

**REPORT ON
RECOMMENDATION OF
SHARE ENTITELMENT RATIO
FOR THE
PROPOSED DEMERGER
FROM
KITEX CHILDRENSWEAR LIMITED
INTO
KITEX GARMENTS LIMITED**

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1. Glossary of Abbreviation

Abbreviation	Definition
BSE	BSE Limited
CCM	Comparable Companies Multiple Method
Comparable Companies	Comparable Companies in similar line of business
DCF Method	Discounted Cash Flow Method
Demerged Company/ Transferor Company/ KCL	Kitex Childrenswear Limited
Demerged Undertaking	“Demerged Undertaking” means and includes the Textile Business Division of the Demerged Company engaged in manufacturing, selling, exporting etc, children’s garments and apparels and related services, activities and operations, and it’s investment in Kitex Apparel Private Limited and Kitex USA LLC..
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EV	Enterprise Value
FCF	Free Cash Flows
ICAI	Institute of Chartered Accountants of India
ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
IVS	ICAI Valuation Standards
KAPL	Kitex Apparel Parks Limited
NSE	National Stock Exchange of India Limited
Remaining Business	“Remaining Business” means all the undertakings, business, operations and activities, including all the assets and liabilities of the Demerged Company, excluding the Demerged Undertaking, retained by the Demerged Company.
Resulting Company/ Transferee Company/ KGL	Kitex Garments Limited
SEBI LODR	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Share Entitlement Report or the Report or this Report	This Report
the Companies	Transferee Company and Transferor Companies are collectively referred to as the Companies
the Scheme	Scheme of Arrangement between KCL and KGL and their respective shareholders and creditors
the Management	Management of KGL and KCL
Valuation Date	February 13, 2025
WAP	Weighted Average Price
VWAP	Volume Weighted Average Price



2. Introduction and Brief History

- 2.1. There is a proposal before the Board of Directors of the Companies to demerge the Demerged Undertaking into KGL. The demerger is contemplated under a scheme of arrangement under section 230 to 232 and other applicable provisions of Companies Act, 2013. This transaction is referred to as the Proposed Arrangement.
- 2.2. In this regard, we have been called upon by the Management vide Engagement Letter dated October 18, 2024, to recommend Share Entitlement Ratio for the Proposed Arrangement.
- 2.3. Accordingly, this Report sets out the findings of our exercise. For the purpose of this Report, we have considered the Valuation Date as February 13, 2025.

2.4. Brief Profiles of the Companies**2.4.1. KCL**

KCL is a Public Company incorporated and domiciled in India having its registered office at Building No. 494, Kizhakkambalam, Vilangu P.O, Aluva, Ernakulam- 683561, Kerala, India (CIN: U18101KL1991PLC006048). It was incorporated in the year 1991 under the Companies Act, 1956. Its manufacturing location is at Kizhakkambalam. KCL is engaged in manufacturing babywear garment products. It also undertakes Job work assignments for KGL.

The Authorised, issued and subscribed equity share capital of KCL as at December 31, 2024 is as follows:

Share Capital	Amount (INR in lakhs)
Authorised Share Capital	
Equity shares of INR 100/- each	1,000.00
Issued, Subscribed and Fully Paid Up	
Equity shares of INR 100/- each	949.91

Source: Management

The foregoing equity share capital is held as follows:

Shareholder	Number of Shares held	Percentage of shareholding
Mr. Sabu M Jacob	9,46,960	99.69%
Ms. Elizabeth K U	19	0.00%
Ms. Gayathri Krishnan	19	0.00%
Ms. Renjitha Joseph	2,850	0.30%
Ms. Sindhu Chandrasekar	19	0.00%
Ms. Sreedevi P	19	0.00%
Mr. Thomas Cherian	19	0.00%
Total	9,49,905	100.00%

Source: Management

Equity shares of Demerged Company are not listed on BSE and NSE.

Demerged Undertaking

KCL is engaged in manufacturing of babywear garment such as body suits, rompers, bibs, sleepwear, burps, and training pants with an installed capacity of 124.0 million pieces at its manufacturing facility at Kizhakkambalam unit in Kochi, Kerala.

The above textile business division of KCL, along with KCL's stake in KAPL and Kitex USA LLC are proposed to be demerged to KGL as part of the proposed scheme of demerger.

This Report should be read along with the limitations mentioned herein



KAPL

KAPL has its registered office at H NO. 15-10-196/2, Pothana Road, Ramanapet, Warangal, Telangana-506002 (CIN:U18100TG2021PLC157154), India and incorporated to carry on the business of textile items such as yarn, fabrics, garments, wearing apparels, made from natural or synthetic fibres or from blends of both. KAPL is a Subsidiary of KGL and associate of KCL.

2.4.2. KGL

KGL is a listed company having its shares listed on BSE Limited and National Stock Exchange of India Limited. KGL was incorporated in the year 1992. The registered office of KGL is at Building No. VI/496, Kizhakkambalam, Vilangu P.O, Aluva, Ernakulam - 683561, Kerala (CIN: L18101KL1992PLC006528). It is primarily involved in manufacture and export of knitted garments for infants and kids. It has a manufacturing capacity of 4,32,000 pieces per day.

The authorized, issued and subscribed equity share capital of KGL as on Valuation Date is as follows:

Share Capital	Amount (INR in lakhs)
Authorised:	
Equity Shares of INR1 each	2,500.00
Issued, subscribed & paid up capital:	
Equity Shares of INR 1 each	1,995.00

The foregoing share capital is held as follows:

Shareholder	No. of Shares	Percentage of shareholding
Kitex Childrenswear Limited	3,17,57,466	15.92%
Sabu M Jacob	6,81,92,703	34.18%
Renjitha Joseph	1,29,84,300	6.51%
Boby M Jacob	97,917	0.05%
Public & Others	8,64,67,614	43.34%
Total	19,95,00,000	100.00%

Source: BSE

Equity Shares of Resulting Company are listed on BSE and NSE.

3. Data Obtained

- 3.1 We have called for and obtained such data, information, etc. as were necessary for the purpose of this assignment, which have been, as far as possible, made available to us by the Management. **Appendix A** hereto broadly summarizes the data obtained.
- 3.2 For the purpose of this assignment, we have relied on such data summarized in the said Appendix and other related information and explanations provided to us in this regard.

4. Approach to Valuation

- 4.1 It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or an approach that is suitable for the purpose.
- 4.2 It may be noted that the Institute of Chartered Accountants of India on June 10, 2018 has issued the ICAI Valuation Standards applicable to all valuations carried out on or after July 1, 2018. IVS are mandatory for

This Report should be read along with the limitations mentioned herein



valuations done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. We have given due cognizance to the same in carrying out the valuation exercise.

- 4.3 For the purpose of arriving at the valuation, we have considered the valuation base as 'Fair Value'. Our valuation, and this Report, is based on the premise of 'going concern'. Any change in the valuation base, or the premise could have a significant impact on the valuation exercise, and therefore, this Report.
- 4.4 IVS 301 on Business Valuations deals with valuation of a business and business ownership interest (i.e., it includes valuation of shares).
- 4.5 IVS 301 specifies that generally, the following three approaches are used for valuation of business/business ownership interest:
- Market Approach
 - Income Approach
 - Cost Approach

4.5.1 Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities. Common methodologies under the Market Approach are as under.

- Market Price Method:

This method involves considering the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. This method is used to determine the value of listed companies which are frequently traded.

We have considering the market price of KGL based on the pricing formula mentioned under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").

The Demerged Company is not listed on any recognised market. Accordingly, this method cannot be used to determine its value.

- Comparable Companies Multiple Method :

This method involves valuing an asset based on market multiple of Comparable Companies as related to earnings, assets etc. We understand from the Management that the Textile Business Division of the Demerged Company proposes to discontinue its job work activities and use that capacity for direct sale from FY 2026-27. Further we understand that the Resulting Company plans to expand its manufacturing capacity from FY 2025-26. Hence, their past profits are not representative of their forward earnings as provided to us. Considering these developments, we have valued the Demerged Undertaking and Resulting Company using the Forward EV/EBITDA and Forward P/E multiples of the Comparable Companies.

4.5.1.1 Value based on EV/EBITDA Multiple Method

The broad steps followed to derive a value based on EV/EBITDA Multiple, are given hereunder:

- Under this approach, we have considered the profit before tax for the year to end on March 31, 2026, based on the projections provided by the Management.
- We have adjusted the above profit before tax for non-operating expenses/incomes in order to arrive at Adjusted Profit before tax.
- Adjusted EBITDA is calculated by adding Interest, Depreciation and Amortisation to the Adjusted Profit before Tax as arrived at above.

This Report should be read along with the limitations mentioned herein



- We have calculated the Forward EV/EBIDTA Multiple for the Comparable Companies by adding the amount of debt as applicable to their respective Adjusted Market Capitalization computed basis ICDR pricing as on the Valuation Date and their forward estimates.
- The Adjusted EBIDTA, as computed above, is then multiplied by such average forward EV/EBIDTA Multiple to derive the Enterprise Value as at the Valuation Date.
- The Enterprise Value so arrived at above is increased by the surplus assets which includes proportionate fair values of subsidiaries and associates along with other investments and cash. The same is reduced by debt as on December 31, 2024.
- It is understood that none of the contingent liabilities are likely to crystallize, therefore no adjustment is made for the same.
- We have divided such Equity Value as arrived at above by the number of fully paid, issued and subscribed equity shares of the companies as at the Valuation Date to arrive at the value per share under the EV/EBITDA Approach for the companies.
- We have discounted the value per share of Demerged Company attributable the Demerged Undertaking on account of DLOM (discount on account of marketability of shares) to arrive at the value per share since the shares of Demerged Company are not listed on any stock exchange.

4.5.1.2 Value based on PE Multiple Method

The broad steps followed to derive a value based on PE Multiple Method are mentioned hereunder:

- Under this approach, we have considered the profit before tax of for the year to end on March 31, 2026, for which we have relied on the projections provided by the management.
- We have adjusted the above profit before tax for non-operating expenses/incomes in order to arrive at Adjusted Profit before tax
- The above is then reduced by the amount of tax to arrive at Adjusted Profit after Tax (PAT).
- We have calculated the Forward PE Multiple for the Comparable Companies considering their market price based on computed basis ICDR pricing as on the Valuation Date and their forward estimates.
- The Forward PAT of the Companies is then multiplied by such average forward PE Multiple and the value thus obtained is the Business Value of as at the Valuation Date.
- The Enterprise Value so arrived at above is increased by the amount of surplus assets which includes proportionate fair value of its subsidiaries and associates along with other investments and cash. The same is reduced by debt.
- It is understood that none of the contingent liabilities are likely to crystallize, therefore no adjustment is made for the same.
- We have divided such Business Value as arrived at above by the number of fully paid, issued and subscribed equity shares of the companies to arrive at the value per share under the PE Multiple Method.
- We have discounted the value per share of Demerged Company attributable the Demerged Undertaking on account of DLOM (discount on account of marketability of shares) to arrive at the value per share since the shares of Demerged Company are not listed on any stock exchange.

4.5.2 Income Approach

Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted, or capitalised) amount.



- We have used the DCF Method to derive the value of Resulting Company and Demerged Undertaking under Income Approach. The broad steps followed to derive a value under this approach are discussed hereunder:
- 4.5.2.1 For the purpose of computing value under the DCF Method, we have relied on the projections provided by the Management. It may be noted that the projections are responsibility of the Management. We have, therefore, not performed any audit, due diligence of any prospective information used and therefore, do not express any opinion with respect to the same. However, we have reviewed and analysed the projections for their acceptability.
- 4.5.2.2 We have considered the EBITDA adjusted for non-operating income and expenses of Resulting Company and Demerged Undertaking for the period starting from January 01, 2025 up to the financial year to end on March 31, 2030.
- 4.5.2.3 Such EBITDA is then adjusted for the projected tax out-flow, capital outlays and also by increase or decrease in working capital so as to arrive at "Free Cash Flows" available for the respective future years.
- 4.5.2.4 The Free Cash Flows are discounted by the weighted average cost of capital in order to arrive at the Enterprise Value as at the Valuation Date.
- 4.5.2.5 We have increased the Enterprise Value by the value of surplus assets which includes proportionate fair value of its subsidiaries and associates along with other investments and cash and reduced by debt and debt like items to arrive at the Business Value as at the Valuation Date.
- 4.5.2.6 Further, it is understood from the Management that there are no contingent liabilities likely to crystallize. Therefore, we have not made any adjustments to this account.
- 4.5.2.7 The adjusted Equity Value has been then divided by the number of Equity Shares to arrive at the Value per Equity Share as at the Valuation Date.
- 4.5.2.8 Further, we have discounted the value per share of Demerged Company attributable the Demerged Undertaking on account of DLOM (discount on account of marketability of shares) to arrive at the value per share since the shares of Demerged Company are not listed on any stock exchange.

4.5.3 **Cost Approach**

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for Cost Approach are Replacement Cost Method and Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that will have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

In a going concern scenario earning power of a business, as reflected under the Earnings based and Market approaches, is of greater importance, with the values arrived at on the net assets basis being of limited relevance. Cost Approach based on the net asset value of a company would not capture the future outlook and the growth potential of the the Companies. Therefore, we have not used cost approach to determine the value of the Companies.

5. Valuation Conclusion

We have assessed the fair value of the Resulting Company based on Market Price, Comparable companies' multiple model and Income Approach. On the other hand, for the Demerged Undertaking being unlisted, we have assessed its value based on only Comparable Companies Multiple and Income Approach.

Attention may be drawn to Regulation 158 of the ICDR Regulations which specifies that preferential issue of equity shares to shareholders of an unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 164 of the said regulations. Since, in the proposed transaction an undertaking of an unlisted company is demerging into a listed entity, the said Regulations would be triggered.

Hence, we have given due cognizance to the base price derived using the formula prescribed under ICDR Regulations for the Resulting Company.

This Report should be read along with the limitations mentioned herein



For Equity Shares of KCL:

"For every 100 (Hundred) equity shares of face and paid-up value of Rs. 100/- (Hundred) held in KCL 9,706 (Nine thousand seven hundred and six) equity shares of face and paid-up value of Rs. 1/- (One) in KGL"

The computation for fair equity share entitlement ratio for Demerger of Demerged Undertaking into Resulting Company is tabulated below:

Valuation Approach	Resulting Company		Demerged Undertaking	
	Value per Equity Share (INR) [A]	Weight	Value per Equity Share (INR) [B]	Weight
Cost Approach - Net Asset Value Method	NA ¹	NA	NA ¹	NA
Income Approach-DCF Method (i)	354.7	50%	28,507.2	50%
Market Approach				
Market Price Method (ii)	213.0	25%	NA ²	NA
Comparable Companies Multiple Method (iii)	392.3	25%	35,300.9	50%
Relative Value per Share [a]	328.7		31,904.0	
Price per share based on ICDR Regulations [b]	213.0		NA	
Relative Value per share to be considered for Share Entitlement Ratio [Max of [a] and [b]	328.7		31,904.0	
Fair Share Entitlement Ratio (B:A) (Rounded)			9,706:100	

NA – Not Applicable

¹ Cost Approach based on the net asset value would not capture the future outlook and the profits which the companies are likely to generate in future. Therefore, we have not used cost approach to determine the value.

² Equity shares of Demerged Company are not listed on any stock exchange in India. Accordingly, this method cannot be used to determine their value.

6. Limitations and Disclaimers

This Report is subject to the scope of limitations detailed hereinafter.

- 6.1 The Report is to be read in totality and not in parts.
- 6.2 The valuation is based on the information furnished to us being complete and accurate in all material respect. In no event shall we be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents.
- 6.3 The estimate of future financial performance is as projected by the Management, which represents their view of reasonable expectations at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved, or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material.
- 6.4 We have relied on the written representations from the Management that the information contained in this report is materially accurate and complete in the manner of its portrayal and therefore forms a reliable basis for the valuation.



This Report should be read along with the limitations mentioned herein

- 6.5 The information presented in this report does not reflect the outcome of any financial due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and, therefore, the valuation materially.
- 6.6 Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, we do not express any opinion with regard to the same.
- 6.7 We have relied on the judgment made by the Management and, accordingly, the valuation does not consider the assumption of contingent liabilities materializing (other than those specified by the Management and the Auditors). If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, then this may have the effect on the valuation computations.
- 6.8 The Report is meant for the specific purpose mentioned herein and should not be used for any purpose other than the purpose mentioned herein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
- 6.9 No investigation of the Company's claim to the title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The report is not, nor should it be construed, as our opinion or certifying the compliance with the provisions of any law including company and taxation laws or as regards any legal, accounting or taxation implications or issues.
- 6.10 The valuation is based on the market conditions and the regulatory environment that existed at the Valuation Date. However, changes to the same in the future could impact the companies and the industry they operate in, which may impact our valuation. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 6.11 We have no obligation to update this Report because of events or transactions occurring subsequent to the date of this Report.
- 6.12 This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) audited financials for the year ended March 31, 2024 and financials for nine months period ended December 31, 2024 for the companies and (iv) other Information obtained by us from time to time (v) accuracy of information in public domain with respect to comparable companies including financial information. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between December 31, 2024 and the Report date and that no material changes have occurred in their respective operations and financial position between December 31, 2024 and the Report date.
- 6.13 The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited/ unaudited balance sheets of the Companies, if any, provided to us.
- 6.14 This Report does not look into the business/ commercial reasons/economic rationale behind the proposed Scheme of Arrangement, nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed Scheme of Arrangement as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 6.15 The valuation analysis and result are governed by concept of materiality.
- 6.16 It has been assumed that the required and relevant policies and practices have been adopted by the Companies and would be continued in the future.

This Report should be read along with the limitations mentioned herein



- 6.17 The fee for the engagement is not contingent upon the results reported.
- 6.18 We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- 6.19 Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.
- 6.20 We have not carried out any physical verification of the assets and liabilities of the Companies and take no responsibility for the identification of such assets and liabilities.
- 6.21 This Report is subject to the laws of India.
- 6.22 In addition, this Report does not in any manner address the price at which equity shares of Resulting Company shall trade following the announcement of the proposed Transaction and we express no opinion or recommendation as to how the shareholders of either of the Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed Arrangement. Our Report and opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.
- 6.23 Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off if any.
- 6.24 *Disclosure of RV Interest or Conflict, If Any And Other Affirmative Statements*
We do not have any financial interest in the Companies, nor do we have any conflict of interest in carrying out this valuation.

FOR BANSI S. MEHTA VALUERS LLP

Registered Valuer: Securities or Financial Asset

Registration Number: IBBI/RV-E/06/2022/172



Drushti R. Desai

Drushti R. Desai

IBBI Registration Number: IBBI/RV/06/2019/10666

Partner

Date: February 14, 2025

UDIN: 25102062BMLDPKG2964

Appendix A: Broad Summary of Data Obtained

From the Management:

1. Draft Scheme of Arrangement
2. Projected Business Plan of KCL and KGL for years to end on March 31, 2025 to March 31, 2030.
3. Projected Business Plan of KAPL for the years to end on March 31, 2025 to March 31, 2035.
4. Limited reviewed Financial Results (Profit and loss statement) of KGL for the period ended December 31, 2024.
5. Limited reviewed Special Purpose Interim Condensed Standalone Financial Statements (Profit and loss statement and Balance Sheet) of KCL for the period ended December 31, 2024.
6. Provisional Balance Sheet of KGL as on December 31, 2024.
7. Provisional Financial Statements (Profit and loss statement and Balance sheet) of subsidiaries of KGL for the period ended December 31, 2024.
8. Provisional Financial Statements (Profit and loss statement and Balance sheet) of Kitex USA LLC for the period ended December 31, 2024.
9. Provisional Financial Statements (Profit and loss statement and Balance sheet) of KAPL for the period ended December 31, 2024.
10. Audited Financials of KCL and KGL for the years ended March 31, 2024, March 31, 2023 and March 31, 2022.
11. Audited Financials of subsidiaries of KCL and KGL for the year ended March 31, 2024.
12. Answers to specific questions and issues raised to the Management after examining the foregoing data.

From publicly available sources :

1. Websites of Bombay Stock Exchange and National Stock Exchange
2. Data of Comparable Companies from AceTP Database
3. Publicly available research reports
4. Risk Free Interest rate from RBI website



March 6, 2025

To,
Kitex Garments Limited
Building No. VI/496,
Kizhakkambalam, Vilangu P.O.,
Aluva, Ernakulam – Kerala-683561.

Re: Addendum to Valuation Report dated February 14, 2025 ("Report") on Recommendation of Share Entitlement Ratio for the proposed Demerger from Kitex Childrenswear Limited into Kitex Garments Limited

This refers to our captioned Report. Our workings for determination of the recommended Share Entitlement Ratio, were based on provisional financial statements of the Companies listed in the following paragraphs.

We understand from the management that Special Purpose Interim Limited Reviewed Condensed Standalone Financial Statements for the period ended December 31, 2024 are now available for the following Companies.

- Kitex Garments Limited
- Kitex Kidswear Limited
- Kitex Knits Limited
- Kitex Babywear Limited
- Kitex Littlewear Limited
- Kitex Packs Limited
- Kitex Socks Limited

Further for the following Companies Special Purpose Interim Audited Condensed Standalone Financial Statements are now available:

- Kitex Childrenswear Limited
- Kitex Apparel Parks Limited
- Kitex USA LLC (Special purpose financial statements)

The Management has provided us with the above mentioned financial statements.

We have tested our workings for Limited reviewed/ Audited financial statements as on December 31, 2024 for the Companies listed above. We note that the recommended Share Entitlement Ratio undergoes a minor change after considering the updation in value due to the limited reviewed/audited financial statements. However, this adjustment improves the valuation of unlisted public company, leading to an increase in the promoter's holding. In addition, this would entail procedural circularity from revising the recommended Share Entitlement Ratio. Hence, we continue with our recommendation as provided in the Report.

Further, Appendix A: Broad Summary of Data Obtained, shall be read as follows:

From the Management:

1. Draft Scheme of Arrangement
2. Projected Business Plan of KCL and KGL for years to end on March 31, 2025 to March 31, 2030.
3. Projected Business Plan of KAPL for the years to end on March 31, 2025 to March 31, 2035.



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BANSI S. MEHTA VALUERS LLP

4. Special Purpose Interim Limited Reviewed Condensed Standalone Financial Statements (Profit and loss statement and Balance Sheet) for the period ended December 31, 2024 of the following Companies: -
 - Kitex Garments Limited
 - Kitex Kidswear Limited
 - Kitex Knits Limited
 - Kitex Babywear Limited
 - Kitex Littlewear Limited
 - Kitex Packs Limited
 - Kitex Socks Limited
5. Special Purpose Interim Audited Condensed Standalone Financial Statements (Profit and loss statement and Balance Sheet) for the period ended December 31, 2024 of the following Companies: -
 - Kitex Childrenswear Limited
 - Kitex Apparel Parks Limited
 - Kitex USA LLC
6. Audited Financials of KCL and KGL for the years ended March 31, 2024, March 31, 2023 and March 31, 2022.
7. Audited Financials of subsidiaries of KCL and KGL for the year ended March 31, 2024.
8. Answers to specific questions and issues raised to the Management after examining the foregoing data.

This letter should be read in conjunction with our Report and the limitations mentioned therein. Any terms not defined in this letter shall derive their meaning from our Report.

For BANSI S. MEHTA VALUERS LLP
Registered Valuer: Securities or Financial Asset
Registration Number: IBBI/RV-F/06/2022/172

Drushti R. Desai
IBBI Registration Number: IBBI/RV/06/2019/10666
Partner
UDIN: 25102062BMLDKL3368
Date: March 6, 2025



Annexure A : Workings supporting recommendation of share entitlement ratio for the proposed demerger from Demerged Undertaking of Kitex Childrenswear Limited ("KCL-DU") into Kitex Garments Limited("KGL").

Summary

Particulars	KGL	DU-KCL
Value per Share in INR	328.7	31,904.0
Equity Share Exchange Ratio		9706:100

9,706 (Nine thousand seven hundred and six) equity shares of KGL (of INR 1/- each fully paid up) for every 100 (Hundred) equity shares of KCL (of INR 100/- each fully paid up).

KGL*Valuation Date: February 13, 2025***Summary**

<i>Particulars</i>	<i>Business Value (INR in Crores)</i>	<i>Value per Share (INR)</i>	<i>Weight</i>	<i>Reference</i>
Comparable Companies Multiple Method	7,827.0	392.3	25.0%	
<i>Based on EV/EBITDA Multiple</i>	<i>7,243.0</i>	<i>363.1</i>	<i>12.50%</i>	<i>Table 1.1</i>
<i>Based on P/E Multiple</i>	<i>8,411.0</i>	<i>421.6</i>	<i>12.50%</i>	<i>Table 1.2</i>
Market Price Method	4,249.8	213.0	25.0%	
Market Price Method	4,249.8	213.0		<i>Table 1.3</i>
Income Approach	7,076.5	354.7	50.0%	
DCF Method	7,076.5	354.7		<i>Table 1.5</i>

6,557.4**328.7****Note:**

The value under Comparable Companies Multiple Method is computed by averaging the value based on EV/EBITDA Multiple and value based on P/E Multiple.

KGL

List of comparable companies considered for Forward EV/EBITDA Multiple for FY 2026

Company	Forward EV/EBITDA Multiple for FY 26
Gokaldas Exports Limited	16.2
Kitex Garments Limited	9.1
S.P.APPARELS LIMITED	10.8
Average	12.01

KGL*Valuation Date: February 13, 2025*

Market Approach - based on EBITDA

Table 1.1 **Comparable Companies Multiple Method - based on EV/EBITDA Multiple**

Particulars	INR in Crores
Operating EBITDA for the year to end on March 31, 2026	486.5
<u>Multiply By:</u>	
EV/EBITDA Multiple	12.01
Enterprise Value	5,843.4
Less: Borrowings as at December 31, 2024	169.4
Add: Cash and Bank Balance as at December 31, 2024	0.2
Add: Surplus Assets as at December 31, 2024 (Note (i))	1,568.9
Less: Contingent Liabilities likely to crystallize as at Valuation Date (Note (ii))	-
Adjusted Business Value as at Valuation Date	7,243.0
Divide by: No of Shares	19.95
Value per Share (In INR) as at Valuation Date	363.1

Note (i) Surplus Assets

Particulars	INR in Crores
Fair value of investments in subsidiaries and associates as at December 31, 2024	1,434.9
Other surplus assets as at December 31, 2024	134.0
Total	1,568.9

Note (ii) Based on the Management's estimate, none of the contingent liabilities are likely to crystallise as at the Valuation Date. We have therefore, not made any adjustment on account of the same

KGL

List of comparable companies considered for Forward P/E Multiple for FY 26

Company	Forward P/E Multiple for FY 26
Gokaldas Exports Limited	28.1
Kitex Garments Limited	12.3
S.P.APPARELS LIMITED	18.9
Average	19.7

KGL

Valuation Date: February 13, 2025

Market Approach - based on PAT

Table 1.2 **Comparable Companies Multiple Method - based on P/E Multiple**

Particulars	INR in Crores
Operating PAT for the year to end on March 31, 2026	346.5
<u>Multiply By:</u>	
PE Multiple	19.7
Business Value	6,842.0
Add: Cash and Bank Balance as at December 31, 2024	0.2
Add: Other Surplus Assets as at December 31, 2024 (Note (i))	1,568.9
Less: Contingent Liabilities likely to crystallize as at Valuation Date (Note (ii))	-
Adjusted Business Value as at Valuation Date	8,411.0
Divide by: No of Shares	19.95
Value per Share (In INR) as at Valuation Date	421.6

Note (i) Other Surplus Assets

Particulars	INR in Crores
Fair value of investments in subsidiaries and associates as at December 31, 2024	1,434.9
Other surplus assets as at December 31, 2024	134.0
Total	1,568.9

Note (ii) Based on the Management's estimate, none of the contingent liabilities are likely to crystallise as at the Valuation Date. We have therefore, not made any adjustment on account of the same.

KGL*Valuation Date: February 13, 2025*

Market Approach

Table 1.3**Market Price Method**

Particulars	INR in Crores
ICDR Price (Refer Table 1.4)	213.0
<u>Multiply By:</u>	
No. of shares	19.95
Business Value (based on Market Capitalisation)	4,249.8

KGL

Table 1.4

Market Price based on ICDR Pricing Regulations

Sr.no	Particulars	INR
1	10 days Volume Weighted Average Price (VWAP)	196.9
2	90 Days Volume Weighted Average Price (VWAP)	213.0
	Max of 1 and 2 above	213.0

Volume before February 1, 2025 have been adjusted for bonus in ratio of 2:1

Sr. No.	Date	Open (Unit Curr)	High (Unit Curr)	Low (Unit Curr)	Close (Unit Curr)	Volume	Value	WAP
1	13-Feb-25	197.1	210.1	195.5	206.8	284.8	589.3	206.9
2	12-Feb-25	200.1	204.6	193.8	200.1	202.5	398.8	197.0
3	11-Feb-25	213.0	214.6	203.9	204.0	195.5	400.2	204.7
4	10-Feb-25	217.2	217.6	204.0	214.6	269.1	572.2	212.6
5	07-Feb-25	204.0	210.0	201.1	207.8	306.1	634.1	207.1
6	06-Feb-25	192.9	201.1	190.0	200.0	250.4	491.2	196.1
7	05-Feb-25	194.7	198.2	189.5	191.5	342.3	661.7	193.3
8	04-Feb-25	189.4	195.1	189.4	195.0	453.0	879.9	194.3
9	03-Feb-25	181.1	189.1	179.7	185.8	477.0	865.3	181.4
10	01-Feb-25	196.0	198.9	182.6	189.2	266.4	507.0	190.3
11	31-Jan-25	184.1	196.9	181.8	192.2	394.8	745.5	188.8
12	30-Jan-25	201.4	201.4	191.3	191.3	285.5	556.0	194.8
13	29-Jan-25	184.0	203.3	184.0	201.4	569.4	1,115.1	195.8
14	28-Jan-25	193.7	193.7	193.7	193.7	119.3	231.1	193.7
15	27-Jan-25	203.8	203.8	203.8	203.8	102.1	208.1	203.8
16	24-Jan-25	223.0	224.0	214.5	214.5	208.4	452.0	216.9
17	23-Jan-25	227.2	235.0	222.6	225.8	353.0	802.2	227.2
18	22-Jan-25	244.8	244.8	234.3	234.3	208.9	490.7	234.9
19	21-Jan-25	269.0	269.2	244.1	246.6	572.5	1,469.7	256.7
20	20-Jan-25	253.8	256.4	249.0	256.4	261.7	668.8	255.6
21	17-Jan-25	225.1	244.2	225.1	244.2	112.4	270.7	240.9
22	16-Jan-25	725.0	729.0	680.1	697.8	550.9	1,286.4	233.5
23	15-Jan-25	745.0	745.0	702.0	710.3	395.0	951.3	240.8
24	14-Jan-25	729.0	735.0	717.3	730.3	393.0	951.4	242.1
25	13-Jan-25	693.0	725.0	670.0	712.3	1,084.0	2,558.7	236.0
26	10-Jan-25	680.0	702.0	650.5	694.6	476.3	1,067.9	224.2
27	09-Jan-25	699.8	715.0	675.0	684.7	415.3	964.1	232.1
28	08-Jan-25	697.0	710.5	680.9	687.6	417.7	961.5	230.2
29	07-Jan-25	642.6	694.1	630.0	694.1	668.3	1,472.3	220.3
30	06-Jan-25	705.0	705.0	661.1	661.1	513.6	1,141.3	222.2

Sr. No.	Date	Open (Unit Curr)	High (Unit Curr)	Low (Unit Curr)	Close (Unit Curr)	Volume	Value	WAP
31	03-Jan-25	738.0	739.0	695.8	695.8	560.3	1,326.6	236.8
32	02-Jan-25	705.0	733.5	700.0	732.4	746.4	1,804.0	241.7
33	01-Jan-25	654.2	699.8	645.0	698.7	996.4	2,247.4	225.6
34	31-Dec-24	636.4	695.0	636.4	667.2	1,562.7	3,382.7	216.5
35	30-Dec-24	695.0	705.1	669.8	669.8	530.1	1,190.1	224.5
36	27-Dec-24	744.9	748.0	705.1	705.1	460.8	1,097.0	238.1
37	26-Dec-24	777.0	783.0	736.0	742.2	215.9	544.4	252.1
38	24-Dec-24	747.0	794.9	720.0	770.9	670.8	1,683.1	250.9
39	23-Dec-24	795.9	795.9	757.2	757.2	495.5	1,259.2	254.1
40	20-Dec-24	840.0	850.0	797.1	797.1	623.6	1,678.5	269.1
41	19-Dec-24	804.0	860.0	788.0	839.0	332.4	924.0	277.9
42	18-Dec-24	859.0	860.0	813.3	827.9	630.6	1,732.7	274.8
43	17-Dec-24	859.7	877.0	850.0	856.1	401.0	1,150.5	286.9
44	16-Dec-24	886.4	886.4	850.0	859.7	689.1	1,989.7	288.7
45	13-Dec-24	851.0	870.9	829.5	870.9	565.4	1,609.3	284.6
46	12-Dec-24	871.0	879.7	816.0	829.5	1,405.4	4,021.3	286.1
47	11-Dec-24	840.3	840.3	836.3	840.3	377.9	1,058.4	280.1
48	10-Dec-24	790.0	800.3	780.0	800.3	370.3	985.7	266.2
49	09-Dec-24	730.0	762.2	730.0	762.2	605.0	1,519.0	251.1
50	06-Dec-24	728.8	738.0	718.2	726.0	239.3	577.1	241.2
51	05-Dec-24	740.0	742.0	715.0	728.8	336.2	815.8	242.6
52	04-Dec-24	724.4	745.3	722.1	742.6	740.8	1,820.0	245.7
53	03-Dec-24	757.0	757.0	707.5	720.7	1,307.0	3,162.8	242.0
54	02-Dec-24	741.8	757.5	727.8	744.7	1,290.1	3,192.3	247.4
55	29-Nov-24	728.0	767.7	722.0	742.5	2,608.2	6,501.1	249.3
56	28-Nov-24	707.9	733.7	701.0	731.2	2,281.1	5,503.6	241.3
57	27-Nov-24	707.0	735.0	682.5	698.8	2,671.3	6,300.1	235.8
58	26-Nov-24	682.0	702.2	664.1	702.2	2,312.8	5,367.3	232.1
59	25-Nov-24	656.0	668.8	637.8	668.8	2,895.8	6,385.7	220.5
60	22-Nov-24	675.0	679.9	633.7	637.0	2,831.7	6,103.3	215.5

Sr. No.	Date	Open (Unit Curr)	High (Unit Curr)	Low (Unit Curr)	Close (Unit Curr)	Volume	Value	WAP
61	21-Nov-24	647.0	667.1	636.0	667.1	1,916.7	4,233.7	220.9
62	19-Nov-24	635.3	635.3	633.9	635.3	559.1	1,183.9	211.8
63	18-Nov-24	619.8	627.0	591.2	605.1	1,082.9	2,183.0	201.6
64	14-Nov-24	578.0	608.6	564.4	608.4	1,662.4	3,314.9	199.4
65	13-Nov-24	616.0	616.0	578.2	579.6	1,295.9	2,544.2	196.3
66	12-Nov-24	639.0	648.5	602.1	608.6	830.6	1,718.4	206.9
67	11-Nov-24	635.1	656.8	623.0	628.1	1,084.5	2,311.0	213.1
68	08-Nov-24	663.7	678.7	627.7	633.8	1,919.4	4,185.2	218.0
69	07-Nov-24	623.0	651.1	618.1	651.1	1,658.0	3,556.9	214.5
70	06-Nov-24	620.8	634.8	606.8	620.1	1,458.2	3,016.2	206.8
71	05-Nov-24	653.0	667.2	611.8	615.8	3,480.7	7,435.0	213.6
72	04-Nov-24	639.9	644.0	626.9	644.0	6,591.9	14,078.0	213.6
73	01-Nov-24	613.3	613.3	613.3	613.3	403.6	825.2	204.4
74	31-Oct-24	584.1	584.1	575.1	584.1	2,688.0	5,224.6	194.4
75	30-Oct-24	544.0	565.5	511.7	556.3	4,024.0	7,278.9	180.9
76	29-Oct-24	520.9	540.0	520.9	538.6	1,312.9	2,337.3	178.0
77	28-Oct-24	508.1	532.2	502.5	514.9	1,889.2	3,301.5	174.8
78	25-Oct-24	517.0	530.0	483.3	506.9	3,156.9	5,332.8	168.9
79	24-Oct-24	494.0	508.7	490.1	508.7	1,381.0	2,332.1	168.9
80	23-Oct-24	475.0	484.5	473.8	484.5	943.2	1,521.9	161.4
81	22-Oct-24	485.1	494.0	460.8	461.5	1,173.1	1,835.6	156.5
82	21-Oct-24	512.2	516.5	484.3	485.1	871.9	1,433.3	164.4
83	18-Oct-24	510.0	516.8	491.0	509.8	651.7	1,101.6	169.0
84	17-Oct-24	537.0	538.8	507.8	508.8	991.7	1,706.6	172.1
85	16-Oct-24	523.0	538.1	520.0	534.5	759.3	1,346.3	177.3
86	15-Oct-24	543.4	543.4	520.5	523.4	757.9	1,334.7	176.1
87	14-Oct-24	528.9	546.5	505.6	533.9	1,466.0	2,590.4	176.7
88	11-Oct-24	565.0	565.0	522.5	522.5	1,683.8	3,016.7	179.2
89	10-Oct-24	550.0	550.0	543.4	550.0	1,257.2	2,303.2	183.2
90	09-Oct-24	504.9	523.8	503.0	523.8	513.5	883.6	172.1

KGL*Valuation Date: February 13, 2025*

Income Approach

Table 1.5 **DCF Approach (Free Cash Flow to Firm)***Based on Financial Statements for the period ended December 31, 2024*

Particulars	INR in Crores
Enterprise Value as at Valuation Date (Refer Table 1.6)	5,545.0
Less: Borrowings as at December 31, 2024	169.4
Less: Contingent Liabilities likely to crystallize as at Valuation Date (Note (i))	-
Business Value as at Valuation Date	5,375.6
Add: Other Surplus Assets as at December 31, 2024 (Note (ii))	1,568.9
Add: Cash and Bank balance as on December 31, 2024 and Present value of cash accrued from January 1, 2025 to February 13, 2025 (Note (iii))	132.0
Adjusted Business Value as at Valuation Date	7,076.5
Divide by: Number of Shares	19.95
Value per share in INR as at Valuation Date	354.7

Note (i) Based on the Management's estimate, none of the contingent liabilities are likely to crystallise as at the Valuation Date. We have therefore, not made any adjustment on account of the same.

Note (ii) Surplus Assets

Particulars	INR in Crores
Fair value of investments in subsidiaries and associates as at December 31, 2024	1,434.9
Other surplus assets as at December 31, 2024	134.0
Total	1,568.9

(Note (iii)) Calculation of Cash and Bank balances

Particulars	INR in Crores
Cash & Bank Balance as on December 31, 2024	0.2
Add: Present value of cash accrued from January 1, 2025 to February 13, 2025	131.8
Total	132.0

List of comparable companies considered for Beta

List of comparable companies considered for Beta
Gokaldas Exports Limited
Pearl Global Industries Limited
Kitex Garments Limited
S.P.Apparels Limited

Table 1.6 : Discounted Cash Flow Method

KGL						
<i>DCF Approach (Free Cash Flow to Firm)</i>						
<i>INR in Crores</i>						
PARTICULARS	For the year to end March 31,					
	2025	2026	2027	2028	2029	2030
(A) Free Cash Flow for KGL	137.8	289.9	358.9	377.5	421.9	724.1
(B) WACC	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
(C) Mid-year Discounting Factor	0.99	0.91	0.79	0.69	0.60	0.52
(D) Discounted Free Cash Flow	136.6	265.1	284.7	259.6	251.6	374.5
Present Value of Cashflows	1,572.1					
Add: Terminal Value	3,972.9					
Enterprise Value of KGL	5,545.0					

Terminal Value	
Free Cash Flow for terminal year	746.2
WACC for Perpetuity	14.7%
Terminal growth	5.0%
Perpetuity value using Gordon's growth model as at March 31, 2030	7,682.1
Mid-year Discounting Factor for FY 30	0.52
Present Value of Terminal Value	3,972.9

Note : We have relied on the projected financial statements of KGL for FY 25 to FY 30 to derive the free cash flows.

KCL-DU*Valuation Date: February 13, 2025***Summary**

<i>Particulars</i>	<i>Business Value (INR in Crores) (Pre DLOM)</i>	<i>Value per Share (INR)</i>	<i>Weight</i>	<i>Reference</i>
Comparable Companies Multiple Method	3,945.0	35,300.9	50.0%	
<i>Based on EV/EBITDA Multiple</i>	<i>3,673.9</i>	<i>32,874.8</i>	<i>25.00%</i>	<i>Table 2.1</i>
<i>Based on P/E Multiple</i>	<i>4,216.1</i>	<i>37,726.9</i>	<i>25.00%</i>	<i>Table 2.2</i>
Income Approach	3,185.8	28,507.2	50.0%	
DCF Method	3,185.8	28,507.2		<i>Table 2.4</i>

3,565.4**31,904.0****Note:**

The value under Comparable Companies Multiple Method is computed by averaging the value based on EV/EBITDA Multiple and value based on P/E Multiple.

KCL-DU

**List of comparable companies considered for Forward EV/EBITDA
Multiple for FY 2026**

Company	Forward EV/EBITDA Multiple for FY 2026
Gokaldas Exports Limited	16.2
Kitex Garments Limited	9.1
S.P.APPARELS LIMITED	10.8
Average	12.01

KCL-DU*Valuation Date: February 13, 2025*

Market Approach - based on EBITDA

Table 1.1 **Comparable Companies Multiple Method - based on EV/EBITDA Multiple**

Particulars	INR in Crores
Operating EBITDA for the year to end on March 31, 2026	251.8
<i>Multiply By:</i>	
EV/EBITDA Multiple	12.01
Enterprise Value	3,024.1
Less: Borrowings as at December 31, 2024	10.1
Add: Cash and Bank Balance as at December 31, 2024	0.1
Add: Surplus Assets as at December 31, 2024 (Note (i))	659.8
Less: Contingent Liabilities likely to crystallize as at Valuation Date (Note (ii))	-
Adjusted Business Value as at Valuation Date	3,673.9
Divide by: No of Shares	0.09
Value per Share (In INR) as at Valuation Date	38,676.2
Less : DLOM of 15%	5,801.4
Value per Share (In INR) as at Valuation Date (Post DLOM)	32,874.8

Note (i) Surplus Assets

Particulars	INR in Crores
Fair value of investments in subsidiaries and associates as at December 31, 2024	659.8
Total	659.8

Note (ii) Based on the Management's estimate, none of the contingent liabilities are likely to crystallise as at the Valuation Date. We have therefore, not made any adjustment on account of the same

KCL-DU

**List of comparable companies considered for Forward P/E Multiple
for FY 26**

Company	Forward P/E Multiple for FY 26
Gokaldas Exports Limited	28.1
Kitex Garments Limited	12.3
S.P.APPARELS LIMITED	18.9
Average	19.7

KCL-DU*Valuation Date: February 13, 2025*

Market Approach - based on PAT

Table 1.2 **Comparable Companies Multiple Method - based on P/E Multiple**

Particulars	INR in Crores
Operating PAT for the year to end on March 31, 2026	180.1
<u>Multiply By:</u>	
PE Multiple	19.7
Business Value	3,556.2
Add: Cash and Bank Balance as at December 31, 2024	0.1
Add: Other Surplus Assets as at December 31, 2024 (Note (i))	659.8
Less: Contingent Liabilities likely to crystallize as at Valuation Date (Note (ii))	-
Adjusted Business Value as at Valuation Date	4,216.1
Divide by: No of Shares	0.09
Value per Share (In INR) as at Valuation Date	44,384.6
Less : DLOM of 15%	6,657.7
Value per Share (In INR) as at Valuation Date (Post DLOM)	37,726.9

Note (i) Surplus Assets

Particulars	INR in Crores
Fair value of investments in subsidiaries and associates as at December 31, 2024	659.8
Total	659.8

Note (iii) Based on the Management's estimate, none of the contingent liabilities are likely to crystallise as at the Valuation Date. We have therefore, not made any adjustment on account of the same.

KCL-DU*Valuation Date: February 13, 2025*

Income Approach

Table 1.5 **DCF Approach (Free Cash Flow to Firm)***Based on Financial Statements for the period ended December 31, 2024*

Particulars	INR in Crores
Enterprise Value as at Valuation Date (Refer Table 1.6)	2,565.5
Less: Borrowings as at December 31, 2024	10.1
Less: Contingent Liabilities likely to crystallize as at Valuation Date (Note (i))	-
Business Value as at Valuation Date	2,555.4
Add: Surplus Assets as at December 31, 2024 (Note (ii))	659.8
Add: Cash and Bank balance as on December 31, 2024 and Present value of cash accrued from January 1, 2025 to February 13, 2025 Note (iii)	(29.4)
Adjusted Business Value as at Valuation Date	3,185.8
Divide by: No of Shares	0.09
Value per Share (In INR) as at Valuation Date	33,537.9
Less : DLOM of 15%	5,030.7
Value per Share (In INR) as at Valuation Date (Post DLOM)	28,507.2

Note (i) Based on the Management's estimate, none of the contingent liabilities are likely to crystallise as at the Valuation Date. We have therefore, not made any adjustment on account of the same.

Note (ii) Surplus Assets

Particulars	INR in Crores
Fair value of investments in subsidiaries and associates as at December 31, 2024	659.8
Total	659.8

Note (iii) Calculation of Cash and Bank balances

Particulars	INR in Crores
Cash & Bank Balance as on December 31, 2024	0.1
Add: Present value of cash accrued from January 1, 2025 to February 13, 2025	(29.5)
Total	(29.4)

List of comparable companies considered for Beta

List of comparable companies considered for Beta
Gokaldas Exports Limited
Pearl Global Industries Limited
Kitex Garments Limited
S.P.Apparels Limited

Table 1.6 : Discounted Cash Flow Method

KCL-DU						
<i>DCF Approach (Free Cash Flow to Firm)</i>						
<i>INR in Crores</i>						
PARTICULARS	For the year to end March 31,					
	2025	2026	2027	2028	2029	2030
(A) Free Cash Flow for KGL	-30.8	44.8	185.1	292.3	309.6	322.6
(B) WACC	15.3%	15.2%	15.2%	15.2%	15.2%	15.2%
(C) Mid-year Discounting Factor	0.99	0.92	0.79	0.69	0.60	0.52
(D) Discounted Free Cash Flow	(30.6)	41.0	147.1	201.6	185.3	167.6
Present Value of Cashflows	712.0					
Add: Terminal Value	1,853.5					
Enterprise Value of KCL-DU	2,565.5					

Terminal Value	
Free Cash Flow for terminal year	342.8
WACC for Perpetuity	14.6%
Terminal growth	5.0%
Perpetuity value using Gordon's growth model as at March 31, 2030	3,567.2
Mid-year Discounting Factor for FY 30	0.52
Present Value of Terminal Value	1,853.5

Note : We have relied on the projected financial statements of KCL-DU for FY 25 to FY 30 to derive the free cash flows.

Annexure B :**KGL***(INR in Crores)*

Particulars	3 months to end FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
Revenue	272	1,347	1,416	1,490	2,267	2,460
Adjusted EBIDTA	113	486	514	524	884	1,015
Adjusted EBIDTA Margin	42%	36%	36%	35%	39%	41%
PAT	81	347	367	374	641	738
PAT Margin	30%	26%	26%	25%	28%	30%

KCL-DU*(INR in Crores)*

Particulars	3 months to end FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
Revenue	137	820	1,142	1,199	1,259	1,322
Adjusted EBIDTA	55	263	404	427	451	478
Adjusted EBIDTA Margin	40%	32%	35%	36%	36%	36%
PAT	45	197	308	326	346	367
PAT Margin	33%	24%	27%	27%	27%	28%

KITEX

Kitex Garments Limited

(CIN: L18101KL1992PLC006528)

Regd Office: Building No. VI/496, Kizhakkambalam,

Vilangu P.O, Aluva, Ernakulam - 683561, Kerala

Phone: 91 484 2585000, Fax: 91 484 2680604

Email: sect@kitexgarments.com

Website: www.kitexgarments.com

To whomsoever it may concern

Ref : Scheme of Arrangement between Kitex Childrenswear Limited and Kitex Garments Limited and their respective shareholders and creditors ("Scheme")

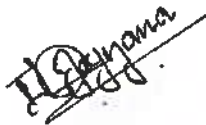
This is to certify that:

- No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation.
- There are no past defaults of listed debt obligations of the entities forming part of the scheme.

Thanking You

Yours faithfully,

For **Kitex Garments Limited**



Dayana Joseph

Company Secretary & Compliance Officer



Place : Kizhakkambalam

Date : March 05, 2025

