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E.I.D. – PARRY (INDIA) LIMITED

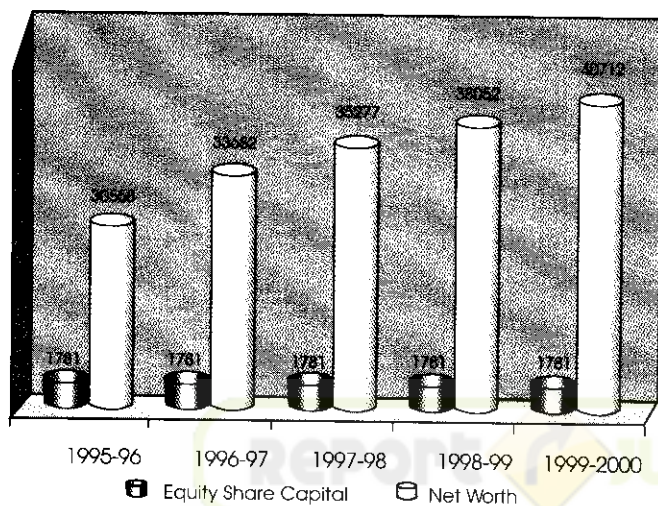
Annual Report 1999-2000



E.I.D.-PARRY Performance at a glance

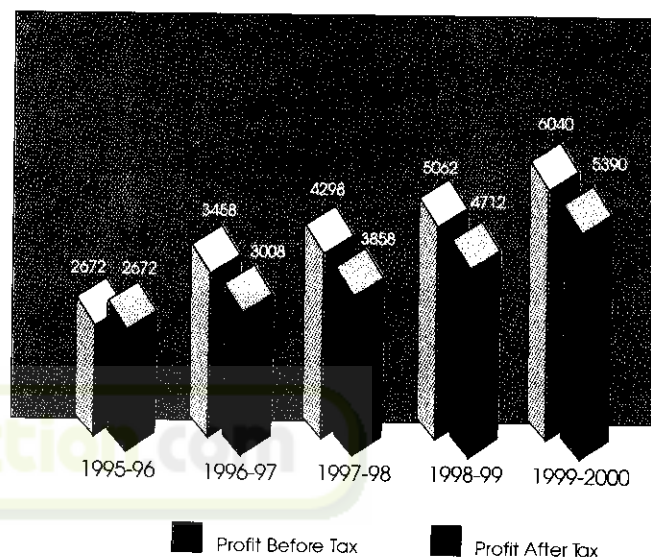
Equity Share Capital - Net Worth*

Rs. in Lakhs



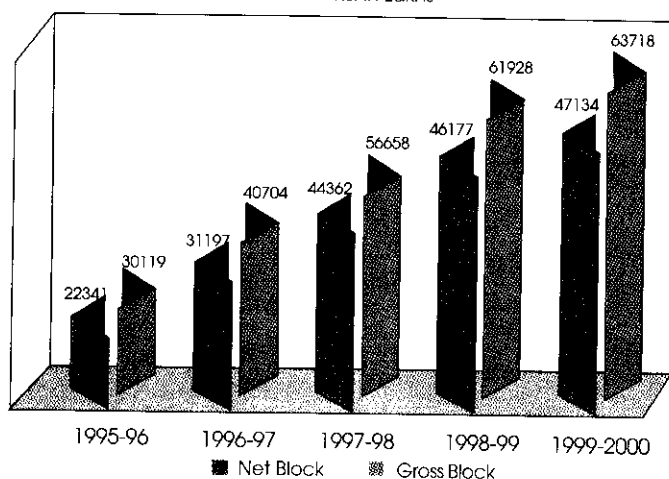
Profit Before Tax - Profit After Tax

Rs. in Lakhs



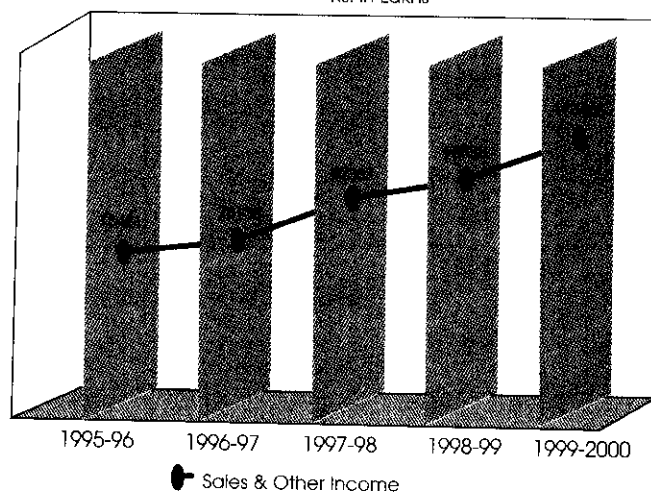
Net Block*-Gross Block*

Rs. in Lakhs



Sales & Other income

Rs. in Lakhs



(*Excluding Revocation Reserve / Revocation)
Not to Scale

E.I.D. - PARRY (INDIA) LIMITED**ANNUAL REPORT 1999-2000****BOARD OF DIRECTORS**

M.V. SUBBIAH
Executive Chairman

A. VELLAYAN
Vice Chairman

Dr. S.S. BAIJAL

S.M. DATTA

L.N. JAYARAMAN

R.S. NANDA

P. RAMA BABU
Whole time Director

S. VISWANATHAN

SECRETARY

MS. G. JALAJA

REGISTERED OFFICE

DARE HOUSE
PARRY'S CORNER
CHENNAI - 600 001
INDIA

AUDITORS

LOVELOCK & LEWES
Chartered Accountants
CHENNAI

BANKERS

STATE BANK OF INDIA

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FINANCIAL HIGHLIGHTS

(Rs. lakhs)

	YEAR ENDED 31ST MARCH				
	1996	1997	1998	1999	2000
GROSS INCOME	73481	78138	92387	98858	113465
GROSS PROFIT	5021	7663	11163	14324	14642
DEPRECIATION	1294	1931	3085	3750	3552
INTEREST	1055	2274	3780	5512	5050
PROFIT BEFORE TAX	2672	3458	4298	5062	6040
PROFIT AFTER TAX	2672	3008	3858	4712	5390
EARNINGS PER SHARE (Rs.)	15.00*	15.46	20.37	24.78	28.65
DIVIDENDS ON EQUITY (%)	36	40	50	60	70
EQUITY SHARE CAPITAL	1781	1781	1781	1781	1781
RESERVES & SURPLUS **	26877	29001	31946	33721	37431
SHAREHOLDERS' FUNDS **	30558	33682	35277	38052	40712
BOOK VALUE PER SHARE ** (Rs.)	160	172	189	199	220

* Annualised

* * Excluding Fixed Assets Revaluation Reserve

E.I.D. - PARRY (INDIA) LIMITED

Registered Office : 'Dare House', Parry's Corner, Chennai 600 001

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**TWENTY FIFTH ANNUAL GENERAL MEETING
NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Shareholders of E.I.D.- Parry (India) Limited, Chennai, will be held on Wednesday, the 20th September 2000 at 3.30 P.M. at The Music Academy, 306 TTK Road, Chennai - 600 014, to transact the following business :

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March 2000 and the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To declare dividend on Preference Capital.
3. To declare dividend on Equity Capital.
4. To appoint a Director in the place of Mr. S.M. Datta, who retires by rotation in terms of Articles 102 and 103 of the Company's Articles of Association and being eligible offers himself for reappointment.
5. To appoint a Director in the place of Mr. L.N. Jayaraman, who retires by rotation in terms of Articles 102 and 103 of the Company's Articles of Association and being eligible offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following Resolution as a Special Resolution :

"RESOLVED that Messrs. Lovelock and Lewes, Chartered Accountants, Chennai, be and they are hereby reappointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be decided by the Board of Directors in this regard in addition to reimbursement of actual travelling and out-of-pocket expenses incurred by them".

7. To consider and if deemed fit, to appoint Mr. A. Vellayan as a Director in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member along with a deposit of five hundred rupees, signifying his intention to move the following Resolution as an Ordinary Resolution.

"RESOLVED that Mr. A. Vellayan be and he is hereby appointed a Director of the Company."

8. To consider and if deemed fit, to appoint Mr. R.S. Nanda as a Director in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member along with a deposit of five hundred rupees, signifying his intention to move the following Resolution as an Ordinary Resolution.

"RESOLVED that Mr. R.S. Nanda be and he is hereby appointed a Director of the Company."

9. To consider and if deemed fit, to appoint Mr. P. Rama Babu as a Director in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member along with a deposit of five hundred

rupees, signifying his intention to move the following Resolution as an Ordinary Resolution.

"RESOLVED that Mr. P. Rama Babu be and he is hereby appointed a Director of the Company."

10. To consider and if deemed fit to pass with or without modification(s) the following Resolution as an Ordinary Resolution.

"RESOLVED that subject to necessary approvals and pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956, the Company hereby approves the appointment of Mr. M.V. Subbiah as a Wholtime Director of the Company with the designation "Executive Chairman" for a period of 5 years with effect from 1st February 2000".

"RESOLVED FURTHER that subject to necessary approvals and pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956 and subject further to the limits prescribed in the Companies Act, 1956 the remuneration payable to Mr. M.V. Subbiah, Executive Chairman with effect from 1st February 2000 shall be as follows :

- | | |
|-------------------------------|---|
| 1. Salary | Rs. 1,00,000 per month in the range of Rs. 1,00,000 - Rs. 3,00,000. The increments will be decided by the Committee constituted for this purpose. |
| 2. Personal Allowance | 15% of salary per month. |
| 3. Commission | 1% of the net profits of the Company for each financial year computed in the manner prescribed under Sections 349 and 350 of the Companies Act, 1956 subject to a maximum amount equal to the annual salary payable to him for the respective financial year. |
| 4. Perquisites | In addition to salary, personal allowance and commission perquisites are as follows: |
| (i) Housing | Furnished/Unfurnished Residential Accommodation or House Rent Allowance of 30% of salary per month in lieu thereof. |
| (ii) Medical Reimbursement | Actual expenses incurred by Mr. M.V. Subbiah and his family. |
| (iii) Leave Travel Concession | For Mr. M.V. Subbiah and his family once in a year in accordance with the rules of the Company subject to a maximum of 15% of annual salary.
For the purpose of (ii) and (iii) above, 'family' means the spouse and dependent children of Mr. M.V. Subbiah |
| (iv) Club Fees | Fees of Clubs subject to a maximum of two clubs, admission and life membership fee not being allowed. |

- (v) Personal Accident Insurance
Premium shall not exceed Rs.10,000 per annum.

- (vi) Company's contribution towards Provident Fund and Superannuation Fund

Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- (vii) Encashment of leave not availed of
Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

- (viii) Gratuity
Gratuity payable should not exceed half-a-month's salary for each completed year of service.

- (ix) Provision of Car for use of Company's business and Telephone at residence will not be considered as perquisites.

- (x) Such other perquisites, benefits, amenities and facilities as opted by Mr. M.V. Subbiah, the annual value of which shall not exceed one month's salary.

For the purposes of the foregoing, perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.

The Executive Chairman will not be entitled to any sitting fee for attending meetings of the Board or of any Committee thereof".

Minimum Remuneration

"**RESOLVED FURTHER** that in the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites, benefits, amenities and facilities to Mr. M.V. Subbiah, Executive Chairman, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof".

11. To consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution.

"**RESOLVED** that subject to necessary approvals, and pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions of Schedule XIII of the Companies Act, 1956, the Company hereby approves the appointment of Mr. P. Rama Babu, as a Whole-time Director of the Company with the designation President (Sugar Division), for a period of 5 years with effect from 1st February 2000".

"**RESOLVED FURTHER** that subject to necessary approvals and pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956, and subject

further to the limits prescribed in the Companies Act, 1956 the remuneration payable to Mr. P. Rama Babu, Whole-time Director with effect from 1st February 2000 shall be as follows :

1. Salary Rs. 90,000 per month in the range of Rs.60,000 - Rs.1,80,000. The increments will be decided by the Committee constituted for this purpose.
2. Personal Allowance 45% of salary per month.
3. Commission Such amount as may be determined by the Board/Committee constituted for this purpose, which shall however not exceed the annual salary payable to him for the respective financial year.
4. Perquisites In addition to salary, allowances and commission perquisites are as follows:

- (i) Housing
Provision of furnished/unfurnished accommodation either owned or rented by the Company as per Company's rules.

- (ii) Medical Reimbursement
Actual expenses incurred for self and family towards domiciliary and hospitalisation as per Company's medical scheme.

- (iii) Leave Travel Assistance
Leave Travel Assistance of 15% of annual basic salary per annum as per Company's rules.

- (iv) Club Fees
Entrance fees to any one club and annual or monthly subscription to any two clubs.

- (v) Housing Loan Scheme
Will be entitled to a Housing Loan as per Company's Housing Loan Scheme.

- (vi) Leave Encashment
Encashment of leave not availed of will be as per Company's Rules.

- (vii) Personal Accident Insurance
Premium shall not exceed Rs.10,000 per annum.

- (viii) Company's contribution towards Provident Fund and Superannuation Fund

Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- (ix) Gratuity
Gratuity payable as per the applicable Rules in accordance with the Rules of the Gratuity Fund/Gratuity Act as the case may be and as may be in force from time to time.

(x) Other perquisites

Such other perquisites, benefits, amenities as applicable to senior management staff of the Company, from time to time, (including furniture and air conditioners as per the Company Scheme) the perquisite value of which shall not exceed one month's salary.

Provision of car for use of Company's business and telephone at residence will not be considered as perquisites.

For the purposes of the foregoing, perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.

Mr. P. Rama Babu will not be entitled to any sitting fee for attending meetings of the Board or of any committee thereof.

Overall Limit

Notwithstanding anything contained above, the remuneration payable to Mr. P. Rama Babu shall be subject to the overall limits specified under Sections 198, 309 and 310 and Schedule XIII of the Companies Act, 1956 as amended from time to time.

Minimum Remuneration

In the event of absence or inadequacy of profits in any financial year, the remuneration by way of salary, allowances, commission, incentive, perquisites, benefits, amenities and facilities to Mr. P. Rama Babu, whole-time Director, shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof".

12. To consider and if deemed fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED that the consent of the Company be and the same is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and /or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and /or conferring power to enter upon and to take possession of the assets of the Company in certain events, to or in favour of the following, namely:

- i) Industrial Development Bank of India (IDBI)
- ii) ICICI Limited (ICICI)
- iii) State Bank of India, Debenture Trustees (SBI Trustees) to secure:

- a) Rupee Term Loan not exceeding Rs. 2000 lakhs (Rupees Two thousand lakhs only) and
- b) Rupee Term Loan not exceeding Rs. 33,20,86,217 (Rupees Thirty Three crores twenty lakhs eighty six thousand two hundred and seventeen only) lent and advanced/agreed to be lent and advanced by IDBI to the Company.

- c) Rupee Term Loan not exceeding Rs. 3000 lakhs (Rupees Three thousand lakhs only) lent and advanced/agreed to be lent and advanced by ICICI to the Company and
- d) Rupee Term Loan not exceeding Rs. 400 lakhs (Rupees Four hundred lakhs only) lent and advanced/agreed to be lent and advanced by ICICI to the Company.
- e) SBI as Debenture Trustees for the holders of:
 - i) 3000 - 12.20% Secured Redeemable Non-Convertible Debentures of the face value of Rs. 100000 each aggregating to Rs. 3000 lakhs.
 - ii) 1000 - 12.16% Secured Redeemable Non-Convertible Debentures of the face value of Rs. 100000 each aggregating to Rs. 1000 lakhs and
 - iii) 1500 - 11.39% Secured Redeemable Non-Convertible Debentures of the face value of Rs. 100000 each aggregating to Rs. 1500 lakhs.

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, redemption of the principal amount of the Debentures, Payment of interest, Remuneration of the Trustees, costs, charges, expenses and other monies payable by the Company to IDBI/ ICICI/SBI Trustees under their respective Loan Agreements/Letters of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company/terms of the Debenture Trust Deeds in respect of the said term loans/debentures".

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI/ICICI/SBI Trustees the documents for creating aforesaid mortgage and / or charge and to do all such acts and things as may be necessary for giving effect to the above resolution".

The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, the 12th September 2000 to Wednesday, the 20th September 2000, both days inclusive.

By Order of the Board,
For E.I.D. Parry (India) Limited

Chennai
8th May, 2000

G. JALAJA
Secretary

NOTES

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. The proxy need not be a member of the Company. Proxy to be valid shall be deposited with the Company not later than forty eight hours before the time for holding the meeting.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Items 6 to 12 is annexed.
3. Members are requested to intimate immediately any change in their address registered with the Company.

ANNEXURE TO THE NOTICE

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

The following Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 sets out all material facts relating to items 6 to 12 mentioned in the accompanying Notice dated 8th May, 2000.

ITEM NO. 6

Section 224A of the Companies Act, 1956 provides that in the case of a Company in which not less than 25% of the Subscribed Capital is held, whether singly, or in any combination by Public Financial Institutions, Nationalised Banks, General Insurance Company and other categories of Corporate Bodies mentioned in that Section, the appointment or reappointment of Auditors will require the approval of the Shareholders by a Special Resolution. As more than 25% of the Subscribed Capital of the Company is held by the categories of Bodies Corporate mentioned above, the resolution for reappointment of Messrs. Lovelock & Lewes, Chartered Accountants, Chennai, as Auditors of the Company on the terms and conditions as set out in the Resolution is proposed as a Special Resolution.

Interest of Directors

None of the Directors is interested or concerned in the Resolution.

ITEM NO. 7

Mr. A. Vellayan was appointed as a Director of the Company with effect from 1st November 1999 in the casual vacancy caused by the resignation of Mr. M.A. Alagappan and will hold office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member along with a deposit of five hundred rupees, signifying his intention to propose at the ensuing Annual General Meeting the appointment of Mr. A. Vellayan as a Director of the Company and for that purpose to move a resolution as mentioned in the said notice.

Mr. A. Vellayan besides being the whole time Director in Coromandel Fertilisers Ltd. and Director of several other Companies is also the Director in charge of marketing for the entire Murugappa Group. As such it was considered desirable to appoint him as a Director so that the Company is benefited from his expertise.

Accordingly, Ordinary Resolution set out under Item No.7 of the notice is submitted to the meeting.

Interest of Directors

Mr. A. Vellayan is interested or concerned in the resolution.

Mr. M.V. Subbiah, Executive Chairman may be deemed to be interested or concerned in the resolution by virtue of his being a partner of Mr. A. Vellayan in certain partnership firms.

None of the other Directors is interested or concerned in the resolution.

ITEM NO. 8

Mr. R.S. Nanda has been appointed as an Additional Director with effect from 1st February 2000 and will hold office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment.

Mr. R.S. Nanda is the President and Managing Director of Coromandel Fertilisers Ltd. His induction in the Board will strengthen the Board to take strategic decisions relating to Fertiliser Business.

Accordingly, Ordinary Resolution set out under Item No.8 of the notice is submitted to the meeting.

Interest of Directors

Mr. R.S. Nanda is interested or concerned in the resolution.

None of the other Directors is interested or concerned in the resolution.

ITEM NO. 9

Mr. P. Rama Babu has been appointed as an Additional Director with effect from 1st February 2000 and will hold office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment. The Board of Directors have also appointed him as a Whole-time Director with the designation "President-Sugar Division" for a period of 5 years with effect from 1st February 2000.

The Board considered it desirable to induct Mr. P. Rama Babu as a Director who looks after the Sugar and Chemical Divisions of the Company. His appointment as a Director will strengthen the Board to concentrate in core areas of operation.

Accordingly, Ordinary Resolution set out under Item No.9 of the notice is submitted to the meeting.

Interest of Directors

Mr. P. Rama Babu is interested or concerned in the resolution.

None of the other Directors is interested or concerned in the resolution.

ITEM NO. 10

Mr. M. V. Subbiah stepped down as Managing Director of the Company with effect from 31st January 2000 with a view to give more challenging roles to operational heads. Considering the achievements made by the Company during Mr. M. V. Subbiah's period of stewardship and to continue to have the benefit of his services your Board of Directors considered it expedient to terminate by mutual consent the contract of appointment with Mr. M. V. Subbiah with effect from the close of business hours on 31st January 2000 and appointed him as Executive Chairman for a period of 5 years with effect from 1st February 2000 on the same terms and conditions.

An abstract of the terms of appointment of Mr. M. V. Subbiah, Executive Chairman, pursuant to Section 302 of the Companies Act, 1956 was sent to all the shareholders in February 2000.

The said terms of appointment and the remuneration payable to Mr. M. V. Subbiah with effect from 1st February 2000 requires the specific approval of the shareholders under Schedule XIII of the Companies Act, 1956.

Accordingly, Ordinary Resolutions set out under Item No. 10 of the Notice are submitted to the Meeting.

Therefore, the terms of remuneration as set out in the Notice may be regarded as an abstract of the terms and conditions and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956 and the requirements of the said Act may be deemed to have been sufficiently complied with.

Interest of Directors

Mr. M. V. Subbiah, is interested or concerned in the Resolution. Mr. A. Vellayan is deemed to be interested or concerned in the above said Resolution being a partner of Mr. M.V. Subbiah in certain partnership firms.

None of the other Directors is interested or concerned in the resolution.

ITEM NO. 11

The Board of Directors have subject to the approval of the Company in General Meeting appointed Mr. P. Rama Babu as a Whole-time Director with the designation President (Sugar Division) for a period of 5 years with effect from 1st February 2000.

Mr. P. Rama Babu is currently heading the Sugar operations.

An abstract of the terms of appointment of Mr. P. Rama Babu, Whole-time Director, pursuant to Section 302 of the Companies Act, 1956 was sent to all the shareholders in February 2000.

The said terms of appointment and the remuneration payable to Mr. P. Rama Babu with effect from 1st February 2000 requires the specific approval of the shareholders under Schedule XIII of the Companies Act, 1956.

Accordingly, Ordinary Resolutions set out under Item No. 11 of the Notice are submitted to the Meeting.

Therefore, the terms of remuneration as set out in the Notice may be regarded as an abstract of the terms and conditions and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956 and the requirements of the said Act may be deemed to have been sufficiently complied with.

Interest of Directors

Mr. P. Rama Babu, is interested or concerned in the Resolution. None of the other Directors is interested or concerned in the resolution.

ITEM NO. 12

IDBI had sanctioned to the Company a Term Loan of Rs. 2000 lakhs in connection with the Company's 2500 TCD Green Field

Sugar Project at Pudukottai and a Term Loan of Rs. 33,20,86,217 for substituting the outstanding Term Loans availed for Co-Generation, Neem based Pesticides and Acetic Acid projects.

ICICI Limited (ICICI) had sanctioned to the Company Term Loans of Rs. 3000 lakhs for the purpose of meeting part of fund requirement for the year ending 31st March 2000 including for working capital requirements and for meeting normal capital expenditure of the Company and Rs. 400 lakhs for Sugar Expansion/Modernisation Project at Pugalur.

During the year, the Company had issued on private placement basis and allotted Secured Redeemable Non convertible Debentures of the aggregate nominal value of Rs. 55 crores for retirement of some of the high cost funds, for meeting capital expenditure and for the Company's 2500 TCD Green Field Sugar Project at Kurumbur Village, Aranthangi Taluk, Pudukottai District, Tamil Nadu.

State Bank of India, Chennai Main Branch are the Debenture Trustees for the said Debentureholders.

The financial assistance from IDBI, ICICI and Debentures issued by the Company have to be secured by a mortgage of all the immovable and movable properties of the Company, present and future.

Section 293 (1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public Company or of a private Company which is a subsidiary of a public Company, shall not without the consent of such public Company or private Company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of IDBI, ICICI, SBI Debenture Trustees may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293 (1) (a) of the Companies Act, 1956 for creation of the said mortgages/charges.

Accordingly, Ordinary Resolution set out under Item No. 12 of the Notice is submitted to the Meeting.

Interest of Directors

None of the Directors is interested or concerned in the resolution.

By Order of the Board,
For E.I.D-Parry (India) Limited

Chennai
8th May, 2000

G. JALAJA
Secretary