



E.I.D.-Parry (India) Limited

Setting New
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Annual Report 2002 - 2003

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

Registered Office : 'Dare House', Parrys Corner, Chennai - 600 001



TWENTY EIGHTH ANNUAL GENERAL MEETING NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Shareholders of E.I.D.- Parry (India) Limited, Chennai, will be held on Monday, the 21st July 2003 at 11 A.M. at The Music Academy, No.168 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 2003 and the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To declare dividend on Equity Capital.
3. To appoint a Director in the place of Mr. A.Vellayan, 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.
4. To appoint a Director in the place of Mr. R.S.Nanda, 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 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 an **Ordinary Resolution**:

"RESOLVED that Messrs. Lovelock & 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 to be decided by the Board or Committee thereof in addition to reimbursement of actual travelling and out-of-pocket expenses incurred by them".

6. To appoint Branch 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 an **Ordinary Resolution**:

"RESOLVED that Messrs. Borkar & Muzumdar, Chartered Accountants, Mumbai, be and they are hereby reappointed as Branch Auditors of the Company's Branch Office at Parryware Division, Dewas, Madhya Pradesh, pursuant to Section 228(3) of the Companies Act, 1956 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board or Committee thereof in addition to reimbursement of actual travelling and out-of-pocket expenses incurred by them".

SPECIAL BUSINESS

7. 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 situate at Pugalur, District Karur, Tamil Nadu, 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 IFCI Limited (IFCI) acting as agent of President of India (Government of India (GOI) , Central Government) to secure the Sugar Development Fund Loan of Rs.4,03,42,000(Rupees Four crores three lakhs forty two thousand only) together with interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company under the Loan Agreements/ Letter of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said Sugar Development Fund Loan.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI/ IFCI 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."

8. To consider and if deemed fit, to pass, with or without modification(s) the following Resolution as a **Special Resolution**:

"RESOLVED that in accordance with the provisions of Sections 198, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "The Act") read with Article 92-A of the Articles of Association of the Company and subject to such approvals as may be required, the Directors (other than the Directors not resident in India but including the alternate Directors who are resident in India) who are neither in the whole-time employment of the Company nor the Managing Director(s) of the Company be paid with effect from 1st April 2003 in respect of each financial year of the Company for a period of five financial years ending 31st March 2008, remuneration by way of commission not exceeding an amount equal to 1% of the net profits of the Company as computed under Section 349 of the Companies Act, 1956.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to decide, from time to time the

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

quantum and manner of distribution of commission amount to one or more Directors within the limits prescribed.

RESOLVED FURTHER that the aforesaid commission shall be exclusive of the fees payable to such Directors for attending the Meetings of the Board and Committees thereof.

RESOLVED FURTHER that consent of the Company be and the same is hereby accorded for payment of the aforesaid commission to such Directors who may be relatives/partners of other Directors.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this Resolution".

9. To consider and if deemed fit to pass with or without modification 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 and subject further to the limits prescribed in the Companies Act, 1956 the Company hereby approves the remuneration payable to Mr P.Rama Babu, Whole-time Director with effect from 1st July 2002 as follows :

a. Salary	Rs.1,16,180 per month in the range of Rs.60,000 – Rs.1, 80,000. The increments will be decided by the Remuneration and Nomination Committee.
b. Allowances	Allowances like House Rent Allowance, Leave Travel Allowance, Personal Allowance, Special Allowance and/ or any other allowance as determined by the Remuneration and Nomination Committee, the aggregate of which per annum shall not exceed the annual salary.
c. Incentive	As determined by the Remuneration and Nomination Committee for each year but not exceeding the annual salary.
d. Perquisites	
i) Accommodation	Furnished / Unfurnished accommodation to be provided by the company

ii) Medical reimbursement	Actual expenses incurred by Mr. P. Rama Babu and his family subject to the company's medical scheme, which is in force from time to time.
iii) Club Fees	Subscription fees for two clubs. Entrance fee for one club subject to the company's rules in force from time to time.
iv) Provident Fund/ Super Annuation Fund	Contribution to the Provident Fund and Super Annuation Fund shall be in accordance with the approved scheme of the company as in force from time to time.
v) Gratuity	Gratuity payable in accordance with the rules of the approved scheme of the company as in force from time to time.
vi) Transportation	Provision of two cars (including cost of fuel, insurance and maintenance) as per the rules of the company in force from time to time.
vii) Encashment of leave not availed of	As per prevailing rules of the company.
viii) Provision of consumer durables and other assets under the company's furniture scheme	As per prevailing scheme of the company.
ix) Housing Loan	As per the company's Housing Loan Scheme in force from time to time with reference to Mr. P. Rama Babu's grade or interest subsidy towards housing loan availed by Mr. P. Rama Babu for an amount as may be determined by the Remuneration and Nomination Committee.
x) Other Perquisites	Any other perquisites, benefits, amenities as applicable to senior management staff of the company, from time to time, the perquisite value of which shall not exceed three months salary.



General

- Provision of telephone at residence (including payment of local calls and long distance official calls) shall not be reckoned as perquisites.
- For the purposes of the above, perquisites shall be valued as per Income tax Rules. In the absence of any such rules, perquisites shall be valued at actual cost.

RESOLVED FURTHER that in the event of inadequacy or absence of profits, Mr. P. Rama Babu shall be entitled to such remuneration as determined by the Board or Remuneration and Nomination Committee authorised in this regard.

RESOLVED FURTHER that all the other terms and conditions of appointment of Mr.P.Rama Babu already approved by the members at the 25th Annual General Meeting held on 20th September 2000 shall remain unchanged."

The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, the 10th July 2003 to Monday, the 21st July 2003, both days inclusive.

Chennai
12th May, 2003.

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

G Jalaja

G JALAJA
Secretary

NOTES

- 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.
- The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of items 7 to 9 is annexed.
- As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief resume, functional expertise of the directors proposed for reappointment are furnished below along with details of Companies in which they are directors and the Board Committees of which they are members.

1. Mr. A. VELLAYAN

Mr. A. Vellayan aged about 50 years holds a diploma in Industrial Administration from Aston University, Birmingham, U.K. and Masters in Business Studies from the University of Warwick Business School, U.K. He has industrial experience of about 26 years. He joined the EID Board in November 1999. Mr. Vellayan is a wholetime director

of Coromandel Fertilisers Limited and also in the Boards of several reputed companies. He is the Chairman of Southern Region of Federation of Indian Chamber of Commerce and Industry and Southern Regional Chairman of Federation of Indian Export Organisation.

Details of other Directorships/Committee memberships held by him are as follows:

Directorship	Committee Membership	Chairman / Member
Chairman		
Ambadi Enterprises Ltd.		
Parry and Company Ltd.		
Parry Engineering & Exports Ltd.		
Parry Murray & Co.Ltd		
The Mofussil Warehouse and Trading Company Ltd.		
Laserwords Private Ltd.		
Wholetime Director		
Coromandel Fertilisers Ltd.		
Director		
Bundy India Ltd.		
Kanoria Chemicals & Industries Ltd.		
Indfrag Biosciences Ltd.		
The Fertiliser Association of India		
Cholamandalam Investment & Finance Company Ltd.	Shareholders Grievance Committee	Member

2. Mr.R.S.NANDA

Mr. R.S. Nanda aged about 59 years holds a B.Sc. degree in Engineering (Mechanical). He started his career with Fertiliser Corporation of India and has held senior positions in several leading companies. He is the President and Managing Director of Coromandel Fertilisers Limited since 1994. Under his leadership, Coromandel's turnover grew from Rs.303 crores in 1994-95 to Rs.590 crores in 2002-03. He joined the EID Board in February 2000. He was the Chairman of the Confederation of Indian Industry, A.P. State Council for the year 1999-2000 and Chairman of the Fertiliser Association of India, Southern Region consecutively for two years i.e.1997-98 and 1998-99.

Details of other Directorships/Committee memberships held by him are as follows:

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

Directorship	Committee Membership	Chairman / Member
Chairman Parry Chemicals Ltd. Parry Agrochem Exports Ltd.		
Managing Director		
Coromandel Fertilisers Ltd.	Investors'/ Shareholders' Grievance Committee	Member
Director		
Indian Potash Ltd.		
The Fertiliser Association of India		
Prathyusha Chemicals & Fertilisers Ltd.		
Parry Monsanto Seeds Private Ltd.		

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 7 to 9 mentioned in the accompanying Notice dated 12th May 2003.

ITEM NO. 7

Government of India had sanctioned to the Company out of the Sugar Development Fund (SDF) a loan of Rs.4,03,42,000 towards modernisation/rehabilitation of plant and machinery at the Pugalur Sugar Unit. The loan is being disbursed through IFCI Ltd. acting on behalf of Government of India.

The SDF loan is secured by an exclusive second charge on the fixed and movable assets of the Pugalur Sugar unit, both present and future in favour of Government of India.

Though the company has already created necessary mortgage/charge in favour of IFCI Ltd. acting on behalf of the Government of India, approval of the members is being sought for passing a specific resolution under Section 293(1)(a) of the Companies Act, 1956.

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

Interest of Directors

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

ITEM NO. 8

At the 23rd Annual General Meeting of the Company held on 30th July 1998 the members had approved the payment to

Non Whole-time Directors remuneration by way of commission not exceeding 1% of the net profits of the Company for a period of five financial years commencing from 1st April 1998 in such manner as the Board of Directors may from time to time determine. This has also been approved by the Central Government vide letters dated 3rd December 1998 and 10th May 2002.

The responsibility of the Non whole time Directors has grown manifold during the last few years in view of their liability/ responsibility to the shareholders/stakeholders. The constitution and functioning of the Board and its committees, the conduct of Board and committee meetings in terms of regularity, participation and contents demand greater time and devotion from the Board of Directors. Further the highest level of corporate governance requires the Board of Directors to ensure quality in financial reporting, fairness, transparency, compliance with accounting standards, internal control etc.

Approval of the members is sought for authorising the payment of remuneration by way of commission to the Non Whole-time Directors (other than Managing Directors/ whole-time Directors but including Alternate Directors) not exceeding 1% of the net profits of the Company for a period of five financial years commencing from 1st April 2003 in the manner stated in the Special Resolution.

In accordance with Section 309 of the Companies Act, 1956 the aforesaid Special Resolution shall not remain in force beyond a period of five years but may be renewed from time to time, by a Special Resolution for a further period of five years at a time. The renewal shall be effective not earlier than one year from the date on which the Special Resolution is to come into force. The proposed payment of remuneration by way of commission to Non Whole-time Directors, requires the approval of the Company in General Meeting through a Special Resolution.

Accordingly, the Special Resolution set out under Item No.8 of the Notice is submitted to the Meeting.

Interest of Directors

All the Directors (other than Mr. M.V. Subbiah, Executive Chairman and Mr.P.Rama Babu, Whole-time Director) are interested in the Resolution.

Mr. M.V.Subbiah, Executive Chairman may be deemed to be interested in the resolution to the extent of the remuneration by way of commission payable to Mr.A.Vellayan, Vice Chairman, by reason of his being a partner of Mr.A.Vellayan, Vice Chairman, in certain partnership firms.

ITEM NO. 9

At the 25th Annual General Meeting of the Company held on 20th September 2000, the members have approved the appointment of Mr. P. Rama Babu, as a Whole-time Director under the designation President (Sugar Division) for a period of 5 years with effect from 1st February 2000 and also the remuneration payable to him.



As per this, Mr.P.Rama Babu was entitled to a salary of Rs.90,000 per month in the range of Rs.60,000-Rs.1,80,000. The increments would be decided by the Remuneration and Nomination committee. He was also entitled to allowances consisting of Personal Allowance and Leave Travel Allowance amounting to 60% of his salary and perquisites like Housing, Medical Reimbursement, Housing Loan Scheme, Club Fees etc.

The Board of Directors through a Resolution dated 6th August 2002 have approved subject to the approval of shareholders in General Meeting, the changes in the terms of remuneration as detailed in the Notice as determined by the Remuneration and Nomination Committee, payable to Mr.P.Rama Babu with effect from 1st July 2002, under the existing service contract entered in to by the company with him.

An abstract of the changes in the terms of remuneration of Mr. P.Rama Babu, Whole-time Director, pursuant to Section 302 of the Companies Act, 1956 was sent to all the shareholders in August 2002.

The variation in terms of remuneration of Mr.P.Rama Babu, Whole-time Director requires the approval of the shareholders in general meeting as per Schedule XIII of the Companies Act, 1956.

Accordingly, Ordinary Resolution set out under Item No.9 of the Notice is 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.

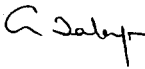
Interest of Directors

Mr. P. Rama Babu, Whole-time Director is interested or concerned in the Resolution.

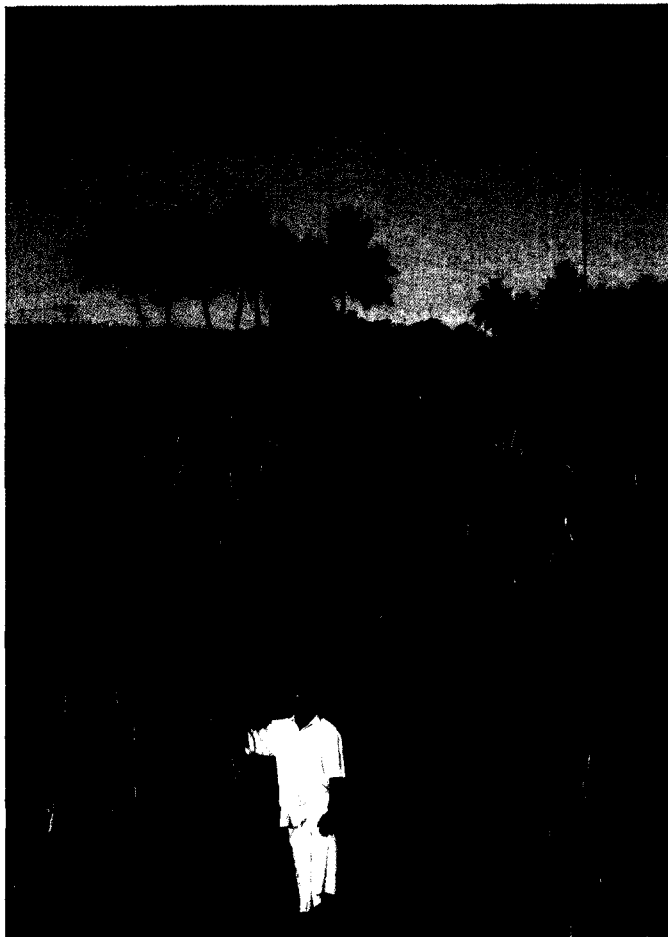
None of the other Directors is interested or concerned in the Resolution.

Chennai
12th May, 2003.

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


G JALAJA
Secretary

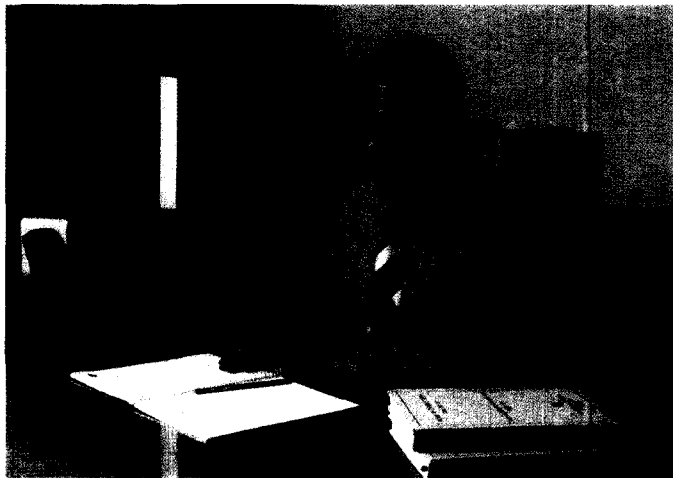




CONTENTS

FARMERS

Grass roots Farmers reaffirm their faith in Parrys, the world wonders why2



BANKING

Sweet Investments Why is the banker so confident about Parrys4

Setting New Business Standards

RATINGS

Analyze This Rating Analysts give Parrys the thumbs up6

FUNDS

The fab fund Fund Managers have a thing or two to say about Parrys that's music to everyone's ears8

INTERNATIONAL

The International Connection Find out why Parrys gets the exporters' vote9

PEOPLE SPEAK

Word of Mouth Does the housewife know Parrys? Does Parrys have a plan for reaching out to the end user10

WORKPLACE

Parrys Kaleidoscope what other cards does Parrys hold up its sleeves.....11
 Parrys really is Parrys really a better employer than others.....13



FUTURE

Crystal Ball What does the sugar crystal hold in store for us? Where does Parrys see itself tomorrow?15

SUCCESS AT THE GRASSROOTS

Report  junction.com

By Staff Correspondent

It's not how tall a tree is, it's how deep the roots go...' is the governing principle in Parrys' relationship with its farmers. Little wonder that most farmers have been associated with the company for generations. It is a symbiotic relationship that has weathered the storm of time.

At the grassroots, Parrys is constantly encouraging the farmer to try new methods of growing cane. For this purpose, an R&D lab was set up to cater to the requirements of the farmer. Today it offers the farmer not just contemporary methods, it is also introducing genetically superior strains of sugarcane. These include varieties that need less water, high yield canes, disease resistant and a whole list of such breakthroughs.

Modernization in the Parrys dictionary doesn't mean just better quality sugarcane at par with the others in the world. It also means a farmer who is as technology savvy as the



Venket

Parrys farmer accessing the modern banking facility



Proud Parrys farmer in his field

Venket

one sitting in developed countries. The task at hand is to modernize the Indian farmer and every step Parrys makes, is a step towards modernization for him too.

The first step was in the area of financial transactions. The Parrys farmer has access to the same modern banking facilities that the urban population in India is now getting so used to. ATM cards, net banking, phone banking are terms you'll find in their vocabulary. Apart from the face value of these facilities, it also exposes the farmer to various functions of the bank. The Parrys association helps him get loans to buy farm equipment, seeds etc. with a lot of ease.

Amazed? Now imagine this. A farmer is about to sow his crop when he discovers his soil doesn't look all that good. He logs onto indiagriline.com and expresses his doubt. Immediately, he gets solutions online from experts across the country. And while he's at it, he logs in and checks his transaction status. Satisfied with the online report, he goes about his business.

All this sounds a bit sci-fi, but is very true. indiagriline.com is an exciting site, logon and see it for yourself.

Parrys is also helping the farmer when he is not growing cane. True, to maintain the fertility of the soil, farmers have to grow paddy as crop rotation. Parrys buys even the paddy from the farmer to help him in every possible way.

In a way, the Parrys touch has brought an evolution in the Indian farmer. In turn, they are helping Parrys become a leader in the sugar industry. It's a fine example of success that began at the roots.



Parrys Farmer at Indiagriline Kiosk

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BANKING

Sweet Investments

In a market that's constantly offering sweet promises, investment is the bitter truth. Is sugar the new market to invest in? What does the future hold? Who can you depend on?

The sugar industry at large in India is caught in the vice like grip of government policies that control the purchase as well as the sale of sugar. Operating in this environment is like a tight-ropewalk, yet Parrys has succeeded on all fronts. So much so, it is a trustworthy name with leading financial institutions.

Apart from the financial health of the organization, its commitment to excel in all areas has contributed immensely in garnering this goodwill. It has also shown willingness to branch out in new directions and yet be successful.

A novel example of this is its co-generation plant at Nellikuppam. The first factory of its kind in this part of the world, it is a fantastic experiment where sugar is merely one of the things that the cane produces. The plant uses bagasse, one of the by-products of sugar, to generate power. This power is used by Parrys to run its own factories. The surplus is sold to the Tamil Nadu Electricity Board. Apart from this, the plant also uses other by-products of sugar to make industrial alcohol, acetic acid and organic manure. Parrys also plans to convert industrial alcohol to ethanol. Thus Parrys emerges as a futuristic and technologically sound company. The integrated sugar complex at Nellikuppam plant is a definite proof of Parrys ingenuity in making a success of new ventures.

Venkel

Mr. Santosh Nar., DGM (SBI),
CAG, Chennai

Report



Report Junction.com

Ms. Zain Daruwala, DGM, ICICI Bank

"It is a pleasure to work with EID Parrys farmers because they mirror the company's efficient performance and sound business principles. Any transaction with the Parrys farmer is always a trustworthy deal."