



CONFIDENTIAL

May 9th, 2016

The Board of Directors,
EID Parry (India) Limited,
Dare House, Parys Corner,
Chennai-600001

The Board of Directors,
Parys Sugar Industries Ltd.
Venus Building, 3rd Floor,
1/2 Kalyanamantapa Road,
Koramangala,
Bengaluru-560034

Dear Members of the Board:

I. Engagement Background

We understand that the Boards of Directors of EID Parry (India) Ltd. ("EID", "Transferor Company") and Parys Sugar Industries Ltd., ("PSIL", "Transferee Company") are considering a Scheme of Arrangement ("Scheme") between the companies and their respective shareholders and creditors. The Scheme provides for the amalgamation of PSIL with EID. The proposed arrangement is to be carried out pursuant to a Scheme of Amalgamation under section 391-394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 (including corresponding provisions of the Companies Act, 2013 as may be applicable).

In consideration of the amalgamation of PSIL with EID, for every 13 (Thirteen) fully paid equity share of the face value of Rs. 10 each held by the shareholders of PSIL, EID shall issue and allot 2 (Two) fully paid equity share of the face value of Rs. 1 each of EID (hereinafter referred to as the "Share Exchange Ratio").

In connection with the aforesaid, you requested our Fairness Opinion ("Opinion") as of the date hereof, as to the fairness of the Share Exchange Ratio to the Equity Shareholders of EID and PSIL.

II. Basis of Opinion

In the Rationale of the Scheme, it was showcased that the proposed amalgamation will lead to efficient utilization of capital, superior deployment of brand promotion, sales and distribution strategies and creates a consolidated and diversified base for future growth of the amalgamated entity. Further, it would also lead to greater financial strength and flexibility which combined with operational and marketing synergies, would lead to enhanced shareholder value.

Axis Capital Limited (Erstwhile "Axis Securities and Sales Limited")

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A brief history of each of the aforesaid companies is as under –

1. EID is a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Dare House, Parrys Corner, Chennai-600001. It 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. The shares of EID are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited
2. PSIL is a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road, Jakkasandra, Koramangala, Bengaluru-560034. It is engaged in the business of manufacture and marketing of sugar having its manufacturing facilities with cogeneration of Power located in Ramdurg, Karnataka. The shares of PSIL are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited
3. PSIL is a subsidiary of EID. EID presently holds 1,29,75,110 Equity Shares constituting 65% of the total Issued, Subscribed and Paid up Equity Share Capital and 100% of the Preferential capital of PSIL.

The key features of the scheme provided to and relied upon by us for framing an Opinion on the Share Exchange Ratio are as under:

1. Upon the Scheme becoming effective, all the assets and liabilities will stand transferred from the Transferor Company to the Transferee Company.
2. As consideration for the transfer, equity shares in the Transferee Company shall be issued to the equity shareholders of the Transferor Company, except on the Effective Date, all equity shares and preference shares which the Transferee Company holds in the Transferor Company (either directly or through nominees) shall get cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment made in cash whatsoever by the Transferee Company in lieu of such shares of the Transferor Company.
3. All the Shareholders of the Transferor Company, other than the Transferee Company, shall become shareholders of the Transferee Company.



4. The said equity shares in Transferee Company to be issued to the shareholders of Transferor Company shall rank pari passu in all respect with the existing equity shares of the Transferee Company.
5. Share Exchange Ratio is based on a Valuation report dtd. May 9, 2016 submitted by M/s SSPA & Co.
6. The Appointed Date for the amalgamation is April 1, 2016

We have taken the foregoing facts (together with the other facts and assumptions set forth in section III of this Opinion) into account when determining the meaning of "fairness" for purposes of this Opinion.

III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review of documents as provided to us by the Transferee Company and Transferor Company including the Valuation Report dtd. May 9, 2016 prepared by M/s SSPA & Co. and a Draft of the Scheme of Arrangement.

We have relied upon the accuracy and completeness of all information and documents provided to us, including

1. Provisional Financials Statements of the Transferor and Transferee Company as on March 31, 2016 as provided to us
2. Financial projections of the Transferor and Transferee Company and some of their subsidiaries for the years FY 2017-FY 2021
3. Other information, explanations and representations provided by the management of the companies.

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferor Company and / or its subsidiaries or the Transferee Company and / or its subsidiaries. In particular, we do not express any opinion as to the value of any asset of the Transferor Company and / or its subsidiaries or the Transferee Company and / or its subsidiaries, whether at current prices or in the future.



No investigation of the Companies claim to title of assets has been made by us for the purpose of this exercise and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the account. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be constructed as our opining or certifying the compliance of the proposed scheme of arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed merger.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where shares of the Transferee Company are being issued as consideration to the shareholders of Transferor Company, it is not the absolute per share values that are important for framing an opinion but the relative per share value of the Transferee Company vis-a-vis the Transferor Company.

We do not express any opinion as to the price at which shares of the Transferee Company may trade at any time, including subsequent to the date of this Opinion. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary Regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Transferor Company and / or its subsidiaries, Transferee Company and / or its subsidiaries and their respective Shareholders. We express no opinion and have assumed that the amalgamation will not trigger obligations to make open offers under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, or delisting offers under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

Our opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the scheme of merger other than the fairness, from financial point of view, of the Share Exchange ratio.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Transferor Company and / or its subsidiaries, Transferee Company and / or its subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Transferee Company has obtained such advice as it deemed necessary from qualified professionals. In addition, we express no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers,



directors or employees of any parties to the Scheme, or class of such persons, relative to the Entitlement Ratio or otherwise.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the amalgamation of the Transferor Company and Transferee Company as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

In the past, Axis Capital Limited and its affiliates (together, the "Axis Capital Group") have provided financial advisory services to the Transferor Company and / or its subsidiaries or the Transferee Company and/or its subsidiaries and has received fees for the rendering of these services.

We have in the past provided, and may currently or in the future provide, investment banking services to the Transferor Company and/or its subsidiaries or their respective affiliates and the Transferee Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Ltd. may actively trade securities of the Transferee Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of the Transferee Company and Transferor Company in connection with its consideration of the Scheme and for none other. Neither Axis Capital Ltd., nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

Our fee for our services will be payable on delivery of this report and is not contingent on the successful completion of the Scheme. In addition, the Transferor Company and the Transferee Company has agreed to reimburse certain of our expenses and indemnify us against certain liabilities arising out of our engagement.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.



IV. Conclusion

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, the Share Exchange Ratio is fair to the Equity shareholders

For Axis Capital Ltd.

A handwritten signature in black ink, appearing to be 'Paul G. O.' with a horizontal line underneath.

**Managing Director
Investment Banking**