

Ref: NSE/LIST/ 50518

January 12, 2026

The Company Secretary  
K.M. Sugar Mills Limited

Dear Madam/ Sir,

**Sub: Observation Letter for draft scheme of arrangement for demerger between K M Sugar Mills Limited (“Demerged Company/KMSM”) and K M Spirits and Allied Industries Limited (“Resulting Company/KMSAIL”) and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013.**

We are in receipt for captioned draft Scheme of amalgamation filed by K.M.Sugar Mills Limited.

Based on our letter reference no. NSE/LIST/50518 dated October 07, 2025, submitted to SEBI pursuant to SEBI Master Circular No - SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Regulation 94(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI vide its letter dated November 24, 2025, has inter alia given the following comment(s) on the draft scheme of Arrangement:

- a) *The Company shall ensure to disclose 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.*
- b) *The Company 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 websites of the Listed Company.*
- c) *The Company shall ensure compliance with the SEBI circulars issued from time to time.*
- d) *The Company shall ensure that the entities involved in the Scheme shall duly comply with various provisions of the Circular and also 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.*
- e) *The Company shall ensure that all 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.*
- f) *The Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.*

Non-Confidential

Ref: NSE/LIST/50518

January 12, 2026

- g) *The Company shall ensure that the details of proposed scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the shareholders.*
- h) *The Company shall ensure 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:*
- *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.*
  - *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.*
  - *Basis for arriving at the share swap ratio.*
  - *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.*
  - *Capital built-up of KM Sugar and KM Spirits since incorporation and last 3 years.*
  - *Details of Revenue, PAT and EBIDTA of KM sugar and KM spirits for last 3 years.*
  - *Value of Assets and liabilities of KM Sugar that are being transferred to KM Spirits and post-demerger balance sheet of KM Spirits.*
  - *Details of demerged undertaking of KM Sugar and their value as per the audited balance sheet is being demerged into KM Spirits.*
  - *Details of potential benefits and risks associated with the demerger.*
  - *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.*
  - *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.*
- i) *The Companies shall ensure that all the applicable additional information, if any, shall form part of disclosures to shareholders, which was submitted by the Company to the Stock Exchange as per Annexure M of Exchange checklist.*
- j) *The Company shall ensure that the proposed equity shares to be issued in terms of the “Scheme” shall mandatorily be in demat form only.*
- k) *The Company shall ensure that the “Scheme” shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document.*

Ref: NSE/LIST/50518

January 12, 2026

- l) The Company shall ensure that no changes to the draft scheme except those mandated by the regulators/ authorities/ tribunals shall be made without specific written consent of SEBI.*
- m) The Company shall ensure 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.*
- n) The Company shall ensure to comply with all applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme.*
- o) 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.*
- p) The listed entity involved in the proposed scheme shall disclose the No-Objection letter of the Stock Exchange on its website within 24 hours of receiving the same.*
- q) Please note that the submission of documents/information, in accordance with the Circular to SEBI, should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI 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 documents submitted.*

**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 National Stock Exchange of India Limited again for its comments/observations/representations.**

Please note that the submission of documents/information, in accordance with the Circular to SEBI and National Stock Exchange of India (NSE), should not in any way be deemed or construed that the same has been cleared or approved by SEBI and NSE. SEBI and NSE 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 documents submitted.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 37 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

Ref: NSE/LIST/50518

January 12, 2026

The Company should also fulfil the Exchange's criteria for listing of such company 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.

The listing of 'K M Spirits and Allied Industries Limited' pursuant to the Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about K M Spirits and Allied Industries Limited and its group companies in line with the disclosure requirements applicable for public issues with National Stock Exchange of India Limited ("NSE") for making the same available to the public through website of the companies. The following lines must be inserted as a disclaimer clause in the Information Memorandum:

*"The approval given by the NSE should not in any manner be deemed or construed that the Scheme has been approved by NSE; and/ or NSE does not in any manner warrant, certify or endorse the correctness or completeness of the details provided for the unlisted Company; does not in any manner take any responsibility for the financial or other soundness of K M Spirits and Allied Industries Limited, its promoters, its management etc."*

2. To publish an advertisement in the newspapers containing all the information of K M Spirits and Allied Industries Limited in line with the details required as per SEBI Circular No. SEBI/HO/CFD/POD2/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 NSE.
3. To disclose all the material information about K M Spirits and Allied Industries Limited to NSE on continuous basis to make the same public, in addition to the requirements, if any, specified in SEBI (LODR) Regulations, 2015 for disclosures about the subsidiaries
4. The following provision shall be incorporated in the scheme:
  - a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
  - b) "There shall be no change in the shareholding pattern or control in K M Spirits and Allied Industries Limited between the record date and the listing which may affect the status of this approval."

With reference to Part II (A) (5) of SEBI Master Circular dated June 20, 2023, K M Spirits and Allied Industries Limited shall ensure that steps for listing of specified securities are completed and trading in securities commences within sixty days of receipt of the order of the Hon'ble High Court/NCLT, simultaneously on all the stock exchanges where the equity shares of the listed entity (or transfer entity) are/were listed. Accordingly, the company must initiate necessary steps to ensure strict adherence to said timeline.

Ref: NSE/LIST/50518

January 12, 2026

However, the Exchange reserves its rights to raise objections 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 Regulations, Guidelines/ Regulations issued by statutory authorities.

The Listed entities 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.

The validity of this "Observation Letter" shall be six months from January 12, 2026, within which the Scheme shall be submitted to NCLT.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/rule/bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

**The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37/59(A) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.**

Yours faithfully,  
For National Stock Exchange of India Limited

Saili Kamble  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL:<https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>