

MONSANTO CHEMICALS OF INDIA LIMITED

REPORT & ACCOUNTS 1997-98



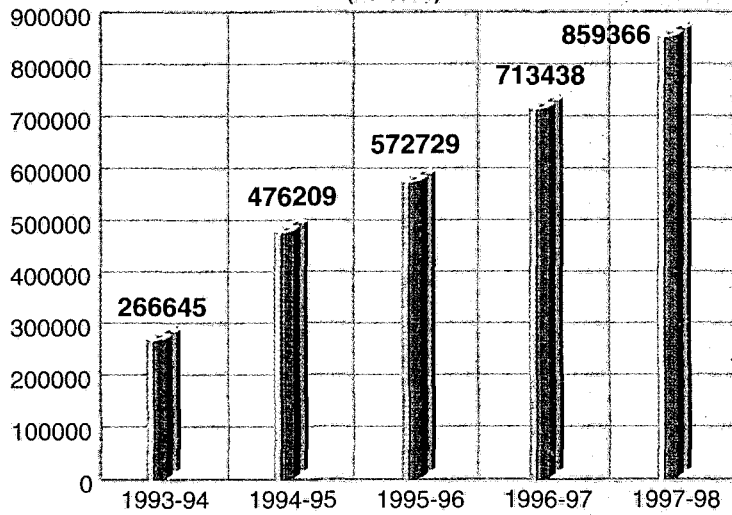
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MONSANTO

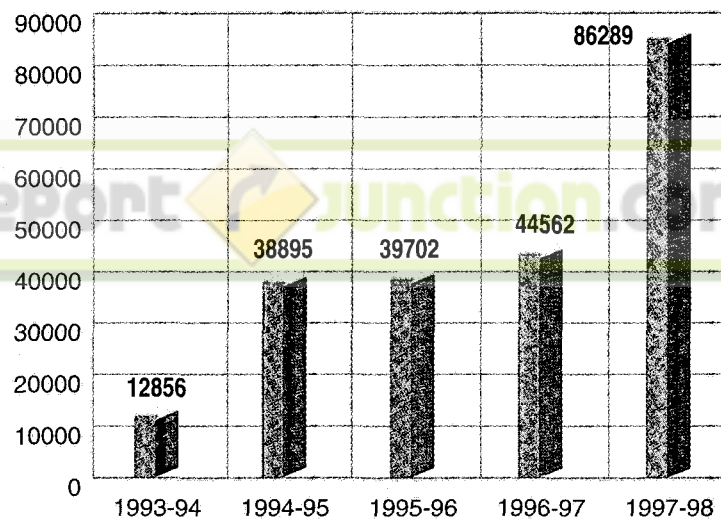
Food • Health • Hope



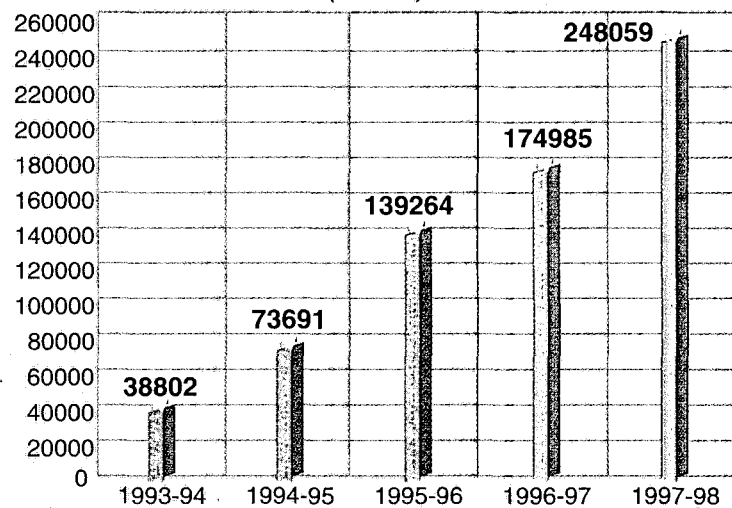
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TURNOVER(Gross Receipts)
(Rs. 000's)**PROFIT AFTER TAX**

(Rs. 000's)

**SHAREHOLDERS' FUND**

(Rs. 000's)



OUR PRODUCTS



Machete®

Machete was the first rice herbicide to be introduced to India. Since its launch in 1975, Machete has been the leading rice herbicide for farmers all over the country. Monsanto's commitment to farmers ensures a consistent, high quality and effective weed control product is always available to farmers and backed by an informed, dedicated and trusted field force. Monsanto believes that it is essential for farmers to be able to maximise the benefits of using Machete to control weeds in rice, leading to increased yields and lower input costs. In Kharif 1997, Monsanto relaunched Machete in a new, attractive pack design.

Machete is a selective herbicide for pre-emergent weed control in transplanted rice. Application is 1-4 days after transplanting. Machete gives excellent control of many grasses, sedges, and broad leaved weeds such as *Echinochloa crusgalli*, *Digitaria sanguinalis*, *Cyperus iria*. Machete is available in Granule and Liquid form, giving flexibility and easy for application.

Lasso®

Monsanto discovered and launched Lasso in the U.S.A. & South America more than 30 years ago, where it remains an important weed control solution for many corn, soybean and vegetable farmers.

In India Lasso is primarily used for weed control in Soybeans. Lasso also offers excellent pre-emergent weed control in corn, groundnut, sugarcane, potato and transplanted crops like onion, chillies and cabbage.

Since the early 1990's Soybean production has become an important part of many farming operations in West India. Soybean yields can be reduced by upto 30-70% if weeds are not controlled. Lasso is a proven weed control product in soybeans. Lasso is available in Granule and Liquid form, making application and usage easy and flexible.



Roundup®

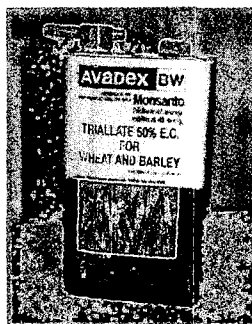
A quarter of a century ago, Monsanto introduced Roundup to the world of agriculture and created a movement that changed cultivation and weeds control practices the world over. Roundup has been instrumental in reducing costs, increasing crop yields and managing weeds in almost every situation.

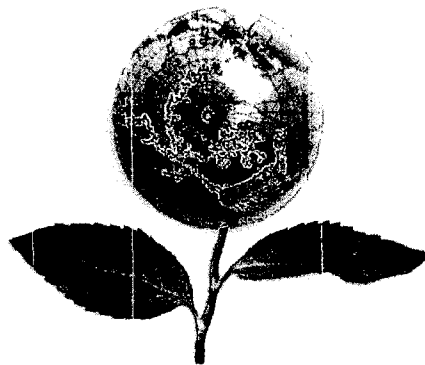
Roundup is a broad spectrum, non-selective, translocated herbicide that provides unparalleled weed control. The unique formulation of Roundup kills weeds totally. This makes it an effective weed management solution in situations like rice, wheat and other crops. Roundup is also a critical weed management tool in coffee and tea plantations, waterways, airports, railways or just about any place where undesired vegetation grows.

Roundup has an excellent environmental and animal toxicity profile. It can be used in many environmentally sensitive areas confidently and with no adverse effect to farmers, animals and the environment.

Avadex®BW

Avadex BW is another herbicide in the Monsanto portfolios which affords weed control in wheat crop. This is an effective weed control tool to the wheat farmers of Punjab and Haryana for control of "Wild Oats" weed in their wheat fields.





MONSANTO COMPANY- USA
... A GLOBAL CORPORATION.

Our Parent Company

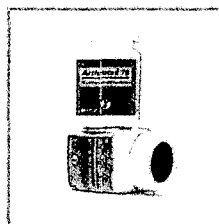
In 1901, Mr. John F. Queeny founded a new company to make saccharine on the shores of the Mississippi River in St. Louis, Missouri and named it for his wife, Olga Monsanto Queeny. More than 95 years later Monsanto Company is one of the worlds' leading Life Sciences Company with a strong presence in Agriculture, Nutritions & Pharmaceuticals Sectors.

Today Monsanto is a corporation with annual revenues in excess of US \$7.5 billion (Rs. 30,000 crores) and operates in more than 100 countries around the world. The corporation is evolving and growing its range of core business through acquisitions, investments in research & technology, new products launches & global initiatives.

A record of steady growth in Monsanto's current operations is built on products with enduring strength and growth potential in their markets. The potential for accelerating growth is built not just on one blockbuster, or one business, but on discovery and development in multiple areas with multiple growth opportunities.

The emerging Life Sciences industry is producing exponential change - and new opportunity for Monsanto to create value for its customers and shareholders.

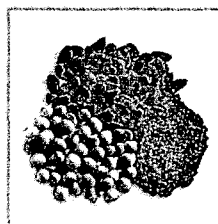
As a life science company, Monsanto is committed to finding solution to the growing needs for food and health by sharing common forms of science and technology among agriculture, nutrition and health. The Company's 21,900 employees worldwide make and market high-value agricultural products, pharmaceuticals and food ingredients.



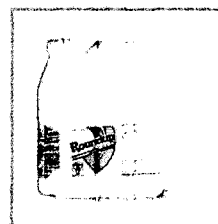
Pharmaceuticals



Nutritions



Seeds



Herbicides

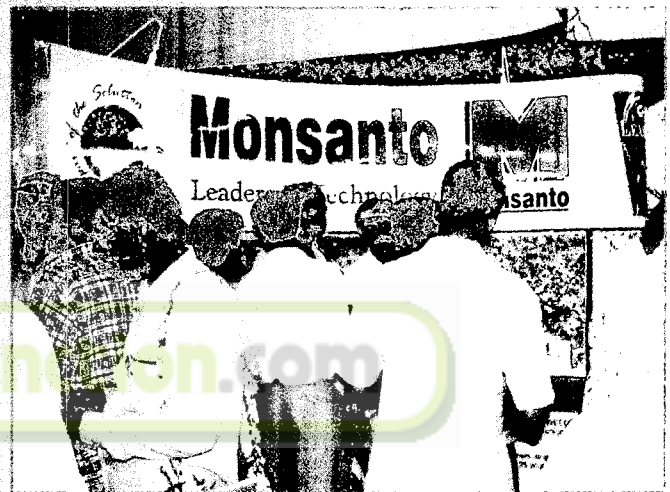


Animal Health

working with our customers to develop
effective weed control solutions



Dealers meeting in progress



Kisan Mela

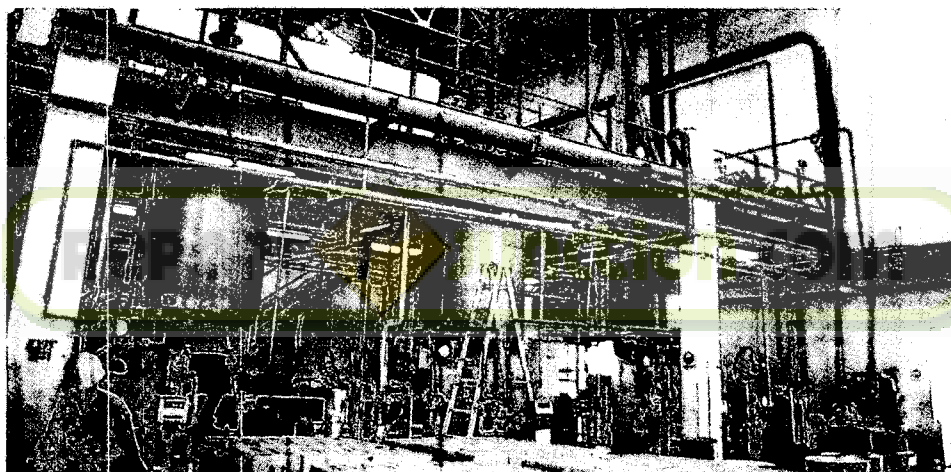
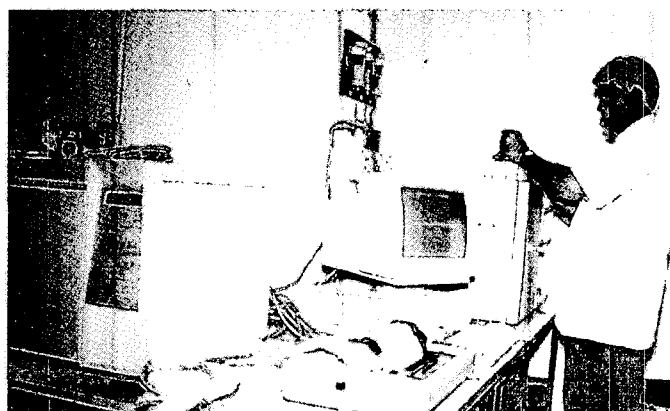


Roundup application in Banana plantation



Demonstration of new technology to farmers

SILVASSA PLANT



Monsanto built a manufacturing plant at Lonavala in the early 70's, to meet the need for herbicidal formulations like Roundup, Machete EC, Machete granules, Lasso EC and Lasso granules. Over time, a need arose for increased capacity and improved ESH (environment, safety and health) standards. In 1993, Silvassa was identified as the location for the next plant. The aim was to have the plant built on state-of-the-art technology and which would meet Monsanto's global policy of "zero discharge".

After registration in mid '95, the construction commenced at full speed. Partial production started by October 1996 and full production by January 1997. The plant is equipped with a sophisticated QC laboratory where the most stringent quality control measures are adopted..

To ensure that high ESH standards are maintained, adequate measures for both the infrastructure and manpower were adopted. The granular production unit has a closed system which ensures that no spillage occurs during production. In fact, all the equipments have curbs around them to catch any accidental spills. To minimise the waste discharge during washing the spills, sawdust is used to mop them up. Where washing cannot be avoided, a carbon-

treatment facility has been set up to treat liquid wastes. This water has been found fit even for gardening. The clean-out solvents generated while shifting production from one product to another, are also stored and then recycled. This not only conserves solvents but also ensures safety against contamination of the environment. The plant also has a unique system of minimising contamination and environmental pollution in case of any accidents like fire. The water that is used to extinguish the fire is channelised to a huge tank from where the water goes for further treatment. This is to ensure that no chemical discharge pollutes the environment during the course of washing. Monsanto perhaps is the only company in the country that has this kind of facility.

The personnel's safety at the plant is of the highest global standards and is strictly adhered to. Everyone at the plant has to wear hard hats, boots and gloves for maximum protection, apart from the mandatory uniform.

This plant at Silvassa is an example of Monsanto's commitment to a healthy environment and a cleaner, greener world.

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Board of DirectorsTerry J. Bunn, *Chairman*Sekhar Natarajan, *Managing Director*

Dr. S. P. Adarkar

H. C. Asher

R. C. Khanna

Robert A. Paley

C.Y. Wong

Company Secretary

Ajai Jain

AuditorsFord, Rhodes, Parks & Co.,
Mumbai**Banker**

Citibank N.A.

Registered OfficeWakefield 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.**Factories**

- 1) 4 & 5 Madhuban Industrial Estate,
Village : Rakholi, Silvassa - 396 240.
Union Territory of Dadra & Nagar
Haveli.
- 2) 50/ 51, Lonavala Industrial Estate,
Nagargaon, Lonavala- 410 401.
Maharashtra.

Registrar and Share Transfer AgentsSpectrum Corporate Services Ltd.
Shree Ganesh Industrial House,
1st Floor, 'B' Wing, W.T.P. Marg,
Chembur, Mumbai - 400 071.

MONSANTO CHEMICALS OF INDIA LIMITED

NOTICE

NOTICE is hereby given that the FORTYEIGHTH Annual General Meeting of Monsanto Chemicals of India Limited, will be held on Monday, the 14th September, 1998, 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, 1998 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 for the financial year 1997-98.
3. To appoint a Director in place of Mr. R.C. Khanna, 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(s), the following Resolution as an Ordinary Resolution :
 "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), the Company hereby approves appointment of Mr. Sekhar Natarajan as Managing Director of the Company for a period of five years with effect from 1st October, 1997 upon the terms and conditions including remuneration as are set out in Agreement dated 1st October, 1997 (the "Agreement") executed between the Company and Mr. Sekhar Natarajan, which Agreement placed before this meeting is hereby specifically sanctioned with liberty to the Board of Directors of the Company (the "Board") to alter and vary the terms and conditions of the Agreement in such manner as may be agreed to between the Board and Mr. Sekhar Natarajan and in accordance with the applicable provisions of the Act and any amendment thereto or re-enactment thereof;
 RESOLVED FURTHER THAT the Company hereby approves increase in the remuneration payable to Mr. Sekhar Natarajan up to 40% per annum of the Basic Salary last drawn by Mr. Sekhar Natarajan and consequential increase in the perquisites/benefits related to his Basic Salary, with effect from 1st April, 1998 for the balance tenure of the Agreement, up to 30th September, 2002 as set out in the draft Supplemental Agreement proposed to be executed between the Company and Mr. Sekhar Natarajan, a draft of which, initialled by the Chairman for the purpose of

identification, placed before this meeting, is hereby specifically sanctioned with liberty to the Board to alter and vary the terms and conditions thereof in such manner as may be agreed to between the Board and Mr. Sekhar Natarajan subject to the overall ceiling limit specified in Schedule XIII of the Act, read with Sections 198, 309, 310 and other applicable provisions of the Act and any amendment thereto or re-enactment thereof;

RESOLVED FURTHER THAT in the event of any absence or inadequacy of net profit in any financial year, the aforesaid remuneration shall be paid as minimum remuneration subject to the ceiling specified in Part II of Schedule XIII of the Act or any amendment thereto;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this Resolution."

6. To consider, and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
 "RESOLVED THAT Mr. Terry J. Bunn, who was appointed as Additional Director of the Company holding office up to the date of the Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 (the "Act") and who is eligible for re-appointment and in respect of whom the Company has received notices in writing along with deposit of Rs. 500/- from members of the Company pursuant to the provisions of Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."
7. To consider, and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
 "RESOLVED THAT Mr. C.Y. Wong, who was appointed as Director of the Company pursuant to the provisions of Section 269 of the Companies Act, 1956 (the "Act") to fill the casual vacancy resulting from the resignation of Dr. Sampan C., holding office up to the date of this Annual General Meeting and who is eligible for re-appointment and in respect of whom the Company has received notices in writing along with deposit of Rs. 500/- from members of the Company pursuant to the provisions of Section 257 of the Act, be and is hereby appointed as Director of the Company, liable to retire by rotation."
8. To consider, and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
 "RESOLVED THAT pursuant to the provisions of Section 370

MONSANTO CHEMICALS OF INDIA LIMITED

and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, the Board of Directors of the Company (the "Board") be and is hereby authorised :

- (a) to make any loans to/place any deposits with any body corporate, or
- (b) to give any guarantee, or provide any security, in connection with the loan or loans made by any other person to, or to any other person by, any body corporate,

from time to time, not exceeding Rs. 15,00,00,000/- (Rupees Fifteen Crores) in aggregate, and on such terms and conditions as the Board may deem fit, notwithstanding that the aggregate of such loans may exceed (a) 30% or such other percentage as the Central Government may prescribe of the aggregate of the subscribed capital of the Company and its free reserves, where all such bodies corporate are not under the same management as the Company within the meaning of Section 370 of the Act; and (b) 30% or such other percentage as the Central Government may prescribe of the aggregate of the subscribed capital of the Company and its free reserves where all such bodies corporate are under the same management as the Company within the meaning of Section 370 of the Act;

AND RESOLVED FURTHER THAT the Board be and is hereby authorised to agree in its discretion to any modification(s) or condition(s) that may be suggested or prescribed by the Central Government at the time of granting its approval;

AND RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things that may be necessary or expedient to give effect to this Resolution including, to make application to the Central Government for obtaining its approval, if required."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

Item No. 5 :

The Board of Directors of the Company (the "Board") at its meeting held on 8th September, 1997, re-appointed Mr. Sekhar Natarajan as Managing Director of the Company for a period of five years with effect from 1st October, 1997, subject to the approval of the shareholders in General Meeting.

The material terms and conditions of the appointment contained in Agreement dated 1st October, 1997 executed between the Company and Mr. Sekhar 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 1st October, 1997.

3. Remuneration :

1. Basic Salary : Rs. 1,00,000/- per month and as may be decided by the Board from time to time.

2. Commission, Bonus, Incentives & Other Allowances : As per the Company's Schemes and as may be decided by the Board from time to time.

3. Accommodation : Furnished accommodation with electricity, water and gas at the cost of the Company. In case no accommodation is provided by the Company, the payment of House Rent Allowance subject to the ceiling of sixty per cent of the salary.

4. Motor Car : Motor Car with Driver for official use.

5. Medical Reimbursement : As per the Company's Schemes.

6. Telephone : Free telephone and fax facility at his residence for official use.

7. Leave Travel Concession : As per the Company's Schemes.

8. Provident and other Funds : As per the Company's Schemes.

9. Gratuity : As per the Company's Schemes.

In computing the Gratuity benefits payable to Mr. Sekhar Natarajan, his period of employment with the Company from June 23, 1980 would be considered as continuous employment with the Company and he would be eligible to receive gratuity benefits for such total continuous period of service.

10. Personal Accident Insurance : Premium not to exceed Rs. 4,000/- p.a.

11. Club Subscription : Reimbursement of club subscription fees to two clubs.