



BEYOND BOUNDARIES



E.I.D.- Parry (India) Limited
Annual Report 2004-2005



FORWARD-LOOKING STATEMENT

This Annual Report contains certain "Forward Looking Statements" relating to our future business developments and economic performance. These are based on our judgements and future expectations. The actual results could be materially different in terms of future performance and outlook due to a number of risks, uncertainties and other important factors and E.I.D.- Parry is under no obligation to publicly revise any forward looking statement to reflect future events or circumstances.

The Parryware logo is written in a large, elegant, cursive script font.

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OUR IDENTITY

E.I.D.- PARRY (INDIA) LIMITED (EID PARRY) IS AMONG THE LARGEST SUGAR MANUFACTURERS IN SOUTH INDIA AND THE LARGEST MANUFACTURER OF SANITARYWARE IN INDIA

Parentage

Established in 1788, EID Parry became a member of the Murugappa Group in 1981 and is presently engaged in diversified businesses. The Murugappa Group, a USD 1.5 Billion conglomerate, is one of India's largest family-promoted, professionally managed corporate with over 28,000 employees. A pioneer and market leader in several fields with over 40 manufacturing operations across 12 states in India, the group has a strong presence in farm inputs, engineering and cycles, sugar, abrasives, finance, general insurance, sanitaryware, plantations, bio-products and nutraceuticals.

Business

EID Parry is engaged in the manufacture and marketing of a wide-range of products that can be broadly divided into three groups:

- Sugar
- Parryware
- Bio-products

Brand

The Company markets its products under the 'Parry's Pure' and 'Parryware' brands for its sugar and sanitaryware divisions respectively, while its bio-products are marketed under the 'NeemAzaal'® brand. The Company has been accredited with the 'Business Superbrand' status for 2004-06 and also enjoys the Superbrand status for its 'Parryware' brand.

Market share

In the sugar business, the company accounts for more than 20% of the sugar production in Tamil Nadu. In the Parryware business, the Company commands an all-India market share of about 40%.

Presence

EID Parry's manufacturing is dispersed across eight manufacturing facilities in three states:

- **Sugar division:** Has four plants in the country situated at Nellikuppam in Cuddalore district, Pugalur in Karur district, Pudukottai in Pudukottai district and Pettavaittalai in Trichy district (all in Tamil Nadu). The combined capacity of all the four plants is 14000 tcd.
- **Parryware division:** Has three plants located at Alwar, Ranipet and Dewas with a combined capacity of 34500 mtpa. A wide distribution network comprising branch offices, C&F agents and dealers across India supports this capability.
- **Bio products division:** Has a 7500 kg state-of-the-art facility at Thyagavalli near Cuddalore in Tamil Nadu.

Certification

The Company has obtained ISO certifications for all its plants. All the sugar factories have received the ISO 9001:2000 (for quality management). Nellikuppam and Pudukottai have also obtained ISO 14001 (for environment management). Further the Pudukottai factory has also been accredited with OHSAS 18001 (for safety and health management). The Parryware plants have received the ISO 9001:2000 (for quality management), ISO 14001 (for environment management) and OHSAS 18001 (for safety and health management). The Thyagavalli manufacturing unit of bio-products has been accredited with ISO 14001. Further the unit has also received the organic certification from IMO, Switzerland.

Performance

EID Parry stands for product quality and continuous innovation. The Company has been a profit-making and dividend-paying organisation for the last 19 years. The Company's revenues and profits grew by 12% and 95% CAGR, respectively, in the three years leading to 2004-05.

Visibility

EID Parry's shares are listed on the National, Mumbai and Madras Stock Exchanges and GDRs on Luxembourg Stock Exchange. The Company's market capitalisation as on March 31, 2005 was Rs. 952 cr (NSE).

E.I.D.-Parry (India) Limited (EID Parry) is present in three of the most competitive and challenging businesses.

Sugar, Sanitaryware and Bio-products.

The first is climate-dependant and partly controlled by the government. The second is exposed to competition from the unorganised sector. The third represents the challenge of product acceptance in an international environment.

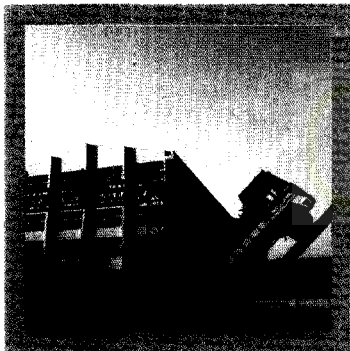
BEYOND FINANCIAL MEASURES - ADDING VALUE TO STAKEHOLDERS

At EID Parry, we are delighted to report that we countered these challenges and acquitted ourselves creditably in 2004-05:

- An increase in net profit by 141% in 2004-05.
- An increase in the return on capital employed from 9.34% in 2003-04 to 21.53% in 2004-05.
- An increase in EPS from Rs. 24.22 in 2003-04 to Rs. 58.41 in 2004-05.
- An increase in the book value from Rs.189 in 2003-04 to Rs. 234 in 2004-05.



HIGHLIGHTS 2004-05



Corporate

- Received the 'Business Superbrand' status for the period 2004-06.
- Strengthened focus on its core businesses, divested its stake in Parrys Confectionery Ltd. and other small businesses (namely Netlon, Parry Travels and General Marketing Division).
- Rationalised interest from Rs. 753 lakhs in 2003-04 to Rs. 350 lakhs.
- Sub-divided the face value of equity shares from Rs. 10 per share to Rs. 2 per share with a view to increase liquidity.

Financials

- Revenue growth of 29% over the previous fiscal.
- An increase in EBIDT by Rs. 6774 lakhs over 2003-04.
- Growth across all the Company's business divisions – Sugar (33%), Parryware (22%) and Bio-products (27%) over the previous fiscal.
- Increase in profit after tax beyond Rs.100 cr, the first time in the Company's history.





- Proposal to pay a dividend of 125% for 2004-05, the highest in the Company's history.

Sugar division

- Import and processing of about 86,000 mt of raw sugar to maximise capacity utilisation.
- Launch of refined sugar under 'Parry's Pure' brand for the retail market across more than 800 outlets in Chennai, Pondicherry and Bangalore.
- Highest-ever 'fresh' cane planting (60,600 acres - 24% higher than the initial plan).
- India's first sugar factory at Nellikuppam, fully automated with the DCS facility.
- Acquisition of the assets of New Horizon Sugar Mills Ltd at Pondicherry (a 2000 tcd sugar mill), subject to the clearance of the Hon'ble High Court of Madras.





Parryware division

- Superbrand status for Parryware products.
- Maintained its numero uno position in the Indian sanitaryware industry since 2000.
- Increased capacity from 29,800 mt to 34,500 mt in addition to other infrastructure facilities.
- Embarked on the marketing of taps to service a Rs.1200 cr Indian taps market.
- Launch of the Parryware 'Glamour' range of products targeted at the top end of the market.
- Stronger marketing through the commissioning of 'Experience Centers'.

Bio-products division

- Transformation into a profitable business generating a EBIT of Rs. 389 lakhs.
- Obtained registration in Argentina, a major producer of organic and 'green' food to North America.
- Purchase of patents in USA, Australia, Canada and Japan for exclusive marketing rights – till 2012 for process and 2020 for formulations.



EID Parry Financials

132176	59517	77078	11487	9119	15893	2683	4323	10426
* 02-03	03-04	04-05	* 02-03	03-04	04-05	* 02-03	03-04	04-05
Revenue (Rs./lakhs)			EBIDT (Rs./lakhs)			PAT (Rs./lakhs)		
15.03	24.22	58.41	221.00	189.00	234.00	6.00	7.50	12.50
* 02-03	03-04	04-05	* 02-03	03-04	04-05	* 02-03	03-04	04-05
EPS (Rs.)			Book value (Rs.)			DPS (Rs.)		

* Figures pertaining to 02-03 includes that of the Farm Inputs Division

AT EID PARRY, THE DEFINITION OF 'BEYOND BOUNDARIES' IS ...

- An ability to extend the market from India to the world.
- An ability to think of 'opportunity' when others are obsessed with 'problems'.
- An ability to devise lateral solutions when others are persisting with the linear.
- An ability to increase choice when others are worried about increasing customers.
- An ability to grow the market when others are worrying about growing only their market share.
- An ability to think 'tomorrow' when others are thinking 'today'.
- An ability to generate extra-ordinary results from ordinary people.





THINK
'TOMORROW'
WHEN OTHERS
ARE THINKING
'TODAY'.