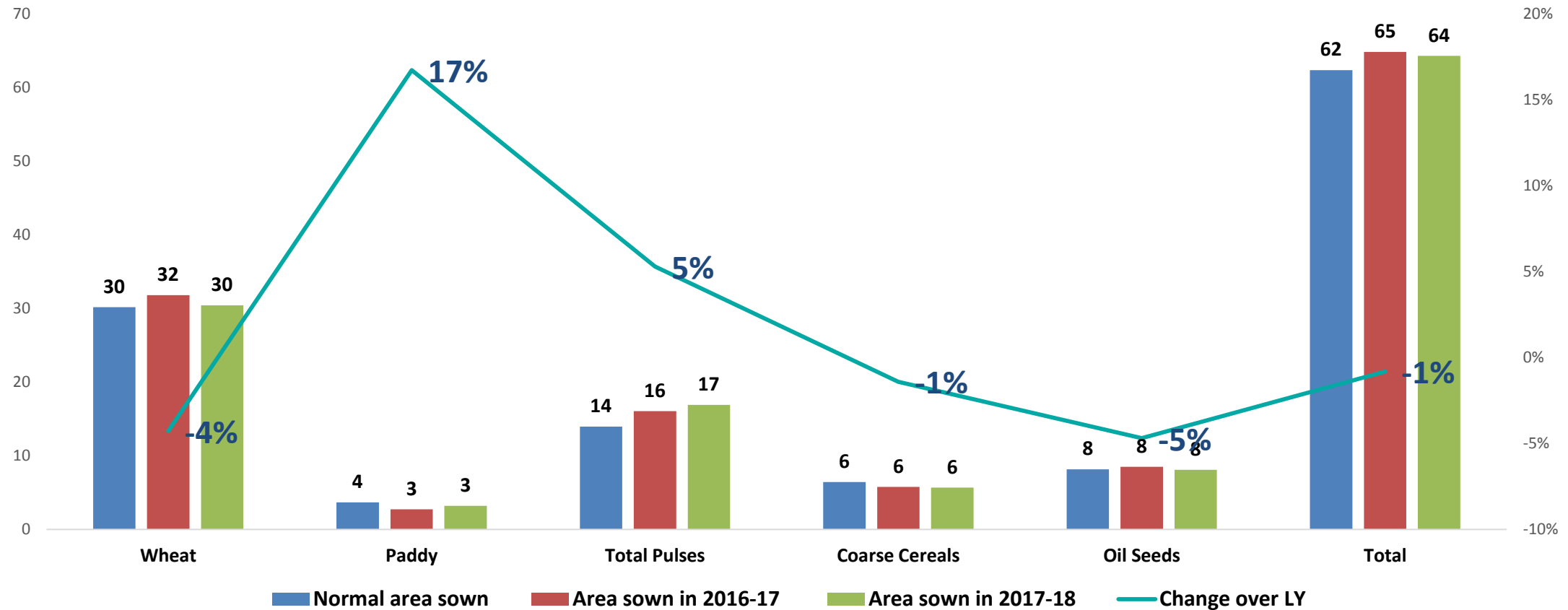
- ❖ 472 districts -Mild to extreme dryness (Irrigation was a constraint in Paddy crop)
- ❖ 153 districts with severe to extreme dry category(due to high temperatures crop health was affected with Pest free condition in Pulses)



## ❖ SPI - Jun-Mar

- ❖ 368 districts -Mild to extreme dryness (Paddy,F&V affected due to less rainfall)
- ❖ 140 districts with severe to extreme dry category(Cotton and Pulses due to dry spells farmers was not keen on pest control measures)

## Rabi Sowing Status



***Sowing is down by 1% as compared to last year, however key crop Paddy is up by 17%***

Crops	Key states	Performance of Imperative Enablers		
<b>Paddy</b>	TN, KN, AP, TG, CG, BH, WB	Reservoirs/ Irrigation	Acreages	Pest Pressure - Medium
<b>Pulses</b>	MH, KAN,, UP, AP, TG, MP	Soil Moisture	Acreages	Pest pressure- Low, missed Bollworm sprays
<b>Fruits &amp; Vegetables</b>	Various states	Irrigation	Acreages	Pest Pressure - Medium
<b>Cumin</b>	GJ, RJ, UP	Water Stress	Acreages	Pest Pressure - Medium
<b>Others</b>	PJ, HR, TN, KN, TG, Mh	Irrigation	Acreages	Pest Pressure - Medium

With depleting water levels coupled with hot weather conditions, led to low pest pressure in key crops impacting performance.

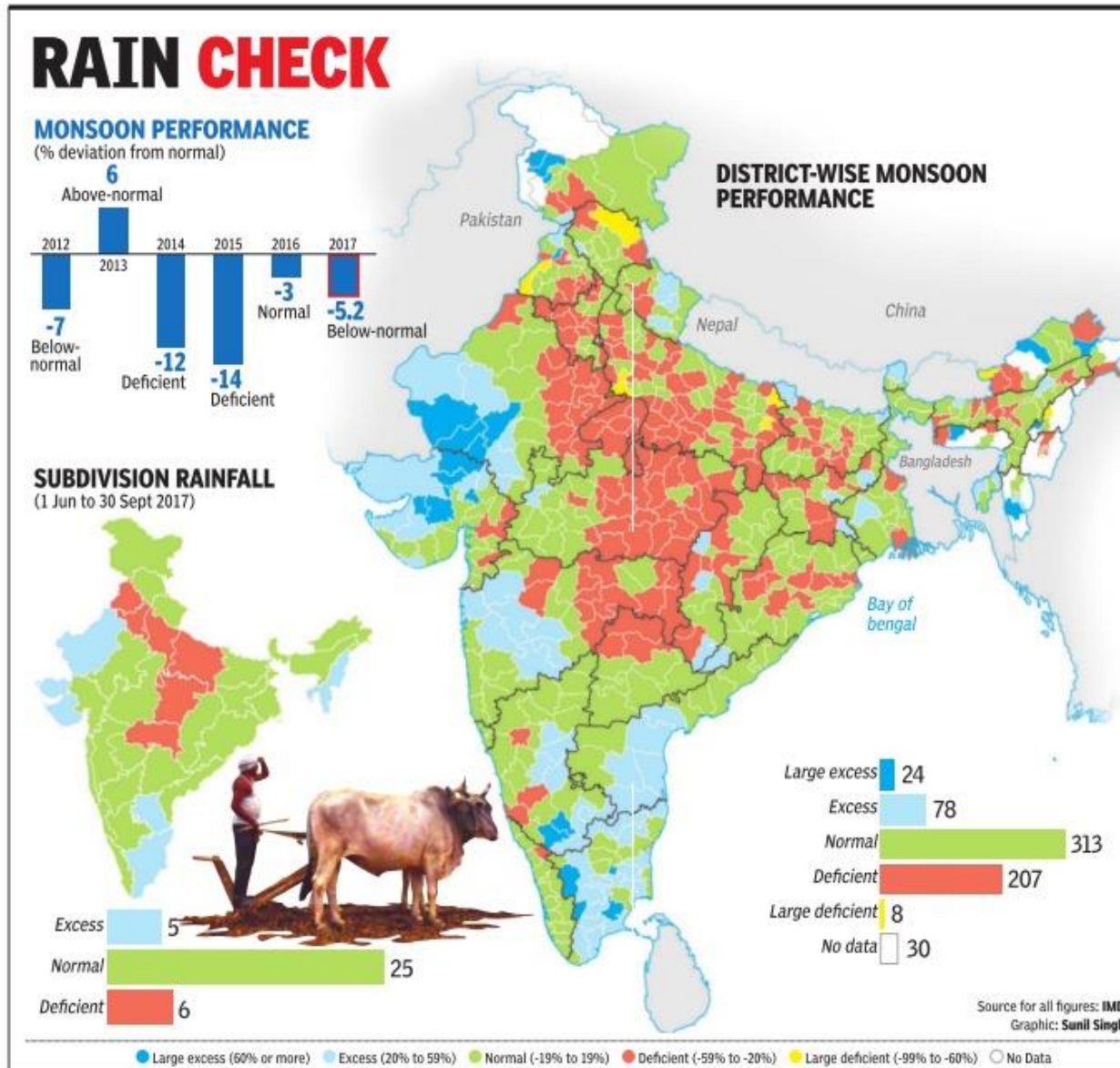




# ***Agriculture & Industry***

## ***2017-18: Year context***

## South West Monsoon 2017 ends with 5% less than normal



### Seasonal Rainfall 1<sup>st</sup> June to 30<sup>th</sup> September

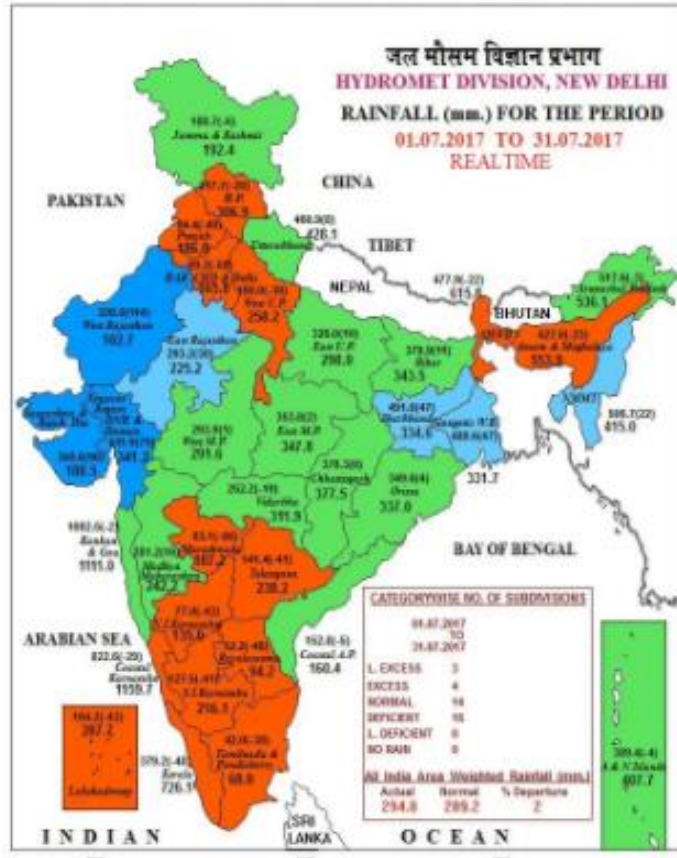
Regions	Normal Rainfall(mm)	Actual Rainfall(mm)	% Departure
North West India	615	552.9	-10%
Central India	975.5	918.8	-6%
South Peninsula	716.1	717.6	0%
East and North East India	1438.3	1386.4	-4%
Country as a whole	887.5	841.3	-5%

South West monsoon is -5% of LPA

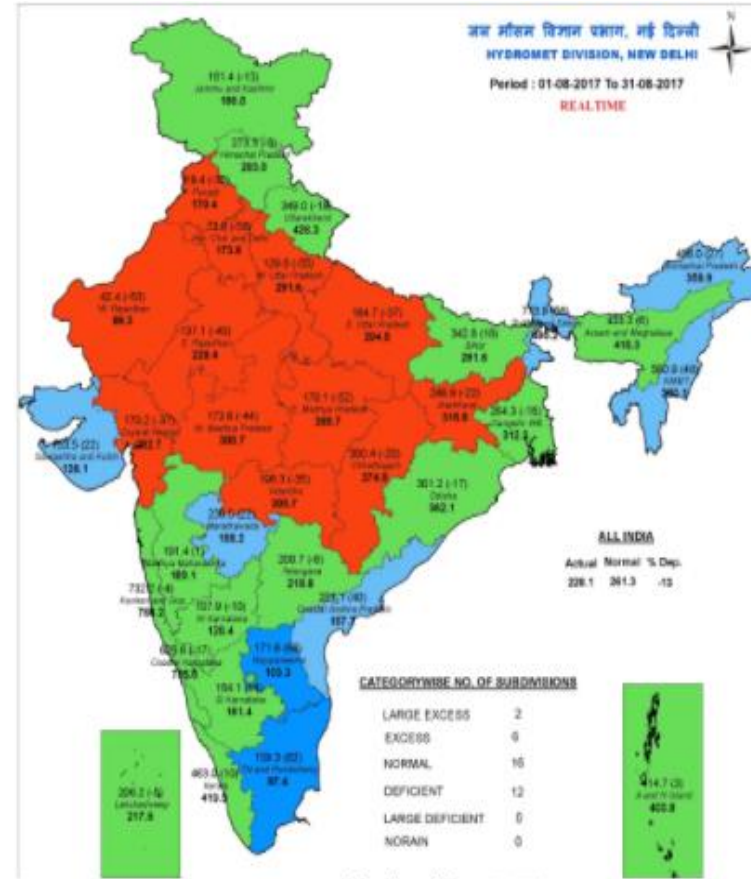
# Monsoon signs off with 1/3rd of districts under rain deficit

SUNDAY TIMES OF INDIA, NEW DELHI / GURGAON  
OCTOBER 1, 2017

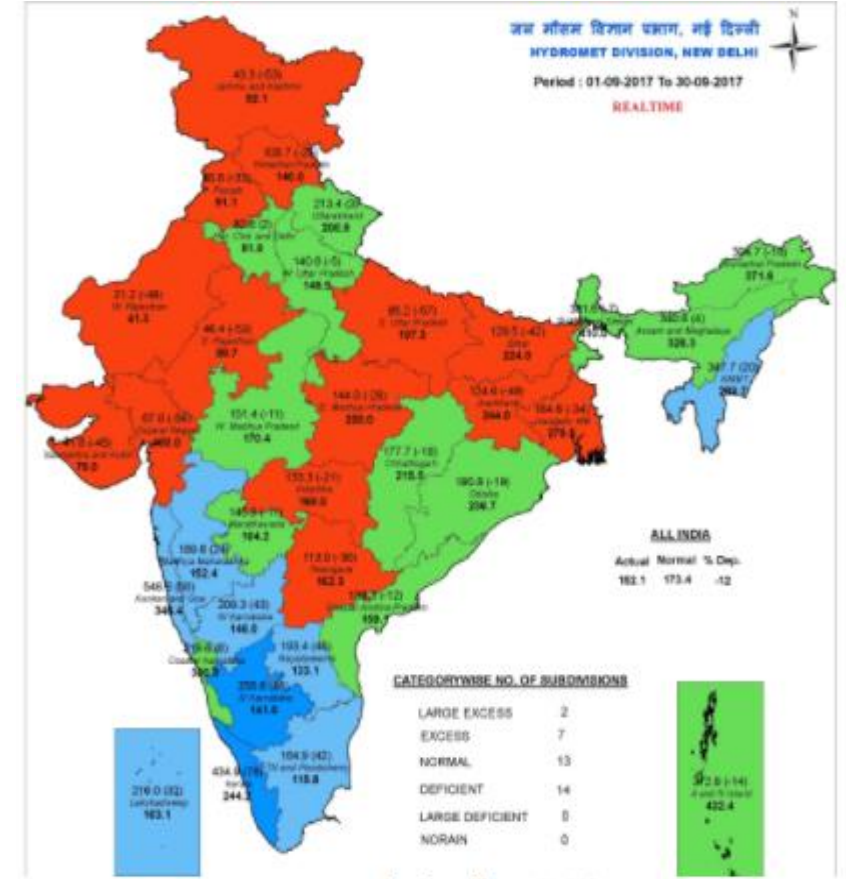
## July



## August



## September



Normal(mm)	Actual(mm)	% Departure
289.2	294	2

Normal(mm)	Actual(mm)	% Departure
261.3	228.1	-13

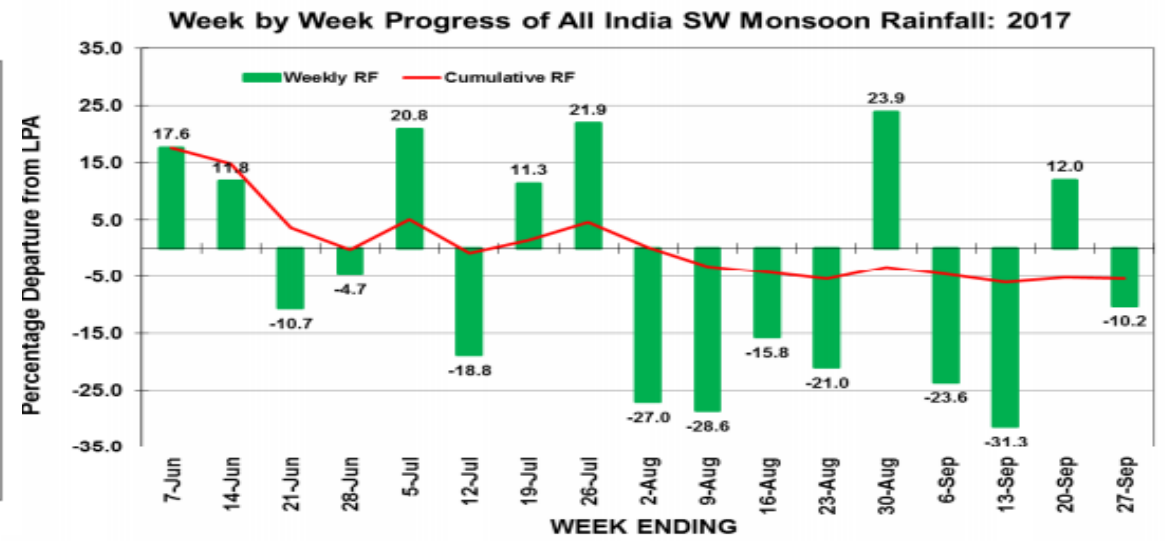
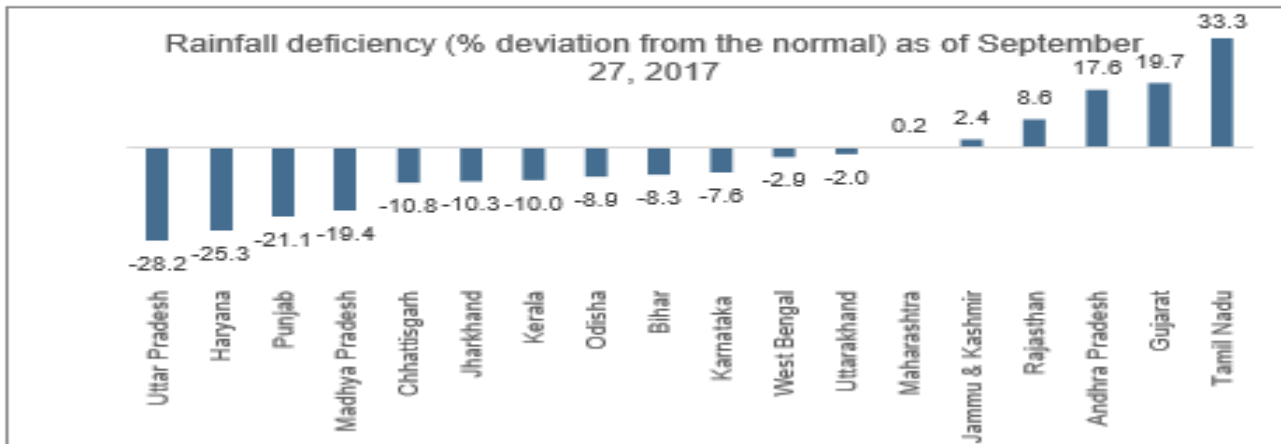
Normal(mm)	Actual(mm)	% Departure
173.4	152.1	-12

# Rainfall remains normal but ill-distributed

## State-wise

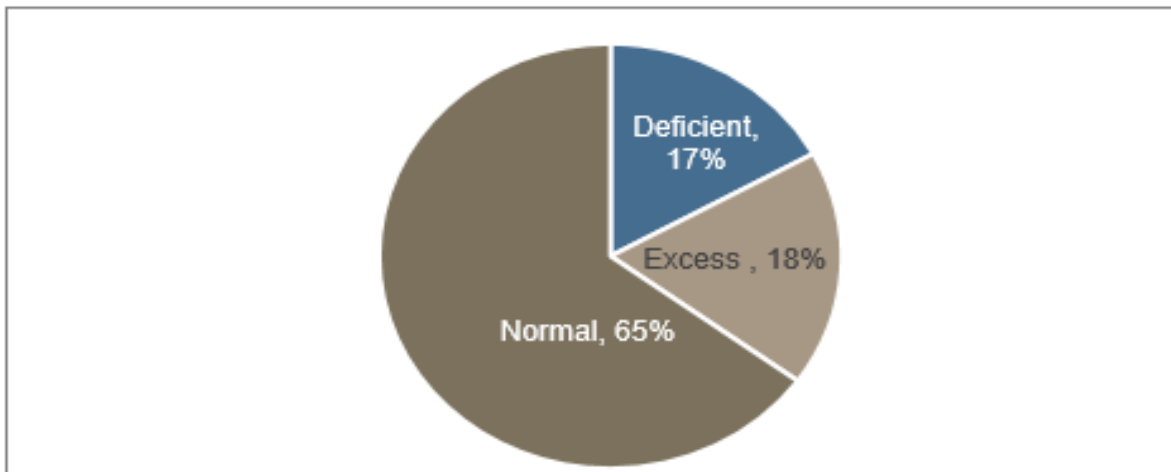
**Bihar, Assam, Rajasthan and Gujarat face flood, Gujarat suffer crop loss**

## Week-wise



## Overall

**Area with normal rainfall remains stagnant**



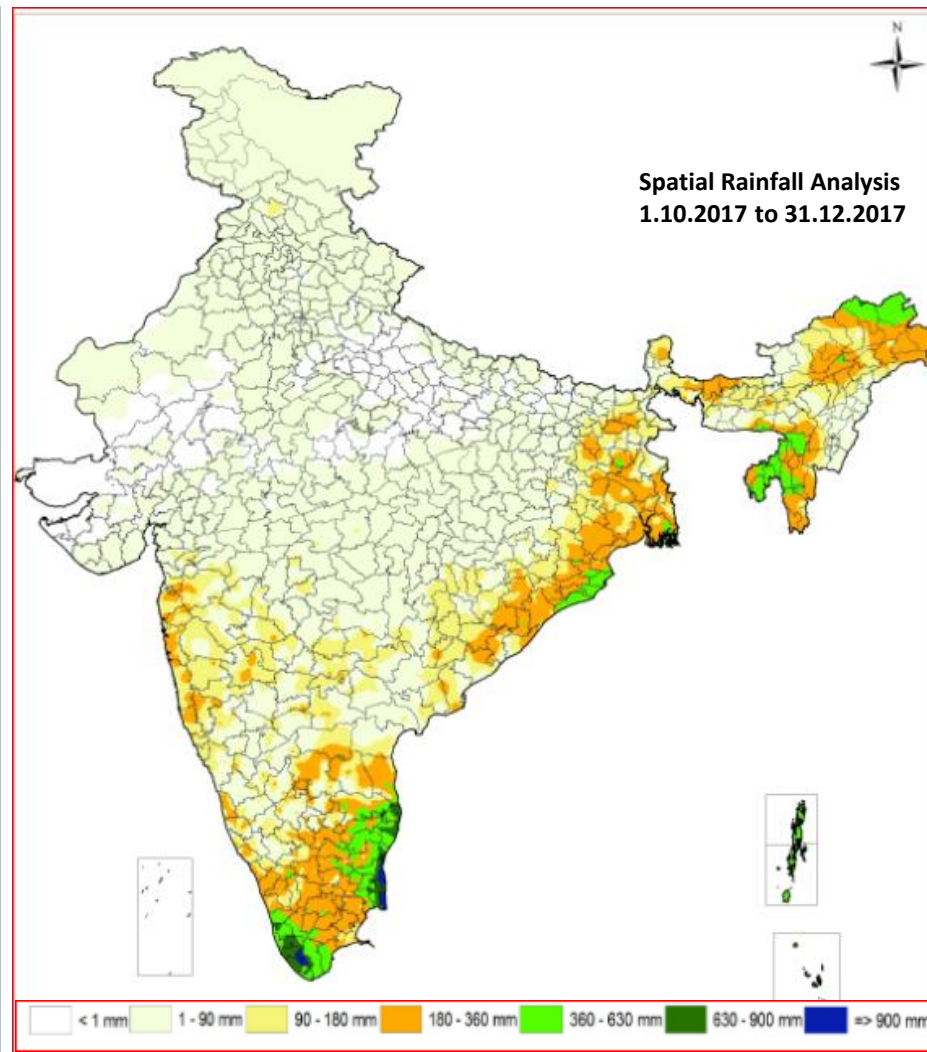
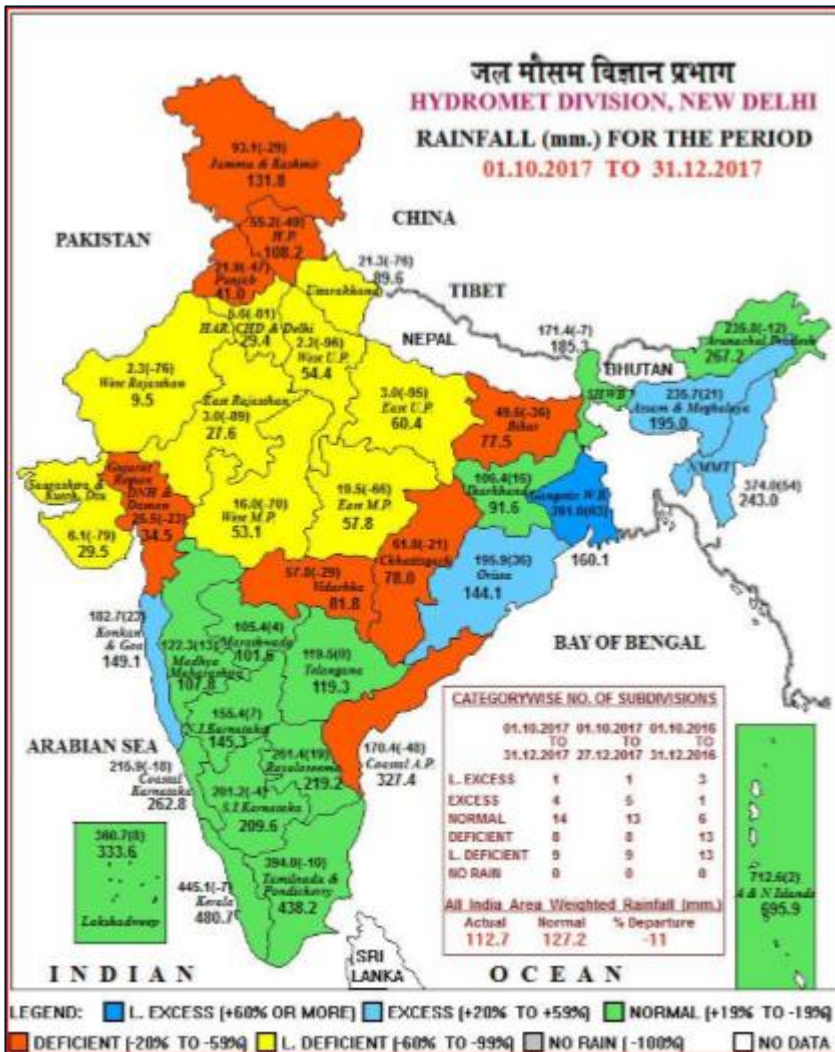
**Overall - 5% deficient rainfall, ~65% area receives normal rainfall**

## *So, how was S-W monsoon actually?*

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- Monsoon ends with 5% less than normal*
- Kharif sowings were down by 2% over LY*
- Crop health better than last year; Low Pest attack in Cotton, Paddy in many States*
- Kharif production is 135MT which is less than 3% over LY*

## How was NE Monsoon?



Seasonal Rainfall 1 <sup>st</sup> October to 31 <sup>th</sup> December			
Regions	Normal Rainfall (mm)	Actual Rainfall (mm)	% Departure
North West India	62.7	27.5	-56%
Central India	79.6	72.3	9%
South Peninsula	273.3	243.6	-11%
East and North East India	171.4	200.9	17%
Country as a whole	127.2	112.7	-11%

**North East monsoon is normal with -11% of LPA with 13 States receiving Normal rainfall**

# Sowings

Area in Mn Ha

Kharif	Normal area sown	Area sown in 2016-17	Area sown in 2017-18	Change Over LY(%)
Paddy	382	383	379	-1%
Cotton	103	103	123	19%
Pulses	147	148	142	-4%
Coarse Cereals	190	191	187	-2%
Oil seeds	190	189	173	-9%
Groundnut	47	47	42	-11%
Soyabean	115	115	106	-8%
Sugarcane	46	46	50	9%
Jute	8	7	7	-6%
<b>Total</b>	<b>1228</b>	<b>1229</b>	<b>1209</b>	<b>-2%</b>

Rabi	Normal area sown	Area sown in 2016-17	Area sown in 2017-18	Change over LY
Wheat	302	318	304	-4%
Paddy	37	27	32	17%
Total Pulses	140	161	169	5%
Coarse Cereals	64	58	57	-1%
Oil Seeds	81	85	81	-5%
<b>Total</b>	<b>624</b>	<b>648</b>	<b>643</b>	<b>-1%</b>



## Overall Domestic Business

*Expectation*

*Actuals*

*Monsoon-Sufficient*

*Normal – 96% ± 4% of LPA*

*SW **below normal**, with timely start and Temporal and spatial distribution of rain not uniform*

*NE timely and -11% departure from Normal*

*Acreages*

*Acreages – Up*

*Acreages down by 2% over LY Kharif and 1% over Rabi*

*Farm Sentiments & Cash*

*High*

*Long dry spells and intermittent rains during harvesting period effected the market cash flow*

*Pest pressure*

*High*

*Low in Kharif and Rabi in crops like **paddy, pulses***

*Crop prices*

*Higher*

*Pulses, Oilseeds and Vegetables were down while Cotton and Paddy are stable*



# YTD CP Performance over Last Year Improved



Crops	Key states	Pest Load	
		LY	CY
Paddy	TN, KN, AP, TG, CG, BH, WB	Stem Borer, BPH, SB, Blast, Grain Shine	Stem Borer, BPH, SB, Blast, Grain shine
Cotton	GJ, MH, AP, TG, KN, TN	Aphids, Jassids, White fly, PB	Aphids, Jassids, White fly, PB
Pulses	MH, KAN,, UP, AP, TG, MP	Sucking Pest, Bollworms	Sucking Pest, Bollworms
Fruits & Vegetables	Various states	Borers, Rots, die back, Leaf spots	Borers, Rots, die back, Leaf spots
Others	PJ, HR, TN, KN, TG, Mh	Medium	Medium

**Rallis improved market share in key segments with increase in Paddy and Cotton**



# ***Global Agchem Environment***

***Year 2017-18***

- ✓ The global crop protection market was estimated to increase by 0.2% to reach a total value of \$53.69 b USD in 2017.

## The key factors were

- ✓ Weak crop commodity prices.
  - ✓ High distributor inventory in many markets.
  - ✓ Strengthening of US dollar against most major currencies
  - ✓ Favorable weather conditions following the El Niño weather event
  - ✓ Return of normal monsoon benefitted water availability across many parts of Asia
  - ✓ High adoption of new trait technologies, particularly Intacta soybeans in Brazil
- ✓ All the major regions suffered a decline in nominal US dollar terms. In terms of real growth, 2017/2016(%),
    - ✓ NAFTA(+ 0.9%),
    - ✓ LATAM(-8.3%),
    - ✓ Europe(-4.2%)
    - ✓ Asia(+ 0.9%).
  - ✓ The sales performance of leading agrochemical companies of 2017 were positive except Bayer Crop Science( 9 months period).
  - ✓ There was little change in the global planted area of major crops in 2017, except for Decrease in Maize(-3.7%), Rice(-0.5%), Soybean(-0.9%)cotton (-3.1%), Soybean (-3.4%). There was an increase in cotton(+12.1%)
  - ✓ The decrease in Brazilian market can be attributed to reduced pest and disease pressure and the rise in adoption of Intact RR soybean. Markets in Asia have performed well. NAFTA is estimated to have shown marginal growth overall

The global agrochemical market showed an increase of 0.2% during 2017.  
Lower commodity prices and high inventory pressure led to lower increase in market growth. Source :Phillips Mcdougall

Key happenings	Current update
<b>New Round of MEP Inspection</b>	<ul style="list-style-type: none"><li>✓ Chinese Central Government MEP (Ministry of Environmental Protection) started new round of environmental inspection mainly in Shandong &amp; Jiangsu provinces.</li><li>✓ Due to this, many plants are expected to shut / run for partial production.</li></ul>
<b>Currency appreciation due to US-China Trade War</b>	<ul style="list-style-type: none"><li>✓ Currency appreciation leads to increase in RM cost (Generally 1% appreciation leads of 1% increase in cost in normal scenario)</li></ul>
<b>Demand Supply Gap / Availability</b>	<ul style="list-style-type: none"><li>✓ Many raw materials, intermediates &amp; technicals are in short supply.</li></ul>
<b>Increase in Cost</b>	<ul style="list-style-type: none"><li>✓ Almost all technical and intermediate prices are still at higher levels because of less production &amp; it is unlikely that there will be any price decreasing trend for next quarter, as per feedback received from key suppliers.</li></ul>

## ***INTERNATIONAL BUSINESS PERFORMANCE YTD***

International has performed in line with our expectations:

- ❑ Brazil situation is improving, showing a positive impact however Chinese competition continue to impact margins in Acephate
- ❑ Herbicides sales continue with good season leading to demand in EU
- ❑ Fungicides continued to grow due to good season in Vietnam

IBD as % of total sales ~32%.

Statement of change in working capital		
Particulars	2016-17	2017-18
<b><u>Current Assets</u></b>	<b>590.06</b>	<b>912.83</b>
Inventories	244.49	374.86
Sundry Debtors	225.84	365.33
Other current Assets	119.73	172.65
<b><u>Current Liabilities</u></b>	<b>338.93</b>	<b>481.86</b>
Trade Payable	227.93	368.65
Provisions	26.52	19.59
Other current Liabilities	84.48	93.61
Cash and Bank Balances	6.62	5.69
Net working capital	257.74	436.67
<b>Current Ratio</b>	<b>1.76</b>	<b>1.91</b>

₹ Crs

\*Other Current Assets + Advance Tax + Other Fin Assets

#Short term Borrowing + Other Current Liab+ Current tax Liab+ Other Fin Liab

Note:

❑ Strategic Inventory held considering anticipated shortages in Key RM required for Q1FY 19 sales

❑ International Business sales order deferred to Q1

## Reasons impacting Margins

### Gross Margins

- Product mix variance
  - Farmer opted for low value generics due seasonal aberrations
- Competitive pressures due to unfavourable season

### EBITDA Margins

- Employee benefit expenses increased due to additional man power recruitments as per plan
- Some one-time expenses
- Provision for GST on inventory

## Reasons for increase in Working Capital

### Inventory

- ❑ Strategic Inventory held considering anticipated shortages in Key RM required for H1FY 19 sales plan
- ❑ Stocks produced in anticipation of good season held back due to high temperature and low pest pressure with farmer shifting to low value generics

### Debtors

- ❑ Long dry spells along with intermittent rains during active crop growth and harvesting period affected the market cash cycles
- ❑ Output Price of Oilseeds, Pulses, Chili, F&V were low .
- ❑ Sugar Mills payment got delayed UP & MH.
- ❑ Customer mix with differentiated credit periods





# RALLIS SAMRUDH KRISHI®



- High Yields
- Better quality
- Lower costs

Value Creation

- Increase farmer SoW
- Higher revenues

2017-18

Kharif – 0.5 M

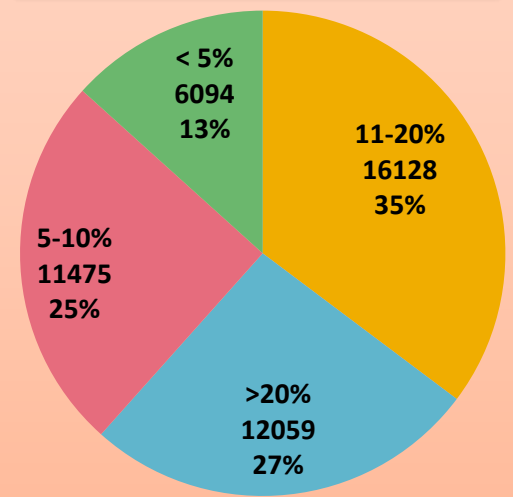
Rabi – 0.5 M



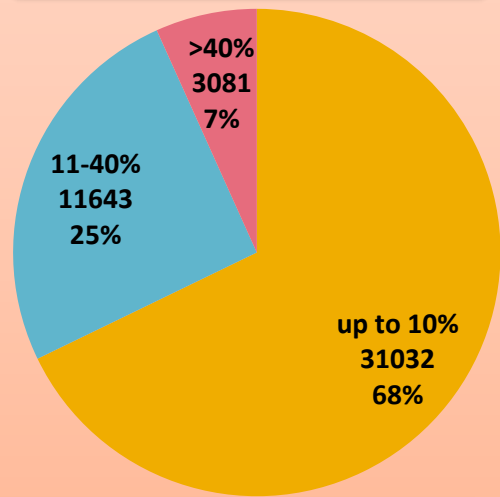
1 M Farmers

Kharif achievement – 45 k farmers

% Improvement in Yield



% increase in income



❖ 22 RSK Mega events

## Digital Updates



- ❖ Drishti rolled **Pan India** for **4 Crops** – 4 pests x 4 diseases – **Paddy, Cotton, Tomato & Chilly**
- ❖ Crop Health, Weather, Soil Moisture & Pest forecast used extensively by sales team for resource planning, liquidation campaigns, customized advisory & new opportunity identification
- ❖ **Agri farms geo-fenced** for providing personalized advisory through Drishti



- ❖ Samadhan has a multilingual support with app being available in **11 languages**
- ❖ **Farmers registered** on Samadhan
- ❖ Farmers are leveraging the 'ask an expert' query functionality & complaint management functionality



- ❖ SAMPARK extensively being used for CA Training.
- ❖ 3 Quiz conducted



## ***Rallis Customer Connect & New Launches***

# Customer Connect FY18– Total Customer connect – 9.48 Mns

*One to One Contact*



*Toll Free Helpline*



*Text & Voice Blast*



*Focused Group Discussion*



*Crop Seminars*



*Campaigns & Road Shows*



*Samadhan App*



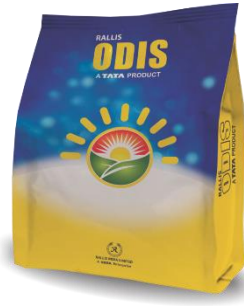
**Total  
Customer  
9.48 Mns**

*Customer contact are in millions (mns)  
Not unique contacts*



- *Fungicide in Paddy*
- *Controls Sheath blight with Yield and Quality enhancement*

**Launch in Guntur,Raipur,Chandigarh**



- *Insecticide for Paddy,Cotton, Chilli & Brinjal*
- *Combination of Acephate +Buprofezin*

**Launch in Guntur, Raipur**



- *Specialized fungicide for Fruits and Vegetables segment*

**Launch in Guntur,Pune,Bangalore**





- ✓ Recent launches are well accepted but yet to achieve high volumes
- ✓ Growth driven by Summit, Pulito, Cenator and Epic

Digital Led RSK



SEEDS



Contract  
Manufacturing

Crop protection + PGN  
+ Geogreen

Metahelix

Dahej



- ❖ **1.5x PBT for second consecutive year (PBT Rs 32.6 Cr vs Rs 20.9 Cr PY)**
- ❖ **Sustained growth in Revenues & PBT; Better than AOP performance in Capital Employed & Free Cashflow in spite of difficult environment**
  - ❖ **Revenue: Rs 318 Cr vs Rs 278 Cr LY;**
  - ❖ **Capital Employed Rs.84 Cr; FCF Rs 40 Cr**
- ❖ **Farmer contact crosses 4m farmers**
- ❖ **AIP (Annual Improvement Plan) initiatives (20 cross functional projects lead by SLT); Project Uday initiated for profit improvement; major progress on e-enablement (Grower Module, MRMS launched). EBIDTA margin improved by 130 bps**
- ❖ **Big delta on Tata Business Excellence Score: 480 vs 439 LY**



# ***Safety & Sustainability***

## Stewardship 2017-18 – Safety Awareness campaign

Activity	Number
Safety meetings – All India	Number of farmer meetings: 597 No.of farmers participated : 38,289
Safety meetings with TATA Trusts in Maharashtra state	Number of farmer meetings: 472 No. of farmers participated : 26,000
Awareness campaign on Personal Protection Equipment (PPE) KITs	4000 PPE Kits
Van Campaign	152 days
Leaflets on Safe handling of Crop Protection Products	40,000
Posters on Safe handling of Crop Protection Products	10,000
Training to Medical personals	73 medical staff

# PPE Awareness program – Farmers and farm labours



**Amravati**



**Akola**



**Yavatmal**



**Amravati**

# PPE program with Government Officials to spread awareness



Sangli



Nashik



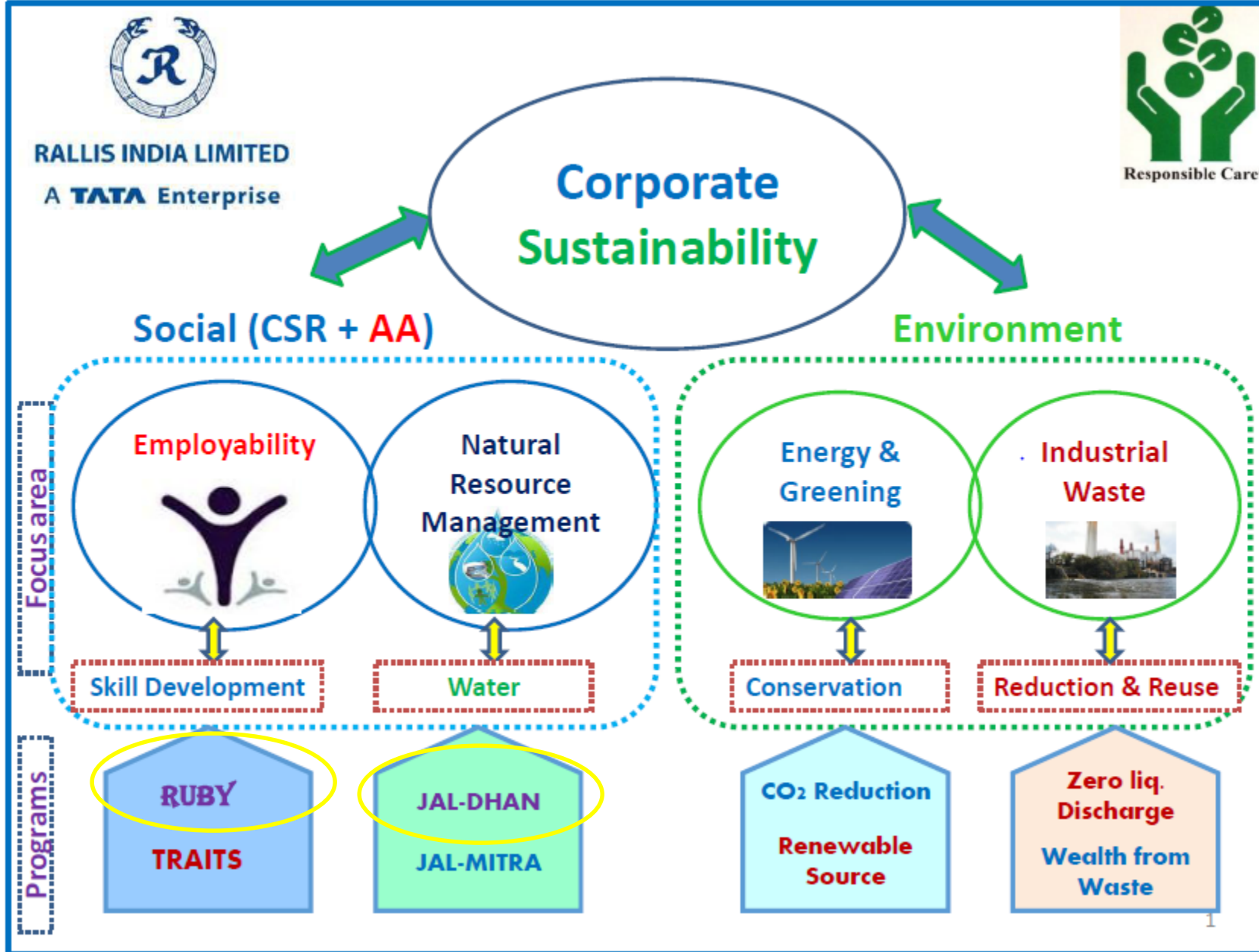
Ratnagiri



Jalgaon



**Lote unit receiving National Safety Award**



**Harvested nearly 1.06  
Million cubic Meter**

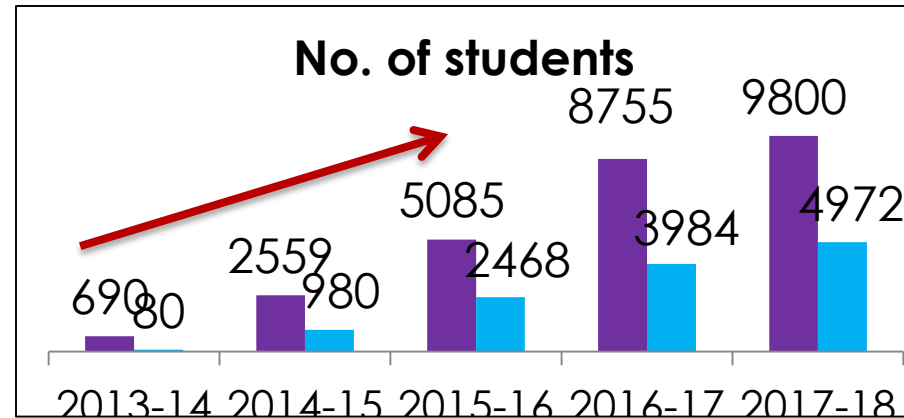
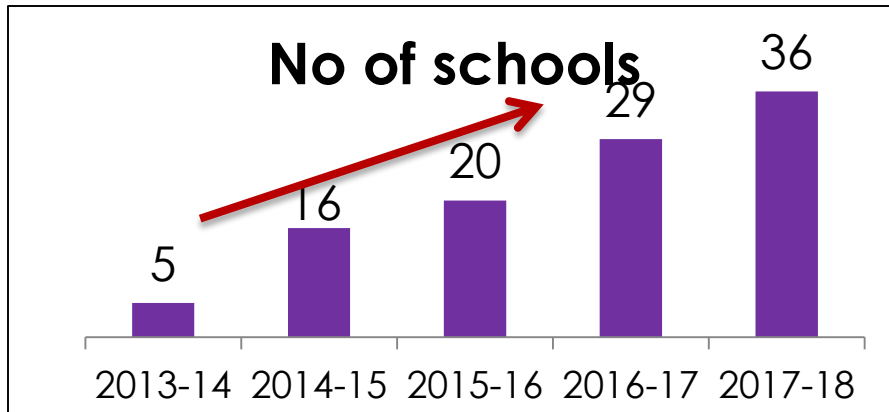
**Harvested Four times more water than  
what we utilise in our operations**



**Approx. 5.0 crores of  
Bucket of water**

**111688 beneficiaries  
covered**







# ***Outlook for Kharif 2018***

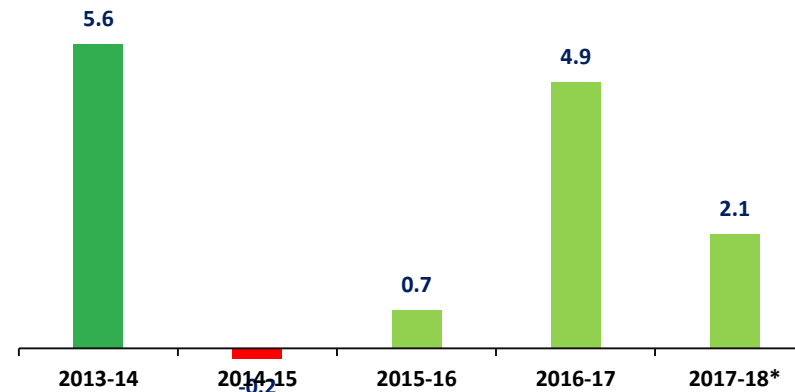
# Agriculture year 2017-18

All-time high food grain production of 277.49 million tonnes, 1% up from LY

Crops	Production in 2016-17(MT)	Production in 2017-18(MT)	Growth over LY(%)
Rice	109.7	111.01	1%
Wheat	98.51	97.11	-1%
Coarse Cereals	43.77	45.42	4%
Pulses	23.13	23.95	4%
Oil seeds	31.28	29.88	-4%
Cotton*	32.58 MB	33.92 MB	4%
Sugarcane	306.07	353.23	15%

Source: PIB

GVA in agriculture and allied activities at 2011-12 prices(%YoY)



\*provisional as per first advanced estimate of MOSPI

Despite a bumper output, agriculture is expected to grow just 4.2 on account of as prices remained depressed especially in pulses and oilseeds

## Budget highlights

- ❖ Minimum support price (MSP) for kharif crops (that have not been announced) to be at least 1.5x of production cost
- ❖ Agri institutional credit up 10% at Rs 11 lakh crore compared with the budgeted number of last year
- ❖ Development and upgradation of 22,000 rural haats into gramin agricultural markets (GrAMs)
- ❖ Rs 500 crore outlay announced for 'Operation Greens' to address price volatility of perishable commodities, such as potato, tomato and onion.

Maharashtra farmers end strike as CM accepts demands;

Karnataka announces Rs 8,167-crore loan waiver, over 22 lakh farmers to benefit

BT Online Last Updated: June 21, 2017 | 14:38 IST

Government Seven-Point Strategy for Doubling Farmers' Income

Agriculture is on Positive trend supported by Govt. initiatives

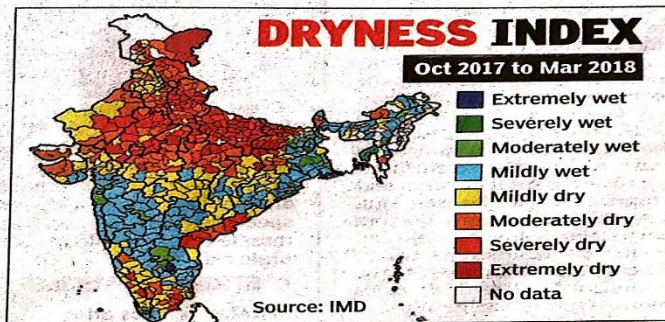
## Ahead of peak summer, 153 districts severely dry: Met

Amit Bhattacharya  
@timesgroup.com

**New Delhi:** Several parts of the country could be staring at a water crisis in the peak summer months ahead, with the latest meteorological department data showing mild to extremely dry conditions in 404 districts due to poor rainfall since October 2017.

Of these, around 140 districts were termed severely to extremely dry in the October 2017-March 2018 period. Another 109 districts were moderately dry while 156 had mild dry conditions.

The January to March rainfall left 153 districts across the country in the severe to extremely dry category. The IMD data evaluated 588 districts in all.



Worryingly, even when rainfall since June last year is considered — which includes the 2017 monsoon months — IMD's standardised precipitation index (SPI) shows

368 districts under mild to extremely dry conditions. This indicates sustained dry conditions in many districts.

► 63% rain deficit, P 10

## IMD monsoon forecast spells good news for farmers, govt

### At 97%, Rains Likely To Be In Normal Range

TIMES NEWS NETWORK

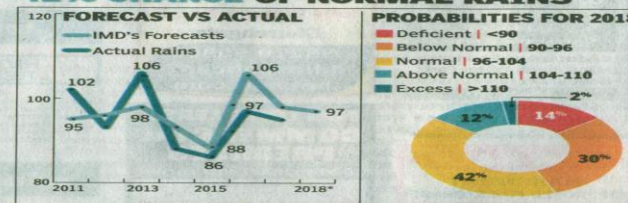
**New Delhi:** Bearing good news for the farm sector, the India Meteorological Department (IMD) on Monday predicted a 'normal' monsoon this year and said there is a "very less possibility" of a deficient monsoon.

Though the IMD pegged the season's rainfall in the lower end of the normal range, at 97% of the long period average (LPA), its prediction matches private forecaster Skymet weather's forecast, raising hopes of a normal monsoon.

The prediction for a normal monsoon will spell relief for the government ahead of the 2019 Lok Sabha election and the Centre having been under pressure to respond to farm distress that has sparked agitations in several states. A poor monsoon would create stress in the economy recovering from demonetisation and rollout of GST. The farm sector is not only crucial to overall growth, it is a key constituency the government has targeted in the current year's budget.

This is the third consecutive year that the country's national weather forecaster has predicted a 'normal' monsoon, although rains ended below

### 42% CHANCE OF NORMAL RAINS



IMD's June forecast used for years 2011-2017. For 2018, April forecast used

### In 'neutral' yrs, monsoon isn't always normal

**New Delhi:** Neither El Niño nor La Niña is expected to impact the monsoon this year, the met department said on Monday. While such 'neutral' years are generally associated with normal rainfall, a look at the past 21-year record shows a wide variation in monsoon's performance. From 1997 to 2017, there were 10 neutral years during which the monsoon varied between 88% of average (drought) to 106% (above normal). On the whole, the mean monsoon performance during these neutral years was 97.5% of the long period average (LPA), which is in the lower end of the normal range (96%-104%) — indicating that monsoons have been generally depressed during this period. **TNN**

normal last year: Rainfall between 96% and 104% of LPA during the June-September monsoon period is considered normal. IMD's forecast comes with an error margin of +/-5%.

"The forecast suggests maximum probability (42%) for normal monsoon and low probability (14%) for deficient rainfall," said IMD director general K J Ramesh while announcing the much awaited

first official monsoon forecast for the year. IMD will update its forecast, along with predictions for different regions and months, in June as the monsoon reaches mainland India.

The forecast comes days after a similar prediction of 'normal' rainfall by Skymet Weather, which had on April 4 said that the monsoon was likely to remain normal at 100% (with an error margin of +/-5%) of

### Met dept monitoring IOD impact on rains

With the likely absence of El Niño and La Niña this year, met officials are closely watching another factor — the Indian Ocean Dipole (IOD) — to see how it impacts the June-September rains. IOD is the measure of the temperature difference in surface waters in the east and west equatorial Indian Ocean. IOD is in the positive phase when waters in the west are warmer, and vice-versa. A positive IOD is seen to aid the monsoon. **TNN**

the LPA. Along with the 42% probability of a normal monsoon, IMD said there was a 30% chance of below-normal rains and a 12% possibility of above-normal rainfall. What will need closer observation is the likely variation in rainfall with some areas suffering from a problem of plenty and others going drier.

The monsoon is likely to hit the country's mainland in Kerala in last week of May or the first week of June, Ramesh said. The IMD will, however, release its forecast of monsoon's onset in mid-May. Though neutral conditions are expected in the Pacific, the one factor that could go against good rains is the possibility of conditions in the Indian Ocean turning slightly adverse — a weak negative Indian Ocean Dipole (IOD) — during the second half of the monsoon season.

