

Corporate Sustainability Report

(Interim Report)

**Final Report will be published for the year 2009-10 &
2010-11 (Combined) in the Month of November 2011**

2009-2010



RALLIS INDIA LIMITED

A TATA Enterprise

Rallis India Limited

An Overview

Organizational Environment

Rallis has been in existence in India since 1851, when Pandias Stephen Rallis, head of a well known merchant firm, "Ralli Brothers", came from Britain and set up trading in cotton, jute and other agricultural products. In the year 1948, Fison of UK and Tatas became the chief shareholders of Rallis India, launching the Company into the crop protection business. In the current context, Rallis' domestic and international crop protection businesses have been identified as its core strength. Rallis is a publicly held listed Company and is a Tata Enterprise. It is a subsidiary of Tata Chemicals Ltd., which holds 50.06% of the paid-up equity share capital of Rallis. The total Tata holding in the Company is 50.17%.

Organizational culture

Rallis fosters an environment of achievement, learning and collaboration through various organizational initiatives. Incessant cost reduction and expeditious execution are encouraged at all levels. Rallis revisited its Vision, Mission & Values this year after becoming a subsidiary of Tata Chemicals to address its ambitious growth target and venturing to new areas of business. Leveraging the core competencies, customer Intimacy and relationship, Rallis has redefined its Mission to enhance value to customers by providing Agri-solutions and through Chemistry led business.

Rallis has set its strategic vision to achieve the turnover of Rs. 5000 crores by year 2015 by aggressive growth in its existing areas like Domestic formulation, International Business, Domestic Institutional Business, Seeds and PGN along with two new areas of business i.e. Chemistry led, and Agri services. The focus areas are identified as new products, new geographies, acquisitions of product and companies, operational efficiency enhancement, new investment and more contract manufacturing. Company follows its EHS policy across the organization and adopted the Group policy on climate change. The awareness sessions are conducted for its employees and carbon foot printing exercise has started with the group support for its entire supply chain.

Mission, Vision and Values

Mission

To enhance value for customers by providing Agri – Solutions and chemistry led businesses.

Vision

We shall be amongst the leaders, in providing agri solutions and in relevant chemistry segments by

- Leveraging customer intimacy, strategic partnership and technology access,
- (d)elivering superior investor returns,
- (h)igh employee engagement,
- (n)urturing innovation across the value chain, and
- (d)riving corporate sustainability

Values

Trust, Excellence, Customer Focus, Care

Regulatory Environment

Crop Protection Industry operates under highly regulated environment. The manufacturing, storage, import, export distribution, usages as well as development and registration of new products are strictly complied with Insecticide Act-1968. The development and registration of new product is a long term process involving various stringent studies like Chemistry, Biological Efficacy, Toxicology, Residue and Environmental study, Eco Toxicology to prevent any adverse effect on human, other living organisms and environment. The whole process takes six to eight years which makes a new product launch, time consuming and expensive. We adhere to the regulations of other countries where we register and sell our product.

Besides this Rallis adheres to legal & regulatory requirements laid down by the central and state governments and various authorities like Pollution Control Board, Inspector of Factories, Central Insecticide Board, Environment Protection Law, Central Board of Excise and Customs, Fertilizer Order, Consumer Protection Act, Seed Act, Weights & Measure Act etc.

Rallis has implemented several Management systems like ISO 9001, ISO-14001, British Safety Council, and OHSAS 18001 ISO 17025 (NABL) in the Company in order to produce pesticides and carry out other operations with least negative impact on the society, environment, and employees. With Group guidelines Rallis has formed a special cell to address the climate change issues and act accordingly involving its employees, customers and partners.

Governance system

. The Company's philosophy of Corporate Governance involves striving to achieve the highest principles of transparency, accountability and integrity in functioning. Rallis has a strong governance system in the form of its Board of Directors along with various committees like: Audit Committee, Remuneration Committee, Ethics & Compliance Committee and Executive Committee of the Board. The Company seeks to focus on enhancement of long term value for all stakeholders and fulfill the social obligation entrusted upon the corporate sector. The Company has complied with the guidelines on corporate governance stipulated in clause 49 of Listing Agreements executed with the stock exchanges. In addition Rallis obtains TCL's inputs such as LTSP, AOP etc in order to ensure alignment, potential requirement of funds, eliminating conflicts in market place and multiplicity of investments.

Key Strategies and Action Plan

Rallis Strategy Scorecard indicates strategic objectives along with key measures and goals for achieving these in the timeframe of our long term strategic horizon i.e. 5years. The strategic objectives include revenue growth, value enhancement, invest to grow, strengthen market dominance, enhance customer and supplier relationships, leverage new product development & introduction, being operationally efficient and building a culture of excellence. Our most important Goals are Revenue growth in core and emerging business, Value enhancement, Strengthen the customer relationship, Strengthen market dominance and Enhance capacity & capability. Balancing of strategic objectives with Short term and longer term challenges and opportunities is addressed by regularly revisiting the Business Plan. The Balance Score Card approach followed by Rallis, help addressing multiple stakeholder needs and balance them through providing different weightage to all four perspectives. Regular RSS review further ensures that all stakeholders' needs are considered and balanced. Climate change needs are addresses by focusing more green products, acting on carbon foot printing for different operations and going for zero effluent discharge manufacturing processes.

Key Strategies and Action Plan

Key strategies	Key focus area	Action plan	ST	LT	Type of change
Grow International Business	<ul style="list-style-type: none"> - Contract Manufacturing - Inorganic growth: acquisition of product & companies 	<ul style="list-style-type: none"> - Secure new CM opportunities for agro chem. - Expand International market through product registration & direct market presence - Target acquisition in strategic market - Secure new alliances for IBD & CM 	✓	✓	Customer, Market
Grow adjacent businesses of Seeds, PGN, Specialty Chemicals & Agri services	<ul style="list-style-type: none"> - Growth in seeds - Growth in PGN - Develop & grow Agri services - Growth in Specialty Chemicals 	<ul style="list-style-type: none"> - Acquisition in seeds: product & companies - Product portfolio augmentation for PGN - Identify ,test & launch agri services - CM opportunities/ Alliances for Specialty Chemicals 	✓	✓	Product , Customer, Market
Market expansion in Domestic Business	<ul style="list-style-type: none"> - New Product - Rapid growth Geography wise - Grow Emerging segments 	<ul style="list-style-type: none"> - Market Expansion :EAGLE - Rapid product portfolio augmentation - Establish benchmark distribution infrastructure: CP, logistics, IT, Financing - Secure new alliance for DF 	✓	✓	Product, Market
Strengthening partnership through alliances	<ul style="list-style-type: none"> - New products: crop protection, Seeds, PGN - International Business - Contract manufacturing - Sp. Chemicals 	<ul style="list-style-type: none"> - Strengthening existing partnerships - Establishing new partnerships 		✓	Customer, Market
Cost Competitiveness	<ul style="list-style-type: none"> - Operational efficiency: Mfg. & Procurement - Investment in process improvements - Backward Integration 	<ul style="list-style-type: none"> - Quality & cost competitiveness for key products: DISHA- 1 Mfg. - Quality & cost competitiveness for key RM: DISHA-1 Procurement - Backward integration - Zero effluent based Mfg. operations - Establish world class facilities at Dahej - Enhance people competencies in key areas: current & future 	✓	✓	Product, Market

Strategy Plan Development and Deployment

In order to achieve the strategic objectives, we deploy 'SDM' – a tool that aligns organizational goals with the departmental / team goals and further down to individual goals. Soon after the strategy workshop, finalization of RSS, a workshop for aligning organizational goals with departmental goals is organized in the month of February, projects focused at deploying critical actions in a time bound manner. Goals are also shared and deployed with external stakeholders like Key Suppliers and Partners by intimating them about Rallis plans related to them, meeting and discussing to reach at common understanding, communicating dealers and distributors to make their plan accordingly. Internally, the deployment of enterprise strategy is done at two levels.

Level 1: The alignment of departmental projects with departmental goal is measured again on the basis of 1-3-9 relationship between the two. Each project is assigned a Project Owner from the senior management team in the department and this is documented in the form of Project Planning Sheet, with a clear cut timeline & delivery targets.

Level 2: Departmental Goals are further cascaded to individual team members based on the relative importance of a particular goal for the individual. The departmental projects also flow down to the level of individuals based on the nature of the project & the delivery specifics in the Project Planning Sheets.

Each person has annual KRA goal sheet comprising objectives and the corresponding goals. They are distributed under the four perspectives of Financial, Customer, Internal Process and Learning & Growth. Each Objective carries a weightage separately, all adding up to 100%. Sustainability of outcomes of the actions plans is addressed by incorporating the previous year's performance results in the departmental goal sheet and ensuring that the targets taken reflect an improvement over previous year's achievement. Also Procedural changes are incorporated in the EPMs, policy documents and manuals. Key actions plans become organizational projects and these are reviewed regularly by the EC and ensure sustainability of actions.

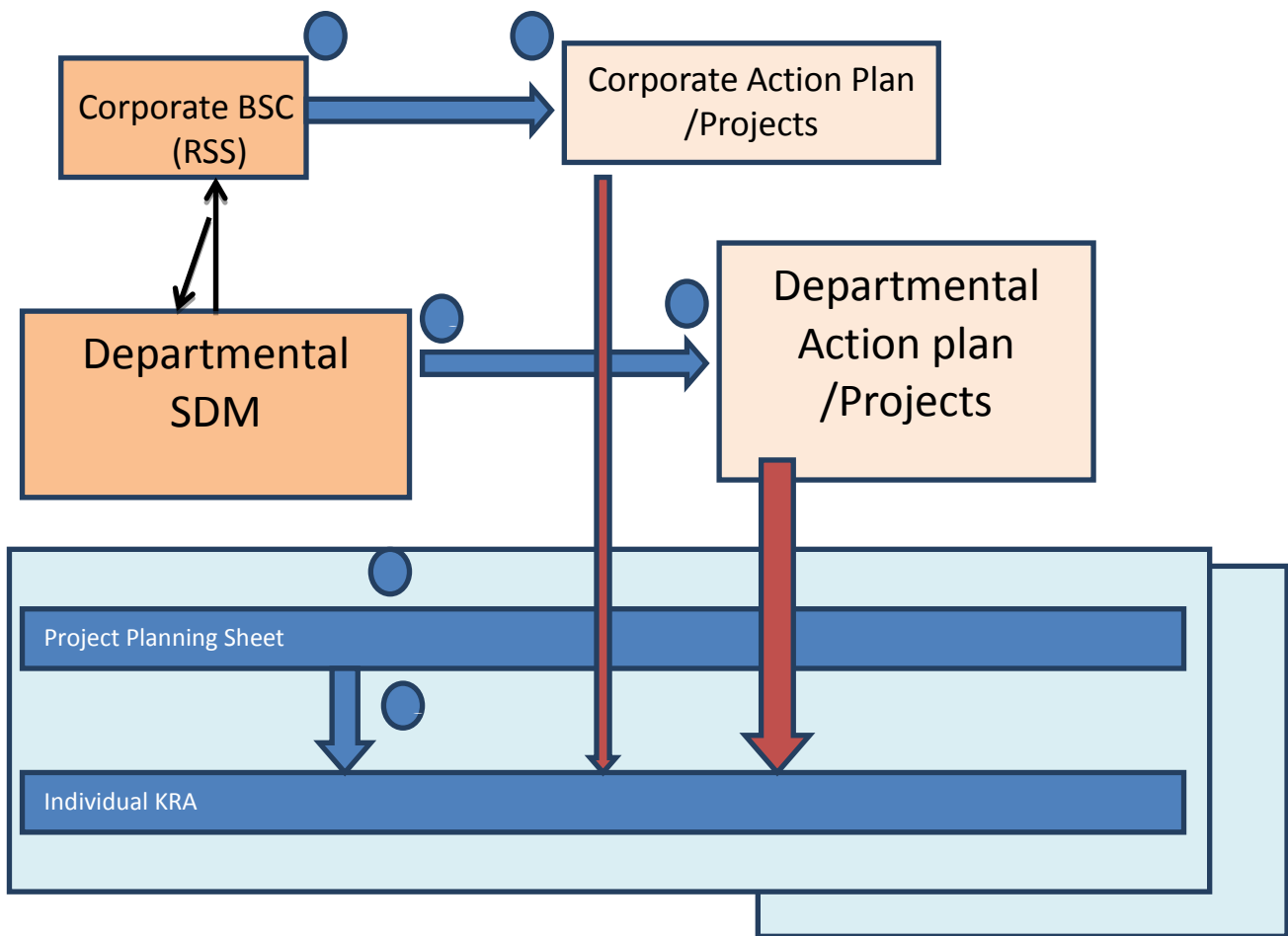
Resources Support

Assessment for financial resources is done for two time horizons - Long term requirements for 5 years and Short term requirements through AOP process. Long Term resource plans are broken down into annual time frames and the plans for the immediate year are included in the AOP. Resource requirements captured at project planning level are collated and allocation is done through revenue expenditure budgets and capital expenditure budgets. With the zero debt status of the company achieved in 2009 and the group backing, generating funds has become easier through debt and equity. Prioritization of the fund allocation is done on the basis of relative weightages of projects arrived at based on their linkage to Strategic Vision and financial evaluation on parameters like ROI, IRR, NPV. Financial and other related risks including carbon risks are analyzed as per the risk management process and the inputs are incorporated in the internal analysis process. Balancing of adequate resources to meet current obligations is addressed as part of the LTSP / AOP finalization. The whole financial resource requirements are reviewed in Board Strategy meet and key decisions are taken.

Human Resource Action Plan

A detailed HR plan is made based on the short and longer term business requirements envisaged in the Business Plan and Annual Operating Plan (refer Long term HR Plan). The plan broadly focuses on four areas i.e. Capability Building, Capacity Building, Culture and Systems. An example is given in below Figure.

As per the requirement of the LT plan relocation, restructuring of manpower is done through transfer, job rotation, capability enhancement to meet the strategic objectives.



Organizational Profile

Name of the reporting organization: Rallis India Limited

Major products and/or services:

Starting point for any pesticide is Raw Material to produce Technical, which becomes an active ingredient (AI) for Bulk Formulation which in turn is used for making final SKU. The main products, both manufactured & bought out are shown in Fig. OP-01. Retail domestic market has a vast distribution network comprising 4 zonal offices divided in to 8 regions, 37 area sales offices, and 175 sales territories. It has an extensive network of channel partners comprising 1049 Sole Stockiest (SS), 650 Preferred Dealers (PD) and 35,000 retailers backed by extensive sales force and strong marketing infrastructure. The SS and PDs are serviced through depots spread over 26 locations. Domestic institutional customers are serviced from the nearest zonal offices. Products are delivered to Domestic Institutional Customers through direct dispatches from factories and through Depots. Customers of International Business are serviced from Head Office. Products are dispatched directly from factories to customer in overseas locations.

Fig. OP-01 : Main Products		
Product Type	Manufactured Products	Bought Out Products
Insecticides	Technicals: Acephate,	Technicals: Cartap Hydrochloride, Dimethoate, Imidacloprid, Buprofezin, Fenpyroximate, Acetamiprid, Lambda cyhalothrin, Flubendiamide
	No of Formulated Products: 26 & No. of SKUs: 110	
Fungicides	Technicals: Hexaconazole, Metalaxyl, Metconazole, Kresoxim Methyl	Technicals: Isoprothiolone, Captan, Chlorothalonil, COC
	No of Formulated Products: 13 & No. of SKUs: 47	
Herbicides	Technicals: Pendimethalin, Metribuzin	Technicals: Atrazine Formulations: Clodinothop, Pretilachlor, Sulfosulfuron, Glyphosate
	No of Formulated Products: 11 & No. of SKUs: 26	
Plant growth Regulators/ Nutrients	Tracel (Zn, Fe , Mn , Cu & B)	Solubor (Boron based), Aquafert 19:19:19 (NPK), Aminos, Ralli Gold
	No. of Products: 8 & No. of SKUs: 54	
Seeds		Bt. Cotton, Hybrid Paddy
	No. of Products: 2 & No. of SKUs: 3	
Others	Poly Ether Ketone Ketone (PEKK)	

Key customer groups

Rallis operates both in domestic and international crop protection markets. The key customer group and their needs are described below.

Suppliers and Distributors, Supplier and Customer Partnering

Suppliers play an important role in the value creation process by supplying quality materials and services to Rallis at competitive price. Long term contracts enable us to contain price of raw materials. The delivery compliance in terms of quantity and timing is expected from all suppliers.

In case of packaging materials, suppliers help in developing and delivering new packs. Channel partners who are a vital link in reaching the products to the farmers also provide feedback on product performance when needed, based on which we plan new product introduction and product promotion. They also provide us lot of information on good practices existing in the industry. Technical supply Alliance enables us to keep our product basket update and ensures business continuity.

Segment wise customer needs					
1st level Segmentati on	Segment	Turnover Contribution By Segment	Key Products (Groups)	Key Crop / Geography	Customer Requirements
Domestic	Farmer (Formulation Business)	65%	*Insecticides(58%) :- Applaud, Takumi *Fungicides (30%) :- Contaf, Taqat *Herbicides (10%) :- Tatapanida, Tatametri *others (5%)	*Rice (30%) *Cotton (20%) *Other (F&V, S'cane, other crops)	Product Performance (Efficacy) Availability (Product) Advice (access)
	Institutional Business (Tech/Bulk)	16%	*Acephate *Hexaconazole *Pendimethalin *Metribuzin	various	Product Quality
Internationa l	Contract Manufacturin g - (CM)	7%	*Metconazole *PEKK *Propiconazole	*Japan *USA *Israel	Product Quality
					On Time Delivery
					Maintain confidentiality about technology
	Alliance Based Sales (Tech/Bulk)	5%	*Acephate *Hexaconazole *Pendimethalin *Metribuzin	*EU *Israel *USA *Japan	Product Quality On Time Delivery Competitive pricing
	Registration Based sales (Tech/Bulk/Br ands)	7%	Dimethote EC, Hexa EC, Cyper EC, Malathion EC etc.	Srilanka Vietnam Austr(a)lia Brazil	On time Delivery Product quality

Competitive position

The Indian Agrochemicals Industry comprises of Pesticides and Fertilizers as two main sectors. Rallis business portfolio comprises of Pesticides and PGN, along with Seeds which is another major agri-input. The Indian pesticides industry is second largest in Asia behind China and 10th largest in the world. Pesticides are used for preventing destruction of crops from insects, diseases, weeds and rodents.

Pesticides industry plays a vital role in ensuring food security and economic benefits to the farmer. Pesticides are broadly classified as Insecticides, Fungicides, Herbicides, and Rodenticides etc. depending on the type of pest they control. Rallis has been a leader in the domestic pesticide industry until the consolidation of multinational giants: Bayer and Aventis to form Bayer Crop Sciences in 2002.

The Indian pesticides industry is highly fragmented since weak entry barriers have resulted in too many players although the industry is consolidating globally. Almost all the global majors have their presence in the country.

The domestic industry has about 80 players in the organized sector and more than 125 technical grade manufacturer among them 10 are Multinational.

Domestic industry comprises of **a) Research based multinationals:** who have ability to launch new products regularly and driven by strong product portfolio e.g. Bayer, Syngenta and DuPont. **b) Indian Manufacturers:** are the basic manufacturers of pesticides led by their large set-up and ability to introduce me-too products. These companies operate both in domestic as well as export their products to other countries. Rallis, UPL and Indofil come under this category. Indian Manufacturers account for 35% of the total Domestic sales. Rallis is the leading player in this category with 13% market share. **c) Formulators:** These companies buy technical and bulk from the manufacturers and sell the products and are highly cost driven.

Global Market: Global Agrochemical market during 2009 is estimated at \$m 34500. Rallis total sales during 2009 including exports is \$m 223. Global agrochemical Industry comprises of **a) Research based majors** like Bayer, Syngenta and DuPont who are present in most of the global markets with registrations in key/protected geographies and **b) Generic** Players like Makhteshim and Nufarm who thrive on me-too and off patent products.

Generic players account for 28% of total global pesticides market. Rallis comes under this category with increased thrust on exports and aims to become one of the leading players globally. Presently Rallis is the 8th largest pesticides player among the global generic players.

Principal factors for success

Overall, Rallis aims to be a leading manufacturer and marketer of off-patent generic pesticides for the domestic and export markets and a marketer of new products sourced from alliance partners. It also aims to be the major marketer and distributor of quality seeds & PGN in the country and also to enter into areas of Specialty Chemical and agri Services. Critical Success Factors are arrived at during the annual VMV workshop through brain storming which are as follows:

- Relationship with customers and partners
- Continuous improvement programs for enterprise wide value delivery
- Market relevant product pipeline on a continued basis
- Value chain integration through backward integration and registrations
- Employee Engagement, Competency Building and Talent Management

Comparative and competitive data sources

FIBRES study has been carried out for five major competitors, viz. Syngenta, Bayer India, BASF, Excel and UPL to understand and to unravel the financial statements and other published information of competitors. Competitor performance on customer satisfaction is obtained from Customer Engagement Study administered by Gallup. Some other formal sources for obtaining comparative and benchmarking information, within and outside the agrochemical industries are given in Fig. OP-13. Comparative and competitive data sources for the following analogous processes outside our industries are obtained and used:

- Primary and secondary transporters
- TBEM forums (RNF/ Annual network / participation in external assessment)
- Tata Knowledge Chain (TKC) and various Group journals like : TATA Review
- Annual Reports
- Employees coming from other industries

The chemical industry is highly secretive about manufacturing processes. The Company however obtains these data from formal and informal sources such as job interviews, deliberations during industry meet etc.

Description of major divisions, operating companies, subsidiaries and joint ventures.

The company's business consists of Pesticides (domestic, institutional and international sales), specialty fertilizers and seeds. There are neither joint ventures nor subsidiaries.

Countries in which the organization's operations are located.

The manufacturing operations of Rallis are based in India only.

Nature of ownership

In terms of capital structure and ownership, Rallis continues to be a public limited company, with its shares listed on the Bombay stock exchange and the National Stock Exchange of India Ltd., Mumbai. During the year, it has become a subsidiary of Tata Chemicals Ltd. through issue of 9, 80,000 Equity shares to TCL on a preferential basis.

Shareholding Pattern and share distribution pattern (of equity shares) as on 31.03.2010 given in Governance Structure & Management Systems.

Nature of markets served

Starting point for any pesticide is Raw Material to produce Technical, which becomes an active ingredient (AI) for Bulk Formulation which in turn is used for making final SKU. Retail domestic market has a vast distribution network comprising 4 zonal offices divided in to 8 regions, 37 area sales offices, and 175 sales territories. It has an extensive network of channel partners comprising 1049 Sole Stockiest (SS), 650 Preferred Dealers (PD) and 35,000 retailers backed by extensive sales force

and strong marketing infrastructure. The SS and PDs are serviced through depots spread over 26 locations. Domestic institutional customers are serviced from the nearest zonal offices. Products are delivered to Domestic Institutional Customers through direct dispatches from factories and through Depots. Customers of International Business are serviced from head Office. Products are dispatched directly from factories to customer in overseas locations.

Human Resource

a) Number of employees at reporting units:

Head Office			
Head Office	Management Staff	Non Management Staff	Total
Nariman Bhavan	12	--	12
Turbhe, Head Office	108	--	108
Total	120	--	120
Manufacturing			
Factory	Management Staff	Non Management Staff	Total
Akola	28	--	28
Ankleshwar	181	83	264
Lote	69	--	69
Turbhe	70	105	175
Total	348	188	536
Sales & Marketing			
Marketing Zones	Management Staff	Non Management Staff	Total
Ahmedabad	35	--	35
Bangalore	46	--	46
Chandigarh	48	--	48
Guntur	26	--	26
Lucknow	25	--	25
Kolkata	32	--	32

Pune	31	--	31
Secunderabad	33	--	33
Total	276	--	276
R & D			
Research & Development		--	
Bangalore	9	--	9
Turbhe	19	--	19
Total	28	--	28
Grand Total	772	188	960

Products produced/service offered

Rallis places customer focus as a main tenet in its Values Statement. Accordingly all the marketing, selling, research and manufacturing efforts of Rallis are targeted at identifying and delivering products and services tailored to meet customer's ever changing needs. Rallis has put in place various processes to determine the key customer requirements and expectations and provide its product offerings for both domestic and international markets. Customer engagement and relationship programs of Rallis are considered trend setters in the Industry, and have won acclaim and awards.

The Customer support mechanisms are determined largely by the nature of business and by understanding their needs for the same through multiple listening approaches like special FGDs, CSS, Market surveys, dealer and farmer meetings, staff meetings, Interstate/district farmers visit under "Prerna" to improve Product knowledge & cultivation practices in domestic market.

As operations of the IBD & DIB are essentially B2B; all customers have been assigned managers who are their preferred point of support. Approaches are determined through FGD's, Market Visits, CSS, Complaints based on explicit or implicit need. The key means of customer support for use of our product and doing business is depicted in below Fig

Fig. Example of deployment of Customer support processes

Segment	Support Requirement	Process	Measure	Review
DF	Complaint Handling	Complaint Management	Resolution Time	Monthly/RSC
	Product Usage(Demos/Visits)	Customer Contact and Education	Adherence to plan	Monthly/RSC
IBD/DIB	Delivery Schedule	Sales Order Forecasting	Adherence to schedule	Monthly/SRM

Net sales (in Crores)

Year	Sales in INR (Crores)
2008-09	910.68
2009-10	937.03

Key stakeholders and engagement

a) Communities (locations, nature of interest)

Communities around 10 kilometers of all the operations are considered as the stakeholders for community activities.

The nature of our business is environmentally sensitive and our sphere of activities impacts the society. The approaches that we adopt to identify and mitigate public concerns are reviewed at Senior Leader forum. Rallis commitment to safeguard the interests of the society is addressed in the Corporate Environment Health and Safety Policy. Rallis also follow, Climate Change policy derived for Tata Group of Companies. Before introducing a new product into the market, an exhaustive safety evaluation and risk analysis is carried out by R&D for determining product suitability based on the properties related to product and its impact on the environment and user as well as life cycle. This is done through the stage gate process of New Product Development Initiative. Rallis always strives for introducing more and more green products. Notified industrial zones are chosen to locate operations so as to be away from residential area. Product change or capacity enhancement is within the overall approved pollution load or under compliance to Environment Impact Assessment (EIA) Notification 1994 wherein societal concerns are addressed through Public Hearing.

b) Customers (employees, suppliers, dealers, wholesale, businesses and government, shareholders)

During the selection of suppliers & dealers self-certification is insisted as the key requirement for qualification. The performance on legal compliance is reviewed periodically for all key suppliers and dealers. The Company regularly interacts with the community around to address their concerns through forums like the Consent Consultative Committee. Below table shows various processes and measures followed by Rallis to meet /surpass regulatory and legal requirements.

Adequately designed pollution control equipment are provided at all manufacturing units to mitigate process wastes - liquid, gas and solid. Treated effluent is let out only into Common Effluent Treatment Plants (CETP) and solid wastes into Treatment, Storage and Disposal Facility (TSDF). There have been many occasions when raw materials, process and equipment have been changed or replaced with the sole intention of reducing negative impact on the environment.

	Process	Measures	Targets	Actual
Regulatory /legal Requirements and standards including safety	EMS, SHE, ISO 14001, OHSAS 18001, BSC 5-star, Product quality checks Legal compliance reports	Compliance to EHS standards Quality Specs. Compliance Before time /On time compliance	100% compliance and More Stringent Internal norms Zero Non conformance	100% compliance

Risks / Adverse Impact of Products Services and Operations including Safety	ISO 9001-2000, ISO 14001, OHSAS 18001) Aspect-impact Analysis Responsible Care MSD sheets Risk Management Emergency Preparedness and Response Waste Management Continuous business and environment scan by strategy Team	NCs and Observations Product Performance measure Responsible care Scores % compliance for MSD sheets to all transporters Risk Profiles created % Progress on action plan Emergency plan in place shared with District authorities No. of mock drills conducted Waste Management projects	Zero NCs 100% compliance 100% profiles of significant risks, 100% completion of action plans As prescribed No. of drills As required	-----% compliance
Risks related to Climate Change	NPDI	% of Green & Blue products / Greening Index??	80%	70%

c) Share distribution pattern & Shareholding pattern as on 31st March, 2010:

S. N	Category of Shareholders	% of holding
1	Tata Companies	50.17
2	Government/ Other Public Financial Institutions and Insurance Companies	3.24
3	Foreign Institutional Investors and Foreign Companies	1.62
4	Non Resident Individuals	0.43
5	Other Bodies Corporate & Trust	4.20
6	Nationalized Banks and Mutual Funds	20.26
7	Foreign Banks and Other Banks	0.03
8	Individuals	20.05
Total		100.00

d) Other stakeholders (business partners, local authorities, NGOs):

Rallis has alliances with MNCs' as well as with Indian Manufacturers, most of which is for tactical reasons. Rejuvenation of the product portfolio will require collaboration and alliances with sources of new technology such as from MNCs. Rallis India needs to capitalize on its marketing and distribution strength and become the chosen partner for marketing of new molecules developed and registered by R&D based companies in India. The transparency in business avoids the conflicts and proves to be win-win situation.

e) Regulatory Authorities

Rallis is covered by laws pertaining to manufacture of chemicals as well as laws specific to agrochemicals and insecticides. To list a few:

- Directorate of Industrial Safety & Health
- Employees State Insurance Corporation (ESIC)
- Employee Provident Fund Organization
- Labor Commissioner
- Chief Controller of Explosives
- Department of Industrial Development
- Chief Inspector of Boilers
- Department of Environment
- Central and State Pollution Control Boards
- Directorate of Agriculture
- Central Insecticide Board
- State Electricity Board
- Regional Transport Authorities
- Customs and Central Excise Commissionerate
- Income Tax Commissionerate
- Securities & Exchange Board of India
- Stock Exchanges
- Reserve Bank of India
- Registrar of Companies

Report Scope and Parameters:

Contact person(s) for the report, including e mail and web addresses.

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Reporting Period for information provided.

1st April 2009 to 31st March 2010 (The Fiscal Year)

Date of most recent previous report (if any).

The Corporate Sustainability Report for the fiscal year 2008-09 was prepared under GRI guidelines and released in month November 2009.

Boundaries of Report & Scope

The scope of this report includes and is limited to:

- a. Rallis operations covered geographically within India.
- b. Only pesticide operations from its products and services portfolio
- c. Operation facilities at Ankleshwar, Turbhe, Lote and Akola are included.
- d. Excludes Contract Manufacturers, Joint Ventures, Contract Manufacturers and Outsourced operations.

UN Global Compact Principles

Rallis is Signatory to the GC Principles and accordingly adapted the Ten Principles in all its related activities ensuring conformance while conducting the business:

I. Human Rights :

1. Rallis support respect the protection of internationally proclaimed human rights.
2. Makes sure that the business is not complicit in human rights abuses.

II. Labour Standard :

3. Rallis upholds the freedom of association and the effective recognition of the right to collective bargaining.
4. Ensure elimination of all forms of forced and compulsory labour.
5. Ensure the effective abolition of child labour.
6. Eliminates discrimination in respect of employment and occupation.

III. Environment

7. Rallis supports a precautionary approach to environment challenges.
8. Undertakes initiatives promote greater environmental responsibility
9. Encourages the development and diffusion of environmentally friendly technologies.
10. Rallis works against corruption in all its forms including extortion and bribery.

Conformance status of the above principles is covered in the related performance indicator under Environment and Social chapters.

LEGAL FORM

In terms of capital structure and ownership, Rallis continues to be a public limited company, with its shares listed on the Bombay stock exchange and the National Stock Exchange of India Ltd., Mumbai. During the year, it has become a subsidiary of Tata Chemicals Ltd. through issue of 9, 80,000 Equity shares to TCL on a preferential basis.

SIGNIFICANT CHANGES IN THE REPORT PERIOD:

The Company continues to be a Tata Company, the total Tata shareholding being 50.17%. During the year, the Company has become a subsidiary of Tata Chemicals Ltd. through issue of 9, 80,000 Equity shares to TCL on a preferential basis. TCL holds 50.06% of the equity capital of the Company.

The entire Preference Share Capital, aggregating to Rs.88 Crores, which was privately placed with Tata Group of companies, was redeemed during the year.

Rallis Australia Ltd. a wholly owned subsidiary has a paid up capital of AUS \$ 1000. During the year, a wholly owned subsidiary, viz. Rallis Chemistry Exports Ltd. was incorporated. It's paid up share capital is Rs.5 lacs.

GOVERNANCE COMMITMENTS & ENGAGEMENTS

COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance involves a code of behavior 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.

Governance structure

The Company has a non-executive Chairman and the number of Independent Directors is one-half of the total number of Directors. The number of non-executive Directors is more than 50% of the total number of Directors.

Status as on 31.03.2010:

- ♦ Independent Directors – 50% (5/10)
- ♦ Non-Executive Directors – 90% (9/10)
- ♦ Independent and Non-Executive Directors – 50% (5/10)

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement with the Stock Exchanges), across all the companies in which he is a Director. The necessary disclosures regarding committee positions have been made by all the Directors.

Shareholders grievance redressal:

Shareholders'/ Investors' Grievance Committee looks after the matters relating to redressal of the shareholder grievances.

The Shareholders'/ Investors' Grievance Committee met twice during the year, on 15th April, 2009 and 14th October, 2009. The Compliance Officer of the company is:

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: pmeharhomji@rallis.co.in

The shareholders can give their suggestions or recommendations at the Annual General Meeting, which are recorded in the Minutes and action, wherever required, is taken thereon. The shareholders do occasionally write to the Chairman/ Managing Director giving their suggestions, or at times visit the Company Executives in person.

Shareholders can also correspond with the Company on the email address: investor_relations@rallis.co.in which has been specifically set up for interaction with investors and to respond to their complaints and queries.

The number of investor complaints/ requests/ queries received during 2008-09 was 815. All queries were duly addressed, except one which remained pending 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.

Remuneration for governance body:

The Nominations & Remuneration Committee is responsible for considering and recommending for approval of the Board, the remuneration and commission of the Managing Director and recommending the commission payable, if any, to the Non-Executive Directors. In addition, the Committee has 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, incentive schemes for senior management, etc.

The Nominations and Remuneration 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.

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

Remuneration Policy

The Managing Director's performance is gauged by the basis of achievements against targets set at the beginning of the year, which are a judicious mix of financial and non-financial goals. At the end of the year, the Nominations & Remuneration Committee gauges the performance based on the targets set and recommends the compensation to the Board for approval.

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.

Resolution of conflicts of interest

The composition of the Board of Directors is a mix of full time executives and non-executives, with requisite experience in handling economic, environmental and social issues. The Board regularly reviews the Company's performance on these issues.

Half of the Board of the Company comprises Independent Directors, as prescribed under the Listing Agreement with Stock Exchanges. Independent Directors take active part in the deliberations of the Board and they lend independence, credibility and an "outside perspective" to the business conducted. The Independent Directors bring their varied experience and expertise in the fields of management, finance and technical, adding value to the deliberations of the Board and its various Committees. Independent Directors are a part of all the Committees of the Board, and the Chairmen of all the Committees, except the Executive Committee of the Board, are Independent. This ensures that interests of all stakeholders are adequately protected

Decisions at all Board and Committee meetings are taken by a majority of non interested Directors. Directors interested in any particular matter do not take part in the deliberations and also do not vote for that particular matter. This ensures that there is no conflict of interest.

The roles of the Chairman and CEO of the Company are performed by two separate individuals, thus lending proper checks and balances under the governance system.

Mission, values statements & polices

Rallis has vision, mission , value and various policies. Company has formulated Quality, Environment, Health & Safety Policy, Community Development Policy and the Whistle Blower Policy; the last being in accordance with Clause 49 of the Listing Agreement.

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.

Risks and opportunities

The Board has clearly delineated the TOR of its Audit Committee for identifying and managing the economic risks and opportunities that present themselves before the Company. However, there are no committees for the assessment of environmental and social risks by the Board on a proactive basis. On the other hand, the BOD does review the Company's performance for ensuring that the interests of stakeholders' are protected. Presentation on EHS (Environment, Health and Safety) issues is made to the Board at every Board Meeting, before any other agenda item is considered.

The Company places a legal compliance certificate before the Board every quarter. This is based on compliance certificates submitted to the Managing Director by each Divisional Head, certifying that all laws applicable to his Unit have been duly complied with. The compliance certificate covers compliance of laws relating to environmental, safety and health issues, labor laws, etc.

Evaluating governance body's own performance

Company-wide information are aggregated, analyzed and reviewed by the senior leadership team to facilitate decision-making and set priorities. The Managing Director (MD) and all direct reports assess organizational success and performance every month at the Corporate Steering Committee meeting. The Owner presents the information related to the measures for each strategic objective and progress relative to the plans. In addition, company operations, current business scenario, performance relative to competitors and existing company capabilities are discussed in detail during review meetings.

The BRC reviews three parameters i.e. ongoing operational & total corporate performance, the future trends of this performance and the opportunities for the future - within a three-year time frame.

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 to be 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 overall amount payable as commission, subject to the above limit, depends on the Company's performance during the year. The commission payable to individual Directors depends on their attendance at meetings of the Board, their serving on various Committees, their participation in the deliberations of the Board and its Committees as well as guidance provided to senior management other than at meetings. The distribution of commission among the Non-Executive Directors is approved by the Remuneration Committee and the Board based on the above parameters.

Commitment to external initiatives

The company is signatory to or endorses or honours:

- ❖ Tata Group's Code of Conduct, the salient clauses of the Code include those on national interest, health, safety and environmental issues, quality of products and services, regulatory compliance, etc.
- ❖ TBEM (Tata Business Excellence Model)
- ❖ The United Nations Global Compact and abides by its principles.
- ❖ Stockholm Convention on Persistent Organic Pollutants.
- ❖ Kyoto Protocol for Green House Gases Climate Change Aspect.

- ❖ Montreal Protocol for Ozone Depleting Substances.
- ❖ Responsible Care Initiative of Indian Chemical Manufacturers Association – the Codes of which cover the safety, environment and stakeholder engagement approaches.
- ❖ ISO 14001:2004 EMS Certification for all the units.
- ❖ OHSAS 18001:1999 Standard Certification for all units.
- ❖ CREP (Charter on Corporate Responsibility for Environment Protection) signed with Ministry of Environment & Forests, Government of India as a voluntary initiative to improve the environment management systems.

Membership with business associations:

- ◆ Crop Life India
- ◆ I.C.C (Indian Chemical Council)
- ◆ Crop Care Federation of India
- ◆ Pesticide Manufacturer's & Formulators' Association
- ◆ Loss Prevention association of India
- ◆ Bombay Chamber of Commerce and Industry
- ◆ National Safety Council of India
- ◆ Confederation of Indian Industries
- ◆ TERI (The Energy Research Institute)
- ◆ British Safety Council
- ◆ Industrial Associations of the respective areas.
- ◆ Common Effluent Treatment Plant (CETP) Associations.
- ◆ Waste Management Association.

Economic Performance:

Globally the crop protection industry did not have a good year in 2009. The overall global market dropped by 6.5%. The Indian Pesticide industry, however, is estimated to have grown by about 10% during the year under review. Chinese imports have put pressure on the margins in some of our product category.

The fundamentals of Agriculture sector continue to be robust and will drive growth in the years to come. New generation products like Ergon, which enhances yield and control diseases and Ralligold, which is a biological product which improves growth and crop yield will drive business growth. With labor shortage increasing in rural areas, farmers are looking for labor saving options and this will lead to a higher demand for herbicides in coming days.

The enterprise value creation programme DISHA 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 overall growth agenda of the organization. The EAGLE 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.

Financial Result: (Standalone)

SN	Item	2009-10 (Rs. In Crores)	2008-09 (Rs. In Crores)
1	Gross Sales	933.48	906.84
2	Excise duty	(58.35)	(73.99)
3	Net Sales	875.13	832.85
4	Other Income	28.82	22.62
		903.95	855.47
5	Profit before Interest, depreciation, and Tax	173.17	132.22
6	Interest	(2.67)	(3.26)
7	Depreciation	(18.31)	(22.95)
8	Profit before Tax	152.19	106.01
9	Provision for Tax	(45.07)	(29.34)
10	Fringe Benefit Tax	-	(1.72)
11	For Prior years	(1.82)	(0.59)
12	Deferred Tax	(4.26)	(3.07)
13	Profit after Tax	101.04	71.2

Risk, Concerns & Threat

The dependence of our business on monsoon has been evident in the first half of the 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.

Economic 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 consolidated basis.

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 have recommended 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%) as against Rs. 16/- per share (160%).

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 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 Preference Shares for the year was Rs. 2.62 Crores (including dividend tax).

Risks due to climate change

There are no major financial implications envisaged due to climate change. Issues such as rise in sea level will not impact business significantly as the operations are mostly away from the seacoast. If national guidelines are put in place for reduction of Green House Gas (GHG) emissions, the Company's operations are not likely to be impacted to a great extent as they are not highly energy intensive.

Our endeavor to honor the Kyoto Protocol by way of contribution to Climate Change aspect, focused on greenhouse 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 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 year, across the manufacturing units resulting in savings in energy consumption.

Benefit plan obligations

Besides Provident Fund and Superannuation, all permanent employees of the company are covered under gratuity plan. Supplemental payments are applicable for employees who have put in 20 years of service in the Company. Employees are entitled to get fixed monthly supplemental payment after their retirement. This payment is extended to spouse of the employee, in case of death of the employee.

Market Presence

The Company has a wide supplier base and major raw materials are supplied by large firms. The preference is being given to local suppliers within the competitive price range and based on quality of the supplied material.

Human Resources

The Company, in its journey to enhance Employee Satisfaction & Skill set & Retention of talent undertook several initiatives during the year.

Employee Engagement Survey undertaken with the help of Gallup Organization indicated that employees continue to perceive 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

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, Corporate Sustainability Reporting, Climate Change etc.

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

Indirect Economic Impacts

The Company has participated with the community to build infrastructure around the manufacturing locations keeping in mind the obligation to the affected society at the neighborhood. All the manufacturing units are located in the notified Industrial area in all states and due to the presence of Company along with other industries and establishments, several economic opportunities have come up in the region. Traders, mechanics, Small Scale Units, transporters, housekeeping agents have found business in and around the Company.

Environmental Performance

Pesticide Industry operates under highly regulated environment. The manufacturing, storage, import, export distribution, usages as well as development and registration of new product are strictly complied with Insecticide Act-1968. The development and registration of new product is a long term process involving various stringent studies like Chemistry, Biological Efficacy, Toxicology, Residue and Environmental study, Eco Toxicology to prevent any adverse effect on human, other living organisms and environment. The whole process takes six to eight years which makes a new product launch, time consuming and expensive. Also we adhere to the regulations of other countries where we register and sell our product.

Besides this Rallis adheres to legal & regulatory requirements laid down by the central and state governments and various authorities like Pollution Control Board, Inspector of Factories, Central Insecticide Board, Environment Protection Law, Central Board of Excise and Customs, Fertilizer Order, Consumer Protection Act, Seed Act ,Weights & Measure Act etc.

Rallis has implemented several Management systems like ISO 9001, ISO-14001, British Safety Council, and OHSAS 18001 and ISO 17025 (NABL) in the Company in order to produce pesticides and carry out other operations with least negative impact on the society, environment, and employees.

Company has defined its Environment Health & Safety policy focusing on seven objectives and it is followed by all its factories, depots and offices. The group climate change policy is adopted by the company and a special cell is formed to address climate change related issues including carbon foot print measurement in coordination with group climate change team. Awareness on individual and organizational contribution to focus on climate change is done not only for employees but for other stakeholders also. Rallis has organized more than 50 meetings all over India involving its field staff, farmers and school children on 2nd February, world wetland day to spread the awareness of climate change. As a practice every CEO Online session starts with a safety message and there are specific sessions devoted to the aspects of Quality as well as Climate Change.

Societal well being and benefits are core to the organization's long term strategy planning and other key processes like New Product Development Initiatives (NPDI), Sales and operations planning etc in terms of greener and safer products introduction in the markets and discourage red category ones. As a result the organization has discontinued a number of products year on year and the share of safest categories of Green & Blue triangle products has continuously grown. Addressing the Climate change agenda, one of the key planned moves by the organization has been to shift towards safer formulations which are water based against conventional solvent based ones. Board and Senior leadership has driven this cause and a significant capital investment is done for improving the manufacturing processes such that adverse impact on environment in terms of effluents is minimized.

Usage of Natural gas in place of furnace oil has resulted in reduction in carbon emission to the environment.

At Lote, valuable byproducts are being recovered from the effluent streams and are being sold which otherwise would have gone as liquid and solid wastes and spoiling the environment.

Direct Energy Consumption:

Energy Sources	Unit	2007-08	2008-09	2009-10
Furnace Oil	KL	3751	1904.93	1387.90
LDO	KL	3.18	0	0
Gas	M3	1674868	1770725	2405292
High Speed Diesel	KL	206	113	16.67
Bio Briquets as Clean Fuel	MT	1223.75	1272	1703.17
Captive generation (CPP)	Lac KWh	57.06	56.44	74.60
Captive generation (DG)	Lac KWh	9.53	11.4	4.15

Indirect energy use:

Electricity is the only indirect energy that is bought out from electricity distribution authorities of the respective states. Initiatives on energy conservation have been implemented which has resulted appreciable reduction in energy consumption at individual locations.

Captive Power Generation using gas as a cleaner fuel has contributed in reducing the unit drawn from state power grid.

Energy Sources	Unit	2007-08	2008-09	2009-10
Electricity	Lac KWh	179.7	124.93	119.18

Water Management

Water is drawn mainly from the municipal source provided by respective Industrial development corporations. Bore well is only available at Akola and is used exclusively for horticulture purpose. Turbhe draws water by way of rain harvesting, water from a pond created on account of the stone quarrying activity done yesteryears. This water finds usage in gardening and fire fighting thereby conserving the process water.

Total Water withdrawal by source-

Purpose of Usage	2007-08	2008-09	2009-10
Industrial (In Cubic Meter)	197949	200010	245059
Domestic (In Cubic Meter)	68023	69045	84212
Total (In Cubic Meter)	265972	269055	329271

Biodiversity

All the manufacturing units are located in notified industrial zones and thus not affecting the bio diversity or any flora and fauna of the neighborhood.

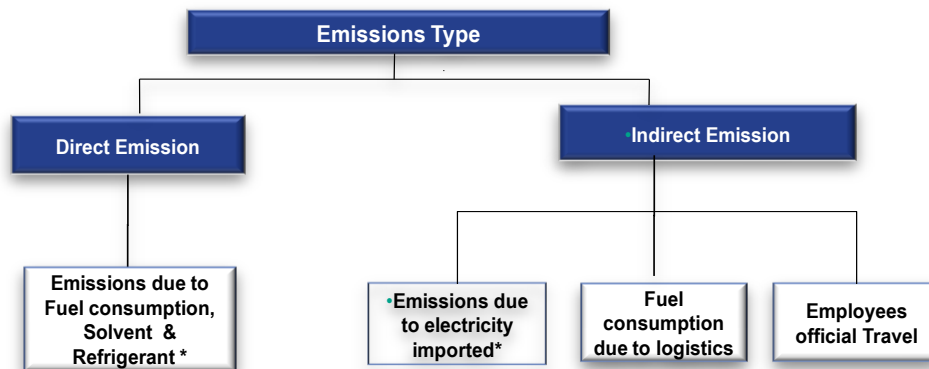
Climate Change: Greenhouse Gas emission

The group climate change policy is adopted by the company and a special cell is formed to address climate change related issues including carbon foot print measurement in coordination with group climate change team. Awareness on individual and organizational contribution to fight climate change is done not only for employees but for other stakeholders. Rallis has organized more than 50 meetings all over India involving its field staff, farmers and school children on 2nd February, world wetland day to spread the awareness of climate change.

For 09-10, as a policy, we have started measuring the Carbon footprint. In this direction we have collected the data for scope 1 and scope 2 and partly of scope 3. The outbound goods travel data is restricted from Manufacturing Locations and from Third Party Formulators to first destination (Depots).

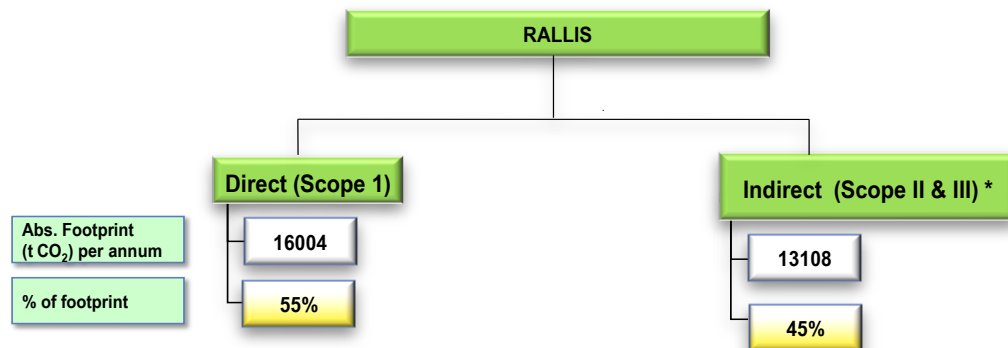
Following are the results of carbon footprint measurement exercise:

AREAS COVERED AT RALLIS



* All Four manufacturing sites covered

CARBON INVENTORY OF RALLIS (2009-10)



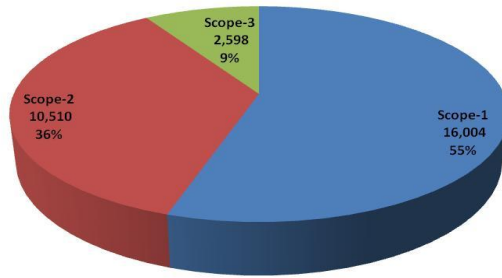
• Carbon footprint of Rallis is 29.1 KtCO₂e per annum

• Source: Team analysis

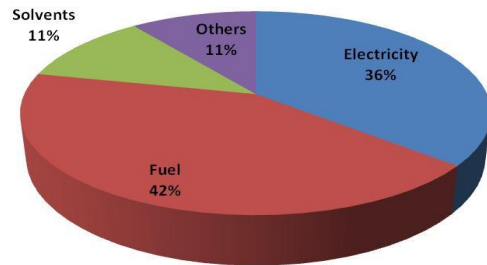
* Excludes Inbound logistics

EMISSION CONTRIBUTION ACROSS RALLIS

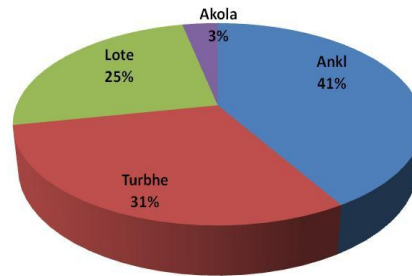
Rallis carbon footprint - (2009-10)



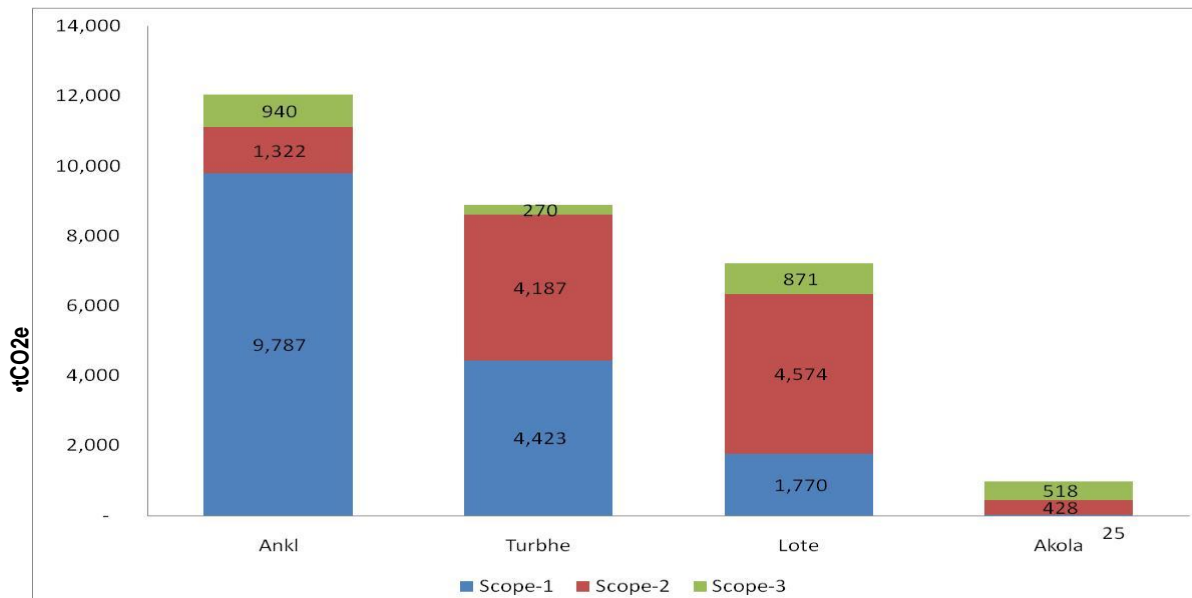
GHG emissions by source



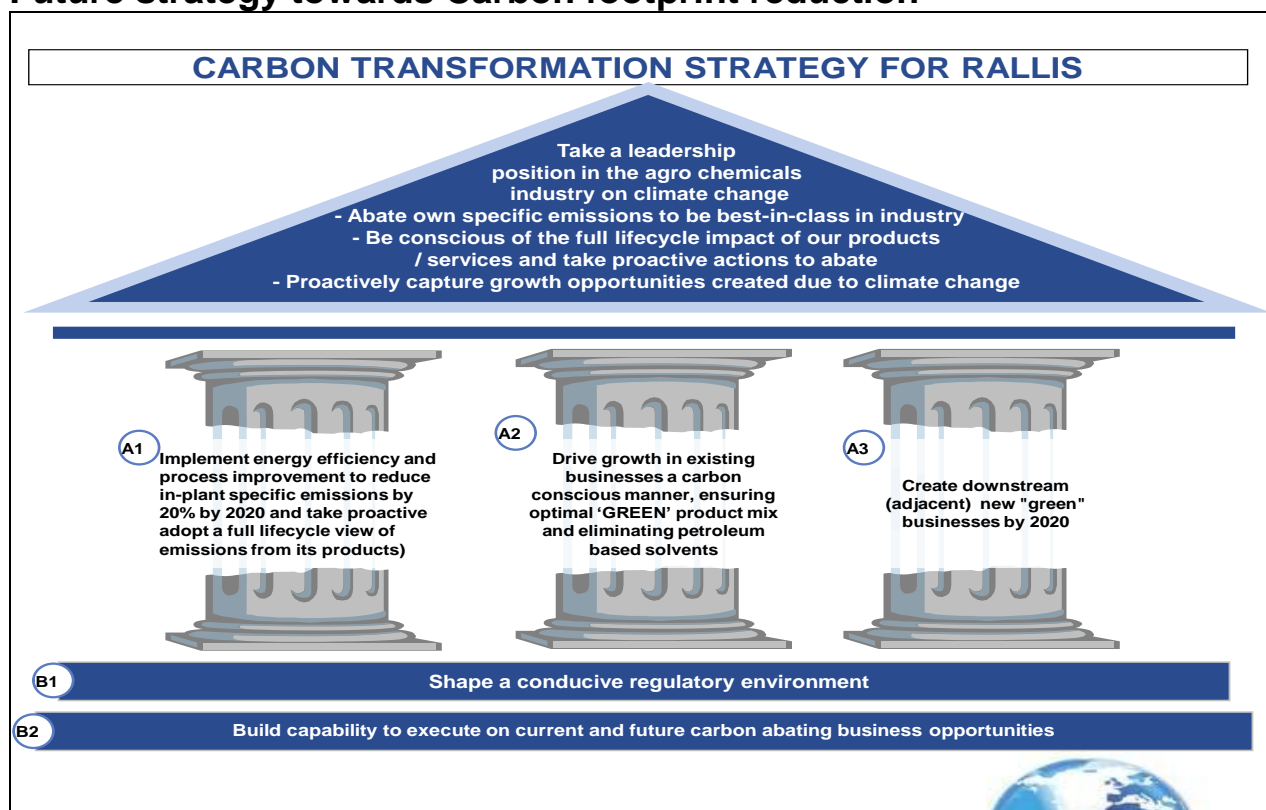
GHG Contribution by Location



EMISSION CONTRIBUTION ACROSS LOCATIONS



Future strategy towards Carbon footprint reduction



Effluents

The effluents are treated for primary, secondary and tertiary treatment at the manufacturing locations. Further the treated effluent is let out in Common Effluent Treatment Plant. The pollution load is calculated based on level of pollutants at the discharged point and is dependent on the permissible level at each location.

Pollutant Parameter	Unit	2007 – 08	2008-09	2009 -10
Chemical Oxygen Demand (COD)	MT/Year	648	688	704
Biological Oxygen Demand (BOD)	MT/Year	138	148	156
Total Dissolved Solids (TDS)	MT/Year	720	734	752
Total Suspended Solids (TSS)	MT/Year	48	54	59

Chemical Spills

There has not been any instance of significant spills of chemicals reported from any units in reporting year 09-10. System for reporting and recording of spillage is in place and is supplemented by ISO – 14001 initiatives.

Environmental impacts of principal products and services

The nature of our business is environmentally sensitive and Rallis commitment to safeguard the interests of the society is addressed in the Corporate Environment Health and Safety Policy. Before introducing a new product into the market, an exhaustive safety evaluation and risk analysis is carried out by R&D for determining product suitability based on the properties related to product and its impact on the environment and user as well as life cycle.

While handling the pesticides, there are possibilities of accidental hazardous exposure through ingestion, contact and inhalation. The systemic effect of the product which is dependent on magnitude of exposure and concentration of the chemical has been studied and direction on safe use of the product and antidotes are displayed on product labels.

Many a times excessive use of certain products becomes necessary due to development of resistance by target organisms and this can cause: Persistence of pesticide in water, soil and in/on plants. Improper use of the products can lead to environmental pollution and affect non-target organisms. Persistence in soil may lead to accumulation followed by leaching to watercourses.

In the light of toxic nature of the products, even the containers are advised for immediate and safe disposal at the user's end. The law of land also does not permit recycle of any container / packing material. As the end product has a shelf life, any withdrawal from market cannot be recycled.

Awards and Recognition in EHS

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.

Social Performance

Crop Protection Industry operates under highly regulated environment. The manufacturing, storage, import, export, distribution, usages as well as development and registration of new product are strictly complied with Insecticide Act-1968. The development and registration of new product is a long term process involving various stringent studies like Chemistry, Biological Efficacy, Toxicology, Residue and Environmental study, Eco Toxicology to prevent any adverse effect on human, other living organisms and environment. The whole process takes six to eight years which makes a new product launch, time consuming and expensive. Also we adhere to the regulations of other countries where we register and sell our product.

Besides this Rallis adheres to legal & regulatory requirements laid down by the central and state governments and various authorities like Pollution Control Board, Inspector of Factories, Central Insecticide Board, Environment Protection Law, Central Board of Excise and Customs, Fertilizer Order, Consumer Protection Act, Seed Act, Weights & Measure Act etc.

Rallis has implemented several Management systems like ISO 9001, ISO-14001, British Safety Council, and OHSAS 18001 ISO 17025 (NABL) in the Company in order to produce pesticides and carry out other operations with least negative impact on the society, environment, and employees. With Group guidelines Rallis has formed a special cell to address the climate change issues and act accordingly involving its employees, customers and partners.

The Company's philosophy of Corporate Governance involves striving to achieve the highest principles of transparency, accountability and integrity in functioning. Rallis has a strong governance system in the form of its Board of Directors along with various committees like: Audit Committee, Remuneration Committee, Ethic & Compliance Committee and Executive Committee of the Board. The Company seeks to focus on enhancement of long term value for all stakeholders and fulfill the social obligation entrusted upon the corporate sector. The Company has complied with the guidelines on corporate governance stipulated in clause 49 of Listing Agreements executed with the stock exchanges.

Senior leaders promote legal and ethical behavior in the organization by showing high level of commitment to legal compliance, exceeding standards more than required as per regulatory norms and through high level of ethical conduct. All legal requirements for plant operations are chalked out in ISO 9001, OHSAS 18001 and ISO 14001 as Unit level objectives and targets are set beyond compliance levels. Senior leaders in their interactions with customers, channel partners, suppliers and other stakeholders ensure that ethical behavior is discussed and reinforced. To promote, ethical behavior, Ethics structure has been institutionalized within the organization with 8 local ethics counselors. MD himself acts as the Chief Ethics Officer of the company and VP- HR and BE as the Chief Ethics Counselor.

The Company has adopted Whistle Blower Policy from 1st April 2005 to provide a mechanism to enable employees to directly approach the Chairman of the Audit Committee. This can be done for reporting unethical behavior, actual or suspected fraud or violation of the Code of Conduct which may come to their knowledge. MBE Survey is conducted to assess the perceptions of employees about the Company's systems for legal and ethical conduct and action planning is done for reinforcement of ethical behavior. Ethical performance is periodically reviewed and documented. Audit committee of Board periodically reviews the legal and ethical performance of the company. Fair and transparent processes are in place for selection of suppliers, partners, employees and community development beneficiaries. During distributor, supplier and community meets, senior leaders emphasize on the importance of ethical behavior. Ethics training is part of new employee orientation and periodic ethics refresher. Communication is made to all employees.

To drive consciousness on Safety, Quality and Climate Change related aspects; senior leaders include these areas in their communication calendars and reinforce these through their interactions with all employees throughout the organization. Company has defined its Environment Health & Safety policy focusing on seven objectives and it is followed by all its factories, depots and offices. The group climate change policy is adopted by the company and a special cell is formed to address climate change related issues including carbon foot print measurement in coordination with group climate change team. Awareness on individual and

organizational contribution to fight climate change is done not only for employees but for other stakeholders. With the inspiration from Sr. Leadership, Rallis organised more than 50 meetings all over India involving its field staff, farmers and school children on 2nd February, world wetland day to spread the awareness of climate change. As a practice every CEO Online session starts with a safety message and there are specific sessions devoted to the aspects of Quality as well as Climate Change.

Rallis governance and social responsibility philosophy is based on our deep-rooted conviction – business that creates sustainable long-term value is linked to trust and accountability. Mandatory and Non Mandatory committees are formed for the effective governance of the organization. Mandatory Committee (Audit Committee, Shareholder's / Investor's Grievance Committee). Non Mandatory Committees: (Executive Committee of the Board, Remuneration Committee, Ethics and Compliance Committee, Nominations Committee, Property Committee, Board Committee on Corporate Development). Rallis is signatory to Global Compact Principles and as a result, communication on progress (COP) is filed every year.

The nature of our business is environmentally sensitive and of our sphere of activities may impact the society. Rallis commitment to safeguard the interests of the society is addressed in the Corporate Environment Health and Safety Policy. Before introducing a new product into the market, an exhaustive safety evaluation and risk analysis is carried out by R&D for determining product suitability based on the properties related to product and its impact on the environment and user as well as life cycle. This is done through the stage gate process of New Product Development Initiative. Rallis always strives for introducing more and more green products. Notified industrial zones are chosen to locate operations so as to be away from residential area. Product change or capacity enhancement is within the overall approved pollution load or under compliance to Environment Impact Assessment (EIA) Notification 1994 and 2006 wherein societal concerns are addressed through Public Hearing.

Societal well being and benefits are core to the organisation's long term strategy planning and other key processes like NPDI Sales and operations planning etc in terms of greener and safer products introduction in the markets and discourage red category ones. As a result the organisation has discontinued a number of products year on year and the share of safest categories of Green & Blue triangle products has continuous grown. Addressing the Climate change agenda, one of the key planned moves by the organization has been to shift towards safer formulations which are water based against conventional solvent based ones. Board and Senior leadership has driven this cause and a significant capital investment is done for improving the manufacturing processes such that adverse impact on environment in terms of effluents is minimized. The organization has consciously as part of long term strategy structured the manufacturing locations with movement to designated chemical zone and this continues to be a key strategic plan.

Rallis is pioneer in the field of taking up the cause of Safe and Judicious use of Crop protection chemicals by the farmers. Besides advocating Safe use of crop protection products in all our customer education programmes, special drives are undertaken across the markets many times a year, championing and driving this cause. This practice has been recognized and adopted by many industry players and industry associations like Crop Life & CCFI.

Rallis Kisan Kutumba initiative is targeted at improving the farmers overall productivity by disseminating some of the best practice across the country. PRERNA initiative under RKK is specially focused on facilitating learning and sharing of such best approaches for the benefit of our customer community.

Community Development Initiatives

Being a multi-location Company, Rallis plans its community development work at various locations where it has operations, under the leadership of location head. The key community support process starts with identification of Key communities across locations based on the Criteria of selection. The communities needs act as inputs for the Long Term Community Development Plans. The plans and projects for the current year are included in the AOP and detailed Project Planning is done to include activities, responsibilities with time lines. All the projects are implemented under the direct monitoring of the Community Development Department (CDD). Budgets for these projects are approved by the Senior Leaders based on the proposals prepared by the CDD. Periodic review on the progress of work done and gaps in implementation are identified and corrective action is taken.

Our Community Development policy targets to leverage the core competence of Customer Intimacy and Relationships to involve ourselves in the field of agriculture, with farmers and their families. Empowerment of women and children is another area of focus under which various initiatives have been introduced at the organization level. Senior leaders themselves exhibit role model behavior by participating in all community development programmes and seeking Rallites volunteering in such programmes.

Key Community Initiatives

Key Communities	Rallis initiatives	Support by Employees	Support by Senior Leaders
Underprivileged	Rallis Ujjwal Bhavishya Yojana, including Affirmative Action & for Differently abled Ralli Love; Education Support for underprivileged children	Community Development Departments, Volunteering by employees	Participation by senior leaders. Funds approvals for projects. R&R for the volunteers
Society around us (locations we operate in)	Blood donation camps, Polio Health Check Up, Planting Trees around Lote, Regularly supplying drinking water to the needy during March to June (Akola)		
Women	Girl Child Project, Health check-up for women and girls for Adivasi Pada near Turbhe,	Community Development Departments, Volunteering by employees	Funds approvals for projects. R&R for the volunteers
Children (Education)	Support to Hamara Foundation Angan Trust, Akansha foundation		

Tata Code of Conduct (TCoC)

Internal Audit Process and TCoC (Tata Code of Conduct) program analyzes the risks related to non-compliance and deviations in all units/locations. Every management cadre employee endorses adherence to TCoC by way of signature which brings in a self analysis before signing his/her declaration.

The Company does not have any specific anti-corruption policies and procedure as the TCoC itself, in totality, has been integrated in the Company. Employee training and communication about TCoC is being strengthened by Chief Ethics Counselor. Copies of TCoC are displayed all across the Company and every employee has been given a copy of the booklet on TCoC, which ensures total coverage in the aspect of training.

Incidents of corruption:

The Chief Ethics Counselor monitors adherence to TCoC within the Company. There has not been any incident of violation relating to corruption policies and procedures in the reporting year.

Participation in public policy

The Company participates in the formulation and execution of community development policies by local administrative and development authorities. The Company also encourages and actively involves in drawing out action plans for such policies for the benefit of the public in the neighborhood.

Political Contribution

Rallis does not encourage any political lobby or contribution to political parties. TCoC clearly describes this aspect which is strictly adhered to.

“A Tata company shall not support any specific political party or candidate for political office. The company's conduct shall preclude any activity that could be interpreted as mutual dependence / favor with any political body or person, and shall not offer or give any company funds or property as donations to any political party, candidate or campaign.”

Compliance

In the reporting year, the Company has not paid any monetary value of significant fines and there has not been any instance of non-compliance with laws and regulations.

Human Rights

Investment agreements that include human rights clauses:

There has not been any significant investment agreement executed in the reporting year and so has not been subjected screening for inclusion of human rights clauses.

Suppliers and Contractors on human rights

The contractors working in the premises of Rallis are required to follow the employees benefit schemes and human right policy of the organization including payment of minimum wages, contribution to PF and ESI. The tender notices and enquiries issued to the contractors during reporting period include clauses on human rights, safety and health and the bidders are required to follow the compliance to these clauses. Similar approach is done in case of suppliers with regular monitoring on compliance.

Training

Human rights issues are covered under TCoC training and in creation of awareness on Model Standing Orders which addresses Labour Rights and Human Rights at work.

Awareness is created among the new employees joining Rallis as a part of their induction training. The training records are maintained centrally by Training Coordinator.

Non discrimination

There has not been any instance of discrimination in the reporting year. Tata Code of Conduct emphasizes on equal opportunities and non discrimination. The HR Recruitment Policy of Rallis lays stress on recognizing the people as a primary source for its competitiveness.

Policy on providing opportunity of employment without any discrimination:

1. Gender Equality employment except at operations / locations where statutes prohibit employment of women.
2. Employment of physically challenged persons at permissible operations for safety reasons.
3. Application for employment does not carry columns for religion, province, mother tongue etc.

Freedom of Association and Collective Bargaining

Tata Code of Conduct through Regulatory Compliance Clause sets out the policy since Freedom of Association is enabled in India through the Trade Union Act. Accordingly all Nin Management employees of the organization are the members of respective Unions at different locations. Company recognizes unionism among workers and invites collective bargaining for causes.

No Child Labor

As per the TCoC, Regulatory Compliance Clause, and Prevention of Child Labor in factories Act, Rallis engages no child labor. The minimum age required for employment in Rallis is 18 years. During recruitment process, the minimum age proof is required to be submitted.

The Company prohibits at the gate, the entry of any child within the factory premises to ensure inadvertent employment by contractors.

No Forced and Compulsory labor.

There is no forced and compulsory labor in Rallis and is deemed an illegal activity in India, The Grievance redressal Mechanism and Ethics Counselor adequately monitor violation of such requirements. Voluntary retirement scheme with pecuniary benefits declared for workers and given a freedom of option. Our declaration on conformance to Global Compact Principles addresses the issue.

Security Personnel trained in human rights.

Security personnel are hired , preferably ex-service men, from Securities Board to cater to the need of Rallis across its factory locations. They have been trained by the security agency and by their previous employment in the services, they are aware of the human rights. Being signatory to Responsible Care, security is being rolled out as the latest code for compliance to the management policies.

Indigenous Rights

The National Interest Clause of Code of Conduct articulates Rallis Policy in this regard. In line with Group Purpose & Code of Conduct of the organization, Rallis returns to the society what it earns. This evokes trust among consumers, employees, shareholders and the community it serves. Rallis has a portfolio of Community Initiatives to implement and address the needs of the local people and the community around. Various types of Community Development initiatives carried out by the Company to indigenous society are already mentioned. There has not been any incident in the reporting year wherein the indigenous people were deprived of any of the human rights in relation to the operations of the company.

Labor Practices & Decent Work

There are several practices in the Company, which relate to labor practices. Head of Corporate Human Resource Department is the senior most officer responsible for labor practices. Unit HR Heads look after local requirements and report to Corporate Head.

An Employee Engagement programme is taken up every year. The intention to have a satisfied workforce which would result in higher productivity.

Employment

We have a diverse workforce having a talent in different areas of operations, interests and skills, who come together to make Rallis a strong and thriving company. Together we develop the technologies, products and offerings of the future. Both management and Non management employees are from various regions and come with varied experience as the Company has manufacturing and sales operation spread all across the country. Although the official language for communication is English, the language of day to day communication, especially for non- management staff in different factories is vernacular language. The field staff is predominantly local having a rural agrarian background, to facilitate interfacing with the customer community (farmers). We place a high emphasis on 'Health and Safety' of our employees and a larger surrounding community.

Collective bargaining

100% of the non-management employees are covered under the trade union or collective bargaining agreements.

The ratio of Non Management Staff to total strength of the company is approx 20 %

Minimum notice period (s) for significant operational changes

Significant time is given as a notice period as and when necessitated by operational changes. Although the notice period is not mentioned specifically in the collective agreements, the union is taken into confidence before any such eventuality and a collective decision is taken. There has not been such instance of operational change in the reporting year.

Occupational Health and Safety

Company is adhering to benchmark safety standards, promoting product and operational safety and encouraging the active participation of every employee, Rallis has created a healthy work environment.

Safety committees

Safety committees formulated as per guidelines of law at all units. As for representation of the work force, minimum conformance (50% representation of management and non management) is as per the provisions of Factory Rules of the respective states where the operations are located. The committees meet periodically (at least once in a month) to discuss Safety issues. There are other forums for employee consultation and communication also. One of the main items of discussion is – Accidents in the past month, whether minor or major and its corrective and preventive actions. Reporting of Near miss accidents is encouraged and monthly tracking is done. Medical Officer is also a part of Safety Committee. Minutes of Safety Committee are displayed on Notice Board and/or circulated to concerned employees.

Injury & Occupational diseases

There has not been any reportable accident under the statutes in the company during the reporting year and no case of occupational health illness has been identified/ reported at any of the operational locations where the probability of occupational diseases has been identified and evaluated.

Education, Training, Counseling, Prevention and Risk-Control programs

In the reporting year, internally 112 training sessions were conducted exclusively on Safety and Health related topics covering 3072 hours of training with the inclusion of contract labor as well and another 140 hours of training on material handling.

Besides, nominated, related personnel from all the locations were sent for external training on Safety and Health. The trained people cascaded the knowledge to others within the unit. This practice empowers those trained in founding their depth of knowledge.

Best Practices of British Safety Council were adopted by way of incorporating the elements at the operational units at Lote, Ankleshwar and Turbhe. Employee Communication, welfare and hygiene, off the job safety, risk assessment & safe working procedures, traffic routes and aisles, emergency planning were novel elements in practice that would cater to the safety of the employees, their families and the community.

The employees undergo training on various subjects. Internal training is conducted for employees at regular intervals. Starting from induction, training is imparted to all depending on the nature of job to be assigned. Training is carried out through classroom training, workshops, role plays, single point lessons, seminars/conferences, on job and off job training and best practice sharing. As for the consideration for training, there is no difference between company employees and contract workers.

Training Data

	2007-08	2008-09	2009-10
Training Compliance to plan %	80	84	87
Training Man days / employee	5.6	6.0	8.1
Training Coverage of employees %	85	96	97
Training Effectiveness Index	2.99	3.12	3.12
No. of Internal trainers developed	56	72	92

Skill Management and Lifelong Learning:

Rallis undertakes Skill Development across all functions to identify critical skills required for enhanced performance along with individual growth. The skill development approach also focuses on the multiskilling apart from upgrading the skills of individuals. By use of skill matrix evaluation tool, training needs are identified and accordingly programs are developed.

We have Knowledge Management (KM) programs and processes which capture the tacit knowledge residing with the employees (past and present), customers and suppliers. The organization believes in critical mass training that converts employee learning to organizational learning and behavioral change.

In addition, memberships in professional institutes, company visits and conferences (domestic and international) bring in external perspectives and catalyze the learning cycle. The adoption of Business Excellence models like TBEM & IMC-RBNQA promotes and drives organizational learning. OFIs arising out of these models are used as learning for future improvements.

Diversity and Equal Opportunity

Basic salary and other emoluments are based only on merit. The Company follows the principle of equal pay for equal work. There is no differentiation in salary of men to women in the company. However the women employees in the company are entitled to maternity leave and benefits.

Product Responsibility

The company respects the privacy of its customers and has put in place an Intellectual Property Rights Policy. This is a basic need for the type of business conducted by the company. Many international companies choose us as a Preferred Partner based on the confidence level related to customer.

Customer Health and Safety

Rallis commitment to safeguard the interests of the society is addressed in the Corporate Environment, Health & Safety Policy, which says, Rallis will “respond sensitively to the environmental concerns of the community and take measures for implementing product stewardship”. Before introducing the new product into the market, an exhaustive safety evaluation and risk analysis is carried out by R&D for determining product suitability based on the properties related to a user & environment friendly product.

Before transfer of bench scale technology to commercial production, an exhaustive Risk Benefit Analysis with respect to field application against the target organism is carried out. In this process, the Company generated essential, exhaustive data packages on important issues related to the products.

The Company is continuously working at its R&D centers to develop products, which use material that are safe, both at production and usage phase. The company is continuously working towards reducing the consumption of solvents and other toxic chemicals. Introduction of Green Products, recovery of solvents, Water based Formulations will result in making the process and products safer.

The product labeling system follows the international guidelines for export purpose.

Volunteering is an important aspect for the Community Development Initiatives. Essentially the volunteering requirements are identified based on the Projects that need to be undertaken in the financial year. The volunteers are then allotted projects to support, based on the time they could devote to this activity. At the end of the year, the total number of volunteering hours is tabulated and the best employee volunteer of the year is declared. Volunteers who have put more than 8 hrs in community service are felicitated through volunteer appreciation certificates, as per the community volunteering policy. The volunteer who puts in maximum number of volunteer hours is rewarded as per the current reward scheme.
