

DCS/AMAL/AM/24(f)/300/2015-18
February 10, 2016

The Company Secretary
Upper Ganges Sugar & Industries Limited
P. O. Seohara, Bijnor,
Uttar Pradesh - 246746

Sub: Observation letter regarding the Draft Composite Scheme of Arrangement between Oudh Sugar Mills Ltd, Upper Ganges Sugar & Industries Ltd, Palash Securities Ltd, Allahabad Canning Ltd, Ganges Securities Ltd, Cinnatollah Tea Ltd, Vaishali Sugar & Energy Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd.

We are in receipt of Draft Composite Scheme of Arrangement between Oudh Sugar Mills Ltd, Upper Ganges Sugar & Industries Ltd, Palash Securities Ltd, Allahabad Canning Ltd, Ganges Securities Ltd, Cinnatollah Tea Ltd, Vaishali Sugar & Energy Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter dated February 5, 2016 has inter alia given the following comment(s) on the draft scheme of arrangement:

- ***“Company shall duly comply with various provisions of the Circulars.”***
- ***“Company to ensure that information submitted by the Company, The Oudh Sugar Mills Ltd. vide email dated November 26, 2015 pertaining to regulatory action initiated by SEBI against Uttar Pradesh Trading Co Ltd is included in the Scheme as ‘regulatory action by SEBI’ and the same is included in the notice to explanatory statement sent to shareholders for approval of the Scheme.”***

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To duly comply with various provisions of the circulars
- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

However, the listing of equity shares of Palash Securities Ltd, Ganges Securities Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No .CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. Further, Palash Securities Ltd, Ganges Securities Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of Palash Securities Ltd, Ganges Securities Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd is at the discretion of the Exchange. In addition to the above, the listing of Palash Securities Ltd, Ganges Securities Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Palash Securities Ltd, Ganges Securities Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd and its group companies in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information Palash Securities Ltd, Ganges Securities Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd in line with the details required as per the aforesaid SEBI circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BS
3. To disclose all the material information about Palash Securities Ltd, Ganges Securities Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd to BSE on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - i. The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - ii. "There shall be no change in the shareholding pattern of Palash Securities Ltd, Ganges Securities Ltd, Magadh Sugar & Energy Ltd and Avadh Sugar & Energy Ltd between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager