



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
Date: 27.03.2026

To Listing Compliance Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001.	The Manager Listing Compliance National Stock Exchange of India Limited 'Exchange Plaza' C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
Scrip Code: 532673	Symbol: KMSUGAR

Sub: Receipt of order dated March 24, 2026, passed by Hon'ble National Company Law Tribunal, Allahabad Bench ('NCLT') inter alia directing to convene the meetings of Equity Shareholders & Unsecured Creditors and dispensing with the requirement of convening the meeting of Secured Creditors of K M Sugar Mills Limited ("the Company").

Ref: Disclosure under Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 ("Listing Regulation").

Dear Sir / Ma'am,

This is in reference to our earlier disclosure dated August 07, 2025 regarding the proposed Scheme of Arrangement for Demerger between K M Sugar Mills Limited ("Demerged Company" or "KMSM") and KM Spirits and Allied Industries Limited ("Resulting Company" or "KMSAIL") and their respective shareholders and creditors ("Scheme").

It is to inform you that the Hon'ble NCLT, Allahabad Bench, vide its order dated March 24, 2026 (received today, March 27, 2026), has allowed the First Motion Application filed in respect of the aforementioned Scheme.

The said order is now available on the website of Hon'ble NCLT via www.nclt.gov.in, and on the website of the Company via www.kmsugar.com/scheme-of-arrangement-for-demerger.

The Hon'ble NCLT vide the aforesaid order has *inter alia* directed the convening of meetings of the Equity Shareholders and Unsecured Creditors of the Company and has dispensed with the requirement of convening the meeting of the Secured Creditors of the Company.

Details of the dates of the aforesaid meetings, along with copies of the notices, shall be submitted to the stock exchange(s) in due course.

You are kindly requested to take the same on records.

Thanking you,
Yours faithfully,
For K M Sugar Mills Limited


Ritika Tandon
Company Secretary and Compliance Officer



Encl:A/a



**IN THE NATIONAL COMPANY LAW TRIBUNAL
ALLAHABAD BENCH, PRAYAGRAJ**

**CA (CAA) No.5/ALD/2026
(First Motion)**

(Under Sections 230 to 232 of the Companies Act, 2013 and the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016) and other applicable rules made thereunder)

IN THE MATTER OF SCHEME OF ARRANGEMENT OF:

K M SUGAR MILLS LIMITED

company incorporated under the Companies Act, 1956

Having Its Registered Office At:

76, Eldeco Greens, Gomtinagar,
Lucknow - 226010, Uttar Pradesh, India
PAN- AAACK5545P
CIN- L15421UP1971PLC003492

.....Applicant No. 1 / Demerged Company

KM SPIRITS AND ALLIED INDUSTRIES LIMITED

company incorporated under the Companies Act, 2013

Having Its Registered Office At:

76, Eldeco Greens, Gomtinagar,
Lucknow - 226010, Uttar Pradesh, India
PAN- AAGCK9739H
CIN- U15100UP2018PLC101321

... Applicant No. 2 / Resulting Company

AND

their respective Shareholders and Creditors (Collectively hereinafter may be referred to as "Applicant Companies")

Order pronounced on: 24.03.2026

Coram:

Sh. Praveen Gupta : *Member (Judicial)*
Sh. Ashish Verma : *Member (Technical)*



Appearances:

Sh. Suman Kumar Jha, Adv. : For the Applicant Companies

ORDER

1. This is a joint First Motion Application filed by Applicant Companies for sanction of the proposed Scheme of Arrangement involving demerger of 'Distillery Division' (hereinafter referred as 'Demerged Undertaking') of K M Sugar Mills Limited (hereinafter referred to as 'Applicant No. 1 / Demerged Company') into **KM SPIRITS AND ALLIED INDUSTRIES LIMITED** (hereinafter referred to as 'Applicant No. 2 / Resulting Company ') (to be collectively referred to as 'Applicant Companies') and their respective shareholders under Sections 230 & 232 of the Companies Act, 2013 (the 'Act') read with Rule 3 of Companies (Compromises, Arrangements, and Amalgamations) Rules, 2016 (the 'Rules') and other applicable provisions of the Act for the time being in force, seeking sanction of the Scheme of Arrangement (hereinafter referred to as the '**Scheme**').
2. The Applicant Companies have prayed for the following reliefs:
 - i. *to pass appropriate orders and directions, directing the Applicant Company 1 / Demerged Company to issue individual Notices and to convene, hold and conduct the meeting of its Equity Shareholders through Video Conference (VC) or Other Audio-Visual Means (OAVM);.*



ii. to pass appropriate orders and directions, directing the Applicant Company 1 / Demerged Company to issue individual Notices and to convene, hold and conduct the meeting of its Unsecured Creditors through Video Conference (VC) or Other Audio-Visual Means (OAVM);

3. It is submitted that the registered office of the Applicant Companies are situated in the State of Uttar Pradesh and hence are under the territorial jurisdiction of this Bench.
4. The Applicant No. 1 / Demerged Company is a listed company, engaged in a diversified business of manufacturing and selling sugar and other businesses, including the running of a bagasse-based cogeneration Power plant ('Sugar Manufacturing Division') and Distillery business, manufacturing, selling and distributing, the Rectified Spirit, Ethanol, Country Liquor and Extra Neutral Alcohol (ENA).
5. The Applicant No. 2 / Resulting Company was incorporated as a wholly owned subsidiary of the Demerged Company for the purpose of carrying out the business of manufacturing spirits. The main object of the memorandum of association of the Resulting Company includes the manufacturing, packaging, selling and distribution of Rectified Spirit, Ethanol, Country Liquor and Extra Neutral Alcohol (ENA), other alcoholic beverages.



6. Since the shares of the Applicant Demerged Company are listed on BSE Limited and National Stock Exchange of India Limited, in compliance with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI Master Circular dated 20 June 2023, the Demerged Company applied to the said stock exchanges for their no-objection to the proposed Scheme of Arrangement for Demerger. The Board of Directors designated NSE as the Designated Stock Exchange, and both exchanges subsequently issued observation letters, NSE on January 12, 2026 and BSE on January 13, 2026 confirming their no objection to the proposed Scheme. A copy of the Observation letters issued by BSE Limited and National Stock Exchange of India Limited are attached as Annexure 18 with the Application.
7. As submitted in para 13 of the Application, and as per the observation letters issued by the BSE and NSE as the Applicant Companies are filing this application after communication of comments/observations on draft Scheme by SEBI / Stock Exchanges, there is no requirement to send notice under section 230(5) of the Company to SEBI again for its comments/ observations/representations. The relevant excerpts of the observation letter by BSE are reproduced as under:

“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.”

8. The rationale and the benefits of the Scheme are, inter alia, as follows:

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 business including the running of a bagasse-based cogeneration Power plant ('Sugar Manufacturing Division') and (2) Distillery business manufacturing, selling and distribution of Rectified Spirit, Ethanol, Country Liquor and Extra Neutral Alcohol (ENA).

- a.** 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.
- b.** 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.
- c.** The nature of risk, competition, challenges, opportunities and business methods for the Distillery Division is separate and distinct from the Remaining Business (as defined under the 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 Remaining Business.

9. The proposed demerger pursuant to this Scheme is expected, inter alia, to result in following benefits:
- a. 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.
 - b. 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.
 - c. 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.
 - d. 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.



- e. 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.
 - f. 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.
 - g. 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.
- 10.** It is stated that the Board of Directors of the Demerged Company and the Resulting Company in their respective meetings held on 07.08.2025 considered and unanimously approved the proposed Scheme of Arrangement subject to sanctioning of the same by this Tribunal. The copies of the Board Resolutions of the Applicant Companies are attached as Annexure:8 with the application.
- 11.** The appointed date of the Scheme for the purpose of the Arrangement shall be 01.04.2026 as mentioned in Clause 1.1.3 in Part-I of Scheme of Arrangement which is attached as Annexure: 1 of the application.



12. It is stated that the Applicant Companies have filed their Audited Financial Statements for the year ended 31.03.2025 and provisional Financial Statements as on 30.09.2025 which are attached as Annexure 3 and 6 of the application.
13. It is further submitted that in pursuance of the proviso to Section 230(7) and Section 232(3) of the Act, the Applicant Companies have filed certificate dated 07.08.2025, issued by their respective Statutory Auditors certifying that the Scheme is in compliance with the Accounting Standards under Section 133 of the Act and the same is attached as Annexure 11 with the application.
14. It is further submitted that the share entitlement Report, dated 07.08.2025, considering Audited financial statements for the year ended 31.03.2025 of the Applicant Companies, for the proposed Scheme of Arrangement, has been issued by Axiology Valuetech Private Limited, Registered Valuer Entity, registered with the Insolvency and Bankruptcy Board of India (IBBI) vide Registration No. IBBI/RV-E/05/2023/201. A copy of the said Valuation Report is annexed herewith as Annexure 9. The Share Entitlement Ratio, as incorporated in the scheme, is as follows:
- *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”).

- 15.** Further, a Fairness opinion dated 07.08.2025 on recommendation of Share Entitlement Ratio is issued by Corporate Professionals Capital Private Limited, SEBI Registered Category I Merchant Banker, verifying that the exchange ratio is fair to shareholders and is attached as Annexure 10 with the Application.
- 16.** It is submitted that the Scheme (Annexure 1) also takes care of the interest of the employees of the Applicant Companies by virtue of Clause 2.4 in Part-II of the Scheme.
- 17.** As per para 10 of the application it is submitted that there are no proceedings pending under any law for the time being in force. Affidavits in this regard, by each of the Applicant Companies, have been annexed herewith and collectively marked as Annexure-19 (COLLY).
- 18.** It is deposed by the Applicants that there is no other authority whose approval may be required for the sanction of the Scheme of Arrangement except the following authorities, i.e., (a) the Central Government through the office of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi; (b) the Registrar of Companies, Uttar Pradesh, Ministry of Corporate Affairs, Kanpur; (c) Securities and Exchange Board of India; (d) National Stock Exchange of India Limited;



(e) BSE Limited (collectively called “Stock Exchanges”) and (f) the Income Tax Department.

19. It is also deposed in para 14 of the Application that the proposed Scheme of Arrangement will not attract the provisions of the Competition Act, 2002. Hence, no intimation to/approval from the Competition Commission of India (CCI) is required for the present Scheme of Arrangement. Affidavits in this regard have been filed by the Applicant Companies attached as Annexure 20 with the Application.

20. The Applicant Companies have furnished the following documents:

- i.** Proposed Scheme of Arrangement (Annexure 1 of the application).
- ii.** Memorandum and Articles of Association of the Applicant Companies (Annexure 2 and 5 respectively of the application).
- iii.** List of shareholders, Secured and unsecured creditors of Demerged Company along with No objection Affidavits (Annexure 1, 13, 14 of the application).
- iv.** List of shareholders, Secured and unsecured creditors of Resulting Company along with No objection Affidavits (Annexure 15, 16, 17 of the application).
- v.** Certificates of Statutory Auditors to the effect that the Accounting treatment proposed in the Scheme is in conformity with Section 133 of the Companies Act, 2013. (Annexure 11 of the application).



- vi. Last Annual Return of the Applicant Companies. (Annexure 4 and 7 of the application).
- vii. Latest Audited Financial Statements for the year ended 31.03.2025 and provisional Financial Statements as on 30.09.2025 of the Applicant Companies. (Annexure 3 and 6 of the application)
- viii. Report on Share Entitlement Ratio (Annexure 9 of the application).

21. The Applicant Companies have furnished the details of the Equity Shareholders, Secured Creditors and Unsecured Creditors as follows:

Demerged Company:

Particulars	Total No.	Dispensation sought	% of Consent received
Equity Shareholders	54,359 Listed Company	No	N.A.
Secured Creditors	5	Yes	96.23%
Un-secured Creditors	414	No	N.A.

Resulting Company:

Particulars	Total No.	Dispensation sought	% of Consent received
Equity Shareholders	7	Yes	100%
Secured Creditors	NIL	Yes	N.A.
Un-secured Creditors	2	Yes	100%

DIRECTIONS:

22. We have considered the submissions made by the Ld. Counsel, and perused the documents filed with the instant Application. We are of the view that the dispensation of the meetings prayed for by the Applicant



Companies deserves to be allowed. We accordingly give the following directions:

I. In relation to the Applicant No. 1 / Demerged Company:

- a. The meeting of the Equity Shareholders of Applicant Demerged Company be convened as prayed for through video conferencing with facility of remote e-voting on Saturday, 30th May, 2026 at 11:00 A.M., subject to notice of the meeting being issued. The voting/approval would be in terms of provisions of Section 103 of the Companies Act, 2013;
- b. The meeting of the Secured Creditors of Applicant Demerged Company is dispensed herewith, keeping in view that 96.23% in value of the Secured Creditors have given their consents by way of affidavits;
- c. The meeting of the Un-secured Creditors of the Applicant Demerged Company be convened as prayed for through video conferencing with facility of remote e-voting on Saturday, 30th May, 2026 at 12:30 P.M., subject to notice of the meeting being issued. The voting/approval would be in terms of provisions of Section 230(6) of the Companies Act, 2013.

II. In relation to Applicant No. 2 / Resulting Company:

- a. The meeting of the Equity Shareholders of Applicant Resulting Company No. 1 is dispensed herewith, keeping in view that 100% in value of the Equity Shareholders have given their consents by way of affidavits;



amount of ₹1,50,000/- (Rupees One Lakh Fifty Thousand Only) be paid for his services as the Alternate Chairperson.

- VI.** Mr. Ankit Kumar Singh, CS, (Mobile No. 8009166450, E-mail id: cs.ankitsingh22@gmail.com), is appointed as the common Scrutinizer for the above meetings to be called under this order. An amount of ₹1,00,000/- (Rupees One Lakh only) be paid for his services as the Scrutinizer.
- VII.** The fee of the Chairperson, Alternate Chairperson, Scrutinizer and other out-of-pocket expenses for them shall be borne by the Applicant No. 1 / Demerged Company.
- VIII.** It is further directed that individual notices of the said meetings shall be sent by the Demerged Company to its respective Equity Shareholders, Secured Creditors and Un-secured Creditors through registered post or speed post or through courier or e-mail, 30 days in advance before the scheduled date of the meetings, indicating the day, date and time as aforesaid, together with a copy of the Scheme, copy of the explanatory statement with Share Entitlement Ratio as discussed in para 14 of this order required to be sent under the Companies Act, 2013 and the applicable Rules and any other documents as may be prescribed under the Act shall also be duly sent with the notice.
- IX.** It is further directed that along with the notices, Demerged Company shall also send, statements explaining the effect of the Scheme on the creditors, key managerial personnel, promoters and non-promoter members, etc. along with the effect of the Scheme of Arrangement on any material interests of the Directors of the



Companies, if any, as provided under sub-section (3) of Section 230 of the Act.

- X.** It is also directed that the Un-Audited Financial Statements (Provisional) of the Applicant Demerged Company and the Resulting Company not older than 6 months' from the date of the meetings be also circulated for the aforesaid meeting(s) in terms of Section 232 (2) (e) of the Act.
- XI.** That the Demerged Company shall publish an advertisement with a gap of at least 30 clear days before the aforesaid meetings, indicating the day, date and the time of the meetings as aforesaid, to be published in "Financial Express" (English) and "Jan Satta" (Hindi). The publication shall indicate the time within which copies of the Scheme of Arrangement shall be made available to the concerned persons, free of charge from the registered office of the Applicant Demerged Company. The publication shall also indicate that the explanatory statement required to be furnished pursuant to Sections 230 & 232 read with Section 102 of the Companies Act, 2013 can be obtained free of charge at the registered office of the Applicant Demerged Company in accordance with second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016. The Applicant Demerged Company shall also publish the notice of the meetings on its website, if any.
- XII.** The Applicant Companies shall issue notices to all the Secured Creditors of the Applicant Company No. 1 and Unsecured Creditors of the Resulting Company by specifying individual value of debts owed. Further, it is directed that while filing the



second motion petition, if any objections or any affidavit/s are received by the Applicant Companies from these Secured Creditors, the same would also be reflected in the second motion petition or immediately thereafter as soon as the same are received.

- XIII.** It shall be the responsibility of Demerged Company to ensure that the notices are sent under the signature and supervision of the Chairperson and that the Applicant Companies shall file their affidavits in the Tribunal at least 7 days before the date fixed for the meetings.
- XIV.** Voting is allowed on the proposed Scheme through remote e-voting process in compliance with the guidelines issued by the Ministry of Corporate Affairs in this regard.
- XV.** The Chairperson shall be responsible to report the result of the meetings to the Tribunal in Form No. CAA-4, as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 within 7 (seven) working days of the conclusion of the meetings. The Chairperson would be fully assisted by the authorized representative/Company Secretary of the Applicant Demerged Company and the Scrutinizer, who will assist the Chairperson/Alternate Chairperson in preparing and finalizing the reports.
- XVI.** As stated in paragraph 13 of the Application, and as already discussed in paragraph 6 of this Order, notices for the purposes of Section 230(5) are not required to be issued to SEBI at this stage. However, at the time of filing the second motion petition, SEBI shall also be included as the sectoral regulator and appropriate notice shall be issued accordingly.



XVII. As stated in paragraph 13 of the Application, and as already discussed in paragraph 7 of this Order, notices for the purposes of Section 230(5) are not required to be issued to the Securities and Exchange Board of India (SEBI) at this stage of first motion. Accordingly, at the time of filing the second motion petition, appropriate notice shall be issued to SEBI, being the sectoral regulator.

XVIII. The Applicant Companies in compliance of sub-section (5) of Section 230 of the Act and Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 send notices in Form No. CAA-3 along with copy of the Scheme, Explanatory Statement and the disclosures mentioned in Rule 6 of the “Rules” to (a) the Central Government through the office of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi and having email id: rd.north@mca.gov.in; (b) the Registrar of Companies, Uttar Pradesh, Kanpur and having email id: roc.kanpur@mca.gov.in; (c) National Stock Exchange of India Limited; (d) Bombay Stock Exchange Limited (collectively called “Stock Exchanges”) and (e) the Income Tax Department, in the respective circle/ward where these Companies are assessed or through the nodal office by mentioning the PAN number of the Applicant Companies, if any, having email id – lucknow.pccit@incometax.gov.in; stating that report on the same, if any, shall be sent to this Tribunal within a period of 30 days from the date of receipt of such notice and copy of such report shall be simultaneously sent to the applicant companies, failing which it shall be presumed that they have no objection to the proposed Scheme.



- XIX.** The Applicant Companies shall furnish a copy of the Scheme free of charge within one day of any requisition for the Scheme made by any Creditor entitled to attend the meetings as aforesaid.
- XX.** The Authorized Representative of the Applicant Demerged Company shall furnish affidavits of service of notice of meetings and publication of advertisements and compliance of all directions contained herein at least a week before the proposed meetings.
- XXI.** All the aforesaid directions are to be complied with strictly in accordance with the applicable laws including forms and formats contained in the Rules as well as the provisions of the Companies Act, 2013 by the Applicant Companies.
- XXII.** The Company Petition for confirmation of the Scheme is to be filed within the time period prescribed under the provisions of the Act and corresponding rules made there under. The appropriate prayer would also be made in the second motion petition for publication in newspaper.
- 23.** The Second Motion petition shall be filed within 7 days from the date of submission of report by Chairperson in accordance with the provisions of rule 16 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 24.** With the aforesaid directions, this First Motion Application bearing **CA (CAA) No.5/ALD/2026** is allowed. A copy of this order be supplied to the learned counsel for the Applicant Companies who in turn shall supply



a copy of the same to the Chairperson, Co-Chairperson and the Scrutinizer immediately.

-Sd-
(Ashish Verma)
Member (Technical)

-Sd-
(Praveen Gupta)
Member (Judicial)

Date: 24.03.2026