

DCS/AMAL/BW/R37/4004/2025-26

January 13, 2026

To,  
The Company Secretary,  
**K M Sugar Mills Limited**  
11, Moti Bhavan, Collectorganj,  
Kanpur - 208001, Uttar Pradesh.

Dear Sir/Madam,

**Sub: Scheme of Arrangement for Demerger between K M Sugar Mills Limited (“Demerged Company”/“KM Sugar”) and K M Spirits and Allied Industries Limited (“Resulting Company”/“KM Spirit”) and their respective shareholders and creditors under Section 230-232 of the Companies Act, 2013.**

We refer to your application for Scheme of Arrangement among K M Sugar Mills Limited (“Demerged Company”/“KM Sugar”) and K M Spirits and Allied Industries Limited (“Resulting Company”/“KM Spirit”) and their respective shareholders and creditors under section 230 to 232 and other applicable provisions of the Companies Act, 2013, and rules made thereunder filed with the Exchange under Regulation 37 of SEBI (LODR) Regulations, 2015, read with SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Reg. 94(2) of SEBI (LODR) Regulations, 2015.

In this regard, SEBI vide its letter dated November 24, 2025, has *inter-alia* given the following comment(s) on the said scheme of Arrangement:

1. “The entity shall ensure that it discloses all details of ongoing adjudication & recovery proceedings, prosecution initiated and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme.”
2. “The entity shall ensure that additional information, if any, submitted by the Company after filing the scheme with the stock exchange, from the date of receipt of this letter, is displayed on the website(s) of the listed company and the stock exchanges.”
3. “The entity shall ensure compliance with the SEBI circulars issued from time to time.”
4. “The entities involved in the Scheme shall duly comply with various provisions of the Circular and ensure that all the liabilities of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to and vested in and be deemed to be transferred to and vested in the Resulting Company.”

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5. "The entity is advised that the information pertaining to all the Unlisted Companies involved, if any, in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval."
6. "The entity shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old."
7. "The entity is advised that the details of the proposed scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders."
8. "The entity is advised that, the companies to disclose the following, as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act, 2013-
  - a. Need for the demerger, rationale of the scheme, synergies of business of the entities involved in the scheme, impact of the scheme on the shareholders and cost benefit analysis of the scheme.
  - b. Details of Registered Valuer issuing Valuation Report and Merchant Banker issuing Fairness opinion, Summary of methods considered for arriving at the Share-Swap Ratio and Rationale for using above methods.
  - c. Basis for arriving at the share swap ratio.
  - d. Pre and Post scheme shareholding of KM Sugar and KM Spirits as on the date of notice of Shareholders meeting along with rationale for changes, if any, occurred between filing of Draft Scheme to Notice to shareholders.
  - e. Capital built-up of KM Sugar and KM Spirits since incorporation and last 3 years.
  - f. Details of Revenue, PAT and EBIDTA of KM Sugar and KM Spirits for last 3 years.
  - g. Value of Assets and liabilities of KM Sugar that are being transferred to KM Spirits and post-demerger balance sheet of KM Spirits.
  - h. Details of demerged undertaking of KM Sugar and their value as per the audited balance sheet that is being demerged into KM Spirits.
  - i. Details of potential benefits and risks associated with the demerger.
  - j. Financial implication of demerger on Promoters, Public Shareholders and the companies involved in the scheme along with future growth prospects of KM Sugar and KM Spirits pursuant to demerger.
  - k. Disclose all pending actions against the entities involved in the scheme its promoters/directors/KMPs and possible impact of the same on the KM Spirits and on the public shareholders.

9. "The entity shall ensure that applicable additional information, if any to be submitted to SEBI along with draft scheme of arrangement as advised by email dated January 13, 2026, shall form part of disclosures to the shareholders."
10. "The entity is advised that, the proposed equity shares to be issued in terms of the "Scheme" shall mandatorily be in demat form only."
11. "The entity is advised that, the "Scheme" shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document."
12. "No changes to the draft scheme except those mandated by the regulators/authorities/tribunals shall be made without specific written consent of SEBI."
13. "The entity is advised that the observations of SEBI/Stock exchanges shall be incorporated in the petition to be filed before NCLT and the company is obliged to bring the observations to the notice of NCLT."
14. "The entity is advised to comply with all the applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme."
15. "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/representations."
16. "The listed entity involved in the proposed scheme shall disclose the No-Objection letter of the Stock Exchange(s) on its website within 24 hours of receiving the same."

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

- 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.
- To duly comply with various provisions of the circulars.

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 NCLT.

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Please note that the submission of documents/information, in accordance with the circular to SEBI/Exchange should not in any way be deemed or construed that the same has been cleared

or approved by SEBI / Exchange. SEBI/Exchange does not take any responsibility either for the financial soundness of any scheme or for the correctness of the statements made or opinions expressed in the document submitted.

Further, where applicable in the explanatory statement of the notice to be sent by the Company to the shareholders, while seeking approval of the scheme, it shall disclose Information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated June 20, 2023.

However, the listing of equity shares of K M Spirits and Allied Industries 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. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023. Further, K M Spirits and Allied Industries Limited 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 Companies shall fulfil the Exchange's criteria for listing the securities of such Companies and also comply with other applicable statutory requirements. However, the listing of shares of K M Spirits and Allied Industries Limited is at the discretion of the Exchange. In addition to the above, the listing of K M Spirits and Allied Industries Limited 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 K M Spirits and Allied Industries Limited 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 Companies are also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all details of K M Spirits and Allied Industries Limited in line with the details required as per the aforesaid SEBI circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about of K M Spirits and Allied Industries Limited 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:
  - "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."
  - "There shall be no change in the shareholding pattern of K M Spirits and Allied Industries Limited 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.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be Six Months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

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 do not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013, (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act, 2013, as the case may be is required to be served upon the Exchange seeking representations or objections if any.

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.

Any service of notice under Section 230 (5) or Section 66 of the Companies Act, 2013, seeking Exchange's representations or objections if any, would be accepted and processed through the Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019, issued to the Company.

Yours faithfully,



**Marian Dsouza**  
Assistant Vice President



**Bhakti Wankhede**  
Deputy Manager