MONSANTO
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MONSANTO INDIA LIMITED

Annual Report 2006-07

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BOARD OF DIRECTORS
Mr. Sekhar Natarajan, Chairman
Mr. R.C. Khanna
Mr. H. C. Asher
Mr. Pradeep Poddar
Mr. Mark J. Deadwyler
Mr. Mark Martino

CHIEF FINANCIAL OFFICER AND MANAGER
Mr. S. Rajagopalan

COUNSEL (LEGAL & TAXATION) & COMPANY SECRETARY
Mr. Ajai Jain

AUDITORS
Deloitte Haskins & Sells, Mumbai

BANKER
Citibank N.A.

REGISTRAR AND SHARE TRANSFER AGENTS
Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (W)
Mumbai 400 078
Tel: 022 - 2596 3838
Fax: 022 - 2596 2691

REGISTERED OFFICE
Ahura Centre, 5th Floor
96, Mahakali Caves Road
Andheri (E), Mumbai 400 093
Tel: 022 - 6702 9851, 2824 6450
Fax: 022 - 6702 3361, 2824 4707
Website: www.monsantoindia.com
Email:investorcare.india@monsanto.com

FACTORIES
1, 4 & 5, Madhuban Industrial Estate
Madhuban Dam Road, Rakholi
Silvassa 396 240
Union Territory of Dadra & Nagar Haveli

Moka Road, Srivara Village
Bellary 583 103, Karnataka

Village: Bapirajagudem
Pedavegi Mandal, Vijaya Rai Post
District: West Godavari 534 475
Eluru, Andhra Pradesh

Survey No. 677-679
Village: Lalgudi Malakpet, Shamirpet
District: Ranga Reddy 500 078
Andhra Pradesh

57th ANNUAL GENERAL MEETING

Date
31st August, 2007

Time
2.30 p.m.

Venue
M.C. Ghia Hall
Bhogilal Hargovindas Building
2nd Floor18/20
Kaikhushru Dubash Marg
Mumbai 400 001

Golden fields
Through Innovation

'The process of innovation is of course never ending.'
-Alan Green

At Monsanto, innovation is a way of life. A focussed approach to deliver innovative products through cutting-edge technology is the foundation of our business. Our experience, our dedicated field force and our close interactions with the farmers enable us to identify the precise needs of our vast family of customers spread across the country. We ensure customer satisfaction through our focussed product development activities and high quality products.

A winning combination of robust pipeline of products and technologies combined with excellent customer service has enabled us to earn a distinct reputation for ourselves. Today, rich golden fields are the symbols of the constant innovation that continuously meet our customers' expectations.

CHAIRMAN'S LETTER

"As leaders, we truly believe that success stems from the ability to adapt, for the long-term."

Sekhar Natarajan

Dear Shareholders,

The Change Around Us

Today, the Indian agricultural industry is on the brink of a prodigious transformation. The government has envisaged a sustained overall GDP growth of 8-9% per annum. In order to achieve this target, it is imperative for the agricultural sector to grow at a minimum of 4% every year. The current low contribution of the agrarian sector to the Indian GDP in recent years, has succeeded in engaging the government's attention. We are glad to see that the agricultural segment is now receiving the required stimulus that can lead to its transformation to a well managed industry.

Furthermore, the agrarian sector is also witnessing a change in its operating environment. We now have a higher level of awareness amongst farmers who appreciate the value of good quality inputs and are adopting them faster than ever before. At the other end the consumers are demanding healthier and superior quality food. Linking these two is the gradual integration of the supply chain from the farm gate to the consumer's plate. This trend is likely to be further accelerated by corporate participation along with the value chain and downstream food processing, bringing with it lasting infrastructural improvements. While this transformation occurs, we have realised that as a country, we need to produce food from less land and constrained natural resources. The advent of biotechnology and its slow but sure adoption bodes well for Indian agriculture.

As we move forward, I expect to see a positive shift in farmer demands for high quality innovative agricultural inputs and a resultant contribution from them in the form of increased outputs.

These evolving dynamics of the industry are instrumental in fuelling the growth of agro-based enterprises, such as your Company. Today, the industry offers a variety of opportunities for driving growth within the Company. Our parent company, Monsanto Co., USA, continues to recognise the opportunities and importance of India and the complexities and dynamics of running a business in an emerging market. As a result, India now operates as a separate region within Monsanto's international business.

Financial Review

I am pleased to announce that the year 2006-07 recorded impressive results. Although the top-line declined slightly due to the sale of our wheat herbicide business, the Company still managed to deliver a good operating result. Our Earnings before Interest, Tax and Depreciation (EBITD) grew from Rs. 7576 Lacs to Rs. 7915 Lacs.

Our Farmers, Our Customers

MIL's business revolves around providing solutions to improve crop productivity for our farmers. Our innovative product portfolio comprising of seeds and herbicides, has improved farmers' yield and productivity, thereby increased the earnings for the farmers.

Successful farmers are the reason for our Company's success. Our customers consider us as their true partners, since we offer superior agricultural products and also guide them in their agricultural practices.

The Transition Within Us

During FY2006-07, we demonstrated our sensitivity to the trends taking shape in the marketplace. Our three businesses of chemistry, seeds and biotech traits are contributing towards helping the Indian agro industry to overcome the challenges of low productivity.

We have focussed on our strengths and capabilities, divesting our non-core assets to synergise with our long-term business strategies. The strategic sale of our *Leader* business is indicative of the effective implementation of this strategy.

Incorporating Innovation

At MIL, we are building a genetic platform by combining biotechnology and hybridisation, for unparalleled results. Our technical expertise has successfully led us to develop traditional breeding methodology into a science, reducing our dependency on trial and error experimentations.

Seeding Biotechnology for Tomorrow

With the ability to reduce crop vulnerability to pests, viruses and drought, biotechnology is considered a necessary solution to food insecurity and malnutrition across the globe. It is also having a positive impact on the health and livelihood of farmers, as well as on the environment. With breeding and biotechnology as key components of our R&D initiatives, we are well positioned to develop accurate, predictable and faster hybrid seeds. Biotechnology has the potential to be a significant contributor in improving agricultural productivity.

Monsanto People

I take pride in announcing that your Company was conferred the 'Best Employers in India – 2007' award by Hewitt Associates a renowned global Fortune 500 HR consultancy firm, during FY2006-07. We are one of the 25 organisations that were selected for the award, out of a total of 230 participants across the country. This award elucidates our robust and inclusive HR policies, that truly focusses on the development of all our employees.

Our people contribute significantly towards our overall growth. Our rewards system encourages our employees to perform to the fullest of their potential and we continue to recognise and reward our employees accordingly. Training and development for employees is an important focus area of the HR teams.

Appreciation

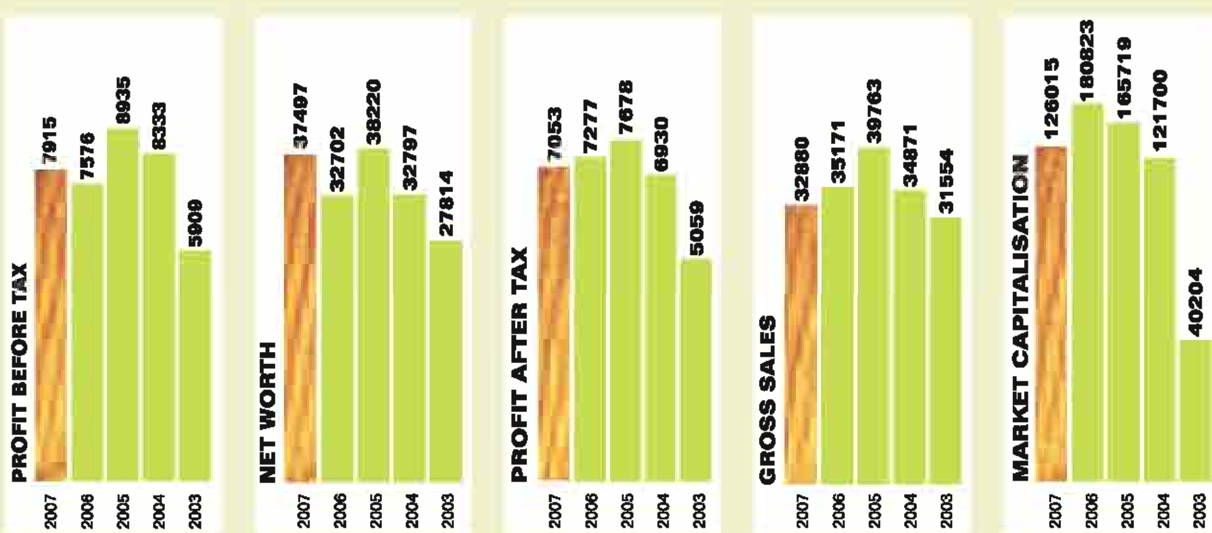
I take this opportunity to express my gratitude to our directors, shareholders, investors, business partners, customers and employees for placing their trust in us, over the years. Their support reiterates our faith in our beliefs, aiding the transformation process within the Company. Together, we will continue to strive hard to deliver superior shareholder value for years to come.

Sekhar Natarajan

BUSINESS HIGHLIGHTS

- Monsanto India Limited was recognised as one of the Top 25 Employers in India, as a result of a survey conducted by Hewitt Associates.
- In order to tap the potential of the growing Indian agricultural markets, India now operates as a separate region within Monsanto's international business.
- In line with its long term business objectives, the Company made a strategic sale of its wheat herbicide brand, *Leader*.
- The Company released three commercial maize hybrids in the Indian market - 900M Gold, Apoorva and DKC 7074.
- The Company successfully completed start-up of its high-tech double pass maize drier facility at Hyderabad.

FINANCIAL HIGHLIGHTS (Rs. in lacs)



MAIZE | Seeds

Maize, the native American word for corn, literally means "that which sustains life". This cereal grain was first domesticated in Mesoamerica and then spread throughout the American continents. It was introduced to the rest of the world after Europeans came into contact with the "new world" in the late 15th and early 16th century. Ancient Red-Indian legend pronounces maize as "the food of the gods that created the Earth". In modern times, maize is considered a key cereal grain in the world, after wheat and rice, and provides nutrients for both humans and animals. As a basic raw material for the production of starch, oil, protein, alcoholic beverages, food sweeteners and more recently, fuel, maize permeates our dietary culture completely. Driven by the needs of the meat and starch sector, the impetus for cultivating maize has continuously increased in recent times. There is also a growing requirement for maize from the poultry sector, where it is used as feed. Nowadays, with growing concerns over the use of fossil fuels as a primary energy source and its environmental impact, maize has found a new use – the production of an environmentally clean energy source: ethanol.

MAIZE | The Indian Scenario

India is the fifth largest producer of maize in the world, contributing 3% of the global production. Over the last five decades, India has graduated from being a net importer to becoming a self-sufficient country. During the same period, India's maize production has increased from less than 3 million tonnes, to reach a current level of 15 million tonnes. Introduction of new hybrids, coupled with rising demand for the grain, have been the main drivers for growth. Currently, maize is primarily used for the preparation of poultry feed and extraction of starch.

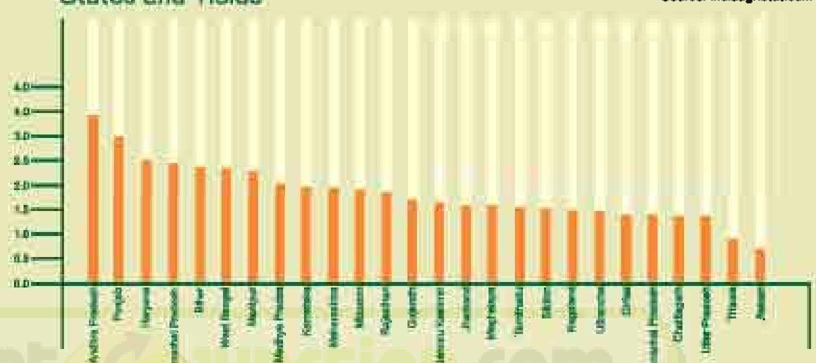
As any other cereal, maize is grown across all the states in India. Moreover, in many states, it is one of the important staple foods. Andhra Pradesh, Bihar, Madhya Pradesh and Rajasthan are the leading producers of maize in India, while Karnataka and Uttar Pradesh are the other important producers.

Hybridisation in India is being primarily driven by the demand of grain in the domestic poultry and starch industry, and the needs of farmers to improve their yields.

Area Production Yield of Maize in India

States and Yields

Source: indiaagristat.com

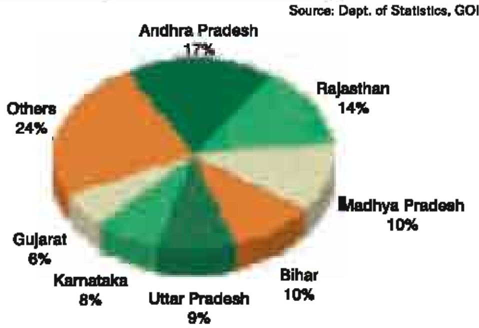


States and Area

Source: indiaagristat.com

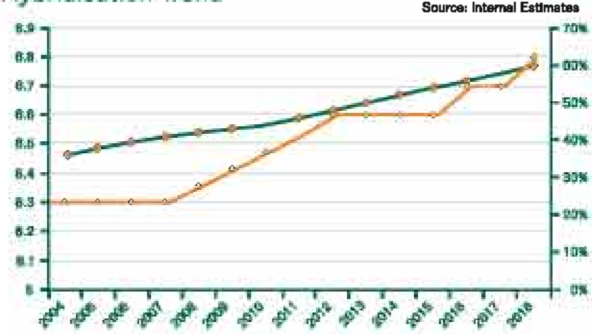
Share of major Maize Producing States

Source: Dept. of Statistics, GOI



Hybridisation Trend

Source: Internal Estimates



Total Corn Area (Mha) - Hybridisation %

MAIZE | *Dekalb*

"*Dekalb*" is a well-recognised, global brand, under which, the maize hybrids of Monsanto India Limited (MIL), are marketed in India. By means of modern technology and constant innovation, we are committed not only to look after the welfare of the farmers, but also the environment. *Dekalb* hybrids help enhance the farmers' lives by providing better overall yields.

Dekalb, an epithet of high quality and superior technology, breeds innovation into its hybrids to make it suitable for all growing conditions. Creating its own benchmark and quality standards, the hybrids continue to surpass such yardsticks, year after year. The key factors that have helped *Dekalb* in crafting a perception of trust in the psyche of the Indian market are:

- **A history of 100 years in producing high quality hybrid maize seeds**
- **New generation breeding technologies**
- **Testing locations across different agro climatic zones**
- **Ultra modern seed processing expertise**
- **Strict quality control measures at all stages**
- **Innovative methods of educating farmers and season long crop management support**

Riding on the wave of exceptional germplasm, the *Dekalb* brand is the fastest growing and most promising maize brand in the country. The combination of 100 years heritage, marketing support, access to global germplasm and MIL's technology support, makes *Dekalb* a trusted maize brand in the country. These factors also promote the feeling of "My Brand" in the minds of farmers, across the nation.

Our goal is to continue to be the market leader and the most visible maize brand across the Indian market. Our efforts towards increasing *Dekalb's* brand awareness are already showing signs of success. From a meager 3% awareness in 2004, today we enjoy recognition in 26% of the marketplace. Our endeavours in extending breeding objectives and facilities to meet growers' needs; continuous introduction of modern germplasm; and initiating innovative marketing programmes will help us in sustaining the *Dekalb* image.

Dekalb farmers' visit to the Bellary seed conditioning unit

Best practices are shared during *Dekalb* farmers meetings

MAIZE | The *Dekalb* Hybrid Portfolio in India

Dekalb Pinnacle:

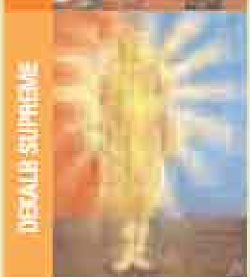
It is a full maturity hybrid recommended only for fertile soils under irrigated and good management conditions

More number of rows per Cob and more number of grains per row Positively responds to good growing conditions, inputs and management

Dekalb Supreme:

It is a full maturity hybrid, recommended for irrigated conditions only. It is widely adaptable under various growing conditions under irrigation'

- Consistent high yields
- Excellent grain colour and quality



Dekalb Hishell:

It is a full maturity hybrid, recommended for irrigated and assured rain fall conditions.

- High shelling percentage
- Attractive grain colour
- More protein percentage suitable for poultry feed

Dekalb All-rounder:

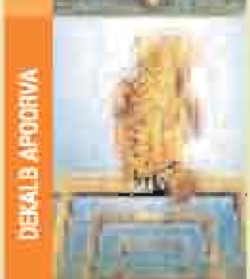
It is a full maturity hybrid, suitable for rain fed conditions.

- Better yields in varied growing conditions
- Attractive grain colour & good keeping quality
- Suitable for fodder purpose

Dekalb Apoorva:

It is a medium duration hybrid, suitable for irrigated and rain fed conditions.

- Medium maturity (95-105 days)
- Good tip filling
- Attractive grain colour and high yielding potential



DKC 7074:

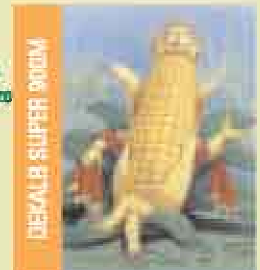
It is an early maturity hybrid, suitable for irrigated and rain fed conditions. The grains of this hybrid are similar in taste to the desi maize, but with potential to yield more than the desi varieties.

- Matures in 90-95 days
- Desi type of grains, sweet taste, which is an excellent fit for human consumption
- Good crop stand

Dekalb Super 900M:

It is a full maturity hybrid, suitable for irrigated conditions only. Super 900M is single largest maize hybrid used by maize farmers in India.

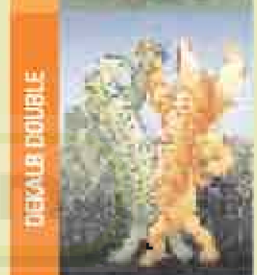
- High yield and consistency
- Excellent grain colour
- Good keeping quality



Dekalb Double:

It is a medium maturity hybrid, suitable for irrigated and assured rain fall conditions.

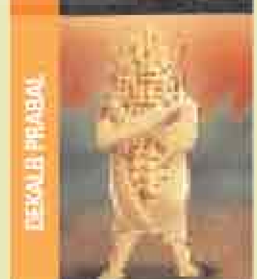
- Big cobs with good tip filling
- Suitable for both grain crop & green cob purposes
- Matures in 95-100 days



Dekalb Prabal:

It is a full maturity hybrid, suitable for rain fed conditions.

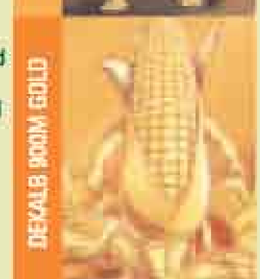
- Deep root system, hence effective utilization of soil moisture
- Attractive grain colour
- Ability to give good yields under tough conditions



Dekalb 900M Gold:

It is a full maturity hybrid, recommended for irrigated conditions only. It is an improvement over *Dekalb's* Super 900M and positioned to replace it.

- High yield and consistency
- Deep orange grain colour
- Excellent keeping quality



DKC 9072:

It is a full maturity hybrid, suitable for irrigated conditions only.

- Consistent high yields
- Cylindrical cobs with good tip filling
- Wider adaptability and stay green plant type