



K.M. Sugar Mills Ltd.

Factory & Works : P.O. Motinagar-224201, Dist. Ayodhya (U. P.)
Phone : 7571000692, Email : director@kmsugar.com
CIN No.:L15421UP1971PLC003492 GSTIN No.:09AAACK5545P1ZZ

August 07, 2025

The Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 Scrip Code: 532673	The Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 Trading Symbol: KMSUGAR
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Sub: Outcome of the Board Meeting of K M Sugar Mills Limited (“the Company”), held on August 07, 2025.

Ref: Disclosure under Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015, read with Sub-Para 1.3 of Para (A) (1) of Annexure I of Circular bearing number SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, issued by SEBI.

Dear Sir/Madam,

In reference to the above captioned subject and pursuant to regulation 30 read with Schedule III of the listing regulations, it is to inform that the Board of Directors of the Company, in their meeting held on August 07th, 2025, has considered and approved the Scheme of Arrangement for Demerger of ‘Distillery Division’ (**‘Demerged Undertaking’**) of K M Sugar Mills Limited (**‘Demerged Company’/“the Company”**) into K M Spirits and Allied Industries Limited (**‘Resulting Company’**) (**‘Scheme’**), on a going concern basis, under the provisions of section 230-232 of the Companies Act, 2013 and the Rules made thereunder.

The Scheme, inter alia, provides for demerger, transfer and vesting of the Distillery Division, i.e. the Demerged Undertaking from the Demerged Company into the Resulting Company on a going concern basis, and issue of equity shares by the Resulting Company to the equity shareholders of the Demerged Company, in consideration thereof as per the Share Entitlement Ratio.

The above-mentioned Scheme shall be subject to the approval of the BSE Limited (**“BSE”**) and National Stock Exchange of India Limited (**“NSE”**) (**“Stock Exchanges”**), Securities Exchange




Board of India ("SEBI"), National Company Law Tribunal ("NCLT"), Shareholders and Creditors of both the Companies and such other approvals, permissions and sanctions of regulatory and any other authorities as may be necessary.

The Fairness Opinion dated August 07, 2025, has been provided by Corporate Professionals Capital Private Limited, SEBI Registered, Category-I, Merchant Banker, on the Share Entitlement Ratio recommended by the Registered Valuer, Axiology Valuetech Private Limited, Registered Valuer Entity- all classes (Registration No. IBBI/RV-E/05/2023/201) as set out in its Share Entitlement Report dated August 07, 2025.

The detailed disclosure as required under Regulation 30 of the Listing Regulations, 2015, read with SEBI Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, is enclosed herewith as **Annexure I**.

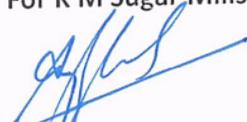
The Board Meeting commenced at 11:30 A.M. and concluded at 05:40 P.M.

We request you to take the same on your records.

Yours faithfully,

For & on behalf of

For K M Sugar Mills Limited



Aditya Jhunjunwala
Managing Director
DIN – 01686189



Encl.: A/a

Details of the Scheme in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, read with SEBI circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024.

1. Brief details of the division(s) to be demerged

The Distillery Division (*as defined in the Scheme*) comprises the assets, liabilities and properties related to or pertaining to the conduct of, or the activities of the Distillery Business of the Demerged Company, on a going concern basis. The Distillery Business is engaged in the manufacturing, selling and distribution of Rectified Spirit, Ethanol, Country Liquor and Extra Neutral Alcohol (ENA).

2. Turnover of the demerged division as a percentage of the total turnover of the listed entity in the immediately preceding financial year

The turnover of the Distillery Division for the year ended March 31, 2025, was INR 91.21 crore, representing 13.29% of the total standalone turnover of the Demerged Company for the year ended March 31, 2025.

3. Rationale for demerger

1. The Demerged Company is engaged in a diversified range of businesses, broadly categorized into two business divisions - (1) manufacturing and selling of sugar and other residual business including the running of a bagasse-based cogeneration Power plant with a ('**Sugar Manufacturing Division**'), and (2) Distillery Business - manufacturing of Rectified Spirit, Ethanol, Country Liquor and Extra Neutral Alcohol (ENA) ('**Distillery Division**').
2. Both the above businesses have their own distinct business dynamics, regulatory environment, customer base and their needs. There is a clear distinction in the growth prospects and risk profile of the two business divisions.
3. Over the years, the Distillery Division has matured into a robust and independent business with substantial growth potential. Given the dynamic growth, the Distillery Division is now well-positioned to pursue its own strategic and operational priorities as a separate entity.
4. The nature of risk, competition, challenges, opportunities and business methods for the Distillery Division is separate and distinct from the Remaining Business (*as defined Scheme*) carried out by the Demerged Company. Further, the way the Distillery




Division is required to be handled and managed is not similar to that of the Sugar and Power Business.

5. In order to provide enhanced focus to the operations of the Demerged Undertaking, the Companies have proposed to segregate and organise the Distillery Division as a separate entity. Therefore, the Scheme is being proposed to demerge the Distillery Division of the Demerged Company into the Resulting Company, which is expected to yield the following benefits:
- i. In light of the distinct operational characteristics of the Distillery Division, including seasonality, regulatory oversight, policies and subsidy framework, the establishment of an independent entity focusing exclusively on the Distillery Division will enable exploration of sector-specific opportunities, a sharper focus and enhance operational efficiency.
 - ii. Segregating the Distillery Division will provide greater strategic flexibility to tailor approaches specific to its unique operational and market dynamics, enabling it to realize its full potential while effectively de-risking the businesses from one another.
 - iii. Unlocking shareholders' value by enabling independent, market-driven valuation of the Distillery Division through the listing of the equity shares of the Resulting Company on the Stock Exchanges on which shares of the Demerged Company are listed, pursuant to the Scheme, thereby offering shareholders the option and flexibility to continue their investment in a Distillery business-focused listed entity.
 - iv. The separation of businesses with distinct risk and return profiles will enable each independent entity to attract different sets of investors, strategic partners, lenders and other stakeholders, thereby enhancing focused capital raising, future expansion and new growth opportunities.
 - v. The Resulting Company will be better positioned to align its resources, talent, marketing strategies, and innovation initiatives around a singular sector, which will, in turn, strengthen its competitive advantage and enable the creation of a more agile and efficient management structure.
 - vi. The Demerger will provide greater transparency in the performance of each entity, enabling a clearer focus on their respective growth trajectories. This will allow both entities to build their strong brand presence. Thus, this enhanced visibility will contribute to long-term stability and further strengthen the companies' future portfolios.



- vii. The demerger will help each of the entities to channelize resources required for all the businesses to focus on the growing businesses and attract the right talent and provide enhanced growth opportunities to existing talent in line with a sharper strategic focus on each business segment under separate entities.

4. Brief details of change in shareholding pattern (if any) of all entities:

- There will be no change in the shareholding pattern of the Demerged Company pursuant to the effectiveness of the Scheme.
- The Resulting Company is presently a wholly owned subsidiary of the Demerged Company. Pursuant to the effectiveness of the Scheme and with the allotment of equity shares by the Resulting Company, the existing equity shares of the Resulting Company as held by the Demerged Company shall stand cancelled and the Resulting Company shall issue its fresh equity shares to the shareholders of the Demerged Company in the same proportion in which they hold the equity shares in the Demerged Company thereby creating a replica shareholding structure in the Resulting Company.

5. In case of cash consideration - amount or otherwise, share exchange ratio

In consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company, the Resulting Company shall, without any further act or deed, issue and allot equity shares credited as fully paid up equity shares, to the extent indicated below, on a proportionate basis to the members of the Demerged Company holding fully paid up equity shares in the Demerged Company and whose name appear in the register of shareholders and records of the depository as shareholders of the Demerged Company as on a Record Date, in the ratio as under:

"1 (One) equity share of face value of Rs. 10/- (Rupees Ten) each at par in the 'Resulting Company' for every 5 (Five) Equity Shares of face value of Rs. 2/- (Rupees Two) each held by them in the Demerged Company ("Share Entitlement Ratio")."

6. Whether a listing would be sought for the resulting entity.

Yes, the equity shares issued by the Resulting Company to the eligible shareholders of the Demerged Company pursuant to the Scheme shall, subject to the approval/exemption from SEBI, be listed and admitted to trading on the Stock Exchanges where the equity shares of Demerged Company are listed and admitted to trading in terms of Rule 19(7) of the Securities Contract (Regulation) Rules, 1957 and other applicable rules/ regulations. The Resulting Company shall apply for the listing



of its equity shares on the Stock Exchange(s) and enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law or regulations including, seeking exemption from Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957.

