

Ref: NSE/LIST/47525

December 05, 2025

The Company Secretary
Kitex Garments Limited

Dear Sir/Madam,

Sub: Observation Letter for draft scheme of arrangement between Kitex Childrenswear Limited ('Demerged Company') and Kitex Garments Limited ('Resulting Company') and their respective shareholders and creditors (under sections 230 and 232 of the Companies Act, 2013).

We are in receipt of the captioned draft scheme filed by Kitex Garments Limited.

Based on our letter reference no. NSE/LIST/47525 dated June 27, 2025, submitted to SEBI pursuant to SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 read with Regulation 94(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI vide its letter dated December 03, 2025 has inter alia given the following comment(s) on the draft scheme of arrangement:

- a) *The Company shall ensure to disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters, and directors, before Hon'ble NCLT and shareholders, while seeking approval of the Scheme.*
- b) *The Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the Stock Exchange, from the date of receipt of this letter, is displayed on the websites of the Listed Company and the Stock Exchanges.*
- c) *The Company shall ensure compliance with the SEBI circulars issued from time to time. The entities involved in the Scheme shall duly comply with various provisions of the SEBI Master Circular and ensure that all the liabilities of the Demerged undertaking are transferred to the Resulting Company.*
- d) *The Company shall ensure that the information pertaining to all the Unlisted Companies, if any, involved in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.*
- e) *The Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.*
- f) *The Company shall ensure that the details of proposed scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the shareholders.*

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- g) *The Company shall ensure that the proposed equity shares, if any, to be issued in terms of the “Scheme” shall mandatorily be in demat form only.*
- h) *The Company shall ensure that the “Scheme” shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document.*
- i) *The Company shall ensure that no changes to the draft scheme except those mandated by the regulators/ authorities/ tribunals shall be made without specific written consent of SEBI.*
- j) *The Company shall ensure that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT, and the Company is obliged to bring the observations to the notice of NCLT.*
- k) *The Company shall ensure to comply with all the applicable provisions of Companies Act, 2013 rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme.*
- l) *The Company shall ensure to provide the following additional disclosure to the public shareholders as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013, to enable them to take an informed decision:*
- i. *In the interest of ensuring transparency and informed decision making by public shareholders, listed company to prominently disclose following information on the very first page of the notice convening the shareholders meeting for approval of scheme of arrangement (in bold text and highlighted for visibility) and in all further communications to the public shareholders:*

The shareholding pattern of Promoter/Promoter Group and Public shareholders before and after implementation of scheme is depicted as under:

Category	Pre-Scheme Shareholding (%)	Post-Scheme Shareholding (%)	Change (%)
<i>Promoter / Promoter Group</i>			
<i>Public Shareholders</i>			

The shareholders may note that implementation of scheme shall result in increase in the shareholding of Promoter/Promoter Group from ... % to%. Shareholders may also note that approval of the shareholders to scheme of arrangement would also result in to them agreeing to increase in shareholding of promoters on implementation of the scheme.

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Therefore, investors should read all the scheme related documents before exercising their voting rights. The above disclosure shall also be accompanied by a brief explanation regarding the reasons for the increase in shareholding of Promoter/Promoter Group and its impact on the public shareholders in terms of their rights and value of their holding in the Company.

- ii. Details of assets, liabilities, net worth and revenue of the companies involved, pre and post scheme*
- iii. Pre and post scheme shareholding pattern of KGL and KCL considering the changes, if any, post filing of scheme with exchange.*
- iv. Impact of scheme on revenue generating capacity of Resulting Company.*
- v. Need and Rationale of the scheme, Synergies of business of the companies involved in the scheme, impact of the scheme on the shareholders and cost benefit analysis of the scheme.*
- vi. Value of assets and liabilities of Demerged Company that are being transferred to Resulting Company.*
- vii. Details/ facts about the basis of valuation including projections considered for valuation of KGL and KCL companies along with justification for growth rate considered for valuation.*
- viii. Latest financials of Demerged and Resulting companies should be updated on the Website and same also to be disclosed in the explanatory statement.*
- ix. Revised shareholding pattern of Demerged and Resulting companies Pre and Post-Scheme.*
- x. Pre and Post scheme shareholding of Demerged and Resulting companies as on the date of notice of Shareholders meeting along with rationale for changes, if any, occurred between filing of Draft Scheme to Notice to shareholders.*
- xi. Disclose all pending actions against the entities involved in the scheme its promoters/directors/KMPs and possible impact of the same on the Resulting Company to the shareholders.*
- xii. The Company shall ensure that applicable additional information, if any, shall form part of disclosures to shareholders, which was submitted by the Company to the Stock Exchange as per Annexure M of Exchange checklist.*

m) 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.

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ Stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.

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Please note that the submission of documents/information, in accordance with the Circular to SEBI and National Stock Exchange of India (NSE), should not in any way be deemed or construed that the same has been cleared or approved by SEBI and NSE. SEBI and NSE does not take any responsibility either for the financial soundness of any scheme or for the correctness of the statements made or opinions expressed in the documents submitted.

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

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

The Company shall ensure that the listed entity(ies) involved in the proposed scheme shall disclose the No-Objection letter of the Stock Exchange(s) on its website within 24 hours of receiving the same.

The validity of this “Observation Letter” shall be six months from December 05, 2025, within which the Scheme shall be submitted to NCLT.

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

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

Yours faithfully,
For National Stock Exchange of India Limited

Khyati Vidwans
Senior Manager

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

The National Stock Exchange of India (NSE) has announced the launch of NEAPS mobile application. The app can be downloaded from the App Store/ Play store with the name “NEAPS APP”.