



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2015/04/264)



Fair Competition
For Greater Good

19.06.2015

Notice u/s 6 (2) of the Competition Act, 2002 ('Act') jointly given by:

- The Oudh Sugar Mills Limited ('**Oudh Sugar**')
- Upper Ganges Sugar & Industries Limited ('**Upper Ganges**')
- Palash Securities Limited ('**Palash Securities**')
- Allahabad Canning Limited ('**Allahabad Canning**')
- Ganges Securities Limited ('**Ganges Securities**')
- Cinnatolliah Tea Limited ('**Cinnatolliah Tea**')
- Vaishali Sugar & Energy Limited ('**Vaishali Sugar**')
- Magadh Sugar & Energy Limited ('**Magadh Sugar**')
- Avadh Sugar & Energy Limited ('**Avadh Sugar**')

Order under Section 31(1) of the Competition Act, 2002 ('Act')

1. On 13.04.2015, the Competition Commission of India ("**Commission**") received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 ("**Act**") given by Oudh Sugar, Upper Ganges, Palash Securities, Allahabad Canning, Ganges Securities, Cinnatolliah Tea, Vaishali Sugar, Magadh Sugar and Avadh Sugar (hereinafter, Oudh Sugar, Upper Ganges, Palash Securities, Allahabad Canning, Ganges Securities, Cinnatolliah Tea, Vaishali Sugar, Magadh Sugar and Avadh Sugar are collectively referred to as the "**Parties**").
2. The proposed combination involves the following inter-related transactions being undertaken pursuant to a Composite Scheme of Arrangement under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act 1956 ("**Scheme**"):
 - a. Demerger of food processing and investment business of Oudh Sugar to Palash Securities and transfer of food processing business from Palash Securities to Allahabad Canning.
 - b. Demerger of tea and investment business of Upper Ganges to Ganges Securities and transfer of tea business from Ganges Securities to Cinnatolliah Tea.
 - c. Transfer of Bihar sugar business of Oudh Sugar to Vaishali Sugar and merger of Vaishali Sugar with Magadh Sugar.



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- d. Merger of Uttar Pradesh sugar business of Oudh Sugar and Upper Ganges with Avadh Sugar.
3. At the time of receiving of the notice on 13.04.2015 it was observed that the details given by the Parties in the notice were incomplete in certain respects. Further, in terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), vide letter dated 28.04.2015, the Parties were required to remove defects and furnish certain information/document(s) by 30.04.2015. The Parties filed their response on 14.05.2015 after seeking extension of time. Another communication dated 04.06.2015 under Regulation 14 of the Combination Regulations was sent to the Parties to which the reply was filed on 15.06.2015 after seeking extension for seven days.
4. Oudh Sugar, a listed company, is *inter-alia*, engaged in the business of manufacture, trading and sale of sugar, molasses, ethanol, food processing and investment in securities. Palash Securities, Allahabad Canning and Vaishali Sugar are the unlisted subsidiaries of Oudh Sugar incorporated in March 2015 and are yet to commence operations. Upper Ganges, a listed company, is *inter-alia*, engaged in the business of manufacture, trading and sale of sugar, molasses, ethanol, tea and investment in securities. Ganges Securities, Cinnatollah Tea and Magadh Sugar are unlisted subsidiaries of Upper Ganges incorporated in March 2015 and are yet to commence operations. Further, Avadh Sugar is a 50:50 joint venture of Oudh Sugar and Upper Ganges incorporated in March 2015 and is yet to commence operations.
5. As per the details provided in the notice, the proposed combination is intended to restructure multiple businesses, currently carried out by Oudh Sugar and Upper Ganges into separate entities. The Commission noted that as per the Scheme, Oudh Sugar’s food processing and investment business are being transferred to its subsidiaries and similarly Upper Ganges is transferring its tea and investment business to its subsidiaries. Further, as regards the sugar and related businesses, the Commission noted that a substantial portion of the total dispatches of sugar and related products of the Parties are made to the states of Uttar Pradesh and Bihar. In this regard, the Commission also noted that the market shares of the Parties are not significant enough to cause any likely adverse competition concern in any of the states in which the Parties are present. It is also observed that there are other competitors who have a significant presence in areas affected by the proposed combination.



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6. Considering the facts on record and details provided in the notice given under sub-section (2) of section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the same under sub-section (1) of section 31 of the Act.
7. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
8. The Secretary is directed to communicate to the Parties accordingly.