





TEN YEARS AT A GLANCE

Rupees in lakhs

	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99*	99-2000*
OPERATING RESULTS:										
GROSS INCOME	3478.99	4587.05	5372.54	6430.02	9381.32	11093.96	13117.65	15590.98	14165.74	10663.45
PROFIT/(LOSS) BEFORE DEPN, INTEREST & TAX	261.24	345.08	485.27	544.55	712.15	1116.89	1478.93	1901.11	1493.45	(507.00)
PROFIT/(LOSS) BEFORE INTEREST AND TAX	209.14	271.46	385.34	437.68	562.30	793.87	1044.33	1383.00	815.70	(1236.34)
PROFIT/(LOSS) BEFORE TAX (PBT)	113.79	159.20	253.90	324.72	461.15	684.48	852.68	1027.95	370.81	(1657.66)
PROFIT AFTER TAX (PAT)	78.29	70.20	135.90	169.72	345.15	634.48	742.68	922.95	335.81	(1657.66)
DIVIDENDS	16.80	16.80	33.19	37.08	43.26	80.75	108.17	162.25	103.49	—
DIVIDEND TAX	—	—	—	—	—	—	10.82	16.23	11.38	—
RETAINED PROFITS / (LOSS)	61.49	53.40	102.71	132.64	301.89	553.73	623.69	744.47	220.94	(1657.66)
SOURCES AND APPLICATION OF FUNDS:										
SOURCES OF FUNDS:										
SHARE CAPITAL	56.00	56.00	123.62(a)	123.62	123.62	216.34(b)	216.34	216.34	377.13(f)	377.13
RESERVES AND SURPLUS	234.41	287.81	586.62	719.26	1021.15	3104.68	3704.59	4444.51	6660.54	5002.88
TOTAL SHAREHOLDERS' FUNDS	290.41	343.81	710.24	842.88	1144.77	3321.02	3920.93	4660.85	7037.67	5380.01
CAPITAL SUSPENSE	—	3.53	—	—	—	—	—	—	—	—
BORROWINGS	486.87	563.68	642.51	635.57	2532.22	2079.77	2668.33	2953.90	3310.53	2572.65
FUNDS EMPLOYED	777.28	911.02(d)	1352.75	1478.45	3676.99	5400.79	6589.26	7614.75	10348.20	7952.66
APPLICATION OF FUNDS:										
GROSS FIXED ASSETS	536.88	655.22	878.85	1135.45	2021.64	4436.11	5987.11	7956.08	9268.81	9570.36
DEPRECIATION	215.65	285.44	383.20	475.69	625.29	937.12	1362.25	1874.20	2472.84	3166.81
NET FIXED ASSETS	321.23	369.78	495.65	659.76	1396.35	3498.99	4624.86	6081.88	6795.97	6403.55
CAPITAL WORK-IN-PROGRESS	—	1.88	—	0.07	1139.94	17.96	27.12	49.31	214.79	57.29
INVESTMENTS	17.21	21.61	22.10	250.02	359.27	434.86	646.17	1050.21	1098.59	971.54
GROSS CURRENT ASSETS	1061.32	1095.96	1302.20	1074.64	1506.00	2641.36	2393.65	2765.35	4357.44	2525.95
CURRENT LIABILITIES & PROVISIONS	622.48	578.21	467.20	506.04	724.57	1192.38	1102.54	2485.16	2270.51	2005.67
NET CURRENT ASSETS	438.84	514.22	835.00	568.60	781.43	1448.98	1291.11	280.19	2086.93	520.28
DEFERRED REVENUE EXPENDITURE	—	—	—	—	—	—	—	153.16	151.92	—
NET ASSETS EMPLOYED	777.28	911.02	1352.75	1478.45	3676.99	5400.79	6589.26	7614.75	10348.20	7952.66
RATIOS:										
ROCE (%) (g)	29.28	32.15	34.04	30.92	21.81	17.49	17.42	19.47	9.08	-13.51
PBDIT TO GROSS INCOME(%)	7.51	7.52	9.03	8.47	7.59	10.07	11.27	12.19	10.54	-4.75
PAT ON SHAREHOLDERS' FUNDS(%)	26.96	20.42	19.13	20.14	30.15	19.10	18.94	19.80	4.77	-30.81
EARNINGS PER EQUITY SHARE(Rs)	13.98	12.54	10.99(c)	13.73	27.92	29.33(c)	34.33	42.66	8.90(c)	-43.95
DIVIDEND PER EQUITY SHARE(Rs)	3.00	3.00	3.00	3.00	3.50	4.00	5.0	7.5	2.74	—
NET WORTH PER EQUITY SHARE(Rs)	51.86	61.39	57.45	68.18	92.60	153.51	181.24	215.45	186.61	142.66
DEBT: EQUITY RATIO	1.68	1.64	0.90	0.75	2.21(e)	0.63	0.68	0.63	0.47	0.48

* Includes merger of Cocoa Products & Beverages Ltd (100% Subsidiary)

a. After considering 1:1 Rights Equity Issue in June '92

b. After considering 3:4 Rights Equity Issue in May '95

c. Earnings per share calculated on diluted capital

d. Includes Capital Suspense Account of Rs. 3.53 lakhs

e. After considering Bridge Loan against Rights Issue

f. After considering warrants conversion in May '98

g. PBIT as a % of average funds employed

SHAREHOLDERS' INFORMATION

ANNUAL GENERAL MEETING

Day - Date - Time : Wednesday, the 19th July 2000 - 4 p.m.

Venue : M A Chidambaram Hall
Southern India Chamber of Commerce & Industry, Esplanade, Chennai - 600 108

LISTING

3771289 Equity Shares of Rs. 10/- each

16% - 16,22,513 secured redeemable Non Convertible Debentures of Rs. 100/- each

Both the above securities have been listed in Madras Stock Exchange Ltd., Chennai and National Stock Exchange of India Limited, Mumbai

Equity shares are available for dematerialisation

24,59,681 (65.22%) equity shares have been dematerialised as on 24.05.2000

SHAREHOLDING DISTRIBUTION

No. of shares held	Number of shareholders	
	As on 24.05.2000	
	In nos	In value (%)
1 - 200	4460	7.45
200 - 10000	854	19.65
Above 10000	21	72.90

SHARE PRICE MOVEMENT *

MONTH	HIGH Rs.	LOW Rs.	MONTH	HIGH Rs.	LOW Rs.	MONTH	HIGH Rs.	LOW Rs.
April '99	240.00	195.50	Aug '99	185.00	146.50	Dec '99	99.00	82.50
May '99	219.90	152.25	Sept '99	168.00	142.75	Jan '00	90.75	71.10
June '99	196.00	160.00	Oct '99	155.00	116.00	Feb '00	87.25	66.00
July '99	204.00	143.00	Nov '99	114.00	89.20	March '00	73.00	53.30
						Apr '00	69.00	58.20
						May '00	60.25	42.55

* Source NSE



CONTENTS

1.	PARRYS CONFECTIONERY LIMITED	4
	BOARD OF DIRECTORS	5
	NOTICE TO SHAREHOLDERS	6
	DIRECTORS' REPORT	8
	REPORT OF THE AUDITORS	13
	BALANCE SHEET	16
	PROFIT AND LOSS ACCOUNT	17
	SCHEDULES TO ACCOUNTS	18
	BALANCE SHEET ABSTRACT	34
	CASH FLOW STATEMENT	35
	STATEMENT PURSUANT TO SECTION 212	37
2.	PARRYS CONFECTIONERY INVESTMENT AND FINANCE COMPANY LIMITED	38
	BOARD OF DIRECTORS	39
	DIRECTORS' REPORT	40
	REPORT OF THE AUDITORS	41
	BALANCE SHEET	42
	PROFIT AND LOSS ACCOUNT	43
	SCHEDULES TO ACCOUNTS	44
	BALANCE SHEET ABSTRACT	48

PARRYS CONFECTIONERY LIMITED

Report  junction.com



Board of Directors

M.V. SUBBIAH, Chairman
M.M. VENKATACHALAM, Vice-Chairman
D. JAYACHANDRAN
J. SAHNI
N.C. VENUGOPAL

Secretary

S. VENKATASUBRAMANIAN

Registered Office

DARE HOUSE, PARRY'S CORNER
CHENNAI

Factories

IN TAMIL NADU :
NELLIKUPPAM
MANAPAKKAM

Auditors

LOVELOCK & LEWES
CHARTERED ACCOUNTANTS
CHENNAI

Bankers

STATE BANK OF INDIA

Insurers

UNITED INDIA INSURANCE CO. LTD.
CHENNAI

PARRYS CONFECTIONERY LIMITED

Regd. Office: "DARE HOUSE", Parry's Corner,
Chennai-600 001

FORTY-FIFTH ANNUAL GENERAL MEETING

Notice to Shareholders

NOTICE IS HEREBY GIVEN that the Forty-fifth Annual General Meeting of Parrys Confectionery Limited will be held on Wednesday the 19th July 2000 at 4.00 p.m., at M.A. Chidambaram Hall, Southern India Chamber of Commerce and Industry, Esplanade, Chennai 600 108, to transact the following business:

1. To receive, consider and adopt the Report of the Directors and the Auditors and the Audited Profit and Loss Account for the year ended 31st March 2000 and the Balance Sheet as at that date.
2. To appoint a Director in the place of Mr. M V Subbiah who retires by rotation in terms of Article 80 of the Company's Articles of Association, but being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. D Jayachandran who retires by rotation in terms of Article 80 of the Company's Articles of Association, but being eligible, offers himself for reappointment.
4. To appoint Auditors and fix remuneration. Messrs. Lovelock & Lewes, the retiring Auditors, are eligible for reappointment.
5. **Special business**

To appoint Mr. N C Venugopal as a Director and for that purpose to consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.

RESOLVED THAT Mr. N C Venugopal be and is hereby appointed as a Director.

By order of the Board
for PARRYS CONFECTIONERY LIMITED,

S. VENKATASUBRAMANIAN
Company Secretary

Registered Office:
"DARE HOUSE",
Parry's Corner,
Chennai 600 001
Date : 24.5.2000

NOTES :

1. The explanatory statement pursuant to Sec. 173 of the Companies Act, 1956 ("The Act") in respect of Item 5 is annexed hereto.
2. 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 fortyeight hours before the time for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 06.07.2000 to 19.07.2000 (both days inclusive)
4. Members are requested to intimate any change in their addresses, if any, immediately to the Company at its Registered Office quoting their folio number.



PARRYS CONFECTIONERY LIMITED

Regd. Office: "DARE HOUSE", Parry's Corner,
Chennai-600 001

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5

Mr. N C Venugopal was co-opted as an additional Director at the meeting of Board of Directors held on 25.01.2000 and retires at the conclusion of the forty-fifth Annual General Body Meeting.

The Company has received a notice from a member, proposing the name of Mr. N C Venugopal for directorship.

Mr. N C Venugopal is a graduate in Engineering and has managerial experience spanning over 25 years. It would be in the interest of the Company to appoint Mr. N C Venugopal as a Director.

None of the Directors is interested in this resolution except Mr. N C Venugopal, if appointed.

By order of the Board
for PARRYS CONFECTIONERY LIMITED,

S. VENKATASUBRAMANIAN
Company Secretary

Chennai 600 001
Date : 24.5.2000

Report  junction.com

DIRECTORS' REPORT

Your Directors present the Forty-fifth Annual Report together with Audited Accounts for the year ended 31st March 2000.

Financial Results

	(Rs. in Lakhs)	(Rs. in Lakhs)
	1999-2000	1998-99
Sales and Services	9399.46	13910.04
Profit/(Loss) before depreciation and interest	(507.00)	1493.45
Less : Depreciation and Interest	1150.66	1122.64
Profit/(Loss) before tax	(1657.66)	370.81
Less : Provision for Tax	—	35.00
Profit / (Loss) after tax	(1657.66)	335.81
Add : Surplus brought forward	623.47	598.36
Balance Profit / (Loss) transferred to Balance Sheet	(1034.19)	623.47

In view of the loss for the year ended 31st March, 2000 no dividend has been recommended by your Directors.

A sum of Rs.162.25 lakhs is proposed to be drawn from general reserves for meeting statutory requirement for creation of Debenture Redemption Reserve.

Review of Operations

Contrary to expectations, your Company faced serious pressure on sales and margins, resulting in a drop in sales volumes and gross billing. We are in a fast moving consumer goods (FMCG) industry with competition from domestic organised and un-organised sectors, and new entrants, mostly global players. Industry growth was slower than expected. A number of our smaller and newer brands were more severely impacted. In some instances, the distribution channel was not in a position to handle the volumes planned for those markets. In several ways, the Company was not prepared and the intensity of the new changes was not recognised early enough.

The Company's cost of sales and other expenses for the year was lower at Rs.11170.45 lakhs (previous year Rs.12672.29 lakhs). The lower total expenses reflect lower volumes as also certain cost savings. After accounting for higher depreciation of Rs.729.34 lakhs (previous year 677.75 lakhs) and interest of Rs.421.32 lakhs (previous year 444.89 lakhs) the Company has recorded a loss of Rs.1657.66 lakhs (previous year: Profit after tax of Rs.335.81 lakhs). While considering the results and the operations of the company, the Board noted with regret that several failures in product launches, inability to quickly respond to changing customer preference and competition led to a drop in sales from Rs.13910.04 lakhs to Rs.9399.46 lakhs. Amongst the areas identified for improvement are team work and greater attention on secondary sales. Corrective steps were initiated during the year and a comprehensive business line restructuring and change in methods resulted in a net adverse impact of Rs.1456 lakhs to profit. Profit of Rs.1155 lakhs on sale of certain investments partly offset the negatives.

We would like to share with you the steps your Company have begun to take to put Parrys Confectionery back in its position of the leader.

The Board has mandated several changes to correct the weaknesses that surfaced and also to prepare the company for faster response needed in today's context.

As part of this exercise, the company has withdrawn slow moving and unprofitable products, brought in senior management with FMCG experience, written off unusable stocks and crystallised and settled trade claims. Dealer network infrastructure



is being strengthened in order to directly service and cater additional outlets to significantly enhance reach and availability of Parrys brands. A complete switch has been made from 'Credit' to 'Cash and Carry' sales. This affected sales and profits, but your company was able to sharply reduce receivables.

Changes are being made in operating management and review mechanism. Towards this, the company is also investing in Information technology for better systems, connectivity, customer service and controls.

Your company has put together a clear strategy for regaining its market share through focussing on core brands and distribution to give wider reach increasing the number of distributors, deeper penetration into rural areas and increased throughput covering a larger number of retail outlets.

The company has a clear secondary sales focus and this is reflected in the plans for greater retail coverage by the end of this financial year. Plans are underway for supporting core brands like Coffy Bite, Lacto King, Madras Cafe and Coconut Punch.

Your Board believes that these decisions – some of which with short term adverse impacts – are essential for the long term success of the company.

The Union budget has brought in a hike in excise duty from 8% to 16% affecting your company adversely. Since the industry is Maximum Retail Price sensitive, it is not possible to vary the price points due to coinage issues. Your Company is taking pro-active measures to contain the reverses on account of excise hike.

Your Company has taken up cost reduction programmes which is expected to result in higher efficiencies. Sharp focus has been brought about in logistics for better availability and inventory control. The 4th quarter sales (35934 Q) for the year ended 31st March 2000 was higher over the 3rd quarter (30962 Q) and achieved without any support scheme.

Outlook

In 1999-00, the Company began test marketing of a new product viz. Amrut – a candy with butterscotch flavour in the South. Initial response is encouraging. The Company has penetrated into the institutional segment constituting Canteen Stores Department, Indian Airlines and has also started Co-promotional activities with other FMCG players. The core brands are being supported with a contemporary image with more spending on advertising, sales promotion and other outdoor activities. In line with this, your Company has started the year with a promotion named "Khao Parrys Jeeto Prizes", aimed at children all over the country with the object of creating excitement around the Parrys brand.

Your Company has obtained ISO 9002 certification for its Manapakkam (Tamil Nadu) plant and all base work has been done for the certification process of Nellikuppam (Tamil nadu) plant.

With appropriate strategies in place, your Company is looking forward to the current year with cautious optimism. This optimism is due to the fact that its products carry strong customer recall and preference, it has a large distribution set up, the industry is in a growth phase and corrective steps have been initiated.

Fixed Deposits

Outstanding fixed deposits as on 31.03.2000 was Rs.92.50 lakhs, out of which 27 deposits amounting to Rs.2.47 lakhs were unclaimed.

Y2K Compliance

Y2K transaction was smooth due to timely measures taken with respect to various functions and operations.

Subsidiary Company

The audited accounts of the subsidiary company viz. Parrys Confectionery Investments and Finance Co.Ltd., (PIFCO) is enclosed as required under Section 212 of the Companies Act, 1956:-

PIFCO has made a net profit of Rs.18.17 lakhs and an interim dividend of 8% was paid.