

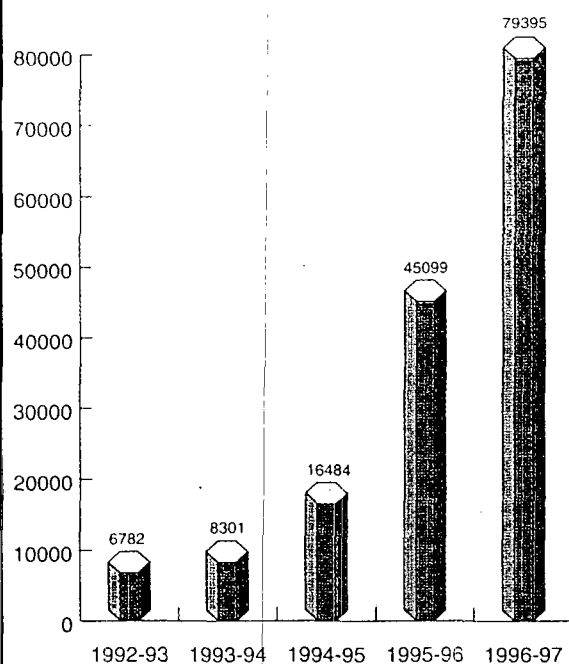
MONSANTO CHEMICALS OF INDIA LIMITED

REPORT & ACCOUNTS 1997

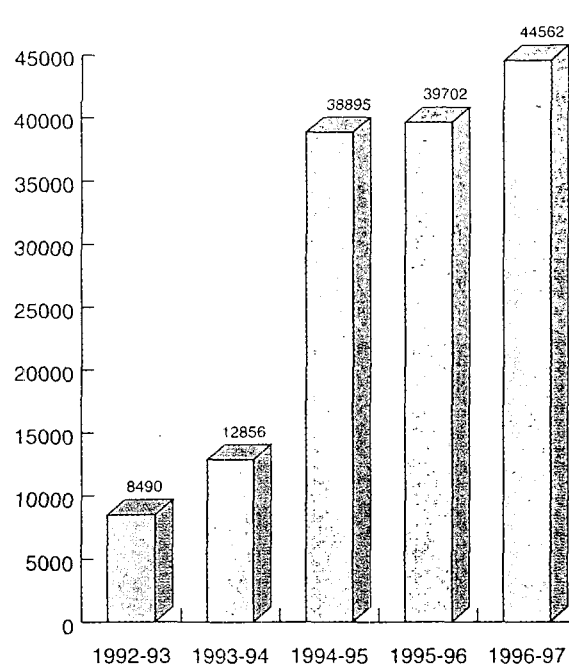
MD	✓				BKC	✓
CS	✓				DPY	✓
RO	✓				DIV	✓
TRA	✓				AC	✓
AGM	✓	✓			SHI	✓
VE	✓	✓	✓			✓

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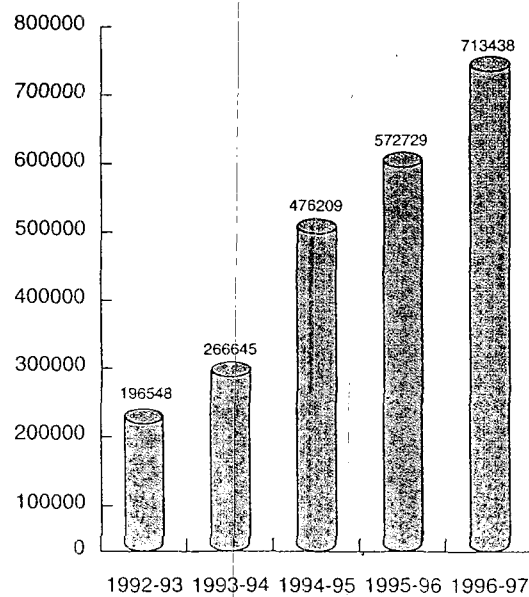
GROSS FIXED ASSETS (Rs. 000's)



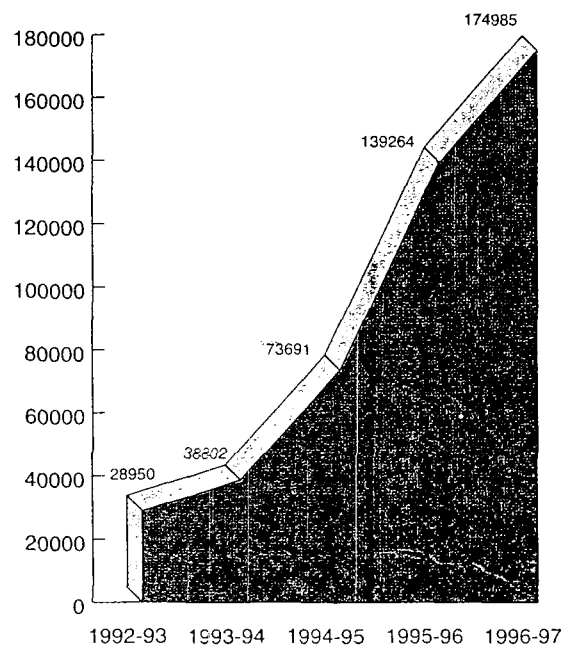
PROFIT AFTER TAX (Rs. 000's)



TURNOVER (Gross Receipt) (Rs. 000's)



SHAREHOLDERS' FUND (Rs. 000's)



CERTIFIED TRUE COPY.

MONSANTO CHEMICALS OF INDIA LIMITED

For MONSANTO CHEMICALS OF INDIA LTD.

Company Secretary

DIRECTORS : M. NATARAJAN (Managing Director)
Dr. S. P. ADARKAR
H. C. ASHER
SEKHAR NATARAJAN
R. C. KHANNA
ROBERT PALEY
C. Y. WONG

COMPANY SECRETARY : AJAI JAIN

AUDITORS : FORD, RHODES, PARKS & CO.,
MUMBAI

BANKER : CITIBANK N.A.

REGISTERED OFFICE : WAKEFIELD HOUSE,
11, SPROTT ROAD,
BALLARD ESTATE,
MUMBAI-400 038.

ADMINISTRATIVE OFFICE : THE METROPOLITAN, 5TH FLOOR
WEST WING, BANDRA-KURLA COMPLEX
BANDRA (EAST), MUMBAI-400 051.

REGISTRAR AND SHARE TRANSFER AGENT : SPECTRUM CORPORATE SERVICES LTD.
SHREE GANESH INDUSTRIAL HOUSE,
1ST FLOOR, 'B' WING, W.T.P. MARG,
CHEMBUR, MUMBAI 400 071.

Annual General Meeting on Thursday, 7th August, 1997 at M. C. Ghia Hall at 10.30 a.m.

As a measure of economy, copies of the Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

MONSANTO CHEMICALS OF INDIA LIMITED

NOTICE

NOTICE is hereby given that the FORTY SEVENTH Annual General Meeting of Monsanto Chemicals of India Limited, will be held on Thursday, the 7th August, 1997, at 10.30 a.m. at M.C. GHIA HALL, BHOGILAL HARGOVINDAS BUILDING, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date, together with the reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. H. C. Asher, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT in accordance with the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. M. Natarajan, Managing Director of the Company for a further period of five years with effect from 21st August, 1997 upon the terms and conditions set out in the draft agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement in such manner as may be agreed to between the Directors and Mr. M. Natarajan within the maximum amount payable to a Managing Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard."

"RESOLVED FURTHER THAT, the Managing Director of the Company, shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof."

6. To appoint Mr. Sekhar Natarajan, an additional Director of the Company who vacates his seat at this Annual General Meeting and if thought fit, to pass the following Ordinary Resolution:

"RESOLVED THAT, Mr. Sekhar Natarajan be and is hereby appointed a Director of the Company, whose period of office shall be liable to determination by rotation."

7. To appoint Mr. Robert Paley, an additional Director of the Company, who vacates his seat at this Annual General Meeting and if thought fit, to pass the following Ordinary Resolution:

"RESOLVED THAT, Mr. Robert Paley, be and is hereby appointed a Director of the Company, whose period of office shall be liable to determination by rotation."

8. To consider and, if thought fit, to pass, with or without modification as a Special Resolution, the following:

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modification as may be prescribed or imposed while grating such approvals, permissions and sanctions and which may be agreed to or accepted by the Board of Directors of the Company, the consent of the Company be and it is hereby accorded to the Board of Directors to acquire/purchase any of its own shares on such terms and conditions and upto such limits as may be prescribed by law from time to time and that the Board of Directors be and it is hereby authorised to do all such acts, deeds, matters and things as may be necessary or proper to implement this resolution."

9. To consider and, if thought fit, to pass, with or without modification as a Special Resolution, the following:

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and they are hereby altered by the addition of a new Article 9A after Article 9 as follows:

'Buy Back of Shares'

9A. Notwithstanding anything contained in the preceding Article 9, but subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time, the Company may acquire, purchase, hold, resell any of its own fully/partly paid Equity/Preference and redeemable shares and may make payment out of funds at its disposal for and in respect of such acquisition/purchase on such terms and conditions and at such times as the Board may in its discretion decide and deem fit."

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

Item No. 5:

The Board of Directors, at their meeting held on 28th June, 1997, re-appointed Mr. M. Natarajan as Managing Director of the Company for a further period of five years with effect from 21st August, 1997, subject to the approval of the shareholders in General Meeting.

MONSANTO CHEMICALS OF INDIA LIMITED

The material terms and conditions of the re-appointment contained in the draft Agreement between the Company and Mr. M. Natarajan are as follows:

1. The Managing Director shall, subject to the supervision and control of the Board of Directors, carry out such duties as may be entrusted to him by the Directors and shall exercise such powers as are delegated to him by the Board of Directors.
2. Period of Agreement : 5 years from 21st August, 1997.
3. Remuneration:
 1. Salary : Not exceeding Rs. 61,000/- per month and as may be decided by the Board from time to time.
 2. Accommodation : Free furnished accommodation with electricity, water and gas. In case no accommodation is provided by the Company, the payment of House Rent Allowance subject to the ceiling of Sixty percent of the salary.
The perquisites will be valued as per Income Tax Rules 1962.
 3. Motor Car : Provision of motor car and driver.
 4. Medical Expenses : Reimbursement as per rules of the Company's Scheme.
 5. Telephone : Free telephone and fax facility at his residence.
 6. Leave Travel Concession : As per rules of the Company's Scheme.
 7. Provident and other Funds : As per rules of the Company's Scheme.
 8. Gratuity : As per rules of the Company's Scheme.
 9. Personal Accident Insurance : Premium not to exceed Rs. 4,000/- p.a.
 10. Club Subscription : Reimbursement of club subscription fees to two clubs.
 11. Earned/Privilege Leave : As per rules of the Company's Scheme.
4. Minimum Remuneration:

In the event of loss or inadequacy of profits during the aforesaid period, the salary payable to the Managing Director shall be in accordance with the provision of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.
5. The terms and conditions of the said re-appointment and/or agreement may be altered, enhanced or varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing Directors in accordance with

Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.

6. The Agreement may be terminated by either party giving the other party six month's notice.

The draft Agreement between the Company and Mr. M. Natarajan is available for inspection by the members of the Company at its Administrative Office at Metropolitan Building, West Wing, 5th Floor, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 between 4.00 p.m. and 5.00 p.m. on any working day of the Company.

Mr. M. Natarajan is interested in the Resolution.

This may be treated as an abstract of the Agreement between the Company and Mr. M. Natarajan pursuant to Section 302 of the Companies Act, 1956.

Item No. 6:

Mr. Sekhar Natarajan who has been associated with the Company since more than a decade and held several key management position with the company, was appointed as an additional director from 28th June, 1997 and vacates his seat at the ensuing Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956. A notice under Section 257 of the said Act along with Rs. 500/- has been received from a member signifying his intention to propose the name of Mr. Sekhar Natarajan for appointment as a director of the Company. Mr. Sekhar Natarajan has filed with the Company his consent to act as a director.

The Board recommends his appointment as a Director of the Board in the interest of the Company.

None of the Directors is interested in the resolution.

Item No. 7:

Mr. Robert Paley, who has held several key management position with the Monsanto, worldwide, was appointed as an additional director from 28th June, 1997 and vacates his seat at the ensuing Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956. A notice under Section 257 of the said Act along with Rs. 500/- has been received from a member signifying his intention to propose the name of Mr. Robert Paley, for appointment as a director of the company. Mr. Robert Paley has filed with the Company his consent to act as a director.

The Board recommends his appointment as a Director of the Board in the interest of the Company.

None of the Directors is interested in the resolution.

Item Nos. 8 & 9:

At present a Company having a share capital cannot purchase its own shares unless such purchase is for reduction of share capital, authorised by its Articles of Association and is also approved by the shareholders by a Special Resolution and such special Resolution is confirmed by the Court. It is anticipated that amendments to the Companies Act may provide for buy back of shares subject to certain stipulations.

MONSANTO CHEMICALS OF INDIA LIMITED

The Directors, therefore, feel it would be desirable to have an enabling power from the shareholders for this purpose, in terms as set out in Item 8 of the Notice.

Therefore it is also proposed to consider the introduction of a new Article 9 in the Articles of Association of the Company as mentioned in the resolution set out at Item 9 of the Notice to enable the Company to purchase any of its own shares.

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer books of the Company will be closed from Tuesday, August 12, 1997 to Wednesday, August 13, 1997 (both days inclusive).
3. Payment of dividend as recommended by the Directors, if approved at the meeting, will be paid on or after August 25, 1997 to those members whose names appear on the Company's Register of Members as on 7th August, 1997.
4. Members are requested to notify change of address, if any, to the Company.
5. Shareholders desiring any information as regards the accounts are requested to write to the Company atleast 7 days in advance, so as to enable the Company to keep the information ready.

6. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for the year ended 31st March, 1993 to the General Revenue Account of the Central Government. Members concerned may, therefore, submit their claims in the prescribed form to the Registrar of Companies, Maharashtra, 2nd Floor, Hakoba Compound, Dattaram Lad Marg, Kalachowki, Mumbai - 400 033.
7. Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend for the year ended 31st March, 1994 shall be transferred to the General Revenue Account of the Central Government. Those shareholders who have not encashed their Dividend Warrants for the said period are requested to contact the Company's Administrative Office at Metropolitan Building, West Wing, 5th Floor, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051, for any assistance required.

By Order of the Board

AJAI JAIN

Company Secretary

Mumbai, June 28th, 1997

Registered Office :

Wakefield House,
11, Sprott Road,
Ballard Estate
Mumbai - 400 038.

MONSANTO CHEMICALS OF INDIA LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS,

Your Directors have pleasure, presenting their 47th Annual Report together with the Audited Accounts for the year ended March 31, 1997.

1. FINANCIAL RESULTS:

	(Rupees 000's)	
	Year ended 31st March, 1997	Year ended 31st March, 1996
Sales	701670	552517
Profit before Depreciation & Taxes	75961	74947
Less: Depreciation	4901	2985
Provision for Taxation	26500	32200
Income-tax prior year — Debit/(Credit)	2	(60)
Profit after Tax	44562	39702
Add: Transfer from Investment Allowance Reserves	—	2
	44562	39704
Add: Balance brought forward from previous year	65235	33674
Amount available for appropriation	109797	73378
Appropriated as under:		
(a) Proposed Dividend	8009	4173
(b) Tax on proposed Dividend	801	—
(c) Short provision for dividend for earlier year	31	—
(c) Transfer to General Reserve	36030	3970
Balance in Profit & Loss Account	64926	65235
	109797	73378

2. OPERATIONS:

The sales and other income for the financial year under review, amounted to Rs. 7134.38 lacs against Rs. 5727.29 lacs for the previous year registering an increase of 24.56%. This includes exports of technical and formulations totalling Rs. 258 lacs. The profit after tax has gone up by 12.24%. In a highly competitive market, all the major products of your company namely Machete EC, Lasso EC, Round up and Macheta & Lasso Granules performed well during the year.

3. MARKETING ARRANGEMENT:

The Company entered into a non exclusive marketing arrangement with another Monsanto entity in India, to market formulations/Granulation manufactured by the Company. However resales of technicals and sales of bulk materials and exports of some products continue to be directly handled by the company.

4. PROJECTIONS:

As compared to the projections in the Rights Issue document, the actual position was as under:

	Year ended 31.3.1997	
	(Rs. in 000's)	
	As per Rights offer	Actuals
Sales	6053.00	7016.70
Profit after Tax	530.00	445.62
Reserves	1789.00	1549.43
EPS (Rs.)	26.46	22.25
Book Value (Rs.)	99.32	87.39

Projection has been made considering the full year tax benefit for the Silvassa Plant, however, the plant has commissioned on 6th November, 1996.

5. SAFETY:

The plants at Silvassa and Lonavla continued to operate safely during the year. The company is maintaining/observing safety standards set by Monsanto Co. U.S.A. at both the factories.

6. SILVASSA PROJECT:

The plant was successfully commissioned on November 6, 1996 at a total cost of Rs. 626 lacs for manufacturing of formulation and granulation. Rs. 326 lacs (being the project cost in excess of Rs. 300 lacs raised by right issue) was met from internal generations. Being situated in backward area, the said undertaking is eligible for tax holiday pursuant to Section 80IA of the Income Tax Act, 1961 besides sales tax exemption for 15 years.

The Silvassa Plant is an example of Monsanto's commitment to a healthy environment and a cleaner and greener world.

7. DIVIDEND:

Your Directors recommend for consideration at the Annual General Meeting a dividend of Rs. 4/- per share (Previous year Rs. 2.50 per share) on equity shares.

8. EMPLOYEE RELATIONS:

The relations between employees and the management remained cordial throughout the year. Negotiations for a revised settlement with the workmen at Lonavla were concluded during the year.