

**Parrys Sugar Industries Limited**

CIN : L28100KA1986PLC049077

Registered Office:

Venus Building, 3rd Floor

1/2 Kalyanamantapa Road, Jakkasandra, Koramangala

Bengaluru - 560 034, Karnataka, India

T : +91 80 49006666 F : +91 80 49006600

W : www.parrysugar.com

May 10, 2016

The Dy. General Manager
Corporate Relationship Dept.
BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI - 400 001
Scrip Code No: 500162
Fax: 022- 22722082/ 22723121

The Manager-Listing
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No.C/1, G. Block
Bandra-Kurla Complex, Bandra (E)
MUMBAI - 400 051
Scrip Code : PARRYSUGAR
Fax 022 - 26598237 / 26598238

Dear Sirs,

Sub: Outcome of the Board Meeting held on 10th May, 2016 – Disclosure under Regulation 30 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 read with Securities and Exchange Board of India Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015.

We wish to inform that the Board of Directors of the Company at their meeting held today i.e., 10th May, 2016 approved the Scheme of Amalgamation of Parrys Sugar Industries Limited (Transferor Company, subsidiary of E.I.D.- Parry (India) Limited ('EID')) with E.I.D.- Parry (India) Limited (Transferee Company) under Section 391 to 394 of the Companies Act, 1956 and the corresponding provisions of the Companies Act, 2013 as applicable with the appointed date of April 1, 2016. The Scheme is subject to the approval of the Shareholders, Hon'ble High Court of Karnataka at Bengaluru and the Hon'ble High Court of Judicature at Madras and all other regulatory and necessary approvals.

The Board also approved the exchange ratio of 2 fully paid up equity shares of the face value of Rs.1/- each of EID Parry to be issued for every 13 equity shares of R.10/- each held by the equity shareholders of the Company.

The detailed disclosure in respect of the aforesaid Scheme of Amalgamation as required under Regulation 30 of the SEBI (LODR) Regulations, 2015 read with Securities and Exchange Board of India Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 is enclosed. **Annexure-A**.

We request you to take the same on record.

Thanking you,

Yours faithfully,
For Parrys Sugar Industries Limited

Company Secretary

Encl: a/a

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ANNEXURE - A

Disclosure in terms of Regulation 30 of the SEBI (LODR) Regulations, 2015 read with Securities and Exchange Board of India Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015.

- (i) **Name of the entity(ies) forming part of the amalgamation, details in brief such as size, turnover etc.**

Name of the entities	Parrys Sugar Industries Ltd. (Transferor Company)	E.I.D.- Parry (India) Limited (Transferee Company)
Turnover as on March 31, 2016	Rs.300.18 Crores	Rs.2347.68 Crores (Standalone)
Net worth as on March 31, 2016	Rs.15.44 Crores	Rs.1285.58 Crores (Standalone)

- (ii) **Whether the transaction would fall within related party transactions, if yes whether the same is done at arm's length.**

The Scheme of Amalgamation envisages the merger of the Company with its Holding Company. The shares held by the Holding Company in the Company shall stand cancelled. The share exchange ratio based on the Valuation Report provided by SSPA & Co., Chartered Accountants, Mumbai and Fairness opinion provided by Axis Capital Ltd. was recommended by the Audit Committee to the Board.

- (iii) **Area of business of the entities**

- a) E.I.D.- Parry (India) Limited 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, Puducherry and Tamilnadu. EID also manufacture and market various forms of Bio-Pesticides and Nutraceutical products. EID also has interests in various other segments of business like sugar refinery, fertilizer, insecticides etc. through its subsidiaries.
- b) Parrys Sugar Industries Ltd., is a company engaged in the business of manufacture and marketing of sugar having its manufacturing facilities with cogeneration of Power located in Ramdurg, Karnataka.

- (iv) **Rationale for amalgamation/merger**

- The consolidation of operations of both the Company by way of amalgamation would 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

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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.

- 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.
- 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.
- 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.
- The amalgamation would result in greater leverage in operations planning and process optimization and enhanced flexibility in product sale, transfer of resources, 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.
- The said amalgamation fits into the brand portfolio, growth and business strategies of the Transferee Company since the Transferor Company already have sugar manufacturing facilities in the state of Karnataka. As such there are various synergies between the businesses and operations of the Transferor Company and the Transferee Company.

(v). In case of cash consideration, amount – otherwise share exchange ratio

In consideration of the amalgamation, E.I.D.- Parry (India) Ltd. shall, issue and allot to every Equity Shareholder of Parrys Sugar Industries Limited, 2 Equity Shares of Re. 1 each in EID credited as fully paid-up for every 13 Equity Shares of Rs.10 each fully paid-up held by such member in Parrys Sugar Industries Limited.

(vi). Brief details of change in shareholding pattern (if any) of the listed entity.

Not applicable.

Aman Sharma



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