

MONSANTO CHEMICALS OF INDIA LIMITED

ANNUAL REPORT 1999-2000

MONSANTO
Food • Health • Hope™



BOARD OF DIRECTORS

Terry J. Bunn, Chairman
Sekar Natarajan, Managing Director
Dr. S.P. Adarkar
H.C. Asher
R.C. Khanna
Robert A. Paley
C.Y. Wong

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COMPANY SECRETARY

Ajay Jain

AUDITORS

Ford, Rhodes, Parks & Co., Mumbai

BANKERS

Citibank N.A.
State Bank of India

REGISTRAR AND SHARE TRANSFER AGENTS

Intime Spectrum Registry Pvt. Ltd.

260, Shanti Industrial Estate

Sarajini Naidu Road

Mulund (W), Mumbai 400 080

REGISTERED OFFICE

Wakefield House, 11, Spratt Road

Ballard Estate, Mumbai 400 038

ADMINISTRATIVE OFFICE

Ahura Centre, 5th Floor,

96, Mahakali Caves Road

Andheri (East), Mumbai 400 093

FACTORIES

(1) 4&5 Madhuban Industrial Estate

Village: Rakholi, Silvassa 396 240

Union Territory of Dadra & Nagar Haveli

(2) 50/51, Lonavla Industrial Estate

Nagargaon, Lonavla 410 401, Maharashtra

50TH ANNUAL GENERAL MEETING

Date : 14th July, 2000

Time : 10.30 am.

Venue : M.C. Ghia Hall

Bhogilal Hargovindas Building

2nd Floor, 18/20, Kalkhushru Dubash Marg

Mumbai 400 001



From the Chairman

The year gone by has been an eventful one, in which we began the process of integrating our agriculture businesses in India, in line with the consolidation that is happening world-wide. This consolidation is designed to enhance significantly our ability to compete and grow in an evolving market.

Our Board of Directors and shareholders have approved a proposal to integrate our agriculture businesses in India into our listed company. This is symbolic of Monsanto's commitment to India and to our shareholders. It is a public declaration of our intent to partner more closely with Indian farmers through comprehensive initiatives that will position us as a key provider of inputs that satisfy their needs.

Rural India is going through a process of rapid change. What seemed distant and even improbable some years ago is now a reality. Independent media reports speak of farmers being ready to embrace new products and technology, even information technology. In January this year, computers were installed in 21 *soochanayaks* (information centres) in one district of Madhya Pradesh. This made it possible for farmers to check, with the help of *soochak* (information attendant) prices for produce in other *mandis* (markets), saving them unnecessary, time-consuming trips to the local *mandi*. Soon, they discovered that for a small fee, they could send SOS messages about a broken pump or tractor, or even a cow's broken leg. These progressive developments are slowly being replicated in other parts of India.

Today, India is among the world's foremost producers of a number of agricultural products. As the country gears up to meet the challenges of a global marketplace under WTO guidelines, farmers are aware that to remain competitive, they have to increase productivity, both in volume and value terms. We are well positioned to help in that process. We have teams travelling through remote villages, testing the

soil, studying cultivation practices in different agro-climatic conditions, training local co-ordinators and offering farmers a helping hand through knowledge, empathy and understanding. These dedicated teams are supported by a growing portfolio of products and technologies covering agro-chemicals, seeds and seed enhancements that are available to us from our global company and through our partners in India.



Clearly, the future holds promise. We believe we have the products and the technology farmers want, the people with the knowledge and skills to deliver them, the distribution network and the business partners to provide the reach in the most cost-effective way possible. We now have the corporate structure to leverage our synergies and live up to the confidence our shareholders have placed in us.

I look forward to the years ahead.

Terry Bunn

Terry Bunn

Monsanto crossed two milestones in India during the year under review.

We established the framework for becoming a comprehensive provider of agricultural inputs, by integrating and consolidating our agricultural businesses in the country, and we completed 50 years of our presence in India.

These developments were fittingly reflected in our moving to a new office in Mumbai that symbolises our growth and our commitment to

Report Junction



Business Integration that Benefits all Stakeholders

As we close the year, we are in the process of consolidating our various agricultural businesses in India, a step that is consistent with our global consolidation and our local commitment. During the year, Monsanto worked globally towards integrating its chemicals and seed businesses. In India, we took this step forward by integrating our seed and herbicide activities through our 'Ag Going Forward' initiative.

We have now completed this process by integrating and consolidating our businesses in India in our listed company. We have acquired the entire shareholding of Monsanto Technologies India Ltd. (MTIL) and the agriculture-related businesses and assets residing in Monsanto Enterprises Limited and Monsanto India Limited. In consideration for the acquisitions, our Board of Directors and the shareholders have approved, in accordance with SEBI guidelines, an issue of equity shares on a preferential basis to

Monsanto. This has resulted in an increase of Monsanto Company's holding in our Company from 40 per cent to about 72 per cent, a reaffirmation of Monsanto's commitment to India and our Indian shareholders.

The recent merger of Monsanto Company with Pharmacia & Upjohn has resulted in the creation of a larger company dealing in agriculture, pharmaceuticals and nutrition. This new company has now been named Pharmacia Corporation. The agriculture business, which will be created as a subsidiary of Pharmacia Corporation, will operate under the name of Monsanto Company. It is one of the world's leading agricultural companies with 12,000 employees. Monsanto Company is known for bringing innovation to farmers that has improved their efficiency and helped them better protect the environment. The cornerstone of its success is a cost-effective and integrated approach towards crop protection, seed capabilities and technology capabilities.

The steps we have taken to consolidate our businesses in India are also in consonance with our market needs. They will help us retain our leadership position and increase shareholder value by enabling us to respond with a more comprehensive solution to the needs of our farmers. This exercise, when completed over the next few months, will better position the Company to leverage its portfolio and its higher net worth for future growth.

Monsanto has always done more than merely sell products - we work at changing mindsets, look for creative and innovative solutions and to make breakthroughs. This consolidation will sharpen our business focus and enable us to compete more effectively in a rapidly changing and increasingly challenging environment. It will capitalise on synergies, bring about economies of scale and provide access to Monsanto's leading edge technologies and global experience in the agricultural sector, thus making us a comprehensive input provider that meets farmers' needs.

This integration will also enhance our ability to move towards a portfolio-based market approach along with our partners -- our distributors, our seed company partners and our dealers. It will help us leverage our individual strengths to offer our farmers a 'Total Solutions' approach in their efforts to enhance productivity and yields.

As we continually look for opportunities in other markets of South Asia for our products, this consolidation will help us cater to the export markets in Sri Lanka and Bangladesh. Our seeds subsidiary, MTIL, is also working closely with Monsanto affiliates in South-East Asia to produce and export high quality seeds.



A true story with a happy ending

Jab tak main zinda hoon, main yeh nabin karne

aid the farmer. "I will not allow this new fangled medicine to enter my fields. *Jab tak main zinda hoon, main yeh nabin karne*."

It will make our fields *banjar* (barren). I tell you."

But, father, I will not allow this to happen. It will do wonders for our crops. Please, let me try it.

Some time later...

"Bahir, who was that man who brought us that medicine

company, Monsanto?

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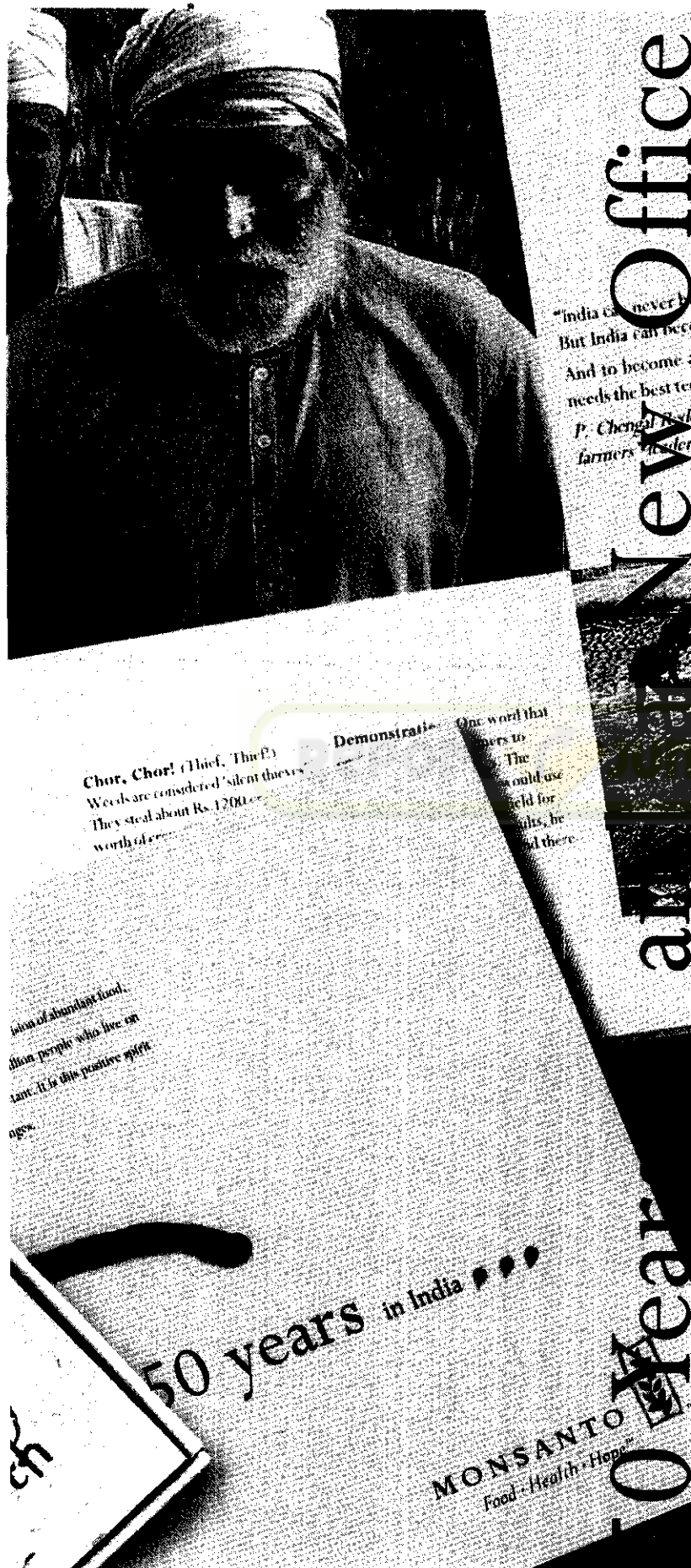
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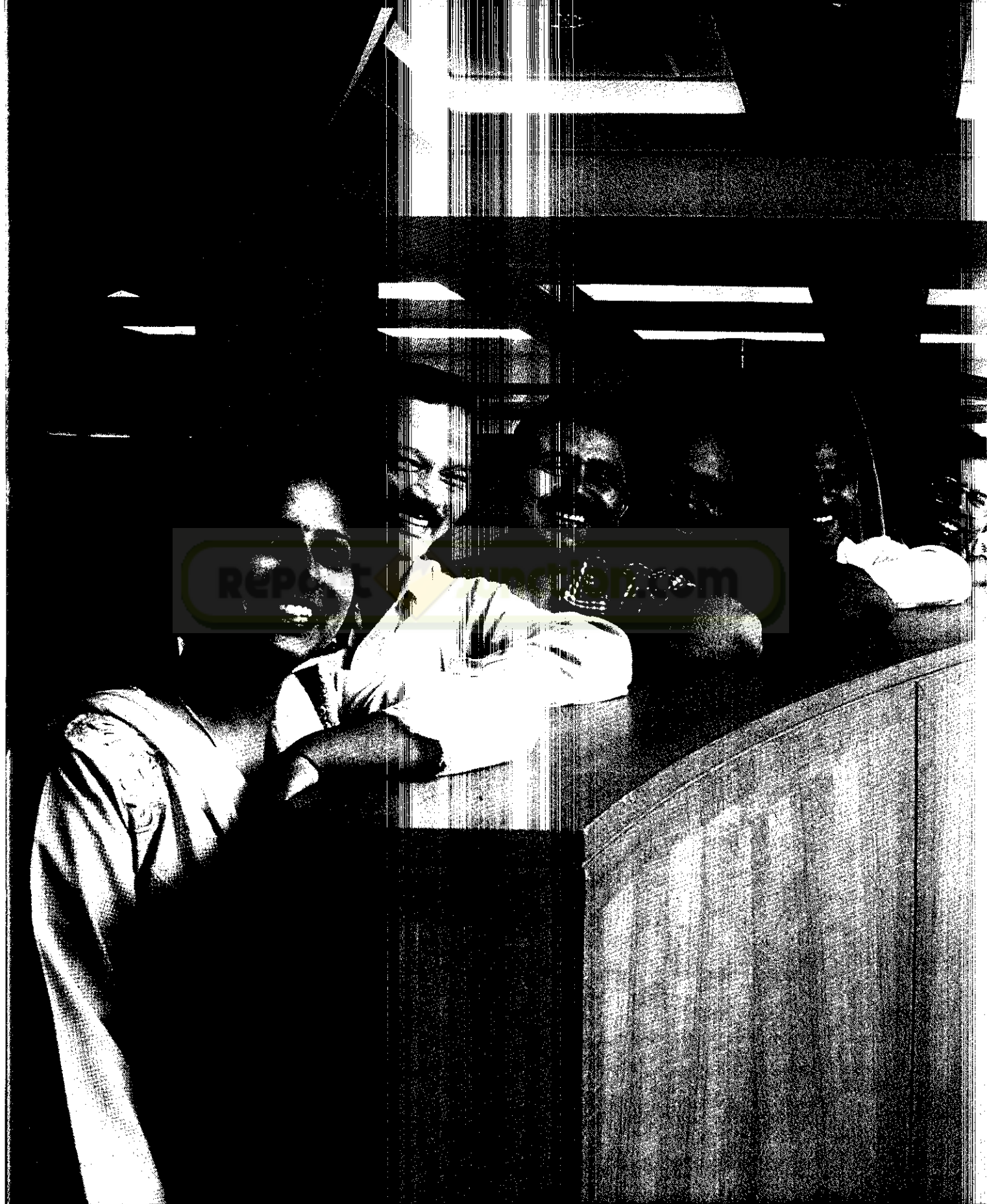
company, Monsanto?



50 Years... and a New Office

1999 marked 50 years of Monsanto in India and we saw it as an opportunity not just to tell our story to the world at large, but to recognise and honour those who made it happen, present and past. We did this through a unique 'print presentation' strung together with a green cord to resemble the stem of a plant. Between the pages were nuggets of information -- anecdotes, vignettes, memories culled from interviews with the people who helped build Monsanto India over the years, from Amritsar to Bangalore and Khopoli to Guwahati.

We also moved to a new corporate office, befitting our status as a rapidly growing organisation, at Ahura Centre, Andheri (East), in Mumbai's western suburbs. A fascinating intermingling of East and West, the new office combines the efficiency of Herman Miller workstations with the beauty of rich Indian textiles appreciatively chosen from bazaars across the country, and sculptures and inlay work by artisans from Mahabalipuram, Rajasthan and Agra which provide a uniquely Indian touch.





Our People... Our Future

Monsanto believes that people are our most valuable resource. As we integrate our businesses in India to create our growth vehicle, we will draw on the experience of our investment in people over the last four years. During this time, Monsanto in India has expanded from a strength of 100 employees to encompass over 400 ambassadors of knowledge -- taking technology to customers and offering them a new vision of farming, which combines a centuries-old feel for the land with new tools to enhance its productivity in a sustainable manner.

Knowledge has been the cornerstone in this process. Our Human Resources Team has created a close-knit contingent of diverse professionals. This team is distinguished by its marketing mindset; a focus on knowledge, change, performance and deliverables; and a willingness to get a job done in an original and innovative way. Intensive workshops have helped develop product knowledge and enhance selling skills, while building leadership and business acumen to address customer queries effectively. The emphasis is on translating product features into benefits and linking our product's advantages to a farmers' needs. The focus has shifted from driving volumes to adding value and we have learnt to do more with less.

Our success in knitting existing and new employees into a cohesive team with a uniform corporate culture, and setting up systems and procedures to meet the challenges of a rapidly transitioning organisation, was recognised during the year by the Organisational Development (OD) Institute, USA. This independent non-profit association presented our HR Team with the OD Award for Distinguished Application, making us one of the four outstanding examples recognised globally by the Institute in the field of organisational development. Our consolidated businesses will accord the HR Team further opportunities to continue this investment of building our knowledge ambassadors.

