

A Detailed Note on the Scheme covering Business and Financial aspects of Scheme including the share entitlement to the shareholders. Business aspect shall cover the details of the Existing / New / Hived Off Business and Financial aspects shall cover details of Revenue, Results and Capital Employed of the Company and Resultant Company.

The Scheme of Amalgamation of Parrys Sugar Industries Limited (Transferor Company) with E.I.D.- PARRY (INDIA) LIMITED (Transferee Company), and their respective shareholders is made pursuant to the provisions of section 391 to 394 and other relevant provisions of the Companies Act, 1956.

The Scheme after approved by the requisite majority of the shareholders of both the Transferee Company and the Transferor Company and other statutory authorities, was approved by the National Company Law Tribunal (NCLT) at Bengaluru and Chennai vide their Orders dated 21st April, 2017

The Transferee Company and the Transferor Company have filed the Form. INC 28 with the respective Registrar of Companies along with the Certified True Copy of the Order and the Scheme of Amalgamation has become effective from 25th April, 2017 with the appointed date of 1st April 2016.

BUSINESS ASPECT OF THE SCHEME

1. The Transferee Company is a well established company engaged in the business of manufacture and marketing of various types of sugar in the branded form having several integrated manufacturing facilities with distilleries and cogeneration of Power located in Karnataka, Andhra Pradesh and Tamilnadu. The Company also manufactures and markets various forms of Bio-Pesticides and Nutraceutical products. The Transferee Company also has interests in various other segments of business like sugar refinery, fertilizer, insecticides etc. through its subsidiaries.
2. The Transferor Company is a company engaged in the business of manufacture and marketing of sugar having a leased manufacturing facility with cogeneration of Power located in Ramdurg, Karnataka..

The amalgamation of the Transferor Company with the Transferee Company have the following benefits:

- a) The consolidation of operations of the Transferor Company and the Transferee Company by way of amalgamation will lead to a more efficient utilization of capital, superior deployment of brand promotion, sales and distribution strategies and create a consolidated and diversified base for future growth of the amalgamated entity with a wider presence in the sugar segment. The amalgamation would facilitate greater cohesiveness to gain market share through core market competencies which are hallmarks of the Transferee Company with increased brand and customer recognition. The amalgamation will result in administrative and operational rationalization and promote organizational efficiencies. It will prevent cost duplication that can erode financial efficiencies of the holding structure and the resultant operations will be more cost-efficient with the achievement of greater economies of scale, reduction in overheads and improvement in various other operating parameters.

- b) The amalgamation would result in greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.
- c) The amalgamation would result in greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund growth opportunities, to maximize shareholder value.
- d) The amalgamation would result in benefit of operational synergies to the combined entity in areas such as cane sourcing, harvesting and transportation, utilization of the molasses generated by the Transferee Company, product pricing and logistics in various areas, which can be put to the best advantage of the stakeholders.
- e) The amalgamation would result in greater leverage in operations planning and process optimization and enhanced flexibility in product sale, transfer of resources etc. Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, and the elimination of duplication, and rationalization of administrative expenses.
- f) The amalgamation fits into the portfolio, growth and business strategies of the Transferee Company since the Transferor Company already have sugar manufacturing facilities in the state of Karnataka.

FINANCIAL ASPECT OF THE SCHEME

Revenue, Results and Capital Employed (based on audited financials of 2015-16)

	(Rs. in Lakhs)	
	Transferee Company	Transferor Company
Revenue	239541	29,233.96
PBT	(96.16)	(2598.63)
Capital employed	253900	9997.16

Upon the coming into effect of this Scheme and with effect from the Appointed Date,

1. The whole of the Undertaking of the Transferor Company, including all properties, whether movable or immovable, freehold or leasehold, (the leasehold sugar plant at Ramdurg), real or personal, corporal or incorporeal, material or intellectual, present, future or contingent, including but without being limited to all assets, lands, buildings, plant and machinery, furniture and fittings, other fixed assets, current assets, receivables (whether in Indian Rupee or foreign currency), credits, investments, reserves, provisions, funds, and all utilities including electricity, telephones, facsimile connections, installations and utilities, benefits or agreements and arrangements, powers, authorities, allotments, approvals, authorizations, tenancies in relation to the offices and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, trade and service names and marks, patents, copyrights and other intellectual property rights of any nature whatsoever, registrations, consents, privileges, liberties, and all the rights, title, interest, benefits, licenses (industrial or otherwise), municipal permissions, registrations, incentives, rebates, benefits and concessions to which the Transferor Company is entitled to in terms of the various statutes and/or schemes of the Union and State Governments including under the

Essential Commodities Act, Sugarcane Control Order 1966, Sugar Development Fund Act, 1982, Excise Act, Sales Tax Act and Wealth Tax Act and benefit of carry forward and set off of accumulated loss, allowance of unabsorbed depreciation, minimum alternate tax credit entitlement, sale tax benefit concessions and other benefits and credits to which the Transferor Company is entitled under Income-tax Act and advantages of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company and all secured and unsecured debts (whether undertaken in Indian Rupee or foreign currency) outstandings, liabilities (including contingent liabilities), duties and obligations shall be transferred to and vest in the Transferee Company so as to become on and from the Appointed Date the undertaking of the Transferee Company without any further act, instrument or deed.

2. All debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also be transferred to and be deemed to stand transferred to the Transferee Company without any further act, instrument or deed so as to become the debts, liabilities, duties and obligations of the Transferee Company pursuant to the provisions of section 394(2) of the Companies Act.

SHARE ENTITLEMENT.

Upon the Scheme coming into effect, and without any further application, act or deed,

1. The Transferee Company, in consideration of the amalgamation of the Transferor Company with the Transferee Company, is required to issue and allot to every Equity Shareholder of the Transferor Company other than the Transferee Company holding fully paid-up Equity Shares in the Transferor Company and whose names appear in the register of members of the Transferor Company on the Record Date, **2 (Two) Equity Shares** of Re. 1 /- each in the Transferee Company credited as fully paid-up with rights attached thereto as hereinafter mentioned (hereinafter referred to as the “**New Equity Shares**”) for every **13 (Thirteen) Equity Share** of Rs.10/- each fully paid-up held by such member in the capital of the Transferor Company (“**Share Exchange Ratio**”).
2. All the Equity Shares and Preference Shares which the Transferee Company holds in the Transferor Company (either directly or through nominees) shall stand cancelled without any issue or allotment of New Equity Shares or payment whatsoever by the Transferee Company in lieu of such Equity Shares and Preference Shares of the Transferor Company.
