

Directors' Report

To the Members,

Your Directors have pleasure in presenting their 68th Annual Report on the business and operations of the Company and the financial results for the Financial Year ended March 31, 2018.

Financial Highlights

The financial performance of your Company, for the year ended March 31, 2018 is summarized below:

	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from Operations	672.12	645.80
Other Income	17.22	12.87
Total income	689.34	658.67
Profit Before Taxes	170.64	162.98
Taxation	6.08	11.54
Profit After Taxes	164.56	151.44
Other Comprehensive Income	3.95	(1.89)
Total Comprehensive Income	168.51	149.55

FINANCIAL & OPERATIONAL HIGHLIGHTS

During the financial year (F.Y.) 2017-18, your Company posted a Profit After Tax (PAT) of ₹ 164.56 crore as compared to previous year's PAT of ₹ 151.44 crore (increased by 9%). Total Comprehensive Income increased by 13% from ₹ 149.55 crores in 2016-17 to ₹ 168.51 crores in 2017-18.

Net Sales for the year under review increased to ₹ 667.44 crore compared to ₹ 640.91 crore for the previous F.Y. (increase by 4%).

Your Company's seeds' (DEKALB®) sale is higher at ₹ 481.78 crore in the F.Y. 2017-18 vis-à-vis ₹ 421.12 crore in the F.Y. 2016-17, indicating a growth of 14%. A strong Kharif 2017 and Spring performance coupled with successful portfolio transition led to this growth.

Net Sales of Roundup®(including excise duty) during the year stands at ₹ 185.66 crore compared to the previous year net sales of ₹ 219.79 crore (decreased by 16%). Revenues for 2017-18 includes excise duty up to June 30, 2017 which is discontinued with effect from July 1, 2017 upon implementation of Goods and Services Tax (GST) in India. However, revenues for F.Y. 2016-

17 includes excise duty for 12 months. Further, Glyphosate business was impacted due to uneven spread of rainfall across geographies.

In the year under review the operating expenses is ₹ 221.31 crores, which is an increase of 6% as compared to ₹ 208.03 crores in the previous year.

DIVIDEND

During the financial year 2017-18, your Company had declared an interim dividend of ₹ 15/- (Rupees fifteen only) per equity share. In addition, your Directors are pleased to recommend a payment of ₹ 15/- (Rupees Fifteen only) per equity share as the final dividend for the financial year ended March 31, 2018. If approved by the members at the Annual General Meeting to be held on August 28, 2018, the total dividend (interim and final dividend) for the financial year 2017-18 would be ₹ 30/- (Rupees Thirty only) per equity share.

In terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Hereinafter SEBI LODR") your Company has formulated the Dividend Distribution Policy of the Company which

is annexed as (**Annexure 1**) and forms a part of this Report. The policy is in accordance with the parameters prescribed under the Listing Regulations and is also available on the website of the Company at www.monsantoindia.com.

TRANSFER TO RESERVES

The Company has not transferred any amount to general reserve.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Piyush Nagar tendered resignation as the Director of the Company effective, November 23, 2017 as he took on new role as Asia-Africa Customer Care Lead. Your Directors place on record their sincere appreciation of the valuable contribution made by him during his tenure as a Director of the Company.

On recommendations of the Nomination and Remuneration Committee, your Board appointed Mr. Bangla Bose Radhakrishna Mallepeddi as an Additional Director with effect from November 23, 2017. Mr. Bangla Bose holds office as an Additional Director until the ensuing Annual General Meeting, and is eligible for appointment as Director as provided under Articles of Association of the Company.

Pursuant to the amended provisions of the SEBI LODR, a person who has attained the age of seventy- five years can continue directorship in a listed company as a Non-Executive Director only after the concerned listed company has taken the approval of its shareholders by way of a special resolution. The said provision shall come into effect from April 1, 2019. In view of the above, your directors have recommended re-appointment of Mr. H.C. Asher as a Non-Executive Independent Director till the expiry of his term i.e., August 9, 2021.

In accordance with provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sekhar Natarajan retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

A brief profile of Mr. Bangla Bose Radhakrishna Mallepeddi, Mr. H. C. Asher and Mr. Sekhar Natarajan and the details of directorship held by him, forms a part of the Notice convening the 68th Annual General Meeting, contained in this Annual Report.

The Independent Directors of your Company have confirmed that they meet the criteria of independence as prescribed under Section 149 of the Act and Regulation 16 of the SEBI LODR.

There is no change in the composition of the Board of Directors during the year under review.

FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

Every Independent Director of the Company is provided with ongoing information about the industry and the Company so as to familiarise them with the latest developments. The Independent Directors also visit the facilities at various locations of the Company where they can visit and familiarise themselves with the operations of the Company.

The details of familiarization programs provided to the Directors of the Company are available on the Company's website www.monsantoindia.com.

FORMAL ANNUAL EVALUATION OF BOARD OF DIRECTORS, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and SEBI LODR, the Board has carried out the annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committee. A structured evaluation report was prepared after taking into consideration inputs received from the directors covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board dynamics, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board, who are evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders, etc. The criteria applied in the Board evaluation process is explained in the Corporate Governance Report.

The performance evaluation of the Independent directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the independent directors who also reviewed the adequacy and flow of information to the Board. The directors expressed their satisfaction with the evaluation process.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board meets at regular intervals to discuss and decide on Company/business policies and strategies apart from other Board businesses. The Board/Committee Meetings are prescheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings.

However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which are confirmed at the subsequent Board meeting.

The notice of Board meeting is given well in advance to all the Directors. The Agenda of the Board / Committee meetings is circulated at least a week prior to the date of the meeting. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

During the year under review six Board Meetings and six Audit Committee Meetings were convened and held. Details of each such meetings are given in the Corporate Governance Report. The intervening gap between the meetings was within the time limit as prescribed under the Companies Act, 2013.

COMMITTEES OF THE BOARD

Currently, there are six (6) Committees of the Board, namely

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- Share Transfer Committee
- Independent Directors Committee

The Board decides the terms of reference for these Committees. Minutes of meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided in detail, in the Corporate Governance Report, which forms a part of this Annual Report.

INTERNAL FINANCIAL CONTROL

The Company has an internal control system commensurate with the size, scale and complexity of its operations. The Internal Auditors are an integral part of the internal control mechanism of the Company. To maintain its objective and independence, the Internal Auditors report to the Audit Committee of the Board.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with the operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial statements and disclosure.

STATUTORY AUDITORS AND AUDITOR'S REPORT

In the 67th Annual General Meeting (AGM) of the Company, M/s. MSKA & Associates, Chartered Accountants, (Firm Registration No :105047W), Statutory Auditors of the Company, have been appointed for five consecutive years i.e until the conclusion of 72nd Annual General Meeting, subject to ratification at each Annual General Meeting upto the 72nd Annual General Meeting. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark. Further in compliance with statutory requirements, the Statutory Auditors have not rendered to the Company during the financial year 2017-18, directly or indirectly, any of the services enumerated under Section 144(1) of the Companies Act, 2013.

COST AUDITORS

Pursuant to the direction from the Ministry of Corporate Affairs for appointment of Cost Auditors, your Board had re-appointed M/s ABK & Associates, as the Cost Auditor of your Company for the financial year 2017-18 to conduct the audit of the cost records of the Company.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder and as per the recommendation of the Audit Committee, the Board of Directors of the Company at its meeting held on May 15, 2018, has re-appointed M/s ABK & Associates, (Registration no. 000036) as the Cost Auditors of your Company for the financial year 2018-19 to conduct the audit of the cost records of the Company. A resolution for ratification of the remuneration of the said Cost Auditors is included in the Notice convening the 68th AGM of the Company for seeking approval of members. The report with respect to the audit of cost accounts maintained in respect of insecticides manufactured by the Company, will be submitted to the Central Government within the period stipulated under the Act.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Vinod Kothari & Co., Practising Company Secretaries, to undertake the Secretarial Audit of the Company for the year under review.

The Secretarial Audit Report for the FY 2017 - 18 is annexed as **(Annexure 2)** and forms a part of the Board's Report to the members. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has appointed M/s. Vinod Kothari & Co., Practising Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2018 - 19.

EXTRACT OF THE ANNUAL RETURN

In accordance with requirements under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the details forming part of the extract of the Annual Return in form MGT 9 is annexed as **(Annexure 3)**.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Information required under Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is annexed as **(Annexure 4)**.

The Policy for the same is available on: <http://www.monsanto.com/global/in/whoweare/pages/policies.aspx>.

DETAILS OF ESTABLISHMENT OF VIGIL/ WHISTLE BLOWER MECHANISM FOR DIRECTOR AND EMPLOYEES

Your Company maintains a Code of Business Conduct and Anti-Corruption Program. Additionally, a vigil/whistle blower mechanism ('Monsanto Speak-Up Protocol for India') has also been developed pursuant to requirements of Section 177(9) and (10) of the Act and Regulation 22 of the SEBI LODR with the Stock Exchanges in India. The Company's 'Monsanto Speak-Up Protocol for India' aims at:

- informing employees of their obligation to report serious wrongdoing within the Company;
- providing employees with guidance on how to raise concerns;
- reassuring employees that they should be able to raise genuine concerns in good faith without fear of retaliation; and

- providing specific direction on how to contact the Chairperson of the Audit Committee of Board of Directors.

The Company has made available to its employees, anonymous email facility and telephone hotlines for reporting of any deviations / concerns.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Committee of the Board of Directors has adopted a Charter which deals with the manner of selection of Board of Directors including the Managing Director and their remuneration. This Policy is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR.

The Nomination and Remuneration policy is annexed as **(Annexure 5)**, as stated in the Corporate Governance Report and is available on: <http://www.monsanto.com/global/in/whoweare/pages/policies.aspx>

PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTY

The particulars of every contract /arrangement entered into by the Company with the related parties referred to in sub section 1 of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto has been disclosed in Form AOC - 2 as **(Annexure 6)**.

The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and is available on <http://www.monsanto.com/global/in/whoweare/pages/policies.aspx>.

CORPORATE GOVERNANCE CERTIFICATE

A detailed report on the corporate governance system and practices of the Company forming part of this report is given as a separate section of the Annual Report.

The Compliance Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance as stipulated under Regulation 34 of the SEBI LODR is annexed to the report as **(Annexure 7)**.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 134(3)(c) of the Companies Act, 2013 ("the Act"), your Directors, on the basis of information made available to them, confirm the following for the year under review:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) they have taken proper and sufficient care to the best of their knowledge and ability, 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; and
- d) they have prepared the annual accounts on a going concern basis.
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating efficiently.
- f) they have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BUSINESS RESPONSIBILITY REPORT

As stipulated under Regulation 34 of the SEBI LODR, the Business Responsibility Report on Company's as required by Regulation 34(2) of the SEBI LODR, initiatives on environmental, social and governance aspects forming part of this report is given as a separate section of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis on the business and operations of the Company as required by Regulation 34(2) of the SEBI LODR, forming part of this report is given as a separate section of the Annual Report.

PERSONNEL

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **(Annexure 8)** to this Report.

Details of employee remuneration as required under provisions of Section 197(12) of the Act read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report. In terms of the first proviso to Section 136(1) of the Act, the reports and accounts are being sent to the shareholders excluding the aforesaid remuneration.

Any shareholder interested in inspection of the documents pertaining to the above information or desiring a copy thereof may write to the Company Secretary.

Total number of permanent employees employed with your Company as on March 31, 2018 is 257 as compared to 268 as on March 31, 2017.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The information required to be furnished pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 is annexed as **(Annexure 9)** and forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of earnings and expenditure in foreign currency are given in Annexure 9.

POLICY AGAINST SEXUAL HARASSMENT AT WORKPLACE

The Company has zero tolerance towards sexual harassment at the workplace and has constituted an Internal Committee for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Section 4(1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the Financial Year, the Company received 3 complaints. All complaints have been resolved by the Company.

AWARDS

Your Company has been recognised for being one of the 100 Best Companies for Women in India by Working Mother & Avtar. The "2017 Working Mother & Avtar Best Companies for Women in India" (BCWI) Project is India's largest self-tracking, self-reporting and self-evaluating opportunity for companies to benchmark themselves with regard to policies and practices for women's career advancement.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.

3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. The Managing Director of the Company does not receive any remuneration or commission from any of its holding Company.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. Particulars of Loans given, Investments made, Guarantees given and Securities provided.
7. Changes in nature of business.
8. Material changes and commitments affecting the financial position of the Company between end of the financial year and the date of this report.
9. Reporting of fraud by auditors in terms of Section 143(12) of the Act.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from its shareholders, government authorities, vendors, channel partners, and other business associates. Your Directors appreciate the continued support from Monsanto Company, USA and would also wish to place on record their deep sense of appreciation for the committed services by the employees of the Company. Without this support, the Company would not be able to successfully serve its farmer customers whose success eventually determines the Company's success.

For and on behalf of the Board of Directors

Mumbai
May 15, 2018

Sekhar Natarajan
Chairman
DIN: 01031445