

Notice of postal Ballot – Transfer of Parryware Division

Given below for the information of the Members is the Notice of Postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956 (Act) dated 20th October, 2005, Draft Ordinary Resolution & Explanatory Statement pursuant to Section 173(2) of the Act.

The dispatch of Postal Ballot Form together with the self-addressed business reply envelope (for which postage will be paid by the Company), the Notice along with Draft Ordinary Resolution & Explanatory Statement have been completed on 5th November 2005 for the purpose of seeking the Members assent or dissent to the proposed resolution.

E.I.D.- PARRY (INDIA) LIMITED
Regd. Office: 'Dare House', Parrys Corner, Chennai - 600 001
Website:www.eidparry.com

Dear

Shareholder(s)

Notice pursuant to Section 192A (2) of the Companies Act, 1956

In terms of Section 293(1)(a) of the Companies Act, 1956, sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of a Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking requires the approval of the shareholders by way of an Ordinary Resolution.

The Company proposes to transfer by way of sale or otherwise its Parryware Division with all its assets and liabilities including the manufacturing facilities at Alwar, Dewas , Ranipet and Perundurai (under construction) to a wholly owned subsidiary and is therefore seeking your consent for the said proposal as contained in the draft Ordinary Resolution appended below. An Explanatory Statement pertaining to the said Resolution setting out all material facts and the reasons for which such Resolution is proposed is also annexed.

As per Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 the consent of the shareholders for the above purpose is required to be obtained by means of a postal ballot.

Accordingly, the said draft Ordinary Resolution and the Explanatory Statement are being sent to you along with a Postal Ballot Form for your consideration. The Board of Directors have appointed Mr. B. Ravi, a practising Company Secretary, as Scrutiniser for conducting the Postal Ballot voting process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the postal ballot form and return the form duly completed and signed in the attached self-addressed, postage prepaid business reply envelope, so as to reach the Scrutiniser **before the closing of working hours (1730 hrs.) on Friday, the 9th December, 2005**. Please note that any postal ballot form(s) received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted. The Scrutiniser will submit his report to the Chairman or Vice Chairman or the Managing Director of the Company after the completion of the scrutiny of the postal ballots. The results will be announced by the Chairman or any Director of the Company on Thursday, the 15th December, 2005 at 4 p.m at the Registered Office of the Company at Dare House, Parrys Corner, Chennai- 600 001. The results of the Postal Ballot will also be displayed at the Registered Office and posted on the Company's website www.eidparry.com besides communication to the Stock Exchanges where the Company's shares are listed.

The related resolution being an Ordinary Resolution shall be declared as passed if votes cast in favour of the resolution exceed the votes cast against the resolution.

DRAFT

ORDINARY

RESOLUTION

To consider and if deemed fit, to pass through postal ballot, the following Resolution as an **Ordinary Resolution:**

“RESOLVED that subject to the consents, approvals and permissions being obtained from appropriate authorities to the extent applicable or necessary, consent of the Company be and is

hereby given pursuant to Section 293(1) (a) of the Companies Act, 1956 to the transfer of the Parryware Division of the Company engaged in the business of manufacture and sale of Sanitaryware and trading in allied products, with all assets and liabilities including the manufacturing facilities at Alwar, Dewas, Ranipet and Perundurai (under construction) to a wholly owned subsidiary of the Company by way of sale or assignment at such consideration being not lower than the net book value and with effect from such date as the Board of Directors of the Company may think fit and that the Board of Directors of the Company (which shall include a Committee of Directors that may be constituted for this purpose) be and is hereby authorised to complete the transfer of the said Parryware Division with such modifications as may be required by any of the concerned authorities or which it may deem to be in the interest of the Company and do all such acts, deeds, matters and things as may be deemed necessary and /or expedient in the interest of the Company ”.

Place: Chennai
Date: 20.10.2005

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

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND 192 A OF THE
COMPANIES ACT, 1956 FOR PROPOSING ORDINARY RESOLUTION UNDER SECTION
293(1)(a) OF THE COMPANIES ACT, 1956**

As the shareholders are aware the Company's Parryware Division is a market leader in India in sanitaryware. The Parryware Division comprises of manufacture and marketing of washbasins, pedestals, water closets, cisterns and bathroom accessories, amongst others. The Division also markets a range of allied bathroom products such as plastic cisterns, toilet seat covers, taps & fittings. The products are sold under the well-known brand name "Parryware".

The Parryware Division contributed a turn over of about Rs.200 crore for the year ended 31st March 2005. The Division presently has manufacturing facilities at Alwar in the State of Rajasthan, Dewas in the State of Madhya Pradesh, and Ranipet in the State of Tamil Nadu. The plant at Perundurai in Tamil Nadu is under construction and is expected to be operational by March 2006.

With the boom in the housing sector and emergence of multiplexes and large residential apartments the construction sector is growing at an accelerated rate which promises growth potential for the Sanitaryware Business as well.

Parryware Division aspires to build on its brand strength through better products, technology upgradation and process improvements to continue its market leadership. This could be achieved by partnering with an internationally reputed bathroom products player. To this intent, the Board at its meeting held on 20th October 2005, approved in principle, subject to shareholder and other regulatory approvals, to transfer the Parryware Division into a wholly owned subsidiary to facilitate the invitation to a strategic foreign partner. The management is currently in discussion with interested international players for this purpose.

The transfer of the Parryware Division upon completion of necessary formalities would be at a consideration to be determined by the Board of Directors being not lower than the net book value of the assets of the Business on the date of transfer.

The services of concerned employees including the workmen engaged in the Parryware Division would also be transferred with continuity of service and terms and conditions of service no less favourable than existing today.

The Board of Directors consider that it would be in the best interest of the Company, its shareholders and its concerned employees and trade associates to transfer the said Parryware Division as referred to in the draft Ordinary Resolution to a wholly owned subsidiary of the Company.

Accordingly, in terms of Section 192 A of the Companies Act, 1956, approval of the members is being sought through postal ballot for passing the Ordinary Resolution as set out in the Notice.

Interest

of

Directors

The Directors of the Company are deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192A of the Companies Act, 1956 only to the extent of shares held by them in the Company.

Place: Chennai
Date: 20.10.2005

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