

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS (“COMMITTEE”) OF KOTHARI SUGARS AND CHEMICALS LIMITED (“TRANSFEROR COMPANY”) AT ITS MEETING HELD ON 19th MAY 2026, RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF KOTHARI SUGARS AND CHEMICALS LIMITED WITH AND INTO KOTHARI PETROCHEMICALS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS.

Present:

Name of Committee Members	Designation
(i) Mr. S. Sundarraman	: Chairman - Independent Director
(ii) Mr. M. R. Mohan	: Member - Independent Director
(iii) Mr. Abdul Kareem Sait	: Member - Independent Director

1. Background

- 1.1. A meeting of the Committee of Independent Directors of **Kothari Sugars and Chemicals Limited (“Company”)** was held on 19th May 2026, to, *inter alia*, consider and if thought fit, recommend to the Board of Directors of the Company (“**Board**”), the draft Scheme of Amalgamation of **Kothari Sugars and Chemicals Limited (“KSCL” / “Transferor Company”)** with and into **Kothari Petrochemicals Limited (“KPL” / “Transferee Company”)** (together referred to as “**Companies**”) and their respective shareholders and creditors (“**Draft Scheme**”), pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Act**”) and the rules made thereunder (including any statutory modification(s) or re-enactment(s) or other amendment(s) thereof for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”), and other applicable laws, including the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (as amended from time to time) (“**SEBI Master Circular**”) or any other circulars issued by the Securities and Exchange Board of India (“**SEBI**”) applicable to schemes of arrangement from time to time.
- 1.2. This report of the Committee is made in compliance with the requirement of the SEBI Master Circular issued by the Securities Exchange and Board of India (“**SEBI**”). In terms of the SEBI Master Circular, a report from the Committee is required, recommending the draft Scheme, after taking into consideration, *inter alia*, that the draft Scheme is not detrimental to the shareholders of the listed entity.
- 1.3. Following documents were placed before the Committee for its consideration:




- (a) Draft Scheme of Amalgamation, duly initialled by the Company Secretary of the Company for purpose of identification;
- (b) Joint valuation report dated 19th May 2026 issued by Mr. Mahek Vikamsey, Partner KPMG Valuation Services LLP, a Registered Valuer (Securities or Financial Assets) IBBI Registration No. IBBI/RV/05/2019/11313 and Mr. S. Sundar Raman, a Registered Valuer (Securities or Financial Assets) IBBI Registration No. IBBI/RV/06/2019/11185 recommending the Share Exchange Ratios (as defined hereunder) for the draft Scheme (“**Valuation Report**”);
- (c) Fairness Opinion dated 19th May 2026, issued by Saffron Capital Advisors Private Limited, an Independent SEBI registered Category I Merchant Banker (SEBI Regn. No. INM000011211), confirming that the Share Exchange Ratios in the Valuation Report are fair to the Companies and their respective shareholders and creditors (“**Fairness Opinion**”);
- (d) Certificate dated 19th May 2026, issued by M/s. P. Chandrasekar LLP, (Firm Regn. No: 000580S/S200066), the Statutory Auditor of the Company, confirming that the accounting treatment contained in the draft Scheme is in compliance with the applicable accounting standards specified by the Central Government under Section 133 of the Act read with applicable rules, and/or the accounting standards issued by the Institute of Chartered Accountants of India and other generally accepted accounting principles; and
- (e) Other presentations, documents and information made to/furnished before the Committee pertaining to the draft Scheme.

2. Observations of the Committee on the Scheme

2.1. Rationale for the Scheme

2.1.1. Part C of the Scheme which deals with the Amalgamation of Kothari Sugars and Chemicals Limited (“Transferor Company”) with Kothari Petrochemicals Limited (“Transferee Company”). The proposed scheme would be in best interest of the Companies and their respective shareholders, employees, creditors and other stakeholders as the proposed reorganization pursuant to this Scheme is expected, inter alia, to yield advantages as set out below:

2.1.1.1. The Transferor Company and the Transferee Company are part of the same group and operate under common control. The proposed amalgamation will simplify and rationalise the existing group structure. The Scheme will consolidate the businesses of the Transferor Company with the Transferee Company, thereby eliminating multiple corporate entities within the group.

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- 2.1.1.2. The amalgamation will result in the elimination of duplicate administrative, operational, regulatory, compliance related and corporate overhead costs associated with maintaining separate legal entities, and will further facilitate unified management, streamlined governance and strategic planning for the combined businesses.
- 2.1.1.3. Consolidation of shareholdings in a single listed entity will align interests of all the shareholders and allow them to participate in the growth prospects of a larger diversified Entity.
- 2.1.1.4. The amalgamation is expected to generate financial, operational and managerial synergies by integrating the resources, capabilities and expertise of both companies. The combined entity will be able to utilise its assets, capital and human resources more effectively.
- 2.1.1.5. The Scheme will enable a stronger organisational base and enhance the capacity of the combined entity to pursue future growth opportunities and improve long term value creation for its stakeholders.
- 2.1.1.6. Consolidation of funds and resources would lead to improved availability of capital which could be allocated more efficiently / optimally to pursue growth opportunities under the respective businesses.

2.2. Salient Features of the Scheme

The Independent Directors Committee considered and observed the following salient features in relation to the draft Scheme:

- a) The draft Scheme provides for the Amalgamation of the Transferor Company with and into Transferee company.
- b) The Appointed Date for the scheme shall be 1st April 2026, or such other date as may be fixed or approved by the jurisdictional National Company Law Tribunal(s), (“NCLT”/ “**Tribunal**”), being the date with effect from which this Scheme shall be deemed to be operative and effective.
- c) The effectiveness of this Scheme is conditional upon and subject to the following:
 - (i) Receipt of approval of the Scheme by the National Stock Exchange and Securities and Exchange Board of India, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time, wherever applicable.

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- (ii) The approval by the requisite majorities of the respective members and/or creditors (where applicable) of the Transferor Company and/or the Transferee Company, if directed by the NCLT or any other competent authority, as may be applicable.
- (iii) The scheme is conditional upon approval by the respective public shareholders of the Transferor and Transferee Companies through e-voting in terms of Part - I (A)(10)(a) of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and the scheme shall be acted upon only if vote cast by the respective public shareholders of the Transferor and Transferee Companies in favour of the proposal are more than the number of votes cast by the respective public shareholders of the Transferor and Transferee Companies against it.
- (iv) The sanction of the Scheme by the NCLT under Sections 230 to 232 and other applicable provisions, if any, of the Act.
- (v) All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.
- d) Upon the Scheme becoming operative on the Effective Date, with effect from the Appointed Date, amalgamation of the Transferor Company with and into Transferee Company shall be accounted for in the books of the Company in accordance with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 and/or generally accepted accounting principles in India.
- e) The following share exchange ratio have been determined as per Valuation Report for the allotment of equity shares of the Transferee Company, having face value of INR 10/- each to the shareholders of Transferor Company as on the Record Date (*as defined in the Scheme*), in consideration for the amalgamation:
- “1 (One) fully paid-up equity share of Rs.10/- each of Kothari Petrochemicals Limited, (Transferee Company) shall be issued and allotted for every 5 (Five) fully paid-up equity shares of Rs. 10/- each held in Kothari Sugars and Chemicals Limited, (Transferor Company)” (“Share Exchange Ratio”)*
- f) Further, P. Chandrasekar LLP, Chartered Accountants, Statutory Auditors of the Company, vide their certificate dated 19th May, 2026, have confirmed that the accounting treatment as specified in the draft Scheme is in accordance with the applicable Indian Accounting Standards issued by the Institute of Chartered Accountants of India and as notified by MCA, read together with Section 133 of the Act and the Companies (Indian Accounting Standards) Rules, 2015.
- g) Upon the Scheme being sanctioned by an Order made by the Tribunal under Sections 230 to 232 of the Act, the Transferor Companies shall stand dissolved without winding up on the Scheme becoming effective from the Effective Date in accordance with the Act and the relevant rules;



- h) Upon the Scheme becoming operative on the Effective Date, the authorised share capital of the Transferee Company shall stand revised to Rs. 100 Crores (Rs.94 Crores of Equity Share capital and Rs.6 Crores of Preference Share capital), and the filing fees and stamp duty, if any, paid by the Transferor Company on its authorised share capital / got waived by the Authority shall be set off and be deemed to have been so paid by the Transferee Company on the revised authorised share capital.

2.3. Valuation Methods Evaluated for the Share Exchange Ratios

The Committee noted that the Valuation Report, *inter-alia*, recommended the Share exchange ratio for the Amalgamation of Transferor Company with the Transferee Company

The Committee then noted the share exchange ratio as under:

Share exchange ratio determined as per Valuation Report for the allotment of equity shares of the Transferee Company, having face value of INR 10/- each to the shareholders of Transferor Company as on the Record Date (*as defined in the Scheme*), in consideration for the amalgamation:

"1 (One) fully paid-up equity share of Rs.10/- each of Kothari Petrochemicals Limited, (Transferee Company) shall be issued and allotted for every 5 (Five) fully paid-up equity shares of Rs. 10/- each held in Kothari Sugars and Chemicals Limited, (Transferor Company)" ("Share Exchange Ratio")

2.4. The Independent Directors Committee reviewed and noted that:

The proposed Scheme of Amalgamation would fall within the ambit of related party transactions under the SEBI LODR Regulations, considering that both the Transferor Company and Transferee Company are related parties.

However, the draft Scheme of Amalgamation does not fall within the purview of related party transactions under Section 188 of the Companies Act, 2013, in view of the clarification provided by the Ministry of Corporate Affairs vide General Circular No. 30/2014 dated July 17, 2014, which clarifies that transactions arising out of compromise, arrangements and amalgamations dealt under specific provisions of the Companies Act, 2013 will not attract the requirements of Section 188 of the Companies Act, 2013.

In terms of the Scheme, equity shares of the Transferee Company are proposed to be issued and allotted to the shareholders of the Transferor Company. Accordingly, in compliance with Paragraph 10(b)(ii) of the SEBI Master Circular on Scheme of Arrangement by Listed Entities issued on June 20, 2023, the Scheme shall be acted upon only if the votes cast by the public shareholders of the Company in favour of the Scheme are more than the number of votes cast by the public shareholders against it.

The consideration as set forth in the draft Scheme will be discharged on an 'arm's length basis'. The share exchange ratios for the shares to be allotted pursuant to the Scheme are determined based on the Joint Valuation Report dated May 19, 2026 issued by KPMG Valuation Services LLP and Mr. S Sundar Raman, Independent Registered Valuers. Further, Saffron Capital Advisors Private Limited, an independent SEBI registered Category I



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Merchant Banker, has issued its fairness opinion dated May 19, 2026, on the valuation. The aforementioned Valuation Report and Fairness Opinion have been duly reviewed and considered by the Audit Committee.

2.5. Scheme Not Detrimental to the Shareholders of the Company

The Committee members discussed and deliberated upon the rationale and salient features of the Scheme. In light of the same, and the Valuation Report, the Fairness Opinions and other documents presented before the Committee, the Committee is of the informed opinion that the draft Scheme is in the best interests of the shareholders of the Company and is not detrimental to their interest, including the interest of the minority shareholders of the Company.

The shareholders of the Transferor Company will receive equity shares in the Transferee Company in accordance with Clause 15 of the Scheme.

3. Recommendations of the Committee

The Committee after due deliberations and careful consideration of all the terms of the draft Scheme, the Valuation Report, the Fairness Opinion and rationale provided above, including the interest of the shareholders of the Company, is of the opinion that the Scheme will not impose any additional burden on the shareholders of the Transferor Company and the Transferee Company and will not adversely affect the interests of the shareholders or creditors of the Companies involved in the Scheme.

The Committee hereby confirms that the draft Scheme is not detrimental to the interest of the shareholders of the Company and recommends the draft Scheme for favourable consideration and approval by the Board, National Stock Exchange, SEBI, NCLT and other appropriate authorities.

This report of the Committee is made in order to comply with the requirements of the SEBI Master Circular after considering the necessary documents.

for and on behalf of the Committee of Independent Directors of
Kothari Sugars and Chemicals Limited



Date : 19th May 2026
Place : Chennai

A handwritten signature in blue ink, appearing to read "Sundarraman".

S. Sundarraman
Chairman of the Committee
DIN: 01032768