



## Forward Looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Go online at [www.monsantoindia.com](http://www.monsantoindia.com)

# What's inside?

Monsanto is the world's largest investor in agriculture research and development of superior-performing seeds and environmentally sustainable agriculture technologies. The Company is uniquely positioned to play a role in helping meet global challenges related to enhancing productivity and ensuring food security by helping increase crop yields whilst conserving natural resources and improving farmer lives.

Monsanto India Limited (MIL) is a subsidiary of the Monsanto Company, USA and is the only publicly listed Monsanto entity outside USA. MIL is focused on seeds and agricultural productivity in India. For over four decades, MIL has played its role in increasing farm prosperity and making a real difference to farmer lives, the community and the country, thereby demonstrating an ability to make a difference and bring about real, positive change.

## ► CORPORATE OVERVIEW

- 02 The Difference is Change
- 04 The Identity of Change
- 06 Monsanto's Global Commitments
- 07 The Monsanto Pledge
- 08 Message from the Chairman
- 12 An Interview with the Managing Director

## ► STRATEGIC REVIEW

- 16 Seeds Business Review
- 24 Herbicides Business Review
- 28 Breeding, Manufacturing and Allied Services
- 34 Human Resources
- 38 Information Technology
- 40 Corporate Social Responsibility
- 43 Pledge Awards
- 44 Board of Directors

## ► BOARD & MANAGEMENT REPORTS

- 46 Notice of the AGM
- 50 Directors' Report
- 54 Annexure to Directors' Report
- 56 Corporate Governance Report
- 67 General Shareholders' Information
- 71 Auditors' Certificate on Corporate Governance
- 72 Management Discussion and Analysis
- 82 Financial Summary For 10 Years

## ► FINANCIAL STATEMENTS

- 83 Auditors' Report
- 84 Annexure to Auditors' Report
- 88 Balance Sheet
- 89 Profit and Loss Account
- 90 Schedules to the Financial Statements
- 114 Balance Sheet Abstract
- 115 Cash Flow Statement
- 117 Nomination Form
- 119 Proxy Form



## The difference is **change**

**Change is transformational.** It manifests itself in qualitatively different outcomes from the ones that were the norm.

**Change is a continual process.** It helps achieve more and pushes the envelope, raises the bar, all the time.

**Change is a catalyst.** Its effects multiply and lead to exponential results with widening impact.

At Monsanto, we constantly challenge ourselves to change, drive change and make a difference, with measurable impact.

Thus, the concept of change is deeply ingrained in our organizational DNA.

We bring about change through a **farmer-focused approach**, so that a large number of resource poor farmers can benefit and the challenges of food, feed, fiber and fuel are addressed.

We connect with over 50 lac farmers in India directly.

We bring about change through **proactive guidance** to farmers on better agronomic practices and **access to superior farm inputs**, so that they produce more with fewer inputs, create value for themselves and their families and improve their lives.

Farmers who cultivate our high-yielding hybrid maize seeds and use our herbicide product consistently reap higher yields and higher benefits.





We bring about change through our unflinching **commitment to investment** in crop research, so farmers may benefit from newer seed varieties and agricultural products, to mitigate risks better.

Today, our product portfolio includes 14 high-yielding hybrid maize seeds customized to varied agro-climatic zones in India. We are researching and developing new products in India suited to Indian agronomic conditions as part of our R&D pipeline.

We bring about change through our **partnerships with Governments and civil society groups** - helping further policy initiatives and democratize prosperity, by bringing small and marginal farmers into the fold of the agri-revolution.

We have partnered the Governments of Gujarat and Rajasthan in programs that have yielded incremental yield and income returns to farmers. Through our partnership with Government of Karnataka we have imparted training to farmers on best farming practices.

We bring about change through **social investment in our communities** to help them shape a more sustainable future for themselves.

Our varied corporate social responsibility initiatives are in the areas of sustainable agriculture, nutrition, education, health and disaster support.

We bring about change by providing a challenging, **fulfilling and rewarding work environment** for our people to develop their talents and play instrumental roles in creating transformations in rural India.

The culture at MIL is entrepreneurial, inclusive, non-hierarchical and team-oriented. The Company was ranked Top 50 Best Employers in India and Best among the Industry (Agro-Based/Dairy/Poultry) by the Great Place to Work Institute™, 2010.

Through all that we do, we strive to make a tangible and positive difference.

Our scale-neutral products and initiatives provide equal benefit to small, marginal and large farmers alike and have been setting trends, meeting increasing demand and making a positive difference in the lives of farmers across India.

That difference is not a theoretical concept.  
**It is a real and tangible change.**



## The identity of change

### Monsanto Company\*

Monsanto Company is a leading global provider of technology-based solutions and agricultural products. Monsanto focuses on the farm, both discovering and delivering innovative products that support farmers who feed, fuel and clothe our growing world. Farmers around the world use Monsanto products to grow yields sustainably, address the challenges they face on the farms and reduce agriculture's impact on our environment. The Company markets leading seed and agriculture technologies in crops such as maize, cotton, oilseeds (soybeans and canola) and vegetables. It also manufactures Roundup® - the world's largest selling herbicide brand. In 2009, Monsanto's global net sales were US\$ 11.72 billion, of which 62% was from seeds and agriculture technologies and 38% from the agricultural productivity segment.

Monsanto was one of the first companies to begin Research and Development in plant biotechnology

in the early 1980s and market first generation biotech-enhanced crops to farmers in the mid-1990s. Monsanto is the world's largest investor in farmer-focused agriculture research, investing 10% of global revenues in R&D (US\$ 1.1 billion in 2009). Forbes magazine selected Monsanto as 'Company of the Year' for 2009 and Businessweek magazine rated the Company amongst the 'World's Ten Most Influential Companies' in 2008. In January 2010, the Harvard Business Review selected Monsanto CEO Hugh Grant at number 10 on the list of the world's 100 best-performing CEOs.

Monsanto is headquartered in St. Louis, Missouri (USA) and has a presence in 500+ locations across eight regions: Asia-Pacific, Canada, China, Europe/Middle East/Africa, India, Latin America (North), Latin America (South) and USA. It employs almost 20,000 people globally.



Forbes magazine selected Monsanto as 'Company of the Year' for 2009



Businessweek magazine rated Monsanto amongst the 'World's Ten Most Influential Companies' in 2008



Monsanto India recognized six out of seven years (2003-2005 & 2007-2010)

\*Monsanto Company, USA also referred to Monsanto hereafter

## Monsanto India Limited

Owing to India's large agriculture base and vast population, Monsanto Company designated India as an independent region within Monsanto. Monsanto India Limited (MIL) – a subsidiary of the parent company, is the only publicly listed Monsanto company outside USA. MIL leverages the vast intellectual, technological, process and product assets of the parent company and has partnered Indian farmers in growing yields sustainably for more than four decades. MIL focuses on maize seeds (through Dekalb®, India's largest selling hybrid maize seed brand) and agricultural productivity (through Roundup®, the world's and India's largest selling glyphosate herbicide).

MIL is committed to enhance crop productivity on the farm through its path-breaking maize breeding research, development of novel high-yielding new hybrid seeds, best-in-class manufacturing and quality, far-reaching agronomic extension work and on-farm technology development. MIL's competitive advantage is rooted in its large maize germplasm library, breeding technology and techniques combined with world class quality and manufacturing

processes and facilities that create high-yielding seeds. On the other hand, its environment friendly herbicide - Roundup®- has been proven in 125+ countries on 300 different weeds and 100+ crop varieties.

MIL collaborates with thousands of channel partners to ensure that farmers have access to its superior quality products in thousands of villages across the country. The Company also partners with State Governments, State Agriculture Universities and other leading Agricultural Institutions on developmental and agronomic testing. It works with rural youth in thousands of villages to ensure that the right expertise and knowledge reaches lacs of farmers through year-round farmer awareness and education programs.

MIL and its people are instrumental in increasing yield and farm prosperity of small and marginal as well as large farmers and are committed to strengthening communities to help people live healthier, safer and more productive lives.

### Monsanto India Limited in a snapshot

- ▶ Established in India in 1949
- ▶ Helped support rice and wheat production in India - launched Machete & Leader – India's first rice and new generation SU wheat herbicides respectively; helped farmers reduce rice yield loss by ~40% and wheat grain loss by ~70%
- ▶ Leading player in hybrid maize seeds (Dekalb®) and glyphosate herbicide (Roundup®) in India
- ▶ Transforming lives of over 50 lac farmers in India
- ▶ Two maize breeding research stations at Gaziabad and Bengaluru
- ▶ Three facilities for maize seed processing and conditioning at Bellary, Eluru and Hyderabad with a large combined installed capacity base
- ▶ A state-of-the-art Quality Assurance (QA) Lab at Hyderabad
- ▶ A herbicide formulation unit at Silvassa for Roundup®
- ▶ 80% of employees in frontline Sales and Technology Development from rural backgrounds
- ▶ Among India's best places to work as certified by many prestigious surveys
- ▶ Annual sales of Rs. 410.1 crores in 2009-10
- ▶ Equity shares listed on the Bombay Stock Exchange (BSE code - 524084) since 1989 and the National Stock Exchange (NSE code - MONSANTO) since 2000

## Future shaped by change

In order to strengthen its focus and concentrate on its two principal product lines, MIL underwent a process of business restructuring. This process was completed in 2009-10 and was a major milestone in its internal transformation. MIL restructured its business portfolio by divesting its wheat weed herbicide (Leader) to Sumitomo Chemicals (2006), the sunflower seeds business to Devgen Seeds and Crop Technology Pvt. Ltd. (2007) and the Butachlor and Alachlor businesses (Machete, Fastmix and Lasso herbicides) to Sinochem India Company Private Limited (2008). This process has helped MIL sharpen its focus and forge ahead. Despite these divestitures, MIL has protected its topline growth - demonstrating the underlying strength of its core product lines - Dekalb® hybrid maize seeds and Roundup® herbicide.

# Committed to sustainable change

## Monsanto's global commitment to sustainable agriculture

Monsanto has adopted a three-point commitment to help increase global food production in the face of growing demand, limited natural resources and a changing climate. The Company also pledged to work in new partnerships with other businesses, citizen groups and governments to meet one of the greatest challenges of the 21<sup>st</sup> century.



### Produce more

Monsanto will double yield in its three core crops of maize, soybeans and cotton by 2030, compared to a base year of 2000.

The Company also established a grant of Rs. 50 crore / US\$ 10 million to accelerate breakthrough public sector research in wheat and rice yields by supporting young scientists under Monsanto's Beachell-Borlaug International Scholars Program.

Four Indian students have already been awarded with Monsanto's Beachell-Borlaug International Scholarships for their advanced plant breeding research in wheat.



**Amandeep Sandhu**  
Ph.D., Punjab  
Agricultural University,  
India



**Anuradha Bansal**  
MSc, TERI  
University, India &  
Ph.D., John Innes  
Centre (JIC), UK



**Bhanu Kalia**  
MSc, Punjab  
Agricultural University,  
India & Ph.D., Kansas  
State University, USA



**Luxmi Tomar**  
Ph.D., CCS  
Haryana Agricultural  
University, India



### Conserve resources

Monsanto will develop seeds that will reduce by one-third the amount of key resources (land, water, energy) required to grow crops by the year 2030. Monsanto will also join with others to address habitat loss and water quality in agriculturally important areas.

A partnership with Conservation International has been initiated for the period 2008-13, in the Cerrado and Atlantic Forest region of Brazil to provide local farmers with incentives and training that enables them to maintain productive livelihoods, while preserving biodiversity zones.

### Improve farmers' lives

Monsanto will help improve the lives of farmers, including an additional 50 lac/five million people in resource-poor farm families by 2020.

Project SHARE (Sustainable Harvest: Agriculture, Resources and Environment) has been launched with NGO Indian Society of Agribusiness Professionals (ISAP), in Adilabad, Amrawati, Bundi and Bhilwara districts. Project SHARE is a development project with 10,000 small and marginal farmers to increase yield and thereby incomes, to impact the socio-economic aspects of their lives.



# Values unchanged, yet driving change

The **Monsanto Pledge** is our commitment to how we do business. It is a declaration that compels us to listen more, to consider our actions and their impact broadly and to lead responsibly. It helps us convert our values into actions and to make clear who we are and what we champion.



## Integrity

Integrity is the foundation of all that we do. Integrity includes honesty, decency, consistency and courage. Building on those values, we are committed to:



## Dialogue

We will listen carefully to diverse points of view and engage in thoughtful dialogue. We will broaden our understanding of issues in order to better address the needs and concerns of society and each other.



## Transparency

We will ensure that information is available, accessible and understandable.



## Sharing

We will share knowledge and technology to advance scientific understanding, to improve agriculture and the environment, to improve crops and to help farmers in developing countries.



## Benefits

We will use sound innovative science and thoughtful, effective stewardship to deliver high-quality products that are beneficial to our customers and to the environment.



## Respect

We will respect the religious, cultural and ethical concerns of people throughout the world. The safety of our employees, the communities where we operate, our customers, consumers and the environment will be our highest priority.



## Act as Owners to Achieve Results

We will create clarity of direction, roles and accountability; build strong relationships with our customers and external partners; make wise decisions; steward our Company resources; and take responsibility for achieving agreed-upon results.



## Create a Great Place to Work

We will ensure diversity of people and thought; foster innovation, creativity and learning; practice inclusive teamwork; and reward and recognize our people.



Sekhar Natarajan, Chairman

## Message from the Chairman

The facts are  
compelling

### Dear Shareowners,

Robert T. Fraley, Monsanto Company's Chief Technology Officer, had this to say to Forbes magazine, when they chose Monsanto as *Company of the Year, 2009*.

*"It is like computers in the 1960s. We are just at the beginning of the explosion of technology we are going to see."*

He was referring to the impending yield revolution in agriculture globally, of which Monsanto is at the forefront.

Growing population. Economic growth and growing prosperity. Increasing demand for food, feed and fiber. Stagnant farm land availability. Changing climate. Improving agricultural productivity sustainably is an imperative...*an urgent imperative*.

Monsanto is committed to partnering in achieving three critical goals of sustainable agriculture: **produce more** - provide food, nutritional and water security for all, **conserve natural resources**; and drive inclusive growth that **improves farmers' lives**.

MIL is aligned to this global vision. Amidst the framework of unique challenges, we see great opportunities in India to contribute to this vision.



## The opportunities first

## And now the challenges

Our nation is experiencing growing environmental stress and weather vagaries.

## Some potential solutions

Harnessing the power of research and technology is critical to constantly develop better seeds that have the potential to enhance crop productivity.

If India improves yields sustainably, it can achieve domestic food security and be a contributor in meeting the world's food, feed, fiber needs. We already have the potential - one of the world's largest farming acreages, a large entrepreneurial farmer community, abundant agricultural talent across the agriculture value chain and a robust university and regulatory framework.

As the world's second most populous country, with a third of our population living below the poverty line on less than 2,000 calories a day, India needs to significantly increase food production. Rising income levels will only add to the demand, in the years to come as our dietary patterns evolve.

According to the United Nations Environment Programme (UNEP), water shortages and climate change are the two most worrying problems for the next century. Eight of the warmest years on the planet have occurred within the last decade and our nation is experiencing growing environmental stress and weather vagaries (drought, flood, heat, cold). More than 60% of our farming is rain-dependent. This has potentially devastating consequences. For instance, last year's crop was impacted by the worst monsoon in 37 years followed by flash floods. Critically, a majority of our hungry are small or marginal resource-poor farmers and landless rural folk who rely exclusively on agriculture for their livelihood.

We believe **improved agriculture inputs** – seed, relevant technology, land, water, energy, nutrients and labor, **better farmer education**, agronomic practices and **stronger market linkages** are the three pillars to increasing production.

As land, water, energy, plant nutrition and labor face either supply inconsistencies or shortages, the key enabler is seed and technology and agronomic knowledge enhancement.

Seed and technology can be the biggest differentiator in agriculture. Harnessing the power of research and technology is critical to constantly develop better seeds that have the potential to enhance crop productivity. Better seeds with better agronomy can notably increase yield levels. Private and public sector seed researchers are developing seeds to manage climate change (drought tolerance), lower input intensity (nitrogen-efficient seeds that use less fertilizer) and manage farm labor shortages (herbicide tolerant seeds for better weed management).

Farmers need improved high-yielding seeds and increased choice of locally-suited seeds. The second White Revolution (the first being in milk) ushered in by the success of biotech-enhanced cotton in the country, has made India the world's second largest producer after China within a short span of seven years. This has demonstrated that given the right tools and superior quality seeds, Indian farmers can increase crop productivity and improve their livelihoods. As the world's largest investor in agriculture research and development of superior-performing seeds and environmentally-sustainable agriculture technologies, we believe in the power of innovation to unlock the yield potential in the seed and other enhanced farm inputs. We seek support and partnerships to implement them on the field, thus helping increase agriculture productivity in India.

### An a-maize-ing story

With less than 50% of acreage under hybrid maize and average maize productivity less than one metric ton per acre compared to global average of two metric tonnes per acre, there exists an opportunity to increase productivity through high-yielding hybrid maize seeds.

### We are committed

We have initiated research and regulatory work in India to introduce our biotech-enhanced hybrid maize seeds offering farmers solutions to the insects and weeds.

### Partnerships can drive the next agricultural renaissance

Now we are witnessing the beginnings of a 'yellow' revolution. Maize is India's third largest cereal crop after rice and wheat and is the fastest growing cereal amongst all food grains. Maize production in India has grown by over 60% (2009 - 19.29 million metric tonnes vs. 2000 - 12.04 million metric tonnes), even though the area under maize cultivation did not grow nearly as fast. This rapid increase can be attributed to increased development and cultivation of higher-yielding hybrid seeds, improvement in farming practices and better access to high-quality seeds through public and private sectors.

Given the rapidly rising demand for maize owing to its versatility in application, it is estimated that India may need to double its maize production in the next five years (*IMDA Vision Report 2025*). With less than 50% of acreage under hybrid maize and the average maize productivity at less than one metric ton per acre compared to global average of two metric tonnes per acre, there exists an opportunity to increase productivity through the most important input which can dramatically alter yields, i.e. high-yielding hybrid maize seeds. The increase in maize productivity and the further potential that it offers, can serve as a pertinent case study for other crops too and be one of the most relevant solutions to tackle the food security issue. This can be a key enabler in the Government's growth forecasts for agriculture. The Planning Commission has already made public its intention of retaining the 4% farm growth target in the 12<sup>th</sup> Plan (2012-17).

Through our diversified seed production, world-class breeding and manufacturing processes and extensive market outreach, we are ensuring that the Indian farmer has access to best-in-class products, enabling him to produce more per acre on his farm. MIL's Dekalb<sup>®</sup> high-yielding hybrid maize seeds are developed and tested in India and are adopted by over 20 lac Indian farmers. Roundup<sup>®</sup> is one of the most preferred herbicides of the Indian farmer. We have also initiated research and regulatory work in the country to introduce our biotech-enhanced hybrid maize seeds offering farmers solutions to the two key yield impacting factors: insects and weeds. Biotech-enhanced maize technology has tremendous relevance and potential to enhance maize productivity in our country. Thus, we are harnessing innovation to address the need of the hour and aim to bring about a rapid and far-reaching change in Indian agriculture.

At Monsanto, we believe India can compete in the global market with other agri-commodity powerhouses. To empower India, we need to modernize and make sustainable agriculture accessible. Indeed, the success of Indian IT can be mirrored in Indian agriculture. The Indian farmer is at the core of this vision. It is important that the public and private sector work hand-in-hand in make this happen.

Our partnerships with the Governments in Gujarat, Karnataka and Rajasthan already demonstrate the viability and potential of this symbiotic working and we can bring research, technology and knowledge to put the wheels of a sustainable and predictable agriculture revolution in motion. It is, therefore, encouraging to see a visionary and proactive political leadership at work, supported by a robust science based regulatory system.



### MIL – a change agent

We remain committed to each of our stakeholders; and are dedicated to strengthening communities and doing what we can to help people lead healthier, safer and more productive lives.

### Looking ahead

Our farmers need to have access to cutting-edge agriculture technologies to help them be globally competitive.

### We envision change

Through the pages of this report, you will read about instances of MIL having made a difference, by playing a transformational change agent. These stories form part of our vision and commitment and are only indicative of the potential of our products and initiatives.

We are fortunate to have a strong team of hands-on professionals, a majority of whom are from rural backgrounds and who are passionate about Indian agriculture and Indian farmers. Our people originate the seeds of change in our research labs and help deliver improved yields and lower risks in the farmers' field, thus improving livelihoods. Which is why we believe in enabling all our people - from our scientists to our field force - with the necessary resources and knowledge, to ensure the '*last-mile connectivity*' - from Lab to Farmer Field.

Our presence in agriculture that engages 60% of our population is also central to making a positive difference to other stakeholder groups – our communities, our people and our shareholders. We remain committed to each of our stakeholders; and are dedicated to strengthening communities and doing what we can to help people lead healthier, safer and more productive lives. Our CSR efforts aim to bridge the gap between needs and resources of our communities. Our pledge to make the organization a *great place to work in* is being recognized year-on-year. And the potential of what we do, coupled with the success we have already achieved, will go towards sustaining and augmenting shareholder wealth.

Being an important industry at the intersection of some of the world's key issues – population growth, poverty, stagnant or depleting natural resources and a changing climate – agriculture has to ensure that it is geared up to *produce more by using less*. Our farmers need to have access to cutting-edge agriculture technologies to help them be globally competitive. Development, introduction and acceptance of better seeds and technologies is central to achieving our vision for a self-sufficient India. During 2009-10, we made significant progress on each of the parameters on which we may be judged – both internal and external. This is comprehensively outlined in the various sections of this report.

We are working towards a future for India that is significantly different from today - where farmers are an important part of our nation's economic growth. Our efforts are directed towards it. I am grateful for your partnership and support; and seek its continuance to help us play our part in putting Indian agriculture on the global map.



Sekhar Natarajan, Chairman



Amitabh Jaipuria, Managing Director

## An Interview with the Managing Director

▶ How did we fare in 2009-10, given that it was a challenging year for agriculture, with extreme weather conditions and a global economic downturn?

High-quality products and a better product mix ensured a higher realization in seeds. Herbicides too, saw a marginal volume growth, despite intense competition.

### Dear Shareowners,


As India demonstrates a steady growth in the agriculture sector, your Company continues its growth by reaching out to more farmer customers, delivering higher yields and transforming more lives. In the year gone by, I am happy to share with you the good news that your Company has retained its market leadership in the two core businesses of Dekalb® hybrid maize seeds and Roundup® herbicide.

Since the theme this year is change, I thought it would be good to also change the format of my message and use this opportunity to address specific questions that have been posed to me at various forums during the year.


2009-10 was indeed a tough year. An unpredictable climate is one of the main challenges facing agriculture and its impact was reflected in the increasingly fluctuating weather patterns that we are beginning to see - with unpredictable cold waves, heat waves, drought, floods and exceptionally heavy single-day downpours. This unpredictability coupled with an overall rainfall deficiency of 23%, took a toll last year.

The good news is that, in spite of the challenges, we managed to grow volume and value in our seeds business by double digits. Our high-quality products and a better product mix ensured a higher realization in our seeds business. In the herbicides business too, we experienced marginal volume growth, despite intense global and domestic competition. However, as you know, global supply far exceeds demand leading to a severe price and realization crunch. At an overall level, we ended the year with an increase in sales of 6% – from Rs. 387 crores in 2008-09 to Rs. 410.1 crores in the year 2009-10.


As you would expect, in a tough economic scenario, we also focused sharply on costs and operating efficiencies. I am happy to report that we made good progress here and have reduced our costs significantly – positioning us better for the future. Though profits declined, I would say we had a good year despite the odds and that shows the underlying strength of the Company, its people and its business model.

 What were the key internal developments during the year?

**Firm focus on our core businesses.**

 What are the most important challenges you face as a company and as an industry?

**For all companies investing in and creating new technologies for farmers, the key challenge is to have a Regulatory and Policy environment that offers predictability and certainty.**

 What is your perspective on rising food prices?

**India needs to increase food production substantially. We all need to jointly think of long-term sustainable solutions to feed the nation.**

In order to *firmly focus on our core businesses* - Dekalb® hybrid maize seeds and Roundup® herbicide, in 2007-08 we began restructuring our business portfolio by divesting the Butachlor and Alachlor businesses and our sunflower seeds business. We completed this exercise in 2009-10.

Further, we also *accelerated our seed breeding research*, to identify and develop new products that are best suited for our Indian farmers. We have made investments to expand our breeding research sites to develop seeds suitable for local agronomic conditions. This investment also entails building state-of-the-art research facilities.

Our people continue to be at the core of our business. We have always strived to create a high-performance, congenial and caring culture in the Company. This year we invested in powerful capability building programs amongst other development initiatives.


The challenges facing agriculture are challenges facing all of us - growing population, stagnant or even depleting natural resources, climate change and poverty. In the years to come, a significantly more prosperous India will also be consuming more food, more calories and better protein-rich diets. Agriculture is at the center of these challenges. Since the bulk of our population is dependent on agriculture – *advancement in agriculture productivity is an inescapable imperative* today. Since the mid-90s India's GDP has grown at ~7 - 8% in most years, yet agriculture has registered only a 2% growth per annum. The key levers that can deliver enhanced agricultural productivity are improved agriculture inputs, such as seeds and technology and agronomic knowledge enhancement. At MIL, our efforts are sharply focused in these areas.

For all companies investing in and creating new technologies for farmers, the key challenge is to have a Regulatory and Policy environment that offers predictability and certainty. Meeting these challenges facing agriculture and the agriculture industry is the joint role and responsibility of the government, industry, companies and NGOs. It will take innovation, enabling policy and the power of partnerships by all key stakeholders (public and private sector, citizen groups, farmers, user industry and the agriculture university system) with diverse ideas to work together to convert this opportunity into reality.


MIL and the seed sector can play a pivotal role and as the challenges and environment get more complex, visionary and enabling policies can be a true catalyst that can spur a seed and farmer-led revolution in agriculture.

Food & Agricultural Policy Research Institute (FAPRI), International Food Policy Research Institute (IFPRI), Economic Co-operation & Development (ECD) and Food & Agriculture Organization (FAO) studies point to the possibility of an increase in the volatility of food commodity prices over the next 10-15 years.

We need to increase availability and access to food grains, cattle feed and fiber to meet rising nutrition and other needs. India needs to increase food production substantially as demand will be strong. The Government, industry and civil society groups need to jointly think of long-term sustainable solutions to feed the nation and improve farmers' lives, whilst managing inflation.

 **Your business is largely monsoon-dependent. How do you de-risk the same?**

**We have evolved our own risk management processes and business models that help us cope effectively and deliver the expected performance.**

 **There are some concerns on the increasing role of the private sector in agriculture. Your thoughts.**

**We believe ultimately, the status of the institution is not very important. The important thing is to get the right investments in R&D, extension services and infrastructure creation that can impact Indian agriculture positively.**

The solution may involve:

- ▶ Visionary policies of the Government that encourage increased participation, competition, investment and innovation in Indian agriculture
- ▶ Sustained public and private sector R&D
- ▶ Massive efforts to educate farmers and to propagate a change in the way Indian farmer's farm
- ▶ Investments in market infrastructure such as cold chains, storage facilities and market linkages.

Private sector participation on a scale not yet seen can be accelerated by the creation of a pan India market in agricultural commodities and through the simplification of the rules and regulations as well as the licenses and permits system, that surrounds agriculture in India.

By helping the farmer manage his risks better!

Our experience in India for the past four decades, in-depth understanding of Indian agriculture and the Indian farmer, our passionate team and a diverse product portfolio, help us manage our business risks.

To address changing weather patterns and to mitigate environmental risks on seed production, we have diversified our maize production areas. Our large product portfolio - offering many choices to the farmer at various price points - also helps us manage our risks effectively.

Despite these measures, a business that depends on weather patterns and on our ability to forecast the weather, does carry some risk – but then these are the very same risks that crores of Indian farmers take every year. And, like the Indian farmer we have evolved our own risk management processes and business models that help us cope effectively and deliver the expected performance as a company. Our competitive advantage is in crisp planning and in our ability to react with different options because of our broad portfolio.

Both the public and private sector have important roles to play in the development of Indian agriculture. For our farmers to be successful, we need to provide them with high-yielding seeds, education, farm infrastructure, state-of-the-art technology and market linkages. We believe it will take the power of partnerships - with Governments, NGOs, State Agricultural Universities and others to make this possible. To increase yields sustainably, we need increased and sustained public and private sector R&D in agriculture technology and innovation.

Currently, R&D is underway in many crops, both in the private and public sector institutions. The maize revolution is being spearheaded by locally developed hybrids. Such hybrids are being promoted aggressively by the Directorate of Maize Research of the ICAR to boost maize production as well as by private companies.

We believe ultimately, the status of the institution (whether public or private) is not very important. The important thing is to get the right investments in R&D, extension services and infrastructure creation that can impact Indian agriculture positively. Robust competition based on a respect for Intellectual Property and a legal system that helps enforce contracts speedily, coupled with a transparent and predictable regulatory system, will continue to provide the necessary system of checks and balances in this sector. As it already has, in many other sectors that once saw limited private sector participation - for instance, telecom and insurance.



Many farmers are used to reusing saved seeds. Your comment.

The economics of seed replacement is clear to the Indian farmer – he replaces seeds on many occasions even where he can use saved seeds, because he understands that new seeds bring new crop vigor and hence higher yields.



What can we look forward to for the future?

Our business remains focused on returning value through continued investment in the business, returning cash directly to shareowners as dividends and our focused R&D investment to deliver new higher-yielding seed offerings to farmers.

India's private sector has matured and today has the capacity to make large investments and the capability to undertake large and long gestation projects, such as biotechnology development in the agricultural sector. Allowing them a predictable freedom to operate can only benefit Indian agriculture and the Indian farmer.

India's average productivity is far lower as compared to global averages and much lower as compared to the global best, despite the fact that India has amongst the world's largest acreages.

We believe the maximum productivity growth can come from seeds, which constitute a small part (less than 10%) of the total farm input costs in most crops, yet contribute the maximum to increased farm productivity.

Our Seed Replacement Rates (SRR) are lower than most countries including China and Vietnam. Consequently, our yields are lower than global averages. In view of these, the Agriculture Minister of India has set a goal of 100% seed replacement in hybrid crops to ensure maximum yields. We need investments, innovation and partnership in seed breeding research to improve seed varieties.

The economics of seed replacement is clear to the Indian farmer - he replaces seeds on many occasions even where he can use saved seeds, because he understands that new seeds bring new crop vigor and hence higher yields. In most cases if good quality new seeds cost the farmer a 100 rupees extra, they also enable the farmer to reap a better harvest that fetches him a return of over 700 -1,000 rupees. The Indian farmer understands this simple equation and will pay only if he sees and gets value.

Our single-minded focus continues to be on delivering higher yields on Indian farms through superior seeds and extensive farmer education. Our breeding research efforts are focused on yield enhancement, abiotic stresses (heat and drought), biotic stress (disease resistance) and latest molecular techniques to make breeding faster and efficient. With the majority of Indian agriculture being rain-fed and due to the uncertainties of climate change, we have sharpened our focus on drought-tolerant hybrid maize seeds which are being developed currently. Additionally, on the basis of rigorous science-based regulations and guidelines, we are evaluating biotech-enhanced maize technology that will help increase the productivity of maize in our country.

MIL has an established presence in India. Your Company will continue evaluating new opportunities to deliver additional value to our farmer customers.

We remain focused on delivering value to our farmer customers and to our shareowners. Our business remains focused on returning value through continued investment in the business, returning cash directly to shareowners in the form of dividends and our focused R&D investment to deliver new higher-yielding seed offerings to farmers.

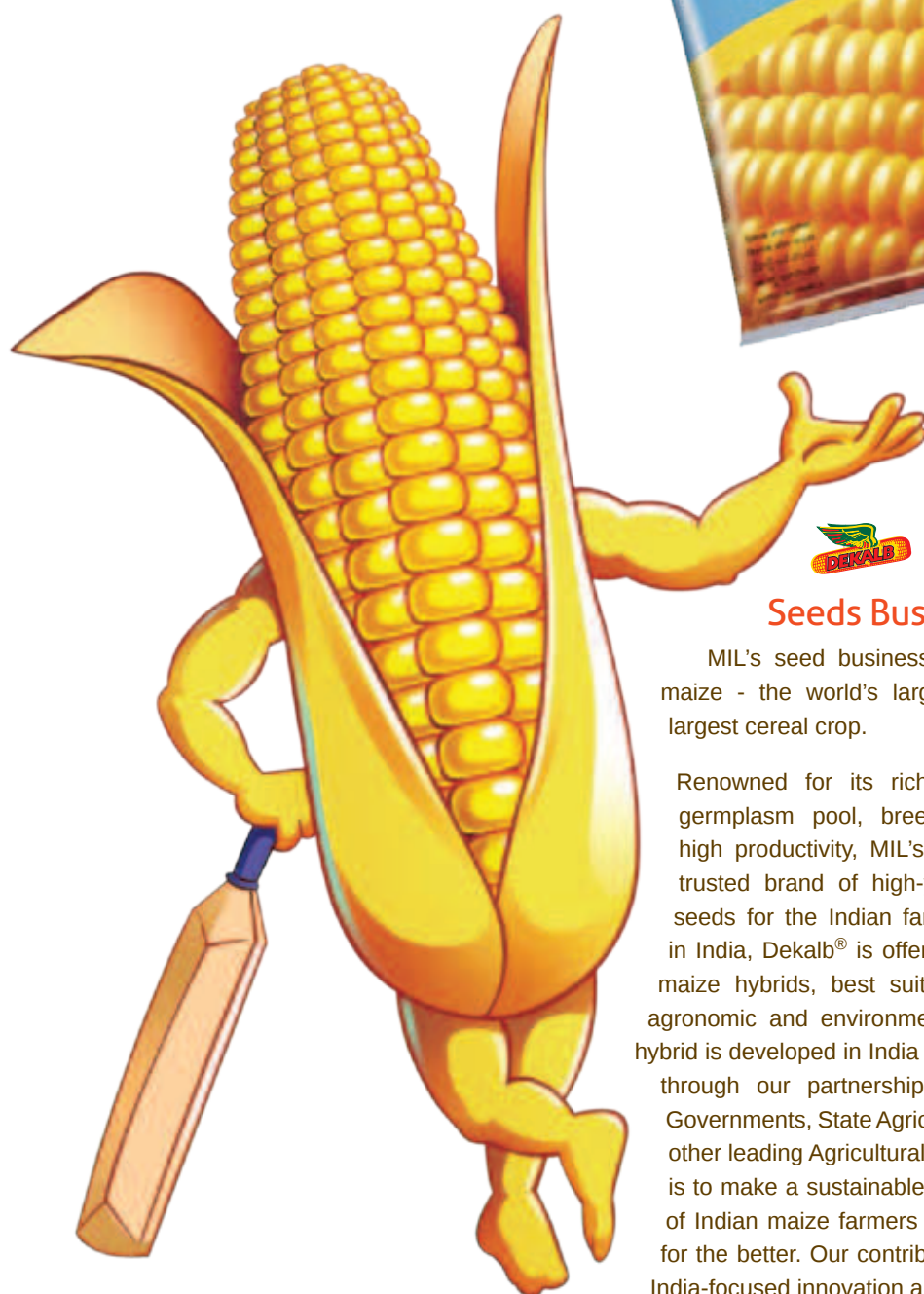
I hope I have been able to communicate some of the immense pride that we at MIL feel in the work that we do and in the difference that we help make in millions of farmer lives. We remain totally engaged and committed to the Indian farmer and are excited about the future we see.

Amitabh Jaipuria, Managing Director



## Yields of change

# डिकाल्ब



### Seeds Business

MIL's seed business in India focuses on maize - the world's largest and India's third largest cereal crop.

Renowned for its rich and diverse maize germplasm pool, breeding excellence and high productivity, MIL's Dekalb® is the most trusted brand of high-yielding hybrid maize seeds for the Indian farmer. A market leader in India, Dekalb® is offered in 14 high-yielding maize hybrids, best suited to India's diverse agronomic and environmental conditions. Each hybrid is developed in India and tested extensively through our partnerships with several State Governments, State Agriculture Universities and other leading Agricultural Institutions. Our focus is to make a sustainable difference to the lives of Indian maize farmers by enabling a change for the better. Our contribution will be driven by India-focused innovation and partnerships.



### Change in the making

Directorate of Maize Research (DMR), India is positive about the prospects of an early maize revolution in the country

- ▶ With increasing population, higher incomes, changing consumption patterns and its multiple applications across several user industries, demand for maize is expected to grow. The poultry sector alone is estimated to double its consumption of maize from the present 7.5 million metric tonnes to 16.5 million metric tonnes by 2015
- ▶ Maize is cultivated on ~7 - 8 million hectares in India, with significant scope to increase penetration of higher-yielding hybrid seeds, from current levels of less than 50%
- ▶ Hybridization is one of the key contributors that has increased maize production by more than 60% as compared to the year 2000
- ▶ Average maize productivity is less than one metric tonne per acre versus global average of more than two metric tonnes per acre and the USA average of more than four metric tonnes per acre – indicating further scope for yield enhancement
- ▶ Due to adoption of high-yielding hybrid maize seeds and good agronomic practices, Indian farmers are increasingly experiencing higher yields. *Progressive farmers in Bihar and Andhra Pradesh have produced maize yields comparable to and higher than global averages*
- ▶ Increased hybrid cultivation, better farming techniques and superior seed genetics can help meet increasing demand for maize
- ▶ The potential for growth in hybrid maize seeds in India is very large



### Developing seeds for India

MIL launches DKC 9081 for Bihar farmers

MIL is developing India-specific seeds, enhancing maize yields of Indian farmers and contributing to overall maize productivity to meet rising demands.

By leveraging our knowledge and experience with Indian maize farmers and investing in seed breeding research, we are developing hybrid maize seeds suited to varied agro-climatic conditions in India. Through our world-class manufacturing, diversified seed production, global quality testing infrastructure and processes and extensive market outreach by our experienced frontline team, we are ensuring farmers have access to best-in-class products, enabling them to produce more per acre on their farms. World-class Dekalb® hybrid maize seeds are driving change.

DKC 9081 was developed specially to optimize yields in the *rabi* season in Bihar. It is a high-yielding hybrid maize seed best suited for fertile soils with assured irrigation. In its second year of cultivation in Bihar, this hybrid maize seed recorded large growth and enhanced volumes as an ever increasing number of progressive Bihar farmers took to its cultivation.

### Bapurao Shevantrao Shinde, Silod, Aurangabad, Maharashtra\*



"I participated in one of Monsanto's farmer meetings conducted in my village. The demonstrated success of Dekalb® hybrid maize seeds led me to choose Dekalb® 900M Gold on two of my five-acre farm. By employing the right agronomic practices as guided by the Monsanto team, I got superior yields of 40 quintals per acre as compared to 28 quintals from other seeds used earlier. The excellent grain colour of the produce fetched an additional premium of Rs. 50 per quintal, translating to a total incremental benefit of over Rs. 12,000 per acre. With the extra income earned from 900M Gold cultivation, I have invested in a small shop 'Madhusudan Kirana Store' and am able to earn Rs. 300 per day on an average, in addition to the income received from my farm. Dekalb® helped secure my income."

\*This is a translated version of the farmer's testimonial.





### Gearing up for future change

Monsanto is constantly innovating to deliver a new wave of breakthrough products for the future. Our global maize pipeline includes products that will help farmers produce more while reducing inputs. Every field of maize may face some degree of stress at some point in the growing season. Our breeding research in maize focuses on ways to mitigate these stresses through improved disease resistance and improved stalk and root strength.

### Monsanto Company, USA: Global Maize R&D Biotech Trait Pipeline

	Discovery Phase	Phase I	Phase II	Phase III	Phase IV
Average Duration of Research	24 to 48 months	12 to 24 months	12 to 24 months	12 to 24 months	12 to 36 months
Investment	\$ 2-5 million	\$ 5-10 million	\$ 10-15 million	\$ 15-30 million	\$ 20-40 million
	Rs. 9 - 23 crores	Rs. 23 – 47 crores	Rs. 47 – 70 crores	Rs. 70 – 141 crores	Rs. 94 – 188 crores
Average Probability of Success	5 %	25 %	50 %	75 %	90 %
Key Activity	Gene/ Trait identification	Gene/ Optimization	Trait Development	Trait Integration Submission	Regulatory
		Crop Transformation	Pre-Regulatory Data	Field Testing	Seed Bulk-up
			Large-scale Transformation	Regulatory Data Generation	Pre-marketing
Biotech Trait	Various Traits	FOPS Tolerance	Dicamba & Glufosinate – Tolerance	Roundup® Hybridization System (RHS)	
		Nitrogen Utilization	Maize Borer III		1 <sup>st</sup> Gen. Drought – Tolerance
		Next-Generation Herbicide -Tolerance	2nd Generation Drought – Tolerance		
			Higher Yield		
			Rootworm III		



### Partnerships seeding change

Over the years, MIL has entered into several partnerships with State Governments, State Seed Corporations, NGOs and State Agriculture Universities. In keeping with our global commitments on sustainable agriculture to produce more, conserve resources and improve farmer lives, the objective of these partnerships is to provide greater access and share the benefits of better seeds and agronomic practices to help farmers yield more, earn higher incomes and thus improve their lives. In 2009-10 alone, our partnerships have made a difference in the lives of 1,70,000+ maize farmers in India.

### Project Sunshine Government of Gujarat



### Doubling yields and incomes for Below Poverty Line (BPL) tribal farmers in Gujarat in its second year

Under the 'Van Bandhu Kalyaan Yojana', Tribal Development Department (TDD) of the state of Gujarat set up a 10-point program, to improve the socio-economic conditions of the tribal population. Under its aegis, the TDD set up the goal of 'Increasing income of tribal farmers by 100% within five years'; and amongst its various programs it partnered with Monsanto on Project Sunshine for maize. In keeping with the benefits derived by 30,000 farmer beneficiaries in 2008, in the year 2009, Project Sunshine was extended to cover ~140,000 farmer beneficiaries, across ~1,600 villages in five districts of Gujarat, viz. Dahod, Panchmahal, Sabarkantha, Banaskantha and Vadodra.

Monsanto participated with our Dekalb® high-yielding hybrid maize seeds. Additionally, we committed resources to conduct farmer education programs on agronomy, pest management, post harvest care and also partnered with TDD to provide critical project management. With a healthy crop in the season, the incremental output is estimated at ~1,60,000 metric tonnes leading to improved livelihoods for ~1,40,000 farmers.



### Project Sahyog Government of Karnataka



### Providing agronomy training to help farmers enhance crop productivity

Three-day training programs were organized in the seven districts of Haveri, Dharwad, Belgaum, Davangere, Shimoga, Mysore and Hassan, educating maize and cotton farmers, in partnership with the Department of Agriculture (DoA), Government of Karnataka. Scientists from Agricultural Universities were invited to deliver lectures on Integrated Crop Management, Integrated Cropping Systems and sustainable agriculture among others. The training program covered improved cultivation practices for increasing productivity, post-harvest techniques in maize and cotton and information on current and pipeline technologies. To gain on-field experience, field visits to hybrid maize demonstration plots were also conducted.

### Project Golden Rays Government of Rajasthan



### Improving economic self-sufficiency of underprivileged maize farmers in Rajasthan

In partnership with the Government of Rajasthan, Project Golden Rays covered 30,000+ farmers in 40+ Gram Panchayats in 2009. The project involves provision of high yielding Dekalb® hybrid maize seeds by the Government to farmers in the tribal areas in addition to a season-long package of educational, promotional and crop management support to monitor, increase and demonstrate productivity, resulting in increased income per unit land.

Owing to the success in its first year, in 2010, Project Golden Rays is being implemented across large maize growing regions in the tribal districts of Rajasthan.



**D. B. Revanna, Chikkabantanahalli, Jagalur, Karnataka\***

"I have undergone training on production technology in maize where I understood the importance of proper spacing, fertilizer application and pest control. Now I have taken up maize sowing as per the recommended spacing. I have also shared this knowledge of practices with neighboring farmers"

**Mohammad Nanhe, Balthirasulpur village, Muzzafarpur, Bihar\***

"I have been using Dekalb® hybrid maize seeds for almost ten years now, which stabilized my financial position. This year, on the advice of the MIL team, I sowed DKC 9081 and Dekalb® 900M Gold in 10 acres of my 12 acre farm. The results were outstanding. I got 34 quintals per acre from Dekalb® 900M Gold and 39 quintals per acre from DKC 9081. Despite the irregularities in weather this season, the yield from my farm was significantly higher than other farmers in my village who did not use Dekalb® seeds. My additional income has helped me send my brother to an engineering college, arrange the marriage of two of my sisters and buy a four-wheeler."



**Swadesh Singh, Pakhi village, Kangra, Himachal Pradesh** cultivated Dekalb® Double on his farm and got bigger cobs and better yields.

Thakur Pritpal Singh, Sasan village, Una, HP\*



"Higher yields with Dekalb® and the incremental income over the past five years have helped me fulfill my dream of sending my son to Italy to pursue his career. I now also own a house, a tractor, my own farming equipment and am more respected in my community. Higher yields and higher incomes have helped me provide a better quality of life for my family."



"2009-10 was a great year as we recorded growth in the two large *kharif* maize markets in India – Karnataka and Maharashtra and delivered record volumes in the *rabi* market of Bihar. The five growth drivers were a diverse product portfolio, farmer-centric approach, robust channel relationships, 360° marketing campaigns and successful partnerships. In the future, our strategy will continue to revolve around our core farmer customers and we will further enhance our farmer and channel loyalty programs, provide training to our people, adopt a nuanced approach to our product portfolio and rigorously advance our breeding research efforts to develop and deliver high quality, high yielding hybrid maize seeds to our farmer customers at the best prices."

– Shilpa Divekar Nirula, Business Head – Maize

\*These are translated versions of farmer testimonials.



## Farming efficiencies through **change**

धोखा नहीं  
खाएंगे,  
राउंडअप ही  
लाएंगे



### Agricultural Productivity - Herbicides

Roundup® (a glyphosate based product) is a broad spectrum, post-emergent systemic herbicide, discovered by Monsanto and is the flagship brand of our agricultural productivity business. It is Monsanto's world-class, innovative solution to one of farmers' biggest concerns – weeds.

Weeds are unwanted plants that grow in and around the fields and are a major deterrent to achieving higher productivity on the farm. They compete with crops for water, nutrients and sunlight, thus inhibiting their growth. Weeds also tend to harbor insects, pests and micro-organisms. They tend to block drainage and impede the flow of water in water-transport channels, impacting overall yields. Hence, timely removal of weeds is critical. Traditional methods of weed control like hand weeding or mechanical weeding provide limited duration weed control.

Roundup® provides efficient weed control, helps cover wide areas more effectively, in addition to cost savings in weed management, both with respect to labor and time. It also helps in preventing soil erosion, conserves water and carbon dioxide and is safer to soil microbes (as compared to other herbicides) in conservation (reduced or zero) tillage practices.

Roundup® herbicide is used as a part of environmentally responsible weed control programs and fits well with the vision of sustainable agriculture and environmental protection. Thus, Roundup® is helping farmers conserve resources while producing more.





**पांच का पावर**

- ✊ खरपतवारों को जड़ से मिटाए
- ✊ हर किस्म की खरपतवार का नाश
- ✊ मिट्टी के लिए सुरक्षित
- ✊ बेहतरीन गुणवातायुक्त आयातीत सर्फेक्टेंट
- ✊ 100% शुद्ध टेकनिकल (अमरिका से आयातीत)



Change made the  
difference

Safe and Effective

In addition to agricultural uses, Roundup® is used to control weeds on roadsides, along railway tracks and airports and in places like gardens and sidewalks.

Regulatory agencies around the world have concluded that glyphosate herbicides pose no significant risks to human health and the environment when used according to label instructions.

MIL conducts regular farmer education on importance of chemical weeding, creates awareness on advantages such as higher yields, productivity and control from insects. This has helped Roundup® become the most preferred herbicide brand of the Indian farmer.

- ▶ Enhanced brand equity for Roundup® by creating a distinction between Roundup® and generic herbicides
- ▶ Demonstrated superior quality of Roundup® over its generic competitors via on-ground campaigns and communication sharply focused on its consistent quality
- ▶ Improved customers' confidence in Roundup® and its ability for total weed management
- ▶ Focused on efficient cost management

Roundup® provides efficient weed management

- ▶ Roundup® kills all kinds of weeds by translocating into their roots, thus providing good control of weeds and value-for-money
- ▶ Its benefits have been proven in 125+ countries, on 300 different weeds
- ▶ Due to its non-residual activity in the soil, it is safe to plant crops soon after application Roundup® is a safe and non-hazardous herbicide and is classified as a 'Blue triangle chemical'



## Dynamic approaches to manage change

The glyphosate market underwent a highly turbulent phase globally in 2009. Prices touched an all time low - primarily driven by China's acid prices – and led to a panic situation in the market with inventories at different prices. In this situation, despite external challenges, Roundup® team continued its focus to:

- ▶ Provide customers the same high quality Roundup®
- ▶ Establish Roundup® as a premium brand even in a competitive pricing environment
- ▶ Increase farmer and trade engagement – farmer awareness meetings and direct outreach; Unique Trade level activities - e.g. Display contest to enhance visibility
- ▶ Retain support of key business partners through 'Roundup® Tiger Club'
- ▶ Regular tracking of acid/glyphosate prices in both domestic and international markets

## Outlook

The current size of the chemical weeding market in India is more than 100 lac litres. In India, herbicides have low penetration. Roundup® is being recognized as an effective weed control solution by Indian farmers. Combined efforts of regular farmer education on importance of chemical weeding, increased awareness on advantages such as higher yields and productivity, deeper market penetration and stronger stakeholder programs, have borne results. With its strong focus on the future, MIL is geared to enter new markets and increase its market share in the herbicides industry.

### Roundup® Tiger Club (RTC)

RTC is MIL's endeavor to strengthen its relationships with its existing business partners. It is an exclusive club of business partners who have exhibited exemplary business leadership in growing the brand and contributed to the Roundup® business. The objective of the program is to reward outstanding performance, motivate partners and thereby maintain Roundup®'s leadership. RTC members are also encouraged to develop and explore new markets.

As an appreciation of our efforts, amongst other initiatives, we organized an international engagement experience for our eligible RTC members to strengthen our relationships with our channel partners.





This change is positive  
for Roundup®

We expect a steady demand growth in India.

- ▶ The contribution of herbicides to the agrochemicals market in India is at 20%, as compared to the global average of 55%
- ▶ Rising labor costs and/or unavailability of labor is posing to be a major problem for farmers in India. Hence, farmers are increasingly tapping into the benefits of chemical weeding due to labor shortages and increased awareness of better weed control options.
- ▶ Roundup® helps conserve resources - with lesser tillage operations, farmers save on machinery use, fuel, labor and their time. The cover of crop residue helps prevent soil erosion by water and air, thus conserving valuable top soil, thus protecting the environment.
- ▶ Owing to its multiple applications across agricultural and non-agricultural sectors, market potential for Roundup® is expected to grow rapidly in the next few years.



"Despite global challenges we face on glyphosate prices and significant over-supply, we remain strongly committed to deliver value to the Indian farmer through our Roundup® herbicide weed management business. We continue our focus on superior product quality, create unique segment-specific communication, develop emerging segments) and maintain a high level of engagement with our trade and farmer customers. We are optimistic about the growing potential of Roundup® for farmers in India."

– Sameer Tandon, *National Sales Manager*



## Infrastructure for change



### From the hands of our scientists to the Indian farmers

#### Breeding



At MIL, everything we do is aimed at helping make agriculture more productive and profitable for farmers, as well as more efficient and sustainable for our earth. Innovations in breeding are contributing to yield gains enabling farmers to get more out of every acre. Our R&D focus stems from a comprehensive understanding of farmer needs. We gain this insight through our engagement with lacs of farmers through our various contact programs. This in-depth understanding helps MIL's research develop superior quality products, suited to varied agronomic conditions that ensure the best fit for farmers and their land and maximize yields.

Plant breeding has been practiced by farmers for thousands of years and has become increasingly science-based in the past 100 years. It is the act of bringing together two specific parent plants to produce a new 'offspring' plant. This 'cross', as plant breeders call it, creates a new plant that will contain a combination of its parents' characteristics. Today, breeders use processes assisted by a mix of classic techniques, modern breeding technologies and modern software tools to help select and breed plants faster and with greater precision than before. This results in better seeds and plants that allow farmers to get more production from their fields.

Monsanto has assembled a pool of elite seed genetics, known as germplasm, spanning all major geographies, temperate, tropical and sub-tropical biozones. The Company applies its cutting-edge Marker-Assisted Breeding (MAB) to select the most effective combination of genes, resulting in the highest quality seeds. Supported by a world-class information technology system that processes millions of



### Next change

data points, the combination of MAB and global germplasm allows Monsanto to offer the best seeds to farmers. At MIL's Di-Haploid Lab breeders accelerate breeding and development of in-bred lines. This ensures that farmers have a strong foundation to start each growing season.

- ▶ Four new hybrids will be ready for launch next year, suitable for specific areas of the maize growing states in India
- ▶ Breeding efforts are on-going with sharper focus on farmer needs. Since major maize growing areas are rain-dependent, development of drought tolerant hybrid maize seeds is underway
- ▶ New tools and technologies are being adopted for genetic gain. We are using mobile plot shellers in all key research and test plot areas for improved reliability and data quality across tens of thousands of breeding and yield test plots
- ▶ Crop-breeding research is being conducted over large acres for maize breeding nurseries and over hundreds of acres of farmland for hybrid product testing. These locations span across different agro-climatic conditions and seasons in India



"Our seed breeding research efforts are focused on developing high-yielding hybrid maize seeds with enhanced strength and disease tolerance, so farmers can reap higher yields per acre and make a real tangible difference on their farm."

– Padmakar Reddy, Director – Maize Research





## Manufacturing



## Quality Assurance

In order to support the timely launch of upcoming hybrid maize seeds, MIL invested in developing a Prefoundation Farm at Hyderabad with polyhouse facilities to cater to seed multiplication needs. During the year, we also conducted Yield Improvement Studies (YIS) on our hybrid maize seeds with an objective to improve productivity, reduce costs and conserve water and energy resources.

In line with our commitment to provide superior quality products that enhance yield and quality, MIL has invested in state-of-the-art facilities at Hyderabad for maize seed production (Foundation and Prefoundation), drying, testing and conditioning and a herbicide formulation unit at Silvassa.

MIL's Quality Processes and Quality Assurance laboratories in Silvassa and Hyderabad respectively, ensure that all products meet the Company's Global Compliance Standards as well as standards set by the Government of India. Our state-of-the-art QA Seed Testing Laboratory at Shamirpet is currently a member of ISTA (International Seed Testing Association) for its high standards in seed testing rules and operating procedures.



"To meet increasing demands, we will continue our efforts on increasing productivity, quality and efficiency. We will focus on cost management initiatives such as consolidation of operational facilities, expansion of production to new geographies and introduction of mechanization to ensure minimal human error in field production. Providing training and developmental opportunities to equip our people remains our key focus area."

– **Ravinder Reddy**, *Director - Manufacturing*

## Technology Development



Technology Development team consists of highly qualified individuals with diverse field research experience. They play a critical role by serving as a vital link between the sales and R&D function in order to provide best products and technology for our customers. We evaluate the pipeline hybrids and technologies by conducting extensive field research trials and demonstrations in various part of the country to expand the genetic footprint in order to meet our customer needs.

This team contributes significantly in identifying key field issues and provides effective solutions for our existing products to farmers. It also establishes value addition through researching crop management practices, improved agronomy and product use recommendations. They generate new growth opportunities for our seeds portfolio that are commercially viable and help unleash the full value potential for the Company and our farmer customers.



"We are highly committed to meet our Sustainable Yield Initiative commitments of doubling yields for our key crops in India and discovering various agronomic solutions by conducting experiments at our Center of Excellence and Technology Demonstration farms. We ensure complete regulatory compliance while conducting trials and provide leadership in stewardship initiatives for seed and chemical products."

– Dr. Dev Raj Arya, Director – Technology Development

## Marketing and Sales



Our dedicated team interacts with farmers all year-round and engages on awareness and education programs focusing on agronomic practices, product usage and support. In 2009-10, we conducted an in-depth capability building program aimed at developing a 'Monsanto Way' of analyzing the market, identifying the needs of our farmers and aligning our plans, thus ensuring a win-win situation for the Indian farmers and us. We also created a customized program for our team of 600+ Market Development Officers (MDOs) helping farmers derive the best value of our products through effective farmer contact programs.

## Environment, Safety and Health (ESH)



### Environment

Monsanto's commitment to a workplace that is safe and healthy and operations that are environmentally sustainable is specifically set forth in our global ESH policies and procedures. This has helped MIL create some of the safest seed operations and plants in the industry. All our major offices, R&D centers and breeding stations are OHSAS 18001 certified. Our seeds and herbicide manufacturing units are ISO 9001, OHSAS 18001 and ISO 14001 certified.

MIL is committed towards safer and cleaner environmental standards. Some key initiatives include:

- More efficient packaging through constant innovation and testing. This has resulted in lower plastic consumption and cost savings, thus lowering the environmental impact.



### Safety



### Health

- ▶ Reducing LPG consumption in the drying process for maize seeds through a detailed study of consumption, by a specialized engineering team
- ▶ Streamlining power usage through various interventions and the introduction of power-saving equipment
- ▶ Substituting lube oil with bio-degradable oil and diesel operated forklifts with battery operated forklifts for limited waste generation

As part of our on-going road safety initiatives, we implemented a robust motorcycle training program in partnership with Hero Honda, for all employees using motorcycles for business purposes. Additionally, we provided reflective vests and branded helmets to all our contractual employees. Under our unique road safety campaign 'Zara Sochiye', we trained 7500 people in 2009-10 and promoted pedestrian safety and 'no drive and drive'.

Monsanto's Occupational Medicine Program is extended to all our employees, including seasonal and contractual employees.

- ▶ Separate Occupational Health Centers are provided at all sites
- ▶ Doctors are trained on Monsanto standards of occupational medicine
- ▶ Annual medical check-up facility includes eye testing, audio metric testing for people exposed to high noise levels, PFT examination for people exposed to high dust levels and general physical examination



- ▶ Annual training on first aid and blood borne pathogens includes Hepatitis B vaccination for all first-aiders to provide protection against blood-borne diseases
- ▶ Biannual tests identify, monitor and prevent the impact of high noise and high dust concentration
- ▶ Requisite modifications and improvements are undertaken at regular intervals to reduce the noise and/or dust generation
- ▶ All projects undergo rigorous environment, safety and health reviews at the design stage, which certify the proposals after due consideration to cleaner manufacturing techniques

MIL has installed state-of-the-art pollution control devices across all its facilities. Its manufacturing and processing plants ensure zero-liquid discharge. Even the water from the laboratories is treated and used for gardening.



"At Monsanto, safety is a core value – it directly influences our decisions and our behaviors. The culture of safety is inculcated across our organization. We provide detailed training and resources to ensure that our colleagues take all the necessary precautions for their safety – both on and off the job – so that we reach home to our families, every single day!"

- Kuntal Maniar, Director – Environment, Safety and Health





## Developing agents of change



### MIL's Human Capital

#### The MIL way

People drive our success. They represent our greatest strength.

MIL offers a place where individuals can be proud to grow and make a difference – every day with early responsibilities, stimulating cross functional challenges, a creative and encouraging environment providing a platform for success. Our people are consistently rewarded, both personally and professionally.

The culture at Monsanto is entrepreneurial and team-oriented, encouraging colleagues to take greater responsibility for their careers, to grow both personally and professionally. Being a great place to work is enshrined in our Pledge – our value statement.

Monsanto's competitive edge is its diverse team. Our Company reflects the cultures, ideas and interests of all the customers we serve and communities we touch, while integrating those important perspectives into every area of our business. We value and respect all of the many talents, skills and experiences our people bring to work each and every day and remain focused on individual capability enhancement, skill development, rewards and recognition and personal and career growth. After all – It is our people who drive the change on-ground.

#### Organization structure

We operate in a highly matrixed structure through cross-functional teams to facilitate sharing of diverse ideas, perspectives and opportunities across the organization.

#### Management and Leadership forums

We have instituted leadership forums for enhanced communication to serve as focus groups and increase business knowledge. This is creating broader appreciation of external stakeholders and is helping define the approach in working with them. It is also building our leadership pipeline.



We attract, hone  
and manage talent

We encourage and  
recognize the  
good work and  
stretch efforts of  
our colleagues

We create a safe  
working environment



### Communication

Our open office culture and matrix structure encourages our colleagues to voice their opinions through round-table conversations and regular one-to-one interactions.

### Talent acquisition Solution (TAS)

Our new online Career Support tool is a convenient, paperless and transparent recruitment process. It is significantly speeding up the procedure at lower costs.

### Referral policy

This program promotes the involvement of our colleagues in recruiting like-minded people to join us. This helps maintain culture and wider participation in organization building.

### Strategic workforce planning

Our analysis, forecasting and planning process connects and directs talent management activities to ensure that the organization has the right people, in the right places, at the right time - to deliver its business strategy.

### Awards

Rapid Recognition Awards, Insanely Great Customer Challenge Awards, Monsanto Excellence Awards Function, Region and Business Awards, Distinguished Development Awards and Service Awards. In 2009-10, we recognized and rewarded over 38% of our colleagues for their superior efforts.

### Product Stewardship Award of Excellence

Launched in 2009, this award recognizes stewardship efforts in our business. Product Stewardship involves responsible management of Monsanto's technologies and products. 13 India projects were nominated within Monsanto globally.

MIL follows our comprehensive global Environment, Safety and Health (ESH) policies and procedures and keeps its commitment to creating a safe and healthy workplace. The culture of safety is promoted and further reinforced through regular training and education on safety measures for driving, at work and even off the job safety.

This year, we instituted an interactive Vehicle Safety newsletter to provide useful tips, guidelines and updates on on-road safety. We have also incorporated an interactive half hour safety time-out session led by our Chairman every quarter. As part of our Journey Risk Management efforts, we undertake an assessment for all routes our teams travel in and highlight risks, provide information on road conditions and guidance on precautionary measures.



Feedback helps us  
bring about change

**A global employee survey** is conducted annually through Kenexa, a reputed consultancy, to measure employee feedback on engagement, integrity, growth prospects, work life balance, compensation and people management capabilities.

**The Leadership 180° (or L-180)** is an annual upward developmental feedback tool and process where Monsanto People Managers can receive anonymous feedback on their leadership behaviors. It helps managers understand their strengths and identify their development areas.

**Integrity and Human Rights** Monsanto's human rights policy protects all employees against any kinds of harassment. In case of any violations of business conduct or human rights – one can make use of reporting mechanisms, which include telephone hotlines and email channels.

**Monsanto's 'Ambassadors'** serve as the voice of our the colleagues, help infuse enthusiasm and are responsible for the smooth administration of the workplace.



### Consistent recognition

Monsanto is regularly recognized and rewarded for its innovation, leadership and workplace satisfaction. This recognition reflects feedback provided by colleagues and others. Some of these awards are:

- ▶ 'Top 50 Best Employers in India and Best in the industry (Agro-Based/Dairy/Poultry), Great Place to Work Institute™', 2009, 2010
- ▶ 'Indo-American Corporate Excellence Award' 2008 for manufacturing and other services, 2008
- ▶ Voted as India's Best Places to Work by Great Places To Work Institute in 2003, 2008
- ▶ Voted among India's Top 25 Best Employers by Hewitt Associates – Economic Times Survey 2004, 2005, 2007
- ▶ 'Organization that creates Fun and Joy at work', 2nd Deccan Herald Avenues Awards, 2005
- ▶ 'Best MNC' at the Stevies Award, 2004
- ▶ '100 Great Places to Work', Fortune magazine



"We are committed to people development and are constantly innovating to help them do better professionally and personally – as guided by our Global Competencies of developing and maintaining Relationships and Networks, acting with Courage and Candor, developing Initiative and Foresight, being Agile and focused on Result Orientation. With our open culture, non-hierarchical structure and uninhibited feedback mechanism, we provide our colleagues a favourable work environment to help them do their best to make a difference and be the change agents of the organization."

– Atul Sharma, Director – Human Resources





## Information Technology

We have changed

What we did  
different

MIL's Information Technology (IT) infrastructure and process technologies enable real-time analysis and solutions, thus improving business efficiency and agility in business processes. Our commitment to process excellence and endeavor to exceed global quality standards remains at the core at all we do. Our initiatives in the year have added immense value and has helped drive higher performance by creating a more flexible and scalable IT environment to support the future growth of the business.

**In 2009-10, we consolidated our IT and Financial Shared Service operations to efficiently support India and Global operations.**

Our new facility at Bengaluru with state-of-the-art technology helps the IT and the Shared Services Division of the organization deliver high quality of service for India and global regions. In line with Monsanto's global vision, the consolidation and investments in world-class infrastructure will help efficiently realize business goals, create newer capabilities, optimize costs, enable cross-functional collaboration and create new career opportunities. In addition to increased efficiency and better opportunities, the consolidation of our IT processes will also enable savings by 2012. Other benefits of this consolidation include IP retention of critical business processes and systems, comprehensive business intelligence and enabling near reach to the customer. A 24x7 cycle in sync with our global operations ensures minimum turn-around time, considerably increasing our operational efficiencies.

**Introduced Business Dashboarding** which has enabled enhanced measurability; increased business intelligence; simplified daily operational reports; and helped better understanding of business health facilitating timely decision-making.

## LEANing to Change

**Leveraged mobile and cutting edge technology** to expand employee and customer reach.

For **process simplification and harmonization**, established a Business Stakeholder Committee comprising all functions within MIL - Sales, Supply Chain, Manufacturing, Finance, HR and Legal.

**Showcased the potential of IT solutions** to augment business performance - efficient use of SAP, workflow automations using Sharepoint, among others.

**Increased partnerships and collaborations** within the organization by developing deeper understanding of the various business functions.

Our constant efforts to leverage IT solutions to simplify business processes helped us develop a landmark project through application of Business Process Management (BPM) concepts. We conducted a pilot project on the processes related to direct and indirect taxes in India. It was observed that there were ~50 steps out of the 183 in the process which were redundant. To improve business efficiency of this process, the India IT team in collaboration with the Singapore IT team implemented a Country India Version Module in SAP. This is the first initiative, which has witnessed end to end implementation in India and will result in optimizing time and savings of US\$100,000.

### Our expert teams

#### Commercial solutions

Provides technological support to the sales team in budgeting and forecasting their sales volume. It also keeps a check on the supply chain management system that results in efficient customer risk assessment and reduction in inventory obsolescence.

#### Infrastructure solutions

Provides IT backbone support to the entire organization, ensuring an uninterrupted work flow with intact servers and networks.



"At Monsanto, our successful implementation of IT solutions has enabled changing ourselves from being an IT service provider to a business partner. As part of our ongoing efforts, we will simplify the technology on key platforms of farmer management system, customer relationship management, sales reporting system and centralized business rule management system. I am excited about the concept of 'Green IT' that we are working towards. This will minimize power consumption at the data center and reduce carbon emissions through server consolidation and virtualization. The potential savings from carbon will be equivalent to average emissions of 10 cars per year. Further, we will also use lean methodology to streamline our business processes and will improve our interaction in the social media space."

– Sumeet Srivastava, Director – IT





## Investing in social change



### Corporate Social Responsibility

#### Project SHARE



Monsanto Company has positively impacted 100,000+ lives, directly and indirectly through its community development initiatives in the past decade in India.

This is in addition to the lacs of farmers who are reaping the benefits of our products.

We have made a social investment of more than Rs. 23 crores in the areas of human rights, sustainable agriculture, education, healthcare and disaster rehabilitation and continue to launch many more meaningful programs.

Our initiatives are a testimony to Monsanto's strong commitment to make a lasting difference in the communities in which we operate in.

#### **(Sustainable Harvest - Agriculture, Resources, Environment)**

seeks to engage farmers in sustainable agriculture. This four-year pilot program was launched in 2009-10 in partnership with the Indian Society of Agribusiness Professionals (ISAP), a not-for-profit organization and one of the world's largest network of agriculture and allied sector professionals. Across 1,100 villages in Andhra Pradesh, Maharashtra and Rajasthan, the project aims at making farming a beneficial proposition and improving socio economic conditions of 10,000 small and marginal farmers. In order to generate interest and awareness on the project and enlist farmer support, several communication campaigns were undertaken, which included street corner meetings, farmer awareness camps and mass-media (poster, pamphlet, loudspeaker campaigns). The team also engaged with the Departments of Agriculture in the states and Local Administrative authorities to introduce the project and its initiatives.



### Sustainable Agriculture and Nutrition

In partnership with United Way of Mumbai, a national not-for-profit organization, we had launched a three-year project aimed at ensuring food security for 5,000+ underprivileged households in Andhra Pradesh, Gujarat and Maharashtra. In its second successful year, the project continues to provide basic training on agriculture best practices to enhance nutrition and better address food security through homestead cultivation, improve health standards and strengthen community organizations. In 2009, in Andhra Pradesh, the success of the homestead cultivation program can be measured not only by the increase in nutritional intake within the community, but also by their 13% increment in income. Training has proven to be an important aspect in molding community change. To aid this process, various programs were conducted across the project geographies. In Maharashtra's Yavatmal district, Vidarbha region alone, 500+ sessions were conducted for capacity building of small and marginal farmers and their households.

### Enabling education and community change

In 2009-10, we completed the development of educational infrastructure in two Zilla Parishad schools in Rangareddy and Medak districts, Andhra Pradesh enabling better facilities for 1,300+ students and teachers. These included additional classrooms, computer room, kitchen, dining hall, washrooms and play ground equipments. As part of this project with Mahita, a grass root-level development organization, we also established a community center to infuse and facilitate the spirit of bonding amongst the village communities.

### Relief and Rehabilitation

In 2009-10, as our contribution towards the South India flood relief efforts, MIL and its employees made a donation of ~Rs. 70 lacs to the Chief Minister's Relief Funds of Andhra Pradesh and Karnataka.

**Monsanto's Human Rights Policy** adopted in April 2006, is an important manifestation of the Company's values as described in the Monsanto Pledge. The policy is a mechanism by which we will hold ourselves accountable and demonstrate our commitment to human rights as we conduct our business globally. Our Human Rights Policy is guided by the Universal Declaration on Human Rights, which provides the most widely recognized definition of human rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. Monsanto's policy addresses circumstances unique to farming and the agriculture industry, including seasonal production. In addition to human rights, Monsanto is also committed to promote a culture of safety on our seed production fields.



### Change initiated in 2009-10

#### NGO Partner

#### Sustainable Agriculture



#### Education



#### Projects

Improve the earnings of 100,000 small holder farmers and women through better access to micro credit and in farm and non-farm income generation, Chhattisgarh

- ▶ Improve lives of small holder farmers in 14 arid zone villages in Andhra Pradesh by improving agriculture productivity
- ▶ Provide training and engage with local government to ensure better access to government programs

Establish a vegetable farming infrastructure to ensure regular supply of nutritional vegetables for the Mid Day Meal scheme for 150,000+ underprivileged children in 1200 government schools, Rajasthan

- ▶ Professional development for 432 teachers in 72 Satya Bharti model schools in Rajasthan, Punjab and Haryana
- ▶ Provision of solar panels to government schools to enable access to modern technology learning aids, including computers and other audiovisual materials

Enhance literacy of 750+ students in 30 rural primary government schools, Karnataka

Provide graduate fellowships for two fellows for rural development at Centre for Technology Alternatives for Rural Areas (CTARA), Indian Institute of Technology (IIT), Mumbai



“Our focus is on strengthening farming communities and we employ our knowledge and experience of decades of farmer engagement in India across all our initiatives. We will maintain the theme of synergy between our organizational teams and our initiatives and work towards overall community development through our new partnerships this year.”

– Jyotsna Bhatnagar, Director - Corporate Social Responsibility



## Living the pledge to **change**



Global Pledge Award winners with Hugh Grant - CEO, Monsanto Company

The 'Monsanto Pledge' is the very foundation of who we are and what we do.

In recognition of our commitment to demonstrate our pledge values of integrity, dialogue, transparency, sharing, benefits, respect, acting as owners to achieve results and creating a great place to work, Monsanto has instituted the Pledge Awards. This is the highest honour in Monsanto globally and is given to employees for their initiatives in upholding the Monsanto Pledge. It strives to recognize and reward behaviors that demonstrate and promote our Pledge values.

It is a great honour that Monsanto India has received a Pledge Award in each of the last eight years. In 2009, there were four Pledge Award finalists from India of which two of them won.

### Monsanto Pledge Award Winners - India

#### Partnering with farmers for social development

By partnering with farmers to bring about a change in social development, the team engaged farmers and the community on the issues of safety, child education and community well-being. Educational and community infrastructure was improved. This brought about positive attitude to social issues and encouraged community involvement. It was chosen as overall best project and also received the Judge's Choice Award.

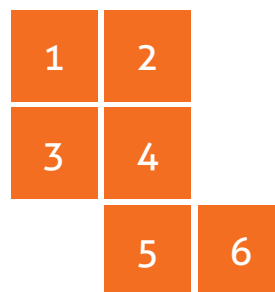
**Team members:** K. Adinarayana Reddy, Kiran Kumar Chittem, Krishna Kilaru, P. Krishna Sai, K. Prem Kumar, P. Sudhir, Madhav Mella Radha, Y. R. Mohana Rao, H. Raveendra, Ravinder Reddy, Y. Srinivasa Reddy, Susan Joseph

#### Improving economic self-sufficiency and quality of life of tribal farmers

Monsanto's Public Private Partnership with the Tribal Development Department (TDD), Government of Gujarat on Project Sunshine improved yields and incomes, making a difference to the lives of 140,000 below-poverty-line tribal farmers.

**Team members:** Javed Rahmatullah, Nitin Shah, P. Rath, Pushkal Upadhyay, Renu Bhatt





## Board of Directors

### 1 Sekhar Natarajan *Chairman*

Mr. Natarajan holds a B.Com. (Hons.) degree and is a qualified Chartered and Cost Accountant. He has been associated with Monsanto for 28+ years in various roles in India as well as in the USA. He leads all Monsanto India businesses and is responsible for long-term strategy, key external relationships, people development and all aspects of Monsanto's interests in India.

### 2 R. C. Khanna *Director*

Mr. Khanna holds B.Com. (Lond.), FCA (Eng. & Wales), ACMA, FCA and AICWA qualifications. He has vast experience in the areas of corporate structures, company law, finance and taxation. Mr. Khanna retired as the Senior Partner of M/s. A.F. Ferguson & Co., Chartered Accountants, in 1989. He joined the Board of Directors in 1975.

### 3 H. C. Asher *Director*

Mr. Asher holds an M.A. and an L.L.B. degree from Mumbai University. He is a Senior Partner of M/s. Crawford Bayley & Co., a leading firm of Advocates and Solicitors in Mumbai and is a well recognized expert in his field. He has been in practice for over 50 years and has extensive experience in the legal field, particularly on matters relating to corporate law. Mr. Asher joined the Board of Directors in 1973.

### 4 Pradeep Poddar *Director*

Mr. Poddar is a Chemical Engineer from UDCT, Mumbai and an MBA from IIM, Ahmedabad. He is a veteran of the consumer goods industry in India and has vast experience in top-level management. The Wisitex Foundation and the Karnataka Government conferred on him the Udyog Ratna Award in the year 2001 for his distinguished contribution to the food industry. He crafted the vision and led Heinz in India and South Asia for nearly a decade. He is presently the Managing Director of Mount Everest Mineral Water Limited - a Tata Enterprise and Global Head for water and functional beverages for Tata Global Beverages. He joined the Board in 2006.

### 5 Amitabh Jaipuria *Managing Director*

Mr. Jaipuria is a science graduate and has a PGDBM qualification in Business Management (Marketing & Finance) from XLRI, Jamshedpur. He has vast business experience of 21+ years, in the fields of Revenue management, Marketing, Manufacturing and Strategic Management, spanning diverse industries and businesses, such as FMCG, Services, Consumer durables and Agriculture. He was appointed as the Managing Director for the Company in 2007.

### 6 Ravinder K. Reddy *Director*

Mr. Reddy is a M.Sc. and a post-graduate in Agricultural Sciences from the ANGRAU University, Andhra Pradesh. He has been with the Monsanto Group for 18+ years and presently holds the position of Group Manufacturing Lead – India. In this role, he is responsible for the entire field production, operations and capital projects. He joined the Board in 2009.

# Notice

Notice is hereby given that the SIXTIETH Annual General Meeting of Monsanto India Limited will be held on Wednesday, 21<sup>st</sup> July, 2010 at 11.00 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 31<sup>st</sup> March, 2010 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. Pradeep Poddar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, as auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

## Special Business:

5. To consider and if thought fit to pass with or without modification(s), the following resolution as special resolution:

“RESOLVED that Mr. Ravinder K. Reddy who was appointed as an Additional Director of the Company holding office upto 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 a notice in writing alongwith deposit of Rs. 500/- from a member 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.”

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

### Item No: 5

Mr. Ravinder K. Reddy was appointed as an Additional Director of the Company by the Board at their meeting held on 10<sup>th</sup> September, 2009 pursuant to the provisions of Section 260 of the Act, he holds office upto the date of this Annual General Meeting of the Company. Notice alongwith deposit of Rs. 500/- has been received from a member of the Company in pursuance of Section 257 of the Act, proposing Mr. Ravinder K. Reddy as a candidate for the office of Director of the Company. Mr. Ravinder K. Reddy has given his consent, if appointed, to act as Director of the Company. The Board recommends the appointment of Mr. Ravinder K. Reddy as a Director of the Company.

None of the Directors other than Mr. Ravinder K. Reddy is interested in this Resolution.

**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. A PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer books of the Company will be closed from Tuesday, 6<sup>th</sup> July, 2010 to Thursday, 8<sup>th</sup> July, 2010 (both days inclusive).
3. The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 21<sup>st</sup> July, 2010 as under:
  - a) To all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be available to the Company by National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") as at the end of the day on 5<sup>th</sup> July, 2010.
  - b) To all those members holding shares in physical form after giving effect to all the valid share transfers lodged with the Company before the closing hours on 5<sup>th</sup> July, 2010.
4. Shareholders are requested to intimate, indicating their folio number, the changes, if any, of their registered addresses to the Company or to its Registrar and Share Transfer Agents ('RTA') viz. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai – 400 078, or to their respective Depository Participant ("DP") in case the shares are in dematerialized form.

The particulars recorded with the DPs will be considered for making the payment of dividend either by issuing physical instruments or through Electronic Clearing System ("ECS"). The Shareholders are requested to take appropriate action in the matter, in their own interest, to avoid delay in receiving the payment of dividend.

Where dividend payments are made through ECS, intimations regarding such remittances would be sent separately to the shareholders.

5. Trading in the Company's shares through stock exchanges is permitted only in dematerialized/electronic form. The equity shares of the Company have been inducted in both NSDL as well as CDSL to enable shareholders to hold and trade the securities in dematerialized/electronic form. In view of the numerous



advantages offered by the depository system, members holding shares in the Company in physical form are requested to avail of the facility of dematerialization.

6. Shareholders desiring any information as regards to the accounts are requested to write to the Company Secretary at least 7 days prior to the Annual General Meeting, so as to enable the Company to keep the information ready.
7. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for the year ended 31<sup>st</sup> March, 2002 to the "Investor Education & Protection Fund" (IEPF).
8. In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the IEPF. Members who have not encashed their dividend warrants for the year 2002-03 or thereafter, are requested to write to the Company or the RTA. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie with the Company in respect of such amount.

In case of non-receipt of the dividend warrants, the shareholders are requested to write/get in touch with the Company's RTA/the Registrar of Companies as mentioned hereunder:

Dividend for the Financial Year	Contact	Action by shareholder
Up to 1994-95	Office of the Registrar of Companies "EVEREST" 5th Floor, 100, Marine Drive, Mumbai – 400 022.	Claim in Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978
1995-96 to 2001-02	Non-recoverable since the unpaid amount has been transferred to Investor Education and Protection Fund.	—
2002-03 to interim dividend paid for 2009-10	Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (W), Mumbai – 400 078.	Request letter on plain paper

Given below are the proposed dates for transfer of the unclaimed dividend to the IEPF by the Company:

Dividend for Financial Year	Date of Declaration	% of dividend	Due date for transfer to IEPF
2002-2003	25.07.2003	125	24.08.2010
2003-2004 <sup>(1)</sup>	27.01.2004	100	26.02.2011
2003-2004	10.09.2004	100	10.10.2011
2004-2005 <sup>(1)</sup>	23.10.2004	100	22.11.2011
2004-2005	08.09.2005	130	08.10.2012
2005-2006 <sup>(1)</sup>	14.11.2005	1200	14.12.2012
2005-2006	18.09.2006	100	18.10.2013
2006-2007 <sup>(1)</sup>	26.10.2006	100	25.11.2013
2006-2007 <sup>(1)</sup>	15.03.2007	100	14.04.2014
2006-2007	31.08.2007	25	30.09.2014
2007-2008 <sup>(1)</sup>	29.10.2007	120	28.11.2014
2007-2008 <sup>(1)</sup>	15.05.2008	1800	15.06.2015
2007-2008	22.09.2008	150	22.10.2015
2008-2009 <sup>(1)</sup>	24.10.2008	120	26.11.2015
2008-2009	10.09.2009	120	10.10.2016
2009-2010 <sup>(1)</sup>	16.10.2009	100	15.11.2016

<sup>(1)</sup> Interim Dividend

9. The shareholders holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its RTA which will be made available on request and in case of shares held in demat form, the nomination has to be lodged with their DP. For the convenience, nomination form is attached at the end of the Annual Report.
10. The shareholders can get more information on Investor Protection on SEBI/Stock Exchange sites, which are [www.sebi.gov.in](http://www.sebi.gov.in), [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com).
11. The particulars of Directors retiring by rotation and/or eligible for re-appointment are given in the Corporate Governance section of this Annual Report.
12. Members are requested to bring the Annual Report and the Attendance Slip to the Annual General Meeting.

By Order of the Board of Directors

**Girish Tekchandani**  
Company Secretary

Mumbai: 15<sup>th</sup> May, 2010

# Directors' Report

## Financial Highlights

Profitability was impacted mainly due to the global mismatch between supply and demand of glyphosate herbicides, this impacted our flagship brand Roundup® adversely.

### To the Shareholders,

Your Directors have pleasure in presenting their 60th Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

(Rs. in Lacs)

	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
Net Sales	41014	39019
Profit Before Taxes	5777	8693
Taxation	(395)	(1339)
Balance of Profit	5382	7354
Add: Balance brought forward from previous year	6440	2245
<b>Amount available for appropriation</b>	<b>11822</b>	<b>9599</b>
Appropriated as under:		
a. Interim Dividends	863	1036
b. Tax on Interim Dividends	147	176
c. Proposed Final Dividend		1036
d. Tax on proposed Final Dividend		176
e. Transfer to General Reserve		735
Balance in Profit & Loss Account		6440
	<b>11822</b>	<b>9599</b>

During the year under review, the net sales of the Company increased by 6% to Rs.410.1 Crores in financial year 2009-10 from Rs.387.0 Crores in the financial year 2008-09. Profit before tax decreased by 33.5% to Rs.57.8 Crores in the financial year 2009-10 from Rs.86.9 Crores in the financial year 2008-09. Profit after tax decreased by 26.8% to Rs.53.8 Crores in the financial year 2009-10 from Rs.73.5 Crores in the financial year 2008-09.

Profitability was impacted mainly due to the global mismatch between supply and demand of glyphosate herbicides, this impacted our flagship brand Roundup® adversely. This negative impact was made up in part by the strength of our Dekalb® maize franchise and also by focused cost side actions.

## Operational Highlights

The Company's seed business marked better margin realization during the year through a combination of high quality products, better mix and cost management.

## Dividend

Your Directors are pleased to recommend a final dividend of Rs. 7.50 per equity share

During the year, the Company's seeds sales increased from Rs.228.7 Crores in financial year 2008-09 to Rs.272.2 Crores in financial year 2009-10 marking an increase of 19.0%. The business also saw strong volume growth. The Company's seed business marked better margin realization during the year through a combination of high quality products, better mix and cost management. The increase in the sales is being well supported by appropriate investments in Production, Quality and Breeding to sustain the growth.

The global situation in glyphosate deteriorated during the year with supply far exceeding demand and with the consequent impact on prices and realizations. The oversupply also meant that competition heated up with many players resorting to sales based on marginal costing, thus dragging the market down even more. The global prices of glyphosate products were down by more than 30% during the year.

Despite intense competition in the glyphosate herbicides market, sales of our market leading Roundup® brand increased in volume terms. This is an encouraging sign and underlines the strength of the brand.

The year also saw the completion of the restructuring exercise that we had undertaken over the past three years, with the completion of our post sale service agreements with the buyers of our Butachlor and Alachlor businesses. With this now, we are 100% focused on our maize and glyphosate businesses.

During the year the management took many proactive steps to ensure that costs were kept under a tight leash. This focus led to a large savings in manpower and administrative costs.

During the year, the Board of Directors declared Interim Dividend of Rs.10/- per equity share on 16th October, 2009.

Your Directors are pleased to recommend a final dividend of Rs. 7.50 per equity share to the shareholders.

The total dividend for the financial year 2009-10 including the proposed final dividend is Rs. 17.50 per equity share.



## Corporate Governance

### Management Discussion and Analysis

### Directors

### Directors' Responsibility Statement

A detailed report on the Corporate Governance system and practices of the Company is given as a separate section of the Annual Report.

A Management Discussion and Analysis on the business and operations of the Company is given as a separate section of the Annual Report.

The following changes occurred in the Board of Directors of the Company during the year under review:

- a) Mr. Bradley Louis Huseman resigned as Director of the Company effective 10th September, 2009.
- b) Mr. Ravinder K. Reddy was appointed as an Additional Director of the Company on 10th September, 2009.

Mr. Pradeep Poddar retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. Ravinder K Reddy was appointed as an additional director of the Company upto the ensuing Annual General Meeting, being eligible offers himself for re-appointment.

In compliance with Section 217(2AA) of the Act, your directors, on the basis of information made available to them, confirm the following:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit or loss of the Company for that period;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts are prepared on a going concern basis.



## Personnel

The Company continues to maintain cordial relationship with its workforce at all locations. Continuous upgradation of core skills, through training programs – conducted by internal as well as external agencies, are an integral part of human resources development policy of the Company.

The information regarding particulars of remuneration etc. of certain employees required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder is given in an Annexure which forms part of this report. In terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to the shareholders excluding this Annexure. Any shareholder interested in obtaining this Annexure may write to the Company Secretary at the registered office of the Company.

## Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, retire as auditors of the Company at the ensuing Annual General Meeting and, being eligible, are proposed for re-appointment.

## Conservation of Energy & Technology Absorption

The information required to be furnished pursuant to Section 217(1)(e) of the Act, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is enclosed as Annexure – 1 and forms part of this Report.

## Foreign Exchange Earnings and Outgo

The details of earnings and expenditure in foreign currency are given under Notes to Accounts in Para 6 and 7.

## Acknowledgement

Your Board acknowledges the service rendered by the employees of the Company for the satisfactory performance of the Company. The Board also places on record its appreciation for the continued support from Monsanto Company, USA. The Board also thanks its shareholders, channel partners and other business associates for their support during the year. Without this support we would not be successful in serving our farmer customers whose success eventually determines our success as a Company.

For and on behalf of the Board of Directors

**Sekhar Natarajan**  
Chairman

Mumbai: 15<sup>th</sup> May, 2010

# Annexure - I

## I. Conservation of Energy

### Form A

Information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>a) Energy conservation measure taken;</li> <li>b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy;</li> <li>c) Impact of the measures at (a) and (b) above for reduction in energy consumption and consequent impact on the cost of production of goods.</li> </ul> | <div style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 10px;"> <p>The Company continues to take all possible steps to conserve energy. These include efficient electric fittings and equipment that consumes less energy than conventional ones.</p> </div> |
|---|--|

Form for disclosure of particulars with respect to conservation of energy.

#### A. Power and Fuel Consumption

	Current Year 2009-10	Previous Year 2008-09
<b>1. Electricity</b>		
a. Purchased Units (000's)	3989.97	7293.11
Total Amount (Rs. in Lacs)	269.11	375.67
Rate/Unit (Rs.)	6.74	5.15
b. Own Generation:	—	—
1. Through diesel generator-Unit's (000's)	423.35	1002.85
2. Total Amount (Rs. in Lacs)	41.18	83.42
3. Rate/Unit (Rs.)	9.73	8.32
c. Through steam turbine/generator	—	—
<b>2. Coal</b>	—	—
<b>3. Furnace Oil – HS Diesel:</b>		
Purchased – Ltrs (000's)	—	—
Total Amount (Rs.in Lacs)	—	—
Rate/Ltr. (Rs.)	—	—
<b>4. Others – Gas</b>		
Purchased – Kgs (000's)	837.40	2772.12
Total Amount (Rs. in Lacs)	403.56	1283.30
Rate/Kg. (Rs.)	48.19	46.29



## II. Technology Absorption Form B

### B. Consumption Per Unit Of Production

The Company manufactures a wide range of products which pass through various operations before reaching the finishing stage. It is therefore not feasible to furnish the information in respect of consumption per unit of production.

Form for disclosure of particulars with respect to Technology absorption.

#### A. Research and Development (R&D)

1.	Specific areas in which R&D carried out by the Company	Breeding & Testing of new hybrid varieties of seeds. Study of new technologies in maize.
2.	Benefits derived as a result of above R&D	Identified new hybrid seeds which suit various agro climatic conditions and meet farmers' requirements. Initial knowledge of new technologies in maize.
3.	Future Plan of Action	Continuous efforts for development of new high quality and specific maturity hybrid seeds as well as seeds that have the ability to protect the yield.
4.	Expenditure on R&D	<b>(Rupees in lacs)</b>
	a. Capital	760.48 (including CWIP)
	b. Recurring	771.25
	c. Total	<b>1531.73</b>

#### B. Technology Absorption, Adaptation and Innovation

1.	Efforts in brief, made towards technology absorption, adaptation and innovation.	The Company is working on and studying new technologies in maize.
2.	Benefits derived as a result of the above efforts, e.g.; product improvement, cost reduction, product development, import substitution etc.	New maize technologies will help farmers in protecting his yield by reducing his losses caused by insects and weeds. This will be an improvement on current products.
3.	Imported technology (imported during the last 5 years reckoned from the beginning of the financial year)	During the last five years no technology has been imported by way of foreign collaboration or otherwise.

For and on behalf of the Board of Directors

**Sekhar Natarajan**  
Chairman

Mumbai: 15<sup>th</sup> May, 2010



# Corporate Governance Report

## Board of Directors

Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company.

The Company's philosophy of Corporate Governance is based on preserving core values and ethical business conduct and a commitment to maximize shareholders value on a continuous basis while looking after the welfare of all the other stakeholders.

Keeping in view the Company's size and complexity in operations, Company's Corporate Governance framework is based on the following principles:

- ▶ Appropriate size and composition of the Board with each Director bringing in key expertise in different areas;
- ▶ Systematic information flow to the members of the Board to enable them to effectively discharge their fiduciary duties;
- ▶ Ethical business conduct by the management and employees;
- ▶ Appropriate systems and processes for internal controls on all operations, risk management and financial reporting;
- ▶ Timely and accurate disclosure of all material operational and financial information to the stakeholders

The Company has a Board comprising of eminent individuals from diverse fields. The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure.

The details of the Board of Directors are given in Table – 1.

The Directors are experts in the diverse fields of manufacturing, law, accounting and business strategy. Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company.

The Board of Directors of the Company consists of Executive and Non-Executive Directors. The present strength of the Board is six Directors comprising of one Executive and five Non-Executive Directors including the Chairman of the Company. One-third of the Board consists of Independent Directors.

## Board Meetings

Monsanto Company, USA has certain rights enshrined in the Articles of Association pertaining to the appointment of Directors.

**Table 1** Composition of the Board of Directors

Name of Directors	Category of Directors	Relationship with other Directors	No. of Directorships and Committee Memberships/Chairmanships (including Monsanto India Limited)			
			Directorships under Section 275 <sup>(1)</sup>	Other Directorships	Committee Memberships <sup>(2)</sup>	Committee Memberships <sup>(2)</sup>
Mr. Sekhar Natarajan	Chairman & Non-Executive	None	3	–	–	–
Mr. Amitabh Jaipuria	Managing Director	None	2	–	1	–
Mr. R. C. Khanna	Non-Executive	None	3	1	4	3
Mr. H. C. Asher	Independent & Non-Executive	None	9	8	9	3
Mr. Pradeep Poddar	Independent & Non-Executive	None	2	1	4	1
Mr. Bradley Louis Huseman <sup>(3)</sup>	Non-Executive	None	1	–	–	–
Mr. Ravinder K. Reddy <sup>(4)</sup>	Non-Executive	None	1	–	–	–

<sup>(1)</sup> Directorship other than in foreign/private companies/non-profit organizations.

<sup>(2)</sup> Membership/Chairmanship in Audit and Shareholders' Grievance Committees of all public limited companies, whether listed or not, including Monsanto.

<sup>(3)</sup> Resigned with effect from 10<sup>th</sup> September, 2009.

<sup>(4)</sup> Appointed with effect from 10<sup>th</sup> September, 2009.

The Board of Directors of the Company met 7 times during the financial year under review on 9<sup>th</sup> June, 2009, 10<sup>th</sup> June, 2009, 28<sup>th</sup> July, 2009, 10<sup>th</sup> September, 2009, 16<sup>th</sup> October, 2009, 24<sup>th</sup> November, 2009 and 23<sup>rd</sup> January, 2010. The Company held one Board Meeting in each quarter as required under the Companies Act, 1956.

## Board Committees

Details of Directors and their attendance at the Board meetings and Annual General Meeting (AGM) are given in Table 2.

**Table 2** Attendance details in the Board meetings and AGM

Name of the Director	Board meet-ings held in Directors' tenure	Board Meetings attended	Attendance at last AGM held on 10th September, 2009
Mr. Sekhar Natarajan	7	6	Yes
Mr. Amitabh Jaipuria	7	7	Yes
Mr. R. C. Khanna	7	5	Yes
Mr. H. C. Asher	7	7	Yes
Mr. Pradeep Poddar	7	6	Yes
Mr. Bradley Louis Huseman <sup>(1)</sup>	4	—	No
Mr. Ravinder K. Reddy <sup>(2)</sup>	4	2	NA

<sup>(1)</sup> Resigned with effect from 10<sup>th</sup> September, 2009.

<sup>(2)</sup> Appointed with effect from 10<sup>th</sup> September, 2009.

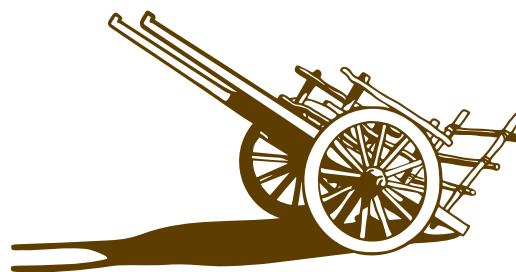
### Audit Committee

The role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 and includes oversight of the Company's financial reporting process, reviewing the financial statements and the adequacy of internal audit. The role of Audit Committee includes the role of discussions with internal and statutory auditors periodically about their scope of audit and adequacy of internal control systems.

The Audit Committee comprises of Mr. Pradeep Poddar - Chairman, Mr. H. C. Asher – Member and Mr. R. C. Khanna - Member, all are Non-Executive Directors. Mr. H. C. Asher and Mr. Pradeep Poddar are independent Directors. The Company Secretary acts as Secretary of the Committee.

The Chairman, Managing Director, Chief Financial Officer, Director - Legal Affairs, Internal Auditor and Statutory Auditors are the invitees to the Audit Committee meetings.

The Audit Committee met during the year on 10<sup>th</sup> June, 2009, 28<sup>th</sup> July, 2009, 16<sup>th</sup> October, 2009 and 23<sup>rd</sup> January, 2010.



Details of members and their attendance in Audit Committee meetings are given in Table 3.

**Table 3** Attendance details in the Audit Committee Meetings:

Name of the Director	Audit Committee Meetings held	Audit Committee Meetings attended
Mr. R. C. Khanna	4	3
Mr. H. C. Asher	4	4
Mr. Pradeep Poddar	4	4

#### Remuneration Committee

The Remuneration Committee considers and recommends to the Board the payment of remuneration/incentive etc. to the Managing Director. The Committee comprises of Mr. R. C. Khanna - Chairman, Mr. H. C. Asher – Member and Mr. Pradeep Poddar - Member.

During the year, the Committee met on 24<sup>th</sup> November, 2009 and 23<sup>rd</sup> January, 2010 and these meetings were attended by all the members of the Committee.

#### Investors'/Shareholders' Grievances Committee

The Investors'/Shareholders' Grievances Committee looks into the redressal of shareholder and investor complaints/grievances. The Committee also looks into the matters concerning the issue of duplicate share certificates, complaints regarding transfer of shares, non-receipt of dividends and Annual Report, dematerialization of share certificates, etc.

The Committee is comprised of Mr. R. C. Khanna – Chairman, Mr. H. C. Asher – Member, Mr. Pradeep Poddar – Member and Mr. Amitabh Jaipuria – Member.

The Company Secretary who is also the Compliance Officer is the Secretary of the Committee.

The Committee met on 4<sup>th</sup> May, 2009 and 10<sup>th</sup> June, 2009. The details of members and their attendance in the Committee meetings are given in Table-4.



## Share Transfer System

## Remuneration to Directors

**Table 4** Attendance details in the Investors'/Shareholders' Grievances Committee Meetings:

Name of the Director	Investors'/ Shareholders' Grievances Committee Meetings held	Investors'/ Shareholders' Grievances Committee Meetings attended
Mr. R. C. Khanna	2	1
Mr. H. C. Asher	2	2
Mr. Pradeep Poddar	2	1
Mr. Amitabh Jaipuria	2	1

During the year, the Company has received 40 complaints. All complaints were resolved by the Company.

The Company's shares being in compulsory dematerialized (demat) list are transferable only through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents (RTA) and approved by the Share Transfer Committee of the Company. The Share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by RTA provided requisite documents are in order.

The Company has a Share Transfer Committee comprising of Mr. Amitabh Jaipuria, Managing Director; Mr. Anupam Bhattacharya, Chief Financial Officer; and Mr. Girish Tekchandani, Company Secretary. The Committee meets once a fortnight/as and when required and approves all matters related to shares i.e. transfers, transmission, dematerialization and rematerialization of shares.

The Board of Directors of the Company is comprised of one Executive Director (Managing Director) and five Non-Executive Directors.

The Managing Director gets monthly salary, perquisites and performance pay as per the policies of the Company. In the event of the Managing Director desiring to leave the service of the Company, he shall give to the Company 180 days notice in writing. However, the Company may, at its sole discretion relieve the Managing Director of



his duties any time during his notice period and, in that event, he will be paid his basic salary for the balance notice period of 180 days.

Mr. Sekhar Natarajan and Mr. Ravinder K. Reddy do not get any salary, sitting fees or commission from the Company. All other Directors on the Board of the Company get sitting fees for attending the meeting of the Board and Board Committees and Commission on the net profits of the Company as decided by the Board, within the overall limits approved by the shareholders.

The criterion for making payments to the Managing Director is:

1. Salary, as recommended by the Remuneration Committee and approved by the Board and the shareholders. Perquisites, retirement benefits and performance pay are also paid/provided in accordance with the Company's compensation policies, as applicable to all employees.
2. Remuneration paid to the Managing Director is determined keeping in view the industry benchmarks.

The criterion for making payments to other Directors is:

1. Directors are paid sitting fees of Rs. 10,000/- for each meeting of the Board and Audit Committee attended by them. Sitting fees of Rs. 5,000/- per meeting attended by them is paid for attending other Committee meetings.
2. Shareholders of the Company have approved payment of commission up to 1% of net profits calculated in accordance with Section 198 of the Companies Act, 1956 collectively to all the independent Directors. The Board decides the amount of commission payable to independent Directors every year within the overall limit of 1% of net profits.

## Management

## Management Discussion and Analysis

The remuneration paid or payable to the Directors is given in Table – 5.

**Table 5** Remuneration paid/payable to the Directors for financial year 2009-10:

(Rs. in Lacs)

Name of the Director	Sitting Fees	Salary & Perquisites	Incentive/ Commission	Total
Mr. Sekhar Natarajan	–	–	–	–
Mr. Amitabh Jaipuria	–	88.00	10.51	98.51
Mr. R. C. Khanna	0.95	–	8.50	9.45
Mr. H. C. Asher	1.30	–	8.50	9.80
Mr. Pradeep Poddar	1.25	–	8.50	9.75
Mr. Ravinder K. Reddy <sup>(1)</sup>	–	–	–	–
Mr. Bradley Louis Huseman <sup>(2)</sup>	–	–	–	–

<sup>(1)</sup> Appointed with effect from 10<sup>th</sup> September, 2009

<sup>(2)</sup> Resigned with effect from 10<sup>th</sup> September, 2009

The Company has no stock option/pension plan for the Directors of the Company. However, employees of the Company including Managing Director of the Company and nominee Directors of Monsanto Company, USA are entitled for the 'Stock Options' declared by the parent Company i.e. Monsanto Company, USA, from time to time.

The management of the Company has developed and implemented policies, procedures and practices that attempt to translate the Company's future plans into reality. The management also identifies, measures, monitors and minimizes the risk factors in the business and ensures safe, sound and efficient operation. These are internally supervised and monitored through the India Leadership Team of the Company.

The Management Discussion and Analysis Report forms part of this Annual Report.



## Internal control systems

The Company has both external and internal audit systems in place. Auditors have access to all records and information of the Company. The Board and the management periodically review the findings and recommendations of the auditors and take necessary corrective actions wherever necessary. The Board recognizes the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company.

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, careful selection, training and development of employees and an organization structure that segregates responsibilities.

## Means of communication

During the year under reference, quarterly results were published in widely circulated national and local daily newspapers i.e. The Business Standard and Sakaal. Financial Results were not sent individually to the shareholders.

As per the requirement of Clause 47(f) of the Listing Agreement, the Company has designated an e-mail ID i.e. [investorcare.india@monsanto.com](mailto:investorcare.india@monsanto.com) of the grievance redressal division exclusively for the purpose of registering the complaints by investors and the ID has been displayed on Company's website also.

The Company's results and official news releases are displayed on the Company's website [www.monsantoindia.com](http://www.monsantoindia.com). There were no presentations made to the institutional investors or analysts during the year.

## Disclosures

### Material transactions with the Company

Except the details of transactions given in Schedule 13 (Note No.16) of the Notes to Accounts, the Company had no material transaction with its' promoters, directors or the management, their relatives or its subsidiaries etc. that may have had a potential conflict of interest with the Company.



## Code of Conduct

### Compliances in respect of capital markets

The Company has complied with all regulatory requirements on capital market and has not been imposed any penalty/strictures by the Stock Exchanges or SEBI or any other statutory authorities.

### Shareholding of Directors

Mr. Sekhar Natarajan and Mr. R. C. Khanna are holding 400 and 1618 equity shares respectively in their individual names. Mr. R.C.Khanna is also holding 194988 equity shares in the capacity of Karta of his HUF. No other Directors are holding any shares in the Company.

The Board of Directors has adopted a Code of Conduct for all the Board Members and Senior Management personnel of the Company. The Code of Conduct is posted on the website of the Company.

All Board Members and Senior Management personnel affirm compliance with the code on annual basis. Based on the affirmations received from Board Members and Senior Management personnel, the Managing Director of the Company has signed the below certificate:

#### To the shareholders of Monsanto India Limited

I, Mr. Amitabh Jaipuria, Managing Director of the Company, hereby certify that the Board Members and Senior Management personnel have affirmed that they have complied with the "Code of Business Conduct" of the Company.

Mumbai: 15<sup>th</sup> May, 2010

**Amitabh Jaipuria**  
Managing Director

## Whistle Blower Policy

The Company has not adopted a Whistle Blower Policy. However, the Company's strong compliance program encourages employees to raise and report concerns in a transparent way.

The Company is also covered by the global Whistle Blower Policy of Monsanto Company, USA, where any employee can raise any issues to the management as and when required.



### Brief Profile of Directors Proposed to be Appointed/re-appointed

As a part of this global policy no retaliatory action may be taken against any whistle blower.

#### **Compliance with mandatory and non-mandatory requirements**

The Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges. Further, the Company has adopted non-mandatory requirement of Clause 49 of the Listing Agreement, viz., Remuneration Committee of the Board, which has been constituted to determine the remuneration of the Executive Director or Managing Director. The Company also maintains the office of the Non-Executive Chairman at its expenses.

**Mr. Ravinder K. Reddy** is a post Graduate in Agricultural Sciences from the ANGRAU University, Andhra Pradesh. He has vast experience in the field of maize, cotton and other row crops seed manufacturing as well as vegetable seed manufacturing in many parts of Asia.

**Mr. Ravinder K. Reddy** has worked with the Monsanto Group for 17 years. He started his career with Cargill Seeds back in 1990 and has subsequently held many assignments in row crop manufacturing with increasing responsibility, from General Manager (Operations), India Seed Supply Lead to Seed Operations Lead for North and South Asia-Pacific region from Singapore. Later on from 2006 onwards he took responsibility of India, China and Pakistan row crop manufacturing operations based out of Hyderabad, India. He left Monsanto in December 2007.

He comes to us from Advanta Seeds Limited in September, 2009 where he was the Global Lead for manufacturing.

Presently, he is the Group Manufacturing Lead – India, in Monsanto. He is also responsible for strategy development and development and implementation of long term business growth plans.

He is not a Director/member of any other Company/Committee.

**Mr. Pradeep Poddar** is a Chemical Engineer from UDCT - Mumbai and an MBA from IIM - Ahmedabad. He has vast experience at the highest levels of Management and is a veteran of the consumer goods industry.

His fast track growth in Glaxo India lead him to the senior management position of Head of Sales & Marketing of its Consumer business. In 1996 he was appointed as the first Managing Director of Heinz in the Indian subcontinent, a position he held till 2004. He successfully built a robust and holistic business footprint for Heinz in India while playing a key role in creating a portfolio of superbrands like Complan, Glucon-D, Nycil and Heinz Tomato Ketchup. In Heinz he was rated highly and was also conferred with a significant award by the global Chairman in year 2000. He pioneered the Heinz Nutrition Foundation India initiative to advance nutrition knowledge and education in the country.

Wisitex Foundation and the Karnataka Government conferred on him the Udyog Ratna Award in year 2001 for his distinguished contribution to the food industry.

He is presently the Managing Director of Mount Everest Mineral Water Limited.

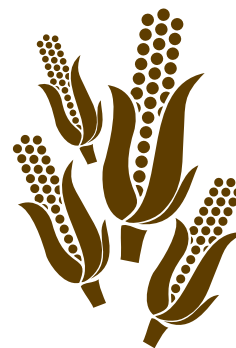
His current directorship/membership is as follows:

Name of the Company	Nature of Interest	Chairmanship or membership of Committee of the Board
Monsanto India Limited	Director	Chairman – AC Chairman – RC Member – ISGC
INX Services Pvt. Ltd.	Director	Member – AC Member - ISGC
Mount Everest Mineral Water Limited	Managing Director	—

AC: Audit Committee

RC: Remuneration Committee

ISGC: Investors'/Shareholders' Grievances Committee



## General Shareholders' information

<b>Address for correspondence</b>	Monsanto India Limited, Ahura Centre, 5 <sup>th</sup> Floor, 96, Mahakali Caves Road, Andheri (East), Mumbai - 400 093. Tel: 022-2824 6450/6702 9851 Fax: 022-2824 6452/2824 4707 Email: investorcare.india@monsanto.com
-----------------------------------	--

### Annual General Meeting and Dividend

Date and Time	Wednesday, 21 <sup>st</sup> July, 2010 at 11.00 a.m.
Venue	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 2 <sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai - 400 001.
Last date for receipt of proxy form	Monday, 19 <sup>th</sup> July, 2010 before 11.00 a.m.
Date of Book Closure	6 <sup>th</sup> July, 2010 to 8 <sup>th</sup> July, 2010 (both days inclusive)
Dividend Payment Date	On or after 21 <sup>st</sup> July, 2010

### Annual General Meetings held during the last three years

	Date	Venue	Time	Special Resolution passed
57th AGM	31 <sup>st</sup> August, 2007	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 2 <sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.	2.30 p.m.	None
58th AGM	22 <sup>nd</sup> September, 2008	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 2 <sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.	11.00 a.m.	None
59th AGM	10 <sup>th</sup> September, 2009	M.C.Ghia Hall, Bhogilal Hargovindas Bldg, 2 <sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.	11.00 a.m.	Approval for payment of Commission to the Non-Executive Directors

### Postal Ballots

No special resolutions were passed through postal ballots in the financial year 2009-10.



### Financial Calendar

Financial year	1 <sup>st</sup> April to 31 <sup>st</sup> March
Declaration of financial results for the quarter ending 30 <sup>th</sup> June, 2009	4 <sup>th</sup> week of July, 2010
Declaration of financial results for the quarter ending 30 <sup>th</sup> September, 2009	4 <sup>th</sup> week of October, 2010
Declaration of financial results for the quarter ending 31 <sup>st</sup> December, 2009	4 <sup>th</sup> week of January, 2011
Declaration of financial results for the quarter ending 31 <sup>st</sup> March, 2010	Last fortnight of May, 2011
AGM for the year ending 31 <sup>st</sup> March, 2010	Last fortnight of July 2011

### Shares information

Listing on Stock Exchanges	<ul style="list-style-type: none"> <li>► Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023.</li> <li>► National Stock Exchange of India Ltd., Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C/1, G-Block, Bandra-Kurla Complex, Bandra(East) Mumbai – 400 051.</li> </ul>
Listing Fees	Listing fees of both the Stock Exchanges has been paid for the year 2010-11.
Stock Code: <ul style="list-style-type: none"> <li>► Bombay Stock Exchange Limited</li> <li>► National Stock Exchange of India Ltd.</li> <li>► International Securities Identification Number (ISIN)</li> </ul>	524084  Monsanto  INE274B01011
Registrar and Share Transfer Agents/address for correspondence	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. Tel: 022-2596 3838, 022-2594 6970 Fax: 022-2596 2691 email: rnt.helpdesk@linktime.co.in
Dematerialization of shares and liquidity	56.97% of the paid-up capital of the Company has been dematerialized as on 31 <sup>st</sup> March, 2010.
Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments	Not Applicable



### Shareholding Pattern and Distribution Schedule as on 31<sup>st</sup> March, 2010

SHAREHOLDING PATTERN		
Category	No. of Shares	%
Promoters	62,27,022	72.15
Mutual Funds	3,26,044	3.78
Trust	940	0.01
Bodies Corporate	4,76,417	5.52
Public	15,04,019	17.43
NRI/FIIs/OCBs	64,589	0.74
Others	32,143	0.37
<b>Total</b>	<b>86,31,174</b>	<b>100.00</b>

DISTRIBUTION SCHEDULE		
Category	No. of Shareholders	No. of Shares
Upto 100	6,478	38,042
101 – 200	1,524	26,473
201 – 500	2,571	95,236
501 – 1000	1,287	1,12,742
1001 – 5000	2,139	5,49,441
5001 – 10000	186	1,36,774
10001 and above	163	76,72,466
<b>Total</b>	<b>14,348</b>	<b>86,31,174</b>

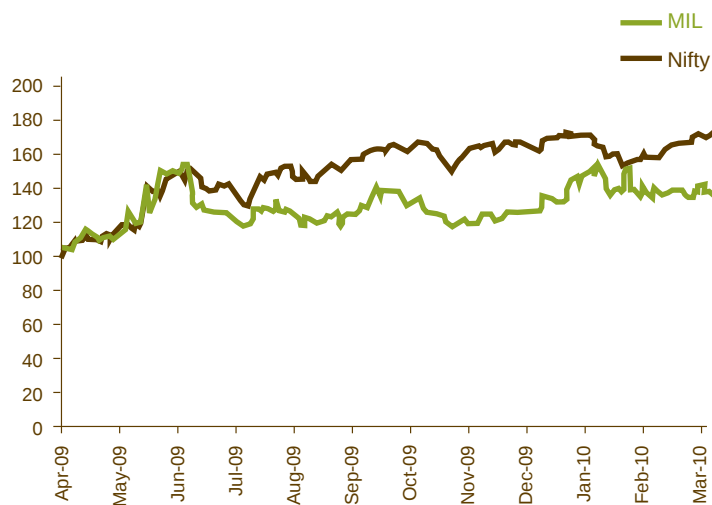
### Share Price performance

#### High-low share prices on BSE and NSE

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	No. of shares	High (Rs.)	Low (Rs.)	No. of shares
April-09	1,500.00	1,251.60	30,632	1,509.95	1,241.15	24,971
May-09	1,990.00	1,399.90	47,251	1,980.00	1,390.20	70,187
June-09	2,115.00	1,545.05	5,09,497	2,115.00	1,500.00	93,147
July-09	1,805.25	1,450.05	31,484	1,800.00	1,460.00	49,110
August-09	1,635.00	1,445.15	29,336	1,649.95	1,450.00	30,607
September-09	1,824.00	1,475.00	1,07,404	1,825.00	1,470.05	111,709
October-09	1,763.00	1,505.00	44,884	1,772.00	1,501.30	56,255
November-09	1,602.00	1,452.00	24,870	1,595.00	1,460.00	31,801
December-09	1,720.00	1,530.00	29,463	1,720.00	1,530.00	48,440
January-10	2,023.00	1,645.00	1,00,075	2,025.00	1,642.10	139,772
February-10	1,990.00	1,661.05	6,66,155	1,970.00	1,675.00	159,577
March-10	1,795.00	1,651.05	27,243	1,800.00	1,656.00	39,961

## Plant locations

Share price movement on NSE vis-s-vis CNX Nifty



### Herbicides

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

### Seeds

- Village: Bapirajagudem  
Pedavegi Mandal, Vijaya Rai Post,  
District: West Godavari – 534 475  
Eluru, Andhra Pradesh.
- Moka Road, Srivara Village,  
Bellary – 583 103, Karnataka.
- Survey No.677-679,  
Village: Lalgudi Malakpet,  
Shamirpet, District: Ranga Reddy– 500 078  
Andhra Pradesh.

# Auditors' Certificate

to the members of Monsanto India Limited

We have examined the compliance of conditions of Corporate Governance by Monsanto India Limited for the year ended 31<sup>st</sup> March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the state of affairs of the Company.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Registration No. 117366W)

**R. Laxminarayan**  
*Partner*  
(Membership No. 33023)

Mumbai: 15<sup>th</sup> May, 2010

# Management Discussion and Analysis

## Introduction

The growth in agricultural productivity has slowed in many regions and we now need another Green Revolution, like the earlier one, based on the latest agricultural technology available today.

## The Impact of Biotechnology

A collaborative approach, a science based regulatory system and far-reaching Government policies led to the introduction of Bt cotton in India - which helped double Indian cotton production in just seven years.

In the 70s, India was successful in creating a green revolution which gave a boost to the agriculture sector across the country. The Green Revolution accelerated the yields of major food crops such as paddy, wheat, millets and oil seeds, particularly in the states of Punjab, Haryana, parts of Uttar Pradesh and Rajasthan. This revolution based on the latest agricultural technology of that day – hybrid seeds and balanced fertilizer use, made India self sufficient in food grains and changed our dependence on food aid and food imports.

Growing population and changing food patterns due to increased prosperity as well as the changing environment, is now putting pressure on our agriculture - again. The growth in agricultural productivity has slowed - particularly in the regions which had contributed significantly to the success of the first green revolution and we now need another Green Revolution, like the earlier one, based on the latest agricultural technology available today - Biotechnology, Molecular Breeding and agronomic extension services.

The advances in biotechnology and their integration with plant breeding are likely to be an integral part of the impending second green revolution in Indian Agriculture.

India has already witnessed such a technology led revolution in cotton - The Second White Revolution (the Milk revolution was the first one). A collaborative approach, a science-based regulatory system and far reaching Govt policies led to the introduction of Bt cotton in India - which helped double cotton production in India in a mere seven years and turned India from a net importer to a net exporter of cotton.

These technologies are already making a huge impact on global agriculture and are helping improve productivity in many countries in crops such as maize, cotton, soybeans, canola, sugarcane among others. Many institutions in India too, are now working towards developing and adopting newer technologies in the agriculture sector, in many important crops. The future for such technologies is promising and increasingly inevitable.



### Challenges for Indian Agriculture

Increasing  
population will  
generate massive  
new demand for  
food, feed and fiber.

### Overview of the Agriculture Sector in India

The expansion of  
the seeds industry  
has occurred in  
parallel with growth  
in agricultural  
productivity.

Over the past two decades, the advances made in agricultural biotechnology have opened up new frontiers in agricultural production. The new techniques for understanding and modifying the genome of living organisms have led to large investments in agri-biotechnology research and development. Most of this development has taken place in North America, Western Europe and East Asia, with the United States being far ahead of the others.

By 2050, the population of the world is likely to reach 9 billion and the population of India is likely to be at ~1.63 billion. This increase in population will generate massive new demand for food, feed and fiber. At the same time the land used for cultivation is constant in most parts of the world including India. Agricultural land can be increased in a very few places and that too at the cost of forests - an unacceptable cost in today's world.

To provide feed, fuel and clothes to our growing population, farm production must increase on a continuous basis through improvements in farm productivity. The genetic capability of the seed must also improve as a result.

The 11<sup>th</sup> Five-Year Plan recognizes these facts and the Government of India is focusing on the agriculture sector to achieve agriculture productivity and inclusive GDP growth. At the current pace of growth, meeting the future food grain, fibre and feed demand would be an uphill task.

Seeds and herbicides are important input components for productive agriculture. In the significant advances that India made in agriculture in the last four decades, the role of the agriculture input industry has been substantial. The expansion of the seeds industry has occurred in parallel with growth in agricultural productivity. Improved seed is the most important factor in improved agricultural productivity.

Indian agriculture faces many challenges today – from limited availability of quality seeds, to soil degradation, to depleting water tables, to reduced farm labor availability, amongst many others.

## Overview of the Agriculture Sector in India (contd.)

Investments are also being made in modern supply chains and organized retail stores for supply of agri-inputs - from seed to nutrients to crop protection chemicals.

### Industry structure - Seeds

The Seed Replacement Rate in most crops is very low, with the exception of cotton and some vegetables.

Availability of farm labor has reduced due to progressive policies of the Govt. and its social schemes such as the NREGA, consequently farm labor has also become more expensive. Expensive labor in turn means that practices such as manual weeding become difficult.

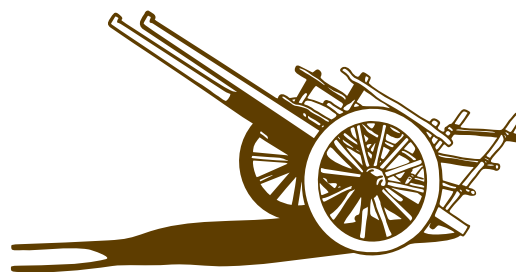
Across India, agri-business companies are developing new technologies and models to tackle some of these challenges and to reach out to farmers and consumers. Investments are also being made in modern supply chains and organized retail stores for supply of agri-inputs - from seed to nutrients to crop protection chemicals.

The Indian agricultural sector is changing and catching up with the rest of the world. There is an increasing realization that it needs to - and indeed can, change much faster. The Government, Public and Private sector share the responsibility to make this happen.

Seed is the most important input component for productive agriculture. Although the Indian seed market is one of the largest, it is almost exclusively supplied by locally produced and farmer saved seeds. Farmers retain seeds of major food crops and commercial crops for many years and the largest volume of seed trade involves local exchanges of established self-pollinating varieties. The Seed Replacement Rate in most crops is very low, with the exception of cotton and some vegetables. The use of hybrid seeds is mostly confined to cotton and to some extent to maize, millets, sunflower and a few vegetables.

However, awareness about the high yield and quality of produce from hybrid seeds, is beginning to attract farmers to switch over to hybrids in many important crops. Many institutions are also doing extensive research in hybrid varieties.

The total seed market in India is ~5,000 crores, which is relatively small compared to our agricultural acres and compared to the total value of agricultural produce.



The Government's consideration to embrace biotechnology as a means of achieving food security has attracted several leading biotechnology-focused global seed companies to India.

#### Industry structure - Herbicides

Globally, herbicides represent the largest group within agrochemicals. In India this is still not the case. Chemical weed control is slowly becoming one of the more important and reliable measures in weed management systems in India.

Following the easing of government regulations and the implementation of a new seed policy in 1988, the private sector seed companies have started playing a major role in seed development and marketing. The Government's consideration to embrace biotechnology as a means of achieving food security has attracted several leading biotechnology-focused global seed companies to India, including Monsanto.

This market will grow strongly on the back of increased hybridization in key crops, increased farmer realization of the benefits of new seeds every year and due to newer technologies being made available. One other factor that will contribute strongly to its growth is India's recent introduction of the necessary laws to protect Unique and Distinct Plant Varieties under the PVPFRA legislation.

The chemical industry is one of the oldest industries in India and it contributes significantly towards the industrial and economic growth of the nation. It is highly science based and provides valuable chemicals for various end products such as agriculture, textiles, paper, paints, food processing, varnishes, leather etc., which are required in almost all walks of life.

Agrochemicals have become an integral part of the development process of agriculture and the use is expected to increase manifold in India. Indian agriculture is still very dependent on traditional practices and its insecticides, pesticides and herbicides usage is still very low. Also globally, herbicides represent the largest group within agrochemicals, while in India this is still not the case. Chemical weed control is slowly becoming one of the more important and reliable measures in weed management systems in India.

There are three growth drivers in this business. First, the rise in farm labor costs and the continuous decrease in the availability of farm labor. Secondly, the increasing practice of conservation tillage, wherein crops are grown with minimal cultivation of the soil. Crops grown without tillage use water more efficiently, the water-holding capacity of the soil increases and water losses from runoff

The herbicide market in India is extremely competitive with 150+ manufacturers and many more brands being available. Most of these players import their requirement of the intermediate product from countries such as China.

#### Operational review

MIL's seed business improved during the year through a combination of high quality new products and a better mix, recording strong high-teens percentage growth.

and evaporation are reduced. In addition, soil organic matter and populations of beneficial insects are maintained, soil nutrients are less likely to be lost from the field and less time and labor is required to prepare the field for planting. The third growth factor is the increasing use of herbicide tolerant crops across the world and the resultant use of herbicides for 'over the top' application.

In India, herbicides are manufactured and marketed by many global and local companies. The industry also faces competition from generic players in the industry.

In India and globally, glyphosate is the most significant herbicide product and is preferred by farmers because it is relatively 'safe' and very effective. This market in India is extremely competitive with 150+ manufacturers and many more brands being available. Most of these players import their requirement of the intermediate product from countries such as China. Unfortunately many of these products are also of questionable and inconsistent quality. This market is also characterized by extreme price competition. Monsanto has a strong market position based on its quality and Brand reputation.

#### Dekalb® hybrid maize seeds

The demand for maize grain in India is continuously growing due to population growth and the changing food habits which in turn are driving the demand for poultry products. The productivity of maize in India is very low due to the use of conventional seeds and low hybridization. The Company estimates that at present, hybridization is at less than 50%, which is increasing but at a slow pace.

Our maize seeds are sold under the Dekalb® brand name - and are well established within the farming community.

During the year, the Company's seeds sales increased significantly recording strong high-teens percentage growth. The Company's seed business also improved during the year through a combination of high quality new products and a better mix. At the same time costs of manufacture and sales were kept strictly under control.



### Operational review

Despite intense competition in the herbicides business, the sales of the Roundup® increased in volume terms. This is a huge achievement and underlines the core brand strength.

### Financial overview

Our focus through the year has been on developing the market and educating the farmer on the benefits of our superior products. We probably have one of the largest direct contact programs in the country today.

The increase in the sales is being well supported by appropriate investments in Production, Quality and Breeding to sustain the growth.

#### Roundup® product portfolio

The Company's glyphosate based herbicide is sold under the popular brand name Roundup®. The Company also sells glyphosate in bulk to corporate customers. Glyphosate is the largest selling herbicide globally and Roundup® is the market leader globally.

Despite intense competition in the herbicides business, the sales of the brand Roundup® increased in volume terms. This is a huge achievement and one which underlines the core brand strength. The prices of herbicides products were under severe pressure globally throughout the year, impacting the realization of our brand Roundup® as well.

To cope with the downturn in the global business scenario in glyphosate and considering the weak potential for a quick turnaround in this situation, the Company increased its focus on costs – both fixed as well as variable. These actions should result in a lower cost to make, sell and deliver our products and will enable us to compete more effectively in the market.

During the year under review, the net sales of the Company increased by 6% to Rs. 410.1 crores from Rs. 387 crores in 2008-09.

Profit before tax decreased by 33.5% to Rs. 57.8 crores in 2009-10 from Rs. 86.9 crores in 2008-09.

Profit after tax decreased by 26.8% to Rs. 53.8 crores in 2009-10 from Rs. 73.5 crores in 2008-09.



## Opportunities

Agricultural development through the seed sector could make India a prospective Agricultural commodity powerhouse of the world.

## Threats, risks and concerns

These results have been delivered despite the intense price pressure on Roundup® glyphosate herbicides and despite lower investment income during the year as well as income related to the divested businesses. The core businesses saw volume growth and strong cost management.

Overheads and people related costs were also managed well during the year, with declines in staff costs.

Indian Agriculture presents an important opportunity for companies such as ours, that are focused on the long term and that are interested in long term value creation. Agricultural development through the seed sector could make India a prospective Agricultural commodity powerhouse of the world. An effective Indian seed industry with the capacity for a continuous supply of improved high quality seed varieties at competitive prices would serve as a catalyst to increase food, feed and fibre production and for sustained agricultural and socio-economic development.

Many of the problems that impede the productivity of our farmers have defied a solution through conventional breeding approaches - these include widespread moisture stress, expanding salinity, new pests and biotypes of higher virulence as well as poor shelf life. Some of these problems will yield to a biotech solution and the Company is working towards that.

Increased labor cost for manual weeding and increased awareness of farmers on the benefits of chemical weeding as well as increasing use of conservation tillage present robust opportunities for growth in the glyphosate business.

Our products face intense competition from products of many Indian and global competitors in all our businesses. Competition from generic players in the herbicide business continues to exert pressure.

Agricultural activities are still greatly dependant upon the vagaries of the monsoon and upon soil conditions, availability of skilled labor, quality inputs and credit terms as well as global commodity cycles.



Agricultural activities are still greatly dependant upon the vagaries of the monsoon and upon soil conditions.

### Outlook

Better technologies, that provide better value while mitigating external risks, have been generally well received both by the Government and the farmer.

Macro economic factors like the recession, inadequate rainfall, subdued demand, political uncertainty and acts of god, may affect the business of your Company as also the industry at large.

The business of the Company is dependent on various laws, regulations and policies announced from time to time. Any developments in these areas affecting the freedom of the Company to operate may adversely affect the business and growth of the Company.

The Company imports most of its technical materials and hence the business is susceptible to the volatility of the exchange rates and import duties.

Open pollinated seeds account for ~58% of the maize seeds market in India. The growth of maize seeds sales depends largely on continuing hybridization of the maize seeds business.

The Company remains focused on its key objectives of profitable and sustainable growth, maximizing operational efficiencies and striving to attain the highest standards of quality, safety and productivity.

Through - continuous breeding research efforts, new product offerings, aggressive sales and marketing strategies, a strong brand, far-reaching distribution infrastructure and investments in people development, the Company is hopeful of maintaining its performance going forward. Efforts at offering better technologies, that provide better value to the farmer, while mitigating external risks, have been generally well received both by the Government and the farmer. Continued success in these efforts is critical to maintain these growth prospects.

The overall outlook for the growth of the maize seeds business continues to be positive and the management remains optimistic with regards to continued growth. Competition from generic players in the herbicide business continues to exert pressure on the margins of our glyphosate product - Roundup®.

### Internal control systems

MIL's internal audit is conducted by a reputed independent firm. Their observations and recommendations are reviewed by the Audit Committee.

The internal control system in the Company is reviewed by the Audit Committee of the Board of Directors which would provide assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The transactions are authorized, recorded and reported in conformity with generally accepted accounting practices. The internal audit of the Company is conducted by a reputed independent firm. The observations and recommendations of the internal auditors are reviewed by the Audit Committee and adequate follow up measures are taken to overcome the identified control weaknesses.

All employees are trained to follow your Company's business conduct guidelines with Integrity as the foundation of every transaction and activity that is undertaken.

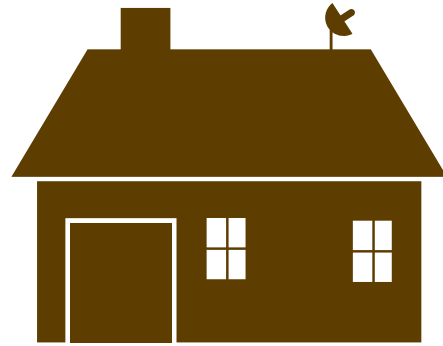
### Human Resources

MIL continues to invest in its people by providing appropriate training, refresher courses and skill up-gradation programs.

The Company believes in allowing people to set their own personal development targets and gives them the freedom to achieve them. This idea has been ingrained in all our employees which has become a source of motivation for them.

The Company continues to invest in its people by providing appropriate training, refresher courses and skill up-gradation programs. A robust implementation of the unique Development, Performance and Rewards program provides an opportunity for all employees not only to be recognized and rewarded for efforts but also to develop and grow into leadership positions within the organization. The focus is on providing an enabling environment that motivates employees to perform at their best. The Company has been recognized for its efforts in this field by various forums including a top 50 position at the prestigious 'Great Places to Work' awards.

As on 31<sup>st</sup> March, 2010, the number of people employed by the Company were 379.



### Cautionary Statement

The statement made in this section describes the Company's objectives, projections, expectations and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations.

The annual results can differ materially from those expressed or implied, depending on the economic and climatic conditions, Government policies and other factors which are beyond the control of the Company.

# Financial Summary For 10 Years

(Rs. in Lacs)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>I. Income, Profit and Dividend</b>										
Sales (Net)	41014	38700	36523	30922	33084	37758	33330	29391	29606	26918
Other Income	1254	1514	6656 <sup>(1)</sup>	3139 <sup>(1)</sup>	1460	1247	995	578	308	238
Total Income	42268	40214	43179	34061	34544	39005	34324	29969	29914	27156
Profit Before Depreciation, Interest & Tax	6953	10051	13817	8748	8380	9751	9196	6587	4275	2475
Depreciation	1148	1335	1270	809	782	794	843	653	618	334
Profit Before Interest & Tax (PBIT)	5805	8716	12547	7939	7598	8957	8353	5934	3657	2141
Interest	29	24	35	24	22	22	20	25	199	210
Profit Before Tax (PBT)	5777	8693	12512	7915	7576	8935	8333	5909	3459	1931
Tax	395	1339	2495	862	299	1257	1403	851	349	7
Profit After Tax (PAT)	5382	7354	10017	7053	7276	7678	6930	5059	3110	1924
Dividend	1510	2071	17866	1942	11221	1985	1726	1079	690	414
Dividend - Rs. per share	17.50 <sup>(2)</sup>	24.00 <sup>(3)</sup>	207.00 <sup>(4)</sup>	22.50 <sup>(5)</sup>	130.00 <sup>(6)</sup>	23.00	20.00	12.50	8.00	10.00
<b>II. Share Capital and Capital Employed</b>										
Share Capital	863	863	863	863	863	863	863	863	863 <sup>(7)</sup>	431 <sup>(8)</sup>
Reserves and Surplus	34295	30678	25748	36634	31839	37357	31934	26951	23110	21112
Net Worth (Shareholders' Fund)	35158	31541	26611	37497	32702	38220	32797	27814	23973	21544
Loans (Secured and Unsecured)	—	—	—	—	—	200	200	200	237	267
Total Capital Employed	35158	31541	26611	37497	32702	38420	32997	28014	24210	21811
Represented by										
Fixed Assets (Net)	11560	11362	11443	11263	7544	6451	6337	6721	6256	5519
Investments	8072	5797	25514	18216	5016	20165	—	—	—	—
Net Current & Other Assets	15526	14382	(10346)	8019	20142	11804	26660	21293	17954	16292
Total Assets	35158	31541	26611	37497	32702	38420	32997	28014	24210	21811
<b>III. Return</b>										
On Sales (PBT) %	14	22	34	26	23	24	25	20	12	7
On Capital Employed (PBIT) %	17	28	47	21	23	23	25	21	15	10
On Shareholders' Funds (PAT) %	15	23	38	19	22	20	21	18	13	9
Per Share (PAT) Rs.	62	85	116	82	84	89	80	59	36	45 <sup>(9)</sup>

<sup>(1)</sup> Includes divestiture income.<sup>(2)</sup> Interim dividend of Rs. 10 and Final dividend of Rs. 7.50.<sup>(3)</sup> Interim dividend of Rs. 12 and Final dividend of Rs. 12.<sup>(4)</sup> 1<sup>st</sup> Interim dividend of Rs. 12, 2<sup>nd</sup> Interim dividend of Rs.180 as a 'special dividend' and Final dividend of Rs. 15.<sup>(5)</sup> 1<sup>st</sup> and 2<sup>nd</sup> Interim dividend of Rs. 10 each and Final dividend @ Rs. 2.50.<sup>(6)</sup> Interim dividend of Rs. 120 including 'special dividend' of Rs.110 and Final dividend of Rs. 10.<sup>(7)</sup> Increased by Preferential Allotment to parent company and its subsidiaries.<sup>(8)</sup> Increased by Bonus Issue in the ratio of 1:1.<sup>(9)</sup> Calculated on the pre bonus share capital.





# Auditors' Report

To the Members of Monsanto India Limited

1. We have audited the attached Balance Sheet of Monsanto India Limited ('the Company') as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Registration No. 117366W)

Mumbai: 15<sup>th</sup> May, 2010

**R. Laxminarayan**  
*Partner*  
(Membership No. 33023)

## Annexure to the Auditors' Report

(Referred to in paragraph 3 of our Report of even date)

- (i) Having regard to the nature of the Company's business/activities, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
- a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.



- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Hence, Clause (iii) of Paragraph 4 of the order is not applicable to the Company for the year.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control systems.
- (vi) In respect of the contracts or arrangements referred to in Section 301 and their entry in the Register required to be maintained under that section, to the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956. Hence, Clause (v) of Para 4 of the Order is not applicable to the Company for the year.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Hence, Clause (vi) of paragraph 4 of the Order is not applicable to the Company for the year.
- (viii) In our opinion, the internal audit functions carried out during the year by a company appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of its herbicides business and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x) According to the information and explanations given to us in respect of statutory dues:
  - i) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities.
  - ii) There were no undisputed amounts payable in respect of Income tax, Wealth tax, Service tax, Sales tax, Customs duty, Excise duty and Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable except for value added tax on Sale of fixed assets amounting to Rs. 1.92 Lacs.

- iii) Details of dues of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as at 31<sup>st</sup> March, 2010 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount Involved (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax demand	197.70	Assessment Year 2001-2002	Income Tax Appellate Tribunal
		12.19	Assessment Year 2003-2004	Commissioner of Income Tax (Appeals)
		1,853.61	Assessment Year 2006-2007	Commissioner of Income Tax (Appeals)
		1.77	Assessment Year 2005-2006	Income Tax Appellate Tribunal
Dadra and Nagar Haveli Value Added Tax Regulation, 2005	Sales Tax demand	151.44	Assessment Year 2003-2004	Deputy Commissioner of Sales Tax-Dadra and Nagar Haveli
		340.30	Assessment Year 2004-2005	Deputy Commissioner of Sales Tax-Dadra and Nagar Haveli
		60.14	Assessment Year 2004-2005	Deputy Commissioner of Sales Tax-Dadra and Nagar Haveli
Uttar Pradesh Trade Tax Act, 1948	Sales Tax demand	0.28	Assessment Year 1999-2000	Joint Commissioner of Trade Tax, Uttar Pradesh
		1.53	Assessment Year 2002-2003	Joint Commissioner of Trade Tax, Uttar Pradesh
		47.30	Assessment Year 2003-2004	Deputy Commissioner of Sales tax, Lucknow
		44.74	Assessment Year 2005-2006	Joint Commissioner of Trade Tax, Uttar Pradesh
		51.08	Assessment Year 2006-2007	Deputy Commissioner, Commercial Taxes (Assessment) - Uttar Pradesh
Gujarat Sales Tax Act, 1969	Sales Tax demand	58.42	Assessment Year 2001-2002 to 2005-2006	VAT officer, Gujarat
Maharashtra Value Added Tax Act, 2002	Sales Tax demand	15.51	Assessment Year 2003-2004	Deputy Commissioner of Sales tax, Mumbai
Bihar Sales Tax Act	Sales Tax demand	142.78	Assessment Year 2002-2003	Deputy Commissioner, Commercial Taxes (Assessment)- Bihar
		217.11	Assessment Year 2003-2004	Deputy Commissioner, Commercial Taxes (Assessment)- Bihar
		84.22	Assessment Year 2004-2005	Deputy Commissioner, Commercial Taxes (Assessment)- Bihar
		29.15	Assessment Year 2005-2006	Deputy Commissioner, Commercial Taxes (Assessment)- Bihar
Kerala Sales Tax Act	Sales Tax demand	20.92	Assessment Year 2005-2006 & 2006-2007	Deputy Commissioner, Commercial Taxes (Assessment), Kerala
Punjab Sales Tax Act	Sales Tax demand	13.82	Assessment Year 2003-2004 & 2004-2005	Deputy Commissioner, Commercial Taxes (Assessment)- Punjab



- (xi) The Company has no accumulated losses as at 31<sup>st</sup> March, 2010 and has not incurred any cash loss during the financial year ended on that date and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not borrowed from any bank, financial institution or issued any debentures.
- (xiii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Hence, Clause (xv) of paragraph 4 of the Order is not applicable to the Company for the year.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, there have been no term loans availed during the year. Hence Clause (xvi) of paragraph 4 of the said Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us and on an overall examination of the Balance Sheet and other records of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xvii) The Company has not made any preferential allotment of shares during the year. Hence, Clause (xviii) of paragraph 4 of the said Order is not applicable to the Company.
- (xviii) According to the information and explanations given to us, the Company has not issued any debentures during the year and hence, Clause (xix) of paragraph 4 of the Order is not applicable to the Company for the year.
- (xix) According to the information and explanations given to us, the Company has not raised any money by public issue during the year. Hence, Clause (xx) of paragraph 4 of the Order is not applicable to the Company for the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
 (Registration No. 117366W)

**R. Laxminarayan**  
*Partner*  
 (Membership No. 33023)

Mumbai: 15<sup>th</sup> May, 2010

# Balance Sheet

As at 31<sup>st</sup> March, 2010

(Rs. in Lacs)

	Schedule	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
<b>I Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	863.12	863.12
Reserves and Surplus	2	34,295.17	30,677.66
<b>TOTAL</b>		<b>35,158.29</b>	<b>31,540.78</b>
<b>II Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	3	18,830.83	17,624.33
Less: Depreciation		7,365.56	6,285.12
Net Block		11,465.27	11,339.21
Capital Work-in-Progress		95.18	23.10
		11,560.45	11,362.31
<b>Investments</b>	4	8,072.26	5,796.78
<b>Deferred Tax Assets (Net)</b>		248.97	275.05
<b>Current Assets, Loans and Advances</b>			
Inventories	5	18,248.63	21,319.06
Sundry Debtors	6	4,511.16	4,443.47
Cash and Bank Balances	7	3,165.94	1,076.50
Other Current Assets	8	23.70	113.70
Loans and Advances	9	1,876.40	2,874.70
<b>Less:</b>		<b>27,825.83</b>	<b>29,827.43</b>
<b>Current Liabilities and Provisions</b>			
Current Liabilities	10	10,822.72	13,415.75
Provisions		1,726.50	2,305.04
		12,549.22	15,720.79
<b>Net Current Assets</b>		15,276.61	14,106.64
<b>TOTAL</b>		<b>35,158.29</b>	<b>31,540.78</b>
Significant Accounting Policies and Notes to Accounts	14		

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**R. Laxminarayan**  
Partner

Mumbai: 15<sup>th</sup> May, 2010

For and on behalf of the Board

**Sekhar Natarajan**  
Chairman

**R C Khanna**  
Director

**Ravinder K Reddy**  
Director

**Anupam Bhattacharya**  
Chief Financial Officer

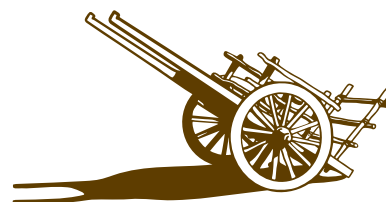
**Amitabh Jaipuria**  
Managing Director

**H C Asher**  
Director

**Pradeep Poddar**  
Director

**Girish Tekchandani**  
Company Secretary





# Profit and Loss Account

For the Year Ended 31<sup>st</sup> March, 2010

(Rs. in Lacs)

	Schedule	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
<b>Income</b>			
Sales (Gross)		41,930.10	40,559.98
Less: Excise Duty		916.56	1,859.62
Sales (Net)		41,013.54	38,700.36
Other Income	11	1,254.47	1,514.21
		<b>42,268.01</b>	<b>40,214.57</b>
<b>Expenditure</b>			
Materials and Inputs	12	22,241.60	13,111.62
Operation, Administration and Other Expenses	13	13,073.31	17,051.81
Interest		28.78	23.55
Depreciation and Amortization		1,147.63	1,335.00
		<b>36,491.32</b>	<b>31,521.98</b>
Profit Before Tax		5,776.69	8,692.59
<b>Provision for Taxation:</b>			
Income Tax:			
Current		200.00	1,250.00
Tax Provision in respect of earlier years		167.00	—
Deferred		26.08	(130.04)
Fringe Benefit Tax		—	215.97
Wealth Tax		1.44	3.00
		394.52	1,338.93
Profit After Tax		5,382.17	7,353.66
Balance Brought forward from Previous Year		6,440.01	2,245.24
<b>Profit Available for Appropriation</b>		<b>11,822.18</b>	<b>9,598.90</b>
<b>Appropriations</b>			
Interim Dividends		863.12	1,035.74
Tax on Interim Dividends		146.69	176.02
Proposed Dividend		647.34	1,035.74
Tax on Proposed Dividend		107.51	176.02
Transfer to General Reserve		538.22	735.37
Balance Carried Forward		9,519.30	6,440.01
		<b>11,822.18</b>	<b>9,598.90</b>
<b>Basic &amp; Diluted Earnings per Share of face value of Rs. 10/- each (Rs.) (Refer Note 26 of Schedule 14)</b>			
		62.36	85.20
Significant Accounting Policies and Notes to Accounts	14		

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**R. Laxminarayan**  
Partner

Mumbai: 15<sup>th</sup> May, 2010

**For and on behalf of the Board**

**Sekhar Natarajan**  
Chairman

**R C Khanna**  
Director

**Ravinder K Reddy**  
Director

**Anupam Bhattacharya**  
Chief Financial Officer

**Amitabh Jaipuria**  
Managing Director

**H C Asher**  
Director

**Pradeep Poddar**  
Director

**Girish Tekchandani**  
Company Secretary

# Schedules

Forming Part of the Balance Sheet

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
<b>Schedule 1 – Share Capital</b>		
<b>Authorised:</b>		
10,000,000 Equity Shares of Rs. 10/- each	1,000.00	1,000.00
<b>Issued and Subscribed:</b>		
8,631,574 Equity Shares of Rs. 10/- each	863.16	863.16
<b>Paid Up:</b>		
8,631,174 Equity Shares of Rs. 10/- each fully paid-up	863.12	863.12
Notes:		
Of the above:		
1. 5,303,545 Equity Shares have been allotted as fully paid-up bonus shares, by capitalization of general reserves		
2. 2,313,031 Equity Shares have been issued pursuant to agreements against the acquisition of businesses of group companies		
3. 6,227,022 Equity Shares are held in the aggregate by Monsanto Company, USA, the holding company and its subsidiaries, as under:		
a) 1,600,960 shares are held by Monsanto Company, USA, the holding Company		
b) 3,667,252 (Previous Year 2,717,252) Equity shares are held by Monsanto Holdings Private Limited and		
c) 958,810 (Previous Year 1,908,810) Equity shares are held by Bretco Holding ( Mauritius) Limited		
<b>Schedule 2 – Reserves And Surplus</b>		
<b>Share Premium Account:</b>		
Balance as per last Balance Sheet	14,140.05	14,140.05
<b>General Reserve:</b>		
Balance as per last Balance Sheet	10,097.60	9,362.23
Add: Transfer from Profit and Loss Account	538.22	735.37
	10,635.82	10,097.60
Balance in Profit and Loss Account	9,519.30	6,440.01
	<b>34,295.17</b>	<b>30,677.66</b>

# Schedules

Forming Part of the Balance Sheet



## Schedule 3 – Fixed Assets

(Rs. in Lacs)

Description	Gross Block (At Cost)			Depreciation /Amortization			Net Block	
	As at 1 <sup>st</sup> April, 2009	Additions during the year	Sale/Retire-ment during the year	As at 1 <sup>st</sup> April, 2009	For the year	Deletions	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
<b>Intangible Assets (Acquired)</b>								
Intellectual Property	218.40	–	–	61.88	43.68	–	112.84	156.52
Software	34.41	69.20	–	33.04	1.26	–	69.31	1.37
<b>Tangible Assets</b>								
Freehold Land	555.90	453.81	–	–	–	–	1,009.71	555.90
Buildings	4,634.69	153.70	–	1,908.28	178.65	–	2,701.46	2,726.41
Leasehold Improvements	398.23	–	–	398.23	–	–	–	–
Plant and Machinery	10,033.53	407.07	17.57	3,110.40	792.31	16.05	6,536.37	6,923.13
Furniture, Fixtures and Office Equipment	1,332.44	264.23	2.36	636.98	96.95	1.32	861.70	695.46
Vehicles	416.73	–	121.58	136.31	34.78	49.82	173.88	280.42
<b>Total</b>	<b>17,624.33</b>	<b>1,348.01</b>	<b>141.51</b>	<b>6,285.12</b>	<b>1,147.63</b>	<b>67.19</b>	<b>11,465.27</b>	
<b>Previous Year</b>	<b>16,658.15</b>	<b>1,533.49</b>	<b>567.31</b>	<b>5,226.75</b>	<b>1,335.00</b>	<b>276.63</b>	<b>–</b>	<b>11,339.21</b>
<b>Capital Work-in-progress</b>							<b>95.18</b>	<b>23.10</b>
							<b>11,560.45</b>	<b>11,362.31</b>

# Schedules

Forming Part of the Balance Sheet

	Face Value (Rs. per Unit)	As at 31 <sup>st</sup> March, 2010 (No. of Units)	As at 31 <sup>st</sup> March, 2009 (No. of Units)	As at 31 <sup>st</sup> March, 2010 (Rs. in Lacs)	As at 31 <sup>st</sup> March, 2009 (Rs. in Lacs)
<b>Schedule 4 – Investments</b>					
<b>Current Investments (Non-Trade, Unquoted, Fully Paid)</b>					
(at lower of cost and fair value)					
<b>Units of Mutual Funds</b>					
<b>Liquid Fund:</b>					
1. HDFC Liquid Fund - Premium Plan - Daily Dividend	10	21,021,283	–	2,577.17	–
2. HDFC Cash Mgmt Fund - Treasury Advantage - WP - Daily Dividend	10	28,979,254	18,097,790	2,907.05	1,815.48
3. ICICI Prudential Flexible Income Plan - Premium - Daily Dividend	100	2,425,218	–	2,564.30	–
4. ICICI Prudential Flexible Income Plan - Premium - Daily Dividend	10	–	37,653,597	–	3,981.30
5. ICICI Prudential Liquid - Super IP - Daily Dividend	100	23,730	–	23.74	–
				<b>8,072.26</b>	<b>5,796.78</b>
NOTE: Investments purchased and sold during the Year:					
	Face Value (Rs. per Unit)	(No. of Units)	(No. of Units)	Purchase Cost (Rs. in Lacs)	Purchase Cost (Rs. in Lacs)
<b>Liquid Funds</b>					
1. ICICI Prudential Liquid - Super IP - Daily Dividend	100	2,499,448	–	2,500.00	–
2. ICICI Prudential Flexible Income Plan - Premium - Daily Dividend	10	19,323,014	–	2,043.12	–
3. ICICI Prudential Liquid - Super IP - Daily Dividend	10	38,004,400	–	3,801.09	–
4. HDFC Liquid Fund - Premium Plan - Daily Dividend	10	39,970,008	–	4,900.24	–
5. Fortis Overnight Fund - Insti Plus Plan - Dly Dividend	10	–	99,766	–	9.98
6. Fortis Money Plus IP Fund - Daily Dividend	10	–	33,860,826	–	3,386.82
7. Fortis Flexible Short Term Plan Ser. B Qly Dividend - Ren	10	–	5,000,000	–	500.00
8. Fortis Flexible Short Term Plan Ser. C Qly Dividend - Ren	10	–	5,000,000	–	500.00
9. Fortis Interval Fund Quarterly Plan H Interval Dividend - Ren	10	–	5,107,614	–	510.76
10. Fortis Interval Fund Series 2 Quarterly Plan M Interval Dividend - Auto Renewal	10	–	2,998,591	–	300.00
11. HSBC Cash Institutional plus	10	–	270,050	–	27.02
12. ING Quarterly FMP 92 - Series A1 - IP - Dividend	10	–	3,000,000	–	300.00
13. ING Liquid Plus Fund - Institutional Daily Dividend	10	–	3,349,302	–	335.04
14. Principal Floating Rate Fund FMP Insti. Option - Dividend Reinvestment Daily	10	–	19,144,863	–	1,916.84
15. Principal Cash Management Liquid Institutional Premium Daily Dividend	10	–	36,588,986	–	3,659.15



# Schedules

Forming Part of the Balance Sheet

	Face Value (Rs. per Unit)	(No. of Units)	(No. of Units)	Purchase Cost (Rs. in Lacs)	Purchase Cost (Rs. in Lacs)
<b>Schedule 4 – Investments</b>					
<b>Liquid Funds (Contd.)</b>					
16. ICICI Prudential Flexible Income Plan - Premium - Daily Dividend	10	–	9,457,606	–	1,000.00
17. Prudential ICICI Liquid Super Institutional - Daily Dividend	10	–	122,891,309	–	12,289.75
18. ICICI Prudential Interval Fund IV - Quarterly Interval - Plan B - IP - Dividend	10	–	6,266,822	–	626.68
19. ICICI Prudential Interval Fund IV - Quarterly Interval - Plan C - IP - Dividend	10	–	4,000,000	–	400.00
20. HDFC Cash Mgmt Fund - Treasury Advantage - WP - Dly Div	10	–	134,435,211	–	13,485.87
21. HDFC Liquid Fund - Premium Plan - Daily Dividend	10	–	112,660,162	–	13,811.91
22. HDFC Cash Mgmt Fund - Savings Plan - Daily Dividend	10	–	9,403,092	–	1,000.15
23. HDFC FMP - 90D - Aug 2008 (9) - 2 - WP - Dividend	10	–	4,000,000	–	400.00
24. HDFC FMP - 90D - Aug 2008 (9) - 3 - WP - Dividend	10	–	10,000,000	–	1,000.00
25. HDFC FMP - 90D - Aug 2008 (9) - 4 - WP - Dividend	10	–	10,000,000	–	1,000.00
26. HDFC FMP - 90D - July 2008 (9) - 2 - WP - Dividend	10	–	5,000,000	–	500.00
27. HDFC FMP - 90D - July 2008 (9) - 3 - WP - Dividend	10	–	5,000,000	–	500.00
28. HDFC FMP - 90D - Nov 2008 (10) - 3 - WP - Dividend	10	–	3,000,000	–	300.00
29. HDFC FMP - 90D - Sep 2008 (9) - 1 - WP - Dividend	10	–	8,000,000	–	800.00
30. HDFC FMP - 90D - Sep 2008 (9) - 2 - WP - Dividend	10	–	10,000,000	–	1,000.00
31. HDFC Quarterly Interval Fund - Plan A - WP - Dividend	10	–	5,000,000	–	500.00
32. HDFC Quarterly Interval Fund - Plan C - WP - Dividend	10	–	4,000,000	–	400.00
33. IDFC Liquid Fund Daily Dividend (Formerly called as Standard Chartered Liquidity Manager Fund Plus Daily Dividend)	1000	–	3,250	–	32.51
34. Sundaram BNP Paribas Ultra Short Term - IP - Daily Dividend	10	–	2,033,740	–	203.88
35. Templeton India Treasury Management Account Institutional Plan	1000	–	31,702	–	317.11
36. Templeton Quarterly Interval Fund - Plan A - IP - Dividend	10	–	3,060,194	–	306.60
37. DWS Money Plus Fund Regular Plan Daily Dividend Re-Investment	10	–	26,388	–	2.65

# Schedules

Forming Part of the Balance Sheet

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
<b>Schedule 5 – Inventories</b>		
<b>(At Lower of Cost and Net Realisable Value)</b>		
Raw Materials (Includes Goods in transit Rs.792.79, Previous Year Rs. Nil Lacs)	1,129.39	4,758.58
Packing Materials	415.74	578.70
Work In Process (Including Inputs for Standing Crops)	12,499.62	10,130.20
Finished Goods (Includes Goods in transit Rs. Nil Lacs, Previous Year Rs.461.73 Lacs)	4,203.88	5,851.58
	<b>18,248.63</b>	<b>21,319.06</b>
<b>Schedule 6 – Sundry Debtors</b>		
<b>(Unsecured)</b>		
Debts Outstanding for a period exceeding six months	1,624.48	1,143.66
Other Debts	2,909.68	3,452.73
( Refer Note 16 and 21 of Schedule 14)	4,534.16	4,596.39
Less: Provision for Doubtful Debts	23.00	152.92
	<b>4,511.16</b>	<b>4,443.47</b>
<b>Note :</b>		
Considered Good	4,511.16	4,443.47
Considered Doubtful	23.00	152.92
	<b>4,534.16</b>	<b>4,596.39</b>
<b>Schedule 7 – Cash and Bank Balances</b>		
<b>Balances with Scheduled banks:</b>		
– In Current Accounts	128.44	493.44
– In Fixed Deposit Accounts	3,036.31	580.49
(Including Rs. 40.31 Lacs, Previous Year Rs. 47.34 Lacs in margin money account over which the banks have a lien)		
<b>Balances with Others</b>		
– In Current Account with Citibank, Sri Lanka	1.19	2.57
(Maximum balance Rs. 5.89 Lacs, Previous Year Rs. 5.22 Lacs)		
	<b>3,165.94</b>	<b>1,076.50</b>
<b>Schedule 8 – Other Current Assets</b>		
Interest Accrued but not due on deposits with banks and other advances	23.70	113.70
	<b>23.70</b>	<b>113.70</b>





(Rs. in Lacs)

# Schedules

Forming Part of the Balance Sheet

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
<b>Schedule 9 – Loans and Advances</b>		
<b>(Unsecured, Considered Good)</b>		
Advances Recoverable in Cash or in Kind or for value to be received		
– Advances to suppliers and employees	592.69	831.00
– Capital Advances	33.77	–
Premises and other Deposits	152.81	151.33
Others (Refer Note 21 of Schedule 14)	961.86	1,293.78
	1,741.13	2,276.11
Balance with Government Authorities	135.27	598.59
	<b>1,876.40</b>	<b>2,874.70</b>
<b>Schedule 10 – Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors (See note no. 19 of Schedule 14)		
Trade		
i) Total outstanding dues to micro enterprises and small enterprises	1.24	91.97
ii) Total outstanding dues to creditors other than micro and small enterprises	3,356.12	4,414.22
Others	3,750.26	3,439.98
<b>Book Overdraft</b>	1,142.14	–
Advances from Customers	2,525.56	5,415.61
- Unclaimed Dividend (This amount is presently not payable to the Investor Education and Protection Fund)	47.40	53.97
	10,822.72	13,415.75
<b>B. Provisions</b>		
For Leave Encashment	551.24	542.02
For Gratuity	69.76	194.86
For Taxation (Net of Advance Tax Rs. 6,081.48 Lacs previous year Rs. 5,707.75 Lacs)	148.46	171.88
For Sales Returns	202.19	184.52
For Proposed Dividend	647.34	1,035.74
For Tax on Proposed Dividend	107.51	176.02
	1,726.50	2,305.04
	<b>12,549.22</b>	<b>15,720.79</b>
<b>Note on movement in Provision for Sales Returns</b>		
Opening Balance	184.52	141.44
Return Reserve Created	7,679.94	5,734.30
Return Reserve Adjusted	(7,662.27)	(5,691.22)
<b>Net Closing Balance</b>	<b>202.19</b>	<b>184.52</b>
<b>Nature of Provision:</b>		
Provision has been made for expected sales returns which are established using historical information on the frequency of claims and management estimates regarding possible future incidence.		

# Schedules

Forming Part of the Profit and Loss Account

(Rs. in Lacs)

	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
<b>Schedule 11 – Other Income</b>		
<b>Interest :</b>		
(Tax deducted at Source Rs. 8.94 Lacs, Previous Year Rs. 5.97 Lacs)		
Bank	46.80	35.36
Others	18.86	82.24
Dividend Income - Current Investments	275.91	971.70
Royalty and Licensing Fees	508.74	318.93
Exchange Gain (net)	346.72	—
Other sundry income/receipts	57.44	105.98
	<b>1,254.47</b>	<b>1,514.21</b>
<b>Schedule 12 – Materials and Inputs</b>		
<b>(Increase) in Stocks</b>		
Opening Stock:		
– Finished Goods	5,851.58	3,103.30
– Work in Process	10,130.20	4,545.63
	15,981.78	7,648.93
Closing Stock:		
– Finished Goods	4,203.87	5,851.58
– Work in Process	12,499.62	10,130.20
	16,703.49	15,981.78
	(721.71)	(8,332.85)
(Decrease) in Excise Duty on Finished Goods	(14.56)	(89.59)
Raw Materials consumed		
Opening Stock	4,758.58	2,461.72
Add : Purchases	2,812.17	8,181.74
	7,570.75	10,643.46
Less : Closing Stock	1,129.39	4,758.58
	6,441.36	5,884.88
Seed Grower Payments and Production Cost	11,265.33	11,326.57
Packing Materials consumed	1,354.73	1,678.82
Purchases of Finished Goods	3,916.45	2,643.79
	<b>22,241.60</b>	<b>13,111.62</b>



# Schedules

Forming Part of the Profit and Loss Account

(Rs. in Lacs)

Schedule 13 – Operation, Administration And Other Expenses	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
Personnel Costs:		
Salaries and Bonus (Refer note 27 of Schedule 14)	3,353.83	3,935.18
Contribution to Provident and Other Funds	283.45	486.27
Staff Welfare Expenses	82.27	112.04
	3,719.55	4,533.49
Stores and Spares Consumed	31.84	37.68
Light and Power	661.85	1,976.46
Rates and Taxes	338.52	600.16
Insurance	43.12	50.57
Rent	1,018.13	883.12
Repairs and Maintenance:		
– Buildings	20.97	20.15
– Plant and Machinery	207.13	310.47
– Others	29.05	72.34
	257.15	402.96
Freight, Forwarding charges	1,392.74	1,291.64
Travel and Entertainment	469.88	795.63
Vehicle Expenses and Hire Charges	935.14	674.27
Loss on disposal of Fixed Assets (net)	28.31	264.27
Advertising and Promotions	1,245.61	952.84
Commission and Royalty	152.04	199.47
Cash Discount	1,124.27	1,226.17
Bank Charges	71.71	165.49
Doubtful Debts written off	133.84	46.44
Less : Bad Debts adjusted against provision	(133.84)	(46.44)
	–	–
Provision for Doubtful Debts	4.00	–
Directors' Fees and Commission to Non-Executive Directors	29.00	28.15
Consultancy Fees	506.42	489.39
Exchange Loss	–	610.65
Miscellaneous Expenses (including Product Development expenses)	1,044.03	1,869.40
	<b>13,073.31</b>	<b>17,051.81</b>

# Schedules

Forming Part of the Profit and Loss Account

## Schedule 14 – Significant Accounting Policies and Notes to Accounts

### I Company Background:

Monsanto India Limited (the 'Company') was incorporated on 8<sup>th</sup> December, 1949. The Company is presently engaged in the business of production and sale of agricultural inputs, namely, chemicals and hybrid seeds. The Company's corporate office is located in Mumbai. It has a chemical production unit at Silvassa, hybrid seeds processing and drying units at Bellary, Hyderabad and Eluru.

### II Significant Accounting Policies:

#### A) Basis of preparation of financial statements:

The accompanying financial statements have been prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles and as per the provisions of the Companies Act, 1956.

#### B) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

#### C) Tangible Fixed Assets and Depreciation:

Fixed Assets are valued at their historical cost of acquisition or construction less accumulated depreciation. Cost includes all costs incurred to bring the assets to their present location and condition.

Depreciation on Tangible Fixed Assets is provided for on straight line basis in accordance with Section 205 (2) (b) of the Companies Act, 1956 (the Act) as follows:

- i) On fixed assets (except as stated below), at the rates specified in Schedule XIV to the Act.
- ii) Field vehicles are depreciated at the rate of 20%.
- iii) Plant and Machinery other than dryer is depreciated at the rate of 10%. Dryer is depreciated at the rate of 5%.
- iv) Mobile phones (Blackberry) have been depreciated at the rate of 33.33%
- v) Leasehold improvements are amortized over the unexpired period of lease.
- vi) Factory Buildings are depreciated at the rate of 5%.

#### D) Intangible Assets and Amortization:

Intellectual Property Rights are amortized on a Straight Line basis over its useful life, which is estimated by the management to be 5 years.

Computer Software is amortized on a Straight Line basis over its useful life, which is estimated by the management to be 6 years.



# Schedules

Forming Part of the Profit and Loss Account

## E) Impairment:

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). In assessing the value in use, the estimated future cash flow expected from the continuing use of the asset and its ultimate disposal are discounted to their present value using a predetermined discount rate. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account.

## F) Investments:

Current investments are stated at the lower of cost and fair value.

## G) Inventories:

Inventories are measured at the lower of cost and net realisable value. Costs of inventories comprise all costs of purchase – net of CENVAT, costs of inputs for standing crops, cost of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost of Raw Materials, Packing Materials and finished goods (Traded Goods) are determined on FIFO basis. Cost of Work in Process and Finished Goods (manufactured) are determined by the absorption costing method.

## H) Revenue Recognition:

i) Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue on sale of products is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership have been transferred and no effective ownership control is retained.

Sales are stated inclusive of excise duty and net of returns, trade discounts and sales tax recovered. The amount of excise duty that is included in the amount of turnover (gross) is presented as a reduction from gross sales in accordance with the Accounting Standard interpretation ASI 14 "Disclosure of revenue from sales transactions."

ii) Revenue in respect of royalty, commission, etc. is recognized in accordance with contractual obligations.

iii) Interest income is recognized on a time proportion basis.

## I) Foreign Currency Transactions:

i) Transactions in foreign currency are recorded at the average monthly exchange rates, during the months in which the transactions are effected.

ii) Exchange differences arising on settlement of revenue transactions are recognized in the Profit and Loss Account.

iii) Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of the Balance Sheet. Gains/losses arising on restatement and on settlement of such liabilities are recognized in the Profit and Loss Account.

# Schedules

Forming Part of the Profit and Loss Account

## J) Employee Benefits:

- i) Provident fund is a defined contribution scheme and the contributions as required by the statute made to Government Provident Fund are charged to Profit and Loss Account.
- ii) The Company participates in a group gratuity cum life insurance scheme administered by the TATA AIG Life Insurance Company Ltd. Being a defined benefit plan, annual contributions made to the scheme and accounting for liability for gratuity benefits are as per the intimations received from the TATA AIG Life Insurance Company Ltd which are based on actuarial valuations, conducted as at the Balance Sheet date.
- iii) The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service. These benefits include performance incentives and non-vesting accumulated compensated absences.
- iv) The liability for compensated absences is an other long term benefit and is wholly unfunded. The liability for number of days of unutilized leave at each Balance Sheet date is provided for based on an independent actuarial valuation.
- v) The actuarial gains and losses are recognized immediately in the statement of Profit and Loss Account.

## K) Earnings Per Share:

The Company reports Earnings Per Share (EPS) in accordance with Accounting Standard-20 on Earnings Per Share. Basic EPS is computed by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year.

## L) Taxation:

Income tax is accounted for in accordance with Accounting Standard-22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each Balance Sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Fringe Benefits Tax (FBT) payable under the provisions of Section 115WC of the Income Tax Act, 1961 is, in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI, regarded as an additional income tax and considered in determination of the profits for the year. Tax on distributed profits payable in accordance with the provisions of Section 115O of the Income Tax Act, 1961, is in accordance with the Guidance Note on Accounting for Corporate Dividend Tax, regarded as a tax on distribution of profits and is not considered in determination of the profits for the year.





# Schedules

Forming Part of the Profit and Loss Account

## M) Operating Lease:

Operating lease payments are recognized as expenditure in the Profit and Loss Account on a straight line basis, which is representative of the time pattern of benefits received from the use of assets taken on lease.

## N) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

## O) Cash Flow Statement:

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard – 3 on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consist of cash on hand and balances in current and demand deposits with banks.

## III Notes to Accounts:

(Rs. in Lacs)

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
1. Estimated amount of contracts remaining to be executed on capital account and not provided for:	94.34	239.99
2. Contingent Liabilities in respect of the following matters:		
i) Income-tax	2,165.27	364.57
ii) Central excise	–	19.12
iii) Sales tax	1,457.94	2,722.09
iv) Claims against the Company not acknowledged as debts	59.77	143.86
Note: In respect of items mentioned above, till matters are finally decided, the financial effect cannot be ascertained.		
3. Managerial Remuneration:		
a) Remuneration to a Managing Director:		
Salary, bonus and incentives	78.19	72.14
Contribution to Provident and other funds	7.48	6.67
Monetary Value of Perquisites	12.84	21.88
<b>TOTAL</b>	<b>98.51</b>	<b>100.69</b>
b) Commission to resident Non-Executive Directors	25.50	25.50
c) Directors' Fees	3.50	2.65
<b>TOTAL</b>	<b>127.51</b>	<b>128.84</b>
Note:		
Provision for Leave Encashment, performance incentive, ESOP outflows and contribution to Gratuity Funds have been made on a group basis and separate figures applicable to individual employees are not available and therefore, the same have not been considered in the above computation.		

## Schedules

Forming Part of the Profit and Loss Account

	(Rs. in Lacs)	
	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
d) Computation of Net profits as per Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956.		
Profit Before Tax	5,776.69	8,692.59
Add: Managerial Remuneration	124.01	126.19
Provision for Doubtful Debts, Advances and Deposits	4.00	—
	128.01	126.19
Profit as per section 349	5,904.70	8,818.78
Commission to resident Non-Executive Directors @ 1% of the Profit - Rs. 5,904.70 Lacs (previous year Rs. 8,818.78 Lacs) restricted to :	25.50	25.50

#### 4. Auditors' Remuneration:

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
a) Statutory Auditor:		
Audit fees	10.00	10.00
Other services	5.25	5.25
Tax Audit	5.00	5.00
Out-of-pocket expenses	0.21	0.28
Service Tax on above	2.09	2.23
	22.55	22.76
b) Cost Auditor:		
Audit fees	0.60	0.60

#### 5. Value of Imports calculated on C.I.F. basis:

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Raw Materials and Finished Goods	5,340.35	9,699.11
Capital Goods	231.84	76.34

#### 6. Earnings in foreign currency (on accrual basis):

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
FOB Value of Exports	1,782.76	1,237.77

#### 7. Expenditure in foreign currency (on accrual basis):

	(Rs. in Lacs)	
	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Travel Expenses	27.43	44.11
Professional Consultancy Fees	7.44	—
Salaries	145.88	—
Communication Expenses	26.41	—
Others (including reimbursement of expenses)	51.39	364.65



# Schedules

Forming Part of the Profit and Loss Account

## 8. Remittance in foreign exchange on account of Dividends to non-resident shareholders:

Dividend in respect of the year ended	No. of Shares	No. of Shareholders	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
2007-08 (2 <sup>nd</sup> Interim)	3,941,770	2	—	7,095.19
2007-08 (Final)	3,509,770	2	—	526.47
2008-09 (1 <sup>st</sup> Interim)	3,509,770	2	—	421.17
2008-09 (Final)	3,084,770	2	370.17	—
2009-10 (Interim)	3,084,770	2	308.48	—

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Qty	Value	Qty	Value
<b>9. Sales (including trading products):</b>				
Agricultural Chemicals				
– KL	5,683	12,015.00	6,454	15,991.06
– MT-Traded goods	1,940	2,696.17	1,148	1,702.99
– Seeds (MT)	21,439	27,218.93	19,432	22,865.93
(Quantities are net of shortages/excesses, write offs and samples)		<b>41,930.10</b>		<b>40,559.98</b>
<b>10. Opening Stock of Finished Goods:</b>				
Agricultural Chemicals				
– KL	1,308	1,936.42	1,633	1,917.13
– Seeds (MT)	10,054	3,915.16	4,685	1,186.17
<b>11. Closing Stock of Finished Goods:</b>				
Agricultural Chemicals				
– KL	910	1,544.60	1,308	1,936.42
– Seeds (MT)	10,305	2,659.27	10,054	3,915.16
<b>12. Purchases of Finished Goods (Traded):</b>				
Agricultural Chemicals				
– KL	1,954.81	3,916.45	1,148	1,552.74
– Seeds (MT)	—	—	94	1,091.05

# Schedules

Forming Part of the Profit and Loss Account

## 13. Quantitative information in respect of goods produced:

	Not Applicable	Not Applicable
<b>i) Licensed Capacity</b>		
Licensed capacity per annum not indicated due to abolition of industrial licenses as per notification No. 477(E) dated 25 <sup>th</sup> July, 1991 issued under Industries (Development & Regulation) Act, 1951		
<b>ii) Installed Capacity (as certified by the Management)</b>	27,035KL of Formulation Per annum 30,000 MT of Seeds per annum. (Single Shift Basis)	40,525KL of Formulation Per annum 30,000 MT of Seeds per annum. (Single Shift Basis)
<b>iii) Actual Production</b>		
Agricultural Chemicals		
– KL	5,294	6,129
– Seeds (MT)	23,518	24,707

## 14. Raw Materials Consumed:

(Rs. in Lacs)

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Qty	Value	Qty	Value
Alachlor Technical (MT)	55.83	92.06	115.82	152.51
Butachlor Technical (MT)	735.71	1,194.10	1,255.87	1,418.84
Glyphosate IPA Salt (MT)	2,920.18	4,219.68	2,659.82	3,022.11
Others		935.52		1,291.42
		<b>6,441.36</b>		<b>5,884.88</b>
	%	Value	%	Value
Imported	96.58	6,221.29	90	5,271.73
Indigenous	3.42	220.07	10	613.15
	<b>100</b>	<b>6,441.36</b>	<b>100</b>	<b>5,884.88</b>

## 15. Packing Materials Consumed:

(Rs. in Lacs)

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	%	Value	%	Value
Indigenous	100	1,354.73	100	1,716.50
Imported	–	–	–	–
	<b>100</b>	<b>1,354.73</b>	<b>100</b>	<b>1,716.50</b>

## 16. Related Party Disclosure:

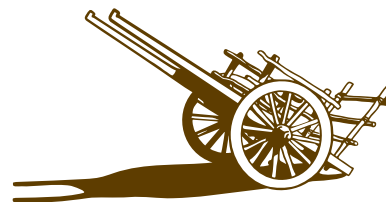
**Names of related parties and description of relationship**

### A) Holding Company:

Monsanto Company, USA.

# Schedules

Forming Part of the Profit and Loss Account



## B) Fellow Subsidiaries:

P.T. Branita Sandhini, Monsanto Philippines INC, Monsanto Thailand Ltd, Bretco Holding (Mauritius) Ltd, Monsanto Singapore Pte Ltd, Monsanto Pakistan Agri-tec (Pvt) Ltd, Seminis Vegetable Seeds Inc., Monsanto Holdings Pvt. Ltd, PT Monagro Kimia, Monsanto AG Products LLC, Monsanto Ag Technology LLC, Monsanto Inter-America Co, Monsanto Chile S.A., Monsanto Holland BV, Monsanto Far East Ltd., Monsanto Korea Inc, Seminis Beijing Co. Ltd.

## C) Key Managerial Personnel:

Mr. Amitabh Jaipuria, Managing Director

(Rs. in Lacs)

Nature of Transactions	Year Ended 31 <sup>st</sup> March, 2010				Year Ended 31 <sup>st</sup> March, 2009			
	A	B	C	Total	A	B	C	Total
<b>Purchase of Goods</b>	4,726.53	—	—	4,726.53	8,041.31	1,033.90	—	9,075.21
Monsanto Company, USA	4,726.53	—	—	4,726.53	8,041.31	—	—	8,041.31
Monsanto Chile S. A.	—	—	—	—	—	140.43	—	140.43
Monsanto Holland BV	—	—	—	—	—	128.18	—	128.18
Monsanto Korea Inc.	—	—	—	—	—	38.77	—	38.77
Monsanto Thailand Ltd	—	—	—	—	—	202.29	—	202.29
Seminis Beijing Co. Ltd	—	—	—	—	—	149.93	—	149.93
Seminis Vegetable Seeds Inc.	—	—	—	—	—	374.30	—	374.30
<b>Sale of goods</b>	—	1,855.13	—	1,855.13	—	1,251.78	—	1,251.78
Monsanto Philippines, Inc.	—	—	—	—	—	160.14	—	160.14
Monsanto Thailand Ltd.	—	679.61	—	679.61	—	268.70	—	268.70
Monsanto Far East Ltd.	—	67.43	—	67.43	—	42.06	—	42.06
Monsanto Holdings Pvt. Ltd.	—	578.67	—	578.67	—	692.25	—	692.25
PT Branita Sandhini	—	—	—	—	—	88.63	—	88.63
Monsanto Pakistan Agri-tec (Pvt) Ltd.	—	529.42	—	529.42	—	—	—	—
<b>Purchase of Fixed Assets</b>	9.02	—	—	9.02	224.56	20.06	—	244.62
Monsanto Company USA	9.02	—	—	9.02	224.56	—	—	224.56
Monsanto AG Products LLC	—	—	—	—	—	(34.66)	—	(34.66)
Monsanto Ag Technology LLC	—	—	—	—	—	54.72	—	54.72
<b>Expenses towards:</b>								
<b>Royalty</b>	—	152.04	—	152.04	—	199.47	—	199.47
Monsanto Holdings Pvt. Ltd	—	152.04	—	152.04	—	199.47	—	199.47
<b>Rent</b>	—	277.40	—	277.40	—	255.13	—	255.13
Monsanto Holdings Pvt. Ltd	—	277.40	—	277.40	—	255.13	—	255.13

## Schedules

Forming Part of the Profit and Loss Account

(Rs. in Lacs)

Nature of Transactions	Year Ended 31 <sup>st</sup> March, 2010				Year Ended 31 <sup>st</sup> March, 2009			
	A	B	C	Total	A	B	C	Total
<b>Managing Directors/ Managers Remuneration</b>	–	–	98.51	98.51	–	–	100.69	100.69
Amitabh Jaipuria	–	–	98.51	98.51	–	–	100.69	100.69
<b>Reimbursement of expenses (net)</b>	85.35	2,838.12	–	2,923.47	146.30	1,784.32	–	1,930.62
Monsanto Company, USA	85.35	–	–	85.35	146.30	–	–	146.30
Monsanto Singapore Pte Ltd	–	(44.06)	–	(44.06)	–	(141.06)	–	(141.06)
PT Monagro Kimia	–	–	–	–	–	6.67	–	6.67
PT Branita Sandhini	–	96.14	–	96.14	–	52.06	–	52.06
Monsanto Thailand Ltd	–	2.87	–	2.87	–	38.69	–	38.69
Seminis Beijing Co Ltd	–	0.27	–	0.27	–	–	–	–
Monsanto Far East Ltd	–	2.07	–	2.07	–	–	–	–
Mahyco Monsanto Biotech (I) Ltd	–	894.68	–	894.68	–	–	–	–
Monsanto Pakistan Agritech (Pvt) Ltd	–	0.77	–	0.77	–	–	–	–
Monsanto Inter America Company	–	(86.70)	–	(86.70)	–	(25.80)	–	(25.80)
Monsanto Holdings Pvt. Ltd.	–	1,972.08	–	1,972.08	–	1,598.63	–	1,598.63
<b>Payment of Dividends</b>	351.78	1,017.34	–	1,369.12	3,313.99	9,575.95	–	12,889.94
Monsanto Company, USA	351.78	–	–	351.78	3,313.99	–	–	3,313.99
Monsanto Holdings Pvt. Ltd.	–	691.30	–	691.30	–	4,847.11	–	4,847.11
Bretco Holdings (Mauritius) Ltd	–	326.04	–	326.04	–	4,728.84	–	4,728.84
<b>Outstanding at year-end</b>								
<b>Sundry Debtors</b>	–	288.52	–	288.52	–	877.49	–	877.49
Monsanto Thailand Ltd.	–	222.98	–	222.98	–	53.03	–	53.03
Monsanto Far East Ltd.	–	65.54	–	65.54	–	43.58	–	43.58
Monsanto Holdings Pvt Ltd	–	–	–	–	–	692.25	–	692.25
PT Branita Sandhini	–	–	–	–	–	88.63	–	88.63





# Schedules

Forming Part of the Profit and Loss Account

(Rs. in Lacs)

Nature of Transactions	Year Ended 31 <sup>st</sup> March, 2010				Year Ended 31 <sup>st</sup> March, 2009			
	A	B	C	Total	A	B	C	Total
<b>Loans and Advances</b>	28.46	603.82	—	632.28	—	487.60	—	487.60
Monsanto Company, USA	28.46	—	—	28.46	—	—	—	—
Monsanto Holdings Pvt. Ltd.	—	413.81	—	413.81	—	431.04	—	431.04
Monsanto Pakistan Agritech (Pvt) Ltd	—	0.74	—	0.74	—	—	—	—
Seminis Beijing Co Ltd	—	0.25	—	0.25	—	—	—	—
Monsanto Far East Ltd	—	0.25	—	0.25	—	—	—	—
Monsanto Singapore PTE Ltd	—	14.48	—	14.48	—	—	—	—
Monsanto Thailand Ltd	—	2.87	—	2.87	—	—	—	—
Mahyco Monsanto Biotech (I) Ltd.	—	109.39	—	109.39	—	—	—	—
PT Branita Sandhini	—	30.99	—	30.99	—	21.33	—	21.33
Monsanto AG Products LLC	—	31.04	—	31.04	—	35.23	—	35.23
<b>Sundry Creditors</b>	1,434.16	147.43	—	1,581.59	2,030.83	1,029.80	—	3,060.63
Monsanto Company, USA.	1,434.16	—	—	1,434.16	2,030.83	—	—	2,030.83
Seminis Beijing Co, Ltd	—	1.80	—	1.80	—	153.41	—	153.41
PT Monagro Kimia	—	0.06	—	0.06	—	0.07	—	0.07
Monsanto Korea Inc	—	—	—	—	—	39.40	—	39.40
Monsanto Thailand Ltd.	—	1.35	—	1.35	—	—	—	—
Monsanto Singapore Co PTE Ltd	—	—	—	—	—	58.31	—	58.31
Monsanto Holland BV	—	—	—	—	—	133.24	—	133.24
Monsanto Chile S.A.	—	—	—	—	—	145.40	—	145.40
Monsanto Ag Technology LLC	—	51.24	—	51.24	—	58.16	—	58.16
Seminis Vegetable Seeds Inc	—	—	—	—	—	384.91	—	384.91
Monsanto Inter-America Co	—	92.98	—	92.98	—	56.90	—	56.90

17. The dominant source and nature of the risks and returns of the agricultural chemistry and Seeds activities of the Company not being significantly different, the Company operates a single segment of activity, "Agricultural Inputs," within the same geography.

## Schedules

Forming Part of the Profit and Loss Account

18. The Company has incurred the following expenses towards operating leases pertaining to vehicles, office equipments, warehouses and residential premises. Lease agreements are executed for a period ranging from 11 to 48 months.

(Rs. in Lacs)

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Cancellable	993.42	883.12
Non-Cancellable	711.02	623.94

The Company is obligated under non-cancelable leases pertaining to vehicles and office equipment to pay the following amounts in future as given below:

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Upto 1 year	939.16	537.93
1 to 5 years	2,953.15	697.93

19. The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) have been made on the basis of confirmations received from suppliers regarding their status under the said Act;

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
1) Outstanding principal Amount & Interest as on 31 <sup>st</sup> March, 2009.		
- Principal Amount	1.24	91.97
- Interest due thereon	—	—
2) Amount of interest paid along with the amounts of payment made beyond the appointed day		
3) Amount of interest due and payable (where the principal has already been paid but interest has not been paid)		
4) The amount of interest accrued and remaining unpaid at the end of each accounting year		
5) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act		

20. The Company has continually maintained a position that its income from agricultural activities (which involves growing Seeds in various states through local growers), is not taxable. This contention has also been upheld by the Honorable Income-tax Appellate Tribunal, Mumbai for Assessment Years 1993-94 through 2001-02 and Assessment years 2003-04 and 2004-05. This position is also followed by CIT (Appeals) for Assessment Year 2002-03.

# Schedules

Forming Part of the Profit and Loss Account



## 21. Balance due from companies under the same management:

(Rs. in Lacs)

	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
a) Included in Sundry Debtors – Schedule 6		
i) Monsanto Holdings Pvt. Ltd.	—	692.25
ii) Maximum amount outstanding	—	692.25
b) Included in Loans and Advances – Schedule 9		
i) Monsanto Holdings Pvt. Ltd.	413.81	431.04
Maximum amount outstanding	2,310.10	431.04
ii) Mahyco Monsanto Biotech (India) Ltd	109.39	205.68
Maximum amount outstanding	654.97	490.35
iii) Parry Monsanto Seeds Pvt. Ltd. (Now Merged into Monsanto Holdings Pvt. Ltd.)	—	—
Maximum amount outstanding	—	123.05

## 22. Deferred Tax Asset/(Liability) at year-end comprises of:

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Provision for Doubtful Debts	2.82	19.23
Depreciation	119.51	118.12
Provision for Leave Encashment	67.25	68.15
Others u/s 43B of Income Tax Act, 1961	59.39	69.55
Net Deferred Tax Asset/(Liability)	248.97	275.05

23. Operation, Administration and Other Expenses in Schedule 13 includes expenses after reduction of reimbursements amounting to Rs. 2,923.46 Lacs (Previous year Rs. 1,930.62 Lacs) by Holding Co. and Fellow Subsidiaries towards the value of costs apportioned of the Company's employees and facilities in accordance with the agreements on allocation of expenses with the companies

24. Disclosure as required under AS -15 regarding the Company's defined benefit plans is as follows:

### i) Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Change in benefit obligations				
Present value of benefit obligations as at 1 <sup>st</sup> April, 2009	961.90	710.69	633.67	532.63
Service cost	80.08	80.08	71.22	63.04
Interest cost	67.33	56.86	50.69	42.61
Benefits paid	(75.17)	(115.41)	(243.39)	(39.41)
Actuarial (gain)/loss on obligations	110.82	229.68	198.50	34.80
Present value of benefit obligations as at 31 <sup>st</sup> March, 2010	1,144.96	961.90	710.69	633.67

## Schedules

Forming Part of the Profit and Loss Account

### ii) Reconciliation of opening and closing balance of the fair value of plan assets is given below:

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Fair value of plan assets, as at 1 <sup>st</sup> April, 2009	767.03	602.18	628.88	327.40
Expected return on plan assets	53.69	48.17	50.31	26.19
Actuarial gain / loss	5.23	26.04	(39.08)	(4.80)
Employer Contribution	324.41	206.05	205.46	319.50
Benefits paid	(75.17)	(115.41)	(243.39)	(39.41)
Fair Value of plan assets as at 31 <sup>st</sup> March, 2010	1,075.19	767.03	602.18	628.88

### iii) Actual return on Plan Assets:

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Expected Return on Plan Assets	53.69	48.17	50.31	26.19
Actuarial gain/(loss) on Plan assets	5.23	26.04	(39.08)	(4.80)
Actual Return on Plan Assets	58.92	74.21	11.23	21.39

### iv) Amount recognized in the Balance Sheet:

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Fair value of plan assets as at 31 <sup>st</sup> March, 2010	1,075.19	767.03	602.18	628.88
Present value of benefit obligations as at 31 <sup>st</sup> March, 2010	1,144.95	961.89	710.69	633.67
Net asset/ (liability) as at 31 <sup>st</sup> March, 2010	(69.76)	(194.86)	(108.51)	(4.79)

### v) Cost recognized in the Profit and Loss Account:

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Current service cost	80.08	80.08	71.22	63.04
Interest cost	67.33	56.86	50.69	42.61
Expected return on plan assets	(53.69)	(48.17)	(50.31)	(26.19)
Actuarial (gain)/loss	105.59	203.64	237.58	39.60
Net gratuity cost	199.31	292.40	309.18	119.06



# Schedules

Forming Part of the Profit and Loss Account

## vi) Reconciliation of the Liability recognized in the Balance Sheet:

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Opening Net Liability	194.86	108.51	4.79	205.23
Expense recognized	199.31	292.40	309.18	119.06
Employer Contribution	(324.41)	(206.05)	(205.46)	(319.50)
Amount recognized in the Balance Sheet	69.76	194.86	108.51	4.79

## vii) Experience Adjustment:

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Liability at the end of the Period	1,144.95	961.89	710.69	633.67
Fair value of plan assets as at the end of the period	1,075.19	767.03	602.18	628.88
Deficit/(Surplus)	69.76	194.86	108.51	4.79
Experience adjustments on plan liabilities (Gain)/Loss	(63.17)	229.68	135.94	94.50
Experience adjustments on plan Assets Gain/(Loss)	5.23	26.04	(39.08)	(4.80)

## viii) Actuarial assumptions used:

(% per annum)

	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008	As at 31 <sup>st</sup> March, 2007
Discount rate	8.00	7.00	8.00	8.00
Salary escalation rate	8.50	7.00	7.00	6.25
Expected return on plan assets	8.00	7.00	8.00	8.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The Company has adopted the revised Accounting Standard – 15 from the Financial Year 2006-07. Comparatives have been provided since then.

## Schedules

Forming Part of the Profit and Loss Account

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after 31<sup>st</sup> March, 2010 is Rs. 193.63 Lacs (Previous Year Rs. 325.38 Lacs)

(% per annum)

The major categories of plan assets as a percentage of total plan	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
	<b>Gratuity Funded</b>	<b>Gratuity Funded</b>
<b>Insurer Managed Funds</b>	100.00	100.00
Government Bonds	40.14	40.71
Infrastructure Bonds	38.59	40.72
Corporate Bonds	21.19	16.50
Reverse Repo	0.08	2.06

25. The Company has accrued the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary and provided for the actuarial liability at Rs. 551.24 Lacs (Previous Year Rs. 542.02 Lacs)

Actuarial assumptions used

(% per annum)

	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
Discount rate	8.00	7.00
Salary escalation rate	8.50	7.00

### 26. Earnings Per Share (EPS):

	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
a) Profit Attributable to Equity Shareholders (Rs. in Lacs)	5,382.16	7,353.66
b) Number of Equity Shares outstanding during the year	8,631,174	8,631,174
c) Nominal Value of Equity Shares (Rs.)	10.00	10.00
Basic Earnings Per Share (Rs.) (A/B)	62.36	85.20

Note : There is no diluted EPS as there are no outstanding dilutive potential equity shares.

27. Monsanto Company USA (MC) has established the Monsanto Company Long Term Incentive Plan. As a part of the plan, employees of MIL are provided with an opportunity to acquire shares of MC via stock option/equity-based awards. The eligible employees are granted the options which shall vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock options after their vesting period through any of the following three methods viz., i) cashless sell; ii) cashless hold and iii) cash purchase. The employee can exercise the option within a stipulated period mentioned in the plan.

MIL measures compensation expense for stock options and equity- based awards (net of forfeitures) at their fair value determined using a Lattice binomial model on the date of grant and amortized over the vesting period. Accordingly, an amount of Rs. 152.53 Lacs (previous year Rs. 292.88 Lacs) has been debited to the Profit and Loss Account for the year.





# Schedules

Forming Part of the Profit and Loss Account

During the year, MC has granted to employees of the Company 23,450 (Previous Year 32,560) options/stock awards on various dates of which none are vested. However, 11,210 (Previous Year 4,665) options/stock-awards were withdrawn on account of employee resignations and 713 options were transferred from (Previous Year 2240 options were transferred to) other group companies on employees being transferred resulting in an outstanding balance of 54,503 (Previous year 41,550) options/stock-awards at the end of the year.

**28.** Pursuant to an ongoing agreement to operate, in the transition period which ended in August, 2008, the Alachlor and Butachlor business activities for the buyer of the business, the Profit and Loss Account includes an amount of Rs. Nil Lacs (Previous Year Rs. 5,297 Lacs) in sales as well as in expenditure.

**29.** The Year end Foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(Amount in Lacs)

	31 <sup>st</sup> March, 2010		31 <sup>st</sup> March, 2009	
	Rs.	USD	Rs.	USD
a) Amounts receivable in Foreign Currency on account of Export of goods	314.59	7.07	241.81	4.73
b) Amounts payable in Foreign currency on account of the following:				
– Imports of goods and services	4,938.22	110.91	3020.86	59.06
– Capital Imports ( including Intangibles)	237.71	5.34	58.16	1.14
– Advance	3.49	0.08	46.18	0.90

## 30. Comparative financial information:

Comparative financial information (i.e. the amounts and other disclosures for the preceding year presented above), is included as an integral part of the current year's financial statements and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year have been regrouped /reclassified wherever necessary to correspond to figures of the current year.

# Balance Sheet Abstract

and Company's General Business Profile

## 1 Registration Details

Registration No.      7 9 1 2 State Code

Balance Sheet Date

Date Month Year

## 2 Capital raised during the year (Rs. in Lacs)

Public Issue       N I L Right Issue       N I L

Bonus Issue       N I L Private Placement       N I L

## 3 Position of Employment and Deployment of Funds (Rs. in Lacs)

Total Liabilities       4 7 7 0 7 . 5 1 Total Assets       4 7 7 0 7 . 5 1

### Sources of Funds (Rs. in Lacs)

Paid - up Capital       8 6 3 . 1 2 Reserves & Surplus       3 4 2 9 5 . 1 6

Secured Loans       N I L Unsecured loans       N I L

### Application of Funds

Net Fixed Assets       1 1 5 6 0 . 4 5 Investments       8 0 7 2 . 2 6

Net current assets       1 5 2 7 6 . 6 0 Misc. Expenditure       N I L

Accumulated Losses       N I L

## 4 Performance of Company (Rs. in Lacs)

Turnover       4 1 9 3 0 . 1 0 Total Expenditure       3 6 4 9 1 . 3 2

Profit Before Tax       5 7 7 6 . 6 9 Profit After Tax       5 3 8 2 . 1 7

Earning per Share in (Rs)       6 2 . 3 6 Dividend Rate (%)       1 7 5

## 5 Generic Names of Three Principle Products and Item Code Nos. (ITC Code)

Pesticides/Herbicides       3 8 0 8 3 0 . 0 9

Hybrid Seeds       N . A .



(Rs. in Lacs)

# Cash Flow Statement

For the Year Ended 31<sup>st</sup> March, 2010

	Year ended 31 <sup>st</sup> March, 2010	Year ended 31 <sup>st</sup> March, 2009
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax	5,776.69	8,692.59
Adjustments for :		
Depreciation and Amortization	1,147.63	1,335.00
Interest Expense	28.78	23.55
Provision for Doubtful Debts	4.00	—
Interest Income	(65.65)	(117.60)
Loss on sale/disposal of Fixed Assets (Net)	28.31	264.27
Dividend Income from Mutual funds	(275.91)	(971.70)
	867.16	533.52
<b>Operating profit before Working Capital changes</b>	<b>6,643.85</b>	<b>9,226.11</b>
Adjustments for :		
Decrease/(Increase) in Trade and Other Receivables	926.61	(234.90)
Decrease/(Increase) in Inventories	3,070.43	(10,629.94)
(Decrease)/Increase in Trade Payables and Other Liabilities	(3,829.31)	3,309.93
	167.73	(7,554.91)
Net cash generated from operations	<b>6,811.58</b>	<b>1,671.20</b>
Direct Taxes paid (net)	(391.86)	(1,509.51)
Net cash generated from Operating Activities	<b>6,419.72</b>	<b>161.69</b>
<b>B Cash flow from Investing Activities</b>		
Purchase of Fixed Assets (including capital work in progress)	(1,420.09)	(1,545.24)
Interest Income received	155.65	117.53
(Redemption)/Investment in units of Mutual Funds	(2,275.48)	19,717.24
Sale of Fixed Assets	46.00	26.36
Dividend Income from Mutual funds	275.91	971.70
Net Cash (used)/generated in Investing Activities	<b>(3,218.01)</b>	<b>19,287.59</b>
<b>C Cash flow from Financing Activities</b>		
Dividend paid	(1,905.42)	(17,852.35)
Tax on Dividend	(322.71)	(3,036.41)
Interest paid	(26.28)	(19.94)
Net cash used in Financing Activities	<b>(2,254.41)</b>	<b>(20,908.70)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>947.30</b>	<b>(1,459.42)</b>
<b>Cash and Cash Equivalents - Opening Balance</b>	<b>1,076.50</b>	<b>2,535.92</b>
<b>Cash and Cash Equivalents - Closing Balance</b>	<b>2,023.80</b>	<b>1,076.50</b>
		(Rs. in Lacs)
<b>Notes to Cash Flow Statement :</b>		
1. Cash and Cash Equivalents include:		
Current Deposit	129.63	496.01
Fixed Deposit	3,036.31	580.49
Book Overdraft	(1,142.14)	—
	<b>2,023.80</b>	<b>1,076.50</b>
2. Cash and Cash Equivalent includes fixed deposits Rs. 40.31 Lacs (Previous year Rs. 47.34 Lacs), which are held by banks as margin money against bank guarantees issued.		
3. Figures of the previous year have been recast wherever necessary to conform to the figures of the current year		

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**R. Laxminarayan**  
Partner

Mumbai: 15<sup>th</sup> May, 2010

For and on behalf of the Board

**Sekhar Natarajan**  
Chairman

**R C Khanna**  
Director

**Ravinder K Reddy**  
Director

**Anupam Bhattacharya**  
Chief Financial Officer

**Amitabh Jaipuria**  
Managing Director

**H C Asher**  
Director

**Pradeep Poddar**  
Director

**Girish Tekchandani**  
Company Secretary



## Monsanto India Limited

**Registered Office:** Ahura Centre, 5<sup>th</sup> Floor, 96, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.

FORM 2B

(See Rules RCC and 5D)

### NOMINATION FORM

(For shares held in physical form)

To, \_\_\_\_\_ From : \_\_\_\_\_  
 Link Intime \_\_\_\_\_  
**UNIT: MONSANTO INDIA LIMITED** \_\_\_\_\_  
 C-13, Pannalal Silk Mills Compound, \_\_\_\_\_  
 L.B.S. Marg, Bhandup (W), Mumbai-400078. Folio No./ \_\_\_\_\_  
 Client ID No. : \_\_\_\_\_  
 Shares held : \_\_\_\_\_

I am/we are the holder(s) of Shares of the Company as mentioned above. I/we nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of Shares shall vest in the event of my/our death.

Nominee's Name										Age			
Date of birth*													
Guardian's Name*													
Occupation of	1.	Service		2.	Business		3.	Student		4.	Professional		
Nominee (✓)	5.	Household		6.	Farmer		7.	Others					
Nominee's Address													
							Pin Code						
Telephone No.							Fax No.						
E-mail Address							STD Code						
Specimen Signature of Nominee/ Guardian (in case of nominee is minor)													

\* To be filled in case nominee is minor.

Kindly take the aforesaid details on record

Thanking you,  
Yours faithfully,

Name of all the Holder(s) [as appearing on the Certificate(s)]	Signature as per specimen recorded with the Company
Sole/1 <sup>st</sup> holder	
2 <sup>nd</sup> holder	
3 <sup>rd</sup> holder	

Signature of two Witnesses

Name and Address	Signautre with date

**Instructions:**

Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per the instructions, the same will be rejected.

1. The nomination can be made by individuals only. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly all joint holders will sign (as per the specimen recorded with the Company) the nomination form. A non-resident Indian can be a nominee on non-repatriable basis.
2. A minor can be nominated by a holder of shares and in that event the name and address of the Guardian shall be given by the holder.
3. Transfer of share in favour of nominee and repayment of amount to the nominee shall be valid discharge by a Company against the legal heir.
4. Only one person can be nominated per folio.
5. Details of all the holders in a folio required to be filled; else there request will be rejected.
6. The nomination will be registered only when it is complete in all respects including the signature of (a) all the registered holders (as per the specimen recorded with the Company) and (b) the nominee.
7. Whenever the Shares in the given folio are entirely transferred or transposed with some other folio, then this nomination will stand rescinded.
8. On receipt of duly executed nomination form, the Company will register the form and allot a registration number and date. This number and Folio No./ID No. should be quoted by the nominee in all future correspondence.
9. The nomination can be revoked by executing fresh nomination form.
10. The Company will not entertain any claims other than those of a registered nominee, unless so directed by a Court.
11. In case of shareholders holding their shares in demat mode, the shareholders are requested to provide the details to NSDL/ CDSL as the case may be through their respective Depository Participant.

<b>FOR OFFICE USE ONLY</b>	
Nomination Registration Number	Registered Folio No./ID No.
Date of Registration	
Checked by (Name & Signautre)	



## Monsanto India Limited

**Registered Office:** Ahura Centre, 5<sup>th</sup> Floor, 96, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.

### PROXY FORM

DP. Id*		Master Folio No.	
Client ID*			

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the District of \_\_\_\_\_  
being a Member/Members of Monsanto India Limited hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ or failing him \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy to  
attend and vote for me/us and on my/our behalf at the 60<sup>th</sup> ANNUAL GENERAL MEETING of the said Company to  
be held on Wednesday, 21<sup>st</sup> July, 2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature(s) of the Member(s) \_\_\_\_\_

Note:

- i) This Proxy must be deposited at the Registered Office of the Company,  
not later than 48 hours before the time of the meeting.
- ii) A PROXY NEED NOT BE A MEMBER.
- iii) \*Applicable for investors holding shares in electronic form.

Affix  
Revenue  
Stamp

## Monsanto India Limited

**Registered Office:** Ahura Centre, 5<sup>th</sup> Floor, 96, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.

### ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

DP. Id*		Master Folio No.	
Client ID*			

I hereby record my presence at the 60<sup>th</sup> ANNUAL GENERAL MEETING held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001 on 21<sup>st</sup> July, 2010 at 11.00 a.m.

Name of Proxy/Representative (in BLOCK Letter) (To be filled in if the Proxy attends instead of the Member)

Signature of The Member or Proxy/Representative \_\_\_\_\_

\* Applicable for investors holding shares in electronic form.



# Planting

better maize yields

# BETTER LIVES.



*Ker Singh Hatila - Janwad village, Panchmahal district, Gujarat*

Growing maize in Gujarat is hard work that left most farm families in poverty. But a partnership between Monsanto and the State Government is helping change that.

The partnership provides advanced high-yielding hybrid maize seeds, technical support and market linkages to more than 140,000 local farm families. The result?

Yields are surging, doubling income and moving families above the poverty line.

"These seeds have made an immediate impact on our community," says Ker Singh Hatila, who cultivates maize in Gujarat. "There have been visible improvements in health and education standards in our village."

Producing more. Conserving more. Improving farmers' lives. That's sustainable agriculture. And that's what Monsanto is all about.

Advanced maize seeds are helping raise living standards in Gujarat.

Learn more at: [www.ProduceMoreConserveMore.com](http://www.ProduceMoreConserveMore.com)

MONSANTO  
imagine®



PRODUCING MORE

CONSERVING MORE

IMPROVING FARMERS' LIVES

© 2009 Monsanto Co. Monsanto Imagine and the Vine Design are trademarks of Monsanto Technology LLC.



[www.monsantoindia.com](http://www.monsantoindia.com)